

**Serfin to keep capitalization above 9 pct.**

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MEXICO CITY, June 14 (Reuters) - Grupo Financiero Serfin expects to maintain Banca Serfin's capitalisation ratio above 9 percent following its withdrawal from the government's temporary capitalisation programme (Procapte), officials said.

"We are estimating to report a capitalisation level above 9 percent after the operation is completed," a top Serfin official said in a conference call to financial analysts.

He said the Procapte scheme had given the bank a capitalisation ratio above 10 percent. Under its restructuring programme, Serfin plans to recapitalize itself by issuing new stock equivalent to 33.5 percent of its outstanding shares.

Officials said that at Tuesday's closing market prices, the capital increase would raise the amount of shares from 549.5 million currently outstanding to 826.8 million.

"The new shares will represent 33.5 percent of the total outstanding shares under yesterday's market prices," an official said.

Serfin also aims to issue a 5-year debenture with a forced conversion into L shares that would raise the dilution to a total 40.8 percent of outstanding shares.

The debentures imply the creation of around 102 million L shares over 5 years, the official said.

The officials said one company committed to keeping their existing stake in Serfin was glass giant Vitro SA, owned by the Gaza Sada family.

"What we know is that both Vitro and the Sada family are going to exercise their right to buy these, so they are going to maintain what they hold now," a Serfin official said.

Decisions on who else will agree to a share increase are not expected until after a stockholder meeting on June 22.

"Right now, the only assurance we have is that all the shares that won't be subscribed (by ordinary shareholders) will be subscribed by the control group," an official said.

As part of its restructuring deal, which has been worked out in close cooperation with Mexican authorities, the Bank Insurance Fund (Fobaproa) has agreed to acquire 4.34 billion new pesos of Serfin's outstanding loans.

Serfin officials said the loans would be a mixture of past due and current loans, though details on the breakdown had not been finalized. They said "E" loans, with virtually no chance of repayment, would not be included. They added that the bank's best-performing tranche of toll-road loans for construction of the Cuernavaca-Acapulco highway are unlikely to be sold to Fobaproa.

The officials said Serfin's bad-loan problem, heightened by the December currency devaluation, was improving and should continue to do so through the course of the year.

"By the end of June we will have a net reduction of past-due loans" compared with March, one official said.

Asked why the firms L and B shares are trading at prices far apart from each other, the officials said L shares are more liquid and that there is confusion about the rights of foreign investors to own B shares. "Those are the main reasons why the spread is so wide. Other than that they should be priced fairly closely to each other," an official said.

-- Henry Tricks, Mexico City newsroom 525 728-9560

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