SCOTIA INVERLAT CASA DE BOLSA,
S. A. DE C. V.
Grupo Financiero Scotiabank Inverlat

Financial Statements

December 31, 2011 and 2010

With Statutory and Independent
Auditors' Reports thereon

(Free Translation from Spanish
Language Original)

Statutory Auditors' Report
(Free Translation from Spanish Language Original)

The Stockholders
Scotia Inverlat Casa de Bolsa, S. A. de C. V.,
Grupo Financiero Scotiabank Inverlat:

In our capacity as Statutory Auditors, and in compliance with the provisions of Article 166 of the General Corporations Law and the bylaws of Scotia Inverlat Casa de Bolsa, S. A. de C. V., Grupo Financiero Scotiabank Inverlat ("the Brokerage Firm"), we hereby submit our report on the accuracy, sufficiency and fairness of the information contained in the accompanying financial statements furnished to the General Stockholders' Meeting by the Board of Directors, for the year ended December 31, 2011.

We have attended the stockholders' and board of directors' meetings to which we have been called, and we have obtained from the directors and management such information on the operations, documentation and accounting records, as we considered necessary in the circumstances. In addition, we have examined the balance sheet, including the memorandum accounts relating to transactions on its own and on behalf of third parties, of the Brokerage Firm as of December 31, 2011, and the related statements of income, changes in stockholders' equity and cash flows for the year then ended, which are the responsibility of the Brokerage Firm's management. Our examination was carried out in accordance with auditing standards generally accepted in Mexico.

As described in note 2 to the financial statements, the Brokerage Firm is required to prepare and present its financial statements in accordance with the accounting criteria established by the National Banking and Securities Commission ("the Commission") for brokerage firms in Mexico, which in general conform to Financial Reporting Standards issued by the Mexican Board of Financial Reporting Standards (Consejo de Normas de Información Financiera, A. C. or CINIF). These accounting criteria include specific rules of presentation, which in certain respects depart from such standards, as explained in paragraph (u) of note 2 to the financial statements.

During the year 2011 changes were made to the accounting criteria applicable to brokerage firms in Mexico, issued by the Commission mentioned in note 3 to the financial statements, accordingly, the financial statements at December 31, 2010 and for the year then ended, were reclassified to conform to the presentation of the financial statements at December 31, 2011 and for the year then ended.

(Continued)

As mentioned in note 1 to financial statements, the Brokerage Firm is mainly engaged to financial intermediation in transactions with securities and derivative financial instruments. For the year ended December 31, 2011, obtained from related companies 20% of its income.

In our opinion, the accounting and reporting criteria and policies followed by the Brokerage Firm and considered by management in preparing the financial statements presented at this meeting, are adequate and sufficient under circumstances and have been applied on a basis consistent with that of the preceding year. Therefore, such information is a fair, reasonable and sufficient representation of the financial position, including the memorandum accounts relating to transactions on its own and on behalf of third parties, of Scotia Inverlat Casa de Bolsa, S. A. de C. V., Grupo Financiero Scotiabank Inverlat as of December 31, 2011, and the results of its operations, the changes in its stockholders' equity and the cash flows for the year then ended, in conformity with the accounting criteria established by the Commission for brokerage firms in Mexico.

Very truly yours,

Guillermo García-Naranjo A.
Statutory Auditor for Series "F" shares

Jorge Evaristo Peña Tapia
Statutory Auditor for Series "B" shares

Mexico City, February 15, 2012.

Independent Auditors' Report
(Free Translation from Spanish Language Original)

The Board of Directors and Stockholders
Scotia Inverlat Casa de Bolsa, S. A. de C. V.,
Grupo Financiero Scotiabank Inverlat:

(Pesos in millions,
except the stock price)

We have examined the accompanying balance sheets, including the memorandum accounts relating to transactions on its own and on behalf of third parties, of Scotia Inverlat Casa de Bolsa, S. A. de C. V., Grupo Financiero Scotiabank Inverlat ("the Brokerage Firm") as of December 31, 2011 and 2010 and the related statements of income, changes in stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Brokerage Firm's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Mexico. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and are prepared in accordance with the accounting criteria for brokerage firms in Mexico. An audit consists of examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting criteria used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As explained in note 2 to the financial statements, the Brokerage Firm is required to prepare and present its financial statements in accordance with the accounting criteria established by the National Banking and Securities Commission ("the Commission") for brokerage firms in Mexico, which in general conform to Financial Reporting Standards issued by the Mexican Board of Financial Reporting Standards (Consejo Mexicano de Normas de Información Financiera, A. C. or CINIF). These accounting criteria include specific rules of presentation, which in certain respects differ from such standards, as explained in paragraph (u) of note 2 to the financial statements.

During 2011 changes were made to the accounting criteria applicable to brokerage firms in Mexico, issued by the Commission mentioned in note 3 to the financial statements, accordingly, the consolidated financial statements at December 31, 2010 and for the year then ended, were reclassified to conform to the presentation of the financial statements at December 31, 2011 and for the year then ended.

(Continued)

As mentioned in note 1 to the financial statements, the Brokerage Firm is mainly engaged to financial intermediation in transactions with securities and derivative financial instruments. For the year ended December 31, 2011 and 2010, obtained of related companies 20% and 26% of their income, respectively.

As mentioned in note 1 to financial statements, as of December 31, 2009, the Brokerage Firm recorded under the caption "Investment securities" 1,722,563 available-for-sale securities at a market value of $10 pesos each, which had been subject to impairment in the amount of $121 that year. On May 5, 2010, those securities were exchanged for the same number of securities issued by another issuer at a market value of $77.03 pesos each. The effect of such exchange brought the reversal of the aforementioned impairment thus generating an income of $115, which was recognized under the caption "Gain on purchase and sale of securities" on the statement of income, in accordance with accounting regulations. Mark-to-market gains or losses on the received available-for-sale securities are recognized under the caption "Unrealized gain from valuation of available-for-sale securities" in stockholders' equity.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position, including the memorandum accounts relating to transactions on its own and on behalf of third parties, of Scotia Inverlat Casa de Bolsa, S. A. de C. V., Grupo Financiero Scotiabank Inverlat as of December 31, 2011 and 2010, the results of its operations, the changes in its stockholders' equity and cash flows for the years then ended, in conformity with the accounting criteria established by the Commission for brokerage firms in Mexico.

KPMG CARDENAS DOSAL, S. C.

Jorge Orendain Villacampa

February 15, 2012.

SCOTIA INVERLAT CASA DE BOLSA, S. A. DE C. V.
Grupo Financiero Scotiabank Inverlat

Balance Sheets

December 31, 2011 and 2010

(Pesos in millions)

Memorandum accounts

	2011	2010
Transactions on behalf of third parties		
Customer current accounts:		
Customer banks	$ 13	9
Settlement of customer transactions	188	(29)
Other current accounts	223	92
	424	72
Custody operations:		
Customer securities in custody (note 15)	201,932	191,682
Management operations:		
Securities repurchase/resell agreements by customers (note 15)	29,247	30,141
Secutity lending by customers	81	–
Collaterals received in guarantee by customers	91	107
Collaterals delivered in guarantee by customers (note 15)	1,464	2,193
Managed trusts	176	153
	31,059	32,594
Total transactions on behalf of third parties	$ 233,415	224,348

	2011	2010
Transactions for the Brokerage Firm's own account		
Contingent assets and liabilities	$ –	3,453
Collaterals received by the entity:		
Government debt	21,143	24,993
Net worth instruments	2	246
	21,145	25,239
Collaterals received and sold or pledged by the entity (note 15):		
Government debt	21,143	24,993
Net worth instruments	–	126
	21,143	25,119
Other accounts	6,358	875
Total for the Brokerage Firm	$ 48,646	54,686

(Continued)

SCOTIA INVERLAT CASA DE BOLSA, S. A. DE C. V.
Grupo Financiero Scotiabank Inverlat

Balance Sheets, continued

December 31, 2011 and 2010

(Pesos in millions)

Assets	2011	2010
Cash and cash equivalents (notes 5 and 12)	$ 29	20
Margin accounts (derivatives)	12	108
Investment securities (note 6):		
Trading securities	14,574	12,702
Available-for-sale securities	469	506
	15,043	13,208
Debtors under repurchase/resell agreements (note 7)	1	71
Derivatives (note 8):		
Trading purposes	257	25
Other accounts receivable, net (note 12)	170	329
Premises, furniture and equipment, net (note 9)	169	154
Permanent investments (note 10)	3	3
Other assets:		
Deferred charges, prepaid expenses and intangibles	196	89
Other short and long term assets (note 11)	31	25
	227	114
Total assets	$ 15,911	14,032

Liabilities and Stockholders' Equity	2011	2010
Bank and other short-term borrowings (note 12)	$ 6	10
Creditors under repurchase/resell agreements (note 7)	11,430	9,675
Collateral sold or pledged:		
Securities lending (note 7)	147	126
Derivatives (note 8):		
Trading purposes	2,017	1,739
Other accounts payable:		
Income taxes payable	9	42
Employee statutory profit sharing payable	20	26
Creditors pending settlements	152	189
Sundry creditors and other accounts payable (notes 11 and 12)	225	234
	406	491
Deferred taxes and deferred employee statutory profit sharing, net (note 14)	77	83
Total liabilities	14,083	12,124
Stockholders' equity (note 13):		
Paid-in capital:		
Capital stock	551	551
Earned capital:		
Statutory reserves	58	46
Retained earnings	908	872
Unrealized gain from valuation of available-for-sale securities	169	191
Net income	142	248
	1,277	1,357
Total stockholders' equity	1,828	1,908
Commitments and contingencies (note 16)		
Total liabilities and stockholders' equity	$ 15,911	14,032

"The historical capital stock amounts to $386 at December 31, 2011 and 2010."

See accompanying notes to financial statements.

"These balance sheets have been prepared in accordance with the accounting criteria for brokerage firms, issued by the National Banking and Securities Commission based on Articles 205, last paragraph, 210 second paragraph and 211 of the Securities Market Law, which are of a general and mandatory nature and have been applied on a consistent basis. Accordingly, they reflect the transactions carried out by the Brokerage Firm for the years indicated above. Furthermore these transactions were carried out and valued in accordance with sound practices and the applicable legal and administrative provisions."

"These balance sheets were approved by the Board of Directors under the responsibility of the following officers."

Gonzalo Rojas Ramos	Diego M. Pisinger Alter	Agustín Corona Gahbler	H. Valerio Bustos Quiroz
General Director	General Director Deputy Finance and Business Intelligence	Executive Director Audit Group	Director of Finance

SCOTIA INVERLAT CASA DE BOLSA, S. A. DE C. V.

Grupo Financiero Scotiabank Inverlat

Statements of Income

Years ended December 31, 2011 and 2010

(Pesos in millions)

		2011	2010
Commission and fee income (note 12)	$	581	609
Commission and fee expense (note 12)		(45)	(43)
Financial advisory income (note 12)		85	85
Income from services		621	651
Gain on purchase and sale of securities (note 6)		1,081	516
Loss on purchase and sale of securities (note 6)		(1,028)	(284)
Interest income (notes 6, 7 and 12)		1,901	1,830
Interest expense (notes 7 and 12)		(1,746)	(1,647)
Valuation (loss) gain on securities at fair value (notes 6 and 8)		19	(74)
Intermediation financial margin		227	341
Other operating income		30	45
Administrative and promotion expenses (note 12)		(685)	(653)
Income before income taxes		193	384
Current income taxes (note 14)		(48)	(91)
Deferred income taxes, net (note 14)		(3)	(45)
		(51)	(136)
Net income	$	142	248

See accompanying notes to financial statements.

"These statements of income have been prepared in accordance with the accounting criteria for brokerage firms, issued by the National Banking and Securities Commission based on Articles 205, last paragraph, 210 second paragraph and 211 of the Securities Market Law, which are of a general and mandatory nature and have been applied on a consistent basis. Accordingly, they reflect all the revenues and disbursements relating to the transactions carried out by the Brokerage Firm for the years indicated above. Furthermore, these transactions were carried out and valued in accordance with sound practices and the applicable legal and administrative provisions."

"These statements of income were approved by the Board of Directors under the responsibility of the following officers."

Gonzalo Rojas Ramos
General Director

Diego M. Pisinger Alter
General Director Deputy Finance
and Business Intelligence

Agustín Corona Gahbler
Executive Director Audit Group

H. Valerio Bustos Quiroz
Director of Finance

SCOTIA INVERLAT CASA DE BOLSA, S. A. DE C. V.
Grupo Financiero Scotiabank Inverlat

Statements of Changes in Stockholders' Equity

Years ended December 31, 2011 and 2010

(Pesos in millions)

		Capital stock	Statutory reserves	Retained earnings	Unrealized gain from valuation of available-for-sale securities	Net income	Total stockholders' equity
Balances as of December 31, 2009	$	551	37	703	99	178	1,568
Changes resulting from stockholder´s resolutions:							
Appropriation of prior year's income		-	9	169	-	(178)	-
Changes related to recognition of comprehensive income (note 13b):							
Valuation effects of available-for-sale securities, net of deferred taxes of $61		-	-	-	92	-	92
Net income		-	-	-	-	248	248
Balances as of December 31, 2010		551	46	872	191	248	1,908
Changes resulting from stockholder´s resolutions:							
Appropriation of prior year's income		-	12	236	-	(248)	-
Dividends declared (note 13c)		-	-	(200)	-	-	(200)
		-	12	36	-	(248)	(200)
Changes related to recognition of comprehensive income (note 13b):							
Valuation effects of available-for-sale securities, net of deferred taxes of $14		-	-	-	(22)	-	(22)
Net income		-	-	-	-	142	142
		-	-	-	(22)	142	120
Balances as of December 31, 2011	$	551	58	908	169	142	1,828

See accompanying notes to financial statements.

"These statements of changes in stockholders' equity have been prepared in accordance with the accounting criteria for brokerage firms, issued by the National Banking and Securities Commission based on Articles 205, last paragraph, 210 second paragraph and 211 of the Securities Market Law, which are of a general and mandatory nature and have been applied on a consistent basis. Accordingly, they reflect all the stockholders' equity account entries relating to the transactions carried out by the Brokerage Firm for the years indicated above. Furthermore, these transactions were carried out and valued in accordance with sound practices and the applicable legal and administrative provisions."

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

Gonzalo Rojas Ramos
General Director

Diego M. Pisinger Alter
General Director Deputy Finance and Business Intelligence

Agustín Corona Gahbler
Executive Director Audit Group

H. Valerio Bustos Quiroz
Director of Finance

SCOTIA INVERLAT CASA DE BOLSA, S. A. DE C. V.
Grupo Financiero Scotiabank Inverlat

Statements of Cash Flows

Years ended December 31, 2011 and 2010

(Pesos in millions)

		2011	2010
Net income	$	142	248
Items not requiring (providing) cash flow:			
Impairment losses or impairment reversal in investing activities		1	(115)
Depreciation of premises, furniture and equipment		12	9
Provisions		38	12
Current and deferred income taxes on statutory profit sharing		68	176
Valuation result on securities at fair value		(19)	74
Others		–	1
Subtotal		242	405
Operating activities:			
Change in margin accounts		96	(70)
Change in investment securities		(1,864)	(1,611)
Change in debtors under repurchase / resell agreements		70	(63)
Change in derivatives (asset)		(268)	180
Change in other operative assets		49	(17)
Change in bank and other borrowings		(4)	10
Change in creditor under repurchase / resell agreements		1,755	63
Change in securities lending (liabilities)		–	1
Change in collaterals sold or pledged		21	(6)
Change in derivatives (liabilities)		326	1,168
Change in other operative liabilities		(102)	(51)
Payment of income taxes		(81)	(73)
Net cash flows from operating activities		(2)	(469)
Investing activities:			
Payments for acquisition of premises, furniture and equipment		(28)	(7)
Payments for acquisition of intangible assets		(3)	(5)
Net cash flows from investing activities		(31)	(12)
Net cash flows from financing activities payment of dividends		(200)	–
Net increase (decrease) in cash and cash equivalents		9	(76)
Cash and cash equivalents at beginning of year		20	96
Cash and cash equivalents at end of year	$	29	20

See accompanying notes to financial statements.

"These statements of cash flows have been prepared in accordance with the accounting criteria for brokerage firms, issued by the National Banking and Securities Commission based on Articles 205 last paragraph, 210 second paragraph and 211 of the Securities Market Law, which are of a general and mandatory nature and have been applied on a consistent basis. Accordingly, they reflect all the cash inflows and cash outflows relating to the transactions carried out by the Brokerage Firm for the years indicated above. Furthermore, these transactions were carried out and valued in accordance with sound practices and the applicable legal and administrative provisions."

"These statements of cash flows were approved by the Board of Directors under the responsibility of the following officers."

Gonzalo Rojas Ramos
General Director

Diego M. Pisinger Alter
General Director Deputy Finance and Business Intelligence

Agustín Corona Gahbler
Executive Director Audit Group

H. Valerio Bustos Quiroz
Director of Finance

These financial statements have been translated from the Spanish language original solely for the convenience of foreign/English-speaking readers.

(1) Description of business and significant transactions-

Description of business-

Scotia Inverlat Casa de Bolsa, S. A. de C. V. ("the Brokerage Firm") is a subsidiary of Grupo Financiero Scotiabank Inverlat, S. A. de C. V. ("the Group"), which owns 99.99% of its capital stock. The Group, in turn, is a subsidiary of The Bank of Nova Scotia (BNS), which holds 97.3% of its capital stock. The Brokerage Firm acts as an intermediary in securities and financial transactions authorized under terms of the Securities Market Law (SML) and general provisions issued by the National Banking and Securities Commission ("the Commission"). For the years ended December 31, 2011 and 2010, obtained from related companies 20% and 26% of its income, respectively.

Significant transactions-

<u>2010</u>

(a) Securities transactions-

As of December 31, 2009, the Brokerage Firm recorded under the caption "Investment securities" 1,722,563 available-for-sale securities at a market value of $10 pesos each, which had been subject to impairment in the amount of $121 that year. On May 5, 2010, those securities were exchanged for the same number of securities issued by another issuer at a market value of $77.03 pesos each. The effect of such exchange brought the reversal of the aforementioned impairment generating an income of $115, which was recognized under the caption "Gain purchase and sale of securities" on the statement of income in accordance with accounting regulations. Mark-to-market gains or losses on the received available-for-sale securities are recognized under the caption "Unrealized gain from valuation of available-for-sale securities" in stockholders' equity.

(Continued)

(2) Summary of significant accounting policies-

(a) Financial statement authorization, presentation and disclosure-

On February 15, 2012, Gonzalo Rojas Ramos (General Director of the Brokerage Firm), Diego M. Pisinger Alter (General Director Deputy – Finance and Business Intelligence), Agustín Corona Gahbler (Executive Director Audit Group) and H. Valerio Bustos Quiroz (Director of Finance); authorized the issuance of the accompanying financial statements and notes thereon.

The stockholders and the Commission are empowered to modify the financial statements after issuance. The accompanying financial statements for 2011 will be submitted to the next Stockholders' Meeting for approval.

The financial statements of the Brokerage Firm have been prepared based on the SML and in accordance with the accounting criteria for brokerage firms in Mexico, established by the Commission, which is responsible for the inspection and supervision of brokerage firms and for reviewing their financial information.

The financial statements at December 31, 2010 and for the year then ended were reclassified to conform them with the presentation used at December 31, 2011 and for the year then ended.

In general, the accounting criteria established by the Commission conform to Mexican Financial Reporting Standards (FRS) issued by the Mexican Board of Financial Reporting Standards (CINIF), and include particular rules regarding, presentation and disclosure, which in certain respects depart from such standards see paragraph (u) of this note.

SCOTIA INVERLAT CASA DE BOLSA, S. A. DE C. V.
Grupo Financiero Scotiabank Inverlat

Notes to Financial Statements

(Pesos in millions)

According to the accounting criteria, the Commission shall issue particular rules for specialized transactions, and that in the absence of an express accounting criterion of the Commission for brokerage companies first and then for credit institutions, and in a wider context the FRS, the suppletory process as established by FRS A-8 shall be applicable, and only when the International Financial Reporting Standards (IFRS) referred to by FRS A-8 do not resolve the accounting treatment, the suppletory application of an accounting standard pertaining to other regulatory framework may be opted for, providing all the requirements set out by the FRS are met by that standard. The suppletory application shall be in the following order: U.S. Generally Accepted Accounting Principles (US GAAP), and any other formal and recognized accounting standard, provided complies with the requirements of criterion A-4 of the Commission.

The preparation of the financial statements requires management of the Brokerage Firm to make estimates and assumptions that affect to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include valuations of financial instruments and deferred taxes. The volatility of debt and equity markets, as well as the economic situation both in Mexico and abroad, may cause the carrying amounts of assets and liabilities to differ from their future realization and liquidation amounts. Actual results could differ from those estimates and assumptions.

For purposes of disclosure, when reference is made to pesos or “$”, it means millions of Mexican pesos, and when reference is made to dollars, it means dollars in the United States of America.

The Brokerage Firm recognizes the assets and liabilities arising from investments securities repurchase and resell agreements from transactions carried out for the Brokerage Firm’s own account as well as those carried out on behalf of its customers as of the trade date, rather than settlement date.

(Continued)

(Pesos in millions, except UDI value)

(b) Recognition of the effects of inflation-

The accompanying financial statements include the recognition of inflation up to December 31, 2007.

The year ended December 31, 2011 and 2010 are considered non-inflationary economic environment (inflation accumulated over the three preceding years less than 26%), as established in FRS B-10 "Effects of Inflation”, consequently the effects of inflation on the Brokerage Firm´s financial information are not recognized. The accumulated inflation rate of the three preceding years and the indices used to recognize inflation, are as follows:

		Inflation	
December 31,	**UDI**	**Annual**	**Accumulated**
2011	$ 4.691316	3.65%	12.12%
2010	4.526308	4.29%	15.09%
2009	4.340166	3.72%	14.55%

(c) Cash and cash equivalents-

Cash and cash equivalents consist of cash in hand, local and foreign bank account balances and 24 and 48 hour foreign currency sales/purchases. The cash and cash equivalents are recognized at nominal value.

The foreign exchange acquired in purchase transactions 24 and 48 hours, are recognized as restricted cash (foreign currency to receive), while the currency sold is recorded as cash outflow (foreign currency to delivery). The rights and obligations for the sales and purchases foreign exchange at 24 and 48 hours are recorded in "Other accounts receivable, net" and "Sundry creditors and other accounts payables”, respectively.

(Continued)

(d) Margin accounts-

The margin accounts relate to transactions with derivative financial instruments executed in recognized markets and stock exchanges, in which cash is deposited to ensure performance of corresponding obligations. The amount of the deposits relates to the initial margin and the subsequent contributions or withdrawals made over the term of the derivative financial instruments contract. Cash accounts are recognized at nominal value and are reported under the caption "Margin Accounts (derivatives)". Returns and commissions affecting the margin accounts, other than fluctuations in derivatives prices, are recognized in results of operations for the year under the caption "Interest income" and "Commissions and fees expenses", respectively.

(e) Investment securities-

Investment securities consist of equities, government securities, bank commercial paper and other debt securities quoted in markets recognized, which are classified using the categories shown below, based on the intention and ability of management on their holdings.

Trading securities-

Those for trading in the market. Securities are recognized at fair value, transaction costs for the acquisition of securities are recognized in income on the acquisition date, subsequently valued at fair value provided by an independent price vendor. When the securities are sold, the difference between purchase price and the sale price determines the result for sale, shall cancel the result of valuation that has been previously recognized in the income statement.

(Continued)

Interest earned from debt securities and the gain or loss derived from securities investment denominated in foreign currency are recognized in the year's income under the caption "Interest income" or "Interest expense", as applicable. Dividends from net equity instruments are recognized in the year's income when the right to receive payment thereof arises. Valuation effects are recognized in the year's income within the caption of "Valuation (loss) gain on securities at fair value".

Available-for-sale securities-

Are those not classified as trading securities and where the entity does not have the intention or capacity to hold to maturity. These securities are initially recognized at fair value; and then are valued in the same manner as trading securities, recognizing the effect of valuation in stockholders' equity under the caption Unrealized gain from valuation of available-for-sale securities, net of deferred taxes, which is cancelled for its recognition in income at the time of sale. Accrued interest is recognized under the effective interest method under the caption "Interest income".

Impairment of securities-

Where sufficient objective evidence exists that a security available for sale or held to maturity has been impaired, the carrying amount of the security is modified and the loss is recognized in income under the caption “Valuation (loss) gain on securities at fair value.”

If in a subsequent period, the fair value of the securities increases, the loss for impairment shall be reversed in the income statement.

Value date transactions-

Securities acquired where settlement takes place on a subsequent date, up to a maximum of four business days following the date of the purchase-sale transaction, are recognized as restricted securities, while securities sold are recognized as securities deliverable, and are deducted from investment securities. The counter entry has been a settlement credit or debit in a clearing account, as applicable. Where the amount of securities deliverable exceeds the balance of own securities of the same type (government, bank, equity and other debt securities), this is reflected as a liability under the caption “Assigned securities to be settled”.

Transfers between categories-

Only transfers from held-to-maturity to available-for-sale securities are possible, provided it is not intended to hold them until maturity. Valuation adjustments at the date of the transfer are recognized in stockholders' equity. The reclassifications of securities to the category held to maturity, or of securities from trading to available for sale, this is only permissible with the express authorization of the Commission.

(f) Repurchase/resell agreements-

At the trade date of the repurchase/resell agreement transaction, the Brokerage Firm acting as repurchase recognizes either the cash inflow or a debit clearing account, as well as an account payable, whereas when acting as repurchasee recognizes either the cash outflow or a credit clearing account, as well as an account receivable. Both the account receivable and the account payable are initially stated at the agreed-upon price, representing the obligation to repay or the right to recover the cash, respectively.

Over the term of the repo, the account receivable and the account payable are valued at the amortized cost, recognizing the interest on repos in the results of operations for the year as earned, in accordance with the effective interest method. The interest is recognized under the caption “Interest income” or” Interest expense”, as appropriate. The account receivable and the account payable, and the interest earned are reported in the financial statement caption “Debtors under repurchase/resell agreements” and “Creditors under repurchase/resell agreements”, respectively.

(Continued)

The Brokerage Firm acting as repurchasee recognizes the received collateral in memorandum accounts in accordance with accounting criterion B-6 “Assets in custody and under management”, whereas when acting as repurchaser, the financial asset is reclassified on the consolidated balance sheet, reporting it as a restricted asset.

Should the Brokerage Firm, acting as repurchasee sell or pledge the collateral, the transaction proceeds and an account payable are recorded for the obligation to return the collateral to the repurchaser, which is valued, in the case of sale at fair value, or if pledged in another repurchase agreement, at amortized cost. The account payable is offset with the account receivable, which is recognized when the Brokerage Firm acts as repurchaser and the debit or credit balance is presented in the financial statement caption "Debtors under repurchase/resell agreements" or in "Collateral sold or pledged", as applicable.

(g) Transactions with derivative financial instruments-

The Brokerage Firm performed transactions with derivative financial instruments comprise those that are carried out for trading and are recognized at fair value.

The valuation effect of trading financial instruments is shown in the balance sheet and income statement under the captions “Derivatives” and “Valuation (loss) gain on securities at fair value”, respectively.

(h) Securities lending-

At the date of contracting the securities lending transactions, the Brokerage Firm acting as lender, transfers the security to the borrower and recognizes it as restricted and register a receivable account, and acting as borrower the security borrowed is recognized in memorandum accounts under the caption "Collateral received by the entity". The accrued premium is recognized in the income statement under the caption "Interest income" or "Interest expense", as appropriate, through the effective interest method over the term of the operation, against an account receivable or payable, respectively, which is presented under the caption "Securities lending".

(Continued)

Financial assets received as collateral are recognized in memorandum accounts under the caption “Collaterals received by the entity”, whereas financial assets pledged as security are recognized as restricted assets, and in both cases such financial assets are recorded at fair value.

In the case that the Brokerage Firm prior to the maturity of the securities lending transaction sells the collateral received as lender or the transaction value as borrower, recognizes the inflow of funds coming from the sale and an account payable for the obligation to return such collateral to the lender, which is initially measured at the agreed-upon price and subsequently marked to market. The sale of collateral received are presented within "Collateral sold or pledged". The difference between the price received and the fair value of the security subject to the transaction or of the collateral received, if any and existing at the time of the sale, is presented in the caption of “Gain or loss on purchase and sale of securities”, as applicable.

(i) Other accounts receivable-

Loans to officers and employees, collection rights and accounts receivable relating to identified debtors over 90 calendar days past due are assessed by Brokerage Firm´s management to determine the estimated recovery value and, as required, to create the corresponding reserves. Irrespective of the likelihood of recovery, the balances of debtors less than 90 calendar days past due are reserved and charged to income 90 days after their initial recording (60 days if the balances are unidentified), except for tax-related (VAT included) balances.

In cases where the amount receivable is not realized within 90 calendar days following the date at which they were booked in clearing accounts, they are recorded as past due and a provision is booked for the total amount.

(Continued)

(j) Offsetting of settlement accounts-

Amounts receivable or payable for investment securities, repurchase/resale agreements, securities lending and/or derivative financial instruments which have expired but have not been settled, as well as the amounts receivable or payable for purchase or sale of foreign currencies which are not for immediate settlement or those with same day value date, are recorded in clearing accounts.

The balances of clearing accounts, credit and debit are offset as long as it has the contractual right to offset amounts recognized, there is an intention to settle on a net, come from the same kind of operation, are excecuted with the same counterparty and are settled on the same date. The clearing accounts are shown under the caption “Other accounts receivable, net” or “Other accounts payable”, as appropriate.

(k) Premises, furniture and equipment-

Premises, furniture and equipment are recorded at acquisition cost. Those assets acquired through December 31, 2007 were adjusted by using factors based on the UDI value as of that date, which recognition of the effects of inflation on the financial information was suspended. Property acquired in foreign currency is recorded at the historical exchange rate, that is, the exchange rates in force on the date the asset was acquired.

Depreciation and amortization are computed using the straight-line method, based on the estimated useful lives for the Brokerage Firm management of the corresponding assets.

The Brokerage Firm asses periodically its premises, furniture and equipment to determine whether the carrying value exceeds the recoverable amount. The recoverable amount is the greater of the net selling price and value in use. If the book values are deemed to be in excess, the Brokerage Firm recognizes impairment as a charge to operations of the year in order to reduce them to their recoverable amount.

(Continued)

(l) Permanent investments in shares-

The investments in associated companies are accounted for by the equity method. A company´s is considered an associate company when significant influence is exercised, which is assumed to exist when holding 10% of potential voting power for listed issuers, or 25% for unlisted issuers.

The investments where no significant influence exists are classified as other investments, which are recorded at acquisition cost or realizable value the lower. Dividends, if any, received from these investments are recognized in statement of income caption “Other operating income”.

(m) Other assets-

This item includes primarily the contributions made to the self-regulatory reserve fund set up through the stock exchange members, the purpose of this is to support and contribute to the strengthening of the stock exchange market. The balance includes the contributions plus interest earned, these last are recognized under the caption “Other operating income” on the statement of income.

Intangible assets in this caption relate primarily to internally developed software which cost incurred during the development stage is capitalized and amortized against the results of operations for the year beginning at the time the asset is ready to operate. Amortization is calculated on the straight-line method over the estimated useful life of the assets as determined by the Brokerage Firm’s management.

In case of any indication of impairment, the potential impairment loss is determined, and if the net carrying value exceeds the recoverable amount the asset value is written down and the impairment loss is recognized in the results of operations for the year.

Furthermore, under the caption “Other assets” includes the projected net assets of the defined benefit plan that are recognized in accordance with the provisions of FRS D-3 “Employee benefits”.

(Continued)

(n) Income taxes (Income Tax (IT) and flat rate business tax (IETU)) and employee statutory profit sharing (ESPS)-

IT or IETU and ESPS payable for the year are determined in conformity with the tax provisions in effect.

Deferred IT or IETU and ESPS are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, as well as for operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income for the period enacted.

To determine whether deferred IT or deferred IETU should be recorded, the tax base on which the differences that give rise to deferred taxes will be amortized in the future must be identified, and the likelihood of payment or recoverability of each tax is evaluated.

(ñ) Employee benefits-

The Brokerage Firm has a defined contribution pension plan, under which the amounts contributed are recognized in the statement of income caption "Administrative and promotion expenses" (see note 11).

Additionally, there is a defined benefits plan in place that covers the benefits for retirement pension, the seniority premiums and the compensation to which employees are entitled in accordance with the Federal Labor Law, and obligations related to the post-retirement medical benefits, food coupons and life insurance for retirees.

Irrevocable trusts have been created for all plans to manage the respective plan funds and assets, except for severance compensation.

The net periodic cost related to the defined benefit plans and the termination benefits and termination of employment for reasons other than restructuring are charged to operations for each year, based on independent actuarial computations in accordance with generally accepted actuarial procedures and principles, and the provisions of FRS D-3 “Employee benefits”. The methodology used for calculating the obligations is the projected unit credit, based on actuarial hypotheses reflecting the present value, salary increase and benefit payment probability.

At the date of adoption of FRS D-3, items pending amortization and relating to past services are amortized over the lower of maximum of five years or the remaining average working life. Past services arising on a date subsequent to the coming into force of FRS D-3 are amortized over the remaining average working life. Items pending amortization and relating to past services of termination benefits are immediately recognized in income.

The balance of actuarial gains or losses at the beginning of each period that exceed 10% of the greater amount between the defined benefit obligation and the plan assets should be amortized considering the remaining average working life of the employees expected to be eligible for the plan benefits. Actuarial gains or losses of termination benefits are immediately recognized in income.

The determination of the deferred ESPS is made using the asset and liability method of accounting as explained in note 2(n).

(o) Memorandum accounts-

<u>Customer securities-</u>

The amount of assets in custody are recognized under the caption "Customers securities in custody," according to the operation.

Customer securities in custody guarantee or under the Brokerage Firm's administration are valued at fair value, representing the amount for which the Brokerage Firm is obligated to its customers against any future eventuality.

Operations Management-

The amount of the financing granted and / or received on repurchase/resale agreements that the Brokerage Firm undertakes for its customers is presented under the caption "Securities repurchase/resell agreements by customers."

Securities lending conducted by the Brokerage Firm by customers is presented under the caption "Security loans by customers."

In the case of collateral that the Brokerage Firm receives or delivers on behalf by customers, repurchase agreements service, securities lending, derivatives or other collateral received or delivered, are presented under the caption "Collaterals received in guarantee by customers" and/or "Collaterals delivered in guarantee by customers" as appropriate.

The determination of the valuation of the estimated amount for the assets in management and operations on behalf by customers will be made according to the operation carried out in accordance with the accounting criteria for brokerage firms.

(p) Revenue recognition-

Fees on brokerage (debt or equity securities) and transactions with mutual funds and income from custody services are recognized in statement of income as they accrued under the caption "Commission and fee income."

Income on the purchase and sale of trading securities are recognized in income when the securities are sold under the caption “Gain on purchase and sale of securities”

Interest income on repurchase/resell agreements and investment securities are recorded in operations as earned, under the caption “Interest income” under the effective interest method.

Revenue from custody services are recorded in operations for the year as provided the service in caption “Commission and fee income”.

(q) Expense recognition-

The expenses incurred by the Brokerage Firm relate primarily to personnel compensation and benefits, and administrative expenses, which are recorded in income when the expenses are known or receive the service.

(r) Foreign currency transactions-

Foreign currency transactions are recorded at the exchange rate on the date of execution and settlement, for financial statement presentation purposes, currencies other than dollars are translated into dollars at the exchange rates as established by the Commission, dollar balances, are then translated into Mexican pesos using the exchange rate determined by the Central Bank. Foreign exchange gains and losses are reflected in results of operations for the year.

(s) Contingencies-

Liabilities for loss contingencies are recorded when it is probable that a liability has been incurred and the amount of the assessment and/or remediation can be reasonably estimated. When a reasonable estimation cannot be made, qualitative disclosure is provided in the notes to the financial statements. Contingent revenues, earnings and assets are not recognized until their realization is virtually assured.

(Continued)

(t) Capital leases-

Capital lease transactions are recorded as an asset and an account payable by the lower value equal to the present value of minimum payments and the market value of the leased asset. The difference between the nominal value of minimum payments and account payable as mentioned previously is recorded as financial cost to implement the results during the lease period, under the caption "Deferred charges, prepaid expenses and intangibles" and "Other operating income", respectively. The asset is depreciated in the same way as other similar assets.

(u) Statement of income-

The Brokerage Firm presents the statement of income in accordance with accounting criteria for brokerage firms in Mexico. FRS requires presentation of the statement of income, and costs and expenses as ordinary and non-ordinary.

(3) Accounting changes and reclassifications--

Changes started from 2011

Changes in accounting criteria for brokerages firm issued by the Commission

On August 23, 2011, the Ministry of Finance and Públic Credit (SHCP) issued through the Federal Official Gazette the resolution amending the general provisions establishing criteria accounting for brokerage firms (the provisions), which became effective in August 24, 2011 those provisions read as follows.

(Continued)

(a) Criterion A-3 "Application of general standards" – It provides, for the following:

- Is added as restricted assets to operating assets which are settled the same day.

(b) Criterion B-1 "Cash and cash equivalents" – It provides, for the following:

- Is added within the standards of presentation if the balance offset foreign exchange currencies to receive with the foreign exchange to deliver, comes to show a negative balance, this concept should be presented in the category of other accounts payable

(c) Criterion B-5 *"Derivative financial instruments and hedging activities"* – It provides for the following:

- It incorporates the separate recognition of margins given and received in cash and / or recognized market values of collateral given or received in unrecognized markets (OTC).

- It requires the disclosure of terms and conditions for collaterals and for margin accounts.

- The collaterals OTC delivered or received are presented under the captions "Other receivable accounts or payable".

(d) Criterion C-3 "Related parties" – It provides for the following:

- The term "relationship" is replaced with the term "close relative" in convergence with FRS, specifying that the applicable legislation must also be abided by.

(e) Criterion D-1 "Balance sheet"- It provides for the following:

- It changes the name of the caption of memorandum accounts "Transactions on behalf of customers" to caption "Management operations".

- Creditors on cash collaterals received are to be reported as part of the caption "Other payables accounts".

(f) Criterion D-2 *"Statement of income"* – The statement of income is entirely restructured for convergence at IFRS.

- Reporting of minimum items related to the following is eliminated from the statement of income:

  – Total operating income (expenses)

  – Income before equity in results of operations of non-consolidated subsidiaries and associated companies.

- Item "Administrative and promotion expenses" is grouped after financial margin adjusted for credit risks together with all other items (commissions and rates collected and paid, financial intermediation income and other operating income (expense).

- Upon elimination of "other income (expenses), items making up this caption are regrouped under "Other operating income (expense)".

- Equity in results of operations of subsidiaries and associated companies is reported after "net operating income" and prior to "income before income tax".

2011 FRS Changes-

The CINIF had issued the FRS and improvements listed below, that had no effect on the financial statements of the Brokerage Firm:

FRS B-5 "Segment financial information" - The main changes as compared to superseded Bulletin B-5 "Segment financial information" include the following:

- Does not require that the entity's business areas be subject to different risks to qualify as operating segments.

- Business areas in pre-operating stage may be classified as operating segments.

- Requires disclosing by segment and separately, interest income and expenses, as well as all other components of comprehensive financial results (CFR). In specific situations, net interest income may be disclosed.

- Disclosure of the liability amounts included in the usual operating segment information normally used by top management for the entity's operational decision-making is required.

FRS B-9 *"Interim financial reporting"* - The main changes as compared to superseded Bulletin B-9 "Interim financial reporting" include the following:

- Requires that the interim financial information, in addition to the balance sheet and income statement, include a comparative and condensed statement of stockholders' equity and statement of cash flows, and, for non-profit entities, and in the case of institutions with non-profit purposes the presentation of the statement of activities is expressly required.

- Provides that the financial information reported at the end of the interim period should be presented comparatively with the equivalent interim period of the immediately preceding year and, in the case of the balance sheet, compared also to such financial statement as of the date of the immediately preceding fiscal year-end.

- New technology is included and defined.

- Disclosures by operating segment is used regularly by senior management and not required to be segregated into primary and secondary information, and is referred to identified segments based on products or services (economic segments), geographic areas and homogeneous groups customers. Additionally, requires disclosure by the entity as a whole, information about their products or services, geographic areas and major customers and suppliers.

(Continued)

FRS C-5 “Prepayments”- Includes primarily the following changes:

- Advances for purchase of property and equipment and intangibles (non-current), among others, must be reported under prepayments provided the benefits and risks inherent in the assets to be acquired or the services to be received have not yet been transferred to the entity. Furthermore, prepayments must be reported based on the destination item, either under current assets or non-current assets.

- When an impairment loss on the value of prepayments occurs, the unrecoverable amount must be carried to the income statement. Additionally, if the necessary conditions exist, the impairment effect may be reversed and recorded on the income statement for the related period.

- Among other things, the following must be disclosed in notes to financial statements: breakdown of prepayments, policies for accounting recognition and impairment losses, as well as relevant reversal.

FRS C-6 “Property, plant and equipment” - The main changes with respect to the superseded Bulletin C-6 “Property, Plant and Equipment” includes the following:

- The accounting treatment for exchange of assets based on the economic substance is included.

- The bases for determination of residual value of a component are set forth.

- The requirement to assign an appraised value to property, plant and equipment acquired at no cost or at an inadequate cost is eliminated, recognizing a donated surplus.

- Depreciation for components representative of a property, plant and equipment item is mandatory, independently of the depreciation of the rest of the item as if it were a single component.

- Depreciation of idle components must continue, unless depreciation is determined based on the activity.

2011 FRS Improvements-

In December 2010, the CINIF issued the document referred to as "2011 FRS Improvements", which contains precise amendments to some FRS, which did not generate significant effects on the financial statements of the Brokerage Firm:

- **FRS B-1 "Accounting changes and error corrections" –** Requires the presentation of the initial financial position when retrospective adjustments and presentation in the statement of changes in stockholders' equity of the opening balances previously reported, the effects of retrospective application and restated the opening balances. These improvements became effective for fiscal years beginning on or after 1st. January 2011 and its application is in retrospect.

- **FRS B-2 "Statement of Cash Flows" -** Eliminates the requirement presented in the statement of cash flows under the caption "cash flows available for financing activities or to obtain cash from financing activities", leaving at recommendation. This improvement became effective for fiscal years beginning on or after 1st. January 2011 and its application is in retrospect.

- **Bulletin C-3 "Accounts receivable" –** Recognition of accrued interest income on accounts receivable is required, provided the relevant amount is reliably valued and likely to recover. Furthermore, it is provided that interest income on accounts receivable unlikely to recover must not be recognized. These revisions are effective beginning January 1, 2011 and are retrospectively applicable.

- **FRS C-10 "Derivative financial instruments and hedging activities" –** The revisions to this new FRS are effective beginning January 1, 2011, with retrospective application and includes principally the changes mentioned in the following page.

(Continued)

- Certain effects of the hedge effectiveness may be excluded.

- A forecast intergroup transaction may be recognized as hedging only when the functional currencies of the related parties are different from each other.

- Reporting of the effect of the hedged interest rate risk is required, when a portfolio portion is the hedged position.

- Margin accounts must be reported separately.

- In a hedge relationship, a proportion of the total amount of the hedging instrument may be designated as the hedging instrument. The impossibility of designating a hedge relationship for a portion of the term of the hedging instrument is specified.

- **FRS C-13 "Related parties" -** Clarification of the definition of "relationship" that previously limited to list the family members who considered themselves as such. This improvement became effective for fiscal years beginning on or after 1 January 2011 and its application is in retrospect.

- **Bulletin D-5 "Leases" –** The discount rate to be used on capital leases is established, disclosures related to such leases are added, and the timing for recognition of the gain or loss on a sale and leaseback deal is revised. Application is on a prospective basis, except for the changes in disclosures, which must be retrospectively recognized and are effective beginning January 1, 2011 and its application is in retrospect way, except for disclosures changes are retrospectively applicable.

(Pesos in millions)

Reclassifications-

In accordance with the accounting changes set forth in criterion D-1 “Balance Sheet” and D-2 “Statement of Income” referred to in this note, the financial statements as of and for the year ended December 31, 2010 were reclassified to make them comparable to the presentation as of and for the year ended December 31, 2011, as shown below:

Balance sheet		**Balances originally presented**	**Reclassifications**	**Reclassified balances**
Memorandum accounts				
Purchase derivatives transactions:				
Futures and forwards on behalf of customers	$	69	(69)	–
Options		437	(437)	–
Sales transactions of Derivatives:				
Options		369	(369)	–
Other accounts		–	875	875
Statements of income				
Other income	$	47	(47)	–
Other expense		(3)	3	–
Other operating income		–	44	44

(Pesos in millions)

(4) Foreign currency position-

In compliance with the Central Bank regulations, the Brokerage Firm maintains balanced positions in foreign currencies. At December 31, 2011 and 2010, the maximum short and long positions authorized by the Central Bank were $260 and $273, respectively, that is equivalent to 15% of the Brokerage Firm's global capital, which is $1,735 and $1,820 in each year (see note 13e).

At December 31, 2011 and 2010, the Brokerage Firm has a short position of 1,097,998 and 475,713 dollars, respectively, which for financial statement presentation purposes was translated using the exchange rates of $13.9476 and $12.3496, respectively.

(5) Cash and cash equivalents-

At December 31, 2011 and 2010, cash and cash equivalents are analyzed as follows:

	2011	2010
Domestic banks	$ 18	13
Deposits with foreign banks with maturities not exceeding 30 days	-	6
24 and 48-hour foreign currency sales	(1)	(3)
Restricted cash:		
24 and 48-hour foreign currency purchases	12	4
	$ 29	20

Foreign currency receivable and deliverable as of December 31, 2011 and 2010, arising from purchases and sales to be settled within 24 and 48 hours are relate to dollar transactions.

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(Pesos in millions)

(6) Investment securities-

(a) At December 31, 2011 and 2010, the fair value of investments in securities were as follows:

Trading securities:		**2011**	**2010**
Debt securities:			
Government securities	$	9,125	8,559
Bank promissory notes		4.053	3,066
Other debt securities		375	–
Shares		1,021	1,077
		14,574	12,702
Available for sale:			
Debt securities		151	138
Shares		318	368
		469	506
Total of investment securities	$	15,043	13,208

(b) At December 31, 2011 and 2010, trading and available for sale securities are as follows:

Trading securities:		**2011**	**2010**
Traiding securities unrestricted:			
Debt securities:			
Government securities:			
CETES	$	411	871
UMS		–	77
BONDS		526	–
		937	948
Value date sales:			
M BONDS		(10)	(57)
BPA		–	(105)
D2 EUROBONDS		–	(1)
		(10)	(163)
Government securities unrestricted to the next page	$	927	785

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(Pesos in millions)

	2011	2010
Government securities unrestricted previous page	$ 927	785
Restricted trading securities:		
Government securities:		
Pledged Cetes in guarantee)	188	37
[(1)] Repurchase/resell agreements:		
BPAS	167	95
BPAT	1,262	780
CTIM	1,078	1,190
IPAS	847	638
LBON	3,746	4,415
UDIB	474	500
CBUR	215	–
MBON	142	–
Restricted securities	8,119	7,655
Pending settlement purchases:		
M BONDS	79	13
D2 EUROBONDS	–	1
BPA	–	105
	79	119
Restricted government securities	8,198	7,774
Total government securities	9,125	8,559
Banking securities:		
Unrestricted securities		
BANOBRA	931	860
NAFIN	1	142
Banking securities unrestricted to the next page	$ 932	1,002

(1) See terms and conditions in note 7.

(Continued)

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(Pesos in millions)

		2011	2010
Banking securities unrestricted previous page	$	932	1,002
Repurchase/resell agreements:			
CBPC		–	58
CBUR		–	369
PRLV		3,121	1,637
Restricted banking securities in own account		3,121	2,064
Total, banking securities		4,053	3,066
Other debt securities:			
CBPC		282	–
CBUR		3,121	–
Total other debt securities		375	–
Restricted banking securities in own account		3,496	2,064
		4,428	3,066
Share securities:			
Securities unrestricted:			
NAFTRAC 02		128	6
GMEXICO B		345	59
AMX L		–	423
TRADE		2	–
SCOTIAG		243	280
FEMSA UBD		10	11
TLEVISA CPO		11	12
WALMEX V		–	9
MEXCHEM		71	–
OTHERS SHARE SECURITIES		82	20
Pending settlement sales:			
NAFTRAC 02		–	(53)
AMX L		–	(12)
GMEXICO B		(4)	(8)
BULLTICK		–	(9)
OTHERS SHARE SECURITIES		(24)	(42)
ALFA A		–	(3)
COMPARC *		–	(1)
FEMSA UBD		–	(1)
GEO B		–	(7)
HOMEX *		–	(1)
IFXI *		–	(1)
PEÑOLES *		–	(6)
TLEVISA CPO		–	(1)
WALMEX V		(14)	(20)
Total share securities unrestricted, to the next page	$	850	655

(Continued)

(Pesos in millions)

		2011	2010
Total share securities unrestricted, previous page	$	850	655
Restricted share securities pending to deliver in lending transactions		113	120
Restricted share securities:			
SCOTIA G (Securities lending transactions)		–	128
NAFTRAC 02		–	–
GCARSO A1		–	1
Value date purchases:			
NAFTRAC 02		7	67
AMX L		–	20
GMEXICO B		9	1
BULLTICK		–	27
ALFA A		–	5
COMPARC *		–	1
GEO *		–	2
HOMEX *		–	5
IFXI *		–	1
SIMEC B		–	1
WALMEX V		4	20
ELEKTRA *		5	–
Other share securities		23	23
Total restricted share securities		58	302
Total share securities		1,021	1,077
Total trading securities	$	14,574	12,702

Available for sale securities

		2011	2010
Available for sale securities (unrestricted):			
Debt securities – CBUR	$	151	138
Shares – BOLSA		318	368
Total available for sale	$	469	506

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(Pesos in millions, except the stock price)

The gain and loss during 2011 from the purchase and sale of securities amounted to $237 and $201, respectively ($187 and $70 in 2010, respectively). The valuation of investment securities at December 31, 2011 and 2010 resulted in a valuation gain of $7 and a valuation loss $(2), respectively. During the years ended December 31, 2011 and 2010, the interest resulted in a gain of $636 for both years. The gain and loss from the purchase and sale of securities, valuation effect and interest gain are reported in the statement of income under the caption “Gain on purchase and sale”, “Loss on purchase and sale” , “Valuation (loss) gain on securities at fair value” and “Interest income”, respectively.

At fiscal year-end 2009, a charge on impairment of a part of an available-for-sale position held was recognized in operations as a result of the following events:

a) The issuer had significant financial problems.

b) High probability that issuer undertake a financial reorganization.

c) Occurrence of non-performance of contractual covenants, such as non-payment of interest and principal.

As of December 31, 2009, the Brokerage Firm recorded under the caption “Investment securities” 1,722,563 available-for-sale securities at a market value of $10 pesos each, which had been subject to impairment in the amount of $121 that year. On May 5, 2010, those securities were exchanged for the same number of securities issued by another issuer at a market value of $77.03 pesos each. The effect of such exchange brought the reversal of the aforementioned impairment thus generating an income of $115, which was recognized under the caption “Gain on sale/purchase” on the statement of income, in accordance with accounting regulations. Mark-to-market gains or losses on the received available-for-sale securities are recognized under the caption “Unrealized gain from valuation of available-for-sale securities’ equity.

(Pesos in millions)

At December 31, 2011 and 2010, investments in debt securities other than government securities of the same issuer exceeding 5% of the Brokerage Firm's global capital are as follows:

Issuer	Number of securities	Average rate	Average term (days)	Amount
December 31, 2011				
BANOBRA	945,610,971	4.61%	324	$ 931
December 31, 2010				
BANOBRA	883,269,130	4.63%	231	$ 860
NAFIN	144,433,092	4.54%	138	142

(7) Securities under repurchase/resell agreements-

At December 31, 2011 and 2010, the "Debtors under repurchase/resell agreements" and "Creditors under repurchase/resell agreements" balances in which the Brokerage Firm acting as repurchasee and repurchaser are analyzed as follows:

	2011	2010
Debtors under repurchase/resell agreements:		
BPAS	$ 2,304	682
BPAT	5,118	2,544
CTIM	94	4,436
IPAS	3,578	5,091
LBON	8,027	7,639
MBON	1,930	4,360
UDIB	89	322
Debtor under repurchase/resell agreement, to the next page	$ 21,140	25,074

(Continued)

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(Pesos in millions)

	2011	2010
Debtor under repurchase/resell agreement, previous page	$ 21,140	25,074
Collateral sold or pledged:		
BPAS	(2,303)	(682)
BPAT	(5,118)	(2,544)
CTIM	(94)	(4,436)
IPAS	(3,578)	(5,091)
LBON	(8,027)	(7,638)
MBON	(1,930)	(4,290)
UDIB	(89)	(322)
	(21,139)	(25,003)
Debtors under repurchase/resell agreements	$ 1	71
Creditors under repurchase/resell agreements:		
BPAS	$ 168	95
BPAT	1,263	780
CBPC	282	58
CBUR	308	369
CTIM	1,078	1,189
IPAS	846	637
LBON	3,747	4,409
MBON	142	–
PRLV	3,122	1,637
UDIB	474	501
	$ 11,430	9,675

At December 31, 2011, the terms of the repurchase/resale agreements range from 3 to 91 days for both years with weighted rates of 4.51%, when acting as repurchase, and 4.28% when acting as repurchaser (4.47% and 4.34% at December, 31, 2010).

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During the years ended December 31, 2011 and 2010, interest and premiums collected amounted to $1,258 and $1,186 respectively; interest and premiums paid amounted to $1,741 and $1,639, respectively, and were reported on the income statement under the captions “Interest income” and “Interest expense”, respectively.

Securities lending:

At December 31, 2011 and 2010, the Brokerage Firm held securities lending transactions, in which the securities were sold.

The obligation to repay the lender values derived from the sale of these securities were as follows:

	Number of securities		Fair value
December 31, 2011:			
CEMEX CPO	780,000	$	6
ELEKTRA *	56,000		77
GAP B	40,000		2
GEO B	78,000		1
HOMEX *	285,000		11
LIVERPOL C-1	45,000		5
MFRISCO A-1	148,000		8
PEÑOLES *	14,800		9
WALMEX V	727,400		28
		$	147
December 31, 2010:			
ALFA A	72,800	$	9
AMX L	50,000		2
CEMEX CPO	4,999,980		66
ELEKTRA *	3,630		2
GCARSO A1	78,400		6
BIMBO A	30,000		3
BNAFTRAC 02	821,100		32
FEMSA UBD	40,000		3
GFINBUR O	20,000		1
PEÑOLES	5,000		2
		$	126

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Securities lending transactions at December 31, 2011 and 2010 mature from January 2nd to 4th, in 2012 and from January 3rd to 10th, in 2011, respectively.

At December 31, 2011 and 2010, securities lending transaction where the Brokerage Firm acts as borrower amounted to $147 and $126, respectively, (see note 7).

For the year ended December 31, 2011, premiums collected and paid in securities loan transactions amounted $7 and $3, respectively ($8 and $4 in 2010, respectively), and are included in the statement of income in the captions of "Interest income" and "Interest expense", respectively.

(8) Derivatives-

At December 31, 2011 and 2010, the fair value of the derivative financial instruments are analyzed as follows:

		2011		2010	
		Assets	Liabilities	Assets	Liabilities
Index futures	$	3	–	1	–
Stock options *		204	1,591	22	1,519
OTC options *		50	58	2	220
Index options		–	368	–	–
	$	257	2,017	25	1,739

The valuation of derivative financial instruments at December 31, 2011 and 2010, generated a gain (loss) for $12 and ($72), respectively.

* Represents the market value of premiums.

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Notional amounts:

A notional amount is a number of specific units in the contract (securities, currencies, etc). The settlement of a derivative instrument with a notional amount is determined by interaction of the notional amount and the underlying and does not represent the loss or gain resulting from the market risk or the credit risk of such instruments. At December 31, 2011 and 2010, notional amounts of the derivative financial instruments with trading purposes, are analyzed as follows:

Type of instrument		**2011**	**2010**
Bought:			
Forwards			
Indexes	$	186	69
Options:			
Indexes		1,018	2
Shares		789	435
	$	1,993	506
Sold:			
Options:			
Indexes	$	1,424	2
Shares		1,113	367
Warrants			
Shares		1,820	–
Forwards			
Foreign exchange		8	–
	$	4,365	369

(a) Index futures-

At December 31, 2011, futures were purchased and sold related to the Mexican Stock Exchange (CPI) Index for trading purposes, maturing in March 2012.

(Continued)

(Pesos in millions)

(b) Stock exchange index (CPI) and shares options-

At December 31, 2011 and 2010, the Brokerage Firm had issued European options (exercisable at maturity date) in recognized markets on shares, and for the year 2010 on the Mexican Stock Exchange CPI Index. Their characteristics are as follows:

Series	Number of certificates	Strike price (nominal pesos)		Premium at fair value	Maturity
2011					
Asset:					
Futures on indices.					
CPI	5,070	42,319	$	3	March 2012
			$	3	
Options on shares.					
OTCSHS	1,052,899	1,215	$	135	June 2012
OPTIONS	17,800	6		6	March 2012
OTCSHS	2,927,854	304		63	December 2012
			$	204	
Options on indices.					
OTCIDX	1,951	74,155	$	1	January 2012
OTCIDX	10,683	148,310		4	February 2012
OTCIDX	406,233	2,515		45	March 2014
			$	50	
			$	257	
Liability:					
Options on shares.					
OTCSHS	1,052,899	1,215	$	60	June 2012
OPTIONS	7,500	1		1	March 2012
OTCSHS	6,320,000	149		33	October 2012
OTCSHS	2,927,854	304		41	December 2012
APL206RDC001	33,003	11,048		365	June 2012
IVV403RDC001	25,906	9,929		258	March 2012
GMX207RDC022	2,318	8,566		21	July 2012
CAN201RDC025	23,032	9,702		224	January 2012
CAN212RDC027	15,405	9,768		151	December 2012
GMX211RDC030	25,264	8,305		211	November 2012
IAU212RDC001	23,416	9,596		226	December 2012
			$	1,591	
Options on indices.					
OTCIDX	406,233	2,515	$	24	March 2012
OTCIDX	11,632	148,310		22	January2012
OTCIDX	10,683	148,310		12	February 2012
Total options on shares and indices, to the next page			$	58	

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Total options on shares and indices previous page			$ 58	
Options on índexes.				
CPI206RDC264	10,699	9,864	107	June 2012
CPI202RDC248	14,820	10,125	151	February 2012
CPI201RDC259	5,794	9,070	54	January 2012
CPI210RDC261	5,500	9,989	56	October 2012
			368	
			$ 2,017	

Series	Number of certificates	Strike price (nominal pesos)	Premium at fair value	Maturity
2010				
Asset:				
Futures on indexes.				
CPI	3,110	7,265	$ 1	June 2011
			1	
Options on shares.				
BFK OPTIONS	1,772,797	139	22	June 2011
			22	
Options on indexes				
BFK OPTIONS	2	70,000	2	January 2011
			2	
			$ 25	
Liability:				
Warrants				
CAN101RDC013	18,635	27	$ 212	January 2011
CAN101RDC018	18,685	31	220	January 2011
CAN102RDC016	18,026	41	194	February 2011
CAN105RDC020	7,659	29	80	May 2011
CAN106RDC024	30,837	14	301	June 2011
CAN107RDC021	10,514	34	134	July 2011
CAN110RDC022	22,847	50	230	October 2011
CAN110RDC023	13,000	35,263	130	October 2011
BKF OPTIONS	4,272,808	193	11	June 2011
BULLTICK OPTIONS	2,784	27	7	January 2011
			1,519	
Options on indexes				
CPI112DC242	22,105	38,173	218	December 2011
BFK OPTIONS	11	400,565	2	February 2011
			220	
			$ 1,739	

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(9) Premises, furniture and equipment-

At December 31, 2011 and 2010, premises, furniture and equipment are analyzed as follows:

	2011	2010	Annual depreciation and amortization rates
Office premises	$ 175	175	2.5%
Transportation equipment	4	3	25%
Office furniture and equipment	62	58	Various
Computer equipment	19	12	10 and 30%
Computer equipment capital lease	14	–	20%
Installation expenses	12	7	Various
	286	255	
Less accumulated depreciation and amortization	(117)	(101)	
	$ 169	154	

Depreciation and amortization charged to income in 2011 and 2010 amounted to $12 and $9, respectively.

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(10) Permanent investments-

At December 31, 2011 and 2010, the Brokerage Firm's permanent investments in shares, are analyzed as follows:

	Percentage of ownership in capital stock			
	2011	**2010**	**2011**	**2010**
Permanent investments:				
Impulsora del Fondo México, S.A. de C.V.	3.65	3.65	$ 2	2
Cebur, S.A. de C.V., (in liquidation)	2.97	2.97	1	1
			$ 3	3

(11) Employee benefits -

The Brokerage Firm established a defined contribution pension and post-retirement benefits plan. This plan calls for pre-established contributions by the Brokerage Firm, which may be fully withdrawn by employee upon retirement if aged at least 55 years or partially on employment termination in accordance with specific rules for vesting rights. Additionally, contributions are made of the employees, who will be entitled to withdraw those contributions upon employment termination.

For the years ended December 31, 2011 and 2010, the charge to income corresponding to the Brokerage Firm's contributions to the defined contribution plan amounted to $6 and 7, respectively.

The Brokerage Firm also has a defined benefit pension plan and post-retirement benefits covering those employees who elected not to change to the defined contribution plan. The benefits are based on years of service and the employee's compensation during the last two years.

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The cost, obligations and the defined benefit pension plan and seniority premiums, as well as the post-retirement medical benefits, life insurance and food coupons are determined based on computations prepared by independent actuaries as of December 31, 2011 and 2010.

The components of the net periodic cost and of the defined benefit obligations for the years ended December 31, 2011 and 2010 are shown below:

2011		**Pension plan**	**Medical expenses, food coupons and life insurance for retirees**
Present service cost	$	2	1
Interest cost		5	1
Expected return on plan assets		(5)	(1)
Amortizations of prior service:			
Plan modifications		5	–
Actuarial loss (gain), net		(2)	–
Effect of reduction and / or anticipated liquidation of obligations-cost / (income)		–	(6)
Total cost (income)	$	5	(5)

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2010		**Pension plan**	**Medical expenses, food coupons and life insurance for retirees**
Present service cost	$	3	1
Interest cost		6	1
Expected return on plan assets		(5)	(1)
Amortizations of prior service:			
Plan modifications		5	–
Actuarial loss (gain), net		5	–
Total cost	$	14	1

A reconciliation between initial and final balances, as well as the detail of the present value of benefit obligations of pension, seniority premium, post-retirement medical benefits, food coupons and life insurance for retirees, as of December 31, 2011, is a follows:

			Seniority premium			
		Pensions	**Retirement**	**Severance**	**Total**	**Medical expenses, food coupons and life insurance for retirees**
Defined Benefit Obligations (DBO) as of December 31, 2010	$	(58)	(2)	(1)	(3)	(15)
Current service cost		(2)	–	–	–	(1)
Interest cost		(5)	–	–	–	(1)
Actuarial (loss) gain		4	–	–	–	(3)
Anticipated reduction of obligations		–	–	–	–	9
DBO as of December 31, 2011		(61)	(2)	(1)	(3)	(11)
Plan assets at fair value		68	2	3	5	17
Financial situation of the fund		7	–	2	2	6
Past services:						
Plan modifications		36	–	–	–	–
Cumulative actuarial gains (losses)		(21)	–	–	–	1
Projected net asset as of December 31, 2011 in “Other assets” in balance sheet	$	22	–	2	2	7

In the next page are presented the reconciliation of the net projected asset, as of December 31, 2011.

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		Pension plan	Seniority premium Retirement	Seniority premium Severance	Seniority premium Total	Medical expenses, food coupons and life insurance, for retirees
Projected net asset as of December 31, 2010	$	22	–	2	2	1
Net periodic cost		(5)	–	–	–	(1)
Contributions to the fund during 2011		5	–	–	–	1
Effect of reduction and / or liquidation anticipated obligations (cost) / income		–	–	–	–	6
Net projected asset as of December 31, 2011 in “Other assets” in balance sheet	$	22	–	2	2	7

Below is a reconciliation of the opening and closing balances of the present value of benefit obligations of pensions, seniority premiums post-retirement, medical benefits, food coupons and life insurance for retirees, at December 31, 2010 are as follows:

		Pension plan	Seniority premium Retirement	Seniority premium Severance	Seniority premium Total	Medical expenses, food coupons and life insurance, for retirees
Defined Benefit Obligations (DBO) as of December 31, 2009	$	(35)	(2)	(1)	(3)	(12)
Current service cost		(3)	–	–	–	(1)
Interest cost		(6)	–	–	–	(1)
Plan improvements		(30)	–	–	–	–
Anticipated reductions of obligations		(5)	–	–	–	–
Actuarial (loss) gain		16	–	–	–	(4)
DBO as of December 31, 2010		(63)	(2)	(1)	(3)	(18)
Plan assets at fair value		62	2	3	5	15
Financial situation of the fund		(1)	–	2	2	(3)
Past services:						
Transition liability		–	–	–	–	1
Plan modifications		41	–	–	–	–
Cumulative actuarial gains (losses)		(18)	–	–	–	3
Projected net asset as of December 31, 2010 in “Other assets” in balance sheet	$	22	–	2	2	1

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A reconciliation of the net projected asset as of December 31, 2010 is analyzed as follows:

			Seniority premium			Medical expenses, food coupons and life insurance,
		Pension plan	Retirement	Severance	Total	for retirees
Projected net asset as of December 31, 2009	$	22	–	1	1	–
Net periodic cost		(14)	–	–	–	–
Contributions to the fund during 2010		14	–	1	1	1
Net projected asset as of December 31, 2010 in "Other assets" in balance sheet	$	22	–	2	2	1

The acquired benefit obligations (ABO), at December 31, 2011 and 2010 are as follows:

		Pensions			Seniority premiums		
		Retirement	Invalidity	Total	Retirement	Severance	Total
2011							
ABO	$	(12)	–	(12)	–	(1)	(1)
2010							
ABO	$	(10)	–	(10)	–	(1)	(1)

An analysis of the movement of the plan assets held to meet the labor obligations for the years ended December 31, 2011 and 2010 is as follows:

		2011	2010
Fair value of the assets at beginning of year	$	82	60
Contributions to the fund during the year		6	16
Return on plan assets		2	6
For value of the assets at end year		90	82
Assets loss	$	5	3

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The expected yield of the plan assets for the years 2011 and 2010 is $7 and $5, respectively

During 2012, the expected contributions to the fund to cover the labor obligations amounted $6.

Below is a detail on the present value of statutory severance compensation obligations at December 31, 2011 and 2010 is as follows:

		2011	2010
ABO	$	(15)	(21)
DBO at the beginning of the year	$	(15)	(19)
Current service cost		(1)	(1)
Interest cost		(1)	(2)
Paid benefits		6	1
Actuarial gain		(4)	6
DBO		(15)	(15)
Unrecognized past service for the acquired benefits:			
Transition liability		2	3
Net projected liability	$	(13)	(12)

The net cost (income) expenses for statutory severance for the years ended December 31, 2011 and 2010 amounted to $8 and $(1), respectively. At December 31, 2011 and 2010 the provision for statutory severance amounted to $13 and $12, respectively, recorded in "Sundry creditors and other accounts payable" in the balance sheet

The nominal rates for the years ended 2011 and 2010 used in the actuarial projections are:

	2011	2010
Return on plan assets	9.75%	9.00%
Discount rate	9.25%	8.75%

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	2011	2010
Rate of salaries increase	5.00%	5.00%
Increase of medical expense	6.50%	6.50%
Estimated inflation rate	4.00%	4.00%

The expected return rate on plan assets was determined using the expectation of long-term performance on asset of the portfolio of brokerage firm´s funds.

The fund assets covering the obligations for pension, seniority premium, medical expenses, food coupons and post-retirement life insurance benefits are 100% invested in debt instruments, under a trust and managed by a committee designated by the Brokerage Firm.

The increase or decrease in the increase rate in medical expenses used in actuarial projections as of December 31, 2011, is as shown below:

	Annual rate	DBO medical benefits for retirees
Without modification	6.50%	$ 1
1% increase on the medical inflation rate	7.50%	1
1% decrease on the medical inflation rate	5.50%	1

A summary of the amounts of labor benefits relating to DBO, plan assets, and the financial situation of plan and experience adjustments, for the years ended December 31, 2009, 2008 and 2007 is shown below:

		Pensions		
		2009	2008	2007
DBO	$	(35)	(29)	(19)
Plan assets		43	37	40
Financial situation of the fund	$	8	8	21
DBO gain (loss)	$	2	6	–

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		Seniority premiums		
		2009	**2008**	**2007**
DBO	$	(3)	(2)	(2)
Plan assets		4	4	4
Financial situation of the fund	$	1	2	2
Loss (gain) on assets	$	–	–	–

		Medical expenses, food coupons and life insurance		
		2009	**2008**	**2007**
DBO	$	(11)	(11)	(10)
Plan assets		13	12	11
Financial situation of the fund	$	2	1	1
Loss (gain) on assets	$	(3)	(3)	–

		Statutory severance		
		2009	**2008**	**2007**
DBO	$	(19)	(23)	(23)
DBO loss	$	–	3	1

As of December 31, 2011, the amortization period of unrecognized items for defined benefits pension, seniority, premium, post-retirement medical benefits, life insurance, food coupons of retirees and statutory severance are as follows:

		Seniority premium		Medical expenses, food coupons and life insurance for retirees	
	Pension plan	**Retirement**	**Termination**		**Statutory severance**
Transition liability	N/A	N/A	N/A	1.0	1.0
Plan improvements	7.2	N/A	N/A	N/A	N/A
Net actuarial loss	10.7	11.6	Immediately	10.1	Immediately

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(Pesos in millions)

(12) Related-party transactions-

During the normal course of business, the Brokerage Firm carries out transactions with related parties. The main transactions carried out with related-party during the years ended December 31, 2011 and 2010, are as follows:

	2011		2010	
	Revenues	**Expenses**	**Revenues**	**Expenses**
Interest	$ 223	380	307	159
Commission and fee income	335	-	317	-
Income from brokerage activities	-	11	1	-
Other operating income (expense)	33	-	32	-
Commission and fee expense	-	7	-	4
Administrative and promotion expenses	-	32	-	32
	$ 591	430	657	195

At December 31, 2011 and 2010, balances with related parties are as follows:

	2011	2010
Assets:		
Cash and cash equivalents	$ 17	5
Margin accounts	4	25
Accounts receivable	29	31
Derivatives	191	11
Debtors under repurchase/resell agreements	5,288	5,651
	$ 5,529	5,723
Liabilities:		
Borrowing banks	$ 6	10
Derivatives	159	6
Creditors and other accounts payable	12	4
Creditors under repurchase/resell agreements	800	3,715
Collateral sold or pledge	2,492	–
	$ 3,469	3,735

*As of December 31, 2011 and 2010, the Brokerage Firm has investment with a maturity term of 180 and 30 days, respectively, bearing annual interest rate of 3.5% in both years.

(Continued)

For years ended December 31. 2011 and 2010, there were not changes in the existing conditions of balances receivable from or payable to related parties, there were not items that are deemed irrecoverable or difficult collection and not reserve was required for non-collectability.

Benefits granted to management personnel for the years ended 2011 and 2010 amounted to $10 for both years.

(13) Stockholders' equity-

The main characteristics of the stockholders' equity accounts are as follows:

(a) Structure of capital stock-

The Brokerage Firm capital stock at December 31, 2011 and 2010 is represented by 22,022 common shares, divided into two series: 22,019 serie "F" shares and 3 serie "B" shares, fully subscribed and paid. The capital stock's minimum fixed portion is represented by 11,205 shares whereas the variable portion is represented by 10,817 shares. The variable portion of capital stock may at no time exceed the fixed paid-in capital and may not be subject to withdrawal.

At December 31, 2011 and 2010, the minimum fixed capital stock is fully subscribed and paid and amounts to $386.

(b) Comprehensive income-

The comprehensive income reported in the statement of changes in stockholders' equity represents the results of the Brokerage Firm's activities during the year and includes the net income as well as any the valuation of the available for sale securities.

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(c) Dividends declared-

At the Ordinary Annual General Stockholders' Meeting held on August 19, 2011, a resolution was passed to declare the dividend payment as follows:

- Payment of a $200 cash dividend on August 26, 2011, charged to Retained Earnings at a rate of $9,081.83 pesos per share on the 22,022 registered series "B" and "F" shares comprising the subscribed and paid-in capital of Brokerage Firm.

(d) Restrictions on stockholders' equity-

The Commission requires that brokerage firms maintain a minimum capitalization percentage of risk-based assets, which is calculated according to the level of risk assigned. The capitalization required by the Commission has been fulfilled by the Brokerage Firm.

Five percent of net income for the year must be appropriated to the statutory reserve, until it reaches 20% of the paid-in capital.

Stockholder contributions and retained earnings are subject to income tax on the amounts refunded or distributed that exceed the amounts determined for tax purposes. As of December 31, 2011, the restated capital contribution account (CUCA) and the tax basis retained earnings account (CUFIN) amount to $257 and $2,550, respectively.

Retained earnings on permanent investments in shares may not be distributed to the Brokerage Firm's stockholders until dividends are collected, but may be capitalized if so agreed at a Stockholders' Meeting.

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(Pesos in millions)

(e) Capitalization-

The Commission requires brokerage firms to maintain a minimum capital as a percentage of assets at risk. The percentage is calculated by applying certain specific percentages according to the level of risk assigned, in conformity with the rules established by the Central Bank. Information relating to the Brokerage Firm's capitalization are as follows.

Capital as of December, 31:

		2011	**2010**
Global capital	$	1,735.68	1,820.93
Market risk requirements		396.36	353.96
Credit risk requirements		156.66	109.69
Operational risk requirements		60.26	38.00
Total capitalization requirements		613.28	501.65
Global capital excess	$	1,122.40	1,319.28
Rate of capital consumption		35.33%	27.55%
Global capital / capitalization requirements		2.83	3.63

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Assets at risk as of December 31, 2011:

		Risk weighted assets	Capital requirement
Market risk:			
Transactions in Mexican pesos at nominal interest rates	$	1,184.73	94.78
Transactions in Mexican pesos at premium nominal interest rates		574.56	45.97
Transactions in Mexican pesos at real interest rates or denominated in UDIS		27.79	2.22
Foreign currency transactions at nominal interest rates		8.38	0.67
Positions in UDIS or with returns updated with National Consumer Price Index (INPC)		2.58	0.21
Foreign currency positions or with exchange rate updated returns		24.06	1.92
Equity positions or with returns updated to the price of a single share or group of shares		3,132.41	250.59
Total market risk		4,954.51	396.36
Credit risk:			
Derivatives		28.56	2.28
Debt instrument position		1,552.06	124.16
Loans and deposits		377.62	30.21
Total credit risk		1,958.24	156.65
Operative risk:			
Total operational risk		753.25	60.26
Total market, credit and operational risk	$	7,666.00	613.27

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Assets at risk as of December 31, 2010:

		Risk weighted assets	Capital requirement
Market risk:			
Transactions in Mexican pesos at nominal interest rates	$	1,044.93	83.59
Transactions in Mexican pesos at premium nominal interest rates		572.11	45.77
Transactions in Mexican pesos at real interest rates or denominated in UDIS		82.51	6.60
Foreign currency transactions at nominal interest rates		0.60	0.05
Positions in UDIS or with returns updated with National Consumer Price Index (INPC)		3.37	0.27
Foreign currency positions or with exchange rate updated returns		234.35	18.75
Equity positions or with returns updated to the price of a single share or group of shares		2,486.66	198.93
Total market risk		4,424.53	353.96
Credit risk:			
Derivatives		44.38	3.55
Debt instrument position		1,092.56	87.40
Loans and deposits		234.22	18.74
Total credit risk		1,371.16	109.69
Operative risk:			
Total operational risk		474.96	38.00
Total market, credit and operational risk	$	6,270.65	501.65

(Continued)

(Pesos in millions)

Capital adequacy is monitored by the Market Risk trough of the capitalization levels, wich is monitored by monthly for the main operating limit of the Brokerage Firm, determined on basis of basic capital, thus achieving prevent possible capital shortfalls, and consequently take action if necessary.

(14) Income taxes (Income Tax (IT) and flat rate business tax (IETU) and employee statutory profit sharing (ESPS)-

Under the current tax legislation, companies must pay the greater of their IT or IETU. If IETU is payable, the payment will be considered final i.e. not subject to recovery in subsequent years. The IT Law in effect as of December 31, 2011 and 2010 provides for an IT rate of 30% and while in accordance with the tax reforms effective, the IT rate for fiscal 2012 is 30%, for 2013 the rate shall be 29% and for 2014 and thereafter, the rate is 28%. The IETU rate is l7.5% for 2011 and 2010.

Owing to the fact that, according the Brokerage Firm´s estimates, that the tax payable in future years will be IT, deferred tax effects as of December 31, 2011 and 2010 have been recorded on the same basis.

On May 19, 2004, the Brokerage Firm obtained a favorable resolution of an injunction proceeding (proceeding for relief) and obtained protection from the federal law against articles 16 and 17, last paragraph of the IT Law in force in 2002. Accordingly, the Brokerage Firm computes ESPS considering the same bases used to determine IT, except for the deductibility of loss in warrants.

IT and ESPS (expense) income incurred and deferred for the years ended December 31, 2011 and 2010 is as follows:

		2011		2010	
		IT	ESPS	IT	ESPS
Current taxes	$	(48)	(12)	(91)	(26)
Deferred taxes		(3)	(5)	(45)	(13)
	$	(51)	(17)	(136)	(39)

(Continued)

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Income tax expense attributable to income for the years ended December 31, 2011 and 2010, differed from the amount computed by applying the Mexican statutory rate of 30% IT, as a result of the item as shown as follows:

		IT			ESPS
December 31, 2011		**Base**	**Tax at 30%**	**Effective rate**	**at 10%**
Income before IT	$	193	(58)	(30%)	(19)
Allocation to current tax:					
Inflationary adjustment		(38)	12	6%	4
Financial instruments, repurchase resell agreements & derivatives net result		(5)	2	1%	1
Premiums on repurchase/resell agreements and interests		(100)	30	16%	10
Difference between book and tax depreciation		2	(1)	(1%)	-
Nondeductible expenses		43	(13)	(7%)	(4)
Provisions		(6)	2	1%	1
Warrants net effect		99	(30)	(15%)	(6)
Deduction of ESPS paid in the year		(26)	8	4%	2
Current and deferred ESPS provision		17	(5)	(3%)	(2)
Dividends on investment securities		(14)	4	2%	1
Non cumulative income		(4)	1	1%	-
Current tax		161	(48)	(25%)	(12)
Allocation to deferred tax (tax at 30%):					
Valuation of trading securities		34	(11)	(6%)	(3)
Premises, furniture and equipment		(3)	1	1%	-
Deductible ESPS		7	(2)	(1%)	(1)
Warrants net effect		(45)	14	7%	-
Expense accruals and others		18	(5)	(3%)	(1)
Deferred tax		11	(3)	(2%)	(5)
Income tax	$	172	(51)	(27%)	(17)

(Continued)

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December 31, 2010		**IT**		**ESPS**
	Base	**Tax at 30%**	**Effective rate**	**at 10%**
Income before IT	$ 384	(115)	(30%)	(38)
Allocation to current tax:				
Inflationary adjustment	(23)	7	2%	2
Financial instruments, repurchase resell agreements & derivatives net result	29	(9)	(2%)	(3)
Premiums on repurchase/resell agreements and interests	(1)	–	–	–
Difference between book and tax depreciation	4	(1)	–	–
Nondeductible expenses	19	(6)	(2%)	(2)
Provisions	(30)	9	2%	2
Warrants net effect	60	(18)	(5%)	(1)
Deduction of ESPS paid in the year	(36)	11	3%	4
Current and deferred ESPS provision	39	(11)	(3%)	(4)
Dividends on investment securities	(24)	7	2%	2
Non cumulative income	(116)	35	9%	12
Current tax	305	(91)	(24%)	(26)
Allocation to deferred tax (tax at 30%):				
Valuation of trading securities	100	(30)	(8%)	(10)
Premises, furniture and equipment	(4)	1	–	–
Deductible ESPS	8	(2)	–	–
Warrants net effect	13	(4)	(1%)	–
Expense accruals and others	31	(10)	(3%)	(3)
Deferred tax	148	(45)	(12%)	(13)
Income tax	$ 453	(136)	(36%)	(39)

Deferred IT and ESPS

The temporary differences that give rise to a deferred tax asset as of December 31, 2011 and 2010, respectively are details in the next page.

(Continued)

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	2011		2010	
	IT	**ESPS**	**IT**	**ESPS**
Prepayments	$ (11)	(4)	(10)	(3)
Valuation of financial instruments and derivatives	(5)	(2)	6	2
Valuation of available for sale securities	(84)	(28)	(95)	(32)
Premises, furniture and equipment	(37)	(12)	(38)	(13)
Deductible ESPS	6	2	8	3
Losses on warrants	59	–	46	–
Provisions and others	29	10	32	11
	(43)	(34)	(51)	(32)
Deferred IT and ESPS in the balance sheet	$ (77)		(83)	

The credit to income for deferred IT and ESPS for the years ended December 31, 2011 and 2010, comprise the following:

	2011		2010	
	IT	**ESPS**	**IT**	**ESPS**
Income deferred tax:				
Prepayments	$ (1)	(1)	(1)	–
Valuation of financial instruments and related interest	(11)	(3)	(30)	(10)
Premises, furniture and equipment	1	1	1	–
Deductible ESPS	(2)	(1)	(2)	–
Losses on warrants	13	–	(4)	–
Provisions and others	(3)	(1)	(9)	(3)
	(3)	(5)	(45)	(13)
Deferred IT and ESPS in the statement of income	$ (8)		(58)	
Deferred tax in stockholders' equity:				
Valuation of available for sale securities	$ 11	3	(46)	(15)
Deferred IT and ESPS in the stockholders' equity	$ 14		(61)	

(Continued)

(Pesos in millions)

The Brokerage Firm evaluates the recoverability of the deferred tax assets, based on a review of deductible temporary differences. However the amount of deferred tax assets actually realized could be reduced if future taxable income were less than expected.

Other considerations:

In accordance with Mexican tax law, the tax authorities are entitled to examine transactions carried out during the five years prior to the most recent income tax return filed.

Corporations carrying out transactions with related parties, whether domestic or foreign, are subject to certain limitations and requirements as to the determination of prices, since such prices must be equivalent to those that would be used in arm's-length transactions.

(15) Memorandum accounts-

Transactions on behalf of third parties-

The funds managed by the Brokerage Firm for investing in various instruments on behalf of its customers are recorded in memorandum accounts. The resources from these operations at December 31, 2011 and 2010 are analyzed as follows:

Custody transactions	**2011**	**2010**
Mutual funds	$ 33,956	32,215
Government securities	57,581	51,653
Shares and others	110,395	107,814
	$ 201,932	191,682

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Collaterals delivered as guarantee on behalf of clients to fair value at December 31, 2011 and 2010, are analyzed as follows:

	2011	2010
Government securities	$ 354	674
Fixed income debt securities	10	167
Shares and holding companies certificates	849	1,072
Mutual funds shares	156	69
Cash	95	191
Margen credits	–	20
	$ 1,464	2,193

Income earned on assets under custody during the years ended December 31, 2011 and 2010 amounted to $53 and $52, respectively.

Repurchase/resell transactions on behalf of customers-

At December 31, 2011 and 2010, the repurchase/resell transactions of customers are analyzed as follows:

	2011		2010	
	Number of certificates	Fair value	Number of certificates	Fair value
BPAS	24,313,184	$ 2,422	7,792,874	$ 777
BPAT	63,823,265	6,371	18,783,784	1,881
CBPC	2,810,546	282	575,039	58
CBUR	3,061,331	308	3,695,527	369
CTIM	119,034,952	1,172	350,362,340	3,428
IPAS	44,162,097	4,443	57,110,000	5,730
MBON	19,828,674	2,071	39,993,871	4,265
PRLV	2,348,375,088	2,322	1,647,569,196	1,637
LBON	93,663,992	9,293	112,182,757	11,175
UDIB	1,172,841	563	1,745,962	821
		$ 29,247		$ 30,141

(Continued)

(Pesos in millions)

Collateral received and sold or delivered as guarantee by the entity-

Collateral represented by government debt securities received and collateral sold or delivered by the Brokerage Firm at December 31, 2011 and 2010, are analyzed as follows:

	2011		2010	
	Number of certificates	**Fair value**	**Number of certificates**	**Fair value**
BPAS	23,136,823	$ 2,305	6,844,093	$ 682
BPAT	51,181,390	5,109	25,429,176	2,547
CTIM,	9,704,803	94	452,256,079	4,436
IPAS	35,752,368	3,596	50,775,226	5,092
LBON	80,694,927	8,021	76,820,270	7,650
MBON	18,458,720	1,929	39,993,871	4,265
UDIB	184,651	89	682,681	321
		$ 21,143		$ 24,993

(16) Commitments and contingencies-

(a) Lawsuits and litigation-

The Brokerage Firm is involved in a number of lawsuits and claims arising in the normal course of its business. Management does not expect that the final outcome of these matters will have a significant adverse effect on the Brokerage Firm's financial position and results of operations.

(b) Leases-

The Brokerage Firm leases and subleases office space from related and third parties in according with the current lease agreement. Total rental income and expense for 2011 amounted to $9 and $10, respectively (in 2010 amounted to $8 and $16 respectively).

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(17) Additional information on operations and segments-

(a) Segment information-

The Brokerage Firm operates in different segments such as capital markets, money markets, mutual funds and investment banking. Segment data on statement of income for the years ended December 31, 2011 and 2010 are show as follows:

		2011	2010
Revenues:			
Capital markets	$	155	182
Money market		88	48
Mutual funds		317	286
Investment banking		65	104
Securities portfolio		88	126
Other income		230	337
		943	1,083
Expenses:			
Personnel		478	450
Fixed expenses		61	63
Operating		178	170
Depreciation and amortization		12	9
Interest paid		3	4
Write offs		18	3
		750	699
Income before taxes		193	384
Current income taxes		(48)	(91)
Deferred income taxes		(3)	(45)
Net income	$	142	248

(Continued)

(Pesos in millions)

(b) Financial ratios-

Following are the fourth quarter financial ratios of the Brokerage Firm for the years ended December 31, 2011 and 2010:

	2011	**2010**
Creditworthiness (*total assets / total liabilities*)	1.13%	1.16%
Liquidity (*liquid assets/liquid liabilities*)	1.11%	1.14%
Leverage (total liabilities-liquidation of the entity (creditor) / stockholders' equity)	7.62%	6.20%
ROE (*annualized net income for the quarter/ average stockholders' equity*)	7.50%	8.92%
ROA (*annualized net income for the quarter/ average total assets*)	0.75%	1.33%
Capital requirement/ Global capital	35.33%	27.55%
Financial margin / Total operating income	27.33%	18.57%
Operating income (loss) / Total operating income	19.17%	26.07%
Total operating income/ Administrative expenses	123.71%	135.26%
Administrative expenses / Total operating income	80.83%	73.93%
Net income / Administrative expenses	18.71%	22.88%
Personnel expenses / Total operating income	56.69%	44.80%

Notes

- *The indicators related to results correspond to annualized quarterly nominal cash flows.*
- *The Solvency, Liquidity and Leverage indicators are stated in number of times.*

(Continued)

(18) Comprehensive risk management- (unaudited)

The ultimate purpose of the Brokerage Firm is to generate shareholder value by maintaining the organization’s stability and creditworthiness. Sound financial management increases the profitability of performing assets, helps maintain appropriate liquidity levels and provides control over potentials exposure to losses.

The major risks inherent in the Brokerage Firm’s operations are market, credit, liquidity, operating and legal. In compliance with the provisions issued by the Commission and the guidelines established by The Bank of Nova Scotia (BNS), the Brokerage Firm continues to implement initiatives designed to strengthen the comprehensive risk management function.

To identify, measure, and monitor risks, a Comprehensive Risk Management Unit has been established with overall responsibility for the Brokerage Firm.

In accordance with the provisions applicable to the brokerage firms,issued by the Commission the Board of Directors is responsible for establishing risk control procedures and the Brokerage Firm’s overall risk exposure limits. Furthermore, the Board of Directors entrusts the implementation of the procedures designed to measure, manage and control risks to the Risk Committee. In turn, the Risk Committee delegates responsibility for implementing the procedures designed to measure, manage, and control risks to the Asset-Liability Committee (CAPA) and the Internal Control Committee, the responsibility of the implement the procedures to the measuring and risk control, in accordance with the policies established.

(a) Market risk-

Market risk management consists of identifying, measuring, monitoring and controlling risks derived from fluctuations in: interest rates, market prices, indices and other risk factors in the money, capital and derivatives markets to which the Brokerage Firm's own positions are exposed.

The CAPA reviews every two weeks of the strategies and actions related to the Brokerage Firm's exposure to market risk.

Trading positions are marked to market on a daily basis, are taken in liquid markets which avoids high costs at the time such positions are liquidated and are measured daily using the Value at Risk (VaR) method.

The Risk Committee authorizes individual limit structures for each of the financial instruments traded in the markets and by business unit. The limit structure considers mainly volumetric or notional amounts for value-at-risk, stop loss, diversification, stress, marketability, and other limits.

At least once a year, the Board of Directors authorizes risk measurement policies and the structure of risk tolerance limits for VaR as well as volumetric and notional amounts. These limits are established in relation to the Brokerage Firm's stockholders' equity.

For valuation and risk models references are used on updated prices, interest rate curves and other risk factors provided by the price supplier "Valuación Operativa y Referencias de Mercado, S. A. de C. V." (Valmer). The criteria adopted by such price supplier are determined based on technical and statistical aspects and valuation models authorized by the Commission.

VaR is calculated using the historical simulation method with a 300 working-day time span. To conform to the measurement methodologies used by BNS, the Brokerage Firm calculates VaR considering a 99% confidence level and one day holding period, with the purpose of homologate measurement methodologies with those that exist in BNS.

VaR calculations are performed by instrument, market and globally, considering the correlation existing between the various risk factors. VaR is calculated using the Risk Watch methodology developed by Algorithmics. The Brokerage Firm's average global VaR (unaudited) of ten days observed daily during the fourth semester in 2011 was $5.81 nominal.

(Pesos in millions)

The Brokerage Firm's risk positions and their value at risk (unaudited) from October 1, to December 31, 2011 are analyzed as follows:

	Position			VaR	
	Average	**Maximum**	**Limit**	**Average 1d**	**Limit**
Brokerage Firm	22,594	27,526	–	5.8	25.0
Money market	22,493	27,932	–	2.4	25.0
Capital market	77	111	200	2.4	10.0
Derivate CPI/1	22	66	2,880	–	–
Total capitals and derivatives CPI	101	176	3,086	5.2	10.0

1/ Includes CPI futures and options of the capitals derivative table, its VaR is included in the Warrants portfolio. The 1 d average Warrant VaR is MXN 4.7 MM that is computed with the Capitals VaR.

The average global VaR of 1 day for the Brokerage Firm during fourth quarter of 2011 was $5.81 and the global value at December 31, 2011 was $5.86 (unaudited information).

As an example, the Brokerage Firm's average value at risk of the quarter on money market and interest rate derivatives was $2.4, this means that under normal conditions and a 1-day holding period, the possibility of losing more than that amount is 1%, assuming that the behavior over the past 300 days of operations is representative for estimating the loss.

During the last quarter of 2011, the Brokerage Firm participated in the Mexican Derivatives Market called "MexDer" through future and option contracts on the CPI (Mexican Stock Exchange Price and Quotation Index). The positions and the number of contracts that were negotiated and their value at risk are analyzed on the next page (unaudited information).

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	Position		
	Average	**Maximum**	**Limit**
Interest rate futures TIIE28	-	-	945,000
CE91 futures	-	-	90,000
BonoM futures/1	-	-	37,550
CPI futures/2	63	182	750

1/ The limit of M Bond futures include 15,000 futures contracts of M20 Bonds, 20,000 future contracts of M1 Bonds, 300 Bond futures contracts of M3 Bonds, 750 future contracts of M5 Bonds 1,500 M30 contracts.

2/ Includes trading desk contracts. Average VaR for 1-day holding period CPI futures contracts is $0.53 MM and is included in the Global VaR of capitals.

The average total position of CPI futures listed on Mexican Derivatives Exchange (MexDer) for Board Equity and Equity Derivatives for the quarter is $114.6. Only the Equity Derivates area may trade in CPI Futures Options on MEXDER; no transactions were carried out in the quarter.

It's important to know that stock exchange index (CPI) futures and options priority are to covered primary market risk about the positions of optional stocks or warrants that are issued for clients. The Brokerage Firm issued an average of warrants exchange index (CPI) and stock exchanges for $7,029.8 with a maximum of $8,488.1.

Since VaR is used to estimate potential losses under normal market conditions, "stress testing" is performed monthly assuming extreme conditions, with the purpose of determining risk exposure under unusually large market fluctuations. The Risk Committee has approved stress limits.

As of December 31, 2011, the stress testing was $223.2, which with respect to the $800 limit, is favorable. The stress limit is based on the Brokerage Company's stockholders' equity and is adjusted on a monthly basis. The scenarios used for this test are the 1994 and 1998 financial crisis in México as hypothetical scenarios.

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To measure effectiveness, backtesting is performed monthly to compare actual losses and gains with one-day VaR calculations and thus calibrate models. The models' efficiency level is based on the approach established by the Bank for International Settlements (BIS).

Respect Back-Testing tests, during the quarter Oct-Dic/11 occurred excess in P&L with respect to VaR on CPI Futures, Rates Swaps, M Bond Futures, Global Brokerage Firm, due to the high volatility occurred in the interest rate, capital and foreign exchange markets in Q4/2011.

There are policies and procedures in place to inform and immediately correct positions that exceed the established limits. Also, the CAPA is informed weekly and the Risk Committee and the Board of Directors are informed monthly of these exceptions.

Sensitivities-

Qualitative information on sensitivities

The Brokerage Firm has a specialized Trading Risk Analysis area which maintains continuous and methodic supervision of valuation, risk measurement and sensitivity analysis processes. Such area is in constant contact with operators responsible at the various markets.

Daily, the risk area calculates the market risk sensitivities for each portfolio to which the entity is exposed. During the quarter no changes were made to the assumptions, methods or parameters used for this analysis.

On the next page is a description of the methods, parameters and assumptions used for the portfolio of stock, currencies, interest rates and derivative products.

(Continued)

Interest rate portfolio

Sensitivity measures for fixed-income instruments (bonds) are based on estimating the behavior of the portfolio's value when faced by a change in the market interest rates. In referring to market interest rates, reference is made to the yield curve (not zero-coupon curves) because it is the yield curves which are listed on the market and better explain the behavior of losses and gains.

The sensitivities of the fixed-income instrument portfolio are based on the durations and convexities depending on the type of instrument. In any event, 2 types of measurements are produced; i) the expected change in the value of the portfolio when faced by a 1 base point (0.01%) change in the yield curve; and ii) the expected change in the value of the portfolio when faced by a 100 base point (1%) change in the yield curve. For purposes of this disclosure, only 1 base point changes are informed.

The values estimated based on the duration and convexity methodology are a good approximation of the values obtained using the complete or "full-valuation" methodology.

For floating rate bonds two types of sensitivities are calculated: the free risk rate and the spread sensitivity.

In the case of zero coupon bonds, the calculation of the sensitivity of non-coupon instruments as duration the maturity (expressed in years) is used.

Stock and CPI index derivatives portfolio

Stocks: For purposes of the stock position, the sensitivity is obtained by calculating the issue delta within the portfolio. Delta is defined as the change in the portfolio's value when the underlying changes 1%.

Capitals derivatives

Currently, the Brokerage has opted for carrying out stock derivatives transactions through the CPI index futures listed on the MexDer. Their sensitivity is calculated using the Delta. This portfolio has limits, expressed in terms of notionals.

Delta is defined as the change in value of a derivative with respect to changes in the underlying. Delta risk is defined as the change in the value of the option when faced by a change of predetermined magnitude in the value of the underlying (for example 1%). It is calculated by valuing the option with different underlying levels (one original and one with a +1% shock), holding all other parameters constant.

For futures, the calculation of the sensitivity is the Delta, defined as the change of value of a derivative with respect to changes in the underlying. Furthermore, Rho is defined as the sensitivity before changes in the interest rate. In the case of futures contracts, this sensitivity may be estimated based on the available market information. The Brokerage defines Rho as the change in the portfolio's value before a change of 100 base points (parallel) in the reference interest rates.

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In the case of non-linear products such as warrants and options, delta and the so called "Greeks" are deemed a sensitivity measures. The calculation of sensitivities is based on the valuation model of options over futures, known as Black's 1976 option pricing formula.

Delta risk is defined as the change in value of an option before a change of a predetermined magnitude in the value of the underlying (for example 1%). It is calculated by valuing the option with different underlying levels (one original and one with a +1% shock), holding all other parameters constant.

Gamma is supplementary to the delta risk and is another sensitivity measure of the value of an option with respect to the value of an underlying. Gamma measures the rate of change of the delta before a change in the level of the underlying, is analogous to the calculation of the delta, and may be interpreted analytically as the second partial derivative of the Black & Scholes function with respect to the underlying.

Rho is the sensitivity measure of an options portfolio to changes in interest rates. Mathematically speaking, Rho is the first partial derivative of the Black and Scholes function with respect to interest rates. Rho is defined as the change in value of an options portfolio before an increase of 100 base points (+1%) in interest rates. Overall, the sensitivity of an options portfolio to the interest rate is less compared with the sensitivity of the price of the underlying (delta) or of the implied volatilities (Vega).

Theta is the sensitivity measure of an options portfolio that indicates the change in the value of a portfolio with the passage of time. Theta is defined as the change in the value of a derivative product with the passage of time. Theta is calculated solely for informative purposes and for gain/loss analyses being that it does not actually represents a market risk but a concrete, predictable and quantifiable event.

Vega is the name of the sensitivity measure of the value o fan options portfolio when faced by changes in the market volatilities of the underlying. In general, a long position in options benefits from an increase in the volatility of an underlying and a short position has the opposite trend, except for certain exceptions as is the case of binary options.

(Continued)

(Pesos in millions, except where noted)

Dividend Risk. The valuation of options on indices or stock implies a known continuous compound rate. However, dividends are an estimate and, therefore, an unknown variable, representing a risk factor for valuation purposes and the resulting gain/loss analysis of transactions with options.

There is no Greek letter assigned to the sensitivity of dividend risk and, in the case of options on indices and stock, the measure is made by increasing the dividend rate 1% (i.e. from 1% to 1.01%).

Quantitative information on sensitivities.

Quantitative information of interest rate sensitivities

Below are the sensitivities of 1 basis points (bp) as of September 30 and December 31, 2011 (unaudited information):

Sensibilidad 1pb	**September 2011**	**December 2011**
Fix rate	0.141	0.257
Revisable rate	0.055	0.032
Subtotal interest rates	0.196	0.289
Subtotal interest rates derivates	0.000	0.000
Total	0.196	0.289

At December 31, 2011, the Brokerage Firm presents a sensitivity in its interest rate portfolios of $0.289, which indicates that for each base point the interest rate decreases, the Brokerage Firm would earn a profit of $0.289. Compared with the preceding quarter, the position hasn’t change.

Should the sensitivity scenario of the above table materialize, the losses would directly impact the Brokerage Firm results of operations.

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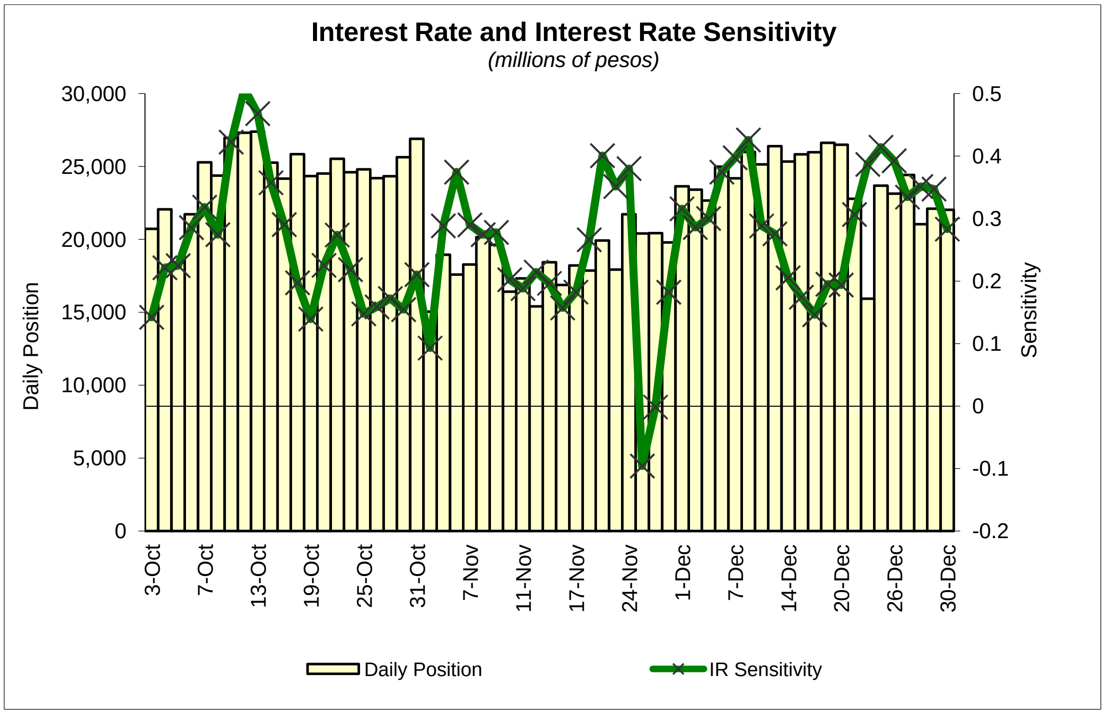
As follows is a chart showing the evolution of the sensitivity for interest rates and interest rate derivatives as the net portfolio effect, (unaudited information).



As noted in the chart, there was no significant change in the sensitivity during the last quarter.

The Brokerage Firm considers only long positions in the money market; therefore, sensitivity is always negative, which means that in case of a one basis point to increase, the position in the money market would loss an amount equal to the sensitivity amount. .

In case that the scenario of the chart above occurred, losses would impact directly on the Brokerage Firm results.

(Continued)

(Pesos in millions)

Below shows statistical data for the fourth quarter 2011 considering the one basis point change: maximum, minimum and average. On average, sensitivity was $0.263 (unaudited information).

	Average	Maximum	Limit
Interest rates	$ 0.263	0.508	(0.096)

Sensitivities for the shares portfolio and CPI derivatives

Below are the sensitivities as of September 30 and December 31, 2011 (unaudited information):

	September 2011	December 2011
Shares	$ 0.0765	(0.3411)
CPI Futures	(0.0008)	0.0000
CPI Options Fut	0.0000	0.0000
Warrants	(0.0029)	0.0005
Subtotal	(0.0037)	0.0005
Total	$ 0.0728	(0.3406)

During the quarter, the Capital desk continued with its strategy of conducting intraday transactions. Compared with the proceeding quarter, it registered a decrease a position, transferring from a large sensitivity to short sensitivity. The main stock shares are Elektra (variety of goods and services), Peñoles (mining industry) and TX * (Ternium, S.A. de C.V. produces steel).

As for the position on CPI, the strategy continues for hedging on new warrants issues and brokerage between CPI futures and capital markets.

If the sensitivity scenario shown in the table above occurred, it would impact directly on the results of the portfolio. At December 31, 2011, the Brokerage Firm present a sensibility to CPI for $0.00, due this position is zero days.

(Continued)

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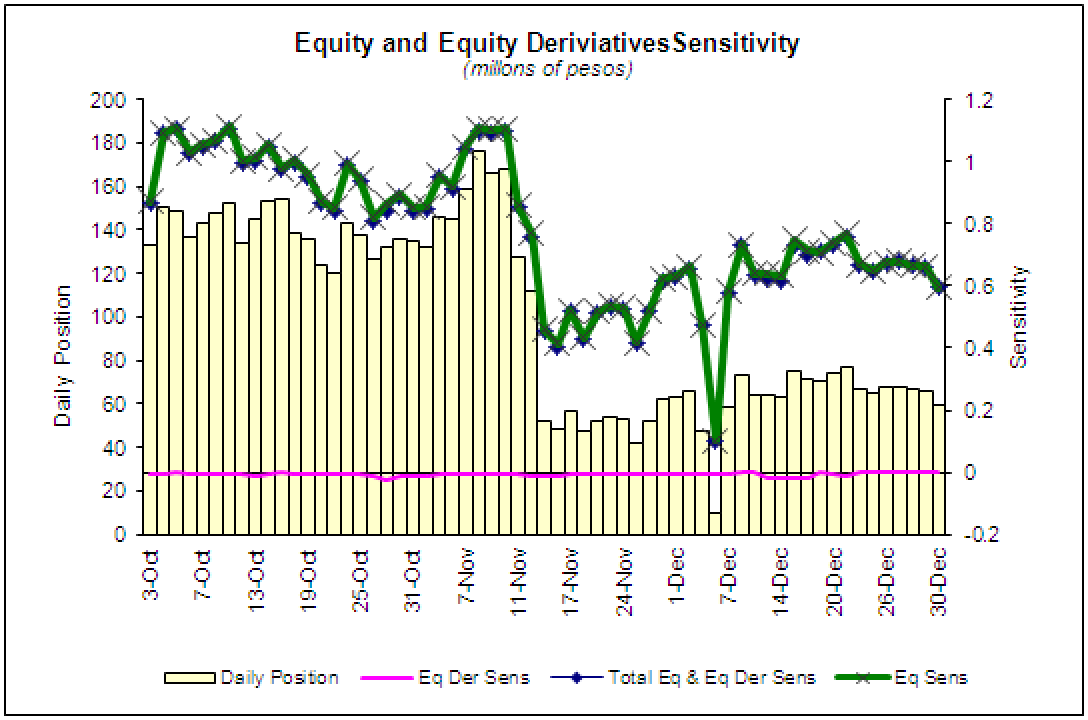
(Pesos in millions)

The chart below shows the daily sensitivity evolution of the equity portfolio. The daily position of the equity portfolio is also shown (unaudited information).



The securities shares portfolio of the Brokerage Firm consists of shares securities and CPI derivatives. The average for the quarter was $0.773 as shown below (unaudited information):

Sensitivities 1% delta		**Average**	**Maximum**	**Limit**
Shares	$	0.779	1.112	0.103
Derivate CPI		(0.006)	0.001	(0.025)
Total	$	0.773		

(Continued)

(Pesos in millions)

Sensitivity measurements for nonlinear financial instruments as of December 31, 2011 are shown in the table below (unaudited information).

Sensitivities of CPI warrants and options, "Greeks"

Greeks		**Delta**	**Gamma**	**Vega**	**Theta**	**Rho**	**Dividend risk**
Warrants	$	(784.570)	(40.105)	(0.361)	0.085	22.301	0.698
Options Fut CPI/ Options OTC		421.521	31.302	(0.220)	0.179	(21.530)	–
Futuros CPI		189.653	–	–	–	–	–
Naftracs / shares		169.725	–	–	–	–	–
Total	$	(3.671)	(8.803)	(0.581)	0.264	0.771	0.698

Based on the definitions described earlier, the interpretation of the Delta of a portfolio is shown by way of example in the Equity Derivatives section. As of December 31, 2011, the Brokerage Firm has a Delta value of $784,570, denoting that in case of a 1% increase in the underlying price, the Brokerage Firm would generate a profit of $784,570.

The following table shows the average, maximum and minimum sensitivities of CPI warrants and options (unaudited information):

	Delta	**Gamma**	**Rho**	**Vega**
Mínimum	0.117	0.336	0.001	0.006
Maximum	77.977	51.550	0.938	2.533
Average	18.970	13.909	0.229	0.589

Treatment for market risk on available-for-sale securities – At year-end, December 2011, the Brokerage Firm's position of available-for-sale securities amounted to $469.3.

Available-for-sale securities are considered in the structural position of Brokerage Firm.

(Pesos in millions)

Sensitivities for available-for-sale and held-to-maturity securities – At December 31, 2011, the sensitivity of investment securities classified as available-for-sale and held-to-maturity represent 0.73% of the book value.

Available for sales values	469.3
Sensitivities ($)	3.4
Sensitivities (%)	0.73

For comparative purposes it shows the sensibility at September 2011, as follows:

Available for sales values	421.0
Sensitivities ($)	2.9
Sensitivities (%)	0.68

(b) Liquidity risk-

The Brokerage Firm's liquidity risk results from its intermediation activities in the money, capital, and derivatives markets.

The liquidity risk is monitored and controlled in the aggregate by currency through cumulative liquidity gaps and minimum requirements of liquid assets.

The Risk Management area oversees liquidity risks and currently issues a weekly report for the CAPA on liquidity gaps, which identifies the cash flows of the Brokerage Firm's own asset position and funding sources.

Management estimates the liability renewal amounts and based on such estimate it foresees that the Brokerage Firm's cash flow would be zero under normal conditions. However, the Brokerage Firm maintains liquid assets. During the last quarter of 2011 and 2010 the average of liquid assets (unaudited) was $2,846 and $2,020, respectively.

The cumulative gap indicates the Brokerage Firm's cash commitments in this period and the Liquid Assets will serve as funds for complying with its commitments in case there is no availability of other funding sources.

(Continued)

(Millions of pesos, except the stock price)

Liquidity gaps for investment securities -The liquidity risk of investment securities arises from the difficulty or impossibility of carrying out securities transactions resulting in unusual sale discounts.

The investment securities to Brokerage Firm had the maturity line as follows: (unaudited information):

Maturity (years)		Held to Maturity	Available for sale	Trading	Total for maturity period	Concentration
December 2011						
0.5	$	–	–	5,625.8	5,625.8	37%
1		–	–	1,384.7	1,384.7	9%
2		–	–	181.1	181.1	1%
3		–	–	2,034.7	2,034.7	14%
4		–	–	547.7	547.7	4%
> = 5		–	–	3,779.3	3,779.3	25%
Without maturity		–	469.3	1,020.9	1,490.2	10%
Total	$	–	469.3	14,574.2	15,043.5	100%

At year-end December 2011, the Brokerage Firm position of available-for-sale securities amounted to $469.3. Available-for-sale securities are considered in the structural position of the Brokerage Firm.

(c) Credit risk-

Credit risk results from potential non-compliance by the issuer of a financial instrument or counterparty to a transaction, of any of the terms of the purchase/sale agreement or prospectus of any financial instrument.

The Brokerage Firm has implemented and adapted to Mexico's conditions, the CreditMetrics® methodology for measuring and controlling the credit risk of its various portfolio segments.

The portfolios and segments to which the Credit Risk measurement methodology applies at the Brokerage Firm are: a) Non-traditional Portfolio: Money and Derivatives Market.

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- This methodology allows estimating expected and unexpected losses from measures of the likelihood of occurrence of credit events (transition matrix), including the likelihood of default.

- The expected loss represents an average estimate of the impact of defaults over a 12-month period.

- The unexpected loss is a measure of dispersion from the expected loss.

- In determining the non-expected loss *("Credit VaR")* a 99.75 % confidence level and a one-year horizon are used.

- Additionally, stress testing assuming extreme conditions is performed both for the expected and the unexpected loss.

The *Creditmetrics* system is used in measuring credit risks, with criteria similar to those used by the Scotiabank.

Average losses expected and unexpected in millions of nominal pesos for the fourth quarter of 2011 and 2010 are as follows (unaudited information):

		2011	**2010**
Exposure	$	13,267	22,378
Unexpected loss		750	32
Expected loss		3	-

Credit risk in investment securities – On the next page is a summary of exposures, credit rating and concentration by risk level of investment securities at the close of September and December 2011 (unaudited information).

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S&P Brokerage Firm		**Held to Maturity**	**Available for sale**	**Trading Securities**	**Total for risk**	**Concentration**
December 2011						
mxAAA	$	–	–	9,203.1	9,203.1	61%
mxAA		–	–	15.0	15.0	–
mxA		–	–	4,335.2	4,335.2	29%
mxBBB		–	–	–	–	–
mxBB		–	–	–		–
mxB		–	–	–	–	–
Without rating		–	469.3	1,020.9	1,490.2	10%
Total	$	–	469.3	14,574.2	15,043.5	100%
Concentration		0%	3%	97%	100%	
September 2011						
mxAAA	$	–	–	14,008.8	14,008.8	70%
mxAA		–	–	11.2	11.2	–
mxA		–	–	4,568.7	4,568.7	23%
mxBBB		–	–	–	–	–
mxBB		–	–	–	–	–
mxB		–	–	–	–	–
Without rating		–	421.0	980.0	1,401.0	7%
Total	$	–	421.0	19,568.7	19,989.7	100%
Concentration		0%	2%	98%	100%	

Credit risk on derivatives transactions – At September 30 and December 31, 2011, counterparty risk on transactions with derivative financial instruments is 100% with financial institutions.

(Continued)

(d) Operational risk-

In accordance with the general regulations applicable to Brokerage Companies as regards comprehensive risk management, which were set forth in the Fifth Section of the Third Chapter and published in the Official Gazette in September 2004, Operational Risk is a non-discretionary risk, which is defined as the potential loss arising from failures or deficiencies in internal controls, errors in transaction processing or storage or in data transmission as well as loss resulting from adverse judicial and administrative resolutions, frauds or theft. Operational Risk comprises technological risk and legal risk, among others.

For compliance with the rules on operational risk established by the aforementioned provisions, the Brokerage Firm has put in place policies and procedures enabling it to implement an appropriate operational risk management process, which are described it follows:

- Policies for Operational Risk Management.- These policies primarily promote the risk management culture, particularly as to operational risk, so that the Brokerage Firm can measure, identify, monitor, limit, control and disseminate the operational risks inherent in the day-to-day activities.

- Manual for Operational Risk Data Gathering and Classification.- These policies define the requirements for reporting the information that supports the measuring processes, including the scope, functions and responsibilities of the units providing the information, as well as its classification and specific characteristics.

- Levels of Operational Risk Tolerance – aimed at having an operational loss management tool that allows each of the Brokerage House's areas to know the tolerance levels of losses applicable to each assumed loss event and encouraging improvements in the management process of Operational Risks within each area and that the latter implement, insofar as possible, the necessary actions to minimize the risk of future losses.

(Continued)

- Key Risk Indicators (KRI) - this process allows the Brokerage Firm to establish indicators from variables drawn from processes, which performance is related to the degree of risk assumed. By monitoring each indicator, trends are identified that enable managing the indicator's values over time, assuming that by controlling these values the associated risk factor is maintained within the desired levels. To this end maximum and minimum admissible values are established for each of the indicators selected, so that mitigating/corrective action is automatically initiated once these values are exceeded.

- Estimated Legal Risk Loss Model - the Brokerage Firm has a methodology for estimating expected and unexpected legal risk losses whereby it assesses potential loss as a result of adverse judgments in lawsuits in process. Such methodology is based on past experience of prior year losses, which data undergoes a severity and frequency of occurrence analysis to determine the likelihood of loss in relation to legal matters in process.

The Brokerage Firm also has a structured methodology for self-assessment of operational risks, which is applied throughout the organization and through which it identifies operational risks inherent to its processes. Its objectives are as follows:

- Evaluating the potential impact of significant operational risks identified on the Brokerage Firm’s objectives, competitiveness, profitability, productivity and reputation;

- Prioritizing, based on impact and significance, action for mitigating operational risks;

- Guiding each of the Brokerage Firm’s units in their operating risk management processes;

- Rely on a systematic procedure so that Brokerage Firm is aware of the operational risks to which it is exposed.

- Comply with the requirements set forth in sections I, II and III of article 142 of the General Regulations applicable to Brokerage Companies.

(Continued)

(Pesos in millions, except database of optional risk losses)

As a result of the management process of the Operational Risk, the Brokerage Company has identified operating risks derived from legal contingencies in the amount of $46.6. Should this situation occur, there would be a negative impact on the results of operations of the Brokerage Firm, which have already been fully provided for. Also, the expected loss from such contingencies is estimated in $2.3 and the unexpected loss in $37.0.

At the close of 2011, the Brokerage Firm had built a historic database of operational risk losses, which includes losses incurred for the period from January 2007 to December 2011, summarized into 2,776 loss events with a total value of $34.0, classified into 9 risk categories, detailed in the next page (unaudited information).

Database of Operational Risk Losses (thousands of pesos).

Risk Factors	**2007**	**2008**	**2009**	**2010**	**2011**	**Total**	**Number**	**Average amount**
Trading	$ 897	–	–	–	–	897	7	128
Regulatory (fines)	108	844	254	104	8,380	9,690	20	485
Frauds (internal and external)	–	–	–	–	11,880	11,880	3	3,960
Errors in executing transactions	63	216	256	671	6,064	7,270	207	35
Unrecoverable	505	899	484	611	69	2,568	2,314	1
Phishing	4	–	–	–	–	4	1	4
Changes	–	3	–	–	–	3	1	3
Legal	–	–	–	1,312	–	1,312	2	656
Policies and procedures	–	–	–	4	334	338	221	2
Total	$1,577	1,962	994	2,702	26,727	33,962	2,776	12

At December 31, 2011**,** the Brokerage Firm the scores obtained from the following agencies:

National scale (Caval)	**Long term**	**Short term**	**Perspective**
Moody's	Aaa.mx	MX-1	Stable
Standard & Poor´s	mxAAA	mxA-1+	Stable

(e) Technological risk-

The technological risk is defined as a potential loss from damage, interruption, disruption or failure from the use of hardware, software, systems, applications, networks and any other channel of transmission of information in the providing services to institutional clients.

In order to meet the requirements of regulation on technological risk, the Group has management policies technological risk. These policies describe the guidelines and methodology for assessing risk. Additionally, management systems have policies, procedures and systems that support compliance with the requirements in terms.

(19) Recently issued financial reporting standards-

The CINIF issued the FRS and Improvements listed below:

FRS B-3 *"Statement of comprehensive income"*- FRS B-3 supersedes FRS B-3 "Statement of Income", Bulletin B-4 "Comprehensive Income" and the FRS Guideline 1 "Presentation or disclosure of the operating income or loss", and is effective beginning January 1, 2013. The principal changes with respect to the superseded FRS B-3 include the following:

- The comprehensive income may be presented in one or two statements as follows:

  a) In one statement: all the line items that comprise the net income or loss, as well as other comprehensive income (OCI) and the equity in the OCI of other entities shall be presented in one single document and shall be named "Statement of Comprehensive Income".

  b) In two statements: the first statement shall include solely the line items that comprise the net income or loss and shall be named "Statement of Income" and, the second statement shall bring forward the net income or loss reported at the end of the statement of income and present right away the OCI and the equity in the OCI of other entities. This statement shall be named "Statement of Other Comprehensive Income".

- The OCI shall be presented right after the net income or loss.

(Continued)

- Items shall not be presented in a segregated manner as non-ordinary, neither in the financial statement nor in the notes to the financial statements.

- Certain points are clarified regarding the items that shall be presented as part of the comprehensive financial results.

- “Other income and expenses” shall regularly include amounts that are not relevant and shall not include operating items (such as gain or loss on sale of property, plant and equipment and the ESPS); thus, it is not required that it be presented in a segregated manner.

FRS B-4 *“Statement of changes in stockholders’ equity”-* FRS B-4 is effective for fiscal years beginning January 1, 2013 and is applicable retrospectively. It mainly requires that the following be presented in a segregated manner under the statement of changes in stockholders’ equity:

- Reconciliation between the initial and final balances of the line items that comprise the stockholders’ equity.

- If applicable, retrospective adjustments arising from accounting changes and error corrections, which have an effect on the initial balances of each of the line items that comprise the stockholders’ equity.

- Give a breakdown of ownership transactions relating to owners’ equity in the entity.

- Reserve transactions.

- Comprehensive income in one line item, but broken down into all the items that comprise it: net income or loss, other comprehensive income, and the equity in the other comprehensive income of other entities.

2012 FRS Improvements

On December 2011 the CINIF issued the document entitled "2012 FRS Improvements", which contains some specific modifications to FRS. The improvements that generate accounting changes are show in the next page.

(Continued)

- **FRS A-7 "Presentation and disclosure"-** FRS A-7 revises and adds certain paragraphs in order to clarify disclosure requirements with respect to key assumptions used at the end of the accounting period, to determine accounting estimates that imply uncertainty with a relevant risk of generating significant adjustments in the carrying amount of assets or liabilities in the following accounting period. These Improvements are effective beginning January 1, 2012 and are retrospectively applicable.

- **Bulletin B-14 "Earnings per share"-** This bulletin establishes for those entities within its scope, the disclosure of diluted earnings per share regardless of whether there is income or loss from continuing operations. This revision is effective for fiscal years beginning January 1, 2012 and is retrospectively applicable.

- **FRS C-1 "Cash and cash equivalents"-** FRS C-1 requires the presentation of restricted cash in the line item of "cash and cash equivalents", if the restriction expires within the twelve months following the date of the statement of financial position or in the regular course of the entity's operations. If the restriction expires at a subsequent date, it shall be classified as a long-term asset and named "restricted cash and cash equivalents". This revision is effective for fiscal years beginning January 1, 2012 and is retrospectively applicable.

- **Bulletin C-11 "Stockholders' equity"-** Elimination of recognition of donations received by for-profit entities in the contributed stockholders' equity. This revision is effective for fiscal years beginning January 1, 2012 and is prospectively applicable as to changes in valuation and retrospectively applicable as to changes in presentation

Management estimates that the effects of the 2012 FRS Improvements will be immaterial.