NACIONAL FINANCIERA, S. N. C.,
Development Banking Institution and Subsidiaries

INDEPENDENT AUDITORS' REPORT
AND CONSOLIDATED FINANCIAL STATEMENTS
AT DECEMBER 31, 2014 AND 2013

NACIONAL FINANCIERA, S. N. C.,
Development Banking Institution and Subsidiaries

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AT DECEMBER 31, 2014 AND 2013

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Crowe Horwath Gossler™

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1. INDEPENDENT AUDITORS' REPORT

To the National Banking and Securities Commission

To the Ministry of Public Function

To the Board of Directors of
Nacional Financiera, S.N.C., Development Banking Institution

Scope of the review

We have audited the accompanying consolidated financial statements of **Nacional Financiera, S.N.C., Development Banking Institution and Subsidiaries** (the Institution), which include the consolidated balance sheet at December 31, 2014 and 2013, and the consolidated statements of income, changes in stockholders' equity, and cash flows for the years then ended, and a summary of the significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these accompanying consolidated financial statements in accordance with the accounting criteria applicable to Lending Institutions issued by the Mexican National Banking and Securities Commission and for the internal control deemed necessary by Management to permit the preparation of consolidated financial statements that are free of material misstatements, whether due to fraud or error.

Auditor's responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of **Nacional Financiera, S.N.C., Development Banking Institution and Subsidiaries,** at December 31, 2014 and 2013, have been prepared, in all material respects, in conformity with the General Provisions applicable to Lending Institutions, issued by the Mexican National Banking and Securities Commission.

Emphasis paragraphs

Though the foregoing has no effect on our opinion, we hereby draw attention to the following aspects:

1. Note 24 to the consolidated financial statements specifies that the Institution realized the payment in the amount of 1200 and 400 million Mexican pesos on October 31, 2014 and December 3, 2013, in conformity with the indications in official letter number 102-B-064 and 102-B-126, dated October 27, 2014 and November 29, 2013, issued by the Undersecretary of Ministry and Public Credit, whereby the Federal Government instructs the Institution to realize a payment under the juridical nature of use for furnishing a sovereign guarantee of the Federal Government. That use was realized with a charge to the Institution's income and is shown in the "Other operating revenues (disbursements)" in the consolidated statements of income of 2014 and 2013.

2. As discussed in Notes 3.11 and 10 to the consolidated financial statements, beginning December 2013, the Institution applied the new loan portfolio rating methodology established by the Mexican National Banking and Securities Commission, whose opening effect of adoption generated a decrease in the preventive estimate for credit risks in the amount of 904 million Mexican pesos. However, the Institution prudentially decided to create additional reserves in the amount of 686 million Mexican pesos, foreseeing that it should increase that estimate in fiscal 2014. During fiscal 2013, the increase in the preventive estimate for credit risks amounted to 1 billion 612 million Mexican pesos.

Gossler, S. C.

RÚBRICA
Alejandro Torres Hernández
Certified Public Accountant

Mexico City, Mexico
February 13, 2015

NACIONAL FINANCIERA, S. N. C.,
Development Banking Institution and Subsidiaries
Av. Insurgentes Sur 1971, Col. Guadalupe Inn, C.P. 01020 México, D.F.

CONSOLIDATED BALANCE SHEETS
AT DECEMBER 31, 2014 AND 2013
(Millions of Mexican pesos)

(Notes 1 to 3)

	2014	2013
ASSETS		
Liquid assets (Note 5)	$18,105	$17,454
Memorandum accounts	1	1
Investments in securities: (Note 6)		
Trading securities	190,925	190,458
Available-for-sale securities	4,071	2,736
Held-to-maturity securities	12,696	12,555
	207,692	205,749
Receivables under repurchase agreements (Note 7)	4,572	-
Derivatives: (Note 8)		
Trading purposes	389	13
Designated as hedges	366	601
	755	614
Valuation adjustment on hedges of financial assets (Note 8)	193	85
Performing loan portfolio:		
Commercial credits:		
Business or commercial activity	27,584	23,301
Financial entities	109,677	86,685
State-owned entities	9,975	6,278
	147,236	116,264
Consumer lending	5	4
Housing lending	153	164
Credits granted as Agent for the Federal Government	1,013	2,439
Total performing loan portfolio	148,407	118,871
Nonperforming loan portfolio:		
Commercial credits:		
Business or commercial activity	6	11
Financial entities	1,870	1,705
	1,876	1,716
Consumer lending	3	3
Housing lending	13	12
Total nonperforming loan portfolio	1,892	1,731
Loan portfolio (Note 9)	150,299	120,602
Preventive estimate for loan risks (Note 10)	(3,955)	(3,504)
Loan portfolio, net	146,344	117,098
Other receivables, net: (Note 11)	3,308	2,772
Repossessed assets, net (Note 12)	25	23
Property, plant and equipment, net (Note 13)	1,569	1,582
Other investments (Note 14)	28	30
Permanent investments, net (Note 15)	6,207	5,617
Deferred taxes and PTU, net (Note 22)	224	-
Other assets:		
Deferred charges, prepaid expenses and intangibles	727	1,012
Total assets	$389,750	$352,037

	2014	2013
LIABILITIES		
Traditional deposits:		
Term deposits: (Note 16)		
Money market	$116,610	$108,913
Negotiable instruments issued:		
Bank bonds (Note 17)	28,825	11,591
Securities outstanding abroad (Note 18)	18,555	12,891
	163,990	133,395
Interbank loans and loans for other agencies: (Note 19)		
Demand deposits	1,000	5,193
Short-term	5,675	5,115
Long-term	7,097	6,574
	13,772	16,882
Payables under repurchase agreements (Note 7)	181,484	176,758
Derivatives: (Note 8)		
Trading purposes	26	19
Valuation adjustment on hedges of financial liabilities (Note 8)	694	50
Other payables: (Note 20)		
Taxes on earnings payable	1,012	521
Employee profit sharing payable	310	152
Payables on liquidation of trades	3,000	681
Payables under memorandum accounts	518	208
Accrued liabilities and other payables	721	484
	5,561	2,046
Deferred taxes and PTU, net (Note 22)	-	264
Deferred credits and advance payments from customers	139	50
Total liabilities	365,666	329,464
STOCKHOLDERS' EQUITY (Note 23)		
Paid-in capital:		
Capital stock	8,805	8,805
Contributions for future capital increases formalized by the Board of Directors	1,950	1,950
Paid stock premium	8,922	8,922
	19,677	19,677
Capital gains		
Capital reserves	1,730	1,730
Prior year losses	(257)	(1,982)
Gain on valuation of available-for-sale securities	(52)	14
Accumulated effect on translation	34	34
Effects of valuation in associate and affiliate companies	162	217
Net income	1,648	1,725
	3,265	1,738
Non-holding company equity	1,142	1,158
Total stockholders' equity	24,084	22,573
Total liabilities and stockholders' equity	$389,750	$352,037

Memorandum accounts	2014	2013
Guarantees granted (Note 25)	$ 132	$ 565
Contingent assets and liabilities (Note 25)	$ 43,674	$ 36,858
Credit commitments (Note 25)	$ 98,999	$ 66,526
Assets placed in trust or mandate (Note 26)		
Trusts	$ 1,065,509	$ 916,528
Mandates	18,912	19,859
	$ 1,084,421	$ 936,387
Federal Government Financial Agent (Note 26)	$ 241,034	$ 202,512
Assets in custody or administration (Note 27)	$ 442,268	$ 381,265
Collateral received by the entity	$ 24,430	$ 13,208
Collateral received and sold or pledged as a guarantee by the entity	$ 19,859	$ 13,208
Investment bank third party trading, net	$ 114,323	$ 102,289
Uncollected accrued interest derived from the non-performing loan portfolio	$ 329	$ 144
Other memorandum accounts (Note 28)	$ 412,715	$ 332,577

These consolidated balance sheets were prepared in conformity with the Accounting Criteria for Lending Institutions issued by the Mexican National Banking and Securities Commission, in accordance with the provisions of Articles 99, 101, and 102 of the Lending Institutions Activities Act. Those criteria, whose observance is general and mandatory, were applied on a consistent basis. The transactions carried out by the Institution and reflected up to the dates referred to above were carried out and valued in accordance with sound practices and the pertinent legal and administrative provisions.

The historical balance of capital stock amounts to $2,390.

These consolidated balance sheets were approved by the Board of Directors, under the responsibility of the directors who subscribe them.

These consolidated financial statements may be consulted on the following web page http://www.nafin.com/portalnf/content/sobre-nafinsa/informacion-financiera/informacion.html

RÚBRICA	RÚBRICA	RÚBRICA
Dr. Jacques Rogozinski Schtulman Chief Executive Officer	Dr. Federico Ballí González Associate General Director of Administration and Finance	C.P. Sergio Navarrete Reyes Director of Accounting and Budget

The accompanying notes are part of these consolidated financial statements.

NACIONAL FINANCIERA, S. N. C.,
Development Banking Institution and Subsidiaries

Av. Insurgentes Sur 1971, Col. Guadalupe Inn, C.P. 01020 México, D.F.

CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Millions of Mexican pesos)
(Notes 1 to 3)

	2014	2013
Interest income (Note 24)	$ 15,157	$ 19,530
Interest expenses (Note 24)	(11,263)	(16,751)
Financial margin	3,894	2,779
Preventive estimate for loan risks	(1,592)	(1,394)
Financial margin adjusted by credit risks	2,302	1,385
Commission and fee income (Note 24)	2,519	2,233
Commission and fee expense (Note 24)	(293)	(191)
Gain on brokerage (Note 24)	838	1,524
Other operating income (expenses) (Note 24)	4	176
Administration and promotion expenses	(3,074)	(2,911)
Operating income	2,296	2,216
Equity in losses of unconsolidated subsidiaries and associates	(2)	(9)
Income before taxes on earnings	2,294	2,207
Taxes on earnings due (Note 22)	(929)	(490)
Deferred taxes on earning, net (Note 22)	307	30
Net income	1,672	1,747
Non-holding company equity	(24)	(22)
Net income including controlling company equity	$ 1,648	$ 1,725

These consolidated statements of income were prepared in conformity with the Accounting Criteria for Lending Institutions issued by the Mexican National Banking and Securities Commission, in accordance with the provisions of Articles 99, 101, and 102 of the Lending Institutions Activities Act. Those criteria, whose observance is general and mandatory, were applied on a consistent basis. All the income and expenditures derived from the transactions carried out by the Institution and reflected during the periods referred to above were carried out and valued in accordance with sound practices and the pertinent legal and administrative provisions.

These consolidated statements of income were approved by the Board of Directors, under the responsibility of the directors who subscribe them.

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Chief Executive Officer

RÚBRICA
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RÚBRICA
C.P. Sergio Navarrete Reyes
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The accompanying notes are part of these consolidated financial statements.

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Development Banking Institution and Subsidiaries
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CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY FOR THE YEARS ENDED DECEIMBER 31, 2014 AND 2013
(Millions of Mexican pesos)
(Notes 1 to 3)

	Capital contributions			Capital gains							
	Capital stock	Contributions for future capital increases formalized by the Board of Directors	Paid stock premium	Capital reserves	Prior year losses	Gain or loss on valuation of available-for-sale securities	Accumulated effect on translation	Effects of valuation in associate and affiliate companies	Net income	Non-holding company equity	Total stockholders' equity
Balances at December 31, 2012	$ 8,805	$ 1,950	$ 8,922	$ 1,730	$ (3,275)	$ 51	$ 34	$ 36	$ 1,358	$ 1,048	$ 20,659
Change inherent to decisions by stockholders -											
Allocation of prior year income	-	-	-	-	1,358	-	-	-	(1,358)	-	-
	-	-	-	-	1,358	-	-	-	(1,358)	-	-
Changes inherent to recognition of comprehensive income -											
Net income	-	-	-	-	-	-	-	-	1,802	-	1,802
Gain or loss on valuation in associated and affiliated companies	-	-	-	-	-	-	-	181	-	-	181
Gain on valuation of available-for-sale securities	-	-	-	-	-	(37)	-	-	-	-	(37)
Non-holding company equity	-	-	-	-	-	-	-	-	(22)	110	88
Total changes inherent to recognition of comprehensive income	-	-	-	-	-	(37)	-	181	1,780	110	2,034
Balances at December 31, 2013	8,805	1,950	8,922	1,730	(1,917)	14	34	217	1,780	1,158	22,693
Effects of the reissue (Note 33)	-	-	-	-	(65)	-	-	-	(55)	-	(120)
Reissued balances at December 31, 2013	8,805	1,950	8,922	1,730	(1,982)	14	34	217	1,725	1,158	22,573
Change inherent to decisions by stockholders -											
Allocation of prior year income	-	-	-	-	1,725	-	-	-	(1,725)	-	-
	-	-	-	-	1,725	-	-	-	(1,725)	-	-
Changes inherent to recognition of comprehensive income -											
Net income	-	-	-	-	-	-	-	-	1,672	-	1,672
Gain or loss on valuation in associated and affiliated companies	-	-	-	-	-	-	-	(55)	-	-	(55)
Gain on valuation of available-for-sale securities	-	-	-	-	-	(66)	-	-	-	-	(66)
Non-holding company equity	-	-	-	-	-	-	-	-	(24)	(16)	(40)
Total changes inherent to recognition of comprehensive income	-	-	-	-	-	(66)	-	(55)	1,648	(16)	1,511
Balances at December 31, 2014	$ 8,805	$ 1,950	$ 8,922	$ 1,730	$ (257)	$ (52)	$ 34	$ 162	$ 1,648	$ 1,142	$ 24,084

These consolidated statements of changes in stockholders' equity were prepared in conformity with the Accounting Criteria for Lending Institutions issued by the National Banking and Securities Commission, in accordance with the provisions of Articles 99, 101, and 102 of the Lending Institutions Activities Act. Those criteria, whose observance is general and mandatory, were applied on a consistent basis. All the movements in the stockholders' equity accounts derived from the transactions carried out by the Institution during the periods referred to above were carried out and valued in accordance with sound practices and the pertinent legal and administrative provisions.

These statements of changes in stockholders' equity will be approved by the Board of Directors, under the responsibility of the directors who subscribe them.

These consolidated financial statements may be consulted on the following web page http://www.nafin.com/portalnf/content/sobre-nafinsa/informacion-financiera/informacion.html

RÚBRICA
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Chief Executive Officer

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RÚBRICA
C.P. Sergio Navarrete Reyes
Director of Accounting and Budget

The accompanying notes are part of these consolidated financial statements.

NACIONAL FINANCIERA, S. N. C.,
Development Banking Institution and Subsidiaries
Av. Insurgentes Sur 1971, Col. Guadalupe Inn, C.P. 01020 México, D.F.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Millions of Mexican pesos)
(Notes 1 to 3)

	2014	2013
Net income	$ 1,648	$ 1,725
Adjustments on items that do not imply cash flow:		
Allowance for uncollectible or doubtful accounts	201	90
Depreciation of property, furniture and equipment	33	34
Provisions	232	1,204
Taxes on earnings due and deferred	622	411
Equity in earnings (losses) of unconsolidated subsidiaries and associates	2	9
Others	(474)	197
	616	1,945
OPERATING ACTIVITIES:		
Change in margin accounts	1	(1)
Change in investments in securities	(1,064)	478
Change in receivables under repurchase agreements (repos)	(4,572)	-
Change in derivatives (asset)	19,712	5,959
Change in loan portfolio (net)	(27,702)	(5,155)
Change in other operating assets	(682)	(18)
Change in traditional deposits	28,248	6,942
Change in interbank loans and loans for other agencies-	(4,442)	5,067
Change in payables under repurchase agreements	4,726	(12,532)
Change in derivatives (liability)	(18,432)	(5,787)
Change in other operating liabilities	2,225	(164)
Payment of taxes on earnings	(277)	(367)
Net cash flows from operating activities	(2,259)	(5,578)
INVESTING ACTIVITIES:		
Collection on sale of property, furniture and equipment	-	9
Payment on acquisition of property, furniture and equipment	(21)	(2)
Collections on disposition of subsidiaries and associates	4	-
Payments on acquisition of subsidiaries and associates	(449)	(755)
Collections of cash dividends	2	-
Net cash flows from investing activities	(464)	(748)
Net (decrease) in cash and cash equivalents	(459)	(2,656)
Effects of changes in the value of cash and cash equivalents	1,110	675
Cash and cash equivalents at beginning of period	17,454	19,435
Cash and cash equivalents at end of period	$ 18,105	$ 17,454

These consolidated statements of cash flows were prepared in conformity with the Accounting Criteria for Lending Institutions issued by the Mexican National Banking and Securities Commission, in accordance with the provisions of Articles 99, 101, and 102 of the Lending Institutions Activities Act. Those criteria, whose observance is general and mandatory, were applied on a consistent basis. All the cash inflows and cash outflows derived from the transactions carried out by the Institution and reflected during the periods referred to above were carried out and valued in accordance with sound practices and the pertinent legal and administrative provisions.

These consolidated statements of cash flows were approved by the board of directors, under the responsibility of the directors who subscribe them.

These consolidated financial statements may be consulted on the following web page http://www.nafin.com/portalnf/content/sobre-nafinsa/informacion-financiera/informacion.html

RÚBRICA	RÚBRICA	RÚBRICA
Dr. Jacques Rogozinski Schtulman	Dr. Federico Ballí González	C.P. Sergio Navarrete Reyes
Chief Executive Officer	Associate General Director of Administration and	Director of Accounting and Budget

The accompanying notes are part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT DECEMBER 31, 2014 AND 2013
(Millions of pesos)

NOTE 1. ORGANIZATION AND BUSINESS

Organization

Nacional Financiera, S.N.C. (the Institution) was organized as an implementing instrument of significant socioeconomic transformations, in order to promote the securities market and foster the mobilization of the financial resources of Mexico, pursuant to the decree dated June 30, 1934.

It is a Development Banking Institution, which operates in conformity with the legal system of its own Internal Regulations, the Lending Institutions Act, and by general Provisions applicable to lending institutions (the Provisions) issued by the Mexican National Banking and Securities Commission (the Commission).

Business

Contribute to the development of companies, by providing them with access to financing products, training, technical assistance and information, in order to foster competitiveness and productive investment; promote the development of strategic sustainable projects for the country on an orderly and centered basis, under schemes that allow for correcting market failures in coordination with other development banks; further regional and sectorial development of the country, particularly in the states with less relative development, through an offer of differentiated products, in accordance with the productive vocations of each region; develop financial markets and risk capital industry in the country so that they may serve as sources of financing for enterprising business people and small and medium-sized companies; Be an efficiently managed Institution, based on a consolidated corporate government structure that assures an ongoing, transparent operation, as well as the preservation of its capital in real terms, in order for it not to represent a financial burden for the Federal Government.

The Institution realizes its operations by following Development Banking financing criteria, and channeling its resources mainly through first level banking and non-banking financial intermediaries. The main sources of resources of the Institution come from loans from international development institutions such as the International Reconstruction and Development Bank (World Bank) and the Inter-American Development Bank (IDB), lines of credit from foreign banks and the placement of securities on international and domestic markets.

At December 31, 2014 and 2013, the Institution's operating structure abroad includes two branches, one in London (England) and the other in the Grand Cayman Island.

Article 10 of the Institution's Internal Rules sets forth that the Federal Government will be liable at all times for the transactions carried out by the Institution with individuals and legal entities, those carried out with private, governmental or inter-governmental private institutions, and the deposits received as set forth in Articles 7 and 8 in the terms of the Law itself.

NOTE 2. BASIS OF PRESENTATION

1. ***Consolidation of financial statements*** - The consolidated financial statements include the financial statements of the Institution and those of its subsidiaries over which it has control. In addition, its shareholdings in its capital stock are shown below:

	% of equity participation shares	
	2014	**2013**
Financial activities:		
Operadora de Fondos Nafinsa, S.A. de C.V.	99.99	99.99
Non-financial activities:		
Corporacion Mexicana de Inversiones de Capital, S.A. de C.V.	75.98	70.01
Trusts:		
Sales program of securities directly to the public	100	100
ATISBOS	-	-
Trust 11480 Fund for Risk Participation	100	100
Trust 11490 Fund for Surety Bond Risk Participation	100	-
Complementary services:		
Plaza Insurgentes Sur, S.A. de C.V.	99.99	99.99
Pissa Servicios Corporativos, S.A. de C.V. (in liquidation)	99.99	99.99

Intercompany balances and transactions have been eliminated in these consolidated financial statements.

The main purpose of the subsidiaries, (financial companies, non-financial companies, trusts, and complementary service companies of the Institution) are as follows:

Operadora de Fondos Nafinsa, S.A. de C.V. -

Contribute to the development of financial markets, by encouraging small and medium-sized investors to access the securities market.

Corporacion Mexicana de Inversiones de Capital, S.A. de C.V. -

Invest in Private Capital funds, as well as foster productive investment in Mexico in the medium and long-term, by encouraging the institutionalization, development, and competitiveness of the small and medium-sized company (S&ME). This company was incorporated with part of the stock portfolio of some development banking institutions in August 2006.

Trust Program of Security Sales Directly to the Public -

Manage the trust funds in order to carry out the necessary acts to develop and implement the Security Sales Directly to the Public, in conformity with the Operating Rules that, if applicable, are authorized by the Technical Committee.

ATISBOS Trust -

Manage the trust resources in order for the necessary acts to be carried out to normalize the company named Atisbos, S. A., and transfer its patrimony to the trustor or the person indicated by the Technical Committee. This trust met its objectives and was extinguished in July 2013.

Trust 11480 Fund for Risk Participation -

In order to have the vehicles that allow for meeting the institutional objectives related to the access of micro, small, and medium-sized companies of the country (MI S&ME) to formal financing, the institution increased the guaranty program, whereby it shares the credit risk with banking and non-banking financial institutions (intermediaries) determined by the Technical Committee, which those intermediaries grant to domestic companies and individuals.

The gain on this trust for the years ended December 31, 2014 and 2013 amounts to $1,587 and $1,466, respectively. The effect of the main revenue of this trust is reflected in the Commission and fee income in the consolidated statement of income. These gains do not contemplate operating expenses, since the Institution, in its capacity as a Trustor, renders its support with human resources, informatics, and materials, insofar as it does not have its own organizational structure.

Trust 11490 Fund for Surety Bond Risk Participation -

Share the risk of compliance with construction performance bonds and/or procurement bonds set forth in subsection III, Article 5 of the Surety Bond Law with bonding institutions of the country organized in accordance with the Federal Bonding Institutions Law and determined by the Technical Committee, which they grant to micro, small and medium-sized companies, as well as to sole proprietors that have entered into a procurement contract of goods, services and/or public works with the Federal Public Administration.

Plaza Insurgentes Sur, S.A. de C.V. -

Render comprehensive real estate services to its main stockholder (the Institution), by leasing spaces and furniture, as well as adapting offices with preventive, corrective maintenance programs to the real property infrastructure.

Pissa Servicios Corporativos, S.A. de C.V. (in liquidation) -

Render complementary and auxiliary services in managing and realizing the corporate objective of any National Lending Institution that is or eventually becomes its stockholder, as well as auxiliary companies and trusts thereof.

2. ***Comprehensive income*** - This is the change of stockholders' equity during the year for items that are not distributions and changes in paid-in capital. It consists of net gain for the year plus other items that represent a gain of the same period, which are presented directly in stockholders' equity, without affecting the statement of income.

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES

The Institution's significant accounting policies concur with the accounting criteria set forth by the Commission, which are included in the Provisions, their circulars, as well as general official and particular letters that it has issued for that purpose. Those criteria require that Management realize certain estimates and use certain assumptions to determine the valuation of some items included in the consolidated financial statements, as well as to make some disclosures that are required to be presented therein. Even when they can eventually differ from their final effect, Management considers that the estimates and assumptions used were adequate under current circumstances.

Accounting changes.

Beginning January 1, 2014, the institution suppletorily adopted the following Financial Reporting Standards (FRS):

FRS B-12 Compensation of financial (trading) assets and financial (trading) liabilities.
FRS C-11 Stockholders' equity.
FRS C-12, Financial instruments with liability and capital characteristics.
FRS C-14 "Transfer and retirement of financial (trading) assets".

These new pronouncements had no significant effects on the financial statements of the Institution, due mainly to the existence of specific standards issued by the Commission.

The significant accounting criteria followed by the Institution are summarized below:

1. ***Recognition of the impact of inflation on the financial information*** - Accumulated inflation of the last three prior annual fiscal years at December 31, 2014 and 2013 is 11.30% and 11.84%, respectively; therefore, the economic environment qualifies as non-inflationary in both years. The percentages of inflation for the years ended December 31, 2014 and 2013 were 4.18% and 3.78%, respectively. The financial statements recognize the impact of inflation up to December 31, 2007.

2. ***Liquid assets*** - These assets are valued at their nominal valued and with respect to foreign currency, they are valued at their fair value based on the year end quote.

   The currencies acquired that are agreed upon to liquidate on a date subsequent to the realization of the buy and sell transaction are recognized as a restricted asset (foreign currency receivable). Foreign currency sold is recorded as a credit to liquid assets (foreign currency payable). The offsetting entry is recorded in a debit clearing account when a sale is realized and a credit clearing account when a purchase is realized.

   For purposes of presentation of the financial information, foreign currency clearing accounts receivable and deliverable are offset and presented in the item of other receivables (net) or other payables, as applicable.

   This item also includes interbank lending transactions agreed upon in a term less than or equal to 3 business days, as well as other liquid assets such as correspondent banks, sight drafts, and coined precious metals.

3. ***Margin accounts -*** The so-called margin accounts (security deposits) for derivative financial instrument trading on recognized markets are recognized at nominal valor. Security deposits are intended to assure compliance with obligations applicable to derivatives carried out on recognized markets and apply to the opening margin and subsequent contributions or retirements realized in the duration of the respective contracts.

4. ***Valuation of foreign currency -*** The Institution maintains accounting records by type of foreign currency in assets and liabilities contracted in a foreign currency, which are valued at the fixed exchange rate published by the Bank of Mexico (BANXICO) in the Official Daily Gazette on the business day subsequent to the date of the transaction or preparation of the financial statements, as applicable.

5. ***Investments in securities -*** The book entry and valuation of investments in securities are subject to the following guidelines:

   Trading securities:

   These securities deal with the Institution's own positions acquired with the intent of selling them and obtaining gains from price differences resulting from short-term trading operations. Those securities are realized with market participants.

At the time of their acquisition, they are initially recognized at their fair value (which, if applicable, includes the discount or surcharge) and corresponds to the price agreed upon. They are subsequently valued at fair value, by applying market values furnished by an independent pricing service, authorized by the Commission. The book effect of this valuation is recorded in income for the year. Fair value of debt securities includes both the capital component and interest accrued on the securities.

On the date sold, the gain or loss is recognized on the trade for the spread between its carrying value and the sum of the considerations received.

Cash dividends collected on the net equity instruments are recognized in income for the year at the time at which the right to receive the payment thereof is generated.

Available-for-sale securities:

These are those debt securities and net equity instruments, whose intent is intended to obtain earnings derived from the price differences resulting from short-term trading operations. In the case of debt securities, is there any intent nor capacity to hold them to maturity; therefore, it represents a residual category, that is, they are acquired with an intent other than that of trading securities or held-to-maturity securities, respectively.

At the time they are acquired, they are initially recognized at their fair value, which corresponds to the price agreed upon. They are subsequently valued at fair value, by applying market values furnished by an independent pricing service, authorized by the Commission. The book effect of this valuation is recorded in stockholders' equity. Fair value of debt securities includes both the capital component and interest accrued on the securities.

On the date sold, the gain or loss is recognized on the trade for the spread between its carrying value and the sum of the considerations received, and the effect of accrued valuation that has been recognized in stockholders' equity.

Cash dividends collected on the net equity instruments are recognized in income for the year at the time at which the right to receive the payment thereof is generated.

Held-to-maturity securities

These are those debt securities, whose payments are fixed or determinable with a fixed maturity (which means that the contract defines the amounts and dates of the payments to the holding entity) with respect to which the Institution has both the intent and the capacity to hold up to their maturity.

At the time they are acquired, they are initially recognized at their fair value, which corresponds to the agreed upon price, and applied to income for the year on accrued interest. On the date sold, the gain or loss is recognized on the trade for the spread between its net realization value and its carrying value.

The transaction costs of the acquisition of the securities will be recognized depending upon the classification in which they are designated, as follows:

a) Trading securities.- Income for the year on the acquisition date.

b) Available-for-sale securities and held-to-maturity securities.- Initially as part of the investment.

6. ***Impairment of the value of a security -*** The Institution evaluates if there are objective indicators that a security is impaired at the date of the balance sheet.

A security is considered to be impaired and, therefore, an impairment loss is incurred if, and only if there are objective impairment indicators as a result of one or more events that occur subsequent to the initial recognition of the security, which had an impact on its estimated future cash flows that can be determined reliably. It is not very likely to identify a single event that is individually the cause of such impairment. It is more feasible that the combined effect of various events might have caused the impairment.

7. ***Repurchase transactions (repos) -*** Repurchase transactions are those whereby the seller acquires the ownership of negotiable instruments for a sum of money, and is bound to transfer the ownership of other securities of the same type to the seller in the agreed upon term and against the reimbursement of the same price plus a premium. The premium is in the benefit of the seller, unless agreed upon otherwise.

Repurchase transactions are considered as a sale for legal purposes where a repurchase agreement is set forth of the transferred financial assets. However, the economic substance of repurchase transactions is that of financing with collateral, whereby the seller delivers cash as financing, in exchange for obtaining financial assets that serve as protection in the event of nonperformance. Repurchase transactions (repos) are recorded as indicated below:

- On the date of contracting the repurchase transaction, the Institution, acting as a buyer, recognizes the cash inflow or a debit clearing account, as well as an account payable at its fair value, initially its agreed upon price, which represents the obligation to reimburse that cash to the seller.

- Throughout the life of the repurchase transaction, the account payable is valued at its fair value, through recognition of interest on the repurchase transaction in income of the year as accrued, in accordance with the effective interest method, and making an application to that account payable.

- On the day that the repurchase transaction is contracted, when the Institution acts as the buyer it recognizes the disbursement of cash or a payable to a clearing account, as well as record an account receivable at its fair value at the price agreed upon initially, which represents the right to recover the cash delivered.

Over the life of the repurchase transaction, the receivable is valued at its fair value, through recognition of interest on the repurchase transaction in income of the year as accrued, in accordance with the effective interest method, and making an application to that account receivable.

Collateral furnished and received other than cash

Collateral furnished by the seller to the buyer (other than cash) is recognized in accordance with the following:

a) The buyer recognizes the collateral received in memorandum accounts. The seller reclassifies the financial asset in its balance sheet, by presenting it as a restricted asset. Toward that end, the valuation, presentation, and disclosure standards are adhered to in accordance with the pertinent accounting criterion for the applicable lending institutions.

b) Upon selling the collateral, the buyer recognizes the proceeds from the sale, as well as an account payable for the obligation to return such collateral to the seller (measured initially at the fair value of that collateral), which is valued at fair value (any spread between the price received and the fair value of the account payable will be recognized in income of the year).

c) In the event that the seller should fail to perform the conditions set forth in the contract and, therefore, should not be able to claim the collateral, the seller should remove it from its balance sheet at its fair value against the account payable. By the same token, the buyer recognizes the receipt of collateral in its balance sheet, in accordance with the type of asset involved, against the account receivable or, if applicable, such collateral had previously been sold, the buyer writes off the account payable discussed, relative to the obligation to return such collateral to the buyer.

d) The seller keeps the collateral in its balance sheet, and the buyer only recognizes it only in memorandum accounts, except when the risks, benefits, and control of that collateral has been transferred due to seller nonperformance.

e) Memorandum accounts recognized for collateral received by the buyer are written off when: i) the repurchase transaction reaches maturity; ii) there is seller nonperformance; or iii) the buyer exercises the right to sell or accord and satisfaction of the collateral received.

8. ***Derivative financial instruments trading and hedge transactions -*** The Institution carries out two types of transactions:

- Hedging transactions when derivative financial instruments are traded in order to offset one or various financial risks generated by a transaction or set of transactions associated with a primary position.

- Trading operations when the Institution maintains a derivative financial instrument with the original intent to obtain gains based on changes in their fair value.

Hedge transactions, in accordance with the hedged risk exposure profile, can be:

a) Fair value hedge: This represents a hedge against exposure to changes in fair value of recognized assets or liabilities or unrecognized firm commitments, or of a portion identified of those assets, liabilities or unrecognized firm commitments that is attributable to a particular risk that can affect the gain or loss of the period.

This hedge should be recognized in the following manner:

1) The gain or loss on the valuation of the fair value hedging instrument (for a hedge derivative) or the foreign currency component valued in conformity with FRS B15 "Foreign currency translation" for a non-derivative hedging instrument) should be recognized in income for the period; and

2) The gain or loss on the hedged item attributable to the hedged risk should adjust the carrying value of that item and it should be recognized in income of the period. The foregoing even applies if the hedged item is valued at cost (for example, when the interest rate risk is hedged in the loan portfolio that is valued at amortized cost). The recognition of the gain or loss on valuation attributable to the hedged risk in income for the period even applies if the hedged item is an investment in securities designated as available-for-sale.

b) Cash flow hedge: This represents a hedge of the exposure to the change in cash flows of a forecasted transaction that: (i) is attributable to a particular risk associated with a recognized asset or liability (such as the total or some of the future interest payments applicable to a credit or debt instrument at a variable interest rate), or with a highly likely event; and that (ii) it can affect income of the period.

That hedge should be recognized in the following manner:

1) The portion of the gain or loss on the hedged instrument that is effective in the hedge should be recognized in stockholders' equity, and forms part of the other items of comprehensive income.

2) The portion of the gain or loss on the hedged instrument that is ineffective in the hedge should be recognized in directly in income for the year.

3) Contributed capital or margin accounts managed (delivered and received) when derivative financial instruments are traded on unrecognized markets are recorded in the item of "Margin Accounts" and "Other payables and accrued liabilities", respectively.

4) The accounting criteria of the Commission do not consider the counterparty risk for the valuation of derivative financial instruments.

A cash flow hedge should be accounted for as follows:

1) The effective hedging component recognized in stockholders equity associated with the hedged item should be adjusted to equal the lower amount from between the following items:

   i. The accumulated gain or loss of the hedging instrument since the inception thereof; and
   ii. The accumulated change in fair value (present value) of expected future cash flows of the hedged item from the inception of the hedge.

c) A hedge of a net investment in a foreign transaction represents the portion of the gain or loss of the hedge instrument that is effective in hedging a net investment in a foreign transaction, and it should be recognized in stockholders' equity, thereby forming part of the other items of comprehensive income in the item of accumulated translation effect.

9. ***Foreign currency transactions -*** Foreign currency transactions are recorded at the current exchange rate at the date of the transaction. Foreign currency assets and liabilities are valued at the current exchange rates at the end of period exchange rates, determined and published by the Bank of Mexico.

10. ***Loan portfolio -*** Loans granted are recorded as an asset as of the date on which funds are drawn down and interest is aggregated as accrued, in accordance with the loan payment schedule.

Interest applicable to current lending operations is recognized and applied to income as accrued. Interest accrual is suspended at the time at which the unpaid balance of the loan is considered in default.

While loans remain classified as nonperforming portfolio, accrued interest is controlled in memorandum accounts. In the event that this interest should be collected, it is recognized in income of the year.

Nonperforming portfolio

The performing portfolio is transferred to the nonperforming portfolio when the unpaid balance of the current loans meets the following constraints:

a) It is known that the borrower is declared in bankruptcy proceedings with a merchant;

b) Loans with a single payment on principal and interest at maturity and present 30 or more calendar days in arrears;

c) Loans with a single payment on principal at maturity and periodic payments on interest that present 90 or more calendar days in arrears of the respective interest payment or 30 or more calendar days in arrears of the principal;

d) Loans with periodic payments on principal and interest and present 90 or more calendar days in arrears;

e) Revolving loans that present two monthly billing periods or, if applicable, 60 or more calendar days in arrears.

f) Monthly periods may be used with respect to terms to maturity, with the following equivalences:

30 days is equivalent to one month, 60 days to two months, and 90 days to three months.

Impaired portfolio

All those commercial credits are understood as impaired portfolio. Based on current information and events, as well as the review process of such credits, there is a considerable likelihood that both the principal component and interest of impaired portfolio may not be entirely recovered, in accordance with the terms and conditions agreed upon originally. Both the current portfolio and nonperforming portfolio may be identified as an impaired portfolio.

The significant policies and procedures for granting, controlling, and recovering loans set forth in the Institution's regulations are as follows:

a) Loans granted or guaranteed by the Institution are for financing projects and economically and financially viable companies.

b) The maximum limit of financing is determined based on the needs of the investment project and results of the evaluation of the creditworthiness of the company or project.

c) The terms and periods of grace of loans are established based on the creditworthiness of companies.

d) Collateral, preferably mortgage securities, is obtained in adequate, sufficient proportion, in accordance with the characteristics of the loans and, if applicable, in accordance with the type of financial broker that grants it.

e) Loan securities granted by the Institution are complementary to those that must be furnished by borrowers and do not substitute those securities. Accordingly, brokers should negotiate the securities that back the loan granted with the borrowers in each case.

f) The borrower should have proven creditworthiness and integrity.

g) Credit granting operations of Bank Financing Brokers of IFB, as well as Non-Bank Financial Brokers or IFNB are recorded at the offices of the parent company. Balances are reconciled with IFNB balances every month, as well as with IFB balances every quarter.

h) Portfolio turnover is carried out through the Institutional Portfolio Recovery and Management System (SIRAC), managed at the office of the parent company by the Credit Management General Office.

i) No new credit operations are carried out with the creditor company, as long as there are debts in arrears with that company.

j) Out-of-court collection procedures are realized in the portfolio with nonperformance of 3 to 90 days.

k) Once 90 days of nonperformance of a debt have elapsed, the loan balance is considered nonperforming and collection is made through legal means, either directly in the case of first tier loans or through financial brokers in the case of discounts of loans.

The Institution's main policies and procedures for the evaluation and follow-up on loans risks in accordance with the type of operation are as follows:

Second Tier Operations

a) Modality "A" Financial Brokers defined as banks or factoring or leasing companies that form part of a financial group that includes a bank. Given the collection mechanism with a charge to its Bank of Mexico account, these brokers are considered on the lowest risk scale

   A "Credit Risk Limit Assignment Methodology for Operating with Banks in Mexico" has been established for these brokers, which sets forth the maximum credit risk levels that it is willing to accept with each one of these brokers, in both credit and discount operation, as well as financial market operations. The established limits are followed up on every day, and the limits are updated every month. Considering their high creditworthiness, supervision of the broker is carried out by monitoring the broker through the evolution of its risk rating, and annual visits are realized.

b) Modality "B" Financial Brokers applies to all the IFNB that do not form part of a financial group that includes a bank. They are considered as a regular source of credit risk. Consequently, specific rules and regulations have been established that these brokers must comply with for brokering or trading with the Institution's resources.

   Supervision mechanisms have been established for these brokers, which follow up on their financial evolution on a monthly basis, as well as compliance with the regulations that have been imposed thereon. In addition, credits granted to brokers are rated according to the drawdowns, and semester or annual supervision visits are realized based on their risk rating.

First Tier Operations

This operation is marginal for the Institution. A follow-up mechanism is established based on the portfolio credit risk rating, in accordance with the established guidelines.

Guarantee program operations

A monthly follow-up has been established for the operations portfolio of the guarantee program, which includes the analysis of harvests or crops, analysis of the results of the follow-up on the processes agreed upon with banks at a sample level, and the analysis of the financial evolution of the deeds of trust established in the Institution. Banks that participate in this program independently submit the credits supported under the guarantee program, into their credit risk follow-up policies and procedures, as well as the risk rating in accordance with the established guidelines.

11. ***Preventive estimate for credit risks -*** The Commission determines the bases for the loan portfolio rating. The provision applicable to loan risks is estimated monthly, based on quantitative and qualitative factors contemplated in the methodology for rating portfolios established by the NBSC, which considers the analysis of the impaired portfolio, in accordance with the risk that it presents. NAFIN follows the practice of creating additional overall provisions to deal with possible contingencies in facing foreseeable risks.

Through the Provisions, the Commission establishes the loan portfolio rating methodologies based on the type of credits comprising it, so that it allows for:

a) Evaluating each borrower, in the case of the consumer loan portfolio, taking into account the likelihood of nonperformance, the severity of the loss, and nonperformance exposure.

b) Stratifying the portfolio based on the delinquency in payments which includes, in the case of the mortgage housing loan portfolio, the likelihood of nonperformance, severity of the loss, and nonperformance exposure, and the value of the credit guarantee, so that the amount of the preventive reserves required in each portfolio stratum is determined based thereon.

c) Analyzing the creditworthiness of its debtors in the case of the commercial loan portfolio, and estimate possible losses so that the amount of the preventive reserves required is determined based thereon.

d) Using internal methodologies prepared by the lending institutions themselves in accordance with the Provisions, when they evidence that the requirements have been met determined by the Commission for that purpose.

In accordance with the Provisions, the provision applicable to the mortgage housing and consumer loan portfolio is estimated monthly, based on the last day balances of each month.

In addition, the balances relative to the quarters that end in March, June, September, and December are used for purposes of rating the commercial portfolio. The applicable preventive reserves are recorded in the accounting at the end of every quarter, considering the balance of the debt recorded on the last day of the months referred to above. For the book entry in the two months subsequent to each quarter end, the pertinent rating is applied to the balance of the credit involved that has been used at the immediately preceding quarter, recorded on the last day of the months referred to above, when there is an interim rating subsequent to the quarter end. This rating can be applied to the balance of the debt recorded on the last day of the two months under discussion.

Beginning December 2013, the Institution applied the new portfolio rating methodology established by the Commission in its resolution published in the Official Daily Gazette on June 24, 2013. This change considers the risk measurement based on the likelihood of nonperformance and severity of the loss.

The legal system referred to above only included exposures payable by corporations and small and medium-sized companies (commercial portfolio other than financial entities). The rest of the portfolio, fundamentally financial entities, was rated in 2014.

12. ***Other receivables, net -*** The amounts applicable to the Institution's other receivables are provided for with a charge to income for the year, regardless of the likelihood of recovery, within 60 to 90 days subsequent to their initial book entry, depending on whether or not the balances are identified, respectively.

13. ***Property, furniture and equipment net -*** Property, furniture and equipment, as well as installation expenses, and leasehold improvements are recorded at the cost of acquisition. Files that come from acquisitions up to December 31, 2007 were restated by applying factors derived from Investment Units (UDIS) from the date of acquisition up to that date. Relative depreciation and amortization are recorded by applying a percentage to the restated cost up to that date, determined based on the estimated economic useful life thereof.

14. ***Repossessed assets or received as a dation in payment -*** These assets are recorded at the lower of the cost of adjudication or fair value reduced from the costs and expenses strictly indispensable that are disbursed in their adjudication.

    Assets acquired through judicial proceedings are valued as set forth in the Provisions, in accordance with the type of asset involved. The valuation is recorded against income for the year as other operating income (expenses).

    The amount of the estimate that recognizes potential losses of value due to the elapsing of time of the assets acquired through judicial proceedings should be determined on the adjudicated value, based on the procedures set forth in the Provisions, and recognized in income for the year as other operating income (expenses).

    In the event that the estimate referred to in the prior paragraph should be modified in accordance with the Provisions referred to above, that adjustment should be recorded against the amount of the previously recognized estimate as operating income (expenses).

    At the time when assets acquired through judicial proceedings are sold, the difference between the selling price and carrying value of the asset acquired through judicial proceedings, net of estimates, should be recognized in the income for the year as other operating income (expenses).

15. ***Taxes on earnings -*** Income tax is recorded in income for the year in which it is due and payable. In order to recognize deferred tax up to December 31, 2014, it was determined that the Institution would be subject to Income Tax, based on financial projections. Deferred tax on earnings will be determined by applying the applicable rate to the temporary differences that result from comparing book and tax values of assets and liabilities and, if applicable, the benefits of tax loss carryforwards and some tax credits are included. The deferred tax asset is recorded only when there is a high likelihood that it can be recovered.

16. ***Other investments and permanent investments -*** These are permanent investments realized in trusts and stock of companies in which there is no joint control, nor significant influence. They are initially recorded at the cost of acquisition. They are valued by using the equity method, considering the financial information relative to such entities when there is a practical impossibility of obtaining financial information form entities. The investment is adjusted to a zero value or its cost of acquisition. The adjustment procedure is selected by considering the prudential application criterion of the particular rules contained in FRS.

17. ***Traditional deposits -*** The liabilities for attracting funds through certificates of deposit, fixed term deposits, bank acceptances, promissory notes with liquid yield at maturity, loans from domestic and foreign banks, and bank bonds are recorded based on the contractual value of the obligation. Accrued interest is recognized in income for the year as interest expense.

18. ***Interbank loans and from other agencies -*** Liabilities from interbank loans are recorded based on the contractual value of the obligation. Accrued interest is recognized directly in income of the Institution as interest expense.

19. ***Direct employee benefits -*** Such benefits are valued in proportion to the services rendered considering current salaries, and the liability is recognized as accrued. It mainly includes Employee Profit Sharing payable, compensated absences such as vacations, and vacation premium, and incentives.

20. ***Labor obligations -*** The payments set forth in the Federal Labor Act and General Work Conditions (GWC) in effect to employees and workers, who no longer render their services, are recorded as follows:

    Indemnifications-

    Non-substitutive payments of a retirement made to personnel who retire under certain circumstances are recorded as accrued, which are calculated by independent actuaries, based on the projected unit credit method by using nominal interest rates.

    Seniority premium-

    Seniority premiums payable to employees that have completed fifteen or more years of service, as provided for in the Federal Labor Law, are recognized as a cost during the years of service of personnel. Toward that end, there is a provision that covers the defined benefit obligation, which was calculated by independent actuaries based on the projected unit credit method by using nominal interest rates.

    In accordance with the Federal Labor Law, the Institution has a liability for indemnifying employees who are dismissed under certain circumstances, and an obligation to pay a seniority premium when they retire voluntarily (provided that they have completed fifteen or more years of service). They are dismissed for a justified reason and those who are terminated, regardless of whether or not for a justified cause, in the event of disability or they are invalid and, in case of the worker's death.

21. ***Provisions -*** Provisions are recognized when the Institution has a present obligation derived from a past event that probably results in the disbursement of economic resources (funds) and can be reasonably estimated.

22. ***Employee Profit Sharing -*** This item is recorded in income for the year in which it becomes due, and it is presented in the line item of administrative and promotional expenses in the statement of income. Deferred employee profit sharing is determined by temporary differences resulting from comparing book and tax values of assets and liabilities. It is only recognized when it is likely that a liability will be liquidated or a benefit will be generated and there is no indicator that this situation is going to change, in such a way that this liability or benefit does not materialize.

    Employee Profit Sharing is determined based on taxable income, in accordance with Article 9 of the Income Tax law (ISR Law). At December 31, 2014 and 2013, Employee Profit Sharing amounts to $310 and $152, respectively.

23. ***Recognition of interest -*** Interest generated on lending operations in effect are recognized and applied to income based on the accrued amount. Interest applicable to the nonperforming portfolio is applied to income at the time it is collected. Yields on interest relative to investments in securities are applied to income based on what is accrued.

    Interest relative to borrowing operations re recognized in income as accrued, regardless of their due date.

    For purposes of presentation of the statement of income, fees, premiums, and foreign exchange transactions are included in the item of interest income.

    Fees charged for the initial granting of credits are recorded as a deferred credit, which is amortized as interest income, under the straight-line method during the life of the credit.

24. ***Brokerage fees*** - Given the role of involvement realized by the Institution as a means of liaison between the lender of financing and the borrower, the Institution obtains a fee for its work of negotiating credits on the markets. That fee is recorded in the statement of income when generated in the item of "Commission and fee income ".

25. ***Gain or loss on brokerage -*** Gains or losses on brokerage derived from securities and derivative instruments trading, valuations at fair value of investments in securities and derivative financial instruments, and the recognition of the increase or decrease in the value of investments in securities.

26. ***Trusts -*** The operations in which the Institution acts as a Trustee are recorded and controlled in memorandum accounts. In accordance with the ISR Law, the Institution acting as a Trustee is responsible for compliance with the tax obligations of the trusts that realize business activities up to the amount of the trust assets.

27. ***Foreign currency transactions -*** Monetary assets and liabilities, as well as the items of the statements of income of foreign subsidiaries are translated at the closing exchange rate of the valuation date.

28. ***Clearing accounts -*** For purposes of presentation of the financial statements, the balance of debit and credit clearing accounts may be offset, provided that they are derived from the same type of transactions, which have been carried out with the same counterparty and are liquidated on the same maturity date.

29. ***Impairment of long-lived assets -*** The Institution reviews the carrying value of the long-lived assets in use with respect to the presence of any impairment indicator that might indicate that the carrying value might not be recoverable, considering the higher present value of the future net cash flows or the net selling price in the event of their eventual disposition. The impairment is recorded if the carrying value exceeds the higher of the values discussed above.

    At December 31, 2014 and 2013, The Institution's long-lived assets do not present any impairment indicators.

NOTE 4. FOREIGN CURRENCY POSITION

At December 31, 2014 and 2013, the foreign currency position valued in local currency is summarized as follows:

	2014	2013
Assets	$ 45,741	$ 25,239
Liabilities	(46,026)	(25,402)
(Short) long position	$ (285)	$ (163)

At those same dates, foreign currency assets and liabilities (millions are as follows):

	2014			2013
	Assets	Liabilities	Net	Net
US dollars	3,025	(3,047)	(22)	(15)
Japanese yen	10	-	10	8
Euros	60	(59)	1	-
Pounds sterling	2	-	2	2
Special draft fees	2	(2)	-	-

Those foreign currency assets and liabilities are valued and documented in local currency as follows:

	2014			2013
	Assets	Liabilities	Net	Net
US dollars	$ 44,589	$ 44,916	$ (327)	$ (202)
Japanese yen	1	-	1	1
Euros	1,063	1,061	2	(5)
Pounds sterling	46	7	39	42
Special draft fees	42	42	-	1
	$ 45,741	$ 46,026	$ (285)	$ (163)

At December 31, 2014 and 2013, the value of the US dollar is equivalent to 14.7414 and 13.0843 Mexican pesos per US dollar, in conformity with the exchange rate published by the Bank of Mexico, respectively. Other currencies are valued considering their exchange rate in connection with the US dollar.

At the date of this report, the value of the US dollar is equivalent to 14.8605 Mexican pesos per US dollar, in conformity with the exchange rate published by the Bank of Mexico. Other currencies are valued considering their exchange rate in connection with the US dollar.

NOTE 5. LIQUID ASSETS

At December 31, 2014 and 2013, this item of liquid assets is summarized as follows:

	2014	2013
Deposits in the Bank of Mexico	$ 13,075	$ 11,742
Deposits in domestic and foreign banks	4,442	2,341
Call Money Deposits	556	3,327
Other liquid assets	4	3
Liquid assets in subsidiaries	28	41
	$ 18,105	$ 17,454

Deposits in the Bank of Mexico apply to monetary regulation deposits, in accordance with bank reserve requirements, in conformity with the telefax circular 1/2007 issued by the Bank of Mexico on January 27, 2007.

At December 31, 2014, deposits in domestic and foreign banks did not have any spot purchase transactions of restricted foreign currency, whereas those transactions amounted to $877 at December 31, 2013.

At December 31, 2014, the Institution maintains Call Money deposits at a term less than or equal to three bank business days in the amount of $556 contracted at an average rate of 3.13% in local currency.

At December 31, 2013, the Institution maintains Call Money deposits at a term less than or equal to three bank business days in the amount of $3,327, of which $2,662 were contracted at an average rate of 3.50% in local currency, as well as $665 at an average rate of 0.36% in foreign currency.

Liquid assets in foreign currency at December 31, 2014 and 2013 are summarized as follows:

	Amount in millions of source currency	Exchange rate	Equivalence in local currency
2014			
US dollars	293	14.74140	$ 4,323
Japanese yen	9	0.12296	1
Euros	4	17.83857	80
Pounds sterling	2	22.98479	38
			$ 4,442

	Amount in millions of source currency	Exchange rate	Equivalence in local currency
2 0 1 3			
US dollars	220	13.08430	$ 2,883
Japanese yen	6	0.12450	1
Euros	4	18.03017	78
Pounds sterling	2	21.66891	40
			$ 3,002

The item of other liquid assets at December 31, 2014 and 2013 includes coined gold precious metals in the amount of $3 for both years. These coins are valued at their market value.

NOTE 6. INVESTMENTS IN SECURITIES

As of December 31, 2014 and 2013, this item is summarized as shown below:

Trading securities:

	2 0 1 4				2 0 1 3
Instrument	**Cost of acquisition**	**Accrued interest**	**Valuation**	**Carrying value**	**Carrying value**
Shares of the Development Fund for the Securities Market (DFSM)	$ 71	$ -	$ (51)	$ 20	$ 95
Bonds	5,048	3	23	5,074	4,635
Securities exchange certificate	3,437	9	6	3,452	10,572
CETES	4	-	(1)	3	6
Ipabonos	3,832	26	35	3,893	2,468
Promissory notes with liquid yield at maturity	3,000	-	-	3,000	4,001
Restricted financial instruments:					
Bonds	64,599	8	(134)	64,473	69,536
Securities exchange certificate	11,195	-	7	11,202	3,187
Ipabonos	97,661	56	(22)	97,695	92,000
Promissory notes with liquid yield at maturity	1,993	-	-	1,993	3,671
Financial instruments placed in guarantee:					
Ipabonos	113	-	-	113	279
Investments in subsidiaries	7	-	-	7	8
	$ 190,960	$ 102	$ (137)	$ 190,925	$ 190,458

The terms at which these investments are agreed upon at December 31, 2014 and 2013 at their cost of acquisition are as follows:

Instrument	Less than one month	Between one and three months	More than three months	No fixed term	Total
2 0 1 4					
Shares of the Development Fund for the Securities Market (DFSM)	$ -	$ -	$ -	$ 71	$ 71
Bonds	1,545	695	2,808	-	5,048
Securities exchange certificate	-	80	3,357	-	3,437
CETES	2	1	1	-	4
Ipabonos	-	-	3,832	-	3,832
Promissory notes with liquid yield at maturity	3,000	-	-	-	3,000
Restricted financial instruments:					
Bonds	64,599	-	-	-	64,599
Securities exchange certificate	11,195	-	-	-	11,195
Ipabonos	97,661	-	-	-	97,661
Promissory notes with liquid yield at maturity	1,993	-	-	-	1,993
Financial instruments placed in guarantee:					
Ipabonos	-	-	113	-	113
Investments in subsidiaries	-	-	7	-	7
	$ 179,995	$ 776	$ 10,118	$ 71	$ 190,960
2 0 1 3					
Shares of the Development Fund for the Securities Market (DFSM)	$ -	$ -	$ -	$ 89	$ 89
Bonds	-	-	4,604	-	4,604
Securities exchange certificate	-	-	10,555	-	10,555
CETES	4	1	1	-	6
Ipabonos	-	747	1,686	-	2,433
Promissory notes with liquid yield at maturity	4,001	-	-	-	4,001

Instrument	Less than one month	Between one and three months	More than three months	No fixed term	Total
Restricted financial instruments:					
Bonds	69,578	-	-	-	69,578
Securities exchange certificate	3,185	-	-	-	3,185
Ipabonos	92,097	-	-	-	92,097
Promissory notes with liquid yield at maturity	3,669	-	-	-	3,669
Financial instruments placed in guarantee:					
Ipabonos	-	-	279	-	279
Investments in subsidiaries	-	-	8	-	8
	$ 172,534	$ 748	$ 17,133	$ 89	$ 190,504

Available-for-sale securities:

At December 31, 2014 and 2013, liquid assets for sale are summarized in accordance with the following:

	2014				2013
Instrument	Cost of acquisition	Accrued interest	Valuation	Carrying value	Carrying value
Sovereign debt	$ 1,548	$ 22	$ 22	$ 1,592	$ 972
Debentures and other securities	2,377	63	39	2,479	1,764
	$ 3,925	$ 85	$ 61	$ 4,071	$ 2,736

The terms at which these investments are agreed upon at December 31, 2014 and 2013 at their cost of acquisition are as follows:

Instrument	More than one year	
	2014	2013
Sovereign debt	$ 1,548	$ 946
Debentures and other securities	2,377	1,706
	$ 3,925	$ 2,652

Held-to-maturity securities

As of December 31, 2014 and 2013, medium and long-term debt securities are divided as follows:

Instrument	2014 Cost of acquisition	 Accrued interest	 Carrying value	2013 Carrying value
Prides convertible bonds	$ 4	$ -	$ 4	$ 3
Securities exchange certificate	895	59	954	900
Segregable securities exchange certificate	4,210	1,096	5,306	2,404
Sovereign debt	614	15	629	670
Udibonos	166	40	206	336
Restricted financial instruments:				
Segregable securities exchange certificate	4,438	1,159	5,597	8,242
Total	$ 10,327	$ 2,369	$ 12,696	$ 12,555

The terms at which these investments are agreed upon at December 31, 2014 and 2013 at their cost of acquisition are as follows:

Instrument	Less than one year	More than one year	No fixed term	Total
2014				
Prides convertible bonds	$ -	$ -	$ 4	$ 4
Securities exchange certificate	-	895	-	895
Segregable securities exchange certificate	-	4,210	-	4,210
Sovereign debt	-	614	-	614
Udibonos	-	166	-	166
Restricted financial instruments				
Segregable securities exchange certificate	-	4,438	-	4,438
Total	$ -	$ 10,323	$ 4	$ 10,327

For the period extending from January 1 up to December 31, 2014, interest income on investments in securities amounted to $1,175. The gain on valuation amounted to $639, and the gain or loss on securities trading amounted to $33.

Instrument	Less than one year	More than one year	No fixed term	Total
2013				
Prides convertible bonds	$ -	$ -	$ 3	$ 3
Securities exchange certificate	-	851	-	851
Segregable securities exchange certificate	-	1,989	-	1,989
Sovereign debt	-	653	-	653
Udibonos	115	167	-	282

Instrument	Less than one year	More than one year	No fixed term	Total
Restricted financial instruments				
Segregable securities exchange certificate	6,812	-	-	6,812
Total	$ 6,927	$ 3,660	$ 3	$ 10,590

For the period extending from January 1 up to December 31, 2013, interest income from investments in securities amounted to $1,078. The gain or loss on valuation amounts to $1,080, and the gain or loss on securities trading amounted to $(442).

NOTE 7. REPURCHASE TRANSACTIONS

At December 31, 2014 and 2013, repurchase transactions are summarized as follows:

Instrument	Received in guarantee	Collateral received and sold or furnished as a guarantee	Difference
2014			
Governmental securities:			
CETES	$ 1,859	$ 287	$ 1,572
Ipabonos	2,996	2,996	-
Federal Government Development Bonds	16,565	16,565	-
Fixed rate bonds	3,000	-	3,000
	$ 24,420	$ 19,848	$ 4,572
2013			
Governmental securities:			
CETES	$ 2,248	$ 2,248	$ -
Securities exchange certificate	500	500	-
Federal Government Development Bonds	9,700	9,700	-
Fixed rate bonds	752	752	-
	$ 13,200	$ 13,200	$ -

At those same dates, the borrowing party of payables under repurchase agreements are as follows:

	2014	2013
Governmental securities:		
Bonds	$ 64,607	$ 69,580
Segregable securities exchange certificate	5,661	8,172
Ipabonos	98,027	92,152
	168,295	169,904
Bank securities		
Securities exchange certificate	11,196	3,185
Promissory notes with liquid yield at maturity	1,993	3,669
	13,189	6,854
	$ 181,484	$ 176,758

For the year extending from January 1 up to December 31, 2014, the gain or loss on interest income and expense on repurchase transactions amounts to $8,861 and $6,769, respectively, and income amounting to $11,601 and expenses amounting to $10,237 in 2013.

The contracting terms in repurchase transactions realized by the institution are from 1 to 180 days.

NOTE 8. DERIVATIVES

At December 31, 2014 and 2013, the Institution maintains balances in derivative instruments trading as described below:

	Lending balance	Borrowing balance	Debit balance	Credit balance
2014				
For trading purposes:				
Forward contracts	$ 9,023	$ 8,648	$ 375	$ -
Valuation of forward contracts	(1)	(15)	14	-
	9,022	8,633	389	-
Swaps	17,366	17,392	-	26
Total	$ 26,388	$ 26,025	$ 389	$ 26
For hedging purposes:				
Swaps	$ 17,239	$ 16,873	$ 366	$ -
2013				
For trading purposes:				
Forward contracts	$ 2,290	$ 2,279	$ 11	$ -
Valuation of forward contracts	-	(2)	2	-
	2,290	2,277	13	-
Swaps	4,831	4,850	-	19
Total	$ 7,121	$ 7,127	$ 13	$ 19
For hedging purposes:				
Swaps	$ 6,572	$ 5,971	$ 601	$ -

Future and forward contracts (Forward):

For trading purposes

	2014	2013
Sales:		
Contract value	$ 8,648	$ 2,279
Receivable	$ 8,633	$ 2,277
Purchases:		
Contract value	$ 9,023	$ 2,290
Deliverable	$ 9,022	$ 2,290
Book balance	$ 14	$ 13

The Institution participates on the Mexican Derivatives Market (MEXDER), through trading of interest rate and foreign currency futures, in accordance with the authorization granted by the Bank of Mexico.

In the case of dollar-peso forwards, the master contract does not stipulate maintaining guarantees for over the counter trades or in other means other than recognized markets. At any rate, penalties are assessed on the nonperforming counterparty on amounts in pesos or dollars, depending on the position in the trade. Moreover, the governing law and jurisdiction are agreed upon in the master contract which, if necessary, have to intervene to solve the discrepancies in the flow of foreign currencies.

Swaps:

For trading purposes:

	Contract value	Receivable	Deliverable	Net position
2014				
Interest rates	$ 44,380	$ 17,366	$ 17,392	$ (26)
2013				
Interest rates	$ 13,900	$ 4,831	$ 4,850	$ (19)

For hedging purposes:

	Contract value	Receivable	Deliverable	Net position
2014				
Interest rates	$ 51,767	$ 17,239	$ 16,873	$ 366
2013				
Interest rates	$ 25,878	$ 6,572	$ 5,971	$ 601

Options:

For hedging purposes:

	Contract value	Receivable	Deliverable	Net position
2014				
Interest rates	$ -	$ -	$ -	$ -
2013				
Interest rates	$ 1	$ -	$ -	$ -

Exchange rate and interest rate futures and forwards trading that are traded at the main office in Mexico City are intended to manage proprietary positions, in order to obtain earnings in favor of the Institution.

In the case of dollar-peso forwards for trading purposes, fair value represents the amount that the two parties agree to exchange, based on the fact that both parties maintain sources of information in common on the main financial indicators that affect the prices of this type of derivative.

The difference between the fair value of the contract and the price of the forward stipulated therein, multiplied by the amount of the underlying asset and discounted at the date of the day at issue, represents the unrealized gain or loss under conditions of the financial environment at the time of carrying out the trade described above. Fair value is determined by the curve of prevailing bank rates of interbank transactions realized in Mexico and reported by the independent pricing service, as well as similar rates in the United States.

The Institution realizes various analyses on underlying markets of the derivative products that are traded in order to determine and propose the risks implied in the Institution's position, through the Comprehensive Risk Management Committee (CAIR – Spanish acronym).

The benefits, costs, and valuations of futures trades and forward contracts are recognized in foreign exchange accounts and gains or losses on valuation at market accounts, and they are presented in the items of interest income and the gain or loss on brokerage in the statement of income.

Futures trades and forward contracts involve recovery risks in the case of contractual fluctuations. In order to reduce the risks in trading these instruments, the Institution maintains offset positions.

At December 31, 2014 and 2013, hedge effectiveness/ineffectiveness derived from the application of Criterion B-5 "Derivatives and Hedge Transactions" of the Commission is described in detail below:

Fair value hedge swaps (applicable to income):

	2014	2013
Valuation of:		
Bank acceptances	$ -	$ 3
Securities exchange certificate	23	9
Promissory notes	(1)	-
Certificates of deposit	11	23
	$ 33	$ 35

At December 31, 2014 and 2013, the Institution has only contracted swaps designated as fair value hedges.

Trading swaps (application to income):

	2014	2013
Interest rates	$ (26)	$ (19)

The adjustments at carrying value from trades derived from interest rate hedges of financial assets and liabilities due to the application of Criterion B-5 "Derivatives and Hedge Trading" of the Commission at December 31, 2014 and 2013 are described in detail below:

	2014		2013	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Bank acceptances	$ -	$ -	$ -	$ 46
Securities exchange certificate	-	586	-	5
Promissory notes	-	4	-	(1)
Loan	193	104	85	-
Total	$ 193	$ 694	$ 85	$ 50

Management of the policies of the use of derivative financial instruments

The Institution's policies permit the use of derivative products for hedging and/or trading purposes. The main objective of trading these products is the hedging of risks and generation of revenues that support the Institution's profitability.

Setting objectives and policies related to trading these instruments is in the Risk Management regulatory and operating manuals.

The instruments used by the Institution are interest and exchange rate swaps, IPC futures and exchange rates, interest rate options, and foreign exchange forwards, which, in accordance with the portfolios, can support hedging and trading strategies.

The markets on which derivative products are traded are money, foreign exchange, and capitals markets, and the eligible counterparties are domestic and foreign banks.

Authorization processes and levels

Control processes, policies, and authorization levels of derivatives trading are set forth in the CAIR, whose duties include the approval of:

1. The specific limits for discretionary risks when powers have been delegated by the Board of Directors therefor, as well as the levels of tolerance in the case of non-discretionary risks.

2. The methodology and procedures for identifying, measuring, overseeing, limiting, controlling, reporting, and disclosing the distinct types of risk that the Institution is exposed to as well as their eventual modifications.

3. The models, parameters and scenarios that must be used to value, measure, and control the risks proposed by the unit for Comprehensive Risk Management, must concur with the institution's technology.

4. The methodologies for identifying, valuing, measuring, and controlling the risks of the new operations, products, and services that the Institution plans to offer to the market.

5. The corrective actions proposed by the unit for Comprehensive Risk Management.

6. The evaluation of the aspects of Comprehensive Risk management referred to in Article 77 of the Provisions for its presentation to the Board of Directors and the Commission.

7. The Comprehensive Risk Management manuals, in accordance with the objectives, guidelines, and policies established by the Board of Directors, referred to in the last paragraph of Article 78 of the Provisions.

All the new products or services traded in reliance on any line of business are approved by the Committee, in accordance with the powers granted by the Board of Directors.

Independent reviews

The Institution is under the supervision and oversight of the Commission and the Bank of Mexico, which is exercised through follow-up processes, inspection visits, information and documentation requirements, and delivery of reports. Moreover, reviews are realized periodically by the Internal and External Auditors.

Generic description of valuation techniques

Derivative financial instruments are valued in conformity with the accounting regulations set forth in the Provisions issued by the Commission, as well as the provisions in the particular standard contained in Criterion B-5.

Valuation methodology

1. For purposes of trades and hedges - there is a structure of operating and regulatory manuals that set forth the valuation methodologies used.

2. Reference variables. Those parameters are used that are utilized by convention within the market practices (rates, exchange rates, prices, volatilities, etc.).

3. Frequency of valuation - Trading position instruments are valued every day.

Administration of internal and external sources of liquidity that might be used to meet requirements related to derivative financial instruments

Resources obtained through the National Treasury, as well as the international Treasury (London Branch).

Changes identified in risk exposure, contingencies, and known or expected events in derivative financial instruments

Stress tests and backtesting are realized periodically to estimate the impact on the positions of derivative instruments and satisfactorily validate that the market risk measurement models provide results, in accordance with the exposure thereof to market variability, which must be maintained within the parameters authorized by the CAIR.

The methodology currently used for preparing the stress measurement report consists of calculating the current portfolio value, and be able to make changes in the risk factors that occurred in the:

- Tequila Effect (1994)
- Russian Crisis (1998)
- Twin Towers (2001)
- BMV Effect (2002)
- Effect on Real Interest Rate (2004)
- Mortgage Crisis Effect (2008)

Backtests are based on the following information generated daily:

1. Valuation of the investment portfolio of the day t

2. The VaR of the investment portfolio with a 1 day time horizon and with a level of confidence of 97.5% (VaR).

3. The valuation of the portfolio with the new risk factors of the day t+1

During 2014, the number of agreed upon derivative financial instruments was as follows:

		Number of Operations		Notional	
Instrument		Trade	Hedge	Trade	Hedge
IPC Futures	(1)	1,495		12,575	
Forwards (Arbitrations)	(2)	306		27,032	
Swaps	(3)	257	91	30,480	41,491

(1) Notional refers to the number of contracts: 6,223 Purchase and 6,352 Sales.
(2) Purchase Transactions, Notional in millions of US dollars.
(3) Notional amount in millions traded during the year.

Formal documentation of hedges

In order to comply with the applicable regulations with respect to derivatives and hedge transactions (Criterion B-5 issued by the Commission), the Institution has a hedge file that includes the following information:

1. File cover.
2. Authorization of the hedge.
3. Diagram of the strategy.
4. Evidence of prospective tests of hedge effectiveness.
5. Evidence of execution of the derivative.
6. Details of the primary position being hedged.
7. Confirmation of the derivative.

Sensitivity analysis

A sensitivity analysis is realized through distinct measures every day, such as:

1. **Duration**.- There are primarily two types of duration with different meanings:
   a) Macaulay Duration: It is the weighted average maturity of the current cash flow values where weighting ratios are the time in years up to the payment of the corresponding flow.
   b) Modified Duration: It is the variation by percentage experienced by the price of a small bond before small variations in the market interest rate.

2. **Convexity**.- It is the variation experienced by the slope of a curve with respect to a dependent variable or what is the same. It measures the variation experienced, as well as the duration before changes in rates.

3. **Greeks**.- Sensitivity measurements for options, except for interest rate options:
   a) Delta: Price sensitivity of options at the price of the underlying securities of the option.
   b) Theta: Price sensitivity of options to the variable time.
   c) Gamma: Third degree price sensitivity of the option to the underlying securities of the option.

d) Vega: Price sensitivity of the option to the volatility used for its valuation.

e) Rho: Price sensitivity of the option to changes in the interest rate.

4. **Beta**.- It is the measurement of the systematic risk of a share.

This analysis is reported to the instances that define the operating strategy of derivatives on financial markets and operators therein, in order for it to govern its criterion in taking the risk with these instruments.

NOTE 9. LOAN PORTFOLIO

At December 31, 2014 and 2013, the portfolio by type of loan is summarized as shown below:

	2014	2013
Performing portfolio:		
Business or commercial activity credits	$ 27,584	$ 23,301
Loans to financial entities	109,677	86,685
Loans to government entities	9,975	6,278
Consumer lending	5	4
Housing lending	153	164
Loans granted as an Agent of the Federal Government	1,013	2,439
	148,407	118,871
Nonperforming portfolio:		
Business or commercial activity credits	6	11
Loans to financial entities	1,870	1,705
Consumer lending	3	3
Housing lending	13	12
	1,892	1,731
Total loan portfolio	$ 150,299	$ 120,602

The nonperforming portfolio presents an increase amounting to $161, caused mainly by the book transfer derived from the restructuring of commercial loans of Financial Entities.

At those same dates, the loan portfolio by source currency is summarized as follows:

	2014		2013	
	Performing	Nonperforming	Performing	Nonperforming
Local Currency	$ 123,366	$ 1,892	$ 104,217	$ 1,731
Foreign Currency	25,041	-	14,654	-
Total	$ 148,407	$ 1,892	$ 118,871	$ 1,731

Credits granted as a Financial Agent apply to financing granted to Federal Government entities with resources obtained from international agencies for that specific purposes. They are resented in an independent item of the loan portfolio.

Credits to financial entities are granted to banking and non-banking entities, through the discount of notes payable by legal entities and sole proprietors engaged in business activities.

At December 31, 2014, the Institution does not report credit debts subject to Support Programs promoted by the Federal Government.

The balance of the nonperforming portfolio at December 31, 2014 and 2013 in a total amount of $1,892 and $1,731, respectively, beginning the date on which it was classified as nonperforming, is described in detail below:

	Capital and interest	Amounts	Terms
2 0 1 4			
Business or commercial activity credits	$ 6	$ 6	More than two years
Loans to financial entities	1,870	1,870	More than two years
Consumer lending	3	1	181 to 365 days
Consumer lending	-	2	More than two years
Housing lending	13	2	1 to 180 days
Housing lending	-	11	181 to 365 days
	$ 1,892	$ 1,892	
2 0 1 3			
Business or commercial activity credits	$ 11	$ 11	More than two years
Loans to financial entities	1,705	8	181 to 365 days
Loans to financial entities	-	1,697	More than two years
Consumer lending	3	3	More than two years
Housing lending	12	2	1 to 180 days
Housing lending	-	10	181 to 365 days
	$ 1,731	$ 1,731	

Loan portfolio interest and fees at December 31, 2014 and 2013 are summarized as itemized below:

	Interest	Fees on credit granted	Total
2 0 1 4			
Business or commercial activity credits	$ 1,341	$ 23	$ 1,364
Loans to financial entities	3,916	41	3,957
Loans to government entities	334	-	334
Housing lending	3	-	3
Loans granted as an Agent of the Federal Government	51	2	53
	$ 5,645	$ 66	$ 5,711

		Interest		Fees on credit granted		Total
2 0 1 3						
Business or commercial activity credits	$	1,392	$	32	$	1,424
Loans to financial entities		4,182		69		4,251
Loans to government entities		509		-		509
Consumer lending		1		-		1
Housing lending		4		-		4
Loans granted as an Agent of the Federal Government		110		4		114
	$	6,198	$	105	$	6,303

The effect derived from the suspension of the accrual of interest of the nonperforming portfolio represented an increase amounting to $184 from the year 2013.

Fees collected do not have associated costs and expenses. Moreover, the weighted average term for amortization of fees collected for granting the initial credit is monthly.

As of December 31, 2014 and 2013, restructured loans are summarized as follows:

		Performing		Nonperforming		Total
2 0 1 4						
Business or commercial activity credits	$	47	$	1	$	48
Financial entities		445		254		699
Housing		1		1		2
	$	493	$	256	$	749
2 0 1 3						
Business or commercial activity credits	$	51	$	1	$	52
Financial entities		511		90		601
Housing		1		2		3
Total	$	563	$	93	$	656

At December 31, 2014, restructured nonperforming loans present an increase amounting to $163, which is due mainly to the book reclassification made of a performing loan that was restructured and in compliance with the accounting criteria of the Commission, had to be presented as nonperforming portfolio.

At December 31, 2014 and 2013, restructured interest income amounts to $25 and $31, respectively.

The amount and nature of the additional guarantees of the restructured credits are:

Type of credit	Type of additional guarantee		Amount
Business or commercial activity credits	Inventory, machinery and equipment and property (2nd Marshalling)	$	54
Financial entities	Assignment of Collection Rights		118
		$	172

At December 31, 2014 and 2013, the percentage of concentration of the portfolio by sector is:

	Percentage (%)	
	2014	**2013**
Federal Government	0.47	1.55
Instituto de Protección al Ahorro Bancario (IPAB)	0.25	0.55
Other private financial brokers	41.21	38.96
Development banking	0.06	0.07
Full-Service Banking	32.64	33.86
Decentralized agencies and private companies	6.59	5.13
Domestic companies	18.36	19.33
Foreign financial institutions	0.31	0.40
Private parties	0.11	0.15
Total	100.00	100.00

In accordance with Criterion B-6 "Loan Portfolio" of the Provisions, all those commercial credits are understood as impaired portfolio. Based on current information and events, as well as the review process of such credits, there is a considerable likelihood that both the principal component and interest of impaired portfolio may not be entirely recovered, in accordance with the terms and conditions agreed upon originally. Both the current portfolio and nonperforming portfolio may be identified as an impaired portfolio.

At December 31, 2014 and 2013, the following has been recognized as impaired commercial portfolio:

	Degree of risk			Reserve
	D	E	Total	created
2014				
Performing	$ 48	$ -	$ 48	$ 22
Nonperforming	-	1,711	1,711	1,373
Total	$ 48	$ 1,711	$ 1,759	$ 1,395
2013				
Performing	$ -	$ -	$ -	$ -
Nonperforming	1,566	150	1,716	880
Total	$ 1,566	$ 150	$ 1,716	$ 880

NOTE 10. PREVENTIVE ESTIMATE FOR LOAN RISKS

In accordance with the Rules for Rating the Loan Portfolio for Development Banking Institutions, the loan portfolio under the responsibility of the Federal Government and taking a discount from development banking institutions is not subject to the creation of preventive estimates, since these entities assume the credit risk. The balance of the loan portfolio and that of contingent operations subject to a rating are controlled in memorandum accounts and evaluated, based on the methodologies established by the Commission. The estimate for credit risks recorded at December 31, 2014 and 2013 is summarized as follows:

Risk		Amount of liabilities	Estimate of the provision % of allowance		Amount
2014					
A	$	176,871	0.00 0.99	$	954
B		24,778	1.00 - 19.99		587
C		1,056	20.00 - 59.99		65
D		52	60.00 - 89.99		22
E		1,722	90.00 - 100.00		1,383
Rated portfolio		204,479			3,011
Exempted portfolio:					
Federal Government		1,013			-
Additional reserve		-			654
Subsidiaries		-			290
	$	205,492		$	3,955
2013					
A	$	149,965	0.00 - 0.99	$	763
B		14,254	1.00 - 19.99		868
C		7	20.00 - 59.99		-
D		1,572	60.00 - 89.99		732
E		160	90.00 - 100.00		159
Rated portfolio		165,958			2,522
Exempted portfolio:					
Federal Government		2,439			-
Additional reserve		-			733
Subsidiaries		-			249
	$	168,397		$	3,504

Of the rated portfolio, $339 was reduced from the commercial portfolio rated with an E risk rating, for which the pertinent reserve was not created since the Institution has collateral received in cash at the Institution. The foregoing is presented as a loan portfolio in the respective risk rating in the accounting records.

At December 31, 2014 and 2013, the preventive estimate for credit risks amounts to $53 and $51, respectively, which correspond to the total interest in arrears account.

At those same dates, the preventive estimate for credit risks by type of credit is summarized as follows:

		2014		2013
Specific estimates:				
Loan portfolio:				
Business or commercial activity credits	$	254	$	188
Consumer lending		3		3
Housing lending		9		9
Loans to financial entities		2,686		2,280
Loans to government entities		52		31
		3,004		2,511

	2014	2013
Contingent portfolio:		
Guarantees by endorsement executed	7	11
Additional estimates	654	733
Subsidiaries	290	249
Total	$ 3,955	$ 3,504

The movements of the preventive estimate for credit risks are presented below:

	2014	2013	
Balances at January 1	$ 3,504	$ 2,516	
Increases:			
Discounts on recovery of debts	3	5	
Creation of reserves for credit risks	1,592	1,394	**(a)**
Slippage of the foreign currency reserve	19	-	
	1,614	1,399	
Applications:			
Discounts on recovery of debts	3	5	
Reversal of surplus reserves	1,154	401	
Write-off of credit debts	6	5	
	1,163	411	
Balances at December 31, 2014 and 2013	$ 3,955	$ 3,504	

(a) It includes the initial effect of adopting the new methodology established by the Commission, which generated a decrease in the preventive estimate for credit risks in the amount of $904. Foreseeing that the Institution should prudentially increase the preventive estimate prudentially, it was decided to create additional reserves from the surplus generated in the amount of $686. Both effects were recognized in income, in accordance with the provisions set forth by the Commission. Moreover, during fiscal 2013, the increase in the preventive estimate amounted to $1,612.

NOTE 11. OTHER RECEIVABLES, NET

At December 31, 2014 and 2013, other receivables are shown below:

	2014	2013
Loans to Institution personnel	$ 2,245	$ 2,144
Clearing accounts	359	327
Other receivables	38	49
Receivables for fees on current trading activities	89	88
Other receivables from subsidiaries	384	194
Payments receivable on swap trades	220	-
Estimates for write-offs of other receivables	(27)	(30)
Total	$ 3,308	$ 2,772

NOTE 12. REPOSSESSED ASSETS, NET

At December 31, 2014 and 2013, repossessed assets are summarized as follows:

	2014	2013
Real property	$ 22	$ 37
Securities	44	20
	66	57
Allowances (provisions) for write-offs	(41)	(34)
Total	$ 25	$ 23

Write-offs relative to repossessed assets recorded in income at December 31, 2014 and 2013 amount to $5 and $5, respectively.

In conformity with the Provisions, additional allowances (provisions) have been recognized for holding repossessed assets or out-of-court proceedings or received as a dation in payment.

NOTE 13. PROPERTY, FURNITURE AND EQUIPMENT, NET

At December 31, 2014 and 2013, property, furniture and equipment are summarized as follows:

	2014			2013
	Investment			
Item	Historical	Restatement	Total	Total
Building	$ 304	$ 1,516	$ 1,820	$ 1,806
Furniture and equipment	133	96	229	226
Computer equipment	18	9	27	30
Land	13	436	449	449
Subtotal	468	2,057	2,525	2,511
Accumulated depreciation	(221)	(735)	(956)	(929)
Total	$ 247	$ 1,322	$ 1,569	$ 1,582

Depreciation expensed in fiscal years 2014 and 2013 for depreciation amounted to $33 and $34, respectively.

NOTE 14. OTHER INVESTMENTS

At December 31, 2014 and 2013, other permanent investments are summarized as itemized below:

	2014	2013
Trust placed on Intermediate Securities Market	$ 3	$ 2
Technical Assistance S&ME Financing Programs Trust	4	6
Mexico Design Center Sponsorship Trust	17	17
Eurocentro Nafin-Mexico Trust	4	5
Total	$ 28	$ 30

NOTE 15. PERMANENT INVESTMENTS

At December 31, 2014 and 2013, stock in permanent investments are summarized as shown below:

	2014	2013
Corporacion Andina de Fomento	$ 1,988	$ 1,790
Shares of other companies	38	28
	2,026	1,818
Investment of subsidiary companies	4,181	3,799
Total	$ 6,207	$ 5,617

NOTE 16. TERM DEPOSITS

At December 31, 2014 and 2013, the terms to maturity of these securities are shown below:

	2014	2013
Less than one year	$ 108,926	$ 100,116
Five years	7,152	7,300
Ten years	-	153
	116,078	107,569
Unpaid accrued interest	532	1,344
	$ 116,610	$ 108,913

NOTE 17. BANK BONDS

The balance of this item consists of securities exchange certificates as follows:

Date							
Inception	Expiration	Securities (millions)	Par value (pesos)	Discount	% Rate	2014	2013
12/10/2010	12/04/2015	25	100.0	-	3.81	$ 2,500	$ 2,500
11/22/2013	11/18/2016	20	100.0	-	3.78	2,000	2,000

Date							
Inception	Expiration	Securities (millions)	Par value (Mexican pesos)	Discount	% Rate	2 0 1 4	2 0 1 3
08/03/2012	07/22/2022	20	100.0	-	5.69	2,000	2,000
12/10/2012	07/22/2022	20	100.3	41	5.69	1,966	1,966
11/22/2013	03/08/2024	30	100.0	-	6.55	2,996	2,996
03/14/2014	11/18/2016	12.5	100.0	-	3.28	1,250	-
03/14/2014	03/08/2024	47.5	101.2	97	6.55	4,708	-
06/06/2014	06/02/2017	20	100.0	-	3.25	2,000	-
06/06/2014	03/08/2024	40	102.4	96	6.55	4,000	-
09/26/2014	06/02/2017	17.5	100.0	-	3.25	1,751	-
09/26/2014	03/08/2024	32.5	101.7	52	6.55	3,253	-
Accrued interest payable						401	129
						$ 28,825	$ 11,591

NOTE 18. SECURITIES OUTSTANDING ABROAD

At December 31, 2014 and 2013, maturities at a term less than one year amount to $18,555 and $12,891, respectively.

The current balances of securities placed by the Institution abroad are presented in this item, whose source currency is summarized as follows:

	Balance in millions			
Contract	Source currency	Local currency	% Rate	Term
2 0 1 4				
Dollars:				
MM1405100008	15	$ 219	0.76	less than a year
MM1406500010	20	293	0.72	less than a year
MM1407200006	3	44	0.72	less than a year
MM1423400001	30	441	0.46	less than a year
MM1432900001	132	1,944	0.40	less than a year
MM1433100001	6	88	0.33	less than a year
MM1433500002	68	1,001	0.40	less than a year
MM1433700001	50	737	0.28	less than a year
MM1434400002	20	295	0.28	less than a year
MM1434500007	25	368	0.25	less than a year
MM1434500008	25	368	0.28	less than a year
MM1435200003	20	295	0.24	less than a year
MM1435300003	25	368	0.24	less than a year
	439	$ 6,461		

	Balance in millions			
Contract	Source currency	Local currency	% Rate	Term
MM1420900001	2	$ 29	0.46	less than a year
MM1421000002	2	29	0.46	less than a year
MM1433800006	25	368	0.28	less than a year
MM1433800007	10	147	0.30	less than a year
MM1433800008	5	74	0.33	less than a year
MM1435300002	20	295	0.24	less than a year
MM1435600001	25	369	0.23	less than a year
MM1435700001	20	295	0.24	less than a year
MM1435700002	1	15	0.31	less than a year
	110	$ 1,621		
MM1433800009	54	$ 796	0.25	less than a year
MM1433900001	10	144	0.25	less than a year
MM1434400001	18	262	0.25	less than a year
MM1434500005	100	1,468	0.25	less than a year
MM1435600002	50	737	0.24	less than a year
	232	$ 3,407		
MM1427300001	6	$ 88	0.46	less than a year
MM1428000001	2	37	0.33	less than a year
MM1428000002	4	59	0.46	less than a year
MM1428000003	4	66	0.46	less than a year
MM1430400006	2	29	0.33	less than a year
MM1433600002	62	916	0.42	less than a year
MM1433600003	85	1,261	0.42	less than a year
MM1435200004	3	45	0.31	less than a year
	168	$ 2,501		
MM1423300006	8	$ 118	0.45	less than a year
MM1423300007	2	29	0.45	less than a year
MM1424000007	5	81	0.45	less than a year
MM1424000008	6	96	0.45	less than a year
MM1425100001	20	294	0.46	less than a year
	41	$ 618		
MM1428200008	5	$ 68	0.46	less than a year
	5	$ 68		
MM1435000001	15	$ 221	0.25	less than a year
	15	$ 221		

	Balance in millions				
Contract	**Source currency**		**Local currency**	**% Rate**	**Term**
MM1427900002	7	$	104	0.46	less than a year
MM1428600002	10		147	0.37	less than a year
MM1429500003	5		74	0.38	less than a year
MM1430700002	10		147	0.43	less than a year
MM1433600004	10		147	0.33	less than a year
MM1434200001	10		147	0.33	less than a year
MM1434900002	10		147	0.32	less than a year
	62	$	913		
MM1409200001	15	$	220	0.72	less than a year
MM1410000001	13		190	0.73	less than a year
MM1424800002	50		735	0.48	less than a year
MM1424800004	22		324	0.48	less than a year
	100	$	1,469		
MM1432900004	49	$	726	1.03	less than a year
	49	$	726		
Total	1,221	$	18,005		
Interest	1	$	15		
Total Dollars	1,222	$	18,020		
Euros:					
MM1435200001	10	$	178	0.15	less than a year
MM1435200002	10		178	0.31	less than a year
MM1435300001	10		179	0.15	less than a year
	30	$	535		
Total Euros	30	$	535		
Total		$	18,555		
2 0 1 3					
Dollars:					
MM1328700001	2	$	26	0.62	less than a year
MM1332500006	35		458	0.32	less than a year
MM1333900006	45		589	0.27	less than a year
MM1333900007	45		589	0.30	less than a year
MM1335200002	25		327	0.27	less than a year
MM1335300009	20		262	0.27	less than a year
MM1336100001	40		523	0.30	less than a year
	212	$	2,774		

Contract	Balance in millions Source currency		Local currency	% Rate	Term
MM1333800004	15	$	196	0.27	less than a year
MM1334400002	16		206	0.27	less than a year
MM1335300010	25		331	0.25	less than a year
MM1335700002	40		524	0.25	less than a year
	96	$	1,257		
MM1332400003	46	$	609	0.30	less than a year
MM1333900008	35		461	0.30	less than a year
MM1334500006	10		133	0.27	less than a year
MM1334500007	3		39	0.27	less than a year
MM1335200001	15		197	0.30	less than a year
MM1335300006	53		689	0.27	less than a year
MM1335300007	17		218	0.27	less than a year
MM1335300008	35		458	0.30	less than a year
MM1335800002	10		131	0.30	less than a year
	224	$	2,935		
MM1334400001	28	$	360	0.27	less than a year
MM1334700001	34		451	0.27	less than a year
MM1335000001	73		955	0.27	less than a year
MM1335200003	39		510	0.27	less than a year
MM1335200004	21		282	0.27	less than a year
MM1335400001	72		940	0.27	less than a year
MM1335700001	62		813	0.27	less than a year
MM1335800001	84		1,094	0.26	less than a year
	413	$	5,405		
MM1307300004	3	$	39	0.96	less than a year
MM1328400001	5		60	0.78	less than a year
	8	$	99		
MM1332200002	3	$	40	0.32	less than a year
	3	$	40		
MM1333700001	4	$	52	0.27	less than a year
	4	$	52		
MM1329500001	25	$	327	0.74	less than a year
	25	$	327		
Total	985	$	12,889		
Interest	-		2		
Total	985	$	12,891		

NOTE 19. INTERBANK LOANS AND LOANS FROM OTHER AGENCIES

This item consists mainly of credits received from foreign financial institutions at current market or preferential rates. They are summarized as follows:

	2014	2013
Multinational and governmental agencies:		
World Bank	$ 737	$ 739
Inter-American Development Bank	5,680	5,995
Others	883	2,445
	7,300	9,179
Foreign banking institutions	-	-
Domestic banking institutions	5,376	2,379
Other loans	1,079	5,291
Unpaid accrued interest	17	33
	$ 13,772	$ 16,882

At December 31, 2014 and 2013, maturities at a term less than one year amount to $6,675 and $10,308, respectively.

At December 31, 2014, interbank loans and from other agencies are summarized as follows:

Financial agency	Rate	Term to maturity (residual)	Millions in source currency	Local currency
Demand deposits:				
Local Currency:				
Banca Firme Inversiones	3.0000	2 days		$ 150
Banco Internacional S.A.	3.0000	2 days		160
JP Morgan Inversiones	3.0000	2 days		480
Bank of Tokyo Inversiones	3.0000	2 days		210
Total				$ 1,000
Short-term:				
US dollars:				
Mitsubishi Bank LTD	0.7046	89 days	100	$ 1,474
Mizuho Corporate Bank Limited New York	0.7646	89 days	50	737
Standard Chartered	0.7036	170 days	10	147
Standard Chartered	0.5195	26 days	20	295
Standard Chartered	0.5971	82 days	20	295
Standard Chartered	0.5188	29 days	20	295
Standard Chartered	0.6914	163 days	30	442
Standard Chartered	0.5155	22 days	20	295
Corporacion Andina de Fomento	0.7410	168 days	30	442
Corporacion Andina de Fomento	0.7436	170 days	20	295
N F Bid Cclip 2226 oc Me Pemex S&ME Development	1.1200	365 days	3	37
Total			323	$ 4,754

Financial agency	Rate	Term to maturity (residual)	Millions in source currency	Local currency
Financial Broker:				
US dollars:				
Inter-American Development Bank Washington, D.C.	3.9320	13 days	19	$ 283
Inter-American Development Bank Washington, D.C.	4.0440	172 days	15	227
Inter-American Development Bank Washington, D.C.	2.1300	266 days	25	369
Total			59	$ 879
Euros				
Inter-American Development Bank Washington, D.C.	3.0000	285 days	1	$ 15
			1	$ 15
Special Draft Fees:				
Inter-American Development Bank Washington, D.C.	1.1200	213 days		$ 10
Total				$ 10
Interest				$ 17
Total				$ 5,675
Long-term:				
US dollars:				
Kreditanstalt Fur Wideraufbau Frankfurt	2.7300	7 years 6 months	39	$ 575
Kreditanstalt Fur Wideraufbau Frankfurt	1.3600	7 years 6 months	26	383
Banco Nacional de Comercio Exterior, S.N.C.	1.0994	2 years 6 months	5	79
Official Institute of Credit of Spain	1.2500	8 years 1 month	1	11
Official Institute of Credit of Spain	1.2500	6 years 8 months	3	51
Official Institute of Credit of Spain	1.5000	6 years 4 months	3	41
N F Bid Cclip 2226 oc Me Pemex S&ME Development	1.1200	20 years 6 months	98	1,437
N F ctf BIRF 98062 Electrodomestic Substitution Program	0.7500	15 years 9 months	50	737
N F BID 2671 cc Me Unemployment Support Program of Mexico	1.1200	22 years	50	737
2631 tc Me Renewable Energy Financing Program	0.7500	17 years 7 months	70	1,032
NF BID Cclip 2843/oc-Me Condition Credit Line Program me-x1010	1.1200	23 years 11 months	100	1,475
			445	$ 6,558

Financial agency	Rate	Term to maturity (residual)	Millions in source currency		Local currency
Euros:					
Kreditanstalt Fur Wideraufbau Frankfurt	1.3800	8 years	9	$	153
Kreditanstalt Fur Wideraufbau Frankfurt	1.3700	8 years	1		12
Kreditanstalt Fur Wideraufbau Frankfurt	1.2800	8 years	2		37
Kreditanstalt Fur Wideraufbau Frankfurt	1.3800	8 years	2		36
Kreditanstalt Fur Wideraufbau Frankfurt	1.3700	8 years	2		44
Kreditanstalt Fur Wideraufbau Frankfurt	1.2100	10 years	1		10
Kreditanstalt Fur Wideraufbau Frankfurt	1.2400	10 years	5		97
Natexis Banque France Paris	2.0000	9 years	0		7
Natexis Banque France Paris	2.0000	1 year 6 months	2		31
Natexis Banque France Paris	2.0000	4 years 6 months	1		10
			25	$	437
Financial Broker:					
Euros:					
Inter-American Development Bank Washington, D.C.	3.0000	5 years 4 months	4	$	70
Special Draft Fees:					
Inter-American Development Bank Washington, D.C.	1.1200	3 years 8 months	1	$	32
Total				$	7,097

At December 31, 2013, interbank loans and from other agencies are summarized as follows:

Financial agency	Rate	Term to maturity (residual)	Millions in source currency		Local currency
Demand deposits:					
Local Currency:					
Banco Multiva, S.A. Institución de Banca Múltiple	3.3000	2 days		$	1,000
Banco del Ahorro Nacional y Servicios Financieros S.N.C.	3.5000	2 days			113
Scotiabank Inverlat, S.A.	3.5000	2 days			450
Banca Firme Inversiones	3.3500	2 days			240
Banco Internacional, S.A.	3.5000	2 days			1,600
Banco Mifel Inversiones	3.3000	2 days			200
JP Morgan Inversiones, MN	3.5000	2 days			984
Banco Ve Por Mas, S.A. (formerly Factoring Comercial America, S.A. de C.V.)	3.2500	2 days			14

Financial agency	Rate	Term to maturity (residual)	Millions in source currency	Local currency
Bank of America MN Investments MN	3.5000	2 days		200
Banco Azteca, S.A. Full Service Banking Institution	3.5000	2 days		20
Banco Actinver S.A. Institución de Banca Múltiple Gpo Fin Actinver	3.2500	2 days		270
Banco Nacional de Comercio Exterior, S.N.C.	3.5000	2 days		102
Total				$ 5,193
Short-term				
US dollars:				
Corporacion Andina de Fomento	0.2436	15 days	$ 50	$ 654
Corporacion Andina de Fomento	0.2461	17 days	50	654
Corporacion Andina de Fomento	0.2381	48 days	75	982
Banco Nacional de Comercio Exterior, S.N.C.	0.3494	365 days	2	28
Standard Chartered Bank	0.1682	3 days	40	523
Standard Chartered Bank	0.2070	34 days	20	262
Standard Chartered Bank	0.1640	17 days	30	393
			$ 267	$ 3,496
Euros:				
Natexis Banque	2.0000	365 days	$ -	$ 8
Natexis Banque	2.0000	365 days	3	52
Natexis Banque	2.0000	365 days	1	13
			$ 4	$ 73
Financial Broker:				
US dollars:				
Inter-American Development Bank Washington, D.C.	3.6600	19 days	$ 13	$ 170
Inter-American Development Bank Washington, D.C.	4.0340	365 days	46	604
Inter-American Development Bank Washington, D.C.	2.1300	365 days	48	630
International Bank for Reconstruction and Development	5.0159	90 days	7	85
			$ 114	$ 1,489
Euros:				
Inter-American Development Bank Washington, D.C.	3.0000	285 days	$ 1	$ 15
Special Draft Fees:				
International Agricultural Development Fund Mexico City, Mexico	1.1200	213 days	$ -	$ 9
Interest				$ 33
Total				$ 5,115

Financial agency	Rate	Term to maturity (residual)	Millions in source currency	Local currency
Long-term				
US dollars:				
Banco Nacional de Comercio Exterior, S.N.C.	0.3494	3 years 6 months	$ 5	$ 70
Official Institute of Credit of Spain	1.2500	9 years 1 month	1	11
Official Institute of Credit of Spain	1.2500	7 years 8 months	4	52
Official Institute of Credit of Spain	1.5000	7 years 4 months	3	43
Kreditanstalt fur Wideraufbau Frankfurt	2.7300	8 years 6 months	39	510
Kreditanstalt fur Wideraufbau Frankfurt	1.3600	8 years 6 months	26	340
N F Bid Cclip 2226 oc Me Pemex S&ME Development	1.1400	21 years 6 months	100	1,309
N F ctf BIRF 98062 Electrodomestic Substitution Program	0.7500	16 years 9 months	50	655
N F BID 2671 cc Me Unemployment Support Program of Mexico	1.1400	23 years	50	655
2631 tc Me Renewable Energy Financing Program	0.7500	18 years 7 months	70	916
NF BID Cclip 2843/oc-Me Condition Credit Line Program me-x1010	1.1400	24 years 11 months	64	835
			$ 412	$ 5,396
Euros:				
Kreditanstalt fur Wideraufbau Frankfurt	1.3800	9 years	$ 10	$ 174
Kreditanstalt fur Wideraufbau Frankfurt	1.3700	9 years	2	30
Kreditanstalt fur Wideraufbau Frankfurt	1.2800	9 years	2	37
Kreditanstalt fur Wideraufbau Frankfurt	1.3200	9 years	2	36
			$ 16	$ 277
Financial Broker:				
US dollars:				
Inter-American Development Bank Washington, D.C.	3.9220	1 year 1 month	$ 59	$ 773
Euros:				
Inter-American Development Bank Washington, D.C.	3.0000	6 years 4 months	$ 5	$ 88
Special Draft Fees:				
International Agricultural Development Fund Mexico City, Mexico	0.8500	4 years 8 months	$ 2	$ 40
Total				$ 6,574

The accounts of credits obtained not yet drawn down (Note 28) represents the lines of credit granted to the Institution not exercised at year end, as itemized below:

		2014		2013
Bank of Mexico	$	472	$	454
Kreditanstal Fur Wideraufbau Frankfurt		575		581
Inter-American Development Bank		-		474
Subsidiaries		1,273		7,486
	$	2,320	$	8,995

NOTE 20. OTHER PAYABLES

At December 31, 2014 and 2013, this item is comprised of the following reserves and provisions:

		2014		2013
Other liabilities	$	650	$	400
Taxes on earnings payable		1,012		521
Employee profit sharing payable		310		152
Provisions for other items		68		80
Payables under memorandum accounts		518		208
Clearing accounts		3,000		681
Security deposits		3		4
	$	5,561	$	2,046

NOTE 21. LABOR OBLIGATIONS

General Work Conditions (GWC) set forth that workers who reach 65 years of age and complete 30 years of service will be eligible for a retirement annuity. Moreover, upon reaching 65 years of age with 5 years of seniority, workers will be eligible to receive a monthly annuity, whose amount will be equal to the result of multiplying the average of the net monthly salary accrued by the employee during the last year of service by the number of years of service rendered by the 0.0385 factor. The Institution reserves the right to pay a pension for retirement to that worker who has reached 60 years of age or completed 26 years of service.

On the other hand, the Transition Articles of the GWC dated August 12, 1994 set forth that workers who joined the Institution prior to the above date and reach 55 years of age and have completed 30 years of service, 60 years of age, and completed 5 years of seniority will be eligible for a pension in the terms of the GWC referred to above.

In the event of an unjustified dismissal or termination of the employer-employee relationship, the worker may choose to receive the pertinent indemnification or a retirement annuity calculated based on the main characteristics of the retirement plan discussed paragraph one if the worker is 50 years old and has 16 or more years of seniority.

Transition Article Five paragraph a) of the GWC, 2006 review, sets forth that persons who have obtained a pension for disablement, disability or retirement at a date prior to that review and those workers who have joined the Institution at a date prior to the effectiveness of the above review to whom the Defined Retirement Benefit Plan applies will continue to enjoy the right to receive the following additional benefits from the Institution at the time when they retire:

- Short-term loans, medium-term loans, and Special Loan for Savings, which will be paid with a charge to administration and promotion expenses with an 18% net guaranteed return of the maximum capacity to invest that will be calculated on 41.66% of the net monthly pension multiplied by 72 months, as well as the available capacity that will be over 50% of the net pension, less the month deductions from the short and medium-term loans with capital and interest multiplied by 72 months, with a 41.66% cap or ceiling of the monthly net pension. The Special Loan for Savings will accrue a 1% rate annual interest on its amount, which will be withheld by the Institution.

The net cost for the period applied to income at December 31, 2014 and 2013 amounted to $921 (including $23 of the defined contribution) and $979 (including $21 of the defined contribution), respectively, including the effect of other postretirement benefits.

As of December 31, 2014 and 2013, the plan assets of the fund for labor obligations amounts to $6,502 and $6,314, respectively, and it is invested in an irrevocable trust created in the Institution.

In accordance with the provisions of FRS D3 "Employee Benefits", the Institution recognized in its financial statements at December 31, 2014 and 2013, plan assets in respect of "other postretirement benefits" for $ 8.847 and $ 7.655, respectively. Moreover, the net cost of the period recorded in income of the Institution amounted to $815 and $912, respectively.

Following is a summary of the actuarial calculations as of Wednesday, December 31, 2014:

	Retirement	**Seniority premium**	**Other benefits at retirement**	**Special Loan for Savings (SLS) and Financial Cost of Credits**
Item	**Retirement**	**Retirement and termination**	**Retirement**	**Retirement**
Journal voucher for the recognition of losses and gains	Deferred amortization			
General description of benefits	In accordance with general labor conditions			
Vested Benefit Obligation	$ 6,479	$ 6	$ 5,884	$ 2,980

Reconciliation between the value of the Defined Benefit Obligation (DBO) and Plan assets (PA) with the Reserve or Project net Liability (PNP) at year end (a)

	Retirement	Seniority premium	Other benefits at retirement	Special Loan for Savings (SLS) and Financial Cost of Credits
Item	**Retirement**	**Retirement and termination**	**Retirement**	**Retirement**
A. Defined Benefit Obligations (DBO)	$ 7,358	$ 32	$ 7,340	$ 3,461
B. Plan Assets (PA)	6,473	30	5,882	2,944
C. Funded Status (A-B)	885	2	1,458	517
D. Actuarial gains / (losses)	(941)	(2)	(1,446)	(539)
Net projected Liability / (Asset) at year end (PNP) (C+D)	$ (56)	$ -	$ 12	$ (22)
Amortization periods of unamortized items	N/A	5.18	14.29	N/A
Transition liability amortization period	N/A	N/A	N/A	N/A
Prior service amortization period	N/A	N/A	N/A	N/A
Net Cost for the Period 2014 (b)				
A. Labor Cost	$ 27	$ 2	$ 40	$ 31
B. Financial Cost	423	2	395	212
C. Returns on Assets	(382)	(1)	(324)	(169)
D. Amortization PPA	12	-	543	87
Net cost for the Period	$ 80	$ 3	$ 654	$ 161

Main hypothesis used:

	(a) Dec. 31-14	(b) Dec. 31-13
Discount rate	6.25%	6.25%
PA Rate of return	6.25%	6.25%
Rate of general wage increase	4.00%	4.00%
Rate of minimum wage increase	3.50%	3.50%
Medical inflation rate	8.00%	7.00%

(a) Actuarial values determined at 2014 year end were determined by the Farell Grupo de Consultoria firm by considering the hypotheses of December 31, 2014.

(b) The hypotheses of December 31, 2013 were used to determine the net cost of the period of 2014.

Following is a summary of the actuarial calculations at December 31, 2013:

	Retirement	Seniority premium	Other benefits at retirement	Special Loan for Savings (SLS) and Financial Cost of Credits
Item	**Retirement**	**Retirement and termination**	**Retirement**	**Retirement**
Journal voucher for the recognition of losses and gains	Deferred amortization			
General description of benefits	In accordance with general labor conditions			
Vested Benefit Obligation	$ 6,442	$ 5	$ 5,370	$ 2,833

Reconciliation between the value of the Defined Benefit Obligation (DBO) and Plan assets (PA) with the Reserve or Project net Liability (PNP) at year end (c)

A. Defined Benefit Obligations (DBO)	$ 6,949	$ 34	$ 5,978	$ 3,433
B. Plan Assets (PA)	6,331	33	5,031	2,773
C. Funded Status (A-B)	618	1	947	660
D. Actuarial gains / (losses)	(674)	(3)	(935)	(682)
Net projected Liability / (Asset) at year end (PNP) (C+D)	$ (56)	$ (2)	$ 12	$ (22)
Amortization periods of unamortized items	N/A	5.27	5.27	N/A
Transition liability amortization period	N/A	N/A	N/A	N/A
Prior service amortization period	N/A	N/A	N/A	N/A

Net Cost for the Period 2013 (d)

A. Labor Cost	$ 31	$ 2	$ 35	$ 34
B. Financial Cost	404	2	338	198
C. Returns on Assets	(389)	(2)	(290)	(171)
D. Amortization PPA	-	-	735	33
Net cost for the Period	$ 46	$ 2	$ 818	$ 94

Main hypothesis used:

	(c) **Dec. 31-13**	**(d)** **Dec. 31-12**
Discount rate	6.25%	6.00%
PA Rate of return	6.25%	6.00%
Rate of general wage increase	4.00%	4.00%
Rate of minimum wage increase	3.50%	3.50%
Medical inflation rate	7.00%	6.00%

(c) Actuarial values determined at 2013 year end were determined by the Farell Grupo de Consultoria firm by considering the hypotheses of December 31, 2013.

(d) The hypotheses of December 31, 2013 were used to determine the net cost of the period of 2013.

At those same dates, the general information of the pension and retirement plan is:

	2014	2013
Number of employees	983	976
Annual base payroll	$ 241	$ 237
Annual computed payroll	$ 428	$ 429
Average current age	44.28	45.76
Average seniority	14.36	16.17
Number of pensioners	1,521	1,483
Annualized pension payroll	$ 451	$ 412
Average current age	69.23	69.07

Statement of status

As of December 31, 2014 and 2013, the statement of status is as follows:

			Other benefits at retirement	
	Retirement pension plan	**Seniority premium**	**Medical service, savings fund, insurance, athletic club**	**SLS and financial cost of credits**
2014				
Defined benefit obligation	$ 7,358	$ 32	$ 7,340	$ 3,460
Plan assets	(6,473)	(30)	(5,882)	(2,943)
Defined benefits obligation in excess of the plan assets	885	2	1,458	517
Actuarial (gain) / loss carryforward	(941)	(2)	(1,446)	(539)
Projected net (Liability) / Asset	$ (56)	$ -	$ 12	$ (22)
2013				
Defined benefit obligation	$ 6,949	$ 34	$ 5,978	$ 3,433
Plan assets	(6,331)	(33)	(5,031)	(2,773)
Defined benefits obligation in excess of the plan assets	618	1	947	660
Actuarial (gain) / loss carryforward	(674)	(3)	(935)	(682)
Projected net (Liability) / Asset	$ (56)	$ (2)	$ 12	$ (22)

Reconciliation of the book provision

At those same dates, the reconciliation of the book provision is as follows:

	Retirement pension plan	Seniority premium	Other benefits at retirement: Medical service, savings fund, insurance, athletic club	Other benefits at retirement: SLS and financial cost of credits
2 0 1 4				
Balance at beginning of year	$ 56	$ -	$ (12)	$ 22
Net cost for the period in accordance with FRS D-3	80	3	654	161
Contribution made to the fund	(80)	(3)	(654)	(161)
Final balance	$ 56	$ -	$ (12)	$ 22
2 0 1 3				
Balance at beginning of year	$ 56	$ 2	$ (12)	$ 22
Net cost for the period in accordance with FRS D-3	46	-	818	94
Contribution made to the fund	(46)	-	(818)	(94)
Final balance	$ 56	$ 2	$ (12)	$ 22

NOTE 22. TAXES ON EARNINGS

Income Tax and IETU Regime - The Institute is subject to Income Tax and IETU in 2014 and 2013.

Income tax is calculated at a 30% rate considering certain impacts of inflation as taxable or deductible, such as depreciation calculated on constant values in constant pesos. The impact of inflation on certain monetary assets and liabilities is accumulated or deducted through the adjustment on inflation.

IETU is assessed on sales of goods, independent services rendered, and the use or temporary enjoyment of goods granted, in the terms defined in that law, less certain authorized deductions. The tax payable is calculated by reducing the credits on the losses reported from the tax determined for purposes of that tax, credit on investments, credits on salaries and subordinated personal services, and the tax due in the year. As a general rule, revenues, deductions, and certain tax liabilities are determined based on cash flows. However, the Institution determines it through the brokerage margin based on accruals with respect to the services paid and interest collected.

In accordance with the Corporate Flat Tax Law (IETU Law) in effect up to December 31, 2013, the Institution will consider interest as accrued as taxable income for purposes of this tax, regardless of whether or not it is collected. This situation applies to both ordinary interest and interest in arrears.

The provision in income of IETU and Income Tax is summarized as follows:

	2014	2013
Due:		
IETU	$ -	$ (363)
Income Tax	(929)	(127)
	$ (929)	$ (490)
Deferred:		
IETU written off	$ -	$ 268
Income Tax	307	(238)
	$ 307	$ 30

Effective 2013, only deferred Income Tax is calculated since IETU was repealed (Note 35).

The main items included in the deferred tax accounts of the Institution and its subsidiaries are as follows:

	2014	2013
Liabilities:		
Investments in nondeductible fixed assets	$ 301	$ 300
Other assets	197	-
	$ 498	$ 300
Assets:		
Accounts payable	$ -	$ (4)
Provisions	(29)	-
Valuation of permanent investments	(62)	(32)
Others	(517)	-
	(608)	(36)
Taxes on earnings	(110)	264
Deferred Employee Profit Sharing	(114)	-
Deferred taxes (net)	$ (224)	$ 264

The reconciliation of the statutory rate of Income Tax in 2014 and IETU in 2013, the effective rates stated as a percentage of income before taxes on earnings are:

	2014	2013
Statutory rate	30.00%	17.50%
Add (less):		
Nondeductible expenses	1.32%	-
Portfolio provisions	7.23%	-
Profit Sharing	2.11%	-
Impact of inflation	(7.76%)	-
Financial margin	-	4.64%
Others	(5.79%)	(3.14%)
Effective rate	27.11%	19.00%

NOTE 23. STOCKHOLDERS' EQUITY

a) Capital stock.-

At December 31, 2014 and 2013, the Institution's capital stock is summarized as follows:

	2014	2013
Subscribed capital:		
Series "A"		
31,548,000 Certificates of Capital Contribution (CAPs) with a value amounting to fifty pesos each one.	$ 1,577	$ 1,577
Series "B"		
16,252,000 Certificates of Capital Contribution with a value amounting to fifty pesos each one.	813	813
Total subscribed for capital	2,390	2,390
Unissued capital:		
Series "A"		
7,888,728 Certificates of Capital Contribution with a value amounting to fifty pesos each one.	(393)	(393)
Series "B"		
4,053,586 Certificates of Capital Contribution with a value amounting to fifty pesos each one.	(203)	(203)
Total unissued capital	(596)	(596)
Subscribed for and paid-in capital stock:		
Series "A"		
23,679,272 Certificates of Capital Contribution with a value amounting to fifty pesos each one.	1,184	1,184
Series "B"		
12,198,414 Certificates of Capital Contribution with a value amounting to fifty pesos each one.	610	610
Total subscribed for and paid-in capital stock	1,794	1,794
Increase from restatement	7,011	7,011
Total	$ 8,805	$ 8,805

Series "A" represents 66% of the institution's capital, which may only be subscribed for by the Federal Government, and Series "B" for the remaining 34%.

b) Contribution for future capital stock increases.-

As of December 31, 2014 and 2013, its value amounts to $1,950.

c) Paid stock premium.-

This premium applies to payments made by holders of Series "B" CAPs. The balance of the premiums paid at December 31, 2014 and 2013 amounts to $8,922.

d) Capital reserves.-

The nominal value of these reserves at December 31, 2014 and 2013 amounts to $314, and its restated value at both years end amounts to $1,730.

e) Prior year income.-

At December 31, 2014 and 2013, the summary of the account balance is as follows:

	2014	2013
Loss on the adjustment of changes in accounting policies by the Commission in Circular 1343.	$ (2,860)	$ (2,860)
Prior year income	4,327	2,602
Creation of provisions for assets acquired through judicial proceedings	(260)	(260)
RETANM realized	(13)	(13)
Pension reserve, PEA, and retiree loans.	(4,310)	(4,310)
	(3,116)	(4,841)
Gain or loss on valuation in associated and affiliated companies	3,288	3,288
Adjustment on accumulated depreciation of furniture and equipment	(96)	(96)
Deferred taxes	(333)	(333)
	$ (257)	$ (1,982)

f) Gain or loss on valuation of available-for-sale securities.-

The adjustments derived from valuations at market of available-for-sale securities are recorded in this line item. The gain or loss is recorded as realized in income up to the fiscal year in which the security is sold or reaches maturity.

At December 31, 2014 and 2013, the gain or loss on valuation of available-for-sale securities at market is summarized as follows:

	2014	2013
Valuation of available-for-sale securities	$ (52)	$ 14

g) Effects of valuation of associated and affiliated companies.-

As of December 31, 2014 and 2013, its value amounts to $162 and $217, respectively.

h) Legal provisions.-

On November 23, 2008, the SHCP published rules for the capitalization requirements of Full-Service Banking Institutions and National Lending Institutions, Development Banking Institutions, which went into effect beginning January 1, 2010. These capitalization rules set forth the requirements with specific levels of net capital, as a percentage of both market and credit risk assets. In this respect, there is a 14.62 % level confirmed by the Bank of Mexico at December 31, 2014.

Cash dividends received by legal entities resident in national territory are not subject to a withholding, unless they are drawn on items other than the Net Taxable Income Account (CUFIN – Spanish acronym).

NOTE 24. MAIN ITEMS THAT COMPRISE THE STATEMENT OF INCOME

The main items that comprise the Institution's Income (loss) at December 31, 2014 and 2013 are as follows:

	2014		
	Total	Local currency	Foreign currency
Interest income			
Interest on performing loan portfolio			
Commercial credits	$ 1,341	$ 1,111	$ 230
Housing lending	2	2	-
Loans to government entities	334	333	1
Loans granted as a (Financial) Agent of the Federal Government	51	-	51
Loans to financial entities	3,916	3,718	198
	5,644	5,164	480
Interest income on nonperforming loan portfolio			
Housing lending	1	1	-
	1	1	-
Interest and yields earned on investments in securities			
Trading securities	227	227	-
Available-for-sale securities	162	-	162
Held-to-maturity securities	786	745	41
	1,175	972	203
Interest and yields earned in repurchase agreement transactions			
Repurchase transactions	8,861	8,861	-
	8,861	8,861	-
Interest from liquid assets			
Banks	7	-	7
Restricted liquid assets	444	434	10
	451	434	17
Fees income from lending transactions (adjustment on yield)			
Commercial credits	66	64	2
Revenues from hedge trading	(1,088)	(1,148)	60
Net equity dividends	2	2	-
Subsidiaries	45	45	-
	(975)	(1,037)	62
Total interest income	$ 15,157	$ 14,395	$ 762

	2014		
	Total	Local currency	Foreign currency
Interest expenses			
Interest on term deposits	$ 3,744	$ 3,687	$ 57
Interest on negotiable instruments issued	1,212	1,150	62
Interest payable on interbank loans and loans for other Agencies	179	40	139
Interest and yields payable in repurchase agreement transactions	6,769	6,769	-
Expenses from hedge trading	(1,541)	(1,541)	-
	10,363	10,105	258
Exchange loss on appreciation	900	900	-
Total interest expense	$ 11,263	$ 11,005	$ 258
Net interest income	$ 3,894	$ 3,390	$ 504
Commission and fee income			
Guarantees by endorsement	$ 9	$ 9	$ -
Custody or administration of assets	8	8	-
Fiduciary Activities	475	474	1
Others	167	153	14
Subsidiaries	1,860	1,860	-
	$ 2,519	$ 2,504	$ 15
Commission and fee income expenses			
Loans received	$ 2	$ -	$ 2
Debt placed	14	14	-
Others	64	58	6
Subsidiaries	213	213	-
	$ 293	$ 285	$ 8
Gain or loss on brokerage			
Gain or loss on valuation at fair value and decrease on securities valued at cost			
Trading securities	$ 639	$ 639	$ -
Derivative financial instruments for trading purposes	(12)	(23)	11
Derivative financial instruments for hedging purposes	(5)	(17)	12
	622	599	23
Gain or loss on trading derivative financial instruments			
Trading securities	41	41	-
Available-for-sale	(8)	-	(8)
Derivative financial instruments for trading purposes	183	183	-
	216	224	(8)
Gain on brokerage	838	823	15

	2014		
	Total	Local currency	Foreign currency
Other operating income (expenses)			
Reversal of the surplus of preventive estimates for lending risks	1,154	1,017	137
Allowance (provision) for loss on repossessed assets	(4)	(4)	-
Other losses	(5)	(5)	-
Income on loans to personnel	38	38	-
Other operating income (expenditure) items **(a)**	(1,141)	(1,143)	2
Other income (expenses) of subsidiaries	(38)	(38)	-
	$ 4	$ (135)	$ 139

(a) The Institution realized the payment in the amount of $1,200 million Mexican pesos on October 31, 2014, in conformity with the indications in official letter number 102-B-064, dated October 27, 2014, issued by the Undersecretary of Ministry and Public Credit, whereby the Federal Government instructs the Institution to realize a payment under the juridical nature of use for furnishing a sovereign guarantee of the Federal Government.

	2013		
	Total	Local currency	Foreign currency
Interest income			
Interest on performing loan portfolio			
Commercial credits	$ 1,391	$ 1,302	$ 89
Housing lending	3	3	-
Loans to government entities	509	507	2
Loans granted as a (Financial) Agent of the Federal Government	110	-	110
Loans to financial entities	4,181	4,127	54
	6,194	5,939	255
Interest income on nonperforming loan portfolio			
Commercial credits	1	1	-
Loans to financial entities	1	1	-
Consumer lending	1	1	-
Housing lending	1	1	-
	4	4	-
Interest and yields earned on investments in securities			
Trading securities	213	-	213
Available-for-sale securities	105	-	105
Held-to-maturity securities	760	715	45
	1,078	715	363
Interest and yields earned in repurchase agreement transactions			
Repurchase transactions	11,601	11,601	-
	11,601	11,601	-

	2 0 1 3		
	Total	Local currency	Foreign currency
Interest from liquid assets			
Banks	6	-	6
Restricted liquid assets	542	535	7
	548	535	13
Fees income from lending transactions (adjustment on yield)			
Commercial credits	105	101	4
	105	101	4
Total interest income	$ 19,530	$ 18,895	$ 635
Interest expenses			
Interest on term deposits	$ 4,523	$ 4,497	$ 26
Interest on negotiable instruments issued	602	558	44
Interest payable on interbank loans and loans for other Agencies	221	41	180
Interest and yields payable in repurchase agreement transactions	10,237	10,237	-
	15,583	15,333	250
Exchange loss on appreciation	1,168	-	1,168
Total interest expense	$ 16,751	$ 15,333	$ 1,418
Net interest income	$ 2,779	$ 3,562	$ (783)
Commission and fee income			
Guarantees by endorsement	$ 13	$ 13	$ -
Custody or administration of assets	6	6	-
Fiduciary Activities	492	490	2
Others	165	153	12
Subsidiaries	1,557	1,557	-
	$ 2,233	$ 2,219	$ 14
Commission and fee expenses			
Loans received	$ 2	-	2
Debt placed	7	7	-
Others	51	47	4
Subsidiaries	131	131	-
	$ 191	$ 185	$ 6
Gain or loss on brokerage			
Gain or loss on valuation at fair value and decrease on securities valued at cost			
Trading securities	$ 1,080	$ 1,080	$ -
Derivative financial instruments for trading purposes	109	117	(8)
Derivative financial instruments for hedging purposes	39	(107)	146
	1,228	1,090	138

	2013		
	Total	Local currency	Foreign currency
Valuation of coined precious metals	(1)	-	(1)
	(1)	-	(1)
Gain or loss on trading derivative financial instruments			
Trading securities	(448)	(448)	-
Available-for-sale	6	-	6
Derivative financial instruments for trading purposes	739	726	13
	297	278	19
Gain on brokerage	1,524	1,368	156
Other operating income (expenses)			
Reversal of the surplus of preventive estimates for lending risks	397	395	2
Gain on sale of repossessed assets	3	3	-
Allowance (provision) for loss on repossessed assets	(5)	(5)	-
Other losses	(24)	(24)	-
Income on loans to personnel	38	38	-
Other operating income (expenditure) items **(b)**	(294)	(296)	2
Other income (expenses) of subsidiaries	61	61	-
	$ 176	$ 172	$ 4

(b) The Institution realized the payment in the amount of $400 million Mexican pesos on December 03, 2013, in conformity with the indications in official letter number 102-B-126, dated November 29, 2013, issued by the Undersecretary of Ministry and Public Credit, whereby the Federal Government instructs the Institution to realize a payment under the juridical nature of use for furnishing a sovereign guarantee of the Federal Government.

NOTE 25. COMMITMENTS AND CONTINGENCIES

Guarantees by endorsement executed

At December 31, 2014 and 2013, the Institution has guarantees by endorsements furnished amounting to $132 and $565, respectively, which represent a contingent risk in the event that the secured debtor liquidates his debt to the lending institution. At December 31, 2014 and 2013, losses on guarantees have not been recorded in income of the Institution. However, in the event of nonperformance by any secured drawer, the Institution grants a credit to meet its obligation. During fiscal 2014, no credits have been granted for nonperformance.

Contingent assets and liabilities

At December 31, 2014 and 2013, this item amounting to $43,674 and $36,858, respectively, is summarized as follows:

			2014		2013
Contingent liabilities:					
Guarantees furnished	**(a)**	$	55,060	$	47,222
Unreimbursed guaranties paid covered by a counterguaranty	**(b)**		10,817		8,907
Receivables on claims			404		404
Commitments acquired			118		105
			66,399		56,638
Contingent assets:					
Counterguaranty received from the Counterguaranty Trust for Enterprise Financing	**(c)**		11,450		10,558
Recoverable guaranties paid covered by a counterguaranty	**(d)**		10,817		8,907
Unrecovered guaranties paid without a counterguaranty	**(e)**		458		315
			22,725		19,780
Total		$	43,674	$	36,858

(a) In the item of guarantees furnished, the institution has mainly guarantees furnished through the Fund for Risk Equity which present an amount of guarantees furnished amounting to $53,431 and $45,985, respectively, at December 31, 2014 and 2013. These guarantees represent the amount of liabilities assumed by the Institution for guaranteeing financial brokers the recovery of their loan portfolio.

(b) The Institution's contingent obligation of reimbursing the amount of the guaranties paid mainly to the Counterguaranty Trust for Business Financing has been recognized in this item. Those paid guarantees did have the counterguaranty continue to be in the process of being recovered by the bank and non-bank financial.

(c) The Fund for Risk Equity reduces the Institution's contingency through a counterguaranty that it receives from the Counterguaranty Trust for Enterprise Financing, the promoter of granting credits for specific purposes, which has assigned funds for these purposes in the amount of $11,450 and $10,558, respectively, at December 31, 2014 and 2013. These funds assure the recovery up to these amounts of the guarantees exercised by financial brokers, who assume the commitment of negotiating the recovery of the credits of their final borrowers judicially and out-of-court.

In addition to that counterguaranty, the Fund has created a preventive estimate for credit risks at December 31, 2014 and 2013 in the amount of $290 and $249, respectively, in terms of the provisions set forth by the Commission.

Having received the counterguaranty, as well as the level of preventive estimate created, the Institution considers that exposure is covered and supports it in the experience observed in the guarantee program.

(d) The Institution's contingent right of reimbursing the amount of the guaranties paid mainly to the Counterguaranty Trust for Business Financing has been recognized in this item. Those paid guarantees did have the counterguaranty continue to be in the process of being recovered by the bank and non-bank financial.

(e) The item of unrecovered guarantees without a counterguaranty, the amount of guarantees honored by the institution have been recognized that are in the process of being recovered by financial brokers that was not covered by the Counterguaranty Trust for Enterprise Financing.

Credit commitments

At December 31, 2014 and 2013, the Institution has lines of credit and lines of guarantees furnished to financial brokers by the Institution that have not been drawn down in the amount of $98,999 and $66,526, respectively. At December 31, 2014 the amount of $41,671 applies to lines of credit and $57,328 to lines of guarantees furnished, respectively, whereas at December 31, 2013, the amount of $29,301 applies to lines of credit and $37,225 to lines of guarantees furnished, respectively.

NOTE 26. ASSETS PLACED IN TRUST, MANDATE, AND FINANCIAL AGENT OF THE FEDERAL GOVERNMENT

At December 31, 2014 and 2013, the balances of transactions in which the Institution acts as a Trustee are summarized as follows:

	2014	2013
Investment trust	$ 15,757	$ 14,540
Management trust	993,983	849,512
Trust deeds	55,769	52,476
	1,065,509	916,528
Mandates	18,912	19,859
	1,084,421	936,387
Financial Agent of the Federal Government	241,034	202,512
Total	$ 1,325,455	$ 1,138,899

Trusts refer to entities with their own legal personality, independent from the institution. These balances represent the valuation of all Trust Assets which, overall, represent assets valued with distinct accounting practices which essentially represent neither rights of the entity nor the contingency to which the Institution is subject in the event of nonperformance in its role as a trustee.

The deeds of trust apply to entities that maintain credits, securities, real properties, etc. as part of its assets held in trust that serve as a guarantee for the liquidation of financing received the trustors thereof from other lending institutions. The Institution only acts as a trustee in those entities.

The institution's revenues from Trustee Activities at December 31, 2014 and 2013 amounted to $168 and $164, respectively.

At December 31, 2014 and 2013, trust accounts include a balance amounting to $467 and $479, respectively, that apply to the patrimony of the Portfolio Recovery Trust (FIDERCA), which manages doubtful accounts that were originally the Institution's and were transferred to the Federal Government in the course of 1996. The Institution currently holds the respective beneficiary interests.

The Institution created the trust to strengthen its capital, in compliance with the provisions set forth in Article 55 Bis of the Lending Institutions Law, and in conformity with the general rules that both Domestic Lending Institutions and Development Banking Institutions should be subject to in order for them to operate, published in the Official Daily Gazette on October 24, 2002.

NOTE 27. CUSTODY AND ADMINISTRATION OF ASSETS

These mainly represent the control of contractual documentation that supports the securities trading and lending operations. Moreover, it includes the total securities issued by the Institution and managed for account of clients. At December 31, 2014 and 2013, they are summarized as follows:

		2014		2013
Custody	$	130,180	$	136,265
Security deposits		104,535		85,254
Collections		2		2
Securities in administration		198,115		155,034
Subsidiaries		9,436		4,710
	$	442,268	$	381,265

The fees income by the Institution for this type of activities at December 31, 2014 and 2013 amount to $8 and $6, respectively.

NOTE 28. OTHER MEMORANDUM ACCOUNTS

At December 31, 2014 and 2013, balances of other memorandum accounts are summarized as follows:

			2014		2013
Guarantees paid reported by brokers as uncollectible without a counterguaranty	**(a)**	$	47	$	20
Classification by degree of loan portfolio risk			205,492		168,397
Credits obtained not yet drawn down (Note 19)			2,320		8,995
Other memorandum accounts	**(b)**		204,856		155,165
Total		$	412,715	$	332,577

(a) They correspond to the amounts of unrecovered guarantees on which collection procedures have been exhausted by the brokers, which do not have a counterguaranty.

(b) Other memorandum accounts are included for control of renewed and restructured credits, uncollectible credits, uncollectible credits applied against the provision, mortgage-backed credits, certificates and coupons to be incinerated, VAT recorded by states, portfolio recovery, issue of provisional certificates, assets acquired through judicial proceedings or received as written-off payment preventively, control of amounts contracted in repurchase agreements and derivative instruments, preventive reserves of portfolio financial brokers, and various unspecified items.

NOTE 29. SEGMENT INFORMATION

The factors used for identifying business segments considered the nature of the activities realized, the existence of specific administrators for those activities, the generation of revenues and expenses thereof, as well as the follow-up regularly performed on the results generated that are presented regularly to the Board of Directors of the Institution.

At December 31, 2014, assets and liabilities and income of the main operations of the Institution's business segments are presented below:

Business segments	Assets		Liabilities and Capital		Income		Expenses		Net income (expense)
	Amount	Equity	Amount	Equity	Amount	Equity	Amount	Equity	Amount
Markets and treasury	$ 231,291	59.30%	$ 231,291	59.30%	$ 2,164	31.50%	$ 461	8.80%	$ 1,703
First tier credit	32,925	8.40%	32,925	8.40%	530	7.70%	129	2.50%	401
Second tier credit	116,361	29.90%	116,361	29.90%	1,635	23.70%	1,122	21.50%	513
Loan guarantees	-	-	-	-	1,813	26.40%	985	18.80%	828
Financial broker	1,013	0.30%	1,013	0.30%	210	3.10%	136	2.60%	74
Trustee					177	2.60%	200	3.80%	(23)
Other areas	8,160	2.10%	8,160	2.10%	344	5.00%	73	1.40%	271
Use and expense of retirees	-	-	-	-	-	-	2,119	40.60%	(2,119)
Total	$ 389,750	100.00%	$ 389,750	100.00%	$ 6,873	100.00%	$ 5,225	100.00%	$ 1,648

The segment of markets and treasury includes investments realized in money, capital, exchange and treasury markets.

The loan portfolio placed directly with the public sector and private sector was considered for the first tier credit segment, whereas the loan portfolio channeled through bank and non-bank financial brokers was considered for the second tier credit.

Guarantees furnished to banks and non-bank financial brokers are included in the segment of credit guarantees. The balances of this segment are presented in memorandum accounts that amount to $53,431 at December 31, 2014.

The balances of the financial agent segment apply to activities realized by Federal Government Law, in order to manage funds obtained from international financial agencies in its name. At December 31, 2014, they present a balance in the amount of $242,047, of which the amount of $241,034 is recorded in memorandum accounts.

Proprietary and external trust management services are included in the Trustee segment, which at December 31, 2014 amount to $1,084,421 and are presented in memorandum accounts.

Everything relative to investment banking and balances of subsidiaries are included in the segment of other areas. As an investment bank, credit restructuring fees are handled for security market guarantees, as well as gains or losses on equity in risk capital of public and private companies.

Results by business segments at December 31, 2014 are presented below:

	Markets and treasury	First tier credit	Second tier credit	Loan guarantees	Financial broker	Trustee	(a) Other areas	Use and expense of retirees	Total
Income:									
Financial income, net	$ 2,164	$ 530	$ 1,635	$ 1,813	$ 210	$ 177	$ 344	$ -	$ 6,873
Expenses:									
Operating expense	(340)	(64)	(647)	(312)	(115)	(165)	(57)	-	(1,700)
Operating income	1,824	466	988	1,501	95	12	287	-	5,173
Credit reserves and write-offs	(6)	(46)	(366)	(239)	(3)	(7)	4	-	(663)
Retiree expense	-	-	-	-	-	-	-	(919)	(919)
Other Expenses and Taxes **(b)**	(115)	(19)	(109)	(434)	(18)	(28)	(20)	(1,200)	(1,943)
Net income (loss)	$ 1,703	$ 401	$ 513	$ 828	$ 74	$ (23)	$ 271	$ (2,119)	$ 1,648

(a) It includes the following areas: Investment Bank, Subsidiaries and Other Income (Expenses), net.

(b) It includes $743 of taxes and Employee Profit Sharing, due and deferred.

At December 31, 2013, assets and liabilities and income of the main operations of the Institution's business segments are presented below:

Business segments	Assets		Liabilities and Capital		Income		Expenses		Net income (expense)
	Amount	Equity	Amount	Equity	Amount	Equity	Amount	Equity	Amount
Markets and treasury	$ 223,819	63.58%	$ 223,819	63.58%	$ 1,754	27.71%	$ 458	9.95%	$ 1,296
First tier credit	24,119	6.85%	24,119	6.85%	463	7.32%	(60)	(1.30%)	523
Second tier credit	94,044	26.71%	94,050	26.71%	1,788	28.25%	1,717	37.29%	71
Loan guarantees	-	-	-	-	1,592	25.15%	693	15.05%	899
Financial broker	2,439	0.69%	2,439	0.69%	250	3.95%	120	2.61%	130
Trustee	-	-	-	-	173	2.73%	164	3.56%	9
Other areas	7,616	2.17%	7,730	2.17%	309	4.89%	134	2.91%	175
Use and expense of retirees	-	-	-	-	-	-	1,378	29.93%	(1,378)
Total	$ 352,037	100.00%	$ 352,157	100.00%	$ 6,335	100.00%	$ 4,555	100.00%	$ 1,725

The segment of markets and treasury includes investments realized in money, capital, exchange and treasury markets.

The loan portfolio placed directly with the public sector and private sector was considered for the first tier credit segment, whereas the loan portfolio channeled through bank and non-bank financial brokers was considered for the second tier credit.

Guarantees furnished to banks and non-bank financial brokers are included in the segment of credit guarantees. The balances of this segment are presented in memorandum accounts that amount to $45,985 at December 31, 2013.

The balances of the financial agent segment apply to activities realized by Federal Government Law, in order to manage funds obtained from international financial agencies in its name. At December 31, 2013, they present a balance in the amount of $204,951, of which the amount of $202,512 is recorded in memorandum accounts.

Proprietary and external trust management services are included in the Trustee segment, which at December 31, 2013 amount to $936,387 and are presented in memorandum accounts.

Everything relative to investment banking and balances of subsidiaries are included in the segment of other areas. As an investment bank, credit restructuring fees are handled for security market guarantees, as well as gains or losses on equity in risk capital of public and private companies.

Results by business segments at December 31, 2013 are resented below:

		Markets and treasury	**First tier credit**	**Second tier credit**	**Loan guarantees**	**Financial broker**	**Trustee**	**(a) Other areas**	**Use and expense of retirees**	**Total**
Income:										
Financial income, net		$ 1,754	$ 463	$ 1,788	$ 1,592	$ 250	$ 173	$ 309	$ -	$ 6,329
Expenses:										
Operating expense		(309)	(53)	(592)	(286)	(106)	(153)	(62)	-	(1,561)
Operating income		1,445	410	1,196	1,306	144	20	247	-	4,768
Credit reserves and write-offs	**(c)**	(4)	126	(1,084)	(135)	(2)	(4)	2	-	(1,101)
Retiree expense		-	-	-	-	-	-	-	(978)	(978)
Other Expenses and Taxes	**(b)**	(145)	(13)	(41)	(272)	(12)	(7)	(74)	(400)	(964)
Net income (loss)		$ 1,296	$ 523	$ 71	$ 899	$ 130	$ 9	$ 175	$ (1,378)	$ 1,725

(a) It includes the following areas: Investment Bank, Subsidiaries and Other Income (Expenses), net.

(b) It includes $564 of taxes and Employee Profit Sharing.

(c) The first tier credit includes $148 for a release of reserves for improvement of the portfolio rating and the second tier credit includes unscheduled reserves in the amount of $1,295, derived from the migration in the brokerage rating of the housing sector.

NOTE 30. COMPREHENSIVE INCOME

The determination of the Institution's comprehensive income for the years ended December 31, 2014 and 2013 is presented below:

	2014	2013
Net income for the year	$ 1,648	$ 1,725
Effect of items recognized in stockholders equity that have not affected income (loss):		
Gain on valuation of available-for-sale securities	(66)	(37)
Effects of valuation in associate and affiliate companies	(55)	181
Non-holding company equity	(16)	110
	(137)	254
Comprehensive income or loss	$ 1,511	$ 1,979

NOTE 31. CAPITALIZATION RATIO

At December 31, 2014 and 2013, the calculation of the capitalization ratio was set at 14.62% and 15.30% respectively, which incorporated starting with net capital amounting to $20,316 and assets adjusted for total risks amounting to $138,930.

a) *Basic and Complementary Capital*

The net capital of the Institution is comprised of basic capital in the amount of $20,316, derived from the application of the current portfolio rating methodology. Complementary capital is zero, which implies that Net Capital is equal to Basic Capital which, in turn, is equal to Basic Capital 1.

Impact on net capital
(Art. 2 bis 9, of the Provisions)

Capital items	With no adjustment on recognition of capital	% WASTR	Adjustment on recognition of capital	With an adjustment on recognition of capital	% WASTR
Basic capital 1	$ 20,316	$ 14.62%	$ -	$ 20,316	$ 14.62%
Basic capital 2	-	-	-	-	-
Basic capital	20,316	14.62%	-	20,316	14.62%
Complementary capital	-	0.00%	-	-	0.00%
Net capital	$ 20,316	$ 14.62%	$ -	$ 20,316	$ 14.62%
Weighted assets subject to total risk (WASTR)	$ 138,930	$ Not applicable	$ Not applicable	$ 138,930	$ Not applicable
Capitalization ratio	14.62%	Not applicable	Not applicable	14.62%	Not applicable

b) *Assets adjusted for market risks*

Assets adjusted for market risks amount to $53,227 and are equivalent to a capital requirement amounting to $4,258, which are summarized as follows:

Positions exposed to market risk by the risk factor

Item	Amount of equivalent positions	Capital requirement
Transactions in local currency at a nominal rate	$ 18,685	$ 1,495
Trades with debt securities in local currency with a surcharge and a reviewable rate	11,200	896
Transactions in local currency at a real rate or denominated in UDIS	14,630	1,170
Positions in UDIS or with a return based on the NCPI	75	6
Transactions in foreign currency at a nominal rate	2,263	181
Foreign exchange positions or with a yield indexed to the exchange rate	86	7
Positions in shares with a return indexed to the price of a share of group of shares	6,288	503
	$ 53,227	$ 4,258

c) ***Assets adjusted for credit risks***

Assets adjusted for credit risks amount to $76,634 and are equivalent to a capital requirement amounting to $6,131. Of the foregoing, the assets adjusted for credit risks in credits and deposits amount to $60,815, which are equivalent to a capital requirement amounting to $4,865, which are summarized as follows:

Weighted assets subject to credit risk by risk group

Item	Assets weighted by risk	Capital requirement
Group III (weighted at 20%)	$ 11,628	$ 930
Group III (weighted at 50%)	196	16
Group IV (weighted at 20%)	1,971	158
Group VI (weighted at 100%)	157	13
Group VII (weighted at 20%)	4,606	369
Group VII (weighted at 50%)	4,932	395
Group VII (weighted at 100%)	31,818	2,544
Group VII (weighted at 120%)	276	22
Group VII (weighted at 150%)	4,239	339
Group VIII (weighted at Group VI%)	7	1
Group VIII (weighted at Group VII%)	205	16
Group IX (weighted at 100%)	780	62
	$ 60,815	$ 4,865

d) ***Assets adjusted for operating risks***

Assets adjusted for operating risks amount to $9,069 and are equivalent to a capital requirement amounting to $726.

Weighted assets subject to operating risk

Assets Weighted by Risk	Capital requirement
$9,069	$726
Average market and credit risk requirement of the last 36 months	**Average positive annual net revenue of the last 36 months**
$8,550	$4,837

On November 28, 2012, the Resolution was published in the Official Daily Gazette that amended the Provisions to strengthen the composition of net capital of lending institutions consistently, with the most recent international consensus on that subject, in accordance with the guidelines established by the Capital Agreement issued by the Bank Supervision Committee of Basel (Basel Convention III). One of its objectives is for banking institutions at an international level raise their capacity to deal with financial and economic problems by creating increased capital and better quality.

In terms of the Basel III, the Minimum Capitalization Ratio (ICAP) is maintained at 8 percent, and new minimum levels are foreseen for the elements that make up the basic part of net capital; therefore, the components of basic (basic capital 1 and basic capital 2) are established based on the items comprising those components of basic capital. At the same time, a capital conservation supplement of 2.5 percent of proprietary basic capital 1 is incorporated onto the weighted assets subject to total risks, whereby the ICAP becomes 10.5 percent.

Exhibit 1-O of the Provisions sets forth the requirements for the disclosure of information relative to capitalization which, in addition to those indicated in the above paragraphs, should contain the following sections:

1. Summary of net capital in conformity with the international disclosure form contained in the document "Disclosure requirements of the makeup of capital" published by the Basel Bank Supervision Committee in June 2012.

Ref.	Common capital tier 1 (CET 1) Instruments and reserves		Amount
1	Common shares that qualify for level 1 common capital plus its applicable premium	$	19,677
2	Prior year losses		(258)
3	Other comprehensive income elements (and other reserves)		3,327
6	**Common capital of tier 1 before regulatory adjustments**	$	22,746
	Common capital of tier 1: regulatory adjustments		
7	Prudential valuation adjustments		N/A
8	Goodwill (net of its corresponding deferred taxes on earnings payable)	$	-
9	Other intangibles other than mortgage service fees (net of their corresponding taxes on earnings payable).		-
10 Conservative	Deferred taxes on earnings recoverable that are dependent upon future guarantees excluding those derived from temporary differences (net of deferred taxes on earnings payable)		-
11	Gain or loss on valuation of cash flow hedging instruments		-

Ref.	Common capital tier 1 (CET 1) Instruments and reserves	Amount
12	Reserves not yet created	-
13	Benefits on remaining balance in securities trading	-
14	Losses and gains due to changes in the proprietary credit rating on liabilities valued at fair value	N/A
15	Defined pension benefit plan	12,423
21	Deferred taxes on earnings recoverable from temporary differences (amount that exceeds the 10% threshold, net of deferred taxes payable).	-
26	Domestic regulatory adjustments	2,430
A	of which: Other comprehensive income elements (and other reserves)	2
D	of which: Investments in unilateral agencies	498
F	of which: Investments in risk capital	1,816
G	of which: Investments in mutual funds	113
28	**Total regulatory adjustments to tier 1 common capital**	$ 2,430
29	**Tier 1 common capital (CET 1)**	$ 20,316
	Additional tier 1 capital: regulatory adjustments	
45	**Tier 1 capital (T1 = CET1 + AT1)**	$ 20,316
	Tier 2 capital: instruments and reserves	
46	Instruments issued directly that qualify as tier 2 capital plus their premium	-
50	Reserves	-
51	**Tier 2 capital before regulatory adjustments**	-
	Additional tier 2 capital: regulatory adjustments	
58	**Tier 2 capital (T2)**	$ -
59	**Total capital (TC = T1 + T2)**	$ 20,316
60	**Assets Weighted by Risk**	138,930
	Capital ratios and supplements	
61	Tier 1 common capital (as a percentage of the total weighted risk assets)	14.62%
62	Tier 1 capital (as a percentage of the total weighted risk assets)	14.62%
63	Total capital (as a percentage of the total weighted risk assets)	14.62%
64	Specifically institutional supplement (it should at least consist of the common tier 1 capital requirement, plus the capital conservation buffer, countercyclical buffer, plus the G-SIB buffer stated as a percentage of the total weighted risk assets).	7.00%
65	of which: Conservation capital supplement	2.50%
66	of which: Specific bank countercyclical supplement	N/A
67	of which: Systemically significant global bank supplements (G-SIB)	N/A
68	Tier 1 common capital available to cover supplements (as a percentage of the total weighted risk assets)	7.62%

2. Ratio of net capital with the balance sheet

Reference of the items of the balance sheet	Items of the balance sheet (unconsolidated)		2 0 1 4
	Balance sheet amounts		
	Assets:		
BG1	Liquid assets	$	18,077
BG2	Margin accounts		1
BG3	Investments in securities		207,684
BG4	Receivables under repurchase agreements		4,572
BG5	Securities lending		-
BG6	Derivatives		755
BG7	Valuation adjustments on hedges of financial assets		193
BG8	Total loan portfolio (net)		146,634
BG9	Benefits receivable on securities trading		-
BG10	Other receivables (net)		2,924
BG11	Repossessed assets (net)		25
BG12	Property, furniture and equipment (net)		8
BG13	Permanent investments **(a)**		17,238
BG14	Available-for-sale long-lived assets		-
BG15	Deferred taxes and employee profit sharing (net)		456
BG16	Other assets		717
	Total assets	$	399,284
	Liabilities:		
BG17	Traditional deposits	$	173,054
BG18	Interbank loans and loans from other agencies:		13,772
BG19	Payables under repurchase agreements		181,484
BG20	Securities lending		-
BG21	Collateral sold or furnished as a guarantee		-
BG22	Derivatives		26
BG23	Valuation adjustment on hedges of financial liabilities		694
BG24	Debentures in securities trading		-
BG25	Other payables		7,173
BG26	Subordinated debentures outstanding		-
BG27	Deferred taxes and employee profit sharing (net)		-
BG28	Deferred credits and advance payments from customers		139
	Total liabilities		376,342
	Stockholders' equity:		
BG29	Capital contributions		19,677
BG30	Capital gains		3,265
	Total stockholders' equity		22,942
	Total liabilities and stockholders' equity	$	399,284

Balance sheet amounts			
Reference of the items of the balance sheet	Items of the balance sheet (unconsolidated)		2 0 1 4
	Memorandum accounts:		
BG31	Guarantees by endorsement executed	$	132
BG32	Contingent assets and liabilities		56,227
BG33	Credit commitments		41,671
BG34	Assets placed in trust or legal custody		1,084,421
BG35	Financial agent of the federal government		241,034
BG36	Assets in custody or administration		432,833
BG37	Collateral received by the entity		24,430
BG38	Collateral received and sold or furnished as a guarantee by the entity		19,859
BG39	Investment bank third party trading (net)		75,925
BG40	Uncollected accrued interest derived from the nonperforming portfolio		329
BG41	Other memorandum accounts		409,547

(a) Other investments included

Regulatory items considered for the calculation of net capital components.

Identifier	Regulatory items considered for the calculation of net capital	Reference to the disclosure form of the payment of Capital of section I of this exhibit		Amount of combination with the notes to the table. Regulatory items considered for the calculation of net capital components
	Assets:			
1	Goodwill	8	$	-
2	Other intangibles	9		-
3	Deferred taxes on earnings (recoverable) from tax losses and credits	10		-
4	Benefits on remaining balance in securities trading	13		-
5	Defined benefit pension plan investments without unrestricted and unlimited access	15		-
6	Investments in Institution's treasury shares	16		-
7	Reciprocal investments in common capital	17		-
8	Direct investments in capital of financial entities where the Institution does not hold more than 10% of paid-in capital stock	18		2
9	Indirect investments in capital of financial entities where the Institution does not hold more than 10% of paid-in capital stock	18		-

Identifier	Regulatory items considered for the calculation of net capital	Reference to the disclosure form of the payment of Capital of section I of this exhibit	Amount of combination with the notes to the table. Regulatory items considered for the calculation of net capital components
10	Direct investments in capital of financial entities where the Institution does not hold more than 10% of paid-in capital stock	19	-
11	Indirect investments in capital of financial entities where the Institution does not hold more than 10% of paid-in capital stock	19	-
12	Deferred taxes on earnings (recoverable) from temporary differences	21	-
13	Reserves recognized as supplementary capital	50	-
14	Investments in subordinated debt	B	-
15	Investments in multilateral agencies	26 - D	498
16	Investments in related companies	26 - E	-
17	Investments in risk capital	26 - F	1,816
18	Investments in mutual funds	26 - G	114
19	Financing for the acquisition of treasury shares	26)	-
20	Deferred charges and prepaid expenses	26 - J	-
21	Deferred employee profit sharing (net)	26 - L	-
22	Defined pension benefit plan investments	26 - N	12,423
23	Investments in clearing houses	26 - P	-
	Liabilities:		
24	Deferred taxes on earnings (payable) associated with goodwill	8	-
25	Deferred taxes on earnings (payable) associated with other intangibles	9	-
26	Defined benefit pension plan liabilities without unrestricted and unlimited access	15	-
27	Deferred tax on earnings (payable) associated with the defined benefit pension plan	15	-
28	Deferred taxes on earnings (payable) associated with items other than the foregoing	21	-
29	Amount of subordinated debentures that complies with Exhibit 1-R	31	-
30	Subordinated debentures subject to transitory nature computed as basic 2 capital	33	-
31	Subordinated debentures that comply with Exhibit 1-S	46	-
32	Subordinated debentures subject to transitory nature computed as supplementary capital	47	-
33	Deferred taxes on earnings (payable) associated with deferred charges and prepaid expenses	26 - J	-

Identifier	Regulatory items considered for the calculation of net capital	Reference to the disclosure form of the payment of Capital of section I of this exhibit		Amount of combination with the notes to the table. Regulatory items considered for the calculation of net capital components
	Stockholders' equity:			
34	Paid-in capital that complies with Exhibit 1-Q	1	$	19,677
35	Prior year losses	2		(258)
36	Valuation gain or loss on cash flow hedge instruments of items recorded at fair value	3		-
37	Other capital gains elements other than the foregoing	3		3,327
38	Paid-in capital that complies with Exhibit 1-R	31		-
39	Paid-in capital that complies with Exhibit 1-S	46		-
40	Valuation gain or loss on cash flow hedge instruments of items not recorded at fair value	3 11		-
41	Accumulated effect on translation	3, 26 - A		N/A
42	Gain or loss on holding nonmonetary assets	3, 26 - A		N/A
	Memorandum accounts:			
43	Positions in first loss schemes	26 - K		-
	Regulatory items not considered in the balance sheet:			
44	Reserves not yet created	12		-
45	Gain or increase in value of assets for acquisition of trading positions (Originating Institutions)	C		N/A
46	Transactions that contravene provisions	26)		N/A
47	Relevant related party transactions	26 - M		N/A
48	Adjustment on recognition of capital	26 - O, 41, 56		N/A

3. Main characteristics of the securities that form part of net capital (Series A)

Ref.	Feature	Options
1	Issuer	**Nacional Financiera, Sociedad Nacional de Crédito**
2	identifier ISIN, CUSIP o Bloomberg	
3	Legal framework	In conformity with Article 30 of the Lending Instituti8ons Act, Nacional Financiera, National Lending company, Development Banking Institution is governed by its Internal Regulations, holders of Series "A" certificates of capital contribution, if applicable, will have the rights set forth in Article 35 of the Lending Institutions Act and Article 12 of the Internal Regulations of Nacional Financiera.

Ref.	Feature	Options
	Regulatory treatment	
4	Capital level with transitory status	
5	Capital level without transitory status	Basic 1
6	Level of instrument	Lending institution without consolidating subsidiaries
7	Type of instrument	**Series "A" certificate of capital contribution**
8	Amount recognized in regulatory capital	66% in accordance with (e)
9	Nominal value of the instrument	**50.00**
9A	Currency of the instrument	**Mexican Pesos**
10	Book classification	**Capital**
11	Issue date	
12	Term of the instrument	**Perpetuity**
13	Expiration date	**Without maturity**
14	Prepaid expense clause	**No**
15	First prepaid expense date	
15A	Regulatory or tax events	
15B	Liquidation prices of prepaid expense clause	
16	Subsequent prepaid expense dates	
	Yields / dividends	
17	Type of yield / dividend	Variable
18	Interest rate / dividend	Variable
19	Dividend cancellation clause	No
20	Discretional nature of payment	Completely discretionary
21	Interest increase clause	No
22	Yield / dividend	non-accruable
23	Convertibility of the instrument	Non-convertible
24	Convertibility conditions	
25	Degree of convertibility	
26	Conversion rate	
27	Type of instrument convertibility	
28	Type of financial instrument of convertibility	
29	Issuer of instrument	
30	Write - down clause	
31	Write - down conditions	
32	Degree of write - down	
33	Temporary status of write - down	
34	Temporary value write - down mechanism	
35	Subordinated position in case of liquidation	
36	Characteristics of nonperformance	
37	Description of characteristics of nonperformance	

4. Capital management.

The methodological framework for risk management must facilitate and support measurement and monitoring of quantifiable risks, by assuring solid risk measurements to establish the Institution's risk appetite and generate value.

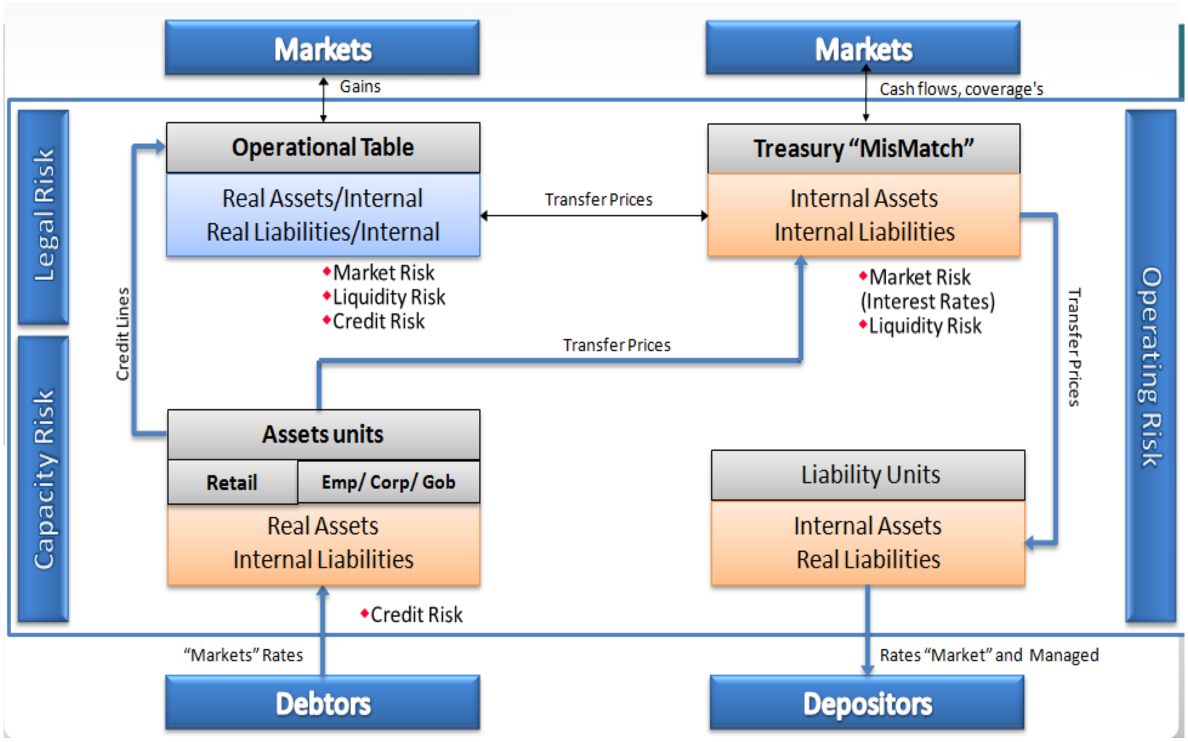
To assure that risk management is a support tool in decision-making, models and methodologies are established that allow for measuring, monitoring, and controlling the distinct types of risk to which the Institution is exposed. These risk measures must also contribution to the definition of business strategies and support the decision-making of the operation.

The fundamental point for establishing limits is the definition of a business model that describes exposure to the different types of risk that are generate by the different units that operate in the Institution.

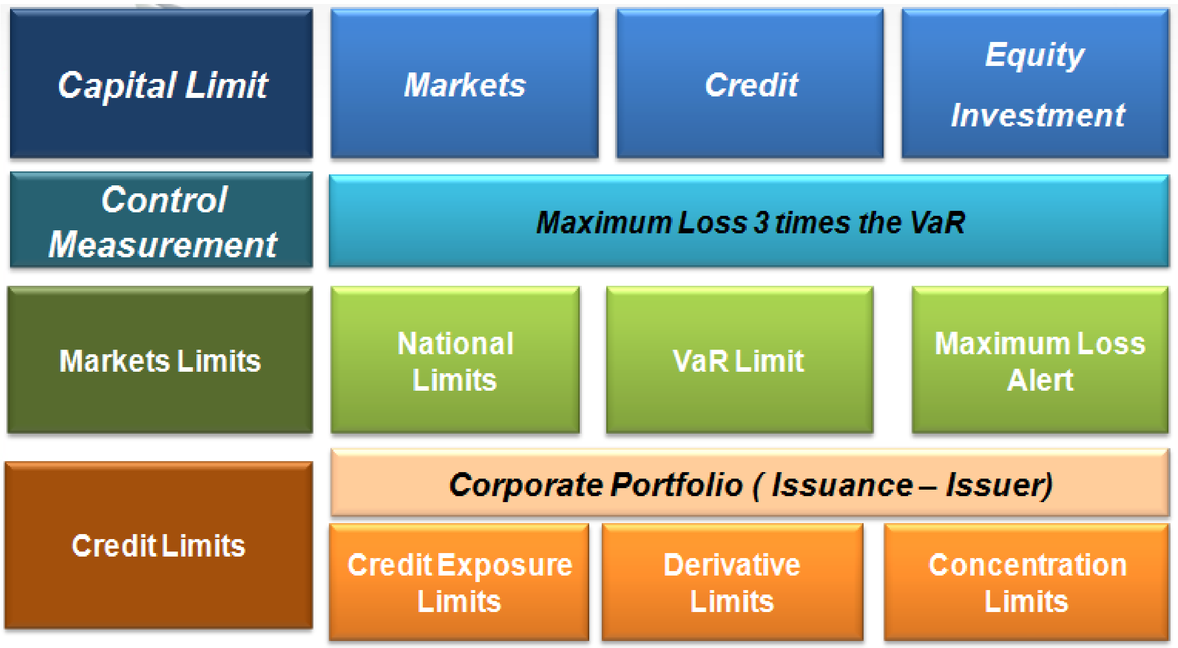
- Treasury: It operates as a central unit that manages the Institution's resources. It is in charge of establishing transfer pricing, controlling liquidity levels, and controlling balance sheet risks. This unit incurs market, credit, and liquidity risks. In the case of the Institution, it is also in charge of the liability unit.

- Operating desks: Its main role is to generate revenues by operating on the different financial markets (money, currency, capital, and bonds in foreign currency).

- Asset units: They are those that encompass the Institution's development activities and are derived from credit activities. These activities are the main generators of credit risk.



Pursuant to the foregoing, the Institution has a solid global and specific exposure limits on the distinct types of risk considering the consolidated risk, itemized by business unit, risk factor and cause, as presented in the following diagram:

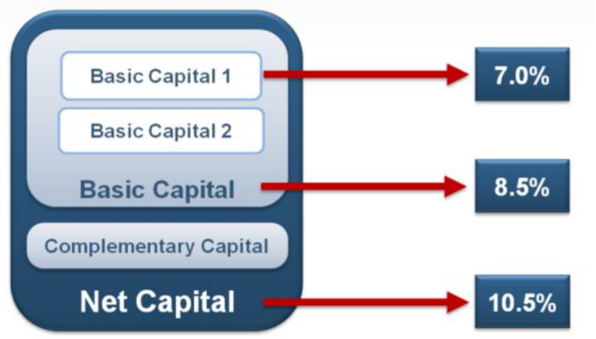


The above diagram shows that capital limits are significantly strong, and toward that end, the following process is carried out:

- The definition of risk appetite
- The definition of distributable capital
- Allocation of capital by portfolio
- Distribution to the risk taking business areas
- The limit structure for each one of the areas
- The preventive alert mechanisms
- Procedures in dealing with breakups
- Redefinition of risk appetite

The allocation process is derived from regulatory capital, based on what is set forth by capitalization rules. Starting with these concepts, distributable capital is determined, that is, that which the Institution has to deal with the risk consumed in its operations.

In accordance with the provisions of Basel III, there are three solvency indicators where the ICAP is the most restrictive, since its requirement increased from 8.0% up to 10.5%. It is precisely this restriction that establishes the risk appetite through capital limits, that is, there has to be assurance that by carrying the consumption of limits at 100% and in dealing with stressful situations, under no circumstances may the capitalization level be less than 10.5%.



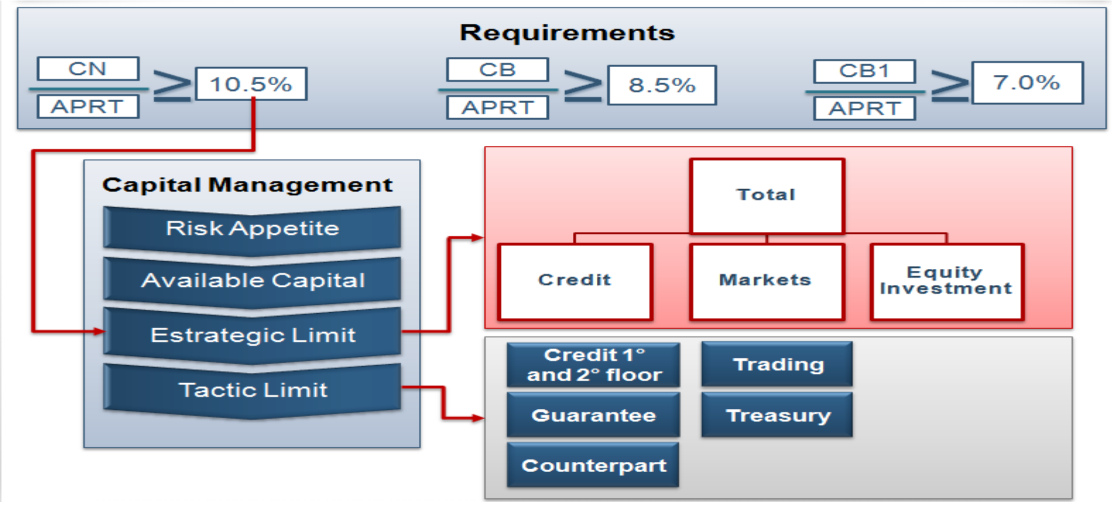
Capital Limit Structure

The Institution's capital management considers a limit structure with two allocation levels.

a) A Strategic Level authorized by the Board of Directors

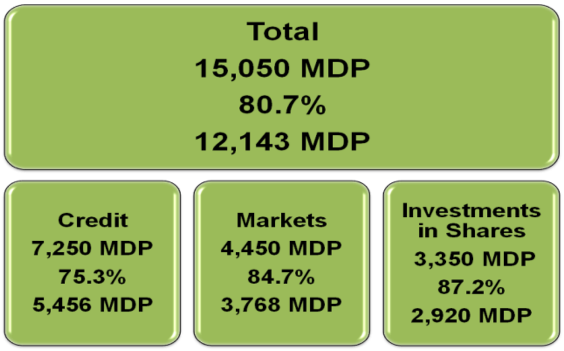
b) A tactical level that is regulated by the CAIR, through re-allocations or limit overruns, as well as the management of business areas. In addition, the Deputy General Directors involved in the business area can also propose re-allocation of the limits with the approval of the Risk Director, who subsequently informs the CAIR.

In summary, we have:



It is important to note that operating risk is not included in the strategic structure of these limits, since this is generated through discretionary risk taking, that is, it is implicit in the Institution's own operation. Pursuant to the foregoing, there is an operating risk buffer that is not computed for capital limits, but it is considered in the computation of the capitalization level. Notwithstanding the foregoing, the risks to which the Institution is exposed are identified, measured, overseen, controlled, and mitigated in terms of operating risk.

Considering the foregoing, the capitalization level was placed at 14.62% at December 2014 year end. By the same token, the total capital limit recorded an 80.7% global consumption.



Three basic scenarios are presented:

1. If 100% of capital limits are consumed, the capitalization level would be maintained above 10.5% required.
2. If the current structure is lowered, an adverse default event or market volatility will occur with an application to capital. There is sufficient capacity to maintain the ICAP above 10.5%.
3. The combination of the above events, that is, consumed 100% of the capital limits, and an adverse event with an impact on capital would also allow for maintaining the ICAP above the minimum required level.

Finally, in order to have the capacity to obtain funds and continue to operate in a stressful scenario in which the sufficiency of the Institution's capital is compromised without having to incur in nonperformance of the minimums established by the authorities, the Treasury Division will obtain the necessary funds on the markets in the best possible cost and term, based on the guidelines set forth by executive management.

In order to manage liquidity risk, the Treasury will regulate the operating execution in accordance with strategies that will be aligned with executive management's objectives, and it will be responsible for carrying out the contingent procedures for managing liquidity, and the procedures established in the "Business Continuity Plan" will be applied in cases deemed advisable.

The Treasury Division will keep the Risk Management Division informed about any liquidity contingency situation.

NOTE 32. COMPREHENSIVE RISK MANAGEMENT

Risk management and follow-up

National and international risk management regulations have observed an unprecedented evolution in these last years, by incorporating a preventive approach in the financial processes carried out by lending institutions, as well as the obligation of issuing internal guidelines that allow for establishing controls to prevent any economic loss due to the materialization of risks, either discretionary, non-discretionary or even those that are unquantifiable.

The Institution has concerned itself with implementing Provisions prudentially and comprehensively, along with implementing the prudential provisions relating to risk management, credit management, and internal control management applicable to lending institutions, as well as the provisions issued by regulatory agencies in Mexico in money laundering prevention matters (unaudited amounts).

Discretionary quantifiable risks

1. Market Risk

The Institution uses the Value at Risk (VaR) methodology to calculate the market risk of its trading and available-for-sale portfolios. The methodology that is being applied generally is historical simulation.

The most significant general principles are presented below:

- The confidence interval that is being applied to the calculation of VaR is 97.5% (considering the extreme left of the distributions of losses and gains).

- The base temporary horizon considered is 1 day.

A year of historical information of the risk factors is included for generating scenarios.

The following risk factors are considered: domestic and foreign interest rates, surcharges (spreads), exchange rates, indexes and prices of shares.

In addition to VaR information, sensitivity measures are calculated and stress tests are performed.

Effective July 2005, Back Testing is performed monthly to statistically validate that the market risk measurement model provides reliable results within the parameters selected by the Institution.

The limits on the values followed up on to date on a daily basis are:

- Value at risk: determined based on capital assigned to market risks.

- Nominative capital: based on the rules for capitalization requirements of Full-Service Banking Institutions and Domestic Lending companies, and Development Banking Institutions.

- Notional: these refer to maximum nominal values that can be held in position.

- Measure of maximum loss: this establishes a maximum loss limit against unfavorable trends on markets.

The average VaR of the year amounts to $48.755, which represents 0.24% of net capital at December 2014 year end.

Markets
VaR Amount $48.755

Trading	Treasury
VaR $31.854	VaR $16.901

2. Asset and liability management

Asset and liability management refers to managing risks that affect the Institution's balance sheet. This consists of management techniques and tools necessary to identify, measure, monitor, control, and manage financial risks (liquidity and interest rate) that the institution's balance sheet is exposed to. Moreover, it is intended to maximize its yield adjusted by market risks and, therefore, enhance the use of the Institution's capital.

3. Liquidity risk

Liquidity risk that affects a banking institution is generally classified in two categories:

- Market liquidity risk: It is the possibility of the economic loss due to the difficulty of selling or covering assets without a significant reduction in their price. This type of risk is incurred as a result of drastic changes in interest rates when large positions are adopted in some instrument(s) or investments are made in markets or instruments for which there is no broad supply and demand on the market.

- Funding liquidity risk: This represents the difficulty of an institution in obtaining the necessary funds to pay its obligations, through the income generated by its assets or by acquiring new liabilities (deposits). This type of crisis is generally caused by a drastic, sudden impairment in the quality of assets that result in extreme difficulty to convert them in to liquid assets.

The Institution, in performance of the Provisions of Comprehensive Risk Management, developed a “Liquidity Plan”, which establishes various measures to hedge the risks discussed above.

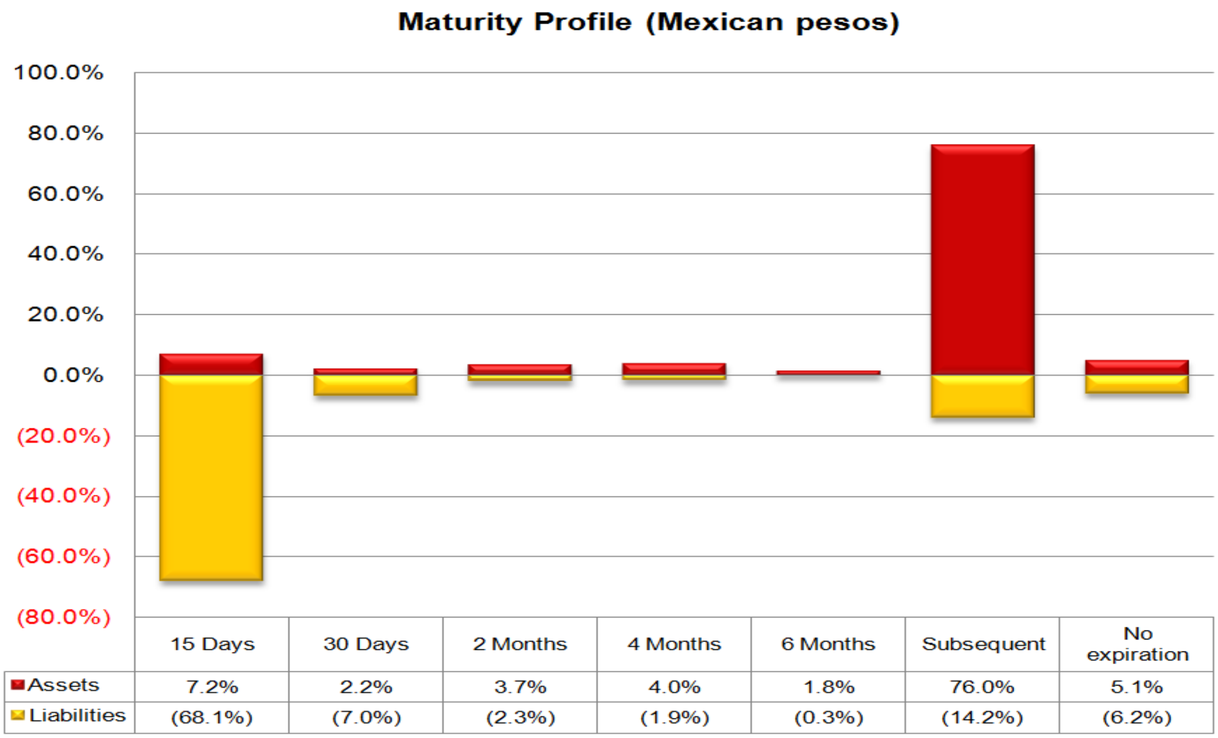
4. Local currency maturity profile

Lending and borrowing transactions in local currency increased 10.8% during 2014, placing in the amount of $382,983 at December month end, mainly due to the reactivation of credit granted. It is important to note that the local currency deliverable in buying and selling US dollar forwards has been reclassified in the liability and that pension fund investments are considered in assets and their provision in liabilities.

Maturity ranges	Assets		Liabilities		Gap
2 0 1 4					
Up to 7 days	$ 20,959	5.5%	$ 224,164	58.5%	$ (203,205.00)
Up to 15 days	6,345	1.7%	36,577	9.6%	(30,232.00)
Up to 22 days	1,176	0.3%	17,096	4.5%	(15,920.00)
Up to one month	7,339	1.9%	9,420	2.5%	(2,081.00)
Up to one month and 15 days	9,262	2.4%	2,344	0.6%	6,918.00
Up to 2 months	4,910	1.3%	6,387	1.7%	(1,477.00)
Up to 3 months	10,654	2.8%	6,962	1.8%	3,692.00
Up to 4 months	4,697	1.2%	474	0.1%	4,223.00
Up to 5 months	4,632	1.2%	1,203	0.3%	3,429.00
Up to 6 months	2,147	0.6%	0	0.0%	2,147.00
Subsequent	291,065	76.0%	54,287	14.2%	236,778.00
Undefined maturity	19,797	5.1%	24,069	6.2%	(4,272.00)
Total	$ 382,983	100.0%	$ 382,983	100.0%	

Maturity ranges	Assets		Liabilities		Gap
2 0 1 3					
Up to 7 days	$ 25,399	7.3%	$ 216,126	62.5%	$ (190,727.00)
Up to 15 days	2,786	0.8%	21,361	6.2%	(18,576.00)
Up to 22 days	4,037	1.2%	29,960	8.7%	(25,923.00)
Up to one month	353	0.1%	9,573	2.8%	(9,220.00)
Up to one month and 15 days	5,044	1.5%	7,807	2.3%	(2,763.00)
Up to 2 months	5,900	1.7%	988	0.3%	4,912.00
Up to 3 months	11,593	3.4%	1,512	0.4%	10,081.00
Up to 4 months	4,221	1.2%	1,519	0.4%	2,702.00
Up to 5 months	2,299	0.7%	1,937	0.6%	362.00
Up to 6 months	4,757	1.4%	307	0.1%	4,450.00
Subsequent	273,574	79.1%	31,948	9.2%	241,626.00
Undefined maturity	5,758	1.6%	22,683	6.5%	(16,924.00)
Total	$ 345,721	100.0%	$ 345,721	100.0%	

The negative liquidity gap on the horizon of one month amounts to $251,438, a higher level in the amount of $6,992, compared to that recorded in the amount of $244,446 at 2013 year end. It is important to note that if trading positions are separated, the spread is reduced to $73,232. This amount is the structural liquidity gap of the balance sheet in local currency, of which half is negotiated with funds deposited that are derived from a stable, diversified base of clients.



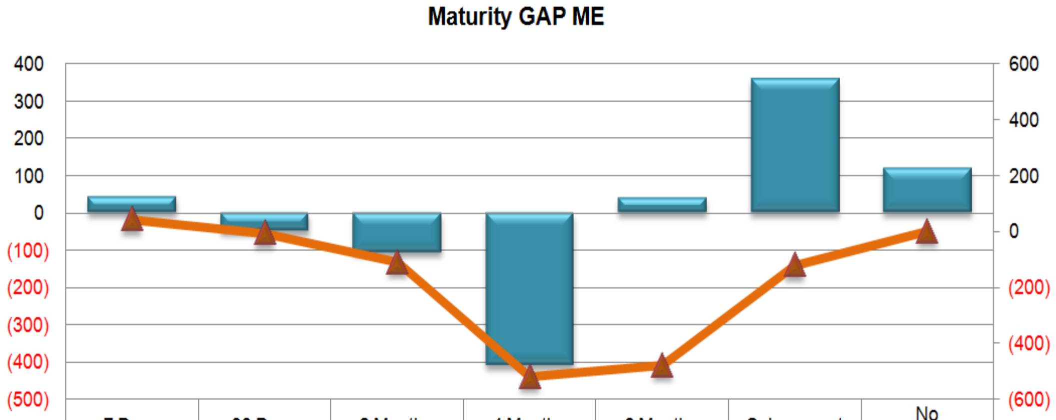
9.4% of the assets and 75.1% of the liabilities matured in January 2015.

5. Foreign currency maturity profile

Foreign currency lending and borrowing transactions at December 31, 2014 increased 74.6% in the course of the year, which resulted in granting credit to business activity and financial entities, investments in available-for-sale securities, as well as deposits and through interbank loans.

Maturity ranges	Assets			Liabilities			Gap	
2 0 1 4								
Up to 7 days	$	406.6	13.4%	$	362.3	11.9%	$	44.3
Up to 15 days		483.4	15.9%		379.0	12.5%		104.4
Up to 22 days		147.2	4.9%		265.5	8.7%		(118.3)
Up to one month		90.0	3.0%		126.0	4.2%		(36.0)
Up to one month and 15 days		19.4	0.6%		47.0	1.5%		(27.6)
Up to 2 months		12.2	0.4%		90.4	3.0%		(78.2)
Up to 3 months		185.1	6.1%		562.9	18.5%		(377.8)
Up to 4 months		9.5	0.3%		41.3	1.4%		(31.8)
Up to 5 months		28.6	0.9%		0.0	0.0%		28.6
Up to 6 months		110.9	3.7%		97.7	3.2%		13.2
Subsequent		1,421.9	46.9%		1,062.8	35.1%		359.1
Undefined maturity		120.1	3.9%		0.0	0.0%		120.1
Total	$	3,034.9	100.0%	$	3,034.9	100.0%		
2 0 1 3								
Up to 7 days	$	272.7	15.7%	$	143.3	8.2%	$	129.4
Up to 15 days		213.2	12.3%		327.6	18.8%		(114.4)
Up to 22 days		119.8	6.9%		351.6	20.2%		(231.8)
Up to one month		86.5	5.0%		243.9	14.0%		(157.4)
Up to one month and 15 days		19.3	1.1%		120.0	6.9%		(100.7)
Up to 2 months		11.7	0.7%		76.9	4.4%		(65.2)
Up to 3 months		24.0	1.4%		9.0	0.5%		15.0
Up to 4 months		12.2	0.7%		0.2	0.0%		12.0
Up to 5 months		33.7	1.9%		0.0	0.0%		33.7
Up to 6 months		7.2	0.4%		6.6	0.4%		0.6
Subsequent		817.9	47.1%		448.6	25.8%		369.3
Undefined maturity		120.0	6.8%		10.5	0.8%		109.5
Total	$	1,738.2	100.0%	$	1,738.2	100.0%		

In accordance with the contractual maturity of foreign currency assets and liabilities, and based on the amounts of the balance sheet at December 2014 closing, it is observed that there will be a liquidity in the amount of $44.3.



	7 Days	30 Days	2 Months	4 Months	6 Months	Subsequent	No expiration
Gap	44.3	(49.8)	(105.8)	(409.6)	41.8	359.1	120.1
Gap accumulated	44.3	(5.5)	(111.4)	(521.0)	(479.1)	(120.1)	(0.0)

6. Estimate of gain or loss on advance sale

In order to comply with the provisions of Article 81 of Section A of Section Four of Chapter IV "Risk management" of the Provisions. The estimate on the gain or loss on the advance sale of assets in normal conditions and in extreme scenarios is presented below:

In normal conditions, the advance sale of corporate assets in the corporate trading portfolio at December 31, 2014 would result in a loss in the amount of $4.0, whereas the investment to yield portfolio would present a gain amounting to $19.8. Upon considering crisis scenarios, a situation similar to September 11, 2001 would result in a loss amounting to $8.3 equivalent to 0.28% of the value of this position.

			Crisis scenarios					
Position	**Portfolio**	**Normal conditions**	**12/21/1994**	**8/25/1998**	**9/11/2001**	**9/19/2002**	**4/28/2004**	**10/16/2008**
2,433.7	Corporate trading	4.0	2.5	2.0	(6.8)	5.2	4.2	1.4
469.3	Investment to maturity	19.8	(0.2)	(1.2)	(1.5)	1.1	0.2	0.3
2,903.0	Total	23.8	2.3	0.8	(8.3)	6.3	4.4	1.7

In normal conditions, with respect to the advance sale of assets at December 31, 2014, the available-for-sale portfolio of Grand Cayman would have generated a gain amounting to $85.0, whereas the sale of bonds held-to-maturity of London and Grand Cayman would have resulted in a gain amounting to $46.1. Upon considering crisis scenarios, a situation similar to October 16, 2008 would result in a loss amounting to $23.2 equivalent to 0.51% of the value of this position.

			Crisis scenarios					
Position	**Portfolio**	**Normal conditions**	**12/21/1994**	**8/25/1998**	**9/11/2001**	**9/19/2002**	**4/28/2004**	**10/16/2008**
3,679.4	Available-for-sale	85.0	(0.1)	(0.5)	(0.2)	(0.3)	(0.1)	(0.2)
912.2	Held-to-maturity	46.1	(216.4)	(9.7)	(7.4)	(12.1)	(5.4)	(23.0)
4,591.6	Total	131.1	(216.5)	(10.2)	(7.6)	(12.4)	(5.5)	(23.2)

7. Credit risk

Credit risk is defined as the likelihood that a counterparty or borrower fails to perform its credit obligations in due time and proper form. It further refers to the loss of value of an investment determined by the change in creditworthiness of any counterparty or borrower, without necessarily resulting in an omitted payment.

8. Expected Loss

The expected loss on the loan portfolio is obtained by using the portfolio rating methodology set forth in Chapter V of the Provisions, in connection with the Loan Portfolio.

Pursuant to the reserve obtained under this methodology, the following assumptions are also established:

- The former employee portfolio is excluded to directly measure the effect of expected losses of the portfolio with private sector risk.
- The credit to the Trust is not considered as a contingent (nonperforming) portfolio for Risk Equity, since this Trust is responsible for managing its credit risk.
- No additional reserves are included.
- The portfolio of the financial agent is not considered since it is a portfolio without risk.
- It is considered a nonperforming portfolio. Moreover, in accordance with the portfolio rating methodology based on the expected loss, should an event of nonperformance materialize, it does not imply that the expected loss should be provided for at 1005.

Under these assumptions, at December 31, 2013, the total portfolio is placed in the amount of $149,286, whereas the expected loan portfolio loss amounts to $1,412, equivalent to 0.95% of the rated portfolio and equal percentage of the total portfolio.

Estimate of expected losses

Portfolio		Portfolio balance		Expected Loss	% Expected Loss
Unrated	$	174	$	-	-
Risk A		121,597		783	0.64%
Risk B		24,706		585	2.37%
Risk C		1,050		65	6.19%
Risk D		48		-	-
Risk E		1,711		(21)	(1.25)%
Rated		149,112		1,412	0.95%
Total	$	149,286	$	1,412	0.95%

9. Unexpected losses

The unexpected loss represents the impact that could be suffered by the Institution's capital derived from unusual loan portfolio losses, the level of coverage of this loss on capital, and reserves of an Institution is a solvency indicator adjusted by the risk thereof.

Effective December 2005, the estimate of unexpected loan portfolio loss operations is realized at the Institution, by using analytical and Monte Carlo simulation methodologies. As of that date, the stability of these measures and their behavior in the face of various changes in the environment has been observed to determine which of them should be used as the risk measure of Institution's loan portfolio.

In November 2007, the CAIR concluded that of the methodologies proposed for the estimate of the unexpected loan portfolio loss, the methodology with an economic approach is the best methodology that best conforms to the basic internal method of Basel II, based on:

- The similarity of concepts existing between the proposed economic methodology and capital requirement for the loan risk estimated starting with the basic approach of Basel II. This approach enables institutions to estimate the capital requirement with internal methods that is necessary to support their risk.

- The high correlation and similarity of the average capital requirement observed of internally applied methodologies of proposed unexpected loan portfolio loss for a year.

Moreover, the Institution considered that the unexpected loan portfolio loss should continue to be estimated monthly using the valuation and Monte Carlo methodologies, so as to have information in view of future changes of banking regulations in which portfolio market valuation is requested. These methodologies are applied over a one-year time frame with a 95% reliability level.

At December 2014 year-end, the estimate of the unexpected loss under the economic approach amounts to $11,798. By the same token, the VaR of the credit amounts to $14,148 million pesos and represents 9.49% of the exposed portfolio.

10. Counterparty risk and diversification

Comprehensive control of counterparty risk is exercised at the Institution, by applying credit exposure limits established. These limits consider operations throughout all the balance sheet, that is, both on financial markets and in the loan portfolio. The methodology used is consistent with the General Rules for the Diversification of Risks in the Realization of Lending and Borrowing Operations, applicable to Lending Institutions.

At December 31, 2014, no loan risk is concentrated in any economic group above maximum financing limits.

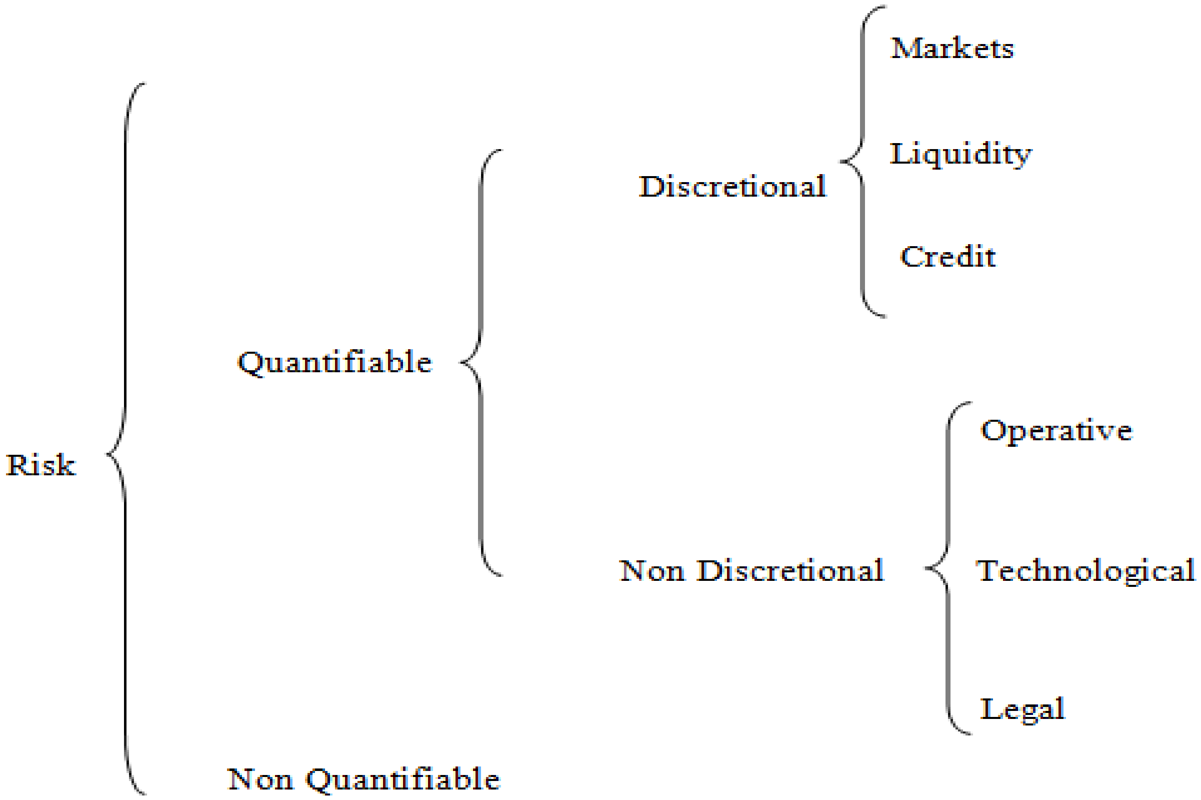
The following number of loans exceeds 10% of the basic capital individually:

Number of loans	Total amount	Percentage of Capital
27	$133,873	648.20%

Financing with the three highest debtors or, if applicable, groups of persons that represent common risk amounts to $36,186.

11. Operating risk

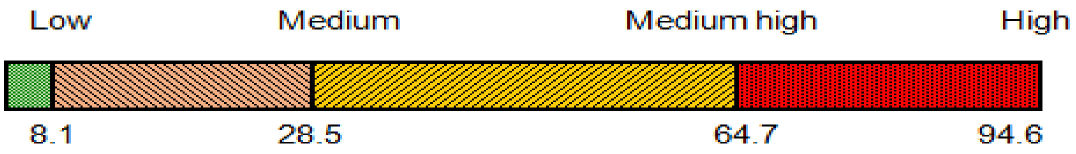
Based on the Provisions, a basic classification is established for the distinct types of risks to which lending institutions are exposed.



12. Nondiscretionary quantifiable risks - Qualitative analysis

The relevant Quality Management System (Q.M.S.) processes are rated by applying Self-Evaluation methodologies (Scorecards), pursuant to two indicators:

a) **Nature.** It is the degree of importance of the process analyzed in connection with the institution's other processes that require a higher or lower availability of funds and infrastructure to guarantee the business as a going concern, and its levels of tolerance are distributed as follows:

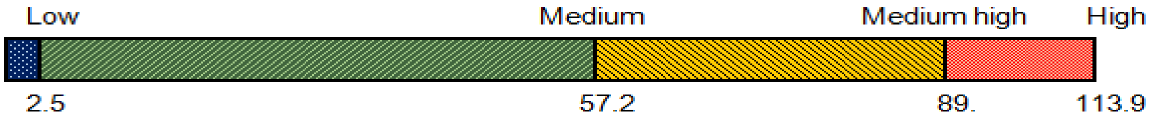


The result obtained from the Institution's most relevant processes in terms of nature at December 2014 month-end is as follows:

HeRo ID process	Name of the process	Nature indicator */	Tolerance level
11	Fund flow control and management	72.80	High Risk
43	Money market and derivatives	71.64	High Risk
9	Custody and management of securities and cash	70.94	High Risk
15	General cash	69.54	High Risk
26	Exchange market	67.53	High Risk
1	Capital market	61.78	Medium High Risk
20	Treasury management	59.85	Medium High Risk
150	Recovery of second tier portfolio	57.71	Medium High Risk
29	It keeps securities and central file	56.61	Medium High Risk
149	Recovery of first tier portfolios, emerging programs and former employees	52.45	Medium High Risk
3	Expense operation	50.71	Medium High Risk
154	Fiduciary process	46.51	Medium High Risk
151	Back office financial agent	45.73	Medium High Risk
17	Credit control desk operation	45.02	Medium High Risk
157	Derivatives market	45.00	Medium High Risk
58	Origination, administration and recovery of automatic guarantees	41.84	Medium High Risk
30	Financial and accounting information and preparation of financial statements	39.33	Medium High Risk
141	Front office financial agent	38.25	Medium High Risk
147	Electronic product management	36.85	Medium High Risk

*/ The higher the score, the greater the critical stage in terms of the nature of the process.

b) **Efficiency.** It is the measure of adequate execution of a process that allows for developing plans to foresee undesired events that permit development of sensitivity toward the perception of operating risk through a measurement and its levels of tolerance are distributed as follows:



The result obtained from the most processes in terms of efficiency at December 2014 month-end is as follows:

HeRo ID process	Name of the process	Efficiency indicator */	Tolerance level
11	Fund flow control and management	30.30	Medium Risk
29	It keeps securities and central file	26.01	Medium Risk
30	Financial and accounting information and preparation of financial statements	24.83	Medium Risk
154	Fiduciary process	23.82	Medium Risk
147	Electronic product management	22.24	Medium Risk
141	Front office financial agent	20.83	Medium Risk
17	Credit control desk operation	18.75	Medium Risk
20	Treasury management	17.95	Medium Risk
157	Derivatives market	17.87	Medium Risk
3	Expense operation	17.17	Medium Risk
151	Back office financial agent	15.16	Medium Risk
15	General cash	15.02	Medium Risk
43	Money market	14.42	Medium Risk
58	Origination, administration and recovery of automatic guarantees	14.35	Medium Risk
9	Custody and management of securities and cash	14.06	Medium Risk
26	Exchange market	13.83	Medium Risk
1	Capital market	13.76	Medium Risk
149	Recovery of first tier portfolios, emerging programs and former employees	5.49	Medium Risk
150	Recovery of second tier portfolio	3.18	Medium Risk

*/ The higher the score, the greater the critical stage in terms of the efficiency of the process.

13. Nondiscretionary quantifiable risks - Quantitative analysis

33 events of operating risk loss with a likely economic impact amounting to $0.164 have been recorded in the accounting during 2014, which are summarized as follows:

Quarter	Frequency	Likely economic impact
One	12	0.055
Two	7	0.001
Three	6	0.055
Four	8	0.053
Total	33	0.164

14. Technological Risk Management

During 2014, the behavior of monthly technological risk indicators were as follows:

R. T. Indicator Description	Measurement Unit	Goal	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Access to the NAFINSA network security level	Without intrusions to critical mission equipment	100.00%	100.00% Every month	100.00% Every month	100.00% Every month	100.00% Every month
Detecting and blocking a virus from the NAFINSA network	Without impact on critical mission equipment	100.00%	100.00% Every month	100.00% Every month	100.00% Every month	100.00% Every month
Availability level of critical services	Percentage of availability	99.00%	Exceeds 99.96% goal	Exceeds 99.83% goal	Exceeds 99.84% goal	Exceeds 99.98% goal
Recovery of critical services under contingency disaster drills	Percentage	100.00%	N/A	N/A	N/A	Realized October 100%
Availability level of non-critical services	Percentage of availability	97.00%	Exceeds 99.84% goal	Exceeds 99.90% goal	Exceeds 100.00% goal	Exceeds 99.99% goal

15. Legal risk

The issue of unfavorable administrative and judicial resolutions is defined as the potential loss for nonperformance of applicable legal and administrative provisions, as well as the application of sanctions in connection with the operations carried out by the Institution.

Indirect labor lawsuits do not currently contribute in an amount of contingency and/or provision, since they are not quantifiable as long as there is no ruling handed down against the Institution.

At December 2014 year end, the status of recording potential Legal Risk losses is as follows:

Book entry of potential legal risk loses

Item	Contingency	%	Provision	%	Results
Total (1+2+3+4)	$ 403.65	(9.48)	$ (38.27)	(72.88)	$ 27.89
1 Labor nature	28.63	(70.00)	(20.04)	(138.08)	27.67
2 Litigation portfolio	291.08	(1.30)	(3.77)	(5.85)	0.22
3 Trusts	83.94	(17.23)	(14.46)	-	-
4 Treasury and securities trading	-	-	-	-	-

16. Relevant aspects.

a) The labor portfolio contingency reports an amount of $28.63 with a (3.61)% variation compared with the prior year, which is equivalent to an amount of $(1.07). The provision reports an amount of $(20.04) with a (11.45)% variation compared with the prior year, which is equivalent to an amount of $(1.07).

The movement in contingency and provision is derived mainly from the termination of lawsuits, the incorporation of new labor litigations, and update in the expectations of having a favorable ruling handed down for the institution.

b) The litigation portfolio reports and amount of $291.08 with a (7.44)% variation, compared with the prior year, which is equivalent to the amount of $(23.39). The variation in the contingency compared with the prior year is due mainly to the end of 6 cases. The provision of the litigation portfolio reports an amount of $(3.77) with a (6.21%)% variation compared with the prior year, which is equivalent to an amount of $($0.22). The variation in the provision is due to the incorporation of new litigations, as well as the termination of others.

c) The trust contingency reports an amount of $83.94 with a 41.35% variation compared with the prior year, equivalent to an amount of $24.55 due to the order issued by the National Commission for the Defense of Users of Financial Institutions (CONDUSEF) to create a contingent liability during the 1st semester of 2014, and the volatility of the exchange rate. The provision of the trust reports an amount of $(14.46) with a 0.00% variation compared with the prior year, which is equivalent to an amount of $0.00.

Pursuant to all of the foregoing, there is a contingency approximating $403.65, a provision that amounts to $38.27, and an effect on income amounting to $27.89 with amounts at December 2014 year end.

17. Unquantifiable risks

These are risks derived from unforeseen claims or external events that cannot be associated to a likelihood of occurrence and that the economic losses caused can be transferred to external risk taking entities.

Type of Risk	Definition	Example
Claim	Risk of loss due to catastrophic events of a nature that can interrupt the operation or affect the Institution's capital assets.	Fire, earthquake, volcanic eruption, hurricane, among other things.
External	Risk of loss caused by entities unrelated to the Institution.	Vandalism, protests, etc.

For this type of risks, the follow-up is realized by considering the following criteria:

Inventory	Control measures	Economic impact
Capital Assets	Institutional Insurance Program of Capital Assets.	Payment of premiums
Repossessed Assets	Institutional Insurance Program of Capital Assets.	Deductibles in cases of materialization.

During 2014, six claims were reported on the institution's capital assets in the field of electronic equipment in the amount of $0.043.

18. General Internal Control Rules in the environment of Federal Public Administration

The procedure for defining and formalizing the documents that contain the matrix and map of the ten main institutional risks , which would affect achieving objectives and strategies for 2014, including the Institutional Risk Management Work Plan (PTAR 2014), was started, realized, and concluded in 2014.

NOTE 33. REISSUE OF 2013 FINANCIAL STATEMENTS

During fiscal 2014, the Institution retrospectively recognized certain accounting corrections in the financial statements ended December 31, 2013, with the following effects:

	Balances at December 31, 2013	Effects of reissue	Reissued balances at December 31, 2013
ASSETS			
PERFORMING LOAN PORTFOLIO			
Commercial credits			
Financial entities **(a)**	$ 86,691	$ (6)	$ 86,685
OTHER ASSETS:			
Deferred charges, prepaid expenses and intangibles **(b)** and **(c)**	$ 1,126	$ (114)	$ 1,012
STOCKHOLDERS' EQUITY			
CAPITAL GAINS:			
Prior year income.**(b)**	$ (1,917)	$ (65)	$ (1,982)
Net income **(a)** and **(c)**	$ 1,780	$ (55)	$ 1,725

(a) The recognition of the reversal of accrued interest due to restructuring and transfer to nonperforming commercial lending portfolios of Financial Entities.

(b) Payment of tax obligations by offsetting recoverable taxes, due to effects of valuation of financial instruments of fiscal 2012.

(c) Payment of tax obligations by offsetting recoverable taxes, due to effects of valuation of financial instruments of fiscal 2013.

NOTE 34. NEW ACCOUNTING PRONOUNCEMENTS

At December 31, 2014, the Mexican Board of Financial Reporting Standards (CINIF) has not issued changes to Financial Reporting Standards suppletorily applicable that go into effect beginning January 2015.

NOTE 35. 2014 FINANCIAL AND FISCAL REFORM

Financial reform

The "Decree that Reforms, Aggregates, and Repeals Various Financial Provisions and the Law to Regulate Financial Groups is issued" was published in the Official Daily Gazette on January 10, 2014. Its main trends are as follows:

- Strengthening the CONDUSEF.
- Establish a new mandate for development banking.
  - In order to strengthen and expand credit, by placing special emphasis on areas for national development, such as infrastructure, small and medium-sized companies, as well as innovation and creation of patents.
- Encourage competition in the banking system to lower rates and costs.
- Generate additional incentives for banks to grant more financing.
- Strengthen the Mexican financial and banking system.

Moreover, the following laws, among other things, are modified:

a) Lending Institutions Law.

b) General Law of Securities and Credit Transactions.

c) Commercial Bankruptcy Law.

d) Financial Service user Protection and Defense Law.

e) Laws to Regulate Development Banking Institutions.

f) Commercial Code.

g) Protection of Bank Savings Law.

h) National Banking and Securities Commission Law.

i) Stock Market Law.

j) Mutual Funds Law.

Fiscal Reform

This reform implies significant changes in legislation related to:

a) Elimination of the tax consolidation regime.

b) New Tax Integration Regime.

c) Income Tax on dividends.

d) Elimination of the simplified regime.

e) Change of the regime applicable to maquiladoras.

f) Elimination of the tax incentive for investors in Real Estate Investment Companies.

g) Changes in the accrual scheme of the Income Tax Law for sales in installments (sales in partial payments).

h) Changes in the deduction scheme of deductions of employee benefit expenses in the Income Tax Law.

i) Change in the Income Tax rate.

j) Repeal of the Corporate Flat Tax Law (IETU). Due to the repeal of this tax starting 2014, IETU was due and payable up to December 31, 2013, for both income and deductions, as well as certain tax credits based on cash flows of each year. The rate was 17.5% (those effects are shown in Note 22).

k) Changes in the determination of Employee Profit Sharing.

l) Asset Tax recoverable

m) Special mining fees.

n) Repeal of the Cash Deposit Tax (IDE).

The Institution analyzed the impact of these reforms on its operation.

NOTE 36. AUTHORIZATION TO ISSUE THE FINANCIAL STATEMENTS

The officers who subscribe the consolidated financial statements authorized those statements and their corresponding notes to be issued on February 13, 2015.

These notes are part of the consolidated financial statements at December 31, 2014 and 2013.

RÚRBICA	RÚBRICA
Dr. Jacques Rogozinski Schtulman Chief Executive Officer	Dr. Federico Ballí González Associate General Director of Administration and Finance

RÚBRICA

C.P. Sergio Navarrete Reyes
Director of Accounting and Budget