Grupo Financiero BBVA Bancomer, S.A. de C.V. and Subsidiaries
(Subsidiary of Banco Bilbao Vizcaya Argentaria, S.A.)

Consolidated Financial Statements for the Years Ended December 31, 2014 and 2013, and Independent Auditors' Report Dated February 16, 2015

Grupo Financiero BBVA Bancomer, S.A. de C.V. and Subsidiaries
(Subsidiary of Banco Bilbao Vizcaya Argentaria, S.A.)

Independent Auditors' Report and Consolidated Financial Statements 2014 y 2013

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Independent Auditors' Report to the Board of Directors and Stockholders of Grupo Financiero BBVA Bancomer, S.A. de C.V.

We have audited the accompanying consolidated financial statements of Grupo Financiero BBVA Bancomer, S.A. de C.V. and Subsidiaries (Subsidiary of Banco Bilbao Vizcaya Argentaria, S.A.) (the "Financial Group") which comprise the consolidated balance sheets as of December 31, 2014 and 2013 and the consolidated statements of income, changes in stockholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements in accordance with the accounting criteria established by the Mexican National Banking and Securities Commission (the "Commission") through the "General Provisions Applicable to Financial Group Holding Companies" (the "Regulations"), and for such internal controls as management deems necessary for the preparation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

Independent Auditor's Responsibility

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

An audit involves performing procedures to obtain evidence supporting the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Financial Group's preparation and fair presentation of the consolidated 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 Financial Group'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 presentation of the consolidated financial statements.

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

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Grupo Financiero BBVA Bancomer, S.A de C.V and Subsidiaries as of December 31, 2014 and 2013, and their financial performance and their cash flows for the years then ended in accordance with the accounting criteria of the Commission as issued in the Regulations.

Emphasis matter

As explained in Note 4 to the accompanying consolidated financial statements, during 2013, the Commission issued amendments to the accounting criteria related to the classification of the commercial portfolio of the credit institutions, for the purpose of changing the model for establishing the allowance for loan losses based on a model of incurred loss, to a model of expected loss, in which the credit losses for the next 12 months are estimated using the credit information which best anticipates them. In conformity with such amendments, BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer ("BBVA Bancomer") recognized as of January 31, 2014 the initial financial effect of the credit portfolio of financial institutions, which generated the creation and recording of credit reserves on the consolidated balance sheet under the heading of "Allowance for loan losses" for the amount of MX $75.6 million, with a corresponding charge in the consolidated statement of income for the same amount, under the heading of "Allowance for loan losses". As of June 30, 2013, BBVA Bancomer recognized the initial financial effect of the commercial credit portfolio, which generated the establishment and recording of credit reserves on the consolidated balance sheet under the heading of "Allowance for loan losses" in the amount of MX $1,551 million, with a corresponding charge in stockholders' equity under the heading of "Result from previous years", for the same amount. Furthermore, in conformity with NIF D-4, *Taxes on income*, BBVA Bancomer recognized the related deferred income tax for this initial financial effect derived from the change in classification methodology of the commercial credit portfolio, in the amount of MX $465 million. Therefore, the initial financial effect recognized in stockholders' equity under the heading "Result from previous years" derived from the application of the change in classification methodology for commercial credit portfolio was MX $1,086 million, net of taxes on income.

Other matter

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

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

C.P.C. Ernesto Pineda Fresán

February 16, 2015

Grupo Financiero BBVA Bancomer, S.A. de C.V. and Subsidiaries

(Subsidiary of Banco Bilbao Vizcaya Argentaria, S.A.)
Av. Universidad 1200, Col. Xoco, México, D.F., C.P. 03339

Consolidated Balance Sheets

At December 31, 2014 and 2013
(In millions of Mexican pesos)

Assets	2014	2013
Cash and cash equivalents	$ 124,219	$ 128,320
Margin call accounts	3,810	5,671
Securities:		
Trading	296,989	293,418
Available for sale	152,187	124,916
Held to maturity	89,332	78,302
	538,508	496,636
Debtors from repurchase agreements	2,565	2,446
Derivatives:		
Trading	85,070	60,443
Hedging	6,925	2,915
	91,995	63,358
Valuation adjustments derived from hedges of financial assets	2,456	1,299
Performing loans:		
Commercial loans-		
Business or commercial activity	295,506	262,430
Financial entities	10,061	11,154
Government entities	127,988	89,545
	433,555	363,129
Consumer	193,411	180,574
Mortgage	159,466	154,046
Total performing loans	786,432	697,749
Non-performing loans:		
Commercial loans-		
Business or commercial activity	5,338	5,689
Financial entities	42	-
Government entities	2	2
	5,382	5,691
Consumer	7,487	7,451
Mortgage	9,083	9,533
Total non-performing loans	21,952	22,675
Total loans	808,384	720,424
Allowance for loan losses	(26,081)	(27,336)
Total loans, net	782,303	693,088
Receivables, sundry debtors and prepayments, net	1,314	1,175
Premium debtor, net	2,980	2,471
Accounts receivable to reinsurers and rebonding companies, net	132	236
Benefits receivable from securitization transactions	1,165	1,175
Receivables, sundry debtors and prepayments, net	58,755	49,228
Long- lived assets available for sale	376	-
Repossessed assets, net	6,822	7,630
Property, furniture and equipment, net	29,035	22,477
Equity investments	1,611	1,603
Deferred taxes, net	8,329	6,317
Other assets:		
Deferred charges, prepaid expenses and intangibles	17,436	16,150
Other short and long term assets	4,088	2,685
	21,524	18,835
Total assets	$ 1,677,899	$ 1,501,965

Liabilities	2014	2013
Deposits:		
Demand deposits	$ 577,921	$ 525,117
Time deposits-		
From general public	131,971	116,824
Money market	13,867	10,518
	145,838	127,342
Bank bonds	71,128	57,244
	794,887	709,703
Interbank loans and loans from other entities:		
Payable on demand	7,305	17,432
Short-term	37,758	9,848
Long-term	4,558	4,620
	49,621	31,900
Technical reserves	116,304	101,576
Creditors from repurchase agreements	256,192	254,205
Security loans	1	1
Collateral sold or delivered in guarantee:		
Repurchase agreement (credit balance)	1	-
Security loans	38,194	37,775
Derivatives	-	6,432
	38,195	44,207
Assigned values pending settlement	5,157	-
Derivatives:		
Trading	93,946	61,387
Hedging	5,478	4,833
	99,424	66,220
Valuation adjustments derived from hedges of financial liabilities	3,084	304
Accounts payable to reinsurers and re-guarantee, net	57	49
Other payables:		
Employee profit sharing (PTU) payable	247	24
Transaction settlement creditors	29,911	34,749
Creditors for collateral received in cash	15,478	5,867
Accrued liabilities and other	26,202	24,465
	71,838	65,105
Subordinated debt	69,495	64,607
Deferred credits and advanced collections	6,772	7,105
Total liabilities	1,511,027	1,344,982
Stockholders' equity		
Subscribed capital:		
Paid-in capital	9,799	9,799
Share premium	79,333	79,333
Earned capital:		
Capital reserves	204	204
Results from prior years	44,376	27,110
Unrealized gains on available-for-sale securities	1,207	1,410
Result from valuation of cash flow hedges	707	1,182
Result from conversion of foreign subsidiaries	204	134
Net income	31,005	37,781
Majority stockholder's equity	166,835	156,953
Non-controlling interest in consolidated subsidiaries	37	30
Total stockholders' equity	166,872	156,983
Total liabilities and stockholders' equity	$ 1,677,899	$ 1,501,965

Memorandum accounts (See note 4)

Transactions on behalf of third parties	2014	2013
Customer current accounts:		
Customer cash balances	$ 36	$ 7
Customer transaction settlements	1,376	2,768
	1,412	2,775
Customer securities:		
Held-in-custody	817,984	814,687
Securities and notes held-in-guarantee	1,407	1,208
	819,391	815,895
Transactions on behalf of customers:		
Customer option purchase transactions	20	342
Collateral received on behalf of clients	34	408
	54	750
Investment banking transactions on behalf of third parties, net	57,998	44,904
Total transactions on behalf of third parties	$ 878,855	$ 864,324

Financial Group's own transactions	2014	2013
Control accounts:		
Contingent assets and liabilities	$ 4	$ 36
Credit commitments	384,121	313,705
Assets in trust or under mandate:		
In trust	357,381	334,230
Under mandate	616,012	689,823
	973,393	1,024,053
Assets in custody or under administration	167,796	282,932
Collateral received by the Financial Group	58,230	63,172
Collateral received and sold or pledged by the Financial Group	57,057	59,717
Uncollected earned interest derived from non-performing loans	8,508	10,826
Other record accounts	2,196,294	1,695,387
Total Financial Group's own transactions	$ 3,845,403	$ 3,449,828

	2014	2013
Historical paid-in capital	$ 1,020	$ 1,020
Shares delivered in custody	15,838,694,806	15,838,694,806

"These balance sheets, consolidated with those of the financial entities and other companies forming part of the Financial Group and which can be consolidated, were prepared according to Accounting Principles applicable to Financial Group Holding Companies issued by the Mexican National Banking and Securities Commission according to Article 30 of the Mexican Financial Groups Law, of general and compulsory observance, consistently applied, reflecting the operations conducted by the holding company and the financial entities and other companies forming part of the Financial Group and which can be consolidated as of the dates stated above, which were carried out and valued according to sound practices and applicable legal and administrative dispositions."

"These consolidated balance sheets were approved by the Board of Directors under the responsibility of the signatories."

Vicente Rodero Rodero	Javier Malagón Navas	Fernando del Carre González del Rey	José Homero Cal y Mayor García
Chief Executive Officer	Chief Financial Officer	General Director, Internal Audit	Director, Corporate Accounting

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The accompanying notes are an integral part of these consolidated financial statements.

Grupo Financiero BBVA Bancomer, S.A. de C.V. and Subsidiaries
(Subsidiary of Banco Bilbao Vizcaya Argentaria, S.A.)
Av. Universidad 1200, Col. Xoco, México, D.F., C.P. 03339

Consolidated Statements of Income

For the years ended December 31, 2014 and 2013
(In millions of Mexican pesos)

	2014	2013
Interest income	$ 117,706	$ 109,487
Premium income, net	27,291	23,738
Interest expense	(27,012)	(28,652)
Net increase in technical reserves	(13,523)	(8,716)
Accident rate, claims, and other contractual obligations, net	(11,966)	(12,216)
Net interest income	92,496	83,641
Allowance for loan losses	(25,526)	(23,699)
Net interest income after allowance for loan losses	66,970	59,942
Commission and fee income	30,049	28,679
Commission and fee expense	(9,293)	(8,504)
Trading income	3,955	3,556
Other operating income (expense)	(2,191)	653
Administrative and promotional expenses	(49,079)	(45,444)
Net operating income	40,411	38,882
Share in net income of unconsolidated subsidiaries and affiliates	155	169
Income before income taxes	40,566	39,051
Current income tax	(11,523)	(7,873)
Deferred income tax	1,964	(1,392)
Income before discontinued operations	31,007	29,786
Discontinued operations	-	8,085
Income before non-controlling interest	31,007	37,871
Non-controlling interest	(2)	(90)
Net income	$ 31,005	$ 37,781

“These statements of income of the holding company, consolidated with those of the financial entities and other companies forming part of the Financial Group and which can be consolidated, were prepared according to Accounting Principles applicable to Financial Group Holding Companies issued by the Mexican National Banking and Securities Commission, according to Article 30 of the Mexican Financial Groups Law, of general and compulsory observance, consistently applied, reflecting all of the revenues and expenses derived from the operations conducted by the holding company and the financial entities and other companies forming part of the Financial Group and which can be consolidated as of the dates stated above, which were carried out and valued according to sound practices and applicable legal and administrative dispositions.”

“These consolidated income statements were approved by the Board of Directors under the responsibility of the signatories.”

Vicente Rodero Rodero Chief Executive Officer	Javier Malagón Navas Chief Financial Officer
Fernando del Carre González del Rey General Director, Internal Audit	José Homero Cal y Mayor García Director, Corporate Accounting

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Consolidated Statements of Changes in Stockholders' Equity

For the years ended December 31, 2014 and 2013
(In millions of Mexican pesos)

	Subscribed Capital		Earned Capital							
	Paid-in Capital	Share Premium	Capital Reserves	Results from Prior Years	Unrealized Gains on Available for Sale Securities	Result from Valuation of Cash Flow Hedges	Result from Conversion of Foreign Subsidiaries	Net Income	Non-controlling Interest	Total Stockholders' Equity
Balances at December 31, 2012	$ 9,799	$ 79,333	$ 204	$ 20,641	$ 2,234	$ 1,565	$ 130	$ 28,123	$ 2,054	$ 144,083
Changes due to stockholders' decisions-										
Transfer of net income to results from prior years	-	-	-	28,123	-	-	-	(28,123)	-	-
Cash dividends paid	-	-	-	(20,568)	-	-	-	-	-	(20,568)
Share purchase by Seguros BBVA Bancomer, S.A. de C.V.	-	-	-	-	-	-	-	-	(2,113)	(2,113)
Total	-	-	-	7,555	-	-	-	(28,123)	(2,113)	(22,681)
Comprehensive income-										
Net income	-	-	-	-	-	-	-	37,781	90	37,871
Result from valuation of securities available for sale of subsidiaries	-	-	-	-	(824)	-	-	-	-	(824)
Result from valuation of cash flow hedges of subsidiaries	-	-	-	-	-	(383)	-	-	-	(383)
Cumulative effect of change in rating methodology for determining allowance for loan losses on commercial loans	-	-	-	(1,086)	-	-	-	-	-	(1,086)
Result from conversion of subsidiaries	-	-	-	-	-	-	4	-	-	4
Result for the valuation of equity in subsidiaries	-	-	-	-	-	-	-	-	(1)	(1)
Total	-	-	-	(1,086)	(824)	(383)	4	37,781	89	35,581
Balances at December 31, 2013	9,799	79,333	204	27,110	1,410	1,182	134	37,781	30	156,983
Changes due to stockholders' decisions-										
Transfer of net income to results from prior years	-	-	-	37,781	-	-	-	(37,781)	-	-
Cash dividends paid	-	-	-	(20,515)	-	-	-	-	-	(20,515)
Total	-	-	-	17,266	-	-	-	(37,781)	-	(20,515)
Comprehensive income-										
Net income	-	-	-	-	-	-	-	31,005	2	31,007
Result from valuation of securities available for sale of subsidiaries	-	-	-	-	(203)	-	-	-	-	(203)
Result from valuation of cash flow hedges of subsidiaries	-	-	-	-	-	(475)	-	-	-	(475)
Result from conversion of subsidiaries	-	-	-	-	-	-	70	-	-	70
Result for the valuation of equity in subsidiaries	-	-	-	-	-	-	-	-	5	5
Total	-	-	-	-	(203)	(475)	70	31,005	7	30,404
Balances at December 31, 2014	$ 9,799	$ 79,333	$ 204	$ 44,376	$ 1,207	$ 707	$ 204	$ 31,005	$ 37	$ 166,872

"These statements of changes in stockholders' equity, consolidated with those of the financial entities and other companies forming part of the Financial Group and which can be consolidated, were prepared according to Accounting Principles applicable to Financial Group Holding Companies issued by the Mexican National Banking and Securities Commission, according to Article 30 of the Mexican Financial Groups Law, of general and compulsory observance, consistently applied, reflecting all of the movements in equity accounts derived from the operations conducted by the holding company and the financial entities and other companies that form part of the Financial Group and which can be consolidated, as of the dates stated above, which were carried out and valued according to sound practices and applicable legal and administrative dispositions."

"These consolidated statements of changes in stockholders' equity were approved by the Board of Directors under the responsibility of the signatories."

Vicente Rodero Rodero	Javier Malagón Navas	Fernando del Carre González del Rey	José Homero Cal y Mayor García
Chief Executive Officer	Chief Financial Officer	General Director, Internal Audit	Director, Corporate Accounting

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The accompanying notes are an integral part of these consolidated financial statements.

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Consolidated Statements of Cash Flows

For the years ended December 31, 2014 and 2013
(In millions of Mexican pesos)

	2014	2013
Net income	$ 31,005	$ 37,781
Adjustments derived from items not involving cash flows:		
Profit or loss derived from the valuation of investment and financing activities	93	3
Depreciation of property, furniture and equipment	1,929	1,532
Amortization of intangible assets	1,501	1,387
Technical reserves	13,523	8,716
Provisions	836	929
Current and deferred income taxes	9,559	9,265
Share in net income of unconsolidated subsidiaries and affiliates	(155)	(169)
Non-controlling interest	2	90
	58,293	59,534
Operating activities:		
Change in margin call accounts	1,935	(1,915)
Change in investments in securities	(37,969)	(48,734)
Change in debtors from repurchase agreement	(120)	6,116
Change in derivatives (assets)	(24,627)	4,091
Change in loan portfolio (net)	(77,423)	(57,567)
Change in receivable benefits from securitized transactions (net)	(139)	(116)
Changes in premium debtors (net)	(509)	(391)
Changes in reinsures and rebonding companies (net) (asset)	104	23
Change in benefits receivable from securitization transactions	10	-
Change in repossessed assets (net)	808	(1,489)
Change in other operating assets (net)	(10,514)	(13,815)
Change in deposits	74,113	37,868
Change in interbank loans and other loans from other entities	17,287	7,021
Change in creditors from repurchase agreements	1,987	37,004
Change in security loans (liabilities)	-	(1)
Change in collaterals sold or delivered in guarantee	(6,012)	9,995
Change in derivatives (liabilities)	32,559	(4,570)
Changes in reinsures and rebonding companies (net) (liability)	8	10
Change in subordinated debt	(2,268)	(4,470)
Change in other operating liabilities	10,927	13,175
Change in hedging instruments (of hedged items related to operation activities)	(2,393)	423
Income taxes paid	(12,633)	(10,767)
Net cash used in operating activities	(34,869)	(28,109)

	2014	2013
Investing activities:		
Proceeds from disposals of property, furniture and equipment	37	963
Payments for the acquisition of property, furniture and equipment	(8,881)	(6,202)
Proceeds from disposals of equity investments	47	-
Payments for the acquisition of equity investments	(58)	(5,777)
Collection of cash dividends	132	208
Proceeds from disposal of long-lived assets available for sale	-	8,085
Payments for the acquisition of intangible assets	(1,195)	(1,590)
Net cash used in investing activities	(9,918)	(4,313)
Financing activities:		
Cash dividends paid	(20,515)	(20,568)
Net cash used in financing activities	(20,515)	(20,568)
Net (decrease) increase in cash and cash equivalents	(7,009)	6,544
Cash flow adjustments from exchange rate fluctuations	2,908	175
Cash and cash equivalents at the beginning of the period	128,320	121,601
Cash and cash equivalents at the end of the period	$ 124,219	$ 128,320

"These statements of cash flows, consolidated with those of the financial entities and other companies forming part of the Financial Group that can be consolidated, were prepared in accordance with the Accounting Principles applicable to Financial Group Holding Companies issued by the Mexican National Banking and Securities Commission, according to Article 30 of the Mexican Financial Groups Law, of general and compulsory observance, consistently applied, reflecting the receipts and disbursements of cash derived from the transactions performed by the holding company and the financial entities and other companies which form part of the Financial Group and which can be consolidated, during the aforementioned periods, which were carried out and valued in accordance with sound practices and applicable legal and administrative provisions."

"These consolidated statements of cash flows were approved by the Board of Directors under the responsibility of the signatories."

Vicente Rodero Rodero Chief Executive Officer	Javier Malagón Navas Chief Financial Officer
Fernando del Carre González del Rey General Director, Internal Audit	José Homero Cal y Mayor García Director, Corporate Accounting

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The accompanying notes are an integral part of these consolidated financial statements.

Notes to Consolidated Financial Statements

For the years ended December 31, 2014 and 2013
(In millions of Mexican pesos)

1. Explanation added for translation into English

The accompanying consolidated financial statements have been translated from the original statements prepared in Spanish into English for use outside of Mexico. The accounting policies used to prepare the accompanying financial statements and used by Grupo Financiero BBVA Bancomer, S.A. de C.V and Subsidiaries (the "Financial Group") are in accordance with the financial accounting and reporting requirements prescribed by the Mexican National Banking and Securities Commission (the "Commission") but not in accordance with Mexican Financial Reporting Standards ("MFRS"), and may differ in certain significant respects from the financial reporting standards accepted in the country of use.

2. Incorporation and corporate purpose

Grupo Financiero BBVA Bancomer, S.A. de C.V. and Subsidiaries the ("Financial Group") subsidiaries of Banco Bilbao Vizcaya Argentaria, S.A. ("BBVA"). The Financial Group has been authorized by the Mexican Treasury Department ("SHCP") to be incorporated and operate as a financial group under the terms established by the Mexican Financial Groups Law, subject to monitoring by the Commission. Its operations consist of rendering full service banking, acting as intermediary in the stock market, and acquiring and managing shares issued by insurance, pension and bonding entities, leasing and financial factoring companies, and investment funds and by any other types of financial associations or entities, or by entities determined by SHCP, based on the Mexican Financial Groups Law. The transactions of the Financial Group are regulated by the Commission, the Mexican Credit Institutions Law, the Mexican Securities Exchange Law and general rules issued by Banco de México (the "Central Bank of Mexico" or "Banxico"). The unconsolidated subsidiaries are regulated, depending on their activity, by the Commission, the Mexican National Insurance and Bonding Commission ("CNSF"), and other applicable laws.

By law, the Financial Group has unlimited liability for the obligations and losses of each of its subsidiaries.

The Commission, as regulator of financial groups, is empowered to review the financial information of the Financial Group and can request changes thereto.

The main regulatory provisions require credit institutions to maintain a minimum capital ratio in relation to the credit and market risks of their operations, comply with certain limits with respect to deposit acceptance, debentures and other kinds of funding, which may be denominated in foreign currency, and establish minimum limits for paid-in capital and capital reserves, with which the Financial Group complies satisfactorily throughout its Subsidiary, BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer ("BBVA Bancomer").

During the year 2014, the principal macroeconomic indicators suffered certain changes, inasmuch as accumulated inflation in 2014 was 4.18%, compared to 3.78% in the year 2013, and there was an estimated increase in Gross National Product (GNP) of between 2% and 2.5% compared to 2013, in which the increase was 1.1%. Also, given the world situation regarding international oil prices, towards the end of 2014 the Mexican peso suffered a significant depreciation of 13% against the US dollar, going from $13.08 Mexican pesos per US dollar at the close of 2013 to $14.74 Mexican pesos per US dollar as of December 31, 2014.

3. Basis of preparation of the financial statements consolidated

Monetary unit of the financial statements- The consolidated financial statements and Notes as of December 31, 2014 and 2013 and for the years then ended include balances and transactions in pesos of different purchasing power.

Comprehensive income - This is composed of the net result of the year, plus other items representing a gain or loss from the same period, which, in accordance with the accounting practices followed by the Financial Group, are presented directly in stockholders' equity, such as the result from valuation of securities available for sale of subsidiaries, the result from the valuation of cash flow hedges, recognition in the allowance for loan losses of commercial portfolio due to change in classification methodology and the result from conversion of foreign subsidiaries and the valuation effect of equity in subsidiaries.

Consolidation of financial statements - The accompanying consolidated financial statements include the financial statements of the Financial Group, those of its subsidiaries in which control is exercised. Equity investments are measured according to the equity method, in conformity with the accounting criteria prescribed by the Commission. All significant intercompany balances and transactions have been eliminated in consolidation.

As of December 31, 2014 and 2013, the consolidated subsidiaries of the Financial Group are as follows:

Entity	Ownership percentage in consolidation	Activity
BBVA Bancomer, S.A., Institución de Banca Múltiple and Subsidiaries ("BBVA Bancomer")	99.99%	Full-service banking
Casa de Bolsa BBVA Bancomer, S.A. de C.V. (the "Brokerage House")	99.99%	Stock market intermediation
BBVA Bancomer Operadora, S.A. de C.V. and Subsidiaries	99.99%	Provider of personnel services to Bancomer
BBVA Bancomer Servicios Administrativos, S.A. de C.V. and Subsidiary	99.99%	Provider of personnel services to Bancomer
BBVA Bancomer Gestión, S.A. de C.V., Sociedad Operadora de Sociedades de Inversión	99.99%	Investment fund administrator
Hipotecaria Nacional, S.A. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad Regulada and Subsidiary	99.99%	Mortgage Credit and Appraisals
Seguros BBVA Bancomer, S.A. de C.V. and Subsidiaries ("Seguros BBVA Bancomer")	99.99%	Insurance company
Pensiones BBVA Bancomer, S.A. de C.V and Subsidiaries	99.99%	Insurance institution specializing in pensions
BBVA Bancomer Seguros Salud, S.A. de C.V.	99.99%	Insurance institution specializing in health care

Principal differences between the consolidated financial statements and the financial statements presented to Banco Bilbao Vizcaya Argentaria, S.A. (BBVA) (unaudited) **–** In conformity with article 182 of the Provisions of Credit Institution, the main differences between the General Provisions Applicable to Credit Institutions and International Financial Reporting Standards (IFRS), which are used to prepare the consolidated financial statements of BBVA (holding company), are as follows:

a) Effects of inflation: Under the criteria of international standards, the effects of inflation may only be recognized when it is considered that the economic environment of the country is highly inflationary. Given the low inflation rates in Mexico over the last few years, it is essential to eliminate the effects derived from the recognition of inflation under the criteria of the Commission up to 2007.

b) Credit reserves: Under the criteria of international standards, the credit portfolio should be analyzed to determine the credit risk to which the Institution is exposed, by estimating the need for hedging due to impairment in their value. Therefore, corporate criteria must be used to classify risks in the commercial portfolio; these criteria different as established by the Commission for the determination of credit reserves.

c) Variations in assumptions for labor obligations: Under the criteria of international standards, the variations in assumptions generated due to increases or reductions in the current value of the obligations or due to variations in the fair value of assets, are applied against stockholders' equity, whereas the local standard establishes that such variances should be carried directly to results.

For further information on the monetary effects of these differences, please consult

www.bancomer.com/informacioninversionistas.

4. Significant accounting policies

The accounting policies applied by the Financial Group are compliant with the accounting criteria established by the Commission in the "General provisions applicable to the holding companies of financial groups subject to Commission supervision" (the "Provisions"), the "General provisions applicable to credit institutions" (the "Provisions Applicable to Credit Institutions"), the "General provisions derived from the General Law on Insurance Companies and Mutual Funds" (the "Provisions Applicable to Insurance Companies and Mutual Funds"), the "General provisions applicable to Brokerage Houses" (the "Provisions Applicable to Brokerage Houses"), the "General Provisions Applicable to Investment Funds and Persons who render them services" and the "General Provisions Applicable to Ancillary Credit Organizations, Exchange Houses, Credit Unions, Limited Purpose Financial Institutions and Regulated Multiple Purpose Financial Institutions" and the "Law on Investment Funds" (the "Law"), which establish a general financial information framework that requires Management to make certain estimates and utilize certain assumptions to value some of the items included in the financial statements and make the necessary disclosures. Although possibly differing from the final effect, Management considers that the estimates and assumptions utilized were adequate under the circumstances.

The principal accounting policies followed by the Financial Group are described as follows:

Changes in MFRS issued by the Mexican Financial Reporting Standards Board ("CINIF") applicable to the Financial Group-

As of January 1, 2014, the Financial Group adopted the following new MFRS:

NIF C-11, Stockholders' equity
NIF C-12, Financial instruments with debt from capital or both
Improvements to Financial Reporting Standards 2014

Some of the principal changes established in these provisions are:

NIF C-11, *Stockholders' equity* - The former Bulletin C-11, *Stockholders' equity*, established that, in order for advances for future capital increases to be presented in stockholders' equity, there should be "… A ruling adopted at a stockholders' or owners' meeting that they will be applied for future increases in common stock". This NIF also requires that the price per share to be issued for such advances must be fixed and it should be established that they cannot be reimbursed before they are capitalized, in order to qualify as stockholders' equity. It also indicates generically when a financial instrument fulfills the characteristics of equity to be considered as such, because otherwise it would be debt.

NIF C-12, *Financial instruments with characteristics of debt and equity* - Establishes that the principal characteristic for a financial instrument to qualify as an equity instrument is that the respective holder should be exposed to the risks and benefits of the entity, instead of having the right to collect a fixed amount from the entity. The principal change in the classification of redeemable equity instrument, such as a preferred share, consists of establishing that, exceptionally, when certain conditions indicated in this standard are fulfilled, which include that the redemption can only be exercised when the company is liquidated, as long as there is no other unavoidable payment obligation in favor of the holder, the redeemable instrument is classified as equity. The concept of subordination is incorporated, a crucial element in this standard, because if a financial instrument has a preference of payment or reimbursement before other instruments, it would qualify as a liability, due to the existing obligation to settle it. An instrument with an option to issue a fixed number of shares at a fixed price established in a currency different from the functional currency of the issuer can be classified as equity, provided that the option is available to all the owners of the same class of equity instruments, in proportion to their holding.

Improvements to the NIF 2014 - The objective of the Improvements to Financial Reporting Standards 2014 ("Improvements to the NIF 2014") is to incorporate changes and clarifications into the NIF themselves so as to establish a more appropriate regulatory position.

The improvements to the MFRS are divided into those improvements which generate accounting changes in valuation, presentation or disclosure in the financial statements of the entities, and those improvements which are modifications to the NIF to make relevant clarifications, which help to establish a clearer and more understandable regulatory proposal; as they are clarifications, they do not generate accounting changes in the financial statements of the entities.

The improvements to the MFRS which generate accounting changes are as follows:

NIF C-5, *Prepaid expenses* - A paragraph was added to establish that when an entity purchases goods or services whose payment is denominated in foreign currency and accordingly makes advance payments before they are received, the exchange fluctuations between their functional currency and the currency of payment should not affect the recognized amount of the advance payment.

Bulletin C-15, *Impairment in the value of long-lived assets and the disposal* - This is modified to indicate that losses for impairment cannot be capitalized in the value of an asset. It is also modified to establish that the balance sheets of previous periods which are presented as comparative should be restructured for the presentation of the assets and liabilities related to discontinued operations, by eliminating the current difference in relation to that established in International Financial Reporting Standard (IFRS) 5, Noncurrent assets held for sale and discontinued operations.

The Improvements to the MFRS which do not generate accounting changes are as follows:

Bulletin C-9, *Liabilities, provisions, contingent assets and liabilities and commitments* - The term "affiliated company" is eliminated because it is not used internationally; the common term currently used is "related party".

Bulletin C-15, Impairment in the value of long-lived assets and the disposal - The definition of the term “appropriate discount rate” which should be used to determine the use value required in impairment tests, is modified to clarify that such “appropriate discount rate” should be in real or nominal terms, depending on the financial hypotheses used in the cash flow projections.

The adoption of these regulations and interpretations did not have any significant effects on the Financial Group’s financial information.

Changes in the Accounting Criteria of the Commission –

Changes made during the year 2014

On March 26, 2014, the Commission made certain changes to the methodology for determination of credit reserves for credits granted under article 75 in relation to sections II and III of article 224 of the Commercial Bankruptcy Law, and for those credits which, as established in section VIII of article 43 of such Law, continue receiving payments. This is derived from the amendment to the Commercial Bankruptcy Law which took place on January 10, 2014.

Furthermore, on September 24, 2014 the Commission published the adjustments to Accounting Criterion B-6, Credit portfolio in the Federal Official Gazette, in order to make it consistent with the change in the methodology of credit reserves described in the preceding paragraph. These changes went into effect on the day following their publication.

In this regard, the amendments to such Accounting Criterion contemplate the incorporation of the definition of payment and the change in the definition of overdue portfolio to exclude those credits in bankruptcy proceedings which continue receiving payment under the terms established by section VIII of the Commercial Bankruptcy Law, or those granted in accordance with article 87 in relation to sections II and III of article 224 of the aforementioned Law.

On May 19, 2014, several amendments to the accounting criteria for credit institutions were published in the Federal Official Gazette.

These modifications are in line with the constant updates to the accounting criteria issued by the Commission and also seek to achieve consistency with international accounting regulations.

With these changes the Commission hopes to encourage credit institutions to have transparent financial information comparable with that generated in other countries.

Methodology for determination of the allowance for loan losses applicable to credits granted in accordance with the Commercial Bankruptcy Law

On March 26, 2014, the Commission issued a Ruling which amends the Provisions, adjusting the methodology applicable to the classification of commercial credit portfolio for credits granted under the terms of sections II and III of article 224 of the Commercial Bankruptcy Law in order to make it consistent with the changes made to such statute on January 10, 2014.

This methodology mainly contemplates the consideration of collateral created under the terms of article 75 of the Commercial Bankruptcy Law for the determination of the Severity of the Loss by applying certain adjustment factors or discount percentages to each type of admissible security interest in personal or real property.

The Financial Group did not have any material effects in the consolidated financial statements as of December 31, 2014 as a result of such change in estimate.

Methodology for the determination of allowances for loan losses applicable to commercial credit portfolio

On June 24, 2013, through the Federal Official Gazette, the Commission issued a Ruling that amends the Provisions, modifying the methodology applicable to the classification of commercial credit portfolio, with the aim of changing the current model for creating the allowance for loan losses based on an incurred loss model to an expected loss model, in which the credit losses of the following 12 months are estimated using the credit information which best anticipates them.

The Commission stipulated the recognition of the initial financial effect derived from the application of the methodology for classification of the commercial credit portfolio in stockholders' equity at the latest as of December 31, 2013, under the heading of "Results from previous years". The Commission established two deadlines for implementation of this change in methodology: December 31, 2013, to recognize the financial effect of the commercial credit portfolio and June 30, 2014, to recognize the initial financial effect for the credit portfolio of financial institutions.

According to such modifications, BBVA Bancomer recognized as of January 31, 2014, the initial financial effect of the credit portfolio of financial institutions, which originated the establishment and recording of credit reserves on the consolidated balance sheet under the heading "Allowance for loan losses" in the amount of $75.6, with a corresponding charge in the consolidated statement of income for the same amount, under the heading "Allowance for loan losses".

As of June 30, 2013, BBVA Bancomer recognized the initial financial effect of the commercial credit portfolio, which originated the establishment and recording of credit reserves on the consolidated balance sheet under the heading "Allowance for loan losses" in the amount of $1,551, with a corresponding charge in stockholders' equity under the heading "Result from previous years" for the same amount. Additionally, pursuant to that established in NIF D-4, Taxes on income, BBVA Bancomer recognized the related deferred income tax for this initial financial effect derived from the change in classification methodology of the commercial credit portfolio, in the amount of $465. For this reason, the initial financial effect recognized in stockholders' equity under the heading "Result from previous years" due to the application of the change in classification methodology for the commercial credit portfolio, was $1,086, net of taxes on income.

Special accounting criteria applicable in 2014

Special accounting criteria applicable to the credits subject to the support resulting from the floods caused by the hydro-meteorological phenomenon "Odile"

Support by natural disasters

In Official Notice No. P110/2014 dated September 19, 2014, the Commission authorized credit institutions to apply special accounting criteria in order to support customers who reside in or whose income is sourced in places that have been declared "disaster zones" as a result of Hurricane "Odile" and at the same time to ensure stability. It also, considers that the benefits must be documented at the latest 120 days after the date of the incident.

The application of the support to the borrowers consists of the partial or total deferral of payment of principal and/or interest for up to three months, provided that the borrowers have been classified for accounting purposes as current at the date of the incident, as established in Paragraph 8 of Accounting Criterion B-6 "Credit Portfolio" of the Regulations of Credit Institutions issued by the Commission.

The special accounting criteria applicable to BBVA Bancomer, by type of loan, are as follows:

Loans with "a single payment of principal at maturity and periodic payments of interest, and loans with a single payment of principal and interest at maturity", which are restructured or renewed, will not be considered as overdue portfolio in accordance with that established in paragraph 56 of Criterion B-6 "Credit Portfolio"of the Regulations of Credit Institutions.

Loans with "periodic payments of principal and interest", which are restructured or renewed, may be considered as current at the time such event takes place, without having to apply the requirements of paragraphs 57 and 59 of Criterion B-6 "Credit Portfolio"of the Regulations of Credit Institutions.

Loans classified as revolving from the start, which are restructured or renewed, will not be considered as overdue portfolio under the terms established in paragraph 61 of Criterion B-6 "Credit Portfolio"of the Regulations of Credit Institutions.

The aforementioned loans will not be considered as restructured in accordance with that established in paragraph 26 of Criterion B-6 "Credit Portfolio"of the Regulations of Credit Institutions.

Without the relief offered by the special accounting criteria, the current portfolio reported in the balance sheet would have been reduced by $1,451 while the allowance for loan losses would have increased by approximately $679, due to the fact that loans which received the support would have been classified in overdue portfolio if the deferral had not been applied.

Below we detail, by type of loan, the amount subject to deferral and the total amount of the loans:

Type of portfolio	No. of cases	Amount deferred	Total amount of the credit
Mortgage loans	4,555	$ 83	$ 2,581
Consumer and automobile loans	2,378	11	149
Credit card	10,881	183	263
PyMEs	393	8	85
Total	18,207	$ 285	$ 3,078

Reclassifications **-** Certain headings of the consolidated financial statements for the year ended December 31, 2013 have been reclassified to conform with the presentation used in 2014

Recognition of the effects of the inflation in the financial statements **-** Beginning January 1, 2008, the Financial Group discontinued recognition of the effects of inflation, in conformity with the guidance in NIF B-10. Through December 31, 2007, such recognition resulted mainly in inflationary gains or losses on non-monetary and monetary items, which are presented in the consolidated financial statements as an increase or decrease in stockholders' equity accounts, and also in nonmonetary items.

The accumulated inflation of the three years prior to 2014 and 2013, measured through the value of the Investment Units (UDI), is 11.76% and 12.31%, respectively, for which reason the economic environment in both years is classified as noninflationary. As discussed previously, the cumulative effects of inflation up to December 31, 2007 are maintained in the accounting records of the consolidated balance sheets as of December 31, 2014 and 2013.

The inflation percentages for the years ended December 31, 2014, 2013 and 2012 were 4.18%, 3.78%, and 3.91%, respectively; therefore, the economic environment qualifies as non-inflationary in all of these years.

Offsetting of financial assets and financial liabilities- Financial assets and financial liabilities may be offset in such a way that the debit or credit balance, as the case may be, is presented on the consolidated balance sheet, if and only if, there is a contractual right to offset the amounts recognized and the intention to settle the net amount, or to realize the asset and cancel the liability simultaneously.

Cash and cash equivalents- Cash and cash equivalents are recorded at nominal value, except for silver and gold coins, which are stated at their fair value at each period-end. Cash held in foreign currency is valued at the exchange rate published at year end by the Central Bank of Mexico.

The foreign currencies acquired whose settlement is agreed at a date after the completion of the purchase and sale transaction will be recognized at such transaction date as restricted funds available (foreign currencies to be received), whereas the foreign currencies sold will be recorded as a disbursement of funds available (foreign currencies to be delivered). The counterparty must be a settlement account, either credit or debit, as the case may be.

This heading also includes interbank loan transactions agreed at a term of less than or equal to three business days, as well as other funds available, such as correspondent funds and liquid notes.

Margin accounts- The margin accounts granted in cash (and in other assets equivalent to cash) required from the entities as a result of performing transactions with financial derivatives in recognized markets or stock exchanges are recorded at their nominal value.

Margin accounts are intended to procure compliance with the obligations derived from transactions with financial derivatives performed in recognized markets and stock exchanges and refer to the initial margin, contributions and subsequent retirements made during the effective term of the respective contracts.

Securities -

– *Trading securities:*

Trading securities are those securities in which the Financial Groups invests to take advantage of short-term market fluctuations. The transaction costs for the acquisition of the securities are recognized in results of the year on the acquisition date. These securities are stated at fair value (which includes the discount or markup, as the case may be) in conformity with the following guidelines:

Debt instruments-

Debt instruments are valued at fair value, which must include both the principal and accrued interest. Interest earned is determined based on the effective interest method.

Equity instruments-

Equity instruments are valued at their fair value. In the case of securities registered with the National Securities Registry (RNV) or authorized, registered or regulated in markets recognized by the Commission. Gains or losses resulting from valuation are recognized in the consolidated statement of income.

Value date transactions-

This heading records the "Value date transactions" which refer to purchase-sale transactions of securities assigned but not settled, which are valued and recorded as negotiable instruments, recording the reception and departure of the instrument subject matter of the transaction at the time it is performed against the respective debit or credit settlement account. If the amount of the negotiable instruments is insufficient to cover the amount of the securities to be delivered for these operations, the credit balance is presented under the heading "Securities assigned to be settled".

– *Securities available for sale:*

Securities available-for-sale consist of debt instruments and equity securities acquired with an intention other than obtaining gains from trading them on the market or holding them to maturity. The transaction costs for the acquisition of the securities are recognized as part of the investment. These securities are valued in the same manner as "Trading securities", with unrealized valuation gains or losses recognized in stockholders' equity.

– *Securities held to maturity:*

Securities held to maturity are debt instruments with fixed or determinable payments or an established maturity acquired with both the intent and the capacity of holding them to maturity. These instruments are initially recorded at fair value, which presumably reflects the agreed price, plus the transaction costs for the acquisition of securities. They are subsequently accounted for using amortized cost, thus affecting the results of the year based on accrued interest and the discount or markup received or paid for their acquisition according to the effective interest method.

The Financial Group determines the increase or decrease from appraisal at fair value using restated prices provided by the price supplier, who uses different market factors in its determination.

Cash dividends of share certificates are recognized in the results for the year in the same period in which the right to receive the related payment is generated.

The exchange gain or loss on investments in securities in foreign currencies is recognized in results for the year.

The accounting criteria issued by the Commission permit the transfer of securities classified as “held to maturity” to the category of “securities available for sale”, provided the Institution ceases to have the intention or capacity to hold them to maturity.

Also, such criteria allow for reclassifications to be made to the category of “Securities held to maturity”, and from “Trading securities” to “Securities available for sale”, under extraordinary circumstances, subject to the prior assessment and express authorization of the Commission.

Impairment – The Financial Group must assess whether there is objective evidence regarding the impairment of a security at the consolidated balance sheet date.

A security is only considered to be impaired and, accordingly, an impairment loss is only incurred when there is objective evidence of this impairment as a result of one or more events which occurred after its initial recognition, which affected estimated future cash flows and can be reliably determined. It is unusual that a single event is determined as the sole cause of impairment, and it is more common that impairment results from the combined effect of different events. The losses expected as the result of future events are not recognized, regardless of their probability.

The objective evidence that a credit instrument is impaired includes observable information, among others, about the following events:

a) Significant financial difficulties of the issuer of the security
b) It is probable that the issuer of the security will be declared bankrupt or undergo another type of financial reorganization
c) Default on contractual clauses, such as nonpayment of interest or principal;
d) The disappearance of an active market for the credit instrument in question due to financial difficulties or
e) Measurable reduction in the estimated future cash flows of the group of securities as of the initial recognition of such assets, although the reduction cannot be identified with the individual securities of the group, including:

    i. adverse changes in the payment status of the issuers in the group, or
    ii. local or national economic conditions which are correlated with defaults in the securities of the group.

As of December 31, 2014 and 2013, the management of the Financial Group has not identified that there is objective evidence of impairment of any securities.

Repurchase transactions **-** Repurchase agreements are recorded as follows:

At the contracting date of the repurchase transaction, when the Financial Group is the reselling party, the entry of cash or a debit settlement account, and an account payable at fair value, initially at the agreed-upon price, are recorded and represent the obligation to restitute cash to the repurchasing party. Subsequently, during the term of the repurchase transaction, the account payable is valued at fair value by recognizing the interest on the repurchase agreement using the effective interest method in results of the year.

In relation to the collateral granted, the Financial Group will reclassify the financial assets in its balance sheet as restricted, which will be valued based on the criteria described above in this note until the maturity of the repurchase transaction.

When the Financial Group acts as repurchasing party, the withdrawal of funds available is recognized on the contracting date of the repurchase transaction or a credit settlement account, with an account receivable recorded at fair value, initially at the price agreed, which represents the right to recover the cash paid. The account receivable will be valued subsequently during the term of the repurchase agreement at fair value through the recognition of interest on the repurchase agreement based on the effective interest method in the results of the year.

The Financial Group recognizes the collateral received in memorandum accounts, following the guidelines for valuation established in accounting criterion B-9, "Custody and Administration of Assets (B-9)", until the maturity of the transaction.

Collateral granted and received other than cash in repurchase agreements **-** In relation to the collateral in repurchase transactions granted by the seller to the buyer (other than cash), the buyer recognizes the collateral received in memorandum accounts, by following the guidelines on custody transactions established in accounting criterion "B-9 " ("B-9") of the Regulations of Credit Institutions. The selling party reclassifies the financial asset on its consolidated balance sheet, and it is presented as restricted, for which purpose the standards for valuation, presentation and disclosure are followed in accordance with the respective accounting treatment.

When the buyer sells the collateral or provides it as a guarantee, the proceeds from the transaction are recognized, as well as an account payable for the obligation to repay the collateral to the selling party (measured initially at the price agreed), which is valued at fair value for its sale, or, if it is given as guarantee in another repurchase transaction, at its amortized cost, (any spread between the price received and the value of the account payable is recognized in results of the year).

Furthermore, if the buyer then becomes a seller for another repurchase transaction using the same collateral received as guarantee for the initial transaction, the repurchase interest agreed in the second transaction must be recognized in results of the year as it is accrued, in accordance with the effective interest method, adjusting the account payable valued at amortized cost as mentioned above.

The memorandum accounts recorded for collateral received by the buyer are cancelled when the repurchase transaction reaches maturity or there is a default on the part of the seller.

For transactions in which the buyer sells or in turn provides the collateral received as guarantee (for example, when another repurchase or securities loan transaction is agreed), the control of such sold or pledged collateral is performed in memorandum accounts, by applying for valuation purposes the standards for custody transactions established in accounting criterion B-9.

The memorandum accounts recorded for collateral received which were in turn sold or pledged by the buyer, are canceled when the collateral sold is acquired to repay it to the seller, or when the second transaction in which the collateral was granted reaches maturity or there is a default on the part of the counterparty.

Securities loans **-** Securities loans are transactions in which the transfer of securities is agreed from the lender to the borrower, with the obligation to return such securities or other substantially similar ones on a given date or as requested, in exchange for a premium as consideration. In these transactions, a collateral or guarantee is requested by the lender from the borrower.

At the contracting date of the securities loan, when the Financial Group acts as lender, it records the security subject matter of the loan transferred to the borrower as restricted, for which purpose the standards for valuation, presentation and disclosure, based on the respective accounting treatment, are followed. Furthermore, the collateral received that guarantees the securities loaned is recorded in memorandum accounts.

The amount of the premium earned is recognized in results of the year through the effective interest method during the term of the transaction.

When it acts as the borrower, at the contracting date of the securities loan, the Financial Group records the security subject matter of the loan received in memorandum accounts, following the valuation guidelines for the securities recognized, in the account “Assets in custody or under administration”.

The security subject matter of the transaction received and the collateral received are presented in memorandum the heading of “Collateral received by the Financial Group”. The collateral received from other transactions are presented under the heading of “Collateral received and sold or pledged as guarantee by the Financial Group”.

Derivatives **-** The Financial Group carries out two different types of transactions:

– Trading. Consists of the position assumed by the Financial Group as market participant for purposes other than hedging open risk positions.

– Hedging. Consists of the purchase or sale of derivative financial instruments to reduce the risk of a transaction or group of transactions.

The Financial Group’s policies require that for purposes of entering into derivative transactions, both trading parties must belong to the Financial System and have authorization from the Central Bank of Mexico to carry out this type of transaction, classifying and, if applicable, determining risk exposure lines. Prior to carrying out these transactions, corporate customers must be granted a credit line authorized by the Credit Risk Committee or provide readily realizable guarantees through the pertinent bond contracts. Transactions involving mid-sized and small businesses, as well as individuals, are carried out through readily realizable guarantees established in bond contracts.

The assets and/or liabilities arising from transactions with derivative financial instruments are recognized or cancelled in the consolidated financial statements on the date the transaction is carried out, regardless of the date of settlement or delivery of the asset.

The Financial Group initially recognizes all agreed derivatives (including those forming part of hedges) as assets or liabilities (depending on the rights and/or obligations they embody) in the consolidated balance sheet at fair value, which presumably reflects the price at which the transaction was agreed. Any transaction costs that are directly attributable to the acquisition of the derivative are directly recognized in results under “Trading income”.

All derivatives are subsequently valued at fair value without deducting the transaction costs incurred for their sale or other types of disposal; this valuation effect is then recognized in the results of the period under “Trading income”.

Derivatives must be presented under a specific asset or liability heading depending on whether their fair value (as a consequence of the rights and/or obligations they embody) results in a debit or credit balance, respectively. These debit or credit balances can be offset as long as they comply with the offsetting rules established by the applicable accounting criterion.

In the consolidated balance sheet, the heading derivatives must be split between those held for trading and hedging purposes.

Trading transactions:

– *Forwards and futures contracts*:

  The balance represents the difference between the fair value of the contract and the contracted forward price. If the difference is positive, it is considered as surplus value and presented under assets; if negative, it is considered as a deficit and presented under liabilities.

– *Options:*

  The balance represents the fair value of future cash flows to be received, and recognizes the valuation effects in results of the year.

  The balance represents the fair value of future cash flows to be delivered, and recognizes the valuation effects in results of the year.

– *Swaps:*

  The balance represents the difference between the fair value of the swap asset and liability.

Hedging transactions

Hedge derivatives are valued at market value, and the effect is recognized depending on the type of accounting hedge, as follows:

a. If they are fair value hedges, the primary position covered is valued at market and the net effect of the derivative hedge instrument is recorded in results of the period under the heading "Trading income".

b. If they are cash flow hedges, the hedge derivative is valued at market and the valuation of the effective part of the hedge is recorded in the account "Result from valuation of cash flow hedges". The ineffective part is recorded in results of the period under the heading "Trading income".

c. In hedges of a net investment in a foreign transaction that complies with all the conditions, they are accounted for in similar fashion to cash flow hedges; the effective portion is recognized in stockholders equity and the ineffective portion is recognized in results.

Embedded derivatives - The Financial Group separates the embedded derivatives of structured notes, whereby the reference underlying is based on the exchange rate, price indexes, interest rate options with extendable periods and UMS bond price options.

In the case of debt and bond contracts in which the reference underlying is an interest rate with implied cap, floor and collar, the reference underlying's are considered to be closely related to the host contract, and consequently, these items are not bifurcated. Accordingly, the main contract issued for debt and bonds is recorded based on the applicable criteria to each contract, at the amortized cost in both cases.

Collateral granted and received in derivatives transactions not performed in recognized markets or stock exchanges - The account receivable generated for collateral provided in cash in derivative transactions not performed in recognized markets or stock exchanges is presented under the heading "Other accounts receivable", whereas the account payable generated for the reception of collateral provided in cash is presented under the heading "Sundry creditors and other accounts payable".

Collateral delivered in credit instruments is recorded as restricted securities for guarantees, and collateral received in credit instruments for derivative transactions is recorded in memorandum accounts.

Loan portfolio - The balances in the loan portfolio represent the amounts disbursed to borrowers, less repayments made to date, plus accrued but unpaid interest. The “Allowance for loan losses” is presented as a deduction from the total loan balance.

The outstanding balance of past-due loans is recorded as non-performing as follows:

- When there is evidence that the customer has been declared bankrupt.

- When payments have not been fully settled according to contractual terms, considering that:

  - Loans with a single payment of principal and interest at maturity are considered past due 30 calendar days after the date of maturity.

  - In the case of loans with a single repayment of principal at maturity, but with periodic interest payments, the total of the principal and interest when a scheduled payment is three months past due.

  - Loans for which agreement has been reached regarding payment of principal and interest in scheduled payments are considered past due three months after the first installment is past due.

  - In the case of revolving credit granted, loans are considered past due when payment has not been received for two normal billing periods or, when the billing period is not monthly, 2 months or more calendar days following maturity.

  - Customer bank accounts showing overdrafts are reported as non-performing loans at the time the overdraft occurs.

Interest is recognized in income when it is accrued. The accrual of interest is suspended when loans become non-performing.

Interest accrued during the period in which the loan was considered non-performing is not recognized as income until collected.

The commissions collected for the initial granting of loans are recognized as a deferred credit under the heading of “Deferred credits and advanced collections”, which is amortized as interest income using the straight-line method over the term of the loan. Any other type of commission is recognized on the date that it is generated, under the heading of “Commissions and fees income”.

Commissions collected on the restructuring or renewal of loans are added to the commissions originated and are recognized as a deferred loan that is amortized to results using the straight-line method throughout the new term of the loan.

Incremental costs and expenses incurred for the initial granting of credits are recognized as a deferred charge, which must be amortized to the results of the year as an interest expense during the same accounting period in which revenues are recognized for collected commissions. As the Financial Group considers that the incremental costs and expenses incurred for the initial granting of credits are immaterial, they were recognized in the consolidated statement of income as incurred.

Commissions collected for annual credit card fees, whether for the first year or for subsequent renewals, are recognized as a deferred credit under the “Deferred credits and advance collection” heading and amortized over a 12-month period to the results of the year under the “Commissions and fee income” heading.

The costs and expenses incurred to grant credit cards are recognized as a deferred charge, which is amortized over a 12-month period to the results of the year under the respective heading, depending on the nature of the cost or expense.

Furthermore, when a number of loans granted to the same creditor are consolidated into a single loan, the treatment applicable to the lowest rated loan involved in the restructuring or renewal will be applied to the total balance of the resulting loan.

Restructured overdue credits are not considered as current portfolio until there is evidence of sustained payment, which is considered to have occurred when the banks receive full and timely payment for three consecutive monthly installments, or the payment of an installment in those cases where the installment covers periods in excess of 60 days and it is evidenced that the borrower is able to pay.

Performing loans other than those that have a single payment of principal at maturity and periodic payments of interest, which are restructured or renewed without having completed at least 80% of the original term of the loan, will still be considered as current only when the borrower has:

a. Settled the total amount of the accrued interest, and
b. Settled the principal of the original loan, which should have been settled as of the date of renewal or restructuring, as the case may be.

If all the conditions described in the preceding paragraph are not fulfilled, they will be considered as overdue from the time that they are restructured or renewed until there is evidence of sustained payment.

Loans with a single payment of principal and interest at maturity that are renewed at any time will be considered as overdue until there is evidence of sustained payment. They will be considered as current only when the borrower has made timely payments on the total amount of the interest payable and also paid 25% of the original amount of the loan.

Acquisitions of loan portfolio - On the acquisition date of the portfolio, the contractual value of the portfolio acquired must be recognized based on the type of portfolio which the originator would have classified; any difference generated in relation to the acquisition price is recorded as follows:

a) When the acquisition price is lower than its contractual value, the differences is recognized in results of the year under the heading of “Other operating income (expenses)”, up to the amount of the allowance for loan losses that was created as established in the following paragraph, and the surplus as a deferred credit, which will be amortized when the respective collections are made, based on the percentage which the latter represent of the contractual value of the loan;

b) When the acquisition price of the portfolio is higher than its contractual value, a deferred charge is recognized, which will be amortized as the respective collections are made, based on the percentage which the latter represent of the contractual value of the loan;

c) Regarding the acquisition of revolving credits, such difference will be recognized directly to results of the year on the acquisition date.

Allowance for loan losses –

The Financial Group classifies its portfolio under the following headings:

a. Commercial: Direct or contingent credits, including bridge loans denominated in Mexican pesos, foreign currency, as well as any interest generated, granted to corporations or individuals with business activities and applied to their commercial or financial line of activity; including those granted to financial institutions different from interbank loans for less than three business days, credits for factoring transactions and credits for capital lease transactions which are performed with such corporations or individuals; credits granted to trustees who act on behalf of trusts and credit schemes commonly known as “structured” in which there is a change in net assets that allows for the individual assessment of the risk associated with the scheme. They also include credits granted to States, Municipalities and their decentralized agencies.

b. Home mortgages: Direct credits denominated in Mexican pesos, foreign currency, Investment Units or multiples of the minimum wage (“VSM”), as well as any interest generated, granted to individuals and applied for the acquisition, construction, remodeling or improvement of the home, for nonprofit purposes; including those liquidity credits guaranteed by the home of the borrower and those granted for such purposes to former employees who rendered services to the credit institution.

c. Consumer: Direct credits, denominated in Mexican pesos, or foreign currency, as well as any interest generated, granted to individuals, derived from credit card operations, personal loans, payroll transactions (different from those granted through a credit card), credits for the acquisition of consumer durables and capital lease transactions which are performed with individuals; including those credits granted for such purposes to former employees who rendered services to the credit institution.

The Financial Group recognizes the allowance for loan losses based on the following:

– *Commercial loan portfolio:*

The Financial Group, when classifying the commercial credit portfolio, considers the Probability of Default, Severity of the Loss and Exposure to Default, and also classifies the aforementioned commercial credit portfolio into different groups and establishes different variables for the estimation of the probability of default.

This methodology was adopted by the BBVA Bancomer on June 30, 2014 for the credit portfolio of financial institutions, and on June 30, 2013 for the commercial credit portfolio, as discussed in this same Note 4.

The amount of the allowance for loan losses on each credit will be the result of applying the following expression:

$$R_i = PI_i \times SP_i \times EI_i$$

Where:

Ri = Amount of the allowance for loan losses to be created for the nth credit.
PIi = Probability of Default of the nth credit.
SPi = Severity of the Loss on the nth credit.
EIi = Exposure to Default on the nth credit.

The probability of default of each credit (PIi) will be calculated according to the following formula:

$$PI_i = \frac{1}{1 + e^{-(500 - TotalCreditScore_i) \times \frac{\ln(2)}{40}}}$$

For purposes of the above:

The total credit score of each borrower will be obtained by applying the following expression:

$$TotalCreditScore_i = \alpha \times (QuantitativeCreditScore_i) + (1 - \alpha) \times (QualitativeCreditScore_i)$$

Where:

Quantitative credit scorei = Is the score obtained for the nth borrower when evaluating the risk factors.
Qualitative credit scorei = Is the score obtained for the nth borrower when evaluating the risk factors.
α = Is the relative weight of the quantitative credit score.

Unsecured loans-

The Severity of the Loss (SP_i) of commercial credits which are not covered by security interests in real property, or personal or credit-derived collateral will be:

a. 45%, for Preferred Positions.
b. 75%, for Subordinated Positions, in the case of syndicated loans, those which for purposes of their priority of payment are contractually subordinated in relation to other creditors.
c. 100%, for credits which report 18 months or more in arrears for the amount due and payable under the terms originally agreed.

The Exposure to Default of each credit (EIi) will be determined based on the following:

I. For disposed balances of uncommitted credit lines which may be canceled unconditionally or which in practice allow for an automatic cancellation at any time and without prior notice:

$$EI_i = S_i$$

II. For other credit lines:

$$EI_i = S_i * Max\left\{\left(\frac{S_i}{Autorized\ Line\ of\ Credit}\right)^{-0.5794}, 100\%\right\}$$

Where:

S_i: The unpaid balance of the nth credit at the classification date, which represents the amount of credit effectively granted to the borrower, adjusted for interest accrued, less payments of principal and interest, as well as any reduction, forgiveness, rebate and discount granted. In any case, the amount subject to the classification must not include uncollected accrued interest recognized in memorandum accounts on the balance sheet, of credits which are in overdue portfolio.

Authorized Line of Credit: The maximum authorized amount of the line of credit at the classification date.

BBVA Bancomer may recognize the security interests in real property, or personal or credit-derived collateral in the estimate of the Severity of the Loss of the loans, with the aim of decreasing the reserves derived from the portfolio classification. In any case, it may elect not to recognize the credit enhancements if larger reserves are generated as a result. For such purpose, the provisions established by the Commission are applied.

Credits granted under the terms of the Commercial Bankruptcy Law

On March 26, 2014, the Commission issued a Ruling which amends the Provisions of Credit Institution, whereby it adjusts the methodology applicable to the classification of commercial credit portfolio for credits granted under the terms of sections II and III of article 224 of the Commercial Bankruptcy Law in order to make it consistent with the amendments to such statute on January 10, 2014.

This methodology mainly contemplates the consideration of collateral created under the terms of article 75 of the Commercial Bankruptcy Law for the determination of the Severity of the Loss by applying certain adjustment factors or discount percentages applicable to each type of admissible security interest based on personal or real property.

Pursuant to the foregoing, in the case of credits granted under the terms of section II of article 224 of the Commercial Bankruptcy Law, the Severity of the Loss will be subject to the following treatment:

$$SP = Max\left(Min\left(1 - \frac{Collateral + Adjusted\ Estate}{Si}, 45\%\right), 5\%\right)$$

Where:

Collateral = Any collateral created under the terms of article 75 of the Commercial Bankruptcy Law by applying, as the case may be, adjustment factors or discount percentages for each type of admissible security interest based on personal or real property.

Adjusted Estate = The Estate, as this term is defined in the Commercial Bankruptcy Law, deducting the amount of the obligations referred to in article 224, section I of the aforementioned Law and applying a 40% discount to the resulting amount.

Si = Unpaid balance of the credits granted under the terms of article 224, section II of the Commercial Bankruptcy Law at the classification date.

In the case of credits granted under the terms of article 224, section III of the Commercial Bankruptcy Law, the Severity of the Loss will be subject to the following treatment:

$$SP = Max\left(Min\left(1 - \frac{Adjusted\ Estate'}{Si}, 45\%\right), 5\%\right)$$

Where:

Adjusted Estate = The Estate, as this term is defined in the Commercial Bankruptcy Law, deducting the amount of the obligations referred to in sections I and II of article 224 of the aforementioned Law and applying a 40% discount to the resulting amount

Si = Unpaid balance of the credits granted under the terms of article 224, section III of the Commercial Bankruptcy Law at the classification date.

Commercial credit portfolio of financial institutions (up to May 31, 2014) and commercial credit portfolio (up to May 31, 2013)

Pursuant to that established in the Provisions of Credit Institution regarding the classification methodology of the credit portfolio up to such dates, BBVA Bancomer individually classified the commercial credit portfolio, for the credits or group of credits owed by the same debtor whose balance equals or exceeds an amount equal to 4 million UDIS at the classification date. The remainder was classified in parametric form based on the number of months elapsed as of the first default. The portfolio owed by the Federal Government or with an express federal guarantee, was considered as exempted.

In 2001, BBVA Bancomer certified its internal classification scheme for debtor risk, Bancomer Risk Classification ("CRB"), before the Commission to comply with the requirements for classification of risk and the creation of allowances for loan losses.

On October 8, 2012, BBVA Bancomer requested that the Commission renew the application of the internal CRB methodology used for the housing promoters' segment, which was authorized through Document 111-2/53218/2012, with validity until November 30, 2013. Likewise, on November 12, 2012, BBVA Bancomer requested the renewal of the application of the internal CRB methodology to the remainder of its commercial portfolio, which was authorized through Document 111-2/53234/2012, with validity until June 30, 2013.

CRB determined a client's creditworthiness through the weighted result of ratings based on five risk criteria, which include: performance, historical payment capacity, indebtedness capacity, projected payment capacity and macroeconomic conditions. These criteria represent the valuation of the client's profile, the financial position of the borrower and the economic status of the industry, which are measured through the grading of various quantitative and qualitative credit risk factors, weighted through the application of a single algorithm and fixed weighting parameters. The design of this algorithm and its associated weighting factors are the result of statistical and econometric analyses applied to historical data over several years.

The internal classification system presented different levels of risk, which identified loans on a level of acceptable risk, loans under observation and loans of unacceptable risk or in default. The risks included in the CRB model are summarized in the following list:

Level

1. Exceptional
2. High
3. Good
4. Adequate
5. Potential weakness
6. Actual weakness
7. Critical weakness
8. Loss

The comparability of the CRB with Regulatory Risk Classification was based upon an analysis of equivalency of default probabilities between the CRB and the Debtor's Risk Classification according to the Commission, and is as follows:

CRB	**Payment Experience**	**Commission's Classification Equivalent**	
		Commercials	**Promoters**
1		A1	A1
2		A1	A1
3	Non-payment for less than 30 days	A2	A2
3	Non-payment for 30 days or more	A2	B1
4	Non-payment for less than 30 days	B1	B1
4	Non-payment for 30 days or more	B2	B2
5	Non-payment for less than 30 days	B3	B2
5	Non-payment for 30 days or more	C1	B3
6	Non-payment for less than 30 days	C1	C1
6	Non-payment for 30 days or more	C2	C2
7		D	D
8		E	E

The allowances for the losses from the commercial loan portfolio created by BBVA Bancomer as a result of the classification of each loan are classified in accordance with the following percentages:

Risk Level	**Percentages Ranges Loss Reserves**		
A1	0%	to	0.90%
A2	0.901%	to	1.50%
B1	1.501%	to	2.00%
B2	2.001%	to	2.50%
B3	2.501%	to	5.00%
C1	5.001%	to	10.00%
C2	10.001%	to	15.50%
D	15.001%	to	45.00%
E	More than		45.00%

For this portfolio, general reserves were considered in risk A1 and A2 rating. The specific reserves were the ones with risk rating of B1 or above.

BBVA Bancomer records the respective allowance for loan losses on a monthly basis, applying the results of the classification performed quarterly to the balance of the loans as of the last day of each month.

– *Portfolio of States and their Municipalities:*

When classifying the credit portfolio of States and Municipalities, BBVA Bancomer considers the Probability of Default, Severity of the Loss and Exposure to Default, while also classifying the aforementioned portfolio of States and Municipalities into different groups and establishing different variables for the estimation of the probability of default of the commercial portfolio in relation to credits granted to States and Municipalities.

The allowance for loan losses of each credit will be the result of applying the following expression:

$$R_i = PI_i \times SP_i \times EI_i$$

Where:

Ri = The amount of the allowance for loan losses to be created for the nth credit.
PIi = Probability of Default of the nth credit.
SPi = Severity of the Loss of the nth credit.
EIi = Exposure to Default of the nth credit.

The probability of default of each credit (PIi) will be calculated according to the following formula:

$$PI_i = \frac{1}{1 + e^{-(500 - TotalCreditScore_i) \times \frac{\ln(2)}{40}}}$$

For purposes of obtaining the respective PIi, the total credit score of each borrower is calculated by applying the following expression:

Total Credit Score = α (PCCt) + (1-α) PCCl

Where:

PCCt = Quantitative Credit Score = IA+ IB + IC
PPCl = Qualitative Credit Score = IIA + IIB
α = 80%
IA = Average days in arrears with banking institutions (IFB) + % of on time payments with IFB + % of on time payments with non-bank financial institutions.
IB = Number of ratings agencies recognized in accordance with the provisions which provide a classification to the State or Municipality.
IC = Total debt to eligible participations + debt service to adjusted total revenues + short-term debt to total debt + total revenues to current expense + investment to total revenues + proprietary revenues to total revenues.
IIA = Local unemployment rate + presence of financial services of regulated entities.
IIB = Contingent obligations derived from retirement benefits to adjusted total revenues + operating balance sheet to local Gross Domestic Product + level and efficiency of collections + robustness and flexibility of the regulatory and institutional framework for budget approval and execution + robustness and flexibility of the regulatory and institutional framework for approval and imposition of local taxes + transparency in public finances and public debt + issuance of outstanding debt in the stock market.

Unsecured loans-

The Severity of the Loss (SP_i) of the credits granted to the States or Municipalities which are not covered by security interests in real property, or personal or credit-derived collateral will be:

a. 45%, for Preferred Positions.
b. 100%, for Subordinated Positions or when the credit reports 18 months or more of arrears for the amount due and payable under the terms originally agreed.

The Exposure to Default of each credit (EIi) will be determined based on the following:

$$EI_i = S_i * Max \left\{ \left(\frac{S_i}{Autorized\ Line\ of\ Credit} \right)^{-0.5794}, 100\% \right\}$$

Si = The unpaid balance of the nth credit at the classification date, which represents the amount of credit effectively granted to the borrower, adjusted for interest accrued, less payments of principal and interest, as well as any reduction, forgiveness, rebate and discount granted. In any case, the amount subject to the classification must not include uncollected accrued interest, recognized in memorandum accounts on the balance sheet, of credits which are in overdue portfolio.

Authorized Line of Credit = The maximum authorized amount of the credit line at the classification date.

BBVA Bancomer may recognize the security interests in real property, or personal or credit-derived collateral in the estimation of the Severity of the Loss of the credits, for the purpose of reducing the allowance for loan losses derived from the portfolio classification. For such purpose, the provisions established by the Commission are applied.

Admissible security interests in real property may be financial and nonfinancial. Furthermore, only those security interests in real property which comply with the requirements established by the Commission are recognized.

On October 5, 2011, a ruling was published in the Federal Official Gazette that modifies the Regulations related to the classification methodology of commercial loan portfolio granted to States and their Municipalities, as well as the accounting treatment for loan portfolio, BBVA Bancomer applied this methodology until May 31, 2013. The most important modifications referred to the following:

1) A new methodology was established to modify the current incurred loss model to rate and create the allowance for this portfolio to a model based on expected loss in which the losses for the next 12 months were estimated using the best loan information available which considered the likelihood of default, the severity of the loss and the exposure to default.

2) The likelihood of default was determined based on quantitative and qualitative scores based on several risk factors established in the Accounting Criteria. The likelihood of default was 0% for loans guaranteed by a program established by a federal law that was in turn included in the Federal Expense Budget for the Year Ended December 31, 2012 .With certain exceptions, when a loan with the credit BBVA Bancomer is past due, the likelihood of default was 100%.

3) Real and personal collateral as well as loan derivatives were considered to determine the severity of the loss and the exposure to default.

Loans owed by decentralized agencies of the States and their Municipalities in excess of 900,000 UDIS at the classification date was rated individually by considering a level of risk based on the ratings assigned by the ratings agencies (Fitch, MOODY's, HR Ratings and S&P) authorized by the Commission (this classification must not be more than 24 months old). Those municipalities which were backed by an express personal guarantee by the state government may be classified with the level of risk applicable to the state offering such guarantee. Finally, it is established that real guarantees must be assessed using the same regulatory mechanism applied to any secured loan and when there was no Federal Participation, the level of risk must be moved two levels higher.

– *Mortgage portfolio:*

BBVA Bancomer determines the allowance for loan losses related to the mortgage portfolio based on criteria established by the Commission, calculating the Probability of Default, Severity of Loss and Exposure (expected loss model) as of the classification date, according to the following:

- Probability of default: For portfolio with less than four payments in arrears, it is determined based on the number of late payments, the maximum delay in the last four monthly periods, the average payment commitment of the last seven periods, as well as the value of the guarantees with respect to the loans and the currency; and 100% if there are four or more late payments.

- Severity of loss: This is determined based on the value of the guarantee with respect to the loan and the means of formalizing the guarantee, and, in the case of unemployment insurance coverage, the balance of the housing subaccount.

The allowances for loan losses on the mortgage portfolios established by BBVA Bancomer as the result of classifying the loans will be based on the following risks levels and percentages:

Risk Level	**Allowance Percentage Ranges for Loan Losses**		
A1	0%	to	0.50%
A2	0.501%	to	0.75%
B1	0.751%	to	1.00%
B2	1.001%	to	1.50%
B3	1.501%	to	2.00%
C1	2.001%	to	5.00%
C2	5.001%	to	10.00%
D	10.001%	to	40.00%
E	40.001%	to	100.00%

For this portfolio, general reserves were considered in risk A and the specific reserves were the ones with risk rating of B or above.

– *Consumer loan portfolio that does not include credit card operations:*

BBVA Bancomer determines the allowance for loan losses related to non-revolving consumer portfolio as established by the Commission, calculating the Probability of Default, Severity of Loss and Exposure (expected loss model) as of the classification date, as follows:

- Probability of default: Depending on the payment periodicity and the type of credit, it is determined using variables such as the number of payments in arrears, the maximum length of arrears, average payment compliance, the remaining term and the number of times that the credit is paid or financed.

– Severity of loss: This is 65% for up to 10 months in arrears and 100% thereafter.

– Exposure refers to the balance as of the classification date excluding interest accrued but not collected for credits in overdue portfolio.

Allowances for loan losses in the consumer portfolio that does not include credit card operations established by BBVA Bancomer as a result of the classification of the credits, are classified based on the following degrees of risk and percentages:

Level of risk	Allowance Percentage Ranges for Loan Losses		
A1	0%	to	2.00%
A2	2.01%	to	3.00%
B1	3.01%	to	4.00%
B2	4.01%	to	5.00%
B3	5.01%	to	6.00%
C1	6.01%	to	8.00%
C2	8.01%	to	15.00%
D	15.01%	to	35.00%
E	35.01%	to	100.00%

For this portfolio, general reserves are recorded for loans classified as level A risk and specific criteria apply for the measurement of reserves related to loans classified as level B and lower.

– *Consumer credit card loan portfolio:*

The Commission approved BBVA Bancomer's request to apply an internal credit card rating model per Document 111-1/69930/2009 on June 22, 2009, which has been applied from the month of August 2009.

In Document 111-2/53217/2012 dated November 20, 2012 and 111-2/23006/2011 dated January 25, 2011, the Commission granted authorization to apply new parameters for the classification of revolving consumer credit portfolio used in its "Expected Loss Internal Methodology", which were applied for the years 2014 and 2013, respectively.

The internally developed rating methodology involves calculating the expected 12-month loss based on the following:

– Non-compliance probability - Based on variables including portfolio type, account aging, admission tool or the behavior of loans with at least three outstanding payments, together with a 100% rating for loans with three or more outstanding payments.

– Loss severity - Is calculated based on variables like portfolio type, balance aging and noncompliance period.

– Exposure - Is determined according to the credit limit and current balance.

The allowance for credit card losses created by BBVA Bancomer following this credit rating process is classified according to the following risk level and percentages:

Level of risk	Allowance Percentage Ranges for Loan Losses		
A1	0%	to	3.00%
A2	3.01%	to	5.00%
B1	5.01%	to	6.50%
B2	6.51%	to	8.00%
B3	8.01%	to	10.00%
C1	10.01%	to	15.00%
C2	15.01%	to	35.00%
D	35.01%	to	75.00%
E	More than		75.01%

For this portfolio, general reserves are recorded for A and B-1 risk ratings and specific criteria apply to B-2 risk ratings and lower.

As of December 31, 2014 and 2013, the classification and creation of the allowance for loan losses of the consumer credit portfolio is performed with figures as of the last day of each month and is presented to the Commission at the latest as of the 30 days following the month classified, in accordance with the reserve percentages applicable to each type of portfolio, as indicated above.

Additionally, a reserve is recognized for the total amount of the uncollected interest earned applicable to loans that are classified within past-due portfolio.

Additional reserves:

The additional reserves established by BBVA Bancomer reflect internal rating models, mainly for mortgage loans, which consists of applying specific percentages (expected loss) to the unpaid balance of the debtor.

Securitization with transfer of ownership - By securitizing the mortgage portfolio with transfer of ownership, BBVA Bancomer (the "Transferor") transfers the financial assets through a securitization vehicle (the "Trust"), to enable the latter to issue securities through an intermediary (the "Brokerage House"), for placement among small investors, which represent the right to the returns or the proceeds generated from the securitized financial asset, and as consideration the Transferor receives cash and a certification granting it the right to the remaining flows from the Trust after payment of the certificates to their holders.

The Transferor provides administrative services for the transfer of the financial assets and recognizes in results of the year the revenues derived from such services at the time they are earned. Such revenues are presented under the heading of "Commissions and fee income". Any expenses incurred from managing the Trust will be reimbursed by the Trust itself with the prior authorization of the Common Representative, provided that the Trust has sufficient cash flows to make such reimbursement. The Transferor will hold any payments made on account of the Trust in debtor accounts until the latter reimburses such expenses.

On December 17, 2007, the Commission authorized BBVA Bancomer, through Document 153/1850110/2007, registered in the National Securities Register of the Share Certificate Issuance Program up to the amount of $20,000 or its equivalent in UDIs with an effective term of five years computed as of the authorization date; such program is revolving.

BBVA Bancomer recognized the securitized transactions performed during 2009 in accordance with the accounting criteria issued by the Commission in April 2009 regarding C-1 "Asset recognition and derecognition", C-2 "Securitized transactions" and C-5 "Consolidation of special-purpose entities". After applying these criteria, BBVA Bancomer derecognized the securitized assets held by the trusts, which were subsequently consolidated on its balance sheet. Accordingly, these assets are recorded under assets in the balance sheet. The securitizations performed prior to 2009 are not consolidated, based on the treatment established by the Commission.

The benefit valuation methodology applied to the securitized transaction remnant is detailed below:

– BBVA Bancomer has tools to measure and quantify the impact of securitized transactions on the balance sheet and statement of income based on the cost of funding, release of capital, reserves and liquidity levels when structuring issuances and during the life of each.

– The valuation system measures the follow-up of certificate performance and the subordinated portions recorded by BBVA Bancomer and, if applicable, it also values the bond position to consider its possible sale on a secondary market.

– The valuation model is used to calculate BBVA Bancomer's constant historical prepayment rate computation, the mortality rate, current credit percentage, interest rate, issuance amount and value of guarantees with respect to the loan guarantee, among other items.

Notwithstanding the above, BBVA Bancomer, has taken a conservative position and decided not to recognize the valuation of the benefits on the remaining securitization transactions of the trusts 711, 752, 781 and 847, resulting from the application of the methodology explained above, and recognized only the amortization of the value of the confirmed cash flows received from such trusts, which are held at amortized cost.

The characteristics of securitization contracts are detailed in Note 13.

Other receivable- Balances of sundry debtors that are not settled within the 90 or 60 days following their initial recognition (the number of days depend on whether balances are identified or not) are reserved with a charge to results of the year, regardless of the probability of recovery.

The debit and credit balances of the transaction settling accounts represent currency and security purchases and sales recorded on the date of transaction.

Purchase of shares on credit - Per Circular 115/2002, section CB.1.6.2., issued by the Central Bank of Mexico, the Brokerage House may grant loans in Mexican pesos to its customers for the purchase of shares. The share purchase agreement date must match that under which the respective loan is agreed. Similarly, the purchase settlement date and that on which the loan is used must match.

No later than the purchase settlement date, the customer must provide at least 50% of the purchase value of the shares in cash or provide as collateral for the Brokerage House other shares, securities, or investment fund shares for an amount no less than 100% of the purchase value of the purchased shares.

All the shares subject matter of the purchase must remain as collateral for the lending Brokerage House when the purchase transaction is executed, notwithstanding the shares, securities, or investment fund shares provided as collateral, as established above.

The Brokerage House may grant these loans using its equity or through financing obtained from domestic or foreign financial entities. The guarantees received from the customers on the purchase of shares on credit are recorded in memoranda accounts under “Collateral received by the entity”

Repossessed assets or assets received through payment in kind - Assets that are foreclosed or received through payment in kind are recorded at the lower of cost or fair value, less the direct and incremental costs and expenses incurred when they were awarded.

Goods acquired through legal foreclosure are recognized on the date on which the foreclosure ruling is issued.

Goods received as payment are recorded on the date on which the in-kind payment document is executed or when the delivery or transfer of ownership is formalized in a document.

On the recording date of the repossessed assets or assets received through payment in kind, the value of the asset which originated the foreclosure, as well as its respective reserve, must be canceled from the balance sheet, or the portion involving accrued or overdue payments settled through the partial payments in kind referred to by criterion B-6, “Loan Portfolio” of the Regulations of Credit Institutions.

If the value of the asset which originated the foreclosure, net of reserves, exceeds the value of the repossessed assets, the difference will be recognized in results of the year under the heading “Other operating income (expenses).

When the value of the asset that originated the foreclosure, net of reserves, is less than the value of the repossessed assets, the value of the latter must be adjusted to the net value of the asset.

Repossessed assets are valued according to the type of asset in question, and such valuation must be recorded against results of the year as “Other operation income (expenses)”, as the case may be.

In accordance with the rules of the Commission, the mechanism to follow in determining the allowance for holding repossessed assets or assets received as payment in kind, is as follows:

Allowance for personal property

Time elapsed as of the repossession or payment-in-kind (months)	Allowance percentage
Up to 6	0%
More than 6 and up to 12	10%
More than 12 and up to 18	20%
More than 18 and up to 24	45%
More than 24 and up to 30	60%
More than 30	100%

Allowance for real estate property

Time elapsed as of the repossession or payment-in-kind (months)	Allowance percentage
Up to 12	0%
More than 12 and up to 24	10%
More than 24 and up to 30	15%
More than 30 and up to 36	25%
More than 36 and up to 42	30%
More than 42 and up to 48	35%
More than 48 and up to 54	40%
More than 54 and up to 60	50%
More than 60	100%

Property, furniture and equipment, net **-** They are recorded at acquisition cost. Assets acquired prior to December 31, 2007 were restated by applying factors derived from the UDIs up to that date. The related depreciation and amortization is recorded by applying a given percentage based on the estimated useful life of such assets to the cost restated to that date.

Depreciation is determined based on the cost or the cost restated until 2007, using the straight-line method as of the month following the acquisition date, applying the following rates:

	Rate
Real estate	2.5%
Computer equipment	25%
ATM’s	12.5%
Furniture and equipment	10%
Vehicles	25%
Machinery and equipment	10%

The Financial Group capitalizes the interest from financing as part of construction in progress.

Impairment of long-lived assets in use **-** The Financial Group revises the book value of long-lived assets in use, in the presence of any indicator of impairment which shows that the book value might not be recoverable, considering the higher of the present value of the future net cash flows or the net selling price, in the event of their eventual disposal. Impairment is recorded if the book value exceeds the higher of the aforementioned values.

The indicators of impairment considered for such purposes are, among others, the losses from operations or negative cash flows in the period, if they are combined with a history or projection of losses, depreciation and amortization charged to results which, in percentage terms, in relation to revenues, are substantially higher than those of previous years, or the services rendered, competition and other economic and legal factors.

Equity investments- Are represented by those equity investments made by the Financial Group in entities over which it has significant influence but lacks control, and are initially recorded at acquisition cost and subsequently valued by the equity method. The dividends received are decreased from the equity investment.

Furthermore, there are other equity investments which are recorded at acquisition cost and the dividends received from these investments are recognized in results for the year, except when they refer to profits from periods before the acquisition, in which case they are recorded as a reduction to the equity investment.

Goodwill - Goodwill generated for the excess of the cost over accounting value of subsidiaries on the acquisition date was recognized in accordance with the provisions of Bulletin C-15, "Impairment in the Value of Long-Lived Assets and Their Disposal", and is subject to annual impairment tests.

Income taxes **-** Income Tax ("ISR") and Business Flat Tax ("IETU") are recorded in results of the year in which they are incurred. The Financial Group determines the deferred tax on temporary differences and tax credits, as of the initial recognition of the items and at the end of each period. The deferred tax derived from the temporary differences is recognized by using the assets and liabilities method, which compares the accounting and tax values of the assets and liabilities. This comparison results in temporary differences, both deductible and creditable, which are added to the tax credit for the undeducted allowance for loan losses, and the tax rate at which the items will reverse is then applied. The amounts derived from these three items refer to the recognized deferred tax asset or liability. The deferred tax asset is recorded only when it can very probably be recovered.

The effect of all the items above is presented net in the consolidated balance sheet within the caption "Deferred taxes and PTU net".

Asset tax paid which is expected to be recovered is recorded as a tax credit and is presented in the balance sheet under the heading of "Deferred charges, prepaid expenses and intangibles".

As a result of the 2014 Tax Reform, deferred IETU is no longer recognized as of December 31, 2013.

Other assets - Software, computer developments and intangible assets are recorded originally at the face value incurred, and were restated from that date of acquisition or disbursement until December 31, 2007, using the factor derived from the UDI.

The amortization of software, computer developments and intangible assets with a definite useful life is calculated by the straight-line method, applying the respective rates to the restated expense.

Labor liabilities - Under Mexican Labor Law, the Financial Group is liable for the payment of severance indemnities and seniority premiums to employees terminated under certain circumstances.

The Financial Group records the liability for severance payments, seniority, pensions, comprehensive medical services and life insurance as it is accrued, in accordance with actuarial calculations based on the projected unit credit method, using nominal rates. The Financial Group recognizes the actuarial gains and losses against the result of the year, in accordance with NIF D-3 "*Employee Benefits*".

Therefore, the liability is being recognized which, at present value, will cover the benefits obligation projected to the estimated date of retirement of the employees working at the Financial Group, as well as the obligation derived from the retired personnel.

Technical reserves – As provided by the CNSF, all technical reserves must be annually audited by independent actuaries. The actuaries have confirmed the Insurance Companies that, in their opinion, the amounts of the reserves recorded by the Insurance Companies as of December 31, 2014 and 2013, are reasonably acceptable based on their obligations, within the parameters established by the actuarial practice, and in adherence to the related criteria issued by the applicable authorities.

Technical reserves are created according to the Law on Insurance and Bonding Institutions and the provisions issued by the Commission. For technical reserve valuation purposes, Insurance Institutions utilize the valuation methods and assumptions established in the respective technical notes and the provisions detailed in Chapters 7.1, 7.2, 7.3, 7.4, 7.6, 7.7, 7.8, 7.9, 7.10, 7.12, 7.14 and 7.15 of Title 7 of the Sole Circular issued by the Commission and published in the Federal Official Gazette on December 13, 2010.

The creation and investment of the technical reserves must adhere to the terms and proportions established by the Law. As of June 2004, Insurance Companies value the unearned premium reserves of damage, life, accident, and medical insurance based on actuarial methods by applying generally accepted standards. Similarly, in that year a reserve was created for unfulfilled accident obligations in regard to which the insured parties have not communicated a valuation.

These actuarial methods must consist of a future payment projection model, considering the claims and benefits derived from the policies in effect in the Insurance Companies' portfolio of each type of insurance. This methodology must be recorded with the CNSF through a technical note and will be applicable upon approval. In June 2004, the CNSF issued a procedure for determining the life insurance reserve, insofar as a proprietary method is not available, and in February 2005 it authorized the Company's white paper regarding damage, accident, and medical insurance operations.

Based on these amendments, the unearned premium reserve is valued as follows:

i. Unearned premium reserve

   a) The reserve for life insurance operations is determined in accordance with actuarial formulas, considering the characteristics of the policies in effect, reviewed and approved by the CNSF. The unearned premium reserve is valued as follows:

      – Life insurance policies in effect for one year or less:

        The expected value of future obligations for the payment of claims and benefits derived from policies in effect is determined using the recorded valuation method and, if applicable, discounting the expected value of future net premium revenues. This value is compared to the unearned premium of the policies in effect to obtain a sufficiency factor that will be applied to calculate the unearned premium reserve for each insurance type operated.

        The unearned premium reserve for each insurance type operated is obtained by multiplying the unearned premium of policies in effect by the respective sufficiency factor, which is never lower than one. Similarly, the unearned portion of administrative expenses is added to the unearned premium reserve.

      – Life insurance policies in effect for over one year:

        The unearned premium reserve is valued using the actuarial method for determining the minimum reserve amount, provided this method results in a greater amount than the sufficiency method recorded in the white paper authorized by the CNSF; if it is not greater, the unearned premium reserve is valued using the sufficiency method.

b) The reserves for the damage, accident, and medical insurance operations are determined as follows:

The expected value projection of the future obligations for the payment of claims and benefits is determined using the recorded valuation method and compared to the unearned premium of policies in effect to obtain the sufficiency factor that will be applied to calculate the reserve of each insurance type or sector operated by the Insurance Companies. The sufficiency factor applied for these purposes is never lower than one. The unearned premium reserve insufficiency adjustment results from multiplying the unearned premium by the respective sufficiency factor minus one.

Similarly, the unearned portion of administrative expenses is added. Accordingly, the unearned premium reserve is obtained by adding the unearned premium of the policies in effect, the reserve insufficiency adjustment, and the unearned portion of administrative expenses.

ii. Contractual obligations

a. Claims and maturities – Life, accident, medical, and damage claims are recorded when they become known. Life claims are determined based on insured sums. Accident, medical, and damage claims are adjusted based on estimates of the obligation amounts and the recovery related to ceded reinsurance is simultaneously recorded. Maturities are payments for overdue totals determined in the insurance contract.

b. Casualties that occurred but were not reported – The purpose of this reserve is to recognize the estimated amount of casualties that have occurred but have not been reported to the Insurance Company. The estimate is recorded based on prior year claims, quarterly adjusting the actuarial calculation, in accordance with the methodology approved by the CNSF.

c. Insurance fund management – These funds refer to individual life insurance (traditional and flexible) and are mainly composed of overdue short-term totals, dividends, and yields, minus withdrawals. Throughout the duration of the policy, the insured party may request the full or partial withdrawal of his fund. If the insured party defaults on a premium within the legal term established, it will be paid from the investment fund account balance, if permitted.

d. Reserve for dividends on policies – It is determined based on the profit generated by individual, group, and collective life and vehicle insurance policies.

e. Premium deposits – premium deposits represent split payment collections of insurance policies that were not timely identified.

f. Reserve of claims awaiting valuation – this reserve refers to the expected value of future accident, medical, and damage claims which, having been reported during the current or prior years, are payable in the future but the precise amount is unknown because a valuation is unavailable, or when the existence of additional future payment obligations derived from a previously valued claim are expected.

iii. Reserve for disaster risks

This is a cumulative reserve that is increased by the release of the earthquake insurance withholding unearned premium reserve, and the financial proceeds that would be obtained by applying to such reserve the average 28-day CETES rate or the 30-day LIBOR rate in foreign currency.

Unearned premiums reserve for ceded reinsurance - According to the accounting rules and practices established by the CNSF, as of the year 2008, the unearned premiums reserve for ceded reinsurance is presented as an asset on the balance sheet.

Special fund - Under the relevant Law, the Institutions authorized to operate Pension Insurance have to create a Pension Systems Global Contingency Fund by establishing a trust to ensure the proper functioning of these insurance policies. For the years ended December 31, 2014 and 2013, Pensiones BBVA Bancomer charged the amounts of $68 and $59, respectively, to results.

Reserve fund - In March 1999, the brokerage houses, acting as trustors, created a trust whose purpose is to establish a fund that will enable brokerage houses, to have a financial reserve up to the amount of any contributions made by each brokerage house. The amount of the contributions made and interest generated by the Brokerage House as of December 31, 2014 and 2013, is $36 and $58, respectively.

Sundry provisions - Sundry provisions are recognized for present obligations as a result of past events, that are probable to result in the future use of economic resources and that can be reasonably estimated.

Foreign currency transactions - Foreign currency transactions are recorded at the exchange rate effective at the transaction date except for those generated by foreign branches. Assets and liabilities denominated in foreign currency are adjusted at the period end exchange rate published by the Central Bank of Mexico. Exchange fluctuations related to these assets and liabilities are charged to the income statement.

Discontinued operations-The discontinuation of an operation is the process (decision, development and termination) of definitive interruption of a significant activity of the entity. The gain or loss on the discontinued operation, net of ISR, is presented in the income statement under the heading “Discontinued operations”, in the period in which an operation is discontinued.

The results for the year of the discontinued operation before the decision to discontinue and the results of the discontinued operation relative to previous years are reclassified, net of ISR, under the heading “Discontinued operations”.

Financial margin - The Financial Group's financial margin is composed by the difference between total interest income less interest expense.

Interest income is composed by the general returns generated by the loan portfolio based on the periods established in loans executed with borrowers and negotiated interest rates, the application of interest collected in advance, the premiums or interest accrued by deposits made with financial entities, bank loans, margin call accounts, securities investments, repurchase agreements and securities loans, together with debt placement premiums, commissions collected for initially granting credit and the dividends of equity instruments are included in interest income.

Interest expense is comprised of the premiums, discounts and interest, bank loans, repurchase agreements, securities loans, debentures, debt placement issuance expenses and discounts. The amortization of costs and expenses incurred to originate loans is included within interest expenses.

Accident, medical, and damage insurance premium revenues are recorded when the policies are issued and are reduced by the premiums ceded in reinsurance.

Interest expense on individual life insurance is recorded based on the contracting party, as follows:

– Payroll discount – they are recorded when the Insurance Companies receive both the withholder information and the respective payment.

– Direct payment – they are recorded when the split payment receipts are issued.

Premiums that are not collected within the terms established by the Law (45 days) are cancelled.

Reinsurance– Per the CNSF rules and according to the policies of these companies, a portion of the insurance contracted by Seguros BBVA Bancomer is ceded in reinsurance to other companies; therefore, these companies participate both in the premiums and in the casualty rate cost.

Premium surcharge and policy rights – These revenues relate to the financing derived from policies with split payments and the recovery of policy issuance expenses, recognizing in the income statement the revenues of the settled portion and as a deferred income liability the uncollected portion as of the date of the financial statements.

Salvage revenues –

Damages. - Salvages are recorded in the results for the year as revenues, at the net realizable value of the asset, on the date on which the salvages are known, recording at the same time the equity of the reinsurers.

Vehicles **-** Salvages known as "certain" (the asset is physically available as well as the documentation certifying ownership) are initially recorded as revenues in the income statement based on the value estimated by the appraisers or at average cost. Salvages known as "uncertain" (those in the process of obtaining the documentation needed to certify ownership or the physical asset) are recorded in memoranda accounts. Uncertain salvages are valued based on an estimated average value.

Reinsurance transaction profit sharing- Profit sharing related to cede reinsurance is recorded as revenue or an expense one year after the contracts are referred, once their technical result is determined, or when it is paid or collected.

Memorandum accounts -

Memorandum accounts are used to record assets or commitments which do not form part of the Financial Group's balance sheet because the related rights are not acquired or such commitments are not recognized as a liability of the entities until such eventualities occur, respectively. The amounts accrued in the memorandum accounts have only been subject to audit tests when an accounting record arises from their information (the memorandum accounts that were not audited are indicated in each case):

– *Contingent assets and liabilities:*

  Any formal claims received by the Financial Group which involve some kind of liability are recorded in books.

– *Credit commitments:*

  Credit commitments represent the amount of letters of credit granted by BBVA Bancomer which are considered as irrevocable commercial credits not utilized by the borrowers, and unused authorized credit lines.

  The items recorded in this account are subject to credit classification.

– *Assets in trust or under mandate (unaudited):*

  Assets in trust include the value of the goods received in trust, and the data related to the administration of each one is kept in separate records. Assets under mandate record the declared value of the goods subject to mandate contracts executed by the Financial Group.

– *Assets in custody, guarantee and under administration (unaudited):*

  Customer cash and securities in custody, guarantee or under administration at Casa de Bolsa BBVA Bancomer, S.A. de C.V. (the "Brokerage House") are shown under the respective memoranda accounts and were valued based on the price provided by the price supplier:

  a. Cash is deposited in credit institutions in checking accounts differing from those of the Brokerage House.

b. Securities in custody and under administration are deposited in S.D. Indeval, Deposit Institution Securites, S.A. de C.V.

– *Collateral received by the Financial Group:*

This balance represents the total amount of collateral received in repurchase transactions and securities loans, with the Financial Group acting as the repurchasing party and borrower.

– *Collateral received and sold or given in guarantee by the Financial Group:*

This balance represents the total collateral received and sold or given in guarantee when the Financial Group acts as a repurchasing party and borrower.

– *Uncollected earned interest derived from non- performing loans:*

The interest earned is recorded in memorandum accounts once a current portfolio credit is transferred to overdue portfolio all.

– *Other record accounts (unaudited):*

As of December 31, 2014 and 2013, the other recording accounts present a balance of $2,196,294 and $1,695,387, respectively.

– *Transactions performed in the name of third parties*:

This item is represented by customers' cash deposits, securities held in custody and transactions performed in customers' names. Cash is deposited with banking institutions in accounts other than those of the Brokerage House. Goods held in custody or which involve securities or financial instruments treated as such are valued according to their fair value. Transactions performed in customers' names are valued based on the nature of each particular transaction; i.e., investments in securities, repurchase agreements, securities and derivatives loans.

Cash Flow Statement - The consolidated Cash flow statement presents consolidated of Financial Group's ability to generate cash and cash equivalents, as well as how the Financial Group uses those cash flows to meet their needs. Preparation of Cash Flow Statement is conducted on the indirect method, based on the net income for the period based on the provisions of Criterion D-4 "Cash Flow Statements" of the Accounting Criteria.

The consolidated statement of cash flows, together with the rest of the consolidated financial statements provide information that enables the user to:

- Assess the changes in assets and liabilities of the Financial Group and on its financial structure.
- Evaluate collection and payment amounts and dates in order to adapt to circumstances and opportunities to generate and/or apply cash and cash equivalents.

5. Cash and cash equivalents

At December 31, 2014 and 2013, cash and cash equivalents consisted of the following:

	2014	2013
Cash	$ 47,434	$ 46,411
Banks	15,990	13,569
Restricted funds	60,722	68,295
Other quick funds	73	45
	$ 124,219	$ 128,320

Banks include deposits in domestic and foreign banks in Mexican pesos and U.S. dollars, translated at the exchange rate published by the Central Bank of Mexico of $14.7414 Mexican pesos and $13.0843 Mexican pesos per one U.S. dollar, as of December 31, 2014 and 2013, respectively, and are comprised as follows:

	Mexican pesos		U.S. Dollars (in Mexican pesos)		Total	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Deposits with foreign credit institutions	$ -	$ -	$ 14,855	$ 12,537	$ 14,855	$ 12,537
Central Bank of Mexico	-	-	158	105	158	105
Domestic banks	983	927	(6)	-	977	927
	$ 983	$ 927	$ 15,007	$ 12,642	$ 15,990	$ 13,569

As of December 31, 2014 and 2013, restricted funds available are as follows:

	2014	2013
Monetary regulation deposits (1)	$ 59,681	$ 65,077
Foreign exchange to be received (2)	41,159	41,446
Foreign exchange to be delivered (2)	(40,531)	(38,583)
Interbank loans call money (3)	67	-
Other restricted deposits	346	355
	$ 60,722	$ 68,295

(1) As of December 31, 2014 and 2013, the unique account of Banco de México includes BBVA Bancomer Monetary Regulation Deposits in Banco de México, which come to $59,681 and $65,077, respectively. These Monetary Regulation Deposits will have an indefinite duration, for which purpose Banco de México will provide timely notice of the date and the procedure for withdrawal of the respective balances. Interest on the deposit is payable every 28 days by applying the rate established in the Regulations issued by Banco de México.

On June 9, 2014, through Circular 9/2014, Banco de México (“Banxico”) modified the interest rate paid on the Monetary Regulation Deposits to reference it to the one-day Interbank Interest Rate, which the Board of Governance of Banxico determined as a target rate for monetary policy purposes. As a result, Banxico established new rules applicable to the Monetary Regulation Deposits which include the following:

a) Banxico terminated the Monetary Regulation Deposits which the credit institutions had established based on Circular 30/2008, issued by Banxico on July 9, 2008, and its amendment disseminated through Circular 36/2008 issued on August 1, 2008.

b) On June 19, 2014, at the opening of operations of SIAC-Banxico, Banxico made the deposits necessary in the Unique Account kept by each credit institution.

c) It also indicated the procedure which BBVA Bancomer must follow for the establishment of Monetary Regulation Deposits, in terms of the amount, term, yield and composition.

Furthermore, on June 27, 2014, through Circular 11/2014, Banxico increased the amount which Credit institutions must establish as a Monetary Regulation Deposit on a proportional basis, in accordance with figures reported for May 2014. The proportional amount applicable to BBVA Bancomer was $59,681.

(2) Foreign currencies to be received and delivered for purchases and sales to be settled in 24 and 48 hours as of December 31, 2014 and 2013 are composed as follows e:

	2014	
	Balance in foreign Currency (Millions of US dollars)	Mexican peso equivalent
Purchases of foreign currencies to be received at 24 and 48 hours	2,792	$ 41,159
Sales of foreign currencies to be settled at 24 and 48 hours	(2,749)	(40,531)
	43	$ 628

	2013	
	Balance in foreign Currency (Millions of US dollars)	Mexican peso equivalent
Purchases of foreign currencies to be received at 24 and 48 hours	3,168	$ 41,446
Sales of foreign currencies to be settled at 24 and 48 hours	(2,949)	(38,583)
	219	$ 2,863

When the foreign exchange deliverable or receivable on the purchases and sales are recorded under the heading of “Funds available”, the settlement accounts for the equivalent value of these operations are recorded net in the balance sheet under the headings of “Other accounts receivable, net” and “Creditors from settlement of operations”.

(3) “Call money” operations granted to December 31, 2014 and 2013, represent interbank loan transactions agreed at a term shorter than or equal to three business days, respectively, at a rate of 4.50%.

6. Margin call accounts

At December 31, 2014 and 2013, margin call accounts are composed as follows:

	2014	2013
Derivatives margin in authorized markets	$ 3,810	$ 5,671

7. Securities

At December 31, 2014 and 2013, financial instruments were as follows:

a. *Trading –*

Instrument	2014 Acquisition Cost	2014 Accrued Interest	2014 Increase (Decrease) due to Valuation	2014 Book Value	2013 Book Value	
Investment companies	$ 30,114	$ -	$ 3,020	$ 33,134	$ 29,025	
Securitized certificates	11,417	109	26	11,552	11,436	
Bondes	2,762	3	4	2,769	7,214	
Sovereign debt Eurobonds	6,840	88	(37)	6,891	6,077	
Net equity instruments	4,635	-	(208)	4,427	5,644	
CETES	7,611	18	(1)	7,628	5,492	
Udibonds	7,535	15	(55)	7,495	4,065	
Fixed-rate bonds	5,854	93	11	5,958	2,547	
ADR's	5,760	-	(174)	5,586	2,363	
Note with interest payable at maturity	4,739	3	(1)	4,741	1,355	
Commercial paper companies	798	-	-	798	1,209	
Corporate Eurobonds	1,879	23	(48)	1,854	780	
BPA´s (Savings Protection Bonds)	-	-	-	-	546	
Bank securitized certificates	1,754	21	2	1,777	295	
Interchangeable securitized certificates (CBIC´s)	552	9	-	561	169	
Treasury Bills	7,814	-	-	7,814	60	
Treasury Notes	73	1	(2)	72	-	
CEDES	1	-	-	1	2	
	100,138	383	2,537	103,058	78,279	
Collateral granted	191,431	(196)	940	192,175	212,494	a.1
Value date purchases	15,337	47	6	15,390	8,966	a.2
Value date sales	(13,586)	(36)	(12)	(13,634)	(6,321)	a.3
Total	$ 293,320	$ 198	$ 3,471	$ 296,989	$ 293,418	

During 2014 and 2013, valuation income and losses for net amounts of $219 and $11, respectively, were recorder in results of the year.

As of December 31, 2014 and 2013, the Financial Group paid commissions for purchase and sale of securities in the amount of $120 and $106, respectively.

At December 31, 2014, the remaining periods of these investments were as follows:

Instrument	Less than 1 month	Between 1 and 3 Months	More than 3 Months	Without a Fixed period	Total Acquisition cost
Investment companies	$ -	$ -	$ -	$ 30,114	$ 30,114
Securitized certificates	213	252	10,952	-	11,417
Bondes	50	-	2,712	-	2,762

Instrument	Less than 1 month	Between 1 and 3 Months	More than 3 Months	Without a Fixed period	Total Acquisition cost
Sovereign debt Eurobonds	-	102	6,738	-	6,840
CETES	2	97	7,512	-	7,611
Net equity instruments	-	-	-	4,635	4,635
Udibonds	-	-	7,535	-	7,535
Fixed-rate bonds	-	-	5,854	-	5,854
ADR's	-	-	-	5,760	5,760
Note with interest payable at maturity	1,048	3,477	214	-	4,739
Commercial paper companies	411	387	-	-	798
Corporate Eurobonds	7	-	1,872	-	1,879
Bank securitized certificates	-	-	1,754	-	1,754
Interchangeable securitized certificates (CBIC´s)	-	-	552	-	552
Treasury Bills	-	-	7,814	-	7,814
Treasury Notes	-	-	73	-	73
CEDES	-	1	-	-	1
Total	$ 1,731	$ 4,316	$ 53,582	$ 40,509	$ 100,138

At December 31, 2013, the remaining periods of these investments were as follows:

Instrument	Less than 1 month	Between 1 and 3 Months	More than 3 Months	Without a Fixed period	Total Acquisition cost
Investment companies	$ -	$ -	$ -	$ 26,596	$ 26,596
Securitized certificates	15	617	10,757	-	11,389
Bondes	6,264	101	847	-	7,212
Sovereign debt Eurobonds	170	8	5,851	-	6,029
CETES	141	78	5,238	-	5,457
Net equity instruments	-	-	-	5,341	5,341
Udibonds	153	-	3,954	-	4,107
Fixed-rate bonds	-	-	2,499	-	2,499
ADR's	-	-	-	2,356	2,356
Note with interest payable at maturity	262	1,091	1	-	1,354
Commercial paper companies	258	803	148	-	1,209
Corporate Eurobonds	-	-	807	-	807
BPA´s (Savings Protection Bonds)	545	-	1	-	546
Bank securitized certificates	-	-	294	-	294
Interchangeable securitized certificates (CBIC´s)	-	-	167	-	167
Treasury Bills	-	-	65	-	65
CEDES	-	-	2	-	2
Total	$ 7,808	$ 2,698	$ 30,631	$ 34,293	$ 75,430

a.1 The collateral granted as of December 31, 2014 and 2013, were composed as follows:

Instrument	2014 Acquisition Cost	2014 Accrued Interest	2014 Valuation Increase (Decrease)	2014 Book Value	2013 Book Value
Fixed-rate bonds	-	-	-	-	$ 505
Net worth instruments	-	-	-	-	64
Bonds receive guarantees from securities loans	-	-	-	-	569
BPA´s (Savings Protection Bonds)	45,068	82	(38)	45,112	61,959
Fixed-rate bonds	37,352	9	302	37,663	58,566
CETES	4,709	-	-	4,709	27,478
Udibonds	4,850	-	6	4,856	11,805
Bonds	50,912	(13)	535	51,434	11,027
Interchangeable securitized certificates (CBIC´s)	4,900	-	-	4,900	7,915
Securitized certificates	1,938	-	-	1,938	4,388
CEDES	1,000	-	-	1,000	2,000
PRLV´s	-	-	-	-	2,000
Commercial paper companies	-	-	-	-	444
Bonds receive guarantees to repurchase	150,729	78	805	151,612	187,582
Fixed-rate bonds	37,083	(274)	105	36,914	11,908
Guarantee T- Bills receivable from derivatives	-	-	-	-	7,068
BPA´s (saving protection bonds)	2,892	-	30	2,922	5,053
Bondes	727	-	-	727	274
CETES	-	-	-	-	40
Other guarantee	40,702	(274)	135	40,563	24,343
Total restrictions	$ 191,431	$ (196)	$ 940	$ 192,175	$ 212,494

a.2 Value date purchases at December 31, 2014 and 2013, were composed as follows:

Instrument	2014 Acquisition Cost	2014 Accrued Interest	2014 Valuation Increase (Decrease)	2014 Book Value	2013 Book Value
Fixed rate bonds	$ 11,250	$ 33	$ 4	$ 11,287	$ 4,184
CETES	566	-	-	566	2,452
Investment unit bonds (Udibonos)	2,818	6	1	2,825	1,093
BPA´s (Savings Protection Bonds)	-	-	-	-	899
Net worth instruments	458	-	-	458	294
Sovereign debt Eurobonds	185	8	5	198	43
ADR's	20	-	(4)	16	1
Eurobonds	5	-	-	5	-
Securitized certificates	35	-	-	35	-
Total	$ 15,337	$ 47	$ 6	$ 15,390	$ 8,966

a.3 Value date sales at December 31, 2014 and 2013 were composed as follows:

Instrument	2014 Acquisition Cost	2014 Accrued Interest	2014 Valuation Increase (Decrease)	2014 Book Value	2013 Book Value
Fixed rate bonds	$ (7,829)	$ (22)	$ (9)	$ (7,860)	$ (2,074)
CETES	(2,292)	-	-	(2,292)	(2,355)
Investment unit bonds (Udibonos)	(1,943)	(3)	-	(1,946)	(509)
Bondes	-	-	-	-	(498)
Securitized certificates	(543)	(1)	-	(544)	(348)
Net worth instruments	(519)	-	3	(516)	(243)
BPA´s (Savings Protection Bonds)	(201)	(6)	-	(207)	(202)
ADR's	(46)	-	-	(46)	(92)
Sovereign debt Eurobonds	(213)	(4)	(6)	(223)	-
Total	$ (13,586)	$ (36)	$ (12)	$ (13,634)	$ (6,321)

b. ***Available for sale -***

Instrument	2014 Acquisition Cost	2014 Accrued Interest	2014 Valuation Increase (Decrease)	2014 Book Value	2013 Book Value	
Securitization certificates	$ 16,748	$ 108	$ 374	$ 17,230	$ 12,566	
Sovereign debt Eurobonds	18,258	381	347	18,986	13,943	
Corporate Eurobonds	3,163	67	21	3,251	3,030	
Fixed rate bonds	-	-	-	-	2,000	
Net worth instruments	807	-	(93)	714	800	
ADR's	10	-	279	289	248	
CEDES UDI´s	75	39	1	115	107	
Brems	9	-	-	9	-	
	39,070	595	929	40,594	32,694	
Restricted securities	111,386	48	159	111,593	92,222	b.1
Total	$ 150,456	$ 643	$ 1,088	$ 152,187	$ 124,916	

At December 31, 2014, the remaining scheduled maturities of the above instruments were as follows:

Instrument	More than 3 Months	Without a Fixed period	Total Acquisition Cost
Securitization certificates	$ 16,748	$ -	$ 16,748
Sovereign debt Eurobonds	18,258	-	18,258
Corporate Eurobonds	3,163	-	3,163
Brems	9	-	9
Net worth instruments	807	-	807
CEDES UDI´s	75	-	75
ADR´s	-	10	10
Total	$ 39,060	$ 10	$ 39,070

b.1 Collateral granted (restricted securities) as of December 31, 2014 and 2013, were as follows:

Instrument	2014 Acquisition Cost	2014 Accrued Interest	2014 Increase (Decrease) due to Valuation	2014 Book Value	2013 Book Value
Fixed rate bonds	$ 94,833	$ 73	$ 150	$ 95,056	$ 36,205
Bondes	1,112	-	1	1,113	27,285
CETES	-	-	-	-	3,285
Securitization certificates	924	-	19	943	2,159
Brems	13,225	(25)	-	13,200	-
Investment Unit Bonds (UdiBonos)	334	-	(11)	323	302
Total warranties receivable from repurchase agreements	110,428	48	159	110,635	69,236
Fixed rate bonds	-	-	-	-	22,214
T BILLS given as warranties	958	-	-	958	772
Total other warranties	958	-	-	958	22,986
Total restricted securities	$ 111,386	$ 48	$ 159	$ 111,593	$ 92,222

c. ***Held to maturity -***

The following securities have medium and long-term maturities:

Instrument	2014 Acquisition Cost	2014 Accrued Interest	2014 Increase (Decrease) due to Valuation	2014 Book Value	2013 Book Value
Investment Unit Bonds (UdiBonos)	$ 59,080	$ 139	$ (309)	$ 58,910	$ 48,199
Government bonds- Mortgage debtor support program	14,615	-	-	14,615	14,179
Securitization certificates	8,226	220	40	8,486	10,364
Bonds	4,284	139	(342)	4,081	2,683
Government bonds- State and Municipality debtor support program	1,723	-	-	1,723	1,672
Exchangeable securitization certificates (CBIC's)	1,067	8	7	1,082	1,009
Promissory notes with returns payable at maturity	115	-	-	115	118
U.S. Treasury securities	44	-	-	44	39
Bank bonds	-	-	-	-	20
Private bonds	276	5	(5)	276	19
Total	$ 89,430	$ 511	$ (609)	$ 89,332	$ 78,302

For the years ended December 31, 2014 and 2013, the yields related to the overall held to maturity portfolio, recorded in the result of the year, amounted to $5,842 and $2,522, respectively.

d. ***Collateral received***

The terms and conditions for the delivery of securities as collateral are in line with the framework contracts of Repurchase Agreements, Securities Loans, and Derivatives (ISDA/CEMOF). These contracts establish the exchange of collateral, which will help mitigate the credit risk, in order to have a reasonable level of collateral; the collateral granted does not fulfill criteria for transfer of ownership, for which reason the entity which provides the collateral retains the corporate and economic rights of such instruments, unless there is default on the obligations guaranteed. However, these framework contracts stipulate the temporary use and enjoyment of such securities with the commitment to return them at maturity of the guarantee transaction or margin return calls due to a drop in the guaranteed value at risk.

As a result of the collateral exchange agreements of financial institutions which have a negative market value, a commitment is made to deliver to the other party (which therefore presents a positive market value) assets or cash to reduce the exposure for credit risk, under the terms stipulated in the aforementioned bilateral contract.

8. Repurchase transactions

As of December 31, 2014 and 2013, repurchase transactions were composed as follows:

a. ***Repurchase agreement debtors*** -

As repurchasing party:

	2014			2013		
	Asset Side	Liability Side		Asset Side	Liability Side	
Instrument	Receivable Under repurchase	Collateral sold or delivered	Debit	Receivable under repurchase	Collateral sold or delivered	Debit
BPA's (saving protection bonds)	$ 4,004	$ 4,005	$ (1)	$ 15,533	$ 15,484	$ 49
Bonds	10,649	10,504	145	-	-	-
Fixed-rate bonds	4,350	4,350	-	-	-	-
CETES	2,421	-	2,421	2,397	-	2,397
Total	$ 21,424	$ 18,859	$ 2,565	$ 17,930	$ 15,484	$ 2,446

b. ***Repurchase creditors -***

Security vendor:

	2014	2013
	Liability Side	Liability Side
Instrument	Payables under resale agreements	Payables under resale agreements
Fixed rate bonds	$ 129,523	$ 92,939
BPA's (Savings Protection Bonds)	45,114	60,615
Bondes	48,252	36,399

Instrument	2014 Liability Side Payables under resale agreements	2013 Liability Side Payables under resale agreements
Brems	13,195	-
CETES	4,709	30,610
Investment unit bonds (Udibonos)	5,173	12,126
Securitization certificates	4,326	11,573
PIC's	4,900	7,943
CEDES	1,000	2,000
Total	$ 256,192	$ 254,205

c. ***Creditors in transactions involving securities loans and derivatives -***

	2014			2013		
	Memoranda accounts		Liability portion	Memoranda accounts		Liability portion
Instrument	Collateral Received for Securities Loans	Collateral Received for Loans and Sold or Given in Guarantee	Creditors from Collateral Sold or Given in Guarantee	Collateral Received for Securities Loans	Collateral Received for Loans Sold or Given in Guarantee	Creditors from Collateral Sold or Given in Guarantee
Borrower:						
Government securities -						
Fixed rate bonds	$ 20,949	$ 20,949	$ 20,949	$ 27,775	$ 27,775	$ 27,775
Investment unit bonds (Udibonos)	3,564	3,564	3,564	9,567	9,567	9,567
CETES	8,292	8,292	8,292	403	403	403
CBIC's	5,375	5,375	5,375	29	29	29
Net worth instruments	14	14	14	1	1	1
	38,194	38,194	38,194	37,775	37,775	37,775
Derivatives:						
Treasury Notes	-	-	-	6,715	6,432	6,432
Total	$ 38,194	$ 38,194	$ 38,194	$ 44,490	$ 44,207	$ 44,207
Repurchase agreements:						
Federal Government Development Bonds (Bondes)	$ 10,506	$ 10,506	$ -	$ -	$ -	$ -
Fixed rate bonds	4,352	4,352	-	-	-	-
BPA's (saving protection bonds)	4,005	4,005	1	-	-	-
	18,863	18,863	1	-	-	-
Total	$ 57,057	$ 57,057	$ 38,195	$ 44,490	$ 44,207	$ 44,207

The treasury notes received at December 31, 2014 were directly sold.

Premiums payable were recognized in the results of 2014 and 2013 for the amount of $67 and $78, respectively.

At December 31, 2014 and 2013, the Financial Group has contracted repurchase agreements for an average period of 20 days, while transactions involving securities loans are performed over an average period of 15 days.

9. Derivatives

At December 31, 2014 and 2013, securities and derivative transactions were as follows:

a. ***Derivatives*** - The chart below shows the open derivative instrument transactions of the BBVA Bancomer as of December 31, 2014 and 2013. The currency position generated by these derivative instruments must be added to the position in the balance sheet in order to obtain the year-end position amount analyzed in Note 27.

Trading:

	2014			
	Notional amount		Balance	
Transaction	Asset	Liability	Debit	Credit
Long-term futures position	$ 57,819	$ 57,819	$ -	$ -
Short-term futures position	25,404	25,404	-	-
Long-term forwards contracts	404,530	395,604	13,132	4,206
Short-term forwards contracts	447,146	464,632	2,776	20,262
Options acquired	5,405	-	5,405	-
Options sold	-	9,913	-	9,913
Swaps	820,225	816,033	63,757	59,565
	$ 1,760,529	$ 1,769,405	$ 85,070	$ 93,946

	2013			
	Notional Amount		Balance	
Transaction	Asset	Liability	Debit	Credit
Long-term futures position	$ 117,947	$ 117,947	$ -	$ -
Short-term futures position	12,394	12,394	-	-
Long-term forwards contracts	277,374	277,193	3,306	3,125
Short-term forwards contracts	274,394	273,195	3,647	2,448
Options acquired	1,898	-	1,898	-
Options sold	-	4,757	-	4,757
Swaps	746,288	745,753	51,592	51,057
	$ 1,430,295	$ 1,431,239	$ 60,443	$ 61,387

Hedging:

	2014			
	Notional Amount		Balance	
Transaction	Asset	Liability	Debit	Credit
Swaps	$ 89,681	$ 88,234	$ 6,925	$ 5,478

	2013			
	Notional Amount		Balance	
Transaction	Asset	Liability	Debit	Credit
Swaps	$ 73,925	$ 75,843	$ 2,915	$ 4,833

a1. ***Futures and forward contracts*** **-** For the year ended December 31, 2014, BBVA Bancomer carried out transactions in recognized markets (Mexican Derivatives Market (Mex-Der) Chicago and ITAU), including an equity of $6,914 distributed in rates of $(122), currencies of $6,722, $249 indexes and securities of $65.

BBVA Bancomer also entered into forward contracts with the principal foreign currencies. At the close of the year 2014 the following contracts are open:

Trading:

		Sales		Purchases		
Type of Transaction	Underlying	Receivable	Contract Value	Contract Value	Deliverable	Book Balance
Futures	TIIE	$ 4,822	$ 4,822	$ 7,827	$ 7,827	$ -
	Bond M10	2,452	2,452	1,485	1,485	-
	Cetes	-	-	500	500	-
	Index	1,400	1,400	697	697	-
	U.S. dollars	16,730	16,730	47,310	47,310	-
		$ 25,404	$ 25,404	$ 57,819	$ 57,819	$ -
Forwards	U.S. dollars	$ 393,077	$ 418,558	$ 378,991	$ 369,933	$ (8,281)
	Index	6,302	6,294	4,777	4,877	(92)
	Equity	3,206	3,321	3,251	3,128	8
	Bonds	44,561	44,601	17,511	17,666	(195)
		$ 447,146	$ 464,632	$ 404,530	$ 395,604	$ (8,560)

At the close of the year 2013 the following contracts are open:

Trading:

		Sales		Purchases		
Type of Transaction	Underlying	Receivable	Contract Value	Contract Value	Deliverable	Book Balance
Futures	TIIE	$ 4,818	$ 4,818	$ 60,676	$ 60,676	$ -
	Bond M10	-	-	1,104	1,104	-
	Index	7,246	7,246	626	626	-
	U.S. dollars	330	330	55,541	55,541	-
		$ 12,394	$ 12,394	$ 117,947	$ 117,947	$ -
Forwards	U.S. dollars	$ 269,711	$ 268,207	$ 243,254	$ 243,014	$ 1,744
	Index	99	100	25,961	26,083	(123)
	Equity	4,316	4,469	5,302	5,139	10
	Bonds	268	419	2,857	2,957	(251)
		$ 274,394	$ 273,195	$ 277,374	$ 277,193	$ 1,380

a2. ***Options*** - At December 31, 2014, BBVA Bancomer option transactions were as follows:

Trading:

Type of Transaction		Underlying	Notional Amount	Fair Value
Purchases	OTC Options	Interest rates	$ 26,364	$ 762
		Equity securities and index	102,518	2,406
		U.S. dollars	57,995	1,628
	Market options	Equity securities and index	3,612	609
				$ 5,405
Sales	Opciones OTC	Interest rates	$ 208,186	$ 983
		Equity securities and index	92,962	7,425
		U.S. dollars	60,810	1,098
	Market options	Equity securities and index	5,891	407
				$ 9,913

At December 31, 2013, BBVA Bancomer option transactions were as follows:

Trading:

Type of Transaction		Underlying	Notional Amount	Fair Value
Purchases	OTC Options	Interest rates	$ 24,238	$ 766
		Equity securities and index	27,776	1,065
		U.S. dollars	51,010	(12)
		Energy commodities	544	-
	Market options	Equity securities and index	3,182	79
				$ 1,898

Type of Transaction		Underlying	Notional Amount	Fair Value
Sales	OTC Options	Interest rates	$ 150,669	$ 949
		Equity securities and index	26,428	3,718
		U.S. dollars	52,338	60
		Energy commodities	544	-
	Market options	Equity securities and index	1,666	30
				$ 4,757

a3. ***Swaps*** - At December 31, 2014, BBVA Bancomer swap transactions were as follows:

Trading:

Underlying	Currency	Receivable Contract Value	Payable Contract Value	Receivable	Payable	Net Position
Currency	US dollar	$ 189,851	$ 160,762	$ 210,000	$ 177,305	$ 32,695
	Mexican pesos	150,987	144,700	255,933	258,309	(2,376)
	UDIS	85,893	96,616	-	-	-
	Euro	21,102	41,440	22,669	46,268	(23,599)
	Colombian peso	380	790	-	-	-
	Peruvian nuevo sol	212	147	-	-	-
	Pound Sterling					
	Development Unit – Chile	1,149	1,149	1,569	1,592	(23)
	Chilean Peso	1,247	1,258	-	-	-
	Development Unit – Chile	1,277	-	-	-	-
				490,171	483,474	6,697
Interest rates	Mexican pesos		$ 1,644,916	$ 280,044	$ 282,157	$ (2,113)
	US dollar		615,053	1,474	1,796	(322)
	Euro		30,758	48,363	48,317	46
				329,881	332,270	(2,389)
Shares	US dollar		$ 5,030	$ 125	$ 9	$ 116
CDS	U.S. dollars		$ 1,253	$ 40	$ 38	$ 2
CRA	Mexican pesos			$ (234)	$ -	$ (234)
Authorized markets	Mexican pesos		$ 3,263	$ 242	$ 242	$ -
				$ 820,225	$ 816,033	$ 4,192

BBVA Bancomer entered into nominal interest rate swaps in Mexican pesos with various institutions, agreed to at annual rates ranging from 1.77% to 20.26%. At December 31, 2014, the notional amount of swaps was $1,644,916.

At December 31, 2013, swap transactions were as follows:

Trading:

Underlying	Currency	Receivable Contract Value	Payable Contract Value	Receivable	Payable	Net Position
Currency	US dollar	$ 158,845	$ 138,061	$ 178,997	$ 154,615	$ 24,382
	Mexican pesos	147,457	145,165	250,329	259,417	(9,088)
	UDIS	82,141	94,436	-	-	-
	Euro	10,600	21,259	11,399	23,731	(12,332)
	Yen	2,610	2,610	2,621	2,620	1

Underlying	Currency	Receivable Contract Value	Payable Contract Value	Receivable	Payable	Net Position
	Colombian peso	4,121	2,205	-	-	-
	Peruvian nuevo sol	201	139	-	-	-
	Pound Sterling	1,083	2,167	1,335	2,692	(1,357)
	Development Unit – Chile	1,206	1,217	-	-	-
	Chilean Peso	1,305	-	-	-	-
	Swiss Franc	736	736	763	762	1
				445,444	443,837	1,607
Interest rates	Mexican pesos		$ 1,319,479	$ 262,833	$ 264,909	$ (2,076)
	US dollar		372,402	36,904	36,061	843
	Euro		5,738	747	759	(12)
				300,484	301,729	(1,245)
Shares	Mexican pesos		$ 203	$ 6	$ 2	$ 4
	US dollar		7,917	314	14	300
				320	16	304
CDS	U.S. dollars		$ 1,112	$ 41	$ 41	$ -
CRA	Mexican pesos			$ (131)	$ -	$ (131)
Authorized markets	Mexican pesos		$ 4,704	$ 130	$ 130	$ -
				$ 746,288	$ 745,753	$ 535

BBVA Bancomer entered into nominal interest rate swaps in Mexican pesos with various institutions, agreed to at annual rates ranging from 2.36% to 20.26%. At December 31, 2013, the notional amount of swaps was $1,319,479.

Hedging:

At December 31, 2014

Underlying	Currency	Value Receivable	Contract Value Deliverable	Receivable	Deliverable	Net Position
Currency	Mexican pesos	$ 17,437	$ 21,227	$ 19,462	$ 25,790	$ (6,328)
	U.S. dollars	29,225	5,549	35,839	6,529	29,310
	GBP	-	970	-	1,440	(1,440)
	Euro	-	17,185	-	19,763	(19,763)
				55,301	53,522	1,779
Interest rates	Mexican pesos		$ 29,378	$ 14,062	$ 15,408	$ (1,346)
	U.S. dollars		48,313	20,318	19,304	1,014
				$ 89,681	$ 88,234	$ 1,447

BBVA Bancomer entered into nominal interest rate swaps in Mexican pesos with various institutions at annual rates ranging from 3.29% to 9.29%. At December 31, 2014, the notional amount of swaps was $29,378.

At December 31, 2013

Hedging:

Underlying	Currency	Value Receivable	Contract Value Deliverable	Receivable	Deliverable	Net Position
Currency	Mexican pesos	$ 13,565	$ 13,483	$ 15,215	$ 17,052	$ (1,837)
	U.S. dollars	21,053	2,747	25,041	3,233	21,808
	Yen	-	2,610	-	2,622	(2,622)
	GBP	-	914	-	1,264	(1,264)
	Euro	-	15,171	-	16,888	(16,888)
				40,256	41,059	(803)
Interest rates	Mexican pesos		$ 58,274	$ 15,512	$ 16,069	$ (557)
	U.S. dollars		38,295	18,157	18,715	(558)
				33,669	34,784	(1,115)
				$ 73,925	$ 75,843	$ (1,918)

BBVA Bancomer entered into nominal interest rate swaps in Mexican pesos with various institutions at annual rates ranging from 3.79% to 9.30%. At December 31, 2013, the notional amount of swaps was $58,274.

Collateral received in OTC derivatives as of December 31, 2014 and 2013 is recorded under the heading “Creditors for collateral received in cash” and is shown as follows:

Cash received as derivatives warranty	2014 Acquisition Cost	2014 Accrued Interest	2014 Book Value	2013 Book Value
BBVA Servex	$ -	$ -	$ -	$ 3,381
Soc. Hipotecaria Federal	1,476	3	1,479	1,251
J. Aron and Company	1,197	-	1,197	875
Societe Generale	-	-	-	120
Credit Agricole CIB	960	-	960	201
Banco Nacional Comercio Exterior	274	1	275	33
Docuformas S.A.P.I. de C.V.	4	-	4	4
Morgan Stanley & Co.	546	-	546	2
Credit Suisse Security	7,519	1	7,520	-
Natixis	573	-	573	-
Royal Bk Of Scotland	24	-	24	-
Goldman Sachs Paris	1,205	-	1,205	-
BancoJP Morgan S.A.	120	-	120	-
Fondo Alterna S.A C.V. SIID	1	-	1	-
Banco Inbursa S.A. I.B.M.	865	-	865	-
Banco Nacional de OB	707	2	709	-
Total warranties received in cash	$ 15,471	$ 7	$ 15,478	$ 5,867

BBVA Bancomer has recorded the collateral received for OTC derivatives in memoranda accounts, as detailed below:

Securities received as derivative warranties	Counterparty	2013 Face value	2013 Book value
Treasury Notes	CSFB	$ 6,715	$ 6,715
Total warranties received in securities		$ 6,715	$ 6,715

As of December 31, 2014 BBV Bancomer does not have any "Collateral Received" recorded in memorandum accounts because the collateral which CSFB held at the close of the year 2013 was substituted by a cash deposit which came to $7,520 at the close of the year 2014.

a4. ***Transactions with embedded derivative financial instruments -***

Held for trading purposes:

	2014			
	Book Value		Balance	
Transaction type	Asset	Liability	Asset	Liability
Options acquired	$ 476	$ -	$ 476	$ -
Options sold	-	1,193	-	1,193
Swaps	27,777	26,837	5,258	4,318
	$ 28,253	$ 28,030	$ 5,734	$ 5,511

	2013			
	Book Value		Balance	
Transaction type	Asset	Liability	Asset	Liability
Options acquired	$ 513	$ -	$ 513	$ -
Options sold	-	521	-	521
Swaps	22,848	22,904	2,533	2,589
	$ 23,361	$ 23,425	$ 3,046	$ 3,110

a5. ***Embedded options (Underlying) -***

Held for trading purposes:

Transaction type		Underlying	2014 Face value	2014 Fair value
Purchases	OTC Options	US dollar	$ 1,546	$ 6
		Interest rates	28,192	100
		Indexes	15,861	370
			$ 45,599	$ 476
Sales	OTC Options	Interest rates	$ 3,722	$ 27
		Indexes	13,536	1,160
		US dollar	1,536	6
			$ 18,794	$ 1,193

Transaction type		Underlying	2013 Face value	2013 Fair value
Purchases	OTC Options	US dollar	$ 3,376	$ 45
		Interest rates	11,754	311
		Indexes	10,148	157
			$ 25,278	$ 513
Sales	OTC Options	Interest rates	$ 5,096	$ 25
		Indexes	10,307	451
		US dollar	2,510	45
			$ 17,913	$ 521

a6. ***Embedded swaps (Underlying) -***

Held for trading purposes:

Underlying	Currency	2014 Receivable face value	Receivable market value	Payable market value	Fair value
Currency	Mexican pesos	$ 10,222	$ 10,337	$ 10,575	$ (238)
	US dollar	8,611	10,253	9,458	795
	Euro	346	408	413	(5)
		$ 19,179	$ 20,998	$ 20,446	$ 552
Interest rate	Mexican pesos	$ 30,721	$ 6,581	$ 6,249	$ 332
	US dollar	881	198	142	56
		$ 31,602	$ 6,779	$ 6,391	$ 388

Underlying	Currency	2013 Receivable face value	Receivable market value	Payable market value	Fair value
Currency	Mexican pesos	$ 10,421	$ 10,661	$ 11,713	$ (1,052)
	US dollar	7,489	9,546	8,590	956
		$ 17,910	$ 20,207	$ 20,303	$ (96)
Interest rate	Mexican pesos	$ 10,844	$ 2,641	$ 2,601	$ 40

10. Loan portfolio

Loans granted classified by type of loan at December 31, 2014 and 2013, were as follows:

	Performing portfolio		Non-performing portfolio		Total	
	2014	2013	2014	2013	2014	2013
Commercial loans-						
Denominated in Mexican pesos-						
Commercial	$ 180,725	$ 173,110	$ 4,964	$ 5,283	$ 185,689	$ 178,393
Rediscounted portfolio	8,464	6,482	171	178	8,635	6,660
Lease portfolio	1,078	1,034	45	50	1,123	1,084

	Performing portfolio		Non-performing portfolio		Total	
	2014	2013	2014	2013	2014	2013
Denominated in U.S. dollars- (equivalent in Mexican pesos)						
Commercial	104,128	80,906	109	134	104,237	81,040
Rediscounted portfolio	955	775	41	37	996	812
Lease portfolio	156	123	8	7	164	130
Total commercial loans	295,506	262,430	5,338	5,689	300,844	268,119
Financial entities	10,061	11,154	42	-	10,103	11,154
Government entities	127,988	89,545	2	2	127,990	89,547
Total trade loans	433,555	363,129	5,382	5,691	438,937	368,820
Consumer-						
Credit card	93,200	96,656	4,148	4,081	97,348	100,737
Other consumer loans	100,211	83,918	3,339	3,370	103,550	87,288
Total consumer loans	193,411	180,574	7,487	7,451	200,898	188,025
Mortgage	159,466	154,046	9,083	9,533	168,549	163,579
Total loans	$ 786,432	$ 697,749	$ 21,952	$ 22,675	$ 808,384	$ 720,424

During 2014 and 2013, the BBVA Bancomer acquired portfolio in the amount of $5,585 and $66 respectively. With a corresponding book value at the time of the purchase of $ 21 and $0 respectively.

At December 2014 and 2013 housing loan portfolio includes restricted securitized current portfolio of $6,748 and $7,892, respectively; and past-due portfolio of $103 and $105, respectively.

Commercial loans are detailed below; the distressed and non-distressed current and overdue portfolios at December 31, 2014 and 2013, are also identified. This portfolio does not include guarantees and interest collected ahead of time, which are shown as part of the commercial portfolio on the consolidated balance sheet:

	2014				
	Distressed		Non-distressed		
Portfolio	Current	Past due	Current	Past due	Total
Business or commercial activity	$ 355	$ 2,137	$ 275,448	$ 2,672	$ 280,612
Credits to financial entities	12	38	9,585	-	9,635
Credits to government entities	-	1	125,559	-	125,560
Business credit card	550	1,620	23,496	14	25,680
Company credit card	4	6	87	-	97
Total	$ 921	$ 3,802	$ 434,175	$ 2,686	$ 441,584

	2013				
	Distressed		Non-distressed		
Portfolio	Current	Past due	Current	Past due	Total
Business or commercial activity	$ 929	$ 4,223	$ 242,833	$ 1,201	$ 249,186
Credits to financial entities	-	-	11,406	-	11,406
Credits to government entities	-	-	89,147	2	89,149
Business credit card	490	951	20,258	-	21,699
Company credit card	5	6	72	-	83
Total	$ 1,424	$ 5,180	$ 363,716	$ 1,203	$ 371,523

The restructured and renewed portfolio at December 31, 2014, and 2013 were as follows:

Restructured Portfolio	2014 Current	2014 Past due	2014 Total
Business or commercial activity	$ 49,138	$ 1,386	$ 50,524
Consumer loans	669	1,106	1,775
Residential mortgage loans	18,477	4,843	23,320
Total	$ 68,284	$ 7,335	$ 75,619

At December 31, 2014, the Financial Group has warranties in real property for the amount of $25,079, together with warranties in securities for the amount of $25,064 for restructured commercial credits.

Restructured Portfolio	2013 Current	2013 Past due	2013 Total
Business or commercial activity	$ 46,579	$ 1,882	$ 48,461
Consumer loans	594	848	1,442
Residential mortgage loans	20,994	6,011	27,005
Total	$ 68,167	$ 8,741	$ 76,908

At December 31, 2013, the Financial Group has warranties in real property for the amount of $28,044, together with warranties in securities for the amount of $23,030 for restructured commercial credits.

As of December 31, 2014, and 2013 aging of past due portfolio is as follows (in days):

	2014				
	Period				
Portfolio	1 to 180 days	181 to 365 days	365 days to 2 years	Warranty	Total
Business or commercial activity	$ 2,611	$ 771	$ 3,111	$ (1,111)	$ 5,382
Consumer loans	7,208	304	-	(25)	7,487
Mortgage loans	1,756	2,803	4,524	-	9,083
Total	$ 11,575	$ 3,878	$ 7,635	$ (1,136)	$ 21,952

	2013				
	Period				
Portfolio	1 to 180 days	181 to 365 days	365 days to 2 years	Warranty	Total
Business or commercial activity	$ 2,559	$ 1,851	$ 2,197	$ (916)	$ 5,691
Consumer loans	7,057	400	-	(6)	7,451
Mortgage loans	1,578	2,790	5,165	-	9,533
Total	$ 11,194	$ 5,041	$ 7,362	$ (922)	$ 22,675

At December 31, 2014 and 2013, unaccrued commissions for initially granting credit, by type and average payment period, are as follows:

	2014			
	By amortization period			
	1 to 5 years	15 years	More than 15 years	Total
Business or commercial activity	$ 466	$ 396	$ 125	$ 987
Mortgage loans	-	28	263	291
Total	$ 466	$ 424	$ 388	$ 1,278

	2013			
	By amortization period			
	1 to 5 years	15 years	More than 15 years	Total
Business or commercial activity	$ 455	$ 238	$ 125	$ 818
Mortgage loans	1	32	323	356
Total	$ 456	$ 270	$ 448	$ 1,174

As of December 31, 2014 and 2013, the balances of overdue credit portfolio fully reserved and eliminated from the balance sheet were as follows:

Item	2014	2013
Credit card	$ 3,611	$ 5,930
Commercial	3,160	2,490
Consumer	2,968	2,707
Mortgage	2,654	567
Total	$ 12,393	$ 11,694

As of December 31, 2014 and 2013, the amounts of portfolio sold without including securitization transactions, were as follows:

Concept	2014	2013
Business or commercial activity	$ -	$ 569
Credit card and consumer	14,250	10,884
Mortgage	884	493
Total	$ 15,134	$ 11,946

As of December 31, 2014 and 2013, the amount of lines of credit and letters of credit recorded in memoranda accounts comes to $384,121 and $313,705, respectively.

Revenues from interest and commissions recorded in the financial margin, segmented by type of credit, are composed as follows:

	2014			2013
Type of loan	Interest	Commissions	Total	Total
Commercial loans-				
Denominated in Mexican pesos-				
Commercial	$ 13,509	$ 865	$ 14,374	$ 14,519
Rediscounted portfolio	479	-	479	473
Lease portfolio	74	-	74	77
Denominated in U.S. dollars-				
Commercial	3,083	1	3,084	2,306
Rediscounted portfolio	52	-	52	47
Lease portfolio	6	-	6	4
Total commercial loans	17,203	866	18,069	17,426
Credits to financial entities	475	-	475	525
Credits to government entities	4,575	-	4,575	4,991
Total commercial credits	22,253	866	23,119	22,942

Type of loan	2014 Interest	2014 Commissions	2014 Total	2013 Total
Consumer credits -				
Credit card	26,110	-	26,110	24,180
Other consumer credits	20,588	246	20,834	16,979
Total Consumer credits	46,698	246	46,944	41,159
Mortgage	16,836	72	16,908	16,763
Total	$ 85,787	$ 1,184	$ 86,971	$ 80,864

As of December 31, 2014 and 2013, the amount of the recoveries of credit portfolio written off or eliminated were $592 and $597, respectively, recognized in the heading "Other operating income (expense)" of the consolidated statement of income.

At December 31, 2014 and 2013, loans classified by economic sectors were as follows:

	2014 Amount	2014 Concentration Percentage	2013 Amount	2013 Concentration Percentage
Private (companies and individuals)	$ 300,839	37.21%	$ 268,114	37.22%
Credit card and consumer	200,898	24.85%	188,025	26.10%
Residential mortgage	168,549	20.85%	163,579	22.71%
Government entities	127,990	15.84%	89,547	12.43%
Financial	9,308	1.15%	10,973	1.52%
Foreign (non-Mexican entities)	794	0.10%	182	0.02%
Other past-due loans	6	-	4	-
Total	$ 808,384	100.00%	$ 720,424	100.00%

Related-party loans - At December 31, 2014 and 2013, loans granted to related parties in accordance with the provisions of article 73 of the law of credit institutions, amounted to $32,179 and $31,883, respectively. The amount of related-party loans at December 31, 2014 and 2013 includes $10,378 and $9,364, respectively, of letters of credit, which are recorded in memorandum accounts.

Credit support program -

Early termination of debtor support programs:

On July 15, 2010, an agreement was signed between the Federal Government, through the Treasury Department (SHPC), and some Credit Institutions, with the participation of the Mexican Bankers' Association, to early terminate the debtor support programs (the "Agreement").

The support programs in which the BBVA Bancomer participated, and which are the subject matter of this Agreement, are:

– Housing Loan Debtor Support Program
– Housing Loan Debtor Benefits Agreement

At December 31, 2010, the amount of the payment obligations of the Federal Government is composed as follows:

Restructured credits under the Agreement	$ 4,098
Overdue portfolio which showed payment compliance as of March 31, 2011	37
Total base mount	$ 4,135

General conditions of payment obligations of Federal Government:

The payment obligations of the Federal Government will be fulfilled through installments of $827 a year, adjusted for accrued interest and any excess amount between the 7.5% and the average of the indicators of arrears at the close of each of the months of the year immediately before the payment, for a period of five years, in accordance with the following:

Annual payment	Payment date
First	December 1, 2011
Second	June 1, 2012
Third	June 3, 2013
Fourth	June 2, 2014
Fifth	June 1, 2015

The interest earned will be at the rate resulting from the arithmetical average of the annual rates of return on the discount basis of 91-day CETES (Mexican Treasury Bills), carried to a 28-day yield curve.

In accordance with a clarification arrived at between BBVA Bancomer and the Commission, the first and second annuity were not paid on the scheduled dates, but rather liquidated, by common agreement between the Commission and the Secretariat of Finance and Public Credit, on November 1, 2012, for 2014 and 2013 the annuity was paid on the date scheduled in the agreement.

Position in special Cetes and special "C" Cetes which BBVA Bancomer keeps under the heading of "Securities held to maturity":

As of December 31, 2014, the remnant of the special Cetes and special "C" Cetes is composed as follows:

	Special Cetes			Special "C" Cetes		
Trust of Origin	**No. of securities**	**Amount**	**Date of maturity**	**No. of securities**	**Amount**	**Date of maturity**
421-5	18,511,119	$ 1,691	13/07/2017	2,109,235	$ 62	13/07/2017
422-9	128,738,261	11,757	07/07/2022			
423-9	10,656,993	973	01/07/2027	468,306	14	01/07/2027
424-6	383,470	35	20/07/2017	96,876	3	20/07/2017
431-2	964,363	81	04/08/2022	1,800		04/08/2022
Total		$ 14,537			$ 79	

Loan granting policies and procedures – BBVA Bancomer's credit manual regulates the granting, control and recovery of loans. This manual was authorized by the Board of Directors and outlines the parameters to be followed by officers involved in the credit process, which are based on the Credit Institutions Law, the conservative credit rules established by the Commission and sound banking practices.

Credit authorization under the Board of Directors' responsibility is centralized in empowered committees and officers.

In the credit management function the general process from promotion to recovery is defined, specifying, by business unit, the policies, procedures and responsibilities of the officers involved, as well as the tools to be used in each step of the process.

The credit process is based on a thorough analysis of loan applications, in order to determine the comprehensive risk of each debtor. For most loans, debtors must at least have an alternate repayment source.

The principal policies and procedures to determine concentrations of credit risk and which form part of the credit manuals are:

Common risk:

- Establish the criteria for determining the individuals or corporations that represent common risk for BBVA Bancomer.
- Establish the criteria for determining whether individuals and/or corporations act in unison and are integrated into the same business group or consortium, in order to identify potential accumulated risk and the maximum limit of financing to be granted.

Maximum financing limit:

- Make known the maximum legal credit rules issued by the authorities.
- Communicate the updated maximum credit limit for BBVA Bancomer, as well as the handling of exceptions.

Risk diversification:

At December 31, 2014, and 2013, BBVA Bancomer disclosed that it maintains the following credit risk operations in compliance with the general risk diversification rules established in the Accounting Criteria and applicable to asset and liability transactions, as follows:

- At December 31, 2014, and 2013, BBVA Bancomer has no loans with debtors or groups of entities or individuals representing a joint risk in which the individual amount exceeds 10% of its basic capital, respectively.

As of December 31, 2014 and 2013, the maximum amount of financing with the three largest debtors comes to $27,020 and $18,508, respectively.

Potential risk:

- Loan applications must be sanctioned in terms of the amount of the risk.
- Avoid risk exposure above the legal limit and other institutional limits established.

Consumer loans, mortgage loans and loans to small and micro-sized companies are subject to automated evaluation and follow-up mechanisms that have been implemented, based on certain standard factors which, under the BBVA Bancomer's criteria, are used to make decisions and allow greater efficiency in the handling of high volume of loan applications.

11. UDI-denominated restructured loans

At December 31, 2014 and 2013, restructured loans denominated in UDIS amounted to $3,496 and $4,205, respectively.

12. Allowance for loan losses

The following table presents the results of basic loan ratings of the Financial Group made for the purpose of recording the loan loss allowance based on the requirements discussed in Note 4:

		2014			
		Allowance for the losses			
Risk category	Total loans	Commercial	Consumer	Mortgage	Total Allowance
A1	$ 506,135	$ 788	$ 1,050	$ 220	$ 2,058
A2	109,714	577	1,103	147	1,827
B1	46,114	220	1,211	46	1,477
B2	32,320	141	1,233	35	1,409

2014					
		Allowance for the losses			
Risk category	**Total loans**	**Commercial**	**Consumer**	**Mortgage**	**Allowance**
B3	28,410	464	863	28	1,355
C1	17,698	332	816	145	1,293
C2	16,043	77	2,279	301	2,657
D	18,515	1,586	1,574	1,944	5,104
E	12,420	1,977	4,408	1,437	7,822
	787,369	6,162	14,537	4,303	25,002
Loans exempt from classification	51,381	-	-	-	-
Additional	-	-	-	1,079	1,079
Total	$ 838,750	$ 6,162	$ 14,537	$ 5,382	$ 26,081

2013					
		Allowance for the losses			
Risk category	**Total loans**	**Commercial**	**Consumer**	**Mortgage**	**Total Allowance**
A1	$ 409,873	$ 893	$ 1,076	$ 183	$ 2,152
A2	134,178	791	1,046	148	1,985
B1	58,007	535	973	94	1,602
B2	31,708	286	1,151	38	1,475
B3	24,241	518	756	25	1,299
C1	16,057	221	923	131	1,275
C2	17,212	247	2,441	291	2,979
D	20,673	2,316	1,559	2,116	5,991
E	10,401	638	4,405	1,416	6,459
	722,350	6,445	14,330	4,442	25,217
Loans exempt from classification	20,624	-	-	-	-
Additional	-	-	352	1,767	2,119
Total	$ 742,974	$ 6,445	$ 14,682	$ 6,209	$ 27,336

The total loan portfolio balance used for classification purposes includes amounts related to the irrevocable lines of credit granted, letters of credit and guarantees given, which are recorded in memorandum accounts.

The balance of the estimate at December 31, 2014 and 2013 is determined based on the balance of the portfolio at that date.

The allowance for loan losses at December 31, 2014 and 2013 covers 100% of past-due interest.

The amount of the allowance at December 31, 2014 and 2013 includes the classification of the loan granted in foreign currency valued at the exchange rate in effect on December 31, 2014 and 2013.

At December 31, 2014, BBVA Bancomer has created additional mortgage portfolio reserves of $1,079 and $1,767 respectively, which represent the supplement required by the internal expected loss rating model.

At December 31, 2014, BBVA Bancomer has created credit card reserves of $352, which are based on the estimated calculation performed to recognize the estimated effects of effects generated by the credit card cycle modification that will take effect from January 2014.

At December 31, 2014 and 2013, the allowance for loan losses represents 118.81% and 120.55%, respectively, of the non-performing loan portfolio.

At December 31, 2014 and 2013, allowance by type of portfolio risk estimates is comprised as follows:

Item	2014	2013
Commercial loans-		
Commercial	$ 5,337	$ 5,619
Financial entities	203	167
Government entities	622	659
	6,162	6,445
Consumer	14,537	14,682
Mortgage	5,382	6,209
Total allowance	$ 26,081	$ 27,336

Changes in the allowance for loan losses - Below is an analysis of the allowance for loan losses:

	2014	2013
Balance at beginning of year	$ 27,336	$ 27,934
Allowances charged to income statement	25,526	23,699
Allowances charged to the result from prior years	-	1,551
Applications and write-offs of the year	(26,960)	(25,901)
Exchange effect	179	53
Balance at end of year	$ 26,081	$ 27,336

13. Securitization operations

Mortgage portfolio securitizations -

BBVA Bancomer has issued securitization certificates ("CB"), which have generally been formalized through the following contracts:

Irrevocable Trusts created between BBVA Bancomer – Invex, Grupo Financiero for the Issuance of Fiduciary Securitization Certificates -

– ***Transfer contract -***

This contract is entered into by and between BBVA Bancomer, S.A., (Transferor), Banco Invex, S.A. (Transferee) and Monex Casa de Bolsa, S.A. de C.V. (Common Representative) for the purpose of assigning, on the part of the Transferor, current portfolio, to the Irrevocable Fiduciary Certificate Issuance Trust (the Stock Market Certificates), free of all encumbrance and without reservation or limitation of title, together with all related benefits, proceeds and accessories applicable. The Transferor is liable only for the declarations included in such contract, for which reason non-compliance with any of the declarations will only mean that the "Transferor" replacing one or more of the ineligible loans or reimbursing in cash the proportional part of the consideration; consequently, the Transferor does not assume any obligation regarding the mortgage loans. Furthermore, the consideration was fixed as the right to receive the total amount obtained in the placement of the SMCs, less the respective issuance costs.

– ***Irrevocable Fiduciary Stock Market Certificate Issuance Trust Contract -***

This contract is entered into by and between BBVA Bancomer, S.A., (Trustor and First Beneficiary), Banco Invex, S.A. (Trustee), and Monex Casa de Bolsa, S.A. de C.V. (Common Representative), which stipulates that the objective of the Trust is the acquisition of mortgage loans, free of all encumbrance and without any reservation or limitation of title, in terms of the Assignment Contract, the issuance of SMCs, which will have such mortgage loans as a source of payment and the placement of the SMCs among small investors; while the Trustee will have all those powers and obligations considered necessary to achieve such purpose.

The same contract established the initial value of guarantees with respect to the loan backing the certificate, which amount is recorded for accounting purposes under "Benefits receivable from securitized transactions" for BBVA Bancomer.

– ***Portfolio Management and Collection Contract -***

This contract is entered into by and between BBVA Bancomer, S.A., (Administrator), Banco Invex, S.A. (Trustee) and Monex Casa de Bolsa, S.A. de C.V. (Common Representative). Under this contract, the Trustee contracted the Administrator to carry out the management and collection solely and exclusively in relation to the mortgage loan and any "repossessed assets" that were transferred in the assignment contract. Accordingly, to enable the Administrator to fulfill its obligations, the Trustee will pay a management commission to the Administrator equivalent to the amount resulting from multiplying the unpaid balance of the principal of the mortgage loans by the percentage stipulated and divided by 12.

Irrevocable Trust Number 989 created between BBVA Bancomer – CI Banco (formerly the Bank New York Mellon) for the Issuance of Securitization certificates -

On June 17, 2013, the Commission issued Document Number 153/6937/2013 to authorize the registration of BBVA Bancomer with the National Securities Registry of the Program for the issuance of Securitization Certificates for up to the amounts up to of $20,000 or the equivalent in UDIS for a five-year period as of the authorization date.

On June 21, 2013, the sixth issuance of mortgage portfolio securitization certificates was made for the amount of $4,413, based on the program for the issuance of securitization certificates authorized by the Commission.

– ***Assignment Contract -***

On that same date, the BBVA Bancomer, in its capacity as trustor and final trust beneficiary, and the Trustee, in its capacity as trustee and through their Joint Representative, executed Irrevocable Trust No. F/00989 for the issuance of fiduciary securitization certificates to enable the Trustee to issue securitization certificates to be offered to investors through the Mexican Stock Exchange, Bolsa Mexicana de Valores, S.A.B. de C.V. ("BMV"), and which will be underwritten by mortgage credits.

– ***Irrevocable Trust Contract for the Issuance of Fiduciary Securitization Certificates -***

This contract was executed by BBVA Bancomer; (Trustor and final Trust Beneficiary)) CI Banco, S.A., Institución de Banca Múltiple (formerly The Bank of New York Mellon, S.A., Institución de Banca Múltiple), (Trustee), and Monex Casa de Bolsa, S.A. de C.V. (Joint Representative), which stipulates that the purpose of the trust is to acquire mortgage credits, free from liens or encumbrances and without any ownership reserves or limitations pursuant to the terms of the Assignment Contract, to issue securitization certificates. These securitization certificates will have the aforementioned mortgage loans as their source of payment and to allow them to be offered to investors. Meanwhile, the trustee will have all the powers and obligations needed to attain this objective.

– *Portfolio Administration and Collection Contract -*

This contract was executed between BBVA Bancomer (Administrator), CI Banco, S.A., Institución de Banca Múltiple (formerly The Bank of New York Mellon, S.A., Institución de Banca Múltiple) (Trustee) and Monex Casa de Bolsa, S.A. de C.V. (Joint Representative). Under the terms of the contract, the Trustee contracted the Administrator to perform administration and collection activities exclusively related to the mortgage loans and any foreclosed real property transferred through the Assignment Contract. Accordingly and to enable the Administrator to fulfill its obligations, the Trustee will pay an administration commission to the Administrator.

The specific characteristics of each issue are detailed below:

Concept	Trusts 711	752	781	847	881	989
Execution date of trust contract	19-Dec-07	13-Mar-08	05-Aug-08	08-Dec-08	03-Aug-09	21-Jun-13
Number of credits assigned	2,943	1,587	9,071	18,766	15,101	10,830
Amount of portfolio	$ 2,644	$ 1,155	$ 5,696	$ 5,823	$ 6,545	$ 4,413
SMCs issued	25,404,498	11,143,185	11,955,854	55,090,141	59,101,116	41,920,673
Face value per SMC (in mexican pesos)	$ 100.00	$ 100.00	100 UDIS	$ 100.00	$ 100.00	$ 100.00
Amount of issue of SMC	$ 2,540	$ 1,114	$ 4,830	$ 5,509	$ 5,910	$ 4,192
Series A1	-	-	$ 2,415	-	$ 562	-
Series A2	-	-	$ 2,415	-	$ 1,732	-
Series A3	-	-	-	-	$ 3,616	-
Gross annual interest rate	9.05%	8.85%	-	9.91%	-	6.38%
Series A1	-	-	4.61%	-	6.14%	-
Series A2	-	-	5.53%	-	8.04%	-
Series A3	-	-	-	-	10.48%	-
Effective duration of the SMC (years)	20.5	20.42	24.84	22	20.08	20
Value of certification	$ 103	$ 40	$ 866	$ 314	$ 635	$ 635
Value of guarantees with respect to the loan %	3.9%	3.5%	15.2%	5.4%	9.7%	5.0%
Total cash flow received for the assignment	$ 2,507	$ 1,091	$ 4,751	$ 5,475	$ 5,733	$ 4,124

The third issue, which refers to Trust 781, was made in UDIS, and the exchange rate of the UDI used at the issue date is $4.039765 Mexican pesos per UDI.

As of December 31, 2014 and 2013, amounts reported under “Benefits to be received in securitization operations”, of $1,165 and $1,175 represent the outstanding trust certificates of unconsolidated securitizations.

The summarized financial information of unconsolidated securitization trusts as of December 31, 2014 and 2013, are shown below:

No. of Trust	711		752		781		847	
	2014	2013	2014	2013	2014	2013	2014	2013
Assets	$ 890	$ 1,100	$ 438	$ 542	$ 2,893	$ 3,455	$ 2,302	$ 2,791
Liabilities	$ 826	$ 1,021	$ 405	$ 503	$ 975	$ 1,666	$ 2,108	$ 2,565
Stockholders' equity	64	$ 79	$ 33	$ 39	$ 1,918	$ 1,789	$ 194	$ 226
Net result	$ (1)	$ 14	$ 5	$ 7	$ 145	$ 234	$ 19	$ 56

14. Receivables, sundry debtors and prepayments, net

The balance at December 31, 2014 and 2013, consists of the following:

Item	2014	2013
Debtors from transaction settlement	$ 32,720	$ 29,596
Loans to officers and employees	8,823	8,029
Debtors from collateral provided through OTC derivatives	13,275	7,902
Sundry debtors	3,044	2,897
Others	1,378	1,241
	59,240	49,665
Less – Allowance for uncollectible accounts	(485)	(437)
Total	$ 58,755	$ 49,228

The debtors for settlement of transactions as of December 31, 2014 and 2013, are composed as follows:

	2014	2013
Foreign currencies	$ 23,019	$ 23,590
Investments in securities	8,975	5,923
Derivatives	726	83
Total	$ 32,720	$ 29,596

Debtors for collateral granted on OTC derivatives as of December 31, 2014 and 2013 is composed as follows:

	2014			2013
Collateral provided through derivatives	Acquisition Cost	Accrued Interest	Book Value	Book Value
BNP Paribas	$ -	$ -	$ -	$ 1,265
HSBC México, S. A.	1,511	-	1,511	1,220
Deutsche Bank	5,813	-	5,813	980
Natixis	27	-	27	860
JP Morgan Chase Bank NY	414	1	415	741
Goldman Sachs Paris	514	-	514	642
Barclays Bank PLC	284	-	284	611
Banco Nacional de México	15	-	15	412
Morgan Stanley Caps	423	-	423	389
Banco JP Morgan S.A.	-	-	-	370
Banobras	162	-	162	128
Royal Bank of Scotland	566	-	566	121
Morgan Stanley & Co	3,207	-	3,207	98
HSBC Bank USA NA NY	-	-	-	30
Bank of America NA	-	-	-	21
Societe Generale	236	-	236	-
Toronto Dominion Bank	-	-	-	14
BBVA Servex	102	-	102	-
Total	$ 13,274	$ 1	$ 13,275	$ 7,902

15. Repossessed assets, net

Repossessed assets at December 31, 2014 and 2013, were as follows:

Item	2014	2013
Buildings	$ 5,492	$ 5,912
Land	3,007	3,181
Securities	20	20
	8,519	9,113
Less - Allowance for impairment of repossessed assets	(1,697)	(1,483)
Total	$ 6,822	$ 7,630

The movements of the reserve for a drop in real estate value are summarized below, for the years ended December 31, 2014 and 2013:

	2014	2013
Opening balance	$ 1,483	$ 1,011
Application to income statement	1,288	1,225
Other foreclosure selling reserve appliance.	(1,074)	(753)
End balance	$ 1,697	$ 1,483

16. Property, furniture and equipment, net

Property, furniture and equipment at December 31, 2014 and 2013 were as follows:

Item	2014	2013
Furniture and equipment	$ 10,824	$ 8,407
Office space	9,138	9,768
Installation costs	10,756	7,755
Land	2,635	2,527
Construction in progress	8,693	5,379
	42,046	33,836
Less- Accumulated depreciation and amortization	(13,011)	(11,359)
Total	$ 29,035	$ 22,477

For the year ended December 31, 2014, the amount of depreciation and amortization are $1,929 and $1,501, respectively. For the year ended December 31, 2013, the amount of depreciation and amortization are $1,532 and $1,387, respectively.

As part of the strategic real estate plan, the Financial Group is currently building the corporate headquarters of the Financial Group, with an estimated cost of 903 million U.S. dollars. As of December 31, 2014 and 2013, the amount of this investment is $11,321 and $7,898, respectively.

Likewise, the amount of expenses incurred for this item during 2014 and 2013 is $3,315 and $1,977, respectively.

17. Equity investments

Investments in associated companies were valued according to the equity method, while other permanent investments were recorded at their acquisition cost. The most significant of these investments are detailed below:

Entity	Equity	2014	2013
I+D México, S.A. de C.V.	50.00%	$ 298	$ 323
Sociedades de inversión	Various	165	170
Compañía Mexicana de Procesamiento, S.A. de C.V.	50.00%	115	107
Servicios Electrónicos Globales, S.A. de C.V.	46.14%	94	93
Seguridad y Protección Bancarias, S.A. de C.V.	22.32%	15	12
Others	Various	924	898
Total		$ 1,611	$ 1,603

The investment in shares of associated companies as of December 31, 2014 and 2013 was determined in some cases based on unaudited financial information, which is adjusted, if any differences arise, once the audited information becomes available.

At December 31, 2014 and 2013, the dividends received from associated companies and other permanent investments were $122 and $217, respectively.

At December 31, 2014 and 2013, the Institution holds equity in the results of associated companies for the amount of $155 and $169, respectively.

18. Deferred taxes

The Financial Group has recognized a net deferred income tax asset resulting from temporary differences between the book and tax bases of assets and liabilities and tax loss carryforwards at December 31, 2014 and 2013, of $8,329 and $6,317, respectively, as follows:

	2014		2013	
	Temporary Difference		Temporary Difference	
Item	Base	Deferred	Base	Deferred
Temporary differences - assets:				
Allowance for loan losses	$ 25,665	$ 7,699	$ 15,373	$ 4,612
Commissions and interest	7,086	2,126	6,701	2,010
Provisions	6,825	2,048	5,538	1,661
Other assets	944	283	1,061	318
Early maturity of financial derivative transactions			6,937	2,081
Reposed assets	2,353	706	2,222	667
Tax losses	4,642	1,393	4,307	1,292
Allowance for debtors and creditors	363	109	296	89
Total assets	47,878	14,364	42,435	12,730
Temporary differences - liabilities:				
Valuation of investments at fair value	8,612	2,584	15,081	4,524
Available for sale securities valuation	1,282	385	1,574	472
Valuation derivatives coverage	357	107	130	39

Item	2014 Temporary Difference Base	2014 Temporary Difference Deferred	2013 Temporary Difference Base	2013 Temporary Difference Deferred
Early maturity of financial derivative transactions	6,775	2,033	1,033	310
Pension allowance	2,214	664	2,797	839
Other liabilities	874	262	764	229
Total liabilities	20,114	6,035	21,379	6,413
Net deferred tax asset	$ 27,764	$ 8,329	$ 21,056	$ 6,317

Based on financial projections, the deferred tax balance derived from the allowance for loan losses will be realized in the medium-term.

19. Other assets

Other assets at December 31, 2014 and 2013 were as follows:

Item	2014	2013
Goodwill	$ 8,869	$ 8,869
Software (net)	3,840	4,057
Deferred charges, prepaid expenses and intangibles	4,727	3,224
Advance payment to pension plan	4,088	2,685
Total	$ 21,524	$ 18,835

At December 31, 2014 and 2013, goodwill was as follows:

Item	2014	2013
Banca Promex, S.A.	$ 2,728	$ 2,728
Seguros BBVA Bancomer, S.A. de C.V.	3,295	3,295
Hipotecaria Nacional, S.A. de C.V. (SOFOM, ER)	2,703	2,703
Pensiones BBVA Bancomer, S.A. de C.V.	143	143
	$ 8,869	$ 8,869

As of December 31, 2014 and 2013, the amortization of software is determined based on cost or restated cost up to 2007, using the straight-line method, as of the month following that of its purchase, by applying the 20% rate.

The amount of the historical cost and software amortization at December 31, 2014 and 2013 are detailed below:

Item	2014	2013
Historical cost	$ 10,821	$ 9,696
Amortization	(6,981)	(5,639)
Total	$ 3,840	$ 4,057

20. Deposits

Liquidity coefficient - The provisions of the Treatment for Admission of Liabilities and Investment for Foreign Currency Transactions, issued by the Central Bank of Mexico for credit institutions establishes the mechanism for determining the liquidity coefficient of liabilities denominated in foreign currency.

Based on the above procedure, in 2014 and 2013 BBVA Bancomer was subject to liquidity requirements of U.S. 636 million and U.S. 181 million, respectively, and maintained investments in liquid assets of U.S. $999 million and U.S.$932 million, reflecting liquidity excesses of U.S.$363 million and U.S.$ 751 million, respectively.

Deposits - The liabilities derived from deposits are composed as follows:

	2014	2013
Demand deposits-		
Demand deposits	$ 577,921	$ 525,117
Time deposits-		
Notes with interest payable at maturity	138,045	110,073
Time deposits	7,793	17,269
Bank bonds (a)	71,128	57,244
Total	$ 794,887	$ 709,703

(a) Credit instruments issued

Description of the principal programs

As of December 31, 2014 and 2013, BBVA Bancomer has placed short-term and long-term debt with a market value of $71,128 and $57,243, respectively, composed as follows:

Instrument	2014	2013	Period (days)	Rate
Bank bonds LP	$ 23,589	$ 12,788	1,610	3.26%
Bank bonds CP	3,395	2,070	274	3.34%
Securitized certificates MXP	3,906	15,291	3,640	8.09%
Securitized certificates UDI's	17,864	17,145	5,355	4.03%
Senior Notes	22,374	9,949	2,740	4.44%
Total	$ 71,128	$ 57,243		

21. Interbank loans and loans from other entities

At December 31, 2014 and 2013, interbank loans and loans from other entities were as follows:

Item	Mexican pesos		U.S. dollars in Mexican pesos		Total	
	2014	2013	2014	2013	2014	2013
Bank loans	$ 31,459	$ 1,552	$ 571	$ 2,998	$ 32,030	$ 4,550
Loans call money	5,113	13,506	2,192	3,926	7,305	17,432
Loans from other entities	9,185	8,981	1,101	937	10,286	9,918
Total	$ 45,757	$ 24,039	$ 3,864	$ 7,861	$ 49,621	$ 31,900

Interbank loans and loans from other entities in foreign currency were contracted by the Financial Group with terms ranging from 2 days to 6 years and annual rates ranging between 0.10% and 7.16% annual in 2014 and 0.30% and 6.32% in 2013. Such loans are contracted with six foreign financial institutions.

BBVA Bancomer maintains a credit line with the Central Bank of Mexico for up to the amount of the debt restructuring mechanism (DRM), the balance of which is $59,676 and $64,911 (without considering interest) for 2014 and 2013; the amount used from this credit line in 2014 and 2013 was $26,438 and $1,443, respectively. Accordingly, the available credit increased to $33,238 and $63,468 at the 2014 and 2013 yearend close, respectively.

22. Labor liabilities

The Financial Group has liabilities from labor obligations related to severance payments, which will cover the pension, seniority premiums due upon retirement. The Institution also has a plan for integral medical services to pensiones and their economic dependents, as well as the payment of life insurance, sports clubs for retirees and severance for termination of the employment relationshi. The amount of such labor liabilities is determined based on calculations performed by independent actuaries using the projected unit credit method and in conformity with the methodology established in NIF D-3. The management of plan assets is made through an irrevocable trust.

In the case of BBVA Bancomer, S.A. the liabilities for labor obligations derive from the retirement remunerations plan which will cover a pension at the retirement date, post retirement obligations for the payment of comprehensive medical services to retirees and their economic dependents and payment of life insurance; in the case of BBVA Bancomer Operadora, S.A. de C.V., they derive from the retirement remunerations plan which will cover a pension at the retirement date, postretirement obligations for the payment of comprehensive medical service to retirees and their economic dependents, seniority premium at the time of retirement, payment of sports club memberships to retirees, payment of life insurance and severance for termination of the employment relationship; in the case of BBVA Bancomer Servicios Administrativos, S.A. de C.V., they refer to the seniority premium at the time of retirement, payment of life insurance and severance for termination of the employment relationship. In the case of Servicios Corporativos Bancomer, S.A. de C.V., Contratación de Personal, S.A. de C.V., Adquira México, S.A. de C.V., Servicios Vitamédica, S.A. de C.V., Futuro Familiar, S.A. de C.V., Multiasistencia, S.A. de C.V., Multiasistencia Operadora, S.A. de C.V., Multiasistencia Servicios, S.A. de C.V., Servicios Corporativos de Seguros, S.A. de C.V., and Seguros Bancomer, S.A. de C.V., they refer to the seniority premium at the time of retirement and severance for termination of the employment relationship; in the case of Servicios Externos de Apoyo Empresarial, S.A. de C.V., they refer to the seniority premium at the time of retirement and postretirement obligations for the payment of comprehensive medical services to retirees and their economic dependents; and in the case of Casa de Bolsa BBVA Bancomer, S.A. de C.V., the obligations refer to seniority premium.

The amount of such labor liabilities is determined based on the calculations performed by independent actuaries using the projected unit credit method and in conformity with the methodology established in NIF D-3.

The above entities, except for Contratación de Personal, S.A. de C.V., Servicios Corporativos Bancomer, S. A. de C. V., Unidad de Avalúos México, S.A. de C.V., Adquira México, S.A. de C.V., Servicios Vitamédica, S.A. de C.V., Corporativo Vitamédica, S.A. de C.V., Futuro Familiar, S.A. de C.V., Seguros BBVA Bancomer, S.A. de C.V., Multiasistencia, S.A. de C.V., Multiasistencia Operadora, S.A. de C.V., Multiasistencia Servicios, S.A. de C.V. and Servicios Corporativos de Seguros, S.A. de C.V., manage their plan assets through irrevocable trusts.

Due to changes in the workforce and the transfer of participants in the defined contribution plan, a reduction and early discharge of obligations was determined, representing at 2014 and 2013 a gain of $1 and $1, respectively.

	2014					
	Pension plan and seniority premiums	Others retirement benefits				
		Integral medical services	Life insurance	Retiree sports facility	Severance payments	Total
At December 31, 2014, obligations for defined benefits were composed as follows:						
Opening balance	$ 7,735	$ 14,147	$ 1,219	$ 84	$ 596	$ 23,781
Service cost	125	390	9	3	66	593
Financial cost	701	1,321	112	8	54	2,196
Actuarial losses and gains generated in the period	553	3,331	87	-	125	4,096
Benefits paid	(686)	(504)	(11)	(2)	(177)	(1,380)
Amortization of past services and Plan Amendments	1	(4)	-	-	38	35
Transfer	2	(1)	-	-	-	1
Reductions	(7)	-	-	-	(15)	(22)
Obligations for defined benefits	$ 8,424	$ 18,680	$ 1,416	$ 93	$ 687	$ 29,300
Amount of obligations for benefit acquired	$ 5,726	$ 8,274	$ 1,192	$ 34	$ 534	$ 15,760
At December 31, 2014, plan assets ("AP") were as follows:						
Opening balance	$ 8,224	$ 16,617	$ 1,497	$ -	$ -	$ 26,338
Returns expected from plan assets	753	1,562	139	-	-	2,454
Actuarial losses and gains generated during the period	388	803	66	-	-	1,257
Contributions made by the Financial Group	1,053	3,194	183	-	-	4,430
Paid benefits	(685)	(504)	(11)	-	-	(1,200)
Transfer	2	(2)	-	-	-	-
Plan assets	$ 9,735	$ 21,670	$ 1,874	$ -	$ -	$ 33,279
The information on the projected net liability (asset) is presented below:						
Defined benefit obligation	$ 8,424	$ 18,680	$ 1,416	$ 93	$ 687	$ 29,300
Plan assets	(9,735)	(21,670)	(1,874)	-	-	(33,279)
Unfunded liability (prepaid expense)	(1,311)	(2,990)	(458)	93	687	(3,979)
Unamortized items:						
Losses and (unrecognized) actuarial and gains	-	-	-	-	(3)	(3)
Liabilities (current) net asset derived from employee pensions	$ (1,311)	$ (2,990)	$ (458)	$ 93	$ 684	$ (3,982)
The amortization period of the unamortized items is five years						
For the years ended December 31, 2014, the net cost of the period was as follows:						
Service cost	$ 125	$ 390	$ 9	$ 3	$ 66	$ 593
Financial cost	701	1,321	112	8	54	2,196
(Return) on plan assets	(753)	(1,562)	(139)	-	-	(2,454)
Immediate recognition of actuarial losses for the year	164	2,529	21	-	121	2,835
Advance amortization of actuarial losses in other proceeds (expenses)	1	(4)	-	-	38	35
Effects of reduction and extinction	(1)	-	-	-	(15)	(16)
Net cost of the period	$ 237	$ 2,674	$ 3	$ 11	$ 264	$ 3,189

	2013					
	Pension plan and seniority premiums	Others retirement benefits				
		Integral medical services	Life insurance	Retiree sports facility	Severance payments	Total
At December 31, 2013, obligations for defined benefits were composed as follows:						
Opening balance	$ 8,303	$ 16,285	$ 1,319	$ 42	$ 637	$ 26,586
Service cost	137	494	12	2	57	702
Financial cost	655	1,319	105	2	43	2,124
Actuarial losses and gains generated in the period	(583)	(3,443)	(207)	40	44	(4,149)
Benefits paid	(644)	(508)	(10)	(2)	(181)	(1,345)
Amortization of past services and Plan Amendments	-	-	-	-	(1)	(1)
Transfer	(1)	-	-	-	(3)	(4)
Reductions	(129)	-	-	-	-	(129)
Reductions of plan obligations for changes	(3)	-	-	-	-	(3)
Obligations for defined benefits	$ 7,735	$ 14,147	$ 1,219	$ 84	$ 596	$ 23,781
Amount of obligations for benefit acquired	$ 5,084	$ 6,520	$ 1,014	$ 39	$ 480	$ 13,137
At December 31, 2013, plan assets were as follows:						
Opening balance	$ 8,820	$ 15,032	$ 1,444	$ -	$ -	$ 25,296
Returns expected from plan assets	702	1,238	117	-	-	2,057
Actuarial losses and gains generated during the period	(1,476)	(2,490)	(237)	-	-	(4,203)
Contributions made by the Financial Group	947	3,345	183	-	-	4,475
Paid benefits	(640)	(508)	(10)	-	-	(1,158)
Transfer between plans	(129)	-	-	-	-	(129)
Plan assets	$ 8,224	$ 16,617	$ 1,497	$ -	$ -	$ 26,338
The information on the projected net liability (asset) is presented below:						
Defined benefit obligation	$ 7,735	$ 14,147	$ 1,219	$ 84	$ 596	$ 23,781
Plan assets	(8,224)	(16,617)	(1,497)	-	-	(26,338)
Unfunded liability (prepayment)	(489)	(2,470)	(278)	84	596	(2,557)
Unamortized items	(1)	(4)	-	-	(5)	(10)
Unrecognized actuarial losses and (gains)						
Liabilities (current) net asset derived from employee pensions	$ (490)	$ (2,474)	$ (278)	$ 84	$ 591	$ (2,567)
The amortization period of the unamortized items is five years						
For the year ended December 31, 2013, the net cost of the period was as follows:						
Service cost	$ 137	$ 494	$ 12	$ 2	$ 57	$ 702
Financial cost	655	1,317	106	3	43	2,124
(Return) on plan assets	(702)	(1,238)	(117)	-	-	(2,057)
Advance amortization of actuarial losses in other proceeds (expenses)	893	(953)	30	40	53	63
Effects of reduction and extinction	(1)	-	-	-	(2)	(3)
Net cost of the period	$ 982	$ (380)	$ 31	$ 45	$ 151	$ 829

The nominal interest rates utilized in the actuarial calculations were:

Item	2014	2013
Actual return on plan assets rate	8.75%	9.49%
Interest rate	8.75%	9.49%
Salary increase rate	4.75%	4.75%
Medical services increase rate	6.75%	6.75%

Below is the effect of the one percentage point increase or reduction in the rate of the assumed variance trend of medical attention costs as of December 31, 2014.

	+ 1%	- 1%
In net cost of the period	423	(334)
In the defined benefits obligations	3,494	(2,767)

As of the year 2010, the plan entitled sports for retirees is established, due to the right of employees to continue receiving the sports service once they retire. Under this scheme the Financial Group pays part of the dues and the employee the rest.

At December 31, 2014 and 2013, the assets from the different plans were invested in government securities. Also, the expected return on plan assets as of December 31, 2014 and 2013 was estimated at $2,454 and $2,057, respectively, while the actual return during the period was $5,290 and $(2,093).

23. Subordinated debt

Item	2014	2013
Bancomer 06 debentures at the TIIE rate + 0.30%, payable every 28 days and with maturity on September 18, 2014, the number of outstanding securities is 25,000,000 with a face value of $100 Mexican pesos each.	$ -	$ 2,500
Bancomer 09 debentures at the TIIE rate + 1.30%, payable every 28 days and with maturity on June 7, 2019, the number of outstanding securities is 27,292,325 with a face value of $100 Mexican pesos each.	-	2,729
Bancomer 08-3 debentures at the TIIE rate + 1.00%, payable every 28 days and with maturity on November 26, 2020, the number of outstanding securities is 28,591,672 with a face value of $100 Mexican pesos each.	2,859	2,859
Non-preferred capitalization notes for US $500 million, issued in May 2007 at an interest rate of 6.0080% issued May 17, 2017, payable semiannually and LIBOR + 1.81% as of May 18, 2017, payable quarterly, and maturing on May 17, 2022 the number of outstanding securities is 500,000 with a face value of $1,000 dollars each.	7,371	6,542
Non-preferred capitalization notes for USD 1,000 million, issued in April 2010, at an interest rate of 7.25% payable semiannually, beginning as of October 22, 2010, and maturing on April 22, 2020, the number of outstanding securities is 1,000,000 with a face value of $1,000 dollars each.	14,741	13,084

	2014	2013
Preferred capitalization notes for USD 1,250 million, issued in March 2011, at an interest rate of 6.50% payable semiannually, starting at 10 of September 2011 and maturing on March 10, 2021, the number of outstanding securities is 1,250,000 with a face value of $1,000 dollars each.	18,427	16,355
Preferred capitalization notes for USD 1,000 million, issued in July 2013 , at an interest rate of 6.75% and expansion of emission by USD 500 million on September 2013, at an interest rate of 5.45% payable semiannually, starting at 30 of March 2013, an maturing on September 30, 2022, the number of outstanding securities is 1,500,000 with a face value of $1,000 dollars each.	22,112	19,627
Preferred capitalization notes for USD 2,000 million, issued in November 2014, at an interest rate of 5.35% payable semiannually, starting at 12 of May 2015, an maturing on November 12, 2029, the number of outstanding securities is 200,000 with a face value of $1,000 dollars each.	2,949	-
Unpaid accrued interests	1,036	911
Total	$ 69,495	$ 64,607

The debt issuance costs related to these issues are amortized using the straight-line method over the term of the debt.

On July 11, 2014 BBVA Bancomer exercised the early redemption option of the “Debentures BANCOMER 09” for the amount of $2,729, which were issued on June 19, 2009, with maturity on June 7, 2019.

On September 18, 2014, BBVA Bancomer made the payment derived from the maturity of the “Debentures BANCOMER 06” in the amount of $2,500, which were issued on September 28, 2006.

On August 2, 2013, BBVA Bancomer exercised the early redemption option established for the “BANCOMER 08 debentures” for the amount of $1,200, which were issued on July 28, 2008, with maturity on July 16, 2018.

On October 21, 2013, BBVA Bancomer exercised the early redemption option established for the “BANCOMER 08-02 debentures” for the amount of $3,000, which were issued on October 6, 2008, with maturity on September 24, 2018.

24. Related parties

Balances and transactions with related parties, as established in Bulletin C-3 Related Parties, issued by the Commission, are as follows:

BBVA Bancomer with Banco Bilbao Vizcaya Argentaria, S.A.	2014	2013
Derivative financial instruments	$ (6,424)	$ 3,148
Creditors from repurchase agreements	$ (694)	$ -

BBVA Bancomer with Aplica Tecnología Avanzada, S.A. de C.V.	2014	2013
Deposits	$ 608	$ 551
Performing loans	$ 968	$ 1,046
Income:		
Interest	$ 30	$ 35
Fees paid for administrative services	$ 104	$ 129
Expense:		
Processing and system development	$ 1,880	$ 1,658
BBVA Bancomer with Facileasing, S.A. de C.V.		
Deposits	$ 44	$ 35
Performing loans	$ 11,343	$ 7,333
Income:		
Interest	$ 343	$ 212
Fees paid for administrative services	$ 67	$ 73
BBVA Bancomer with Facileasing Equipment, S.A. de C.V.		
Deposits	$ 106	$ 56
Performing loans	$ 7,800	$ 8,033
Income:		
Interest	$ 319	$ 308
Fees paid for administrative services	$ 45	$ 49

As of December 31, 2014 and 2013, there are other transactions and operations with related parties which are not material.

25. Income taxes

Pursuant to the tax reforms implemented in 2014, below are the principal amendments affecting Financial Group.

Principal reforms to the Income Tax Law, Business Flat Tax Law, Cash Deposits Tax Law and Value-Added Tax Law.

a) *Income Tax*

The 30% rate is left on a definitive basis. The temporary status of the 29% rate is eliminated for 2014 and the 28% rate established in the Income Tax Law (LISR) as of the year 2015.

An additional income tax of 10% is established on dividends paid when they are distributed to individuals and residents abroad. Income tax is paid by means of withholding and is a final payment. This tax will be applicable on the distribution of income generated as of the year 2014.

The deduction of payments to workers which are exempt revenues for them is limited to 47% or 53% subject to certain requirements. Also, the deduction for the contribution to the pension and retirement fund is limited to the same percentages.

Social Security dues paid by the employer are considered totally nondeductible.

As of the year 2014, through the Casa de Bolsa (Securities Firm), the Financial Group is required to determine the profit and/or loss which its individual customers resident abroad obtain from the sale of shares on the Stock Market and report it to them by means of a certification. Individual customers resident in Mexico will have to pay the tax in the annual return and, in the case of customers resident abroad, the Casa de Bolsa will withhold the respective income tax when the customer does not fulfill the requirements to apply the exemption.

The special calculation of employee statutory profit sharing (PTU) is modified. The base is determined by subtracting authorized deductions from accruable revenues, without including PTU paid in the year or tax losses from previous years. For PTU purposes, the totality of payments made to workers which are exempt revenues for them is considered deductible.
As a result of the tax reforms to the LISR as of the year 2014, a limitation was included for the deduction of payments to workers which are exempt revenues for them; a limitation was established on the deduction for the contribution to the pension and retirement fund, the Social Security fees paid by the employer were considered totally nondeductible; also, the deduction of the increases made to the allowance for loan losses of credit institutions is substituted by the deduction of those write-offs approved by the Commission in relation to credit portfolio.

b) *Business Flat Tax and Cash Deposits Tax*

The Business Flat Tax Law (LIETU) and the Cash Deposits Tax Law (“LIDE”) are repealed.

c) *Value-Added Tax*

The applicable rate of Value-Added Tax (“IVA”) is standardized nationwide by increasing the rate in the border zone from 11% to 16%.

ISR is calculated by considering as taxable or deductible certain effects of inflation, such as the depreciation calculated on values in constant pesos, and the effect of inflation is accrued or deducted on certain monetary assets and liabilities through the annual adjustment for inflation.

Based on financial projections and the 2014 tax reforms, which repealed the IETU, as noted above, the Institution will pay ISR, for which reason it recognizes only deferred ISR.

The provision in results is composed as follows:

	2014	**2013**
Current:		
ISR	$ 11,523	$ 7,873
Deferred:		
ISR	$ (1,964)	$ 1,392

Taxable income - The principal items which affected the determination of the Financial Group's tax results were the annual adjustment for inflation, provisions for expenses, the result from markets valuation, the difference between book and tax depreciation and amortization and the deduction for bad debts by the Group's subsidiaries, in relation to the accounting increase of the estimate.

The reconciliation of the statutory ISR rate and the effective rate, expressed as a percentage of income before income taxes, which is the tax incurred by the Institution, is as follows:

	2014	**2013**
Statutory rate	30.00%	30.00%
Add (deduct) -		
Effect of nondeductible items	1.49%	0.41%
Annual adjustment for inflation	(4.89%)	(4.06%)
Cancellation provisions from previous years	(0.76%)	(0.91%)
Tax Reforms	-	(1.50%)
Other effects	(2.19%)	(0.11%)
Effective rate	23.65%	23.83%

Recoverable IMPAC - As of December 31, 2014 and 2013, the Financial Group has recoverable IMPAC of $721 and $889, respectively.

Employee statutory profit-sharing - The Financial Group determines the employee profit-sharing based on the guidelines established in Mexico's Constitution.

26. Stockholders' equity

Capital stock - The capital stock of the Financial Group at December 31, 2014 and 2013, was as follows:

	Number of shares at Par Value of $0.11 Mexican pesos per shared					
	2014			**2013**		
	Authorized	**Unsubscribed**	**Paid-in**	**Authorized**	**Unsubscribed**	**Paid-in**
Series "B"	4,605,999,999	(60,462,657)	4,545,537,342	4,605,999,999	(60,462,657)	4,545,537,342
Series "F"	4,794,000,001	(62,930,521)	4,731,069,480	4,794,000,001	(62,930,521)	4,731,069,480
Total	9,400,000,000	(123,393,178)	9,276,606,822	9,400,000,000	(123,393,178)	9,276,606,822

	Historical Amount					
	2014			**2013**		
	Authorized	**Unsubscribed**	**Paid-in**	**Authorized**	**Unsubscribed**	**Paid-in**
Series "B"	$ 507	$ (7)	$ 500	$ 507	$ (7)	$ 500
Series "F"	527	(7)	520	527	(7)	520
Subtotal	$ 1,034	$ (14)	1,020	$ 1,034	$ (14)	1,020
Restatement to Mexican pesos of December 31, 2007			15,191			15,191
Capitalization of restatement			2,725			2,725
Capital reduction and increase 2009, net			(9,137)			(9,137)
Total			$ 9,799			$ 9,799

At a Stockholders' Ordinary General Meeting on February 27, 2014, authorized distribution of cash dividends up to the amount of $20,790 of which were declared $15,592.5 taken from the "Results from prior years" which was distributed on the basis of $2.24112117705531 Mexican pesos per share, which were paid to the shareholders during 2014 as follows: On March 27, 2014 $5,197.5, on June 26, 2014 $5,197.5 and on September 25, 2014 $5,197.5. On January 22, 2015, the amount of $5,197.5 was paid for the last payment of dividends.

A Stockholders' Ordinary General Meeting held on February 27, 2014 agreed that as the consolidated financial statements approved by such Meeting reported net income in fiscal year 2013, in the amount of $37,781, and given the fact that the Institution has the respective legal reserve fully established, the income for the year was transferred to the accounting "Result from previous years".

On February 22, 2013, the Financial Group purchased to BBVA 275,149 ordinary, nominative shares representing the common stock of Seguros BBVA Bancomer, S.A. de C.V., Grupo Financiero BBVA Bancomer from BBVA. As the price paid for these shares was $4,775 million pesos, the Financial Group's shareholding in this subsidiary increased from 75.00% to 99.99%. As a result of this purchase, noncontrolling equity decreased by ($2,113) million pesos within the Financial Group's stockholders' equity.

The Series "F" shares will at all times represent not less than 51% of common stock and can only be required, directly or indirectly, by a Foreign Financial Institution, as defined in the Law Regulating Financial Groups ("LRAF"). The Series "B" shares may represent up to 49% of common stock and can be freely subscribed, and will be subject to that established in article 18 of the aforementioned LRAF.

Foreign business entities which exercise functions of authority cannot at any time participate in the capital of the Financial Group in any way. This restriction also applies to Mexican financial institutions, including those which form part of the Financial Group, except when they act as institutional investors under the terms established in article 19 of the LRAF.

If profits are distributed without incurring tax attributable to the Financial Group, this will have to be paid when the dividend is distributed. Therefore, the Financial Group has to keep an account for the income subject to each rate.

Dividends paid in 2014 come from results from years prior to 2014, so the additional 10% income tax is not applicable on the payment of dividends to individuals and residents abroad.

Capital reductions will incur tax on the excess of the amount distributed against tax value, determined in accordance with the LISR.

The annual net income of the Financial Group is subject to the legal requirement that 5% of profits be transferred to a legal reserve each year until the reserve 20% equals authorized capital. This reserve may not be distributed to stockholders during the existence of the Institution, except in the form of a stock dividend.

Capitalization index - Current regulations establish requirements for specific net capital levels, as a percentage of risk assets, for both market and credit purposes. However, in order to determine net capital, deferred taxes represent a maximum of 10% of basic capital.

Based on the standard method, the transactions are classified in eight different groups depending on the counterparty, and must be weighted based on the degree of risk applicable to the respective credit classification assigned by one of the Ratings Agencies.

Furthermore, under this method a higher weighting factor is assigned to the overdue portfolio (125%) and the mortgage credits will now have a factor of between 50% and 100%, depending on the level of down payment and the related guarantees provided.

Capitalization for operating risk:

To calculate the capital requirement for exposure to operating risk, BBVA Bancomer must use:

– Basic indicator method, which must cover minimum capital equivalent to 15% of the average of the last 36 months of the financial or intermediation margin.

– Standard, alternative standard or other methods determined by the Commission.

The basic-method capital requirement should be built up within three years, and must be within the ranges of between five and 15% of the average sum of credit and market risk requirements over the last 36 months.

On April 9, 2010, the Mexican Treasury Department (SHCP) published modifications to the "Rules for capitalization requirements of full-service banks, national credit institutions, development banks". The main changes are as follows:

Capitalization due to market risk:

The Institution may make the calculation of Caps and Floors options, defined as a series of purchase or sale options based on the same underlying interest rate, with the same notional amount, with consecutive maturities and equivalent terms between one and the next, in the same purchase or sale direction, and with the same counterparty, as a cash flow exchange transaction ("swap"), in which a variable interest rate is received and a fixed interest rate is delivered, or vice versa, according to the Caps or Floors options packages in question, in accordance with section VI of article 2 Bis 100, as well as subsections a) and b) of section I of article 2 Bis 102 of these provisions, by considering the respective maturity of the options based on the maturity date of each swap flow.

On November 28, 2012, the SHCP published modifications for the calculation of the ICAP applicable to credit institutions to strengthen the composition of net capital according to the guidelines issued by the Capital Accord of the Basel Committee on Banking Supervision (Basel III Accord) which, among other objectives, strives to help international banking institutions increase their capacity to face financial or economic problems by increasing capital and enhancing quality. These modifications took effect as of January 1, 2013.

The capitalization index of BBVA Bancomer as of December 31, 2014 was 15.22% of the total risk (market, credit and operational) and 23.94% of credit risk, which are 7.22 and 15.94 points above the required minimums.

The capitalization index of BBVA Bancomer as of December 31, 2013 was 15.90% of the total risk (market, credit and operational) and 24.78% of credit risk, which are 7.90 and 16.78 points above the required minimums.

The net capital, divided into basic capital and complementary capital, is detailed as follows (the amounts shown in this note may differ in presentation from the basic financial statements):

- *Basic capital:*

Item	**Amount**
Stockholders' equity	$ 133,730
Capital notes	12,483
Deductions of subordinated debt instruments related to securitization schemes	(1,880)
Deductions of investments in shares of financial entities	(2,263)
Organization expenses, other intangible assets	(5,619)
Total	$ 136,451

The main characteristics of debt and capital notes were as follows:

Item	Appraised Amount	Maturity Date	Calculation	Weighted Average Amount
Non-convertible debt considered as basic capital:				
Eligible capital notes	$ 7,371	17/05/2022	80%	$ 5,897
Eligible capital notes	14,741	22/04/2020	80%	11,793
	$ 22,112			$ 17,690

– *Complementary capital:*

Item	Amount
Obligations and capitalization instruments	$ 42,340
Allowance for loan losses	89
Total	$ 42,429
Net capital	$ 178,880

The main characteristics of debt and capital notes were as follows:

Item	Appraised Amount	Maturity Date	Calculation	Weighted Average Amount
Non-convertible debt considered as complementary capital:				
BANCOMER-08-3	$ 2,859	26/11/2020	100%	$ 2,859
Eligible capital notes	18,427	10/03/2021	90%	16,584
Eligible capital notes	14,741	30/09/2022	90%	13,267
Eligible capital notes	7,371	30/09/2022	90%	6,634
	$ 43,398			$ 39,344

Assets at risk are as follows:

– *Assets subject to market risk:*

Item	Risk-Weighted Positions	Capital Requirements
Transactions in Mexican pesos with a nominal rate	$ 173,382	$ 13,871
Transactions in Mexican pesos with real rate or rate denominated in UDIs	13,488	1,079
Rate of return based on the General Minimum Wage	20,680	1,654
Interest rate transactions in foreign currency with a nominal rate	30,039	2,403
Positions in UDIs and Mexican pesos with yield linked to NCPI	17	1

Item	Risk-Weighted Positions	Capital Requirements
Positions in currencies with yield indexed to exchange rates	13,295	1,064
Positions in shares or with yield indexed to the price of a share or group of shares	23,265	1,861
Transactions based on the General Minimum Wage	138	11
Surtax	8,415	673
Total market risk	$ 282,719	$ 22,617

– *Assets subject to credit risk:*

Item	Risk-Weighted Assets	Capital Requirements
Weighted at 10%	$ 801	$ 64
Weighted at 11.5%	1,152	92
Weighted at 20%	35,295	2,824
Weighted at 23%	1,068	85
Weighted at 50%	51,704	4,136
Weighted at 75%	16,108	1,289
Weighted at 100%	300,863	24,069
Weighted at 115%	577	46
Weighted at 125%	14,019	1,122
Weighted at 150%	292	23
Weighted at 1250%	5,257	421
Internal methodology TDC / E and C	320,070	25,606
Total credit risk	$ 747,206	$ 59,777
Operational risk	$ 145,362	$ 11,629

Rules for capitalization requirements ("Casa de Bolsa BBVA Bancomer, S.A. de C.V.")

The Commission establishes rules for the capitalization requirements to which securities firms are subject in order to maintain a global capital in relation to market and credit risks they incur during their operations. Basic capital cannot be less than 50% of the global capital required for each type of risk.

At December 31, 2014 and 2013, the amount of global capital amounted to $1,184 and $1,605, respectively, corresponding entirely to core capital, which is determined by subtracting the amount of stockholders' equity of certain equity investments.

At December 31, 2014, the amount of positions subject to market risk, credit risk and operational risk and the related capital requirement, classified according to the risk factor, are presented below:

Description	Assets weighted by risk	Capital requirement
Transactions in Mexican pesos with a nominal rate	$ 78	$ 6
Positions in shares or with yields indexed to the price of a share or group of shares	76	6
Total market risk	$ 154	$ 12

Assets subject to credit risk, weighted by group of risk and their respective capital requirement, are shown below:

Description	Assets weighted by risk	Capital requirement
Group II (Weighted at 20%)	$ 17	$ 1
Group III (Weighted at 100%)	81	7
Total credit risks	$ 98	$ 8

Capitalization for operating risk (unaudited)-

To calculate the capital requirement for exposure to operating risk, the Brokerage House must use:

i. Basic indicator method, which must cover minimum capital equivalent to 15% of the average of the last 36 months of the financial or intermediation margin.
ii. The alternative basic indicator approach, in accordance with guidelines determined by the Commission.
iii. Standard, alternative standard or other methods determined by the Commission.

The basic-method capital requirement should be built up within three years, and must be within the ranges of between 5% and 15% of the average sum of credit and market risk requirements over the last 36 months.

Description	Assets weighted by risk	Capital requirement
Total operational risk	$ 243	$ 19

The capitalization ratio of total risk (market, credit and operational) of the Brokerage House at December 31, 2014, was 239% which is 231 percentage points above the minimum required.

At December 31, 2014 and 2013, the capital adequacy ratio obtained by dividing the total capital between the requirements for credit, market and operational risk is 30 and 38, respectively.

Equity Management - BBVA Bancomer has the equipment, processes and systems required to correctly identify, measure, monitor, control and mitigate the risks to which it is exposed. Please see Note 35 for a more detailed explanation.

Likewise, periodic processes have been defined and established to ensure that financial reports disclose and reflect the risks to which BBVA Bancomer is exposed.

As required by the Commission, BBVA Bancomer performs exercises involving the preparation of annual financial projections for stress scenarios. These exercises verify that the BBVA Bancomer has sufficient capital to allow it to continue as a resource intermediary and credit grantor. Accordingly, these exercises consider different assumptions regarding the future behavior of the expected loss of credit portfolios and the behavior of macroeconomic variables.

It also performs an analysis that includes certain liquidity crisis scenarios. These stress scenarios estimate the magnitude of the effects generated for the self-financing ratio and the capacity of available explicit assets to cover maturities with a 12-month horizon so as to ascertain the BBVA Bancomer's survival horizon. The results of these activities show that the BBVA Bancomer has a satisfactory level of resistance as regards liquidity crisis scenarios.

Similarly, the BBVA Bancomer has different management mechanisms which it can activate in the event of different stress scenarios that could impair its solvency as regards capital and/or liquidity. Given the BBVA Bancomer robust financial position and balance sheet structure, these resources allow it to access local and international wholesale markets to obtain financing and capital, dispose of high quality assets for sale and/or securitization, and discount securities on the market and with the Central Bank of Mexico.

Consequently, the BBVA Bancomer has the mechanisms needed to effectively mitigate stress scenarios which could impair its capital and liquidity.

For further detail, please consult "Exhibit 1-O" as required by the Provisions "Information supplemental to the fourth quarter 2014", in compliance with the obligation to disclose information on the Capitalization Ratio, which is located on the following Internet page

www.bancomer.com/informacioninversionistas.

27. Position in foreign currency

At December 31, 2014 and 2013, the exchange rate determined by the Central Bank of Mexico and used by the Institution to value its assets and liabilities in foreign currency (translated to U.S. dollars) was $14.7414 Mexican pesos and $13.0843 Mexican pesos per U.S. dollar, respectively, and the position in foreign currency was as follows:

	Millions of U.S Dollars	
	2014	**2013**
Assets	13,744	12,029
Liabilities	(14,312)	(12,334)
Net liability position in U.S. dollars	(568)	(305)
Net liability position in Mexican pesos (nominal value)	$ (8,373)	$ (3,991)

As of February 16, 2015, the foreign currency position (unaudited) is similar to that of the close of the year and the exchange rate as of that date is $14.8979 Mexican pesos per US$1.00.

According to the provisions of the Central Bank of Mexico, the position reported to that H. Institution as of December 31, 2014 and 2013 was USD $459 million short and USD $270.6 million short, which includes delta FX options, and excludes assets and liabilities that are not computable.

The Financial Group performs transactions in foreign currency, primarily in US dollars, Euros and Japanese yen. The Financial Group does not disclose its position in currencies other than the US dollar, as it is largely immaterial. The parity of other currencies with the Mexican peso is referenced to the US dollar and is in compliance with the Central Bank of Mexico regulations. Consequently, the Institution's position in all foreign currencies is consolidated in US dollars at each monthly close.

28. UDI position

At December 31, 2014 and 2013, the Financial Group had UDI-denominated assets and liabilities translated into Mexican pesos, considering the prevailing conversion rate of $5.270368 Mexican pesos and $5.058731 Mexican pesos per UDI, respectively, as follows:

	Millions of UDIS	
	2014	**2013**
Assets	20,305	20,543
Liabilities	(17,573)	(5,343)
Net liability position in UDIs	2,732	15,200
Net liability position in Mexican pesos (nominal value)	$ 14,398	$ 76,893

As of February 16, 2015 the position in UDIS (unaudited) is similar to that of the close of the year and the exchange rate as of that date is $5.281537 Mexican pesos per UDI.

29. Preventive and protective savings mechanism

The Bank Savings Protection Institute ("IPAB") was approved on January 19, 1999. It is intended to establish a bank savings protection system for individuals who perform any of the established guaranteed transactions, while regulating the financial support granted to Full-Service Banking Institutions to protect the public interest.

The IPAB has resources derived from the mandatory fees paid by financial institutions, which reflect their risk exposure levels based on their level of capitalization and other indicators determined by the internal regulations of the IPAB Governance Board. These fees must be paid monthly for an amount equivalent to one twelfth of four thousandths of the monthly average of daily debit transactions of the month in question.

During 2014 and 2013, contributions made by BBVA Bancomer to IPAB for insurance to deposits amounted to $3,389 and $3,003, respectively.

30. Financial margin

For the years ended December 31, 2014 and 2013, the main items composing the financial margin were as follows:

	2014		
		Amount valued	
	Mexican pesos	Dollars	Total
Interest income:			
Credit portfolio interest and returns	$ 82,642	$ 3,145	$ 85,787
Securities interest and returns	16,749	472	17,221
Interest from quick assets	2,860	73	2,933
Interest and premiums from repurchase agreements and securities loans	8,695	-	8,695
Memoranda account interest	178	-	178
Commissions collected for initially granting credit	1,184	-	1,184
Others	1,657	51	1,708
Total interest income	113,965	3,741	117,706
Premium income (net)	27,291	-	27,291
Interest expense:			
Deposit interest	(9,836)	(553)	(10,389)
Interest from loans provided by banks and other entities	(862)	(20)	(882)
Debenture interest	(109)	(2,888)	(2,997)
Interest and premiums from repurchase agreements and securities loans	(11,767)	(18)	(11,785)
Others	(852)	(107)	(959)
Total interest expense	(23,426)	(3,586)	(27,012)
Net increase in technical reserves	(13,523)	-	(13,523)
Accident rate, claims, and other contractual obligations, net	(11,966)	-	(11,966)
Financial margin	$ 92,341	$ 155	$ 92,496

	2013		
		Amount valued	
	Mexican pesos	Dollars	Total
Interest income:			
Credit portfolio interest and returns	$ 77,125	$ 2,428	$ 79,553
Securities interest and returns	15,149	858	16,007
Interest from quick assets	2,800	68	2,868
Interest and premiums from repurchase agreements and securities loans	5,712	-	5,712
Memoranda account interest	123	-	123
Commissions collected for initially granting credit	1,311	-	1,311
Others	3,867	46	3,913
Total interest income	106,087	3,400	109,487
Premium income (net)	23,738	-	23,738
Interest expense:			
Deposit interest	(10,350)	(593)	(10,943)
Interest from loans provided by banks and other entities	(691)	(23)	(714)
Debenture interest	(604)	(3,554)	(4,158)
Interest and premiums from repurchase agreements and securities loans	(12,054)	(15)	(12,069)
Others	(723)	(45)	(768)
Total interest expense	(24,422)	(4,230)	(28,652)
Net increase in technical reserves	(8,716)	-	(8,716)
Accident rate, claims, and other contractual obligations, net	(12,216)	-	(12,216)
Financial margin	$ 84,471	$ (830)	$ 83,641

31. Commissions and fee income

For the years ended December 31, 2014 and 2013, the main items for which the Institution recorded commissions and fee income in the consolidated statement of income were as follows:

Item	2014	2013
Credit and debit cards	$ 14,735	$ 13,705
Bank commissions	7,115	6,969
Investment funds	3,146	3,369
Insurance	34	19
Others	5,019	4,617
Total	$ 30,049	$ 28,679

During 2014 and 2013, the amount of revenues received by BBVA Bancomer in trust operations amounted to $252 and $249, respectively.

32. Trading income

For the years ended December 31, 2014 and 2013, the main items composing the trading income were as follows:

	2014	2013
Valuation result:		
Derivatives	$ (4,189)	$ 580
Foreign currency	3,224	(2,125)
Securities investments	(1,191)	2,755
	(2,156)	1,210

	2014	2013
Purchase-sale result:		
Derivatives	(615)	1,875
Foreign currency	1,684	1,913
Securities investments	5,042	(1,442)
	6,111	2,346
Total	$ 3,955	$ 3,556

33. Discontinued operations

On November 27, 2012, by mutual agreement with its parent company Banco Bilbao Vizcaya Argentaria, S.A. ("BBVA"), the Institution established with Afore XXI Banorte, S.A. de C.V., the plan for the sale of the shares held directly or indirectly by Administradora de Fondos para el Retiro Bancomer, S.A. de C.V. ("Afore"), of which 75% was held by the BBVA Bancomer. On January 9, 2013, having obtained the respective authorizations from the National Retirement Saving System Commission ("CONSAR") and the Federal Antitrust Board ("COFECO"), BBVA completed the sale of 100% of the participation in the Afore and on that same date the administration and control of the Afore was transferred. The total adjusted price was $22,117. Net income before taxes, recorded in the year 2013 by the BBVA Bancomer for its 75% holding, was $8,085, recorded in the consolidated statement of income under the heading "Discontinued operations"**.**

34. Segment information

The Financial Group and its subsidiaries take part in different activities of the financial system, such as credit operations, treasury operations, transfer of funds from abroad, distribution and administration of investment funds, among others. Performance evaluation, as well as the management of the risks of the different activities, is based on the information produced by the Financial Group's business units, more than the legal entities in which the results generated are recorded.

Below we present the revenues obtained during the years 2014 and 2013, which show the difference segments as indicated in the preceding paragraph:

Concept	Total	2014 Commercial Bank	Corporate and Government Banking	Market Operations	Retirement Saving Funds	Other Segments
Financial margin	$ 92,496	$ 61,376	$ 14,848	$ 3,493	$ 8,444	$ 4,335
Allowance for loan losses	(25,526)	(26,242)	716	-	-	-
Net interest income after allowance for loan losses	66,970	35,134	15,564	3,493	8,444	4,335
Commissions and fees, net	20,756	14,471	4,698	1,790	(6)	(197)
Trading income	3,955	1,303	311	1,832	539	(30)
Other operating income (expenses)	(2,191)	566	146	(11)	376	(3,268)
Net operating revenues	89,490	$ 51,474	$ 20,719	$ 7,104	$ 9,353	$ 840
Administration and promotion costs	(49,079)					
Net operating revenues	40,411					
Share in net income of unconsolidated subsidiaries and affiliates	155					
Income before income taxes	40,566					
Current income tax	(11,523)					
Deferred income tax (net)	1,964					
Income before non-controlling interest	31,007					
Non-controlling interest	(2)					
Net income	$ 31,005					

Concept	Total	2013 Commercial Bank	Corporate and Government Banking	Market Operations	Retirement Saving Funds	Other Segments
Financial margin	$ 83,641	$ 53,925	$ 12,922	$ 2,423	$ 8,434	$ 5,937
Allowance for loan losses	(23,699)	(23,121)	(578)	-	-	-
Net interest income after allowance for loan losses	59,942	30,804	12,344	2,423	8,434	5,937
Commissions and fees, net	20,175	14,656	4,174	2,141	(3)	(793)
Trading income	3,556	1,258	313	1,765	848	(628)
Other operating income (expenses)	653	204	187	6	432	(176)
Net operating revenues	84,326	$ 46,922	$ 17,018	$ 6,335	$ 9,711	$ 4,340
Administration and promotion costs	(45,444)					
Net operating revenues	38,882					
Share in net income of unconsolidated subsidiaries and affiliates	169					
Income before income taxes	39,051					

Concept	Total	Commercial Bank	Corporate and Government Banking	Market Operations	Retirement Saving Funds	Other Segments
	2013					
Current income tax	(7,873)					
Deferred income tax	(1,392)					
Income before non-controlling interest	29,786					
Discontinued operations	8,085					
Income before non-controlling interest	37,871					
Non-controlling interest	(90)					
Net income	$ 37,781					

Other segments include the results related to management of the credit portfolio assigned to the recovery area.

35. Risk management and derivatives (Unaudited figures)

Considering the Commission's regulatory requirements relative to the disclosure of the policies and procedures established by credit institutions for comprehensive risk management, below are the measures implemented by management for this purpose, as well as the respective quantitative information:

The "Regulations of Credit Institutions", issued by the Commission, were implemented through the recognition of basic rules for efficient risk management, evaluating risks as quantifiable (credit, market and liquidity) and non-quantifiable (operational and legal), so the basic identification, measurement, monitoring, limitation, control and disclosure processes are satisfied. To summarize, the following is performed:

– *Participation of the governing bodies:*

The Board of Directors is responsible for establishing the objectives of risk exposure and fixing capital related limits, as well as authorizing the policies and procedures manuals related to risks.

The Risk Committee is responsible for monitoring the position and compliance with the risk limits to which the Financial Group is exposed, and for ensuring adherence to Board of Directors' resolutions.

– *Policies and procedures:*

Risk manuals with standard contents, including strategy, organization and operating, technological and methodological frameworks, and regulatory processes. Specific manual for legal risks, including related methodologies.

Defined and limited third-party responsibilities, risk training programs and communication of policies and procedures.

– *Tactic decision making:*

Independence of the Comprehensive Risk Management Unit.

Interaction of this unit with operating committees.

Establishment of monitoring processes and daily and monthly reports.

Limits structure in terms of economic capital for each business unit and type of risk.

Establishment, by the Risk Committee, of the authorization and ratification of process for new products and/or services involving risk for the Financial Group.

– *Tools and analyses:*

Continuous measurement of credit, market and liquidity risks under consistent methodologies and parameters.

Indicators of diversification levels (correlations).

Establishment of periodic analyses of sensitivity, testing under extreme conditions and review and improvement of models.

Install monitoring and operational and legal risk control methodologies in conformity with international standards.

Risk integration by defining capital requirements to absorb them.

– *Information:*

Periodic reports to the Risk Committee, Board of Directors, risk taking units, finance and senior management.

– *Technological platform:*

Comprehensive review of all source and calculation systems for risk quantification, projects for the improvement, quality and sufficiency of data and automation.

– *Audit and comptrollership:*

Participation of internal audit regarding compliance with Regulations on Comprehensive Risk Management and implementation of compliance plans by type and area of risk.

Performance of audits in compliance with Regulations on Comprehensive Risk Management by a firm of independent experts, concluding that risk measurement models, systems, methodologies, assumptions, parameters and procedures comply with their functionality based on the characteristics of the risk operations, instruments, portfolios and exposures of the Financial Group.

The Financial Group believes that at this date it fully complies with the provisions of Regulations on Comprehensive Risk Management, while projects continue to improve measurements and limitations, automation of processes and methodological refinements.

Methodological framework - Techniques for valuation, measurement and description of risks

For risk purposes, the Financial Group's balance sheet is envisioned as follows:

– *Market risk:*

Operations and investment portfolios- Investments in trading securities, available for sale, securities, ledger of repurchase transactions and related derivative transactions.

Structural balance, Available for sale, other assets, including securities held to maturity and derivatives for the management of interest rate risk.

– *Credit risk:*

Domestic and foreign financial institutions, companies and corporate- Traditional loan portfolio, including small and medium companies, and exposures from investments in issues, and counterparts in derivative financial instruments.

Retail/consumer loans- Credit cards, financing plans.

Mortgage - Mortgage portfolio.

– *Liquidity risk:*

Banking business, with positions on and off the balance sheet, including credits, traditional deposits, investments in securities, derivatives, majority financing, etc.

Furthermore, if there is a contractual obligation, the follow-up and control over the liquidity risk of the banking business includes liquidity which might be required by its subsidiaries, entities belonging to the same Financial Group or relevant related parties, and liquidity which the banking business itself might require from some of such entities or related parties.

– *Operational Risk:*

The measurement and control of operational risk is the responsibility of a separate operational risk unit which manages market risk and credit risk, as well as audit units and compliance.

Aware of the importance of considering all aspects associated with operating risk, the Financial Group has implemented comprehensive risk management which not only includes the quantitative aspects of risk, but also seeks to measure other elements that require the introduction of qualitative evaluation mechanisms, without overlooking the objectivity of the systems utilized for this purpose. An operating risk is defined as one that cannot be classified as a credit or market risk. This is a broad definition which primarily includes the following risk classes: process, fraud, technological, human resources, commercial and legal practices, and suppliers and disasters.

The operating risk management model is based on a cause-effect model which identifies the operating risk associated with the Financial Group's processes through a continuous improvement circuit:

- Identification. Consists of determining which risk factors (circumstances which can become operating risk events) reside in the processes of each business/support unit. This is the most important part of the cycle because it determines the existence of all other parts.

- Quantification. The cost that can be generated by a risk factor is quantified by using historical data (database of operating losses) or estimated in the case of risks which have not arisen as past events. This quantification is based on two components: occurrence frequency and monitoring the impact generated in the event of occurrence.

- Mitigation. After having identified and quantified operating risk factors, if this risk exceeds desired levels, a mitigation process is implemented to reduce the risk level by either transferring it or modifying the processes which reduce the frequency or impact of an event. Mitigation decisions are made by the Operating Risk Committee created by each business/support unit.

- Follow-up. Qualitative follow-up is provided to analyze the evolution of the operating risk, which involves evaluating the implementation level of mitigation measures. Quantitative follow-up consists of measuring the evolution of causal operating risk indicators, while also analyzing the evolution of operating risk losses recorded in a database.

In the specific case of technological risks, aside from the general operating risk methodology, a technological Risk Committee has also been created to ensure that identified risks and mitigation plans are standardized throughout the Financial Group and are compliant with logical security, business continuity, data processing efficiency and technological evolution standards. Likewise, this Committee ensures the adequate management of the Financial Group's technological infrastructure.

In the case of legal risk, aside from the operating risk management circuit, the probability of an adverse verdict derived from administrative processes or legal proceedings in which the Financial Group is either plaintiff or defendant is also calculated.

Given that the different departments have doubts regarding compliance with certain operating processes established by Mexican and/or foreign laws, consultations are periodically requested from attorneys specializing in different areas to obtain a reliable legal opinion and guarantee compliance with legal provisions.

The Financial Group therefore considers that the main factors influencing its legal risk are the level of noncompliance with local regulations; the types of legal proceedings in which it is involved and the claimed amount and probability of receiving an unfavorable verdict.

Operating Risk events can arise in the Banking Business for different reasons such as: fraud, process operating errors, disasters, technological deficiencies and legal risks, etc. Accordingly, the Financial Group has established robust internal models to enable it to timely determine the occurrence of operating risk events.

With respect to the risk market measurement process and the operations and investment portfolios, the daily measurement of market risk is done through statistical techniques of the Value at Risk (VaR), the core measurement. As an example, VaR consists of the following:

a. To define the sensitive level in the valuation of positions facing changes in prices, rates or indexes.

b. To estimate the "reasonably" expected change for a determined timeframe in such prices, rates or indexes, considering the level under which such factors can move as a whole.

c. To revalue the portfolio under such expected changes as a whole and determine the potential "maximum" loss in terms of value.

The VaR has been set based on the consideration that, in a day's transactions, 99% of the time losses will not exceed the calculated amount.

Also, different types of VaR calculations are performed, based on groups defined by risk factor: interest rate VaR, variable income VaR, volatility VaR (vega VaR) and exchange rate VaR.

With regard to the structural interest risk, categories are defined for each balance sheet heading based on their financial characteristics and the Economic Value and Financial Margin sensitivities are calculated using the methodology authorized by the Risk Committee.

A red flag and limits system is in place for these sensitivities, whereby follow-up is provided each month in the Risk Committee and is presented quarterly to the Board of Directors.

Economic value December 2014 (unaudited)					
	Sensitivity				
Portfolio	-100 pb	+100 pb	%	Alert	% Utilized
M.N.	1,917	(4,498)	3.3%	6.0%	54.8%
M.E.	(3,306)	881	2.4%	4.0%	60.5%
Total	(1,389)	(3,617)	2.6%	8.0%	33.1%

December 2014 Financial margin with financial plan (unaudited)					
	Sensitivity				
Portfolio	-100 pb	+100 pb	%	Alert	% Utilized
M.N.	(971)	936	1.1%	4.0%	27.0%
M.E.	(42)	296	0.0%	2.0%	2.3%
Total	(1,013)	1,232	1.1%	5.0%	22.6%

2014 Average Sensitivity of Economic Value Structural Balance Sheet	
Portfolio	Alert Use
MN	52.0%
ME	35.1%
Total	30.7%

2014 Average Sensitivity of Financial Margin Structural Balance Sheet	
Portfolio	Limit Use
MN	28.1%
ME	3.4%
Total	23.5%

Liquidity risk management is governed by the following principles: decentralized, independent handling of liquidity (including BBVA or any other entity of the latter), in order to avoid dependencies or subsidies and potential contagion due to crises; self-financing of the credit activity of the banks; planning of liquidity in the planning process of activity growth; clear segregation of functions to enable a proactive management of liquidity risk, including intraday risk and handling of collateral; establishment of a transfer pricing system and internal use standards for liquidity; and coherence with regulatory requirements.

The liquidity risk control system is based on the establishment of limits in three fundamental areas: a) Self-financing of the banks through the LtSCD or Loan to Stable Customer Deposits (Maximum relationship of the financing of net credit investment with stable resources of customers); b) diversification of the financing structure through a maximum Short-Term Financing (FCP) amount; and c) capacity to absorb liquidity shocks through the 30 Day Basic Capacity or CB 30d (buffer coefficient of available liquidity and net outlays of liquidity forecast within the respective term yet to expire). There are also alerts in place to prevent the limits from being exceeded, including follow-up on other terms yet to expire. The status of the limits and alerts is reported every day to Senior Management and other areas handling liquidity.

Furthermore, there are liquidity risk prospective metrics in place, whose purpose is to identify in advance possible threats to enable the adoption, as the case may be, of the necessary preventive measures: i) Advanced or qualitative indicators, including different kinds of indicators, such as the concentration of the financing or liquidity in foreign currencies, and, ii) stress analysis, which is comprised of projections of liquidity outlays and receipts and of the financing structure and different stress scenarios considering the estimates of the activity's growth. Liquidity stress analysis plays a primary role not only in the design of the Liquidity Contingency Plan but also in the definition of the active measures to be taken to redirect the liquidity risk profile if necessary. Please note that the stress analysis and the Liquidity Contingency Plan were modified to include the new minimum requirements established in the changes to the Sole Banks Circular of the CNBV published in May 2014.

2014 Liquidity Risk Exposure: average monthly closes Absolute margin in relation to its limit (positive without excess negative with excess)	
LtSCD	14 %
FCP	61,872 mill. MXP
CB 30d	38 %

The Assets and Liabilities Committee is the executive body responsible for managing the structural interest risk and liquidity risk.

In relation to the measurement of credit risks, the Risk Exposure (Exposure) is determined using two methodologies: the risk from batch positions is determined based on the Monte Carlo simulation, which means that the valuation formulas and risk factors used are consistent with those used for the market risk calculations, and incorporate the effect of the credit risk mitigation techniques (netting and collateral), and the term effect correctly, because the future value of each position is calculated in each tranche, resulting in a lower consumption of credit risk and therefore a better utilization of the limits. Also, for online determination, Potential Risk Factors (FRP's) are used, which estimate the maximum expected increase for the positive market value of the transaction with a given level of confidence. Such FRP's will be applied based on the type of product, duration, currency and the amount involved.

Quantitative information (unaudited) –

– Operation and investment portfolio:

	VaR 1 day	
Portfolio	**December 31, 2014**	**Average of the last quarter of 2014**
Interest rate	$ 173	$ 142
Variable income	$ 16	$ 24
Foreign exchange	$ 11	$ 20
Volatility	$ 32	$ 59
Weighted	$ 157	$ 148

– Total Credit Risk exposure in derivatives as of December 2014:

Portfolio	**December 31, 2014 (USD)**
Counterparty Risk Exposure	$ 6,159

During 2014 and 2013, the Financial Group recognized losses due to operating risks (fraud, casualties, fines and penalties) for the amount of $563 and $429, respectively.

Derivative transactions -

Trading derivative instruments that are issued or acquired by the Treasury of the BBVA Bancomer are mainly intended to offer hedging solutions and investment alternatives to meet client needs. Furthermore, the Institution's treasury also acquires derivatives for the purpose of managing the risk from transactions with customers.

Valuation methods -

To determine the portfolio value, two procedures are used depending whether they are instruments listed in recognized markets or traded in "over-the-counter" markets. In the first case, the price information from the official price supplier is used, and in the second, internal methodologies have been developed with the support of independent experts and the Central Bank of Mexico itself, using variables provided in turn by the price supplier.

Internal control procedures to manage market risks -

To control the market risk incurred by the Financial Group's treasury, the Risk Management Department establishes a structure of VaR limits depending on the level of risk set by the Financial Group. In accordance with current regulations and international standards, such control is applied daily and is reported directly to the Financial Group's senior management. Following is a summary of the principal market risk limits (unaudited):

Limit	
VaR (one-day horizon)	$ 239.3
Annual loss	$ 763.8
Monthly loss	$ 305.5

Control of measures additional to VaR -

Apart from follow-up on the implicit VaR level in the trading positions of the operating and investment portfolios, the Risk Department establishes a series of limits related to the sensitivity of the positions to minimum movements of the risk factors (sensitivities). A control is applied daily to the use of the interest rate sensitivity limit (Delta).

Coherence between VaR limits and sensitivity limits -

To ensure that the VaR limits maintain a coherent relationship compared to the sensitivity limits, the Global Risk Management Unit in Market Areas (UAGRAM) prepares an annual coherence study based on random sensitivity scenarios and maximum restrictions, depending on the risk factor and its duration. The VaR calculation derived from these scenarios is used to determine a global VaR level both for the entire Treasury and for its different constituent desks.

Embedded derivatives -

Under the Structured Bank Bonds issuance programs of BBVA Bancomer, there are foreign currency, index and interest rate options recorded, equivalent to $64,393; also, there are interest rate and foreign currency swaps recorded for an amount of $50,781.

Sensitivity of interest to derivatives -

Below is a table showing the detail of the sensitivity of interest derivatives, grouped by type of instrument (unaudited):

Sensitivity	Delta Interest Rate 1bp
Swaps	$ (0.0861)
Interest-rate options	$ (0.1794)

Hedging derivatives -

Fair value:

BBVA Bancomer has fair value hedge derivatives intended to reduce the volatility of its results due to changes in the market value. The prospective effectiveness is measured by using the VaR, and the retrospective effectiveness by comparing the result from changes in the fair value against changes in the fair value of the primary position.

Cash flows-

BBVA Bancomer maintains cash flow hedge derivatives to reduce exposure to variations in interest rates, by changing such rates to a fixed rate in order to reduce the volatility of the financial margin. The method for evaluating the prospective effectiveness is through a sensitivity analysis; the retrospective effectiveness is measured by comparing the change in the present value of the flows from the hedge instrument against the changes in the present value of the flows of the hedged position.

The profit from cash flow hedge derivatives recognized in equity at December 31, 2014 is $357, which, considering the present value of the coupons that cleared in 2014, it is estimated that it will be recognized in results income by $284.

Documentation of hedges-

Each hedge is supported by a file that includes:

– A general hedge document, describing the type of hedge, the risk to be covered, the strategy and purpose of performing the transaction, the primary position, the hedging derivative and the method to evaluate the prospective and retrospective effectiveness.

– The primary position contract.

– The inventory of the derivative.

– The inventory of the primary position.

– The prospective and retrospective effectiveness test of each period.

Risk management of Seguros BBVA Bancomer, S.A. de C.V. and Pensiones BBVA Bancomer, S.A. de C.V.

Pursuant to the guidelines of the Sole Circular issued by the CNSF, Seguros BBVA Bancomer, S.A. de C.V. (the Insurance Company) and Pensiones BBVA Bancomer, S.A. de C.V. (Pensiones, and jointly, the Companies), developed the policies, procedures, and methodologies necessary for Risk Management, as well as information on potential losses in the investment portfolio.

The function of the Comprehensive Financial Risk Management Unit is a central function to generate, promote, guarantee, and improve the management of the Companies' security portfolio by strengthening operating and strategic resource management processes and achieve a relative appreciation of their shares:

– Ensure that assumed investment strategies and generated risks are consistent with the established risk levels and desires.
– Reduce the uncertainty related to expected revenues.
– Assess performance in relation to objectives, exposures, and assumed risks.
– Promote the optimal assignment of resources.

The Risk Management Policies and Procedures Manual presents the policies and procedures that must be fulfilled and applied to:

a. Identify the risks to which the Companies are exposed by maintaining positions in financial instruments.

b. Measure exposures by applying proven and reliable processes and methodologies.

c. Monitor the risk.

d. Limit the exposures.

e. Have control over positions and,

f. Disclose risks assumed/profitability obtained within the portfolio to the decision-making and regulatory bodies.

The Comprehensive Risk Management Unit defined and implemented the various methodologies required to fulfill its function. Similarly, the generation of “risk” results to enable better decision-making is surrounded by a clear definition of the scopes and limitations of such risks by defining the “power” and “usefulness” of the various tools.

The Comprehensive Financial Risk Management Unit is responsible for guaranteeing that the methodological processes and models are based on solid financial, statistical, and mathematical principles, state-of-the-art according to the Companies’ infrastructure capabilities, reflect “reality” adequately, recognizing limitations but preserving a justifiable cost/benefit ratio, “objective”, through “non arbitration” precepts, “external” data, testable parameters and “simple” and “flexible” enough to guarantee results in the required time and form, while overseeing:

– Market, position, and instrument valuation information.
– Calculation of statistical parameters: market, liquidity, and credit risk.
– Simulation and disaster scenarios.
– Ex post tests and backtesting.

Having achieved the above, the regulatory processes that govern the portfolio activity are defined, given that such processes are greatly dependent on the results generated when the methodological framework is implemented, establishing policies, procedures, standards, risk tolerance, information requirements, contingency plans, committees and other matters, to ensure that the central mission of preserving a risk – return ratio in accordance with stockholders’ expectations is fulfilled.

Consequently, the regulatory framework guides and defines the risk culture of the Companies because it establishes the basic definitions in terms of risks which all areas must manage, identifies the main mandates that must be observed in investment decisions, highlighting the roles and responsibilities of each area throughout the process, as follows:

– Establishment of market, liquidity, credit, operating, and legal risks
– General procedure for establishing limits and for new products.
– Market, liquidity, and credit contingency plans.

Similarly, within its policies and controls, Pensiones considers the following:

– Technical reserve liabilities are followed up on by the technical area, which values each individual policy, the obligation of Pensiones with its customers, following the guidelines specified by the CNSF and in conformity with the various white papers presented by Pensiones and authorized by such body.
– Obligations payable to our customers which were recorded in the results of Pensiones as accrued, in conformity with the provisions above, are adequately followed up on until they are settled and, if the payment expires, the respective authorizations are requested for their cancellation.
– The techniques used to analyze and monitor mortality, survival, severe morbidity and frequency.
– Pensiones has identified all the risks inherent to the casualty rate, which are mainly related to the general process of paying retiree payroll.

Reports and Information:

– *Credit risk:*

Credit exposure for the Insurance Company is $3,445, with an expected loss of 1.75% and a classification concentration of 13% at mxAAA and 87% at mxA-1+.

The Expected Loss methodology was used for the credit risk in Pensions. There are regulatory limits established by sector and at corporate level. Credit exposure is $8,847 with an expected loss of $105 and a classification concentration of 97.89% at mxAAA, 1.43% at mxAA, 0.31% at mxA, 0.11% at mxA-1+ , 0.16% at mxBBB+ y 0.11% at mxD.

– *Market risk:*

In the Insurance Company, the portfolio value is $55,304 and is distributed 28.91% in fixed income, 83.43% for trading purposes, 71.09% in investment funds and 16.57% to maturity. The historical use of limits is 9.34% in fixed income, 64.93% in investment funds and 48.01% for trading purposes.

Market risk in Pensiones uses the Parametric VaR and the Historical VaR methodologies. The portfolio value of $71,322 is distributed 100.00% in fixed income, 2.75% for trading purposes and 97.3% to maturity. The use of VaR limits at yearend is 13.36% in Parametrical and 7.40% in Historical.

– *Liquidity risk:*

In the Insurance Company, the liquidity risk considers the VaR with a payment horizon of five days. The use of limits was 7.37% in fixed income, 62.90% in investment funds and 44.33% for trading purposes. At yearend there are no excesses to the limits approved by the Risk Committee and the Board of Directors.

As a liquidity risk metric for Pensions, an estimate is considered through the bid-ask spreads available in the markets and measures the liquidity risk which might arise from the sale of a position at unusual discounts due to extraordinary market conditions. The use of limits at the close of the year is 2.30%.

– *Operational risk:*
For Pensiones the company has a methodology in place for the quantification and control of Operational Risk, which is in line with that defined by the Financial Group. Currently there is a database of risks and controls which is administered in the STORM system.

The Operational Risk of Pensiones at the close of 2014 presents recorded losses of $1,467, related to 54 claims which materialized during the year.

– *Legal risk:*

At the close of the year Pensiones is exposed to potential losses with an estimate of $408, originated due to lawsuits which have not been resolved yet.

Risk management of Casa de Bolsa BBVA Bancomer, S.A de C.V.

The Regulations, issued by the Commission, were implemented through the recognition of basic rules for efficient risk management, evaluating risks as quantifiable (credit, market and liquidity) and non-quantifiable (operational and legal), so the basic identification, measurement, monitoring, limitation, control and disclosure processes are satisfied. To summarize, the following is performed:

– *Participation of the governing bodies:*

The Board of Directors is responsible for establishing the objectives of risk exposure and fixing capital related limits, as well as authorizing the policies and procedures manuals related to risks.

The operating body of such Committee is the Comprehensive Risk Management Unit (UAIR), which is responsible for systematically measuring, monitoring and reporting the levels of exposure to the different types of risk incurred by the Brokerage House, permanently verifying application of the respective policies and limits and the existence of controls in the risk-taking areas of the business.

The measurement and control of market, credit and liquidity risk in the Brokerage House is handled by the Global Risk Management Unit in Market Areas, which periodically reports to the Risk Committee and the UAIR, based on the established policies and procedures.

The measurement and control of the Operating Risk in the Brokerage House is handled by an Operating Risk Unit independent of the Market Risk Units and Credit Risk Units, and of the Audit and Regulatory Compliance Units.

– *Policies and procedures:*

The Risk Committee participates in their design and implementation, and proposes to the Board of Directors, for its approval, the risk management policies and procedures and risk exposure objectives. It is also the body responsible for ensuring the implementation of the methods, models and other elements required for the identification, measurement, monitoring, limitation, control, information and disclosure of the different types of risks to which the Brokerage House is exposed.

Risk Manuals, which clearly outline the policies and procedures established for the proper management of the risks to which the Brokerage House is exposed, by pinpointing the strategy, organization and regulatory, methodological and operational frameworks.

Tactic decision making:

Independence of the Comprehensive Risk Management Unit.
Establishment of monitoring processes and daily and monthly reports.
Limits structure in terms of economic capital for each business unit and type of risk.

– *Tools and analyses:*

Continuous measurement of credit, market and liquidity risks under consistent methodologies and parameters.

Establishment of periodic analyses of sensitivity, testing under extreme conditions and review and improvement of models.

Install monitoring and operational and legal risk control methodologies in conformity with international standards.

– *Information:*

Periodic reports to the Risk Committee, Board of Directors, risk taking units, finance and senior management.

– *Audit and comptrollership:*

Participation of internal audit regarding compliance with Regulations on Comprehensive Risk Management and implementation of compliance plans by type and area of risk.

Performance of audits in compliance with Regulations on Comprehensive Risk Management by a firm of independent experts, concluding that risk measurement models, systems, methodologies, assumptions, parameters and procedures comply with their functionality based on the characteristics of the risk operations, instruments, portfolios and exposures of the Brokerage House.

Methodological framework - Techniques for valuation, measurement and description of risks

Market risk- With respect to the risk market measurement process and the operations and investment portfolios, the daily measurement of market risk is done through statistical techniques of the Value at Risk (VaR), the core measurement. As an example, VaR consists of the following:

a. To define the sensitive level in the valuation of positions facing changes in prices, rates or indexes.

b. To estimate the “reasonably” expected change for a determined timeframe in such prices, rates or indexes, considering the level under which such factors can move as a whole.

c. To revalue the portfolio under such expected changes as a whole and determine the potential “maximum” loss in terms of value.

In short, these determine the indicators of: i) Value at Risk (VaR), which is calculated based on Historical Simulation and on the expectation that more than such VaR will not be lost in a one-day horizon 99% of the time, and ii) Stress Measurement, which consists of providing the percentage loss on the market value of each instrument comprising the portfolio, based on a crisis scenario that reproduces the movements in risk factors which took place in October 2008 (the Lehman Effect).

Furthermore, for positions sensitive to interest rate movements, a Sensitivity Analysis is also performed to determine the negative effect on the portfolio valued due to the effect of a ±1 basis point change in interest rates; whereas for Variable Income positions, the negative effect on the portfolio due to the increase a 1% decrease in the benchmark index is analyzed.

Previous market risk (share and interest rate) measurements are applied to different positions under the investments heading based on the transaction risk factor and nature.

Credit risk - Is the potential loss derived from a situation in which a borrower defaults on payment; this loss is divided between the Counterpart Risk and Issuer Risk.

The Issuer Risk generates a loss from noncompliance with established obligations (interest or principal) acquired by a company or financial institution when issuing instruments; the Issuer Risk is estimated based on the face value of the instruments concerned.

The Counterpart Risk is the possibility of suffering a severe economic loss due to noncompliance with the contractual commitments of a financial transaction performed with a counterpart. This risk estimates: i) Risk Exposure composed by the Market Valuation and Potential Risk. This valuation is determined according to the valuation treatments and models defined by the respective Units and approved by the Committees established for such purpose. The Potential Risk is the estimated maximum increase expected with regard to this positive market value according to a given confidence level and the future variances of valuation prices. The Potential Risk is calculated by multiplying the notional amount of each transaction by the Potential Risk Factor determined according to the transaction typology. The Potential Risk Factor is estimated by analyzing the prior behavior of each product and applicable risk factors; ii) Based on the rating issued by an external classification entity, the Expected Loss consists of reflecting a counterpart's credit rating by modeling credit losses based on exposure, the probability of counterpart noncompliance and the severity of the resulting loss. Consequently, the Expected Loss is defined as the result of the aforementioned items.

The Brokerage House has established risk limit follow-up and periodic review procedures to ensure that they reflect market conditions and comply with the established investment policy. Accordingly, limits are approved by the Risk Committee and Board of Directors of the Brokerage House.

Liquidity risk - The methodology refers to Loss from forced sale of assets, which consists of estimating the loss that would be occurred by liquidating at market stock market positions if the Brokerage House urgently required liquidity, which parameters, in the case of instruments subject to share risk, are loss factors based on their shared trading volume, and for instruments subject to interest rate risk, increases in the valuation rates based on the type of issuer and the depth of their market.

Operating risk - The Brokerage House aware of the importance of considering all aspects related to operating risk aspects pursues an integrated management of it, considering not only the quantitative aspects of risk, but also addressing the measurement of other elements that require the introduction of qualitative evaluation mechanisms, without affecting the objectivity in the systems used.

The Operating Risk is that which cannot be classified as Credit Risk or Market Risk, and mainly includes the following categories of risk: process, fraud, technological, human resources, commercial and legal practices, suppliers and disasters.

The operating risk management model is based on a cause-effect model which identifies the operating risk associated with the processes of the Brokerage House through a continuous improvement circuit: identification-quantification-mitigation-follow-up.

- Identification. Consists of determining which risk factors (circumstances which can become operating risk events) reside in the processes of each business/support unit. It is the most important part of the cycle because it determines the existence of all other parts.

- Quantification. The cost that can be generated by a risk factor is quantified by using historical data (database of operating losses) or estimated in the case of risks which have not arisen as past events. This quantification is based on two components: occurrence frequency and monitoring the impact generated in the event of occurrence.

- Mitigation. After having identified and quantified operating risk factors, if this risk exceeds desired levels, a mitigation process is implemented to reduce the risk level by either transferring it or modifying the processes which reduce the frequency or impact of an event. Mitigation decisions are made by the Operating Risk Committee created by each business/support unit.

- Follow-up. Qualitative follow-up is provided to analyze the evolution of the operating risk, which involves evaluating the implementation level of mitigation measures. Quantitative follow-up consists of measuring the evolution of causal operating risk indicators, while also analyzing the evolution of operating risk losses recorded in a database.

For the specific case of technological risks, apart from the general operating risk methodology, a Technical Risk Committee has been created to evaluate that the units identified and mitigation plans in process are uniform in the Brokerage House and comply with logical security standards, business continuity, data processing efficiency and technological evolution, while also ensuring the proper management of the technological infrastructure of the Brokerage House.

In the case of legal risk, aside from the operating risk management circuit, the probability of an adverse verdict derived from administrative processes or legal proceedings in which the Brokerage House is either plaintiff or defendant is also calculated. Given that the different departments have doubts regarding compliance with certain operating processes established by Mexican and/or foreign laws, consultations are periodically requested from attorneys specializing in different areas to obtain a reliable legal opinion and guarantee compliance with legal provisions.

Given the above, the Brokerage House considers that the principal factors influencing legal risk are: decree of noncompliance with local regulations; types of mitigation in which it is involved; amount of lawsuit and probability of obtaining an adverse ruling.

Operating Risk events can arise in the Brokerage House for different reasons such as: fraud, process operating errors, disasters, technological deficiencies and legal risks, etc. Accordingly, the Brokerage House has established robust internal models to enable it to timely determine the occurrence of operating risk events.

Quantitative information (unaudited)

Market risk-

Securities for trading purposes- As of December 31, 2014, the Brokerage House observed a VaR for positions subject to market risk equal to $1, representing 0.057% of the global capital of the Brokerage House. The above figure is interpreted as follows: the change in valuation in a period of one business day of the stock market positions held could present a loss in excess of $1 in just one case out of 100.

Furthermore, the composition of VaR by business line and the daily average observed during 2014 is as follows:

	VaR			Sensitivity December 31, 2014	
	December 31, 2014	%	Average	Delta	Equity
Money Desk	$ -	0.0102%	$ -	$ -	
Capital Bureau	$ 1	0.0571%	$ 1		$ -

(1) Percentage of VaR with respect to the Global Capital.

Credit Risk - During the quarter investments in securities of one's position remained concentrated purely on paper with sovereign risk, presenting the December 31, 2014 and on average the following exhibitions:

	Total exposure	Average exposure
Counterparty Risk	$ -	$ -
Issuer Risk	$ 267	$ 933

The exposure is interpreted as the amount of default by all the counterparties in relation to current transactions, estimated at $0.093, based on the probability associated with each one. One example equivalent to default by the issuer in relation to payment of its obligations would be $267.

Liquidity Risk - As of December 31, 2014, the Brokerage House presents a Basic Liquidity (cash flows from revenues and committed payments of between 1 and 30 days) of $875, reflecting an Average Basic Liquidity of $1,012.

36. Financial indicators (unaudited)

As of December 31, 2014 and 2013, according to article 182 of the Provisions, the Financial Group's financial indicators are as follows:

Ratio	2014	2013
Ratio of default	2.70%	3.10%
Hedge ratio of portfolio of overdue credits	118.80%	120.60%
Operating efficiency	3.10%	3.20%
ROE	16.80%	23.50%
ROA	1.60%	2.50%
Capitalization ratio credit and market risk	15.20%	15.90%
Basic capital 1 on credit, market and operational risk	10.50%	10.80%
Liquidity	92.00%	99.00%
Net adjusted interest margin (MIN) /Average Productive Assets	4.70%	4.80%

37. Ratings

At December 31, 2014, the ratings assigned to BBVA Bancomer and the Brokerage House are as follows:

	Global Scale ME		National Scale		
Ratings Agency	**Long Term**	**Short Term**	**Long Term**	**Short Term**	**Perspective**
BBVA Bancomer					
Standard & Poor´s	BBB+	A-2	mxAAA	mxA-1+	Stable
Moody´s	A-3	P-2	Aaa.mx	MX-1	Stable
Fitch	A-	F1	AAA (mex)	F1+(mex)	Postive
Brokerage House					
Moody´s	-	-	Aaa.mx	MX-1	Stable
Fitch	-	-	AAA(mex)	F1+(mex)	Stable

38. Contingent commissions

Contingent commissions are payments or compensation to individuals or business entities which took part in the intermediation or assisted in the contracting of the insurance and pension products of Seguros BBVA Bancomer y Pensiones BBVA Bancomer, additional to the direct commissions and compensation considered in the design of the products.

In the years 2014 and 2013, Seguros BBVA Bancomer and Pensiones BBVA Bancomer did not have agreements in place for the payment of contingent commissions with the intermediaries.

39. Contingencies

As of December 31, 2014 and 2013, there are claims filed against the Financial Group in ordinary civil and commercial lawsuits, as well as payment requests issued by the tax authorities. However, according to its attorneys, the claims filed are considered without merit and, in the event of adverse rulings, its financial position would not be significantly affected. For such purpose, the Financial Group has weighted the impact of each one and has recorded a reserve for $392 and $517 in these cases.

At December 31, 2014, certain labor lawsuits have been filed against the Financial Group. However, its attorneys consider that these claims are without merit and that an adverse outcome would not significantly affect the Financial Group’s financial position. Consequently, the Financial Group has analyzed the effect of each of these lawsuits and has recorded a reserve of $227 and $148 for labor lawsuits.

40. New accounting principles

As of December 31, 2014, the CINIF has enacted the following NIF which might have an impact on the Institution’s financial statements:

a. Effective January 1, 2016:

NIF D-3, Employee benefits

b. Effective January 1, 2018:

NIF C-3, Accounts receivable
NIF C-20, Financing instruments receivable
NIF C-9, Provisions, contingencies and commitments
NIF C-19, Financial instruments payable

The advance application of the NIF C-3 and C-20 is permitted as of January 1, 2016 provided that they are applied together.

Improvements to the NIF 2015 – The following improvements were issued, effective January 1, 2015, which generate accounting changes:

NIF B-8, *Consolidated or combined financial statements* – Clarifies the elements to be evaluated to identify an investment entity, and indicates that because, given its primary activity, it is difficult to exercise control over the entities in which it participates, the respective analysis should be performed to conclude whether there is control over them or not.

Bulletin C-9, *Liabilities, provisions, contingent assets and liabilities and commitments* – The accounting treatment of liabilities for customer advances denominated in foreign currency is clarified and modified. When an entity receives advance collections for sales or services denominated in foreign currency, the exchange fluctuations between their functional currency and the payment currency do not affect the advance collections; therefore, the balance of the heading Customer advances should not be modified due to such exchange fluctuations.

The following improvements were issued which do not generate accounting changes:

NIF B-13, *Events subsequent to the date of the financial statements and Bulletin C-9, Liabilities, provisions, contingent assets and liabilities and commitments* –NIF B-13 mentions in a footnote the disclosures in the financial statements of an entity, when the latter are not prepared on a going concern basis, required by NIF A-7, Presentation and disclosure. Such requirement was included as part of the regulatory text in the disclosure standards section of NIF B-13, and as part of Bulletin C-9 to review the contingencies generated by not being an entity that operates on a going concern basis. Consequently, Circular 57, sufficient disclosure derived from the Commercial Bankruptcy Law is repealed.

NIF B-15, *Conversion of foreign currencies* – The definition of Foreign transaction was adjusted to clarify that it should not only be understood as a legal entity or cash generating unit whose transactions are based or performed in an economic environment or currency different from those of the reporting entity, but also those which, in relation to the reporting entity (its parent company or holding company) should be classified as a foreign operation because they operate with a currency different from the reporting entity, despite operating in the same country.

At the date of issuance of the financial statements, the Financial Group has not finished determining the effects of these new standards on its financial information.

41. Authorization of the issuance of the consolidated financial statements

The consolidated financial statements were authorized for issuance on February 16, 2015, by the Board of Directors of the Financial Group and are subject to approval by the Annual General Meeting of Shareholders of the Financial Group who may be modified in accordance with the provisions in the General Law of Commercial Companies.

42. Review of the consolidated financial statements by the Commission

The accompanying consolidated financial statements at December 31, 2014 and 2013 are subject to review by the Commission, so that the same may be modified as a result of that review by this supervisory authority.

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