

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

Consolidated Financial Statements

December 31, 2014 and 2013

(With Independent Auditors' Report Thereon)

(Free Translation from Spanish Language Original)



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Independent Auditor's Report
(Free Translation from Spanish Language Original)

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

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

Management's responsibility for the consolidated financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the accompanying consolidated financial statements of Genera, S. A. B. de C. V. and Subsidiaries, for the years ended December 31, 2014 and 2013, have been prepared in all material respects, in accordance with the accounting criteria for credit institutions in Mexico issued by the Commission.

KPMG CARDENAS DOSAL, S. C.

SIGNATURE

Alejandro De Alba Mora

February 19, 2015.

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

Consolidated Balance Sheets

December 31, 2014 and 2013

(Millions of Mexican pesos)

Assets	2014	2013	Liabilities and Stockholders' Equity	2014	2013
Cash and cash equivalents (note 6)	\$ 3,143	2,169	Liabilities:		
Investment securities (note 7):			Deposit funding (note 13):	\$ 96	66
Available for sale	24	22	Demand deposits		
			Time deposits:	878	638
Debtors on repurchase/resell agreements (note 8)	196	342	General public	9,273	8,537
			Debt securities issued	10,247	9,241
Current loan portfolio (note 9):			Bank and other loans (note 14):		
Commercial loans:			Due on demand	90	-
Business and commercial	415	353	Short-term	2,709	3,640
Consumer loans	22,702	19,664	Long-term	3,037	2,341
Residential mortgages	49	44		5,836	5,981
Total current loan portfolio	23,166	20,061	Other accounts payable:		
Past-due loan portfolio (note 9):			Income tax payable	694	54
Commercial loans:			Employee statutory profit sharing payable (note 16)	38	22
Business and commercial	23	13	Sundry creditors and other accounts payable (note 17)	1,616	1,063
Consumer loans	761	631		2,348	1,139
Residential mortgages	1	1	Deferred credits and prepayments	52	58
Total past-due loan portfolio	785	645	Total liabilities	18,483	16,419
Total loan portfolio	23,951	20,706	Stockholders' equity (note 19):		
Less:			Paid-in capital:		
Allowance for loan losses (note 9)	1,294	1,228	Capital stock	4,764	4,764
Loan portfolio, net	22,657	19,478	Additional paid-in capital	763	763
Other accounts receivable, net (note 10)	587	468		5,527	5,527
Property, furniture and equipment, net (note 11)	921	976	Earned capital:		
Investment in associated company (note 3j)	107	-	Statutory reserve	870	731
Deferred taxes, net (note 16)	1,056	175	Prior years' results	2,150	207
Other assets, deferred charges and intangibles, net (note 12)	1,852	1,732	Cumulative translation adjustment	147	43
			Net income	3,125	2,264
				6,292	3,245
			Non-controlling interest	241	171
			Total stockholders' equity	12,060	8,943
			Commitments and contingent liabilities (note 20)		
			Subsequent event (note 24)		
Total assets	\$ 30,543	25,362	Total liabilities and stockholders' equity	\$ 30,543	25,362

Memorandum accounts

	2014	2013
Other contingent liabilities (note 6)	\$ 1,380	1,053
Uncollected interest accrued on past due loans (note 9)	102	72
Other memorandum accounts (notes 14 and 16)	\$ 20,379	21,432

The historical capital stock as of December 31, 2014 and 2013, amounts to \$4,764, in each year.

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

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

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

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

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

Consolidated Statements of Income
Years ended December 31, 2014 and 2013

(Millions of Mexican pesos,
except earning per share)

	<u>2014</u>	<u>2013</u>
Interest income (note 22)	\$ 14,451	12,590
Interest expense (note 22)	<u>(822)</u>	<u>(818)</u>
Financial margin	13,629	11,772
Provision for loan losses (note 9)	<u>(1,692)</u>	<u>(1,608)</u>
Financial margin after provision for loan losses	11,937	10,164
Commissions and fee income (note 22)	883	761
Commissions and fee expense (note 22)	(657)	(606)
Other operating income (expenses), net (note 22)	(77)	(44)
Administrative and promotional expenses	<u>(7,939)</u>	<u>(6,763)</u>
Operating income	4,147	3,512
Equity method of associated company (note 3j)	<u>(4)</u>	<u>-</u>
Operating income before income taxes	4,143	3,512
Current income taxes (note 16)	(1,862)	(1,207)
Deferred income taxes (note 16)	<u>881</u>	<u>(34)</u>
Net income	3,162	2,271
Non-controlling interest	<u>(37)</u>	<u>(7)</u>
Controlling interest net income	\$ <u>3,125</u>	<u>2,264</u>
Earning per share (in pesos)	\$ <u>1.90</u>	<u>1.38</u>

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

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

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

SIGNATURE

Carlos Labarthe Costas
Chief Executive Officer

SIGNATURE

Patricio Diez de Bonilla
García Vallejo
Chief Financial Officer

SIGNATURE

Oscar Luis Ibarra Burgos
General Internal Auditor

SIGNATURE

Marco Antonio Guadarrama
Villalobos
Controller

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

Consolidated Statements of Changes in Stockholders' Equity

Years ended December 31, 2014 and 2013

(Millions of Mexican pesos)

	Paid-in capital		Earned capital					Non-controlling interest	Total stockholders' equity
	Capital stock	Additional paid-in capital	Statutory reserve	Prior years' results	Cumulative translation adjustment	Net income			
Balances as of December 31, 2012	\$ 4,629	898	602	207	119	2,010	179	8,644	
Changes resulting from stockholders' decisions:									
Constitution of reserves for the fund to repurchase shares (note 19)	-	-	199	(199)	-	-	-	-	
Repurchase of shares (note 19)	-	-	(172)	-	-	-	-	(172)	
Resolutions agreed on April 25, 2013:									
Appropriation of prior year's net income (note 19)	-	-	-	2,010	-	(2,010)	-	-	
Dividends payment (note 19)	-	-	-	(1,710)	-	-	-	(1,710)	
Dividend refund from repurchased shares (note 19)	-	-	1	-	-	-	-	1	
Constitution of statutory reserve (note 19)	-	-	101	(101)	-	-	-	-	
Appropriation to capital stock (note 19)	135	(135)	-	-	-	-	-	-	
Total	135	(135)	129	-	-	(2,010)	-	(1,881)	
Changes related to the recognition of comprehensive income:									
Net income	-	-	-	-	-	2,264	7	2,271	
Cumulative translation adjustment of subsidiaries	-	-	-	-	(76)	-	-	(76)	
Total	-	-	-	-	(76)	2,264	7	2,195	
Non-controlling interest	-	-	-	-	-	-	(15)	(15)	
Balances as of December 31, 2013	4,764	763	731	207	43	2,264	171	8,943	
Changes resulting from stockholders' decisions:									
Constitution of reserves for the fund to repurchase shares (note 19)	-	-	208	(208)	-	-	-	-	
Repurchase of shares (note 19)	-	-	(182)	-	-	-	-	(182)	
Resolutions agreed on April 24, 2014:									
Appropriation of prior year's net income (note 19)	-	-	-	2,264	-	(2,264)	-	-	
Constitution of statutory reserve (note 19)	-	-	113	(113)	-	-	-	-	
Total	-	-	139	1,943	-	(2,264)	-	(182)	
Changes related to the recognition of comprehensive income:									
Net income	-	-	-	-	-	3,125	37	3,162	
Cumulative translation adjustment of subsidiaries	-	-	-	-	104	-	-	104	
Total	-	-	-	-	104	3,125	37	3,266	
Non-controlling interest	-	-	-	-	-	-	33	33	
Balances as of December 31, 2014	\$ 4,764	763	870	2,150	147	3,125	241	12,060	

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

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

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

SIGNATURE

Carlos Labarthe Costas
Chief Executive Officer

SIGNATURE

Patricio Diez de Bonilla
García Vallejo
Chief Financial Officer

SIGNATURE

Oscar Luis Ibarra Burgos
General Internal Auditor

SIGNATURE

Marco Antonio Guadarrama
Villalobos
Controller

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

Consolidated Statements of Cash Flows
Years ended December 31, 2014 and 2013
(Millions of Mexican pesos)

	<u>2014</u>	<u>2013</u>
Net income	\$ 3,125	2,264
Adjustment for items not requiring cash flows:		
Depreciation and amortization	333	292
Provisions	560	294
Current and deferred income taxes	981	1,241
Equity investment in associated company	4	-
	<u>1,878</u>	<u>1,827</u>
<u>Operating activities:</u>		
Change in investment securities	(2)	478
Change in debtors on repurchase/resell agreements	146	(313)
Change in loan portfolio (net)	(3,179)	(2,341)
Change in other operating assets (net)	(91)	(132)
Change in deposit funding	1,006	1,450
Change in bank and other loans	(145)	644
Change in other operating liabilities	<u>(1,219)</u>	<u>(1,365)</u>
Net cash flows from operating activities	<u>1,519</u>	<u>2,512</u>
<u>Investment activities:</u>		
Proceeds from the disposal of furniture and equipment	4	16
Payments in the acquisition of furniture and equipment	(214)	(531)
Investment in associated company	(111)	-
Increase in intangibles assets	<u>(172)</u>	<u>(351)</u>
Net cash flows from investment activities	<u>(493)</u>	<u>(866)</u>
<u>Financing activities:</u>		
Payments associated to repurchase of own shares	(182)	(172)
Dividends payments in cash	-	(1,710)
Dividend refund from repurchased shares	-	1
Change in non-controlling interest	<u>70</u>	<u>(8)</u>
Net cash flows from financing activities	<u>(112)</u>	<u>(1,889)</u>
Net increase (decrease) in cash and cash equivalents	914	(243)
Effects on changes in cash and cash equivalents	60	(14)
Cash and cash equivalents at the beginning of the year	<u>2,169</u>	<u>2,426</u>
Cash and cash equivalents at the end of the year	\$ <u>3,143</u>	<u>2,169</u>

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

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

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

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

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

Notes to the Consolidated Financial Statements

December 31, 2014 and 2013

(Millions of Mexican pesos)

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

(1) Description of business and significant transactions-

Description of business-

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

At December 31, 2014 and 2013, Genera and its consolidated subsidiaries are comprised of:

- i. Banco Compartamos, S. A., Institución de Banca Múltiple (the Bank) which in accordance with the Law for Credit Institutions, is authorized to carry out multiple banking activities which comprise, among others, granting loans, receipt of deposits, acceptance of loans, operation with securities and other financial instruments in Mexico.
- ii. Compartamos, S. A. (Compartamos Guatemala) which main activity is, among others, granting any type of loans and financing to individuals or entities with own funds in Guatemala, as well as granting or obtaining loans or financing of any nature.
- iii. Financiera Compartamos, S. A. (Financiera Compartamos) is an entity incorporated under the regulations of the Republic of Peru, which purpose is to operate as a financial services entity, and is allowed to carry out all transactions and provide all services, by any means that result applicable and correspond, in accordance with established legal provisions that regulate entities of this nature in conformity with Peruvian legislation.
- iv. Red Yastás, S. A. de C. V. (Red Yastás), is an entity incorporated in Mexico, which purpose is: a) to enter into agreements to provide services, either mandates or commercial commission with credit institutions to engage with other people on behalf of the aforementioned credit institutions, the commissions or services mandated, complying with applicable regulation on each transaction or banking service, b) to service credit institutions as manager of commission agents with the purpose of organizing service providers' networks or banking commission agents to carry out certain activities and c) to receive, process and distribute all types of funds or economic resources through electronic, manual or telephonic transfers or directly online though any other means of communication, among others.

(Continued)

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

Notes to the Consolidated Financial Statements

(Millions of Mexican pesos)

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

2014 Significant transactions-

- I.** During the first half of 2014, a licitation process was undertaken to sell Bank's loan portfolio previously written-off during the years 2010, 2011 and 2013, whose amount of principal and not collected accrued interests at the time of write-off amounted to \$1,798. On March 24, 2014, as a result of this licitation, an onerous contract of assignment of loans was signed, generating to the Bank a tax loss on loan portfolio sale of \$1,797, which under current tax legislation will be deductible at the time that the book value of allowance for loan losses as of December 31, 2013 is applied; the Bank decided to take the future deduction for the loss up to the amount updated at December 31, 2013, from the remaining surplus pending to be deducted of the global preventive allowance for loan losses which amounts to \$1,193, therefore the tax loss carryforward of \$358, which is estimated to be realized in 2015, was recognized as part of the debit balance of deferred taxes (notes 9 and 16).
- II.** On July 28, 2014, through Board of Directors' Meeting, the investment in the corporation Finestrella, S. A. P. I. de C. V. (Finestrella) was approved. Finestrella is incorporated in Mexico, the investment through the subscription and payment of shares for \$111, representing 33% of capital stock, and grating funding for \$20 convertible into shares when met certain agreements and financial goals that allow Genera potentially acquire up to 100% of the capital stock. Finestrella's main activity is lending through an electronic platform.

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

Notes to the Consolidated Financial Statements

(Millions of Mexican pesos)

- III.** On July 28, 2014, the Board of Directors' Meeting approved to enter into the business of money orders from the United States to Mexico by acquiring 100% of Pagos Intermex, S. A. de C. V. ("Intermex") and Monex Servicios, S. A. de C. V. ("Monex Servicios"). On October 16, 2014, a purchase agreement was signed to acquire 100% of capital stock of Intermex and Monex Servicios for \$186. The acquisition is subject to the fulfillment of various conditions precedent common to this type of transaction and the authorization of the Commission.

2013 Significant transactions-

- I.** During the second half of 2013, a licitation process was undertaken to sell Bank's loan portfolio previously written-off during the years 2008, 2009 and 2012, whose amount of principal and not collected accrued interests at the time of write-off amounted to \$763. On October 30, 2013, as a result of this auction, an onerous contract of assignment of loans was signed, generating to Gentera a tax loss on sale of \$761 and consequently a deductible tax benefit of \$228 (notes 9 and 16).
- II.** On December 16, 2013, through Extraordinary General Stockholders' Meeting, the change of the entity's name from "Compartamos, S. A. B. de C. V." to "Gentera, S. A. B. de C. V.", was approved.

(2) Authorization and basis of presentation-

On February 19, 2015, the following officers approved the issuance of the accompanying consolidated financial statements and their related notes.

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

The shareholders of Gentera are empowered to modify the consolidated financial statements after its issuance. The accompanying 2014 consolidated financial statements were authorized for issuance by the Board of Directors, and will be submitted for approval at the next Shareholders Meeting.

(Continued)

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

Notes to the Consolidated Financial Statements

(Millions of Mexican pesos)

On March 16, 2011, the National Banking and Securities Commission (the Commission) issued the “Resolution that modifies the general regulations applicable to securities issuers and other securities market participants”, which establishes that securities issuers which, through its subsidiaries, carry out mainly financial activities subject to the supervision of Mexican authorities, are required to prepare and audit its financial statements under the same basis applicable to such subsidiaries, with the purpose of ensuring that the financial information of both entities is comparable. The aforementioned is determined when such activities represent more than 70% of consolidated assets, liabilities or total revenues at the prior year-end. Consequently, since the Bank comprises 74% and 89% of the consolidated assets and revenues, respectively, as of and for the year ended December 31, 2014 (73% and 91% respectively, in 2013), the accompanying consolidated financial statements have been prepared in conformity with the accounting criteria established by the Commission throughout the “Accounting criteria for credit institutions” in Mexico.

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

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

The financial statements of the subsidiaries have been translated from its recording currency, prior to consolidation, to the accounting criteria set forth by the Commission, to present financial information in accordance with such criteria.

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

Notes to the Consolidated Financial Statements

(Millions of Mexican pesos, except exchange rate)

The financial statements of the foreign subsidiaries have been translated into Mexican pesos (reporting currency) considering that their recording and functional currency are the same, resulting in the use of the following exchange rates: a) month-end for monetary and non-monetary assets and liabilities (\$4.9368 Mexican pesos per sol and \$1.9409 Mexican pesos per quetzal as of December 31, 2014), b) historical for stockholder's equity and c) weighted average of the period (\$4.9109 Mexican pesos per sol and \$1.9077 Mexican pesos per quetzal) for revenues costs and expenses, translation effects are presented as part of stockholders' equity. The exchanged rates used in 2013 were a) month-end for monetary and non-monetary assets and liabilities (\$4.6813 Mexican pesos per sol and \$1.6686 Mexican pesos per quetzal), b) historical for stockholder's equity and c) weighted average of the period (\$4.6684 Mexican pesos per sol and \$1.6535 Mexican pesos per quetzal) for revenues, costs and expenses, presenting translation effects as part of stockholders' equity.

(3) Summary of significant accounting policies-

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

The consolidated financial statements of Entera recognize assets and liabilities arising from investment securities and repurchase/resell agreements on the trade date, regardless of the settlement date.

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

(a) Recognition of the effects of inflation-

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

(Continued)

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

Notes to the Consolidated Financial Statements

(Millions of Mexican pesos)

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

<u>December 31</u>	<u>UDI</u>	<u>Inflation</u>	
		<u>Yearly</u>	<u>Cumulative</u>
2014	\$ 5.2703	4.18%	12.38%
2013	5.0587	3.78%	11.76%
2012	4.8746	3.94%	12.31%
	=====	=====	=====

(b) Basis of consolidation-

The accompanying consolidated financial statements as of December 31, 2014 and 2013, include the balances of Genera and its subsidiaries mentioned below. All significant balances and transactions between Genera and the subsidiaries have been eliminated upon consolidation.

<u>Entity</u>	<u>Equity</u>	<u>Functional currency</u>
Bank	99.98%	Mexican pesos
Compartamos Guatemala	99.99%	Quetzales
Financiera Compartamos	84.20%	Soles
Red Yastás	99.99%	Mexican pesos
Compartamos Servicios	99.99%	Mexican pesos
Controladora AT ¹	50.00%	Mexican pesos
	=====	=====

¹ Controladora AT is consolidated because Genera has control on the financial policies and operating decisions of the subsidiary.

(c) Cash and cash equivalents-

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

(Continued)

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

Notes to the Consolidated Financial Statements

(Millions of Mexican pesos)

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

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

(d) *Investment securities -*

Investment securities consist of government and, which are classified in accordance with the intention of use that Generera assigns at the date of their acquisition as "Available-for-sale securities".

Available-for-sale securities

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

Impairment of the value of a security

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

During the years ended December 31 2014 and 2013, Generera did not make transfers between categories.

(Continued)

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

Notes to the Consolidated Financial Statements

(Millions of Mexican pesos)

(e) Repurchase/resell agreements-

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

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

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

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

(f) Loan portfolio-

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

(Continued)

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

Notes to the Consolidated Financial Statements

(Millions of Mexican pesos)

Commercial loans with one principal amortization and interest payment – 30 days or more after due date.

Consumer and mortgage loans – 90 or more days past due.

Residential mortgages – When the outstanding loan balance present installments not fully collected for 90 or more due days.

In addition, a loan is classified as past due when the debtor files for bankruptcy protection.

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

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

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

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

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

(Continued)

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

Notes to the Consolidated Financial Statements

(Millions of Mexican pesos)

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

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

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

As of December 31, 2014 and 2013, Entera had mainly a short-term consumer loan portfolio (note 9).

(g) Allowance for loan losses-

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

Allowances for loan losses are based on analytical studies of the portfolio in accordance with the "General dispositions applicable to credit institutions" issued by the Commission.

On June 24, 2013, the Commission published in the Official Gazette a resolution amending the general dispositions applicable to credit institutions to adopt a methodology of expected loss for credit risk, considering the probability of default, loss given default and exposure at default. In addition, commercial loans are classified into different groups, thus commercial loans outstanding at December 31, 2014 were evaluated using the model of expected loss.

The corresponding percentage range is established in accordance with Article 129 of the applicable general provisions, as shown in the next page.

(Continued)

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

Notes to the Consolidated Financial Statements

(Millions of Mexican pesos)

The current commercial loans as of December 31, 2013, were evaluated in accordance with the incurred loss methodology set forth by the Commission until June 24, 2013, which consists in a methodology based on the debtor's rating process and the probability of default.

Allowances for loan losses made at December 31, 2014 and 2013 were determined in conformity with the degree of risk and the corresponding percentage ranges of allowance as shown below:

<u>Degree of risk</u>	<u>Percentage ranges of allowance</u>
A-1	0 to 0.9
A-2	0.901 to 1.5
B-1	1.501 to 2.0
B-2	2.001 to 2.5
B-3	2.501 to 5.0
C-1	5.001 to 10.0
C-2	10.001 to 15.5
D	15.501 to 45.0
E	Grater than 45.0
===	=====

Troubled loans – Commercial loans with a high probability of not being collected. As of December 31, 2014 and 2013, Gentera has troubled loans for \$7 and \$9, respectively, which come from Financiera Compartamos. These loans have been fully reserved.

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

(Continued)

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

Notes to the Consolidated Financial Statements

(Millions of Mexican pesos)

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

The allowance for loans losses as of December 31, 2014 and 2013, is determined by the degree of risk assigned to the loan, as shown below:

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

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

Degree of risk and percentages of allowance for loan losses at December 31, 2014 and 2013 are as shown in the next page.

(Continued)

GENTERA, S. A. B. de C. V. Y SUBSIDIARIAS

Notes to the Consolidated Financial Statements

(Millions of Mexican pesos)

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

Write-offs-

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

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

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

(Continued)

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

Notes to the Consolidated Financial Statements

(Millions of Mexican pesos)

(h) *Other accounts receivable-*

This caption represents, among others, receivables from employees and items directly related to the loan portfolio, such as legal expenses and accounts receivable from correspondents.

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

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

(i) *Property, furniture and equipment-*

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

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

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

(Continued)

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

Notes to the Consolidated Financial Statements

(Millions of Mexican pesos)

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

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

(j) Investment in associated -

Investment in associated company, which Entera owns less than 50% stake in the capital stock and has no control, are accounted for using the equity method based on financial statements of the associate as of and for the year ended 31 December 2014, including participation in the deficit on investment of the associate. At December 31, 2014, the 33% in the capital stock in the associate Finestrella amounts to \$107 and the equity investment in the associate for the period from July 28 to December 31, 2014 is a loss of \$4.

(k) Income taxes and employee statutory profit sharing (ESPS)-

The current income taxes and ESPS during the year are determined according to current tax legislation (note 16).

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

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

(Continued)

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

Notes to the Consolidated Financial Statements

(Millions of Mexican pesos)

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

(l) Other assets, deferred charges and intangibles-

This caption is mainly comprised of investment in the development of the electronic banking system, guarantee deposits, insurance and expenses paid in advance, as well as expenses for debt issuance. Amortization is made using the straight-line method during the life of each transaction. For the years ended December 31, 2014 and 2013, the charge to the consolidated income statement for amortization amounted to \$66 and \$20, respectively.

(m) Impairment of long-lived assets-

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

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

(n) Deposit funding-

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

(Continued)

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

Notes to the Consolidated Financial Statements

(Millions of Mexican pesos)

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

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

(o) Bank and other loans-

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

(p) Provisions-

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

(q) Employee benefits-

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

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

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

(Continued)

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

Notes to the Consolidated Financial Statements

(Millions of Mexican pesos)

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

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

(r) *Stockholders' equity-*

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

(s) *Repurchase of shares-*

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

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

(t) *Cumulative translation adjustment-*

Represent the difference arising from translating foreign operations from its functional currency to the reporting currency.

(u) *Comprehensive income-*

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

(Continued)

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

Notes to the Consolidated Financial Statements

(Millions of Mexican pesos, except earning per share)

(v) *Revenue recognition-*

Interest gained from cash and cash equivalents, investments in trading and repurchase/resell agreements are recognized in income statement as they accrue, in the latter case, as per the straight-line method.

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

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

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

(w) *Interest expense-*

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

(x) *Other operating income (expense)-*

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

(y) *Earning per share-*

This caption represents the result of dividing the profit for the period by the weighted average of current shares during the period. For the years ended on December 31, 2014 and 2013, the earning per share is \$1.90 pesos and \$1.38 pesos, respectively.

(Continued)

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

Notes to the Consolidated Financial Statements

(Millions of Mexican pesos)

(z) Contributions to the Banks Savings Protection Institute (IPAB)-

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

Contributions made for this concept for the years ended December 31, 2014 and 2013, amounted to \$41 and \$36, respectively, which were charged directly to results of the year.

(aa) Foreign currency transactions-

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

(bb) Contingencies-

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

(cc) Segment information-

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

(Continued)

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

Notes to the Consolidated Financial Statements

(Millions of Mexican pesos)

(4) New accounting standards-

The Mexican Board of Financial Reporting Standards (CINIF – Spanish abbreviation), issued new FRS and the document called “FRS Improvements 2014”, which contains specific modifications to current FRS, which it came into force on January 1, 2014. Such FRS and Improvements did not generate material effects in the consolidated financial statements of Gentera and its subsidiaries since these were not applicable or there is a specific accounting framework issued by the Commission.

On September 24, 2014 the Commission published in the Official Gazette a Resolution which modified the “General dispositions applicable to credit institutions” specifically the accounting criteria "B-6 Loan Portfolio", being the main changes related to restructured and past-due loans. Such changes did not generate material effects in the consolidated financial statements of Gentera and its subsidiaries for the year ended December 31, 2014, given that there is not significant amounts of restructured loans.

(5) Foreign currency position-

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

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

(Continued)

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

Notes to the Consolidated Financial Statements

(Millions of Mexican pesos, except otherwise indicated)

As of December 31, 2014 and 2013, the Bank had a long position of 1,144 dollars and 1,398 dollars, respectively, within the limits set forth by Central Bank. The net assets at December 31, 2014 of Compartamos Guatemala and Financiera Compartamos represent a long position of 21,917,465 dollars and 48,077,641 dollars, respectively (long position of 19,287,478 dollars and 35,670,282 dollars, respectively in 2013).

As of December 31, 2014 the exchange rate determined by the Central Bank and used by EnterA to value its assets in foreign currency was \$14.7414 pesos per dollar (\$13.0843 pesos per dollar in 2013). On February 19, 2015, issuance date of the consolidated financial statements, the exchange rate was \$14.9473 pesos per dollar.

(6) Cash and cash equivalents-

At December 31, 2014 and 2013, cash and cash equivalents consist of the following:

	<u>2014</u>	<u>2013</u>
Cash on hand	\$ 42	62
Mexican banks	1,021	530
Foreign banks	437	302
Restricted funds:		
Monetary regulation deposit with the Central Bank*	308	204
Bank loans with maturity up to three days*	1,072	849
Other funds	<u>263</u>	<u>222</u>
	\$ 3,143	2,169
	=====	=====

*Included as part of the caption "Other contingent liabilities" in memorandum accounts.

For the years ended December 31, 2014 and 2013, interest earned from banks and other restricted funds amounted to \$38 each year.

(Continued)

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

Notes to the Consolidated Financial Statements

(Millions of Mexican pesos, except otherwise indicated)

At December 31, 2014 and 2013, the monetary regulatory deposit with Central Bank has no established term and bears interest at the rate of bank deposit funding. For the years ended December 31, 2014 and 2013, interest obtained from monetary regulatory deposits amount to \$7 and \$8, respectively.

At December 31, 2014 and 2013, other restricted funds correspond to guarantee deposits with financial institutions in Peru incurred by Financiera Compartamos for \$257 and \$216, respectively, and the saving fund of Genera's employees for \$6 in each year.

At December 31, 2014, the average rate of interbank loans maturing in 3 days was 3.01% (3.78% in 2013). For the years ended on December 31, 2014 and 2013, interest earned from call money transactions amounted to \$40 and \$49, respectively.

At December 31, 2014 and 2013, Genera has no precious metals, coins or position in foreign bills and coins.

(7) Investment securities-

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

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

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

At December 31, 2014 and 2013, investments in available-for-sale securities at fair value corresponding to certificates of deposit of Central Bank of the Republic of Peru for \$24 and \$22, respectively.

At December 31, 2014 and 2013, the valuation of available-for-sale securities recognized within "Earned capital" net of deferred tax represents a profit of \$7,220 pesos and \$78,215 pesos, respectively.

At December 31, 2014 and 2013, the average rates of investments were 3.43% and 4.10%, respectively. In addition, for the years ended on December 31, 2014 and 2013, interest income from investments amounted to \$2 and \$8, respectively.

(Continued)

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

Notes to the Consolidated Financial Statements

(Millions of Mexican pesos)

(8) Debtors on repurchase/resell agreements-

Enterera carries out transactions of repurchase/resell agreements with a 1 day term, acting as buyer. As of December 31, 2014 and 2013, the balance of \$196 and \$342, respectively, relates to CETES in 2014 and development bonds in 2013.

For the years ended on December 31, 2014 and 2013, the interest income arising from repurchase/resell agreements transactions in the consolidated income statement amount to \$7 and \$2, respectively.

The terms of transactions of repurchase/resell agreements as of December 31, 2014 and 2013, are two days in each year, weighted interest rates of 2.83% and 3.53%, respectively.

(9) Loan portfolio-

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

At December 31 2014 and 2013, total loan portfolio (current and past due loans) are comprised as follows:

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

(Continued)

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

Notes to the Consolidated Financial Statements

(Millions of Mexican pesos)

<u>2013</u>	<u>Principal</u>	<u>Accrued interest</u>	<u>Total loan portfolio</u>
<u>Current loans:</u>			
Commercial loans:			
Business and commercial	\$ 347	6	353
Consumer loans	19,306	358	19,664
Residential mortgages	<u>43</u>	<u>1</u>	<u>44</u>
	<u>19,696</u>	<u>365</u>	<u>20,061</u>
<u>Past due loans:</u>			
Commercial loans:			
Business and commercial	12	1	13
Consumer loans	579	52	631
Residential mortgages	<u>1</u>	<u>-</u>	<u>1</u>
	<u>592</u>	<u>53</u>	<u>645</u>
Total loan portfolio	\$ 20,288 =====	418 ===	20,706 =====

Income from interest and commissions for the years ended at December 31, 2014 and 2013, segmented by type of loan are described as follows:

	<u>2014</u>	<u>2013</u>
<u>Interest income (note 22)</u>		
Commercial loans:		
Business and commercial	\$ 113	79
Consumer loans	14,225	12,390
Residential mortgages	<u>10</u>	<u>6</u>
	\$ 14,348 =====	12,475 =====
<u>Commissions income (note 22)</u>		
Consumer loans	\$ 387 ===	340 ===

(Continued)

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

Notes to the Consolidated Financial Statements

(Millions of Mexican pesos)

At December 31, 2014 and 2013, the loans (current and past due loans), are broken-down by economic sector, as follows:

<u>Economic activity</u>	<u>2014</u>	
	<u>Amount</u>	<u>%</u>
Commerce	\$ 19,364	81
Construction	38	-
Professional services	2,209	9
Agriculture	156	1
Cattle raising	233	1
Manufacturing	606	2
Other	<u>1,345</u>	<u>6</u>
	\$ 23,951	100
	=====	====

<u>Economic activity</u>	<u>2013</u>	
	<u>Aumont</u>	<u>%</u>
Commerce	\$ 16,777	81
Construction	20	-
Professional services	1,950	9
Agriculture	129	1
Cattle raising	201	1
Manufacturing	532	3
Other	<u>1,097</u>	<u>5</u>
	\$ 20,706	100
	=====	====

(Continued)

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

Notes to the Consolidated Financial Statements

(Millions of Mexican pesos)

The distribution of the loan portfolio at December 31, 2014 and 2013, by geographical region is shown as follows:

<u>In Mexico:</u>	<u>2014</u>		<u>2013</u>	
	<u>Current</u>	<u>Past-due</u>	<u>Current</u>	<u>Past-due</u>
Aguascalientes	\$ 121	2	86	1
Baja California Norte	428	10	321	6
Baja California Sur	271	17	173	3
Campeche	210	10	207	3
Chiapas	947	34	942	30
Chihuahua	235	11	184	9
Coahuila	522	14	487	24
Colima	62	3	67	3
Distrito Federal	663	12	500	16
Durango	337	9	280	16
Estado de México	2,136	40	1,812	57
Guanajuato	492	11	353	8
Guerrero	671	10	539	17
Hidalgo	534	9	418	7
Jalisco	484	10	391	10
Michoacán	558	11	454	9
Morelos	299	10	292	11
Nayarit	178	4	132	5
Nuevo León	628	27	562	18
Oaxaca	737	13	688	14
Puebla	1,357	31	1,252	28
Querétaro	169	2	133	3
Quintana Roo	286	9	297	11
San Luis Potosí	293	4	222	7
Sinaloa	320	9	261	6
Sonora	445	14	389	11
Tabasco	800	20	765	21
Tamaulipas	800	18	639	15
Tlaxcala	521	8	429	8
Veracruz	2,207	75	2,133	52
Yucatán	246	4	211	6
Zacatecas	<u>137</u>	<u>1</u>	<u>92</u>	<u>1</u>
Total Mexico carried forward	\$ <u>18,094</u>	<u>462</u>	<u>15,711</u>	<u>436</u>

(Continued)

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

Notes to the Consolidated Financial Statements

(Millions of Mexican pesos)

	<u>2014</u>		<u>2013</u>	
	<u>Current</u>	<u>Past-due</u>	<u>Current</u>	<u>Past-due</u>
Total Mexico brought forward	\$ 18,094	462	15,711	436
<u>Abroad:</u>				
Guatemala	206	10	178	7
Peru	<u>4,415</u>	<u>246</u>	<u>3,807</u>	<u>149</u>
Total abroad	4,621	256	3,985	156
Accrued interests	<u>451</u>	<u>67</u>	<u>365</u>	<u>53</u>
Total portfolio	\$ 23,166	785	20,061	645
	=====	====	=====	====

At December 31, 2014 and 2013, aging of the past-due loan portfolio is as follows:

	<u>Aging</u>				
	<u>Years</u>				
<u>2014</u>	<u>1 to 180 days</u>	<u>181 to 365 days</u>	<u>1 to 2</u>	<u>More than 2</u>	<u>Total</u>
Commercial loans:					
Business and commercial	\$ 8	9	3	3	23
Consumer loans	540	159	36	26	761
Residential mortgages	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
	\$ 548	168	39	30	785
	====	====	==	==	====
 <u>2013</u>					
Commercial loans:					
Business and commercial	\$ 4	4	5	-	13
Consumer loans	469	117	45	-	631
Residential mortgages	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
	\$ 473	121	50	1	645
	====	====	==	==	====

(Continued)

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

Notes to the Consolidated Financial Statements

(Millions of Mexican pesos)

Following is an analysis of the movements of the past-due loans, for the years ended December 31, 2014 and 2013.

	<u>2014</u>	<u>2013</u>
Past due loans at the beginning of the year	\$ 645	523
Plus:		
Transfer from current loans	2,024	1,844
Less:		
Write offs	1,633	1,359
Collections	254	348
Transfer to current loans	7	6
Exchange rate fluctuation	<u>(10)</u>	<u>9</u>
Past-due loans at year-end	\$ 785	645
	=====	====

Interest and commission income for the years ended December 31, 2014 and 2013, according to the type of loan is comprised as follows:

	<u>2014</u>		
	<u>Interest</u>	<u>Commissions</u>	<u>Total</u>
<u>Current loans:</u>			
Business and commercial	\$ 112	-	112
Consumer loans	14,212	387	14,599
Residential mortgages	<u>10</u>	<u>-</u>	<u>10</u>
	<u>14,334</u>	<u>387</u>	<u>14,721</u>
<u>Past due loans:</u>			
Business and commercial	1	-	1
Consumer loans	<u>13</u>	<u>-</u>	<u>13</u>
	<u>14</u>	<u>-</u>	<u>14</u>
	\$ 14,348	387	14,735
	=====	====	=====

(Continued)

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

Notes to the Consolidated Financial Statements

(Millions of Mexican pesos)

	2013		
	<u>Interest</u>	<u>Commissions</u>	<u>Total</u>
<u>Current loans:</u>			
Business and commercial	\$ 79	-	79
Consumer loans	12,383	340	12,723
Residential mortgages	<u>6</u>	<u>-</u>	<u>6</u>
	12,468	340	12,808
<u>Past due loans:</u>			
Consumer loans	<u>7</u>	<u>-</u>	<u>7</u>
	\$ 12,475	340	12,815
	=====	====	=====

Interest on past due loans, which by accounting criteria is recorded in memorandum accounts and applied to income until collected, as of December 31, 2014 amounts to \$102 (\$72 in 2013).

For the years ended on December 31, 2014 and 2013, the amount recovered on the previously written-off loan portfolio amounted to \$27 and \$25, respectively, see note 22.

Sale of loan portfolio 2014-

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

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

(Continued)

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

Notes to the Consolidated Financial Statements

(Millions of Mexican pesos, except otherwise noted)

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

Sale of loan portfolio 2013-

During the second half of 2013, a licitation process was undertaken to sell Bank’s loan portfolio previously written-off, during the years 2012, 2009 and 2008, whose amount of principal and not collected accrued interests at time of the write-off, are described as follows:

<u>Year</u>	<u>Number of written-off loans</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	211,321	\$ 497	30	527
2009	54,309	163	7	170
2008	<u>25,879</u>	<u>64</u>	<u>2</u>	<u>66</u>
Total	291,509	\$ 724	39	763
	=====	===	==	===

On October 30, 2013, as a result of this licitation, an onerous contract of assignment of loans was signed and a payment of \$2 was received, which is presented under the “Other operating income (expenses)” caption in the consolidated statements of income. Such onerous assignment of loans generated to the Bank a tax loss on sale of \$761 and therefore a tax loss carry forward of \$228 (note 16).

(Continued)

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

Notes to the Consolidated Financial Statements

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Credit losses warranty

On November 7, 2014, the Bank entered into a contract of warranty service with the Special Fund for Technical Assistance and Agricultural Credit Guarantee (Fondo Especial de Asistencia Técnica – “FEGA”), through the Bank of Mexico, the latter in its capacity as Trustee in the schemes of second loss of some products of consumer loan portfolio of the Bank established by contract. At December 31, 2014, the amount of the loan portfolio selected by the Bank for warranty with the FEGA amounts to \$1,537 and the commission paid for the warranty was \$4, amount that was recognized in the caption "Commissions and fee paid" in the consolidated statement of income. The maximum amount of loss from the insured portfolio, if any, would be recovered under contractual conditions through FEGA coverage ranges between 1.5% and 3% of the guaranteed amount.

At December 31, 2014 and 2013, the loan portfolio of the Bank and Compartamos Guatemala is not given as security. The Financiera Compartamos' loan portfolio at December 31, 2014 and 2013, given as security for funding received for its operation amounts to \$877 and \$875, respectively.

Loan management

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

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

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

During the years ended on December 31, 2014 and 2013, Financiera Compartamos restructured loans for \$40 and \$18, respectively; these restructurings did not include capitalized interest.

(Continued)

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

Notes to the Consolidated Financial Statements

(Millions of Mexican pesos)

Allowance for loan losses

As of December 31, 2014 and 2013 the rating of the overall portfolio and the provisions created based on the actual risk tables for each year, are as follows:

2014

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

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

(Continued)

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

Notes to the Consolidated Financial Statements

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2013**Rated loan portfolio**

<u>Risk</u>	<u>Commercial</u>	<u>Consumer</u>	<u>Residential</u>	<u>Total</u>
A - 1	\$ 332	11,708	25	12,065
A - 2	5	666	3	674
B - 1	-	45	1	46
B - 2	11	79	1	91
B - 3	4	2,223	1	2,228
C - 1	-	3,747	3	3,750
C - 2	2	695	4	701
D	3	218	5	226
E	<u>9</u>	<u>914</u>	<u>2</u>	<u>925</u>
Total	\$ 366 ====	20,295 =====	45 ==	20,706 =====

Required allowance

<u>Risk</u>	<u>Commercial</u>	<u>Consumer</u>	<u>Residential</u>	<u>Total</u>
A - 1	\$ 2	59	-	61
A - 2	-	15	-	15
B - 1	-	1	-	1
B - 2	1	4	-	5
B - 3	1	122	-	123
C - 1	-	249	-	249
C - 2	1	66	-	67
D	3	54	1	58
E	<u>9</u>	<u>639</u>	<u>1</u>	<u>649</u>
Total	\$ 17 ====	1,209 =====	2 ==	1,228 =====

(Continued)

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

Notes to the Consolidated Financial Statements

(Millions of Mexican pesos)

The movements in the allowance for loan losses during the years ended December 31, 2014 and 2013, are as follows:

	<u>2014</u>	<u>2013</u>
Allowance for loan losses at the beginning of the year	\$ 1,228	1,024
Plus:		
Increase in the provision for loan losses	1,692	1,608
Less application of reserves by write offs:		
From current loans (by death)	29	23
From past due loans	1,633	1,359
Exchange rate fluctuation	<u>(36)</u>	<u>22</u>
Allowance for loan losses at year-end	\$ 1,294 =====	1,228 =====

At December 31, 2014 the allowance for loan losses recorded by Genera includes \$39 (\$16 in 2013), as a complement to reserve 100% of past-due interest at the end of these years.

(Continued)

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

Notes to the Consolidated Financial Statements

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(10) Other accounts receivable-

At December 31, 2014 and 2013, this caption is comprised as follows:

	<u>2014</u>	<u>2013</u>
Loan portfolio accessories	\$ 101	60
Other receivables:		
Sundry debtors	162	162
Debit by intermediation	<u>446</u>	<u>292</u>
	709	514
Less:		
Allowance for doubtful accounts	<u>(122)</u>	<u>(46)</u>
	\$ 587	468
	====	====

(11) Property, furniture and equipment -

At December 31, 2014 and 2013, this caption is comprised as follows:

	<u>2014</u>			
	<u>Original</u>	<u>Depreciation and</u>	<u>annual rate</u>	<u>Accumulated</u>
	<u>Cost</u>	<u>amortization</u>	<u>(%)</u>	<u>depreciation</u>
				<u>Net</u>
				<u>value</u>
Land	\$ 2	-	-	2
Constructions	16	5	(7)	9
Office furniture and equipment	203	10	(67)	136
Transportation equipment	108	25 and 20	(58)	50
Computer equipment	725	30, 25 and 15	(495)	230
Others:				
Leasehold improvements	560	*	(189)	371
Telecommunications equipment	<u>169</u>	10	<u>(46)</u>	<u>123</u>
	\$ 1,783		(862)	921
	=====		====	====

(Continued)

* See comment on next page.

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

Notes to the Consolidated Financial Statements

(Millions of Mexican pesos)

	2013			
	Depreciation and amortization			
	Original Cost	annual rate (%)	Accumulated depreciation	Net value
Land	\$ 4	-	-	4
Constructions	18	5	(6)	12
Office furniture and equipment	195	10	(55)	140
Transportation equipment	112	25 and 20	(50)	62
Computer equipment	652	30, 25 and 15	(367)	285
Others:				
Leasehold improvements	464	*	(130)	334
Telecommunications equipment	<u>180</u>	10	<u>(41)</u>	<u>139</u>
	\$ 1,625		(649)	976
	=====		====	====

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

For the year ended December 31, 2014, the charge to the consolidated income statement in the “Administrative and promotional expenses” caption related to depreciation and amortization amounted to \$266 and \$66, respectively (\$272 and \$20, respectively, in 2013).

Fully depreciated assets

	Original cost	
	2014	2013
Office furniture and equipment	\$ 8	3
Transportation equipment	5	2
Computer equipment	200	141
Leasehold improvements	<u>93</u>	<u>68</u>
	\$ 306	214
	====	====

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

(Continued)

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

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(Millions of Mexican pesos)

EnterA as lessee has capitalized leases for mobile devices and automated teller machines with a term of 3 years and no option to purchase. The lease of furniture, computer and transportation equipment was recognized as capitalized because the present value of minimum lease payments exceeds 90% of fair market value of the asset at the beginning of the agreement.

At December 31, 2014 and 2013, assets leased through capitalized leases are comprised as follows:

	<u>2014</u>	<u>2013</u>
Office furniture and equipment	\$ 9	5
Computer equipment	184	199
Transportation equipment	<u>13</u>	<u>10</u>
	206	214
Less accumulated depreciation	<u>147</u>	<u>92</u>
	\$ 59	122
	====	====

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

	<u>2014</u>			<u>2013</u>		
	<u>Future minimum payments</u>	<u>Discounted interest</u>	<u>Present value</u>	<u>Future minimum payments</u>	<u>Discounted interest</u>	<u>Present value</u>
Less than one year	\$ 55	(2)	53	78	(6)	72
Between one and five years	<u>12</u>	<u>(1)</u>	<u>11</u>	<u>59</u>	<u>(2)</u>	<u>57</u>
	\$ 67	(3)	64	137	(8)	129
	====	==	====	====	==	====

Interest expense over capitalized leases during the years ended on December 31, 2014, and 2013, was of \$8 and \$10, respectively, which is recorded under the caption of "Other operating income (expenses)" in the consolidated statements of income.

(Continued)

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

Notes to the Consolidated Financial Statements

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(12) Other assets, deferred charges and intangibles-

At December 31, 2014 and 2013, this caption is comprised as follows:

	<u>2014</u>	<u>2013</u>
Goodwill (a)	\$ 757	718
Brand (b)	-	1
Guarantee deposits (c)	56	50
Insurance (d)	9	33
Development of the electronic banking system (e)	903	692
Advance payments	165	219
Debt issuance costs	<u>26</u>	<u>27</u>
	1,916	1,740
Less:		
Accumulated amortization	<u>64</u>	<u>8</u>
	\$ 1,852	1,732
	=====	=====

- (a) It derives from the acquisition of Financiera Compartamos which is subject to impairment testing.
- (b) During the acquisition of Financiera Compartamos the brand was recorded at fair value in conformity with Mexican FRS B-7 "Business acquisitions". In 2014, the mark was written-down because it was replaced in Peru by the own brand "Compartamos".
- (c) Not amortizable, subject to recovery upon expiration of each leasing agreement for the respective service office.
- (d) Insurance is amortized according to the duration of each policy. The amount charged to the consolidated income statement in the years ended on December 31, 2014 and 2013, was \$62 and \$36, respectively.
- (e) Investment intangibles, includes the rent of licenses and acquisition of software of the Bank, for the development of the new electronic system to book and control the banking operation, which began its utilization in May 2014. The estimated useful life of the intangible asset is ten years and the amortization for the period from May to December 2014, amounts to \$46.

(Continued)

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

Notes to the Consolidated Financial Statements

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(13) Deposit funding-

Deposit funding includes deposits on demand, time deposits and debt securities issued. As part of the deposit funding, 12 and 6 million of soles at December 31, 2014 and 2013, respectively, are kept as demand deposits (equivalent to \$61 and \$27 million of pesos at December 31, 2014 and 2013, respectively) and 178 and 136 million of soles in time deposits at December 31, 2014 and 2013, respectively, (equivalent to \$878 and \$638 million of pesos, respectively), from which 7 and 11 million of soles at December 31, 2014 and 2013, respectively (equivalent to \$36 and \$53 million of pesos, respectively), are managed by FIDUPERU in accordance with the purchase and sale agreement of Financiera Compartamos.

At December 31, 2014 and 2013, the average annual interest rate on deposits on demand was 2% in each year.

At December 31, 2014 and 2013, long term debt securities (Cebures-Spanish acronym) were issued in Mexican pesos of un-secured nature covered by the increase in the program approved by the Commission in the amount of \$12,000, as follows:

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

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

(Continued)

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<u>Cebures</u>	<u>2013</u>				
	<u>Amount of program</u>	<u>Date of issuance</u>	<u>Date of maturity</u>	<u>Interest rate</u>	<u>Balance</u>
COMPART 10	\$1,000	October 2010	**October 2015	TIEE 28 Days + 130 bp	\$ 1,000
COMPART 10*	1,500	December 2012	**October 2015	TIEE 28 Days + 130 bp	1,500
COMPART 11	2,000	September 2011	September 2016	TIEE 28 Days + 85 bp	2,000
COMPART 12	2,000	August 2012	August 2017	TIEE 28 Days + 70 bp	2,000
COMPART 13	<u>2,000</u>	<u>September 2013</u>	<u>August 2018</u>	<u>TIEE 28 Days + 60 bp</u>	<u>2,000</u>
					8,500
Interest payable					<u>20</u>
					8,520
Premium carry forwards of the reopening of COMPART10					<u>17</u>
Total debt issuance					\$ 8,537

* Reopening

** There are maturities of capital in October 2014 for \$500 and \$750 in Compart 10 issuance and Compart 10* reopening, respectively.

Interest accrued by Cebures for the year ended on December 31, 2014 amounted to \$410 (\$380 in 2013), see note 22.

At December 31, 2014 and 2013, Cebures had the following terms at maturity:

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

<u>Concept</u>	<u>2013</u>					<u>Contractual value</u>
	<u>1 to 179 days</u>	<u>6 to 12 months</u>	<u>More than 1 to 2 years</u>	<u>Over 2 years</u>	<u>Balance</u>	
Cebures	\$ 20	1,250	1,250	6,000	8,520	8,500
	=====	=====	=====	=====	=====	=====

(Continued)

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

Notes to the Consolidated Financial Statements

(Millions of Mexican pesos)

(14) Bank and other loans -

At December 31, 2014 and 2013, Genera had contracted the following loans in Mexican pesos and in soles translated into pesos, as follows:

	<u>2014</u>	<u>2013</u>
Demand and short-term:		
Due on demand	\$ 90	-
Development banks loans	250	1,001
Public trusts loans	850	1,100
Other institutions	<u>1,609</u>	<u>1,539</u>
Total demand and short-term	<u>2,799</u>	<u>3,640</u>
Long-term:		
Loans from multiple banking institutions	47	-
Loans from development banks	1,000	300
Other institutions	<u>1,990</u>	<u>2,041</u>
Total long-term	<u>3,037</u>	<u>2,341</u>
Total bank and other loans	\$ 5,836 =====	5,981 =====

For the year ended on December 31, 2014, the accrued interest of bank and other loans amounted to \$352 (\$359 in 2013), see note 22.

Credit facilities received by Genera, at December 31, 2014 and 2013, as well as the unused portion are as shown in the next page.

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

Notes to the Consolidated Financial Statements

(Millions of Mexican pesos)

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

(Continued)

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

Notes to the Consolidated Financial Statements

(Millions of Mexican pesos)

<u>Institution</u>	2013	
	<u>Credit facility received</u>	<u>Unused portion</u>
Fideicomisos Instituidos en Relación con la Agricultura (FIRA)	\$ 3,000	1,900
Nacional Financiera, S. N. C. (NAFIN)	2,500	1,450
BBVA Bancomer, S. A.	400	400
Banco Nacional de México, S. A.	350	350
HSBC México, S. A.	550	550
Banco Ve por Más, S. A.	300	300
Corporación Interamericana de Inversiones	400	-
International Finance Corporation	200	117
Banco Mercantil del Norte, S. A. (Banorte)	200	200
Banco Santander (México), S. A.	250	250
Sociedad Hipotecaria Federal	500	250
Banco Ahorro Famsa, S. A.	300	300
Corporación Financiera de Desarrollo S.A. (COFIDE)	856	138
FONDEMI – COFIDE	47	-
Banco de la Nación	239	99
FIDEICOMISO MIMDES - FONCODES	28	-
Scotiabank Perú S. A.	52	-
BBVA Banco Continental	107	-
Banco Interbank	211	75
Corporación Andina de Fomento – CAF	70	-
Microfinance Growth Fund LLC	72	-
PettelaarEffectenbewaarbeprijf N. V.	79	-
Triodos Fair Share Fund	39	-
Triodos SICAV II – Triodos Microfinance Fund	125	-
ResponsAbility SICAV (Lux)	185	-
Credit Suisse Microfinance Fund Management	257	-
Dual Return Fund SICAV	39	-
Microfinance Enhancement Facility S. A., SICAV-SIF	107	-
DWM Income Funds S.C.A. - SICAV SIF	90	-
Instituto de Crédito Oficial del Reino de España – ICO	96	8
Microfinance Loan Obligations S. A.	20	-
Symbiotics SICAV (Lux)	117	-
International Finance Corporation – IFC	159	-
Citibank	121	-
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V.	189	38
Micro- Small & Medium Enterprises Bonds SA	70	-
Corporación Interamericana de Inversiones – CII	26	-
Finethic Microfinance, Societé en Commandite par Actions (S.C.A.)	<u>24</u>	<u>-</u>
	<u>\$ 12,375</u>	<u>6,425</u>
	=====	=====

(Continued)

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

Notes to the Consolidated Financial Statements

(Millions of Mexican pesos)

At December 31, 2014, Genera had obtained resources from NAFIN and FIRA for \$1,250 and \$850, respectively (\$1,050 and \$1,100 of NAFIN and FIRA in 2013, respectively). These resources were assigned to small entrepreneurs and the amount of accrued interest for the year ended on December 31, 2014, for the loans of NAFIN and FIRA were \$32 and \$28, respectively (\$81 of NAFIN and \$10 of FIRA, in 2013).

As of December 31, 2014, borrowings accrued interest at average annual interest rates in local currency of 4.36% (4.69% in 2013), in soles of 8.12 % (8% in 2013) and in quetzals of 10.5%.

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

(15) Employees' benefits-

At December 31, 2014, Genera has a mixed pension plan (defined benefit and defined contribution) that covers its employees. The benefits are based on years of service and the amount of employee's compensation. Genera's policy to fund the defined benefit plan is to contribute according to the projected credit unit method, while funding the pension plan of defined contribution is according to seniority and age of the employees. The amount charge to results of the years 2014 and 2013 for the defined contribution plan amounted to \$9 and \$11 respectively.

At December 31, 2014 and 2013, labor liability recognized is comprised as shown in the next page.

(Continued)

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

Notes to the Consolidated Financial Statements

(Millions of Mexican pesos, except otherwise noted)

- (a) Reconciliation between the initial and final balances of the defined benefit obligations (OBD-Spanish abbreviation) for the years ended at December 31, 2014 and 2013.

<u>Financial position of assets and liabilities</u>	<u>Pre-retirement severance payment</u>		<u>Pre-retirement seniority premium</u>		<u>Seniority premium at retirement</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
OBD at beginning of period	\$ (33)	(34)	(9)	(7)	(9)	(6)
Plus (less):						
Labor cost of current service	(6)	(5)	(4)	(3)	(3)	(3)
Financial cost	(2)	(2)	(1)	-	(1)	-
Actuarial earnings generated in the period	(29)	(2)	-	-	2	-
Paid benefits	<u>28</u>	<u>10</u>	<u>3</u>	<u>1</u>	<u>-</u>	<u>-</u>
OBD at the end of the period	\$ (42)	(33)	(11)	(9)	(11)	(9)
	==	==	==	==	==	==

- (b) The value of the acquired benefits obligations as of December 31, 2014 and 2013 was \$46,835 pesos and \$27,000 pesos, respectively.
- (c) Reconciliation of the OBD and the Net Projected Liability (PNP-Spanish abbreviation).

Following is the reconciliation between the OBD and the PNP recognized in the consolidated balance sheets, as of December 31, 2014 and 2013.

<u>Labor liabilities</u>	<u>Pre-retirement severance payment</u>		<u>Pre-retirement seniority premium</u>		<u>Seniority premium at retirement</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
OBD at December 31	\$ (42)	(33)	(11)	(9)	(11)	(9)
Plan assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial position of plan	(42)	(33)	(11)	(9)	(11)	(9)
Actuarial gains	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>
PNP	\$ (42)	(33)	(11)	(9)	(11)	(7)
	==	==	=	=	=	=

(Continued)

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

Notes to the Consolidated Financial Statements

(Millions of Mexican pesos)

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

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

<u>CNP</u>	<u>Pre-retirement severance payment</u>		<u>Pre-retirement seniority premium</u>		<u>Seniority premium at retirement</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Labor cost of the current service	\$ 6	5	4	3	3	2
Financial cost	3	2	1	-	1	1
Actuarial (earnings) loss	-	2	-	-	-	-
Amortization of the transition liability	-	-	-	-	-	-
Total	\$ 9	9	5	3	4	3
	==	===	===	===	===	===

(e) Main actuarial assumptions:

The main actuarial assumptions used, expressed in absolute terms, as well as the discount rates, yield of the plan assets (AP-Spanish abbreviation), salary increases and changes in the indexes or other variables referred, at December 31, 2014 and 2013, are as follows:

<u>2014</u>			
<u>Age</u>	<u>Death (%)</u>	<u>Disability (%)</u>	<u>Rotation (%)</u>
20	0.001606	0.000760	0.606061
25	0.001828	0.001000	0.112179
30	0.002128	0.001120	0.0068027
35	0.002526	0.001290	0.042735
40	0.003078	0.001640	0.027349
45	0.003823	0.002210	0.016340
50	0.004850	0.003470	0.009033
55	0.006280	0.007120	0.003814
60	0.008297	0.000000	0.000000
65	0.011214	0.0000000	0.000000

(Continued)

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

Notes to the Consolidated Financial Statements

(Millions of Mexican pesos)

2013

<u>Age</u>	<u>Death (%)</u>	<u>Disability (%)</u>	<u>Rotation (%)</u>
20	0.000453	0.000760	0.606061
25	0.000719	0.001000	0.112179
30	0.001085	0.001120	0.068027
35	0.001509	0.001290	0.042735
40	0.002093	0.001640	0.027349
45	0.002969	0.002210	0.016340
50	0.004337	0.003470	0.009033
55	0.006493	0.007120	0.003814
60	0.010062	0.000000	0.000000
65	0.016000	0.000000	0.000000

	<u>2014</u>	<u>2013</u>
Discount rate	7.35%	7.10%
Rate of salary increases	5.57%	5.57%
Rate of increases to the minimum salary	3.50%	3.50%
	=====	=====

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

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

<u>Year</u>	<u>Seniority premium</u>		<u>Plan situation</u>	<u>Adjustments from experience OBD (%)</u>
	<u>Historical values</u>			
	<u>OBD</u>	<u>AP</u>		
2014	\$ 22	-	22	-
2013	18	-	18	-
2012	13	-	13	-
2011	7	-	7	2
	==	==	==	==

(Continued)

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

Notes to the Consolidated Financial Statements

(Millions of Mexican pesos)

<u>Year</u>	<u>Severance compensation before retirement</u>			
	<u>Historical values</u>		<u>Adjustments from</u>	
	<u>OBD</u>	<u>AP</u>	<u>Plan situation</u>	<u>experience OBD (%)</u>
2014	\$ 42	-	42	-
2013	33	-	33	-
2012	34	-	34	-
2011	21	-	21	-
	==	==	==	==

(16) Tax on earnings and employee statutory profit sharing (ESPS)-**(a) Income Tax (IT)**

On December 11, 2013, a decree was published in the Official Gazette whereby several tax provisions were amended, supplemented and repealed. This decree became effective as of January 1, 2014. Upon enactment of a new IT Law, the Flat Rate Business Tax (IETU) Law and the IT Law in effect as of December 31, 2013 were repealed.

In accordance with the current tax legislation until December 31, 2013, companies must pay the tax greater between IT and IETU. If it pays IETU, the payment is considered final and not subject to recovery in subsequent years. According to the current IT Law as of December 31, 2013, the IT rate for the fiscal years of 2014 and 2013 was 30%. The IETU rate for the fiscal year of 2014 was 17.5%. The ESPS rate for the fiscal years of 2014 and 2013 was 10%.

For the years ended December 31, 2014 and 2013, Genera determined tax earnings of \$6,207 and \$4,023, respectively, that represent a current IT of \$1,862 and \$1,207, respectively. The current IT for the year ended December 31, 2013 was higher compared to the tax determined for IETU purposes in this year.

The tax results differ from the accounting result, mainly in such items cumulative by the time and deducted differently for accounting and tax purposes, by the recognition of the inflation effects for tax purposes, as well as such items only affecting either the accounting or tax results.

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

Notes to the Consolidated Financial Statements

(Millions of Mexican pesos)

The most important aspects of the aforementioned tax reform, which is applicable from the fiscal period of 2014, are as follows:

- The dividends paid to individuals and corporations resident abroad, shall be subject to an additional tax of 10%, which is considered final and must be retained by the entities that distribute such dividends. The new rule solely applies to dividend payments from earnings generated from January 1, 2014.
- The deductible amount of some employees' benefits expenses is limited for corporations, for example, the wage expenses which is exempted income for the worker, will be deductible for only 47% and in some cases until 53%.
- The IT law applicable in 2013 establishes in its transitory sections that the current IT rate would be 28% beginning in 2014. The deferred taxes that were calculated using a rate of 28% until December 31, 2012, were modified using a rate of 30% at the end of year 2013, derived from the change in the IT rate according with the tax reform. The item that was calculated using a rate of 28% was related to the surplus of the provision for the global loss reserve to be applied, which is totally reserved in the Bank.

Notwithstanding that Genera does not consolidate its subsidiaries for tax proposes, following is presented for informative purposes the expense (income) in the consolidated income statement related to current and deferred income taxes for the years ended December 31, 2014 and 2013.

	2014		2013	
	Current IT	Deferred IT	Current IT or IETU	Deferred IT
Bank	\$ 1,651	(831)	1,093	5
Financiera Compartamos	58	(9)	50	(6)
Red Yastás	-	-	-	33
Compartamos Servicios (IT in 2014 and IETU in 2013)	150	(43)	55	3
Controladora AT, S.A.P.I.	<u>3</u>	<u>2</u>	<u>9</u>	<u>(1)</u>
	\$ 1,862	(881)	1,207	34
	=====	=====	=====	=====

(Continued)

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

Notes to the Consolidated Financial Statements

(Millions of Mexican pesos)

The reconciliation between the current and effective IT tax rates of the Bank for the years ended on December 31, 2014 and 2013, which provision is the main consolidated IT expense, is shown as follows:

	<u>2014</u>	<u>2013</u>
Income before IT	\$ 4,053 =====	3,594 =====
IT at 30% rate on income before IT	\$ (1,216)	(1,078)
Plus (less) the effect of IT on:		
Deductible annual inflation adjustment	79	71
Allowance for loan losses	(427)	(411)
Deduction of 2.5% of the global loss reserve	-	122
Deduction from the loan portfolio sale	-	228
Other non-deductible or taxable items, net	<u>(87)</u>	<u>(15)</u>
Current IT	(1,651)	(1,083)
IT paid in 2013 corresponding to 2012	-	(10)
Deferred IT	<u>831</u>	<u>(5)</u>
IT expense	\$ (820) =====	(1,098) =====
Effective IT rate	20% ====	30% ====

At December 31, 2014 and 2013, the main temporary differences of Genera on which deferred IT was recognized are as follows:

	<u>2014</u>	<u>2013</u>
Allowance for loan loss reserves	\$ 2,646	1,178
Furniture and equipment	23	9
Installation expenses	<u>144</u>	<u>102</u>
Subtotal, carried forward	\$ <u>2,813</u>	<u>1,289</u>

(Continued)

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

Notes to the Consolidated Financial Statements

(Millions of Mexican pesos)

	<u>2014</u>	<u>2013</u>
Subtotal, brought forward	\$ 2,813	1,289
Employees' benefits	64	49
Provisions	486	332
Tax losses carryforward	965	239
Other	<u>158</u>	<u>85</u>
	4,486	1,994
IT rate	<u>30%</u>	<u>30%</u>
Deferred IT	1,346	598
Less:		
Valuation allowance*	<u>290</u>	<u>423</u>
Deferred IT asset, net	\$ 1,056	175
	=====	====

* The valuation allowance as of December 31, 2014 corresponds to tax losses carryforward. As of December 31, 2013, the valuation allowance of the deferred tax asset of the Bank, corresponds to the surplus of the provision for loan losses over the loan portfolio annual average of 2.5% that is deducted in each fiscal year, given that the new IT law included some precepts that generated uncertainty about the future deduction of the surplus generated until 2013, as well as for the tax losses carryforward.

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

As of December 31, 2014 and 2013, a deferred liability relating to cumulative translation effect of subsidiaries was not recognized, given that the Management intends to hold these equity investments.

For the year ended December 31, 2014, the movement of deferred IT balance represented a credit on the income statement of \$881 (debit to income statement of \$34 in 2013).

As of December 31, 2014 and 2013, Compartamos Servicios recognized a deferred tax asset derived from ESPS, which amounted to \$43 and \$16, respectively, which is fully reserved.

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

Notes to the Consolidated Financial Statements

(Millions of Mexican pesos)

As of December 31, 2014 and 2013, the balance of the Capital Contributions Account (Cuenta de Capital de Aportación - CUCA -Spanish abbreviation) and the net tax profit account (Cuenta de Utilidad Fiscal Neta - CUFIN -Spanish abbreviation) for \$5,995 and \$2,763, respectively, are included in "Other memorandum accounts".

(b) IETU-

Current IETU for the years ended December 31, 2013, is calculated at the 17.5% rate on the profit determined based on cash flows, such net income represents the difference between the total income collected from taxable activities, less authorized tax deductions paid. IETU credits are deducted from the aforementioned result, in accordance with current legislation. In the case of Entera and subsidiaries in México (except for Compartamos Servicios), IT in 2013 was greater than IETU.

(c) ESPS -

For the years ended December 31, 2014 and 2013, Compartamos Servicios calculated ESPS base on article 16 of the IT Law. The amount of ESPS determined for the years ended December 31, 2014 and 2013 is \$38 and \$22, respectively, which were recognized under the "Administrative and promotion expenses" caption in the consolidated statement of income. At December 31, 2014 and 2013, Financiera Compartamos recorded a provision of \$11 and \$9 for ESPS, respectively, such liability was recognized in the account "Sundry provisions" within the "Sundry creditors and other accounts payable" caption.

(17) Sundry creditors and other accounts payable –

At December 31, 2014 and 2013, the balance of this caption is comprised as follows:

	<u>2014</u>	<u>2013</u>
Capitalized lease liabilities (note 11)	\$ 64	129
Social security contributions	31	27
Other taxes	306	254
Labor liabilities (note 15) (*)	73	47
Sundry provisions	486	332
Sundry creditors	<u>656</u>	<u>274</u>
	\$ 1,616	1,063
	=====	=====

(*) Includes \$9 and \$3, at December 31, 2014 and 2013, respectively, of labor liability of Financiera Compartamos. During December 2013, Entera made severance payments for a total amount of \$5, which decreased the labor liability that was determined by actuaries using figures as of November 2013.

(Continued)

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

Notes to the Consolidated Financial Statements

(Millions of Mexican pesos)

Following is the analysis of the most significant provisions for the years ended December 31, 2014 and 2013.

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

Type of provision	Balance at January 1, 2013	Plus increases	Less applications	Less cancellations	Balance at December 31, 2013
Short term:					
Sundry provisions	\$ 272	1,745	1,653	32	332
	====	=====	=====	==	====

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

Following are presented the main provision concepts at December 31 2014 and 2013.

	<u>2014</u>	<u>2013</u>
Performance bonus	\$ 310	259
Advisory and services	54	-
Commissions	69	29
Other	<u>53</u>	<u>44</u>
Total provisions	\$ 486	332
	====	====

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

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

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

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

The IPAB manages the Bank Savings Protection System, which was gradually restructured as per the established transition guidelines. The new System for the Protection of Bank Savings, in effect since 2005, comprises, among other changes, the protection of deposits from the general public amounting to the equivalent of 400,000 UDI (approximately \$2.10 and \$2.02 at December 31, 2014 and 2013, respectively), excluding interbank deposits and those payable to its stockholders and upper bank management, among others.

Fees paid to the IPAB during the years ended December 31, 2014 and 2013, amounted to \$41 and \$36, respectively, which were charged directly to the results of the year.

(19) Stockholders' equity-

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

Movements 2014-

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

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

Notes to the Consolidated Financial Statements

(Millions of Mexican pesos, except the earning per share)

Movements 2013-

At the December 16, 2013 Ordinary General Stockholders' Meeting, it was resolved to declare and pay dividends for \$919 equivalent to \$0.56 pesos per share, which were paid on December 26, 2013 through S. D. Ineval, S. A. de C. V. (Institution for the Deposit of Securities). As a result of this dividend payment the Ineval returned to Genera \$1, derived from the corresponding dividend from own shares repurchased.

At the April 25, 2013 Ordinary General Stockholders' Meeting, it was resolved to declare and pay dividends for \$791 equivalent to \$0.48 pesos per share, which was paid on May 23, 2013 through S. D. Ineval, S. A. de C. V. (Institution for the Deposit of Securities). In the same meeting, it was resolved to reconstitute the fund for the acquisition of own shares for \$199. During 2013, some shares were repurchased for an amount of \$172. It was authorized the cancellation of 14,171,168 common shares of the unique series that the entity holds in own possession. Furthermore, an increase of the statutory reserve for \$101 was approved.

Genera's subscribed and paid capital at December 31, 2014 and 2013 is comprised as follows:

<u>Series</u>	<u>Shares</u>	<u>Description</u>	<u>Amount</u>
"Unique"	415'595,676	Minimum fixed capital with no withdrawal rights	\$ 1,201
	<u>1,232'569,852</u>	Variable capital	<u>3,563</u>
	1,648'165,528	Capital stock	\$ 4,764
	=====		=====

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

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

Notes to the Consolidated Financial Statements

(Millions of Mexican pesos)

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

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

The Ministry of Finance and Public Credit (SHCP-Spanish acronym) requires banks to have a percentage of capitalization on assets at risk, which are calculated by applying certain percentages depending on assigned risk. As of December 31, 2014 and 2013, the Bank had complied with the percentage.

Minimum capital stock-

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

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

Capitalization -***Net capital-***

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

(Continued)

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

Notes to the Consolidated Financial Statements

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At December 31, 2014 and 2013, the Bank is in compliance with the capitalization rules, which require the Bank to maintain a certain net capital in relation to market and credit risks incurred in its operations, which may not be lower than the total amount from adding up capital requirements for both types of risk.

Capitalization index of the Bank-

Capitalization rules for financial institutions establish requirements for specific levels of net capital, such as a percentage of assets subject to market, credit or operational risk. The Bank's capitalization Index (ICAP by its acronym in Spanish) as of December 31, 2014 is 33.08% according to the current rules¹. As of December 31, 2013 is 27.77%.

The ICAP on assets subject to credit risk ("ASRC" by its acronym in Spanish) as of December 31, 2014 and 2013 is 41.11% and 34.77%, respectively.

Following are the most relevant items of the ICAP at December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Assets in market risk	\$ 2,207	1,954
Assets in credit risk	20,345	16,988
Assets in operational risk	<u>2,734</u>	<u>2,330</u>
Total risk assets	\$ 25,286 =====	21,272 =====
Net capital	\$ 8,364 =====	5,906 =====
Ratio on assets subject to credit risk	41.11% =====	34.77% =====
Ratio on assets subject to total risk	33.08% =====	27.77% =====

(Continued)

¹ The current computation was calculated according to the General Provisions applicable to Credit Institutions set forth by the Commission and issued on June 24, 2013, according with the modification of the Article 2 Bis 7, providing the no recognition of general reserves to be incorporated in the Complementary Capital.

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

Notes to the Consolidated Financial Statements

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

The net capital is determined as follows:

	December 31	
	<u>2014</u>	<u>2013</u>
Stockholders' equity ¹	\$ 9,369.0	6,637.7
Deferred taxes, asset from tax differences	(64.0)	-
Deduction of intangibles and deferred expenses or costs	<u>(941.0)</u>	<u>(731.4)</u>
Basic capital	8,364.0	5,906.3
Complementary capital	<u>-</u>	<u>-</u>
Net capital	\$ 8,364.0	5,906.3
	<u>=====</u>	<u>=====</u>

According to Article 220 of the General Provisions applicable to Credit Institutions, issued in the Official Gazette on December 2, 2005 and subsequent amendments, the Bank has as of December 31, 2014 and 2013 a Ratio of Basic Capital 1(RBC1) higher than 0.875, and a Ratio of Basic Capital higher than 1.0625 and an ICAP higher than 10%, therefore it is classified in the "I" category in accordance with the aforementioned provisions.

(Continued)

¹ As of December 31, 2014 and 2013, the computation only considers the following capital accounts: i) capital stock, ii) statutory reserves, iii) prior years' results, and iv) net income. All this in accordance with the modification of the Article 2 Bis, Section I, subsection a) of the General Provisions applicable to Credit Institutions, issued in the Official Gazette on November 28, 2012.

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

$$\text{RBC1} = (\text{Basic Capital 1} / \text{Weighted Assets subject to Total Risks}) / \text{ICAP}_M$$

$$\text{RBC} = [(\text{Basic Capital 1} + \text{Basic Capital 2}) / \text{Weighted Assets subject to Total Risks}] - / \text{ICAP}_M$$

ICAP_M = Ratio of minimum capitalization.

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

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

(a) Market risk-

The capital required for the position of assets at market risk of the Bank as of December 31, 2014 and 2013 is as follows:

<u>Item</u>	<u>Amount of the equivalent positions</u>		<u>Capital requirement</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Operations at nominal rate in local currency	\$ 2,206.5	1,954.5	176.2	156.4
Positions in foreign currency or with return indexed to exchange rates	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	\$ 2,206.5	1,954.5	176.2	156.4
	=====	=====	=====	=====

(Continued)

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

Notes to the Consolidated Financial Statements

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(b) Credit risk -

The amount corresponding to weighted assets subject to credit risk and their respective capital requirements of the Bank as of December 31, 2014 and 2013 is shown below per risk group and item:

	<u>Risk-weighted assets</u>		<u>Capital requirement</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Risk group:				
Group III (weighted at 20%)	\$ 234.5	179.6	18.8	14.4
Group VI (weighted at 100%)	17,958.9	15,411.4	1,436.7	1,232.9
Group VIII (weighted at 125%)	150.4	197.5	12.0	15.8
Permanent investments and other assets	<u>2,001.5</u>	<u>1,199.0</u>	<u>160.1</u>	<u>95.9</u>
Total credit risk	\$ <u>20,345.3</u>	<u>16,987.5</u>	<u>1,627.6</u>	<u>1,359.0</u>

(c) Operational risk-

The capital requirement from its exposure to operational risk for December 2014 is \$218.7, while in 2013 was \$186.4, both equivalent to the corresponding percentage, as established in the Article 2 Bis 112 of the capitalization requirements for multiple banking institutions, of the average of 15% of the requirement for market and credit risks.

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

(Continued)

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

Notes to the Consolidated Financial Statements

(Millions of Mexican pesos, except otherwise noted)

(20) Commitments and contingent liabilities–

Enterera has entered into a number of lease agreements for its head office and service offices from which it performs its transactions. The average terms of these agreements range from two to five years. Rent payments to be made over the next five years amount to \$1,169 (\$299 in 2015, \$285 in 2016 \$254 in 2017, \$191 in 2018, and \$140 in 2019).

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

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

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

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

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

(Continued)

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

Notes to the Consolidated Financial Statements

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

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

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

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

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

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

For the years ended on December 31, 2014 and 2013, lease payments were recorded in the consolidated income statement for \$309 and \$238, respectively.

The Bank is involved in several claims and trials, derived from the normal course of its operations, according to the opinion of its legal counsels and the assessment made by management, there are elements of defense in which exists a probability to obtain a favorable outcome. As part of those claims, up to date stands out the nullity trials and claims brought by the Mexican Internal Revenue Service (SAT-Spanish acronym) for fiscal years 2006, 2007, 2008 and 2009 whose claim comes mainly from the difference in the criteria applied up to 2011 for determining the ESPS; the amounts observed by the SAT, regarding to ESPS are \$74, \$96, \$101 and \$164 for the years 2006, 2007, 2008 and 2009, respectively.

(Continued)

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

Notes to the Consolidated Financial Statements

(Millions of Mexican pesos, except otherwise noted)

Commitment from the option to purchase shares

Per the agreement entered into on March 28, 2011 by Genera related to the acquisition of 82.7% of the stockholders' equity of Financiera Compartamos, the minority shareholders, whose equity represents 17.3% of Financiera Compartamos' paid-in capital, and Genera agreed an option to purchase/sale shares as follows: (i) Genera may exercise the purchase over all the shares owned by minority shareholders and (ii) minority shareholders may exercise the sale over all the shares owned by them. Such options may be exercised by any of the parties considering the following: (i) 15% of the minority interest (represented by 552,174 shares) exercisable at either 18, 24, 36 and 48 months following the day after the agreement is closed, considering the highest price per share between 57.05 soles (\$281.64 pesos at December 31, 2014) or 3.5 times the net stockholders' equity per share, to the extent that such value is not greater than 114.09 soles (\$563.24 pesos at December 31, 2014) (ii) 2.3% of the minority interest (represented by 84,666 shares) will be exercisable beginning 18 months and up to 5 years after the agreement is closed, considering the highest price per share between 57.05 soles (\$281.64 pesos at December 31, 2014) or 3.5 times the net stockholders' equity per share, among other considerations. At December 31, 2012, an option of purchase was exercised acquiring 97,793 shares of Financiera Compartamos at a price of 57.05 soles per share, increasing Genera participation to 84.20% leaving the minority stockholders with 15.80%.

At December 31, 2014 and the date of approval of these financial statements, Genera's management is in process of assessing if exercising the purchase option is convenient and minority shareholders have not been formally expressed if there is intention to exercise its sale option.

(21) Balances and operations with related parties-

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

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

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

(Continued)

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

Notes to the Consolidated Financial Statements

(Millions of Mexican pesos)

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

For the years ended on December 31, 2014 and 2013, Genera granted to key management personnel, short term direct benefits for \$178 and \$202, respectively.

The main transactions celebrated with related parties for the years ended on December 31, 2014 and 2013, are as follows:

		<u>Expenses</u>	
		<u>2014</u>	<u>2013</u>
Donations	\$	12	8
Advisory and services		2	2
		==	==

(22) Additional information from segments-

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

Out of the total income earned by the Bank (main subsidiary) for the years ended December 31, 2014 and 2013, 98% came from its loan operation. Consequently, the resources of deposit funding and bank and other loans obtained during the year were primarily used for the placement of loans, therefore the accrued interest are identified by the credit segment, same trend is reflected in administrative expenses. The remaining operations (approximately 2% of the operation of the Bank for 2014 and 2013) are the treasury segment and commissions from insurance operations.

(Continued)

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

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Financial margin

For the years ended on December 31, 2014 and 2013, the financial margin is shown as follows:

	<u>2014</u>	<u>2013</u>
<u>Interest income:</u>		
Loan portfolio interest	\$ 14,348	12,475
Interest on cash and cash equivalents	85	95
Interest arising from investments in securities	2	8
Interest from repurchase/resell agreements	7	2
Placement premium	<u>9</u>	<u>10</u>
	\$ 14,451	12,590
	=====	=====
	<u>2014</u>	<u>2013</u>
<u>Interest expense:</u>		
Demand and time deposits	\$ 43	66
Cebures (includes amortization of issuance expenses of \$17 and \$13 in 2014 and 2013, respectively)	427	393
Bank and other loans	<u>352</u>	<u>359</u>
	\$ 822	818
	===	===

(Continued)

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

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Interests and commissions per type of loan-

Interests and commissions per type of loan, for the years ended on December 31, 2014 and 2013, are comprised as follows:

	<u>2014</u>		<u>2013</u>	
	<u>Current</u>	<u>Past-due</u>	<u>Current</u>	<u>Past-due</u>
<u>Interest income</u>				
Commercial loans:				
Business and commercial	\$ 112	1	79	-
Consumer loans	14,212	13	12,383	7
Residential mortgages	<u>10</u>	<u>-</u>	<u>6</u>	<u>-</u>
	\$ 14,334	14	12,468	7
	=====	==	=====	==

For the years ended on December 31, 2014 and 2013, income and expense for commissions and fees, are comprised as follows:

	<u>2014</u>	<u>2013</u>
<u>Commissions and fees income:</u>		
Consumer loans	\$ 387	340
Insurance operations	156	165
Other	<u>340</u>	<u>256</u>
	\$ 883	761
	===	===
<u>Commissions and fees expense:</u>		
Bank fees	\$ 212	214
Brokers	362	307
Insurance operations	68	77
Other	<u>15</u>	<u>8</u>
	\$ 657	606
	===	===

(Continued)

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

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For the year ended on December 31, 2013, financial intermediation income for \$10,520 pesos relates to valuation of investment securities.

For the years ended on December 31, 2014 and 2013, “Other operating income (expenses)”, is analyzed as follows:

	<u>2014</u>	<u>2013</u>
<u>Other operating income (expenses)</u>		
Loan portfolio recoveries	\$ 27	25
Allowance for bad debts	(153)	(77)
Miscellaneous losses	(11)	(4)
Donations	(34)	(26)
Results on sales of furniture and equipment	7	(39)
Capitalized leases	(8)	(10)
Other income (expenses) (mainly insurance premium and cancellation provisions)	<u>95</u>	<u>87</u>
Totals	\$ (77) ==	(44) ==

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

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Following is a condensed income statement (including intercompany balances eliminations) of the consolidated income statement of Genera for the years ended on December 31, 2014 and 2013.

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

(Continued)

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

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(Millions of Mexican pesos)

<u>2013</u>	<u>Subsidiaries</u>							<u>Total</u>
	<u>Genera</u>	<u>Bank</u>	<u>Compartamos Guatemala</u>	<u>Financiera Compartamos</u>	<u>Red Yastás</u>	<u>Compartamos Servicios</u>	<u>Controladora AT</u>	
Interest income	\$ 2	11,391	118	1,058	1	20	-	12,590
Interest expense	-	(575)	-	(243)	-	-	-	(818)
Financial margin	2	10,816	118	815	1	20	-	11,772
Financial margin adjusted for credit risk	2	9,445	104	592	1	20	-	10,164
Operating income before income taxes	(96)	8,354	(13)	117	(20)	(4,904)	74	3,512
Net income	(96)	7,256	(13)	73	(53)	(4,962)	66	2,271

(Continued)

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

Notes to the Consolidated Financial Statements

(Millions of Mexican pesos)

(23) Comprehensive risk management (CRM) from the Bank, main subsidiary (unaudited)-

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

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

- a. Commitment by Top Management and the Board of Directors to properly manage risks encountered.
- b. On-going supervision of CRM policies and procedures.
- c. Clear segregation of duties to ensure independence and objectivity in risk management.
- d. Formal cooperation between the CRM structure and the business units.
- e. Clear determination of responsibilities pertaining to CRM.
- f. On-going supervision of the Internal Control and Audit area, to ensure proper compliance with CRM duties.

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

(Continued)

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

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(Millions of Mexican pesos, except otherwise noted)

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

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

Credit risk-

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

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

As of December 31, 2014, the portfolio is comprised of 3 million loans (2.9 million in 2013), the average outstanding balance in 2014 has remained at approximately \$6,051 Mexican pesos (\$5,645 Mexican pesos for 2013), at an average term of four months.

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

(Continued)

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

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

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

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

Consumer loans

<u>Rating</u>	<u>2014</u>		<u>2013</u>	
	<u>Balance</u>	<u>Average</u>	<u>Balance</u>	<u>Average</u>
A-1	70.7	71.9	68.0	67.7
A-2	0.6	0.9	2.2	2.4
B-1	0.8	0.7	0.2	0.3
B-2	14.7	13.4	0.1	0.2
B-3	2.0	2.2	1.2	1.2
C-1	5.0	5.3	19.1	18.2
C-2	1.5	1.2	3.9	4.2
D	0.7	0.7	1.0	0.8
E	<u>4.0</u>	<u>3.7</u>	<u>4.3</u>	<u>5.0</u>
Total	100.0	100.0	100.0	100.0
	=====	=====	=====	=====

(Continued)

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

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

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

Commercial loan portfolio

<u>Concept</u>	<u>Credit risk 2014</u>		<u>Credit risk 2013</u>	
	<u>Balance</u>	<u>Average</u>	<u>Balance</u>	<u>Average</u>
<u>Commercial loan portfolio:</u>				
Total exposure	\$ -	-	0.0	182.0
Expected loss	-	-	0.0	0.9
Unexpected loss at 95%	-	-	0.0	12.8
	===	=====	===	=====
Expected loss/total exposure	0.0%	0.0%	0.0%	0.5%
Unexpected loss/total exposure	0.0%	0.0%	0.0%	7.1%

(Continued)

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

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At December 31, 2014 and 2013 the quantitative information for the credit risk of the consumer loan portfolio, is as follows:

<u>Concept</u>	<u>Credit risk</u>			
	<u>Balance</u>	<u>Average</u>	<u>Balance</u>	<u>Average</u>
	<u>2014</u>	<u>2014</u>	<u>2013</u>	<u>2013</u>
<u>Consumer loan portfolio:</u>				
Total exposure	\$ 18,408	17,233	15,995	15,502
Expected loss	243	250	256	254
Unexpected loss at 95%	245	253	258	257
	=====	=====	=====	=====
Expected loss/total exposure	1.3%	1.5%	1.6%	1.6%
Unexpected loss/total exposure	1.3%	1.5%	1.6%	1.7%

The expected loss pertaining to the portfolio under consideration as of December 31, 2014 represents 1.3% of the overall balance exposed to default. The Bank has set up loan loss reserves totaling \$882, equivalent to 4.7% of the balance of the overall portfolio. As of December 31, 2013, the expected loss was of 1.6% and the allowance amounted to \$877; 5.4% with respect to the balance of the overall portfolio. The loan portfolio is rated in accordance with the rules for rating the loan portfolio issued by the SHCP and the methodology established by the Commission. The Bank only sets up allowance for loan losses in addition to those created as a result of the portfolio rating process, in compliance with Title Two, Chapter I, Section Four of Article 39 of the General Provisions Applicable to Credit Institutions. As of December 31, 2014 and 2013, no additional allowance for loan losses were required (note 9).

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

(Continued)

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

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

At December 31, 2014, income from loan operations amounted to \$13,169, representing 98% of the Bank’s total income, compared to the same item at December 31, 2013, the variation in income, in percentage terms is 13%.

Income from loan operations

	<u>2014</u>	<u>2013</u>	<u>Variation (%)</u>
Loan income	\$ 13,169	11,667	13
Total income	\$ 13,443	11,939	13
Income from loan operations (%)	98	99	
	=====	=====	

With respect to credit risk management for operations with financial instruments or counterparty risk, the credit risk exposure in operations with financial instruments, and the expected and unexpected loss thereof, are calculated on a daily basis. Such allowance is part of the daily report on market risk. As of December 31, 2014, the Bank’s position in financial instruments subject to counterparty risk totals \$1,072; 100% in Call Money operations. The expected loss pertaining to counterparty risk is 0.4% of the overall exposure. In comparison, as of December 31, 2013, the Bank’s position in financial instruments subject to counterparty risk totaled \$849; 100% in call money operations with an expected loss from counterparty risk of 0.5%, with respect to the overall exposure.

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

(Continued)

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

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

Following is the exposure to counterparty risk for purchase/sale of securities and interbank loans as of December 31, 2014 and 2013 of the Bank, as well as the maximum exposure to such risk during these years.

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

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

(Continued)

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

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	Exposure to counterparty risk at December 31, 2013		
	<u>Amount at end</u>	<u>Maximum exposure</u>	<u>Concentration at end (%)</u>
Total position	\$ 849	849	100
	=====	=====	=====
Purchase/sale of securities	-	-	-
Rating AAA	-	-	-
Rating AA	-	-	-
Rating A	-	-	-
Call Money	\$ 849	849	100
	=====	=====	=====

* The authorized counterparty risk limit is 8% of the Bank's latest known net capital. The ASRC product x ICAP of the period was \$6,129.

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

Market risk-

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

As of December 31, 2014 and 2013, the Bank's portfolio of financial instruments subject to market risk is comprised solely of Call Money operations and purchase of CETES. As a result, the main risk factors that could affect the value of the investment portfolio are interest rates, spreads, and the prices of other financial instruments. It should be mentioned that the Bank's treasury operation is limited to investment of cash surpluses from the credit operation.

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

Parameters used in calculating the VaR.

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

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

<u>Portfolio</u>	<u>Value at Risk, 1 day (VaR) on December 31, 2014</u>			
	<u>Market Value</u>	<u>VaR at 99%</u>	<u>% Position</u>	<u>Use of limit (%)¹</u>
Total position	\$ 1,072	0.002	0.0002%	6.34%
Money ²	-	-	-	-
Purchase of securities	-	-	-	-
Call Money	\$ 1,072	0.002	0.0002%	6.34%
Derivatives ³	-	-	-	-
Foreign exchange	-	-	-	-
Equity	-	-	-	-

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

(Continued)

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

Notes to the Consolidated Financial Statements

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Following is the quantitative information for market risk as of December 31, 2013:

<u>Portfolio</u>	<u>Value at Risk, 1 day (VaR) on December 31, 2013</u>			
	<u>Market value</u>	<u>VaR at 99%</u>	<u>% Position</u>	<u>Use of limit (%)¹</u>
Total position	\$ 849	0.002	0.0002	0.18%
Money ²	\$ 849	0.002	0.0002	0.18%
Derivatives ³	-	-	-	-
Foreign exchange	-	-	-	-
Equity	-	-	-	-

1. The authorized risk limit is .15% related to the product of Assets Subject to Market Risk ("ASRM"-Spanish abbreviation) of the Bank's last known net capital. The ASRM product x ICAP of the Bank as of December 31, 2013 was \$702.
2. The positions subject to market risk referred to are call money operations.
3. There are no derivative operations for trade or hedge purposes.

The market VaR is calculated daily, including the main positions, asset and liability, subject to market risk shown in the balance sheet, which is also used for interest rate risk management. The daily average VaR of the Bank in 2014 was \$1,958 pesos, corresponding to 5.9% of the last calculated exposure as of December 31, 2014. The daily average VaR held in 2013 was \$4,299 pesos, corresponding to 0.0007% of the last ASRM product x ICAP known as of December 31, 2013.

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

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Backtesting is conducted monthly to compare the losses and gains that would have been observed had the same positions been maintained, considering only the change in value due to market movements, against the calculation of the VaR. This allows for evaluating the accuracy of the prediction. To date, testing has been highly effective by more than 99.2%.

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

Following are the sensitivity and stress tests of the Bank conducted as of December 31, 2014 and 2013, respectively.

	<u>Sensitivity analysis as of December 31, 2014</u>			
	<u>Market Value</u>	<u>VaR at 99%</u>	<u>Sensitivity +100 pb</u>	<u>Stress +150pb</u>
Total position	\$ 1,072	0.002	0.060	0.089
Money	-	-	-	-
Purchase of securities	-	-	-	-
Call money	\$ 1,072	0.002	0.060	0.089

	<u>Sensitivity analysis as of December 31, 2013</u>			
	<u>Market Value</u>	<u>VaR at 99%</u>	<u>Sensitivity +100 pb</u>	<u>Stress +150pb</u>
Total position	\$ 849	0.002	0.047	7.08
Money	\$ 849	0.002	0.047	7.08
Purchase of securities	-	-	-	-
Call money	\$ 849	0.002	0.047	7.08

(Continued)

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Income from treasury operations at the end of 2014 was \$58, accounting for 0.4% of the Bank's overall income. The variation in treasury income was determined comparing the same item for the prior year 2013, was \$75.

	<u>Income from treasury operations</u>		
	<u>2014</u>	<u>2013</u>	<u>Variation (%)</u>
Income from treasury operations	\$ 58	75	(23%)
Total interest income	\$ 12,878	11,883	13%
Income from treasury operations (%)	0.5%	0.7%	(29%)

Liquidity risk-

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

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

The measurement methodology used in liquidity risk management is:

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

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(Millions of Mexican pesos)

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

Analysis of liquidity gaps (accumulated)¹**2014**

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

**Analysis of liquidity gaps
as of December 31, 2014**

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

* The authorized risk limit is calculated as a percentage of the total liquid assets plus available lines.

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

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¹ The calculation of the accumulated gaps is presented in order to clarify the period, where a gap of liquidity exists

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(Millions of Mexican pesos)

As of December 31, 2013, the quantitative information for the analysis of liquidity gaps is as follows:

Analysis of liquidity gaps (accumulated)**2013**

<u>Bucket</u>	<u>Gap</u>	<u>Limit*</u>	<u>Use of limit (%)</u>
1-30 days	5,473	76%	0%
31-60 days	9,746	136%	0%
61-90 days	12,178	170%	0%
91-120 days	13,397	187%	0%
121-180 days	14,464	201%	0%
181-270 days	15,349	214%	0%
271-360 days	15,510	216%	0%
361-720 days	13,140	183%	0%
721-1,080 days	11,566	161%	0%
1,081-1,440 days	9,390	131%	0%
1,441-1,800 days	676	9%	0%

Analysis of liquidity gaps**as of December 31, 2013**

<u>Bucket</u>	<u>Gap</u>	<u>Limit*</u>	<u>Use of limit (%)</u>
1-30 days	5,473	76%	0%
31-60 days	4,273	136%	0%
61-90 days	2,432	170%	0%
91-120 days	1,219	187%	0%
121-180 days	1,068	201%	0%
181-270 days	885	214%	0%
271-360 days	160	216%	0%
361-720 days	(2,370)	183%	0%
721-1,080 days	(1,574)	161%	0%
1,081-1,440 days	(2,176)	131%	0%
1,441-1,800 days	(8,714)	9%	0%

* The authorized risk limit is calculated as a percentage of the total liquid assets plus available lines.

The liquid assets plus available lines of the Bank as of December 31, 2013 were \$7,182.

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Differences in flows (gaps) show excesses (greater asset flows than liability flows) in the first buckets, which is natural for the type of operations handled by the Bank, as 90% of the assets considered correspond to cash flows arising from recovery of loans with an average term of four months and investments at terms below 180 days, while liability flows correspond to financing contracted at the short and medium term maturity date, giving rise to a positive accumulated gap over 360 days, at the end of 2014, of \$15,705. The overall accumulated gap is positive.

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

	<u>VaR Liquidity, 10 days</u>		
	<u>2014</u>		
	<u>Value</u>	<u>Position (%)</u>	<u>Use of limit (%)*</u>
VaR liquidity at 99%	\$ 0.0066	0.001%	6.33%
Money			
Purchase of securities	-	-	-
Call money	\$ 0.0066	0.001%	6.33%

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

The Bank's net capital as of December 31, 2014 is \$8,429.

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At December 31, 2013 the quantitative information for market liquidity risk, is as follows:

	<u>VaR Liquidity, 10 days</u>		
	<u>2013</u>		
	<u>Value</u>	<u>Position (%)</u>	<u>Use of limit (%)</u> *
VaR liquidity at 99%	\$ 0.0059	0.0007%	0.17%
Money	\$ 0.0059	0.0007%	0.17%
Purchase of securities	-	-	-
Call money	\$ 0.0059	0.0007%	0.17%

* The authorized risk limit is 0.48% of the ASRM product for last known Bank's ICAP.

The ASRM product for the Bank's ICAP as of December 31, 2013 is \$702.

The average liquidity VaR for 2014 was \$6,191 pesos, equivalent to 5.92% of the limit calculated at December 31, 2014 (\$104,500 pesos). Sensitivity and stress tests are also conducted for liquidity risk management. The average liquidity VaR for 2013 was \$13,596 pesos, equivalent to 0.0002% of Bank's net capital as of December 31, 2013.

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

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

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Operational risk (including legal and technological risk).

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

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

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

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

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

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

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

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

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

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

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

Technological risk-

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

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

Legal risk-

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

- i. The review and approval of all agreements by the Legal Director's Office to ensure proper instrumentation of agreements and contracts.
- ii. Detailed management of powers granted to the Board of Directors, so as to avoid misuse.

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

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- iii. Procedures for filing and safeguarding agreements and other legal information.
- iv. Preparation of reports on the likelihood of issuance of adverse legal or administrative rulings. The reports are prepared at least on a quarterly basis.

At the end of December 2014 consumption level tolerance which is defined as 1.03% of the annualized income of the Bank was 0.24%, which indicates that operational risk losses are below the maximum tolerance.

(24) Subsequent event -

Under the contract of warranty service with FEGA, described in note 9 under "Credit losses warranty", dated January 7, 2015, the Bank selected a new loan portfolio amounting to \$773.

(25) Recently issued financial reporting and regulatory standards -

On May 19, 2014, the Commission published in the Official Gazette the resolution amending various articles of general provisions applicable to credit institutions, including Article 174 which is referred to Annex 33 that contains the accounting criteria for credit institutions. These provisions shall enter into force beginning January 1, 2015, pursuant to resolution issued on July 3, 2014. The significant accounting policies that had changes are mentioned below:

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

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

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The CINIF has issued the FRS and Improvements listed below:

FRS C-3 “Accounts Receivable”- FRS C-3 is effective for years beginning January 1, 2018, and is applicable retrospectively; however, early adoption is allowed as of January 1, 2016 provided that it takes place concurrently with the adoption of FRS C-20 “Financing Instruments Receivable” receivable.

FRS C-9 “Provisions, Contingencies and Commitments”- FRS C-9 is effective for years beginning on or after January 1, 2018; early adoption is allowed as of January 1, 2016 provided that it takes place concurrently with the initial adoption of FRS C-19 “Financial instruments payable”. FRS C-9 supersedes Bulletin C-9 “Liabilities, Provisions, Contingent Assets and Liabilities and Commitments”. The first-time adoption of this FRS does not produce accounting changes in the financial statements.

FRS C-19 “Financial instruments payable”- FRS C-19 is effective for years beginning on or after January 1, 2018 with retrospective effects and early adoption is allowed as of January 1, 2016 provided that it takes place concurrently with the adoption of FRS C-9 “Provisions, contingencies and commitments”, FRS C-3 “Accounts receivable” and FRS C-20 “Financing instruments receivable.

FRS C-20 “Financing instruments receivable”- FRS C-20 shall be effective for years beginning January 1, 2018, and is applicable retrospectively. Early adoption is allowed as of January 1, 2016 provided that it takes place concurrently with the initial adoption of FRS C-3 “Accounts receivable” and supersedes the provisions set forth in Bulletin C-3 in this regard.

FRS D-3 “Employee benefits”- FRS D-3 is effective for years beginning on or after January 1, 2016 with retrospective effects and early adoption is allowed as of January 1, 2015. FRS D-3 supersedes the provisions in FRS D-3. Main changes include the following:

- **Direct benefits** – The classification of direct short-term benefits was modified and the recognition of deferred Employee Statutory Profit Sharing (ESPS) was ratified.
- **Termination benefits** – The bases were modified for identifying when payments for the termination of a work relationship actually meet post-employment benefits or when they are termination benefits.

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- **Post-employment benefits** – Among others, the following were modified: the accounting recognition of multi-employer plans; government plans and plans of entities under common control; the recognition of the net defined benefit liability (asset); the bases for determining the actuarial hypothesis in the discount rate; the recognition of the Service Cost of Past Periods (SCPP) and of the Early Settlement of Obligations (ESO).
- **Remeasurements** – In recognizing post-employment benefits, the corridor approach is eliminated in the treatment of the plan's profits and losses (PPL); therefore, they are recognized as accrued and recognized directly in Other Comprehensive Income ("ORI"), requiring their recycling to the period's net profit or loss under certain conditions.
- **Plan Asset Ceiling (PA)** – Identifies a plan asset ceiling and specifies which entity contributed funds do not qualify as such.
- **Recognition in profit or loss of PM, SR and gains or losses from Early Settlement of Obligations (ESO)** – In post-employment benefits, the totality of the Service Cost of Past Periods (SCPP) of Plan Modifications (PM), Staff Reductions (SR) and the gains or losses from Early Settlement of Obligations (ESO) are immediately recognized in profit or loss.
- **Discount rate** – Establishes that the discount rate of Defined Benefit Obligations (DBO) is based on investment grade corporate bond rates (deep market) and, in their absence, on government bond rates.
- **Termination benefits** – Requires an analysis as to whether separation payments qualify as termination benefits or are actually post-employment benefits and notes that if the benefit is non-cumulative with no preexisting granting conditions, it is a termination benefit and, therefore, it should be recognized when the event occurs. However, if preexisting conditions are present, either contractually, by law or payment practices, it is deemed a cumulative benefit and should be recognized as a post-employment benefit.

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

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2015 FRS Improvements

In December 2014, CINIF issued the document referred to as “2015 FRS Improvements”, which contains precise modifications to some FRS. The modifications that bring about accounting changes are listed below:

FRS B-8 “Consolidated or combined financial statements”- defines investment entities and stipulates that, in view of the characteristics of such entities’ primary activities, they generally do not exert control over an investee. This improvement is effective for periods beginning on or after January 1, 2015 and the accounting changes that arise should be recognized retrospectively.

Bulletin C-9 “Liabilities, provisions, contingent assets and liabilities and commitments”- provides that foreign currency advances should be recognized at the exchange rate prevailing on the date of the transaction; that is, at the historical exchange rate. Such amounts should not be modified by subsequent exchange fluctuations between the functional currency and the foreign currency in which the price of goods and services related to such advance payments are denominated. This improvement is effective for periods beginning on or after January 1, 2015 and the accounting changes that arise should be recognized retrospectively.

Management estimates that the new FRS, with exception FRS D-3, and the improvements to FRS will not have important effects on Genera’s financial statements. The Administration is evaluating the financial impact of the adoption of the new FRS D-3.

SIGNATURE**SIGNATURE**

 Carlos Labarthe Costas
 Chief Executive Officer

 Patricio Diez de Bonilla García Vallejo
 Chief Financial Officer
SIGNATURE**SIGNATURE**

 Oscar Luis Ibarra Burgos
 General Internal Auditor

 Marco Antonio Guadarrama Villalobos
 Controller