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Mexico to Help Six Banks Raise 6.49 Bln Pesos in Capital

Mexico City, March 31 (Bloomberg) -- Six major Mexican banks will raise 6.49 billion pesos (US\$957 million) by selling convertible bonds to a government agency, the country's banking commission said.

Banca Serfin SA, Banco Inverlat SA and Bital SA, three of the county's five largest banks, will take part in the program, known as Procapte, the banking commission said.

Under the plan, banks will sell five-year convertible bonds to the Bank Savings Insurance Fund, or Fobaproa, the equivalent of the U.S. Federal Deposit Insurance Corp. Fobaproa will pay for the bonds using loans granted by Mexico's central bank.

In addition to Serfin, Inverlat and Bital, the banks taking part in the program are Banca Confia SA, Banco del Centro SA and Banco del Oriente SA.

The banks agreed to take part in the program because they currently fail to meet an 8% capital requirement, said the Banking Commission. After selling the convertible bonds, the six banks will have a capitalization index of 9%.

Multibanco Mercantil-Probursa SA, the banking unit of Grupo Financiero Probursa SA, is not taking part in Procapte because it is negotiating a capital increase from its Spanish partner Banco Bilbao Vizcaya, said the government.

Bilbao announced an agreement today to invest about \$200 million in the Mexican financial group, giving Bilbao a controlling interest in the Mexico-City based company.

Analysts had expected a larger number of banks to participate in Procapte. Yet, the Banking Commission said those banks that aren't selling convertible bonds already meet reserve and capital requirements set by Mexico's banking law.

As for the three banks that have been seized by Mexican financial authorities in the past six months - Banco Union SA, Banca Cremi SA and Banpais SA - the Banking Commission said they will continue meeting all their financial obligations.

The following chart provides the amount of convertible bonds that each of the six banks plans will sell to Fobaproa. The amounts are in billions of pesos.

Banks	Amount
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Serfin	3.20
Inverlat	1.40
Bital	0.70
Confia	0.43
Del Centro	0.45
Oriente	0.31
TOTAL	6.49

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(Story illustration: for a graph of the performance of the Mexican stock market, MEXBOL <Index> GP <Go>.

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