



Grupo Financiero Banorte, S.A.B. de C.V.

§165(d) Tailored Resolution Plan for United States (U.S.) Operations

Public Section

Submission Date: December 19, 2014

| TABLE OF CONTENTS | |
|---|-----------|
| SECTION I: INTRODUCTION | 3 |
| SECTION II: THE NAMES OF MATERIAL ENTITIES | 4 |
| SECTION III: DESCRIPTION OF CORE BUSINESS LINES | 5 |
| SECTION IV: SUMMARY FINANCIAL INFORMATION | 7 |
| SECTION V: DESCRIPTION OF DERIVATIVE AND HEDGING ACTIVITIES | 9 |
| SECTION VI: MEMBERSHIPS IN MATERIAL PAYMENT, CLEARING AND SETTLEMENT SYSTEMS | 9 |
| SECTION VII: DESCRIPTION OF FOREIGN OPERATIONS | 10 |
| SECTION VIII: MATERIAL SUPERVISORY AUTHORITIES | 10 |
| SECTION IX: PRINCIPAL OFFICERS | 11 |
| SECTION X: RESOLUTION PLANNING CORPORATE GOVERNANCE | 12 |
| SECTION XI: DESCRIPTION OF MATERIAL MANAGEMENT INFORMATION SYSTEMS | 13 |
| SECTION XII: HIGH-LEVEL RESOLUTION STRATEGY | 14 |

SECTION I: INTRODUCTION

Section 165(d) and the Joint Rule

Section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (“Section 165(d)”)¹ requires that certain nonbank financial companies and bank holding companies (the “Covered Companies”) periodically report to the Board of Governors of the Federal Reserve System (“FRB”) and the Federal Deposit Insurance Corporation (“FDIC”) the plan of such company for its rapid and orderly resolution in the event of material financial distress or failure. These plans are generally referred to as a ‘resolution plan’ or ‘living will’.

On November 1, 2011, the FRB and FDIC jointly issued a Final Rule implementing Section 165(d), codified at 12 CFR 381 (FDIC) and 12 CFR 243 (FRB) (“Regulation QQ”) (hereafter, the “Joint Rule”). 12 CFR 243.2 defines a Foreign Banking Organization (FBO) Covered Company generally as one that (i) is a bank holding company and (ii) has USD \$50 billion or more in total consolidated assets.

GFNorte Overview

Grupo Financiero Banorte, S.A.B. de C.V. (hereafter, “GFNorte” or the “Covered Company”) is a bank holding company domiciled in Monterrey, Nuevo León, México with approximately USD \$77 billion in total assets as of December 31, 2013.² Accordingly, GFNorte is a Covered Company under the Joint Rule. References to GFNorte or the Covered Company hereafter are in reference to the Covered Company and its direct and indirect subsidiaries.

GFNorte is the third largest financial services group in Mexico, providing both wholesale and retail banking products with business lines including (i) banking activities, (ii) brokerage activities (iii) long-term savings and (iv) other finance companies. GFNorte’s most significant subsidiary is Banco Mercantil del Norte, S.A. (hereafter, “Banorte Mexico”) which accounts for approximately 78% of GFNorte’s total assets.

Tailored Resolution Plan Requirements

Tailored Resolution Plan informational requirements are set forth under 12 CFR 243.4. Specifically, tailored resolution plans require the information specified under 12 CFR 243.4 paragraphs (c) through (f) and paragraph (h) only with respect to the Covered Company’s

¹ 12 USC 5365(d)

² As per GFNorte’s Annual Report 2013, GFNorte’s total assets were MXN \$1,006,788 million as of December 31, 2013. Based on a MXN-USD foreign-exchange spot rate of 0.0765 as of December 31, 2013, GFNorte’s total assets as of December 31, 2013 were USD \$77,019,282,000 or approximately USD \$77 billion.

U.S. nonbanking material entities and operations. The information specified in 12 CFR 243.4 paragraphs (g) and (i) is required for both the Covered Company's U.S. insured depository institution and its U.S. nonbank material entities and operations.³

Accordingly, GFNorte's submission contains its 2014 U.S. tailored resolution plan (hereafter, the "Plan") comprising strategic plans and relevant informational content for rapid and orderly resolution of the Covered Company's material nonbank United States entities (the "U.S. Nonbank Material Entities"), in the hypothetical event of material financial distress at or failure of the U.S. Nonbank Material Entities and/or the Covered Company itself.

SECTION II: THE NAMES OF MATERIAL ENTITIES

The Covered Company has identified its U.S. material entities based on the definition of a 'Material Entity' provided in 12 CFR 243.2(l).

"Material entity means a subsidiary or foreign office of the covered company that is significant to the activities of a critical operation or core business line (as defined in this part)." (12 CFR 243.2(l))

Each of the three identified U.S. material entities below are significant to and directly mapped to the activities of the corresponding U.S. core business line. Accordingly, see [SECTION III](#) below for a description of each U.S. material entity in connection with the descriptions of GFNorte's U.S. core business lines.

U.S. Material Entities

- § Inter National Bank ("INB");
- § UniTeller Financial Services, Inc. ("UniTeller"); and
- § Banorte-IXE Securities International, Ltd. ("BISI").

GFNorte does not have any critical operations for resolution planning purposes as defined by 12 CFR 243.2(g) insofar as GFNorte does not have any operations that, upon failure or discontinuance, would pose a threat to the financial stability of the United States.

³ The names of paragraphs (c) through (f) and paragraph (h) as cited above are: (c) Strategic analysis, (d) Corporate governance relating to resolution planning, (e) Organizational structure and related information, (f) Management information systems and (h) Supervisory and regulatory information. The names of paragraphs (g) and (i) are: (g) Interconnectedness and interdependencies and (i) Contact information.

SECTION III: DESCRIPTION OF CORE BUSINESS LINES

12 CFR 243.2(d) defines ‘Core Business Line’ as meaning:

“those business lines of the covered company, including associated operations, services, functions and support, that, in the view of the covered company, upon failure would result in a material loss of revenue, profit, or franchise value”

Based on these criteria, GFNorte has identified three U.S. core business lines.

U.S. Core Business Lines

- § U.S. retail and commercial banking;
- § U.S.-based international remittance and payment services; and
- § U.S. introducing broker-dealer activities.

The following table provides a mapping of the Covered Company’s U.S. Core Business Lines to its U.S. Material Entities.

TABLE III.1: MAPPING OF U.S. CORE BUSINESS LINES TO U.S. MATERIAL ENTITIES

| U.S. Core Business Line | U.S. Material Entity | Category |
|--|----------------------|--------------------------------|
| U.S. retail and commercial banking | INB | Insured depository institution |
| U.S.-based international remittance and payment services | UniTeller | Nonbank financial institution |
| U.S. introducing broker-dealer activities | BISI | Nonbank financial institution |

U.S. retail and commercial banking (INB)

Inter National Bank, headquartered in McAllen, Texas and with \$1.9 billion in total assets as of December 31, 2013, has been a subsidiary of GFNorte since 2006 and a wholly owned subsidiary thereof since 2009. Historically, INB has focused its credit activities and growth strategies mainly on Commercial Real Estate (“CRE”) lending. Although deemed a U.S. Material Entity, INB is an insured depository institution (“IDI”), rather than a nonbank financial institution. Therefore, INB Plan information has only been provided with respect to the requirements of 12 CFR 243.4 paragraphs (g)(Interconnectedness and interdependencies) and (i)(Contact information), as discussed in section **TAILORED RESOLUTION PLAN REQUIREMENTS** above.

INB exemption from CIDI Resolution Plan Rule

Additionally, based on INB's total assets of \$1.9 billion as of December 31, 2013, INB is not required to submit a Covered Insured Depository Institution ("CIDI") resolution plan under the FDIC's final rule requiring resolution plan submissions by insured depository institutions with \$50 billion or more in total assets.⁴

U.S.-based international remittance and payment services (UniTeller)

UniTeller is a licensed remittance company headquartered in the State of New Jersey with operations in 41 U.S. states, the District of Columbia, Canada, the Philippines and Mexico, with revenues for the year ended December 31, 2013 of USD \$20.3 million. The company's revenue is generated by processing remittance transactions to Mexico, Latin America, and Asia through a network of more than 30,000 paying locations via its paying agent partners.

U.S. introducing broker-dealer activities (BISI)

BISI is an introducing broker-dealer with revenues for the year ended December 31, 2013 of USD \$11.6 million that facilitates trading activity for U.S. institutional clients, primarily those seeking to execute trades in the Mexican markets. Because BISI acts only as an introducing broker-dealer and does not engage in proprietary trading or market making activity, the company does not hold custody of its clients' assets. As such, any failure of or operational interruption for BISI would set in motion various actions to ensure the continued safekeeping of its clients' assets, thereby minimizing any potential disruption to the U.S. financial markets.

⁴ 12 CFR 360 (Resolution and Receivership Rules)

SECTION IV: SUMMARY FINANCIAL INFORMATION

Summary financial information disclosing assets, liabilities, capital and major funding sources for UniTeller and BISI is provided below.

UniTeller

FIGURE IV.1: UNITELLER CONSOLIDATED BALANCE SHEET (AS OF DECEMBER 31, 2013)

| UNITELLER FINANCIAL SERVICES, INC. AND SUBSIDIARIES | | | |
|--|--------------------------|---|--------------------------|
| CONSOLIDATED BALANCE SHEET | | | |
| As of December 31, 2013 (all amounts in USD) | | | |
| Assets | | Liabilities & Shareholder's Equity | |
| Current Assets | | Current Liabilities | |
| Cash and Cash Equivalents | 17,950,670 | Bank Overdraft | 0 |
| Wire Transfers Receivable | 1,476,990 | Unsettled Wire Transactions | 958,154 |
| Other Receivables | 1,391,404 | Due to Paying Agents | 788,312 |
| Prepaid Taxes | 18,535 | Other Payables and Accruals | 1,246,385 |
| Prepaid and Other Current Assets | <u>166,742</u> | Agent Deposits | 10,482,994 |
| | | Wells Fargo- Lines of Credit | <u>5,080,064</u> |
| Total Current Assets | 21,004,340 | Total Current Liabilities | 18,555,908 |
| Property and Equipment, Net | 2,558,848 | Deferred Tax Liability-L/T | 343,009 |
| Intangible Assets | 1,329,598 | Notes Payable- Banorte | 3,500,000 |
| Goodwill-SUT | 19,096,788 | Others | <u>685,338</u> |
| Other Assets | 244,767 | | |
| Intercompany Accounts | (2) | | |
| Intercompany Accounts BUSA | 262,679 | | |
| Investment in Subsidiaries | 5 | | |
| Total Assets | <u>44,497,023</u> | Total Liabilities | <u>23,084,256</u> |
| | | Shareholder's Equity | |
| | | Capital Stock | 36,158 |
| | | Other | (973) |
| | | Additional Paid in Capital | 26,627,446 |
| | | Unrealized Transaction Adj | 54,454 |
| | | Retained Earnings - Prior | (6,024,207) |
| | | Retained Earnings - Current | <u>719,888</u> |
| | | Total Shareholder's Equity | <u>21,412,767</u> |
| | | Total Liabilities and Shareholder's Equity | <u>44,497,023</u> |

BISI
FIGURE IV.2: BISI BALANCE SHEET (AS OF DECEMBER 31, 2013)

| BANORTE-IXE Securities International, Ltd. | |
|--|--------------------------|
| BALANCE SHEET | |
| As of December 31, 2013 (all amounts in USD) | |
| Assets | |
| Cash - Includes \$8,079,195 invested in money market accounts | 8,620,741 |
| Securities Owned held at clearing broker | 2,080,818 |
| Due from Clearing Broker | 2,306,033 |
| Accounts Receivable | 967,262 |
| Furniture, Equipment, Software, and Leasehold Improvements (net of accumulated depreciation of \$692,857) | 2,150,206 |
| Income Tax Receivable | 74,885 |
| Prepaid Expenses | 116,327 |
| Security Deposits | 506,171 |
| Total Assets | <u>16,822,443</u> |
| Liabilities and Stockholder's Equity | |
| Liabilities | |
| Accrued Compensation | 899,655 |
| Accounts Payable and Accrued Expenses | 4,985,281 |
| Income Tax Payable | 42,600 |
| Total Liabilities | <u>5,927,536</u> |
| Common Stock | 500 |
| Additional Paid-in Capital | 12,668,578 |
| Accumulated Surplus | (1,774,171) |
| Stockholder's Equity | <u>10,894,907</u> |
| Total Liabilities and Stockholder's Equity | <u>16,822,443</u> |

SECTION V: DESCRIPTION OF DERIVATIVE AND HEDGING ACTIVITIES

UniTeller does not engage in any trading or derivative activities.

BISI's trading activity is limited to agency trades and riskless principal trades executed for customers. BISI does not engage in proprietary trading; accordingly, BISI does not hold any positions on its balance sheet. All customer executions are completed through BISI's clearing firm. Therefore, trading and derivatives activities are not applicable for the purposes of the BISI Plan.

SECTION VI: MEMBERSHIPS IN MATERIAL PAYMENT, CLEARING AND SETTLEMENT SYSTEMS

UniTeller

Payment Systems

In general, UniTeller utilizes its own proprietary payment systems for transactions it processes in the normal course of business.

With respect to foreign exchange (FX) trading activities necessary for non-USD transactions, UniTeller currently performs such FX trades with the paying agents through which it ultimately makes payment to the beneficiaries. Additionally, as a backup option for FX trading of Mexican Pesos (which compose the highest transaction volume and largest dollar amount of UniTeller's transactions), UniTeller has an agreement in place with one of its banking institution business partners in the United States for foreign-exchange trading.

Clearing and Settlement Systems

UniTeller processes the majority of its clearing and settlement activities through the Automated Clearing House of one of its banking institution business partners in the United States.

BISI

BISI contracts with a United States clearing broker for correspondent clearing. BISI also utilizes Bloomberg for the execution of fixed income riskless matched principal trades on behalf of customers.

SECTION VII: DESCRIPTION OF FOREIGN OPERATIONS

UniTeller

UniTeller has wholly owned affiliates in Mexico (UniTeller Mexico, S.A. de C.V.), the Philippines (UniTeller Filipino, Inc.) and Canada (UniTeller Canada ULC). These affiliates are generally responsible for managing the paying agents in their respective countries.

BISI

BISI does not have any operations outside of the U.S. However, BISI is indirectly owned by Casa de Bolsa Banorte-Ixe, S.A. de C.V. (“Casa de Bolsa Banorte-Ixe”), which composes the majority of GFNorte’s Brokerage business. For certain trades transacted in the Mexican securities markets, BISI engages with Casa de Bolsa Banorte-Ixe to facilitate the transaction.

SECTION VIII: MATERIAL SUPERVISORY AUTHORITIES

The principal authorities that regulate and supervise financial institutions in Mexico are the Mexican Central Bank, the SHCP, the CNBV, the CONSAR, the CNSF, the IPAB and the CONDUSEF. These authorities are subject to a number of organic laws and other administrative regulations that govern their regulatory, supervisory and other powers. Also, these entities continually enact administrative regulations within the scope of their respective authority for the regulation of the corresponding financial entities, as further mentioned below. GFNorte, as a financial services holding company, is subject to the supervision and regulation of the CNBV. In addition, our financial subsidiaries are subject to the supervision and regulation of the corresponding financial authority, and are in constant interaction with such authorities during their normal course of business.

TABLE VIII.1: GFNORTE’S SUPERVISORY AUTHORITIES

| Agency | Website |
|---|--|
| Mexican Central Bank | www.banxico.org.mx |
| Ministry of Finance and Public Credit (“SHCP”) | www.shcp.gob.mx/ |
| Mexico’s National Banking and Securities Commission (“CNBV”) | www.cnbv.gob.mx |
| Mexico’s National Retirement Savings System Commission (“CONSAR”) | www.consar.gob.mx |
| Mexico’s National Insurance and Bonding Commission (“CNSF”) | www.cnsf.gob.mx |
| Mexico’s International Association of Deposit Insurers (“IPAB”) | www.ipab.org.mx |
| Mexico’s National Commission for the Protection of Users of Financial Services (“CONDUSEF”) | www.condusef.gob.mx |

UniTeller

UniTeller is subject to regulation and supervision by each of the state regulatory agencies in which it operates, as well as federal and foreign agencies with supervisory authority. Federal and foreign agencies with supervisory authority over UniTeller include the U.S. Financial

Crimes Enforcement Agency (“FinCEN”), U.S. Office of Foreign Assets Control (“OFAC”), U.S. Consumer Financial Protection Bureau (“CFPB”), Canadian Financial Transactions and Reports Analysis Centre of Canada (“FinTRAC”), Autorités des marchés financiers de Québec (“AMFQ”), Mexico’s National Banking and Securities Commission (“CNBV”), Mexico’s State Administration of Taxation (“SAT”), Mexico’s Ministry of Finance and Public Credit (“SHCP”) and the Philippine’s Bangko Sentral ng Philipinas.

BISI

As a Securities and Exchange Commission (“SEC”) registrant, BISI is subject to applicable SEC regulations, financial reporting, and filing requirements. BISI adheres to all Financial Industry Regulatory Authority (“FINRA”) requirements and is a member of the Securities Investor Protection Corporation (“SIPC”).

SECTION IX: PRINCIPAL OFFICERS

Principal Officers for GFNorte, INB, UniTeller and BISI are as follows.

TABLE IX.1: PRINCIPAL OFFICERS

| Entity | Title | Name |
|--------------------------|---|-------------------------------|
| GFNorte | Chief Executive Officer | José Marcos Ramírez Miguel |
| Banorte USA ⁵ | President / Chief Executive Officer | Ricardo Velázquez Rodríguez |
| INB | President / Chief Executive Officer | Sam J. Munafó |
| | Executive Vice President / Chief Corporate Services Officer | Horacio Cortes Aceves |
| | Executive Vice President / Chief Financial Officer | Amy Birt |
| UniTeller | President/Chief Executive Officer | Alberto Raul Guerra Rodriguez |
| | Chief Operating Officer and Secretary | Ronald Schwartzman |
| | Chief Financial Officer/Treasurer | William Kalaf |
| BISI | Chief Executive Officer | Carlos Mena |
| | Chief Financial Officer | Jose Saa |
| | Chief Compliance Officer | Justin Chen |

⁵ Banorte USA Corporation is the holding company for both INB and UniTeller.

SECTION X: RESOLUTION PLANNING CORPORATE GOVERNANCE

Annual Review

In connection with the Covered Company's first Tailored Resolution Plan submission herein, UniTeller and BISI have instituted respective corporate policies requiring the annual review, at a minimum, of the Plan by UniTeller and BISI's respective Board of Directors.

Resolution Plan Development and Maintenance

UniTeller and BISI senior management comprising the following individuals (hereafter, "UniTeller Senior Management" or "BISI Senior Management" respectively) is responsible for development and maintenance of the UniTeller and BISI informational content and strategic analysis within the Plan (the "UniTeller Plan" or "BISI Plan" respectively).

UniTeller Senior Management

- § Alberto Guerra, UniTeller Chief Executive Officer and President;
- § Ronald Schwartzman, UniTeller Chief Operating Officer and Secretary; and
- § William Kalaf, UniTeller Chief Financial Officer and Treasurer.

BISI Senior Management

- § Carlos Mena, BISI Chief Executive Officer;
- § Jose Saa, BISI Chief Financial Officer; and
- § Justin Chen, BISI Chief Compliance Officer.

Each year, UniTeller and BISI Senior Management will update the Plan to reflect macroeconomic, industry, or UniTeller and BISI operational or financial changes, as necessary, that may impact the Plan. During each annual UniTeller and BISI Board review, the respective Boards will conduct a vote to confirm the ongoing viability of the Plan.

Resolution Plan Initiation

In the event of material financial distress or failure at UniTeller or BISI, Senior Management for the distressed company would be responsible for initiating the Plan, along with support from and consultation with the UniTeller or BISI Board of Directors (as applicable) and GFNorte Management and Board of Directors.

SECTION XI: DESCRIPTION OF MATERIAL MANAGEMENT INFORMATION SYSTEMS

UniTeller

UniTeller’s management information systems are broadly categorized as (i) UniTeller proprietary applications that reside within the UniTeller production servers and (ii) UniTeller third-party office support applications, the latter of which are solely administrative in nature.

With respect to the former, all of UniTeller’s proprietary applications were developed and are supported within the company. Their functionality is broad; however, each application can generally be categorized as (i) administrative, (ii) financial management and reporting, (iii) regulatory/compliance and (iv) transaction processing. Detail regarding UniTeller’s proprietary application capabilities based on these categories is provided in the following table.

TABLE XI.1: UNITELLER PROPRIETARY APPLICATION CAPABILITIES

| Application Category | Capabilities Description |
|--------------------------------|--|
| Administrative | <ul style="list-style-type: none"> § Track contact information of selling agents and account details § Provide transaction information to beneficiaries and track contact with them, including transaction history, invoices, paying locations, volume reports, etc. § Track inventory of cards used in money transfers § Call center support § Facilitate paying agent recordkeeping of money transfers § Manage user account permissions |
| Financial Management/Reporting | <ul style="list-style-type: none"> § Reconcile daily financial activity § Track company performance § Sales, Accounting and Operational data maintenance and reporting |
| Regulatory/Compliance | <ul style="list-style-type: none"> § Compliance with Bank Secrecy Act and other applicable laws and regulations § Transaction screening |
| Transaction Processing | <ul style="list-style-type: none"> § Data capture and money transfer initiation § Exchange rate, agent fee and interest rate parameter setting § Processing of Licensed Remittance Company transactions § Process void transactions and stop payments |

BISI

Based on BISI’s streamlined operating model, BISI has two key management information systems composed of its (i) accounting and financial reporting suite and (ii) compliance monitoring applications.

SECTION XII: HIGH-LEVEL RESOLUTION STRATEGY

As required by the Joint Rule, the Plan assumes that an idiosyncratic and adverse event occurs that causes failure of the Covered Company and its Material Entities at a time when the U.S. and global financial systems are not experiencing a systemic financial panic or crisis.

The Plan describes a strategy for resolving GFNorte's U.S. nonbanking material entities as identified in **TABLE III.1** above (UniTeller and BISI) in such a way that would substantially mitigate the risks that the resolutions would have serious adverse effects on U.S. or global financial stability. The strategic analysis has been developed under the assumptions required by the U.S. regulators. By incorporating these assumptions, GFNorte is not representing or warranting that the assumed events would happen or would happen in the sequence assumed in this Plan.

UniTeller Resolution

Should UniTeller and GFNorte management decide to execute this Plan due to material financial distress or failure at UniTeller, the sale of UniTeller to a third party as a going concern would be pursued as the primary resolution option.

In the event that UniTeller is unable to be sold to a third party in a resolution scenario, UniTeller's less preferred resolution option would involve reorganization or liquidation under Chapter 11 of the U.S. Bankruptcy Code.

BISI Resolution

BISI's preferred resolution strategy is the sale of BISI to a third party as a going concern. In the event that BISI is unable to be sold to a third party in a resolution scenario, BISI's less preferred resolution option would be the orderly liquidation of BISI under applicable SIPA (Securities Investor Protection Act of 1970) and FINRA.