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ABACO FINANCIAL GROUP ANNOUNCES

fourth quarter and year-end results

Business Editors

MONTERREY, Mexico--(BUSINESS WIRE)--Feb 21, 1997 --

Confia Reports P\$7.9 Million Net Income In Fourth Quarter

Abaco Grupo Financiero (ABGFY: NASDAQ -- ABACOGF: Mexico City Bolsa) today announced results for the fourth quarter and full year-ended December 31, 1996, which indicated that operations improved in the final quarter.

For the fourth quarter, a loss of P\$26.1 million was registered, compared with a loss of P\$458.8 million in the fourth quarter of 1995.

For the full year, a net loss of P\$455.5 million was reported, which compares with a net loss of P\$472.9 million for the year 1995.

"Considering Abaco's efforts in expense reductions and operating efficiencies, targeting management, personnel, operations and publicity costs, together with the development of new products and strategic alliances, we foresee a continuing positive trend," said Ernesto Guzman, a senior official at Abaco.

CONFIA

Abaco Group's banking subsidiary, Confia, reported fourth quarter net income of P\$7.9 million, compared with a loss of P\$380.5 million reported for the fourth quarter of 1995.

For the year, Confia's net loss was P\$ 415.9 million, compared with a net loss of P\$472.9 million for the 12 months of 1995.

"Confia's positive fourth quarter results are the start of a new profitable trend for the bank," said Jose Carlos Villarreal, Confia's treasurer. During 1996, Confia's branch deposits continued a growth trend thanks to the "Ahorra en Mexico" promotional campaign, which offered interest rates greater than 20 percent for

sight deposits. This growth in savings products such as Smart Card, (Tarjeta Inteligente) Ahorro Creciente, Juvenil and Nomina, reached 154.7 percent from the 1995 level, while checking accounts grew 53 percent to a deposit balance of P\$3,974.6 million. Savings products reached P\$451.3 million.

In June 1996, Confia terminated its participation in the government's PROCAPTE (Temporal Capitalization Program). In addition, Confia sold two loan portfolios to the government's FOBAPROA. This included P\$2,738.8 and P\$4,064.4 million respectively, as well as foreclosed assets of P\$501.4 million. These events led to an improvement in the bank's capitalization ratio to 9.5 percent and reserves against loan losses of P\$907.2 million, complying with banking authorities' requirements. Confia's

assets for the year, totaled P\$34,452.6 million, up from P\$28,240 million in 1995.

During 1996, Confia opened 17 new branches, bring the total number of branches to 281 and 30 modules in 80 of Mexico's most prominent cities in every state of the country. Confia's operations are primarily located in Monterrey, Mexico City and Guadalajara.

#### ABA/MOTRIZ FINANCIAMIENTO

Aba/Motriz Financiamiento, Abaco's joint venture with GMAC (General Motors Acceptance Corporation) reached P\$106.9 million in operating income in 1996, and net income of P\$60.1 million. In addition, the company now manages over 19,477 contracts in the retail market and with a loan portfolio totaling P\$2,542 million. These results represent Aba/Motriz Financiamiento's first year of operations, since its beginning in December 1995.

#### ABA/SEGUROS

Aba/Seguros, Abaco's insurance operation, reported a net income of P\$8.1 million in 1996, compared with P\$27.3 earned in 1995. The company realized important growth in premiums sold, in particular automobile premiums, with a 115.5 percent increase compared with 1995. In addition, casualty premiums sold represented an 82.9 percent increase. Aba/Seguros total net premiums sold amounted to P\$411.3 million during 1996, compared with P\$197.6 in sold in 1995.

#### ABACO CASA de BOLSA

Abaco Casa de Bolsa, Abaco's brokerage firm, ranked 6th in Mexico in terms of mutual fund net assets at P\$3,722.8 million, a substantial 199.6 percent increase over the 1995 amount of P\$1,242.4. "Although our brokerage house now manages P\$20,426.5 million in assets under custody, it posted a P\$117.8 million loss due to the consolidation with its US subsidiary, Rodman & Renshaw," said Mr. Guzman.

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