GENTERA®

LEADERS IN FINANCIAL INCLUSION

OUR REASON TO BE

ANNUAL AND SUSTAINABILITY REPORT 2017

We work for entrepreneurial women and men who strive for their families knowing that their work is their path to progress.

Those who are true to their word and seek the opportunity to grow and build a better future.

We have created adequate and accessible financial services to attend those entrepreneurs.

To create value is to have in our hands a new way of doing business and easing new development opportunities

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MESSAGE FROM OUR PRESIDENTS

It is our pleasure to introduce the Annual and Sustainability Report 2017 with the results of Gentera and its companies, under a transparent and accountable approach, reciprocal to the trust given by our different stakeholders.

For more than 27 years we have witnessed the entrepreneurship stories of millions of people who strive and fight every day for their families and their communities. Our distinctiveness in this industry, which currently has a variety of players of all sorts, has been the close, personalized approach and trust generated with our clients.

Each one of these stories has driven us throughout the years and has taught us that, regardless of the challenges we face, we all have the capabilities to keep us moving forward. Thus, we trust people and their ability to improve their lives by using financial services as instruments for their welfare and contribution to socioeconomic development.

As an example: billions of pesos of our portfolio are lent based merely on trust, without any collateral. Even so, we are witnesses of how millions of people honor such trust on a weekly basis.

Our first clients challenged us to offer them more and better financial solutions and we work to live-up to their demands. Today we are facing a more competitive environment demanding us to better serve and listen to our clients based on their needs in order to provide products and services designed upon their convenience and lifetime.

WE TRUST IN PEOPLE AND THEIR ABILITY TO IMPROVE THEIR LIVES BY USING THE FINANCIAL SERVICES AS INSTRUMENTS FOR THEIR WELFARE AND CONTRIBUTION TO SOCIOECONOMIC DEVELOPMENT

Without doubt, 2017 has been a challenging year for us. However, in times like these, we reaffirm our intention to work for financial inclusion and take refuge in the Philosophy and values guiding our actions. To align and ensure that this strategy is executed, our Board of Directors decided to create the Chief Executive Officer (CEO) position, which was entrusted to Mr. Enrique Majós Ramírez.

Enrique Majós has a broad experience in the sector and particularly, within Gentera, which has allowed him to lead and be part of different initiatives which have become milestones in our history. The strategy that has been mapped and coordinated today foresees a talented and highly productive team of employees who will continue accompanying our clients to fulfill their dreams.

Our CEO, the management team, and over 22,000 employees are essential in fulfilling our aspiration of serving 10 million people by 2025. We work for the people. They are the faces of financial inclusion that make our work stronger each day, and for whom we give the best of ourselves.

Carlos Labarthe

Carlos Labarthe Costas
President of Gentera

C. Danel

Carlos Danel Cendoya
President of Gentera

FIGURES 2017

3.4 **Million clients** of loan, savings, remittances, and insurance

110,905
Million pesos
disbursed in
Mexico, Peru and Guatemala

22,315
Employees

23.600
million pesos in
paid remittances

725
Service offices

18
Million insurance
policies placed

268
Branches

1.6
million saving
accounts

2,779
Banking correspondents
of the Yastás network

over
68
million pesos allocated
to the Social Corporate
Responsibility Fund

MESSAGE FROM OUR CEO

Being the CEO of Gentera represents a big responsibility and I appreciate the trust given to this team.

For all of us who work at Gentera, serving our clients is a privilege and represents a big responsibility. That is why I appreciate the trust that has been placed in us to lead this organization through a talented efficient team committed to our purpose with an authentic vocation of service.

The challenges presented in 2017 led us to the need of reviewing our strategy and rethink our approach for a 2018 full of great opportunities. After listening to our clients and employees this year we confirmed that it was essential to strengthen our fundamental principles and the differentiators that gave us our origin. Through them, Gentera and its companies will continue to be leaders in their different sectors.

Without exemption each and every one of us in the group has turned to take care and strengthen the experience of our clients in an environment which is more competitive each time and in constant transformation.

I would summarize these months' work, as follows:

Focus on client service If people are the center of our actions, the client, therefore, must occupy the central place of our decisions. We have taken care to know and understand what and how we can improve the experience of our over 3 million of clients to whom we have the privilege to serve.

WE INCORPORATE THE USE OF TECHNOLOGY TO OUR FINANCIAL SOLUTIONS WHICH WILL MAKE US MORE EFFICIENT AND EFFECTIVE

An offer of relevant, comprehensive, and simple value. During the last years we have invested resources to improve our services portfolio. In 2017, we finished installing our network of Compartamos Banco branches across Mexico, as well as strengthening the Yastás correspondent's network, which allowed us to triple our clients of saving products . Another example: Aterna managed to place more than 18 million insurances. In the development of this Report, data evidencing these and other efforts will be provided.

Technology as the great enabler. Technology has changed our lives in many ways, and without clearly, it will also be the tool that will make the transformation of our business model possible. During 2017, we made significant progress in updating our platforms and technological capabilities. Furthermore, through Fiinlab, our innovation laboratory for financial inclusion, we have developed solutions and disruptive models –that go hand in hand with the entrepreneurial ecosystem of the region- that allow us to continue our process of transformation for the future.

Generation of shared value. We have been especially careful to maintain an adequate cost structure allowing the future sustainability of the group and its companies. We insist and stand by that, in order to generate value for our investors, employees, and partners, it is essential to start by generating value to our clients. The result of this is the shared value, which benefits society in general.

Thank you all for your trust and contribution. Today Gentera is on the right path surrounded by the best people.

Enrique Majós
CEO Gentera

OUR REASON TO BE: **OUR CLIENTS** AND THEIR FAMILIES

IN GENTERA, WE HAVE THE PEOPLE AS THE CENTER OF OUR ACTIONS, THEY ARE OUR REASON TO BE

OUR CLIENTS ARE OUR REASON TO BE. THEIR EFFORT AND PERSEVERANCE IN THEIR DAILY WORK IS WHAT INSPIRES US TO GIVE OUR BEST

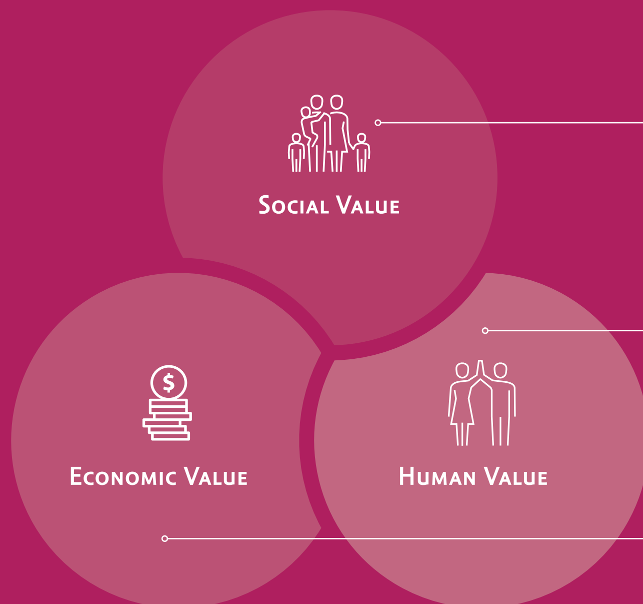
In each of our clients we find a project, a constant commitment to their family and an entrepreneurial spirit that is reflected in their business. Because of this, we want to be close to them in order to accompany them in the achievement of their goals.

For more than 27 years, our financial solutions have been tools to allow them to transform their aspirations into reality.

The people who place their trust in us and share their life project with us, have the full potential to achieve their goals; we offer them a loan, insurance, or a savings account, accompanied by our trust. We create a lasting bond with them, with trust as the basis of a warm and close treatment.

Our clients have changed, and we must evolve at par. Given this, our constant is the commitment to listen to them and meet their needs with an adequate level of service generating shared value.

The shared value generates, in turn, three types of value:



We offer inclusion opportunities to the largest number of people in the shortest possible time and we seek to foster the development of communities in Mexico, Peru and Guatemala.

We trust in the people, in their willingness to grow, to self-realization and to be better.

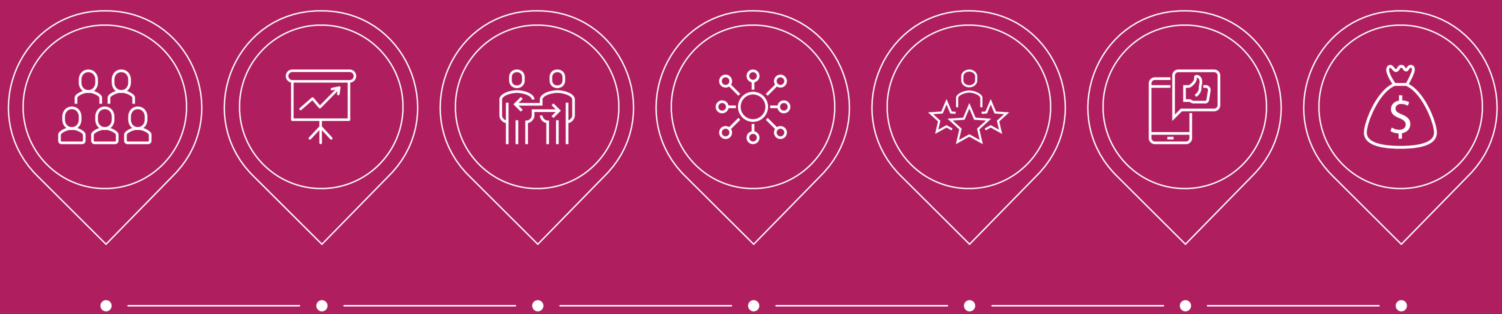
We build innovative, efficient and profitable commercial models.

FOR 27 YEARS, OUR PURPOSE STILL REMAINS UNALTERABLE: THE FINANCIAL INCLUSION

STRATEGY

The purpose of our business strategy is to direct specific actions and priority tasks, as described below:

GENERATE SHARED VALUE



- **SERVE** to 1 out of 5 families in our targeted markets
- **HAVE AN OFFER** relevant, integral, and simple value
- **DEVELOP** convenient access and transaction channels
- **SUPPORT OURSELVES** in digital technologies
- **ENSURE** a warm and close treatment
- **PROVIDE** a quality service
- **MAKE EFFICIENT** our cost structures

Through our companies, we promote the access and use of loan products, savings, insurance, payment channels and remittance payments, under appropriate regulation, guaranteeing consumer protection schemes and promoting financial education.

GENTERA

Our Financial Solutions

CREDIT
SAVINGS

Compartamos

- Compartamos Banco (Mexico)
- Compartamos Financiera (Peru)
- Compartamos S.A. (Guatemala)

Yastás

PAYMENT
CHANNELS

ATERNA

INSURANCES

INTERMEX

REMITTANCES
PAYMENT

Fiinlab

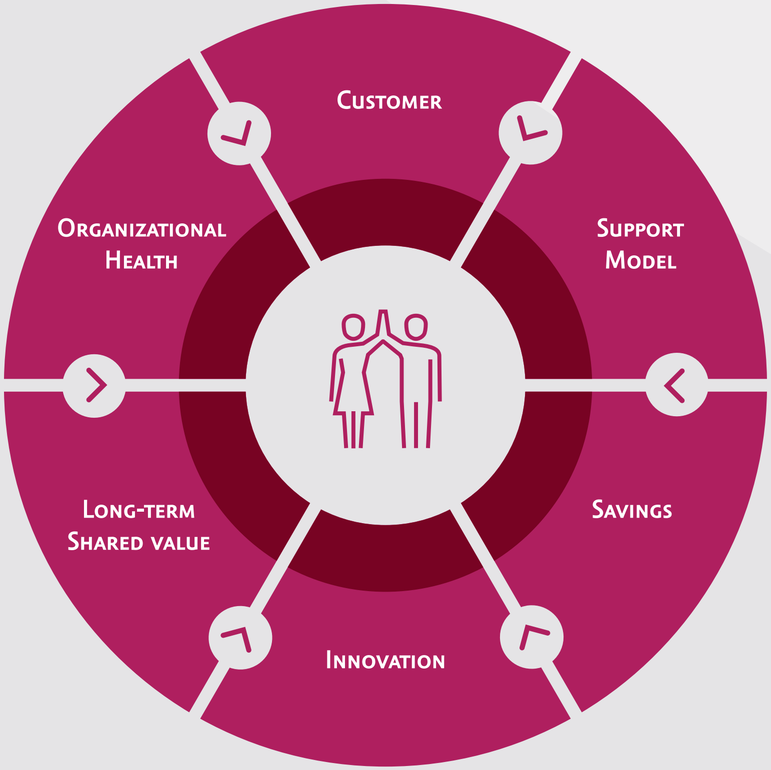
Fundación
GENTERA

+3.4 MILLION
clients in Mexico, Peru and Guatemala

WE ARE PROUD TO HAVE A VALUE CREATION MODEL WHOSE PILLARS OF ACTION CONTRIBUTE TO IMPROVE THE FINANCIAL INCLUSION OVERVIEW

Value creation model

The 8th edition of the Financial Inclusion National Report (2017) prepared by the Mexican Securities and Exchange Commission (CNBV) on the developments of the financial inclusion in Mexico, highlights Compartamos Banco for its growth in the savings sector and its impact on financial inclusion.



Financial solutions

Our offer includes loans, savings, insurances, payment channels and remittances payment.

Loans

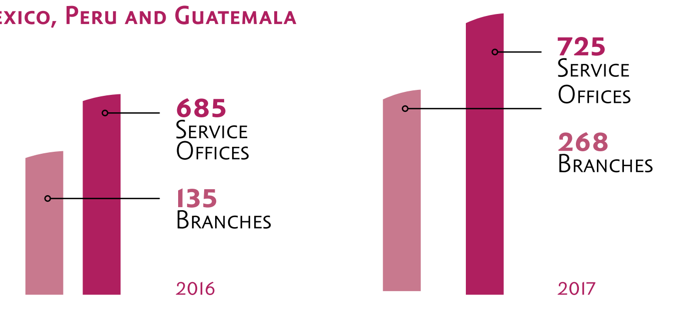
We closed 2017 serving 3,027,179 clients throughout the three countries, disbursing $110,905 million.

Gentera Results

	2015	2016	2017
Amount disbursed in the financial transaction (in million pesos)	96,279	110,543	110,905
N° of disbursements	8,750,615	9,211,911	8,631,668
N° of beneficiaries	3,207,852	3,381,455	3,027,179

All of this was possible thanks to our employees who work daily in our 725 service offices and 263 branches that provide convenient services to our clients.

Service offices and branches in Mexico, Peru and Guatemala

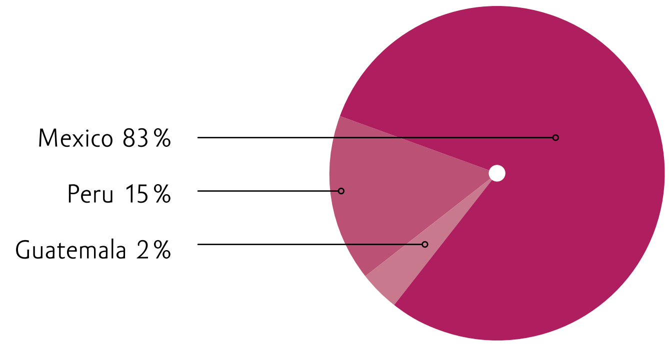


On 2016, 25 service offices share establishment with a branch..
On 2017, 103 service offices share establishment with a branch.

Disbursements

	2015	2016	2017
Disbursed average credit (pesos)	11,003	12,000	12,849
N° of disbursements	8,750,615	9,211,911	8,631,668
Disbursements (in million pesos)	96,279	110,543	110,905

Disbursement percentage per country



Loans

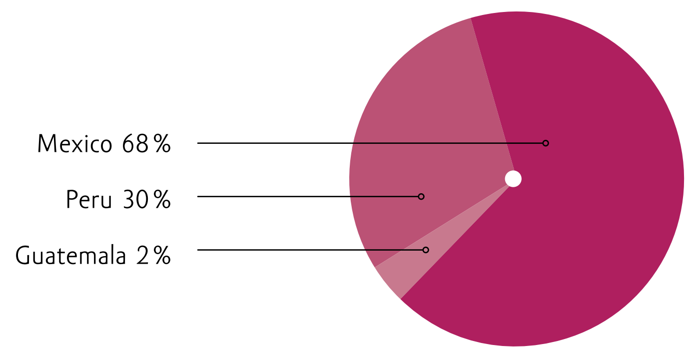
	2015	2016	2017
N° of clients	3,207,852	3,381,455	3,027,179
Portfolio (million pesos)	28,496	33,508	32,074
Client retention rate	82.4%	81.4%	80.2%
Delinquency rate	3.09%	4.22%	3.26%
Non-performing loans (million pesos)	881	1,414	1,046
N° of insured clients	2,658,550	3,078,978	2,848,904

In 2017 we pay special attention to our levels of non-performing portfolio, which decreased about one percentage point. This reflects our interest in protecting the client and avoiding their over-indebtedness.

2017 Loans per country

	Mexico	Peru	Guatemala
N° of clients	2,457,090	477,500	92,589
% of women clients	89.05%	86.7%	100.0%
Portfolio (million pesos)	21,908	9,587	579
Client retention rate	82.03%	71.7%	75.4%
Delinquency rate	3.28%	3.09%	5.38%
Non-performing loans (million pesos)	719	296	31
N° insured clients	2,278,815	477,500	92,589

Loan portfolio per country



We design loan solutions that contribute to the development of our clients based upon their needs, helping them to enhance the use of financial services in a responsible manner.

Mexico

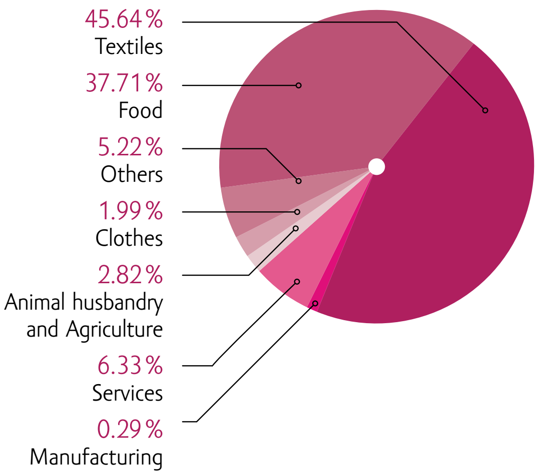
Market	Nº of Total clients	Products	Nº of clients per product	Percentage of customers, vis-a-vis, all clients served	Portfolio (million pesos)
Women Group Market	1,612,220	Crédito Mujer	1,612,220	65.6%	11,448
Mixed Group Market	687,427	Crédito Comerciante	687,427	28.0%	4,619
Mixed individual Market	157,443	Crédito Individual	122,855	5.0%	2,654
		Crédito Crece y Mejora CCR*	6,658	0.20%	471
		Crédito Adicional CM*	3,980	0.20%	368
		Crédito Crece y Mejora CM*	22,071	0.9%	2,248
		Crédito Adicional CCR*	1,649	0.1%	81
		Crédito Crece y Mejora CI*	16	0%	15
		Crédito Equipa tu casa	10	0%	1
		Crédito Grupal Digital	204	0%	3

*Unique clients

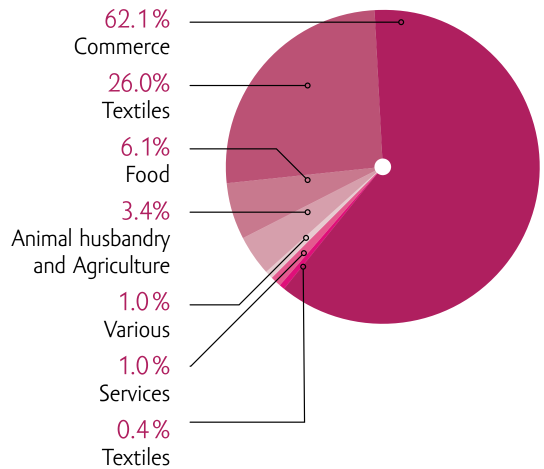
Market	Product	Description
Women group Market	Crédito Mujer	Loan for groups of 10 through 50 women requiring a loan to invest in, or start a business.
Mixed group Market	Crédito Comerciante	Loan for groups of 8 through 20 members (men and women looking to start a business, or have a current business and seek to invest in it).
Individual Market	Crédito Individual	Individual loan for 13-70 years old women and men who already have an established business and seek to improve it through an investment in raw materials, machinery, etc.
	Crédito Adicional	Loan for Crédito Mujer and Crédito Comerciante clients seeking to take advantage of an opportunity for improving..
	Crédito Crece y Mejora	Loans for Crédito Mujer, Crédito Comerciante and Crédito Invidual clients created to allow them to fulfill their needs with respect to their business, house, and unforeseen events.

Distribution of clients by sector

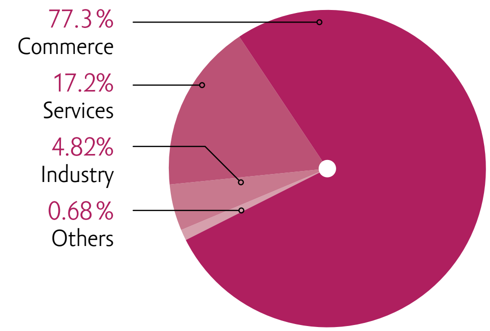
Mexico



Guatemala



Peru



Savings

We consolidated our saving products offer in Mexico, reaching 1,620,791 opened accounts, with a balance of $1,780,452,702. To achieve this goal, we invested in 268 branches, which allowed us to reach our clients, in order to provide advice and a warm and closer service. Undoubtedly, these efforts contributed to strengthening the culture of savings among our clients, as well as allowed us to provide them with convenient payment channels. With this, we contribute to the group's purpose: financial inclusion.

	2015	2016	2017
Savings accounts	233,685	595,248	1,620,791
Branches	0	135	268

Insurances

Creating a prevention culture in the under-served segment is a fundamental part of the financial inclusion. Given this, Aterna, our insurance agent, is responsible for designing and managing products which allow our clients to face unexpected events to which they are vulnerable.

Based upon the needs of our clients, in 2017, changes were made to the products to provide our clients a comprehensive offer, with a special focus on voluntary insurances.

In Mexico, the products were consolidated into one, Compartamos Protección, which includes financial support for medical emergencies involving hospitalization, surgery, cancer diagnosis, and death. It also offers assistance for clients' children diagnosed with cancer.

In Guatemala, besides the life insurance that is granted as a benefit to all clients, Seguro Protección was added, a voluntary product that allows them to face unexpected expenses in the event of death, cancer diagnosis, and access to a medical assistance network.

In Peru, Seguro Emprendedor, a voluntary product which offers an indemnification in the event of death, funeral services, and financial support for hospitalization, was strengthened.

About new products, a specialized product was designed for the active brokers of Yastás, whose objective is to protect them in case of robbery or assault. For Intermex, a product was created that protects the client at the moment of cashing their remittance and for up to three hours afterwards in case of assault.

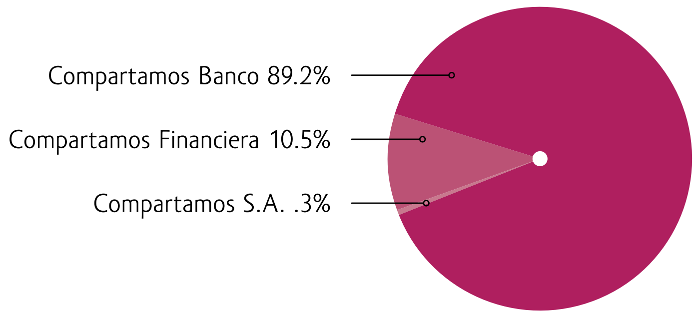
ATERNA COMPLETED 5 YEARS OF BEING COMMITTED TO A PREVENTION CULTURE; IT WILL CONTINUE SUPPORTING OUR CLIENTS IN VULNERABLE MOMENTS

Operative Results

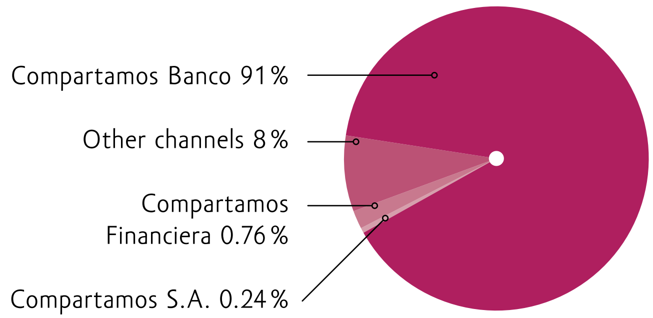
	2015	2016	2017
N° of distribution channels	8	7	8
N° of claims served	9,210	13,779	47,465
Total brokered premiums (million pesos)	626	816	1,153
Insured sum paid to beneficiaries (million pesos)	141	182	299
N° of voluntary insurance policies (millions)	2	6	7
N° of policies sold	14,899,610	17,156,769	18,129,163
N° of active policies	4,417,423	5,519,220	4,809,280

In the last two years, we have had a growth of more than 300% in the voluntary policies acquired by our clients. This is the result of an offer of tailor-made products based upon their needs and life moments. We provide them a quick service and simple procedures when facing an emergency, which facilitates the use of the benefits of their policy.

Claims by canal



Insurance amount paid to beneficiaries by channel



Payment channels

As part of our commitment to financial inclusion through access to convenient financial products and services for our clients, we have an extensive network of channels mainly for the dispersion and payment of loans. Only in Mexico, we reached 35,549 transaction points at the end of 2017, representing a convenient and reliable option.

From those more than 35,000 points, the 268 branches of Compartamos Banco, allow our clients to access a closer, more convenient service, with longer service hours to carry out their transactions close to their homes or businesses.

Furthermore, our banking correspondent manager, Yastás, reached 2,779 active businesses, out of which 2,626 are authorized to carry out financial operations. Through this network, it is possible to make payments for services, multilevel payments, prepaid air time, financial operations, and remittance payments.

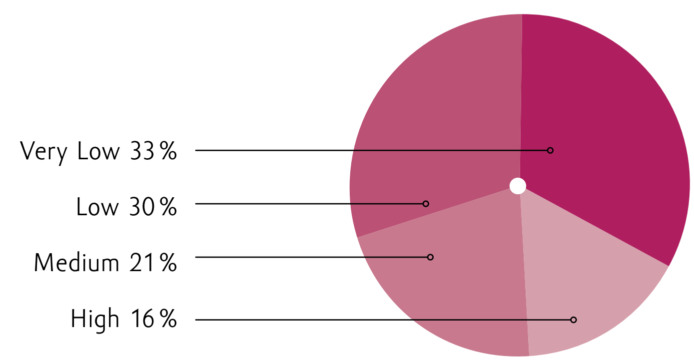
At the end of 2017, Yastás made 15.1 million transactions, out of which, 7.3 million correspond to financial operations of Compartamos Banco. According to the 8th edition of the Financial Inclusion National Report, Yastás consolidated itself as the second most important network of banking correspondents in Mexico.

During 2017, 64 million pesos were paid to the network's active brokers for the operations carried out during the same year. 16% of these are found in municipalities with a high degree of marginalization.[1]

Operational results

	2015	2016	2017
N° of active shops	2,613	2,860	2,779
N° of shops enabled to make financial transactions	2,222	2,719	2,626
N° of shops enabled to make savings transactions	405	1,452	2,468
N° of municipalities covered	635	903	1,019
N° of total transactions (millions)	13.7	13.2	15.1
N° of financial transactions carried out (millions)	2.1	5.7	7.3

Presence of agents in municipalities according to the marginalization degree



[1] Classification of marginalization degree in municipalities, obtained from INEGI's information.

Remittances payment

In our search to provide a comprehensive offer for our clients, since 2015 we offer the payment of family remittances, so that people that have family in the United States, have a reliable, fast, and close option of where to receive their money.

This is made possible thanks to our family remittance company in Mexico: Intermex, which processed more than 23.6 billion pesos in remittances during 2017.

Furthermore, our payment of remittances is linked to the services of Compartamos Banco. With this, our clients can deposit their money in a debit card and manage it according to their needs in a safer way.

Operational results

	2015	2016	2017
Nº of cash remittances (million)	3.95	4.4	4.62
Remittances paid in millions of Mexican pesos	3.87	4.3	4.58
Remittances paid in USD	0.08	0.1	0.04
Amount paid in Mexican pesos (millions)	16,194.10	21,372.2	23,664.08
Amount paid in USD (million)	20.8	17.7	11.56
Nº of users or clients[2]	576,114	630,762[3]	301,969
Nº of states of Mexico with branches	13	13	13
Total number of payment points in Mexico	1,248	1,867	2,521
Correspondents	1,188	1,807	2,466
Nº of agencies in the US	37	37	36

[2] Corresponds to the total users who collected at least 1 remittance through the Intermex payment network.
[3] The total number of users in 2016 were 175,830 since an adjustment was made with respect to the calculation method.

IN THE REGIONS WHERE WE OPERATE, WE PROMOTE ACTIONS THAT CONTRIBUTE TO THE PROTECTION AND FINANCIAL EDUCATION OF OUR CLIENTS

Client protection

Committed to our clients and the development of their communities, we go beyond the delivery of financial products and services through fulfilling the client protection principals: over-indebtedness prevention training; price transparency; terms and conditions; competitive prices; warm and close service; safeguard of personal data and mechanisms to solve complaints.

Actions guaranteeing the data privacy of our clients

To guarantee the privacy of our clients' personal data, at Gentera we safeguard the information under strict confidentiality mechanisms defined in the policies, rules and procedures that make up our regulatory framework.

In compliance with the Federal Law of Personal Data Protection in Possession of Private Entities (LFPDPPP) of Mexico, we have Privacy Notices tailor-made for each company and type of user, through which we inform our clients on the use of their information and the mechanisms available for them so they may exercise their ARCO rights (Access, Rectification, Cancellation, and Opposition).

Through our Information Privacy Management, in 2017 we handled 68 requests from clients who exercised their ARCO rights, which is four times less than in 2016.

We also obtained the Re-Certification of the Self-Regulation Scheme on the Protection of Personal Data. Thanks to this certification, we convey greater confidence to our clients on the standards we have for the protection of their data.

Financial education

We seek to contribute to the development of our clients' capabilities of making informed decisions, good administration of resources and the responsible use of financial services for their well-being and of their families.

At Gentera, financial education is an inherent attribute of our products and services. Through our promoters and media, we share contents that generate knowledge for an adequate financial administration for our clients.

In 2017, our financial education strategy included various initiatives for the clients of all our companies:

Compartamos Banco

In 2017, we developed and made available to our clients 10 3D animated videos which recounted the experience of an entrepreneurial family. This production, named *Historias de Bolsillo*, can be found at the Compartamos Banco website, and provides guidance for a good business administration. To complement this learning experience, the client has to answer a questionnaire about the following topics:

- Am I an Entrepreneur? – Empowerment
- What about my earnings? - Cash control and sales strategy
- How to be different? – Competitiveness
- What about good service? - The quality of the service

Historias de Bolsillo obtained 217,405 views.

Different sessions and workshops were developed for each product to improve the financial education of our clients.

Credit Product

	Financial Education Initiative	Description
Crédito Mujer	Workshop: Effective Ideas for your Wallet	Six sessions teaching lessons such as: budget, petty cash expenses, savings goals, formal saving, responsible use of credit, and prevention culture.
Crédito Comerciante	Workshop: Effective Ideas for your Wallet	Four sessions teaching lessons such as: budget, petty cash expenses, savings goals, responsible use of credit, credit report, and prevention culture.
Crédito Individual	Workshop: Effective Ideas for your business	Four sessions teaching lessons such as: payment capacity, credit history, treasury control, and insurances.

Training was provided, Through the methodology of our products to:

192,651 group loan customers (CM and CCR)

37,547 individual loan customers (CI)

Training was provided, related with savings matters, to:

a **10,069** clients

in **60** Women Events

Videos where also developed on the importance of saving and the use of electronic channels of payment, along with other financial education advice which were played on screens in the branches and on Compartamos Banco's social media.

Compartamos Financiera

- 82% of Crédito Súper Mujer clients trained.
- 17 Súper Mujer Events were conducted, during which a financial education conference was hosted. We reached 4,382 clients.

Compartamos S.A.

- 61% of Crédito Mujer clients trained.
- 7 Mujer Events were conducted, during which a financial education conference was hosted. We reached over 878 clients.

Yastás

- 8 business workshops were conducted where 167 commission agents and 124 family members that support the agents in the business were trained.
- The Project "Improve your Business" was developed in partnership with Universidad del Valle de Mexico. 80 scholarships were granted.
- Through the digital platform of Fundación Proempleo, 40 scholarships were granted to commission agents for the workshop "Improve your business with Effective Ideas".

Aterna

- 56,980 people were impacted through tips about prevention culture and responsible allocation of insurances during the meetings of client's of Compartamos Banco.

These actions keep the positive perception on financial education and client protection components, which are inherent to our solutions.

WE MAINTAINED A BUSINESS RELATIONSHIP WITH 1,148 SUPPLIERS IN MEXICO

Our value chain

For Gentera, investing in the operational excellence of products and services, is an effort that is part of our value chain. Through our suppliers, our allies, and services to our clients, we contribute to financial inclusion.

The operations impact our supply chain, so we seek to generate economic benefits for the regions where we operate, through the local acquisition of required services and products.

Through our companies Compartamos Banco, Yastás, Intermex, Aterna, Fundación Gentera, and Fiinlab we maintained a commercial relationship with 1,148 suppliers in Mexico.

Most significant supplier categories for Gentera:

- Marketing
- Services
- Technology

"HOW" IS THE MOST IMPORTANT THING

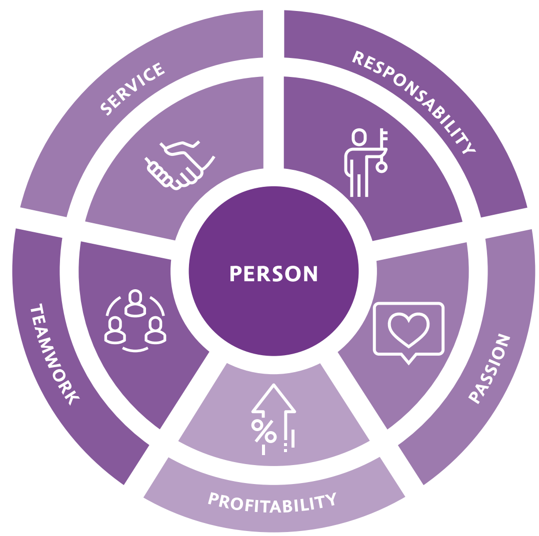
OUR EMPLOYEES ARE A CORNERSTONE IN OUR HISTORY, THEY ARE THE ONES WHO MAKE FINANCIAL INCLUSION POSSIBLE. FOR THIS REASON, WE SEEK TO PROMOTE THEIR INTEGRAL DEVELOPMENT AND BE THE WORKPLACE WHERE THEY MAY HAVE A BALANCE BETWEEN THEIR LABOR AND PERSONAL LIFE, INCREASING IN THIS WAY, THEIR COMMITMENT AND THEIR SENSE OF BELONGING TO THE COMPANY

OUR PHILOSOPHY IS THE DIFFERENTIATOR OF GENTERA IN THE SECTOR. IT IS THE GUIDELINE TO CARRY OUT OUR DAILY ACTIVITIES

Our Philosophy

We have two programs to encourage the development of our employees

FISEP (by its Spanish acronym):	Model that promotes the integral development of the employees through 5 dimensions: physical, intellectual, social-family, spiritual, and professional.
Serviazgo:	Leadership model based on service to others that inspires and transcends through service, development, growth, and results.



The incoming employees receive induction training providing them information on Gentera and its companies by the "Mystic Guardians" – employees of our organization – who are also responsible for conveying the values of the group and their experience.

Our employees

For Gentera, its greatest asset is its employees. Consistent with our commitment to generate shared value, we are a source of employment; we have adequate processes for attracting, developing, and retaining talent. We offer an adequate working environment for their development.

We closed 2017 with **22,315** employees, which represent a 3% increase in Mexico, 19% in Guatemala, and 16% in Peru

Labor demographics

	2015	2016	2017
Total number of employees*	20,179	21,185	22,315
Permanent contract %	89.5	98.2	94
Women employees %	48.7	49.4	49

* 48% of the total number of employees has a collective bargaining agreement.

Employees by country

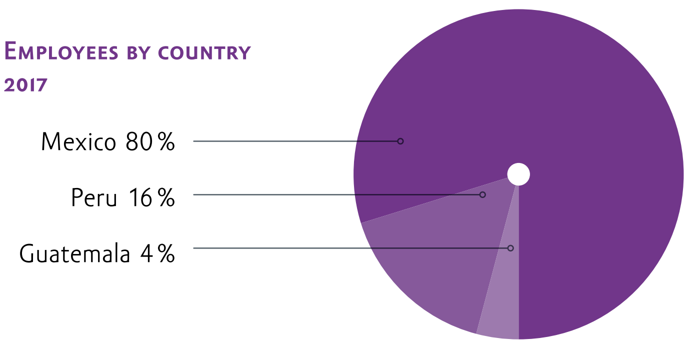
	2015	2016	2017
Mexico	17,272	17,253	17,735
Peru	2,379	3,133	3,627
Guatemala	528	799	953
Total	**20,179**	**21,185**	**22,315**

Employees by age group and gender

	Men	Women	
< 30 years	5,122	4,712	**9,834**
30 - 50 years	6,141	6,092	**12,233**
> 50 years	148	100	**248**
Total	**11,411**	**10,904**	**22,315**

22,315
Employees
in Mexico, Peru and Guatemala

Employees by country 2017



WORKFORCE BY COMPANY

16,133
COMPARTAMOS BANCO

230
YASTÁS

30
ATERNA

1,321
SUPPORT SERVICES

21
INTERMEX

3,627
COMPARTAMOS FINANCIERA

953
COMPARTAMOS S.A.

Employees by professional category and gender

	2015		2016		2017	
Employee	Employees	Women %	Employees	Women %	Employees	Women %
Directors	176	31	160	33	187	36%
Managers	324	46	337	42	454	45%
Administrative	1,884	56	2,184	57	6,067	70%
Salesforce	17,795	48	18,504	49	15,607	41%
Total	**20,179**	**49**	**21,185**	**49**	**22,315**	**49%**

New employees by age

	Mexico		Peru		Guatemala	
	Employees	Women %	Employees	Women %	Employees	Women %
< 30 years	3,802	42	1422	59	302	29
30 - 50 years	2,912	46	370	40	51	29
> 50 years	60	38	2	33	1	100

New employees by gender

	Mexico		Peru		Guatemala	
	Employees	Women %	Employees	Women %	Employees	Women %
Women	2,974	43.9	983	54.7	140	29.4
Men	3,800	56.1	815	45.3	337	70.6
Total	**6,774**	**100**	**1,798**	**100**	**477**	**100**

During 2017,
9,049
Employees were hired

AT GENTERA WE OFFER PROGRAMS THAT STRENGTHEN THE EMPLOYEES' PROFESSIONAL TRAINING

We have distinguished ourselves by offering benefits to all our employees. Any new employee has the benefits set forth by law. After six months of seniority, they are granted the full package benefits which include food vouchers, savings fund, and paid vacations according to our policy.

We design benefits according to the needs and life moments of our employees by having a scheme of additional benefits than those set forth by law and which are competitive in the financial sector, making us an attractive option for employment.

EMPLOYEE TURNOVER RATIO IN MEXICO

33.8%

GUARANTEED FIXED COMPENSATION

Mexico (Gentera, Compartamos Banco, Aterna, Yastás e Intermex)	**Peru** (Compartamos Financiera)	**Guatemala** (Compartamos S.A.)
Salary (1)	Salary (1)	Salary (1)
Vacations (3)	Vacations (2)	Vacations (2)
IMSS (2)	Family contribution (2)	Christmas Bonus (2)
INFONAVIT (2)	Mandatary rest day and holidays (2)	Bonus 14 (2)
Vacation Bonus (2)	Compensation for service time (2)	IGGS, IRTRA and INTECA (2)
Employees Profit Sharing (2)	Statutory profits (2)	Local Holiday (2)
Mandatory rest day and holidays (2)	Holiday and Christmas Bonuses (2)	National Holidays (2)
Christmas Bonus (3)		

NOTES

(1) Basic compensation.
(2) Statutory benefits.
(3) Additional Benefits.

Benefit and Bonuses

Mexico
(Gentera benefits, optional for the companies)

Savings Fund

Food Vouchers

Pension Plan

CV2

Personal injury insurance

Life insurance

Major medical insurance

Combo (Insurance Flexibility)

Benefits for new fathers and mothers (employees)

Flexible work for maternity and paternity

School kit for employees children

Psychologic and legals assitance

Institutional Permits

Daycare

Bankin Games

Agreements

Asistance in the event of contingencies

Operating Bonus (sales)

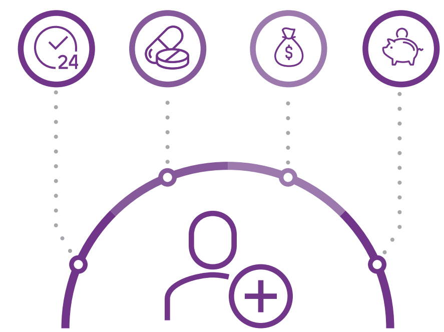
Permanence bonus

Tenure bonus

Savings bank

Car benefit

Half day for birthday



Peru
(Compartamos Financiera)

Annual scholarship allocation

Food vouchers

Additional life insurance

Additional risk work insurance

Christmas benefits (christmas basket and others)

Institutional permits

Integral health Program

Annual performance bonus for administrative staff

Productivity monthly bonus

Guatemala
(Compartamos S.A.)

Life insurance

Medical insurance

Medical attention family insurance

Banking holidays

Half day for birthday

CV2

Intensive bonus

Variable salary plan

Annual performance bonus for administrative staff

*Some benefits only apply for certain positions

Gentera was recognized as the best workplace by Great Place to Work Institute Mexico. Likewise, we were highlighted in the Pride category, which reflects the sentiments of our employees.

1st Place
Gentera. Millennial Generation
The Best Companies to Work in Mexico

2nd Place
Gentera. Banking, Insurance, and Finance
The Best Companies to Work in Mexico – Over 5,000 employees

7th Place
Gentera. Gender Equality
The Best Companies to Work in Mexico – Over 5,000 employees

8th Place
Compartamos S.A.
The Best Companies to Work in Central America and the Caribbean

13th Place
Compartamos Financiera
The Best Companies to Work in Peru – Over 1,000 employees

EDGE Certification
For two years in a row we were certified by the EDGE Foundation (Economic Dividends for Gender Equality) for our commitment to creating a working environment that provides the same opportunities for men and women

(NMX-R-025-SCFI-2015)
Mexican Norm on Labor Equality and Non-Discrimination
For promoting the development and comprehensive training of our employees, guaranteeing the same opportunities for growth and equal compensation for both men and women

Socially Responsible Company
By promoting a balance between professional, family, and social life

Training and development

We offer growth opportunities for all our employees by having the necessary tools that allow the development of a career plan.

Every year, all employees go through the re-certification of the Code of Ethics and Conduct renewing our commitment to Gentera. In 2017, 146 employees attended the Serviazgo module: Building the Common Good Is in You.

DNA

Based on the results generated by the DNA technology platform, through its implementation in Mexico and Guatemala, the platform was successfully implemented in Peru during 2017. With this, we consolidated our management by favoring talent processes and individual development.

Internal training hours per professional category

Professional Category	2017
Director	402
Deputy Director	1,446
Regional Manager	2,402
Manager of the Service Office	19,150
Deputy Manager of the Service Office	28,288
Instructor	4,044
Systems administrator / Administrative assistant	63,366
Sales and client service executive	32,820
Credit Adviser	47,593
Promoter	493,682
Leader CM-CCR-CI	95,906
Leader + employees	7,376
Collections employees	5,345
Treasury and Branch supervisors	9,318
Tellers	16,160
CEAS Manager	3,782
CEAS Analyst	2,492
Representative	1,700
Specialist	1,046
Leveling other positions	63,520
Crowds	124,222

5,208
Acceleration Scholarships
to our employees

WE WORK TOWARDS FINANCIAL INCLUSION THROUGH LIVING OUR VALUES: PEOPLE, SERVICE, RESPONSIBILITY, PASSION, PROFITABILITY, AND TEAMWORK

Gentera Undergraduates

This initiative started in 2017 with the participation of *Universidad Interamericana para el Desarrollo* (UNID) to enrich the sales knowledge of our employees in our services offices, in addition to offering them the possibility to pursue an Administration and Accounting degree.

Throughout 2017, we focused on our employees' knowledge, providing them with more and better tools for the development of their profession; for this reason, we invested in different areas:

- Financial capabilities
- Client knowledge
- Critical thinking capabilities
- Innovation capabilities

444

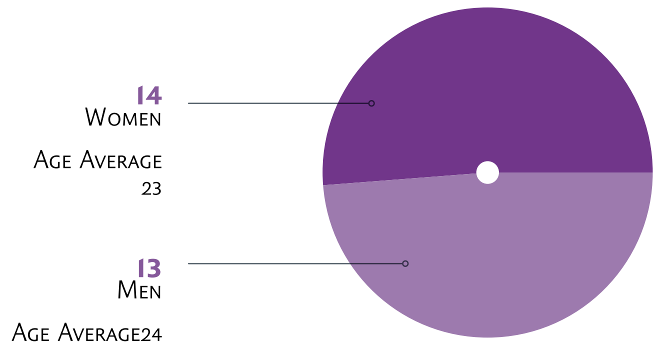
EMPLOYEES
IN THE GENTERA UNDERGRADUATE PROGRAM IN 2017

Leaders in development

In Gentera we believe in young talent and its potential as a source of innovation, learning, challenge, and continuous improvement; therefore, the Development Leaders (LED) program looks out for the most outstanding students in their last years of university, in order to involve them in various areas of the organization. The members of the program have high impact projects, receive mentoring and coaching in order for them to have an unforgettable first work experience. During 2017 we had 27 LED's:

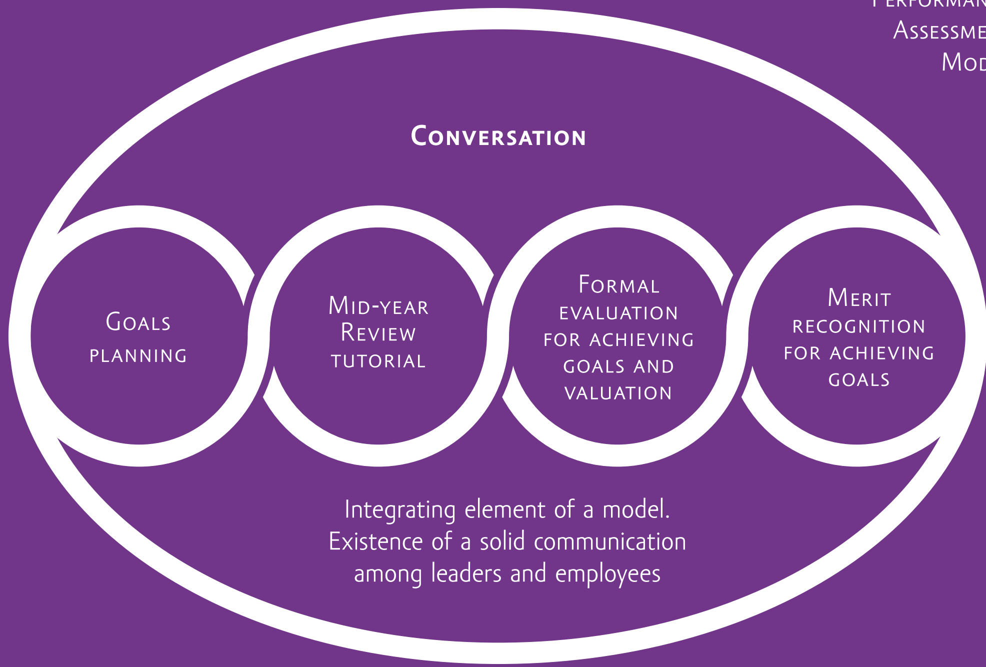
LED´s Undergraduate Degrees	
Actuary	Marketing
Administration	Public Affairs
Industrial Engineering	Digital Animation Engineering
Economics	International Businesses
Finance	Pedagogy
International Studies	

AVERAGE AGE AND GENDER



Gentera Departments involved	
Operations	External Affairs
Corporate citizenship	Finance
Marketing	Internal Communications
Persons	

Performance Assessment Model



4,712

Assessed Employees

Performance assessment by professional category

We assess the performance of our employees, by guiding and supporting them. We seek for them to transcend through their professional career by filling vacancies in higher positions.

The assessments have constant feedback, which is a transcendental part of the individual development of the employees.

Country

Country	2016	2017
Mexico	3,832	4,170
Peru	248	349
Guatemala	156	193

Professional category

Professional category	2016	2017
President	2	2
Executive director	12	15
Director	38	49
Deputy director	128	150
Manager	438	521
Employees	3,618	3,975

IN GENTERA WE WORK FOR THE FINANCIAL HEALTH OF OUR EMPLOYEES AND WE OFFER THEM FINANCIAL EDUCATION IN 2017, ALL OUR EMPLOYEES WERE TRAINED IN THIS AREA THROUGH OUR FINANCIAL EDUCATION PROGRAM, AND WE POSITIVELY IMPACTED THE ADMINISTRATION OF THEIR FAMILY ECONOMY AND THE FORMATION OF A FINANCIAL CULTURE

CERTIFIED EMPLOYEES "FINANCIAL LIFE EVENTS"

12,553
GENTERA, COMPARTAMOS BANCO, YASTÁS E INTERMEX

743
COMPARTAMOS S.A.

2,929
COMPARTAMOS FINANCIERA

Financial education

We guarantee that, since joining Gentera, our employees are immersed in a culture of healthy finances. At the induction course, a financial education module is included with duration of four hours. In this course they receive training on:

Healthy finances
(online course).

Topics on budget and savings are taught, with the objective of meeting goals.

Financial tools
(face-to-face course).

Explains concepts on savings, savings for retirement, insurance, credit bureau, and bureau of financial institutions.

Financial education in Compartamos
(face-to-face course).

Reviews the importance of financial education in Compartamos, its benefits, how it contributes to the business model and why it is an inherent attribute of the financial services offered. The purpose of this course is for the sales employees to be able to correctly understand and convey the contents to their clients.

Additionally, every year the online certification is carried out for Gentera employees. The objective is to raise awareness about the importance generated by a financial culture, to achieve better financial decisions.

WE PROMOTE THE DEVELOPMENT OF COMMUNITIES

Thanks to our origin as a civil company organization, in Gentera we have a social vocation inspiring and pushing us to collaborate with the development of people and their inclusion in their communities

IN ORDER TO ACCOMPLISH OUR GOAL OF CONTRIBUTING TO THE WELL-BEING OF COMMUNITIES, WE ALLOCATE UP TO 2% OF THE ANNUAL NET PROFITS TO THE CORPORATE SOCIAL RESPONSIBILITY FUND

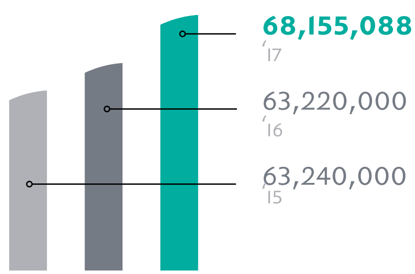
Corporate Citizenship

Being a good corporate citizen begins by working responsibly. The Corporate Citizenship department is responsible for inspiring and organizing all of us who are part of Gentera through a comprehensive vision of civic culture seeking to go beyond social responsibility.

To achieve this goal, we will develop sustainable programs from its design in the regions where we operate, generating a long-term social impact.

As part of this evolution, we train our employees in matters related to Corporate Citizenship, and we will also carry out other dissemination and training activities at all levels of the organization.

Corporate Responsibility Fund
IN MILLION PESOS



FUNDACIÓN GENTERA IS THE ORCHESTRATING ARM OF THE ACTIONS ON SOCIAL RESPONSIBILITY OF GENTERA AND ITS COMPANIES, HAVING EDUCATION AS ITS MAIN CAUSE

Fundación Gentera

Our nonprofit organization has action guidelines that generate value to communities:

Action Lines of Fundación Gentera in 2017

Education

Development of the population's capabilities, contributing to the generation of knowledge and detonation of social change in children, youth, and adults:

- **Formal education:** Promotion of scholarships for the education for children, youth, and adults, as well as the alphabetization for adults; continuous follow-up and formation of faculty.
- **Financial education:** Promotion of the development of capabilities, competencies, and new knowledge in topics of financial education for their personal and familiar wellness, and business management.
- **Entrepreneurial culture:** Development of capabilities and trades in youths, as complement to their formal education; in adults through work skills formation, trades, and productive projects.

Volunteering

Contribution to the development and wellbeing of families in communities and the promotion of an active volunteering culture where employees become agents of change.

Donation

Collaborators donate to Fundación Gentera

To support initiatives from civil society organizations.

Contingencies

Economic or in kind support to customers, Communities, and employees. Such supports are assessed pursuant to the situation of natural disasters.

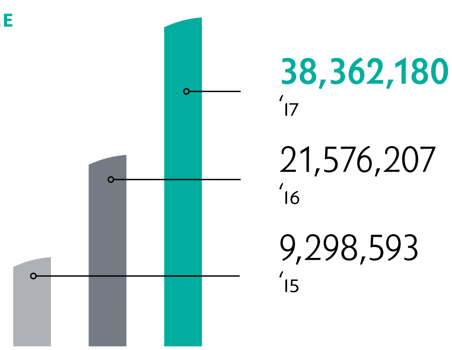
As a result of good management, transparency, and accountability, Fundación Gentera once again presents its economic performance to its stakeholders in the sector.

OUR CORPORATE OFFICES IN MEXICO AND PERU ARE LOCATED IN BUILDINGS WITH LEED CERTIFICATION

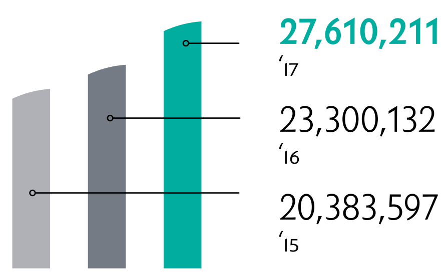
Performance of Fundación Gentera in 2017

Economic value allocated	2015	2016	2017
Income	$ 9,298,593	$ 21,576,207	$ 38,362,180
Donations from the Corporate Social Responsibility Fund	$ 6,077,476	$ 8,231,915	$ 24,531,535
Other donations (employees, directors, and other related parties)	$ 2,892,149	$ 13,073,983	$ 7,262,357
Other income	$ 328,968	$ 270,309	$ 6,568,287
Amount spent	$ 20,383,597	$ 23,300,132	$ 27,610,211
Dental health projects in the communities we operate in	$ 818,960	$ 816,640	$ 957,000
Education Call: Education projects (Formal, financial, and entrepreneurship)	$ 5,664,432	$ 8,233,825	$ 8,888,166
Partnerships Formal education, financial education, and entrepreneurship culture Projects	$ 8,072,249	$ 8,665,600	$ 5,868,652
Contingencies	N/A	N/A	$ 2,660,411
Volunteering	$ 2,654,172	$ 2,784,171	$ 5,733,251
Operational management and administrative expenses	$ 3,171,784	$ 2,799,896	$ 3,502,731

Income



Amount spent



Education

Is the cause of our nonprofit organization by being the most important factor for social inclusion, translating into well-being and development in communities. It is a way to empower people.

We are aware of the close link existing between the degree of education of a country and its economic development. This is why we promote different educational projects, providing opportunities for people to improve their individual capacities; thus, generating social mobility.

We impacted 147,591 people through different projects that develop capacities through a training process: as a workshop, a course or a scholarship, a figure that includes 18,773 beneficiaries for education initiatives.

147,591
PEOPLE BENEFITED

Partnerships and Donations	Initiatives	Beneficiaries
Formal education	Alphabetization Literacy Basic education Programs to reinforce formal schooling	15,166 children, youths, and adults
Financial education	Financial literacy	2,474 children, youths, and adults
Entrepreneurial culture	Generate skills and capabilities for their employability Women empowerment Advisory of a business plan	1,133 youths and adults

We also began the project *"Construyendo Puentes"*, which seeks to avoid school dropout in 25 high schools in the states of Chiapas and Durango.

Being aware of the educational backwardness existing among our clients, for a third consecutive year, we made an alliance with INEA (National Institute for the Adult's Education) to invite people to complete their elementary and high school studies.

As has happened in recent years, we actively participate in the National Week of Financial Education, an event organized by CONDUSEF (Cliente protection regulator in Mexico), with the assistance of over 74,857 visitors to conferences, workshops, games, and other financial education activities.

Likewise, in nine *Días Compartamos con la Comunidad* incorporated a financial education lottery with the objective of raising awareness among attendees on financial concepts, impacting 312 people.

Volunteering

We seek for our employees to be agents of change in communities. Therefore, we promote volunteering as an initiative to undertake actions for the common good.

In 2017, 14,361 employees put in more than 61 thousand hours by joining forces and contributed with different volunteering activities to improve the communities and the quality of life of the people living in such communities.

Días Compartamos con la Comunidad 2017

Country	Days	Investment (pesos)	Nº of benefited States/ Departments	Nº of volunteers	Nº of Hours	Type of volunteers	No. of beneficiaries
Mexico	26	6,878,123	11	1,952	10,924	Employees, clients, guests, and community	17,790
Guatemala	2	243,019	2	132	660	Employees, clients, family members, and community	1,220

VOLUNTEERING IS PART OF THE DNA OF GENTERA EMPLOYEES. IT ALLOWS US TO SERVE OTHERS AND LIVE OUR PHILOSOPHY; THEREFORE, WE RECOGNIZE THE BEST VOLUNTEERING PRACTICES DEVELOPED BY OUR EMPLOYEES DURING 2017. BELOW WE PRESENT THE CATEGORIES OF THIS RECOGNITION AND THE WINNERS

Education and Culture: volunteering activities that contribute to the development and promotion of education and culture.
Winners:
Quintana Roo Region

Coexistence and Community Connection actions for recovering, improvement, and cleaning up of public spaces
Winners:
OS Aguascalientes West

Human and Social Support: practices where the employee donates his/her time or talent in shelters, retirement homes, orphanages, visiting vulnerable institutions or communities.
Winners: OS Delicias

Best regional activity:
Winners:
Metro South, Metro West, and Metro North

Best activities of the Yastás Managers:
Winners: Estado de México

Best activities of Directors in Action:
Winners:
Security area

14,361
VOLUNTEERS

823
Gentera Servicios

11,482
Compartamos Banco

18
Intermex

196
Yastás

794
Compartamos S.A.

1,020
Compartamos Financiera

28
Aterna

61,561
HOURS

6,540
Gentera Servicios

47,856
Compartamos Banco

65
Intermex

1,148
Yastás

2,737
Compartamos S.A.

3,126
Compartamos Financiera

89
Aterna

Donation

In Gentera we have a social vocation of benefiting with resources for educational causes, inviting our employees to make donations. This year we are proud to have 48% of our staff as donors.

In Fundación Gentera we establish synergies that contribute to the permanent development of communities. Thanks to our Education Call which is held every year, over 8,500 employees donated on a bi-weekly basis, which allowed us to benefit 49 organizations and bring education opportunities to over 6,000 people.

48 %
OF OUR EMPLOYEES ARE DONORS

49
ORGANIZATIONS

+ 6,000
BENEFICIARIES

IN CONTRAST WITH PREVIOUS YEARS, OUR NUMBERS REFLECT AN IMPORTANT AMOUNT INTENDED FOR THE CONTINGENCIES DUE TO NATURAL DISASTERS OCCURRED IN MEXICO AND PERU

IN THE SECOND SEMESTER OF 2017, WE FOCUSED THE EFFORTS OF FUNDACIÓN GENTERA TO THE ATTENTION OF OUR CLIENTS, EMPLOYEES AND THEIR COMMUNITIES WHICH WERE AFFECTED BY THE EARTHQUAKES OF SEPTEMBER 7 AND 19 IN MEXICO

Contingencies

In response to the emerging needs arising after the natural disasters and which impacted our employees, clients, and communities, Fundación Gentera allocated different incentives to help people during these situations.

As a result of the earthquakes occurred in September in Mexico, an amount of $ 5,653,366 was allocated from the Corporate Social Responsibility Fund in addition to $ 3,975,411 from the nonprofit fund.

A collection center was set up in at the corporate office in Mexico City to receive, among other things, groceries, blankets, construction materials, all which were sent to the affected communities.

In order to receive monetary donations from the general public, a bank account was set up. In this campaign, for each peso donated, Fundación Gentera donated two pesos. The amount collected was $ 2,214,068 plus $ 4,428,136 contributed by the nonprofit, resulting in a total of $ 6,642,204.

In partnership with México Reconstruyendo A.C., 14 emergency homes were assigned in response to the contingency for those who were left homeless.

We joined efforts with the United Nations Development Program (UNDP) to rebuild "totopero" ovens for Ikoot and Zapotec women in Oaxaca, in order to influence the reactivation of economic activities.

As a result of the synergy with the United Nations Children's Fund (UNICEF), temporary classrooms were built in the state of Morelos, seeking a quick return to school.

In 2017, not only Mexico went through an adverse situation, Peru was also affected by the climatic event known as *El Niño Costero*. In Peru, Compartamos Financiera distributed 7,069 school kits to students in 15 kindergartens, elementary and high schools, and two shelters were provided. The amount allocated to attend to these emergencies was almost one million pesos.

$ 5,653,366

FROM THE CORPORATE SOCIAL RESPONSIBILITY FUND

DALLOCATED TO COMMUNITIES AFFECTED BY THE EARTHQUAKE

$ 3,975,411

ADDITIONAL

FROM THE NONPROFIT FUND

WE ARE LIVING DIGITAL TRANSFORMATION

WE INCORPORATE THE USE OF TECHNOLOGY TO OUR FINANCIAL SOLUTIONS

INNOVATION

In 2017 Fiinlab incorporated mechanisms allowing us to continue proactively test projects that have the potential to benefit the clients of the Gentera companies. Last year, thanks to this strategy, two projects were consolidated for Gentera.

As a result of Gentera's positioning as a leader in financial inclusion from a disruptive perspective, our CEO participated in the Milenio Forums and Expansion Dialogue panels.

With Fiinlab, in gentera we transform the present and lead the transformation of the future

Fiinlab

After almost two years from its launching, our innovation lab consolidated its financial solutions design, construction, and testing strategy.

Its line of work is constituted in the following way:

Generating shared value

Intra- entrepreneurship cells

Construction and integration of technological platform teams

Partnerships and alliances with the entrepreneurial ecosystem creation team

Observatory and strategy team

Culture and communication team

With Fiinlab, we support and invest in startups which offer models that contribute to our purpose of generating sustainable solutions for financial inclusion. We also provide a development platform for these startups and we also offer access to our companies' infrastructure to verify their hypotheses of value creation, in order to establish future alliances.

Fiinlab, also supports the creation of new startups, through incubators and accelerator partners, it provides a learning space and open collaboration that connects Gentera and the entrepreneurial community through events, conferences, and coordination of working groups.

31
EVALUATED STARTUPS

5
INVESTMENT PORTFOLIOS IN STARTUPS

3
ACTIVE PILOTS

100
APPROACHES WITH DIFFERENT ACCELERATION AND COMPETITION PROGRAMS

OUR CORPORATE GOVERNANCE

We follow national and international standards related to good Corporate Governance practices, based on compliance with our bylaws and the Code of Good Corporate Governance

Governance Structure

In Gentera, our main commitment is to generate value in the long term for all our stakeholders, always in line with our values and serving the interests of the communities we serve.

During this year, we focused on strengthening the guidelines set forth in our Code of Good Corporate Governance, which establishes the operation mechanisms applicable to the governing bodies, with a clear separation of the strategic, operational, monitoring and management roles, in congruence with our strategy. This Code seeks to ensure sustainability, transparency, as well as to guarantee the social impact benefiting our stakeholders.

Our Board of Directors is made up of 13 Board members, integrated mostly by independent members who represent 61.54% of the entire Board. Likewise, seeking to strengthen decision-making and to enrich the business vision.

All the members of the Board have a recognized career and moral solvency in the financial environment and are free from any restriction to perform their functions.

The Board of Directors is chaired by Carlos Antonio Danel Cendoya, who has a broad knowledge of the company and the sector, which is extended to the other Board members.

Board members	Position	Seniority	Age
Antonio Rallo Verdugo	Independent	2 years, 9 months	56 years
Carlos Antonio Danel Cendoya	Associated	17 years	48 years
Carlos Labarthe Costas	Associated	17 years	49 years
Claudio Xavier González Guajardo	Independent	6 years	55 years
Francisco Javier Arrigunaga Gómez del Campo	Independent	2 years, 9 months	54 years
John Anthony Santa María Otazúa	Independent	9 years	60 years
José Ignacio Ávalos Hernández	Associated	17 years	58 years
José Manuel Canal Hernando	Independent	14 years	78 years
Juan Ignacio Casanueva Pérez	Associated	7 years	49 years
Juan José Gutiérrez Chapa	Associated	16 years	53 years
Luis Fernando Narchi Karam	Independent	16 years	47 years
Martha Elena González Caballero	Independent	11 years	63 years
Rose Nicole Dominique Reich Sapire	Independent	4 years	52 years

President
Carlos Antonio Danel Cendoya
Secretary
Manuel de la Fuente Morales
Deputy Secretary
Mariel Eloina Cabanas Suárez

15.38%

OF BOARD MEMBERS ARE WOMEN

Board Members Résumé

Board members	Year of income	Studies	Current Activities	Experience	He also participates in the Board of Directors of	Specialty Field
Antonio Rallo Verdugo	2015	Marine Biologist, graduate of University of California at San Diego, with a postgraduate of Aquaculture from Aix Marseille III, in France.	Executive Chairman of 1DE45-Start UP, a company focused on the development of scalable-platform technology companies.	He was Strategy and Technology Vice-president of Grupo Televisa; co-founder and chairman of the board of NCubo Holdings, incubator company of technology companies like Kionetworks.com; Founder and Executive Chairman of iWeb; Founder and Executive Chairman of Digital Media Studio; Regional Director of Tecnologías Multimedia for Apple's division in Europe.	Kionetworks; Banco Compartamos, S.A. Institución de Banca Múltiple; KarmaPulse; OpenPay; YaloChat, and Reverscore.com.	Systems and technology.
Carlos Antonio Danel Cendoya	2000	Architect; graduate of Universidad Iberoamericana; holds a Master's Degree on Business Administration from the Instituto Panamericano de Alta Dirección de Empresa (IPADE) and has studied Microfinance in The Economist Institute (Boulder) as well as taught classes in several universities such as Harvard Business School.	Chairman of the Board of Directors of Gentera, S.A.B. de C.V. and Board member of Banco Compartamos, S.A. Institución de Banca Múltiple.	Over 25 years in microfinance in Gentera, S.A.B. de C.V., company which includes 8 companies with the objective of working for financial inclusion. Three of them are focused on offering financial services for the under-served segment in Mexico, Peru, and Guatemala under the brand, Compartamos. The other five companies are dedicated to offering insurances for popular segments, managing a banking commission agent network, payment of familiar remittances, creating new business models based on technology and operating a nonprofit organization.	Banco Compartamos, S.A., Institución de Banca Múltiple; Aterna, Agente de Seguros y Fianzas, S.A. de C.V.; Controladora AT, S.A.P.I. de C.V.; Fundación Gentera, A.C.	Microfinance and business.
Carlos Labarthe Costas	2000	Industrial Engineer, graduate of Universidad Anáhuac; has studies in business and microfinance from The Economist Institute (Boulder) and Senior Management from the Instituto Panamericano de Alta Dirección de Empresa (IPADE).	Chairman of the Board of Directors of Banco Compartamos, S.A. Institución de Banca Múltiple and Board member of Gentera, S.A.B. de C.V.	Over 25 years in microfinance in Gentera, S.A.B. de C.V., company which include 8 companies with the objective of working for financial inclusion. Three of them are focused on offering financial services for the under-served segment in Mexico, Peru, and Guatemala under the brand, Compartamos. The other five companies are dedicated to offering insurances for popular segments, managing a banking commission agent network, payment of familiar remittances, creating new business models based on technology and operating a nonprofit organization. In 2015 he was recognized by the Great Place to Work Institute and the magazine Wobi as The Most Trusted CEO in Mexico.	Banco Compartamos, S.A., Institución de Banca Múltiple; Red Yastás, S.A. de C.V.; Controladora AT, S.A.P.I de C.V.; Aterna, Agente de Seguros y Fianzas, S.A. de C.V; Advenio; Worldfund; Grupo Kipling; Promotora Ignia, S.C.; Instituto Tecnológico y de Estudios Superiores de Monterrey; Compartamos Financiera, S.A. (Peru); Compartamos, S.A. (Guatemala); and Compartamos Servicios, S.A. de C.V.	Microfinance and insurance.

Claudio Xavier González Guajardo	2012	Lawyer; graduate of Escuela Libre de Derecho, with a Master's degree in Law and Diplomacy, and a Ph.D. in Law and International Relations from the Fletcher School of Law and Diplomacy of Tufts University.	Co-founder and Chairman of Mexicanos Contra la Corrupción, A.C., Co-founder and Chairman of Mexicanos Primero, A.C., Co-founder of the Firm Investigación y Litigio Estratégico, A.C. (DILE), Co-founder and Chairman of Aprender Primero, A.C., Co-founder and Honorary Chairman of Unión de Empresarios para la Tecnología en la Educación (UNETE).	Co-founder and former president of Fundación Televisa, A.C., Public Officer for nine years working at the Presidency of the Republic and the Agriculture and Working Ministries, Co-founder of the International Course for Transforming Educational Leaders (DILET).	Banco Compartamos, S.A. Institución de Banca Múltiple; Fundación El Colegio de Mexico, A.C.; Instituto Tecnológico de Estudios Superiores de Monterrey, A.C.; Fundación Televisa, A.C.; Fundación BBVA Bancomer, A.C.; Ver Bien para Aprender Mejor, A.C.; Interamerican Dialogue (Washington, D.C.); Fundación Comunitaria Oaxaca, A.C.; World Education and Development Fund, (Mexico-Nueva York); and, U.S.- Mexico Foundation (Mexico-Washington).	Philanthro-py, social activation and strengthening the organized civil society.
Francisco Javier Arrigunaga Gómez del Campo	2015	Bachelor of Law from Universidad Iberoamericana, holds a Master's Degree in Law from the University of Columbia with specialization in Corporate Law and Finance.	Chairman of the Board of Grupo AeroMexico, S.A.B. de C.V. and CEO of Xokan, a financial advisory firm.	General Director of Grupo Financiero Banamex (a subsidiary of Citigroup), Ambassador of Mexico at the OCDE., he held several positions at Banco de Mexico, General Director of Fondo Bancario de Protección al Ahorro, President of Asociación de Bancos de Mexico, Board member of several companies and institutions, including the Mexican Stock Exchange, Grupo Financiero Banamex, the Mexican Securities and Exchange Commission, and Grupo Financiero Inverlat.	Banco Compartamos, S.A., Institución de Banca Múltiple; Grupo Dine, Grupo Kuo; Paralelo 19; and is associated with the General Meeting of Universidad Iberoamericana.	Finance and corporate governance.
John Anthony Santa María Otazúa	2008	Bachelor's in Business Administration and Masters' in Finance from Southern Methodist University in Dallas, Texas.	President of Coca-Cola FEMSA.	Career trajectory in McKinsey & Company and PepsiCo; he joined Coca-Cola FEMSA in 1995 where he was President of Operations for Mexico, Strategic Planning and Mergers and Acquisition Officer; Strategic Planning and Commercial Development Officer and President of Operations of the South American division of Coca-Cola FEMSA.	Banco Compartamos, S.A., Institución de Banca Múltiple.	Strategic planning.
José Ignacio Ávalos Hernández	2000	Bachelor's in business administration from Universidad Anáhuac del Norte.	Chairman of the Board of Promotora Social Mexico, A.C., Founder and Chairman of Un Kilo de Ayuda, A.C.	Over 33 years of experience in philanthropy and finance.	Banco Compartamos, S.A., Institución de Banca Múltiple; COFAS, I.A.P.; Cooperación y Desarrollo, A.C.; Desarrollo, Ayuda y Alimentos, S.A.; Alimentos en Zonas Rurales, A.C.; Impulsora Social, S.A.; Mexicanos Primero, A.C.	Philanthropy and microfinance.
José Manuel Canal Hernando	2003	Public Accountant, graduate of Universidad Autónoma de México (UNAM).	Board member, statutory auditor, and advisor of the Board of Directors of several private national companies, registered in the stock markets with respect to internal control and corporate governance.	Independent auditor, board member, statutory auditor, and advisor of companies of several financial, industrial, and consumer products groups in the company.	Banco Compartamos, S.A., Institución de Banca Múltiple; FEMSA, Coca-Cola FEMSA; Grupo KUO; Grupo Industrial Saltillo; Fundación Bécalos; Alsea; Consorcio Comex; and Estafeta.	Accounting, auditing, internal control, and corporate governance.

Juan José Gutiérrez Chapa	2001	Industrial and Systems engineer from Instituto Tecnológico de Estudios Superiores de Monterrey with Advanced Management Program from Harvard University.	Businessperson, Chairman of the Board of Tim Hortons Mexico, Chairman of the Board of Aprecia Financiera (FOMEPADE, S.A.P.I de C.V. S.O.F.O.M. E.N.R.), Chairman of the Consultive Board of Unión de Crédito CONCRECES, S.A. DE C.V.	Over 25 years of experience focused in financial inclusion, as well as, in the hotel, real estate, and food services, among others.	FOMEPADE, S.A. de C.V. SOFOM; Ignia, LLP; Consejo Coordinador Empresarial CCE; Banco Compartamos, S.A., Institución de Banca Múltiple.	Commerce and finances.
Juan Ignacio Casanueva Pérez	2010	Public Accountant from Universidad Iberoamericana, with studies in Business Administration from Instituto Panamericano de Alta Dirección de Empresa (IPADE).	Chairman of the Board of Grupo Casanueva Pérez S.A.P.I. de C.V. and Chairman of the Board of Interprotección Agente de Seguros y de Fianzas.	Over 25 years of experience in the insurance, brokerage, reinsurance, and bonds sector with worldwide presence and recognition.	Grupo AXO, S.A de C.V.; Kionetworks; Banco Compartamos, S.A. Institución de Banca Múltiple; Aterna, Agente de Seguros y Fianzas, S.A. de C.V.; Controladora AT, S.A.P.I. de C.V.; Hombre Naturaleza A.C; Endeavor Mexico; Consejo Empresarial de América Latina; Chairman of Fundación Carlos Casanueva Pérez; and Chairman of Trust Pro-bosque de Chapultepec.	Insurances.
Luis Fernando Narchi Karam	2001	Bachelor's in Business Administration from Universidad Anáhuac.	Vice-president of Narmex, S.A. de C.V., Chairman of the Board of Promotora de Espectáculos Deportivos de Oaxaca, S.A. de C.V.	President of Direct Marketing Solutions, S.A. de C.V., Director of Awarding of Real Estate and Securities of Banco Nacional de Mexico, S.A., General Director of Organización Robert's, S.A. de C.V., Founder of Happynation, S.A. de C.V., Founder of Grupo La Bendición, Alimentos y Bebidas, S.A.P.I., Founder of GGC Gourmet Central Restaurant, S.A. de C.V., Founder of Operadora y Promotora de Restaurantes, S.A. de C.V.	Banco Compartamos, S.A., Institución de Banca Múltiple; Instituto Nacional de Cancerología; Grupo Martí, S.A.B. de C.V.; Internacional de Cerámica, S.A.B. de C.V.; Economics and Business School of Universidad Anáhuac.	Business and commer-cialization.
Martha Elena González Caballero	2006	Certified Public Accountant from Universidad Iberoamericana.	Independent practice, statutory auditor and board member of several public and private companies.	Over 30 years as independent auditor.	Banco Compartamos, S.A., Institución de Banca Múltiple; SD Indeval, Contraparte Central de Valores; Comité Técnico del Fondo de Defunción del Colegio de Contadores Públicos de Mexico; and INFONAVIT.	Financial Sector auditing.
Rose Nicole Dominique Reich Sapire	2013	Bachelor in Management Computer Systems from Instituto Tecnológico y de Estudios Superiores de Monterrey; Master's Degree in Business Administration from the Instituto Tecnológico Autónomo de México (ITAM); The Corporate Leader Program of Harvard Business School, Boston, MA, USA, and the Executive Program from the Graduate School of Management of Northwestern University, USA.	CEO of BNP Paribas Cardif Mexico and independent board member of several Mexican and foreign companies.	From 2007 through 2012 was Executive VP and CEO of Grupo Financiero Scotiabank Mexico; General Director of Scotiabank in Dominican Republic. She held high seniority positions in Citigroup, including General Manager and CEO for Peru, Chile, and Dominican Republic.	Banco Compartamos, S.A., Institución de Banca Múltiple; Diesco Internacional (Dominican Republic and Puerto Rico), and WPO Mexico chapter, among others.	Bonds, insurances, and banking.

Appointment of the Board Members

The General Shareholders' Meeting approves the appointment, re-election, and rotation of the Board members with the assistance of the Nominating and Evaluation Committee for the selection and evaluation of candidates, to verify that they meet the legal requirements and they cover the professional and personal profile required by our Code of Good Corporate Governance. The office term is one year, and the Board members may be reelected for subsequent periods.

One of the main functions of the Board of Directors is to establish Gentera's strategy, as well as to supervise the actions and results of the management team. Likewise, it is responsible for the approval of the internal control and auditing guidelines, as well as the compensation policies for the directors.

The Board has the authority to call the Shareholders Meeting, as well as to present the Annual Report of the General Director with its opinion over the report, having the duty to execute the resolutions adopted by the Shareholders' Meeting.

The Board of Directors performs its functions efficiently, with the support of 4 committees that report to the Board and supervise specialized topics. These committees are integrated by expert advisors and invited experts for the corresponding matters. Most of the committees are chaired by independent members.

Likewise, an annual integral assessment over the quality and fulfillment of the responsibilities of the governing bodies and their members is carried out. This, to identify opportunity areas and define necessary activities to close gaps.

Audit

Integrated by 4 independent members, 1 independent specialist advisor, and the Director of Internal Audit. It holds bimonthly meetings.

Their duties include:

- To review the financial statements and reports, as well as the accounting and tax standards applied.
- To monitor the internal control system, in terms of implementation and follow-up of operational policies that constitute it.
- To supervise that the internal and external audit is performed with the highest objectivity and independence.
- To monitor compliance with the principles set in Gentera Code of Ethics and Conduct
- To review the results of the testing of the continuity plan of Gentera and its companies.
- To review transactions with related parties and propose them for their approval by the Board of Directors.

Corporate Practices

Integrated by 4 independent members and 2 guests with advisory capacity but no voting rights; meetings are held on a quarterly basis.

Their duties include:

- To participate in the definition of criteria for appointing or removing the CEO and the executive team, as well as the criteria for their evaluation.
- To draft and approve talent development and succession policies
- To determine the compensation and policies related with compensation for Board members and Key directors.
- To follow-up the operations with related people requiring approval of the Board of Directors.

Executive

Integrated by 4 members of which 2 are independent, and 1 independent guest with advisory capacity but no voting rights; meetings are held on a quarterly basis.

Their duties include:

- To follow-up the strategy approved by the Board of Directors.
- To support management in the analysis and discussion of strategic and highly relevant matters.
- To evaluate options of new businesses and follow-up the corresponding negotiations.
- To act as a link and promote better communication between the Board of Directors and the senior management team.

Risks

Integrated by 7 members of which 3 are independent; meetings are held on a quarterly basis.

Their duties include:

- To identify, monitor and develop mechanisms to mitigate risks to which Gentera is exposed to.
- To define Gentera's risk map, as well as its control strategy.
- To set the appropriate controls and provide follow-up.
- To approve risk exposure limits, risk appetite, and ensure the profile risk of the organization.
- Follow-up the behavior of the risk indicators, as well as the red-flags which, if any, may be detected to define the appropriate mitigation measures.

GENTERA HAS SEVERAL INSTRUMENTS FOR SANCTIONING THE ACTIONS CONSIDERED AS INTEGRITY FAULTS. SUCH INSTRUMENTS ARE ALIGNED WITH THE GUIDELINES OF THE INTEGRITY POLICY SET FORTH IN ARTICLE 24 OF THE GENERAL LAW OF ADMINISTRATIVE RESPONSIBILITIES

Ethics and integrity

The policies and actions that make up the Integrity Policy of Gentera are set forth below:

All the departments have macro processes, processes, and sub processes, where their objective, reporting lines, impact on the business, among others, are stated, giving transparency and clarity in the actions that should be carried out.

Gentera employees and their companies, as well as the suppliers and Organizations of the Civil Society having a partnership with Gentera, have a Code of Ethics and Conduct. The Codes have a section including an anti-corruption clause; they also include the mechanisms for the prevention of conflicts of interest. They are updated by the responsible departments for following them up and are reviewed once a year by the Audit Committee and the Board of Directors. They are available on the intranet for employees and on the website for external audiences.

The Code of Ethics and Conduct is given to employees, Board members, suppliers, and Civil Society Organizations with whom we have a relationship, and we ensure their knowledge by executing a commitment letter.

100% of our new employees are certified in their comprehension of the Code of Ethics and Conduct through an online course taken maximum 90 days after their entry date and are recertified on an annual basis. The Board members sign the Code of Ethics and Conduct commitment letter annually and the suppliers engaged by the company must adhere to the integrity policy.

Regarding the control, oversight, and audit systems within the governing bodies, we have an Audit Committee, which proposes and validates the guidelines and objectives of the Internal Control System, which need to be approved by the Board of Directors. In addition, there are policies and procedures that allow the implementation of control measures to identify, evaluate, and limit risk taking in a timely manner.

The Internal Control and Regulatory Compliance Department establishes programs to verify compliance with the Internal Control System and submits a quarterly report to the Audit Committee.

The Internal Audit department is independent from management: it reports directly to the Board of Directors through the Audit Committee. It annually reviews the different points that are part of the mechanisms established to ensure integrity in the companies of the Group. Moreover, annual reviews of the Internal Control System are carried out, by External Auditors of recognized prestige, among others.

In the processes of Gentera it is established that under no circumstance discrimination is allowed here are channels of complaints for situations that may be considered a violation of the Code of Ethics and Conduct such as: e-mail, toll-free line, and transparency mailbox through the Intranet. Likewise, there are fraud reporting mechanisms, a Fraud Prevention Unit and a Fraud Detection and Monitoring Unit. In cases of complaints related to money laundering and financing of terrorism (PLDYFT), these are reported to the Compliance Officer through the email reportespldyft@compartamos.com, and with respect to Data Privacy issues, these are reported to the Privacy Officer by email to oficialdeprivacidad@gentera.com.mx

We have a follow-up department for complaints related to violations of the Code of Ethics and Conduct, as well as an Honor Commission. The latter is the body that evaluates the complaints and imposes the corresponding sanctions in each case.

In terms of training, employees must obtain the certification or recertification, as applicable, of the Code of Ethics and Conduct; the prevention of money laundering and financing of terrorism, data privacy, as well as updates of personal information on matters of conflict of interest.

Simultaneously, annual campaigns are carried out in internal communication media about the Code of Ethics and Conduct, fraud prevention, and conflicts of interest.

Gentera has processes to prevent the incorporation of people into the company that may generate a risk to its integrity. In order to know the candidate, their personal and work references are checked, and interviews, exams and evaluations are carried out. Likewise, they are validated in the OFAC control lists (Office Foreign Assets Control), in the lists of politically exposed people, in the lists of PLD/FT and blocked people; finally, they are requested to declare non-patrimonial crimes.

Risk management

Our business model considers the proactive management of risks under a prevention approach, which is why it incorporates a periodic analysis of possible risks, according to the assumptions established by the regulatory authorities. Given these analyzes, we can review and update risk management models on a regular basis, generating continuous improvements.

It has the support of government bodies to verify that it is complying with the applicable regulations on risk management with respect to each of its companies. Likewise, the Board of Directors is responsible for approving the desired risk profile, establishing the global limits and tolerance levels pursuant to assumed risks.

We have a Risk Committee as well, that has the responsibility, delegated by the Board of Directors, for following-up the comprehensive risk management system, report quarterly risk levels, mainly from Compartamos Banco in Mexico and Compartamos Financiera in Peru, as well as to monitor and report the Group's consolidated risk.

The Risk Committee is also responsible for generating corrective and mitigation actions, vis-à-vis, any deviation in the established metrics, reporting to the Board of Directors, with special emphasis on capital adequacy, as well as contingency plans regarding liquidity and financing.

DUE TO BEING A PUBLIC COMPANY AND IN ORDER TO GUARANTEE THE PRINCIPLE OF TRANSPARENCY, GENTERA COMPLIES WITH ALL THE REQUIREMENTS FOR DISCLOSURE OF INFORMATION TO THE STOCK MARKET, REVEALING QUARTERLY RESULTS, AND WHEN RELEVANT EVENTS OCCUR, MONITORING ITS RESULTS

To monitor and manage risks, we have an Integral Risk Management Unit (UAIR) in charge of a Risk Management Division, which is responsible for generating methodologies for the correct identification, measurement, and monitoring of risks of each business unit that is a part of Gentera.

The operational risk methodology monitors those events that may materialize within the categories of internal fraud, considered as all those activities that are not authorized; external fraud or identity impersonation activities. These events are documented to generate treatment plans and thus, decrease the exposure level due to operational risk.

Within its main responsibilities, the UAIR must ensure that all Gentera's business units report all risks identified on a monthly basis in their operation to the Risk Committee. This self-management model allows Gentera to understand the identification, information, and management of risks in a proper and comprehensive manner, ensuring a proper control.

On one hand, given the sector in which Gentera and its business units operate, cyber risks have a greater relevance; therefore, we have been working on reinforcing information security systems, which has allowed us to protect sensitive data and the flow of information.

We also have an independent fraud prevention department whose main objective is to investigate and monitor suspicious activities. It is made up by people who count on technical quality and experience in predictive models, which helps generate a timely warning of credit and operational risks, as well as fraud.

It should be noted that during 2017 there were no loss events associated with the categories of internal fraud (unauthorized activity) or external fraud (identity theft).

OUR ECONOMIC PERFORMANCE

One of the 3 values of our value generation model is the economic value, in which we seek that our operation generates a positive impact through financial opportunities, accompanied by financial education, employment generation and the benefits that we bring to communities

Our Economic Performance

Every day we work for financial inclusion and for offering our financial services to more people. This motivation allowed us to maintain a portfolio of 32,074 million pesos in 2017.

In 2017, our net income was 2,937 million pesos, with an income per share of 1.80 pesos at the close of December 31st. Furthermore, after a good management year with our clients, in keeping their payments up to date, we closed with a delinquency rate of 3.26%.

Our sector has been characterized by a growing number of competitors in recent years, a fact which has driven us to be better in order to continue being leaders in an industry which we have consolidated for over 27 years. We will continue working to provide our clients with financial solutions - loans, savings, insurance, payment channels, and remittance payments- under an innovation approach.

Financial Indicators of Compartamos

Compartamos – Credit behavior

	2015	2016	2017
Portfolio (million pesos)	28,496	33,508	32,074
Average balance per client	8,883	9,909	10,595
Delinquency rate	3.09%	4.22%	3.26%

Compartamos – Credit Portfolio per Country (million pesos)

	2015	2016	2017
Mexico	22,850	25,063	21,908
Peru	5,237	7,873	9,587
Guatemala	409	572	579
Total	**28,496**	**33,508**	**32,074**

Income from interests per country (million pesos)

	2015	2016	2017
Mexico	15,442	17,458	17,564
Peru	1,569	2,132	2,807
Guatemala	265	427	518
Total	**17,276**	**20,017**	**20,889**

	Mexico		Peru		Guatemala	
Indicators	2016	Δ vs 2015	2016	Δ vs 2015	2016	Δ vs 2015
Past due portfolio/total portfolio	4.49%	1.63 pp	3.37%	-0.81 pp	3.95%	1.72 pp
Coverage rate	150.5%	-29.4 pp	183.8%	15.6 pp	129.8%	-52.2 pp
ROA	10.8%	-0.8 pp	2.1%	-0.8 pp	7.7%	4.5 pp
ROE	30.4%	-1.3 pp	8.7%	-3.8 pp	8.8%	4.4 pp

	Mexico		Peru		Guatemala	
Indicators	2017	Δ vs 2016	2017	Δ vs 2016	2017	Δ vs 2016
Past due portfolio/total portfolio	3.28%	-1.21 pp	3.09%	-0.28 pp	5.38%	1.43 pp
Coverage rate	211.5%	61.0 pp	232.4%	48.6 pp	135.3%	5.5. pp
ROA	8.5%	-2.3 pp	2.2%	0.1 pp	6.7%	-1.0 pp
ROE	20.3%	-10.1 pp	10.4%	1.7 pp	7.3%	-1.5 pp

Funding of Compartamos Banco

	Capital	Commercial Banking	Development Banking	Multilateral	Cebures	Clients Acquisition
Dec-15	35.3%	0.9%	22.7%	0.8%	37.9%	2.4%
Dec-16	36.9%	0.9%	22.0%	0.7%	35.6%	3.9%
Dec-17	43.1%	0.0%	17.2%	0.0%	32.9%	6.8%

Funding of Compartamos Financiera

	Capital	Commercial Banking	Development Banking	Multilateral	Investment Funds	Client Acquisition
Dec-15	26.0%	12.8%	20.0%	2.7%	20.7%	17.8%
Dec-16	24.90%	15.50%	10.10%	0.60%	14.10%	34.80%
Dec-17	19.4%	13.4%	6.7%	0.0%	8.4%	52.1%

Gentera and Mexico data

	2015		2016		2017	
	Compartamos Banco	Gentera	Compartamos Banco	Gentera	Compartamos Banco	Gentera
Efficiency ratio accumulated	68.1%	68.6%	68.5%	69.4%	77.0%	75.9%
Shareholders' Equity / total assets	34.0%	37.0%	34.6%	36.4%	40.9%	38.5%
ICAP	29.1%	N/A	27.5%	N/A	36.85%	N/A

Financial indicators of Gentera

Portfolio percentage breakdown, by region and/or business unit

Year	Compartamos Banco (Mexico)	Yastás (Mexico)	Aterna (Mexico)	Gentera (Mexico)	Compartamos Financiera (Peru)	Compartamos S. A. (Guatemala)
2015	80.2%	0.0%	0.0%	0.0%	18.4%	1.4%
2016	74.80%	0.00%	0.00%	0.00%	23.50%	1.71%
2017	68.3%	0%	0%	0%	29.9%	1.8%

Economic indicators (million pesos) – Table 1

	2015	2016	2017
Credit portfolio interests	17,167	19,828	20,671
Income from financial investments	109	189	218
Income from asset divestiture (tangible and intangible)	-15	-4	-13
Income from interests	17,276	20,017	20,889
Expenditure from interests	885	1,179	1,517
Financial spread	16,391	18,838	19,372
Risk adjusted financial spread	14,185	15,600	15,732
Operational expenditure	10,156	11,194	12,655
Salaries and benefits	6,030	6,693	7,823
Taxes	1,445	1,439	1,044
Monetary + in kind donations (CSRF)	36.7	42.8	36.2
Single contributions (education call)	5.7	8.2	8.8
Volunteering (Foundation)	2.7	3.5	1.5
In kind contributions of services or equipment	6.8	5.5	0.56
Donation management, volunteering, and community programs costs (CSRF)	0.5	1.6	3.4
Environment prevention and management costs	1.6	0.1	0.45

Economic indicators (million pesos) – Table 2

	2015	2016	2017
Operation results	4,658	4,926	4,012
Net result	3,161	3,410	2,937
Capitalization (breakdown in terms of debt)	21,142	24,512	23,937
Capitalization (in terms of equity)	13,501	15,929	16,805
Average portfolio	26,460	30,996	31,772
Average productive assets	29,110	34,586	35,996
Operational Result/Average portfolio (%)	17.6%	15.9%	12.6%
Net Result/Average portfolio (%)	11.9%	11.0%	9.2%
Operational Result/Average productive assets (%)	16.0%	14.2%	11.1%
Net Result/Average productive assets (%)	10.9%	9.9%	8.2%
Operational efficiency (operational expenses/average assets)	30.0%	28.13%	30%

Assets, liabilities, and stockholder's equity (million pesos)

Assets	2015	2016	2017
Availability+ investment in securities + Debtors per report	3,539	6,570	6,236
Assets	36,514	43,751	43,677
Liquidity (availability + investment in securities)/Total asset	9.7%	15.0%	14.3%
Total portfolio	28,496	33,508	32,074
Past due portfolio	881	1,414	1,046
Fixed assets	1,087	1,069	1,311
Liabilities			
Total liabilities	23,014	27,822	26,872
Liabilities with cost	21,142	24,512	23,937
Shareholder's Equity	13,501	15,929	16,805
Net profit	3,161	3,410	2,937
Net profit per share (in pesos)	1.93	2.08	1.80
Average assets	33,855	39,790	41,873
Average stockholder's equity	12,587	14,950	16,612
Stockholder's equity per share (in pesos)	8.2	9.8	10.3
Share prices at financial year-end (in pesos)	33.35	33.38	16.39
Number of shares	1,638,682,719	1,631,898,230	1,627,011,414
Number of effective shareholders	3	3	3

Net profit (million pesos)

	2015	2016	2017
Mexico (Compartamos Banco)	3,001	3,119	2,385
Peru	149	159	214
Guatemala	15.32	48.94	47

Economic and financial Profitability

	2015	2016	2017
ROA (Net income / Average assets)	9.3%	8.6%	7.0%
ROE (Net income / stockholders equity average)	25.1%	22.8%	17.7%

Economic Value Generated and Distributed (millon pesos)

	2015	2016	2017
Direct economic value generated(1)	18,641	21,228	22,237
Economic value distributed(2)	12,880	14,091	15,117
Economic value retained(3)	5,761	7,137	7,120
Net result	3,161	3,410	2,937

(1) Direct economic value generated = income from interests + commissions and charged fees + brokerage result + other operation income (expense), net

(2) Economic value distributed = interest expense + commissions and fees paid + management and promotion expense + participation in the associated result + taxes – depreciation and amortization

(3) Retained economic value = direct economic value created – economic value distributed.

FINANCIAL STATEMENTS

GENTERA, S. A. B. DE C. V. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016
(WITH INDEPENDENT AUDITORS' REPORT THEREON)
(TRANSLATION FROM SPANISH LANGUAGE ORIGINAL)

Independent Auditors' Report

The Board of Directors and Stockholders

Gentera, S. A. B. de C. V. (Millions of mexican pesos)

Opinion

We have audited the consolidated financial statements of Gentera, S. A. B. de C. V. and subsidiaries (Gentera), which comprise the consolidated balance sheets as of December 31, 2017 and 2016, 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.

In our opinion, the accompanying consolidated financial statements of Gentera, have been prepared, in all material respects, in accordance with the Accounting Criteria for Credit Institutions in Mexico, set forth by the National Banking and Securities Commission (the Commission).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *"Auditors' responsibilities for the audit of the consolidated financial statements"* section of our report. We are independent of Gentera in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Mexico, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

The key audit matters are those that, according to our professional judgment, have been of the major relevance in our audit of the consolidated financial statements of the current period. These matters have been treated in the context of our audit of the consolidated financial statements as a whole and in the formation of our opinion on these, and we do not express an opinion separately on these matters.

$2,252 ALLOWANCE FOR LOAN LOSSES IN THE CONSOLIDATED BALANCE SHEET

See note 9 to the consolidated financial statements

Key audit matter	How the key audit matter was treated in our audit
The calculation of the allowance for loan losses involves significant judgments for the evaluation of the debtors' ability to pay, considering the different factors established in the methodologies prescribed by the Commission for the credit portfolio rating process, as well as the reliability in the documentation and update thereof, which serves as an input for the determination of the allowance for loan losses. Additionally; beginning in 2017 the resolutions that modified different articles of the General Provisions applicable to Credit Institutions (the Provisions), including the change in the methodology to calculate the allowance for loan losses of non-revolving and house mortgage credit portfolios, as well as non-revolving consumer loans that, according to said Provisions, are classified as "microcredits" came into effect. The adoption of these methodologies represented the need to record additional allowances for $477, related to the "microcredit" portfolio during the year ended December 31, 2017. Gentera recorded the effect within stockholders' equity, net of deferred taxes, in accordance with the Provisions.	The audit procedures applied to the determination by management of the allowance for loan losses and the effect on stockholders' equity and income for the year included the evaluation, through selective tests, of both the inputs used and the calculation method for the consumer credit portfolio, based on the methodologies in force established by the Commission for each type of portfolio; as well as the review of the adoption of the new methodology applicable as of 2017, to constitute the allowances for consumer portfolio and the recognition in stockholders' equity according to what the Provisions establish in that regard.

$1,228 Current and deferred income taxes in the consolidated balance sheet

See note 16 to the consolidated financial statements

Key audit matter	How the key audit matter was treated in our audit
The determination of current and deferred income taxes is complex, mainly because of the interpretation of the in force legislation in the matter, as it requires significant judgement from the management. The valuation of deferred income tax assets requires the assessment of factors both current and future that allow to estimate the realization of such assets.	The audit procedures applied in assessing the reasonableness of the calculations determined by management for the recognition of current and deferred income taxes, included selective tests by our specialists of the inputs used, as well as an assessment on the nature of the items that were part of the calculation, considering the in force performed legislation in tax matters. In addition, we assessed the reasonableness of the taxable income projections determined by management of Gentera that support the probability of materialization of deferred income tax assets.

Calculation of labor obligations related to retirement and termination for $574 in the consolidated balance sheet

See note 15 to the consolidated financial statements

Key audit matter	How the key audit matter was treated in our audit
Gentera has a mixed pension plan (defined benefit and defined contribution) for its employees in addition to the obligations that correspond to retirement and termination. The determination of the liability related to these concepts was made through complex actuarial calculations that requires significant judgment in the selection of the assumptions used to determine the net liabilities for defined benefits of labor obligations related to retirement and termination.	Our audit procedures included assessing, through the involvement of our actuaries, both the reasonableness of the assumptions used by management to determine the net liability for defined benefits of the labor obligations related to retirement and termination, as well as the method of calculation used. In addition, selective items were tested to corroborate the suitable incorporation of the personnel data that were included as a base for the actuarial calculation.

Goodwill impairment test assessment

See note 12 to the consolidated financial statements

Key audit matter	How the key audit matter was treated in our audit
Gentera recognized a goodwill arising from the acquisition of two of its subsidiaries. Such goodwill is subject to impairment testing which is performed through the use of valuation techniques that involve a high degree of judgment for the determination of the future cash flows estimated by management. Most of the goodwill has been assigned to the cash flow generating units (CGUs) of the acquired businesses. The annual impairment test for goodwill is considered a key audit issue due to the complexity of the calculations and the significant judgments necessary in determining the assumptions to be used to estimate the recoverable amount. The recoverable amount of the CGUs stems from the predicted discounted cash flow models. These models use several key assumptions, including future sales prices, growth percentages of the terminal values and the weighted average cost of capital (discount rate). Gentera has recognized goodwill of $969.	Our audit procedures for this key issue included, among others, the following: – We involved our specialists to assist us in evaluating the appropriateness of the discount rates used, which included comparing the weighted-average cost of capital to the average of the sectors of the relevant markets in which the CGUs operate. – We assessed the appropriateness of the assumptions applied to key data such as volumes, operating costs, inflation and long-term growth rates, which included comparing such data to external sources as well as our evaluation based on our knowledge of the client and of the industry. – We carried out our own sensitivity analysis, which included assessments of the effects of possible reasonable reductions in growth rates and projected cash flows to evaluate the impact on the current difference between the goodwill originated and the value of the CGUs. – Assess the adequacy of the disclosures in the financial statements.

Other information

Management is responsible for the other information. The other information includes the information included in the annual report corresponding to the year ended December 31, 2017, to be presented to the Commission and the Mexican Stock Exchange (the Annual Report), but does not include the consolidated financial statements and our auditors' report on them. The Annual Report is estimated to be available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any kind of assurance conclusion about it.

In relation with our audit of the consolidated financial statements, our responsibility is to read the other information when available and, in doing so, consider if the other information is materially inconsistent with the consolidated financial statements or with our knowledge obtained during the audit, or if it appears to be materially incorrect.

When we read the Annual Report, if we conclude that there is a material mistake in that other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and those charged with governance in relation to the consolidated financial statements

Management is responsible for the preparation of the consolidated financial statements in accordance with the accounting criteria set forth by 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.

In preparing the consolidated financial statements, management is responsible for assessing Gentera's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Gentera or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Gentera's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omissions, representations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Gentera's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or with conditions that may cast significant doubt on Gentera's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Gentera to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Gentera to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to those charged with governance of the entity a statement that we have fulfilled the applicable requirements of ethics in relation with the independence and that we have communicated to them all the relationships and other matters from which it is possible to hope reasonably that they can affect our independence and, where appropriate, the corresponding safeguards.

Among the matters that have been an object of communication with those charged with governance, we determine those which have been of the major relevance in the audit of the consolidated financial statements of the current period and that are, in consequence, the key audit matters. We describe these matters in our auditor´s report unless legal or regulatory provisions prohibit public disclosure of the matter or, in extremely rare circumstances, we determine that a matter should not be communicated in our report as it could be reasonably expected that the adverse consequences thereof would exceed its public interest benefits.

KPMG Cárdenas Dosal S. C.
C.P.C. Carlos Fernández Galguera
Mexico City, February 20, 2018.

Consolidated balance sheets

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

December 31, 2017 and 2016 (Millions of mexican pesos)

Assets		2017	2016
Cash and cash equivalents (note 6)	$	5,986	6,261
Investment securities (note 7):			
Available-for-sale securities		250	289
Debtors on repurchase/resell agreements (note 8)		-	20
Current loan portfolio (note 9):			
Commercial loans:			
Business and commercial		1,182	875
Consumer loans		29,837	31,196
Residential mortgages		9	23
Total current loan portfolio		31,028	32,094
Past-due loan portfolio (note 9):			
Commercial loans:			
Business and commercial		41	31
Consumer loans		1,003	1,381
Residential mortgages		2	2
Total past-due loan portfolio		1,046	1,414
Total loan portfolio		32,074	33,508
Less:			
Allowance for loan losses (note 9)		2,252	2,212
Loan portfolio, net		29,822	31,296
Other accounts receivable, net (note 10)		1,837	985
Property, furniture and equipment, net (note 11)		1,311	1,069
Investment in associated company (note 3k)		100	47
Deferred income tax, net (note 16)		1,228	1,040
Other assets, deferred charges and intangibles, net (note 12)			
		3,143	2,744
Total assets	**$**	**43,677**	**43,751**

Consolidated balance sheets

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

December 31, 2017 and 2016 (Millions of mexican pesos)

Liabilities and stockholders' equity		2017	2016
Liabilities:			
Deposit funding (note 13): Demand deposits			
Depósitos de exigibilidad inmediata	$	1,071	440
Time deposits:			
General public		5,772	2,662
Money market		833	418
Debt securities issued		8,554	10,556
		16,230	14,076
Bank and other loans (note 14):			
Short-term		2,107	2,529
Long-term		5,600	7,907
		7,707	10,436
Other accounts payable:			
Income tax payable		115	764
Employee statutory profit sharing payable (note 16)		71	52
Sundry creditors and other accounts payable (note 17)		2,745	2,488
		2,931	3,304
Deferred credits and prepayments		4	6
Total liabilities		26,872	27,822
Stockholders' equity (note 19):			
Paid-in capital:			
Capital stock		4,764	4,764
Additional paid-in capital		558	558
		5,322	5,322
Earned capital:			
Statutory reserves		1,358	1,253
Prior years' results		6,803	5,227
Valuation of available-for-sale securities		(61)	1
Cumulative translation adjustment		793	843
Remeasurements for employees' defined benefits		(400)	(160)
Net income		2,905	3,390
		11,398	10,554
Non-controlling interest		85	53
Total stockholders' equity		16,805	15,929
Commitments and contingent liabilities (note 20)			
Total liabilities and stockholders' equity	**$**	**43,677**	**43,751**
Memorandum accounts			
Contingent assets (note 6)	$	893	3,540
Uncollected interest accrued on past due loans (note 9)		183	184
Other memorandum accounts (note 14)		12,874	12,121

The historical capital stock as of December 31, 2017 and 2016, amounts to $4,764, in both years.

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 the "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."

Ing. Enrique Majós Ramírez
Chief Executive Officer

Lic. Mario Ignacio Langarica Ávila
Chief Financial Officer

C.P.C. Oscar Luis Ibarra Burgos
General Internal Auditor

C.P.C. Marco Antonio Guadarrama Villalobos
Controller

Consolidated statements of income

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

Years ended december 31, 2017 and 2016

(Millions of mexican pesos, except earning per share)

		2017	2016
Interest income (note 22)	$	20,889	20,017
Interest expense (note 22)		(1,517)	(1,179)
Financial margin		19,372	18,838
Provision for loan losses (note 9)		(3,640)	(3,238)
Financial margin after provision for loan losses		15,732	15,600
Commissions and fee income (note 22)		1,412	1,402
Commissions and fee expense (note 22)		(413)	(691)
Financial intermediation result		2	33
Other operating income (expenses), net (note 22)		(66)	(224)
Administrative and promotional expenses		(12,655)	(11,194)
Operating income		4,012	4,926
Equity method of associated companies (note 3k)		(31)	(77)
Operating income before income tax		3,981	4,849
Current income tax (note 16)		(1,047)	(1,781)
Deferred income tax (note 16)		3	342
Net income		2,937	3,410
Non-controlling interest		(32)	(20)
Controlling interest net income	$	2,905	3,390
Earning per share (in pesos, see note 3(aa))	$	1.80	2.08

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 the "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."

Ing. Enrique Majós Ramírez
Chief Executive Officer

Lic. Mario Ignacio Langarica Ávila
Chief Financial Officer

C.P.C. Oscar Luis Ibarra Burgos
General Internal Auditor

C.P.C. Marco Antonio Guadarrama Villalobos
Controller

Consolidated statements of changes in stockholders' equity

Gentera, S. A. B. de C. V. and subsidiaries. Years ended december 31, 2017 and 2016. (Millions of mexican pesos)

	Capital contribuido		Earned capital							
	Capital stock	Additional paid-in capital	Statutory reserves	Prior years´ results	Valuation of available-for-sale securities	Cumulative translation adjustment	Remeasurements for employees defined benefits	Net income	Non-controlling interest	Total stockholders' equity
Balances as of December 31, 2015	$ 4,764	558	1,045	3,693	-	258	-	3,150	33	13,501
Changes resulting from stockholders' decisions:										
Resolutions agreed on April 20, 2016:										
Constitution of statutory reserve (note 19)	-	-	158	-	-	-	-	(158)	-	-
Constitution of reserve for the fund to repurchase shares (note 19)	-	-	140	-	-	-	-	(140)	-	-
Appropriation of prior year's net income	-	-	-	2,852	-	-	-	(2,852)	-	-
Dividend payment (note 19	-	-	-	(1,253)	-	-	-	-	-	(1,253)
Repurchase of shares	-	-	(90)	-	-	-	-	-	-	(90)
Total	-	-	208	1,599	-	-	-	(3,150)	-	(1,343)
Changes related to the recognition of comprehensive income:										
Net income	-	-	-	-	-	-	-	3,390	20	3,410
Valuation of available-for-sale securities, net	-	-	-	-	1	-	-	-	-	1
Cumulative translation adjustment of subsidiaries, net	-	-	-	-	-	585	-	-	-	585
Remeasurements for employees defined benefits, net	-	-	-	(65)	-	-	(160)	-	-	(225)
Total	-	-	-	(65)	1 585	(160)	3,390	20	3,771	
Balances as of December 31, 2016	4,764	558	1,253	5,227	1	843	(160)	3,390	53	15,929
Changes resulting from stockholders' decisions:										
Resolutions agreed on April 20, 2017:										
Constitution of statutory reserve (note 19)	-	-	170	-	-	-	-	(170)	-	-
Constitution of reserve for the fund to repurchase shares (note 19)	-	-	80	-	-	-	-	(80)	-	-
Appropriation of prior year's net income	-	-	-	3,140	-	-	-	(3,140)	-	-
Dividend payment (note 19)	-	-	-	(1,251)	-	-	-	-	-	(1,251)
Repurchase of shares	-	-	(145)	-	-	-	-	-	-	(145)
Total	-	-	105	1,889	-	-	-	(3,390)	-	(1,396)
Change related to the change in allowance for loan losses estimate:										
Recognition of change in the methodology to calculate the allowance for loan losses - net of deferred taxes	-	-	-	(369)	-	-	-	-	-	(369)
Changes related to the recognition of comprehensive income:										
Net income	-	-	-	-	-	-	-	2,905	32	2,937
Valuation of available-for-sale securities, net	-	-	-	-	(62)	-	-	-	-	(62)
Cumulative translation adjustment of subsidiaries, net	-	-	-	-	-	(50)	-	-	-	(50)
Remeasurements for employees defined benefits, net	-	-	-	56	-	-	(240)	-	-	(184)
Total	-	-	-	56	(62)	(50)	(240)	2,905	32	2,641
Balances as of December 31, 2017	$	4,764	558	1,358	6,803	(61)	793	(400)	2,905	85

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 the "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."

Ing. Enrique Majós Ramírez
Chief Executive Officer

Lic. Mario Ignacio Langarica Ávila
Chief Financial Officer

C.P.C. Oscar Luis Ibarra Burgos
General Internal Auditor

C.P.C. Marco Antonio Guadarrama Villalobos
Controller

Consolidated statements of cash flows

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

Years ended december 31, 2017 and 2016

(Millions of mexican pesos)

		2017	2016
Net income	$	2,905	3,390
Adjustment for items not requiring cash flows:			
Losses of impairment associated with investment activities		18	4
Depreciation and amortization		543	489
Provisions		931	1,226
Current and deferred income tax		1,044	1,439
Equity investment in associated company		31	77
		2,567	3,235
Operating activities:			
Change in investment securities		(50)	(263)
Change in debtors on repurchase/resell agreements		20	116
Change in loan portfolio (net)		970	(4,360)
Change in other operating assets (net)		(897)	470
Change in deposit funding		2,154	2,487
Change in derivatives		-	(7)
Change in bank and other loans		(2,729)	884
Change in other operating liabilities		(813)	(852)
Payments of income tax		(1,751)	(642)
		(3,096)	(2,167)
Net cash flows from operating activities		2,376	4,458
Investment activities:			
Proceeds from the disposal of furniture and equipment		9	4
Payments in the acquisition of furniture and equipment		(578)	(342)
Investment in associated company		(84)	-
Increase in intangibles assets		(595)	(291)
Net cash flows from investment activities		(1,248)	(629)
Financing activities:			
Payments associated to repurchase of own shares		(145)	(90)
Dividends payments in cash		(1,251)	(1,253)
Change in non-controlling interest		32	20
Net cash flows from financing activities		(1,364)	(1,323)
Net (decrease) increase in cash and cash equivalents		(236)	2,506
Effects on changes in cash and cash equivalents		(39)	377
Cash and cash equivalents at the beginning of the year		6,261	3,378
Cash and cash equivalents at the end of the year	$	5,986	6,261

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 the "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."

Ing. Enrique
Majós Ramírez

Chief Executive Officer

Lic. Mario Ignacio
Langarica Ávila

Chief Financial Officer

C.P.C. Oscar Luis Ibarra Burgos

General Internal Auditor

C.P.C. Marco Antonio
Guadarrama Villalobos

Controller

Notes to the consolidated financial statements

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

For the years ended December 31, 2017 and 2016 (Millions of Mexican pesos)

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

(1) Description of business and significant transactions-

Description of business-

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

At December 31, 2017 and 2016, Gentera and its consolidated subsidiaries are comprised of:

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

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

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

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

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

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

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

2017 Significant transaction-

On December 21, 2017, Gentera agreed to make a minority investment in ConCrédito, a company comprised by Fin Útil, S. A. de C. V. SOFOM, E. N. R. and Comfu, S. A. de C. V. This SOFOM operates in 20 entities of Mexico and specializes in consumer loans. The transaction will be covered with own resources and involves an amount of $2,613 that include a 36.8% share of the company and $500 in convertible debt.

2016 Significant transaction-

On February 9, 2016, through Board of Directors' Meeting, a capital contribution to Compartamos Guatemala was approved for an amount of $121, through the subscription and payment of 500,000 representative shares of the capital stock of the aforementioned subsidiary.

(2) Authorization and basis of presentation-

Authorization

On February 20, 2018, the Board of Directors and the following officers approved the issuance of the accompanying consolidated financial statements and their related notes:

Ing. Enrique Majós Ramírez Chief Executive Officer
Lic. Mario Ignacio Langarica Ávila Chief Financial Officer
Oscar Luis Ibarra Burgos General Internal Auditor
Marco Antonio Guadarrama Villalobos Controller

The Stockholders of Gentera are empowered to modify the consolidated financial statements after its issuance. The accompanying 2017 consolidated financial statements will be submitted to the next Stockholders' meeting.

Basis of preparation

a) Statement of compliance

On March 16, 2011, the Commission issued the "Resolution that modifies the general regulations applicable to securities issuers and other securities market participants", which establishes that securities issuers which, through its subsidiaries, carry out mainly financial activities subject to the supervision of Mexican authorities, are required to prepare and audit its financial statements under the same basis applicable to such subsidiaries, with the purpose of ensuring that the financial information of both entities is comparable. The aforementioned is determined when such activities represent more than 70% of consolidated assets, liabilities or total revenues at the prior year-end. Consequently, since the Bank comprises 62% and 83% of the consolidated assets and revenues, respectively, as of and for the year ended December 31, 2017 (72% and 87% respectively, in 2016), the accompanying consolidated financial statements have been prepared in conformity with the accounting criteria established by the Commission for credit institutions in Mexico.

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

b) Use of estimates and judgments

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the recorded amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, as well as the reported amounts of income and expenses during the reporting period. The most significant captions subject to these types of estimates and assumptions include valuation of financial instruments, allowance for loan losses, book value for furniture and equipment, valuation allowance for other accounts receivable, intangible assets, realization of deferred income tax asset, and liabilities relating to employee benefits. Actual results may differ from these estimates and assumptions.

c) Functional and reporting currency

The financial statements of the subsidiaries have been translated prior to consolidation, to the accounting criteria for credit institutions in Mexico set forth by the Commission, to present financial information in accordance with such criteria.

The financial statements of the foreign subsidiaries have been translated into Mexican pesos (reporting currency) considering that their recording and functional currency are the same, resulting in the use of the following exchange rates: a) month-end for monetary and non-monetary assets and liabilities ($6.0669 Mexican pesos per sol and $2.6771 Mexican pesos per quetzal as of December 31, 2017), b) historical for stockholder's equity and c) weighted average of the period ($5.9159 Mexican pesos per sol and $2.6143 Mexican pesos per quetzal) for revenues costs and expenses, translation effects are presented as part of stockholders' equity.

The exchanged rates used in 2016 were a) month-end for monetary and non-monetary assets and liabilities ($6.1440 Mexican pesos per sol and $2.7411 Mexican pesos per quetzal), b) historical for stockholder's equity and c) weighted average of the period ($6.0411 Mexican pesos per sol and $2.7334 Mexican pesos per quetzal) for revenues, costs and expenses, presenting translation effects as part of stockholders' equity.

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

d) **Recognition of assets and liabilities for financial instruments**

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

(3) Summary of significant accounting policies-

The 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, are described below:

(a) Recognition of the effects of inflation-

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

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

		Inflation	
December 31	UDI	Yearly	Cumulative
2017	$ 5.934551	6.68%	12.60%
2016	5.562883	3.38%	9.97%
2015	5.381175	2.10%	10.39%

(b) Basis of consolidation-

The accompanying consolidated financial statements as of and for the years ended December 31, 2017 and 2016, include the balances of Gentera and its subsidiaries mentioned below. All significant balances and transactions between Gentera and the subsidiaries have been eliminated upon consolidation:

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

* Controladora AT is consolidated because Gentera 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 banks, documented bank loans with original maturities of up to three days ("Call Money"), and deposits with the Central Bank, which are recognized at face value, and cash and cash equivalents in foreign currency are valued at the exchange rate issued by the Central Bank at the date of presentation of the consolidated financial statements. Interest earned from cash and cash equivalents are recognized in the consolidated income statement on an accrual basis.

The restricted cash and cash equivalents include Call Money, deposit auctions with the Central Bank and 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. Also, this caption includes the saving fund of Gentera's employees and guarantee deposits with financial institutions in Peru.

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

(d) Investment securities-

Las inversiones en valores incluyen instrumentos de patrimonio neto, títulos gubernamentales y bancarios, cotizados y no cotizados, que se clasifican de acuerdo con la intención de uso que Gentera les asigna al momento de su adquisición, como se detalla a continuación:

Trading securities-

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

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

As of December 31, 2017 and 2016, there are no investments in securities classified for trading purposes. Likewise for the year ended as of December 31, 2017, there were no transactions of repurchase/resell for trading securities.

Available-for-sale securities-

Available-for-sale securities are composed of equity instruments, whose intention is not obtain profits derived from the differences in prices resulting from trading transactions, and therefore represent a residual category, that is, they are acquired with a different intention from trading or held-to-maturity securities.

At the moment of acquisition, these securities are recorded at fair value plus acquisition costs for the transaction, which represents the cost of acquisition for Gentera and are subsequently valued at the same way as trading securities; the valuation effect is recognized in stockholders' equity under "Unrealized gain or loss from valuation of available-for-sale securities", net of deferred taxes, which is cancelled to recognize in income the difference between the net value of realization and acquisition cost at the time of the sale.

The yield on debt securities is recorded in accordance with the effective interest method as appropriate according to the nature of the instrument; such income is recognized as realized in the consolidated income statement under “Interest income”.

The cash dividends of the stock securities, are recognized in the income of the year in the same period in which the right to receive the payment is generated.

Securities impairment-

When there is objective evidence that a security is impaired, the book value of the security is modified and the amount of the loss is recognized in the consolidated results for the year.

(e) Repurchase/resell agreements-

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

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

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

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

(f) Derivatives-

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

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

As of December 31, 2017, Pagos Intermex is not engaged in any derivative agreement, Pagos Intermex has agreed five derivative financial instruments of exchange rate “Forwards”, with maturity in February and July, 2016. For the year ended December 31, 2016, the loss from derivatives valuation amounts to $12.

(g) Loan portfolio-

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

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

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

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

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

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

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

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

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

Interests are recognized in income as accrued. However, the accumulation of interests is suspended when a loan is transferred to past due loan portfolio recording interest in memorandum accounts. When such interest 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 consolidated income statement when the delay occurs.

As of December 31, 2017 and 2016, Gentera had mainly a short-term consumer loan portfolio (note 9).

In the event that Gentera sold loan portfolio previously written-off, the internal policy corresponding to such process, provides that participants be unrelated parties having as purpose obtaining the best possible market price. In addition economic and reputational assessment of each participant is performed to make the best decision. During the years ended on December 31, 2017 and 2016, Gentera did not carry out sales of loan portfolio.

(h) Allowance for loan losses-

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

Allowances for loan losses are based on analytical studies of the portfolio in accordance with the "General dispositions applicable to credit institutions" (the Dispositions) issued by the Commission, which include those mentioned on the next page.

Commercial loan portfolio-

Allowances for loan losses for commercial loan portfolio are based on the individual assessment of the credit risk and classification of the costumers in accordance with the Dispositions issued by the Commission.

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

Allowances for loan losses made at December 31, 2017 and 2016 were determined in conformity with the degree of risk and the corresponding percentage ranges of allowance as shown below:

Degree of risk	Percentage ranges of allowance
A-1	0.000 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	Greater than 45.0

Troubled loans – Commercial loans with a high probability of not being totally collected.

Consumer loan portfolio-

The calculation of the allowance for loan losses for consumer loans is made in conformity with the current dispositions issued by the Commission, which model of expected loss establishes that the allowance for loan losses is based on the probability of default, loss given default and exposure at default, considering for the calculation of the allowance the figures at the last day of each month.

The methodology in force until May 31, 2017 considered the following factors for determining the probability of default: i) amount due, ii) payment made, iii) days past due, iv) total term, v) remaining term, vi) original credit amount, vii) original asset value, viii) credit balance, ix) type of credit, x) members and xi) average group cycle. As of June 1, 2017, a new methodology for calculating the allowance for loan losses came into effect, considering the following factors in determining the probability of default: i) number of billings past due, ii) maximum number of billings past due, iii) payment made, iv) balance reported in the credit information companies, v) amount demandable reported in the credit information companies, vi) seniority of the borrower at the Bank, vii) months elapsed since the last late payment in the last thirteen months reported in the credit information companies, viii) number of members of the group, ix) group cycles of the borrower, and x) original credit amount.

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

The allowance for loans losses for non-revolving consumer loan portfolio as of December 31, 2017 and 2016, is determined by the degree of risk assigned to the loan, as shown below:

Degree of risk	Percentage ranges of allowance
A-1	0.00 to 2.0
A-2	2.01 to 3.0
B-1	3.01 to 4.0
B-2	4.01 to 5.0
B-3	5.01 to 6.0
C-1	6.01 to 8.0
C-2	8.01 to 15.0
D	15.01 to 35.0
E	35.01 to 100.0

Mortgage loan portfolio -

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

Degree of risk and percentages of allowance for loan losses at December 31, 2017 and 2016 are as shown below:

Degree of risk	Percentage ranges of allowance
A-1	0.000 to 0.50
A-2	0.501 to 0.75
B-1	0.751 to 1.00
B-2	1.001 to 1.50
B-3	1.501 to 2.00
C-1	2.001 to 5.00
C-2	5.001 to 10.00
D	10.001 to 40.00
E	40.001 to 100.00

Troubled loans - As of December 31, 2017 and 2016, Gentera has troubled loans for $16 and $18, respectively, which come from Compartamos Financiera. These loans have been fully reserved.

Write-offs - The Bank has the policy that within the first days of each month, it will write-off consumer loan portfolio pending to be collected at 180 days after being considered past-due until the last day of the month immediately preceding, given that during that period and once carried out all recovery efforts, its practical impossibility of recovery is determined, except in cases where management determines that a loan or group of loans must be written-off prior to this number of days. Such write-offs are conducted by cancelling the outstanding balance of the loan against the allowance for loan losses.

In the event that the loan balance to be written-off exceeds its corresponding allowance, prior to the write off, such allowance 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), net".

The grading of the loan portfolio was conducted as of December 31, 2017 and 2016, and management considers that the allowances resulting from such grading are sufficient to absorb the portfolio's loan loss risks.

(i) Other accounts receivable-

This caption represents, among others, receivables from employees, accounts receivable from correspondents, recoverable income taxes and items directly related to the loan portfolio, such as legal expenses, which an allowance for doubtful receivables is determined based on the same percentage of risk assigned to the associated loan.

For the 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 Gentera's policies.

(j) Property, furniture and equipment-

Property, furniture and equipment, including acquisitions from capitalized leases, are stated as follows:

i) acquisitions conducted from January 1, 2008 at their historical cost, and

ii) acquisitions made up to December 31, 2007 at their restated values, determined applying factors derived from the UDI, to their acquisition costs up to December 31, 2007.

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

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

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

(k) Inversión en asociadas-

The investment in the associated companies that included Finestrella, S. A. P. I. de C. V. (Finestrella, associated company), in which Gentera holds less than 50% of the share in capital stock and has no control, is valued using the equity method based on the financial statements of associated companies as of and for the years ended December 31, 2017 and 2016. Through December 14, 2017 and as of December 31, 2016, Gentera had a share of 36.61% and 43.16%, respectively, in Finestrella.

On October 27, 2017, Gentera entered into a purchase-sale agreement with third parties, whereby it sold 48,788,080 shares representing 43.16% of the variable portion of capital stock owned in Finestrella, for a consideration of $4 pesos, recognizing a loss on sale of shares of $22, recorded under "Other operating income (expenses), net", in the consolidated statement of income.

Subsequently, on December 14, 2017, Gentera capitalized the loan granted to Finestrella for $247, equivalent to 65,299,885 shares representing the variable portion of capital stock. On the same day, it sold those shares in exchange for a consideration of $261,720 pesos, recognizing a loss on sale of $247 under "Other operating income (expenses), net", in the consolidated statement of income. Given that the loan described above had a reserve of $211, when capitalizing, the allowance for doubtful accounts was released in the same caption "Other operating income (expenses), net".

The share in the consolidated result of the year for associated companies, recorded for the year ended December 31, 2017 and 2016, was a loss of $31 and $77, respectively.

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

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

Deferred IT and ESPS are recognized using the assets and liabilities method, which compares their accounting and tax values. Deferred IT and ESPS (assets and liabilities) are recognized for future tax consequences attributable to temporary differences between the value reflected in the consolidated financial statements of existing assets and liabilities and their respective tax bases, as well as for operating loss carryforwards and other recoverable tax credit. Deferred IT and ESPS (assets and liabilities) are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered. The effect of changes in tax rates on deferred IT and ESPS are recognized in results of the period in which they were enacted.

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

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

(m) Other assets, deferred charges and intangibles-

This caption is mainly comprised of guarantee deposits, insurance and expenses paid in advance, intangibles, goodwill and expenses for debt issuance. Amortization is accounted for using the straight-line method during the life of each transaction.

The expenses paid in advance as of December 31, 2017 and 2016, are not subject to impairment losses or reversals of impairment losses, since these still have the capacity to generate economic future benefits.

Amortization is calculated using the straight-line method, based on the estimated intangible's useful life determined by management.

(n) Impairment of long-lived assets-

Gentera periodically assesses the net carrying amount of property, furniture and equipment and intangibles assets, to determine whether there is an indication that the carrying amount exceeds the recoverable amount. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the asset to future net revenues reasonably expected to be generated by the asset. If the net carrying amount of the asset exceeds the recoverable amount, Gentera records the necessary provisions. When Gentera has the intention to sell such assets, these are reported in the consolidated balance sheet at the lower of net carrying amount or realizable value. Long-lived assets, both tangible and intangible, are subject to impairment testing, in the case of assets with an indefinite life, impairment testing is performed annually and assets with a definite life are only subject to impairment testing when there are signs of impairment.

(o) Deposit funding-

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

Those securities issued at a price different from 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 maturity of the security.

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

(p) Bank and other loans-

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

(q) Provisions-

Liability provisions represent present obligations whereby the transfer of assets or the rendering of services is virtually unavoidable and arises as a consequence of past events, mainly for services and advice, legal provisions, other payments to personnel, commissions, among others.

(r) Employee benefits-

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

Short-term direct benefits-

Short-term direct benefits are recognized in income of the period in which the services rendered are accrued. A liability is recognized for the amount expected to be paid if Gentera has a legal or assumed obligation to pay this amount as a result of the past services provided and the obligation can be reasonably estimated.

Long-term direct benefits-

Gentera's net obligation in relation to the direct long-term benefits and which is expected to pay at least twelve months after the date of the most recent consolidated balance sheet presented, is the amount of future benefits that the employees have obtained in exchange for their service in the current and previous periods. This benefit is discounted to its present value. Remeasurements are recognized in income in the period in which they are accrued.

Termination benefits-

A liability is recognized for termination benefits along with a cost or expense when Gentera has no realistic alternative other than to make the corresponding payments or when the offer of these benefits cannot be withdrawn or when conditions that require the recognition of restructuring costs are met, whichever occurs first. If benefits are not expected to be settled within twelve after the date of the most recent consolidated balance sheet presented, then they are discounted.

Post-employment benefits-

Gentera has implemented a pension plan, which consists of a mixed scheme in which the benefit is derived from two components that are a defined benefit plan and a defined contribution plan. Likewise the benefits are based on 10 and 65 years of service considering for its determination the daily integrated salary.

The defined benefit plan is funded entirely by Gentera, and the defined contribution plan is funded with the contributions from both Gentera and the employees.

The cost of defined benefit plan is determined in accordance with provisions of the FRS D-3 "Employee benefits" and the cost of the defined contribution plan is equivalent to the amount of the contributions that Gentera makes to the individual employees bank account.

Gentera has the obligation to pay a compensation in case of unjustified dismissal.

Gentera records a provision to meet obligations for severance and seniority premiums. The recording of the provision is recognized in the results of each year based on actuarial calculations under the projected unit credit method using nominal interest rates and considering projected salaries.

Remeasurements (known before as actuarial gains and losses), resulting from differences between projected and actual actuarial assumptions at the end of the period, are recognized in the period when incurred under the caption "Remeasurements for employee defined benefits" within stockholders' equity.

(s) Share-based payment-

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

The estimated amount of the obligation is determined on the fair value of equity instruments granted, taking into consideration the timing and conditions on which the equity instruments are awarded. The plan provides that the subsidiaries of Gentera acquire independently in the market, the shares of the capital of Gentera.

(t) Stockholders' equity-

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

(u) Repurchase of shares-

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

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

(v) Cumulative translation adjustment-

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

(w) Comprehensive income-

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

(x) Revenue recognition-

Interest earned from cash and cash equivalents, investments in securities and repurchase/resell agreements are recognized in the consolidated income statement as accrued, as per the effective interest method; while equity instruments are recognized at the time the right to receive payment is generated, against the consolidated results for the year.

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

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

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

(y) Interest expense-

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

(z) Other operating income (expense)-

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

(aa) Earning per share-

This caption represents the result of dividing the profit for the period by the weighted average of current shares during the period. For the years ended on December 31, 2017 and 2016, the earning per share is $1.80 Mexican pesos and $2.08 Mexican pesos, respectively.

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

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

Contributions made for this concept for the years ended December 31, 2017 and 2016, amounted to $54 and $60, respectively, which were charged directly to results of the year.

(cc) Foreign currency transactions-

The accounting records are maintained in both Mexican pesos and foreign currencies, which for consolidated financial statement presentation purposes, currencies other than dollars are translated to the dollar equivalent and subsequent to Mexican pesos 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 accrual basis in the consolidated results of the year.

(dd) Financial intermediation result-

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

(ee) Contingencies-

Liabilities or important losses related to contingencies are recorded when it is probable that a liability has been incurred and the amount of the assessment and/or remediation can be reasonably estimated. When a reasonable estimation cannot be made, qualitative disclosure is provided in the notes to the consolidated financial statements. Contingent income, earnings or assets are not recognized until their realization is certain (note 20).

(ff) Segment information-

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

(4) New accounting standards and special criterion-

Amendments to Banking General Provisions

On January 6 and subsequently amended on June 26, 2017, the Commission published in the Federal Gazette (DOF) the Resolutions that modified different articles of the General Provisions applicable to credit institutions (the Resolutions), which includes the change to the methodology of to calculate the allowance for loan losses of non-revolving loans and mortgages, as well as of non-revolving consumer loans that according to the said Resolutions are classified as "microcredits". The amending resolution published on January 6, 2017 came into effect on June 1, 2017.

Gentera opted to recognize the initial accumulated financial effect derived from the first application of the new methodology on December 31, 2017, as allowed by the Resolutions.

The allowance for loan losses with the new methodology amounted to $2,458 and with the former methodology, $1,981; both methodologies determined with balances as of May 31, 2017, which generated an increase in the allowance for loan losses in the consolidated balance sheet of $477 ($369 net of deferred taxes) in "Prior years' results" in stockholders' equity.

Special criterion-

The Commission, through communication P-290/2017 dated September 15, 2017 and regarding the aforementioned communication, through the issuance of communication No. 320-1/14057/2017 dated October 17, 2017, authorized the credit Institutions to apply special accounting criteria in order to assist clients that have their address or credits whose source of payment is located in cities declared "emergency zone, extraordinary emergency, disaster or natural disaster" that severely affected different locations of Mexico and that have been declared as such by the Ministry of Interior, during September 2017, in the DOF.

The application of assistance to borrowers consists of granting a waiting period with respect to fulfilling payment obligations according to the original credit terms, both principal and interest, of a month (deferral), provided that these borrowers were classified as current as of the date of the disaster, as set forth by the Provisions.

The special accounting criteria applicable to the Bank by type of credit, is shown below:

Credits with periodic payments of principal and interest, which are subject to restructuring, may be considered current at the time this act is carried out, without the requirements mentioned being applicable:

Current credits that are restructured, without at least 80% of the original term of the credit having elapsed, will be considered to remain current, only when they meet the criteria mentioned on the next page.

i. The borrower has covered all the interest accrued as of the date of the restructuring, and
ii. The borrower has covered the principal of the original credit amount, which as of the date of the restructuring should have been covered.
iii. If all the conditions described in the previous paragraphs are not satisfied, they will be considered past due from the moment they are restructured and until there is evidence of sustained payment.

In the case of current credits restructured in the course of the final 20% of the original term of the credit, these will be considered current only when the borrower has:

a) Settled all interest accrued as of the date of restructuring;
b) Covered the principal of the original credit amount that as of the date of the restructure should have been paid; and
c) Covered 60% of the original credit amount.

If all the conditions described in the previous paragraph are not satisfied, they will be considered past due from the time they are restructured and until there is evidence of sustained payment.

If the special accounting criterion had not been applied, the decrease in the current portfolio from the transfer to the past due portfolio would have been for $2, with an effect on results for the suspension of accumulation of accrued interest of $1 and $3 for the creation of the allowance for loan losses.

The list of concepts and estimated amounts, for which the book recording was carried out as a result of the mentioned authorization, are the following:

		Deferred amount	
Type of portfolio	Number of loans	Principal	Interest
Consumer credits	14,028	$ 53	11

(5) Foreign currency position-

In the case of the Bank, the Central Bank regulations establish the standards and limits for operations in foreign currencies carried out by the credit institutions as follows:

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 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. The net foreign currency position 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.

Foreign currency position (figures in millions) as of December 31, 2017 and 2016 is analyzed below:

	2017			2016		
	Dollars		Pesos	Dollars		Pesos
Assets						
Foreign banks	-	$	-	20	$	414
Intermediation debts	1		18	1		19
Accounts receivable	6		117	1		17
Restricted funds:						
Interbank loans*	10		194	-		-
Posición larga – neta	17	$	329	22	$	450

* Settlement period less than 3 business days.

	2017			2016		
	Quetzals		Pesos	Quetzals		Pesos
Assets	277	$	742	267	$	732
Liabilities	19		50	25		69
Long position – net	258	$	692	242	$	663
	Soles Peruanos		Pesos	Soles Peruanos		Pesos
Assets	2,027	$	12,299	1,539	$	9,455
Liabilities	1,557		9,446	1,084		6,662
Long position – net	470	$	2,853	455	$	2,793

As of December 31, 2017, the exchange rate determined by Banxico and used by Gentera to value foreign currency assets was $19.6629 pesos per dollar ($20.6194 pesos per dollar in 2016). As of February 20, 2018, issuing date of the consolidated financial statements, the exchange rate is $18.6594 pesos per dollar.

(6) Cash and cash equivalents-

At December 31, 2017 and 2016, cash and cash equivalents consist of the following:

		2017	2016
Cash on hand	$	1,756	855
Mexican banks		211	878
Foreign banks		1,805	590
Restricted funds:			
Monetary regulation deposit with the Central Bank*		308	308
Bank loans with maturity up to three days*		585	2,237
Deposit auction with the Central Bank*		-	995
Other restricted funds		1,321	398
	$	**5,986**	**6,261**

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

For the years ended on December 31, 2017 and 2016, interest earned from Mexican and foreign banks, restricted funds and other restricted funds amounted to $209 and $149, respectively, registered under the caption "Interest income" in the consolidated state of income (see note 22).

For the years ended on December 31, 2017 and 2016, interest earned from bank loans with maturity up to three days amounted to $95 and $67, respectively.

At December 31, 2017 and 2016, 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, 2017 and 2016, the interest income earned from monetary regulatory deposit amount to $21 and $13, respectively, recorded under the caption "Interest income" in the consolidated state of income.

At December 31, 2017, the average rate of interbank loans maturing in 3 days was 6.37% (4.10% in 2016). For the years ended on December 31, 2017 and 2016, the interest income earned from call money transactions amounted to $78 and $64, respectively, recorded under the caption "Interest income" in the consolidated state of income.

At December 31, 2017, and 2016, the weighted rate of the deposit auction with the central bank with an average term of 1 and 2 days was 6.05% and 4.42%, respectively, additionally, the interest income amounted to $15 and $5, respectively, recorded under the caption "Interest income" in the consolidated state of income.

As of December 31, 2017, other restricted funds correspond to guarantee deposits made by Compartamos Financiera for $45, savings fund for Gentera employees for $7 and domestic currency time deposits of Gentera for $616, Compartamos Financiera for $6, Compartamos Servicios for $238, Red Yastás for $151, Pagos Intermex for $85 and Aterna for $173, at an average term of 3 days and an average rate of 5.3%. As of December 31, 2016, other restricted funds include guarantee deposits made by Compartamos Financiera for $47, savings fund for Gentera employees for $7 and domestic currency time deposits of Compartamos Servicios for $120, of Red Yastás for $120 and Aterna for $104, at an average term of 3 days and an average rate of 3.9%.

At December 31, 2017 and 2016, Gentera has no coined precious metals.

(7) Investment securities-

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

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

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

At December 31, 2017, investments securities are comprised of 4,938,109 shares corresponding to equity instruments, classified as available-for-sale securities, with a market value of $81 (6,656,006 shares corresponding to equity instruments, classified as available-for-sale securities, with a market value of $222 in 2016). This caption also includes certificates of deposit with the Central Bank of the Republic of Peru for $169 and $67 as of December 31, 2017 and 2016, respectively.

At December 31, 2017 and 2016, the valuation of available-for-sale securities recognized within stockholders' equity, net of deferred tax, represents a loss of $62 and a profit of $1, respectively.

At December 31, 2017 and 2016, the average rates of investments were 3.47% and 4.41%, respectively. Likewise, for the years ended on December 31, 2017 and 2016, interest income from investments amounted to $9 and $4, respectively, registered under the caption "Interest income" in the consolidated state of income.

At December 31, 2017 and 2016, there were no transfer in securities between categories and there are no indicators of impairment over the value of the securities.

(8) Debtors on repurchase/resell agreements-

At December 31, 2017 there are no repurchase/resell agreements. As of December 31, 2016 Gentera carried out transactions of repurchase/resell agreements, acting as buyer, the balance of $20 relates to Federal Government Development Bonds (BONDESD-Spanish abbreviation).

The interest income arising from repurchase/resell agreements transactions in the consolidated income statement at the year ended on December 31, 2016, amount to $2.

The terms of transactions of repurchase/resell agreements as of December 31, 2016, are 3 days, with weighted interest rate of 3.95%.

(9) Loan portfolio-

The loan portfolio is comprised mainly of non-revolving consumer loans in Mexican pesos, with an average term of four months with a fixed rate and joint guarantee of the borrowers. Principal and interest are mainly paid on a weekly basis.

As of December 31 2017 and 2016, total loan portfolio (current and past-due loans) are comprised as follows:

2017		Principal	Accrued interest	Total loan portfolio
Current loans:				
Commercial loans:				
Business and commercial	$	1,166	16	1,182
Consumer loans		29,181	656	29,837
Residential mortgages		9	-	9
		30,356	672	31,028
Past-due loans:				
Commercial loans:				
Business and commercial			3	41
Consumer loans		905	98	1,003
Residential mortgages		2	-	2
		945	101	1,046
Total loan portfolio	**$**	**31,301**	**773**	**32,074**
2016				
Current loans:				
Commercial loans:				
Business and commercial	$	863	12	875
Consumer loans		30,563	633	31,196
Residential mortgages		22	1	23
		31,448	646	32,094
Past-due loans:				
Commercial loans:				
Business and commercial		28	3	31
Consumer loans		1,245	136	1,381
Residential mortgages		2	-	2
		1,275	139	1,414
Total loan portfolio	**$**	**32,723**	**785**	**33,508**

Income from interest and commissions for the years ended at December 31, 2017 and 2016, segmented by type of loan is as follows:

		2017	2016
Interest income (note 22):			
Commercial loans:			
Business and commercial	$	362	213
Consumer loans		20,305	19,608
Residential mortgages		4	7
	$	20,671	19,828
Commissions income (note 22):			
Consumer loans	$	464	518

At December 31, 2017 and 2016, the loans (current and past-due loans), broken-down by economic sector, are as follows:

	2017			2016		
Economic activity		Amount	%		Amount	%
Commerce	$	25,089	78	$	26,765	80
Construction		39	-		47	-
Professional services		3,618	11		3,236	10
Agriculture		210	1		222	1
Cattle raising		310	1		334	1
Manufacturing		981	3		849	2
Other		1,827	6		2,055	6
	$	32,074	100	$	33,508	100

The distribution of the loan portfolio at December 31, 2017 and 2016, by geographical region is shown as follows:

	2017		2016	
	Current	Past-due	Current	Past-due
In Mexico:				
Aguascalientes	$ 112	2	125	5
Baja California Norte	685	25	787	27
Baja California Sur	339	10	350	14
Campeche	155	5	201	8
Chiapas	1,020	37	1,082	51
Chihuahua	303	10	366	20
Coahuila	670	23	804	44
Colima	80	2	90	5
Mexico City	1,140	38	1,181	42
Durango	355	19	422	21
Estado de México	2,984	78	3,099	98
Guanajuato	547	13	641	24
Guerrero	770	18	855	27
Hidalgo	625	16	667	20
Jalisco	490	19	629	41
Michoacán	732	18	784	26
Subtotal carried forward	$ 11,007	333	12,083	473
Subtotal brought forward	$ 11,007	333	12,083	473
Morelos	337	10	379	20
Nayarit	170	5	206	10
Nuevo León	622	30	791	53
Oaxaca	809	25	968	27
Puebla	1,400	43	1,604	59
Querétaro	196	4	228	8
Quintana Roo	307	10	379	19
San Luis Potosí	321	6	335	16
Sinaloa	403	13	442	15
Sonora	527	21	609	29
Tabasco	582	24	784	55
Tamaulipas	807	37	1,064	59
Tlaxcala	572	10	607	16
Veracruz	2,158	63	2,421	137
Yucatán	249	6	311	13
Zacatecas	216	4	219	4
Total Mexico	**$ 20,683**	**644**	**23,430**	**1,013**
Abroad:				
Guatemala	533	28	536	20
Peru	9,140	273	7,482	242
Total abroad	9,673	301	8,018	262
Accrued interests	672	101	646	139
Total loan portfolio	**$ 31,028**	**1,046**	**32,094**	**1,414**

As of December 31, 2017 and 2016, aging of the past-due loan portfolio is as follows:

2017		Aging 1 to180 days	181 to 365 days	Years 1 to 2	Years More than 2	Total
Commercial loans:						
Business and commercial	$	11	15	7	8	41
Consumer loans		683	232	39	49	1,003
Residential mortgages		-	1	-	1	2
	$	694	248	46	58	1,046
2016						
Commercial loans:						
Business and commercial	$	11	7	6	7	31
Consumer loans		1,023	267	41	50	1,381
Residential mortgages		1	-	1	-	2
	$	1,035	274	48	57	1,414

Following is an analysis of the movements of the past-due loans, for the years ended December 31, 2017 and 2016:

		2017	2016
Past-due loans at the beginning of the year	$	1,414	881
Plus:			
Transfer from current loans		3,828	3,347
Less:			
Write-offs		4,046	2,663
Collections		142	173
Transfer to current loans		8	27
Exchange rate fluctuation		-	(49)
Past-due loans at year-end	$	1,046	1,414

Interest and commission income for the years ended December 31, 2017 and 2016, according to the type of loan is comprised as follows:

		2017 Interest	2017 Commission	2017 Total	2016 Interest	2016 Commission	2016 Total
Current loans:							
Business and Commercial	$	361	-	361	213	-	213
Consumer loans		20,298	461	20,759	19,598	514	20,112
Residential mortgages		4	-	4	7	-	7
	$	20,663	461	21,124	19,818	514	20,332
Past-due loans:							
Commercial loans	$	1	-	1	-	-	-
Residential mortgages		7	3	10	10	4	14
		8	3	11	10	4	14
	$	20,671	464	21,135	19,828	518	20,346

Interest accrued not collected on past-due loans, which by accounting criteria is recorded in memorandum accounts and applied to income until collected, at December 31, 2017 and 2016, amounts to $183 and $184, respectively.

For the years ended on December 31, 2017 and 2016, the amount recovered on the previously written-off loan portfolio, net of expenses incurred for their collection, represented a profit of $60 and $50, respectively (note 22).

Credit losses insurance

On November 7, 2014, the Bank entered into a contract of warranty service with the Special Fund for Technical Assistance and Agricultural Credit Guarantee (Fondo Especial de Asistencia Técnica – "FEGA"), through the Central Bank, the latter in its capacity as Trustee in the schemes of second losses of some products of consumer loan portfolio of the Bank established by contract. At December 31, 2015, the amount of the loan portfolio selected by the Bank for guarantee with the FEGA amounts to $9,101, and the commission paid for the insurance was $21, amount that was recognized in the caption "Commissions and fee expense" in the consolidated income statement.

The amount from the Bank´s insured loan portfolio, if any, would be recovered as maximum under contractual conditions through FEGA coverage ranges between 0.1% and 1.5% of the guaranteed amount. During the year ended on December 31, 2016, the guarantee with FEGA expired.

During the year ended on December 31, 2016, the Bank executed guarantees under FEGA insurance for an amount of $31, recognizing an income in the caption "Other operating income (expenses), net".

At December 31, 2017 and 2016, the loan portfolio of the Bank and Compartamos Guatemala has not been pledged as collateral. The Compartamos Financiera's loan portfolio at December 31, 2017 and 2016, pledged as collateral for funding received for its operation amounts to $686 and $787, 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, 2017 and 2016, Compartamos Financiera restructured loans for $50 and $20, respectively; these restructurings did not include capitalized interest.

Allowance for loan losses

As of December 31, 2017 and 2016, the rating of the overall loan portfolio and the provisions created based on the actual risk tables for each year, are as shown on the next page.

2017	Rated loan portfolio				
Risk	Commercial	Commercial	Residential	Total	%
A - 1	$ 46	16,224	7	16,277	51
A – 2	113	909	-	1,022	3
B – 1	391	195	-	586	2
B – 2	334	7,678	-	8,012	25
B – 3	16	589	-	605	2
C – 1	113	1,717	1	1,831	6
C – 2	26	1,071	2	1,099	3
D	175	726	1	902	3
E	9	1,731	-	1,740	5
Total	**$ 1,223**	**30,840**	**11**	**32,074**	**100**

2016	Rated loan portfolio			
Risk	Commercial	Commercial	Residential	Total
A – 1	$ 560	19,808	14	20,382
A – 2	30	135	-	165
B – 1	46	3,570	1	3,617
B – 2	4	3,449	1	3,454
B – 3	67	541	-	608
C – 1	42	1,911	2	1,955
C – 2	93	822	3	918
D	35	313	3	351
E	29	2,028	1	2,058
Total	**$ 906**	**32,577**	**25**	**33,508**

	Required allowance				
Risk	Commercial	Consumer	Residential	Total	%
A – 1	$ -	182	-	182	8
A – 2	2	23	-	25	1
B – 1	7	7	-	14	1
B – 2	7	314	-	321	14
B – 3	1	33	-	34	2
C – 1	9	124	-	133	6
C – 2	3	118	-	121	5
D	43	157	-	200	9
E	8	1,214	-	1,222	54
Total	**$ 80**	**2,172**	**-**	**2,252**	**100**

	Required allowance			
Risk	Commercial	Commercial	Residential	Total
A – 1	$ 3	107	-	110
A – 2	-	3	-	3
B – 1	-	133	-	133
B – 2	-	155	-	155
B – 3	1	30	-	31
C – 1	1	128	-	129
C – 2	1	82	-	83
D	4	72	1	77
E	26	1,464	1	1,491
Total	**$ 36**	**2,174**	**2**	**2,212**

The movements in the allowance for loan losses during the years ended December 31, 2017 and 2016, are as shown on the next page.

		2017	2016
Allowance for loan losses at the beginning of the year	$	2,212	1,560
Plus:			
Increase in the provision for loan losses		3,640	3,238
Recognized effect in prior years result resulting of changes in the methodology (note 4)		477	-
Less application of reserves due to write-offs:			
From current loans (by death)		47	48
From past-due loans		4,046	2,663
Cancelation of allowance by earned interests		13	-
Exchange rate fluctuation		(29)	(125)
Allowance for loan losses at year-end	$	2,252	2,212

At December 31, 2017 and 2016, the allowance for loan losses recorded by Gentera includes $25 and $36, respectively, as a complement to reserve 100% of accrued interest from past-due loans at the end of these years.

(10) Other accounts receivable-

At December 31, 2017 and 2016, this caption is comprised as follows:

		2017	2016
Loan portfolio accessories	$	155	175
Other receivables:			
Sundry debtors [1]		342	423
Debit from transactions with correspondents		482	519
Debit by intermediation		186	154
Income tax recoverable		742	-
	$	1,907	1,271
Less allowance for doubtful accounts [2]		(70)	(286)
	$	**1,837**	**985**

1 Includes a related party balance of $117 in 2017 and $211 in 2016.

2 For the year ended on December 31, 2016, Gentera created an allowance for $211, recognizing the effect in the consolidated income for the year, within the caption “Other operating income (expenses), net”.

(11) Property, furniture and equipment -

At December 31, 2017 and 2016, this caption is comprised as follows:

		Original cost	Depreciation and Amortization annual rate (%)		Accumulated depreciation and amortization	Net value
			2017			
Land	$	2	-	$	-	2
Constructions		22	5		(12)	10
Office furniture and equipment		331	10 y 20		(140)	191
Transportation equipment		183	25		(55)	128
Computer equipment		451	15 al 67		(298)	153
Others:						
Leasehold improvements		1,213	*		(570)	643
Telecommunications equipment		307	10		(119)	188
	$	2,509		$	(1,194)	1,315
Less:						
Impairment of office furniture and equipment [1]		-			(4)	(4)
	$	**2,509**			**(1,198)**	**1,311**

		Original cost	Depreciation and Amortization annual rate (%)		Accumulated depreciation and amortization	Net value
			2016			
Land	$	2	-	$	-	2
Constructions		22	5		(11)	11
Office furniture and equipment		300	10 y 20		(122)	178
Transportation equipment		119	20 y 25		(57)	62
Computer equipment		391	10 al 30		(284)	107
Others:						
Leasehold improvements		959	*		(409)	550
Telecommunications equipment		255	10		(92)	163
	$	2,048		$	(975)	1,073
Less:						
Impairment of office furniture and equipment [1]		-			(4)	(4)
	$	**2,048**			**(979)**	**1,069**

1 Impairment corresponding to disuse of certain printing equipment in service offices.

* See explanation on the next page.

For the year ended December 31, 2017, the charge to the consolidated income statement in the "Administrative and promotional expenses" caption, related to depreciation and amortization amounted to $181 and $139, respectively ($192 and $104, respectively, in 2016).

Fully depreciated assets

	Original cost	
	2017	2016
Constructions	$ 5	5
Office furniture and equipment	46	14
Transportation equipment	9	14
Computer equipment	164	367
Leasehold improvements	165	152
Telecommunications equipment	6	-
	$ 395	**552**

The property, furniture and equipment owned by Gentera, is not pledged or restricted for its use or disposal.

Gentera as lessee has capitalized leases for transportation equipment, mobile devices and automated teller machines with terms of 3 to 4 years with purchase option. The lease of furniture 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, 2017 and 2016, assets leased through capitalized leases are comprised as follows:

	2017	2016
Office furniture and equipment	$ 1	3
Transportation equipment	23	17
	24	20
Less accumulated depreciation	9	11
	$ 15	9

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

	2017			2016		
	Future minimum payments	Discounted interest	Present value	Future minimum payments	Discounted interest	Present value
Less than one year	$ 1	-	1	5	-	5
Between one and five years	18	(1)	17	6	(1)	5
	$ 19	(1)	18	11	(1)	10

Interest expense from capitalized leases during the years ended December 31, 2017, and 2016, was $1, in both years, which is recorded under the caption of "Other operating income (expenses), net" in the consolidated statements of income (see note 22).

(12) Other assets, deferred charges and intangibles-

At December 31, 2017 and 2016, this caption is comprised as follows:

		2017	2016
Goodwill [a]	$	969	981
Guarantee deposits [b]		54	51
Insurance [c]		5	4
Development of the electronic banking system, intangibles and licenses [d]		2,673	2,095
Advance payments		257	198
Debt issuance costs		17	25
		3,975	3,354
Less:			
Accumulated amortization of development		832	610
of electronic banking system and licenses	$	3,143	2,744

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

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

(c) Insurance is amortized according to the duration of each policy. The amount charged to the consolidated income statement for the years ended on December 31, 2017 and 2016, amounted to $93 and $64, respectively.

(d) Investment in 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 and software is ten and seven years, respectively. The amortization of intangible assets and software for the years ended as of December, 31, 2017 and 2016, amounted to $223 and $193, respectively.

(13) Deposit funding-

Deposit funding includes deposits on demand, time deposits and debt securities issued in Mexican pesos. As part of the deposit funding, demand deposits for $701 and $225, correspond to the Bank and 61 and 35 million of soles correspond to Compartamos Financiera at December 31, 2017 and 2016, respectively (equivalent to $370 and $215 at December 31, 2017 and 2016, respectively). At December 31, 2017 and 2016, time deposits from general public include $1,059 and $315 respectively, from the Bank, as well as 777 and 382 million of soles at December 31, 2017 and 2016, respectively (equivalent to $4,713 and $2,347, respectively).

The weighted average rates of the different deposits funding products (unaudited information) during the years ended on December 31, 2017 and 2016, are analyzed as follows:

	2017	2016
Demand deposits	2.59%	2.11%
Time deposits	3.94%	3.92%

As of December 31, 2017, the Bank had no time deposits in money market. As of December 31, 2016 and 2017, Compartamos Financiera made money market issuances of Certificates of Deposit (CEDES) in soles, which include 140 and 80 soles, in January and October 2017, and in April and August 2016, respectively (equivalent in Mexican pesos to $833 and $418), with maturities of one year. The interest accrued by the CEDES during the years ended December 31, 2017 and 2016, amounts to $45 and $10, respectively (see note 22).

At December 31, 2017 and 2016, long term unsecured Cebures were issued in Mexican pesos, under the current issuance program approved by the Commission for an amount of $9,000 in both years. The current issued Cebures are as shown as follows:

	2017				
Cebures	Amount of issuance	Date of issuance	Maturity date	Interes rate	Balance
COMPART 13	$ 2,000	September 2013	August 2018	TIIE 28 Days + 60 pb	$ 2,000
COMPART 14	2,000	June 2014	June 2019	TIIE 28 Days + 40 pb	2,000
COMPART 15	2,000	September 2015	August 2020	TIIE 28 Days + 50 pb	2,000
COMPART 16	500	October 2016	October 2019	TIIE 28 Days + 47 pb	500
COMPART 16-2	2,000	October 2016	October 2023	Fixed 7.50%	2,000
					8,500
Interest payable					54
Total debt issuance					$ 8,554

	2016				
Cebures	Amount of issuance	Date of issuance	Maturity date	Interes rate	Balance
COMPART 12	$ 2,000	August 2012	August 2017	TIIE 28 Days + 70 pb	$ 2,000
COMPART 13	2,000	September 2013	August 2018	TIIE 28 Days + 60 pb	2,000
COMPART 14	2,000	June 2014	June 2019	TIIE 28 Days + 40 pb	2,000
COMPART 15	2,000	September 2015	August 2020	TIIE 28 Days + 50 pb	2,000
COMPART 16	500	October 2016	October 2019	TIIE 28 Days + 47 pb	500
COMPART 16-2	2,000	October 2016	October 2023	Fixed 7.50%	2,000
					$ 10,500
Interest payable					56
Total debt issuance					$ 10,556

Interest accrued by Cebures for the year ended on December 31, 2017, amounted to $699 ($485 in 2016), see note 22.

At December 31, 2017 and 2016, Cebures had the following maturity terms

	2017					
	1 to 179 days	6 to 12 months	More than 1 to 2 years	Over 2 years	Balance	Contractual value
Concept						
Cebures	$ 54	2,000	2,500	4,000	8,554	8,500

	2016					
	1 to 179 days	6 to 12 months	More than 1 to 2 years	Over 2 years	Balance	Contractual value
Concept						
Cebures	$ 56	2,000	2,000	6,500	10,556	10,500

(14) Bank and other loans-

At December 31, 2017 and 2016, Gentera had contracted the following loans in Mexican pesos and in soles translated into Mexican pesos, as follows:

	2017	2016
Short term:		
Loans from development banks	$ 6	2
Loans from multiple banking institutions	1,487	1,879
Public trusts loans	32	18
Other institutions	582	630
Total short-term	2,107	2,529
Long-term:		
Loans from development banks	1,100	2,230
Loans from multiple banking institutions	-	100
Public trusts loans	3,334	4,278
Other institutions	1,166	1,299
Total long-term	5,600	7,907
Total bank and other loans	**$ 7,707**	**10,436**

For the year ended December 31, 2017, the accrued interest of bank and other loans amounted to $510 ($562 in 2016), see note 22.

Credit facilities received by Gentera, at December 31, 2017 and 2016, as well as the unused portion are as shown on the next page.

	2017	
Institution	Credit facility received	Unused portion*
Fideicomiso Instituido en Relación con la Agricultura (FIRA)	$ 8,000	4,653
Nacional Financiera, S. N. C. (NAFIN)	4,000	2,900
BBVA Bancomer, S. A.	250	250
Banco Nacional de México, S. A.	560	560
HSBC México, S. A.	550	550
Banco Ve por Más, S. A.	200	200
International Finance Corporation	40	40
Banco Santander (México), S. A.	250	250
Corporación Financiera de Desarrollo S.A. (COFIDE)	2,412	2,004
FONDEMI – COFIDE	72	72
Microfinanzas puno	26	2
Banco de la Nación	364	111
FIDEICOMISO MIMDES – FONCODES	73	-
BBVA Banco Continental	726	174
Banco Interbank	98	56
Corporación Andina de Fomento – CAF	197	197
Banco GNB Perú, S.A.	243	-
Scotiabank Peru S.A.	98	98
Citibank Perú S.A.	764	151
Banco del Bajío, S. A.	500	500
Banco G&T Continental, S.A.	67	67
Caja Municipal de Ahorro y Crédito de Arequipa, S.A.	36	-
Banco de Crédito del Perú, S.A.	39	39
	$ 19,565	**12,874**

Institution		2016 Credit facility received	2016 Unused portion*
Fideicomiso Instituido en Relación con la Agricultura (FIRA)	$	8,000	3,708
Nacional Financiera, S. N. C. (NAFIN)		4,000	1,770
BBVA Bancomer, S. A.		250	200
Banco Nacional de México, S. A.		845	745
HSBC México, S. A.		550	550
Banco Ve por Más, S. A.		200	200
Corporación Interamericana de Inversiones		400	200
International Finance Corporation		71	41
Banco Mercantil del Norte, S. A. (Banorte)		1,000	900
Banco Santander (México), S. A.		250	250
Corporación Financiera de Desarrollo S. A. (COFIDE)		2,225	1,523
FONDEMI – COFIDE		74	55
Microfinanzas puno		27	5
Banco de la Nación		369	324
FIDEICOMISO MIMDES – FONCODES		74	-
BBVA Banco Continental		722	139
Banco Interbank		103	60
Corporación Andina de Fomento – CAF		123	101
BlueOrchard Microfinance Fund		51	-
Microfinance Growth Fund LLC		94	-
Micro, Small & Medium Enterprise Bonds S. A.		373	-
Pettelaar effectenbewaarbedrijf N.V.		62	-
ResponsAbility Management		188	-
ResponsAbility SICAV (Lux)		188	-
Credit Suisse Microfinance Fund Management		44	-
Dual Return Fund SICAV		51	-
Symbiotics SICAV (Lux)		86	-
Banco GNB Perú, S.A.		245	123
Scotiabank Perú, S.A.		103	103
Citibank Perú, S.A.		722	212
Banco del Bajío, S. A.		500	500
Banco G&T Continental, S.A.		69	60
Caja Municipal de Ahorro y Crédito de Arequipa, S.A.		30	-
Banco de Crédito del Perú, S.A.		103	103
	$	**22,246**	**11,872**

*See explanation on the next page.

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

At December 31, 2017, Gentera had obtained funding from NAFIN and FIRA for $1,100 and $3,347, respectively ($2,230 and $4,292 in 2016, respectively). This funding was assigned to small entrepreneurs and the amount of accrued interest for the year ended on December 31, 2017, from the loans of NAFIN and FIRA were $75 and $215, respectively ($97 and $184, in 2016, respectively).

As of December 31, 2017, borrowings accrued interest at average annual interest rates in Mexican pesos of 7.22% (4.64% in 2016), in soles of 6.58% (6.92 % in 2016) and in quetzals 7.75% in 2016.

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-

On December 31, 2015 the Resolution that modifies the General Provisions applicable to credit institutions was published in the DOF, whereby, through the transitory article three, the Commission established the terms to recognize the restatement changes from adopting the new FRS D-3 which came into effect on January 1, 2016, which defined the period the credit institutions had to recognize the total amount of balances pending amortization from defined benefit plan gains or losses, as well as for modifications to such plan, yet to be recognized.

At December 31, 2017 and 2016, Gentera has a mixed pension plan (defined benefit and defined contribution) that covers its employees and includes: a) defined benefit, which represents the present value of the accrued benefits in accordance with the years of service provided by the employees and that Gentera expects to incur at the time of retirement and b) defined contribution, which represents an incentive of savings to the employees, where Gentera make contributions equivalent to 100% of the contribution paid with a maximum limit of 6%. Gentera's policy to fund the defined benefit plan is to contribute according to the projected credit unit method, while funding the pension plan of defined contribution is according to seniority and age of the employees. The amount charged to results of the years 2017 and 2016 for the defined contribution plan amounted to $23 and $19, respectively.

(a) Cash flows

The contributions and benefits paid for the years ended December 31, 2017 and 2016, are as follows:

		2017	
		Contributions to the funds	Benefits paid from the funds
Termination (until October 2017)	$	-	104
Recognition bonus		3	-
Defined benefit		70	-
Total	**$**	**73**	**104**

		2016	
		Contributions to the funds	Benefits paid from the funds
Termination (until October 2016)	$	-	91
Recognition bonus		3	-
Defined benefit		64	-
Total	**$**	**67**	**91**

(b) A reconciliation between the present value of the defined benefit obligations (OBD-Spanish abbreviation) and the net defined benefits liability (PNBD-Spanish abbreviation) recognized in the consolidated balance sheet, is shown on the next page.

		2017		
		Termination	Retirement	Pension plan
Beginning balance of PNBD	$	22	(33)	140
Defined benefit cost		(38)	(17)	(68)
Plan contributions		-	-	70
Past service not recognized wit impairment in retained earnings		-	-	-
Accumulated remeasurement generated		(275)	(4)	(2)
Payments charged to PNBD		(97)	8	-
Ending balance of PNBD	$	(388)	(46)	(140)
OBD amount	$	(388)	(46)	(373)
Plan assets at fair value		-	-	233
Financial position of the obligation	**$**	**(388)**	**(46)**	**(140)**

		2016		
		Termination	Retirement	Pension plan
Beginning balance of PNBD	$	(89)	(29)	-
Defined benefit cost		(18)	(10)	(64)
Plan contributions		-	-	64
Past service not recognized with impairment in retained earnings		-	-	(66)
Accumulated remeasurement generated		(153)	(4)	(94)
Payments charged to PNBD		86	5	-
Ending balance of PNBD	$	(174)	(38)	(160)
OBD amount	$	(174)	(38)	(292)
Plan assets at fair value		-	-	132
Financial position of the obligation	$	(174)	(38)	(160)

During November and December, 2017 and 2016, Gentera made several payments for an amount of $27 and $23, respectively, reducing the labor obligations liability with respect to the one actuarially determined.

(c) The cost, obligations and other elements of pension plans, seniority premiums and remuneration at employment relationship ending other than restructuring, mentioned in note 3(r), was determined based on calculations prepared by independent actuaries at December 31, 2017 and 2016.

An analysis of the defined benefit cost by type of plan is presented as follows:

		2017		
		Termination	Retirement	Pension plan
Defined benefit cost:				
Current service cost	$	23	10	56
Net interest		15	7	12
Defined benefit cost	$	38	17	68

		2016		
		Termination	Retirement	Pension plan
Defined benefit cost:				
Current service cost	$	12	8	50
Net interest		6	2	11
Reclassification of remeasurements			-	3
Defined benefit cost	$	18	10	64

(d) 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, 2017 and 2016, are as shown on the next page.

		2017			
Age	Death (%) Men	Death (%) Women	Disability (%)	Rotation (%)	Retirement
20	0.00197	0.00093	0.00076	0.60606	0.000000
25	0.00230	0.00095	0.00100	0.11217	0.000000
30	0.00274	0.00099	0.00112	0.06802	0.000000
35	0.00332	0.00105	0.00129	0.04273	0.000000
40	0.00411	0.00116	0.00164	0.02734	0.000000
45	0.00517	0.00132	0.00221	0.01634	0.000000
50	0.00661	0.00158	0.00347	0.00903	0.000000
55	0.00859	0.00199	0.00712	0.00381	0.000000
60	0.01131	0.00270	0.00000	0.00000	0.510662
65	0.01512	0.00396	0.00000	0.00000	1.000000

		2016		
Age	Death (%) Men	Death (%) Women	Disability (%)	Rotation (%)
20	0.00197	0.00093	0.00076	0.60606
25	0.00230	0.00095	0.00100	0.11217
30	0.00274	0.00099	0.00112	0.06802
35	0.00332	0.00105	0.00129	0.04273
40	0.00411	0.00116	0.00164	0.02734
45	0.00517	0.00132	0.00221	0.01634
50	0.00661	0.00158	0.00347	0.00903
55	0.00859	0.00199	0.00712	0.00381
60	0.01131	0.00270	0.00000	0.00000
65	0.01512	0.00396	0.00000	0.00000

	2017	2016
Discount rate	7.78%	7.95%
Rate of salary increases	5.25%	5.25%
Rate of increases to the minimum salary	3.50%	3.50%

(e) Share based payments

As of December 31, 2017 and 2016, the liability related to share based payments amounted to $30 and $52, respectively, which were charged to the consolidated results for the year under "Administrative and promotion expenses".

(16) Income Tax (IT) and Employee Statutory Profit Sharing (ESPS)-

(a) IT

According to the current IT Law in Mexico, the IT rate for the fiscal years of 2017 and 2016 was 30%. The ESPS rate for the fiscal years of 2017 and 2016 was 10%. The IT rate in Peru for fiscal years of 2017 and 2016 was 30%. The IT rate in Guatemala for fiscal years of 2017 and 2016 was 25%.

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

Notwithstanding that Gentera does not consolidate its subsidiaries for tax proposes, following is presented for informative purposes the expense (income) in the consolidated income statement related to current and deferred income taxes for the years ended December 31, 2017 and 2016:

		2017		2016	
		Current IT	Deferred IT	Current IT	Deferred IT
Bank	$	657	106	1,489	192
Compartamos Financiera		133	(64)	87	17
Compartamos Servicios		190	(45)	149	(13)
Intermex		22	1	20	5
Controladora AT		25	1	16	-
Red Yastás		-	1	-	137
Guatemala		20	(3)	20	4.
	$	1,047	(3)	1,781	342

The reconciliation between the current and effective IT tax rates of the Bank for the years ended on December 31, 2017 and 2016, which provision is the main consolidated IT expense, is shown as follows:

		2017	2016
Income before IT	$	3,148	4,416
IT at 30% rate on income before IT	$	(944)	(1,325)
Plus (less) the effect of IT on:			
Deductible annual inflation adjustment		159	76
Allowance for loan losses		(932)	(845)
Loan portfolio write-offs		1,114	689
Other non-deductible or taxable items, net		(54)	(88)
Current IT		(657)	(1,493)
Current IT prior year		-	4
Deferred IT		(106)	192
IT expense	$	(763)	(1,297)
Deferred effect from recognition of change in the Allowance constitution model of the credit portfolio		105	-
	$	(658)	(1,297)
Effective IT rate		21%	29%

At December 31, 2017 and 2016, the main temporary differences of Gentera on which deferred IT asset (liability) was recognized are as follows:

		2017	2016
Allowance for loan losses	$	1,769	1,745
Furniture and equipment		115	59
Installation expenses		389	267
Employees' benefits		1,060	744
Provisions		430	280
Tax losses carryforward		1,451	1,069
Other		(99)	(65)
		5,115	4,099
IT rate		30%	30%
Deferred IT		1,532	1,229
Less:			
Valuation allowance*		304	189
Deferred IT asset, net	$	1,228	1,040

* As of December 31, 2017 and 2016, the valuation allowance corresponds mainly to the tax loss carryforwards from Gentera.

As of December 31, 2017 and 2016, the deferred tax asset related to the allowance for loan losses which amounts to $2,252 and $2,212, respectively, is mainly comprised of the total balance of the Bank's allowance for loan losses to those dates.

As of December 31, 2017 and 2016, 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, 2017, in Gentera, the deferred IT roll forward represented a credit to income of the year of $3 ($342 in 2016) and a credit of $185 to "Prior years' results", mainly due to the change in the allowance for loan losses.

As of December 31, 2017 and 2016, Compartamos Servicios recognized a deferred tax asset derived from ESPS, which amounted to $106 and $65, respectively, which is fully reserved.

The combined amounts of Capital Contributions Account (Cuenta de Capital de Aportación - CUCA -Spanish abbreviation) and the net tax profit account (Cuenta de Utilidad Fiscal Neta - CUFIN -Spanish abbreviation) of Gentera and subsidiaries as of December 31, 2017 and 2016, amounts to $1,753 and $21,476, and $1,642 and $13,797, respectively.

(b) ESPS-

For the years ended December 31, 2017 and 2016, Compartamos Servicios calculated ESPS based on article 9 of the IT Law. The amount of ESPS determined for the years ended on December 31, 2017 and 2016, amounts to $46 and $33, respectively, which was recognized under the "Administrative and promotion expenses" caption in the consolidated statement of income. At December 31, 2017 and 2016, Compartamos Financiera recorded a provision of $25 and $19, respectively, for ESPS, recognizing these amounts in the aforementioned caption.

(17) Sundry creditors and other accounts payable-

At December 31, 2017 and 2016, the balance of this caption is comprised as follows:

		2017	2016
Capitalized lease liabilities (note 11)	$	18	10
Social security contributions		148	139
Other taxes		336	315
Labor liabilities (note 15) (1)		600	389
Sundry provisions (2)		931	811
Sundry creditors		712	824
	$	2,745	2,488

(1) Includes $46 and $38, at December 31, 2017 and 2016, respectively, of labor liability mainly from the subsidiaries abroad.

(2) In December 2017, Gentera management announced that during the first quarter of 2018, there would be a restructuring of personnel, for which a provision for $140 was recorded in the consolidated results for the year.

Following is the analysis of the most significant provisions for the years ended December 31, 2017 and 2016:

Type of provision	Balance at January 1, 2017	Plus increases	Less applications	Less cancellations	Balance at December 31, 2017
Short term:					
Sundry provisions	$ 811	2,973	2,808	45	931

Type of provision	Balance at January 1, 2016	Plus increases	Less applications	Less cancellations	Balance at December 31, 2016
Short term:					
Sundry provisions	$ 443	2,250	1,852	30	811

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, 2017 and 2016:

	2017	2016
Employees bonuses	$ 372	397
Advisory and services	126	146
Legal provisions	176	181
Commissions	6	16
Other	251	71
Total provisions	**$ 931**	**811**

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

The Bank Savings Protection Law entered into force 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 is 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 $2.4 and $2.2 at December 31, 2017 and 2016, 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, 2017 and 2016, amounted to $54 and $60, respectively, which were charged directly to the results of the year.

(19) Stockholders' equity-

(a) Structure of capital stock and movements of stockholders' equity-

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

2017 movements-

At the general ordinary stockholder meeting held on April 20, 2017, the stockholders resolved to declare and pay dividends of $1,251, payable in two installments by wire transfer; the first payment was made on July 3, 2017 corresponding to $0.39 pesos per share; the second payment was made no later than December 1, 2017 corresponding to $0.38 pesos per share and both were settled through S. D. Indeval, S. A. de C. V. Institution for Deposit of Securities.

At the same meeting, the stockholders resolved to increase the statutory reserve by $170, reestablishing the fund for the acquisition of own shares by $80, it was resolved to cancel 4'886,816 common registered shares with no par value, without reducing capital stock. They also resolved to cancel 46,008 common registered shares without par value, single series corresponding to the variable portion of capital, which were held in treasury without reducing capital stock.

2016 movements-

At the April 20, 2016, Ordinary General Stockholders' Meeting, it was resolved to restitute the fund for the acquisition of own shares for $140. During 2016, some shares were repurchased for an amount of $90. Furthermore, an increase of the statutory reserve for $158 was approved. In the same Stockholders' Meeting, it was decided to declare and pay dividends for $1,253, equivalent to $0.77 Mexican pesos per share, which were paid on May 13, 2016 through S. D. Indeval, S. A. de C. V. Instituto para el Depósito de Valores (Institution for the Custody of Securities in Mexico). In addition, the shareholders authorized the cancellation of 6,784,489 common shares without nominal value expression corresponding to the variable capital that Gentera held in treasury.

Gentera's subscribed and paid capital at December 31, 2017 and 2016, is comprised as follows:

		2017		
Series	Shares	Description		Amount
"Unique"	415,595,676	Minimum fixed capital with no withdrawal rights	$	1,201
	1,211,415,738	Variable capital		3,563
	1,627,011,414	Capital stock	$	4,764

		2016		
Series	Shares	Description		Amount
"Unique"	415,595,676	Minimum fixed capital with no withdrawal rights	$	1,201
	1,216,302,554	Variable capital		3,563
	1,631'898,230	Capital stock	$	4,764

(b) Restrictions on stockholders' equity-

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

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

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

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

(c) Capitalization requirements (unaudited)-

The Ministry of Finance and Public Credit (SHCP-Spanish acronym) requires banks to have a percentage of capitalization on assets at risk, which are calculated by applying certain percentages depending on assigned risk. As of December 31, 2017 and 2016, 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 a net capital related to the market, credit and operating risk to which it is exposed, and which is not lower than the sum of the capital requirements for the aforementioned risks, in terms of the Capitalization Requirement Rules for Multiple Banking Institutions issued by the SHCP.

At December 31, 2017 and 2016, 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, 2017 is 36.85% according to the current rules. As of December 31, 2016 it is 27.51%.

The ICAP on assets subject to credit risk ("ASRC" by its acronym in Spanish) as of December 31, 2017 and 2016, is 43.33% and 36.76%, respectively.

Following are the most relevant items of the ICAP at December 31, 2017 and 2016:

		2017	2016
Assets in market risk	$	2,538	1,696
Assets in credit risk		22,702	26,284
Assets in operational risk		1,449	7,141
Total risk assets	$	26,689	35,121
Net capital	$	9,836	9,661
Ratio on assets subject to credit risk		43.33%	36.76%
Ratio on assets subject to total risk		36.85%	27.51%

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,	
		2017	2016
Stockholders' equity[1]	$	11,210.2	10,918.0
Deferred taxes, asset from tax differences		-	(1.6)
Deduction of intangibles and deferred expenses or costs		(1,374.2)	(1,255.4)
Basic capital		9,836.0	9,661.0
Complementary capital		-	-
Net capital	$	9,836.0	9,661.0

According to Article 220 of the Dispositions applicable to Credit Institutions, issued in the Official Gazette on December 2, 2005 and subsequent amendments, the Bank has as of December 31, 2016 a Fundamental Capital Ratio (CCF by its acronym in Spanish) higher than 0.7 plus the sum of the Systemic Countercyclical Supplement Capital (SCCS by its acronym in Spanish) and the Countercyclical Supplement Capital Ratio (SCCI by its acronym in Spanish), a Ratio of Basic Capital higher than 0.085 for the years of 2017 and 2016, plus the sum of SCCS and SCCI and an ICAP higher than 10.5%, for both years, plus the sum of SCCS and SCCI. Therefore the Bank is classified in the "I" category in accordance with the aforementioned provisions in both years.

[1] As of December 31, 2017 and 2016, the computation only considers the following capital accounts: i) capital stock, ii) statutory reserves, iii) prior years' results, iv) net income, v) valuation of available-for-sale securities and vi) remeasurements for employees defined benefit . All this in accordance with the modification of Article 2 Bis, Section I, subsection a) of the General Provisions applicable to Credit Institutions, issued in the Official Gazette on November 28, 2012.

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

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

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

$ICAP_M$ = 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, the modification of interest rate policies and the withdrawal of the multiple banking institution's operating authorization.

Market risk-

The capital required for the position of assets at market risk of the Bank as of December 31, 2017 and 2016 is as follows:

Item	Amount of the equivalent positions 2017	Amount of the equivalent positions 2016	Capital requirement 2017	Capital requirement 2016
Operations at nominal rate in local currency	$ 2,245.7	1,033.4	179.66	82.7
Operations at nominal rate in foreign currency	0.24	0.50	0.02	0.04
Shares and on shares positions	-	30.8	-	2.5
Positions in foreign currency or with return indexed to exchange rates	292.14	631.7	23.37	50.5
	$ 2,538.08	1,696.4	203.05	135.74

Credit risk –

The amount corresponding to weighted assets subject to credit risk and their respective capital requirements of the Bank as of December 31, 2017 and 2016 is shown below per risk group and item:

Item	Risk-weighted assets 2017	Risk-weighted assets 2016	Capital requirement 2017	Capital requirement 2016
Risk group:				
Group III (weighted at 20%)	$ 141.3	345.6	11.3	27.6
Group III (weighted at 50%)	-	200.1	-	16.0
Group III (weighted at 100%)	0.5	250.	-	20.0
Group VI (weighted at 100%)	20,287.5	23,111.0	1,623.0	1,848.9
Group VII (weighted at 20%)	-	82.8	-	6.6
Group VII (weighted at 115%)	114.0	295.7	9.1	23.7
Permanent investments and other assets	2,158.2	1,998.5	172.7	159.9
Total credit risk	**$ 22,701.5**	**26,284.3**	**1,816.1**	**2,102.7**

Operational risk-

The capital requirement due to the exposure to the Bank's operational risk for December 2017 is $115.9, while for 2016 it was $571.2, the calculation of 2016 is equivalent to the corresponding percentage, as established in Article 2 bis 112 of the rules for the capitalization requirements of the multiple banking institutions, of 30% for 2016. In July 2017, the Commission granted the Bank, through official document 142-5/2749/2017, authorization to use the alternative standard method for calculating the capital requirement for operational risk. As of December 31, 2017, the Bank calculated the capital requirement for operational risk under the alternative standard.

Capital requirements are calculated periodically and the sufficiency of the capital is evaluated. At December 31, 2017 and 2016, the Bank has maintained a capitalization index of 36.85% and 27.51%, respectively, higher than the current regulatory limit (10.5%).

Leverage index-

From the year ended on December 31, 2016, the Commission established the rule for calculating the leverage index, as of December 31, 2017 and 2016 this index considers the follows:

		2017	2016
Basic capital	$	9,836	9,661
Accounting assets		27,411	31,567
Deductions		1,373	1,257
Derivatives		-	-
Repurchase/resell agreements and loan of securities		-	-
Memo accounts		1,743	4,390
Leverage index		35%	26%

(d) Bank´s agencies credit rating-

As of December 31, 2017 and 2016 the Bank obtained the following agencies credit rating in both years:

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

(1) Ratified rating on August 9, 2017.

(2) Ratified rating on June 15, 2017.

Liquidity Coverage Ratio-

2017		Unweighted amount (average)	Weighted amount (average)
Computable Liquid assets			
Total Computable Liquid Assets	$	N/A*	1,944
Cash outflows			
Non-guaranteed retail financing	$	866	49
Stable financing		761	38
Less stable financing		106	11
Non-guaranteed wholesale financing		596	268
Operational deposits		-	-
Non-operational deposits		596	268
Unsecured debt		-	-
Guaranteed wholesale financing		N/A*	-
Additional requirements:		850	43
Outflows related to derivative financial instruments and other guarantee requirements		-	-
Outflows related to debt instrument financing losses		-	-
Lines of credit and liquidity		850	43
Other contractual financing obligations		146	146
Other contingent financing obligationss		-	-
Total cash outflows		N/A*	505

2017		Unweighted amount (average)	Weighted amount (average)
Cash inflows			
Cash inflows from guaranteed transactions		-	-
Cash inflows from non-guaranteed transactions	$	7,790	4,288
Other cash inflows		-	-
Total cash inflows	$	7,790	4,288
Total computable liquid assets		N/A*	1,944
Total net cash outflows		N/A*	126
Liquidity coverage ratio		N/A*	1604.88%

* N/A = Not applicable, since the values subject to division are zero.

2016		Unweighted amount (average)	Weighted amount (average)
Computable Liquid assets			
Total Computable Liquid Assets	$	N/A*	1,321
Cash outflows			
Non-guaranteed retail financing		247	13
Stable financing		230	11
Less stable financing		17	2
Non-guaranteed wholesale financing		3,155	461

2016		Unweighted amount (average)	Weighted amount (average)
Operational deposits		-	-
Non-operational deposits		3,155	461
Unsecured debt		-	-
Guaranteed wholesale financing		N/A*	-
Additional requirements:		850	43
Outflows related to derivative financial instruments and other guarantee requirements		-	-
Outflows related to debt instrument financing losses		-	-
Lines of credit and liquidity		850	43
Other contractual financing obligations		43	43
Other contingent financing obligations		-	-
Total cash outflows		N/A*	560
Cash inflows			
Cash inflows from guaranteed transactions	$	-	-
Cash inflows from non-guaranteed transactions		11,409	3,359
Other cash inflows		-	-
Total cash inflows	$	11,409	3,359
Total computable liquid assets		N/A*	1,321
Total net cash outflows		N/A*	140
Liquidity coverage ratio		N/A*	973.05%

The average presented considers the information reported during the fourth quarter of 2017 and 2016, corresponding to the period from October 1 to December 31, 2017 and 2016.

During the 2017 quarter there was no departure from the daily Liquidity Coverage Ratio, and the corresponding scenario according to the Liquidity Provisions was Scenario I.

(20) Commitments and contingent liabilities–

Gentera has entered into a number of lease agreements for its head office and service offices from which it performs its transactions. The average terms of these agreements range from two to five years. Rent payments to be made over the next five years amount to $3,064 ($525 in 2018, $566 in 2019, $609 in 2020, $656 in 2021 and $708 in 2022).

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 it was 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 at an exchange rate of $12.62 Mexican pesos per dollar, during the aforementioned period. For the payment of the rent Gentera has a grace period of six months to condition the property for its use beginning on October 1, 2012. During 2017 and 2016, the use of 5 more floors in addition to those already contracted to be used for operations, was added to the contract, thus the expense for this concept during the years ended December 31, 2017 and 2016 was $127 and $125, respectively.

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

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

For the most part, contract renewals require that the lessor 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 lessor is to grant Gentera 60 days prior to expiration of the agreement to conduct the renewal.

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

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

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

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

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

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

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

For the years ended on December 31, 2017 and 2016, lease payments were recorded in the consolidated income statement for $800 and $562, respectively.

As of December 31, 2107, 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, 2010 and 2011, 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, $97, $200, and $215 for the same years, respectively. In addition, the Bank have other claims filed by the SAT related to fiscal years 2006, 2007, 2009 and 2011, whose complaint comes from other concepts related to differences in deductibility criteria applied to the IT, which amount to $19, $21, $3 and $65, respectively.

Compartamos Servicios is involved in several claims and labor trials, derived from the demands of ex-employees, whose effects are not expected to have material effect.

(21) Balances and operations with related parties-

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

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

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

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

For the years ended on December 31, 2017 and 2016, Gentera granted to key management personnel, short term direct benefits for $248 and $247, respectively.

The main transactions celebrated with related parties for the years ended on December 31, 2017 and 2016, are as follows:

		2017	2016
Donations expenses	$	23	8
Income from associate interest	$	36	23
Cost on associated shares sale (note 3k)	$	(269)	-

(22) Additional segments information-

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

Out of the total income earned by the Bank (main subsidiary) for the years ended December 31, 2017 and 2016, 95% and 96% 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 4% of the operation of the Bank) are the treasury segment and commissions from insurance operations.

Financial margin

For the years ended on December 31, 2017 and 2016, the financial margin is shown as follows:

		2017	2016
Interest income:			
Loan portfolio interest	$	20,671	19,828
Interest on cash and cash equivalents		209	149
Interest arising from investments in securities		9	4
Income from changes in valorization		-	34
Interest from repurchase/resell agreements		-	2
	$	20,889	20,017
Interest expense:			
Demand and time deposits	$	265	119
Cebures (includes amortization of issuance expenses of $19 and $13 in 2017 and 2016, respectively)		718	498
Bank and other loans		510	562
Result from the valuation of funds		24	-
	$	1,517	1,179

Interests and commissions per type of loan-

Interests and commissions per type of loan, for the years ended on December 31, 2017 and 2016, are comprised as follows:

	2017		2016	
	Current	Past-due	Current	Past-due
Interest income				
Commercial loans:				
Business and commercial	$ 361	1	213	-
Consumer loans	20,298	-	19,598	-
Residential mortgages	4	7	7	10
	$ 20,663	8	19,818	10

For the years ended on December 31, 2017 and 2016, income and expense for commissions and fees, are comprised as follows:

	2017	2016
Commissions and fees income:		
Consumer loans	$ 464	518
Insurance operations	650	472
Other	298	412
	$ 1,412	1,402
Commissions and fees expense:		
Bank fees	$ 171	249
Brokers	170	339
Insurance operations	56	70
Loans received	8	6
Other	8	27
	$ 413	691

For the years ended on December 31, 2017 and 2016, "Other operating income (expenses), net", is analyzed as follows:

	2017	2016
Other operating income (expenses), net:		
Loan portfolio recoveries	$ 60	50
Cancelation of excess amounts of preventive allowance for risks	13	-
Allowance for bad debts (includes the net loss on sale of shares (see note 3(k))	(166)	(364)
Miscellaneous losses	(19)	(19)
Donations	(52)	(51)
Results on sales of furniture and equipment	(13)	(4)
Capitalized leases	(1)	(1)
Cancellation of provisions	39	41
Other income (expenses)(mainly insurance premium)	73	124
Total	**$ (66)**	**(224)**

Following is a condensed consolidated income statement (including intercompany balances eliminations) of Gentera and subsidiaries for the years ended on December 31, 2017 and 2016:

2017		Subsidiaries							
	Gentera	Bank	Compartamos Guatemala	Financiera Compartamos	Red Yastás	Compartamos Servicios	Controladora AT	Intermex	Total
Interest income	$ 8	17,521	518	2,807	8	16	7	4	20,889
Interest expense	-	1,055	-	462	-	-	-	-	1,517
Financial margin	8	16,466	518	2,345	8	16	7	4	19,372
Financial margin adjusted for credit risk	8	13,359	454	1,876	8	16	7	4	15,372
Operating income before income tax	(20)	11,181	69	284	(83)	(7,681)	126	136	4,012
Net income	**(50)**	**10,418**	**51**	**215**	**(84)**	**(7,826)**	**100**	**113**	**2,937**

2016		Subsidiaries							
	Gentera	Bank	Compartamos Guatemala	Financiera Compartamos	Red Yastás	Compartamos Servicios	Controladora AT	Intermex	Total
Interest income	$ 2	17,420	427	2,132	3	28	3	2	20,017
Interest expense	-	811	6	362	-	-	-	-	1,179
Financial margin	2	16,609	421	1,770	3	28	3	2	18,838
Financial margin adjusted for credit risk	2	13,791	370	1,401	3	28	3	2	15,600
Operating income before income tax	(283)	11,773	68	229	(78)	(7,064)	89	115	4,849
Net income	**$ (283)**	**10,424**	**52**	**159**	**59**	**(7,225)**	**73**	**100**	**3,410**

(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. Ongoing supervision of CRM policies and procedures.

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

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

e. Clear determination of responsibilities pertaining to CRM.

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

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

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

CRMU 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, 2017 and 2016 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, the Bank's loan portfolio can be classified as retail portfolio.

As of December 31, 2017 and 2016, the portfolio is comprised for 2.9 and 3.4 million loans, respectively, as well the average outstanding balance in this dates has remained at approximately $7,339 and $6,980 Mexican pesos, respectively at an average term of five and four months, respectively.

The maximum authorized amount for a loan is $200,000 Mexican pesos in 2017 and 2016, as a result of which, the maximum financing limits established in the provisions for one individual or group of individuals representing a common risk were complied with no exceptions. In addition, no operations were conducted with customers considered an individual or group of individuals who, comprising one or more liabilty operations payable by the Bank, exceeded 100% of the basic capital.

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

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

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

Consumer loans

	Distribution of the loan portfolio by rating (data in percentages to the total loan portfolio)			
	2017		2016	
Rating	Balance	Average	Balance	Average
A-1	64.2	75.1	68.4	69.6
A-2	3.8	2.6	0.4	0.4
B-1	0.8	1.4	2.4	2.1
B-2	8.1	6.1	8.8	9.9
B-3	2.6	1.8	1.8	1.6
C-1	7.8	5.4	7.5	7.0
C-2	4.7	3.3	3.1	3.3
D	2.0	1.3	0.9	0.9
E	6.0	3.0	6.7	5.2
Total	100.0	100.0	100.0	100.0

Expected loss and loss given default weighted for exposition

	2017	2016	Variation (%)
Total exposure	$ 21,908	25,063	(12.59)
Expected loss (exposure weighted) (%)	9.16	9.13	0.33
Loss given default (exposure weighted) (%)	76.18	75.34	1.1

The measurement methodology used to calculate the unexpected losses from the portfolio credit risk is an approximation of said loss through a Gamma distribution with parameters associated to the regulator model plus a calibration factor.

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

Commercial loan portfolio

		Credit risk 2017		Credit risk 2016	
Concept		Balance	Average	Balance	Average
Commercial loan portfolio:					
Total exposure	$	-	-	-	-
Expected loss		-	-	-	-
Unexpected loss at 95%		-	-	-	-
Expected loss/total exposure		N/A*	N/A*	N/A*	N/A*
Unexpected loss/total exposure		N/A*	N/A*	N/A*	N/A*

* N/A = It is not applicable, because the values subject to division are zero.

At December 31, 2017 and 2016 the quantitative information for the credit risk of the consumer loan portfolio, is as follows:

		Credit risk			
Concept		Balance **2017**	Average **2017**	Balance 2016	Average 2016
Cartera de consumo:					
Exposición total	$	21,908	23,350	25,063	25,113
Pérdida esperada		2,989	3,562	1,164	1,567
Pérdida no esperada al 95%		2,991	3,810	1,672	1,575
Pérdida esperada/ exposición total		13.64%	15.25%	4.64%	6.24%
Pérdida no esperada/ exposición total		13.65%	16.32%	6.67%	6.27%

The expected loss pertaining to the loan portfolio under consideration as of December 31, 2017 represents 13.64% of the overall balance exposed to default. The Bank has set up loan loss reserves totaling $1,521, equivalent to 6.94% of the balance of the overall portfolio. As of December 31, 2016, the expected loss was of 4.64% and the allowance amounted to $1,695; 6.7% with respect to the balance of the overall portfolio at such date. The loan portfolio is rated in accordance with the rules for rating the loan portfolio issued by the SHCP and the methodology established by the Commission. The Bank only sets up allowance for loan losses in addition to those created as a result of the portfolio rating process, in compliance with Title Two, Chapter I, Section Four of Article 39 of the General Provisions Applicable to Credit Institutions. As of December 31, 2017 and 2016, 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.

At December 31, 2017, income from loan operations amounted to $17,400, representing 99.3% of the Bank's total income, compared to the same item at December 31, 2016, the variation in income, in percentage terms is 0.57%.

Income from loan operations

		2017	2016	Variation (%)
Loan income	$	17,400	17,301	0.57%
Total income	$	17,521	17,420	0.58%
Income from loan operations (%)		99.3	99.3	-%

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 monthly basis. As of December 31, 2017, the position in financial instruments subject to counterparty risk totals $585; 100% in Call Money operations. The expected loss pertaining to counterparty risk is 0.83% of the overall exposure. In comparison, as of December 31, 2016, the Bank's position in financial instruments subject to counterparty risk totaled $2,238; 100% in call money operations with an expected loss from counterparty risk of 1.36%, with respect to the overall exposure.

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

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

Following is the exposure to counterparty risk for purchase/sale of securities and interbank loans as of December 31, 2017 and 2016, as well as the maximum exposure to such risk during these years, are as follows:

	Exposure to counterparty risk at December 31, 2017			
		Amount at year-end	Maximum exposure	Concentration at year-end (%)
Total position	$	585	4.8	100%
Purchase/sale of securities				
Rating AAA		-	-	-
Rating AA		-	-	-
Rating A		-	-	-
Call Money	$	585	4.8	100%

* The authorized counterparty risk limit is 8% of the product related to the ASRC of the Bank's latest known net capital. The ASRC product x ICAP of the period was $702.

	Exposure to counterparty risk at December 31, 2016			
		Amount at year-end	Maximum exposure	Concentration at year-end (%)
Total position	$	2,238	30.4	100%
Purchase/sale of securities				
Rating AAA		-	-	-
Rating AA		-	-	-
Rating A		-	-	-
Call Money	$	2,238	30.4	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 $7,312.

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

Market risk-

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

As of December 31, 2017 and 2016, the Bank's portfolio of financial instruments subject to market risk is comprised solely of Call Money. As a result, the main risk factors that could affect the value of the investment portfolio are interest rates, spreads, and the prices of other financial instruments. It should be mentioned that the Bank's treasury operation is limited to investment of cash surpluses from the credit operation.

The process for risk measurement 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, 2017:

	Value at Risk, 1 day (VaR) on December 31, **2017**				
Portfolio		Market mercado	VaR at 99%	% Position	Use of limit (%)[1]
Total position	$	586	2.9	0.50%	29%
Money[2]					
Purchase of securities		-	-	-	-
Call Money		585	2.9	0.50%	29%
Derivatives[3]		-	-	-	-
Foreign currencies		0.7	0.009	1.37%	0.03%
Equity	$	-	-	-	-

1. At December 31, 2017 the authorized risk limit is calculated based on the maximum exposure, with an exposure of $585 corresponds a limit of $10.

2. The positions subject to market risk referred to are call money operations and foreign currencies.

3. There are no derivative operations for trade or hedge purposes.

Following is the quantitative information for market risk as of December 31, 2016:

	Value at Risk, 1 day (VaR) on December 31, 2016				
Portfolio		Market mercado	VaR at 99%	% Position	Use of limit (%)[1]
Total position	$	2,604	7.99	0.31%	75.8%
Money[2]					
Purchase of securities		-	-	-	-
Call Money		2,237	0.09	0.004%	0.9%
Derivatives[3]		-	-	-	-
Foreign currencies		366	7.9	2.15%	74.9%
Equity		-	-	-	-

1. At December 31, 2016 the authorized risk limit is calculated based on the maximum exposure, with an exposure of $2,604 corresponds a limit of $10.

2. The positions subject to market risk referred to are call money operations and foreign currencies.

3. There are no derivative operations for trade or hedge purposes.

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 2017 was $6,286,179 Mexican pesos, corresponding to 63% of the limit calculated exposure as of December 31, 2016. The daily average VaR held in 2015 was $2,512,396 Mexican pesos, corresponding to 24% of the last ASRM product x ICAP known as of December 31, 2016.

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

Backtesting is conducted monthly to compare the losses and gains that would have been observed had the same positions been maintained, considering only the change in value due to market movements, against the calculation of the VaR. This allows for evaluating the accuracy of the prediction. To date, testing has been highly effective by more than 98%.

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.

The sensitivity and stress tests conducted as of December 31, 2017 and 2016, respectively are shown in the following page.

		Sensitivity analysis as of December 31, **2017**			
		Market Value	VaR at 99%	Sensitivity +100 pb	Stress +150pb
Total position	$	586	2.9	3.6	4.9
Money:					
Purchase of securities:					
Call Money		585	2.9	4.2	5.6
Foreign currencies		0.7	0.009	0.01	0.02

		Sensitivity analysis as of December 31, 2016			
		Market Value	VaR at 99%	Sensitivity +100 pb	Stress +150pb
Total position	$	2,604	7.99	12	16
Money:					
Purchase of securities:					
Call Money		2,237	0.09	0.2	0.3
Foreign currencies		366	7.9	11.8	15.7

Income from treasury operations at the end of 2017 was $120, accounting for 0.7% of the Bank's overall interest income. The variation in treasury income was determined comparing the same item for the prior year 2016, which was $85.

		Income from treasury operations		
		2017	2016	Variation (%)
Income from treasury operations	$	120	85	41.2%
Total interest income		17,521	17,420	0.59%
Income from treasury operations (%)		0.7%	0.5%	40%

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 Bank'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.

As of December 31, 2017, the quantitative information for the analysis of liquidity gaps is as follows:

Analysis of liquidity gaps (accumulated)[1] **2017**			
Bucket	Gap	Limit*	Use of limit (%)
1-30 days	$ 176	1.4%	0%
31-60 days	4,930	39.3%	0%
61-90 days	8,689	69.2%	0%
91-120 days	9,731	77.5%	0%
121-180 days	11,927	95.0%	0%
181-270 days	11,937	95.1%	0%
271-360 days	11,361	90.5%	0%
361-720 days	10,018	79.8%	0%
721-1,080 days	6,611	52.6%	0%
1,081-1,440 days	5,302	42.2%	0%
1,441-1,800 days	2,999	23.9%	0%

Analysis of liquidity gaps as of December 31, **2017**			
Bucket	Gap	Limit*	Use of limit (%)
1-30 days	$ 176	1.4%	0%
31-60 days	4,930	39.3%	0%
61-90 days	8,689	69.2%	0%
91-120 days	9,731	77.5%	0%
121-180 days	11,927	95.0%	0%
181-270 days	11,937	95.1%	0%
271-360 days	11,361	90.5%	0%
361-720 days	10,018	79.8%	0%
721-1,080 days	6,611	52.6%	0%
1,081-1,440 days	5,302	42.2%	0%
1,441-1,800 days	2,999	23.9%	0%

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

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

The liquid assets plus available lines as of December 31, 2017, were $12,557.

As of December 31, 2016, the quantitative information for the analysis of liquidity gaps is as follows:

Analysis of liquidity gaps (accumulated)[1] 2016			
Bucket	Gap	Limit*	Use of limit (%)
1-30 days	$ 2,133	14%	0%
31-60 days	9,186	62%	0%
61-90 days	13,571	91%	0%
91-120 days	15,559	104%	0%
121-180 days	17,019	114%	0%
181-270 days	18,136	122%	0%
271-360 days	16,499	111%	0%
361-720 days	17,005	114%	0%
721-1,080 days	13,053	88%	0%
1,081-1,440 days	10,041	67%	0%
1,441-1,800 days	(2,344)	(16%)	16%

Analysis of liquidity gaps as of December 31, 2016			
Bucket	Gap	Limit*	Use of limit (%)
1-30 days	$ 2,133	14%	0%
31-60 days	7,053	62%	0%
61-90 days	4,385	91%	0%
91-120 days	1,989	104%	0%
121-180 days	1,460	114%	0%
181-270 days	1,117	122%	0%
271-360 days	(1,637)	111%	0%
361-720 days	506	114%	0%
721-1,080 days	(3,952)	88%	0%
1,081-1,440 days	(3,011)	67%	0%
1,441-1,800 days	(12,386)	(16%)	16%

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

The liquid assets plus available lines as of December 31, 2016, were $14,917.

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 2017, of $11,361. The overall accumulated gap is negative.

[2] The calculation of the accumulated gaps is presented in order to clarify the period, where a gap of liquidity exists.

At December 31, 2017 the quantitative information for liquidity risk of the Bank, is as follows:

		VaR Liquidity, 10 days 2017		
		Value	Position (%)	Use of limit (%)*
VaR liquidity at 99%	$	9.3	1.6%	29.3%
Money:				
Purchase of securities		0	0%	
Call Money		9.3	1.6%	29.3%
Foreign currencies		0.0	4.5%	0.1%

* The authorized risk limit is calculated based on the maximum exposure at December 31, 2017 with an exposure of $19.7 corresponds a limit of $31,622,777 Mexican pesos.

The Bank net capital as of December 31, 2017 is $9,836.

At December 31, 2016 the quantitative information for liquidity risk of the Bank, is as follows:

		VaR Liquidity, 10 days 2016		
		Value	Position (%)	Use of limit (%)*
VaR liquidity at 99%	$	25.2	0.96%	75.8%
Money:				
Purchase of securities		-	-	-
Call Money		0.28	0.01%	0.9%
Foreign currencies		24.9	0.095%	74.9%

* The authorized risk limit is calculated based on the maximum exposure at December 31, 2016 with an exposure of $2,604 corresponds a limit of $33,203,915 Mexican pesos.

The Bank net capital as of December 31, 2016 is $9,661.

The average liquidity VaR for 2017 was $19,878,644 Mexican pesos, equivalent to 62.9% of the limit calculated at December 31, 2016 ($31,622,777 Mexican pesos). Sensitivity and stress tests are also conducted for liquidity risk management. The average liquidity VaR for 2016 was 7,944,895 Mexican pesos, equivalent to 24% of Institution's net capital as of December 31, 2016 (33,203,915 Mexican pesos).

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

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 Institution'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.

The operational risk loss events, including technological and legal, are recorded systematically, associating them with the corresponding business lines or units as well as the type of risk (1. Internal Fraud, 2. Outside Fraud, 3. Labor Relations and occupational safety, 4. Clients, products and business practices, 5.External events, 6.Incidents in the business and flaws in the system, as well as 7. Execution, delivery and process management). The Bank considers fraud and damage to assets its main exposures.

A global tolerance level has been established for operational risk, taking into account the causes, origins or risk factors.

There is a Business Continuity Plan (BCM) that includes a Disaster Recovery Plan (DRP) aimed at technology risks and a Business Contingency Plan (BCP). The update of such plans is the responsibility of the leaders named for such purpose.

At closing of December 2017 and 2016 the Tolerance Level, which by the way it is defined can be understood as the Bank's Exposure to Operational Risk, is 0.30% of annual income, estimated monthly, equivalent to $52.6 for 2017 and $52.3 for

2016. The materialized loss events associated to operational risk amounted to 0.38% in 2017 and 0.36% in 2016 as a percentage of annual income, above the tolerance limit in both years, due to the payment of lawsuits, as well as losses from external causes and natural disasters.

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.

The Bank has policies and procedures aimed at minimizing the negative impacts due to the materialization of technology risks such as:

i. Contingency policies in case of flaws in the supply of energy, communication malfunctions, acts of vandalism, natural disasters, among others.

ii. Evaluate risks and technology controls.

iii. Historical file of all operations and arranged transactions.

iv. Daily reconciliations.

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

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. Procedures for filing and safeguarding agreements and other legal information.

iii. Detailed management of powers granted to the Board of Directors, so as to avoid misuse.

iv. Procedures to ensure adequate action in response to litigation, defend efficiently and effectively, be able to take action to protect and preserve the rights of the Bank.

v. Preparation of reports on the likelihood of issuance of adverse legal or administrative rulings. The reports are prepared at least on a quarterly basis.

vi. Procedures established to ensure that the Legal department safeguards the correct use of the Bank's trademarks, local trademarks, commercial notices and copyrights.

(24) Recently issued financial reporting and regulatory standards -

Changes in the provisions of the Commission

On December 27, 2017, different amendments to the Accounting Criteria were published in the DOF. These modifications come into effect on January 1, 2019, management is analyzing the effect these modifications will have on the financial information. The most relevant changes are mentioned in the next page.

Accounting Criteria A-2 "Application of particular standards"

Certain FRS issued by the CINIF are incorporated so that they are applicable to credit institutions at the time of determining the term for enforcement, in order for these financial institutions to be able to comply. These FRS are the following: B-17 "Determination of fair value", C-16 "Impairment of financial instruments receivable", C-19 "Financial instruments payable", C-20 "Financial instruments receivable principal and interest", D-1 "Revenues from contracts with clients" and D-2 "Costs from contracts with clients".

Accounting criteria B-6, "Loan portfolio" and D-2 "Statement of income"

The accounting criteria applicable to credit institutions are adjusted so that they can cancel, in the period in which they occur, the excesses in the balance of allowance for loan losses, as well as to recognize the recovery of credits previously written off against "Allowance for loan losses" in the consolidated statement of income.

The Bank's management is in the process of evaluating the financial effects that will arise from these changes in the Commission's Provisions.

The CINIF has issued the FRS and Revisions mentioned below:

FRS B-17 "Determination of fair value"
FRS C-2 "Investment in financial instruments"
FRS C-3 "Accounts receivable"
FRS C-9 "Provisions, Contingencies and Commitments"
FRS C-10 "Derivative financial instruments and hedge relationships"
FRS C-16 "Impairment of financial instruments receivable"
FRS C-19 "Financial instruments payable"
FRS C-20 "Financial instruments receivable principal and interest"

FRS 2018 Revisions

In December of 2017 the Mexican Board of Financial Information Standards (Consejo Mexicano de Normas de Información Financiera, A. C. (CINIF)) issued a document called "FRS 2018 Revisions", which contains specific modifications to some existing FRS. These revisions are in the next page, but did not have any effects on the financial information of Gentera.

FRS B-2 "Statement of cash flows"- This requires new disclosures about liabilities associated to financing activities, whether or not they required the use of cash or cash equivalents, preferably through a reconciliation of the beginning and ending balances thereof. This revision will be effective for periods starting on or after January 1, 2018, allowing early adoption. The resulting accounting changes should be recognized retrospectively.

FRS B-10 "Effects of inflation"- This requires disclosing the percentage of accumulated inflation for the three previous fiscal years based on which the economic environment in which the entity operated in the current year was described as inflationary or non-inflationary, and the cumulative inflation percentage of three years, including the two previous years and that of the period itself, based on which the economic environment in which the entity will operate in the following year will be rated. This revision will be effective for periods starting on or after January 1, 2018, allowing early adoption. The resulting accounting changes should be recognized retrospectively.

FRS C-6 "Property, plant and equipment" and FRS C-8 "Intangible assets" – This establishes that a depreciation and amortization method of an asset based on the amount of revenues associated with the use thereof is not appropriate, given that this amount may be affected by factors other than the asset's economic benefit usage pattern. This revision will be effective for periods starting on or after January 1, 2018, allowing early adoption. The resulting accounting changes should be recognized prospectively.

FRS C-14 "Transfer and derecognition of financial assets"- This eliminates the requirement to recognize the effects of the subsequent recognition of a transferred asset and of the associated liability at fair value in earnings, since it represented a contradiction of the requirement in the same standard that said recognition be made based on the relative rules, depending on the type of asset in question. This revision will be effective for periods starting on or after January 1, 2018, allowing early adoption. The resulting accounting changes should be recognized retrospectively.

Management estimates that the new FRS and FRS revisions will not yield significant effects on the financial statements of Gentera, because they are immaterial, or not applicable or there is a specific criterion of the Commission in that regard.

Ing. Enrique
Majós Ramírez

Chief Executive Officer

Lic. Mario Ignacio
Langarica Ávila

Chief Financial Officer

C.P.C. Oscar Luis Ibarra Burgos

General Internal Auditor

C.P.C. Marco Antonio
Guadarrama Villalobos

Controller

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