GENTERA, S. A. B. de C. V. AND SUBSIDIARIES

Consolidated Financial Statements

December 31, 2015 and 2014
(With Independent Auditors' Report Thereon)
(Free Translation from Spanish Language Original)

GENTERA®

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Gentera, S. A. B. de C. V.:

(Free Translation from Spanish Language Original)

We have audited the accompanying consolidated financial statements of Gentera, S. A. B. de C. V. (Gentera) and Subsidiaries, which comprise the consolidated balance sheets as of December 31, 2015 and 2014, and the consolidated statements of income, changes in stockholders' equity and cash flows for the years then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, which were prepared in accordance with the accounting criteria for credit institutions in Mexico issued by the National Banking and Securities Commission (the Commission), since its main subsidiary undertakes banking activities under the supervision of the Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these accompanying consolidated financial statements based on our audits. We conducted our audits in accordance with International Standards on Auditing (ISA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated financial statements of Gentera, S. A. B. de C. V. and Subsidiaries, for the years ended December 31, 2015 and 2014, have been prepared in all material respects, in accordance with the accounting criteria for credit institutions in Mexico issued by the Commission.

KPMG CARDENAS DOSAL, S. C.
Alejandro De Alba Mora

February 18, 2016.

Gentera, S. A. B. de C. V. and Subsidiaries

CONSOLIDATED BALANCE SHEETS

December 31, 2015 and 2014
(Millions of Mexican pesos)

Assets		2015	2014
Cash and cash equivalents (note 6)	$	3,378	3,143
Investment securities (note 7):			
Available for sale		25	24
Debtors on repurchase/resell agreements (note 8)		136	196
Current loan portfolio (note 9):			
Commercial loans:			
Business and commercial		547	415
Consumer loans		27,030	22,702
Residential mortgages		38	49
Total current loan portfolio		27,615	23,166
Past-due loan portfolio (note 9):			
Commercial loans:			
Business and commercial		21	23
Consumer loans		858	761
Residential mortgages		2	1
Total past-due loan portfolio		881	785
Total loan portfolio		28,496	23,951
Less:			
Allowance for loan losses (note 9)		1,560	1,294
Loan portfolio, net		26,936	22,657
Other accounts receivable, net (note 10)		1,987	587
Property, furniture and equipment, net (note 11)		1,087	921
Investment in associated company (note 3k)		124	107
Deferred income tax, net (note 16)		596	1,056
Other assets, deferred charges and intangibles, net (note 12)		2,245	1,852
Total assets	**$**	**36,514**	**30,543**

Liabilities and Stockholders' Equity		2015	2014
Liabilities:			
Deposit funding (note 13):			
Demand deposits	$	174	96
Time deposits:			
General public		777	878
Money market		624	–
Debt securities issued		10,014	9,273
		11,589	10,247
Bank and other loans (note 14):			
Due on demand		–	90
Short-term		3,860	2,709
Long-term		5,692	3,037
		9,552	5,836
Derivatives:			
Trading (note 3f)		7	–
Other accounts payable:			
Income tax payable		11	694
Employee statutory profit sharing payable (note 16)		35	38
Sundry creditors and other accounts payable (note 17)		1,766	1,616
		1,812	2,348
Deferred credits and prepayments		53	52
Total liabilities		23,013	18,483
Stockholders' equity (note 19):			
Paid-in capital:			
Capital stock		4,764	4,764
Additional paid-in capital		558	763
		5,322	5,527
Earned capital:			
Statutory reserves		1,045	870
Prior years' results		3,693	2,150
Cumulative translation adjustment		258	147
Net income		3,150	3,125
		8,146	6,292
Non-controlling interest		33	241
Total stockholders' equity		13,501	12,060
Commitments and contingent liabilities (note 20)			
Total liabilities and stockholders' equity	**$**	**36,514**	**30,543**

Memorandum accounts		2015	2014
Contingent assets (note 6)	$	1,464	1,380
Uncollected interest accrued on past due loans (note 9)		126	102
Other memorandum accounts (note 14)		23,227	20,379

The historical capital stock as of December 31, 2015 and 2014, amounts to $4,764, in each year.

The accompanying notes are an integral part of these consolidated financial statements.

"These consolidated balance sheets were prepared in accordance with the accounting criteria for credit institution sissued by the National Banking a Securities Commission based on Article 78 of" General Provisions Applicable to Issuers of Securities and Other Securites Markets Participants" applied on a consistent basis. Accordingly, they reflect the transactions carried out by the Institution through the dates noted above. Furthermore, these transactions were carried out and valued in accordance with sound banking practices and the applicable legal and administrative provisions."

"These consolidated balance sheets were approved by the Board of Directors under the responsibility of the following officers."

Carlos Labarthe Costas
Chief Executive Officer

Patricio Diez de Bonilla García Vallejo
Chief Financial Officer

Oscar Luis Ibarra Burgos
General Internal Auditor

Marco Antonio Guadarrama Villalobos
Controller

https://www.gentera.com.mx/wps/portal/Gentera/Inicio

Gentera, S. A. B. de C. V. and Subsidiaries

CONSOLIDATED STATEMENTS OF INCOME

Years ended December 31, 2015 and 2014
(Millions of Mexican pesos, except earning per share)

		2015	2014
Interest income (note 22)	$	17,276	14,451
Interest expense (note 22)		(885)	(822)
Financial margin		16,391	13,629
Provision for loan losses (note 9)		(2,206)	(1,692)
Financial margin after provision for loan losses		14,185	11,937
Commissions and fee income (note 22)		1,189	883
Commissions and fee expense (note 22)		(736)	(657)
Financial intermediation result		18	–
Other operating income (expenses), net (note 22)		158	(77)
Administrative and promotional expenses		(10,156)	(7,939)
Operating income		4,658	4,147
Equity method of associated company (note 3k)		(52)	(4)
Operating income before income tax		4,606	4,143
Current income tax (note 16)		(985)	(1,862)
Deferred income tax (note 16)		(460)	881
Net income		3,161	3,162
Non-controlling interest		(11)	(37)
Controlling interest net income	$	3,150	3,125
Earning per share (in pesos)	$	1.93	1.90

The accompanying notes are an integral part of these consolidated financial statements.

"These consolidated statements of income were prepared in accordance with the accounting criteria for credit institutions issued by the National Banking and Securities Commission based on Article 78 of "General Provisions Applicable to Issuers of Securities and Other Securites Markets Participants" applied on a consistent basis. Accordingly, they reflect the revenues and disbursements relating to the transactions carried out by the Institution during the years noted above. Furthermore, these transactions were carried out and valued in accordance with sound banking practices and the applicable legal and administrative provisions."

"These consolidated statements of income were approved by the Board of Directors under the responsibility of the following officers."

Carlos Labarthe Costas	**Patricio Diez de Bonilla García Vallejo**	**Oscar Luis Ibarra Burgos**	**Marco Antonio Guadarrama Villalobos**
Chief Executive Officer	Chief Financial Officer	General Internal Auditor	Controller

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Gentera, S. A. B. de C. V. and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

Years ended December 31, 2015 and 2014
(Millions of Mexican pesos)

	Paid-in capital		Earned capital					
	Capital stock	Additional paid-in capital	Statutory reserves	Prior years' results	Cumulative translation adjustment	Net income	Non-controlling interest	Total stockholders' equity
Balances as of December 31, 2013	$ 4,764	763	731	207	43	2,264	171	8,943
Changes resulting from stockholders' decisions:								
Constitution of reserve for the fund to repurchase shares (note 19)	–	–	208	(208)	–	–	–	–
Repurchase of shares (note 19)	–	–	(182)	–	–	–	–	(182)
Resolutions agreed on April 24, 2014:								
Appropriation of prior year's net income (note 19)	–	–	–	2,264	–	(2,264)	–	–
Constitution of statutory reserve (note 19)	–	–	113	(113)	–	–	–	–
Total	–	–	139	1,943	–	(2,264)	–	(182)
Changes related to the recognition of comprehensive income:								
Net income	–	–	–	–	–	3 ,125	37	3,162
Cumulative translation adjustment of subsidiaries	–	–	–	–	104	–	–	104
Total	–	–	–	–	104	3 ,125	37	3,266
Non-controlling interest	–	–	–	–	–	–	33	33
Balances as of December 31, 2014	4,764	763	870	2,150	147	3,125	241	12,060
Changes resulting from stockholders' decisions:								
Resolutions agreed on April 24, 2015:								
Constitution of statutory reserve (note 19)	–	–	156	(156)	–	–	–	–
Constitution of reserve for the fund to repurchase shares (note 19)	–	–	185	(185)	–	–	–	–
Appropriation of prior year's net income (note 19)	–	–	–	3,125	–	(3,125)	–	–
Dividend payment (note 19)	–	–	–	(1,241)	–	–	–	(1,241)
Repurchase of shares (note 19)	–	–	(166)	–	–	–	–	(166)
Premium paid for change in the subsidiary participation (note 19)	–	(205)	–	–	–	–	–	(205)
Total	–	(205)	175	1,543	–	(3,125)	–	(1,612)
Changes related to the recognition of comprehensive income:								
Net income	–	–	–	–	–	3,150	11	3,161
Cumulative translation adjustment of subsidiaries	–	–	–	–	111	–	–	111
Total	–	–	–	–	111	3,150	11	3,272
Non-controlling interest	–	–	–	–	–	–	(219)	(219)
Balances as of December 31, 2015	**$ 4,764**	**558**	**1,045**	**3,693**	**258**	**3,150**	**33**	**13,501**

The accompanying notes are an integral part of these consolidated financial statements.

"These consolidated statements of changes in stockholders' equity were prepared in accordance with the accounting criteria for credit institutions issued by the National Banking and Securities Commission based on Article 78 of "General Provisions Applicable to Issuers of Securities and Other Securites Markets Participants" applied on a consistent basis. Accordingly, they reflect all the stockholders' equity account entries relating to the transactions carried out by the Institution during the years noted above. Furthermore, these transactions were carried out and valued in accordance with sound banking practices and the applicable legal and administrative provisions."

"These consolidated statements of changes in stockholders' equity were approved by the Board of Directors under the responsibility of the following officers."

Carlos Labarthe Costas
Chief Executive Officer

Patricio Diez de Bonilla García Vallejo
Chief Financial Officer

Oscar Luis Ibarra Burgos
General Internal Auditor

Marco Antonio Guadarrama Villalobos
Controller

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Gentera, S. A. B. de C. V. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, 2015 and 2014
(Millions of Mexican pesos)

		2015	2014
Net income	$	3,150	3,125
Adjustment for items not requiring cash flows:			
Depreciation and amortization		394	333
Provisions		361	560
Current and deferred income tax		1,445	981
Equity investment in associated company		52	4
		2,252	1,878
Operating activities:			
Change in investment securities		(1)	(2)
Change in debtors on repurchase/resell agreements		60	146
Change in loan portfolio (net)		(4,279)	(3,179)
Change in other operating assets (net)		(1,700)	(91)
Change in deposit funding		1,342	1,006
Change in derivatives		7	–
Change in bank and other loans		3,716	(145)
Change in other operating liabilities		(1,881)	(1,219)
Net cash flows from operating activities		2,666	1,519
Investment activities:			
Increase in subsidiary´s participation		(231)	–
Premium paid for change in the subsidiary participation		(205)	–
Proceeds from the disposal of furniture and equipment		6	4
Payments in the acquisition of furniture and equipment		(478)	(214)
Investment in associated company		(69)	(111)
Increase in intangibles assets		(181)	(172)
Net cash flows from investment activities		(1,158)	(493)
Financing activities:			
Payments associated to repurchase of own shares		(166)	(182)
Dividends payments in cash		(1,241)	–
Change in non-controlling interest		23	70
Net cash flows from financing activities		(1,384)	(112)
Net increase in cash and cash equivalents		124	914
Effects on changes in cash and cash equivalents		111	60
Cash and cash equivalents at the beginning of the year		3,143	2,169
Cash and cash equivalents at the end of the year	$	3,378	3,143

The accompanying notes are an integral part of these consolidated financial statements.

"These consolidated statements of cash flows were prepared in accordance with the accounting criteria for credit institutions, issued by the National Banking and Securities Commission, based on Article 78 of "General Provisions Applicable to Issuers of Securities and Other Securites Markets Participants" applied on a consistent basis. Accordingly, they reflect the cash inflows and outflows arising from transactions carried out by the Institution during the years noted above. Furthermore, these transactions were carried out and valued in accordance with sound banking practices and the applicable legal and administrative provisions."

"These consolidated statements of cash flows were approved by the Board of Directors under the responsibility of the following officers."

Carlos Labarthe Costas	Patricio Diez de Bonilla García Vallejo	Oscar Luis Ibarra Burgos	Marco Antonio Guadarrama Villalobos
Chief Executive Officer	Chief Financial Officer	General Internal Auditor	Controller

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Gentera, S. A. B. de C. V. and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2015 and 2014
(Millions of Mexican pesos)

These consolidated financial statements have been translated from the Spanish language original for the convenience of English speaking readers.

1. Description of business and significant transactions –

Description of business–

Gentera S. A. B. de C. V. (Gentera) is a Mexican corporation which purpose is to promote, organize and manage all types of civil or commercial entities, including but not limited to, multiple banking entities with the purpose of providing banking and credit services pursuant to the Law of Credit Institutions, as well as other financial entities, both domestic and foreign.

At December 31, 2015 and 2014, Gentera and its consolidated subsidiaries are comprised of:

i. Banco Compartamos, S. A., Institución de Banca Múltiple (the Bank) which in accordance with the Law for Credit Institutions, is authorized to carry out multiple banking activities which comprise, among others, granting loans, receipt of deposits, acceptance of loans, operation with securities and other financial instruments in Mexico.

ii. Compartamos, S. A. (Compartamos Guatemala) which main activity is, among others, granting any type of loans and financing to individuals or entities with own funds in Guatemala, as well as granting or obtaining loans or financing of any nature.

iii. Compartamos Financiera, S. A. (Compartamos Financiera) is an entity incorporated under the regulations of the Republic of Peru, which purpose is to operate as a financial services entity, and is allowed to carry out all transactions and provide all services, by any means that result applicable and correspond, in accordance with established legal provisions that regulate entities of this nature in conformity with Peruvian legislation.

iv. Red Yastás, S. A. de C. V. (Red Yastás), is an entity incorporated in Mexico, which purpose is: a) to enter into agreements to provide services, either mandates or commercial commission with credit institutions to engage with other people on behalf of the aforementioned credit institutions, the commissions or services mandated, complying with applicable regulation on each transaction or banking service, b) to service credit institutions as manager of commission agents with the purpose of organizing service providers' networks or banking commission agents to carry out certain activities and c) to receive, process and distribute all types of funds or economic resources through electronic, manual or telephonic transfers or directly online though any other means of communication, among others.

v. Compartamos Servicios S. A. de C. V. (Compartamos Servicios), is an entity incorporated in Mexico, which purpose is to provide human resources services and personnel to the entities of the group, as well as to provide advisory in planning, organization and management of companies, among other activities.

vi. Controladora AT, S. A. P. I. de C. V. (Controladora AT), is an entity incorporated in Mexico, which consolidates Aterna, Agente de Seguros y Fianzas, S. A. de C. V. (Aterna). Controladora AT has as purpose the purchase, sale, transfer, assessment, and in general the marketing in any way with shares, stocks, rights and interests in commercial corporations, and any other entities, domestic and foreign, either as a founder or by acquiring shares in companies that were previously constituted. Aterna is an entity incorporated in Mexico, which purpose is to act as insurance and bonding agent under the terms of the General Law for Insurance and Mutual Insurance Companies, Federal Bonding Institutions Act and Regulation of Insurance Agents and Bonding.

vii. Pagos Intermex, S. A. de C. V. ("Intermex") (subsidiary beginning 2015, see fraction III of 2015 significant transactions in this note), is an entity incorporated in Mexico, which main activity is the operation of money orders from the United States of America, mainly of Mexicans to their families in different states of Mexico, which are delivered through its network of correspondents.

2015 Significant transactions–

I. On March 23, 2015, Gentera acquired remaining 15.79% of the shares of Compartamos Financiera, with this transaction Gentera becomes holding of 99.99% of shares of this subsidiary. Derived from this latest acquisition, Gentera recognized a charge of $205 under the caption "Additional paid–in capital".

II. Through official letter No. 142–4/11122/2015 dated March 27, 2015, the National Banking and Securities Commission (the Commission), authorized the Bank beginning April 16, 2015, to start foreign exchange trading transactions.

III. On April 15, 2015, Gentera concluded the acquisition process of Intermex (see fraction III of 2014 significant transactions in this note) which main activity is the operation of money orders and foreign exchange trading; this transaction represented, through the use of the Intermex infrastructure, the incorporation of sixty branches to the Bank, as well as the purchase of foreign currency positions to Intermex for subsequent sale. In addition, the incorporation of these branches represented the increase of cash and cash equivalents.

IV. On July 28, 2015, through Board of Directors' Meeting, the investment increase in the associated Finestrella, S. A. P. I. de C. V. (Finestrella) was approved, through the subscription and payment of shares for $66, thus at December 31, 2015, percentage of participation was increased to 43.16% of capital stock. Likewise, a funding for $30 convertible into shares, when certain agreements and financial goals are met, was approved.

V. At the Extraordinary Shareholders' Meeting held on November 30, 2015, the merger of Compartamos Servicios as enquirer company with its related party Pagos Gentera S. A. de C. V. (formerly Monex Servicios, S. A. de C. V., see fraction III 2014 significant transactions of this note) was approved.

2014 Significant transactions–

I. During the first half of 2014, a licitation process was undertaken to sell Bank's loan portfolio previously written–off during the years 2010, 2011 and 2013, whose amount of principal and not collected accrued interests at the time of write–off amounted to $1,798. On March 24, 2014, as a result of this licitation, an onerous contract of assignment of loans was signed, generating to the Bank a tax loss on loan portfolio sale of $1,797, which under current tax legislation will be deductible at the time that the book value of allowance for loan losses as of December 31, 2013 is applied; the Bank decided to take the future deduction for the loss up to the amount updated at December 31, 2013, from the remaining surplus pending to be deducted of the global preventive allowance for loan losses which amounts to $1,193, therefore the tax loss carryforward of $358, was realized in the year ended December 31, 2015 (notes 9 and 16).

II. On July 28, 2014, through Board of Directors' Meeting, the investment in Finestrella was approved, which is incorporated in Mexico, the investment through the subscription and payment of shares for $111, representing 33% of capital stock, and grating funding for $20 convertible into shares when certain agreements and financial goals are met. Finestrella's main activity is lending through an electronic plataform.

III. On July 28, 2014, the Board of Directors' Meeting approved to enter into the business of money orders from the United States to Mexico by acquiring 100% of Intermex and Monex Servicios. On October 16, 2014, a purchase agreement was signed to acquire 100% of capital stock of Intermex and Monex Servicios for $186. Such acquisition subject to the fulfillment of various conditions precedent common to this type of transaction and the authorization of the Commission, was concluded in 2015.

2. Authorization and basis of presentation–

Authorization

On February 18, 2016, the following officers approved the issuance of the accompanying consolidated financial statements and their related notes.

Carlos Labarthe Costas	Chief Executive Officer
Patricio Diez de Bonilla García Vallejo	Chief Financial Officer
Oscar Luis Ibarra Burgos	General Internal Auditor
Marco Antonio Guadarrama Villalobos	Controller

The shareholders of Gentera are empowered to modify the consolidated financial statements after its issuance. The accompanying 2015 consolidated financial statements were authorized for issuance by the Board of Directors.

Basis of preparation

a) **Statement of compliance**
On March 16, 2011, the Commission issued the "Resolution that modifies the general regulations applicable to securities issuers and other securities market participants", which establishes that securities issuers which, through its subsidiaries, carry out mainly financial activities subject to the supervision of Mexican authorities, are required to prepare and audit its financial statements under the same basis applicable to such subsidiaries, with the purpose of ensuring that the financial information of both entities is comparable. The aforementioned is determined when such activities represent more than 70% of consolidated assets, liabilities or total revenues at the prior year-end. Consequently, since the Bank comprises 75% and 84% of the consolidated assets and revenues, respectively, as of and for the year ended December 31, 2015 (74% and 89% respectively, in 2014), the accompanying consolidated financial statements have been prepared in conformity with the accounting criteria established by the Commission throughout the accounting criteria for credit institutions in Mexico.

The accounting criteria referred to in the last paragraph from the previous page, points out that the Commission will issue particular rules for specialized transactions and in the absence of specific accounting criteria from the Commission for credit institutions and in a broader context the Mexican Financial Reporting Standards (Mexican FRS) supplementary use of Mexican FRS A-8 will be followed and only in the event that the International Financial Reporting Standards (IFRS) referred to by Mexican FRS A-8 do not provide guidance to the accounting treatment, another set of established accounting standards may be used in the following order: generally accepted accounting principles in the United States of America ("US GAAP") or any other formal and recognized accounting criteria, that do not contravene the criteria of the Commission.

b) **Use of estimates and judgments**
The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the recorded amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, as well as the reported amounts of income and expenses during the reporting period. The most significant captions subject to these types of estimates and assumptions include allowances for loan losses, valuation of financial instruments, realization of deferred income tax asset and liability relating to employee benefits. Actual results may differ from these estimates and assumptions.

c) **Functional and reporting currency**
The financial statements of the subsidiaries have been translated prior to consolidation, to the accounting criteria set forth by the Commission, to present financial information in accordance with such criteria.

The financial statements of the foreign subsidiaries have been translated into Mexican pesos (reporting currency) considering that their recording and functional currency are the same, resulting in the use of the following exchange rates: a) month-end for monetary and non-monetary assets and liabilities ($5.0567 Mexican pesos per sol and $2.2599 Mexican pesos per quetzal as of December 31, 2015), b) historical for stockholder's equity and c) weighted average of the period ($5.0494 Mexican pesos per sol and $2.2430 Mexican pesos per quetzal) for revenues costs and expenses, translation effects are presented as part of stockholders' equity. The exchanged rates used in 2014 were a) month-end for monetary and non-monetary assets and liabilities ($4.9368 Mexican pesos per sol and $1.9409 Mexican pesos per quetzal), b) historical for stockholder's equity and c) weighted average of the period ($4.9109 Mexican pesos per sol and $1.9077 Mexican pesos per quetzal) for revenues, costs and expenses, presenting translation effects as part of stockholders' equity.

For purposes of disclosure in the notes to the consolidated financial statements, pesos or "$" refers to millions of Mexican pesos, and when reference is made to dollars, it means dollars of the United States of America.

d) **Recognition of assets and liabilities for financial instruments**
The consolidated financial statements of Gentera recognize assets and liabilities arising from investment securities and repurchase/resell agreements on the trade date, regardless of the settlement date.

3. Summary of significant accounting policies–

Following is a summary of the most significant accounting criteria followed during the preparation of the consolidated financial statements, which have been applied on a consistent basis for the years presented.

(a) Recognition of the effects of inflation–
The accompanying consolidated financial statements include the recognition of inflation effects in the financial information through December 31, 2007, based on the measurement factor derived from the value of the Investment Unit (UDI – Spanish abbreviation) which is an index, whose value is determined by Banco de México (the Central Bank) derived from inflation, given that beginning in 2008, in accordance with the Mexican FRS B-10 "Effects of Inflation", Gentera operates on a non-inflationary economic environment (accumulated inflation in the prior three-year period less than 26%).

The percentage of accumulated inflation in the prior three-year period, yearly inflation and the value of UDI at each of the year end are shown as follows:

			Inflation	
December 31		UDI	Yearly	Cumulative
2015	$	5.3812	2.10%	10.39%
2014		5.2703	4.18%	12.38%
2013		5.0587	3.78%	11.76%

(b) Basis of consolidation–
The accompanying consolidated financial statements as of and for the years ended 31 December, 2015 and 2014, include the balances of Gentera and its subsidiaries mentioned below. All significant balances and transactions between Gentera and the subsidiaries have been eliminated upon consolidation.

Entity	Equity	Functional currency
Bank	99.98%	Mexican pesos
Compartamos Guatemala	99.99%	Quetzales
Compartamos Financiera	99.99%	Soles
Red Yastás	99.99%	Mexican pesos
Compartamos Servicios	99.99%	Mexican pesos
Controladora AT [1]	50.00%	Mexican pesos
Intermex**	99.99%	Mexican pesos

1 Controladora AT is consolidated because Gentera has control on the financial policies and operating decisions of the subsidiary.
** Intermex is consolidated beginning April 15, 2015, due to in such date the purchase process was concluded.

(c) Cash and cash equivalents–

This caption comprises cash, bank accounts in local and foreign currencies, bank loans with original maturities of up to three days ("Call Money"), and deposits with the Central Bank, which are recognized at face value, and cash and cash equivalents in foreign currency are valued at the exchange rate issued by the Central Bank at the date of presentation of the consolidated financial statements. Interest earned from cash and cash equivalents are recognized in the consolidated income statement on an accrual basis.

The restricted cash and cash equivalents include the Deposit of Monetary Regulation with the Central Bank in accordance with the Law, in order to regulate the money market liquidity, such deposit bears interest at interbank funding rate.

The foreign exchange currencies acquired and agreed to be settled at later date to the purchase/sale transaction are recognized as restricted cash (foreign currency to be received), while foreign currency sold is recorded as cash outflow (currency to be delivered). The rights and obligations arising from the foreign exchange sales and purchases are recorded in the captions "Other accounts receivable" and "Sundry creditors and other accounts payable", respectively.

Call Money operations, the saving fund of Gentera's employees and guarantee deposits with financial institutions in Peru are recognized as restricted cash.

(d) Investment securities –

Investment securities consist of government and listed and unlisted banking securities, which are classified in accordance with the intention of use that Gentera assigns at the date of their acquisition as "Trading securities" and "Available–for–sale securities".

Trading securities

Trading securities which are held for operation in the market are carried at fair value using current prices obtained from specialists in the supply and price calculation to value securities portfolios, authorized by the Commission, known as "price vendors", and in case of unlisted securities, market prices of financial instruments with similar characteristics are used as reference, which use prices calculated based on formal and widely accepted valuation techniques. The fair value is the amount at which interested parties are willing to exchange for the financial instrument, in an uninfluenced transaction. Valuation effects of this category are directly recognized in the income of the year under the caption "Financial intermediation result".

Expenses incurred in the acquisition of trading securities are recognized in the income of the year. Interest income is recognized in the consolidated income statement as accrued.

As of December 31, 2015 and 2014, Gentera does not have investment securities for trading; likewise, Gentera did not carry out purchase/sell securities transactions during the years then ended.

Available–for–sale securities

Securities which are not classified as trading, but which are not intended to be held to maturity. Available–for–sale securities are recorded at fair value, using current prices obtained from specialists in the supply and price calculation to value securities portfolios. Fair value is the amount at which interested parties are willing to an exchange for the financial instrument, in an uninfluenced transaction. The valuation effects are reported in stockholders' equity under "Unrealized gain from valuation of available–for–sale securities", which upon sale are recycled through the consolidated statement of income to recognize the difference between the net value of realization and acquisition cost. Interest is recognized in the consolidated income statement in accrual basis.

Impairment of the value of a security

A security is impaired and therefore a loss is incurred from this impairment when there is objective evidence of the impairment as a result of one or more events that occurred after the initial recognition of the security, which had an impact in the estimated cash flows and could be determined on a trust–worthy basis.

During the years ended December 31 2015 and 2014, Gentera did not make transfers between categories.

(e) Repurchase/resell agreements–

The repurchase/resell agreements that do not comply with the terms of the criteria C–1 "Recognition and derecognition of financial assets", are treated as collateralized financing transactions, which reflects the economic substance of those transactions regardless of whether it is a "cash oriented" or "security–oriented" repurchase/resell agreements.

Gentera acting as a seller on resell agreements recognizes cash received or a debit to a settlement account, as well as a payable account valued at the price agreed at origination, which represents the obligation to repay the cash to the buyer reclassifying the financial assets given as collateral to present them as restricted. While Gentera acting as a buyer on resell agreements recognizes the out flow of cash and cash equivalents or a credit to a settlement account, booking an account receivable for the agreed price, which represents the right to recover the cash given and recognizes the collateral received in memorandum accounts.

Throughout the life of the repurchase/resell agreements the account payable or receivable is presented in the consolidated balance sheet as debtors or creditors on repurchase/resell agreements as appropriate and is valued at amortized cost by recognizing the interest from the repurchase/resell agreements on the years' income as accrued according to the effective interest method.

Interest accrued on repurchase/resell agreements transactions are presented under the caption "Interest income" or "Interest expense" in the consolidated statement of income whichever is applicable. The difference, if any, generated by selling or using the collateral in lieu of payment will be presented in the caption "Financial intermediation result".

(f) Derivatives–

Transactions with derivative financial instruments comprise those that are carried out for trading purposes. Irrespective of their purpose, the derivatives are recognized at fair value.

The valuation effect of the derivatives for trading purposes is shown in the consolidated balance sheet and consolidated statement of income under "Derivatives", in the assets or liabilities, accordingly, and "Financial intermediation income", respectively.

As of December 31, 2015, Intermex has agreed five derivative financial instruments of exchange rate "Forwards", with maturity in February and July 2016. At December 31, 2015, the loss from derivatives valuation amounts to $7.

(g) Loan portfolio–

Represents the outstanding balances of the amounts granted to borrowers (including financed insurances), plus uncollected interest earned. Outstanding loan and interest balances are classified as past due according to the following criteria:

Commercial loans with one principal amortization and interest payment – 30 days or more after due date.
Consumer and mortgage loans – 90 or more days past due.
Residential mortgages – When the outstanding loan balance present installments not fully collected for 90 or more due days.

Consumer loans are granted based on an analysis of the customer's application and the consultations made at the credit information bureaus. In some cases, as required, an analysis is conducted to the borrower's financial position, the economic feasibility of the investment projects and other general characteristics established in the Credit Institutions Law, Gentera's manuals and internal policies.

Loans are controlled by periodic visits to the client by Gentera personnel, and by daily monitoring of the payments through the system, where the relevant personnel can follow–up on late payments.

Loans are collected weekly, biweekly or monthly, when clients make loan payments in the form of deposits in accounts contracted by Gentera with other multiple banking institutions solely for that purpose, as well as correspondents to conduct this type of operations.

Evaluation on the credit risk of each client is handled by verifying their credit history with Gentera, and checking clients' credit ratings with the credit bureau.

Gentera policy for avoiding risk concentration is based mainly on setting maximum amount limits on loans by borrower.

Interests are recognized as income as they accrue. However, the accumulation of interests is suspended when a loan is transferred to past due loan portfolio and are recorded in memorandum accounts. When such interests are collected, these are recognized as income. Reserves are created for the total balance of non-collected accrued ordinary interest, related to the loans transferred to past due loans, at the moment of transfer.

Past due loans are transferred to current loans when the outstanding balances of past-due loans (principal and interest, among others) are totally settled.

Commissions on late payment of loans are recognized in the income statement when the delay occurs.

As of December 31, 2015 and 2014, Gentera had mainly a short-term consumer loan portfolio (note 9).

In 2014 the Bank carried out a licitation process to sell loan portfolio previously written-off. The internal policy for licitation process of loan portfolio provides that participants are unrelated parties having as purpose obtaining the best possible market price. In addition economic and reputational assessment of each participant is performed to take the best decision. In 2015 there were no loan portfolio sales.

(h) Allowance for loan losses–

An allowance for loan losses is maintained which, in management's opinion, is sufficient to cover for credit risks associated with the loan portfolio.

Commercial loan portfolio –

Allowances for loan losses for commercial loan portfolio are based on the individual assessment of the credit risk and classification of the costumers in accordance with the "General dispositions applicable to credit institutions" (the Dispositions) issued by the Commission.

The loan portfolio with companies and individuals with business activity, with annual income or net sales less than 14 million UDIS is rated by model described in Annex 21 of Dispositions. This model is based on the expected loss, which considers the probability of default, loss given default and exposure at default.

Allowances for loan losses made at December 31, 2015 and 2014 were determined in conformity with the degree of risk and the corresponding percentage ranges of allowance as shown below:

Degree of risk	Percentage ranges of allowance
A1	0.000 to 0.90%
A2	0.901 to 1.5%
B1	1.501 to 2.0%
B2	2.001 to 2.5%
B3	2.501 to 5.0%
C1	5.001 to 10.0%
C2	10.001 to 15.5%
D	15.501 to 45.0%
E	Grater than 45.0%

Consumer loan portfolio –

The calculation of the allowance for loan losses for consumer loans is made in conformity with the current dispositions issued by the Commission, which model of expected loss establishes that the allowance for loan losses is based on the probability of default, loss given default and exposure at default, considering for the calculation of the reserve the figures at the last day of each month. This methodology considers variables such as: i) outstanding amount, ii) payment made, iii) past-due days, iv) total term, v) remaining term, vi) the original loan amount, vii) the original value of the property, viii) loan balance and ix) the type of loan.

Additionally, when non-revolving consumer loans have guarantees, the covered and exposed parts must be segregated, considering an assignment in the severity of the loss of 10% to the covered part if the guarantees are cash collateral and /or liquid collateral and in case of mortgage collaterals a severity of the loss of 60% to the covered part may be assigned.

The allowance for loans losses for non-revolving consumer loan portfolio as of December 31, 2015 and 2014, is determined by the degree of risk assigned to the loan, as shown below:

Degree of risk	Percentage ranges of allowance
A-1	0 to 2.0
A-2	2.01 to 3.0
B-1	3.01 to 4.0
B-2	4.01 to 5.0
B-3	5.01 to 6.0
C-1	6.01 to 8.0
C-2	8.01 to 15.0
D	15.01 to 35.0
E	35.01 to 100.0

Mortgage loan portfolio –

The allowance for loan losses for residential mortgages is determined using the corresponding balances at the last day of each month. Furthermore, factors such as: i) outstanding amount, ii) payment made, iii) value of property, iv) loan balance, v) past-due days, vi) loan denomination and vii) integration of the file. The total amount of reserve for each credit assessed is the result of multiplying the probability of default for the loss given default and exposure at default.

Degree of risk and percentages of allowance for loan losses at December 31, 2015 and 2014 are as shown below:

Degree of risk	Percentage ranges of allowance
A1	0.000 – 0.50
A2	0.501 – 0.75
B1	0.701 – 1.00
B2	1.001 – 1.50
B3	1.501 – 2.00
C1	2.001 – 5.00
C2	5.001 – 10.00
D	10.001 – 40.00
E	40.001 – 100.00

Troubled loans – Commercial loans with a high probability of not being collected. As of December 31, 2015 and 2014, Gentera has troubled loans for $10 and $7, respectively, which come from Compartamos Financiera. These loans have been fully reserved.

Write-offs – Gentera has the policy to write-off consumer loan portfolio pending to be collected at 180 days after being considered past-due, given that during that period and once carried out all recovery efforts, its practical impossibility of recovery is determined. Such write-offs are conducted by cancelling the outstanding balance of the loan against the allowance for loan losses. In the event the loan balance to be written-off exceeds its corresponding reserve, prior to the write off, such reserve is increased up to the amount of the difference. In the case of commercial loans and residential mortgages the policy of write-off fits the moment once its recovery is determined to be impractical.

Recoveries related to written off loans or loans eliminated from the consolidated balance sheet are recognized in income of the year under the caption of "Other operating income (expenses)".

The grading of the loan portfolio was conducted as of December 31, 2015 and 2014, and management considers that the allowances resulting from such grading are sufficient to absorb the portfolio's loan loss risks.

(i) Other accounts receivable–

This caption represents, among others, receivables from employees, accounts receivable from correspondents, recoverable income taxes and items directly related to the loan portfolio, such as legal expenses, which beginning 2015 an allowance for doubtful receivables is determined based on the same percentage of risk assigned to the associated credit (during 2014 the provision was calculated according to the methodology described in the next paragraph).

For the receivables from employees, correspondents and other receivables, including, related to identified debtors with maturity exceeding 90 calendar days, a reserve is created for the total unpaid balance (60 days if balances are unidentified), except for those related to recoverable tax balances and clearing accounts.

Management considers that the reserve for doubtful accounts is sufficient to absorb losses in accordance with Gentera's policies.

(j) Property, furniture and equipment –

Property, furniture and equipment, including acquisitions from financial leases, are stated as follows: i) acquisitions conducted from January 1, 2008 at their historical cost, and ii) acquisitions made up to December 31, 2007 at their restated values, determined applying factors derived from the UDI, to their acquisition costs up to December 31, 2007.

Depreciation is calculated using the straight-line method, based on the estimated assets' useful life determined by Gentera management.

The leases are capitalized if the contract terms substantially transferred all inherent risks and benefits of ownership of the leased asset. The capitalized value is the value of the leased asset or the present value of minimum lease payments, whichever is less at lease inception. In the case of capital lease agreements, the interest rate used for calculating the present value of minimum payments is implicit in the related agreement. If interest rate is not available, the incremental rate as established on Mexican FRS D-5 "Leases" is used.

The related liability with the lessor is included in the consolidated balance sheet as an obligation for capitalized lease.

The financial costs of the financing granted by the lessor to acquire the leased assets are recognized in the consolidated income statement as they accrue. Lease payments are allocated between finance charges and reduction of the lease obligation in order to achieve a constant interest rate on the remaining balance of the liability. Assets held under capitalized leases are included within furniture and equipment and computer equipment captions, and its depreciation is calculated according to the term of the lease.

(k) Investment in associated –

Investment in associated companies, which Gentera owns less than 50% stake in the capital stock and has no control, are accounted for using the equity method based on financial statements of the associate as of and for the years ended December 31, 2015 and 2014. At December 31, 2015 and 2014, the participation of 43.16% and 33%, respectively, in the capital stock in the associate Finestrella amounts to $121 and $107. The equity investment in the associate for the year ended December 31, 2015 is a loss of $52 (for the period from July 28 to December 31, 2014 is a loss of $4). During 2015, Compartamos Financiera acquired an investment in the associated company "Pagos Digitales Peruanos, S. A.", with a participation of 2.45%, whose balance as at December 31, 2015, amounts to $3.

(l) Income tax (IT) and employee statutory profit sharing (ESPS)–

The current IT and ESPS are determined according to current tax legislation (note 16).

Deferred IT and ESPS are recognized using the assets and liabilities method, which compares their accounting and tax values. Deferred IT and ESPS (assets and liabilities) are recognized for future tax consequences attributable to temporary differences between the value reflected in the consolidated financial statements of existing assets and liabilities and their respective tax bases, as well as for operating losses and tax loss carryforwards.

Deferred IT and ESPS (assets and liabilities) are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered. The effect of changes in tax rates on deferred IT and ESPS are recognized in results of the period in which they were enacted.

The current and deferred IT and ESPS are presented and classified to the results of the period, except for those originated from a transaction that was recognized in the caption of "Other Comprehensive Income" or directly in Stockholders' equity.

Deferred asset for ESPS is reserved, given that Gentera has the policy to reward its employees up to a month of salary, even when there is no resulting payment base for ESPS according to the current tax legislation.

(m) Other assets, deferred charges and intangibles–

This caption is mainly comprised of investment in intangibles, guarantee deposits, insurance and expenses paid in advance, as well as expenses for debt issuance. Amortization is made using the straight-line method during the life of each transaction. For the years ended December 31, 2015 and 2014, the charge to the consolidated income statement for amortization amounted to $88 and $46, respectively.

(n) Impairment of long-lived assets–

Gentera periodically assesses the net carrying amount of property, furniture and equipment and intangibles assets, to determine whether there is an indication that the carrying amount exceeds the recoverable amount. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the asset to future net revenues reasonably expected to be generated by the asset. If the net carrying amount of the asset exceeds the recoverable amount, Gentera records the necessary provisions. When Gentera has the intention to sell such assets, these are reported in the consolidated balance sheet at the lower of net carrying amount or realizable value.

Long-lived assets, both tangible and intangible, are subject to impairment testing, in the case of assets with an indefinite life, impairment testing is performed annually and assets with a definite life are only subject to impairment testing when there are signs of impairment.

(o) Deposit funding–

Liabilities arising from deposit funding including demand deposits, time deposits and debt securities issued are recorded at placement cost, plus interest expense, determined by the straight-line method as they are accrued.

Those securities issued at a different price of the face value, shall recognize a deferred charge or credit for the difference between the face value of the security and the amount of cash received, which will be recognized in the consolidated income statement as an interest income or expense as accrued, taking into account the term of the security.

Issuance expenses are initially recognized as deferred charges and amortized against results for the period, according to the term of the debt issuance from which they derived.

(p) Bank and other loans–

Bank and other loans comprise loans from banks and financing provided by development banking institutions and development funds specialized in financing economic, productive or development activities. The bank and other loans are recorded at the value of the contractual obligation; interest is recognized on an accruals basis in the consolidated income statement for the year.

(q) Provisions–

Provisions for liabilities represent present obligations arising from past events, likely to require the use of economic resources to settle the obligation in the short term. These provisions have been recorded under Management's best estimate.

(r) Employee benefits–

The benefits granted by Gentera to its employees are described as follows:

Direct benefits (salaries, vacations, holidays and paid leave of absence, among others) are applied to the consolidated income statement as they arise and the related liabilities are stated at their face value, due to their short-term nature. Absences payable under legal or contractual provisions are non-cumulative.

Employee benefits upon termination of employment for reasons other than restructuring (severance), as well as retirement benefits (seniority premium) are recorded based on actuarial studies conducted by independent experts by the projected unit credit method, considering projected salaries.

The net cost for the period of each benefit plan is recognized as an operating expense in the year as accrued, which includes, among other items, amortization of the labor cost of past services, financial cost and prior years' actuarial gains or losses.

The actuarial gain or loss for termination benefits are recognized directly in the results for the year as they are accrued, while the retirement benefits are recognized in the results based on the average remaining labor life of employees.

(s) Share-based payment–

In 2015, Gentera established a share-based payment compensation program for its employees; as part of a package of remuneration in addition to salary and other benefits, payable in a period of 4 years (payments of 25% annually until cover 100%). The award of the shares is conditional upon performance and permanence in the institution recognizing the expense and obligation of payment when these conditions are fulfilled.

The estimated amount of the obligation is determined on the fair value of equity instruments granted, taking into consideration the timing and conditions on which the equity instruments are awarded. The plan provides that the subsidiaries of Gentera acquire independently in the market, the shares of the capital of Gentera on the same date of the award. As of December 31, 2015, the liability for this concept amounts to $34, which is recorded in the year's results under the caption of "Administrative and promotional expenses".

(t) Stockholders' equity–

Capital stock, statutory reserves and prior years' results are stated as follows: i) movements made beginning January 1, 2008 at their historical cost, and ii) movements made prior to January 1, 2008, at their restated values determined by applying factors derived from UDIS to their historical values through December 31, 2007.

(u) Repurchase of shares–

The own shares acquired are shown as a decrease in the fund for the repurchase of own shares, included in the consolidated financial statements under the statutory reserves. Dividends received are recognized by decreasing their cost.

With respect to the sale of repurchased shares, the amount obtained in excess or deficit of their restated cost is recognized as additional paid-in capital.

(v) Cumulative translation adjustment–

Represent the difference arising from translating foreign operations from the recording and functional currency, which are the same, to the reporting currency.

(w) Comprehesive income–

Comprehensive income comprises the net income, cumulative translation adjustment of subsidiaries and the unrealized gain from valuation of available-for-sale securities, as well as items required by specific accounting standards to be included in the stockholders' equity, such items do not constitute capital contributions, reductions or distributions.

(x) Revenue recognition–

Interest gained from cash and cash equivalents, investments in securities and repurchase/resell agreements are recognized in income statement as they accrue, as per the effective interest method.

Loan portfolio interest is recognized as it accrues, except for those related to past-due portfolio, which are recognized in income when they are collected. Commissions are recognized when earned under the caption "Commissions and fee expense" in the consolidated statement of income.

Amortization of premiums for the issuance of debt securities is also considered as income.

Income from sales of furniture and equipment is recognized in income when all of the following requirements are met: a) the risks and benefits of the goods have been transferred to the buyer and no significant control thereon is retained; b) income, costs incurred or costs to be incurred are determined on a reliable basis, and c) Gentera is likely to receive economic benefits from the sale.

(y) Interest expense–

This caption comprises interest accrued on financing received to fund the operations of Gentera and the interest accrued from the demand and time deposits received, debt securities issued and bank and other loans.

(z) Other operating income (expense)–

This caption includes income and expenses such as recoveries of loan portfolio, financing cost of capital lease, charges for doubtful accounts, write-offs, donations and result in the sale of furniture and equipment.

(aa) Earning per share–

This caption represents the result of dividing the profit for the period by the weighted average of current shares during the period. For the years ended on December 31, 2015 and 2014, the earning per share is $1.93 Mexican pesos and $1.90 Mexican pesos, respectively.

(bb) Contributions to the Banks Savings Protection Institute (IPAB Spanish abbreviation)–

Contributions made by multiple banking institutions to the IPAB are made in order to establish a system to protect the banking savings of parties conducting guaranteed operations in the terms and with the restrictions stipulated in the Bank Savings Protection Law, as well as to regulate the financial support granted to multiple banking institutions for the protection of the interests of the savings of the public.

Contributions made for this concept for the years ended December 31, 2015 and 2014, amounted to $52 and $41, respectively, which were charged directly to results of the year.

(cc) Foreign currency transactions–

The accounting records are maintained in both Mexican pesos and foreign currencies, which for consolidated financial statement presentation purposes, currencies other than dollars are translated to the dollar equivalent and subsequent to the national currency as established by the Commission. For the dollar translation into Mexican pesos, the exchange rate determined by the Central Bank for the settlement in Mexico of transactions denominated in foreign currencies is used. Exchange gains and losses are recognized on an accruals basis in the results of the year.

(dd) Financial intermediation income–

Arises from the difference between the exchange rate used to buy or sell foreign currencies, including the adjustment to the final position, valued at the exchange rate mentioned to in the preceding paragraph, as well as the valuation at fair value of derivative instruments.

(ee) Contingencies–

Liabilities or important losses related to contingencies are recorded when it is probable that a liability has been incurred and the amount of the assessment and/or remediation can be reasonably estimated. When a reasonable estimation cannot be made, qualitative disclosure is provided in the notes to the consolidated financial statements. Contingent income, earnings or assets are not recognized until their realization is virtually certain.

(ff) Segment information–

The accounting criteria prescribed by the Commission establishes that multiple banking institutions must segregate their activities in order to identify the different operating segments, which as minimum includes: i) loan operations; ii) treasury and investment banking operations, and iii) operations conducted on behalf of third parties. In addition, due to materiality, additional operating segments and sub–segments can be identified (note 22).

4. New accounting standards–

The Mexican Board of Financial Reporting Standards (CINIF – Spanish abbreviation), issued new FRS and the document called "FRS Improvements 2015", which contains specific modifications to current FRS, which it came into force on January 1, 2015. Such FRS and Improvements did not generate material effects in the consolidated financial statements of Gentera and its subsidiaries since these were not applicable or there is a specific accounting framework issued by the Commission.

5. Foreign currency position–

Central Bank regulations establish the following standards and limits for operations in foreign currencies carried out by the credit institutions:

1. The (short or long) position in US dollars must not exceed a maximum of 15% of the Bank's basic capital.
2. The foreign currency position by currency must not exceed 2% of net capital, except for the dollar or currencies referred to the dollar, which can reach up to 15% of the basic capital of the Bank.
3. Liabilities in foreign currency must not exceed 1.83 times the Bank's basic capital.
4. The foreign currency operations investment regulations make it necessary to hold a minimum amount of liquid assets, in accordance with a calculation mechanism established by the Central Bank, based on the maturity of operations in foreign currency.

As of December 31, 2015 and 2014, the Bank had a long position of 1,681,162 dollars and 1,144 dollars, respectively, within the limits set forth by Central Bank. The net assets at December 31, 2015 of Compartamos Guatemala and Compartamos Financiera represent a long position of 22,542,912 dollars and 80,060,068 dollars, respectively (long position of 21,917,465 dollars and 48,077,641 dollars, respectively in 2014).

As of December 31, 2015 the exchange rate determined by the Central Bank and used by Gentera to value its assets in foreign currency was $17.2487 Mexican pesos per dollar ($14.7414 Mexican pesos per dollar in 2014). On February 18, 2016, issuance date of the consolidated financial statements, the exchange rate was $18.1439 Mexican pesos per dollar.

6. Cash and cash equivalents–

At December 31, 2015 and 2014, cash and cash equivalents consist of the following:

		2015	2014
Cash on hand	$	260	42
Mexican banks		1,224	1,021
Foreign banks		349	437
Restricted funds:			
Monetary regulation deposit with the Central Bank*		308	308
Bank loans whit maturity up to three days*		1,150	1,072
Other restricted funds		87	263
	$	3,378	3,143

* Included as part of the caption "Contingent assets" in memorandum accounts.

For the years ended December 31, 2015 and 2014, interest earned from banks and other restricted funds amounted to $42 and $38, respectively.

At December 31, 2015 and 2014, the monetary regulatory deposit with Central Bank has no established term and bears interest at the rate of bank deposit funding. For the years ended December 31, 2015 and 2014, interest obtained from monetary regulatory deposits amount to $9 and $7, respectively.

At December 31, 2015 and 2014, other restricted funds correspond to guarantee deposits with financial institutions in Peru incurred by Compartamos Financiera for $81 and $257, respectively, and the saving fund of Gentera's employees for $6 in each year.

At December 31, 2015, the average rate of interbank loans maturing in 3 days was 2.90% (3.01% in 2014). For the years ended on December 31, 2015 and 2014, interest earned from call money transactions amounted to $40, in both years.

At December 31, 2015 and 2014, Gentera has no precious metals or position in foreign bills and coins.

7. Investment securities–

Cash surpluses resulting from Gentera operations are invested in debt instruments, searching for the best available rate with the authorized counterparties.

Investments in securities are subject to different types of risks directly related to the market in which they operate, such as interest rates and to credit and market liquidity inherent risks.

Risk management policies, as well as the analysis of the risks which Gentera is exposed to are described in note 23.

At December 31, 2015 and 2014, investments in available–for–sale securities at fair value corresponding to certificates of deposit of Central Bank of the Republic of Peru for $25 and $24, respectively.

At December 31, 2015 and 2014, the valuation of available–for–sale securities recognized within "Earned capital" net of deferred tax represents a profit of $18,248 Mexican pesos and $7,220 Mexican pesos, respectively.

At December 31, 2015 and 2014, the average rates of investments were 3.73% and 3.43%, respectively. In addition, for the years ended on December 31, 2015 and 2014, interest income from investments amounted to $2, in both years.

8. Debtors on repurchase/resell agreements–

Gentera carries out transactions of repurchase/resell agreements, acting as buyer. As of December 31, 2015 and 2014, the balance of $136 and $196, respectively, relates to Treasury Certificates (CETES–spanish abbreviation) in each year.

For the years ended on December 31, 2015 and 2014, the awards income arising from repurchase/resell agreements transactions in the consolidated income statement amount to $8 and $7, respectively.

The terms of transactions of repurchase/resell agreements as of December 31, 2015 and 2014, are two days in each year, weighted interest rates of 2.97% and 2.83%, respectively.

9. Loan portfolio–

The loan portfolio is comprised mainly of consumer loans with an average term of four months with a fixed rate and joint guarantee of the borrowers. Capital and interest are mainly paid on a weekly basis.

At December 31 2015 and 2014, total loan portfolio (current and past due loans) are comprised as shown:

2015		Principal	Accrued interest	Total loan portafolio
Current loans:				
Commercial loans:				
Business and commercial	$	539	8	547
Consumer loans		26,504	526	27,030
Residential mortagages		37	1	38
		27,080	535	27,615
Past due loans:				
Commercial loans:				
Business and commercial		19	2	21
Consumer loans		773	85	858
Residential mortgages		2	–	2
		794	87	881
Total loan portfolio	$	27,874	622	28,496

2014		Principal	Accrued interest	Total loan portafolio
Current loans:				
Commercial loans:				
Business and commercial	$	408	7	415
Consumer loans		22,259	443	22,702
Residential mortgages		48	1	49
		22,715	451	23,166
Past due loans:				
Commercial loans:				
Business and commercial		21	2	23
Consumer loans		696	65	761
Residential mortgages		1	–	1
		718	67	785
Total loan portfolio	$	23,433	518	23,951

Income from interest and commissions for the years ended at December 31, 2015 and 2014, segmented by type of loan are described as follows:

		2015	2014
Interest income (note 22):			
Commercial loans:			
Business and commercial	$	145	113
Consumer loans		17,012	14,225
Residential mortgages		10	10
	$	17,167	14,348
Commissions income (note 22):			
Consumer loans	$	493	387

At December 31, 2015 and 2014, the loans (current and past due loans), are broken–down by economic sector, as follows:

Economic activity		2015 Amount	2015 %	2014 Amount	2014 %
Commerce	$	23,049	81	19,364	81
Construction		40	–	38	–
Professional services		2,408	8	2,209	9
Agriculture		193	1	156	1
Cattle raising		285	1	233	1
Manufacturing		611	2	606	2
Other		1,910	7	1,345	6
	$	28,496	100	23,951	100

The distribution of the loan portfolio at December 31, 2015 and 2014, by geographical region is shown as follows:

		2015		2014	
		Current	Past-due	Current	Past-due
In Mexico:					
Aguascalientes	$	121	4	121	2
Baja California Norte		606	12	428	10
Baja California Sur		281	15	271	17
Campeche		216	4	210	10
Chiapas		1,056	33	947	34
Chihuahua		327	13	235	11
Coahuila		723	22	522	14
Colima		86	3	62	3
Distrito Federal		937	23	663	12
Durango		401	13	337	9
Estado de México		2,663	65	2,136	40
Guanajuato		623	18	492	11
Guerrero		780	15	671	10
Hidalgo		627	12	534	9
Jalisco		582	22	484	10
Michoacán		705	15	558	11
Morelos		343	9	299	10
Nayarit		205	9	178	4
Nuevo León		751	31	628	27
Oaxaca		867	14	737	13
Puebla		1,544	34	1,357	31
Querétaro		200	4	169	2
Quintana Roo		371	8	286	9
San Luis Potosí		380	10	293	4
Sinaloa		404	13	320	9
Sonora		546	19	445	14
Tabasco		894	26	800	20
Tamaulipas		983	35	800	18
Tlaxcala		583	8	521	8
Veracruz		2,456	71	2,207	75
Yucatán		307	5	246	4
Zacatecas		193	2	137	1
Total Mexico carried forward	$	21,761	587	18,094	462
Abroad:					
Guatemala		389	8	206	10
Peru		4,930	199	4,415	246
Total abroad		5,319	207	4,621	256
Accrued interests		535	87	451	67
Total portfolio	$	27,615	881	23,166	785

At December 31, 2015 and 2014, aging of the past-due loan portfolio is as follows:

		Aging				
2015		**1 to 180 days**	**181 to 365 days**	**1 to 2 Years**	**More than 2 Years**	**Total**
Commercial loans:						
Business and commercial	$	7	6	5	3	21
Consumer loans		601	196	35	26	858
Residential mortgages		1	1	–	–	2
	$	609	203	40	29	881

2014		**1 to 180 days**	**181 to 365 days**	**1 to 2 Years**	**More than 2 Years**	**Total**
Commercial loans:						
Business and commercial	$	8	9	3	3	23
Consumer loans		540	159	36	26	761
Residential mortgages		–	–	–	1	1
	$	548	168	39	30	785

Following is an analysis of the movements of the past-due loans, for the years ended December 31, 2015 and 2014.

		2015	2014
Past-due loans at the beginning of the year	$	785	645
Plus:			
Transfer from current loans		2,179	2,024
Less:			
Write offs		1,924	1,633
Collections		152	254
Transfer to current loans		15	7
Exchange rate fluctuation		(8)	(10)
Past-due loans at year-end	$	881	785

Interest and commission income for the years ended December 31, 2015 and 2014, according to the type of loan is comprised as follows:

		2015			2014	
	Interest	Commission	Total	Interest	Commission	Total
Current loans:						
Business and commercial	$ 145	–	145	112	–	112
Consumer loans	17,011	493	17,504	14,212	387	14,599
Residential mortgages	10	–	10	10	–	10
	17,166	493	17,659	14,334	387	14,721
Past due loans:						
Business and commercial	–	–	–	1	–	1
Consumer loans	1	–	1	13	–	13
	1	–	1	14	–	14
	$ 17,167	493	17,660	14,348	387	14,735

Interest on past due loans, which by accounting criteria is recorded in memorandum accounts and applied to income until collected, as of December 31, 2015 amounts to $126 ($102 in 2014).

For the years ended on December 31, 2015 and 2014, the amount recovered on the previously written-off loan portfolio, net of expenses incurred for their collection, represented a profit of $28 and $27, respectively, see note 22.

Sale of loan portfolio 2014-

As a separate event, during the first half of 2014, an auction process was undertaken to sell Bank's loan portfolio previously written-off during the years 2013, 2011 and 2010, whose amount of principal and not collected accrued interests at time of the write-off, are described as follows:

Year	Number of written-off loans	Principal	Interest	Total
2013	376,067	$ 1,145	94	1,239
2011	101,260	275	16	291
2010	88,421	254	14	268
Total	565,748	$ 1,674	124	1,798

On March 24, 2014, as a result of this licitation, an onerous contract of assignment of loans was signed and a payment of $468,467 Mexican pesos was received, which is presented under the "Other operating income (expenses)" caption in the consolidated statements of income. Such onerous assignment of loans generated to the Bank a tax loss carryforward on loan portfolio sale of $1,797, which under current tax legislation will be deductible at the time in which the balance of allowance for loan losses as of December 31, 2013 is totally applied; the Bank decided to take the future deduction for the loss up to the amount updated at December 31, 2013, from the remaining surplus pending to be deducted of the allowance for loan losses which amounts to $1,193, therefore the deducible tax loss carry forward of $358 was realized in the year ended December 31, 2015 (note 16).

Credit losses insurance

On November 7, 2014, the Bank entered into a contract of warranty service with the Special Fund for Technical Assistance and Agricultural Credit Guarantee (Fondo Especial de Asistencia Técnica – "FEGA"), through the Central Bank, the latter in its capacity as Trustee in the schemes of second losses of some products of consumer loan portfolio of the Bank established by contract. At December 31, 2015 and 2014, the amount of the loan portfolio selected by the Bank for guarantee with the FEGA amounts to $9,101 and $1,537, respectively, and the commission paid for the insurance was $21 and $4, in 2015 and 2014, respectively, amount that was recognized in the caption "Commissions and fee paid" in the consolidated statement of income. The amount from the insured portfolio, if any, would be recovered as maximum under contractual conditions through FEGA coverage ranges between 0.1% and 1.5% of the guaranteed amount.

During the years ended on December 31, 2015 and 2014, there were no guarantees executed under the insurance as described in the previous paragraph.

At December 31, 2015 and 2014, the loan portfolio of the Bank and Compartamos Guatemala is not given as security. The Compartamos Financiera' loan portfolio at December 31, 2015 and 2014, given as security for funding received for its operation amounts to $1,011 and $877, respectively.

Loan management

The authorization of loans as responsibility of the Board of Directors is centralized in committees and empowered officers, who in turn can delegate this authorization to the services office personnel.

For credit management, the general process is defined from the promotion to the recovery of the loan, specifying from each business unit policies, procedures and responsibilities of the officers involved and the tools to be used in each stage of the process.

The loan process is based on an in-depth analysis of loan applications in order to determine the overall risk of the borrower.

During the years ended on December 31, 2015 and 2014, Compartamos Financiera restructured loans for $33 and $40, respectively; these restructurings did not include capitalized interest.

Allowance for loan losses

As of December 31, 2015 and 2014, the rating of the overall loan portfolio and the provisions created based on the actual risk tables for each year, are as follows:

	2015 Rated loan portfolio			
Risk	Commercial	Consumer	Residential	Total
A – 1	$ 337	17,619	22	17,978
A – 2	20	147	1	168
B – 1	29	2,269	1	2,299
B – 2	1	3,158	2	3,161
B – 3	42	412	1	455
C – 1	35	1,966	2	2,003
C – 2	56	754	6	816
D	29	277	4	310
E	19	1,286	1	1,306
Total	$ 568	27,888	40	28,496

Risk		Commercial	Consumer	Residential	Total
		2015 Required allowance			
A – 1	$	2	93	–	95
A – 2		–	4	–	4
B – 1		–	84	–	84
B – 2		–	143	–	143
B – 3		–	23	–	23
C – 1		1	132	–	133
C – 2		–	77	1	78
D		4	62	1	67
E		18	914	1	933
Total	$	25	1,532	3	1,560

Risk		Commercial	Consumer	Residential	Total
		2014 Rated loan portfolio			
A – 1	$	231	14,484	26	14,741
A – 2		15	140	2	157
B – 1		21	2,059	1	2,081
B – 2		1	3,748	1	3,750
B – 3		34	457	2	493
C – 1		39	966	4	1,009
C – 2		42	325	8	375
D		32	214	5	251
E		22	1,070	2	1,094
Total	$	437	23,463	51	23,951

Risk		Commercial	Consumer	Residential	Total
		2014 Required allowance			
A – 1	$	1	78	–	79
A – 2		–	4	–	4
B – 1		–	77	–	77
B – 2		–	170	–	170
B – 3		–	25	–	25
C – 1		1	65	–	66
C – 2		1	35	1	37
D		3	48	1	52
E		19	764	1	784
Total	$	25	1,266	3	1,294

The movements in the allowance for loan losses during the years ended December 31, 2015 and 2014, are as follows:

		2015	2014
Allowance for loan losses at the beginning of the year	$	1,294	1,228
Plus:			
Increase in the provision for loan losses		2,206	1,692
Less application of reserves due to write offs:			
From current loans (by death)		36	29
From past due loans		1,924	1,633
Exchange rate fluctuation		(20)	(36)
Allowance for loan losses at year-end	$	1,560	1,294

At December 31, 2015 the allowance for loan losses recorded by Gentera includes $24 ($39 in 2014), as a complement to reserve 100% of accrued interest from past-due loans at the end of these years.

10. Other accounts receivable–

At December 31, 2015 and 2014, this caption is comprised as follows:

		2015	2014
Loan portfolio accessories	$	147	101
Other receivables:			
Sundry debtors		281	162
Debit from transactions with correspondents		495	446
Debit by intermediation		104	–
Income tax recoverable		1,021	–
		2,048	709
Less:			
Allowance for doubtful accounts		(61)	(122)
	$	1,987	587

11. Property, furniture and equipment–

At December 31, 2015 and 2014, this caption is comprised as follows:

		Original cost	Depreciation and amortization annual rate (%)	Accumulated depreciation	Net value
		2015			
Land	$	2	–	–	2
Constructions		17	5	(8)	9
Office furniture and equipment		262	10	(90)	172
Transportation equipment		98	25 and 20	(57)	41
Computer equipment		703	30, 25 and 15	(458)	245
Others:					
Leasehold improvements		760	*	(280)	480
Telecommunications equipment		210	10	(72)	138
	$	2,052		(965)	1,087
		2014			
Land	$	2	–	–	2
Constructions		16	5	(7)	9
Office furniture and equipment		203	10	(67)	136
Transportation equipment		108	25 and 20	(58)	50
Computer equipment		725	30, 25 and 15	(495)	230
Others:					
Leasehold improvements		560	*	(189)	371
Telecommunications equipment		169	10	(46)	123
	$	1,783		(862)	921

* The amortization rate of leasehold improvements is in accordance with the term of the lease agreement for each property.

For the year ended December 31, 2015, the charge to the consolidated income statement in the "Administrative and promotional expenses" caption related to depreciation and amortization amounted to $216 and $90, respectively ($221 and $66, respectively, in 2014).

Fully depreciated assets

		Original cost	
		2015	2014
Constructions	$	4	–
Office furniture and equipment		11	8
Transportation equipment		8	5
Computer equipment		256	200
Leasehold improvements		101	93
	$	380	306

The property, furniture and equipment that of Gentera owns, does not have any pledge or restriction for its use or disposal.

Gentera as lessee has capitalized leases for transportation equipment, mobile devices and automated teller machines with a term of 3 years and no purchase option. The lease of furniture, computer and transportation equipment was recognized as capitalized because the present value of minimum lease payments exceeds 90% of fair market value of the asset at the beginning of the agreement. At December 31, 2015 and 2014, assets leased through capitalized leases are comprised as follows:

		2015	2014
Office furniture and equipment	$	7	9
Computer equipment		31	184
Transportation equipment		16	13
		54	206
Less accumulated depreciation		41	147
	$	13	59

The payable liability related to capitalized leases is as follows (see note 17):

		2015			2014		
		Future minimum payments	Discounted interest	Present value	Future minimum payments	Discounted interest	Present value
Less than one year	$	9	–	9	55	(2)	53
Between one and five years		6	(1)	5	12	(1)	11
	$	15	(1)	14	67	(3)	64

Interest expense from capitalized leases during the years ended on December 31, 2015, and 2014, was $6 and $8, respectively, which is recorded under the caption of "Other operating income (expenses)" in the consolidated statements of income.

12. Other assets, deferred charges and intangibles–

At December 31, 2015 and 2014, this caption is comprised as follows:

		2015	2014
Goodwill (a)	$	815	757
Guarantee deposits (b)		49	56
Insurance (c)		2	9
Development of the electronic banking system (d)		1,084	903
Advance payments		405	147
Debt issuance costs		24	26
		2,379	1,898
Less:			
Accumulated amortization of electronic banking system		134	46
	$	2,245	1,852

(a) It derives from the acquisition of Compartamos Financiera and Intermex (beginning 2015) which is subject to impairment testing.

(b) Not amortizable, subject to recovery upon expiration of each leasing agreement for the respective service office.

(c) Insurance is amortized according to the duration of each policy. The amount charged to the consolidated income statement in the years ended on December 31, 2015 and 2014, was $67 and $62, respectively.

(d) Investment intangibles, includes the rent of licenses and acquisition of software of the Bank, for the development of the new electronic system to book and control the banking operation, which began its utilization in May 2014. The estimated useful life of the intangible asset is ten years and the amortization for the year end 2015 amounts to $88 and for the period from May to December 2014, amounts to $46.

13. Deposit funding–

Deposit funding includes deposits on demand, time deposits and debt securities issued. As part of the deposit funding, $78 and $35 from the Bank and 19 and 12 million of soles from Compartamos Financiera at December 31, 2015 and 2014, respectively, are kept as demand deposits (equivalent to $96 and $61 million of Mexican pesos at December 31, 2015 and 2014, respectively) and 154 and 178 million of soles in time deposits at December 31, 2015 and 2014, respectively, (equivalent to $777 and $878 million of Mexican pesos, respectively), from which 7 million of soles at December 31, 2014 (equivalent to $36 million of Mexican pesos), was managed by FIDUPERU in accordance with the purchase and sale agreement of Compartamos Financiera, which was settled in 2015.

At December 31, 2015 and 2014, the average annual interest rate on deposits on demand was 2% in each year.

At 31 December 2015, money market time deposits, correspond to Certificates of Deposit (CEDES–Spanish acronym), issued in the months of April and August 2015, for accumulated amount of principal of $550 and 14 million of soles issued in the month of October 2015 (equivalent to $74 million Mexican pesos), with maturities less than one year. Interest accrued of CEDES for the year ended on December 31, 2015 amounted to $13 (see note 22).

At December 31, 2015 and 2014, long term debt securities (Cebures–Spanish acronym) were issued in Mexican pesos of un–secured nature covered by the increase in the program approved by the Commission in the amount of $12,000, as follows:

2015					
Cebures	Amount of program	Date of issuance	Date of maturity	Interest rate	Balance
COMPART 11	$ 2,000	September 2011	March and September 2016	TIIE 28 Days + 85 bp	$ 2,000
COMPART 12	2,000	August 2012	August 2017	TIIE 28 Days + 70 bp	2,000
COMPART 13	2,000	September 2013	August 2018	TIIE 28 Days + 60 bp	2,000
COMPART 14	2,000	June 2014	June 2019	TIIE 28 Days + 40 bp	2,000
COMPART 15	2,000	September 2015	August 2020	TIIE 28 Days + 50 bp	2,000
					10,000
Interest payable					14
Total debt issuance					$ 10,014

2014					
Cebures	Amount of program	Date of issuance	Date of maturity	Interest rate	Balance
COMPART 10*	$ 2,000	October 2010	October 2015	TIIE 28 Days +130 bp	$ 500
COMPART 10*	1,500	December 2012	October 2015	TIIE 28 Days + 130 bp	750
COMPART 11	2,000	September 2011	March and September 2016	TIIE 28 Days + 85 bp	2,000
COMPART 12	2,000	August 2012	August 2017	TIIE 28 Days + 70 bp	2,000
COMPART 13	2,000	September 2013	August 2018	TIIE 28 Days + 60 bp	2,000
COMPART 14	2,000	June 2014	June 2019	TIIE 28 Days + 40 bp	2,000
					9,250
Interest payable					15
					9,265
Premium carry forwards of the reopening of COMPART10					8
Total debt issuance					$ 9,273

* Reopening (amortization of capital in October 2014 for $1,250 in Compart 10 issuances)

Interest accrued by Cebures for the year ended on December 31, 2015 amounted to $391 ($410 in 2014), see note 22.

At December 31, 2015 and 2014, Cebures had the following maturity terms:

2015						
Concept	1 to 179 days	6 to 12 months	More than 1 to 2 years	Over 2 years	Balance	Contractual value
Cebures	$ 1,014	1,000	2,000	6,000	10,014	10,000

2014						
Concept	1 to 179 days	6 to 12 months	More than 1 to 2 years	Over 2 years	Balance	Contractual value
Cebures	$ 15	1,250	2,000	6,000	9,265	9,250

14. Bank and other loans–

At December 31, 2015 and 2014, Gentera had contracted the following loans in Mexican pesos and in soles translated into Mexican pesos, as follows:

		2015	2014
Due on demand	$	–	90
Short term:			
Loans from development banks		801	250
Loans from multiple banking institutions		266	–
Public trusts loans		608	850
Other institutions		2,185	1,609
Total short-term		3,860	2,709
Long-term:			
Loans from multiple banking institutions		52	47
Loans from development banks		1,400	1,000
Public trusts loans		3,192	–
Other institutions		1,048	1,990
Total long-term		5,692	3,037
Total bank and other loans	$	9,552	5,836

For the year ended on December 31, 2015, the accrued interest of bank and other loans amounted to $414 ($352 in 2014), see note 22.

Credit facilities received by Gentera, at December 31, 2015 and 2014, as well as the unused portion are as shown in the next page.

		2015	
Institution		Credit facility received	Unused portion*
Fideicomiso Instituido en Relación con la Agricultura (FIRA)	$	6,000	2,200
Nacional Financiera, S. N. C. (NAFIN)		4,000	1,800
BBVA Bancomer, S. A.		400	400
Banco Nacional de México, S. A.		845	745
HSBC México, S. A.		550	550
Banco Ve por Más, S. A.		200	50
Corporación Interamericana de Inversiones		416	200
International Finance Corporation		233	106
Banco Mercantil del Norte, S. A. (Banorte)		490	490
Banco Santander (México), S. A.		250	250
Corporación Financiera de Desarrollo S.A. (COFIDE)		1,946	1,232
FONDEMI – COFIDE		51	31
Microfinanzas puno		21	1
Banco de la Nación		253	6
FIDEICOMISO MIMDES – FONCODES		61	–
Citibank		131	–
BBVA Banco Continental		483	36
Banco Interbank		150	150
BlueOrchard Microfinance Fund		56	–
Corporación Andina de Fomento – CAF		103	47
Microfinance Growth Fund LLC		78	–
Micro, Small & Medium Enterprise Bonds SA		179	–
Pettelaar effectenbewaarbedrijf N.V.		78	–
Triodos Fair Share Fund		19	–
Triodos SICAV II – Triodos Microfinance Fund		24	–
ResponsAbility SICAV (Lux)		170	–
Credit Suisse Microfinance Fund Management		208	–
Dual Return Fund SICAV		42	–
Banco GNB Perú, S.A.		278	126
Symbiotics SICAV (Lux)		71	–
Scotiabank Peru S.A.		86	86
Citibank Perú S.A.		345	269
Banco del Bajio		500	500
Finethic Microfinance Societé en Commandite par Actions (S.C.A.)		26	–
Banco G&T Continental, S.A.		136	81
Interbanco		34	34
	$	18,913	9,390

* See explanation in the next page.

Institution		2014 Credit facility received	Unused portion*
Fideicomiso Instituido en Relación con la Agricultura (FIRA)	$	3,000	2,150
Nacional Financiera, S. N. C. (NAFIN)		2,500	1,250
BBVA Bancomer, S. A.		668	668
Banco Nacional de México, S. A.		1,000	1,000
HSBC México, S. A.		550	550
Banco Ve por Más, S. A.		300	300
Corporación Interamericana de Inversiones		400	200
International Finance Corporation		200	183
Banco Mercantil del Norte, S. A. (Banorte)		650	650
Banco Santander (México), S. A.		250	250
Banco Ahorro Famsa, S. A.		300	300
Corporación Financiera de Desarrollo S.A. (COFIDE)		1,217	426
FONDEMI – COFIDE		49	–
Banco de la Nación		247	182
FIDEICOMISO MIMDES – FONCODES		30	–
Citibank		128	–
BBVA Banco Continental		295	75
Banco Interbank		147	37
BlueOrchard Microfinance Fund		69	–
Corporación Andina de Fomento – CAF		88	14
Microfinance Growth Fund LLC		76	–
Micro, Small & Medium Enterprise Bonds SA		287	113
Pettelaar effectenbewaarbedrijf N.V.		88	–
Triodos Fair Share Fund		41	–
Triodos SICAV II – Triodos Microfinance Fund		132	–
ResponsAbility SICAV (Lux)		215	–
Credit Suisse Microfinance Fund Management		284	–
Dual Return Fund SICAV		41	–
Microfinance Enhancement Facility S.A., SICAV – SIF		79	–
Banco GNB Perú, S.A.		148	–
FMO		202	119
Symbiotics SICAV (Lux)		69	–
Scotiabank Peru S.A.		74	30
Instituto de Crédito Oficial del Reino de España – ICO		87	–
Corporación Interamericana de Inversiones – BID		56	29
Microfinance Loan Obligations S.A.		22	–
Finethic Microfinance Societé en Commandite par Actions (S.C.A.)		26	–
Banco G&T Continental, S.A.		117	69
International Finance Corporation – IFC		570	404
	$	14,702	8,999

* The amount of the credit lines not used are recognized in memorandum accounts as part of the caption "Other memorandum accounts".

At December 31, 2015, Gentera had obtained resources from NAFIN and FIRA for $2,200 and $3,800, respectively ($1,250 and $850 of NAFIN and FIRA in 2014, respectively). These resources were assigned to small entrepreneurs and the amount of accrued interest for the year ended on December 31, 2015, for the loans of NAFIN and FIRA were $70 and $69, respectively ($32 of NAFIN and $28 of FIRA, in 2014).

As of December 31, 2015, borrowings accrued interest at average annual interest rates in Mexican pesos of 3.87% (4.36% in 2014), in soles of 7.21 % (8.12% in 2014) and in quetzals of 10.89% (10.5% in 2014).

Under article 106, section III of the Law of Credit Institutions, the Bank may not pledge debt securities issued or accepted by them or kept in their treasury.

15. Employees' benefits–

At December 31, 2015, Gentera has a mixed pension plan (defined benefit and defined contribution) that covers its employees and includes: a) defined benefit, which represents the present value of the accrued benefits in accordance with the years of service provided by the employees and that Gentera expects to incur at the time of retirement and (b) defined contribution, which represents an incentive of savings to the employees, where Gentera make contributions equivalent to 100% of the contribution paid with a maximum limit of 6%. Gentera's policy to fund the defined benefit plan is to contribute according to the projected credit unit method, while funding the pension plan of defined contribution is according to seniority and age of the employees. The amount charge to results of the years 2015 and 2014 for the defined contribution plan amounted to $10 and $9 respectively.

At December 31, 2015 and 2014, the labor liability related to recognized defined benefit is comprised as shown in the next page.

(a) Reconciliation between the initial and final balances of the defined benefit obligations (OBD–Spanish abbreviation) for the years ended at December 31, 2015 and 2014.

Financial position of assets and liabilities		Pre-retirement severance payment 2015	Pre-retirement severance payment 2014	Pre-retirement seniority premium 2015	Pre-retirement seniority premium 2014	Seniority premium at retirement 2015	Seniority premium at retirement 2014	Pension plan 2015	Pension plan 2014
OBD at beginning of period	$	(42)	(33)	(11)	(9)	(11)	(9)	(110)	(80)
Plus (less):									
Labor cost of current service		(6)	(6)	(4)	(4)	(3)	(3)	(18)	(17)
Financial cost		(3)	(3)	(1)	(1)	(1)	(1)	(8)	(6)
Actuarial earnings (losses) generated in the period		(52)	(28)	(1)	–	–	2	(68)	(7)
Past services recognition		(12)	–	–	–	–	–	(28)	–
Paid benefits		26	28	3	3	–	–	–	–
OBD at the end of the period	$	(89)	(42)	(14)	(11)	(15)	(11)	(232)	(110)

(b) The value of the acquired benefits obligations as of December 31, 2015 and 2014 was $156,199 Mexican pesos and $46,835 Mexican pesos, respectively.

(c) Reconciliation of the OBD and the Net Projected Liability (PNP–Spanish abbreviation).

Following is the reconciliation between the OBD and the PNP recognized in the consolidated balance sheets, as of December 31, 2015 and 2014.

Financial position of assets and liabilities		Pre-retirement severance payment 2015	Pre-retirement severance payment 2014	Pre-retirement seniority premium 2015	Pre-retirement seniority premium 2014	Seniority premium at retirement 2015	Seniority premium at retirement 2014	Pension plan 2015	Pension plan 2014
OBD at December 31	$	(89)	(42)	(14)	(11)	(15)	(11)	(232)	(110)
Plan assets		–	–	–	–	–	–	81	55
Financial position of plan		(89)	(42)	(14)	(11)	(15)	(11)	(151)	(55)
Past service pending of amortization		–	–	–	–	–	–	65	40
Actuarial loss		–	–	–	–	–	–	86	15
PNP	$	(89)	(42)	(14)	(11)	(15)	(11)	–	–

(d) Period net cost (CNP – Spanish abbreviation):

An analysis of the CNP by plan type is presented as follows:

CNP		Pre-retirement severance payment 2015	Pre-retirement severance payment 2014	Pre-retirement seniority premium 2015	Pre-retirement seniority premium 2014	Seniority premium at retirement 2015	Seniority premium at retirement 2014	Pension plan 2015	Pension plan 2014
Labor cost of the current service	$	6	6	4	4	3	3	18	17
Financial cost		3	3	1	1	1	1	8	6
Actuarial (earnings) losses		52	28	1	–	–	–	–	–
Expected return on plan assets		–	–	–	–	–	–	(4)	(3)
Amortization of the transition liability		12	–	–	–	–	–	2	1
Total	$	73	37	6	5	4	4	24	21

(e) Main actuarial assumptions:

The main actuarial assumptions used, expressed in absolute terms, as well as the discount rates, yield of the plan assets (AP-Spanish abbreviation), salary increases and changes in the indexes or other variables referred, at December 31, 2015 and 2014, are as follows:

Age	2015 Death (%) Men	2015 Death(%) Women	Disability (%)	Rotation (%)
20	0.00197	0.000930	0.000760	0.606061
25	0.00230	0.000950	0.001000	0.112179
30	0.00274	0.000990	0.001120	0.068027
35	0.00332	0.001050	0.001290	0.042735
40	0.00411	0.001160	0.001640	0.027349
45	0.00517	0.001320	0.002210	0.016340
50	0.00661	0.001580	0.003470	0.009033
55	0.00859	0.001990	0.007120	0.003814
60	0.01131	0.002700	0.000000	0.000000
65	0.01512	0.003960	0.000000	0.000000

Age	2014 Death (%)	Disability (%)	Rotation (%)
20	0.001606	0.000760	0.606061
25	0.001828	0.001000	0.112179
30	0.002128	0.001120	0.006802
35	0.002526	0.001290	0.042735
40	0.003078	0.001640	0.027349
45	0.003823	0.002210	0.016340
50	0.004850	0.003470	0.009033
55	0.006280	0.007120	0.003814
60	0.008297	0.000000	0.000000
65	0.011214	0.000000	0.000000

	2015	2014
Discount rate	7.61%	7.35%
Rate of salary increases	5.25%	5.57%
Rate of increases to the minimum salary	3.50%	3.50%

(f) OBD and plan situation at the end of the last five annual periods:

The OBD value, the plan situation, as well as the adjustments by experience of the last five years are shown as follows:

	Seniority premium			
	Historical values			Adjustments from
Year	OBD	AP	Plan situation	experience OBD (%)
2015	$ 29	–	29	–
2014	22	–	22	–
2013	18	–	18	–
2012	13	–	13	–
2011	7	–	7	2

	Severance compensation before retirement			
	Historical values			Adjustments from
Year	OBD	AP	Plan situation	experience OBD (%)
2015	$ 89	–	89	–
2014	42	–	42	–
2013	33	–	33	–
2012	34	–	34	–
2011	21	–	21	–

16. Income tax (IT) and employee statutory profit sharing (ESPS)–

(a) IT

According to the current IT Law in Mexico, the IT rate for the fiscal years of 2015 and 2014 was 30%. The ESPS rate for the fiscal years of 2015 and 2014 was 10%. The IT rate in Peru for the fiscal years of 2015 and 2014 was 28%.

The tax result differ from the accounting result, mainly in such items that are taxable or deductible differently for accounting and tax purposes, by the recognition of the inflation effects for tax purposes, as well as such items that only affect either the accounting or tax results.

Notwithstanding that Gentera does not consolidate its subsidiaries for tax proposes, following is presented for informative purposes the expense (income) in the consolidated income statement related to current and deferred income taxes for the years ended December 31, 2015 and 2014.

	2015		2014	
	Current IT	Deferred IT	Current IT	Deferred IT
Bank	$ 787	448	1,651	(831)
Compartamos Financiera	50	–	58	(9)
Compartamos Servicios	130	3	150	(43)
Intermex	9	9	–	–
Controladora AT	9	–	3	2
	$ 985	460	1,862	(881)

The reconciliation between the current and effective IT tax rates of the Bank for the years ended on December 31, 2015 and 2014, which provision is the main consolidated IT expense, is shown as follows:

	2015	2014
Income before IT	$ 4,236	4,053
IT at 30% rate on income before IT	$ (1,271)	(1,216)
Plus (less) the effect of IT on:		
Deductible annual inflation adjustment	42	79
Allowance for loan losses	(555)	(427)
Loan portfolio write-offs	629	–
Deduction from the loan portfolio sale	358	–
Other non-deductible or taxable items, net	10	(87)
Current IT	(787)	(1,651)
Deferred IT	(448)	831
IT expense	$ (1,235)	(820)
Effective IT rate	29%	20%

At December 31, 2015 and 2014, the main temporary differences of Gentera on which deferred IT asset (liability) was recognized are as follows:

	2015	2014
Allowance for loan losses	$ 1,199	2,646
Furniture and equipment	75	23
Installation expenses	171	144
Employees' benefits	308	64
Provisions	229	486
Tax losses carryforward	1,093	965
Other	26	158
	3,101	4,486
IT rate	30%	30%
Deferred IT	928	1,346
Less:		
Valuation allowance*	332	290
Deferred IT asset, net	$ 596	1,056

* As of December 31, 2015 and 2014 the valuation allowance corresponds mainly to the tax losses carryforward from Gentera and Yastás.

As of December 31, 2015, the deferred tax asset related to the allowance for loan losses which amounts to $1,199, is mainly comprised of the total balance of the Bank's allowance for loan losses to that date.

At December 31, 2014, the deferred tax asset related to the allowance for loan losses which amounts to $2,646, includes mainly the tax loss on the Bank's 2014 loan portfolio sale, the balance of the allowance for loan losses at December 31, 2014 and pending deduction of write-offs.

As of December 31, 2015 and 2014, a deferred liability relating to cumulative translation effect of subsidiaries was not recognized, given that the Management intends to hold these equity investments.

For the year ended December 31, 2015, the movement of deferred IT balance represented a debit on the income statement of $447 (credit to income statement of $881 in 2014).

As of December 31, 2015 and 2014, Compartamos Servicios recognized a deferred tax asset derived from ESPS, which amounted to $44 and $43, respectively, which is fully reserved.

The combined amounts of Capital Contributions Account (Cuenta de Capital de Aportación – CUCA –Spanish abbreviation) and the net tax profit account (Cuenta de Utilidad Fiscal Neta – CUFIN –Spanish abbreviation) of Gentera and subsidiaries as of December 31, 2015 and 2014, amount to $7,453 and $16,381, and $6,862 and $15,338, respectively.

(b) ESPS-

For the years ended December 31, 2015 and 2014, Compartamos Servicios calculated ESPS based on article 16 of the IT Law. The amount of ESPS determined for the years ended December 31, 2015 and 2014 is $35 and $38, respectively, which were recognized under the "Administrative and promotion expenses" caption in the consolidated statement of income. At December 31, 2015 and 2014, Compartamos Financiera recorded a provision of $10 and $11 for ESPS, respectively, such liability was recognized in the account "Sundry provisions" within the "Sundry creditors and other accounts payable" caption.

17. Sundry creditors and other accounts payable-

At December 31, 2015 and 2014, the balance of this caption is comprised as follows:

		2015	2014
Capitalized lease liabilities (note 11)	$	14	64
Social security contributions		41	31
Other taxes		382	306
Labor liabilities (note 15) (*)		131	73
Sundry provisions		453	486
Sundry creditors		745	656
	$	1,766	1,616

(*) Includes $13 and $9, at December 31, 2015 and 2014, respectively, of labor liability of the subsidiaries abroad.

Following is the analysis of the most significant provisions for the years ended December 31, 2015 and 2014.

Type of provision		Balance at January 1, 2015	Plus increases	Less applications	Less cancellations	Balance at December 31, 2015
Short term:						
Sundry provisions	$	486	1,501	1,380	154	453

Type of provision		Balance at January 1, 2014	Plus increases	Less applications	Less cancellations	Balance at December 31, 2014
Short term:						
Sundry provisions	$	332	2,039	1,863	22	486

Provisions represent present obligations for past events where it is more likely than not, there will be outflow of economic resources in the short-term.

Following are presented the main provision concepts at December 31 2015 and 2014.

		2015	2014
Employees bonuses	$	314	310
Advisory and services		56	54
Commissions		16	69
Other		67	53
Total provisions	$	453	486

18. Institute for the protection of bank saving (IPAB-Spanish abbreviation)-

The Bank Savings Protection Law went into effect on January 20, 1999 as part of the measures adopted by the federal government to deal with the economic crisis arising in late 1994. The law provides for the creation of the IPAB to replace the Bank Savings Protection Fund.

The purpose of the IPAB is to apply a series of preventive measures designed to avoid financial problems, which can affect banks and ensure compliance with bank obligations towards their depositors.

The IPAB manages the Bank Savings Protection System, which was gradually restructured as per the established transition guidelines. The new System for the Protection of Bank Savings, in effect since 2005, comprises, among other changes, the protection of deposits from the general public amounting to the equivalent of 400,000 UDI (approximately $2.15 and $2.10 at December 31, 2015 and 2014, respectively), excluding interbank deposits and those payable to its stockholders and upper bank management, among others.

Fees paid to the IPAB during the years ended December 31, 2015 and 2014, amounted to $52 and $41, respectively, which were charged directly to the results of the year.

19. Stockholders' equity–

a) *Structure of capital stock and movements of stockholders' equity–*

Gentera was incorporated with a minimum fixed capital of fifty thousand Mexican pesos and an unlimited variable capital.

2015 movements–

At the April 24, 2015 Ordinary General Stockholders' Meeting, it was resolved to restitute the fund for the acquisition of own shares for $185. During 2015, some shares were repurchased for an amount of $166. Furthermore, an increase of the statutory reserve for $156 was approved. In the same Stockholders' Meeting, it was decided to declare and pay dividends for $1,241, equivalent to $0.76 Mexican pesos per share, which was paid on May 15, 2015 through S. D. Indeval, S. A. de C. V. Instituto para el Depósito de Valores (Institution for the Custody of Securities). In addition, the shareholders was authorized the cancellation of 9,482,809 common shares without nominal value expression corresponding to the variable capital that Gentera held in treasury.

2014 movements–

At the April 24, 2014 Ordinary General Stockholders' Meeting, it was resolved to restitute the fund for the acquisition of own shares for $208. During 2014, some shares were repurchased for an amount of $182. Furthermore, an increase of the statutory reserve for $113 was approved.

Gentera's subscribed and paid capital at December 31, 2015 and 2014 is comprised as follows:

Series	Shares	Description	Amount
"Unique"	415'595,676	Minimum fixed capital with no withdrawal rights	$ 1,201
	1,223'087,043	Variable capital	3,563
	1,638'682,719	Capital stock	$ 4,764

b) *Restrictions on stockholders' equity–*

The General Corporations Law requires the Company to separate annually 5% of their profits to constitute the statutory reserve until it reaches 20% of the capital stock.

Dividends paid are not subject to IT if they are paid from the net tax profit account (CUFIN –Spanish abbreviation). Any dividends paid in excess of this account will cause IT. The current tax will be payable by Gentera and may be credited against its IT in the same year or the following two years.

Dividends paid to individuals and resident abroad shall be subject to an additional tax of 10% with a definitive character, which shall be retained by the entities to distribute the dividends. The new rule applies only to the distribution of profits that are generated from January 1st 2014.

In the event of a capital reduction, the provisions of the IT Law state any excess of stockholders' equity over capital contributions, to be accounted with the same tax treatment as dividends.

c) *Capitalization requirements (unaudited)–*

The Ministry of Finance and Public Credit (SHCP–Spanish acronym) requires banks to have a percentage of capitalization on assets at risk, which are calculated by applying certain percentages depending on assigned risk. As of December 31, 2015 and 2014, the Bank had complied with the percentage.

Minimum capital stock–

The Bank's subscribed and paid–in minimum capital is equivalent, in Mexican pesos, to the value of ninety million UDIs. The minimum capital stock required for the Bank to operate must be subscribed and paid–in. When the capital stock exceeds the minimum, at least 50% must be paid–in, provided this percentage is not below the established minimum.

In order to comply with minimum capital requirements, the Bank can consider the net capital held, as per the provisions of article 50 of the Law of Credit Institutions. At no time net capital can be less than minimum capital.

Capitalization–

Net capital–

The Bank maintains net capital related to the market, credit and operating risk to which it is exposed, and which is not lower than the sum of the capital requirements for the aforementioned risks, in terms of the Capitalization Requirement Rules for Multiple Banking Institutions issued by the SHCP.

At December 31, 2015 and 2014, the Bank is in compliance with the capitalization rules, which require the Bank to maintain a certain net capital in relation to market and credit risks incurred in its operations, which may not be lower than the total amount from adding up capital requirements for both types of risk.

Capitalization index of the Bank–

Capitalization rules for financial institutions establish requirements for specific levels of net capital, such as a percentage of assets subject to market, credit or operational risk. The Bank's capitalization Index (ICAP by its acronym in Spanish) as of December 31, 2015 is 29.05% according to the current rules. As of December 31, 2014 is 33.08%.

The ICAP on assets subject to credit risk ("ASRC" by its acronym in Spanish) as of December 31, 2015 and 2014 is 34.77% and 41.11%, respectively.

Following are the most relevant items of the ICAP at December 31, 2015 and 2014:

		2015	2014
Assets in market risk	$	1,495	2,207
Assets in credit risk		23,855	20,345
Assets in operational risk		3,196	2,734
Total risk assets	$	28,546	25,286
Net capital	$	8,293	8,364
Ratio on assets subject to credit risk		34.77%	41.11%
Ratio on assets subject to total risk		29.05%	33.08%

The Bank's net capital requirement derived from its exposure to credit risk must be at a minimum ICAP of 10.5%, which is the result of multiplying the weighted assets for which the standard method was used.

The net capital is determined as follows:

		December 31	
		2015	2014
Stockholders' equity [1]	$	9,321.0	9,369.0
Deferred taxes, asset from tax differences		(2.0)	(64.0)
Deduction of intangibles and deferred expenses or costs		(1,025.8)	(941.0)
Basic capital		8,293.2	8,364.0
Complementary capital		–	–
Net capital	$	8,293.2	8,364.0

1 As of December 31, 2015 and 2014, the computation only considers the following capital accounts: i) capital stock, ii) statutory reserves, iii) prior years' results, and iv) net income. All this in accordance with the modification of the Article 2 Bis, Section I, subsection a) of the General Provisions applicable to Credit Institutions, issued in the Official Gazette on November 28, 2012.

According to Article 220 of the General Provisions applicable to Credit Institutions, issued in the Official Gazette on December 2, 2005 and subsequent amendments, the Bank has as of December 31, 2015 and 2014 a Ratio of Basic Capital 1(RBC1) higher than 0.875, and a Ratio of Basic Capital higher than 1.0625 and an ICAP higher than 10%, therefore it is classified in the "I" category in accordance with the aforementioned provisions.

The Ratio of Basic Capital 1 and the Ratio of Basic Capital, is determined as follows:

RBC1 = (Basic Capital 1 / Weighted Assets subject to Total Risks) / ICAPm
RBC = [(Basic Capital 1 + Basic Capital 2) / Weighted Assets subject to Total Risks] – / ICAPm
ICAPm = Ratio of minimum capitalization.

Multiple banking institutions will be notified by the Commission of their rating with respect to their categories, as well as the applicable minimum corrective measures and/or special additional measures.

Special additional corrective measures could be applied by the Commission in addition to minimum corrective measures, which, depending on the category, could include the requirement to issue more detailed reports to the Board of Directors of those institutions and the Commission, and hiring special auditors to deal with specific questions with external auditors authorized by the Commission, to the replacement of officers, directors, statutory auditors and auditors, the modification of interest rate policies and the withdrawal of the multiple banking institution's operating permit.

Market risk–

The capital required for the position of assets at market risk of the Bank as of December 31, 2015 and 2014 is as follows:

		Amount of the equivalent positions		Capital requirement	
Item		2015	2014	2015	2014
Operations at nominal rate in local currency	$	1,451.1	2,206.5	116.1	176.2
Positions in foreign currency or with return indexed to exchange rates		43.5	0.0	3.5	0.0
	$	1,494.6	2,206.5	119.6	176.2

Credit risk–

The amount corresponding to weighted assets subject to credit risk and their respective capital requirements of the Bank as of December 31, 2015 and 2014 is shown below per risk group and item:

		Risk-weighted assets		Capital requirement	
		2015	2014	2015	2014
Risk group:					
Group III (weighted at 20%)	$	234.4	234.5	18.8	18.8
Group III (weighted at 100%)		7.7	–	0.6	–
Group VI (weighted at 100%)		21,520.3	17,958.9	1,721.6	1,436.7
Group VIII (weighted at 125%)		–	150.4	–	12.0
Group VIII (weighted at 150%)		233.1	–	–	–
Permanent investments and other assets		1,859.8	2,001.5	148.8	160.1
Total credit risk	$	23,855.3	20,345.3	1,889.8	1,627.6

Operational risk–

The capital requirement from its exposure to operational risk for December 2015 is $255.7, while in 2014 was $218.7, both equivalent to the corresponding percentage, as established in the Article 2 Bis 112 of the capitalization requirements for multiple banking institutions, of the average of 15% of the requirement for market and credit risks.

Capital requirements are calculated periodically and the sufficiency of the Bank's capital is evaluated. The Bank has maintained 20 basis points in average, higher than the current regulatory limit (10.5%) of ICAP.

d) *Bank´s agency credit rating–*

As of December 31, 2015 and 2014 the Bank obtained the following agencies credit rating in both years:

Agency	Domestic ranking	Global ranking
Fitch Ratings	'AA+(mex) / F1+(mex)'	BBB / F2
Standard&Poor´s	'mxAAA / mxA-1+'	BBB / A-2'

20. Commitments and contingent liabilities–

Gentera has entered into a number of lease agreements for its head office and service offices from which it performs its transactions. The average terms of these agreements range from two to five years. Rent payments to be made over the next six years amount to $763 ($224 in 2016, $194 in 2017 $138 in 2018, $103 in 2019, $76 in 2020, and $28 in 2021).

Compartamos Servicios entered into a lease agreement of a building for the exclusive use of corporate offices, the amount of the rent is in dollars and will be translated into Mexican pesos as of April 1, 2013, date when conditions are met to occupy the building. The term of the agreement is for a period of 126 months, starting on October 1, 2012, and ending on March 31, 2023, paying a total of 44,889,935 dollars to an exchange rate of $12.62 Mexican pesos per dollar, during the aforementioned period. For the payment of the rent Gentera has a grace period of six months to condition the property for its use beginning on October 1, 2012.

The majority of the lease agreements for the service offices are based on Gentera's templates, containing the following clauses: purpose, intent, duration, rent, guarantee deposit, form of payment, expense, additional obligations, rescission, returning of the building, maintenance and leasehold improvements, privation, non-compliance, contractual penalty, modifications, notices and notifications, assignment, absence of flaws and jurisdiction.

Most of the agreements establish the option of early termination for Gentera, prior notification to the lesser in writing.

For the most part, contract renewals require that the lesser respect the preemptive right established in the legislation, as well as signature of a new lease agreement in the same terms and conditions set forth in the expiring agreement. The lesser is to grant Gentera 60 days prior to expiration of the agreement to conduct the renewal.

Gentera will enjoy a term of 10 business days as from the first working date after the lesser delivers the agreement, in order for the former to decide whether or not to sign the agreement.

Gentera does not sign lease agreements with an option to buy.

All of the lease agreements are guaranteed with cash deposits, which are the equivalent to 1 or 2 months' rent, as the case may be. Under no circumstances does Gentera offer additional guarantees.

Rent agreements are paid on a monthly basis and are updated annually and increases are determined based on the National Consumer Price Index published by Central Bank the previous month prior to signing the agreement supporting said increase.

In most cases, the annual increase is capped to 10% of the rent price paid the prior year, in the event of macroeconomic contingencies, this percentage will be applied.

Rent increases must be supported through an amending agreement, to be signed 30 days prior to the date on which the rent is to be increased.

Gentera's lease agreements do not consider caps on dividend payments and debt contracting.

For the years ended on December 31, 2015 and 2014, lease payments were recorded in the consolidated income statement for $384 and $309, respectively.

The Bank is involved in several claims and trials, derived from the normal course of its operations, according to the opinion of its legal counsels and the assessment made by management, there are elements of defense in which exists a probability to obtain a favorable outcome. As part of those claims, up to date stands out the nullity trials and claims brought by the Mexican Internal Revenue Service (SAT-Spanish acronym) for fiscal years 2006, 2007 and 2009 whose claim comes mainly from the difference in the criteria applied up to 2011 for determining the ESPS; the amounts observed by the SAT, regarding to ESPS are $74, $96 and $164 for the years 2006, 2007 and 2009, respectively. In addition, the Bank have other claims filed by the SAT related to the same fiscal years 2006, 2007 and 2009, whose complaint comes from other concepts related to differences in deductibility criteria applied to the IT, which amount to $19, $21 and $3, respectively.

21. Balances and operations with related parties–

During the normal course of operations, Gentera conducted transactions with related parties.

Related parties are defined as either individuals or entities holding direct or indirect control of 2% or more of the shares representing Gentera's capital and the members of the Board of Directors.

Also considered as related parties are entities, as well as the advisors and officers thereof, in which Gentera has direct or indirect control over 10% or more of their shares.

The total sum of operations with related parties did not exceed 50% of the basic portion of the Bank's net capital, as set out in article 50 of the Law of Credit Institutions.

For the years ended on December 31, 2015 and 2014, Gentera granted to key management personnel, short term direct benefits for $188 and $178, respectively.

The main transactions celebrated with related parties for the years ended on December 31, 2015 and 2014, are as follows:

Expenses		2015	2014
Donations	$	8	12
Advisory and services		–	2

22. Additional segments information–

Gentera has consumer, commercial and mortgage loans, thus its source of income is derived from interest of the loan products offered, in addition to the products of treasury operations, such as interest from investments in securities and repurchase/resell agreements. Liability transactions include demand and time deposits, debt securities issued and bank and other loans, from which interest expenses arise.

Out of the total income earned by the Bank (main subsidiary) for the years ended December 31, 2015 and 2014, 97% and 98% came from its loan operation. Consequently, the resources of deposit funding and bank and other loans obtained during the year were primarily used for the placement of loans, therefore the accrued interest are identified by the credit segment, same trend is reflected in administrative expenses. The remaining operations (approximately 3% and 2% of the operation of the Bank for 2015 and 2014, respectively) are the treasury segment and commissions from insurance operations.

Financial margin–

For the years ended on December 31, 2015 and 2014, the financial margin is shown as follows:

		2015	2014
Interest income:			
Loan portfolio interest	$	17,167	14,348
Interest on cash and cash equivalents		91	85
Interest arising from investments in securities		2	2
Interest from repurchase/resell agreements		8	7
Placement premium		8	9
	$	17,276	14,451

		2015	2014
Interest expense:			
Demand and time deposits	$	60	43
Cebures (includes amortization of issuance expenses of $19 and $17 in 2015 and 2014, respectively)		410	427
Bank and other loans		414	352
Foreign exchange losses		1	–
	$	885	822

Interests and commissions per type of loan–

Interests and commissions per type of loan, for the years ended on December 31, 2015 and 2014, are comprised as follows:

		2015 Current	2015 Past-due	2014 Current	2014 Past-due
Interest income					
Commercial loans:					
Business and commercial	$	145	–	112	1
Consumer loans		17,011	1	14,212	13
Residential mortgages		10	–	10	–
	$	17,166	1	14,334	14

For the years ended on December 31, 2015 and 2014, income and expense for commissions and fees, are comprised as follows:

		2015	2014
Commissions and fees income:			
Consumer loans	$	493	387
Insurance operations		313	156
Other		383	340
	$	1,189	883
Commissions and fees expense:			
Bank fees	$	214	212
Brokers		364	362
Insurance operations		114	68
Loans received		34	–
Other		10	15
	$	736	657

For the years ended on December 31, 2015 and 2014, "Other operating income (expenses)", is analyzed as follows:

		2015	2014
Other operating income (expenses):			
Loan portfolio recoveries	$	28	27
Allowance for bad debts		(56)	(153)
Miscellaneous losses		(7)	(11)
Donations		(42)	(34)
Results on sales of furniture and equipment		(15)	7
Capitalized leases		(6)	(8)
Cancellation of provisions		177	37
Other income (expenses) (mainly insurance premium)		79	58
Total	$	158	(77)

Following is a condensed consolidated income statement (including intercompany balances eliminations) of Gentera and Subsidiaries for the years ended on December 31, 2015 and 2014.

2015	Gentera	Bank	Subsidiaries Compartamos Guatemala	Financiera Compartamos	Red Yastás	Compartamos Servicios	Controladora AT	Intermex	Total
Interest income	$ 12	15,407	265	1,569	2	20	1	–	17,276
Interest expense	–	592	11	282	–	–	–	–	885
Financial margin	12	14,815	254	1,287	2	20	1	–	16,391
Financial margin adjusted for credit risk	12	12,964	233	953	2	20	1	–	14,185
Operating income before income tax	(82)	10,953	19	200	8	(6,596)	53	51	4,606
Net income	(82)	9,717	19	150	8	(6,728)	44	33	3,161

2014	Gentera	Bank	Subsidiaries Compartamos Guatemala	Financiera Compartamos	Red Yastás	Compartamos Servicios	Controladora AT	Total
Interest income	$ 10	12,878	170	1,374	1	18	–	14,451
Interest expense	–	521	5	296	–	–	–	822
Financial margin	10	12,357	165	1,078	1	18	–	13,629
Financial margin adjusted for credit risk	10	10,934	141	833	1	18	–	11,937
Operating income before income tax	(67)	9,516	4	263	(88)	(5,522)	37	4,143
Net income	(67)	8,696	4	213	(88)	(5,628)	32	3,162

23. Comprehensive risk management (CRM) from the bank, main subsidiary (unaudited)–

The Bank recognizes that the essence of its business is to assume risks in seeking potential financial and social returns. Consequently, CRM is a core component of the business' strategy for identifying, measuring, overseeing and controlling the different types of risks faced during the normal course of operations.

The Bank's CRM is considered to be an on-going process involving all levels of management. The structure for the Bank's CRM is based on the following guidelines:

a. Commitment by Top Management and the Board of Directors to properly manage risks encountered.

b. On-going supervision of CRM policies and procedures.

c. Clear segregation of duties to ensure independence and objectivity in risk management.

d. Formal cooperation between the CRM structure and the business units.

e. Clear determination of responsibilities pertaining to CRM.

f. On-going supervision of the Internal Control and Audit area, to ensure proper compliance with CRM duties.

The Board of Directors has set up a Risk Committee to ensure that operations are conducted in line with the objectives, policies and procedures for CRM, as well as with the exposure limits approved by said committee. This committee meets at least once a month and works in accordance with the guidelines set out in the General dispositions applicable to credit institutions.

The Risk Committee is aided by the Comprehensive Risk Management Unit (CRMU) for identification, measurement, oversight and disclosure of risks as per the General Provisions Applicable to Credit Institutions in effect and applicable best practices.

CRM is mainly based on the determination of a structure of global and specific limits, and on applying of risk methodology authorized by the Board of Directors.

Credit risk-

Credit risk management considers: identification, quantification, establishing of limits, risk policies and risk monitoring, potential losses due to borrower or counterparty default in operations with financial instruments.

The Bank's loan portfolio at December 31, 2015 and 2014 is made up in 100% of loans made to individuals for a specific purpose (consumer portfolio) in Mexican pesos. The consumer portfolio is sufficiently diversified to represent no concentration risk and there is a scarce value of individual positions. In accordance with the criteria set forth in paragraph 70 of "International convergence of capital measurements and capital standards" Basel II, we classified the Bank's loan portfolio as retail portfolio.

As of December 31, 2015, the portfolio is comprised of 3.3 million loans (3 million in 2014), the average outstanding balance in 2015 has remained at approximately $6,888 Mexican pesos ($6,051 Mexican pesos for 2014), at an average term of four months.

The maximum authorized amount for a loan is $100,000 Mexican pesos, as a result of which, the maximum financing limits established in the provisions for one individual or group of individuals representing a common risk were complied with no exceptions. In addition, no operations were conducted with customers considered an individual or group of individuals who, comprising one or more liabilty operations payable by the Bank, exceeded 100% of the basic capital.

Analyses of quality of the loan portfolio and credit risk rating thereof are conducted at least monthly. Loans are rated as per the methodology mentioned in note 3(h).

Rating-based distribution of the loan portfolio, that could be interpreted as the risk profile of the Bank's loan portfolio, shows its greatest concentration in rating A-1, current loan portfolio.

For comparative and sensibility purposes, following is a table which considers the modification of the Article 129 of the General Provisions Applicable to Credit Institutions.

Consumer loans

	Distribution of the loan portfolio by rating (data in percentages to the total loan portfolio)			
	2015		2014	
Rating	Balance	Average	Balance	Average
A-1	70.7	70.8	70.7	71.9
A-2	0.6	0.6	0.6	0.9
B-1	0.9	1.0	0.8	0.7
B-2	9.4	11.2	14.7	13.4
B-3	1.5	1.6	2.0	2.2
C-1	8.5	6.4	5.0	5.3
C-2	3.1	3.7	1.5	1.2
D	0.9	0.8	0.7	0.7
E	4.4	3.9	4.0	3.7
Total	100.0	100.0	100.0	100.0

The measurement methodology used in calculating expected and unexpected losses arising from the portfolio's credit risk is a Credit Risk+ model, which generates a thousand scenarios for each loan pertaining to the portfolio considered. The risk exposure which includes the model is the loan portfolio that has shown no default at the date of the analysis, defining default as an event in which a loan has not been paid adequate and timely.

The expected loss is calculated, multiplying the exposure of the operation by the probability of default by the borrower, using the aforementioned rating model for assigning of probability of default, mentioned above.

Commercial loan portfolio

		Credit risk			
		2015		2014	
Concept		Balance	Average	Balance	Average
Commercial loan portfolio:					
Total exposure	$	–	399.8	–	–
Expected loss		–	0.9	–	–
Unexpected loss at 95%		–	12.7	–	–
Expected loss/total exposure		0.0%	0.2%	0.0%	0.0%
Unexpected loss/total exposure		0.0%	3.2%	0.0%	0.0%

At December 31, 2015 and 2014 the quantitative information for the credit risk of the consumer loan portfolio, is as follows:

		Credit risk			
		2015		2014	
Concept		Balance	Average	Balance	Average
Consumer loan portfolio:					
Total exposure	$	22,165	20,229	18,408	17,233
Expected loss		332	269	243	250
Unexpected loss at 95%		335	271	245	253
Expected loss/total exposure		1.5%	1.3%	1.3%	1.5%
Unexpected loss/total exposure		1.5%	1.3%	1.3%	1.5%

The expected loss pertaining to the portfolio under consideration as of December 31, 2015 represents 1.5% of the overall balance exposed to default. The Bank has set up loan loss reserves totaling $1,175, equivalent to 5.1% of the balance of the overall portfolio. As of December 31, 2014, the expected loss was of 1.3% and the allowance amounted to $882; 4.7% with respect to the balance of the overall portfolio at such date. The loan portfolio is rated in accordance with the rules for rating the loan portfolio issued by the SHCP and the methodology established by the Commission. The Bank only sets up allowance for loan losses in addition to those created as a result of the portfolio rating process, in compliance with Title Two, Chapter I, Section Four of Article 39 of the General Provisions Applicable to Credit Institutions. As of December 31, 2015 and 2014, no additional allowance for loan losses were required (note 7).

Expected and unexpected losses are calculated on a monthly basis under different scenarios (sensitivity analyses), including stress scenarios. The results of the analysis are presented to the areas involved in portfolio risk management, to the Chief Executive Officer's Office and to the Risk Committee.

The efficiency of the model and assumptions assumed are evaluated periodically "*backtesting*"; in the event the projected results and those observed differ significantly, the necessary corrections are made; however, this has not been necessary, as the expected loss has been smaller than the loss observed in 100% of the cases in a one-year horizon.

At December 31, 2015, income from loan operations amounted to $15,806, representing 97.1% of the Bank's total income, compared to the same item at December 31, 2014, the variation in income, in percentage terms is 20%.

Income from loan operations

		2015	2014	Variación (%)
Loan income	$	15,805	13,169	20
Total income	$	16,305	13,443	21
Income from loan operations (%)		97	98	

With respect to credit risk management for operations with financial instruments or counterparty risk, the credit risk exposure in operations with financial instruments, and the expected and unexpected loss thereof, are calculated on a daily basis. Such allowance is part of the daily report on market risk. As of December 31, 2015, the Bank's position in financial instruments subject to counterparty risk totals $1,150; 100% in Call Money operations. The expected loss pertaining to counterparty risk is 0.5% of the overall exposure. In comparison, as of December 31, 2014, the Bank's position in financial instruments subject to counterparty risk totaled $1,072; 100% in call money operations with an expected loss from counterparty risk of 0.4%, with respect to the overall exposure.

The methodology for managing credit risk in financial operations consists of an economic capital type model which generates an allocation of capital that must be available to cover the losses.

Probability of default: This information is obtained from the next sources: 1) Standard & Poors, rating granted to financial institutions based on their rating scale known as CAVAL over the long term; 2) Moody's, as with S&P, according to the rating granted over the long-term; 3) Fitch, is the third source for learning the rating granted by this agency, 4) HR Ratings and VERUM (these authorized rating agencies, according to the Appendix 1-B of the General Provisions for Banks), and 5) in the event the Bank has no rating from any of the three agencies, an average rating is assigned according to its group. The above grouping refers to the group to which it pertains in the market (P8, AAA, P12, other). In the event of rating differences, the lowest rating is used.

Following is the exposure to counterparty risk for purchase/sale of securities and interbank loans as of December 31, 2015 and 2014 of the Bank, as well as the maximum exposure to such risk during these years.

		Exposure to counterparty risk at December 31, 2015		
		Amount at year-end	Maximum exposure	Concentration at year-end (%)
Total position	$	1,150	5.8	100
Purchase/sale of securities				
Rating AAA				
Rating AA				
Rating A				
Call Money	$	1,150	5.8	100

* The authorized counterparty risk limit is 8% of the product related to the ASRC of the Bank's latest known net capital. The ASRC product x ICAP of the period was $6,918.

		Exposure to counterparty risk at December 31, 2014		
		Amount at year-end	Maximum exposure	Concentration at year-end (%)
Total position	$	1,072	4.3	100
Purchase/sale of securities		–	–	–
Rating AAA		–	–	–
Rating AA		–	–	–
Rating A		–	–	–
Call Money	$	1,072	4.3	100

* The authorized counterparty risk limit is 8% of the product related to the ASRC of the Bank's latest known net capital. The ASRC product x ICAP of the period was $6,664.

Due to the nature of its business, it is the Bank's policy not to conduct brokerage operations or to act as issuer of derivative products.

Market risk-

Market risk management considers, at least, identification, quantification and establishing of limits and monitoring of risks arising from changes in the risk factors affecting the valuation or expected results of asset or liability operations or those giving rise to contingent liabilities.

As of December 31, 2015 and 2014, the Bank's portfolio of financial instruments subject to market risk is comprised solely of Call Money. As a result, the main risk factors that could affect the value of the investment portfolio are interest rates, spreads, and the prices of other financial instruments. It should be mentioned that the Bank's treasury operation is limited to investment of cash surpluses from the credit operation.

The process for risk measurement assumed by the Bank to manage this type of risk is the Value at Risk (VaR), which is calculated on a daily basis. VaR is an estimation of the potential loss in value of a determined period of time given the level of confidence. The method used by the Bank is the historical simulation method.

Parameters used in calculating the VaR.

- Method: Historical simulation
- Confidence level: 99%
- Investment horizon: one day
- Number of observations: 252 days
- Weighting of scenarios: Equally probable

Following is the quantitative information for market risk as of December 31, 2015:

Portfolio		Market Value	VaR at 99%	% Position	Use of limit (%)[1]
		Value at Risk, 1 day (VaR) on December 31, 2015			
Total position	$	1,179	0.42	0.040	33
Money[2]					
Purchase of securities		–	–	–	–
Call Money	$	1,150	0.01	0.001	32
Derivatives[3]		–	–	–	–
Foreign currencies		29	0.41	1.400	1
Equity		–	–	–	–

1. The authorized risk limit is calculated based on the maximum exposure, at December 31, 2015 with an exposure of $1,179 corresponds a limit of $300,000 Mexican pesos.
2. The positions subject to market risk referred to are call money operations and foreign currencies.
3. There are no derivative operations for trade or hedge purposes.

Following is the quantitative information for market risk as of December 31, 2014:

Portfolio		Market Value	VaR at 99%	% Position	Use of limit (%)[1]
		Value at Risk, 1 day (VaR) on December 31, 2014			
Total position	$	1,072	0.002	0.0002	6.34
Money[2]					
Purchase of securities		–	–	–	–
Call Money	$	1,072	0.002	0.0002	6.34
Derivatives[3]		–	–	–	–
Foreign currencies		–	–	–	–
Equity		–	–	–	–

1. The authorized risk limit is calculated based on the maximum exposure, at December 31, 2014 with an exposure of $1,072 corresponds a limit of $33,000 Mexican pesos.
2. The positions subject to market risk referred to are call money operations.
3. There are no derivative operations for trade or hedge purposes.

The market VaR is calculated daily, including the main positions, asset and liability, subject to market risk shown in the balance sheet, which is also used for interest rate risk management. The daily average VaR of the Bank in 2015 was $237,628 Mexican pesos, corresponding to 79.2% of the limit calculated exposure as of December 31, 2015. The daily average VaR held in 2014 was $1,958 Mexican pesos, corresponding to 5.9% of the last ASRM product x ICAP known as of December 31, 2014.

As part of the market–risk management process, backtesting, sensitivity and stress scenario tests are conducted.

Backtesting is conducted monthly to compare the losses and gains that would have been observed had the same positions been maintained, considering only the change in value due to market movements, against the calculation of the VaR. This allows for evaluating the accuracy of the prediction. To date, testing has been highly effective by more than 97%.

The sensitivity analyses conducted periodically normally considers movements of ±100 base points in rates or risk factors. Whereas to generate stress scenarios, movements of ±150 base points are considered in rates or risk factors.

Following are the sensitivity and stress tests of the Bank conducted as of December 31, 2015 and 2014, respectively.

		Market Value	VaR at 99%	Sensitivity +100 bp	Stress +150bp
		Sensitivity analysis as of December 31, 2015			
Total position	$	1,179	0.42	0.74	1.02
Money:					
Purchase of securities		–	–	–	–
Call money	$	1,150	0.01	0.12	0.19
Foreign currencies		29	0.41	0.62	0.83

		Market Value	VaR at 99%	Sensitivity +100 bp	Stress +150bp
		Sensitivity analysis as of December 31, 2014			
Total position	$	1,072	0.002	0.060	0.089
Money:					
Purchase of securities		–	–	–	–
Call money	$	1,072	0.002	0.060	0.089

Income from treasury operations at the end of 2015 was $59, accounting for 0.4% of the Bank's overall interest income. The variation in treasury income was determined comparing the same item for the prior year 2014, was $58.

		2015	2014	Variation (%)
		Income from treasury operations		
Income from treasury operations	$	59	58	1.7%
Total interest income		15,434	12,878	20%
Income from treasury operations (%)		0.4%	0.5%	(20%)

Liquidity risk–

Liquidity risk management includes, at least, identification, measurement and establishment of limits and follow up on risks or potential losses arising from the impossibility or difficulty of renewing liabilities or of contracting others under normal Institution conditions due to early or forced sale of assets at unusual discounts to settle its obligations, or to the fact that a position cannot be promptly sold, acquired or hedged by means of establishing an equivalent contrary position.

The Banks's business model is based on its reputation as a solid institution that always responds to its customers' credit needs. Therefore, liquidity risk management is an essential element for timely prevention of the differences arising from the possible "gap" between its main positions in terms of liquidity risk: expected cash flows (payments on current loans) and projected outflows (current expenses, placement of new loans).

The measurement methodology used in liquidity risk management is:

- Liquidity gap analyses consider the Bank's main assets and liabilities, whether recorded on or off the balance sheet, establishing maturity bands according to the characteristics of the products offered. A limit is established for each bucket.
- Liquidity Value at Risk (liquidity VaR) for measurement of the liquidity risk determines the possible inability to liquidate positions in one day and is calculated in the same way as the market VaR with a 10-day horizon.

As of December 31, 2015, the quantitative information for the analysis of liquidity gaps is as follows:

Analysis of liquidity gaps (accumulated) [1] 2015			
Bucket	Gap	Limit*	Use of limit (%)
1–30 days	7,855	79%	0%
31–60 days	13,481	135%	0%
61–90 days	17,944	179%	0%
91–120 days	19,626	196%	0%
121–180 days	20,900	209%	0%
181–270 days	19,266	193%	0%
271–360 days	19,669	197%	0%
361–720 days	15,405	154%	0%
721–1,080 days	13,909	139%	0%
1,081–1,440 days	9,726	97%	0%
1,441–1,800 days	(2,656)	(27%)	27%

Analysis of liquidity gaps as of December 31, 2015			
Bucket	Gap	Limit*	Use of limit (%)
1–30 days	7,855	79%	0%
31–60 days	5,626	135%	0%
61–90 days	4,467	179%	0%
91–120 days	1,682	196%	0%
121–180 days	1,275	209%	0%
181–270 days	(1,635)	193%	0%
271–360 days	403	197%	0%
361–720 days	(4,264)	154%	0%
721–1,080 days	(1,496)	139%	0%
1,081–1,440 days	(4,184)	97%	0%
1,441–1,800 days	(12,382)	(27%)	27%

1 The calculation of the accumulated gaps is presented in order to clarify the period, where a gap of liquidity exists.
* The authorized risk limit is calculated as a percentage of the total liquid assets plus available lines.

The liquid assets plus available lines of the Bank as of December 31, 2015 were $10,606.

As of December 31, 2014, the quantitative information for the analysis of liquidity gaps is as follows:

Analysis of liquidity gaps (accumulated) [1] 2014			
Bucket	Gap	Limit*	Use of limit (%)
1–30 days	5,389	61%	0%
31–60 days	4,761	116%	0%
61–90 days	3,491	156%	0%
91–120 days	1,546	173%	0%
121–180 days	1,049	185%	0%
181–270 days	635	192%	0%
271–360 days	(1,146)	179%	0%
361–720 days	(2,569)	150%	0%
721–1,080 days	(1,742)	130%	0%
1,081–1,440 days	(2,162)	105%	0%
1,441–1,800 days	(11,416)	(25%)	25%

Analysis of liquidity gaps as of December 31, 2014			
Bucket	Gap	Limit*	Use of limit (%)
1–30 days	5,389	61%	0%
31–60 days	10,150	116%	0%
61–90 days	13,641	156%	0%
91–120 days	15,187	173%	0%
121–180 days	16,216	185%	0%
181–270 days	16,851	192%	0%
271–360 days	15,705	179%	0%
361–720 days	13,136	150%	0%
721–1,080 days	11,394	130%	0%
1,081–1,440 days	9,233	105%	0%
1,441–1,800 days	(2,184)	(25%)	25%

1 The calculation of the accumulated gaps is presented in order to clarify the period, where a gap of liquidity exists.
* The authorized risk limit is calculated as a percentage of the total liquid assets plus available lines.

The liquid assets plus available lines of the Bank as of December 31, 2014 were $8,763.

Differences in flows (gaps) show excesses (greater asset flows than liability flows) in the first buckets, which is natural for the type of operations handled by the Bank, as 90% of the assets considered correspond to cash flows arising from recovery of loans with an average term of four months and investments at terms below 180 days, while liability flows correspond to financing contracted at the short and medium term maturity date, giving rise to a positive accumulated gap over 360 days, at the end of 2015, of $19,669. The overall accumulated gap is negative.

At December 31, 2015 the quantitative information for liquidity risk, is as follows:

		VaR Liquidity, 10 days		
2015		Value	Position (%)	Use of limit (%)*
VaR liquidity at 99%	$	1.34	0.115%	33.42%
Money:				
Purchase of securities	$	–	–	–
Call money		0.04	0.004%	1.28%
Foreign currencies		1.30	0.111%	32.14%

* The authorized risk limit is calculated based on the maximum exposure at December 31, 2015 with an exposure of $1,179 corresponds a limit of $950,000 Mexican pesos.

The Bank's net capital as of December 31, 2015 is $8,293.

At December 31, 2014 the quantitative information for market liquidity risk, is as follows:

		VaR Liquidity, 10 days		
2014		Value	Position (%)	Use of limit (%)*
VaR liquidity at 99%	$	0.0066	0.001%	6.33%
Money:				
Purchase of securities	$	–	–	–
Call money		0.0066	0.001%	6.33%

* The authorized risk limit is calculated based on the maximum exposure at December 31, 2014 with an exposure of $1,072 corresponds a limit of $104,500 Mexican pesos.

The Bank's net capital as of December 31, 2014 is $8,364.

The average liquidity VaR for 2015 was $751,446 Mexican pesos, equivalent to 18% of the limit calculated at December 31, 2015 ($4,100,000 Mexican pesos). Sensitivity and stress tests are also conducted for liquidity risk management. The average liquidity VaR for 2014 was $6,191 Mexican pesos, equivalent to 5.92% of Bank's net capital as of December 31, 2014. (104,500 Mexican pesos).

Diversification of the Bank's sources of financing are assessed periodically, assuming the related risk limits established in Chapter III of the General Provisions Applicable to Credit Institutions on Risk Diversification for conducting Asset and Liability Operations. The diversification is evaluated through the aforementioned liquidity indicators, mentioned above.

Additionally, in complying with the General Provisions Applicable to Credit Institutions, there is a Liquidity Contingency Plan in place, the purpose of which is to ensure that the Bank will be able to face its daily obligations under any circumstances, including a liquidity crisis; said Plan has been included in the policies and procedures manual for CRM.

Operational risk (including legal and technological risk).

Operational risk can be defined as the potential loss due to defects or deficiencies in internal controls resulting from errors in processing and storing operations or in the transmission of information, as well as to adverse administrative and legal rulings, fraud or theft, and it includes legal and technological risks.

In the Bank's methodology, management and control of operational risks include the following matters, among others:

The processes that describe each area's duties are identified and documented. The Bank has areas engaged in developing and documenting methods, procedures and processes under the Internal Control Director's Office.

Inherent operational risks and the controls pertaining to the processes that describe the Bank's substantial processes under "Risk and Control Matrixes" are identified and documented. Additionally, the internal audit area has implemented its audit model based on risks.

Consequences for the business arising from materialization of identified risks are assessed and reported to the heads of the areas involved, to the Chief Executive Officer and the Risk Committee. Each area must be aware of and participate in the control and management of own risks.

A historical database is maintained through systematic recording of the different loss events and their effects on the accounting records. Those events are duly identified through classification per business unit within the Bank, and are recorded in the Operational risk system.

A global level of tolerance has been established for operational risks, taking into account the causes, origin and risk factors thereof.

Loss events identified by both the Risk area and the other Bank's areas are recorded, which are responsible for reporting any operating risk event that could arise or that has represented a loss for the Bank, the mentioned above environment of a culture of risk.

Loss events related to operational risks, including technological and legal risks, are recorded systematically, with an association to the corresponding lines of business or business units, as well as to the type of loss. The Bank considers events of fraud or asset damage to be its main exposures.

Business Continuity Management (BCM) Plan is in process of implementation, which includes a Disaster Recovery Plan (DRP) focusing on technological risks, as well as a Business Contingency Plan (BCP). Special officers are designated to ensure that such plans are duly updated.

Technological risk–

One important aspect of operational risk management is that pertaining to technological risk, which involves potential loss due to damage or failure from use or reliance on hardware, software, systems, applications, networks and any other means of conveying information in the Bank's supply of services to its customers. There are policies and procedures in place intended to minimize the negative impacts of materialization of technological risks such as: historical filing of all operations and transactions entered into, daily reconciliations, contingency policies in the event of: electrical power failure, communication failure, acts of vandalism, and natural disasters, among others.

Due to the nature and characteristics of the market served by the Bank, there are no channels of distribution for banking operations conducted with customers via the Internet.

Legal risk–

With respect to legal risk management, the Bank has implemented policies and procedures for minimizing this risk, which include the following matters:

i. The review and approval of all agreements by the Legal Director's Office to ensure proper instrumentation of agreements and contracts.
ii. Detailed management of powers granted to the Board of Directors, so as to avoid misuse
iii. Procedures for filing and safeguarding agreements and other legal information.
iv. Preparation of reports on the likelihood of issuance of adverse legal or administrative rulings. The reports are prepared at least on a quarterly basis.

At year end 2015 and in 2014 Tolerance Level which by definition can be understood as the Bank's Operational Risk Exposure, is 1.03% of its annualized income, estimated on a monthly basis. Equivalent to $160 for 2015 and $134 for 2014, on average. The materialized loss events, associated with the operational risk, during 2015 reached only 0.17% and 0.24% in 2014 as a percentage of annualized income, below the maximum tolerance in both years.

24. Recently issued financial reporting and regulatory standards–

On May 19, 2014, the Commission published in the Official Gazzete the resolution amending various articles of general provisions applicable to credit institutions, including Article 174 which is referred to Annex 33 that contains the accounting criteria for credit institutions. These provisions shall enter into force beginning January 1, 2016, pursuant to resolution issued on June 23, 2015. The significant accounting policies that had changes are mentioned below:

- A-2 "Application of particular rules"
- B-1 "Cash and cash equivalents"
- C-3 "Related parties"

Gentera's management estimate that the accounting criteria mentioned above will not generate significant effects on their consolidated financial statements.

The CINIF has issued the FRS and Improvements listed below:

FRS C-2 *"Investment in financial instruments"*
FRS C-3 "Accounts Receivable"
FRS C-9 "Provisions, Contingencies and Commitments
FRS C-19 "Financial instruments payable"
FRS C-20 "Funding instruments receivable"

FRS D-3 *"Employee benefits"*

Is effective for years beginning on or after January 1, 2016 with retrospective effects and early adoption is allowed as of January 1, 2015. FRS D-3 supersedes the provisions in FRS D-3.

Main topics include the following:

- **Direct benefits –** The classification of direct short-term benefits was modified and the recognition of deferred Employee Statutory Profit Sharing (ESPS) was ratified.

- **Termination benefits –** The bases were modified for identifying when payments for the termination of a work relationship actually meet post-employment benefits or when they are termination benefits.

- **Post-employment benefits –** Among others, the following were modified: the accounting recognition of multi-employer plans; government plans and plans of entities under common control; the recognition of the net defined benefit liability (asset); the bases for determining the actuarial hypothesis in the discount rate; the recognition of the Service Cost of Past Periods (SCPP) and of the Early Settlement of Obligations (ESO).

- **Remeasurements –** In recognizing post-employment benefits, the corridor approach is eliminated in the treatment of the plan's profits and losses (PPL); therefore, they are recognized as accrued and recognized directly in Other Comprehensive Income ("ORI"), requiring their recycling to the period's net profit or loss under certain conditions.

- **Plan Asset Ceiling (PA) –** Identifies a plan asset ceiling and specifies which entity contributed funds do not qualify as such.

- **Recognition in profit or loss of PM, SR and gains or losses from Early Settlement of Obligations (ESO) –** In post-employment benefits, the totality of the Service Cost of Past Periods (SCPP) of Plan Modifications (PM), Staff Reductions (SR) and the gains or losses from Early Settlement of Obligations (ESO) are immediately recognized in profit or loss.

- **Discount rate –** Establishes that the discount rate of Defined Benefit Obligations (DBO) is based on investment grade corporate bond rates (deep market) and, in their absence, on government bond rates.

- **Termination benefits –** Requires an analysis as to whether separation payments qualify as termination benefits or are actually post-employment benefits and notes that if the benefit is non-cumulative with no preexisting granting conditions, it is a termination benefit and, therefore, it should be recognized when the event occurs. However, if preexisting conditions are present, either contractually, by law or payment practices, it is deemed a cumulative benefit and should be recognized as a post-employment benefit.

Gentera´s Management estimates that the effect of the new FRS D-3 is a charge in prior years' results of $65 and a charge to other comprehensive income for $86, the latter will be recycled to results during the remaining labor life of employees. This estimate was determined using a government bonds rate to discount the cash flows to present value.

2016 FRS Improvements

In December 2015, CINIF issued the document referred to as "2016 FRS Improvements", which contains precise modifications to some FRS. The modifications are listed below:

FRS C-1 "Cash and cash equivalents"
FRS C-2 "Financial instruments"
FRS B -2 "Statement of cash flows"
FRS B-10 "Effects of inflation"
Bulletin C-9 "Liabilities, provisions, contingent assets and liabilities"

Gentera's Management estimates that the new FRS and its improvements, with exception of FRS D-3 effect disclosed in the third paragraph of prior page, will not have important effects on Gentera's financial statements.

Carlos Labarthe Costas
Chief Executive Officer

Patricio Diez de Bonilla García Vallejo
Chief Financial Officer

Oscar Luis Ibarra Burgos
General Internal Auditor

Marco Antonio Guadarrama Villalobos
Controller