

**Financiera Independencia, S. A. B. de
C. V., Sociedad Financiera de Objeto
Múltiple, Entidad no Regulada**

Consolidated financial statements for
the years ended December 31, 2013 and
2012 and Independent Auditors' Report
dated February 19, 2014

Financiera Independencia, S. A. B. de C. V., Sociedad Financiera de Objeto Múltiple, Entidad no Regulada and Subsidiaries

Independent Auditors' Report and Consolidated Financial Statements 2013 and 2012

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Independent Auditors' Report to the Board of Directors and Stockholders of Financiera Independencia, S. A. B. de C. V., Sociedad Financiera de Objeto Múltiple, Entidad no Regulada

We have audited the accompanying consolidated financial statements of Financiera Independencia, S. A. B. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad no Regulada and Subsidiaries (the Company), which include the consolidated balance sheet as of December 31, 2013 and 2012, and the consolidated statements of income, of changes in stockholders' equity and of cash flows for the years then ended, as well as a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's management is responsible for the preparation of these financial statements in conformity with the accounting criteria established by the Mexican National Banking and Securities Commission through the "General Provisions Applicable to Credit Institutions" (the Accounting Criteria), and for such internal control which the Company's management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the Independent Auditors

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

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

Deloitte

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 Financiera Independencia, S. A. B. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad no Regulada and Subsidiaries for the years ended December 31, 2013 and 2012, are prepared, in all material respects, in accordance with the Accounting Criteria.

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



CPC Jorge Tapia del Barrio

February 19, 2014

Financiera Independencia, S. A. B. de C. V., Sociedad Financiera de Objeto Múltiple, Entidad no Regulada and Subsidiaries

Consolidated balance sheets

Of the Company with its Subsidiaries as of December 31, 2013 and 2012
(In thousands of Mexican pesos)

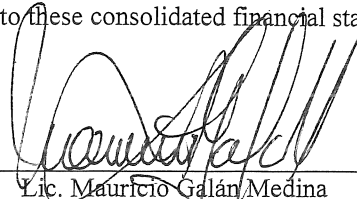
Assets	2013	2012
Funds available	\$ 510,990	\$ 382,471
Performing loans:		
Consumer loans	5,029,399	4,977,794
Commercial loans	<u>1,306,385</u>	<u>1,375,014</u>
Total performing loans	6,335,784	6,352,808
Non-performing loans:		
Consumer loans	460,281	309,548
Commercial loans	<u>40,490</u>	<u>60,490</u>
Total non-performing loans	<u>500,771</u>	<u>370,038</u>
Total loans	6,836,555	6,722,846
Allowance for loan losses	<u>(500,771)</u>	<u>(434,769)</u>
Total loans – net	6,335,784	6,288,077
Other accounts receivable- net	291,281	249,967
Property, plant and equipment - net	340,760	393,582
Deferred taxes - net	995,409	960,710
Other assets:		
Goodwill	1,586,795	1,545,719
Intangibles	132,114	140,047
Deferred charges and prepaid expenses	<u>92,995</u>	<u>94,941</u>
Total assets	<u>\$ 10,286,128</u>	<u>\$ 10,055,514</u>

Liabilities and Stockholders' Equity	2013	2012
Securities liabilities	\$ 1,501,625	\$ 1,501,625
Borrowings from banks and from other entities		
Short-term	2,510,134	2,722,941
Long-term	<u>2,715,393</u>	<u>2,513,900</u>
Total borrowings	5,225,527	5,236,841
Derivatives		
For hedging purposes	76,333	94,023
Other accounts payable:		
Income taxes	36,346	16,008
Sundry creditors and other	<u>337,209</u>	<u>288,611</u>
Total other accounts payable	373,555	304,619
Deferred credits and advance collections	<u>27,453</u>	<u>59,519</u>
Total liabilities	7,204,493	7,196,627
Stockholders' equity		
Contributed capital:		
Common stock	157,191	157,191
Share premium	<u>1,579,175</u>	<u>1,579,175</u>
Total contributed capital	1,736,366	1,736,366
Earned capital:		
Capital reserves	14,318	14,318
Result from prior years	1,131,157	1,266,637
Result from valuation of cash flow hedging instruments	(68,599)	(50,677)
Result from translation of foreign subsidiaries	14,278	-
Net result	<u>254,111</u>	<u>(116,463)</u>
Total earned capital	1,345,265	1,113,815
Non-controlling interest	<u>4</u>	<u>8,706</u>
Total stockholders' equity	<u>3,081,635</u>	<u>2,858,887</u>
Total liabilities and stockholders' equity	<u>\$ 10,286,128</u>	<u>\$ 10,055,514</u>

Memoranda accounts

	2013	2012
Uncollected accrued interest on non-performing loans	\$ 74,900	\$ 99,469
Tax losses	\$ 1,065,995	\$ 915,909
Loan portfolio written off	\$ 762,382	\$ 1,000,549

See accompanying notes to these consolidated financial statements.



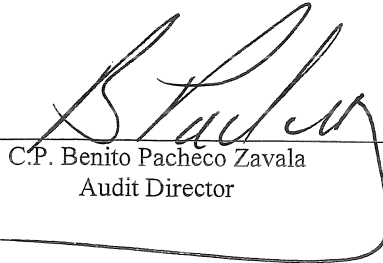
Lic. Mauricio Galán Medina
Managing Director



Lic. Luis Miguel Díaz-Llaneza Langenscheidt
Director Of Administration and Finances



C.P. Juan García Madrigal
Deputy Director of Controllership



C.P. Benito Pacheco Zavala
Audit Director

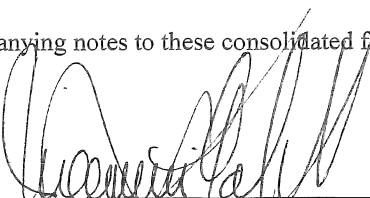
Financiera Independencia, S. A. B. de C. V., Sociedad Financiera de Objeto Múltiple, Entidad no Regulada and Subsidiaries

Consolidated statements of income


Of the Company with its Subsidiaries for the years ended December 31, 2013 and 2012
(In thousands of Mexican pesos, except result per share)

	2013	2012
Interest income	\$ 4,804,957	\$ 5,032,044
Interest expense	<u>(722,483)</u>	<u>(763,895)</u>
Financial margin	4,082,474	4,268,149
Allowance for loan losses	<u>(1,209,052)</u>	<u>(1,952,361)</u>
Financial margin adjusted for credit risks	2,873,422	2,315,788
Commission and fee income	623,466	812,220
Commission and fee expense	(68,050)	(72,724)
Trading income	(62)	10,413
Other revenue from operation	215,330	190,335
Administrative and promotional expenses	<u>(3,314,058)</u>	<u>(3,420,862)</u>
Result of operation	330,048	(164,830)
Current tax income	(110,099)	(85,754)
Deferred tax income	<u>33,266</u>	<u>132,085</u>
	<u>(76,833)</u>	<u>46,331</u>
Result before non-controlling interest	253,215	(118,499)
Non-controlling interest	<u>896</u>	<u>2,036</u>
Net result	<u>\$ 254,111</u>	<u>\$ (116,463)</u>
Income (loss) per share	<u>\$ 0.4275</u>	<u>\$ (0.1958)</u>


See accompanying notes to these consolidated financial statements.



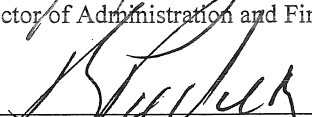
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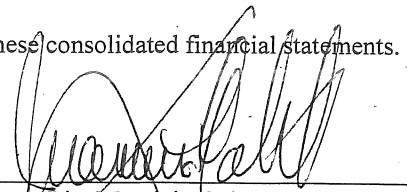
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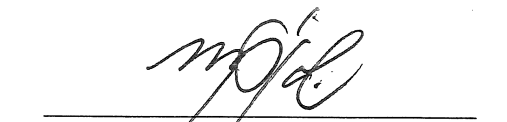
Consolidated statements of changes in stockholders' equity

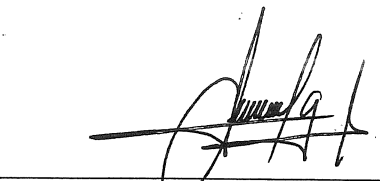
Of the Company with its Subsidiaries for the years ended December 31, 2013 and 2012
(In thousands of Mexican pesos)

	Contributed capital		Earned capital				Non-controlling interest	Total stockholders' equity	
	Common stock	Share premium	Capital reserves	Result from prior years	Result from valuation of cash flow hedging instruments	Result from translation of foreign subsidiaries			Net result
Balances, December 31, 2011	\$ 157,191	\$ 1,579,175	\$ 14,318	\$ 1,114,795	\$ (15,467)	\$ -	\$ 185,841	\$ 10,742	\$ 3,046,595
Movements inherent to the stockholders' decisions:									
Transfer of net result to result from prior years	-	-	-	185,841	-	-	(185,841)	-	-
Acquisition of proprietary shares and effect on re-placement of proprietary shares	-	-	-	(33,999)	-	-	-	-	(33,999)
	-	-	-	151,842	-	-	(185,841)	-	(33,999)
Movements inherent to the recognition of the comprehensive loss:									
Net result	-	-	-	-	-	-	(116,463)	-	(116,463)
Result from valuation of cash flow hedging instruments	-	-	-	-	(35,210)	-	-	-	(35,210)
Non-controlling interest	-	-	-	-	-	-	-	(2,036)	(2,036)
	-	-	-	-	(35,210)	-	(116,463)	(2,036)	(153,709)
Balances, December 31, 2012	157,191	1,579,175	14,318	1,266,637	(50,677)	-	(116,463)	8,706	2,858,887
Movements inherent to the stockholders' decisions:									
Transfer of net result to result from prior years	-	-	-	(116,463)	-	-	116,463	-	-
Acquisition of proprietary shares and effect on re-placement of proprietary shares	-	-	-	(19,017)	-	-	-	-	(19,017)
	-	-	-	(135,480)	-	-	116,463	-	(19,017)
Movements inherent to the recognition of the comprehensive loss:									
Net result	-	-	-	-	-	-	254,111	-	254,111
Result from valuation of cash flow hedging instruments	-	-	-	-	(17,922)	-	-	-	(17,922)
Result from translation of foreign subsidiaries	-	-	-	-	-	14,278	-	-	14,278
Non-controlling interest	-	-	-	-	-	-	-	(8,702)	(8,702)
	-	-	-	-	(17,922)	14,278	254,111	(8,702)	241,765
Balances, December 31, 2013	\$ 157,191	\$ 1,579,175	\$ 14,318	\$ 1,131,157	\$ (68,599)	\$ 14,278	\$ 254,111	\$ 4	\$ 3,081,635

See accompanying notes to these consolidated financial statements.


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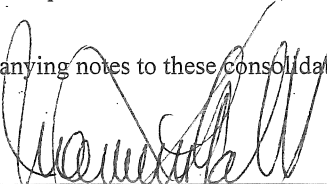
Financiera Independencia, S. A. B. de C. V., Sociedad Financiera de Objeto Múltiple, Entidad no Regulada and Subsidiaries

Consolidated statements of cash flows

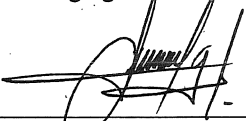
Of the Company with its Subsidiaries for the years ended December 31, 2013 and 2012
(In thousands of Mexican pesos)

	2013	2012
Net result	\$ 254,111	\$ (116,463)
Adjustments for items not requiring cash flows:		
Depreciation and amortization	124,731	140,493
Current and deferred income taxes	<u>76,833</u>	<u>(46,331)</u>
	455,675	(22,301)
Operating activities:		
Loan portfolio	(47,707)	529,118
Bank loans and securities liabilities	(11,314)	(739,043)
Other accounts receivable and payable	<u>(151,588)</u>	<u>74,933</u>
Net cash flows from operating activities	245,066	(157,293)
Investing activities:		
Acquisitions of fixed assets	(63,976)	(88,327)
Goodwill	(41,076)	-
Deferred charges and prepaid expenses	<u>1,946</u>	<u>29,238</u>
Net cash flows from investing activities	(103,106)	(59,089)
Financing activities:		
Acquisition of proprietary shares	(19,017)	(33,999)
Result from translation of foreign subsidiaries	14,278	-
Other items	-	(6,354)
Non-controlling interest	<u>(8,702)</u>	<u>(2,036)</u>
Net cash flows from financing activities	<u>(13,441)</u>	<u>(42,389)</u>
Net increase (decrease) in cash	128,519	(258,771)
Cash and cash equivalents at the beginning of the period	<u>382,471</u>	<u>641,242</u>
Cash and cash equivalents at the end of the period	<u>\$ 510,990</u>	<u>\$ 382,471</u>


See accompanying notes to these consolidated financial statements.



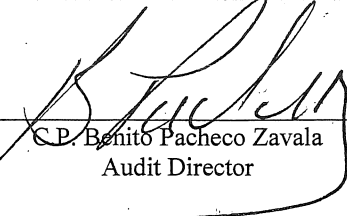
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Financiera Independencia, S. A. B. de C. V., Sociedad Financiera de Objeto Múltiple, Entidad no Regulada and Subsidiaries

Notes to consolidated financial statements

Of the Company with its Subsidiaries for the years ended December 31, 2013 and 2012
(In thousands of Mexican pesos)

1. Explanation added for translation into English

The accompanying consolidated financial statements have been translated from the original statements prepared in Spanish into English for use outside of Mexico. The accounting criteria to prepare the accompanying financial statements used by of Financiera Independencia, S. A. B. de C. V., Sociedad Financiera de Objeto Múltiple, Entidad no Regulada and Subsidiaries (the "Company") conform with the financial reporting requirements prescribed by the Mexican National Banking and Securities Commission (the "Commission") but do not conform with Mexican Financial Reporting Standards ("MFRS"), and may differ in certain significant respects from the financial reporting standards accepted in the country of use.

2. Operations

Financiera Independencia, S. A. B. de C. V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada (the "Company") was established and began operations in accordance with Mexican laws on July 22, 1993, for an indefinite period, and with headquarters in Mexico City. It has authorization from the Mexican Treasury Department ("SHCP") to operate as a multiple purpose financial institution, unregulated entity, in accordance with the Mexican Credit Institutions Law ("LIC").

Its primary activity is to grant credits to individuals for the consumption of goods and services. The necessary resources to fund its operation have been obtained from the stockholders and through market operations and contracting liabilities from domestic financial institutions.

The General Law on Credit Organizations and Auxiliary Activities ("LGOAAC"), applicable to Multiple Purpose Financial Institutions ("Sofom/Sofomes"), allows such entities to grant credits, factoring services and capital leases. The Sofomes may or may not be regulated by the Mexican National Banking and Securities Commission (the "Commission"). The unregulated entities ("E. N. R.") are entities which do not have equity relationships with credit institutions or holding companies of financial groups of which credit institutions form part, for which reason they are not subject to oversight by the Commission.

On October 18, 2007 the stockholders approved the adoption of the regime of Sociedad Anónima Bursátil (S.A.B.), for which reason, as of November 1, 2007 the Company was registered as a public stock corporation on the Mexican Stock Market (the "BMV"), and listed with the ticker symbol "FINDEP".

During the process of listing its shares on the BMV, the Company carried out a public share offering in Mexico and abroad. The foreign public offering was performed under Rule 144-A and regulation "S" of the US Securities Act of 1933 and the regulations applicable to countries in which such offering was performed.

The Company, in its capacity as an S. A. B., applies the provisions of the General Companies Law and, if applicable, the relevant provisions of the Stock Market Law, as well as general provisions applicable to issuers of securities and other stock market participants.

3. Basis for presentation

Monetary unit of the financial statements- The financial statements and notes as of December 31, 2013 and 2012 and for the years ended include balances and transactions of different purchasing power.

Consolidation of financial statements - The accompanying consolidated financial statements include the financial statements of the Company and those of its subsidiaries in which control is exercised. All significant intercompany balances and transactions have been eliminated.

The subsidiaries consolidated with the Company as of December 31, 2013 and 2012 are detailed below:

Subsidiaries	Holding		Activities
	2013	2012	
Serfincor, S. A. de C. V. ("Serfincor")	99.99%	99.99%	Service provider
Conexia, S.A. de C.V. ("Conexia")	99.99%	99.99%	Call center, promotional and marketing services
Fisofo, S. A. de C. V., SOFOM, E. N. R. ("Fisofo")	99.00%	99.00%	Granting consumer loans
Findependencia, S. A. de C. V., SOFOM, E.N.R.	99.00%	99.00%	Granting consumer loans
Financiera Finsol, S. A. de C. V., SOFOM, E.N.R. ("Financiera Finsol")	99.99%	99.99%	Granting consumer loans
Finsol, S. A. de C. V. ("Finsol")	99.99%	99.99%	Service provider
Finsol Vida, S. A. de C. V.	99.99%	99.99%	Service provider
Instituto Finsol, IF	99.99%	99.99%	Granting commercial loans
Independencia Participações, S. A.	99.99%	99.99%	Granting commercial loans
Apoyo Económico Familiar, S.A. de C.V., SOFOM, E.N.R. ("AEF")	99.00%	99.00%	Granting consumer loans
Servicios Corporativos AEF, S.A. de C.V. ("SCAEF")	99.00%	99.00%	Service provider
Apoyo Financiero Inc. ("AFI")	100.00%	77.00%	Granting consumer loans
Sistemas Administrativos y Corporativos Santa Fe, S.A. de C.V. ("SACSA")	99.99%	-	Service provider

On February 28, 2011 the Company acquired 77% of the shares outstanding of AFI, subsequently; on December 18, 2013 the Company announced the purchase of the remaining 23% of the common stock shares of AFI in order to hold 100% of its equity.

On December 6, 2012, Serfincor endorsed title to the Company of all 43,549,999 common stock shares of Conexia, at their nominal value of \$1.00 each share, of both Class I, Series A and Class II, Series A shares, which resulted in a shareholding of 99.99%.

On July 9, 2013, the Company acquired 99.99% of the shares outstanding of Sistemas Administrativos y Corporativos Santa Fe, S.A. de C.V., a service provider company.

Translation of financial statements of subsidiaries in foreign currency- The operations of the foreign subsidiaries are modified in the recording currency to be presented in accordance with the accounting criteria of the Commission. The financial statements are translated to Mexican pesos based on the following methodologies:

The foreign operations whose recording and functional currencies are the same convert their financial statements by using the following exchange rates: 1) closing rate for assets and liabilities and 2) historical rate for stockholders' equity and 3) the accrual date for revenues, costs and expenses. The effects of conversion are recorded in stockholders' equity.

4. Significant accounting policies

The accounting policies followed by the Company are in accordance with the accounting criteria established by the Commission in the "General Provisions Applicable to Credit Institutions (the "Provisions") and are considered a general framework for financial information, which require management to make certain estimates and use assumptions to determine the valuation of some of the items included in the financial statements and make the disclosures required therein. While they may differ from their final result, management believes that the estimates and assumptions used were adequate under the circumstances.

On September 19, 2008, the Commission issued an amendment to the General Provisions for Issuers, whereby Sofomes, E. N. R. that are public stock corporations must prepare their financial statements in conformity with the accounting criteria which, pursuant to article 87-D of the LGOAAC, are applicable to regulated Sofomes. This article states that regulated Sofomes are subject to the provisions established for credit institutions and finance entities, as the case may be, in the LIC, and in the Commission's Law.

In accordance with accounting criterion A-1 of the Commission, the accounting of the companies will be adjusted to reflect the applicable financial reporting standards in México ("NIF"), defined by the Mexican Board of Financial Reporting Standards (CINIF), except when in the Commission's judgment a specific accounting provision or standard must be applied, bearing in mind that the companies perform specialized operations.

Below we describe the significant accounting policies applied by the Company:

Recognition of the effects of inflation in the financial information- As of January 1, 2008, the Company suspended recognition of the effects of inflation, in accordance with the provisions of NIF B-10. Up to December 31, 2007, such recognition mainly resulted in gains or losses for inflation on nonmonetary items which are presented in the financial statements as an increase or decrease in the headings of stockholders' equity, and in nonmonetary items.

The accumulated inflation for the three years prior to December 31, 2013 and 2012 is 11.80% and 12.26%, respectively; therefore, the economic environment qualifies as noninflationary in both years and as a result the effects of inflation are not recognized in the accompanying consolidated financial statements. The inflation percentages for the years ended December 31, 2013 and 2012 were 3.97% and 3.57%, respectively.

Funds available- Are recorded at face value. Funds available in foreign currency are valued at the exchange closing rate issued by the Mexican Central Bank at the end of the year.

Financial derivatives- All the financial derivatives contracted are included on the balance sheet as assets and/or liabilities at fair value. The accounting for changes in the fair value of a derivative depends on its intended use and the risk management strategy adopted. In fair value hedges the fluctuations in valuation are recorded in results in the same line item for the position hedged; in cash flow hedges, the effective portion is temporarily kept in comprehensive income as part of stockholders' equity and is reclassified to results when the position it covers affects results. The ineffective portion is recognized immediately in results. While certain financial derivatives are contracted to obtain a hedge from an economic standpoint, these are not considered as hedge instruments because they do not comply with all requirements. Such instruments are classified as trading instruments for accounting purposes.

Fair value is determined based on market prices and, when involving instruments not listed on an active market, fair value is determined based on valuation techniques accepted by market practices.

The Company has the following transactions with financial derivatives:

Options - Options are contracts which establish the right, but not the obligation, for the buyer to purchase or sell the underlying asset at a determined price, known as the exercise price, on an established date or within a given period. Options contracts involve two parties: the purchaser of the option pays a premium at the time it is acquired and at the same time obtains a right, but not an obligation, and the party issuing or selling the option receives the premium and, in turn, acquires an obligation, but not a right.

The buyer of the option records the premium paid on the transaction. Subsequently, the premium is valued according to the fair value of the option, and changes in the fair value are recorded in the statement of income.

Swaps - Foreign currency swaps are contracts which establish the bilateral obligation to exchange, over a given period, a series of flows based on a notional amount denominated in different currencies for each of the parties, which are in turn referenced to different interest rates. In some cases, apart from interchanging exchange rate flows in different currencies, it may be agreed to exchange flows based on the notional amount over the effective term of the contract.

The rights and obligations of the contract are valued at the fair value determined based on a mathematical model which estimates the net present value of the cash flows of the positions to be received and delivered.

Forwards - Forwards are contracts which establish an obligation to buy or sell an underlying asset at a future date for an amount, quality and prices pre-established in the contract. In these contracts it is understood that the party undertaking to buy assumes a long position on the underlying asset, and the party undertaking to sell assumes a short position on the same underlying asset.

Loan portfolio- Represents the amounts actually disbursed to borrowers, plus the uncollected, accrued interest. The "allowance for loan losses" is presented as a deduction from the portfolio's balances.

Credit is granted based on a credit analysis which uses the internal policies and operating manuals established by the Company.

The unpaid balance of the loans is recorded as non-performing portfolio when the respective installments have not been fully paid under the original terms established, considering the following:

- If the debts consists of credits with partial periodic payments of principal and interest and present 90 or more calendar days in arrears.
- If the debts consist of revolving credits and present two monthly billing periods overdue or, in case the billing period is not monthly, that applicable to 60 or more calendar days overdue.

When a credit is considered non-performing, the related interest accrual is suspended. As long as the credit is kept in the non-performing portfolio, the control of the uncollected accrued interest or accrued financial revenue is kept in memoranda accounts. With regard to uncollected accrued interest on the non-performing portfolio, an estimate is recorded for an amount equivalent to the total of such interest at the time it is transferred as non-performing portfolio. If overdue interest is collected, it is recognized directly in results for the year.

Non-performing credits in which the unpaid balances (principal and interest, among others) are fully settled are returned to performing portfolio, in accordance with the Accounting Criteria.

As long as the loan portfolio is kept in restructured form, it is classified and presented as non-performing portfolio, as long as there is no evidence of sustained payment, which was once understood as the timely payment of three consecutive repayments. Additionally, the probability of default of this portfolio in the reserve model is 100%.

The annual fee commissions collected from the customers are recognized as revenues on a deferred basis and are amortized by the straight-line method over a year or the credit term. The commissions collected for the initial granting of the credit and its associated costs are not deferred over the term of the credit, because management believes that their effect is not material or significant inasmuch as the credits mature in the short term. Commissions for dispositions of the credit line and collection expenses are recognized in results at the time they are collected.

Allowance for loan losses-In official notice 310-85406/2009 dated March 2, 2009, the Commission informed the Company that it must calculate the establishment of credit reserves based on the different methodologies established by the Commission for credit institutions, using the general methodology or the internal methodologies established in the Circular applicable to Credit Institutions, which in the last-mentioned case it does not require approval by the Commission.

The Company qualifies its loan portfolio using an internal methodology based on the probability of default by the borrowers and on the severity of the credit loss, as established in article 93 of the Provisions.

The Probability of Default (PI) is the probability that a debtor will fall into arrears within the next six months. The Company determines the PI by applying calculations of credit exposure rotating indexes. The credit exposure rotating indexes consider the possibility that a loan may go from its current category to one of cancellation in books (based on the days that it has been overdue). The Company uses the average of the calculations of the credit exposure rotating indexes for the last 12 month period as its PI.

The Loss Derived from Default (PPI) is an estimate of the amount that the Company would expect to lose in the event of nonperformance by a debtor. Given that all the Company's loans are unsecured, there is no collateral; consequently, the Company determines its PPI as the average of the net losses after considering the present value of the amounts recovered over the last 12 month period.

The Company qualifies its commercial credit portfolio by using an internal methodology based on the number of days in arrears of the credits granted, reserving 100% of such portfolio; the internal methodology requires the creation of additional estimates for any compliance with covenants requested by its funders.

The estimate for the commercial portfolio is determined based on the number of payment periods observed in arrears at the qualification date and a 100% severity of loss, by applying the following procedure:

- i. The credit portfolio is stratified based on the number of days in arrears of the due payment established by the Company at the qualification date, as indicated in the following table.

- ii. For each stratum, allowances for loan losses are determined by applying the percentages of loan losses indicated below to the total amount of the unpaid balance of the credits in each stratum:

Days in arrears	EPRC (%)
1-30	-
31-60	-
61-90	-
91-120	100
121-150	100
151-180	100
+180	100

Loans are written off in books when they present 180 or more calendar days overdue. This write-off is performed by canceling the unpaid balance of the loan against the allowance for loan losses. Due to the type of credit, beginning in 2013 AEF performs the write-off in books when they present 180 or more calendar days in arrears; in 2012, AEF performed the write-off when they presented 120 or more calendar days in arrears and AFI does so only when all collection efforts have been exhausted, because the legal collection process is quite effective.

Recoveries associated with loans written off or eliminated from the balance sheet are recognized in result of the year when realized.

Other accounts receivable- Accounts receivable different from the Company's loan portfolio represent recoverable tax balances, among others. The accounts receivable related to identified debtors with more than 90 calendar days in arrears require the creation of an allowance that reflects the degree of noncollectibility. This allowance is not created for recoverable tax balances. The allowances for bad debts or doubtful accounts described above are obtained by preparing a study that is used as the basis to determine future events which might affect the amount of the accounts receivable, and reflect the estimated recovery value of the credit rights.

In the case of items different from the above in which their maturity is agreed for a term in excess of 90 calendar days for identified debtors and 60 days for unidentified debtors, an allowance for bad debts or doubtful accounts is created for the total amount of the debt.

Property, plant and equipment- Are recorded at acquisition cost. The assets derived from acquisitions up to December 31, 2007 were restated by applying factors derived from the Investment Unit (UDI) up to that date. The related depreciation and amortization is recorded by applying a percentage determined based on the estimated useful life of the assets to the cost restated up to that date.

Depreciation is determined on the cost or restated cost up to 2007 by using the straight-line method; as of the following month of the respective purchase, applying the rates detailed below:

	Rate
Real property	5%
Computers	25%
Automatic cash dispensers	15%
Furniture and fixtures	10%
Vehicles	25%

Impairment of long-lived assets in use- The Company revises the book value of long-lived assets in use, in the presence of any indicator of impairment that might show that the book value may not be recoverable, considering the higher of the present value of the future net cash flows or the net selling price in the case of their eventual disposal. Impairment is recorded if the book value exceeds the higher of the aforementioned values. The indicators of impairment considered for these purposes are, among others, operating losses or negative cash flows in the period if they are combined with a history or projection of losses, depreciation and amortization charged to results which, in percentage terms, in relation to revenues, are substantially superior to those from previous years, services rendered, competition and other economic and legal factors. The Company has prepared the study to determine the effects of NIF C-15 (Impairment in the value of long-lived assets and their disposal), and no impairment was detected in the value of long-lived assets.

Permanent investments in shares- The Company recognizes its investments in associated companies where it has significant control and influence, by using the equity method based on their book value according to the last available financial statements of such entities.

Other assets- Computer developments and intangible assets are recorded originally at the nominal value paid and or restated from the date of acquisition or disbursement up to December 31, 2007 using the factor derived from the UDI. The amortization of computer developments and intangible assets with a definite life are calculated by the straight-line method, applying the respective rates to the restated expense.

Income taxes- Income tax (ISR) and business flat tax (IETU) are recorded in results of the year in which they are incurred. To recognize deferred income taxes, based on its financial projections, the Company determines whether it expects to incur on ISR or IETU and, accordingly, recognizes deferred taxes based on the tax it expects to pay. Deferred taxes are calculated by applying the corresponding tax rate to temporary differences resulting from comparing the accounting and tax bases of assets and liabilities and including, if any, future benefits from tax loss carryforwards and certain tax credits. Deferred tax assets are recorded only when there is a high probability of recovery.

As a result of the 2014 Tax Reform, as of December 31, 2013 deferred IETU is not recognized, therefore, the effects were canceled in 2013 in the statement of income.

Securities liabilities- They are represented by the issuance of a debt instrument known as Securitized Certificate (Cebures), and it is recorded by taking as the basis the value of the obligation it represents, and recognizing the unpaid accrued interest for the days elapsed to the date of preparation of the financial statements in results of the year.

Issuance expenses are recognized initially as deferred charges and are amortized against results for the year, taking the term of their underlying instruments as their basis.

Borrowings from banks and from other entities- Refer to credit lines and other loans obtained from other entities, which are recorded at the contractual value of the obligation, with interest recognized in results as it is accrued.

Provisions- Are recognized when there is a present obligation derived from a past event which will probably result in the outlay of economic resources and can be reasonably estimated.

Transactions in foreign currency- Transactions denominated in foreign currency are recorded at the exchange rate at the transaction date. Monetary assets and liabilities denominated in foreign currency are valued in Mexican pesos at the exchange closing rate at the end of each period, issued by the Mexican Central Bank. Exchange differences incurred in relation to assets or liabilities contracted in foreign currency are recorded in results.

Financial margin- The Company's financial margin is composed of the difference between total interest income and total interest expense.

The interest income on the credits granted is recognized in the income statement as it is accrued, using the unpaid balances method, based on the terms and interest rates established in the contracts signed with the borrowers. The interest on overdue portfolio is recognized in results only when it is actually collected.

Interest expense refers to bank loans, as well as issuance expenses and the discount on debt placement. The amortization of the costs and expenses associated with the initial credit granted forms part of the interest expense.

Memoranda accounts - Memoranda accounts record assets or commitments which do not form part of the Company's balance sheet because the related rights are not acquired or such commitments are not recognized as a liability of the entities until such eventualities materialize, respectively. The accumulated amounts in the memoranda accounts have only been subject to audit testing when an accounting record derives from their information.

Direct employee benefits- Are valued in proportion to the services rendered based on current wages and the liability is recognized on an accrual basis. It includes mainly PTU payable, paid leave, as well as vacations and vacation premium, and incentives.

Labor obligations- Under the Federal Labor Law, the Company has obligations for severance and seniority premium payable to employees who cease rendering their services under certain circumstances.

The Company has no employee benefit plans in place, except for the benefits established in the respective laws.

Benefits for termination of the employment relationship for reasons other than restructuring (legal severance for dismissal or seniority premium), as well as retirement benefits (seniority premium), are recorded based on actuarial studies prepared by independent experts using the projected unit credit method.

The Net Periodic Cost (CNP) of each employee benefits plan is recognized as an operating expense in the year in which it is accrued, and includes, among others, the amortization of the labor cost for past services and the actuarial gains (losses) from previous years, as established in NIF D-3 "Employee benefits".

As of December 31, 2013 and 2012, the detail of the employee benefit plans is described below:

i. Severance before retirement age

To retire an employee the Company must adopt retirement policies or pay off the employee in accordance with articles 48 to 50 of the Federal Labor Law (LFT).

Article 50 of the LFT.- Severance pay depends on whether the working relationship was for an indefinite period; if so, severance will consist of 20 days' wages for each year of service rendered, plus an amount equal to three months' wages.

ii. Seniority premium

Below we summarize the bases used to calculate seniority premium, as established in article 162 of the LFT.

1. Seniority premium is payable in the event of death, infirmity or disability, dismissal and voluntary separation of a worker.
2. The amount of the seniority premium consists of 12 days of the worker's last wage for each year of services rendered.
3. The wage taken into account for the calculation of seniority premium is not less than the minimum wage in effect in the economic zone where the worker renders his services, without exceeding twice the amount of such wage.
4. The seniority considered for the payment is the total amount the same, except in the case of dismissal, in which only the seniority of the worker is taken into account as of May 1, 1970 or his date of entry, if the latter is after such date.
5. In order for the payment of seniority premium to apply in the case of voluntary separation, the requirement is established that the employee must have completed 15 years of service.

Employee statutory profit-sharing (PTU) - PTU is recorded in results of the year in which it is incurred and is presented under the heading of other revenue and expense in the income statement. Deferred PTU is determined for temporary differences resulting from a comparison of the accounting and tax values of the assets and liabilities and is recognized only when it is probable that an asset will be liquidated or a benefit generated, and there is no indication that this situation will change so that such liability or benefit will not be realized.

Income per share- Income per basic, ordinary share is the result of dividing net income for the year by the weighted average of shares outstanding during 2013 and 2012.

Income per diluted share is the result of dividing net income for the year by the weighted average of shares outstanding during 2013 and 2012, and deducting the shares which might potentially dilute such average.

Stock Option Plan (OCA)-The Company has an OCA plan for certain eligible employees and officers. The OCA plan was implemented through a trust administered by a Mexican bank as trustee, in accordance with Mexican laws. This plan allows for qualifying employees to acquire common stock shares through the trust. The Company finances the trust through contributions, so that the trust in turn acquires common stock shares by means of purchases on the open market through the BMV. The options awarded under the plan are generally acquired in equivalent partial distributions over a five-year period. The trust purchases sufficient shares on the stock market to handle all the awards of shares at the time they are granted, not when they are acquired. If an employee forfeits the right to an option before it is acquired, the shares represented by such options will be held in the trust until the requirements are fulfilled for their allocation to another beneficiary. The trust currently has 23,446,336 (19,236,886 in 2012) ordinary common stock shares. Historically, no share contributions have ever been made to the trust through the issuance of new shares and currently there are no plans to do so. The share price as of December 31, 2013 and 2012 was \$4.88 and \$4.10, respectively.

5. Funds available

The heading of funds available is composed mainly of excess cash, bank deposits and immediately realizable investments, which are highly liquid and with little risk of changes in their value, as shown below:

	2013	2012
Cash on hand	\$ 61,615	\$ 57,767
Mexican banks	102,049	84,559
Immediately realizable investments	<u>347,326</u>	<u>240,145</u>
	<u>\$ 510,990</u>	<u>\$ 382,471</u>

Immediately realizable investments refer to the investment of treasury surpluses with the purpose to obtain a better short-term return. These investments are made through securities firms and investment funds which trade on the Mexican market.

As of December 31, 2013 and 2012, the average rates of the investments were 4.1% and 5.1%, respectively. Furthermore, for the years ended December 31, 2013 and 2012, interest income on the investments was \$15,136 and \$18,607, respectively. In 2013 and 2012 the maturities of these investments were between one and three days.

6. Transactions with financial derivatives

The Company's activities expose it to a wide range of financial risks: market risks (including exchange risk and interest rate risk, principally), credit risk and liquidity risk. The risk management practice take into account the unpredictable nature of the financial markets and seeks to minimize the potential negative effects in the Company's financial performance. Based on the guidelines issued by the Board of Directors, the Company has been implementing the use of financial derivatives to hedge certain exposures to market risks. The Company's policy is not to carry out speculative transactions with financial derivatives. Below is a summary of the transactions performed with financial derivatives:

Type of instrument	2013							
	Notional amount hedged		Annual interest rate					
	Receives	Pays	Starting date	Maturity	Exchange rate agreed	Receives	Pays	Fair value
Swap								
Currency and interest rate hedge	US\$143,887	MXN\$1,880,603	2-Sep-10	30-Mar-15	13.07	10.00%	14.67%	\$ (41,435)
Currency and interest rate hedge	US\$50,000	MXN\$653,500	2-Sep-10	30-Mar-15	13.07	10.00%	14.64%	(14,158)
Interest rate hedge	MXN\$1,500,000	MXN\$1,500,000	7-Sep-11	14-May-14	N/A	TIE + 2.65	6.95% up to Aug 8, 12 and 7.80% from Aug 8, 12 to May 14, 14	(7,689)
Currency and interest rate hedge	MXN\$80,029	US\$6,300	13-Jul-13	13-Jul-14	12.70	13.18%	10.75%	(2,374)
Currency and interest rate hedge	MXN\$17,932	US\$3,000	25-Apr-13	25-Apr-14	5.9773	TIE + 500	12.80%	1,324
Currency and interest rate hedge	MXN\$35,864	US\$6,000	13-May-13	13-May-14	5.9773	TIE + 500	13.57%	2,477
Currency and interest rate hedge	MXN\$36,480	US\$6,000	27-May-13	27-May-14	6.08	TIE + 500	13.95%	3,118
Currency and interest rate hedge	MXN\$35,760	US\$6,000	4-Jun-13	4-Jun-14	5.96	TIE + 500	13.83%	2,440
Currency and interest rate hedge	MXN\$89,094	US\$15,414	3-Jul-13	3-Jul-14	5.78	TIE + 400	14.28%	605
Currency and interest rate hedge	MXN\$18,410	US\$3,000	25-Mar-13	25-Mar-14	6.14	TIE + 700	14.55%	5,558
Currency and interest rate hedge	MXN\$38,799	US\$6,000	28-Feb-13	28-Feb-14	6.4665	TIE + 700	14.70%	1,819
Interest rate hedge	R\$50,593	R\$50,593	23-Jan-13	23-Jan-14	N/A	CDI + 353	14.85%	(7,737)
							Subtotal	(56,052)
							Provision for ineffectiveness of the hedge	(20,281)
								<u>\$ (76,333)</u>

Type of instrument	2012							
	Notional amount hedged		Annual interest rate					
	Receives	Pays	Starting date	Maturity	Exchange rate agreed	Receives	Pays	Fair value
Swap								
Currency and interest rate hedge	US\$143,887	MXN\$1,880,603	2-Sep-10	30-Mar-15	13.07	10.00%	14.67%	\$ (57,057)
Currency and interest rate hedge	US\$50,000	MXN\$653,500	2-Sep-10	30-Mar-15	13.07	10.00%	14.64%	(19,406)
Interest rate hedge	MXN\$1,500,000	MXN\$1,500,000	7-Sep-11	14-May-14	N/A	TIE + 2.65	6.95% up to Aug 8, 12 and 7.80% from Aug 8, 12 to May 14, 14	(4,358)
Currency and interest rate hedge	MXN\$89,409	US\$6,878	7-Mar-12	1-Jul-13	13.00	13.95%	10.75%	1,598
Currency and interest rate hedge	MXN\$35,576	US\$2,650	13-Jul-12	13-Jul-13	13.4250	13.75%	10.75%	1,446
Currency and interest rate hedge	US\$8,212	R\$16,367	2-Jul-12	4-Jan-13	1.9930	10.75%	20.84%	(2,693)
								(80,470)

Type of instrument	Notional amount hedged						Fair value	
	Receives	Pays	Starting date	Maturity	Exchange rate agreed			
	Forward							
Currency hedge	MXN\$18,227	US\$1,335	12-Jul-12	2-Jan-13	13.653	-	918	
Currency hedge	MXN\$35,235	US\$2,700	27-Dec-12	31-Jan-13	13.05	-	144	
Currency hedge	MXN\$13,036	US\$1,000	27-Dec-12	31-Jan-13	13.0357	-	44	
							<u>1,106</u>	
							Subtotal	(79,364)
							Provision for ineffectiveness of the hedge	(14,659)
								<u>\$ (94,023)</u>

Swaps

Foreign Currency Bond

As part of the strategy implemented by the Company to mitigate the exchange risk derived from a bond issuance of US\$ 200 million, with maturity on March 30, 2015, on March 30, 2010, it contracted two exchange rate swaps with HSBC and Morgan Stanley (the counterparts). Through these instruments, the Company receives half-yearly cash flows at the 10% fixed rate based on a notional amount of US\$ 150,000 and US\$ 50,000, respectively, while paying monthly cash flows at a fixed rate of 14.67% and 14.64%, respectively, on the same notional amounts denominated in Mexican pesos, with maturity on March 30, 2015. Furthermore, contracted values will be exchanged when the bond issuance matures for the sole purpose of setting an exchange rate of \$13.07 Mexican pesos for one US dollar at March 30, 2015.

This transaction is intended to set the cost in Mexican pesos of the bond funds received in US dollars at an annual rate of 14.67% and 14.64%, while also establishing the bond payment at \$2,614,000 Mexican pesos to eliminate the exchange risk.

During 2012 the Company repurchased a total of US\$ 6,113 US dollars on the open market pertaining to the international bond issued in March 2010; these instruments were subsequently canceled. As a result and to maintain the parity of the underlying, the Company decided to remove this amount from the original swap of US\$ 150,000 to leave a balance of US\$ 143,887.

Hedge of interest rate in securitized bank certificates (Cebures)

On August 30, 2011, in order to set the maximum interest rate of Cebures for the amount of \$1,500,000, the Company contracted an interest rate SWAP in equal portions with Morgan Stanley and Deutsche Bank México, S. A.

This transaction was structured through a step-up whereby, during the first year, the Company pays a fixed annual interest rate of 6.95% on the notional value of \$1,500,000, with maturity on August 8, 2013. As of that date and until the swap matures on May 14, 2014, the annual interest rate is increased to 7.80%. In exchange, the Company receives a variable interest rate equal to the 28-day TIE rate plus 265 basis points (2.65%) on the notional amount which was initially contracted in Cebures; i.e., the Company pays a fixed rate on the issuance of these instruments until their maturity.

While the above transactions are not of a speculative nature, to ensure compliance with accounting standards, they are valued at their fair value. Accordingly, the Company periodically applies effectiveness tests based on the hypothetical derivative method, which involves measuring the change in fair value of a hypothetical derivative reflecting the primary position and comparing it with the change in fair value of the hedge swaps. These tests showed that the hedge ratio is highly effective at December 31, 2013 and 2012.

The result of these fair value valuations is recognized in comprehensive income under the Company's stockholders' equity. However, these valuations may change due to market conditions during the swap period. At its maturity, the gain or loss derived from valuing the primary position based on the hedged risk is recognized in the results of the period.

At December 31, 2013 and 2012, the amount recognized in the results of the year and which reflects hedge effectiveness or (ineffectiveness) was \$(20,281) and \$(14,659), respectively.

As swaps are negotiated with financial institutions with good credit ratings, the Company considers that the risk of counterpart noncompliance with acquired obligations and rights is low.

7. **Loan portfolio**

The classification of the performing and non-performing loan portfolio is composed as follows:

	2013	2012
Performing loans		
Consumer loans	\$ 5,029,399	\$ 4,977,794
Commercial loans	<u>1,306,385</u>	<u>1,375,014</u>
Total performing loans	6,335,784	6,352,808
Non-performing loans		
Consumer loans	460,281	309,548
Commercial loans	<u>40,490</u>	<u>60,490</u>
Total non-performing loans	<u>500,771</u>	<u>370,038</u>
	<u>\$ 6,836,555</u>	<u>\$ 6,722,846</u>

Loan portfolio, net:

Consumer loans:

	2013	2012
Current principal	\$ 4,742,251	\$ 4,693,201
Accrued interest	<u>287,148</u>	<u>284,593</u>
Performing consumer loans	5,029,399	4,977,794
Overdue principal	377,619	259,060
Overdue interest	<u>82,662</u>	<u>50,488</u>
Non-performing consumer loans	460,281	309,548
Allowance for loan losses	<u>(460,281)</u>	<u>(374,279)</u>
Total consumer loans, net	<u>\$ 5,029,399</u>	<u>\$ 4,913,063</u>

Commercial loans:

	2013	2012
Current principal	\$ 1,290,419	\$ 1,353,592
Accrued interest	<u>15,966</u>	<u>21,422</u>
Performing commercial loans	1,306,385	1,375,014
Overdue principal	36,273	53,694
Overdue interest	<u>4,217</u>	<u>6,796</u>
Non-performing commercial loans	40,490	60,490
Allowance for loan losses	<u>(40,490)</u>	<u>(60,490)</u>
Total commercial loans, net	<u>1,306,385</u>	<u>1,375,014</u>
Total loans, net	<u>\$ 6,335,784</u>	<u>\$ 6,288,077</u>

At December 31, 2013, the restructured and renewed portfolio is as follows:

Restructured portfolio	Current	Overdue	Total
Consumer loans	\$ <u>23,097</u>	\$ <u>13,495</u>	\$ <u>36,592</u>

The credit portfolio segmented by credit type is detailed below:

Credit type	2013		2012	
	Amount	%	Amount	%
Performing portfolio:				
Credilmediato	\$ 2,365,218	37	\$ 2,403,810	38
Grupal	1,306,385	21	1,375,014	22
CrediPopular	857,357	14	1,079,271	17
Tradicional	1,252,245	20	1,053,948	16
CrediMamá	70,563	1	107,628	2
CrediConstruye	28,181	-	101,717	1
AFI	214,481	3	121,677	2
Más Nómina	241,354	4	53,592	1
Preferencial	-	-	56,151	1
	<u>6,335,784</u>	<u>100</u>	<u>6,352,808</u>	<u>100</u>
Non-performing portfolio:				
Credilmediato	242,294	48	162,415	44
Grupal	40,490	8	60,490	16
CrediPopular	119,327	24	112,822	30
Tradicional	69,696	14	13,851	4
CrediMamá	8,869	2	10,709	3
CrediConstruye	4,902	-	6,559	2
AFI	7,632	2	3,120	1
Más Nómina	7,561	2	13	-
Preferencial	-	-	59	-
	<u>500,771</u>	<u>100</u>	<u>370,038</u>	<u>100</u>
Total loan portfolio	\$ <u>6,836,555</u>	<u>100</u>	\$ <u>6,722,846</u>	<u>100</u>

Financiera Independencia Loans

Credilmediato: is a revolving credit line of between \$3 and \$20, which is available to individuals earning at least the minimum wage in effect in the Federal District. At December 31, 2013 and 2012, the amount of unused credit lines was \$464 million and \$585 million, respectively.

CrediPopular: is a credit focused on the informal sector of the Mexican economy. Credits are granted for amounts ranging from \$1.8 to \$4.8, for an average 26-week period, which can be renewed based on credit customer behavior.

CrediMamá: is a credit intended for mothers with at least one child under the age of 18. These credits are initially granted for amounts ranging from \$1.8 to \$2.4, for an average 26-week period, which can be renewed based on credit customer behavior.

CrediConstruye: is a credit available to individuals earning at least the monthly minimum wage in effect in the Federal District, which is intended to finance housing improvements. These credits are initially granted for amounts ranging from \$3 to \$20, for a maximum two-year period.

MásNómina: is a credit which is discounted via the payroll and is intended for the employees of public or private institutions affiliated with the Company. These credits are granted for amounts ranging from \$3 to \$80, for a maximum three-year period.

Finsol Loans

Grupal: is a credit offered to micro-entrepreneurs with their own independent productive, commercial or services activity. This product is granted to groups of between 4 and 60 members for amounts ranging from \$0.5 to \$24, for an average 16-week period. Based on each group's credit behavior, the credit amount can be increased at the end of each cycle.

AEF Loans

Tradicional: is a credit intended for individuals who can certify their income as employees or based on their own businesses. This product involves a credit of between \$6 and \$15. The average credit period is 18 months, which can be renewed based on the credit behavior of each customer.

Preferencial: is a credit intended for individuals who can certify their income through payroll receipts or a micro-enterprise; they must also demonstrate an excellent credit history as a credit amount of up to \$35 can be granted for a maximum 24-month period.

AFI Loans

These credits are granted for amounts ranging from US\$ 3,000 and US\$ 10,000 to individuals who can certify their income as employees. In this case, the average credit period is 15 months.

At December 31, 2013 and 2012, loan portfolio aging based on the number of days of maturity is as follows:

	2013							Total
	0 days	01-30 days	31-60 days	61-89 days	90-120 days	121-150 days	151-180 days	
Current	\$4,568,016	\$1,358,936	\$ 268,302	\$ 140,530	\$ -	\$ -	\$ -	\$6,335,784
Overdue	-	-	-	42,975	201,063	253,561	3,172	500,771
Total	<u>\$4,568,016</u>	<u>\$1,358,936</u>	<u>\$ 268,302</u>	<u>\$ 183,505</u>	<u>\$ 201,063</u>	<u>\$ 253,561</u>	<u>\$ 3,172</u>	<u>\$6,836,555</u>
	2012							Total
	0 days	01-30 days	31-60 days	61-89 days	90-120 days	121-150 days	151-180 days	
Current	\$ 4,511,200	\$ 1,334,656	\$ 343,288	\$ 163,664	\$ -	\$ -	\$ -	\$ 6,352,808
Overdue	-	-	-	73,932	257,583	20,011	18,512	370,038
Total	<u>\$ 4,511,200</u>	<u>\$ 1,334,656</u>	<u>\$ 343,288</u>	<u>\$ 237,596</u>	<u>\$ 257,583</u>	<u>\$ 20,011</u>	<u>\$ 18,512</u>	<u>\$ 6,722,846</u>

Ordinary and penalty interest income associated with the loan portfolio and detailed by product is composed as follows:

Credit type	2013		2012	
	Amount	%	Amount	%
CrediInmediato	\$ 1,831,767	38	\$ 1,732,191	35
Grupal	909,760	19	1,022,243	20
CrediPopular	834,872	17	1,155,926	23
Tradicional	940,570	20	851,785	17
CrediMamá	69,264	2	113,507	2
CrediConstruye	40,618	1	72,775	1
AFI	58,528	1	25,447	1
Preferencial	56,255	1	23,238	1
MásNómina	48,187	1	16,325	-
	<u>\$ 4,789,821</u>	<u>100</u>	<u>\$ 5,013,437</u>	<u>100</u>

8. Allowance for loan losses

The Company classifies its credit portfolio by using an internal methodology based on the probability of borrower noncompliance and the severity of the loss associated with the credit.

The following table indicates the percentages used to generate the allowance for loan losses at December 31, 2013 and 2012, which were determined according to the probability of noncompliance and severity of the credit portfolio loss.

Weekly

Period	2013			2012		
	Amount	Provision (%)	Amount	Amount	Provision (%)	Amount
0	\$ 155,098	0.4	\$ 641	\$ 206,933	1.1	\$ 2,206
1	53,793	1.4	777	29,302	3.7	1,080
2	25,821	1.9	498	34,136	6.9	2,347
3	15,225	6.5	988	19,653	13.8	2,717
4	17,142	9.7	1,659	18,749	18.5	3,466
5	13,843	11.3	1,560	18,847	19.3	3,640
6	3,695	15.3	567	13,178	22.3	2,937
7	4,114	25.9	1,065	4,200	30.2	1,267
8	6,952	27.2	1,889	11,869	32.7	3,878
9	10,268	27.8	2,858	19,978	31.7	6,338
10	2,106	34.8	732	5,027	35.9	1,804
11	3,049	46.0	1,404	6,842	43.6	2,983
12	4,592	44.4	2,041	9,945	45.1	4,481
13	10,333	43.7	4,517	22,066	42.3	9,328
14	1,560	49.1	766	6,106	47.0	2,868
15	2,561	59.6	1,527	9,202	55.5	5,111
16	4,103	58.4	2,396	10,327	57.1	5,892
17	7,670	57.3	4,392	15,018	55.1	8,271
18 or more	<u>36,303</u>	<u>88.0</u>	<u>31,939</u>	<u>12,434</u>	<u>87.8</u>	<u>10,914</u>
	378,228	16.4	62,216	473,812	17.2	81,528

Biweekly

Period	2013			2012		
	Amount	Provision (%)	Amount	Amount	Provision (%)	Amount
0	\$ 1,881,758	0.3	\$ 4,761	\$ 2,156,356	0.3	\$ 6,874
1	272,203	0.8	2,256	338,136	1.9	6,593
2	320,384	3.6	11,566	238,866	5.1	12,217
3	32,572	7.1	2,326	58,123	8.8	5,135
4	104,196	13.7	14,294	140,264	13.3	18,611
5	24,744	22.6	5,602	35,997	20.2	7,280
6	69,134	28.9	20,006	85,313	25.6	21,874
7	31,430	39.1	12,285	53,496	34.7	18,562
8	56,909	44.1	25,087	94,240	39.6	37,325
9	47,505	51.7	24,549	362	48.0	174
10	39,351	55.4	21,814	-	-	-
11	36,588	66.3	24,272	-	-	-
12	44,382	68.3	30,331	-	-	-
13 or more	-	-	-	-	-	-
	2,961,156	6.7	199,149	3,201,153	4.2	134,645

Monthly Period	2013			2012		
	Amount	Provision (%)	Amount	Amount	Provision (%)	Amount
0	\$ 244,506	0.2	\$ 572	\$ 238,455	0.3	\$ 602
1	52,275	2.3	1,221	44,010	2.8	1,225
2	12,295	11.3	1,386	13,904	9.9	1,380
3	6,606	27.1	1,793	7,239	21.3	1,545
4	6,169	43.0	2,652	8,635	35.2	3,041
5	4,586	54.7	2,509	15	49.8	7
6	4,659	67.3	3,136	-	-	-
7	-	-	-	-	-	-
8	-	-	-	-	-	-
9 or more	-	-	-	-	-	-
Total Restructured portfolio	331,096	4.0	13,269	312,258	2.5	7,800
Más Nómina portfolio	36,592	88.0	32,193	51,314	87.8	45,043
Group portfolio	248,915	3.0	7,561	-	-	-
AEF portfolio	1,346,875	3.0	40,490	1,435,504	4.2	60,490
AEF portfolio	1,311,581	5.2	68,768	1,124,009	2.5	28,071
AFI portfolio	<u>222,112</u>	3.4	<u>7,632</u>	<u>124,796</u>	2.5	<u>3,120</u>
Total	\$ 6,836,555		431,278	<u>\$ 6,722,846</u>		360,697
Additional reserves			<u>69,493</u>			<u>74,072</u>
Total reserves			<u>\$ 500,771</u>			<u>\$ 434,769</u>
Hedge ratio			<u>100%</u>			<u>117.5%</u>

The movements of the allowance for loan losses during the years ended December 31, 2013 and 2012 were as follows:

	2013	2012
Opening balance of the year	\$ 434,769	\$ 530,475
Add:		
Allowance for loan losses increase charged to income statement	1,209,052	1,952,361
Less:		
Loans written-off during the period	<u>(1,143,050)</u>	<u>(2,048,067)</u>
Closing balance of the year	<u>\$ 500,771</u>	<u>\$ 434,769</u>

At December 31, 2013 and 2012, the restructured portfolio was \$36,592 and \$51,314, respectively. While the credit portfolio remains restructured, the Company classifies and presents it as the overdue portfolio. Likewise, the Company considers a 100% noncompliance probability for this portfolio in the reserve model.

9. Other accounts receivable - net

At December 31, 2013 and 2012, the other accounts receivable heading is composed as follows:

	2013	2012
Recoverable ISR	\$ 56,584	\$ 98,617
Receivable and creditable Value Added Tax (IVA)	153,129	101,757
Recoverable IETU	14,079	7,206
Debtors from portfolio sales	9,129	16,279
Sundry debtors	17,469	12,920
Other recoverable taxes	10,687	2,507
OxxO collection	5,930	3,224
Más Nómina correspondents	26,823	5,742
SWAP Instituto Finsol Brasil and AFI	<u>(2,549)</u>	<u>1,715</u>
	<u>\$ 291,281</u>	<u>\$ 249,967</u>

10. Property, plant and equipment

At December 31, 2013 and 2012, property, plant and equipment are composed as follows:

	2013	2012
Assets:		
Leasehold adaptations and improvements	\$ 553,571	\$ 521,906
Computer equipment	293,331	297,315
Office furniture and fixtures	172,467	164,966
Building	47,644	47,644
Vehicles	27,853	26,536
ATMs	<u>14,304</u>	<u>14,304</u>
	1,109,170	1,072,671
Less: accumulated depreciation and amortization	<u>(769,275)</u>	<u>(679,954)</u>
	339,895	392,717
Land	<u>865</u>	<u>865</u>
	<u>\$ 340,760</u>	<u>\$ 393,582</u>

For the years ended December 31, 2013 and 2012, the depreciation and amortization charged to the results of those years was \$116,798 and \$132,559, respectively.

At December 31, 2013 and 2012, certain assets have been totally depreciated for the amount of \$400,799 and \$290,659, respectively.

11. Intangible assets

This heading is composed as follows:

	2013	2012	Annual amortization rate (%)
With a defined life:			
Customer relations	\$ 87,267	\$ 95,200	7
With an indefinite life:			
Trademarks	44,847	44,847	
Goodwill	<u>1,586,795</u>	<u>1,545,719</u>	
	<u>\$ 1,718,909</u>	<u>\$ 1,685,766</u>	

During 2013, the Company acquired the remaining 23% of business of AFI, which generated goodwill of \$41,076.

The Company has performed a study to detect the impairment of its long-lived assets, as required by NIF C-15 (Impairment of long-lived assets in use and their disposal), although no effects requiring recognition were determined in this regard.

For the years ended December 31, 2013 and 2012, the amortization charged to the results of those years was \$7,933 and \$7,934, respectively.

12. Securitized liabilities

At December 31, 2013 and 2012, securitized liabilities are composed as follows:

	Program amount	Issuance amount	Date of issuance	Period	Interest rate	2013	2012
Cebures'11	\$2,000,000	\$1,500,000	May-2011	May-2014	TIIE + 265 bp	\$ 1,500,000	\$ 1,500,000
					Accrued interest	<u>1,625</u>	<u>1,625</u>
					Total	<u>\$ 1,501,625</u>	<u>\$ 1,501,625</u>

Cebures'11 certificates are three-year, unsecured debt securities which pay an interest rate equal to the 28-day TIIE rate plus 265 basis points (bp). These certificates have HR A and A(mex) ratings from HR Ratings de México and Fitch Ratings, respectively.

In 2013, these certificates generated interest of \$118,654 (\$111,110 in 2012).

13. Interbank loans and loans from other entities

At December 31, 2013 and 2012, this heading is composed as follows:

Entity	Credit line amount	Maturity date	Guarantee	Interest rate	2013	2012
International Bond ¹	USD 193,887	Mar-2015	No guarantee	10.0%	\$ 2,536,876	\$ 2,513,900
HSBC México, S. A. Institución de Banca Múltiple, Grupo Financiero (HSBC) ²						
Revolving credit line	750,000	Dec-2016	1.3 to 1.0	TIEE + 475 bp	220,000	305,000
	USD 50,000	Dec-2016	1.3 to 1.0	12.36% weighted rate	407,419	-
	Reales 45,000	Dec-2013	1.3 to 1.0	3.908%+CDI-OVER-CETIP	-	450,129
Nacional Financiera, S. N. C. (NAFINSA) ³ :						
	1,000,000	Indefinite period	No guarantee	TIEE + 350 bp	720,369	693,939
	500,000	Indefinite period	10% settlement	TIEE + 450 bp	248,000	205,000
	200,000	Indefinite period	20% settlement	TIEE + 400 bp	197,867	190,617
Fideicomisos Instituidos en relación con la Agricultura (FIRA)	600,000	Dec-2016	10% settlement	TIEE FIRA	300,500	403,300
Banco Monex, S. A.	50,000	Feb-2014	1.5 to 1.0	TIEE + 350 pts.	9,091	-
Banco Monex, S. A.	50,000	Jan-2013	1.5 to 1.0	TIEE + 350 pts.		50,000
Fideicomiso Nacional de Financiamiento al Microempresario (FINAFIM)	70,000	Jul-2014	1.0 to 1.0	CETES + 550 bp	20,417	55,417
Fideicomiso Nacional de Financiamiento al Microempresario (FINAFIM)	60,000	Dec-2015	1.0 to 1.0	CETES + 550 bp	11,250	38,333
BBVA Bancomer	260,000	May-2015	No guarantee	TIEE + 295 pts.	260,000	260,000
Bridge Bank N.A.	USD 4,750	Oct-2015	Standby Letter of Credit	Prime Rate + 125 pb	62,150	19,561
ScotiaBank Inverlat, S.A. ⁴	195,000	May-2017	1.2 a 1.0	TIEE + 300 bp	194,966	-
					5,188,905	5,185,196
			Accrued interest		36,622	51,645
				Total	\$ 5,225,527	\$ 5,236,841

- In March 2010, bonds with a value of US\$ 200 million were placed on the international market. These instruments were issued under rule 144A/Reg S., for a five-year period and with a 10% annual interest rate, which received BB- credit ratings from Standard and Poor's and Fitch Ratings.
- A revolving credit line for the amount of \$750 million and US\$50,000, with maturity in December 2016. These loans accrue interest ranging from the TIEE rate + 475 pb and a weighted rate of 12.36%, respectively.

3. Three revolving credit lines for the amount of \$1,000,000, \$500,000 and \$200,000, respectively. The first of these was used to finance informal market micro-credits, the second was utilized to finance the group product, while the third credit line was contracted to fund the operations of AEF.
4. A revolving credit line with ScotiaBank for the amount of \$195,000, with maturity in May 2017. This loan accrues interest ranging from the TIE rate + 300 pb.

14. Sundry creditors and other accounts payable

At December 31, 2013 and 2012, this heading balance is composed as follows:

	2013	2012
Other taxes	\$ 200,953	\$ 148,546
Payable ISR	36,346	16,008
Sundry creditors	27,612	27,482
Other provisions	30,134	44,551
Provision for labor obligations	42,044	36,342
Mapfre insurance	19,594	12,340
Reimbursement commission (cash back)	10,720	13,459
Payable PTU	<u>6,152</u>	<u>5,891</u>
	<u>\$ 373,555</u>	<u>\$ 304,619</u>

15. Employee benefits

- a. Reconciliation of opening and closing balances of the current value of Defined Benefit Obligations (OBD) for 2013 and 2012:

	2013			2012		
	Legal retirement compensation (IL)	Seniority premium (PA) before retirement	PA at retirement	Retirement IL	PA before retirement	PA at retirement
OBD at						
January 1	\$ 29,385	\$ 5,959	\$ 891	\$ 25,955	\$ 4,805	\$ 934
Add (less):						
Labor cost of current service	6,572	1,136	242	5,034	1,076	300
Financial cost	1,482	311	53	1,551	323	71
Actuarial gains (losses) generated during the period and paid benefits - net	<u>(5,440)</u>	<u>(707)</u>	<u>(198)</u>	<u>(3,155)</u>	<u>(245)</u>	<u>(414)</u>
OBD at December 31	<u>\$ 31,999</u>	<u>\$ 6,699</u>	<u>\$ 988</u>	<u>\$ 29,385</u>	<u>\$ 5,959</u>	<u>\$ 891</u>

- b. At December 31, 2013 and 2012, the value of acquired benefit obligations related to seniority premiums was \$484 and \$269 respectively.

c. Reconciliation of OBD, Plan Assets (AP) and the Net Projected Liability (PNP).

The reconciliation of the current value of the OBD and fair value of the AP and PNP recognized in the balance sheet is detailed below:

	IL before retirement		PA before retirement		PA at retirement	
	2013	2012	2013	2012	2013	2012
Labor liabilities:						
OBD	\$ 31,999	\$ 29,385	\$ 6,699	\$ 5,959	\$ 988	\$ 891
Financing Situation	\$ 31,999	\$ 29,385	\$ 6,699	\$ 5,959	\$ 988	\$ 891
Less:						
Unapplied Items:	(1,330)	-	-	-	(7)	(12)
Actuarial losses	(382)	-	-	-	328	119
Transition liability	(1,123)	-	-	-	(15)	-
PNP	\$ 29,164	\$ 29,385	\$ 6,699	\$ 5,959	\$ 1,294	\$ 998

Furthermore, as of July 2013, the Company and some of its subsidiaries recognized labor liabilities as follows:

	2013
The Company	\$ 1,201
Fisofo	1,039
Conexia	729
SACSA	1,035
Financiera Finsol	883
	<u>\$ 4,887</u>

d. CNP

An analysis of the Net Projected Cost (CNP) by plan type is presented below:

	IL before retirement		PA before retirement		PA at retirement	
	2013	2012	2013	2012	2013	2012
CNP:						
Labor cost of						
current service	\$ 6,572	\$ 5,034	\$ 1,136	\$ 1,076	\$ 242	\$ 300
Financial cost	1,482	1,551	311	323	53	71
Actuarial gain or loss, net	(5,440)	(3,155)	(707)	(245)	(198)	(414)
Total	\$ 2,614	\$ 3,430	\$ 740	\$ 1,154	\$ 97	\$ (43)

e. Main actuarial hypotheses

SERFINCOR

Expressed in absolute terms, the main actuarial hypotheses, discount rates, AP returns, salary increases and changes to ratios or other variables at December 31, 2013, are as follows:

Seniority premium plan and benefit plan at the end of the work relationship

Age	Death (%)	Disability (%)	Voluntary Separation (%)	Dismissal (%)
15	0.018	0.009	81.743	6.767
25	0.070	0.030	43.753	6.036
35	0.167	0.061	22.783	3.606
45	0.277	0.098	33.720	4.997
55	0.660	0.189	11.870	1.987
60	1.033	0.246	7.722	1.317
			2013	2012
			(%)	(%)
Discount rate:			6.25	6.00
Salary increase rate:			5.42	5.42
Minimum wage increase rate:			4.27	4.27

SCAEF and AEF

Expressed in absolute terms, the main actuarial hypotheses, discount rates, AP returns, salary increases and changes to ratios or other variables at December 31, 2013, are as follows:

Biometric:

Mortality Table (active):	Experience EMSSAH
Disability Table:	Experience EISS-97
Turnover Table:	Experience Boke 87-89 + 150%

Financial:

Discount rate used to reflect the current value of obligations	6%
Future salary level increase rate	6%
Workers' average remaining working life (applicable to retirement benefits)	14 years

- f. Value of the OBD, AP and plan situation of the last five annual periods of Serfincor:

The value of the OBD, the fair value of the AP, the plan situation and experience adjustments of the last five years are detailed below:

Seniority premium plan

Year	Historical values and OBD plan situation
2013	\$ 5,418
2012	4,927
2011	4,238
2010	4,815
2009	3,454

Benefit plan at the end of the work relationship

Year	Historical values and OBD plan situation
2013	\$ 16,073
2012	16,269
2011	14,182
2010	11,568
2009	9,457

The value of the OBD, AP and plan situation of the last five annual periods of SCAEF and AEF:

Seniority premium plan

Year	Historical values and OBD plan situation
2013	\$ 2,269
2012	1,924
2011	1,499
2010	1,667
2009	971

Benefit plan at the end of the work relationship

Year	Historical values and OBD plan situation
2013	\$ 15,926
2012	13,116
2011	11,770
2010	10,189
2009	6,176

g. PTU

The PTU provisions created for 2013 and 2012 are analyzed below:

	2013	2012
Deferred PTU	\$ (1,050)	\$ (903)
Current PTU	<u>4,393</u>	<u>4,416</u>
	<u>\$ 3,343</u>	<u>\$ 3,513</u>

The Company is subject to the payment of PTU, which is calculated by applying the procedures contained in the Income Tax Law (LISR).

The main temporary differences for which deferred PTU was recognized are analyzed below:

	2013	2012
Provision for labor obligations	\$ 32,552	\$ 21,613
Sundry provisions	1,920	526
Prepaid expenses	<u>(3,383)</u>	<u>(1,544)</u>
	31,089	20,595
Applicable PTU rate	<u>10%</u>	<u>10%</u>
Deferred PTU asset	<u>\$ 3,109</u>	<u>\$ 2,059</u>

16. Balances and transactions with related parties

The transactions performed with related parties during the normal course of business primarily involve the rentals and administrative services paid to related companies for the amount of \$22,529, together with wages and benefits of \$64,116 paid to the Company's main officers. According to NIF C-3, Related parties, issued by the Commission, other balances and transactions were insignificant.

17. Income taxes

The Company is subject to the payment of Income Tax (ISR) and through December 31, 2013, to Business Flat Tax (IETU).

ISR - The rate was 30% in 2013 and 2012 and as a result of the new 2014 ISR Law (2014 Tax Law), the rate will continue at 30% in 2014 and thereafter.

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

The incurred tax is the higher of ISR and IETU up to 2013.

Based on the financial projections, the Company determined that it will essentially pay ISR and therefore recognized deferred ISR. Through 2012, based on the financial projections, its subsidiaries Serfincor, SCAEF and Conexia identified that essentially it would pay IETU, for which reason it recognized only deferred IETU. However, due to the elimination of IETU in 2013, the effect of the deferred IETU was canceled by these companies through results of the year, and the respective deferred ISR was recorded.

The consolidated tax provision is analyzed below:

	Year ended December 31,	
	2013	2012
Current:		
ISR	\$ (107,515)	\$ (84,319)
IETU	<u>(2,584)</u>	<u>(1,435)</u>
	<u>(110,099)</u>	<u>(85,754)</u>
Deferred:		
ISR	34,650	(139,376)
IETU	<u>(1,384)</u>	<u>7,291</u>
	<u>33,266</u>	<u>132,085</u>
	<u>\$ (76,833)</u>	<u>\$ 46,331</u>

The ISR incurred for the year ended December 31, 2013 was essentially derived from the tax results of \$78,696 of AEF, \$9,147 of Serfincor, \$17,340 of Sacsá and the IETU incurred for the year ended December 31, 2013 refers to the tax result of \$2,584 of Serfincor.

At December 31, 2013 and 2012, the main temporary differences for which consolidated deferred ISR was recognized are analyzed below:

	December 31,	
	2013	2012
Allowance for loan losses	\$ 989,837	\$ 1,383,254
Incurred penalty interest	1,172,664	1,047,365
Tax loss carryforwards	694,439	364,014
Valuation of derivative financial instruments	77,350	72,396
Fixed Assets	315,347	252,189
Liability provisions	54,283	33,172
Prepaid expenses	(56,458)	(60,010)
Unaccrued commissions	24,119	43,149
Others	<u>27,256</u>	<u>50,139</u>
	3,298,837	3,185,668
Applicable ISR rate	<u>30%</u>	<u>30%</u>
Deferred ISR asset	989,651	955,701
Deferred ISR AFI	2,649	1,556
Deferred IETU	-	1,394
Deferred PTU	<u>3,109</u>	<u>2,059</u>
Total	<u>\$ 995,409</u>	<u>\$ 960,710</u>

At December 31, 2013 and 2012, deferred ISR of \$1,486 and \$15,090, respectively, was recorded in stockholders' equity for the valuation of hedge instruments.

At December 31, 2013, the Company has accrued tax losses of \$694,439, which can be applied to future profits within the deadlines detailed below:

Year of loss	Restated Amount	Year of expiration
2008	\$ 8,658	2018
2009	150,394	2019
2010	68,246	2020
2011	1,623	2021
2012	123,921	2022
2013	<u>341,597</u>	2023
	<u>\$ 694,439</u>	

The reconciliation of the legal and effective ISR rates expressed as a percentage of profit before income tax, which is the tax incurred by the Company, is as follows:

	2013	2012
Legal rate	30%	30%
Add (less) -		
Effect of nondeductible differences	2%	3%
Annual adjustment for inflation	1%	(1)%
Other effects	<u>(10)%</u>	<u>(4)%</u>
Effective rate	<u>23%</u>	<u>28%</u>

Under current tax laws, the Company must pay annual tax based on the higher of ISR and IETU. At December 31, 2013, the Company did not incur IETU; however, Serfincor paid this tax.

The reconciliation of the incurred and effective consolidated IETU rates is detailed below:

	Year ended December 31,	
	2013	2012
Profit before provisions	\$ 16,494	\$ 3,022
Incurring IETU rate	<u>17.5%</u>	<u>17.5%</u>
IETU at the legal rate	2,886	529
Add (less) the IETU effect of the following permanent items:		
Accounting depreciation	9	826
Others	825	(55)
Accounts receivable from prior years	<u>(6,304)</u>	<u>135</u>
IETU at the actual rate	<u>\$ (2,584)</u>	<u>\$ 1,435</u>
Effective IETU rate	<u>16%</u>	<u>47%</u>

At December 31, 2012, the main temporary differences for which deferred IETU was recognized are analyzed below:

	2012
Labor obligations	\$ 21,613
Others	(204)
Accounts receivable	(53,764)
Accounts payable	41,867
Prepaid expenses	<u>(1,544)</u>
	7,968
Applicable IETU rate	<u>17.5%</u>
Deferred IETU asset	<u>\$ 1,394</u>

Recoverable IMPAC – At December 31, 2013, the Company has no recoverable IMPAC.

Employee statutory profit-sharing - The Company determined employee statutory profit-sharing by applying the criterion detailed in the guidelines of the Income Tax Law.

18. Stockholders' equity

At December 31, 2013 and 2012, stockholders' equity is composed as follows:

Number of Shares	Description	Amount
200,000,000	Series "A" (Class I)	\$ 20,000
560,884,712	Series "A" (Class II)	56,088
<u>(45,000,000)</u>	Series "A" (Class II) [unpaid, subscribed shares]	<u>(4,500)</u>
<u>715,884,712</u>		71,588
	Accrued increase due to restatement	<u>85,603</u>
	Common stock at December 31, 2013 and 2012	<u>\$ 157,191</u>

* Ordinary, nominative shares at no par value, fully subscribed and paid-in.

Series "A", Class I shares represent fixed capital without withdrawal rights. Series "A", Class II shares represent the Company's variable capital.

A restriction is applicable to the declaration of dividends whenever this payment reduces the Company's capitalization level (defined as the ratio of stockholders' equity to total assets) to less than 25%.

According to the Stock Market Law and the Company's corporate bylaws, the latter is able to repurchase shares representing its common stock in the understanding that, while these shares are held by the Company, the respective voting or other related rights cannot be exercised at a Stockholders' Meeting or in any other way.

The Company has maintained a fund for repurchasing shares. During 2013, the total number of repurchased shares was 59,042,230 (54,832,780 in 2012), of which 35,595,894 (35,595,894 in 2012) shares or 5.0% (5% in 2012) of total outstanding shares refers to the repurchase fund, while 23,446,336 (19,236,886 in 2012) shares or 3.3% (2.7% in 2012) of total outstanding shares refers to the trust created for the employee stock option plan.

During 2013 and 2012, the net amount of acquisitions and replacements involving the Company's own shares (repurchase fund and stock option plan) was \$19,017 and \$33,999, respectively. The dividends on the shares held in the repurchase fund and stock option trusts were returned to the Company.

At December 31, 2013 and 2012, the market price of the Company's shares reported by the BMV was \$4.88 and \$4.10 per share, respectively.

At the Board of Directors' meeting of February 2013, it was agreed not to designate qualifying officers for the Company's stock option plan.

Stockholders' equity, except for restated paid-in capital and tax retained earnings will be subject to ISR payable by the Company at the rate in effect upon distribution. Any tax paid on such distribution may be credited against annual and estimated ISR of the year in which the tax on dividends is paid and the following two fiscal years.

In the case of a capital reduction, the procedures detailed in the LISR establish that the tax treatment given to dividends must also be applied to any amount by which stockholders' equity exceeds the balances of contributed capital accounts.

According to NIF B-14, the profit per share is the result of dividing the net profit of the year by the weighted average of outstanding shares during the same period, as detailed below:

<u>Profit (loss) per Share (UPA):</u>	2013	2012
Net Profit (loss)	\$ 254,111	\$ (116,463)
Divided by:		
Average weighted number of shares	594,404,106	594,599,317
UPA (pesos)	\$ 0.4275	\$ (0.1958)

19. Foreign currency position

At December 31, 2013 and 2012, the Company has assets and liabilities denominated in foreign currency, primarily US dollars, which are converted based on the exchange rate issued by the Bank of Mexico of \$13.0843 and \$12.9658 for one US dollar, respectively, as follows:

	Thousands of US dollars	
	2013	2012
Assets	18	11
Liabilities	(206)	(201)
Liability position in US dollars, net	(188)	(190)
Liability position in Mexican pesos, net (face value)	\$ (2,460)	\$ (2,463)

At February 19, 2014, the Company's foreign currency position (unaudited) is similar to its position at the yearend close; the exchange rate in effect at that date is \$13.2714 pesos for one US dollar.

20. Financial margin

At December 31, 2013 and 2012, the main items composing the Company's financial margin are as follows:

The interest income generated by the credit portfolio by product and investment income are detailed below:

	Year ended December 31,	
	2013	2012
Credilnmediato	\$ 1,831,767	\$ 1,732,191
Grupal	909,760	1,022,243
CrediPopular	834,872	1,155,926
Tradicional	940,570	851,785
CrediMamá	69,264	113,507
CrediConstruye	40,618	72,775
AFI	58,528	25,447
Preferencial	56,255	23,238
MásNómina	48,187	16,325
	<u>4,789,821</u>	<u>5,013,437</u>
Securities investments	15,136	18,607
	<u>4,804,957</u>	<u>5,032,044</u>
Total income	\$ 4,804,957	\$ 5,032,044

Interest expenses are as follows:

Interest expenses	Year ended December 31,	
	2013	2012
HSBC	\$ 68,076	\$ 104,297
NAFINSA	87,807	102,623
FIRA	22,088	18,980
FINAFIM	-	8,207
ScotiaBank Inverlat, S.A.	8,983	-
IXE Banco, S, A.	-	833
BBVA Bancomer	18,943	12,343
Monex	2,050	4,133
Bridge Bank	4,260	241
Subtotal	<u>212,207</u>	<u>251,657</u>
International bond	389,420	395,618
Securitization certificates	118,654	111,110
Others	2,202	5,510
	<u>722,483</u>	<u>763,895</u>
Total	\$ 722,483	\$ 763,895
Financial margin	\$ 4,082,474	\$ 4,268,149

21. Collected and paid commissions and fees

At December 31, 2013 and 2012, the main items for which the Company recorded collected and paid commissions in the statement of income are as follows:

Collected and paid commissions and tariffs

	Year ended December 31,	
	2013	2012
Commissions and fee income		
Disposal commissions	\$ 443,628	\$ 584,521
Collection expense commission	<u>179,838</u>	<u>227,699</u>
	623,466	812,220
Commissions and fee expense		
Bank commissions	32,627	34,723
Credit line commissions	20,210	22,274
Service commissions	<u>15,213</u>	<u>15,727</u>
	<u>\$ 68,050</u>	<u>\$ 72,724</u>

22. Trading income

At December 31, 2013 and 2012, the main items composing the Company's trading income are as follows:

	Year ended December 31,	
	2013	2012
Exchange rate fluctuation	\$ (62)	\$ 7,876
Result from the valuation of transactions with derivative financial instruments	<u>-</u>	<u>2,537</u>
	<u>\$ (62)</u>	<u>\$ 10,413</u>

23. Other operating income

Other operating income is as follows:

	Year ended December 31,	
	2013	2012
Recovery of written-off credits	\$ 124,150	\$ 102,581
Other items	5,895	18,189
Service and insurance commissions	<u>85,285</u>	<u>69,565</u>
	<u>\$ 215,330</u>	<u>\$ 190,335</u>

24. Information by segments

The total credit portfolio and interest income by geographical region is detailed below:

Entity:	December 31,			
	2013		2012	
	Total Portfolio	Interest Income	Total Portfolio	Interest Income
Aguascalientes	\$ 54,463	\$ 40,568	\$ 59,886	\$ 43,545
Baja California	211,762	150,857	199,870	145,204
Baja California Sur	76,574	57,610	73,824	54,781
Campeche	127,123	99,819	142,207	107,965
Chiapas	200,283	130,448	197,324	143,509
Chihuahua	54,317	40,379	60,207	45,249
Coahuila	244,454	181,044	266,294	202,397
Colima	62,422	46,846	67,934	53,424
Federal District	548,302	323,189	355,090	245,755
Durango	58,443	46,424	66,266	47,887
Mexico State	671,162	499,861	588,094	464,904
Guanajuato	260,608	190,449	270,007	216,169
Guerrero	191,559	157,111	230,095	184,811
Hidalgo	99,525	71,366	93,438	69,998
Jalisco	313,709	236,492	363,613	271,123
Michoacán	181,378	138,120	192,733	157,724
Morelos	150,283	114,499	147,569	114,476
Nayarit	53,384	39,682	54,212	41,567
Nuevo León	22,298	19,002	31,735	23,430
Oaxaca	135,817	94,813	137,311	96,826
Puebla	181,326	136,636	198,391	151,546
Querétaro	130,594	101,107	136,576	104,348
Quintana Roo	208,289	161,844	227,421	173,531
San Luis Potosí	159,448	121,638	166,093	127,882
Sinaloa	136,720	98,266	144,577	109,614
Sonora	236,364	162,099	245,933	182,637
Tabasco	90,078	69,249	104,036	81,370
Tamaulipas	411,750	324,661	481,059	363,911
Tlaxcala	65,896	49,812	70,570	57,486
Veracruz	479,061	361,740	550,478	425,438
Yucatán	185,245	144,466	197,942	154,375
Zacatecas	53,872	40,855	57,723	44,156
Subtotal Mexico	6,056,509	4,450,952	6,178,508	4,707,038
Brazil	557,934	280,341	419,542	280,952
United States	222,112	58,528	124,796	25,447
Total	\$ 6,836,555	\$ 4,789,821	\$ 6,722,846	\$ 5,013,437

25. Commitments and contingencies

At December 31, 2013, the Company is subject to certain labor, civil and criminal lawsuits. However, Company's management and its attorneys consider that these lawsuits arose during the normal course of business and that unfavorable verdicts would not significantly affect the Company's financial position and results. At December 31, 2013, the provision for lawsuits is \$7,953.

The Company has executed a series of lease contracts for the rental of the offices, ATMs and branches used for its operations. These contracts have terms of between 3 to 5 years. The total amount payable for rentals over the following five years is \$200,731 in 2014, \$160,730 in 2015, \$133,553 in 2016 \$79,694 in 2017 and \$15,086 in subsequent years.

26. Authorization to issue the financial statements

As the issuance of the accompanying consolidated financial statements was authorized on February 19, 2014 by Mr. Mauricio Galán Medina, the Company's General Director, they do not reflect any event arising after that date. Furthermore, the consolidated financial statements are subject to the approval of the ordinary meeting of the Company's stockholders, which may request their modification according to the General Corporate Law.

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