FINANCIERA INDEPENDENCIA

Annual Report 2016

EXPERIENCE + TECHNOLOGY

A Platform for Growth

FINANCIERA INDEPENDENCIA

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS 2016

EXPERIENCE + TECHNOLOGY

24 years of experience in microfinance,
with a **unique and diversified model**
and a **cutting-edge technological platform,**
create a solid **foundation for growth.**

ANNUAL REPORT AND
AUDITED FINANCIAL STATEMENTS **2016**

INDEX

FINANCIAL HIGHLIGHTS

2016

LOAN PORTFOLIO **Ps.7,448 million**	+4.7%
NON-PERFORMING LOANS PORTFOLIO **5.5%**	-124bps
NET INCOME **Ps.234 million**	+11.9%
CAPITALIZATION RATIO **33.3%**	+153bps
ROE **6.0%**	+20bps

LOAN PORTFOLIO
BY SUBSIDIARY

Independencia

-9.9%

Ps. 3,355.6 million

Apoyo Económico Familiar

+4.8%

Ps. 1,524.9 million

Apoyo Financiero Inc.

+61.0%

Ps. 1,182.3 million

Finsol Mexico

+7.1%

Ps. 855.5 million

Finsol Brazil

+32.1%

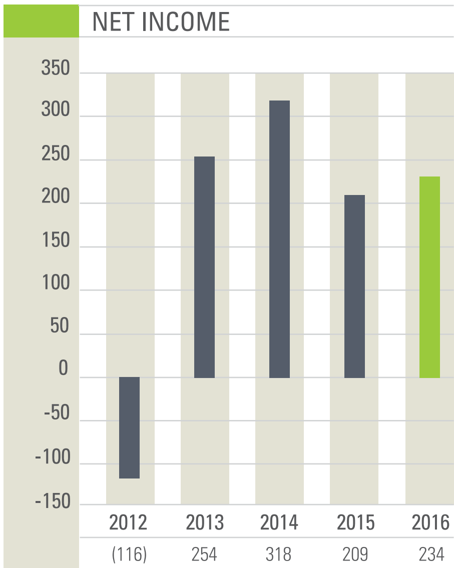
Ps. 529.5 million

FINANCIAL HIGHLIGHTS

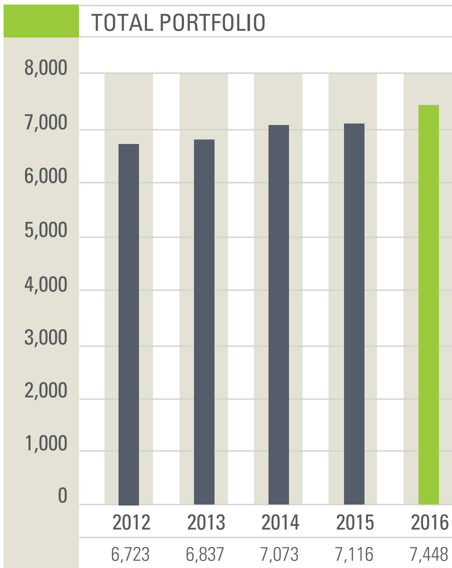
2016

		2014	2015	2016
Balance sheet	Cash and investments	464	600	601
	Current portfolio	6,562	6,636	7,038
	Past due loans	511	480	410
	Total loan portfolio	7,073	7,116	7,448
	Allowances for loan losses	(511)	(480)	(410)
	Derivatives	360	889	820
	Other assets	3,722	3,694	3,763
	Total assets	**11,108**	**11,819**	**12,155**
	Debt	7,186	7,509	7,426
	Other liabilities	418	554	679
	Total liabilities	**7,604**	**8,062**	**8,105**
	Shareholders' equity	**3,504**	**3,757**	**4,050**
	Total liabilities and stockholders' equity	**10,286**	**11,108**	**12,155**
Income statement	**Net interest income before provisions**	**4,225**	**4,232**	**4,065**
	Provision for loan losses	1,376	1,449	1,178
	Net interest income after provisions	**2,849**	**2,783**	**2,887**
	Comissions and fees	577	511	412
	Market related income	(40)	(0.1)	90
	Other operating income (Expense)	344	293	291
	Net operating revenue	**3,729**	**3,587**	**3,680**
	Non interest expense	3,291	3,304	3,352
	Net operating income	**438**	**283**	**328**
	Taxes	120	74	94
	Net income	**318**	**209**	**234**
Financial ratios	ROAA	3.0%	1.8%	2.0%
	ROAE	9.7%	5.8%	6.0%
	NIM before provisions excluding fees	56.8%	55.5%	51.6%
	NIM after provisions (Excluding fees) (1)	38.3%	36.5%	36.6%
	NIM after provisions (Including fees) (2)	50.1%	47.0%	46.7%
	Operating efficiency (3)	30.8%	28.8%	28.0%
	Efficiency ratio (4)	88.3%	92.1%	91.1%
	NPL ratio (5)	7.2%	6.7%	5.5%
	Coverage ratio (6)	100.0%	100.0%	100%
	Capital / Assets	31.5%	31.8%	33.3%

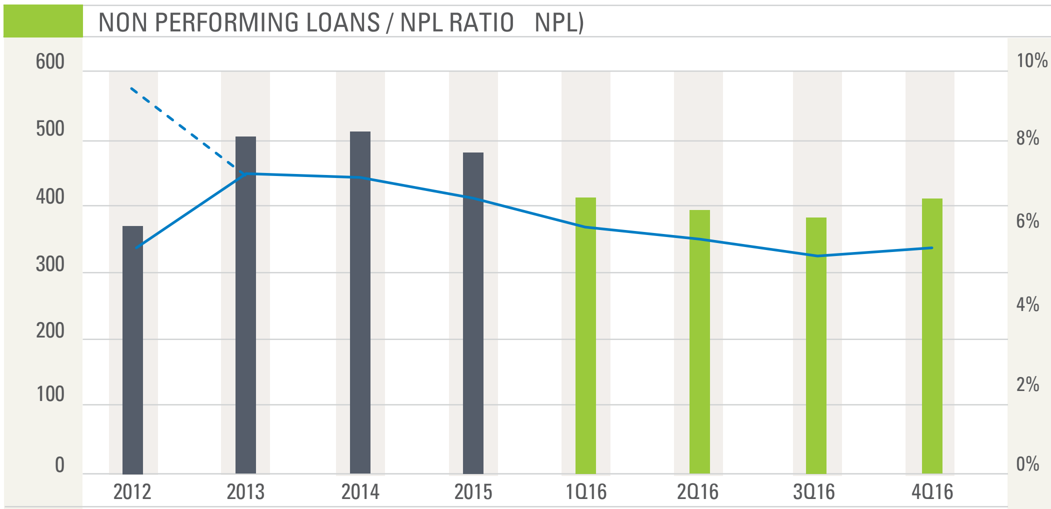
Source: Financiera Independencia.
Ps. Millions
(1) Net interest margin after provisions (excluding fees) = NIM after provisions for loan losses / Average interest-earning assets
(2) Net interest margin after provisions (excluding fees) = Operating Income / Average interest-earning assets
(3) Operating efficiency = Non interest expense / Average Assets
(4) Efficiency ratio = Non interest expense / Operating income
(5) NPL ratio = Non-performing loans / Total loan portfolio
(6) Coverage ratio = Allowances for loan losses / Non-performing loans



Ps. Millions



Ps. Millions

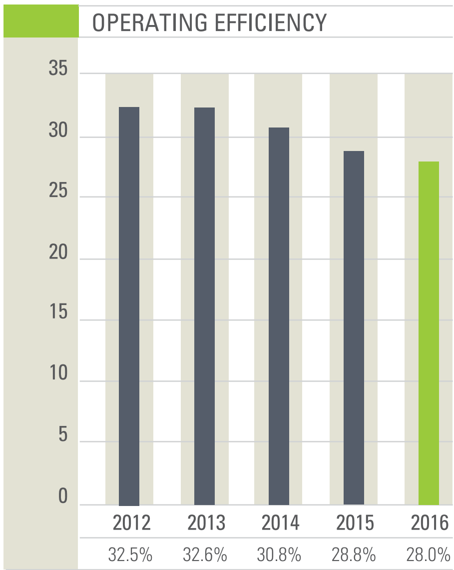


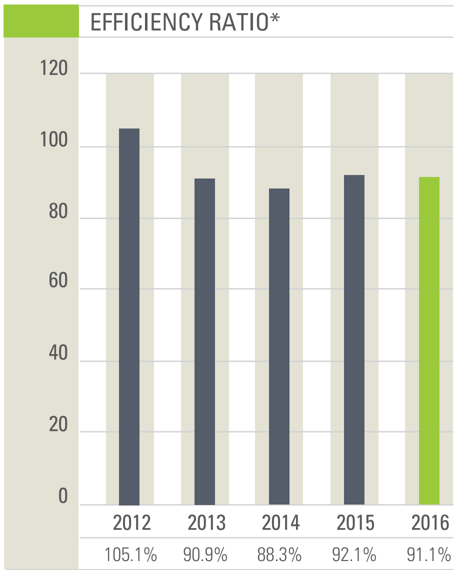
	2012	2013	2014	2015	1Q16	2Q16	3Q16	4Q16
Non performing loans	370	501	511	480	412	396	383	410
NPL %	5.5	7.3	7.2	6.7	6.0	5.7	5.3	5.5

Ps. Millions NPL NPL without considering portfolio clean-up in December 2012: 9.5%

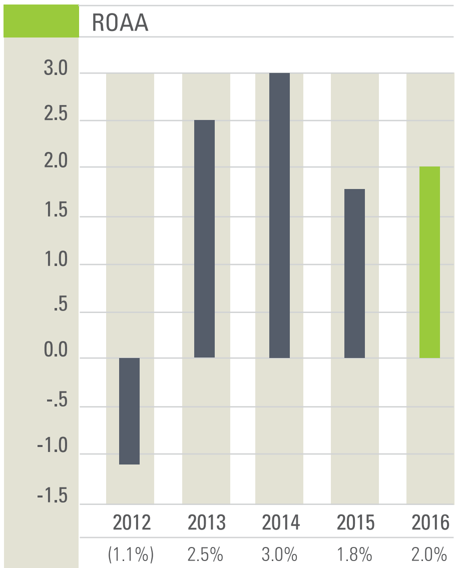
FINANCIAL HIGHLIGHTS

2016

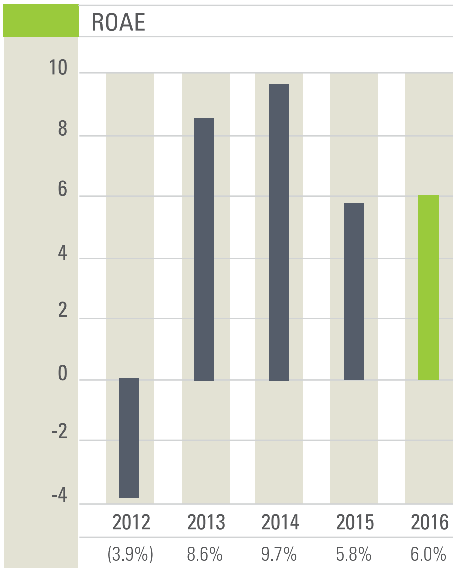




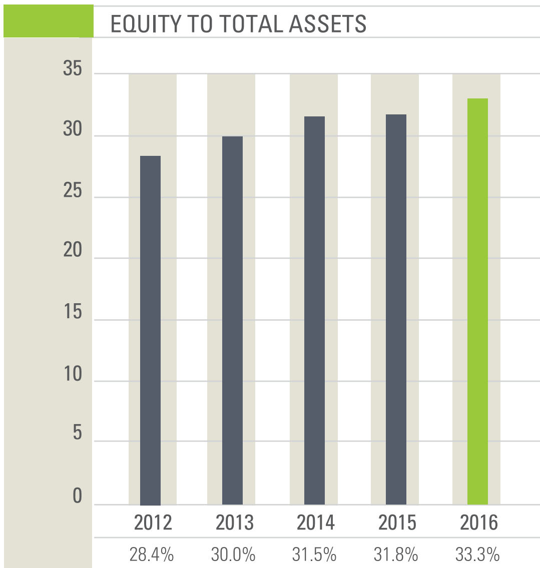
*Includes provisions

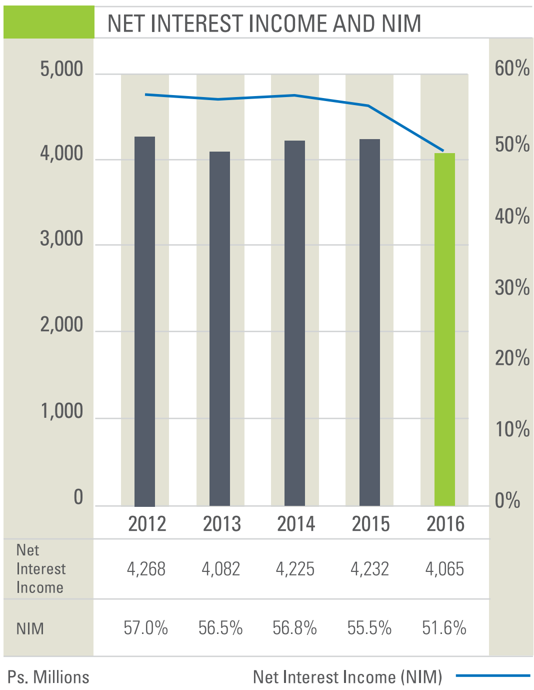


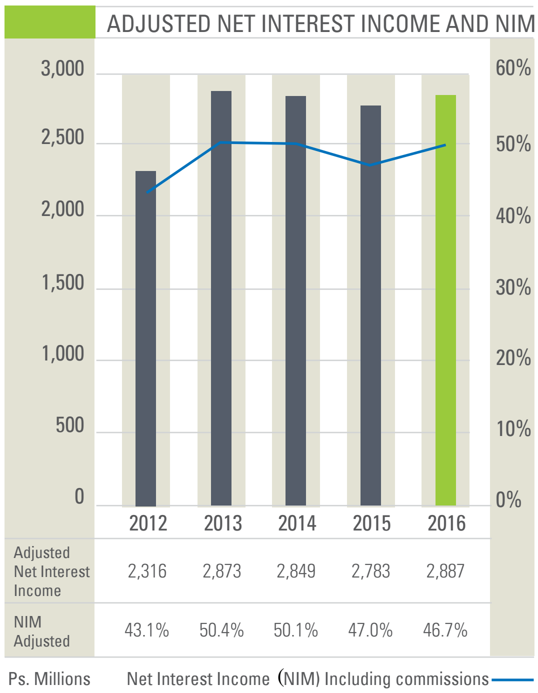
Return on average assets



Return on average equity


EQUITY TO TOTAL ASSETS
35
30
25
20
15
10
5
0
2012
2013
2014
2015
2016
28.4%
30.0%
31.5%
31.8%
33.3%


NET INTEREST INCOME AND NIM
5,000
4,000
3,000
2,000
1,000
0
60%
50%
40%
30%
20%
10%
0%
2012
2013
2014
2015
2016
Net Interest Income
4,268
4,082
4,225
4,232
4,065
NIM
57.0%
56.5%
56.8%
55.5%
51.6%
Ps. Millions
Net Interest Income (NIM)


ADJUSTED NET INTEREST INCOME AND NIM
3,000
2,500
2,000
1,500
1,000
500
0
60%
50%
40%
30%
20%
10%
0%
2012
2013
2014
2015
2016
Adjusted Net Interest Income
2,316
2,873
2,849
2,783
2,887
NIM Adjusted
43.1%
50.4%
50.1%
47.0%
46.7%
Ps. Millions
Net Interest Income (NIM) Including commissions

LETTER TO THE SHAREHOLDERS

At *Financiera Independencia* we are committed to offering financial services to the working classes through continuous innovation. We provide financing for almost a million clients, people who trust us to be part of their dreams, businesses and everyday lives. We are proud to provide a service to disadvantaged sectors of the population with very little access to financial services, and thus contribute to the development of the communities where we do business.

We participate in very attractive markets, based on a dynamic of growth reinforced by the market's natural growth and the current low level of penetration of financial services. Mexico benefits from the demographic bonus: thanks to the current shape of the population pyramid, we will have around one million new potential clients each year over the next two decades. If we also take into account the low penetration of financial services then we are in a very strong position to grow. In the United States we have been taking advantage of the opportunity created by the limited offer of personal loans in general, particularly among the Hispanic population. The market tends to focus on other kinds of products (such as credit cards) which do not meet the needs of the clients to whom we provide our services. This gives us a unique position in the largest market in the world.

We were the first limited purpose financial entity (Sociedad Financiera de Objeto Limitado, or SOFOL) in the market and we have a thorough understanding of risk—an expertise gained from having served more than seven million clients and granting over 12 million loans over our 23-year history. Therefore we have a unique knowledge-base, one which we can leverage in this era of technological revolution.

Our strategy places a strong emphasis on managing the risk of our loan and business portfolio. We control risk in each of our portfolios through a combination of analytical models and operational methodology. For our business portfolio, we manage risk by differentiating between the growth of our business models and in the different markets where we do business. We are committed to long-term growth, adjusting annual growth to specific economic conditions which are reflected in our clients' risk.

2016: A Year of Successes and Preparing for the Future

Our successes in 2016 were the result of our firm commitment to implementing our risk management strategy and business discipline. Some of the most important achievements include:

- Loan portfolio growth accelerated to 4.7% compared to 2015, the highest rate in five years
- Our non-performing loans (NPL) ratio fell to 5.5%, the lowest level in more than eight years
- Our funding cost increased by just 23 bps, in a context where rates increased more than 250 bps in Mexico
- Our income after provisions grew by 3.7% while our operating costs only grew by 1.5% compared to 2015, far lower than the effects that inflation, the exchange rate and our increasing number of branches had on our base cost
- Net profits increased by 11.9% and, more importantly, this positive result was achieved across all our subsidiaries

At the same time, some of the steps taken in 2016 laid the foundations for our future strategy:

- *Apoyo Financiero Inc.*—our lowest-risk business—was the subsidiary that grew most. This confirms our model's success in the world's largest economy. The operation delivered profits even after taking into account the continued investment in expanding our network of branches to its current total of 26
- Our original business, *Independencia*, reached an important milestone as part of its transformation process, and it is now contributing again to the group's profits
- Profits increased in our group loan business in Mexico, *Finsol Mexico*, for the third consecutive year
- We migrated our analytics platform to Google BigQuery, giving our risk assessment team efficient access to our entire knowledge-base
- We began the transformation of our entire technological platform with a view to migrating all of our operations to the cloud, using the most modern tools so we can take maximum advantage of our historical knowledge of risk

Our future

The management team is committed to retaining its focus on the following priorities:

- Portfolio: we will continue using the flexibility afforded to us by our portfolio of businesses and geographical reach in order to deliver consistent results in every type of economic cycle

- Risk: we will use the best technological tools to increase our analytical capacity in managing the risk of our portfolios

- Efficiency: we will remain focused on controlling expenditure and ensuring the continued growth of revenue per employee

- Growth: we are committed to prudent and consistent growth, with a long-term vision that enables us to adapt our risk appetite to market conditions

- Team: our values will continue to guide the development of our team

In terms of our portfolio, it is important to note that, thanks to the current infrastructure in *Apoyo Económico Inc.*—our U.S. business—in the future we will have a much more balanced business portfolio. This business is set to represent a very important part of our portfolio after the maturation of the branches which are now growing.

We wish to thank our collaborators for a year of successes and above all for their commitment to help finance the dreams of our clients. We are certain that with the groundwork accomplished in 2016 we can expect a future of many more successes.

José L. Rión Santisteban
Chairman of the Board of Directors

Eduardo Messmacher Henríquez
Executive Vice President and Group CEO

DINAMIC INTEGRATION
AT A GLANCE

	Branches	Geography	Number of clients	Loan portfolio (Millions Ps)	Average loan balance	Loan type
Independencia	178	**Mexico** Urban areas with more than 50,000 inhabitants	623,033 63.7%	3,355.6	Ps. 5,386	Individual and payroll
Apoyo Económico Familiar	175	**Mexico** Urban areas and large cities	163,774 16.7%	1,524.9	Ps. 9,311	Individual
Apoyo Financiero Inc.	26	**U.S.A.** Urban areas in San Francisco, Los Angeles and surroundings	18,044 1.8%	1,182.3	Ps. 65,525	Individual
Finsol Mexico	163	**Mexico** Rural and suburban areas	117,137 12.0%	855.5	Ps. 7,304	Group
Finsol Brazil	32	**Brazil** Rural and suburban areas in northeastern and southeast Brazil	56,280 5.8%	529.5	Ps. 9,408	Group

Loan amount	Frecuency of payment	Venue of payment	Use of funds	% of total loan portfolio
From Ps. 2,500 to Ps. 300,000.	Weekly, bi-weekly or monthly	At our own branches, Bancomer, Banamex, Banorte and HSBC bank branches, at OXXO and through our 01 800 line	Personal, working capital and home improvements	45.0%
From Ps. 1,500 to Ps. 150,000	Weekly, bi-weekly or monthly	At our own branches	Personal and working capital	20.5%
From 3,000 to 10,000 USD*	Bi-weekly or monthly	At our own branches	Working capital. A high percentage of clients send funds from loans to relatives so they can invest in a business in their place of origin	15.9%
From Ps. 2,000 to Ps. 60,000	Weekly or fortnight	At our own branches, Bancomer, Banamex, Banorte, HSBC bank branches, at OXXO and Telecomm Telégrafos	Working capital	11.5%
From R$ 300 to R$ 30,000*	Monthly	Bank deposits, direct payents through ATMs at all banks	Working capital, fixed assets or improvements to business facilities	7.1%

* 1 Real = Ps. 6.33, 1 USD = Ps. 20.62 as of December 31, 2016.

A portfolio of Ps. 7,448
Ps. million. 63% granted to workers in the formal sector of the economy.

FINANCIERA INDEPENDENCIA*

More than 24 years as a leader in the microfinance sector as a diversified, dynamic and innovative group, with a positive impact on society and the widest selection of products and services.

MISSION:
Support the country's working classes by offering financial products that meet their needs through a high-quality and efficient service.

We are an unregulated, multi-purpose financial company (Sociedad Financiera de Objeto Múltiple, or SOFOM), dedicated to providing unsecured loans and financial services to the low-income segments of the population, who live in urban and suburban areas, and who work in the formal economy, have micro-businesses or are self-employed. We also provide a service to workers in rural areas, providing working capital loans under the group-lending methodology.

Through our five subsidiaries we currently operate in every state of Mexico, six states in the northeast and southeast of Brazil, and in the state of California, in the United States. Today we provide a service to 978,268 clients through 574 branches.

In 1993, when we began operations, we focused exclusively in granting personal loans to workers in the formal economy, mainly in suburban areas of Mexico. Beginning in 2004, we expanded our coverage to workers in the self-employed segment. In 2010, through the acquisition of *Finsol*, we took our first steps in the group-lending methodology microcredit business in rural areas, both in Mexico and in Brazil. In the following year, the acquisitions of *Apoyo Económico Familiar* and *Apoyo Financiero Inc.* allowed us to broaden our geographical reach to include metropolitan areas, both in Mexico and in the United States.

We are unique in Mexico

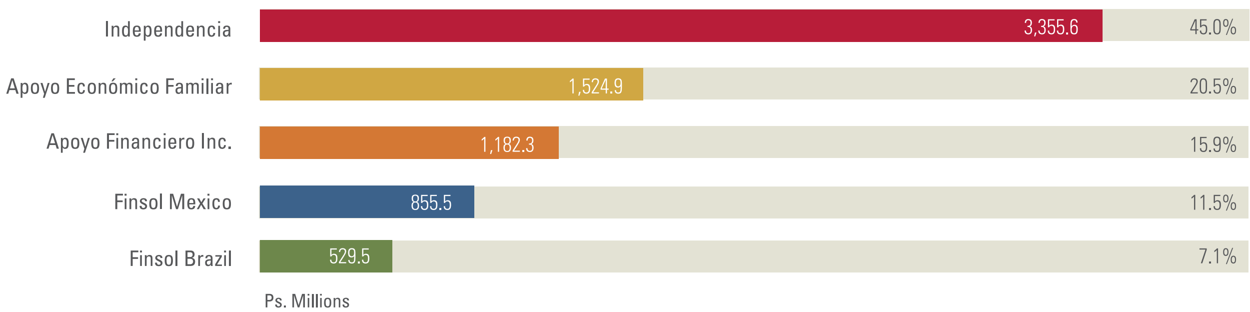
The personal loans market in Mexico continues to have a very positive growth outlook due to the combination of three factors: the growing base of the population pyramid, the low penetration of credit, and the currently limited offer of financial services—particularly among the low-income segment of the population.

With more than 24 years as leaders in the microfinance sector, and a business model that combines a thorough knowledge of risk analysis with a solid operations platform, our business has been able to operate profitably in this attractive marked and even provide a service to population segments where we have limited structured information. This business model has enabled us to bring the risk level down to historically low levels, in turn giving us a solid platform on which to accelerate the growth of the loan portfolio at the same time as improving our operational efficiencies.

The strengths of our business model have enabled us to apply it efficiently in other countries, offering us further growth opportunities through the offer of services to Hispanic workers in the United States. We can therefore complement growth in Mexico, opening up the possibility to accelerate our growth in another large market which, furthermore, has a lower credit risk profile.

Financiera Independencia

Portfolio distribution per subsidiary



* Financiera Independencia refers to Independencia and Subsidiaries / Independencia refers to operations excluding Finsol, AEF and AFI.

MISSION: Support the working class by providing them access to financial products that meet their needs through a service characterized by quality and timeliness.

Building on innovation

Since our beginning more than two decades ago, we have been leading the way: we were the first limited purpose financial entity (Sociedad Financiera de Objeto Limitado, or SOFOL) to operate in Mexico, the first to attend the self-employed market, the first to be listed on the Mexican Stock Exchange, and the first Mexican microcredit business to expand into international markets. Today we remain at the forefront in the use of new technologies applied to the operation of microfinance products and services.

Our Subsidiaries Focused on Personal Loans

Independencia

Founded in 1993 to grant personal microcredit and financial services to low-income employees in the formal economy and self-employed individuals, *Independencia* offers personal loans as well as loans for working capital and the acquisition of assets. It also offers services and additional products such as unemployment, disability and life insurance, and assistance for funeral costs; today it has 178 branches in 30 states of Mexico.

Apoyo Económico Familiar (AEF)

Established in 2005, *AEF* specializes in granting loans to employees and micro-businesses in major metropolitan areas of Mexico. Its lending methodology is based on offering a highly personalized service, and therefore each branch manages a limited number of clients. Once the limit is reached, a new branch is opened and operates under the same criteria within a range of around 10 kilometers.

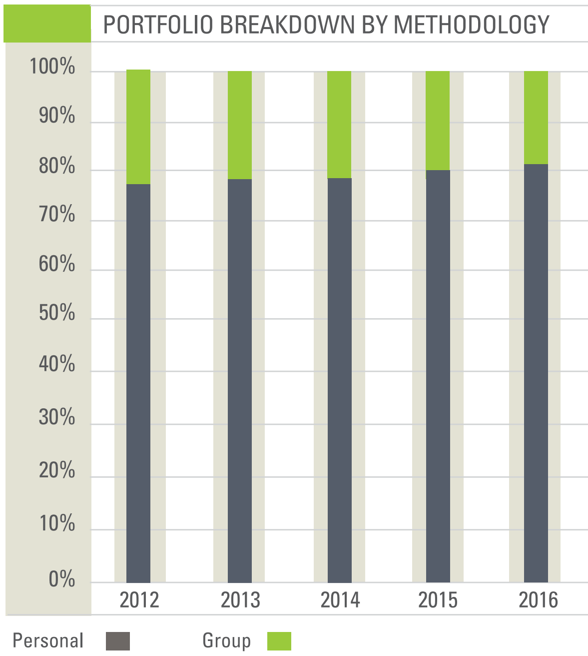
In 2011 *Financiera Independencia* acquired 100% of *AEF's* shares. Today, this subsidiary offers, among its additional services and products, financing for people to buy cellular phone plans and handsets, as well as unemployment, disability and life insurance products. *AEF* has 175 branches with a presence in 18 states across Mexico.

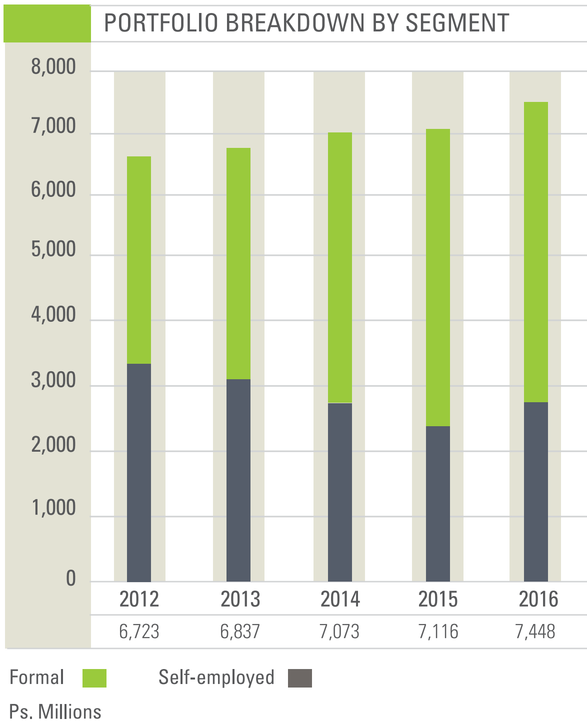
Apoyo Financiero Inc. (AFI)

Set up in 2007 in order to provide microcredit, primarily to clients in the Hispanic market who require resources to start their own business or to send money to their home country, *AFI* operates under the license of the California Finance Lenders Law (CFLL), regulated by the state of California. Initially operating in the San Francisco Bay area, the business began to expand in 2015 to include the metropolitan zone of Los Angeles.

Financiera Independencia acquired 77% of *AFI's* shares in 2011. Two years later, the company exercised its option to acquire the remaining shares. Today *AFI* operates 26 branches located across the San Francisco Bay area and southern California.

	Personal Loans: 83.1% of portfolio			Group Loans: 16.9% of portfolio	
	Independencia	AEF	AFI	Finsol Mexico	Finsol Brazil
% of total loan portfolio	45.0	20.5	15.9	11.5	7.1
% of total clients	63.7	16.7	1.8	12.0	5.8
NPL ratio (%)	6.2	7.7	2.6	4.2	3.2
Effective rate (%)	70.0	71.6	33.5	87.6	58.6
Formal / Self-employed	81/19	55/45	100/0	0/100	0/100





Our Subsidiaries Focused on in Group Loans

Finsol Mexico

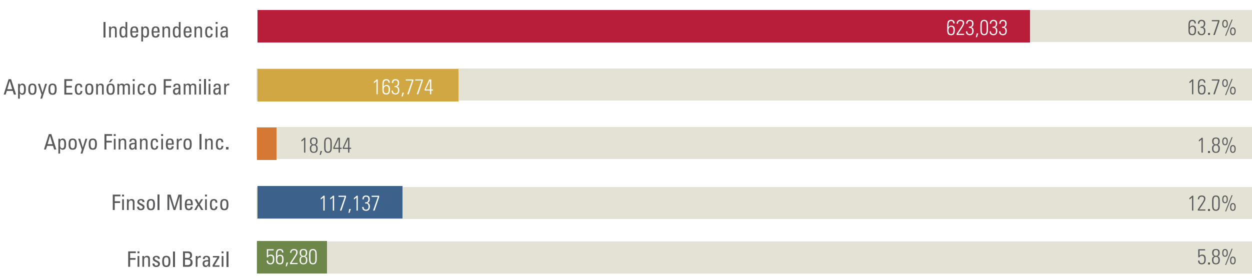
It was established in Mexico in 2002 to grant loans under the group lending methodology, principally to women who have set up micro-businesses in rural areas of Mexico. It also offers its clients access to life and serious illness insurance policies. It was acquired by *Financiera Independencia* in 2010, and now it has 163 branches across 30 states in Mexico.

Finsol Brazil

This subsidiary began operations in 2007 as a non-profit financial institution. In 2013 its legal structure was modified to make it a for-profit entity. This allowed it to diversify its funding sources, laying the foundations for future growth. In 2014 it expanded its funding sources by accessing lower-cost lines of credit through the Brazilian central bank's compulsory lending program (Depósito Compulsório). *Finsol Brazil* now operates in six states in the northeast and southeast of Brazil, with its network of 32 branches.

Financiera Independencia

Number of clients per subsidiary



KEY MOMENTS
IN OUR HISTORY

1993. Started operations as the first limited purpose financial entity (Sociedad Financiera de Objeto Limitado, or SOFOL), in Mexico, and as pioneers offering personal microloans to low-income individuals in the formal sector of the economy.

2004. Expanded our coverage to the self-employed segment.

2007. Became an unregulated multipurpose financial entity (Sociedad Financiera de Objeto Múltiple, or SOFOM), which gave us the flexibility to embark on new business ventures. Began to trade as a public company on the Mexican Stock Exchange.

2010. Strengthened our domestic expansion plans and entered for the first time in the international markets through the acquisition of *Financiera Finsol*, the second-largest microfinance company granting group loans in Mexico, and operating also in Brazil.

We became the first microfinance company in the region to access international debt markets by issuing US$200 million in notes under rules 144A / Reg S.

2011. Bolstered our presence in major metropolitan areas in Mexico by acquiring *Apoyo Económico Familiar (AEF)*. We continued our international expansion strategy and entered the U.S. market by acquiring 77% of the shares of *Apoyo Financiero Inc. (AFI)*.

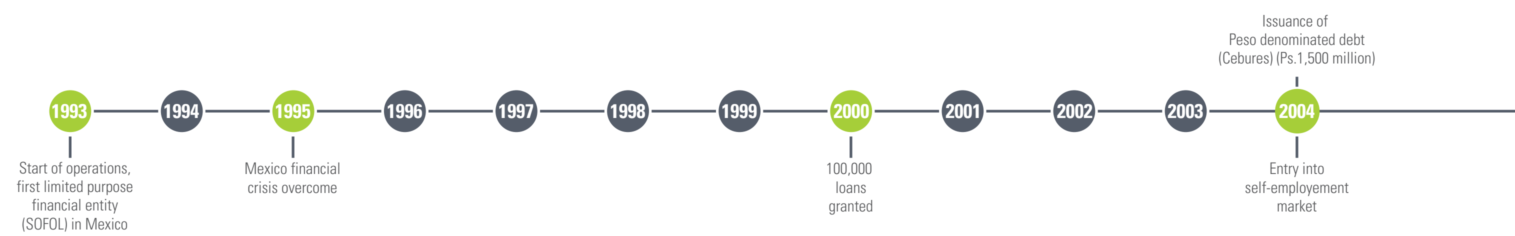
2012. In the face of an increasingly complex economic and competitive situation, we decided to radically change our strategic focus, implementing new operational policies to prioritize loan portfolio quality and profitability over size.

2013. We celebrated the first two decades of our history and successfully completed the first year of operations under our new strategic focus of prioritizing portfolio quality and profitability over size. On several occasions during the year we achieved record lows in our NPL ratio. We also acquired 23% of the remaining *AFI* shares, thus consolidating our presence and growth prospects in the United States. Furthermore, *Finsol Brazil* modified its legal structure, changing it from a non-profit to a for-profit organization. This gave it additional flexibility for the services it can provide and a wider range of funding sources.

2014. The disciplined application of the new operational policies allowed us to reach our quality and profitability goals for the second consecutive year, even despite an economic environment in Mexico and Brazil that was more challenging than expected.

We optimized our financial structure by improving the debt profile and cost for all of our financial liabilities, and we reached historically low funding rates. As part of this strategy, we refinanced the US$200 million bond in advance and issued Ps.1.5 billion of credit-backed debt securities, the first securitization of a private microcredit portfolio in Mexico. Furthermore, *Finsol Brazil* reduced its funding cost by expanding its access, through HSBC, to funding from the Brazilian central bank's microfinance program (DIM).

2015. The disciplined implementation of our strategic focus of prioritizing loan portfolio quality and profitability over size enabled us once again to reach our objectives in a year that proved difficult due to a complicated economic context in our two main markets, Mexico and Brazil. Although the portfolio had a lower growth than initially expected, we achieved the revised targets for portfolio quality and profitability.

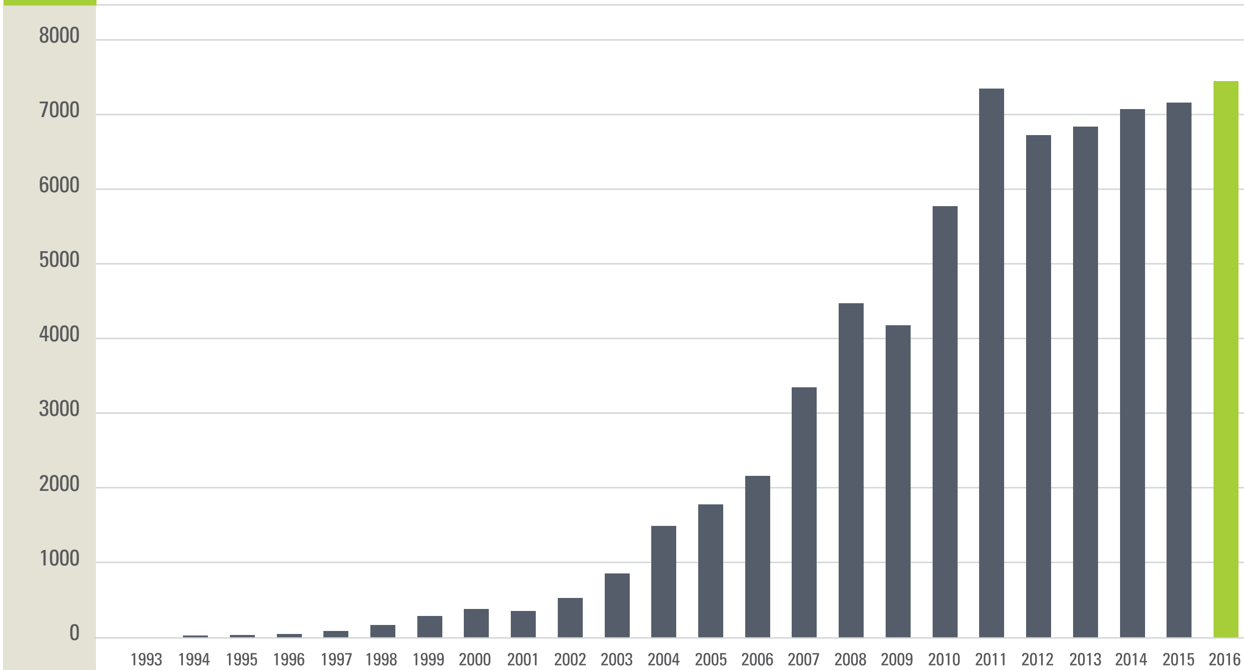


2016. In line with our strategic focus on prioritizing loan portfolio quality and profitability, *Financiera Independencia* closed the year with a NPL ratio of 5.5%, its lowest level in more than eight years and far below the industry's average [(1)]. Furthermore, we maintained the exchange of best practices among subsidiaries, achieving major synergies, enabling us to make further cost reductions and boosting operational efficiency.

As part of our constant focus on innovation, this year we made significant progress in the area of IT, leading the way in the market by beginning to migrate our operations to the cloud. This period marks an inflection point in the use of technology, whose results in terms of efficiency and profitability will soon become evident.

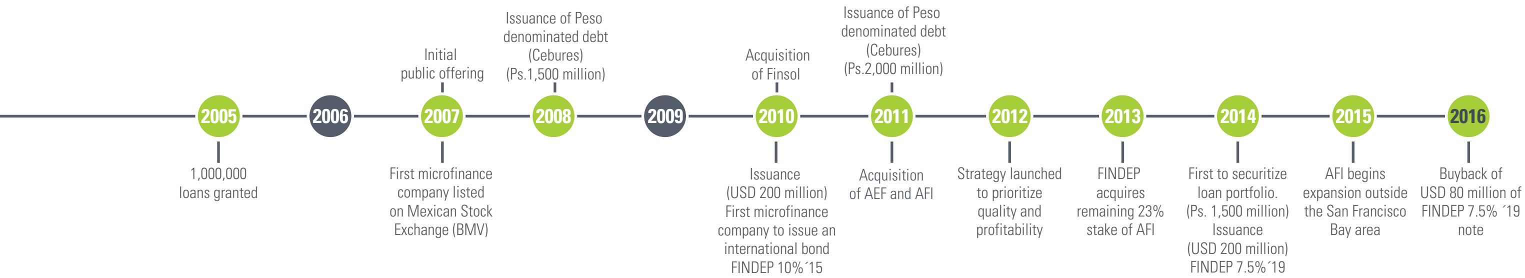
We now have 24 years' experience operating in the microfinance sector, applying a unique and diversified model. Furthermore, we have combined this with the development of the latest technologies to give us a base for growth that is more solid than ever before.

LOAN PORTFOLIO GROWTH



	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total Loan portfolio	2	28	31	47	86	171	286	380	354	531	860	1,492	1,783	2,163	3,350	4,473	4,812	5,773	7,347	6,722	6,837	7,073	7,116	7,448

Portfolio: Ps. Millions



(1) NPL based on the 20 microfinance institutions with a portfolio of >Ps.500 million, estimated by the Company at 7.3% as of December 2016, according to information from CNBV, BMV, ProDesarrollo, AMFE and other sources.

5 SUBSIDIARIES
WITH OPERATIONS
IN 3 COUNTRIES

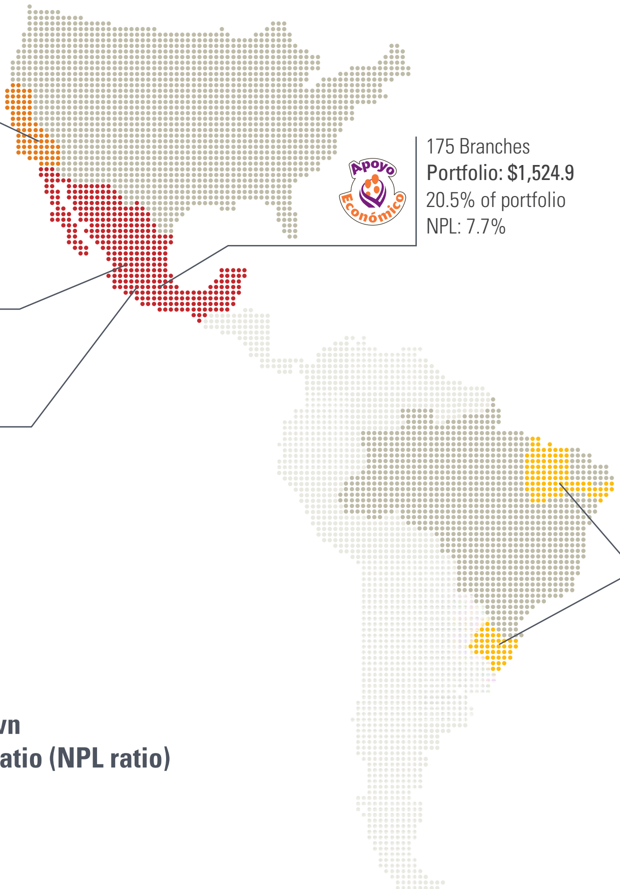
26 Branches
Portfolio: $1,182.3
15.9% of portfolio
NPL: 2.6%

178 Branches
Portfolio: $3,355.6
45.0% of portfolio
NPL: 6.2%

175 Branches
Portfolio: $1,524.9
20.5% of portfolio
NPL: 7.7%

163 Branches
Portfolio: $855.5
11.5% of portfolio
NPL: 4.2%

32 Branches
Portfolio: $529.5
7.1% of portfolio
NPL: 3.2%



Branch network
Total portfolio
Loan portfolio breakdown
Non-Performing Loans ratio (NPL ratio)
Ps. Millions

FINANCIAL PERFORMANCE

In 2016 we consolidated our strategy, in place since 2012, of prioritizing loan portfolio quality and profitability over size.

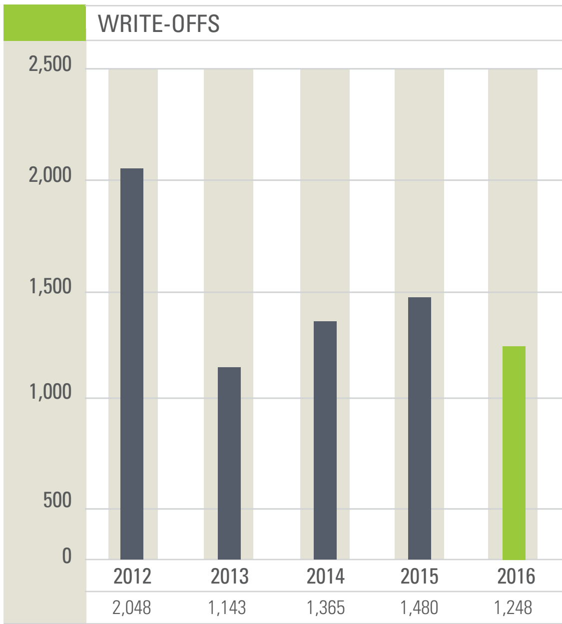
This year the *Company* once again showed significant improvements in most of its growth, quality, profitability and efficiency ratios. Loan portfolio grew by 4.7% compared to 2015, its highest rate in five years, and it also made remarkable improvements in its quality: at the close of 2016 its Non-Performing Loans (NPLs) ratio was just 5.5%, the lowest level in more than eight years and far below the industry's average [(2)].

In terms of profitability and efficiency, we continued optimizing funding and operating costs. In regards to funding, in August 2016 we decided to make the most of the market situation and the benefits accrued from our foreign exchange debt hedging strategy to buy back US$80 million of the FINDEP 2019 US$200 million notes, which we issued in May 2014. With this decision we transferred more debt to our functional currency and—most importantly—we reduced the risks of refinancing and the costs of debt. Therefore, in a year during which Mexico's central bank (Banxico) increased its reference rate by 250 bps, the *Company's* cost of funding increased by just 23 bps to 9.3%, so that our funding costs only increased by 1.8% during the year.

In regards to operating costs, these increased by just 1.5% YoY, a noteworthy achievement where, through increased efficiencies, we were able to compensate the inflation, the expansion of our branch network, and the Mexican peso's depreciation against both the U.S. dollar and the Brazilian real. Without taking into account the depreciation, cost would have contracted by approximately 1.4% [(3)] in nominal terms, or more than 5% in real terms.

These factors allowed for an 11.9% increase in the *Company's* net profit, as well as further improvements in the operating efficiency and capitalization ratios.

Our results reconfirm the success of *Financiera Independencia's* focus on quality and profitability, and the competitive advantage achieved in recent years by evolving into a diversified group with five subsidiaries, operations in three countries, and a growing variety of products and services.



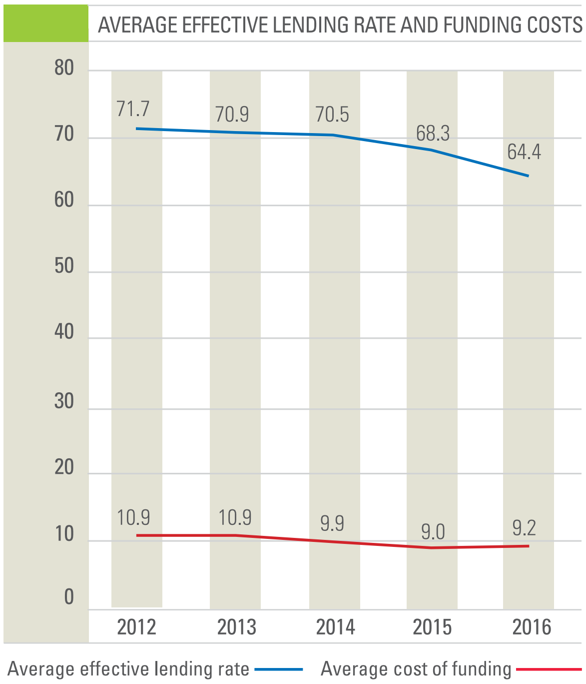
Ps. Millions

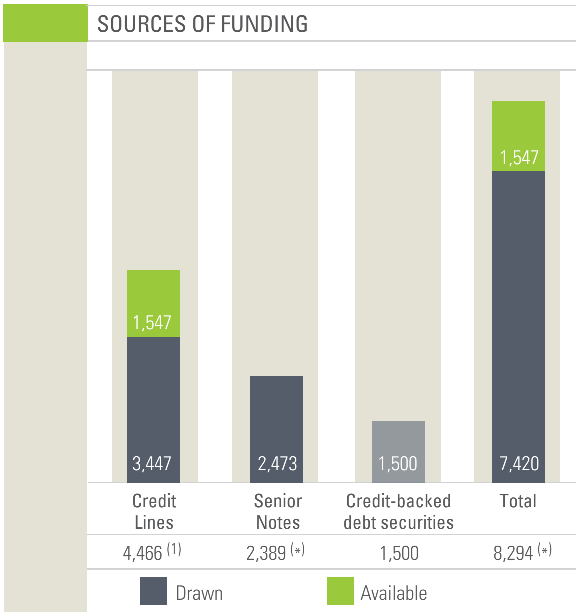
In regards to each subsidiary's performance in 2016:

- **Independencia.** During the past two years, the strategic focus has been on optimizing its business model, transforming it into a subsidiary with a smaller but more stable loan portfolio, with higher levels of quality and profitability.

As part of this strategy, *Independencia* reduced its loan portfolio by 9.9%, while its non-performing loan portfolio shrunk by 39.3%, to close the year with an NPL ratio of 6.2%, far lower than the 9.3% recorded in 2015. *Independencia* also implemented new cost-reduction measures. As a result, the provision for loan losses and operating costs decreased by 37.1% and 7.9%, respectively; this enabled the business to achieve a net profit of Ps.46.0 million, comparing very favorably with the loss of Ps.60.9 million in 2015. This progress makes us confident that *Independencia* has reached its inflection point and will make an increasing contribution to the *Company's* success going forward.

(2) NPL based on the 20 microfinance institutions with a portfolio of >Ps.500 million, estimated by the *Company* at 7.3% as of December 2016, according to information from CNBV, BMV,ProDesarrollo, AMFE and other sources.
(3) Approximate calculation based on the exchange rate at the end of each month in 2016 and 2015





(1) Includes Ps.22.7 millions of interest provisions.
(*) Includes Ps.820.4 million of an asset derivative position related to Findep 2019 US$200 million bond

• **AEF.** Its performance for 2016 was mixed. In order to support its ambitious growth plans for 2018, we introduced a revised credit score, in order to access new market segments and attract clients with a more limited credit history. This revised score was implemented in April, leading to an acceleration in portfolio growth: from approximately 0.1% per month in the six months prior to its implementation, to almost 1.0% per month during the subsequent six months. The implementation process and the continuous adjustments to the scoring system created a temporary non-performing loans "bubble." This unforeseen effect was identified and corrected last September.

As a result of these measures, *AEF's* loan portfolio grew by 4.8% and its NPL increased 238 bps to 7.7%, causing the provision for loan losses to increase by 41.2% and its net profit to fall by 34.8% to Ps.117.8 million for 2016. By the end of the year, *AEF's* past-due loans level began to return to their normal values, and thus NPLs, provision for loan losses and write-offs should be back to their normal levels in 2017.

Nevertheless, *AEF's* expansion plans for 2016-2018 remain on a firm footing: this subsidiary opened 24 new branches, a 16% increase in its network—already 60% of its openings programmed for its 2016-2018 growth plan within the first year of its implementation.

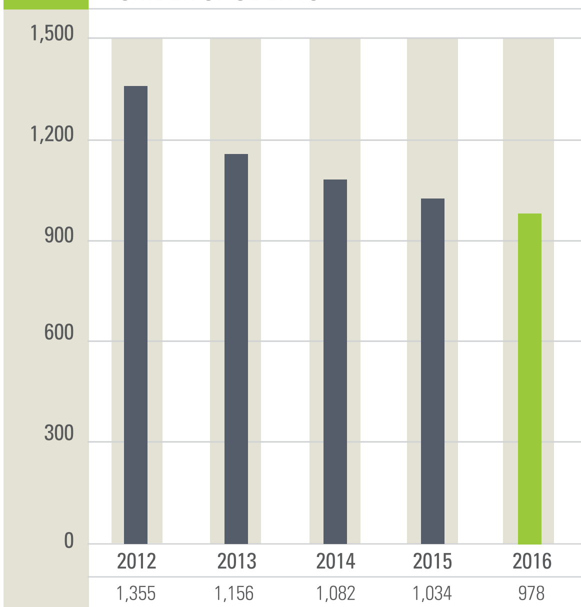
• **AFI.** The portfolio of this subsidiary increased by 34.7% in its functional currency (US$) and reported NPL levels of just 2.6%, maintaining the performance of previous years. Furthermore, *AFI* posted profits for the second consecutive year, even in a year when accelerated its branch expansion plans. In 2016 it opened six new branches, increasing its network by 30% and achieving its target to expand outside the San Francisco Bay area to other cities in southern California, such as Riverside, Santana and Fontana.

• **Finsol Mexico.** In 2016, the growth of its loan portfolio accelerated to 7.1% and maintained its quality level with an NPL ratio of just 4.2%. As a result, it achieved a profit of Ps.50.1 million, a growth of 17.6%, and its third consecutive year of steady growth.

• **Finsol Brazil.** Its performance continues to reflect the largely unfavorable conditions facing both the economy and the industry. Under these circumstances, its loan portfolio decreased by 7.7% in the local currency and its NPL ratio rose to 3.2%, compared to 2.6% in 2015. This translated into an increase of 50.1% in its provision for loan losses and a contraction of 81.6% in its net profit. Notwithstanding, the measures implemented by local management to retain clients, reduce delays and increase efficiencies have already begun to deliver results. Over the last four months of 2016 the loan portfolio resumed its growth and improved its quality, as the NPLs reached 4.2% in September but closed 2016 at 3.2% (down by 100 bps).

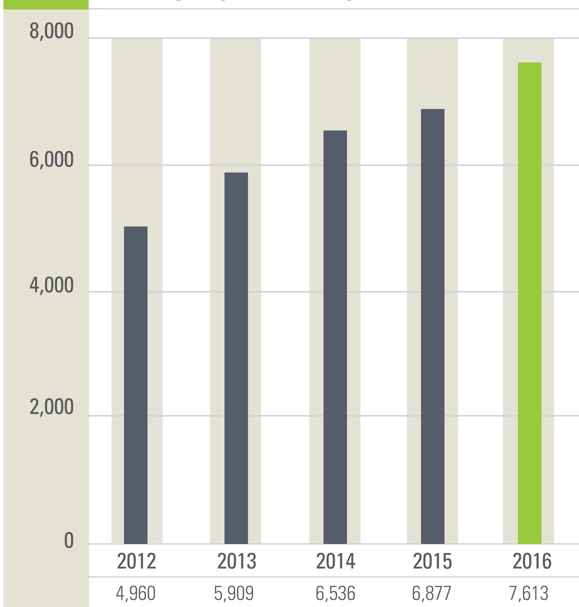
In summary, 2016 was another positive year for *Financiera Independencia*, and a period during which we met our objectives to strengthen our loan portfolio profitability and quality. We managed this by remaining firmly committed to our focus on quality and by optimizing our financial and operating structures, in order to continue toward achieving our long-term performance targets and to ensure our success in the microfinance industry.

NUMBER OF CLIENTS



Thousands of persons

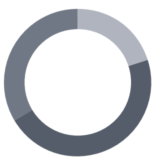
AVERAGE LOAN BALANCE



Ps.

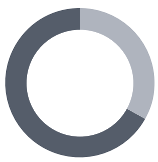
DIVERSIFIED DEBT MIX AND DEBT PROFILE (1)

Instrument



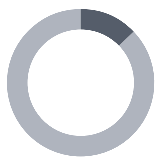
46.5% Credit Lines
33.3% Senior Notes
20.2% Credit-backed debt securities

Currency



60.7% Mexican Pesos
33.3% US Dollars

Debt profile



15.0% Short term
85.0% Long term

(1) Short-term debt refers to debt that expires within the next 12 months.

FINANCIAL AND OPERATING HIGHLIGHTS

		12M16	12M15	%
Income Statement Data	Financial margin before provisions*	2,887.3	2,783.2	3.7%
	Net operating income*	328.0	283.5	15.7%
	Net income (Loss)*	234.0	209.0	11.9%
	Outstanding shares (Millions)	715.9	715.9	0.0%
	Income (Loss) per share	0.3269	0.2920	11.9%
Profitability and Efficiency	NIM excluding commissions	51.6%	55.5%	-3.9 pp
	NIM before provisions excluding commissions	36.6%	36.5%	0.1 pp
	NIM before provisions including commissions	46.7%	47.0%	-0.4 pp
	Return on assets	2.0%	1.8%	0.1 pp
	Return on equity	6.0%	5.8%	0.2 pp
	Efficiency ratio including provisions	91.1%	92.1%	-1 pp
	Efficiency ratio excluding provisions	69.0%	65.6%	3.4 pp
	Operating efficiency	28.0%	28.8%	-0.9 pp
	Fee income	11.2%	14.2%	-3.1 pp
Capitalization	Equity to total assets	33.3%	31.8%	1.5 pp
Asset Quality	Non-performing loans ratio	5.5%	6.7%	-1.2 pp
	Coverage ratio	100.0%	100.0%	0 pp
Operating Data	Number of clients	978,268	1,034,702	-5.5%
	Number of branches	574	549	4.6%
	Total loan portfolio*	7,447.8	7,116.0	4.7%
	Average balance (Ps.)(**)	7,522.4	6,753.3	11.4%

* Ps. Millions
** Does not include Other Loans

FUNDING SOURCES

(Ps. millions)

Institution	Initial line of credit	Credit Line Maturity	Dec.16	Available
Financiera Independencia				
Senior Notes 144A* - FINDEP19	USD 125 mm	Jun-2019	2,473.029	
CB FIDEPCB14	$1,111.5	Feb-2018	1,111.585	$0.000
HSBC	$615.0	Dec-2018	80.000	$535.000
	$462.5	Nov-2018	462.000	$0.500
BBVA Bancomer	$300.0	Jul-2017	216.000	
RSA Seguros	$17.0	Mar-2018	-	$ -
Banco del Bajio	$100.0	May-2022	100.000	$ -
Banco Monex	$100.0	Apr-2019	50.000	$50.000
Grupo Jorisa	$400.0	Apr-2019	330.000	
NAFINSA	$850.0	Indefinite period	642.864	$207.136
Finsol Mexico				
FIRA	$ 600.0	Indefinite period	316.000	$284.000
RSA Seguros	$ 8.0	Mar-2018	-	$ -
NAFINSA	$ 250.0	Indefinite period	245.125	$4.875
Finsol Brazil				
Bradesco	USD $15 mm	Dec-2017	67.481	
OIKO CREDIT	EUR $3 mm	Oct-2021	83.323	$ -
Apoyo Económico Familiar				
CB FIDEPCB14	$388.4	Feb-2018	388.414	$ -
NAFINSA	$400.0	Indefinite period	394.729	$5.271
BBVA Bancomer	$12.0	Sep-2017	-	
Scotiabank	$295.0	May-2017	242.537	$52.463
Apoyo Financiero Inc.				
Bridge Bank	USD $9.7mm	Feb-17	200.008	
		SubTotal	$ 7,403.10	$1,139.25
		Total	$7,425.830	

FIRA: Line of credit to finance portfolio in rural areas
CB FIDEPCB14: Certificates were issued by Banco Invex, S.A. in its role as fiduciary agent. Securities are guaranteed by loans granted by *Independencia* and *Apoyo Económico Familiar,* who will remain as principal administrators of the loan portfolio ceded during the term of the issuance.

INFORMATION TECHNOLOGY AND SYSTEMS

Setting Global Trends

From its earliest days *Independencia* used the latest technologies in order to access a market with a very limited offer of financial services. Through our use of technology we have been more efficient in this market and better at managing risk. We are now in the midst of a new phase of technological revolution, and we are adapting to it faster than most of our competitors. We plan to take advantage of this technological revolution to embark on our next phase of growth, combining efficiency, a high-quality service, and even an improved risk management.

2016 will go down in the *Company's* history as the year in which we began to migrate our operations to the cloud, using Google Cloud Platform (GCP) (1). This reconfirms *Financiera Independencia's* position as a cutting-edge company that uses technology in order to serve its client base more efficiently. We are working to migrate our applications as well as the databases of all the *Company's* information systems, which include loan granting processes, loan management, collection of past-due loans, and all of the analytical processes we use to make decisions.

This migration can be traced back to 2015 when *Financiera Independencia's* entire e-mail system and other collaboration tools were transferred to the cloud. In 2016 we implemented nationwide Findep's Integral System (SIF), an open-architecture, service-based platform for automating services. This platform will generate savings of Ps.5.0 million in 2017's operating costs and has laid the foundations for the business to be migrated to the cloud.

In 2016 we completed the necessary processes to migrate our analytics servers to Google BigQuery (2). This includes the historical information of 24 years of operations with around seven million clients and over one billion transactions. We are therefore prepared for the implementation of the latest analytical tools, including machine learning, in order to optimize our operations.

The use of Google BigQuery will allow us to multiply our analytical capacities. For example, an analytical process that might have once taken more than two days can now be carried out in minutes. We are making great progress in handling standardized risk calculations for each subsidiary in the cloud, thus enhancing our analytical capacity. This will also benefit cohesiveness between subsidiaries in a group with greater synergy and efficiency on every level.

We occupy a unique position in this technological revolution: we have a large amount of historical information, with over 12 million loans granted since we started business, and we also have an important client base which we can use to carry out the necessary tests in order to make sure new ideas stand the test of market reality. Once again we will certainly be raising the bar for the microfinance industry.

Operations in the cloud also make it possible to scale up data-processing capacity and the opportunity to make significant steps toward providing services and applications for mobile users.

Using mobile technology we have implemented a tool to enable our salesforce to receive confirmation to grant a loan within minutes. We have also integrated technology that makes it possible to document loans in the field, without a need to return to the branch, significantly increasing our sales agents' productivity. The successful pilot phase of this tool will enable us to integrate it into *Independencia* in 2017.

By increasing our use of technology to automate and accelerate processes, we can increase efficiency and reduce costs, while also making quantitative and qualitative improvements to our service.

(1) Google Cloud Platform is a platform that brings together all of Google's web development applications. It is a virtual space to carry out operations that previously required specific hardware or software programs for data storage and management.

(2) Google BigQuery's web service for storing and querying big data. Its straightforward usability means that databases can be consulted almost in real time.

OPERATIONS

In 2016 we redoubled our efforts to increase operational efficiencies. Supported by investments in technology, we made significant progress toward simplifying our structure, reducing costs and personnel, without any detrimental effect on the quality of the portfolio or on customer service.

The aim is to continue expanding the implementation of a unique commercial and operational methodology in every subsidiary, standardizing the areas of origination and risk. We will therefore be able to maximize the benefits of using technology and our historical database.

Furthermore, whereas previously branches were divided into three distinct departments (sales, operations and collections), they are now integrated to offer a broader business vision, more joined-up strategies, and a focus on understanding clients and developing a longer-term relationship.

In order to support this strategy we have expanded access to our mobile platforms to all of our people out in the field, sales and collection agents. They can therefore access client information more quickly and provide a better customer service. As part of this same drive, at *Independencia* we have implemented various pilot programs in which sales and collection agents regularly rotate their duties in order to promote a more integrated approach to client management. These programs were at the heart of the successful relaunch of Micronegocio, a credit product for micro-businesses which saw its portfolio grow by 104.5% compared to 2015.

This progress has led to a significant acceleration in loan origination in the final quarter of 2016. However, given our continued focus on clients with the best credit profiles, our approval rate fell from around 30% in 2015 to around 20% in 2016 for *Independencia.* This was offset by higher average loan amounts and a special emphasis on converting clients from simple loans into revolving loans, as these ensure greater loyalty and permanence.

The above, added to our firm commitment to prioritizing portfolio quality over size, means we have been able to finish another year of major improvements and the lowest NPL ratio in over eight years.

HUMAN RESOURCES

Our business culture—established in our FINDEP Mission, Vision and Values statements—is what defines us as a unique organization.

During 2016 we carried out various activities to benefit the professional growth of our collaborators and to strengthen our organizational culture. We launched "Cre-siendo Líderes," a program designed to boost the management skills of *Financiera Independencia's* leaders in order for them to manage their teams more effectively. This initiative by our training department is designed to implement a new leadership culture to produce strong and stable teams, creating a better workplace environment and increasing productivity. The project began in May 2016 with the group of divisional managers and business subdirectors. Over the course of the year it expanded to include 21 branches nationwide, benefitting more than 750 collaborators who received training based on the following modules:

The manager as a person
Leadership and synergy
Effective communication and feedback

We also continued with FINDEP's Values program at each of our branches and business units in order to reinforce conduct in line with the principles that define and guide us in our daily activities. Based on the votes cast by our collaborators, the *Company* gave specific rewards for each of the Values in every work center.

At the end of the year we began to replicate this program in our headquarters, in order to involve collaborators working there as part of this effort to strengthen the desired conduct among collaborators and the pride of belonging to the *Company*.

Mission
Support the working class by providing them access to financial products that meet their needs through a service characterized by quality and timeliness.

Vision
To be a world-class institution in financial services for the country's working class.

Values
Honesty: speak the truth and act with honor and integrity at all times.

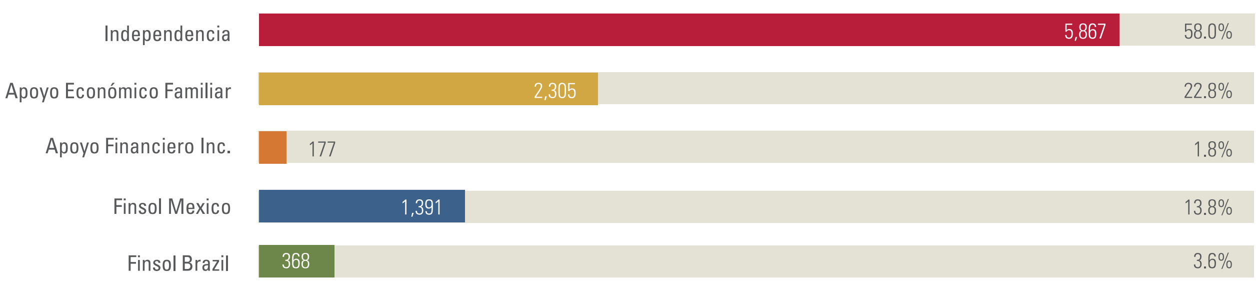
Commitment: approach our challenges with excellence and fulfill our promises by leading by example.

Respect: treat others with equality and dignity, even if they have divergent conditions or ideas.

Collaboration: accept and produce new ideas, understanding that we are all responsible for success.

Quality Service: view service as a form of life, knowing that it is the foundation of our path to success.

Financiera Independencia
Team of collaborators






Apoyo

Apoyo

Independencia's
623,033
clients's average
loan balance is Ps. 5,386.

The consistent implementation of our strategy to improve the portfolio's quality has enabled us to achieve an NPL ratio of 6.2% in 2016, the lowest in the last eight years.

Description, History, and Milestones in 2016

Independencia was founded in 1993 to grant personal microcredit and financial services to formal economy employees and self-employed individuals in the low-income segment. It operates mainly in suburban and rural areas of Mexico, offering microloans for consumer goods, working capital, home improvements or the acquisition of assets. *Independencia* offers a wide range of additional products and services such as unemployment, disability and life insurance, and assistance for covering funeral costs.

In 2016, thanks to the rigorous implementation of our strategy to prioritize quality and profitability over the size of the portfolio, *Independencia's* NPL ratio dropped to 6.2%—its lowest level in the past eight years. Furthermore, we decided to concentrate our efforts on the branches with the best performance potential with a view to increasing operational efficiency and reducing costs.

It is worth highlighting that more than 48% of *Independencia's* portfolio currently consists of revolving loans, which register its loans as non-performing after 60 days. If we apply the criteria of recording only NPLs after more than 90 days past-due, the NPL ratio would drop to the record low of 5.5%.

Throughout 2016 we ran a monthly performance assessment for each of the 182 branches with which we started the year, identifying the ones where we could apply criteria to accelerate portfolio growth. With this strategy it is possible to adjust the parameters for originating loans per branch and according to each particular segment (either formal or self-employed) on a monthly basis, restricting or opening up loan origination in each case. The impact on the NPL in each branch is periodically analyzed in order to maintain this ratio within a band set by the management team.

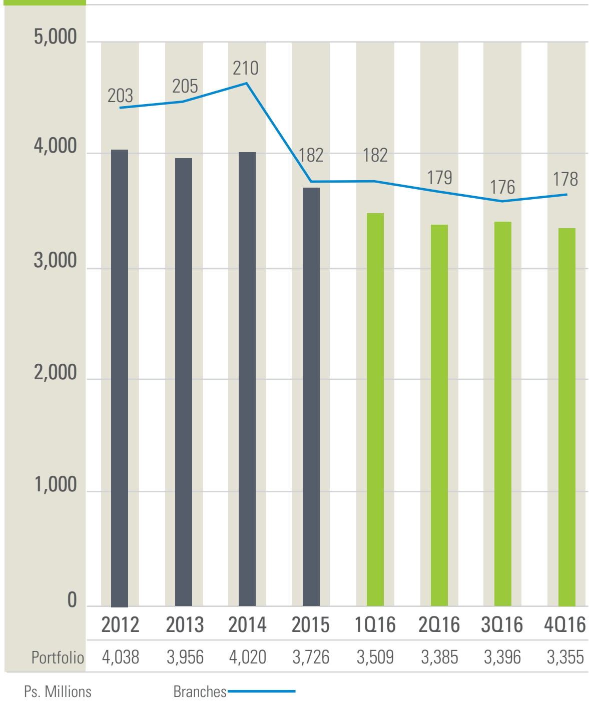
As a result of these analyses, we closed four branches and business units that were not delivering the expected profits, either due to their size or for reasons related to logistics and location that affected the efficiency of operations. With these metrics we improved our portfolio's quality profile and optimized our cost structure.

Although the emphasis on improving quality and closing branches caused a decrease in the loan portfolio's size, they also allowed for the reduction of sales costs resulting from the optimization of the incentive scheme. In addition, our focus since 2015 on the most productive branches and on clients with the best credit profiles has created efficiencies that reduced expenditure on collection, sales and operating costs. Thanks to the lower costs and a higher quality portfolio, *Independencia* achieved a net profit of Ps. 46.0 million, comparing favorably to the loss of Ps.60.9 million in 2015.

Toward the end of the year we continued efforts to lower operating costs, a move that encompasses everything from the corporate structure, to how loans are granted or until the completion of the cycle, with the aim of increasing efficiency and productivity that will be reflected in 2017.

Independencia

LOAN PORTFOLIO AND NUMBER OF BRANCHES



INDEPENDENCIA
GEOGRAPHIC COVERAGE

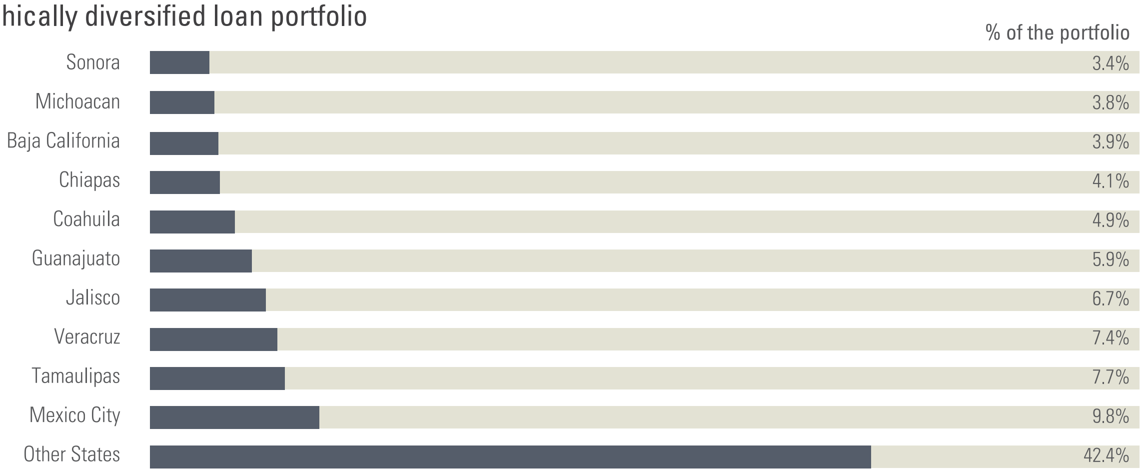
11-26 Branches	
Guanajuato	15
Coahuila	14
Tamaulipas	14
Veracruz	13
Jalisco	12
Michoacan	12

5-10 Branches	
Sonora	10
Baja California Norte	8
Mexico City	8
Puebla	6
Guerrero	5
Sinaloa	5
San Luis Potosi	4

1-4 Branches	
Baja California Sur	4
Chiapas	4
Morelos	4
Oaxaca	4
Quintana Roo	4
Zacatecas	4
Aguascalientes	3
Colima	3
Queretaro	3
Tabasco	3
Tlaxcala	3
Yucatan	3
Campeche	2
Chihuahua	2
Estado de Mexico	2
Nayarit	2
Durango	1
Hidalgo	1

We are present in 32 states, with a total of 178 branches

Geographically diversified loan portfolio



In order to continue refining our operational efficiency, we have made a concerted effort to leverage the experience of our subsidiaries to adopt best practices in each one. Our status as an increasingly well-consolidated group which has applied new technologies for *Independencia's* operations, will allow us to exceed our own standards of efficiency and productivity. In this sense, *Independencia* shares with the other subsidiaries a single risk analysis platform, where experiences are shared in order to benefit the group as a whole.

Sales Agent-Verifier

In 2015 we introduced the figure of the sales agent-verifier, whereby agents with responsibility for collections also began to take charge of verifications along their same collection route. In 2016 we continued to support this dual role because it was identified that when the same person handled collection (if the prospect was granted a loan), a good verification would help them complete their work more effectively. By the end of the year, 100% of our collection agents undertook both responsibilities. This strategy not only achieved important savings in the cost of loan management but also improved the quality of verifications. Additionally, sales agents-verifiers receive an extra bonus for their verification work, which helps reduce staff rotation and retain a more stable, increasingly well prepared, and more experienced workforce.

As part of our efforts to improve the quality and productivity of managing collections, we began to systematize the work process, and to standardize the methodology at every stage of the process: planning, execution, follow-up, and feedback. By establishing operational parameters and procedures we are able to improve control.

Over the course of the year, as part of the strategy to improve credit recovery management, we fine-tuned the relationship between the telephone collection department, which operates from the Aguascalientes Operations Center, and the team of agents who make collections in person. Coordination between both parties has now been improved thanks to open channels of communication and feedback.

Insurance

We continue delivering strong results with our unemployment, disability, and life insurance; with these products we have reached a penetration of 160%. This means that for every loan originated, we sell almost 1.6 insurance products, resulting in an increase in the average loan.

In July 2016 we added a new service to provide assistance for funeral expenses by granting up to Ps.10,000 for the family members of the deceased policy holder. We also offer guidance about funeral services in their local area.

Trainer-Sales Agent

Building on the positive results of last year, in 2016 we continued with this program in which the best sales agents with a vocation for teaching share their experience with new hires. This accelerates the learning curve and improves bonding in the teams. These trainer-sales agents receive an extra incentive by receiving a share in the portfolio created by the sales agents who have received their advice and assistance when starting out their work.

Social Responsibility

At *Financiera Independencia* we are fully aware of our mission to serve the working classes, and convinced that this is our most important contribution to our society and country.

Over our 24 years in operation we have provided a service to people and supported them in their plans to grow and achieve their goals. In that sense we are a partner who is always there, assisting people in their personal and group projects.

Each one of the more than 12 million loans that we have originated since we started our business does not just mean a client but a person or a family whom we have helped to accomplish objectives. It is a source of satisfaction for us to have been able to make a contribution so that our clients can improve their quality of life.

We take our role as a socially responsible company very seriously, since we are committed to a healthy ecosystem and to making a positive impact on the communities where we do business.

From this perspective, *Financiera Independencia* continued with the “Give Me a Future” program (Dame un Futuro), set up to support Mexico’s most disadvantaged children, whom we support through our voluntary donations through a system of payroll donations that are matched by the *Company*.

During 2016, collaborators raised Ps.2.6 million, and the figure doubled to Ps.5.2 million with the *Company’s* matching contribution. We used this money to benefit 10,155 children through 179 institutions located in 114 cities where we operate.

INDEPENDENCIA
PRODUCTS AND SERVICES

Products	CrediInmediato Simple	CrediInmediato Revolvente	CrediPopular	Más Nómina
Target:	Employees and retirees	Employees and retirees and self-employed	Self-employed	Employees
Payment frequency	Bi-weekly and monthly	Bi-weekly	Weekly	Weekly, bi-weekly fortnight or monthly
Characteristics	Granted to people affiliated to, or working for, an institution who can show proof of income. Terms range from 12 to 48 fortnights for employees and 6 to 24 months for retirees.	Revolving line of credit only accessible through the renewal of a loan. Allows clients to draw down on available cash balances.	Designed for individuals who cannot show proof of income, but have a proven economic activity. Terms range between 32 and 52 weeks.	Loans directly deducted from payroll to public and private sector employees. Terms range from 6 to 60 months.
Loan amount	From $2,500 to $20,000	Up to $80,000	From $2,500 to $5,800	From $3,000 to $300,000
Loan portfolio*	$924	$1,181	$524	$587
Contribution to Independencia's loan portfolio	27.5%	35.1%	15.6%	17.5%
Contribution to the group's loan portfolio	12.4%	15.9%	7.0%	7.9%
Non-performing loans ratio	9.7%	3.4%	8.2%	3.5%

*Ps. Millions

In terms of our work on health-related issues, in August we ran our "Health Month" (Mes de la Salud) campaign, focusing on skin in order to emphasize the importance of looking after this important organ and to prevent skin-related diseases. Collaborators received over 12,000 medical check-ups. Conferences and other events were also held, both at our headquarters and in every one of our branches.

In support of the environment, we organized FINDEP's Family Day on October 1st. At this event we brought together our families at our branches, business units and headquarters to help clean up public areas and preserve natural areas.

As a result of these actions we are proud to report that we were recognized as a Socially Responsible Company by the Mexican Center of Philanthropy (Centro Mexicano para la Filantropía) for the fourteenth consecutive year.

Products	Micronegocios	CrediConstruye	CrediMamá	Plan Celular
Target:	Individuals owning an established business or a transportation business (taxis)	Employees, retirees and self-employed	Mothers with one child under 18 yrs. old	Current clients
Payment frequency	Weekly	Weekly, bi-weekly fortnight or monthly	Weekly	Weekly, fortnight or monthly
Characteristics	Loan granted to workers owning an established business or a transportation business (taxis). Terms range from 26 to 78 weeks.	Exclusively available to finance construction, remodeling and other home improvements. Disbursed in the form of vouchers for home construction materials. Term of up to 24 months.	For mothers of at least one child younger than 18 yrs. old. No requirement to prove income. Term of 26 weeks.	For current clients, includes a cellular phone (smartphone) and cell phone voice, Internet and social network plans.
Loan amount	From $5,000 to $15,000	From $3,000 to $20,000	$2,500	n/a
Loan portfolio*	$93	$1	$31	$14
Contribution to Independencia's loan portfolio	2.8%	0.04%	.9%	0.9%
Contribution to the group's loan portfolio	1.3%	0.02%	0.4%	0.2%
Non-performing loans ratio	10.6%	9.8%	5.3%	0.0%

*Ps. Millions

Services	Cell phone pre-payment	ATMs	Alternative means of payment
	Cell Phone Pre-Payments At our branches, top-ups for clients of the main cell phone companies.	Own network of 93 ATMs.	OXXO retail stores, Banorte, HSBC and BBVA Bancomer branches.

CrediSeguro
Total and permanent disability and life microinsurance

Target:	Active clients
Characteristics	When purchasing or renewing a product, clients have the opportunity to purchase a micro-insurance for up to Ps.36,000. The premium is financed through the loan, with a maturity ranging between 6 and 12 months. Clients in the formal sector are also offered an unemployment insurance for up to $6,000. Since 2016 we have added a new insurance product to help cover funeral costs for $10,000.
Policies sold in 2016	415,843
Revenues in 2016*	$43.9

*Ps. Millions

In 2016, AEF originated

288,217

life, unemployment and disability insurance policies.

APOYO ECONÓMICO FAMILIAR

In 2016, we opened 25 new branches, representing a significant increase in our presence in the west of Mexico and in the Bajío region.

Description, History, and Milestones in 2016

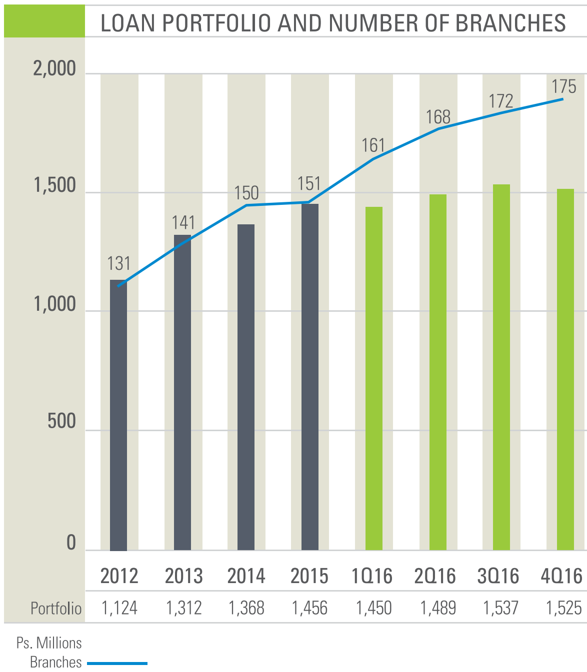
Since being founded in 2005, *AEF* has specialized in granting loans to employees and micro-businesses in major metropolitan areas of Mexico. Its lending methodology favors a personalized service, since each branch manages a limited number of clients. Once that limit is reached, a new branch is opened and operates under the same criteria, within a circumference of less than 10 kilometers; the newly created branch takes on around half of the other branch's portfolio and clients in order to ensure a continued personalized service and the best-possible quality control.

Our expansion plan, implemented in 2015, meant that during 2016 we opened 25 new branches, considerably increasing our presence in the west of the country and in the Bajío region. These branches are strategically located in order to be supervised by pre-existing ones. The city of Guadalajara and its metropolitan zone is of particular importance among these new geographical areas; we have opened seven branches in that location—where we previously had none—as well as in the municipalities of Tonalá, Tlaquepaque and Zapopan. At the close of the year, *AEF* had 175 branches in 18 states across Mexico.

This expansion plan implied a major injection of financial and human resources. To start up operations in each one of the new branches, managers and submanagers with experience from other geographical regions were brought in, and operations personnel were recruited in each of the new offices. At the end of 2015 we created a parallel administrative platform in order to manage this expansion more effectively.

The new branches are still establishing their presence and given the focus on ensuring quality, their contribution to the growth of *AEF's* portfolio remains limited. As a result, this subsidiary saw its portfolio grow by 4.8% to Ps.1,525 million, and a net profit of Ps.117.8 million, a contraction of 34.3% when compared to 2015, reflecting the required investment in the branches' expansion plans, the increase in the cost of funding, and restrictive policies which we implemented in the final quarter of 2016 in order to improve the portfolio's quality.

Apoyo Económico Familiar



Consolidating the group

We continue promoting synergies and sharing best practice among subsidiaries, enabling us to create an increasingly integrated group; as an example of this, we can cite the use of *AEF's* depth of experience and strategy, that we implemented in *Independencia* for collecting past-due loans. We have achieved greater operational efficiency as a result of the synergy between our companies.

Penetration of Life and Unemployment Insurance

We continued our important work in issuing life and unemployment insurance policies, reaching a 170% penetration of originated loans. In other words, for every loan originated, we issue 1.7 insurance policies. In addition to life insurance, we have launched an optional service for clients to receive Ps.10,000 in order to cover the cost of funeral services, independently of the life insurance.

Working Closely Together

We continue placing emphasis on training and retaining our new hires, in order to help them succeed in their learning curve and hit their target income within a shorter period. We achieve this by promoting *FINDEP* values and a strong spirit of teamwork.

Program continuity has been a defining feature of the *AEF* team. In 2016, we made progress with our initiative called "Forming Teams and Developing People" (Formando Equipos Creciendo Gente) which has sown the seeds for a new program called "Productive Teams in Action" (Equipos Productivos en Acción) which seeks to put into practice the lessons learned over the years. Further to this, we have continued providing direct advice to our branch managers during quarterly meetings.

Use of Digital Media

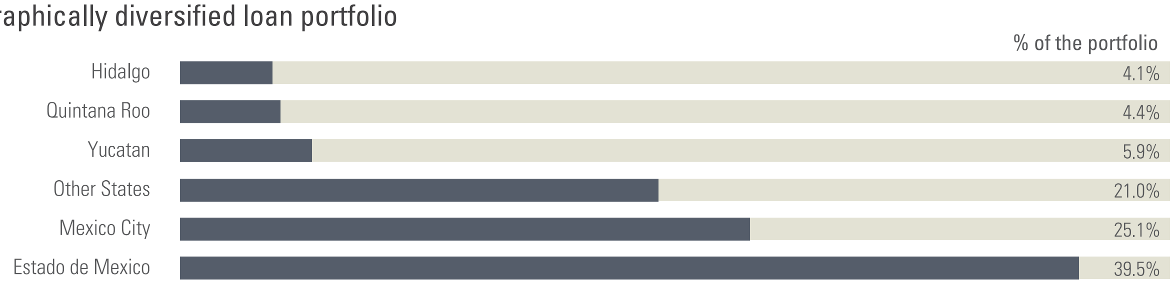
In 2015 we began to use social networks to promote *AEF* and in 2016—on the strength of our results—we decided to use them more widely. We should point out that during the year, 10% of visits to the *AEF* webpage led to a loan request.

APOYO ECONÓMICO FAMILIAR
GEOGRAPHIC COVERAGE

11-57 Branches		5-10 Branches		1-4 Branches	
Estado de Mexico	59	Yucatan	9	Chiapas	4
Mexico City	38	Hidalgo	8	Queretaro	4
		Quintana Roo	8	Campeche	3
		Jalisco	7	San Luis Potosi	3
		Veracruz	7	Tamaulipas	3
		Guanajuato	6	Aguascalientes	2
		Morelos	6	Michoacan	2
		Guerrero	5	Nayarit	1

We are present in 18 states, with a total of 175 branches

Geographically diversified loan portfolio



Social responsibility and impact

AEF made 110 life and total or permanent disability insurance payouts, and 1,200 unemployment or temporary total disability insurance payouts in 2016. This shows the size of the social impact of *AEF's* work in the communities in which it operates branches.

We have also launched a project to incorporate senior citizens into each department of our head office, offering them a new opportunity for their personal development. This effort has delivered very good results thanks to the experience, responsibility and commitment provided by these people to the company.

APOYO ECONÓMICO FAMILIAR
PRODUCTS AND SERVICES

Products	Microcrédito	Consumo**
Target:	For business owners or independent workers	Personal consumer loan (For employees)
Payment frequency	Weekly, bi-weekly or monthly	
Characteristics	Loans granted in support of the household economy, working capital, improvements to a microbusiness, or investments in fixed assets to individuals with a minimum household income of $2,000 verifiable through a payroll receipt, or to individuals running a microbusiness without proof of income.	
Loan amount	From $1,500 to $80,000	
Groups	For clients without or with a limited credit history. (Regular rate) For clients with a more significant credit history or even already a bank customer. (Preferential rate)	
Loan portfolio*	$687	$838
Contribution to AEF's loan portfolio	45.1%	54.9%
Contribution to the group's loan portfolio	9.2%	11.2%
Non-performing loans ratio	7.5%	7.9%

*Ps. Millions
** Includes cell phone portfolio
NB: For each product there are two categories: a regular and preferential rate. The preferential rate is offered to those clients with one or more accounts open in the Credit Bureau report for amounts of $10,000.00 or more, and an excellent credit history. The NPL ratio for regular clients is 6.6% and for preferential ones 1.7%.

Microseguro Apoyo Seguro Family protection insurance	Total permanent disability and life insurance	Unemployment and temporary total disability insurance
Target:	Active clients	
Characteristics	Clients acquiring or renewing a product can also acquire life insurance and/or unemployment insurance. The former has an annual cost of $365 and covers life and/or total permanent disability, with a coverage of $50,000 that clients can increase by up to $300,000 according to their family needs. The latter has a monthly fee of $30, and in the case of unemployment and/or total temporary disability, clients are covered for up to three months of their repayment obligations with *AEF*, up to a maximum of $16,500.	
Policies sold in 2016	152,951	129,276
Revenues in 2016*	$34.3	$31.1

*Ps. Millions

AEF also continues to honor its commitment to society, its team and clients through its charitable programs.

This year our "Apollotón" campaign—a traditional program to support organizations working for children's causes—received donations totaling Ps.1.5 million from our collaborators and the *Company* to benefit 35 charities.

We continue supporting all of our collaborators in their efforts to reach their health goals, through programs specifically designed for their wellbeing.

We also continue to offer training courses for our clients, in conjunction with Nacional Financiera, in order to improve their financial literacy and to equip them with tools for a better understanding and control of their loans.

As a final note, we are proud to report that *AEF* was recognized as a socially responsible company by the Mexican Center of Philanthropy (Centro Mexicano para la Filantropía) for the first time.


A high percentage of AFI's
18,044 clients
send remittances to their family members to develop their businesses in their home countries.

APOYO FINANCIERO INC.

Apoyo Financiero
Préstamos Personales

AFI continues its impressive growth, with a portfolio increasing by 34.5% compared to 2015 and an NPL ratio of 2.4%.

Description, History, and Milestones in 2016

Founded in California, the United States, in 2007, to provide microloans, mainly to the Hispanic market in the region. Essentially it provides a service to people who require resources to start their own business, to send money to their home country, or to acquire assets or durable goods. *AFI* operates under the California Finance Lenders Law (CFLL), which is regulated by the California state government.

Although initially focused exclusively on the San Francisco Bay area, since 2015 *AFI* has been expanding its operations to include the metropolitan zone around Los Angeles. By implementing a similar methodology to *AEF*—an approach based on small branches that are subdivided when a maximum number of clients are reached—the commencement of operations in this new region made a positive impact on its growth potential

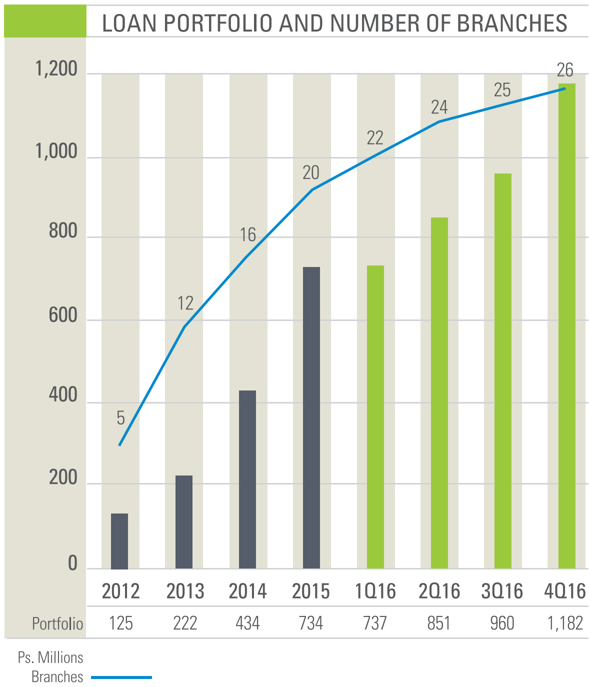
Second Consecutive Year of Geographical Expansion

Since its acquisition in 2011, *AFI's* portfolio has grown at an average compound rate of 71.2%, with excellent quality levels. Thanks to this performance, since 2015 we expanded *AFI's* sphere of operations to include other parts of California, and we implemented the objective of a 100% increase in the number of our branches by 2018.

In line with these goals, in 2016 we inaugurated six further branches in the metropolitan area of Los Angeles: Bakersfield, Fresno, Corona, Riverside, Santa Ana and Fontana. With these openings, we have increased the number of branches to 26, strengthening our presence in the north and south of California.

2016 proved to be a very productive year for *AFI*: our portfolio grew to US$57.3 million, representing a YoY increase of 34.5%, and continuing our excellent quality indicators by closing the year with an NPL ratio of 2.4%. Furthermore, and despite the investments in the 30% growth in the branch network, *AFI* still achieved profits for the second consecutive year.

Apoyo Financiero Inc.



APOYO FINANCIERO INC.
PRODUCTS

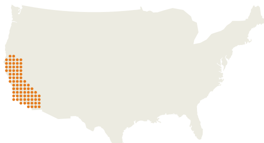
Products	Microcrédito AFI
Target:	Employees, independent workers and owners of a microbusiness.
Payment frequency	Fortnight, bi-weekly and monthly
Characteristics	Loans principally granted to Hispanic workers in urban areas of San Francisco, California, U.S., who require financing for working capital needs. A large share of clients sends funds to relatives for investment in their home countries.
Loan amount	From USD.3,000 (Ps.61,860) to USD.10,000 (Ps.206,200)
Loan portfolio*	$1,182
Contribution to the group's loan portfolio	15.9%
Non-performing loans ratio	2.6%

*Ps. Millions
1 USD= Ps. 20.62 as of December 31, 2016

APOYO FINANCIERO INC.
GEOGRAPHIC COVERAGE

California South
San Bernardino
Bakersfield
Fresno
Corona
Riverside
Santa Ana
Fontana

San Francisco Bay Area
San Francisco
Oakland
San Jose (2 branches)
Concord
San Pablo
South San Francisco
Hayward
Napa
Santa Rosa
Tracy
Gilroy
Salinas
Sacramento
Modesto
Woodland
Merced
San Rafael
Stockton



26 branches covering the San Francisco Bay area and the Central Valley

Social commitment

We are pleased to report that for the fifth consecutive year, *AFI* provided significant support to various local primary schools, attended mainly by low-income Hispanic pupils, in the form of 1,800 school supply packages, and 440 school uniform t-shirts.

117,137 clients, more than 90% of whom are women engaged in a permanent business activity.

FINSOL MEXICO

This subsidiary's loan portfolio grew by 7.1%, maintaining its high-quality level with an NPL ratio of only 4.2%

Description, History, and Milestones in 2016

Ever since *Finsol Mexico* was founded in 2002, its objective has been to create and increase growth opportunities for microbusinesses seeking to broaden their horizons, through loans for working capital. We are guided by five main values: honesty, commitment, teamwork, respect, and trust.

Finsol unstoppable

Our working philosophy is built around "Finsol Unstoppable" (Finsol Imparable), a strategy we conceived in 2015 that aims to make a greater impact on results as each month goes by. Every collaborator has taken on board this spirit of *Finsol Mexico* and it is reflected in the vocation for the services provided by each group's members when granting a loan. Throughout 2016 "Finsol Unstoppable" made an impressive contribution to optimize the success of the business.

Constant Communication Flows

Nowadays technology can empower us to follow up on the development of our working philosophy. Over the course of the year we implemented an internal network on the Google+ platform so that we are all in close contact with one another. In this network—accessible through smartphones and computers—the *Finsol Mexico* team is constantly producing and updating content: suggestions, best work practices, encouragement and success stories. In this way we know in real time what is happening in our 162 branches all around Mexico.

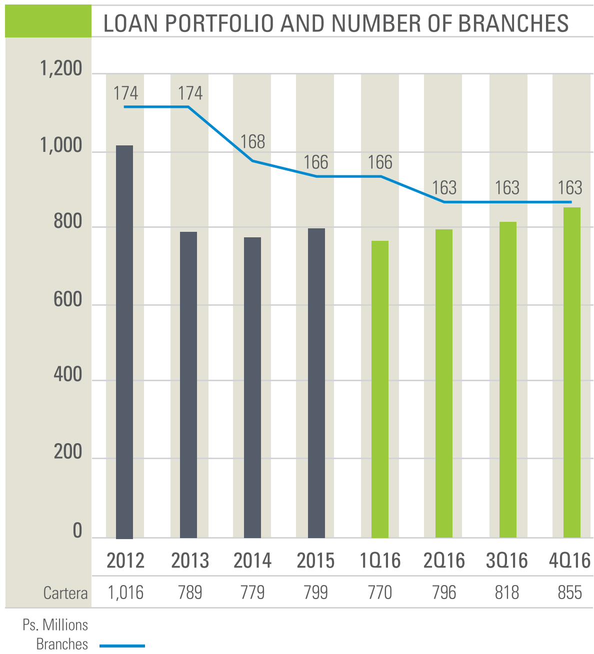
We also have "Saturdays of Finsol Culture" (Sábados de Cultura Finsol)—monthly events at which we can learn about the additional efforts made by our collaborators, often outside their normal working hours and on their days off. This gives visibility to the leadership actions being taken by the organization. The management team takes part by recognizing collaborators' achievements, contributions and suggestions.

We also use YouTube as an interactive communication platform, as a link between the institution and the advisory team, and as a means of strengthening relationships with clients. This has even had an impact on personnel recruitment, as it encourages applicants who access this platform to join our organization.

The "Unstoppable Start-Up" (Arranque Imparable) is the motto that keeps the objectives and strategy at each of our branches in line with the organization's philosophy, on a daily and systematic basis.

As a result of all these measures we offer a better service, because of the spirit of belonging, wellbeing and teamwork among collaborators. Our excellent customer service distinguishes us and gives us our position in the marketplace as a vitally important basis for our continued growth.

Finsol Mexico



FINSOL MEXICO
PRODUCTS AND SERVICES

Products	Comunal	Solidario	Oportunidad
Target:	Group of people with their own business or self-employed	Groups of people who own an established business	Active clients with a positive credit history.
Payment frequency	Weekly or fortnight	Weekly or fortnight	Weekly or fortnight
Characteristics	Loan granted to a group of people, based on solidarity, mutual support and repayment ability, already running or about to start a business. Terms range between 16 to 26 weeks or the equivalent in fortnightly periods. From 8 to 60 members. Joint guarantee.	Loans for owners of established businesses in operation for at leas one year. Terms range between 12 and 26 weeks. Groups between 4 and 6 individuals. Joint guarantee.	Granted at the same time as the Comunal or Solidario loans to at least two members of the group. Must be paid out before or at the same time as the outstanding loan. Joint Guarantee.
Loan amount	From $2,000 to $60,000	From $7,000 to $60,000	Up to 30% of the outstanding loan (Individual amount)
Loan portfolio*	$823	$29	$4
Contribution to Finsol Mexico's loan portfolio	96.1%	3.4%	0.4%
Contribution to the group's loan portfolio	11.0%	0.4%	0.05%
Non-performing loans ratio	4.2%	4.3%	3.4%

Microinsurance	Life Microinsurance	Serious Illness Insurance
Target	Active clients	
Characteristics	On acquiring or renewing any of the products, clients have the option of taking out a Life Microinsurance policy. Coverage of $50,000 in case of the policy holder's accidental death, or $30,000 if due to natural causes.	On acquiring or renewing any of the products, clients have the option of taking out a Serious Illness Insurance policy. Coverage of $20,000 for a diagnosis of cancer (cervical, breast or prostate) or due to serious illnesses (myocardial infarction, cerebrovascular accident, transplant of vital organs or chronic renal failure) or up to $15,000 for funeral costs in case of the policy holder's death.
Policies sold in 2016	128,713	111,642
Revenues in 2016*	$18.4	$8.0

*Ps. Millions

FINSOL MEXICO

GEOGRAPHIC COVERAGE

11-26 Branches	
Veracruz	26
Estado de Mexico	17
Guerrero	12

5-10 Branches	
Puebla	10
Oaxaca	10
Michoacan	7
Chiapas	6
Tabasco	6
Jalisco	6
Yucatan	6
Quintana Roo	5
Tamaulipas	5
Hidalgo	5
San Luis Potosi	5

1-4 Branches	
Coahuila	4
Guanajuato	4
Sonora	4
Tlaxcala	3
Sinaloa	3
Campeche	3
Nuevo Leon	3
Queretaro	2
Mexico City	2
Durango	2
Morelos	2
Chihuahua	1
Colima	1
Aguascalientes	1
Nayarit	1
Zacatecas	1

We are present in 30 states, with a total of 163 branches

Geographically diversified loan portfolio

Quality growth

During 2016 we achieved a growth of 7.1% in our loan portfolio, and 17.6% in net profits. This is a key indicator of our improved portfolio quality; we have successfully originated more quality loans, ensured optimum verification, offered a better service, and managed loans more effectively.

We have also enhanced operational efficiency, closing the year at 87.5%, 116 bps lower than in 2015. Meanwhile our NPL ratio was 4.2% at the close of 2016, which underscores the efficiency in our continuous follow-up of credit management.

From the second half of this year we defined three specific areas of Mexico where we focused on developing our presence by setting up more experienced teams. These three zones have grown by around 20% in just six months. On the strength of this result, we are going to replicate the same strategy during the following period in other regions around the country.

Four Strategic Pillars

Our strategy for 2016, as in the two previous years, is based on rigorously applying our four strategic pillars: quality growth, client orientation, operating efficiency, and talent development.

Quality Growth. Our portfolio has grown in size, with a total of Ps.855.5 million and a net profit of Ps.50.1 million.

Client Orientation. We offer our various groups of customers alternative means of payment outside our own branches: OXXO online, Telecomm Telégrafos, *Independencia* branches, Farmacias del Ahorro, Farmacias Benavides, Woolworth, Del Sol, Muebles América, Aeroflash as well as Banamex, Bancomer, Banorte and HSBC banks. We have also succeeded in more express renewals that are now possible after the fourth loan cycle, and fewer physical documents are required when applying for our products.

Operating Efficiency. We have reduced the use of paper documentation and given priority to technology in all of our processes. Today, our clients' repayments can be checked by agents using a mobile app on their telephone, or verified in real time by the branch, regional, departmental manager and by senior management at headquarters. The final objective is to keep a firm control on expenditure at the same time as increasing revenue, boosting the productivity of each agent, each manager, and each branch.

Talent Development. We are permanently committed to retaining each member of our staff. In this regard we have made an effort for our new collaborators to remain with us for enough time to get past the learning curve period, so that they hit their remuneration targets and at the same time become more productive for the company.

"Top Finsol" Branches

Throughout 2016 we continued consolidating this program which rewards branches with optimal operational efficiencies. We began the year with 37 "Top" branches and by the end of the year there were 39 in this high-performance category.

Regional meetings and teambuilding events

In order to make constant improvements and follow up on operations in a timely fashion, we have held three regional meetings over the course of the year for managers to present their results and progress in their respective areas. We also organized two "Unstoppable" (Imparable) events, at the beginning and in the middle of the year, infusing every member of *Finsol Mexico* with the spirit of our organizational culture.

"Finsol trust"

As we have done every year, in 2016 *Finsol Mexico* continued to offer its collaborators more tools with which to achieve its objectives. Through its "Finsol Trust" (Finsol Confía) campaign, we reward our top-performing agents. Although we perform risk scoring at our branches, this program evaluates the portfolio risk per agent, placing greater trust in those who achieve outstanding levels, in order for agents to apply rigorous controls when attracting clients.

This was a year of hard work and commitment by the whole *Finsol Mexico* team. It is time to continue going forward and offering market-leading products, focusing on "The year of the customer" (El año del cliente) as our strategic pillar for the next period.


Ps. 529.5
million in loans
granted efficiently
to help develop
small-sized businesses.

FINSOL BRAZIL

Over the last four months of 2016, Finsol Brazil's portfolio began to grow again and with a higher quality: its NPL ratio reached 4.2%.

Description, History, and Milestones in 2016

Finsol Brazil began operations in 2007 as a non-profit institution offering group loans and access to financial services to the low-income segment of the population. It operates in six states in Brazil, both in rural and suburban areas, providing a service to entrepreneurs who use this financing as working capital for their different productive and commercial businesses.

In 2013, *Finsol Brazil* became a for-profit organization in the category of Credit Entity to Entrepreneurs and Small Companies (SCMEPP, for its acronym in Portuguese). Regulated by the local monetary authority and the Brazilian central bank, it was authorized to expand its market and increase the supply of microfinance products.

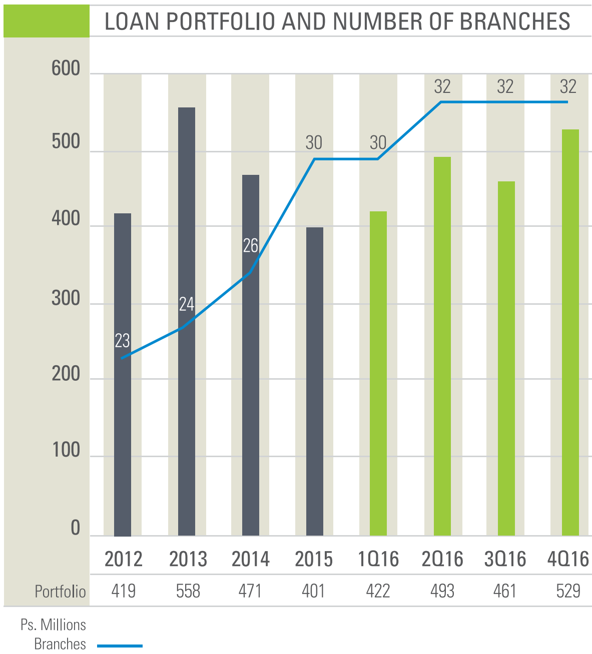
As a result, in 2014 *Finsol Brazil* was able to increase its access to funding from the Brazilian central bank's microfinance program (DIM), through HSBC Bank Brazil. This allowed us to significantly reduce financing costs, because in addition to accessing locally subsidized funding it also generated savings by eliminating the cost of the hedging instruments.

2016 was a year of achievements and improvements for *Finsol Brazil*, a period during which we efficiently tackled difficulties and challenges. In this year, *Finsol Brazil's* portfolio decreased by 7.8% in local currency compared to 2015. This figure reflects the financial difficulties facing the country, where GDP fell by 3.5% in 2016, combined with a complex political situation with the departure of the country's President that created uncertainty among the population and investors alike. As a result, unemployment reached 13% and the income fell at the base of the labor pyramid. With the new government in place in 2017, along with the implementation of new economic and fiscal measures, we expect that *Finsol Brazil* will recover its portfolio and profitability levels recorded in 2015.

Non-Bank Correspondent Model

In 2016, *Finsol Brazil* took the decision to expand its salesforce under the non-bank correspondent model, in order to reduce the cost of its personnel and administrative structure. This decision was taken after a pilot period with a service provider in 2015. During that year, we originated loans totaling almost R$22 million, generating a portfolio of R$14.4 million, with over 1,000 active clients. Toward the end of 2016 and looking ahead to 2017, we hired four new non-bank correspondents to work in conjunction with four branches in the state of Pernambuco. This strategy's short-term objective is to expand into new markets, an approach that has proved to be more efficient.

Finsol Brazil



FINSOL BRAZIL
PRODUCTS AND SERVICES

Products	Comunal	Solidario	Individual
Target:	Independent workers and owners of a microbusiness		
Payment frequency	Monthly		
Characteristics	Offered to finance working capital, improvement to business facilities or fixed assets. Terms range from 3 to 24 months, based on the use of proceeds. Joint Guarantee (mutual support of group).		Offered to finance working capital and fixed assets. Terms range from 3 to 24 months, based on use of proceeds.
Loan amount*	From R$300 (Ps. 1,899) to R$8,000 (Ps. 50,640)	From R$300 (Ps. 1,899) to R$20,000 (Ps.126,600)	From R$5,000 (Ps. 31,650) to R$30,000 (Ps.189,900)
Alternative means of payment	Bank deposit or payment through ATMs across the country.		
Loan portfolio**	-	Ps. 521	Ps. 9
Contribution to Finsol Brazil's loan portfolio	0.0%	98.3%	1.7%
Contribution to the group's loan portfolio	0.0%	7.0%	0.1%
Non-performing loans ratio	0.0%	3.1%	0.2%

Microseguro Mi Familia Life Microinsurance	
Target:	Active clients
Characteristics	A microinsurance policy offered to clients acquiring or renewing a product. Covers up to R$5,000 (Ps. 22,100) in the case of death of the policy owner and R$2,000 (Ps. 8,840) for funeral assistance in addition to a monthly sum of R$200 (Ps. 884) for food assistance to relatives of the deceased for one year.
Policies sold in 2016	62,365
Revenues in 2016*	R$3.1 ($19.6 millions)

* 1 Real = Ps. 6.33 as of December 31, 2016
**Ps. Millions

Investment in IT

We have decided to increase our investment in technology, in order to improve internal controls, in keeping with our strategy of a greater decentralization of processes and rapid growth, even with the non-bank correspondent model. We have specifically worked in the following two areas:

1. Developing a bespoke application to record data and images and to process all sales, thus replacing an external provider. This not only implies savings but also gives us a tailor-made tool for our microfinance business—unlike the previous provider's application which was designed for a company working in a different sector.

2. Hiring a world-class external provider in the private finance sector in order to guarantee a better management of operational and financial internal controls. We acquired an Enterprise Resource Planning (ERP), which places all operations within a single environment, automating processes, and speeding up the availability and security of the information. We expect that loan approval and delivery times will improve through its use, at the same time as improving the security for the storage of operational and legal digital folders. This will result in a better organized and more transparent implementation of processes, improved customer service, superior working conditions for our teams, and better results for investors.

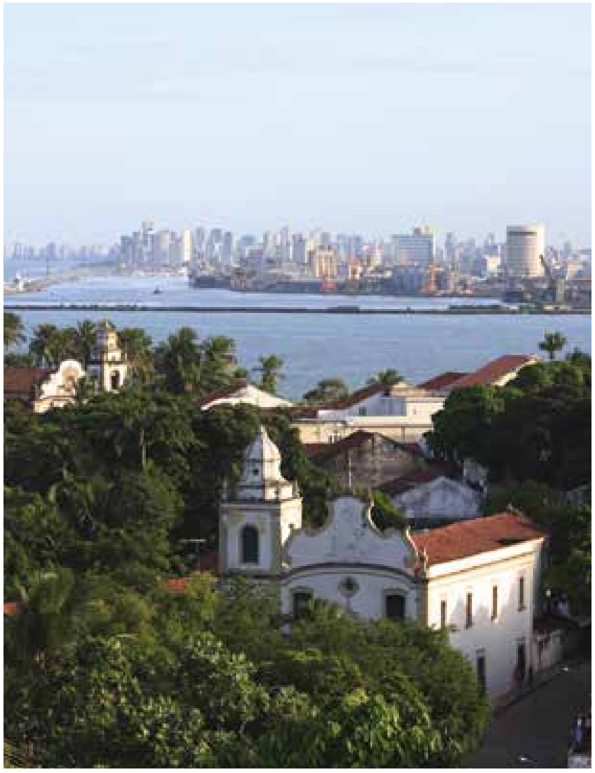
FINSOL BRAZIL
GEOGRAPHIC COVERAGE

32 branches in 6 states in Brazil

6-10 Branches		1-5 Branches	
Maranhão	9	Pernambuco	5
Piauí	7	Rio Grande do Sul	3
Ceará	6	Alagoas	2

Core values and teamwork
We know that it is not enough simply to offer a polite service and swift delivery of microloans to clients. We always want to go the extra mile and adhere to our values when building our relationships: to respect everyone involved in the business, to prove trust and honesty in each of our attitudes, to be answerable to our organization and our people, and, above all, to maintain a strong team spirit.

Priority: high quality portfolio
In 2016 *Finsol Brazil* achieved a balanced portfolio performance. Most of its work was focused on controlling the portfolio's quality and its impact on profits in a tough economic context.



MANAGEMENT´S DISCUSSIONS AND ANALYSIS OF RESULT OF OPERATIONS AND FINANCIAL CONDITION OF THE COMPANY

INTRODUCTION:

The following analysis should be read in conjunction with our Audited Consolidated Financial Statements for the years ended December 31, 2016 and 2015. The financial figures included in this report for 2016 and 2015 were prepared in accordance and fully comply with the Mexican Banking Accounting Principles (banking principles) issued by the Mexican National Banking and Securities Commision (Comisión Nacional Bancaria y de Valores or CNBV) and are expressed in nominal pesos. Tables in this report are in millions of Mexican pesos.

2016 CONSOLIDATED RESULTS

Non-audited results for the periods discussed on this release include the effect of the consolidation of the following subsidiaries: *Apoyo Economico Familiar ("AEF"),* one of the largest unsecured personal lending institutions in Mexico; *Apoyo Financiero Inc. ("AFI"),* a microfinance company primarily serving the unbanked Hispanic community in California; *Financiera Finsol ("Finsol Mexico")*, one of the largest group lending microfinance institutions in Mexico; and *Instituto Finsol ("Finsol Brasil ")* a leading group lending microfinance institution in Brazil.

Net Interest Income after Provision for Loan Losses

Net Interest Income after Provision for Loan Losses for 2016 was Ps.2,887.3 million, 3.7% higher YoY, as a result of the following:

Interest Income

Interest Income for the quarter decreased 3.2% YoY to Ps.4,692.6 million in 2016, a contraction not consistent with the 4.7% YoY loan portfolio expansion, which reflects a portfolio mix with a greater participation of products and subsidiaries that command lower average effective rates such as *AFI's* higher participation in the *Company's* loan portfolio mix with 15.9% of the total versus 10.3% in 2015, *Independencia's* Payroll product *(Más Nómina)* with 7.9% of the total versus 7.1% in 2015, and the *Company's* ongoing focus on the formal segment.

As a result of the above, the Average Effective Lending Rate[1] for the loan portfolio fell to 64.4% in 2016, from 68.3% in 2015.

The loan portfolio to the formal segment grew by 4.3% YoY reaching Ps.4,624.7 million, and representing 62.1% of the total versus 62.3% in 2015. This increase was driven by a Ps.448.1 million or 61.0% increase in *AFI's* loan portfolio, and a Ps.17.1 million or 2.1% increase in *AEF's* formal sector loans; which was partially offset by a Ps.274.5 million or 9.5% decrease in *Independencia's* loan portfolio for the formal segment.

The loan portfolio to the self-employed segment grew 7.1% YoY to Ps.2,734.2 million in 2016, and now represents 36.7% of the total versus 35.9% in 2015. This is mainly explained by a Ps.128.8 million or 32.1% YoY increase in *Finsol Brazil's* loan portfolio, a Ps.56.5 million or 7.1% increase in *Finsol Mexico's* loan portfolio and a Ps.52.1 million or 8.2% increase in *AEF's* loan portfolio for the self-employed segment; which was partially offset by a Ps.56.9 million or 7.9% decrease in *Independencia's* loan portfolio for the self-employed segment.

Independencia's loan portfolio reached Ps.3,266.7 million, a 9.2% contraction YoY; which continues to reflect this subsidiary's decision to eliminate loan origination to high risk clients since September 2015 to improve loan portfolio quality. As a result, *Independencia's* loan origination contracted by 19.3% during 2016 when compared to 2015. As of 2016, the loan portfolio breakdown between formal and informal was of 79.7% and 20.3% respectively; *Independencia's* loans represented 43.9% of the Company's loan portfolio, compared to 50.6% in 2015.

Finsol's loan portfolio reached Ps.1,385.0 million in 2016, a 15.4% increase from 2015. The increase was driven by a Ps.128.8 million or 32.1% YoY increase in *Finsol Brazil's* loan portfolio (explained by the devaluation of the Mexican Peso vs the Brazilian Real)[2], and a Ps.56.5 million or 7.1% increase in *Finsol Mexico's* loan portfolio. As of 2016, *Finsol's* loans represented 18.6% of the *Company's* loan portfolio, compared to 16.9% in 2015.

Apoyo Economico Familiar's loan portfolio was Ps.1,524.9 million in 2016, a 4.8% increase from 2015. As of 2016, *AEF's* loan portfolio represented 20.5% of the *Company's* loan portfolio, the same percentage as in 2015.

Apoyo Financiero Inc.'s loan portfolio was Ps.1,182.3 million in 2016, a 61.0% increase from 2015. As of 2016, *AFI's* loan portfolio represented 15.9% of the *Company's* loan portfolio, compared to 10.3% in 2015.

[1] Average Effective Lending Rate: interest income / average balance of the total loan portfolio

[2] Finsol Brasil's loan portfolio contracted by 7.7% in Brazilian Reals

In addition, the *Company's* loan portfolio considers Ps.88.9 million in Other Loans. This line reflects a loan granted to *Siempre Creciendo SAB de CV SOFOM E.N.R.* in 2015 in exchange for the collection rights to part of its payroll portfolio through 2021. This loan represented 1.2% of the *Company's* loan portfolio.

Table 1: Financial Margin*

	2016	2015	% Change
Interest Income	**4,692.6**	**4,848.7**	**-3.2%**
Interest on Loans	4,673.3	4,837.1	-3.4%
Interest from Investment in Securities	19.4	11.6	67.0%
Interest Expense	627.7	616.4	1.8%
Net Interest Income	**4,065.0**	**4,232.3**	**-4.0%**
Provision for Loan Losses	1,177.7	1,449.0	-18.7%
Net Interest Income After Provision for Loan Losses	**2,887.3**	**2,783.2**	**3.7%**

* Figures in millions of Mexican Pesos

Table 2: Loan Portfolio, Number of Clients & Average Balance

	2016	2015	% Change
Loan Portfolio (million Ps.)	7,447.8	7,116.0	4.7%
Number of Clients	978,268	1,034,702	-5.5%
Average Balance (Ps.)*	7,522.4	6,753.3	11.4%

*: Excludes Other Loans for Ps.88.9 millions

Table 3: Number of Clients by Product Type

	2016	% of Total	2015	% of Total	% Change
Independencia Loans					
Formal Sector Loans	**439,532**	**44.9%**	**483,045**	**46.7%**	**-9.0%**
- CrediInmediato	388,462	39.7%	437,865	42.3%	-11.3%
- Más Nómina	51,070	5.2%	45,180	4.4%	13.0%
Informal Sector Loans	**183,501**	**18.8%**	**198,040**	**19.1%**	**-7.3%**
- CrediPopular	172,014	17.6%	184,572	17.8%	-6.8%
- CrediMamá	9,867	1.0%	11,437	1.1%	-13.7%
- CrediConstruye	1,620	0.2%	2,031	0.2%	-20.2%
Finsol Loans	**173,417**	**17.7%**	**177,574**	**17.2%**	**-2.3%**
- Finsol Mexico	117,137	12.0%	111,685	10.8%	4.9%
- Finsol Brazil	56,280	5.8%	65,889	6.4%	-14.6%
Apoyo Económico Familiar Loans	**163,774**	**16.7%**	**161,881**	**15.6%**	**1.2%**
Apoyo Financiero Inc Loans	**18,044**	**1.8%**	**14,162**	**1.4%**	**27.4%**
Total Number of Loans	**978,268**	**100.0%**	**1,034,702**	**100.0%**	**-5.5%**

* Figures in millions of Mexican Pesos

Table 4: Total Loan Portfolio by Product Type*

	2016	% of Total	2015	% of Total	% Change
Independencia Loans					
Formal Sector Loans	**2,602.8**	**34.9%**	**2,877.3**	**40.4%**	**-9.5%**
- CrediInmediato	2,015.9	27.1%	2,375.0	33.4%	-15.1%
- Más Nómina	586.9	7.9%	502.3	7.1%	16.8%
Informal Sector Loans	**663.9**	**8.9%**	**720.7**	**10.1%**	**-7.9%**
- CrediPopular	631.2	8.5%	678.3	9.5%	-6.9%
- CrediMamá	31.5	0.4%	39.8	0.6%	-21.0%
- CrediConstruye	1.2	0.0%	2.6	0.0%	-53.5%
Finsol Loans	**1,385.0**	**18.6%**	**1,199.8**	**16.9%**	**15.4%**
- Finsol Mexico	855.5	11.5%	799.1	11.2%	7.1%
- Finsol Brazil	529.5	7.1%	400.7	5.6%	32.1%
Apoyo Económico Familiar Loans	**1,524.9**	**20.5%**	**1,455.7**	**20.5%**	**4.8%**
Apoyo Financiero Inc Loans	**1,182.3**	**15.9%**	**734.2**	**10.3%**	**61.0%**
Other Loans	**88.9**	**1.2%**	**128.3**	**1.8%**	**-30.7%**
Total Number of Loans	**7,447.8**	**100.0%**	**7,116.0**	**100.0%**	**4.7%**

* Figures in millions of Mexican Pesos

Table 5: Total Loan Portfolio by Segment*

	2016	% of Total	2015	% of Total	% Change
Formal Sector Loan Portfolio	**4,624.7**	**62.1%**	**4,434.0**	**62.3%**	**4.3%**
- Independencia (CrediInmediato)	2,602.8	34.9%	2,877.3	40.4%	-9.5%
- AEF Formal	839.6	11.3%	822.6	11.6%	2.1%
- AFI	1,182.3	15.9%	734.2	10.3%	61.0%
Informal Sector Loan Portfolio	**2,734.2**	**36.7%**	**2,553.7**	**35.9%**	**7.1%**
- Independencia	663.9	8.9%	720.7	10.1%	-7.9%
- Finsol Mexico	855.5	11.5%	799.1	11.2%	7.1%
- Finsol Brazil	529.5	7.1%	400.7	5.6%	32.1%
- AEF Informal	685.3	9.2%	633.1	8.9%	8.2%
Other Loan	**88.9**	**1.2%**	**128.3**	**1.8%**	**-30.7%**
Total Loan Portfolio	**7,447.8**	**100.0%**	**7,116.0**	**100.0%**	**4.7%**

* Figures in millions of Mexican Pesos.

Interest Expense

Interest Expense during 2016 increased by Ps.11.2 million YoY or 1.8%, to Ps.627.7 million. This was mainly a result of the 23 pbs increase in the average interest paid to 9.27%; this compares favorably against Banxico's 250 bps interest rate hike over the past year. The average TIIE[4] increased to 4.47% in 2016 from 3.32% in 2015.

Provision for Loan Losses

Provision for Loan Losses decreased to Ps.1,177.7 million, a 18.7% decrease YoY due to the consistently better quality of the *Company's* loan portfolio.

Net Operating Revenue

Net Operating Revenue increased to Ps.3,680.0 million in 2016, a 2.6% growth versus 2015 as a result of the following:

Commissions and Fees Collected decreased by 15.6% YoY to Ps.495.9 million in 2016, from Ps.587.5 million in 2015, mostly derived from changes in the *Company's* loan portfolio mix. Commissions and Fees Paid increased by 10.1% YoY, to Ps.84.0 million in 2016, mainly related to commissions paid to the intermediaries of the tender of US$80.1 million of Findep19 Senior Notes executed on August 2016. In addition, Other Operating Income decreased 0.8%to Ps.290.7 million in 2016 versus Ps.293.1 million in 2015.

In regards to Market Related Income, it increased to Ps.90.1 million in 2016 versus a Market Related Loss of Ps.0.1 million in 2015, due to an extraordinary gain mainly related to the positive impact from foreign exchange fluctuations between the Mexican Peso and the Brazilian Real, due to intercompany loans from *Independencia* to *Finsol Brasil*. As disclosed in previous quarters, since 3Q10 the mark-to-market impact of the cross currency swap to hedge the US dollar bond issuance has been reported in the Stockholders Equity line of the Balance Sheet.

[4] TIIE: Interbank Interest Rate.

Net Operating Income (Loss)

During 2016, the *Company* reported a Net Operating Income of Ps.328.0 million, 15.7% higher than in 2015.

Non-interest Expense

Non-Interest Expense increased by Ps.48.1 million YoY, or 1.5%; explained by a 5.7% increase in operating costs, that was partially offset by a 0.5% decrease in personal costs. This increase also reflects the depreciation of the Mexican Peso versus the Brazilian Real and US Dollar.

Though the *Company's* focus on increasing its operating efficiencies continues, its employee base grew for the first time since 2013 by 0.2% YoY. *Independencia* and *Finsol Brasil* saw reductions of 3.7% and 3.4% YoY respectively, while *AFI, AEF and Finsol Mexico* had increases of 28.3%, 7.9% and 3.9% YoY respectively; consistent with their growth rates.

Table 6: Net Operating Income*

	2016	2015	% Change
Financial Margin	**4,065.0**	**4,232.3**	**-4.0%**
Provision for Loan Losses	1,177.7	1,449.0	-18.7%
Financial Margin After Provision for Loan Losses	**2,887.3**	**2,783.2**	**3.7%**
Net-Interest Income, net	411.9	511.1	-19.4%
- Commissions and Fees Collected	*495.9*	*587.5*	*-15.6%*
- Commissions and Fees Paid	*84.0*	*76.3*	*10.1%*
Market Related Income	90.1	-0.1	-79068.3%
Other Operating Income (expense)	290.7	293.1	-0.8%
Net Operating Revenue	**3,680.0**	**3,587.4**	**2.6%**
Non-Interest Expense	3,352.0	3,303.8	1.5%
- Other Administrative & Operational Expenses	*1,118.2*	*1,057.7*	*5.7%*
- Salaries & Employed Benefits	*2,233.8*	*2,246.1*	*-0.5%*
Net Operating Income (Loss)	**328.0**	**283.5**	**15.7%**

Operational Data

Number of offices	**574**	**549**	**4.6%**
- Independencia	178	182	-2.2%
- Finsol Mexico	163	166	-1.8%
- Finsol Brazil	32	30	6.7%
- Apoyo Económico Familiar	175	151	15.9%
- Apoyo Financiero Inc	26	20	30.0%
Total Labor Force	**10,108**	**10,087**	**0.2%**
- Financiera Independencia	5,867	6,093	-3.7%
- Finsol Mexico	1,391	1,339	3.9%
- Finsol Brazil	368	381	-3.4%
- Apoyo Económico Familiar	2,305	2,136	7.9%
- Apoyo Financiero Inc	177	138	28.3%

* Financial data in millions of Mexican Pesos.

Net Income (Loss)

As a result of the above, and after income tax, the *Company* reported a Net Income of Ps.234.0 million in 2016, a 11.9% increase YoY.

These resulted in an earnings per share (EPS) increase for 2016 to Ps.0.3269 compared with Ps.0.2920 the previous year.

Financial Position

Total Loan Portfolio

The *Company's* Total Loan Portfolio increased to Ps.7,477.8 million, a 4.7% YoY expansion; which is consistent with its strategic focus of prioritizing loan portfolio quality and profitability over size. *AFI, Finsol Brasil, Finsol Mexico* and AEF's loan portfolios grew by 61.0%, 32.1%, 7.1% and 4.8% respectively, YoY; while *Independencia's* loan portfolio contracted by 9.2% YoY. Since 2015, the *Company's* loan portfolio includes Other Loans, which for 2016 amounted to Ps.88.9 million from a loan granted to *Siempre Creciendo SAB de CV SOFOM E.N.R.* in exchange for the collection rights to part of its payroll portfolio. If this loan is not considered, the *Company's* loan portfolio would have increased by 5.3%YoY.

Consistent with the *Company's* strategic focus on quality over size, the number of clients decreased YoY by 5.5% in 2016, which was more than offset by an 11.4% increase in the average loan balance per client. At the end of the quarter, *FINDEP* had a total of 978,268 clients; of these, 623,033 clients were from *Independencia*, 173,417 from *Finsol*, 163,774 from *AEF* and 18,044 from *AFI*.

As of December 31st, 2016, the loan portfolio represented 61.3% of *FINDEP's* total assets, compared with 60.2% as of December 31st, 2015. Cash and Investments represented 2.8% of total assets for 2016 compared with 2.7% in 2015.

Non-Performing Loans Portfolio (NPLs)

NPLs were Ps.410.0 million, a decrease of 14.6% YoY. The NPL ratio was 5.5% in 2016, versus 6.7% in 2015. This NPL ratio continues to be below the industry's average of 7.73%[5] and the *Company's* revised target of 6.5%, and underscores the success of the *Company's* current strategic focus on quality and profitability over size.

The NPL Ratio of Independencia declined by 318 bps to 6.4% in 2016. As for *AEF, Finsol Brasil, Finsol Mexico* and *AFI,* their NPL Ratios were 7.7%, 3.2%, 4.2% and 2.6% respectively, representing increases of 238, 65, 49 and 14 bps respectively, when compared to 2015.

The Coverage Ratio[6] for 2016 was 100.0%, compared to 100.0% in 2015. Starting January 2013, the *Company's* policy is to maintain an NPL Coverage Ratio at or above 100% at all times.

Liabilities

As of December 31st, 2016 total liabilities were Ps.8,105.0 million, a 0.5% increase from the Ps.8,062.2 million reported on December 31st, 2015.

In 2016, *FINDEP's* debt[7] consisted of Ps.2,477.1 million of Senior Guaranteed Notes due on June 2019, Ps.1,500.1 million in Credit Backed Trust Debt Securities due February 2018, as well as Ps.3,447.0 million of Bank and Other Entities Loans. The *Company's* total credits and credit lines amounted to Ps.4,994.1 million at the end of 2016, of which Ps.1,547.1 million, or 31.0%, are available.

5 NPL ratio as of December 2016 based on information from the 20 largest microfinance institutions in Mexico with a loan portfolio above Ps.500 million. Source: the Mexican National Banking Commission, the Mexican Stock Exchange, ProDesarrollo, AMFE and other sources.
6 Coverage Ratio: Allowances for loan losses / Non-performing loans
7 It includes interest provision

The contractual maturity of the credit line agreements[8] is the following: Ps.309.3 million in 2016, Ps.807.0 million in 2017, Ps.1,077.5 million in 2018, Ps.500.0 million in 2019, Ps.100.0 million in 2022 and the remaining Ps.2,100 million have an evergreen feature.

On March 2014, the *Company* entered into an Interest Rate Cap agreement on TIIE28 to limit the floating interest rate on the notional amount of its Ps.1,500.0 million Credit Backed Trust Debt Securities (Cebures Fiduciarios Respaldados por Créditos). The Interest Rate Cap maturity matches the maturity of its Credit Debt Backed Securities and has a strike of 7.0%.

On June 2014, the *Company* entered into two Full Cross Currency Swaps to hedge US.175 million of FINDEP's US.200 million Senior Guaranteed Notes due 2019. Through these instruments, the *Company* receives half-yearly cash flows at the 7.5% fixed rate based on notional amounts of US.125 million and US.50 million respectively, with maturity on June 30th, 2019. The remaining US.25 million were covered through the natural hedge that *AFI*, the *Company's* US operations, entail. On August 2016, the *Company* concluded a Tender Offer of US$80.1 million of its outstanding Senior Notes due 2019, as part of an exercise to optimize its indebtedness profile and funding costs. As part of this exercise, the *Company* monetized the Mark to Market of US$88.7 million of its Full Cross Currency Swaps, US$80.1 related to the Tender and the remaining related to a new intercompany loan to *AFI*; whose loan portfolio in US$ represents a natural hedge.

Stockholders' Equity

As of December 31st, 2016, stockholder's equity was Ps.4,050.3 million, a 7.8% increase from Ps.3,756.8 million in December 31st, 2015. Among other things, this reflects the Ps.234.0 million in Net Income generated during 2016 plus a positive foreign exchange effect of Ps.57.7 million and a Ps.113.7 million positive impact in Derivative Financial Instruments.

As a result of the revaluation of foreign currency denominated debt and the underlying derivatives position to hedge for foreign exchange risk, in 2016 the *Company* posted a Ps.113.7 million positive impact booked as Derivative Financial Instruments. This impact will be naturally eliminated as the contract progresses and expires and was composed of the following items: a Ps.821.7 million positive impact from marking-to-market the Cross Currency Swap, a Ps.660.8 million loss from the revaluation of the bond, and a Ps.47.2 million loss in deferred taxes.

Profitability And Efficiency Ratios

ROAE[9] /ROAA[10]

During 2016, the *Company* posted a ROAE of 6.0% compared with 5.8% in 2015. ROAA for 2016 was 2.0% compared with 1.8% in 2015.

Efficiency Ratio[11] & Operating Efficiency[12]

Over the past year, the *Company* added a net total of 25 branches and increased its total labor force by 0.2% to 10,108 people.

During 2016, the Efficiency Ratio was 91.1%, compared with 92.1% in 2015. Excluding the Provision for Loan Losses, the Efficiency Ratio in 2016 was 69.0% compared to 65.5% in 2015. Operating Efficiency was 28.0% in 2016, compared to 28.8% in 2015.

[8] It does not include provision

[9] ROAE: Net Income/ Average Stockholders' Equity

[10] ROAA: Net Income/ Average Total Assets

[11] Efficiency Ratio: No-interest expense / Average Total Assets

[12] Operating Efficiency: Non-interest Expense / Net Interest Income

Distribution Network

During the last twelve months, the *Company* increased a net total of 25 branches to its network: the opening of 24 new branches by *AEF*, 6 by *AFI* and 2 by *Finsol Brasil*. *Independencia* and *Finsol Mexico* closed 4 and 3 branches respectively.

At the end of 2016, the *Company* operated 574 branches in Mexico, Brazil, and the US. The breakdown is the following: 516 offices in Mexico *(Independencia*: 178, *Finsol:* 163 and *AEF*: 175), 32 offices in Brazil (*Finsol)*, and 26 offices in California *(AFI)*.

The *Company's* loan portfolio in Mexico is well diversified and no federal entity represents more than 13.1% of the total loan portfolio. The three federal entities in Mexico with the highest loan portfolio concentration are Estado de Mexico, Mexico City and Veracruz, with a 13.1%, 12.0% and 7.4% share of the total portfolio, respectively.

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

Consolidated Financial Statements for the years ended December 31, 2016 and 2015
and Independent Auditors’ Report Dated April 7, 2017

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 2016 and 2015

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Deloitte.

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

OPINION

We have audited the consolidated financial statements of Financiera Independencia, S.A.B. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad no Regulada and its subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2016 and 2015 and the related consolidated statements of income, the consolidated statements of changes in stockholders' equity and the consolidated statements of cash flows for the years then ended, as well as the explanatory notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Company were prepared in all material respects, in accordance with the accounting criteria established by the National Banking and Securities Commission of Mexico (the "Commission") in the "General Provisions Applicable to Credit Institutions" (the "Accounting Criteria").

Basis for opinion

We conducted our audits in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Institution in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for professional Accountants (IESBA Code) and with the Ethics Code issued by the Mexican Institute of Public Accountants (IMCP Code), and we have complied with all other ethical responsibilities in accordance with the IESBA Code and IMCP Code.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that the matters described below are the key audit issues which should be communicated in our report.

Allowance for loan losses

The portfolio's allowance for loan losses is an area of significant judgment for management, because it requires management to apply a methodology prepared internally, which is used as the basis for the determination of quantitative and qualitative factors that are applied in the determination of the probability of default, severity of loss and exposure to default of the loans.

Our audit tests included a combination of control and substantive tests, or tests of balances. We ascertained, based on an internal control walk-through, the supporting documentation of the loan origination to identify the controls established by management for purposes of the appropriate completion of the information on the loan files during the process of loan origination and management. We also substantiated that the information contained in the files reviewed in the internal control walk-through is properly incorporated in the databases used to determine the calculation of the allowance, and that the judgments of the executives who make this classification were appropriate.

We ascertained that the calculation of the allowance reflects the parameters established by management's internal policy, based on substantive tests of the allowance determined by management, with the aim of validating the accuracy of the calculation in accordance with such parameters. We also tested the completeness of the information, confirming that the Company's total loan portfolio was the same as that used for the calculation of the allowance for loan losses.

We did not detect exceptions in our control tests and substantive tests.

Responsibilities of Management and Those Charged with Governance of the Company in Relation to the Consolidated Financial Statements

Management is responsible for the preparation of the accompanying consolidated financial statements in accordance with the Accounting Criteria, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company´s financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and asses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management´s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors´ report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Deloitte.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

C.P.C. Jorge Adrián Ramírez Soriano
Mexico City, Mexico
April 7, 2017

Consolidated Balance Sheets

Of the Company with its Subsidiaries as of December 31, 2016 and 2015
(In thousands of Mexican pesos)

Assets	2016	2015
Funds available	$ 600,885	$ 599,941
Derivatives:		
For hedging purposes	820,338	889,538
Performing loans:		
Consumer loans	6,948,862	6,507,540
Commercial loans	88,863	128,273
Total performing loans	**7,037,725**	**6,635,813**
Non-performing loans:		
Consumer loans	410,044	480,156
Total non-performing loans	**410,044**	**480,156**
Total loans	**7,447,769**	**7,115,969**
Allowance for loan losses	(410,044)	(480,156)
Total loans-net	**7,037,725**	**6,635,813**
Other accounts receivable-net	503,835	449,926
Property, plant and equipment-net	332,205	316,600
Deferred taxes and profit sharing, net	875,012	838,209
Other assets:		
Goodwill	1,587,035	1,587,035
Intangibles	108,314	116,247
Deferred charges and prepaid expenses	289,877	385,653
Total assets	$ 12,155,276	$ 11,818,962

Liabilities and Stockholders' Equity	2016	2015
Securitization certificates	$ 1,501,731	$ 1,500,716
Borrowings from banks and from other entities		
Short-term	2,510,792	2,415,158
Long-term	3,413,308	3,592,703
	5,924,100	6,007,861
Other accounts payable:		
Income taxes	19,550	21,920
Sundry creditors and other	637,404	507,344
	656,954	529,264
Deferred credits and advance collections	22,234	24,341
Total liabilities	**8,105,019**	**8,062,182**
Stockholders' equity		
Contributed capital:		
Common stock	157,191	157,191
Share premium	1,574,963	1,575,855
	1,732,154	1,733,046
Earned capital:		
Capital reserves	14,318	14,318
Result from prior years	1,899,233	1,700,081
Result from valuation of cash flow hedging instruments	113,683	75,076
Result from translation of foreign subsidiaries	57,746	25,217
Remeasurement of defined employee benefits	(880)	-
Net result	234,003	209,042
	2,318,103	2,023,734
Total stockholders' equity	**4,050,257**	**3,756,780**
Total liabilities and stockholders' equity	$ 12,155,276	$ 11,818,962

Memorandum accounts	2016	2015
Uncollected interest earned on non-performing loan portfolio	$ 41,536	$ 62,971
Tax losses	$ 902,150	$ 508,160
Loan portfolio written off	$ 813,610	$ 962,577

See accompanying notes to these consolidated financial statements.

Lic. Mauricio Galán Medina Managing Director	Lic. Francisco Villagómez del Torno Director of Administration and Finances	C.P. Juan García Madrigal Deputy Director of Controllership	C.P. Benito Pacheco Zavala Audit Director

Consolidated Statements of Income

Of the Company with its Subsidiaries for the years ended December 31, 2016 and 2015
(In thousands of Mexican pesos, except income per share)

	2016	2015
Interest income	$ 4,692,649	$ 4,848,726
Interest expense	(627,691)	(616,442)
Financial margin	**4,064,958**	**4,232,284**
Provision for loan losses	(1,177,678)	(1,449,044)
Financial margin after provision for loan losses	**2,887,280**	**2,783,240**
Commission and fee income	495,870	587,472
Commission and fee expense	(84,002)	(76,328)
Trading income	90,106	(115)
Other operating income	290,705	293,082
Administrative and promotional expenses	(3,351,955)	(3,303,843)
Operating result	**328,004**	**283,508**
Current income taxes	(126,978)	(140,164)
Deferred income taxes	32,977	65,698
	(94,001)	(74,466)
Net income	$ 234,003	$ 209,042
Earnings per share	$ 0.3435	$ 0.3056

See accompanying notes to these consolidated financial statements.

Lic. Mauricio Galán Medina
Managing Director

Lic. Francisco Villagómez del Torno
Director of Administration and Finances

C.P. Juan García Madrigal
Deputy Director of Controllership

C.P. Benito Pacheco Zavala
Audit Director

Consolidated Statements of Changes in Stockholders' equity

Of the Company with its Subsidiaries for the years ended December 31, 2016 and 2015
(In thousands of Mexican pesos)

	Contributed capital		Earned capital							
	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	Remeasure-ment of defined employee benefits	Non-controlling interest	Total stock-holders' equity
Balances as of December 31, 2014	$ 157,191	$ 1,577,019	$ 14,318	$ 1,385,574	$ 34,001	$ 17,913	$ 317,982	$ -	$ 13	$ 3,504,011
Entries approved by stockholders:										
-Transfer of prior year results	-	-	-	317,982	-	-	(317,982)	-	-	-
-Acquisition of proprietary shares and effects on re-placement of proprietary shares	-	(1,164)	-	(4,408)	-	-	-	-	-	(5,572)
	-	(1,164)	-	313,574	-	-	(317,982)	-	-	(5,572)
Comprehensive income:										
-Net income	-	-	-	-	-	-	209,042	-	-	209,042
-Result form valuation of cash flow hedging instruments	-	-	-	-	41,075	-	-	-	-	41,075
-Result from translation of foreign subsidiaries	-	-	-	-	-	7,304	-	-	-	7,304
-Others item	-	-	-	933	-	-	-	-	-	933
-Cancellation of non-controlling interest	-	-	-	-	-	-	-	-	(13)	(13)
Balances as of December 31, 2015	157,191	1,575,855	14,318	1,700,081	75,076	25,217	209,042	-	-	3,756,780
Entries approved by stockholders:										
-Transfer of prior year result	-	-	-	209,042	-	-	(209,042)	-	-	-
-Acquisition of proprietary shares and effect on reissuance of propriertary shares	-	(892)	-	(9,890)	-	-	-	-	-	(10,782)
	-	(892)	-	199,152	-	-	(209,042)	-	-	(10,782)
Comprenhesive income:										
-Net Income	-	-	-	-	-	-	234,003	-	-	234,003
-Result from valuation of cash flow hedging instruments	-	-	-	-	38,607	-	-	-	-	38,607
-Result from translation of foreign subsidiaries	-	-	-	-	-	32,529	-	-	-	32,529
Remeasurement of defined employee benefits	-	-	-	-	-	-	-	(880)	-	(880)
Balances as of December 31, 2016	$ 157,191	$ 1,574,963	$ 14,318	$ 1,899,233	$ 113,683	$ 57,746	$ 234,003	$ (880)	$ -	$ 4,050,257

See accompanying notes to these consolidated financial statements.

Lic. Mauricio Galán Medina	Lic. Francisco Villagómez del Torno	C.P. Juan García Madrigal	C.P. Benito Pacheco Zavala
Managing Director	Director of Administration and Finances	Deputy Director of Controllership	Audit Director

Consolidated Statements of Cash Flows

Of the Company with its Subsidiaries for the years ended December 31, 2016 and 2015
(In thousands of Mexican pesos)

	2016	2015
Net income	$ 234,003	$ 209,042
Adjustments for items not requiring cash flows:		
Depreciation and amortization	101,357	102,665
Result from translation of foreign subsidiaries	32,529	7,304
Remeasurement of defined employee benefits	(880)	-
Current and deferred income taxes	94,001	74,466
	461,010	**393,477**
Operating activities:		
Loan portfolio	(401,912)	(73,834)
Bank loans and securities liabilities	(82,746)	322,915
Other accounts receivable and payable	48,624	(490,741)
Net cash flows from operating activities	**24,976**	**151,817**
Investing activities:		
Acquisitions of fixed assets	(109,026)	(81,869)
Deferred charges and prepaid expenses	95,776	70,755
Net cash flows from investing activities	**(13,250)**	**(11,114)**
Financing activities:		
Acquisition of proprietary shares, net	(10,782)	(5,572)
Other items	-	933
Non-controlling interest	-	(13)
Net cash flows from financing activities	**(10,782)**	**(4,652)**
Net increase in funds available	944	136,051
Funds available at the beginning of the year	599,941	463,890
Funds available at the end of the year	$ 600,885	$ 599,941

See accompanying notes to these consolidated financial statements.

Lic. Mauricio Galán Medina	Lic. Francisco Villagómez del Torno	C.P. Juan García Madrigal	C.P. Benito Pacheco Zavala
Managing Director	Director of Administration and Finances	Deputy Director of Controllership	Audit Director

Notes to Consolidated Financial Statements

Of the Company with its Subsidiaries for the years ended December 31, 2016 and 2015
(In thousands of Mexican pesos)

1-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 loans to individuals for the consumption of goods and services. The resources necessary 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 loans, factoring services and financing leases. The Sofomes may or may not be regulated by the Mexican National Banking and Securities Commission of Mexico (the "Commission"). 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, and those which do not issue debt instruments or fiduciary certificates registered in the National Registry of Securities in accordance with the Stock Market Law for which they are liable, or when they are issued, the respective compliance with the obligations embodied in such securities or instruments does not depend partially or totally on such entities, for which reason they are not subject to oversight by the Commission.

On October 18, 2007 the stockholders approved the adoption of the legal form 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.

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.

2.-Basis for presentation

a. Explanation 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 consolidated financial statements of the Company conform to the financial reporting requirements prescribed by the Commission, but do not conform to Mexican Financial Reporting Standards ("MFRS or NIF"), and may differ in certain significant respects from the financial reporting standards accepted in the country of use.

b. Monetary unit of the financial statements
The consolidated financial statements and notes as of December 31, 2016 and 2015 and for the years then ended include balances and transactions of different purchasing power.

c. 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 as of December 31, 2016 and 2015 and for the years then ended. All significant intercompany balances and transactions have been eliminated.

The subsidiaries consolidated with the Company as of December 31, 2016 and 2015 are detailed below:

Subsidiaries	Percentage 2016	2015	Activity
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")	99.99%	99.99%	Granting consumer loans
Confianza Económica, S.A. de C.V, Sofom, E.N.R ("Confianza Económica")	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
Instituto Finsol, IF	99.99%	99.99%	Granting commercial loans
Independencia Participações, S.A. y subsidiaria (Indepar)	99.99%	99.99%	Granting commercial loans
Apoyo Económico Familiar, S.A. de C.V., SOFOM, E.N.R. ("AEF")	99.99%	99.99%	Granting consumer loans
Servicios Corporativos AEF, S.A. de C.V. ("SCAEF")	99.99%	99.99%	Service provider
Apoyo Financiero Inc. ("AFI")	100.00%	100.00%	Granting consumer loans
Sistemas Corporativos COA, S.A., de C.V. (SICOA)	99.95%	99.95%	Service provider
Fideicomiso irrevocable de emisión de certificados bursátiles fiduciarios F/1742	100.00%	100.00%	Securitization vehicle
Fideicomiso de administración number 851-01161	100.00%	100.00%	Acquisition of collection rights

d. Conversion of foreign currency financial statements of subsidiaries
To consolidate financial statements of foreign subsidiaries, the accounting policies of the foreign entity are converted to accounting criteria of the Commission. The financial statements are subsequently translated to Mexican pesos using the following methodology:

Foreign operations whose functional currency is the same as the currency in which transactions are recorded translate their financial statements using the following exchange rates: 1) the closing exchange rate in effect at the balance sheet date for assets and liabilities; 2) historical exchange rates for stockholders' equity, and 3) the rate on the date of accrual of revenues, costs and expenses. Translation effects are recorded in other comprehensive income (loss) within stockholders' equity.

At December 31, 2016 and 2015, the exchange rates used in the different translation processes are as follows:

Company	Currency	Exchange rate to translate Mexican pesos 2016	2015
Independencia Participações, S.A. y subsidiaria (Indepar)	Real / US Dollar	3.2591	3.9048
Instituto Finsol, IF	Real / US Dollar	3.2591	3.9048
Apoyo Financiero Inc. ("AFI")	US Dollar	20.6194	17.2487

3. Significant accounting policies

The significant accounting policies applied by the Company comply with the accounting criteria established by the Commission in the "General Provisions Applicable to Credit Institutions" (the "Provisions"), in its rulings, which are considered a Special Purpose Framework. These policies require management to make certain estimates and use certain assumptions that affect the amounts reported in the consolidated financial statements and their related disclosures; however, actual results may differ from such estimates. The management upon applying professional judgment, considers that estimates made and assumptions used were appropriate 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 framework applied by entities shall be adjusted to conform to NIF issued 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 under its regulation carry out specialized operations.

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

Changes in accounting policies

Modification of accounting criteria issued by the Commission

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

The most significant changes are detailed below:

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

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

Loan portfolio

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

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

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

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

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

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

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

i. The extension of the loan payment period has been included as a restructuring situation.

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

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

Furthermore, the borrower must have:

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

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

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

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

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

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

p. With regard to presentation standards on the balance sheet and the statement of income, it is now established that commissions received prior to the accrual of the related revenue will be presented under "Deferred loans and advance collections".

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

r. As part of earned capital presented in the Consolidated Statements of Changes in Stockholders´ Equity, a heading denominated "Remeasurement of defined employee benefits" has been added as part of the implementation of NIF D-3, Employee Benefits.

At December 31, 2016, the Company presents in its balance sheet the balance corresponding to this account.

Company's consolidated financial statements at December 31, 2016 were not subject to any material effects as a result of the changes on those reporting standards.

Reclassifications

Certain amounts in the consolidated financial statements as of and for the years ended as of December 31, 2015 have been reclassified to conform to the presentation of the 2016 consolidated financial statements.

Recognition of the effects of inflation in the financial information

Beginning on January 1, 2008, the Institution suspended the recognition of the effects of inflation in its financial statements. However, non-monetary assets and liabilities and stockholders' equity include the restatement effects recognized through December 31, 2007.

Cumulative inflation rates over the three-year periods ended December 31, 2016 and 2015 were 10.52% and, 12.08%, respectively. Accordingly, the economic environment is not inflationary in either such year and no inflationary effects were recognized in the accompanying consolidated financial statements. Inflation rates for the years ended December 31, 2016 and 2015 were 3.36% and 2.13%, respectively.

Funds available

Are recorded at face value. Funds available in foreign currency are valued at the closing exchange rate issued by Banco de México (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:

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 swap 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.

Loan portfolio

Represents the amounts disbursed to borrowers plus 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 borrowings consist of loans with partial periodic payments of principal and interest and are 90 or more calendar days in arrears.
- If the borrowings consist of revolving credits and are two monthly billing periods overdue, or, when the billing period is not monthly, when the credits are 60 or more calendar days overdue.

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

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

Restructured loans are classified and presented as non-performing portfolio, so long as there is no evidence of sustained payment, which is considered to occur when there is timely payment of three consecutive repayments. Additionally, the probability of default of this portfolio in the reserve model is 100%.

Annual fee commissions collected from customers are recognized as revenues on a deferred basis and are amortized using the straight-line method over a year or the credit term. The commissions collected for the initial granting of the loan and its associated costs are not deferred over the term of the loan, because management believes that their effect is not material or significant given that the loans have short-term maturities. Commissions for borrowings on lines of credit 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 Provisions, which, in the case of the latter, does not require approval by the Commission.

The Company rates 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 124 of the Provisions.

The Probability of Default (PD) 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 eventual write off (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 previous 3 year periods as its PD.

The Loss Derived from Default (LDD) is an estimate of the amount that the Company would expect to lose in the event of nonperformance by a borrower. Given that all the Company's loans are unsecured, there is no collateral; consequently, the Company determines its LDD as the average of the net losses after considering the present value of the amounts recovered over the previous 3 year period.

The Company rates its commercial credit portfolio by using an internal methodology based on the number of days in arrears of the loans 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 allowance for the commercial portfolio is determined based on the number of payment periods observed in arrears at the rating date and a 100% severity of loss, by applying the following procedure:

i. The loan portfolio is stratified based on the number of days in arrears of payments due established by the Company at the rating 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	(%)
1-30	-
31-60	-
61-90	-
91-120	100
121-150	100
151-180	100
+180	100

Loans are written-off for accounting purposes when overdue by 180 or more calendar days. Write-offs are performed by applying the outstanding loan balance to the allowance for loan losses account. AFI writes-off loans when all possible collection options are exhausted, thus resulting from an effective legal collection process.

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 and 60 calendar days for unidentified debtors in arrears require the creation of an allowance that reflects the degree of non-collectability. This allowance is not created for recoverable tax balances.

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%
Leasehold improvements	20%

Other asset

Technology-related development costs and intangible assets are initially recorded at the nominal value paid. The amortization of technology-related development costs and intangible assets with a definite life are calculated using the straight-line method, applying the respective rates to the restated expense.

Goodwill
Goodwill is mainly attributable to the excess of the purchase price paid over the fair value of the net assets of Financiera Finsol, S.A. de C.V., Sofom, E.N.R., Finsol, S.A. de C.V. and Instituto Finsol – IF, acquired on February 19, 2010; Apoyo Económico Familiar, S.A. de C.V., Sofom, E.N.R. and Servicios Corporativos AEF, S.A. de C.V., acquired on March 15, 2011 and Apoyo Financiero Inc., acquired on February 28, 2011 and December 18, 2013, which is not amortized but is subject to impairment tests at least once a year.

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 carried out an evaluation in accordance with NIF C-15, "Impairment in the Value of Long-lived Assets and their Disposal", and no impairment was identified in the value of long-lived assets.

Income taxes
Income Tax ("ISR"), is recorded in results of the year in which it is incurred. The Company determines deferred tax by considering temporary differences, tax losses and credits, when these items are initially recognized and at the end of each period. The deferred tax derived from temporary differences is recognized by the asset and liability method, which compares the accounting and tax values of assets and liabilities.

Securitization certificates
They are represented by the issuance of debt instruments known as Securitized Certificates (Cebures), and are measured based on outstanding principal and unpaid accrued interest for the days elapsed to the date of preparation of the consolidated 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 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 loans 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.

Memorandum account
Memorandum 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.

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

i. Direct employee benefits - Direct employee benefits are calculated based on the services rendered by employees, considering their most recent salaries. The liability is recognized as it accrues. These benefits include mainly statutory employee profit sharing (PTU) payable, compensated absences, such as vacation and holiday bonus, and incentives.

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

The Company has no plans of benefits to the employees, with the exception of the benefits required by applicable laws.

iii. Statutory employee profit sharing (PTU) - PTU is recorded in the results of the year in which it is incurred. Deferred PTU is derived from temporary differences that result from comparing the accounting and tax bases of assets and liabilities and is recognized only when it can be reasonably assumed that a liability may be settled or a benefit is generated, and there is no indication that circumstances will change in such a way that the liabilities will not be paid or benefits will not be realized.

As result of the 2014 Tax Reform, as of December 31, 2016 and 2015, PTU is determined based on taxable income, according to Section I of Article 9 of the Income Tax Law.

Earnings per share
Earnings per basic, common share is the result of dividing net income for the year by the weighted average of shares outstanding during 2016 and 2015.

Stock Option Plan (SOP)
The Company has an SOP plan for certain eligible employees and officers. The SOP 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 27,984,565 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, 2016 and 2015 was $3.48 and $2.99, respectively.

4. 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:

		2016		2015
Cash on hand	$	72,143	$	61,385
Mexican Banks		268,861		259,596
Immediately realizable investments		259,881		278,960
	$	600,885	$	599,941

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, 2016 and 2015, the average rates of the investments were 4.7% and 3.9%, respectively. Furthermore, for the years ended December 31, 2016 and 2015, interest income on the investments was $19,354 and $11,589, respectively. In 2016 and 2015 the maturities of these investments were between one and three days. As of December 31, 2016 and 2015, restricted investments are $69,877 and $65,000, respectively.

5. 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:

2016

Type of instrument	Notional amount hedged		Annual interest rate					
Swap	Receives	Pays	Starting date	Maturity	Exchange rate greed	Receives	Pays	Fair Value
Currency and interest rate hedge	US $74,937	MXN $971,633	4-Jun-14	3-Jun-19	12.966	7.50%	10.85%	$ 713,391
Currency and interest rate hedge	US $11,400	MXN $147,755	4-Jun-14	3-Jun-19	12.961	7.50%	10.85%	108,346
Interest rate hedge (Brazilian real)	$118,300	R $26,118	3-Mar-16	3-Mar-17	4.5294	9.25%	10.05%	(1,349)

2015

Type of instrument	Notional amount hedged		Annual interest rate						
Swap	**Receives**	**Pays**	**Starting date**	**Maturity**	**Exchange rate agreed**	**Receives**	**Pays**	**Fair value**
Currency and interest rate hedge	US $125,000	MXN $1,620,750	4-Jun-14	3-Jun-19	12.966	7.50%	10.85%	$ 636,220
Currency and interest rate hedge	US $50,000	MXN $653,500	4-Jun-14	3-Jun-19	12.961	7.50%	10.85%	253,759
Interest rate hedge	$74,700	R$15,000	30-Jun-15	30-Jun-16	4.9800	8.00%	10.15%	(47)
Interest rate hedge	$41,434	R$9,800	20-Oct-15	30-Jun-16	4.2280	8.00%	9.00%	(210)
Interest rate hedge	$26,614	R$6,000	23-Nov-15	30-Jun-16	4.4357	8.00%	8.25%	(60)
Interest rate hedge	$31,066	R$7,250	22-Dic-15	30-Jun-16	4.2850	8.00%	9.00%	(124)
							Total	$ 889,538

Swaps

Foreign Currency Bond

As part of the strategy implemented by the Company, it was decided to conduct a "Tender Offer" of the bond placed in 2014, in the amount of 200 million US dollars, which have a term of five years, annual interest rate of 7.5% payable semiannually and may be paid in advance starting from the third year. In August 2016, the Company carried out the early settlement of 80 million dollars of the hedged position, it means a "Partial Unwind" of the two interest rate swaps acquired with HSBC and Barclays (counterparts), reducing the amount of notional amount to 120 million dollars. This partial unwind dis not affect the terms and conditions of the hedging agreements.

The Company receives semiannual cash flows at a fixed rate of 7.5%, and pays monthly cash flows at a fixed rate of 10.85% to both counterparties on the same notional amounts in pesos, with completion tied to the expiration of the Bond; additionally, at the maturity of the Bond issue, the counterparties will carry out an exchange of securities contracted for the sole purpose of fixing the exchange rate in 2019 at $ 12.966 and 12.961, respectively, Mexican pesos per dollar, thereby eliminating currency risk.

The Company has entered into an interest rate swap transactions due to related parties operations in Brazil, where the Company receives on a monthly basis an interest rate of 9.25% in Mexican pesos and pay 10.05% Brazilian real.

Hedge of interest rate in securitized bank certificates (Cebures)

The new issue of Senior Trust Bonds for $1,500,000 took place as part of a Revolving Program authorized by the Commission for up to $5,000 million during a period of up to five years. The issue received AAA and AA (mex) ratings with a stable outlook from HR Ratings de México and Fitch México, respectively; it was placed at face value with a return of TIIE28+220 basis points over a four-year period.

In order to fix the maximum interest rate of the Cebures issued for $1,500,000, the Company contracted a CAP with BBVA Bancomer at the 7% rate, with maturity on the same date as that of the FIDEPCB14 Securitization Certificate. As of December 31, 2016 and 2015, fair value is $0 in both years.

Although the aforementioned transactions are not of a speculative nature, in order to ensure compliance with accounting standards, they are valued at fair value. Accordingly, the Company periodically applies effectiveness tests based on the hypothetical derivative method, which involves matching the change in fair value of a hypothetical derivative reflecting the primary position with the fair value of hedging swaps. Consequently, at December 31, 2016 and 2015, the hedging relationship is considered to be highly effective.

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.

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.

6. Loan portfolio

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

		2016		2015
Performing loans:				
Consumer loans	$	6,948,862	$	6,507,540
Commercial loans		88,863		128,273
Total performing loans		**7,037,725**		**6,635,813**
Non-performing loans:				
Consumer loans		410,044		480,156
Total non-performing loans		**410,044**		**480,156**
	$	7,447,769	$	7,115,969

Loan portfolio, net:

Consumers Loans:

		2016		2015
Performing principal	$	6,673,931	$	6,217,962
Accrued interest		274,931		289,578
Performing consumer loans		**6,948,862**		**6,507,540**
Non-performing principal		343,302		396,792
Non-performing accrued interest		66,742		83,364
Non-performing consumer loans		410,044		480,156
Allowance for consumer loan losses		(410,044)		(480,156)
Total consumer loans, net	$	6,948,862	$	6,507,540

Commercial Loans:

	2016	2015
Performing principal	$ 88,863	$ 128,273
Performing commercial loans	88,863	128,273
Total commercial loans, net	88,863	128,273
	$ 7,037,725	$ 6,635,813

As of December 31, 2016 and 2015, the restricted portfolio amounts to $3,357,082 and $3,295,866,

At December 31, 2016 the restructured and renewed portfolio is as follows:

Restructured portfolio	Current	Overdue	Total
Consumers loans	$ 13,334	$ 8,690	$ 22,024

The credit portfolio segmented by credit type is detailed below:

Credit type	2016 Amount	2016 %	2015 Amount	2015 %
Performing portfolio:				
CrediInmediato	$ 1,881,962	27	$ 2,124,447	32
Grupal	1,331,605	19	1,159,512	17
CrediPopular	481,423	7	557,962	8
Tradicional	1,491,462	22	1,419,131	22
CrediMamá	29,782	-	36,901	1
CrediConstruye	1,106	-	2,369	-
PlanCelular	13,425	-	4,407	-
AFI	1,152,045	16	716,444	11
Más Nómina	566,052	8	486,367	7
Commercial loans (Siempre Creciendo)	88,863	1	128,273	2
	7,037,725	100	6,635,813	100
Non-performing portfolio:				
CrediInmediato	133,942	33	250,556	52
Grupal	53,422	13	40,305	8
CrediPopular	42,855	11	70,079	15
Tradicional	126,705	31	82,172	17
CrediMamá	1,675	-	2,930	1
CrediConstruye	120	-	264	-
PlanCelular	216	-	220	-
AFI	30,285	7	17,743	4
Más Nómina	20,824	5	15,887	3
	410,044	100	480,156	100
Total loan portfolio	$ 7,447,769	100	$ 7,115,969	100

At 31 December 2016 and 2015, the types of loans that each entity has are the following:

Financiera Independencia loans

CrediInmediato: is a revolving credit line of between $3 and $20, which is available to individuals earning at least the minimum wage in effect in Mexico City. At December 31, 2016 and 2015, the amount of unused credit lines was (unaudited) $437 million and $383 million, respectively.

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

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

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

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

PlanCelular: is a loan available for individuals who are formally self-employed, and is intended to finance a cell phone and/or cell phone plan, for an amount of up to $6. It has a maximum term of 18 monthly installments.

Commercial loans

On December 14, 2016, the Company and Siempre Creciendo, S.A. de C.V., SOFOM, E.N.R. (Siempre Creciendo) entered into a Trust contract with Banco Regional de Monterrey, S.A. de C.V., Institución de Banca Multiple, Banregio Grupo Financiero, División Fiduciaria (BANREGIO) whereby the Trust may acquire the Initial Collection Rights relating to a portion of the commercial portfolio of Siempre Creciendo. The Trust will remain in full force and effect until such date as the Trust's expenses and the amounts owed to the Company have been fully settled. The Company will receive monthly distributions until the total amount distributed is reached. Such payments include principal plus the portfolio returns. These acquired loans comprise a factoring portfolio and, pursuant to the accounting criteria of the Commission, is presented as part of the commercial portfolio.

Finsol loans

Grupal: is a loan 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 loan amount can be increased at the end of each cycle.

AEF loans

Tradicional: is a loan intended for individuals who can certify their income as employees or based on their own businesses. This product involves a loan of between $1.5 and $50. The average loan period is 18 months, which can be renewed based on the credit behavior of each customer.

Preferencial: is a loan 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 loan amount of up to $80 can be granted for a maximum 36-month period.

AFI loans

These loans 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 loan period is 15 months.

At December 31, 2016 and 2015, loan portfolio aging based on the number of days of maturity is as follows:

2016	0 days	01-30 days	31-60 days	61-90 days	91-120 days	121-150 days	151-180 days	Total
Performing	$4,966,311	$1,647,271	$252,098	$172,045	$ -	$ -	$ -	$7,037,725
Non-performing	-	95	1,750	24,790	144,236	131,025	108,148	410,044
Total	$4,966,311	$1,647,366	$253,848	$196,835	$144,236	$131,025	$108,148	$7,447,769

2015	0 days	01-30 days	31-60 days	61-90 days	91-120 days	121-150 days	151-180 days	Total
Performing	$4,641,090	$1,532,569	$272,619	$189,535	$ -	$ -	$ -	$6,635,813
Non-performing	-	-	-	27,664	174,950	159,019	118,523	480,156
Total	$4,641,090	$1,532,569	$272,619	$217,199	$174,950	$159,019	$118,523	$7,115,969

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

	2016		2015	
Credit type	Amount	%	Amount	%
CrediInmediato	$ 1,542,777	33	$ 1,885,198	39
Grupal	948,948	20	862,999	18
CrediPopular	522,084	11	648,852	13
Tradicional	1,071,291	23	1,021,947	21
CrediMamá	26,927	1	35,221	1
CrediConstruye	1,566	-	3,041	-
AFI	300,428	6	189,844	4
MásNómina	259,274	6	190,035	4
	$ 4,673,295	100	$ 4,837,137	100

7. Allowance for loan losses

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

The following table indicates the percentages used to generate the allowance for loan losses at December 31, 2016 and 2015, which were determined according to the probability of noncompliance and severity of the loan portfolio loss.

		2016			2015		
	Period	Amount	Allowance (%)	Amount	Amount	Allowance (%)	Amount
Weekly							
	0	$ 76,530	0.5	$ 361	$ 123,915	0.4	$ 551
	1	18,792	1.9	354	32,396	1.7	536
	2	11,231	1.9	216	19,229	1.8	352
	3	10,329	5.9	605	17,943	6.1	1,092
	4	8,127	10.7	867	11,129	10.3	1,148
	5	4,653	14.6	681	5,338	13.3	709
	6	3,697	16.8	623	4,248	16.5	700
	7	3,896	27.1	1,055	5,107	27.2	1,388
	8	5,240	32.6	1,706	8,283	31.3	2,591
	9	4,034	36.5	1,473	5,977	33.5	2,001
	10	1,933	34.9	676	2,516	35.6	895
	11	2,587	45.3	1,172	3,789	46.0	1,744
	12	4,358	49.9	2,173	6,419	48.6	3,121
	13	6,136	52.6	3,228	7,006	49.9	3,499
	14	1,062	54.0	573	1,646	52.3	861
	15	2,000	61.4	1,227	2,610	60.8	1,586
	16	3,177	65.2	2,070	4,723	62.9	2,969
	17	4,237	65.7	2,783	6,380	63.1	4,027
	18 or more	19,455	88.2	17,160	28,785	88.7	25,526
		$ 191,474	20.4	39,003	$297,439	18.6	55,296

		2016			2015		
	Period	Amount	Allowance(%)	Amount	Amount	Allowance(%)	Amount
Biweekly							
	0	$ 1,494,699	0.3	5,028	$ 1,501,558	0.4	5,331
	1	280,167	1.2	3,308	337,229	1.2	3,936
	2	106,710	5.8	6,137	133,451	5.3	7,078
	3	42,583	10.7	4,572	53,667	10.3	5,529
	4	59,630	20.7	12,364	78,123	19.6	15,330
	5	20,763	26.9	5,576	38,319	26.5	10,150
	6	48,583	37.5	18,208	68,796	36.6	25,147
	7	12,663	45.1	5,713	29,978	43.2	12,944
	8	33,148	53.8	17,833	60,792	52.1	31,687
	9	12,192	57.0	6,948	24,525	54.7	13,407
	10	29,045	64.9	18,844	51,100	63.0	32,175
	11	8,868	69.8	6,188	28,378	68.4	19,404
	12	22,134	76.0	16,823	32,479	74.6	24,220
	13 or more	-	-	-	9	88.9	8
		2,171,185	5.9	127,542	2,438,404	8.5	206,346
Monthly							
	0	$ 236,610	0.4	843	$ 236,600	0.3	790
	1	31,685	3.7	1,179	39,673	3.3	1,305
	2	10,486	17.0	1,785	11,615	15.8	1,833
	3	7,064	34.6	2,444	7,409	33.8	2,503
	4	4,483	52.5	2,354	6,471	50.8	3,290
	5	3,767	53.1	2,377	4,770	61.3	2,925
	6	1,022	73.8	754	3,869	72.3	2,796
	7	-	-	-	-	-	-
	8	-	-	-	-	-	-
	9 or more	-	-	-	-	-	-
	Total	$ 295,117	4.0	11,737	$ 310,407	5.0	15,442

		2016			2015		
		Amount	Allowance (%)	Amount	Amount	Allowance (%)	Amount
Other types of loans	Restructured portfolio	$ 22,024	88.2	$ 19,425	$ 49,502	88.7	$ 43,898
	Commercial portfolio	88,863	-	-	128,272	-	-
	Más Nómina portfolio	586,876	3.5	20,824	502,254	3.2	15,887
	Group portfolio	1,385,027	3.8	53,422	1,199,817	3.4	40,305
	AEF portfolio	1,524,873	7.6	116,806	1,455,687	5.3	76,844
	AFI portfolio	1,182,330	2.5	30,285	734,187	2.4	17,743
Total		**7,447,769**		**419,044**	**7 ,115,969**		**471,761**
Additional allowance				(9,000)			8,395
Total allowance			$	410,044		$	480,156
Hedge ratio				100%			100%

The movements of the allowance for loan losses during the years ended December 31, 2016 and 2015 were as follows:

	2016		2015	
Opening balance of the year	$	480,156	$	511,363
Add: Allowance for loan losses charged to income statement		1,177,678		1,449,044
Less: Loans written-off during the period		(1,247,790)		(1,480,251)
Closing balance of the year	$	410,044	$	480,156

At December 31, 2016 and 2015, the restructured portfolio was $22,024 and $49,502, respectively. While the loan portfolio remains restructured, the Company classifies and presents it as the non-performing portfolio.

8. Other accounts receivable - net

At December 31, 2016 and 2015, the other accounts receivable heading is comprised as follows:

	2016	2015
Recoverable ISR	$ 97,324	$ 73,934
Receivable and creditable Value Added Tax (IVA)	194,164	207,734
Recoverable flat tax (IETU)	2,790	2,790
Debtors from portfolio sales	9,998	10,497
Sundry debtors	25,048	27,105
Other recoverable taxes	565	2,158
Oxxo collection	61,536	11,173
Más nomina correspondents	47,200	36,261
Insurance receivable	65,210	78,274
	$ 503,835	$ 449,926

9. Property, plant and equipment

At December 31, 2016 and 2015, property, plant and equipment are comprised as follows:

	2016	2015
Assets:		
Leasehold adaptations and improvements	$ 726,008	$ 648,043
Computer equipment	322,653	308,003
Office furniture and fixtures	204,737	191,006
Building	47,644	47,644
Vehicles	28,014	30,077
ATMs	10,138	14,304
	1,339,194	1,239,077
Less: acumulated depreciation and amortization	(1,007,854)	(923,342)
	331,340	
Land	865	865
	$ 332,205	$ 316,600

For the years ended December 31, 2016 and 2015, the depreciation and amortization charged to the results of those years was $93,423 and $94,731, respectively.

At December 31, 2016 and 2015, certain assets have been totally depreciated for the amount of $655,250 and $590,542, respectively.

10. Goodwill and intangibles assets

This heading is composed as follows:

	2016	2015	Annual amortization rate (%)
With a define life:			
Customer relations	$ 63,467	$ 71,400	7
With an indefinite life:			
Trademarks	44,847	44,847	
Goodwill	1,587,035	1,587,035	
	$ 1,695,349	$ 1,703,282	

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 and their Disposal" and did not identify any impaired assets.

For the years ended December 31, 2016 and 2015, the amortization charged to the results of those years was $7,934 in both years.

11. Securitization certificates

At December 31, 2016 and 2015, securitized liabilities are composed as follows:

	Program amount	Issuance amount	Date of issuance	Period	Interest rate	2016	2015
Cebures (Bursa)	$ 5,000,000	$ 1,500,000	Mar-2014	Feb-2018	TIIE + 220 pb	$ 1,500,000	$ 1,500,000
				Accured interest		1,731	716
					Total	$ 1,501,731	$ 1,500,716

On March 3, 2015, the Company issued Senior Trust Bonds (Ticker Symbol FIDEPCB 14) for the amount of $1,500,000 as part of a revolving program authorized by the Commission for up to $5,000 million over a period of up to five years. The issue received AAA and AA (mex) ratings with a stable outlook from HR Ratings de México and Fitch México, respectively; it was placed at face value with a return equal to the 28-day TIIE rate plus 220 basis points over a four-year period. The bonds were issued by Banco Invex, S.A., in its capacity as trustee, and are backed by credits pertaining to the Company and AEF, which will act as the primary administrators of the assigned portfolio throughout the issue period.

During 2016 and 2015, the securitization certificates accrued interest of $100,253 and $83,814, respectively.

12. Borrowings for banks and from other entities

At December 31, 2016 and 2015, this heading is composed as follows:

Entity	Credit line amount	Maturity date	Guarantee	2016	2015
International Bond[1]	USD 120,000	Jun-2019	No guarantee	$ 2,473,029	$ 3,449,740
HSBC México, S. A. Institución de Banca Múltiple, Grupo Financiero (HSBC)					
Revolving credit line	615,000	Dec-2016	1.3 to 1.0	-	615,000
Revolving credit line	464,500	Nov-2018	1.3 to 1.0	462,000	-
Revolving credit line	615,000	Dec-2018	1.3 to 1.0	80,000	-
	USD 60,000	Dec-2016	1.3 to 1.0	-	203,196
Bradessco N/A	USD 15,000	Dec-2017	Corporate Guarantee/FISA	67,481	-
Nacional Financiera, S. N. C. (NAFINSA)[2]					
Revolving credit line	850,000	Indefinite period	No guarantee	642,863	199,818
	250,000	Indefinite period	10% settlement	245,125	221,250
	400,000	Indefinite period	10% settlement	394,729	161,458
Fideicomisos Instituidos en Relación con la Agricultura (FIRA)	600,000	Indefinite period	No guarantee	316,000	313,000
RSA Seguros	17,000	Mar-2018	No guarantee	-	1,359
RSA Seguros	8,000	Mar-2018	No guarantee	-	2,356
OIKO CREDIT	Eur 3,000	Oct-2021	No guarantee	83,323	58,176
BBVA Bancomer	300,000	Jul-2017	No guarantee	216,000	300,000
BBVA Bancomer	12,000	Sep-2017	No guarantee	-	12,000
Bridge Bank, N.A.	USD 9,700	Feb-2017	Standby Letter of Credit	200,008	167,312
ScotiaBank Inverlat, S.A.	295,000	May-2017	1.2 to 1.0	242,537	286,659
Banco del Bajio, S.A.	100,000	May-2022	1.25 to 1.0	100,000	-
Banco Monex, S.A.	100,000	Abr-2019	1.25 to 1.0	50,000	-
Grupo Jorisa, S.A.	400,000	Abr-2019	No guarantee	330,000	-
				5,903,095	5,991,324
			Accrued interest	21,005	16,537
			Total	$ 5,924,100	$ 6,007,861

1. In August 2016, an advance payment of US$80.7 million was made on the bonds placed in May 2014 for US$200 million in the international market, at a five year term and an annual interest rate of 7.5%, payable semiannually, and can be paid in advance as of the third year. The balance of the bond at the close of December 31, 2016 is US $120.13 million.

2. The Company has three revolving credit lines; 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.

13. Sundry creditors and other accounts payable

At December 31, 2016 and 2015, this heading balance is composed as follows:

	2016	2015
Other taxes	$ 259,513	$ 261,852
Payable ISR	19,550	21,920
Sundry creditors	140,540	123,572
Other provisions	127,276	35,252
Provision for labor obligations	48,116	54,354
Mapfre Seguros	54,719	25,609
Payable PTU	7,240	6,705
	$ 656,954	$ 529,264

14. Employee benefits

a. Reconciliation of opening and closing balances of the current value of Defined Benefit Obligations (OBD) for 2016 and 2015:

	2016			2015		
	Legal retirement compensation (IL)	Seniority premium (PA) before retirement	PA at retirement	Legal retirement compensation (IL)	Seniority premium (PA) before retirement	PA at retirement
OBD at January 1	$ 42,030	$ 8,642	$ 526	$ 39,307	$ 7,377	$ 447
Add (less):						
Labor cost of current service	3,824	1,516	1	3,863	1,453	77
labor cost of past service	(379)	(622)	-	-		
Financial cost	2,835	480	1	2,575	425	20
Early deduction of liabilities	(12,133)	-	-	-	-	-
Actuarial gains (losses) generated during the period and paid	(6,866)	(1,842)	-	(3,715)	(613)	(18)
OBD at December, 31	$ 29,311	$ 8,174	$ 528	$ 42,030	$ 8,642	$ 526

b. At December 31, 2016 and 2015, the value of acquired benefit obligations related to seniority premiums was $(467) and $1,344 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	
	2016	2015	2016	2015	2016	2015
Labor liabilities:						
OBD	$ 29,311	$ 42,030	$ 8,174	$ 8,642	$ 528	$ 526
Finance situation	29,311	42,030	8,174	8,642	528	526
Less:						
Unapplied						
Actuarial losses	-	1,935	-	(1,018)	-	140
Additional reserve	4,500	-	-	-	-	-
Transition liability	-	(3,493)	-	-	-	(11)
PNP	$ 33,811	$ 40,472	$ 8,174	$ 7,624	$ 528	$ 655

The Company and some of its subsidiaries recognized labor liabilities as follows:

	2016	2015
The Company	$ 2,756	$ 2,756
Fisofo	1,107	1,107
Conexia	679	679
SACSA	-	-
Financiera Finsol	1,061	1,061
	$ 5,603	$ 5,603

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	
	2016	2015	2016	2015	2016	2015
CNP:						
Labor cost of current service	$ 3,824	$ 3,863	$ 1,516	$ 1,453	$ 1	$ 77
Labor cost of past service	(379)	-	(622)	-	-	-
Financial cost	2,835	2,575	480	425	1	20
Actuarial gain or loss, net	(4,700)	(2,469)	(1,585)	(1,113)	-	(3)
Total	$ 1,580	$ 3,969	$ (211)	$ 765	$ 2	$ 94

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, 2016, are as follows:

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

Mortality table: National Employment and Occupation Survey at the second quarter of 2010.

Disability table: American Experience (G.B.B.)

Turnover table: The turnover table was constructed with historical information from the real turnover experience of the customer portfolio of VITALIS, adjusted with parameters which represent the historical turnover of Serfincor, S.A.de C.V.

	2016	2015
	(%)	(%)
Discount rate:	7.90	7.40
Salary increase rate:	5.80	5.80
Minimum wage increase rate:	4.00	4.00

SCAEF y 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, 2016, are as follows:

Biometric:

Mortality table (active):	Experience EMSSAH
Disability table:	Experience EISS-97
Turnover table:	Experience Boke 87-89 + 150%
Dismiss factor:	25%
Retirement	Age 65

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
2016	$ 4,995
2015	6,082
2014	5,196
2013	5,418
2012	4,927

Benefit plan at the end of the work relationship

Year	Historical values and OBD plan situation
2016	$ 10,052
2015	24,023
2014	18,886
2013	16,073
2012	16,269

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
2016	$ 3,707
2015	3,086
2014	2,630
2013	2,269
2012	1,924

Benefit plan at the end of the work relationship

Year	Historical values and OBD plan situation
2016	$ 19,259
2015	18,007
2014	20,420
2013	15,926
2012	13,116

g. PTU

The PTU provisions created for 2016 and 2015 are analyzed below:

	2016	2015
Deferred PTU	$ 868	$ (951)
Current PTU	5,471	6,009
	$ 6,340	$ 5,058

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:

	2016	2015
Provision for labor obligations	$ 42,535	$ 44,979
Sundry provisions	13,585	4,539
Prepaid expenses	(4,095)	(6,180)
	52,025	43,338
Applicable PTU rate	10%	10%
Deferred PTU asset	$ 5,202	$ 4,334

15. Balances and transactions with related parties

At December 31, 2016 and 2015, the transactions performed with related parties, unconsolidated, during the normal course of business primarily involve the rentals and administrative services paid to related companies for the amount of $23,387 and $24,061, together with wages and benefits of $71,347 and $67,641, paid to the Company's main officers. Other balances and transactions were not material according to Bulletin C-3 issued by the Commission.

16. Income taxes

The Company is subject to income tax. The rate for 2016 and 2015 was 30%, and will remain at 30% for subsequent years.

ISR is calculated by considering certain effects of inflation, such as depreciation calculated according to values at constant prices, as taxable or deductible, while also accruing or deducting the effect of inflation and certain monetary assets and liabilities through the annual adjustment for inflation.

The consolidated tax provision is analyzed below:

	2016	2015
Current:		
ISR	$ (126,978)	$ (140,164)
Deferred:		
ISR	32,977	65,698
	$ (94,001)	$ (74,466)

The ISR incurred during the year ended December 31, 2016 mainly derived from the tax results of AEF for an amount of $62,263 and $71,153, of Serfincor for $20,088 and $21,668, of Finsol for $3,142 and $22,542, and of Fisofo for $16,730 and $12,993, respectively.

At December 31, 2016 and 2015, the main temporary differences for which consolidated deferred ISR and deferred was recognized are analyzed below:

	Year ended December 31	
	2016	**2015**
Allowance for loan losses	$ 1,088,912	$ 1,301,130
Accrued penalty interest	766,150	379,745
Tax loss carry forwards	769,407	1,097,572
Valuation of derivative financial instruments	(261,583)	(266,497)
Fixed assets	501,420	387,953
Liability provisions	128,103	79,019
Prepaid expenses	(120,058)	(84,847)
Non accrued commissions	27,577	15,055
Others	(46,020)	(159,817)
	2,853,908	2,749,313
Applicable ISR rate	30%	30%
Deferred ISR asset	856,172	824,794
Deferred ISR AFI	13,637	9,081
Deferred PTU	5,202	4,334
Total	$ 875,012	$ 838,209

At December 31, 2016, the Company has accrued tax losses of $769,407, which can be applied to future profits within the deadlines detailed below:

Year of loss	Restated amount	Year of expiration
2012	$ 130,958	2022
2013	254,984	2023
2014	226,051	2024
2015	34,511	2025
2016	122,903	2026
	$ 769,407	

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

	2016	2015
Legal rate	30%	30%
Add (less) -		
Effect of nondeductible differences	9%	2%
Annual adjustment for inflation	(10%)	2%
Other effects	-	(8%)
Effective rate	29%	26%

17. Stockholders' equity

At December 31, 2016 and 2015, stockholders' equity is composed as follows:

Number of shares	Description	Amount
200,000,000	Series "A" (Class I)	$ 20,000
515,884,712	Series "A" (Class II)	51,588
715,884,712*		71,588
	Accrued increase due to restatement	85,603
	Common stock at December 31, 2016 and 2015	$ 157,191

*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.

On September 6, 2016, the Company held a Stockholders' Special Meeting during which approval was given for the cancellation of 45 million shares held in the Treasury, which had been subscribed but not paid in, and which the Company did not intend to issue to the public.

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 2016, the total number of repurchased shares was de 64,230,144 (61,039,087 in 2015), of which 36,245,579 (33,054,522 in 2015) shares or 5.1% (4.6% in 2015) of total outstanding shares refers to the repurchase fund, while 27,984,565 (27,984,565 in 2015) shares or 3.9% (3.9% in 2015) of total outstanding shares refers to the trust created for the employee stock option plan.

During 2016 and 2015, the net amount of acquisitions and replacements involving the Company's own shares (repurchase fund and stock option plan) was $10,782 and $5,572, respectively. The dividends on the shares held in the repurchase fund and stock option trusts were returned to the Company.

At December 31, 2016 and 2015, the market price of the Company's shares reported by the BMV was $3.48 and $2.99 per share, respectively.

Stockholders' equity, except restated paid-in capital and tax retained earnings will be subject to ISR by the Company at the rate in effect upon distribution. The tax paid on such distribution may be credited against income tax for the year in which the tax on dividends and the following two years, against the tax for the year and interim payments thereof is paid.

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:

	2016	2015
Profit per share (UPA):		
Net profit	$ 234,003	$ 209,042
Divided by:		
Average weighted number of shares	681,148,621	684,093,774
UPA (pesos)	$ 0.3435	$ 0.3056

18. Foreign currency position

At December 31, 2016 and 2015, the Company has assets and liabilities denominated in foreign currency, primarily US dollars, which are converted based on the exchange rate issued by the Central Bank of $20.6194 and $17.2487 for one US dollar, respectively, as follows:

	Thousands of US dollars	
	2016	2015
Assets	62	44
Liabilities	(173)	(238)
Liability position in US dollars, net	(111)	(194)
Liability position in Mexican pesos, net (face value)	$ (2,289)	$ (3,346)

At April 7, 2017, 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 $18.6560 pesos for one US dollar.

19. Financial margin

At December 31, 2016 and 2015, 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 as of December 31,	
	2016	2015
CrediInmediato	$ 1,542,777	$ 1,885,198
Grupal	948,948	862,999
CrediPopular	522,084	648,852
Tradicional	1,071,291	1,021,947
CrediMamá	26,927	35,221
CrediConstruye	1,566	3,041
AFI	300,428	189,844
MásNómina	259,274	190,035
	4,673,295	4,837,137
Securities investments	19,354	11,589
Total income	$ 4,692,649	$ 4,848,726

Interest expenses are as follows:

	Years ended as of December 31	
	2016	**2015**
HSBC	$ (52,030)	$ (54,254)
NAFINSA	(55,521)	(51,277)
FIRA	(18,290)	(13,273)
Grupo Jorisa	(11,764)	-
ScotiaBank Inverlat	(20,202)	(13,788)
BBVA Bancomer	(19,712)	(19,862)
Monex	(1,538)	-
Banco del Bajio	(2,171)	-
OIKO Credit	(11,492)	(2,264)
Bridge Bank	(11,222)	(9,359)
Subtotal	(203,942)	(164,077)
International bond	(324,983)	(370,340)
Securitization certificates	(98,766)	(82,025)
Total	$ (627,691)	$ (616,442)
Financial margin	$ 4,064,958	$ 4,232,284

20. Collected and paid commissions and fees

At December 31, 2016 and 2015, 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 as of December 31,	
	2016	**2015**
Commissions and fee income:		
Withdrawal commissions	$ 284,103	$ 385,104
Collection expense commission	211,767	202,368
	$ 495,870	$ 587,472
Commissions and fee expense:		
Bank commissions	$ (29,468)	$ (32,104)
Credit line commissions	(8,105)	(7,386)
Service commissions	(46,429)	(36,838)
	$ (84,002)	$ (76,328)

21. Trading income

At December 31, 2016 and 2015, the main items composing the Company's trading income are as follows:

	Year ended December 31,	
	2016	2015
Exchange rate fluctuation	$ 83,033	$ 2,217
Derivative financial instruments	7,073	(2,332)
	$ 90,106	$ (115)

22. Other operating income

Other operating income is as follows:

	Year ended December 31,	
	2016	2015
Recovery of written-off loans	$ 93,214	$ 98,325
Trust Banregio	17,584	-
Other items	18,062	5,579
Service and insurance commissions	161,845	189,178
	$ 290,705	$ 293,082

23.Information by segments

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

	Year ended as of December 31			
	2016		2015	
Entity:	Total portofolio	Interest income	Total portfolio	Interest income
Aguascalientes	$ 58,393	$ 46,182	$ 69,452	$ 51,865
Baja California	131,831	99,564	154,410	130,682
Baja California Sur	70,662	51,528	63,523	49,767
Campeche	111,452	86,723	125,438	96,502
Chiapas	197,939	139,293	201,761	143,126
Chihuahua	27,707	21,878	36,573	30,544
Coahuila	215,376	197,551	228,850	229,881
Colima	64,454	45,662	63,646	49,236
Ciudad de México	799,148	416,679	454,340	380,133
Durango	49,504	36,928	51,798	40,467
Estado de México	754,498	539,737	1,090,599	522,339
Guanajuato	237,218	217,151	239,417	242,988
Guerrero	192,048	140,164	176,097	141,142
Hidalgo	119,407	88,237	124,045	91,254
Jalisco	266,482	189,911	273,440	210,929
Michoacán	167,287	91,913	167,626	98,481
Morelos	128,320	94,162	128,427	97,069
Nayarit	43,000	32,456	49,016	37,585
Nuevo León	29,710	19,063	19,135	15,070
Oaxaca	135,713	100,777	136,157	106,781
Puebla	149,028	114,196	163,325	132,588
Querétaro	126,948	92,904	127,517	100,628
Quintana Roo	190,953	143,824	184,601	147,380
San Luis Potosí	142,197	59,058	149,860	58,446
Sinaloa	101,279	70,198	109,669	82,253
Sonora	134,362	106,415	187,801	149,880
Tabasco	74,587	60,126	80,454	66,545
Tamaulipas	306,106	261,230	372,211	328,788
Tlaxcala	60,293	46,460	62,982	54,623
Veracruz	422,603	321,242	450,498	341,647
Yucatán	181,446	135,888	188,513	144,322
Zacatecas	45,995	34,681	49,864	40,955
Subtotal México	5,735,946	4,101,781	5,981,045	4,413,896
Brazil	529,493	271,085	400,737	233,397
United States	1,182,330	300,428	734,187	189,844
Total	$ 7,447,769	$ 4,673,294	$ 7,115,969	$ 4,837,137

24. Commitments and contingencies

At December 31, 2016, 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, 2016, the provision for lawsuits is $32,010.

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 $240,155 in 2017, $154,528 in 2018, $110,794 in 2019, $81,365 in 2020 and $46,916 in subsequent years.

25. New accounting principles

As of December 31, 2016, the CINIF has issued the following NIFs and Improvements to NIFs which may affect the financial statements of the Institution.

a. Improvements to NIF 2017 - The following improvements were issued which generate accounting changes effective as of January 1, 2017

NIF D-3, Employee Benefits – Is modified to establish, as a basic principle, that the discount rate to be used in the determination of the present value of the long-term labor liability should be a free market rate with a very low credit risk, which represents the value of money over time. Consequently, either the government bond market rate or the market rate for high-quality corporate bonds in absolute terms in a deep market, could be used, indistinctly, provided that the latter complies with the requirements established in Appendix B– Application guidance, B1– Guidance for the identification of issues of high-quality corporate bonds in absolute terms in a deep market. Early application is allowed.

b. Improvements to NIF 2017 – The following improvements do not generate accounting changes:

Bulletin C-15, Impairment in the value of long-lived assets and their disposal

The improvements consist of outlining the scopes and definitions of these NIF to clearly indicate the appropriate application and accounting treatment; consequently, no effective date was established for these improvements.

c. The following NIF were issued and are effective January 1, 2018:

NIF C-9, Provisions, contingencies and commitments.

NIF C-9, Provisions, contingencies and commitments: The term probable replaced the term virtually unavoidable in the definition of liabilities. The first-time application of this NIF does not generate accounting changes in the financial statements.

At the date of issuance of these consolidated financial statements, the Company has not completed its evaluation of the potential effects of adopting these new standards on its financial information.

26. Authorization to issue the consolidated financial statements

As the issuance of the accompanying consolidated financial statements was authorized on February 28, 2017 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.

Legal Notes:

This annual report contains forward-looking statements and information subjects to risk and uncertainties, wich are based on current expectations and projections of future events and trends which may effect the Company´s business. Such statements were made based on current assumptions and knowledge. By their very nature, forward looking statements involve assumptions, expectations and opportunities, both general and specific. Several factors could cause results, performance or future events to differ materially from those in such statements. We undertake no obligation to update or revise any forward-looking statements. Therefore, no undue reliance should be placed upon such forward-looking statements.

The Company has not registered (and has no intention to register) its securities under the United States Securities Act of 1933, as amended ("Securities Act") or any state or transparency regulations and the Company is not registered under the United States Investement Act of 1940, as amended. The securities of the Company may not be offered or sold in the United States or to US persons, unless registered under the Securities Act and other applicable securities state regulations or exempted from such registrations.

Board of Directors

José L. Rión Santisteban	Chairman of the board of Directors
Noel González Cawley	Board Member
Ana Paula Rión Cantú	Board Member
Maite Rión Cantú	Board Member
José Rión Cantú	Board Member
Guillermo Daniel Barroso Montull	Board Member (Independent)
Carlos Morodo Santisteban	Board Member
Roberto Alfredo Cantú López	Board Member
Horacio Altamirano González	Board Member
Héctor Ángel Rodríguez Acosta	Board Member (Independent)
José Ramón Elizondo Anaya	Board Member (Independent)
Roberto Servitje Achútegui	Board Member (Independent)
Carlos Javier de la Paz Mena	Board Member (Independent)
Iker Ignacio Arriola Peñalosa	Secretary of Board of Directors (Non member)
Francisco Vázquez Vázquez	Undersecretary of Board of Directors (Non member)

Main Officers

Eduardo Messmacher Henríquez	Executive Vice President and Group CEO
Francisco Villagómez del Torno	Director of Administration and Finances
Benito Pacheco Zavala	Internal Auditor Director
Héctor Eguiarte Sakar	Collections Director
Rubén Cohen Tietzsch	Payroll Loans Director
José Alberto Pérez de Acha	System Director
Lorenzo Adrián Álvarez Vita	Operations Director
María Teresa Garza Guerra	Human Resources Director
José Martínez Schjetnan	General Manager of Finsol
Marcelo George de Melo Pinto	General Manager of Finsol
Arturo Casillas Alfaro	General Manager of Apoyo Económico Familiar
Rick Parras	General Manager of Apoyo Financiero, Inc.

FINANCIERA
INDEPENDENCIA

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