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5-15-1991

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Ranieri, Steven. "Finance Ministry Announces Auction Of Four More Banks." (1991). <https://digitalrepository.unm.edu/sourcemex/652>

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Finance Ministry Announces Auction Of Four More Banks

by Steven Ranieri

Category/Department: General

Published: Wednesday, May 15, 1991

On May 2, the Finance Ministry announced the second installment of banks to be privatized, comprised of the Banco Nacional de Mexico (BANAMEX) the nation's largest, Bancreser, Banca Confia, and Banco de Oriente. The press release triggered a 10% jump in the price of BANAMEX stock on the Mexican stock exchange (BMV). Interested parties have until May 24 to submit formal intent to bid paperwork. With branches in 32 states, BANAMEX is the largest in Mexico in terms of profits, net worth, number of clients and employees, deposits, outstanding loans, and overdue loans. Banca Confia is based in two areas: the Federal District and Tamaulipas. The Banco de Oriente is concentrated in Puebla, Veracruz, and Tlaxcala, but has branches in three other states. Bancreser operates in 10 states, although activities are concentrated in Nuevo Leon, the Federal District, and Tamaulipas. The government has indicated preference for bids at least twice a given bank's book value. Following this rule of thumb, BANAMEX would sell for over \$3 billion; Bancreser for \$65 million; Confia, \$160 million; and, Banco de Oriente, \$44 million. At present, the federal government holds 66% of BANAMEX shares, 72% in Confia, 100% in Bancreser, and 66% in Banco de Oriente. (Sources: Notimex, 05/02/91; The Mexico City News, La Jornada, El Nacional, El Financiero, 05/03/91)

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