



Peña Verde, S.A.B.
Sierra Mojada No. 626
Col. Lomas Barilaco
México D.F.; C.P. 11010
T. 56834900

Mexico City, Mexico

May 3, 2017

SUBJECT: RECORD FIRST QUARTER 2017

NATIONAL BANKING AND SECURITIES COMMISSION

HEAD SUPERVISOR OF ISSUERS

AV. INSURGENTES SUR 1971

P.B. TORRE NORTE

In accordance with section II of article 33 of the General Provisions applicable to Securities Issuers, we submit a record of the financial information of Peña Verde, S.A.B. corresponding to the **first** quarter of 2017.

“The undersigned manifest under oath that, within the scope of our respective functions, we have prepared the information related to the issuer contained in this quarterly report, which, to the best of our knowledge, fairly reflects its condition. Furthermore, we manifest that we do not have knowledge of any relevant information which has been omitted or falsified in this quarterly report or that it contains information which might be misleading for the investors.”

We would be pleased to provide any additional information you might wish on this subject.

Hoping the above to your satisfaction we remain,

Faithfully,

Manuel Santiago Escobedo Conover

Managing Director

Agustín Martínez Gabriel

Head of Finance

Israel Trujillo Bravo

Legal Holder

BOLSA MEXICANA DE VALORES, S.A.B. DE C.V.

TRADING SYMBOL: PV

QUARTER: 01 YEAR: 2017

PEÑA VERDE S.A.B.

INSURANCE COMPANY BALANCE SHEET

AS AT MARCH 31 2017 AND 2016

CONSOLIDATED

(PESOS)

Final Printout

| ACCOUNT | SUBACCOUNT | SUB-SUBACCOUNT | ACCOUNT / SUB-ACCOUNT | END CURRENT PERIOD AMOUNT | PRECEDING YEAR QUARTER AMOUNT |
|---------|------------|----------------|--|------------------------------|----------------------------------|
| 100 | | | Assets | 18,236,846,691 | 15,604,599,887 |
| 110 | | | Investments | 13,340,185,863 | 11,916,318,735 |
| 111 | | | Securities and Transactions with Derivatives | 12,661,856,077 | 11,137,051,429 |
| | 112 | | Securities | 12,661,856,077 | 11,137,051,429 |
| | | 113 | Government | 6,014,683,672 | 5,239,285,638 |
| | | 115 | Private Companies. Known Rate | 205,346,108 | 158,198,711 |
| | | 116 | Private Companies. Variable Income | 5,732,556,636 | 5,426,428,877 |
| | | 117 | Foreign | 709,269,661 | 313,138,203 |
| | | 120 | Dividends Receivable on Capital Instruments | 0 | 0 |
| | | 121 | (-) Impairment of securities | 0 | 0 |
| | | 123 | Investments in Loaned Securities | 0 | 0 |
| | | 124 | Restricted Securities | 0 | 0 |
| | 125 | | Transactions with Derivatives | 0 | 0 |
| 126 | | | Debtor under Repurchase | 122,860,765 | 284,786,383 |
| 171 | | | Loan Portfolio (Net) | 18,304,498 | 15,489,593 |
| | 172 | | Outstanding Loan Portfolio | 19,029,276 | 15,167,036 |
| | 133 | | Due Loan Portfolio | 276,561 | 322,557 |
| | 135 | | (-) Preventative Credit Risk Allowances | -1,001,339 | 0 |
| 137 | | | Real property (Net) | 537,164,523 | 478,991,330 |
| 140 | | | Investments for Labor Obligations | 209,831,623 | 220,331,133 |
| 141 | | | Liquid Assets | 726,186,076 | 219,376,752 |
| | 142 | | Cash and Banks | 726,186,076 | 219,376,752 |
| 143 | | | Debtors | 1,609,520,170 | 1,307,695,635 |
| | 144 | | Under a Premium | 1,540,288,230 | 1,191,057,205 |
| | 173 | | Debtors under Damages Subsidy Premium | 12,684,442 | 10,918,015 |
| | 174 | | Debits charged against Departments and Entities of the Federal Public Administration | 0 | 0 |
| | 145 | | Agents and Adjusters | 4,960,149 | 8,120,315 |
| | 146 | | Notes Receivable | 17,100,817 | 24,180,609 |
| | 175 | | Paid Claims Surety Bond Receivables | 0 | 0 |
| | 148 | | Others | 41,455,331 | 80,344,136 |
| | 149 | | (-) Write-offs Allowance | -6,968,798 | -6,924,646 |
| 150 | | | Reinsurance Companies and Rebonding Companies (Net) | 2,019,001,207 | 1,605,563,997 |
| | 151 | | Insurance and Bonding Institutions | 461,372,262 | 378,391,654 |
| | 152 | | Retained Deposits | 77,924,873 | 53,950,144 |
| | 176 | | Reinsurance Recoverables | 1,444,843,242 | 1,149,223,222 |
| | 177 | | (-) Preventative Foreign Reinsurance Company Credit Risks Allowance | -1,283,647 | -783,677 |
| | 156 | | Reinsurance and Rebonding Intermediaries | 0 | 0 |
| | 158 | | (-) Write-offs Allowance | 36,144,477 | 24,782,654 |
| 159 | | | Permanent Investments | 3,466,775 | 3,466,775 |
| | 160 | | Subsidiaries | 0 | 0 |
| | 161 | | Associated | 0 | 0 |
| | 162 | | Other Permanent Investments | 3,466,775 | 3,466,775 |
| 163 | | | Other Assets | 328,654,977 | 331,846,860 |
| | 164 | | Furniture and Equipment (Net) | 54,194,963 | 41,138,119 |
| | 165 | | Assets Awarded (Net) | 7,975 | 7,975 |
| | 166 | | Sundries | 225,907,307 | 260,668,725 |
| | 178 | | Amortizable Intangible Assets (Net) | 53,450,517 | 30,032,041 |
| | 179 | | Long-term Intangible Assets (Net) | -4,905,785 | 0 |
| 200 | | | Liabilities | 13,411,973,902 | 11,416,976,347 |
| 210 | | | Technical Reserves | 10,500,440,246 | 9,240,029,800 |
| 211 | | | Current Risks | 3,201,218,951 | 2,660,228,726 |
| | 212 | | Life Insurance | 642,898,032 | 585,178,153 |
| | 213 | | Accident and Sickness Insurance | 147,553,034 | 134,322,188 |
| | 214 | | Damages Insurance | 2,022,760,243 | 1,595,125,471 |
| | 249 | | Assumed Rebonding | 0 | 0 |
| | 215 | | Bonds In Force | 388,007,643 | 0 |
| 216 | | | Reserve for Pending Obligations | 3,058,881,694 | 0 |
| | 217 | | Due to policies due and unpaid claims incurred | 1,867,836,789 | 1,588,529,211 |
| | 218 | | Due to claims incurred and unreported and adjustment expenses allocated to the claim | 1,087,734,953 | 1,054,048,787 |
| | 220 | | Due to administration funds | 10,589,270 | 9,502,339 |

BOLSA MEXICANA DE VALORES, S.A.B. DE C.V.

TRADING SYMBOL: PV

QUARTER: 01 YEAR: 2017

PEÑA VERDE S.A.B.

INSURANCE COMPANY BALANCE SHEET

AS AT MARCH 31 2017 AND 2016

CONSOLIDATED

(PESOS)

Final Printout

| ACCOUNT | SUBACCOUNT | SUB-SUBACCOUNT | ACCOUNT / SUB-ACCOUNT | END CURRENT PERIOD AMOUNT | PRECEDING YEAR QUARTER AMOUNT |
|---------|------------|----------------|--|------------------------------|-------------------------------------|
| | 221 | | Due to Deposit Premiums | 92,720,682 | 57,670,191 |
| | 225 | | Contingency Reserve | 161,332,703 | 133,950,272 |
| | 226 | | Reserves for Specialised Insurance | 0 | 0 |
| | 224 | | Reserves for Catastrophic Risks | 4,079,006,897 | 3,736,100,274 |
| 227 | | | Reserves for Labor Obligations | 231,677,651 | 213,224,687 |
| 228 | | | Creditors | 297,979,217 | 208,351,935 |
| | 229 | | Agents and Adjusters | 94,281,388 | 99,401,616 |
| | 230 | | Loss Administration Funds | -786,795 | 284,860 |
| | 231 | | Established Liability Bond Creditors | 0 | 0 |
| | 232 | | Sundries | 204,484,623 | 108,665,459 |
| 233 | | | Reinsurance Companies and Rebonding Companies | 901,2221,456 | 447,850,850 |
| | 234 | | Insurance and Bonding Institutions | 877,518,452 | 421,494,991 |
| | 235 | | Retained Deposits | 9,868,553 | 15,929,048 |
| | 236 | | Other Interests | 13,428,620 | 10,342,429 |
| | 237 | | Reinsurance and Rebonding Intermediaries | 405,830 | 84,382 |
| 238 | | | Transactions with Derivatives. Reasonable Value (lending part) at time of acquisition | 0 | 0 |
| 239 | | | Financings Obtained | 0 | 0 |
| | 240 | | Debt Issue | 0 | 0 |
| | | 241 | Due to Subordinated Debentures Not Subject to Conversion into Shares | 0 | 0 |
| | | 242 | Other Negotiable Instruments | 0 | 0 |
| | 243 | | Financial Reinsurance Contracts | 0 | 0 |
| 244 | | | Other Liabilities | 1,480,655,332 | 1,307,519,075 |
| | 245 | | Provision for Employee Profit Sharing | 14,100,100 | 6,870,912 |
| | 246 | | Provision for Tax Payment | 61,328,918 | 20,195,534 |
| | 247 | | Other Obligations | 216,744,291 | 149,963,418 |
| | 248 | | Deferred Credits | 1,118,482,023 | 1,130,489,211 |
| 300 | | | Stockholders' Equity | 4,824,872,789 | 4,187,623,540 |
| 301 | | | Contributed Capital | 422,608,784 | 422,608,784 |
| 310 | | | Paid Capital or Social Fund | 422,608,784 | 422,608,784 |
| | 311 | | Capital or Social Fund | 422,608,784 | 422,608,784 |
| | 312 | | Unsubscribed Capital or Fund(-) | 0 | 0 |
| | 313 | | Not Paid-in Capital or Fund(-) | 0 | 0 |
| | 314 | | Reacquired Treasury Stock(-) | 0 | 0 |
| 315 | | | Subordinated Debentures Mandatorily Convertible into Capital | 0 | 0 |
| 302 | | | Earned Capital | 4,354,528,907 | 3,420,114,934 |
| 316 | | | Reserves | 961,015,799 | 961,720,273 |
| | 317 | | Legal | 1,288,898 | 1,288,898 |
| | 318 | | For Acquisition of Own Treasury Stock | 151,151 | 855,625 |
| | 319 | | Others | 959,575,750 | 959,575,750 |
| 320 | | | Surplus due to Valuation | 49,662,833 | 4,537,563 |
| 321 | | | Permanent Investments | 2,129,012,453 | 1,778,996,568 |
| 323 | | | Income OR Earnings from Previous Years | 714,911,171 | 777,916,882 |
| 324 | | | Income OR Earnings of Year | 499,926,650 | -103,056,351 |
| 325 | | | Income from Holding of Non-monetary Assets | 0 | 0 |
| 303 | | | Controlling Interest | 4,777,137,691 | 3,842,723,718 |
| 326 | | | Non-controlling Interest | 47,735,098 | 344,899,822 |
| 327 | | | Liabilities and Stockholders' Equity | 18,236,846,691 | 15,604,599,887 |
| | | | Memorandum Accounts | | |
| 810 | | | Deposit Securities | 161,265 | 161,265 |
| 820 | | | Administration Funds | 14,611,719 | 165,258,535 |
| 830 | | | Current Bond Liabilities | 4,332,062,395 | 3,962,975,665 |
| 840 | | | Recovery Warranties For Issued Bonds | 0 | 0 |
| 850 | | | Unverified Claims Received | 0 | 0 |
| 860 | | | Contingent Claims | 0 | 0 |
| 870 | | | Paid Claims | 0 | 0 |
| 875 | | | Cancelled Claims | 0 | 0 |
| 880 | | | Recovery of Paid Claims | 0 | 0 |
| 890 | | | Unamortized Tax Loss | 0 | 9,695,143 |
| 900 | | | Unfunded Reserve for Labor Obligations | -900,194 | 37,414,770 |

BOLSA MEXICANA DE VALORES, S.A.B. DE C.V.

TRADING SYMBOL: **PV**

QUARTER: **01**

YEAR: **2017**

PEÑA VERDE S.A.B.

INSURANCE COMPANY BALANCE SHEET

AS AT MARCH 31 2017 AND 2016

(PESOS)

CONSOLIDATED

Final Printout

| ACCOUNT | SUBACCOUNT | SUB-SUBACCOUNT | ACCOUNT / SUBACCOUNT | END CURRENT PERIOD AMOUNT | PRECEDING YEAR QUARTER AMOUNT |
|---------|------------|----------------|---------------------------------------|------------------------------|-------------------------------------|
| 910 | | | Registration Accounts | 2,975,661,019 | 1,993,956,009 |
| 920 | | | Transactions with Derivatives | 0 | 0 |
| 921 | | | Transactions with Loaned Securities | 0 | 0 |
| 922 | | | Guarantees Received under Derivatives | 0 | 0 |
| 923 | | | Guarantees Received under Repurchase | 36,795 | 4,394 |

BOLSA MEXICANA DE VALORES, S.A.B. DE C.V.

TRADING SYMBOL: **PV**

QUARTER: **01** YEAR: **2017**

PEÑA VERDE S.A.B.

INSURANCE COMPANY CASH FLOW STATEMENT

FROM 1 JANUARY TO 31 MARCH 2017 AND 2016

CONSOLIDATED

(PESOS)

Final Printout

| ACCOUNT | SUBACCOUNT | ACCOUNT / SUBACCOUNT | CURRENT YEAR | PREVIOUS YEAR |
|---------|------------|---|--------------|---------------|
| | | | AMOUNT | AMOUNT |
| 21100 | | Net income | 476,561,112 | -103,056,351 |
| 21200 | | Adjustment due to items not involving cash flow | -487,487,591 | 201,763,359 |
| | 21201 | Profit or loss due to valuation relating to investment and financing activities | -501,836,475 | 225,876,562 |
| | 21202 | Write-offs or uncollectibles Allowance | -46,158,070 | 46,004,566 |
| | 21203 | Losses due to impairment or reversion effect of impairment related to investment and financing activities | 0 | -2,094,739 |
| | 21204 | Depreciations and amortizations | 5,453,421 | 5,220,255 |
| | 21205 | Adjustment or increase in technical reserves | -179,833,569 | 233,567,063 |
| | 21206 | Provisions | 149,448,458 | 87,401,892 |
| | 21207 | Incurred and deferred income tax | 88,619,596 | 60,368,683 |
| | 21208 | Interest in income from non-consolidated subsidiaries and associates | -2,847,772 | -2,827,799 |
| | 21209 | Discontinued operations | -333,179 | 0 |
| | | Operating activities | | |
| | 21301 | Change in margin accounts | 0 | 0 |
| | 21302 | Change in securities investments | 540,483,481 | 34,345,374 |
| | 21303 | Change in debtors under repurchase | 29,055,093 | 20,243,172 |
| | 21304 | Change in securities lending (assets) | 0 | 0 |
| | 21305 | Change in derivatives (assets) | 0 | 0 |
| | 21306 | Change in unpaid premiums | 240,647,723 | -297,157,369 |
| | 21307 | Change in debtors | 26,688,639 | -20,394,380 |
| | 21308 | Change in reinsurance and rebonding companies | 33,761,199 | 74,942,496 |
| | 21309 | Change in assets awarded | 0 | 0 |
| | 21310 | Change in other operational assets | -16,608,896 | -36,594,324 |
| | 21311 | Change in contractual obligations and claims-related expenses | -178,725,799 | 218,229,384 |
| | 21314 | Change in derivatives (liabilities) | 0 | 0 |
| | 21315 | Change in other operational liabilities | -299,313,346 | -156,520,743 |
| | 21316 | Change in hedging instruments (of operating activity-related hedged items) | 0 | 0 |
| 21300 | | Net cash flow from operating activities | 375,988,094 | -162,906,391 |
| | | Investment activities | | |
| | 21401 | Collections due to disposal of real property, furniture or equipment | 126,128 | 176,982 |
| | 21402 | Payments for the acquisition of real property, furniture or equipment | -2,517,972 | -5,022,149 |
| | 21403 | Collections due to the disposal of subsidiaries or associated companies | 0 | 0 |
| | 21404 | Payments for the acquisition of subsidiaries or associated companies | -3,500,000 | -532,667 |
| | 21405 | Collections due to the disposal of other permanent investments | 0 | 0 |
| | 21406 | Payments for the acquisition of other permanent investments | 0 | 0 |
| | 21407 | Collections due to cash dividends | 0 | 114,945,811 |
| | 21408 | Payments for the acquisition of intangible assets | 0 | 0 |
| | 21409 | Collections due to the disposal of long-term assets available for sale | 0 | 0 |
| | 21410 | Collections due to the disposal of other long-term assets | 125,980 | 0 |
| | 21411 | Payments for the acquisition of other long-term assets | 0 | 0 |
| 21400 | | Net cash flow from investment activities | -5,765,864 | 109,567,977 |
| | | Financing activities | | |
| | 21501 | Collections due to share issues | 0 | 0 |
| | 21502 | Payments for the reimbursement of capital stock | 0 | 0 |
| | 21503 | Payments of cash dividends | 0 | -114,966,860 |
| | 21504 | Payments related to the repurchase of treasury stock | 0 | 0 |
| | 21505 | Collections due to the issue of subordinated debentures with capital characteristics | 0 | 0 |
| | 21506 | Payments related to subordinated debentures with capital characteristics | 0 | 0 |
| 21500 | | Net cash flow from financing activities | 0 | -114,966,860 |
| 21000 | | Net cash increase or decrease | 359,295,751 | -69,598,266 |
| 22000 | | Effects of changes in cash value | 70 | 57 |
| 23000 | | Cash and cash equivalents at start of period | 366,890,255 | 288,974,961 |
| 20000 | | Cash and cash equivalents at end of period | 726,186,076 | 219,376,752 |

BOLSA MEXICANA DE VALORES, S.A.B. DE C.V.

TRADING SYMBOL: PV

QUARTER: 01 YEAR: 2017

PEÑA VERDE S.A.B.

INSURANCE COMPANY INCOME STATEMENT

FROM 1 JANUARY TO 31 MARCH 2017 AND 2016

CONSOLIDATED

(PESOS)

Final Printout

| ACCOUNT | ACCOUNT / SUB-ACCOUNT | END CURRENT PERIOD AMOUNT | PRECEDING YEAR QUARTER AMOUNT |
|---------|--|------------------------------|-------------------------------------|
| 400 | Premiums | 0 | 0 |
| 410 | Issued | 1,675,318,732 | 1,417,083,106 |
| 420 | (-) Ceded | 328,280,543 | 254,682,910 |
| 430 | Retention | 1,347,038,189 | 1,162,400,195 |
| 440 | (-) Net Increase in Current Risks and Bonds Reserve | 92,657,726 | 205,639,255 |
| 450 | Accrued Retention Premiums | 1,254,380,463 | 956,760,940 |
| 460 | (-) Net Acquisition Cost | 373,910,874 | 345,169,222 |
| 470 | Agent Commissions | 61,172,832 | 64,390,508 |
| 480 | Additional Agent Compensation | 34,742,369 | 40,709,751 |
| 490 | Assumed Reinsurance and Rebonding Commissions | 130,748,938 | 119,198,590 |
| 500 | (-) Ceded Reinsurance Commissions | -62,210,537 | -29,081,865 |
| 510 | Excess Loss Hedging | 62,082,563 | 63,765,407 |
| 520 | Others | 147,374,709 | 86,186,831 |
| 530 | (-) Net Costs of Accident, Claim, and Other Pending Obligations | 579,252,975 | 718,229,738 |
| 540 | Accidents and Other Pending Obligation | 575,928,823 | 728,410,060 |
| 550 | Accident Recovered from Non-proportional Reinsurance | 3,389,953 | -22,618,659 |
| 560 | Claims | -65,801 | 12,438,337 |
| 570 | Technical (Loss) Profit | 301,216,614 | -106,638,020 |
| 580 | (-) Net Increase in Other Technical Reserves | 129,169,433 | 54,224,689 |
| 590 | Catastrophic Risks Reserve | 124,462,076 | 49,717,576 |
| 810 | Specialised Reinsurance Reserve | 0 | 0 |
| 610 | Contingency Reserve | 4,707,357 | 4,507,114 |
| 620 | Other Reserves | 0 | 0 |
| 625 | Revenue from Similar and Related Operations | 14,758 | 30,793 |
| 630 | Gross Profit (Loss) | 172,061,939 | -160,831,916 |
| 640 | (-) Net Operation Expenses | 124,810,979 | 161,589,577 |
| 650 | Administration and Operations Expenses | -15,352,513 | 72,751,163 |
| 660 | Personnel Remunerations and Benefits | 134,469,899 | 83,678,579 |
| 670 | Depreciations and Amortisations | 5,693,593 | 5,159,834 |
| 680 | Profit of Operation (Loss) | 47,250,960 | -322,421,492 |
| 690 | Comprehensive Financing Income | 514,740,757 | 293,189,571 |
| 700 | From Investments | 80,999,277 | 74,824,858 |
| 710 | From Sales of Investments | 32,637,096 | 2,767,264 |
| 720 | From Valuation of Investments | 505,590,750 | 225,876,562 |
| 730 | From Premium Surcharge | 7,639,214 | 7,253,010 |
| 750 | From Issuance of Debt Instruments | 0 | 0 |
| 760 | From Financing Reinsurance | 0 | 0 |
| 820 | Credit Interest | 0 | 0 |
| 830 | Preventive Penalisation for Amounts Recoverable from Reinsurance | -326,580 | -109,335 |
| 840 | Preventive Penalisation for Credit Risks | 587,853 | -1,452,795 |
| 770 | Others | 3,764,031 | 2,917,007 |
| 780 | Exchange Income | -116,150,866 | -18,887,000 |
| 790 | Monetary Position Result | 0 | 0 |
| 795 | Participation in Income from Permanent Investments | 0 | 0 |
| 801 | Profit Before Income Tax (Loss) | 561,991,717 | -29,231,922 |
| 802 | Provision for Income Tax Payment | 55,715,085 | 60,151,506 |
| 804 | Profit Before Discontinued Operations (Loss) | 506,276,632 | -89,383,428 |
| 808 | Discontinued Operations | 0 | 0 |
| 805 | Profit of Year (Loss) | 499,926,650 | -103,056,351 |
| 806 | Non-controlling Interest | 6,349,981 | -13,672,924 |
| 807 | Controlling Interest | 499,926,650 | -103,056,351 |

BOLSA MEXICANA DE VALORES, S.A.B. DE C.V.

TRADING SYMBOL: PV

QUARTER: 01 YEAR: 2017

PEÑA VERDE S.A.B.

INSURANCE COMPANIES STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

FROM 31 DECEMBER 2016 TO 31 MARCH 2017

CONSOLIDATED
Final Printout

(PESOS)

| Item | Contributed Capital | | Earned Capital | | | | | | Non-controlling Interest | Total Stockholder Equity |
|--|-----------------------------|--|------------------|------------------------------------|-----------------------|--|---|---|--------------------------|--------------------------|
| | Paid Capital or Social Fund | Subordinated Debentures Mandatorily Convertible into Capital | Capital Reserves | Revenue from Previous Fiscal Years | Income of Fiscal Year | Permanent Investments | Revenue from Holding of Non-monetary Assets | Appreciation or Depreciation due to Valuation | | |
| | | | | | | Share in Other Stockholders' Equity Accounts | Income from Holding of Non-monetary Assets | Of Investments | | |
| Balance at start of period | 422,608,784 | 0 | 961,015,799 | 2,587,295,058 | 256,628,567 | 0 | 0 | 35,615,975 | 42,302,689 | 4,305,466,872 |
| MOVEMENTS INHERENT TO SHAREHOLDERS' DECISIONS | | | | | | | | | | |
| Subscription of shares | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Capitalization of profit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Establishment of reserves | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Payment of dividends | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfer of revenue from previous fiscal years | 0 | 0 | 0 | 256,628,567 | -256,628,564 | 0 | 0 | 0 | 0 | 3 |
| Others. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total. | 0 | 0 | 0 | 256,628,567 | -256,628,564 | 0 | 0 | 0 | 0 | 3 |
| MOVEMENTS INHERENT TO THE RECOGNITION OF COMPREHENSIVE INCOME | | | | | | | | | | |
| Comprehensive income | | | | | | | | | | |
| Income of fiscal year | 0 | 0 | 0 | 0 | 499,926,650 | 0 | 0 | 0 | 5,520,452 | 505,447,103 |
| Income from valuation of instruments available for sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Income from possessing of non-monetary assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Others | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 14,046,858 | -88,047 | 13,958,810 |
| Total | 0 | 0 | 0 | 0 | 499,926,650 | 0 | 0 | 14,046,858 | 5,432,405 | 519,405,913 |
| Balance at end of period | 422,608,784 | 0 | 961,015,799 | 2,843,923,625 | 499,926,653 | 0 | 0 | 49,662,833 | 47,735,094 | 4,824,872,789 |

BOLSA MEXICANA DE VALORES, S.A.B. DE C.V.

TRADING SYMBOL: PV

QUARTER: 01 YEAR: 2017

PEÑA VERDE S.A.B.

MANAGEMENT COMMENT ON AND ANALYSIS OF COMPANY'S
OPERATING PROFIT AND FINANCIAL POSITION

PAGE 1 / 3

CONSOLIDATED
Final Printout

PEÑA VERDE, S.A.B.

REPORT AS AT 31 MARCH, 2016

MANAGEMENT COMMENTS ON AND ANALYSIS OF OPERATING INCOME AND FINANCIAL POSITION OF
PEÑA VERDE, S.A.B.

COMMENTS AS AT MARCH 2017 COMPARED WITH MARCH 2016 (CONSOLIDATED FIGURES).

INCOME STATEMENT

PREMIUMS ISSUED

THE PEÑA VERDE PREMIUMS ISSUED AS AT MARCH, 2017 AMOUNTED TO \$1,675.3 MILLION PESOS WHICH COMPARED WITH \$1,417.1 MILLION PESOS FROM MARCH, 2016 SHOW A 18.2% INCREASE. THIS INCREASE IS MAINLY INFLUENCED BY THE SUBSIDIARY "GENERAL DE SEGUROS" WHICH, AS AT MARCH, 2017, HAD \$823.0 MILLION PESOS IN SALES, REPRESENTING A 9.8% INCREASE FROM THE PREVIOUS YEAR, MAINLY DUE TO THE UPTAKE OF NEW VENTURES IN THE HEALTH, CAR AND FIRE INSURANCE SECTORS.

THE SUBSIDIARY "REASEGURADORA PATRIA" ACHIEVED SALES FOR \$697.2 MILLION PESOS, WHICH REPRESENTS A 22.8% INCREASE IN RELATION TO THE SAME PERIOD OF THE PREVIOUS YEAR, ORIGINATED BY INCREASES IN THE REBONDING PREMIUMS ASSUMED IN THE FIRE, AGRICULTURE AND REBONDING OPERATION SECTORS.

FURTHERMORE, IN JANUARY, 2016, THE SUBSIDIARY PATRIA CORPORATE MEMBER LTD BEGAN OPERATIONS AT LLOYD'S IN LONDON, ENGLAND WITHIN THE SPECIAL PURPOSE SYNDICATE 6125. FOR CONSOLIDATION PURPOSES, THE FINANCIAL STATEMENTS OF THE SYNDICATE WERE CONVERTED FROM UK GAAP TO MEXICAN ACCOUNTING STANDARDS, ISSUED BY THE NATIONAL INSURANCE AND BONDS COMMISSION. THE SUBSIDIARY PATRIA CORPORATE MEMBER LTD, IN THE FIRST QUARTER OF 2017, ACHIEVED SALES AMOUNTING TO \$154.7 MILLION PESOS WHICH REPRESENTS A 55% INCREASE IN RELATION TO THE SAME PERIOD FROM THE PREVIOUS YEAR.

NET INCREASE IN CURRENT RISK RESERVE AND BONDS IN FORCE

AS AT MARCH 2017, THE CURRENT RISK RESERVE AND BONDS IN FORCE WHICH AMOUNTED TO \$92.7 MILLION PESOS SHOWED A DECREASE OF 54.9% WITH RESPECT TO MARCH OF THE PREVIOUS YEAR, ORIGINATED MAINLY BY THE IMPACT THE CHANGE OF METHODOLOGY FOR THE ESTABLISHMENT OF THE CURRENT RISK RESERVE BASED ON SOLVENCY II MODELS REPRESENTED IN THE YEAR 2016.

NET ACQUISITION COST

AT THE CLOSING OF MARCH, 2017, THE CONSOLIDATED NET ACQUISITION COST OF PEÑA VERDE AMOUNTED TO \$373 MILLION PESOS WHICH, COMPARED WITH THE \$345.2 MILLION PESOS IN MARCH, 2016, SHOWS A 8.3% INCREASE, INFLUENCED BY THE GROWTH IN COMMISSIONS FOR REINSURANCE ASSUMED THAT ARE PAID TO CEDANTS AND BY THE COSTS OF EXCESS LOSS HEDGING THAT PROTECT OUR RETENTIONS. WITH REGARD TO THE RETAINED PREMIUM, IT REPRESENTED 27.8%, WHILE THE SAME PERIOD OF THE PREVIOUS YEAR WAS 29.7%. THE MAIN ITEMS THAT MAKE UP THIS FIELD ARE AGENT COMMISSIONS, REINSURANCE AND REBONDING COMMISSIONS PAID TO CEDING COMPANIES, THE COST OF HEDGING OF NON-PROPORTIONAL AGREEMENTS AND INCOME FROM RETROCEDED REINSURANCE COMMISSIONS.

BOLSA MEXICANA DE VALORES, S.A.B. DE C.V.

TRADING SYMBOL: PV

QUARTER: 04 YEAR: 2016

PEÑA VERDE S.A.B.

MANAGEMENT COMMENT ON AND ANALYSIS OF COMPANY'S
OPERATING PROFIT AND FINANCIAL POSITION

PAGE 2 / 3

CONSOLIDATED
Final Printout

NET CLAIMS COST

THE CONSOLIDATED RETENTION CLAIMS RATE OF PEÑA VERDE WAS 46.2% FOR PREMIUMS ACCRUED UNDER RETENTION, A LOWER PERCENTAGE BY 18.0 POINTS THAN THE PREVIOUS YEAR, ORIGINATED MAINLY BY THE IMPACT REPRESENTED BY THE CHANGE IN RESERVE METHODOLOGY FOR OUTSTANDING LIABILITIES DUE TO INCURRED AND UNREPORTED CLAIMS, WHICH HAD AN INCREASE OF \$145 MILLION IN THE SUBSIDIARY PATRIA IN THE YEAR 2016

AS FOR THE SUBSIDIARY PATRIA CORPORATE MEMBER LTD, IT RECORDED CLAIMS FOR \$76 MILLION PESOS AND AN INCREASE OF \$127 MILLION PESOS IN THE RESERVE FOR UNPAID AND UNREPORTED LOSSES INCURRED.

TECHNICAL PROFIT

THE CONSOLIDATED TECHNICAL INCOME OF PEÑA VERDE AS AT MARCH, 2017 FINISHED WITH A UTILITY OF \$301.2 MILLION PESOS WHICH COMPARED WITH THE \$106.6 MILLION-PESO LOSS FROM MARCH, 2016, REPRESENTED A SIGNIFICANT RECOVERY DUE TO THREE FACTORS: A) HIGHER INCOME FROM PREMIUMS, LOWER INCREASE IN THE CURRENT RISK RESERVE AND C) DECREASE IN CLAIMS.

OTHER TECHNICAL RESERVES

THE INCREASE IN OTHER TECHNICAL RESERVES (CATASTROPHIC RESERVES) AS AT MARCH, 2017 WAS OF \$129.2 MILLION PESOS, OF WHICH THE INSURANCE TYPES WITH THE GREATEST VOLUME WERE: EARTHQUAKE, HYDROMETEOROLOGICAL RISKS AND AGRICULTURE. THE MAIN ORIGIN OF THE INCREASE IS IN THE RELEASE OF THE RISK PREMIUM AND THE FINANCE PRODUCTS AT THE CLOSING OF THE QUARTER.

OPERATING EXPENDITURE

CONSOLIDATED OPERATING EXPENSES AMOUNTED TO \$124.8 MILLION PESOS, WHICH REPRESENT 7.4% OF THE PREMIUMS ISSUED, AN AMOUNT WHICH, COMPARED WITH THE OPERATING EXPENSES FOR MARCH, 2017 OF \$161.6 MILLION PESOS, SHOW AN 22.8% DECREASE, DUE PRIMARILY TO A PROFIT AS AT MARCH, 2017 OF \$77.2 MILLION PESOS FROM THE TIMELY RECORDING OF THE MONTHLY STATEMENTS OF ACCOUNT OF THE ASSUMED REINSURANCE. MOREOVER, THE ACTUAL AND DEFERRED EMPLOYEE PROFIT SHARING (PTU) ACCOUNT IS GROUPED INTO THIS SECTION BY DECISION OF THE NATIONAL INSURANCE AND BONDS COMMISSION (CNSF).

BOLSA MEXICANA DE VALORES, S.A.B. DE C.V.

TRADING SYMBOL: PV

QUARTER: 01 YEAR: 2017

PEÑA VERDE S.A.B.

MANAGEMENT COMMENT ON AND ANALYSIS OF COMPANY'S
OPERATING PROFIT AND FINANCIAL POSITION

PAGE 3 / 3

CONSOLIDATED
Final Printout

FINANCING COMPREHENSIVE INCOME

THE COMPREHENSIVE INCOME FROM FINANCING AMOUNTED TO \$514.7 MILLION PESOS, WHICH COMPARED WITH THE \$293.2 MILLION PESOS FROM THE PREVIOUS YEAR SHOWS A INCREASE OF 75.6%, ESPECIALLY DUE TO THE VALUATION OF INVESTMENTS.

INCOME OF THE YEAR

AS A RESULT OF THE ABOVE, THE ISSUER, ON MARCH 1, 2017, SHOWS A NET PROFIT OF \$499.9 MILLION PESOS, DUE ESPECIALLY TO THE FOLLOWING FACTORS: HIGHER INCOME FROM PREMIUMS, B) LOWER INCREASE IN THE CURRENT RISK RESERVE AND C) THE FINANCING COMPREHENSIVE INCOME.

STATEMENT OF FINANCIAL POSITION

AS AT MARCH, 2017, THE ASSETS AMOUNT TO \$18,237 MILLION PESOS WHICH, COMPARED WITH THE SAME PERIOD FROM THE PREVIOUS YEAR, SHOW A 16.9% INCREASE. PROMINENT AMONG THE MAJOR CHANGES IN THE YEAR ARE THE INCREASE IN SECURITIES INVESTMENTS TOTTALLING \$1,524.8 MILLION PESOS, THE INCREASE IN AVAILABILITY BY \$506.8 MILLION PESOS AND THE INCREASE IN REINSURANCE CLIENTS BY \$413.4 MILLION PESOS. THE REMAINING ASSETS SECTIONS SHOW IRRELEVANT CHANGES.

AMONG LIABILITIES, TECHNICAL RESERVES AMOUNTED TO \$10,500.4 MILLION PESOS WHICH, COMPARED WITH THE SAME PERIOD FROM PREVIOUS YEAR, SHOW A 13.6% INCREASE, COMPRISING A 35.2% INCREASE IN THE RESERVE FOR CURRENT RISKS BY 20.3%, AN INCREASE IN THE RESERVE FOR PENDING OBLIGATIONS BY 12.9% AND AN INCREASE IN THE CATASTROPHIC RISKS SECTION BY 9.2%.

THE OTHER LIABILITIES SECTION AMOUNTED TO \$1,480.6 MILLION PESOS WHICH, COMPARED WITH THE PREVIOUS YEAR SHOWS A 13.2% INCREASE, DUE MAINLY TO THE VARIATION SHOWN BY INCURRED AND DEFERRED ISR (INCOME TAX) AND PTU (EMPLOYEE PROFIT SHARING) PROVISIONS.

AS AT MARCH, 2017, THE STOCKHOLDERS' EQUITY AMOUNTED TO \$4,824.8 MILLION PESOS, WHICH COMPARED WITH \$4,187.6 MILLION PESOS FROM MARCH, 2016, REPRESENTS AN INCREASE BY 15.2%, WHICH CORRESPONDS TO THE PROFIT GENERATED IN THE PREVIOUS YEAR, AS WELL AS THE UTILITY FROM THE CURRENT PERIOD.

INDEPENDENT ANALYST

AS OF OCTOBER 31, 2016, THE SELECTION SUB-COMMITTEE OF THE MEXICAN STOCK EXCHANGE AGREED TO APPOINT THE COMPANY PROGNOSIS ECONOMÍA FINANZAS E INVERSIONES, S.C "PROGNOSIS" AS RESPONSIBLE FOR HEDGING THE SECURITIES OF PEÑA VERDE, S.A.

BOLSA MEXICANA DE VALORES, S.A.B. DE C.V.

TRADING SYMBOL: PV

QUARTER: 01 YEAR: 2017

PEÑA VERDE S.A.B.

COMPLEMENTARY NOTES TO THE
FINANCIAL INFORMATION

PAGE 1 / 18

CONSOLIDATED
Final Printout

PEÑA VERDE, S. A. B. AND SUBSIDIARIES
SUMMARY OF MAJOR ACCOUNTING POLICIES

THE ACCOUNTING POLICIES SHOWN HAVE BEEN APPLIED UNIFORMLY IN THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS THAT ARE PRESENTED, AND HAVE BEEN APPLIED CONSISTENTLY BY THE INSTITUTION.

SUMMARY OF MAJOR ACCOUNTING POLICIES

THE ACCOUNTING POLICIES SHOWN IN THE FOLLOWING SHEET HAVE BEEN APPLIED UNIFORMLY IN THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS WHICH ARE PRESENTED AND HAVE BEEN CONSISTENTLY APPLIED BY THE INSTITUTION, EXCEPT AS INDICATED IN NOTE 4, WHICH INCLUDES THE ACCOUNTING CHANGES RECOGNISED DURING THE FISCAL YEAR.

(A) RECOGNITION OF THE EFFECTS OF INFLATION

THE ATTACHED CONSOLIDATED FINANCIAL STATEMENTS WERE PREPARED IN ACCORDANCE WITH THE ACCOUNTING CRITERIA FOR INSURANCE INSTITUTIONS IN MEXICO IN EFFECT ON THE DATE OF THE BALANCE SHEET, WHICH, GIVEN THAT THE INSTITUTION OPERATES IN A NON-INFLATIONARY ECONOMIC ENVIRONMENT, INCLUDE THE RECOGNITION OF THE EFFECTS OF INFLATION ON THE FINANCIAL INFORMATION UP TO DECEMBER 31, 2007, BASED ON THE NATIONAL CONSUMER PRICE INDEX (INPC). THE PERCENTAGE OF ANNUAL AND ACCUMULATED INFLATION OVER THE LAST THREE YEARS AND THE INDICES USED TO DETERMINE INFLATION, ARE SHOWN BELOW:

(B) BASES FOR CONSOLIDATION

THE CONSOLIDATED FINANCIAL STATEMENTS INCLUDE THOSE OF PEÑA VERDE, S. A. B. AND OF ITS SUBSIDIARIES OVER WHICH IT EXERTS CONTROL. THE SIGNIFICANT BALANCES AND OPERATIONS BETWEEN THE COMPANIES OF THE GROUP WERE REMOVED IN THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS. THE CONSOLIDATION WAS PERFORMED BASED ON THE FINANCIAL STATEMENTS OF ITS SUBSIDIARY COMPANIES AS AT DECEMBER 31, 2016, WHICH WERE PREPARED IN ACCORDANCE WITH THE ACCOUNTING STANDARDS AND PRACTICES ISSUED BY THE COMMISSION.

(C) INVESTMENTS

THE COMMISSION REGULATES THE BASES UPON WHICH THE INSTITUTION MAKES ITS INVESTMENTS, FOR WHICH IT HAS ESTABLISHED ACCOUNTING AND VALUATION CRITERIA THAT CLASSIFY INVESTMENTS ACCORDING TO MANAGEMENT INTENTIONS FOR ITS POSSESSION, AS MENTIONED BELOW:

NEGOTIABLE INSTRUMENTS

THESE ARE DEBT OR CAPITAL INSTRUMENTS HELD BY THE INSTITUTION WITH THE INTENTION OF HEDGING CLAIMS AND OPERATING EXPENSES. SO FROM THE MOMENT OF INVESTING IN THEM THERE IS AN INTENTION TO NEGOTIATE THEM IN THE SHORT TERM, AND IN THE CASE OF DEBT INSTRUMENTS ON DATES PRIOR TO MATURITY.

DEBT INSTRUMENTS ARE RECORDED AT THEIR ACQUISITION COST AND THE ACCRUAL OF THEIR YIELD (INTEREST, COUPONS OR EQUIVALENT) IS CARRIED OUT IN ACCORDANCE WITH THE EFFECTIVE INTEREST METHOD. SUCH INTEREST IS RECOGNIZED AS CARRIED OUT IN THE CONSOLIDATED INCOME STATEMENT. DEBT INSTRUMENTS ARE VALUED AT THEIR REASONABLE VALUE, TAKING AS A BASE THE MARKET PRICES GIVEN BY THE INDEPENDENT PRICE SUPPLIERS OR BY OFFICIAL PUBLICATIONS SPECIALIZING IN INTERNATIONAL MARKETS, AND IF THERE IS NO LISTING, ACCORDING TO THE LAST PRICE RECORDED WITHIN THE PERIODS ESTABLISHED BY THE COMMISSION. THE ACQUISITION

BOLSA MEXICANA DE VALORES, S.A.B. DE C.V.

TRADING SYMBOL: PV

QUARTER: 01 YEAR: 2017

PEÑA VERDE S.A.B.

COMPLEMENTARY NOTES TO THE
FINANCIAL INFORMATION

PAGE 2 / 18

CONSOLIDATED
Final Printout

COST WILL BE TAKEN AS THE UPDATED PRICE FOR VALUATION. CAPITAL INSTRUMENTS ARE RECORDED AT THEIR ACQUISITION COST AND ARE VALUED IN A SIMILAR WAY TO QUOTED DEBT INSTRUMENTS. IF THERE IS NO MARKET VALUE, FOR THE PURPOSES OF DETERMINING THE REASONABLE VALUE, THE BOOK VALUE OF THE ISSUER OR THE ACQUISITION COST, SHALL BE CONSIDERED, WHICHEVER IS LOWER. THE VALUATION EFFECTS OF BOTH DEBT INSTRUMENTS AND CAPITAL INSTRUMENTS ARE RECOGNIZED IN THE CONSOLIDATED INCOME OF THE FISCAL YEAR IN THE "VALUATION OF INVESTMENTS" SECTION AS PART OF "COMPREHENSIVE INCOME FROM FINANCING." AT THE DATE OF ITS DISPOSAL, THE RESULTS OF YEAR SHALL BE RECOGNISED IN THE DIFFERENTIAL BETWEEN THE SELLING PRICE AND THE BOOK VALUE OF THE INSTRUMENTS. THE VALUATION RESULT OF THE SECURITIES TO BE ALIENATED, RECOGNISED IN THE RESULTS OF THE YEAR IS RECLASSIFIED TO THE CATEGORY OF "INTEGRAL RESULT OF FINANCING FROM DISPOSAL OF INVESTMENTS" IN THE CONSOLIDATED INCOME STATEMENT ON THE DATE OF THE SALE. FOR DEBT AND CAPITAL INSTRUMENTS, THEIR TRANSACTION COSTS ARE RECOGNIZED IN THE CONSOLIDATED INCOME OF THE FISCAL YEAR ON THE DATE OF ACQUISITION.

INSTRUMENTS AVAILABLE FOR SALE

ARE THOSE FINANCIAL ASSETS FOR WHICH, FROM THE MOMENT OF INVESTING IN THEM, THE ADMINISTRATION HAS A DIFFERENT INTENTION THAN AN INVESTMENT FOR NEGOTIATION OR TO RETAIN AT MATURITY, AND IS INTENDED TO NEGOTIATE THEM IN THE MEDIUM TERM AND IN THE CASE OF DEBT INSTRUMENTS ON A DATE PRIOR TO MATURITY, WITH THE PURPOSE OF MAKING GAINS BASED ON THEIR MARKET VALUE CHANGES AND NOT JUST THROUGH INHERENT RETURNS. DEBT INSTRUMENTS ARE RECORDED AT THEIR ACQUISITION COST. THE ACCRUAL OF THEIR YIELD (INTEREST, COUPONS OR EQUIVALENT) AND THEIR VALUATION IS CARRIED OUT IN THE SAME WAY AS FOR INSTRUMENTS FOR FINANCING OPERATION, INCLUDING THE RECOGNITION OF THE ACCRUED YIELD IN INCOME AS REALIZED, BUT RECOGNIZING THE VALUATION EFFECT ON STOCKHOLDERS' EQUITY IN THE "SECURITIES VALUATION APPRECIATION" SECTION UNTIL SUCH FINANCIAL INSTRUMENTS ARE SOLD OR TRANSFERRED TO A DIFFERENT CATEGORY. AT THE TIME OF THEIR SALE, THE EFFECTS PREVIOUSLY RECOGNIZED IN STOCKHOLDERS' EQUITY SHOULD BE RECOGNIZED IN THE CONSOLIDATED INCOME OF THE PERIOD IN WHICH THE SALE IS MADE. CAPITAL INSTRUMENTS AVAILABLE FOR SALE ARE RECORDED AT THEIR ACQUISITION COST. INVESTMENTS IN LISTED SHARES ARE VALUED AT THEIR REASONABLE VALUE, TAKING AS A BASE THE MARKET PRICES GIVEN BY INDEPENDENT PRICE SUPPLIERS. IF THERE IS NO MARKET VALUE, THE BOOK VALUE OF THE ISSUER IS CONSIDERED. THE VALUATION EFFECTS OF CAPITAL INSTRUMENTS ARE RECORDED IN THE "STOCKHOLDER'S EQUITY VALUATION APPRECIATION" SECTION. FOR DEBT AND CAPITAL INSTRUMENTS, THEIR TRANSACTION COSTS ARE RECOGNIZED AS PART OF THE INVESTMENT ON THE DATE OF ACQUISITION.

TRANSFERS BETWEEN CATEGORÍES

TRANSFERS BETWEEN FINANCIAL ASSET CATEGORIES ARE ONLY ADMISSIBLE WHEN THE ORIGINAL INTENTION FOR THE CLASSIFICATION OF THESE ASSETS IS AFFECTED BY CHANGES IN THE FINANCIAL CAPACITY OF THE ENTITY, OR BY A CHANGE IN ANY CIRCUMSTANCES THAT FORCE THE ORIGINAL INTENTION TO BE AMENDED.

TRANSFERS OF CATEGORIES OF FINANCIAL INSTRUMENTS FOR NEGOTIATION PURPOSES ARE NOT IS PERMITTED, EXCEPT IN THE EVENT THAT A FINANCIAL INSTRUMENT IS IN A MARKET WHICH, DUE TO UNUSUAL CIRCUMSTANCES BEYOND THE CONTROL OF THE INSTITUTION, CEASES TO BE ACTIVE, LOSING LIQUIDITY. SUCH INSTRUMENT CAN BE TRANSFERRED TO THE CATEGORY OF FINANCIAL INSTRUMENTS AVAILABLE FOR SALE (FINANCIAL INSTRUMENTS OF DEBT OR CAPITAL).

BOLSA MEXICANA DE VALORES, S.A.B. DE C.V.

TRADING SYMBOL: PV

QUARTER: 01 YEAR: 2017

PEÑA VERDE S.A.B.

COMPLEMENTARY NOTES TO THE
FINANCIAL INFORMATION

PAGE 3 / 18

CONSOLIDATED
Final Printout

UNREALIZED VALUATION GAINS

THE INSTITUTION MAY NOT CAPITALIZE OR DISTRIBUTE THE PROFIT RESULTING FROM THE VALUATION OF ANY OF ITS SECURITIES INVESTMENTS UNTIL IT IS DONE IN CASH.

REPURCHASE TRANSACTIONS

REPURCHASE TRANSACTIONS ARE SHOWN IN A SEPARATE SECTION ON THE CONSOLIDATED BALANCE

SHEET. THEY ARE INITIALLY RECORDED AT THE AGREED PRICE AND ARE VALUED AT AN AMORTIZED COST BY RECOGNIZING THE PREMIUM IN THE INCOME OF THE FISCAL YEAR AS IT IS ACCRUED, IN ACCORDANCE WITH THE EFFECTIVE INTEREST METHOD. FINANCIAL ASSETS RECEIVED AS COLLATERAL ARE RECORDED IN MEMORANDUM ACCOUNTS.

IMPAIRMENT

THE INSTITUTION ASSESSES ON THE DATE OF THE CONSOLIDATED BALANCE SHEET WHETHER THERE IS OBJECTIVE EVIDENCE THAT AN INSTRUMENT IS IMPAIRED. IN THE FACE OF OBJECTIVE AND NOT TEMPORARY EVIDENCE THAT THE FINANCIAL INSTRUMENT HAS BECOME IMPAIRED IN ITS VALUE, THE RESPECTIVE LOSS IS DETERMINED AND RECOGNIZED.

(D) LIQUID ASSETS

LIQUID ASSETS INCLUDE DEPOSITS INTO BANK ACCOUNTS IN MEXICAN LEGAL CURRENCY AND DOLLARS. ON THE DATE OF THE FINANCIAL STATEMENTS, THE INTEREST EARNED AND THE VALUATION PROFITS OR LOSSES ARE INCLUDED IN THE CONSOLIDATED INCOME STATEMENT OF THE FISCAL YEAR AS PART OF THE "COMPREHENSIVE INCOME FROM FINANCING".

ANY CHECKS THAT HAVE NOT BEEN EFFECTIVELY CASHED TWO BUSINESS DAYS AFTER HAVING BEEN DEPOSITED, AND ANY THAT, HAVING BEEN DEPOSITED, HAVE BEEN DISHONORED, SHOULD BE CARRIED AGAINST THE SUNDRY DEBTORS BALANCE. ONCE FORTY-FIVE DAYS HAVE ELAPSED AFTER RECORDING THEM IN SUNDRY DEBTORS AND THEY HAVE NOT BEEN RECOVERED OR CASHED, SUCH CHECKS SHALL BE WRITTEN OFF DIRECTLY AGAINST INCOME. WITH REGARD TO THE AMOUNT OF ANY CHECKS ISSUED BEFORE THE DATE OF THE FINANCIAL STATEMENTS THAT ARE PENDING DELIVERY TO THE BENEFICIARIES, THESE SHOULD BE REINCORPORATED INTO THE LIQUID ASSETS SECTION WITHOUT RECORDING THE ISSUANCE OF THE CHECK AS AN ACCOUNTING EXPENSE.

(E) DEBTORS

UNDER PREMIUMS

UNPAID PREMIUMS REPRESENT PREMIUM BALANCES WITH A LENGTH THAT IS LESS THAN THE AGREED TERM OR 45 DAYS, IN ACCORDANCE WITH THE PROVISIONS OF THE COMMISSION. WHEN THEY EXCEED THE AFOREMENTIONED LENGTH, THEY MUST BE CANCELLED AGAINST THE INCOME OF THE FISCAL YEAR EXCEPT IN THE CASE OF PREMIUMS RECEIVABLE FROM DEPENDENCIES OR ENTITIES OF THE FEDERAL PUBLIC ADMINISTRATION WHICH ARE RECLASSIFIED IN THE SECTION "DEBITS CHARGED AGAINST DEPARTMENTS AND ENTITIES OF THE FEDERAL PUBLIC ADMINISTRATION", PROVIDED THEY ARE SUPPORTED BY A NATIONAL PUBLIC TENDER IN CHARGE OF SUCH ENTITIES WHICH HAS ENTERED INTO AN AGREEMENT, FOR THE PURPOSES OF THE TENDER, WITH THE EXECUTIVE SUPPORTED IN THE EXPENDITURE BUDGET OF THE FEDERATION IN THE CORRESPONDING FISCAL YEAR.

LOANS TO OFFICERS AND EMPLOYEES, LOANS, CREDITS OR FINANCING GRANTED AND OTHER DEBITS- THE INSTITUTIONS MANAGEMENT CONDUCTS A STUDY TO ESTIMATE THE RECOVERY VALUE OF LOANS TO OFFICERS AND EMPLOYEES, AS WELL AS FOR THOSE ACCOUNTS RECEIVABLE RELATING TO IDENTIFIED DEBTORS WHOSE MATURITY IS AGREED FROM THEIR START TO A PERIOD GREATER THAN 90 CALENDAR DAYS, CREATING, IF APPLICABLE, A WRITE-OFFS OF DOUBTFUL ACCOUNTS ALLOWANCE.

WITH REGARD TO ANY ACCOUNTS RECEIVABLE THAT ARE NOT INCLUDED IN THE TWO PARAGRAPHS

BOLSA MEXICANA DE VALORES, S.A.B. DE C.V.

TRADING SYMBOL: PV

QUARTER: 01 YEAR: 2017

PEÑA VERDE S.A.B.

COMPLEMENTARY NOTES TO THE
FINANCIAL INFORMATION

PAGE 4 / 18

CONSOLIDATED
Final Printout

ABOVE, THE ALLOWANCE FOR DOUBTFUL ACCOUNT WRITE-OFFS IS MADE USING THE TOTAL AMOUNT OF THE DEBT, IN ACCORDANCE WITH THE FOLLOWING PERIODS: 60 CALENDAR DAYS AFTER THEIR INITIAL RECORDING WHEN THEY CORRESPOND TO UNIDENTIFIED DEBTORS, AND 90 CALENDAR DAYS AFTER THEIR INITIAL RECORDING WHEN THEY CORRESPOND TO IDENTIFIED DEBTORS.

THE COMMERCIAL CREDIT PORTFOLIO IS QUALIFIED QUARTERLY, MONTHLY IN THE CASE OF HOUSING CREDITS, APPLYING A METHODOLOGY THAT CONSIDERS THE PROBABILITY OF DEFAULT, THE SEVERITY OF LOSS AND EXPOSURE TO DEFAULT, RECOGNIZING THE EFFECT ON THE RESERVE IN THE RESULTS OF THE YEAR UNDER THE CATEGORY OF "INTEGRAL FINANCING OUTCOME".

THE COMMISSION MAY ORDER THE ESTABLISHMENT OF PREVENTIVE RESERVES AGAINST RISK ADDITIONAL TO THOSE REFERRED TO IN THE PREVIOUS PARAGRAPH, FOR THE TOTAL BALANCE OF THE DEBIT IN THE FOLLOWING CASES:

I. WHERE THE RELEVANT FILES DO NOT CONTAIN OR DO NOT HAVE THE DOCUMENTATION CONSIDERED AS NECESSARY IN ACCORDANCE WITH THE REGULATION IN FORCE TO EXERCISE THE COLLECTION ACTION, THIS RESERVE IS ONLY RELEASED WHEN THE INSTITUTION CORRECTS THE DEFICIENCIES OBSERVED.

II. WHEN A REPORT ISSUED BY A CREDIT INFORMATION SOCIETY HAS NOT BEEN OBTAINED ON THE CREDIT RECORDS OF THE DEBTOR (EXCEPT LOANS TO OFFICIALS AND EMPLOYEES, WHEN THE COLLECTION OF THE CREDIT IS MADE THROUGH DISCOUNTS AGAINST THEIR SALARY), SAID RESERVE IS ONLY CANCELLED THREE MONTHS AFTER THE REQUIRED REPORT IS OBTAINED.

(F) REAL PROPERTY, FURNITURE AND EQUIPMENT

THE REAL PROPERTY OF THE INSTITUTION IS ORIGINALLY RECORDED AT ITS ACQUISITION COST AND IS RE-VALUED THROUGH APPRAISALS PERFORMED BY INDEPENDENT EXPERTS. THERE IS AN OBLIGATION TO PERFORM YEARLY APPRAISALS.

AS OF JANUARY 1 2007, ACQUISITIONS OF ASSETS DURING CONSTRUCTION OR INSTALLATION PERIOD INCLUDE THE INTEGRAL RESULT OF FINANCING CORRESPONDING AS PART OF THE VALUE OF THE ASSETS.

FURNITURE AND EQUIPMENT ARE RECORDED AT THE ACQUISITION COST AND UP TO DECEMBER 31, 2007, WERE UPDATED USING FACTORS DERIVED FROM THE INPC.

DEPRECIATION OF FURNITURE AND EQUIPMENT IS CALCULATED UNDER THE STRAIGHT LINE METHOD, ESTIMATED BY THE INSTITUTION MANAGEMENT. TOTAL SERVICE LIVES AND ANNUAL DEPRECIATION RATES OF MAJOR ASSET GROUPS WERE MENTIONED IN THE FOLLOWING PAGE.

IMPROVEMENTS TO LEASED PREMISES ARE AMORTIZED DURING THE USEFUL PERIOD OF THE IMPROVEMENT OR AT THE END OF THE AGREEMENT, WHICHEVER IS SHORTEST.

MAINTENANCE AND MINOR REPAIR EXPENSES ARE RECORDED IN CONSOLIDATED INCOME WHEN THEY ARE INCURRED.

(G) TECHNICAL RESERVES

THE INSTITUTION CONSTITUTES AND VALUES THE TECHNICAL RESERVES ESTABLISHED BY THE LAW, IN ACCORDANCE WITH THE GENERAL PROVISIONS ISSUED BY THE COMMISSION IN SECTION 5 OF THE CIRCULAR LETTER.

TECHNICAL RESERVES ARE CONSTITUTED AND VALUED IN RELATION TO ALL THE INSURANCE AND REINSURANCE OBLIGATIONS WHICH THE INSTITUTION HAS ASSUMED BEFORE THE INSURED AND BENEFICIARIES OF INSURANCE AND REINSURANCE CONTRACTS, ADMINISTRATION COSTS, AS WELL AS AS THE ACQUISITION COSTS WHICH, IF ANY, IT ASSUMES IN RELATION TO THEM.

FOR THE CONSTITUTION AND VALUATION OF THE TECHNICAL RESERVES, ACTUARIAL METHODS WILL BE USED BASED ON THE APPLICATION OF THE ACTUARIAL PRACTICE STANDARDS IDENTIFIED BY THE COMMISSION THROUGH GENERAL PROVISIONS, AND CONSIDERING THE INFORMATION AVAILABLE IN THE FINANCIAL MARKETS AS WELL AS THE INFORMATION AVAILABLE

BOLSA MEXICANA DE VALORES, S.A.B. DE C.V.

TRADING SYMBOL: PV

QUARTER: 01 YEAR: 2017

PEÑA VERDE S.A.B.

COMPLEMENTARY NOTES TO THE
FINANCIAL INFORMATION

PAGE 5 / 18

CONSOLIDATED
Final Printout

ON TECHNICAL RISKS OF INSURANCE AND REINSURANCE. THE VALUATION OF THESE RESERVES IS RULED BY AN INDEPENDENT ACTUARY AND REGISTERED BEFORE THE COMMISSION ITSELF. IN THE CASE OF TECHNICAL RESERVES RELATING TO CATASTROPHIC RISK INSURANCE AND OTHER RESERVES WHICH THE COMMISSION MAY DETERMINE UNDER THE LAW, THE ACTUARIAL METHODS OF CONSTITUTION AND VALUATION APPLIED BY THE INSTITUTION, WERE DETERMINED BY THE COMMISSION

BY MEANS OF GENERAL PROVISIONS.

THE FOLLOWING ASPECTS ARE THE MOST RELEVANT TO THEIR DETERMINATION AND ACCOUNTING:

CURRENT RISKS RESERVE (CRR)

THE INSTITUTION HAS RECORDED THE TECHNICAL NOTES AND ACTUARIAL METHODS THROUGH WHICH THEY ESTABLISH AND VALUE THE CURRENT RISKS RESERVE BEFORE THE COMMISSION.

FOR INSURANCE OPERATIONS

IN THE YEAR 2016, NEW METHODOLOGIES ENTERED INTO FORCE FOR THE CALCULATION OF THE RISK RESERVE IN PROGRESS.

THIS RESERVE IS INTENDED TO COVER THE EXPECTED VALUE OF FUTURE OBLIGATIONS (BEST ESTIMATE), DERIVED FROM THE PAYMENT OF CLAIMS, BENEFITS, GUARANTEED VALUES, DIVIDENDS, ACQUISITION AND ADMINISTRATION EXPENSES, AS WELL AS ANY OTHER FUTURE OBLIGATION DERIVED FROM INSURANCE CONTRACTS, PLUS A MARGIN OF RISK.

THE BEST ESTIMATE WILL BE EQUAL TO THE EXPECTED VALUE OF FUTURE FLOWS, CONSIDERING INCOME AND EXPENSES, OF OBLIGATIONS, UNDERSTOOD AS THE WEIGHTED AVERAGE BY PROBABILITY OF THESE FLOWS, CONSIDERING THE TEMPORARY VALUE OF MONEY BASED ON THE CURVES OF MARKET RISK-FREE INTEREST RATES FOR EACH CURRENCY OR MONETARY UNIT

PROVIDED BY THE INDEPENDENT PRICING SUPPLIER AT THE DATE OF VALUATION. THE ASSUMPTIONS AND PROCEDURES BY WHICH FUTURE FLOWS OF OBLIGATIONS ARE DETERMINED, BASED ON WHICH THE BEST ESTIMATE IS OBTAINED, WERE DEFINED BY GENERAL DE SEGUROS IN THEIR OWN METHOD REGISTERED FOR THE CALCULATION OF THE BEST ESTIMATE.

FOR THE PURPOSES OF CALCULATING FUTURE INCOME FLOWS PREMIUMS ARE NOT CONSIDERED WHICH ARE OVERDUE AND UNPAID AT THE TIME OF VALUATION, NOR THE INSTALMENT PAYMENTS ACCOUNTED IN THE CATEGORY OF "DEBTOR UNDER PREMIUM" IN THE GENERAL CONSOLIDATED BALANCE SHEET.

THE CURRENT RISKS RESERVE, FOR LIFE INSURANCE WITH A PERIOD OF UP TO ONE YEAR, AND ACCIDENTS AND SICKNESS AND DAMAGES INSURANCE, INCLUDES THE EXCESS OF THE PROJECTION OF FUTURE OBLIGATIONS FOR PAYMENT AND BENEFITS AND FOR CLAIMS ON THE AMOUNT OF PREMIUMS TO BE ACCRUED.

THE BALANCE OF THIS RESERVE IS VALUED QUARTERLY AND ENABLES RESOURCES TO BE ALLOCATED IN ADVANCE TO LIKELY OBLIGATIONS FOR ANY CLAIMS EXCEEDING THE AMOUNT OF THE PREMIUMS TO BE ACCRUED.

MULTI-YEAR INSURANCE-

IN THE CASE OF MULTI-YEAR POLICIES, THE CURRENT RISK RESERVE IS THE BEST ESTIMATE OF THE FUTURE OBLIGATIONS OF THE YEAR OF VALIDITY IN QUESTION, PLUS THE PREMIUMS CORRESPONDING TO FUTURE ANNUITIES ACCUMULATED WITH THE PERFORMANCE CORRESPONDING TO THESE ANNUITIES, FOR AS LONG AS THE POLICY HAS BEEN IN FORCE, PLUS THE MARGIN OF RISK. THE COST OF ACQUISITION SHOULD BE SUBTRACTED FROM THE PREMIUMS CORRESPONDING TO FUTURE ANNUITIES WHICH, WHERE APPROPRIATE, FOR ACCOUNTING

BOLSA MEXICANA DE VALORES, S.A.B. DE C.V.

TRADING SYMBOL: PV

QUARTER: 01 YEAR: 2017

PEÑA VERDE S.A.B.

COMPLEMENTARY NOTES TO THE
FINANCIAL INFORMATION

PAGE 6 / 18

CONSOLIDATED
Final Printout

PURPOSES, MUST BE RECORDED AT THE TIME OF ISSUANCE SEPARATELY FROM THE RESERVE.
GENERAL DE SEGUROS CONSIDERS MULTI-YEAR POLICIES AS THOSE INSURANCE CONTRACTS WHOSE

VALIDITY IS GREATER THAN ONE YEAR AS LONG AS IT IS NOT A LONG-TERM LIFE INSURANCE
TERM OR INSURANCE WHERE FUTURE PREMIUMS ARE CONTINGENT AND ARE NOT EXPECTED TO BE
RETURNED AT THE TIME THE RISK IS TERMINATED.

CATASTROPHIC RISKS INSURANCE

GENERAL DE SEGUROS DETERMINES THE BALANCE OF THE CURRENT RISKS RESERVE OF EARTHQUAKE,
HURRICANE AND OTHER HYDROMETHEOROLOGICAL RISKS COVER IN THE CURRENT RETAINED UNACCRUED
YEARLY RISK PREMIUM. CONSIDERING THE TECHNICAL BASES ESTABLISHED IN THE CIRCULAR
LETTER, ANNEX 5.1.5-A FOR EARTHQUAKE AND ANNEX 5.1.6-A FOR HURRICANE AND OTHER
HYDROMETHEOROLOGICAL RISKS. IN THE CASE OF THOSE POLICIES WHICH PROTECT FROM RISKS
WHOSE CHARACTERISTICS MAY NOT BE VALUED USING THE TECHNICAL BASES INDICATED,
MAINLY REINSURANCE ASSUMED ABROAD OR COVERED GOODS LOCATED ABROAD, THE CURRENT RISK
RESERVE IS CALCULATED AS THE UNACCRUED PART OF THE RETAINED RISK PREMIUM, SUCH RISK
PREMIUM CALCULATED, AS 35% OF PREMIUMS ISSUED FROM EACH OF THE POLICIES IN FORCE AT THE
TIME OF VALUATION.

RISK MARGIN-

IT IS CALCULATED BY DETERMINING THE NET CAPITAL COST CORRESPONDING TO THE EQUITY
REQUIRED TO SUPPORT THE SOLVENCY CAPITAL REQUIREMENT (RCS), NECESSARY TO DEAL WITH THE
INSURANCE AND REINSURANCE OBLIGATIONS OF GENERAL DE
SEGUROS, DURING THEIR PERIOD OF VALIDITY. FOR THE PURPOSES OF VALUATION OF THE CURRENT
RISK RESERVE, THE CORRESPONDING RCS OF THE IMMEDIATE PRIOR QUARTERLY CLOSING TO THE
VALUATION DATE IS USED.

RISK MARGIN IS DETERMINED FOR EACH SECTION AND TYPE OF INSURANCE, ACCORDING TO THE TERM
AND CURRENCY CONSIDERED IN THE CALCULATION OF THE BEST ESTIMATE OF THE CORRESPONDING
INSURANCE OBLIGATION.

THE NET CAPITAL COST RATE USED FOR CALCULATING THE MARGIN OF RISK IS
10%, WHICH IS EQUIVALENT TO THE ADDITIONAL INTEREST RATE, IN RELATION TO THE MARKET
RISK-FREE INTEREST RATE WHICH AN INSURANCE INSTITUTION WOULD REQUIRE TO COVER THE
COST OF CAPITAL REQUIRED TO MAINTAIN THE AMOUNT OF ELIGIBLE OWN FUNDS SUPPORTING THE
RESPECTIVE RCS.

FOR REINSURANCE OPERATIONS

IN THE YEAR 2016, NEW METHODOLOGIES ENTERED INTO FORCE FOR THE CALCULATION OF THE
CURRENT
RISK RESERVE.

THIS RESERVE IS INTENDED TO COVER THE EXPECTED VALUE OF FUTURE OBLIGATIONS
(BEST ESTIMATE), DERIVED FROM THE PAYMENT OF CLAIMS, BENEFITS, GUARANTEED VALUES,
DIVIDENDS, ACQUISITION AND ADMINISTRATION EXPENSES, AS WELL AS ANY OTHER FUTURE
OBLIGATION

DERIVED FROM INSURANCE CONTRACTS, BENEFITS, GUARANTEED VALUES,
DIVIDENDS, ACQUISITION AND ADMINISTRATION EXPENSES PLUS A MARGIN OF RISK.

THE BEST ESTIMATE WILL BE EQUAL TO THE EXPECTED VALUE OF FUTURE FLOWS, CONSIDERING
INCOME AND EXPENSES, OF OBLIGATIONS, UNDERSTOOD AS THE WEIGHTED AVERAGE BY PROBABILITY
OF THESE FLOWS, CONSIDERING THE TEMPORARY VALUE OF MONEY BASED ON THE CURVES OF
MARKET RISK-FREE INTEREST RATES FOR EACH CURRENCY OR MONETARY UNIT
PROVIDED BY THE INDEPENDENT PRICING SUPPLIER AT THE DATE OF VALUATION. THE
ASSUMPTIONS AND PROCEDURES WITH WHICH FUTURE FLOWS OF OBLIGATIONS ARE DETERMINED,
BASED ON WHICH THE BEST ESTIMATE WILL BE OBTAINED, WERE DEFINED BY

BOLSA MEXICANA DE VALORES, S.A.B. DE C.V.

TRADING SYMBOL: PV

QUARTER: 01 YEAR: 2017

PEÑA VERDE S.A.B.

COMPLEMENTARY NOTES TO THE
FINANCIAL INFORMATION

PAGE 7 / 18

CONSOLIDATED
Final Printout

REASEGURADORA PATRIA IN THE OWN METHOD RECORDED FOR THE CALCULATION OF THE BEST ESTIMATE.

CATASTROPHIC RISK INSURANCE

REASEGURADORA PATRIA DETERMINES THE BALANCE OF THE CURRENT RISK RESERVE OF THE COVERAGE OF EARTHQUAKE, HURRICANE AND OTHER HYDRO-METEOROLOGICAL RISKS, WITH THE UNACCRUED PART OF THE YEARLY RISK PREMIUM, CONSIDERING THE TECHNICAL BASES DESCRIBED IN THE METHODOLOGY FOR CALCULATING RESERVES FOR CATASTROPHIC RISKS, EARTHQUAKE HAZARDS

AND HYDROMETEOROLOGICAL AND CALCULATING THE MAXIMUM PROBABLE LOSS (PML) FOR REASEGURADORA PATRIA BASED ON THE RISK ASSESSMENT MODEL RISK MANAGEMENT SOLUTIONS.

RISK MARGIN-

IT IS CALCULATED BY DETERMINING THE NET CAPITAL COST CORRESPONDING TO THE OWN FUNDS REQUIRED TO SUPPORT THE RCS, NECESSARY TO COPE WITH THE OBLIGATIONS OF INSURANCE AND REINSURANCE OF REASEGURADORA PATRIA, DURING ITS PERIOD OF FORCE. FOR THE PURPOSES OF THE VALUATION OF THE CURRENT RISK RESERVE, THE CORRESPONDING RCS FROM THE CLOSING OF THE MONTH IMMEDIATELY PRECEDING THE DATE OF VALUATION IS USED.

IN THE EVENT OF SIGNIFICANT INCREASES OR DECREASES IN THE AMOUNT OF THE OBLIGATIONS OF REASEGURADORA PATRIA AT THE DATE OF REPORT, REASEGURADORA PATRIA MAKES ADJUSTMENTS TO THAT RISK MARGIN, THIS ALLOWS FOR RECOGNITION OF THE INCREMENT OR DECREMENT THAT CAN HAVE THE SAME DERIVATIVE AS THE AFOREMENTIONED SITUATIONS. IN THESE CASES, THE COMMISSION IS INFORMED OF THE ADJUSTMENTS MADE AND THE PROCEDURES USED TO MAKE THAT ADJUSTMENT.

THE RISK MARGIN IS DETERMINED BY EACH SECTION AND TYPE OF INSURANCE, ACCORDING TO THE TERM AND CURRENCY CONSIDERED IN CALCULATING THE BEST ESTIMATE OF THE CORRESPONDING INSURANCE OBLIGATION.

THE NET CAPITAL COST RATE USED FOR CALCULATING THE MARGIN OF RISK IS 10%, WHICH IS EQUIVALENT TO THE ADDITIONAL INTEREST RATE, IN RELATION TO THE MARKET RISK-FREE INTEREST RATE, THAT AN INSURANCE INSTITUTION WOULD REQUIRE TO COVER THE COST OF CAPITAL REQUIRED TO MAINTAIN THE AMOUNT OF ELIGIBLE FUNDS THAT ARE SUPPORTING THE RESPECTIVE RCS.

RESERVE FOR UNPAID OBLIGATIONS-
FOR INSURANCE OPERATIONS-

THE ESTABLISHMENT, INCREASE, VALUATION AND REGISTRATION OF THE RESERVE FOR UNPAID OBLIGATIONS, ACCORDING TO ARTICLE 216, SECTION II, OF THE LASAF, IS CARRIED OUT BY ESTIMATING OBLIGATIONS, WHICH IS DONE USING THE METHODS WHICH, AS APPROPRIATE, THE INSURANCE INSTITUTIONS SHOULD REGISTER FOR SUCH EFFECT BEFORE THE COMMISSION, IN THE TERMS OF THE PROVISIONS OF CHAPTER 5.5 OF THE CIRCULAR LETTER AND ADHERING TO THE PRINCIPLES AND GUIDELINES SET OUT IN THEIR PROVISIONS.

THIS RESERVE IS INTENDED TO COVER THE EXPECTED VALUE OF CLAIMS, BENEFITS, SECURITIES OR DIVIDENDS, ONCE THE EVENTUALITY PROVIDED FOR IN THE INSURANCE CONTRACT HAS ACCURRED, PLUS A MARGIN OF RISK.

THE AMOUNT OF THE RESERVE FOR OUTSTANDING OBLIGATIONS SHALL BE EQUAL TO THE SUM OF THE BEST ESTIMATE PLUS A RISK MARGIN, WHICH ARE CALCULATED SEPARATELY AND IN TERMS OF THE PROVISIONS OF CHAPTER 5 OF THE CIRCULAR LETTER.

THIS RESERVE IS INTEGRATED WITH THE FOLLOWING COMPONENTS:

- (A) BY OVERDUE POLICIES AND UNPAID INCURRED CLAIMS;

BOLSA MEXICANA DE VALORES, S.A.B. DE C.V.

TRADING SYMBOL: PV

QUARTER: 01 YEAR: 2017

PEÑA VERDE S.A.B.

COMPLEMENTARY NOTES TO THE
FINANCIAL INFORMATION

PAGE 8 / 18

CONSOLIDATED
Final Printout

(B) BY DIVIDENDS AND PERIODIC PROFIT SHARING;
(C) FOR CLAIMS INCURRED AND NOT REPORTED, AS WELL AS FOR THE ADJUSTMENT COSTS ALLOCATED TO THE CLAIM, AND
(D) BY THE OPERATIONS DEALT WITH IN THE 21ST FRACTION OF ARTICLE 118 OF THE LAW OF INSURANCE AND BONDS.

RESERVES FOR UNPAID OBLIGATIONS FOR CLAIMS AND OTHER OBLIGATIONS OF KNOWN AMOUNT-
THESE ARE THE OBLIGATIONS AT THE END OF THE FINANCIAL YEAR THAT ARE PENDING PAYMENT FOR REPORTED CLAIMS, OVERDUE TOTALS, OVERDUE RENTS, GUARANTEED VALUES AND DIVIDENDS ACCRUED, AMONG OTHERS, WHOSE AMOUNT TO BE PAID IS DETERMINED AT THE TIME OF

VALUATION AND IS NOT LIKELY TO HAVE ADJUSTMENTS IN THE FUTURE, THE BEST ESTIMATE, FOR THE PURPOSES OF ESTABLISHING OF THIS RESERVE IS THE AMOUNT CORRESPONDING TO EACH OBLIGATION KNOWN AT THE TIME OF VALUATION.

IN THE CASE OF A FUTURE OBLIGATION PAYABLE IN INSTALMENTS, THE CURRENT VALUE OF THE FUTURE PAYMENTS FLOWS, DISCOUNTED USING THE MARKET RISK-FREE INTEREST RATE CURVES FOR EACH CURRENCY OR MONETARY UNIT, PLUS THE MARGIN OF RISK CALCULATED IN ACCORDANCE WITH THE PROVISIONS IN FORCE.

IN THE CASE OF CEDED REINSURANCE OPERATIONS, THE CORRESPONDING RECOVERY IS SIMULTANEOUSLY RECORDED.

RESERVE FOR OBLIGATIONS PENDING THE OCCURRENCE OF UNREPORTED CLAIMS AND ADJUSTMENT EXPENSES ALLOCATED TO THE CLAIM-

IN EXERCISE 2016 NEW METHODOLOGIES FOR CALCULATING THE RESERVE FOR UNPAID OBLIGATIONS WITH UNREPORTED CLAIMS AND OF ADJUSTMENT EXPENSES ALLOCATED TO THE CLAIM ENTERED INTO FORCE. THE OBLIGATIONS ARISING FROM INCURRED CLAIMS AT THE DATE OF VALUATION HAVE NOT YET BEEN REPORTED OR HAVE NOT BEEN FULLY REPORTED, AS WELL AS THEIR ADJUSTMENT, SALVAGE AND RECOVERY COSTS. THE RESERVE AT THE TIME OF VALUATION IS DETERMINED TO BE THE BEST ESTIMATE OF FUTURE OBLIGATIONS, BROUGHT TO PRESENT VALUE USING DISCOUNT RATES CORRESPONDING TO THE MARKET RISK-FREE INTEREST RATE CURVE FOR EACH CURRENCY OR MONETARY UNIT, PLUS THE RISK MARGIN CALCULATED IN ACCORDANCE WITH THE PROVISIONS IN FORCE. IN THE CASE OF REINSURANCE OPERATIONS TRANSFERRED, THE CORRESPONDING RECOVERY IS SIMULTANEOUSLY RECORDED. FOR PURPOSES OF CALCULATING THE RESERVATION, IT IS DEFINED THAT AN ACCIDENT HAS NOT BEEN COMPLETELY REPORTED, WHEN HAVING OCCURRED IN DATES PRIOR TO THE VALUATION, OF SUCH LOSS MAY DERIVE FUTURE COMPLEMENTARY CLAIMS OR ADJUSTMENTS TO THE ESTIMATES INITIALLY MADE.

RISK MARGIN-

THIS IS CALCULATED BY DETERMINING THE NET CAPITAL COST CORRESPONDING TO THE OWN FUNDS REQUIRED TO SUPPORT THE RCS, NECESSARY TO COPE WITH THE INSURANCE AND REINSURANCE OBLIGATIONS OF GENERAL DE SEGUROS, DURING ITS VALIDITY PERIOD. FOR THE PURPOSES OF THE VALUATION OF THE RESERVES OF OUTSTANDING OBLIGATIONS, THE CORRESPONDING RCS OF THE IMMEDIATE QUARTERLY CLOSING PRIOR TO THE VALUATION DATE IS USED.

THE RISK MARGIN IS DETERMINED BY EACH SECTION AND TYPE OF INSURANCE, ACCORDING TO THE TERM AND CURRENCY CONSIDERED IN CALCULATING THE BEST ESTIMATE OF THE INSURANCE OBLIGATION CORRESPONDING.

THE NET CAPITAL COST RATE USED FOR CALCULATING THE RISK MARGIN IS 10%, WHICH IS EQUIVALENT TO THE ADDITIONAL INTEREST RATE, IN RELATION TO THE MARKET

BOLSA MEXICANA DE VALORES, S.A.B. DE C.V.

TRADING SYMBOL: PV

QUARTER: 01 YEAR: 2017

PEÑA VERDE S.A.B.

COMPLEMENTARY NOTES TO THE
FINANCIAL INFORMATION

PAGE 9 / 18

CONSOLIDATED
Final Printout

RISK-FREE INTEREST RATE, THAT AN INSURANCE INSTITUTION WOULD REQUIRE TO COVER THE COST OF CAPITAL REQUIRED TO MAINTAIN THE AMOUNT OF ELIGIBLE FUNDS THAT ARE SUPPORTING THE RESPECTIVE RCS.

THE RESERVES CORRESPONDING TO THE REINSURANCE OPERATIONS ASSUMED, ARE DETERMINED APPLYING THE METHODOLOGIES DESCRIBED ABOVE.

RESERVE FOR UNPAID OBLIGATIONS FOR PAYMENT MANAGEMENT AND OVERDUE BENEFITS-

THIS CORRESPONDS TO THE ADMINISTRATION OF SUMS THAT BY DIVIDENDS, AND

TOTALITIES ENTRUSTED TO THE POLICY HOLDERS OR THEIR BENEFICIARIES TO GENERAL DE SEGUROS, THE BETTER ESTIMATE OF FUTURE OBLIGATIONS WITH WHICH THE RESERVE IS ESTABLISHED,

CORRESPOND TO THE KNOWN AMOUNT OF EACH OF THOSE OBLIGATIONS AND, WHERE APPROPRIATE, THE YIELDS TO BE CREDITED TO SUCH AMOUNTS.

FOR REINSURANCE OPERATIONS-

THE ESTABLISHMENT, INCREASE, VALUATION AND REGISTRATION OF THE RESERVE FOR UNPAID OBLIGATIONS, IS ESTABLISHED BY THE ESTIMATION OF OBLIGATIONS, WHICH IS

CARRIED OUT BY EMPLOYING THE ACTUARIAL METHODS THAT REASEGURADORA PATRIA HAS REGISTERED FOR SUCH EFFECTS BEFORE THE COMMISSION.

THIS RESERVE IS INTENDED TO COVER THE EXPECTED VALUE OF LOSSES, BENEFITS, GUARANTEED VALUES OR DIVIDENDS, ONCE THE CLAIM IN THE INSURANCE CONTRACT HAS BEEN INCURRED, PLUS A RISK MARGIN.

THE AMOUNT OF THE RESERVE FOR UNPAID OBLIGATIONS WILL BE EQUAL TO THE SUM OF THE BEST ESTIMATION AND A RISK MARGIN, WHICH ARE CALCULATED SEPARATELY AND IN TERMS OF THE FORECASTS IN SECTION 5 OF THE CIRCULAR LETTER.

THIS RESERVATION IS INTEGRATED WITH THE FOLLOWING COMPONENTS:

RESERVE FOR UNPAID OBLIGATIONS FOR CLAIMS AND OTHER OBLIGATIONS OF KNOWN AMOUNT-

-THE OBLIGATIONS AT THE CLOSING OF THE UNPAID YEAR FOR

LOSSES REPORTED, DOTALITIES EXPIRED, LOST REVENUES, GUARANTEED SECURITIES AND DEDUCTED DIVIDENDS, AMONG OTHERS, WHOSE AMOUNT TO BE PAID IS DETERMINED AT THE TIME OF

THE VALUATION AND IS NOT SUSCEPTIBLE OF BEING ADJUSTED IN THE FUTURE, THE BEST ESTIMATION,

FOR THE EFFECTS OF THE ESTABLISHMENT OF THIS RESERVE IS THE AMOUNT THAT CORRESPONDS TO EACH OF THE OBLIGATIONS KNOWN AT THE TIME OF THE VALUATION.

TREATING A FUTURE OBLIGATION, THE CURRENT VALUE OF THE FUTURE FLOWS OF PAYMENTS, DEDUCTED USING THE CURRENCIES OF MARKET RISK-FREE INTEREST RATES FOR EACH CURRENCY OR MONETARY UNIT, PLUS THE RISK MARGIN CALCULATED IN ACCORDANCE WITH THE PROVISIONS IN FORCE.

IN CASE OF CEDED REINSURANCE OPERATIONS, CORRESPONDING RECOVERY IS RECORDED SIMULTANEOUSLY.

RESERVE FOR UNPAID OBLIGATIONS FOR INCURRED CLAIMS NOT REPORTED AND ADJUSTMENT EXPENSES ALLOCATED TO THE CLAIM-

IN THE YEAR 2016, NEW METHODOLOGIES FOR THE CALCULATION OF THE RESERVE FOR UNPAID OBLIGATIONS FOR INCURRED CLAIMS NOT REPORTED AND ADJUSTMENT EXPENSES ALLOCATED TO THE CLAIM, AS A RESULT OF THE APPLICATION OF SAID METHODOLOGIES- THESE ARE THE OBLIGATIONS ORIGINATED BY CLAIMS WHICH, BEING INCURRED AT THE DATE OF VALUATION, HAVE NOT BEEN REPORTED OR NOT COMPLETELY REPORTED, AS WELL AS THEIR ADJUSTMENT EXPENSES, SALVAGE AND RECOVERY COSTS. THE RESERVE, AT THE TIME OF THE

BOLSA MEXICANA DE VALORES, S.A.B. DE C.V.

TRADING SYMBOL: PV

QUARTER: 01 YEAR: 2017

PEÑA VERDE S.A.B.

COMPLEMENTARY NOTES TO THE
FINANCIAL INFORMATION

PAGE 10 / 18

CONSOLIDATED
Final Printout

VALUATION, IS DETERMINED AS THE BEST ESTIMATION OF FUTURE OBLIGATIONS, BROUGHT TO PRESENT VALUE USING DISCOUNT RATES CORRESPONDING TO MARKET RISK-FREE INTEREST RATE CURVES FOR EACH CURRENCY OR MONETARY UNIT, PLUS MARGIN OF RISK CALCULATED IN ACCORDANCE WITH THE PROVISIONS IN FORCE. IN CASE OF OPERATIONS OF CEDED REINSURANCE, THE CORRESPONDING RECOVERY IS SIMULTANEOUSLY RECORDED. FOR CALCULATION PURPOSES OF THE RESERVATION IT IS DEFINED THAT A SINISTER HAS NOT BEEN COMPLETELY REPORTED WHEN BEING INCURRED AT DATES PRIOR TO VALUATION, CLAIMS OR ADJUSTMENTS TO SUCH DAMAGES MAY BE DERIVED TO FUTURE COMPLEMENTARY ESTIMATES INITIALLY MADE.

RISK MARGIN-

IT IS CALCULATED BY DETERMINING THE NET CAPITAL COST CORRESPONDING TO THE OWN FUNDS ADMISSIBLE REQUIRED TO SUPPORT THE RCS, NECESSARY TO MEET THE

INSURANCE AND REINSURANCE OBLIGATIONS OF ASEGURADORA PATRIA, DURING THE PERIOD OF VALIDITY. FOR THE EFFECT OF THE VALUATION OF RESERVES OF UNPAID OBLIGATIONS, THE RCS CORRESPONDING TO THE CLOSING OF THE IMMEDIATE MONTH PRIOR TO THE DATE OF VALUATION. IN THE EVENT OF INCREASES OR RELEVANT DECREASES IN THE AMOUNT OF THE OBLIGATIONS OF REINSURANCE AGENCY TO THE DATE OF REPORT, REASEGURADORA PATRIA MAKES ADJUSTMENTS TO THAT RISK MARGIN, WHICH ALLOWS IT TO RECOGNIZE

INCREASES OR DECREASES THAT MAY HAVE THE SAME DERIVATIVES FROM SAID SITUATIONS. IN THESE CASES, THE COMMISSION IS INFORMED OF THE ADJUSTMENT PROCEDURES USED TO MAKE SUCH ADJUSTMENT.

THE RISK MARGIN IS DETERMINED BY EACH SECTION AND TYPE OF INSURANCE, ACCORDING TO THE TERM AND CURRENCY CONSIDERED IN THE CALCULATION OF THE BEST ESTIMATION OF THE CORRESPONDING INSURANCE OBLIGATION.

THE NET CAPITAL COST RATE USED FOR THE CALCULATION OF THE RISK MARGIN IS 10%, EQUIVALENT TO THE ADDITIONAL INTEREST RATE, IN RELATION TO THE MARKET RISK-FREE INTEREST RATE THAT AN INSURANCE INSTITUTION WOULD REQUIRE TO COVER THE COST OF CAPITAL REQUIRED TO MAINTAIN THE AMOUNT OF ELIGIBLE OWN FUNDS THAT SUPPORTS THE RESPECTIVE RCS.

RESERVE FOR CATASTROPHIC RISKS-
FOR INSURANCE OPERATIONS-

COVERAGE OF EARTHQUAKE AND/OR VOLCANIC ERUPTION-

THIS RESERVE IS INTENDED TO COVER THE VALUE OF THE MAXIMUM PROBABLE LOSS DERIVED FROM THE INCURRENCE OF CATASTROPHIC CLAIMS FROM THE OBLIGATIONS CONTRACTED BY GENERAL DE SEGUROS FOR RISK EARTHQUAKE RETAINED INSURANCE. IT IS ACCUMULATIVE AND ITS ESTABLISHMENT AND MONTHLY INCREASE WILL TAKE PLACE WITH THE ACCRUED PART OF RETAINED RISK PREMIUMS CALCULATED ACCORDING TO MODEL AND TECHNICAL PROCEDURES ESTABLISHED IN ANNEX 5.1.5-A OF THE CIRCULAR LETTER FROM THE POLICIES THAT HAVE BEEN IN FORCE IN THE MONTH IN CASE. THE FINANCIAL PRODUCTS OF THE ABOVE MENTIONED WILL BE ADDED TO THE BALANCE OF THE RESERVE, CALCULATED ON THE AVERAGE MONTHLY RATE EFFECTIVE OF THE ISSUES OF THE MONTH IN QUESTION, OF THE CERTIFICATES OF THE FEDERAL TREASURY AT 28 DAYS AND, FOR THE CONSTITUTION IN FOREIGN CURRENCY, IN THE ARITHMETIC MEDIAN OF THE LIBOR RATE AT 30 DAYS. THE RESPECTIVE FINANCIAL PRODUCTS WILL BE CAPITALIZABLE MONTHLY, AND CAN ONLY BE AFFECTED IN THE EVENT OF A CLAIM AND UNDER

CERTAIN SITUATIONS REFERRED TO IN THE REGULATION IN FORCE, AS MENTIONED IN CHAPTER 5.6.5 SECTION V OF THE CIRCULAR LETTER WITH PREVIOUS AUTHORIZATION BY THE COMMISSION.

THE BALANCE OF THIS RESERVE WILL HAVE A MAXIMUM LIMIT, DETERMINED BY THE TECHNICAL PROCEDURE ESTABLISHED IN THE RULES ISSUED BY THE COMMISSION IN ACCORDANCE WITH SECTION

BOLSA MEXICANA DE VALORES, S.A.B. DE C.V.

TRADING SYMBOL: PV

QUARTER: 01 YEAR: 2017

PEÑA VERDE S.A.B.

COMPLEMENTARY NOTES TO THE
FINANCIAL INFORMATION

PAGE 11 / 18

CONSOLIDATED
Final Printout

VIOF CHAPTER 5.6.5 OF THE CIRCULAR LETTER.

COVERAGE OF HURRICANE AND OTHER HYDROMETEOROLOGICAL RISKS-

THIS RESERVE IS INTENDED TO COVER THE VALUE OF THE MAXIMUM PROBABLE LOSS DERIVED FROM THE OCCURRENCE OF CATASTROPHIC CLAIMS FROM THE OBLIGATIONS CONTRACTED BY GENERAL SEGUROS THROUGH HURRICANE INSURANCE AND OTHER HYDROMETEOROLOGICAL RISKS. IT IS ACCUMULATIVE AND ITS ESTABLISHMENT AND MONTHLY INCREASE WILL TAKE PLACE WITH THE ACCRUED PART OF RETAINED RISK PREMIUMS CALCULATED ACCORDING TO MODEL AND TECHNICAL PROCEDURES ESTABLISHED IN ANNEX 5.1.5-A OF THE CIRCULAR LETTER FROM THE POLICIES THAT HAVE BEEN IN FORCE IN THE MONTH IN CASE. THE FINANCIAL PRODUCTS OF THE ABOVE MENTIONED WILL BE ADDED TO THE BALANCE OF THE RESERVE, CALCULATED ON THE AVERAGE MONTHLY RATE EFFECTIVE OF THE ISSUES OF THE MONTH IN QUESTION, OF THE CERTIFICATES OF THE FEDERAL TREASURY AT 28 DAYS AND, FOR THE CONSTITUTION IN FOREIGN CURRENCY, IN THE ARITHMETIC MEDIAN OF THE LIBOR RATE AT 30 DAYS. THE RESPECTIVE FINANCIAL PRODUCTS

WILL BE CAPITALIZABLE MONTHLY, AND CAN ONLY BE AFFECTED IN THE EVENT OF A CLAIM AND UNDER

CERTAIN SITUATIONS REFERRED TO IN THE REGULATION IN FORCE, AS MENTIONED IN CHAPTER 5.6.5 SECTION V OF THE CIRCULAR LETTER WITH PREVIOUS AUTHORIZATION BY THE COMMISSION.

THE BALANCE OF THIS RESERVE WILL HAVE A MAXIMUM LIMIT, DETERMINED BY THE TECHNICAL PROCEDURE ESTABLISHED IN THE RULES ISSUED BY THE COMMISSION IN ACCORDANCE WITH SECTION VIII OF CHAPTER 5.6.5 OF THE CIRCULAR LETTER.

AGRICULTURE AND ANIMAL-

THIS RESERVE IS INTENDED TO COVER THE VALUE OF THE MAXIMUM PROBABLE LOSS DERIVED FROM THE OCCURRENCE OF CATASTROPHIC CLAIMS FROM THE OBLIGATIONS CONTRACTED BY GENERAL SEGUROS THROUGH AGRICULTURAL AND ANIMAL INSURANCE. IT IS CUMULATIVE AND ITS ESTABLISHMENT AND MONTHLY INCREASE WILL COME FROM 35% OF THE ACCRUED PART OF RETAINED RISK PREMIUMS OF THE VALID CONTRACTS IN THE MONTH IN QUESTION. THE FINANCIAL PRODUCTS OF THE ABOVE MENTIONED WILL BE ADDED TO THE BALANCE OF THE RESERVE, CALCULATED ON THE EFFECTIVE AVERAGE MONTHLY RATE OF THE ISSUES OF THE MONTH IN QUESTION, OF THE CERTIFICATES OF THE FEDERAL TREASURY AT 28 DAYS AND, FOR THE CONSTITUTION IN FOREIGN CURRENCY, IN THE ARITHMETIC MEDIAN OF THE LIBOR RATE AT 30 DAYS. THE RESPECTIVE FINANCIAL PRODUCTS WILL BE CAPITALIZABLE MONTHLY, AND CAN ONLY BE AFFECTED IN THE EVENT OF A CLAIM AND UNDER CERTAIN SITUATIONS REFERRED TO IN THE REGULATION IN FORCE, AS MENTIONED IN CHAPTER 5.6.5 SECTION VI OF THE CIRCULAR LETTER WITH PREVIOUS AUTHORIZATION BY THE COMMISSION.

THE BALANCE OF THIS RESERVE WILL HAVE A MAXIMUM LIMIT, DETERMINED BY THE TECHNICAL PROCEDURE ESTABLISHED IN THE RULES ISSUED BY THE COMMISSION IN ACCORDANCE WITH SECTION VII OF CHAPTER 5.6.5 OF THE CIRCULAR LETTER.

FOR REINSURANCE OPERATIONS -

COVERAGE OF EARTHQUAKE AND / OR VOLCANIC ERUPTION-

THIS RESERVE IS INTENDED TO COVER THE VALUE OF THE MAXIMUM PROBABLE LOSS DERIVED FROM THE OCCURRENCE OF CATASTROPHIC CLAIMS FROM THE OBLIGATIONS CONTRACTED BY ASEGURADORA PATRIA THROUGH EARTHQUAKE INSURANCE OF RISK RETAINED, IT IS CUMULATIVE AND CAN ONLY BE AFFECTED IN THE EVENT OF CLAIMS AND UNDER SOME SITUATIONS REFERRED TO IN THE REGULATION IN FORCE, WITH THE AUTHORIZATION OF THE COMMISSION.

THE INCREASE TO SAID RESERVE IS EXECUTED BY THE RELEASE OF THE CURRENT RISK RESERVE RETENTION OF THE EARTHQUAKE SECTION AND BY THE CAPITALIZATION OF THE FINANCIAL PRODUCTS.

BOLSA MEXICANA DE VALORES, S.A.B. DE C.V.

TRADING SYMBOL: PV

QUARTER: 01 YEAR: 2017

PEÑA VERDE S.A.B.

COMPLEMENTARY NOTES TO THE
FINANCIAL INFORMATION

PAGE 12 / 18

CONSOLIDATED
Final Printout

THE BALANCE OF THIS RESERVE WILL HAVE A MAXIMUM LIMIT, DETERMINED THROUGH TECHNICAL PROCEDURE ESTABLISHED IN THE RULES ISSUED BY THE COMMISSION. COVERAGE OF HURRICANE AND OTHER HYDROMETEOROLOGICAL RISKS- THIS RESERVE IS INTENDED TO COVER THE VALUE OF THE MAXIMUM PROBABLE LOSS DERIVED FROM THE INCURRENCE OF CATASTROPHIC CLAIMS FROM THE OBLIGATIONS CONTRACTED BY ASEGURADORA PATRIA THROUGH HURRICANE INSURANCE AND OTHER HYDROMETEOROLOGICAL RISKS. IT IS CUMULATIVE AND CAN ONLY BE AFFECTED IN THE EVENT OF CLAIMS AND UNDER SOME SITUATIONS REFERRED TO IN THE REGULATION IN FORCE, WITH THE AUTHORIZATION OF THE COMMISSION.

THE INCREASE TO SAID RESERVE IS EXECUTED BY THE RELEASE OF THE CURRENT RISK RESERVE RETENTION OF THE EARTHQUAKE SECTION AND BY THE CAPITALIZATION OF THE FINANCIAL PRODUCTS. THE BALANCE OF THIS RESERVE WILL HAVE A MAXIMUM LIMIT, DETERMINED THROUGH TECHNICAL PROCEDURE ESTABLISHED IN THE RULES ISSUED BY THE COMMISSION. CATASTROPHIC RISK RESERVE FOR AGRICULTURAL AND ANIMAL INSURANCE- THIS RESERVE IS INTENDED TO COVER THE VALUE OF THE MAXIMUM PROBABLE LOSS DERIVED FROM THE INCURRENCE OF CATASTROPHIC CLAIMS FROM THE OBLIGATIONS

CONTRACTED BY ASEGURADORA PATRIA THROUGH RETAINED RISKS BY AGRICULTURAL INSURANCE AND OF ANIMALS. IT IS CUMULATIVE AND CAN ONLY BE AFFECTED IN THE EVENT OF CLAIMS AND UNDER SOME SITUATIONS REFERRED TO IN THE REGULATION IN FORCE, WITH THE AUTHORIZATION OF THE COMMISSION. THE INCREASE TO SAID RESERVE IS EXECUTED MONTHLY AS 35% OF THE ACCRUED PART OF THE RETAINED PREMIUM PLUS THE FINANCIAL PRODUCT. THE BALANCE OF THIS RESERVE WILL HAVE A MAXIMUM LIMIT, DETERMINED BY THE TECHNICAL PROCEDURE ESTABLISHED IN THE RULES ISSUED BY THE COMMISSION.

RESERVE OF CATASTROPHIC RISKS OF CREDIT INSURANCE- THIS RESERVE HAS THE PURPOSE OF COVERING THE VALUE OF THE MAXIMUM PROBABLE LOSS DERIVED FROM THE OCCURRENCE OF CATASTROPHIC CLAIMS FROM THE OBLIGATIONS CONTRACTED BY ASEGURA PATRIA OF THE RISKS HELD BY THE INSURANCE CREDIT, IT IS CUMULATIVE AND CAN ONLY BE AFFECTED IN THE EVENT OF A CLAIM AND UNDER CERTAIN SITUATIONS REFERRED TO IN THE REGULATION IN FORCE, WITH PREVIOUS AUTHORIZATION OF THE COMMISSION.

THE INCREASE TO THAT RESERVE IS ESTABLISHED WITH AN ANNUAL CONTRIBUTION WHICH IS CALCULATED AS 75% OF THE DIFFERENCE BETWEEN THE RETAINED PART OF THE ACCRUED RISK PREMIUM AND THE PART RETAINED FROM THE CLAIMS REGISTERED IN THE FINANCIAL YEAR. THE BALANCE OF THIS RESERVE WILL HAVE A MAXIMUM LIMIT, DETERMINED BY THE REGISTERED PROCEDURE BEFORE THE COMMISSION.

RESERVE FOR VALID BONDS FOR REINSURANCE OPERATIONS- IN ACCORDANCE WITH THE RULES ESTABLISHED FOR THE ESTABLISHMENT, INCREASE AND VALUATION OF

TECHNICAL RESERVES FOR VALID BONDS AND CONTINGENCIES, THERE SHOULD BE CONSIDERED COMPONENTS IN THE VALUATION SUCH AS: THE INDEX OF COMPANY PAID CLAIMS AT THE SECTION LEVEL, MARKET INDEX, WEIGHTED INDEX AND AMOUNT OF RESPONSIBILITIES FOR PER SECTION. DERIVED FROM THE INFORMATION PROVIDED BY REBONDING INSTITUTIONS, REASEGURADORA PATRIA INFORMED TO THE AUTHORITY.

THE CURRENT RESERVE FOR BONDS IS RELEASED THROUGH THE EIGHTHS' METHOD, EXCEPT THE RESERVE THAT IS CONSTITUTED ON THE PREMIUMS ASSUMED IN MEXICO. THIS RESERVE CAN ONLY BE RELEASED WHEN THE RESPONSIBILITY COVERED IN THE RESPECTIVE BOND POLICY.

RESERVE FOR CONTINGENCIES UNDER REINSURANCE-

IN THE FINANCIAL YEAR OF 2016 REASEGURADORA PATRIA DETERMINED THIS RESERVE BY APPLYING

BOLSA MEXICANA DE VALORES, S.A.B. DE C.V.

TRADING SYMBOL: PV

QUARTER: 01 YEAR: 2017

PEÑA VERDE S.A.B.

COMPLEMENTARY NOTES TO THE
FINANCIAL INFORMATION

PAGE 13 / 18

CONSOLIDATED
Final Printout

THE FACTOR OF 0.13 TO THE RETAINED PREMIUMS OF ASSUMED REBONDING DEDUCTED FROM THE BASIC REBONDING COMMISSIONS. THIS RESERVE IS CUMULATIVE.

(H) PROVISIONS-

THE INSTITUTION RECOGNIZES, ON THE BASIS OF ADMINISTRATION ESTIMATES, PROVISIONS OF LIABILITY FOR THOSE OBLIGATIONS PRESENT IN WHICH THE TRANSFER OF ASSETS OR THE PROVISION OF SERVICES IS VIRTUALLY INELUTABLE AND ARISES AS A RESULT OF PAST EVENTS, MAINLY DERIVED ACQUISITION COSTS, OPERATING EXPENSES, SALARIES, GRANTS AND OTHER PAYMENTS TO STAFF.

(I) EMPLOYEE BENEFITS-

DIRECT SHORT-TERM BENEFITS

THE BENEFITS OF SHORT-TERM DIRECT EMPLOYEES ARE RECOGNIZED IN THE RESULTS OF THE PERIOD IN WHICH THE SERVICES EARNED WERE RENDERED. A LIABILITY IS RECOGNIZED FOR AN AMOUNT TO BE PAID IF THE INSTITUTION HAS A LEGAL OR ASSUMED OBLIGATION TO PAY THIS AMOUNT AS A RESULT OF PAST SERVICES PROVIDED AND THE OBLIGATION CAN BE ESTIMATED REASONABLE.

DIRECT LONG-TERM BENEFITS

THE INSTITUTION'S NET OBLIGATION ON LONG-TERM DIRECT BENEFITS

(EXCEPT FOR DEFERRED PTU - SEE SECTION (J) TAXES ON PROFIT AND WORKERS' PROFIT SHARING) AND THAT THE INSTITUTION IS EXPECTED TO PAY AFTER THE TWELVE MONTHS OF THE MOST RECENT

CONSOLIDATED BALANCE SHEET DATE

PRESENT, IS THE AMOUNT OF FUTURE BENEFITS THAT EMPLOYEES HAVE OBTAINED IN EXCHANGE FOR THEIR SERVICE IN THE CURRENT YEAR AND IN PREVIOUS YEARS. THIS BENEFIT IS DISCOUNTED TO DETERMINE ITS CURRENT VALUE. REMEDIES ARE RECOGNIZED IN THE RESULTS OF THE PERIOD IN WHICH THEY ARE ACCRUED.

TERMINATION BENEFITS

A LIABILITY FOR TERMINATION BENEFITS AND A COST OR EXPENSE IS RECOGNIZED WHEN THE INSTITUTION HAS NO REALISTIC ALTERNATIVE OTHER THAN THAT OF FACING PAYMENT OR IS UNABLE TO WITHDRAW THE OFFER OF THESE BENEFITS, OR WHEN IT COMPLIES WITH THE CONDITIONS FOR RECOGNITION OF THE COSTS OF A RESTRUCTURING, WHICHEVER OCCURS FIRST. IF THEY ARE NOT EXPECTED TO BE SETTLED WITHIN 12 MONTHS AFTER THE CLOSING OF THE YEAR, THEN THEY WILL BE DISCOUNTED.

POST-EMPLOYMENT BENEFITS

DEFINED CONTRIBUTION PLANS

THE OBLIGATIONS FOR CONTRIBUTIONS TO DEFINED CONTRIBUTION PLANS ARE RECOGNIZED IN RESULTS AS THE RELATED SERVICES ARE PROVIDED BY EMPLOYEES.

CONTRIBUTIONS PAID IN ADVANCE ARE RECOGNIZED AS AN ASSET TO THE EXTENT THAT THE ADVANCE PAYMENT RESULT IN A REDUCTION IN THE PAYMENTS TO BE MADE IN THE FUTURE OR A CASH REIMBURSEMENT.

DEFINED BENEFIT PLANS

THE INSTITUTION'S NET OBLIGATION FOR BENEFIT PLANS

DEFINED BY: PENSION PLANS, SENIORITY PREMIUMS, LEGAL COMPENSATION BENEFITS, CALCULATED SEPARATELY FOR EACH PLAN, ESTIMATING THE AMOUNT OF FUTURE BENEFITS EMPLOYEES HAVE GAINED IN THE CURRENT YEAR AND REVIOUS YEARS, DEDUCTING SAID AMOUNT AND DEDUCTING THEMSELVES, THE REASONABLE VALUE OF THE ASSETS OF THE PLAN.

THE CALCULATION OF THE OBLIGATIONS BY DEFINED BENEFIT PLANS IS DONE

ANNUALLY BY QUALIFIED ACTUARIES, USING THE PROJECTED UNIT CREDIT METHOD. WHEN THE CALCULATION RESULTS IN A POSSIBLE ASSET FOR THE INSTITUTION, THE

RECOGNITIONS IS LIMITED TO THE CURRENT VALUE OF THE AVAILABLE ECONOMIC BENEFITS AS FUTURE REFUNDS TO THE PLAN OR REDUCTIONS IN FUTURE CONTRIBUTIONS. IN ORDER TO

BOLSA MEXICANA DE VALORES, S.A.B. DE C.V.

TRADING SYMBOL: PV

QUARTER: 01 YEAR: 2017

PEÑA VERDE S.A.B.

COMPLEMENTARY NOTES TO THE
FINANCIAL INFORMATION

PAGE 14 / 18

CONSOLIDATED
Final Printout

CALCULATE THE CURRENT VALUE OF THE ECONOMIC BENEFITS, ANY MINIMUM FINANCING REQUIREMENT MUST BE CONSIDERED.

THE LABOR COST OF CURRENT SERVICE, WHICH REPRESENTS THE COST OF THE PERIOD OF BENEFITS TO THE EMPLOYEE FOR HAVING FULFILLED ONE MORE YEAR OF WORK LIFE BASED ON THE BENEFIT PLANS, ARE RECOGNIZED IN THE OPERATING EXPENSES. THE INSTITUTION DETERMINES THE EXPENDITURE (INCOME) ON NET LIABILITIES (ASSETS) DEFINED FOR THE PERIOD, MULTIPLYING THE DISCOUNT RATE USED TO MEASURE THE OBLIGATION OF DEFINED BENEFIT BY NET LIABILITIES (ASSETS) DEFINED AT THE BEGINNING OF THE ANNUAL PERIOD IN WHICH IT IS INFORMED, TAKING INTO ACCOUNT THE CHANGES IN NET LIABILITIES (ASSETS) OF DEFINED BENEFITS DURING THE PERIOD AS A RESULT OF ESTIMATES OF CONTRIBUTIONS AND PAYMENTS OF BENEFITS. NET INTEREST IS

RECOGNIZED IN THE CONSOLIDATED RESULTS.

MODIFICATIONS TO PLANS AFFECTING THE COST OF PAST SERVICES ARE ACKNOWLEDGED IN THE IMMEDIATE RESULTS IN THE YEAR IN WHICH THE MODIFICATION OCCURS, WITHOUT POSSIBILITY OF DIFFERENCE IN LATER YEARS. LIKewise, LIQUIDATION OR REDUCTION OF OBLIGATIONS EVENTS IN THE PERIOD, WHICH SIGNIFICANTLY REDUCE THE COST OF FUTURE SERVICES

AND / OR THAT SIGNIFICANTLY REDUCE THE POPULATION SUBJECT TO THE BENEFITS, RESPECTIVELY, ARE RECOGNIZED IN THE RESULTS OF THE PERIOD.

REMEASUREMENT (BEFORE EARNINGS AND ACTUARIAL LOSS), RESULTING FROM DIFFERENCES BETWEEN THE ACTUARIAL HYPOTHESES PROJECTED AND REAL ONES AT THE END OF THE PERIOD, ARE RECOGNIZED IN THE PERIOD IN WHICH THEY ARE INCURRED AS PART OF THE INTEGRAL RESULTS WITHIN THE TOTAL EQUITY.

AS OF DECEMBER 31, 2016, FOR THE PURPOSES OF RECOGNITION OF POST-EMPLOYMENT BENEFITS IN GENERAL OF INSURANCE, THE REMAINING AVERAGE EMPLOYEE LIFE OF EMPLOYEES THAT HAVE THE RIGHT TO THE BENEFITS OF THE PLAN IS ABOUT 20 YEARS FOR GROUP 1 AND 1 YEAR FOR GROUP 2, RESPECTIVELY.

(J) TAXES ON PROFIT AND WORKERS' PROFIT SHARING (PTU) - UTILITY AND PTC TAXES RESULTED FOR THE YEAR ARE DETERMINED IN ACCORDANCE WITH FISCAL PROVISIONS IN FORCE.

DEFERRED UTILITY TAX AND DEFERRED PTU ARE REGISTERED IN ACCORDANCE WITH THE METHOD OF ASSETS AND LIABILITIES, WHICH COMPARES THEIR ACCOUNTING AND TAX SECURITIES OF THE. INCOME TAX AND DEFERRED PTU (ASSETS AND LIABILITIES) ARE ACKNOELEDGED BY

THE FUTURE CONSEQUENCES ATTRIBUTABLE TO THE TEMPORARY DIFFERENCES BETWEEN THE VALUES REFLECTED IN THE FINANCIAL STATEMENTS OF EXISTING ASSETS AND LIABILITIES AND RELATIVE TAX BASES AND IN THE CASE OF TAXES TO THE PROFIT, FOR TAX LOSSES FOR AMORTIZING AND OTHER TAX CREDITS TO BE RECOVERED. ASSETS AND LIABILITIES FOR DEFERRED UTILITY TAX AND PTU ARE CALCULATED USING THE RATES ESTABLISHED IN THE CORRESPONDING LAW, WHICH WILL APPLY TO THE TAXABLE UTILITY IN THE YEARS IT IS INTENDED TO REVERT THE TEMPORARY DIFFERENCES. THE EFFECT OF CHANGES IN TAX RATES ON DEFERRED UTILITY TAX AND PTU ARE RECOGNIZED IN THE RESULTS OF THE PERIOD IN WHICH THESE CHANGES ARE APPROVED.

TAXES AND FEES CAUSED AND DEFERRED ARE PRESENTED AND CLASSIFIED IN THE RESULTS OF THE PERIOD, EXCEPT THOSE ARISING OUT OF A TRANSACTION RECOGNIZED DIRECTLY ON A SECTION OF THE TOTAL EQUITY.

K) UPDATING OF SOCIAL CAPITAL, OTHER CONTRIBUTIONS AND CUMULATIVE RESULTS- UNTIL 31 DECEMBER 2007, IT WAS DETERMINED BY MULTIPLYING THE SOCIAL CAPITAL CONTRIBUTIONS

BOLSA MEXICANA DE VALORES, S.A.B. DE C.V.

TRADING SYMBOL: PV

QUARTER: 01 YEAR: 2017

PEÑA VERDE S.A.B.

COMPLEMENTARY NOTES TO THE
FINANCIAL INFORMATION

PAGE 15 / 18

CONSOLIDATED
Final Printout

AND THE RESULTS ACCUMULATED BY FACTORS DERIVED FROM THE INPC, WHICH MEASURE THE ACCUMULATED INFLATION FROM THE DATES WHEN THE CONTRIBUTIONS WERE MADE AND THE GENERATED PROFITS OR LOSSES UNTIL THE END OF THE YEAR 2007, DATE ON WHICH A CHANGE TO A NON-INFLATIONARY ECONOMIC ENVIRONMENT WAS APPLIED UNDER NIF B-10 "EFFECTS OF INFLATION ". THE AMOUNTS THUS OBTAINED REPRESENTED THE CONSTANT VALUES OF SHAREHOLDER INVESTMENT.

(L) SURPLUS BY VALUATION-
THE "VALUATION SURPLUS" ITEM INCLUDES THE VALUATION EFFECT OF REAL ESTATE, VALUATION OF LONG-TERM RISK RESERVES AND ITS RESPECTIVE DEFERRED TAX.

M) INCOME RECOGNITION-
INCOME FROM INSURANCE AND REINSURANCE PREMIUMS-
REVENUES FOR THESE OPERATIONS ARE RECORDED IN TERMS OF PREMIUMS CORRESPONDING TO THE POLICIES CONTRACTED, SUPPLEMENTED BY REINSURANCE PREMIUMS ASSUMED AND DIMINISHED BY THE PREMIUMS CEDED IN REINSURANCE.
INSURANCE PREMIUMS OR THE CORRESPONDING FRACTION, ORIGINATED BY THE OPERATIONS MENTIONED ABOVE THAT HAVE NOT BEEN PAID BY THE INSURED WITHIN THE PERIOD STIPULATED BY LAW ARE AUTOMATICALLY CANCELLED, RELEASING THE RESERVE FOR RISKS IN COURSE AND IN THE CASE OF REHABILITATIONS, THE RESERVATION IS RECONSTITUTED FROM THE MONTH IN WHICH THE INSURANCE VALIDITY IS RECOVERED.

REINSURANCE
FOR INSURANCE OPERATIONS-

ASSUMED
THE OPERATIONS DERIVED FROM REINSURANCE ACCEPTANCES ARE ACCOUNTED FOR IN THE STATEMENTS RECEIVED FROM THE ASSIGNORS, WHICH ARE GENERALLY FORMULATED IN MONTHLY, AN ASPECT THAT CAUSES A MONTH TO BE DEFERRED IN THE REGISTER OF THE PREMIUMS, CLAIMS, COMMISSIONS, ETC.

CEDED
THE INSTITUTION LIMITS THE AMOUNT OF ITS RESPONSIBILITY FOR THE RISKS ASSUMED BY THE DISTRIBUTION WITH REINSURERS, THROUGH AUTOMATIC AND FACULTATIVE CONTRACTS YIELDING TO SUCH REINSURERS A PART OF THE PREMIUM.
THE INSTITUTION HAS LIMITED RETENTION CAPACITY IN ALL SECTIONS AND CONTRACTS COVERAGE OF EXCESS LOSS, COVERING FIRE, AUTOMOBILE, EARTHQUAKE AND OTHER CATASTROPHIC RISKS.

BY REINSURANCE OPERATIONS

REINSURANCE TAKEN AND RETROCEDED-
THE MAIN INCOME AND COSTS OF REASEGURADORA PATRIA ARE DERIVED FROM VARIOUS OPTIONAL CONTRACTS AND ACCEPTANCES OF REINSURANCE ASSUMED AND RETROCEDED, WHICH HAVE BEEN ENTERED INTO WITH THE LICENSING COMPANIES AND THE REINSURERS, BOTH DOMESTIC AND FOREIGN.
THE OPERATIONS DERIVED FROM THE ASSUMED REINSURANCE, ARE ACCOUNTED FOR IN THE CASE OF THE BUSINESSES, DEPENDING ON THE ACCEPTANCE OF BUSINESS OR WHEN RECEIVING THE GUARANTEE OF PREMIUM PAYMENT; WITH RESPECT TO AUTOMATIC CONTRACTS THROUGH STATEMENTS RECEIVED FROM THE TRANSFERORS, WHICH HAVE A PRESENTATION DATE

BOLSA MEXICANA DE VALORES, S.A.B. DE C.V.

TRADING SYMBOL: PV

QUARTER: 01 YEAR: 2017

PEÑA VERDE S.A.B.

COMPLEMENTARY NOTES TO THE
FINANCIAL INFORMATION

PAGE 16 / 18

CONSOLIDATED
Final Printout

OF ACCOUNTS, IN A QUARTERLY AND HALF-YEARLY BASIS, ASPECTS THAT CAUSE THE DEFERMENT OF AT LEAST A QUARTER IN THE REGISTRATION OF PREMIUMS, CLAIMS, COMMISSIONS, ETC. FROM 2013, THE AMENDING LETTER 56/11 OF THE CIRCULAR LETTER ON INSURANCE ISSUED BY THE COMMISSION, STATES THAT THE OPERATIONS SHOULD BE RECOGNIZED NO LATER THAN THE FOLLOWING MONTH IN WHICH THEY HAVE BEEN CARRIED OUT, AND, IN ADDITION, REASEGURADORA PATRIA DETERMINES AN ESTIMATION IN THE REGISTRATION OF PREMIUMS, CLAIMS, COMMISSIONS, ETC., BASED ON THE EXPERIENCE OF THE AFOREMENTIONED CONCEPTS, ACCORDING TO THE METHODOLOGY AND ACCOUNTING RECORDS PROPOSED BY SPECIALISTS FROM REASEGURADORA PATRIA AND MADE KNOWN TO THE COMMISSION. THE INSTITUTION LIMITS THE AMOUNT OF ITS RESPONSIBILITY BY DISTRIBUTING THE RISKS ASSUMED AMONG REINSURERS, THROUGH AUTOMATIC CONTRACTS AND BY GIVING OR RECEDING TO SUCH REINSURERS A PART OF THE PREMIUM. THE INSTITUTION HAS LIMITED RETENTION CAPACITY IN ALL SECTIONS AND CONTRACTS COVERAGE OF EXCESS LOSS, COVERING BASICALLY FIRE, CAR, EARTHQUAKE, HYDROMETEOROLOGICAL, LIFE, BOND AND OTHER CATASTROPHIC RISKS. IN ACCORDANCE WITH THE PROVISIONS OF THE COMMISSION, THE PREMIUMS CEDED OR RECEDED TO THE REINSURERS THAT DO NOT HAVE AN AUTHORIZED REGISTRATION, WILL BE CONSIDERED AS RETAINED FOR THE CALCULATION OF THE MINIMUM GUARANTEE CAPITAL AND SOME RESERVATIONS. REINSURERS OR RETROCESSIONARIES ARE OBLIGED TO REIMBURSE THE INSTITUTION THE CLAIMS REPORTED BASED ON THEIR PARTICIPATION.

INCOME FROM INSURANCE OPERATIONS SALVAGE-
INCOME FROM SALVAGE IS RECOGNISED AS AN ASSET AND A DECREASE IN THE COST OF ACCIDENTS ON THE DATE ON WHICH THEY ARE KNOWN AND ITS ESTIMATED REALIZATION VALUE.

PROFIT SHARING OF REINSURANCE OPERATIONS-
IN INSURANCE OPERATIONS

PROFIT SHARING CORRESPONDING TO CEDED REINSURANCE IS RECORDED AS INCOME IN ACCORDANCE WITH THE TIME LIMITS STIPULATED IN THE RESPECTIVE CONTRACTS, AS THEIR TECHNICAL RESULTS ARE DETERMINED.

IN REINSURANCE OPERATIONS
PROFIT SHARING CORRESPONDING TO ASSUMED AND RECEDED REINSURANCE IS DETERMINED AND RECORDED AS INCOME OR COST, UNTIL THE TECHNICAL RESULT OF THE CONTRACTS BECOMES KNOWN, WHICH USUALLY OCCURS WITHIN THE PERIOD IN WHICH THEY EXPIRE.

PARTICIPATION OF REINSURERS FOR CURRENT RISKS AND UNPAID CLAIMS-
THE INSTITUTION RECORDS THE PARTICIPATION OF REINSURERS IN THE RESERVES FOR CURRENT RISKS AND UNPAID OBLIGATIONS WITH CLAIMS NOT REPORTED AND ADJUSTMENT EXPENSES ALLOCATED TO THE CLAIMS, AS WELL AS THE AMOUNT EXPECTED FROM FUTURE LIABILITIES ARISING FROM REPORTED CLAIMS. THE INSTITUTION'S MANAGEMENT DETERMINES THE ESTIMATE OF RECOVERABLE AMOUNTS BY THE PARTICIPATION OF REINSURERS IN THE RESERVERS MENTIONED IN THE PARAGRAPH ABOVE, CONSIDERING THE TEMPORARY DIFFERENCE BETWEEN RECOVERY OF REINSURANCE AND DIRECT PAYMENTS, AND THE PROBABILITY OF RECOVERY, AS WELL AS THE LOSSES EXPECTED FROM DEFAULT OF THE COUNTERPARTY. THE METHODOLOGIES FOR THE CALCULATION OF THIS ESTIMATE ARE RECORDED BEFORE THE COMMISSION, THE EFFECT IS RECOGNISED IN THE INCOME STATEMENT UNDER THE CATEGORY "COMPREHENSIVE FINANCING INCOME" AND "CLAIMS AND OTHER UNPAID OBLIGATIONS " IN THE CASE OF INSURANCE AND REINSURANCE OPERATIONS, RESPECTIVELY.

BOLSA MEXICANA DE VALORES, S.A.B. DE C.V.

TRADING SYMBOL: PV

QUARTER: 01 YEAR: 2017

PEÑA VERDE S.A.B.

COMPLEMENTARY NOTES TO THE
FINANCIAL INFORMATION

PAGE 17 / 18

CONSOLIDATED
Final Printout

IN ACCORDANCE WITH THE PROVISIONS OF THE COMMISSION, THE RECOVERABLE AMOUNTS FROM REINSURANCE CONTRACTS WITH NON-REGISTERED COUNTERPARTIES ARE NOT LIKELY TO COVER THE INVESTMENT BASE, NOR MAY THEY BE PART OF THE ADMISSIBLE OWN FUNDS.

MINIMUM AND DEPOSIT PREMIUM FOR REINSURANCE OPERATIONS-
MINIMUM PREMIUM AND DEPOSIT BY NON-PROPORTIONAL REINSURANCE CONTRACTS ASSUMED IS RECORDED FROM THE START OF THE VALIDITY WITH THE CREATION OF THE RESPECTIVE RESERVE FOR CURRENT RISKS.

POLICY RIGHTS AND PREMIUM SURCHARGES-
REVENUE FROM POLICY RIGHTS CORRESPOND TO THE RECOVERY OF EXPENSES AND ARE RECOGNISED DIRECTLY UNDER RESULTS ON THE DATE OF THE ISSUANCE OF THE POLICY.

INCOME FROM PREMIUM SURCHARGES PERTAINS TO THE FINANCING DERIVED FROM THE POLICIES WITH SPLIT PAYMENTS AND ARE RECOGNISED UNDER RESULTS AS ACCRUED.

INCOME FROM SERVICES-
REVENUE FROM SERVICES IS RECORDED AS IT IS PROVIDED.

N) NET ACQUISITION COST-
FOR INSURANCE OPERATIONS
THIS ITEM IS MAINLY INTEGRATED BY COMMISSIONS TO INSURANCE AGENTS THAT ARE RECOGNIZED IN INCOME AT THE TIME OF THE ISSUANCE OF THE POLICIES, ADDITIONAL COMPENSATIONS TO AGENTS AND OTHER ACQUISITION COSTS, AND IS REDUCED BY INCOME COMMISSIONS FOR CEDED REINSURANCE. PAYMENT TO AGENTS IS MADE WHEN THE PREMIUMS ARE CHARGED.

FOR REINSURANCE OPERATIONS
THE ACQUISITION COSTS (PAID COMMISSIONS AND BROKERAGES) ARE ACCOUNTED FOR WHEN THE PREMIUMS ASSMED BY THE CEDING COMPANIES ARE RECOGNISED. LIKEWISE, COMMISSION EARNED IN INCOME OF THE FISCAL YEAR IS APPLIED JOINTLY WITH THE RESPECTIVE RETROCEDED PREMIUM.

(O) BUSINESS CONCENTRATION-
THE PRODUCTS OF THE INSTITUTION ARE MARKETED TO A LARGE NUMBER OF CUSTOMERS, WITHOUT THERE BEING AN IMPORTANT CONCENTRATION IN ANY SPECIFIC CLIENT.

(P) COMPREHENSIVE INCOME FROM FINANCING (CIF)
CIF INCLUDES INTEREST, VALUATION EFFECTS, SURCHARGES ON PREMIUMS, INCOME FROM THE SALE OF FINANCIAL INSTRUMENTS AND EXCHANGE INCOME.
TRANSACTIONS IN FOREIGN CURRENCY ARE RECORDED AT THE EXCHANGE RATE IN EFFECT ON THE DATES OF THEIR EXECUTION OR SETTLEMENT. THE INSTITUTION MAINTAINS ITS ACCOUNTING RECORDS IN PESOS AND IN FOREIGN CURRENCIES WHICH, FOR THE PURPOSES OF PRESENTING THE CONSOLIDATED FINANCIAL STATEMENTS, WERE CONVERTED AT THE EXCHANGE RATE OF THE LAST BUSINESS DAY OF THE MONTH PUBLISHED BY THE BANK OF MEXICO. EXCHANGE DIFFERERENCES INCURRED IN RELATION TO ASSETS AND LIABILITIES CONTRACTED IN FOREIGN CURRENCY ARE RECORDED IN CONSOLIDATED INCOME OF THE YEAR.

(Q) CONTINGENCIES
SIGNIFICANT CONTINGENCY-RELATED OBLIGATIONS OR LOSSES ARE RECOGNIZED WHEN THEIR EFFECTS

BOLSA MEXICANA DE VALORES, S.A.B. DE C.V.

TRADING SYMBOL: PV

QUARTER: 01 YEAR: 2017

PEÑA VERDE S.A.B.

COMPLEMENTARY NOTES TO THE
FINANCIAL INFORMATION

PAGE 18 / 18

CONSOLIDATED
Final Printout

ARE LIKELY TO MATERIALIZE AND THERE ARE REASONABLE ELEMENTS FOR THEIR QUANTIFICATION. IF THESE REASONABLE ELEMENTS DO NOT EXIST, THEIR DISCLOSURE IS INCLUDED QUALITATIVELY IN THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS. INCOME, PROFIT OR CONTINGENT ASSETS ARE RECOGNIZED UNTIL THERE IS CERTAINITY OF THEIR REALIZATION.

(S) SUPPLEMENTARY CLAUSE

INSURANCE INSTITUTIONS SHALL OBSERVE THE NIF ACCOUNTING GUIDELINES, EXCEPT WHEN, IN THE OPINION OF THE COMMISSION, IT IS NECESSARY TO APPLY A REGULATION OR SPECIFIC ACCOUNTING CRITERIA, TAKING INTO ACCOUNT THAT INSTITUTIONS PERFORM SPECIALIZED OPERATIONS. IN CASES WHERE THE INSURANCE INSTITUTIONS CONSIDER THAT THERE IS NO ACCOUNTING CRITERION APPLICABLE TO ANY OF THE OPERATIONS THEY PERFORM, ISSUED THE CINIF OR THE COMMISSION SHALL APPLY THE BASES FOR SUPLETORIEDAD ENVISAGED IN THE NIF A-8, CONSIDERING: (I) THAT IN NO CASE, ITS APPLICATION SHOULD CONTRAVENE THE GENERAL CONCEPTS SET OUT IN THE ACCOUNTING CRITERIA FOR THE INSTITUTIONS AND MUTUAL SOCIETIES DESIGNATED BY THE COMMISSION AND, II) WHICH SHALL BE THE RULES THAT HAVE BEEN APPLIED IN THE SUPLETORIEDAD PROCESS ARE REPLACED BY THE THAT A SPECIFIC ACCOUNTING CRITERION IS ISSUED BY THE MEMBER OF THE COMMISSION, OR A NIF, ON THE SUBJECT IN WHICH THIS PROCESS WAS APPLIED. THE INSTITUTIONS THAT FOLLOW THE SUPPLEMENTARY PROCESS, MUST COMMUNICATE IT IN WRITING TO THE COMMISSION.

BOLSA MEXICANA DE VALORES, S.A.B. DE C.V.

TRADING SYMBOL: PV

QUARTER: 01 YEAR: 2017

PEÑA VERDE S.A.B.

DERIVATIVES

PAGE 1 / 1

CONSOLIDATED

Final Printout

DERIVATIVES

PEÑA VERDE, S.A.B. DECLARES THAT, TO DATE, IT HAS NOT ENTERED INTO ANY AGREEMENT AND HAS NOT CARRIED OUT ANY TRANSACTIONS WITH DERIVATIVES.