

## Note 4 - Critical accounting judgments and key sources of uncertainty in estimates:

In applying the Company's accounting policies, which are described in Note 2, management makes judgments, estimates and assumptions on the book figures of assets and liabilities. The related estimates and assumptions are based on historical experience and other factors considered relevant. Actual results could differ from those estimates.

Estimates and underlying assumptions are analyzed on a regular basis. The reviews of book estimates are recognized in the review period or future periods, if the review affects both the current period and subsequent periods.

### 4.1 Critical accounting judgments

Following is a summary of the most essential judgments, aside from those that involve estimates (See Note 4.2) made by management in applying the company's accounting policies and that have an significant effect on the amounts recognized in the consolidated financial statements.

#### 4.1.1 Revenue recognition - sales with months without interest

Notes 2.22 a. and c. describe the Company's policies for recording of sales when payment includes months without interest. This implies that the Company's management applies its judgment to identify the discount rate similar to that charged by commercial banks in promotions months interest applicable (the rates used are between 3% and 12%, according to within months of sale) to determine the present value of sales months without interest.

To determine its discounted cash flows, the Company uses an imputed interest rate, taking into account the rate that can best be determined between: i) the rate prevailing in the market for a similar instrument available to Company customers with a similar credit rating, or ii) the interest rate that equals the nominal value of the sale, duly discounted, at the cash price of the merchandise sold.

In making its judgment, management considered the interest rates used by the main banking institutions in Mexico to finance programs of sales at months without interest.

#### 4.1.2 Consolidation structure entities

The Company evaluates the control indicators established by IFRS 10 "Consolidated financial statements" for consolidation of the trusts in which the Company has no ownership; however, the activities, decision making and economic aspects indicate that the Company exercises control.

These trust are described in Note 13 to the consolidated financial statements.

### 4.2 Key sources of uncertainty in estimates

Following are the key sources of uncertainty in the estimates made at the date of the statement of financial position and that represent a significant risk of leading to an adjustment to the book values of assets and liabilities during the following financial period.

#### 4.2.1 Provision for impairment of loan portfolio

The methodology applied by the Company in determining the balance of this provision is described in Note 2.6.1. Also, see Note 8.

#### 4.2.2 Estimate of useful lives and residual values of property, furniture and equipment

As described in Note 2.14, the Company reviews the estimated useful life and residual values of property, furniture and equipment at the end of every annual period. During this period, it was determined that the life and residual values do not need to be modified, as according to management's assessment, the useful lives and residual values reflect the economic conditions of the Company's operating environment.

#### 4.2.3 Fair value of derivative financial instruments

As mentioned in Note 2.7, the Company determines the value of its derivative financial instruments using valuation techniques, usually used by the counterparties with which it maintains current operations, and which require judgments to develop and interpret fair value estimates in using assumptions based on the existing market conditions at each of the dates of the consolidated statement of financial position. Consequently, the estimated amounts presented are not necessarily indicative of the amounts that the Company could use in a real market exchange. The use of estimation methods could result in amounts different from those shown at maturity.

#### 4.2.4 Employee benefits

The cost of employee benefits that qualify as defined benefit plans according to IAS 19 (revised) "Employee Benefits" is determined using actuarial valuations. The actuarial valuation involves assumptions about discount rates, future salary increases, staff turnover rates and mortality rates, among others. Due to the long-term nature of these plans, such estimates are subject to a significant amount of uncertainty.