

# Q2 2011 | second quarter results



## SECOND QUARTER FINANCIAL HIGHLIGHTS

Compared to the same period a year ago:

TOTAL REVENUE AFTER PCLs OF P\$3,455 MILLION, COMPARED TO P\$3,423 MILLION

NET INCOME OF P\$635 MILLION VERSUS P\$660 MILLION

PRODUCTIVITY RATIO OF 64.0% VERSUS 58.8%

BANK'S CAPITAL RATIO DECREASED TO 16.9% VERSUS 17.2%

PROVISIONS FOR CREDIT LOSSES OF P\$448 MILLION, COMPARED TO P\$636 MILLION

Grupo Scotiabank reports earnings of P\$635 million for the second quarter supported by improving credit quality

### Scotiabank Mexico

Financial and Operating Indicators:

#### 1 CONTINUED GROWTH:

- Business loans up 13%
- Mortgages up 4%
- Demand and Savings account balances up 5%

#### 2 CREDIT RISK MANAGEMENT:

- Past due portfolio at 2.9% of total loans compared to 4% in the prior year
- Allowance for credit losses coverage at 113% of past due portfolio compared to 100% in the prior year

#### 3 EFFICIENCY:

- Productivity ratio of 63.4% versus 59.8% in the prior year

**Mexico D.F., July 29, 2011** – Grupo Scotiabank today announced results for the second quarter of 2011. Consolidated net income was P\$635 million in the quarter, a decrease of P\$25 million or 4% from the same period last year.

The decrease for the quarter was a result of lower net interest income and non-interest revenues and higher operating expenses, partially offset by lower credit provisions.

Total revenue for the quarter, after provisions for credit losses, increased P\$32 million or 1% compared to the same period last year, reflecting lower loan loss provisions which were partially offset by lower net interest income and lower non-interest revenues. Total business, financial institutions and government loans increased 24%, while mortgage volumes grew 4% compared to the same quarter last year. Total deposits grew 8% during the same period. The positive impact of growth in volumes was offset by tighter spreads and a change in the deposit mix.

Loan loss provisions decreased P\$188 million or 30% from the same quarter last year, due mainly to lower delinquencies in the retail and commercial portfolios, and the cumulative impact of the adoption of new provisioning guidelines last quarter. Operating expenses grew 5% or P\$111 million due to higher salary costs and professional fees due to the expansion of our customer call center, partially offset by lower marketing expenses.

The Bank's capital ratio decreased from 17.2% last year to 16.9% this quarter. Return on equity this quarter was 8%, compared to 9% during the same period last year.

"During the second quarter of 2011 we continued to focus on service by investing in alternate distribution channels in order to better serve our customers' needs. We are also focusing our attention on new strategic initiatives to promote growth in our customer base", said Nicole Reich De Polignac, Grupo Scotiabank President and CEO.

Non-Financial Highlights:

Standard & Poor's confirmed both Scotiabank's and Scotia Casa de Bolsa's ratings of mxAAA, for long term and mxA-1+, for short term, with a stable outlook.

Scotia Fondos was recognized among the best mutual funds in Mexico by Fund Pro for ScotiaG –government short term debt and short term non-contributor debt funds, and ScotiaD – medium term debt fund.

For the fourth year in a row, Scotiabank Mexico was named a Socially Responsible Company by the “Centro Mexicano para la Filantropía (CEMEFI)”.

Scotiabank Mexico was named one of the best places to work in Latin America by the Great Place to Work Institute. In addition, for the eighth consecutive year, it was recognized as one of the best places to work in Mexico.

For the fourth consecutive year, Scotiabank Mexico was ranked by “Expansion” magazine, as one of the best places to work in Mexico among companies with more than 3,000 employees. Scotiabank Mexico is the first financial group to be on the list.

Scotiabank Mexico was recognized for its campaigns and internal communications by the “International Association of Business Communicators”, during the 2011 Gold Quill Awards. The Bank received an award for excellence for its campaign “Mundial con Causa” and 3 merit awards for its campaigns “ScotiaTube”, “Conversa, campaña del Modelo de Gestión del Desempeño” and “Campaña de Diversidad: DI, VE y DA”.

## FINANCIAL HIGHLIGHTS

Grupo Scotiabank Condensed Financial Information	Six months ended		Three months ended		
	June 30, 2011	June 30, 2010	June 30, 2011	March 31, 2011	June 30, 2010
<i>Net Income (P\$ millions):</i>					
Scotiabank Mexico	1,428	1,300	588	840	540
Holding company and other subsidiaries	124	213	47	77	120
<b>Total Group</b>	<b>1,552</b>	<b>1,513</b>	<b>635</b>	<b>917</b>	<b>660</b>
ROE	10%	11%	8%	12%	9%

Grupo Scotiabank Condensed Statement of Income <i>(P\$ millions; Consolidated with subsidiaries)</i>	Six months ended		Three months ended		
	June 30, 2011	June 30, 2010	June 30, 2011	March 31, 2011	June 30, 2010
<b>Net Interest income</b>	<b>5,173</b>	<b>5,169</b>	<b>2,568</b>	<b>2,605</b>	<b>2,608</b>
Other Income	3,079	2,827	1,335	1,744	1,451
<b>Revenue</b>	<b>8,252</b>	<b>7,996</b>	<b>3,903</b>	<b>4,349</b>	<b>4,059</b>
Provision for credit losses	(1,014)	(1,288)	(448)	(566)	(636)
<b>Total Revenue after provisions for credit losses</b>	<b>7,238</b>	<b>6,708</b>	<b>3,455</b>	<b>3,783</b>	<b>3,423</b>
Operating expenses	(4,984)	(4,587)	(2,497)	(2,487)	(2,386)
<b>Operational Profit</b>	<b>2,254</b>	<b>2,121</b>	<b>958</b>	<b>1,296</b>	<b>1,037</b>
Participation in results of non-consolidated subsidiaries and associated companies	1	-	1	-	-
<b>Profit before income tax</b>	<b>2,255</b>	<b>2,121</b>	<b>959</b>	<b>1,296</b>	<b>1,037</b>
Income tax	(703)	(608)	(324)	(379)	(377)
<b>Profit after income tax</b>	<b>1,552</b>	<b>1,513</b>	<b>635</b>	<b>917</b>	<b>660</b>

**Grupo Scotiabank is a member of the Scotiabank family. Scotiabank is one of North America's premier financial institutions and Canada's most international bank.**

Grupo Scotiabank is one of the leading financial groups in Mexico, with 711 branches and 1,529 ATMs throughout the country. It employs approximately 10,593 people in its main subsidiaries: Scotiabank Mexico, Scotia Fondos, Scotia Casa de Bolsa and Servicios Corporativos Scotia. Together these companies offer an extensive range of financial products and services for individuals, small businesses and multinational corporations.

See Scotiabank Mexico at: [www.scotiabank.com.mx](http://www.scotiabank.com.mx)

#### Shares held by Grupo Scotiabank

Scotiabank Mexico	99.9999%
Scotia Casa de Bolsa	99.9864%
Scotia Fondos	99.9999%
Servicios Corporativos Scotia	99.9999%

Grupo Scotiabank, Scotiabank, Scotia Casa de Bolsa, Scotia Fondos and Servicios Corporativos Scotia are the trade names of, respectively, Grupo Financiero Scotiabank Inverlat, S.A. de C.V.; Scotiabank Inverlat S.A.; Scotia Inverlat Casa de Bolsa S.A. de C.V.; Scotia Fondos S.A. de C.V. and Servicios Corporativos Scotia S.A. de C.V.

July 29, 2011

## Scotiabank Mexico

Total revenue, after provision for credit losses, was P\$3,185 million for the second quarter of 2011, a P\$123 million or 4% increase from the same period last year. The year-over-year growth was due primarily to higher non-interest income and lower provisions for credit losses. The increase in non-interest revenues from last year was due mostly to increased trading revenues, higher recoveries and higher insurance and mutual fund fees. These were partially offset by lower commissions and fees.

Compared to last quarter, total revenues, after provisions for credit losses, were lower by P\$332 million or 9%. This reduction was the result of lower non-interest revenues and lower net interest income, partially offset by lower provisions for credit losses.

After-tax income was P\$588 million this quarter compared to P\$540 million in the same period last year. The increase was primarily the result of higher non-interest revenues, lower provisions for credit losses partially offset by higher operating expenses and lower net interest income. After-tax income decreased P\$252 million from last quarter due to lower net interest income and non-interest revenue, partially offset by lower provisions for credit losses and lower expenses.

For the six-month period ended June 30, 2011, after-tax income was P\$1,428 million, compared to P\$1,300 million in the same period last year. The increase was due largely to higher non-interest revenues and lower provisions for credit losses. This was partially offset by lower net interest income, higher expenses and a higher effective tax rate.

Scotiabank Mexico Condensed Statement of Income <i>(P\$ millions; Consolidated with subsidiaries)</i>	Six months ended		Three months ended		
	June 30, 2011	June 30, 2010	June 30, 2011	March 31, 2011	June 30, 2010
Interest earned	7,224	6,721	3,637	3,587	3,418
Interest paid	(2,238)	(1,642)	(1,164)	(1,074)	(857)
<b>Net interest income</b>	<b>4,986</b>	<b>5,079</b>	<b>2,473</b>	<b>2,513</b>	<b>2,561</b>
Other income	2,730	2,303	1,160	1,570	1,137
<b>Revenue</b>	<b>7,716</b>	<b>7,382</b>	<b>3,633</b>	<b>4,083</b>	<b>3,698</b>
Provision for credit losses	(1,014)	(1,288)	(448)	(566)	(636)
<b>Total Revenue after provision for credit losses</b>	<b>6,702</b>	<b>6,094</b>	<b>3,185</b>	<b>3,517</b>	<b>3,062</b>
Operating expenses	(4,641)	(4,287)	(2,302)	(2,339)	(2,213)
<b>Operational Profit</b>	<b>2,061</b>	<b>1,807</b>	<b>883</b>	<b>1,178</b>	<b>849</b>
Participation in results of non-consolidated subsidiaries and associated companies	1	-	1	-	-
<b>Profit before income tax</b>	<b>2,062</b>	<b>1,807</b>	<b>884</b>	<b>1,178</b>	<b>849</b>
Income tax	(634)	(507)	(296)	(338)	(309)
<b>Profit after income tax</b>	<b>1,428</b>	<b>1,300</b>	<b>588</b>	<b>840</b>	<b>540</b>

## Net Interest Income

Net interest income was P\$2,473 million in the second quarter of 2011, P\$88 million or 3% lower when compared to the same quarter last year, and P\$40 million or 2% lower than last quarter. The reduction from the same period last year was driven by lower credit spreads and higher average interest on deposits. The reduction from last quarter was due mainly to lower credit spreads and higher average interest on deposits and other funding activities.

For the six months ended June 30, 2011, net interest income was P\$4,986 million, down P\$93 million or 2% from the same period last year. This decrease was due primarily to lower interest rates, lower credit spreads and higher than average interest paid due to a change in the deposit mix.

Based on the Bank's overall cost of funds, the interest spread on earning assets was as follows:

Scotiabank Mexico Analysis of Interest Income (P\$ millions, whole year average)	Six months ended			
	June 30, 2011		June 30, 2010	
	Volume	Spread	Volume	Spread
Deposits with banks	21,282	1.8%	22,383	1.4%
Securities	10,338	3.4%	13,011	3.2%
Loans	104,923	8.7%	95,931	9.5%

## Other Income

Scotiabank Mexico Other Income (P\$ millions; Consolidated with subsidiaries)	Six months ended		Three months ended		
	June 30, 2011	June 30, 2010	June 30, 2011	March 31, 2011	June 30, 2010
Commissions and fees (net)	872	943	426	446	502
Revenues from trading and intermediation	208	137	107	101	41
Other operational income (net)	1,650	1,223	627	1,023	594
<b>Total Other Income</b>	<b>2,730</b>	<b>2,303</b>	<b>1,160</b>	<b>1,570</b>	<b>1,137</b>

Other income for the quarter was P\$1,160 million, up P\$23 million or 2% from the same period last year. This was due to higher loan commissions, increased gains from sales of securities, higher recoveries and higher revenues from insurance and mutual fund fees (in Other operational income (net)), partially offset by lower credit card fees and other commissions.

Compared to last quarter, the P\$410 million or 26% decrease in Other income was due primarily to lower commissions and fees, lower recoveries, and the effect last quarter from the gain on sale of foreclosed assets and other items.

For the six-month period ended June 30, 2011, Other income was P\$2,730 million, P\$427 million or 19% higher than the same period last year. The increase resulted from higher revenues from trading activities, higher recoveries and the gain on sale of foreclosed assets.

Scotiabank Mexico Commissions and fees (net) (P\$ millions; Consolidated with subsidiaries)	Six months ended		Three months ended		
	June 30, 2011	June 30, 2010	June 30, 2011	March 31, 2011	June 30, 2010
Loan commissions	109	48	55	54	25
Account handling commissions	109	131	56	53	68
Credit card commissions	266	317	135	131	168
Trust	129	122	52	77	61
Electronic banking	112	149	62	50	80
Other	147	176	66	81	100
<b>Total commissions and fees (net)</b>	<b>872</b>	<b>943</b>	<b>426</b>	<b>446</b>	<b>502</b>

Net commissions and fees were P\$426 million this quarter, P\$76 million or 15% lower than the same period last year and P\$20 million or 4% from last quarter. The year-over-year decline was due mainly to lower account administration commissions, credit card, trust and electronic banking fees. These were partially offset by higher loan commissions. The quarter-over-quarter decrease was due to lower trust fees and letter of credit fees (in Other), partially offset by higher electronic banking fees and credit card commissions.

For the six-month period ended June 30, 2011, net commissions and fees were P\$872 million, P\$71 million or 8% lower than the same period last year. This was due to lower account administration commissions, lower credit card and electronic banking fees. This was partially offset by higher loan commissions and trust fees.

Scotiabank Mexico Other operational income (net) <i>(P\$ millions; Consolidated with subsidiaries)</i>	Six months ended		Three months ended		
	June 30, 2011	June 30, 2010	June 30, 2011	March 31, 2011	June 30, 2010
Loan loss recoveries	222	206	119	103	109
Other recoveries	557	267	116	441	118
Write-offs & other	(279)	(124)	(133)	(146)	(82)
Revenue from sale of foreclosed assets	258	86	49	209	45
Staff loan interest	38	35	19	19	18
Rental income	24	26	11	13	13
Other revenues and expenses (net)	769	690	388	381	338
Other	61	37	58	3	35
<b>Total other operational income (net)</b>	<b>1,650</b>	<b>1,223</b>	<b>627</b>	<b>1,023</b>	<b>594</b>

Other operational income (net) was P\$627 million this quarter, an increase of P\$33 million or 6% from the same quarter last year but P\$396 million or 39% lower than last quarter. The year-over-year increase was driven mainly by loan loss recoveries and higher insurance and mutual fund fees (in Other revenues and expenses (net)), partially offset by higher write-offs. The quarter-over-quarter reduction was the result of lower other recoveries and the effect, last quarter, of the gain on the sale of foreclosed assets, partially offset by revenue from dividends from investments (in Other).

For the six months ended June 30, 2011, other operational income (net) was P\$1,650 million, P\$427 million or 35% higher than for the same period last year. This was due to higher recoveries, a gain on the sale of foreclosed assets and higher revenues from insurance and mutual fund fees (in other revenues and expenses (net)).

### Provision for credit losses

Scotiabank Mexico Provision for credit losses (net) <i>(P\$ millions; Consolidated with subsidiaries)</i>	Six months ended		Three months ended		
	June 30, 2011	June 30, 2010	June 30, 2011	March 31, 2011	June 30, 2010
Provision for credit losses	(1,014)	(1,288)	(448)	(566)	(636)
Loan loss recoveries (reported in Other operational income, net)	222	206	119	103	109
<b>Total provision for credit losses (net)</b>	<b>(792)</b>	<b>(1,082)</b>	<b>(329)</b>	<b>(463)</b>	<b>(527)</b>

Provisions for credit losses, net of recoveries, were P\$329 million this quarter, an improvement of P\$198 million or 38% from the same quarter last year. Provisions for credit losses, excluding recoveries, were P\$448 million, a decrease of P\$188 million or 30% from the same quarter last year. The reduction was due to lower delinquencies and lower provisions in credit cards and personal loans. Commercial loan provisions were also lower due to an improvement in the portfolio.

Provisions for credit losses, net of recoveries, were down P\$134 million or 29% from last quarter. Excluding recoveries, provisions for credit losses decreased P\$118 million or 21% from the previous quarter. This decrease was also due to lower delinquencies and lower provisions in credit cards and personal loans and the release of provisions in commercial loans. These were partially offset by higher mortgage provisions due to the positive impact, last quarter, of the adoption of new guidelines on mortgage loans.

On a year-to-date basis, net provisions for credit losses decreased P\$290 million or 27% due to lower mortgage provisions (primarily as a result of new guidelines that took effect in the first quarter of the year), lower delinquencies in credit cards and the release of provisions no longer required in commercial loans. These were partially offset by higher provisions in personal loans (also due to the impact of the new guidelines).

## Non-Interest Expenses

The Bank's productivity ratio<sup>1</sup> was 63.4% this quarter, up from 59.8% in the same quarter last year and from 57.3% last quarter.

Scotiabank Mexico Non-Interest Expenses <i>(P\$ millions; Consolidated with subsidiaries)</i>	Six months ended		Three months ended		
	June 30, 2011	June 30, 2010	June 30, 2011	March 31, 2011	June 30, 2010
Personnel expenses	(2,097)	(1,922)	(1,061)	(1,036)	(997)
Other operating expenses	(2,544)	(2,365)	(1,241)	(1,303)	(1,216)
<b>Total non-interest expenses</b>	<b>(4,641)</b>	<b>(4,287)</b>	<b>(2,302)</b>	<b>(2,339)</b>	<b>(2,213)</b>

Non-interest expenses were P\$2,302 million this quarter, up P\$89 million from the same quarter last year but down P\$37 million from last quarter. Personnel expenses were up P\$64 million or 6% as a result of higher salary costs due to the expansion of our customer contact centre in line with the Bank's growth strategy. Compared to the same quarter last year, Other operating expenses increased P\$25 million or 2% due primarily to an increase in lease costs and professional fees.

Personnel expenses of P\$1,061 million this quarter were P\$25 million or 2% higher than the previous quarter, due largely to the hiring of personnel in our contact centre. Other operating expenses were down P\$62 million or 5% from the previous quarter, due primarily to lower marketing expenses.

On a year-to-date basis, total expenses increased P\$354 million or 8%, to P\$4,641 million. The growth was equally divided between Other operating expenses due to higher lease costs, professional fees and marketing expenses, and Personnel expenses due to the hiring of personnel in our contact centre.

## Participation in results of non-consolidated subsidiaries and associated companies

There was no income recognized from the non-consolidated subsidiaries and associated companies this quarter.

## Tax

Scotiabank Mexico Taxes <i>(P\$ millions; Consolidated with subsidiaries)</i>	Six months ended		Three months ended		
	June 30, 2011	June 30, 2010	June 30, 2011	March 31, 2011	June 30, 2010
Income tax current	(455)	(585)	(293)	(162)	(360)
Income tax deferred	(179)	78	(3)	(176)	51
<b>Total Taxes</b>	<b>(634)</b>	<b>(507)</b>	<b>(296)</b>	<b>(338)</b>	<b>(309)</b>

Total income tax expense was P\$296 million this quarter, down P\$13 million from the same quarter last year. The effective tax rate was also lower this quarter than the same quarter last year. This decrease was due primarily to higher deductible loan loss provisions, partially offset by the effect of lower inflation and other non-deductible items. Total income tax expense for the quarter was down P\$42 million from last quarter. However, the effective tax rate for the quarter was higher than last quarter due to the effect of lower Inflation, offset by higher deductible loan loss provisions and other items.

On a year-to-date basis, total income tax expense increased P\$127 million. The effective tax rate for the year to date was higher than the comparative period in 2010. The increase was due to the effect of lower inflation, offset by higher deductible loan loss provisions and other non-deductible items.

<sup>1</sup> Productivity ratio is defined as Non-interest expenses as a percentage of the sum of net interest income and other income. A lower ratio indicates improved productivity.

## Balance Sheet

As at June 30, 2011, the Bank's total assets were P\$178.5 billion, an increase of P\$9.1 billion or 5% from a year ago, but P\$12.1 billion or 6% lower than last quarter. The increase from a year ago was due primarily to strong growth in mortgages and loans to businesses and government entities, partially offset by lower credit card and other personal loans and other assets.

Total liabilities (excluding capital) totalled P\$150.8 billion, an increase of P\$7.7 billion or 5% from a year ago, but P\$11.3 billion or 7% lower than last quarter, mainly resulting from changes in term deposits.

<b>Scotiabank Mexico – Condensed Balance Sheet</b> <i>(P\$ millions; Consolidated with subsidiaries)</i>	<b>June 30, 2011</b>	<b>March 31, 2011</b>	<b>June 30, 2010</b>
Cash, banks, securities	52,226	49,232	51,516
Performing loans	108,160	106,854	97,974
Past due loans	3,256	3,621	4,043
Allowance for loan losses	(3,684)	(3,823)	(4,031)
Other assets	18,520	34,687	19,860
<b>Total assets</b>	<b>178,478</b>	<b>190,571</b>	<b>169,362</b>
Deposits	122,280	127,193	112,803
Loans from banks	4,669	4,653	3,925
Other liabilities	23,848	30,298	26,338
Capital	27,681	28,427	26,296
<b>Total liabilities and capital</b>	<b>178,478</b>	<b>190,571</b>	<b>169,362</b>

## Performing Loans

<b>Scotiabank Mexico – Performing Loan Portfolio</b> <i>(P\$ millions; Consolidated with subsidiaries)</i>	<b>June 30, 2011</b>	<b>March 31, 2011</b>	<b>June 30, 2010</b>
Credit card and other personal loans	15,362	15,594	16,591
Mortgages	41,118	40,663	39,585
<b>Total personal loans</b>	<b>56,480</b>	<b>56,257</b>	<b>56,176</b>
Business loans	37,142	35,415	33,013
Loans to financial institutions	3,700	3,082	2,835
Loans to government entities	10,838	12,100	5,950
<b>Total business, financial and government</b>	<b>51,680</b>	<b>50,597</b>	<b>41,798</b>
<b>Total performing loans</b>	<b>108,160</b>	<b>106,854</b>	<b>97,974</b>

The Bank's retail lending portfolio grew by P\$0.3 billion from last year. This growth was concentrated in the mortgage portfolio which increased by P\$1.5 billion or 4% from the same period last year and P\$0.5 billion or 1% from last quarter.

Total business, financial and government loans grew by P\$9.9 billion or 24% from the same quarter last year and by P\$1.1 billion or 2% from last quarter due to increased focus on this segment.

## Past due loans

<b>Scotiabank Mexico – Past Due Loan Portfolio</b> <i>(P\$ millions; Consolidated with subsidiaries)</i>	<b>June 30, 2011</b>	<b>March 31, 2011</b>	<b>June 30, 2010</b>
Past due loans	3,256	3,621	4,043
Allowance for credit losses	(3,684)	(3,823)	(4,031)
<b>Net past due loans</b>	<b>(428)</b>	<b>(202)</b>	<b>12</b>
Past due loans as a percent of total loans	2.9%	3.3%	4.0%
Allowance for credit losses as a percent of past due loans	113%	106%	100%



Gross past due loans totalled P\$3,256 million this quarter, a reduction of P\$787 million or 19% from the same period last year, and P\$365 million or 10% lower than last quarter. The Bank's allowance for credit losses was lower both year-over-year and quarter-over-quarter due primarily to lower delinquencies in mortgages, credit cards, personal loans and commercial loans.

As a percentage of past due loans, allowance for credit losses was 113% as at June 30, 2011, up from 100% a year ago and from 106% last quarter.

At June 30, 2011, the Bank's past due loan portfolio was 2.9% of the total portfolio compared to 4.0% in the same quarter last year and 3.3% in the prior quarter. The reduction from the same period one year ago was due to lower retail, mortgage and commercial delinquencies.

## Deposits

<b>Scotiabank Mexico – Deposits</b> <i>(P\$ millions; Consolidated with subsidiaries)</i>	<b>June</b> <b>30, 2011</b>	<b>March</b> <b>31, 2011</b>	<b>June</b> <b>30, 2010</b>
<b>Total demand and saving</b>	<b>59,233</b>	<b>57,175</b>	<b>56,399</b>
Term deposits from customers	47,841	48,705	52,190
Money market term deposits (Wholesale)	8,990	15,086	-
<b>Total term deposits</b>	<b>56,831</b>	<b>63,791</b>	<b>52,190</b>
<b>Investment Certificates</b>	<b>6,216</b>	<b>6,227</b>	<b>4,214</b>
<b>Total deposits</b>	<b>122,280</b>	<b>127,193</b>	<b>112,803</b>

Demand and saving deposits totalled P\$59.2 billion as at June 30, 2011, an increase of P\$2.8 billion or 5% over the same period last year, and P\$2.1 billion or 4% from last quarter. The year-over-year and quarter-over-quarter increase reflects the Bank's continuing emphasis on growing its cost-efficient core deposit base, supported by its no-interest, no-fees customer account.

Total term deposits increased P\$4.6 billion or 9% year-over-year but decreased P\$7 billion or 11% from last quarter. The year-over-year increase and quarter-over-quarter decrease in term deposits reflects favourable funding opportunities in the market from the previous year but less favourable than last quarter.

Investment certificates increased P\$2 billion from the same quarter last year due to a placement of long term floating rate bonds as part of the existing bond issuance program.

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## Attachment 2 Notes

This document has been prepared by the Group solely for the purposes of providing financial and other information to the markets. All official information (financial and other) of the Group and its subsidiaries is published in Spanish and is furnished to the Mexican financial authorities as required under applicable law and regulations. The information (financial and other) in Spanish published by the Group and its subsidiaries and furnished to the Mexican financial authorities is the only official information (financial and other) of the Group and its subsidiaries that should be used for purposes of determining the financial situation of the Group and its subsidiaries.

The information contained herein is based on financial information of each of the entities described herein. Results for any interim period are not necessarily indicative of results that maybe achieved for a full fiscal year or any other interim period. The financial information contained herein has been prepared in accordance with accounting principles and regulations issued by the National Banking and Securities Commission. The foregoing regulations and accounting principles may differ from each other and from generally accepted accounting principles established by the Mexican Institute of Public Accounting (“Mexican GAAP”). Such accounting practices and principles also differ from generally accepted accounting principles and U.S. Securities and Exchange Commission guidelines applicable to such institutions in the United States of America (“U.S. GAAP”). No reconciliation to U.S. GAAP of any of the financial information contained herein has been made. The information contained herein is not, and should not be interpreted as a solicitation of an offer to purchase, or an offer to sell, any securities of the companies described herein.

Some balances, totals and percentage calculations in this press release may differ slightly to the same balances, totals and/or percentage calculations disclosed elsewhere within this document and/or to the same balances, total and/or percentage calculations in the financial statements due to rounding.

**Special Accounting rules**

During this quarter there were no changes in accounting principles or criteria that modified the preparation of consolidated financial statements.



**GRUPO FINANCIERO SCOTIABANK INVERLAT, S.A. DE C.V.**  
**LORENZO BOTURINI No. 202, COL. TRANSITO, C.P. 06820, MEXICO, D.F.**  
**CONSOLIDATED STATEMENT OF INCOME FOR THE PERIOD JANUARY 1 TO JUNE 30, 2011**  
 (EXPRESSED IN MILLION OF MEXICAN PESOS)

Total interest earned	7,970	
Total interest paid	2,797	
<b>Net interest profit</b>	<b>5,173</b>	
Provision for credit losses	1,014	
<b>Net interest profit, after provision for credit losses</b>	<b>4,159</b>	
Commissions earned	1,573	
Commissions paid	208	
Revenues from intermediation	143	
Other operational net income	1,571	
Administrative and operating expenses	4,984	(1,905)
<b>Total operating revenues</b>	<b>2,254</b>	
Participation in the results of subsidiaries unconsolidated and associated companies	1	
<b>Net income before income tax</b>	<b>2,255</b>	
Current income tax	547	
Deferred income tax (net)	(156)	703
<b>Net Income before discontinued operations</b>	<b>1,552</b>	
<b>Net Income</b>	<b>1,552</b>	
<b>Net Income including Controller Participation</b>	<b>1,552</b>	

"These statement of income, consolidated with those of the financial and other entities comprising the Group that are subject to consolidation, were prepared in accordance with the accounting criteria for financial group holding companies issued by the National Banking and Securities Commission based on article 30 of the Law that Regulates Financial Groups, which are of a general and mandatory nature and have been applied on a consistent basis. Accordingly, they reflect the revenues and costs relating to the transactions carried out by the Holding Company and the financial and other entities comprising the Group that are subject to consolidation, through the dates noted above. Furthermore, these transactions were carried out and valued in accordance with sound practices and the applicable legal and administrative provisions.

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

NICOLE REICH DE POLIGNAC  
 PRESIDENT

DIEGO M. PISINGER ALTER  
 DIRECTOR GENERAL FINANCE AND  
 BUSINESS INTELLIGENCE

AGUSTIN CORONA GAHLER  
 DIRECTOR GROUP AUDIT

GORDON MACRAE  
 DIRECTOR GROUP ACCOUNTING

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**GRUPO FINANCIERO SCOTIABANK INVERLAT, S.A. DE C.V.**  
**LORENZO BOTURINI No. 202 COL. TRANSITO, C.P. 06820, MEXICO, D.F.**  
**CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY FOR THE PERIOD DECEMBER 31, 2010 TO JUNE 30, 2011**  
 (EXPRESSED IN MILLIONS OF MEXICAN PESOS)

CONCEPT	Paid-in Capital		Capital Surplus				Total stockholders' equity
	Capital stock	Statutory reserves	Results from Previous years	Result from valuation of available-for-sale securities	Result from valuation of Hedging instruments	Net income	
<b>Balances as of December 31 , 2010</b>	<b>4,507</b>	<b>901</b>	<b>21,162</b>	<b>332</b>	<b>50</b>	<b>2,936</b>	<b>29,888</b>
<b>ITEMS RELATED TO STOCKHOLDERS DECISIONS</b>							
Transfer of prior years results	-	-	2,936	-	-	(2,936)	-
Dividend payment	-	-	(1,300)	-	-	-	(1,300)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1,636</b>	<b>-</b>	<b>-</b>	<b>(2,936)</b>	<b>(1,300)</b>
<b>ITEMS RELATED TO RECOGNITION OF COMPREHENSIVE INCOME</b>							
Net income	-	-	-	-	-	1,552	1,552
Result from valuation of available-for-sale securities	-	-	-	20	-	-	20
Result from valuation of hedging instruments	-	-	-	-	(43)	-	(43)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20</b>	<b>(43)</b>	<b>1,552</b>	<b>1,529</b>
<b>Balances as of June 30, 2011</b>	<b>4,507</b>	<b>901</b>	<b>22,798</b>	<b>352</b>	<b>7</b>	<b>1,552</b>	<b>30,117</b>

"These statement of changes stockholders' equity, consolidated with those of the financial and other entities comprising the Group that are subject to consolidation, were prepared in accordance with the accounting criteria for financial group holding companies issued by the National Banking and Securities Commission based on article 30 of the Law that Regulates Financial Groups, which are of a general and mandatory nature and have been applied on a consistent basis. Accordingly, they all the stockholders' equity account entries relating to the transactions carried out by the Holding Company and the financial and other entities comprising the Group that are subject to consolidation, through the dates noted above. Furthermore, these transactions were carried out and valued in accordance with sound practices and the applicable legal and administrative provisions.

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

NICOLE REICH DE POLIGNAC  
PRESIDENT

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DIRECTOR GENERAL FINANCE AND  
BUSINESS INTELLIGENCE

AGUSTIN CORONA GAHLER  
DIRECTOR GROUP AUDIT

GORDON MACRAE  
DIRECTOR GROUP ACCOUNTING

**GRUPO FINANCIERO SCOTIABANK INVERLAT, S.A. DE C.V.**  
**LORENZO BOTURINI No. 202 COL. TRANSITO, C.P. 06820, MEXICO, D.F.**  
**CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD JANUARY 1 TO JUNE 30, 2011**  
 (EXPRESSED IN MILLIONS OF MEXICAN PESOS)

<b>Net income</b>		1,552
<b>Adjustments for items that not imply cash flow:</b>		
Losses for deterioration or cancel effect associated with investment and funding activities	(4)	
Depreciation of property plant and equipment	148	
Amortization of intangible assets	3	
Provisions	1,376	
Income tax (current and deferred)	707	
Participation in the results of subsidiaries unconsolidated	(1)	
Other	(91)	
		2,138
<b>Operation activities:</b>		
Change in margin accounts		140
Change in investment securities		(1,595)
Change in repurchase agreements (debtor)		11,444
Change in derivates (assets)		(346)
Change in loan portfolio (net)		(6,564)
Change in foreclosed assets (net)		14
Change in other operational assets (net)		(4,449)
Change in funding		(3,584)
Change in bank and other loans		65
Change in liabilities related to securities in the course or settlement		2,173
Change in repurchase agreements (creditor)		(5,110)
Change in collateral sold or in guarantee		(17)
Change in derivates (liabilities)		615
Change in other operational liabilities		5,997
Change in hedging instruments related to hedged operating activities		4
Payments for income taxes		(642)
		(1,855)
<b>Operation activities cash flow</b>		
<b>Investment activities:</b>		
Payments for acquisition of property, furniture and equipment		(130)
Payments for acquisition of subsidiaries		(3)
Payments for acquisition of intangible assets		(1)
		(134)
<b>Investment activities cash flow</b>		
<b>Financing activities:</b>		
Payments in cash (dividends)		(898)
		(898)
<b>Financing activities cash flow</b>		
<b>Net Increase or Decrease in net cash and cash equivalents</b>		<b>(803)</b>
<b>Cash and cash equivalent at the beginning of the period</b>		<b>20,699</b>
<b>Cash and cash equivalent at the final of the period</b>		<b>21,502</b>

"These statement of cash flow, consolidated with those of the financial and other entities comprising the Group that are subject to consolidation, were prepared in accordance with the accounting criteria for financial group holding companies issued by the National Banking and Securities Commission based on article 30 of the Law that Regulates Financial Groups, which are of a general and mandatory nature and have been applied on a consistent basis. Accordingly, they reflect the cash entrance and cash outflow of funds relating to the transactions carried out by the Holding Company and the financial and other entities comprising the Group that are subject to consolidation, through the dates noted above. Furthermore, these transactions were carried out and valued in accordance with sound practices and the applicable legal and administrative provisions.

These consolidated statement of cash flow were approved by the Board of Directors under the responsibility of the following officers".

NICOLE REICH DE POLIGNAC  
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GRUPO FINANCIERO SCOTIABANK INVERLAT, S.A. DE C.V.  
**CONSOLIDATED BALANCE SHEET**  
 (EXPRESSED IN MILLION OF MEXICAN PESOS)

ASSETS	JUN- 11	MAR-11	JUN-10
<b>Funds Available</b>	<b>21,502</b>	<b>13,331</b>	<b>16,544</b>
<b>Margin Accounts</b>	<b>117</b>	<b>84</b>	<b>147</b>
<b>Financial Instruments</b>	<b>39,622</b>	<b>39,610</b>	<b>42,918</b>
Securities – available for trading	33,866	33,896	32,823
Securities – available for sale	3,820	3,799	8,256
Securities – held to maturity	1,936	1,915	1,839
<b>Repurchase Agreements (Debtor)</b>	<b>3,266</b>	<b>4,904</b>	<b>4,103</b>
<b>Derivatives</b>	<b>2,269</b>	<b>1,809</b>	<b>2,516</b>
Trading	2,224	1,730	2,436
Hedge	45	79	80
<b>Mark to Market Adjustment Related to Heading of Financial Instruments</b>	<b>203</b>	<b>148</b>	<b>327</b>
<b>Current Loan Portfolio</b>	<b>108,078</b>	<b>106,844</b>	<b>97,888</b>
Business loans	51,599	50,586	41,712
Consumer loans	15,362	15,595	16,591
Mortgage loans	41,117	40,663	39,585
<b>Past Due Loan Portfolio</b>	<b>3,256</b>	<b>3,621</b>	<b>4,043</b>
Business loans	252	484	443
Consumer loans	625	660	972
Mortgage loans	2,379	2,477	2,628
<b>Loan Portfolio</b>	<b>111,334</b>	<b>110,465</b>	<b>101,931</b>
(-) Less Allowance for Loan Losses	3,684	3,823	4,031
<b>Loan Portfolio (Net)</b>	<b>107,650</b>	<b>106,642</b>	<b>97,900</b>
<b>Securitization Receivable</b>	<b>215</b>	<b>207</b>	<b>219</b>
<b>Other Receivable (Net)</b>	<b>13,676</b>	<b>30,242</b>	<b>14,961</b>
<b>Foreclosed Assets (Net)</b>	<b>9</b>	<b>11</b>	<b>23</b>
<b>Property, Furniture and Equipment (Net)</b>	<b>3,753</b>	<b>3,779</b>	<b>3,477</b>
<b>Long-term Investment in Equities</b>	<b>85</b>	<b>82</b>	<b>83</b>
<b>Deferred Taxes and Employee Profit Sharing (Net)</b>	<b>595</b>	<b>583</b>	<b>685</b>
<b>Other Assets</b>	<b>1,957</b>	<b>1,903</b>	<b>1,755</b>
<b>Total Assets</b>	<b>194,919</b>	<b>203,335</b>	<b>185,658</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>			
<b>Funding</b>	<b>122,241</b>	<b>127,159</b>	<b>112,699</b>
Demand and saving deposits	59,225	57,172	56,334
Term deposits	56,800	63,759	52,151
Issue credit certificates	6,216	6,228	4,214
<b>Bank and Other Loans</b>	<b>4,669</b>	<b>4,653</b>	<b>3,926</b>
<b>Repurchase Agreements</b>	<b>18,111</b>	<b>15,087</b>	<b>23,875</b>
<b>Collateral Sold or Given in Guarantee</b>	<b>109</b>	<b>143</b>	<b>164</b>
<b>Liabilities Related to Securities in the Course of Settlement</b>	<b>2,212</b>	<b>5,357</b>	<b>1,827</b>
<b>Derivatives</b>	<b>4,726</b>	<b>4,112</b>	<b>3,937</b>
Trading	4,356	3,844	3,466
Hedge	370	268	471
<b>Other Payables</b>	<b>11,762</b>	<b>15,028</b>	<b>9,830</b>
Income Taxes	90	39	224
Employee profit sharing	180	306	226
Creditors pending settlements	5,032	9,520	3,982
Creditors by collateral receivable in cash	33	33	34
Sundry creditors and other payables	6,427	5,130	5,364
<b>Deferred Credits and Advanced Collections</b>	<b>972</b>	<b>968</b>	<b>931</b>
<b>Total Liabilities</b>	<b>164,802</b>	<b>172,507</b>	<b>157,189</b>
<b>STOCKHOLDER'S EQUITY</b>			
<b>Paid -In Capital</b>	<b>4,507</b>	<b>4,507</b>	<b>4,507</b>
<b>Capital Surplus</b>	<b>25,610</b>	<b>26,321</b>	<b>23,962</b>
Capital reserves	901	901	901
Results from previous years	22,798	24,098	21,162
Effects from valuation of securities available for sale	352	339	310
Effects from valuation of hedging instruments	7	66	76
Net result	1,552	917	1,513
<b>Total Stockholder's Equity</b>	<b>30,117</b>	<b>30,828</b>	<b>28,469</b>
<b>Total Liabilities and Stockholder's Equity</b>	<b>194,919</b>	<b>203,335</b>	<b>185,658</b>

GRUPO FINANCIERO SCOTIABANK INVERLAT, S.A. DE C.V.  
**CONSOLIDATED BALANCE SHEET**  
 (EXPRESSED IN MILLION OF MEXICAN PESOS)

MEMORANDUM ACCOUNTS	JUN- 11	MAR-11	JUN-10
<b>OPERATIONS ON BEHALF THIRD PARTIES</b>			
<b>Customer current accounts</b>	<b>261</b>	<b>72</b>	<b>(11)</b>
Cash Balances	16	9	10
Transaction settlement	102	(110)	(43)
Other	143	173	22
<b>Custody Operations</b>	<b>203,958</b>	<b>201,475</b>	<b>187,991</b>
Securities hed in custody	203,958	201,475	187,991
<b>Transactions on Behalf of Customers</b>	<b>31,133</b>	<b>30,551</b>	<b>32,099</b>
Securities operations	28,906	28,102	29,882
Securities receivable operations	96	143	141
Collateral received in guarantee	58	111	78
Colaterals given in guarantee	1,910	2,035	1,859
Administrative trusts	163	160	139
Investment bank transaction on behalf of third parts (net)	68,164	62,329	52,810
<b>TOTAL ON BEHALF OF THIRD PARTIES</b>	<b>303,516</b>	<b>294,427</b>	<b>272,889</b>
<b>OWN OPERATIONS</b>			
<b>Assets and liabilities contingent</b>	<b>3,857</b>	<b>3,773</b>	<b>3,944</b>
<b>Assets in trust or mandate</b>	<b>152,807</b>	<b>143,216</b>	<b>141,126</b>
Trust	125,985	116,395	114,300
Mandate	26,822	26,821	26,826
<b>Assets in custody o under administration</b>	<b>756,538</b>	<b>650,204</b>	<b>596,729</b>
<b>Commitment loans</b>	<b>342,545</b>	<b>3,040</b>	<b>2,544</b>
<b>Collateral received for the entity</b>	<b>104,132</b>	<b>99,927</b>	<b>117,128</b>
Government paper	53,636	49,329	116,808
Investment in Financial Instruments	251	320	-
Other	50,245	50,278	320
<b>Collateral received and sold or delivered in guarantee for the entity</b>	<b>73,021</b>	<b>74,970</b>	<b>50,658</b>
Government paper	72,912	74,827	50,494
Investment in Financial Instruments	109	143	164
<b>Interest not collected from past due portfolio</b>	<b>207</b>	<b>224</b>	<b>177</b>
<b>Other control accounts</b>	<b>523,881</b>	<b>797,049</b>	<b>736,586</b>
<b>TOTAL OWN OPERATIONS</b>	<b>1,956,988</b>	<b>1,772,403</b>	<b>1,648,892</b>



GRUPO FINANCIERO SCOTIABANK INVERLAT, S.A. DE C.V.  
 CONSOLIDATED STATEMENT OF INCOME  
 (EXPRESSED IN MILLION OF MEXICAN PESOS)

	6 MONTHS		3 MONTHS		
	JUN-11	JUN-10	JUN-11	MAR-11	JUN-10
Total interest earned	7,970	7,385	4,020	3,950	3,750
Total interest paid	2,797	2,216	1,452	1,345	1,142
<b>Net interest profit</b>	<b>5,173</b>	<b>5,169</b>	<b>2,568</b>	<b>2,605</b>	<b>2,608</b>
Provision for credit losses	1,014	1,288	448	566	636
<b>Net interest profit, after provision for credit losses</b>	<b>4,159</b>	<b>3,881</b>	<b>2,120</b>	<b>2,039</b>	<b>1,972</b>
Commissions earned	1,573	1,605	757	816	828
Commissions paid	208	196	107	101	102
Revenues from intermediation	143	283	91	52	169
Other operational net income	1,571	1,135	594	977	556
Administrative and operating expenses	4,984	4,587	2,497	2,487	2,386
<b>Total operating revenues</b>	<b>2,254</b>	<b>2,121</b>	<b>958</b>	<b>1,296</b>	<b>1,037</b>
Participation in the results of subsidiaries unconsolidated and asociated	1	-	1	-	-
<b>Net income before income tax</b>	<b>2,255</b>	<b>2,121</b>	<b>959</b>	<b>1,296</b>	<b>1,037</b>
Current income tax	547	666	316	231	386
Deferred income tax (net)	(156)	58	(8)	(148)	9
	<b>703</b>	<b>608</b>	<b>324</b>	<b>379</b>	<b>377</b>
<b>Net Income before discontinued operations</b>	<b>1,552</b>	<b>1,513</b>	<b>635</b>	<b>917</b>	<b>660</b>
<b>Net Income</b>	<b>1,552</b>	<b>1,513</b>	<b>635</b>	<b>917</b>	<b>660</b>
<b>Net Income including Controller Participation</b>	<b>1,552</b>	<b>1,513</b>	<b>635</b>	<b>917</b>	<b>660</b>

SCOTIABANK INVERLAT, S.A.  
 INSTITUCION DE BANCA MULTIPLE  
 GRUPO FINANCIERO SCOTIABANK INVERLAT.  
 LORENZO BOTURINI 202 COL.TRÁNSITO, C.P. 06820, MEXICO D.F.  
 BALANCE SHEETS CONSOLIDATED WITH ITS SUBSIDIARIES AS AT JUNE 30, 2011  
 (EXPRESSED IN MILLION OF MEXICAN PESOS)

ASSETS		LIABILITIES AND STOCKHOLDERS' EQUITY	
<b>FUNDS AVAILABLE</b>		<b>FUNDING</b>	
<b>MARGIN ACCOUNTS</b>	21,375	Demand and saving deposits	59,233
<b>FINANCIAL INSTRUMENTS</b>	106	Term deposits	56,831
Securities – available for trading	16,333	General public	47,841
Securities – available for sale	3,339	Money market	8,990
Securities – held to maturity	1,936	Issue credit certificate	6,216
	21,608		122,280
<b>REPURCHASE AGREEMENTS (DEBTOR)</b>	6,615		
<b>DERIVATIVES</b>		<b>BANK AND OTHER LOANS</b>	
Trading	2,275	Short term	2,970
Hedge	45	Long term	1,699
	2,320		4,669
<b>MARK TO MARKET ADJUSTMENT RELATED TO HEDGING OF FINANCIAL INSTRUMENTS</b>	203	<b>REPURCHASE AGREEMENTS</b>	2,212
<b>LOAN PORTFOLIO</b>		<b>LIABILITIES RELATED TO SECURITIES IN THE COURSE OF SETTLEMENT</b>	7,635
Business loans	51,681	<b>DERIVATIVES</b>	
Commercial	37,142	Trading	2,421
Financial intermediaries	3,701	Hedge	370
Government loans	10,838		2,791
Consumer loans	15,362		
Mortgages loans	41,117	<b>OTHER PAYABLES</b>	
<b>TOTAL CURRENT LOAN PORTFOLIO</b>	108,160	Income Taxes	74
<b>PAST-DUE LOAN PORTFOLIO</b>		Employee profit sharing	147
Business loans	252	Creditors pending settlements	3,536
Commercial	209	Creditors by collaterals received in cash	33
Financial intermediaries	43	Sundry creditors and other payables	6,448
Consumer loans	625		10,238
Mortgages loans	2,379	<b>DEFERRED CREDITS AND ADVANCED COLLECTIONS</b>	972
<b>TOTAL PAST-DUE PORTFOLIO</b>	3,256	<b>TOTAL LIABILITIES</b>	<b>150,797</b>
<b>LOAN PORTFOLIO</b>	111,416	<b>STOCKHOLDERS' EQUITY</b>	
( - ) LESS:		<b>PAID-IN CAPITAL</b>	
<b>ALLOWANCE FOR LOAN LOSSES</b>	3,684	Capital stock	7,451
<b>LOAN PORTFOLIO (NET)</b>	107,732	Premium from the sale of shares	473
<b>SECURITIZATION RECEIVABLE</b>	215		7,924
<b>OTHER RECEIVABLES (NET)</b>	12,192	<b>CAPITAL SURPLUS</b>	
<b>FORECLOSED ASSETS (NET)</b>	9	Capital reserves	2,687
<b>PROPERTY, FURNITURE AND EQUIPMENT (NET)</b>	3,568	Results from previous years	15,459
<b>LONG-TERM INVESTMENT IN EQUITIES</b>	79	Effects from valuation of securities available for sale	176
<b>DEFERRED TAXES AND EMPLOYEE PROFIT SHARING (NET)</b>	661	Effects from valuation of hedging instruments	7
<b>OTHER ASSETS</b>		Net result	1,428
Deferred, advanced and intangible charges	1,111		19,757
Short and long term other assets	684	<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>27,681</b>
	1,795	<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>178,478</b>
<b>TOTAL ASSETS</b>	<b>178,478</b>		

MEMORANDUM ACCOUNTS

Assets and liabilities contingent	71
Commitment loans	342,545
Assets in trust or mandate	152,807
Trust	125,985
Mandate	26,822
Assets in custody or under administration	630,401
Collateral received for the entity	90,087
Collateral received and sold or delivered in guarantee for the entity	34,942
Investment bank transaction on behalf of third parts (net)	68,163
Interest not collected from past due portfolio	207
Other control accounts	514,193

"These balance sheets consolidated were prepared in accordance criteria for institutions issued by the National Banking and Securities Commission based on articles 99, 101 and 102 of the Credit Institutions 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 Bank through the dates noted above. Furthermore, these transactions were carried out and valued in accordance with sound banking practices and the applicable legal and administrative provisions.

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

The Bank's historical capital stock amounts to \$ 6,200 million of pesos as June 30, 2011.

NICOLE REICH DE POLIGNAC  
 PRESIDENT

DIEGO M. PISINGER ALTER  
 DIRECTOR GENERAL FINANCE AND  
 BUSINESS INTELLIGENCE

AGUSTIN CORONA GAHLER  
 DIRECTOR GROUP AUDIT

GORDON MACRAE  
 DIRECTOR GROUP ACCOUNTING

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**SCOTIABANK INVERLAT, S.A.**  
**INSTITUCION DE BANCA MULTIPLE**  
**GRUPO FINANCIERO SCOTIABANK INVERLAT.**  
**LORENZO BOTURINI 202, COL TRANSITO, C.P. 06820, MEXICO D.F.**  
**STATEMENT OF INCOME OF THE BANK CONSOLIDATED WITH ITS SUBSIDIARIES**  
**FOR THE PERIOD JANUARY 1 TO JUNE 30, 2011**  
 (EXPRESSED IN MILLION OF MEXICAN PESOS)

Total interest earned	7,224	
Total interest paid		2,238
<b>Net interest profit</b>		<b>4,986</b>
Provision for credit losses		1,014
<b>Net interest profit, after provision for credit losses</b>		<b>3,972</b>
Commissions earned	1,053	
Commissions paid	181	
Revenues from intermediation	208	
Other operational net income	1,650	
Administrative and operating expenses	4,641	(1,911)
<b>Total operating revenues</b>		<b>2,061</b>
Participation in the results of subsidiaries unconsolidated and associated		1
<b>Net income before income tax</b>		<b>2,062</b>
Current income tax	455	
Deferred income tax (net)	(179)	634
<b>Net Income before discontinued operations</b>		<b>1,428</b>
<b>Net Income</b>		<b>1,428</b>

"These statement of income consolidated was prepared in accordance criteria for institutions issued by the National Banking and Securities Commission based on articles 99, 101 and 102 of the Credit Institutions Law, which are of a general and mandatory nature and have been applied on a consistent basis. Accordingly, they reflect the revenues and costs the transactions carried out by the institution through the dates noted above. Furthermore, these transactions were carried out and value in accordance with sound banking practices and the applicable legal and administrative provisions.

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

NICOLE REICH DE POLIGNAC  
PRESIDENT

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DIRECTOR GENERAL FINANCE AND  
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**SCOTIABANK INVERLAT, S.A.**  
**INSTITUCION DE BANCA MULTIPLE**  
**GRUPO FINANCIERO SCOTIABANK INVERLAT**  
**LORENZO BOTURINI 202, COL TRANSITO, C.P.06820, MEXICO D.F**  
**CONSOLIDATED STATEMENT OF CHANGES IN THE CAPITAL OF THE BANK WITH ITS SUBSIDIARIES**  
**FOR THE PERIOD DECEMBER 31, 2010 TO JUNE 30, 2011**  
 (EXPRESSED IN MILLION OF MEXICAN PESOS)

CONCEPT	Paid-in Capital				Capital Surplus								Total stockholders' equity
	Capital stock	Contributions for future increases by the Shareholders' assembly	Premium from the sale of shares	Subordinate debentures	Statutory reserves	Results from previous years	Result from valuation of available-for-sale securities	Results from valuation of hedging instruments	Cumulative effect of restatement	Result from holding non-monetary assets	Net income	Non-controller participation	
<b>Balances as of December 31, 2010</b>	<b>7,451</b>	<b>-</b>	<b>473</b>	<b>-</b>	<b>2,425</b>	<b>14,402</b>	<b>142</b>	<b>49</b>	<b>-</b>	<b>-</b>	<b>2,619</b>	<b>-</b>	<b>27,561</b>
<b>ITEMS RELATED TO STOCKHOLDERS DECISIONS</b>													
Creation of reserves					262	(262)							-
Transfer of prior year's results						2,619					(2,619)		-
Dividend payment						(1,300)							(1,300)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>262</b>	<b>1,057</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,619)</b>	<b>-</b>	<b>(1,300)</b>
<b>ITEMS RELATED TO RECOGNITION OF COMPREHENSIVE INCOME</b>													
Net income											1,428		1,428
Result from valuation of available-for-sale securities							34						34
Result from valuation of hedging instruments								(42)					(42)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34</b>	<b>(42)</b>	<b>-</b>	<b>-</b>	<b>1,428</b>	<b>-</b>	<b>1,420</b>
<b>Balances as of June 30, 2011</b>	<b>7,451</b>	<b>-</b>	<b>473</b>	<b>-</b>	<b>2,687</b>	<b>15,459</b>	<b>176</b>	<b>7</b>	<b>-</b>	<b>-</b>	<b>1,428</b>	<b>-</b>	<b>27,681</b>

"These statement of changes in stockholders' equity consolidated were prepared in accordance criteria for institutions issued by the National Banking and Securities Commission based on Articles 99, 101 and 102 of the Credit Institutions Law, which are of a general and mandatory nature and have been applied on a consistent basis. Accordingly, they reflect the stockholders' equity account entries relating to the transactions carried out by the Bank through the dates noted above. Furthermore, these transactions were carried out and value in accordance with sound banking practices and the applicable legal and administrative provisions.

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

NICOLE REICH DE POLIGNAC  
PRESIDENT

DIEGO M. PISINGER ALTER  
DIRECTOR GENERAL FINANCE AND  
BUSINESS INTELLIGENCE

AGUSTIN CORONA GAHLER  
DIRECTOR GROUP AUDIT

GORDON MACRAE  
DIRECTOR GROUP ACCOUNTING

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**SCOTIABANK INVERLAT, S.A.**  
**INSTITUCION DE BANCA MULTIPLE**  
**GRUPO FINANCIERO SCOTIABANK INVERLAT**  
**LORENZO BOTURINI 202, COL. TRANSITO C.P. 06820, MEXICO D.F.**  
**CONSOLIDATED STATEMENT OF CASH FLOW OF THE BANK WITH ITS SUBSIDIARIES**  
**FOR THE PERIOD JANUARY 1 TO JUNE 30, 2011**  
 (EXPRESSED IN MILLION OF MEXICAN PESOS)

<b>Net income</b>	<b>1,428</b>
Losses for deterioration or cancel effect associated with investment and funding activities	(5)
Depreciation of property plant and equipment	140
Amortization of intangible assets	3
Provisions	1,348
Income tax (current and deferred)	634
Participation in the results of subsidiaries unconsolidated	(1)
Other	(64)
<b>Adjustments for items that not imply cash flow</b>	<b>2,055</b>
<b>Operation activities</b>	
Change in margin accounts	43
Change in investment securities	5,153
Change in repurchase agreements (debtor)	7,940
Change in derivates (assets)	(66)
Change in loan portfolio	(6,635)
Change in foreclosed assets	14
Change in other operational assets	(3,344)
Change in funding	(3,574)
Change in bank and other loans	65
Change in repurchase agreements (creditor)	(5,910)
Change in derivates (liabilities)	55
Change in other operational liabilities	5,007
Change in hedging instruments (of hedged items related to operation activities)	4
Payments for income taxes	(518)
<b>Operation activities cash flow</b>	<b>(1,766)</b>
<b>Investment activities</b>	
Payments for acquisition of property, furniture and equipment	(129)
<b>Investment activities cash flow</b>	<b>(129)</b>
<b>Financing activities</b>	
Dividends paid in cash	(897)
<b>Financing activities cash flow</b>	<b>(897)</b>
<b>Net Increase or Decrease in net cash and cash equivalents</b>	<b>691</b>
<b>Cash and cash equivalent at the beginning of the period</b>	<b>20,684</b>
<b>Cash and cash equivalent at the final of the period</b>	<b>21,375</b>

"These statement of cash flow consolidated were prepared in accordance criteria for institutions issued by the National Banking and Securities Commission based on Articles 99, 101 and 102 of the Credit Institutions Law, which are of a general and mandatory nature and have been applied on a consistent basis. Accordingly, they reflect the stockholders' equity account cash entrance and cash outflow relating to the transactions carried out by the Bank through the dates noted above. Furthermore, these transactions were carried out and value in accordance with sound banking practices and the applicable legal and administrative provisions.

These statement of cash flow consolidated were approved by the Board Directors under the responsibility of the following officers".

NICOLE REICH DE POLIGNAC  
PRESIDENT

DIEGO M. PISINGER ALTER  
DIRECTOR GENERAL FINANCE AND  
BUSINESS INTELLIGENCE

AGUSTIN CORONA GAHLER  
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SCOTIABANK INVERLAT, S.A.  
GRUPO FINANCIERO SCOTIABANK INVERLAT  
BALANCE SHEETS CONSOLIDATED WITH ITS SUBSIDIARIES  
(EXPRESSED IN MILLION OF MEXICAN PESOS)

ASSETS	JUN- 11	MAR-11	JUN-10
<b>Funds Available</b>	<b>21,375</b>	<b>13,322</b>	<b>16,327</b>
<b>Margin Accounts</b>	<b>106</b>	<b>74</b>	<b>110</b>
<b>Financial Instruments</b>	<b>21,608</b>	<b>24,565</b>	<b>28,154</b>
Securities – available for trading	16,333	19,352	18,479
Securities – available for sale	3,339	3,298	7,836
Securities – held to maturity	1,936	1,915	1,839
<b>Repurchase Agreements (Debtor)</b>	<b>6,615</b>	<b>9,273</b>	<b>4,101</b>
<b>Derivatives</b>	<b>2,320</b>	<b>1,849</b>	<b>2,497</b>
Trading	2,275	1,771	2,416
Hedge	45	78	81
<b>Mark to Market Adjustment Related to Heading of Financial Instruments</b>	<b>203</b>	<b>148</b>	<b>327</b>
<b>Current Loan Portfolio</b>	<b>108,160</b>	<b>106,854</b>	<b>97,974</b>
Business loans	51,681	50,596	41,798
Consumer loans	15,362	15,595	16,591
Mortgage loans	41,117	40,663	39,585
<b>Past Due Loan Portfolio</b>	<b>3,256</b>	<b>3,621</b>	<b>4,043</b>
Business loans	252	484	443
Consumer loans	625	660	972
Mortgage loans	2,379	2,477	2,628
<b>Loan Portfolio</b>	<b>111,416</b>	<b>110,475</b>	<b>102,017</b>
(-) Less Allowance for Loan Losses	3,684	3,823	4,031
<b>Loan Portfolio (Net)</b>	<b>107,732</b>	<b>106,652</b>	<b>97,986</b>
<b>Securitization Receivable</b>	<b>215</b>	<b>207</b>	<b>219</b>
<b>Other Receivable (Net)</b>	<b>12,192</b>	<b>28,387</b>	<b>13,872</b>
<b>Foreclosed Assets (Net)</b>	<b>9</b>	<b>11</b>	<b>23</b>
<b>Property, Furniture and Equipment (Net)</b>	<b>3,568</b>	<b>3,590</b>	<b>3,323</b>
<b>Long-term Investment in Equities</b>	<b>79</b>	<b>78</b>	<b>74</b>
<b>Deferred Taxes and Employee Profit Sharing (Net)</b>	<b>661</b>	<b>647</b>	<b>726</b>
<b>Other Assets</b>	<b>1,795</b>	<b>1,768</b>	<b>1,623</b>
<b>Total Assets</b>	<b>178,478</b>	<b>190,571</b>	<b>169,362</b>
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>			
<b>Funding</b>	<b>122,280</b>	<b>127,193</b>	<b>112,803</b>
Demand and saving deposits	59,233	57,175	56,399
Term deposits	56,831	63,791	52,190
Issue credit certificates	6,216	6,227	4,214
<b>Bank and Other Loans</b>	<b>4,669</b>	<b>4,653</b>	<b>3,925</b>
<b>Repurchase Agreements</b>	<b>7,635</b>	<b>8,140</b>	<b>13,062</b>
<b>Liabilities Related to Securities in the Course of Settlement</b>	<b>2,212</b>	<b>4,888</b>	<b>1,827</b>
<b>Derivatives</b>	<b>2,791</b>	<b>2,290</b>	<b>2,900</b>
Trading	2,421	2,022	2,429
Hedge	370	268	471
<b>Other Payables</b>	<b>10,238</b>	<b>14,012</b>	<b>7,617</b>
Income Taxes	74	2	192
Employee profit sharing	147	250	193
Creditors pending settlements	3,536	8,772	1,956
Creditors by collaterals received in cash	33	33	-
Sundry creditors and other payables	6,448	4,955	5,276
<b>Deferred Credits and Advanced Collections</b>	<b>972</b>	<b>968</b>	<b>932</b>
<b>Total Liabilities</b>	<b>150,797</b>	<b>162,144</b>	<b>143,066</b>
<b>STOCKHOLDER'S EQUITY</b>			
<b>Paid -In Capital</b>	<b>7,924</b>	<b>7,924</b>	<b>7,923</b>
<b>Capital Surplus</b>	<b>19,757</b>	<b>20,503</b>	<b>18,373</b>
Capital reserves	2,687	2,425	2,425
Results from previous years	15,459	17,021	14,402
Effects from valuation of securities available for sale	176	151	171
Effects from valuation of hedging instruments	7	66	75
Net result	1,428	840	1,300
<b>Total Stockholder's Equity</b>	<b>27,681</b>	<b>28,427</b>	<b>26,296</b>
<b>Total Liabilities and Stockholder's Equity</b>	<b>178,478</b>	<b>190,571</b>	<b>169,362</b>

**SCOTIABANK INVERLAT, S.A.**  
**GRUPO FINANCIERO SCOTIABANK INVERLAT**  
**CONSOLIDATED BALANCE SHEET WITH SUBSIDIARIES**  
 (EXPRESSED IN MILLION OF MEXICAN PESOS)

MEMORANDUM ACCOUNTS	JUN- 11	MAR-11	JUN-10
<b>OPERATIONS ON BEHALF THIRD PARTIES</b>			
Assets and liabilities contingent	71	71	71
Commitment loans	342,545	3,040	2,544
Assets in trust s or mandate	152,807	143,213	141,122
Trust	125,985	116,392	114,296
Mandate	26,822	26,821	26,826
Assets in custody or under administration	630,401	524,076	471,269
Collaterals received for the entity	90,087	86,680	90,215
Collaterals received and sold or delivered in guarantee for the entity	34,942	27,612	23,902
Investment bank transaction on behalf of third parts (net)	68,163	62,328	52,810
Interest not collected from past due portfolio	207	224	177
Other control accounts	514,193	787,857	731,588

SCOTIABANK INVERLAT, S.A.  
GRUPO FINANCIERO SCOTIABANK INVERLAT  
CONSOLIDATED STATEMENT OF INCOME WITH ITS SUBSIDIARIES  
(EXPRESSED IN MILLION OF MEXICAN PESOS)

	6 MONTHS		3 MONTHS		
	JUN-11	JUN-10	JUN-11	MAR-11	JUN-10
Total interest earned	7,224	6,721	3,637	3,587	3,418
Total interest paid	2,238	1,642	1,164	1,074	857
<b>Net interest profit</b>	<b>4,986</b>	<b>5,079</b>	<b>2,473</b>	<b>2,513</b>	<b>2,561</b>
Provision for credit losses	1,014	1,288	448	566	636
<b>Net interest profit, after provision for credit losses</b>	<b>3,972</b>	<b>3,791</b>	<b>2,025</b>	<b>1,947</b>	<b>1,925</b>
Commissions earned	1,053	1,107	518	535	586
Commissions paid	181	164	92	89	84
Revenues from intermediation	208	137	107	101	41
Other operational net income	1,650	1,223	627	1,023	594
Administrative and operating expenses	4,641	4,287	2,302	2,339	2,213
<b>Total operating revenues</b>	<b>2,061</b>	<b>1,807</b>	<b>883</b>	<b>1,178</b>	<b>849</b>
Participation in the results of subsidiaries unconsolidated and associated	1	-	1	-	-
<b>Net income before income tax</b>	<b>2,062</b>	<b>1,807</b>	<b>884</b>	<b>1,178</b>	<b>849</b>
Current income tax	455	585	293	162	360
Deferred income tax	(179)	78	(3)	(176)	51
	<b>634</b>	<b>507</b>	<b>296</b>	<b>338</b>	<b>309</b>
<b>Net Income before discontinued operations</b>	<b>1,428</b>	<b>1,300</b>	<b>588</b>	<b>840</b>	<b>540</b>
<b>Discontinued operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Income</b>	<b>1,428</b>	<b>1,300</b>	<b>588</b>	<b>840</b>	<b>540</b>



Attachment 5

SCOTIA INVERLAT CASA DE BOLSA, S.A. DE C.V.  
GRUPO FINANCIERO SCOTIABANK INVERLAT.  
BOSQUE DE CIRUELOS No. 120, COL. BOSQUES DE LAS LOMAS, C.P. 11700, MEXICO D.F.  
BALANCE SHEETS AS AT JUNE 30, 2011  
(EXPRESSED IN MILLION OF MEXICAN PESOS)

MEMORANDUM ACCOUNTS			
<b>OPERATIONS ON BEHALF THIRD PARTIES</b>		<b>OWN OPERATIONS</b>	
<b>CUSTOMER CURRENT ACCOUNTS</b>		<b>ASSETS AND LIABILITIES CONTINGENT</b>	
Cash balances	16		
Transaction settlement	103		
Other	143	<b>262</b>	
<b>CUSTODY OPERATIONS</b>		<b>COLLATERAL RECEIVED BY THE ENTITY</b>	
Securities held in custody		<b>203,958</b>	
			Government debt 25,882
			Own instruments <u>251</u>
			<b>26,133</b>
<b>TRANSACTIONS ON BEHALF OF CUSTOMERS</b>		<b>COLLATERAL RECEIVED, SOLD OR DELIVERED IN</b>	
Securities operations	28,906	<b>GUARANTEE FOR THE ENTITY</b>	
Securities receivable operations	96		Government debt 25,882
Collaterals received in guarantee	58		Own instruments <u>108</u>
Collaterals given in guarantee	1,910		<b>25,990</b>
<b>Administrative trusts</b>	<b>163</b>	<b>31,133</b>	<b>Other</b>
			<u><b>4,829</b></u>
<b>TOTAL ON BEHALF OF THIRD PARTIES</b>	<b>235,353</b>	<b>TOTAL BROKERAGE FIRM</b>	<b>60,735</b>
<b>ASSETS</b>		<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>	
<b>FUNDS AVAILABLE</b>	<b>146</b>	<b>BANK AND OTHER LOANS</b>	
<b>MARGIN ACCOUNTS (DERIVATES)</b>	<b>25</b>	Short term	81
<b>FINANCIAL INSTRUMENTS</b>		<b>REPURCHASE AGREEMENTS – CREDITORS</b>	<b>13,981</b>
Securities – available for trading	17,257	<b>COLLATERAL SOLD OR GIVEN IN GUARANTEE</b>	
Securities – available for sale	481	Securities receivable	109
<b>REPURCHASE AGREEMENTS – DEBTORS</b>	<b>1</b>	<b>DERIVATES</b>	
<b>DERIVATES</b>		Trading	2,172
Trading	185	<b>OTHER PAYABLES</b>	
<b>ACCOUNTS RECEIVABLE (NET)</b>	<b>1,721</b>	Income tax	9
<b>PROPERTY, FURNITURE AND EQUIPMENT (NET)</b>	<b>151</b>	Employee profit sharing	14
<b>LONG-TERM INVESTMENTS IN EQUITIES</b>	<b>3</b>	Creditors pending settlements	1,495
		Sundry creditors and other payables	<u>234</u>
			<b>1,752</b>
		<b>DEFERRED TAXES AND EMPLOYEE PROFIT SHARING (NET)</b>	<b>58</b>
<b>OTHER ASSETS</b>		<b>TOTAL LIABILITIES</b>	<b>18,153</b>
Deferred, advanced and intangible charges	118	<b>STOCKHOLDERS' EQUITY</b>	
Short and long term other assets	28	<b>PAID-IN CAPITAL</b>	
	<b>146</b>	Capital stock	551
<b>TOTAL ASSETS</b>	<b>20,116</b>	<b>CAPITAL SURPLUS</b>	
		Statutory reserves	58
		Results from prior years	1,108
		Results for valuation of securities available for sale	176
		Net results	<u>70</u>
			<b>1,412</b>
		<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>1,963</b>
		<b>EQUITY TOTAL LIABILITIES AND STOCKHOLDERS'</b>	<b>20,116</b>

"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 Article 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 through the dates noted 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 Directors under the responsibility of the following officers."

The historical capital stock amount is \$386 million as at June 30, 2011.

GONZALO ROJAS RAMOS  
PRESIDENT

DIEGO M. PISINGER ALTER  
DIRECTOR GENERAL FINANCE AND  
BUSINESS INTELLIGENCE

AGUSTIN CORONA GAHLER  
DIRECTOR GROUP AUDIT

GORDON MACRAE  
DIRECTOR GROUP ACCOUNTING

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**SCOTIA INVERLAT CASA DE BOLSA, S.A. DE C.V.**  
**GRUPO FINANCIERO SCOTIABANK INVERLAT**  
**BOSQUE DE CIRUELOS No. 120 COL. BOSQUES DE LAS LOMAS, C.P. 11700, MEXICO D.F.**  
**STATEMENT OF INCOME FOR THE PERIOD JANUARY 1 TO JUNE 30, 2011**  
 (EXPRESSED IN MILLION OF MEXICAN PESOS)

Commissions and fees collected	307		
Commissions and fees paid	21		
Financial advisory income	42		<b>327</b>
<b>Service Income</b>			<b>327</b>
Gain on purchase and sale of securities	443		
Loss on purchase and sale of securities	(538)		
Interest income	1,077		
Interest expense	(893)		
Valuation gain (loss) on securities	25		
<b>Net Interest Profit for Intermediation</b>			<b>114</b>
Other operational net income			1
<b>Total Other Operating net Income</b>			<b>442</b>
Administrative and operating expenses			336
<b>Operating income</b>			<b>106</b>
Other income	20		
Other expense	12		8
<b>Net income before income tax</b>			<b>114</b>
Current income tax	60		
Deferred income tax (net)	(16)		44
<b>Results before subsidiaries unconsolidated and associated companies</b>			<b>70</b>
<b>Results before discontinued operations</b>			<b>70</b>
<b>Net income</b>			<b>70</b>

"These statement of income were prepared in accordance with the accounting criteria for brokerage firms, issued by the National Banking and Securities Commission based on Article 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 revenues and disbursement relating to the transactions carried out by the Brokerage Firm through the dates noted above. Furthermore, these transactions were carried out and valued in accordance with sound practices and the applicable legal and administrative provisions.

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

GONZALO ROJAS RAMOS  
PRESIDENT

DIEGO M. PISINGER ALTER  
DIRECTOR GENERAL FINANCE AND  
BUSINESS INTELLIGENCE

AGUSTIN CORONA GAHLER  
DIRECTOR GROUP  
AUDIT

GORDON MACRAE  
DIRECTOR GROUP  
ACCOUNTING

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CONSOLIDATED FINANCIAL STATEMENTS

**SCOTIA INVERLAT CASA DE BOLSA, S.A. DE C.V.**  
**GRUPO FINANCIERO SCOTIABANK INVERLAT**  
**BOSQUE DE CIRUELOS No. 120, COL. BOSQUES DE LAS LOMAS, C.P. 11700, MEXICO D.F.**  
**STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY FOR THE PERIOD DECEMBER 31, 2010 TO JUNE 30, 2011**  
 (EXPRESSED IN MILLION OF MEXICAN PESOS)

CONCEPT	Paid-in Capital					Capital Surplus							Total stockholders' equity
	Capital stock	Contributions for future increases by the Shareholders' assembly	Premium from the sale of shares	Subordinated debentures	Statutory reserves	Results from previous years	Result for valuation of securities available for sale	Result from valuation of hedging instruments	Cumulative effect of restatement	Result from holding non-monetary assets	Net income	Non-controller participation	
<b>Balances as of December 31, 2010</b>	551	-	-	-	46	872	191	-	-	-	248	-	1,908
<b>ITEMS RELATED TO STOCKHOLDERS DECISIONS</b>													
Creation of reserves					12	(12)							-
Transfer of prior year's results						248					(248)		-
<b>Total</b>	-	-	-	-	12	236	-	-	-	-	(248)	-	-
<b>ITEMS RELATED TO RECOGNITION OF COMPREHENSIVE INCOME</b>													
Net income											70	-	70
Result from valuation of available-for-sale securities							(15)						(15)
Other	-				-	-							-
<b>Total</b>	-	-	-	-	-	-	(15)	-	-	-	70	-	55
<b>Balances as of June 30 2011</b>	551	-	-	-	58	1,108	176	-	-	-	70	-	1,963

"These statements of changes in stockholders' equity have been prepared in conformity with the accounting criteria for brokerage firms, issued by the National Banking and Securities Commission based on Article 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 through the dates noted above. Furthermore, these transactions were carried out and valued in accordance with sound practices and the applicable legal and administrative provisions.

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

GONZALO ROJAS RAMOS  
PRESIDENT

DIEGO M. PISINGER ALTER  
DIRECTOR GENERAL FINANCE AND  
BUSINESS INTELLIGENCE

AGUSTIN CORONA GAHLER  
DIVISIONAL DIRECTOR  
AUDIT

GORDON MACRAE  
DIRECTOR GROUP  
ACCOUNTING

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**SCOTIA INVERLAT CASA DE BOLSA, S.A. DE C.V.**  
**GRUPO FINANCIERO SCOTIABANK INVERLAT**  
**BOSQUE DE CIRUELOS No. 120 COL. BOSQUES DE LAS LOMAS, C.P. 11700, MEXICO D.F.**  
**STATEMENT OF CASH FLOW, FOR THE PERIOD JANUARY 1 TO JUNE 30, 2011**  
 (EXPRESSED IN MILLION OF MEXICAN PESOS)

<b>Net income</b>		<b>70</b>
<b>Adjustments for items that do not imply flow of cash:</b>		
Provision for difficult or not collection	1	
Losses for deterioration or cancel effect associated with investment and funding activities	1	
Depreciation and amortization	5	
Provisions	25	
Income tax (current and deferred)	60	
Other	(26)	<b>66</b>
<b>Operation Activities:</b>		
Change in margin accounts		84
Change in investment securities		(4,538)
Change in repurchase agreements (debtor)		70
Change in derivatives (assets)		(508)
Change in other operational assets		(1,426)
Change in bank and other loans		71
Change in repurchase agreements (creditor)		4,306
Change in collateral sold or in guarantee		(17)
Change in derivatives (liabilities)		788
Change in other operational liabilities		1,161
<b>Operation activities cash flow</b>		<b>(9)</b>
<b>Investment Activities</b>		
Payments for acquisition of intangible assets		(1)
<b>Investment activities cash flow</b>		<b>(1)</b>
<b>Net Increase or Decrease in cash</b>		<b>126</b>
<b>Cash and cash equivalent at the beginning of the period</b>		<b>20</b>
<b>Cash and cash equivalent at the final of the period</b>		<b>146</b>

"These statements of cash flow have been prepared in conformity with the accounting criteria for brokerage firms, issued by the National Banking and Securities Commission based on Article 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 cash entrance and cash outflow of funds relating to the transactions carried out by the Brokerage Firm through the dates noted above. Furthermore, these transactions were carried out and valued in accordance with sound practices and the applicable legal and administrative provisions."

These statement of cash flow were approved by the Board Directors under the responsibility of the following officers".

GONZALO ROJAS RAMOS  
PRESIDENT

DIEGO M. PISINGER ALTER  
DIRECTOR GENERAL FINANCE AND  
BUSINESS INTELLIGENCE

AGUSTIN CORONA GAHLER  
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SCOTIA INVERLAT CASA DE BOLSA, S.A. DE C.V.  
GRUPO FINANCIERO SCOTIABANK INVERLAT  
BALANCE SHEETS  
(EXPRESSED IN MILLION OF MEXICAN PESOS)

ASSETS	JUN-11	MAR-11	JUN-10
<b>Funds Available</b>	<b>146</b>	<b>23</b>	<b>113</b>
<b>Margin Accounts (Derivatives)</b>	<b>25</b>	<b>38</b>	<b>37</b>
<b>Financial Instruments</b>	<b>17,738</b>	<b>14,791</b>	<b>14,579</b>
Securities – available for trading	17,257	14,290	14,159
Securities – available for sale	481	501	420
<b>Repurchase Agreements (Debtor)</b>	<b>1</b>	<b>1</b>	<b>2</b>
<b>Derivatives</b>	<b>185</b>	<b>115</b>	<b>19</b>
Trading	185	115	19
<b>Accounts Receivable (Net)</b>	<b>1,721</b>	<b>1,847</b>	<b>1,199</b>
<b>Property, Furniture and Equipment (Net)</b>	<b>151</b>	<b>154</b>	<b>152</b>
<b>Long-term Investment in Equities</b>	<b>3</b>	<b>3</b>	<b>3</b>
<b>Other Assets</b>	<b>146</b>	<b>120</b>	<b>120</b>
<b>Total Assets</b>	<b>20,116</b>	<b>17,092</b>	<b>16,225</b>
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>			
<b>Bank and Other Loans</b>	<b>81</b>	<b>8</b>	<b>86</b>
<b>Liabilities Related to Securities in the Course of Settlement</b>	<b>-</b>	<b>469</b>	<b>-</b>
<b>Repurchase Agreements</b>	<b>13,981</b>	<b>11,458</b>	<b>10,813</b>
<b>Collateral Sold or Given in Guarantee</b>	<b>109</b>	<b>143</b>	<b>164</b>
<b>Derivatives</b>	<b>2,172</b>	<b>1,977</b>	<b>1,038</b>
Trading	2,172	1,977	1,038
<b>Other Payables</b>	<b>1,752</b>	<b>1,026</b>	<b>2,291</b>
Income Taxes	9	26	23
Employee profit sharing	14	38	16
Creditors pending settlements	1,495	747	2,027
Sundry creditors and other payables	234	215	225
<b>Deferred Taxes and Employee Profit Sharing (Net)</b>	<b>58</b>	<b>58</b>	<b>45</b>
<b>Total Liabilities</b>	<b>18,153</b>	<b>15,139</b>	<b>14,436</b>
<b>STOCKHOLDER'S EQUITY</b>			
<b>Paid -In Capital</b>	<b>551</b>	<b>551</b>	<b>551</b>
<b>Capital Surplus</b>	<b>1,412</b>	<b>1,402</b>	<b>1,238</b>
Capital reserves	58	46	46
Results from previous years	1,108	1,120	872
Effects from valuation of securities available for sale	176	188	139
Net Income	70	48	180
<b>Total Stockholder's Equity</b>	<b>1,963</b>	<b>1,953</b>	<b>1,789</b>
<b>Total Liabilities and Stockholder's Equity</b>	<b>20,116</b>	<b>17,092</b>	<b>16,225</b>

SCOTIA INVERLAT CASA DE BOLSA, S.A. DE C.V.  
GRUPO FINANCIERO SCOTIABANK INVERLAT  
BALANCE SHEET

(EXPRESSED IN MILLION OF MEXICAN PESOS)

MEMORANDUM ACCOUNTS	JUN-11	MAR-11	JUN-10
<b>OPERATIONS ON BEHALF THIRD PARTIES</b>			
<b>Customer Current Accounts</b>	<b>262</b>	<b>72</b>	<b>(11)</b>
Cash Balances	16	9	10
Transaction settlement	103	(110)	(43)
Other	143	173	22
<b>Custody Operations</b>	<b>203,958</b>	<b>201,475</b>	<b>187,991</b>
Securities held in custody	203,958	201,475	187,991
<b>Transactions on behalf of customers</b>	<b>31,133</b>	<b>30,552</b>	<b>32,099</b>
Securities operations	28,906	28,103	29,882
Securities receivable operations	96	143	141
Collaterals received in guarantee	58	111	78
Collaterals given in guarantee	1,910	2,035	1,859
Administrative trusts	163	160	139
<b>TOTAL ON BEHALF THIRD PARTIES</b>	<b>235,353</b>	<b>232,099</b>	<b>220,079</b>
<b>OWN OPERATIONS</b>			
<b>Assets and liabilities contingent</b>	<b>3,783</b>	<b>3,699</b>	<b>3,873</b>
<b>Collaterals received for the entity</b>	<b>26,133</b>	<b>30,321</b>	<b>26,913</b>
Government paper	25,882	30,001	26,593
Investment in Financial Instruments	251	320	320
<b>Collaterals received and sold or delivered in guarantee for the entity</b>	<b>25,990</b>	<b>30,144</b>	<b>26,756</b>
Government paper	25,882	30,001	26,593
Investment in Financial Instruments	108	143	164
<b>Other control accounts</b>	<b>4,829</b>	<b>4,334</b>	<b>140</b>
<b>TOTALES OWN OPERATIONS</b>	<b>60,735</b>	<b>68,498</b>	<b>57,682</b>

SCOTIA INVERLAT CASA DE BOLSA, S.A. DE C.V.  
GRUPO FINANCIERO SCOTIABANK INVERLAT  
STATEMENT OF INCOME  
(EXPRESSED IN MILLION OF MEXICAN PESOS)

	6 MONTHS		3 MONTHS		
	JUN-11	JUN-10	JUN-11	MAR-11	JUN-10
Commissions and fees collected	306	294	131	175	139
Commissions and fees paid	(21)	(19)	(12)	(9)	(13)
Financial advisory Income	42	39	19	23	22
<b>Service Income</b>	<b>327</b>	<b>314</b>	<b>138</b>	<b>189</b>	<b>148</b>
Gain on purchase and sale of securities	443	267	112	331	202
Loss on purchase and sale of securities	(538)	(123)	(161)	(377)	(68)
Interest income	1,077	907	541	536	442
Interest expense	(893)	(822)	(447)	(446)	(397)
Valuation gain (loss) on securities	25	-	30	(5)	(7)
<b>Net Interest Profit for Intermediation</b>	<b>114</b>	<b>229</b>	<b>75</b>	<b>39</b>	<b>172</b>
Other operational net income	1	-	1	-	-
<b>Total Other Operating net Income</b>	<b>442</b>	<b>543</b>	<b>214</b>	<b>228</b>	<b>320</b>
Administrative and operating expenses	336	303	177	159	178
<b>Operating income</b>	<b>106</b>	<b>240</b>	<b>37</b>	<b>69</b>	<b>142</b>
Other income	20	28	11	9	19
Other expense	12	1	11	1	-
	8	27	1	7	19
<b>Net income before income tax</b>	<b>114</b>	<b>267</b>	<b>37</b>	<b>77</b>	<b>161</b>
Current income tax	60	46	10	50	18
Deferred income tax (net)	(16)	41	5	(21)	42
	44	87	15	29	60
<b>Results before subsidiaries unconsolidated and associated companies</b>	<b>70</b>	<b>180</b>	<b>22</b>	<b>48</b>	<b>101</b>
<b>Results before discontinued operations</b>	<b>70</b>	<b>180</b>	<b>22</b>	<b>48</b>	<b>101</b>
<b>Net income</b>	<b>70</b>	<b>180</b>	<b>22</b>	<b>48</b>	<b>101</b>

Attachment 6

**SCOTIA FONDOS, S.A. DE C.V.**  
**SOCIEDAD OPERADORA DE SOCIEDADES DE INVERSION**  
**GRUPO FINANCIERO SCOTIABANK INVERLAT**  
**BOSQUE DE CIRUELOS No. 120, COL. BOSQUES DE LAS LOMAS, C.P. 11700, MEXICO D.F.**  
**BALANCE SHEET AS AT JUNE 30, 2011**  
 (EXPRESSED IN THOUSANDS OF MEXICAN PESOS)

<b>ASSETS</b>		<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>	
<b>FUNDS AVAILABLE</b>	<b>14</b>	<b>OTHER PAYABLES</b>	
		Income tax	5,712
		Sundry creditors and other payables	63,842
			<b>69,554</b>
<b>SECURITIES INVESTMENT</b>		<b>TOTAL LIABILITIES</b>	<b>69,554</b>
Securities – available for trading	<b>275,899</b>		
<b>OTHER ACCOUNTS RECEIVABLE (NET)</b>	<b>74,512</b>	<b>STOCKHOLDERS' EQUITY</b>	
<b>LONG-TERM INVESTMENT IN EQUITIES</b>	<b>3,225</b>	<b>PAID-IN CAPITAL</b>	
		Capital stock	<b>2,586</b>
<b>DEFERRED TAXES AND EMPLOYEE PROFIT SHARING (NET)</b>	<b>432</b>	<b>CAPITAL SURPLUS</b>	
		Statutory reserves	517
<b>OTHER ASSETS</b>		Results from prior years	231,574
Deferred, advanced and intangible charges	193	Net results	50,066
Short and Long term assets	22		<b>282,157</b>
	<b>215</b>	<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>284,743</b>
<b>TOTAL ASSETS</b>	<b>354,297</b>	<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>354,297</b>

**MEMORANDUM ACCOUNTS**

Assets and Liabilities contingent	2,809
Assets in custody or under administration	116,440,606

"These balance sheets were prepared in accordance with the accounting criteria for mutual fund management companies, issued by the National Banking and Securities Commission based on Article 76 of the Investment Companies 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 Management Companies through the dates 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 Directors under the responsibility of the following officers."

The historical capital stock amount is \$ 2,000 thousands of pesos as at June 30, 2011.

ERNESTO DIEZ SANCHEZ  
PRESIDENT

GORDON MACRAE  
DIRECTOR GROUP ACCOUNTING



**SCOTIA FONDOS, S.A. DE C.V.**  
**SOCIEDAD OPERADORA DE SOCIEDADES DE INVERSION**  
**GRUPO FINANCIERO SCOTIABANK INVERLAT**  
**BOSQUE DE CIRUELOS No. 120, COL. BOSQUES DE LAS LOMAS, C.P. 11700, MEXICO D.F.**  
**STATEMENT OF INCOME FOR THE PERIOD JANUARY 1 TO JUNE 30, 2011**  
 (EXPRESSED IN THOUSANDS OF MEXICAN PESOS)

Commissions and fees collected			382,271
Commissions and fees paid			310,578
<b>Service Income</b>			<b>71,693</b>
Valuation gain (loss) on securities	744		
Gain and loss on purchase and sale of securities	4,368		5,112
<b>Net Interest Profit</b>			<b>5,112</b>
<b>Total Other Operating Net Income</b>			<b>76,805</b>
Administrative expenses			4,448
<b>Operating income</b>			<b>72,357</b>
Other income	24		
Other expenses	1,067		(1,043)
<b>Net income before income tax</b>			<b>71,314</b>
Current income tax	21,319		
Deferred income tax (net)	(75)		21,244
<b>Results before subsidiaries unconsolidated and associated companies</b>			<b>50,070</b>
Participation in the results of subsidiaries unconsolidated and associated			(4)
<b>Results before discontinued operations</b>			<b>50,066</b>
<b>Net income</b>			<b>50,066</b>

"These statement of income were prepared in accordance with the accounting criteria for mutual fund management companies, issued by the National Banking and Securities Commission based on Article 76 of the Investment Companies Law, which are of a general and mandatory nature and have been applied on a consistent basis. Accordingly, they reflect the revenues and costs relating to the transactions carried out by the Management Companies through the dates indicated above. Furthermore, these transactions were carried out and valued in accordance with sound practices and the applicable legal and administrative provisions.

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

ERNESTO DIEZ SANCHEZ  
PRESIDENT

GORDON MACRAE  
DIRECTOR GROUP ACCOUNTING

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**SCOTIA FONDOS, S.A. DE C.V.**  
**SOCIEDAD OPERADORA DE SOCIEDADES DE INVERSION**  
**GRUPO FINANCIERO SCOTIABANK INVERLAT**  
**BOSQUE DE CIRUELOS No. 120, COL. BOSQUES DE LAS LOMAS, C.P. 11700, MEXICO D.F.**  
**STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY FOR THE PERIOD DECEMBER 31, 2010 TO JUNE 30, 2011**  
 (EXPRESSED IN THOUSANDS OF MEXICAN PESOS)

CONCEPT	Paid-in Capital			Capital Surplus				Total stockholders' equity	
	Capital stock	Contributions for future increases by the Shareholders' assembly	Subordinate debentures	Statutory reserves	Results from previous years	Result from valuation of available for sale securities	Result form holding non-monetary assets		Net income
<b>Balances as of December 31, 2010</b>	2,586	-	-	517	135,421	-	-	96,153	234,677
<b>ITEMS RELATED TO STOCKHOLDERS DECISIONS</b>									
Transfer of prior year's results					96,153			(96,153)	-
<b>Total</b>	-	-	-	-	96,153	-	-	(96,153)	-
<b>ITEMS RELATED TO RECOGNITION OF COMPREHENSIVE INCOME</b>									
<b>Comprehensive Income</b>									
Net income								50,066	50,066
<b>Total</b>	-	-	-	-	-	-	-	50,066	50,066
<b>Balances as of June 30, 2011</b>	2,586	-	-	517	231,574	-	-	50,066	284,743

"These statement of changes in stockholders' equity have been prepared in accordance with the accounting criteria for mutual fund management companies, issued by the National Banking and Securities Commission based on Article 76 of the Investment Companies 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 Management Companies through the dates indicated above. Furthermore, these transactions were carried out and valued in accordance with sound practices and the applicable legal and administrative provisions.

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ERNESTO DIEZ SANCHEZ  
PRESIDENT

GORDON MACRAE  
DIRECTOR GROUP ACCOUNTING

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**SCOTIA FONDOS, S.A. DE C.V.**  
**SOCIEDAD OPERADORA DE SOCIEDADES DE INVERSION**  
**GRUPO FINANCIERO SCOTIABANK INVERLAT**  
**BOSQUE DE CIRUELOS No. 120, COL. BOSQUES DE LAS LOMAS, C.P. 11700, MEXICO D.F.**  
**STATEMENT OF CASH FLOW, FOR THE PERIOD JANUARY 1 TO JUNE 30, 2011**  
 (EXPRESSED IN THOUSANDS OF MEXICAN PESOS)

<b>Net income</b>		<b>50,066</b>
<b>Adjustments for items that not imply cash flow</b>		
Provisions	572	
Income tax (current and deferred)	21,243	
Participation in the result of subsidiaries non consolidated and associated	4	
Other	(744)	21,075
<b>Operation activities</b>		
Change in investment securities		(36,608)
Change in other operational assets		(1,531)
Change in other operational liabilities		(31,340)
<b>Operation activities cash flow</b>		<b>(69,479)</b>
<b>Investment activities</b>		
Payments for acquisition of subsidiaries and associated		(2,229)
Payments for acquisition of other long-term investment in equities		(1,000)
<b>Financing activities cash flow</b>		<b>(3,229)</b>
<b>Net Increase or Decrease in cash</b>		<b>(1,567)</b>
<b>Cash and cash equivalent at the beginning of the period</b>		<b>1,581</b>
<b>Cash and cash equivalent at the final of the period</b>		<b>14</b>

"This statement of cash flow has been prepared in accordance with the accounting criteria for mutual fund management companies, issued by the National Banking and Securities Commission based on Article 76 of the Investment Companies Law, which are of a general and mandatory nature and have been applied on a consistent basis. Accordingly, they reflect the cash entrance and cash outflow of funds relating to the transactions carried out by the Management Companies through the dates indicated above. Furthermore, these transactions were carried out and valued in accordance with sound practices and the applicable legal and administrative provisions.

This statement of cash flow was approved by the Board Directors under the responsibility of the following officers".

ERNESTO DIEZ SANCHEZ  
PRESIDENT

GORDON MACRAE  
DIRECTOR GROUP ACCOUNTING

[www.scotiabank.com.mx/ES/quienessomos/relacionconinversionistas/estadosfinancieros/Paginas/default.aspx](http://www.scotiabank.com.mx/ES/quienessomos/relacionconinversionistas/estadosfinancieros/Paginas/default.aspx)  
[www.cnbv.gob.mx/prensa/paginas/boletinesestadisticos.aspx](http://www.cnbv.gob.mx/prensa/paginas/boletinesestadisticos.aspx)

**SCOTIA FONDOS, S.A. DE C.V.**  
**SOCIEDAD OPERADORA DE SOCIEDADES DE INVERSION**  
**GRUPO FINANCIERO SCOTIABANK INVERLAT**  
**BOSQUE DE CIRUELOS No. 120, COL. BOSQUES DE LAS LOMAS, C.P. 11700, MEXICO D.F.**  
**STATEMENT OF INVESTMENT LOAN VALUATION, AS AT JUNE 30, 2011**  
 (EXPRESSED IN THOUSANDS OF MEXICAN PESOS)

REFERENC E NUMBER	INVESTMEN T TYPE	ISSUER	SERIES	SECURITY TYPE	MARKET RATE	RATE TYPE	CREDIT RATING	No. OF SECURITIES MANAGEMENT	No. OF SECURITIES SETTLEMENTS	No. OF SECURITIES ISSUED	AVERAGE ACQUISITION COST / UNIT	TOTAL ACQUISITION COST	MARKET PRICE	TOTAL MARKET VALUE	DAYS TO MATURITY
201	D	SCOTIAG	M6	51	0	TR	AAA/2F	106,831,923	2,907,649	3,320,000,011	2.582288	275,871	2.582555	275,899	0
TOTALS:												275,871	275,899		

“These statement of investment loan valuation have been prepared in accordance with the accounting criteria for mutual fund management companies, issued by the National Banking and Securities Commission based on Article 76 of the Investment Companies Law, which are of a general and mandatory nature and have been applied on a consistent basis. Accordingly, they reflect the operations of investment assests relating to the transactions carried out by the Management Companies through the dates indicated above. Furthermore, these transactions were carried out and valued in accordance with sound practices and the applicable legal and administrative provisions.

These statement of investment loan valuation were approved by the Board Directors under the responsibility of the following officers”.

ERNESTO DIEZ SANCHEZ  
PRESIDENT

GORDON MACRAE  
DIRECTOR GROUP ACCOUNTING

[www.scotiabank.com.mx/ES/quienessomos/relacionconinversionistas/estadosfinancieros/Paginas/default.aspx](http://www.scotiabank.com.mx/ES/quienessomos/relacionconinversionistas/estadosfinancieros/Paginas/default.aspx)  
[www.cnbv.gob.mx/prensa/paginas/boletinesestadisticos.aspx](http://www.cnbv.gob.mx/prensa/paginas/boletinesestadisticos.aspx)

**SCOTIA FONDOS, S.A. DE C.V.**  
**SOCIEDAD OPERADORA DE SOCIEDADES DE INVERSION**  
**GRUPO FINANCIERO SCOTIABANK INVERLAT**  
**BALANCE SHEET**  
 (EXPRESSED IN THOUSANDS OF MEXICAN PESOS)

ASSETS	JUN 11	MAR-11	JUN-10
<b>FUNDS AVAILABLE</b>	14	315	15
<b>SECURITIES INVESTMENT</b>	275,899	254,372	184,953
Securities – available for trading	275,899	254,372	184,953
<b>OTHER ACCOUNTS RECEIVABLE (NET)</b>	74,512	73,532	68,139
<b>LONG – TERM INVESTMENT IN EQUITIES</b>	3,225	1,219	-
<b>DEFERRED TAXES AND EMPLOYEE PROFIT SHARING (NET)</b>	432	455	1,534
<b>OTHER ASSETS</b>	215	87	205
Deferred, advanced and intangible charges	193	63	170
Short and long term assets	22	24	35
<b>TOTAL ASSETS</b>	<b>354,297</b>	<b>329,980</b>	<b>254,846</b>
<b>LIABILITIES AND STOCKHOLDER’S EQUITY</b>			
<b>OTHER PAYABLES</b>	69,554	69,727	72,298
Income tax	5,712	6,066	9,258
Employee profit sharing	-	-	2,975
Sundry creditors and other payables	63,842	63,661	60,065
<b>TOTAL LIABILITIES</b>	69,554	69,727	72,298
<b>STOCKHOLDER’S EQUITY</b>			
<b>PAID IN CAPITAL</b>	2,586	2,586	2,586
<b>CAPITAL SURPLUS</b>	282,157	257,667	179,962
Statutory reserves	517	517	517
Results from prior years	231,574	231,574	135,421
Net results	50,066	25,576	44,024
<b>TOTAL STOCKHOLDER’S EQUITY</b>	<b>284,743</b>	<b>260,253</b>	<b>182,548</b>
<b>TOTAL LIABILITIES AND STOCKHOLDER’S EQUITY</b>	<b>354,297</b>	<b>329,980</b>	<b>254,846</b>
<b>MEMORANDUM ACCOUNTS</b>			
Assets and Liabilities contingent	2,809	2,661	2,071
Assets in custody or under administration	116,440,606	116,169,476	115,496,618

**SCOTIA FONDOS, S.A. DE C.V.**  
**SOCIEDAD OPERADORA DE SOCIEDADES DE INVERSIÓN**  
**GRUPO FINANCIERO SCOTIABANK INVERLAT**  
**STATEMENT OF INCOME**  
 (EXPRESSED IN THOUSAND OF MEXICAN PESOS)

	6 MONTHS		3 MONTHS		
	JUN-11	JUN-10	JUN-11	MAR-11	JUN-10
Commissions and fees collected	382,271	346,702	193,727	188,544	178,780
Commissions and fees paid	310,578	281,206	157,367	153,211	144,959
<b>Service Income</b>	<b>71,693</b>	<b>65,496</b>	<b>36,360</b>	<b>35,333</b>	<b>33,821</b>
Valuation gain (loss) on securities	744	251	157	587	75
Gain and loss on purchased and sale of securities	4,368	3,027	2,528	1,840	1,673
	<b>5,112</b>	<b>3,278</b>	<b>2,685</b>	<b>2,427</b>	<b>1,748</b>
<b>Net Interes Profit</b>	<b>5,112</b>	<b>3,278</b>	<b>2,685</b>	<b>2,427</b>	<b>1,748</b>
<b>Total Other Operating Income</b>	<b>76,805</b>	<b>68,774</b>	<b>39,045</b>	<b>37,760</b>	<b>35,569</b>
Administrative expenses	4,448	6,454	2,639	1,809	3,192
<b>Operating income</b>	<b>72,357</b>	<b>62,320</b>	<b>36,406</b>	<b>35,951</b>	<b>32,377</b>
Other income	24	693	12	12	307
Other expenses	1,067	855	509	558	461
<b>Net income before income tax</b>	<b>71,314</b>	<b>62,158</b>	<b>35,909</b>	<b>35,405</b>	<b>32,223</b>
Current income tax	21,319	18,413	11,400	9,919	10,222
Deferred income tax(net)	(75)	(279)	24	(99)	(140)
	<b>21,244</b>	<b>18,134</b>	<b>11,424</b>	<b>9,820</b>	<b>10,082</b>
<b>Results before subsidiaries unconsolidated and associated companies</b>	<b>50,070</b>	<b>44,024</b>	<b>24,485</b>	<b>25,585</b>	<b>22,141</b>
Participation in the results of subsidiaries unconsolidated and associated	(4)	-	5	(9)	-
<b>Results before discontinued operations</b>	<b>50,066</b>	<b>44,024</b>	<b>24,490</b>	<b>25,576</b>	<b>22,141</b>
<b>Net income</b>	<b>50,066</b>	<b>44,024</b>	<b>24,490</b>	<b>25,576</b>	<b>22,141</b>

## Attachment 7 Grupo Scotiabank

Grupo Scotiabank Financial Indicators					
	2011		2010		
	Q2	Q1	Q4	Q3	Q2
<b>ROE</b> <i>(Annualised quarterly net income / average capital for the quarter)</i>	8.3	12.1	11.9	7.6	9.4
<b>ROA</b> <i>(Annualised quarterly net income / average of total assets for the quarter)</i>	1.3	1.8	1.8	1.1	1.4
<b>Net Interest margin</b> <i>(Net interest margin including credit loss provisions / average earning assets)</i>	4.9	4.7	4.6	5.0	4.8
<b>Operating efficiency</b> <i>(Annualised quarterly operating expenses / average of total assets for the quarter)</i>	5.0	4.9	5.3	5.2	5.2
<b>Delinquency index</b> <i>(Balance of past due loans at quarter end / balance total loans)</i>	2.9	3.3	3.6	3.9	4.0
<b>Reserve coverage of past due loans</b> <i>(Allowance for credit losses at quarter end / balance of past due loans)</i>	113.2	105.6	103.3	102.0	99.7
<b>Net capital / Credit risk adjustment assets</b>	22.47	23.71	23.66	22.94	22.51
<b>Net capital / Total risk adjustment assets</b> <i>(credit, market and operational risk)</i>	16.90	17.44	17.81	17.35	17.19
<b>Liquidity</b> <i>(Liquid assets / liquid liabilities)</i>	95.2	84.9	87.8	105.4	98.6

Grupo Scotiabank Segments; <i>(P\$ millions; as at June 30, 2011)</i>				
	Credit & Services	Trading & Treasury	Other	Total Group
Net interest income	4,610	295	268	5,173
Other income	2,335	226	518	3,079
<b>Revenue</b>	<b>6,945</b>	<b>521</b>	<b>786</b>	<b>8,252</b>
Provision for credit losses	(1,014)	-	-	(1,014)
<b>Total revenue</b>	<b>5,931</b>	<b>521</b>	<b>786</b>	<b>7,238</b>
Operating expenses	(4,289)	(235)	(460)	(4,984)
Participation in results of subsidiaries and associated companies	-	1	-	1
<b>Operational profit</b>	<b>1,642</b>	<b>287</b>	<b>326</b>	<b>2,255</b>
Income tax	-	-	-	(703)
<b>Profit after income tax</b>				<b>1,552</b>

**Related-party transactions**

During the normal course of business, The Group carries out transactions with related parties. According to the Group's policies, the Bank's Board of Directors authorizes all credit transactions with related parties, which are granted at market rates with guarantees and terms in accordance with sound banking practices.

At June 30, 2011 principal balances with related parties are for bank loans granted of P\$2,053 million.

## Financial Information Disclosure

The Bank of Nova Scotia (“BNS”), the controlling entity, provides diversified financial services globally, and is listed on the Toronto and New York stock exchanges. As issuer, BNS issues, amongst other information, annual and quarterly financial information prepared in accordance with Canadian generally accepted accounting principles (Canadian GAAP). The consolidated financial statements also comply with the accounting requirements of the Canadian Bank Act. The financial information includes the results of entities that are consolidated in Grupo Financiero Scotiabank Inverlat (“SBM”).

Based on the requirements set forth by the Comision Nacional Bancaria y de Valores (“CNBV”), SBM issues, through its electronic page in the world wide web (“Internet”), its consolidated financial statements with figures as of March, June, September and December, prepared in accordance with the Accounting Criteria for Financial Institutions defined by the CNBV.

## Reconciliation of Mexican and Canadian GAAP

The net income of MXN 917 million reported by SBM for the quarter ending March 31, 2011 is different from the MXN 972 million (CAD 79 million) figure reported by BNS since financial institutions in Mexico prepare and present their financial statements according to Mexican GAAP, which differs in some aspects from Canadian GAAP. The reconciling items can be grouped as follows:

**Non-controlling interest** - BNS records, as an expense, the non-controlling interest in SBM’s net income.

**Acquisition accounting and other Canadian GAAP adjustments**- On acquisition of SBM, BNS was required to record its share of SBM’s assets and liabilities at their fair value. As a result, in subsequent periods, BNS’ share of SBM’s net income is affected by these differences in carrying values. There are also other measurement differences between Mexican and Canadian GAAP, which are adjusted by BNS.

Summary of the main reconciling items between net income reported by SBM and net income reported by BNS for the quarter ending March 31st, 2010.

In MXN\$ millions (except as indicated)	Q1/11
<b>SBM consolidated net income under Mexican GAAP – per the March 2011 Press Release</b>	917
Non-controlling interest – 2.7%	(24)
Acquisition accounting and other Canadian GAAP adjustments	79
SBM consolidated net income under Canadian GAAP as reported by BNS	972
<b>SBM consolidated net income under Canadian GAAP reported by BNS in Canadian dollars</b>	<b>CAD \$79</b>



## Internal Control

The internal control policies establish the internal control framework for Grupo Scotiabank and its subsidiaries and the control environment in which they operate, with the objective of having a reasonable level of confidence that the institution operates in prudent and sound manner.

An internal control model has been established to clearly identify responsibilities, subject to the premise that all the members of GSB share responsibility concerning internal control matters. The internal control model is composed of:

- A Board of Directors that is responsible for overseeing that GSB operates in accordance with sound practices and that it is effectively and efficiently managed. The Board of Directors are also responsible for approving GSB objectives and Internal Control Policies, the Conduct in Business Guidelines and other internal conduct manuals, as well as the organization's structure. The Board is also responsible for appointing GSB internal and external auditors, as well as its key officers.
- An Audit Committee assists the Board of Directors in determining and updating all internal control policies and procedures, and in verifying and evaluating them. The Audit Committee is composed of three regular directors and is presided over by an independent director. It meets on a quarterly basis.
- The Executive Management is responsible for establishing the internal control system that manages all GSB subsidiaries and verifies that they operate efficiently and effectively.
- Organizational and procedural controls supported by an effective management information system (MIS), for the Executive that allows managing GSB's exposure to risk.
- An independent audit area for purposes of supervising the effectiveness and efficiency of all controls in place.
- In addition for compliance and internal control activities, an independent area works for insurance integrity of the Internal Control System.
- Management Integral Risk Area, (UAIR like their initials in Spanish) gives support in all the process areas of risk control establishing policies and methods, keeping development and promotion which includes Self Assessment's methodology of Operative Risk.
- Very clear mandates in terms that each one of the areas and individuals, that compose GSB, is responsible for observing all internal control aspects and complying with the laws, regulations and internal policies of the institution.

In addition to the foregoing, GSB conducts itself in accordance with all applicable laws and regulations, it abides by and observes all best corporate practices, and keeps its annual certification under the 404 rule Sarbanes Oxley Law in 2010, in its capacity as a subsidiary of The Bank of Nova Scotia in Canada.

## Treasury Policies

Grupo Scotiabank (GSB) administers and maintains conservative and adequate liquidity levels, always within the best industry practices and in accordance with regulatory requirements. To this end, a stable, traditional and well-diversified deposit base is maintained as well as an active participation in the inter-bank market. In addition to the solid deposit base, GSB has at its disposal a wide range of lines of credit for working capital purposes, as well as irrevocable letters of credit that can be used to cover part of its established liquid asset requirements required by the Bank of Mexico.

Together with the above, The Group has adopted policies, procedures and clear limits for liquidity administration which outline the timely steps to follow to maintain sufficient liquidity gaps and liquid assets in case of some unforeseen contingency. These policies promote the uniform distribution of cash flows and try to minimize the liquidity gaps between assets and liabilities, taking into consideration the historic movements and the various products that make up the liquidity gaps.

The Board of Directors and the Risk Committee have delegated to the Assets and Liabilities Committee, the administration and monitoring of liquidity risk within the parameters and limits established by the Board. The financial position with respect to liquidity, re-pricing, securities investment, risk and intermediation positions are periodically monitored by the Risk Administration area, that in turn, informs the Assets and Liabilities Committee and the Risk Committee for their analysis, follow-up and action as required. The Group Treasury Department is responsible for managing the liquidity risk and strategies to cover the liquidity and re-pricing gaps including taking risk positions and investing in securities.

## Remuneration System

### *Ordinary Compensation*

- Ordinary compensation is based on an Organizational Structure that distributes the functions. After this distribution is done, job levels are determined according to the duties assigned and using technical methods of job evaluation.
- To determine the salary ranges for each job level, pay scales are built according to compensation surveys and market information.
- In order to keep motivation and productivity among employees, compensation is linked to individual results measured through Performance Evaluations.

### *Extraordinary Compensation*

- The purpose of variable or extraordinary compensation is to reward our staff according to their individual, department and the whole organization scores.
- The different Variable Compensation schemes are primarily based on market competitive research and the corresponding regulation.
- There are 2 basic Variable Compensation plans according to job profile that are applicable to employees under the Remuneration System:
  - Variable Compensation Plans for Bank and Brokerage House are divided as follows:
    - Staff / Administrative Positions
    - Commercial / Business Positions
  - Variable Compensation Plan for Scotia Capital

### *Adjustment Methodology*

- Approved risk measurement models for each type of risk, are used depending on the type of risks that the employees generate in performing their duties.
- Variable Compensation can be adjusted and/or deferred if risk measurements for the different job positions are materialized.

## Attachment 8 Scotiabank Mexico

Scotiabank Mexico Financial Indicators					
	2011		2010		
	Q2	Q1	Q4	Q3	Q2
<b>ROE</b> <i>(Annualised quarterly net income / average capital for the quarter)</i>	8.4	12.0	11.9	7.7	8.3
<b>ROA</b> <i>(Annualised quarterly net income / average of total assets for the quarter)</i>	1.3	1.8	1.8	1.2	1.3
<b>Net Interest margin</b> <i>(Net interest margin including credit loss provisions / average earning assets)</i>	5.1	4.9	4.9	5.2	5.2
<b>Operating efficiency</b> <i>(Annualised quarterly operating expenses / average of total assets for the quarter)</i>	5.0	5.1	5.3	5.3	5.3
<b>Delinquency index</b> <i>(Balance of past due loans at quarter end / balance total loans)</i>	2.9	3.3	3.6	3.9	4.0
<b>Reserve coverage of past due loans</b> <i>(Allowance for credit losses at quarter end / balance of past due loans)</i>	113.2	105.6	103.3	102.0	99.7
<b>Net capital / Credit risk adjustment assets</b>	22.47	23.71	23.66	22.94	22.51
<b>Net capital / Total risk adjustment assets</b> <i>(credit, market and operational risk)</i>	16.90	17.44	17.81	17.35	17.19
<b>Liquidity</b> <i>(Liquid assets / liquid liabilities)</i>	66.0	59.9	67.0	86.2	72.9

Scotiabank Mexico Performing Loan Portfolio; <i>(P\$ millions, as at June 30, 2011)</i>			
	MX Pesos	USD	Total
Business loans	29,387	7,755	37,142
Loans to financial institutions	3,480	221	3,701
Loans to government entities	9,078	1,760	10,838
Consumer loans	15,362	0	15,362
Mortgages	40,946	171	41,117
<b>Total</b>	<b>98,253</b>	<b>9,907</b>	<b>108,160</b>

Scotiabank Mexico Past-due Loan Portfolio; <i>(P\$ millions, as at June 30, 2011)</i>			
	MX Pesos	USD	Total
Business loans	189	20	209
Loans to financial institutions	43	-	43
Consumer loans	625	-	625
Mortgages	2,355	24	2,379
<b>Total</b>	<b>3,212</b>	<b>44</b>	<b>3,256</b>

Scotiabank Mexico Financial Information by product and region	June 30, 2011	March 31, 2011	June 30, 2010
<b>Performing Loan Portfolio</b>			
<b>Metro-Center Division</b>	<b>62.8%</b>	<b>62.0%</b>	<b>60.2%</b>
South Central	11.2%	11.3%	11.3%
Federal District	40.0%	39.2%	36.5%
Pacific Center	11.6%	11.5%	12.4%
<b>North-South Division</b>	<b>37.2%</b>	<b>38.0%</b>	<b>39.8%</b>
Northwest	12.3%	12.2%	14.0%
North	13.4%	14.2%	14.2%
South	11.5%	11.6%	11.6%
<b>Past-due Loan Portfolio</b>			
<b>Metro-Center Division</b>	<b>55.2%</b>	<b>58.3%</b>	<b>59.7%</b>
South Central	13.3%	12.4%	19.8%
Federal District	26.7%	25.2%	25.4%
Pacific Center	15.2%	20.7%	14.5%
<b>North-South Division</b>	<b>44.8%</b>	<b>41.7%</b>	<b>40.3%</b>
Northwest	14.7%	13.7%	14.1%
North	13.8%	13.0%	12.8%
South	16.3%	15.0%	13.4%

Scotiabank Mexico Reconciliation of Past Due Loans (P\$ millions)	
<b>Balance as at March 31, 2011</b>	<b>3,621</b>
Transfers (to) / from current loans	460
Restructured loans	(250)
Loans recovered	(2)
Loans written off	(573)
Foreign exchange	-
<b>Balance as at June 30, 2011</b>	<b>3,256</b>

Scotiabank Mexico Allowance for Credit Losses (P\$ millions)	
<b>Balance as at March 31, 2011</b>	<b>3,823</b>
Plus: Reserves created	448
Less: Reserves taken into income	-
Transfer from Trust to Bank	-
Adjudications	17
Charge-offs and applications relating to regular loans	565
Commercial	-
Mortgage	298
Consumer	267
Charge-offs and applications relating to debtor support programs	-
Foreign exchange	5
<b>Balance as at June 30, 2011</b>	<b>3,684</b>

Scotiabank Mexico Authorized financing that exceeds 10% Basic Capital (P\$ millions as at June 30, 2011)		
No. of Credits	Amount	% Basic Capital
-	-	-
Financing to the 3 principal creditors		5,071

## Capital management

The Bank has a capital management process in place to measure, deploy and monitor its available capital and assess its adequacy. The objectives and practices of the Bank's capital management process are consistent with those in place as at June 30, 2011.

The two primary capital ratios used to assess capital adequacy are Tier 1 and total Tier 2 capital ratios, which are determined by dividing those capital components by risk-weighted assets. Risk-weighted assets represent the Bank's exposure to credit, market and operational risk and are computed by applying a combination of the Bank's internal credit risk parameters. On June 30, 2011 the Bank's Tier 1 capital ratio was 22.47% and total Tier 2 capital ratio was 16.90%.

During Q2 2011 Capital decreased by P\$811 million from the previous quarter due to the declaration of dividends of P\$1,300 million. This was partially offset by Q2 net income of P\$588 million.

Scotiabank Mexico – Capitalisation (P\$ millions; Consolidated with subsidiaries)	June 30, 2011*	March 31, 2011	June 30, 2010
Share capital	27,681	28,427	26,296
Less: Investment in financial companies	564	465	347
Investment in Non-financial companies	54	85	50
PTU & Income tax, deferred assets	-	201	201
Other non-allowable assets and deferred expenses	2,171	2,142	2,091
Plus: Allowable deferred tax	-	201	201
<b>Basic capital (tier 1)</b>	<b>24,892</b>	<b>25,735</b>	<b>23,808</b>
Allowable reserves against credits	384	351	412
<b>Complementary capital (tier 2)</b>	<b>384</b>	<b>351</b>	<b>412</b>
<b>Total net capital (tier 1 + 2)</b>	<b>25,276</b>	<b>26,086</b>	<b>24,220</b>

Scotiabank Mexico – Risk Assets (P\$ millions as at June 30, 2011)		Risk asset equivalent *	Capital requirement
Market Risk	Operation in MXN at nominal rates	14,358	1,149
	Debt Instrument operations with “sur-charge” and adjustable rate	558	45
	Operation in MXN at real rates or rates denominated in UDIS	1,341	107
	Positions in UDIS or with yields related to inflation accounting	45	4
	Operation in foreign currencies at nominal rates	387	31
	Foreign exchange positions	131	10
	Securities positions or with yields related to a group of securities	770	62
	<b>Total market risk</b>	<b>17,590</b>	<b>1,408</b>
Credit Risk	Group III (weighted at 20%)	1,511	121
	Group III (weighted at 23%)	-	-
	Group III (weighted at 50%)	473	38
	Group III (weighted at 57.5%)	170	14
	Group III (weighted at 100%)	3	-
	Group IV (weighted at 20%)	1,724	138
	Group V (weighted at 20%)	686	55
	Group V (weighted at 50%)	1,740	139
	Group V (weighted at 115%)	193	15
	Group VI (weighted at 50%)	11,497	920
	Group VI (weighted at 75%)	11,353	908
	Group VI (weighted at 100%)	17,368	1,389
	Group VII – A (weighted at 20%)	488	39
	Group VII – A (weighted at 100%)	35,817	2,865
	Group VII – A (weighted at 115%)	8	1
	Group VII – A (weighted at 150%)	2	-
	Group VII – B (weighted at 115%)	1,684	135
Group VIII (weighted at 125%)	2,127	170	
Group IX (weighted at 100%)	25,628	2,050	
	<b>Total credit risk</b>	<b>112,472</b>	<b>8,997</b>
	<b>Total operational risk</b>	<b>19,511</b>	<b>1,561</b>
	<b>Total Risk Assets</b>	<b>149,573</b>	<b>11,966</b>

\*Preliminary figures pending Banco de México approval

Scotiabank Mexico Capital Ratios	June 30, 2011*	March 31, 2011	June 30, 2010
<b>(1) Capital to credit risk:</b>			
Basic capital (tier 1)	22.13%	23.39%	22.13%
Complementary capital (tier 2)	0.34%	0.32%	0.38%
<b>Total net capital (tier 1+ 2)</b>	<b>22.47%</b>	<b>23.71%</b>	<b>22.51%</b>
<b>(2) Capital total risk (credit, market and operational risk):</b>			
Basic capital (tier 1)	16.64%	17.21%	16.89%
Complementary capital (tier 2)	0.26%	0.23%	0.30%
<b>Total net capital (tier 1+ 2)</b>	<b>16.90%</b>	<b>17.44%</b>	<b>17.19%</b>
<b>Classification according to the general rules referred to in Article 134 bis of the Credit Institutions Law</b>	<b>I</b>	<b>I</b>	<b>I</b>

\* Preliminary figures pending Banco de Mexico approval

Scotiabank Mexico Composition of Securities Portfolio (reasonable value) (P\$ million as at June 30, 2011)					
Category	Government Paper	Debt Securities	Investments in Financial Instruments	Other	Total
<b>Trading</b>	<b>10,995</b>	<b>5,271</b>	<b>29</b>	<b>38</b>	<b>16,333</b>
Without restriction	-	4,945	26	-	4,971
Restricted	10,995	326	3	38	11,362
Repurchase agreements	9,013	326	-	-	9,339
Others	1,982	-	3	38	2,023
<b>Available for sale</b>	<b>1,835</b>	<b>611</b>	<b>57</b>	<b>836</b>	<b>3,339</b>
Without restriction	1,750	611	57	836	3,254
Restricted	85	-	-	-	85
<b>Held to maturity</b>	<b>1,936</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,936</b>
Without restriction	1,936	-	-	-	1,936
<b>Total securities</b>	<b>14,766</b>	<b>5,882</b>	<b>86</b>	<b>874</b>	<b>21,608</b>

Scotiabank Mexico Investments in non-Government Securities (In excess of 5% of net capital) (P\$ million as at June 30, 2011)				
Issuer	Securities	Rate	Term	Value
INBURSA 11332	1,213,770,002	4.59%	90	1,207
INBURSA 11351	910,327,501	4.59%	90	903
BANSAN 11273	1,833,532,242	4.50%	33	1,832
BANSAN 11273	1,003,749,999	4.50%	30	1,003
<b>Total</b>	<b>4,961,379,744</b>			<b>4,945</b>

Scotiabank Mexico Rates paid on core deposits (as at June 30, 2011)			
	Average rate paid		
	Pesos	Usd	Udis
Demand and savings	0.93%	0.05%	-
Term Deposits	3.74%	0.41%	0.01%

Scotiabank Mexico Financial Information by product and region	June 30, 2011	March 31, 2011	June 30, 2010
<b>Demand deposits</b>	<b>48.4%</b>	<b>47.2%</b>	<b>51.8%</b>
<b>Metro-Center Division</b>	<b>27.0%</b>	<b>26.2%</b>	<b>29.0%</b>
South Central	6.1%	5.3%	6.0%
Federal District	14.3%	14.1%	15.2%
Pacific Center	6.6%	6.8%	7.8%
<b>North-South Division</b>	<b>21.4%</b>	<b>21.0%</b>	<b>22.8%</b>
Northwest	6.8%	6.6%	7.1%
North	6.4%	6.3%	7.4%
South	8.2%	8.1%	8.3%
<b>Fixed Term Deposits</b>	<b>39.2%</b>	<b>40.3%</b>	<b>48.0%</b>
<b>Metro-Center Division</b>	<b>22.6%</b>	<b>22.7%</b>	<b>26.6%</b>
South Central	6.3%	6.5%	7.7%
Federal District	9.5%	9.5%	10.9%
Pacific Center	6.8%	6.7%	8.0%
<b>North-South Division</b>	<b>16.6%</b>	<b>17.6%</b>	<b>21.4%</b>
Northwest	4.2%	4.2%	5.5%
North	4.3%	5.0%	5.4%
South	8.1%	8.4%	10.5%
<b>Total funding from customers</b>	<b>87.6%</b>	<b>87.5%</b>	<b>99.8%</b>
<b>Professional Funding</b>	<b>12.4%</b>	<b>12.5%</b>	<b>0.2%</b>

Scotiabank Mexico Funding from Banks and Other Organisations (P\$ million as at June 30, 2011)						
Term	Loans		Other funding			Total
	Commercial Banks	Banco de México	Development Bank	Development Funds	Other	
<b>Pesos</b>						
Short	-	-	-	-	-	-
Medium	-	-	1,797	1,173	-	2,970
Long	-	-	10	1,689	-	1,699
<b>Total</b>	-	-	<b>1,807</b>	<b>2,862</b>	-	<b>4,669</b>
Average Rate*	4.47%	-	6.09%	3.76%	-	-
<b>Other</b>						
Short	-	-	-	-	-	-
Medium	-	-	-	-	-	-
Long	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-
Average Rate*	-	-	-	-	-	-
<b>Total Interbank and other funding</b>	-	-	<b>1,807</b>	<b>2,862</b>	-	<b>4,669</b>

\*Average rate of June 30, 2011

The bank does not have debt from any creditor that is greater than 10% of total liabilities as at June 30, 2011.

## Bank Certificates Issuance

The main features of the Bank Certificates issuances of Scotiabank Mexico are as follow:

Issuance number	First	Third	Fifth	First *	First * - 1 <sup>st</sup> Tranches	Second *
<b>Trade Code</b>	SCB0001 05	SCB0002 05	SCOTIAB 07	SCOTIAB 10	SCOTIAB 10	SCOTIAB 10-2
<b>Amount issued</b>	\$400 million	\$300 million	\$2,000 million	\$2,312 million	\$830 million	\$358 millions
<b>Date</b>	November 10, 2005	December 8, 2005	December 6, 2007	October 14, 2010	November 11, 2010	October 14, 2010
<b>Term</b>	3,652 days, aprox. 10 years	4,750 days, aprox. 13 years	1,820 days 65 periods 28 days, aprox. 5 years	1,820 days, aprox. 5 years	1,792 days aprox. 4 years and 11 months	2,548 days, aprox. 7 years
<b>Guarantees</b>	“Unsecured”	“Unsecured”	“Unsecured”	“Unsecured”	“Unsecured”	“Unsecured”
<b>Interest rate</b>	9.89% Fixed	9.75% Fixed	TIEE 28 - 0.09%	TIEE 28 + 0.40%	TIEE 28 + 0.40%	TIEE 28 + 0.49%
<b>Interest payment</b>	May 10 and November 10 each year until maturity	December 8 and June 8 each year until maturity	Each 28 days	Each 28 days	Each 28 días	Each 28 days
<b>Principal payment</b>	One payment at end of the term	One payment at end of the term	One payment at end of the term	One payment at end of the term	One payment at end of the term	One payment at end of the term

\*Program authorized by “CNBV” in October, 2010.

### Scotiabank Mexico Derivatives and hedging operations; as at June 30, 2011

(P\$ millions, reasonable value)

	Forwards		Futures		Options		Structure operations		Swaps		Total Asset	Total Liability
	Position		Position		Position		Position		Position			
	Asset	Liability	Asset	Liability	Asset	Liability	Asset	Liability	Asset	Liability		
Trading	132	145	4	6	238	237	1	2	1,900	2,031	2,275	2,421
Hedging	-	-	-	-	-	-	-	-	45	370	45	370

### Scotiabank Mexico Notional amounts in derivative operations; as at June 30, 2011

(Figures in million nominal values presented in currency origin)

	Forwards		Futures		Options		Swaps	
	Position		Position		Position		Position	
	Asset	Liability	Asset	Liability	Asset	Liability	Asset	Liability
<b>Trading</b>								
USD positions	1,111	326	-	-	-	-	-	-
EUR positions	-	-	-	-	-	-	-	-
CAD Positions	-	-	-	-	-	-	-	-
USD Currency	-	-	-	-	131	131	-	-
EUR Currency	-	-	-	-	-	-	-	-
Stocks	-	-	-	-	815	815	-	-
Index	-	-	-	-	1,356	1,356	-	-
<b>Interest rate</b>								
Pesos	-	-	17,315	20,285	-	-	68,677	68,499
USD	-	-	-	-	-	-	129	258
<b>Hedging</b>								
Interest rate	-	-	-	-	-	-	-	-
Pesos	-	-	-	-	-	-	8,842	6,520
USD	-	-	-	-	-	-	175	-



<b>Scotiabank Mexico</b>		
<b>Market Results for the six months ended June 30, 2011</b>		
<i>(P\$ million)</i>		
	Mark to Market	Trading Results
Investment in securities	(10)	208
Derivative trading transactions & hedge	48	(1,220)
Foreign exchange & other	919	263
<b>Total</b>	<b>957</b>	<b>(749)</b>

<b>Scotiabank Mexico</b>	
<b>Deferred Taxes</b>	
<i>(P\$ million as at June 30, 2011)</i>	
<b><u>Assets</u></b>	
Provisions for sundry obligations	261
Mark to market loss	21
Other timing difference	880
<b>Subtotal</b>	<b>1,162</b>
<b><u>Liabilities</u></b>	
Revaluation of real estate	261
Other timing differences	240
<b>Subtotal</b>	<b>501</b>
<b>Net deferred taxes</b>	<b>661</b>

As at June 30, 2011 Scotiabank Mexico does not have tax liabilities.

<b>Scotiabank Inverlat, S.A.</b>					
<b>Classification of the Loan Portfolio</b>					
<b>As at June 30, 2011</b>					
<i>(P\$ million)</i>					
	Loan Portfolio	Allowance for Credit Losses Required			Total Allowance for Credit Losses
		Commercial Loans	Consumer Loans	Mortgages Loans	
Excepted portfolio	2,843	-	-	-	-
Classified:					
A1 / A	68,762	141	15	81	237
A2	14,917	146	-	-	146
B1 / B	20,002	371	343	151	865
B2	4,175	40	291	-	331
B3	171	24	-	-	24
C1 / C	2,112	100	230	391	721
C2	-	-	-	-	-
D	447	13	289	16	318
E	928	398	75	172	645
<b>Total</b>	<b>114,357</b>	<b>1,233</b>	<b>1,243</b>	<b>811</b>	<b>3,287</b>
Provisions Created					3,684
Overage (other credit reserves)					(397)

**NOTES:**

- The figures for the classification of the portfolio and the creation of allowance for credit losses correspond to the balance on last day of the month and are reflected in the balance sheet of June 30, 2011.
- The Commercial credit portfolio is classified using an international borrower classification model that has been authorised by the National Banking and Securities Commissions (CNBV), and which conforms with the applicable general character provisions of the financial credit institutions credit portfolio methodology published in the Federation's Official Diary dated August 22, 2008 and for all the retail credit portfolio products in agreement to the published in the Federation's Official Diary dated October 25, 2010.

- Other credit reserves are comprised of:

- Reserves on past due mortgages	\$ 340
- Reserves – Credit Bureau	\$ 20
- Reserves for accrued interest on past due loans	\$ 37
Total	<u>\$ 397</u>

- The classifications A1, B1, and C2, correspond to the Commercial portfolio and the classifications A, B, B2 and C, correspond to the Personal and Mortgages portfolio.

### Early termination of mortgage programs

In accordance with the agreement on July 15, 2010 and the regulations generally applicable to early termination of support programs for housing loan borrowers, published on July 26, 2010, at the end of December 2010 was cleared in advance with the trusts of the mortgage portfolio were terminated and trusts, were also awarded to customers eligible for the benefits of both off the portion of the government and the Bank, establishing such effect a term loan of 5 years payable annually by the government for the portion off charge, which accrue interest on the interest rate futures Cetes to 91 days.

As at March 31, 2011 the amount of credit by the Government, was P\$337 million.

The amount for which the clients who must show “Proof of payment” no later than March 31, 2011, in order for the Bank to receive the Federal Government’s portion of the conditional discount, amounts to P\$6 million this amount will be deducted from credit by the government mentioned in the previous paragraph, once reviewed by the CNBV.

In May 2011, P\$6 million was recorded to reduce a Federal Government credit, with an offsetting charge to loan loss reserves, due to a default of 29 mortgagees who were participating in the Government loan program.

### Credit Risk

At the close of June, 2011, the expected loss on the Bank’s total loan portfolio was P\$2,108 million, while the unexpected loss was P\$10,204 million. The total exposure of the loan portfolio was P\$162,666 million, while the average exposure for the April-June, 2011 period was P\$155,713 million.

### Market Risk

The average daily value at risk observed by Scotiabank Mexico during the quarter was the following

Scotiabank Average DailyVar (P\$ million)	Q2 11
VaR 1 day; 99%	5.57

The global daily average VaR for the Bank (P\$5.57 million) as a percentage of total capital (P\$25,275 million) at the end of the period equal to 0.02%

The Value at Risk by risk factor for Scotiabank Mexico at June 30, 2011 was the following:

Scotiabank Var by Risk Factor (P\$ million)	VaR 1 day
<b>Risk Factor</b>	
Interest rate	5.44
Exchange rate	0.46
Equity	0.68
<b>Total non diversified</b>	<b>6.58</b>
Effect of diversification	-1.01
<b>Total</b>	<b>5.57</b>

The global daily average VaR for the Bank during the second quarter of 2011 was P\$5.57 million and the global value at June 30, 2011 was P\$8.32 million. The average values of market risk exposure of the trading portfolio during the period April-June 11 were the following:

Scotiabank (P\$ million)	Average Position	Maxium Position	Position Limit	VaR average	VaR Limit
<b>Bank</b>	<b>211,592</b>	<b>232,764</b>	<b>-</b>	<b>5.57</b>	<b>52.5</b>
Money Market	26,181	32,194	105,000	3.75	-
Interest Rate Swaps	148,908	153,338	207,000	1.81	-
Interest Rate Futures / 3	-	-	-	4.29	-
<b>Market Rate for interest and interest derivatives</b>	<b>175,088</b>	<b>185,532</b>	<b>312,000</b>	<b>5.44</b>	<b>50</b>
<b>Equities</b>	<b>27</b>	<b>37</b>	<b>206</b>	<b>0.73</b>	<b>10</b>
<b>IPC Futures</b>	<b>-</b>	<b>-</b>	<b>2,880</b>	<b>-</b>	<b>-</b>
<b>Equity Portfolio /4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.73</b>	<b>10</b>
Foreign exchange forwards / 1, 2	2,547	3,573	4,000	0.38	-
Foreign exchange/ 1, 2	1	6	55	0.17	-
Foreign exchange options / 2	165	310	800	0.00	-
Dollar futures / 3	-	-	-	-	-
Foreign exchange swaps / 2	246	248	1,500	0.02	-
<b>Foreign Exchange and FX derivatives / 4</b>	<b>2,958</b>	<b>4,137</b>	<b>6,355</b>	<b>0.46</b>	<b>10</b>

1/ The forwards position is a gross position (longs more shorts) and the foreign exchange position is net (longs less shorts)

2/ Figures expressed in million of US Dollars.

3/ The position and the limit are based in number of contracts in MexDer.

4/ The observed period (holding period) of the Var of currencies, capitals, interest rates and their limits are 1 day.

To interpret the VaR with an example, the average 1-day value at risk of the Bank in the money market is P\$3.75 million. This means that under normal conditions, in 99 out of 100 days, the maximum potential loss is up to P\$3.75 million.

During the second quarter of 2011, the Bank executed transactions in the Mexican Derivative Market, called MexDer, for interest rate futures. However, there were any transactions in US dollar futures contracts neither IPC future contracts. The following chart shows the positions and the number of contracts traded:

Scotiabank Derivatives Market, Mexder (In number of contracts)	Average Position	Maximum Position	Límit Position
<b>Futures</b>			
Interest rate futures - TIEE28	298,905	328,528	945,000
Interest rate futures - CE91	26,290	47,000	90,000
Futures M/2 Bonds	12,185	15,437	35,300
<b>Interest rate futures /1</b>	<b>247,381</b>	<b>390,965</b>	<b>1,070,300</b>
<b>US Dollar futures /1</b>	<b>-</b>	<b>-</b>	<b>10,000</b>

1/ The position and the limit are in number of contracts negotiated in MexDer

2/ The limit M Bond futures contracts include futures 15,000; M20 Bonds, 20,000 Bond futures contracts and 300 M10 Bond futures contracts M3.

Due to the fact that the VaR measure serves to estimate potential losses in normal conditions of market, daily testes are made under extreme conditions “stress testing” with the purpose to determine the risk exhibition considering bif fluctuations in the market prices. The risk committee has approved limit stress.

The result of the “stress testing” at June 30, 2011 was P\$5.6 million, which compares with a limit of P\$1,500 million, and thus lying within the tolerable limits. The hypothetical scenarios that are used for this test are the crisis of 1994 and 1998.

The Back Testing tests from April to June 2011 period shows the level of efficiency of green based on criteria established by the Bank of International Settlements (BIS).

The variance in the estimated economic value is P\$720 million (impact over the parallel change in economic value of 100 bp in rates) and the estimated variance in financial revenues of P\$203 million (impact over the margin to parallel changes of 100 bp in rates)

### Market risk treatment on available for sale securities

At the end of June, 2011, the Bank's available for sale securities position was P\$3,339 million.

Available for sale securities are considered on the Bank's structural position and for its risk meditation are considered the reprice gap, economic value sensitivity and margin sensitivity versus interest rate exchange.

### Liquidity Risk

Límit	Use (MXN million) June 30, 2011
Two week accumulated gap (MXP + UDIs)	(6,830)
Liquid Assets	4,936

The accumulated two-week gap shows the Bank's cash commitments for that specific period, while the Liquid Assets serve as resources for its commitments in the event that it does not have access to other funding sources.

### Operational and Legal Risk

During the period April to June 2011 the Bank recognized operational risk losses of P\$15 million, also the operational risks at the end of June that if realized would cause a negative impact totalling P\$285 million of which have accrued P\$245 million, with regard to legal risk contingencies totalling P\$350 million which are reserved at 100%

### Debt Rating Agencies

Scotiabank Domestic Debt Rating	Long Term	Short Term	Perspective
Fitch Ratings	AAA(mex)	F1+(mex)	Stable
Moody's	Aaa.mx	MX-1	Stable
Standard & Poor's	mxAAA	mxA-1+	Stable

The information above is presented by Scotiabank Mexico with the sole purpose of informing its customers of the Bank's domestic credit ratings as defined by Debt Rating Agencies (Fitch Ratings, Moody's and Standard & Poor's). These ratings could be modified without prior advice.

## Dividends

At the Annual General Shareholder's meeting held on March 27, 2009 it was agreed to declare a dividend up to an amount of P\$2,000,000,000.00 to be charged to retained earnings. The Assembly authorized the Board to approve the payment program.

The Shareholder's meeting approved that the aforementioned dividend would be paid quarterly, within a range of between 0% and 45% of the quarterly net income, which was also approved by the Board. It was approved that the dividend payments would be made through "S.D. Indeval, Institución para el Depósito de Valores, S.A. de C.V.".

At the General Shareholder's meeting held on October 8, 2010, approved the extension of the range for the dividend payment from 0% to 100% of net income to report the Company at the close of each quarter.

<b>Payment date</b>	<b>Amount</b>
August 28, 2009	\$ 111
November 30, 2009	\$ 178
March 5, 2010	\$ 260
May 28, 2010	\$ 299
August 31, 2010	\$ 243
November 26, 2010	\$ 299
March 11, 2011	\$ 439
May 27, 2011	<u>\$ 171</u>
	\$ 2,000

At the annual General Shareholder's meeting held on April 28 2011, it was agreed to declare a dividend up to an amount of P\$1,300,000,000

<b>Payment date</b>	<b>Amount</b>
May 27, 2011	\$ 288

## Internal & External liquidity sources

As at June 30, 2011 the Bank has the following liquidity sources:

- Securitization (Highway loans) for P\$1,328 million.
- Securities Investment Portfolio for P\$1,156 million.
- Two credit lines of USD\$300 million (USD\$50 million and USD\$250 million).

## Attachment 9 Scotia Casa de Bolsa

As at June 30, 2011, Total Assets were P\$20,116 million, an annual increase of P\$3,891 million or 24%, due primarily to an increase in Securities of P\$3,159 million, as well an increase in Other accounts receivable of P\$521 million, as a result of transactions pending settlement.

Total Liabilities were P\$18,153 million, up P\$3,717 million or 26% from the previous year. This increase was due mainly to an increase in repurchase agreements of P\$3,168 million, as well as an increase in derivatives trading, partially offset by lower other accounts payable of P\$538 million.

Securities held in Custody were P\$204 billion, a year-over-year increase of 8% due to the improvement in the economic environment.

For the six months ended June 30, 2011, net income was P\$70 million, a decrease of P\$110 million over the same period last year. The year-over-year decrease was due mainly to lower intermediation revenues as the result of lower one-time gains related to an exchange of securities last year, as well as higher Non-Interest Expenses due to an increase in personnel expenses (primarily salaries and other benefits) and higher operating expenses due to legal provisions. These increases were partially offset by higher revenues from mutual funds and lower taxes.

Scotia Casa de Bolsa					
Financial Indicators					
	2011		2010		
	Q2	Q1	Q4	Q3	Q2
<b>Solvency</b> <i>(Total assets / Total liabilities)</i>	1.1	1.1	1.2	1.2	1.1
<b>Liquidity</b> <i>(Liquid assets / liquid liabilities)</i>	1.1	1.1	1.1	1.1	1.1
<b>Financial leverage</b> <i>(Total liabilities less trading settlement accounts / Capital )</i>	8.5	7.1	6.2	6.0	6.9
<b>ROE</b> <i>(Net income / Capital)</i>	14.2	10.0	8.9	5.8	23.3
<b>ROA</b> <i>(Net income / earning assets)</i>	1.7	1.4	1.3	1.0	2.5
<b>Capital requirements / Total Capital</b>	28.94	27.83	27.55	28.93	28.92
<b>Financing margin / Total operating income</b>	35.0	17.1	19.2	31.2	53.9
<b>Operating income / Total operating income</b>	17.1	30.6	23.4	21.6	44.3
<b>Total operating income / Administration expenses</b>	120.6	144.0	130.9	127.6	179.5
<b>Administration expenses / Total operating income</b>	82.9	69.4	76.4	78.4	55.7
<b>Net income / Administrative expenses</b>	12.1	30.4	22.9	15.7	56.9
<b>Personnel expenses / Operating income</b>	56.4	52.4	46.3	53.4	40.3

Scotia Casa de Bolsa Other revenues and expenses (net) (P\$ million)	June 30, 2011
Reversal provision	4
Commission to refer customer	3
Income for leasing	4
Account handling commissions	2
Other	(5)
<b>Other revenues and expenses (net)</b>	<b>8</b>

## Capitalisation

At June 30, 2011 Brokerage Firm's common shareholders equity was of P\$1.9 billion. The total capital ratio for credit, market and operational risk was of P\$541 million that represent a consumption of capital of the 28.94%

Scotia Casa de Bolsa Capitalisation (P\$ million)	June 30, 2011 *
Share capital and reserves	1,963
Less: Investments in financial Other assets	- 93
Basic capital	1,870
Complementary capital	-
Total capital	1,870

Scotia Casa de Bolsa – Risk Assets (P\$ million as at June 30, 2011)		Assets	Risk assets	Capital requirement*
<b>Market Risk</b>	Operations in MXN at nominal rates referred to this	71,292	1,077	86
	Operations in MXN with floating rate premium or yield referred to this	30,424	863	69
	Operations in MXN at real rates or rates denominated in UDIs	123	11	1
	Operations in foreign currencies with nominal rate	670	1	-
	Positions in UDIs or with yields related to inflation accounting	123	-	-
	Foreign exchange positions	13	20	2
	Securities positions or with yields related to a group of securities	693	3,019	241
	<b>Total market risk</b>	<b>103,338</b>	<b>4,991</b>	<b>399</b>
<b>Credit Risk</b>	Counter –party in repurchase agreements, hedges and derivatives	38	21	2
	Issuer of debt instruments related to repurchase agreements	16,628	867	69
	Due to deposits, loans, other assets and contingencies	373	282	23
	<b>Total credit risk</b>	<b>17,039</b>	<b>1,170</b>	<b>94</b>
	<b>Total credit and market risk</b>	<b>120,377</b>	<b>6,161</b>	<b>493</b>
<b>Operational Risk</b>	<b>Total operational risk</b>	-	<b>602</b>	<b>48</b>
	<b>Total market, credit and operational risk</b>	<b>120,377</b>	<b>6,763</b>	<b>541</b>

Scotia Casa de Bolsa Capital Ratios	June 30, 2011*
Global Equity / Assets under credit, market and operational risk	27.65%
Basic Capital ( tier 1)	1,870
Complementary capital ( tier 2)	-
Global Equity ( tier 1 + tier 2)	1,870

\* Preliminary figures pending Banco de Mexico approval



<b>Scotia Casa de Bolsa</b>					
<b>Composition of Securities Portfolio</b>					
<i>(P\$ million as at June 30, 2011)</i>					
Category	Government Paper	Debt Securities	Others	Investments in Financial Instruments	Total
<b>Trading</b>	<b>13,346</b>	<b>2,667</b>	<b>186</b>	<b>1,058</b>	<b>17,257</b>
Without restriction	367	1,220	-	71	1,658
Restricted	12,979	1,447	186	987	15,599
<i>Repurchase agreements</i>	<i>12,387</i>	<i>1,422</i>	<i>186</i>	-	<i>13,995</i>
<i>Securities Receivable</i>	-	-	-	<i>143</i>	<i>143</i>
<i>Others</i>	592	25	-	844	1,461
<b>Available for sale</b>	-	-	<b>148</b>	<b>333</b>	<b>481</b>
Without Restrict:	-	-	148	333	481
<b>Total securities</b>	<b>13,346</b>	<b>2,667</b>	<b>334</b>	<b>1,391</b>	<b>17,738</b>

<b>Scotia Casa de Bolsa</b>				
<b>Investments in non-Government Securities (In excess of 5% of net capital)</b>				
<i>(P\$ million as at June 30, 2011)</i>				
Issuer	Securities	Rate	Term	Amount
BANOBRA 11265	4,567,210	4.45%	1	4,567
BANOBRA 11265	59,031,120	4.45%	1	59,024
BANOBRA 11265	117,888	4.45%	1	118
BANOBRA 11292	7,590,098	4.45%	1	7,572
BANOBRA 11292	1,502,561	4.55%	19	1,499
BANOBRA 11292	1,548,256	4.65%	19	1,545
BANOBRA 11292	660,000	4.52%	19	658
BANOBRA 12084	746,456	4.49%	19	724
BANOBRA 11265	105,942,535	4.67%	112	105,929
BANOBRA 11424	209,484,222	4.66%	120	206,522
BANOBRA 11435	125,678,400	4.82%	180	123,771
BANOBRA 11522	202,000,000	4.73%	200	197,355
BANOBRA 12031	219,905,700	4.74%	238	214,276
BANOBRA 12084	174,000,000	4.70%	238	168,685
BANOBRA 12244	157,260,000	4.57%	357	149,984
<b>Total</b>	<b>1,270,034,446</b>			<b>1,242,229</b>

<b>Scotia Casa de Bolsa</b>				
<b>Funding from Banks and Other Organizations</b>				
<i>(P\$ million as at June 30, 2011)</i>				
Term	Loans	Other funding		Total
	Commercial Bank	Development Bank	Other	
<b>Pesos</b>				
Short	81	-	-	81
Medium	-	-	-	-
Long	-	-	-	-
<b>Total</b>	<b>81</b>	-	-	<b>81</b>
Average Rate*	6.06%	-	-	6.06%
<b>Total Interbank and other funding</b>	<b>81</b>	-	-	<b>81</b>

\*Average rate of June 30, 2011

<b>Scotia Casa de Bolsa</b>								
<b>Derivatives and hedging operations; as at June 30, 2011</b>								
<i>(P\$ million, reasonable value)</i>								
	<b>Forwards</b>		<b>Futures</b>		<b>Options</b>			
	Position		Position		Position		Total Asset	Total Liability
	Asset	Liability	Asset	Liability	Asset	Liability		
Trading	-	1	4	1	181	2,170	185	2,172

<b>Scotia Casa de Bolsa</b>						
<b>Notional amounts in derivative operations; as at June 30, 2011</b>						
<i>(Figures in million, nominal values presented in currency origin)</i>						
	<b>Futures</b>		<b>Options</b>		<b>Forwards</b>	
	Position		Position		Position	
	Asset	Liability	Asset	Liability	Asset	Liability
<b>Trading:</b>						
Currency	-	-	-	-	233	56
Index	-	-	779	2,211	-	-
Stocks	-	-	411	1,139	-	-

<b>Scotia Casa de Bolsa</b>		
<b>Market Results for the six months ended June 30, 2011</b>		
<i>(P\$ million)</i>		
	Mark to Market	Trading results
Securities	17	(83)
Derivate trading transaction	8	(18)
Foreign exchange & other	-	5
<b>Total</b>	<b>25</b>	<b>(95)</b>

<b>Scotia Casa de Bolsa</b>	
<b>Deferred taxes</b>	
<i>(P\$ million as at June 30, 2011)</i>	
Mark-to-market of investment	(12)
Prepayment	(15)
Fixed assets	(49)
Expense provisions	56
Imputed Interest	9
Warrants	65
Employee Profit Sharing Expenses (PTU)	5
Shares appraisal	(117)
<b>Net deferred taxes</b>	<b>(58)</b>

As at June 30, 2011 Scotia Casa de Bolsa does not have tax liabilities.

## Credit Risk

At the close of June, 2011, the expected loss on total credit portfolio of Brokerage Firm's was P\$5 million, while the unexpected loss was P\$34 million. The total exposure of the credit portfolio, was P\$12,174 million as at June 30, 2011 and the average exposure for April-June 2011 period, was P\$19,588 million.

## Market Risk

The average daily value at risk observed by Scotia Casa de Bolsa during the quarter was the following:

Scotia Casa de Bolsa Average Daily VaR (P\$ million)	Q2 11
VaR 1 day; 99%	3.36

The global daily average VaR for the Brokerage firm during the second quarter of 2011 was P\$3.36 million and the global value at June 30, 2011 was P\$2.42 million

The global daily average VaR for the Brokerage firm (P\$3.36 million) as a percentage of total capital (P\$1,869 million) at end of period equal to 0.18%

The Value at Risk by risk factor, for Scotia Casa de Bolsa during the second quarter was the following:

Scotia Casa de Bolsa Risk Factor (P\$ million as at June 30, 2011)	VaR of 1 day
<b>Risk Factor</b>	
Interest Rates	2.03
Equities	2.64
<b>Total no diversified</b>	<b>4.67</b>
Effect of diversification	-1.32
<b>Total</b>	<b>3.36</b>

The averages values of market risk exposure of the trading portfolio during the April-June 2011, period were the following:

Scotia Casa de Bolsa (P\$ million as at June 30, 2011)	Average Position	Maxium Position	Position Limit	VaR Average	VaR Limit
<b>Casa de Bolsa</b>	<b>25,337</b>	<b>29,066</b>		<b>3.36</b>	<b>25.0</b>
Total Money Market	25,161	28,938	-	2.03	25.0
Equity position	67	101	200	1.03	10.0
IPC Derivatives/ 1	110	212	2,880	-	-
<b>Total Equity and IPC Derivatives</b>	<b>176</b>	<b>304</b>	-	<b>2.64</b>	<b>10.0</b>

*1/ includes futures and IPC futures of the equity derivatives desk. The VaR include the warrants portfolio. The average 1 day VaR for warrants is P\$2.62 million both are calculated with Equity VaR.*

To interpret the VaR with an example, the average 1-day value at risk of the Casa de Bolsa in the money market is P\$2.03 million. This means that under normal conditions, in 99 out of 100 days, the maximum potential loss is up to P\$2.03 million.

During the second quarter of 2011, the Casa de Bolsa executed transactions in the Mexican Derivative Market, called MexDer, celebrating operations of IPC futures contracts. During this quarter, the Casa de Bolsa chose not to participate in interest rate futures contracts. The following chart shows the positions and the number of contracts traded.

Scotia Casa de Bolsa Derivatives Market, Mexder <i>(In number of contracts)</i>	Average Position	Maximum Position	Límit Position
<b>Futures</b>			
Interest rate futures - TIE28	-	-	945,000
Interest rate futures - CE91	-	-	90,000
Futures M Bonds	-	-	35,300
IPC Futures /2	303	594	750

*2/ includes investment securities of the equity trading desk.*

*The average 1-day IPC futures VaR is P\$ 1.05 million and includes total capital VaR.*

The total average position for the quarter for Equity derivatives and IPC futures of Mexder for Equities was P\$176 million. Only the Equity derivatives area can enter into options on IPC futures transactions of Mexder. During the quarter, this area did not have any such operations.

It is important to highlight that IPC Futures and Options on futures are fundamentally used to hedge the market risk of the embedded options in the securities or warrants that are issued to clients. The Casa de Bolsa issued on average warrants indexed to IPC and baskets of equities for P\$9,408 million and the maximum was P\$10,049 million.

Due to the fact that the VaR measure serves to estimate potential losses in normal conditions of market, daily tests are made under extreme conditions "stress testing" with the purpose to determine the risk exhibition considering big fluctuations in the market prices. The risk committee has approved limit stress.

At the end of June 30, 2011 the test of extreme conditions "stress testing" was P\$177 million compared to P\$800 million are considered favourable. The scenarios that are in use for this test are the crisis of 1994 and 1998 as hypothetical.

The Back-testing tests from April to June 2011 show the level of efficiency of green based on criteria established by the Bank of International Settlements (BIS).

### **Market risk treatment for available for sale securities**

At the end of June 30, 2011 the Brokerage Firm's total amount of available for sale securities was P\$481 million.

The available for sale securities have been included in the Brokerage Firm position and have been considered in its measurement of sensitivity of risk analysis.

**Liquidity Risk:**

Límit	Use (MXN million) June 2011
Two week accumulated gap (MXP + UDIs)	-
Liquid Assets	1,694

The accumulated two week gap indicate the Casa de Bolsa's cash commitments for that specific period, while the Liquid Assets could act as substitutes to cover these commitments in case of a lack of access to other funding sources.

**Operational Risk:**

During April-June 2011 period the Casa de Bolsa recognized operational risk losses totalling P\$10 million comprised of 201 different events. With regard to legal risks, operational risks identified if realized, would cause a negative impact on the results of the Casa de Bolsa for P\$56 million, which are reserved at 100%.

**Rating Agencies**

Scotia Casa de Bolsa Domestic Debt Ratings	Long Term	Short Term	Perspective
Moody's	Aaa.mx	MX-1	Stable
Standard & Poor's	mxAAA	mxA-1+	Stable

The information above is presented by Scotia Casa de Bolsa with the sole purpose of informing its customers of the Brokerage house's domestic credit ratings as defined by Rating Agencies (Moody's and Standard & Poor's). These ratings could be modified without prior advice.

**Internal & External liquidity sources**

Scotia Casa de Bolsa has two liquidity sources; internal and external, whose refers to working capital and a credit line for P\$95 million respectively.

## Attachment 10

### Global Risk Management

The Board of Directors is responsible for establishing standards and global risk limits within the Institution. It delegates the authorization, administration and monitoring of compliance to these limits to a Risk Committee.

In compliance with the risk management regulations issued by the banking authorities (CNBV), the Bank and Brokerage House relies on a specialized risk administration area, which has responsibility over the Group, and which has adopted similar policies in risk management and control as those adopted by The Bank of Nova Scotia.

### Market Risk

The purpose of the market risk management function is to identify, measure, monitor and control risks arising from changes in interest rates, foreign exchange and equity market and other risk factors in the money, foreign exchange, equity and derivatives markets in which the Group maintains positions for its own account.

The risk positions in the Group include fixed and floating rate assets in money market, equity portfolios, and derivative instruments such as interest rate futures, foreign exchange futures and foreign exchange options, interest rate swaps, as well as foreign exchange positions.

The Group applies a series of techniques designed to evaluate and control market risks at which the Bank is exposed in the current course of its activities. The Board of Directors authorizes the risk limit structure at which the Institution is exposed.

The value at risk (VaR) is an estimate of the potential loss of value within a specific level of statistical confidence that might arise from maintaining a specific position during a determined period of time (the holding period) under normal market conditions. VaR is calculated daily on the entire Group's risk-exposed financial instruments and portfolios using the Risk Watch methodology developed by Algorithmic.

The VaR is calculated using the historical simulation method, with a 300-working day time span. In order to fulfill the measurement methodologies used by BNS, the Group calculates VaR considering a 99% of confidence level and a one-day holding period.

Stress testing exercises are performed daily on the portfolios, assuming extreme market conditions. "Backtesting" are realized monthly to compare losses and earnings to calibrate the models that are used. The efficiency level of the model is

based on criteria established by the Bank of International Settlements (BIS).

Because the VaR measurement serves to estimate potential losses in normal market conditions, stress testing is done under extreme conditions to determine the risk exposure, taking into consideration large abnormal variances in market prices. The Risk Committee has approved the stress limits

### Sensitivity

The Group has a specialized Trading Risk Analysis area that methodically supervises and oversees the valuation process, risk measurement and sensitivity analysis. This area liaises continually with the management of the various trading desks.

The Risk area calculates, on a daily basis, market risk sensitivity for each portfolio with risk exposure. During the quarter, there were no changes to the assumptions, methods or parameters used for the analysis.

The following is a description of the methods, parameters and assumptions utilized for the equity, foreign exchange, interest rate and derivative product portfolios.

### Interest Rate Portfolio

The sensitivity measurements that are used for the fixed rate instruments (bonds) are based on estimating the behavior of the portfolio value given a change in market interest rates. For this purpose, the benchmark is the interest rate curve (and not to the zero coupon curve) as these are the ones that are quoted in the market and better explain the gains and losses behavior.

The sensitivity of the fixed rate instrument portfolio is based on durations and convexities depending on the type of instrument. In all cases, two types of measurements are produced: i) the expected change in the value of the portfolio given a change of 1 basis point (0.01%) in the yield curve; and, ii) the expected change in the value of the portfolio given a change of 100 basis points (1.0%) in the yield curve. For the purposes of the sensitivity of the fixed rate instrument portfolio only the changes in 1 basis point methodology are used as the benchmark.

The estimated values, based on a methodology of duration and convexity, is a good approximation of the values obtained using the complete valuation methodology and known as "full valuation".

In the case of the floating interest rate bonds, two types of sensitivities are calculated; one related to the free interest rate risk and the other to the spread.

For the zero coupon bonds, the sensitivity calculation is based as if they were instruments without coupons. Therefore the duration is the term to maturity, expressed in years.

#### Interest Rate Derivatives

The following is a brief explanation about the sensitivity model used for the interest rate derivatives of the Group.

**TIIE and CETE interest rate futures:** These types of derivative instruments are modeled to calculate their sensitivity, as a future of a zero coupon rate and therefore its duration is considered in the estimation of its sensitivity.

**M Bond Futures:** The sensitivity considers the duration and convexity over the bonds deliverable in these contracts.

**Interest Rate Swaps:** To determine the sensitivity to changes in the TIIE swap yield curve, the change of 1 basis point in each one of the relevant points of the yield curve is effected, as well as a change of both 1 and 100 basis points, valuing the portfolio with different curves and calculating the change in value of the portfolio with each one of these changes. For interest rate swaps the change of 1 basis point benchmark is used.

#### Equity Portfolio and IPC Equity Derivatives

##### Stocks

For the impact of the equity position, the sensitivity is obtained by calculating the change or delta, by issue, within the portfolio. The delta is defined as the change in the value of the portfolio as the result of a change of 1% in the value of the underlying asset.

##### Equity Derivatives

Currently, the Group has opted to execute equity derivative transactions through IPC futures that are quoted on the Mexican Derivative Market, MexDer. Their sensitivity is calculated by the delta and this portfolio has limits expressed in notional amounts.

The delta is defined as the change in the value of the derivative with respect to the changes in the underlying asset. The delta risk is defined as the change in the value of the option as a result of the change in a predetermined magnitude in the value of the underlying (for example 1%). Its calculation is determined by valuing the option at different values of the underlying (one original and one with a “shock” of + 1%), while maintaining all the remaining parameters constant.

For futures, the sensitivity calculation is delta, defined as the change in the value of the derivative with regard to changes in

the underlying asset. Likewise, Rho is defined as the sensitivity as changes in interest rates. In the case of futures contracts, this sensitivity can be estimated, based on information available in the market. Casa de Bolsa defines Rho as the change in the value of the portfolio in view of a change of 100 basis points (parallel) in the benchmark interest rate.

The sensitivity measures considered for non-linear products, like warrants and options, are Delta and Greeks. The sensitivity calculation is based on an options valuation model on futures, known as Black 1976.

Gamma, is the complement to delta risk, and is another measure of sensitivity in the value of an option with regard to the underlying asset value. Gamma measures the rate of change of Delta with regard to a change in the value of the underlying asset and, similar to Delta calculation. It can be interpreted in an analytic manner, as the partial second derivative of the Black & Scholes function with regard to the underlying asset.

Rho is the sensitivity measure of an option portfolio with regard to changes in interest rates. Mathematically, Rho is the partial first derivative of the Black & Scholes function with regard to interest rates. Rho is defined as the change in the value of an options portfolio regarding an increase of 100 basis points (+1%) in interest rates. Generally, the sensitivity of an option portfolio of interest rates is minor compared with the sensitivity at the price of the underlying (delta) or the implicit volatility (vega).

Theta is the sensitivity measure of an option portfolio that indicates the change in the value of the portfolio before the passage of time. Theta is defined as the change in the value of the derivative product before the passage of time. Theta is only calculated for guidance purposes and for the analysis of profit and loss, given that it does not represent a real market risk, but a hard fact, predictable and quantifiable.

Vega is the name that is given to the sensitivity measurement of the value of an option portfolio with regard to changes in the market volatility of the underlying asset. Generally, long positions in options will benefit from the volatility increase of the underlying asset, while short positions will have the opposite impact, with some exceptions such as binary options.

**Dividend Risk.** The valuation of options on indexes or equities assumes a continuous compounded dividend rate. The dividends, however, are estimates and therefore an unknown variable, representing a risk factor for the valuation and the resulting profit and loss of option transactions.

The dividend risk does not have a “Greek” letter associated with its sensitivity, and in the case of index and equity options in the Group the measurement is done by means of increasing the dividend rate 1% (ie. from 1% to 1.01%).

#### Foreign Exchange and Foreign Exchange Derivatives

## Foreign Exchange

The portfolio consists of different currencies managed by a foreign currency desk for trading purposes. The sensitivity is calculated by the delta by currency, which is the change in the value of the portfolio as a result of a change of 1% in the value of the underlying.

## Foreign Exchange derivatives

**Foreign exchange forwards and futures:** For this portfolio, the sensitivity of each currency is calculated as a result of fluctuations in the interest rate, as well as the result in the present value due to a change of 1 basis point along the respective yield curves, while all the remaining factors stay constant. We also apply a non-parallel change along the yield curves through term gaps, while all the remaining factors stay constant.

**Foreign Exchange Options:** In the case of exchange rate options, the sensitivity is calculated by applying the known sensitivities of their Greek letters; delta, gamma, vega, theta and rho.

**CCIRS (Cross Currency Interest Rate Swaps):** To determine the sensitivity to changes in the yield curve, a 1 basis point change along the respective yield curve is made, valuing the portfolio with different curves and calculating the change in value of the portfolio with each one of these changes. Also, an analysis is done in parallel with a change of 100 basis points. In addition, a non-parallel 1 basis-point change is done to the yield curve through term gaps, while maintaining all other factors constant. For the purposes of this section only the 1 basis point sensitivity benchmark is used.

## Sensitivity for Available for Sale and Securities Held to Maturity

The Group faces the volatility in the markets by maintaining a trading model orientated to drive product origination and distribution for its clients. Moreover, the risk profile is conservative and consistent even in periods of low volatility.

In the current environment, the Group has significantly reduced its investment debt portfolio. The risk of this portfolio has been reduced in terms of sensitivity in view of interest rate fluctuations. The equity portfolio remains relatively small. In the foreign exchange market the intraday trading remains without significant risk positions.

Market Risk Management for loan and funding activities.

The Group assumes intrinsic interest rate risks associated with the trading function.

The objective of the interest rate risk management process is to identify measure and manage the risk-yield relation within the established risk tolerance limits, ensuring that these activities are carried out in a prudent manner. The Group manages its interest rate risk exposure in accordance with the applicable regulatory requirements and the industry best practices.

The balance position includes all the Group's asset and liability activities that are not included in the trading activities. The derivative products are important management tools as much for the Group as for its clients. The Group uses the money market instruments and derivative products to control market risk due to its funding and investing activities and to reduce the funding costs. To control interest rate risk in its fixed-rate lending activities, interest rate swaps and interest rate forwards are traded. In its representative capacity, the Group trades derivative products for its clients' accounts and takes positions for its own account.

The interest rate risk is monitored and controlled by currency (MXN, USD, UDIs) for the total portfolio. This monitoring includes the measurement of the economic value of the portfolio and sensitivity of the margin to interest rate changes, for the next 12 months, and re-pricing gap limits.

These models consider assumptions over the growth, the mix of new business, the changes in interest rates, maturities and other factors.

The Group periodically monitors its exposure in light of extreme movements in the markets and considers these results for the establishment and review of policies and limits to take interest rate risk.

## Market risk treatment on available for sale securities

Available for sale securities are part of the Bank's structural position and the tools used to measure their risk include reprice buckets, economic value sensitivity and margin sensitivity to interest rate changes.

## Liquidity risk

The Group, as part of its normal course of business, takes on liquidity risk. This risk results from cash flow gaps. The main objective of the liquidity risk management process is to guarantee that the Group can cover its obligations as they come due. In order to comply with this objective, the Group applies controls to the liquidity gaps, maintains diverse funding sources, establishes different limits and requires a minimum percentage of assets to be of a liquid nature. This liquidity risk exposure is managed following the existing regulations and best market practices.

Within the various elements that form part of the liquidity management process, the Group evaluates and forecasts the different cash commitments, controls the maturity gaps for assets and liabilities, diversifies its funding sources, establishes prudent



limit structures and guarantees immediate access to liquid assets. In addition, the Group has established contingency plans.

Liquidity risk is monitored and controlled by the type of currency (MXN+UDI's, USD), through accumulated liquidity gaps and minimum core liquid assets.

Liquidity gaps are defined as the difference in cash flows (assets minus liabilities) for a specific maturity. The accumulated gap is the total sum of the liquidity gaps for a specific term.

### Credit Risk

Credit risk is defined as the potential loss coming from the lack of payment from a borrower or counterparty which the institution carries out business transactions. This risk is not only present in the loan portfolio, but also in the securities portfolio, derivative transaction and in the settlement of foreign exchange transactions.

Scotiabank's Group Management of credit risk is centered on applying well defined strategies to control these risks, including a centralized credit process, portfolio diversification, a good credit analysis, a close follow-up of loans and diverse credit risk rating models.

The Board of Directors establishes credit authorization limits, approves credit policies and procedures, and revises loans of important size and does a follow-up on the overall credit exposure and its management.

The credit policies are based on the prudential model set by the local regulator (Comision Nacional Bancaria y de Valores) and establishes risk concentration limits by industry groups and sectors, currencies and maturity term.

### Credit Process

There are several credit approval levels: Board of Directors, Board's Credit Committee and combined authorization powers. The distinction between these levels is in accordance with the transaction size, type of borrower, use of the resources.

The business lines prepare and structure the different credit proposals, which are analyzed and authorized by the Credit area and approved by the appropriate authorization level, assuring an adequate separation between business originators and approval areas.

In addition, the different business lines perform, on a regular basis, a financial review for each borrower, performing, at least annually, an in-depth risk analysis for each loan, modifying, if needed, the approved rating. With these

activities, the Financial Group determines any change in the risk profile of every borrower. During these revisions, the global credit risk, including derivative related transactions and forex. In case of risks that may be above the acceptable levels, more frequent reviews are performed, at least quarterly.

The Group has established a risk rating system which is used to identify the risk level of proposed and existing loans and insures that the loan spreads are proportionate to the assumed risk. For this purpose the Group has, for the corporate and commercial segments, a profitability model that explicitly takes into account the expected and unexpected loss by type of transaction, as well as any other revenues or expenses associated with the customer.

In the commercial portfolio, the loan quality is rated in accordance with the risk levels established in the rules set out by the regulating bodies which include assumptions on the possible risks of recovery based on both, the borrower's characteristics, and by the quality and characteristics of the guarantee. On a monthly basis, the Risk Committee closely follows the main risk migrations.

Consumer loans and mortgage portfolios are also reviewed on a monthly basis with the objective of determining the possible trend in their credit quality. The potential losses are measured, considering past due payments and their age.

For monitoring and monthly analysis of the retail portfolio, internal probability models of default, loss severity and exposure at default were used. The analysis was performed by product; including credit cards, Scotialine, car loans, personal loans and mortgage portfolios.

Additionally, a segmentation, default versus non-default, was performed on the portfolio status.

The credit risk determination is based on a model that includes Expected and Unexpected Loss (CreditMetrics), based on the changes in the credit situation observed for each borrower (transition matrix) and the loss severity by type of portfolio.

- The expected loss represents the estimated impact of default over a 12 month period.
- The unexpected loss is a dispersion measure on the expected loss. It is calculated with a one year horizon at a 99.75% confidence level.
- In addition, stress tests are performed in order to determine the impact on the portfolio's expected and unexpected losses.

## Credit culture

To create and promote a credit culture, the Group has permanent training programs for personnel involved in the loan origination and authorisation processes. Among such programs is required advanced training in commercial banking practices that provides support tools for the analysis and evaluation of credit risk, as well as decision-making workshops.

## Implementation of prudent credit criteria

In accordance with the General Character Dispositions applicable to credit institutions the Group has established control measures to identify, measure and limit the risk positions from credit activity, on a timely and in its different phases. There are documented in the Credit Policies and Procedures Manual and are constantly reviewed and updated, as well as being submitted for approval annually by the Board Directors.

## Concentration of credit risk

The Financial Group has implement policies and procedures to maintain a sound credit portfolio, diversified, controlled and with prudent risk. These policies and procedures emphasise the establishment of credit risk limits considering business units, currency, term, sector, etc. These limits are submitted annually to the Board of Directors for their approval and compliance with these limits is monitored and reported monthly to the Risk Committee.

## Methodology to determine credit risk

In order to identify the amount of risk inherent in credits and, on the other hand, ensuring that the yield from each credit is proportional to its risk, the Group uses a system for the classification of credit risk which is based on the methodology used by BNS, which also includes system and strategies for the granting and monitoring of the credit portfolio. As such, the Group has taken advantage of BNS' extensive experience in the areas of loan classification and estimation of reserves and losses and has adapted this experience to conform with the laws and requirements of the Mexican market.

This model considers the following risk factors: country risk, financial performance, debt coverage, management strength, overall strength (the relation among the economic environment, the competition, strengths and weaknesses of the borrower), and administration of the account, state of the industry and payment history.

Such factors give an appraisal of the risk profile of the borrower and the results are entered into an algorithm which weights the various elements. This algorithm is based on the experience and statistical analysis of BNS, adapted to the requirements of the Mexican market.

The system of internal classification (classified by "IG Codes"), has 8 classifications that are considered acceptable (IG 98 to IG 77), 5 classifications to reflect an above average (IG 75 to IG 60) and 4 considered nor acceptable (IG 40 to IG 20).

In accordance with applicable official regulations, a correlation has been established between the internal risk classification and the risk ranking published on 5 December 2005, article 126 and 127 of the general accounting guidelines.

The commercial loan portfolio specifically the portion related to sole proprietary and corporate is rated utilizing Scotiabank Inverlat credit rating methodology approved by the CNBV and it is based on the credit default probability. However, Scotiabank Inverlat does not apply such methodology to the following loan products. Scotia Empresarial uses a credit rating methodology based on the credit worthiness of the debtor. In addition, Scotiabank Inverlat applies the credit rating methodology as described by the general accounting guidelines article 112, appendix 17 for loans not exceeding two million UDIS. These two methodologies previously mentioned are properly authorized by the CNBV.

The loan portfolio with governments, Specific Purpose Entities (SPEs) and financial institutions are credit rated individually in accordance with the credit methodology stipulated by the general accounting guidelines article 112, 114 and 115.

The credit classification and their provisioning are carried out respectively in compliance with articles 126,127,130 and 131 of the referenced dispositions.

The following table presents a squeme of the risk levels for internal model of qualification for the loan portfolio applicable to the commercial portfolio.

Classification	IG Code
Excellent risk	98
Very good risk	95
Good risk	90
Satisfactory risk	87
Adequate risk (high)	85
Adequate risk (med)	83
Adequate risk (low)	80
Medium risk	77
Moderate risk (high)	75
Moderate risk (med.)	73
Moderate risk (low)	70
Watch list	65
Special supervision	60
Sub-standard	40
Deteriorated (high)	22
Recovery in doubt	21
Problem loan	20

## Description of each risk level

**Excellent risk:** Borrowers that represent minimal credit risk for the bank. Possess an excellent financial structure along with consistent and earnings; debt service capacity is extremely strong, as evidenced by solid access to money and capital markets and to alternate sources of funding. The management team has broad experience with track record of producing optimum results. They are not vulnerable to the economy of the country or to the economic sector in which they operate.

**Very good risk:** Borrowers with a solid financial structure that generate sufficient funds and liquidity to cover short and long term debts. However, they depend on the Bank to a greater extent than excellent risk borrowers. The management team is competent, with the capacity to easily overcome moderate setbacks. They operate in a stable or growing economic sector.

**Good risk:** Borrowers with a good financial structure, with consistent income and reliable cash flow. Their capacity to cover and service the debt is good. The management team has shown itself to be good, with adequate capabilities in critical area. The characteristics of the economic sector and the country's economy are good, without indications that may adversely affect negatively them.

**Satisfactory risk:** Borrowers whose financial structure is solid and have capacity to effectively cover payment obligations, whose profits are in-line with industry average; however, are a little more susceptible to adverse economic conditions than borrowers with superior classification.

**Adequate risk (high):** Borrowers still have a high ability to cover their payment obligations, have an adequate financial structure and have consistent earnings which, however, are slightly less than the industry average. These borrowers have an administrative team which has the ability to obtain very satisfactory, efficient and profitable results. The industry in which they operate can have cyclical trends.

**Adequate risk (medium):** Borrowers who have the ability to meet principal and interest payments, however, their current profits are below the industry average, suggesting that the borrower may have difficulty sustaining its financial strength. Management may be family-owned or professional and its results are relatively satisfactory. The industry in which they operate may have cyclical tendencies.

**Adequate risk (low):** Borrowers whose financial structure, profitability and financing stream are generally adequate, its operating cash-flow is at the breakeven point but is adequate to cover their debt requirements, however, its profits are below the industry average. Management may have certain weaknesses which are offset by other strengths. The industry

in which they operate may have cyclical tendencies or be affected somewhat by changes in the regulations to which it is subject.

**Medium risk:** Borrowers who have capacity to cover short-term obligations but for which there is potential uncertainty in the long term, the leverage levels are growing and its indebtedness capacity is modest. Management meets only the minimum criteria for negotiated risk. The industry in which they operate may have cyclical tendencies or be susceptible to macroeconomic changes.

**Moderate risk (high):** Borrowers that face a slight reduction in profits; however with good potential to successfully overcome these problems. Operating cash flow is at break-even and is sufficient to cover debt service requirements in a timely manner, but with a certain downward trend. Management presents mixed operating results and outlook for the longer term. The industry environment reflects growth weakness.

**Moderate risk (medium):** Borrowers that face growth problems or weak capitalisation but regularly demonstrate the ability to overcome their financial weaknesses and at this moment are punctually paying their obligations. However, these funds come from secondary sources and therefore their ability to sustain payments is dubious. Management demonstrates certain weaknesses and shareholders exhibit some scepticism of management's ability.

**Moderate risk (low):** Borrowers whose financial structure exhibits a clear weakening trend which could damage its capacity or ability to cover its long-term obligations. This trend of going to secondary funding sources is recurrent and its repayment is consistently overdue. The management team shows notable weaknesses and there may be a concentration of shareholder reliance on one single person. The economic sector in which the company operates is very vulnerable to macroeconomic conditions.

**Watch list:** Borrowers with a weak financial structure and whose debt position is unbalanced and over-extended, and require the constant help of non-routine funding sources whose repayment is weak, covering the minimum acceptable bank payment. The management team is performing poorly. They are vulnerable to any setbacks in their specific business and in their business.

**Special supervision:** Borrowers who exhibit cash flow and liquidity problems that could require them to look for secondary funding sources to avoid default. Urgently require changes to management and the business plan to stop the deterioration; with this it is considered probable that a correction can occur over the medium term. The industry and country environment are of concern. Definitely an unacceptable risk.

**Sub-standard:** Borrowers whose future viability is in doubt without changes to business activities, market conditions, and/or

the management team and where a general reorganisation is required. The repayment history is unsatisfactory and at the moment payments are past due. The industry in which the company operates is experiencing a temporary deterioration.

**Deteriorated (high):** Borrowers with clearly identified financial deterioration and who are at risk of not complying with debt obligations. Currently have payments in arrears and have a high dependence on secondary sources of funding to meet their obligations. The problems in the direction of management put at risk the viability of the company as a going concern, because of which the deterioration is considered permanent. The viability of the industrial sector depends on structural changes.

**Recovery in doubt:** Borrowers with permanent financial deterioration. It is probable that the business has ceased to function and as a result the payment performance is nil. Payments are up to one year past due, which in general implies difficulty in recovery. Management is weak or unreliable and the industry in which the company operates is facing a permanent decline.

**Problem loan:** Borrowers who have ceased paying and whose situation does not appear to have any possibility of restructuring. Management is unsuitable or has demonstrated a lack of honesty. The industry in which the company operates is facing a permanent decline, for which reason keeping the loan as an asset of the bank is unjustifiable.

There exist loans that are exempt from classification because they represent sovereign debt of the Federal Government, and loans that did not arise from the sale of loans. These credits do not require reserves.

#### Credit Risk in Securities Investments

The Bank is exposed to the non-payment, by the issuer, on any interest and/or principal on its investments in different securities.

#### Derivatives Transactions Credit Risk

The Credit Risk in Derivative transactions results from the lack of payment by the counterparty.

In addition to the risk measures mentioned in previous sections, in the case of derivative transactions the potential risk is also measured. This type of risk measures the replacement cost along the remaining term of the position.

The counterparty exposure limits consider both the, current market value (only the positive side which bears the exposure for the Group) and the replacement cost (or potential exposure) without netting out the positions; in other words, opposite transactions with the same counterparty are not off-

set for information purposes (so that the exposure is over-estimated).

#### Operational Risk

Operational risk is a non-discretionary risk, which is defined as the potential loss resulting from internal control failures of deficiencies, errors in transaction processing or storage on in data transmission, as well as adverse administrative or legal resolutions, frauds or theft and includes, among other things, technological risk legal risk.

The Group has put in place policies and procedures, enabling it to implement an appropriate operational risk management process, which is described below:

##### Policies for Operational Risk Management

These policies primarily promote the risk management culture, particularly as to operational risk, so that the Group can measure, identify, monitor, limit control and disseminate the operational risk inherent in the day-to-day activities, in addition to promoting a culture of risk management.

##### Manual for Operational Risk Data Gathering and Classification

These policies define the requirements for reporting the information that supports the measuring processes, including the information, as well as its classification and specific characteristics.

##### Operational Risk of tolerance's level

Is a tool to issue operational losses, let each department of the Group know the levels of tolerance of applicable losses to each event of loss assumed, as well as incentive improvements in the process of Operational Risk issue and adopted as possible the necessary actions to reduce the risk for future losses.

##### Key Risk Indicators

This process let the Group establish indicators, since variables obtained of the processes which conduct is related with the level of risk assumed, by the follow-up of each indicator that identify the tendency and let issue in the time the indicators value. There are maximum values established or less admissible for each one of the selected indicators.

##### Legal Risk model for provision of losses

The Group has methodology of provision for expected and non-expected losses for legal risk, through the one it can be the expect losses as a result of judgments in process, this methodology is based in the experience from various years and through an statistic of severity and occurrence it is determine the probably loss of legal business ongoing.

The Group also has an structure methodology of auto-evaluation of operational risk, that its apply through their own structure and identify the operational risk inherent to their process with the following objectives:

- Evaluate the potential impact of significant Operational Risks identified in the competitive objectives, profitability, productivity and recuperation's Group.
- Analyze the priority according with the impact an importance of the moderate measure of operational risk.
- To guide each unit of the Group into a process of negotiation of operational risk.
- Have a systematic procedure, in order that the Group keeps conscience of its operational risk.

### **Technological Risk**

Technological risk is defined as the potencial risk derived from the software failure, damaged hardware, application malfunctioning, network interruptions and any other type of systems errors impacting the Bank's services to clients.

The Bank has implemented specific policies and procedures in order to mitigate technological risk to an acceptable level. Market Risk has developed methodology to evaluate such risks. In addition, Information Tecnology has policies and procedures to complement the methodology developed by Market Risk.

## Attachment 11

**Consejo de Administración**  
**Grupo Financiero Scotiabank Inverlat, S.A. de C.V.**

**Presidente**

Peter Christopher Cardinal

**Vicepresidente**

Carlos Muriel Vázquez

**Representantes de la Serie “F” en el Consejo de Administración de la Sociedad**

**Miembros Propietarios**

**Consejeros Independientes**

Thomas Heather Rodríguez  
 Carlos Muriel Vázquez

**Miembros Suplentes**

Javier Pérez Rocha  
 Federico Santacruz González

**Consejeros**

Pedro Saez Pueyo  
 Peter Christopher Cardinal  
 Timothy Paul Hayward

Pablo Pérezalonso Eguía  
 Gonzalo Rojas Ramos  
 José del Águila Ferrer

**Consejero Funcionarios**

Nicole Reich De Polignac

Pablo Aspe Poniatowski

**Representantes de la Serie “B” en el Consejo de Administración de la Sociedad**

**Consejeros Independientes**

Patricio Treviño Westendarp  
 Roberto Hemuda Debs  
 Vacante

Jorge Francisco Sánchez Ángeles  
 Eduardo Trigueros Gaissman  
 Arturo D’Acosta Ruiz

**Consejeros Funcionarios**

Felipe De Yturbe Bernal  
 Jorge Mauricio Di Sciallo Ursini

Alberto Miranda Mijares  
 Diego Pisinger Alter

**Representantes de la Serie “F” en el Órgano de Vigilancia de la Sociedad**

**Comisarios**

Guillermo García-Naranjo Álvarez

Ricardo Delfín Quinzaños

**Representantes de la Serie “B” en el Órgano de Vigilancia de la Sociedad**

Jorge Evaristo Peña Tapia

Jorge Oredain Villacampa

**Secretario**

Jorge Mauricio Di Sciallo Ursini

**Prosecretario**

Mónica Cardoso Velázquez

The amount paid to Board Members to attend board meetings and committee meetings totaled P\$2 million for the six months ended June 30, 2011.

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“We the undersigned declare under oath, of telling the truth that, in the scope of our respective functions, we prepared the information relative to the financial group contained in the current report, that which, to our trustworthy knowledge and understanding, reasonably reflects its current financial position”

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NICOLE REICH DE POLIGNAC  
PRESIDENT

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DIEGO M. PISINGER ALTER  
DIRECTOR GENERAL  
FINANCE AND BUSINESS  
INTELLIGENCE

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AGUSTIN CORONA GAHLER  
DIRECTOR GROUP  
AUDIT

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GORDON MACRAE  
DIRECTOR GROUP  
ACCOUNTING