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2015 ANNUAL REPORT

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OUR MISSION

Meeting the needs of protection, financial forecasting and health services of Mexican society.

OUR VISION

Through the launch of our Vision 2019, we are fortifying with actions that will allow us to remain as a leader in the insurance sector, consolidating as a leading institution, aimed at profitable growth with unparalleled service:

Achieving be the best in 3 dimensions, with 2 approaches, in 3 stages

(3 x 2 in 3)

Three dimensions

Profitable Growth

Unparalleled Service

Cutting-edge Institution

With two approaches

On the people



On the Business



In three Stages

1

Earn market share

2

Consolidate market leadership

3

Set pace in the industry

OUR VALUES

Oriented business:

Results

Responsibility

Innovation

People oriented:

Integrity

Collaboration

Passion and Loyalty

Service oriented:

“We treat our customers as we would like to be treated as customers.”

GRUPO NACIONAL PROVINCIAL, S.A.B.

FINANCIAL HIGHLIGHTS

(Consolidated Figures in millions of current pesos)

Item	2015	2014	Variation
	\$	\$	%
Total assets	108,622	92,943	14.5
Technical reserves	93,003	78,215	16.4
Net worth (1)	6,167	6,369	(5.2)
Solvency margin	221	1,338	(83.8)
Premiums and funds under management	47,145	40,881	12.9
Premium issued	46,631	40,405	13.0
Technical earnings (2)	-1,021	-481	107.9
Operating expenses	2,447	2,395	0.1
Financial products	3,746	3,650	0.5
Insurance earnings	170	232	(28.2)
Net earnings	168	224	(26.5)

(1) Net Worth, composed of Stockholder Equity and equity Reserves, plus the Embedded Value of the Life portfolio, totaled a \$14,147 million pesos and \$12,682 in 2014

(2) Excluding the Life Interest Expense, the Technical Result was -\$721 million pesos y -\$120 million pesos for 2014

GRUPO NACIONAL PROVINCIAL, S. A. B.
ANNUAL REPORT FROM THE BOARD OF DIRECTORS
TO THE STOCKHOLDERS MEETING, FOR THE 2015 FISCAL YEAR

Dear stockholders,

In my capacity as Chairman of the Board of Directors of Grupo Nacional Provincial, S.A.B. (GNP), I am pleased to present you with the following report, prepared based on an analysis of the information provided by the Chief Executive Officer in his Annual Report on the Performance of the Company, the results obtained and the highlights from the 2015 fiscal year, as well as a report on the main activities of the Board of Directors.

The year 2015 was one of economic complexity. However, despite a weakening global economy, the important drop in oil prices and the volatility that marked the financial markets, the country's economy grew by 2.5%.

Within this economic context, the insurance sector was especially dynamic, achieving a real growth of 8.3% in 2015, a result superior by far to the 0.4% growth recorded in the preceding year.

On the other hand, the peso devaluation put pressure on costs as a result of claims absorbed by insurers, mainly in branches such as Medical Expenses and Auto, which are closely related to currency activity.



Mr. Alberto Baillères
CHAIRMAN OF THE BOARD OF DIRECTORS
GRUPO NACIONAL PROVINCIAL, S.A.B.

The entry into force of the new Insurance and Bonds Act (*Ley de Seguros y Fianzas*) was important for the insurance sector as the result of years of hard work by different players in the insurance market: authorities, companies and specialists in these matters. This new regulatory framework seeks to improve competitiveness and solvency conditions with a self-regulation system. This will clearly place the Mexican insurance sector on the cutting edge of capitalization, control and regulatory compliance practices. GNP has adopted a leadership position in this exercise, contributing proposals and promoting improvements in the efficiency and growth of the insurance sector, considered the third largest in terms of capture of domestic savings.

In terms of operations, GNP continues to move forward in its strategy of growth with profitability. GNP results were mixed in 2015, with a 13.0% rise in the value of consolidated issued premiums in real terms—well above the rate observed in recent years—and 4.7% over growth of the Mexican insurance sector. Therefore, GNP market share increased from 12.2% to 12.8%. Moreover, profits reached 1.746 billion pesos, 70% more than in 2014; and profitability rose from 5.1% in 2014 to 13.3% in 2015. However, net profits fell 25% compared to 2014 due to increased costs derived from claims in the Medical Expenses and Auto sectors, caused by the weakening of the peso against the dollar.

GNP growth strategy was a success, as the company achieved a total volume of consolidated issued premiums of 46.631 billion pesos, particularly an excellent performance in the areas of Damages (67.7%), Auto (23.5%) and Life (17.5%). The significant rise in the Life portfolio and the peso/dollar exchange rate favored an increase of more than 100% of the Embedded Value, which reached 1.59 billion pesos. This produced a total yield on stockholders equity of 13.3% in real terms.

To strengthen GNP competitive market position, we launched innovative products that enriched our value offering in the areas of Life, Medical Expenses and Auto.

Furthermore, we closed important deals with PEMEX and the Federal Electricity Commission (*Comisión Federal de Electricidad*) in 2015, with total premiums of 2.12 billion pesos.

The country was also affected this year by hurricane Patricia (category 5), which hit the states of Colima, Nayarit and Jalisco. GNP provided our clients affected by this event with an expeditious and effective assistance.

Agency directives and the team of agents continued to be reinforced with a record number of 2,200 new agents this year. The structure of the Mass Market Insurance area was also strengthened.

In terms of operating efficiency we maintained a strict control on costs and put new technology supports into operation to improve customer service and productive strength.

This year we were once again named a “Socially Responsible Company” and “Institution Committed to Inclusion” thanks to our work and social commitment, and we also received the certification by the “Mexican Standards for Labor Gender Equality.”

Our financial strength was ratified as satisfactory; AM BEST gave us a rating of “Excellent” on a domestic scale (“aa+MX”) and “A-(Excellent)” on an international scale, moving from a stable to a positive position. Standard & Poor’s rated us as “mxAAA” on a domestic scale, and for the first time our global rating increased to “BBB+” with a stable perspective.

The Financial Statements from which the preceding comments were extracted, as well as the main accounting policies and criteria used to prepare the financial information, were determined by external auditors and are included in the CEO's Report.

Based on the opinion of the Auditing and Company Practices Committee (which took into consideration the report from the External Auditor and other relevant information submitted by the officials of the institution), the accounting and reporting policies and criteria are appropriate, sufficient, and have been applied consistently, and so the CEO's Report submitted to the Stockholders is a reasonable reflection of the financial situation and results of the Company.

Based on the policies established, the performance of senior level officials is evaluated annually. Every raise in salary and benefits must be authorized by the Payroll, Evaluation, and Compensation Committee. Salary increases are made annually, and bonuses are determined based on the results obtained in the performance evaluations. The compensation package of senior level officials is composed of a base salary, the minimum benefits required by law, plus additional benefits.

The Board of Directors reviewed and approved the resolutions of the Executive Committee, in addition to the reports and results of the work program of the Compliance Officer. Likewise, the Financial Statements of the Company were reviewed and approved, as submitted during the different periods of the 2015 fiscal year, in addition to the results and actions of our affiliates. To this end, several Committees provided support, as suggested in the applicable Code of Best Corporate Practices.

It is the opinion of the Board of Directors that the CEO's report, as submitted to the Stockholders, offers a reasonable reflection of the financial situation, the results obtained, and the highlights on the progress of the Company during fiscal year 2015.

Dear stockholders,

Despite the complex environment faced by the company, we took some firm steps towards achieving the goals of the Strategic Plan, and we continue in our drive to improve results. I wish to thank the members of the Board of Directors for their collaboration, and in the name of this Board, I thank the Executive Committee for their invaluable support. I also thank our stockholders, who continue to place their trust in us and in our collaborators, for their professionalism, the commitment and the passion that they bring to their work.



Mr. Alberto Baillères

CHAIRMAN OF THE BOARD OF DIRECTORS
GRUPO NACIONAL PROVINCIAL, S.A.B.

GRUPO NACIONAL PROVINCIAL, S. A. B.

REPORT ON THE PERFORMANCE OF THE COMPANY PRESENTED BY THE CHIEF EXECUTIVE OFFICER TO THE BOARD OF DIRECTORS FOR THE 2015 FISCAL YEAR

**Mr. Chairman of the Board,
Board Members,**

In my standing as CEO for Grupo Nacional Provincial, S.A.B. (GNP), and pursuant to the provisions in the Securities Market Act, I hereby present the Annual Report of the company performance and results for the 2015 fiscal year, the Financial Statements and their corresponding Disclosure Notes, as well as the Main Accounting Policies and Information Criteria that were followed while preparing the financial report presented herein.

The country faced great challenges during 2015, mainly due to the volatile and uncertain scenario of the international economy. In the Mexican economy, the gross domestic product (GDP) reported moderate growth of 8.3% in real terms (or 5.4% without considering the issue of the PEMEX policy), in what continues to be a very competitive environment.

In this context of financial volatility, the insurance industry began to feel some of the impacts on its results, namely in the areas of Medical Expenses and Auto, leading to a lower net profit for the sector at the close of the year.

However GNP learned important lessons this year. On the one hand, the company made significant progress in consolidating its growth, reaching a real increase of 13.0% in consolidated sales, the greatest increase in the last decade. Although the company's global results continue to advance in the direction set by us, net profits for the year were below 26.5% in real terms (that i.e., 56 billion pesos) than the amount reported last year as a result of the pressure of Medical Expenses and Auto costs. At the same time, GNP Embedded Value increased more than 100%, reaching 1.594 billion pesos as a result of the record growth in Individual Life and the exchange rate increase.

A comparison with last year's results reveals the following:



Mario Vela Berrondo
CHIEF EXECUTIVE OFFICER
GRUPO NACIONAL PROVINCIAL, S.A.B.



Results	2014	2015
Sales	40.405 billion pesos	46.631 billion pesos
Market share	12.2%	12.8%
ROIC	5.1%	13.3%
Embedded Value	763 million pesos	1.594 billion pesos
Gross profits	1.027 billion pesos	1.746 billion pesos
Net profit	224 million pesos	168 million pesos

Market growth is, without a doubt, what allowed us to maintain our position as the second largest company in the sector.

In terms of value offering, we continue to innovate and offer improvements in the areas of Life, Medical Expenses and Auto, through products like *Continuidad*, *Impulsa*, new service plans in AETNA and the *Línea Azul de Alta Especialidad*, *Auto Elite* and *Chofer Privado*.

We also had an important technology update during this period, which gave us greater capacity and enabled us to optimize the response time of the company's operating times. In addition, we updated the intermediaries' website for the sales force.

In the Damages sector we have the capture of PEMEX accounts (cargo transportation and ships) for a two-year term, representing a premium of 1.039 billion pesos. We also sold an integral policy for the Federal Electricity Commission, with a one-year term and a premium of 1.084 billion pesos.

In 2015 we continued to establish ourselves as the most important company in the personal insurance markets: GNP has the most important productive force on the market, which increased by 2,200 new agents. We must maintain this growth next year in the individual business lines that have greater profitability, and in corporate businesses we will prioritize profits over sales growth.

In terms of regulations, the entry into force of the new Insurance and Bonds Act brought a new framework of Corporate Governance in time and form. This represents new responsibilities for the Board of Directors in defining and maintaining the company's governance, overseeing the new comprehensive risk administration and actuarial functions, and a closer oversight of audit work and internal controls.

The effort to start up the Southern Federal District Territory Network is also notable, as it seeks to improve service through a commercial structure that is specialized by channel and a service structure and point-to-point contracting processes, from subscription to issue. With this GNP will improve its onsite responsiveness to the distribution channels.

All of these advances confirm the commitment we set in our Vision for 2019, which this year marks its first year.

SALES

*GNP maintains its leadership in the insurance sector
with a 12.8% market share.*

The capture of large accounts by the Damages sector, the increase in agency sales for the Auto sector and the rise in initial and renewal premiums for Individual Life and Medical Expenses led to magnificent growth in the placement of consolidated premiums for 46.631 billion pesos, a real growth of 13.0% over 2014.

Standout sectors are Damages, Auto and Life, which recorded real growth rates of 67.6%, 23.5% and 17.5%, respectively. Mutual Funds were also favorable, closing at 514 million pesos, a growth of 5.8%.

With these results, GNP maintained its position as the second company in terms of sales in the domestic insurance sector, with a market share of 12.8% and a firm leadership in Medical Expenses.

GNP: SALE BY LINES (nominal figures)

Line	2015	2014	Nominal Variation	Real Variation
	million pesos	million pesos	%	%
Life	17,199	14,333	20.0	17.5
Medical Expenses and Casualty	14,182	14,904	(4.8)	(6.8)
Automobile	10,847	8,601	26.1	23.5
Damages	4,388	2,562	71.3	67.7
Total premiums (consolidated figure)*	46,631	40,405	15.4	8.6
Funds under Administration	514	476	8.0	5.8
Total Premiums plus Funds under Administration	47,145	40,881	15.3	12.9

(* Figure includes affiliated companies earnings by 15 million pesos in 2015, and 5 million pesos in 2014.





PRODUCTS, SERVICES AND DISTRIBUTION CHANNELS

Continuous improvements to each of our products and services make us an increasingly competitive company.

PERSONAL INSURANCE

In GNP, we guarantee the profitable growth of the Individual Life, Major Medical Expenses and Individual Auto sectors, in addition to recruiting, developing and anchoring the channel of insurance agents with a continuous outreach plan.

Individual Life. One innovative option of this value offering, applied to the great majority of our products, was the launch of the Continuidad program, which optimizes financial and tax benefits and expands the coverage period of the insured with expiration dates.

Continuing with our fund capture strategy, we launched a new insurance option, Impulsa, a single premium plan that captures important amounts in a streamlined manner, with no significant subscription processes.

The plan favors, among others, the sale of temporary and life protection and retirement plans. It also seeks to maintain the sustainability of long-term profits in low interest rate scenarios and to noticeably reduce the participation of products with guaranteed interest rates.

We also started the sale of educational insurance called Profesional, through El Palacio de Hierro.

Medical Expenses. We continue to strengthen our products' value offering. We created new options for deductibles for our international coverage plans, Línea Azul Internacional and Línea Azul VIP, and we offer our clients coverage and price options. In addition, we adjusted maternity coverage and offer new benefits.

We included the option of an annual deductible in Línea Azul Premier as a new and affordable coverage option.

We also extended the eligibility age for clients in domestic plans for new businesses, from 64 to 69 years, so we can now offer more people an option to acquire insurance.

BROKERAGE AND GOVERNMENT CHANNEL

We consolidated our efforts in revitalizing the value offering for both the SME segment and large companies, offering the market differentiated coverage and sales tools.

We continue to develop comprehensive services designed to prevent and contain costs for large corporations. We have established aftersales services for the main Auto and Major Medical accounts, and we have initiated joint actions with the client and the intermediary to make the insurance programs more sustainable in the medium and long term. With this initiative we have been able to capture new clients, maintain our leadership position in the area of Major Medical Expenses and position ourselves in second place in the Auto insurance sector.

We also began the implementation of the Territorial Network in brokerage offices and in the Southern Federal District. This will translate into a service level of excellence for our clients and intermediaries.

In the Government sector, we continue with the major risks initiative which has resulted in the award of major businesses, such as PEMEX and the Comisión Federal de Electricidad, which represent important new business premiums for our company in the Damages sector.



We have also developed our internal areas, resulting in a control of the APF of Medical Expense operations, making us the leader in this sector. We also continue to find niches where we have not previously participated, becoming an active player in the tender processes. GNP is now a highly competitive and prestigious player.

AUTO INSURANCE

We set the goal of taking second place in the auto insurance market, and we achieved it with a share of 14.3% and a difference of 1 billion pesos over the third place. We did it thanks to the following initiatives implemented on five different fronts:

- a. Development of differentiated products: we adjusted some coverages—such as the Club GNP—granting our clients more events and new medical services such as pre-hospital consultations and ambulance service; we included the new funeral management service in our Occupant Medical Expense coverage, with new coverages—such as driver assistance for total losses and accidents—, with an insured amount of up to 300,000 pesos for death. We also launched products for specific segments—such as Auto Elite—, which give our clients different benefits like repair always in the dealership, zero pay, substitute car, assistance with tires, rims and replacement keys. Furthermore, we created the Chofer Privado program offering driver services via mobile applications, such as UBER and Cabify.
- b. Constant communication: we launched our digital campaign *#seguroentuauto* to promote products, driving advice and car care via corporate social networks and internal media. We also launched the journal *En compañía de GNP*, which promotes our fleet insurance offer to our intermediaries as well as our SME and corporate clients.
- c. Constant price monitoring: this enabled us to maintain the lead Autocompara throughout the year, as well as generate promotional campaigns and discounts in important events such as Verano and the Buen Fin. To do so, our campaigns for 6 and 12 months interest-free remained in effect throughout the year.
- d. Service to the channel: we launched a new self-service tool that allows our intermediaries to quote, issue, collect and generate registrations, cancellations and renewals. We developed the new “fleet manager” for fleets, specifically for the SME segment, where our intermediaries can quote prices for cars, pickups, trucks and heavy equipment.
- e. Customer service: in 2015, our Net Satisfaction Index recorded an increase compared to 2014; more specifically, repair service and legal assistance showed significant improvement. We also reinforced the Conecta Móvil application through which our clients can notify us of a claim or request assistance, as well as have access to their different policies with a simple keystroke on their mobile device.



MEDICAL EXPENSES

In the Major Medical Expenses segment we reported the largest growth in the market, holding our leadership position with a market share of 27.0%.

In the Individual Medical Expenses segment we made important changes to our international products, including the option for an annual deductible and increasing the insured amount for maternity abroad and for C-section.

We included the option of an annual deductible for our Premier line, and we extended the acceptance age to 70 for all of our plans.

In the corporate segment of Medical Expenses we developed a compensation product in order to sell additional coverage, and we also included Travel Assistance as part of the basic coverage.

In order to improve service to the distribution channel, we developed a new technology platform for our Agency Managers that will allow a quick and automatic approval of many of the requests received by our Individual Medical Expenses team.

For our corporate clients with international plans we included AETNA services, a leader in international health insurance, as a link for claims from abroad.

MASS MARKET INSURANCE

We recorded 60% growth in premiums issued in the payroll discount segment, and we increased our Individual Life client base by 46% by revitalizing our value offering and aftersales service.

We grew at a rate of 10% in real terms in the Bancaseguros sector, where we began selling Individual Life in order to meet the needs of more than 4,500 clients at a domestic level.

In the Afinidad businesses we improved our Internet position (GNP and aggregators), marking a 35% increase in premiums issued.

PRODUCTIVE FORCE

*GNP has the greatest productive force in Mexico
and continues to increase its potential.*

GNP has the greatest sales force of the sector, constituted by professionals that can advise our clients on their needs for financial planning and protection in the areas of Life, Major Medical Expenses, Auto and SMEs.

The Agency Departments in this area have been essential to GNP growth. In 2015 our strategies were aimed at opening new directions in areas with high growth potential, as well as training successors in veteran organizations to guarantee the long term business productivity.

We also doubled the number of Talent Attraction Executives, Development Managers and Promotion Managers who specialize in attracting and development agents in the Agency Departments. This enabled us to increase our work capacity with a solid commercial structure and great potential to accelerate our integral growth rhythm.





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CUSTOMER SERVICE

Innovation in our service processes is essential to improving the experience of our agents and insureds.

One of the most important values that we offer our clients is quality service. We developed various applications in 2015 to maintain the quality of attention and increase the response times, for both insurance purchases and service during claims.

NET SATISFACTION INDEX (INS)

In 2015 we redesigned the service and operations along two lines: Channel Services (agents and intermediaries) and Insured Services (clients).

Channel Services: our priority in GNP is to offer a distinctive service to traditional (agents, brokers and offices) and non-traditional channels (Bancaseguros, Afinidad and Work Site).

More specifically, the service provided by our agents is measured through the National Satisfaction Index (INS), which gave us the following results:

- *INS Quoters* went from 42% to 61% as a result of improved performance, stabilization of the technology platform and the new life insurance quote system for our agents—Nautilus—in addition to the Auto application.
- *INS Life Underwriting Issue* increased from 57% to 61% through its improved authorization and client documentation processes, as well as a more efficient subscription process.

- *INS Medical Expenses Underwriting Issue* increased by 2%, from 55% to 46%, due to the improvements of the daily Subscription Committee to facilitate response to agents and the self-service facility for the issue of new businesses. At the close of the fiscal year, self-service was 67% and automated underwriting issue was 56%.

Self-service in auto issues reached 38% through the intermediaries' website and mobile application.

We expanded the capacity of our Contact Center in the area of self-service collections for agents: 49% were through self service and 51% with the assistance of a telephone advisor. Monitoring tools also improved, allowing us to incorporate a greater number of executives and maintain efficient service levels.

Services to Insureds: to achieve our Vision for 2019 of having unparalleled Service and Operations, we were determined to consistently comply with the value offering to our insureds at the time of a claim.

Auto: we offered our clients new applications during the year, including the Conecta Móvil app; our "mobile adjuster" service consultants were offered an GPS service and online monitoring of adjusters so that the clients could rate the service experience from their mobile phone. The adjuster and client were also able to keep in touch via SMS and progress reports on the repair of their vehicles were sent by e-mail. All of these actions boost our insureds' level of satisfaction with the services.

Medical Expenses: the following tools were implemented to provide our clients with a faster service: the Help Button for Médica Móvil, improvements in the hospital registration process, as well as the tool for monitoring hospitalized clients. Notices of the receipt of reimbursements and payment of accounts were also improved for the same purpose.

In terms of regulatory compliance we took steps to integrate the new intermediaries' billing system to GNP operations, in order to guarantee compliance with tax laws and to support our agents in the transition to a digital system.

STRATEGIC INTERNATIONAL PARTNERSHIPS

We continue to reinforce our business alliances with top health centers in the United States such as the Mayo Clinic, in both their Rochester and Arizona locations; the Baptist Health System in Florida, and Methodist and St. Luke Hospitals in Texas.

GNP also continues to be the only insurer that offers its clients with international coverage access to a direct payment network, with almost one million medical providers in the United States. These providers identify our insureds through the new GNP international card and provide them with services as they would to a local insured: GNP is recognized as an insurer with certified solvency with financial backing.





MEDICAL EXPENSE PROVIDERS

GNP meets the insurance needs of multinational clients with operations in Mexico through a commercial relationship with the leading insurance brokers worldwide, and through cooperation agreements with renowned international networks that include top line insurance and reinsurance companies in the United States, Canada, Europe and Asia. This network does business in an insurance market that increasingly global.

Our high service and attention commitment has positioned GNP as the only Mexican partner of the International Network of Insurance (INI) and the International Network of Insurers (*Red Internacional de Aseguradoras, RIDA*).

We have also developed various initiatives for changes in the current models for providing private health services.

CLAIMS RATE

The program designed to reduce average costs and to correct and purge accounts will contribute directly to an increase in profitability.

The total cost of claims in 2015 was 27.737 billion pesos; a 23.9% increase over 2014. This translates into a 1% increase over the previous year, generating a premium rate of 74.1%.

As mentioned, the Medical Expenses sector caused the greatest deviation at year end with 276 million pesos, the result of an increase in the portfolio's general frequency and the increase in the average cost. To improve profitability in this sector we will launch a program in 2016 that is designed to reduce average costs, and to correct and purge accounts.

Claim rates in Auto insurances were affected by the fleet segment, and to a lesser degree in agencies. Consequently, we will reinforce subscription, monitoring and management of target portfolio through the installation of a prevention and safety device program.







OPERATING EFFICIENCY

The total operating costs improved in terms of premiums issued, with a 1.2% increase over the previous year.

In recent years we have constantly maintained our commitment to maintain strict control and monitoring of operating costs. As part of this we have instituted a cost discipline throughout the company which has enabled us to continue to improve our operating efficiency.

The company's total operating costs improved in terms of premiums issued, with a 1.2% increase over the previous year.

In addition, we started the Espacios de Alto Rendimiento project in the Monterrey, León and Puebla offices (for both employees and our productive force), which allowed us to improve efficiency by 30% in leasable square meters, and to renew our image.

TECHNOLOGY INFRASTRUCTURE

In 2015 we undertook the most important rollout of the Evolución project: the startup of the intermediaries' website to be used by agents. The 8,000 users that have registered in the system represent an important step forward in GNP operating efficiency and technology evolution. We also launched new online issue systems and new applications that allow our insureds and the distribution channels to experience a faster and easier interaction with GNP.



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TECHNICAL RESULT

The Individual and Group Medical Expense and Auto Fleets sectors recorded an increase in claim rates.

In 2015, the consolidated technical result was 1.021 billion pesos, a decrease of 540 million pesos compared to the previous year.

This is the result of the increase in Individual and Group Medical Expenses, and Auto Fleets claim rates. We will watch these sectors closely to improve their profitability.

GNP: TECHNICAL RESULT BY LINE

Concept	2015	2014	Nominal Variation	Real Variation
	mdp	mdp	%	%
Individual Life	-2,131	-2,087	2	(0.02)
Rest of lines	1,076	1,131	(4.9)	(6.8)
Total GNP*	-1,021	-481	112	108

Total GNP considers the Consolidated Technical Result







INVESTMENTS

The investments portfolio experienced a 20% real increase compared to 2014.

Throughout this year we have seen a real growth in the investments portfolio, which increased by 20% over the previous year.

We recorded a real increase of 5% in financial product, despite the enormous impact of market volatility. In other words, we maintained almost all the same levels registered in 2014 as a result of the increase in the exchange rate, rates movement—although inflation hit a historic low—and the low yields in variable income. Thus, at the close of 2015 we obtained financial products for a total of 3.455 billion pesos.

In addition, our ISO 9001:2008 certification was renewed in this area and we continue to operate securities lending.



RESULTS AND SOLVENCY

Standard & Poor's ratified our financial strength rating of "mxAAA" on a national scale, and for the first time raised the note on a global scale to "BBB+".

The year stands out for the increase in total profitability as a result of the increase in the life insurance portfolio. This generated a capital return of 13.3%—compared to 5.2% of the previous year—calculated using the value creation method known as the Added Economic Value (VEA).

However insurance profit was 170 million pesos which shows a 26.5% drop compared with the 232 million pesos obtained in 2014. Considering the results of affiliate companies, this profit is 168 million pesos, that is, 56 million pesos less than the previous year.

However by including the increase in intrinsic value (or Embedded Value) of the Individual Life portfolio—where we obtained a positive result of 1.594 billion pesos—the capital or future business profit reached 1.746 billion pesos. Therefore, if we add stockholders'

equity to these results as well as capital reserves of 7.473 billion pesos, GNP records a capital value of 14.147 billion pesos.

Our solvency margin at the close of 2015 was 201 million pesos. This is expected to grow considerably in 2016 with the integration of new Capital and Reserves models under the new Insurance Act (*Ley de Seguros*).

Once again, Standard and Poor's ratified our financial strength rating of "mxAAA" on a national scale, and for the first time raised the note on a global scale to "BBB+" with a stable perspective. AM BEST on the other hand maintained its rating of "Excellent" on a national scale ("aa+MX") and "A-(Excellent)" on the international level. The change from stable to positive is especially noteworthy, showing the company's leadership and solid position.





OUR PEOPLE

*Attracting and retaining the most talented people is one of the pillars
of our constant growth*

Our commitment to attract and retain the most talented people through a positive organizational environment of healthy competition and professional development has been one of the pillars for GNP to reach all of its goals.





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SOCIAL PROGRAMS

More than one million people benefited from the “Gol por México” program and 160 social organizations benefited from our “Vivir es increíble ayudando a los demás” program.

GOL POR MÉXICO (GOAL FOR MEXICO)

The “Gol por México” program celebrated 14 years of commitment to Mexico. GNP celebrated with the “Gol del Millón” (Million Goal), effecting a positive change in the life of more than one million Mexicans, through assistance with education, nutrition, housing, health and the environment.

This initiative has helped fulfill the dreams of more than 594,000 students with computers, Internet access, scholarships and school libraries. In addition, more than 269,000 children and families benefit from nutritional monitoring, and 20,000 families with decent housing. The program has also helped more than 176,000 people who were affected by natural disasters and benefited the health of more than 7,000 people with cataract and cornea surgeries, as well as kidney transplants, hearing aids and prostheses, mammograms, and medical and dental care.

LIVING IS INCREDIBLE HELPING OTHERS

Through this program we have assisted more than 160 social organizations, furthering GNP social programs. This has also given a voice to organizations that today create positive changes for Mexico and benefit the most vulnerable classes in our country.



SOCIAL RESPONSIBILITY

The social commitment we have maintained for over a decade has resulted in our recognition as a Socially Responsible Company.

For the fifth consecutive year we obtained the “A+ GRI Checked” level, the maximum possible score in the Global Reporting Initiative (GRI) guide in its sixth Company Social Responsibility Report.

SOCIALLY RESPONSIBLE COMPANY (SRC) AWARD

For the twelfth consecutive year the Alliance for Corporate Social Responsibility (*Alianza para la Responsabilidad Social Empresarial, AliaRSE*) and the Mexican Center for Philanthropy (*Centro Mexicano para la Filantropía, CEME-FI*) distinguished GNP as a Socially Responsible Company, recognizing the company’s commitment to society and to the environment.

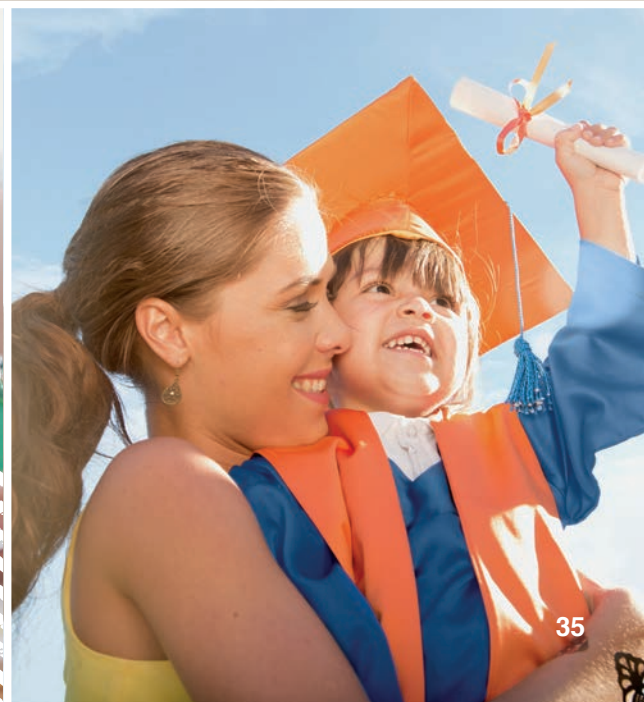
HEALTHFULLY RESPONSIBLE ORGANIZATION

For the fourth consecutive year the Business Council for Health and Wellbeing (*Consejo Empresarial de Salud y Bienestar, CESB*) recognized GNP as a Healthfully Responsible Organization in the third stage of “Advance and reinforcement” for its more than 3,000 employees. The RESR® and the ORS® recognitions are granted according to the *Running Wellness®* (MRW) methodology.

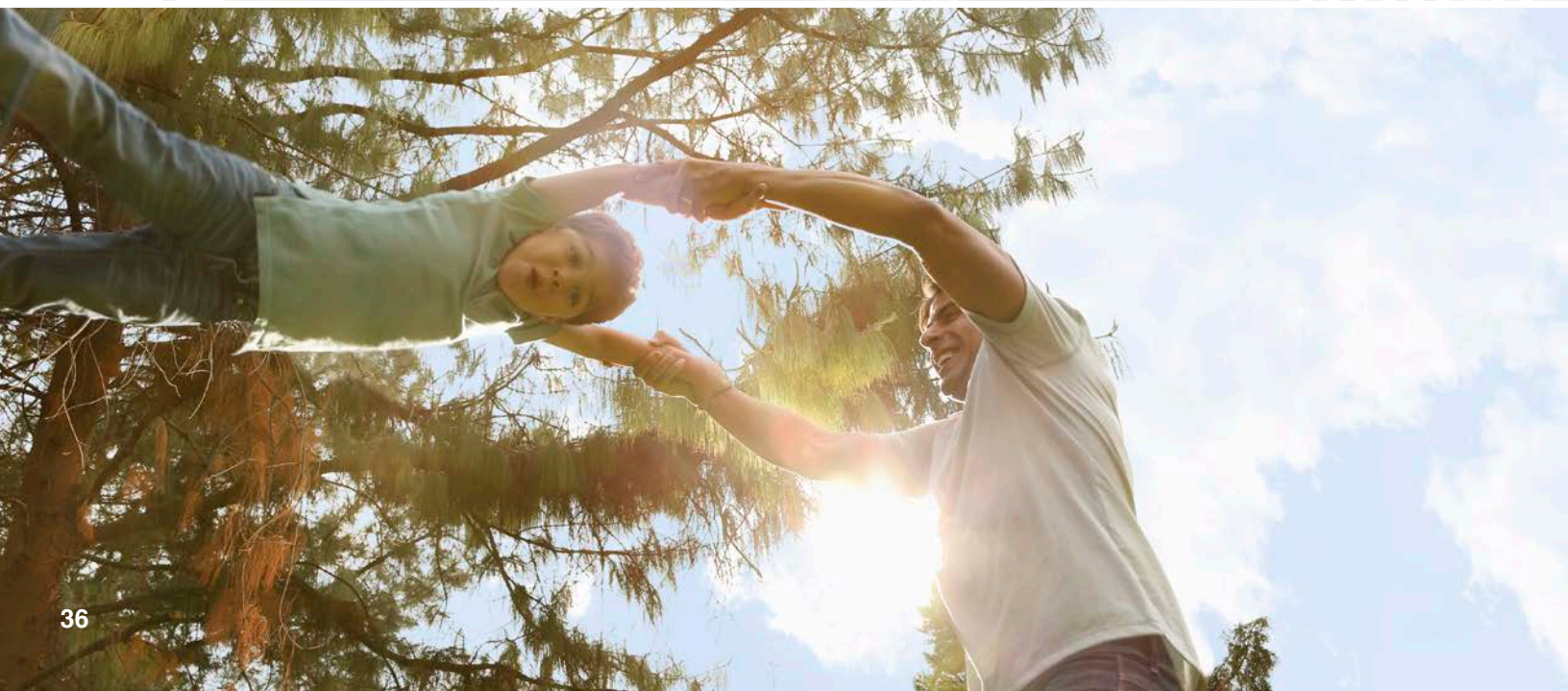
COMPANY COMMITTED TO EDUCATION

In 2015 we continued with our program to help students finish primary and secondary education, in alliance with the National Institute for Adult Education (*Instituto Nacional para la Educación de los Adultos, INEA*). This year, 11 students participated, three of whom received their recognition of literacy, one received his primary school certificate and three their secondary school certificate.

With this we maintain our recognition as a “Company Committed to the Education of its Workers.”



Vivir es increíble®



ADVERTISING CAMPAIGNS

In 2015 we created the first campaign aimed at highlighting insurance agents' important work: "Amarás tenerlos cerca".

In recognition of our "Fuera de la Cancha" (Out of the Playing Field) campaign, we received the "Silver Snail" and the bronze award for communications with a social cause from the Interactive Advertising Bureau (IAB).

Using the company's philosophy "Vivir es Increíble" (Living is Incredible) as a basis, advertising campaigns this year continue to generate positive actions in favor of our country and emphasize the work of GNP collaborators.

"VIVIR ES INCREÍBLE"

More than a publicity slogan, "Life is incredible" is a philosophy for life, because it involves opening our eyes to life, being aware that life goes by so fast that you have to live every moment. In GNP we have been saying this for the past decades through different advertising and social campaigns and internal communications. Today we are sure that our life philosophy can cross borders and be welcomed by society as a whole.

AMIGO SECRETO GNP (GNP SECRET FRIEND)

In 2015, GNP undertook a course of action to reinforce organ donation in Mexico, driving a change in perception and reinforcing the important work done by various organizations.

As a result of this campaign, the number of volunteer donors registered in the National Transplant Center (Centro Nacional de Trasplantes, CENATRA) increased by 250%. In a second phase, more than 15,000 volunteer donors registered in the CENATRA National Donor Registry, and we designed an organ donor bracelet that we delivered, free of charge, to 18,000 people throughout the country.

As part of World Organ Donation Day, a day established by the WHO, the GNP "Amigo Secreto" campaign received a new recognition from the Ministry of Health for its contribution in creating a culture of organ donation in Mexico. GNP also received the Effie Social de Oro award.

AMARÁS TENERLOS CERCA (YOU'LL LOVE HAVING THEM NEAR)

The "Amarás tenerlos cerca" campaign celebrates every agent's efforts made to make a positive change in the life of their clients, and is an example of their perseverance, loyalty and humanity during the most critical moments.

ATRÉVETE (DARE TO DO IT)

The "Atrévete" campaign reminds us that it is not enough to just think "Living is Incredible", we must dare to live, taking full advantage of every moment.



SUBSIDIARIES

Affiliate companies continue to strengthen their commitment and work to their clients.

VALMEX, FINANCIAL SOLUTIONS

In VALMEX we are convinced that reaching our goals depends on a well-defined course of action that is the result of a detailed analysis of our clients' needs. Thus, every employee has been key to reaching our goals and delivering good results during our 40 years of experience.

We have maintained a conservative risk management in line with our philosophy. Moreover, we know that security is essential for operation.

During the 2015 fiscal year, the balance in the client portfolio was 706 million pesos, that is, 10% higher than the balance for the previous year. The average portfolio for 2015 of 672 million pesos is likewise 17% greater than what was reported the previous year.

We have held to a strict policy of cost controls, which has translated into 3% savings over budget.

Profits this year were 7 million pesos, or 31% over budget. At the close of December 2015, VALMEX had a 26% capitalization rate, which is proof of its financial strength.

Fitch Ratings rated the company "A+ (mex)" for medium and long term and "F1 (mex)" for short term.

CRÉDITO AFIANZADOR, S.A., A MEXICAN SECURITIES COMPANY (CASA)

The entry into force of the new Insurance and Bonds Institutions Act (*Ley de Instituciones de Seguros y Fianzas*) brought about important challenges to the company, which were overcome when the Board of Directors approved the Corporate Governance system which will direct and control Crédito Afianzador, S.A.

Strengthening these processes, as well as planning and developing strategies for the coming year will be fundamental.

Our company has strengthened its capital through constant growth, which translates into the financial capacity to face its commitments to our clients.

As a result, Fitch Ratings renewed the national corporate rating of "AA-(mex)", with a prospective rating of stable.

MÉDICA MÓVIL

In terms of pre-hospital medical care, in 2015 we attended more than 10,000 telephone calls for medical guidance, 5,800 house calls and 6,100 ambulance services, with a net satisfaction rate of 95%.

As for care to Auto insurance clients, Médica Móvil continues to operate tow trucks in Mexico City. This year we made a total of 7,942 services, with a net satisfaction rate of 92%.

Dear Board Members,

Today's complex environment and competitive markets are a challenge to our continued efforts to refine strategies and operating plans to improve the company's financial performance. This will help us to improve business profitability, quality and service standards, to establish ourselves as the best insurance company on the domestic market.

I wish to extend our most sincere thanks to our collaborators for their excellent work and commitment to achieve these results, and our greatest recognition to the support of the Chairman and members of the Board of Directors, the Executive Committee and, of course, to our stockholders for their invaluable confidence in us.



Mario Vela Berrondo

CHIEF EXECUTIVE OFFICER
GRUPO NACIONAL PROVINCIAL, S.A.B.



BOARD OF DIRECTORS

CHAIRMAN

Alberto Baillères González

PROPRIETARY DIRECTORS		SUPLENTE	
Alberto Baillères González Chairman of the Board of Grupo Nacional Provincial, Grupo Profuturo, Industrias Peñoles, Fresnillo plc, Grupo Palacio de Hierro and Tane	(A) (B) (C) (1)	Alejandro Paredes Huerta General Vice President, Planning and Evaluation, Técnica Administrativa Bal	(3)
Max Michelle Suberville (†) Honorary Chairman of the Board, El Puerto de Liverpool	(2)	Tomás Lozano Molina Public Notary No. 10 of Mexico City	(D) (2)
Fernando Senderos Mestre Chairman of the Board of Directos and Executive Committee, Grupo Kuo and Dine	(2)	Emilio Carrillo Gamboa Founding Partner, Bufete Carrillo Gamboa, S. C.	(2)
Norberto Augusto Domínguez Amescua Trustee President of Asociación Mexicana de la Cruz Blanca Neutral	(2)	Luis A. Aguilar y Bell Independent Consultant	(2)
Raúl Baillères Gual Special Projects Manager, Técnica Administrativa Bal	(3)	José Eduardo Silva Pylypciov Chief Executive Officer, Grupo Profuturo	(3)
Juan Bordes Aznar Corporate Vice President, Técnica Administrativa Bal	(A) (B) (C) (3)	Juan Ignacio Gil Antón Vice President Broker and Corporate Channel, Grupo Nacional Provincial	(3)
Arturo Manuel Fernández Pérez Rector, Instituto Tecnológico Autónomo de México	(A) (B) (C) (3)	Alejandro Hernández Delgado Vice Rector, Instituto Tecnológico Autónomo de México	(3)
		Carlos A. Zozaya Gorostiza Vice President, Técnica Administrativa Bal	(3)
Alejandro Baillères Gual Corporate Vice President, Técnica Administrativa Bal	(A) (C) (3)	Andreas M. Raczynski von Oppen Advisor to the Chairman, Grupo Bal	(3)
Héctor Rangel Domene Chairman, BCP Securities México	(2)		
Alberto Tiburcio Celorio Independent Consultor	(D) (2)		
José Luis Alfonso Simón Havaux Chief Executive Officer, Formas para Negocios	(2)	Raúl Obregón del Corral Managing Partner, Alianzas, Estrategia y Gobierno Corporativo	(D) (2)
Jaime Lomelín Guillén Corporate Vice President, Técnica Administrativa Bal	(A) (C) (3)	Gabriel Kuri Labarthe General Vice President of Financial Activities, Técnica Administrativa Bal	(3)
Jose Octavio Figueroa García Corporate Vice President, Técnica Administrativa BAL	A) (C) (3)	Mario Antonio Vela Berrondo Chief Executive Officer, Grupo Nacional Provincial	(3)
PROPRIETARY AUDITOR Guillermo Babatz García		ALTERNATE AUDITOR Jorge Rico Núñez	

SECRETARY

Gerardo Carreto Chávez

- (A) Executive Committee
 (B) Evaluation and Compensation Committee
 (C) Finance and Planning Committee
 (D) Auditing and Corporate Practices Committee

- (1) Related Patrimonial Director
 (2) Independent Director
 (3) Related Director

PRINCIPAL OFFICERS

CHAIRMAN OF THE BOARD DIRECTORS

Don Alberto Baillères González

CHIEF EXECUTIVE OFFICER

Mario Antonio Vela Berrondo

PRINCIPAL OFFICERS

Juan Ignacio Gil Antón

BROKER AND CORPORATE CHANNEL

Germán Arturo Aguado Vanegas

MASS INSURANCE

Tonatiuh Gutiérrez Ramírez

AUTOMOBILE AND MEDICAL INSURANCE

Héctor Jesús Anaya Doll

SERVICES AND OPERATIONS

José Luis Gutiérrez Aguilar

FINANCE

Enrique Gabriel Ibarra Anaya

IT

Jesús Alfonso Zúñiga San Martín

RISK MANAGEMENT

Diego Velázquez Graham

REGULATORY CONTROLLER

Jaime Ignacio García Jiménez

INTERNAL AUDIT

B

GNP is part of Grupo BAL, one of the most important and diversified consortia in the country. It is comprised of highly prestigious institutions, including:

FINANCIAL SECTOR:

Crédito Afianzador, S.A. Compañía Mexicana de Garantías

MEDICAL SERVICES SECTOR:

Médica Móvil, S.A. de C.V.

RETIREMENT AND PENSION FUNDS ADMINISTRATION SECTOR:

Grupo Profuturo, S.A.B. de C.V.
Profuturo GNP, S.A. de C.V. Afore
Profuturo GNP Pensiones, S.A. de C.V.

STOCK BROKERAGE SECTOR:

Valores Mexicanos Casa de Bolsa, S.A. de C.V.
Operadora Valmex de Sociedades de Inversión, S.A. de C.V.
Valmex Soluciones Financieras, S.A. de C.V., SOFOM, E.N.R.
GNP Arrendamiento y Administración de Flotillas, S.A. de C.V.

COMMERCIAL SECTOR:

Grupo Palacio de Hierro, S.A.B. de C.V.
Tane, S.A. de C.V.

INDUSTRIAL SECTOR:

Industrias Peñoles, S.A.B. de C.V.
Fresnillo, plc

EDUCATION SECTOR:

Grupo BAL makes an important contribution to education through its philanthropic support for the Autonomous Technological Institute of Mexico (ITAM).

AGRIBUSINESS SECTOR:

In recent years, Grupo BAL has diversified, penetrating the agribusiness sector with several projects. Its main activities include milk production, keeping of fatstock, horses and fighting bulls, and production and sale of fodder and vegetables.

ENERGY SECTOR:

Grupo BAL recently penetrated new sectors such as hydrocarbon exploration and exploitation through PetroBal, in addition to its power generation projects in Mexico through Energía Eléctrica BAL and, specifically, wind power generation through Energía BAL.



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