

# Third Quarter results • 2012

Q3 /2012

## THIRD QUARTER FINANCIAL HIGHLIGHTS Compared to the same period a year ago:

TOTAL REVENUE AFTER PCLs OF P\$4,244 MILLION, VERSUS P\$3,576 MILLION

NET INCOME OF P\$1,318 MILLION VERSUS P\$759 MILLION

PRODUCTIVITY RATIO OF 67.0% VERSUS 65.9%

BANK'S CAPITAL RATIO OF 17.2% VERSUS 16.3%

PROVISIONS FOR CREDIT LOSSES OF P\$186 MILLION, VERSUS P\$512 MILLION

## Grupo Scotiabank reports earnings of P\$1,318 million for the third quarter

### Scotiabank Mexico

Financial and Operating Indicators:

#### 1 CONTINUED GROWTH:

- Business loans up 2%
- Mortgages up 10%
- Demand and Savings account balances up 5%

#### 2 CREDIT RISK MANAGEMENT:

- Past due portfolio at 2.6% of total loans, without change in comparison to 2.6% in the prior year
- Allowance for credit losses coverage at 103% of past due portfolio compared to 117% in the prior year

#### 3 EFFICIENCY:

- Productivity ratio of 69.2% versus 65.8% in the prior year

**Mexico D.F., October 31, 2012** – Grupo Scotiabank today announced results for the Third quarter of 2012. Consolidated net income was P\$1,318 million in the quarter, an increase of P\$559 million or 74% from the same period last year. This result includes the effect of a tax recovery from past periods in one of the Group's companies. On a core basis, this quarter's results show an increase of P\$406 million or 53% from the same period last year.

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

Total revenue for the quarter, after provisions for credit losses, increased P\$668 million or 19% compared to the same period last year, reflecting higher net interest income from the positive growth in retail volumes as well as a decrease in provisions for credit losses. Total business loans increased 2% while retail volumes grew 10% particularly in mortgages, credit cards and personal loans compared to the same quarter last year. Low cost demand and savings deposits were up 5% during the same period.

Loan loss provisions decreased P\$326 million or 64% from the same quarter last year, due mainly to lower provisions in the commercial portfolio and in mortgages. Operating expenses grew 10% or P\$273 million due to higher salaries and fees, depreciation and amortization costs and other costs as a result of growth initiatives.

The Bank's capital ratio remained strong at 17.2% this quarter from 16.3% a year ago; well above regulatory requirements. Return on equity this quarter was 17%, compared to 10% during the same period last year.

Items of note:

In August Scotia Inverlat Casa de Bolsa, S.A. de C.V. had a tax recovery from past periods mainly because of a favorable ruling allowing the deductibility of certain losses from those periods, this had a net effect of P\$153 million.

In August 2012 Scotiabank Inverlat Group announced that it had signed an agreement under which, subject to regulatory approval, it will acquire all of the assets of Credito Familiar, S.A. de C.V (Credito Familiar). Credito Familiar is a Sociedad Financiera de Objeto Multiple, Entidad Regulada a regulated, specialized emerging retail and micro-lending company, part of Grupo Financiero Banamex.

In early October, Scotiabank Inverlat Group named Troy Wright as the new Executive Vice President and CEO of both Scotiabank Inverlat, S.A. and Grupo Financiero Scotiabank Inverlat, S.A.

Non-Financial Highlights:

Standard & Poor's confirmed both Scotiabank Inverlat's and Scotia Inverlat Casa de Bolsa's local ratings of mxAAA, for long term and mxA-1+, for short term, and, for Scotiabank, a global rating of BBB /A-2, with a stable outlook.

Scotiabank Inverlat was recognized by the Mexico City Government as a health champion in recognition for its diverse initiatives promoting employee health and wellbeing.

A survey by Expansion magazine ranked Scotiabank Inverlat as second best place amongst financial institutions to launch and develop your professional career.

## FINANCIAL HIGHLIGHTS

Grupo Scotiabank Condensed Financial Information	Nine months ended		Three months ended		
	Sep 30, 2012	Sep 30, 2011	Sep 30, 2012	Jun 30, 2012	Sep 30, 2011
<i>Net Income (P\$ millions):</i>					
Scotiabank Mexico	3,291	2,117	1,090	1,152	689
Holding company and other subsidiaries	415	194	228	79	70
<b>Total Group</b>	<b>3,706</b>	<b>2,311</b>	<b>1,318</b>	<b>1,231</b>	<b>759</b>
ROE	16%	10%	17%	16%	10%

Grupo Scotiabank Condensed Statement of Income <i>(P\$ millions; Consolidated with subsidiaries)</i>	Nine months ended		Three months ended		
	Sep 30, 2012	Sep 30, 2011	Sep 30, 2012	Jun 30, 2012	Sep 30, 2011
<b>Net Interest income</b>	<b>7,992</b>	<b>7,456</b>	<b>2,803</b>	<b>2,681</b>	<b>2,378</b>
Other Income	5,381	4,895	1,627	1,836	1,710
<b>Revenue</b>	<b>13,373</b>	<b>12,351</b>	<b>4,430</b>	<b>4,517</b>	<b>4,088</b>
Provision for credit losses	(639)	(1,526)	(186)	(131)	(512)
<b>Total Revenue after provisions for credit losses</b>	<b>12,734</b>	<b>10,825</b>	<b>4,244</b>	<b>4,386</b>	<b>3,576</b>
Operating expenses	(8,539)	(7,688)	(2,966)	(2,875)	(2,693)
<b>Operational Profit</b>	<b>4,195</b>	<b>3,137</b>	<b>1,278</b>	<b>1,511</b>	<b>883</b>
Participation in results of non-consolidated subsidiaries and associated companies	1	1	-	1	-
<b>Profit before income tax</b>	<b>4,196</b>	<b>3,138</b>	<b>1,278</b>	<b>1,512</b>	<b>883</b>
Income tax	(490)	(827)	40	(281)	(124)
<b>Profit after income tax</b>	<b>3,706</b>	<b>2,311</b>	<b>1,318</b>	<b>1,231</b>	<b>759</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 1,565 ATMs throughout the country. It employs approximately 10,595 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.

October 31, 2012

## Scotiabank Mexico

Total revenue, after provision for credit losses, was P\$3,788 million for the third quarter of 2012, a P\$462 million or 14% increase from the same period last year. The year-over-year growth was due primarily to higher net interest revenue and lower provisions for credit losses. The increase in net interest income from last year was due mainly to the growth in the mortgage and personal loan portfolio, as well as in demand and savings deposits. These were partially offset by lower non-interest revenues, lower trading revenues and lower loan loss recoveries.

Compared to last quarter, total revenues, after provisions for credit losses, were lower by P\$308 million or 8%. This decrease was the result of lower non-interest revenues and higher provisions for credit losses, partially offset by higher net interest revenue.

Net income after tax was P\$1,090 million this quarter compared to P\$689 million in the same period last year. The increase was primarily the result of higher net interest income, lower provisions for credit losses and lower taxes, partially offset by higher operating expenses and lower non-interest revenues.

Net income after tax decreased P\$62 million from last quarter due to lower non-interest revenues and higher provisions for credit losses, partially offset by higher net interest income and lower taxes.

For the nine-month period ended September 30, 2012, after-tax income was P\$3,291 million, compared to P\$2,117 million in the same period last year. The increase was largely due to higher net interest income, higher non-interest revenues, 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>	Nine months ended		Three months ended		
	Sep 30, 2012	Sep 30, 2011	Sep 30, 2012	Jun 30, 2012	Sep 30, 2011
Interest earned	11,760	10,906	4,091	3,917	3,715
Interest paid	(3,952)	(3,568)	(1,349)	(1,308)	(1,279)
<b>Net interest income</b>	<b>7,808</b>	<b>7,338</b>	<b>2,742</b>	<b>2,609</b>	<b>2,436</b>
Other income	4,484	4,216	1,232	1,618	1,402
<b>Revenue</b>	<b>12,292</b>	<b>11,554</b>	<b>3,974</b>	<b>4,227</b>	<b>3,838</b>
Provision for credit losses	(639)	(1,526)	(186)	(131)	(512)
<b>Total Revenue after provision for credit losses</b>	<b>11,653</b>	<b>10,028</b>	<b>3,788</b>	<b>4,096</b>	<b>3,326</b>
Operating expenses	(7,990)	(7,166)	(2,749)	(2,705)	(2,525)
<b>Operational Profit</b>	<b>3,663</b>	<b>2,862</b>	<b>1,039</b>	<b>1,391</b>	<b>801</b>
Participation in results of non-consolidated subsidiaries and associated companies	1	1	-	1	-
<b>Profit before income tax</b>	<b>3,664</b>	<b>2,863</b>	<b>1,039</b>	<b>1,392</b>	<b>801</b>
Income tax	(373)	(746)	51	(240)	(112)
<b>Profit after income tax</b>	<b>3,291</b>	<b>2,117</b>	<b>1,090</b>	<b>1,152</b>	<b>689</b>

## Net Interest Income

Net interest income was P\$2,742 million in the third quarter of 2012, P\$306 million or 13% higher compared to the same quarter last year and P\$133 million or 5% higher when compared to last quarter. The increase from last quarter was driven by higher revenue from securities investments and higher volumes in retail loans, as well as higher demand and savings deposits. The increase from the same period last year was driven by higher revenue from securities investments and higher volumes in retail loans.

For the nine-month period ended September 30, 2012, net interest income was P\$7,808 million, up P\$470 million or 6% 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)	Nine months ended			
	September 30, 2012		September 30, 2011	
	Volume	Spread	Volume	Spread
Deposits with banks	21,070	1.7%	20,799	1.7%
Securities	17,515	3.3%	10,652	3.2%
Loans	110,103	8.5%	106,597	8.6%

## Other Income

Scotiabank Mexico Other Income (P\$ millions; Consolidated with subsidiaries)	Nine months ended		Three months ended		
	Sep 30, 2012	Sep 30, 2011	Sep 30, 2012	Jun 31, 2012	Sep 30, 2011
Commissions and fees (net)	1,703	1,365	567	627	493
Revenues from trading and intermediation	429	541	(23)	109	249
Other operational income (net)	2,352	2,310	688	882	660
<b>Total Other Income</b>	<b>4,484</b>	<b>4,216</b>	<b>1,232</b>	<b>1,618</b>	<b>1,402</b>

Other income for the quarter was P\$1,232 million, down P\$170 million or 12% from the same period last year. This was due to lower trading revenues and lower recoveries. These were partially offset by higher revenues from checking account and credit card commissions, insurance and mutual fund fees, as well as higher revenues from the sale of foreclosed assets.

Compared to last quarter, the P\$386 million decrease in Other income was due primarily to lower revenue from trading activities, lower checking account commissions and loan related fees, lower recoveries as well as higher write offs.

For the nine-month period ended September 30, 2012, Other income was P\$4,484 million, P\$268 million or 6% higher than the same period last year. The increase resulted from higher checking account and credit card commissions, higher loan loss recoveries and lower write offs. These were partially offset by lower other recoveries and lower trading revenues.

Scotiabank Mexico Commissions and fees (net) (P\$ millions; Consolidated with subsidiaries)	Nine months ended		Three months ended		
	Sep 30, 2012	Sep 30, 2011	Sep 30, 2012	Jun 30, 2012	Sep 30, 2011
Loan commissions	150	157	49	51	48
Account handling commissions	397	165	133	152	56
Credit card commissions	503	426	181	165	160
Trust	144	160	46	52	57
Electronic banking	181	169	58	65	57
Other	328	288	100	142	115
<b>Total commissions and fees (net)</b>	<b>1,703</b>	<b>1,365</b>	<b>567</b>	<b>627</b>	<b>493</b>

Net commissions and fees were P\$567 million this quarter, P\$74 million or 15% higher than the same period last year but P\$60 million or 10% lower than last quarter. The year-over-year increase was due mainly to higher commissions and fees from checking accounts, credit cards and electronic banking, partially offset by lower trust fees, loan related fees, in other. The quarter-over-quarter reduction is the result of lower commissions and fees from checking accounts and electronic banking, lower trust fees, as well as by lower loan related fees, in other.

For the nine-month period ended September 30, 2012, net commissions and fees were P\$1,703 million, P\$338 million or 25% 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>	Nine months ended		Three months ended		
	Sep 30, 2012	Sep 30, 2011	Sep 30, 2012	Jun 30, 2012	Sep 30, 2011
Loan loss recoveries	432	369	121	157	147
Other recoveries	317	694	93	117	137
Gain on loan assets purchase	3	-	-	3	-
Write-offs & other	(57)	(339)	(52)	27	(60)
Revenue from sale of foreclosed assets	103	268	35	39	10
Staff loan interest	59	56	20	20	19
Rental income	47	40	18	16	16
Other revenues and expenses (net)	1,384	1,163	446	447	388
Other	64	59	7	56	3
<b>Total other operational income (net)</b>	<b>2,352</b>	<b>2,310</b>	<b>688</b>	<b>882</b>	<b>660</b>

Other operational income (net) was P\$688 million this quarter, P\$28 million or 4% higher than the same quarter last year but P\$194 million or 22% lower than last quarter. The year-over-year results were driven by lower write offs and higher mutual fund and insurance fees (in Other revenues and expenses (net)) and higher revenues from the sale of foreclosed assets. These were partially offset by lower revenues from loan loss recoveries and other recoveries. The quarter-over-quarter change was the result of lower loan loss and other recoveries, higher write offs, lower revenues from the sale of foreclosed assets and dividends from investments, partially offset by higher insurance fees (in Other revenues and expenses (net)).

For the nine-month period ended September 30, 2012, other operational income (net) was P\$2,352 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>	Nine months ended		Three months ended		
	Sep 30, 2012	Sep 30, 2011	Sep 30, 2012	Jun 30, 2012	Sep 30, 2011
Provision for credit losses	(639)	(1,526)	(186)	(131)	(512)
Loan loss recoveries (reported in Other operational income, net)	432	369	121	157	147
<b>Total provision for credit losses (net)</b>	<b>(207)</b>	<b>(1,157)</b>	<b>(65)</b>	<b>26</b>	<b>(365)</b>

Provisions for credit losses, net of recoveries, were P\$65 million this quarter, P\$300 million lower than the same quarter last year. Provisions for credit losses, excluding recoveries, were P\$186 million, a decrease of P\$326 million or 64% from the same quarter last year. The reduction was mostly due to lower delinquencies and lower provisions in mortgages, as well as in the rest of the retail portfolio. In addition, there was a reduction in commercial loan loss provisions this quarter due to the implementation of a new provisioning calculation methodology based on loss given default which was applied to a significant portion of this portfolio. This methodology was certified by the CNBV.

Provisions for credit losses, net of recoveries, were up P\$91 million from last quarter. Excluding recoveries, provisions for credit losses increased P\$55 million or 42% from the previous quarter. This increase was due to higher provisions in mortgages, credit cards and personal loans, partially offset by aforementioned reduction of provisions in commercial loans.

On a year-to-date basis, net provisions for credit losses, net of recoveries, decreased P\$950 million or 82%. Excluding recoveries provisions for credit losses decreased P\$887 million due to lower provisions in mortgages and retail products and the aforementioned reduction of provisions in commercial loans.

## Non-Interest Expenses

The Bank's productivity ratio<sup>1</sup> was 69.2% this quarter, up from 65.8% in the same quarter last year, and from 64.0% last quarter.

Scotiabank Mexico Non-Interest Expenses <i>(P\$ millions; Consolidated with subsidiaries)</i>	Nine months ended		Three months ended		
	Sep 30, 2012	Sep 30, 2011	Sep 30, 2012	Jun 30, 2012	Sep 30, 2011
Personnel expenses	(3,271)	(3,148)	(1,111)	(1,075)	(1,051)
Other operating expenses	(4,719)	(4,018)	(1,638)	(1,630)	(1,474)
<b>Total non-interest expenses</b>	<b>(7,990)</b>	<b>(7,166)</b>	<b>(2,749)</b>	<b>(2,705)</b>	<b>(2,525)</b>

Non-interest expenses were P\$2,749 million this quarter, up P\$224 million from the same quarter last year and P\$44 million from last quarter. Personnel expenses increased P\$60 million from last year and P\$36 million from and last quarter. Compared to the same quarter last year, Other operating expenses increased P\$164 million but remained virtually unchanged in comparison to last quarter. The year-over-year increase was due to higher fees and costs related to leases and depreciation and amortization associated with the past investment strategies.

On a year-to-date basis, total expenses increased P\$824 million or 11% to P\$7,990 million. Personnel expenses increased P\$123 million or 4%. Other operating expenses were P\$701 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>	Nine months ended		Three months ended		
	Sep 30, 2012	Sep 30, 2011	Sep 30, 2012	Jun 30, 2012	Sep 30, 2011
Income tax current	(849)	(652)	(77)	(493)	(197)
Income tax deferred	476	(94)	128	253	85
<b>Total Taxes</b>	<b>(373)</b>	<b>(746)</b>	<b>51</b>	<b>(240)</b>	<b>(112)</b>

Total income tax had a recovery of P\$51 million this quarter, down P\$163 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, as well as the recognition of a future tax asset. 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 down P\$291 million from last quarter due primarily to higher inflation adjustments, as well as the aforementioned future tax asset. The effective tax rate for the quarter was lower than last quarter.

On a year-to-date basis, total income tax expense decreased P\$373 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, higher inflationary adjustments, deduction for other items, as well as the aforementioned future tax asset.

<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 September 30, 2012, the Bank's total assets were P\$193.7 billion, P\$9.6 billion or 5% higher than a year ago but P\$6.3 billion or 3% lower than last quarter. When compared with the previous year, there was growth in securities.

Total liabilities totalled P\$164.2 billion, an increase of P\$8.5 billion or 5% from a year ago but P\$7.4 billion or 4% lower than last quarter. The year-over-year increase mainly resulted from higher demand deposits and higher other liabilities.

<b>Scotiabank Mexico – Condensed Balance Sheet</b> <i>(P\$ millions; Consolidated with subsidiaries)</i>	<b>September 30, 2012</b>	<b>June 30, 2012</b>	<b>September 30, 2011</b>
Cash, banks, securities	60,835	65,159	51,416
Performing loans	112,775	109,862	112,562
Past due loans	2,977	2,917	2,993
Allowance for loan losses	(3,062)	(3,190)	(3,490)
Other assets	20,133	25,185	20,573
<b>Total assets</b>	<b>193,658</b>	<b>199,933</b>	<b>184,054</b>
Deposits	120,665	135,054	122,909
Loans from Banks	5,556	5,352	6,612
Other liabilities	38,013	31,192	26,187
Capital	29,424	28,335	28,346
<b>Total liabilities and capital</b>	<b>193,658</b>	<b>199,933</b>	<b>184,054</b>

## Performing Loans

<b>Scotiabank Mexico – Performing Loan Portfolio</b> <i>(P\$ millions; Consolidated with subsidiaries)</i>	<b>September 30, 2012</b>	<b>June 30, 2012</b>	<b>September 30, 2011</b>
Credit card and other personal loans	16,853	16,747	15,307
Mortgages	46,409	44,840	42,087
<b>Total personal loans</b>	<b>63,262</b>	<b>61,587</b>	<b>57,394</b>
Business loans	41,469	40,606	40,479
Loans to financial institutions	2,437	2,291	4,459
Loans to government entities	5,607	5,378	10,230
<b>Total business, financial institution and government loans</b>	<b>49,513</b>	<b>48,275</b>	<b>55,168</b>
<b>Total performing loans</b>	<b>112,775</b>	<b>109,862</b>	<b>112,562</b>

The Bank's retail lending portfolio grew by P\$5.9 billion from last year. This growth was in the mortgage portfolio which increased by P\$4.3 billion or 10% from the same period last year and P\$1.6 billion or 3% from last quarter and in credit card and other personal loans which grew P\$1.5 billion or 10% from last year and P\$0.1 billion from last quarter.

Total business, financial and government loans decreased by P\$5.6 billion or 10% from the same quarter last year but grew P\$1.2 billion or 3% from last quarter. The year-over-year decline was the result of a P\$4.6 billion or 45% decrease in loans to government entities and P\$ 2.0 billion or 45% decrease in loans to financial institutions, both due to maturities. These were partially compensated by a P\$1.0 billion or 2% increase in business loans. The quarter-over-quarter growth was due to the increase in loans in all segments.



**Past due loans**

<b>Scotiabank Mexico – Past Due Loan Portfolio</b> <i>(P\$ millions; Consolidated with subsidiaries)</i>	<b>September 30, 2012</b>	<b>June 30, 2012</b>	<b>September 30, 2011</b>
Past due loans	2,977	2,917	2,993
Allowance for credit losses	(3,062)	(3,190)	(3,490)
<b>Net past due loans</b>	<b>(85)</b>	<b>(273)</b>	<b>(497)</b>
Past due loans as a percent of total loans	2.6%	2.6%	2.6%
Allowance for credit losses as a percent of past due loans	103%	109%	117%

Gross past due loans totalled P\$2,977 million this quarter, virtually unchanged in comparison from the same period last year and showed an increase of P\$60 million or 2% from last quarter. The Bank's allowance for credit losses was lower both year-over-year and quarter-over-quarter due to lower provisions for commercial loans partially offset with higher provisions in the mortgage portfolio given slightly higher delinquencies.

As a percentage of past due loans, allowance for credit losses was 103% as at September 30, 2012, down from 117% a year ago and from 109% last quarter.

At September 30, 2012, the Bank's past due loan portfolio was 2.6% of the total portfolio without change with respect to both, the same period last year and the prior quarter.

**Deposits**

<b>Scotiabank Mexico – Deposits</b> <i>(P\$ millions; Consolidated with subsidiaries)</i>	<b>September 30, 2012</b>	<b>June 31, 2012</b>	<b>September 30, 2011</b>
<b>Total demand and saving</b>	<b>65,235</b>	<b>69,191</b>	<b>62,385</b>
Term deposits from customers	49,118	49,429	47,385
Money market term deposits (Wholesale)	71	10,217	6,900
<b>Total term deposits</b>	<b>49,189</b>	<b>59,646</b>	<b>54,285</b>
<b>Investment Certificates</b>	<b>6,241</b>	<b>6,217</b>	<b>6,239</b>
<b>Total deposits</b>	<b>120,665</b>	<b>135,054</b>	<b>122,909</b>

Demand and saving deposits totalled P\$65.2 billion as at September 30, 2012, an increase of P\$2.8 billion or 5% over the same period last year but P\$4.0 billion or 6% lower from last quarter. The year-over-year increase reflects the Bank's continuing emphasis on growing its core demand and savings deposit base. The quarter-over-quarter reduction is primarily due to seasonal factors.

Total term deposits declined P\$5.1 billion or 9% year-over-year and P\$10.4 billion or 18% from last quarter. Both the year-over-year and quarter-over-quarter reduction were 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.

#### **Credito Familiar, S.A. acquisition**

Grupo Financiero Scotiabank, S.A. de C.V. announced 13, August 2012 the agreement to purchase Credito Familiar, S.A. de C.V. from Grupo Financiero Banamex, S.A. de C.V. the deal is subject to regulatory approval by the Secretaría de Hacienda y Crédito Público (SHCP) and Comisión Federal de Competencia (COFECO). The final purchase price will be disclosed once the regulatory approval is granted.



**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 SEPTEMBER 30, 2012**  
 (EXPRESSED IN MILLION OF MEXICAN PESOS)

Total interest earned	12,589	
Total interest paid	4,597	
<b>Net interest profit</b>		<b>7,992</b>
Provision for credit losses		639
<b>Net interest profit, after provision for credit losses</b>		<b>7,353</b>
Commissions earned	2,796	
Commissions paid	310	
Revenues from intermediation	472	
Other operational net income	2,423	
Administrative and operating expenses	8,539	(3,158)
<b>Total operating revenues</b>		<b>4,195</b>
Participation in the results of subsidiaries unconsolidated and associated companies		1
<b>Net income before income tax</b>		<b>4,196</b>
Current income tax	1,014	
Deferred income tax (net)	(524)	490
<b>Net Income before discontinued operations</b>		<b>3,706</b>
<b>Net Income</b>		<b>3,706</b>
<b>Net Income including Controller Participation</b>		<b>3,706</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".

CARLOS M. LOMELÍ ALONZO  
 INTERIM CEO OF OPERATION  
 MEXICO

DIEGO M. PISINGER ALTER  
 DIRECTOR GENERAL FINANCE AND  
 BUSINESS INTELLIGENCE

AGUSTIN CORONA GAHLER  
 DEPUTY 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 SEPTEMBER 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						3,706	3,706
Result from valuation of available-for-sale securities				23			23
Result from valuation of hedging instruments					(133)		(133)
<b>Total</b>	-	-	-	23	(133)	3,706	3,596
<b>Balances as of September 30, 2012</b>	4,507	901	22,940	395	(190)	3,706	32,259

"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.

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**LORENZO BOTURINI No. 202 COL. TRANSITO, C.P. 06820, MEXICO, D.F.**  
**CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD JANUARY 1 TO SEPTEMBER 30, 2012**  
 (EXPRESSED IN MILLIONS OF MEXICAN PESOS)

<b>Net income</b>		<b>3,706</b>
<b>Adjustments for items that not imply cash flow:</b>		
Losses for deterioration or cancel effect associated with investment and funding activities	42	
Depreciation of property plant and equipment	287	
Amortization of intangible assets	21	
Provisions	1,140	
Income tax (current and deferred)	490	
Participation in the results of subsidiaries	(1)	
Other	262	
		<b>2,241</b>
<b>Operation activities:</b>		
Change in margin accounts		16
Change in investment securities		(14,480)
Change in repurchase agreements (debtor)		2,428
Change in derivates (assets)		2,882
Change in loan portfolio (net)		(2,378)
Change in securitización receivable		67
Change in foreclosed assets (net)		(11)
Change in other operational assets (net)		(1,101)
Change in funding		(2,399)
Change in bank and other loans		(50)
Change in repurchase agreements (creditor)		12,176
Change in Securities Receivable (creditor)		(1)
Change in collateral sold or in guarantee		(42)
Change in derivates (liabilities)		(2,639)
Change in other operational liabilities		4,205
Collections for income taxes (refunds)		324
Payments for income taxes		(974)
		<b>(1,977)</b>
<b>Operation activities cash flow</b>		
		<b>(1,977)</b>
<b>Investment activities:</b>		
Payments for acquisition of property, furniture and equipment		(301)
Payments for acquisition of intangible assets		(101)
Other		1
		<b>(401)</b>
<b>Investment activities cash flow</b>		
		<b>(401)</b>
<b>Financing activities:</b>		
Payments in cash (dividends)		(1,500)
		<b>(1,500)</b>
<b>Financing activities cash flow</b>		
		<b>(1,500)</b>
<b>Net Increase or Decrease in net cash and cash equivalents</b>		<b>2,069</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>21,462</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.

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

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

ASSETS	SEP-12	JUN-12	SEP-11
<b>Funds Available</b>	<b>21,462</b>	<b>19,534</b>	<b>20,292</b>
<b>Margin Accounts</b>	<b>53</b>	<b>43</b>	<b>83</b>
<b>Financial Instruments</b>	<b>51,151</b>	<b>46,084</b>	<b>42,190</b>
Securities – available for trading	24,895	28,180	36,175
Securities – available for sale	24,214	15,884	4,059
Securities – held to maturity	2,042	2,020	1,956
<b>Repurchase Agreements (Debtor)</b>	<b>725</b>	<b>8,531</b>	<b>858</b>
<b>Derivatives</b>	<b>1,946</b>	<b>1,971</b>	<b>3,977</b>
Trading	1,858	1,909	3,932
Hedge	88	62	45
<b>Mark to Market Adjustment Related to Heading of Financial Instruments</b>	<b>86</b>	<b>108</b>	<b>195</b>
<b>Current Loan Portfolio</b>	<b>112,767</b>	<b>109,855</b>	<b>112,553</b>
Business loans	49,505	48,269	55,159
Consumer loans	16,853	16,746	15,307
Mortgage loans	46,409	44,840	42,087
<b>Past Due Loan Portfolio</b>	<b>2,977</b>	<b>2,917</b>	<b>2,993</b>
Business loans	371	366	262
Consumer loans	523	505	611
Mortgage loans	2,083	2,046	2,120
<b>Loan Portfolio</b>	<b>115,744</b>	<b>112,772</b>	<b>115,546</b>
(-) Less Allowance for Loan Losses	3,062	3,190	3,490
<b>Loan Portfolio (Net)</b>	<b>112,682</b>	<b>109,582</b>	<b>112,056</b>
<b>Securitization Receivable</b>	<b>167</b>	<b>178</b>	<b>211</b>
<b>Other Receivable (Net)</b>	<b>13,366</b>	<b>18,530</b>	<b>15,083</b>
<b>Foreclosed Assets (Net)</b>	<b>27</b>	<b>27</b>	<b>11</b>
<b>Property, Furniture and Equipment (Net)</b>	<b>4,091</b>	<b>4,046</b>	<b>3,963</b>
<b>Long-term Investment in Equities</b>	<b>86</b>	<b>86</b>	<b>85</b>
<b>Deferred Taxes and Employee Profit Sharing (Net)</b>	<b>1,446</b>	<b>1,252</b>	<b>737</b>
<b>Other Assets</b>	<b>1,643</b>	<b>1,604</b>	<b>1,541</b>
<b>Total Assets</b>	<b>208,931</b>	<b>211,576</b>	<b>201,282</b>

**LIABILITIES AND STOCKHOLDERS EQUITY**

<b>Funding</b>	<b>120,639</b>	<b>134,998</b>	<b>122,774</b>
Demand and saving deposits	65,232	69,180	62,380
Term deposits	49,166	59,601	54,155
Issue credit certificates	6,241	6,217	6,239
<b>Bank and Other Loans</b>	<b>5,556</b>	<b>5,352</b>	<b>6,612</b>
<b>Repurchase Agreements</b>	<b>31,501</b>	<b>16,803</b>	<b>19,337</b>
<b>Collateral Sold or Given in Guarantee</b>	<b>104</b>	<b>108</b>	<b>101</b>
<b>Liabilities Related to Securities in the Course of Settlement</b>	<b>3,284</b>	<b>5,627</b>	<b>4,876</b>
<b>Derivatives</b>	<b>4,907</b>	<b>5,287</b>	<b>6,209</b>
Trading	4,412	4,776	5,778
Hedge	495	511	431
<b>Other Payables</b>	<b>9,887</b>	<b>11,645</b>	<b>9,861</b>
Income Taxes	386	515	81
Employee profit sharing	360	319	250
Creditors pending settlements	3,625	5,214	3,368
Creditors by collateral receivable in cash	-	-	34
Sundry creditors and other payables	5,516	5,597	6,128
<b>Deferred Credits and Advanced Collections</b>	<b>794</b>	<b>818</b>	<b>694</b>
<b>Total Liabilities</b>	<b>176,672</b>	<b>180,638</b>	<b>170,464</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>27,752</b>	<b>26,431</b>	<b>26,311</b>
Capital reserves	901	901	901
Results from previous years	22,940	22,940	22,798
Effects from valuation of securities available for sale	395	380	337
Effects from valuation of hedging instruments	(190)	(178)	(36)
Net result	3,706	2,388	2,311
<b>Total Stockholder's Equity</b>	<b>32,259</b>	<b>30,938</b>	<b>30,818</b>
<b>Total Liabilities and Stockholder's Equity</b>	<b>208,931</b>	<b>211,576</b>	<b>201,282</b>



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

MEMORANDUM ACCOUNTS	SEP- 12	JUN- 12	SEP-11
<b>OPERATIONS ON BEHALF THIRD PARTIES</b>			
<b>Customer current accounts</b>	<b>384</b>	<b>672</b>	<b>1,462</b>
Cash Balances	10	9	20
Transaction settlement	141	430	1,222
Other	233	233	220
<b>Custody Operations</b>	<b>203,514</b>	<b>199,884</b>	<b>200,736</b>
Securities held in custody	203,514	199,884	200,736
<b>Transactions on Behalf of Customers</b>	<b>153,495</b>	<b>130,820</b>	<b>121,530</b>
Securities operations	75,660	64,404	59,802
Securities receivable operations	138	111	101
Collateral received in guarantee	42,589	37,427	38,193
Collateral given in guarantee	34,909	28,689	23,269
Administrative trusts	199	189	165
Investment bank transaction on behalf of third parts (net)	<b>78,391</b>	<b>73,414</b>	<b>60,512</b>
<b>TOTAL ON BEHALF OF THIRD PARTIES</b>	<b>435,784</b>	<b>404,790</b>	<b>384,240</b>
<b>OWN OPERATIONS</b>			
<b>Assets and liabilities contingent</b>	<b>7</b>	<b>466</b>	<b>3,556</b>
<b>Assets in trust or mandate</b>	<b>153,177</b>	<b>161,831</b>	<b>153,184</b>
Trust	124,303	134,974	126,365
Mandate	28,874	26,857	26,819
<b>Assets in custody o under administration</b>	<b>685,481</b>	<b>647,061</b>	<b>745,982</b>
<b>Commitment loans</b>	<b>348,147</b>	<b>366,901</b>	<b>332,488</b>
<b>Collateral received for the entity</b>	<b>61,732</b>	<b>69,745</b>	<b>90,137</b>
Government paper	37,497	46,444	38,804
Bank paper			800
Other securities	342		
Investment in Financial Instruments	222	197	212
Other	23,671	23,104	50,321
<b>Collateral received and sold or delivered in guarantee for the entity</b>	<b>50,149</b>	<b>37,672</b>	<b>36,295</b>
Government paper	49,056	36,964	36,194
Bank paper	647	600	-
Other Securities	342	-	-
Investment in Financial Instruments	104	108	101
<b>Interest not collected from past due portfolio</b>	<b>161</b>	<b>149</b>	<b>156</b>
<b>Other control accounts</b>	<b>472,076</b>	<b>422,599</b>	<b>551,758</b>
<b>TOTAL OWN OPERATIONS</b>	<b>1,770,930</b>	<b>1,706,424</b>	<b>1,913,556</b>

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

	9 MONTHS		3 MONTHS		
	SEP-12	SEP-11	SEP-12	JUN-12	SEP-11
Total interest earned	12,589	11,869	4,299	4,233	3,943
Total interest paid	4,597	4,413	1,496	1,552	1,565
<b>Net interest profit</b>	<b>7,992</b>	<b>7,456</b>	<b>2,803</b>	<b>2,681</b>	<b>2,378</b>
Provision for credit losses	639	1,526	186	131	512
<b>Net interest profit, after provision for credit losses</b>	<b>7,353</b>	<b>5,930</b>	<b>2,617</b>	<b>2,550</b>	<b>1,866</b>
Commissions earned	2,796	2,430	912	987	857
Commissions paid	310	309	101	96	112
Revenues from intermediation	472	602	(31)	109	364
Other operational net income	2,423	2,172	847	836	601
Administrative and operating expenses	8,539	7,688	2,966	2,875	2,693
<b>Total operating revenues</b>	<b>4,195</b>	<b>3,137</b>	<b>1,278</b>	<b>1,510</b>	<b>883</b>
Participation in the results of subsidiaries unconsolidated and associated	1	1	-	1	-
<b>Net income before income tax</b>	<b>4,196</b>	<b>3,138</b>	<b>1,278</b>	<b>1,511</b>	<b>883</b>
Current income tax	1,014	747	111	544	200
Deferred income tax (net)	(524)	(80)	(151)	(264)	(76)
	<b>(490)</b>	<b>(827)</b>	<b>40</b>	<b>(281)</b>	<b>(124)</b>
<b>Net Income before discontinued operations</b>	<b>3,706</b>	<b>2,311</b>	<b>1,318</b>	<b>1,231</b>	<b>759</b>
<b>Net Income</b>	<b>3,706</b>	<b>2,311</b>	<b>1,318</b>	<b>1,231</b>	<b>759</b>
<b>Net Income including Controller Participation</b>	<b>3,706</b>	<b>2,311</b>	<b>1,318</b>	<b>1,231</b>	<b>759</b>



**SCOTIABANK INVERLAT, S.A.**  
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**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 SEPTEMBER 30, 2012**  
 (EXPRESSED IN MILLION OF MEXICAN PESOS)

Total interest earned	11,760	
Total interest paid	3,952	
<b>Net interest profit</b>		<b>7,808</b>
Provision for credit losses		639
<b>Net interest profit, after provision for credit losses</b>		<b>7,169</b>
Commissions earned	1,990	
Commissions paid	287	
Revenues from intermediation	429	
Other operational net income	2,352	
Administrative and operating expenses	7,990	(3,506)
<b>Total operating revenues</b>		<b>3,663</b>
Participation in the results of subsidiaries unconsolidated and associated		1
<b>Net income before income tax</b>		<b>3,664</b>
Current income tax	849	
Deferred income tax (net)	476	373
<b>Net Income before discontinued operations</b>		<b>3,291</b>
<b>Net Income</b>		<b>3,291</b>

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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 SEPTEMBER 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											3,291		3,291
Result from valuation of available-for-sale securities							(22)						(22)
Result from valuation of hedging instruments								(133)					(133)
<b>Total</b>	-	-	-	-	-	-	(22)	(133)	-	-	3,291	-	3,136
Balances as of September 30, 2012	7,451	-	473	-	2,974	15,244	181	(190)	-	-	3,291	-	29,424

"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".

CARLOS M. LOMELÍ ALONZO  
 INTERIM CEO OF OPERATION MEXICO

DIEGO M. PISINGER ALTER  
 DIRECTOR GENERAL FINANCE AND  
 BUSINESS INTELLIGENCE

AGUSTIN CORONA GAHLER  
 DEPUTY 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.  
 CONSOLIDATED STATEMENT OF CASH FLOW OF THE BANK WITH ITS SUBSIDIARIES  
 FOR THE PERIOD JANUARY 1 TO SEPTEMBER 30, 2012  
 (EXPRESSED IN MILLION OF MEXICAN PESOS)

<b>Net income</b>	<b>3,291</b>
Losses for deterioration or cancel effect associated with investment and funding activities	41
Depreciation of property plant and equipment	273
Amortization of intangible assets	20
Provisions	997
Income tax (current and deferred)	373
Participation in the results of subsidiaries unconsolidated and associated	(1)
Other	180
<b>Adjustments for items that not imply cash flow</b>	<b>1,883</b>
<b>Operation activities</b>	
Change in margin accounts	9
Change in investment securities	(12,593)
Change in repurchase agreements (debtor)	4,233
Change in derivates (assets)	3,166
Change in loan portfolio (net)	(2,380)
Change in securitization receivable	67
Change in foreclosed assets (net)	(11)
Change in other operational assets (net)	(763)
Change in funding	(2,408)
Change in bank and other loans	(50)
Change in repurchase agreements (creditor)	12,374
Change in derivates (liabilities)	(3,318)
Change in other operational liabilities	1,663
Payments for income taxes	(1,183)
<b>Operation activities cash flow</b>	<b>(1,194)</b>
<b>Investment activities</b>	
Payments for acquisition of property, furniture and equipment	(294)
Charges dividends paid in cash	4
Payments for acquisition of intangible assets	(131)
<b>Investment activities cash flow</b>	<b>(421)</b>
<b>Financing activities</b>	
Dividends paid in cash	(1,500)
<b>Financing activities cash flow</b>	<b>(1,500)</b>
<b>Net Increase or Decrease in net cash and cash equivalents</b>	<b>2,059</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>21,441</b>

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

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 INTERIM CEO OF OPERATION  
 MEXICO

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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	SEP-12	JUN-12	SEP-11
<b>Funds Available</b>	<b>21,441</b>	<b>19,515</b>	<b>20,292</b>
<b>Margin Accounts</b>	<b>51</b>	<b>43</b>	<b>80</b>
<b>Financial Instruments</b>	<b>36,604</b>	<b>30,685</b>	<b>21,214</b>
Securities – available for trading	10,891	13,317	15,620
Securities – available for sale	23,671	15,348	3,638
Securities – held to maturity	2,042	2,020	1,956
<b>Repurchase Agreements (Debtor)</b>	<b>724</b>	<b>12,790</b>	<b>5,562</b>
<b>Derivatives</b>	<b>1,929</b>	<b>2,018</b>	<b>4,073</b>
Trading	1,841	1,957	4,028
Hedge	88	61	45
<b>Mark to Market Adjustment Related to Heading of Financial Instruments</b>	<b>86</b>	<b>108</b>	<b>195</b>
<b>Current Loan Portfolio</b>	<b>112,775</b>	<b>109,862</b>	<b>112,562</b>
Business loans	49,513	48,276	55,168
Consumer loans	16,853	16,746	15,307
Mortgage loans	46,409	44,840	42,087
<b>Past Due Loan Portfolio</b>	<b>2,977</b>	<b>2,917</b>	<b>2,993</b>
Business loans	371	366	262
Consumer loans	523	505	611
Mortgage loans	2,083	2,046	2,120
<b>Loan Portfolio</b>	<b>115,752</b>	<b>112,779</b>	<b>115,552</b>
(-) Less Allowance for Loan Losses	3,062	3,190	3,490
<b>Loan Portfolio (Net)</b>	<b>112,690</b>	<b>109,589</b>	<b>102,065</b>
<b>Securitization Receivable</b>	<b>167</b>	<b>178</b>	<b>211</b>
<b>Other Receivable (Net)</b>	<b>12,985</b>	<b>18,277</b>	<b>14,394</b>
<b>Foreclosed Assets (Net)</b>	<b>27</b>	<b>27</b>	<b>11</b>
<b>Property, Furniture and Equipment (Net)</b>	<b>3,892</b>	<b>3,846</b>	<b>3,757</b>
<b>Long-term Investment in Equities</b>	<b>77</b>	<b>77</b>	<b>79</b>
<b>Deferred Taxes and Employee Profit Sharing (Net)</b>	<b>1,492</b>	<b>1,328</b>	<b>792</b>
<b>Other Assets</b>	<b>1,493</b>	<b>1,452</b>	<b>1,329</b>
<b>Total Assets</b>	<b>193,658</b>	<b>199,933</b>	<b>184,054</b>
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>			
<b>Funding</b>	<b>120,665</b>	<b>135,054</b>	<b>122,909</b>
Demand and saving deposits	65,235	69,191	62,385
Term deposits	49,189	59,646	54,286
Issue credit certificates	6,241	6,217	6,239
<b>Bank and Other Loans</b>	<b>5,556</b>	<b>5,352</b>	<b>6,612</b>
<b>Liabilities Related to Securities in the Course of Settlement</b>	<b>3,281</b>	<b>5,627</b>	<b>4,394</b>
<b>Repurchase Agreements</b>	<b>22,216</b>	<b>10,754</b>	<b>7,535</b>
<b>Derivatives</b>	<b>2,569</b>	<b>3,209</b>	<b>4,401</b>
Trading	2,074	2,698	3,970
Hedge	495	511	431
<b>Other Payables</b>	<b>9,154</b>	<b>10,784</b>	<b>9,162</b>
Income Taxes	305	449	66
Employee profit sharing	288	263	214
Creditors pending settlements	3,384	4,720	2,857
Creditors by collaterals received in cash	-	-	33
Sundry creditors and other payables	5,177	5,352	5,992
<b>Deferred Credits and Advanced Collections</b>	<b>794</b>	<b>818</b>	<b>694</b>
<b>Total Liabilities</b>	<b>164,234</b>	<b>171,598</b>	<b>155,707</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>21,500</b>	<b>20,411</b>	<b>20,423</b>
Capital reserves	2,974	2,974	2,687
Results from previous years	15,244	15,244	15,459
Effects from valuation of securities available for sale	181	171	196
Effects from valuation of hedging instruments	(190)	(179)	(36)
Net result	3,291	2,201	2,117
<b>Total Stockholder's Equity</b>	<b>29,424</b>	<b>28,335</b>	<b>28,347</b>
<b>Total Liabilities and Stockholder's Equity</b>	<b>193,658</b>	<b>199,933</b>	<b>184,054</b>

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

MEMORANDUM ACCOUNTS	SEP- 12	JUN- 12	SEP-11
<b>OWN OPERATIONS</b>			
Assets and liabilities contingent	3	-	71
Commitment loans	348,146	366,901	332,488
Assets in trust s or mandate	153,168	161,826	153,176
Trust	124,293	134,969	126,358
Mandate	28,875	26,857	26,818
Assets in custody or under administration	547,979	509,999	614,245
Collaterals received for the entity	56,193	61,229	85,008
Collaterals received and sold or delivered in guarantee for the entity	30,573	24,983	27,321
Investment bank transaction on behalf of third parts (net)	78,392	73,414	60,512
Interest not collected from past due portfolio	161	149	156
Other control accounts	463,960	414,272	546,793
<b>TOTAL OWN OPERATIONS</b>	<b>1,678,575</b>	<b>1,612,773</b>	<b>1,819,710</b>



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

	9 MONTHS		3 MONTHS		
	SEP-12	SEP-11	SEP-12	JUN-12	SEP-11
Total interest earned	11,760	10,906	4,091	3,917	3,715
Total interest paid	3,952	3,568	1,349	1,308	1,279
<b>Net interest profit</b>	<b>7,808</b>	<b>7,338</b>	<b>2,742</b>	<b>2,609</b>	<b>2,436</b>
Provision for credit losses	639	1,526	186	131	512
<b>Net interest profit, after provision for credit losses</b>	<b>7,169</b>	<b>5,812</b>	<b>2,556</b>	<b>2,478</b>	<b>1,923</b>
Commissions earned	1,990	1,649	661	729	596
Commissions paid	287	284	94	102	103
Revenues from intermediation	429	541	(23)	110	250
Other operational net income	2,352	2,310	688	882	660
Administrative and operating expenses	7,990	7,166	2,749	2,705	2,525
<b>Total operating revenues</b>	<b>3,663</b>	<b>2,862</b>	<b>1,039</b>	<b>1,391</b>	<b>801</b>
Participation in the results of subsidiaries unconsolidated and associated	1	1	-	1	-
<b>Net income before income tax</b>	<b>3,664</b>	<b>2,863</b>	<b>1,039</b>	<b>1,392</b>	<b>801</b>
Current income tax	849	652	77	493	(197)
Deferred income tax (net)	(476)	94	128	253	85
	<b>373</b>	<b>746</b>	<b>51</b>	<b>240</b>	<b>(112)</b>
<b>Net Income before discontinued operations</b>	<b>3,291</b>	<b>2,117</b>	<b>1,090</b>	<b>1,152</b>	<b>689</b>
<b>Net Income</b>	<b>3,291</b>	<b>2,117</b>	<b>1,090</b>	<b>1,152</b>	<b>689</b>



**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 SEPTEMBER 30, 2012**  
 (EXPRESSED IN MILLION OF MEXICAN PESOS)

Commissions and fees collected	435	
Commissions and fees paid	(32)	
Financial advisory income	76	
<b>Service Income</b>		<b>479</b>
Gain on purchase and sale of securities	820	
Loss on purchase and sale of securities	(707)	
Interest income	1,683	
Interest expense	(1,503)	
Valuation gain (loss) on securities	(83)	210
<b>Net Interest Profit for Intermediation</b>		<b>210</b>
Other operational net income	246	
Administrative and operating expenses	(573)	(327)
<b>Operating income</b>		<b>362</b>
<b>Net income before income tax</b>		<b>362</b>
Current income tax	114	
Deferred income tax (net)	(50)	64
<b>Net income before discontinued operations</b>		<b>298</b>
<b>Net income</b>		<b>298</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  
DEPUTY DIRECTOR GENERAL AUDIT  
GROUP

H. VALERIO BUSTOS QUIROZ  
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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 SEPTEMBER 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
Balances as of December 31, 2011	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											298	298
Result from valuation of available-for-sale securities							44					44
<b>Total</b>	-	-	-	-	-	-	44	-	-	-	298	342
<b>Balances as of September 30, 2012</b>	<b>551</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>65</b>	<b>1,043</b>	<b>213</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>298</b>	<b>2,170</b>

"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  
DEPUTY DIRECTOR GENERAL AUDIT GROUP

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**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 SEPTEMBER 30, 2012**  
 (EXPRESSED IN MILLION OF MEXICAN PESOS)

<b>Net income</b>		<b>298</b>
<b>Adjustments for items that do not imply flow of cash:</b>		
Depreciation and amortization	9	
Amortizations of intangible assets	1	
Provisions	77	
Income tax (current and deferred)	64	
Other	83	
		<b>234</b>
<b>Operation Activities:</b>		
Change in margin accounts		3
Change in investment securities		915
Change in derivatives (assets)		(257)
Change in other operational assets		(104)
Change in bank and other loans		2
Change in liabilities related to securities in the course of settlement		3
Change in repurchase agreements (creditor)		(2,145)
Change in Securities receivable (liabilities)		(1)
Change in collateral sold or in guarantee		(42)
Change in derivatives (liabilities)		719
Change in other operational liabilities		113
Charges for income taxes (refunds)		324
Payments for income taxes		(53)
		<b>(523)</b>
<b>Operation activities cash flow</b>		<b>(523)</b>
<b>Investment Activities</b>		
Payments for acquisition of property, furniture and equipment		(3)
Payments for acquisition of intangible assets		(1)
		<b>(4)</b>
<b>Investment activities cash flow</b>		<b>(4)</b>
<b>Net Increase or Decrease in cash</b>		<b>5</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>34</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."

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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	SEP-12	JUN-12	SEP-11
<b>Funds Available</b>	34	41	17
<b>Margin Accounts (Derivatives)</b>	9	11	30
<b>Financial Instruments</b>	13,893	14,830	20,472
Securities – available for trading	13,350	14,294	20,051
Securities – available for sale	543	536	421
<b>Repurchase Agreements (Debtor)</b>	1	1	1
<b>Derivatives</b>	384	304	186
Trading	384	304	186
<b>Accounts Receivable (Net)</b>	367	1,753	755
<b>Property, Furniture and Equipment (Net)</b>	163	165	170
<b>Long-term Investment in Equities</b>	3	3	3
<b>Other Assets</b>	136	135	185
<b>Total Assets</b>	<u>14,990</u>	<u>17,243</u>	<u>21,819</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>	8	7	9
<b>Repurchase Agreements</b>	3	-	482
<b>Collateral Sold or Given in Guarantee</b>	9,285	10,309	16,557
<b>Derivatives</b>	104	108	101
Trading	2,704	2,430	2,090
<b>Other Payables</b>	2,704	2,430	2,090
Income Taxes	676	2,340	769
Employee profit sharing	70	57	9
Creditors pending settlements	48	35	17
Sundry creditors and other payables	244	1,984	511
<b>Deferred Taxes and Employee Profit Sharing (Net)</b>	314	264	232
	<u>40</u>	<u>69</u>	<u>46</u>
<b>Total Liabilities</b>	<u>12,820</u>	<u>15,263</u>	<u>20,054</u>
<b>STOCKHOLDER'S EQUITY</b>			
<b>Paid -In Capital</b>	551	551	551
<b>Capital Surplus</b>	1,619	1,429	1,214
Capital reserves	65	65	58
Results from previous years	1,043	1,043	908
Effects from valuation of securities available for sale	213	209	140
Net Income	298	112	108
<b>Total Stockholder's Equity</b>	<u>2,170</u>	<u>1,980</u>	<u>1,765</u>
<b>Total Liabilities and Stockholder's Equity</b>	<u>14,990</u>	<u>17,243</u>	<u>21,819</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	SEP-12	JUN-12	SEP-11
<b>OPERATIONS ON BEHALF THIRD PARTIES</b>			
<b>Customer Current Accounts</b>	<b>383</b>	<b>672</b>	<b>1,462</b>
Cash Balances	10	9	20
Transaction settlement	141	430	1,222
Other	232	233	220
<b>Custody Operations</b>	<b>203,514</b>	<b>199,884</b>	<b>200,736</b>
Securities held in custody	203,514	199,884	200,736
<b>Management Operations</b>	<b>153,495</b>	<b>130,820</b>	<b>121,530</b>
Securities operations	75,660	64,404	59,802
Securities receivable operations	138	111	101
Collaterals received in guarantee	42,589	37,427	38,193
Collaterals given in guarantee	34,909	28,689	23,269
Administrative trusts	199	189	165
<b>TOTAL ON BEHALF THIRD PARTIES</b>	<b>357,392</b>	<b>331,376</b>	<b>323,728</b>
<b>OWN OPERATIONS</b>			
<b>Assets and liabilities contingent</b>	<b>-</b>	<b>462</b>	<b>3,482</b>
<b>Collaterals received for the entity</b>	<b>33,432</b>	<b>27,142</b>	<b>21,791</b>
Government paper	32,364	26,046	21,579
Bank Paper	647	900	-
Other	199	-	-
Investment in Financial Instruments	222	196	212
<b>Collaterals received and sold or delivered in guarantee for the entity</b>	<b>33,314</b>	<b>27,054</b>	<b>21,681</b>
Government paper	32,364	26,046	21,579
Bank Paper	647	900	-
Other	199	-	-
Investment in Financial Instruments	104	108	102
<b>Other control accounts</b>	<b>8,117</b>	<b>8,327</b>	<b>4,965</b>
<b>TOTAL OWN OPERATIONS</b>	<b>74,863</b>	<b>62,985</b>	<b>51,919</b>

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

	9 MONTHS		3 MONTHS		
	SEP-12	SEP-11	SEP-12	JUN-12	SEP-11
Commissions and fees collected	435	452	124	133	145
Commissions and fees paid	(32)	(33)	(9)	(11)	(12)
Financial advisory Income	76	64	26	29	22
<b>Service Income</b>	<b>479</b>	<b>483</b>	<b>141</b>	<b>151</b>	<b>155</b>
Gain on purchase and sale of securities	820	832	107	470	280
Loss on purchase and sale of securities	(707)	(826)	(72)	(462)	(188)
Interest income	1,683	1,437	585	564	371
Interest expense	(1,503)	(1,324)	(526)	(492)	(430)
Valuation gain (loss) on securities	(83)	47	(48)	1	19
<b>Net Interest Profit for Intermediation</b>	<b>210</b>	<b>166</b>	<b>46</b>	<b>81</b>	<b>52</b>
Other operational net income	246	7	217	10	(2)
Administrative and operating expenses	(573)	(505)	(226)	(174)	(169)
<b>Operating income</b>	<b>362</b>	<b>151</b>	<b>178</b>	<b>68</b>	<b>36</b>
<b>Net income before income tax</b>	<b>362</b>	<b>151</b>	<b>178</b>	<b>68</b>	<b>36</b>
Current income tax	114	52	16	29	(9)
Deferred income tax (net)	(50)	(9)	(24)	(5)	7
	<b>64</b>	<b>43</b>	<b>(8)</b>	<b>24</b>	<b>2</b>
<b>Net income before discontinued operations</b>	<b>298</b>	<b>108</b>	<b>186</b>	<b>44</b>	<b>38</b>
<b>Net income</b>	<b>298</b>	<b>108</b>	<b>186</b>	<b>44</b>	<b>38</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 SEPTEMBER 30, 2012**  
 (EXPRESSED IN THOUSANDS OF MEXICAN PESOS)

ASSETS		LIABILITIES AND STOCKHOLDERS' EQUITY	
<b>FUNDS AVAILABLE</b>	<b>14</b>	<b>OTHER PAYABLES</b>	
		Income tax	8,695
		Sundry creditors and other payables	<u>68,517</u>
<b>SECURITIES INVESTMENT</b>		<b>TOTAL LIABILITIES</b>	<b>77,212</b>
Securities – available for trading	<b>420,739</b>		
<b>ACCOUNTS RECEIVABLE (NET)</b>	<b>84,336</b>	<b>STOCKHOLDERS' EQUITY</b>	
<b>LONG-TERM INVESTMENT IN EQUITIES</b>	<b>6,330</b>	<b>PAID-IN CAPITAL</b>	
		Capital stock	<b>2,586</b>
<b>DEFERRED TAXES AND EMPLOYEE PROFIT SHARING (NET)</b>	<b>863</b>	<b>CAPITAL SURPLUS</b>	
		Statutory reserves	517
		Results from prior years	339,242
		Net results	<u>92,933</u>
<b>OTHER ASSETS</b>		<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>435,278</b>
Deferred, advanced and intangible charges	185		
Short and Long term assets	<u>23</u>		
	<b>208</b>	<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>512,490</b>
<b>TOTAL ASSETS</b>	<b>512,490</b>		

**MEMORANDUM ACCOUNTS**

Assets and Liabilities contingent	3,851
Assets in custody or under administration	127,730,456

"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 September 30, 2012.

ERNESTO DIEZ SANCHEZ  
PRESIDENT

H. VALERIO BUSTOS QUIROZ  
DEPUTY 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 SEPTEMBER 30, 2012**  
 (EXPRESSED IN THOUSANDS OF MEXICAN PESOS)

Commissions and fees collected	619,102	
Commissions and fees paid	475,292	143,810
<b>Service Income</b>		<b>143,810</b>
Interest income	33	
Valuation gain (loss) on securities	958	
Gain and loss on purchase and sale of securities	11,189	12,180
<b>Net Interest Profit</b>		<b>12,180</b>
Other Operational Net Income		295
Administrative expenses		26,992
<b>Operational income</b>		<b>129,293</b>
Participation in the results of subsidiaries unconsolidated and associated		12
<b>Net income before income tax</b>		<b>129,305</b>
Current income tax	36,814	
Deferred income tax (net)	(442)	36,372
<b>Results before discontinued operations</b>		<b>92,933</b>
<b>Net income</b>		<b>92,933</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  
DEPUTY DIRECTOR GROUP ACCOUNTING

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

**SCOTIA FONDOS, S.A. DE C.V.**  
**SOCIEDAD OPERADORA DE SOCIEDADES DE INVERSION**  
**GRUPO FINANCIERO SCOTIABANK INVERLAT**  
**BOSQUE DE CIRUELOS No. 120, COL. BOSQUES DE LAS LOMAS, C.P. 11700, MEXICO D.F.**  
**STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY FOR THE PERIOD DECEMBER 31, 2011 TO SEPTEMBER 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								92,933	92,933
<b>Total</b>	-	-	-	-	-	-	-	92,933	92,933
<b>Balances as of September 30, 2012</b>	2,586	-	-	517	339,242	-	-	92,933	435,278

"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  
DEPUTY 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 SEPTEMBER 30, 2012**  
 (EXPRESSED IN THOUSANDS OF MEXICAN PESOS)

<b>Net income</b>		<b>92,933</b>
<b>Adjustments for items that not imply cash flow:</b>		
Provisions	1,680	
Income tax (current and deferred)	36,372	
Participation in the result of subsidiaries non consolidated and associated	(12)	
Other	(958)	<b>37,082</b>
<b>Operation activities:</b>		
Change in investment securities		(82,044)
Change in other operational assets (net)		(3,748)
Change in other operational liabilities		(992)
Payment income taxes		(34,231)
<b>Operation activities cash flow</b>		<b>(127,015)</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  
DEPUTY DIRECTOR GROUP ACCOUNTING

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

**SCOTIA FONDOS, S.A. DE C.V.**  
**SOCIEDAD OPERADORA DE SOCIEDADES DE INVERSION**  
**GRUPO FINANCIERO SCOTIABANK INVERLAT**  
**BOSQUE DE CIRUELOS No. 120, COL. BOSQUES DE LAS LOMAS, C.P. 11700, MEXICO D.F.**  
**STATEMENT OF INVESTMENT LOAN VALUATION, AS AT SEPTEMBER 30, 2012**  
 (EXPRESSED IN THOUSANDS OF MEXICAN PESOS)

	INVESTMENT PORTFOLIO	ISSUER	SERIES	SECURITY TYPE	MARKET RATE	TYPE OF 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
%	<b>TRADING SECURITIES</b>														
	<b>Investment in financial instruments</b>														
	<b>Mutual funds in debt instruments</b>														
2.22	Scotia Gubernamental, S.A. de C.V., S I I D	SCOTIAG	C1	51	-	TR	AAA/2	151,003,108	4,144,718	6,697,120,557	2.785989	420,693	2.786296	420,739	-
%	<b>INVESTMENT IN EQUITIES:</b>														
	<b>Investment in equities</b>														
	<b>Mutual funds in debt instruments</b>														
100	Fondo de Fondos Scotiabank de Mediano Plazo, S.A. de C.V., S I I D	SBANKMP	A	51	-	TR	-	999,999	999,999	1,000,000	1.000000	1,000	1.011409	1,011	-
0.26	Scotia Gubernamental Plus, S.A. de C.V., S I I D	SCOTLPG	A	51	-	TR	AAA/7	999,999	999,999	349,158,743	1.000000	1,000	1.000000	1,000	-
	<b>Equity Mutual funds</b>														
0.08	Scotia Cartera Modelo, S.A. de C.V., S I R V	SCOT-CM	A	52	-	TR	-	999,999	999,999	1,321,072,969	1.000000	1,000	1.000000	1,000	-
1.83	Scotia Progresivo, S.A. de C.V., S I R V	SCOT-FX	A	52	-	TR	-	62,500	62,500	6,375,957	17.492212	1,093	18.571815	1,161	-
1.66	Scotia Diversificado, S.A. de C.V., S I R V	SCOTEME	A	52	-	TR	-	80,645	80,645	5,584,535	14.082951	1,136	14.354169	1,158	-
0.23	Scotia Global, S.A. de C.V., S I R V	SCOTGLO	A	52	-	TR	-	999,999	999,999	456,134,710	1.000000	1,000	1.000000	1,000	-
											□	426,922		427,069	

"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  
DEPUTY DIRECTOR GROUP ACCOUNTING

**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	SEP-12	JUN-12	SEP-11
<b>FUNDS AVAILABLE</b>	<b>14</b>	<b>14</b>	<b>14</b>
<b>SECURITIES INVESTMENT</b>	<b>420,739</b>	<b>384,677</b>	<b>303,013</b>
Securities – available for trading	420,739	384,677	303,013
<b>OTHER ACCOUNTS RECEIVABLE (NET)</b>	<b>84,336</b>	<b>83,671</b>	<b>78,253</b>
<b>LONG – TERM INVESTMENT IN EQUITIES</b>	<b>6,330</b>	<b>6,318</b>	<b>3,248</b>
<b>DEFERRED TAXES AND EMPLOYEE PROFIT SHARING (NET)</b>	<b>863</b>	<b>485</b>	<b>657</b>
<b>OTHER ASSETS</b>	<b>208</b>	<b>240</b>	<b>220</b>
Deferred, advanced and intangible charges	185	208	200
Short and long term assets	23	32	20
<b>TOTAL ASSETS</b>	<b>512,490</b>	<b>475,405</b>	<b>385,405</b>
<b>LIABILITIES AND STOCKHOLDER’S EQUITY</b>			
<b>OTHER PAYABLES</b>	<b>77,212</b>	<b>73,952</b>	<b>73,296</b>
Income tax	8,695	6,747	6,617
Sundry creditors and other payables	68,517	67,205	66,679
<b>TOTAL LIABILITIES</b>	<b>77,212</b>	<b>73,952</b>	<b>73,296</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>432,692</b>	<b>398,867</b>	<b>309,523</b>
Statutory reserves	517	517	517
Results from prior years	339,242	339,242	231,574
Net results	92,933	59,108	77,432
<b>TOTAL STOCKHOLDER’S EQUITY</b>	<b>435,278</b>	<b>401,453</b>	<b>312,109</b>
<b>TOTAL LIABILITIES AND STOCKHOLDER’S EQUITY</b>	<b>512,490</b>	<b>475,405</b>	<b>385,405</b>
<b>MEMORANDUM ACCOUNTS</b>			
Assets and Liabilities contingent	3,851	3,572	2,880
Assets in custody or under administration	127,730,456	127,291,159	121,966,243

**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)

	9 MONTHS		3 MONTHS		
	SEP-12	SEP-11	SEP-12	JUN-12	SEP-11
Commissions and fees collected	619,103	585,094	208,029	411,074	202,823
Commissions and fees paid	475,292	457,639	157,481	317,811	158,347
<b>Service Income</b>	<b>143,811</b>	<b>127,455</b>	<b>50,548</b>	<b>93,263</b>	<b>44,476</b>
Interest income	33	-	33	-	-
Valuation gain (loss) on securities	958	828	452	505	84
Gain and loss on purchase and sale of securities	11,189	7,213	3,938	7,251	2,844
<b>Net Interest Profit</b>	<b>12,180</b>	<b>8,041</b>	<b>4,423</b>	<b>7,756</b>	<b>2,928</b>
Other Operational Net Income	295	(587)	26	269	(62)
Administrative expenses	26,992	25,628	9,015	17,977	9,375
<b>Operational income</b>	<b>129,294</b>	<b>109,281</b>	<b>45,982</b>	<b>83,311</b>	<b>37,967</b>
Participation in the results of subsidiaries unconsolidated and associated	12	19	11	1	23
<b>Net income before income tax</b>	<b>129,306</b>	<b>109,300</b>	<b>45,993</b>	<b>83,312</b>	<b>37,990</b>
Current income tax	36,815	32,168	12,546	24,268	10,848
Deferred income tax (net)	(442)	(301)	(378)	(64)	(225)
	36,373	31,867	12,168	24,204	10,623
<b>Results before discontinued operations</b>	<b>92,933</b>	<b>77,433</b>	<b>33,825</b>	<b>59,108</b>	<b>27,367</b>
Operational Income	-	-	-	-	-
<b>Net income</b>	<b>92,933</b>	<b>77,433</b>	<b>33,825</b>	<b>59,108</b>	<b>27,367</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 SEPTEMBER 30, 2012**  
 (EXPRESSES IN THOUSANDS OF MEXICAN PESOS)

<b>ASSETS</b>		<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>	
<b>FUNDS AVAILABLE</b>	231,589	<b>OTHER PAYABLES</b>	
		Income Taxes	2,543
<b>OTHER ACCOUNTS RECEIVABLE (NET)</b>	58,777	Employee profit sharing	24,504
		Sundry creditors and other payables	<u>89,487</u>
			116,534
		<b>DEFERRED TAXES AND EMPLOYEE PROFIT SHARING (NET)</b>	<u>11,136</u>
<b>PROPERTY, FURNITURE AND EQUIPMENT (NET)</b>	35,508	<b>TOTAL LIABILITIES</b>	<b>127,670</b>
<b>LONG-TERM INVESTMENT IN EQUITIES</b>	-	<b>STOCKHOLDERS' EQUITY</b>	
		<b>PAID-IN CAPITAL</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	13,338	Results from prior years	(80,915)
Short and long term assets	<u>429</u>	Net results	<u>25,806</u>
	<u>13,767</u>		<u>(55,109)</u>
		<b>TOTAL STOCKHOLDERS' EQUITY</b>	<u><b>211,971</b></u>
<b>TOTAL ASSETS</b>	<u><u><b>339,641</b></u></u>	<b>EQUITY TOTAL LIABILITIES AND STOCKHOLDERS'</b>	<b>339,641</b>

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 SEPTEMBER 30, 2012**  
 (EXPRESSED IN THOUSANDS OF MEXICAN PESOS)

Income:	
Service income	<u>407,019</u>
Expenses:	
Salaries and personnel benefits	(226,232)
Professional fees	(74,135)
Rental expenses	(30,611)
Other expenses	<u>(35,479)</u>
Total expenses	(366,457)
<b>Operating income</b>	<u>40,562</u>
Other income (expenses)	
Employee profit sharing	
Over legal base	(8,562)
Deffered	3,691
Other products	<u>2,423</u>
Other expenses (net)	<u>(2,448)</u>
Financial integral results:	
Interest earned (net)	<u>5,245</u>
<b>Net income before tax</b>	43,359
Current	(14,829)
Deffered	<u>(2,724)</u>
<b>Income tax</b>	<u>(17,553)</u>
<b>Net income for discontinued operations</b>	25,806
Loss for discontinued operations, net of income tax	<u>-</u>
<b>Net results</b>	<u><u>25,806</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 SEPTEMBER 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	-	-		25,806	25,806
Balances as of September 30, 2012	2,679	264,401	(80,915)	25,806	211,971

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 SEPTEMBER 30, 2012**  
 (EXPRESSED IN THOUSANDS OF MEXICAN PESOS)

Net income	25,806
<b>Operation activities:</b>	
Adjustment for items that not imply cash flow:	
Deferred taxes	(967)
Other accounts receivable	(16,269)
Other assets	(4,554)
Other provisions	87,972
Depreciation and amortizations	5,633
Subtotal	97,621
Other payables	(21,828)
Employee profit sharing	(5,511)
Income tax paid	21,211
<b>Operation activities cash flow</b>	<b>91,493</b>
<b>Investment activities:</b>	
Furniture and equipment acquisition	(4,374)
<b>Investment activities cash flow</b>	<b>(4,374)</b>
<b>Increase in cash and cash equivalents</b>	<b>87,119</b>
<b>Cash and cash equivalents</b>	
At the beginning of the year	144,470
By the end of the year	231,589

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	SEP-12	JUN-12	SEP-11
<b>FUNDS AVAILABLE</b>	<b>231,589</b>	<b>199,941</b>	<b>149,234</b>
<b>OTHER ACCOUNTS RECEIVABLE (NET)</b>	<b>58,777</b>	<b>57,728</b>	<b>36,573</b>
<b>PROPERTY, FURNITURE AND EQUIPMENT (NET)</b>	<b>35,508</b>	<b>35,693</b>	<b>36,437</b>
<b>OTHER ASSETS</b>	<b>13,767</b>	<b>15,590</b>	<b>27,108</b>
Deferred, advanced and intangible charges	13,338	15,171	26,756
Short and long term assets	429	419	352
<b>TOTAL ASSETS</b>	<b>339,641</b>	<b>308,952</b>	<b>249,352</b>
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>			
<b>OTHER PAYABLES</b>	<b>116,534</b>	<b>94,695</b>	<b>62,745</b>
Income tax paid	2,543	2,100	-
Employee profit sharing	24,504	21,625	19,591
Sundry creditors and other payables	89,487	70,970	43,154
<b>DEFERRED TAXES AND EMPLOYEE PROFIT SHARING (NET)</b>	<b>11,136</b>	<b>11,487</b>	<b>11,944</b>
<b>TOTAL LIABILITIES</b>	<b>127,670</b>	<b>106,182</b>	<b>74,689</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>(55,109)</b>	<b>(64,310)</b>	<b>(92,417)</b>
Results from prior years	(80,915)	(80,915)	(103,535)
Net results	25,806	16,605	11,118
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>211,971</b>	<b>202,770</b>	<b>174,663</b>
<b>EQUITY TOTAL LIABILITIES AND STOCKHOLDERS'</b>	<b>339,641</b>	<b>308,952</b>	<b>249,352</b>

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

	9 MONTHS		3 MONTHS		
	SEP-12	SEP-11	SEP-12	JUN-12	SEP-11
Income:					
Service income	407,019	236,486	152,859	133,774	93,511
Expenses:					
Salaries and personnel benefits	(226,232)	(111,942)	(86,383)	(78,989)	(43,562)
Professional fees	(74,135)	(63,362)	(24,100)	(25,424)	(25,769)
Rental expenses	(30,611)	(29,110)	(10,292)	(10,473)	(9,827)
Other expenses	(35,479)	(17,551)	(16,763)	(11,390)	(7,579)
Total expenses	(366,457)	(221,965)	(137,538)	(126,276)	(86,737)
<b>Operating income</b>	<b>40,562</b>	<b>14,521</b>	<b>15,321</b>	<b>7,498</b>	<b>6,774</b>
Other income (expenses)					
Employee profit sharing					
Over legal base	(8,562)	(3,587)	(2,888)	(2,882)	(954)
Deffered	3,691	1,006	952	2,138	129
Other products	2,423	1,555	161	641	(280)
Other expenses (net)	<b>(2,448)</b>	<b>(1,026)</b>	<b>(1,775)</b>	<b>(103)</b>	<b>(1,105)</b>
Financial integral results:					
Interest earned (net)	5,245	4,088	2,058	1,767	1,680
<b>Net income before tax</b>	<b>43,359</b>	<b>17,583</b>	<b>15,604</b>	<b>9,162</b>	<b>7,349</b>
<b>Income tax</b>					
Current	(14,829)	(10,576)	(5,802)	(9,027)	(87)
Deferred	(2,724)	4,111	(601)	6,148	(2,187)
<b>Net income for discontinued operations</b>	<b>25,806</b>	<b>11,118</b>	<b>9,201</b>	<b>6,283</b>	<b>5,075</b>
Loss for discontinued operations, net of income tax	-	-	-	-	-
<b>Net results</b>	<b>25,806</b>	<b>11,118</b>	<b>9,201</b>	<b>6,283</b>	<b>5,075</b>

## Attachment 7 Grupo Scotiabank

Grupo Scotiabank Financial Indicators					
	2012			2011	
	Q3	Q2	Q1	Q4	Q3
<b>ROE</b> <i>(Annualised quarterly net income / average capital for the quarter)</i>	16.7	16.0	15.3	11.0	10.0
<b>ROA</b> <i>(Annualised quarterly net income / average of total assets for the quarter)</i>	2.5	2.4	2.4	1.7	1.5
<b>Net Interest margin</b> <i>(Net interest margin including credit loss provisions / average earning assets)</i>	5.6	5.5	4.9	4.4	4.2
<b>Operating efficiency</b> <i>(Annualised quarterly operating expenses / average of total assets for the quarter)</i>	5.6	5.6	5.5	5.9	5.4
<b>Delinquency index</b> <i>(Balance of past due loans at quarter end / balance total loans)</i>	2.6	2.6	2.5	2.7	2.6
<b>Reserve coverage of past due loans</b> <i>(Allowance for credit losses at quarter end / balance of past due loans)</i>	102.9	109.3	117.1	115.0	116.6
<b>Net capital / Credit risk adjustment assets</b>	22.21	21.73	22.02	20.80	21.70
<b>Net capital / Total risk adjustment assets</b> <i>(credit, market and operational risk)</i>	17.18	16.74	16.63	15.71	16.30
<b>Liquidity</b> <i>(Liquid assets / liquid liabilities)</i>	102.9	88.2	79.9	108.1	103.7

Grupo Scotiabank Segments; <i>(P\$ millions; as at September 30, 2012)</i>				
	Credit & Services	Trading & Treasury	Other	Total Group
Net interest income	6,952	824	216	7,992
Other income	3,776	429	1,176	5,381
<b>Revenue</b>	<b>10,728</b>	<b>1,253</b>	<b>1,392</b>	<b>13,373</b>
Provision for credit losses	(639)	-	-	(639)
<b>Total revenue</b>	<b>10,089</b>	<b>1,253</b>	<b>1,392</b>	<b>12,734</b>
Operating expenses	(7,188)	(413)	(938)	(8,539)
Participation in results of subsidiaries and associated companies	-	-	1	1
<b>Operational profit</b>	<b>2,901</b>	<b>840</b>	<b>455</b>	<b>4,196</b>
Income tax	-	-	-	(490)
<b>Profit after income tax</b>				<b>3,706</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 September 30, 2012 principal balances with related parties are for bank loans granted of P\$2,890 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 1,231 million reported by SBM for the quarter ending June 30, 2012 is different from the MXN 1,191 million (CAD 90 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 June 30, 2012

In MXN\$ million (except as indicated)	Q2/12
<b>SBM consolidated net income under Mexican GAAP – per the June 2012 Press Release</b>	1,231
Non-controlling interest – 2.7%	(33)
Acquisition accounting and other IFRS adjustments	(7)
SBM consolidated net income under IFRS as reported by BNS	1,191
<b>SBM consolidated net income under IFRS reported by BNS in Canadian dollars</b>	<b>CAD \$90</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 Global Banking & Markets

#### *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	
	Q3	Q2	Q1	Q4	Q3
<b>ROE</b> <i>(Annualised quarterly net income / average capital for the quarter)</i>	15.1	16.3	15.1	10.9	9.8
<b>ROA</b> <i>(Annualised quarterly net income / average of total assets for the quarter)</i>	2.2	2.3	2.3	1.7	1.5
<b>Net Interest margin</b> <i>(Net interest margin including credit loss provisions / average earning assets)</i>	5.9	5.7	5.1	4.7	4.8
<b>Operating efficiency</b> <i>(Annualised quarterly operating expenses / average of total assets for the quarter)</i>	5.6	5.5	5.5	5.9	5.6
<b>Delinquency index</b> <i>(Balance of past due loans at quarter end / balance total loans)</i>	2.6	2.6	2.5	2.7	2.6
<b>Reserve coverage of past due loans</b> <i>(Allowance for credit losses at quarter end / balance of past due loans)</i>	102.9	109.3	117.1	115.0	116.6
<b>Net capital / Credit risk adjustment assets</b>	22.21	21.73	22.02	20.80	21.70
<b>Net capital / Total risk adjustment assets</b> <i>(credit, market and operational risk)</i>	17.18	16.74	16.63	15.71	16.30
<b>Liquidity</b> <i>(Liquid assets / liquid liabilities)</i>	81.7	66.8	64.4	53.7	59.4

Scotiabank Mexico Performing Loan Portfolio; <i>(P\$ millions, as at September 30, 2012)</i>			
	MX Pesos	USD	Total
Business loans	33,265	8,204	41,469
Loans to financial institutions	2,436	1	2,437
Loans to government entities	4,400	1,207	5,607
Consumer loans	16,853	-	16,853
Mortgages	46,234	175	46,409
<b>Total</b>	<b>103,188</b>	<b>9,587</b>	<b>112,775</b>

Scotiabank Mexico Past-due Loan Portfolio; <i>(P\$ millions, as at September 30, 2012)</i>			
	MX Pesos	USD	Total
Business loans	354	17	371
Consumer loans	523	-	523
Mortgages	2,038	45	2,083
<b>Total</b>	<b>2,915</b>	<b>62</b>	<b>2,977</b>

Scotiabank Mexico Financial Information by product and region	Sep, 30, 2012	Jun, 30, 2012	Sep, 30, 2011
<b>Performing Loan Portfolio</b>			
Metro South	35.0%	34.4%	31.1%
Metro North	20.1%	20.5%	23.5%
Northwest	11.6%	11.8%	11.8%
North	12.4%	12.5%	12.3%
Center	11.8%	11.7%	11.5%
South	9.1%	9.1%	9.8%
<b>Past-due Loan Portfolio</b>			
Metro South	21.8%	21.3%	28.9%
Metro North	20.8%	21.3%	14.4%
Northwest	14.8%	15.8%	15.1%
North	12.6%	13.3%	12.9%
Center	18.4%	17.2%	14.9%
South	11.6%	11.1%	13.8%

Scotiabank Mexico Reconciliation of Past Due Loans (P\$ millions)	
<b>Balance as at June 30, 2012</b>	<b>2,917</b>
Transfers (to) / from current loans	373
Restructured loans	-
Loans recovered	(3)
Loans written off	(310)
Foreign exchange	-
<b>Balance as at September 30, 2012</b>	<b>2,977</b>

Scotiabank Mexico Allowance for Credit Losses (P\$ millions)	
<b>Balance as at June 30, 2012</b>	<b>3,190</b>
Plus: Reserves created	186
Less: Reserves taken into income	-
Transfer from Trust to Bank	-
Adjudications	10
Charge-offs and applications relating to regular loans	300
Commercial	9
Mortgage	92
Consumer	199
Charge-offs and applications relating to debtor support programs	-
Foreign exchange	(4)
<b>Balance as at September 30, 2012</b>	<b>3,062</b>

Scotiabank Mexico Authorized financing that exceeds 10% Basic Capital (P\$ millions as at September 30, 2012)		
No. of Credits	Amount	% Basic Capital
Scotiabank	2,830	11.22%
Financing to the 3 principal creditors		5,221

## 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 September 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 September 30, 2012 the Bank's Tier 1 capital ratio was 22.21% and total Tier 2 capital ratio was 17.18%.

Scotiabank Mexico – Capitalisation (P\$ thousands; Consolidated with subsidiaries)	Sep, 30, 2012(*)	Jun, 30, 2012	Sep, 30, 2011
Share capital	29,423	28,335	28,346
Less: Investment in financial companies	820	822	585
Investment in Non-financial companies	-	-	65
PTU & Income tax, deferred assets	352	201	201
Other non-allowable assets and deferred expenses	2,329	2,290	2,228
Plus: Allowable deferred tax	352	201	201
<b>Basic capital (tier 1)</b>	<b>26,274</b>	<b>25,223</b>	<b>25,468</b>
Allowable reserves against credits	411	266	422
<b>Complementary capital (tier 2)</b>	<b>411</b>	<b>266</b>	<b>422</b>
<b>Total net capital (tier 1 + 2)</b>	<b>26,685</b>	<b>25,489</b>	<b>25,890</b>

(\*) Figures pending approval Banxico

Scotiabank Mexico – Risk Assets (P\$ thousands as at September 30, 2012)		Risk asset equivalent (*)	Capital requirement
Market Risk	Operation in MXN at nominal rates	11,402	912
	Debt Instrument operations with “sur-charge” and adjustable rate	1,404	112
	Operation in MXN at real rates or rates denominated in UDIS	1,567	125
	Positions in UDIS or with yields related to inflation accounting	9	1
	Operation in foreign currencies at nominal rates	218	17
	Foreign exchange positions	72	6
	Securities positions or with yields related to a group of securities	1,047	84
	<b>Total market risk</b>	<b>15,719</b>	<b>1,257</b>
Credit Risk	Group II (weighted at 20%)	181	14
	Group III (weighted at 20%)	1,663	133
	Group III (weighted at 50%)	337	27
	Group III (weighted at 100%)	17	1
	Group IV (weighted at 20%)	1,545	124
	Group V (weighted at 20%)	501	40
	Group V (weighted at 50%)	454	36
	Group V (weighted at 150%)	1,182	95
	Group VI (weighted at 50%)	12,995	1,040
	Group VI (weighted at 75%)	12,065	965
	Group VI (weighted at 100%)	21,249	1,700
	Group VII – A (weighted at 20%)	197	16
	Group VII – A (weighted at 23%)	14	1
	Group VII – A (weighted at 50%)	667	53
	Group VII – A (weighted at 57.5%)	1,612	129
	Group VII – A (weighted at 100%)	41,490	3,319
	Group VII – A (weighted at 115%)	3	-
	Group VII – A (weighted at 120%)	47	4
	Group VI (weighted at 125%)	2,078	166
	Group VII (weighted at 125%)	162	13
Group IX (weighted at 100%)	21,707	1,737	
	<b>Total credit risk</b>	<b>120,166</b>	<b>9,613</b>
	<b>Total operational risk</b>	<b>19,439</b>	<b>1,555</b>
	<b>Total Risk Assets</b>	<b>155,324</b>	<b>12,425</b>

(\*) Figures pending approval Banxico

Scotiabank Mexico Capital Ratios	Sep, 30, 2012 (*)	Jun, 30, 2012	Sep, 30, 2011
<b>(1) Capital to credit risk:</b>			
Basic capital (tier 1)	21.87%	21.50%	21.34%
Complementary capital (tier 2)	0.34%	0.23%	0.36%
<b>Total net capital (tier 1+ 2)</b>	<b>22.21%</b>	<b>21.73%</b>	<b>21.70%</b>
<b>(2) Capital total risk (credit, market and operational risk):</b>			
Basic capital (tier 1)	16.92%	16.57%	16.04%
Complementary capital (tier 2)	0.26%	0.17%	0.26%
<b>Total net capital (tier 1+ 2)</b>	<b>17.18%</b>	<b>16.74%</b>	<b>16.30%</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>

(\*)Figures pending approval Banxico

Scotiabank Mexico Composition of Securities Portfolio (reasonable value) (P\$ million as at September 30, 2012)					
Category	Government Paper	Debt Securities	Investments in Financial Instruments	Other	Total
<b>Trading</b>	<b>10,762</b>	<b>91</b>	<b>12</b>	<b>26</b>	<b>10,891</b>
Without restriction	-	-	7	-	7
Restricted	10,762	91	5	26	10,884
Repurchase agreements	8,595	91	-	23	8,709
Others	2,167	-	5	3	2,175
<b>Available for sale</b>	<b>15,347</b>	<b>5,514</b>	<b>1</b>	<b>2,809</b>	<b>23,671</b>
Without restriction	1,612	4,905	1	2,040	8,558
Restricted	13,735	609	-	769	15,113
Repurchase agreements	13,735	609	-	199	14,543
Others	-	-	-	570	570
<b>Held to maturity</b>	<b>2,042</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,042</b>
Without restriction	2,042	-	-	-	2,042
<b>Total securities</b>	<b>28,151</b>	<b>5,605</b>	<b>13</b>	<b>2,835</b>	<b>36,604</b>

Scotiabank Mexico Investments in non-Government Securities (In excess of 5% of net capital) (P\$ million as at September 30, 2012)				
Issuer	Securities	Rate	Term	Value
I_BANORTE_12474	1,010,569,996	4.53%	84	1,004
I_BANSAN_12401	3,901,452,744	4.47%	85	3,901
<b>Total</b>	<b>4,912,022,740</b>			<b>4,905</b>

Scotiabank Mexico Rates paid on core deposits (as at September 30, 2012)			
	Average rate paid		
	Pesos	Usd	Udis
Demand and savings	1.15%	0.06%	-
Term Deposits	3.80%	0.40%	0.01%

Scotiabank Mexico Financial Information by product and region	Sep, 30, 2012	Jun, 30, 2012	Sep, 30, 2011
<b>Demand deposits</b>	<b>57.0%</b>	<b>53.7%</b>	<b>53.5%</b>
Metro South	14.2%	15.5%	14.4%
Metro North	9.9%	8.8%	9.1%
Northwest	8.1%	7.4%	7.4%
North	7.9%	6.6%	7.5%
Center	7.8%	7.2%	7.2%
South	9.1%	8.2%	7.9%
<b>Fixed Term Deposits</b>	<b>42.9%</b>	<b>38.4%</b>	<b>40.6%</b>
Metro South	9.9%	8.4%	8.9%
Metro North	8.9%	8.4%	8.5%
Northwest	4.6%	4.3%	7.2%
North	5.3%	4.6%	4.4%
Center	7.6%	6.7%	4.4%
South	6.6%	6.0%	7.2%
<b>Total funding from customers</b>	<b>99.9%</b>	<b>92.1%</b>	<b>94.1%</b>
<b>Professional Funding</b>	<b>0.1%</b>	<b>7.9%</b>	<b>5.9%</b>

Scotiabank Mexico Funding from Banks and Other Organisations (P\$ million as at September 30, 2012)						
Term	Loans			Other funding		Total
	Commercial Banks	Banco de México	Development Bank	Development Funds	Other	
<b>Pesos</b>						
Short	495	-	-	-	-	495
Medium	-	-	1,905	777	-	2,682
Long	-	-	-	1,673	-	1,673
<b>Total</b>	<b>495</b>	<b>-</b>	<b>1,905</b>	<b>2,450</b>	<b>-</b>	<b>4,850</b>
Average Rate*	4.45%	0.00%	5.90%	4.54%	0.00%	-
<b>Other</b>						
Short	-	-	-	-	-	-
Medium	-	-	3	148	-	151
Long	-	-	-	555	-	555
<b>Total</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>703</b>	<b>-</b>	<b>706</b>
Average Rate*	0.00%	0.00%	3.15%	1.08%	0.00%	-
<b>Total Interbank and other funding</b>	<b>495</b>	<b>-</b>	<b>1,908</b>	<b>3,153</b>	<b>-</b>	<b>5,556</b>

\*Average rate of September 30, 2012

The bank does not have debt from any creditor that is greater than 10% of total liabilities as at September 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 September 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	31	25	-	1	370	371	-	-	1,440	1,677	1,841	2,074
Hedging	-	-	-	-	-	-	-	-	88	495	88	495

### Scotiabank Mexico Notional amounts in derivative operations; as at September 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	242	201	-	-	-	-	-	-	-	-
XAU Positions	-	3	-	-	-	-	-	-	-	-
USD Currency	-	-	-	-	-	-	20	20	-	-
EUR Currency	-	-	-	-	-	-	-	-	-	-
Stocks	-	-	-	-	-	-	1,892	1,892	-	-
Index	-	-	-	-	-	-	1,461	1,461	-	-
<b>Interest rate</b>										
Pesos	3,000	-	9,681	678	-	-	20	560	44,858	45,112
USD	-	-	-	-	-	-	-	-	114	148
<b>Hedging</b>										
<b>Interest rate</b>										
Pesos	-	-	-	-	-	-	-	-	13,487	6,700
USD	-	-	-	-	-	-	-	-	121	-
EUR	-	-	-	-	-	-	-	-	44	-

<b>Scotiabank Mexico</b>		
<b>Market Results for the nine months ended September 30, 2012</b>		
<i>(P\$ million)</i>		
	Mark to Market	Trading Results
Investment in securities	(168)	545
Derivative trading transactions & hedge	(44)	(719)
Foreign exchange & other	426	389
<b>Total</b>	<b>214</b>	<b>215</b>

<b>Scotiabank Mexico</b>	
<b>Deferred Taxes</b>	
<i>(P\$ million as at September 30, 2012)</i>	
<b><u>Assets</u></b>	
Provisions for sundry obligations	520
Mark to market loss	139
Other timing differences	1,263
<b>Subtotal</b>	<b>1,922</b>
<b><u>Liabilities</u></b>	
Revaluation of real estate	249
Other timing differences	181
<b>Subtotal</b>	<b>430</b>
<b>Net deferred taxes</b>	<b>1,492</b>

As at September 30, 2012 Scotiabank Mexico does not have tax liabilities.



Scotiabank Inverlat, S.A. Classification of the Loan Portfolio As at September 30, 2012 (P\$ million)					
	Loan Portfolio	Allowance for Credit Losses Required			Total Allowance for Credit Losses
		Commercial Loans	Consumer Loans	Mortgages Loans	
Excepted portfolio	202				
Classified:					
Risk A1 / A	27,696	69	15	91	175
Risk A2	13,534	88	-	-	88
Risk B1 / B	10,637	180	445	166	791
Risk B2	1,100	76	319	-	395
Risk B3	1,122	190	-	-	190
Risk C1 / C	211	74	231	229	534
Risk C2	7	3	-	-	3
Risk D	290	207	254	-	461
Risk E	38	35	74	69	178
<b>Total</b>	<b>54,837</b>	<b>922</b>	<b>1,338</b>	<b>555</b>	<b>2,815</b>
Provisions Created					3,062
Overage (other credit reserves)					(247)

**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 September 30, 2012.
- The commercial loan portfolio is classified according to the internal rating methodology to qualify the borrower, to determine the Loss Given Default published in the Official Gazette on December 2, 2005 and on August 22, 2008. So it is authorized by the National Banking and Securities Commission (CNBV) on December 9, 2011. For retail credit 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	\$ (200)
- Reserves – Credit Bureau	\$ (19)
- Reserves for accrued interest on past due loans	\$ (28)
Total	<u>\$ (247)</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 September, 2012, the expected loss on the Bank's total loan portfolio was P\$2,603 million, while the unexpected loss was P\$18,507 million. The total exposure of the loan portfolio was P\$118,350 million, while the average exposure for the July - September, 2012 period was P\$143,053 million.

### Market Risk

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

Scotiabank Average DailyVar (P\$ million)	Q3 12
VaR 1 day; 99%	4.65

The global daily average VaR for 1 day in the Bank (P\$4.65 million) as a percentage of total capital (P\$29,423 million) by the end of the period is 0.02%

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

Scotiabank Var by Risk Factor (P\$ million)	VaR 1 day
<b>Risk Factor</b>	
Interest rate	4.46
Exchange rate	0.39
Equity	0.47
<b>Total non diversified</b>	<b>5.32</b>
Effect of diversification	-0.67
<b>Total</b>	<b>4.65</b>

The global daily average VaR for the Bank during the second quarter of 2012 was P\$4.65 million and the global value at September 28, 2012 was P\$4.04 million. The average values of market risk exposure of the trading portfolio during the period July - September 2012 were the following:

Scotiabank (P\$ million)	Average Position	Maxium Position	Position Limit	VaR Average/ <sup>1</sup>	VaR Limit
<b>Bank</b>	<b>143,820</b>	<b>152,194</b>	<b>-</b>	<b>4.65</b>	<b>52.5</b>
Money Market	13,250	18,586	105,000	5.30	50
Interest Rate Swaps	106,638	110,223	207,000	2.99	-
Mexican Treasury Bill Certificates (CETES) Forwards/ <sup>2</sup>	6,534	9,300	10,000	0.001	-
Interest Rate Futures / <sup>3</sup>	-	-	-	1.80	-
Caps & Floors	530	600	2,500	0.14	-
<b>Market Rate for interest and interest derivatives/<sup>4</sup></b>	<b>126,952</b>	<b>138,709</b>	<b>324,500</b>	<b>4.46</b>	<b>50</b>
<b>Equities</b>	<b>12</b>	<b>21</b>	<b>206</b>	<b>0.47</b>	<b>13</b>
<b>IPC Futures</b>	<b>-</b>	<b>-</b>	<b>2,880</b>	<b>-</b>	<b>-</b>
<b>Equity Portfolio /<sup>4</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.47</b>	<b>13</b>
Foreign exchange forwards / <sup>5,6,7</sup>	678	1,577	4,020	1.12	-
Foreign exchange/ <sup>5,6</sup>	-	4	55	0.17	-
Foreign exchange options / <sup>6</sup>	82	103	800	0.003	-
Dollar futures / <sup>3</sup>	-	-	-	-	-
Foreign exchange swaps / <sup>6</sup>	66	68	600	0.02	-
Metal forwards/ <sup>6</sup>	3	8	50	1.61	-
Metal options/ <sup>6</sup>	-	-	200	0.00	-
Metal spot/ <sup>6</sup>	3	3	10	1.21	-
<b>Foreign Exchange, FX derivatives &amp; Metal /<sup>4</sup></b>	<b>832</b>	<b>1,763</b>	<b>5,735</b>	<b>0.39</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\$4.46 million. This means that under normal conditions, in 99 out of 100 days, the maximum potential loss is up to P\$4.46 million.

During the third quarter of 2012, the Bank executed transactions in the Mexican Derivative Market, called MexDer, for interest rate futures. However, were not 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	111,231	125,389	945,000
Interest rate futures - CE91	969	1,000	90,000
Bonds M Futures/ <sup>2</sup>	571	5,644	37,550
Swaps Futures	14	250	1,000
<b>Interest rate futures /<sup>1</sup></b>	<b>112,785</b>	<b>132,283</b>	<b>1,073,550</b>
<b>IPC Futures/<sup>1</sup></b>	<b>-</b>	<b>-</b>	<b>750</b>
<b>US Dollar futures /<sup>1</sup></b>	<b>-</b>	<b>-</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 M1 300 futures contracts of Bonds M3, 750 futures contracts of Bonds M5 and 1,500 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 big fluctuations in the market prices. The risk committee has approved limit stress.

The result of the “stress testing” at September 28, 2012 was P\$228 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 July to September 2012 period shows the level of efficiency of yellow based on criteria established by the Bank of International Settlements (BIS), such as Interest Rates Swaps, Global FX, Global Interest Rate and Equity bank, due to the high volatility that presented in the interest rate, capital, and foreign exchange markets in the third quarter of 2012.

The variance in the estimated economic value is P\$754 million (impact over the parallel change in economic value of 100 bp in rates) and the estimated variance in financial revenues of P\$252 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 September, 2012, the Bank’s available for sale securities position was P\$23,671 million.

Available for sale securities are considered on the Bank’s structural position and for its risk measurement are considered repricing gaps, economic value sensitivity and margin sensitivity versus interest rate exchange changes.

### Liquidity Risk

Límit	Use (MXN million) September 2012
Two week accumulated gap (MXP + UDIs)	(5,113)
Liquid Assets	2,466

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 July to September 2012 the Bank recognized operational risk losses of P\$55 million, also in case of materialize operational risk this might be caused a negative impact on the Bank’s result, of P\$82 million, which have already been provision, in case of legal risk, contingencies totalized P\$435 million, there 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

The company has not established a policy for payment of dividends however in their statutes is faculty of Ordinary Shareholders the application of them.

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\$1,800,000,000

<b>Payment date</b>	<b>Amount</b>
November 30, 2011	P\$ 800
March 30, 2012	P\$ 499
May 31, 2012	<u>P\$ 501</u>
	P\$1,800

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

<b>Payment date</b>	<b>Amount</b>
August 31, 2012	P\$500

At the General Shareholder's meeting held on October 12, 2012, it was agreed to declare a dividend up to an amount of \$300 million, which were paid on October 19, 2012.

**Internal & External liquidity sources**

At September 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\$14,852 million.
- Non Government Instruments for P\$5,514 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 September 30, 2012 the Bank has no significant investments in capital.

## Attachment 9 Scotia Casa de Bolsa

As at September 30, 2012, total assets were P\$14,990 million, an annual decrease of P\$6,829 million or 31%, mainly due to a decrease in securities of P\$6,579 millions.

Total Liabilities were P\$12,820 million, down P\$7,234 million or 36% from the previous year, primarily as a result of P\$7,272 million decrease in repurchase agreements.

Securities held in Custody were P\$204 billion, a year-over-year increase of 1%, primarily due to an increase in financial instruments, bank debt and government debt, partially offset with an decrease in other debt titles.

For the nine-month period ended September 30, 2012, net income after tax was P\$298 million, an annual increase of P\$190 million over the same period last year. This increase includes the effect of a tax recovery from past periods mainly because of a favorable ruling allowing the deductibility of certain losses from those periods, this had a net effect of P\$153 million, excluding this impact the annual growth was P\$37 million. This growth was mainly due to higher intermediation revenues and lower write-offs in other operational income net; partially offset with higher non-interest expenses, as well as higher taxes.

Scotia Casa de Bolsa Financial Indicators					
	2012			2011	
	Q3	Q2	Q1	Q4	Q3
<b>Solvency</b> <i>(Total assets / Total liabilities)</i>	1.2	1.1	1.2	1.1	1.1
<b>Liquidity</b> <i>(Liquid assets / liquid liabilities)</i>	1.2	1.1	1.2	1.1	1.1
<b>Financial leverage</b> <i>(Total liabilities less trading settlement accounts / Capital )</i>	5.8	6.7	4.9	7.6	10.5
<b>ROE</b> <i>(Net income / Capital)</i>	35.9	9.0	14.5	7.5	8.1
<b>ROA</b> <i>(Net income / earning assets)</i>	5.0	1.3	2.1	0.7	0.8
<b>Capital requirements / Total Capital</b>	30.51	31.47	29.65	35.33	35.09
<b>Financing margin / Total operating income</b>	11.5	33.2	28.8	27.3	25.3
<b>Operating income / Total operating income</b>	44.2	28.1	39.8	19.3	17.6
<b>Total operating income / Administration expenses</b>	179.4	139.1	166.2	123.9	121.4
<b>Administration expenses / Total operating income</b>	55.8	71.9	60.2	80.7	82.4
<b>Net income / Administrative expenses</b>	82.6	25.3	39.2	19.1	22.4
<b>Personnel expenses / Operating income</b>	31.2	51.8	44.0	56.8	50.2

Scotia Casa de Bolsa Other operational net income (P\$ million)	Sep 30, 2012
Reversal provision	2
Commission to refer customer	8
Income for leasing	5
Account handling commissions	2
Other(*)	229
Write offs	-
<b>Other operational net income</b>	<b>246</b>

(\*) Includes tax recovery

### Capitalisation

At September 30, 2012 Brokerage Firm's common shareholders equity was of P\$2.0 billion. The total capital ratio for credit, market and operational risk was of P\$632 million that represent a consumption of capital of the 30.51%

Scotia Casa de Bolsa Capitalisation (P\$ million)	Sep 30, 2012
Share capital and reserves	2,171
Less: Investments in financial Other assets	- 99
Basic capital	2,072
Complementary capital	-
<b>Total capital</b>	<b>2,072</b>

Scotia Casa de Bolsa – Risk Assets (P\$ million as at September 30, 2012)		Assets	Risk assets	Capital requirement
<b>Market Risk</b>	Operations in MXN at nominal rates referred to this	79,568	1,846	148
	Operations in MXN with floating rate premium or yield referred to this	32,483	485	39
	Operations in MXN at real rates or rates denominated in UDIs	525	82	6
	Operations in foreign currencies with nominal rate	97	-	-
	Positions in UDIs or with yields related to inflation accounting	525	2	-
	Foreign exchange positions	32	48	4
	Securities positions or with yields related to a group of securities	386	3,022	242
	<b>Total market risk</b>	<b>113,616</b>	<b>5,485</b>	<b>439</b>
<b>Credit Risk</b>	Counter –party in repurchase agreements, hedges and derivatives	38	27	2
	Issuer of debt instruments related to repurchase agreements	12,323	1,064	85
	Due to deposits, loans, other assets and contingencies	563	476	38
	<b>Total credit risk</b>	<b>12,924</b>	<b>1,567</b>	<b>125</b>
	<b>Total credit and market risk</b>	<b>126,540</b>	<b>7,052</b>	<b>564</b>
<b>Operational Risk</b>	<b>Total operational risk</b>	<b>-</b>	<b>849</b>	<b>68</b>
	<b>Total market, credit and operational risk</b>	<b>126,540</b>	<b>7,901</b>	<b>632</b>

Scotia Casa de Bolsa Capital Ratios	Sep 30, 2012
Global Equity / Assets under credit, market and operational risk	26.22%
Basic Capital ( tier 1)	2,072
Complementary capital ( tier 2)	-
Global Equity ( tier 1 + tier 2)	<b>2,072</b>



Scotia Casa de Bolsa					
Composition of Securities Portfolio					
<i>(P\$ million as at September 30, 2012)</i>					
Category	Government Paper	Debt Securities	Others	Investments in Financial Instruments	Total
<b>Trading</b>	<b>9,718</b>	<b>2,261</b>	<b>341</b>	<b>1,030</b>	<b>13,350</b>
Without restriction	2,361	444	-	735	3,540
Restricted	7,357	1,817	341	295	9,810
<i>Repurchase agreements</i>	<i>7,127</i>	<i>1,817</i>	<i>338</i>	<i>-</i>	<i>9,282</i>
<i>Securities Receivable</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>132</i>	<i>132</i>
<i>Others</i>	<i>230</i>	<i>-</i>	<i>3</i>	<i>163</i>	<i>396</i>
<b>Available for sale</b>	<b>-</b>	<b>-</b>	<b>167</b>	<b>376</b>	<b>543</b>
Without Restriction:	-	-	167	376	543
<b>Total securities</b>	<b>9,718</b>	<b>2,261</b>	<b>508</b>	<b>1,406</b>	<b>13,893</b>

Scotia Casa de Bolsa				
Investments in non-Government Securities (In excess of 5% of net capital)				
<i>(P\$ million as at September 30, 2012)</i>				
Issuer	Securities	Rate	Term	Amount
I BANOBR 12424	742,081	4.50%	18	1
I BANOBR 12502	721,704	4.50%	72	1
I BANOBR 12502	743,560	4.60%	72	1
I BANOBR 12502	12,042,661	4.56%	72	12
I BANOBR 12502	687,185	4.50%	72	1
I BANOBR 12502	720,989	4.50%	72	1
I BANOBR 13044	759,308	4.60%	123	1
I BANOBR 13044	740,687	4.58%	123	1
I BANOBR 13044	778,958	4.57%	123	1
I BANOBR 13044	731,085	4.40%	123	1
I BANOBR 12401	9,731,860	4.44%	1	10
I BANOBR 12401	68,490,292	4.44%	1	67
I BANOBR 12424	62,604,800	4.44%	18	62
I BANOBR 12502	167,377,067	4.56%	72	166
I BANOBR 12401	111,680,414	4.44%	1	111
<b>Total</b>	<b>438,552,651</b>			<b>437</b>

<b>Scotia Casa de Bolsa</b>					
<b>Funding from Banks and Other Organizations</b>					
<i>(P\$ million as at September 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	8	-	-	-	8
Medium	-	-	-	-	-
Long	-	-	-	-	-
<b>Total</b>	<b>8</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8</b>
Average Rate*	5.55%	-	-	-	5.55%
<b>Total Interbank and other funding</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>8</b>

\*Average rate of September 30, 2012

<b>Scotia Casa de Bolsa</b>								
<b>Derivatives operations; as at September 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	-	383	2,704	384	2,704

<b>Scotia Casa de Bolsa</b>						
<b>Notional amounts in derivative operations; as at September 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	-	-	-	-	49	12
Index	20	-	807	1,143		
Stocks	-	-	1,807	4,279		

<b>Scotia Casa de Bolsa</b>		
<b>Market Results for the nine months ended September 30, 2012</b>		
<i>(P\$ million)</i>		
	<b>Mark to Market</b>	<b>Trading results</b>
Securities	14	120
Derivate trading transaction	(97)	(9)
Foreign exchange & other	-	2
<b>Total</b>	<b>(83)</b>	<b>113</b>

<b>Scotia Casa de Bolsa</b>	
<b>Deferred taxes</b>	
<i>(P\$ million as at September 30, 2012)</i>	
Mark-to-market of investment	7
Prepayment	(17)
Fixed assets	(49)
Expense provisions	62
Warrants and options	60
Employee Profit Sharing Expenses (PTU)	19
Shares appraisal	(142)
<b>Net deferred taxes</b>	<b>(40)</b>

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

## Credit Risk

At the close of September, 2012, the expected loss on total credit portfolio of Brokerage Firm's was P\$1 million, while the unexpected loss was P\$11 million. The total exposure of the credit portfolio, was P\$12,483 million as at September 28, 2012 and the average exposure for July- September 2012 period, was P\$12,249 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)	Q3 12
VaR 1 day; 99%	4.66

The global daily average VaR for Brokerage Firm's during the third quarter of 2012 was P\$4.66 million and the global value at September 28, 2012 was P\$3.67 million

The global daily average VaR for 1 day for Brokerage Firm's was (P\$4.66 million) as a percentage of global capital (P\$2,072 million) equivalent 0.23% at the end of the period.

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

Scotia Casa de Bolsa Risk Factor (P\$ million as at September 28, 2012)	VaR of 1 day
<b>Risk Factor</b>	
Interest Rates	3.49
Equities	3.26
<b>Total no diversified</b>	<b>6.75</b>
Effect of diversification	-2.09
<b>Total</b>	<b>4.66</b>

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

Scotia Casa de Bolsa (P\$ million as at September 28, 2012)	Average Position	Maximum Position	Position Limit	VaR Average	VaR Limit
<b>Casa de Bolsa</b>	17,396	22,128	-	4.66	25
Money Market	17,386	22,119	-	3.49	25
Equity position	9	30	200	0.16	13
IPC Derivatives <sup>1/</sup>	242	326	2,880	-	-
Stock Derivatives <sup>2/</sup>	285	298	1,000	-	-
<b>Total Equity and IPC Derivatives</b>	536	653	4,080	3.26	13

<sup>1/</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\$3.24 million both are calculated with Equity VaR.

<sup>2/</sup> includes futures and IPC equity options derivatives desk for hedging warrants portfolio.

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\$3.49 million. This means that under normal conditions, in 99 out of 100 days, the maximum potential loss is up to P\$3.49 million.

Although the Brokerage Firm is authorized to operate future contracts in the Mexican Derivative Market for its portfolio trading. During this quarter, the Casa de Bolsa was not present 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 - TIEE28	-	-	945,000
Interest rate futures - CE91	-	-	90,000
Futures M Bonds	-	-	35,300
IPC Futures / <sup>2</sup>	-	-	750

*2/ 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\$8,780 million and the maximum was P\$9,753 million. The hedging positions of embedded options in the securities or warrants at the end of September 28, 2012, were following:

Embedded options or warrants – Hedging positions <i>(P\$ million as at September 28, 2012)</i>	Position
IPC Futures	21
Options about IPC future	-
IPC & OTC Futures	305
NAFTRACS	36
OTC options & basket of equities	28
OTC options AMXL	2
OTC options AAPL	2,249
OTC options SPXIND	1,156
OTC options EWZ	225
OTC options GMEXICO	142
OTC options WALMEX	153
OTC options IAU	1,460
OTC options TELEVISA	1

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

At the end of September 28, 2012 the test of extreme conditions “stress testing” was P\$118 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 July to September 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, IPC Futures, Global Interest Rates and Global Brokerage and Equity Brokerage, due to the high volatility that presented in the interest rate, capital, and foreign exchange markets in the third quarter of 2012.

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

At the end of September 28, 2012 the Brokerage Firm’s total amount of available for sale securities was P\$543 million.

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

**Liquidity Risk:**

Límit	Use (MXN millon) Sep-2012
Two week accumulated gap (MXP + UDIs)	-
Liquid Assets	2,132

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 July - September 2012 period the Casa de Bolsa recognized operational risk losses totalized P\$180 thousand pesos comprised of 64 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\$104 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**

The company has not established a policy for payment of dividends however in their statutes is faculty of Ordinary Shareholders the application of them.

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, Institución para el Depósito de Valores, S.A. de C.V. on August 26, 2011.

At the General Shareholder's meeting held on October 12, 2012, it was agreed to declare a dividend up to an amount of \$200 million, which were paid on October 19, 2012.

**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 instruments in money market, equity portfolios, foreign exchange positions and derivative instruments such as interest rate futures, futures and options on equities and basket of stocks, foreign exchange futures and options, interest rate swaps, interest rate options, metals and CCIRS derivatives.

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**

**Propietarios**

Peter Christopher Cardinal

**Suplentes**

Paul D’Agata

**Consejeros Independientes**

Thomas Heather Rodríguez  
Carlos Muriel Vázquez  
Pedro Sáez Pueyo

Javier Pérez Rocha  
Federico Santacruz González  
Pablo Perezalonso Eguía

**Consejeros**

Felipe De Yturbe Bernal

José Del Águila Ferrer  
Alberto Miranda Mijares

**Consejero Funcionarios**

Pablo Aspe Poniatowski

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

**Consejeros Independientes**

Patricio Treviño Westendarp  
Roberto Hemuda Debs

Jorge Francisco Sánchez Ángeles  
Magdalena Suberville de Brachet

**Consejero Funcionario**

Jorge Mauricio Di Sciuillo Ursini

Carlos Mauricio Lomelí Alonzo

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

**Comisario Propietario**

Guillermo García-Naranjo Álvarez

**Comisario Suplente**

Ricardo Delfín Quinzaños

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

**Comisario Propietario**

Jorge Evaristo Peña Tapia

**Comisario Suplente**

Jorge Oredain Villacampa

**Secretario**

Jorge Mauricio Di Sciuillo Ursini

**Prosecretario**

Mónica Cardoso Velázquez

The amount paid to Board Members to attend board meetings and committee meetings totaled P\$2.3 million for the nine months ended September 30, 2012.

“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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CARLOS M. LOMELÍ ALONZO  
INTERIM CEO OF OPERATION  
MEXICO

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DIEGO M. PISINGER ALTER  
DIRECTOR GENERAL  
FINANCE AND BUSINESS  
INTELLIGENCE

---

AGUSTIN CORONA GAHLER  
DIRECTOR GENERAL  
AUDIT GROUP

---

H. VALERIO BUSTOS QUIROZ  
DIRECTOR GROUP  
ACCOUNTING