GRUPO ELEKTRA, S. A. B. DE C. V.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2015 AND 2014
AND INDEPENDENT AUDITORS' REPORT

Grupo Elektra, S. A. B. de C. V. and subsidiaries

Consolidated financial statements as of December 31, 2015 and 2014 and independent auditors' report

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INDEPENDENT AUDITOR'S REPORT

To the Stockholders' Meeting of
Grupo Elektra, S. A. B. de C. V.
and subsidiaries

We have audited the accompanying consolidated financial statements of Grupo Elektra, S. A. B. de C. V. and subsidiaries (the Company), which comprise the consolidated statement of financial position as of December 31, 2015 and 2014, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the years then ended, and the related notes to the financial statements and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of 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 Company'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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the 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 consolidated financial statements present fairly, in all material respects, the consolidated financial position of Grupo Elektra, S. A. B. de C. V. and subsidiaries as of December 31, 2015 and 2014, and its consolidated statements of comprehensive income, changes in equity and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

CASTILLO MIRANDA Y COMPAÑÍA, S. C.

C.P.C. Ignacio García Pareras

Mexico City,
March 10, 2016

Grupo Elektra, S. A. B. de C. V. and subsidiaries
(Note 1)

Consolidated statements of financial position
December 31, 2015 and 2014
(Thousands of Mexican pesos)

	Note	2015	2014
Assets			
Current			
Cash and cash equivalents	2.9 and 5	$ 22,909,371	$ 21,476,213
Investments in securities	2.11 and 6	65,727,403	35,973,901
Debtors from repurchase agreements	2.12 and 7	3,132,293	12,505,621
		91,769,067	69,955,735
Loan portfolio, net	2.13 and 8	42,258,456	49,662,076
Related parties	10	582,693	874,141
Other accounts receivable	2.16 and 11	12,880,606	10,716,713
Inventories	2.17 and 12	6,585,872	5,906,208
Prepayments	2.18 and 13	2,057,365	1,312,529
		156,134,059	138,427,402
Assets			
Non-current			
Investments in securities	2.11 and 6	6,522,064	11,260,345
Loan portfolio, net	2.13 and 8	17,521,834	16,956,440
Derivative financial instruments	2.15 and 9	628,481	7,198,627
Related parties	10	911,629	1,199,536
Property, plant and equipment, net	2.19 and 14	6,144,439	7,103,246
Investment properties	2.21 and 15	267,347	271,848
Intangible assets	2.22 and 16	5,855,688	7,738,208
Investment in associates	2.2-b and 17	3,209,548	4,262,127
Deferred income tax	2.30 and 23	518,688	752,038
Assets held for sale	2.24	208,479	11,033
Other non financial assets		714,982	647,495
		42,503,179	57,400,943
Total assets		$ 198,637,238	$ 195,828,345

Grupo Elektra, S. A. B. de C. V. and subsidiaries
(Note 1)

Consolidated statements of financial position (continued)
December 31, 2015 and 2014
(Thousands of Mexican pesos)

	Note	2015	2014
Liabilities			
Current with financial cost			
Demand and term deposits	2.25 and 19	$ 100,572,942	$ 93,148,380
Creditors from repurchase agreements	2.12 and 7	4,363,663	4,787,631
Bank loans and other loans	2.26 and 20	6,186,882	1,805,647
		111,123,487	99,741,658
Current without financial cost			
Suppliers	2.27	5,893,384	4,643,145
Other accounts payable	2.28 and 21	8,718,620	8,162,622
Provisions	2.29 and 22	1,376,132	1,318,372
Income tax	2.30 and 23	770,769	963,462
Derivative financial instruments	2.15 y 9	529,621	181,953
Deferred credits		149,952	140,913
		17,438,478	15,410,467
		128,561,965	115,152,125
Non-current liabilities			
Bank loans and other loans	2.26 and 20	11,932,050	17,132,768
Derivative financial instruments	2.15 and 9	2,094,035	1,347,289
Provisions	2.29 and 22	11,565	24,586
Other financial liabilities		310,569	250,975
Income tax	23	1,155,320	1,926,089
Deferred income tax	2.30 and 23	1,808,787	4,312,242
Employee benefits	2.31 and 24	851,394	614,774
Deferred credits		125,580	179,685
		18,289,300	25,788,408
Total liabilities		146,851,265	140,940,533
Stockholders' equity			
Capital stock	25	566,024	566,024
Additional paid in capital		1,593,349	2,537,652
Retained earnings		39,181,482	44,859,427
Reserve for repurchase of shares	25-b and d	5,031,693	4,155,174
Other comprehensive items		5,302,051	2,660,149
Total controlling equity		51,674,599	54,778,426
Total non controlling equity		111,374	109,386
Total stockholders' equity		51,785,973	54,887,812
Total liabilities and stockholders' equity		$ 198,637,238	$ 195,828,345

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

Grupo Elektra, S. A. B. de C. V. and subsidiaries
(Note 1)

Consolidated statements of comprehensive income
For the years ended December 31, 2015 and 2014
(Thousands of Mexican pesos except for the figures of income per share)

	Note	2015	2014
Revenue	2.33 and 26	$ 75,902,332	$ 73,628,902
Costs	27	33,224,019	32,571,524
Gross profit		42,678,313	41,057,378
General expenses	27	31,944,573	31,578,313
Depreciation and amortization		2,539,459	2,809,244
Other expenses, net	28	2,985,634	866,888
		37,469,666	35,254,445
Profit from operations		5,208,647	5,802,933
Comprehensive financial (loss) income:			
Interest income on financial assets		665,824	480,746
Interest expense on financial liabilities		(1,397,728)	(1,496,853)
Foreign exchange gain, net		201,399	398,402
Financial derivate instruments	9	(5,829,423)	3,575,248
(Expense) income on investments		(3,960,095)	390,753
		(10,320,023)	3,348,296
(Loss) profit before results from associated companies		(5,111,376)	9,151,229
Equity in the net profit of Comunicaciones Avanzadas, S. A. de C. V. and other associated companies	17	(739,427)	126,152
(Loss) profit before income tax		(5,850,803)	9,277,381
Income tax	23	1,169,269	(1,371,878)
(Loss) profit before discontinued operations		(4,681,534)	7,905,503
Loss from discontinued operations	18	(432,626)	(347,985)
(Loss) profit for the year		(5,114,160)	7,557,518
Other comprehensive income			
Exchange gains arising on translation of foreign operations		2,974,182	2,130,841
Equity in other comprehensive results of associated companies		(208,306)	(185,318)
Titles valuation available for sale		(35,032)	
Actuarial losses on labor obligations	24	(88,942)	(41,229)
		2,641,902	1,904,294
Total comprehensive (loss) income		$ (2,472,258)	$ 9,461,812
(Loss) profit for the year attributable to:			
Non-controlling interest		$ 362	$ 2,320
Controlling interest		(5,114,522)	7,555,198
		$ (5,114,160)	$ 7,557,518
Total comprehensive (loss) income attributable to:			
Non-controlling interest		$ 1,988	$ 2,174
Controlling interest		(2,474,246)	9,459,638
		$ (2,472,258)	$ 9,461,812
(Loss) income per share for profit attributable to controlling interest			
Basic and diluted	2.32	$ (21.73)	$ 31.90

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

Grupo Elektra, S. A. B. de C. V. and subsidiaries
(Notes 1 and 25)

Consolidated statements of changes in equity
For the years ended December 31, 2015 and 2014
(Thousands of Mexican pesos)

	Capital stock	Additional paid in capital	Retained earnings	Reserve for repurchase of shares	Accumulative effect of foreign currency translation	Equity in in other comprehensive income of associates	Actuarial gains recognized in other comprehensive income	Total controlling equity	Total non controlling equity	Total equity
Balances at January 1, 2014	$ 566,024	$ 3,093,760	$ 37,304,229 (*)	$ 4,072,994	$ 544,586	$ 133,538	$ 77,731	$ 45,792,862	$ 107,212	$ 45,900,074
Comprehensive income of the year										
Profit for the year			7,555,198					7,555,198	2,320	7,557,518
Other comprehensive income			-		2,130,841	(185,318)	(41,229)	1,904,294	(146)	1,904,148
			7,555,198		2,130,841	(185,318)	(41,229)	9,459,492	2,174	9,461,666
Sale and repurchase of shares, net		(556,108)		82,180				(473,928)		(473,928)
		(556,108)		82,180				(473,928)		(473,928)
Balances at December 31, 2014	566,024	2,537,652	44,859,427 (*)	4,155,174	2,675,427	(51,780)	36,502	54,778,426	109,386	54,887,812
Comprehensive income of the year										
Profit for the year			(5,114,522)					(5,114,522)	362	(5,114,160)
Other comprehensive income			-		2,939,150	(208,306)	(88,942)	2,641,902	1,626	2,643,528
			(5,114,522)		2,939,150	(208,306)	(88,942)	(2,472,620)	1,988	(2,470,632)
Payment of dividends (Note 25-f)			(563,423)					(563,423)		(563,423)
Sale and repurchase of shares, net		(944,303)		876,519				(67,784)		(67,784)
		(944,303)	(5,677,945)	876,519	2,939,150	(208,306)	(88,942)	(3,103,827)		(3,101,839)
Balances at December 31, 2015	$ 566,024	$ 1,593,349	$ 33,181,482	$ 5,031,693	$ 5,614,577	$ (260,086)	$ (52,440)	$ 51,674,599	$ 111,374	$ 51,785,973

(*) Includes $ 159,981 from the legal reserve as of December 31, 2015 and 2014.

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

Grupo Elektra, S. A. B. de C. V. and subsidiaries
(Note 1)

Consolidated statements of cash flows
For the years ended December 31, 2015 and 2014
(Thousands of Mexican pesos)

	2015	2014
Operating activities		
(Loss) profit before income tax	$ (5,850,803)	$ 9,277,381
Items related to income not affecting resources:		
Allowance for credit risks	10,612,086	11,725,723
Net cost for the period of employee benefits	158,206	48,816
Other items not realized	351,627	650,215
Items related to investment and financial activities:		
Valuation of derivative financial instruments		
Depreciation and amortization	5,829,423	(3,575,248)
Impairment loss of assets	2,539,459	2,809,244
Equity in the net profit of associated companies	2,939,934	162,733
Interest earned	739,427	(126,152)
Interest paid	(665,824)	(480,746)
	1,397,728	1,496,853
	18,051,263	21,988,819
Increase in loan portfolio	(3,773,860)	(9,962,724)
(Increase) decrease in inventories	(679,664)	654,070
Increase in other accounts receivable and other assets	(531,038)	(2,265,593)
Increase in suppliers	1,250,239	234,686
Increase in other liabilities	7,516,903	15,489,212
Income tax paid	(1,860,839)	(2,724,068)
Net cash flows from operating activities	19,973,004	23,414,402
Investing activities		
Investment disposals	104,600	-
Payments for property, furniture and equipment	(1,482,414)	(2,274,343)
Business acquisitions	-	(451,562)
Payments for intangibles	(128,407)	(119,599)
Foreign exchange	(1,328,729)	(947,856)
Interest collected	625,645	373,951
Temporary investments	(15,641,894)	(14,626,998)
Other items	2,419,205	1,853,697
Net cash flows from investing activities	(15,431,994)	(16,192,710)
Excess in cash to be applied in financing activities	4,541,010	7,221,692
Financing activities		
Additional paid in capital	(944,303)	(556,108)
Repurchase of shares	876,519	82,180
Proceeds from debt	2,595,164	7,800,438
Payments of debt	(4,793,663)	(12,446,375)
Foreign exchange	1,379,016	911,404
Interests paid	(1,657,162)	(1,434,334)
Dividends paid	(563,423)	-
Net cash flows from financing activities	(3,107,852)	(5,642,795)
Net increase in cash and cash equivalents	1,433,158	1,578,897
Changes in value of cash and cash equivalents	-	87,000
Cash and cash equivalents at beginning of year	21,476,213	19,810,316
Cash and cash equivalents at end of the year (Note 5)	$ 22,909,371	$ 21,476,213

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

1. Activity of the Company

Grupo Elektra, S. A. B. de C. V. ("Grupo Elektra") is a Mexican entity, which through its subsidiaries has operations in Mexico, the United States of America (USA), Central and South America.

The main activities of Grupo Elektra and its subsidiaries (hereinafter "the Company or Group Elektra"), are:

- Specialized trade (retailer of goods and services, money transfers, sale and rental of movies and video games);

- Banking services (receive deposits, lending activity, retail banking, investments in securities and other banking operations); and

- Other financial services (short-term cash advances in the USA ("payday loans"), accident and illness, and damage insurance and reinsurance services; pension and retirement funds management; and brokerage services).

The activities aforementioned are conducted through more than 7,963 points of sales in Mexico, USA, Central and South America.

The common shares of Grupo Elektra (ELEKTRA*) are listed in the Mexican Stock Exchange (BMV, for its acronym in Spanish) and Latibex, an international stock dedicated to Latin American Shares in Euros, regulated by the current laws of the Spanish Stock Exchange.

Headquarters are located in: Av. Ferrocarril de Río Frío N° 419-CJ, Col. Fraccionamiento Industrial del Moral, Delegación Iztapalapa, C.P. 09010, México, D.F.

The Company, to conduct its financial activities, has the following authorizations and is regulated for the following authorities:

Subsidiary	Type of authorization	Regulatory entity
Banco Azteca, S. A., Institución de Banca Múltiple	Banking operations in the manner and terms established in the Mexican Credit Institutions Law.	Mexican National Banking and Securities Commission (CNBV, for its acronym in Spanish) and the Mexican Central Bank (Banxico, for its acronym in Spanish).
Afore Azteca, S. A. de C. V.	Management of retirement and pension funds through specialized investment companies called Siefores.	Mexican National Commission for the Retirement Funds (CONSAR, for its acronym in Spanish).

Subsidiary	Type of authorization	Regulatory entity
Seguros Azteca, S. A. de C. V.	Life, accident and illness, and damage insurance and reinsurance operations.	Mexican National Commission of Insurance and Bonding (CNSF, for its acronym in Spanish).
Seguros Azteca Daños, S. A. de C. V.	Damage insurance and reinsurance operations.	CNSF
Banco Azteca (Panamá), S. A.	Banking operations	Panama Bank Superintendence
Banco Azteca de Honduras, S. A.	Banking operations	National Commission on Banking and Insurance of Honduras
Banco Azteca de Guatemala, S. A.	Banking operations	Monetary Council of Guatemala
Banco Azteca do Brasil, S. A.	Banking operations	National Monetary Council of Brazil
Banco Azteca del Perú, S. A.	Banking operations	Superintendence of Banking, Insurance and Private Management of Pension Funds.
Banco Azteca de El Salvador, S. A.	Banking operations	Superintendence of Financial Institutions in the Republic of El Salvador, C. A.
Punto Casa de Bolsa, S. A. de C. V.	Trading operations	CNBV
Advance America, Cash Advance Centers, Inc.	Short-term cash advances ("Payday loans")	Several state regulators in the USA.

2. Basis of preparation and summary of significant accounting policies

The main accounting policies adopted in the preparation of the consolidated financial statements are set out below. The policies have been consistently applied to the previous year presented in this consolidated financial statements, unless otherwise stated.

2.1 Basis of preparation and measurement

The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) issued by the International Accounting Standards Board (IASB).

Use of estimates

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Company management to exercise judgment in applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in Note 3.

The consolidated financial statements have been prepared using the historical cost basis method, except where it is indicated that certain items have been measured using the fair value model, amortized cost or present value. The principal items measured at fair value are derivative financial instruments. The principal items measured at amortized cost are loans held to maturity, while the principal item measured at present value is the provision for employee benefits.

2.1.1 Accounting changes

The standards and improvements that might have an effect on the Company's financial information are presented below, but they are not in effect at the date of these consolidated financial statements. The Company is in the process of evaluating the effect that these standards and improvements might have on its consolidated financial statements.

i. New standards, interpretations, and amendments that went into effect beginning January 1, 2015.

Amendment to IFRS 8 – Operating segments
Amendment to IAS 24 – Information to disclose on related parties
Amendment to IAS 27 – Equity method in separate financial statements
Amendment to IFRS 40 – Investment properties

None of these amendments have had a significant effect on the Company's consolidated financial information.

ii. New standards, interpretations, and modifications that have not gone into effect at the date of the financial statements, but their early application is permitted.

Applicable modifications effective 2016:

a. Modifications to IAS 16 Property, plant and equipment, and to IAS 38 Intangible assets to clarify the acceptable depreciation and amortization methods.

   The modification to IAS 16 prohibits entities from using the depreciation method based on ordinary revenues for components of property, plant, and equipment.

   The modification to IAS 38 introduces the refutable presumption that ordinary revenues are an appropriate base for the amortization of an intangible asset. This presumption can only be refuted in two limited circumstances: a) the intangible asset is stated as a measurement of ordinary revenues; and b) ordinary revenues and consumption of the intangible asset are highly co-related.

   It explains that expected future decreases in the sales price might be an indicator of the reduction of future economic benefits embedded in an asset.

   The modifications apply prospectively for fiscal years beginning January 1, 2016, and early adoption is permitted.

b. Modifications to IFRS 11 Joint arrangements for addressing accounting for acquisitions of interests in joint operations.

   Modifications address how a joint operator must account for the acquisition of an interest in a joint operation in which the activity of the joint operation represents a business. IFRS 11 with these modifications now requires that these transactions be accounted for by using the principles related to the accounting of business combinations set forth in IFRS 3 Business combinations.

   It further sets forth that the relevant information required by IFRS 3 must be disclosed.

   The most significant effects are expected to be the recognition of an unrealized gain (when there is an excess in the consideration transferred on the identifiable net assets, and the recognition of deferred tax assets and liabilities.

   The modifications not only apply to acquisitions of interests in a joint operation, but also when a business is contributed to the joint operation in its formation.

   The modifications are to be applied prospectively and they are effective for fiscal years beginning January 1, 2016, and early adoption is permitted.

c. Modifications to IFRS 10 Consolidated financial statements and IAS 28 Investments in associates and joint ventures for sale or contribution of assets between the investor and his associates or joint ventures.

   The modifications address the inconsistency identified between the requirements of IFRS 10 and those of IAS 28 (2011) in the treatment of the sale or contribution of assets between the investor and his associated or joint venture.

   The main consequence of the modifications lies in that a complete gain or loss is recognized when the transaction involves a business (irrespective of whether or not it is in a subsidiary). A partial gain or loss is recognized when the transaction involves assets that do not represent a business, even if these assets are placed in a subsidiary.

   The modification is effective for periods beginning on or after January 1, 2016, and its early application is permitted.

d. Modifications to IFRS 5 Noncurrent Assets Held for Sale and Discontinued Operations. Changes in disposition methods.

   The modifications introduce a specific guideline in IFRS 5 for when the entity reclassifies an asset held for sale to held for distribution to owners or vice-versa, and for those cases in which the journalization is interrupted of assets held for distribution. The modifications set forth that:

   - Those reclassifications must not be considered as changes in a sales plan or distribution plan to the owners, and the presentation and measurement requirements must be applied, which are set forth in the new disposition method.

   - Assets that no longer meet the criteria for held for distribution to owners (and do not meet the criteria of held for sale) must be treated in the same way as assets that are no longer classified as held for sale.

   The modifications are applied prospectively and are effective for annual periods that begin on or after January 1, 2016.

e. Modifications to IFRS 7 Financial Instruments: information to be disclosed.

   Administrative service contracts

   The modifications provide an additional orientation for explaining if a service contract is a "Continued implication" of a transferred asset for the purpose of determining the disclosures required in connection with the transferred assets.

   The modifications are applied retrospectively, but to avoid the risk for the modification applied retrospectively in the determination of the disclosures that require fair value, the Company is not bound to apply the modifications for any period starting before the annual period in which the modifications are applied for the first time. Consequently, IFRS 1 First-time adoption of International Financial Reporting Standards is modified.

   The modifications are effective for annual periods beginning on or after January 1, 2016.

   Application of the modifications to IFRS 7 to the condensed interim financial statements

   Modifications were made to IFRS 7 to eliminate the uncertainty with respect as to whether the disclosure requirements of offsetting financial assets and liabilities (introduced in December 2011 and effective for fiscal years beginning on or after January 1, 2013) must be included in the condensed interim financial statements and, if so, in all the condensed interim financial statements issued after January 1, 2013 or only in the first year. The modifications explain that the offsetting disclosures are not required explicitly for all interim fiscal years. However, it is possible that disclosures are included in the condensed interim financial statements to comply with IAS 34 Interim Financial Information.

The modifications applied retrospectively based on IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors are effective for annual periods starting on or after January 1, 2016.

f. Modifications to IAS 19 Employee Benefits - Discount rate: issue of a regional market.

   The modifications to IAS 19 explain that high quality corporate bonds used for estimating the discount rate for postemployment benefits must be denominated in the same currency in which those benefits are paid. These modifications explain that the extent of the high quality corporate bond market must be evaluated at the level of the currency.

   An entity will apply the modifications retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors for the annual periods beginning January 1, 2016.

g. IAS 34 Interim financial information - Information to be disclosed "in some other part of the interim financial information".

   The modifications clarify the requirements to disclose information in another part of the interim financial information. The modifications require that such information be incorporated through a cross-reference of the interim financial statements to the other part of the interim financial information that is available for users in the same conditions and at the same time.

   An entity will apply these modifications retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors for the annual periods beginning January 1, 2016.

Applicable standards effective 2018:

a. IFRS 15 Revenue from contracts with customers.

   The IASB has published a new standard, IFRS 15, revenues from customer contracts. The new standard describes a single comprehensive model for the accounting of revenues from customer contracts, and it substitutes the current revenue recognition guidelines that are in IFRS standards and interpretations.

   The basic principle of the new standard is that an entity must recognize the revenue that represents the transfer of the goods or services promised to the customer, valued by the amount that the entity expects to receive in exchange for those goods or services.

   The entities should:

   - Identify that customer contracts are within the scope of the new standard.
   - Identify the performance obligations in the contract: i) sales of goods or services separately; ii) sales dependent upon or inter-related to other products or services; iii) homogeneous sales with a consistent pattern.
   - Determine the price of the transaction: i) variable consideration and restricted estimates; ii) value of the money in time and financing component; iii) nonmonetary consideration; and iv) consideration paid to the customer.
   - Distribute the transaction price between each separable performance obligation.
   - Recognize the revenue when each performance obligation is met: i) over time; ii) at a point in time.

   The new IFRS 15 increases the disclosures on revenues, and it is effective for periods that start on or after January 1, 2018, and its early application is permitted. The entities can opt for applying the standard retroactively or using the modified approach in the year it is applied.

b. IFRS 9 Financial Instruments.

The IASB published IFRS 9 (year 2009) and IFRS 9 (year 2010) that introduced new classification and valuation requirements, and it announced a new model for hedge accounting in 2013. IFRS published in July 2014 represents the final version of the standard. It replaces prior versions of IFRS 9, and it completes the IASB project to replace IAS 39 Financial Instruments.

The IFRS (year 2014) includes a logical model for classification, a single impairment model focused toward the future, and a focus with substantive changes for hedge accounting.

Classification and valuation

The Classification determines how financial assets and financial liabilities are journalized in the financial statements and, in particular, how they are valued continuously. IFRS 9 (2014) introduces a logical focus for the classification of financial assets, which is based on the flow characteristics and business model in which the asset is maintained. This single approach, based on principles, replaces existing requirements.

Impairment

The new model is generated in the application in a single impairment model to all financial instruments, which eliminates a source of complexity associated with the prior requirements. As part of IFRS 9 (2014), the IASB has introduced a new impairment model based on expected losses, which will require a more timely recognition of expected losses. The new standard specifically requires that entities recognize expected losses since of the initial recognition of financial instruments, as well as throughout the life of the instruments on a timelier base. Additional disclosures will be required on how losses were determined and on the movement of the estimate for losses.

Hedge accounting

IFRS (2014) introduces an approach with substantive changes for hedge accounting, with improvements to disclosures on risk management activities. The new model represents a significant general review of hedge accounting, which aligns the accounting management with risk management activities, which enable entities to reflect those activities better in their financial statements. In addition, as a result of these changes, users of financial statements will be provided with better information on risk management and the effect of hedge accounting in the financial information.

Proprietary credit risk

IFRS 9 (2014) also eliminates volatility in results caused by changes in the credit risk of liabilities that are valued at fair value. This change means that the gains on the impairment of the proprietary credit risk on those liabilities, are no longer recognized directly in net income or net loss, but in other comprehensive income (OCI).

IFRS 9 (2014) goes into effect for fiscal years beginning on or after January 1, 2018. Early application is permitted. In addition, the changes with respect to the proprietary credit risk can be applied early and separately, without other modifications of the recognition of financial instruments.

The Company is in the process of evaluating and determining the impact that these standards will have on its financial statements. There are no other additional standards, amendments or interpretations that could have a material effect on the financial information of the Company.

2.2 Consolidation

The consolidated financial statements comprise the financial statements of Grupo Elektra and its subsidiaries together with the equity in the net results of associates and joint ventures. The results of subsidiaries sold or acquired are included in the statement of comprehensive income to, or from the date on which control is transferred.

a. Subsidiaries

A subsidiary is an entity controlled, directly or indirectly, by Grupo Elektra. Control is effective if, and only if, the following criteria is met:

- Power over the subsidiary
- Exposure or rights, to variable returns from its involvement with the subsidiary.
- The ability to use its power over the subsidiary to affect the amount of the company's returns.

For the purposes of consolidation, accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to have control, any retained interest in the entity is re-measured at its fair value at the date when control is lost; the change in carrying amount is recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the group has directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

Balances and transactions between the companies have been eliminated in consolidation.

The main subsidiaries of Grupo Elektra are the following:

Company	Percentage of equity (%)	Activity
Banco Azteca, S. A. Institución de Banca Múltiple, a Mexican entity (BAZ, the most significant subsidiary of Grupo Elektra)	100%	Banking and credit services
Banco Azteca de Guatemala, S. A., a Guatemalan entity	100%	Banking and credit services
Banco Azteca del Perú, S. A., a Peruvian entity	100%	Banking and credit services
Banco Azteca de Honduras, S. A., a Honduran entity	100%	Banking and credit services
Banco Azteca El Salvador, S. A., a Salvadoran entity	100%	Banking and credit services
Banco Azteca (Panamá), S. A., a Panamanian entity	100%	Banking and credit services
Seguros Azteca, S. A. de C. V., a Mexican entity (SAZ)	100%	Life insurance operations
Elektra del Milenio, S. A. de C. V., a Mexican entity (Elektra)	100%	Retail
Salinas y Rocha, S. A. de C. V., a Mexican entity (SyR)	100%	Retail
Comercializadora de Motocicletas de Calidad, S. A. de C. V., a Mexican entity (CMC)	100%	Sales of motorcycles
Intra Mexicana, S. A. de C. V., a Mexican entity	100%	Money transfers services
Afore Azteca, S. A. de C. V., a Mexican entity (AAZ)	100%	Pension and retirement funds
Seguros Azteca Daños, S. A. de C. V., a Mexican entity SAZ)	100%	Damage insurance
Punto Casa de Bolsa, S. A. de C. V., a Mexican entity	100%	Brokerage firm
Advance America, Cash Advance Centers, Inc., an American entity (AEA) and subsidiaries	100%	Short-term cash advances
Servicios Integrales Móviles y Digitales, S. A. de C. V., a Mexican society and subsidiaries (B Store).	100%	Sale and rental of movies and video games

b. Associates

Associates are all entities over which the Company has significant influence but not control, that is, the faculty to just only participate in decisions of the financial and operating policies. It is presumed that significant influence exists if the Company posses directly or indirectly, 20% or more of the voting power in the associate, unless it can be clearly demonstrated that there is no such influence.

Investments in associates are initially recognized at cost and are subsequently accounted for using the equity method. The Company's investment in associates includes goodwill identified at time of purchase.

The Company's share of profits or losses after acquisition is recognized in the statement of comprehensive income, except when the losses exceed the Company's investment in the associate.

If there is objective evidence that the investment in an associate is impaired, the carrying amount of the investment is subject to impairment tests, by comparing the recoverable amount and the carrying value of the investment, which is recognized together with the participation in the results of associates

The associates of Grupo Elektra are the following:

Company	Percentage of equity (%)	Activity
Comunicaciones Avanzadas, S. A. de C. V., a Mexican entity (CASA)	39.77%	Holding company

c. Business combinations

When there is a business acquisition fair value is attributed to the net assets, including identifiable intangible assets and acquired contingent liabilities, fair values must reflect the current conditions as of the acquisition date. The costs related with the acquisition are generally recognized as they are incurred.

When the acquisition cost exceeds the fair value attributable to the Company's share in the net assets acquired, the difference is treated as goodwill.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- Deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 and IAS 19 respectively.

- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Company entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 "Share-based payments" at the acquisition date.

- Non-current acquired assets (or investments to be disposed) that are classified as held for sale at the acquisition date will be measured in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations".

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity, and the contingent consideration classified as an asset or liability must be measured at fair value and any resulting gain or loss must be recognized in the result of the period or in other comprehensive income in accordance with IFRS 9 or IAS 37 " Provisions, contingent liabilities and contingent assets", as applicable.

2.3 Segment information

The condensed financial information regarding business segments operated by the Company, whose operating results are reviewed in decision-making, is presented in Note 30.

2.4 Translation of foreign currency

According to the IAS 21 "The effects of changes in foreign exchange rates" ("IAS 21"), Transactions in foreign currencies are recorded at the exchange rates prevailing on the dates on which they are entered into. Assets and liabilities denominated in these currencies are stated in local currency, applying the exchange rates prevailing as of the date of the statement of financial position. Differences arising from fluctuations in the exchange rates between the dates on which transactions are entered into and those on which they are settled or valued at the close of the year are applied to the results of the year.

The financial statements of the subsidiary companies abroad maintain a registry currency that matches the functional currency, which served as the base to convert foreign operations to the Company's presentation currency, considering that in these cases there was a non-inflationary environment. The accumulated effect originated by the translation of said financial statements is presented within the stockholders' equity in the accumulative effect of foreign currency translation.

2.5 Financial assets

The Company classifies its financial assets in one of the categories described below, depending on the purpose for which the asset was acquired.

a. Loan portfolio and accounts receivable

   Loan portfolio and accounts receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers, but also incorporate other types of contractual monetary asset. They are presented as current assets, except for those with a maturity date more than twelve months after the closing of the reporting date, which are presented as non-current assets.

Such assets are recognized initially at fair value plus any transaction costs that are directly attributable to the acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less impairment provision.

This category includes cash and cash equivalents, investments held-to-maturity, creditors from repurchase agreements, loan portfolio, and other receivables presented in the consolidated statement of financial position.

b. Financial assets at fair value through profit or loss

Financial assets acquired for trading purposes. A financial asset is classified in this category if it is acquired mainly with the purpose of selling them at a short term. The derivatives are also classified as acquired for trading purposes unless they are designated as hedges. They are presented in the current assets, except for those whose maturity is greater than twelve months after the closing of the reported date, which are classified as non-current assets.

These are initially recorded at fair value and the transaction costs are expensed in the consolidated comprehensive statement of income. The profits or losses arising from changes in the fair value of these assets are recognized in the results of the year.

This category includes investments and derivative financial instruments acquired for trading purposes, and precious monetary metals.

c. Available-for-sale

They are non-derivative financial assets which are designated to this category or are not included in the above categories. They are carried at fair value with changes in fair value, recognized in other comprehensive income and transferred to the comprehensive income statement at the date of realization.

2.6 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

2.7 Impairment of financial assets

A financial asset is considered impaired and therefore corrects its book value is modified to reflect the effect of such impairment when there is objective evidence that events have occurred which result in a negative impact on the future cash flows which were estimated at the time of the transaction date. That is, the instruments are considered impaired when a reasonable doubt arises regarding the recovery of the carrying amount and/or the collection of interest, in the amounts and on the dates originally agreed.

As general criteria, the correction the book value of financial instruments in due to its impairment is recognized by charging the comprehensive income of the period in which the impairment arises. The reversal of impairment losses previously recognized, in case it happens, is recorded in the statement of comprehensive income of the period in which the impairment disappears or is reduced.

When the recovery of any amount is considered remote, it is written off in the statement of financial position, without prejudice to any actions that may be undertaken to seek collection until they are extinguished rights to payment, whether limitations period, forgiveness or other causes.

In general, the amounts collected from impaired loans and credits are applied, firstly, to the outstanding accrued interests and the excess that might exist, to decrease the outstanding capital to be amortized.

The Company has developed policies, methods and procedures to estimate the losses that might occur as a consequence of credit risks it has derived from both the insolvency attributable to its counterparties and from the country-risk. Said policies, methods and procedures are applied in the study, authorization and formalization of debt instruments and the risks and contingent commitments; as well as in the identification of its possible impairment and if necessary, in the computation of amounts necessary to cover the estimated losses.

The losses for impairment that are collectively determined are equivalent to the amount of losses incurred on the date of preparation of the consolidated financial statements that are not allocated to specific operations; so they are estimated through statistical procedures. The Company uses the expected loss concept to quantify the credit risk cost and to incorporate it to the computation of its risk-adjusted profitability of its operations.

These models allow estimating the expected loss of credit risk in each portfolio that will be manifested in a one-year period from the date of the statement of financial position, considering the characteristics of the counterparty and the guarantees associated to said operation.

As part of the methodology for determining the amount of certain collectively losses, the Company identifies the amounts of losses already incurred but not yet manifested at the date of the statement of financial position, and that will arise based on historical experience and other specific information that will manifest from the date of the statement of financial position

2.8 Hedge accounting

All derivatives for hedging purposes are recognized in the statement of financial position as assets or liabilities depending on the rights or obligations therein, initially at a fair value, corresponding to the agreed price in the transaction. Later, the derivatives are recognized at a fair value, recognizing the valuation effects in the statement of income.

In the case of hedges with forwards and futures contracts, the market value of the purchases is shown in the assets while its face value is shown as a liability. The sales market value is shown as a liability, while its face value is shown as an asset. In the case of the hedges with swaps contracts, the assets are recorded at present value of the receivable future cash flows and the liabilities at the present value of the payable cash flows.

In the fair value hedges, the valuation and measurement effects of the hedge item is recorded in the statement of financial position, as an asset or liability as applicable.

The hedge accounting recognizes as a part of results of the period the write-off of the effects in the results originated by changes in the fair value of the hedge instrument and the hedge item.

2.9 Cash and cash equivalents

Cash and cash equivalents are value at their nominal value, which include: (i) cash, (ii) readily realizable deposits and temporary investments in Mexican pesos and in other currencies held at banks and other financial institutions in Mexico and abroad, (iii) the amount of short-term interbank loans known as "Call Money", provided they do not exceed three days, (iv) deposits from monetary regulations issued by Banxico and local banking authorities from Central and South America, and (v) the commitments of purchase and sale of currency forward transactions to be settled within 24 and 48 hours. These assets are subject to an insignificant risk of changes in fair value, and are used by the Company in the management of short-term commitments.

2.10 Restricted cash

Restricted cash includes: (i) monetary regulation deposits granted as a guaranty to Banxico, Central Banks of Central and South America and certain regulatory entities in the USA; (ii) interbank loans, known as "Call Money"; and (iii) currencies and collaterals granted for derivative transactions.

2.11 Investments in securities

Investments in securities and other contracts that give rise to a financial asset or liability are recognized according to the intended use, as follows: a) acquired for trading purposes, b) available for sale and c) held to maturity.

Securities acquired for trading purposes are expressed at net realizable value, taking as a basis the fair value determined by an authorized pricing provider, the effects of valuation are recognized in the statement of comprehensive income.

Instruments available for sale are those that from the time of investing in them are intended to be sold in the medium term and on dates before maturity, and the effects of the valuation are recognized as a part of comprehensive income and reclassified them to the statement of comprehensive income on the date of realization.

Instruments held to maturity are those that, from the time the investment is made, the said investment is intended to be held to maturity. These instruments are initially recorded at their acquisition cost plus any accrued interest, which is recorded in the results of the period.

If there is sufficient evidence that securities show a decrease in their value, the carrying value is adjusted and recognized in income for the year.

The Company has investments represented by government-backed securities, instruments issued by other banks and other securities.

2.12 Repurchase transactions

For legal purposes these are considered a sale where a repurchase agreement is established for the financial assets transferred. The recognition is made on the basis of the economic substance of these transactions, which is a financing with collateral, in which the buyer delivers cash as financing in exchange for the obtainment of financial assets that can be used as a guaranty in the event of default.

Acting as seller, the cash inflow is recognized, as well as an account payable, initially measured at the agreed price, and it represents the obligation to return the cash to the buyer. The liability is subsequently measured at its amortized cost through the recognition of the interest in the consolidated statement of comprehensive income as it is accrued.

In the case that financial assets recorded in the balance sheet been surrendered as collateral, these are classified as restricted assets, following the corresponding rules of valuation. Regarding operations for which collateral is delivered, these are controlled in memorandum accounts under the caption of the collaterals received, sold or delivered.

As purchaser, the cash outflow is recognized by recording an account receivable, initially measured at the agreed price, which represents the right to recover the delivered amount. Subsequently, it is measured at amortized cost, through the recognition of the interest from repurchase operations in the consolidated statement of comprehensive income as it is accrued.

Financial assets received as collateral are recognized in memorandum accounts in the item of collateral received by the Company, by following the standards relative to custody operations.

2.13 Loan portfolio

The balance of the loan portfolio is represented in the statement of financial position by the amounts actually granted to borrowers, plus any uncollected accrued interest, less any interest collected in advance and the allowance for credit risks.

Lending is based on an analysis of the debtors' ability to pay, in conformity with established credit analysis corporate policies, and based on information provided by the debtor and statistics of its credit history, which are documented in the "Institutional Credit Manual" approved by the Board of Directors.

Loans are considered past due for their total unpaid balance, when interest or installment payments are not received within the terms shown below:

- Loans with a single payment of principal and interest upon maturity, 30 days or more after maturity.

- Loans with a single payment of principal at due date and periodic interest payments, 90 days or more after maturity of interest payment date or 30 days or more after maturity of the payment of principal.

- Loans with installments on the principal and interest, 90 days or more after maturity.

- Revolving loans, if there are two monthly billing periods, or 60 or more days past due.

- Mortgage loans, when principal and interest payments are 90 days or more past due.

Moreover, the Company periodically evaluates if a nonperforming loan must remain in the statement of financial position or be written off, in accordance with the write-off Manual and deductibility of bad debts and the internal portfolio rating Methodology.

The book portfolio write-off policy defines that loans to be written off must be provided for at 100%. The book write-off of loans will be carried out by writing off the balance of the loan against the allowance for loan losses. When the balance of the loan to be written off exceeds that balance of its allowance, the allowance must be increased up to the amount of the difference before carrying out the write-off. The loans cannot be written off if the missing allowance is not created.

In the cases in which there is evidence that a borrower may not comply with his payments and the Bank decides to write it off, it will have to refer to the above paragraph:

In accordance with the guidelines established by Company Management, loans should be provided for at 100%, in accordance with the following classification:

- Non-revolving consumer loans billed weekly or group credits when the loan is in default 40 or more weeks.

- Non-revolving consumer loans billed every fifteen days when the loan shows 20 defaulted payments or more at the date of the rating.

- Non-revolving consumer loans billed monthly or at the maturity, when the loan shows 10 defaulted payments or more at the date of the rating.

- Credit card consumer credits and other revolving credit when the credit shows 10 or more payment defaults in consecutive periods.

- Mortgage loans when the loan shows 48 or more defaults observed at the date when allowances for loan losses are calculated.

- Commercial loan portfolio when the loan reports 18 or more months of default in the payment of the amount due in the original terms agreed upon.

Collection procedures will continue after the loan is written off in the accounting. Any recovery is allocated to other income and, therefore, it is accrued for purposes of the Income Tax Law.

Regarding the cash advances granted by AEA in the USA, each new client must present certain personal information. Such information is uploaded into the AEA's information system, or the third party who grants the loan (when applicable). The identification, earnings or employment proof, bank account statements are corroborated, and it is determined if the cash advance is approved, as well as the amount of the loan, based on the client's income. We do not make credit check through credit verifying agencies in the USA but we use eligibility assessment models that use attributes to detect frauds jointly with the information presented by the client, in order to take proper decisions regarding new clients and to reduce the fraudulent loan rate. This helps AEA to comply with the standards denominated "Fair Lending and Equal Credit Opportunity" in the USA.

2.14 Allowance for credit risks

Based on what is mentioned in Note 2.7. Impairment of financial assets, the Company applies the following methodologies:

For the consumer loans, BAZ applies since July 2011 an internal methodology (approved by the CNBV) to qualify the non-revolving consumer loans portfolio, which consists in the preparation of a qualification or profile model that arranges the operations from its origin and behavior characteristics, classifying them in homogeneous groups. Subsequently, each one of them is assigned a differentiated probability of default, which is estimated based on the average of default rates obtained with the observations from a period of at least five years. Finally, the strictness of the loss, which is unique for the whole portfolio, is estimated as the average of the data observed during the last seven and half years.

For housing loans, specific percentages are applied to classify the portfolio, considering the past due billing periods, the probability of breach and/or the severity of loss associated with the value and nature of the guarantees for these loans.

For purposes of qualifying the commercial loan portfolio, information is used from quarters ending in the months of March, June, September and December. To determine the net value of this loan portfolio, each loan is individually classified in accordance with the relevant methodology applicable to their balance.

On June 24, 2013, the Commission published a Resolution in the Official Daily Gazette that modifies the methodology for creating an allowance for loan losses for the commercial loan portfolio, which generated a change in the determination of the allowance for loan risks based on a loss incurred model to an expected loss model, which continues to be in effect.

These rules comply with what is required from credit institutions in Mexico in order to determine the amount of the allowance for credit risks, and are supported in the " Rules for Classification of the Credit Portfolio of Credit Institutions " issued by the SHCP and the methodology established by the CNBV for each type of credit, currently contained within the General Provisions Applicable to Credit Institutions.

In the case of the AEA, the impairment of the cash advances portfolio and the provision in the case of credit losses granted by third parties, basically, it is applied a model that analyzes the specific statistics of the portfolio and also reflects in a lesser scale, the judgment of the administration regarding the global accuracy. The analytical model takes into consideration several factors that include the number of transactions completed by the clients and the portfolio and recuperation cancellation rates. With the purpose of determining if the analytical model results should be reviewed, also, other additional factors are evaluated, such as the changes in state legislation of the USA, closing of centers, the time the centers have been opened in a particular state, and the mix of new centers in a particular state. The allowance for credit risks is presented net in the consolidated statement of financial position as a reduction in the advances and fees to collect. The allowance for credit losses granted by third parties is registered as a short term liability, since the advances and the interest to collect are registered by the third party who grants these types of credits in Texas. The portion of cash advances and fees to collect that are seen as uncollectable are credited against the allowance for credit risk and the subsequent recuperations are credited to said estimation. The non-collected advance payments as well as the fees and/or relative interests are applied against the allowance for credits risks, 60 days after the date in which the client's check was returned, in that the compensation chamber rejected the charge to the client's bank or when the maturity date is past, unless the client has paid at least 15% of the total of the credit plus applicable fees.

2.15 Transactions with financial derivative instruments

a. Derivatives for hedging purposes

The objective of carrying out hedging transactions both of interest rates and of exchange rates is to reduce the exposure of the primary position in light of adverse market movements in the interest rates and exchange rates that may affect it. The hedge position should comply with the condition of behaving inversely to the primary position; i.e., increases in the risk factors that translate into losses in value in the primary position would result in gains in the hedge position. As of December 31, 2015 and 2014, the Company maintains fair value hedges and cash flow hedges.

b. Derivatives for trading purposes

As regards to transactions for trading purposes, the goal is to take advantage of the possibilities for arbitration occurring in the main financial markets within the overall authorized credit limits risk.

All derivatives are recognized in the statement of financial position as assets or liabilities, depending on the rights or obligations they contain, initially at fair value, which corresponds to the agreed price of the transaction. Subsequently, derivatives are recognized at fair value, recognizing in the statement of comprehensive income of the period the effect from valuation.

Debit and credit balances recorded in the balance sheet either as an asset or liability are offset when the Company has the contractual right to offset recognized amounts, and it has the intent to liquidate the net amount or realize the asset and write off the liability simultaneously.

2.16 Other receivables

The Company recognizes as other receivables the collection rights arising from services rendered in the ordinary course of business. If the collection is expected to realize in a year or less are classified as short-term, otherwise presented as noncurrent assets.

The amounts corresponding to other receivables that are not recovered within 90 days subsequent to their initial journal entry (60 days if the balances are unidentified), they are provided for with a charge to income for the year, irrespective of the possibility of recovering them, except those relative to recoverable tax balances and creditable value added tax.

2.17 Inventories

Inventories are initially recognized at cost and subsequently, whichever is the lower of cost and net realizable value using the weighted average cost formula. Cost comprises all costs of purchase, assembly and other costs incurred in bringing the inventories to their present location and condition.

2.18 Prepayments

They are represented by the face value of various advances for services, rents, advertising, tax advances, among others.

2.19 Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation as well as impairment losses. The cost includes the purchase price and the direct cost attributable to the acquisition of the asset.

Subsequent costs, which represents a capacity increase and hence an extension of the useful life of the goods, are also capitalized. All other repair and maintenance costs are recognized in the statement of comprehensive income in the period they are incurred.

Land is not depreciated. The depreciation on assets under construction does not start but until they are completed and are available for use. The depreciation is registered in all the other property, plant and equipment items, with the purpose of cancelling its value in books during its economic useful life and it is calculated by the straight line method over the initial monthly balances. See Note 14.

When significant parts of a property, plant and equipment element have different useful life, these are registered as separated component, and its depreciation is also calculated separately.

The useful life of all the property, plant and equipment elements are reviewed and are adjusted if necessary at the end of each period.

The Company periodically evaluates the recovery value of its property, plant and equipment to determine the existence of any indication that those values exceed its recovery value. If it is determined that the book values are excessive the Company records the necessary estimates to reduce them to their recovery value.

The assets previously mentioned are used in (i) the store chains and branches, (ii) in the distribution centers the Company operates throughout Mexico, Central and South America, the USA as well as (iii) in corporate use.

2.20 Leases

In order to conduct its operations, the Company leases commercial premises, which involve payment of rent previously established or determined (fixed rents), or as a percentage of each store's monthly sales (variable rents). The payments for the rent of said leasing are expensed using the straight line method during the corresponding term of the lease.

Further, the Company has acquired computer, transportation equipment and licenses, by entering into a financial leasing contract, which is recognized in the statement of financial position as an asset and a liability by the same amount, the lesser between the fair value of the leased asset and the present value of the minimum payments of the lease.

The payments are distributed in two parts, the financial loads and the debt reduction. Said financial cost will be distributed between the periods that constitute the leasing period, in a way that a constant interest rate is obtained in each period, over the outstanding debt balance to amortize.

The computer equipment, transportation equipment and licenses acquired through financial leasing is depreciated during the lesser between the useful life of the asset and the leasing period.

2.21 Investment properties

The investment properties are those that the Company has to obtain rents, and are recognized as assets whenever it is probable that the future economic benefits associated with such properties flow towards the company and its cost can be measured in a reliable manner.

Investment properties are initially recorded at their acquisition cost, which comprises its purchase price and any disbursement directly attributable, and subsequently through the cost model, which includes the cost less the accrued depreciation and any impairment losses. The depreciation of investment properties is recognized in the results of the period over its estimated useful life using the straight-line method.

The income from rents originating from the investment properties are recognized in the statement of comprehensive position in the line "other income", using the straight line method during the period corresponding to the leasing.

2.22 Goodwill and intangible assets

When the acquisition cost exceeds the fair value attributable to the Company's share in the net assets acquired, the difference is treated as goodwill. The goodwill generated from acquisitions prior to the adoption of the IFRS was measured at its deemed cost.

The intangible assets which are considered to have a limited economic life are amortized in straight line over said lives and are tested for impairment when the events or circumstances indicate that their carrying value cannot be recoverable. The goodwill and the intangible assets that have indefinite economic useful life are not amortized. Said assets are tested for impairment at least annually or when there is an indicator that the assets could be impaired. To assure that the assets are not recorded in excess of their recovery values, the impairment analysis compares the carrying amounts with the recoverable value, being the recoverable value the value in use. The amortization and impairment are charged to the operation results in the statement of comprehensive income.

For business combinations completed prior to January 1, 2010, cost comprised the fair value of assets given, liabilities assumed and equity instruments issued, plus any direct costs of acquisition. Changes in the estimated value of contingent consideration arising on business combinations completed by this date were treated as an adjustment to cost and, in consequence, resulted in a change in the carrying value of goodwill.

For business combinations completed on or after January 1, 2010, cost comprises the fair value of assets given, liabilities assumed and equity instruments issued, plus the amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree. Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, re-measured subsequently through profit or loss. For business combinations completed on or after January 1, 2010, direct costs of acquisition are recognized immediately as an expense. See Note 16.

2.23 Review of the values of long-lived assets

The Company periodically evaluates the recovery value of its tangible and intangible long-lived assets, including goodwill, to determine the existence of any indication that those values exceed their recoverable value. The recovery value represents the amount of the potential revenues reasonably expected to be obtained as a result of the use of said assets. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. If it is determined that the carrying amounts are excessive, the Company records the necessary estimates to reduce them to their recovery value.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ("CGUs"). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from the synergies of the combination giving rise to the goodwill.

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognized in other comprehensive income. An impairment loss recognized for goodwill is not reversed.

2.24 Non-current assets held for sale

The non-current assets and the group of assets for disposition are classified as held for sale, when the recorded amount will be recoverable mainly through a sale transaction, and this, is highly probable.

Immediately before being classified as held for sale, these assets are measured to the lesser between their carrying amount and their fair value les cost of sales. Once they are classified as held for sale, the non-current assets are no longer depreciated.

2.25 Demand and term deposits

The liabilities for this item consist of demand deposits and term deposits. Demand deposits consist of concentration accounts, savings and investment accounts, while term deposits consist of deposits obtained from the public in general and the money market. These liabilities are recorded at their cost of deposit-taking plus accrued interest, determined on the basis of the number of days elapsed at the end of each month, which is debited to results for the period as they are accrued.

2.26 Bank Credits and other loans

These are initially recognized at fair value net of any operation cost attributable directly to the issuance of the instrument. Liabilities that bear interests are subsequently measured at amortized cost, using the effective interest rate method, which assures that any interest expense during the period up until the complete payment is at a constant rate applied at the balance of the liability registered in the statement of financial position. The interest expense includes the initial transaction costs, premiums payable at the time of the amortization, as well as any interest or payable coupon while the liability is outstanding.

2.27 Suppliers

The liability for this concept represents the obligation payment for the goods or services that have been acquired from suppliers during the normal course of the business.

2.28 Other accounts payable

The other commercial accounts payable and other short-term monetary liabilities are initially recognized at a fair value and are recorded later at amortized cost, using the effective interest rate method.

2.29 Provisions

The provisions are recognized when the Company has a current or assumed legal obligation as a result of past events; it is probable that the exit of cash flows being required in order to pay for the obligation; and the amount can be reliably estimated.

2.30 Income tax

Income tax of the period comprises current and deferred tax. The incurred tax, determined on the basis of the tax provisions in force, is recorded in the results for the year to which it is attributable. The deferred income tax is determined based on the assets and liabilities method with comprehensive approach.

The deferred tax assets and liabilities are recognized when the carrying amount of an asset or liability in the statement of financial position differs from its tax base. The value of the deferred tax asset or liability is determined using the tax rates that have been made public or are substantively enacted at the date of reporting and that are expected to be applied when the deferred tax assets or liabilities are settled or recovered.

The deferred tax assets or liabilities are compensated when the Company has an enforceable legal right to compensate the current assets and liabilities and the deferred tax assets and liabilities are related with the taxes applied by the same tax authority. Deferred tax assets are recognized only to the extent that it is probable that the tax benefits will be realized.

2.31 Employee benefits

The liabilities derived from benefits granted by the Company to its employees are determined as follows:

a. Liabilities for direct short-term benefits are recognized as they are earned, based on the present salaries, expressed at their nominal value.

b. The retirement benefits under the defined benefits scheme require actuarial assumptions to measure the obligations contracted and the expense corresponding to each period, and also there is the possibility of obtaining actuarial profits or losses. They are measured using the projected unit credit method by considering the present value of the obligation to the date of the statement of consolidated financial position.

2.32 Earnings per share

Basic earnings per share are calculated by dividing the controlling interest by the weighted average number of outstanding ordinary shares during the year. The diluted earnings per share are determined by adjusting the controlling interest and the common shares under the assumption that there would be the entity's commitments to issue or exchange its own shares. Basic earnings are equal to diluted earnings because there are no transactions that may potentially dilute income.

The calculation of basic earnings per share as of December 31, 2015 and 2014 was based on the (loss) profit for the period attributable to controlling participation of $ (5,114,522) and $ 7,555,198, respectively, and a weighted average number of ordinary shares outstanding of 235,417,680 and 236,843,308, respectively.

2.33 Revenue recognition

Interests of loan portfolio are recognized as income when accrued, applying the effective interest rate method; however, the recognition of interest is suspended at the time the loans are transferred to past-due portfolio.

With respect to uncollected ordinary accrued interest corresponding to loans classified in the past-due portfolio, a doubtful account allowance is created for an amount equivalent to the total amount thereof at the time the loan is reclassified into the past-due portfolio.

Penalty interest accrued during the period in which the loan is considered as part of the past-due portfolio (default) is not recognized as revenue until effectively collected.

Income from commissions derived from granted credits, is recorded as a deferred credit and is amortized against results in the earned interest of credit portfolio caption during the term of the credits.

Interests generated due to investments in securities and operations, the returns generated by the disposals as well as the effects of valuation of foreign currency are recognized as interests revenues as they are earned in the statement of income.

Revenues on sales are recognized when all significant risks and benefits inherent to the property of goods are transferred to customers. The discounts granted, as well as repayments are netted against revenues.

Revenue from rental of movies and video games are recognized when are rendered.

Revenues from money transfer services represent the commissions paid by the different operators of the Company, arising from money transfers collected in branches as well as commissions paid by Elektra's customers for money transfers in each country where the Company operates and for the international remittance through its commercial and financial network. Once services are provided, both types of commissions are recorded as income.

Premium revenues from life operations are recorded based on receipts issued upon collection, aggregated by assumption reinsurance premiums, and reduced by ceded reinsurance premiums.

Premium revenues from accident, illness, and casualty premiums are recorded based on premiums corresponding to policies contracted, aggregated by assumption reinsurance premiums, which are reduced by ceded reinsurance premiums.

Revenues from casualty operations are recorded based on the premiums corresponding to policies contracted, which are reduced by the ceded reinsurance premiums, and the possible commission granted by reinsurers are reduced from such ceded reinsurance premiums.

Insurance premiums corresponding to the transactions referred to above that have not been paid by the insurance companies within the term set forth in the Insurance and Surety Bond Institutions Act are cancelled, thereby releasing the current risk reserve, and the reserve is replenished in the case of rehabilitations, beginning the month in which the effectiveness of such insurance is restored.

Revenues from extended warranty sales are recorded as deferred credits on the date the respective contracts are entered into, and are applied to income using the straight-line method over the terms covered by the warranties. The effective terms of the policies cover terms from one to three years.

Income from commissions for rendered services by AAZ, are recognized in the statement of comprehensive income when accrued.

2.34 Cyclical or seasonal behavior

The sales corresponding to the specialized retail operations are made in a traditional manner during the whole year; however, the main sale is carried out during the months of May, November and December of each year.

2.35 Reclassifications

The financial statements at December 31, 2014 and for the year then ended were reclassified to make them comparable to those presented at December 31, 2015 and for the year then ended. The foregoing did not generate any effect in income or in stockholders' equity.

Statement of financial position	Balances originally presented	Reclassi-fications	Reclassified balances
Cash and cash equivalents	$ 23,193,897	$ (1,717,684)	$ 21,476,213
Accounts receivable	8,999,029	1,717,684	10,716,713

The statement of cash flows for the year ended December 31, 2014 includes some reclassifications to make it comparable with the presentation for the year ended December 31, 2015.

3. Critical accounting estimates and judgments

The main accounting estimations, provisions or reserves which we have identified are the following:

a. Critical accounting estimates

Allowance for credit risks (impairment of financial assets)

The results from the methodologies used in each business unit may vary from the real delinquency derived from the following factors (among others): (i) the performance of each credit, (ii) the economic conditions in the country in which it was granted, (iii) the volatility of interests rates, and (iv) the variations in the type of exchange rate of the currency in which the credit was granted.

The calculation of the allowance for loan risks is described in Note 2.14.

Transactions with financial derivative instruments

The Company carried out transactions with financial derivative instruments, which are used to reduce the exposure of the primary position in light of adverse market movements in the interest rates and exchange rates that may affect it.

There are also transactions for trading purposes, in order to take advantage of the possibilities for arbitration occurring in the main financial markets within the overall authorized global limits risks.

In some cases there is an observable market that provides the estimated fair value; in other cases, due to the lack of an observable market, fair value is determined through valuation techniques as the net present value of the projected cash flows or through other valuation mathematical models.

The estimated fair values of the derivative instruments are sustained by confirmations of said values we receive from the counterparties of said financial instruments; nevertheless, it requires a deep assessment in order to record appropriately the effects of the derivative operations in the financial statements.

Valuation of inventories

The Company periodically makes revisions to the correct valuation of the inventories, with the finality that these do not exceed its net realizable value. The main effect in the valuation of our inventories is, among others: (i) the technological obsolescence in certain lines, (ii) the natural deterioration due to the time or for its handling, (iii) the reposition prices established by the suppliers, (iv) the physical conditions when stored, etc.

Impairment long-lived assets

The Company mainly considers fixed assets, goodwill and intangible assets as long-life assets. According to the specific accounting standards, we evaluate the recoverable factor of our long-life assets at least once a year.

The recoverable value represents the amount of the potential net income that is reasonable expected to have as a consequence of the use or realization of said assets. If we determine that carrying amounts are excessive, we record the estimations necessary to reduce them to the recoverable value.

It is required a significant judgment to appropriately determine the recoverable value. The impairment assessments may be affected, among other factors, by: (i) the estimated future income of our CGU'S, (ii) the variation of our operating costs and expenses, (iii) the national and international economic trends, (iv) the discount rates and (v) the perpetuity growth rates.

Deferred taxes

The determination of deferred income taxes is based on the assets and liabilities method with a comprehensive approach, which consists in applying the corresponding tax rate to all those temporary differences between the carrying amounts and the tax base of the assets and liabilities that are expected to materialize in the future.

It requires a significant judgment from the administration to estimate: (i) the value of the temporary differences, (ii) the period of time in which said differences will realized, (iii) the future generation of profits against which the tax losses could be applied, etc.

Employee benefits

The valuation of employee benefits is carried out by independent specialists based on actuarial studies. Among others, the following assumptions that could have an important impact are used: (i) discount rates, (ii) expected salaries' increase rates, (iii) the expected real growth rates of the fund, and (iv) rotation and mortality rates based on recognized charts.

A change in the economic, labor or tax conditions may modify the estimations.

b. Critical accounting judgments

Revenue recognition

Interest of the loan portfolio is recognized as income when accrued by using the effective interest rate method. However, the recognition of interest is suspended at the time when loans are reclassified as nonperforming portfolio.

An estimate should be created for an amount equivalent to the total unearned accrued ordinary interest applicable to loans considered as nonperforming portfolio, an allowance is created for loan losses in an amount equivalent to the total thereof, at the time such a loan is reclassified to the nonperforming portfolio.

Interest accrued during the period in which the loan is classified as nonperforming portfolio (in arrears) is not recognized as income until the time such interest is actually collected.

Fees on the initial granting of the loan on loans are recorded as a deferred credit and amortized against income, in the item of portfolio interest throughout the duration of the loan.

Interest generated by investments in securities and repurchase transactions (repos), yields generated by liquid assets, as well as the effects of valuation of currencies are recognized as interest earned as accrued in the statement of income.

Revenues on product sales are recognized when all the significant risks and benefits inherent to the ownership of the merchandise are transferred to customers. The discounts granted as well as returns carried out are presented by reducing revenues for this item.

Revenues related to rental of movies and videogames are recognized when loaned.

Money transfer revenues represent the fees paid by different operators to the Company, derived from transfers collected at retail sales outlets, as well as fees collected by the Company from its customers by transfer in each country where the Company operates and from international remittances made through the Company's commercial and financial network. Both types of fees are recorded as revenues as services are rendered.

Premium revenues from life operations are recorded based on receipts issued upon collection, aggregated by assumption reinsurance premiums, and reduced by ceded reinsurance premiums.

Premium revenues from accident, illness, and casualty premiums are recorded based on premiums corresponding to policies contracted, aggregated by assumption reinsurance premiums, which are reduced by ceded reinsurance premiums.

Revenues from casualty operations are recorded based on the premiums corresponding to policies contracted, which are reduced by the ceded reinsurance premiums, and the possible commission granted by reinsurers are reduced from such ceded reinsurance premiums.

Insurance premiums corresponding to the transactions referred to above that have not been paid by the insurance companies within the term set forth in the Insurance and Surety Bond Institutions Act are cancelled, thereby releasing the current risk reserve, and the reserve is replenished in the case of rehabilitations, beginning the month in which the effectiveness of such insurance is restored.

Revenues on sales of warranties extended are recorded as unaccrued revenues in the item of deferred credits on the date on which the guaranty contract is entered into with the company, and they are allocated to income for the period on a straight-line during the period covered by that guaranty. The terms of the policies cover terms ranging between one and three years.

Fee income for services rendered by AAZ are recognized in the consolidated statement of comprehensive income at the time when they are accrued.

Investments in securities

The investments and other contracts that give rise to a financial asset or liability must be recognized according to the following:

- Acquired for trading purposes are expressed at net realizable value, based on the fair value determined by an authorized pricing provider, and recognizing the effects of valuation in the statement of comprehensive income.

- Available for sale are those that from the time of investing in them are intended to be sold in the medium term and on dates before maturity, recognizing the effects of the valuation as a part of comprehensive income and reclassifying them to the statement of comprehensive income on the date of realization.

- Held to maturity are those that, from the time the investment is made, the said investment is intended to be held to maturity; these instruments are initially recorded at their acquisition cost plus accrued interest, which are recorded in the statement of comprehensive income.

4. Financial risk management (Not audited)

4.1 Risk factors

The Company has adopted as a fundamental premise in the performance of its operations a conservative risk profile, managing its balance and operation in a prudent manner, trying to assure the best use of the assets and equity.

The business model of the financial segment, is oriented mainly to the banking intermediation through the credits granted to the consumption and a funding strategy sustained in the traditional secure. This has allowed that the operation carried out by the Company, to be performed prudentially at all times and without speculations, in order to ensure the efficient allocation of resources towards the credit allocation.

The activity of Grupo Elektra could be exposed to financial risks such as; (i) market risk (including exchange rate risk, interest rate risk and price risk), (ii) credit risk, and (iii) liquidity risk. The general risk management is focused on the unpredictable financial markets and to minimize the possible adverse effects in the Company's financial profile.

The criteria, policies and procedures adopted by the Company concerning in risk management matters, are based on institutional guidelines and on the applicable standards as well as the best practices formulated at a national and international level.

a. Market risk

The market risk is the potential loss from changes in risk factors that influence on the valuation or over the expected results in the assets and liabilities operations or that cause a contingent liability, such as exchange rates, interest rates and prices index, among others.

To cover said risks, the Company uses different derivative financial instruments. The objective of carrying out hedging transactions with derivatives is to reduce the exposure of primary position (securities, loan portfolio, deposits and debt) in light of adverse market movements in the risk factors. The hedge position must comply with the condition of behaving inversely to the primary position, i.e., increases in the risk factors that translate into losses in value in the primary position, diminishing the risk in a significant manner. It is worth to mention that to cover the primary position derivative instruments are used which operate in stock-exchange and extra stock-exchange markets.

The Company has follow-up and control policies for these operations, in order to comply with the best practices. All the hedge operations made with derivative instruments, must be informed to the follow-up, registry and valuation, and supervision areas with the purpose of carrying out internal control functions concerning to each one of them. In the case of the risk management area, it presents the related information of the hedging derivative operations to the different collegiate of the Company, such as the Board of Directors and the Risk Committee. In a proactive way the integral risk management unit monitors the fulfillment of risks limits and reports, in its case, excesses.

Measurement of market risk

The regulated financial business measures the market risk with the Value at Risk (VaR) model, considering the following parameters:

Parameters	
Method:	Historic simulation
Level of trust:	97.5%
Horizon:	1
Days of history:	253

Additionally, the analysis of historical scenarios to measure the impact on the global position value with regards to unusual changes in market prices, some tests of stress and sensibility are used. To assess the effectiveness of the methodology used in the estimation of VaR, periodically there are tests of "back testing", and if it is the case, the calculation parameters are redefined.

The risk under historic scenarios in the money market, changes and derivatives position, consists in evaluating the market position considering the historical risk factors (prices, rates, exchange rates and indexes) of the last 252 days and obtain the worst loss as a result of said valuations.

Hedge of primary position

As a measure of the hedge effectiveness, a risk reduction ratio (RRR) is used, by comparing the VaR of the primary position and the VaR resulting from the compensation between the primary position and the derivative instrument. Also, a retrospective test is performed that consist in comparing the profits/losses of a base period of the primary position and of the derivative, based on estimated market prices of both positions.

As regards to transactions for trading purposes, the goal is to take advantage of the possibilities for arbitration occurring in the main financial markets within the overall authorized credit limits risk. As in the rest of the negotiation portfolios, the market risk of the derivatives portfolio is measured with the VaR model and the consumption of the limits per market risk is monitored daily.

At December 2015 the portfolio of trading derivatives was composed of "Cross currency swaps", "equity swaps" and "forward currency".

The fair value of the portfolio of trading derivatives' position at December 2015 is not sensible to variations of the market risk factors and neither exist a market risk concentration, since the exposition is perfectly neutralized through the netting between identical long and short operations in cross currency swaps.

Transactions with financial derivatives based on the prices of stock certificates agree to settle differences over an initial reference value. Said settlement is made on the termination date of the agreements, which can be anticipated prior notice to the financial institutions which the financial instruments were contracted. The amount of the settlement corresponds to the open market value of the underlying less the initial value.

The Company is exposed to the inherent risk of the fluctuations in the price of the underlying assets of such financial derivative instruments. The Company reflects these fluctuations in its results through a periodical "mark-to-market" of said instruments. This not necessarily means a favorable or unfavorable cash flow, but until the maturity of them. In order to meet its possible payment obligation upon the termination thereof, the Company establishes a collateral deposit on the date of beginning of each agreement. The fact that it is collateralized means that the amount will be the maximum outflow against would be if the underlying asset had a zero value at the maturity of the instrument, in which case the Company would lose the collateral initially agreed (See Note 9).

b. Liquidity risk

Is the potential loss due to the impossibility or difficulty of renewing liabilities or being financed by them under normal conditions for the Company, for the advanced or inevitable sale of assets at unusual discounts to face its obligations, or due to the fact that a position cannot be opportunely transferred, acquired or covered through the establishment of an equivalent contrary position.

The income of the commercial business is mainly destined to the payment of suppliers, operating expenses, investments for expansion, and maintenance of the stores and distribution centers. The excess of generated cash flows, are generally invested in governmental securities and/or in bank notes, as well as foreign currency with first class financial institutions, since they are used to face the acquired commitments for the business, according to the agreed payment conditions with each one of them.

On the other hand, the bank's business model is mainly oriented to the bank intermediation through lending consumer loans and to a funding strategy sustained in the traditional deposit. This has allowed that the operation carried out by the Company to be in a prudent manner and without speculations, with the purpose of assuring the efficient allotment of resources towards the credit placement. The bank's treasury has an investment portfolio with the excess of the deposits, which are invested mainly in high liquidity and low risk governmental instruments. In foreign currency operations, said resources are invested in first class foreign banks and always at short terms, complying with the market and liquidity risk limits as well as the maximum exposure in foreign currency established by the authorities.

Regarding the liquidity risk due to maturity of the liabilities related with derivative transactions, the treasury manages and plans the liquidity risk, not leaving any margins between its financial assets and liabilities, managing in an effective manner its loans granted; additionally the Company has highly tradable assets portfolio in case of any contingency.

The maturities of the financial liabilities based on the remaining period of the date in the statement of financial position to the date of its contractual maturity, is analyzed in the corresponding notes.

The leverage required by the Company is determined by assessing the Mexican and foreign market conditions and with the respective considerations of short and long term cash flows.

Liquidity risk measurement:

The liquidity risk is determined by the marketability level of each one of the instruments that form the position, obtaining a VaR measure adjusted by liquidity, said methodology consists in adding in the market VaR the cost that would represent not to be able to sell the instrument for lack of liquidity in the market.

The liquidity risk model (VaR adjusted for liquidity risk) considers the following:

Marketability	Adjustment factor	Liquidity risk
High	0	0
Medium	1	VaR
Low	3	3*VaR
Null	7	7*VaR

The risk determination under stressful conditions is made by degrading in a level the marketability of the instruments that form the position.

c. Credit risk

Credit risk on financial instruments

The credit risk is defined as the potential loss due to a payment default, caused by changes in the ability or intention of the counterparty or the issuer of financial instruments to fulfill their contractual obligations. This loss could mean the non-fulfillment that is known as default or "no payment".

To estimate the risk of credit in financial instruments an assets valuation methodology is used based on Monte Carlo simulation model, which starts from a binomial distribution of these default events to create the different loss scenarios, as well as the probability that these occur.

Credit risk on mortgage credit and commercial portfolio

To measure the risk of mortgage credit and commercial portfolio, BAZ implemented a methodology of assets valuation based on a Monte Carlo simulation model of default, due to its capacity to determine different loss scenarios as well as the probability that these occur based on the most recent quality valuation of its loans.

Credit risk of the consumer portfolio

This is the result of the potential loss for the non-fulfillment of payment for the credits granted to individual people.

The expected loss refers to the risk of credit first element, this depends on the impairment that the portfolio presents on the date of the analysis and it is determined with the quality of each one of the accredited through the qualification.

The qualification methodology consists of the preparation of a profile or qualification model that arranges the operations from their origin and behavior characteristics, classifying them in homogeneous groups. Later, each one of them is assigned a probability of differentiated non-fulfillment, which is estimated by taking as a base the average of non-fulfillment rates obtained from observations that correspond to a period of at least five years. Finally, the severity of the loss which is unique for the whole portfolio, it is estimated as the date average observed during the last seven and half years.

d. Operating risk

For identifying operating risks, the Company applies an expert judgment methodology, whereby the person responsible for each business unit as an expert determines the key processes required to meet strategic objectives. With regard to the processes selected, risk factors are identified that threaten meeting the process and line of business objectives, as well as the control measures that have been established for that purpose.

The methodology uses risk matrices and controls that allow for gathering qualitative and descriptive information of both risks and controls, as well as their classification by risk factor, type of operating risk factor, likelihood of occurrence, and magnitude of impact. These risks are detected and itemized in the flowcharts of each process, which facilitates identification of each risk as well as the controls of each business unit.

Two forms of evaluating operating risk are considered for the quantification of risks:

Qualitative Methodology **Ex-ante (Trial by Experts)**	**Quantitative Methodology** **Ex-post (Materialized Risks)**
➢ Estimate of risks and possible impacts through the evaluation thereof by the Operating Risk Business Agent. ➢ Reinforcement of control measures.	➢ Recognition of losses by identifying events. ➢ Operating risk measurement through the journal entry of losses caused.

The Company has an advanced methodology for operating risk measurement, which is comprised of two components: on one hand, qualitative methodology whereby operating risk is quantified by considering the likelihood of occurrence and the economic impact of risks (information obtained from the operating risk business agents of each business unit); on the other hand, the quantitative methodology which generates the operating risk exposure starting with the information gathered in the database of loss events.

Pursuant to the foregoing, the Company comprehensively quantifies the operating risk by inputting the relevant variables on the prospective view of the likelihood of occurrence of the risk and retrospectively with the materialized impacts, that is, not only are operating risks quantified, but quantified risks are quantified as well.

On the other hand, the BAZ has developed an operating risk methodology (operating VaR) through the extreme value theory to establish tolerance levels and appetite for risk, which have the following parameters:

i. Tolerance level

Confidence level: 99%
Temporary horizon: Monthly
Number of Monte Carlo simulations: 10,000 scenarios
Historical information: January 2010 to May 2015.

ii. Appetite for risk
Confidence level: 95%
Temporary horizon: Monthly
Number of Monte Carlo simulations: 10,000 scenarios
Historical information: January 2010 to May 2015.

Said methodology considers the historical experience of BAZ accounts of observed losses and penalties/smatterings (by risk type); and has the purpose of simulating future operative losses, giving more importance to extreme events.

The methodological process adopted by BAZ for the management of technological risks is implemented by the IT Audit Area, through the Information Technology (IT) and consists in: the identification of risks, controls assessments, risks reports, risks management and monitoring of controls. This methodology takes two of the most recognized methodologies worldwide as the basis for the IT evaluation: COBIT and ISO27002.

Interpretation of the Risks Management measures

The exposure of market risk of the money market portfolios, derivatives and foreign currencies, specifically, the VaR at one day represents the maximum loss that the Company could incurred (for a determined position or investment portfolio, which is not supposed to change the following day) under normal market situations, with a determined level of probability.

The operational and legal VAR represents the maximum losses that the Company could observe taking in consideration the historical experience of the accounts of penalties and damages.

The liquidity risk (VaR of liquidity), is determined by adjusting the market VaR by a stock factor, this factor considers the operative level of the instrument in the market. This measure estimates the potential losses under the assumption that the instrument cannot be sold in the market, or that the sale price be decrease due to the low level of operative.

Regarding the loan and credit risk, the Company uses expected and not expected losses measures that indicate the potential losses of default of the issuer or counter-party regarding their payment obligations or commitments.

4.1.1 Quantitative Information

The quantitative information as of December 31 2015, except for the exchange rate, was determined with information from BAZ Mexico, main subsidiary of the financial business.

a. Value at risk

Market Risk measured through the VaR:

Concept	Value MKT theoretic	Value at risk VaR (1 day)	VaR/Value MKT	Con-sumption limit [1]	VaR/Capital net [2]
Trading securities:					
Unrestricted	$ 34,612,500	$ 4,000	0.01%	2.99%	0.03%
Restricted repurchase	4,354,400	1,000	0.02%	0.53%	0.01%
Repurchase	(2,118,100)	-	(0.01)%	0.12%	0.00%
Foreign currency values	141,800	6,000	4.44%	4.88%	0.05%
Money market	36,990,600	11,000	0.02%	6.21%	0.60%
Exchanges and metals	36,500	450	1.22%	0.69%	0.00%
Derivatives	500	0	0.00%	0.00%	0.00%
Total	$ 37,027,600	$ 11,450	0.02%	6.90%	0.06%

1 The risk limit for the Money market portfolio and derivatives is 1% of the net capital. For changes and metals the limit is 0.5%.
2 Is the net capital last known at year end.
3 The negotiation derivatives portfolio did not present open positions since its operations are perfectly netted.

i. Exchange rate

	US dollars (thousand of US dollars) December 31,		Other currencies (thousand of US dollars) December 31,		Total	
	2015	2014	2015	2014	2015	2014
Monetary assets						
Current assets	$ 2,271,013	$ 2,556,098	$ 622,788	$ 774,220	$ 2,893,801	$ 3,330,318
Non-current assets	378,144	252,023	44,408	62,393	422,552	314,416
	2,649,157	2,808,121	667,196	836,613	3,316,353	3,644,734
Monetary liabilities						
Current liabilities	381,401	1,715,462	491,748	701,307	873,149	2,416,769
Non-current liabilities	1,618,379	582,510	3,241	13,229	1,621,620	595,739
Long position	1,999,780	2,297,972	494,989	714,536	2,494,769	3,012,508
Long position, net	$ 649,377	$ 510,149	$ 172,207	$ 122,077	$ 821,584	$ 632,226

At December 31, 2015, the long-term liability includes a position in derivative financial instruments amounting to US$ 1,049,144, which is presented net of an equivalent asset position in pesos in the statement of financial position.

At December 31, 2014, the short-term liability includes a position in derivative financial instruments amounting to US$ 1,118,282, which is presented net of an equivalent asset position in pesos in the statement of financial position.

Moreover, at December 31, 2015, the noncurrent asset includes a position in derivative financial instruments amounting to US$ 113,959, which is presented net of an equivalent liabilities position in pesos in the statement of financial position.

The column of other currencies includes assets and liabilities denominated in various currencies, which were translated into U.S. dollars, considering the exchange rates at December 31, 2015.

Exchange rate per U.S. dollar:

Mexican pesos 17.25; Lempiras 22.52; Quetzales 7.63; Soles 3.41; Reales 3.90; Euros 1.09

At December 31, 2015, the Company presents a net long position in dollars; therefore, if the peso had strengthened (weakened) 10% against the dollar, and the rest of the variables had remained constant, After tax income for the year would have (decreased) increased in the amount of $ 70,635 as a result of the net exchange gain (loss) in the translation of monetary assets and liabilities in dollars not hedged in a derivative financial instrument.

A substantial portion of the monetary liabilities denominated in a foreign currency correspond to the Company's operations in the local currency in the countries where it has presence, and they are corresponded by assets in the same currency, which naturally covers any exchange risk. The long net position is maintained by eliminating those monetary assets and liabilities.

ii. Interest rate

Interest of part of the long term debt of the Company is based on a variable interest rate (TIIE 28 days) which could have an impact over its cash-flows, nevertheless, the mentioned impact could be partially covered, due to the cash excess of the Company is invested at the same variable interest rate.

During 2015 the risk was almost inexistent due to the variable interest rate TIIE 28 days remained stable of an average range of 3.32%.

Liquidity risk measured through the VaR:

Description	Value MKT theoretic	Value at risk VaR (1 day)	VaR/Value MKT	Con-sumption limit [1]	VaR/Capital net [2]
Marketability:					
High	$ 36,548,000	$ -	0.00%	0.00%	0.00%
Medium	300,800	100	0.00%	0.00%	0.00%
Low	141,800	23,400	11.68%	9.27%	0.14%
Null	-	-	0.00%	0.00%	0.00%
Total	$ 36,990,600	$ 23,500	0.04%	9.27%	0.139%

1 The risk limit is 1.5% of net capital, last known at year's closing.
2 Is the net capital, last known at 'years closing.

Operating risk:

Operating risk months 2015	Amount damaged	Nondiscretionary risk limits: Risk appetite	Nondiscretionary risk limits: Level of tolerance	Losses in risk appetite	Operating risk rating	Losses /net capital month (*)
October	$ 11,000	$ 15,570	$ 22,830	71%	Baja	0.08%
November	7,280			47%	Baja	0.06%
December	5,340			34%	Baja	0.04%

(*) Net capital corresponds to December 2015.

Portfolio coverage of the primary position of investments in foreign currency>

Description	Change: Primary position (*)	Change: Hedging position (*)	Residual exposure	Average effective reason
Investment in:				
American dollars	$ 37,510	$ (37,420)	$ (90)	99.70%
Canadian dollars	(230)	230	(0)	99.34%
Total	$ 37,280	$ (37,190)	$ (90)	99.59%

(*) Accumulated change in valuation as of December 31, 2015.

Coverage effectiveness ratio = Retrospective test

To prove the effectiveness of the coverage, the retrospective test was made which consists in comparing the profits/losses of the primary position and the derivative accumulated from the origin, based on estimations to market prices in both positions.

Coverage portfolio of the primary position in credit portfolio

Description	Change: Primary position (*)	Change: Hedging position (*)	Residual exposure	Average effective reason
Portfolio:				
Mexican pesos	$ 310	$ (310)	$ -	100.19%
American dollars	2,669,990	(2,662,140)	7,850	99.14%

(*) Accumulated change in valuation as of December 31, 2015.

Coverage effectiveness ratio = Retrospective test

To prove the effectiveness of the coverage, the retrospective test was made which consists in comparing the profits/losses of the primary position and the derivative accumulated from the origin, based on estimations to market prices in both positions.

b. Average values of the exposition by type of risk measured through the VaR

Market risk

Description	(Average amounts of 2015) Value MKT theoretic [2]	Value risk VaR (1 day)	VaR/Value MKT	VaR/Capital net [1]
Money market	$ 41,027,000	$ 9,200	0.02%	0.07%
Derivatives	-	-	0.00%	0.00%
Changes and metals	19,000	300	1.55%	0.00%
Total	$ 41,046,000	$ 9,500	1.57%	0.07%

1 It is the net capital, last known as of November 2015.
2 The portfolio of negotiation derivatives did not present open positions since its operations are perfectly netted.

Liquidity risk

Concept	(Average amounts of 2015) Value MKT theoretic [2]	Value risk VaR (1 day)	VaR/Value MKT	VaR/Capital net [1]
Tradable:				
High	$ 40,576,000	$ -	0.00%	0.00%
Medium	301,000	(20)	(0.01)%	0.00%
Low	146,000	23,860	16.35%	0.18%
Null	-	-	0.00%	0.00%
Total	$ 41,023,000	$ 23,840	0.06%	0.18%

1 Is the net capital, last known as of November 2015.

4.2 Capital management

The Company's consolidated capital management goals are:

- To keep its ability to continue as an ongoing concern.
- To provide an attractive profitability to the shareholders.
- To maintain an optimal capital structure to reduce the cost of capital.

In order to comply with the mentioned objectives, the Company constantly monitors its different business units to ensure that these maintain the expected profitability. However, the Company also could vary the amount of paid dividends to shareholders, issue new shares or monetize assets to reduce its debt.

The Company monitors the ratio of adjusted capital over debt with cost. This ratio is the result of dividing the net debt and the consolidated equity. Also the net debt is defined as a total of the short and long term debt with cost in the consolidated statement of financial position (excluding demand terms deposits and debtors from repurchase agreements), less the non-restricted cash and cash equivalents.

The adjusted capital ratio per debt as of December 31, 2015 and 2014, is calculated as follows:

	2014	2013
Total debt with cost	$ 18,118,931	$ 18,938,415
Less: Cash and cash equivalents	(15,478,338)	(13,904,919)
Net debt	$ 2,640,593	$ 5,033,496
Total equity	$ 51,785,974	$ 54,887,812
Ratio	$ 0.05	$ 0.09

As a result of decrease in the net debt and in the consolidated equity, the ratio is at a comfortable level at the closing of the year 2015 of only 0.05x; vis-a-vis 0.09x at the closing of 2014.

Capitalization index (BAZ México)

In addition of the consolidated equity administration, the Company has to closely monitor the equity of its regulated subsidiaries been the most important one BAZ México. The standards of Banxico for the determination of the capitalization index consider that a net equity over the market risk, credit and operational has to be maintained. The mentioned net equity cannot be lower than the resulting amount of adding the equity requirements for those types of risks.

Benchmark values at December 31, 2015

Assets at credit risk	$ 60,414,729	$ 63,297,042
Assets at market risk	4,150,053	4,729,688
Assets at operating risk	6,875,379	9,643,675
Total assets at risk	$ 71,440,161	$ 77,670,405

	2015	2014
Basic capital / Total risk assets	18.35%	14.91%
Net capital / Total risk assets (ICAP)	18.35%	14.91%

BAZ has as a policy, that the capitalization index cannot be lower than 12%.

Beginning October 2015, pursuant to official letter 121-2/18992/2015, BAZ is authorized by the CNBV to use the alternative standard method for the calculation of the capital requirement for operating risk, in accordance with Article 2 Bis 114 of the General Provisions Applicable to Lending Institutions.

4.3 Estimation of fair value

1. The fair values of the assets and liabilities at amortized cost are based on the discounted cash flows, using a discount rate appropriate for each instrument. The Company considers that the fair value of said short term financial instruments is equal to its value in books, since the discount effect is not significant.

2. The following chart analyzes the financial instruments measured in fair value for its valuation method. The different hierarchies of fair value have been defined as follows:

   a. Prices quoted in active markets for identical assets and liabilities (Level 1).

   b. The variables different from quoted prices included in Level 1 that are observable for the asset or liability, whether is directly (that is, as prices) or indirectly (that is, derivatives of the prices) (Level 2)

   c. Variables for the asset or liability which are not based on the observable market data (variables non-observable) (Level 3).

Reference values at December 31, 2015.

Description	Level 1	Level 2	Level 3	Total
Assets:				
Financial assets at fair value with changes in profit or loss:				
- Titles for trading	$ 64,849,858	$	$	$
- Derivatives held for trading	628,481			
Financial assets available for sale:				
- Capital securities	152,897			
Total assets	$ 65,631,236	$	$	$
Liabilities:				
Derivatives for trading	$ 493,743	$	$	$
Hedging derivatives	2,129,912			
Total liabilities	$ 2,623,655	$	$	$

5. Cash and cash equivalents

a. Cash and cash equivalents are as follows:

	2015	2014
Cash	$ 7,455,643	$ 6,462,679
Banks	7,967,584	7,405,127
Other availabilities	55,112	37,113
Restricted cash	7,431,032	7,571,294
Cash and cash equivalents	$ 22,909,371	$ 21,476,213

b. The balance of restricted availabilities is as follows:

		2015	2014
Monetary regulation deposits to central banks	(1)	$ 5,962,792	$ 7,012,345
Interbank loans "Call Money"	(2)	738,043	43,004
Collateral granted due to financial derivative operations	(3)	6,908	5,900
Currencies	(4)	711,509	456,246
Others		11,780	53,799
Restricted availabilities		$ 7,431,032	$ 7,571,294

(1) Mandatory instrument for loan institutions to regulate the surplus or lack of liquidity in the money market.

(2) Commitments for inter-bank loans from 1 to 3 days.

(3) Collateral granted in cash for derivative financial instruments transactions.

(4) Receivable balances in dollars to be settled from 24 to 48 hours.

6. Investments in securities

a. The investments in securities are as follows

	2015	2014
Current:		
Securities acquired for trading purposes	$ 56,358,068	$ 35,587,390
Securities available for sale	152,897	-
Securities held to maturity	9,216,438	386,511
	65,727,403	35,973,901
Non-current:		
Securities held to maturity	6,522,064	11,260,345
	$ 72,249,467	$ 47,234,246

b. The restricted investment balances are as follows:

	2015	2014
Collateral granted for derivative financial instruments transactions (See note 9-b)	$ 11,881,394	$ 10,647,013
Restricted securities for repurchase	4,354,755	5,168,188
Investment in special Siefores reserve (minimum regulatory margin)	301,521	257,874
Reserve Central Bank of El Salvador	-	-
Securities pledged	298,678	244,796
Others	154,892	17,534
Restricted investments	$ 16,991,240	$ 16,335,405

7. Debtors and creditors from repurchase agreements

As of December 31, 2015 and 2014 the position consists of the following:

Instrument		At December 31, 2015 Collateral received	Agreed amount	Fair value	At December 31, 2014 Collateral received	Agreed amount	Fair value
BPAG91	(1)				$ 4,999,493	$ 5,003,748	$ 5,003,748
BPA182	(1)	$ 1,495,772	$ 1,500,971	$ 1,500,971	3,022,813	3,001,873	3,001,873
CERBURST		1,067,925	1,070,000	1,070,000			
BONDESD	(2)	279,850	280,000	280,000	4,493,257	4,500,000	4,500,000
EUROBONOS		258,322	258,322	258,322			
CETES		23,000	23,000	23,000			
Government securities		3,124,869	3,132,293	3,132,293	12,515,563	12,505,621	12,505,621
Total		$ 3,124,869	$ 3,132,293	$ 3,132,293	$ 12,515,563	$ 12,505,621	$ 12,505,621

Instruments		As of December 31, 2015 Collateral granted Own position	Third parties	Agreed amount	Fair value	As of December 31, 2014 Collateral granted Own position	Third parties	Agreed amount	Fair value
CETES		$ 4,244,029	$ -	$ 4,243,110	$ 4,243,110	$ 4,721,864	$ -	$ 4,722,809	$ 4,722,809
GUBER	(1)	1,001	119,421	120,539	120,553	-	-	-	-
BONDESD	(2)						18,508	18,560	18,560
IPABONIS	(3)					-	44,794	44,335	44,335
Government-securities		4,245,030	119,421	4,363,649	4,363,663	4,721,864	63,302	4,785,704	4,785,704
Note						1,929	-	1,927	1,927
Banking securities						1,929	-	1,927	1,927
Total		$ 4,245,030	$ 119,421	$ 4,363,649	$ 4,363,663	$ 4,723,793	$ 63,302	$ 4,787,631	$ 4,787,631

(1) GUBER: Governmental values.
(2) BONDESD: Federal Government Development Bonds.
(3) IPABONIS: IPAB Bonds.

All repurchase transactions carried out by the Bank and Brokerage firm are cash-oriented.

During 2015 the annual rates of the interest fluctuate between 0.70% and 3.60% and the contract terms for the repurchase transactions are between 1 and 91 days. The amounts recognized in results as revenues (purchaser) and expense (seller) for this item are $ 333,117 and $ 111,241, respectively.

During 2014 the annual rates of the interest fluctuate between 2.64% and 3.86% and the contract terms for the repurchase transactions are between 1 and 28 days. The amounts recognized in results as revenues (purchaser) and expense (seller) for this item are $ 250,274 and $ 137,223, respectively.

8. Loan portfolio

a. The balance of the loan portfolio is as follows:

	2015	2014
Consumer loans	$ 51,919,273	$ 60,986,201
Commercial portfolio	19,907,476	18,793,277
Housing loans	529,609	520,849
Cash advances and fees (AEA)	8,090,261	7,570,815
Total loan portfolio	80,446,619	87,871,142
Less:		
Past due receivables in the year	(13,239,965)	(11,969,966)
	67,206,654	75,901,176
Allowance for credit risks (Note 2.14)	(7,426,364)	(9,282,660
Total net portfolio	59,780,290	66,618,516
Less, current loan portfolio	(42,258,456)	(49,662,076)
Non-current portfolio	$ 17,521,834	$ 16,956,440

The maturity of the long term portfolio as of December 31, 2015, is as follows:

Year	Amount
2016	$ 8,736,958
2017	2,448,961
2018	2,429,366
2019	1,308,344
2020 hereafter	2,598,205
Total	$ 17,521,834

During 2015 and 2014 the Company through BAZ conducted financial leases of $ 131,117 and $ 848,139, respectively, which are included in the consumer loans using the same credit rates.

b. The roll forward of the allowance for loan risks is as follows:

	2015	2014
Balance at beginning of the year	$ 9,282,660	$ 8,642,963
Increases	10,780,821	11,804,430
Write-offs	(12,637,117)	(11,164,733)
Balance at end of the year	$ 7,426,364	$ 9,282,660

c. The classification of current and past due loans as of December 31, 2015 and 2014 is analyzed below:

	December 31, 2015			December 31, 2014		
Type of credit	Current	Past due	Total	Current	past due	Total
Consumer	$ 38,547,915	$ 3,291,936	$ 41,839,851	$ 45,415,863	$ 6,195,688	$ 51,611,551
Commercial	19,907,476	-	19,907,476	18,793,076	201	18,793,277
Housing	456,533	61,577	518,110	468,153	26,246	494,399
Cash advances and fees (AEA)	4,203,991	737,226	4,941,217	4,390,122	611,827	5,001,949
Total	$ 63,115,915	$ 4,090,739	$ 67,206,654	$ 69,067,214	$ 6,833,962	$ 75,901,176

The classification of the aging of past due loan portfolio as of December 31, 2015 and 2014, is analyzed below:

	2015	2014
1 - 90 days	$ 868,449	$ 728,482
91 - 180 days	1,790,285	3,410,682
181 - 365 days	1,395,772	2,671,027
366 - 2 years	31,299	22,618
Over 2 years	4,934	1,153
Total	$ 4,090,739	$ 6,833,962

The fair value of the non-current portfolio is as follows:

	December 31, 2015		December 31, 2014	
	Book value	Fair value	Book value	Fair value
Consumer	$ 41,839,851	$ 36,351,548	$ 51,611,551	$ 43,827,960
Commercial	19,907,476	18,896,545	18,793,277	18,165,398
Housing	518,110	402,065	494,399	378,102
Cash advances	4,941,217	4,130,132	5,001,949	4,247,056
Total portfolio	$ 67,206,654	$ 59,780,290	$ 75,901,176	$ 66,618,516

9. Financial derivative instruments

a. Derivatives for hedging purposes

As of December 31, 2015 and 2014, the Company holds exchange rate future agreements, exchange rate forward agreements, interest rate swaps and cross currency swaps. The strategy is to eliminate the risk in the exchange rate of US dollars, CAN dollars and Euros, the changes in the long-term interest rate curves, to determine the funding rate of the mortgage portfolio and determine the funding rate of the credits granted in foreign currency. The effects of valuation of the position of derivatives designated as hedges and hedged positions amount to a gain of $ 269,957 and an expense in the amount of $ 289,839, respectively, at December 31, 2015 and a gain in the amount of $ 310,535 and an expense amounting to $ 262,148, respectively, at December 31, 2014.

b. Derivatives with trading purposes

i. Equity swaps

Transactions with financial derivatives based on the prices of Company's stock certificates agree to settle differences over an initial reference value. Said settlement is made on the termination date of the agreements, which can be anticipated prior notice to the financial institutions which the financial instruments were contracted. The amount of the settlement corresponds to the open market value of the underlying less the initial value.

The underlying values at year end and of issuance of the financial statements were as follows:

Date	Amount
March 10, 2016	$ 316.23
December 31, 2015	379.04
December 31, 2014	562.93

In order to meet its possible payment obligation upon the termination thereof, the Company establishes a collateral deposit on the date of beginning of each agreement, which as of December 2015 and 2014 amounted $ 11,881,394 and $ 10,647,013, respectively, which represent restricted investments at the maturity of the agreement, which can be realized in case that the instrument is early terminated. Collateralization means that this amount would be the highest potential loss the Company would face should the value of the underlying asset be zero at the time of termination of the agreement, canceling if any, the effect on valuation of the financial instrument considered as asset.

These instruments are expressed at fair value and their valuation effects are recognized in the consolidated statement of income within the comprehensive financial income. As of December 31, 2015 and 2014, the net effects derived from these transactions and recognized in the results for the year accounted for (loss) income of ($ 5,829,423) and $ 3,575,248, respectively.

Any fluctuations in the underlying asset can significantly affect the valuation of these derivative financial instruments. In case of a 20% decrease in the value of the underlying asset over the closing price at December 31, 2015 and 2014, would represent a decrease in the total assets of $ 2,403,159 and $ 3,569,044, respectively, and an additional loss of $ 1,682,211 and $ 2,498,331, respectively.

ii. Forwards and cross currency swaps

As of December 31, 2015 and 2014 BAZ maintains exchange rate forward agreements and cross currency swaps. In both cases the operations are matched between long and short identical operations.

The assets and liabilities recognized in the statement of financial position are as follows:

Instrument	Intention	2015	2014
Assets:			
Swaps	Trading	$ 628,481	$ 7,198,627
Asset position		628,481	7,198,627
Less, short term portion		-	-
Non-current derivative financial instruments		$ 628,481	$ 7,198,627
Liabilities:			
Forwards/Futures	Hedging	$ 35,878	$ 181,953
Swaps	Hedging	2,094,035	1,347,289
Swaps	Trading	493,743	-
Liability position		2,623,656	1,529,242
Less, short term portion		529,621	(181,953)
Non-current derivative financial instruments		$ 2,094,035	$ 1,347,289

The maturities of long-term derivative liabilities are as follows:

	2015
2016	$ 529,621
2017	481,696
2018	262,951
2019	1,086,992
2020 hereafter	262,396
	2,623,656
Less: current portion	(529,621)
Non-current portion	$ 2,094,035

The position of current operations as of December 31, 2015 is analyzed below:

Forwards and futures:

Position	Instrument	Market	Intention	Risk	Underlying	Notional amount (2)	Nominal amount	Collateral granted (3)	Accounting net balance
Sale	Forward	OTC (1)	Hedging	Market (exchange rate)	US dollar	$ 7,970	$ 137,472	$ 167,811	$ 1,291
Sale	Forward	OTC (1)	Hedging	Market (exchange rate)	US dollar	20,890	360,325	-	(10,934)
Sale	Forward	OTC (1)	Hedging	Market (exchange rate)	US dollar	82,520	1,423,363	-	12,080
Sale	Forward	OTC (1)	Hedging	Market (exchange rate)	US dollar	46,340	799,305	-	(20,407)
Sale	Forward	OTC (1)	Hedging	Market (exchange rate)	US dollar	930	16,041	-	164
Sale	Forward	OTC (1)	Hedging	Market (exchange rate)	US dollar	40,850	704,609	-	(18,869)
Sale	Forward	OTC (1)	Trading	Market (exchange rate)	US dollar	4,500	55,909	-	675
Purchase	Forward	OTC (1)	Trading	Market (exchange rate)	US dollar	41,434	714,674	-	(32,915)
Sale	Future	Organized	Hedging	Market (exchange rate)	US dollar	41,451	714,970	-	33,059
Sale	Future	Organized	Hedging	Market (exchange rate)	US dollar	152,310	2,627,149	262,261	20,728
						65,140	1,123,580	-	(20,750)
						$ 504,335	$ 8,677,397	$ 430,072	$ (35,878)

(1) Over the counter.
(2) Reference amount in thousands and in function to the underlying.
(3) Asset portion.

Swaps:

Instrument	Market (1)	Intention	Risk	Underlying	Notional to receive (2)	Price to receive	Notional to deliver (2)	Price to deliver	Receivable flow (3)	Payable flow (4)	Collateral granted /margin account	Accounting net balance
CCS	OTC	Trade	Market (interest rate)	TIIE 28	$ 1,114,124	MXP	$ 853,136	USD	$ 1,250,676	$ 925,828	$ -	$ 324,848
CCS	OTC	Trade	Market (interest rate)	TIIE 28	-	MXP	-	USD	-	-	-	-
CCS	OTC	Trade	Market (interest rate)	LIBOR	-	USD	-	MXP	-	-	-	-
CCS	OTC	Trade	Market (interest rate)	LIBOR	853,136	USD	1,114,124	MXP	926,175	1,250,686	-	(324,511)
ES	OTC	Trade	Market (shares)		8,491,790	USD	8,491,790	USD	-	-	8,491,790	(493,743)
ES	OTC	Trade	Market (shares)		3,389,604	MXP	3,389,604	MXP	-	-	3,389,604	628,144
					$ 13,848,654		$ 13,848,654		$ 2,176,851	$ 2,176,514	$ 11,881,394	$ 134,738
IRS	OTC	Fair value hedges	Market (interest rate)	TIIE 28	$ 18,346	MXP	$ 18,346	MXP	$ 18,628	$ 19,109	$ 6,104	$ (481)
CCS	OTC	Fair value hedges	Market (interest rate)	TIIE 28	-	MXP	-	USD	-	-	2,744,113	-
CCS	OTC	Fair value hedges	Market (interest rate)	TIIE 28	6,562,573	MXP	8,247,081	USD	3,903,741	5,070,045	-	(1,166,304)
FSS	OTC	Fair value hedges	Market (interest/currency rate)	TIIE 28/ US dollar	-	MXP/USD	-	USD/MXP	2,885,955	3,813,205	-	(927,250)
					$ 6,580,919		$ 8,265,427		$ 6,808,324	$ 8,902,359	$ 2,750,217	$ (2,094,035)

(1) Over the counter.
(2) Amount expressed in terms of the underlying.
(3) Asset portion.
(4) Liability portion.

The position of current operations as of December 31, 2014 is analyzed below:

Forwards and futures:

Position	Instrument	Market	Intention	Risk	Underlying	Notional amount (2)	Nominal amount	Collateral granted (3)	Accounting net balance
Sale	Forward	OTC (1)	Hedging	Market (exchange rate)	US dollar	$ 656	$ 9,677	$ 36,514	$ 38
Sale	Forward	OTC (1)	Hedging	Market (exchange rate)	US dollar	41,680	614,423	-	(49,030)
Sale	Forward	OTC (1)	Hedging	Market (exchange rate)	US dollar	2,821	41,588	-	13
Sale	Forward	OTC (1)	Hedging	Market (exchange rate)	US dollar	52,606	775,484	-	(61,054)
Sale	Forward	OTC (1)	Hedging	Market (exchange rate)	US dollar	58,512	862,556	-	(73,820)
Sale	Forward	OTC (1)	Hedging	Market (exchange rate)	US dollar	4,672	68,879	-	(5,046)
Sale	Future	Organized	Hedging	Market (exchange rate)	US dollar	6,000	76,358	-	(958)
Sale	Future	Organized	Hedging	Market (exchange rate)	US dollar	111,940	1650,152	110,762	6,643
Sale	Future	Organized	Hedging	Market (exchange rate)	Euro	4,600	67,810	-	(232)
						2,500	44,596	-	1,492
						$ 285,987	$ 4,211,523	$ 147,276	$ (181,954)

(1) Over the counter.
(2) Reference amount in thousands and in function to the underlying.
(3) Asset portion.

Swaps:

Instrument	Market (1)	Intention	Risk	Underlying	Notional to receive (2)	Price to receive	Notional to deliver (2)	Price to deliver	Receivable flow (3)	Payable flow (4)	Collateral granted /margin account	Accounting net balance
CCS	OTC	Trade	Market (interest rate)	TIIE 28	$ 1,310,500	MXP	$ 1,144,910	USD	$ 1,488,335	$ 1,262,344	$ -	$ 225,991
CCS	OTC	Trade	Market (interest rate)	TIIE 28	-	MXP	-	USD	-	-	-	-
CCS	OTC	Trade	Market (interest rate)	LIBOR	-	USD	-	MXP	-	-	-	-
CCS	OTC	Trade	Market (interest rate)	LIBOR	1,144,910	USD	1,310,500	MXP	1,262,766	1,488,335	-	(225,569)
ES	OTC	Trade	Market (shares)		7,257,409	USD	7,257,409	USD	-	-	7,257,409	4,620,864
ES	OTC	Trade	Market (shares)		3,389,604	MXP	3,389,604	MXP	-	-	3,389,604	2,577,341
					$ 13,102,423		$ 13,102,423		$ 2,751,101	$ 2,750,679	$ 10,647,013	$ 7,198,627
IRS	OTC	Fair value hedges	Market (interest rate)	TIIE 28	$ 24,461	MXP	$ 24,461	MXP	$ 24,949	$ 25,719	$ 3,123	$ (771)
CAP	OTC	Fair value hedges	Market (interest rate)	TIIE 28	-	MXP	-	USD	-	-	1,678,046	-
CCS	OTC	Fair value hedges	Market (interest rate)	TIIE 28	6,348,132	MXP	7,354,822	USD	6,529,215	7,688,532	-	(1,159,317)
CCS	OTC	Fair value hedges	Market (interest/currency rate)	TIIE 28	5,787,980	MXP/USD	5,787,980	USD/MXP	5,685,624	5,872,825	-	(187,201)
					$ 12,160,573		$ 13,167,263		$ 12,239,788	$ 13,587,076	$ 1,681,169	$ (1,347,289)

(1) Over the counter.
(2) Amount expressed in terms of the underlying.
(3) Asset portion.
(4) Liability portion.

10. Balances and transactions with related parties

	2015	2014
Accounts receivable:		
Comunicaciones Avanzadas, S. A. de C. V. and subsidiaries (CASA), former Azteca Holdings, S. A. de C. V. (Note 17)	$ 1,074,098	$ 1,254,149
Total Play Telecomunicaciones, S. A. de C. V. (Total Play)	74,943	-
GSF Telecom Holdings, S. A. P. I. de C. V. and subsidiaries (GSF)	-	404,071
Others	345,281	415,457
Total	1,494,322	2,073,677
Less, current	(582,693)	(874,141)
Total non-current	$ 911,629	$ 1,199,536
Income:		
Commissions	$ 87	$ 252,064
Interests	108,093	117,575
Promotion and commercialization	-	284,148
Administrative services	-	147,977
Rents	-	12,126
Portfolio management	-	37,296
Others services	3,271	7,403
Total	$ 111,451	$ 858,589
Expenses:		
Advertising	$ 399,022	$ 361,500
Call center services	8,679	16,501
Telecommunication services	136,447	340,673
Other services	24,863	22,465
Total	$ 569,011	$ 741,139

The main transactions with related parties are as follows:

Contracts entered into with GSF:

The Federal Telecommunications Institute (IFT) authorized the sale of 100% of the shares of GSF Telecom Holdings, S.A.P.I. de C.V. on December 15, 2014. (GSF) to AT&T Mobility Holdings B.V. and New Cingular Wireless Services, Inc. (overall AT&T), as well as the separation of the denominated Excluded Subsidiaries, which would operate the Fixed Business (providing and marketing of fixed telecommunications that are offered through public telecommunication networks, through wireless technologies, and it consists of Internet access services, fixed telephony, voice and data, restricted television, video on demand, among other services). Through capital contributions, an entity denominated Grupo Salinas Telecom, S. A. de C. V. (GST) became the controlling stockholder of Total Play Telecomunicaciones, S.A. de C.V. (Total Play) and the rest of the Excluded Subsidiaries. The 2014 balances and transactions do present that transaction, since Grupo Iusacell and subsidiaries were still related parties of the Company at 2014 fiscal year end.

It is important to note that various contracts were signed in January 2015, in order to assure the continuity of the operation of Grupo Iusacell (subsidiary of GSF), as well as various subsidiaries of Grupo Elektra.

Moreover, the rights of the following contracts were assigned by Iusacell, S. A. de C. V. in its capacity as "Assignor" in favor of Total Play in its capacity as "Assignee".

On February 1, 2005, the Company entered into a contract with an undefined duration with Iusacell for mainly rendering voice, data, connectivity, monitoring, and last mile equipment management (broad band connection). The rates collected depend on the destination of the all or connection capacity.

Various telecommunications service contracts such as corporate Internet service, networks, and fixed telephony.

On June 1, 2015, the Company and Total Play entered into a contract whereby Elektra offers Total Play the reception of payments services that Total Play renders to its customers.

In addition, Total Play renders different fixed telephony, Internet access, and dedicated link rental services to Elektra.

Derived from these services, the Company recorded revenues and expenses for the above items, which represented a net expense amounting to $ 136,360 at December 31, 2015.

Contracts entered into with Grupo Movil Access and Subsidiaries:

On August 20, 2012, Movil Access entered into a debt novation and assignment agreement with Operadora Unefon, S. A. de C. V. (Operadora Unefon), whereby Operadora Unefon assumed a credit on an unpaid balance in the amount of $ 298,855, at an EIIR 28 day interest rate plus 7 percentage points with ZAZ at that date. The amount of the credit plus interest and related charges generated should be covered on August 20, 2017. The total loan and interest amounting to $ 209,857 was paid in advance in January 2015.

Contracts entered into with CASA and subsidiaries:

Elektra and Estudios Azteca, S. A. de C. V. (Estudios Azteca) have entered into various advertising contracts every year, for the purpose of rendering advertising transmission services on channels 7 and 13 of TV Azteca. Estudios Azteca received $ 399,022 and $ 361,500 for these services at December 31, 2015 and 2014, respectively.

SAZ entered into various pure project finance agreements with Arrendadora Internacional Azteca, S. A. de C. V. (AIA) from 2011 to 2013, whose principal and interest amount to $ 968,759 at December 31, 2015, due 2021:

	2015
2016	$ 57,130
2017	207,192
2018	249,262
2019	204,375
2020	250,800
	968,759
Less, short-term portion	(57,130)
Long-term portion	$ 911,629

The Company has acquired computer equipment, transportation equipment and licenses by entering into capitalized lease agreements with AIA, which amount to $ 119,497 at December 31, 2015, and such equipment is presented on the line of bank credits and other loans.

The corresponding liability with AIA has the following due dates:

	2015
2016	$ 64,127
2017	34,204
2018	20,426
2019	740
	119,497
Menos, porción a corto plazo	(64,127)
Porción a largo plazo	**$ 55,370**

Employee benefits

The benefits granted to the Company's executive personnel amounted to $ 781,919 and $ 603,665 in 2015 and 2014, respectively.

In management's opinion, there is no controlling party of the Company in the final analysis.

11. Other accounts receivable

As of December 31, 2015 and 2014 the other accounts receivable are as follows:

	2015	2014
Values and currency to be settled	$ 4,316,576	$ 1,240,395
Granted colateral on derivative financial operations	2,918,028	1,717,684
Advances to suppliers	1,213,797	1,381,068
Transfer money services (*)	771,542	684,068
Transactions pending to be applied	250,326	1,341,982
Receivable value added tax	122,446	725,777
Other accounts receivable	3,287,891	3,625,739
Total	$ 12,880,606	$ 10,716,713

(*) In January 2006, the Company had signed an exclusivity agreement with Western Union to transfer funds from the USA to Mexico and run for six years and one month. Also, in February 2012 the Company renewed the agreement for a period of seven years, not including exclusivity clause, receiving US$ 37 million as partial consideration for the provision of services.

Additionally, in February 2006 the Company began operations as paying agent of Vigo Remittance Corp. (Vigo), that agreement expired in February 2012, renewed on that date until February 2019.

12. Inventories

a. At December 31, 2015 and 2014 is as follows:

	2015	2014
Electronics	$ 1,598,386	$ 1,454,135
Household appliances	972,361	840,490
Telephones	882,965	849,023
Motorcycles	880,708	640,358
Computers	385,884	541,801
Movies and videogames	331,930	524,371
Furniture	376,144	293,874
Other	227,640	30,896
Total	5,656,018	5,174,948
Goods in transit	714,996	517,720
Assembly in progress (transportation equipment)	214,858	213,540
	$ 6,585,872	$ 5,906,208

b. The reserve for slow-moving inventories and obsolete is analyzed as follows:

	2015	2014
Balance at January 1	$ 67,183	$ 79,655
Charges (credits) to income statement:		
Additional reserve	404,061	315,452
Applications	(309,368)	(327,924)
	$ 161,876	$ 67,183

The amount of the reserve related to obsolescence is presented netted in each caption of the inventories.

13. Prepayments

At December 31, 2015 and 2014 is comprises as follows:

	2015	2014
Tax advances	$ 1,068,383	$ 66,425
Rents	250,146	289,562
Advertising and promotion	117,803	76,063
Maintenance to stores and branches	183,416	218,322
Insurance	140,383	121,459
Interests	56,974	98,879
Other prepayments	240,260	441,819
	$ 2,057,365	$ 1,312,529

14. Property, plant and equipment

As of December 31, 2015, the balance of property, plant and equipment is reconciled as follows:

	Land	Buildings	Computer equipment	Trans-portation equipment	Office furniture and equipment	Machinery and equipment	Satellite network	Investment in store	Total
At January 1, 2015	$ 583,662	$ 646,640	$ 1,141,359	$ 1,134,215	$ 603,516	$ 413,295	$ 65,356	$ 2,515,203	$ 7,103,246
Valuation effect of foreign subsidiaries	1,451	59,759	32,661	17,016	48,012	4,042	(480)	82,504	244,965
Additions	-	216,115	466,128	117,971	42,866	33,073	13,731	592,530	1,482,414
Additions through business combinations	-	-	-	-	-	-	-	-	-
Dispositions									
Sales	(3,596)		(49,241)	(81,731)	(53,324)	(2,844)	(1,546)	(159,316)	(351,598)
Reclassifications	-	(205,076)	11,023	-	103,839	-	-	90,214	-
Depreciation	825	(14,486)	(665,227)	(276,995)	(149,273)	(72,495)	(18,522)	(1,138,415)	(2,334,588)
At December 31, 2015	$ 582,342	$ 702,952	$ 936,703	$ 910,476	$ 595,636	$ 375,071	$ 58,539	$ 1,982,720	$ 6,144,439
Cost of investment	$ 695,471	$ 2,104,895	$ 4,984,670	$ 1,791,772	$ 2,041,796	$ 904,867	$ 197,100	$ 11,538,283	$ 24,258,854
Accumulated depreciation and impairment	(113,129)	(1,401,943)	(4,047,967)	(881,296)	(1,446,160)	(529,796)	(138,561)	(9,555,563)	(18,114,415)
Carrying amount, net	$ 582,342	$ 702,952	$ 936,703	$ 910,476	$ 595,636	$ 375,071	$ 58,539	$ 1,982,720	$ 6,144,439

As of December 31, 2014, the balance of property, plant and equipment is reconciled as follows:

	Land	Buildings	Computer equipment	Trans-portation equipment	Office furniture and equipment	Machinery and equipment	Satellite network	Investment in store	Total
At January 1, 2014	$ 601,632	$ 575,742	$ 1,286,009	$ 1,285,283	$ 484,975	$ 452,423	$ 55,364	$ 2,689,534	$ 7,430,962
Valuation effect of foreign subsidiaries	1,349	35,574	12,774	8,050	28,508	10,824	477	33,000	130,556
Additions	-	265,833	528,461	245,334	88,936	21,436	23,550	1,057,469	2,231,019
Additions through business combinations	3,596	186	44,268	6,931	70,900	-	-	26,737	152,618
Dispositions									
Sales	-	(18,471)	(40,329)	(89,519)	(39,243)	(1,289)	-	(38,014)	(226,865)
Reclassifications	(22,915)	(197,136)	12,564	2	113,554	(711)	(1,596)	69,971	(26,267)
Depreciation	-	(15,088)	(702,388)	(321,866)	(144,114)	(69,388)	(12,439)	(1,323,494)	(2,588,777)
At December 31, 2014	$ 583,662	$ 646,640	$ 1,141,359	$ 1,134,215	$ 603,516	$ 413,295	$ 65,356	$ 2,515,203	$ 7,103,246
Cost of investment	$ 697,230	$ 2,032,284	$ 5,146,920	$ 1,999,462	$ 1,881,036	$ 872,495	$ 185,500	$ 11,087,642	$ 23,902,569
Accumulated depreciation and impairment	(113,568)	(1,385,644)	(4,005,561)	(865,247)	(1,277,520)	(459,200)	(120,144)	(8,572,439)	(16,799,323)
Carrying amount, net	$ 583,662	$ 646,640	$ 1,141,359	$ 1,134,215	$ 603,516	$ 413,295	$ 65,356	$ 2,515,203	$ 7,103,246

As of December 31, 2015, the useful lives of the main groups of assets are shown below:

	Useful life
Buildings	2%
Computer equipment	30% and 33%
Transportation equipment	20% and 25%
Office, furniture and equipment	10% and 11%
Machinery and equipment	10%
Satelital Network	20%

15. Investment properties

As of December 31, 2015, the balance of investment properties is reconciled as follows:

	Land	Buildings	Total
As of January 1, 2015	$ 127,094	$ 144,754	$ 271,848
Reclassifications	-	-	-
Depreciation	-	(4,501)	(4,501)
As of December 31, 2015	$ 127,094	$ 140,253	$ 267,347
Cost of investment	$ 146,159	$ 467,472	$ 613,631
Accumulated depreciation and impairment	(19,065)	(327,219)	(346,284)
Carrying value, net	$ 127,094	$ 140,253	$ 267,347

As of December 31, 2014, the balance of investment properties is reconciled as follows:

	Land	Buildings	Total
As of January 1, 2014	$ 66,306	$ 137,106	$ 203,412
Reclassifications	60,788	8,802	69,590
Depreciation	-	(1,154)	(1,154)
As of December 31, 2014	$ 127,094	$ 144,754	$ 271,848
Cost of investment	$ 146,159	$ 467,472	$ 613,631
Accumulated depreciation and impairment	(19,065)	(322,718)	(341,783)
Carrying value, net	$ 127,094	$ 144,754	$ 271,848

As of December 31, 2015 and 2014 investment property generated revenues of $ 36,399 and $ 36,105, respectively.

As of December 31, 2015 and 2014 the fair value of investment properties amounted to $ 369,355.

16. Intangible assets

As of December 31, 2015, the balance of intangible assets is reconciled as follows:

	Goodwill	Trademarks	Rights and permissions	Customers relationships	Other intangibles	Total
As of January 1, 2015	$ 5,826,401	$ 1,370,950	$ 488,477	$ 38,156	$ 14,224	$ 7,738,208
Valuation effect of foreign subsidiaries	805,627	215,085	57,024	4,442	1,582	1,083,760
Additions	-	-	119,107	-	9,300	128,407
Additions through business combinations	-	-	-		-	-
Lows			(24)			(24)
Impairment	(2,378,232)	(437,737)	(123,965)	-	-	(2,939,934)
Amortization	-	-	(113,771)	(23,331)	(17,627)	(154,729)
As of December 31, 2015	$ 4,253,796	$ 1,148,298	$ 426,848	$ 19,267	$ 7,479	$ 5,855,688
Cost of investment	$ 6,996,868	$ 1,604,129	$ 2,305,999	$ 537,487	$ 422,373	$ 11,866,857
Accumulated amortization	(2,743,072)	(455,831)	(1,879,151)	(518,220)	(414,894)	(6,011,169)
Carrying amount, net	$ 4,253,796	$ 1,148,298	$ 426,848	$ 19,267	$ 7,479	$ 5,855,688

As of December 31, 2014, the balance of intangible assets is reconciled as follows:

	Goodwill	Trademarks	Rights and permissions	Customers relationships	Other intangibles	Total
As of January 1, 2014	$ 5,219,306	$ 1,216,840	$ 608,380	$ 145,660	$ 121,313	$ 7,311,499
Valuation effect of foreign subsidiaries	597,901	154,110	57,093	6,179	2,016	817,299
Additions	-	-	119,599	-		119,599
Additions through business combinations	9,194	-	-		-	9,194
Impairment	-	-	(162,733)	-	-	(162,733)
Amortization	-	-	(133,862)	(113,683)	(109,105)	(356,650)
As of December 31, 2014	$ 5,826,401	$ 1,370,950	$ 488,477	$ 38,156	$ 14,224	$ 7,738,208
Cost of investment	$ 6,091,974	$ 1,370,950	$ 2,104,461	$ 459,357	$ 401,389	$ 10,428,131
Accumulated amortization	(265,573)		(1,615,984)	(421,201)	(387,165)	(2,689,923)
Carrying amount, net	$ 5,826,401	$ 1,370,950	$ 488,477	$ 38,156	$ 14,224	$ 7,738,208

The average annual amortization rate is as follows:

	Useful life
Goodwill	Indefinite
Trademarks	Indefinite
Licenses (AEA)	Indefinite
Other rights and licenses	1 - 3 years
Customers relationships	2 - 3 years
Other intangibles	1.5 - 8 years

Goodwill

As of December 31, 2015 the carrying amount of goodwill is related to AEA and CASA (CGUs) amounting $ 3,747,625 and $ 506,171, respectively, and as of December 31, 2014 amounting $ 5,320,230 and $ 506,171, respectively.

Trademarks

AEA utilizes different brands in different regions of the USA including "Advance America", "National Cash Advances", and "Valued services" (the " Trademarks"). AEA's Trademarks are well recognized in the payday lending industry and carry a reputation for quality and experience in their respective operating markets. The Advance America name has been used since 1997 and is the number one payday lender in the U.S. market. Therefore, the Trade Names and Trademarks' reputation and positive brand recognition provide a valuable intangible asset to AEA.

Licenses (AEA)

The Company has licenses to operate as a payday loan provider in 27 American states (the "Licenses"). These licenses are legally required in order for AEA to conduct payday lending and provide other financial services in the states which the Company operates.

Customer's relationships

Management has determined that the customer relationships represent a separable intangible asset. AEA's customers consist of individuals that typically have short-term lending needs. During the economic recession, these customers have tended to be underbanked customers (The "Customer Relationships"). The Company has enhanced its products and services to meet the needs of this market. Based on historical trends, Management indicated that the Company's customers, although loyal, are likely to only remain a customer for a short period of time (approximately 2-3 years), before they are replaced by new customers.

Impairment

AEA carried out annual impairment tests of goodwill and other intangible assets based on value in use calculations in 2015. These calculations used cash flow projections before taxes, based on financial budgets approved by Company management that cover a five year period, by comparing recovery values with those reflected in the balance sheet at a UGE level. The results of the analysis indicated that there was impairment of goodwill, as well as of licenses and trademarks, since the current situation of the short-term non-bank credit industry in the U.S. ("Payday Loans"), due to the economic recovery of that country, as well as the uncertainty of the possible effects of the effectiveness of new federal legislation imposed by the "CFPB" (Consumer Financial Protection Bureau), which is still in the pipeline.

Pursuant to the foregoing, the Company recognized impairment losses amounting to $ 2,939,434, which is summarized as follows: Goodwill amounting to $ 2,378,232 (US$ 143.6 million), trademarks amounting to $ 437,737 (US$ 26.4 million), and licenses amounting to $ 123,965 (US$ 7.5 million). Those losses were recorded on the line of "other expenses, net", in order to adjust the carrying value to its estimated recovery values.

The long-term growth rate and the discount rate used in the calculation of value in use were 3.0% and 12.0%, respectively.

17. Investments in associates

Company	Percentage of interest	Activity
CASA	39.77%	Holding company

(1) Up to September 2015, the Company held 68.36% of shareholdings in Centro de Capacitacion de Alto Rendimiento Azteca, S. C., (CENCARA). On October 2, 2015, the Company obtained a capital reimbursement amounting to $ 65,631, and on October 9, 2015, the Company assigned its equity by receiving the amount of $ 72,468 as a consideration. Pursuant to this transactions, it recognized a gain amounting to $ 33,499 on the line of "other expenses, net" in the comprehensive income of 2015.

Participation in the results, assets and liabilities of the associates are shown below:

	2015	2014
Assets, net	$ 2,206,617	$ 3,259,196
Capital gain (*)	1,002,931	1,002,931
Ending balance of the investment	$ 3,209,548	$ 4,262,127
Revenue	$ (716,373)	$ 152,279
Profit for the period	$ (739,427)	$ 126,152

(*) On May 17, 2012, the Company indirectly acquired 8.33% of the variable capital stock of CASA, represented by 86,506 common series "AA" shares, whose total price of the acquisition amounted to US$ 70,112 ($ 1,002,931 MXN). At the date of the contract, the amount of US$ 12,520 was paid and the remaining balance amounting to US$ 57,592 was paid annually in four consecutive payments, beginning May 17, 2013. At December 31, 2015, the total liability amounts to US$ 13,271 ($ 228,911) with a deadline of May 17, 2016.

At December 31, 2015, Grupo Elektra directly and indirectly held 39.77% of the capital stock of CASA which, in turn, holds 56.50% of the stock of TV Azteca, S.A.B. de C. V. The Company has no effective control over CASA.

18. Acquisition of business

I. Acquisitions

i. On January 14th, 2014, Grupo Elektra concluded the acquisition of 100% of the shares of Blockbuster de México, S. A. de C. V. and its subsidiaries (Blockbuster). The acquisition was carried out for a total amount of $ 407,875 plus a contingent compensation subject to certain milestones.

   Pursuant to the expiration of the trademark license agreement of Blockbuster in Mexico, whose deadline was January 16, 2016, the Company opted not to renew the trademark license agreements of the Blockbuster and Game Rush trademarks in the fourth quarter of 2015. Consequently, they stopped being used and a new trademark was designed and registered with the name "The B Store". After the change of image and trademark, the stores have continued with the same service, by offering a wider catalog to both rent and sell of movies, television series, and videogames. Company Management continues to evaluate possible modifications to the business model of The B Store to maximize the profitability of that business.

   Following it is presented the allocation and measurement of the effects corresponding to assets acquired and the assumed liabilities in the acquisition. According to the IFRS 3 "Business Combinations" there is a measurement period that will not exceed one year from the acquisition date; therefore, the Company would adjust retrospectively, the provisional amounts recognized as of the date of acquisition. The Company carried out the corresponding measurement in October 2014, without being necessary to recognize additional adjustments to the assets acquired and the liabilities assumed.

   On the acquisition date, the amounts of the assets acquired and the liabilities assumed are as follows:

	MXN
Cash and cash equivalents	$ 87,000
Accounts receivable	98,000
Inventories	517,000
Other current assets	21,000
Property, plant and equipment, net	118,125
Other assets	384,475
Suppliers	(189,000)
Accounts payable	(74,600)
Other current liabilities	(32,800)
Other non-current liabilities	(27,200)
Total identifiable net assets	902,000
	(407,875)
Bargain:	$ 494,125

The amount of $ 494,125, corresponding to the bargain obtained in the shares price of Blockbuster (now "B Store"), was recorded in the caption of other income and expenses in the 2014 consolidated statement of comprehensive result.

The amounts of income from ordinary activities and the net loss of The B Store for the year ended on December 31, 2015 and 2014, included in the consolidated statement of comprehensive result were $ 1,541,837 and $ 1,855,100, respectively and , and $ 235,333 and $ 74,371, respectively.

ii. On April 2014, the Company, through its subsidiary AEA, concluded the acquisition of certain assets from Blackthorn Advisory Group LLC, Blackthorn Associates Inc., and Blackthorn Technology LLC, through a purchase agreement held on April 3, 2014. The main asset acquired, is an online loans solution. The acquisition was carried out for the total amount of $ 43,687 (US 3.3 million).

On the date of acquisition, the amounts of the acquired assets were as follows:

	US$	MxN
Property, plant and equipment:		
Software	$ 2,474	$ 32,385
Furniture and equipment	161	2,108
Total identifiable net assets	2,635	34,493
Goodwill	691	9,194
	$ 3,326	$ 43,687

II. Disposals

i. Company management decided to start to close its commercial operation in Brazil during the fourth quarter of 2014. However, on May 8, 2015, Grupo Elektra announced the beginning of the retirement process of all subsidiary operations in the Federative Republic of Brazil.

The Company recognized a net loss amounting to $ 432,626 as a result of ceasing operations, therefore revenue, costs and expenses captions for 2015 and 2014 excludes those operations.

Revenue, costs and expenses related to the discontinued operation are as follows:

	2015	2014
Revenue	$ 217,357	$ 626,945
Costs	(233,892)	(356,898)
Expenses	(317,090)	(606,467)
Contingent provision (see Note 31)	(99,001)	(11,565)
	$ (432,626)	$ (347,985)

ii. On August 6, 2013 Elektra del Milenio, S. A. de C. V. and Elektra Centroamerica, S. A. de C. V. (subsidiaries of Grupo Elektra) signed a purchase agreement in respect of 100% of the share capital of Elektra de Argentina, S. A. for a total value of US$ 80,000 to be paid in five installments; and since the purchasers payment obligation is overdue in the amount of US$ 72,000 ($ 1,241,906) plus default interests, the Company initiated the related legal actions. Given that these actions are at a very early stage, the outcome result cannot be determined. The receivable amounting US$ 72,000 is totally reserved as of December 31, 2015. See Note 28.

19. Demand and term deposits

	2015	2014
Immediate demand deposits (A):		
"Azteca" Investment	$ 57,093,046	$ 51,620,118
"Guardadito" Savings	27,384,584	22,622,078
"Socio and Nómina" accounts	4,633,876	4,095,880
Concentration accounts	5,614,778	4,848,570
Other	-	81,999
Term deposits:		
General public	8,842,912	11,274,455
Money market	944,040	2,587,314
	104,513,236	97,130,414
Less captured funds with inter-companies	(3,940,294)	(3,982,034)
Total demand and term deposits	$ 100,572,942	$ 93,148,380

(A) Immediate demand deposits:

At December 31, 2015, demand deposits "Guardadito" accrue 0.25% annual interest. "Inversion Azteca" in pesos accrues interest from 2.21% to 3.82%, and the "Inversion Azteca" in dollars annual rate is 0.0%. "Nomina" (Payroll) and other interest accrue at an annual rate of 0.25% and 4.5%, respectively.

At December 31, 2014, demand deposits "Guardadito" accrue 0.25% annual interest. "Inversion Azteca" in pesos accrues interest from 1.30% to 6.00%, and the "Inversion Azteca" in dollars annual rate accrues interest from 0.10% to 0.40%. "Nomina" (Payroll) and other interest accrue at an annual rate of 0.25% and 6.9%, respectively.

20. Bank and other loans

		2015	2014
Stock exchange certificates	(a)	$ 6,929,470	$ 9,282,194
Senior notes	(b)	9,486,785	8,107,770
Unsecured bank loans	(c)	-	147,421
Banco Nacional de Comercio Exterior	(d)	401,301	64,398
Subordinated debentures	(e)	1,000,000	1,000,000
Interbank loans (Call-Money)	(f)	110,008	197,000
Other loans		191,368	139,632
		18,118,932	18,938,415
Less, current debt		(6,186,882)	(1,805,647)
Non-current debt		$ 11,932,050	$ 17,132,768

The maturities of total debt of the Company as of December 31, 2015, are shown below:

	2015
2016	$ 6,186,882
2017	40,932
2018	10,776,681
2019	660,740
2020 hereafter	453,697
	18,118,932
Less current portion	(6,186,882)
Non-current debt	$ 11,932,050

a. Stock exchange certificates

As of December 31, 2015, Grupo Elektra had the following short and long term issues amounting $ 6,929,470.

Beginning date	Ticker code	Amount	Return rate	Maturity	
27-06-13	Elektra 13	$ 3,500,000	TIIE + 2.80	June 23, 2016	(*)
03-07-14	Elektra 14	2,500,000	TIIE + 1.59	Mach 10, 2016	(*)
11-05-12	DINEXCB 12	929,470	TIIE + 2.70	May 2, 2019	(**)
		$ 6,929,470			

(*) On March 10, 2016, the Company issued securities exchange certificates amounting to $ 5,000,000 at a 3 year term. With the proceeds of that issue, the Company paid the total upon maturity of the Elektra 14 issue and the total early payment of the Elektra 13 issue.

(**) On June 4, 2015, the Company made the payment of an early partial amortization amounting to $ 777,724.

Note: On December 3, 2015, the Company carried out the total amortization upon maturity of the Elektra 14-2 issue, which amounted to $ 1,575,000.

As of December 31, 2014, Grupo Elektra had the following short and long term issues amounting $ 9,282,194:

Beginning date	Ticker code	Amount	Return rate	Maturity	
27-06-13	Elektra 13	$ 3,500,000	TIIE + 2.80	June 23, 2016	
03-07-14	Elektra 14	2,500,000	TIIE + 1.59	March 10, 2016	(*)
12-09-14	Elektra 14-2	1,575,000	TIIE + 1.50	December 3, 2015	(**)
11-05-12	DINEXCB 12	1,707,194	TIIE + 2.70	May 2, 2019	(***)
		$ 9,282,194			

(*) With part of the founds obtained from the issuance, the Company made the full repayment at maturity of the following stock and short-term bank liabilities: i) the issuance Elektra 00213 in the amount of $ 1,500,000 with maturity on July 3, 2014 ; ii) the bank loan with Banco Mercantil del Norte S. A., Multiple Banking Institution (Banorte) in the amount of $ 600,000, with maturity on July 4, 2014; and iii) the bank loan with Banco Monex, S. A., Multiple Banking Institution in the amount of $ 300,000, with maturity on July 7, 2014.

(**) With part of the founds from the issuance, the Company made the early repayment of the bank loan with Banco Azteca SA, Multiple Banking Institution (BAZ) in the amount of $ 951,000, with original maturity on March 8, 2020.

(***) On May 8, 2014 the Company made the payment of the second objective of principal amortization by $ 300,000 corresponding to 10% of the total issued amount, pursuant to the schedule of "Amortization Objective of the Principal" set out in the point 10 (ten) of title that covers the issue.

As well, on June 5, 2014 the Company made an advance payment of advanced partial amortization by $ 752,806.

b. Senior notes

On August 4, 2011 Grupo Elektra issued a US$ 400,000 (four hundred million dollars), equivalents to $ a $ 6,899,480, aggregate principal amount of 7.25% Senior Notes due 2018. The Company will pay interest on the notes on February 6 and August 6 each year. The notes were issued under an Indenture contract which contains certain covenants, which are complied with at the date of the consolidated financial statements.

On February 3, 2012 the Company reopened this issue of Senior notes for an additional amount of US$ 150,000 (one hundred and fifty million dollars), equivalents to $ 2,587,305.

c. Unsecured bank loans

		2015	2014
Nacional Financiera, S.N.C.:			
Unsecured loan with maturity on September 2016, earning interests at 1.81%	(*)	$ -	$ 147,421
Total unsecured bank loans		$	$ 147,421

(*) The Company made the anticipated amortization of these loans on February 18, 2015.

d. The loans with Banco Nacional de Comercio Exterior, S.N.C., are shown below:

2015						
Institution	Currency	Date Begining	Date Maturity	Term in day	Rate	Total
Long term:						
Banco Nacional de Comercio Exterior, S.N.C.	MXP	23-06-14	31-10-22	3,052	4.31%	$ 56,272
Banco Nacional de Comercio Exterior, S.N.C.	USD	14-10-15	31-12-22	2,634	2.87%	258,772
Banco Nacional de Comercio Exterior, S.N.C.	USD	14-11-15	31-12-22	2,607	2.87%	86,257
Total						$ 401,301

2014						
Long term:						
Banco Nacional de Comercio Exterior, S.N.C.	MXP	23-06-14	31-10-22	3,052	4.18%	$ 64,398
Total						$ 64,398

e. Subordinated obligations

On January 22, 2008, the Commission authorized to BAZ the placement of $ 1,000,000 in subordinated obligations, not preferred and allowed to become stock under the board code BAZTECA 08. In the months of January, April, May and December 2008, BAZ placed $ 720,000, $ 20,000, $ 30,000 and $ 230,000, respectively under such placement, for a ten year period and yielding of TIIE plus 1.50 points. This placement confers certain to do and not to do obligations, which are complied with at the date of the consolidated financial statements.

f. Interbank loans (Call-Money)

On December 31, 2015 BAZ entered into a short-term interbank loan of "Call-Money" amounting $ 110,008, at an interest rate of 2.70%, due and paid on January 4, 2016.

The fair value of long-term debt is as follows:

	2015		2014	
	Book value	Fair value	Book value	Fair value
Stock exchange certificates	$ 6,929,470	$ 6,929,470	$ 9,282,194	$ 9,282,194
Senior notes	9,486,785	8,585,540	8,107,770	8,245,602
Unsecured bank loans	-	-	147,421	147,421
Banco Nacional de Comercio Exterior	401,301	401,301	64,398	64,398
Subordinated debentures	1,000,000	1,000,000	1,000,000	1,000,000
Interbank loans (Call-Money)	110,008	110,008	197,000	197,000
Other loans	191,368	191,368	139,632	139,632
	18,118,932	17,217,687	18,938,415	19,076,247
Less, current portion	(6,186,882)	(6,186,882)	(1,805,647)	(1,805,647)
Long term debt	$ 11,932,050	$ 11,030,805	$ 17,132,768	$ 17,270,600

(1) Bond Price 90.5 (101.7 in 2014) Source: Bloomberg.

At 31 December 2015 there were no assets pledged as collateral related to the loans described above.

21. Other accounts payable

	2015	2014
Accruals for other obligations	$ 1,327,615	$ 1,107,258
Values and currencies to be applied	715,343	460,420
Employee benefits	982,224	1,151,810
Taxes payable	801,907	493,289
Deferred revenue	983,863	708,204
Interest payable	313,160	275,125
Other creditors	3,594,508	3,966,516
Total	$ 8,718,620	$ 8,162,622

22. Provisions

Below show an analysis of the most important provisions for the period ended as of December 31, 2015 and 2014.

	Technical reserves			Third-party		
	Current risks	Contractual obligations	Prevision	lender losses	Repairs reserves	Total
Balance at January 1, 2015	$ 830,054	$ 351,019	$ 894	$ 81,608	$ 79,383	$ 1,342,958
Debits (credits) to income statement:						
Additional provision	47,854	27,108	169	20,008	50,637	145,777
Applications	(1,043)	(27,614)	-	-	(87,321)	(115,978)
Foreign exchanges effects	-	-	-	13,880	1,060	14,941
Balance at December 31, 2015	$ 876,865	$ 350,513	$ 1,063	$ 115,496	$ 43,759	$ 1,387,698
Total provisions analyzed:						
Current	$ 876,865	$ 350,513	$ 1,063	$ 115,497	$ 32,194	$ 1,376,132
Non-current	-	-	-	-	11,565	11,565
Total	$ 876,865	$ 350,513	$ 1,063	$ 115,497	$ 43,759	$ 1,387,697

Below is an analysis of provisions, for the year ended December 31, 2014:

	Technical reserves			Third-party		
	Current risks	Contractual obligations	Prevision	lender losses	Repairs reserves	Total
Balance at January 1, 2014	$ 1,058,455	$ 297,036	$ 756	$ 70,066	$ 148,292	$ 1,574,605
Debits (credits) to income statement:						
Additional provision		53,983	138	2,668	78,481	135,270
Applications	(228,401)		-	-	(148,613)	(377,014)
Foreign exchanges effects	-	-	-	8,874	1,223	10,097
Balance at December 31, 2014	$ 830,054	$ 351,019	$ 894	$ 81,608	$ 79,383	$ 1,342,958
Total provisions analyzed:						
Current	$ 830,054	$ 351,019	$ 894	$ 81,608	$ 54,797	$ 1,318,372
Non-current	-	-	-	-	24,586	24,586
Total	$ 830,054	$ 351,019	$ 894	$ 81,608	$ 79,383	$ 1,342,958

Technical reserves

The creation of mathematical reserves and their investment is carried out in the terms and proportions set forth in the Insurance and Surety Bond Institutions Act. The valuation of these reserves of the last financial statement presented is audited by an independent actuary who is registered with the CNSF. On February 19, 2016, independent actuaries confirmed to Company management that, in their opinion, the amounts of the reserves recorded are reasonably acceptable pursuant to their obligations, within the parameters set forth by the actuarial practice, in accordance with the criteria considered by the authorities on the pertinent subject. The most significant aspects of their determination and journalization are discussed below:

1. Current risks

   The reserve for current risks, of life insurance for up to one year, of accidents and damages and sickness, includes the excess of the projection of future obligations for claims on the amount of unearned premiums.

   The balance of this reserve is evaluated quarterly and allows assigning resources in advance to the probable obligations due to disasters that exceed the amounts of the premiums to earn. As for the life insurance, the amount is determined in accordance with actuarial methods registered in the technical notes based on the risk premium and considering the characteristics of the current policies.

   For life insurance over a year, this reserve may not be less than the reserve that is obtained by applying actuarial method for determining the minimum amount of reserves for unearned life insurance that for such effects is established by the CNSF by general provisions.

   The reserve for current damages insurance includes any excess of future liabilities for future claims in the amount of outstanding premiums accrued. This reserve is calculated on a monthly basis, taking into consideration what is indicated in the Insurance and Security Unique Circular. The balance of this reserve allows assigning resources in advance to the probable liabilities for claims that exceed the amount of the premiums to be accrued.

2. Contractual obligations

   a. Accidents and maturities

      The obligation for losses occurred and known by the Company at fiscal year end that are unpaid, which are increased in accordance with the claim of losses occurred, based on the insured sums in the life operation and in the estimates made by the Company of the amount of its obligation for risks covered in the casualty and accident and illness operations. The corresponding recovery is recorded simultaneously in ceded reinsurance operations.

   b. Not valued claims

      For life insurance, the calculation is done using the actuarial methodology developed by the Company and approved by the CNSF, which considers the expected value of future claim payments that, having been reported in the current year or previous years, can be paid in the future and not knowing a precise amount based on the luck of valuation. This methodology considers the average amount of claims paid in previous years for each of the types of insurance according to the actual experience of payments, and the estimated average amount for future payments of these same types of claims. Assumption reinsurance losses are recorded on the date on which they are reported by the assignor companies.

      For property insurance, liability for unpaid incurred claims known by the Company at year end, whose increase is made according to claim, are recorded based on estimates of the amount that the Company expects to compensate for the risks covered in the affected policy. In case of reinsurance operations, simultaneously it is recorded the recovery of it.

c. Incurred but not reported claims

According to the legislation of the CNSF, the insurance institutions must constitute this reserve that has as a purpose to recognize the estimated amount of the claims that already happened and that the insured have not reported to the Company, which includes an estimate of the corresponding adjustment expenses. This estimate is determined based on the Company's experience on claims, according to the methodology proposed by specialists of the Company and approved by the CNSF. This methodology mentions that the Incurred but not reported claims reserve determination, considers two effects; the first one corresponds to the time the insured takes to report accidents to the Company, and the second one corresponds to the time the Company takes in estimating and adjusting the amount of the losses.

d. Reserve for dividends on insurance policies:

It is determined based on an actuarial study which considers the profit originated by the group and collective insurance policies. The reserve for dividends on insurance policies represents the refund of part of the insurance Premium determined through actuarial methodology that considers investment, mortality rate, accident rate and incurred expenses. The Company grants dividends to clients with which this benefit has been agreed to, based on the favorable experience in claims rate.

3. Prevision

Catastrophic risks

Coverage of earthquakes and/or volcanic eruption – this reserve has the purpose of covering the obligations contracted by the earthquake insurance of the retained risks; it is accumulative and only could be affected in case of accidents, previous authorization from the CNSF.

Hurricane Coverage and other hydrometheorological risks- Covers obligation contracted by the Company for the hurricane insurance and other hydrometheorological risks, it is accumulative and can only be affected in case of accidents, previous authorization from the CNSF.

The increase of said reserves is done through the liberation of the current risk withholding reserve in the branches of earthquake, hurricane and other hydrometheorological risks, respectively, and for the capitalization of the financial products. The balance of this reserve will have a maximum limit, determined through the technical procedure established in the rules issued by the CNSF.

4. Third-party lender losses

The accrual for third-party lender losses represents management's estimated probable losses for loans and certain related fees for loans that are processed by AEA for its current third-party lender in Texas, USA. The accrual for third-party lender losses is primarily based upon models that analyze specific portfolio statistics and also reflect, to a lesser extent, management's judgment regarding overall accuracy. The analytical models take into account several factors, including the number of transactions customers complete and charge-off and recovery rates. Additional factors such as changes in state laws, center closings, length of time centers have been open in a state, and the relative mix of new centers within a state are also evaluated.

5. Repairs reserves ("Extended guarantees")

Derived from the sale of extended warranties, the Company has recorded a provision related to the amounts that in the management's opinion will be expensed in order to buy spare parts and/or to substitute any damaged good to the customers who have bought an extended warranty. The provision is based on historical trends, prices of merchandise, sales of extended warranties and other factors.

23. Income taxes

The income taxes are made as follows:

	2015	2014
Current income tax	$ 1,147,122	$ 1,593,275
Deferred income tax	(2,316,391)	1,078,252
Creditable tax (*)	-	(1,299,649)
Total	$ (1,169,269)	$ 1,371,878

(*) Creditable tax for dividends received from resident abroad (AEA), in accordance with Article 6 of the Income Tax Law in force in 2013.

The income tax or the Mexican Income Tax (ISR for its acronym in Spanish) is incurred at 30% rate on a basis that differs from the consolidated net income, mainly because of the inflationary effects recognized for tax purposes through depreciation of assets and the annual inflationary adjustment, in addition to some non-deductible expense items.

Until December 31, 2013, Grupo Elektra prepared a consolidated income tax return, including all its Mexican subsidiaries from the commercial segment. Additionally, its subsidiaries issued the tax return individually. The tax consolidation regime allowed the determination of said result with the consolidated participation, which represented the average share participation of each subsidiary.

Starting on January 1, 2014, a new ISR Law is in force, which establishes that the tax consolidation regime is eliminated and as a consequence the effects of deconsolidation must be determined as of December 31, 2013, which amounted to $ 3,853,013. At December 31, 2015 this liability amounted to $ 1,926,089 and must be settled in a period of three years as it is shown below:

Year	Amount
2016	$ 770,769
2017	578,077
2018	577,243
Total	1,926,089
Less, short term portion	(770,769)
Total long term	$ 1,155,320

Said effects correspond to dividends paid between companies of the Group that do not arise from the CUFIN, difference in CUFINES and carry forward tax losses by the subsidiaries that were amortized in the consolidation.

Likewise, this new law establishes a new optional regime for groups of companies, in which the integrator and the integrated companies can differ the tax for three annual years, which is determined with a tax integration factor without considering companies that have carry forward tax losses prior to 2014.

Starting in 2014, the Flat Rate Business Tax (IETU) was abrogated, being 2013 the last year in which said tax is incurred; likewise, the Cash Deposits Tax (IDE) that the banking institutions withheld for deposits is abrogated, with the only remaining obligation to report to the authorities the taxpayers who make cash deposits.

i. The effects of the principal temporary differences, without including items corresponding to foreign subsidiaries, on which deferred taxes were recognized, are as follows:

	2015	2014
Deferred tax liability:		
Inventories	$ 1,417,260	$ 1,417,260
Contingent provisions (See Note 31)	3,475,943	3,475,943
Derivative financial instruments	987,410	2,758,497
Deferred income	854,698	1,172,390
Goodwill	599,374	748,759
Prepaid expenses	215,604	236,945
Investments valuation and others	-	95,118
	7,550,289	9,904,912
Deferred tax asset:		
Tax losses carry forwards from subsidiaries	1,360,061	1,646,509
Property, plant and equipment	1,232,712	947,742
Allowance for credit risks	2,315,384	2,781,683
Liabilities reserves	761,353	636,441
Inventories for rent	191,640	200,341
Employee benefits	199,588	129,324
Investments valuation and other	196,888	-
Deferred PTU	2,564	2,668
	6,260,190	6,344,708
Deferred tax liability, net	1,290,099	3,560,204
Less: deferred tax asset	518,688	752,038
Deferred tax liability	$ 1,808,787	$ 4,312,242

ii. The reconciliation of the balance of the deferred tax liability is as follows:

	2015	2014
Balance at January 1	$ 3,560,204	$ 2,748,877
Deferred Income tax of the year	(2,316,391)	1,078,252
Translation effects of foreign subsidiaries	46,286	92,326
Business acquisition	-	(359,251)
Balance at December 31	$ 1,290,099	$ 3,560,204

iii. The reconciliation between the legal and effective income tax rate is shown below:

	2015	2014
Legal ISR rate	30.00%	30.00%
Plus (less):		
Inflation effects and other	3.65%	(0.75%)
Intangible assets impairment	(10.78%)	
Creditable tax		(14.03%
Equity in the net profit of associated companies	(2.90%)	(0.21%)
Effective rate	(19.97%)	15.01%

24. Employee benefits

Employee benefit plans are established, related to the termination of the labor relation and for retirement due to reasons other than restructuring. The benefit plans at the end of the labor relation consider the severance indemnities (including the seniority premium earned), and which are not going to reach the benefits of the retirement or pension plan. The retirement benefit plans consider the years of service completed by the employee and his/her remuneration as of the retirement or pension date. The retirement plan benefits include the seniority premium that the workers are entitled to earn upon termination of the labor relation, as well as other defined benefits. The valuation of both benefit plans was made on the basis of actuarial calculations prepared by independent experts. Details of defined benefit schemes of the Company are as follows:

	2015	2014
Reconciliation with the statement of financial position:		
Present value of financial liabilities	$ 851,394	$ 621,002
Fair value of plan assets	-	(6,228)
Total	851,394	614,774
Unrecognized actuarial gain (losses)	-	-
Prior service cost not recognized	-	-
Projected net liability	$ 851,394	$ 614,774
Reconciliation of plan assets:		
Fair value at beginning of year	$ 6,228	$ 6,231
Expected return	427	479
Actuarial loss	(6,655)	(482)
Fair value at December 31	$ -	$ 6,228
Composition of plan assets:		
Values	$ -	$ 6,228
Changes in the present value of the obligation for defined benefits (ODB):		
Present value of the ODB as of January 1	$ 621,002	$ 599,153
Labor cost of the current service	72,108	69,142
Financial cost	33,070	36,875
Cost of past services	53,455	21,074
Actuarial losses (gains) on the OBD	134,290	89,009
Exchange rate effect	19,718	(5,621)
Settlement and/or reductions effect	-	(77,796)
Benefits paid	(82,249)	(110,834)
Obligations current value	$ 851,394	$ 621,002
Reconciliation of liability for defined benefits as of January 1	$ 614,774	$ 592,922
Recognized cost in the statement of income	158,206	48,816
Benefits paid	(82,249)	(110,834)
Actuarial gains on labor obligations	140,945	89,491
Differences for exchange rates	19,718	(5,621)
Projected net liability	$ 851,394	$ 614,774

	2015	2014
Cost components:		
Current cost of the service	$ 72,108	$ 69,142
Financial cost	32,642	36,875
Expected yield on the assets of the plan	-	(479)
Actuarial (losses) gains	53,455	21,074
Effect of settlements and/or reductions	-	(77,796)
Total cost of the period	$ 158,205	$ 48,816
Other comprehensive income:		
Actuarial gains on the OBD	$ 134,290	$ 89,009
Actuarial losses on the plan assets	6,655	482
Total cost of the period	$ 140,945	$ 89,491

The most important assumptions used in determining the net cost of the plans for the period are as follows:

	2015	2014
Discount rate	6.07%	6.25%
Salary increase rate	4.00%	4.33%

IAS 19 sets forth the determination of the discount rate for the calculation of present value of labor liabilities, based on high quality business bonds or debentures in the event that there should be a broad (deep) market and the use of government bonds in the event that there should be no such market.

On February 29, 2016, the Ministry of Finance and Public Credit made a pronouncement, which concludes that the necessary conditions exist in Mexico to be considered a deep market. Accordingly, the high quality business bonds or debentures will be applicable in the determination of the discount rate corresponding to labor obligations. At the issue date of this financial statement, the Company is evaluating the possible effects of the application of this pronouncement.

25. Stockholders' equity

a. Share structure

As of December 31, 2015 and 2014, the common stock is represented by 284,291,164 common shares, ordinary, without face value, with a complete vote right, distributed as follows.

	Number of shares	Amount
Authorized capital	284,291,164	$ 655,236
Treasury shares	(38,707,055)	(89,212)
Subscribed and paid in common stock	245,584,109	$ 566,024

Dividends paid from retained earnings that do not come from the Net Tax Income Account (CUFIN for its acronym in Spanish) are taxed at 30% to the Company on the result of multiplying the dividend paid by a factor of 1.4286.

The relevant tax may be credited against the income tax incurred by the Company in the three following years. Reductions in capital are considered to be dividends when they exceed stockholders' equity over the sum of the balances of the capital contribution accounts and net tax profit, according to the procedures established in Mexico's Income Tax Law. As of December 31 2015 and 2014, the CUFIN amounts to $ 11,572,652 and $ 10,989,665, respectively. The capital contribution account as of December 31, 2015 and 2014 amounts to $ 12,381,190 and $ 12,122,970, respectively, determined in accordance with current tax provisions.

b. Reserve to purchase shares

The reserve authorized by the shareholders is for the Company to buy its own complying with certain criterion established in the statutes and the securities market law.

c. Legal reserve

According to the Mexican Corporate Law, the Company will constitute the fund for legal reserve separating annually; at least five percent of its net income, until said reserve reaches 20% of the common stock. As of December 31, 2015 and 2014 the legal reserve amounted $ 159,981

d. Shares in treasury

The consideration for paid/received for the purchase-sale of treasury shares is recognized directly in the assets. The cost of maintained treasury assets is separately presented as a reserve (re-purchase of treasury shares). Any excess of the amount received for the sale of treasury shares over the average cost from the sold shares is credited in sale of shares.

e. Share purchase option plan for executives

In February 1994 Grupo Elektra established a share purchase option plan for executives, through which some employees may acquire shares of Grupo Elektra at an average price of $ .01250 and $ .01625 (par value) per share. Options may be exercised in equal parts during a five-year period, provided the Company fulfills certain annual goals mainly related to the increase in net income. If these goals are not achieved, the exercise of the options may be postponed until the next year, but not later than February 28, 2024.

During 2015 there were no shares exercised to the aforementioned plan.

As of December 31, 2015 and 2014 there were 21,966 allocated options to be exercised.

f. Payments of dividends

The ordinary annual general meeting of shareholders of March 23, 2015 approved the payment of dividends from CUFIN in the amount of $ 563,423, which was paid on March 31, 2015 through the Society for the Securities Depository (SD Indeval).

26. Income

As of December 31, 2015 and 2014 the principal income of the Company is as follows:

	2015	2014
Income:		
Sales of merchandise	$ 22,275,381	$ 17,924,249
Interest earned from loan portfolio	41,670,528	44,598,219
Money transfers	3,106,128	2,779,289
Interest and returns on investments	2,627,815	2,170,911
Commissions and fees earned, net	2,773,371	1,920,416
Sale and rent of reproduction of movies and videogames	1,541,837	1,855,100
Earned premiums	1,382,186	1,849,091
Other income	525,086	531,627
Total	$ 75,902,332	$ 73,628,902

27. Costs and expenses by nature

The Company presents costs and expensed base on their function, however IFRS requires additional disclosures about the nature thereof.

As of December 31, 2015 and 2014 costs and expenses by nature are as follows:

	2015	2014
Costs:		
Sales of merchandise	$ 17,284,521	$ 14,675,323
Allowance for credit risks	10,612,086	11,725,723
Interest paid on capture of funds	3,529,057	4,175,475
Allowance for credit risks	1,067,424	1,143,449
Other costs	730,931	851,554
Total	$ 33,224,019	$ 32,571,524
Expenses:		
Workforce	$ 17,940,299	$ 17,909,443
Operation	8,488,853	8,619,829
Rents	3,196,971	2,985,672
Advertising	1,658,650	1,462,539
Taxes and duties	364,562	404,735
Other expenses	295,238	196,095
Total	$ 31,944,573	$ 31,578,313

28. Other income and expenses

These headings are made up as follows:

	2015	2014
Impairment of intangible assets (see Note 16)	$ 2,939,934	$ 162,733
Allowance for doubtful accounts (see Note 18-II)	-	1,026,175
B Store bargain purchase (see Note 18)	-	(494,125)
Contingent provision (see Note 31)	-	145,129
Others	45,700	26,976
Total	$ 2,985,634	$ 866,888

29. Leases

a. As lessee

Lease expense is analyzed as follows:

	2015	2014
Fixed rents	$ 3,154,615	$ 2,947,469
Variable rents	42,356	38,203
Total	$ 3,196,971	$ 2,985,672

The following is an analysis of the agreed annual minimum income leases with maturities over one year.

Year	Amount
2015	$ 2,471,256
2016	2,049,511
2017	1,615,783
2018	1,265,741
2019	1,149,837
2020 hereafter	1,811,867
Total minimum payments agreed	$ 10,363,995

b. As lessor

The Company has contracts related to its investment property, rents agreed minimum annual lease contracts with maturities over one year.

Year	Amount
2016	$ 30,617
2017	31,780
2018	32,987
2019	34,240
2020	35,541
2031 hereafter	36,891
Total minimum payments agreed	$ 202,056

30. Information by segments

The Company has two main segments: financial and commercial business.

Financial business

The operation of this segment is carried through Grupo Elektra subsidiaries under Banco Azteca Brand. The brand is currently operating in Mexico, Panama, Guatemala, Honduras, Peru, and El Salvador.

In addition, income, costs and expenses from business units such as Seguros Azteca Vida, Seguros Azteca Daños, Afore Azteca, Punto Casa de Bolsa and Advance America are included.

Commercial business

In reference to commercial business, the Company sales of electronics, household appliances, furniture, motorcycles, wheels, telephones, computers and offer transfers of money services and warranty sale service, among others services and products, through both its Elektra and Salinas (1) y Rocha and B Store (1).

(1) Only operates in Mexico

Condensed financial information regarding business segments operated by the Company as of December 31, 2015 and 2014 is presented below:

	2015	2014
Financial business:		
Investment in shares	$ -	$ -
Property, furniture, equipment and investment in properties, net	2,784,258	2,916,360
Total assets	148,635,608	140,126,958
Commercial business:		
Investment in shares	3,209,548	4,262,127
Property, furniture, equipment and investment in properties, net	3,627,528	4,458,734
Total assets	50,001,630	55,701,387
Consolidated:		
Investment in shares	3,209,548	4,262,127
Property, furniture, equipment and investment in properties, net	6,411,786	7,375,094
Total assets	198,637,238	195,828,345
Financial business: (*)		
Total revenue	48,301,851	50,383,596
Profit before impairment	4,479,816	3,937,455
Profit from operations	1,539,882	3,774,722
Intangible assets impairment	(2,939,934)	(162,733)
Depreciation and amortization	(1,123,413)	(1,240,501)
Income taxes	(569,339)	(957,884)
Commercial business:		
Total revenue	27,600,481	23,245,306
Profit before impairment	3,668,765	2,028,211
Profit from operations	3,668,765	2,028,211
Intangible assets impairment	-	-
Depreciation and amortization	(1,416,046)	(1,568,743)
Income tax	1,738,608	(413,994)
Consolidated:		
Total revenue	75,902,332	73,628,902
Profit before impairment	8,148,581	5,965,666
Profit from operations	5,208,647	5,802,933
Intangible assets impairment	(2,939,934)	(162,733)
Depreciation and amortization	(2,539,459)	(2,809,244)
Income taxes	1,169,269	(1,371,878)

(*) See Note 16

Condensed financial information by geographic area is presented below:

	2015	2014
Mexico:		
Total revenue	$ 55,608,890	$ 55,088,973
Profit before impairment	6,782,522	4,594,066
Profit from operations	6,782,522	4,594,066
Intangible assets impairment	-	-
Depreciation and amortization	(1,918,377)	(2,191,721)
Income taxes	1,163,917	(931,947)

	2015	2014
Central and South America:		
Total revenue	$ 9,387,669	$ 9,329,530
Profit before impairment	496,333	614,117
Profit from operations	496,333	614,117
Intangible assets impairment	-	-
Depreciation and amortization	(404,174)	(333,093)
Income taxes	(196,671)	(329,096)
North America: (*)		
Total revenue	10,905,773	9,210,399
Profit before impairment	869,726	757,483
(Loss) profit from operations	(2,070,208)	594,750
Intangible assets impairment	(2,939,934)	(162,733)
Depreciation and amortization	(216,908)	(284,430)
Income taxes	202,023	(110,835)
Consolidated:		
Total revenue	75,902,332	73,628,902
Profit before impairment	8,148,581	5,965,666
Profit from operations	5,208,647	5,802,933
Intangible assets impairment	(2,939,934)	(162,733)
Depreciation and amortization	(2,539,459)	(2,809,244)
Income taxes	1,169,269	(1,371,878)

(*) See Note 16.

31. Contingencies

i. At the issue date of these financial statements, an annulment proceeding filed by GS Motors, S. A. de C. V. and GS Distribucion, S. A. de C. V. against the decision of the Ministry of Economy is in progress against the motion for reconsideration that confirmed the non-renewal of companies of their registry as a manufacturer of New Light Motor Vehicles in Mexico, as well as the dismissal of the extension of the renewal period and suspension of the period for the construction of the automotive plant in Michoacan.

   On January 19, 2016, the company was served notice of the ruling handed by the Tenth Metropolitan Regional Division of the Federal Court of Tax and Administrative justice, which has decided, on one hand, to declare the annulment of the ruling challenged in order to have the Ministry of Economy hand down a new ruling in which it bases and states the grounds for the admissibility of the motion for the modification of the 3 year period petitioned by the company and, on the other hand, declare the validity thereof with respect to the motion for the modification of the period to build the automotive plant.

   The Company will file a direct amparo (appeal for constitutional relief) against the above ruling with the Circuit Bench of Judges no later than next February 10, 2016. Likewise, the administrative authority may file a tax motion for reconsideration against the part of the ruling that is favorable for the company.

   In the event that the legal proceeding should hand down a sentence on the companies as a last resort, there is the risk that the Federal Government may attempt to collect the tariffs at a 50% rate of the cost of the vehicle, instead of the 0% rate with which they were legally imported by starting an administrative proceeding.

   At December 31, 2015, the contingency referred to amounts to $300,000. However, there are no provisions recognized for the liability at that date, since the Company considers that the power of the authority is barred by a statute of limitations from claiming the collection of the tariffs referred to above, since the time elapsed exceeds the five year period counted beginning with the last import of automobiles.

The Government of Michoacan, GS Motors, and GS Distribucion signed the termination agreement to the collaboration agreement to build the automotive plant dated November 21, 2007, thereby mutually holding each other harmless. Pursuant to the foregoing, there is no contingency for that contract.

ii. On September 27, 2006, the Pennsylvania Department of Banking filed a motion in the Community Court of Pennsylvania, stating that the subsidiary of Advance America operating in Delaware, NCAS of Delaware, LLC granted lines of credit to borrowers in Pennsylvania without the license required by the financial license law of Pennsylvania, and it charged interest and fees that exceeded the amounts permitted by the Usury Law of Pennsylvania. At 2014 year end, the parties to the lawsuit reached an agreement whereby Advance America would pay a total amount of US$ 10 million in reimbursements, quotas, and expenses. The Company recognized this amount on the line of other expenses in the consolidated statement of comprehensive income of 2014. The payment agreed upon was made in February 2016, and the period of claims for that agreement will be in the fourth quarter of 2017.

iii. Pursuant to official letter 900-06-02-2013-1012 dated March 12, 2013, a tax liability was determined payable by Grupo Elektra, S.A.B. de C.V. (henceforth Grupo Elektra) in the amount of $ 2,973,174 for income tax (loss on sale of shares), restatement, surcharges, and fines for the period extending from January 1 to December 31, 2007, which at the issue date of the financial statements (considering fines, restatement, and surcharges) amounts to $ 3,257,000.

In disagreement with the tax liability determined against it, Grupo Elektra filed an appeal for annulment which was sent to the Fifth Metropolitan Regional Division of the Federal Court of Tax and Administrative Justice to be processed and ruled upon under file number 12852/13-17-05-2.

Pursuant to the ruling handed down dated September 11, 2014, the First Section of the Superior Court decided to recognize the validity of the tax liability. Grupo Elektra filed a direct amparo (appeal for constitutional relief) against the ruling dated September 11, 2014, which was sent to the First Circuit Bench of Judges of the Auxiliary Center of the Second Region, seated in Cholula, Puebla to be processed and ruled upon under file number DA 737/2015.

We are currently waiting for the ruling to be handed down by the second level.

iv. Pursuant to official letter number 900-05-2013-48229 dated July 25, 2013, a tax liability was determined payable by Grupo Elektra in the amount of $ 2,877,000 for income tax (cumulative inventory and tax losses), restatement, surcharges, and fines for the period extending from January 1 to December 31, 2006.

In disagreement with the tax liability determined against it, Grupo Elektra filed a motion for reconsideration, which was decided in the sense of confirming the validity of the ruling appealed.

Grupo Elektra filed an appeal for annulment against the resolution on the motion dated May 13, 2015, which was sent to the Eleventh Metropolitan Regional Division of the Federal Court of Tax and Administrative Justice to be processed and ruled upon under file number 12140/15-17-11-5.

We are currently waiting for the ruling to be handed down by the first level.

v. Pursuant to official letter number 900-05-2010-2188 dated July 28, 2010, a tax liability was determined payable by Grupo Elektra in the amount of $ 1,452,000 for omitted payments on income tax (tax deconsolidation) for the period extending from January 1 to December 31, 2002.

In disagreement with the tax liability determined against it dated October 6, 2010, an appeal for annulment was filed with the Second Metropolitan Regional Division of the Federal Court of Tax and Administrative Justice, which was recorded under file number 24030/10-17-02-4.

Pursuant to the ruling handed down dated Thursday, August 08, 2013, the First Section of the Superior Court decided to declare the annulment of the tax liability.

A direct amparo (appeal for constitutional relief) was filed against the ruling handed down dated August 8, 2013, and the authority filed a motion for tax review, which were sent to the Second Bench of Judges in Administrative matters of the First Circuit, under file numbers DA 1201/2013 and RF 740/2013.

Pursuant to the ruling handed down dated January 31, 2014, the Second Bench of Judges in Administrative matters of the First Circuit decided, on one hand, to dismiss the motion for tax review and, on the other hand, grant the amparo to Grupo Elektra.

In compliance with the ruling handed down by Second Bench of Judges in Administrative matters of the First Circuit, the First Section of the Superior Division decided to declare the challenged ruling null and void for determined purposes. In disagreement with the foregoing, a motion to contest was filed pursuant to a defect in the completion of the sentence.

Pursuant to the foregoing, the Bench of Judges determined that the amparo judgment was not completed and the file was returned to the Superior Division for it to hand down a new judgment which ruled: i) not to dismiss the case against the requirements made to the Accountant who audited the company's financial statements; ii) declare the official letters of requirements addressed to the Accountant null and void; and iii) declared the liquidation null and void since it was a defect of origin.

On December 8, 2015, the authority filed an extraordinary motion for reconsideration on which no ruling has been handed down.

vi. Pursuant to official letter number 900-05-2015-31383 dated June 30, 2015, a tax liability was determined payable by Grupo Elektra in the amount of $601,808 for omitted payments on consolidated income tax (cumulative inventory) for the period extending from January 1 to December 31, 2007.

   In disagreement with the foregoing, we filed a motion for reconsideration with the Central Administration of Disputes or Large-Income Taxpayers on August 14, 2015, which was recorded under file number R.R. 155/2015. We are currently waiting for a decision to be made on the motion of defense.

vii. Pursuant to official letter number 900-03-00-00-00-2016-012 dated January 14, 2016, a tax liability was determined payable by Grupo Elektra in the amount of $1,431,467 for income tax (loss on sale of shares and effects of dissolution), for the period extending from January 1 to December 31, 2008. The period for filing the motion for reconsideration is in effect.

viii. The closing of operations in the Federative Republic of Brazil is divided into two processes:

   1. Closing of commercial operations:

      On May 8, 2015, the commercial subsidiaries started a judicial recovery procedure (similar to commercial bankruptcy) before the 31st Civil Court in the capital of the State of Pernambuco, Brazil with procedure number 6174-66-2015.8.17.0001, in order to make the orderly payment to their creditors, which consisted of liquid credits with third parties amounting to R$ 22.1 million (US$ 5.7 million at December 1, 2015 (date on which the most recent list of creditors was published), and non-liquid credits of third parties are assumed in an amount approximating R$ 132 million (US$ 34.3 million).

      The procedure is currently in the stage of approval by the creditors of the recovery plan that we presented. Should that plan be approved, we expect the contingencies of third party creditors to be covered by the assets of those subsidiaries.

2. Closing of bank transactions:

   On May 11, 2015, Banco Azteca de Brasil informed the Banco Central de Brasil of its decision to stop operating the bank business in Brazil. As of that time and up to the end of December 2015, all the necessary activities have been carried out to liquidate its bank assets and pay its bank creditors, always in constant communication with the bank regulatory agency.

   As part of that closing process, on January 8, 2016, the Banco Central de Brasil served notice of the beginning of the out-of-court liquidation of Banco Azteca de Brasil, which is in an incipient stage; therefore, the Company cannot determine the result of the procedure or the existence of any possible contingency.

ix. The Company is part of many lawsuits and demands during the normal course of its operations (such as litigation, arbitration, administrative procedures that are incidental to the business, including, without limitation, regulatory issues of enforceability, contractual disputes, labor demand, customer demands, and others). The administration believes that none of these disputes will have any significant adverse effect on their business or financial situation.

33. Issuance of the financial statements

These financial statements have been approved on March 10, 2016, by Mr. Gabriel Alfonso Roqueñí Rello, Special Delegate on behalf of the Chief Executive Officer and by Mr. Mauro Aguirre Regis, Finance Director. Said financial statements will be subject to the approval of the Board of Directors and the Shareholders of Grupo Elektra in their next meetings.