SCOTIA INVERLAT CASA DE BOLSA,
S. A. DE C. V.
Grupo Financiero Scotiabank Inverlat

Financial Statements

December 31, 2015 and 2014

(With Statutory and Independent
Auditors' Reports Thereon)

(Translation from Spanish Language Original)

Statutory Auditors' Report
(Free Translation from Spanish Language Original)

The Stockholders
Scotia Inverlat Casa de Bolsa, S. A. de C. V.,
Grupo Financiero Scotiabank Inverlat:

In our capacity as Statutory Auditors of Scotia Inverlat Casa de Bolsa, S. A. de C. V., Grupo Financiero Scotiabank Inverlat ("the Brokerage Firm"), we hereby submit our report on the reliability, fairness and sufficiency of the financial information furnished to you by the Board of Directors, for the year ended December 31, 2015.

We have attended the Stockholders' and Board of Directors' meetings to which we have been summoned, and we have obtained from the directors and management of the Brokerage Firm such information on the operations, documentation and accounting records, as we considered necessary in the circumstances.

In our opinion, the accounting and reporting criteria and policies followed by the Brokerage Firm, and considered by Management in preparing the financial statements presented at this meeting, are adequate and sufficient under circumstances and have been applied on a basis consistent with that of the preceding year. Therefore, such information is a fair, sufficient and reasonable representation of the financial position of Scotia Inverlat Casa de Bolsa, S. A. de C. V., Grupo Financiero Scotiabank Inverlat as of December 31, 2015, and the results of its operations and cash flows for the year then ended, in conformity with the accounting criteria for brokerage firms in Mexico issued by the National Banking and Securities Commission.

Sincerely,

SIGNATURE	SIGNATURE
Guillermo García-Naranjo Álvarez	Jorge E. Peña Tapia
Statutory Auditor for Series "F" shares	Statutory Auditor for Series "B" shares

Mexico City, February 22, 2016.

Independent Auditors' Report
(Free Translation from Spanish Language Original)

The Board of Directors and Stockholders
Scotia Inverlat Casa de Bolsa, S. A. de C. V.,
Grupo Financiero Scotiabank Inverlat:

We have audited the accompanying financial statements of Scotia Inverlat Casa de Bolsa, S. A. de C.V., Grupo Financiero Scotiabank Inverlat ("the Brokerage Firm"), which comprise the balance sheets and memorandum accounts as of December 31, 2015 and 2014, the statements of income, changes in stockholders' equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and presentation of these financial statements in accordance with the accounting criteria for brokerage firms in Mexico established by the National Banking and Securities Commission ("the Commission"); 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.

Auditors' responsibility

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

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

(Continued)

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

Opinion

In our opinion, the financial statements of Scotia Inverlat Casa de Bolsa, S. A. de C. V., Grupo Financiero Scotiabank Inverlat as of December 31, 2015 and 2014, have been prepared, in all material respects, in accordance with the accounting criteria for brokerage firms in Mexico issued by the Commission.

KPMG CARDENAS DOSAL, S. C.

_____SIGNATURE_____
Mauricio Villanueva Cruz

February 22, 2016.

SCOTIA INVERLAT CASA DE BOLSA, S. A. DE C. V.
Grupo Financiero Scotiabank Inverlat

Balance Sheets

December 31, 2015 and 2014

(Millions of Mexican pesos)

Memorandum accounts

	2015	2014
Transactions on behalf of third parties		
Customer current accounts:		
Customers' banks	$ 108	230
Settlement of customers' transactions	(236)	30
Other current accounts	137	117
	9	377
Custody operations:		
Customer securities in custody (note 15)	298,900	278,798
Management transactions:		
Securities on repurchase/resell agreements by customers (note 15)	58,729	60,367
Securities lending transaction by customers (note 15)	44	173
Collaterals received in guarantee by customers (note 15)	30,634	33,145
Collaterals delivered in guarantee by customers (note 15)	31,445	29,478
Managed trusts	185	185
	121,037	123,348
Total transactions on behalf of third parties	$ 419,946	402,523

	2015	2014
Transactions for the Brokerage Firm's own account		
Collaterals received by the entity:		
Government debt	$ 28,122	27,234
Net equity instruments	137	423
	28,259	27,657
Collaterals received and sold or pledged in guarantee by the entity (note 15):		
Government debt	28,112	27,275
Net equity instruments (notes 7 and 15)	65	203
	28,177	27,478
Other accounts	3,742	3,979
Total for the Brokerage Firm	$ 60,178	59,114

(Continued)

SCOTIA INVERLAT CASA DE BOLSA, S. A. DE C. V.
Grupo Financiero Scotiabank Inverlat

Balance Sheets, continued

December 31, 2015 and 2014

(Millions of Mexican pesos)

Assets	**2015**	**2014**
Cash and cash equivalents (note 5)	$ 70	392
Margin accounts (derivatives)	–	1
Investment securities (note 6):		
Trading securities	5,119	7,464
Available-for-sale securities	324	447
	5,443	7,911
Debtors on repurchase/resell agreements (note 7)	1	–
Derivatives (note 8):		
Trading purposes	39	276
Accounts receivable, net (note 6)	250	3,483
Premises, furniture and equipment, net (note 9)	179	149
Permanent investments (note 10)	3	3
Other assets:		
Deferred charges, prepaid expenses and intangibles	183	148
Other short and long term assets (note 11)	21	25
	204	173
Total assets	$ 6,189	12,388

Liabilities and Stockholders' Equity	**2015**	**2014**
Bank and other borrowings		
Short-term	$ –	257
Assigned securities to be settled (note 6)	2	1,767
Creditors under repurchase/resell agreements (note 7)	2,504	5,859
Collateral sold or pledged (note 7):		
Repurchase/resell agreements (credit balance)	–	41
Securities lending	65	203
	65	244
Derivatives (note 8):		
Trading purposes	1,216	1,094
Other accounts payable:		
Income tax payable	10	77
Employee statutory profit sharing payable	47	50
Creditors on settlement of transactions (notes 5 and 6)	544	1,099
Sundry creditors and other accounts payable (note 11)	261	529
	862	1,755
Deferred income taxes and employee statutory profit sharing, net (note 14)	79	89
Total liabilities	4,728	11,065
Stockholders' equity (note 13):		
Paid-in capital:		
Capital stock	554	554
Earned capital:		
Statutory reserves	106	95
Retained earnings	468	260
Result from valuation of available-for-sale securities	162	195
Net income	171	219
	907	769
Total stockholders' equity	1,461	1,323
Total liabilities and stockholders' equity	$ 6,189	12,388

See accompanying notes to financial statements.

"At December 31, 2015 and 2014, the historical capital stock amounts to $389, in both years."

"These balance sheets were prepared in accordance with the accounting criteria for brokerage firms issued by the National Banking and Securities Commission based on Articles 205 last paragraph, 210 second paragraph and 211 of the Securities Market Law, which are of a general and mandatory, nature and have been applied on a consistent basis. Accordingly, they reflect the transactions carried out by the Brokerage Firm through the dates noted above. Furthermore, these transactions were carried out and valued in accordance with sound practices and the applicable legal and administrative provisions."

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

"These balance sheets faithfully match with the balance sheets originals, which are properly signed and held by the Brokerage Firm."

SIGNATURE	**SIGNATURE**	**SIGNATURE**	**SIGNATURE**
José Jaime Montemayor Muñoz	Michael Coate	Agustín Corona Gahbler	H. Valerio Bustos Quiroz
General Director	Deputy General Director Finance of and Business Intelligence	Deputy General Director of Group Audit	Director of Group Accounting

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SCOTIA INVERLAT CASA DE BOLSA, S. A. DE C. V.
Grupo Financiero Scotiabank Inverlat

Statements of Income

Years ended December 31, 2015 and 2014

(Millions of Mexican pesos)

		2015	2014
Commission and fee income (note 17b)	$	721	699
Commission and fee expense (note 17b)		(112)	(74)
Financial advisory income (note 17b)		202	172
Income from services		811	797
Gain on purchase and sale of securities (note 17c)		1,555	1,538
Loss on purchase and sale of securities (note 17c)		(1,476)	(1,496)
Interest income (note 17c)		1,290	1,660
Interest expense (note 17c)		(1,101)	(1,470)
Valuation on securities at fair value (note 17c)		(34)	3
Intermediation financial margin		234	235
Other operating income (note 17d)		57	49
Administrative and promotional expenses		(878)	(765)
		(821)	(716)
Income before income taxes		224	316
Current income taxes (note 14)		(39)	(103)
Deferred income taxes, net (note 14)		(14)	6
		(53)	(97)
Net income	$	171	219

See accompanying notes to financial statements.

"These statements of income were prepared in accordance with the accounting criteria for brokerage firms issued by the National Banking and Securities Commission based on Articles 205 last paragraph, 210 second paragraph and 211 of the Securities Market Law, which are of a general and mandatory nature and have been applied on a consistent basis. Accordingly, they reflect all the revenues and disbursements relating to the transactions carried out by the Brokerage Firm for the years noted above. Furthermore, these transactions were carried out and valued in accordance with sound practices and the applicable legal and administrative provisions."

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Michael Coate
Deputy General Director of Finance
and Business Intelligence

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Deputy General Director of
Group Audit

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SCOTIA INVERLAT CASA DE BOLSA, S. A. DE C. V.
Grupo Financiero Scotiabank Inverlat

Statements of Changes in Stockholders' Equity

Years ended December 31, 2015 and 2014

(Millions of Mexican pesos)

		Capital stock	Statutory reserves	Retained earnings	Result from valuation of available-for-sale securities	Net income	Total stockholders' equity
Balances as of December 31, 2013	$	554	86	332	245	182	1,399
Changes resulting from stockholders´ resolutions:							
Appropriation net income and creation of statutory reserve		–	9	173	–	(182)	–
Dividends declared (note 13c)		–	–	(245)	–	–	(245)
		–	9	(72)	–	(182)	(245)
Changes related to recognition of comprehensive income (notes 13b and 14):							
Valuation effects of available-for-sale securities, net of deferred income tax and employee statutory profit sharing of $33 (note 6)		–	–	–	(50)	–	(50)
Net income		–	–	–	–	219	219
		–	–	–	(50)	219	169
Balances as of December 31, 2014		554	95	260	195	219	1,323
Changes resulting from stockholders´ resolutions:							
Appropriation net income and creation of statutory reserve		–	11	208	–	(219)	–
Changes related to recognition of comprehensive income (notes 13b and 14):							
Valuation effects of available-for-sale securities, net of deferred income tax and employee statutory profit sharing of $22 (note 6)		–	–	–	(33)	–	(33)
Net income		–	–	–	–	171	171
		–	–	–	(33)	171	138
Balances as of December 31, 2015	$	554	106	468	162	171	1,461

See accompanying notes to financial statements.

"These statements of changes in stockholders' equity were prepared in accordance with the accounting criteria for brokerage firms issued by the National Banking and Securities Commission, based on Articles 205 last paragraph, 210 second paragraph and 211 of the Securities Market Law, which are of a general and mandatory nature and have been applied on a consistent basis. Accordingly, they reflect all the stockholders' equity account entries relating to the transactions carried out by the Brokerage Firm for the years noted above. Furthermore, these transactions were carried out and valued in accordance with sound practices and the applicable legal and administrative provisions."

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

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SCOTIA INVERLAT CASA DE BOLSA, S. A. DE C. V.
Grupo Financiero Scotiabank Inverlat

Statements of Cash Flows

Years ended December 31, 2015 and 2014

(Millions of Mexican pesos)

		2015	2014
Net income	$	171	219
Items not requiring (providing) cash flow:			
Depreciation of premises, furniture and equipment		13	11
Amortization of intangible assets		3	3
Provisions		67	66
Current and deferred income taxes		53	97
Valuation result at fair value		34	(3)
Subtotal		170	174
Operating activities:			
Change in margin accounts		1	–
Change in investment securities		636	1,869
Change in debtors on repurchase / resell agreements		(1)	1
Change in derivatives (asset)		80	9
Change in other operating assets (net)		3,268	(3,124)
Change in bank and other borrowings		(257)	(101)
Change in creditor on repurchase / resell agreements		(3,355)	322
Change in collaterals sold or pledged		(176)	15
Change in derivatives (liabilities)		254	161
Change in other operating liabilities		(938)	1,099
Payment of income taxes		(106)	(39)
Net cash flows from operating activities		(594)	212
Investing activities:			
Payments for acquisition of premises, furniture and equipment		(43)	(7)
Payments for acquisition of intangible assets		(26)	(19)
Net cash flows from investing activities		(69)	(26)
Net cash flows from financing activities payment of dividends		-	(245)
Net (decrease)increase in cash and cash equivalents		(322)	334
Cash and cash equivalents at beginning of year		392	58
Cash and cash equivalents at end of year	$	70	392

See accompanying notes to financial statements.

"These statements of cash flows were prepared in accordance with the accounting criteria for brokerage firms, issued by the National Banking and Securities Commission based on Articles 205 last paragraph, 210 second paragraph and 211 of the Securities Market Law, which are of a general and mandatory nature and have been applied on a consistent basis. Accordingly, they reflect all the cash in flows and cash out flows relating to the transactions carried out by the Brokerage Firm for the years noted above. Furthermore, these transactions were carried out and valued in accordance with sound practices and the applicable legal and administrative provisions."

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

(1) Description of business and significant transactions-

Description of business-

Scotia Inverlat Casa de Bolsa, S. A. de C. V. ("the Brokerage Firm") is a subsidiary of Grupo Financiero Scotiabank Inverlat, S. A. de C. V. ("the Group"), which owns 99.99% of its capital stock. The Group, in turn, is a subsidiary of The Bank of Nova Scotia ("BNS"), which owns 97.4% of its capital stock. The Brokerage Firm acts as an intermediary in securities and financial transactions authorized under terms of the Securities Market Law (SML) and general provisions issued by the National Banking and Securities Commission ("the Commission").

Significant transaction in 2015-

(a) Designation of José Jaime Montemayor Muñoz-

In November 2015, the designation of Mr. José Jaime Montemayor Muñoz as General Director of the Brokerage Firm was approved, replacing Pablo Aspe Poniatowski.

Significant transaction in 2014-

(a) Decree and payment of dividends-

As mentioned in note 13c to the financial statements, on May 23 and August 22, 2014, dividends were decreed through resolutions of the Ordinary General Meeting of Stockholders for $200 and $45, respectively, such dividends were paid during the year 2014.

(b) Additional payment for the sale of Indeval´s share

In 2008, the Brokerage Firm sold the share that had in own position of S.D. Instituto para el Depósito de Valores (Indeval), with the possibility of receiving an additional payment in the case that the Exchange Market Law was amended to allow a stockholder to have more than one share of Indeval. In January 2014, this amendment was made and as a result, on July 31, 2014, the Brokerage Firm received the additional payment of $22, which was recorded in the statement of income under the caption "Gain on purchase and sale of securities".

(Continued)

(2) Summary of significant accounting policies-

(a) Financial statement authorization, presentation and disclosure-

On February 22, 2016, José Jaime Montemayor Muñoz (Brokerage Firm´s General Director), Michael Coate (Deputy General Director of Finance and Business Intelligence), Agustín Corona Gahbler (Deputy General Director Group of Audit) and H. Valerio Bustos Quiroz (Director of Accounting Group); authorized the issuance of the accompanying financial statements and related notes.

The stockholders and the Commission are empowered to modify the financial statements after issuance. The accompanying 2015 financial statements will be submitted to the next Stockholders' Meeting for approval.

The accompanying financial statements of the Brokerage Firm have been prepared, based on the SML and in conformity with the current accounting criteria established by the Commission for brokerage firms in Mexico at the date of the balance sheet, which is responsible for the inspection and supervision of brokerage firms and for reviewing their financial information.

According to the accounting criteria, the Commission shall issue particular rules for specialized transactions and in the absence of an specific accounting criterion of the Commission for brokerage companies first and then for credit institutions, and in a wider context the Mexican Financial Reporting Standards (MFRS), issued by Mexican Board of Financial Reporting Standards (Consejo Mexicano de Normas de Información Financiera, A. C. or CINIF). The suppletory process as established by MFRS A-8 shall be applicable, and only when the International Financial Reporting Standards (IFRS) referred to by MFRS A-8 do not resolve the accounting treatment, the suppletory application of an accounting standard pertaining to other regulatory framework may be opted for, providing all the requirements set out by the MFRS are met by that standard, with the requirements of criterion A-4 of the Commission. The suppletory application shall be in the following order: U.S. Generally Accepted Accounting Principles (US GAAP), and later any other formal and recognized accounting standard, provided they do not contravene the accounting criteria of the Commission.

(Continued)

The preparation of the financial statements require management to make estimates and assumptions that affect to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include valuation of financial instruments and derivatives, employees' benefits and the future realization and deferred taxes. The actual results could differ from those estimates and assumptions.

The aforementioned financial statements are presented in Mexican pesos, which is the same as the recording currency and to the functional currency.

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

The accompanying financial statements recognize the assets and liabilities arising from investments securities repurchase and resell agreements from transactions carried out for the Brokerage Firm's own account as well as those carried out on behalf of its customers at the trade date, rather than settlement date.

(b) Recognition of inflation effects-

The accompanying financial statements include the recognition of inflation based on Investment Units (Unidades de Inversión or UDI) until December 31, 2007, according to the applicable accounting criteria.

The years ended December 31, 2015 and 2014 are considered non-inflationary economic environment (inflation accumulated over the three preceding years less than 26%), as established in MFRS B-10 "Effects of Inflation", consequently the effects of inflation on the Brokerage Firm´s financial information are not recognized. Should be back in an inflationary environment, the cumulative effects of inflation not recognized in prior periods must be retrospectively recognized from the last period that the economic environment was considered as inflationary. The accumulated inflation rate of the three preceding years, is as follows in the next page.

(Continued)

SCOTIA INVERLAT CASA DE BOLSA, S. A. DE C. V.
Grupo Financiero Scotiabank Inverlat

Notes to Financial Statements

(Millions of Mexican pesos)

		Inflation	
December 31	**UDI**	**Annual**	**Acumulated**
2015	$ 5.381175	2.10%	10.39%
2014	5.270368	4.18%	12.34%
2013	5.058731	3.78%	11.76%

(c) Cash and cash equivalents-

Cash and cash equivalents consist of cash in hand, local and foreign bank account balances and 24, 48,72 and 96 hours foreign currency sales/purchases.

The cash and cash equivalents are recognized at nominal value. For the currencies in dollars, the exchange rate used for the translation is the one published by the Central Bank. The translation effect is recognized in the results, as “Interest income” or “Interest expense”, accordingly.

The foreign exchange currencies acquired in sales/purchase transactions to 24, 48, 72 and 96 hours, are recognized as restricted cash (foreign currency for received), while the currency sold is recorded as cash outflow (foreign currency to delivery). The rights and obligations for the sales and purchases of foreign exchange at 24, 48, 72 and 96 hours are recorded in clearing accounts under the caption "Accounts receivable, net " and "Creditors on settlement of transactions”, respectively.

Checking account overdrafts, as reported in the statement of account issued by the corresponding credit institution, are shown in the caption “Sundry creditors and other accounts payable”.

(d) Margin accounts-

The margin accounts in cash required to the Brokerage Firm to operate derivatives in recognized markets are recorder at par value and presented in the caption “Margin accounts.” The value of the margin accounts granted in cash is modified by margin calls or withdrawals made by the clearing house and for additional contributions or withdrawals made by the Brokerage Firm.

(Continued)

Returns and commissions affecting the margin accounts, other than fluctuations in derivatives prices, are recognized in result of operations for the year as accrued under the caption “Interest income” and “Commissions and fee expenses”, respectively. The partial or total amounts deposited or withdrawn in the clearing house owing to price fluctuations of derivatives are recognized in “Margin accounts”.

(e) Investment securities-

Investment securities consist of equity shares, government securities, bank promissory notes and other debt securities listed in recognized markets, which are classified using the categories shown below, based on the intention and capability of the Brokerage Firm on their ownerships.

Trading securities-

Trading securities are those acquired with the intention of selling them to get short-term gains arising from differences in prices resulting from its trading in the market. Securities at the time of acquisition are accounted at fair value (which includes, where applicable, the discount or premium) which presumably corresponds to the price paid; transaction costs for the acquisition of securities are recognized in income on the same date. Subsequently, securities are valued at fair value provided by an independent price vendor, when the securities are sold, the result of buy/sell is determined by the difference between purchase price and the sale price, this shall transfer the result of valuation that has been previously recognized in the income statement.

Interest earned from debt securities are determined according to the effective interest method and are recognized in the year's income under the caption "Interest income".

Dividends from equity securities are recognized in the year's income when the right to receive payment arises under the caption “Interest income”.

(Continued)

Valuation effects are recognized in the income statement under the caption “Valuation on securities at fair value”, and purchase or sale results are presented under the captions of “Gain on purchase and sale of securities” or “Loss on purchase and sale of securities”, as appropriate.

Available-for-sale securities-

Available-for-sale securities are those whose intention are not oriented to profit from differences in prices in the short term or does not have the intention or capacity to hold to maturity. The initial recognition and subsequent valuation is performed in the same manner as trading securities, except that the effect of valuation is recognized in stockholders' equity under the caption “Unrealized gain from valuation of available-for-sale securities”, which is adjusted by the effect of deferred taxes. Valuation effect is transferred for its recognition into income at the time of sale within the captions “Gain on purchase” or “Loss on purchase”, as a appropriate.

Interests earned is determined according to the effective interest method and are recognized in the income statement under the caption “Interest income”.

Dividends from equity instruments are recognized in the income when the right to receive payment arises in the financial caption "Interest income".

Security value impairment-

Where sufficient objective evidence exists that a security available-for-sale has been impaired as a result of one or more events that occurred subsequently to initial recognition of security, the carrying amount of the security is modified and the impairment recognized in stockholders’ equity is reclassified to income under the caption “Valuation on securities at fair value.”

If, in a subsequent period, the fair value of the securities increases and this effect is related objectively to an event occurring after the impairment was recognized in the income statement, the impairment is reversed in the year’s results, except if it is an equity instrument.

(Continued)

Value date transactions-

Securities acquired where settlement takes place on a subsequent date, up to a maximum of four business days following the date of the purchase-sale transaction, are recognized as restricted securities, while securities sold are recognized as securities to be delivered, and are deducted from investment securities. The counter entry is a credit or debit in a settlement, as applicable. Where the amount of securities to be delivered exceeds the balance of own securities of the same type position (government, bank, equity and other debt securities), this is reflected as a liability under the caption "Assigned securities to be settled".

Reclassifications between categories-

The accounting criteria allow reclassifications from trading to available-for–sale securities, only permissible with the express authorization of the Commission.

(f) Repurchase/resell agreements-

At the trade date of the repurchase/resell agreement transaction (repo), the Brokerage Firm acting as seller recognizes either the cash inflow or a debit clearing account, as well as an account payable, whereas when acting as buyer recognizes either the cash outflow or a credit clearing account, as well as an account receivable. Both the account payable and the account receivable are initially stated at the agreed-upon price, representing the obligation to repay or the right to recover the cash, respectively.

Over the term of the repo, the account receivable and the account payable are valued at the amortized cost, recognizing the interest on repos in the result of operations for the year as earned, in accordance with the effective interest method. The interest is recognized under the financial statement caption "Interest income" or" Interest expense", as appropriate. The account receivable and the account payable, as well as the interest earned are reported in the financial statement caption "Debtors under repurchase/resell agreements" and "Creditors under repurchase/resell agreements", respectively.

The Brokerage Firm as repurchasee recognizes the received collateral in memorandum accounts within the caption "Collaterals received by the entity", in accordance with accounting criterion B-6 "Assets in custody and under management". Financial assets granted as collateral, when the Brokerage firm acting as repurchaser, the financial asset is reclassified on the balance sheet within the caption "Investments securities", reporting it as restricted asset.

(Continued)

Should the Brokerage Firm, acting as repurchase sell or pledge the collateral, recognize the transaction proceeds and an account payable for the obligation to return the collateral to the repurchaser, which is valued, in the case of sale at fair value, or if pledged in another sale and repurchaser agreement, at amortized cost. The account payable is offset with the account receivable, which is recognized when Brokerage Firm acting as repurchasee turns into repurchaser and the debit or credit balance is presented in the financial statement caption “Debtors on repurchase/resell agreements” or in “Collateral sold or pledged”, as applicable.

Additionally, the collateral received or sold is recognized in memorandum accounts under “Collaterals received and sold or pledged in guarantee by the entity”, in accordance with the valuation guidelines criterion B-6 “Assets in custody and under management”.

(g) Securities lending-

At the trade date of securities lending transactions, the Brokerage Firm acting as lender reclassifies securities subject to lending as restricted in the balance sheet under the caption “Investments securities”, while acting as borrower, securities are recognized in memorandum accounts under the caption "Collaterals received by the entity", according to the guidelines for valuation of criterion B-6 “Assets in custody and under management”. The accrued premium amount, acting the Brokerage firm as a lender or borrower, is recognized in the income statement, through the effective interest method over the term of the transaction, under the caption "Interest income" or "Interest expense", respectively, against the caption "Securities lending" within asset or liability, as applicable.

The financial assets received as collateral, whereby the Brokerage Firm acts as a lender, are recognized in memorandum accounts following the guidelines for valuation criterion B-6 “Assets in custody and under management,” while acting as borrower, the financial assets delivered as collateral are presented as restricted under the caption "Investment securities".

(Continued)

In the case that the Brokerage Firm, as lender, prior to the maturity of the securities lending transaction sells the collateral received or the transaction value as borrower, recognizes the inflow of funds from the sale for the obligation to return such collateral to the lender under the caption “Collateral sold or pledged”, such obligation is initially measured at the agreed price and subsequently at fair value. The valuation effect is presented in the income statement under the caption “Valuation gain (lost) on securities at fair value”.

The difference between the price received and the fair value of the security subject to the transaction or the collateral received, if any at the time of the sale, is presented under the captions of “Gain on purchase and sale of securities” or “Loss on purchase and sale of securities”, as applicable.

Regarding securities lending transactions wherein the financial assets granted as collateral or the value subject to the transaction, acting the Brokerage Firm as the borrower or lender, respectively, come from collateral received in other transactions, the control of such collaterals are recorded in memorandum accounts under “Collaterals received and sold or pledged in guarantee by the entity”, following the valuation guidelines of criterion B-6 “Assets in custody or under management”.

(h) Derivatives-

The Brokerage Firm enters into transactions with derivative financial instruments for trading purposes, which are recognized at fair value.

The valuation effect of the derivatives for trading purposes is shown in the balance sheet and in statement of income under the captions of “Derivatives”, in the assets or liabilities, accordingly, and “Valuation on securities at fair value”, respectively.

The effect of the derivatives credit risk (counterpart), is determined in accordance with the risk area methodology, and is recognized in the year´s income in the period which it occurs against the supplementary account.

(i) Accounts receivable-

Accounts receivable related to identified debtors whose maturity is agreed from the origin to more than 90 calendar days term, are evaluated by Brokerage Firm´s management to determine the estimated recoverable amount and, as required, to create the corresponding allowance.

(Continued)

The balances of other debit items are reserved into in the year´s income 90 days after their initial recording, if they correspond identified items and 60 days if the balances are unidentified, regardless of their chance of recovery, except for tax-related (VAT included) balances.

In cases where the amount receivable is not realized within 90 calendar days following the date at which they were booked in clearing accounts, they are recorded as past-due and a provision is booked for the total amount.

(j) Settlement clearing accounts-

Amounts receivable or payable from investment securities, securities repurchase/resell agreements, securities lending and/or derivatives, which have expired but have not been settled at the balance sheet date, including the amounts receivable or payable for purchase or sale of foreign currencies, which are not for immediate settlement or those with a same day value date, are recorded in clearing accounts.

The balances of clearing accounts, credit and debit are offset as long as it has the contractual right to offset amounts recognized, there is an intention to settle on a net basis, realize the asset and settle the liability simultaneously. The clearing accounts are shown under the financial statement caption “Accounts receivable, net” or “Other accounts payable”, as appropriate.

(k) Premises, furniture and equipment-

Premises, furniture and equipment are recorded at acquisition cost. Those assets acquired before December 31, 2007 were adjusted by using factors based on the UDI value from the date of acquisition through that date, which recognition of the effects of inflation on the financial information was suspended according to the MFRS. The components acquired in foreign currency are recorded at the historical exchange rate, that is, the exchange rates in force on the date the asset was acquired.

(Continued)

Depreciation is calculated using the straight-line method, based on the estimated useful lives by the Brokerage Firm's management of the corresponding assets. Depreciable amount of premises, furniture and equipment is determined by subtracting the residual value and, as applicable, the cumulative impairment losses from the acquisition cost. The Brokerage Firm periodically evaluates premises, furniture and equipment residual values to determine amounts to be depreciated.

The Brokerage Firm evaluates periodically the net book values of premises, furniture and equipment to determine whether there is an indication that these values exceed their recoverable amount. The recoverable amount is the greater of the net selling price and value in use (which is the present value of future cash flows). If the net book value of an asset exceeds-its recoverable amount, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset.

(l) Permanent investments in shares-

The permanent investments where there is no control, join control or significant influence exists are classified as other investment, which are initially recognized and maintained valued at acquisition cost. Dividends, if any, received from these investments are recognized in the statement of income caption "Other operating income", except if are from prior periods to the acquisition, in which case are decreased from the permanent investments.

(m) Other assets-

This caption includes mainly the contributions made to the self-regulatory reserve fund set up through the stock exchange members, which purpose is to support and contribute to the strengthening of the stock exchange market. The balance includes the contributions, valuation and interest earned, which are recognized under the caption "Other operating income" on the statement of income.

The intangible assets related to internally developed software, are also included in this caption, which costs are capitalized and amortized against the results of operations for the year in which the software is ready to operate, by through the straight-line method over the estimated useful life as determined by the Brokerage Firm's management.

(Continued)

In case of any indication of impairment, the potential impairment loss is determined, and if the net carrying value exceeds the recoverable amount, the asset value is written down and the impairment loss is recognized in the results of operations for the year.

This caption includes the projected net assets of the defined benefit plan are recognized and are recorded in accordance with the provisions of MFRS D-3 “Employees’ benefits” (see note 11).

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

The income taxes and ESPS payable for the year are determined in conformity current tax provisions.

Income tax payable is presented as a liability in the balance sheet, when the tax pre-payments made exceed the income tax payable, the difference corresponds to an account receivable.

Deferred income taxes and deferred ESPS are accounted for under the asset and liability method. Deferred taxes and ESPS assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and in the case of income taxes for operating loss carryforwards of derivative financial transactions. Deferred ESPS and tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred ESPS and taxes assets and liabilities of a change in tax rates is recognized in results of operations in the period enacted.

The deferred income tax asset or liability determined the temporary deductible or taxable differences of the year, are presented in the balance sheet.

Current and deferred ESPS is recorded under the caption "Administrative and promotional expenses", in the statement of income.

(Continued)

(ñ) Capital leases-

Capital leases transactions are recorded as an asset with its corresponding liability for the equivalent at the lower of the present value of minimum lease payments and the value of the asset leased. The asset is depreciated in the same way as other assets held in property when it is certain that at the end of lease contract, ownership of the leased asset is transferred otherwise is depreciated during the term of the contract (see note 9).

(o) Employees' benefits-

The Brokerage Firm has a defined contribution pension plan, where the amounts contributed are recognized directly as expenses in the statement of income under "Administrative and promotion expenses" (see note 11).

In addition, there is a defined benefits plan in place that covers the benefits for retirement, the seniority premiums and legal compensation to which employees are entitled in accordance with the Federal Labor Law, as well as life insurance for retirees.

Irrevocable trusts have been established for all plans to manage the respective plan funds and assets, except for severance compensation.

The net periodic cost related to the defined benefit plans and the termination benefits and termination of employment for reasons other than restructuring are charged to operations for each year, based on independent actuarial computations in accordance with generally accepted actuarial procedures and principles, and the provisions of MFRS D-3 "Employees' benefits". The methodology used for calculating the obligations is the projected unit credit, based on actuarial hypotheses reflecting the present value, salary increase and benefit payment probability.

(Continued)

At the date of adoption of MFRS D-3, items pending amortization and relating to past services are amortized over the lower of maximum of five years or the remaining average working life. Past services arising on a date subsequent to the coming into force of MFRS D-3 are amortized over the remaining average working life. Items pending amortization and relating to past services of termination benefits are immediately recognized in the year-end results.

The balance of actuarial gains or losses at the beginning of each period that exceed 10% of the greater amount between the defined benefit obligation and the plan assets should be amortized considering the remaining average working life of the employees expected to be eligible for the plan benefits.

Actuarial gains or losses of termination benefits are immediately recognized in the net income of the year.

(p) Revenue recognition-

Interest and premiums on investments in debt securities and repos, are recorded in the statement of income on accrual basis, using effective interest rate method.

The gain on sale of trading securities and derivatives, is recorded in the statement of income when are sold.

The favorable effects of valuation (gain) of trading securities and derivatives, are recorded in the statement of income when the fair value is recognized.

The fees for financial transactions (placement of debt or shares), for transaction with investment companies and revenue from custody services, are recorded in the statement of income when the service is provided in “Commission and fee income”.

Revenues from financial advisory services are recorded on income when the services are provided in “Financial advisory income”.

(Continued)

(q) Provisions-

Based on management estimates, the Brokerage Firm recognizes accruals for present obligations where the transfer of assets or the rendering of services is probable, and arises as a consequence of past events.

(r) Foreign currency transactions-

Foreign currency transactions are recognized at the exchange rate prevailing on the dates of execution for financial statement presentation purposes. In the cases of currencies other than dollars are translated into dollars at the exchange rates as established in the Provisions applicable to Brokerage Firm, and the dollar equivalent, together with dollar balances, are then translated into Mexican pesos using the exchange rate determined by the Central Bank. Foreign exchange gains and losses are reflected in results of operations for the year. At the year-end close date of the financial statements, foreign currency monetary assets and liabilities are translated into pesos at the FIX exchange rate published by the Central Bank, while foreign exchange gains or losses arising from foreign currency translation are recorded in the results of operations for the originating period.

(s) Memorandum accounts-

Memorandum accounts correspond mainly to transactions in custody or under management.

Custody transactions-

Customer’s securities in custody are valued at fair value, representing the amount for which the Brokerage Firm is obligated to its customers against any future eventuality and are presented in the caption “Customer securities in custody”.

Management transactions-

The amount of the repurchase and resell agreements and securities lending on repurchase/resale agreements that the Brokerage Firm undertakes for its customers, is presented under the caption “Securities on repurchase/resell agreements by customers”.

Securities lending conducted by the Brokerage Firm by customers, is presented under the caption “Security lending transaction by customers”.

(Continued)

In the case of collateral that the Brokerage Firm receives or delivers behalf by customers, for repurchase/resell agreements operations, securities lending, derivatives or other collateral received or delivered, are presented under the caption “Collaterals received in guarantee by customers” and/or “Collaterals delivered in guarantee by customers”, as appropriate.

The determination of the valuation of the estimated amount for the assets in management and operations on behalf of customers is made according to the operation carried out in accordance with the accounting criteria for brokerage firms.

The Brokerage Firm records transactions on behalf of customers, on the trade day and not on the settlement date.

(t) Contingencies-

Liabilities or important losses related to contingencies are recorded when it is probable that a liability has been incurred and the amount of the assessment and/or remediation can be reasonably estimated. When a reasonable estimation cannot be made, qualitative disclosure is provided in the notes to the financial statements.

Contingent revenue, earnings or assets are not recognized until their realization is virtually certain.

(3) New accounting criteria -

2015 MFRS and MFRS improvements-

In December, 2014 the Mexican Board of Financial Reporting Standards (CINIF, Spanish abbreviation) issued the document referred to as “2015 MFRS Improvements” which contains precise modifications to some MFRS already written. The accounting changes applicable for the Brokerage Firm refer to MFRS C-9 “Liabilities, provisions, contingent assets and liabilities and commitments”. The adoption of the MFRS did not generate important effects in the financial statements of the Brokerage Firm.

(Continued)

2014 MFRS and MFRS improvements-

The CINIF issued the following MFRS and improvements to the available MFRS beginning January 1, 2014, these MFRS did not generate important effects in the financial statement of the Brokerage Firm.

MFRS-

- MFRS C-11 "Stockholders' equity".
- MFRS C-12 "Financial instruments with characteristics of liabilities and equity".
- MFRS C-14 "Transfer and drop of the financial assets".

MFRS improvements-

- MFRS C-5 "Prepayments".
- MFRS C-15 "Impairment of long-lived assets and their disposal".

(4) Foreign currency position-

Central Bank regulations require that the Brokerage Firm holds balanced positions in foreign currencies within certain limits. At December 31, 2015 and 2014, the maximum currency position (short or long) authorized by the Central Bank was $192 and $176, respectively, which is within the maximum limit established of 15% of the Brokerage Firm's basic capital, which is $1,278 and $1,175, respectively (see note 13e).

The foreign exchange position, expressed in millions dollars is as follows:

		2015	2014
Assets		4	45
Liabilities		(3)	(44)
(Short) long position		1	1
Equivalent in pesos	$	1	9

The Brokerage Firm has a (short) long position in foreign currency at December 31, 2015 and 2014, respectively, which consists of 100% dollars. The exchange rate relative to the U.S. dollar was $17.2487 pesos per dollar and $14.7414 pesos per dollar, respectively, and in February 22, 2016, the authorization issuance date of the financial statements, was $18.2762 pesos per dollar.

(Continued)

(Millions of Mexican pesos)

(5) Cash and cash equivalents-

Cash and cash equivalents at December 31, 2015 and 2014, are as follows:

		2015	2014
Domestic banks	$	9	19
Other cash and cash equivalents		-	13
Restricted cash:			
Foreign currency receivable		61	360
	$	70	392

Foreign currency receivable and deliverable at December 31, 2015 and 2014, from purchases and sales to be settled within 24, 48, 72 and 96 hours are related to dollar transactions.

At December 31, 2015, the foreign exchange purchase/sale gain and (loss) amounted to $20 and ($22), respectively, ($10 and ($14) for 2014, respectively) these are recorded in the statement of income in “Gain on purchase and sale” or “Loss on purchase and sale”, as appropriate.

At December 31, 2015 and 2014, the Brokerage Firm maintained a (liability) balance, for transactions with foreign currencies payable on a date subsequent to the traded date of ($61) and ($360), respectively, which were recorded in clearing accounts within “Creditors on settlement of transactions”, as appropriate.

(Continued)

(Millions of Mexican pesos)

(6) Investment securities-

(a) At December 31, 2015 and 2014, the fair values of investment in securities were as follows:

Trading securities:		**2015**		**2014**
Debt securities:				
Government securities:				
Unrestricted	$ 1,274		$ –	
Restricted	2,380	3,654	5,175	5,175
Bank promissory notes:				
Unrestricted	107		123	
Restricted	200	307	922	1,045
Other debt securities:				
Restricted	440	440	272	272
Equity share securities				
Unrestricted	469		–	
Restricted	249	718	972	972
Total of trading securities		$ 5,119		$ 7,464
Available for sale securities:				
Debt securities:				
Other debt securities		-		68
Equity share		324		379
		324		447
Total of investment securities		$ 5,443		$ 7,911

(Continued)

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(b) At December 31, 2015 and 2014, detail of the aforementioned trading and available for sale securities are as follow:

Trading securities	**2015**	**2014**
Debt securities, unrestricted:		
Government securites:		
BI CETES	$ 1,286	539
M BONOS	34	373
	1,320	912
Value date sales:		
BICETES	(24)	(2,475)
M BONOS	(13)	(12)
S UDIBONOS	(3)	-
EUROBONOS	(1)	-
BONDES	(5)	-
	(46)	(2,487)
(2) (Assigned securities to be settled, unrestricted securities)	–	$ (1,575)
Government securities unrestricted	1,274	-
Trading securities restricted:		
Government securities:		
Pledged cetes in guarantee	132	168
(1) Repurchase / resell agreements:		
CTIM	585	1,196
MBON	-	1,356
UDIB	-	422
BPAS	-	1
BPA	-	66
BPAG	696	826
LBON	110	768
CFE	-	33
CBPC	475	-
Restricted securities, carried forward	$ 1,998	4,836

(1) See terms and conditions note 7.
(2) Presented in liabilities as “Assigned securities to be settled” by its credit balance nature.

(Continued)

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Trading securities		**2015**	**2014**
Restricted securities, brought forward	$	1,998	4,836
Value date purchases:			
BI CETES		5	299
M BONOS		371	40
BONDES		6	–
		382	339
Restricted government securities		2,380	5,175
Total government securities	$	3,654	5,175
Banking securities, unrestricted:			
BANOBRA	$	105	123
BACMEXT		2	–
Total banking securities, unrestricted		107	123
Restricted securities			
(1) Repurchase/resell agreements:			
PRLV		142	912
CBUR		58	10
Total banking securities, restricted		200	922
Total banking securities	$	307	1,045
Other debt securities, unrestricted			
Value date sales			
Eurobonos(3)	$	(2)	–
Other debt securities, restricted			
(1)Repurchase / resell agreement:			
CBUR	$	438	272
EUROBONOS		2	–
Total other debt securities	$	440	272

(1) See terms and conditions note 7.
(3) Presented in liabilities as “Assigned securities to be settled” by its credit balance nature.

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Trading securities		**2015**		**2014**
Equity share securities unrestricted:				
NAFTRAC	$	183		142
GMEXICO B		80		–
AMX L		7		–
SCOTIAG		282		248
CEMEX		5		112
AAPL *		2		20
SIMEC B		3		2
VOW3 N		1		–
MGGT – N		15		–
ASUR B		1		–
Other equity share securities		–		70
Value date sales:				
NAFTRAC		(21)		(78)
GMEXICO B		(2)		(1)
WALMEX V		–		(27)
AAPL		–		(17)
VEU		–		(124)
VTI		–		(146)
BTU		–		(30)
DDEF		–		(33)
DBEU		–		(39)
DHS		–		(65)
VTV		–		(62)
MO *		(3)		–
GM *		(3)		–
DB N		(42)		–
BCS N		(1)		–
NOK N		(1)		–
LIVEPOL C-1		(1)		–
SANMEX B		(1)		–
TLEVISA CPO		(1)		–
LVS *		(1)		–
XOP *		(1)		–
SHV *		(6)		–
LALA B		(1)		–
BABA N		(3)		–
MGGT N		(15)		–
ALFA A		(3)		(4)
Other equity share securities		(4)		(160)
[(1)] Assigned securities to be settled		-	$	(192)
Subtotal equity share securities unrestricted, carried forward	$	469		

(1) Presented jointly with Assigned securities to be settled, unrestricted securities in liabilities, “Assigned securities to be settled” by its credit balance nature.

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Trading securities		**2015**	**2014**
Subtotal equity share securities unrestricted, brought forward	$	469	-
Restricted equity share securities on securities lending:			
NAFTRAC		21	26
ALFA A		13	17
CEMEX CPO		4	3
ICA *		–	3
MEXCHEM *		5	3
SANMEX B		1	–
SIMEC B		2	2
ALPEK A		3	1
NEMAK A		2	–
ASUR B		5	–
ICHB		1	2
PE&OLES		–	5
ALSEA *		–	2
VALE N		–	1
GMEXICO B		1	1
GRUMA B		16	117
TELEVISA CPO		1	20
Other equity share securities		–	1
		75	204
Restricted equity share securities (collateral):			
AMXL		1	–
SCOTIAG		70	78
Value date purchases:			
NAFTRAC		21	11
GMEXICO B		11	1
WALMEX V		–	13
BTU		–	30
DIS		–	20
GOOG		–	14
AXJL		–	16
DBEF		–	33
DBEU		–	39
DHS		–	65
DXJ		–	16
MTUM		–	13
SHV		6	13
VEU		–	124
VTI		–	146
Other equity share securities		65	136
Total equity share securities, value date restricted		103	690
Total equity share securities restricted		249	972
Total equity share securities	$	718	972

(Continued)

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Available for sale securities		**2015**	**2014**
Available for sale securities (unrestricted):			
Debt securities – CBUR	$	-	68
Equity shares – BOLSA		324	379
Total available for sale securities	$	324	447

As of December 31, 2015 and 2014, the Brokerage Firm held asset (liability) balance for transactions with securities settled on a date subsequent to the traded date for $156 ($485) and $1,056 ($1,036), respectively, which were recorded in clearing accounts under the caption “Accounts receivable, net” and “Creditors on settlement of transactions”, as appropriate.

For the years ended December 31, 2015 and 2014, interest on securities earned amounted to $289 and $407, respectively (note 21b).

For the years ended December 31, 2015 and 2014, net gains from interest income, gain or losses from purchase and sale transactions, and valuation income from investments in securities are as follows:

		2015	**2014**
Trading securities	$	267	357
Available for sale securities		17	82
	$	284	439

The gain or loss from valuation of available-for-sale securities as of December 31, 2015, recognized in other comprehensive income within stockholders’ equity amounted to ($33) (net of deferred income tax and deferred ESPS to ($22)). Likewise, as of December 31, 2014 amounted to ($50) (net of deferred income tax and deferred ESPS for ($33)).

At December 31, 2015 and 2014, investments in non-government debt securities and exceeding 5% of the Brokerage Firm’s net capital are as follow:

Issuer	**Number of securities**	**Annual average rate**	**Average term (days)**		**Amount**
2015					
BANOBRA	104,696,422	2.85%	4	$	105
2014					
BANOBRA	123,311,085	2.85%	2	$	123
TCM	2,188,225	3.29%	715		68

(Continued)

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(7) Securities on repurchase/resell agreements and securities lending-

Repurchase/resell agreements-

At December 31, 2015 and 2014, the "Debtors on repurchase/resell agreements" and "Creditors on repurchase/resell agreements" balances in which the Brokerage Firm acts as repurchasee and repurchaser, are analyzed as follow:

		2015	2014
Debtors under repurchase/resell agreements:			
BG91	$	2,577	296
BPAS		–	501
CTIM		11,605	345
BPAG		626	–
LBON		12,805	24,855
MBON		500	1,237
		28,113	27,234
Collaterals sold or pledged in guarantee (creditors):			
BG91		(2,576)	(296)
BPAS		–	(501)
CTIM		(11,605)	(345)
BPAG		(626)	–
LBON		(12,805)	(24,896)
MBON		(500)	(1,237)
		(28,112)	(27,275)
Total debtors (creditors) on Repurchase / resell agreements	$	1	(41)

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		2015	2014
Creditors on repurchase/resell agreements:			
CBPC	$	475	33
CBBN		58	10
CBUR		438	271
CTIM		585	1,197
BPAS		-	1
IPAS		-	67
LBON		110	768
MBON		-	1,352
PRLV		142	912
UDIB		-	422
BPAG		696	826
Creditors on repurchase/resell agreements	$	2,504	5,859

At December 31, 2015, the terms of repurchase/resell agreements range from 4 to 91 days (from 2 to 77 days at December 31, 2014), with annual weighted rates of 3.11% when acting as repurchasee, and 3.00% when acting as repurchaser (3.13% and 2.88% at December, 31, 2014).

During the years ended December 31, 2015 and 2014, premiums collected amounted to $996 and $1,243, respectively; premiums paid amounted to $1,089 and $1,456, respectively, and are included in the statement of income under the captions “Interest income” and “Interest expense”, respectively.

At December 31, 2015 and 2014, the Brokerage Firm received government securities as guarantee for over three-day repurchase agreements, which is included and recorded in memorandum accounts and is analyzed as follows:

2015:

Issuer	Series	Number of securities		Fair value
Guarantee received:				
CTIM	160428	1,761,051	$	17

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2014:

Issuer	Series	Number of securities		Fair value
Guarantees received:				
CTIM	150528	791,086	$	8

Securities lending-

At December 31, 2015 and 2014, the Brokerage Firm held securities lending transactions as lender and borrower, in which values object of these transactions were received and transferred.

The obligation to repay the lender values derived from the purchase of these securities are analyzed as follows:

2015	Number of securities		Fair value
ALFA A	375,000	$	13
ALPEK A	130,000		3
ASUR B	24,500		6
CEMEX CPO	432,622		4
FEMSA UBD	9,186		1
GRUMA B	65,000		16
ICH B	23,400		1
MEXCHEM *	120,000		5
NAFTRAC ISHRS	180,000		8
NEMAK A	100,000		2
SIMEC B	40,000		1
TLEVISA CPO	38,600		4
SANMEX B	40,000		1
		$	65

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2014	**Number of securities**		**Fair value**
NAFTRAC	593,200	$	25
ALFA A	520,384		17
ALPEK A	38,000		1
ALSEA *	55,000		2
FCX *	2,880		1
GMEXICO B	14,600		1
GRUMA B	747,500		117
ICA	149,210		3
ICH B	23,400		2
MEXCHEM *	60,000		3
PE&OLES *	18,041		5
SIMEC B	40,000		2
TLEVISA CPO	195,000		20
VAL N	7,800		1
CEMEX CPO	174,887		3
		$	203

At December 31, 2015 and 2014, the right to demand the securities to the borrower, derived from the sale of such securities, are analyzed as follows:

2015	**Number of securities**		**Fair value**
NAFTRAC	482,200		21
ALFA A	375,000		13
ALPEK A	130,000		3
SIMEC B	40,000		2
GMEXICO B	14,600		1
GRUMA B	65,000		16
SANMEX B	40,000		1
ICH B	23,400		1
MEXCHEM *	120,000		5
NEMAK A	100,000		2
TLEVISA CPO	12,600		1
ASUR B	20,000		5
CEMEX CPO	432,622		4
		$	75

(Continued)

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2014	**Number of securities**		**Fair value**
ALFA A	520,384	$	17
ALPEK A	38,000		1
ALSEA *	55,000		2
CEMEX CPO	174,887		3
FCX *	2,880		1
GMEXICO B	14,600		1
GRUMA B	745,500		117
ICA *	149,210		3
ICH B	23,400		2
MEXCHEM *	60,000		3
NAFTRAC ISHRS	593,200		26
PE&OLES *	18,041		5
SIMEC B	40,000		2
TLEVISA CPO	195,000		20
VALE N	7,800		1
		$	204

The term range of securities lending transactions at December 31, 2015 and 2014, where the Brokerage Firm acts as a lender is 28 days, in each date, and acting as a borrower is 28 days, for both years.

For the years ended December 31, 2015 and 2014, premiums collected and (paid) in securities lending transactions, amounted to $5 and ($2) as well as $9 and ($3), respectively, and are included in the statement of income under the captions “Interest income” and “Interest expense”, respectively.

As of December 31, 2015 and 2014, the Brokerage Firm received equity financial instruments as guarantees in securities lending transactions for $65 and $203, respectively, such guarantees are managed in memorandum accounts (see note 15).

(Continued)

(Millions of Mexican pesos)

(8) Derivatives-

At December 31, 2015 and 2014, the fair value of derivative financial instruments for trading is analyzed as follows:

		2015		2014	
		Assets	Liabilities	Assets	Liabilities
OTC Options	$	39	150	276	204
Listed Options*		–	1,066	–	890
	$	39	1,216	276	1,094

* Represents the market value of premiums.

Net gains (losses) on financial assets and liabilities related to derivatives for trading purposes, included in income for the years ended December 31, 2015 and 2014 amounted to $75 and $7, respectively. The valuation gain (loss) effect of trading derivatives amounted to ($25) and $14 at December 31, 2015 and 2014, respectively.

(9) Premises, furniture and equipment-

At December 31, 2015 and 2014, the premises, furniture and equipment are analyzed as follows:

		2015	2014	Annual depreciation rates
Land	$	22	22	–
Office premises		153	153	2.5%
Transportation equipment		-	1	25% and 33%
Computer equipment		29	25	Various
Computer equipment in capital lease		30	14	20%
Office furniture and equipment		70	63	Various
Installation improvements		33	16	Various
		337	294	
Accumulated depreciation		(158)	(145)	
	$	179	149	

(Continued)

The amount recognized in the results of 2015 and 2014 from depreciation amounted to $13 and $11, respectively.

According to assessment carried out by the Brokerage Firm, the residual value (except land) of office premises at December 31, 2015, is minimum.

(10) Permanent investments-

At December 31, 2015 and 2014, the Brokerage Firm has permanent investments in Impulsora del Fondo Mexicano, S.A. de C.V. and Cebur, S.A. de C.V. for the amount of $2 and $1, respectively, which represents 3.65% and 2.97%, respectively of the share capital of the entities.

For the years ended December 31, 2015 and 2014, the Brokerage Firm did not receive dividends from Impulsora del Fondo México, S.A. de C.V.

(11) Employees' benefits-

The Brokerage Firm has in place a defined contribution plan for pension and post-retirement benefits plan. Such plan provides for pre-established contributions by the Brokerage Firm, which may be fully withdrawn by employees' upon retirement if aged at least 55 years or partially on employment termination in accordance with specific rules for vesting rights. Additionally, contributions are made of the employees, who will be entitled to withdraw those contributions upon employment termination.

For the years ended December 31, 2015 and 2014, the charge to results for the Brokerage Firm´s contributions to the defined contribution plan amounted to $6 and $10, respectively, under the caption "Administrative and promotional an expenses" in the statement of income.

The Brokerage Firm has also a defined benefit pension plan, post-retirement benefits covering those employees who elected not to change to the defined contribution plan. The benefits are based on years of service and the employees' compensation during the last year.

The cost, obligations and the defined benefit pension plan, seniority premiums and life insurance were determined based on computations prepared by independent actuaries as of December 31, 2015 and 2014.

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The components of the net periodic cost and the defined benefit obligations for the years ended December 31, 2015 and 2014, are as follows:

2015		**Pension Plan**	**Medical expenses, food coupons and life insurance for retirees**
Current service cost	$	–	1
Financial cost		–	1
Expected return on plan assets		(2)	(1)
Amortizations of prior service:			
Plan modifications		(1)	–
Total (income) cost	$	(3)	1

The total cost for seniority premium amounts to $448 (thousand pesos).

2014		**Pension Plan**	**Medical expenses, food coupons and life insurance for retirees**
Current service cost	$	-	1
Financial cost		-	1
Expected return on plan assets		(3)	(1)
Amortizations of prior service:			
Plan modifications		(1)	-
Total (income) cost	$	(4)	1

The total cost for seniority premium amounts to $407 (thousand pesos).

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Below is a reconciliation of the opening and final balances, and detail on the present value of the pension, seniority premium, post-retirement medical benefits, food coupons and life insurance for retirees, as of December 31, 2015:

		Pension Plan	Seniority Premium			Medical expenses, food coupons and life insurance for retirees
			Retirement	Termination	Total	
Defined benefit obligations (DBO) as of December 31, 2014	$	(8)	(3)	(1)	(4)	(10)
Current service cost		–	–	–	–	(1)
Financial cost		(1)	(1)	–	(1)	-
Current loss		–	–	–	–	-
DBO as of December 31, 2015		(9)	(4)	(1)	(5)	(11)
Plan assets at fair value		36	3	2	5	15
Financial situation of the fund		27	(1)	1	-	4
Past services for:						
Plan improvements		(9)	-	–	-	-
Cumulative actuarial gains (losses)		(2)	1	–	1	1
Net projected asset as of 31 de December 31, 2015	$	16	-	1	1	5

A reconciliation of the net projected asset as of December 31, 2015 is analyzed as follows:

		Pension Plan	Seniority premium			Medical expenses, food coupons and life insurance for retirees
			Retirement	Termination	Total	
Net projected asset as of December 31, 2014	$	18	–	1	1	6
Net periodic cost		3	–	–	-	(1)
Fund withdrawals		(5)	–	–	–	–
Net projected asset as of December 31, 2015	$	16	–	1	1	5

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Below is a reconciliation of the opening and final balances, and detail on the present value of the pension, seniority premium, medical expenses, food coupons and life insurance benefit obligations as of December 31, 2014:

		Pension Plan	Seniority premium			Medical expenses, food coupons and life insurance for retirees
			Retirement	Termination	Total	
Defined benefit obligations (DBO) as of December 31, 2013	$	(8)	(3)	(1)	(4)	(8)
Current service cost		–	–	–	–	(1)
Financial cost		–	(1)	–	(1)	(1)
Current loss		–	–	–	–	(1)
DBO as of December 31, 2014		(8)	(4)	(1)	(5)	(11)
Plan assets at fair value		41	3	2	5	15
Financial situation of the fund		33	(1)	1	-	4
Past services:						
Plan improvements		(10)	–	–	–	–
Cumulative actuarial gains (losses)		(5)	1	–	1	2
Net projected asset as of December 31, 2014	$	18	–	1	1	6

A reconciliation of the net projected asset as of December 31, 2014 is analyzed as follows:

		Pension Plan	Senority premium			Medical expenses, food coupons and life insurance for retirees
			Retirement	Termination	Total	
Net projected asset as of December 31, 2013	$	22	–	1	1	7
Net periodic cost		4	–	–	–	(1)
Contributions to the fund		(8)	–	–	–	–
Net projected asset as of December 31, 2014	$	18	–	1	1	6

(Continued)

(Millions of Mexican pesos)

The acquired benefit obligations (ABO), at December 31, 2015 and 2014 are as follows:

		Pensions			Seniority premium		
		Retirement	**Disability**	**Total**	**Retirement**	**Termination**	**Total**
2015							
ABO	$	(7)	–	(7)	(1)	(1)	(2)
2014							
ABO	$	(7)	–	(7)	(1)	(1)	(2)

Below is an analysis of the movement of the plan assets required for covering the employee benefit obligations for the years ended December 31, 2015 and 2014:

		2015	**2014**
Fair value of the assets at beginning of year	$	61	65
Fund withdrawals		(5)	(8)
Return on plan assets		4	4
Loss assets		(3)	-
Fund payments		(1)	-
Fair value of the assets at end of year	$	56	61

The expected yield of the plan assets for the years 2015 and 2014, is $4 and $5, respectively.

During the year 2016, it is not expected to have contributions to the fund. Also during 2016, the amount of $7 will be withdrawn from the fund.

(Continued)

(Millions of Mexican pesos)

Below is a detail on the present value of severance compensation obligations as of December 31, 2015 and 2014:

		2015	2014
ABO	$	(16)	(17)
DBO at the beginning of year	$	(17)	(16)
Current service cost		(1)	(1)
Financial cost		(1)	(1)
Benefits paid		5	5
Actuarial loss		(2)	(4)
DBO at December 31, financial situation of the fund and net projected liability	$	(16)	(17)

The net cost (income) for severance compensation for the years ended December 31, 2015 and 2014 amounted to $5 and $6, respectively.

The nominal rates as of December 31, 2015 and 2014, used in the actuarial projections are:

	2015	2014
Return on plan assets	8.25%	8.00%
Discount	8.25%	8.25%
Compensation increase	5.00%	5.00%
Increase in medical expenses	6.50%	6.50%
Estimated inflation	4.00%	4.00%

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The expected return rate on plan assets was determined using the expectation of long-term performance on asset of the portfolio of Brokerage Firm´s funds.

The plan assets covering the obligations for pension, seniority premium, medical expenses, food coupons and life insurance for retirees benefits plan consist of 60% invested in debt instruments and 40% in equity instruments, subject to a trust and managed by a Brokerage Firm designated Committee.

A summary of the amounts of employee benefits relating to DBO, plan assets, and financial situation of the fund and experience adjustments, for the years ended December 31, 2013, 2012 and 2011, is shown below:

		Pensions		
		2013	**2012**	**2011**
DBO	$	(8)	(40)	(61)
Plan assets		46	39	68
Fund´s financial situation		38	(1)	7
Variances in assumptions and experience adjustments	$	(4)	(8)	(21)

(Continued)

(Millions of Mexican pesos)

		Seniority premium		
		2013	**2012**	**2011**
DBO	$	(3)	(3)	(3)
Plan assets		4	3	5
Fund´s financial situation	$	1	-	2
Variances in assumptions and experience adjustments	$	-	1	-

		Medical expenses, food coupons and life insurance		
		2013	**2012**	**2011**
DBO	$	(8)	(10)	(11)
Plan assets		14	12	17
Fund´s financial situation	$	6	2	6
Variances in assumptions and experience adjustments	$	1	5	1

		Severance compensation		
		2013	**2012**	**2011**
DBO	$	(16)	(16)	(15)
DBO (losses) gains	$	2	(5)	(4)

As of December 31, 2015, the amortization periods in years for unrecognized items related to defined benefits pension, seniority premium, post-retirement medical benefits, life insurance, food coupons of retirees and severance compensation are as follows:

	Pensions Plan	**Seniority premium**		**Medical expenses, food coupons and life insurance for retirees**	**Severance compensation**
		Retirement	**Termination**		
Plan improvements	N/A	N/A	N/A	N/A	N/A
Net actuarial loss (gain)	10.45	8.94	1.00	14.23	1.00

(Continued)

(Millions of Mexican pesos)

(12) Related-party transactions-

During the normal course of business, the Brokerage Firm carries out transactions with related parties such as loans, investments, services, etc., most of which originates income and expenses to another. According to the Brokerage Firm´s policies, the Board of Directors authorizes all operations with related parties, which are granted at market rates, guarantees and terms in accordance with sound practices.

The main transactions carried out with related parties for the years ended December 31, 2015 and 2014 are shown below:

		2015	2014
Income:			
Premium and interests	$	907	854
Rents and maintenance		8	7
Commissions		377	342
Intermediation financial result		129	713
Financial advisory		50	49
Expenses:			
Intermediation financial result	$	193	724
Interest paid		10	11
Commissions		3	5
Premium and interests on repos		354	502
Financial advisory		28	28
Rents and maintenance		9	7

For the years ended December 31, 2015 and 2014, the Brokerage Firm earned the 53% and 48%, of their related parties, respectively.

(Continued)

(Millions of Mexican pesos)

Balances receivable from and payable to related parties as of December 31, 2015 and 2014, are as follows:

		2015	2014
Receivable:			
Cash and cash equivalents	$	8	81
Margin accounts		-	1
Debtors on repurchase/resell agreements		28,113	27,234
Derivatives		26	110
Other accounts receivable		32	332
Payable:			
Bank and other borrowings	$	-	257
Collateral sold or pledged		8,418	6,163
Derivatives		61	74
Other accounts payable		-	360

For the years ended December 31, 2015 and 2014, there were no changes in the existing conditions of balances receivable from and payable to related parties, there were no items that are deemed irrecoverable or difficult collection and no reserve was required for these transactions necessary any reserve for losses on such transactions.

For the years ended December 31, 2015 and 2014, the benefits granted to senior management amounted to $5 and $12, respectively.

(13) Stockholders' equity-

The main characteristics of the stockholders' equity accounts are detailed in the next page.

(Millions of Mexican pesos, except indicated different)

(a) Structure of capital stock-

The Brokerage Firm' capital stock at December 31, 2015 and 2014, is represented by 22,193 common shares, divided into two series: 22,190 "F" series shares and 3 "B" series shares, fully subscribed and paid, 11,205 of these shares correspond to the capital stock's minimum fixed portion and 10,988 shares correspond to the variable portion. At any time, the variable portion of capital stock may exceed the fixed paid-in capital and may not be subject to withdrawal.

At December 31, 2015 and 2014, the minimum fixed capital stock is fully subscribed and paid and amounts to $389 in both years.

According to the 10th article of the general dispositions for brokerage firms, the capital stock shall amount to at least 30% of the global capital. At December 31, 2015, capital stock and global capital amounted $1,278 and $554, respectively ($1,175 y $554 in 2014).

(b) Comprehensive income-

The comprehensive income reported in the statement of changes in stockholders' equity represents the results of the total performance of the Brokerage Firm's during the year, and includes the net income, plus the result of the valuation of the available for sale securities, net of deferred tax.

(c) Dividends declared-

At December 31, 2014, the Brokerage Firm decree and paid dividends as follows:

Date of decree		Amount decreed	Payment date in 2015	Amount paid	Payment date in 2014		Amount
22-aug-14	$	45	__	__	29-aug-14	$	45
23-may-14		200	__	__	30-may-14		200
	$	245		-		$	245

At December 31, 2014, there are no pending dividend payments.

(Continued)

(Millions of Mexican pesos, except indicated different)

(d) Restrictions on stockholders' equity-

The Commission requires that brokerage firms maintain a minimum capitalization percentage of risk-based assets, which is calculated according to the level of risk assigned.

Five percent of net income for the year must be appropriated to the 5% statutory reserve, until it reaches an amount of 20% of the paid-in capital.

The tax basis of stockholder contributions and retained earnings may be distributed to the stockholders tax free. As of December 31, 2015, the Stock contribution account (Cuenta de Capital de Aportación or CUCA) net taxable income account (Cuenta de Utilidad Fiscal Neta or CUFIN), amount to $294 and $2,237, respectively.

The retained earnings of subsidiaries may not be distributed to the Brokerage Firm's stockholders until these are received by way of dividends from the subsidiaries, but may be capitalized through a Stockholders' Meeting.

The dividends paid to individuals and corporation's resident abroad shall be subject to an additional tax of 10%, which is considered final. The rule solely applies to dividends payment from earnings generated beginning January 1, 2014.

(e) Capitalization (non-audited)-

The Commission requires brokerage firms to maintain a minimum capital as a percentage of risk-based assets. The percentage is determinated by applying certain percentages according to the level of risk assigned to the rules established by the Central Bank. The capitalization required by the Commission has been fulfilled by the Brokerage Firm. Below is the Brokerage Firm's capitalization information (non-audited).

Capital as of December 31:

	2015	**2014**
Net capital	$ 1,278	1,175
Market risk requirements	400	463
Credit risk requirements	110	81
Operational risk requirements	79	74
Total capitalization requirements	589	618
Total weighted assets	7,363	7,732
Rate of capital consumption	17.36%	15,19%

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Assets at risk as of December 31, 2015:

		Risk weighted assets	Capital requirement
Market risk:			
Transactions in Mexican pesos at nominal interest rates	$	732	59
Transactions in Mexican pesos at premium nominal interest rates		73	6
Transactions in Mexican pesos at real interest rates or denominated in UDIS		1	-
Positions in UDIS or with returns related to National Consumer Price Index (INPC Spanish abbreviation)		-	-
Foreign currency positions or with return indexed to exchange currency		1	-
Equity positions or with returns indexed to the price of a single share or group of shares		4,189	335
Total market risk		4,996	400
Credit risk:			
Derivatives		5	-
Debt instrument position		974	78
Borrowings and deposits		401	32
Total credit risk		1,380	110
Operational risk:			
Total operational risk		987	79
Total market, credit and operational risk	$	7,363	589

(Continued)

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Assets at risk as of December 31, 2014:

	Risk weighted assets	Capital requirement
Market risk:		
Transactions in Mexican pesos at nominal interest rates	$ 2,729	218
Transactions in Mexican pesos at premium nominal interest rate	165	13
Transactionin Mexican pesos at real interest Rate or denominated in UDIS	103	9
UDIS position or with return related to INPC	3	_
Foreign currency positions or with return Indexed to exchange currency	13	1
Equity positions or with returns indexed to the price of a single share or group of shares	2,778	222
Total market risk	5,791	463
Credit risk:		
Derivatives	50	4
Debt instrument position	581	47
Borrowings and deposits	387	30
Total credit risk	1,018	81
Operational risk:		
Total operational risk	923	74
Total market, credit and Operational risk	$ 7,732	618

Capital management

The capital sufficiency of the Brokerage Firm is evaluated on a monthly basis in accordance with the Capitalization Index since October 2015, which at the same time is presented to the Risk Committee and to the Board of Directors for following up and monitoring, on a quarterly basis.

On a quarterly basis, the capitalization notes are incorporated in the financial reports. Such notes have, among others, the following information: composition and integration of capital, composition of total risk weighted assets and by type of risk and the Capitalization Index.

(Continued)

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Likewise, to ensure the compliance and continuous monitoring of the capital sufficiency and liquidity that the Brokerage Firm keeps with regard to their global capital, daily indicators have been implemented. These indicators are the basis for the Committee of Liquidity and Capital Management to evaluate and monitor according to the Capital Management Policies.

At December 31, 2015, the capitalization index is within the legal limits established (>=10.5%).

Based on the aforementioned, it is determined that the Brokerage Firm has the ability to face situations which might impair their situation, also to raise sufficient capital to absorb potential losses in order to continue with the brokerage operation.

(14) Income taxes and employees statutory profit sharing (ESPS)-

Income Tax (IT) law effective as of January 1, 2014 imposes an IT rate of 30% for 2014 and thereafter. The current ESPS rate is 10%.

Since 2014, the basis for the ESPS and IT calculation is homogeneous with some differences regarding the reduction of tax loss carry forwards, paid ESPS and expenses that correspond to non-taxable income for employees.

The current IT and ESPS expense at December 31, 2015 and 2014, is as follows:

		2015		2014	
		IT	ESPS	IT	ESPS
Current	$	(60)	(28)	(102)	(35)
Prior years´ income reversed provision.		21	3	(1)	–
Deferred taxes		(14)	2	6	–
	$	(53)	(23)	(97)	(35)

(Continued)

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The analysis of the effective rate of the years ended December 31, 2015 and 2014, is analyzed as follows:

		Income Tax	
	Basis	**Tax rate 30%**	**Effective rate**
December 31, 2015			
Income before income taxes	$ 224	(67)	(30%)
Allocation to current tax:			
Effects of inflation	(12)	4	2%
Financial instruments, repurchase resell agreements and derivative net result	33	(10)	(4%)
Difference between book and tax depreciation	3	(1)	(1%)
Nondeductible expenses	17	(5)	(3%)
Provisions	5	(2)	(1%)
Net warrants effect	(35)	11	5%
ESPS paid in the year	(28)	8	4%
Current and deferred ESPS	23	(7)	(3%)
Dividends on investment securities	(26)	8	3%
Non taxable income	(4)	1	1%
Current tax	200	(60)	(27%)
Allocation to deferred tax: (tax at 30%)			
Valuation of trading securities	(33)	10	4%
Deductible ESPS	2	(1)	-
Net warrants effect	69	(21)	(9%)
Expense accruals and others	8	(2)	(1%)
Deferred tax	46	(14)	(6%)
Earnings taxes	$ 246	(74)	(33%)

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		ESPS		
		Basis	**Tax rate 10%**	**Effective rate**
December 31, 2015				
Income before income taxes	$	224	(22)	(10%)
Allocation to current tax:				
Effects of inflation		(12)	1	-
Financial instruments, repurchase resell agreements and derivative net results		33	(3)	(1%)
Difference between book and tax depreciation		3	-	-
Nondeductible expenses		11	(2)	(1%)
Provisions		5	(1)	-
Net warrants effect		18	(2)	(1%)
Current and deferred ESPS		23	(2)	(1%)
Dividends on investment securities		(26)	3	2%
Taxable income		(4)	-	-
Current ESPS		275	(28)	(12%)

		Income Tax		
		Basis	**Tax rate 30%**	**Effective rate**
December 31, 2014				
Income before income taxes	$	316	(95)	(30%)
Allocation to current tax:				
Effects of inflation		(18)	5	2%
Financial instruments, repurchase resell agreements and derivative net results		(4)	1	–
Difference between book and tax depreciation		5	(2)	–
Nondeductible expenses		17	(5)	(2%)
Provisions		(8)	2	1%
Net warrants effect		28	(8)	(3%)
ESPS paid in the year		(13)	4	1%
Current and deferred ESPS		35	(10)	(3%)
Dividends on investment securities		(19)	6	2%
Current tax, carried forward	$	339	(102)	(32%)

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		Income Tax	
	Basis	**Tax rate 30%**	**Effective rate**
Current tax, brought forward	$ 339	(102)	(32%)
Allocation to deferred tax (tax at 30%):			
Valuation of trading securities	4	(1)	–
Premises, furniture and equipment	(13)	4	1%
Deductible ESPS	(22)	6	2%
Expense accruals and others	13	(3)	(1%)
Deferred tax	(18)	6	2%
Income taxes	$ 321	(96)	(30%)

		ESPS	
	Basis	**Tax rate 10%**	**Effective rate**
December 31, 2014:			
Income before taxes	$ 316	(32)	(10%)
Allocation to current ESPS:			
Effects of inflation	(18)	2	1%
Financial instruments, repurchase resell agreements and derivative net result	(4)	–	–
Difference between book and tax depreciation	5	(1)	–
Nondeductible expenses	10	(1)	–
Provisions	(8)	1	–
Net warrants effect	28	(3)	(1%)
Dividends on investment securities	(19)	2	–
Current and deferred ESPS	35	(3)	(1%)
Current ESPS	$ 345	(35)	(11%)

Deferred IT and ESPS:

The tax effects of temporary differences that give rise to deferred income tax assets and liabilities at December 31, 2015 and 2014, respectively, are detailed in the next page.

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		2015		2014	
		IT	**ESPS**	**IT**	**ESPS**
Pre-payments	$	(8)	(3)	(8)	(3)
Valuation of financial instruments and derivatives		(6)	(2)	(16)	(6)
Valuation of available-for-sale securities		(81)	(27)	(97)	(33)
Premises, furniture and equipment		(28)	(9)	(28)	(9)
Deductible ESPS		14	-	15	–
Losses on warrants		25	2	46	2
Loss in sale of equity shares		-	-	4	2
Provisions and others		33	11	31	11
	$	(51)	(28)	(53)	(36)
Deferred IT and ESPS in the balance sheet		$ (79)		(89)	

The deferred IT and ESPS in the statement of income for the years ended December 31, 2015 and 2014, is as follows:

		2015		2014	
		IT	**ESPS**	**IT**	**ESPS**
Deferred income tax in income statement:					
Valuation of financial instruments and derivatives	$	10	4	(1)	(1)
Premises, furniture and equipment		-	–	4	2
Deductible ESPS		(1)	–	6	–
Losses on warrants		(21)	–	–	–
Loss in sale of equity share		(4)	(2)	–	–
Provisions and others		2	-	(3)	(1)
	$	(14)	2	6	–
Deferred IT and ESPS in the statement of income		$ (12)		$ 6	
Deferred tax in stockholders' equity:					
Valuation of available-for-sale securities	$	16	6	25	8
Deferred IT and ESPS in the stockholders' equity		$ 22		33	

(Continued)

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Other considerations:

In accordance with Mexican tax law, the tax authorities may examine transactions carried out during the five years prior to the most recent income tax return filed.

According to the IT law, corporation carrying out transactions with related parties, whether domestic or foreign, are subject to limits and tax obligations, to certain requirements as to the determination of the transaction prices, since these prices must be similar to those that would be used in arm's-length transactions.

(15) Memorandum accounts-

Transactions on behalf of third parties-

The funds managed by the Brokerage Firm for investing in various instruments on behalf of its customers, are recorded in memorandum accounts. At December 31, 2015 and 2014, the resources from these operations are analyzed as follows:

Customer securities received in custody	**2015**	**2014**
Mutual funds	$ 53,214	50,281
Government securities	71,390	64,462
Equity shares and others	174,296	164,055
	$ 298,900	278,798

Management transactions

Securities on repurchase/resell agreements by customers-

At December 31, 2015 and 2014, the securities on repurchase/resell agreements by customers, are as follows:

	2015		**2014**	
	Number of securities	**Fair value**	**Number of securities**	**Fair value**
BG91	53,869,898	$ 5,395	14,225,677	$ 1,417
BPAG	17,121,622	1,707	3,606	–
BPAS	-	-	10,040	1
CBBN	576,671	58	100,000	10
CBPC	-	-	330,391	33
CBUR	9,149,102	912	2,704,503	271
CTIM	2,403,899,451	23,795	191,304,282	1,887
IPAS	-	-	10,581,546	1,069
LBON	257,750,990	25,720	506,636,098	50,519
MBON	9,111,148	1,000	33,045,146	3,826
PRLV	142,251,637	142	927,381,141	912
UDIB	-	-	748,427	422
		$ 58,729		$ 60,367

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Securities lending transactions by customers-

At December 31, 2015 and 2014, the securities lending transactions by customers, are as follows:

	2015		2014	
	Number of securities	**Fair value**	**Number of securities**	**Fair value**
GRUMA	-	$ -	561,500	$ 88
NAFTRAC	482,200	21	593,200	25
CEMEX CPO	432,622	4	174,887	3
ALFA	130,000	4	–	–
ICH B	23,400	1	23,400	2
ALPEK	130,000	3	–	–
Other equity securities	315,698	11	610,484	55
		$ 44		$ 173

Collaterals delivered in guarantee by customers-

Collaterals delivered in guarantee by customers at fair value at December 31, 2015 and 2014, are as follows:

	2015	**2014**
Government securities	$ 28,113	27,482
Banking securities	-	2
Fixed income debt securities	-	138
Equity shares and holding companies certificates	48	26
Mutual funds shares	-	1,789
Cash	-	28
Margin loans	3,284	13
	$ 31,445	29,478

Income earned on assets under custody during the years ended December 31, 2015 and 2014 amounted to $57 y $56, respectively.

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Collaterals received in guarantee by customers-

Collaterals represented by government debt, banking and private securities on behalf of its costumer in guarantee for the Brokerage Firm at December 31, 2015 and 2014, at fair value are analyzed as follows:

	2015		2014	
	Number of securities	**Fair value**	**Number of securities**	**Fair value**
Governmet:				
BG91	28,148,270	$ 2,818	11,260,701	$ 1,121
BPAS	-	-	10,040	1
CBUR	4,759,869	475	-	-
CTIM	1,233,284,259	12,207	157,182,996	1,549
LBON	129,430,204	12,915	257,395,596	25,663
MBON	4,555,574	500	21,970,323	2,596
UDIB	-	-	748,427	422
BPAG	10,840,411	1,081	3,606	1
IPAS	-	-	5,620,222	566
		29,996		31,919
Banking:				
CBBN	576,671	58	100,000	10
CBPC	-	-	330,391	33
PRLV	142,251,637	142	927,381,141	912
		200		955
Private:				
CBUR	4,389,233	438	2,704,503	271
		$ 30,634		$ 33,145

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Collaterals received and sold or pledged in guarantee by the entity-

Collaterals represented by government debt securities received and sold or delivered in guarantee by the Brokerage Firm at December 31, 2015 and 2014, are analyzed as follows:

	2015			**2014**		
	Number of securities		**Fair value**	**Number of securities**		**Fair value**
Government:						
BPAG	32,002,839	$	3,202	2,964,976	$	295
CTIM	1,172,376,243		11,605	34,912,372		345
LBON	128,320,786		12,805	249,240,502		24,895
MBON	4,555,574		500	11,074,823		1,240
IPAS	-		-	4,961,324		500
			28,112			27,275
[(1)] Equity shares:						
ALFA	375,000		13	520,384		16
PEÑOLES	–		-	18,041		5
GRUMA B	65,000		16	747,500		118
NEMAK	100,000		2	–		–
NAFTRAC	180,000		8	–		–
Other securities:						
Equity shares	858,308		26	602,922		64
			65			203
		$	28,177		$	27,478

[(1)] Corresponding to securities lending transactions (see note 7)

(Continued)

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(16) Commitments and contingencies-

(a) Trials, contingencies and litigation-

In the normal course of operations, the Brokerage Firm is involved in some trials, contingencies and litigations, which are not expected to have an important negative effect in the future and in the results of its operation financial situation. In such cases that represent a probable loss or make a cash outflow, the Brokerage Firm has made necessary provisions.

(b) Leases-

Leases provide for periodic rental adjustments based on changes in various economic Factors. Total rental expenses to leases for the years ended December 31, 2015 and 2014 amounted to $15 y $11, respectively.

(17) Additional information on operations and segments-

(a) Segment information-

The Brokerage Firm has identified operating segments in which their activities are divided, considering each one as an identifiable component of its internal structure. Following is presented the statement of income classified by income segment, for the years ended December 31, 2015 and 2014.

2015		For own behalf	Investments companies	On behalf of costumers	Financial advisory	Total
Commission and fee income	$	-	367	354	-	721
Commission and fee expense		(20)	(45)	(47)	-	(112)
Financial advisory income		-	-	-	202	202
Income from services		(20)	322	307	202	811
Gain (loss) on purchase and sale of securities, net		79	-	-	-	79
Interest income (expense), net		189	-	-	-	189
Valuation gain on securities at fair value		(34)	-	-	-	(34)
Intermediation financial margin		234	-	-	-	234
Other operating income						57
Administrative and promotional expenses						(878)
Income before income taxes						224
Income taxes and deferred income, net						(53)
Net income						$ 171

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2014		**For own behalf**	**Investments companies**	**On behalf of Costumers**	**Financial advisory**	**Total**
Commission and fee income	$	-	321	378	-	699
Commission and fee expense		(37)	-	(37)	-	(74)
Financial advisory income		-	-	-	172	172
Income from services		(37)	321	341	172	797
Gain (loss) on purchase and sale of securities, net		42	-	-	-	42
Interest income (expense), net		190	-	-	-	190
Valuation gain on securities at fair value		3	-	-	-	3
Intermediation financial margin		235	-	-	-	235
Other operating income						49
Administrative and promotional expenses						(765)
Income before income taxes						316
Income taxes and deferred income, net						(97)
Net income						$ 219

(b) Result for services

Commission and fee income-

For the years ended as of December 31, 2015 and 2014, the commissions and fee income, are integrated as follows:

		2015	**2014**
Purchase and sale of securities	$	188	168
Custody or management asset		57	56
Issuance of commercial bonds		109	154
Distribution and co-distribution		367	321
	$	721	699

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Commission and fee expense-

For the years ended December 31, 2015 and 2014, the commissions and fee expense, are integrated as follows:

	2015	2014
Mexican Stock Exchange	$ 20	$ 3
Issuance	12	19
Indeval fees	15	15
Custody of metals	2	4
Contraparte central de valores de México	5	4
Referencer (investment companies)	55	25
Others fees	3	4
	$ 112	$ 74

Financial advisory income-

For the years ended December 31, 2015 and 2014, the financial advisory income, is integrated as follows:

	2015	2014
Scotiabank Inverlat	$ 27	$ 27
Scotia Fondos	22	21
Scotia Mcleod	57	54
Fees for common representation	4	3
Other the financial advisory income	92	67
	$ 202	$ 172

(Continued)

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(c) Intermediation financial margin-

Gain (loss) on purchase and sale of securities, net-

For the years ended as of December 31, 2015 and 2014, the gain (loss) on purchase and sale of securities, net is integrated as follows:

	2015	2014
Investment securities	$ 6	$ 39
Financial instruments for trading purposes	75	7
Brokerage result of foreign currencies and precious metals, net	(2)	(4)
	$ 79	$ 42

Interest income (expense), net-

For the years ended as of December 31, 2015 and 2014, the interest income (expense), net are integrated as follows:

	2015	2014
Investment securities	$ 289	$ 407
Securities on repurchase/resell agreements and securities lending	(90)	(207)
Bank and other borrowings	(10)	(10)
	$ 189	$ 190

(Continued)

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Valuation on securities at fair value-

For the years ended December 31, 2015 and 2014, the valuation result at fair value is integrated as follows:

		2015	2014
Investment securities	$	(11)	(7)
Securities on repurchase/resell agreements and securities lending transaction		3	(3)
Derivatives for trading purposes		(25)	14
Foreign currencies and precious metals		(1)	(1)
	$	(34)	3

(d) Other operating income-

For the years ended December 31, 2015 and 2014, other operating income is integrated as follows:

		2015	2014
Customer referral fees	$	2	5
Lease income		8	8
Others, mainly unidentified deposits		48	39
Write-offs		(1)	(3)
Other operating income	$	57	49

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(e) Financial ratios (non-audited)-

Following are the main quarterly financial ratios of the Brokerage Firm for the years ended December 31, 2015 and 2014:

	2015			
	Fourth	**Third**	**Second**	**First**
Solvency (*total assets / total liabilities*)	1.31	1.26	1.19	1.11
Liquidity (*liquid assets/liquid liabilities*)	1.25	1.22	1.16	1.10
Leverage (total liabilities-liquidation of the entity (creditor) / stockholders' equity)	2.9	2.7	2.6	5.3
ROE (annualized net income for the quarter/ average stockholders' equity)	5.7%	3.7%	18.7%	20.6%
ROA (annualized net income for the quarter / average total assets)	1.5%	0.9%	3.0%	2.9%
Capital requirement / Global capital	46.08%	47.62%	50.70%	45.61%
ICAP (Capitalization Index)	17.4%	16.8%	15.8%	17.5%
Financial margin / Total operating income	17.1%	17.4%	30.4%	17.9%
Income before income taxes / Total operating income	11.8%	9.4%	28.0%	28.5%
Net income / Administrative expenses	113.4%	110.4%	138.9%	139.9%
Administrative expenses / Total operating income	88.2%	90.6%	72.0%	71.5%
Net Income / Expense Management	9.2%	6.4%	29.6%	33.2%
Personnel expenses / Total operating income	60.7%	63.8%	52.0%	54.3%

	2014			
	Fourth	**Third**	**Second**	**First**
Solvency (*total assets / total liabilities*)	1.12	1.12	1.12	1.15
Liquidity (*liquid assets/liquid liabilities*)	1.10	1.10	1.10	1.13
Leverage (total liabilities-liquidation of the entity (creditor) / stockholders' equity)	7.3	6.3	7.7	5.9
ROE (annualized net income for the quarter/ average stockholders' equity)	26.7%	8.6%	13.3%	16.8%
ROA (annualized net income for the quarter / average total assets)	3.8%	1.1%	1.8%	2.7%
Capital requirement / Global capital	52.67%	54.96%	43.34%	44.49%
ICAP (Capitalization Index)	15.2%	14.6%	18.5%	18.0%
Financial margin / Total operating income	24.8%	7.3%	34.4%	17.01%
Net operating/Total operating income	40.3%	14.6%	24.0%	32.17%
Net income / Administrative expenses	167.6%	117.1%	131.6%	147.42%
Administrative expenses / Total operating income	59.7%	85.4%	76.0%	67.8%
Net Income / Expense Management	42.7%	14.9%	22.5%	33.44%
Personnel expenses / Total operating income	42.6%	61.8%	54.9%	52.14%

Notes

- *The indicators related to results correspond to annualized quarterly nominal cash flows.*
- *The Solvency, Liquidity and Leverage indicators are stated in number of times.*
- *The ICAP numbers were not rating by Banxico. Since Banxico used to rate the ICAP, the T4 2015 was the only number that had been rated by. In October 2015 Banxico started to rate the ICAP numbers.*

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(18) Comprehensive risk management (non-audited)-

The purpose of the comprehensive risk management function is to identify and measure risks, follow up on their impact that these risks may have on the operations, and control their effects on income and shareholder value, by applying the best mitigation strategies available and the incorporation of the risk culture in daily transactions.

According to the General Provisions applicable to Brokerage Firms in terms of risk management issued by the Commission, the Board of Directors assumes responsibility over the Brokerage Firm risk management objectives, guidelines and policies. At least once a year, the Board of Directors should approve the policies and procedures, as well as the limit structure for the various types of risk.

Pursuant to the policies in force, the Board of Directors entrusts the implementation of the risk policies and the setting of specific limits by risk factor as well as the implementation of the procedures designed to measure, manage and control risks to the Risk Management Committee and the Comprehensive Risk Management Unit (UAIR, for its abbreviation in Spanish).

Furthermore, the Risk Management Committee delegates responsibility to the Asset-Liability Committee for monitoring compliance of policies and procedures concerning market and liquidity risks. Likewise, the UAIR has policies for reporting and correcting deviations from the specified limits, which it should report to the Risk Committee and the Board of Directors.

(a) Credit risk-

Credit risk results from potential non-compliance by the issuer of a financial instrument or counterparty of the Brokerage Firm, in any of the terms of the purchase/sale agreement or prospectus of any financial instrument.

The Brokerage Firm has implemented and adapted to Mexican market conditions, the CreditMetrics® methodology for measuring and controlling the credit risk of its various portfolio segments. The portfolios and segments to which the credit risk measurement methodology applies at the Brokerage Firm are money and derivatives market. This methodology allows estimating expected and unexpected losses through measurements of the probability of occurrence of credit events (transition matrix), including the probability of default.

The expected loss represents an estimate of the impact of probability of default, loss given default and exposure at default over a 12-month period.

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The unexpected loss is a measurement of dispersion from the expected loss, which is calculated based on adjusted risk parameters for obtaining capital.

Additionally, stress testing assuming extreme conditions is performed both for the expected and the unexpected loss, which are presented and analyzed in the Risk Committee.

As of December 31, 2015 and 2014, the expected and the unexpected loss over the total portfolio of the Brokerage Firm, is as follows:

	2015		2014	
	December	Average	December	Average
Expected loss	1.9	2.0	6.2	7.5
Unexpected loss	2.3	2.5	8.5	10.3

In order to understand the expected and unexpected loss as an example, the average expected loss during the fourth quarter of 2015 was $2.0, which represents the amount that the Brokerage Firm is expected to loss (in average) during the following twelve months for non-compliance items, given the characteristics of its counterparties; on the other hand, the unexpected loss was $2.5 and represents the necessary economic capital to maintain solvent the Brokerage Firm in case of an adverse event of high magnitude that have a great impact in the positions of the counterparty.

As of December 31, 2015 and 2014, the total exposure of the investments instruments portfolio, is as follows:

Exposure of the financial instruments portfolio	December 2015	Average 2015	December 2014
Corporate	$ 913	975	373
Banking	307	528	1,045
Government	3,179	2,862	5,143
Other*	1,042	1,182	1,350
	$ 5,441	5,547	7,911

* Includes equity shares and investment funds.

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Credit risk in the investments securities– Following is a summary of the exposures as of December 31, 2015 and 2014, the credit quality and the concentration by credit risk of the investments securities:

December 2015	Available for sale	Trading	Total Risk	% Concentration
mxAAA	$ –	4,338	4,338	79.7%
mxAA-	–	3	3	0.1%
mxA	–	58	58	1.1%
mxBBB+	–	2	2	-
No rating*	324	718	1,042	19.1%
	$ 324	5,119	5,443	100%
Concentration	6%	94%	100%	

December 2014	Available for sale	Trading	Total Risk	% Concentration
mxAAA	$ –	6,365	6,365	80.5%
mxAA	68	117	185	2.3%
mxA	–	10	10	0.1%
No rating*	379	972	1,351	17.1%
	$ 447	7,464	7,911	100%
Concentration	6%	94%	100%	

* They correspond to investment funds and equity shares.

Credit risk in the derivatives operations– At December 31, 2015 and 2014 the counterparty credit risk exposure in operations with derivative financial instruments is solely with financial institutions.

	December 2015	December 2014
Exposure ($)	75	147

(Continued)

(a) Market risk-

The purpose of the market risk management function is to identify, measure, monitor and control risks arising from interest rates, stock market prices and index fluctuations and other risk factors that are present in the money, foreign exchange currencies, capitals and derivative instruments markets, in which the Brokerage Firm maintains business positions for its own account. The Brokerage Firm´s risk positions include fixed and floating rate money market instruments, stocks, foreign exchange positions and derivatives such as interest rates futures, futures, foreign exchange forwards and options, interest rates swaps, interest rates options and foreign currency swaps. For each portfolio, we have established and approved limits.

The market risk limits framework contemplates notional or volumetric amounts for value at risk, sensitivity, concentration, stress limits and due dates, among others.

Market risk management includes monitoring that the risks mitigants are up to date and accurate. In this regard the established and approved limits for each one of the portfolios are daily monitoring and annually reviewed. Furthermore, the models used to manage market risk are reviewed at least biannually. Additionally, the Risk Committee and Board of Directors are periodically informed of the performance of the limits, as well as of the Market Risk indicators. It is relevant to mention that the limits approved by the Risk Committee and Board of Directors are aligned with the institution's Risk Appetite.

For market risk management, the information is extracted from the different applications and systems the institution has, and also the related market risk estimates such as risk value and sensitivity are conducted through specialized systems.

Market risk management in securities trading activities – The Brokerage Firm´s securities trading activities are directed primarily to providing services to its customers. Accordingly, to meet its customers' demand, the Group maintains positions in financial instruments and holds an inventory of financial instruments for trading purposes. Access to market liquidity is available through offers to buy from and sell to other intermediaries. Although these two activities represent transactions the Brokerage Firm carries out for its own account, they are essential to allow customers access to markets and financial instruments at competitive prices. In addition, the Brokerage Firm has treasury positions invested in the money market so that surplus cash generates the maximum yields. In general, trading positions are taken in liquid markets which avoids high costs at the time such positions are liquidated. The trading securities portfolio (fixed and variable income and derivative instruments) is marked to market on a daily basis. Such information is included daily in the corresponding reports.

(Continued)

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Among market risk measuring and monitoring methodologies, the Value at Risk (VaR) is an estimate of the potential loss of value within a specific level of statistical confidence, that might arise from maintaining a specific position during a specific period of time (the holding period) under normal market conditions. The VaR is calculated daily on all of the Brokerage Firm risk-exposed financial instruments and portfolios, using the Risk-watch risk management software.

The VaR is calculated using the historical simulation method, with a 300-working day time span. To conform to the measurement methodologies used by the Group calculates the VaR considering a 99% confidence level and a 1 day holding period.

The day average global VaR during the fourth quarter of 2015 was $8.46; as a percentage of the net capital ($1,278 December 2015) at the period´s end is equal to 0.66%. The global VaR at the end of December 31, 2015 was $11.28.

The disaggregated average VaR by risk factor during the fourth quarter of 2015 and 2014, is as follows:

Risk factor	December 2015 Average VaR 1 day	December 2014 Average VaR 1 day
Interest rates	8.40	12.20
Capital	4.70	3.04
Total non-diversified	13.10	15.24
Diversification cash	(4.64)	(2.87)
Total	8.46	12.37

The average VaR of exposure to market risk of the securities trading portfolios in the period of October to December 2015 and 2014, were as follows:

	Position			VaR		
December 2015	**Average**	**Closing**	**Límit**	**Average**	**Closing**	**Limit**
Brokerage Firm	**22,834**	**21,866**	**-**	**8.46**	**11.28**	**40**
Money market	7,773	7,906	85,000	8.42	11.41	40
Equity shares position	28	54	200	0.28/[3]	1.07/[3]	13
Capital derivatives (underlying national) /[1]	4,145	3,790	18,000	4.71/[2]	1.92/[2]	13.00
Capital derivatives (underlying international) /[2]	10,888	10,117	24,000			
Equity shares derivatives /[3]	-	-	3,000	-	-	13
Options OTC TIIE	307	366	5,000	-	-	40
Total equity shares and derivatives / [4,5,6]	**15,368**	**14,327**	**50,200**	**4.99/** [4,5,6]	**2.99/** [4,5,6]	**13**

1/ Includes warrants with IPC underlying.
2/ The consolidated VaR includes derivative with national e international underlyings.
3/ The VaR corresponds solely the equity shares position.
4/ Includes equity shares derivatives of MexDer
5/ The Total Equity Shares VaR include the stock position and the equity shares derivatives.
6/ It is exclude total OTC TIIE options.

(Continued)

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	Position			VaR	
	Average	**Maximum**	**Limit**	**Average 1d**	**Limit**
December 2014					
Brokerage Firm	15,351	20,457	–	12.37	40.0
Money market	15,337	20,430	–	12.20	40.0
Equity shares position	14	33	200	0.25/2	13.0
Capital derivatives /1	9,051	9,506	28,000	2.99	–
Equity shares derivatives /3	123	133	3,000		
Options OTC TIIE	47	72	5,000	–	–
Total equity shares and derivatives IPC	9,235	9,744	36,200	3.24 /4	13.0

1/ Includes warrants with IPC underlying, IPC equity shares and internationals.
2/ The VaR corresponds solely the equity shares position
3/ Includes equity shares derivatives of MexDer.
4/ The Total Equity Shares VaR include the stock position and the equity shares derivatives

As an example, the average VaR of the quarter for the Brokerage Firm in the money and interest rate derivatives markets was $8.46, which means that under normal conditions, 99 in 100 days the maximum potential loss would be $8.46.

Even though the Brokerage Firm is authorized to operate listed future transactions in the Mexican Derivatives Markets (MexDer-Spanish acronym), for its trading portfolio, during the fourth quarter of 2015 and 2014, which did not represent any position. The current limits at the end of 2015 and 2014 are as follows:

2015

Scotia Brokerage Firm Mexder *(figures in contract numbers)*	Average position	Position limit
Trading futures		
TIIE28	-	750,000
CE91	-	20,000
Bono M / 1	-	35,000
IPC /2	-	750

1/ The futures Bonds M limit, includes 15,000 of futures of Bonds M20, 20,000 contracts of futures of Bonds M10 and 500 futures Bonds M30
2/ Includes the contracts of the equity shares trading. The average VaR of 1 day of IPC Futures is 0.00 millions and also includes the Global Equity Shares VaR.

(Continued)

(Millions of Mexican pesos)

2014

Scotia Brokerage Firm Mexder *(figures in contract numbers)*	Average position	Maximum position	Position limit
Trading futures			
TIIE28	-	-	750,000
CE91	-	-	20,000
Bono M [/1]	-	-	35,500
IPC [/2]	-	-	750

1/ The futures Bonds M limit, includes 15,000 of futures of Bonds M20, 20,000 contracts of futures of Bonds M10 and 500 futures Bonds M30.
2/ Includes the contracts of the equity shares trading. The average VaR of 1 day of IPC Futures is 0.00 millions and also includes the Global Equity Shares VaR.

During 2015, there was not IPC futures position with MexDer for the equity shares and the equity shares derivatives position. Likewise the Brokerage Firm through the equity shares derivatives area can operate transactions with the options over IPC futures of MexDer. During 2015 these transactions did not take place.

It is important to mention that the futures and options of the IPC future are primarily used to hedge the market risk of the options and warrants positions that are issued to the clients. The Brokerage Firm issued referred IPC warrants and a basket of shares for $15,032, with a maximum of $46,645. The hedging positions of the options and warrants as of December 31, 2015 and 2014, are as shown as follow:

Hedging positions of options or warrants	**Position 2015**	**Position 2014**
Options of IPC OTC	373	538
Options OTC XLE	340	-
Options OTC AAPL	339	2,016
Options OTC IVV	1,439	-
NAFTRACS	188	100
Options OTC EWG	157	-
Options OTC GMEXICO	92	-
Options OTC CEMEX	114	120
Options OTC TIIE	366	38
Options OTC SPXIND	-	475
Options OTC WALMEX	-	101
Options OTC SX5C	2,245	1,765
Options OTC FXI	-	34
Options OTC IBX	-	495
Options OTC TSX	-	972
Options OTC XOP	-	52

(Continued)

Given that the VaR measure is used to estimate potential losses under normal market conditions, stress testing is performed daily, with the purpose of determining exposure to risk considering large abnormal fluctuations in market prices (changes in volatility and correlations between risk factors). The Risk Committee has approved stress limits. The stress testing during last quarter of 2015 was $167. The limit is $1,000. Scenarios used for stress testing are the 1994 and 1998 crises as well as hypothetical scenarios.

The back testing from October to December 2015, shows efficiency levels in green under the approach established by the International Payment Bank.

The limits structure mainly considers volumetric and notionals amounts, VaR, concentration, sensitivity and stress limits, among others.

For the valuation and risk models, references are used on updated prices, interest rate curves and other risk factors provided by the price supplier "Valuación Operativa y Referencias de Mercado, S. A. de C. V." ; the criteria adopted are determined based on technical and statistical aspects and in valuation models authorized by the Commission.

(b) Sensitivities-

Qualitative information on sensitivities

The Brokerage Firm has an area that specializes on trading risk analysis, which maintains systematic and continuous oversight of the valuation and risk measurement processes as well as of the sensitivity analysis. Such area has permanent contact with responsible traders in the different markets.

The risk area calculates on a daily basis the market risk sensitivities for each portfolio to which the Brokerage Firm is exposed. During the quarter, no changes were made to the assumptions, methods or parameters used for this analysis.

A description of the methods, parameters and assumptions used for the portfolio of stock, currency, interest rates and derivative products is presented in the following page.

(Continued)

Interest rate portfolio

Sensitivity measures produced for fixed-income instruments (bonds) are based on estimating the behavior of the portfolio's value in response to a change in the market interest rates. In referring to market interest rates, we refer to the yield curve (not the zero-coupon curves) because it is the yield curve which is quoted in the market and best explains the behavior of losses and gains.

The sensitivities of the fixed-income instruments portfolio are based on durations and convexities, depending on the particular type of instrument. In all cases, there are 2 types of measures: (i) the expected change in the portfolio value in response to a change of 1 basis point (bp) (0.01%) in the yield curve; and (ii) the expected change in the portfolio value in response to a change of 100 basis points (1%) in the yield curve. For purposes of this disclosure, we only report the changes in 1 bp.

The values estimated based on the duration and convexity methodology are a good approximation to the values obtained using the complete or full-valuation methodology.

Two sensitivities are calculated for floating rate bonds: the one relating to the free-risk rate and the other for the spread.

In zero-coupon bonds, the computation of the sensitivity of zero coupon instruments, the term to maturity, expressed in years, is used as duration.

Interest rate derivatives

Below is a brief explanation of sensitivity modeling for the interest rate derivatives:

TIIE and CETE futures: This type of derivative instruments is modeled for purposes of calculating sensitivities such as the future of a zero-coupon rate and, therefore, its duration is taken into account in estimating its sensitivity.

M bond futures: The sensitivity considers the duration and convexity over the bonds deliverable under these contracts.

Interest rate swaps: For determining the sensitivity to changes in the yield curve of TIIE swaps a 1 bp change is made in each of the relevant points in the yield curve and 1 and 100 bp is made parallel, valuing the portfolio with the different curves and calculating the change in the portfolio's value with each of these changes. In this case, the change in 1 bp is reported.

(Continued)

Stock portfolio and IPC derivatives

Stock equity: for stock position purposes, the sensitivity is obtained calculating the Delta by issue within the portfolio. Delta is defined as the change in the portfolio's value in response to a 1% change in the value of the underlying asset.

Equities derivatives

Currently, the Brokerage Firm opted for carrying out equities derivatives transactions through the IPC futures traded at the MexDer. Their sensitivity is calculated through the Delta. This portfolio has limits expressed in notional terms.

Delta is defined as the change of value of a derivative with respect to changes in the underlying. The Delta risk is defined as the change in the value of the option in response to a change of a predetermined magnitude in the price of the underlying asset (for example 1%). Its calculation is made by valuing the option with different underlying asset levels (one original and one with a +1% shock) and maintaining all other parameters constant. In the case of futures, the sensitivity calculation is Delta, defined as the change of value of a derivative with respect to changes in the underlying. In the case of non-linear products such as warrants and options, the Delta and the "Greek" measures are deemed as sensitivity measures. The calculation of sensitivities is based on the formula for modeling options on futures known as the Black (1976) Option Pricing Formula.

The Delta risk is defined as the change in the value of the option in response to a change of a predetermined magnitude in the price of the underlying asset (for example 1%). Its calculation is made by valuing the option with different underlying asset levels (one original and one with a +1% shock), and maintaining all other parameters constant.

Gamma is supplementary to the Delta risk and is another sensitivity measure of the value of an option with respect to the value of an underlying asset. Gamma measures the change rate of Delta in response to a change in the underlying asset level, and similar to the change of Delta, it may be interpreted analytically, as the second partial derivative of the Black & Scholes model with respect to the underlying asset.

Rho is defined as the sensitivity in response to changes in interest rate. In the case of future contracts, this sensitivity may be estimated based on the available market information. The Brokerage Firm defines Rho as the change in the portfolio's value in response to a 100 bp change (parallel) in the reference interest rates.

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(Millions of Mexican pesos)

Theta is the sensitivity measure of an options portfolio that indicates the change in the portfolio's value with the passage of time. Theta is calculated solely for informative purposes and for gain/loss analyses being that it does not actually represents a market risk but a concrete, predictable and quantifiable event.

Vega is the name given to the sensitivity measure of the value of an options portfolio in response to changes in the market volatilities of the underlying asset. In general, a long position in options benefits from an increase in the volatility of the underlying assets and a short position has the opposite effect, with a few exceptions such as with binary options.

Dividend Risk. The valuation of options on indices or stock implies a known continuous compound dividend rate. Dividends, however, are an estimate and, therefore, an unknown variable, which represents a risk factor for valuation and the resulting analysis of gains and losses from transactions with options.

There is no Greek letter associated to the sensitivity of dividend risk and in the case of options on indices and stock the measurement is made by increasing the dividend rate 1% (i.e. from 1% to 1.01%).

Quantitative information of sensitivities

Quantitative information of interest rate sensitivities

The following table shows the sensitivity of 1 bp at December 31, 2015 and 2014:

Sensitivity 1bp	**December 2015**	**December 2014**
Fixed rate	0.280	1.094
Reviewable rate	0.011	0.019
Subtotal interest rates	0.291	1.113
Total	0.291	1.113

As of December 31, 2015, the Brokerage Firm presents an interest rate sensitivity of $0.291, which indicates that for each basis point that the interest rate decreases, the Brokerage Firm would generate a loss of $0.291. The position presented an increase compared to the last year.

Should the sensitivity scenario depicted in the above table materialize, this would have a direct impact on the portfolio's result.

(Continued)

(Millions of Mexican pesos)

The Brokerage Firm only considers the large positions in the money market, so that the sensitivity is positive, which means that to face an up movement of the bp, the money market position would lose an amount equal to the sensitivity. In case to be materialized the aforementioned sensitivity scenario, the losses would impact directly the Brokerage Firm's results.

The following table shows statics for the fourth quarter of 2015, taking into account the change in 1 bp: maximum, minimum and average. In average, the sensitivity was $0.061.

		Average	Maximum	Minimum
Interest rates	$	0.061	0.434	(0.360)

For comparison purposes, following is a sensitivity table of the fourth quarter of 2014:

		Average	Maximum	Minimum
Interest rates	$	1.110	2.174	0.364

Sensitivities of the shares and IPC derivatives portfolio.

Following is a sensitivity table as of December 31, 2015 and 2014:

		December 2015	December 2014
Equity shares	$	-	0.008
IPC futures		-	-
IPC options futures		-	-
Warrants		(0.023)	(0.022)
Subtotal		(0.023)	(0.022)
Total	$	(0.023)	(0.014)

During 2015, the portfolio of capitals continued with the strategy to make intraday transactions. In case to be presented the aforementioned sensitivity scenario, the losses would impact directly the portfolio's results. As of December 31, 2015, the Brokerage Firm presented a sensitivity to IPC of zero, due to the fact the position is equal to zero.

(Continued)

(Millions of Mexican pesos)

With regard to the position over IPC, it continues with a hedging strategy over the new warrants issuances and arbitrating between the capital portfolio and IPC futures.

The Brokerage Firm's capital portfolio is composed by shares and derivatives over the IPC. The following table presents the average of the fourth quarter of 2015, which amounted to ($0.037):

Sensitivities 1% delta

		Average	Maximum	Minimum
Equity shares	$	0.000	0.000	0.000
IPC derivatives		(0.037)	(0.001)	(0.350)
Total	$	(0.037)	(0.001)	(0.350)

The following table presents are the figures corresponding to the fourth quarter of 2014:

Sensitivities 1% delta

		Average	Maximum	Minimum
Equity shares	$	0.244	0.469	0.052
IPC derivatives		(0.015)	0.014	(0.027)
Total	$	0.229	0.483	0.025

The following table presents the sensitivity measures for the non-lineal instruments as of December 31, 2015.

Sensitivities for warrants and IPC options, "Greek"

Greeks		Delta	Gamma	Vega	Theta	Rho
Warrants	$	(88.187)	(3.668)	(0.070)	0.038	0.009
IPC options futures/ OTC options		(101.442)	(2.328)	(0.282)	0.017	0.230
Naftracs / shares		197.055	1.971	–	–	–
Total	$	7.426	(4.025)	(0.352)	0.055	0.239

Based on the aforementioned definitions in the Equity Shares Derivatives Section, it is presented for illustrative purposes the interpretation of the Delta of one portfolio. As of December 31, 2015, the Brokerage Firm presents a Delta value of $7.426, which indicates that face to an increase of 1% in the underlying price, the Brokerage Firm would generate an income of $7.426.

(Continued)

(Millions of Mexican pesos)

The following table presents the average, maximum and minimum of the warrants and IPC options sensitivities:

	Delta	Gamma	Rho	Vega
Minimum	(11.964)	(4.921)	0.222	(0.414)
Maximum	20.899	3.895	0.372	0.022
Average	2.206	0.853	0.311	(0.172)

(c) Liquidity and interest rates risk-

The Brokerage Firm assumes liquidity risks as an intrinsic part of its function as financial intermediary. The liquidity risk is the result of cash flow gaps. The objective of the liquidity risk management process is to guarantee that the firm will be able to meet the totality of its obligations as they become due and payable. To such end, the Brokerage Firm applies controls to liquidity gaps, monitors key liquidity indicators, maintains diversified funding sources, establishes limits and maintains a minimum percentage of liquid assets.

The Brokerage Firm manages exposure to liquidity risk and interest rate risk according with the applicable regulatory provisions and the best market practices.

For liquidity risk and interest rates management, it has been established limits which are periodically monitored. Among the applicable limits are those related with liquid assets, liquidity gasps, margin sensitivity and economic value sensitivity. These limits are reviewed annually in order to validate that they are aligned with the institution's risk.

The structure of liquidity and interest rate risk limits contemplates volumetric or notional amounts.

For liquidity and interest rate risk management, the information is extracted from the different applications and systems the institution has, and also the related liquidity risk estimates are conducted through specialized systems.

Additionally, it is important to indicate that there are prospective metrics for liquidity and interest rate risk management, which are incorporated in the annual exercise of the Institution's Exposure Plan and Enterprise Wide Stress Testing.

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The liquidity risk is monitored and controlled through accumulated liquidity gaps. These gaps are built through maturities and cash flows from payments of the different instruments of the balance sheet, both assets and liabilities, creating thus a daily gap corresponding to the differences between payment obligations and receivables generated day to day. Cash flows include contractual maturity cash flows of the Brokerage Firm (incoming and outgoing cash / interest receipt).

Interest rate risk arises from the uncertainty in earnings and/or value of the portfolio as a result of changes in interest rates, and occurs when there are mismatches (gaps) in the review of assets and liabilities with contractual maturity or subject to rate revision within a specified period, or else, when there are different reference rates for assets and liabilities. This risk arises as a result of funding activities, placement and investment of the Brokerage Firm and materializes due to a change in interest rates such as a variance in financial margin.

Indicators such as sensitivity of economic value and margin sensitivity are used to measure interest rate risk. To calculate such indicators, repricing gaps are used, built based on reference rates of assets and liabilities. In the case of fixed rate positions the indicators are modeled according to contractual amortizations and maturities, while positions referenced to a floating rate are modeled according to their next repricing date. The methodology for calculating the indicators considered assumptions of stability of demand deposits and prepaid mortgages. The first is an analysis of crops while the second considers credit recency segmentation to assign it a prepaid rate.

Both the sensitivity of Economic Value and the margin sensitivity contemplate an impact of ±100 base points (bp) on interest rates and considers the maximum loss expected by currency. This measurement is taken weekly and reported to the members of the Assets and Liabilities Committee, the Risk Committee and the Board of Directors in their respective sessions.

The sensitivity of the Economic Value incorporates the impact of change in interest rates on total expected cash flows in a window of 20 years and provides a measure of long-term impact of these variations, while the time window to estimate margin sensitivity is 12 months.

The corresponding input to the Brokerage Firm in the estimated Economic Value and the estimated variation in the financial incomes of the financial Group at the end of December and in average for the fourth quarter of 2015, is shows in the next page.

(Continued)

(Millions of Mexican pesos)

	December 2015	Average
Economic value		
Financial Group	789	801
Bank	785	796
Brokerage Firm input	4	5
Margin Sensitivity		
Financial Group	397	369
Bank	409	356
Brokerage Firm input	12	13

Available-for-sale securities treatment

Below is the valued position for the Brokerage Firm´s available-for-sale investments at December 31, 2015 and 2014, which amounts to $324 and $447, respectively:

Type		December 2015	Average	December 2014
Corporate	$	-	-	68
Other(1)		324	351	379
Total	$	324	351	447

(1) The other category comprises instruments without specific maturity date (shares, investment funds, etc).

The available-for-sale securities, to be an integral part of the balance sheet’s manage, are monitored under the aforementioned sensitivity measures (economic value and margin sensitivity).

The liquidity risk limits structure considers volumetric and notional amounts, sensitivity, liquid assets, concentration of deposits and liquidity gaps.

(Millions of Mexican pesos)

Below is the liquid assets for the Brokerage Firm at the end of December and in average for the fourth quarter of 2015 and 2014:

		2015		2014	
		December	**Average**	**December**	**Average**
Liquid assets	$	2,084	2,331	1,716	2,455

(d) Operational risk-

The operational risk is a non-discretionary risk, which is defined as the potential loss resulting from internal controls failures or deficiencies, errors in transaction processing or storage or in data transmission as well as adverse administrative or legal resolutions, frauds or theft and includes, among other things, technological risk and legal risk.

The Brokerage Firm has put in place policies and procedures enabling it to implement an appropriate operational risk management process, which are described as follows.

Policies for operational risk management

These policies are intended to establish the principles and management framework to identify, measure, monitor, limit, control and disseminate the operational risks inherent in the day-to-day activities and to promote a risk management culture throughout the Brokerage Firm.

Operational Risk Assessment

The Brokerage Firm has a structured methodology for assessing operational risk, which allows the Brokerage Firm to identify, assess and mitigate, the inherent risks in its processes and business activity, which is applied to the entire structure, the assessment is based on the identification of the inherent operational risk, assessing of the effectiveness of controls in such risks, on which is determined a level of residual risk from which actions are set to mitigate the identified risks.

Manual for Operational Risk Data Gathering and Classification

These policies define the requirements for reporting the information that supports the measuring processes, as well as the scope of the data gathering process, the functions and responsibilities of the business units for gathering and reporting loss data, as its specific characteristics. At December 31, 2015, the Brokerage Firm recorded operational risk losses for ($1), which were the same in 2014 ($1).

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Operational risk tolerance levels

This is an operational loss management tool that enables each of the Brokerage Firm's area to know the tolerance levels of losses applicable to each assumed loss event, and serves as an incentive for the improvement of the operational risk management process and the adoption of the necessary action to minimize the risk of future losses.

Key risk indicators

This process allows the Brokerage Firm to establish indicators from process variables, which behavior is related to the level of risk assumed. By tracking each indicator, trends are identified that allow for managing the indicator's values over time. Admissible thresholds are established for each of the selected indicators.

Estimate of legal risk losses

The Brokerage Firm has a methodology for estimating expected and unexpected legal risk losses through for estimating probable losses arising from an adverse outcome of trials in process. Such methodology is based on the loss experience of previous years that is used for determining the likelihood of loss associated with the ongoing legal issues through a statistical severity and occurrence analysis.

Technological risk

The technological risk is defined as the potential loss associated with damage, interruption, modification or failure resulting from the use of hardware, software, systems, applications, networks and any other channel for transmitting of information in rendering services to the Brokerage Firm´s customers.

In order to attend the requirements of regulations in terms of the related technological risk, the Group has technological risk management policies. These policies describe the guidelines and methodology for assessing risk. Additionally, the DGA of Information Technology Officer has policies, procedures and systems that contribute to compliance with the requirements in terms of the rioted requeriments.

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The technological risk methodology, which assesses vulnerabilities, considers the criticality of the information in terms of completeness, confidentiality, availability and continuity to identify the inherent risks in the technological applications and infrastructure, assess the controls in place and obtain the residual risk. As a result, the methodology sets forth a proposal of controls for mitigating the technological risk at an acceptable level.

The regular audits performed by an independent and skilled internal audit department include comprehensive reviews of the design, implementation and exploitation of the internal control systems in every business and support area, new products and systems and of the reliability and completeness of data processing operations.

(19) Recently issued financial reporting standards-

The Consejo Mexicano de Normas de Información Financiera, A. C. (CINIF) has issued the following MFRS and improvements to MFRS applicable to the operation of the Brokerage Firm.

Brokerage Firm Management estimates that the effects of the MFRS and its improvements, except for the effect of MFRS D-3 will be immaterial given that there are specific accounting criteria for brokerage firms issued by the Commission.

MFRS C-2 *"Investment in financial instruments"*- MFRS C-2 is effective for years beginning on January 1, 2018. It specific rules for the accounting recognition of investments in financial instruments, principally those held for trading purposes, and the classification of financial instruments based on the business model of an entity, for all instruments as a whole.

MFRS C-3 *"Accounts Receivable"*- MFRS C-3 is effective for years beginning January 1, 2018, and is applicable retrospectively; however, early adoption is allowed as of January 1, 2016 provided that it takes place concurrently with the adoption of MFRS related to financial instruments whose effective date and early adoption are in the same terms. Some of the primary changes resulting from the adoption of this MFRS are listed in the next page.

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- MFRS C-3 provides that accounts receivable based on a contract are deemed financial instruments. On the other hand, some other accounts receivable, resulting from legal or tax provisions, may include certain characteristics of a financial instrument, such as bearing interest, though these are not deemed financial instruments.

MFRS C-9 “*Provisions, Contingencies and Commitments*”- MFRS C-9 is effective for years beginning on or after January 1, 2018; provided that it takes place concurrently with the initial adoption of MFRS C-19 “Financial instruments payable”. MFRS C-9 supersedes Bulletin C-9 “Liabilities, Provisions, Contingent Assets and Liabilities and Commitments”. The first-time adoption of this MFRS does not produce accounting changes in the financial statements. Some of the main points covered by this MFRS include the following:

- Its scope is reduced by moving the subject concerning the accounting treatment of financial liabilities to MFRS C-19 “Financial instruments payable”.

- The definition of “liability” is changed by eliminating the qualifier “virtually unavoidable” and including the word “probable”.

- The terminology employed throughout the standard is updated to standardize its presentation to the rest of the MFRS.

MFRS C-19 “Financial instruments payable”- MFRS C-19 is effective for years beginning on or after January 1, 2018 with retrospective effects and early adoption is allowed as of January 1, 2016 provided that it takes place concurrently with the adoption of MFRS C-9 and the MFRS related to financial instruments whose effective date and early adoption are in the same terms. Some of the main points covered by this MFRS include the following:

- It provides for the possibility of measuring, subsequent to their initial recognition, certain financial liabilities at fair value when certain conditions are fulfilled.

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- Long-term liabilities are initially recognized at present value.

- In restructuring a liability, without the future cash flows for its settlement being substantially modified, the costs and commissions expensed in this process shall affect the amount of the liability and be amortized on a modified effective interest rate basis instead of directly affecting the net income or loss.

- It includes the provisions of IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments", which was not provided for by the existing standard.

- The effect of extinguishing a financial liability should be presented as a financial result in the comprehensive statement of income.

- It introduces the concepts of amortized cost in valuing financial liabilities and of the effective interest method based on the effective interest rate.

MFRS C-16 *"Impairment of financial instruments receivable"*- MFRS C-16 shall be effective for years beginning on January 1, 2018. It establishes standards for the accounting recognition of impairment losses of all financial instruments receivable; it indicates when and how an expected impairment loss should be recognized and establishes the methodology for determination.

MFRS C-20 *"Financing instruments receivable"*- MFRS C-20 shall be effective for years beginning January 1, 2018, and is applicable retrospectively. Early adoption is allowed as of January 1, 2016 provided that it takes place concurrently with the initial adoption of MFRS related to financial instruments whose effective date and early adoption are in the same terms. Some of the main aspects resulting from the adoption of this MFRS are as follows:

- Classification of financial instruments within assets. To determine such classification, the concept of intention to acquire and hold financial instruments has been removed. Instead, the concept of business management model is adopted, either for obtaining a contractual yield, generating a contractual yield and selling in order to achieve certain strategic objectives, or generating earnings from the purchase and sale thereof, in order to classify them in accordance with the respective model.

- The valuation effect of investments in financial instruments is also focused on the business model.

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- The reclassification of financial instruments is not permitted among receivables, strategic investments, and negotiable instruments, unless the entity changes its business model.

- An embedded derivative that modifies the cash flows of principal and interest is not separated from its host receivable financial instrument. The entire receivable financial instrument shall be measured at fair value, as if it were a negotiable financial instrument.

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

- **Direct benefits –** The classification of direct short-term benefits was modified and the recognition of deferred ESPS was ratified.

- **Termination benefits –** The bases were modified for identifying when payments for the termination of a work relationship actually meet post-employment benefits or when they are termination benefits.

- **Post-employment benefits –** Among others, the following were modified: the accounting recognition of multi-employer plans; government plans and plans of entities under common control; the recognition of the net defined benefit liability (asset); the bases for determining the actuarial hypothesis in the discount rate; the recognition of the Service Cost of Past Periods (SCPP) and of the Early Settlement of Obligations (ESO).

- **Remeasurements –** In recognizing post-employment benefits, the corridor approach is eliminated in the treatment of the plan's profits and losses (PPL); therefore, they are recognized as accrued and recognized directly in Other Comprehensive Income ("ORI"), requiring their recycling to the period's net profit or loss under certain conditions.

- **Plan Asset Ceiling (PA) –** Identifies a plan asset ceiling and specifies which entity contributed funds do not qualify as such.

(Continued)

- **Recognition in profit or loss of PM, SR and gains or losses from Early Settlement of Obligations (ESO) –** In post-employment benefits, the totality of the Service Cost of Past Periods (SCPP) of Plan Modifications (PM), Staff Reductions (SR) and the gains or losses from Early Settlement of Obligations (ESO) are immediately recognized in profit or loss.

- **Discount rate –** Establishes that the discount rate of Defined Benefit Obligations (DBO) is based on investment grade corporate bond rates (deep market) and, in their absence, on government bond rates.

- **Termination benefits –** Requires an analysis as to whether separation payments qualify as termination benefits or are actually post-employment benefits and notes that if the benefit is non-cumulative with no preexisting granting conditions, it is a termination benefit and, therefore, it should be recognized when the event occurs. However, if preexisting conditions are present, either contractually, by law or payment practices, it is deemed a cumulative benefit and should be recognized as a post-employment benefit.

The total estimated amount of the initial unfavorable effect of the adoption of MFRS D-3 amounts to $9. This estimate was determinated using a corporate bond rate to discount the cash flows to to present value. The Brokerage Firm is in the process of analyzing the appropriate discount rate.

2016 MFRS Improvements

In December 2015, CINIF issued the document referred to as “2016 FRS Improvements”, which contains precise modifications to some MFRS. The modifications that bring about accounting changes are listed below:

MFRS C-1 “Cash and cash equivalents” and FRS B -2 “Statement of cash flows”-These modify the definition of cash and cash equivalents to agree with the definitions established in the international financial reporting standards (IFRS) and changes the term “investments available on demand” to “highly-liquid financial instruments”.

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It also stipulates that cash on the initial and subsequent recognition should be valued at fair value, which is face value, cash equivalents should be valued at fair value on initial recognition and highly-liquid financial instruments should be valued based in the provisions of the standard for financial instruments, in accordance with the purpose for which each type of instrument is maintained. These revisions are effective for years beginning on or after January 1, 2016 and the accounting changes that arise should be recognized retrospectively.

Bulletin C-2 "Financial instruments", Document of adjustments to Bulletin C-2 (DA). MFRS B-10 "Effects of inflation" and Bulletin C-9 "Liabilities, provisions, contingent assets and liabilities"- These modify the definition of financial instruments available for sale contained in the DA to agree with the definition contained in Bulletin C-2. Additionally, in order to homologize with IFRS: it revises the criteria to be considered when classifying a financial instrument as held to maturity; it incorporates the term "transaction costs" in substitution of the term "purchasing expenses"; it specifies where in the statement of comprehensive income recognize fair value adjustments, exchange fluctuation and the monetary position adjustment (REPOMO) related to financial instruments and modifies the DA to allow the reversal of impairment losses related to financial instruments classified as held to maturity. These revisions are effective for years beginning on or after January 1, 2016 and the accounting changes that arise should be recognized retrospectively.

Bulletin C-10 "Derivative financial instruments and hedging activities"- In order to homologize with IFRS: it specifies that throughout the hedge period, the hedge must be evaluated in terms of effectiveness; it specifies how to determine the primary position and incorporates the concept "transaction costs" and makes adjustments for the accounting recognition of such costs. These revisions are effective for years beginning on or after January 1, 2016 and the accounting changes that arise should be recognized retrospectively.