

# Second Quarter results • 2012

Q2 /2012

**SECOND QUARTER FINANCIAL HIGHLIGHTS** Compared to the same period a year ago:

TOTAL REVENUE AFTER PCLs OF P\$4,386 MILLION, VERSUS P\$3,460 MILLION

NET INCOME OF P\$1,231 MILLION VERSUS P\$635MILLION

PRODUCTIVITY RATIO OF 63.6% VERSUS 64.0%

BANK'S CAPITAL RATIO OF 16.8% VERSUS 16.9%

PROVISIONS FOR CREDIT LOSSES OF P\$131 MILLION, VERSUS P\$448 MILLION

## Grupo Scotiabank reports earnings of P\$1,231 million for the second quarter

### Scotiabank Mexico

Financial and Operating Indicators:

#### 1 CONTINUED GROWTH:

- Business loans up 9%
- Mortgages up 9%
- Demand and Savings account balances up 17%

#### 2 CREDIT RISK MANAGEMENT:

- Past due portfolio at 2.6% of total loans compared to 2.9% in the prior year
- Allowance for credit losses coverage at 109% of past due portfolio compared to 113% in the prior year

#### 3 EFFICIENCY:

- Productivity ratio of 64.0% versus 63.4% in the prior year

**Mexico D.F., July 31, 2012** – Grupo Scotiabank today announced results for the second quarter of 2012. Consolidated net income was P\$1,231 million in the quarter, an increase of P\$596 million or 94% from the same period last year.

The main drivers of these results compared to the prior year were higher non-interest revenues, higher net interest income and lower credit provisions, partially offset by higher operating expenses.

Total revenue for the quarter, after provisions for credit losses, increased P\$926 million or 27% compared to the same period last year, reflecting higher non-interest revenues from higher commissions and fees, lower write offs and lower loan loss provisions, in addition to higher net interest income from the positive growth in volumes. Total business loans increased 9% and retail volumes also grew 9% particularly in mortgages, credit cards and personal loans compared to the same quarter last year. Demand and savings deposits were up 17% during the same period.

Loan loss provisions decreased P\$317 million or 71% from the same quarter last year, due mainly to lower provisions in the commercial portfolio and in mortgages. Operating expenses grew 15% or P\$373 million due to higher fees, depreciation and amortization costs and other costs as a result of growth initiatives.

The Bank's capital ratio remained strong at 16.8% this quarter, well above regulatory requirements, virtually unchanged from 16.9% a year ago. Return on equity this quarter was 16%, compared to 8% during the same period last year.

“Second quarter results continue to reflect the positive impact of the investments and initiatives over the past few years. Our retail and business lending and core deposit volumes continue to show solid growth. As over the past quarters, lower provisions for credit losses are the result of our focus on prudent and disciplined risk management practices. The outlook for the balance of the year remains positive,” said Nicole Reich De Polignac, Grupo Scotiabank President and CEO.

Items of note:

On July 11<sup>th</sup> 2012, Standard & Poor's raised Scotiabank Inverlat, S.A. short term global scale ratings to "A-2" from "A-3". This increase also included another 7 financial institutions in Mexico.

Non-Financial Highlights:

Scotiabank was recognized as one of the two best companies for Leaders in Mexico and ranked 4th in Latin America by AON Hewitt, in the third edition of LatinAmerica Top Companies for Leaders 2011-2012.

The National Institute for Women (Inmujeres) awarded Scotiabank a recognition for its Gender Equity Model (GEM: 2003), which includes a process of awareness about equality basis between men and women.

For a fifth consecutive year, Scotiabank was recognized by Super Company as a place where everyone wants to work, obtaining the fourth position in its ranking with More than 3,000 employees and keeping the first position, among financial groups.

A survey by Expansion magazine ranked Scotiabank's business checking account as the best one among several institutions in a survey on corporate/commercial banking services.

FINANCIAL HIGHLIGHTS

Grupo Scotiabank Condensed Financial Information	Six months ended		Three months ended		
	June 30, 2012	June 30, 2011	June 30, 2012	March 31, 2012	June 30, 2011
<i>Net Income (P\$ millions):</i>					
Scotiabank Mexico	2,201	1,428	1,152	1,049	588
Holding company and other subsidiaries	187	124	79	108	47
<b>Total Group</b>	<b>2,388</b>	<b>1,552</b>	<b>1,231</b>	<b>1,157</b>	<b>635</b>
ROE	16%	10%	16%	15%	8%

Grupo Scotiabank Condensed Statement of Income <i>(P\$ millions; Consolidated with subsidiaries)</i>	Six months ended		Three months ended		
	June 30, 2012	June 30, 2011	June 30, 2012	March 31, 2012	June 30, 2011
<b>Net Interest income</b>	<b>5,189</b>	<b>5,078</b>	<b>2,679</b>	<b>2,510</b>	<b>2,526</b>
Other Income	3,754	3,185	1,838	1,916	1,382
<b>Revenue</b>	<b>8,943</b>	<b>8,263</b>	<b>4,517</b>	<b>4,426</b>	<b>3,908</b>
Provision for credit losses	(453)	(1,014)	(131)	(322)	(448)
<b>Total Revenue after provisions for credit losses</b>	<b>8,490</b>	<b>7,249</b>	<b>4,386</b>	<b>4,104</b>	<b>3,460</b>
Operating expenses	(5,573)	(4,995)	(2,875)	(2,698)	(2,502)
<b>Operational Profit</b>	<b>2,917</b>	<b>2,254</b>	<b>1,511</b>	<b>1,406</b>	<b>958</b>
Participation in results of non-consolidated subsidiaries and associated companies	1	1	1	-	1
<b>Profit before income tax</b>	<b>2,918</b>	<b>2,255</b>	<b>1,512</b>	<b>1,406</b>	<b>959</b>
Income tax	(530)	(703)	(281)	(249)	(324)
<b>Profit after income tax</b>	<b>2,388</b>	<b>1,552</b>	<b>1,231</b>	<b>1,157</b>	<b>635</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 1,561 ATMs throughout the country. It employs approximately 10,427 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 31, 2012

## Scotiabank Mexico

Total revenue, after provision for credit losses, was P\$4,096 million for the second quarter of 2012, a P\$911 million or 29% increase from the same period last year. The year-over-year growth was due primarily to higher non-interest income, higher net interest revenue and lower provisions for credit losses. The increase in non-interest revenues from last year was due mainly to higher commissions and fees, loan loss recoveries, insurance and mutual fund fees and lower write-offs. These were partially offset by lower trading revenues and lower revenues from the sale of foreclosed assets.

Compared to last quarter, total revenues, after provisions for credit losses, were higher by P\$327 million or 9%. This increase was the result of higher net interest income and lower provisions for credit losses.

Net income after tax was P\$1,152 million this quarter compared to P\$588 million in the same period last year. The increase was primarily the result of higher non-interest revenues, higher net interest income, lower provisions for credit losses and lower taxes, partially offset by higher operating expenses.

Net income after tax increased P\$103 million from last quarter due to higher net interest income and lower provisions for credit losses, partially offset by higher operating expenses and higher taxes.

For the six-month period ended June 30, 2012, after-tax income was P\$2,201 million, compared to P\$1,428 million in the same period last year. The increase was largely due to higher non-interest revenue, higher net interest income, lower provisions for credit losses and a lower effective tax rate, partially offset by higher expenses.

Scotiabank Mexico Condensed Statement of Income <i>(P\$ millions; Consolidated with subsidiaries)</i>	Six months ended		Three months ended		
	June 30, 2012	June 30, 2011	June 30, 2012	March 31, 2012	June 30, 2011
Interest earned	7,669	7,191	3,917	3,752	3,623
Interest paid	(2,603)	(2,289)	(1,308)	(1,295)	(1,192)
<b>Net interest income</b>	<b>5,066</b>	<b>4,902</b>	<b>2,609</b>	<b>2,457</b>	<b>2,431</b>
Other income	3,252	2,814	1,618	1,634	1,202
<b>Revenue</b>	<b>8,318</b>	<b>7,716</b>	<b>4,227</b>	<b>4,091</b>	<b>3,633</b>
Provision for credit losses	(453)	(1,014)	(131)	(322)	(448)
<b>Total Revenue after provision for credit losses</b>	<b>7,865</b>	<b>6,702</b>	<b>4,096</b>	<b>3,769</b>	<b>3,185</b>
Operating expenses	(5,241)	(4,641)	(2,705)	(2,536)	(2,302)
<b>Operational Profit</b>	<b>2,624</b>	<b>2,061</b>	<b>1,391</b>	<b>1,233</b>	<b>883</b>
Participation in results of non-consolidated subsidiaries and associated companies	1	1	1	-	1
<b>Profit before income tax</b>	<b>2,625</b>	<b>2,062</b>	<b>1,392</b>	<b>1,233</b>	<b>884</b>
Income tax	(424)	(634)	(240)	(184)	(296)
<b>Profit after income tax</b>	<b>2,201</b>	<b>1,428</b>	<b>1,152</b>	<b>1,049</b>	<b>588</b>

## Net Interest Income

Net interest income was P\$2,609 million in the second quarter of 2012, P\$178 million or 7% higher compared to the same quarter last year and P\$152 million or 6% higher when compared to last quarter. The increase from last quarter was driven by higher revenue from investments in securities while the increase from the same period last year was driven by higher loan and deposit volumes.

For the six-month period ended June 30, 2012, net interest income was P\$5,066 million, up P\$164 million or 3% from the same period last year. This increase was due primarily to higher retail and business loan volumes as well as higher volumes from demand and saving deposits.

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, 2012		June 30, 2011	
	Volume	Spread	Volume	Spread
Deposits with banks	21,105	1.7%	21,282	1.8%
Securities	13,618	2.7%	10,338	3.4%
Loans	109,973	8.5%	104,923	8.7%

## Other Income

Scotiabank Mexico Other Income (P\$ millions; Consolidated with subsidiaries)	Six months ended		Three months ended		
	June 30, 2012	June 30, 2011	June 30, 2012	March 31, 2012	June 30, 2011
Commissions and fees (net)	1,136	872	627	509	426
Revenues from trading and intermediation	452	292	109	343	149
Other operational income (net)	1,664	1,650	882	782	627
<b>Total Other Income</b>	<b>3,252</b>	<b>2,814</b>	<b>1,618</b>	<b>1,634</b>	<b>1,202</b>

Other income for the quarter was P\$1,618 million, up P\$416 million or 35% from the same period last year. This was due to higher revenues from checking account and credit card commissions, loan related fees, insurance and mutual fund fees, higher recoveries and lower write-offs. These were partially offset by lower trading revenues and lower revenues from the sale of foreclosed assets.

Compared to last quarter, the P\$16 million decrease in Other income was due primarily to lower revenue from trading activities offset by higher checking account commissions and higher loan related fees and lower write offs.

For the six-month period ended June 30, 2012, Other income was P\$3,252 million, P\$438 million or 16% higher than the same period last year. The increase resulted from higher checking account and credit card commissions, higher trading revenues, higher loan loss recoveries and lower write offs. These were partially offset by lower other recoveries and lower revenues from the sale of foreclosed assets.

Scotiabank Mexico Commissions and fees (net) (P\$ millions; Consolidated with subsidiaries)	Six months ended		Three months ended		
	June 30, 2012	June 30, 2011	June 30, 2012	March 31, 2012	June 30, 2011
Loan commissions	101	109	51	50	50
Account handling commissions	264	109	152	112	57
Credit card commissions	322	266	165	157	134
Trust	98	103	52	46	38
Electronic banking	123	112	65	58	61
Other	228	173	142	86	86
<b>Total commissions and fees (net)</b>	<b>1,136</b>	<b>872</b>	<b>627</b>	<b>509</b>	<b>426</b>

Net commissions and fees were P\$627 million this quarter, P\$201 million or 47% higher than the same period last year and P\$118 million or 23% than last quarter. Both the year-over-year and quarter-over-quarter increase was due mainly to higher commissions and fees from checking accounts, credit cards and electronic banking as well as from trust fees, loan related fees, in other.

For the six-month period ended June 30, 2012, net commissions and fees were P\$1,136 million, P\$264 million or 30% higher than the same period last year. This was mainly due to higher fees from checking accounts, credit cards and electronic banking and loan related fees in other, partially offset by lower 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, 2012	June 30, 2011	June 30, 2012	March 31, 2012	June 30, 2011
Loan loss recoveries	311	222	157	154	119
Other recoveries	224	557	117	107	115
Gain on loan assets purchase	3	-	3	-	-
Write-offs & other	(5)	(279)	27	(32)	(132)
Revenue from sale of foreclosed assets	68	257	39	29	49
Staff loan interest	39	38	20	19	19
Rental income	29	27	16	13	13
Other revenues and expenses (net)	938	772	447	491	391
Other	57	56	56	1	53
<b>Total other operational income (net)</b>	<b>1,664</b>	<b>1,650</b>	<b>882</b>	<b>782</b>	<b>627</b>

Other operational income (net) was P\$882 million this quarter, P\$255 million or 41% higher than the same quarter last year and P\$100 million or 13% higher than last quarter. The year-over-year results were driven by higher loan loss recoveries, lower write offs and higher mutual fund and insurance fees (in Other revenues and expenses (net)). These were partially offset by lower revenues from the sale of foreclosed assets. The quarter-over-quarter change was the result of higher other recoveries, lower write offs, higher revenues from the sale of foreclosed assets and dividends from investments, partially offset by lower insurance fees (in Other revenues and expenses (net)).

For the six-month period ended June 30, 2012, other operational income (net) was P\$1,664 million, basically unchanged in comparison with the same period last year. This was due to higher loan loss recoveries, lower write offs and higher insurance and mutual fund fees (in Other revenues and expenses (net)). These were offset by lower other recoveries and lower revenues from the sale of foreclosed assets.

### 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, 2012	June 30, 2011	June 30, 2012	March 31, 2012	June 30, 2011
Provision for credit losses	(453)	(1,014)	(131)	(322)	(448)
Loan loss recoveries <small>(reported in Other operational income, net)</small>	311	222	157	154	119
<b>Total provision for credit losses (net)</b>	<b>(142)</b>	<b>(792)</b>	<b>26</b>	<b>(168)</b>	<b>(329)</b>

Provisions for credit losses, net of recoveries, showed a P\$26 million recovery this quarter, P\$355 million lower than the same quarter last year. Provisions for credit losses, excluding recoveries, were P\$131 million, a decrease of P\$317 million or 71% from the same quarter last year. The reduction was mostly due to lower delinquencies and lower provisions in mortgages, partially offset by higher credit card and personal loans provisions. In addition, there was a release in commercial loan loss provisions this quarter due to pre-payments in business loans.

Provisions for credit losses, net of recoveries, were down P\$194 million from last quarter. Excluding recoveries, provisions for credit losses decreased P\$191 million or 59% from the previous quarter. This decrease was due to lower provisions in mortgages and the release of provisions in commercial loans related to pre-payments in business loans, partially offset by higher provisions in credit cards and personal loans.

On a year-to-date basis, net provisions for credit losses, net of recoveries, decreased P\$650 million or 82%. Excluding recoveries provisions for credit losses decreased P\$561 million due to lower provisions in retail products and the release of provisions in commercial loans related to pre-payments in business loans, partially offset by higher mortgage provisions.

## Non-Interest Expenses

The Bank's productivity ratio<sup>1</sup> was 64.0% this quarter, up from 63.4% in the same quarter last year, and from 62.0% last quarter.

Scotiabank Mexico Non-Interest Expenses <i>(P\$ millions; Consolidated with subsidiaries)</i>	Six months ended		Three months ended		
	June 30, 2012	June 30, 2011	June 30, 2012	March 31, 2012	June 30, 2011
Personnel expenses	(2,160)	(2,097)	(1,075)	(1,085)	(1,061)
Other operating expenses	(3,081)	(2,544)	(1,630)	(1,451)	(1,241)
<b>Total non-interest expenses</b>	<b>(5,241)</b>	<b>(4,641)</b>	<b>(2,705)</b>	<b>(2,536)</b>	<b>(2,302)</b>

Non-interest expenses were P\$2,705 million this quarter, up P\$403 million from the same quarter last year and P\$169 million from last quarter. Personnel expenses were virtually unchanged from both last year and last quarter. Compared to the same quarter last year, Other operating expenses increased P\$389 million and P\$179 million in comparison to last quarter. In both cases, the increase was due to higher fees and costs related to leases and depreciation and amortization associated with the past investment strategies, as well as to higher value added taxes (VAT) expenses.

On a year-to-date basis, total expenses increased P\$600 million or 13% to P\$5,241 million. Personnel expenses increased P\$63 million or 3%. Other operating expenses were P\$537 million higher, due primarily to higher fees, lease and maintenance costs associated from the ongoing investment strategies.

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

The income this quarter from the non-consolidated subsidiaries and associated companies was not significant.

## Tax

Scotiabank Mexico Taxes <i>(P\$ millions; Consolidated with subsidiaries)</i>	Six months ended		Three months ended		
	June 30, 2012	June 30, 2011	June 30, 2012	March 31, 2012	June 30, 2011
Income tax current	(772)	(455)	(493)	(279)	(293)
Income tax deferred	348	(179)	253	95	(3)
<b>Total Taxes</b>	<b>(424)</b>	<b>(634)</b>	<b>(240)</b>	<b>(184)</b>	<b>(296)</b>

Total income tax expense was P\$240 million this quarter, down P\$56 million from the same quarter last year. The decline in total tax expense was due primarily to higher deductible loan loss provisions and higher inflationary adjustments. This decline has resulted in a lower effective tax rate this quarter compared to the same quarter last year.

The total income tax expense for the quarter was up P\$56 million from last quarter due primarily to higher taxable earnings and lower inflation adjustments, partially offset by higher benefits from deductible loan loss provisions. The effective tax rate for the quarter was higher than last quarter.

On a year-to-date basis, total income tax expense decreased P\$210 million. The effective tax rate for the year to date was lower than the comparative period in 2011. The decrease was due to higher deductible loan loss provisions.

<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, 2012, the Bank's total assets were P\$199.9 billion, P\$21.7 billion or 12% higher than a year ago and P\$7.5 billion or 4% higher than last quarter. When compared with the previous year, there was growth in securities and repurchase agreements and other assets.

Total liabilities (excluding capital) totalled P\$171.6 billion, an increase of P\$21.1 billion or 14% from a year ago and P\$7.4 billion or 5% higher than last quarter, mainly resulting from higher demand deposits and higher other liabilities when compared to last year and last quarter.

Scotiabank Mexico – Condensed Balance Sheet (P\$ millions; Consolidated with subsidiaries)	June 30, 2012	March 31, 2012	June 30, 2011
Cash, banks, securities	65,159	64,465	52,226
Performing loans	109,862	111,420	108,160
Past due loans	2,917	2,903	3,256
Allowance for loan losses	(3,190)	(3,398)	(3,684)
Other assets	25,185	17,076	18,253
<b>Total assets</b>	<b>199,933</b>	<b>192,466</b>	<b>178,211</b>
Deposits	135,054	135,197	122,280
Loans from Banks	5,352	5,857	4,669
Other liabilities	31,192	23,133	23,581
Capital	28,335	28,279	27,681
<b>Total liabilities and capital</b>	<b>199,933</b>	<b>192,466</b>	<b>178,211</b>

## Performing Loans

Scotiabank Mexico – Performing Loan Portfolio (P\$ millions; Consolidated with subsidiaries)	June 30, 2012	March 31, 2012	June 30, 2011
Credit card and other personal loans	16,747	16,691	15,362
Mortgages	44,840	43,814	41,118
<b>Total personal loans</b>	<b>61,587</b>	<b>60,505</b>	<b>56,480</b>
Business loans	40,606	42,145	37,142
Loans to financial institutions	2,291	3,454	3,700
Loans to government entities	5,378	5,316	10,838
<b>Total business, financial institution and government loans</b>	<b>48,275</b>	<b>50,915</b>	<b>51,680</b>
<b>Total performing loans</b>	<b>109,862</b>	<b>111,420</b>	<b>108,160</b>

The Bank's retail lending portfolio grew by P\$5.1 billion from last year. This growth was in the mortgage portfolio which increased by P\$3.7 billion or 9% from the same period last year and P\$1.0 billion or 2% from last quarter and in credit card and other personal loans which grew P\$1.4 billion or 9% from last year and P\$0.1 billion from last quarter.

Total business, financial and government loans decreased by P\$3.4 billion or 7% from the same quarter last year and P\$2.6 billion or 5% from last quarter. The year-over-year decline was the result of a P\$5.5 billion or 50% decrease in loans to government entities due to maturities which were partially compensated by a P\$3.5 billion or 9% increase in business loans. The quarter-over-quarter decline was due to the reduction in loans to businesses and financial institutions.



**Past due loans**

<b>Scotiabank Mexico – Past Due Loan Portfolio</b> <i>(P\$ millions; Consolidated with subsidiaries)</i>	<b>June 30, 2012</b>	<b>March 31, 2012</b>	<b>June 30, 2011</b>
Past due loans	2,917	2,903	3,256
Allowance for credit losses	(3,190)	(3,398)	(3,684)
<b>Net past due loans</b>	<b>(273)</b>	<b>(495)</b>	<b>(428)</b>
Past due loans as a percent of total loans	2.6%	2.5%	2.9%
Allowance for credit losses as a percent of past due loans	109%	117%	113%

Gross past due loans totalled P\$2,917 million this quarter, a reduction of P\$339 million or 10% from the same period last year and virtually unchanged from last quarter. The Bank's allowance for credit losses was lower both year-over-year and quarter-over-quarter due to lower delinquencies in credit cards, personal loans and mortgages as well as lower provisions for commercial loans this quarter.

As a percentage of past due loans, allowance for credit losses was 109% as at June 30, 2012, down from 113% a year ago and from 117% last quarter.

At June 30, 2012, the Bank's past due loan portfolio was 2.6% of the total portfolio compared to 2.9% in the same quarter last year and 2.5% in the prior quarter. The reduction from the same period last year was due to improvement in the credit quality of the retail portfolio.

**Deposits**

<b>Scotiabank Mexico – Deposits</b> <i>(P\$ millions; Consolidated with subsidiaries)</i>	<b>June 30, 2012</b>	<b>March 31, 2012</b>	<b>June 30, 2011</b>
<b>Total demand and saving</b>	<b>69,191</b>	<b>66,179</b>	<b>59,233</b>
Term deposits from customers	49,429	49,976	47,841
Money market term deposits (Wholesale)	10,217	12,813	8,990
<b>Total term deposits</b>	<b>59,646</b>	<b>62,789</b>	<b>56,831</b>
Investment Certificates	6,217	6,229	6,216
<b>Total deposits</b>	<b>135,054</b>	<b>135,197</b>	<b>122,280</b>

Demand and saving deposits totalled P\$69.2 billion as at June 30, 2012, an increase of P\$10.0 billion or 17% over the same period last year and P\$3.0 billion or 5% from last quarter. The year-over-year and quarter-over-quarter increase reflect the Bank's continuing emphasis on growing its core demand and savings deposit base.

Total term deposits increased P\$2.8 billion or 5% year-over-year but declined P\$3.1 billion or 5% from last quarter. The year-over-year increase was due to both a growth in term deposits from customers and money market term deposits. The quarter-over-quarter reduction was mainly due to lower money market term deposits reflecting market conditions.

Investment certificates were in line with the last year and last quarter.

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## Attachment 1 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. for financial group holding companies in Mexico, which in general conform to Mexican Financial Reporting Standards (FRS) issued by the Mexican Board of Financial Reporting Standards (Consejo Mexicano de Normas de Información Financiera or CINIF). The accounting criteria include particular rules, the application of which, in certain cases, differs from the aforementioned standards.

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

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 figures from the balance sheet and consolidated income statement presented, include certain reclassifications to conform to the classifications used in 2012, consequently some of the ratios, percentages or figures may not be identical to those presented in the previous quarterly reports.

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

### **Changes in accounting standards applicable to credit institutions, issued by the National Banking and Securities Commission (Comisión Nacional Bancaria y de Valores / CNBV)**

On July 5, 2012, the resolution revising the regulations generally applicable to credit institutions was published in the Official Gazette, the accounting standards were amended with effective date of July 6th, 2012. The applicable changes to the accounting standards are summarized below:

#### **B-10 Trusts**

- Adds the definition of estate trust
- Recognition and measurement. - For publicly listed estate trusts shall be valued according to the accounting standards for such purposes established by the CNBV through regulations generally applicable to issuers and other participants in the stock exchange.
- The new standard stipulates that trusts shall maintain separate accounting for every trust agreement and the estate trust accounting should match the Bank off balance sheet accounts.
- The Bank may apply the accrual method to recognize revenues after the trust has fallen into arrears and subsequently paid its arrears in full.

#### **C-5 Consolidation of Special Purpose Entities (SPEs)**

According to the new standard, the consolidating entity shall comply with the Mexican Financial Reporting Standard B-8.

Attachment 2

**GRUPO FINANCIERO SCOTIABANK INVERLAT, S.A. DE C.V.**  
**LORENZO BOTURINI No. 202, COL. TRANSITO, C.P. 06820, MEXICO, D.F.**  
**CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2012**  
 (EXPRESSED IN MILLION OF MEXICAN PESOS)

FUNDS AVAILABLE	ASSETS	19,534	FUNDING		
<b>MARGIN ACCOUNTS</b>		<b>43</b>	Demand and saving deposits	69,180	
<b>FINANCIAL INSTRUMENTS</b>			Term deposits	59,601	
Securities – available for trading	28,180		General public	49,384	
Securities – available for sale	15,884		Money Market	10,217	
Securities – held to maturity	2,020	<b>46,084</b>	Issue credit certificates	6,217	<b>134,998</b>
<b>REPURCHASE AGREEMENTS (DEBTOR)</b>		<b>8,531</b>	<b>BANK AND OTHER LOANS</b>		
<b>DERIVATIVES</b>			Short term	2,938	
Trading	1,909		Long term	2,414	<b>5,352</b>
Hedge	62	<b>1,971</b>	<b>REPURCHASE AGREEMENTS</b>		<b>16,803</b>
<b>MARK TO MARKET ADJUSTMENT RELATED TO HEDGING OF FINANCIAL INSTRUMENTS</b>		<b>108</b>	<b>COLLATERAL SOLD OR GIVEN IN GUARANTEE</b>		
<b>LOAN PORTFOLIO</b>			Securities Receivable	108	<b>108</b>
Business loans	48,269		<b>LIABILITIES RELATED TO SECURITIES IN THE COURSE OF SETTLEMENT</b>		<b>5,627</b>
Commercial	40,606		<b>DERIVATIVES</b>		
Financial intermediaries	2,285		Trading	4,776	
Government loans	5,378		Hedge	511	<b>5,287</b>
Consumer loans	16,746		<b>OTHER PAYABLES</b>		
Mortgages loans	44,840		Income taxes	515	
<b>TOTAL CURRENT LOAN PORTFOLIO</b>	<b>109,855</b>		Employee profit sharing	319	
<b>PAST-DUE LOAN PORTFOLIO</b>			Creditors pending settlements	5,214	
Business loans	366		Sundry creditors and other payables	5,529	<b>11,645</b>
Commercial	366		<b>DEFERRED CREDITS AND ADVANCED COLLECTIONS</b>		<b>818</b>
Consumer loans	505		<b>TOTAL LIABILITIES</b>		<b>180,638</b>
Mortgages loans	2,046		<b>STOCKHOLDERS' EQUITY</b>		
<b>TOTAL PAST-DUE PORTFOLIO</b>	<b>2,917</b>		<b>PAID-IN CAPITAL</b>		
<b>LOAN PORTFOLIO (-) LESS:</b>	<b>112,772</b>		Capital stock	4,507	<b>4,507</b>
<b>ALLOWANCE FOR LOAN LOSSES</b>	<b>3,190</b>		<b>CAPITAL SURPLUS</b>		
<b>LOAN PORTFOLIO (NET)</b>	<b>109,582</b>		Capital reserves	901	
<b>SECURITIZATION RECEIVABLE</b>		<b>178</b>	Results from previous years	22,940	
<b>OTHER RECEIVABLES (NET)</b>		<b>18,530</b>	Effects from valuation of securities available for sale	380	
<b>FORECLOSED ASSETS (NET)</b>		<b>27</b>	Effects from valuation of hedging instruments	(178)	
<b>PROPERTY, FURNITURE AND EQUIPMENT (NET)</b>		<b>4,046</b>	Net result	2,388	<b>26,431</b>
<b>LONG-TERM INVESTMENT IN EQUITIES</b>		<b>86</b>	<b>TOTAL STOCKHOLDERS' EQUITY</b>		<b>30,938</b>
<b>DEFERRED TAXES AND EMPLOYEE PROFIT SHARING (NET)</b>		<b>1,252</b>	<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>		<b>211,576</b>
<b>OTHER ASSETS</b>					
Deferred, advanced and intangibles charges	840				
Short and long term assets	740	<b>1,604</b>			
<b>TOTAL ASSETS</b>		<b>211,576</b>			

**MEMORANDUM ACCOUNTS**

<b>Customer current accounts</b>			<b>Assets and liabilities contingent</b>		<b>466</b>
Cash Balances	9		<b>Assets in trust s or mandate</b>		
Transaction settlement	430		Trust	134,974	
Other	233	<b>672</b>	Mandate	26,857	<b>161,831</b>
<b>Custody operations</b>			<b>Assets in custody or under administration</b>		<b>647,061</b>
Securities held in custody	199,884	<b>199,884</b>	<b>Commitment loans</b>		<b>366,901</b>
<b>Transactions on behalf of customers</b>			<b>Collateral received for the entity</b>		
Securities operations	64,404		Government paper	46,444	
Securities receivable operations	111		Bank paper	-	
Collaterals received in guarantee	37,427		Investment in Financial Instruments	197	
Collaterals given in guarantee	28,689		Other	23,104	<b>69,745</b>
Administrative trusts	189	<b>130,820</b>	<b>Collateral received and sold or delivered in guarantee for the entity</b>		
<b>Investment bank transaction on behalf of third parts (net)</b>		<b>73,414</b>	Government paper	36,964	
			Bank paper	600	
			Investment in Financial Instruments	108	<b>37,672</b>
			<b>Interest not collected from past due portfolio</b>		<b>149</b>
			Other control accounts	422,599	
<b>TOTAL ON BEHALF OF THIRD PARTIES</b>		<b>404,790</b>	<b>TOTAL OWN OPERATIONS</b>		<b>1,706,424</b>

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

The historical capital stock amounts to \$ 3,111 million as June 30, 2012".

NICOLE REICH DE POLIGNAC  
PRESIDENT

DIEGO M. PISINGER ALTER  
DIRECTOR GENERAL FINANCE AND  
BUSINESS INTELLIGENCE

AGUSTIN CORONA GAHLER  
DIRECTOR GENERAL AUDIT GROUP

H.VALERIO BUSTOS QUIROZ  
DIRECTOR GROUP ACCOUNTING

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[www.cnbv.gob.mx/prensa/paginas/boletinesestadisticos.aspx](http://www.cnbv.gob.mx/prensa/paginas/boletinesestadisticos.aspx)

**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, 2012**  
 (EXPRESSED IN MILLION OF MEXICAN PESOS)

Total interest earned	8,288	
Total interest paid	3,099	
<b>Net interest profit</b>		<b>5,189</b>
Provision for credit losses		453
<b>Net interest profit, after provision for credit losses</b>		<b>4,736</b>
Commissions earned	1,884	
Commissions paid	209	
Revenues from intermediation	503	
Other operational net income	1,576	
Administrative and operating expenses	5,573	(1,819)
<b>Total operating revenues</b>		<b>2,917</b>
Participation in the results of subsidiaries unconsolidated and associated companies		1
<b>Net income before income tax</b>		<b>2,918</b>
Current income tax	903	
Deferred income tax (net)	(373)	530
<b>Net Income before discontinued operations</b>		<b>2,388</b>
<b>Net Income</b>		<b>2,388</b>
<b>Net Income including Controller Participation</b>		<b>2,388</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 GENERAL AUDIT  
GROUP

H. VALERIO BUSTOS QUIROZ  
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 CHANGES IN STOCKHOLDERS' EQUITY FOR THE PERIOD DECEMBER 31, 2011 TO JUNE 30, 2012**  
 (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 , 2011</b>	4,507	901	20,798	372	(57)	3,142	29,663
<b>ITEMS RELATED TO STOCKHOLDERS DECISIONS</b>							
Transfer of prior years results	-	-	3,142	-	-	(3,142)	-
Dividend payment	-	-	(1,000)	-	-	-	(1,000)
<b>Total</b>	-	-	2,142	-	-	(3,142)	(1,000)
<b>ITEMS RELATED TO RECOGNITION OF COMPREHENSIVE INCOME</b>							
Net income	-	-	-	-	-	2,388	2,388
Result from valuation of available-for-sale securities	-	-	-	8	-	-	8
Result from valuation of hedging instruments	-	-	-	-	(121)	-	(121)
<b>Total</b>	-	-	-	8	(121)	2,388	2,275
<b>Balances as of June 30, 2012</b>	4,507	901	22,940	380	(178)	2,388	30,938

"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".

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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 CASH FLOW FOR THE PERIOD JANUARY 1 TO JUNE 30, 2012**  
 (EXPRESSED IN MILLIONS OF MEXICAN PESOS)

<b>Net income</b>		2,388
<b>Adjustments for items that not imply cash flow:</b>		
Losses for deterioration or cancel effect associated with investment and funding activities	19	
Depreciation of property plant and equipment	196	
Amortization of intangible assets	12	
Provisions	778	
Income tax (current and deferred)	530	
Participation in the results of subsidiaries	(1)	
Other	575	
		2,109
<b>Operation activities:</b>		
Change in margin accounts		25
Change in investment securities		(9,029)
Change in repurchase agreements (debtor)		(5,378)
Change in derivates (assets)		2,780
Change in loan portfolio (net)		908
Change in Securitización receivable		47
Change in foreclosed assets (net)		(10)
Change in other operational assets (net)		(6,597)
Change in funding		11,961
Change in bank and other loans		(253)
Change in repurchase agreements (creditor)		(2,522)
Change in Securities Receivable		(1)
Change in collateral sold or in guarantee		(39)
Change in derivates (liabilities)		(2,555)
Change in other operational liabilities		7,970
Payments for income taxes		(405)
		(3,098)
<b>Operation activities cash flow</b>		<b>(3,098)</b>
<b>Investment activities:</b>		
Payments for acquisition of property, furniture and equipment		(167)
Payments for acquisition of intangible assets		(92)
Other		1
		(258)
<b>Investment activities cash flow</b>		<b>(258)</b>
<b>Financing activities:</b>		
Payments in cash (dividends)		(1,000)
		(1,000)
<b>Financing activities cash flow</b>		<b>(1,000)</b>
<b>Net Increase or Decrease in net cash and cash equivalents</b>		<b>141</b>
<b>Cash and cash equivalent at the beginning of the period</b>		<b>19,393</b>
<b>Cash and cash equivalent at the final of the period</b>		<b>19,534</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".

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

ASSETS	JUN-12	MAR-12	JUN-11
<b>Funds Available</b>	<b>19,534</b>	<b>23,334</b>	<b>21,502</b>
<b>Margin Accounts</b>	<b>43</b>	<b>64</b>	<b>117</b>
<b>Financial Instruments</b>	<b>46,084</b>	<b>34,217</b>	<b>39,622</b>
Securities – available for trading	28,180	24,170	33,866
Securities – available for sale	15,884	8,048	3,820
Securities – held to maturity	2,020	1,999	1,936
<b>Repurchase Agreements (Debtor)</b>	<b>8,531</b>	<b>12,555</b>	<b>3,266</b>
<b>Derivatives</b>	<b>1,971</b>	<b>2,071</b>	<b>2,270</b>
Trading	1,909	1,985	2,225
Hedge	62	86	45
<b>Mark to Market Adjustment Related to Heading of Financial Instruments</b>	<b>108</b>	<b>132</b>	<b>204</b>
<b>Current Loan Portfolio</b>	<b>109,855</b>	<b>111,412</b>	<b>108,078</b>
Business loans	48,269	50,907	51,599
Consumer loans	16,746	16,691	15,362
Mortgage loans	44,840	43,814	41,117
<b>Past Due Loan Portfolio</b>	<b>2,917</b>	<b>2,903</b>	<b>3,256</b>
Business loans	366	370	252
Consumer loans	505	506	625
Mortgage loans	2,046	2,027	2,379
<b>Loan Portfolio</b>	<b>112,772</b>	<b>114,315</b>	<b>111,334</b>
(-) Less Allowance for Loan Losses	3,190	3,398	3,684
<b>Loan Portfolio (Net)</b>	<b>109,582</b>	<b>110,916</b>	<b>107,650</b>
<b>Securitization Receivable</b>	<b>178</b>	<b>190</b>	<b>215</b>
<b>Other Receivable (Net)</b>	<b>18,530</b>	<b>11,459</b>	<b>13,673</b>
<b>Foreclosed Assets (Net)</b>	<b>27</b>	<b>15</b>	<b>9</b>
<b>Property, Furniture and Equipment (Net)</b>	<b>4,046</b>	<b>4,065</b>	<b>3,755</b>
<b>Long-term Investment in Equities</b>	<b>86</b>	<b>85</b>	<b>85</b>
<b>Deferred Taxes and Employee Profit Sharing (Net)</b>	<b>1,252</b>	<b>840</b>	<b>596</b>
<b>Other Assets</b>	<b>1,604</b>	<b>1,522</b>	<b>1,689</b>
<b>Total Assets</b>	<b>211,576</b>	<b>201,466</b>	<b>194,653</b>

**LIABILITIES AND STOCKHOLDERS EQUITY**

<b>Funding</b>	<b>134,998</b>	<b>135,134</b>	<b>122,241</b>
Demand and saving deposits	69,180	66,170	59,226
Term deposits	59,601	62,735	56,800
Issue credit certificates	6,217	6,229	6,215
<b>Bank and Other Loans</b>	<b>5,352</b>	<b>5,857</b>	<b>4,669</b>
<b>Repurchase Agreements</b>	<b>16,803</b>	<b>13,720</b>	<b>18,110</b>
<b>Collateral Sold or Given in Guarantee</b>	<b>108</b>	<b>81</b>	<b>109</b>
<b>Liabilities Related to Securities in the Course of Settlement</b>	<b>5,627</b>	<b>2,504</b>	<b>2,212</b>
<b>Derivatives</b>	<b>5,287</b>	<b>3,904</b>	<b>4,727</b>
Trading	4,776	3,545	4,357
Hedge	511	359	370
<b>Other Payables</b>	<b>11,645</b>	<b>8,647</b>	<b>11,762</b>
Income Taxes	515	183	90
Employee profit sharing	319	301	180
Creditors pending settlements	5,214	3,142	5,032
Creditors by collateral receivable in cash	-	-	33
Sundry creditors and other payables	5,597	5,021	6,427
<b>Deferred Credits and Advanced Collections</b>	<b>818</b>	<b>823</b>	<b>705</b>
<b>Total Liabilities</b>	<b>180,638</b>	<b>170,670</b>	<b>164,535</b>

**STOCKHOLDER'S EQUITY**

<b>Paid -In Capital</b>	<b>4,507</b>	<b>4,507</b>	<b>4,507</b>
<b>Capital Surplus</b>	<b>26,431</b>	<b>26,289</b>	<b>25,611</b>
Capital reserves	901	901	901
Results from previous years	22,940	23,940	22,798
Effects from valuation of securities available for sale	380	361	352
Effects from valuation of hedging instruments	(178)	(70)	7
Net result	2,388	1,157	1,553
<b>Total Stockholder's Equity</b>	<b>30,938</b>	<b>30,796</b>	<b>30,118</b>
<b>Total Liabilities and Stockholder's Equity</b>	<b>211,576</b>	<b>201,466</b>	<b>194,653</b>



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

MEMORANDUM ACCOUNTS	JUN- 12	MAR- 12	JUN-11
<b>OPERATIONS ON BEHALF THIRD PARTIES</b>			
<b>Customer current accounts</b>	<b>672</b>	<b>301</b>	<b>72</b>
Cash Balances	9	9	9
Transaction settlement	430	64	(110)
Other	233	227	173
<b>Custody Operations</b>	<b>199,884</b>	<b>207,493</b>	<b>201,475</b>
Securities hed in custody	199,884	207,493	201,475
<b>Transactions on Behalf of Customers</b>	<b>130,820</b>	<b>175,043</b>	<b>145,361</b>
Securities operations	64,404	86,601	71,448
Securities receivable operations	111	117	143
Collateral received in guarantee	37,427	47,022	41,573
Collaterals given in guarantee	28,689	41,123	32,037
Administrative trusts	189	180	160
Investment bank transaction on behalf of third parts (net)	<b>73,414</b>	<b>73,044</b>	<b>62,328</b>
<b>TOTAL ON BEHALF OF THIRD PARTIES</b>	<b>404,790</b>	<b>455,881</b>	<b>409,236</b>
<b>OWN OPERATIONS</b>			
<b>Assets and liabilities contingent</b>	<b>466</b>	<b>75</b>	<b>3,773</b>
<b>Assets in trust or mandate</b>	<b>161,831</b>	<b>156,373</b>	<b>143,216</b>
Trust	134,974	129,542	116,395
Mandate	26,857	26,831	26,821
<b>Assets in custody o under administration</b>	<b>647,061</b>	<b>618,021</b>	<b>649,941</b>
<b>Commitment loans</b>	<b>366,901</b>	<b>353,968</b>	<b>300,490</b>
<b>Collateral received for the entity</b>	<b>69,745</b>	<b>93,156</b>	<b>82,537</b>
Government paper	46,444	69,746	31,938
Investment in Financial Instruments	197	180	320
Other	23,104	23,230	50,279
<b>Collateral received and sold or delivered in guarantee for the entity</b>	<b>37,672</b>	<b>56,449</b>	<b>61,130</b>
Government paper	36,964	56,368	60,987
Bank paper	600	-	143
Investment in Financial Instruments	108	81	-
<b>Interest not collected from past due portfolio</b>	<b>149</b>	<b>150</b>	<b>223</b>
<b>Other control accounts</b>	<b>422,599</b>	<b>457,297</b>	<b>494,741</b>
<b>TOTAL OWN OPERATIONS</b>	<b>1,706,424</b>	<b>1,735,489</b>	<b>1,736,051</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-12	JUN-11	JUN-12	MAR-12	JUN-11
Total interest earned	8,288	7,926	4,231	4,057	4,006
Total interest paid	3,099	2,848	1,552	1,547	1,480
<b>Net interest profit</b>	<b>5,189</b>	<b>5,078</b>	<b>2,679</b>	<b>2,510</b>	<b>2,526</b>
Provision for credit losses	453	1,014	131	322	448
<b>Net interest profit, after provision for credit losses</b>	<b>4,736</b>	<b>4,064</b>	<b>2,548</b>	<b>2,188</b>	<b>2,078</b>
Commissions earned	1,884	1,573	987	897	756
Commissions paid	209	196	96	113	101
Revenues from intermediation	503	237	111	392	131
Other operational net income	1,576	1,571	837	740	594
Administrative and operating expenses	5,573	4,995	2,876	2,698	2,502
<b>Total operating revenues</b>	<b>2,917</b>	<b>2,254</b>	<b>1,511</b>	<b>1,406</b>	<b>958</b>
Participation in the results of subsidiaries unconsolidated and associated	1	1	1	-	1
<b>Net income before income tax</b>	<b>2,918</b>	<b>2,255</b>	<b>1,512</b>	<b>1,406</b>	<b>959</b>
Current income tax	903	547	544	358	316
Deferred income tax (net)	(373)	156	(263)	(109)	8
	<b>530</b>	<b>703</b>	<b>281</b>	<b>249</b>	<b>324</b>
<b>Net Income before discontinued operations</b>	<b>2,388</b>	<b>1,552</b>	<b>1,231</b>	<b>1,157</b>	<b>635</b>
<b>Net Income</b>	<b>2,388</b>	<b>1,552</b>	<b>1,231</b>	<b>1,157</b>	<b>635</b>
<b>Net Income including Controller Participation</b>	<b>2,388</b>	<b>1,552</b>	<b>1,231</b>	<b>1,157</b>	<b>635</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, 2012**  
 (EXPRESSED IN MILLION OF MEXICAN PESOS)

ASSETS			LIABILITIES AND STOCKHOLDERS' EQUITY		
<b>FUNDS AVAILABLE</b>		19,515	<b>FUNDING</b>		
<b>MARGIN ACCOUNTS</b>		43	Demand and saving deposits		69,191
<b>FINANCIAL INSTRUMENTS</b>			Term deposits		59,646
Securities – available for trading	13,317		General public	49,429	
Securities – available for sale	15,348		Money market	10,217	
Securities – held to maturity	2,020	30,685	Issue credit certificate		6,217
					135,054
<b>REPURCHASE AGREEMENTS (DEBTOR)</b>		12,790			
<b>DERIVATIVES</b>			<b>BANK AND OTHER LOANS</b>		
Trading	1,957		Short term	2,938	
Hedge	61	2,018	Long term	2,414	5,352
<b>MARK TO MARKET ADJUSTMENT RELATED TO HEDGING OF FINANCIAL INSTRUMENTS</b>		108	<b>LIABILITIES RELATED TO SECURITIES IN THE COURSE OF SETTLEMENT</b>		5,627
<b>LOAN PORTFOLIO</b>			<b>REPURCHASE AGREEMENTS</b>		10,754
Business loans		48,276			
Commercial	40,606				
Financial intermediaries	2,292				
Government loans	5,378				
Consumer loans		16,746	<b>DERIVATIVES</b>		
Mortgages loans		44,840	Trading	2,698	
			Hedge	511	3,209
<b>TOTAL CURRENT LOAN PORTFOLIO</b>		109,862			
<b>PAST-DUE LOAN PORTFOLIO</b>			<b>OTHER PAYABLES</b>		
Business loans		366	Income Taxes	449	
Commercial	366		Employee profit sharing	263	
Consumer loans		505	Creditors pending settlements	4,720	
Mortgages loans		2,046	Sundry creditors and other payables	5,352	10,784
<b>TOTAL PAST-DUE PORTFOLIO</b>		2,917	<b>DEFERRED CREDITS AND ADVANCED COLLETIONS</b>		818
<b>LOAN PORTFOLIO</b>		112,779			
( - ) LESS:			<b>TOTAL LIABILITIES</b>		171,598
<b>ALLOWANCE FOR LOAN LOSSES</b>		3,190			
			<b>STOCKHOLDERS' EQUITY</b>		
<b>LOAN PORTFOLIO (NET)</b>		109,589	<b>PAID-IN CAPITAL</b>		
<b>SECURITIZATION RECEIVABLE</b>		178	Capital stock	7,451	
<b>OTHER RECEIVABLES (NET)</b>		18,277	Premium from the sale of shares	473	7,924
<b>FORECLOSED ASSETS (NET)</b>		27			
<b>PROPERTY, FURNITURE AND EQUIPMENT (NET)</b>		3,846	<b>CAPITAL SURPLUS</b>		
<b>LONG-TERM INVESTMENT IN EQUITIES</b>		77	Capital reserves	2,974	
<b>DEFERRED TAXES AND EMPLOYEE PROFIT SHARING (NET)</b>		1,328	Results from previous years	15,244	
<b>OTHER ASSETS</b>			Effects from valuation of securities available for sale	171	
Deferred, advanced and intangible charges	722		Effects from valuation of hedging instruments	(179)	
Short and long term other assets	730	1,452	Net result	2,201	20,411
<b>TOTAL ASSETS</b>		199,933	<b>TOTAL STOCKHOLDERS' EQUITY</b>		28,335
			<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>		199,933

**MEMORANDUM ACCOUNTS**

Commitment loans		366,901
Assets in trust or mandate		161,826
Trust	134,969	
Mandate	26,857	
Assets in custody or under administration		509,999
Collateral received for the entity		61,229
Collateral received and sold or delivered in guarantee for the entity		24,983
Investment bank transaction on behalf of third parts (net)		73,414
Interest not collected from past due portfolio		149
Other control accounts		414,272

"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, 2012.

NICOLE REICH DE POLIGNAC  
PRESIDENT

DIEGO M. PISINGER ALTER  
DIRECTOR GENERAL FINANCE AND  
BUSINESS INTELLIGENCE

AGUSTIN CORONA GAHLER  
DIRECTOR GENERAL AUDIT GROUP

H. VALERIO BUSTOS QUIROZ  
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, 2012**  
 (EXPRESSED IN MILLION OF MEXICAN PESOS)

Total interest earned	7,669	
Total interest paid	2,603	
<b>Net interest profit</b>		<b>5,066</b>
Provision for credit losses		453
<b>Net interest profit, after provision for credit losses</b>		<b>4,613</b>
Commissions earned	1,329	
Commissions paid	193	
Revenues from intermediation	452	
Other operational net income	1,664	
Administrative and operating expenses	5,241	(1,989)
<b>Total operating revenues</b>		<b>2,624</b>
Participation in the results of subsidiaries unconsolidated and associated		1
<b>Net income before income tax</b>		<b>2,625</b>
Current income tax	772	
Deferred income tax (net)	348	424
<b>Net Income before discontinued operations</b>		<b>2,201</b>
<b>Net Income</b>		<b>2,201</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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**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, 2011 TO JUNE 30, 2012**  
 (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
Balances as of December 31, 2011	7,451	-	473	-	2,687	13,659	203	(57)	-	-	2,872	-	27,288
<b>ITEMS RELATED TO STOCKHOLDERS DECISIONS</b>													
Creation of reserves					-								-
Transfer of prior year's results					287	2,585					(2,872)		-
Dividend payment						(1,000)							(1,000)
<b>Total</b>	-	-	-	-	287	1,585	-	-	-	-	(2,872)	-	(1,000)
<b>ITEMS RELATED TO RECOGNITION OF COMPREHENSIVE INCOME</b>													
Net income											2,201		2,201
Result from valuation of available-for-sale securities							(32)						(32)
Result from valuation of hedging instruments								(122)					(122)
<b>Total</b>	-	-	-	-	-	-	(32)	(122)	-	-	2,201	-	2,047
<b>Balances as of June 30, 2012</b>	<b>7,451</b>	<b>-</b>	<b>473</b>	<b>-</b>	<b>2,974</b>	<b>15,244</b>	<b>171</b>	<b>(179)</b>	<b>-</b>	<b>-</b>	<b>2,201</b>	<b>-</b>	<b>28,335</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

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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, 2012  
 (EXPRESSED IN MILLION OF MEXICAN PESOS)

<b>Net income</b>	<b>2,201</b>
Losses for deterioration or cancel effect associated with investment and funding activities	19
Depreciation of property plant and equipment	187
Amortization of intangible assets	12
Provisions	735
Income tax (current and deferred)	424
Participation in the results of subsidiaries unconsolidated and associated	(1)
Other	540
	540
<b>Adjustments for items that not imply cash flow</b>	<b>1,916</b>
<b>Operation activities</b>	
Change in margin accounts	17
Change in investment securities	(4,183)
Change in repurchase agreements (debtor)	(7,833)
Change in derivates (assets)	2,688
Change in loan portfolio (net)	907
Change in securitization receivable	47
Change in foreclosed assets (net)	(10)
Change in other operational assets (net)	(6,644)
Change in funding	11,981
Change in bank and other loans	(253)
Change in repurchase agreements (creditor)	912
Change in derivates (liabilities)	(2,791)
Change in other operational liabilities	2,795
Payments for income taxes	(383)
	(383)
<b>Operation activities cash flow</b>	<b>(2,750)</b>
<b>Investment activities</b>	
Payments for acquisition of property, furniture and equipment	(162)
Payments for acquisition of intangible assets	(76)
Otros	4
	4
<b>Investment activities cash flow</b>	<b>(234)</b>
<b>Financing activities</b>	
Dividends paid in cash	(1,000)
	(1,000)
<b>Financing activities cash flow</b>	<b>(1,000)</b>
<b>Net Increase or Decrease in net cash and cash equivalents</b>	<b>133</b>
<b>Cash and cash equivalent at the beginning of the period</b>	<b>19,382</b>
<b>Cash and cash equivalent at the final of the period</b>	<b>19,515</b>
	19,515

"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

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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-12	MAR-12	JUN-11
<b>Funds Available</b>	<b>19,515</b>	<b>23,324</b>	<b>21,375</b>
<b>Margin Accounts</b>	<b>43</b>	<b>61</b>	<b>106</b>
<b>Financial Instruments</b>	<b>30,685</b>	<b>23,440</b>	<b>21,608</b>
Securities – available for trading	13,317	13,918	16,333
Securities – available for sale	15,348	7,523	3,339
Securities – held to maturity	2,020	1,999	1,936
<b>Repurchase Agreements (Debtor)</b>	<b>12,790</b>	<b>15,199</b>	<b>6,615</b>
<b>Derivatives</b>	<b>2,018</b>	<b>2,309</b>	<b>2,320</b>
Trading	1,957	2,223	2,275
Hedge	61	86	45
<b>Mark to Market Adjustment Related to Heading of Financial Instruments</b>	<b>108</b>	<b>132</b>	<b>203</b>
<b>Current Loan Portfolio</b>	<b>109,862</b>	<b>111,420</b>	<b>108,160</b>
Business loans	48,276	50,915	51,681
Consumer loans	16,746	16,691	15,362
Mortgage loans	44,840	43,814	41,117
<b>Past Due Loan Portfolio</b>	<b>2,917</b>	<b>2,903</b>	<b>3,256</b>
Business loans	366	370	252
Consumer loans	505	506	625
Mortgage loans	2,046	2,027	2,379
<b>Loan Portfolio</b>	<b>112,779</b>	<b>114,323</b>	<b>111,416</b>
(-) Less Allowance for Loan Losses	3,190	3,398	3,684
<b>Loan Portfolio (Net)</b>	<b>109,589</b>	<b>110,925</b>	<b>107,732</b>
<b>Securitization Receivable</b>	<b>178</b>	<b>190</b>	<b>215</b>
<b>Other Receivable (Net)</b>	<b>18,277</b>	<b>10,633</b>	<b>12,192</b>
<b>Foreclosed Assets (Net)</b>	<b>27</b>	<b>15</b>	<b>9</b>
<b>Property, Furniture and Equipment (Net)</b>	<b>3,846</b>	<b>3,860</b>	<b>3,568</b>
<b>Long-term Investment in Equities</b>	<b>77</b>	<b>78</b>	<b>79</b>
<b>Deferred Taxes and Employee Profit Sharing (Net)</b>	<b>1,328</b>	<b>927</b>	<b>661</b>
<b>Other Assets</b>	<b>1,452</b>	<b>1,373</b>	<b>1,528</b>
<b>Total Assets</b>	<b>199,933</b>	<b>192,466</b>	<b>178,211</b>
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>			
<b>Funding</b>	<b>135,054</b>	<b>135,197</b>	<b>122,280</b>
Demand and saving deposits	69,191	66,179	59,233
Term deposits	59,646	62,789	56,831
Issue credit certificates	6,217	6,229	6,216
<b>Bank and Other Loans</b>	<b>5,352</b>	<b>5,857</b>	<b>4,669</b>
<b>Liabilities Related to Securities in the Course of Settlement</b>	<b>5,627</b>	<b>2,504</b>	<b>2,212</b>
<b>Repurchase Agreements</b>	<b>10,754</b>	<b>9,437</b>	<b>7,635</b>
<b>Derivatives</b>	<b>3,209</b>	<b>2,679</b>	<b>2,791</b>
Trading	2,698	2,320	2,421
Hedge	511	359	370
<b>Other Payables</b>	<b>10,784</b>	<b>7,690</b>	<b>10,238</b>
Income Taxes	449	139	74
Employee profit sharing	263	248	147
Creditors pending settlements	4,720	2,404	3,536
Creditors by collaterals received in cash	-	-	33
Sundry creditors and other payables	5,352	4,899	6,448
<b>Deferred Credits and Advanced Collections</b>	<b>818</b>	<b>823</b>	<b>705</b>
<b>Total Liabilities</b>	<b>171,598</b>	<b>164,187</b>	<b>150,530</b>
<b>STOCKHOLDER'S EQUITY</b>			
<b>Paid -In Capital</b>	<b>7,924</b>	<b>7,924</b>	<b>7,924</b>
<b>Capital Surplus</b>	<b>20,411</b>	<b>20,355</b>	<b>19,757</b>
Capital reserves	2,974	2,687	2,687
Results from previous years	15,244	16,531	15,459
Effects from valuation of securities available for sale	171	158	176
Effects from valuation of hedging instruments	(179)	(70)	7
Net result	2,201	1,049	1,428
<b>Total Stockholder's Equity</b>	<b>28,335</b>	<b>28,279</b>	<b>27,681</b>
<b>Total Liabilities and Stockholder's Equity</b>	<b>199,933</b>	<b>192,466</b>	<b>178,211</b>

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

MEMORANDUM ACCOUNTS	JUN- 12	MAR- 12	JUN-11
<b>OWN OPERATIONS</b>			
Assets and liabilities contingent	-	71	71
Commitment loans	366,901	353,968	342,545
Assets in trust s or mandate	161,826	156,358	152,807
Trust	134,969	129,527	125,985
Mandate	26,857	26,831	26,822
Assets in custody or under administration	509,999	482,848	592,832
Collaterals received for the entity	61,229	71,695	90,087
Collaterals received and sold or delivered in guarantee for the entity	24,983	32,443	31,356
Investment bank transaction on behalf of third parts (net)	73,414	73,045	68,163
Interest not collected from past due portfolio	149	150	207
Other control accounts	414,272	452,084	514,193
<b>TOTAL OWN OPERATIONS</b>	<b>1,612,773</b>	<b>1,622,662</b>	<b>1,792,261</b>



**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-12	JUN-11	JUN-12	MAR-12	JUN-11
Total interest earned	7,669	7,191	3,917	3,752	3,623
Total interest paid	2,603	2,289	1,308	1,295	1,192
<b>Net interest profit</b>	<b>5,066</b>	<b>4,902</b>	<b>2,609</b>	<b>2,457</b>	<b>2,431</b>
Provision for credit losses	453	1,014	131	322	448
<b>Net interest profit, after provision for credit losses</b>	<b>4,613</b>	<b>3,888</b>	<b>2,478</b>	<b>2,135</b>	<b>1,983</b>
Commissions earned	1,329	1,053	729	600	518
Commissions paid	193	181	102	91	92
Revenues from intermediation	452	292	109	343	149
Other operational net income	1,664	1,650	882	782	627
Administrative and operating expenses	5,241	4,641	2,705	2,536	2,302
<b>Total operating revenues</b>	<b>2,624</b>	<b>2,061</b>	<b>1,391</b>	<b>1,233</b>	<b>883</b>
Participation in the results of subsidiaries unconsolidated and associated	1	1	1	-	1
<b>Net income before income tax</b>	<b>2,625</b>	<b>2,062</b>	<b>1,392</b>	<b>1,233</b>	<b>884</b>
Current income tax	772	455	493	279	293
Deferred income tax (net)	(348)	179	(253)	(95)	3
	<b>424</b>	<b>634</b>	<b>240</b>	<b>184</b>	<b>296</b>
<b>Net Income before discontinued operations</b>	<b>2,201</b>	<b>1,428</b>	<b>1,152</b>	<b>1,049</b>	<b>588</b>
<b>Net Income</b>	<b>2,201</b>	<b>1,428</b>	<b>1,152</b>	<b>1,049</b>	<b>588</b>

Attachment 4

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, 2012  
(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	9		462
Transaction settlement	430		
Other	233	672	
<b>CUSTODY OPERATIONS</b>		<b>COLLATERAL RECEIVED BY THE ENTITY</b>	
Securities held in custody	199,884	Government debt	26,046
		Bank Paper	900
		Own instruments	196
<b>MANAGEMENT OPERATIONS</b>		<b>COLLATERAL RECEIVED, SOLD OR DELIVERED IN GUARANTEE FOR THE ENTITY</b>	
Securities operations	64,404	Government debt	26,046
Securities receivable operations	111	Bank Paper	900
Collaterals received in guarantee	37,427	Own instruments	108
Collaterals given in guarantee	28,689		27,054
<b>Administrative trusts</b>	189	<b>Other</b>	<b>8,327</b>
	<u>130,820</u>		
<b>TOTAL ON BEHALF OF THIRD PARTIES</b>	<b>331,376</b>	<b>TOTAL BROKERAGE FIRM</b>	<b>62,985</b>
<b>ASSETS</b>		<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>	
<b>FUNDS AVAILABLE</b>	41	<b>BANK AND OTHER LOANS</b>	
<b>MARGIN ACCOUNTS (DERIVATES)</b>	11	Short term	7
<b>FINANCIAL INSTRUMENTS</b>		<b>REPURCHASE AGREEMENTS – CREDITORS</b>	10,309
Securities – available for trading	14,294		
Securities – available for sale	536		
	14,830	<b>COLLATERAL SOLD OR GIVEN IN GUARANTEE</b>	
<b>REPURCHASE AGREEMENTS – DEBTORS</b>	1	Securities receivable	108
<b>DERIVATES</b>		<b>DERIVATES</b>	
Trading	304	Trading	2,430
<b>ACCOUNTS RECEIVABLE (NET)</b>	1,753	<b>OTHER PAYABLES</b>	
<b>PROPERTY, FURNITURE AND EQUIPMENT (NET)</b>	165	Income tax	57
<b>LONG-TERM INVESTMENTS IN EQUITIES</b>	3	Employee profit sharing	35
		Creditors pending settlements	1,984
		Sundry creditors and other payables	264
<b>OTHER ASSETS</b>			2,340
Deferred, advanced and intangible charges	102	<b>DEFERRED TAXES AND EMPLOYEE PROFIT SHARING (NET)</b>	69
Short and long term other assets	33		
	135	<b>TOTAL LIABILITIES</b>	<b>15,263</b>
<b>TOTAL ASSETS</b>	<b>17,243</b>	<b>STOCKHOLDERS' EQUITY</b>	
		<b>PAID-IN CAPITAL</b>	
		Capital stock	551
		<b>CAPITAL SURPLUS</b>	
		Statutory reserves	65
		Results from prior years	1,043
		Results for valuation of securities available for sale	209
		Net results	112
			1,429
		<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>1,980</b>
		<b>EQUITY TOTAL LIABILITIES AND STOCKHOLDERS'</b>	<b>17,243</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, 2012.

GONZALO ROJAS RAMOS PRESIDENT	DIEGO M. PISINGER ALTER DIRECTOR GENERAL FINANCE AND BUSINESS INTELLIGENCE	AGUSTIN CORONA GAHLER DIRECTOR GENERAL AUDIT GROUP	H.VALERIO BUSTOS QUIROZ 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, 2012**  
 (EXPRESSED IN MILLION OF MEXICAN PESOS)

Commissions and fees collected	311	
Commissions and fees paid	(23)	
Financial advisory income	50	
<b>Service Income</b>		<b>338</b>
Gain on purchase and sale of securities	715	
Loss on purchase and sale of securities	(637)	
Interest income	1,096	
Interest expense	(975)	
Valuation gain (loss) on securities	(35)	164
<b>Net Interest Profit for Intermediation</b>		<b>164</b>
Other operational net income	29	
Administrative and operating expenses	(348)	(319)
<b>Operating income</b>		<b>183</b>
<b>Net income before income tax</b>		<b>183</b>
Current income tax	97	
Deferred income tax (net)	(26)	71
<b>Net income before discontinued operations</b>		<b>112</b>
<b>Net income</b>		<b>112</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 GENERAL AUDIT GROUP

H. VALERIO BUSTOS QUIROZ  
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 CHANGES IN STOCKHOLDERS' EQUITY FOR THE PERIOD DECEMBER 31, 2011 TO JUNE 30, 2012**  
 (EXPRESSED IN MILLION OF MEXICAN PESOS)

CONCEPT	Paid-in Capital					Capital Surplus						
	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	Total stockholders' equity
<b>Balances as of December 31, 2011</b>	551	-	-	-	58	908	169	-	-	-	142	1,828
<b>ITEMS RELATED TO STOCKHOLDERS DECISIONS</b>												
Creation of reserves					7	(7)						
Transfer of prior year's results					-	142					(142)	
Dividend payment						-						
<b>Total</b>	-	-	-	-	7	135	-	-	-	-	(142)	-
<b>ITEMS RELATED TO RECOGNITION OF COMPREHENSIVE INCOME</b>												
Net income											112	112
Result from valuation of available-for-sale securities							40					40
<b>Total</b>	-	-	-	-	-	-	40	-	-	-	112	152
<b>Balances as of June 30, 2012</b>	551	-	-	-	65	1,043	209	-	-	-	112	1,980

"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  
DIRECTOR GENERAL AUDIT GROUP

H.VALERIO BUSTOS QUIROZ  
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, 2012**  
 (EXPRESSED IN MILLION OF MEXICAN PESOS)

<b>Net income</b>		<b>112</b>
<b>Adjustments for items that do not imply flow of cash:</b>		
Depreciation and amortization	6	
Provisions	30	
Income tax (current and deferred)	71	
Other	35	
		<b>142</b>
<b>Operation Activities:</b>		
Change in margin accounts		2
Change in investment securities		284
Change in derivatives (assets)		67
Change in other operational assets		(1,491)
Change in bank and other loans		1
Change in repurchase agreements (creditor)		(1,121)
Change in Securities receivable (liabilities)		(1)
Change in collateral sold or in guarantee		(39)
Change in derivatives (liabilities)		260
Change in other operational liabilities		1,847
Payments for income taxes		(49)
		<b>(240)</b>
<b>Investment Activities</b>		
Payments for acquisition of property, furniture and equipment		(2)
		<b>(2)</b>
<b>Net Increase or Decrease in cash</b>		
		<b>12</b>
<b>Cash and cash equivalent at the beginning of the period</b>		
		<b>29</b>
<b>Cash and cash equivalent at the final of the period</b>		
		<b>41</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  
DIRECTOR GENERAL AUDIT  
GROUP

H. VALERIO BUSTOS QUIROZ  
DIRECTOR GROUP ACCOUNTING

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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-12	MAR-12	JUN-11
<b>Funds Available</b>	41	37	146
<b>Margin Accounts (Derivatives)</b>	11	10	25
<b>Financial Instruments</b>	14,830	10,417	17,738
Securities – available for trading	14,294	9,893	17,257
Securities – available for sale	536	525	481
<b>Repurchase Agreements (Debtor)</b>	1	1	1
<b>Derivatives</b>	304	527	185
Trading	304	527	185
<b>Accounts Receivable (Net)</b>	1,753	863	1,721
<b>Property, Furniture and Equipment (Net)</b>	165	168	152
<b>Long-term Investment in Equities</b>	3	3	3
<b>Other Assets</b>	135	126	145
<b>Total Assets</b>	<u>17,243</u>	<u>12,152</u>	<u>20,116</u>
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>			
<b>Bank and Other Loans</b>			
<b>Liabilities Related to Securities in the Course of Settlement</b>	7	8	81
<b>Repurchase Agreements</b>	-	-	-
<b>Collateral Sold or Given in Guarantee</b>	10,309	7,014	13,981
<b>Derivatives</b>	108	81	109
Trading	2,430	1,990	2,172
<b>Other Payables</b>	2,430	1,990	2,172
Income Taxes	2,340	1,059	1,752
Employee profit sharing	57	36	9
Creditors pending settlements	35	30	15
Sundry creditors and other payables	1,984	738	1,495
<b>Deferred Taxes and Employee Profit Sharing (Net)</b>	264	255	233
	<u>69</u>	<u>71</u>	<u>58</u>
<b>Total Liabilities</b>	<u>15,263</u>	<u>10,223</u>	<u>18,153</u>
<b>STOCKHOLDER'S EQUITY</b>			
<b>Paid -In Capital</b>			
<b>Capital Surplus</b>	551	551	551
Capital reserves	1,429	1,378	1,412
Results from previous years	65	58	58
Effects from valuation of securities available for sale	1,043	1,050	1,108
Net Income	209	202	176
	<u>112</u>	<u>68</u>	<u>70</u>
<b>Total Stockholder's Equity</b>	<u>1,980</u>	<u>1,929</u>	<u>1,963</u>
<b>Total Liabilities and Stockholder's Equity</b>	<u>17,243</u>	<u>12,152</u>	<u>20,116</u>

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-12	MAR-12	JUN-11
<b>OPERATIONS ON BEHALF THIRD PARTIES</b>			
<b>Customer Current Accounts</b>	<b>672</b>	<b>301</b>	<b>262</b>
Cash Balances	9	10	16
Transaction settlement	430	64	103
Other	233	227	143
<b>Custody Operations</b>	<b>199,884</b>	<b>207,493</b>	<b>203,958</b>
Securities held in custody	199,884	207,493	203,958
<b>Management Operations</b>	<b>130,820</b>	<b>175,043</b>	<b>133,714</b>
Securities operations	64,404	86,601	65,729
Securities receivable operations	111	117	96
Collaterals received in guarantee	37,427	47,022	39,935
Collaterals given in guarantee	28,689	41,123	27,791
Administrative trusts	189	180	163
<b>TOTAL ON BEHALF THIRD PARTIES</b>	<b>331,376</b>	<b>382,837</b>	<b>337,934</b>
<b>OWN OPERATIONS</b>			
<b>Assets and liabilities contingent</b>	<b>462</b>	<b>-</b>	<b>3,783</b>
<b>Collaterals received for the entity</b>	<b>27,142</b>	<b>39,983</b>	<b>26,133</b>
Government paper	26,046	39,803	25,882
Bank Paper	900	-	-
Investment in Financial Instruments	196	180	251
<b>Collaterals received and sold or delivered in guarantee for the entity</b>	<b>27,054</b>	<b>39,884</b>	<b>25,990</b>
Government paper	26,046	39,803	25,882
Bank Paper	900	-	-
Investment in Financial Instruments	108	81	108
<b>Other control accounts</b>	<b>8,327</b>	<b>5,213</b>	<b>4,829</b>
<b>TOTAL OWN OPERATIONS</b>	<b>62,985</b>	<b>85,080</b>	<b>60,735</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-12	JUN-11	JUN-12	MAR-12	JUN-11
Commissions and fees collected	311	307	133	178	132
Commissions and fees paid	(23)	(21)	(10)	(12)	(12)
Financial advisory Income	50	42	29	21	19
<b>Service Income</b>	<b>338</b>	<b>328</b>	<b>152</b>	<b>187</b>	<b>139</b>
Gain on purchase and sale of securities	715	552	472	243	112
Loss on purchase and sale of securities	(637)	(639)	(463)	(175)	(161)
Interest income	1,096	1,066	562	534	541
Interest expense	(975)	(893)	(492)	(483)	(447)
Valuation gain (loss) on securities	(35)	28	1	(36)	30
<b>Net Interest Profit for Intermediation</b>	<b>164</b>	<b>114</b>	<b>80</b>	<b>83</b>	<b>75</b>
Other operational net income	29	9	10	19	1
Administrative and operating expenses	(348)	(336)	(174)	(174)	(178)
<b>Operating income</b>	<b>183</b>	<b>115</b>	<b>68</b>	<b>115</b>	<b>37</b>
<b>Net income before income tax</b>	<b>183</b>	<b>115</b>	<b>68</b>	<b>115</b>	<b>37</b>
Current income tax	97	61	29	68	10
Deferred income tax (net)	(26)	(16)	(5)	(21)	5
	<b>71</b>	<b>45</b>	<b>24</b>	<b>(47)</b>	<b>15</b>
<b>Net income before discontinued operations</b>	<b>112</b>	<b>70</b>	<b>44</b>	<b>68</b>	<b>22</b>
<b>Net income</b>	<b>112</b>	<b>70</b>	<b>44</b>	<b>68</b>	<b>22</b>



Attachment 5

**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, 2012**  
 (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	6,747
		Sundry creditors and other payables	67,205
			<b>73,952</b>
<b>SECURITIES INVESTMENT</b>		<b>TOTAL LIABILITIES</b>	<b>73,952</b>
Securities – available for trading	<b>384,677</b>		
<b>ACCOUNTS RECEIVABLE (NET)</b>	<b>83,671</b>	<b>STOCKHOLDERS' EQUITY</b>	
<b>LONG-TERM INVESTMENT IN EQUITIES</b>	<b>6,318</b>	<b>PAID-IN CAPITAL</b>	
		Capital stock	<b>2,586</b>
<b>DEFERRED TAXES AND EMPLOYEE PROFIT SHARING (NET)</b>	<b>485</b>	<b>CAPITAL SURPLUS</b>	
		Statutory reserves	517
<b>OTHER ASSETS</b>		Results from prior years	339,242
Deferred, advanced and intangible charges	208	Net results	59,108
Short and Long term assets	32		<b>398,867</b>
	<b>240</b>	<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>401,453</b>
<b>TOTAL ASSETS</b>	<b>475,405</b>	<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>475,405</b>

**MEMORANDUM ACCOUNTS**

Assets and Liabilities contingent	3,572
Assets in custody or under administration	127,291,159

"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, 2012.

ERNESTO DIEZ SANCHEZ  
PRESIDENT

H. VALERIO BUSTOS QUIROZ  
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, 2012**  
 (EXPRESSED IN THOUSANDS OF MEXICAN PESOS)

Commissions and fees collected	411,073	
Commissions and fees paid	317,811	93,262
<b>Service Income</b>		<b>93,262</b>
Valuation gain (loss) on securities	505	
Gain and loss on purchase and sale of securities	7,251	7,756
<b>Net Interest Profit</b>		<b>7,756</b>
Other Operational Net Income		269
Administrative expenses		17,976
<b>Operational income</b>		<b>83,311</b>
Participation in the results of subsidiaries unconsolidated and associated		1
<b>Net income before income tax</b>		<b>83,312</b>
Current income tax	24,268	
Deferred income tax (net)	(64)	24,204
<b>Results before discontinued operations</b>		<b>59,108</b>
<b>Net income</b>		<b>59,108</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

H. VALERIO BUSTOS QUIROZ  
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, 2011 TO JUNE 30, 2012**  
 (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	Premium from the sale of shares	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, 2011</b>	2,586	-	-	517	231,574	-	-	107,668	342,345
<b>ITEMS RELATED TO STOCKHOLDERS DECISIONS</b>									
Transfer of prior year's results					107,668			(107,668)	-
<b>Total</b>	-	-	-	-	107,668	-	-	(107,668)	-
<b>ITEMS RELATED TO RECOGNITION OF COMPREHENSIVE INCOME</b>									
<b>Comprehensive Income</b>									
Net income								59,108	59,108
<b>Total</b>	-	-	-	-	-	-	-	59,108	59,108
<b>Balances as of June 30, 2012</b>	2,586	-	-	517	339,242	-	-	59,108	401,453

"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.

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

ERNESTO DIEZ SANCHEZ  
PRESIDENT

H. VALERIO BUSTOS QUIROZ  
DIRECTOR GROUP ACCOUNTING

CONSOLIDATED FINANCIAL STATEMENTS

**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, 2012**  
 (EXPRESSED IN THOUSANDS OF MEXICAN PESOS)

<b>Net income</b>		<b>59,108</b>
<b>Adjustments for items that not imply cash flow:</b>		
Provisions	879	
Income tax (current and deferred)	24,204	
Participation in the result of subsidiaries non consolidated and associated	(1)	
Other	(505)	<b>24,577</b>
<b>Operation activities:</b>		
Change in investment securities		(52,434)
Change in other operational assets (net)		(3,115)
Change in other operational liabilities		(1,503)
Payment income taxes		(23,633)
<b>Operation activities cash flow</b>		<b>(80,685)</b>
<b>Investment Activities:</b>		
Payments for acquisition of subsidiaries and associated		(3,000)
<b>Investment activities cash flow</b>		<b>(3,000)</b>
<b>Net Increase or Decrease in cash</b>		<b>-</b>
<b>Cash and cash equivalent at the beginning of the period</b>		<b>14</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

H. VALERIO BUSTOS QUIROZ  
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 INVESTMENT LOAN VALUATION, AS AT JUNE 30, 2012**  
 (EXPRESSED IN THOUSANDS OF MEXICAN PESOS)

INVESTMENT PORTFOLIO	ISSUER	SERIES	SECURITY TYPE	MARKET RATE	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
Trading Securities													
2% Mutual Funds	SCOTIAG	C1	51	-	AAA/2 F	107,516,758	28,214,037	162,267,726	2.757798	296,509	2.758525	296,588	-
9% Mutual Funds	SCOTIAG	M6	51	-	AAA/2 F	32,972,094	-	655,790,782	2.671634	88,089	2.671634	88,089	-
Permanent investments in shares:													
Other	SCOTEME	A	52	-	-	80,646	80,646	80,646	14.082777	1,136	14.353991	1,157	-
Other	SCOT-FX	A	52	-	-	62,501	62,501	62,501	17.491932	1,093	18.571517	1,161	-
Other	SCOTLPG	A	51	-	AAA/7 F	999,999	999,999	1,000,000	1.000000	1,000	1.000000	1,000	-
Other	SBANKMP	A	51	-	-	999,999	999,999	1,000,000	1.000000	1,000	1.000000	1,000	-
Other	SCOT-CM	A	52	-	-	999,999	999,999	1,000,000	1.000000	1,000	1.000000	1,000	-
Other	SCOTGLO	A	52	-	-	999,999	999,999	1,000,000	1.000000	1,000	1.000000	1,000	-
										390,827		390,995	

"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 assets 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

H.VALERIO BUSTOS QUIROZ  
DIRECTOR GROUP ACCOUNTING

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**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-12	MAR-12	JUN-11
<b>FUNDS AVAILABLE</b>	<b>14</b>	<b>14</b>	<b>14</b>
<b>SECURITIES INVESTMENT</b>	<b>384,677</b>	<b>357,709</b>	<b>275,899</b>
Securities – available for trading	384,677	357,709	275,899
<b>OTHER ACCOUNTS RECEIVABLE (NET)</b>	<b>83,671</b>	<b>86,390</b>	<b>74,512</b>
<b>LONG – TERM INVESTMENT IN EQUITIES</b>	<b>6,318</b>	<b>3,318</b>	<b>3,225</b>
<b>DEFERRED TAXES AND EMPLOYEE PROFIT SHARING (NET)</b>	<b>485</b>	<b>512</b>	<b>432</b>
<b>OTHER ASSETS</b>	<b>240</b>	<b>124</b>	<b>215</b>
Deferred, advanced and intangible charges	208	80	193
Short and long term assets	32	44	22
<b>TOTAL ASSETS</b>	<b>475,405</b>	<b>448,067</b>	<b>354,297</b>
<b>LIABILITIES AND STOCKHOLDER’S EQUITY</b>			
<b>OTHER PAYABLES</b>	<b>73,952</b>	<b>75,461</b>	<b>69,554</b>
Income tax	6,747	7,631	5,637
Sundry creditors and other payables	67,205	67,830	63,917
<b>TOTAL LIABILITIES</b>	<b>73,952</b>	<b>75,461</b>	<b>69,554</b>
<b>STOCKHOLDER’S EQUITY</b>			
<b>PAID IN CAPITAL</b>	<b>2,586</b>	<b>2,586</b>	<b>2,586</b>
<b>CAPITAL SURPLUS</b>	<b>398,867</b>	<b>370,020</b>	<b>282,157</b>
Statutory reserves	517	517	517
Results from prior years	339,242	339,242	231,574
Net results	59,108	30,261	50,066
<b>TOTAL STOCKHOLDER’S EQUITY</b>	<b>401,453</b>	<b>372,606</b>	<b>284,743</b>
<b>TOTAL LIABILITIES AND STOCKHOLDER’S EQUITY</b>	<b>475,405</b>	<b>448,067</b>	<b>354,297</b>
<b>MEMORANDUM ACCOUNTS</b>			
Assets and Liabilities contingent	3,572	3,406	2,809
Assets in custody or under administration	127,291,159	125,401,591	116,440,606

**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-12	JUN-11	JUN-12	MAR-12	JUN-11
Commissions and fees collected	411,073	382,270	206,038	205,035	193,726
Commissions and fees paid	317,811	299,291	158,616	159,195	151,716
<b>Service Income</b>	<b>93,262</b>	<b>82,979</b>	<b>47,422</b>	<b>45,840</b>	<b>42,010</b>
Valuation gain (loss) on securities	505	744	231	275	157
Gain and loss on purchase and sale of securities	7,251	4,369	3,656	3,595	2,528
<b>Net Interest Profit</b>	<b>7,756</b>	<b>5,113</b>	<b>3,887</b>	<b>3,870</b>	<b>2,685</b>
Other Operational Net Income	269	(526)	270	(1)	(191)
Administrative expenses	17,976	16,252	10,069	7,908	8,596
<b>Operational income</b>	<b>83,311</b>	<b>71,314</b>	<b>41,510</b>	<b>41,801</b>	<b>35,909</b>
Participation in the results of subsidiaries unconsolidated and associated	1	(4)	-	1	5
<b>Net income before income tax</b>	<b>83,312</b>	<b>71,310</b>	<b>41,510</b>	<b>41,802</b>	<b>35,914</b>
Current income tax	24,268	21,320	12,636	11,632	11,401
Deferred income tax (net)	(64)	(76)	27	(91)	23
	24,204	21,244	12,663	11,541	11,424
<b>Results before discontinued operations</b>	<b>59,108</b>	<b>50,066</b>	<b>28,847</b>	<b>30,261</b>	<b>24,490</b>
Operational Income	-	-	-	-	-
<b>Net income</b>	<b>59,108</b>	<b>50,066</b>	<b>28,847</b>	<b>30,261</b>	<b>24,490</b>

Attachment 6

**SERVICIOS CORPORATIVOS SCOTIA, S.A. DE C.V.**  
**LORENZO BOTURINI 202, COL. TRÁNSITO, MÉXICO, D.F. C.P. 06820.**  
**CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2012**  
 (EXPRESSES IN THOUSANDS OF MEXICAN PESOS)

<b>ASSETS</b>		<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>	
<b>FUNDS AVAILABLE</b>	199,941	<b>OTHER PAYABLES</b>	
		Income Taxes	2,100
		Employee profit sharing	21,625
		Sundry creditors and other payables	<u>70,970</u>
			94,695
		<b>DEFERRED TAXES AND EMPLOYEE PROFIT SHARING (NET)</b>	<u>11,487</u>
		<b>TOTAL LIABILITIES</b>	<b>106,182</b>
<b>OTHER ACCOUNTS RECEIVABLE (NET)</b>	57,728	<b>STOCKHOLDERS' EQUITY</b>	
<b>PROPERTY, FURNITURE AND EQUIPMENT (NET)</b>	35,693	<b>PAID-IN CAPITAL</b>	
<b>LONG-TERM INVESTMENT IN EQUITIES</b>	-	Capital stock	267,080
<b>DEFERRED TAXES AND EMPLOYEE PROFIT SHARING (NET)</b>	-		267,080
<b>OTHER ASSETS</b>		<b>CAPITAL SURPLUS</b>	
Deferred, advanced and intangible charges	15,171	Results from prior years	(80,915)
Short and long term assets	<u>419</u>	Net results	<u>16,605</u>
	<u>15,590</u>		<u>(64,310)</u>
		<b>TOTAL STOCKHOLDERS' EQUITY</b>	<u><b>202,770</b></u>
<b>TOTAL ASSETS</b>	<u><b>308,952</b></u>	<b>EQUITY TOTAL LIABILITIES AND STOCKHOLDERS'</b>	<u><b>308,952</b></u>

JAVIER E. ACEVES OLIVARES  
 DIRECTOR HR SHARED SERVICES

JESUS VELASCO RODRIGUEZ  
 DIRECTOR FINANCE AND ADMINISTRATION



**SERVICIOS CORPORATIVOS SCOTIA, S.A. DE C.V.**  
**LORENZO BOTURINI 202, COL. TRÁNSITO, MÉXICO, D.F. C.P. 06820.**  
**STATEMENT OF INCOME FOR THE PERIOD JANUARY 1 TO JUNE 30, 2012**  
 (EXPRESSED IN THOUSANDS OF MEXICAN PESOS)

Income:	
Service income	<u>254,160</u>
Expenses:	
Salaries and personnel benefits	(139,849)
Professional fees	(50,035)
Rental expenses	(20,319)
Other expenses	<u>(18,716)</u>
Total expenses	(228,919)
<b>Operating income</b>	<u>25,241</u>
Other income (expenses)	
Employee profit sharing	
Over legal base	(5,674)
Deffered	2,739
Other products	<u>2,262</u>
Other expenses (net)	<u>(673)</u>
Financial integral results:	
Interest earned (net)	<u>3,187</u>
<b>Net income before tax</b>	27,755
Current	(9,027)
Deffered	<u>(2,123)</u>
<b>Income tax</b>	<u>(11,150)</u>
<b>Net income for discontinued operations</b>	16,605
Loss for discontinued operations, net of income tax	<u>-</u>
<b>Net results</b>	<u><u>16,605</u></u>

JAVIER E. ACEVES OLIVARES  
 DIRECTOR HR SHARED SERVICES

JESUS VELASCO RODRIGUEZ  
 DIRECTOR FINANCE AND ADMINISTRATION

**SERVICIOS CORPORATIVOS SCOTIA , S.A. DE C.V.**  
**LORENZO BOTURINI No. 202 COL. TRANSITO, MÉXICO, D.F. C.P. 06820**  
**STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY FOR THE PERIOD JANUARY 1 TO JUNE 30, 2012**  
 (EXPRESSED IN THOUSANDS OF MEXICAN PESOS)

	Capital paid		Results from previous years	Net result	Total stockholders' equity
	Fixed update	Variable update			
Balances as of December 31, 2010	2,679	264,401	(79,264)	(24,271)	163,545
<b>Items related to stockholders decisions:</b>					
Transfer of prior year's result	-	-	(24,271)	24,271	-
<b>Items related to recognition of comprehensive income:</b>					
Net income	-	-		22,620	22,620
Balances as of December 31, 2011	2,679	264,401	(103,535)	22,620	186,165
<b>Items related to stockholders decisions:</b>					
Transfer of prior year's result.	-	-	22,620	(22,620)	-
<b>Items related to recognition of comprehensive income:</b>					
Net income	-	-		16,605	16,605
Balances as of June 30, 2012	2,679	264,401	(80,915)	16,605	202,770

JAVIER E. ACEVES OLIVARES  
 DIRECTOR HR SHARED SERVICES

JESUS VELASCO RODRIGUEZ  
 DIRECTOR FINANCE AND ADMINISTRATION

**SERVICIOS CORPORATIVOS SCOTIA, S.A. DE C.V.**  
**LORENZO BOTURINI 202, COL. TRÁNSITO, MÉXICO, D.F. C.P. 06820**  
**STATEMENT OF CASH FLOW, FOR THE PERIOD JANUARY 1 TO JUNE 30, 2012**  
 (EXPRESSED IN THOUSANDS OF MEXICAN PESOS)

Net income	16,605
<b>Operation activities:</b>	
Adjustment for items that not imply cash flow:	
Deferred taxes	(616)
Other accounts receivable	(15,220)
Other assets	(847)
Other provisions	50,658
Depreciation and amortizations	3,711
Subtotal	54,291
Other payables	(11,723)
Employee profit sharing	(5,501)
Income tax paid	21,211
<b>Operation activities cash flow</b>	<b>(58,278)</b>
<b>Investment activities:</b>	
Investment interest	-
Intangibles	-
Furniture and equipment acquisition	(2,807)
<b>Investment activities cash flow</b>	<b>(2,807)</b>
<b>Increase in cash and cash equivalents</b>	<b>55,471</b>
<b>Cash and cash equivalents</b>	
At the beginning of the year	144,470
By the end of the year	199,941

JAVIER E. ACEVES OLIVARES  
 DIRECTOR HR SHARED SERVICES

JESUS VELASCO RODRIGUEZ  
 DIRECTOR FINANCE AND ADMINISTRATION

**SERVICIOS CORPORATIVOS SCOTIA, S.A. DE C.V.**  
**BALANCE SHEETS**  
 (EXPRESSED IN THOUSANDS OF MEXICAN PESOS)

ASSETS	JUN-12	MAR-12	JUN-11
<b>FUNDS AVAILABLE</b>	<b>199,941</b>	<b>113,929</b>	<b>158,662</b>
<b>OTHER ACCOUNTS RECEIVABLE (NET)</b>	<b>57,728</b>	<b>110,903</b>	<b>36,065</b>
<b>PROPERTY, FURNITURE AND EQUIPMENT (NET)</b>	<b>35,693</b>	<b>37,152</b>	<b>34,109</b>
<b>OTHER ASSETS</b>	<b>15,590</b>	<b>22,422</b>	<b>14,438</b>
Deferred, advanced and intangible charges	15,171	22,013	13,900
Short and long term assets	419	409	538
<b>TOTAL ASSETS</b>	<b>308,952</b>	<b>284,406</b>	<b>243,274</b>
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>			
<b>OTHER PAYABLES</b>	<b>94,695</b>	<b>68,147</b>	<b>63,801</b>
Income tax paid	2,100	-	2,029
Employee profit sharing	21,625	23,992	18,637
Sundry creditors and other payables	70,970	44,155	43,135
<b>DEFERRED TAXES AND EMPLOYEE PROFIT SHARING (NET)</b>	<b>11,487</b>	<b>19,772</b>	<b>9,885</b>
<b>TOTAL LIABILITIES</b>	<b>106,182</b>	<b>87,919</b>	<b>73,686</b>
<b>STOCKHOLDERS' EQUITY</b>			
<b>PAID-IN CAPITAL</b>	<b>267,080</b>	<b>267,080</b>	<b>267,080</b>
<b>CAPITAL SURPLUS</b>	<b>(64,310)</b>	<b>(70,593)</b>	<b>(97,492)</b>
Results from prior years	(80,915)	(80,915)	(103,535)
Net results	16,605	10,322	6,043
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>202,770</b>	<b>196,487</b>	<b>169,588</b>
<b>EQUITY TOTAL LIABILITIES AND STOCKHOLDERS'</b>	<b>308,952</b>	<b>284,406</b>	<b>243,274</b>

**SERVICIOS CORPORATIVOS SCOTIA, S.A. DE C.V.**  
**STATEMENT OF INCOME**  
 (EXPRESSED IN THOUSANDS OF MEXICAN PESOS)

	6 MONTHS		3 MONTHS		
	JUN-12	JUN-11	JUN-12	MAR-12	JUN-11
Income:					
Service income	254,160	142,975	133,774	120,386	76,485
Expenses:					
Salaries and personnel benefits	(139,849)	(68,380)	(78,989)	(60,860)	(38,168)
Professional fees	(50,035)	(37,593)	(25,424)	(24,611)	(19,672)
Rental expenses	(20,319)	(19,283)	(10,473)	(9,846)	(9,766)
Other expenses	(18,716)	(9,972)	(11,390)	(7,326)	(5,851)
Total expenses	(228,919)	(135,228)	(126,276)	(102,643)	(73,457)
<b>Operating income</b>	<b>25,241</b>	<b>7,747</b>	<b>7,498</b>	<b>17,743</b>	<b>3,028</b>
Other income (expenses)					
Employee profit sharing					
Over legal base	(5,674)	(2,633)	(2,882)	(2,792)	(393)
Deffered	2,739	877	2,138	601	(170)
Other products	2,262	1,835	641	1,621	601
Other expenses (net)	(673)	79	(103)	(570)	38
Financial integral results:					
Interest earned (net)	3,187	2,408	1,767	1,420	1,455
<b>Net income before tax</b>	<b>27,755</b>	<b>10,234</b>	<b>9,162</b>	<b>18,593</b>	<b>4,521</b>
<b>Income tax</b>					
Current	(9,027)	(10,489)	(9,027)	-	(1,649)
Deferred	(2,123)	6,298	6,148	(8,271)	(375)
<b>Net income for discontinued operations</b>	<b>16,605</b>	<b>6,043</b>	<b>6,283</b>	<b>10,322</b>	<b>2,497</b>
Loss for discontinued operations, net of income tax	-	-	-	-	-
<b>Net results</b>	<b>16,605</b>	<b>6,043</b>	<b>6,283</b>	<b>10,322</b>	<b>2,497</b>

## Attachment 7 Grupo Scotiabank

Grupo Scotiabank Financial Indicators					
	2012		2011		
	Q2	Q1	Q4	Q3	Q2
<b>ROE</b> <i>(Annualised quarterly net income / average capital for the quarter)</i>	16.0	15.3	11.0	10.0	8.3
<b>ROA</b> <i>(Annualised quarterly net income / average of total assets for the quarter)</i>	2.4	2.4	1.7	1.5	1.3
<b>Net Interest margin</b> <i>(Net interest margin including credit loss provisions / average earning assets)</i>	5.5	4.9	4.4	4.2	4.9
<b>Operating efficiency</b> <i>(Annualised quarterly operating expenses / average of total assets for the quarter)</i>	5.6	5.5	5.9	5.4	5.0
<b>Delinquency index</b> <i>(Balance of past due loans at quarter end / balance total loans)</i>	2.6	2.5	2.7	2.6	2.9
<b>Reserve coverage of past due loans</b> <i>(Allowance for credit losses at quarter end / balance of past due loans)</i>	109.3	117.1	115.0	116.6	113.2
<b>Net capital / Credit risk adjustment assets</b>	21.90	22.02	20.80	21.70	22.51
<b>Net capital / Total risk adjustment assets</b> <i>(credit, market and operational risk)</i>	16.79	16.63	15.71	16.30	16.86
<b>Liquidity</b> <i>(Liquid assets / liquid liabilities)</i>	88.2	79.9	108.1	103.7	95.2

Grupo Scotiabank Segments; <i>(P\$ millions; as at June 30, 2012)</i>				
	Credit & Services	Trading & Treasury	Other	Total Group
Net interest income	4,646	363	180	5,189
Other income	2,615	452	687	3,754
<b>Revenue</b>	<b>7,261</b>	<b>815</b>	<b>867</b>	<b>8,943</b>
Provision for credit losses	(453)	-	-	(453)
<b>Total revenue</b>	<b>6,808</b>	<b>815</b>	<b>867</b>	<b>8,490</b>
Operating expenses	(4,701)	(297)	(575)	(5,573)
Participation in results of subsidiaries and associated companies	-	-	1	1
<b>Operational profit</b>	<b>2,107</b>	<b>518</b>	<b>293</b>	<b>2,917</b>
Income tax	-	-	-	(530)
<b>Profit after income tax</b>				<b>2,388</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, 2012 principal balances with related parties are for bank loans granted of P\$2,556 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 International Financial Reporting Standard (IFRS). The consolidated financial statements also comply with the accounting requirements of the Canadian Banking Law. 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 National Banking and Securities Commission (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 IFRS

The net income of MXN 1,157 million reported by SBM for the quarter ending March 31, 2012 is different from the MXN 1,037 million (CAD 81 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 IFRS. 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 IFRS 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 IFRS, 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 31, 2012

In MXN\$ million (except as indicated)	Q1/12
<b>SBM consolidated net income under Mexican GAAP – per the March 2012 Press Release</b>	1,157
Non-controlling interest – 2.7%	(31)
Acquisition accounting and other IFRS adjustments	(89)
SBM consolidated net income under IFRS as reported by BNS	1,037
<b>SBM consolidated net income under IFRS reported by BNS in Canadian dollars</b>	<b>CAD \$81</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 y 302 rule Sarbanes Oxley Law in 2011, 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.
- The following basic Variable Compensation plans according to job profile that are applicable to employees under the Remuneration System:
  - Variable Compensation Plans for Financial Group are divided as follows:
    - Staff / Administrative Positions
    - Commercial / Business Positions
  - Annual incentive plan for executives
  - Variable Compensation Plan for Private Banking and Wealth Management
  - 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					
	2012		2011		
	Q2	Q1	Q4	Q3	Q2
<b>ROE</b> <i>(Annualised quarterly net income / average capital for the quarter)</i>	16.3	15.1	10.9	9.8	8.4
<b>ROA</b> <i>(Annualised quarterly net income / average of total assets for the quarter)</i>	2.3	2.3	1.7	1.5	1.3
<b>Net Interest margin</b> <i>(Net interest margin including credit loss provisions / average earning assets)</i>	5.7	5.1	4.7	4.8	5.0
<b>Operating efficiency</b> <i>(Annualised quarterly operating expenses / average of total assets for the quarter)</i>	5.5	5.5	5.9	5.6	5.0
<b>Delinquency index</b> <i>(Balance of past due loans at quarter end / balance total loans)</i>	2.6	2.5	2.7	2.6	2.9
<b>Reserve coverage of past due loans</b> <i>(Allowance for credit losses at quarter end / balance of past due loans)</i>	109.3	117.1	115.0	116.6	113.2
<b>Net capital / Credit risk adjustment assets</b>	21.90	22.02	20.80	21.70	22.51
<b>Net capital / Total risk adjustment assets</b> <i>(credit, market and operational risk)</i>	16.79	16.63	15.71	16.30	16.86
<b>Liquidity</b> <i>(Liquid assets / liquid liabilities)</i>	66.8	64.4	53.7	59.4	66.0

Scotiabank Mexico Performing Loan Portfolio; <i>(P\$ millions, as at June 30, 2012)</i>			
	MX Pesos	USD	Total
Business loans	31,486	9,120	40,606
Loans to financial institutions	2,288	4	2,292
Loans to government entities	4,120	1,258	5,378
Consumer loans	16,746	-	16,746
Mortgages	44,662	178	44,840
<b>Total</b>	<b>99,302</b>	<b>10,560</b>	<b>109,862</b>

Scotiabank Mexico Past-due Loan Portfolio; <i>(P\$ millions, as at June 30, 2012)</i>			
	MX Pesos	USD	Total
Business loans	348	18	366
Consumer loans	505	-	505
Mortgages	2,002	44	2,046
<b>Total</b>	<b>2,855</b>	<b>62</b>	<b>2,917</b>

Scotiabank Mexico Financial Information by product and region	Jun, 30, 2012	Mar, 31, 2012	Jun, 30, 2011
<b>Performing Loan Portfolio</b>			
Metro South	34.4%	34.8%	29.2%
Metro North	20.5%	21.1%	23.7%
Northwest	11.8%	11.4%	12.3%
North	12.5%	12.1%	13.4%
Center	11.7%	11.5%	11.6%
South	9.1%	9.1%	9.8%
<b>Past-due Loan Portfolio</b>			
Metro South	21.3%	21.7%	28.1%
Metro North	21.3%	21.6%	15.5%
Northwest	15.8%	15.5%	14.7%
North	13.3%	13.3%	13.8%
Center	17.2%	16.7%	15.2%
South	11.1%	11.2%	12.7%

Scotiabank Mexico Reconciliation of Past Due Loans (P\$ millions)		
<b>Balance as at March 31, 2012</b>		<b>2,903</b>
Transfers (to) / from current loans		388
Restructured loans		-
Loans recovered		(9)
Loans written off		(366)
Foreign exchange		1
<b>Balance as at June 30, 2012</b>		<b>2,917</b>

Scotiabank Mexico Allowance for Credit Losses (P\$ millions)		
<b>Balance as at March 31, 2012</b>		<b>3,398</b>
Plus:	Reserves created	131
Less:	Reserves taken into income	-
	Transfer from Trust to Bank	-
	Adjudications	22
	Charge-offs and applications relating to regular loans	326
	Commercial	-
	Mortgage	115
	Consumer	211
	Charge-offs and applications relating to debtor support programs	-
	Foreign exchange	9
<b>Balance as at June 30, 2012</b>		<b>3,190</b>

Scotiabank Mexico Authorized financing that exceeds 10% Basic Capital (P\$ millions as at June 30, 2012)		
No. of Credits	Amount	% Basic Capital
-	-	-
Financing to the 3 principal creditors		5,017

## 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, 2012.

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, 2012 the Bank's Tier 1 capital ratio was 21.90% and total Tier 2 capital ratio was 16.79%.

Scotiabank Mexico – Capitalisation (P\$ millions; Consolidated with subsidiaries)	Jun, 30, 2012 (*)	Mar, 31, 2012	Jun, 30, 2011
Share capital	28,335	28,278	27,681
Less: Investment in financial companies	822	917	564
Investment in Non-financial companies	-	-	54
PTU & Income tax, deferred assets	201	201	201
Other non-allowable assets and deferred expenses	2,290	2,315	2,171
Plus: Allowable deferred tax	201	201	201
<b>Basic capital (tier 1)</b>	<b>25,223</b>	<b>25,046</b>	<b>24,892</b>
Allowable reserves against credits	266	271	383
<b>Complementary capital (tier 2)</b>	<b>266</b>	<b>271</b>	<b>383</b>
<b>Total net capital (tier 1 + 2)</b>	<b>25,489</b>	<b>25,317</b>	<b>25,275</b>

Scotiabank Mexico – Risk Assets (P\$ millions as at June 30, 2012)		Risk asset equivalent (*)	Capital requirement
Market Risk	Operation in MXN at nominal rates	11,978	958
	Debt Instrument operations with “sur-charge” and adjustable rate	944	76
	Operation in MXN at real rates or rates denominated in UDIS	1,559	125
	Positions in UDIS or with yields related to inflation accounting	7	1
	Operation in foreign currencies at nominal rates	362	29
	Foreign exchange positions	169	14
	Securities positions or with yields related to a group of securities	981	78
	<b>Total market risk</b>	<b>16,000</b>	<b>1,281</b>
Credit Risk	Group II (weighted at 20%)	71	6
	Group III (weighted at 20%)	1,807	145
	Group III (weighted at 23%)	602	48
	Group III (weighted at 50%)	655	52
	Group III (weighted at 57.5%)	22	2
	Group III (weighted at 100%)	7	1
	Group IV (weighted at 20%)	975	78
	Group V (weighted at 20%)	376	30
	Group V (weighted at 50%)	189	15
	Group V (weighted at 150%)	1,977	158
	Group VI (weighted at 50%)	12,613	1,009
	Group VI (weighted at 75%)	11,960	957
	Group VI (weighted at 100%)	20,359	1,629
	Group VII – A (weighted at 20%)	200	16
	Group VII – A (weighted at 50%)	739	59
	Group VII – A (weighted at 57.5%)	2	-
	Group VII – A (weighted at 100%)	39,889	3,191
	Group VII – A (weighted at 115%)	11	1
	Group VII – A (weighted at 120%)	45	4
	Group VII – A (weighted at 150%)	158	13
Group VIII (weighted at 125%)	2,184	175	
Group IX (weighted at 100%)	21,555	1,724	
	<b>Total credit risk</b>	<b>116,396</b>	<b>9,313</b>
	<b>Total operational risk</b>	<b>19,384</b>	<b>1,551</b>
	<b>Total Risk Assets</b>	<b>151,780</b>	<b>12,145</b>

\* Preliminar figures pending Banco de Mexico approval

Scotiabank Mexico Capital Ratios	Jun, 30, 2012 (*)	Mar, 31, 2012	Jun, 30, 2011
<b>(1) Capital to credit risk:</b>			
Basic capital (tier 1)	21.67%	21.78%	22.17%
Complementary capital (tier 2)	0.23%	0.24%	0.34%
<b>Total net capital (tier 1+ 2)</b>	<b>21.90%</b>	<b>22.02%</b>	<b>22.51%</b>
<b>(2) Capital total risk (credit, market and operational risk):</b>			
Basic capital (tier 1)	16.62%	16.45%	16.61%
Complementary capital (tier 2)	0.17%	0.18%	0.25%
<b>Total net capital (tier 1+ 2)</b>	<b>16.79%</b>	<b>16.63%</b>	<b>16.86%</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>

\* Preliminar figures pending Banco de Mexico approval

Scotiabank Mexico Composition of Securities Portfolio (reasonable value) (P\$ million as at June 30, 2012)					
Category	Government Paper	Debt Securities	Investments in Financial Instruments	Other	Total
<b>Trading</b>	<b>13,145</b>	<b>72</b>	<b>16</b>	<b>84</b>	<b>13,317</b>
Without restriction	-	-	-	-	-
Restricted	13,145	72	16	84	13,317
Repurchase agreements	8,787	72	-	84	8,943
Others	4,358	-	16	-	4,374
<b>Available for sale</b>	<b>9,820</b>	<b>2,572</b>	<b>3</b>	<b>2,953</b>	<b>15,348</b>
Without restriction	8,467	1,972	3	2,364	12,806
Restricted	1,353	600	-	589	2,542
Repurchase agreements	1,353	600	-	-	1,953
Others	-	-	-	589	589
<b>Held to maturity</b>	<b>2,020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,020</b>
Without restriction	2,020	-	-	-	2,020
<b>Total securities</b>	<b>24,985</b>	<b>2,644</b>	<b>19</b>	<b>3,037</b>	<b>30,685</b>

Scotiabank Mexico Investments in non-Government Securities (In excess of 5% of net capital) (P\$ million as at June 30, 2012)				
Issuer	Securities	Rate	Term	Value
I_BANORTE 12354	1,010,593,332	4.54%	84	1,003
I_BANORTE 12274	960,183,475	4.54%	85	959
94_BANOB_10	100,058	4.77%	1,456	10
<b>Total</b>	<b>1,970,876,865</b>			<b>1,972</b>

Scotiabank Mexico Rates paid on core deposits (as at June 30, 2012)			
	Average rate paid		
	Pesos	Usd	Udis
Demand and savings	1.16%	0.06%	-
Term Deposits	3.80%	0.44%	0.01%

Scotiabank Mexico Financial Information by product and region	Jun, 30, 2012	Mar, 31, 2011	Jun, 31, 2011
<b>Demand deposits</b>	<b>53.7%</b>	<b>51.3%</b>	<b>51.0%</b>
Metro South	15.5%	14.0%	13.8%
Metro North	8.8%	9.1%	8.9%
Northwest	7.4%	7.2%	7.0%
North	6.6%	6.6%	7.1%
Center	7.2%	7.3%	6.8%
South	8.2%	7.1%	7.4%
<b>Fixed Term Deposits</b>	<b>38.4%</b>	<b>38.8%</b>	<b>41.3%</b>
Metro South	8.4%	9.3%	9.4%
Metro North	8.4%	7.8%	8.4%
Northwest	4.3%	4.2%	7.1%
North	4.6%	4.4%	4.4%
Center	6.7%	6.6%	4.6%
South	6.0%	6.5%	7.4%
<b>Total funding from customers</b>	<b>92.1%</b>	<b>90.1%</b>	<b>92.3%</b>
<b>Professional Funding</b>	<b>7.9%</b>	<b>9.9%</b>	<b>7.7%</b>

Scotiabank Mexico Funding from Banks and Other Organisations (P\$ million as at June 30, 2012)						
Term	Loans			Other funding		Total
	Commercial Banks	Banco de México	Development Bank	Development Funds	Other	
<b>Pesos</b>						
Short	-	-	-	-	-	-
Medium	-	-	1,933	756	-	2,689
Long	-	-	-	1,833	-	1,833
<b>Total</b>	-	-	<b>1,933</b>	<b>2,589</b>	-	<b>4,522</b>
Average Rate*	0.00%	0.00%	5.94%	4.22%	0.00%	-
<b>Other</b>						
Short	-	-	-	-	-	-
Medium	-	-	6	243	-	249
Long	-	-	-	581	-	581
<b>Total</b>	-	-	<b>6</b>	<b>824</b>	-	<b>830</b>
Average Rate*	0.00%	0.00%	3.21%	0.98%	0.00%	-
<b>Total Interbank and other funding</b>	-	-	<b>1,939</b>	<b>3,413</b>	-	<b>5,352</b>

\*Average rate of June 30, 2012

The bank does not have debt from any creditor that is greater than 10% of total liabilities as at June 30, 2012.

## 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 million
<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, 2012

(P\$ million, reasonable value)

	Forwards		Futures		Options		Structured transactions		Swaps		Total Assets	Total Liability
	Position		Position		Position		Position		Position			
	Assets	Liability	Assets	Liability	Assets	Liability	Assets	Liability	Assets	Liability		
Trading	55	538	-	-	352	353	1	1	1,549	1,806	1,957	2,698
Hedging	-	-	-	-	-	-			61	511	61	511

### Scotiabank Mexico Notional amounts in derivative operations; as at June 30, 2012

(P\$ million; nominal values presented in currency origin)

	Forwards		Futures		Structured transactions		Options		Swaps	
	Position		Position		Position		Position		Position	
	Asset	Liability	Asset	Liability	Asset	Liability	Asset	Liability	Asset	Liability
<b>Trading</b>										
USD positions	1,213	129	-	-	-	-	-	-	-	-
XAU Positions	-	2	-	-	-	-	-	-	-	-
USD Currency	-	-	-	-	2	2	53	53	-	-
EUR Currency	-	-	-	-	-	-	-	-	-	-
Stocks	-	-	-	-	-	-	1,879	1,879	-	-
Index	-	-	-	-	-	-	1,392	1,392	-	-
<b>Interest rate</b>										
Pesos	9,300	-	5,477	3,796	-	-	-	60	51,031	45,481
USD	-	-	-	-	-	-	-	-	114	148
<b>Hedging</b>										
<b>Interest rate</b>										
Pesos	-	-	-	-	-	-	-	-	11,072	6,700
USD	-	-	-	-	-	-	-	-	119	-
EUR	-	-	-	-	-	-	-	-	44	-

<b>Scotiabank Mexico</b>		
<b>Market Results for the six months ended June 30, 2012</b>		
<i>(P\$ million)</i>		
	Mark to Market	Trading Results
Investment in securities	14	388
Derivative trading transactions & hedge	(545)	631
Foreign exchange & other	(304)	268
<b>Total</b>	<b>(835)</b>	<b>1,287</b>

<b>Scotiabank Mexico</b>	
<b>Deferred Taxes</b>	
<i>(P\$ million as at June 30, 2012)</i>	
<b><u>Assets</u></b>	
Provisions for sundry obligations	380
Mark to market loss	292
<b>Subtotal</b>	<b>1,076</b>
<b><u>Liabilities</u></b>	<b>1,748</b>
Revaluation of real estate	253
Other timing differences	167
<b>Subtotal</b>	<b>420</b>
<b>Net deferred taxes</b>	<b>1,328</b>

As at June 30, 2012 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, 2012</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	200	-	-	-	-
Classified:					
Risk A1 / A	75,983	80	15	85	180
Risk A2	13,476	86	-	-	86
Risk B1 / B	19,158	107	423	144	674
Risk B2	4,864	83	313	-	396
Risk B3	405	61	-	-	61
Risk C1 / C	1,587	134	203	215	552
Risk C2	364	198	-	-	198
Risk D	655	193	270	1	464
RiskE	533	208	67	70	345
<b>Total</b>	<b>117,225</b>	<b>1,150</b>	<b>1,291</b>	<b>515</b>	<b>2,956</b>
Provisions Created					3,190
Overage (other credit reserves)					(234)

**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, 2012.
- The commercial loan portfolio is classified according to the internal rating methodology to qualify the borrower, and determining the Loss Given Default authorized by the National Banking and Securities Commission (CNBV). In adherence to generally regulations applicable to the methodology of the rating of the credit portfolio published in the Official Gazette on August 22, 2008, and for the retail portfolio in all its products are rated according to the regulations amendments published in the Official Gazette on August 12, 2009 and on October 25, 2010
- Other credit reserves are comprised of:

- Reserves on past due mortgages	\$ (192)
- Reserves – Credit Bureau	\$ (16)
- Reserves for accrued interest on past due loans	\$ (26)
Total	<u>\$ (234)</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.

### Credit Risk

At the close of June, 2012, the expected loss on the Bank's total loan portfolio was P\$2,452 million, while the unexpected loss was P\$16,617 million. The total exposure of the loan portfolio was P\$209,540 million, while the average exposure for the april-june, 2012 period was P\$207,498 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 12
VaR 1 day; 99%	3.99

The global daily average VaR for 1 day in the Bank (P\$3.99 million) as a percentage of total capital (P\$28,335 million) by the end of the period is 0.01%

The Value at Risk by risk factor for Scotiabank Mexico at June 30, 2012 was the following:

Scotiabank Var by Risk Factor (P\$ million)	VaR 1 day
<b>Risk Factor</b>	
Interest rate	3.50
Exchange rate	1.02
Equity	0.62
<b>Total non diversified</b>	<b>5.14</b>
Effect of diversification	-1.15
<b>Total</b>	<b>3.99</b>

The global daily average VaR for the Bank during the second quarter of 2012 was P\$3.99 million and the global value at June 30, 2012 was P\$3.21 million. The average values of market risk exposure of the trading portfolio during the period april-june 2012 were the following:

Scotiabank (P\$ million)	Average Position	Maxium Position	Position Limit	VaR Average/ <sup>1</sup>	VaR Limit
<b>Bank</b>	<b>153,674</b>	<b>161,918</b>		<b>3.99</b>	<b>52.5</b>
Money Market	16,769	24,363	105,000	6.24	50
Interest Rate Swaps	103,389	112,361	207,000	3.81	-
Mexican Treasury Bill Certificates (CETES) Forwards/ <sup>2</sup>	7,437	9,800	10,000	0.001	-
Interest Rate Futures / <sup>3</sup>	-	-	-	5.25	-
Caps & Floors	60	60	2,500	-	-
<b>Market Rate for interest and interest derivatives/<sup>4</sup></b>	<b>127,655</b>	<b>146,584</b>	<b>324,500</b>	<b>3.50</b>	<b>50</b>
<b>Equities</b>	<b>13</b>	<b>26</b>	<b>206</b>	<b>0.62</b>	<b>13</b>
<b>IPC Futures</b>	-	-	<b>2,880</b>	-	-
<b>Equity Portfolio /<sup>4</sup></b>	-	-	-	<b>0.62</b>	<b>13</b>
Foreign exchange forwards / <sup>5,6,7</sup>	274	370	4,020	1.38	-
Foreign exchange/ <sup>5,6</sup>	-	2	55	0.13	-
Foreign exchange options / <sup>6</sup>	95	124	800	0.003	-
Dollar futures / <sup>3</sup>	-	-	-	-	-
Foreign exchange swaps / <sup>6</sup>	137	187	600	0.02	-
Metal forwards/ <sup>6</sup>	6	14	50	0.87	-
Metal options/ <sup>6</sup>	-	-	200	0.00	-
Metal spot/ <sup>6</sup>	1	3		0.41	-
<b>Foreign Exchange, FX derivatives &amp; Metal /<sup>4</sup></b>	<b>513</b>	<b>700</b>	<b>5,725</b>	<b>1.03</b>	<b>13</b>

1/VaR is expressed in million pesos

2/Special position treasury

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.

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

6/ Figures expressed in million of US Dollars

7/Net position includes treasury foreign exchange forwards

To interpret the VaR with an example, the average 1-day value at risk of the Bank in the money market is P\$3.50 million. This means that under normal conditions, in 99 out of 100 days, the maximum potential loss is up to P\$3.50 million.

During the second quarter of 2012, the Bank executed transactions in the Mexican Derivative Market, called MexDer, for interest rate futures. However, there were no 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	163,690	206,725	945,000
Interest rate futures - CE91	12,339	35,000	90,000
Bonds M Futures/ <sup>2</sup>	2,538	4,091	37,550
Swaps Futures	138	329	1,000
<b>Interest rate futures /<sup>1</sup></b>	<b>178,705</b>	<b>246,145</b>	<b>1,073,550</b>
<b>IPC Futures</b>	-	-	<b>750</b>
<b>US Dollar futures /<sup>1</sup></b>	-	-	<b>5,000</b>

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

2/ The limit Bond M futures includes 15,000 futures contract of; Bonds M20, 20,000 future contracts of; Bonds M 1s 300 futures contracts of Bonds M3, 750 futures contracts of Bonds M5 and 1500 contracts of Bonds 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, 2012 was P\$178 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 2012 period shows the level of efficiency of yellow based on criteria established by the Bank of International Settlements (BIS), such as the VaR of Equities and Interest rates Swaps, Global FX and Global interest rate due to the high volatility that presented in the interest rate, capital, and foreign exchange markets in the second quarter of 2012.

The variance in the estimated economic value is P\$712 million (impact over the parallel change in economic value of 100 bp in rates) and the estimated variance in financial revenues of P\$266 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, 2012, the Bank’s available for sale securities position was P\$15,348 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 2012
Two week accumulated gap (MXP + UDIs)	(7,306)
Liquid Assets	11,139

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 from april to june 2012 the Bank recognized operational risk losses of P\$95 million, also in case of materialize operational risk this might be caused a negative impact on the Bank’s result, of P\$90 million, which have already been provision, in case of legal risk, contingencies totalized P\$467 million, thar are reserved to then 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	P\$ 111
November 30, 2009	P\$ 178
March 5, 2010	P\$ 260
May 28, 2010	P\$ 299
August 31, 2010	P\$ 243
November 26, 2010	P\$ 299
March 18, 2011	P\$ 439
May 27, 2011	<u>P\$ 171</u>
	P\$ 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	P\$ 288
August 26, 2011	P\$ 477
November 30, 2011	<u>P\$ 535</u>
	P\$1,300

At the annual General Shareholder's meeting held on November 25 2011, it was agreed to declare a dividend up to an amount of P\$2,000,000,000

<b>Payment date</b>	<b>Amount</b>
November 30, 2011	P\$800
March 30, 2012	P\$499
May 31, 2012	P\$501

At the annual General Shareholder's meeting held on April 30 2012, it was agreed to declare a dividend up to an amount of P\$1,000,000,000

**Internal & External liquidity sources**

At June 30, 2012 the Bank had the following positions in liquidity assets in mxp, to meet the requirements of any short term liquidity:

- Government Instruments for P\$9,169 million.
- Non Government Instruments for P\$3,413 million.

Additionally has committed lines with foreign institutions:

- Stand By credit letter for \$300 million dollars
- Funding Bank for \$40 million dollars maturing on August 30, 2013, secured by Brazilian government bonds

**Significant investment in capital**

At June 30, 2012 the Bank has no significant investments in capital.

## Attachment 9 Scotia Casa de Bolsa

As at June 30, 2012, Total Assets were P\$17,243 million, an annual decrease of P\$2,873 million or 14%, mainly due to a decrease in Securities of P\$2,908 millions.

Total Liabilities were P\$15,263 million, down P\$2,890 million or 16% from the previous year, primarily as a result of \$3,672 million decrease in repurchase agreements.

Securities held in Custody were P\$200 billion, a year-over-year decrease of 2%, primarily due to a decrease in other debt securities, partially offset with an increase in bank debt.

For the six months ended June 30, 2012, net income was P\$112 million, an increase of P\$42 million or 60% over the same period last year. The year-over-year increase was due mainly to higher intermediation revenues of \$50 million, as well as higher revenues from financial advisory and lower write-offs, which were partially offset with an increase of \$12 million in personal expenses and higher taxes.

Scotia Casa de Bolsa Financial Indicators					
	2012		2011		
	Q2	Q1	Q4	Q3	Q2
<b>Solvency</b> <i>(Total assets / Total liabilities)</i>	1.1	1.2	1.1	1.1	1.1
<b>Liquidity</b> <i>(Liquid assets / liquid liabilities)</i>	1.1	1.2	1.1	1.1	1.1
<b>Financial leverage</b> <i>(Total liabilities less trading settlement accounts / Capital )</i>	6.7	4.9	7.6	10.5	8.5
<b>ROE</b> <i>(Net income / Capital)</i>	9.0	14.5	7.5	8.1	4.4
<b>ROA</b> <i>(Net income / earning assets)</i>	1.3	2.1	0.7	0.8	0.5
<b>Capital requirements / Total Capital</b>	31.47	29.65	35.33	35.09	28.85
<b>Financing margin / Total operating income</b>	33.2	28.8	27.3	25.3	34.9
<b>Operating income / Total operating income</b>	28.1	39.8	19.3	17.6	17.3
<b>Total operating income / Administration expenses</b>	139.1	166.2	123.9	121.4	120.9
<b>Administration expenses / Total operating income</b>	71.9	60.2	80.7	82.4	82.7
<b>Net income / Administrative expenses</b>	25.3	39.2	19.1	22.4	12.1
<b>Personnel expenses / Operating income</b>	51.8	44.0	56.8	50.2	56.2

Scotia Casa de Bolsa Other operational net income (P\$ million)	Jun 30, 2012
Reversal provision	8
Commission to refer customer	4
Income for leasing	4
Account handling commissions	1
Other	12
Write offs	-
<b>Other operational net income</b>	<b>29</b>

### Capitalisation

At June 30, 2012 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\$592 million that represent a consumption of capital of the 31.47%

Scotia Casa de Bolsa Capitalisation (P\$ million)	Jun 30, 2012
Share capital and reserves	1,980
Less: Investments in financial Other assets	- 99
Basic capital	1,881
Complementary capital	-
<b>Total capital</b>	<b>1,881</b>

Scotia Casa de Bolsa – Risk Assets (P\$ million as at June 30, 2012)		Assets	Risk assets	Capital requirement
<b>Market Risk</b>	Operations in MXN at nominal rates referred to this	70,051	1,858	149
	Operations in MXN with floating rate premium or yield referred to this	15,422	444	35
	Operations in MXN at real rates or rates denominated in UDIs	50	58	5
	Operations in foreign currencies with nominal rate	304	-	-
	Positions in UDIs or with yields related to inflation accounting	50	1	-
	Foreign exchange positions	27	40	3
	Securities positions or with yields related to a group of securities	423	2,649	212
	<b>Total market risk</b>	<b>86,327</b>	<b>5,050</b>	<b>404</b>
<b>Credit Risk</b>	Counter –party in repurchase agreements, hedges and derivatives	159	49	4
	Issuer of debt instruments related to repurchase agreements	14,131	1,077	86
	Due to deposits, loans, other assets and contingencies	619	417	33
	<b>Total credit risk</b>	<b>14,909</b>	<b>1,543</b>	<b>123</b>
	<b>Total credit and market risk</b>	<b>101,236</b>	<b>6,593</b>	<b>527</b>
<b>Operational Risk</b>	<b>Total operational risk</b>	-	<b>809</b>	<b>65</b>
	<b>Total market, credit and operational risk</b>	<b>101,236</b>	<b>7,402</b>	<b>592</b>

Scotia Casa de Bolsa Capital Ratios	Jun 30, 2012
Global Equity / Assets under credit, market and operational risk	25.42%
Basic Capital ( tier 1)	1,881
Complementary capital ( tier 2)	-
Global Equity ( tier 1 + tier 2)	1,881



<b>Scotia Casa de Bolsa</b>					
<b>Composition of Securities Portfolio</b>					
<i>(P\$ million as at June 30, 2012)</i>					
Category	Government Paper	Debt Securities	Others	Investments in Financial Instruments	Total
<b>Trading</b>	<b>10,551</b>	<b>2,447</b>	<b>384</b>	<b>912</b>	<b>14,294</b>
Without restriction	762	568	-	397	1,727
Restricted	9,789	1,879	384	515	12,567
<i>Repurchase agreements</i>	<i>8,051</i>	<i>1,879</i>	<i>384</i>	<i>-</i>	<i>10,314</i>
<i>Securities Receivable</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>89</i>	<i>89</i>
<i>Others</i>	<i>1,738</i>	<i>-</i>	<i>-</i>	<i>426</i>	<i>2,164</i>
<b>Available for sale</b>	<b>-</b>	<b>-</b>	<b>163</b>	<b>373</b>	<b>536</b>
Without Restrictio:	-	-	163	373	536
<b>Total securities</b>	<b>10,551</b>	<b>2,447</b>	<b>547</b>	<b>1,285</b>	<b>14,830</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, 2012)</i>				
Issuer	Securities	Rate	Term	Amount
BANOBRA – 12271	9,623,147	4.43%	2	10
BANOBRA – 12271	73,191,123	4.43%	2	73
BANOBRA – 12271	236,670,331	4.43%	2	237
BANOBRA – 12424	742,081	4.50%	110	1
BANOBRA – 12424	62,604,800	4.44%	110	63
BANOBRA – 12502	721,704	4.50%	164	1
BANOBRA – 12502	743,560	4.60%	164	1
BANOBRA – 12502	12,042,661	4.56%	164	12
BANOBRA – 12502	687,185	4.50%	164	1
BANOBRA – 12502	167,377,067	4.56%	164	164
BANOBRA – 13044	759,308	4.60%	215	1
BANOBRA – 13044	740,687	4.58%	215	1
BANOBRA – 13044	778,958	4.57%	215	1
BANOBRA – 13044	731,085	4.40%	215	1
BACMEXT – 12484	722,387	4.52%	152	709
BACMEXT – 12484	4,554,818	4.53%	152	4,468
BACMEXT – 13131	709,213	4.50%	275	685
<b>Total</b>	<b>573,400,115</b>			<b>573</b>

<b>Scotia Casa de Bolsa</b>					
<b>Funding from Banks and Other Organizations</b>					
<i>(P\$ million as at June 30, 2012)</i>					
<b>Term</b>	<b>Loans</b>		<b>Other funding</b>		<b>Total</b>
	<b>Commercial Bank</b>	<b>Development Bank</b>	<b>Other</b>		
<b>Pesos</b>					
Short	7	-	-	-	7
Medium	-	-	-	-	-
Long	-	-	-	-	-
<b>Total</b>	<b>7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7</b>
Average Rate*	5.53%	-	-	-	5.53%
<b>Total Interbank and other funding</b>	<b>7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7</b>

\*Average rate of June 30, 2012

<b>Scotia Casa de Bolsa</b>								
<b>Derivatives operations; as at June 30, 2012</b>								
<i>(P\$ million, reasonable value)</i>								
	<b>Forwards</b>		<b>Futures</b>		<b>Options</b>		<b>Total Asset</b>	<b>Total Liability</b>
	Position		Position		Position			
	Asset	Liability	Asset	Liability	Asset	Liability		
Trading	1	5	-	1	303	2,424	304	2,430

<b>Scotia Casa de Bolsa</b>						
<b>Notional amounts in derivative operations; as at June 30, 2012</b>						
<i>(P\$ 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	-	-	-	-	252	76
Index	12	95	888	883		
Stocks	-	-	1,727	2,199		

<b>Scotia Casa de Bolsa</b>		
<b>Market Results for the six months ended June 30, 2012</b>		
<i>(P\$ million)</i>		
	<b>Mark to Market</b>	<b>Trading results</b>
Securities	5	85
Derivate trading transaction	(41)	(10)
Foreign exchange & other	1	3
<b>Total</b>	<b>(35)</b>	<b>78</b>

<b>Scotia Casa de Bolsa</b>	
<b>Deferred taxes</b>	
<i>(P\$ million as at June 30, 2012)</i>	
Mark-to-market of investment	7
Prepayment	(16)
Fixed assets	(49)
Expense provisions	54
Warrants	60
Employee Profit Sharing Expenses (PTU)	14
Shares appraisal	(139)
<b>Net deferred taxes</b>	<b>(69)</b>

As at June 30, 2012 Scotia Casa de Bolsa does not have tax liabilities.

## Credit Risk

At the close of June, 2012, the expected loss on total credit portfolio of Brokerage Firm's was P\$47 million, while the unexpected loss was P\$210 million. The total exposure of the credit portfolio, was P\$9,984 million as at June 30, 2012 and the average exposure for april-june 2012 period, was P\$8,269 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 12
VaR 1 day; 99%	3.31

The global daily average VaR for Brokerage Firm's during the second quarter of 2012 was P\$3.31 million and the global value at June 30, 2012 was P\$ 4.35 million

The global daily average VaR for 1 day for Brokerage Firm's (P\$3.31 million) as a percentage of global capital (P\$1,881 million) equivalent 0.17% at the end of the period

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, 2012)	VaR of 1 day
<b>Risk Factor</b>	
Interest Rates	2.93
Equities	1.62
<b>Total no diversified</b>	<b>4.55</b>
Effect of diversification	-1.24
<b>Total</b>	<b>3.31</b>

The averages values of market risk exposure of the trading portfolio during the april-june 2012, period were the following:

Scotia Casa de Bolsa (P\$ million as at June 30, 2012)	Average Position	Maxium Position	Position Limit	VaR Average	VaR Limit
<b>Casa de Bolsa</b>	18,960	28,194		3.31	25
Money Market	18,934	28,143		2.92	25
Equity position	26	104	200	0.45	13
IPC Derivatives <sup>1</sup>	92	228	2,880		
Stock Derivatives	-	-	1,000		
<b>Total Equity and IPC Derivatives<sup>2</sup></b>	118	332		1.62	13

<sup>1/</sup> includes futures and IPC options of equity derivatives desk for hedging warrants portfolio.

<sup>2/</sup> includes futures and IPC options of the equity derivatives desk. The VaR includes the warrants portfolio. The average 1 day VaR for warrants is P\$1.47 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\$2.92 million. This means that under normal conditions, in 99 out of 100 days, the maximum potential loss is up to P\$2.92 million.

Although the Brokerage Firms is authorized to operate future contracts in the Mexican Derivative Market, for its portfolio trading. During this quarter, the Casa de Bolsa was not presente position. The following chart shows the current limits:

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 - TIIE28	-	-	945,000
Interest rate futures - CE91	-	-	90,000
Futures M Bonds	-	-	35,300
IPC Futures / <sup>2</sup>	-	-	750

<sup>2/</sup> includes contracts of the equity trading desk.

The average 1-day IPC futures VaR is P\$ 0.00 million and includes total equity VaR.

It is important to highlight that the Brokerage Firm operated Futures and Options 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, equities and domestic and foreign indexes for P\$7,599 million and the maximum was P\$9,678 million. The hedging positions of embedded options in the securities or warrants at the end of June 30, 2012, were de following:

Embedded options or warrants – Hedging positions <i>(P\$ million as at June 29, 2012)</i>	Position
IPC Futures	7
Opciones sobre el futuro del IPC	-
IPC & OTC Futures	390
NAFTRACS	-
OTC options & baskets of equities	38
OTC options AMXL	44
OTC options AAPL	2,249
OTC options SPXIND	627
OTC options EWZ	253
OTC options GMEXICO	513
OTC options WALMEX	69
OTC options IAU	769

Due to the fact that the VaR measure serves to estimate potential losses in normal conditions of maket, 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 committe has approved limit stress.

At the end of June 30, 2012 the test of extreme conditions “stress testing” was P\$164 million compared to P\$800 million are consider favourable. The scenes that are in use for this test are the crisis of 1994 and 1998 as hypothetical.

The Back Testing tests from april to june 2012 period shows the level of efficiency of yellow based on criteria established by the Bank of International Settlements (BIS), such as the VaR of Equities, Global interest rates and Global Casa de Bolsa, due to the high volatility that presented in the interest rate, capital, and foreign exchange markets in the second quarter of 2012.

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

At the end of June 30, 2012 the Brokerage Firm´s total amount of available for sale securities was P\$536 million.

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

**Liquidity Risk:**

Límit	Use (MXN millon) Jun-2012
Two week accumulated gap (MXP + UDIs)	-
Liquid Assets	3,305

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 2012 period the Casa de Bolsa recognized operational risk losses totaling P\$568 thousand pesos comprised of 102 different events. With respect to legal risks, operational risks identified should they materialize that would cause a negative impact on the results of the Casa de Bolsa for P\$85 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.

## Dividends

There is no policy to dividends payment established, however the Annual General Shareholder's are authorized for it.

On the Board meeting held on July 26, 2011 it was agreed announce the Annual General Shareholder's to declare a dividend up to an amount of \$200,000,000.00 to \$9,081.8272636454 per share.

By August 19, 2011 the Ordinary Annual General Stockholder's approve to declare and pay a dividend in cash for \$200,000,000.00 to \$9,081.8272636454 per share; to be distribute among the 22,022 "F" and "B" serial which incorporate Capital Stock and Earned Capital.

It was approved that the dividend payments would be made through "S.D. Indeval, Institucion para el Deposito de Valores, S.A. de C.V. on August 26, 2011.

## 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.

“European option on interest rates.

The interest rate options (caps / floors) are used to cover the risk of movements in interest rates. A cap protects the buyer against increases in short-term rates and a floor protects the buyer against falls in the short-term rates.

The buyer of a cap is who takes a position at a fixed rate and protect against rising interest rates and vice versa for the floor. It is noteworthy that the settlement day, counterparties will be settled only the difference between the originally agreed rate and the rate that prevailed in the market when the cap / floor reaches to maturity.

In the case of European options on interest rates, the sensitivities known as gamma and vega applies.”

## 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. In the market for operations not listed or OTC “Over the counter” the brokerage firm participates with warrants on the IPC and IPC options.

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 valuating 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.

##### Portfolio of metals and metals derivatives

The Group’s foreign exchange desk sells commodities (futures and options) only on gold and silver.

This business is fully hedge with Scotia Mocatta so SBI takes no position on market risk, just play an intermediary role with the client. It has notional limits for both products (futures and options).

#### 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 repriced 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.

The new global policies on risk management, related to Basel III, have remarked the importance of liquidity risk management in financial institutions. In this context, the Bank of Mexico and the CNBV have implemented various initiatives to familiarize the local financial environment with liquidity risk, and include the precepts of regulatory compliance that institutions must follow in terms of risks.

From September 2011 Scotiabank Inverlat transmitted on a monthly and quarterly forms to the Central Bank for liquidity and concentration of funding.

This information will allow the Central Bank evaluate the impact of the liquidity requirements proposed by the Basel Committee and provide timely follow-up of liquidity risk of the institutions, both domestic and foreign currency.

By monitoring the liquidity position of banks, The Central Bank of Mexico will not only strengthen procedures and risk management schemes, but also it will provide additional elements of certainty about the strength of banks under episodes of extreme volatility in the local environment, or contagion effect, derived from systemic events.

#### 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 internal model for credit risk rating.

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.

#### Internal Credit Risk Ratings

In order to identify the credit quality of the debtor 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 to the Mexican market needs.

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 internal credit riks ratings (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).

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. Definitively 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.

Methodology to determine the preventive estimations for credit risks

The loan loss provisions estimations for the commercial loans are based on individual assessment of the credit risk of the borrowers and its classification, in compliance with the general rules applicable to credit institutions in Mexico "Disposiciones de carácter general aplicables a las Instituciones de Crédito" (here in after "rules of CNBV") established by the National Commission Banking and Securities (here in after "CNBV"). It is excluded for these purposes the portfolio guaranteed or due by the Federal Government, the Bank of Mexico and the Institute for the Protection of Bank Savings, according to the rules of CNBV for the risk rating of the Credit Portfolio of the Commercial Banks of the SHCP.

On the commercial portfolios segment that includes States and Municipalities and its Decentralized Organizations, specialized lending, acting as Trustee under Trust credit schemes and "structured" with assets that allow to assess the individually associated risk and the portfolio of Financial Institutions, it is used the specific rating methodologies defined in the current rules of CNBV.

For the commercial portfolio from the first quarter of 2012 in after, the internal rating methodology approved by the CNBV has been used, based on an expected loss estimation including now the loss given default parameter associated to the value and nature of the loan collateral, as defined in section 129 of the current rule. Scotiabank excludes for the internal model the segment classified as Scotia Credito Empresarial which is rated under a different internal model also approved by the CNBV and the segment of obligors whose authorized credit facilities are equal or lower than 2 million UDIS, this last segment is rated with the CNBV methodology described in the Mexican Bank Regulation (Circular Unica de Bancos) appendix 17 Art. 112.

The approved internal rating methodology follows a two-dimensional approach including as key elements for the calculation of provisions, the borrower's credit quality through the Probability of Default (PD), and the Loss Given Default (LGD) of the facility, depending on their individual characteristics, both elements are estimated from Scotiabank's own historical data:

- The PD is a measure of the probability that a borrower defaults within a one year time horizon and is assigned by the internal rating of the obligor named IG Code. Each IG code is mapped to a probability of default.
- The LGD is a measure of the loss on a loan if the borrower defaults and is calculated based on the existence of collateral type to support the recovery of such credit. In particular LGD estimates takes into account the seniority, type of collateral and collateral coverage, and other loan structural elements.

Credit Risk in Securities Investments

The Group 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 offset 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  
 Patricio Treviño Westendarp  
 Roberto Hemuda Debs  
 Pedro Saez Pueyo

**Miembros Suplentes**

Javier Pérez Rocha  
 Federico Santacruz González  
 Jorge Francisco Sánchez Ángeles  
 Magdalena Suberville de Brachet  
 Pablo Pérezalonso Eguía

**Consejeros**

Peter Christopher Cardinal  
 Timothy Paul Hayward  
 Felipe De Yturbe Bernal

Paul Victor D’Agata Hechemma  
 José del Águila Ferrer  
 Alberto Miranda Mijares

**Consejero Funcionarios**

Nicole Reich De Polignac  
 Jorge Mauricio Di Sciullo Ursini

Pablo Aspe Poniatowski  
 Carlos Mauricio Lomeli Alonzo

**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 Sciullo Ursini

**Prosecretario**

Mónica Cardoso Velázquez

The amount paid to Board Members to attend board meetings and committee meetings totaled P\$1.7 million for the six months ended June 30, 2012.

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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 GENERAL  
AUDIT GROUP

---

H. VALERIO BUSTOS QUIROZ  
DIRECTOR GROUP  
ACCOUNTING