Holding Monex, S.A.B. de C.V. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2015, 2014 and 2013, and Independent Auditors' Report Dated March 18, 2016

Holding Monex, S.A.B. de C.V. and Subsidiaries

Independent Auditors' Report and Consolidated Financial Statements for 2015, 2014 and 2013

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Independent Auditors' Report to the Board of Directors and Stockholders of Holding Monex, S.A.B. de C.V. and Subsidiaries

We have audited the accompanying consolidated financial statements of Holding Monex, S.A.B de C.V. and subsidiaries (Holding Monex), which comprise the consolidated balance sheets as of December 31, 2015, 2014 and 2013, and the related consolidated statements of income, changes in stockholders' equity and cash flows for the years then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements in accordance with the accounting criteria established by the National Banking and Securities Commission of Mexico (the "Commission") set forth in the "General Provisions Applicable to Groups, Credit Institutions, Brokerage Houses, Mutual Funds and Companies that Provide Services Thereto" (the "Provisions"), and for such internal controls as the management of Holding Monex determine is necessary to enable the preparation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with International Standards on Auditing. 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 evidence supporting the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's 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, the auditor considers internal control relevant to the Holding Monex's preparation 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 Holding Monex'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.

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Opinion

In our opinion, the accompanying consolidated financial statements of Holding Monex, S.A.B. de C.V. and subsidiaries for the years ended December 31, 2015, 2014 and 2013, have been prepared, in all material respects, in accordance with the accounting criteria set forth in the Provisions.

Emphasis of matters

As discussed in Note 1, the following event has occurred. Our opinion is not qualified with respect to these matters.

In September, 2013, Holding Monex and its subsidiary, Pagos Intermex, S.A. de C.V., executed a purchase-sale contract to sell all of its equity shares held in Prestaciones Universales to CD Holding Internationale, S.A.S., a French entity. Such transaction resulted in a gain from the sale of shares of $1,030 net of taxes, which is presented in discontinued operations.

Other matter

The accompanying consolidated financial statements have been translated in to English for the convenience of readers.

Galaz, Yamazaki, Ruiz Urquiza, S.C.
Member of Deloitte Touche Tohmatsu Limited

CPA Ricardo A. García Chagoyán
March 18, 2016

Holding Monex, S.A.B. de C.V. and Subsidiaries

Consolidated Balance Sheets

As of December 2015, 2014 and 2013
(In millions of Mexican pesos)

Assets

Assets	2015	2014	2013
Funds available	$ 5,878	$ 6,654	$ 9,546
Margin accounts	380	522	678
Investment in securities:			
Trading securities	22,264	14,466	12,706
Securities available for sale	1,503	17	-
	23,767	14,483	12,706
Repurchase agreements	2,970	3	11
Derivatives:	1,401	1,890	554
Held for trading	1,401	1,890	554
Performing loan portfolio:			
Commercial loans -			
Commercial or financial activity	10,898	6,982	2,801
Financial entities loans	1,456	888	527
Government entities loans	-	-	34
	12,354	7,870	3,362
Housing loans	9	161	948
Total performing loan portfolio	12,363	8,031	4,310
Non-performing loan portfolio:			
Commercial loans -			
Commercial or financial activity	106	34	54
Housing loans	12	6	1
Total non-performing portfolio	118	40	55
Total loan portfolio	12,481	8,071	4,365
Allowance for loan losses	(182)	(112)	(64)
Loan portfolio (net)	12,299	7,959	4,301
Other receivables (net)	13,849	12,298	10,227
Foreclosed assets (net)	8	1	2
Property, furniture and fixtures (net)	84	88	91
Investments in equity	16	14	16
Long-lived assets held for sale	-	174	-
Deferred taxes and PTU (net)	204	105	93
Other assets:			
Goodwill	986	862	784
Deferred charges, advance payments and intangibles (net)	1,218	1,091	1,127
Other assets	176	174	173
	2,380	2,127	2,084
Total assets	$ 63,236	$ 46,318	$ 40,309

Liabilities

Liabilities	2015	2014	2013
Deposits:			
Demand deposits	$ 8,369	$ 7,852	$ 4,896
Time deposits -			
General public	4,984	5,483	3,994
Money market	4,182	936	1,046
Debt securities	81	156	370
	17,616	14,427	10,306
Securitization certificates	2,007	1,970	1,002
Bank and other loans:			
Demand loans	-	200	-
Short-term loans	880	592	473
	880	792	473
Liabilities arising from sale and repurchase agreements	17,069	8,239	8,777
Collaterals sold or pledged in guarantee:			
Repurchase	2,101	22	5
Derivatives	42	14	110
Securities lending	9	234	229
	2,152	270	344
Derivatives:	1,050	1,352	640
Held for trading	1,050	1,352	640
Other payables:			
Income taxes payable	51	-	269
Employee profit sharing payable	119	73	55
Remittances payable	-	-	28
Obligation arising from settlement of transactions	12,829	10,897	11,249
Liabilities arising from cash collateral received	1,550	1,288	495
Sundry creditors and other payables	1,470	1,236	1,697
	16,019	13,494	13,793
Deferred charges and income received in advance	132	86	38
Total liabilities	56,925	40,630	35,373

Stockholders' equity

Stockholders' equity	2015	2014	2013
Capital contributed:			
Capital stock	2,055	683	683
Additional paid-in capital	763	823	823
	2,818	1,506	1,506
Earned capital:			
Capital reserves	377	392	805
Retained earnings	1,974	2,970	823
Results from valuation of securities available for sale, net	(13)	-	(2)
Translation effects of foreign operations	530	216	33
Net income	625	604	1,771
	3,493	4,182	3,430
Total stockholders' equity	6,311	5,688	4,936
Total liabilities and stockholders' equity	$ 63,236	$ 46,318	$ 40,309

Memorandum accounts

Transactions on behalf of third parties

	2015	2014	2013
Customer current accounts-			
Client banks	$ 22	$ 61	$ 55
Client securities-			
Client securities in custody	47,045	49,911	45,202
Values received from clients abroad	7,121	6,002	5,160
	54,166	55,913	50,362
Transactions on behalf of clients-			
Client repurchase agreements	22,872	17,942	11,029
Client securities lending securities transactions	235	313	143
Client collateral received in guarantee	9,447	8,466	5,438
Collateral pledged as guarantee by client	291	-	-
Derivatives purchase transactions:			
Client futures and advance contracts (notional amount)	301	704	19,818
Client purchase options	-	-	278
Derivatives sale transactions:			
Sale transactions of futures and advance contracts (notional amount)	10,363	11,408	14,989
Client options	74	147	933
	43,583	38,980	52,628
Total	$ 97,771	$ 94,954	$ 103,045

Transactions on own behalf

	2015	2014	2013
Contingent assets and liabilities	$ 73	$ 5	$ 7
Assets in trusts or mandate:			
Held in trusts	78,600	68,528	55,859
Loan commitments	8,361	3,407	2,647
	87,034	71,940	58,513
Collateral received by Holding Monex	29,306	16,873	8,801
Collateral received and sold or pledged as guarantee by Holding Monex	26,020	13,546	8,768
	55,326	30,419	17,569
Uncollected interest accrued on non-performing loan portfolio	6	1	7
Other record accounts	3,106	2,707	2,435
Total	$ 145,472	$ 105,067	$ 78,524

The accompanying notes are part of these consolidated financial statements.

Holding Monex, S.A.B. de C.V. and Subsidiaries

Consolidated Statements of Income

For the years ended December 31, 2015, 2014 and 2013
(In millions of Mexican pesos)

	2015	2014	2013
Gain/losses on financial assets and liabilities, net			
Foreign exchange	$ 3,373	$ 2,877	$ 2,910
Derivative instruments	594	179	431
Debt securities	(118)	296	62
Equity instruments	21	10	2
Intermediation income	3,870	3,362	3,405
Interest income	1,710	1,279	1,243
Interest expense	(1,050)	(848)	(759)
	660	431	484
Financial margin	4,530	3,793	3,889
Provision for loan losses	(76)	(48)	(38)
Financial margin after provision for loan losses	4,454	3,745	3,851
Commission and fee income	528	561	658
Commission and fee expense	(174)	(196)	(238)
Total operating revenues	4,808	4,110	4,271
Other operating income (expenses)	159	169	(22)
Administrative and promotional expense	(4,026)	(3,437)	(3,262)
Income before income taxes	941	842	987
Equity in income of unconsolidated associates	8	22	-
Current income taxes	(400)	(263)	(191)
Deferred income taxes (net)	76	3	(55)
	(324)	(260)	(246)
Discontinued operations	-	-	1,030
Consolidated net income	$ 625	$ 604	$ 1,771

The accompanying notes are part of these consolidated financial statements.

Holding Monex, S.A.B. de C.V. and Subsidiaries

Consolidated Statements of Changes in Stockholders' Equity

For the years ended December 31, 2015, 2014 and 2013
(In millions of Mexican pesos)

	Capital contributed		Earned capital					
	Capital Stock	Additional Paid-in capital	Capital reserves	Retained earnings	Result from valuation of securities available for sale, net	Translation effects of foreign operations	Net income	Total stockholders' equity
Balances as of December 31, 2012	$ 683	$ 823	$ 183	$ 1,098	$ (2)	$ (15)	$ 1,032	$ 3,802
Entries approved by stockholders -								
Transfer of prior year results	-	-	22	1,010	-	-	(1,032)	-
Dividends declared	-	-	-	(550)	-	-	-	(550)
Transfer to reserve fund for repurchase of own shares	-	-	600	(600)	-	-	-	-
Total entries approved by stockholders	-	-	622	(140)	-	-	(1,032)	(550)
Comprehensive income -								
Cumulative effect from conversion of foreign subsidiaries	-	-	-	-	-	48	-	48
Adjustment for adoption of new methodology of commercial portfolio rating	-	-	-	(135)	-	-	-	(135)
Net income	-	-	-	-	-	-	1,771	1,771
Total comprehensive income	-	-	-	(135)	-	48	1,771	1,684
Balances as of December 31, 2013	683	823	805	823	(2)	33	1,771	4,936
Entries approved by stockholders -								
Transfer of prior year results	-	-	-	1,771	-	-	(1,771)	-
Repurchase of own shares	-	-	(13)	-	-	-	-	(13)
Release of fund for repurchase of own shares	-	-	(400)	400	-	-	-	-
Total entries approved by stockholders	-	-	(413)	2,171	-	-	(1,171)	(13)
Comprehensive income -								
Net income	-	-	-	-	-	-	604	604
Cumulative effect from conversion of foreign subsidiaries	-	-	-	-	-	183	-	183
Result from valuation of securities available for sale, net	-	-	-	-	2	-	-	2
Other	-	-	-	(24)	-	-	-	(24)
Total comprehensive income	-	-	-	(24)	2	183	604	765
Balances as of December 31, 2014	683	823	392	2,970	-	216	604	5,688

	Capital contributed		Earned capital					
	Capital stock	Additional paid in capital	Capital reserves	Retained earnings	Result from valuation of securities available for sale, net	Translation effects of foreign operations	Net income	Total stockholders' equity
Entries approved by stockholders-								
Transfer of prior year results	-	-	-	$ 604	-	$ -	$ (604)	$ -
Subscription of shares	549	763	-	-	-	-	-	1,312
Dividends declared	-	-	-	(1,600)	-	-	-	(1,600)
Capitalization accounts	823	(823)	-	-	-	-	-	-
Repurchase of own shares	-	-	(15)	-	-	-	-	(15)
Total entries approved by stockholders	1,372	(60)	(15)	(996)	-	-	(604)	(303)
Comprehensive income -								
Net income	-	-	-	-	-	-	625	625
Cumulative effect from conversion of foreign subsidiaries	-	-	-	-	-	314	-	314
Result from valuation of securities available for sale, net	-	-	-	-	(13)	-	-	(13)
Total comprehensive income	-	-	-	-	(13)	314	625	926
Balances as of December 31, 2015	$ 2,055	$ 763	$ 377	$ 1,974	$ (13)	$ 530	$ 625	$ 6,311

The accompanying notes are part of these consolidated financial statements.

Holding Monex, S.A.B. de C.V. and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2015, 2014 and 2013
(In millions of Mexican pesos)

	2015	2014	2013
Net income	$ 625	$ 604	$ 1,771
Depreciation	26	25	28
Amortization	38	45	39
Current and deferred income taxes	324	260	246
Discontinued operations	-	-	(1,030)
Equity in income of unconsolidated associates	(8)	(22)	-
Others	5	68	81
Adjustment for items that do not require cash flows	1,010	980	1,135
Operating activities:			
Change in margin account	142	156	(142)
Change in investments in securities	(9,303)	(1,775)	1,009
Change in repurchase agreements, net	5,863	(530)	(2,038)
Change in derivatives, net	187	(624)	(7)
Change in loan portfolio, net	(4,340)	(3,658)	57
Change in other operating assets	(1,806)	(2,303)	167
Change in deposits	3,189)	4,121	3,615
Change in bank and other loans	88	319	(2,675)
Change in collateral sold or pledged in guarantee	1,882	(74)	67
Change in other operating liabilities	2,211	(547)	5,429
Net cash flows from operating activities	(1,887)	(4,915)	5,482
Investing activities:			
Payments for acquisition of furniture and fixtures	(33)	(43)	(40)
Proceeds from sale of furniture and fixtures	11	12	3
Payments for acquisition of intangible assets	(22)	(31)	(16)
Proceeds from disposal of subsidiaries and associate companies	246	-	828
Dividends received	16	3	-
Additional payment for acquisition of subsidiary	(35)	-	-
Net cash flows from investing activities	183	(59)	775
Financing activities:			
Debt payment	(1,000)	-	-
Issuance of securitization certificates	1,000	1,000	-
Subscription of shares	1,312	-	-
Repurchase of own shares	(15)	(13)	-
Dividends paid	(1,600)	-	(620)
Interest paid	(93)	(68)	(72)
Net cash flows from financing activities	(396)	919	(692)
Net (decrease) increase in funds available	(1,090)	(3,075)	6,700
Effects from changes in value of funds available	314	183	48
Funds available at the beginning of the year	6,654	9,546	2,798
Funds available at the end of the year	$ 5,878	$ 6,654	$ 9,546

The accompanying notes are part of these consolidated financial statements.

1. Activities, regulatory environment and significant events

Holding Monex, S.A.B. de C.V. (Holding Monex) was established on July 10, 2007. Its purpose is to operate as a holding company and promote, establish, acquire, arrange, and manage operating any kind of commercial or civil companies.

Holding Monex's subsidiaries operate mainly within the financial services industry offering a full line of banking services and brokerage services. Up to November 28, 2013, through its subsidiary Prestaciones Universales, S.A. de C.V. (Prestaciones Universales), Holding Monex was also engaged in the issuance, distribution and commercialization of various types of prepaid vouchers, coupons, passwords, and prepaid debit instruments issued on paper cards and through electronic media.

The main macroeconomic indicators underwent certain changes in 2015. During that year, cumulative inflation was 2.13%, as compared with 4.08% in 2014 and 3.97% in 2013; Gross Domestic Product ("GDP"), which was expected to increase by between 1.9% and 2.4% over 2014, increased by 1.1%. Similarly, worldwide conditions including the fall of international oil prices and other economic factors adversely affected the exchange rate, thus resulting in the significant depreciation of the Mexican peso versus the US dollar. The exchange rate of $13.08 pesos for one US dollar at December 2013 and $14.74 pesos for one US dollar at December 2014 decreased to $17.24 at December 31, 2015, a total depreciation of approximately 17%.

Significant events in 2015, 2014 and 2013-

a. *Sale of shares of Tempus*

On October 30, 2015, through a share purchase-sale contract, Holding Monex acquired 17% of the total shares of Tempus Inc. ("Tempus") (a related party of the Banco Monex, S.A.) (the Bank). The transaction was carried out at market prices based on a study prepared by an independent consultant. This transaction was authorized by the Commission through Document No. 312-3/14049/2015.

b. *Issuance of securitization certificates (See Note 17) –*

Holding Monex, through the Bank, made a public offering of securitization certificates under the ticker symbol "BMONEX15", which were registered with the National Securities Registry and listed with the Mexican Stock Exchange under the program created for long-term revolving securitization certificates for an amount of up to $8,000.

Likewise, on November 7, 2014, Holding Monex issued 10,000,000 securitization certificates by public offering through an offering document filed on such date for the amount of $1,000. Net proceeds from the securitization certificates issued will be used for corporate purposes of Holding Monex.

c. *Sale of subsidiary Monex Servicios and Pagos Intermex.–*

On October 15, 2014, Holding Monex signed a share purchase and transfer contract to sell 100% of the shares held in Monex Servicios, S.A. de C.V. and Pagos Intermex, S.A. de C.V to Gentera, S.A.B. de C.V., which was subject to the regulatory authorization as of December 31, 2014.

This transaction was authorized by the Commission through Document No. 312-3/13774/2015 dated as of March 27, 2015, on which date the sale became effective for legal, accounting and tax purposes. The transaction generated a gain for $78 and was presented under “Other operating income and expenses” in the statement of income.

d. *Sale of Prestaciones Universales, a direct subsidiary of Holding Monex -*

On September 12, 2013, Holding Monex and its subsidiary, Pagos Intermex, S.A. de C.V. (Pagos Intermex) executed a purchase-sale contract to sell all of its equity shares held in Prestaciones Universales to CD Holding Internationale, S.A.S., an entity incorporated according to the laws of France, which is engaged in the issuance of vouchers, prepaid cards and solutions for foodstuffs, education, transportation and other items. The transaction closed on November 28, 2013 and was valued at US$120 million. This sale was subject to the approval and authorization of the respective regulatory entities.

The transaction generated a gain on the sale of shares of $1,030, net of taxes, and was presented under “Discontinued operations” in the statement of income.

e. *Tax reforms -*

On November 1, 2013, Mexican Congress approved a series of tax reforms which were effective starting January 1, 2014. These reforms include amendments to the Income Tax Law, Value Added Tax Law and Federal Tax Code. They also resulted in the elimination of the Business Flat Tax Law and Cash Deposit Tax Law. The main effects of these tax reforms are detailed in Note 23.

f. *Change of commercial portfolio rating model -*

During 2013, the Commission issued a Ruling which modifies the commercial credit portfolio rating methodology so as to change the methodology currently used to determine the allowance for loan losses from an incurred loss to an expected loss model, which estimates the credit losses of the following 12 months based on the best possible credit information. As required by the Commission, Holding Monex was subject to a December 31, 2013 deadline to implement this change of methodology, although early implementation was permitted. Accordingly, on August 31, 2013, Holding Monex created additional reserves of $135 representing the cumulative financial effect derived from adopting the new methodology. Likewise, based on the specific accounting criterion issued by the Commission in the aforementioned ruling, this effect was recognized in the consolidated balance sheet as an increase to the “Allowance for loan losses” with a corresponding charge applied to stockholders’ equity under “Retained earnings”.

2. Basis of presentation

***Explanation for translation into English* -** The accompanying consolidated financial statements has been translated from Spanish into English for use outside of Mexico. These consolidated financial statements are presented on the basis of accounting criteria prescribed by the Commission. Certain accounting practices applied by Holding Monex may not conform to accounting principles generally accepted in the country of use.

***Monetary unit of the financial statements* -** The financial statements and notes as of December 31, 2015, 2014 and 2013 and for the years then ended include balances and transactions denominated in Mexican pesos of different purchasing power.

***Consolidation of financial statements* -** The consolidated financial statements include the financial statements of Holding Monex and those of its subsidiaries over which it exercises control.

The shareholding percentage in their capital stock of such entities is shown below:

Company	2015	Shareholding percentage 2014	2014	Activity
1. Pagos Intermex, S.A, de C.V. ("Intermex")	-	100%	100%	Direct subsidiary of Holding Monex. Its main activity is to pay remittances sent to individuals in Mexico by their friends and family residing in the United States of America. Payments are mainly accomplished through branches and agents in the country.
2. AdmiMonex, S.A. de C.V. ("AdmiMonex")	100%	100%	100%	Direct subsidiary of Holding Monex. It aims to promote, build, organize, develop, acquire and participate in the capital stock or assets of all types of business corporations and partnerships, associations or companies, whether commercial, service or otherwise, both domestic and foreign and participate in the management or liquidation.
3. Monex Grupo Financiero, S.A. de C.V. ("Financial Group")	100%	100%	100%	Direct subsidiary of Holding Monex, established on May 23, 2003. It is authorized by the Treasury Deparment of Mexico (SHCP) to operate as a financial group under the form and terms established by the Financial Groups Law (the Law). Per legal requirements, the Financial Group has unlimited liability for the obligations assumed and losses incurred by each of its subsidiaries.
3.1 Banco Monex, S.A., Institución de Banca Múltiple, Monex Grupo Financiero (the Bank)	100%	100%	100%	Indirect subsidiary of Holding Monex. The Bank is authorized to perform full-service banking operations including, among others, granting loans, performing securities transactions, receiving deposits, accepting loans, performing currency purchase-sale transactions and executing trust contracts.
3.1.1 Monex Servicios, S.A. de C.V. (Monex Servicios)	-	100%	100%	Indirect subsidiary of Holding Monex. Provides supplemental and ancillary services to the Bank as per Article 88 of the Law for Credit Institutions. Monex Servicios is currently sub-leases to the Bank the premises and fixed assets of the 60 branches.
3.1.2 Monex Negocios Internacionales, S.A. de C.V. (Monex Negocios)	100%	100%	100%	Indirect subsidiary of Holding Monex. Parent company of Tempus Inc. and Monex Europe LTD.
3.1.2.1 Tempus, Inc. (Tempus)	100%	100%	100%	Indirect subsidiary of Holding Monex. Entity located in Washington, D.C., U.S.A., whose purpose is the purchase and sale of currencies. Its customers are mainly located in the United States.
3.1.2.1.1 Tempus Nevada, Inc.	100%	100%	100%	Indirect subsidiary of Holding Monex. Entity founded in 2010 in the state of Delaware in the United States.
3.1.2.1.2 Monex Canada, Inc.	100%	100%	-	Indirect subsidiary of Holding Monex. Entity founded in Toronto, Canada. Currently without operations.
3.1.2.2 Monex Europe Holdings Limited (Monex Europe LTD)	100%	100%	100%	Indirect subsidiary of Holding Monex. Parent Company of Monex Europe and Schneider, FX, entities located in the United Kingdom (Holding Monex directly owns 49.9% of the shares)
3.1.2.2.1 Schneider Foreign Exchange, Ltd. (Schneider FX)	100%	100%	100%	Indirect subsidiary of Holding Monex. Entity without operations.
3.1.2.2.2 Monex Europe, Ltd. (Monex Europe)	100%	100%	100%	Indirect subsidiary of Holding Monex. Entity located in London. Its activity is foreign exchange trading in the European market.

Company	Shareholding percentage 2015	2014	2013	Activity
3.2 Monex Casa de Bolsa, S.A. de C.V., Monex Grupo Financiero (the Brokerage House)	100%	100%	100%	Indirect subsidiary of Holding Monex. The Brokerage House acts as a financial intermediary for transactions involving securities and derivative financial instruments authorized under the Stock Market Law (LMV) and the general provisions issued by the Commission.
3.2.1 Monex Securities, Inc. (Monex Securities)	100%	100%	100%	Indirect subsidiary of Holding Monex. Acts as a stock market intermediary in the U.S. market.
3.2.2 Monex Assets Management, Inc. (Monex Assets)	100%	100%	100%	Indirect subsidiary of Holding Monex. Acts as an investment advisor in the U.S. market.
3.3 Monex Operadora de Fondos, S.A. de C.V., Monex Grupo Financiero, Sociedad Operadora de Sociedades de Inversión (Operadora)	100%	100%	100%	Indirect subsidiary of Holding Monex. Its main activity is to manage mutual funds and to promote its shares.
4. Servicios Complementarios Monex, S.A. de C.V. (Servicios Complementarios)	100%	100%	-	Direct subsidiary of Holding Monex. Currently without operations.

Significant intercompany balances and transactions have been eliminated.

Pursuant to the event discussed in Note 1, subsection c), as of November 2014 until April 2015, Holding Monex recognized its interest in Pagos Intermex and Monex Servicios based on the equity method and the investment was classified in the balance sheet under long-lived assets available for sale through the date of disposal.

Condensed income statement information for the year ended December 31, 2013 of Pagos Intermex and Monex Servicios, which is presented in the consolidated statement of income of Holding Monex:

Result from discontinued operations	December 2013
Total operating revenues	$ 112
Other operating income (expenses)	81
Administrative and promotional expense	(166)
Current income taxes	(4)
Deferred income taxes (net)	(3)
Total	$ 20

Management believes that the amounts reported in the above condensed income statement information are deemed immaterial for purposes of presenting comparable financial information and as discontinued operations in the consolidated income statement for the year ended at December 31, 2013.

Except as mentioned above, permanent investments in the entities in which the shareholding exceeds 50% are consolidated in these financial statements because control is deemed to exist.

Translation of financial statements of foreign subsidiaries - To consolidate financial statements of foreign subsidiaries, the accounting policies of the foreign entity are converted to accounting criteria of the Commission.

As the recording and functional currency are the same, the financial statements are subsequently translated to Mexican pesos using the following methodology:

1) The closing exchange rate in effect at the balance sheet date for assets and liabilities;
2) Historical exchange rates for stockholders' equity, and
3) The rate on the date of accrual of revenues, costs and expenses.
4) Translation effects are recorded in stockholders' equity.

At December 31, 2015, 2014 and 2013 the exchange rates used in the different translation processes are as follows:

Company	**Currency**	**Exchange rate to translate from functional currency to Mexican pesos**		
		2015	**2014**	**2013**
Monex Europe Ltd. (Consolidated)	Pound sterling	25.4366	22.9847	21.6689
Monex Europe	Pound sterling	25.4366	22.9847	21.6689
Schneider FX	Pound sterling	25.4366	22.9847	21.6689
Tempus, Inc. (Consolidated)	U.S. dollar	17.2487	14.7414	13.0843
Monex Canada, Inc.	U.S. dollar	17.2487	14.7414	13.0843
Monex Securities	U.S. dollar	17.2487	14.7414	13.0843
Monex Assets Management	U.S. dollar	17.2487	14.7414	13.0843

Holding Monex's functional currency is the Mexican peso. Investments in foreign subsidiaries, whose functional currencies are other than the Mexican peso, expose Holding Monex to foreign currency translation risk. In addition, Holding Monex has monetary assets and liabilities denominated in foreign currencies, mainly in U.S. dollars, Pounds sterling and Euros, resulting in exposure to foreign exchange risks arising from transactions entered into over the normal course of business. (Refer to discussion of comprehensive risk management in Note 32 for further details).

3. Summary of significant accounting policies

The significant accounting policies applied by Holding Monex comply with the accounting criteria established by the Commission in the "General Provisions Applicable to Groups, Credit Institutions, Brokerage Houses, Mutual Funds and Companies that Provide Services Thereto" (the "Provisions"), in its rulings and mandates issued generally and directed to specific issues, which require management make certain estimates and use certain assumptions that affect the amounts reported in the financial statements and their related disclosures; however, actual results may differ from such estimates. Holding Monex's management, upon applying professional judgment, considers that estimates made and assumptions used were appropriate under the circumstances.

Under accounting criteria A-1 issued by the Commission, Holding Monex is required to apply Mexican Financial Reporting Standards ("MFRS" or "NIF's") promulgated by the Mexican Board of Financial Reporting Standards (CINIF), except with regard to topics for which the Commission has issued specific accounting guidance on the basis that the entities subject to its regulations and carry out specialized operations.

Changes in accounting policies

Changes in NIF issued by CINIF applicable to Holding Monex
Improvements to NIF

The aim of these improvements is to incorporate into NIF changes and clarifications in order to establish more appropriate standards. Improvements to NIF are classified between those which arise in accounting changes in valuation, presentation or disclosure in the consolidated financial statements and those improvements that are modifications to NIF that help to clarify the standards, and which do not arise in accounting changes to the consolidated financial statements.

As of January 1, 2015, Holding Monex adopted the following improvements to NIF 2015 which result in accounting changes:

> *NIF B-8, Consolidated or Combined Financial Statements*– Clarifies the criteria to be evaluated in order to identify an investment entity and indicates that given the nature of the primary activity of an investment entity, it may be difficult for such an entity to exercise control over the entities in which it has invested; therefore, an analysis should be carried out in order to conclude whether the entity exercises control over its investees. If control is not exercised, the accounting treatment will be based on the corresponding NIF that is applicable to the type of investment held.
>
> *Bulletin C-9, Liabilities, Provisions, Contingent Assets and Liabilities and Commitments*– Clarifies and modifies the accounting treatment for liabilities arising from customer advances denominated in foreign currency. When an entity receives advance collections for sales or services denominated in foreign currency, the changes in exchange rates between the functional currency and the transaction currency do not affect the amount of the advance collection. Accordingly, the balance of the customer advances liability should not be modified as a result of such changes in exchange rates.

As of January 1, 2015, Holding Monex adopted the following improvements to NIF 2015 which do not result in accounting changes:

> *NIF B-13, Events Subsequent to the Date of the Financial Statements and Bulletin C-9, Liabilities, Provisions, Contingent Assets and Liabilities and Commitments* –NIF B-13 includes in a footnote the disclosures in the financial statements of an entity that are not prepared on a going concern basis in accordance with NIF A-7, Presentation and Disclosure. Such requirement was included as part of the regulatory text in the disclosure standards section of NIF B-13, and as part of Bulletin C-9 to disclose the contingencies arising from the fact that the entity is not operating on a going concern basis. Consequently, Circular 57 Sufficient Disclosure is repealed as a result of the Commercial Bankruptcy Law.
>
> *NIF B-15, Conversion of Foreign Currencies* – The definition of foreign operations was modified to clarify that it not only refers to a legal entity or a cash generating unit whose operations are based on or carried out in an economic environment or currency different from those of the reporting entity, but also includes legal entities or cash generating units that operate in the same country as the reporting entity (parent or holding company), but use a currency different from that of the reporting entity.

The adoption of these improvements did not have a material effect on the Holding Monex's financial information.

Changes to accounting estimates applicable in 2015

Methodology for determining the allowance for loan losses for loans granted under the terms of the Bankruptcy Law

On August 27, 2015, the Commission issued a Ruling to modify the Provisions, which defines the period during which credit institutions may continue to utilize the methodology established for calculating allowances for loan losses for loans granted to borrowers that have declared bankruptcy based on a prior restructuring plan. This ruling establishes that once an agreement has been reached between the borrower and its acknowledged creditors, or the borrower's insolvency is determined in accordance with the Bankruptcy Law, the aforementioned methodology may no longer be applied.
The Ruling also states that authorization can be requested from the Commission to continue using the methodology established for calculating allowances for loan losses for loans granted to borrowers that have declared bankruptcy with a previous restructuring plan for a period not exceeding six months following the adoption of the agreement.

The changes brought by the Commission's ruling did not have a material effect on the Holding Monex's consolidated financial statements at December 31, 2015.

Changes in particular standards by the Commission occurred during 2013

Change of commercial portfolio rating model -

On June 24, 2013, the Commission issued a ruling to amend the "General provisions applicable to Credit Institutions", which modifies the commercial credit portfolio rating methodology so as to change the methodology currently used to determine the allowance for loan losses from an incurred loss to an expected loss model, which estimates the credit losses of the following 12 months based on the best possible credit information. This modification took effect on the day following its publication.

The new methodology based on the expected loss model considers the following parameters: probability of default, loss severity and exposure at default, while also classifying the commercial portfolio into a series of groups to which different variables will be applied to estimate the probability of default.

As required by the Commission, Holding Monex was subject to a December 31, 2013 deadline to implement this change of methodology, although early implementation was permitted. Accordingly, on August 31, 2013, Holding Monex created additional reserves of $135 representing the cumulative financial effect derived from adopting the new methodology. Likewise, based on the specific accounting criterion issued by the Commission in the aforementioned ruling, this effect was recognized in the consolidated balance sheet as an increase to the "Allowance for loan losses" with a corresponding charge to stockholders' equity under "Retained earnings".

The significant accounting policies of Holding Monex are as follows:

Recognition of the effects of inflation - Cumulative inflation rates over the three-year periods ended December 31, 2015, 2014 and 2013 were 10.18%, 11.62% and 12.26%, respectively. Accordingly, the economic environment is not inflationary in either such year and no inflationary effects were recognized in the accompanying consolidated financial statements. Inflation rates for the years ended December 31, 2015, 2014 and 2013 were 2.13%, 4.08% and 3.97%, respectively.

Beginning on January 1, 2008, Holding Monex suspended the recognition of the effects of inflation in its financial statements. However, non-monetary assets and liabilities and stockholders' equity include the restatement effects recognized through December 31, 2007. Such effects are derecognized during the same period and in the same manner that the related asset, liability or component of equity are derecognized. The consolidated financial statements as of December 31, 2015, 2014 and 2013, include inflationary effects recorded in previous periods that have not yet been derecognized.

Funds available - Consist mainly of bank deposits valued at face value and the income derived therefrom is recognized as earned; foreign currency funds available are valued at fair value using the year end exchange rates.

Acquisitions of foreign currency that will be settled on a date subsequent to the purchase-sale transaction are recognized as restricted funds available (foreign currency receivable). Foreign currency sold is recorded as a credit to funds available (foreign currency deliverable). The offsetting entry is recorded in a debit or credit settlement account when a sale or purchase is performed, respectively.

For financial statement presentation purposes, foreign currency settlement accounts receivable and payable are offset by contract and term and are presented under other accounts receivable (net) or obligations arising settlement of transactions, as applicable.

Other funds available such as regulatory monetary deposits and other liquid notes are also included in this line item.

Margin accounts - Margin accounts (guarantee deposits) for transactions with derivative financial instruments in recognized markets are recorded at face value.

Guarantee deposits are used to ensure compliance with the obligations related to the derivatives executed in recognized markets and refer to the initial margin, and subsequent contributions and withdrawals made during the term of the respective contracts.

Trading securities - Trading securities represent investments in debt and equity securities, in proprietary position and pledged as guarantee, which are acquired with the intention of selling them to realize gains arising from changes in fair value. Upon acquisition, they are initially recorded at fair value (which includes any applicable discount or premium). They are subsequently valued at fair value, determined by a price vendor contracted by Holding Monex, in accordance with the Provisions of the Commission. The cost is determined using the average cost method. The difference between the cost of investments in debt securities plus their accrued interest and the cost of equity instruments relative to the respective fair values of such instruments is recorded in the income statement under the caption "Gains/losses on financial assets and liabilities (net)". The effects of valuation are classified as unrealized and therefore, cannot be distributed to stockholders until the securities are sold.

Fair value is the amount at which an asset may be exchanged or a liability may be settled by informed, willing and interested parties in an arm's length transaction.

Transaction costs incurred in connection with the acquisition of trading securities are recognized in results on the acquisition date.

Cash dividends of share certificates are recognized in results for the year in the same period in which the right to receive such payment arise.

The exchange gain or loss on foreign currency-denominated investments in securities is recognized in results for the year.

Trading securities also include transactions pending settlement, which refer to sale and repurchase transactions of securities not settled. These transactions are valued and recorded as trading securities, recording the receipt and expense of the securities subject to the transaction against the respective debit or credit settlement account.

The accounting criteria of the Commission allow for certain reclassifications in and out of the trading securities classification conditional upon the prior express authorization of the Commission. As of December 31, 2015, 2014 and 2013, no reclassifications were made.

Securities available for sale - Securities available for sale are debt instruments and shares that are not held for purposes of obtaining gains on sales transactions derived from increases in value, and, in the case of debt instruments, those that Holding Monex does not intend or is able to hold to maturity and, therefore, represent a residual category, i.e., they are acquired for purposes other than those of trading securities or securities held to maturity because Holding Monex intends to trade such securities in the future prior to their maturity.

Upon acquisition the securities are initially recorded at fair value plus the acquisition transaction cost (including the discount or markup, as applicable), and are subsequently valued at fair value.

Holding Monex determines the increase or decrease in the fair value using prices provided by the price vendor, which uses various market factors for their determination. The yield on debt securities is recorded using the imputed interest or effective interest method depending on the nature of the security and is recognized in the consolidated statement of income under "Interest income". Unrealized gains or losses from changes in fair value as reported by pricing vendors are recorded in other comprehensive income under "Result from valuation of securities available for sale" net of related deferred taxes, except when such securities are hedged in a fair value hedging relationship, in which case they are recognized in results for the year.

Cash dividends on shares are recognized in results for the year during the same period in which the right to receive the dividend arises.

The accounting criteria of the Commission allow the transfer of securities held to maturity to available for sale when Holding Monex does not have the intention or the ability to hold the securities to maturity, as well as reclassifications from trading to securities available for sale with the prior express authorization of the Commission.

At December 31, 2015, 2014 and 2013, Holding Monex's management did not reclassify any investment between categories.

Impairment in the value of a credit instrument – Holding Monex must evaluate whether there is objective evidence that a credit instrument is impaired as of the balance sheet date.

A credit instrument is deemed to be impaired and an impairment loss is recognized, only if there is objective evidence of the impairment as a result of one or more events that took place after the initial recognition of the credit instrument, which had an impact on its estimated future cash flows that can be determined reliably. It is highly unlikely that one event can be identified that is the sole cause of the impairment, and it is more feasible that the combined effect of different events might have caused the impairment. The expected losses as a result of future events are not recognized, regardless of the probability that such events might occur.

Objective evidence that a credit instrument is impaired includes observable information such as, among others, the following events:

a) Significant financial difficulties of the issuer of the instrument;
b) It is probable that the issuer of the instrument will be declared bankrupt or another financial restructuring will take place;
c) Noncompliance with the contractual clauses, such as default on payment of interest or principal;
d) Disappearance of an active market for the instrument in question due to financial difficulties, or
e) A measurable decrease in the estimated future cash flows of a group of securities since the initial recognition of such assets, even though the decrease cannot be matched with the individual securities of the group, including:

    i. Adverse changes in the payment status of the issuers in the group, or
    ii. Local or national economic conditions which are correlated with defaults on the securities of the group.

Management has not identified objective evidence of impairment of a debt instrument held as of December 31, 2015, 2014 and 2013.

Repurchase agreements - Sale and repurchase agreements are those in which the buying party acquires for a sum of money the ownership of securities and undertakes, in the agreed-upon term and upon a payment of the same price plus a premium, to transfer ownership of similar securities to the seller. Unless otherwise agreed, the premium is for the benefit of the buying party.

For legal purposes, repurchase transactions are considered as a sale in which an agreement to repurchase the transferred financial assets is executed. Notwithstanding, the economic substance of repurchase transactions is that of secured financing in which the buying party provides cash as financing in exchange for obtaining financial assets that serve as collateral in the event of default.

The repurchase transactions are recorded as indicated below:

On the contracting date of the repurchase transaction, when Holding Monex acts as the selling party, the entry of the cash or asset or a debit settlement account is recognized, as well as an account payable at fair value, which represents the obligation to repay such cash to the buying party.

The account payable is measured during the term of the repurchase transaction at its amortized cost, recognizing the interest in results as they are earned.

When Holding Monex acts as the buying party on the contracting date of the repurchase transaction, the withdrawal of funds available or a credit settlement account is recognized, recording an account receivable at its fair value, which is equal to the agreed price, representing the right to recover the cash delivered. The account receivable is measured subsequently during the useful life of the repurchase agreement at its amortized cost, recognizing the interest on the repurchase agreement.

When the transactions performed are classified as cash-oriented, the seller's intention is to obtain cash financing by using financial assets as collateral while the buying party obtains a return on its investment and as it does not seek ownership over specific securities, receives financial assets held as collateral which serve to mitigate the exposure to risk face by the party in relation to the selling party. The selling party repays to the buying party the interest calculated based on the agreed rate of the repurchase agreement. Also, the buying party obtains yields on its investment, which is secured by the collateral.

When the transactions performed are considered as securities-oriented, the intention of the buying party is to temporarily access certain specific securities held by the selling party, by granting cash as collateral, which serves to mitigate the exposure to risk faced by the selling party in relation to the buying party. In this regard, the selling party pays the buying party the interest agreed at the repurchase agreement rate for the implicit financing obtained on the cash that it received, in which such repurchase rate is generally lower than that which would have been agreed in a "cash-oriented" repurchase agreement.

Regardless of the economic intent, the accounting for "cash-oriented" or "securities-oriented" repurchase transactions is identical.

Noncash collateral granted and received in repurchase transactions - In relation to the collateral granted by the selling party to the buying party (other than cash), the buying party recognizes the collateral received in memorandum accounts, following the valuation guidelines for the securities established in treatment B-9 "Custody and Management of Assets". The selling party reclassifies the financial asset in its consolidated balance sheets to restricted assets, which follows the valuation, presentation and disclosure standards as applicable.

When the buying party sells or pledges the collateral, the proceeds from the sale are recorded, and a liability for the obligation to repay the collateral to the selling party (measured initially at the fair value of the collateral) and is subsequently valued at fair value in a sale, and at amortized cost if is considered as a pledge in another repurchase transaction (in which case, any difference between the price received and the fair value of the liability is recognized in results of the year). For purposes of presentation, the liability is offset by accounts receivable referred to as Repurchase agreements, which is generated when the purchases are reported. The debit or credit balance is shown under "Repurchase agreements" or sold "Collaterals or pledged as security" as appropriate.

Similarly, if the buying party becomes a selling party due to another repurchase transaction with the same collateral as the initial transaction, the interest on the second repurchase transaction must be recognized in results for the year as earned, based on the liability valued at amortized cost.

Memorandum accounts recognized for collateral received by the buying party are cancelled when the repurchase transaction matures or when the selling party defaults.
For transactions where the buying party sells or pledges the collateral received (for example, when another repurchase or securities loan transaction is agreed), memorandum accounts are used to control such collateral sold or pledged, which is valued using the standards applicable to custody transactions included in Criterion B-9 "Custody and Assets Management".

Memorandum accounts which are recognized for collateral received that in turn was sold or pledged by the buying party are cancelled when the collateral sold is purchased to return it to the selling party, or when the second transaction matures or the other party defaults.

Securities lending – Securities lending is an transaction in which the transfer of securities from the lender to the borrower is agreed, with the obligation to return such securities or other substantially similar on a certain date or at request of the lender, receiving as a consideration a premium. In this operation a collateral or guarantee by the lender to the borrower, other than cash is request and those allowed by current regulations.

The securities lending transactions for legal effects are considered as a sale, where an agreement is set to return the securities object of the operation on a fixed date. However, the economic substance of the securities lending transactions consists in that the borrower can temporarily access to certain types of securities where the collateral served to mitigate the exposure to risk which the borrower faced respect to the lender.

The securities lending transactions are recorder as follows:

On the contracting date of the securities lending, when the Financial Group acts as lender, the entry of the securities object of the loan transferred to the borrower as restricted is recognized in accordance to the valuation, presentation and disclosure accounting criterion.

The premium is initially recorded as a deferred charge, recognizing the receivable account or the cash entry. The amount of the accrued prize is recognized in results of the year through the effective interest method over the effective term of the transaction.

When the Holding Monex acts as the borrower on the contracting date of the securities loan, the Financial Group records the security subject matter of the loan received in memorandum accounts, following the valuation standards applicable to custody transactions in the accountant criterion B-9 issued by the Commission.

The security subject matter of the transaction, as well as the collateral pledged are presented as restricted, based on the type of financial assets in question.

The security subject matter received, as well as the collateral received are presented in memorandum account under the heading of “Collateral received”.

Derivative instrument transactions (held for trading) – Holding Monex initially recognizes all of its derivatives as assets or liabilities (depending on the related rights and/or obligations) in the consolidated balance sheet at fair value, which is presumed to be equal to the price agreed in the transaction.

Transaction costs that are directly attributable to the purchase of the derivative are recognized directly in results.

Subsequently, all derivatives are valued at fair value without deducting any transactions costs incurred during the sale or any other type of disposal, recognizing the valuation effect in results for the period under “Gains/losses on financial assets and liabilities (net)”.

The rights and obligations of derivatives that are traded in recognized markets or stock exchanges are considered to have matured when the risk position is closed, i.e., when an opposite derivative with the same characteristics is traded in such market or stock exchange.
The rights and obligations of derivatives that are not traded in recognized markets or stock exchanges are considered to have matured when they reach their maturity date, when the rights are exercised by either party or when the parties early exercise the rights in accordance with the related conditions and the agreed consideration is settled.

Forward and future contracts held for trading:

Forward and future contracts held for trading are those that establish an obligation to buy or sell an underlying asset on a future date at a pre-established amount, quality and price on a trading contract.

Both forward and futures contracts are recorded by Holding Monex as assets and liabilities in the consolidated balance sheets at the exchange rate established in the related underlying asset purchase-sale contract, to recognize the right and the obligation to receive and/or deliver the underlying asset, and the right and the obligation to receive and/or deliver cash equivalent to the underlying asset specified in the contract.

Transaction costs that are directly attributable to the purchase of the derivative are recognized directly in results.

For forward contracts, the exchange difference between the exchange rate agreed in the contract and the monthly forward exchange rate, as well as the valuation effects, are recorded in the statement of income under “Gain/losses on financial assets and liabilities (net)”.

For futures contracts, a margin account is created whose counterparty is a clearing house, so as to minimize counterparty credit risk.

The margin account given in cash, does not form part of the initial net investment of the derivative, which is accounted for separately from the derivative.

For financial statement classification purposes, with respect to derivative instruments that incorporate both rights and obligations, such as futures, forwards and swaps, such rights and obligations are offset and the resulting net debit or credit balances are recognized a derivative asset or liability, respectively.

Option contracts:

Options are contracts that, in exchange for a premium, grant the right, but not the obligation, to buy or sell a specified number of underlying instruments at a fixed price within a specified period. For the rights that grant the options are divided in purchase options (call) and sale options (put).

The holder of a call has the right, but not the obligation, to purchase from the issuer a specified number of underlying assets at a fixed price (exercise price) within a specified period.

The holder of a put has the right, but not the obligation, to sell a specified number of underlying assets at a fixed price (exercise price) within a specified period.

Options may be exercised at the end of the specified period (European options) or at any time during the period (American options); the exercise price is established in the contract and may be exercised at the holder’s discretion. The instrument used to set this price is the reference value or underlying asset. The premium is the price paid by the holder to the issuer in exchange for the rights granted by the option.

Holding Monex records the premium paid/received for the option on the transaction date as an asset or liability. Any fluctuations in the fair value are recognized in the consolidated statements of income under Intermediation income. When an option matures or is exercised, the premium recognized is cancelled against results for the year, also under “Gains/losses on financial assets and liabilities (net)”.

Recognized options that represent rights are presented, without offsetting, as a debit balance under the asset line item Derivatives. Recognized options that represent obligations are presented, without offsetting, as a credit balance under the liability line item Derivatives.
Trading option contracts are recorded in memorandum accounts at their exercise price, multiplied by the number of securities, distinguishing between options traded on the stock market from over-the-counter transactions, in order to control risk exposure.

All valuation gains or losses recognized before the option is exercised or before its expiration, are treated as unrealized and are not capitalized or distributed to stockholders until realized in cash.

Swaps:

A swap contract is an agreement between two parties establishing a bilateral obligation for the exchange of a series of cash flows within a specified period and on previously determined dates.

Swaps are initially recognized by Holding Monex in the balance sheet as an asset or liability, at fair value, which presumably is equal to the agreed-upon price.

Holding Monex recognizes in the balance sheet an asset and a liability arising from the rights and obligations of the contractual terms, valued at the present value of the future cash flows to be received or delivered according to the projection of the implicit future rates to be applied, discounting the market interest rate on the valuation date using curves provided by the price vendor, which are reviewed by the market risk area.

Transaction costs that are directly attributable to the purchase of the derivative are recognized directly in results.

Subsequently, all derivatives other than hedging derivatives are valued at fair value without deducting any transaction costs incurred during the sale or any other type of disposal, recognizing the valuation effect in the results of the year.

If the counterparty credit risk of a financial asset related to the rights established in the derivatives is impaired, the book value must be reduced to the estimated recoverable value and the loss is recognized in results of the year. If the impairment situation subsequently disappears, the impairment is reversed up to the amount of the previously recognized impaired loss, recognizing this effect in the results of the period in which this occurs.

A swap contract may be settled in kind or in cash, according to the conditions established.

The result of offsetting the asset and liability positions, whether debit or credit, is presented as part of the Derivatives line item.

Embedded derivatives - An embedded derivative is a component of a hybrid (combined) financial instrument that includes a non-derivative contract (known as the host contract) in which certain cash flows vary in a manner similar to that of an standalone derivative. An embedded derivative causes certain cash flows required by the contract (or all cash flows) to be modified according to changes in a specific interest rate, the price of a financial instrument, an exchange rate, a price or rate index, a credit rating or index, or other variables allowed by applicable laws and regulations, as long as any non-financial variables are not specific to a portion of the contract. A derivative that is attached to a financial instrument but that contractually cannot be transferred independently from that instrument or that has a different counterparty, is not an embedded derivative but a separate financial instrument.

An embedded derivative is separated from the host contract for purposes of valuation and to receive the accounting treatment of a derivative, only if all the following characteristics are fulfilled:

a. The economic characteristics and risks of the embedded derivative are not clearly and closely related to the economic characteristics and risks of the host contract;
b. A separate financial instrument that has the same terms of the embedded derivative would comply with the definition of a derivative, and
c. The hybrid (combined) financial instrument is not valued at fair value with changes recognized in results (for example, a derivative that is not embedded in a financial asset or a financial liability valued at fair value should not be separated).

The effects of the valuation of embedded derivatives are recorded under the same line item in which the host contract is recorded.

A foreign currency embedded derivative in a host contract, which is not a financial instrument, is an integral part of the agreement and therefore clearly and closely related to the host contract provided that it is not leveraged, does not contain an optional component and requires payments denominated in:

- The functional currency of one of the substantial parties to the contract;
- The currency in which the price of the related good or service that is acquired or delivered is regularly denominated for commercial transactions around the world;
- A currency which has one or more characteristics of the functional currency for one of the parties.

Foreign currency transactions - Foreign currency transactions are recorded at the exchange rate in effect on the transaction date. Assets and liabilities denominated in foreign currency are adjusted at the year-end exchange rates determined and published by Banco de México (Central Bank).

Revenues and expenses from foreign currency transactions are translated at the exchange rate in effect on the transaction date, except for transactions carried out by the foreign subsidiaries, which are translated at the fixed exchange rate at the end of each period.

Foreign exchange fluctuations are recorded in the statements of income of the year in which they occur.

Commissions collected and related costs and expenses - The commissions collected for the initial granting of the loans are recorded as a deferred credit under deferred credits and advance collections, which is amortized against results of the year under Interest income using the straight-line method over the loan term.

The commissions collected for credit restructurings or renewals are added to any commissions recorded at loan origination, and are recognized as a deferred credit which is amortized in results using the straight-line method over the new term of the loan.

Any commissions recognized after the initial granting of the loans are those incurred as part of the maintenance of such loans, or those collected on loans which were not placed and are recognized in results at the time they are incurred or earned.

Incremental costs and expenses associated with the initial granting of the loan are recognized as a deferred charge, which are amortized to results as Interest expense during the same accounting period in which the revenues from commissions collected are recognized.

Any other cost or expense different from those described above, including those related to promotion, advertising, potential customers, management of existing loans (follow-up, control, recoveries, etc.) and other secondary activities related to the establishment and monitoring of credit policies, is recognized directly in results of the year as it is accrued and classified in accordance with the nature of the cost or expense.

Performing loan portfolio - Holding Monex applies the following criteria to classify loans within performing portfolio:

- Loans that are current in the payments of both principal and interest.
- Loans that do not demonstrate the characteristics of non-performing portfolio.
- Restructured or renewed loans, which were previously classified as non-performing loan portfolio, which have evidence of sustained payment.

Non-performing loan portfolio – Holding Monex applies the following criteria to classify uncollected loans as non-performing:

a) Loans to borrowers are declared in bankruptcy.
b) Loans whit outstanding principal, interest or both, with the following characteristics:

– Loans with a single payment of principal and interest at maturity are classified as non-performing 30 calendar days after the date of maturity.

– Loans with a single payment of principal at maturity and with periodic interest payments are classified as non-performing 90 calendar days after interest is due or 30 calendar days after principal is due.

– Loans, including housing loans whose principal and interest payments have been agreed in periodic installments are classified as non-performing 90 calendar days after they become due.

– Revolving credits for which the borrower has failed to render payment on two monthly billing periods, or, if the billing period is different from monthly, are 60 or more calendar days overdue.

Customer checking accounts and immediate collection documents.

– If the borrowers are declared in bankruptcy, except for those loans:

i. For which Holding Monex continues to receive payment under the terms of section VIII of Article 43 of the Bankruptcy Law, or

ii. That are granted under Article 75 in relation to Sections II and III of Article 224 of the Law.

The aforementioned loans are transferred to non-performing status when they exhibit any of the other characteristics listed above.

– Immediate collection documents referred to Accounting Criteria B-1, Funds available of the Commission if not timely collected (2 or 5 days as appropriate).

Classification of loan portfolio and allowance for loan losses - In accordance with the Provisions, the loan portfolio must be classified as commercial, housing loans and consumer loans. As of December 31, 2015, 2014 and 2013, Holding Monex has classified its loan portfolio as follows:

a. Commercial: Direct or contingent loans, including bridge loans denominated in Mexican pesos, foreign currency, investment units or multiples of the minimum wage, together with any accrued interest, which are granted to corporations or individuals with business activities and are used in connection with commercial or financial activity; includes loans granted to financial entities (other than interbank loans with maturities of less than 3 business days), loans arising from factoring arrangements and leasing transactions executed with such corporations or individuals; loans granted to trustees who act under the protection of trusts, and the credit schemes commonly known as "structured" in which the net assets allow for the individual assessment of the risk associated with the scheme. Also, loans granted to states, municipalities and their decentralized agencies are included when they can be classified in accordance with applicable regulations.

b. Housing loans: Direct loans granted to individuals denominated in Mexican pesos, foreign currency investment units or changes in minimum wages, together with the respective accrued interest, which are granted to individuals for housing improvements, but not for commercial housing speculation purposes including guaranteed liquidity housing loans and all loans granted to the Holding Monex's ex-employees.

Holding Monex recognizes reserves created to cover credit risks in conformity with such provisions, as follows:

Commercial portfolio:

In June 2013, the Commission issued the new regulatory methodology applicable to commercial loan portfolio credit reserves in line with the criteria recently published by the Basel Committee. This methodology is based on the estimation of expected losses so as to generate reserves instead of considering incurred losses, as was the case under the prior methodology, thereby permitting the early identification of certain sectorial risks.

The Expected Loss (PE) calculation considers the following three elements: (PE= EI*PI*SP), whereby the Default Exposure (EI) is the balance of revocable credit lines plus the unused portion of irrevocable credit lines. The Probability of Default (PI) is the probability of customer default, which considers quantitative and qualitative information. The Loss Severity (SP) is the percentage of the EI that would be lost in the event of credit default and depending on the warranties and portfolio type. Both items are explained in further detail below.

While the application of this methodology to the commercial portfolio was mandatory in December 2013, early application is permitted. Holding Monex exercised this option and applied the new methodology as of August 2013.

In accordance with the specific accounting criterion issued by the Commission, on August 31, 2013, Holding Monex recognized a charge to stockholders' equity under "retained earnings" in the amount of $135 derived from the cumulative effect of adopting of this methodology.

At December 31, 2015, 2014 and 2013 the methodology for rating the commercial portfolio is as follows:

Before rating the loans included in its commercial credit portfolio, Holding Monex classifies them into one of the following groups, depending on whether they are granted to: a) states and municipalities; b) Projects with their own payment sources; c) Trustees acting under the auspices of trusts and which are not included in the preceding numeral, as well as "structured" credit schemes; d) Financial entities; e) Companies excluded from the preceding groups and individuals with business activities. In turn, this group is divided into the following sub-groups: b1) Customers with annual net revenues or sales denominated in Mexican pesos less than or equal to the equivalent of 14 million investment units (UDIs) and which can be "certified without delay" which is the case when late payments were not recorded for these borrowers with other institutions during the previous 12 months in credit bureau reports, and when no delays were reported for these customers with Holding Monex according to available information when the rating is determined. Likewise, the category of "certified with delay" can be used when a late payment not exceeding one day has been recorded for these borrowers with other institutions during the previous 12 months in credit bureau reports, or when a late payment not exceeding one day was recorded for these customers with Holding Monex according to available information when the rating is determined. b2) Customers with annual net revenues or sales denominated in Mexican pesos equal to or exceeding the equivalent of 14 million UDIs.

Holding Monex rates, creates and records allowances for loan losses for each of the loans included in its commercial loan portfolio. For this purpose, it utilizes the outstanding balance in effect on the final day of each quarter, which is adjusted to the methodology and information requirements established by the Commission.

The allowance for loan losses of each loan will be the result of applying the following expression:

$$R_i = PI_i \times SP_i \times EI_i$$

Where:

Ri =	Amount of the allowance for loan losses to be created for the nth credit.
PIi =	Probability of default of the nth credit.
SPi =	Severity of loss of the nth credit.
EIi =	Exposure to default of the nth credit.

The parameter EI, should calculated each month, the PIi; and the SPi at least each quarter.

a) The probability of default

Holding Monex estimates the probability of default of each loan (PI i), using the following formula:

$$PI_i = \frac{1}{1 + e^{-(500 - TotalCreditScore_i) \times \frac{\ln(2)}{40}}}$$

For purposes of the above:

The total credit score of each borrower will be obtained by applying the following:

$$Total\ CreditScore_i = \alpha \times (Quantitative\ \ CreditScore) + (1 - \alpha) \times (QualitativeCreditScore_i)$$

Where:

Quantitative Credit Score i = Is the score obtained for the nth borrower when evaluating the risk factors established in the Provisions, as is applicable.

Qualitative Credit Score I = Is the score obtained for the nth borrower when evaluating the risk factors established in the Provisions, as applicable.

α = is the relative weight of the quantitative credit score, calculated as established by the Provisions.

The PI_i of loans granted to centralized federal, state and municipal entities and political parties is calculated by utilizing Appendix 21 or 22 of the Provisions, as the case may be. The PI_i of loans granted to state-owned financial entities and those outstanding to the federal public administration are calculated by utilizing Appendix 20 of the Provisions.

The PI_i of loans granted to trusts, excluding projects with their own payment source and in which the resources of the trustor(s) can be clearly separated, and “structured” credit schemes in which the affected assets allow for an evaluation of the related credit risk or resources associated with the scheme concerned can be individually evaluated, is determined by utilizing the following:

a. The methodology applicable to the underlying loans, when the trust’s net worth is composed by loans for which it can provide Holding Monex with sufficient information to allow it to calculate the PI_i of each loan in accordance with the current Provisions;

b. The methodology detailed in Appendix 21 of the Provisions, whenever the assumptions detailed in the preceding numeral a) are not fulfilled.

In the case of trusts in which the trustor provides explicit or implicit support, but when the mechanisms referred to by the Provisions are not available, or structured schemes for which the risk cannot be individually evaluated, the PI_i is calculated by utilizing the general methodology and considering the trustor(s) as the borrower or, if applicable, the structured scheme’s resources and by using the net worth affected by the scheme as collateral, provided it fulfills the requirements established by Appendix 24 of the Provisions. In order to calculate the PI_i of factoring transactions, Holding Monex determines which party is actually exposed to the credit risk.

For this purpose, it considers the party that transfers credit rights to Holding Monex and which is entitled to receive payment of the respective credit rights from the factoring institution and joint obligor. In this case, the PI_i refers to:

a) The entity liable for paying the credit rights, depending on the group to which it belongs according to the Provisions.

b) The PI_i of the entity liable for paying the credit rights can be replaced by the PI_i of the factor when its joint and several liability is established in the document prepared to formalize the factoring transaction.

In any case, only credit rights that are not subject to conditions or controls under which the borrower can contest the payment may be considered.

Holding Monex uses the same PI, for all the loans due from the same borrowers. In cases in which there is a joint obligor in relation to the borrower's entire liability, the borrower's PI_i may be replaced by that of the joint obligor or guarantor, which is determined by applying the respective methodology.

The reserve percentage is equal to 0.5% of the granted loan or represents a fraction of the total amount of each loan covered by a guarantee granted by:

i. Federal public administration entities under direct budgetary control or programs derived from a federal law forming part of the federal spending budget.
ii. Public trusts with the capacity of state-owned entities and which form part of the Mexican banking system when the loan is granted, as defined by the Provisions.
iii. Counter-guarantee trusts.
iv. The entity "Financiera Rural".
v. The national infrastructure fund.
vi. The national fund for agrarian, forestry, fishery and rural guarantees.
vii. Trusts specifically created to share the credit risk with Holding Monex in which they act as trustor, as well as fiduciary development banking institutions with an express federal government warranty.
viii. Any entity with an express federal government warranty.

Holding Monex assigns a PI_i of 100 percent to the borrower in the following cases:

i. When the borrower has a loan with Holding Monex that has been transferred to the overdue portfolio in accordance with the terms of criterion B-6, "Credit Portfolio", of the Provisions.

ii. The above treatment is not applicable to obligations that are not recognized by the customer and for which a claim or clarification process exists. Similarly, it is not applicable to amounts of less than 5% of the borrower's total debt with Holding Monex when the rating is determined.

iii. When it is likely that the borrower will not completely fulfill its credit obligations with Holding Monex; this assumption is fulfilled when:

    a) Holding Monex determines that the loans payable by the borrower constitute a "distressed portfolio" in accordance with criterion B-6, "Credit Portfolio", of the Provisions, or

    b) Holding Monex has requested that the borrower file for bankruptcy or if the borrower voluntarily decides to do so.

iv. If, for three consecutive months, Holding Monex fails to report a borrower to the credit bureau or if information related to the balance and behavior of the borrower's payment, which must be sent to the bureau, is not updated.

v. If differences arise between the items reported by Holding Monex to the credit bureau and the data contained in Holding Monex' files, which indicates the delayed payments of Holding Monex during three consecutive months.

vi. If Holding Monex fails to report the debt balances due from federal and municipal entities to the credit bureau during three consecutive months.

vii. If Holding Monex had access to information that fulfills the maximum aging requirements and definitions detailed in Appendices 18, 20, 21 and 22 of the Provisions to enable it to estimate the probability of default, but systematically utilized ratings pertaining to the "Without Information" range to obtain a probability of default below the level that would have been estimated had all available information been utilized.

For the purposes of numerals iii, iv and v, Holding Monex provides credit bureaus with data and information for all the identity records of its borrowers and which are attributable to the same borrower.

Regarding the preceding numerals iii, iv, v and vi, once a PI_i of 100 percent has been assigned to the borrower, it must be maintained for a minimum period of one year as of the date on which the record omission or inconsistency is detected or when this information becomes out of date.

b. *Loss severity*

The Loss Severity (SP_i) is 45 percent for loans contained in the commercial loan portfolio and which lack actual or personal guarantees and those derived from the loan itself. Similarly, an SP_i of 75 percent is applied to subordinated and syndicated loans that are contractually subordinated to those of other creditors for payment prioritization purposes. An SPi of 100 percent is applied to loans with payments that are 18 months or more past-due based on the settlement terms under the originally agreed terms.

Holding Monex applied the terms of the Provisions to loans covered by actual or personal guarantees and those derived from the loan itself.

c. *Default exposure*

The default exposure of each loan (EI_i) is determined by considering the following factors:

i) Uncommitted credit lines that can be unconditionally canceled or automatically canceled at any time without Holding Monex giving prior notice, as long as they demonstrate that they are providing constant follow-up on the borrower's financial position and that their internal control systems allow the credit line to be canceled if the borrower's credit quality becomes impaired.

$$EI\ i = Si$$

ii) For the other lines of credit which don't comply with any of the requirements of the paragraph before:

$$EI_i = S_i * Max\left\{\left(\frac{S_i}{AuthorizedLineofCredit}\right)^{-0.5794}, 100\%\right\}$$

Where:

Si: The unpaid balance of the nth credit at the classification date, which represents the amount of loan granted to the borrower, adjusted for accrued interest, less payments of principal and interest, as well as debt reductions, forgiveness, rebates and discounts granted. In any case, the amount subject to the classification must not include uncollected accrued interest recognized in memorandum accounts on the balance sheet, for loans classified in non-performing portfolio.

Authorized Line of Credit: The maximum authorized amount of the line of loan at the classification date.

The allowance for loan losses of commercial loan portfolio of a Multiple Purpose Financial Entity, 0020 in which the institutions held less than 99% of their capital stock, is calculated by multiplying the exposure to default by 0.5% in accordance to the Provisions.

Loans granted under the terms of the Bankruptcy Law

This methodology primarily focuses on credit enhancements provided in accordance with article 75 of the Bankruptcy Law in order to determine the Severity of the Loss by applying certain adjustment factors or discount percentages based on each type of admissible credit enhancement.

In the case of loans granted under the terms of section II of article 224 of the Bankruptcy Law, the Severity of the Loss is subject to the following treatment:

$$SP_i = Max\ \left(Min\ \left(1 - \frac{CreditEnhancements + AdjustedNetWorth}{Si}, 45\%\right), 5\%\ \right)$$

Where:

Credit Enhancements = The credit enhancements provided pursuant to article 75 of the Bankruptcy Law by applying, as the case may be, the required adjustment factors or discount percentages based on each type of admissible enhancement.

Adjusted Net Worth = Net Worth, as defined by the Bankruptcy Law, after deducting the amount of obligations referred to by section I of article 224 of the aforementioned Law and applying a 40% discount to the resulting amount.

Si = The outstanding balance of loans granted under the terms of section II of article 224 of the Bankruptcy Law at the rating date.

In the case of loans granted under the terms of section III of article 224 of the Bankruptcy Law, the Severity of the Loss is subject to the following treatment:

$$SP_i = Max\left(Min\left(1 - \frac{AdjustedNetWorth}{Si}\ 45\%\right), 5\%\ \right)$$

Where:

Adjusted Net Worth = Net Worth, as defined by the Bankruptcy Law, by deducting the amount of the obligations referred to by sections I and II of article 224 of that Law and applying a 40% discount rate to the resulting amount.

Si = The outstanding balance of loans granted under the terms of section III of article 224 of the Bankruptcy Law at the rating date.

Housing loan portfolio:

When classifying the housing loan portfolio, Holding Monex considers the type of loan, the estimated probability of default of the borrowers, the severity of the loss associated with the value and nature of the loan's collateral and the exposure to default.

Furthermore, Holding Monex rates, calculates and records the allowances for loan losses on the housing loan portfolio as follows:

Due and Payable Amount- Amount which the borrower is obligated to pay in the agreed billing period without considering any previous due and payable amounts that were not paid. If the billing is semi-monthly or weekly, the due and payable amounts of the two semi-monthly payments or four weekly payments in the month, respectively, must be added up so that the due and payable amount reflects a monthly billing period.

The discounts and rebates may reduce the due and payable amount only when the borrower complies with the conditions required in the credit contract for such purpose.

Payment made- Includes total payments made by the borrower in the billing period. Write-offs, reductions, amounts forgiven, rebates and discounts made to the loan or group of loans are not considered as payments.

If the billing is semi-monthly or weekly, the two semi-monthly payments or four weekly of a month, respectively, must be added up so that the payment made reflects one full monthly billing period. The variable "payment made" must be greater than or equal to zero.

Value of the Home Vi - The value of the home at the time of the credit origination, restated in accordance with the following:

I. For loans originated dated prior to January 1, 2000 in two stages:

a) First stage, through of General Minimum Wage (SMG)

$$Value\ of\ Home\ 1st\ stage = \frac{SMG\ 31-Dec-1999}{SMG\ month\ of\ origination} \text{ x } Value\ of\ Home\ at\ Origination$$

Where:

Value of the home in the origination corresponds to the value of the home known by the valuation at the time of loan origination.

b) Second stage, through of the monthly National Consumer Price Index (INPC)

$$Value\ of\ Home = \frac{INPC\ month\ of\ classification}{INPC\ 01/Ene/2000} \text{ x } Value\ of\ Home\ at\ Origination$$

II. For loans origination dated from January 1,2000 pursuant to subsection b) of numeral I above.

$$Value\ of\ Home = \frac{INPC_{\ month\ of\ classification}}{INPC_{\ month\ of\ origination}} \text{ X } Value\ of\ Home\ at\ Origination$$

In any case, the home value at the time of the origination may be restated based on a formal appraisal.

Credit Balance S_i - The unpaid balance at the classification date, which represents the amount of the loan granted to the borrower, adjusted for accrued interest, less any insurance payments which were financed, collections of principal and interest, as well as reductions, amounts forgiven, rebates and discounts granted, as the case may be.

In any case, the amount subject to rating shall not include accrued interest receivable recognized in memorandum accounts on the balance sheet of non-performing loans.

Days in Arrears- Number of calendar days at the classification date during which the borrower did not fully settle the due and payable amount under the terms originally agreed.

This variable should be expressed as an integer and must be greater than or equal to zero.

Credit Denomination (MON) - This variable will take the value of one (1) when the housing loan is denominated in UDI's, minimum wages or a currency other than Mexican pesos, and zero when it is denominated in pesos.

Completion of File (INTEXP) - This variable will take the value of one (1) if the selling party of the real estate property participated in obtaining the proof of income or in contracting the appraisal, and zero in any other case.

The total amount of reserves to be created by Holding Monex will be equal to the reserves for each loan, as follows:

$$R_i = PI_i \times SP_i \times EI_i$$

Where:

Ri= Amount of reserves to be created for the nth credit.
PI_i = Probability of default on the nth credit.
SPi = Severity of the loss on the nth credit.
EIi = Exposure to default on the nth credit.

Evidence of sustained payment:

When the loans are recorded as non-performing loans, Holding Monex maintains such loans at this level until it obtains evidence of sustained payment, which occurs when at least three consecutive installments covering the required amounts of principal and interest are received on a timely basis, or, in case of loans with amortizations covering periods longer than 60 calendar days, the payment of one installment.

In all cases, it must be established that the borrower has the capacity to pay based on the following: the probability of intrinsic default of the borrower, the credit enhancements granted to restructured or renewed loans, payment preference over other creditors and liquidity of the borrower before the new structure of the financing.

Distressed portfolio:

For disclosure proposes in the financial statements, Holding Monex considers distressed portfolio commercial loans for which it is determined that, based on current information and events as well as the results of the loan review process, there is significant possibility that the outstanding principal and interest balances of the loan may not be recovered in full in accordance with the terms and conditions originally agreed. Both the performing and non-performing portfolio are likely to be identified as distressed portfolio.
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Restructuring processes and renewals –

A restructuring process is a transaction derived from any of the following situations:

a) The extension of the guarantees covering the loan in question, or

b) The modification of the original loan conditions or payment scheme, including the following:

- The modification of the interest rate established for the remaining loan period;
- The change of currency or unit of account, or
- The concession of a grace period regarding the payment obligations established according to the original loan terms, unless this concession is granted following the conclusion of the originally agreed period, in which case it is considered as a renewal.

Restructuring processes are not considered as those which, at the restructuring date, indicate the full settlement of payable principal and interest and only modify one or more of the following original loan conditions:

Guarantees: only when they imply the extension or substitution of guarantees for others of better quality.

Interest rate: when the agreed interest rate is improved.

Currency: as long as the respective rate is applied to the new currency.
Payment date: as long as the change does not mean exceeding or modifying payment periodicity. The change of payment date must not, under any circumstances, allow the omission of payments in any period.

A renewal is a transaction that extends the loan period either during that period or at maturity, or when a loan is settled at any time by using the proceeds generated by another loan contracted with the same entity in which the same debtor or another party with which it has equity relationships is involved and constitutes a common risk. A loan is not considered to have been renewed when resources are utilized during the period of a preestablished credit line.

Overdue restructured or renewed loans remain in the overdue portfolio until evidence of sustained payment is obtained; i.e., the borrower makes at least three consecutive installments on a timely basis which covers the total due amount of principal and interest, or, in the case of loans with payments covering periods exceeding 60 calendar days, one payment, as established by the accounting criteria issued by the Commission.

The loan payments referred to by the preceding paragraph must cover at least 20% of principal or the total amount of any kind of accrued interest in accordance with the restructured or renewal payment scheme. For this purpose, the accrued interest recognized in memoranda accounts will not be considered.

If, in the case of a restructuring process or renewal, different loans granted to the same borrower are consolidated into a single loan, the total debt balance resulting from the restructuring process or renewal must receive the treatment applicable to the lowest rated loan in the restructuring.

Performing loans other than those with a single principal payment and interest payments that are either periodic or made at maturity and are restructured or renewed without at least 80% of the original loan period having elapsed, are only classified as current when the borrower has a) paid all accrued interest, and b) paid the original loan principal amount that was payable at the renewal or restructuring date.

If any of the conditions described in the preceding paragraph are not fulfilled, loans are considered as non-performing when they are restructured or renewed and until such time as evidence of sustained payment is obtained.

Performing loans other than those with a single principal payment and interest payments that are either periodic or made at maturity, which are restructured or renewed during the final 20% of the original loan period are only classified as performing portfolio when the borrower has a) paid all accrued interest, b) paid the original loan principal amount which was payable at the renewal or restructuring date, and c) paid 60% of the original loan.

If any of the conditions described in the preceding paragraph are not fulfilled, loans are classified as non-performing when they are restructured or renewed and until such time as evidence of sustained payment is obtained.

Loans with a single principal payment and interest payments that are either periodic or made at maturity, which are restructured or renewed during the loan period or renewed at any time, are classified as part of the non-performing portfolio until such time as evidence of sustained payment is obtained.

Loans that are initially defined as revolving and which are restructured or renewed at any time are only classified as performing when the borrower has settled all accrued interest, the loan has no overdue billing periods and when elements exist to justify the debtor's payment capacity; i.e., when it is highly likely that a debtor will settle this payment.

Other receivables accounts, net - These items primarily represent receivable amounts derived from the purchase-sale of currency in which immediate settlement was not agreed (value date exchange transactions). These transactions are recorded on the day they are agreed and settled within a period of 24, 48 or 96 hours.

Holding Monex has a policy of reserving those accounts receivable identified and not identified within 90 days and 60 days, following the initial recording, respectively.

Furniture and fixtures, net - Furniture and fixtures are recorded at acquisition cost. The related depreciation and amortization are recorded by applying a percentage determined based on their estimated economic useful life.

***Investments in Equity* -** Permanent investments made by Holding Monex in entities where it has neither control, nor joint control, nor significant influence, are initially recorded at acquisition cost. Any dividends received are recognized in current earnings, except when they are taken from earnings of periods prior to the acquisition, in which case, they are deducted from the permanent investment.

Other assets - Other assets are mainly represented by software, advance payments, operational deposit and intangible assets identified in the acquisition of Tempus and Monex Europe.

The amortization of the software and the assets with finite useful lives is calculated using the straight line method over their estimated economic useful life.

Furthermore, the heading "Other assets" includes financial instruments of the pension and retirement fund held in a trust administrated by Holding Monex. Those investments in the fund are maintained to cover the obligations for severance and seniority premiums of employees.

Investments in securities acquired to cover the severance and seniority premium are recorded at fair value.

For the purposes of presentation in the financial statements, if the investment in securities acquired to cover the pension plan and seniority premium exceed the liability recognized, such excess will be presented under the heading of "Other assets". If assets are less than related obligations, such balance is included in the heading "Sundry creditors and other accounts payable". As of December 31, 2015, 2014 and 2013, the balance applicable to Holding Monex is presented by decreasing the heading of "Sundry creditors and other payables".

Goodwill - Goodwill is mainly attributable to the excess of the purchase price paid over the fair value of the net assets of Tempus and Monex Europe as of their acquisition date (November 23, 2010 and July 2, 2012, respectively), which is not amortized but is subject to impairment tests at least once a year.

Impairment of long-lived assets in use - Holding Monex reviews the book value of long-lived assets in use for impairment when there are indicators that the net carrying amounts of the assets may not be recoverable. The impairment is recorded to the extent that the book value of the asset exceeds the recoverable amount, which is defined as the higher of the present value of net future cash flows or the estimated sales price. The impairment indicators considered for this purpose are, among others, operating losses or negative cash flows generated during the period which, if combined with a history or projection of losses, depreciation and amortization charged to results as revenue percentages, are significantly higher than those of prior years, the services rendered, competition and other economic and legal factors.

Deposits - This heading is composed by call deposits made by the general public, including money market funds, saving accounts and current account deposits. Interest is recognized in results when accrued.

The deposits include, among others, certificates of deposit removable preset days and promissory notes payable at maturity, such deposits shall be broken down into the balance sheet as of the general public and raised through market transactions money, the latter referring to deposits made with other financial intermediaries, as well as treasuries of corporations and government entities.

The debt securities issued will be presented as a separate category, as part of these, bank bonds. Interest is recognized in results when accrued.

Issuance of notes payable - Include debt securities issued through a public offering by Holding Monex and the Bank. Interest is recognized in results when incurred.

Interbank loans and those from other entities - Direct short and long-term loans received from Mexican banks are recorded under this heading, together with loans obtained from development banks. Interest is recognized in results when accrued.

Remittances payable - At December 2013 represents the balance of outstanding remittances payable by Holding Monex, which are paid to beneficiaries in Mexican pesos or U.S. dollars through a network of wire transfer agencies or the petty cash funds delivered to Holding Monex by agencies to settle remittances. As of December 2015 and 2014 Holding Monex don't have remittances operations due to the sell of Pagos Intermex.

Obligations arising from settlement of transactions - Represent amounts payable for currency purchase-sale transactions in which no immediate settlement is agreed, (foreign exchange trading value date). They are recorded on the day that are negotiated and settled to within 24, 48 or 96 hours.

Provisions - Provisions are recognized when there is a present obligation derived from a past event, for which the use of economic resources is deemed probable, and can be reasonably estimated.

Employee benefits - Employee benefits are those granted to personnel and/or their beneficiaries in exchange for the services rendered by the employee, which include all kinds of remuneration earned, as follows:

i. <u>Direct employee benefits</u> - Direct employee benefits are calculated based on the services rendered by employees, considering their most recent salaries. The liability is recognized as it accrues. These benefits include mainly statutory employee profit sharing (PTU) payable and incentives (bonds).

ii. <u>Employee benefits from termination, retirement and other</u> - The liability for seniority premium, pensions and severance for termination of the employment relationship is recorded as accrued, which is calculated by independent actuaries based on the projected unit credit method using nominal interest rates.

iii. <u>Statutory employee profit sharing (PTU)</u> - PTU is recorded in the results of the year in which it is incurred. As a result of the 2014 Tax Reform as of December 31, 2015 and 2014, PTU is determined based on taxable income, according to Section I of Article 10 of the Income Tax Law. Deferred PTU is derived from temporary differences that result from comparing the accounting and tax bases of assets and liabilities and is recognized only when it can be reasonably assumed that a liability may be settled or a benefit is generated, and there is no indication that circumstances will change in such a way that the liabilities will not be paid or benefits will not be realized.

    PTU and deferred PTU is presented in the consolidated statement of income under "Administrative and promotional expense".

Income taxes - Income Tax ("ISR") and bossiness flat tax (IETU) are recorded in the results of the year in which they are incurred. In order to recognize deferred income tax, financial and tax projections are used to determine whether Holding Monex and its subsidiaries will incur ISR so as to recognize the respective deferred tax. Holding Monex determines deferred tax by considering temporary differences, tax losses and tax credits from the initial recognition of these items and through the end of each period. The deferred tax derived from temporary differences is recognized by utilizing the asset and liability method, which compares the accounting values of assets and liabilities to the corresponding tax bases. This comparison generates deductible and accruable temporary differences which are added to unapplied tax losses and the tax benefit derived from the allowance for loan losses pending deduction for tax purposes.

The tax rate is then applied to the items that will be subsequently reversed. The amounts derived from these three items relate to the recognized deferred tax asset or liability.

Management records a deferred tax asset estimate so as to only recognize the deferred tax asset that is highly likely to be recovered in the short-term. This criterion is solely applicable to the tax benefit derived from the allowance for loan losses pending deduction for tax purposes that Holding Monex estimates will be realized, while considering that these differences are temporary based on the financial and tax projections it prepares. Accordingly, the tax benefit is not fully recorded. Deferred tax is recorded to results or stockholders' equity depending on the item giving rise to the current or deferred tax.

As a result of the 2014 Tax Reform, as of December 31, 2013 deferred IETU is not recognized.

Financial margin - The financial margin of Holding Monex is composed of the difference between total interest income less interest expense.

Interest income is composed of the yields generated by the loan portfolio, based on the terms established in the contracts executed with the borrowers, the agreed interest rates, the repayment of interest collected in advance, and the premiums or interest on deposits in financial entities, bank loans, margin accounts, investments in securities and repurchase agreements, as well as debt placement premiums, commissions charged on initial loan grants, and net equity instrument dividends.

Interest expense is composed of premiums, discounts and interest on deposits in Holding Monex, bank loans, repurchase agreements and securities loans. The amortization of costs and expenses incurred during the origination of the loan granting is also included under interest expense.

Both interest income and expense are periodically adjusted based on the market situation and the economic environment.

Loan interest is recognized in the statements of income as it is accrued and is based on the periods established in contracts executed with borrowers and agreed interest rates, which are normally periodically adjusted in accordance with market and general economic conditions.

Recognition of revenues derived from securities transactions and the result of the purchase-sale of securities - The commissions and tariffs generated by transactions performed with customers' securities are recorded when the transaction is agreed. The results derived from the purchase-sale of securities are recorded when each transaction is performed.

The gains or losses resulting from currency purchase-sale transactions are recorded in the statements of income under the "Gains/losses on financial assets and liabilities (net)".

Comprehensive income - Comprehensive income presented in the accompanying statements of changes in stockholders' equity is the result of transactions other than those carried out by Holding Monex stockholders during the period and consists of the effect from the valuation of securities available for sale, adjustment for the change of the financial effect from the new methodology of commercial portfolio rating, the cumulative effects from conversion and the net income.

Expenses - Expenses are recognized as they accrue.

Statement of cash flows - In accordance with to D-4 of the criteria of the Provisions, the cash flow statement shows the sources of cash and cash equivalents, as well as the disbursements to settle its obligations.

Cash flow together with the rest of the financial statements provides information that allows:

- Analysis of changes in the assets and liabilities of Holding Monex and in its financial structure.
- Analysis of the amounts and dates of collection and payments to adapt to the circumstances and the opportunities to generate and/or apply cash and cash equivalents.

Memorandum accounts -

– *Client banks and securities held in custody, guarantee and administration:*
Clients' cash and securities held in custody, guarantee and administration by Holding Monex are recognized at their fair value in memoranda accounts and represent the maximum amount for which Holding Monex is liable as regards its customers based on future events.

a. Cash is deposited with Credit Institutions in checking accounts other than those registered in the name of Holding Monex. The checking accounts are destined only to manage the cash of the clients of Holding Monex.

b. Securities held in custody and administration are deposited with S.D. Indeval, S.A. de C.V. (S.D. Indeval).

Holding Monex records transactions performed in clients' names when each transaction is agreed, regardless of its settlement date.

– *Contingent assets and liabilities:*

This heading represents considers the amount of the economic sanctions emitted by the Commission or any another administrative or judicial authority for as long as Holding Monex does not comply with the payment obligation of such sanctions or has not interposed some resource of appeal.

– *Credit commitments*

This item represents the amounts of letters of credit granted by Holding Monex, which are considered irrevocable commercial credit. It includes the lines granted to clients, not willing.

Items under this account are subject to qualification.

– *Assets in trust or mandate (Unaudited):*

Different management trusts are kept to independently account for assets received. Mandates include the declared value of the assets subject to mandate contracts entered into by Holding Monex. In the Mandate is recorder the declared value of the assets established by the mandate contracts entered into by Holding Monex.

– *Collateral received:*

The balance is composed of all collateral received in repurchase transactions in which Holding Monex is the buying party.

– *Collateral received and sold or pledged as guarantee*

The collateral received when Holding Monex was the buying party, and which was in turn sold by Holding Monex when it was the selling company, is included.

– *Uncollected interest earned on non-performing loan portfolio (Unaudited):*

Accrued interest is recognized on the date that the credit balance of the amount due is transferred to the non-performing loan portfolio. The credit interest generated from the transfer of the above mentioned category is recorded in memorandum accounts.

– *Other record accounts (Unaudited):*

This account includes credit amounts by determined level of risk and not qualified, as well as securities and derivative operations.

4. Funds available

As of December 31, 2015, 2014 and 2013, funds available were as follows:

Funds available		2015 Mexican pesos	2015 Foreign currency	2015 Total	2014 Total	2013 Total
Cash		$ 10	$ 29	$ 39	$ 99	$ 75
Deposits in banks		1,122	4,553	5,675	5,651	7,407
Immediate collection documents		-	4	4	6	2
Remittance		-	6	6	4	53
Foreign currency sale 24, 48 and 96 hours	(1)	-	(9,720)	(9,720)	(8,733)	(7,938)
		1,132	(5,128)	(3,996)	(2,973)	(401)
Restricted funds available:						
Foreign currency purchase 24, 48 and 96 hours	(1)	-	9,645	9,645	9,398	9,847
Regulatory monetary deposits	(2)	229	-	229	229	100
		229	9,645	9,874	9,627	9,947
Total net		$ 1,361	$ 4,517	$ 5,878	$ 6,654	$ 9,546

(1) This item refers to currency purchase-sale transactions to be settled in 24, 48 or 96 hours and which are considered as restricted until their settlement date. At December 31, 2015, 2014 and 2013, balances denominated in foreign currency (in millions of each currency) and the equivalent amounts in Mexican pesos are comprised as follows:

2015	Dollars	Euros	Pounds sterling	Others	Total
Total funds available					
Purchase of foreign exchange receivable in 24, 48 and 96 hours (Mexican pesos)	$ 9,014	$ 439	$ 130	$ 62	$ 9,645
Sale of foreign exchange to delivered in 24, 48 and 96 hours (Mexican pesos)	(9,032)	(457)	(140)	(91)	(9,720)
Total included in funds available (Mexican pesos)	$ (18)	$ (18)	$ (10)	$ (29)	$ (75)

The exchange rate as of December 31, 2015 was $17.2487, $18.7493 and $25.4366 Mexican pesos per the U.S. dollar, Euro and Pound sterling, respectively.

2014	Dollars	Euros	Pounds sterling	Others	Total
Total funds available					
Purchase of foreign exchange receivable in 24, 48 and 96 hours (Mexican pesos)	$ 8,316	$ 771	$ 168	$ 143	$ 9,398
Sale of foreign exchange to delivered in 24, 48 and 96 hours (Mexican pesos)	(7,757)	(644)	(176)	(156)	(8,733)
Total included in funds available (Mexican pesos)	$ 559	$ 127	$ (8)	$ (13)	$ 665

The exchange rate as of December 31, 2014 was $14.7414, $17.8385 and $22.9847 Mexican pesos per the U.S. dollar, Euro and Pound sterling, respectively.

2013	Dollars	Euros	Pounds sterling	Others	Total
Total funds available					
Purchase of foreign exchange receivable in 24, 48 and 96 hours (Mexican pesos)	$ 7,839	$ 1,131	$ 863	$ 14	$ 9,847
Sale of foreign exchange to delivered in 24, 48 and 96 hours (Mexican pesos)	(6,259)	(773)	(863)	(43)	(7,938)
Total included in funds available (Mexican pesos)	$ 1,580	$ 358	$ -	$ (29)	$ 1,909

The exchange rate as of December 31, 2013 was $13.0843, $18.0301 and $21.6689 Mexican pesos per the U.S. dollar, Euro and Pound sterling, respectively.

(2) In accordance with the monetary policy established by the Central Bank and in order to regulate its money market liquidity, Holding Monex must maintain minimum deposits for indefinite periods, which accrue interest at the average bank rate. At December 31, 2015 and 2014, these deposits amounted to $229 for both years and 2013 amounted to $100. Interest income from these deposits is payable every 28 days by applying the rate established by the Central Bank's regulations.

5. Margin accounts

As of December 31, 2015, 2014 and 2013, the margin account is as follows:

	2015	2014	2013
Collaterals delivered as security	$ 383	$ 650	$ 654
Valuation of futures	(3)	(128)	24
	$ 380	$ 522	$ 678

As of December 31, 2015, 2014 and 2013, margin accounts for collateral submitted in organized operating markets are as follows:

	2015	2014	2013
Scotiabank Inverlat, S.A.	$ 325	$ 152	$ 406
Banco Santander Mexico, .S.A.	27	84	45
BBVA Bancomer, S.A.	-	410	181
Lek Securities	-	-	22
RJO´Brien	31	4	-
	$ 383	$ 650	$ 654

Security deposits cover rate futures operations, CPI futures, dollar futures, and national currency and other futures options.

6. Investment in securities

Trading securities - As of December 31, 2015, 2014 and 2013, trading securities were as follows:

	2015				2014	2013
	Acquisition Cost	Interest Accrued	Increase (decrease) due to valuation	Total	Total	Total
Debt instruments:						
Government securities -						
Treasury bills (CETES)	$ 87	$ -	$ -	$ 87	$ 282	$ 126
Federal Government Development Bonds (BONDS)	2,908	3	(3)	2,908	1,704	1,170
Bonds M, M0 and M7	995	3	(4)	994	369	212
Federal Government Development Bonds in Udis (UDIBONDS)	385	-	(3)	382	398	251
Saving Protection Bonds (BPAT´s)	6,762	9	(11)	6,760	2,624	1,127
United Mexican States Bonds (UMS)	260	1	(2)	259	151	503

	2015				2014	2013
	Acquisition Cost	Interest Accrued	Increase (decrease) due to valuation	Total	Total	Total
Private securities -						
Marketable certificates	4,901	38	(69)	4,870	5,586	5,057
Commercial Paper	178	-	(3)	175	83	216
Foreign Station Titles	62	-	(12)	50	45	403
Private bank issued securities -						
Promissory Note with Yield Payable at Maturity (PRLV)	1,821	-	-	1,821	140	1,019
Marketable Certificates	1,530	7	(8)	1,529	1,074	1,362
Certificates of Deposit (CEDES)	2,436	2	21	2,459	1,664	935
International Government Securities-						
Debt bones (NOTES)	20	-	-	20	29	-
Capital market instruments:						
Shares listed in stock exchange	13	-	(2)	11	49	51
Investments in mutual funds	100	-	1	101	962	243
Industry Shares Commercial and of Services	-	-	-	-	40	-
Value date transactions:						
Government securities -						
Bonds M, M0 and M7	(72)	-	-	(72)	(547)	(5)
Federal Government Development Bonds in Udis (UDIBONDS)	(90)	-	-	(90)	(187)	-
Capital market instruments-						
Shares listed in stock exchange	-	-	-	-	-	1
Investments in mutual funds	-	-	-	-	-	35
Total trading securities	$ 22,296	$ 63	$ (95)	$ 22,264	$ 14,466	$ 12,706

Restricted trading securities

At December 31, 2015, 2014 and 2013, the securities under repurchase agreement are as follows:

	2015	2014	2013
Debt instruments:			
Government securities -			
Treasury bills (CETES)	$ 53	$ 193	$ 47
Federal Government Development Bonds (BONDS)	1,380	1,286	903
Bonds M, M0 and M7	859	134	155
Federal Government Development Bonds in Udis (UDIBONDS)	324	337	250
Savings Protection Bonds (BPAT'S)	5,177	1,395	385
United Mexican States Bonds (UMS)	259	151	503
Subtotal	8,052	3,496	2,243
Privates securities -			
Marketable Certificates	3,831	5,350	4,586
Commercial Paper	175	82	215
Subtotal	4,006	5,432	4,801

	2015	2014	2013
Privates securities -			
Marketable Certificates	3,831	5,350	4,586
Commercial Paper	175	82	215
Subtotal	4,006	5,432	4,801
Private bank issued securities -			
Promissory Note with Yield Payable at Maturity (PRLV)	1,366	134	121
Marketable Certificates	1,166	852	668
Certificate of Deposit (CEDES)	2,459	1,664	935
Subtotal	4,991	2,650	1,724
Total	$ 17,049	$ 11,578	$ 8,768

At December 31, 2015 and 2014, the following position in trading securities are used in securities lending at market value:

	2015	2014
Debt instruments:		
Government securities -		
Federal Government Development Bonds (BONDS)	$ 1,412	$ -
Capital market instruments:		
Shares listed in stock exchange	-	234
Total	$ 1,412	$ 234

At December 31, 2013 Holding Monex doesn't have positions in securities lending.

This position is considered restricted within trading securities.
As of December 31, 2015, positions greater than 5% of the Bank and Casa de Bolsa net capital in debt securities with a sole issuer (other than government securities) are as follows:

2015			
Issuer	**Maturity date**	**% Rate**	**Restated valued**
SGMEX9113D	16/05/2016	1.32%	$ 345
SGMEX9112-2	11/10/2017	3.65%	506
TFOVICB9515-2U	26/05/2045	3.51%	906
PEMEX9510-2	27/01/2020	6.23%	302
TFOVIS9514-2U	27/03/2044	3.25%	409
PEMEX9513-2	12/09/2024	8.82%	569
PEMEX9511-3	24/11/2021	8.25%	629
BACOMERF21145	02/04/2021	3.45%	523
BACOMERF22224	26/05/2022	3.15%	1,075
BMULTIVI16061	08/02/2016	3.40%	398
CABEIJI2-15	14/01/2020	3.47%	351
BINTER9414	07/09/2017	4.08%	51
BINTER9413	12/05/2016	3.92%	100
BINTER9414-2	25/01/2018	4.08%	139
BMONEXF15096D	05/01/2016	0.36%	863
BMONEXI16044	28/01/2016	3.39%	100
BACTINVI16074	18/02/2016	3.31%	149
BMONEXI16034	21/01/2016	3.38%	169
BMONEXI16024	14/01/2016	3.41%	444
BMONEXI16014	07/01/2016	3.44%	561
Total			$ 8,589

Securities available for sale - As of December 31, 2015, 2014 and 2013, the securities available for sale are as follows:

	2015				2014	2013
	Acquisition cost	Interest accrued	Increase (decrease) due to decrease	Total	Total	Total
Debt instruments:						
Government securities -						
TREASURY NOTES	$ -	$ -	$ -	$ -	$ 17	$ -
Private securities -						
Marketable Certificates						
PEMEX 13-2 95	42	1	(3)	40	-	-
CEDEVIS 12U 95	4	-	-	4	-	-
CEDEVIS 13U 95	223	1	(5)	219	-	-
TFOVIS 14U 95	633	-	(1)	632	-	-
TFOVIS 14-3U 95	618	-	(10)	608	-	-
	$ 1,520	$ 2	$ (19)	$ 1,503	$ 17	$ -

As of December 31, 2015, 2014 and 2013, the securities available for sale didn't show signs of impairment.

7. Repurchase agreements

As of December 31, 2015, 2014 and 2013 repurchase agreements were as follows.

When Holding Monex acts as purchaser:

	2015		
	Repurchase agreements	Collateral	Net asset position
Government securities -			
Treasury bills (CETES)	$ 1	$ -	$ 1
Federal Government Development Bonds (BONDS)	816	-	816
Bonds M, M0 y M7	113	(113)	-
Federal Government Development Bonds in UDIS (UDIBONDS)	30	(1)	29
Saving Protection Bonds (BPAT's)	1,938	(1)	1,937
Subtotal	2,898	(115)	2,783
Private securities -			
Marketable Certificates	182	(3)	179
Subtotal	182	(3)	179
Private bank issued securities -			
Promissory Note with Yield Payable at Maturity (PRLV)	57	(57)	-
Certificates of Deposit	9	(2)	7
Marketable Certificates	2	(1)	1
Subtotal	68	(60)	8
Total	$ 3,148	$ (178)	$ 2,970

	2014		
	Repurchase agreements	Collateral	Net asset position
Government securities-			
Federal Government Development Bonds (BONDS)	$ 4,256	$ (4,254)	$ 2
Federal Government Development Bonds in Udis (UDIBONDS)	10	(10)	-
Bonds M, M0 Y M7	109	(109)	-
Saving Protection Bonds (BPAT's)	2,968	(2,967)	1
Subtotal	7,343	(7,340)	3
Private securities-			
Marketable Certificates	5,270	(5,270)	-
Subtotal	5,270	(5,270)	-
Private bank issued securities-			
Certificates of Deposit	755	(755)	-
Marketable Certificates	163	(163)	-
Subtotal	918	(918)	-
Total	$ 13,531	$ (13,528)	$ 3

	2013		
	Repurchase agreements	Collateral	Net asset position
Government securities-			
Treasury bills (CETES)	$ 1,020	$ (1,020)	$ -
Federal Government Development Bonds (BONDS)	2,850	(2,850)	-
Federal Government Development Bonds in Udis (UDIBONDS)	79	(79)	-
United Mexican States Bonds (UMS)	219	(219)	-
Subtotal	4,168	(4,168)	-
Private securities-			
Commercial Paper	65	(65)	-
Marketable Certificates	3,543	(3,532)	11
Subtotal	3,608	(3,597)	11
Private bank issued securities-			
Certificates of Deposit	374	(374)	-
Marketable Certificates	298	(298)	-
Subtotal	672	(672)	-
Total	$ 8,448	$ (8,437)	$ 11

As of December 31, 2015 and 2014 the repurchase transactions performed by Holding Monex, acting as purchaser, were agreed at terms ranging between 2 to 20 days for both years and 2013 between 5 to 12 days.

When Holding Monex acts as seller:

	2015	2014	2013
	Cash to be delivered	Cash to be delivered	Cash to be delivered
Government securities -			
Treasury bills (CETES)	$ 53	$ 193	$ 48
Federal Government Development Bonds (BONDS)	1,379	356	903
Federal Government Development Bonds in Udis (UDIBONDS)	324	337	155
Bonds M, M0 and M7	858	134	250
Saving Protection Bonds (BPAT's)	5,178	1,123	386
United Mexican States Bonds (UMS)	260	151	503
Subtotal	8,052	2,294	2,245
Private securities-			
Marketable Certificates	3,861	3,211	4,617
Commercial Paper	178	82	215
	4,039	3,293	4,832
Private bank issued securities-			
Promissory Note with Yield Payable at Maturity (PRLV)	1,366	134	121
Marketable Certificates	1,169	849	671
Certificates of Deposit (CEDES)	2,443	1,669	908
Subtotal	4,978	2,652	1,700
Total	$ 17,069	$ 8,239	$ 8,777

For the years ended December 31, 2015, 2014 and 2013, accrued interest on sale agreements was $458, $270 and $154, respectively, and the accrued interest expenses on purchase agreements was $571, $391 and $410, respectively.

As of December 31, 2015, 2014 and 2013, the repurchase transactions performed by Holding Monex, acting as seller, were agreed at terms ranging between 4 to 106 days, 2 to 11 days and 2 to 31 days, respectively.

8. Derivative financial instrument transactions

As of December 31, 2015, 2014 and 2013, the position for transactions with financial derivatives is as follows:

	2015		2014		2013	
	Nominal amount of purchases	Asset position net	Nominal amount of purchases	Asset position net	Nominal amount of purchases	Asset position net
Futures-						
Foreign currency futures	$ 5,686	$ -	$ 7,234	$ -	$ 9,059	$ -
Futures securities	-	-	50	-	-	-
Futures indexes	3	-	-	-	24	-
Forwards-						
Foreign currency forwards	19,942	932	113,730	1,315	48,541	348
Forwards indexes	7	-	9	1	-	-
Forwards shares	-	1	-	-	-	-

	2015		2014		2013	
	Nominal amount of purchases	Asset position net	Nominal amount of purchases	Asset position net	Nominal amount of purchases	Asset position net
Options-						
Foreign currency options	15	79	51	270	10	4
Rates options	44	94	50	83	34	48
Options indexes	-	-	-	-	9	6
Swaps-						
Rates swaps	6,921	295	6,039	221	4,367	148
Total position	$ 32,618	$ 1,401	$ 127,163	$ 1,890	$ 62,044	$ 554

	2015		2014		2013	
	Nominal amount of the sales	Asset position net	Nominal amount of the sales	Liability position net	Nominal amount of the sales	Liability position net
Futures-						
Foreign currency futures	$ 56	$ -	$ 5,050	$ -	$ 293	$ -
Futures securities	-	-	330	-	-	-
Forwards-						
Foreign currency forwards	25,431	443	115,980	713	59,542	280
Forwards indexes	7	-	8	1	26	1
Forwards shares	295	-	325	-	864	-
Forwards securities	5	-	40	1	40	-
Options-						
Foreign currency options	14	31	60	151	10	5
Rates options	72	101	71	96	23	43
Options indexes	-	-	-	-	9	6
Swaps-						
Rates swaps	7,102	475	6,209	390	-	305
Total position	$ 32,982	$ 1,050	$ 128,073	$ 1,352	$ 60,807	$ 640

For the years ended December 31, 2015, 2014 and 2013, the valuation effect of the trading derivative instruments is reflected in the statements of income under "Gain/losses on financial assets and liabilities (net)" (See Note 29)

Derivatives and the underlying assets are as follows:

Futures	Forwards	Options	Swaps	Notes
IPC	FX-USD	ORG MXP IPC	IRS-TIIE 28	USD/MXN
USD	FX-EUR	OTC MXP IPC	IRS-LIBOR 1M	EUR/MXN
	EQ-IPC	OTC USD/MXN	CCSWAP-TIIE LIB	
	EQ-Stocks	OTC EUR/MXN	CCSWAP Fija-Fija USD/MX	
		IRD CF		

The guarantees and collateral received and delivered for the derivative financing transactions as of December 31, 2015, 2014 and 2013, are comprised as follows:

			Received		
Heading	**Type of collateral**	**Market**	**2015**	**2014**	**2013**
Sundry creditors and other accounts payable	Cash	OTC	$ 1,550	$ 1,288	$ 495
Collaterals sold or pledge in guarantee	Securities	OTC	$ 42	$ 14	$ 110

			Delivered		
Heading	**Type of collateral**	**Market**	**2015**	**2014**	**2013**
Margin accounts	Cash	Organized market	$ 383	$ 650	$ 654
Other receivables	Securities	OTC	$ 471	$ 821	$ 413

Upon executing transactions with "Over the counter" (OTC) derivatives, Holding Monex agrees to deliver and/or receive collateral, to cover any exposure to market risk and the credit risk of such transactions. Such collateral is contractually agreed to with each of the counterparties.

As of December 31, 2015, 2014 and 2013, there are no restricted securities delivered as security for derivative transactions.

Management of derivative financial instrument usage policies

The policies of Holding Monex allow the use of derivatives for hedging and/or trading purposes.

The main objectives of these products are covering risks and maximizing profitability.

The instruments used include forwards, futures, options, interest rate swaps, and currency swaps.

The trading markets are listed and OTC markets and the eligible counterparties may be domestic entities that comply with the 31 requirements established by the Central Bank.

The appointment of calculation agents is established in the legal documentation executed with the counterparties. The prices published by price suppliers are used to value derivative instruments in organized markets and are based on the prices generated in derivative markets. OTC derivatives are valued using prices calculated by the derivatives system, using the risk factor information published by the price supplier.

The main terms or conditions of the contracts are based on those of the International Swaps and Derivatives Association, Inc. (ISDA) or the local outline agreement, which is based on the guidelines provided by the ISDA. The specific policies regarding margins, collateral, and lines of credit are detailed in the Derivatives Manual and any changes thereto must be approved by the Risk Committee.

Authorization levels and processes

Per internal regulations, all derivative products or services associated to derivative products traded by Holding Monex are approved by the Risk Committee. Any amendments or additions to the original authorization of products or services must also be approved by the Risk Committee.

The Risk Committee includes members from all areas that are involved in the operation of the product or service depending on its nature and which are responsible for accounting, legal instruments, tax treatment, risk assessment, etc.

Independent reviews

Holding Monex is subject to the supervision and oversight of the Commission and the Central Bank, which are exercised through follow-up processes, inspection visits, information and documentation requirements and submission of reports. Similarly, internal and external auditors perform periodic reviews.

Generic description of valuation techniques

1. For trading purposes:

   – Organized markets - The valuation is made using the closing price of the respective market and the prices are provided by a price vendor.

   – "Over The Counter" markets (OTC): OTC derivatives executed with customers are valued by the derivatives system using standard methodologies for the various instruments. The information for the valuation is provided by the price vendor.

     The valuation of OTC derivatives that are held with brokers and used to cover those made with customers, are made by the entity designated as the calculation agent for ISDA contract.

   Holding Monex values all of its positions and records the value obtained in conformity with the respective accounting criteria.

2. Reference variables:

   The most relevant reference variables are exchange rates, interest rates, shares, baskets and share indexes.

3. Valuation frequency:

   Derivative financial instruments for trading purposes are valued daily.

Management of internal and external liquidity sources that may be used for requirements related to financial instruments

Resources are obtained through the Treasury.

Changes in the exposure to identified risks, contingencies, and known or expected events of derivative financial instruments

In relation to financial instruments held for trading at December 31, 2015, 2014 and 2013, Holding Monex is not aware of any situations or events, such as changes in the value of the underlying asset or reference variables which imply that the use of derivative instruments differ from those that were originally conceived, that could require Holding Monex to assume new obligations, commitments or changes in cash flow affecting liquidity (margin calls) , or contingencies affecting current or future periods.

The amount of margin calls made during 2015, 2014 and 2013 was necessary to cover contributions in both the organized and the required collateral contracts markets.

At December 31, 2015, 2014 and 2013, except as mentioned in the previous paragraph, there is no evidence of deterioration in credit risk (counterparty) that requires modifying the carrying amount of derivative financial instruments.

Impairment of financial derivatives -

At December 31, 2015, 2014 and 2013, there is no indication of impairment in credit risk (counterparty) that requires modifying the carrying amount of financial assets from the rights in derivative financial instruments.

Sensitivity analysis -

Identification of risks - The sensitivity of derivative financial instruments is calculated in accordance with the market value variance according to certain variances in the base scenario. Based on the variances, there are different sensitivities.

The following chart shows the total sensitivity consumption as of December 31, 2015 (unaudited):

Sensibility analysis	**Sensitivity (all factors)**
Stage one 1%	(0.191)
Stage two 2%	(0.382)

Stress Test -

- ***Scenario one*****:** In this scenario, the risk factors move as follows:
  - The FX risk factors are multiplied by 1.10, i.e., change of 10%.
  - The EQ risk factors are multiplied by 1.20, i.e., change of 20%.
- ***Scenario two*****:** In this scenario, the risk factors move as follows:
  - The FX risk factors are multiplied by 1.20, i.e., change of 20%.
  - The EQ risk factors are multiplied by 1.40, i.e., change of 40%.

As of December 31, 2015 the results for these scenarios are as follows and show the impact on results if they occurred (unaudited):

Risk profile	**Stress test (all factors)**
Scenario one	$ (1.9)
Scenario two	$ (3.8)

9. Loan portfolio

As of December 31, 2015, 2014 and 2013, the performing loan portfolio and non-performing loan portfolio granted by type of currency are as follows:

	2015		
	Performing	**Non-performing**	**Total**
Mexican pesos:			
Commercial loans-			
Commercial with credit enhancement	$ 4,646	$ 55	$ 4,701
Loans to financial institutions	984	-	984
Housing loans-			
Housing loans	9	12	21
U.S. dollars converted to Mexican pesos:			
Commercial loans -			
Commercial with credit enhancement	6,252	51	6,303
Loans to financial institutions	472	-	472
Total	$ 12,363	$ 118	$ 12,481

	2014		
	Performing	Non-performing	Total
Mexican pesos:			
Commercial loans-			
Commercial with credit enhancement	$ 3,014	$ 31	$ 3,045
Loans to financial institutions	888	-	888
Housing loans-			
Housing loans	161	6	167
U.S. dollars converted to Mexican pesos:			
Commercial loans -			
Commercial with credit enhancement	3,968	3	3,971
Total	$ 8,031	$ 40	$ 8,071

	2013		
	Performing	Non-performing	Total
Mexican pesos:			
Commercial loans-			
Commercial with credit enhancement	$ 1,554	$ 46	$ 1,600
Loans to financial institutions	396	-	396
Government entities	34	-	34
Housing loans-			
Housing loans	948	1	949
U.S. dollars converted to Mexican pesos:			
Commercial loans-			
Commercial with credit enhancement	1,247	8	1,255
Loans to financial institutions	131	-	131
Total	$ 4,310	$ 55	$ 4,365

Holding Monex grants loans guaranteed by the U.S. Ex–Im Bank, as follows:

Definition of Ex-Im Bank - *"The Export-Import Bank of the United States"*, is the U.S. export loan agency. Its mission is to provide financing for the export of U.S. goods and services to international markets.

a) For long-term loans subject to such guarantees, Holding Monex receives guarantees covering 100% of the Ex-Im Bank, which is documented in an outline agreement.

b) For short-term loans with revolving lines of credit guaranteed with loan insurance policies issued by the Ex-Im Bank to Holding Monex, the policies cover between 90% and 98% of the loan amount.

In the event of default of a loan guaranteed or insured by the Ex-Im Bank, Holding Monex will claim the settlement and subrogate the collection rights to such bank, which continues collections efforts on the loans.

At December 31, 2015, 2014 and 2013, the portfolio with third party participation administered by Holding Monex denominated in foreign currency are as follows:

	2015	2014	2013
Short-term	$ 198	$ 186	$ 214
Medium term	8	16	42
	$ 206	$ 202	$ 256

***Risk diversification** -*

At December 31, 2015, Holding Monex maintains the following credit risk operations in conformity with the general diversification rules established for active and passive transactions by the Provisions, as follows:

– Holding Monex has granted seven loans to debtors or groups of individuals or entities with a common risk, the individual amount of which exceeds 10% of its basic capital. The joint commitment of these loans in the quarter before is equal to $3,317, 87.88% of the Holding Monex's basic capital.

– The total of the loans granted to the Holding Monex's three main debtors is $1,654 and represents 43.82% of its basic capital.

According to the Provisions, the limits applicable to the diversification of Holding Monex's credit operations are determined according to its fulfillment of capitalization requirements, while considering the exceptions established by the Provisions, as follows:

– When granting financing to the same individual or entity or group of individuals or entities with a Common Risk, Holding Monex is subject to the maximum financing limit obtained by applying the following:

Capitalization level	**Maximum financing limit calculated according to Holding Monex's basic capital**
More than 8% and up to 9%	12%
More than 9% and up to 10%	15%
More than 10% and up to 12%	25%
More than 12% and up to 15%	30%
More than 15%	40%

– The sum of the financing granted to Holding Monex's three main debtors must not exceed 100% of its basic capital.

– Financing granted to full-service banking institutions is subject to maximum financing limits, but is nonetheless subject to the maximum limit of 100% of the basic capital of the lending Holding Monex. In the case of foreign institutions in which foreign financial entities hold equity, the aforementioned limit is applicable to the holding company and its subsidiary institutions taken as a whole.

– The financing granted to the state-owned entities and departments of the Federal Public Administration, including public trusts and the productive entities pertaining to the State, must be subject to the maximum limit of 100% of the basic capital of the lending Holding Monex.

These credit limits must be measured quarterly. The applicable limit is calculated by using the basic capital amount and capitalization ratios of the quarter immediately preceding the date on which the calculation is made. These ratios are published by the Commission for each Institution on the following website: http://www.cnbv.gob.mx.

The Commission may reduce the above limits whenever it considers that an institution's Comprehensive Risk Management is inadequate or its Internal Control System has certain weaknesses.

At December 31, 2014 and 2013 Holding Monex maintained the following credit risk, in compliance with the general rules for the diversification of risks in the conduct of active and passive transactions:

– Holding Monex maintains no loans to individual borrowers or groups of persons representing a common risk and whose individual value is greater than 10% of basic capital.

– Holding Monex maintains one loan in 2014 and two loans in 2013 whose values amount to $365 and $301 respectively, which represent 13% of basic capital.

– The amount of credit extended to the three largest borrowers is $969 and $714 at December 31, 2014 and 2013, respectively and represent 33% of basic capital of Holding Monex.

Loans to related parties - As of December 31, 2015 the loan amounts delivered to related parties in accordance with Article 73 of the Law on Credit Institutions is $207, at December 31, 2014 and 2013 is $22 for both years, which were approved by the Board of Directors.

Policy and methods used to identify distressed commercial loans - Commercial loans are identified as distressed in regard to the individual portfolio rating, by considering quantitative elements when they are unsatisfactory and there are significant weaknesses in cash flow, liquidity, leverage, and/or profitability that may jeopardize the client's ability to continue as a going concern or when it has stopped operating. In general, distressed loans refer to borrowers whose portfolio rating is "D" or "E".

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Policy and procedures to identify credit risk concentration - Concentration risk is an essential element of risk management. Holding Monex continuously monitors the degree of concentration of credit risk portfolios by economic group.

Credit lines unused by customers - As of December 31, 2015, 2014 and 2013, unused credit lines authorized to customers for $6,908, $1,159 and $1,281, respectively.

As of December 31, 2015, 2014 and 2013, aging of non-performing portfolio is as follows:

	2015	2014	2013
From 90 to 179 days	$ 98	$ 4	$ 23
From 180 to 365 days	10	4	19
Over 365 days	10	32	13
	$ 118	$ 40	$ 55

10. Allowance for loan losses

As of December 31, 2015, 2014 and 2013, the allowance for loan losses was $182, $112 and $64, respectively, and is assigned as follows:

2015	Performing Portfolio	Non-performing portfolio	Assigned allowance
Commercial loans-			
Commercial with credit enhancement	$ 10,898	$ 106	$ 171
Loans to financial institutions	1,456	-	8
Housing loans-			
Housing loans	9	12	3
Total portfolio	$ 12,363	$ 118	$ 182

2014	Performing Portfolio	Non-performing portfolio	Assigned allowance
Commercial loans-			
Commercial with credit enhancement	$ 6,982	$ 34	$ 103
Loans to financial institutions	888	-	6
Housing loans-			
Housing loans	161	6	3
Total portfolio	$ 8,031	$ 40	$ 112

2013	Performing Portfolio	Non-performing portfolio	Assigned allowance
Commercial loans-			
Commercial with credit enhancement	$ 2,801	$ 54	$ 48
Loans to financial institutions	527	-	5
Government entities	34	-	3
Housing loans-			
Housing loans	948	1	8
Total portfolio	$ 4,310	$ 55	$ 64

As of December 31, 2015, 2014 and 2013, Holding Monex maintained an allowance for loan losses equivalent to 154%, 280% and 116%, of the non-performing portfolio, respectively.

The allowance for loan losses resulting from the loan portfolio classification with responsibilities as of December 31, 2015, 2014 and 2013, reported by Holding Monex, is as follows:

	2015		2014		2013	
Degree of risk	Classification of the portfolio by degree of risk	Amount of allowance recorded	Classification of the portfolio by degree of risk	Amount of allowance recorded	Classification of the portfolio by degree of risk	Amount of allowance recorded
A-1	$ 6,397	$ 32	$ 4,078	$ 18	$ 2,613	$ 13
A-2	4,483	55	3,356	43	1,615	18
B-1	2,046	34	1,616	26	954	15
B-2	269	7	133	3	85	2
B-3	353	12	338	11	159	6
C-1	91	7	87	6	66	5
C-2	6	1	13	2	9	1
D	72	28	1	-	10	4
E	10	6	34	3	-	-
Base rating portfolio	13,727	$ 182	9,656	$ 112	5,511	$ 64
Less - Letter of credit	(1,246)		(1,585)		(1,146)	
Loan portfolio, net	$ 12,481		$ 8,071		$ 4,365	

Below is the activity of the allowances for loan losses for the years ended December 31, 2015, 2014 and 2013:

	2015	2014	2013
Opening balances	$ 112	$ 64	$ 84
Additions charged to results	76	48	38
Effect due to adoption of new methodology commercial portfolio	-	-	135
Exchange result	11	4	(1)
Applications	(17)	(4)	(192)
Closing balances	$ 182	$ 112	$ 64

11. Other receivables, net

As of December 31, 2015, 2014 and 2013, the other receivables, are as follows:

	2015	2014	2013
Debtors due to liquidation of operations of money market	$ 3,321	$ 2,179	$ 1,365
Debtors by foreign exchange transactions	9,741	8,889	8,025
Debtors of operation	339	602	600
Employee loans and other debtors	22	10	20
Collateral delivered for derivative financing transactions	471	821	413
Agency commissions	-	-	4
Sundry debtors agents	-	-	36
Other debtors	17	27	-
	13,911	12,528	10,463
Allowance for doubtful accounts	(62)	(230)	(236)
Total	$ 13,849	$ 12,298	$ 10,227

12. Property, furniture and fixtures, net

As of December 31, 2015, 2014 and 2013, property, furniture and fixtures are as follows:

	2014	2014	2013
Land	$ -	$ -	$ 7
Buildings	-	-	3
Office furniture and equipment	97	84	73
Computer and communications equipment	71	60	107
Vehicles	8	8	10
	176	152	200
Less-			
Accumulated depreciation	(92)	(64)	(109)
Total property, furniture and fixtures (net)	$ 84	$ 88	$ 91

The annual depreciation and amortization rates were as follows:

	Percentage
Buildings	5%
Computer and communications equipment	33%
Vehicles	25%
Office furniture and equipment	10%

For the years ended at December 31, 2015, 2014 and 2013, depreciation expense amounted to $26, $25 and $28, respectively.

13. Other assets

As of December 31, 2015, 2014 and 2013, goodwill and other assets were as follows:

	2015	2014	2013
Goodwill:			
Tempus	$ 407	$ 407	$ 407
Monex Europe Holding	326	326	326
Conversion effect	253	129	51
	986	862	784
Deferred charges, prepayments and intangible:			
Other intangible assets arising from the acquisition of Tempus (1)	176	176	176
Other intangible assets arising from the acquisition of Monex Europe (1)	635	635	635
Conversion effect	161	57	(4)
Intangible assets	972	868	807
Trademarks	-	-	79
Adjustments and improvements	217	209	198
Software	56	25	-
Contracts of agencies, correspondents and non-compete	-	-	97
Prepayments	105	92	60
Investment projects	6	-	11
Other deferred charges	13	8	6
	1,369	1,202	1,258
Menos - Amortización acumulada	(151)	(111)	(131)
	1,218	1,091	1,127
Other assets:			
Operational deposit	76	74	71
Management trust (2)	100	100	100
Interest contingency fund	-	-	2
	176	174	173
	$ 2,380	$ 2,127	$ 2,084

During 2014, Holding Monex's management identified that the goodwill generated on the acquisition of Monex Europe was understated at acquisition, and reclassified amounts initially allocated to account receivable to goodwill. Such account receivable was a security deposit held in an escrow account for the future payment to the former shareholders', which, based on the original projections, was probable of recovery by Monex. The reclassification was made retrospectively.

In accordance with the contract executed by stockholders, in May 2015, the last of the three payments of $35 was made to the stockholders of Monex Europe, thereby concluding the acquisition of this entity.

(1) As of December 31, 2015, 2014 and 2013 Holding Monex has identified intangible assets for the acquisition of Tempus and Monex Europe, as follows:

	Tempus	Monex Europe	Total 2015	Total 2014	Total 2013
Licenses	$ 71	$ -	$ 71	$ 71	$ 71
Sales force	42	67	109	109	109
Operating agreements with banks	56	401	457	457	457
Software	7	6	13	13	13
Non-compete agreements	-	161	161	161	161
Total	176	635	811	811	811
Conversion effect			161	57	(4)
Total			972	868	807
Amortization			(63)	(45)	-
Total intangibles assets			$ 909	$ 823	$ 807

(2) Management Trust No. F/523 – On May 19, 2010, Holding Monex started a stock option plan for its key executives, which was approved during a Stockholders' Meeting of the same date. Consequently, Prestaciones Universales, executed Management Trust agreement F/523 with the Bank to grant financing to its executives to enable them to acquire shares representing the common stock of Holding Monex. The plan authorized a total of 5,083,362 Series "B" shares of Holding Monex, which were allocated for acquisition by these executives. Such Trust was held until November 26, 2013 in Prestaciones Universales, which was transferred to AdmiMonex before the sale of the shares of Prestaciones Universales referred to in Note 1.

14. Foreign currency position

As of December 31, 2015, 2014 and 2013, foreign currency assets and liabilities of Holding Monex were as follows:

	Millions of US Dollars			Millions of Euros			Other foreign currencies in millions of U.S. dollars		
	2015	2014	2013	2015	2014	2013	2015	2014	2013
Funds available	USD 722	USD 967	USD 682	€ 23	€ 19	€ 23	USD 85	USD 66	USD 49
Margin accounts	5	3	4	-	-	-	-	-	-
Investment in securities	95	67	97	9	-	-	-	-	-
Repurchase agreements	8	23	-	-	-	-	-	-	-
Derivative (assets not offset)	1,496	2,345	4,598	-	31	65	31	27	291
Performing loan portfolio	388	265	104	-	-	-	-	-	-
Other assets	48	49	49	-	-	-	66	70	77
Other receivable accounts	40	-	-	-	-	-	27	-	-
Property, furniture and fixtures	-	-	-	-	-	-	-	1	1
Investments in equity	-	-	10	-	-	-	-	-	(10)
Deferred taxes	-	-	(4)	-	-	-	-	-	-
Other receivables	-	115	67	-	-	-	-	34	135
Deposits	(368)	(463)	(158)	(27)	(11)	(9)	(8)	(6)	(6)
Resale agreements	(51)	(110)	(144)	(2)	(2)	(2)	-	-	-
Bank and other loans	(11)	(13)	-	-	-	-	-	-	-
Collaterals	(10)	(66)	(40)	-	(2)	-	(64)	-	-
Derivative (liability not offset)	(1,581)	(2,897)	(4,903)	(18)	(38)	(65)	-	(2)	(279)
Sundry creditors and other payables	(636)	(748)	(314)	-	(1)	(13)	(39)	(91)	(172)
Deferred charges and advance payments	(2)	(1)	(1)	(3)	-	-	-	-	-
Asset (liability) position	USD 143	USD (464)	USD 47	€ (18)	€ (4)	€ (1)	USD 98	USD 99	USD 86
Mexican peso equivalent	$ 2,467	$ (6,840)	$ 615	$ (337)	$ (71)	$ (18)	$ 1,690	$ 1,459	$ 1,125

As of December 31, 2015, 2014 and 2013, the "Fix" (48-hour) exchange rate submitted by the Central Bank and used was $17.2487, $14.7414 and $13.0843 per U.S. dollar, respectively.

As of December 31, 2015, 2014 and 2013, the "Euro" exchange rate submitted by the Central Bank and used was $18.7493, $17.8385 and $18.0301 per Euro, respectively.

On March 17, 2016, the foreign currency position (unaudited) is similar to the position at the end of the year. The foreign exchange "Fix" at this date is $17.2995 per U.S. dollar and $19.5069 per Euro.

The Central Bank sets the ceilings for foreign currency liabilities and the liquidity ratio that Holding Monex obtains directly or through its foreign agencies, branches or affiliates, which must be determined daily for such liabilities to enable Holding Monex to structure their contingency plans and promote longer term funding within a reasonable time frame.

Holding Monex performs a large number of foreign currency transactions mainly in U.S. dollar, Euro, Sterling pound, Canadian dollar and other currencies. Given that the parities of other currencies against the Mexican peso are linked to the U.S. dollar, the overall foreign currency position is consolidated into U.S. dollars at each month-end closing.

The foreign currency position of the other subsidiaries is insignificant.

15. Deposits

As of December 31, 2015, 2014 and 2013, deposits were as follows:

	2015	2014	2013
Demand deposits	$ 8,369	$ 7,853	$ 4,896
Time deposits-			
General public	4,984	5,483	3,994
Money market:			
Deposit certificates	2,033	655	695
Promissory Notes with Interest Payable at Maturity (BMONEX) (1)	2,149	280	351
	17,535	14,271	9,936
Debt securities			
Debt securities (Bonds)	81	156	370
Total deposits	$ 17,616	$ 14,427	$ 10,306

(1) Short-term maturities which generated interest at an average 3.43%, 2.91% and 6.6% rate, in 2015, 2014 and 2013, respectively.

16. Bank and other loans

As of December 31, 2015, 2014 and 2013, bank loans were as follows:

	2015				2014	2013
	Mexican Pesos	Foreign currency	Rate	Total	Total	Total
Demand deposits-						
"Call Money" received	$ -	$ -	-	$ -	$ 200	$ -
Total demand deposits	-	-		-	200	-
Short term-						
FIRA	22	-	3.82%	22	8	10
Clusters	651	187	3.14%	838	584	462
Digital loans	20	-	5.10%	20	-	1
Total short-term loans	693	187		880	592	473
Total interbank loans and other loans	$ 693	$ 187		$ 880	$ 792	$ 473

Loans with Development Bank Institutions - Loans are granted by, Nacional Financiera, S.N.C. (NAFIN) and Fideicomiso of Central Bank (FIRA), which represent a direct obligation for Holding Monex with these entities. Accordingly, Holding Monex grants loans in Mexican pesos and U.S. dollars to their customers for financial support.

Lines of credit for discounts and loans, granted in Mexican pesos and U.S. dollars by the development funds mentioned above, operate under the authorizations of the internal risk units of Holding Monex. The financial conditions are set under fixed and variable rate programs, both in U.S. dollars and Mexican pesos, and the term is based on the specific program or transaction determined for each project.

17. Securitization certificates

Issuance of the Bank

As mentioned in Note 1 subsection b) Holding Monex through the Bank made a public offering of securitization certificates.

The Bank made its first public offering of securitization certificates on July, 14, 2015, for the amount of $1,000, which is represented by 10 million securitization certificates with a face value of 100 pesos each. The issuance was authorized by the Commission through Document No. 153/5535/2015. The securitization certificates were issued for a period of 1,092 days, which is equal to three years, and placed at the TIIE 28-day rate + 90 basis points.

Issuance of Holding Monex

As mentioned in Note 1 subsection b), Holding Monex issued $ 10,000,000 marketable certificates by public offering celebrated on November 7, 2014 for the amount of $1,000 effective for three years, which pay interest every 28 days at a rate of 28-day Interbank Interest Rate (TIIE) plus 160 basis points. As of December 31, 2014, Holding Monex had paid $4, and has recorded accrued interest of $3.

On the other side of the first issuance of securitization certificates which made Holding Monex during 2012 for the amount of $1.000, they were settled during July, 2015.

18. Comparative maturities of principal assets and liabilities

As of December 31, 2015 the maturities of principal assets and liabilities are as follows:

	6 months	From 6 months to 1 year	From 1 year to 5 years	Over 5 years	Total
Assets					
Funds available (1)	$ 5,649	$ -	$ -	$ 229	$ 5,878
Margin accounts	380	-	-	-	380
Investment in securities	22,264	-	-	1,503	23,767
Repurchase agreements	2,970	-	-	-	2,970
Derivatives	662	294	222	223	1,401
Performing loan portfolio	5,711	627	3,543	2,482	12,363
Other receivables (net)	13,849	-	-	-	13,849
Total assets	51,485	921	3,765	4,437	60,608
Liabilities					
Deposits	17,612	4	-	-	17,616
Issuance of securitization certificates	-	-	2,007	-	2,007
Bank and other loan	838	-	42	-	880
Liabilities arising from sale and repurchase agreements	17,069	-	-	-	17,069
Derivatives	509	16	311	214	1,050
Obligations arising from settlement of transactions	12,829	-	-	-	12,829
Liabilities arising from cash collateral received	1,550	-	-	-	1,550
Other accounts payables	1,288	-	-	182	1,470
Total liabilities	51,695	20	2,360	396	54,471
Assets less liabilities	$ (210)	$ 901	$ 1,405	$ 4,041	$ 6,137

(1) The heading of Funds available includes Monetary Regulation Deposits with Central Bank. Such deposits as of December 31, 2015 are $229, and cannot be disposed of freely.

19. Related party transactions and balances

As of December 31, 2015 Holding Monex maintained loans amounts with to related parties for the amount of $207 and $22 for 2014 and 2013, respectively.

As of December 31, 2015, 2014 and 2013 Holding Monex had consolidated all of its transactions with related parties over which Holding Monex has equity interest greater than 50% and exercises control. As is mentioned in Note 1 subsection c), since November 2014, Holding Monex ceased to consolidated it's transactions with its subsidiaries Monex Servicios and Pagos Intermex. Because Holding Monex and such subsidiaries perform operations related to investment in securities, deposits, personal services, correspondents, etc, most of them originate revenues in one entity and expenses in the other entity. Transactions and balances as of December 31, 2014 are as follows:

	2014
Receivable-	
Derivatives	$ 3
Liabilities-	
Deposits	$ 30
Payables accounts	$ 4
Revenue-	
Other products	$ 14
Gain/losses on financial assets and liabilities (net)	$ 3
Expenses-	
Interest	$ 1
Administrative services	$ 63

20. Labor benefits

Under Mexican Labor Law, Holding Monex is liable for pensions, severance payments and seniority premiums to employees terminated under certain circumstances.

Each year, Holding Monex records the net periodic cost to create an obligation from seniority premiums, pensions and severance payments as it accrues based on actuarial calculations prepared by independent actuaries, which are based on the projected unit credit method and the parameters established by the Commission. Therefore, the liability is being accrued which at present value will cover the obligation from benefits projected to the estimated retirement date of Holding Monex's employees.

As of December 31, 2015, 2014 and 2013, Holding Monex amortizes variances based on the seniority premiums plan, based on the average remaining years of service of Holding Monex employees.

As of December 31, 2015, 2014 and 2013, balances and activity reflected in employee benefits, which include, seniority premiums and severance payments, were as follows:

	2015	2014	2013
Defined benefit obligation	$ 504	$ 433	$ 321
Plan assets	(170)	(165)	(158)
Underfunded status	334	268	163
Unamortized:			
Unrecognized actuarial profits	(152)	(137)	(69)
Net projected liability	$ 182	$ 131	$ 94

As of December 31, 2015, 2014 and 2013, the net projected liabilities for severance payments at the end of the employment relationship for reasons other than restructuring are $77, $63 and $62, respectively.

Net periodic cost consists of the following:

	2015	2014	2013
Service cost for the year	$ 40	$ 32	$ 32
Financial cost and expected return on plan assets	14	10	13
Amortization of transition liability, labor cost of past service and accrual losses	(3)	(4)	2
Net cost	$ 51	$ 38	$ 47

The economic assumptions used were as follows:

	2015	2014	2013
Discount rate	7.57%	7.09%	8.18%
Expected rate of return of assets	7.57%	7.09%	8.18%
Rate of wage increases	3.50%	4.00%	4.00%

The changes in net projected obligations were as follows:

	2015	2014	2013
Opening balance (face value)	$ 131	$ 94	$ 106
Payment of benefits	-	-	(59)
Provision for the year	51	38	47
Other	-	(1)	-
Net projected liability	$ 182	$ 131	$ 94

As of December 31, 2015, 2014 and 2013, the assets related to the defined benefit plan, were invested as follows:

	2015		2014		2013	
	Amount	%	Amount	%	Amount	%
Capital market	$ 33	19%	$ 45	28%	$ 34	21%
Money market	137	81%	110	66%	102	65%
Repurchase market	-		10	6%	22	14%
Total	$ 170		$ 165		$ 158	

As of December 31, 2015, 2014 and 2013, there is no fund created for severance payments at the end of the employment relationship for reasons other than restructuring.

Changes in the present value of the defined benefits obligation:

	2015	2014	2013
Present value of the defined benefits obligation as of January 1	$ 433	$ 322	$ 320
Actual payment of benefits during the year	(22)	(17)	(14)
Actuarial loss in defined benefit obligation	23	71	(39)
Cost of the year	70	57	54
Present value of the defined benefits obligation as of December 31, of each year	$ 504	$ 433	$ 321

The main items giving rise to deferred PTU asset (liability) are:

	2015	2014	2013
Deferred PTU asset:			
Provisions	$ 23	$ 26	$ 10
Labor benefits	18	14	9
Gain on derivative financial instrument transaction	13	8	13
Allowance for loan	17	5	6
Other	11	-	1
Total	82	53	39
Deferred PTU liability:			
Loss on derivative financial instrument transaction	(12)	(15)	-
Others	(4)	(3)	(8)
Total	(16)	(18)	(8)
Total asset (liability)	$ 66	$ 35	$ 31

21. Obligations arising from settlements of transactions

As of December 31, 2015, 2014 and 2013, creditors from settlement of transactions are as follows:

	2015	2014	2013
Creditors from operations by foreign exchange 24, 48 or 96 hours	$ 9,670	$ 9,441	$ 9,844
Creditors for settlement of transactions of securities loan	3,159	1,456	1,405
	$ 12,829	$ 10,897	$ 11,249

22. Sundry creditors and other payables

As of December 31, 2015, 2014 and 2013, sundry creditors and other payables were as follows:

	2015	2014	2013
Employee retirement obligation provision	$ 352	$ 296	$ 252
Funds	(170)	(165)	(158)
	182	131	94
Suppliers	47	35	19
Creditors from operations (1)	453	323	759
Intercompany payable	-	4	-
Payable commissions, bounds and other gratifications	299	159	124
Contingent liabilities (2)	73	5	7
Various taxes and social security contribution	25	39	34
Taxes withheld	59	62	70
Reclassification of creditors bank	54	30	182
Others sundry creditors	278	448	408
	$ 1,470	$ 1,236	$ 1,697

(1) Based on the internal accounting policy from 2014 for the cancellation of unidentified customer deposits, whose aging equals or exceeds three years as of the deposit date, at December 31, 2015 and 2014 Holding Monex canceled a balance of $31 and $92, respectively, recognized in "Other operating income" in the statement of income.

(2) This balance includes a provision for contingencies by $52, which is derived from a re operating process which carried out the administration during 2015. As of today, Holding Monex is in the process of identifying potential beneficiaries' creditors, to carrying out payment or cancellation of the same.

23. Income taxes

Holding Monex is subject to ISR and through December 31, 2013 to ISR and IETU.

ISR - The rate was 30% in 2015, 2014 and 2013 and as a result of the new 2014 ISR Law (2014 Tax Law), the rate will continue at 30% in 2015 and thereafter.

IETU - IETU was eliminated as of 2014; therefore, up to December 31, 2013, this tax was incurred both on revenues and deductions and certain tax credits based on cash flows from each year. The respective rate was 17.5%.

Then the main tax reforms discussed in Note 1, are identified that affect Holding Monex.

Principal reforms to the Income Tax Law, Business Flat Tax Law, Cash Deposits Tax Law and Value Added Tax Law

a. *Income tax*

The definitive rate is left at 30%. The transitory provisions of the income tax law specifying tax rate reductions of 29% to 28%, from 2014 to 2015, were eliminated.

An additional income tax of 10% was established on dividends paid when they are distributed to individuals and residents abroad. The income tax is will be paid by withholding and is considered a final payment owed by the shareholder. In the case of foreign tax payers, the appropriate double taxation treaties may be applied. This tax will be applicable on the distribution of profits generated from 2014.

The tax deduction of payments to workers which are exempt revenues for them was limited at 47% or 53% subject to certain requirements. Furthermore, the deduction for contributions to pension and retirement funds was limited in the same percentages.

The Social Security fees paid by the employer are considered 100% nondeductible.

Special calculation of the PTU. The base is determined by subtracting the allowable deductions taxable income, without incorporating the PTU in the year paid or tax loss carryforwards.

For credit institutions, rules surrounding the deduction of general loss reserves were amended in order to converge with the rules of the Commission were amended. A transitional regime for profits generated in previous years, which limits the deduction to 2.5% of the average portfolio balance in subsequent years, is incorporated.

b. *Business Flat Tax and Cash Deposits Tax*

The Business Flat Tax Law and the Cash Deposits Tax Law are repealed.

c. *Value-Added Tax ("IVA")*

The IVA rate is standardized at the national level, therefore the rate in the border zone increased from 11% to 16%.

Regarding the accounting recognition of items included in the Tax Reform 2014 that are related to income taxes, CINIF issued Interpretation 20, "Accounting for Tax Reform 2014" with effect from December 2013.

The current income tax is the greater of ISR and IETU up to 2013.

Income taxes

The provision created in results for ISR is as follows:

	2015	2014	2013
ISR:			
Current	$ (400)	$ (263)	$ (604)
Deferred	76	3	(55)
Extraordinary operation income tax(1)	-	-	(413)
	$ (324)	$ (260)	$ 246

(1) In relation to the sale of Prestaciones Universales which is mentioned in Note 1 subparagraph d), for comparable purposes of presentation in the statement of income, the tax caused by the sale of the segment was removed from the income tax and it's presented net of income received in the heading of "Discontinued operations"

Reconciliation of the accounting tax result - The main items affecting the determination of Holding Monex's tax result were the annual adjustment for inflation, provisions, the difference between accounting and tax depreciation and amortization, the difference between the accounting increase of the preventive credit risk estimate and the respective tax deduction, provisions created for the expenses of prior years that were settled in the current year.

Tax loss carryforwards and IETU tax credit – As of December 31, 2015, Holding Monex has ISR tax loss carryforwards as follows:

Company	Amount	Maturity year
AdmiMonex	$ 27	2018

At December 31, 2013, Holding Monex has no IETU credits.

Deferred taxes - At December 31, 2015, 2014 and 2013, deferred taxes are composed as follows:

	2015	2014	2013
Deferred ISR asset:			
Provisions	$ 70	$ 50	$ 61
Labor obligations	53	42	19
Gain on derivative financial instrument transaction	38	28	-
Others	137	34	53
Deferred ISR asset	298	154	133
Deferred ISR (liability):			
Prepaid expenses	(13)	-	(61)
Others	(147)	(84)	(10)
Deferred ISR liability	(160)	(84)	(71)
Deferred PTU asset	66	35	31
Net deferred taxes assets	$ 204	$ 105	$ 93

Holding Monex's management doesn´t record a reserve for the deferred income tax asset that they believe will be recovered, based on the financial and tax projections prepared by management.

The deferred tax is recorded in the statement of income or in the shareholders' equity in accordance input that origin it.

The reconciliation of the legal ISR and the effective rate of the main entities of Holding Monex, expressed as a percentage of profit before ISR are:

	Bank			Brokerage House		
	2015	2014	2013	2015	2014	2013
Legal rate	30%	30%	30%	30%	30%	30%
Valuation of investment securities	6%	(7%)	(1%)	3%	6%	-
Others	(4%)	-	(3%)	13%	(4%)	(1%)
Non deductible	1%	(5%)	-	-	2%	-
Annual adjustment for inflation	(3%)	12%	(5%)	(2%)	(4%)	(1%)
Effective tax rate	30%	30%	24%	44%	30%	28%

Other tax issues:

As of December 31, 2015, 2014 and 2013, the main subsidiaries of Holding Monex have the following balances for significant tax measures (individually):

	Bank (individually)			Brokerage House (individually)		
	2015	2014	2013	2015	2014	2013
Contributed capital account	$ 2,931	$ 2,270	$ 2,181	$ 576	$ 564	$ 542
Net tax income account	$ 2,741	$ 2,496	$ 2,119	$ 473	$ 500	$ 363

24. Stockholders' equity

As of December 31, 2015, 2014 and 2013, capital stock, at par value, was as follows:

	Number of shares		
	2015	2014	2013
Fixed capital-			
Series A Shares	50,000	50,000	50,000
Series B Shares	545,758,505	399,950,000	399,950,000
	545,808,505	400,000,000	400,000,000

The Stockholders' Ordinary General meeting of April 13, 2015, agreed the follows movements:

- Increase of capital stock for the amount of $1,372, which is realized as follows:

  a) Capitalization of several accounts, that add up to a total of $823. Being under stockholders' equity is not required to issue new shares.

  b) Subscription and payment of shares in the variable in the amount of $549, represented by a total of 145,808,505 million shares portion. This was authorized by the Commission through Document 153/5296/2015. Notably, for the subscription of such shares premium shares for $763, which is the result of the value per share less than the theoretical value.

- Declared of dividends to shareholders in the amount of $1,600, under the account "Retained earnings"

During Stockholders' Ordinary General Meetings held on April 28, 2014, the stockholders resolved to reduce the reserve for repurchase shares, transferring $400, to "retained earnings".

During Stockholders' Ordinary General Meetings held on April 22 and December 20, 2013 the stockholders declared dividends for the amount of $300 and $250, respectively, charged to "Retained earnings".

During stockholders Meeting minute of April 22, 2013 the stockholders approved the transfer of the capital reserves to retained earnings in the amount of $600, which could be destined to purchase shares through Bolsa Mexicana de Valores, S.A.B. de C.V.

At December 31, 2015, 2014 and 2013, the reserve created to repurchase shares is composed as follows:

	2014	2014	2013
Repurchased shares	9,517,088	8,236,577	7,267,446
Market price per share	$ 10.20	$ 12.60	$ 17.90
Market value	$ 97	$ 104	$ 130
Balance of reserve at the beginning	$ 254	$ 668	$ 69
Movements approved by the stockholders	-	(400)	600
Less:			
Loss of repurchase shares	(15)	(1)	(1)
Historic value of repurchased shares	2	(13)	-
Balance for repurchased shares	$ 241	$ 254	$ 668

Furthermore, as of December 31, 2013 an increase of capital reserves for $22 was approved. With this amount Holding Monex complies with the 20% of capital stock, which is the minimum required by the law disposal.

Minimum fixed capital is $50, as represented by 50,000 fully subscribed and paid-in Series "A" shares. Variable capital is unlimited and represented by ordinary, nominative Series "B" shares at no par value.

Foreign people who exercise authority are prohibited from participating in the Capital Stock of Holding Monex, as are Mexican financial institutions, regardless of whether they form part of the Holding Monex group, unless they act as institutional investors within the meaning of Article 19 of the Law Regulating Financial Groups.

In cases where dividends are distributed prior to the payment of taxes applicable to Holding Monex, such tax must be paid when the dividend is distributed; therefore, Holding Monex must keep track of profits subject to each rate.

Capital reductions will incur in taxes on the excess of the amount distributed against the capital tax value, as set forth in the Income Tax Law.

Holding Monex and its subsidiaries, except the Bank, must maintain a legal provision whereby at least 5% of the net profits of each year must be separated and transferred to a capital reserve fund until they equal to 20% of paid-in capital. In the case of the Bank, the applicable legal provision requires the creation of a legal reserve equal to 10% of net profits until reaching 100% of paid-in capital. While these entities exist, this reserve can only be distributed to stockholders as share dividends.

25. Capital ratio of the Bank (2015 corresponds to latest information submitted to Central Bank and 2014 and 2013 to definitive information submitted to Central Bank) (Unaudited)

As of December 31, 2015, 2014 and 2013, in accordance with the capital requirements in effect applicable to full service banks, Holding Monex presents the following capitalization ratio, which exceeds the minimum level required by the authorities:

	2015	2014	2013
Net capital / required capital	208.00%	199.00%	221.00%
Basic capital / assets subject to credit, market and operational risk	16.62%	15.95%	17.71%
Net capital / assets subject to credit risk	24.43%	22.60%	28.50%
Net capital / assets subject to credit, market and operational risk	16.62%	15.95%	17.71%

The capitalization ratio of Holding Monex was updated and submitted to the Central Bank for the years 2015, 2014 and 2013, on January 18, 2016, February 9, 2015 and February 11, 2014, respectively.

As of December 31, 2015, 2014 and 2013, the net capital used to calculate the capital ratio is as follows:

	2015	2014	2013
Basic capital:			
Stockholder's equity disregarding convertible securities and subordinate debt	$ 5,746	$ 4,402	$ 3,689
Less:			
Organization costs and other intangible	(44)	(173)	(159)
Investment in shares of entities	(1,254)	(1,381)	(1,316)
	(1,298)	(1,554)	(1,475)
Complementary capital:			
Allowance for loan losses	176	112	16
Total net capital	$ 4,624	$ 2,960	$ 2,230

	2015		2014		2013	
	Equivalent amount position	Capital requirement (8%)	Equivalent amount position	Capital requirement (8%)	Equivalent amount position	Capital requirement (8%)
Market risk:						
Transactions with nominal rate and above par rate in Mexican pesos	$ 2,402	$ 192	$ 1,897	$ 152	$ 2,025	$ 166
Transactions with real rate	1,940	155	275	22	589	47
Transactions with nominal rate in foreign currency	891	71	556	44	217	17
Transactions with shares and related to shares	154	12	90	7	116	5
Foreign exchange transactions	135	11	618	49	324	26
Transactions in UDIS relating INPC	10	1	9	-	8	1
For impact Gamma	137	11	-	-	-	-
	5,669	453	3,445	274	3,279	262

	2015		2014		2013	
	Equivalent amount position	Capital requirement (8%)	Equivalent amount position	Capital requirement (8%)	Equivalent amount position	Capital requirement (8%)
Credit risk:						
Deposits and loans	11,612	929	8,303	664	5,048	406
From repurchase agreements and derivatives counterparties	576	46	621	48	95	6
From issuers of debt securities in position	1,373	110	960	79	828	66
From long-term investment in shares and other assets	1,150	92	1,424	114	1,032	83
From guarantees and credit lines and securitization	892	71	598	48	496	40
From collateral issuers and persons received	7	1	-	-	-	-
Transactions with related parties	626	50	-	-	2	-
	16,236	1,299	11,906	953	7,501	601
Operational risk:	1,963	157	1,540	123	1,298	104
Total assets at risk	$ 23,868	$ 1,909	$ 16,891	$ 1,350	$ 12,078	$ 967

At December 31, 2015, 2014 and 2013, weighted positions by market risk are as follows:

	2015		2014		2013	
	Weighted assets by risk	Capital requirement	Weighted assets by risk	Capital requirement	Weighted assets by risk	Capital requirement
Market risk	$ 5,669	$ 453	$ 3,445	$ 274	$ 3,279	$ 262
Credit risk	16,236	1,299	11,906	953	7,501	601
Operational risk	1,963	157	1,540	123	1,298	104
	$ 23,868	$ 1,909	$ 16,891	$ 1,350	$ 12,078	$ 967

26. Ratings of the Bank

As of December 31, 2015, the Bank has been awarded the following ratings:

	Standard &Poor's	Fitch Ratings
National level-		
Short- term	mxA-1	F1(mex)
Long-term	mxA+	A+(mex)
Financial strength-		
Outlook	Stable	Stable
Public date	May 28, 2015	November 26, 2015

27. Contingencies and commitments

a. ***Lawsuits*** - Over the normal course of business, Holding Monex and its subsidiaries have been involved in certain lawsuits which are not expected to significantly affect their financial position or future results of operations. Provisions have been recognized for those matters representing probable losses. As of December 31, 2015, 2014 and 2013, Holding Monex has recorded provisions for the amount of $21, $5 and $7, respectively, which are included in "Sundry creditors and other accounts payable", Holding Monex´s Administration considers the reserve is reasonable in accordance with its internal and external legal counsel opinion.

b. ***Administered loan portfolio*** - As discussed in Note 9, the portfolio administered by Holding Monex derived from the sales made and equity held under the outline agreement executed with Exim-Bank and Pefco is for the amount of $206, $202 and $256 at December 31, 2015, 2014 and 2013, respectively. In relation to this loan portfolio, Holding Monex has committed to assume all credit risks in the event of noncompliance with the terms agreed with Exim-Bank regarding the documentation of each loan. However, management considers that the possibility of a refund to Exim-Bank is unlikely.

c. ***Connectivity Service contract*** - On February 24, 2010, Holding Monex signed a contract with Metro Net Hosting, S. de R.L. de C.V., to provide connectivity services, Internet access, security equipment, monitoring, execution platforms, storage and restoration of information management applications and databases, among others. The term expired in June of 2015 and was extended until June, 2016, the approximate amount calculated over actual conditions is $2 million of US dollars for the remaining months of service.

On the other hand, and derived from the expiration of the contract mentioned above, on December 17, 2015, Holding Monex celebrated a contract with Alestra, S. de R.L. de C.V., which provide Data Center services and any additional services stipulated in the contract. Its validity is the transition time over 60 months from that date. The approximate anual amount calculated over actual conditions is $4 million of US dollars.

28. Memorandum accounts

Memorandum accounts are not included in the balance sheet and only the memorandum accounts in which transactions directly related to the balance sheet are recorded, such as: clients banks, clients securities in custody, client repurchase agreements, client securities lending securities transactions, client collateral received in guarantee, derivatives purchase transactions, derivatives sale transactions, contingent assets and liabilities and collateral received and sold or pledged as guarantee were subject to external audit.

Aside from the above memoranda accounts, Holding Monex also has the following:

a. ***Trust mandate transactions (unaudited) -***

As of December 31, 2015, 2014 and 2013, Holding Monex administered the following trusts and mandates:

	2015	2014	2013
Trusts under-			
Administration	$ 71,859	$ 62,234	$ 49,492
Guarantee	4,302	2,239	5,469
Investment	2,439	4,055	898
	$ 78,600	$ 68,528	$ 55,859

As of December 31, 2015, 2014 and 2013, the income from the administration of such assets was $77, $61 and $47, respectively.

b. ***Other record accounts (unaudited) -***

As of December 31, 2015, 2014 and 2013, other record accounts have a balance of $3,106, $2,207 and $2,435, respectively.

29. Gain/losses on financial assets and liabilities (net)

For the years ended December 31, 2015, 2014 and 2013, gain/losses on financial assets and liabilities are as follows:

	2015	2014	2013
Foreign exchange result:			
Valuation	$ (12)	$ 4	$ -
Realized gains or losses	3,385	2,873	2,910
	3,373	2,877	2,910
Derivatives result:			
Valuation	(87)	340	(64)
Realized gains or losses	681	(161)	495
	594	179	431
Income from debt securities:			
Valuation	(4)	16	16
Realized gains or losses	(114)	280	46
	(118)	296	62
Equity:			
Valuation	(2)	-	2
Realized gains or losses	23	10	-
	21	10	2
	$ 3,870	$ 3,362	$ 3,405

30. Interest income (expenses)

As of December 31, 2015, 2014 and 2013, the financial margin was as follows:

	2015	2014	2013
Interest income:			
Investment securities, debt and equity	$ 1,100	$ 812	$ 722
Interbank and other loans	7	19	15
Deposits with financial institutions	27	41	43
Loan portfolio	542	364	390
Others	34	43	73
	1,710	1,279	1,243
Interest expenses:			
Interest from repurchase agreements	(566)	(373)	(379)
Interest on bank and other loans	(40)	(30)	(31)
Demand deposits	(44)	(37)	(30)
Time deposits	(298)	(336)	(237)
Securitization certificates	(95)	(72)	(72)
Others	(7)	-	(10)
	(1,050)	(848)	(759)
Total	$ 660	$ 431	$ 484

31. Segment information

As of December 31, 2015, 2014 and 2013, Holding Monex identified operating segments within its different business and it considers each as part of its internal structure and with its own profit risks and opportunities.

These segments are regularly reviewed in order to assign operating monetary resources and evaluate their performance.

2015	Foreign exchange	International	Derivatives	Banking Products	Credit and deposits	Trust services	Others	Total
Gain/losses on financial assets and liabilities (net)	$ 2,284	$ 1,281	$ 401	$ (96)	$ -	$ -	$ -	$ 3,870
Interest income	-	8	24	1,100	542	-	36	1,710
Interest expense	-	-	-	(566)	(438)	-	(46)	(1,050)
Allowance for loan losses	-	-	-	-	(76)	-	-	(76)
Commission and fee income	76	88	-	85	43	77	159	528
Commission and fee expense	-	(23)	(9)	(41)	(3)	(1)	(97)	(174)
Other operating income (expenses), net	-	7	-	2	-	(57)	207	159
Administrative and promotional expense	(657)	(1,052)	(1,695)	(304)	(163)	(21)	(134)	(4,026)
Current income taxes	(75)	(62)	(193)	(35)	(18)	(2)	(15)	(400)
Deferred income taxes	22	(21)	56	10	5	-	4	76
Equity in income of unconsolidated associate companies	-	-	-	-	-	-	8	8
Total general	$ 1,650	$ 226	$ (1,416)	$ 155	$ (108)	$ (4)	$ 122	$ 625

2014	Foreign exchange	International	Derivatives	Banking Products	Credit and deposits	Trust services	Others	Total
Gain/losses on financial assets and liabilities (net)	$ 2,036	$ 862	$ 158	$ 306	$ -	$ -	$ -	$ 3,362
Interest income	-	6	34	812	364	-	63	1,279
Interest expense	-	-	-	(373)	(444)	-	(31)	(848)
Allowance for loan losses	-	-	-	-	(48)	-	-	(48)
Commission and fee income	65	85	-	109	73	61	168	561
Commission and fee expense	-	(16)	(11)	(36)	(18)	(4)	(111)	(196)
Other operating income (expenses), net	-	(3)	-	2	-	(2)	172	169
Administrative and promotional expense	(652)	(742)	(1,382)	(379)	(134)	(19)	(129)	(3,437)
Current income taxes	(53)	(44)	(112)	(31)	(11)	(2)	(10)	(263)
Deferred income taxes	6	(19)	11	3	1	-	1	3
Equity in income of unconsolidated associate companies	-	-	-	-	-	-	22	22
Total general	$ 1,402	$ 129	$ (1,302)	$ 413	$ (217)	$ 34	$ 145	$ 604

2013	Foreign exchange	International	Derivatives	Banking Products	Credit and deposits	Trust services	Others	Total
Gain/losses on financial assets and liabilities (net)	$ 2,175	$ 666	$ 500	$ 64	$ -	$ -	$ -	$ 3,405
Interest income	29	3	33	722	390	-	66	1,243
Interest expense	-	-	-	(379)	(339)	-	(41)	(759)
Allowance for loan losses	-	-	-	-	(38)	-	-	(38)
Commission and fee income	62	85	1	124	43	47	296	658
Commission and fee expense	-	(16)	(21)	(47)	(51)	(1)	(102)	(238)
Other operating income (expenses), net	-	-	-	2	-	(59)	35	(22)
Administrative and promotional expense	(1,112)	(538)	(228)	(448)	(212)	(23)	(701)	(3,262)
Current income taxes	(59)	(45)	(13)	(24)	(11)	(1)	(38)	(191)
Deferred income taxes	(14)	(20)	(3)	(6)	(3)	-	(9)	(55)
Discontinued operations	-	-	-	-	-	-	1,030	1,030
Total general	$ 1,081	$ 135	$ 269	$ 8	$ (221)	$ (37)	$ 536	$ 1,771

Foreign exchange - Purchases and sales currencies, includes intermediation services in the acquisition or sale and international payments.

International - International operations includes purchases, sales services and foreign currency forwards in US, London and Spain.

Derivatives - Foreign currency forwards and solutions of risk administration, includes intermediation services of forwards, currency options, interest rate swaps, options shares, notes and structured bonus.

Banking products: Securities Products and Services Asset Management brokerage services includes intermediation services of fixed income in investment in securities and repurchase agreements, securities brokerage and international capital , funds and managed portfolios .
Credit and deposits - Operations banking products, lending services and clients deposits.

Trust Services - Operations Common Trust Services and Representation.

Others - Includes trust services, deposits, mutual funds, bank and other loans and others.

32. Comprehensive risk management (unaudited)

a. ***Applicable standards***-

This disclosure is supplemental to the obligation to disclose information on adopted risk management policies, procedures and methodologies, together with information on potential losses by risk and market type.

Management has policies and procedures manuals which follow the guidelines established by the Commission and Central Bank to prevent and control the risks exposure Holding Monex is incurs based on the transactions it performs.

The assessment of policies, procedures, functionality of risk measurement models and systems, compliance with risk management procedures and assumptions, parameters and methodologies used by risk analysis information systems is carried out by an independent expert, as required by the Commission.

b. ***Environment –***

Holding Monex identifies, manages, supervises, controls, discloses and provides information on risks through its Comprehensive Risk Management Unit (UAIR) and the Risk Committee, which jointly analyze the information received from business units.

To enable it to measure and evaluate the risks resulting from its financial transactions, Holding Monex has technological tools to calculate the Value at Risk (VaR), while also performing supplemental stress testing. Likewise, Holding Monex has developed a plan allow operations continuity in the event of a disaster.

The UAIR distributes daily risk reports, together with monthly risk information to the Risk Committee and Audit Committee. Similarly, it presents quarterly risk reports to the Board of Directors.

c. ***Risk management entities -***

The Board of Directors is responsible for establishing risk management policies. However, according to established policies, it delegates responsibilities for implementing risk identification, measurement, supervision, control, information and disclosure procedures to the Risk Committee (RC) and General Management.
The policies approved by the Board of Directors are documented in the Comprehensive Risk Management Manual (MAIR), which includes risk management objectives, goals, procedures and maximum risk exposure tolerances.

The RC holds monthly meetings and ensures that transactions reflect the operating and control objectives, policies and procedures approved by the Board of Directors. Likewise, the RC delegates responsibility for providing comprehensive risk monitoring and follow-up to the Comprehensive Risk Management Unit (UAIR).

In urgent cases and depending on market conditions or the specific needs of different business units, the RC holds extraordinary meetings to determine the increase of established limits or temporary limit excesses.

The Risk Lines Committee holds weekly meetings to evaluate the risk lines used for foreign exchange transactions.

d. ***Market risk -***

Holding Monex evaluates and provides follow-up on all positions subject to market risks based on Value at Risk models which measure the potential loss of a position or portfolio associated with risk factor movements with a 99% reliance level and a one-day horizon.

The UAIR also prepares a GAP analysis among rates used for assets and liabilities denominated in Mexican pesos and foreign currency. The GAP analysis is represented by assets and liabilities with rates at different moments in time, while considering the characteristics of the respective rates and time frame.

e. ***Liquidity risk -***

The UAIR calculates daily liquidity GAPS (time at which interest or principal is received) based on the cash flows from total financial assets and liabilities of Holding Monex.

Holding Monex quantifies its liquidity risk exposure by preparing cash flow projections which consider all assets and liabilities denominated in Mexican pesos and foreign currency, together with the respective maturity dates.

The Treasury Department of Holding Monex is responsible for ensuring the conservation of a prudent liquidity level in relation to Holding Monex's needs. In order to reduce its risk level, Holding Monex keeps call money lines open in U.S. dollars and Mexican pesos with different financial institutions.

Daily, the Treasury Department monitors the liquidity requirement for foreign currency provisions in Circular 3/2013 of the Central Bank.

f. ***Credit risk -***

Holding Monex classifies each customer according to the methodology established by the Commission, which takes into account the client´s financial risk, payment experience and guarantees. Together with quarterly credit follow-up evaluations, credit risk concentrations are determined by borrower or risk group, economic activity and state.

As established in the Provisions, Holding Monex established a maximum credit risk exposure limit equal to 40% of basic capital for an individual or entity or group of entities constituting a joint risk. Furthermore, Holding Monex also complies with the standard applicable to related loans.

When performing customer transactions with over-the-counter derivatives, the risk unit determines transaction lines based on an analysis of the financial situation of each counterpart. The credit risk is covered by requesting margins from customers ranging from el 6% to 10% of the transaction amount. Lower percentages must be approved by the Risk Lines Committee, in which case a maximum loss amount is established. Customers are subject to margin calls either during the day or at the daily close whenever significant losses could be generated by the valuation of their open positions.

In the case of exchange transactions, the credit risk is analyzed based on a customer credit evaluation. Line settlement proposals are presented to the Lines Committee, which can either reject or approve them. This risk is controlled by matching the authorized line with that actually utilized.

g. ***Operating risk -***

The Comprehensive Risk Management Manual (MAIR) and Operating Risk Management Manual (MARO) establish policies and procedures for monitoring operational risk, and periodically the follow-up on and control of operating risks. The Management of Holding Monex has requested that the Controllership area implement an operating risk management program, the activities of which should also be made known to the Risk and Audit Committees.

Holding Monex has implemented the risks headquarters and controls to get a qualitative qualification of the impact and frequency of the risks.

Through the classification of Risks, catalogues of risks are being integrated to determinate possible losses if such risks come true before the realization of operational risk are identified and the will be recognized in the future.

Risk frequency and impact classifications have been utilized to create risk maps for the different processes implemented by Holding Monex; these risk maps indicate the tolerance levels applicable to each risk.

Scale	**Level**
1	Low
2	Medium
3	High

– The maximum tolerance level utilized by Holding Monex is 3.

– Accordingly, each identified operating risk must be classified at levels 1 and 2 (Low - Medium) of the established scale.

General Director of Holding Monex, CR and to the areas involved must be informed immediately, if some identifying operational risks exceed the tolerance levels.

These levels indicate the possible economic loss that could be suffered by Holding Monex if a given risk materializes.

Holding Monex has built an historic database with the information of the losses incurred by operational risks. Thus, they will be able to generate quantitative indicators to monitor the operational risk in the operations.

h. ***Legal risk -***

Holding Monex has established policies and procedures in the MARO and implements the same process as that used for operating risks.

i. ***Technological risk -***

Holding Monex has policies and procedures for systems operation and development.

Regarding technological risks, Holding Monex has policies and procedures contained in MARO and implements the same process as that used for operational and legal risks.

j. ***Quantitative information (unaudited)***

a) ***Market risk -***

At December 31, 2015, 2014 and 2013, the VaR was $14, $6 and $6, respectively (unaudited) and with a 99% reliance for one day. This value represents the maximum loss expected during one day and is situated within the limits established by Holding Monex.

At December 31, 2015, 2014 and 2013, portfolio concentration by segment was as follows (unaudited):

	2015	2014	2013
Farming	$ 406	$ 60	$ 14
Foods	257	108	148
Automotive	1,026	679	198
Commerce	740	805	618
Housing construction	150	119	85
Specialised construction	805	481	164
Pharmacist	13	-	18
Financial	1,456	897	527
Goverment	-	-	34
Hospitality / Restaurants (tourism)	1,183	540	315
Chemestry Insdustry	280	209	29
Real state	1,552	1,392	32
Manufacturing (manufacture of plastic)	614	484	122
Manufacturing (manufacture of electrical and electronic)	18	60	11
Manufacturing (manufacture of concrete products)	636	226	173
Manufacturing (other)	497	164	168
Mining and metals	351	308	37
Natural person	411	509	1,296
Suppliers (PEMEX)	902	545	189
Services	503	242	21
Transport and telecommunications	342	151	99
Others	329	61	36
Total	$ 12,471	$ 8,040	$ 4,334

No market risk special treatment was identified in this period for securities available for sale.

Note: As of 31 December 2015 sectoral classification criteria including more industries to identify more accurately the risk are updated. For comparative purposes of this report the information regroups 2014 and 2013.

Market risk statistics

	VaR Mínimum	VaR Average	VaR Máximum
Global	7.52	10.45	13.92
Derivatives	1.26	1.54	2.08
Money Market	8.55	11.39	15.00
Foreign exchange	0.40	0.66	0.99

*The average value refers to the daily exposure of the money market, derivatives and foreign-exchange as of December 31, 2015, figures in millions of Mexican pesos.

b) ***Credit risk -***

Corporate bonds portfolio.

The credit VaR of the corporate bonds portfolio of the Money Market as of December 31, 2015 in Holding Monex was (0.986%) relative to an investment of $9.2 billion, whereas the credit stress of such portfolio was (1.764%) at the same date. The credit VaR was calculated using the Monte Carlo Simulation method with a confidence level of 99% on a one-year horizon; the stress was obtained by considering the following lower classification of each instrument.

	VaR	Expected loss	Expected non loss
Máximum	(0.99%)	(0.03%)	(0.96%)
Mínimum	(1.15%)	(0.04%)	(1.11%)
Average	(1.06%)	(0.04%)	(1.02%)

Note: The figures presented are expressed in amounts relative to the value of the corporate bonds portfolio, for the daily exposure of December 31, 2015.

Commercial loan portfolio.

Every month the calculation of reserves is made for the commercial loan portfolio, in which the expected loss forms part of the result issued; the methodology applied refers to that established in the Provisions. This method also assigns the degree of risk for the operations.

Expected loss statistics of commercial credit portfolio.

	Mínimum	Máximum	Average
Expected loss	138.00	160.00	148.00

The expected loss statistics refer to the daily exposure of December 31, 2015 for the commercial credit portfolio.

No significant variances were identified in this period in financial revenue or the economic value to report.

c) ***Liquidity Risk -***

Holding Monex evaluates the expiration of the assets and liabilities of the balance sheet in Mexican pesos and foreign currency. The gap of liquidity in Mexican pesos is as follows (unaudited):

Year	Requirement to 1 day	Requirement from 2 to 7 days	Requirement > 8 days
2015	$ 14	$ (15)	$ 9

The gap of liquidity in U.S. dollars is presented as follows (unaudited):

Year	Requirement to 1 day	Requirement from 2 to 7 days	Requirement > 8 days
2014	$ (0.7)	$ 0.5	$ (0.2)

Liquidity risk statistical.

GAP Total depreciation

GAP total depreciation

Statical	<=30	<=90	<=180	<=360	<=720	<=1800	>1800	Total
Mínimum	(3,617)	1,856	2,104	883	342	1,364	1,473	6,219
Máximum	(2,024)	3,595	2,330	984	1,002	1,542	1,803	7,651
Average	(2,728)	2,558	2,223	943	585	1,479	1,660	6,721

GAP maturity total

Statical	<=30	<=90	<=180	<=360	<=720	<=1800	>1800	Total
Mínimum	(6,229)	(3,899)	(539)	985	2,003	6,720	7,759	11,586
Máximum	(3,817)	(1,762)	1,127	1,308	4,779	8,713	8,712	14,113
Average	(5,049)	(2,489)	103	1,187	3,349	7,673	8,290	13,063

*The statistics of the maturity GAP refer to the position of the money market, credit, derivatives and foreign-exchange portfolios of December 31, 2015.

Liquidity or sensitivity analysis considers the asset and liability positions based on an extreme scenario for the assessment of variances in economic value and, in relation to financial revenues, a sensitivity analysis due to interest rate changes.

Repos renewal effect	Amount mmp	Var Absolut
Actual Cost	(54,157)	-
Sensitivity 1*	(59,573)	(5,416)
Sensitivity 2	(64,988)	(10,831)
Stress 1	(70,404)	(16,247)
Stress 2	(78,820)	(21,663)
Sensitivity 1 = 10%,	-	-
Sensitivity 2 = 20%,	-	-
Stress 1 = 30%,	-	-
Stress 2 = 40%.	-	-

Effect of selling unusual treasury	Amount mmp	
Securities' value	6,896,719	-
Sensitivity 1	(2,637)	-
Sensitivity 2	(26,297)	-
Stress 1	(255,721)	-
Stress 2	(495,339)	-
Sensitivity 1 = 1bp,	-	-
Sensitivity 2 = 10bp,	-	-
Stress 1 = 100bp,	-	-
Stress 2 = 200bp.	-	-

Effect of Selling off unusual MD		Amount
Value of securities	-	17,754,362
Sensitivity 1	-	(3,889)
Sensitivity 2	-	(38,799)
Stress 1	-	(378,413)
Stress 2	-	(735,554)
Sensitivity 1 = 1bp,	-	-
Sensitivity 2 = 10bp,	-	-
Stress 1 = 100bp,	-	-
Stress 2 = 200bp.	-	-

Interest paid of deposits	Current MTM	MTM variation
Interest paid (actual)	(5,021)	-
Sensitivity 1*	(7,665)	(2,644)
Sensitivity 2	(10,258)	(5,237)
Stress 1	(12,851)	(7,830)
Stress 2	(15,445)	(10,424)
Sensitivity 1 = 10%,	-	-
Sensitivity 2 = 20%,	-	-
Stress 1 = 30%,	-	-
Stress 2 = 40%.	-	-

d) ***Risk policies applied to derivative financial instruments-***

Market risks of transactions involving derivative financial instruments are limited because customer transactions are hedged through organized markets or inverse transactions with financial intermediaries.

These transactions involve a counterpart risk which is analyzed by the credit risk. Transaction amounts and initial margins are authorized and/or ratified by the Lines Committee.

For OTC derivatives transactions with customers, operating lines based on the analysis of the financial situation of each of the partners are determined. The credit risk covers customers requesting margins depending on the situation presenting.

In addition, customers are subject to margin calls at the end of the day or during the day if they face significant valuation losses in their open positions

For foreign exchange operations, credit risk is analyzed by the credit assessment of customers. The proposed settlement lines are presented to the Committee Lines, who can approve, reject or modify them. This risk control is performed by monitoring the use of lines and their payment behavior.

e) ***Detection of transactions with illegal resources –***

Holding Monex has a Communication and Control Committee which monitors compliance with applicable standards, while also notifying the involved areas and respective authorities of any transactions considered as unusual, significant or worrying according to SHCP provisions.

33. New Accounting Principles

Modification of accounting criteria issued by the Commission

On November 9, 2015, a series of modifications involving the accounting criteria applied by credit institutions was published in the Federal Official Gazette. These modifications are intended to make the necessary adjustments to the accounting criteria utilized by credit institutions for the transactions they perform so as to produce reliable financial information. These modifications took effect on January 1, 2016.

The most significant changes are detailed below:

a. Accounting Criterion C-5, *Consolidation of special-purpose entities.*

b. The following are included as part of the accounting criteria issued by the Commission: NIF C-18, *Obligations associated with the retirement of property, plant and equipment,* and NIF C-21, *Agreements withjoint control,* derived from the issuance of these standards by the CINIF.

c. As regards consolidated financial statements, the application of specific standards establishes that special-purpose entities ("SPE") created prior to January 1, 2009 and over which control has been maintained, will not have the obligation to apply the provisions detailed in NIF B-8, *Consolidated or combined financial statements*, based on their consolidation.

d. The overdrawn checking accounts of customers that do not have a credit line for this purpose will be classified as overdue debts; their classification as such requires that an estimate be prepared for the total overdraft amount when this event arises.

e. The net asset derived from defined employee benefits must be presented in the balance sheet under the "Other assets" heading.

f. Compliance must be given to the applicable regulation established by the Bank of Mexico whereby the currency purchases that are not considered as derivative instruments must be classified as "Founds available".

g. If offsetting receivable and deliverable currencies results in a negative balance, this item must be presented under the heading of "Other accounts payable".

h. If an item of restricted quick assets indicates a negative balance, it must be presented under the heading of "Other accounts payable". The presentation of the negative balance of restricted quick assets was not previously required.

i. The definition of "Transaction costs" has been modified in Accounting Criterion B-2, Investments in securities, and Accounting Criteria B-5, Derivatives and hedging transactions.

j. Accounting Criterion B-6, Credit Portfolio, has been extended to incorporate the definitions of "Borrower", "Appraisal percentage guarantee", "Payment capacity", "Extended Portfolio", "Assignment of Credit Rights", "Credit Consolidation", "Debtor with Credit Rights", "Factor", "Financial Factoring", "Factor", "Credit Line", "Discount Transaction", "Special Amortization Regime", "Ordinary Amortization Regime" and "Housing Subaccount".

k. The definition of the term "Renewal" has been modified in Accounting Criterion B-6, Credit Portfolio, which is now considered as a transaction in which the credit balance is partially or totally settled, through the increase of the original loan amount or based on the proceeds generated by another loan contracted with the same entity, in which the same debtor, the joint obligor of that debtor or another individual or entity with equity links constitute common risks.

l. "Housing Loans" are classified as those utilized for housing remodeling or improvement and which are backed by the savings deposited in the borrower's housing subaccount, as well as those with a warranty granted by a development bank or a public trust constituted by the Federal Government for economic development purposes.

m. Credits derived from transactions involving financial factoring, discounts and the assignment of credit rights have now been included within the definition of "Commercial Loans".

n. A loan is not considered to have been renewed based on the provisions that take effect during the period of a preestablished credit line, as long as the borrower has settled all due payments according to the original credit conditions.

o. When utilized amounts are restructured or renewed independently of the underlying credit line, the characteristics and conditions applicable to the restructured or renewed amount or amounts must be evaluated.

   If this evaluation concludes that one or more amounts granted under the terms of a credit line must be transferred to the overdue portfolio based on their restructuring or renewal and when they individually or jointly represent at least 40% of the total credit line amount utilized at the restructuring or renewal date, this balance and the previously utilized amounts must be transferred to the overdue portfolio until such time as evidence is obtained regarding the sustained payment of the amounts that gave rise to the transfer to the overdue portfolio. Likewise, all the amounts utilized under the terms of the credit line must have fulfilled the respective obligations at the date of the transfer to the performing portfolio.

p. In the case of credits acquired from the INFONAVIT or FOVISSSTE in which the terms contracted by the latter with borrowers must be respected, sustained credit payment is deemed to exist when the borrower has settled without delay the total due amount of principal and interest based on a single payment in the case of credits contracted under the Ordinary Payment Regime (ROA for its acronym in Spanish) and three payments in the case of credits contracted under the Special Payment Regime (REA for its acronym in Spanish).

q. The restructuring of credits with principal and interest payments that must be settled in periods equal to or less than 60 days and for which the payment frequency is reduced to shorter periods, must consider the number of payments equal to three consecutive payments under the original credit payment scheme.

r. Assumptions have been established for determining the sustained payment of loans with a single principal payment at maturity, regardless of whether interest is paid periodically or at maturity. These assumptions are as follows:

   i. The borrower has settled at least 20% of the original credit amount when the restructuring or renewal takes place, or

   ii. The interest accrued according to the 90-day restructuring or renewal payment scheme has been settled.

s. In the case of consolidated credits, if two or more credits have resulted in the transfer of the total consolidated credit balance the overdue portfolio, the number of payments required for sustained payment purposes must be based on the original credit payment scheme in which payments must be made over a longer period. The total balance of the restructuring or renewal was previously subject to the treatment applied to the worst of the credits.

t. Evidence of sustained payment must be made available to the Commission to confirm that the borrower has the payment capacity needed to comply with the new credit conditions applied when the restructuring or renewal takes place.

u. The advance settlement of restructured or renewed credit payments other than those with a single principal payment at maturity are not considered as sustained payment, regardless of whether interest is paid periodically or at maturity. This is the case of restructured or renewed credit payments that are made before the equivalent number of calendar days of credits with payments covering periods of more than 60 calendar days has elapsed.

v. The extension of the credit payment period has been included as a restructuring situation.

w. Recognition and valuation standards have been included for transactions involving financial factoring, discounts and the assignment of credit rights.

x. Commissions and tariffs other than those collected for credit granting purposes must be recognized in results on the date when they arise. If a commission or tariff payment is partially or totally received prior to the accrual of the respective income, this advance must be recognized as a liability.

y. The obligation whereby customer checking account overdrafts must be reported as overdue portfolio has been eliminated.

z. The overdue portfolio will include payments that have not been fully settled according to the original agreed terms and have been outstanding for 90 or more days and when the respective credits involve those granted by the INFONAVIT or FOVISSSTE under the REA or ROA modalities. It will also include credits granted to individuals for housing remodeling or improvement, but not for commercial speculation, and which are backed by the borrower's savings deposited in the housing subaccount.

aa. The transferred credits referred to in the preceding point to the overdue portfolio will be subject to an exceptional default period of 180 or more days as of the date on which:

   i. Credit resources are available for the purpose for which they were granted,

   ii. The borrower has a new labor relationship and therefore has a new employer, or

   iii. The partial settlement of a given payment has been received. The exception contained in this numeral will be applicable to credits contracted under the ROA scheme, as long as the payments made during this period represent at least 5% of the agreed payment.

bb. Credits with a single principal payment at maturity, regardless of whether interest is paid periodically or at maturity, will be considered as overdue portfolio until such time as evidence of sustained payment is obtained.

cc. Credits granted under the terms of a credit line, whether revolving or otherwise, and which are restructured or renewed at any time can be maintained in the performing portfolio as long as elements justifying the borrower's payment capacity are obtained. Furthermore, the borrower must have:

   i. Settled all payable interest;
   ii. Settled all amounts payable under the terms of the contract at the restructuring or renewal date.

dd. The amounts utilized under the terms of a credit line that are restructured or renewed independently of the underlying credit line must be evaluated based on the characteristics and conditions applicable to the restructured or renewed amounts.

   When this evaluation concludes that one or more amounts utilized under the terms of a credit line must be transferred to the overdue portfolio due to their restructuring or renewal and when they individually or jointly represent at least 25% of the total utilized amount of the credit line at the restructuring or renewal date, this balance and any subsequent utilized amounts must be transferred to the overdue portfolio until evidence of the sustained payment of the amounts that gave rise to the transfer to the overdue portfolio is obtained, and when the total amounts utilized under the terms of the credit line have fulfilled the obligations in effect at the date of their transfer to the overdue portfolio.

ee. The requirement whereby the borrower must have settled all accrued interest at the renewal or restructuring date in order to consider the credit as current will be deemed to have been fulfilled when, having settled the interest accrued at the most recent cutoff date, the period elapsed between that date and the restructuring or renewal date does not exceed the lesser of half of the current payment period and 90 days.

ff. Performing credit with partial principal and interest payments that are restructured or renewed on more than one occasion may remain in the performing portfolio if elements exist to justify the debtor's payment capacity. In the case of commercial credits, these elements must be properly documented and included in the credit file.

gg. If different credits granted by the same entity to the same borrower are consolidated due to restructuring or renewal, each of the consolidated credits must be analyzed, as though individually restructured or renewed. If this analysis concludes that one or more of these credits would have been transferred to the overdue portfolio based on the restructuring or renewal, then the total consolidated credit balance must be transferred to the overdue portfolio.

hh. The following items have been included as regards the presentation standards applicable to the balance sheet and statement of income:

   i. Housing credits acquired from the INFONAVIT or FOVISSSTE must be segregated within the performing portfolio under the ordinary portfolio and extended portfolio headings.

ii. The amount of credits derived from transactions involving financial factoring, discounts and assignment of credit rights must be presented net of the respective appraisal percentage guarantee.

iii. Commissions received prior to the accrual of the respective income must be presented under the heading of "Deferred charges, advance payments and intangibles".

iv. The financial income generated by transactions involving financial factoring, discounts and the assignment of credit rights will be considered as interest income.

ii. Disclosure standards include new requirements, as follows:

i. Breakdown of the current restricted and unrestricted portfolio for the medium-income and residential housing, low-income housing, remodeling or improvement with a warranty from the housing subaccount and credits acquired from the INFONAVIT or FOVISSSTE, which in turn are divided into the ordinary portfolio and extended portfolio.

ii. The total amount and number of credits acquired from the INFONAVIT or FOVISSSTE and transferred to the overdue portfolio, as well as the total amount of credits that were not transferred to the overdue portfolio, divided into credits that the entity has acquired from the INFONAVIT or FOVISSSTE under the REA or ROA payment modalities and the credits granted to individuals for housing remodeling or improvement, but not for commercial speculation, and which are backed by the borrower's savings deposited in the housing subaccount.

iii. The main characteristics of the credits acquired from the INFONAVIT or FOVISSSTE, describing at least those related to their classification as extended portfolio, ROA and REA, and those related to the assignment of these credits.

iv. A description of the obligations and rights maintained by the INFONAVIT and FOVISSSTE as regards the portfolio acquired by the entity.

v. The identification by credit type for the medium-income and residential housing, low-income housing portfolio, remodeling or improvement with a warranty based on the housing subaccount and credits acquired from the INFONAVIT or FOVISSSTE, of the overdue portfolio balance as of the date on which it was classified as such for the following periods: from 1 to 180 calendar days, from 181 to 365 calendar days, from 366 calendar days to 2 years and more than two years overdue.

vi. The total amount of housing credits backed by the housing subaccount divided into the performing and non-performing loan portfolio, while specifying the percentage represented by these credits as regards total housing credits.

vii. The total accrued restructured or renewed amount by credit type, distinguishing between the amounts derived from the application of consolidated credits which, as the proceeds of a restructuring or renewal, were transferred to the overdue portfolio of the restructured credits that were not subject to non-performing loan portfolio transfer criteria.

jj. Accounting Criterion B-7, Foreclosed assets, establishes that, in the case of goods for which the fair value can be determined by means of an appraisal, the latter must fulfill the requirements issued by the Commission for the bank appraisal service providers.

kk. Accounting Criterion C-2, Securitized transactions, clarifies that, in the case of securitization vehicles implemented and recognized in the consolidated financial statements prior to January 1, 2009, the transfer of financial assets recognized prior to that date need not be reevaluated.

In this regard, the notes to the financial statements must disclose the main effects that this exception could have on the financial statements, as well the effects generated by recognizing benefit valuation adjustments on the assignee's remnant (recognized in results or in stockholders' equity), and the asset or liability recognized by the management of transferred financial assets.

ll. The definition of "Joint Control Agreement", "Joint Control", the modified definition of "Associated Entity", "Control" "Holding Company", "Significant Influence", "Related Parties" and "Subsidiary" have been added to Accounting Criteria C-3, Related parties.

mm. Related parties are now considered as the individuals or entities which, directly or indirectly, through one or more intermediaries have significant influence over, are significantly influenced by or are subject to the significant joint influence of the entity, as well as the joint control agreements in which the latter participates.

nn. In the case of joint control agreements, the disclosure requirements contained in Accounting Criteria C-3, Related parties, have been extended.

oo. As a modification to Accounting Criteria C-4, Information by segments, the purchase-sale of currencies is included within the Treasury and investment banking transactions segment.

pp. Different modifications have been made to the balance sheet presentation to incorporate current and overdue housing in the credit portfolio in the following segments: medium-income and residential housing, low-income housing, credits acquired from the INFONAVIT or FOVISSSTE, and home remodeling or improvement with a warranty granted by a development bank or public trusts.

qq. The balance sheet must present the following items as a liability under the heading of "Global deposit account without movements": the principal and interest of deposit instruments without maturity dates or, when having a maturity date are automatically renewed, together with transfers or the expired, unclaimed investments referred to by article 61 of the Law on Credit Institutions.

rr. As part of the earned capital presented in the balance sheet, a heading denominated "Remediation for defined employee benefits" has been added as part of the implementation of NIF D-3, Employee benefits.

ss. The heading "Provided guarantors" has been added to memoranda accounts at the end of the balance sheet.

tt. Insurance and bonds, technical assistance expenses, maintenance expenses, fees other than those paid to the IPAB, consumables and minor appliances must be included as part of administrative and promotional expenses in the statement of income.

uu. Within the movements inherent to the recognition of comprehensive income, the statement of changes in stockholders' equity must recognize the remediation for defined employee benefits based on the implementation of NIF D-3, Employee benefits.

NIF issued by the CINIF and applicable to Holding Monex

At December 31, 2015, the CINIF has issued the following NIF, which could have an effect on the Holding Monex's financial statements:

a. With implementation as of January 1, 2016:

NIF D-3, *Employee benefits*

b. With implementation as of January 1, 2018:

NIF C-2, *Investment in financial instruments*
NIF C-3, *Accounts receivable*
NIF C-9, *Provisions, contingencies and commitments*
NIF C-16, *Impairment of receivable financial instruments*
NIF C-19, *Payable financial instruments*
NIF C-20, *Receivable financial instruments*
NIF D-1, *Revenues from contracts with customers*
NIF D-2, *Costs of contracts with customers*

Improvements to the interpretations of the 2016 NIF (INIF) – The following improvements were issued and took effect as of January 1, 2016:

INIF 21, *Recognition of employee severance payments*

Improvements to the 2016 NIF - The following improvements took effect as of January 1, 2016, thereby generating accounting changes:

NIF B-7, *Business acquisitions* – Clarifies that the acquisition and/or merger of entities under common control, and the acquisition of noncontrolling equity or the sale without losing control of the subsidiary, are outside the scope of this NIF, regardless of how the amount of the consideration was determined.

NIF C-1, *Cash and cash equivalents* and NIF B-2, *Statement of cash flows* **–** Modified to consider foreign currency as cash and not as cash equivalents. Clarifies that both the initial and subsequent valuation of cash equivalents must be at fair value.

Bulletin C-2, *Financial instruments and Document of amendments to Bulletin C-2 –*

a) The definition of financial instruments available for sale is modified to clarify that they are those in which investment is made from time to time with the intention of trading them over the medium-term prior to maturity, so as to obtain profits based on changes in market value, and not only through their related returns.

b) Criteria for classifying a financial instrument as available for sale is clarified to prohibit such classification when i) the intention is to hold it for an indefinite period, ii) the entity is willing to sell the financial instrument, iii) it has a sale or redemption option on the instrument, and iv) the issuer of the instrument has the right to liquidate the financial instrument at an amount significantly lower than its amortized cost.

c) The concept of purchase expenses is eliminated and the definition of transaction costs is incorporated.

d) The reversal of impairment losses from financial instruments held to maturity is allowed, in the net income or loss for the period.

NIF C-7, Investments in associates, joint ventures and other permanent investments – Establishes that contributions in kind should be recognized at the fair value that was negotiated between owners or shareholders, unless they are the result of debt capitalization, in which case they should be recognized for the capitalized amount.

Bulletin C-10, *Financial derivatives and hedge transactions*-

a) The method to be used to measure the effectiveness should be defined, which should be evaluated at the beginning of the hedge, in the following periods and at the date of the financial statements.
b) Clarifies how to designate a primary position.
c) The accounting for the transaction costs of a financial derivative is modified to be recognized directly in the net income or loss of the period at acquisition, and not deferred and amortized during its effective term.
d) Clarifications are made on the recognition of embedded derivatives.

The following improvements were issued which do not generate accounting changes:

NIF C-19, *Financial instruments payable (FIP)* - Clarifications are made with regard to: i) the definition of transaction costs, ii) when amortization of the transaction costs should be recalculated, iii) the entity should demonstrate, as support for its accounting policy, that it complies with the conditions for designating a financial liability at fair value through net income or loss, and iv) disclosing the gain or loss when an FIP is derecognized and the fair values of significant long-term fixed-rate liabilities. Furthermore, an appendix is incorporated as support in the determination of the effective interest rate.

NIF C-20, *Financial instruments receivable* **–** Changes are incorporated to clarify and explain various concepts due to the issuance of the new NIF related to financial instruments and the final issuance of IFRS 9, *Financial Instruments*. The most important of these include: transaction costs and related amortization, effective interest rate, impairment, foreign-currency instruments, reclassification between fair value debt instruments and financial instruments receivable, the value of money over time and disclosure of qualitative and quantitative information.

At the date of issuance of the consolidated financial statements, Holding Monex is in the process of determining the effects derived from these standards on its financial information.

New NIF D-3, Employee benefits

In January 2015, the CINIF issued a series of modifications to NIF D-3, *Employee benefits*. These modifications took effect as of January 1, 2016.

The main modifications resulting from the application of this new NIF D-3 on the financial information of Holding Monex are as follows:

- Liability discount rate - Defined-Benefit Obligation (OBD)

- The discount rate used to calculate the OBD must be determined by using the market rate of high quality corporate bonds, as long as there is a deep market for them. The market rate of federal government bonds must otherwise be utilized.

- Recognition of actuarial gains and losses

    - The use of a corridor to defer actuarial gains and losses has been eliminated.
    - The accrued balance of accrued gains and losses at December 31, 2015 will be recognized within stockholders' equity and the liability at January 1, 2016.
    - The actuarial gains and losses generated as of January 1, 2016 will be treated as the remediation of defined employee benefits, which will be recognized in stockholders' equity and the liability.

- Amortization of actuarial gains and losses

    - The actuarial gains and losses recognized within stockholders' equity must be recycled to results during the Remaining Labor Life of the Plan.

- Return expected from plan assets

    - The return expected from plan assets must be estimated by utilizing the liability discount rate instead of the return rate expected for the fund.

Derived from the implementation of NIF D-3, on December 31, 2015, the Commission issued a series of temporary articles in relation to the "Ruling that modifies the general provisions applicable to credit institutions", which was published in the Federal Official Gazette on November 9, 2015.

These temporary articles establish that credit institutions may recognize the entire plan modification balance (past service) and the accrued balance of the unrecognized plan gains and losses for entities that did not progressively utilize the corridor approach before December 31 of each year.

If opting to progressively apply the aforementioned balances, institutions must start their recognition of these balances in 2016 by recognizing 20% of this amount that year, followed by an additional 20% each subsequent year until reaching 100% within a maximum five-year period.

As regards the remediation of the gains or losses generated by the defined benefit plan that must be recognized at the end of each period, as well as their recycling to results of the year, institutions must calculate the total amount of plan gains or losses; i.e., based on the sum of plan gains or losses, while excluding those that were not recognized in the balance sheet

Credit institutions that decide to exercise this option must notify the Commission no later than January 31, 2016.

Likewise, if deciding to recognize all or part of the remnant effect before the end of the established periods, institutions must inform the Commission within 30 calendar days following the date on which the respective accounting movement is performed. Entities may recognize such amounts ahead of time, as long as they recognize at least 20% of the total remnant amount during the year in question.

Credit institutions that opt to apply any of the above options must disclose the effects resulting from this decision in the public financial information reports prepared for 2016 and until the year in which the progressive recognition of the aforementioned effects concludes.

In this regard, the initial effect resulting from the application of NIF D-3 in subsequent years derived from the accrued balance of unrecognized actuarial losses and the past service labor cost at December 31, 2015 is $153. This balance will be recognized in Earned capital under the "Remediation for defined employee benefits" and "Retained earnings" headings, respectively, as of 2016, by recognizing 20% of the accrued balance during that year, together with an additional 20% in each subsequent year until reaching 100% within a five-year period.

Furthermore, the accrued balance of unrecognized actuarial losses at December 31, 2015 will be recycled to results during the period of the Remaining Labor Life of the Plan, which fluctuates between 11 and 20 years depending on the benefit in question.

The actuarial determination is made by a discount rate of corporate bonds and is pending the probable existence of deep market.

34. Authorization of the Financial Statements

On March 18, 2016, the issuance of the consolidated financial statements was authorized by Héctor Pío Lagos Dondé, Chief Executive Officer of Holding Monex; Álvaro Alberto Calderón Jiménez, Chief Financial Officer; José Luis Orozco Ruíz, Chief Internal Auditor and Ricardo Cordero Jurado, Deputy Director of Accounting and by the Board of Directors, who in addition to the Commission may be modified.

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