INBURSA
Grupo Financiero

Annual Report 2011

Mission:

A Financial Group committed to working for Mexico, and consisting of the best human capital, created to watch over and make grow as efficiently as possible our customers' and partners' resources.

Vision:

Be leaders in Mexico's growing financial sector with profitability for our customers, collaborators and partners.

Values:

- Commitment to Mexico
- Long-term vision
- Comprehensive staff development
- Integrity
- Austerity
- Innovation

Key Capacities:

- Operating Efficiency
- Customer & Service oriented
- Lean structure with good communication and clear leadership
- Focused on results
- Wise selection of risks

Annual Report 2011

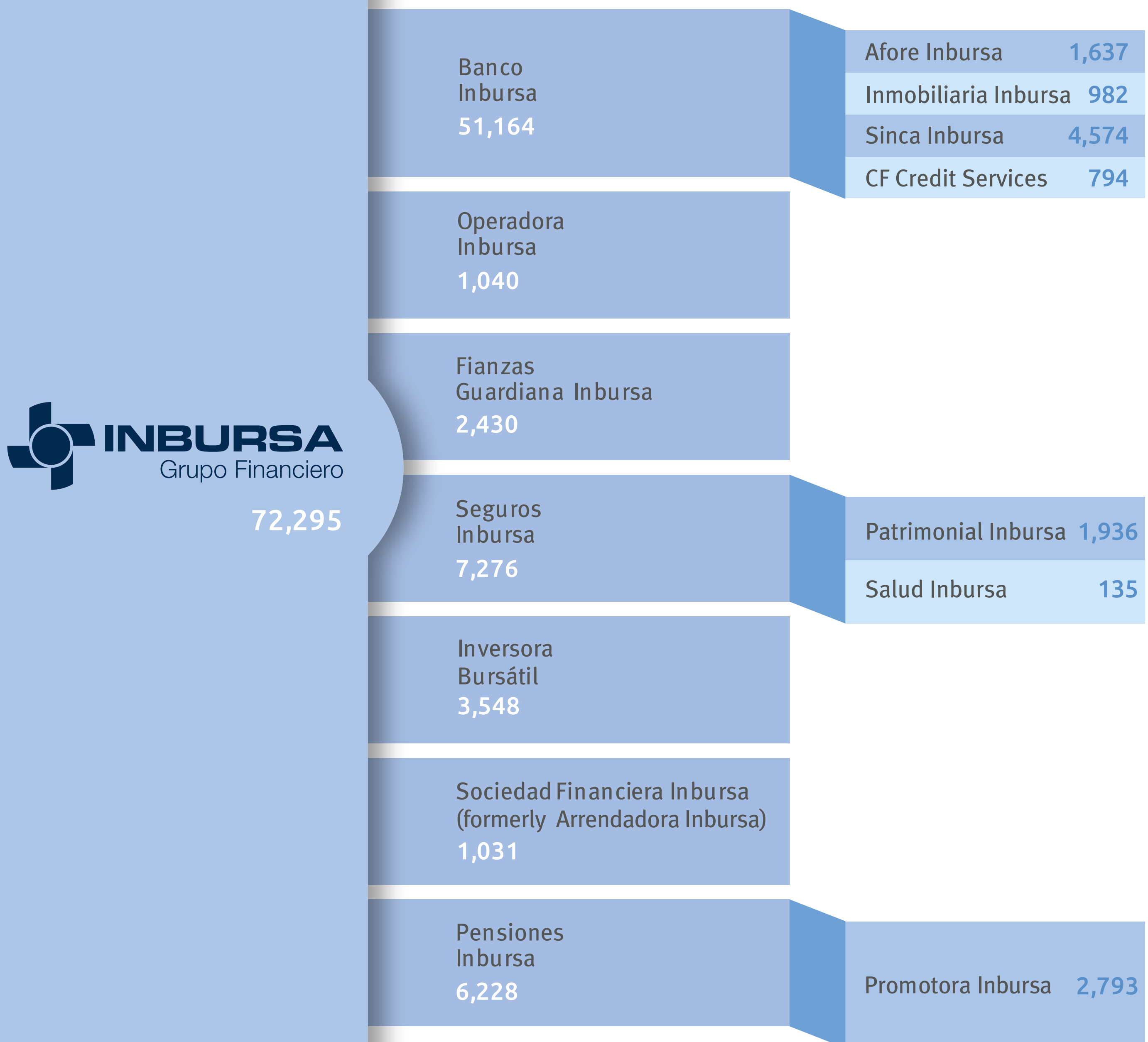
Grupo Financiero Inbursa

Contents

All photographs taken from Soumaya Museum

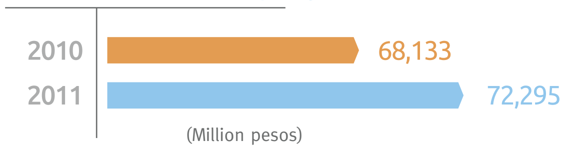
Stockholders' Equity

(Million pesos)

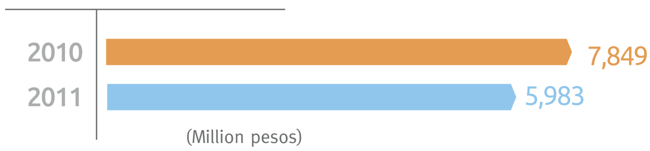


Relevant Figures

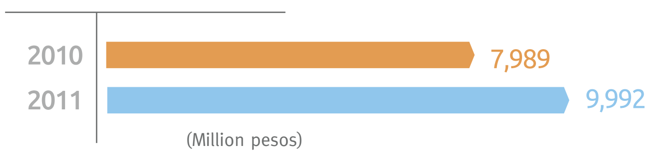
Stockholders' Equity



Net Profits



Adjusted Financial Margin for credit risks



Grupo Financiero Inbursa

Assets	2010 (Million pesos)	2011 (Million pesos)	% change (´10 vs´11)
Grupo Financiero Inbursa	316,512	334,948	6%
Banco Inbursa	235,331	241,053	2%
Inversora Bursátil	12,449	14,330	15%
Operadora Inbursa	1,199	1,227	2%
Seguros Inbursa	43,009	56,168	31%
Pensiones Inbursa	22,799	22,998	1%
Fianzas Guardiana	3,727	4,025	8%

Stockholders' Equity	2010 (Million pesos)	2011 (Million pesos)	% change (´10 vs´11)
Grupo Financiero Inbursa	68,133	72,295	6%
Banco Inbursa	47,427	51,164	8%
Inversora Bursátil	4,869	3,548	-27%
Operadora Inbursa	1,015	1,040	2%
Seguros Inbursa	6,302	7,276	15%
Pensiones Inbursa	6,042	6,228	3%
Fianzas Guardiana	2,302	2,430	6%

Net Result	2010 (Million pesos)	2011 (Million pesos)	% change (´10 vs´11)
Grupo Financiero Inbursa	7,849	5,983	-24%
Banco Inbursa	4,493	3,904	-13%
Inversora Bursátil	931	424	-54%
Operadora Inbursa	292	224	-23%
Seguros Inbursa	951	843	-11%
Pensiones Inbursa	601	141	-77%
Fianzas Guardiana	436	119	-73%

Assets Administered and in Custody	2010	2011	% var
Assets Administered	1,083,823	940,415	-13%
Assets in Custody	2,629,069	2,323,722	-12%

Clients	2010	2011
Clients	8,280,610	8,458,897

Infrastructure	2010	2011
Employees	6,356	6,832
ATMs	753	777
Branches	271	273
Sales Force	14,542	13,076

Indicators	INBURSA	Mkt. Average
Capitalization Index (Bank)	18.9%	15.7%
Past due Portfolio / Total Portfolio (Bank)	2.9%	2.5%
Reserves / Past due portfolio (Bank)	4.4	1.9

REPORT TO THE SHAREHOLDERS

Economic Environment

The global economic landscape since 2000 shows structural problems particularly in developed countries. While they have been addressed through the adoption of aggressive monetary and fiscal policies, they remain, as yet, unresolved.

As the shift from a predominantly manufacturing-based society to one centered on the service industry has taken place, the inherent technological advances that enable an increase in productivity have also become more noticeable - goods and services can be provided at lower costs; value and wealth can be spread more widely. However, this creates fiscal and structural trade deficits which when combined with unsustainable welfare states, culminate in problems within the financial system as its inability to cope with change increases. High levels of unemployment usually follow, particularly among the young and regardless of their qualifications.

Developing countries have fared better over the last decade or so. Having healthier fiscal and financial systems, they provide investment opportunities as well as suitable conditions for economic activity and employment creation.

Even though the wider economic environment is not ideal for their own exports, developed countries have monetary policies which allow developing countries access to capital and long-term finance at low rates. They can then focus on their domestic economy and promote the economic activities necessary for development, through the creation of human and physical capital as well as kick-starting those activities that will translate into job creation in the coming years.

So, by investing around 25% of the GDP in the next few years it is feasible to achieve high economic growth. Being sustainable and in tandem with job creation, this kind of investment would allow several of our developing countries to reach income levels in excess of $15,000 dollars per capita and thus become developed countries. The middle class would increase noticeably in size and groups which are currently marginalized could be lifted out of poverty and have access to better education and health services, reinforcing the sustainable development of our countries.

Even with the negative effects of the global economy, Mexico and other emerging markets are facing more growth opportunities than developed nations: with a suitably capitalized banking system, healthier public finances, low interest rates, available finance at low long-term fixed rates in pesos and dollars.

Inbursa Financial Group

In 2011 INBURSA kept its strategy focused on strengthening all its activities, increasing its development and presence in the Mexican financial market. Worth noting is the increasing retail bank activities, and a profitable growth based on sound finances, high capital basis and reserves, a good quality of assets, expertise in selecting risks, and a special attention to quality service.

INBURSA posted profits of $5,941 million pesos as of the end of December 2011, compared to $7,803 million pesos as of December 31st, 2010. This reduction is explained by the valuation of financial assets (shares, investments, and derivatives) at a market value which had a $5,334 million peso decline, compared to last year's same period. As regards the operating area, INBURSA had increases in the financial margins, from $12,416 million pesos in 2010 to $13,394 million pesos in 2011, as well as in collected fees and rates of over 12.2%. These increases represented a 9.8% rise in the operating flow, from $8,098 million pesos as of the end of 2010, to $8,891 million pesos as of 2011 closing.

The Company's stockholders' equity was $72,295 million, 6% more if compared to the same period of the previous year. In May, 2011 INBURSA paid dividends of $2,000 million pesos adjusted to this end, so that the stockholders' equity would have increased 9%.

Based on the resolutions of the General Special Shareholders' Meeting held on April 27th, 2011 a split of the shares representing the capital stock of the Company was agreed, at a rate of two new shares for each outstanding share as of such date. Therefore, INBURSA's capital stock is now represented by 6,667´027,948 (six billion, six hundred sixty seven million twenty seven thousand nine hundred forty eight) series "O" common shares. The share exchange took place on August 19th, 2011.

Under a strict risk selection which has been a feature in the Company's decision-making, INBURSA ended 2011 with an overall $174,108 million pesos loan portfolio, increasing 7.7% and 8.7% the commercial and consumer portfolio, respectively. Furthermore, a 46.3% reduction in the portfolio destined to government entities was posted.

In 2011 INBURSA continued implementing its retail bank strategy. Worth mentioning is the leadership in supporting loans to small and medium-sized companies (PYMES), with over 42,000 borrowers in 2011. Likewise, INBURSA strengthened its position in the consumer loan market, particularly in the automotive sector reaching a 12% market share, while payroll loans grew 40%.

INBURSA ended the year with 273 branches with a balance of sight deposits as of December 31st, 2011 of $53,045 million pesos.

In order to carry on with the diversification of funds' structure and terms, Banco Inbursa has made Stock Exchange Certificate placements for a total of $34,500 million pesos with an average term of 2.8 years.

In 2011 the Bank continued with its conservative policy of creating reserves, increasing them by $3,402 million pesos. This growth resulted in $22,750 million pesos in loan reserves by the end of 2011 which represent a fourfold hedging compared to the past due portfolio.

In 2011 the total insurance policies amounted to $20,617 million pesos, or a 56.9% increase if compared to last year's same period. This growth is mainly due to the renewal of the damage insurance policies by Petróleos Mexicanos on August, 2011, expiring on June, 2013. Even without this effect, policies would have increased 19.2%.

Since its foundation, 46 years ago, it has a highly skilled and committed staff, as well as the preference of our clients, the support of our shareholders, and being one of the world's most solid and efficient financial groups, INBURSA has the capacity and possibility of carrying on with its growth, and in this way, keep on contributing with Mexico's growth helping to generate more and better job opportunities.

Marco Antonio Slim Domit
Chairman of the Board of Directors

Structure of the Board of Directors

Non-independent Directors

Regular	Alternate
Marco Antonio Slim Domit (President)	
Eduardo Valdés Acra (Vice-president))	
Arturo Elías Ayub	
Juan Fábrega Cardelus	Gonzalo Gortázar Rotaeche
Javier Foncerrada Izquierdo	
José Kuri Harfush	
Juan María Nin Génova	Tomás Muniesa Arantegui
Juan Antonio Pérez Simón	
Leopoldo Rodés Castañé	
Héctor Slim Seade	

Independent Directors

Antonio Cosío Pando
Laura Diez Barroso Azcárraga
Agustín Franco Macías
Claudio X. González Laporte
Guillermo Gutiérrez Saldivar
David Ibarra Muñoz

Raúl Humberto Zepeda Ruiz	Guillermo René Caballero Padilla
Non-member Secretary	Non-member Prosecretary

CEOs

		Joined GFI
Grupo Financiero Inbursa	Marco Antonio Slim Domit	1992
Inversora Bursátil	Eduardo Valdés Acra	1986
Banco Inbursa	Javier Foncerrada Izquierdo	1992
Seguros Inbursa	Rafael Audelo Méndez	1980
Operadora Inbursa	Guillermo Robles Gil Orvañanos	1992
Fianzas Guardiana Inbursa	Alfredo Ortega Arellano	1991
Pensiones Inbursa	Rafael Audelo Méndez	1980
Afore Inbursa	Rafael Mendoza Briones	1993

Curricula of Directors

Marco Antonio Slim Domit
GRUPO FINANCIERO INBURSA, S.A.B. DE C.V.
Chairman of the Board and CEO

Antonio Cosío Pando
COMPAÑÍA INDUSTRIAL DE TEPEJI DEL RÍO, S.A. DE C.V.
CEO

Laura Diez Barroso de Laviada
LCA CAPITAL
Chairman and CEO

Arturo Elías Ayub
TELÉFONOS DE MÉXICO, S.A.B. DE C.V.
Communications, Institutional Relations, and Strategic Alliances Executive Officer

Juan Fábrega Cardelus
CAIXABANK, S.A.
Executive Director

Javier Foncerrada Izquierdo
BANCO INBURSA, S.A.
INSTITUCIÓN DE BANCA MÚLTIPLE
GRUPO FINANCIERO INBURSA
CEO

Agustín Franco Macías
GRUPO INFRA, S.A. DE C.V.
Chairman of the Board

Claudio X. González Laporte
KIMBERLY CLARK DE MÉXICO, S.A. DE C.V.
CEO

Gonzalo Gortázar Rotaeche
CRITERIA CAIXAHOLDING
Director

CAIXABANK, S.A.
Assistant CEO and CFO

Eduardo Valdés Acra
GRUPO FINANCIERO INBURSA, S.A.B. DE C.V.
Vice-president of the Board
INVERSORA BURSÁTIL, S.A. DE C.V., CASA DE BOLSA
GRUPO FINANCIERO INBURSA
CEO

Guillermo Gutiérrez Saldivar
GRUPO IDESA, S.A. DE C.V.
Chairman of the Board

David Ibarra Muñoz
Independent Consultant

José Kuri Harfush
JANEL, S.A. DE C.V.
CEO

Tomás Muniesa Arantegui
CAIXABANK, S.A.
Insurance and Assets Management Executive Officer
BOURSORAMA
Director

Juan María Nin Génova
CAIXA D´ESTALVIS I PENSIONS DE BARCELONA
“LA CAIXA”
CEO
CAIXABANK, S.A.
Vice-president and Delegate Director

Juan Antonio Pérez Simón
TELÉFONOS DE MÉXICO, S.A.B. DE C.V.
Vice-president of the Board

Leopoldo Rodés Castañé
MEDIA PLANNING GROUP
ASEPEYO
Chairman
CAIXA D’ESTALVIS I PENSIONS DE BARCELONA
“LA CAIXA”
CAIXABANK, S.A.
HAVAS
Director

Héctor Slim Seade
TELÉFONOS DE MÉXICO, S.A.B. DE C.V.
CEO

Banco Inbursa

Banco Inbursa posted profits of 3,805 million pesos in 2011 compared to $4,308 million pesos as of the end of 2010, a result of a better mix in the credit portfolio. Fees and rates collected went from $2,666 million pesos to $3,263 million pesos over the same period. Worth noting is that the $2,215 million peso loss in the result of intermediation as of the end of 2011, is explained by a reduction in the long-term interest rate both in pesos and dollars affected the valuation of fixed-rate long-term hedge derivatives in both currencies.

As of 2011 the loan risk adjusted financial margin was $5,631 million pesos, a 43.6% increase compared to the same period of the previous year.

Small and medium companies (PYMES) increased 18.5% their payroll (39.9% higher), and the loans related to the automotive sector rose 9.7%. Financing to these segments shows a higher margin.

The administration expenditure increased to $3,386 million pesos in 2011 compared to $3,211 million pesos in 2010.

The operating efficiency, measured as the administration expenditure by the financial margin, was 38.6% in 2011, a positive result if compared to 84.7% shown by the average of the Mexican financial system.

Preventive reserves were $3,145 million pesos in 2011 for a total of $22,487 million pesos. The cumulative represents a hedge 4.4 times the past due portfolio, and 13% of the total loans.

Banco Inbursa ended 2011 with $173,876 million pesos in its loan portfolio, similar to the portfolio posted as of 2010's end, for a growth of 7.6% and 14.6%, respectively, in the trade and consumption portfolio, respectively, Added to a 48-6% reduction in the portfolio allocated to government agencies.

Moreover, the past due portfolio accounted for 2.9% of the total portfolio. Worth mentioning is that this portfolio is mainly guaranteed with assets with a current value above the credit amount. Banco Inbursa's leadership undoubtedly stands out for its support to small and medium-sized companies with over 42 thousand borrowers in 2011.

On early June 2010 the $5,608 million peso acquisition of the automotive credit portfolio was formalized with nearly 60 thousand customers of Chrysler Financial Services México, S.A. de C.V.

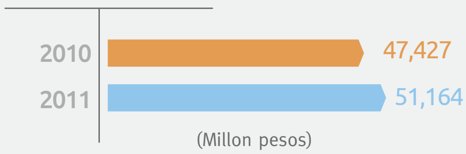
As a result of such purchase, Banco Inbursa has strengthened its market share for a total of 95,384 clients, and a loan portfolio of $12,529 million pesos as of the end of 2011.

Banco Inbursa closed the year with 273 branches, and a 22.3% increase in client acquisition to close the year with 391,502 clients. The balance in sight deposits was $53,045 million pesos.

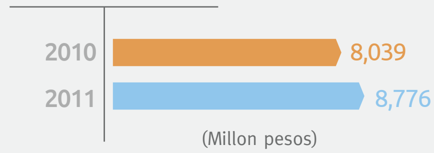
To continue with the funding diversification and term, Banco Inbursa has placed Stock Exchange Certificates for a total amount of $34,549 million pesos. The rating of each issue by Standard & Poors is "mxAAA", and by HR Ratings is "HR AAA"; the outlook is stable according to both rating companies.

Banco Inbursa is still one of the banks with better reserve and capitalization levels in the world. Its capitalization index was 18.9%, which is above the market's average. This indicator shows, in addition to financial stability, the capacity of Banco Inbursa to continue taking an active but cautious participation in the loan market.

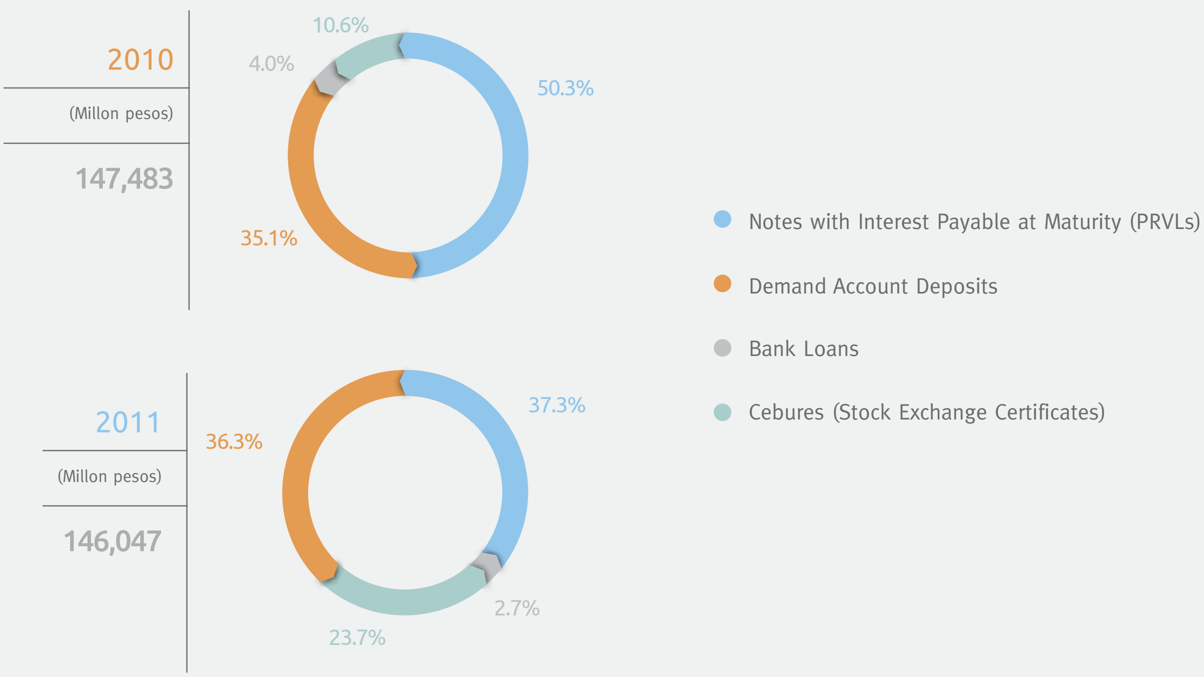
Stockholders' Equity



Adjusted Financial Margin due to Credit Risks

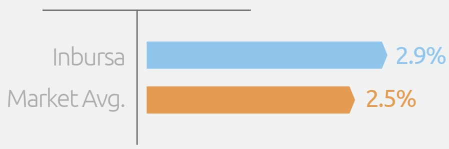


Deposits

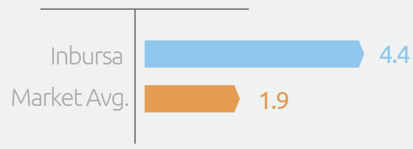


Delinquency Index and Hedge

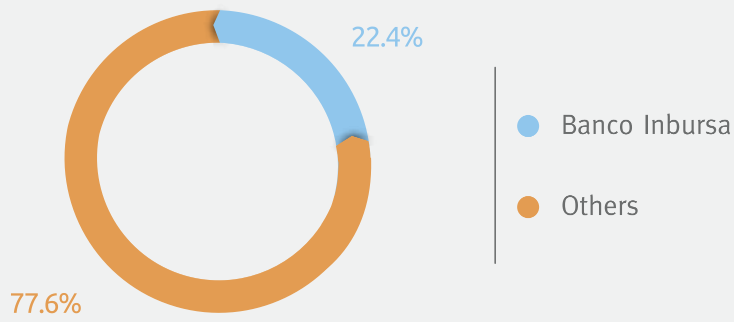
Delinquency Index



Hedge

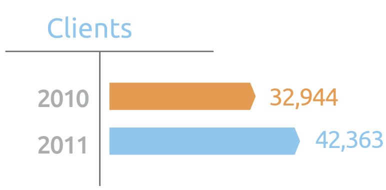


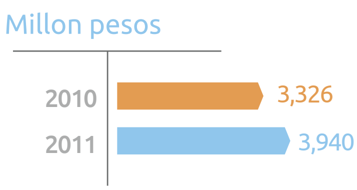
Share Market (Reserves)



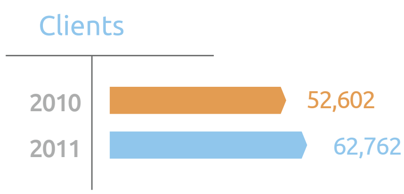
Credit

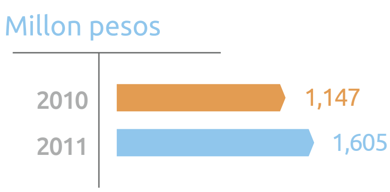
Small & Medium-sized Companies (PYMES)



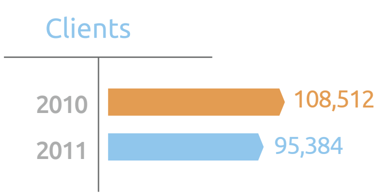


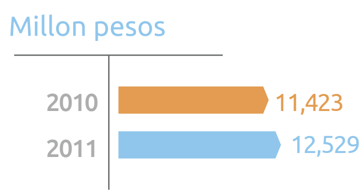
Payroll





Car Loans





Afore Inbursa

Afore Inbursa posted revenues of $1,332 million pesos from fees in 2011, 5.5% lower than in 2011. This result is mainly explained by the reduction in administered assets.

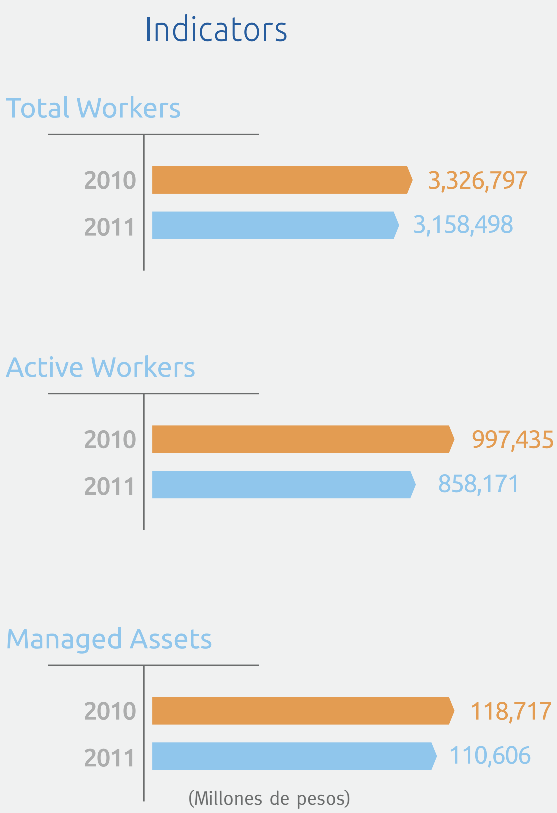
In 2011, the administered assets were $110,606 million pesos in 2011 compared to $119,118 million pesos posted in 2010 which represented a market share of 7.5%.

The market share in the number of clients was 7.6% in 2011, for a total of 3,158,498 clients affiliated to Afore Inbursa as of the closing of the fiscal year allocated by the authorities throughout the years. The number of active affiliates was 858,171 at the end of 2011, a 6% market share.

Afore Inbursa's net profits as of 2011 closing was $726 million pesos compared to $801 million pesos at the end of 2010.

The stockholders' equity amounted to $1,637 million pesos as of the end of 2011 compared to 1,711 million pesos in the same period of the previous year, a 4% decline. In May 2011 Afore Inbursa paid an $800 million peso dividend; if such effect had been adjusted the stockholders' equity would have increased 43%.

The approached followed by Afore Inburse as regards asset administration is that our clients reach their retirement age with the highest possible level of resources.



Sinca Inbursa

In 2011 Sinca Inbursa posted net profits of $364 million pesos. Worth noting is that the stockholders' equity went from $4,210 million pesos as of 2010 closing, to $4,574 million pesos at the end of 2011.

In November, Sinca Inbursa made a 367 million peso increase in its capital held in Grupo IDESA, so that its stake went from 9.69% to 19.08%.

In 2011 Sinca Inbursa kept supporting the business initiatives and the creation of synergies among Inbursa related companies.

This approach continues with the consolidation of the promoted companies looking to generate value.

Million pesos	Date Acquisition	% Stock Holding	Book Value	%
1. Infrastructure & Transportation				
1.1 Infraestructura y Transporte México S.A. de C.V. y subsidiarias	NOV **2005**	**8.25%**	**1,076**	**24.3%**
1.2 GASINMEX S.A. de C.V.	MAR **2010**	**17.29%**	**915**	**20.7%**
1.3 Grupo IDESA S.A. de C.V. y subsidiarias	AGO **2006**	**19.08%**	**458**	**10.3%**
1.4 Giant Motors S.A. de C.V.	JUL **2008**	**50.00%**	**213**	**4.8%**
Total			**2,662**	**60.1%**
2. Health				
2.1 Salud Interactiva S.A. de C.V. y subsidiarias	JAN **2008**	**50.00%**	**355**	**8.0%**
2.2 Grupo Landsteiner y Subsidiarias	JUN **2008**	**27.51%**	**285**	**6.4%**
2.4 Enesa S.A. de C.V.	DEC **2010**	**25.00%**	**250**	**5.6%**
2.5 Progenika S.A. de C.V.	AUG **2010**	**10.00%**	**19**	**0.4%**
Total			**909**	**20.5%**
3. Software Development				
3.1 Salica, S.A. de C.V.	JUN **2011**	**64.00%**	**340**	**7.7%**
3.2 Hilderbrando S.A. de C.V.	APR **2009**	**15.46%**	**233**	**5.3%**
Total			**573**	**12.9%**
4. Financial Sector				
4.1 Pure Leasing S.A. de C.V.	JAN **2006**	**24.00%**	**62**	**1.4%**
4.2 Sociedad Financiera Campesina, S.A. de C.V.	AUG **2008**	**9.00%**	**9**	**0.2%**
Total Financial Sector			**71**	**1.6%**
5. Entertainment				
5.1 Movie Risk , S.A. de C.V.	OCT **2007**	**99.99%**	**110**	**2.5%**
5.1 Quality Films S. de R.L. de C.V.	DEC **2005**	**29.99%**	**61**	**1.4%**
5.2 Argos Comunicación S.A. de C.V.	MAR **2007**	**33.00%**	**41**	**0.9%**
Total			**212**	**4.8%**
TOTAL PROMOTED COMPANIES			**4,427**	**100%**
6. Other investments				
6. C.I.C.S.A. (61,015,990 shares)*	NOV **2007**	**2.34%**	**269**	

* *URVITEC merged with CICSA on November, 2007.

Seguros Inbursa and Patrimonial Inbursa

In 2011 Seguros Inbursa's total premiums amounted to $20,617 million pesos, or a 56.9% increase if compared to the same period of the last year. This growth is mainly explained by the renewal of a damage policy of Petroleos Mexicanos (PEMEX) underwritten in August 2011 with a term from August 31st, 2011 to June 30th, 2013. Not considering this effect, Seguros Inbursa's premiums would have increased 19.2%.

Furthermore, the damage and car branches showed a 143.6% and 4.2% growth in premiums, respectively, compared to last year.

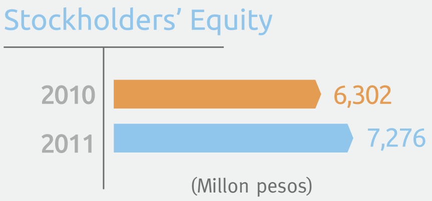
2011 shows substantial operating growths with the increase in the number of policies and clients, which results in an increase in premiums.
The integrated financing result, however, shows lower revenues in 2011 as compared to 2010, mainly due to lower revenues from investment appraisals.

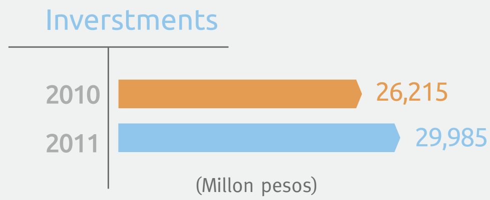
Seguros Inbursa posted profits of $843 million pesos as of 2011's closing compared to $951 million pesos as of the closing of FY 2010. This result is mainly explained by two factors: 1) A higher generation of reserves, and 2) lower revenues in the integrated financing result.

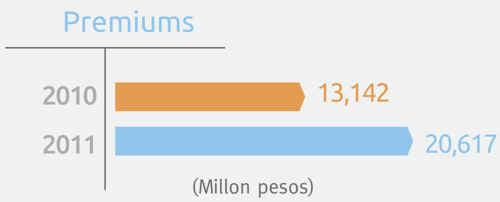
The growth in reserves went from $494 million pesos in 2010 to $1,599 million pesos in 2011, a 223.7% increase.

The stockholders' equity was $7,267 million pesos, which represents a 15.5% rise if compared to last year's same period.

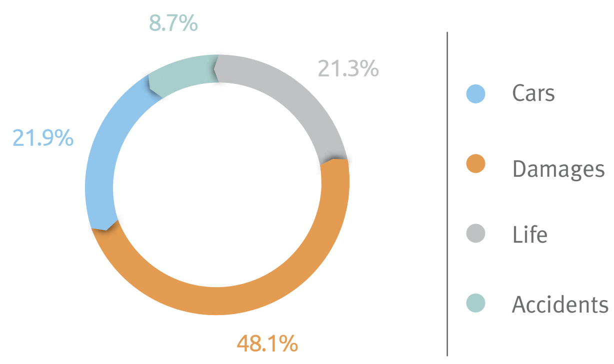
Seguros and Patromonial Inbursa operated with a client base of 7.9 million clients in 2011.



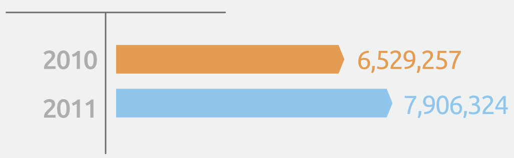




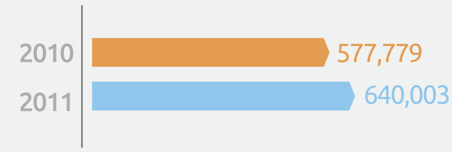
Business Line



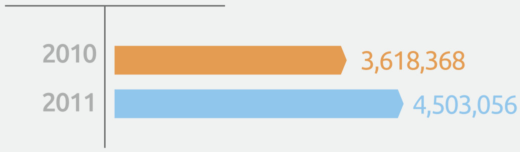
Total Clients



Car Clients



Patrimonial Inbursa Clients

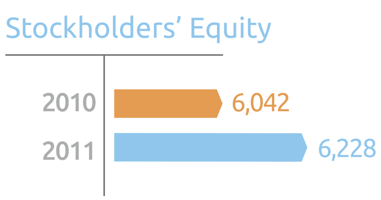


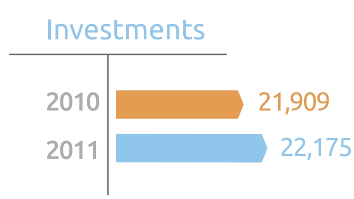
Pensiones Inbursa

As of the end of 2011, Pensiones Inbursa posted profits of $153 million pesos, compared to $582 million pesos last year. This result is mainly explained by investments made in its subsidiary, Promotora Inbursa, S.A. de C.V., which showed extraordinary revenues from stock valuation in 2010.

Investments in the pension business kept posting increases, from $21,909 million pesos in 2010 to $22,175 million pesos in 2011.

Pensiones Inbursa's stockholders' equity amounted to $6,228 million pesos as of the end of FY 2011, or 3.1% higher if compared to 2010.





Operadora Inbursa

The assets managed by Operadora Inbursa were $83,955 million pesos as of the end of 2011, which represented a 4% increase if compared to last year's same period.

Fondo INBURSA reported $11,696 million pesos as of December 31st, 2011, showing a dollar annual compounded yield of 19.30% for the period from March 31st, 1981 to December 31st, 2011. IBUPLUS and FONIBUR funds show $25,019 million pesos and $19,275 million pesos portfolios, respectively, at the end of the fiscal year.

As regards the performance of debt instrument mutual funds, INBUREX posted an annual yield of 5.10%, closing 2011 with $11,815 million pesos in assets. DINBURI showed a 3.13% annual yield and assets for $4,832 million pesos. INBUMAX had in turn a 4.02% annual yield and a $10,862 million peso portfolio.

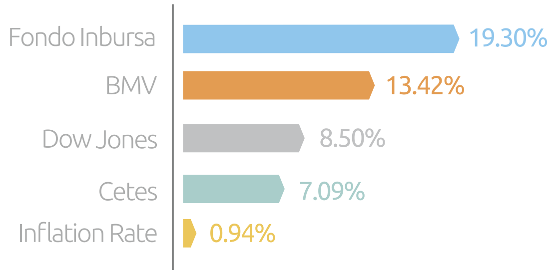
In 2011 Operadora Inbursa posted profits of $224 million pesos, which compared to $292 million pesos posted in 2010 mean a 23% decline.

The stockholders' equity amounted to $1,040 compared to $1,015 million pesos last year.

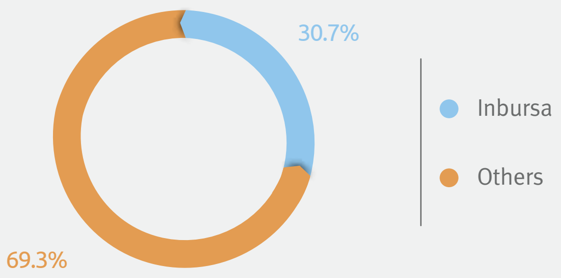
FONDO INBURSA

(Yield in Dollars)

Fondo Inbursa keeps the highest USD compound yield over the last 30 years.
(March´81 – Dec´11)



Market Share (Variable Income)



Inversora Bursátil

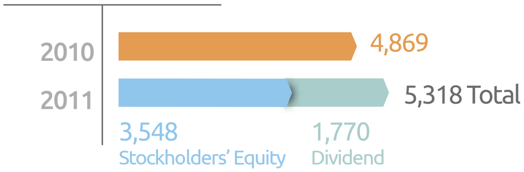
In 2011 Inversora posted profits of $425 million pesos, compared to $931 million pesos as of December 31st, 2010, or a 54% decrease. This result is explained by lower capital gains in investments due to Inversora's own position in 2010, if compared to 2010. Revenues from fees showed an increase, from $662 million pesos in 2010, to $678 million pesos in 2011 due to larger volumes operated in Mexico's Stock Exchange.

Likewise, in 2011 assets held in custody were $2,373 million pesos.

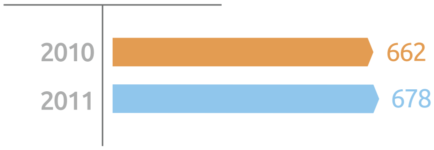
Inversora's stockholders' equity showed a 27% decline in 2011 to $3,548 million pesos compared to $4,869 million pesos last year.

Worth mentioning is the $1,771 million pesos payment of dividends made in May 2011. If adjusted due to this effect, the increase in the stockholders' equity would have been 9%.

Stockholders' Equity



Revenues from services

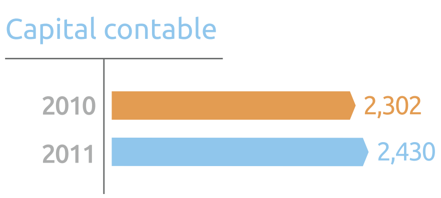


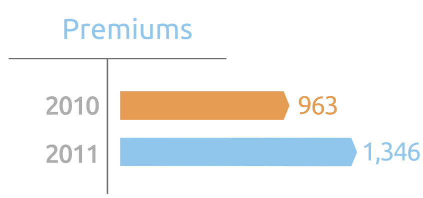
Fianzas Guardiana Inbursa

As of the closing of the fiscal year ended December 31st, 2011, Fianzas Guardiana Inbursa reported premiums of $1,346 million pesos, or a 40% increase compared to $963 million pesos as of last year's end.

Net profits were $119 million pesos compared to $436 million pesos last year. These lower results were due to more damages reported in 2011, if compared to last year's same period, mainly due to a delay in the claims expected for 2010, which were made not until 2011.

The stockholders' equity was $2,430 million pesos, which represents a 6% increase, if compared to FY 2010 closing, which was $2,302 million pesos.





Consolidated Financial Statements

Years Ended December 31, 2011 and 2010

Contents:

REPORT OF INDEPENDENT AUDITORS

To the Shareholders of Grupo Financiero Inbursa, S.A.B. de C.V. and Subsidiaries

We have audited the accompanying consolidated balance sheets of Grupo Financiero Inbursa, S.A.B. de C.V. and Subsidiaries (the Group), as of December 31, 2011 and 2010, and the related consolidated statements of income, changes in shareholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Mexico. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and are prepared in conformity with the accounting criteria described in paragraph 1 below. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting criteria used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

1. As mentioned in Note 2 to the accompanying consolidated financial statements, the Group is required to prepare and present its financial statements on the basis of the accounting criteria established by the Mexican National Banking and Securities Commission (the Commission) for controlling entities of financial grouPs.In the instances mentioned in the aforesaid note, such criteria are at variance with Mexican Financial Reporting Standards.

2. As discussed in Note 1 to the accompanying consolidated financial statements, on January 31, 2011, the Commission published changes to the accounting criteria for controlling companies of financial grouPs.The most important change is the elimination of the option to not consolidate the financial information of insurance and bonding companies. As a result, the Group applied this provision retrospectively in 2010 and restated its 2010 financial statements to make them comparable to the 2011 financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Grupo Financiero Inbursa, S.A.B. de C.V. and Subsidiaries, at December 31, 2011 and 2010, and their consolidated results of operations, changes in shareholders' equity, and cash flows for the years then, in conformity with the accounting criteria mentioned in paragraph 1.

Our audit opinion and the accompanying financial statements and footnotes have been translated from the original Spanish version to English for convenience purposes only.

Mancera, S.C.
A Member Practice of
Ernst & Young Global

Miguel Ángel Mosqueda

Mexico City
February 29, 2012

GRUPO FINANCIERO INBURSA, S.A.B. DE C.V. AND SUBSIDIARIES

Consolidated Balance Sheets

As of December 31, 2011 and 2010 (In millions of Mexican pesos) (Notes 1 and 2)

	2011	Restated 2010
Assets		
Cash and cash equivalents (Note 5)	Ps. 21,018	Ps. 19,291
Margin accounts (Note 6)	2,676	57
Investments in securities (Note 7)		
Securities held for trading	50,903	47,452
Available-for-sale securities	1,067	1,635
Securities held-to-maturity	23,882	19,905
	75,852	68,992
Debit balances under repurchase agreements (Note 8)	1,917	5,112
Derivatives (Note 9)		
Held for trading	11,457	9,216
For hedging	47	-
	11,504	9,216
Valuation adjustment for financial asset hedges (Note 10)	2,166	2,160
Performing loan portfolio		
Commercial loans		
Business or commercial activity	132,190	124,005
Financial entities	10,330	9,904
Government entities	13,984	27,066
Consumer loans	10,685	9,727
Mortgage loans	1,215	1,195
Total performing loan portfolio	168,404	171,897
Past-due loan portfolio		
Commercial loans		
Business or commercial activity	4,813	3,177
Government entities	557	-
Consumer loans	245	325
Mortgage loans	89	104
Total past-due loan portfolio	5,704	3,606
Total loan portfolio (Note 11)	174,108	175,503
Preventive provision for credit risks (Note 12)	(22,750)	(18,846)
Total loan portfolio, net	151,358	156,657
Accounts receivable from insurance and bonding institutions, net (Note 13)	3,714	4,015
Premium debtors, net (Note 14)	9,237	4,769
Accounts receivable from reinsurers and rebonders, net (Note 15)	15,912	10,560
Other accounts receivable, net (Note 16)	24,829	21,719
Foreclosed and repossessed property, net	771	692
Buildings, furniture and equipment, net (Note 17)	3,968	3,807
Long Term Equity investments (Note 18)	7,185	6,528
Other assets, deferred charges and intangibles, net (Note 19)	2,841	2,937
Total assets	Ps. 334,948	Ps. 316,512

	2011	Restated 2010
Liabilities		
Traditional deposits (Note 20a)		
Demand deposits	Ps. **52,740**	Ps. 51,553
Time deposits (Note 20b)		
General public	**7,629**	4,542
Money market	**46,050**	69,393
	53,679	73,935
Debt securities issued (Note 20c)	**32,056**	15,669
	138,475	141,157
Interbank and other borrowings (Note 21)		
Short-term	**3,679**	4,938
Long-term	**274**	849
	3,953	5,787
Technical reserves (Note 22)	**55,679**	46,618
Creditors under security repurchase agreements (Note 8)	**10,178**	6,973
Derivatives (Note 9)		
Held for trading	**17,701**	9,101
For hedging purposes	**1,564**	-
	19,265	9,101
Accounts payable to reinsurers and rebonders, net (Note 23)	**5,135**	1,894
Other accounts payable		
Taxes on profits payable (Note 24)	**632**	1,012
Employee profit sharing payable	**68**	53
Creditors on settlement of transactions (Note 5b)	**19,688**	24,743
Creditors on margin accounts (Note 25)	**1,347**	1,865
Creditors on collateral securities received in cash	**-**	-
Sundry creditors and other accounts payable (Note 26)	**4,615**	3,716
	26,350	31,389
Deferred taxes and employee profit sharing, net (Note 27)	**2,943**	4,233
Deferred credits and early settlement	**675**	1,227
Total liabilities	**262,653**	248,379
Commitments and contingencies (Note 28)		
Shareholders' equity (Note 29):		
Contributed capital		
Capital stock	**14,207**	14,207
Share premium	**13,201**	13,201
	27,408	27,408
Earned capital		
Capital reserves	**3,098**	3,098
Retained earnings	**36,722**	30,694
Result from holding non-monetary assets	**(971)**	(971)
Net income	**5,941**	7,803
Non-controlling interest	**97**	101
	44,887	40,725
Total shareholders' equity	**72,295**	68,133
Total liabilities and shareholders' equity	Ps. **334,948**	Ps. 316,512

Memorandum accounts

	2011	Restated 2010
Transactions on behalf of others		
Customers' current accounts		
Customers' banks	**Ps. 1**	Ps. 1
Settlement of customers' transactions	**(208)**	(159)
	(207)	(158)
Customers' securities		
Customers' securities received for safekeeping (Note 35)	**2,323,722**	2,629,069
Transactions on behalf of customers		
Customer´s repurchase agreements	**54,447**	48,683
Collateral securities received on behalf of customers	**22**	33
	54,469	48,716
Total transactions on behalf of others	**Ps. 2,377,984**	Ps. 2,677,627

	2011	Restated 2010
Proprietary transactions		
Proprietary memorandum accounts		
Paid guarantees	**Ps. 2**	Ps. -
Contingent assets and liabilities (Note 35)	**52,632**	52,495
Property held in trust or under mandate (Note 35)		
Trusts	**403,615**	411,391
Mandates	**835**	741
	404,450	412,132
Collateral securities received (Note 8)		
Cash held in trust		
Government debt	**61,508**	56,947
Bank debt	**4,094**	2,471
Other debt instruments	**77**	305
	65,679	59,723
Collateral securities received and sold or delivered in guaranty (Note 8)		
Government debt	**60,178**	51,793
Bank debt	**3,480**	2,471
Other debt instruments	**77**	305
	63,735	54,569
Property held for safekeeping or under management	**940,415**	1,083,823
Loan commitments (Note 28c)	**4,613**	2,816
Uncollected accrued interest on past-due loan portfolio	**2,015**	104
Recovery guarantees for bonds written	**15,454**	11,454
Paid-out claims	**1,149**	493
Cancelled claims	**10**	-
Recovered claims	**78**	62
Liabilities under bonds in force, net	**18,153**	14,380
Other memorandum accounts	**1,299,211**	1,010,813
Total proprietary transactions	**Ps. 2,867,596**	Ps. 2,702,864

The Group's historical capital stock at December 31, 2011 and 2010 is Ps.2,758.

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Income

For the years ended December 31, 2011 and 2010 (In millions of Mexican pesos) (Notes 1 and 2)

		2011		Restated 2010
Interest income	Ps.	20,456	Ps.	19,988
Premium income, net		13,278		10,989
Interest expense		8,715		9,183
Net increase in technical reserves		2,622		1,767
Losses, claims, and other contractual obligations, net		9,003		7,611
Financial margin (Note 32)		13,394		12,416
Preventive provision for credit risks (Note 12d)		3,402		4,427
Financial margin adjusted for credit risks		9,992		7,989
Commissions and fees collected (Note 33)		4,585		4,087
Commissions and fees paid		3,131		2,744
Intermediation (loss) income (Note 34)		(1,793)		3,961
Other operating income, net		2,843		2,423
Administrative and promotional expenses		5,957		5,661
Operating income		6,539		10,055
Equity interest in net income of unconsolidated subsidiaries and associates (Note 18)		431		266
Income before taxes on profits		6,970		10,321
Income Tax (Note 24)		2,032		1,964
Deferred Income Tax (Note 27)		(1,045)		508
		987		2,472
Net income		5,983		7,849
Non-controlling interest		(42)		(46)
Net majority income	Ps.	5,941	Ps.	7,803

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Changes in Shareholders' Equity

For the years ended December 31, 2011 and 2010 (In millions of Mexican pesos) (Notes 1, 2 and 29)

	Contributed capital	
	Capital stock	Share premium
Balance at December 31, 2009 (restated)	Ps. 14,207	Ps. 13,201
Resolutions adopted by shareholders		
Appropriation of net income of year ended December 31, 2009 to retained earnings		
Dividend declared as per ordinary shareholders' meeting held on April 30, 2010		
Total		
Recognition of comprehensive income (Note 25b)		
Net income		
Unrealized loss on valuation of instruments available for sale		
Equity interest in other shareholders' equity accounts of subsidiaries, net of deferred taxes		
Total		
Balance at December 31, 2010 (restated)	14,207	13,201
Resolutions adopted by shareholders		
Appropriation of net income of year ended December 31, 2010 to retained earnings		
Dividend declared as per ordinary shareholders' meeting held on April 27, 2011		
Total		
Recognition of comprehensive income (Note 25b)		
Net income		
Unrealized loss on valuation of instruments available for sale		
Equity interest in other shareholders' equity accounts of subsidiaries, net of deferred taxes		
Total		
Balance at December 31, 2011	Ps. 14,207	Ps. 13,201

The accompanying notes are an integral part of these financial statements.

		Earned capital				
Capital reserves	Retained earnings	Result from holding non-monetary assets	Equity interest in other shareholders' equity accounts of subsidiaries	Net income	Non-controlling interest	Total shareholders' equity
Ps. 3,098	Ps. 24,360	Ps. (971)	Ps. (216)	Ps. 8,068	Ps. 95	Ps. 61,842
	8,068			(8,068)		-
	(1,833)					(1,833)
	6,235			(8,068)		(1,833)
				7,803	46	7,849
			97			97
			218		(40)	178
			315	7,803	6	8,124
3,098	30,595	(971)	99	7,803	101	68,133
	7,803			**(7,803)**		-
	(2,000)					**(2,000)**
	5,803			**(7,803)**		**(2,000)**
				5,941	**42**	**5,983**
	225				**(46)**	**179**
	225			**5,941**	**(4)**	**6,162**
Ps. 3,098	**Ps. 36,623**	**Ps. (971)**	**Ps. 99**	**Ps. 5,941**	**Ps. 97**	**Ps. 72,295**

Consolidated Statements of Cash Flows

For the years ended December 31, 2011 and 2010 (In millions of Mexican pesos)

	2011	Restated 2010
Net income	**Ps. 5,983**	Ps. 7,849
Adjustment of items not affecting cash flow:		
Technical reserves	**2,622**	-
Depreciation of property, furniture and equipment	**327**	263
Amortization of intangible assets	**33**	10
Provisions	**74**	70
Current-year and deferred taxes on profits	**987**	2,472
Equity interest in net income of unconsolidated subsidiaries and associates	**431**	266
	10,457	10,930
Operating activities		
Margin accounts	**(3,137)**	1,780
Investments in securities	**(6,860)**	(37,305)
Debtors under security repurchase agreements	**3,195**	(4,906)
Derivatives (asset)	**(2,241)**	(2,860)
Loan portfolio	**5,299**	(12,503)
Accounts receivable from insurance and bonding institutions	**301**	(4,015)
Premium debtors	**(4,468)**	(4,769)
Reinsurers and rebounders	**(5,352)**	(10,560)
Foreclosed and repossessed assets	**(79)**	(79)
Other operating assets	**(3,110)**	(19,193)
Deposits and borrowings	**(19,069)**	1,023
Interbank and other borrowings	**(1,834)**	(3,752)
Creditors under security repurchase agreements	**(1,850)**	17,049
Derivatives (liability)	**8,600**	3,549
Reinsurers and rebonders (liability)	**3,241**	1,894
Debt securities	**16,387**	15,669
Other operating liabilities	**4,249**	48,868
Instruments for hedging (items hedged with operating activities)	**1,511**	(2,660)
Net cash flow used in operating activities	**(5,217)**	(12,770)
Investing activities		
Payments for the acquisition of property, furniture and equipment	**(488)**	(2,685)
Payments for the acquisition of other long-term equity investments	**(3,097)**	11,338
Payments for the acquisition of intangibles	**63**	(1,554)
Proceeds from cash dividends	**2,009**	-
Net cash flow (used in) provided by investing activities	**(1,513)**	7,099
Financing activities		
Cash dividend paid	**(2,000)**	(1,833)
Net cash flow used in financing activities	**(2,000)**	(1,833)
Net increase in cash and cash equivalents	**1,727**	3,426
Cash and cash equivalents at beginning of year	**19,291**	15,865
Cash and cash equivalents at end of year	**Ps. 21,018**	Ps. 19,291

The accompanying notes are an integral part of these financial statements.

Notes to Consolidated Financial Statements

December 31, 2011 and 2010 (In millions of Mexican pesos, except for foreign currency and exchange rates

1. Description of the Business and Relevant Events

Grupo Financiero Inbursa, S.A.B. de C.V. (the Group) conducts its transactions in conformity with the regulations established in the Mexican Law Regulating Financial Groups and the general rules for the incorporation and functioning of financial groups, as well as the general requirements of the Mexican National Banking and Securities Commission (the CNBV or the Commission). The Group is engaged primarily in acquiring and managing the voting shares issued by its subsidiaries. Such shares must represent at least 51% of the paid-in capital of each company.

The Group is currently authorized by the Mexican Central Bank (Banxico) to engage in transactions with derivatives.

The Group is subject to the money laundering prevention regulations issued by the Ministry of Finance and Public Credit (SHCP).

In conformity with the Mexican Law Regulating Financial Groups, the Group is liable alternatively and unconditionally for the liabilities and losses of its subsidiaries.

In conformity with the requirements of the CNBV applicable to controlling entities of financial groups, the accompanying financial statements include the consolidated financial information.

On February 29, 2012, the accompanying consolidated financial statements and these notes were authorized by the undersigned officers for their issuance and subsequent approval by the Board of Directors and shareholders, who have the authority to modify the Group's financial statements.

When reviewing the financial statements of controlling entities of financial groups, the CNBV has, within its inspection and oversight powers, the right to demand those modifications and corrections that it considers necessary prior to the publication.

A description of the activities performed by the companies in which the Group is the majority shareholder is as follows:

I. Companies regulated by the CNBV

- **Banco Inbursa, S.A.**

IIs a multiple-type banking institution engaged in providing banking and credit services and acting as a trust company, in conformity with the requirements of the Mexican Credit Institutions Act, the Commission and Banxico. Banco Inbursa holds a majority equity interest in the following entities

Afore Inbursa, S.A. de C.V. is engaged in receiving retirement savings funds, in conformity with the Mexican Retirement Savings System Act. This company is regulated by the Mexican National Retirement Savings System Commission (CONSAR).

CF Credit Services, S.A. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad Regulada, was incorporated on May 27, 2011 as Revolución Media 3D, S.A. de C.V. as a result of the spin-off of CE EFE Controladora, S.A. de C.V. The Company's name was later changed to CF Credit Services, S.A. de C.V. On September 6, 2011, Banco Inbursa, S.A., Institución de Banca Múltiple, Grupo Financiero Inbursa (Banco Inbursa) acquired a 99.99% holding in CF Credit Services.

Sinca Inbursa, S.A. de C.V., Sociedad de Inversión de Capitales (Sinca Inbursa) is engaged in investing in shares and securities issued by Mexican stock corporations which require long-term financing and whose activities are closely linked to the goals of Mexico's national development plan, thus contributing to Mexico's social and economic growth. This company is regulated by the CNBV.

Sinca Inbursa does not exercise control over promoted companies. Therefore, such companies are not subject to consolidation, except for Movie Risk, S.A. de C.V., a company over which the Group exercises control, since it holds 99.99% of its outstanding shares.

Inmobiliaria Inbursa, S.A. de C.V. is a real estate company authorized and supervised by the CNBV.

Seguridad Inbursa, S.A. de C.V. is engaged in providing consulting services and developing security, protection, and surveillance policies, standards, and procedures as a supplementary services company. At December 31, 2011 and 2010, this entity has not started up operations and the balance of its net assets is immaterial with respect to the Group's consolidated financial statements taken as a whole.

Servicios de Administración Inmobiliaria Banibu, S.A. de C.V. is a subsidiary that was incorporated on February 22, 2010 and is primarily engaged in providing Banco Inbursa with auxiliary services related to the management of assets and rights. This entity's liquidation period began in October 2010. At December 31, 2011 and 2010, the balance of this subsidiary's net assets is immaterial with respect to the Group's consolidated financial statements taken as a whole.

- **Inversora Bursátil, S.A. de C.V.**

This entity acts primarily as an intermediary in the trading of securities and currencies in terms of the Mexican Securities Trading Act and the general regulations established by the Commission.

- **Operadora Inbursa de Sociedades de Inversión, S.A. de C.V.**

This company carries out its transactions in conformity with the Mexican Investment Funds Act, the Mexican Corporations Act and the general regulations established by the Commission. This company is engaged primarily in providing administrative and stock distribution and repurchasing services, as well as in managing its investment fund portfolio.

- **Sociedad Financiera Inbursa, S.A. de C.V., SOFOM, ER.**

This company is a regulated non-bank that operates under the regulations established by the CNBV, the SHCP, and Banxico. It is primarily engaged in leasing all types of personal and real property under financial and operating leases, as well as granting revolving consumer loans through credit cards and loans to small- and medium-sized companies.

II. Companies regulated by the Mexican National Insurance and Bonding Commission (CNSF)

- **Seguros Inbursa, S.A.**

Is engaged in selling fire, automobile, maritime and transportation, civil and professional liability, crop, sundry, individual, group and collective life, accident, and health insurance. This company is also authorized to engage in reinsurance and rebonding business. Seguros Inbursa holds a majority equity interest in the following entities:

Asociación Mexicana Automovilista, S.A. de C.V. is primarily engaged in providing general tourism and driver assistance services.

Autofinanciamiento Inbursa, S.A. de C.V. is primarily engaged in the acquisition, distribution, purchase, and sale of all kinds of automobiles.

Patrimonial Inbursa, S.A. is an entity regulated by the CNSF and is primarily engaged in writing property and casualty, life and accident, and health insurance policies.

Salud Inbursa, S.A. is a company that is regulated by the CNSF and is primarily engaged in providing medical services.

Servicios Administrativos Inburnet, S.A. de C.V. is primarily engaged in providing the Group's entities with administrative services related to insurance agents.

- **Fianzas Guardiana Inbursa, S.A.**

Is duly authorized by the Mexican government to guarantee, for a fee, the fulfillment of contracted financial obligations of individuals or corporate entities to other individuals or corporate entities, public or private. This company is also liable for the payment of claims arising under bonds extended.

• **Pensiones Inbursa, S.A.**

Is engaged in life insurance activities that involve exclusively the handling of pension insurance derived from social security legislation. This company is also authorized to engage in reinsurance, co-insurance and counter-insurance business.

Pensiones Inbursa holds majority equity interest in Promotora Inbursa, S.A. de C.V., which is primarily engaged in acquiring shares and equity interest in all kinds of entities and participating in all manner of bids for concessions, permits, or contracts for rendering different kinds of services, as well as in acquiring all types of securities and granting different types of financing. Promotora Inbursa holds a majority equity interest in the following entities:

• Efectronic, S.A. de C.V.
• CE EFE Controladora, S.A. de C.V. (formerly Chrysler Financial Services México)
• Servicios Especializados para Aeronaves, S.A. de C.V.
• Servicios de Comunicación y Transporte Globales, S.A. de C.V.
• Vale Inteligente de Combustible, S.A. de C.V., which in turn is the controlling company of T-fía Casa de Empeño, S.A. de C.V.

III. Companies providing supplementary services

• **Out Sourcing Inburnet, S.A. de C.V.**

Is engaged in providing professional, administrative, accounting, information technology and management services exclusively to its affiliated companies.

• **Asesoría Especializada Inburnet, S.A. de C.V.**

Provides promotional services for the sale of financial products offered exclusively by companies in the Group.

Relevant events

During the year ended December 31, 2011, the Group's operations were affected by the following relevant events:

i) Changes in accounting criteria

On January 27, 2011, the Commission published changes to the accounting criteria applicable to credit institutions. The most important of these changes refer to: i) changes in the structure of certain captions in the statement of income and statement of cash flows and ii) the fact that commissions collected on loan restructurings must now be amortized over the new term of the restructured loan. These changes had no material effects on the Group's financial information.

On January 31, 2011, the Commission published changes to the accounting criteria for controlling companies of financial groups which must be reflected in the financial statements of the first quarter of the year. The most relevant changes refer to: i) changes in the structure of certain captions in the basic financial statements and ii) the elimination of the option to not consolidate the financial information of insurance and bonding companies. These changes were retrospectively applied by the Group in its 2010 financial statements, which were restated accordingly for comparative purposes with those of 2011 (see Note 38).

ii) Preventive provisions for credit risks

The changes published by the Commission and that became effective in 2011 include changes to the methodologies for computing preventive provisions for credit risks for non-revolving consumer loans and mortgages, as well as loans granted to federal and municipal entities, so that the methodologies now include expected loss considerations. As a result, the portfolio grading methodology for these types of loans was also modified but this had no material effect on the results of such methodology.

iii) Adoption of Mexican Financial Reporting Standards (Mexican FRS) by Insurance and Bonding Agencies

On November 8, 2010, the CNSF issued the Circular Única for insurance companies, which is a compilation of all previous circulars that were in force as of such date. In February 2011, the CNSF issued an amending circular to provide rules regarding the adoption of Mexican FRS by insurance and bonding companies as of 2011. In this same document, the CNSF clarifies which captions it believes merit specific accounting criteria and the captions for which it believes the applicable FRS should be disregarded.

In summary, the effect of the adoption of Mexican FRS for Seguros Inbursa is an increase of Ps.10 in net income for the year and a decrease in net income of 2010 of Ps.3 and retained earnings of Ps.5.

Loan portfolio acquisition – Chrysler Financial Services México, S.A. de C.V.

At December 2, 2010, the Group entered into a loan portfolio transfer agreement with Chrysler Financial Services México, S.A. de C.V. (Chrysler Financial), whereby the Group acquired Chrysler Financial's total retail, wholesale and capital loan portfolio whose total value at that date was Ps.5,498. The Group paid Ps.4,392 for this loan portfolio and created a preventive provision for the portfolio of Ps.538 at June 30, 2010. Chrysler Financial was subsequently acquired by an affiliate of the Bank. The allocated purchase price for this transaction, which is immaterial, was recognized in 2011.

2. Summary of Significant Accounting Policies and Practices

- **Preparation of financial statements**

The consolidated financial statements of the Group are prepared on the basis of the accounting criteria established by the CNBV, which are in conformity with the Mexican Financial Reporting Standards (hereinafter Mexican FRS) issued and adopted by the Mexican Financial Information Standards Research and Development Board (Consejo Mexicano para la Investigación y Desarrollo de Normas de Información Financiera, A.C. or CINIF). Such criteria include specific rules with respect to the recording, valuation, presentation and disclosure of the financial information, as determined by the Commission.

In certain instances, the accounting criteria established by the Commission are at variance with Mexican FRS. The main differences applicable to the Group are as follows:

i) The Commission accounting criteria allow for the offsetting of the accounts receivable and payable associated with security repurchase agreements for securities credit institutions repurchase or sell directly, or for securities that they receive as buyers and pledge in guarantee. Mexican FRS do not allow the offsetting of these accounts, except when there is a contractual right to do so and the entity intends to settle them on a net basis or to realize the asset and settle the liability simultaneously. Accounts receivable and payable associated with security repurchase agreements may be offset under Mexican FRS when the captions are of the same nature, they arise from the same agreement, have the same term, and are to be settled simultaneously.

ii) The Commission´s accounting criteria establish the deferred recognition of loan commissions generated at the time financing is granted, on opened lines of credit and on dormant lines of credit. Mexican FRS establish that credit institutions must determine whether the commissions they collect represent adjustments to the returns on loans granted and, if so, to recognize them as deferred revenue in the income statement.

iii) Under Commission criteria, the incremental costs associated with the granting of loans must be recognized on a deferred basis when there are commissions paid on the loans and these commissions are deferred. Mexican FRS establish the deferral of such incremental costs separately from the associated revenue.

iv) Under Commission accounting criteria, transaction costs incurred under derivative financial instrument contracts must be immediately recognized in the income statement as they are incurred. Mexican FRS require that such costs be amortized over the terms of the contracts.

v) Commission accounting criteria allow for hedging over assets and liabilities that are valued at fair value with the related effects recognized in the income statement. Mexican FRS do not permit these types of hedges.

vi) ommission accounting criteria establish the following considerations for treating lease agreements as capital leases (in addition to those established by Mexican FRS): i) the lessee may cancel the agreement, but any losses related to the cancellation must be covered by the lessee; ii) gains or losses in fluctuations in the residual values are enjoyed or absorbed by the lessee; and iii) the lessee has the option to renew the lease agreement for an additional period for rent that is substantially lower than market value.

vii) In the case of investment insurance policies, amounts corresponding to contributions linked specifically to the investment must be reflected as a liability and not as premiums in the statement of income, and withdrawals must not be recorded as maturities.

viii) In conformity with the CNSF's rules, the acquisition cost of life insurance policies is credited to earnings of the year in which they are incurred. Bond acquisition costs and processing fees are recognized in the income statement of the year the policy is written. Mexican FRS establish that such costs must be recognized in earnings over the life of the policy.

ix) In conformity with Mexican FRS, the catastrophic risk reserve, the special mathematical reserve, the contingency reserve, and the investment fluctuation reserve do not meet the requirements to be considered a liability; consequently, under Mexican FRS, the related balances and increases would be included in retained earnings and net income, respectively.

x) Buildings owned by the companies that are regulated by the CNSF are valued based on appraisals made at least every two years and are recorded at the arithmetic average of the physical value of the property and the capitalization of rent. In conformity with Mexican FRS, as of 2008, real property should be restated, since Mexico is a non-inflationary economy.

xi) Unallocated salvage and loss adjustment expenses are not considered in the computation of the reserve for losses incurred but not reported.

xii) Policy fees and premium surcharges are recognized at the time they are collected, rather than by using the accrual method.

xiii) Reinsurance and rebonding business accepted is recorded at the time the respective statements of account are received from the cedents rather than at the transaction date. Profit sharing on rebonding business is provided for on a quarterly basis and adjusted in the year in which it is collected.

xiv) No liability is recognized for claims received that are less than 60 days old; these claims are recorded in memorandum accounts.

xv) Unrealized salvage is recognized as an asset rather than a decrease in the reserve for unsettled claims.

xvi) Commission accounting criteria require provisions for bad debts and impairment to be created for certain accounts receivable and foreclosed and repossessed property. These provisions must be created based on the age of the assets, and using specific provision percentages. Under Mexican FRS, these provisions are computed based on the probability of recovering the assets.

xvii) Commission accounting criteria require that capital risk investments be recorded in the balance sheet in the caption Long-term equity investments and that they be valued using the equity method. Under Mexican FRS, these investments are treated as financial instruments (investments in securities) and are valued at their fair value.

xviii) Commission accounting criteria establish specific rules for the grouping and presentation of financial statements.

The most important accounting policies and practices observed by the Group in the preparation of these consolidated financial statements are described below:

a) Consolidated financial statements

The accompanying consolidated financial statements include the entities over which the Group has significant control and influence. The financial statements of the consolidating entities have been prepared for the same accounting periods and following the same accounting policies as those of the Group. Intercompany balances and transactions have been eliminated in the consolidation.

The financial information of the consolidating entities is presented in Note 3.

b) Basis of preparation of financial statements

Commission regulations require that amounts shown in the consolidated financial statements of financial groups be expressed in millions of Mexican pesos. Consequently, the accounting records of certain captions of the accompanying financial statements show balances of less than one million Mexican pesos and, therefore, these balances are not included in the captions at all.

c) Use of estimates

The preparation of the consolidated financial statements requires management to make certain estimates to determine the value of certain assets and liabilities. Actual amounts could differ from these estimates.

d) Recognition of the effects of inflation on financial information

For 2011 and 2010, the Group operated in a non-inflationary economic environment, as defined under Mexican FRS B-10, since the cumulative inflation rate over the three prior years did not exceed 26%. As a result, beginning January 1, 2008, the Group ceased to recognize the effects of inflation on its financial information. Consequently, only non-monetary items that are from years prior to 2007 and are included in the balance sheets at December 31, 2011 and 2010, recognize the effects of inflation from the date they were acquired, contributed or initially recognized through December 31, 2007. Such non-monetary items include fixed assets, intangible assets, capital stock, capital reserves and retained earnings.

e) Recording of transactions

Transactions related to investments in securities, repurchase agreements and security loans, among others (both proprietary and on customer's behalf), are recorded at the time agreements are entered into, irrespective of the settlement date.

f) Valuation of financial instruments

In determining the fair value of both proprietary and customer positions in derivative financial instruments, the Group uses the prices, rates and other market information provided by a Commission-authorized price supplier, except for futures transactions, which are valued using market prices determined by the clearinghouse of the respective stock market in which the Group operates.

g) Foreign currency transactions

Foreign currency denominated assets and liabilities are recorded at the prevailing exchange rate on the day of the related transaction and are translated using the exchange rate of the date of the financial statements, as published by Banxico on the immediately following bank-working day. Exchange differences determined from the transaction date to the time foreign currency denominated assets and liabilities are settled, as well as those arising from the translation of foreign currency denominated balances at the balance sheet date, are charged or credited to the income statement under the caption Financial margin and Intermediation (loss) income, based on the nature of the item that gave rise to them.

h) Cash and cash equivalents

Cash and cash equivalents principally consist of bank deposits and highly liquid investments with maturities of less than 90 days. Such investments are stated at acquisition cost plus unpaid accrued interest at the balance sheet date, which is similar to fair value.

Call money financing extended or acquired in the interbank market and whose repayment period may not exceed three bank-working days, are included as part of the captions Cash and cash equivalents in the case of financing extended, and Demand deposits in the case of loans received. Earned or accrued interest is charged to income under the caption Financial margin, using the accrual method.

Documents for immediate guaranteed collection are recognized as part of Other cash equivalents if they are collectible within two (in Mexico) or five (abroad) business days after the date of the transaction that gave rise to them. When these documents are not recovered within such terms, they are transferred to the Loan portfolio or Other accounts receivable caption, based on the nature of the initial transaction.

For those items transferred to the Other accounts receivable caption, an allowance for the total debt is created within 15 business days after the transfer.

i) Unsettled transactions

- Securities trading

For unsettled securities trading, the related amount receivable or payable is recorded in the corresponding clearing account at the agreed on price at the time of the trade. The difference between the price of the securities and the agreed on price is recognized in results of operations as part of the caption Intermediation (loss) income.

- Buying and selling of foreign currency

Transactions involving the buying and selling of foreign currency are recorded at the contracted price. When it is agreed that settlement shall be within a maximum of two bank-working days from the trade date, the traded currency is recorded as a restricted liquid asset (in the case of purchases) and a liquid asset disbursement (in the case of sales), against the corresponding clearing account. Gains or losses on the trading of securities are recognized in results of operations as part of the caption Intermediation income (loss).

With respect to transactions involving the buying and selling of securities and foreign currencies that are not paid for immediately in cash or where settlement is not on a same-day basis, the related amount receivable or payable is recorded in Mexican pesos in clearing accounts, until the respective payment is made. Debit and credit balances in clearing accounts are included as part of the caption Other accounts receivable and Settlement of transactions, as the case may be, and can be offset only if and when the Group has the contractual right to do so and intends to settle the net amount, or to simultaneously realize the asset and settle the liability.

When debit balances in clearing accounts are not recovered within 90 days subsequent to the trade date, they are reclassified as outstanding debt under the caption Other accounts receivable and the Group creates an allowance for the entire balance.

j) Investments in securities

Investments in securities include debt instruments and shares. They are classified based on management's intentions with regard to each investment at the time of purchase. Each classification includes specific rules with respect to the way the investment is recorded, valued and presented in the financial statements, as follows:

- Securities held for trading

Son aquellos valores en que se invierte con la intención de obtener ganancias derivadas de sus rendimientos y/o de las fluctuaciones en sus precios. Se registran inicialmente a su costo de adquisición, el cual, en el caso de los instrumentos de deuda, se adiciona por los rendimientos determinados conforme al método de interés efectivo o línea recta, reconociendo su efecto en el estado de resultados en el rubro Ingresos por intereses. La valuación se realiza a su valor razonable y su efecto se registra en el estado de resultados, en el rubro Resultado por intermediación.

- Available-for-sale securities

These investments refer to cash surplus investments that are not intended for trading or to be held-to-maturity. They are initially recorded at cost, plus returns determined using the real interest or straight-line method, which are recognized in the statement of income as part of the caption Interest income.

Such securities are valued at fair value and the related gain or loss is credited or charged to shareholders' equity. At the maturity date or at the time the instruments are sold, the difference between the selling price and carrying value is recognized in results of operations and the fair value adjustment of the instruments reflected in shareholders' equity is cancelled.

- **Securities held to maturity**

These are investments in debt instruments that are intended to be held to maturity. These investments are recorded at cost, plus returns determined using the straight-line method, which are credited to income as part of the caption Interest income. Since these investments are recorded at their nominal value (amortized cost method), the effects of their mark-to-market valuation are not recognized for financial reporting purposes.

Management periodically determines whether there are any indicators of impairment in the value of its securities investments classified as held to maturity. When such indicators do exist, the investments are tested to determine the present value of their recoverable cash flows and their book value is adjusted accordingly.

In conformity with Commission accounting criteria, a debt instrument cannot be classified as held-to-maturity if the Group, based on its experience during the current year or the two immediately preceding years, has sold or transferred securities recognized in this category prior to their maturity, except for the following situations: i) when the security has been sold within 28 days prior to maturity; and ii) when at the time of sale, more than 85% of the instrument's nominal yield has accrued.

For the years ended December 31, 2011 and 2010, the Group sold no instruments classified as to be held to maturity.

- **Dividends**

Stock dividends received are recorded recognizing the increase or decrease in the number of shares held and, at the same time, the average unit purchase cost of the shares. This is the same as assigning a zero value to the dividend.

Cash dividends received are recorded in results of operations as part of the caption Other operating income.

k) Repurchase agreements

En las operaciones de reporto, actuando el Grupo como reportadora o reportada, se reconoce una cuenta por cobrar o por pagar, respectivamente, al valor concertado, valuándose posteriormente a su costo amortizado durante la vigencia de la operación, mediante el devengamiento de los premios a favor y a cargo en los rubros Ingresos por intereses y Gastos por intereses, respectivamente.

Los colaterales recibidos por el Grupo, actuando como reportadora, son reconocidos en cuentas de orden en el rubro Colaterales recibidos por la entidad, los cuales se valúan a su valor razonable.

Cuando el Grupo vende u otorga en garantía (en operaciones de reporto o préstamo de valores), los colaterales que recibió actuando como reportadora, se reconoce una cuenta por pagar, la cual se valúa a valor razonable o costo amortizado, respectivamente. En este caso, el diferencial entre el valor de la cuenta por pagar y el monto del efectivo recibido, se reconoce en resultados, en el rubro Resultado por intermediación. Adicionalmente, los títulos vendidos o dados en garantía se reconocen en cuentas de orden en el rubro Colaterales recibidos y vendidos o entregados en garantía por la entidad, los cuales se valúan a su valor razonable.

Los colaterales entregados por el Grupo, actuando como reportada, se clasifican como restringidos en la categoría de inversiones en valores en la que se encuentran reconocidos.

- **Offsetting financial assets and liabilities**

Whenever the Group sells or pledges in guaranty any collateral securities received as a buyer, the account payable recognized is offset against the account receivable initially recorded when the Group acted as a buyer and the net debit or credit balance is presented as part of the caption Debtors under security repurchase agreements or Collateral securities sold or received in guaranty, as the case may be.

l) Derivatives

Derivatives are recognized in the balance sheet at fair value, regardless of whether they are classified as held for trading or hedging purposes. Cash flows received or delivered to adjust the derivatives to their fair value at the inception of the hedge (excluding premiums on options) are recognized as part of the fair value of the instrument.

Transaction costs are recognized in results of operations as they are incurred.

The notional amounts of the derivatives are also recognized in memorandum accounts under the caption Other memorandum accounts.

Highlights of the accounting treatment of the Group's agreements involving financial instruments (derivatives) are as follows:

- Forwards

For forwards, an asset portion and a liability portion are recognized at the initially contracted price multiplied by the notional amount. The net balance (position) is presented in the balance sheet as part of the caption Derivatives.

For forwards for trading, the valuation effect resulting from the difference between the contracted price and the fair value of contractual obligations is recognized in the statements of income under the caption Intermediation (loss) income.

At December 31, 2011 and 2010, the Group has no forward contract for hedging purposes; all its forwards have been classified as trading.

- Futures

For futures for trading, an asset portion and a liability portion are recorded at the initially contracted price multiplied by the notional amount. Collateral (margin calls) is presented in the balance sheet as part of the caption Margin accounts.

The net exchange differences in the market prices of futures contracts are recognized in the balance sheet as part of the caption Derivatives and charged or credited against results of operations under the caption Intermediation (loss) income. Fair values are determined based on price quotations taken from the markets where the futures are traded.

At December 31, 2011 and 2010, the Group has no future contract for hedging purposes; all its futures have been classified as trading.

- Swaps

Swaps are recorded at the initially contracted price. The valuation of such transactions is made at fair value, which corresponds to the current value of future flows expected to be received and delivered, and projected in accordance with applicable future implicit rates discounted from prevailing market interest rates at the date of valuation. Changes in the fair value of swaps for trading are recognized in the statement of income as part of the caption Intermediation (loss) income. The effects of valuation of swaps for hedging purposes are recognized in the statement of income, if the hedging strategy is based on fair value or in shareholders' equity if the hedging strategy is based on cash flows.

Interest generated on these instruments is recognized as part of Financial margin and includes exchange differences.

For presentation purposes, the net credit or debit balance (position) of anticipated future cash flows to be received and to be delivered is presented in the balance sheet as part of the caption Derivatives, based on their classification as either for trading or hedging.

At December 31, 2011, the Group has entered into swaps contracts for trading and fair value hedging purposes. At December 31, 2010, the Group has entered into swap contracts for trading purposes only.

- **Structured transactions**

In these transactions there is a host contract that references non-derivative assets or liabilities and a derivative portion represented by one or more derivatives. Derivative portions of structured transactions do not constitute embedded derivatives, but rather, independent derivatives. Non-derivatives assets or liabilities are recognized and valued based on their nature (debt securities or loans), while derivative portions are recognized at fair value based on their economic substance (swaps or options).

Options are contracts under which the acquirer has the right, but not the obligation, to purchase or sell a financial or underlying asset at a determined price called the exercise price, at an established date or time.

- **Credit derivatives**

Credit derivatives, in which the parties agree to exchange cash flows, are valued based on the fair value of the rights to be received and the cash flows to be delivered in each instrument. Credit derivatives whose primary contracts are options are valued based on the fair value of the option's premium or premiums. These financial instruments are valued at fair value.

Investments in securities classified as credit linked notes contain an embedded credit derivative component that is valued at fair value.

At December 31, 2011 and 2010, the Group has no credit derivatives for hedging purposes.

The Group's main comprehensive risk management policies and procedures are described in Note 37.

- **Derivative financial instruments for hedging purposes**

The Group has the following derivative financial instruments acquired for hedging purposes:

Fair value hedges

These instruments hedge the exposure to changes in the fair value of a recognized asset or liability or unrecognized firm commitments, or an identified portion of such assets, liabilities or unrecognized firm commitments attributable to a particular risk and which may affect the Group's results of operations. The Group has contracted fair value hedges for market risks related to assets.

Changes in the fair value of instruments for hedging purposes are recognized in the same income statement caption in which the hedged positions and the fair value attributable to the risk being hedged are recorded. Changes in the fair value of hedged positions are also recognized on the balance sheet as part of the caption Valuation adjustment for financial asset hedges.

The effectiveness of the Group's hedges is evaluated monthly. Whenever it is determined that a derivative is no longer a highly effective hedge, the Group prospectively ceases to apply hedge accounting to the derivative and the derivative is reclassified as held for trading. In addition, the accumulated unrealized gain or loss of the hedge must be amortized to the income statement over the term of the risk being hedged.

- **Embedded derivatives**

Since the Group's functional currency is the Mexican peso, operating leases denominated in foreign currency (mainly U.S. dollars) give rise to embedded derivatives, which are measured and recognized at fair value, applying the forward exchange rates to projected cash flows.

Embedded derivatives are recognized in the balance sheet together with the host agreement as part of the loan portfolio. Changes in the fair value of derivatives are recognized in the statements of income as part of the caption Financial margin.

The main comprehensive risk management practices, policies and procedures implemented by the Group are specified in Note 37.

m) Loan portfolio

Accounting recognition

- Loan portfolio recording

Lines of credit granted to customers are controlled in Memorandum accounts as part of the caption Loan commitments, at the time they are authorized by the Group's Loan Committee. Drawdowns made by borrowers on the authorized lines of credit are recorded as assets (loan granted) at the time the related funds are transferred.

Commissions collected on the opening of lines of credit on which no drawdowns have currently been made are recognized in results of operations on a deferred basis over a term of twelve months. At the time drawdowns are made on the lines of credit, the deferred surplus is recognized directly in results on operations.

With respect to the discounting of notes, with or without recourse, the Group records the total amount of notes received under the loan portfolio, crediting the related cash disbursement, as agreed upon in the related agreement. Any difference between these amounts is then recorded in the balance sheet under the caption Deferred credits and advance collections as interest collected in advance, and is amortized using the straight-line method over the term of the loan.

Letters of credit are recorded in memorandum accounts as part of the caption Loan commitments and after being exercised by the customer or its counterparty, they are transferred to the loan portfolio, while the unsettled cash is applied to the caption Sundry creditors and other accounts payable.

For revolving consumer loans provided through credit cards, the loan portfolio is computed based on the total amount of credit card purchases and ATM withdrawals. Interest is charged based on average monthly credit card balances through the bill or cut-off date.

Consumer loans other than those provided through credit cards and mortgages loans are recognized at the time the financing is granted and guarantees received by the Group are documented before making the cash available. Interest is accrued on unpaid balances.

Interest on performing loans is credited to income as it accrues, irrespective of the settlement date. The recognition of interest is suspended at the time the loan is transferred to the past-due portfolio.

Ordinary uncollected interest included in the past-due portfolio is not considered in grading the credit risk since such interest is reserved in full.

Commissions collected on the initial granting of loans and restructured loans are amortized to earnings over the term of the loan, or over the new terms of restructured loans. Annual credit card fees are amortized to the statement of income over a twelve-month term.

Incremental costs incurred in the granting of loans are being amortized in the statement of income, based on the terms in which commissions collected on assets are amortized.

Classification of leases

The Group classifies its asset lease agreements as either operating or capital leases, as established under the Commission accounting criteria, and applies on a supplementary basis certain provisions and definitions established in Mexican FRS D-5, Leases.

When the risks and rewards inherent to the ownership of the leased asset remain mostly with the lessor, they are classified as operating leases; otherwise, they are recognized as operating leases. There is a transfer of risks and rewards if at the date on which the lease commenced any of the following conditions are met:

- The agreement transfers ownership of the leased good to the lessee over the term of the lease.
- The leasing contract includes a purchase option at a reduced price.
- The lease period is fundamentally equal to the remaining useful live of the leased asset.
- The current value of the minimum rental payments is fundamentally equal to the market value of the leased asset, net of any benefit or scrap value.
- The lessee can cancel the lease agreement and any loss derived from the cancellation will be covered by the lessee.
- Gains or losses derived from changes in residual value are recognized by the lessee
- The lessee has the option to renew the lease agreement for a second period for rent that is substantially lower than market value.

The aforementioned conditions are subject to the following specifications::

- The lease period is considered fundamentally equal to the remaining useful live of the leased asset when the lease agreement covers at least 75% of its useful life.
- The current value of the minimum rental payments is fundamentally equal to the market value of the leased asset if it represents at least 90% of said market value.
- Minimum rental payments consist of those payments that the lessee is required to make for the leased property and that must be guaranteed by a third party not related to the Group. Such payments consist of the residual value or rent payments that go beyond the term of the lease agreement.

The classification of leases based on the policies described above gives rise to differences with respect to their legal classification and their classification for tax purposes. Such differences are reflected in the recognition of preventive provisions for credit risks and deferred taxes.

Capital leases are recorded as direct financing, considering the total amount of rents agreed on under the related contracts as a loan portfolio. Financial income on these transactions is equal to the difference between the value of rents and the cost of leased assets and is recorded in results of operations as it accrues. The purchase option agreed on under capital leases is recognized as income on the date of collection or as amortized income during the remaining term of the lease from the time the lessee agrees to take such option. For presentation purposes, the balance of the portfolio corresponds to the outstanding balance of the loan granted, plus accrued interest not yet collected.

Over the term of the agreements, interest income is recognized as it accrues and the previously recognized deferred loan (financial burden) is cancelled. For loans considered overdue, the Group ceases to recognize interest.

Rent agreed on under operating leases is recognized using the accrual method. Costs and expenses incurred in the execution of the lease are recognized as deferred charges, which are amortized in results of operations, as part of the financial margin caption, as the rental revenues from the respective agreements are recognized.

- Transfers to the past-due portfolio

When payments of commercial loans or accrued interest are not made at the time they are due, the aggregate amount of principal and interest is transferred to the past-due portfolio. The transfer of loans to the past-due portfolio is as follows:

- When the Group learns that the borrower has declared bankruptcy in terms of the Mexican Bankruptcy Act or

- When the borrower fails to make payments within the originally stipulated terms, as follows:

    - If the loan is repayable in one single payment of principal and interest and is 30 days or more overdue;
    - If principal is repayable in one single installment and interest is payable in installments and the loan is 90 days or more overdue in interest payments or 30 days or more overdue in repayment of principal;
    - If principal and interest are due and payable in installments, including home mortgage loans, and the loan is 90 days or more overdue; and
    - If the loan is revolving and is two months past due or, if applicable, is 60 days or more overdue.

Overdue loans are transferred back to the performing loan portfolio only when there is evidence of sustained payment of both principal and interest of at least three consecutive installments, though in the case of installments that cover periods in excess of 60 days, overdue loans are reverted back to the performing loan portfolio when the borrower has made at least one payment

In the case of operating leases, rent that has not been paid 30 days after it becomes due is recognized as an overdue account. The Group ceases to recognize accrued rent after these overdue payments. As long as the transaction is recognized in the overdue portfolio, accrued interest is controlled in Memorandum accounts.

- Loan restructurings and rollovers

Loan restructurings consist of extensions made to the guarantees covering drawdowns made by borrowers, as well as changes in the original loan conditions with respect to payments, interest rates, terms or currency. Restructured loans recorded in the performing loan portfolio are transferred to the overdue portfolio when they do not meet the maturity terms. Any restructured loans classified as overdue are transferred to and remain in the performing loan portfolio when there is evidence of sustained payment.

Loan rollovers are when a loan's repayment term is extended past the original date, or when the loan is repaid at any time using additional financing obtained from the Group by either the original debtor or any other person that because of common economic links with the debtor, constitutes a common risk. If the borrower fails to repay on time any accrued interest and 25% of the original amount of the loan, based on the conditions agreed on the related contract, such loans are considered to be overdue until such time as there is evidence of sustained payment.

- Purchase of loans

With respect to the purchase of unimpaired loans, the Group records all of the collection rights acquired as loan portfolio against the related cash outflows. When contractual terms and market conditions result in differences between the price paid for the loans and their actual contractual value, these differences are considered as either a premium paid or a benefit generated on the transaction, they are recorded in the balance sheet as deferred charges or credits (minus the amount of the original provision), respectively, which are amortized using the straight-line method over the terms of the loans. For tax reporting purposes, premiums are deducted at the time they are paid and benefits are considered taxable at the time the loan gives rise to a real increase in the Group's shareholders' equity. As a result, these items give rise to a temporary difference in balance sheet accounts for purposes of deferred taxes.

For the years ended December 31, 2011 and 2010, the Group acquired no impaired or past-due loans.

The main comprehensive risk management and loan management practices, policies and procedures implemented by the Group are described in Note 37.

n) Preventive provision for credit risks

EThe preventive provision for credit risks is created based on the grading rules established in the specific accounting criteria for credit institutions issued by the Commission via its Circular Única for banks, which include methodologies for the evaluation and creation of reserves by type of loan.

For commercial loans, the methodology requires an assessment of the debtor's creditworthiness and loans received in relation to the value of guarantees or the value of property held in trust or in so-called structured transactions, if applicable. In general terms, commercial loans are usually classified based on the following:

- Loans in excess of 4 million UDIs at the date of grading are valued individually based on quantitative and qualitative factors of the borrower and by type of loan, as well as an analysis of the country, industry, financial and payment experience risks.

- Loans of less than 4 million UDIs are classified based on a stratification of outstanding installments and then by assigning a risk grade and specific percentage of provision based on the number of outstanding installments.

Through December 30, 2011, the grading rules for loans granted to Federal and municipal entities and decentralized bodies in excess of 900,000 UDIs established a methodology based on risk ratings assigned by rating agencies authorized by the Commission and an evaluation of guarantees. Loans lower than 900,000 UDIs were graded based on a parametric methodology that consisted of separating the loan into default periods and assigning specific provision percentage to each default period.

As of December 31, 2011, the preventive provision for credit risks for loans granted to Federal and municipal entities is computed based on the individual application of a formula that considers expected loss components, as well as default exposure variables and accumulated maturities at the computation date.

The rules for commercial loan portfolio grading require a quarterly evaluation of credit risks considering the total amount of loans granted to the same debtor.

For grading purposes, the commercial loan portfolio includes contingent obligations derived from transactions involving letters of credit that are recorded in Memorandum accounts.

Through February 2011, the methodology for the grading of the consumer loan portfolio, other than the revolving credit card and home mortgage loan portfolio, consisted of creating preventive provisions for credit risks based on a classification of recoverable balances on outstanding installments at the date of grading, assigning a risk degree and specific percentage of provision.

As of March 2011, the preventive provision for credit risks for non-revolving consumer loans and home mortgage loans is computed based on the individual application of a formula that considers expected loss components, as well as variables related to maturities of the four months prior to the grading date and accumulated maturities at the computation date.

For revolving consumer loans provided through credit cards, the preventive provision for credit risks is computed based on the individual application of a formula that considers the expected loss components, as well as variables related to maturities in the six months prior to the grading and accumulated maturities at the computation date.

As a result of the grading process, changes in the preventive provision for credit risks are recognized in the income statement and the financial margin is adjusted accordingly up to the amount of the reserve for the type of loans in question. Any amounts above this amount are recognized in the caption Other operating income (expenses).

o) Accounts receivable from insurance and bonding companies

This caption includes the balances of ordinary (i.e., requested by the policyholder) and automatic loans on policies in force. In the case of ordinary loans, partial withdrawals may be made against the reserves over the life of the policy, provided that the amount does not exceed the maximum guaranteed loan. Interest is collected immediately and deducted from the mathematical reserve.

Automatic loans are guaranteed by the mathematical reserve and bear interest compounded on the anniversary date of the policy. If the policyholder has an available investment fund, no actual loan is extended but instead, the amounts are taken from the fund.

p) Premium debtors

Insurance policies are cancelled whenever premiums are not paid within the legally specified term, thus releasing the corresponding reserve for unearned premiums. Whenever policies are reinstated, the reserve is again set up in the month of reinstatement.

- **Petróleos Mexicanos**
- **Policies written and ceded**

In August 2011, the Company renewed the comprehensive fire insurance policy of Petróleos Mexicanos (Pemex). The net premium of such policy is USD 401 million and the policy will be in force from August 31, 2011 through June 30, 2013. At December 31, 2011, the uncollected premium on this policy is USD 383 million.

q) Accounts receivable from reinsurers and rebounders

Accounts due from/to reinsurers have been broken down by reinsurer, intermediary, or broker. Reinsurance business is usually placed and recovered through intermediaries.

Reinsurers are obligated to reimburse the Group for paid claims based on their share in the business.

r) Foreclosed and repossessed property or property received as payment in kind

Foreclosed and repossessed property is recorded at the lower of either its cost or its fair value, net of all costs and expenses incurred during the foreclosure or repossession proceedings. The cost of foreclosed and repossessed property is the court-awarded value of property established in the foreclosure or repossession proceedings, while the cost of property received as payment in kind is the price agreed on by the parties.

Allowances are created based on the book value of these assets using the percentages established by the Commission by type of property (personal or real) and on the time incurred from the date the asset foreclosed or repossessed or received as payment in kind.

s) Buildings, furniture, and equipment

These assets are stated at book value, net of the related accumulated depreciation. Depreciation is computed on the book value of assets, minus their residual values, using the straight-line method at the established annual rates determined based on the estimated useful lives of the related assets.

Real estate owned by the subsidiary Seguros Inbursa is initially recorded at cost and is restated within a maximum period of two years from the acquisition date based on appraisals made either by a bank or an independent expert authorized by the CNSF. These assets are restated at the arithmetic average of the physical value of the property and its capitalization rate.

The difference between the restated value and the acquisition cost gives rise to unrealized gains or losses on real estate that is recorded in shareholders' equity, net of deferred taxes.

Building depreciation is computed on the restated value of the properties owned by Seguros Inbursa, based on their estimated useful lives as determined in the latest appraisals.

In the case of fixed assets leased under operating leases, depreciation is computed on restated values, net of the residual value, using the straight-line method over the established term of the respective agreements.

Maintenance and repairs are expensed as incurred.

t) Long-term equity investment

- Venture capital investments (promoted companies)

The cost of equity investments in promoted companies is initially recognized as the amount paid for the shares.

Equity investments in promoted companies are restated quarterly using the equity method, which consists of recognizing the Group's share in the current year results of operations and other shareholders' equity accounts shown in the financial statements of the investees. These investments are recognized in results of operations as part of the caption Equity interest in net income of subsidiaries and associates, and in shareholders' equity as part of the caption Equity interest in other shareholders' equity accounts of subsidiaries. Under Mexican FRS B-8, Consolidated and Combined Financial Statements and the Valuation of Long-Term Equity Investments, long-term equity investments may be valued using financial statements from dates prior to year-end, provided that this information is no more than three months old.

At December 31, 2011 and 2010, the financial statements of the promoted companies used in the valuation of the investments are from September 30, 2011 and 2010, respectively, or at the date of investment, in the case of investments made on subsequent dates.

The gain or loss on the sale of the shares of promoted companies is recognized at the transaction date.

- Equity investment in associates and other

Equity investments in associates and other equity investments are recorded initially at acquisition cost and are then valued using the equity method.

u) Amortized intangible assets

Deferred charges are being amortized at the annual rate of 5% on the book value of the assets.

v) Impairment in the value of long-lived assets

The Group performs annual analyses to determine whether there are indicators of impairment in the value of its long-lived assets, tangible or intangible, including goodwill, which might give rise to a decrease in the value of such assets. At December 31, 2011 and 2010, there are no indicators of impairment in the value of the Group's long-lived assets.

w) Deposits and borrowings

Liabilities associated with deposits and borrowings (demand and time deposits and interbank and other borrowings) are accounted for at the underlying amount of the liability. Accrued interest is charged to income as part of the caption Financial margin, using the accrual method at the agreed rate.

Securities included in Traditional Deposits that are part of the direct bank deposits are classified and recorded as follows:

- Securities placed at nominal value are accounted for at the underlying amount of the liability. Accrued interest is charged to income.

- Securities placed at a price other than nominal value (with a premium or at a discount) are accounted for at the underlying amount of the liability, while the difference between the nominal value of the security and the amount of cash received is recognized as a deferred charge or credit and is amortized using the straight-line method against income during the term of the security.

- Securities placed at a discount and bearing no interest (zero coupon) are valued at the time of issuance based on the amount of cash received. The difference between the nominal value of the security and the amount of cash received is considered as interest, and recognized in the income statement using the real-interest method.

Fixed-term deposits made through certificates of deposit (CD's), deposits withdrawable on pre-established days and notes with interest payable at maturity (PRLVs) are recorded at their nominal values. Promissory notes issued by the Group's interbank market are placed at a discount.

Commissions paid for loans received by the Group are charged to income under the caption Commissions and fees at the time they are generated.

Debt issue costs, as well as the discounts or premiums on the debts are recorded in the balance sheet as a deferred charge or credit, as the case may be, and are amortized as interest income or expense as they accrue over the term of the securities giving rise to them.

Debt premiums and discounts are included in the liability giving rise to them. Deferred issue costs are recorded as part of the caption Other assets.

x) Accounts payable to reinsurers and rebounders

The Group limits the total amount of its liability by distributing its risk among reinsurers through automatic and facultative reinsurance treaties, thus ceding to the reinsurers a portion of the premium.

This caption includes commissions payable for premiums retained for the reserve for unearned premiums. These commissions are payable when the related reserve is released.

y) Technical reserves

Technical reserves are set up and invested as required by the Mexican Stock and Mutual Insurance Companies Act and the rules in force related to the creation of the reserves. These reserves were certified by independent actuaries. Technical reserves are determined and accounted for as follows:

y.1) Reserve for unearned premiums

The Group determines the reserve for unearned premiums for the property and casualty, life, accident and health lines based on actuarial methods that include adequacy standards.

The actuarial methods used are based on a model of projected future payments, considering the claims and benefits of the Group's portfolio of policies in force for each line of business. Such methodology is registered with the CNSF by means of a technical note and may be applied by the Group at the time of approval.

In conformity with the methods for measuring the adequacy and the unaccrued portion of administrative expenses for the reserves for unearned premiums, based on the Group's results, the main lines of business requiring an adjustment for deficiency were life and automobile.

- **For life insurance**

With terms of less than or equal to one year. The reserve for unearned premiums represents the sum of the unearned risk premium for policies in force multiplied by the adequacy factor, plus the unaccrued portion of administrative expenses.

The adequacy factor is determined by dividing the expected value of future payouts of claims and benefits, determined using the registered valuation method, less future net premiums, by the unearned premium of policies in force. The adequacy factor cannot be less than one. This factor is reviewed and analyzed monthly.

The minimum mathematical reserve represents the amount of the net premium mathematical reserve determined based on the technical note for each product and the applicable standards. This amount does not include the provision for administrative expenses and it must include the value of the mathematical reserve for each policy, certificate or endorsement in force.

With terms of more than one year. The reserve for unearned premiums, without considering the administrative expense component, may in no case be less than the amount calculated by applying the actuarial method used for computing the minimum amount of the reserve, nor may it be less than the surrender value that the Group is obliged to refund the insured in the event the contract is cancelled.

Investment life insurance (Inburdolar). At December 31, 2011 and 2010, the Group set up reserves for its "Inburdolar" product, which correspond to collective universal life insurance plans (investment insurance), under which the Group is obligated to pay the death benefit together with the cash value of each policy.

The reserve for this product consists of premium deposits and interest (70% of the U.S. treasury bond rate), less any surrenders made, and related expenses and insurance costs.

Surrenders can be made at any time and the policyholder receives up to the accumulated amount of the reserve less income tax.

Adequacy factor. As of December 2011, the Group decided to compute its adequacy factor by type of currency rather than on an overall basis, since the Group has trial balances in both Mexican pesos and U.S. dollars and the adequacy of the U.S. dollar portfolio should not subsidize the Mexican peso portfolio. This new methodology is also aimed at preventing fluctuations in the U.S. dollar-Mexican peso exchange rate from affecting the deficiency adjustment, which guarantees the Group's ability to meet its commitments with its policyholders.

The effect on the 2011 statement of income from the application of this new methodology was a charge of Ps.287 for the resulting increase in the deficiency reserve.

- Reserve for bonds in force

The reserve for bonds in force is created to provide liquidity to bonding agencies for their bond payouts, while the foreclosure and repossession process is underway and the agency is recovering the guarantees provided by the bonded party. This reserve is also used for payouts against bonds for which there are no guarantees, in conformity with Articles 22 and 24 of the Mexican Bonding Institutions Act. The reserve is calculated on the amount of the retained unearned premium.

The increase in the reserve for bail, administration, and credit bonds in force is computed by applying a factor of 0.87 to the premium reserve for each year the bond is in force. The reserve for fidelity and bail bonds covering automobile drivers is computed based on the amount of the retained unearned premium at the time of the valuation.

For bonds written through 1998 and that remained in force beyond that year, the increase in the reserve for bonds in force was computed based on 50% of the gross premium for the first year the bond was in force and based on the full amount of premiums collected in advance for bonds with terms of more than one year.

- Pension mathematical reserve

The pension mathematical reserve for basic plans is computed monthly on all policies in force, based on actuarial computations that consider the disability and mortality demographic experience tables for disabled and non-disabled persons, based on the age and gender of each person covered under the retiree's group plan. This reserve must guarantee future pension payouts based on the demographical tables used.

- Mathematical reserve for additional benefits

This reserve represents the additional benefits granted to retirees beyond the basic pension insurance benefits.

For policies written, the corresponding reserve is created based on the technical note registered with the CNSF for such purposes.

- Managed insurance investment funds

This reserve consists of the cash contributions made by holders of traditional individual life insurance policies with investment plans, as well as short-term endowments due at the policy's expiration date and the interest earned on the fund's investments.

- Reserve for unearned premiums in the accident and health and property and casualty lines (except for earthquake and hydrometeorological risks)

The reserve for unearned premiums in the accident and health and property and casualty lines represents the sum of the unearned risk premium for policies in force plus the adjustment for deficiency in the reserve and the unaccrued portion of administrative expenses.

The adjustment for deficiency in the reserve is determined by multiplying the unearned premium for policies in force by the adequacy factor minus one. The adequacy factor is determined by dividing the expected value of future payments of claims and benefits, as determined based on the registered valuation method, to the unearned premium of policies in force. The adequacy factor may in no case be less than one and must be reviewed and analyzed each quarter.

The gross value is considered in the determination of expected future payments for policies in force. Reinsurance business ceded is also recognized as per applicable Commission requirements.

- Reserve for property and casualty (except for catastrophic risks) and automobiles

The reserve for unearned premiums in the property and casualty line, except for catastrophic risks and automobiles, is determined as the sum of unearned premiums plus the adjustment for deficiency in the reserve and unaccrued administrative expenses. Such reserve may in no case be less than the unearned premium after deducting the portion of the acquisition cost that the Group is contractually obligated to refund the policyholder if the contract is cancelled.

The computation of the adequacy of the reserve for unearned premiums in the fire line does not include earthquake and hydro-meteorological coverage.

- Earthquake reserve

The unearned premium for earthquakes and/or volcanic eruption is computed based on the retained premium for each policy in force and the valuation methodology authorized by the CNSF.

Expected future payments for policies in force are calculated using gross amounts and the portion of reinsurance ceded is also taken into account. For this line, the reserve for reinsurance ceded is determined based on the difference between the overall reserve and the retention reserve determined using the above-mentioned valuation system, differentiating between reinsurance ceded locally and abroad.

- Reserve for hurricane and other hydrometeorological risks

In 2011 and 2010, the reserve for unearned premiums covering hurricane and other hydrometeorological risks is computed at 100% of the retained premiums in force, as determined using the same method as for the probable maximum loss, based on the valuation system authorized by the CNSF.

The gross value is considered in the determination of expected future payments for policies in force, net of the portion from reinsurance ceded. For this line, the reserve for reinsurance ceded is determined based on the difference between the overall reserve and the retention reserve determined using the above-mentioned valuation system, differentiating between reinsurance ceded locally and abroad.

y.2) Contingency reserve

The contingency reserve is created to provide bonding agencies with funds to cover possible unexpected claim payouts. This reserve must include only premiums retained from both the Group's retained business and from rebonding business accepted. This reserve is cumulative and the Group may cease increasing it only when the Ministry of Finance and Public Credit authorizes it to do so.

This reserve is created and increased by applying a factor of 0.13 to the premium reserve for each year.

- Prevision reserve

This reserve is created to cover unexpected claim payouts due to differences in the demographic hypothesis used to compute the

Group's provisions giving rise to a greater number of liabilities as a result of a greater number of survivors to those forecasted in the demographical table adopted.

This reserve is computed by applying 2% of the mathematical reserve for pensions and the mathematical reserve for unearned premiums for additional benefits on pension plans in force.

- Special mathematical reserve

This reserve is used to bolster the pension mathematical reserve and it is calculated only for policies written prior to the introduction of the new operating format.

The special mathematical reserve is cumulative and is calculated monthly considering 100% of the favorable loss rate in basic pension insurance plans, except for the favorable loss rate in disability risks, plus the minimum creditable annual returns. The reserve is computed using a 3.5% technical interest rate.

Should a pension insurance institution declare bankruptcy, the special mathematical reserve may be used to guarantee the individual rights of the retirees.

- Investment fluctuation reserve

This reserve is created to cover the possible shortfalls in the expected returns of the investments that cover the technical reserves.

The monthly contribution to this reserve is equal to 25% of the excess in the real return on the investments of the assets that back the technical reserves.

The balance of this reserve must not exceed 50% of the required gross solvency.

y.3) Reserve for catastrophic risks

- Earthquake

This reserve is established to cover the Group's obligations with respect to retained earthquake insurance business. The reserve is cumulative and charges may only be made to the reserve for claims with the CNSF's prior authorization.

The CNSF establishes a maximum reserve accrual equal to 90% of the average probable maximum loss for the last five years, determined on a technical basis.

The reserve is increased by means of releases from the reserve for unearned retained premiums in the earthquake line and the capitalization of financial income earned on the investment of the reserve.

- Hurricane and other hydrometeorological risks

This reserve is established to cover the Group's obligations with respect to retained hydro-meteorological risks insurance business. The reserve is cumulative and charges may only be made to the reserve for claims with the CNSF's prior authorization. Commission requirements establish a maximum reserve accrual equal to 90% of the average probable maximum loss for the last five years, determined on a technical basis.

This cumulative reserve is increased monthly based on the releases of the reserve for unearned premiums in the hydrometeorological risk line and on interest computed on the initial monthly balance, until the maximum reserve accrual established by the CNSF has been reached. Claims may be charged against the reserve with the CNSF's prior authorization.

y.4) Contractual obligations for claims and maturities

At December 31, 2011 and 2010, this caption includes the following reserves:

- Reserve for unpaid claims and maturities

This reserve is comprised of overdue payments and additional benefits for which the payment period has expired and that have not been claimed or collected by the retirees. Additional benefits are comprised of payments that the Group is obligated to pay its retirees under insured risks. It also includes the balance of the mathematical reserve for pensions that the Group must reimburse to the Mexican Social Security Institute (IMSS) for disabled retirees who recover their health, as well as other reimbursements made to the IMSS.

This reserve also includes the provision for the payment of annual bonuses paid out through basic benefits and additional benefits, as well as the provision for benefits that are paid out on an annual basis but that accrue on a monthly basis.

- Reserve for unpaid claims

This reserve is established to cover claims that have occurred and that have been reported, but that have not yet been paid.

The reserve is increased when the Group learns of claims based on insured sums in the life line and on the estimates of the total liability in the property and casualty and accident and health lines. For the property and casualty line, the Group simultaneously records the respective recovery from reinsurance ceded. Losses on reinsurance business accepted are recorded at the time the losses are reported by the cedents.

- Reserve for losses incurred but not reported and loss adjustment expenses

This reserve is established to recognize the estimated amount of losses incurred but not yet reported to the Group, as well as the corresponding loss adjustment expenses. The reserve is estimated based on the Group's past experience with these losses and expenses using the methodology proposed by the Group's own specialists. This reserve is computed quarterly by applying a factor determined based on the technical note recorded and approved by the CNSF to any losses incurred.

y.5) Reserve for unvalued claims (except life)

This reserve is computed using actuarial methods registered with the CNSF and represents the expected value of future payments of claims reported in the current year or in prior years for which the exact amount is still unknown because either there is no valuation or because they represent additional future payment obligations derived from a previously valued claim.

This reserve is computed quarterly by applying a factor determined based on the technical note recorded and approved by the CNSF to any losses incurred.

Expected future payments for policies in force are calculated using gross amounts and the portion of reinsurance ceded is also taken into account.

y.6) Changes to the valuation methodology

Changes to the computation of the reserve for losses incurred but not reported and for unvalued claims were reviewed and submitted to the CNSF for registration. Some of the most relevant changes made to the methodology are as follows:

- These reserves are created and valued based on the total obligation (gross amount of future payouts), in addition to computing the reinsurer's share using claims projections and applying the accumulated development factors generated from the gross computation.
- Excess of loss per event is not included, since there is no way to know for certain how the coverage will be distributed in each specific claim.
- Losses incurred but not reported and unvalued claims were reclassified by quarter of occurrence.
- The computation excludes claims in litigation and/or that have been rejected and which based on their specific characteristics, result in an excessive increase in the Group's losses based on the Group's historical payout patterns. In addition, there is also a proposal to create provisions for catastrophic claims and outside attorney and adjuster fees that reflect the quarter each event occurs.

y.7) Policy dividends

Policy dividends are established in the insurance contracts and are computed in conformity with the technical notes for dividend-paying products, under criteria based on the Group's own experience (results obtained from each policy) and general experience (based on claims paid) as well. The Group pays dividends on policies in the life, personal accident, medical expenses, automobile and transportation lines.

y.8) Claim and severity assumptions

For purposes of technical liabilities, the following claim and severity assumptions were applied:

- Individual life: Mexican Experience Study 91-98 CNSF 2000-I.
- Group and collective life: Mexican Experience Study 91-98 CNSF 2000-G and EMSSA M-97 and H-97.
- Accident and health: rates published by the Mexican Association of Insurance Companies (AMIS) ("A" and "B" organic loss indemnity), morbidity rates registered with the CNSF based on past experience, general experience, loss severity assumptions, Mexican experience mortality table 82-89, EISS-97 demographic disability experience.
- In the property and casualty lines, past experience studies, market studies (AMIS) and studies by international reinsurers, as well as parameters published by private companies and governmental institutions, such as Banxico, Mexican Social Security Institute (IMSS), National Institute of Statistics, Demographics and Geography (INEGI), the CNBV and the CNSF.

z) Reinsurance

z.1) Reinsurance ceded

The Group limits the total amount of its liability for each risk by distributing its assumed risks among reinsurers through automatic and facultative reinsurance treaties, thus ceding to the reinsurers a portion of the premium. This does not release the Group from its obligations derived from insurance contracts.

The Group, through its subsidiary Seguros Inbursa, is required by the CNSF to file a quarterly report on its reinsurance transactions for all its lines of business.

The Group has a limited capacity to retain business in all lines and has excess of loss in all retained business and lines of business.

Reinsurers are required to reimburse the Group for paid claims based on their share in those claims.

Sliding scale commissions earned on ceded reinsurance and profit sharing and sliding scale commissions paid under assumed reinsurance business are recognized on an accrual basis.

z.2) Retention limits

The guidelines published on May 24, 2010 in the Rules for Setting the Maximum Limits for Stock and Mutual Insurance Companies state that retention limits must be set at least once per year at the time an insurance company designs its annual reinsurance plan or when material changes occur in the portfolio. The retention limit must be computed using a technical method and must be approved by the Board of Directors after it has been validated by an actuary who is certified to register technical notes.

The technical method applied must take the following into consideration: (i) the volume of business during the year of the transaction, the business, line, subline, or type of insurance; (ii) the quality and amount of the Group's own financial resources; (iii) the characteristics of the assumed risk; (iv) the composition of the portfolio; (v) the Group's past loss experience; and (vi) the Group's policies regarding reinsurance.

This method provides the Group with highly reliable information to know whether its retention limit is high enough to guarantee its solvency in the face of probable loss scenarios.

z.3) Maximum retention limit per bonded party

The maximum liability per bonded party is the maximum bond amount that may be provided over a single bonded party, based on the amount, quality, and liquidity of the related guarantees provided by the bonded party, the lien status of such guarantees and the remaining term of the bond obligation, as well as the bonded party's financial, technical, and operating capacity and the Group's policies regarding rebonding.

z.4 Maximum retention limit per bond

The maximum retention limit per bond is the maximum retained liability for all bonds written or the Group's assumed rebonding business. This computation considers the amount of the Group's financial resources backing its business, the composition of its portfolio, its claim payout experience, and its policies regarding rebonding.

aa) Excess of loss contracts

The Group records the costs of excess of loss contracts based on the minimum premiums and deposit premiums established under each reinsurance contract. Adjustments to the costs are recorded upon expiration of the related contracts based on the results for the year in which the premium is paid.

The cost of contracts that do not require any premium adjustments are recorded in the income statement in the same year the premium is paid.

Reinsurers' shares in claims incurred under these contracts are recognized as assets at the time the Group knows of the claim, as stipulated in the reinsurance contracts. In addition, a reinsurer's share in a claim is immediately recognized in the reinsurer's accounting, which fully guarantees coverage of each claim and prevents the Group's potential failure to meet its policy obligations.

ab) Reinsurance retroceded

In 2011 and 2010, the Group has assumed reinsurance business in countries in Central and South America and has retroceded the risk mostly through facultative treaties.

ac) Interest on premiums and policy fees

Interest on premium revenues corresponds to interest charged on policies paid in installments and policy fees refer to the recovery of underwriting expenses. The portion collected is recognized in earnings and the uncollected portion is recorded at year-end as deferred income (liability).

ad) Net acquisition cost

Most acquisition costs are charged to earnings at the time the policies are written, or at the time premiums for assumed reinsurance business are recognized, net of commissions earned on reinsurance business ceded. Agents' commissions are paid at the time the premiums are collected.

The Group has established an annual incentive program (additional compensation to agents), which consists of granting contingent commissions for meeting previously established goals related to increases in the number of policies written, portfolio maintenance and low number of claims, among other indicators. These compensations are paid at the end of each month, quarter or year, depending on the conditions stipulated, and are recorded in accounting monthly.

ae) Accrued liabilities, provisions, contingent assets and liabilities, and commitments

Accrued liabilities are recognized whenever (i) the Company has current obligations (legal or constructive) resulting from a past event; (ii) when it is probable the obligation will give rise to a future cash disbursement for its settlement; and (iii) the amount of the obligation can be reasonably estimated.

Contingent liabilities are recognized only when it is possible they will give rise to a future cash disbursement for their settlement.

af) Claims

Claims received by bonding companies must be recorded in their accounting within the terms established in Article 63 of the Mexican Bonding Institutions Act.

If within 60 days as of the date on which a claim is received, the Group fails to inform the beneficiary that the claim has been rejected, in conformity with the provisions of Article 93 of the Mexican Bonding Institutions Act, the Group must create a liability for the amount of the claim. This liability must also be created at the time bond payouts are approved, except for claims in litigation.

Irrespective of this procedure, the CNSF may order the Group to create a liability for any claims it believes warrant this.

ag) Employee benefits

ag.1) Provision for pension plan, seniority premiums and termination benefits

The Group grants pension benefits to its workers upon retirement through a defined-benefit pension plan extended to all of its employees. Some of the workers are still under the former plan (traditional plan), while for others, the Group implemented a hybrid plan. The hybrid plan consists of two components: a defined benefits pension and a defined contributory pension. For both groups, only obligations relating to defined benefits are valued as required under Mexican FRS D-3, Employee Benefits.

Pension benefits are determined based on the employees' compensation in their final year of service, the number of years they have worked for the Group, and their age at retirement.

Seniority premiums are paid to workers as required by Mexican labor law. Under Mexican labor law, the Group is also liable for certain benefits accruing to workers who leave or are dismissed in certain circumstances.

The Group recognizes annually the cost for pension benefits, seniority premiums and termination benefits based on independent actuarial computations applying the projected unit credit method, using financial hypotheses net of inflation. The latest actuarial computation was prepared at December 31, 2011. The results of the actuarial studies were recognized in accounting at that date.

Plan assets are deposited in an administrative and investment trust to keep them segregated from the investments made by the Group on its own behalf and to shelter them from the risks to which the Group is exposed as an insurance company. The Group acts as the trustee of its pension plan.

ag.2) Employee profit sharing

Current-year and deferred employee profit sharing are presented as an ordinary expense in the income statement.

Deferred employee profit sharing is computed using the asset and liability method. Under this method, deferred profit sharing is computed by applying the 10% rate to all temporary differences between the values of assets and liabilities for financial and tax reporting purposes. The Group periodically evaluates the possibility of recovering deferred employee profit sharing assets and, if necessary, creates a valuation allowance for those assets that do not have a high probability of being realized.

The Group recognized an employee profit sharing provision in its income statement for the years ended December 31, 2011 and 2010; however, it is still in the process of calculating its actual employee profit sharing base and as a result, its balance sheet at December 31, 2011 and 2010 includes a deferred employee profit sharing liability of Ps.330 and Ps.365, respectively.

ah) Taxes on profits

Current-year taxes on profits are determined in conformity with current tax legislation related to taxable income and authorized deductions. Current-year taxes on profits are shown as a short-term liability, net of prepayments made during the year.

Deferred taxes on profits are recognized using the asset and liability method. Under this method, deferred taxes on profits are recognized on all temporary differences between the financial reporting and tax values of assets and liabilities, applying the enacted income tax rate or the flat-rate business tax rate, as the case may be, effective as of the balance sheet date, or the enacted rate at the balance sheet date that will be in effect when the temporary differences giving rise to deferred tax assets and liabilities are expected to be recovered or settled.

The Group also periodically evaluates the possibility of recovering deferred tax assets and if necessary, creates a valuation allowance for those assets that do not have a high probability of being realized.

To computed and recording deferred taxes, the Group has adopted the Interpretation of Mexican FRS 8, Effects of the Flat-Rate Business Tax. Under this interpretation, deferred taxes are valued, calculated and recorded based on estimates and projections of the tax on profits to be incurred by the taxpayer in upcoming years. The Group and its principal subsidiaries estimate that they will mostly have income tax payable in the following years.

ai) Assets and liabilities in investment units (UDIs)

UDI denominated assets and liabilities are presented in the balance sheet at their Mexican peso value at the balance sheet date. The value of the UDI at December 31, 2011 and 2010 was $ 4.691316 pesos and $ 4.526308 pesos, respectively. At the date of the audit report on these financial statements, the value of the UDI was $ 4.758819 pesos.

aj) Memorandum accounts

The Memorandum accounts are used to record and control all of the Group's financial and non-financial supplementary balance sheet information, mainly related the opening of lines of credit, letters of credit, securities held for safekeeping and securities under management, which are valued at fair value, as well as property held under trust agreements (when the Group acts as trustee) and asset and liability positions under security repurchase agreements. The notional amounts of the Group's derivatives are also recognized in memorandum accounts.

ak) Recognition of interest

Interest on performing loans is recognized and credited to income using the accrual method. Late interest on past-due loans is credited to income at the time the interest is actually collected, and accrued interest is controlled in Memorandum accounts. Interest on financial instruments is credited to income as accrued.

Initial loan commissions and commissions on restructured loans are amortized as interest income.

Interest on liabilities is charged to income using the accrual method, irrespective of the date on which it is due and payable.

al) Premium income

Life. Revenues from life insurance business are recorded at the time the respective receipts are issued for collection, adding thereto the premiums for reinsurance business accepted and deducting therefrom the premiums for reinsurance business ceded. Contributions to and withdrawals from insurance policies with investment components are recognized in results of operations.

Investment life insurance (Inburdolar). Contributions and withdrawals made through the Group's "Inburdolar" product are recognized as premium and surrender balances, respectively. This product is a flexible collective life insurance plan (investment insurance) sold through Banco Inbursa (subsidiary).

Accident and health, property and casualty. Revenues from these lines of business are recorded based on the premium for policies written, adding thereto the premiums for reinsurance business accepted and deducting therefrom the premiums for reinsurance business ceded. Insurance policies are cancelled whenever premiums are not paid within the legally specified period of time, thus releasing the reserve for unearned premiums. Whenever policies are reinstated, the reserve is again set up in the month of reinstatement.

Balances in the Premium debtor caption that are more than 45 days old are not cancelled, since they are considered collectable. Also, these amounts are not included in the calculation of the technical reserve coverage.

Bonds. Premium income is recorded based on the amounts of the Group's bond policies, deducting therefrom the premiums for rebonding business ceded.

am) Salvage income

Salvage income is recorded at the time salvage is determined. Salvage is valued by experts considering the current physical condition of the asset and based on the Group's experience regarding sales by geographic zone and unit brand.

an) Balance recovered from other insurance companies

The recovery of claims paid by the Group on behalf of other insurance companies is recognized as income at the time claims are collected.

ao) Commission income and expense

Commissions are calculated independently of the interest charged or paid. Commissions paid and collected are charged to earnings at the time they are generated depending on the transaction that gave rise to them.

Commissions generated on retirement account management services are computed at 1.17% of the monthly balance. These commissions are recognized and collected on a daily basis.

ap) Intermediation income

Intermediation income and losses mainly result from the mark to market valuations of investments in securities, instruments to be received or to be delivered under repurchase agreements and derivatives held for trading, as well as the gains and losses on the buying and selling of securities, derivatives and foreign currency.

aq) Comprehensive income

Comprehensive income consists of the net income or loss for the year, plus the Group's equity interest in other shareholders' equity accounts of subsidiaries, related to the gain on valuation of long-term equity investments and the effect of valuation of investments in available-for-sale securities (net of deferred taxes).

ar) Segment information

The Group has identified the operating segments its business and each segment is considered an individual component of its internal structure, each with their own particular risks and return opportunities. Segments are reviewed periodically to ensure their adequate funding and to evaluate their performance.

as) New accounting pronouncements

Improvements to Mexican FRS for 2012

The Mexican Financial Information Standards Research and Development Board (*Consejo Mexicano para la Investigación y Desarrollo de Normas de Información Financiera, A.C. or CINIF*) regularly issues improvements to Mexican FRS as part of its standards revision process. These improvements are aimed at enhancing certain aspects of Mexican FRS and eliminating a number of differences between Mexican FRS and IFRS. The improvements made to Mexican FRS in 2012 are divided into two sections: (i) changes to certain Mexican FRS to take effect January 1, 2012 that will give rise to accounting changes in the valuations and disclosures contained in the financial statements, and in financial statement presentation; and (ii) changes to Mexican FRS intended to clarify certain points, but which will not give rise to any accounting changes.

The changes that will give rise to accounting changes related to the valuations and disclosures in the financial statements, and to financial statement presentation, are as follows: a) an entity must disclose all key assumptions used in determining its estimates at the closing of the accounting period when those estimates involve uncertainty representing significant risk of adjustments in the book values of assets or liabilities in the following accounting period; b) an entity must report its diluted earnings per share, irrespective of having generated profits or losses from continuing operations; c) cash and cash equivalents must be presented under current assets, unless they are to be restricted during a term of more than 12 months following the date of the balance sheet; d) donations received by for-profit entities must be presented as revenue in the statement of income and not as capital contributions; e) assets may be classified as held for sale even when they are still in use (i.e., they no longer need to be idle); and f) the reversal of previously recognized goodwill impairment is no longer allowed.

The Group's management is analyzing what effects the adoption of these changes will have on its consolidated financial statements.

Accounting criteria issued by the Commission

In January and October 2011, the Commission published changes to Accounting Criterion B-6, Loan portfolios, which include changes to the rules for transfers of restructured or rolled over loans between a bank's performing and overdue portfolios. The most relevant of these changes establishes additional requirements and considerations to be able to classify restructured or rolled over loans as performing. The changes also establish that commissions charged for loan rollovers are to be amortized over the new term of the loan. These changes shall come into force for periods beginning on or after March 1, 2012.

At the date of the audit report on these financial statements, the Bank's management is determining what effects this new standard will have on its financial statements.

Changes to insurance provisions

On December 28, 2011, amendments to the circular were published, some of which will be applicable for subsequent years. The main changes are as follows:

a) Insurance companies will now be required to record policy fees and premium surcharges as they accrue. As a result, beginning in 2012, since the Group's financial statements will be presented comparatively, this accounting treatment will be applied retrospectively as of 2010, and the effects of initial adoption will be recognized in retained earnings.

b) Insurance companies will be required to record transactions related to reinsurance business accepted on a monthly basis by no later than the month after the business is accepted. This accounting methodology must be adopted as of 2013.

3. Consolidation of Subsidiaries

At December 31, 2011 and 2010, the Group is the majority shareholder of the following companies. An analysis is as follows::

	Equity (%)
Asesoría Especializada Inburnet, S.A. de C.V.	99.9993%
Banco Inbursa, S.A.	99.9997%
Fianzas Guardiana Inbursa, S.A.	99.9999%
Inversora Bursátil, S.A. de C.V., Casa de Bolsa	99.9956%
Pensiones Inbursa, S.A.	99.9999%
Operadora Inbursa de Sociedades de Inversión, S.A. de C.V.	99.9985%
Out Sourcing Inburnet, S.A. de C.V.	99.9980%
Seguros Inbursa, S.A.	99.9999%
Sociedad Financiera Inbursa, S.A. de C.V.	99.9999%

Highlights of the financial information of consolidated subsidiaries, including intercompany transactions, are as follows at December 31, 2011 and 2010:

	2011							
	Total assets		Total liabilities		Shareholders' equity		Net income	
Banco Inbursa	Ps.	**241,053**	Ps.	**189,889**	Ps.	**51,163**	Ps.	**3,805**
Seguros Inbursa		**56,168**		**48,892**		**7,276**		**843**
Fianzas Guardiana Inbursa		**4,025**		**1,595**		**2,430**		**119**
Inversora Bursátil		**14,330**		**10,782**		**3,548**		**424**
Sociedad Financiera Inbursa		**4,923**		**3,892**		**1,031**		**269**
Pensiones Inbursa		**22,999**		**16,722**		**6,277**		**199**
Operadora Inbursa		**1,227**		**187**		**1,040**		**260**
Asesoría Especializada Inburnet		**24**		**3**		**21**		**8**
Out Sourcing Inburnet		**50**		**19**		**31**		**-**
	Ps.	**344,799**	Ps.	**271,981**	Ps.	**72,817**	Ps.	**5,927**

	2010							
	Total assets		Total liabilities		Shareholders' equity		Net income	
Banco Inbursa	Ps.	235,331	Ps.	187,904	Ps.	47,427	Ps.	4,308
Seguros Inbursa		43,009		36,707		6,302		951
Fianzas Guardiana Inbursa		3,727		1,425		2,302		436
Inversora Bursátil		12,449		7,580		4,869		931
Sociedad Financiera Inbursa		3,980		3,218		762		251
Pensiones Inbursa		22,798		16,756		6,042		502
Operadora Inbursa		1,199		219		980		277
Asesoría Especializada Inburnet		62		9		53		45
Out Sourcing Inburnet		61		22		39		-
	Ps.	322,616	Ps.	253,840	Ps.	68,776	Ps.	7,701

4. Foreign Currency Position

An analysis of the Group's U.S. dollar position at December 31, 2011 and 2010 is as follows:

		2011		2010
Assets	**USD**	**16,525,236,845**	USD	11,775,231,578
Liabilities	**USD**	**16,813,656,508**	USD	12,006,762,199
Net monetary liability position	**(**	**288,419,662**	(	231,530,621)
Exchange rate (Mexican pesos)	**Ps.**	**13.9476**	Ps.	12.3496
Total in Mexican pesos	**Ps. (**	**4,023)**	Ps. (	2,859

At December 31, 2011 and 2010, the exchange rate was Ps.13.9476 and Ps.12.3496, respectively, per U.S. dollar. This exchange rate is set by Banxico for the settlement of foreign currency denominated liabilities. At February 29, 2012, the date of the audit report on these financial statements, the exchange rate was Ps.12.8779 per U.S. dollar.

In conformity with regulatory requirements established by Banxico, credit institutions must maintain a balanced daily foreign exchange position, both on a combined basis and in each foreign currency. The acceptable combined liability or asset positions may not exceed 15% of the Group's net shareholders' equity. Regarding its individual foreign currency position at December 31, 2011 and 2010, the Group complies with the aforementioned limit.

5. Cash and Cash Equivalents

An analysis of cash and cash equivalents at December 31, 2011 and 2010 is as follows:

		2011		2010
Deposits in Banxico (a)	**Ps.**	**12,084**	Ps.	12,083
24/48 hour futures (b)		**4,942**		5,084
Cash		**1,145**		890
Deposits in domestic and foreign banks		**1,182**		1,190
Other liquid assets		**16**		8
Call money (c)		**1,649**		36
	Ps.	**21,018**	Ps.	19,291

a) Deposits in Banxico

At December 31, 2011 and 2010, the Group had made the following deposits in Banxico:

		2011		2010
Special accounts (1):				
Monetary regulation deposits	**Ps.**	**12,046**	Ps.	12,046
Accrued interest		**35**		34
Current accounts:				
U.S. dollar deposits		**3**		3
	Ps.	**12,084**	Ps.	12,083

(1) Banxico requires banks to make monetary regulation deposits based on their deposits and borrowings in Mexican pesos. Such deposits are for an indefinite term since the withdrawal date is to be determined by Banxico. The deposits bear interest at the Weighted Bank Fund Rate.

b) 24/48 hour futuress

These are transactions involving the buying and selling of foreign currencies, which are to be settled within a maximum period of two business days and whose liquidity is restricted until the date of payment. An analysis of this caption at December 31, 2011 and 2010 is as follows:

	2011					
	Cash receipts (disbursements) in U.S. dollars		Average contracted exchange rate (Mexican pesos per U.S. dollar)		Credit (debit) clearing account balances in Mexican pesos	
U.S. dollar purchases	**USD**	**1,409,514,887**	**Ps.**	**13.9680**	**Ps.**	**(19,688)**
U.S. dollar sales		**(1,055,182,344)**		**13.9479**	**Ps.**	**14,718**
	USD	**354,332,543**				
Year-end exchange rate (Mexican pesos per U.S. dollar)		**13.9476**				
Net position in Mexican pesos	**Ps.**	**4,942**				

	2010					
	Cash receipts (disbursements) in U.S. dollars		Average contracted exchange rate (Mexican pesos per U.S. dollar)		Credit (debit) clearing account balances in Mexican pesos	
U.S. dollar purchases	USD	1,999,981,976	Ps.	12.3714	Ps.	(24,743)
U.S. dollar sales		(1,588,338,176)		12.3638	Ps.	19,638
	USD	411,643,800				
Year-end exchange rate (Mexican pesos per U.S. dollar)		12.3496				
Net position in Mexican pesos	Ps.	5,084				

At December 31, 2011 and 2010, clearing account debit and credit balances are presented in the balance sheet under the caption Other accounts receivable (Note 16) and the caption Creditors on settlement of transactions , respectively.

c) Call Money

At December 31, 2011, the Group has one outstanding three-day call money transaction with Banamex and another with HSBC for a total amount of Ps.1,649 and bearing interest of 4.40% and 4.50%, respectively. At December 31, 2010, there is one three-day call-money transaction with Banorte for a total amount of Ps.36 and with a 4.50% interest rate.

6. Margin Accounts

Deposits on margin accounts are required for the Group to be able to carry out transactions with derivatives in recognized markets (futures) and these deposits are restricted until the respective transactions have reached their maturity dates. The deposits are intended to fulfill the Group’s obligations under its derivative agreements (Note 9). An analysis of futures margins at December 31, 2011 and 2010 is as follows:

		2011		2010
Chicago Mercantil Exchange (CME)	Ps.	2,516	Ps.	24
Mercado Mexicano de Derivados (Mexder)		160		33
	Ps.	2,676	Ps.	57

For the years ended December 31, 2011 and 2010, interest income on these deposits was Ps.2 and less than one million Mexican pesos, respectively.

7. Investments in Securities

An analysis of investments in securities at December 31, 2011 and 2010 is as follows:

a) Securities held for trading

	2011							
		Cost		Accrued i nterest		Unrealized gain (loss)		Fair value
Corporate debt	Ps.	6,685	Ps.	62	Ps.	412	Ps.	7,159
Domestic senior notes (CERBUR)		4,480		18		148		4,646
Shares		3,228		-		7,023		10,251
Mexican Treasury Certificates (CETES)		2,754		72		(2)		2,824
Bank notes		1,405		1		13		1,419
Development bonds		124		-		-		124
Promissory notes with interest payable at maturity (PRLV)		14,381		5		4		14,390
Certificates of deposit		66		-		-		66
Savings protection bonds (BPAS)		1,868		1		1		1,870
Foreign securities		162		3		57		222
Eurobonds		361		5		91		457
Euronotes		135		2		47		184
Other		7,176		74		41		7,291
	Ps.	42,825	Ps.	243	Ps.	7,835	Ps.	50,903

	2010							
		Cost		Accrued interest		Unrealized gain (loss)		Fair value
Corporate debt	Ps.	5,066	Ps.	55	Ps.	386	Ps.	5,507
Domestic senior notes (CERBUR)		1,802		17		107		1,926
Shares		3,605		-		7,217		10,822
Equity certificates		300		9		-		309
Mexican Treasury Certificates (CETES)		14,924		123		(8)		15,039
Bank notes		1,576		5		-		1,581
Promissory notes with interest payable at maturity (PRLV)		5,324		48		-		5,372
Certificates of deposit		2,465		-		-		2,465
Bank savings protection bonds (BPAS)		2,127		6		11		2,144
Foreign securities		163		2		37		202
Eurobonds		319		4		69		392
Euronotes		135		2		30		167
Other		1,431		43		52		1,526
	Ps.	39,237	Ps.	314	PS.	7,901	Ps.	47,452

At December 31, 2011 and 2010, the maturity terms of approximately 26% and 8.97%, respectively, of instruments classified as held for trading is less than three years.

The Group manages, oversees, and follows up on the quality of its unimpaired securities investments using the ratings given by two securities rating agencies. Most of the Group's investments have ratings of "BBB" or higher.

b) Available-for-sale securities

An analysis of available-for-sale securities at December 31, 2011 and 2010 is as follows:

	2011							
	Cost		Accrued interest		Unrealized gain		Fair value	
Corporate debt	**Ps.**	**770**	**Ps.**	**16**	**Ps.**	**58**	**Ps.**	**844**
Shares		**46**		**-**		**30**		**76**
Development bonds		**123**		**-**		**24**		**147**
Total	**Ps.**	**939**	**Ps.**	**16**	**Ps.**	**112**	**Ps.**	**1,067**

	2010							
	Cost		Accrued interest		Unrealized gain		Fair value	
Corporate debt	Ps.	1,371	Ps.	22	Ps.	170	Ps.	1,563
Shares		46		-		26		72
Total	Ps.	1,417	Ps.	22	Ps.	196	Ps.	1,635

The Group manages, oversees, and follows up on the quality of its unimpaired securities investments using the ratings given by two securities rating agencies. Most of the Group's investments have ratings of "BBB" or higher.

c) Securities held to maturity

An analysis of investments in securities held to maturity at December 31, 2011 and 2010 is as follows:

	2011							
		Cost		Accrued interest		Unrealized (loss) gain		Fair value
Domestic senior notes (CERBUR)	Ps.	**8,435**	Ps.	**58**	Ps.	**1,134**	Ps.	**9,627**
Bank bonds		**310**		**4**		**18**		**332**
Equity certificates		**263**		**12**		**86**		**361**
Certificates of deposit		**2,938**		-		-		**2,938**
Shares		**2**		-		-		**2**
Bank notes		**119**		-		-		**119**
Promissory notes with interest payable at maturity (PRLV)		**167**		-		-		**167**
Foreign securities		**331**		**5**		**71**		**407**
Eurobonds		**1,732**		**22**		**(1)**		**1,753**
Euronotes		**155**		-		-		**155**
Udibonds		**2,186**		**3**		**430**		**2,619**
Obligations		**1,149**		**14**		**131**		**1,294**
Bonds with detachable coupons denominated in investment units (UDIs)		**2,016**		**52**		**1,003**		**3,071**
Corporate debt		**558**		-		-		**558**
Credit Linked Notes		**545**		-		**(66)**		**479**
	Ps.	**20,906**	**Ps.**	**170**	**Ps.**	**2,806**	**Ps.**	**23,882**

	2010							
		Cost		Accrued interest		Unrealized (loss) gain		Fair value
Domestic senior notes (CERBUR)	Ps.	7,735	Ps.	49	Ps.	873	Ps.	8,657
Bank bonds		310		4		7		321
Equity certificates		279		13		80		372
Certificates of deposit		676		12		180		868
Foreign securities		331		5		57		393
Eurobonds		1,688		20		-		1,708
Udibonds		2,200		2		325		2,527
Obligations		750		14		99		863
Savings protection bonds (BPAT)		359		-		-		359
Bonds with detachable coupons denominated in investment units (UDIs)		2,002		50		889		2,941
Credit Link Notes		847		3		46		896
	Ps.	17,177	Ps.	172	Ps.	2,556	Ps.	19,905

At December 31, 2011 and 2010, based on current market prices, the Group's securities held to maturity show no indicators of impairment.

See Note 37 for a description of the Group's risk management policies, as well as the risks to which it is exposed.

8. Security Repurchase Agreements

a) Debtors and creditors under security repurchase agreements

An analysis of debtors and creditors under security repurchase agreements at December 31, 2011 and 2010 is as follows:

	2011				2010			
	Debtors		Creditors		Debtors		Creditors	
Precio pactado (1)	**Ps.**	**65,626**	**Ps.**	**29,643**	Ps.	59,600	Ps.	61,429
Premio devengado		**16**		**17**		13		45
		65,642		**29,660**		59,613		61,474
Menos:								
Colaterales vendidos o dados en garantía (2)		**63,725**		**19,482**		54,501		54,501
	Ps.	**1,917**	**Ps.**	**10,178**	Ps.	5,112	Ps.	6,973

(1) The average term of the Group's security repurchase agreements at December 31, 2011 and 2010 is 3 and 7 days, respectively.

(2) At December 31, 2011 and 2010, this caption refers to security repurchase agreements in which the Group acted as a seller (i.e., received financing), and delivered financial instruments in guarantee which, in turn, were received in guarantee in security repurchase agreements (in which the Group acted as a buyer). The type of securities that the Group holds as a seller and a buyer are as follows at December 31, 2011 and 2010:

	2011		2010	
Mexican Treasury Certificates (CETES)	**Ps.**	**78**	Ps.	18,161
Mexican government development bonds (BONDES)		**44,680**		23,547
IPAB bonds		**735**		-
Equity bonds		**6,064**		1,870
Bank bonds		**8,610**		8,017
Promissory notes with interest payable at maturity (PRLV)		**-**		490
Domestic senior notes (CERBUR)		**3,558**		2,416
		63,725		54,501
Fair value valuation adjustment		**10**		68
Value recognized in memorandum accounts	**Ps.**	**63,735**	Ps.	54,569

b) Premiums earned and paid

An analysis of premiums earned and paid under security purchase agreements at December 31, 2011 and 2010 is as follows:

		2011		2010
Premiums earned (buyer) (Note 32a)	Ps.	2,155	Ps.	1,799
Premiums paid (seller) (Note 32b)		2,249		2,493
	Ps.	(94)	Ps.	(694)

c) Collateral securities received

An analysis of collateral securities received by the Group under security repurchase agreements at December 31, 2011 and 2010 is as follows:

		2011		2010
Mexican Treasury Certificates (CETES)	Ps.	78	Ps.	18,156
Mexican government development bonds (Bondes)		44,642		23,491
IPAB bonds		735		-
Equity bonds		6,064		1,870
Bank bonds		9,936		13,168
Notes with interest payable at maturity (PRLV)		613		490
Domestic senior notes (CERBUR)		3,558		2,415
Monetary Regulation Bonds (BREMS)		-		10
		65,626		59,600
Fair value valuation adjustment		53		123
Value recognized in memorandum accounts	Ps.	65,679	Ps.	59,723

9. Derivatives

At December 31, 2011 and 2010, an analysis of this caption is as follows:

	2011			
	Accounting entries		Offset	
	Assets	Liabilities	Assets	Liabilities
Derivatives held for trading:				
Futures	**Ps. 26,342**	**Ps. 26,832**	**Ps. -**	**Ps. 490**
Forwards	**145,838**	**146,288**	**3,524**	**3,974**
Stock-purchase warrants	**152**	**-**	**152**	**-**
Options	**1**	**1**	**1**	**1**
Swaps:				
Currency swaps	**41,591**	**46,071**	**80**	**4,560**
Interest rate swaps U.S. dollars	**25,579**	**27,715**	**3,608**	**5,744**
Interest rate swaps Mexican pesos	**47,419**	**46,259**	**4,092**	**2,932**
	114,589	**120,045**	**7,780**	**13,236**
	286,922	**293,166**	**11,457**	**17,701**
Hedging derivatives:				
Swaps				
Currency swaps	**8,099**	**9,209**	**38**	**1,148**
Interest rate swaps U.S. dollars	**(264)**	**(104)**	**-**	**160**
Interest rate swaps Mexican pesos	**(589)**	**(342)**	**9**	**256**
	7,246	**8,763**	**47**	**1,564**
	Ps. 294,168	**Ps. 301,929**	**Ps. 11,504**	**Ps. 19,265**

	2010			
	Accounting entries		Offset	
	Assets	Liabilities	Assets	Liabilities
Derivatives held for trading:				
Futures	Ps. 1,476	Ps. 1,460	Ps. 16	Ps. -
Forwards	62,792	63,342	871	1,421
Stock-purchase warrants	338	-	338	-
Swaps:				
Currency swaps	55,420	54,974	2,785	2,339
Interest rate swaps U.S. dollars	20,687	20,329	2,891	2,533
Interest rate swaps Mexican pesos	33,597	34,090	2,315	2,808
	109,704	109,393	7,991	7,680
	Ps. 174,310	Ps. 174,195	Ps. 9,216	Ps. 9,101

a) Futures

At December 31, 2011 and 2010, the position in terms of the number of foreign currency and interest rate futures entered into with the Chicago Mercantile Exchange (CME) and the Mexican Derivatives Market (MexDer) is as follows:

	2011			2010		
	No. of agreements			No. of agreements		
	CME	MexDer	Maturity	CME	MexDer	Maturity
Buying	46,267		March 12	1,702		March 11
Buying	4,000		February 12			
Selling		10,000	February 12		5,000	March 11

The total notional amount of CME and MexDer futures at December 31, 2011 is Ps.25,430 and Ps.1,395, respectively. The total notional amount of CME and MexDer futures at December 31, 2010 is Ps.839 and Ps.617, respectively.

b) Forwards

An analysis of the Group's forwards, based on their nature and maturity, is as follows at December 31, 2011 and 2010:

2011

Maturity date	Amount in U.S. dollars		Contracted price		Fair value		Unrealized gain (loss)
Buying:							
February 2012	1,360,500,000	Ps.	18,802	Ps.	19,045	Ps.	243
March 2012	3,694,497,800		51,492		48,792	(	2,700)
December 2012	180,000,000		2,623		2,590	(	33)
January 2013	3,000,000		38		43		5
April 2013	3,000,000		38		43		5
December 2013	60,000,000		788		881		93
December 2015	200,000,000		3,250		3,229	(	21)
December 2016	120,000,000		2,416		2,119	(	297)
	5,620,997,800	Ps.	79,447	Ps.	76,742	(	2,705)
Selling:							
January 2012	4,125,000	Ps.	58	Ps.	61		3
February 2012	841,110,500		11,650		11,532	(	118)
March 2012	4,117,816,900		56,858		59,063		2,205
July 2012	4,123,500		58		61		3
December 2012	30,000,000		434		436		2
January 2013	7,124,400		100		103		3
April 2013	3,000,000		43		43		-
July 2013	4,123,200		58		60		2
December 2013	60,000,000		898		903		5
December 2016	60,000,000		1,207		1,357		150
	5,131,423,500	Ps.	71,364	Ps.	73,619		2,255
				Net		Ps. (	450)

2010							
Maturity date	Amount in U.S. dollars		Contracted price		Fair value		Unrealized (loss) gain
Buying:							
January 2011	253,756,297	Ps.	3,159	Ps.	3,138	Ps. (	21)
February 2011	16,485,000		216		204	(	12)
March 2011	1,777,923,800		21,958		21,413	(	545)
April 2011	16,000,000		205		199	(	6)
May 2011	3,300,000		41		41		-
July 2011	926,297		13		12	(	1)
December 2011	8,000,000		107		102	(	5)
December 2012	150,000,000		2,250		2,028	(	222)
December 2015	200,000,000		3,250		3,058	(	192)
December 2016	120,000,000		2,414		2,041	(	373)
	2,546,391,394	Ps.	33,613	Ps.	32,236	(	1,377)
Selling:							
January 2011	348,271,297	Ps.	4,382	Ps.	4,458		76
February 2011	16,485,000		216		228		12
March 2011	2,148,371,250		26,611		27,151		540
April 2011	16,000,000		205		210		5
May 2011	3,300,000		41		41		-
July 2011	926,297		13		15		2
December 2011	8,000,000		108		113		5
December 2016	60,000,000		1,208		1,395		187
	2,601,353,844	Ps.	32,784	Ps.	33,611		827
				Net		Ps. (	550)

c) Warrant

In January 2009, the Group entered into an investment agreement that includes the acquisition of an unlisted warrant of the shares of the counterparty. Since, in addition to this derivative, the agreement includes a simple loan, it is considered a structured transaction. Under the stock warrant, the Group is entitled to acquire 7,950,000 common shares in the counterparty at a strike price of USD 6.3572 per share. At the date of the transaction (January 2009), the Group paid a premium on the warrant of Ps.309. At December 31, 2011 and 2010, the Group recognized an unrealized loss on this transaction of Ps.205 and Ps.264, respectively. At December 31, 2011 and 2010, the fair value of the warrant is computed as follows:

		2011		2010
Initial premium	**Ps.**	**330**	Ps.	292
Market-to market valuation	**(**	**178)**		46
Intrinsic value	**Ps.**	**152**	Ps.	338

The balance of the simple loan at December 31, 2010 was Ps.1,544. The loan bore interest of 14.8% and was repaid in full on August 15, 2011.

d) Swaps

At December 31, 2011 and 2010, the Group's swap position is as follows:

	2011			
	Notional amount	Present value of flows to be received	Present value of flows to be delivered	Net valuation
Held for trading				
Foreign currency swaps				
Mexican peso - U.S. dollar				
2012	Ps. 4,854	Ps. 4,895	Ps. (5,178)	Ps. (283)
2013	23,177	23,451	(25,816)	(2,365)
2014	4,644	4,651	(4,787)	(136)
2015	4,122	4,157	(4,518)	(361)
2016	321	558	(783)	(225)
2017	1,761	1,927	(2,672)	(745)
2027	916	1,170	(1,509)	(339)
2022	206	281	(342)	(61)
2025	-	-	(466)	(466)
	40,001	41,090	(46,071)	(4,981)
U.S. dollar - Mexican peso				
2025	353	501	-	501
Interest rate swaps				
U.S. dollar				
2014	4,045	411	(297)	114
2015	16,667	1,633	(1,431)	202
2016	2,580	198	(356)	(158)
2017	-	54	(116)	(62)
2018	2,929	280	(660)	(380)
2020	2,790	399	(871)	(472)
2038	5,579	2,941	(2,924)	17
2039	13,948	8,223	(8,756)	(533)
2040	9,066	5,545	(6,101)	(556)
2041	9,344	5,895	(6,203)	(308)
	66,948	25,579	(27,715)	(2,136)
Mexican pesos				
2012	6,950	282	(272)	10
2013	7,950	1,097	(1,237)	(140)
2014	1,550	568	(453)	115
2015	-	18	(25)	(7)
2016	2,250	784	(577)	207
2017	800	388	(396)	(8)
2018	14,300	6,457	(5,956)	501
2019	6,200	2,688	(2,678)	10
2020	8,965	4,124	(4,143)	(19)
2021	31,768	20,002	(19,398)	604
2024	2,050	1,279	(1,245)	34
2026	770	1,115	(1,103)	12
2027	9,550	7,096	(7,245)	(149)
2028	1,600	1,247	(1,243)	4
2037	300	274	(288)	(14)
	95,003	47,419	(46,259)	1,160
	Ps. 202,305	Ps. 114,589	Ps. (120,045)	Ps. (5,456)

	2011			
	Notional amount	Present value of flows to be received	Present value of flows to be delivered	Net valuation
Hedging				
Currency swaps				
Mexican peso - U.S. dollar				
2012	Ps. 3,836	Ps. 3,582	Ps. (3,839)	Ps. (257)
2013	2,790	2,352	(2,791)	(439)
2014	697	668	(702)	(34)
2015	758	620	(753)	(133)
2016	1,126	877	(1,124)	(247)
	9,207	8,099	(9,209)	(1,110)
Interest rate swaps				
U.S. dollar				
2014	-	(18)	8	(10)
2015	279	(187)	72	(115)
2016	408	(27)	11	(16)
2017	417	(31)	12	(19)
	1,104	(263)	103	(160)
Mexican pesos				
2012	-	(156)	131	(25)
2013	4,750	(234)	176	(58)
2014	1,450	(120)	66	(54)
2015	68	(5)	3	(2)
2018	-	(32)	2	(30)
2027	-	(42)	(36)	(78)
	6,268	(589)	342	(247)
	16,579	7,247	(8,764)	(1,517)
	Ps. 218,884	Ps. 121,836	Ps. (128,809)	Ps. (6,973)

	2010			
	Notional amount	Present value of flows to be received	Present value of flows to be delivered	Net valuation
Held for trading				
Currency swaps				
Mexican peso - U.S. dollar				
2011	Ps. 5,623	Ps. 5,407	Ps. (5,642)	Ps. (235)
2012	6,807	7,176	(6,812)	364
2013	25,317	25,602	(25,325)	277
2014	4,940	5,319	(4,895)	424
2015	4,750	4,842	(4,798)	44
2016	1,409	1,518	(1,777)	(259)
2017	2,034	1,962	(2,367)	(405)
2027	897	1,169	(1,173)	(4)
2022	191	282	(278)	4
2025	298	244	(227)	17
	52,266	53,521	(53,294)	227
U.S. dollar - Mexican peso				
2025	1,914	1,899	(1,680)	219
Interest rate swaps U.S. dollar				
2014	3,581	522	(397)	125
2015	15,005	2,109	(1,734)	375
2016	2,662	358	(359)	(1)
2017	385	47	(110)	(63)
2018	2,593	498	(664)	(166)
2020	2,470	661	(816)	(155)
2038	4,940	2,875	(2,863)	12
2039	12,350	8,088	(8,016)	72
2040	8,027	5,529	(5,370)	159
	52,013	20,687	(20,329)	358
Mexican pesos				
2011	3,400	144	(224)	(80)
2012	900	67	(104)	(37)
2013	6,100	995	(1,256)	(261)
2014	950	308	(176)	132
2015	69	18	(27)	(9)
2016	2,250	940	(745)	195
2017	3,300	1,332	(1,498)	(166)
2018	20,900	10,091	(10,298)	(207)
2019	6,200	3,040	(3,030)	10
2020	5,884	3,058	(3,043)	15
2021	6,375	4,387	(4,320)	67
2023	400	255	(298)	(43)
2027	9,550	7,245	(7,336)	(91)
2028	1,600	1,262	(1,258)	4
2037	500	455	(477)	(22)
	68,378	33,597	(34,090)	(493)
	Ps. 174,571	Ps. 109,704	Ps. (109,393)	Ps. 311

The Group's derivatives involve liquidity, market, credit and legal risks. To reduce its exposure to such risks, the Group has established risk management policies and procedures (Note 37).

10. Valuation Adjustment for Financial Asset Hedges

The valuation adjustment for the Group's financial asset hedges is determined by designating individual loans and loan portfolios as hedged positions in fair value hedging relationships to mitigate the Group's exposure to interest-rate fluctuations.

Positions are determined by segmenting the loan portfolio based on the inherent risk being hedged. In this way the loan portfolio is divided into three segments: fixed-rate portfolio in Mexican pesos, fixed-rate portfolio in U.S. dollars and variable-rate portfolio in foreign currency. The loans to be hedged are designated for each portfolio. Each segment and portfolio includes loans from the consumer, home mortgage and commercial loan portfolios and the methodology is applied to all loans in the same manner.

At December 31, 2011, an analysis of the valuation adjustment attributable to the risk being hedged, by type of loan portfolio, is as follows:

	2011		
	Outstanding balance of the portfolio	Valuation adjustment	Adjusted balance
Fixed–rate loan portfolio in Mexican pesos	Ps. 6,016	Ps. 277	Ps. -
Fixed–rate loan portfolio in U.S. dollars	251	114	5
Variable–rate loan portfolio in U.S. dollars	7,238	4	13
Automatically hedged	2,723	56	56
	Ps. 16,228	451	74

When the hedge designation of a fair value hedge is removed, the revaluation effect attributable to the risk being hedged is amortized over the term of the respective loan portfolio. At December 31, 2011 and 2010, an analysis of the valuation adjustment and related amortization of valuation is as follows:

	Amortization adjustment 2010	Valuation adjustment Dec. 31, 2010	Amortization adjustment 2011	Valuation adjustment Dec. 31, 2011
Fixed–rate loan portfolio in Mexican pesos	Ps. (401)	Ps. 580	(202)	378
Fixed–rate loan portfolio in U.S. dollars	(713)	2,296	(419)	1,877
Variable-rate loan portfolio in U.S. dollars	387	(716)	201	(515)
Inefficient loan portfolio in 2011(1)	-	-	(25)	352
	(727)	2,160	(445)	2,092
	Ps. (727)	Ps. 2,160	Ps. 6	Ps. 2,166

(1) The beginning balance of these transactions in 2011 was Ps.377.

For the year ended December 31, 2011, an analysis of the offsetting between the changes in the fair value of derivatives recognized in the statement of income in the Financial margin caption, and the hedged positions, is as follows (Note 32a):

	2011	
Loss due to changes in the valuation of hedging instruments	Ps. (	549)
Gain due to changes in the valuation of hedged positions		451
Amortization of previously recognized valuation adjustments as a result of removals of hedge designations	(	445)
	Ps. (	543)

At December 31, 2011, the hedge efficiency testing designed by the Group is in a range of between 80% and 125%, as required by CNBV accounting criteria.

11. Loan Portfolio

a) Analysis of the performing and past-due loan portfolio by type of loan

An analysis of the loan portfolio at December 31, 2011 and 2010 is as follows:

	2011					
	Performing portfolio			Past-due portfolio		
Loan type	**Principal**	**Interest**	**Total**	**Principal**	**Interest**	**Total**
Consumer	**Ps. 10,572**	**Ps. 114**	**Ps. 10,686**	**Ps. 240**	**Ps. 4**	**Ps. 244**
Discounts	**2,161**	**5**	**2,166**	**9**	**-**	**9**
Unsecured	**3,860**	**66**	**3,926**	**64**	**-**	**64**
Chattel mortgage	**516**	**3**	**519**	**-**	**-**	**-**
Simple and current accounts	**127,727**	**567**	**128,294**	**4,072**	**70**	**4,142**
Home mortgage	**1,259**	**7**	**1,266**	**202**	**2**	**204**
Leasing	**1,312**	**-**	**1,312**	**563**	**20**	**583**
Restructured (Note 11f)	**16,701**	**38**	**16,739**	**411**	**5**	**416**
Rediscount	**3,491**	**5**	**3,496**	**42**	**-**	**42**
	Ps. 167,599	**Ps. 805**	**Ps. 168,404**	**Ps. 5,603**	**Ps. 101**	**Ps. 5,704**

	2010					
	Performing portfolio			Past-due portfolio		
Loan type	Principal	Interest	Total	Principal	Interest	Total
Consumer	Ps. 9,648	Ps. 79	Ps. 9,727	Ps. 320	Ps. 3	Ps. 323
Discounts	1,238	-	1,238	455	-	455
Unsecured	13,951	38	13,989	4	-	4
Chattel mortgage	534	1	535	-	-	-
Simple and current accounts	118,452	729	119,181	2,128	26	2,154
Home mortgage	1,432	8	1,440	224	3	227
Leasing	1,619	-	1,619	26	-	26
Restructured (Note 11f)	18,055	102	18,157	383	7	390
Rediscount	5,996	15	6,011	26	1	27
	Ps. 170,925	Ps. 972	Ps. 171,897	Ps. 3,566	Ps. 40	Ps. 3,606

b) Analysis of the loan portfolio by currency

An analysis of the loan portfolio by currency at December 31, 2011 and 2010 is as follows:

Loan type	2011			
	Mexican pesos	Foreign currency	UDIs	Total
Performing loan portfolio:				
Consumer	Ps. 10,686	Ps. -	Ps. -	Ps. 10,686
Discount	1,949	217	-	2,166
Unsecured	1,532	2,394	-	3,926
Chattel mortgage	491	28	-	519
Simple and current accounts	86,713	41,581	-	128,294
Home mortgage	1,264		2	1,266
Leasing	292	1,020	-	1,312
Restructured (Note 11f)	2,872	13,867	-	16,739
Rediscount	3,189	307	-	3,496
	Ps. 108,988	Ps. 59,414	Ps. 2	Ps. 168,404
Past-due loan portfolio:				
Consumer	Ps. 240	Ps. 4	Ps. -	Ps. 244
Discount	7	2	-	9
Unsecured	44	20	-	64
Simple and current accounts	2,985	1,157	-	4,142
Home mortgage	203	-	1	204
Leasing	583	-	-	583
Restructured (Note 11f)	187	228	1	416
Rediscount	42	-	-	42
	4,291	1,411	2	5,704
	Ps. 113,279	Ps. 60,825	Ps. 4	Ps. 174,108

Loan type	2010 Mexican pesos	Foreign currency	UDIs	Total
Performing loan portfolio:				
Consumer	Ps. 9,725	Ps. 2	Ps. -	Ps. 9,727
Discount	1,234	4	-	1,238
Unsecured	13,353	636	-	13,989
Chattel mortgage	510	25	-	535
Simple and current accounts	84,893	34,288	-	119,181
Home mortgage	1,438	-	2	1,440
Leasing	633	986	-	1,619
Restructured (Note 11f)	8,967	9,190	-	18,157
Rediscount	6,000	11	-	6,011
	126,753	45,142	2	171,897
Past-due loan portfolio:				
Consumer	319	4	-	323
Discount	3	452	-	455
Unsecured	4	-	-	4
Simple and current accounts	1,541	613	-	2,154
Home mortgage	226	1	-	227
Leasing	26	-	-	26
Restructured (Note 11f)	340	50		390
Rediscount	27	-	-	27
	2,486	1,120	-	3,606
	Ps. 129,239	Ps. 46,262	Ps. 2	Ps. 175,503

- Loans granted to financial entities

An analysis of loans granted to financial entities by currency at December 31, 2011 and 2010 is as follows:

Loan type	2011 Mexican pesos	Foreign currency	Total
Performing loan portfolio:			
Interbank	**Ps. 2,768**	**Ps. 2,240**	**Ps. 5,008**
To non-banking financial institutions	**4,363**	**959**	**5,322**
	Ps. 7,131	**Ps. 3,199**	**Ps. 10,330**

Loan type	2010 Mexican pesos	Foreign currency	Total
Performing loan portfolio:			
Interbank	Ps. 3,089	Ps. -	Ps. 3,089
To non-banking financial institutions	4,350	2,464	6,814
	Ps. 7,439	Ps. 2,464	Ps. 9,903

At December 31, 2011 and 2010, there are no past-due loan portfolio balances payable by financial entities.

- **Loans granted to government entities**

An analysis of loans granted to government entities by currency at December 31, 2011 and 2010 is as follows::

2011		**Mexican pesos**		**Foreign currency**		**Total**
Performing loan portfolio:						
To the Federal government or backed by it	**Ps.**	**28**	**Ps.**	**-**	**Ps.**	**28**
To state or municipal governments or backed by them		**8,135**		**-**		**8,135**
To decentralized or deconcentrated bodies		**1,436**		**4,385**		**5,821**
	Ps.	**9,599**	**Ps.**	**4,385**	**Ps.**	**13,984**

2010		Mexican pesos		Foreign currency		Total
Performing loan portfolio:						
To the Federal government or backed by it	Ps.	28	Ps.	-	Ps.	28
To state or municipal governments or backed by them		16,045		-		16,045
To decentralized or deconcentrated bodies		8,122		2,871		10,993
	Ps.	24,195	Ps.	2,871	Ps.	27,066

At December 31, 2011, the past-due portfolio balance due from government entities was Ps.557, while at December 31, 2010, there are no past-due portfolio balances due from these entities.

c) Operating limits

Both the CNBV and the Mexican Credit Institutions Act establish the limits to be observed by the Group's bank subsidiary for the granting of loans. The most important of these limits are as follows:

- **Loans constituting common risk**

Loans granted to a single person or to a group of persons who are considered a single person because they represent a common risk, are subject to maximum capital limits computed using the following table:

% limit on basic capital of bank subsidiary	Loan capitalization level
12%	More than 8% and up to 9%
15%	More than 9% and up to 10%
25%	More than 10% and up to 12%
30%	More than 12% and up to 15%
40%	More than 15%

Loans backed by unconditional and irrevocable guarantees that cover both principal and interest and restatement, granted by foreign financial institutions with strong investment ratings, may exceed the maximum limit applicable to that particular lender. However, in no case may these loans represent more than 100% of the basic capital of the bank subsidiary, per each person or group of persons constituting common risk. At December 31, 2011 and 2010, the bank subsidiary has met the aforementioned limits.

- **Loans to related parties**

The Mexican Credit Institutions Act establishes limits for the granting of loans to related parties. The total amount of intercompany loans, plus irrevocable lines of credit granted to related parties, may not exceed 50% of basic net capital. At December 31, 2011 and 2010, the balance of the loans granted to related parties have not exceeded such limit (Note 36).

- **Other loan limits**

The sum of loans granted to the bank subsidiary's three largest borrowers, loans granted exclusively to other banks and loans taken out by government agencies and state-owned entities, including public trusts, may not exceed 100% of the bank subsidiary's net capital.

At December 31, 2011 and 2010, the maximum amount of financing due from the bank subsidiary's three largest borrowers aggregated Ps.15,315 and Ps.24,776, respectively, which represented 37.2% and 62.8% of net capital computed at December 31, 2011 and 2010, respectively.

At December 31, 2011 and 2010, the bank subsidiary has granted three and five loans, respectively, that exceed 10% of its net capital. At December 31, 2011, these loans aggregate Ps.15,315 and represent 37.2% of the bank subsidiary's net capital. At December 31, 2010, these loans aggregate Ps.35,265 and represent 89.4% of the bank subsidiary's net capital.

At December 31, 2011 and 2010, loans granted to other banks total Ps.2,447 and Ps.3,089, respectively, and loans granted to state-owned entities and bodies aggregate Ps.8,063 and Ps.16,073, respectively.

d) Analysis of risk concentration

- **By economic sector**

An analysis of risk concentration percentages by economic sector at December 31, 2011 and 2010 is as follows:

	2011			2010		
		Amount	Concentration percentage		Amount	Concentration percentage
Private (companies and individuals)	Ps.	137,633	79%	Ps.	127,182	72%
Financial		10,329	6%		9,903	6%
Consumer		10,930	6%		10,052	6%
Home mortgage		1,304	1%		1,300	1%
Loans to government entities		13,912	8%		27,066	15%
	Ps.	174,108	100%	Ps.	175,503	100%

- **By region**

An analysis of risk concentration percentages by region at December 31, 2011 and 2010 is as follows::

Region	2011 Amount	2011 Concentration percentage	2010 Amount	2010 Concentration percentage
Central	**Ps. 98,958**	**57%**	Ps. 118,061	67%
Northern	**32,697**	**19%**	14,097	8%
Southern	**18,408**	**10%**	15,859	9%
Foreign and other	**24,045**	**14%**	27,486	16%
	Ps. 174,108	**100%**	Ps. 175,503	100%

The most important policies followed by the Group in the determination of its risk concentrations are described in Note 37.

e) Analysis of economic environment (troubled loan portfolio)

At December 31, 2011 and 2010, the Group's troubled loan portfolio mainly includes D and E risk graded loans. An analysis is as follows:

	2011					
	Performing portfolio			**Past-due portfolio**		
Loan type	**Principal**	**Interest**	**Total**	**Principal**	**Interest**	**Total**
Simple	**Ps. 5,271**	**Ps. 42**	**Ps. 5,313**	**Ps. 2,834**	**Ps. 36**	**Ps. 2,870**
Letters of credit	**9**	**-**	**9**	**-**	**-**	**-**
Restructured	**10**	**-**	**10**	**80**	**1**	**81**
Consumer	**177**	**11**	**188**	**157**	**4**	**161**
Home mortgage	**-**	**-**	**-**	**40**	**1**	**41**
Leasing	**7**	**-**	**7**	**6**		**6**
Discount	**2**	**-**	**2**	**-**	**-**	**-**
Unsecured	**-**	**-**	**-**	**42**	**-**	**42**
Loans to SMEs	**8**	**-**	**8**	**-**	**-**	**-**
Bridge loans	**31**	**-**	**31**	**-**	**-**	**-**
	Ps. 5,515	**Ps. 53**	**Ps. 5,568**	**Ps. 3,159**	**Ps. 42**	**Ps. 3,201**

	2010					
	Performing portfolio			Past-due portfolio		
Loan type	Principal	Interest	Total	Principal	Interest	Total
Simple	Ps. 3,277	Ps. 14	Ps. 3,291	Ps. 915	Ps. -	Ps. 915
Restructured	3,097	4	3,101	168	-	168
Consumer	678	17	695	143	3	146
Home mortgage	-	-	-	96	3	99
Leasing	1	-	1	6	-	6
Discount	9	-	9	5	-	5
Unsecured	-	-	-	4	-	4
	Ps. 7,062	Ps. 35	Ps. 7,097	Ps. 1,337	Ps. 6	Ps. 1,343

The most important policies followed by the Group in the determination of the troubled loan portfolio are described in Note 37.

f) Performing restructured loans

- Balances

An analysis of performing restructured loans at December 31, 2011 and 2010 is as follows:

	2011					
	Performing portfolio			Past-due portfolio		
Loan type	Principal	Interest	Total	Principal	Interest	Total
Simple mortgage	Ps. 8,375	Ps. 22	Ps. 8,397	Ps. 313	Ps. 3	Ps. 316
Simple chattel mortgage	1,411	2	1,413	-	-	-
Guaranteed simple	3,719	7	3,726	81	2	83
Simple with other guarantees	2,864	7	2,871	7	-	7
Unsecured	31	-	31	-	-	-
Chattel mortgage	7	-	7	-	-	-
Unsecured simple	256	-	256	-	-	-
Consumer	-	-	-	2	-	2
Home mortgage	38	-	38	8	-	8
	Ps.16,701	Ps. 38	Ps.16,739	Ps. 411	Ps. 5	Ps. 416

	2010					
	Performing portfolio			Past-due portfolio		
Loan type	Principal	Interest	Total	Principal	Interest	Total
Simple mortgage	Ps. 8,004	Ps. 35	Ps. 8,039	Ps. 223	Ps. 1	Ps. 224
Simple chattel mortgage	1,279	51	1,330	-	-	-
Guaranteed simple	2,883	7	2,890	-	-	-
Simple with other guarantees	5,578	7	5,585	157	6	163
Chattel mortgage	15	1	16	-	-	-
Unsecured simple	247	-	247	-	-	-
Home mortgage	49	1	50	3	-	3
	Ps. 18,055	Ps. 102	Ps. 18,157	Ps. 383	Ps. 7	Ps. 390

- Additional guarantees obtained in restructured loans

At December 31, 2011 and 2010, additional guarantees obtained in restructured loans are as follows:

	2011	
Type of loan	Amount	Nature of guarantee
Mexican peso denominated		
Simple mortgage	Ps. 24,147	Chattel mortgage, mortgage and personal property
Simple with other guarantees	4,108	Chattel mortgage, mortgage and corporate shares
Simple chattel mortgage	1,826	Corporate shares
Restructured home mortgage	26	Mortgage
	Ps. 30,107	

Type of loan		2010 Amount	Nature of guarantee
Mexican peso denominated			
Simple mortgage	Ps.	3,896	Chattel mortgage, mortgage and personal property
Simple with other guarantees		5,955	Chattel mortgage, mortgage and corporate shares
Simple chattel mortgage		386	Corporate shares
Guaranteed simple		80	Chattel mortgage
Restructured home mortgage		49	Mortgage
Chattel mortgage		24	Corporate shares
		10,390	
U.S. dollar denominated			
Simple mortgage		2,873	Chattel mortgage
		13,263	
UDI denominated			
Consumer		1	Mortgage
	Ps.	13,264	

g) Past-due loan portfolio

- Age

An aged analysis of the past-due loan portfolio at December 31, 2011 and 2010 is as follows:

		2011		2010
1 to 180 days overdue	**Ps.**	**2,270**	Ps.	2,303
181 to 365 days overdue		**1,002**		778
More than one year overdue		**2,432**		525
	Ps.	**5,704**	Ps.	3,606

The aforementioned analysis includes the balances of the past-due consumer and mortgage loan portfolio, which at December 31, 2011 total Ps.245 (Ps.325 in 2010) and Ps.89 (Ps.104 in 2010), respectively. The Group's management considered it unnecessary to prepare a separate aged analysis of such portfolios due to their relative immateriality.

- Changes

An analysis of movements in the past-due loan portfolio at December 31, 2011 and 2010 is as follows:

		2011		2010
Beginning balance	**Ps.**	**3,606**	Ps.	4,449
Plus (less):				
Net transfers from performing portfolio to past-due portfolio and vice versa (1)		**2,777**		1,457
Recoveries	**(**	**239)**	(	1,698)
Write-offs	**(**	**440)**	(	602)
Ending balance	**Ps.**	**5,704**	Ps.	3,606

(1) For the years ended December 31, 2011 and 2010, based on the policy described in Note 2m) above, the Group transferred Ps.109,583 and Ps.106,700, respectively, from the performing portfolio to the past-due portfolio. For the years ended December 31, 2011 and 2010, transfers made from the past-due portfolio to the performing portfolio totaled
Ps.106,807 and Ps.105,243, respectively.

For the years ended December 31, 2011 and 2010, the Group did not pardon, write off or make charges against any of its loans granted to related parties that gave rise to the cancellation of the corresponding asset.

12. Preventive Provision for Credit Risks

An analysis of the preventive provision for credit risks at December 31, 2011 and 2010 is as follows:

		2011		2010
Commercial loan portfolio (a)	**Ps.**	**21,705**	Ps.	17,715
Consumer loan portfolio (b)		**981**		1,005
Home mortgage loan portfolio (c)		**64**		126
	Ps.	**22,750**	Ps.	18,846

An analysis of the preventive provision for credit risks at December 31, 2011 and 2010 is as follows:

a) Commercial loan portfolio (including loans granted to financial and government entities)

	2011				2010			
Risk	**Amount of liability**		**Amount of provision**		Amount of liability		Amount of provision	
A1	**Ps.**	**38,869**	**Ps.**	**358**	Ps.	38,462	Ps.	191
A2		**18,304**		**181**		26,438		259
B1		**29,035**		**1,085**		32,053		1,299
B2		**40,064**		**3,774**		35,095		2,865
B3		**16,414**		**2,602**		17,320		2,927
C1		**14,117**		**3,725**		12,402		2,406
C2		**4,222**		**1,689**		747		299
D		**346**		**215**		134		92
E		**8,034**		**8,023**		7,366		7,366
Graded portfolio	**Ps.**	**169,405**		**21,652**	Ps.	170,017		17,704
Additional provision				**40**				11
Required provision				**21,692**				17,715
Amount provided for				**21,705**				17,715
Over or understatement				**Ps.13**			Ps.	-

b) Consumer loans

An analysis of the provision for consumer loans at December 31, 2011 and 2010 is as follows:

	2011				2010			
Risk	**Amount of liability**		**Amount of provision**		Amount of liability		Amount of provision	
A	**Ps.**	**932**	**Ps.**	**22**	Ps.	6,572	Ps.	33
B		**7,277**		**311**		519		52
B1		**216**		**6**		216		44
B2		**1,410**		**124**		1,558		100
C		**730**		**255**		346		137
D		**240**		**154**		622		422
E		**109**		**109**		218		217
Graded portfolio	**Ps.**	**10,914**		**981**	Ps.	10,051	Ps.	1,005
Amount provided for				**981**				1,005
Over or understatement			**Ps.**	**-**			Ps.	-

c) Home mortgage loans

	2011				2010			
Risk	**Amount of liability**		**Amount of provision**		Amount of liability		Amount of provision	
A	**Ps.**	**1,083**	**Ps.**	**3**	Ps.	1,043	Ps.	3
B		**137**		**5**		78		14
C		**43**		**15**		79		25
D		**1**		**1**		51		35
E		**40**		**40**		49		49
Graded portfolio	**Ps.**	**1,304**		**64**	Ps.	1,300		126
Amount provided for				**64**				126
Over or understatement			**Ps.**	**-**			Ps.	-

d) Changes in provision

Movements in the preventive provision for credit risks at December 31, 2011 and 2010 were as follows:

	2011		2010	
Balance at beginning of year	**Ps.**	**18,846**	Ps.	15,920
Plus (less):				
Increase in provision (Note 26)		**3,145**		4,427
Provision for foreclosed and repossessed property	**(**	**15)**	(	63)
Charges to the provision	**(**	**231)**	(	1,135)
Revaluation of UDIs and foreign currency portfolio		**1,005**	(	303)
Balance at end of year	**Ps.**	**22,750**	Ps.	18,846

13. Accounts Receivable from Insurance and Bonding Companies, net

An analysis of this caption at December 31, 2011 and 2010 is as follows:

		2011		2010
Loans on policies	**Ps.**	**307**	Ps.	263
Chattel mortgage financing		**1,111**		1,153
Mortgage financing		**159**		194
Unsecured loans		**2,074**		2,352
Past-due portfolio		**69**		62
Interest debtors		**14**		11
Allowance for loan write-offs		**(20)**		(20)
	Ps.	**3,714**	Ps.	4,015

14. Premium Debtors

An analysis of this caption at December 31, 2011 and 2010 is as follows:

		2011		2010
First year premiums receivable	**Ps.**	**558**	Ps.	447
Renewal premiums receivable		**104**		87
Premium debtors from accident and health, and property and casualty lines of business		**3,177**		4,231
Debt receivable from Federal government agencies and entities		**5,398**		4
	Ps.	**9,237**	Ps.	4,769

15. Accounts Receivable from Reinsurers and Rebonders, net

An analysis of this caption at December 31, 2011 and 2010 is as follows:

		2011		2010
Insurance companies	**Ps.**	**740**	Ps.	709
Retained premiums from ceded reinsurance and rebonding business		**1**		1
Reinsurers' share		**15,171**		9,850
	Ps.	**15,912**	Ps.	10,560

16. Other Accounts Receivable, net

An analysis of this caption at December 31, 2011 and 2010 is as follows:

		2011		2010
Recoverable taxes	Ps.	614	Ps.	460
Debtors for settlement of transactions (1)		22,934		19,640
Commission debtors		31		24
Commissions receivable		11		11
Debtors under swap margin accounts		-		414
Other debtors		1,381		1,285
		24,971		21,834
Allowance for bad debts	(	142)	(	115)
	Ps.	24,829	Ps.	21,719

(1) An analysis of this caption at December 31, 2011 and 2010 is as follows:

		2011		2010
Clearing accounts for currency exchange operations (Note 5b)	Ps.	22,924	Ps.	19,638
Other clearing accounts		10		2
	Ps.	22,934	Ps.	19,640

17. Buildings, Furniture and Equipment, net

An analysis of this caption at December 31, 2011 and 2010 is as follows:

	Tasa		2011		2010
Buildings	5%	Ps.	3,269	Ps.	2,926
Office furniture and equipment	10%		620		606
Electronic computer equipment	30%		1,624		1,529
Machinery and equipment	30%		191		383
Automobile equipment	25%		342		339
Land			180		180
Leased assets			36		-
Other			101		96
			6,363		6,059
Accumulated depreciation		(	2,395)	(	2,252)
		Ps.	3,968	Ps.	3,807

Depreciation expense for the years ended December 31, 2011 and 2010 was Ps.327 and Ps.263, respectively.

At December 31, 2011 and 2010, the aforementioned analysis includes the balance of assets under operating leases with a total net carrying value of Ps.351 and Ps.445, respectively.

18. Equity Investments

An analysis of this caption at December 31, 2011 and 2010 is as follows:

		2011			
Issuer	Balance 2010	Additions	Equity interest in net income (loss)	Other movements	Balance 2011
Venture capital investments:					
Infraestructura y Transportes México	Ps. 1,782	Ps. -	Ps. 178	Ps. -	Ps. 1,960
Controladora Vuela Compañía de Aviación		-		-	-
Quality Films	7	-	(12)	-	(5)
Media Planning	10	-	4	(3)	11
Concesionaria Vuela Compañía de Aviación		-	-	-	-
Argos Comunicación	50	-	3	-	53
Celsol	63	-	1	(64)	-
In Store de México	18	-	13	(9)	22
Aspel Grupo	121	-	15	(136)	-
Aspel México	215	-	19	(234)	-
Pure Leasing	236	-	(18)	(102)	116
Grupo IDESA	271	373	46	(2)	688
Laboratorio Médico Polanco		-	-	-	-
LandsteinerPharma	22	-	(1)	-	21
LandsteinerScientific	316	-	34	-	350
Salud Interactiva	184	-	4	(18)	170
Salud Holding	21	-	5	-	26
Giant Motors	219	-	-	-	219
Gas Natural	872	-	66	(938)	-
Hildebrando	273	-	26	(4)	295
Progenika	19	-	(2)	-	17
Enesa	250	-	15	-	265
Hold Gasimex	-	915	11	-	926
Salica	-	340	8	1	349
Other	9	-	-	1	10
	4,958	1,628	415	(1,508)	5,493
Other investments:					
Asociación de Bancos de México	10		-	1	11
Inbursa Siefore	335		16	-	351
Inbursa Siefore Básica 1	110		5	-	115
Inbursa Siefore Básica 3	381		18	-	399
Inbursa Siefore Básica 4	260		13	-	273
Inbursa Siefore Básica 5	50		3	-	53
Procesar	8		-	-	8
Mutual funds	282		22	50	354
Promotora Ideal	87		(3)	(4)	84
Autopista arco norte (emp pta cometa)	35		-	-	35
Other	12		(58)	55	9
	1,570		16	106	1,692
	Ps. 6,528	Ps. 1,628	Ps. 431	Ps. (1,402)	Ps. 7,185

Issuer	Balance 2009	Additions	Equity interest in net income (loss)	Other movements	Balance 2010
	2010				
Venture capital investments:					
Infraestructura y transportes México	Ps. 1,611	Ps. -	Ps. 171	Ps. -	Ps. 1,782
Controladora Vuela, Compañía de Aviación	238	-	(29)	(209)	-
Quality Films	13	-	(6)	-	7
Media Planning	9	-	3	(2)	10
Concesionaria Vuela Compañía de Aviación	6	-	(2)	(4)	-
Argos Comunicación	53	-	(3)	-	50
Celsol	73	-	(10)	-	63
In Store de México	14	-	9	(5)	18
Aspel Grupo	126	-	(5)	-	121
Aspel México	213	-	2	-	215
Pure Leasing	256	-	19	(39)	236
Grupo IDESA	247	-	26	(2)	271
Laboratorio Médico Polanco	58	-	4	(62)	-
Landsteiner Pharma	19	-	3	-	22
Landsteiner Scientific	251	63	2	-	316
Salud Interactiva	166	-	18	-	184
Salud Holding	44	-	(23)	-	21
Giant Motors	215	-	4	-	219
Gas Natural	788	-	84	-	872
Hildebrando	250	-	23	-	273
Progenika	-	19	-	-	19
Enesa	-	250	-	-	250
Other	6	6	(3)	-	9
	4,656	338	287	(323)	4,958
Other investments:					
Asociación de Bancos de México	10	-	-	-	10
Inbursa Siefore	308	-	17	10	335
Inbursa Siefore Básica 1	95	-	5	10	110
Inbursa Siefore Básica 3	360	-	21	-	381
Inbursa Siefore Básica 4	245	-	15	-	260
Inbursa Siefore Básica 5	47	-	3	-	50
Procesar	8	-	-	-	8
Mutual funds	275	-	12	(5)	282
Promotora Ideal	101	-	(7)	(7)	87
Autopista arco norte (emp pta cometa)	35	-	-	-	35
Other	13	-	(87)	86	12
	1,497	-	(21)	94	1,570
	Ps. 6,153	Ps. 338	Ps. 266	Ps. (229)	Ps. 6,528

19. Other Assets, Deferred Charges and Intangibles, net

At December 31, 2011 and 2010, this caption consists of the following:

	2011		2010	
Software licenses	Ps.	261	Ps.	253
Prepaid expenses		1,062		1,014
Goodwill – SINCA Inbursa		166		131
Premium paid on loan operations		109		150
Guarantee deposits		808		923
Investments for labor obligations		70		3
Other		622		697
Prepaid expenses (recoverable taxes)		14		-
		3,112		3,171
Amortization of software licenses	(	267)	(	234)
Amortization of other items	(	4)		-
	Ps.	2,841	Ps.	2,937

Amortization expense for software licenses for the years ended December 31, 2011 and 2010 was Ps.7 and Ps.10, respectively.

20. Traditional deposits

a) Demand deposits

An analysis of demand deposits at December 31, 2011 and 2010 is as follows:

Checking accounts	Mexican pesos 2011		2010		Foreign currency translated to Mexican pesos 2011		2010		Total 2011		2010	
Interest-bearing	Ps.	51,053	Ps.	49,738	Ps.	1,388	Ps.	1,549	Ps.	52,441	Ps.	51,287
Non-interest bearing		279		193		320		73		299		266
Total	Ps.	51,332	Ps.	49,931	Ps.	1,408	Ps.	1,622	Ps.	52,740	Ps.	51,553

For the years ended December 31, 2011 and 2010, interest payable on demand deposits was Ps.2,024 and Ps.2,005, respectively (Note 32b).

b) Time deposits

This caption consists of fixed-term deposits, deposits by foreign companies and banks and promissory notes with interest payable at maturity (PRLV). The interest rate on Mexican peso denominated deposits is tied to the Mexican Treasury Certificate (CETES) rate and to the 28-day adjusted interbank rate (TIIE). Returns on foreign currency denominated deposits are tied to the London Interbank Offered Rate (LIBOR).

At December 31, 2011 and 2010, time deposits are as follows:

		2011		2010
Fixed-term deposits:				
U.S. dollars (1)	**Ps.**	**333**	Ps.	1,531
UDIs (2)		**4,233**		2,454
UDIs (1)		**465**		448
Mexican pesos (1)		**248**		132
Mexican pesos (2)		**12,558**		5,505
		17,837		10,070
Promissory notes with interest payable at maturity (PRLV):				
Placed through the market (2)		**29,259**		61,435
Placed over the counter (1)		**4,559**		1,204
		33,818		62,639
Deposits withdrawable on pre-established days (1)		**2,024**		1,226
	Ps.	**53,679**	Ps.	73,935

(1) Placed among the general public
(2) Placed through the money market

At December 31, 2011 and 2010, deposits maturing in less than one year totaled Ps.53,680 and Ps.73,412, respectively.

For the years ended December 31, 2011 and 2010, interest payable on time deposits was Ps.2,368 and Ps.3,999, respectively (Note 32b).

Whenever a bank receives deposits or loans from its customers, or obtains funds from one person or a group of persons considered a single economic entity in one or more transactions, and such deposits, loans or funds represent more than 100% of its net capital, the bank must notify the Commission of such occurrence on the following business day. At December 31, 2011 and 2010, the Group's bank subsidiary has not exceeded such limit.

c) Debt instruments issued

Al 31 de diciembre de 2011 y 2010, los títulos de créditos emitidos correspondientes a certificados bursátiles, se integran como sigue:

Emisión	Número de títulos	Tasa de interés		2011		2010
Binbur 10	**50,000,000**	**5.03%**	**Ps.**	**5,001**	Ps.	5,001
Binbur 10-3	**6,500,000**	**5.20%**		**652**		652
Binbur 10-2	**45,300,000**	**4.99%**		**4,545**		5,015
Binbur 10-4	**43,546,500**	**4.92%**		**4,357**		5,001
Binbur 11	**60,000,000**	**4.94%**		**6,002**		-
Binbur 11-2	**39,365,008**	**5.00%**		**3,943**		-
Binbur 11-3	**5,000,000**	**4.95%**		**502**		-
Binbur 11-4	**46,000,000**	**4.99%**		**4,615**		-
Binbur 11-5	**24,346,729**	**5.00%**		**2,439**		-
	320,058,237		**Ps.**	**32,056**	Ps.	15,669

On June 30, 2011, through official document 153/3618/2011, the Commission authorized the provisional registration in the National Securities Registry of the securities to be issued by the Bank in the National Registry of Securities under the "Revolving program for bank domestic senior, certificates of term bank deposits, promissory notes with interest payable at maturity (PRLV) and bank bonds". The authorized maximum amount of the issuances is Ps.50,000 or its equivalent in UDIs, and accordingly, the sum of all outstanding issuances on a given date may not exceed this authorized amount.

Each security issue made through this program will have its own characteristics, such as issue price, issue amount, face value, issue and settlement dates, term, maturity date, coupon rate, and periodicity of interest payments (or the discount rate, if applicable), among other aspects. These terms will be agreed upon by the Group and underwriter and will be published in the respective prospectus on the date of each issuance.

At December 31, 2011 and 2010, the Group's current debt issuances represent 69.1% and 31.3%, respectively, of the total authorized amount.

For the years ended December 31, 2011 and 2010, interest paid on domestic senior notes was Ps.1,343 and Ps.182, respectively (Note 32b), and issuance expenses totaled Ps.28 and Ps.4, respectively (Note 35).

21. Interbank and other borrowings

This caption consists primarily of borrowings from financial institutions and government entities that bear interest at current market interest rates.

An analysis of this caption at December 31, 2011 and 2010 is as follows:

	2011			2010		
	Principal	**Interest**	**Total**	Principal	Interest	Total
Demand deposits						
Short-term						
Mexican-peso borrowings						
NAFIN	**Ps. 3,347**	**Ps. 28**	**Ps. 3,375**	Ps. 4,891	Ps. 36	Ps. 4,927
Foreign currency borrowings						
NAFIN	**302**	**2**	**304**	11	-	11
	3,649	**30**	**3,679**	4,902	36	4,938
Long-term						
Mexican-peso borrowings						
NAFIN	**-**	**-**	**-**	527	-	527
Discounted portfolio (FIRA)	**273**	**1**	**274**	322	-	322
Total long-term borrowings	**273**	**1**	**274**	849	-	849
	Ps. 3,922	**Ps. 31**	**Ps. 3,953**	Ps. 5,751	Ps. 36	Ps. 5,787

At December 31, 2011, short-term Mexican-peso borrowings bear interest at an average annual rate of 5.34% (4.48% in 2010). At December 31, 2011, long-term Mexican-peso borrowings bear interest at an average annual rate of 2.88% (5.12% in 2010).

For the years ended December 31, 2011 and 2010, interest payable on interbank loans was Ps.423 and Ps.437, respectively (Note 32b).

At December 31, 2011 and 2010, there are no guarantees for the borrowings received.

22. Technical Reserves

An analysis of this caption at December 31, 2011 and 2010 is as follows:

		2011		2010
For unearned premiums	**Ps.**	**33,986**	Ps.	27,251
For contractual obligations		**12,709**		11,538
Prevision		**7,587**		6,923
For bonds in force		**865**		496
For contingencies		**532**		410
	Ps.	**55,679**	Ps.	46,618

23. Accounts Payable to Reinsurers and Rebonders, net

An analysis of this caption at December 31, 2011 and 2010 is as follows:

		2011		2010
Insurance companies	**Ps.**	**5,117**	Ps.	1,881
Bonding companies		**14**		6
Retained premiums from ceded reinsurance and rebonding business		**2**		5
Reinsurers' share		**2**		2
	Ps.	**5,135**	Ps.	1,894

24. Taxes on Profits

a) Income tax

The Group is subject to the payment of corporate income tax at an annual rate of 30% for 2011 and 2010. The Group's book income and taxable income are not the same due to: (i) permanent differences resulting from the treatment of certain items, such as the value of shares sold, the equity interest in net income of subsidiaries and associates and non-deductible expenses, and (ii) temporary differences in the recognition of income and expenses for financial and tax reporting purposes of certain items, such as the valuation of derivatives and investments in securities, premiums paid on loans acquired, and certain provisions. Deferred taxes are recognized on all differences between the financial reporting and tax bases of assets and liabilities (Note 27).

The income tax rate is 30% for 2010 through 2012 and will be 29% for 2013 and 28% for 2014 and subsequent years.

For the year ended December 31, 2011, the Group reported no taxable earnings as an economic legal entity. For the year ended December 31, 2010, the Group reported taxable income of Ps.3, on which it paid income tax of Ps.1.

An analysis of current-year taxes on profits as shown in the consolidated statement of income for the years ended December 31, 2011 and 2010 is as follows:

	ISR			
	2011		2010	
Banco Inbursa	Ps.	1,206	Ps.	1,063
Seguros Inbursa		282		219
Pensiones Inbursa		117		132
Fianzas Guardiana Inbursa		22		137
Sociedad Financiera Inbursa		108		179
Inversora Bursátil		210		141
Operadora Inbursa		76		69
Other subsidiaries		11		23
Grupo Financiero Inbursa		-		1
	Ps.	2,032	Ps.	1,964

At the date of the audit report on these financial statements, the Group and its subsidiaries have yet to file their final 2011 income tax returns. Consequently, the income tax and employee profit sharing of the Group and its subsidiaries shown in the table above may be subject to changes, though management does not expect such changes to be material.

- **Reconciliation of the statutory corporate income tax rate to the effective rate**

The effective taxes on profits rate shown in the consolidated statement of income for the years ended December 31, 2011 and 2010 was 15% and 24%, respectively. A reconciliation of the statutory corporate income tax rate to the effective tax rate recognized by the Group for financial reporting purposes is as follows:

	2011		2010	
Net income before taxes per statement of income	Ps.	6,526	Ps.	10,073
Reconciling items:				
Annual inflation adjustment	(	2,775)	(	2,266)
Non-deductible expenses		270		444
Equity interest in net income of subsidiaries		479		390
Difference in the tax cost of shares		553		834
Other permanent items	(	1,710)	(	1,236)
Income before income tax and employee profit sharing, plus reconciling items		3,343		8,239
Statutory income tax rate		30%		30%
Taxes on profits		1,003		2,472
Deferred income tax from prior years (recorded directly in shareholders' equity)	(	16)		-
Total current-year and deferred taxes per statement of income	Ps.	987	Ps.	2,472
Effective tax rate		15%		24%

The Group and each of its subsidiaries do not consolidate for tax purposes and, accordingly, file their tax returns on an individual basis.

b) Flat-rate business tax (IETU)

Current-year IETU for 2011 and 2010 is computed by applying the 17.5% rate to income determined on the basis of cash flows, net of authorized credits. IETU credits result mainly from certain fixed assets acquired during the transition period as of the date on which the IETU became effective.

IETU is payable only to the extent it exceeds income tax for the same period. For the year ended December 31, 2011 and 2010, the Group and its subsidiaries only had income tax payable

25. Creditors on Margin Accounts

For its transactions with derivatives (primarily swaps) in unrecognized markets, the Group requires guarantee deposits from the counterparties who participate in such transactions. At December 31, 2011 and 2010, the total balance of these deposits is Ps.1,347 and Ps.1,865, respectively.

26. Sundry Creditors and Other Accounts Payable

An analysis of this caption at December 31, 2011 and 2010 is as follows:

		2011		2010
Value added tax payable	**Ps.**	**2,523**	Ps.	1,824
Sundry creditors		**860**		680
Acceptances on behalf of customers		**290**		347
Guarantee deposits		**175**		134
Payable drafts		**30**		30
Cashier's checks		**50**		34
Provisions for sundry liabilities		**74**		103
Certified checks		**33**		31
Contributions to the contingency fund		**57**		51
Current account agents		**90**		77
Unearned commissions		**183**		186
Provision for clearinghouse		**86**		68
Provision for memberships		**30**		31
Withheld taxes payable by third parties		**69**		60
Other		**65**		60
	Ps.	**4,615**	Ps.	3,716

- **Employee benefits**

a) Provision

These provisions are established to cover the Group's liability for labor obligations. At December 31, 2011 and 2010, the Group has the necessary investments to cover its labor obligations.

A summary of the most important components of the actuarial computation at December 31, 2011 and 2010 is as follows:

		2011				
		Pension plan		**Seniority premiums**		**Termination benefits**
Defined benefit obligation	**Ps.**	**827**	**Ps.**	**48**	**Ps.**	**62**
Plan assets (fund)		**1,087**		**103**		**-**
Transition (asset) liability	**(**	**26)**		**-**		**7**
Net actuarial (gain) loss	**(**	**228)**	**(**	**18)**	**(**	**2)**
Net projected (asset) liability	**(**	**80)**	**(**	**42)**		**55**
Accumulated benefit obligation		**361**		**15**		**-**
Net period cost	**(**	**25)**		**3**		**17**

		2010				
		Pension plan		Seniority premiums		Termination benefits
Defined benefit obligation	Ps.	796	Ps.	44	Ps.	57
Plan assets (fund)		1,044		93		-
Transition (asset) liability	(	51)		-		14
Net actuarial (gain) loss	(	221)	(	11)	(	6)
Net projected (asset) liability		55		39	(	43)
Accumulated benefit obligation		337		13		-
Net period cost	(	10)		-		12

The seniority premium, pension and termination benefit plan is structured as follows:

b) Seniority premiums

The seniority premium is paid to employees as established in Article 162 of the Mexican Labor Law.

c) Pension plan

- **Minimum age for retirement:** LAge 65, after a minimum of 20 years of service or the worker may opt for early retirement at the age of 60 with 35 years of service.

- **Amount of pension:** The equivalent of 2.5% of the employee's salary for each year of service, computed based on the average earnings for the last 24 months of service, including the employee's salary, seniority premium and year-end bonus.

d) Retirement benefits

Retired employees are entitled to receive the respective seniority premium and the payment of all accrued benefits.

e) Termination benefits

The purpose of this computation is to quantify the contingent labor liability related to the termination benefits payable to employees prior to retirement established in Article 50 of the Mexican Labor Law, in conformity with the guidelines established in Mexican FRS D-3, Employee Benefits. This standard provides accounting rules applicable to employee benefits related to formal and informal retirement plans and also establishes the basis on which to quantify the related cost and liability, as well as the rules for recognition and disclosure of the benefits.

f) Plan assets

At December 31, 2011 and 2010, the types of instruments in which the provisions are invested and the amounts of the investment are as follows:

		2011		2010
Variable-yield	Ps.	629	Ps.	596
Net valuation		498		465
Subtotal		1,127		1,061
Mortgage financing		63		76
	Ps.	1,190	Ps.	1,137

At December 31, 2011 and 2010, the rates used in the actuarial study are as follows:

Discount rate	7%
Salary increase rate	5.3
Estimated rate of return	7.5%
Inflation rate	4.5%
Average remaining working lifetime	12 years

27. Deferred Taxes

The most important temporary differences included in the computation of deferred taxes at December 31, 2011 and 2010 are as follows:

		2011		2010
Deferred tax liabilities				
Valuation of shares	Ps.	1,085	Ps.	1,184
Valuation of financial instruments		1,535		1,844
Premium paid on loan transactions		33		46
Derivatives		1,093		1,591
Other		1,595		761
		5,341		5,426
		2011		**2010**
Deferred tax assets				
Asset tax paid	Ps.	258	Ps.	262
Available tax loss carryforward		341		-
Amortization of goodwill		7		7
Valuation of financial instruments		89		10
Valuation of available-for-sale securities (Note 7b)		727		-
Derivatives		-		659
Other		1,307		620
		2,729		1,558
Deferred tax liability, net		2,612		3,868
Deferred employee profit sharing liability		331		365
Total	Ps.	2,943	Ps.	4,233

For the years ended December 31, 2011 and 2010, the Group recognized a deferred tax benefit (expense) of Ps.1,045 and (Ps.508), respectively.

The statutory rate applicable to the temporary differences that gave rise to deferred taxes at December 31, 2011 and 2010 was 30%.

28. Commitments and Contingencies

a) Liability agreement

In conformity with Article 28 of the Law Regulating Financial Groups, the Group and its subsidiaries signed a liability agreement whereby the Group accepts responsibility jointly and severally and without limitation for the performance of the obligations of its subsidiaries and for the losses derived from the performance of their own activities, even for those obligations incurred prior to the incorporation of the related subsidiaries into the Group.

The Group shall similarly be liable for their monetary obligations due to third parties, bankruptcy declared by the regulatory authorities, and the deterioration of their financial position to the point that they are unable to meet legally specified capital requirements.

b) Leases

The Group has entered into several operating leases for the buildings and business premises where some of its offices and branches are located, as well as for parking areas and computer equipment. Some of these transactions are carried out with affiliated companies and such intercompany business is not deemed to be material with respect to the Group's financial statements taken as a whole. For the years ended December 31, 2011 and 2010, rent charged to the income statement was Ps.23 and Ps.22, respectively.

Management estimates that the Group's minimum compulsory rental payments under operating leases at December 31, 2011 will be Ps.113 for the next five years.

c) Loan commitments

- Letters of credit

As part of its loan transactions, the Group grants letters of credit to its customers that may give rise to collection and payment commitments at the time of the first drawdown. Some of these letters of credit have been issued to related parties (Note 36). At December 31, 2011 and 2010, the balance of letters of credit granted by the Group totals Ps.4,613 and Ps.2,816, respectively.

- Lines of credit

The Group has granted lines of credit to its customers, on which, in certain cases, no drawdowns have been made. At December 31, 2011 and 2010, lines of credit granted by the Group total Ps.499,528 and Ps.342,296, respectively, on which the available drawdowns total Ps.339,035 and Ps.187,546, respectively, at those dates.

d) Review of tax reports

At December 31, 2011, as a result of a review of the tax reports for 2006 of the Group's bank subsidiary conducted by the Tax Administration Service through its Financial Sector Audit office, the bank subsidiary filed the related means of defense against the tax authority's assessments with the Federal Court of Justice for Tax and Administrative Matters in due time and form. At date, what the final outcome of these cases will be is unknown; however, management believes that Banco Inbursa stands a good chance of receiving favorable rulings.

As a result of the Tax Administration Service's review of the bank subsidiary's taxes of fiscal years prior to 2006, the bank subsidiary expects to amend its tax reports for the years under review and it has created a related provision of Ps.291 at December 31, 2011.

Also, at the date of the audit report on these financial statements, the Tax Administration Service is reviewing the tax audit reports of the bank subsidiary for the year ended December 31, 2007.

The Tax Administration Service, through its Central Tax Office for the Financial Sector, levied tax assessments against the subsidiary Seguros Inbursa for omitted income tax from 2004 and 2005 and value added tax from 2004 and 2005. The Group filed the related means of defense against such assessments with the Federal Court of Justice for Tax and Administrative Matters in due time and form. At date, what the final outcome of these cases will be is unknown; however, for many of the cases management believes that the Group stands a good chance of receiving favorable rulings and for others it believes that the probability of any negative ruling resulting in a significant cash outlay for the Group is remote.

At the date these consolidated financial statements were issued, the Group's legal proceedings related to its taxes from 2003 have concluded. The court upheld the ruling the Group was contesting and the Group was therefore required to pay the tax liabilities in question, which it did pay on January 27, 2012.

e) Claims on contractual obligations

Various lawsuits and claims have been filed against the Group in the courts, and with the CNSF. At the present time, it is not possible to predict what the final outcome of these cases will be. In some cases, the Group has provided for these potential losses through charges to reinsurers and its retained business, if applicable, and these provisions include accrued interest computed as required under the established rules.

f) Labor

The Group is party to a number of labor disputes filed against it with different local and Federal labor conciliation and arbitration boards. Such cases are currently in different stages and pending resolution or settlement.

29. Shareholders' Equity

a) Capital stock

The Group's authorized capital stock at December 31, 2011 and 2010 is represented respectively by 6,667,027,948 and 3,333,513,974 registered series "O" shares with respective par values of $0.4137108 Mexican pesos and $ 0.827422 Mexican pesos each. The difference in the number of shares and their nominal values between 2010 and 2011 is due to the Group's 2-for-1 stock split carried out based on the related resolution adopted at an extraordinary shareholders' meeting held on April 27, 2011.

The nominal amount of paid-in capital at December 31, 2011 and 2010 is Ps.2,758. However, the book value of the Group's shares at December 31, 2011 and 2010 is Ps.14,207, since the Group's financial information includes the effects of inflation through December 31, 2007.

Additional capital stock will be represented by series "L" shares, which, in conformity with the Law Regulating Financial Groups, may represent up to 40% of the Group's ordinary capital stock, with the prior authorization of the Commission.

Representative series "L" shares have limited voting rights, as their holders may only vote in matters involving a change in the Group's corporate purpose, as well as mergers, spin-offs and the Group's transformation, dissolution, liquidation, and cancellation of stock exchange registration. Such series "L" shares may also confer the right to a cumulative preferred dividend, and a higher dividend than the one paid to holders of shares representing ordinary capital stock. In no circumstances may the dividends paid on series "L" shares be less than those paid on the other series of shares.

b) Restrictions on shareholders' equity

- **Ownership of shares**

Foreign corporate entities that exercise any form of authority may not hold any interest in the Group's capital stock, nor may Mexican financial entities, even those comprising part of the Group, unless they do so in their capacity as institutional investors, in terms of Article 19 of the Law Regulating Financial Groups.

Any individual or corporate entity may own, through one or various simultaneous or successive transactions, more than 5% of a controlling company's series "O" shares, provided that such transactions have been authorized by the Ministry of Finance and Public Credit.

- **Capital reserves**

An analysis at December 31, 2011 and 2010 is as follows:

Reserve for repurchase of own shares	**Ps.**	**1,917**
Legal reserve		**1,181**
	Ps.	**3,098**

Reserve for repurchase of own shares

The reserve for repurchase of own shares was created on the basis of resolutions adopted at shareholders' meetings, and was funded using a portion of the Group's retained earnings.

Legal reserve

In conformity with the Mexican Corporations Act, the Group is required to appropriate at least 5% of the net income of each year to increase the legal reserve until it reaches 20% of the value of the Group's capital stock. Such reserve may not be distributed to shareholders during the life of the Group, except in the form of a stock dividend.

- **Capital reductions**

In the event of a capital reduction, the reimbursement to shareholders in excess of the amount of the restated capital contributions, in accordance with the Mexican Income Tax Law, shall be subject to taxation at the enacted rate at the time of such reduction.

c) Restrictions on earnings

The Mexican Income Tax Law establishes that dividends declared from income on which corporate income tax has already been paid shall not be subject to further taxation; therefore, taxable income must be controlled in a so-called Net taxed profits account (CUFIN). Any distribution of earnings in excess of the CUFIN account balance will be subject to taxation at the enacted income tax rate at the time dividends are paid.

In conformity with the Income Tax Law, all capital contributions and net stock premiums paid by the shareholders, as well as capital reductions, must be controlled in the so-called Restated contributed capital account (CUCA). Such account must be restated for inflation from the time capital contributions are made to the time capital is reduced.

Capital reductions in excess of the CUCA balance are subject to taxation in terms of the Mexican Income Tax Law. The difference should be treated as a distributed profit, which will be subject to taxation, payable by the Group, at the enacted income tax rate at that time.

At December 31, 2011 and 2010, the Group has the following tax balances:

	2011		2010	
Restated contributed capital account (CUCA)	**Ps.**	**32,967**	Ps.	31,757
Net taxed profits account (CUFIN)	**Ps.**	**2,441**	Ps.	2,341

- **Dividend paid**

At a regular shareholders' meeting held on April 27, 2011, a cash dividend was declared at a rate of $ 0.60 pesos per each of the 3,333,513,974 common registered shares issued and outstanding. The total dividend paid was Ps.2,000.

At a regular shareholders' meeting held on April 30, 2010, a cash dividend was declared at a rate of $ 0.55 pesos per each of the 3,333,513,974 common registered shares issued and outstanding. The total dividend paid was Ps.1,833.

Since the aforementioned cash dividends were paid from the Group's CUFIN account, they were not subject to tax withholdings.

30. Earnings per Share and Comprehensive Income

a) Earnings per share

Earnings per share for the years ended December 31, 2011 and 2010 were determined as follows:

	2011		2010	
Net income per statement of income	**Ps.**	**5,941**	Ps.	7,803
Weighted average number of outstanding shares		**5,598,476,893**		3,333,513,974
Earnings per share (Mexican pesos)	**Ps.**	**1.0612**	Ps.	2.3407

b) Comprehensive income

An analysis of the Group's comprehensive income for the years ended December 31, 2011 and 2010 is as follows:

	2011		2010	
Net income	**Ps.**	**6,843**	Ps.	8,008
Unrealized gain on valuation of instruments available for sale		**-**		97
Equity interest in other shareholders' equity accounts of subsidiaries		**225**		178
Comprehensive income	**Ps.**	**7,068**	Ps.	8,124

31. Segment Information

Highlights of the results of operations of the principal operating segments of the most significant subsidiaries for the years ended December 31, 2009 and 2008 are shown below. A different classification is used to show the amounts presented from the one used in the preparation of the financial statements since operating and accounting records are combined.

		2011		2010
a) Loan transactions				
Revenues				
Interest on loans (Note 27a)	**Ps.**	**13,291**	Ps.	13,828
Exchange gains and UDIs (Note 27a)		**205**		53
Commissions on the initial granting of loans (Note 27a)		**38**		16
Commissions collected (Note 28)		**2,811**		2,254
Other operating revenues		**3,215**		2,607
Fair value valuation of hedges (Note 27a)	**(**	**543)**	(	727)
		19,017		18,031
Expenses				
Exchange gains and UDIs (Note 27b)	**Ps.**	**446**	Ps.	74
Provision for loan portfolio (Note 12d)		**3,402**		4,427
Commissions paid		**27**		273
Other operating expenses		**322**		184
		4,197		4,958
Income from loan transactions	**Ps.**	**14,820**	Ps.	13,073

		2011		2010
b) Money market and capital market transactions				
Revenues				
Interest on investments (Note 27a)	**Ps.**	**5,204**	Ps.	5,019
Premiums on repurchase agreements (Note 27a)		**2,155**		1,799
Commissions collected (Note 28)		**442**		423
Realized gain on securities (Note 29)	**(**	**120)**		1,066
Unrealized gain on valuation of investments in securities (Note 29)		**412**		3,009
Interest income and returns from margin accounts		**188**		-
		8,281		11,316
Expenses				
Premiums on repurchase agreements (Note 27b)		**2,249**		2,493
Realized gain on securities (Note 29)		**6,151**		6,617
Commissions paid		**3,104**		2,471
		11,504		11,581
Result of money market and capital market transactions	**Ps. (**	**3,223)**	Ps. (	265)

c) Derivatives and foreign-currency transactions (Note 29)	2011	2010
Realized gain (loss) on foreign currency transactions	Ps. 1,614	Ps. (355)
Unrealized loss on valuation of foreign currency transactions	(3)	(14)
Realized (loss) gain on derivatives	(2,339)	526
Unrealized loss on valuation of derivatives	(1,357)	(271)
	Ps. (2,085)	Ps. (114)

d) Reconciliation of figures	2011	2010
Loan transactions	Ps. 14,820	Ps. 13,073
Money market and capital market transactions	(3,223)	(265)
Derivatives and foreign-currency transactions	(2,085)	(114)
Insurance, pensions, and bonds	1,652	1,612
Commissions earned on the management of retirement savings system funds (Note 28)	1,332	1,410
Operating income excluding administrative and promotional expenses	Ps. 12,496	Ps. 15,716

The aforementioned segment information refers to credit, money market and capital market, and insurance and bonding transactions carried out mostly by the subsidiaries Banco Inbursa; Inversora Bursátil y Sociedad Financiera Inbursa; Seguros Inbursa; Pensiones Inbursa; and Fianzas Guardiana. The Group has other specialized activities through subsidiaries in lines of businesses not subject to financial intermediation corresponding. These subsidiaries include Operadora Inbursa de Sociedades de Inversión and Afore Inbursa, which consolidate their financial information with that of the Group.

32. Financial Margin

An analysis of the financial margin shown in the statement of income for the years ended December 31, 2011 and 2010 is as follows:

a) Interest income

	2011	2010
Loan portfolio (1)	Ps. 13,291	Ps. 13,828
Commissions on the initial granting of loans	38	16
Premiums on repurchase agreements (Note 8b)	2,155	1,799
On investments in financial instruments	4,408	4,313
On Banxico deposits	658	565
On financing granted to domestic and foreign banks	53	43
Amortization of loan portfolio valuation adjustment (Note 10)	(543)	(727)
Revaluation of foreign currency positions and UDIs	205	53
Dividends on equity instruments, net	85	98
On margin accounts	188	-
Other	2	-
	Ps. 20,539	Ps. 19,988

(1) An analysis of interest income by type of loan is as follows:

	2011		2010	
Simple	Ps.	6,986	Ps.	7,388
Unsecured		412		572
Subject to value added tax		182		411
Restructured		1,148		1,184
Financial entities		606		689
Other discounted loans		573		719
Government entities		1,075		1,125
Discount		187		119
Financial leases		744		770
Home mortgage		182		189
Chattel mortgage		31		33
Consumer		1,165		629
	Ps.	13,291	Ps.	13,828

b) Premium income

	2011		2010	
Premiums written	Ps.	21,956	Ps.	14,123
Ceded premiums	(	8,678)	(	3,134)
	Ps.	13,278	Ps.	10,989

c) Interest expense

	2011		2010	
Premiums paid under repurchase agreements (Note 8b)	Ps.	2,249	Ps.	2,493
On promissory notes with interest payable at maturity (PRLV) (Note 17b)		1,811		3,805
On checking account deposits (Note 17a)		2,018		1,999
On bank loans (Note 18)		422		438
Revaluation of foreign currency positions and UDIs		398		73
Interest on issued debt securities (Note 17c)		1,343		182
On time deposits (Note 17b)		556		193
Interest expense with insurance and bonding companies		1		-
	Ps.	8,798	Ps.	9,183

d) Net increase in technical reserves

	2011		2010	
Reserve for unearned premiums	Ps.	1,838	Ps.	793
Reserve for catastrophic risks		514		702
Other		270		271
	Ps.	2,622	Ps.	1,766

e) Losses, claims and other contractual obligations, net

		2011		2010
Losses and contractual obligations	Ps.	7,054	Ps.	6,318
Net claims		1,071		861
Social security pensions		878		432
	Ps.	9,003	Ps.	7,611

33. Commissions and Fees Collected

An analysis of this caption at December 31, 2011 and 2010 is as follows:

		2011		2010
Management of retirement accounts	Ps.	1,332	Ps.	1,410
Loan (portfolio) services		1,584		876
Securities trading intermediation		442		423
Account handling commissions		220		232
Credit card purchases		288		6
Other commissions		719		1,140
	Ps.	4,585	Ps.	4,087

34. Intermediation Income

An analysis of intermediation income for the years ended December 31, 2011 and 2010 is as follows:

		2011		2010
Other income from securities trading				
On foreign currency transactions	Ps.	1,614	Ps. (	355)
On securities	(	120)		1,066
On derivatives	(	2,339)		526
	(	845)		1,237
Mark-to-market gains and losses				
On foreign currency transactions	(	3)	(	14)
On investments in securities		412		3,009
On derivatives	(	1,357)	(	271)
	(	948)		2,724
	Ps. (	1,793)	Ps.	3,961

35. Memorandum Accounts

The Group has memorandum accounts in which it records its rights and obligations with third parties, as well as the securities and mandates related to the Group’s proprietary transactions.

a) Transactions on behalf of others

i) Customers' securities received for safekeeping

	2011		2010	
Money market securities	Ps.	287,329	Ps.	253,247
Fixed-yield instruments		87,639		84,397
Variable-yield instruments		1,834,505		2,159,299
Shares of debt instrument mutual funds		32,499		30,641
Shares of variable-yield mutual funds		55,916		54,090
Securities listed on the International Securities Exchange		25,834		47,395
	Ps.	2,323,722	Ps.	2,629,069

b) Proprietary transactions

i) Contingent assets and liabilities

An analysis of the Group's contingent assets and liabilities at December 31, 2011 and 2010 is as follows:

	2011		2010	
Group securities delivered for safekeeping	Ps.	48,607		
Variable capital shares		2,506	Ps.	48,662
Domestic senior notes (CERBUR)		-		1,723
Mexican Treasury Certificates (CETES)		-		20
Promissory notes with interest payable at maturity (PRLV)		1,213		2,055
Development bonds		30		-
Bonds of foreign companies		147		-
Government bonds		107		-
		52,610		52,460
Mexican government securities delivered in guarantee				
Mexican government development bonds (Bondes)		22		33
	Ps.	52,632	Ps.	52,493

ii) Assets held in trust or under mandate

At December 31, 2011 and 2010, the balances of transactions in which the Group's bank subsidiary acts as a trustee or operates under mandate are as follows:

	2011		2010	
Trusts				
Administrative	Ps.	317,766	Ps.	326,641
Investment		85,709		84,619
Guarantee		41		41
Transfer of title		99		90
		403,615		411,391
Mandates		835		741
Total	Ps.	404,450	Ps.	412,132

For the years ended December 31, 2011 and 2010, the Group earned Ps.33 and Ps.39, respectively, from activities performed in its capacity as trustee.

iii) Assets held for safekeeping or under management

An analysis of the balance of this account at December 31, 2011 and 2010 is as follows:

		2011		2010
Securities held for safekeeping (1)	**Ps.**	**406,508**	Ps.	584,737
Securities held in guarantee		**524,895**		493,422
Notes subject to collection		**8,953**		5,610
Other		**59**		54
	Ps.	**940,415**	Ps.	1,083,823

(1) At December 31, 2011 and 2010, this caption consists basically of American Depositary Receipts (ADRs) held for safekeeping. An analysis of the ADRs held and their fair values at December 31, 2011 and 2010 is as follows:

		2011			2010		
Issuer	Series	Securities		Fair value	Securities		Fair value
AMX	L	**17,758,440,563**	**Ps.**	**280,938**	11,113,072,724	Ps.	394,181
TELMEX	L	**719,476,615**		**7,303**	4,340,829,730		43,452
TLEVISA	CPO	**1,493,187,473**		**87,695**	1,524,845,498		97,453
TELINT	L	**-**		**-**	1,653,360		19
AMX	A	**250,473,346**		**3,740**	132,665,713		4,668
TELMEX	A	**44,150,891**		**432**	89,506,418		878
TELECOM	A1	**-**		**-**	247,678		16
GMODELO	C	**12,105,510**		**1,071**	12,135,360		927
GCARSO	A1	**2,578,562**		**87**	3,333,414		261
GFINBUR	O	**3,298,690**		**85**	1,471,680		80
TS	*	**2,775,576**		**708**	2,832,880		864
GOMO	*	**10,068,500**		**-**	10,068,500		-
SANLUIS	A	**37,188**		**-**	37,188		-
SANLUIS	CPO	**52,303**		**-**	52,303		-
INCARSOB-1	A	**1,103,790**		**12**	-		-
MFRISCOA-1	CPO	**2,703,406**		**137**	-		-
		20,300,452,413	**Ps.**	**382,208**	17,232,752,446	Ps.	542,799

36. Related Parties

In conformity with CNBV accounting criterion C-3, Related Parties, transactions with related parties subject to disclosure are those that represent more than 1% of net capital of the month prior to the date on which the financial information is prepared. At December 31, 2011 and 2010, the balance of qualifying related party transactions is Ps.433 and Ps.399, respectively.

Related party transactions are conducted using market prices that are set based on existing market conditions at the date of the transactions.

a) Agreements

The most important agreements that the Group has entered into are as follows:

- Open-ended brokerage intermediation agreements with each Group company for the safekeeping of securities through which Inversora Bursátil renders intermediation services for the trading and the safekeeping and management of financial instruments.
- Stock distribution agreement entered into with Operadora Inbursa de Sociedades de Inversión, whereby the Group promotes and sells shares in the related party's investment funds. This agreement is for an indefinite term.
- The Group has entered into administrative trust agreements with its related parties.
- The Group has outstanding loans extended to its related parties.
- The Group carries out related-party transactions through the issuance of letters of credit.
- The Group maintains demand and time deposits from related parties. Individual deposits do not exceed the disclosure limits established by the CNBV.
- The Group's long-term equity investments at December 31, 2011 and 2010 and the related changes for the years then ended are described in Note 18.

b) Transactions

An analysis of the Group's transactions with related parties at December 31, 2011 and 2010 is as follows:

Relationship	Transaction	2011		2010	
Revenues:					
Affiliates	Interest income	**Ps.**	**1,224**	Ps.	1,259
Affiliates	Premiums earned under repurchase agreements		**163**		81
Affiliates	Commissions and fees collected		**271**		81
Affiliates	Income from derivatives				290
Affiliates	Commission for the distribution of shares		**218**		196
Affiliates	Trust operations		**17**		17
		Ps.	**1,893**	Ps.	1,924

Relationship	Transaction	2011		2010	
Disbursements:					
Affiliates	Interest expense	**Ps.**	**42**	Ps.	38
Affiliates	Premiums paid under repurchase agreements		**1,030**		627
Affiliates	Losses on derivatives		**159**		-
Affiliates	Personnel services rendered		**1,348**		1,204
Affiliates	Leases		**62**		56
		Ps.	**2,641**	Ps.	1,925
Changes in capital:					
Direct shareholder/holder	Dividend paid	**Ps.**	**2,000**	Ps.	1,833

Compensation to officers and management (unaudited information)

The Group is managed by the general director and first-level managers. Short-term benefits paid to such directors and advisors in 2011 and 2010 were Ps.160 and Ps.154, respectively. There is no stock-based compensation plan. There is no share-based compensation plan.

c) Balances

An analysis of the Group's principal balances due from/to related parties at December 31, 2011 and 2010 is as follows:

Relationship	Transaction	2011		2010	
Affiliates and associates	Derivative financial instruments (1)	**Ps.**	**1,683**	Ps.	16,934
Affiliates	Loan portfolio		**4,215**		5,049
Affiliates	Lease portfolio		**42**		1,115
Affiliates	Debtors under repurchase agreements		**1,943**		5,151
Affiliates	Accounts receivable				22
Affiliates	Accounts payable				-
Affiliates	Deposits and borrowings		**1,694**		3,204
Affiliates	Loan commitments (letters of credit)		**3,185**		249
Affiliates	Management and safekeeping of securities		**1,048,928**		1,252,115
		Ps.	**1,061,690**	Ps.	1,283,839

(1) At December 31, 2011 and 2010, the Group has entered into forwards and cash-flow swaps with its related parties. At December 31, 2011 and 2010, the Group has respectively contracted 20 and 23 forwards with related parties with total respective notional amounts of Ps.49,830 and Ps.29,611, and it has respectively contracted 106 and 84 swaps with related parties with total respective notional amounts of Ps.47,478 and Ps.26,937.

37. Risk Management (Unaudited Information)

This information refers to Banco Inbursa, S.A., Institución de Banca Múltiple (the Bank), the principal subsidiary of the Group.

The Bank's management has policy and procedures manuals in place for reducing the risks to which the Bank is exposed. These policy and procedures manuals were prepared following CNBV and Banxico guidelines.

In conformity with CNBV regulations, credit institutions are required to disclose, by means of notes accompanying their financial statements, all information regarding their risk management policies, procedures and methodologies, and any other risk management measures they have adopted, as well as information regarding the potential losses from each type of risk in the different markets in which they operate.

On December 2, 2005, the CNBV issued provisions of general application for credit institutions (Circular Única). Such provisions establish that at least once a year or at year-end, the internal audit area must perform a comprehensive risk management audit. The Bank's internal audit area executed its audit using the applicable accounting criteria and submitted the results of its latest audit to the Board of Directors at a meeting held on January 23, 2011.

a) Environment

As part of its efforts to maintain a robust level of corporate governance, the Bank engages in comprehensive risk management activities. To this end, it relies on the services provided by the Risk Analysis area, the Comprehensive Risk Management Unit and the Risk Management Committee, through which the Bank identifies, measures, controls, and monitors all of its quantifiable and unquantifiable operating risks.

Together with the Risk Analysis area and operating areas, the Bank's Risk Management Committee systematically analyzes the information it receives.

Additionally, the Bank has a contingency plan to mitigate weaknesses detected at the operational, legal and reporting levels related to transactions in excess of the maximum risk tolerance levels approved by the Risk Management Committee.

For the year ended December 31, 2011, quarterly variances in the Bank's financial income are as follows:

Assets		1Q		2Q		3Q		4Q		Annual average
Investments in Securities	Ps.	10,262	Ps.	9,747	Ps.	15,910	Ps.	15,824	Ps.	12,936
Quarterly interest		174		328		506		745		438
Loan Portfolio		171,831		152,441		160,054		174,998		164,831
Quarterly interest		3,387		6,605		9,667		12,850		8,127
Change in economic value		1,165		1,842		1,816		3,829		2,163

b
) Market risk

In order to measure and evaluate the risks assumed in conducting its financial transactions, the Bank has computational tools at its disposal to calculate Value at Risk (VaR) and to perform sensitivity analyses and stress testing.

To prove statistically that the market risk measuring model is giving reliable results, the Bank carries out a hypothetical test of the reliability level of the measuring system. This consists of a chi square (Kupiec) test of the number of times that the actual loss observed exceeds the estimated risk level.

At present, the market risk is computed for money market, international bond and variable-yield and derivative instrument portfolios. An analysis of market risk at December 31, 2011 is as follows:

Instrument		Market value		Value at risk (1)	VaR % vs. basic capital
Money market	Ps.	4,839	Ps.	294.74	0.72
Fixed-yield		12,226		510.53	1.24
Derivatives		(5,644)		2,875.24	6.28
Variable-yield		265		43.00	0.10
Total	Ps.	11,686	Ps.	2,272.59	5.52
Basic capital at September 30, 2011		Ps. 41,201		VaR =	Ps. 2,272.59

(1) Daily value at risk with 95% reliability

A monthly summary of the Bank's market risk is as follows:

Date		VaR
31/01/2011	Ps.	486
28/02/2011		411
31/03/2011		421
30/04/2011		129
31/05/2011		122
30/06/2011		121
31/07/2011		203
31/08/2011		432
30/09/2011		1,510
31/10/2011		645
30/11/2011		3,765
31/12/2011		2,273
Promedio	Ps.	877

The Bank measured these market risks using a VaR model for the total valuation in a target investment term of one day with a reliability level of 95%, and based on the risk factor values of the last 252 days.

The most important position for the Bank is the risk involved with currency derivative transactions, consisting of currency and interest rate futures and Mexican peso and U.S. dollar denominated swaPs.This information includes the market risk of positions, the unrealized gain (loss) generated and the Value at Risk in one day with a reliability level of 95%.

The model is based on the assumption that the distribution of variances in risk factors is normal. To validate this assumption, "back testing" is carried out.

Market risk is measured via stress tests consisting of sensitivity analyses of 100bps and 500bps, in addition to tests under historical extreme conditions of up to four standard deviations over a 60-day investment horizon. This simulates the effects of negative transactions in the portfolio on the day of the computation. Under these stressed risk factor conditions, the Bank's portfolios are computed, as well as is the Bank's value at risk and mark-to-market results.

c) Liquidity risk

To monitor the Bank's liquidity, the Bank's risk management area computes liquidity gaps that consider the Bank's financial assets and liabilities and its loan portfolio.

The Bank also measures the adverse margin based on the differential between the buying and selling prices of its financial assets and liabilities.

Furthermore, the Bank monitors its foreign currency liquidity risk in accordance with Banxico's required investment and admission of foreign currency denominated liabilities.

	2011			2010		
		Amount	**Coefficient**		Amount	Coefficient
January	**Ps.**	**323**	**0.26%**	Ps.	440	0.38%
February		**1,685**	**1.39%**		2,097	2.45%
March		**238**	**0.19%**		415	0.34%
April		**106**	**0.09%**		176	0.14%
May		**415**	**0.33%**		2,940	2.39%
June		**140**	**0.11%**		394	0.30%
July		**65**	**0.05%**		404	0.31%
August		**1,979**	**1.48%**		1,149	0.84%
September		**1,277**	**0.97%**		770	0.58%
October		**249**	**0.19%**		277	0.21%
November		**2,424**	**1.75%**		2,528	2.05%
December		**365**	**0.26%**		1,079	0.88%
Average	**Ps.**	**772**	**0.60%**	Ps.	1,123	0.89%

Derivatives

Regarding the liquidity risk in the Bank's derivatives, an analysis of the maturity dates of the associated assets and liabilities and their effects on the liquidity gaps is as follows:

Category	Mexican pesos Market value	Average rate	Average duration	12/30/11 12/31/11	01/01/12 31/01/12	01/02/12 29/02/12	01/03/12 31/03/12	01/04/12 30/04/12	01/05/12 31/05/12	1/06/12 29/06/12	1/07/2011 Resto	Mexican pesos Total
Total assets	Ps. 169,082	5.56	0.30	-	55	34,019	95,091	-	-	-	10,589	139,754
Total liabilities	169,922	4.58	0.31	-	2	33,664	95,237	-	-	-	10,368	139,273
GAP	(839)	-	-	-	53	355	(146)	-	-	-	221	483
ACCUMULATED GAP	-	-	-	-	53	408	262	262	262	262	483	

The liquidity model considers the liquidity quality of the Bank's portfolio assets, as well as the asset/liability gap and the status of assets and liabilities within each instrument term.

d) Credit risk

The Bank computes loan portfolio risks on a quarterly basis using analyses of credit risks that it determines through its own risk model. This model is centered on the Bank's interest coverage. The model assumes that the deterioration of credit quality and of each borrower over time depends both on quantifiable economic factors and qualitative factors and that the full effect of these factors may be observed in the changes in the operating margin generated by the borrower's performance. In other words, the model assumes that the deterioration of the operating margin firmly indicates that these factors together have worked against the borrower.

For its stress tests, the Bank determines a factor that represents its loan flow resistance that is needed to cover the interest generated by its own interest-bearing liabilities.

Stress tests may also be conducted by altering the variables that influence the Bank's operating income and/or financial expenses generated by its own interest-bearing debt.

The Bank's value at risk and loan portfolio grading by currency at December 31, 2011 is as follows:

		Total		Moneda nacional		Dólares		UDI
Net exposure	Ps.	166,299	Ps.	107,254	Ps.	59,043	Ps.	2
Expected loss in Mexican pesos		1,165		742		422		-

Expected loss is computed considering the Bank's exposure net of guarantees and the probability of default, as computed using the proprietary model.

Currency		Performing portfolio		Past-due portfolio		Allowance	No. of times of allowance/ past-due portfolio	% allowance/ performing portfolio
Mexican pesos	Ps.	111,246	Ps.	3,642	Ps.	12,677	0.287	11.40%
U.S. dollars		58,575		1,411		9,476	0.149	16.18%
UDIs		2		2		1	3.524	40.02%
	Ps.	169,823	Ps.	5,055	Ps.	22,154	0.228	13.05%

The average values of the Bank's credit risk exposure are as follows:

Expected loss date		Total
03/31/2009	Ps.	3,103
06/30/2009		1,934
09/30/2009		1,048
12/31/2009		1,302
03/31/2010		1,224
06/30/2010		1,596
09/30/2010		1,530
12/31/2010		1,536
03/31/2011		1,470
06/30/2011		1,586
09/30/2011		984
12/31/2011		1,165

An analysis of the performing portfolio is as follows:

Item		Amount
Unsecured transactions	Ps.	10,163
Collateral security transactions		519
Bridge loans		90
Leases		304
Other		125,228
Interbank loans		2,768
Loans to financial entities		7,561
Loans to Federal government		28
Loans to state and municipal governments		8,063
Deconcentrated bodies		5,821
Personal		1,396
Automobile		6,527
Payroll		260
Media and residential		1,215
		169,943
Prepaid interest		29
Unearned finance charges		91
	Ps.	**169,823**

On a quarterly basis, the loan analysis area updates the information on the Bank's loan portfolio quality using borrower grades it determines through a segment analysis of the main sectors of the Mexican economy. Using this quarterly loan quality update, the Bank computes its concentration of risk for each borrower and risk group, as well as concentration by economic activity.

In its futures and forwards contracts, the Bank acts on its own behalf with intermediaries or financial participants authorized by Banxico, as well as with other participants who must guarantee the obligations contained in the contracts signed with the participating parties.

- **Loan process**

The Bank's loan process related to the evaluations and analyses conducted for potential loans and the control and recovery of its loan portfolio are described below:

- **Loan analysis**

The control and analysis of loans starts from the time information is received about the borrower to the time the loan is repaid in full, while passing through a number of filters located in the different areas of the Bank.

For corporate (commercial) loans, the Bank performs a detailed analysis of the financial position and qualitative aspects of the applicant, and evaluates the borrowers' credit history based on reports obtained from credit bureaus.

In the case of consumer, home mortgage and other loans granted to small and medium-sized companies, the Bank performs parametric analyses and evaluates the borrowers' credit history based on reports obtained from credit bureaus.

Each month, the Bank evaluates and follows up on loan by means of regulatory reports issued to meet the requirements of the regulatory authorities that oversee the Bank, as well as internal reports that are updated monthly.

The Bank also has specific policies for granting loans based on the product or type of loan being applied for. For commercial loans: i) the authorized bodies (Loan Committee) establish the basic conditions of potential loans with respect to their amounts, guarantees, terms, interest rates, commissions, and other aspects; ii) the loan operations area verifies that approved loans have been properly documented; iii) all loan drawdowns must be approved by the loan operations area.

With respect to the evaluation of potential consumer loans, the Loan Committee allows the retail loan analysis area to approve or deny loans of up to Ps.10 million, under specific limits related to amounts, terms, interest rates and guarantees, among other aspects. The retail loan analysis area is responsible for authorizing, notarizing, safeguarding and following up on the documentation of these kinds of loans.

The Bank has a number of different procedures in place for the recovery of its loans, including loan restructuring negotiations and court action to pursue collection.

- Determination of concentration of risk

The policies and procedures used to determine risk concentrations in the loan portfolio are summarized below:

- The Bank requires borrowers with authorized credit lines of 30 million UDIs or more to deliver information following specific guidelines for the Bank to be able to later determine any common risks. Information on common risks is included in a customer grouping process for measuring and updating loan portfolio risks.

- The loan operations area verifies that drawdowns made against authorized lines of credit do not exceed the maximum loan limits that are set by the Bank each quarter, as well as the limits established by the regulatory authorities.

- The loan analysis area must periodically report the amount of the lines authorized by the Loan Committee to the operations area to monitor the Bank's proper compliance with its risk concentration limits.

- When loan transactions exceed the limits established by the Bank due to circumstances not related to the actual loans granted, the areas involved in the implementation of the required corrective measures should be informed.

- The loan operations area is responsible for informing the Commission when common risk limits have been exceeded.

- Identification of troubled loan portfolio

The Bank performs a monthly analysis of the economic environment in which its borrowers operate, so as to promptly identify possible problems in the performing loan portfolio.

The Bank's policy is to identify and classify the troubled loan portfolio based on the risk grades generated by the loan portfolio grading process. The troubled loan portfolio includes "D" and "E" risk-grade loans, regardless of whether they are part of the performing or past-due portfolio. This portfolio also includes other specific loans deemed troubled by the loan analysis area.

e) Risk policies for derivatives

When entering into agreements involving financial instruments (derivatives), the Bank's general objectives include the following: i) its short- and medium-term active participation in those markets; ii) to provide its customers the opportunity to engage in market transactions with derivative products to meet their needs; iii) to identify and leverage current derivative market conditions; and iv) to protect itself against risks related to unusual variances in the underlyings (foreign currencies, interest rates, shares, etc.).

Generally, the risk assumed in foreign currency derivative transactions are tied to Mexican peso rates since the Bank's U.S. dollar futures are incorporated into the loan portfolio or other assets. These transactions involve counterparty risk.

The policies observed by the Bank establish that risk positions in securities and financial derivatives may not be assumed by operators since risk-taking is decided on exclusively by senior management by means of collective bodies. The Risk Management Committee has set the positions to which the Bank must adhere, as follows:

	Maturity of less than one year (*)	Maturity of more than one year (*)
Nominal rate	2.5	2.0
Real rate	2.5	2.0
Synthetic derivatives	4.0	2.5
Capital markets (1)		

(*) Represents the number of times the Bank's net capital of the immediately preceding quarter, as computed by Banxico.

(1) Up to the limit described in the third paragraph of clause III of Article 75 of the Credit Institutions Act.

- **Documentation of hedging relationships**

For transactions with derivative for hedging purposes, the Bank documents the hedging relationships to show their efficiency based on the considerations established in the CNBV accounting criteria. Hedges are designated as such at the time the derivative is contracted or at a later date, provided that the instrument qualifies as a hedge and meets the conditions for formal documentation as such established in the accounting standards.

The Bank's hedging documentation includes the following:

1) The risk management strategy and objective, as well as the justification for acquiring the hedge

2) The specific risk or risks to be hedged

3) Identification of the item being hedged and the derivative financial instrument used to do so

4) The manner in which the hedge is assessed initially (prospectively) and subsequently (retrospectively) for effectiveness in offsetting the exposure to changes in the fair value of the hedged item attributed to the hedged risks

5) Treatment of the total gain or loss of the hedge in determining effectiveness

The effectiveness of the Bank's hedges is evaluated monthly. Whenever it is determined that a derivative is no longer a highly effective hedge, the Bank prospectively ceases to apply hedge accounting to the derivative.

- **Counterparty obligations**

Derivative agreements entered into outside of recognized markets are documented by means of a standard agreement establishing the following obligations for the Bank and its counterparties:

- Deliver the accounting and legal information agreed upon by the parties in either the contract exhibits or the confirmation of transactions.

- Provide the other party with any other document agreed upon in the contract exhibits and confirmation of transactions.

- Comply with all applicable laws, regulations and provisions described in the agreement.

- Maintain in force any internal or government authorizations necessary to fulfill the relevant contractual obligations.

- Give immediate written notice to the other party when the Bank knows that it meets one of the conditions that are cause for early termination established in the standard agreement.

- **Regulations**

In conformity with the regulations issued by Banxico related to derivative transactions, the Bank must comply with circular 4/2006. Such regulations also establish rules for derivative transactions and require credit institutions to obtain an annual communiqué from their audit committees to certify compliance with the provisions issued by Banxico in this regard.

The Bank is also subject to the provisions established by the Commission in connection with derivative transactions, including the treatment, documentation and recording of derivatives and their risks, in addition to matters related to recommendations made to customers with regard to entering into derivative contracts.

Derivatives are recorded at their contractual prices and are marked to market using the applicable accounting criteria based on their classification as either held for trading or hedging.

f) Technological risk

The Bank's corporate strategy with respect to offsetting technological risks rests in its contingency and business continuity plan, which includes the reestablishment of critical functions in the Bank's systems in case of emergency, as well as the use of firewalls, the security of on-line information and system access restrictions.

g) Legal risk

The Bank's specific policy regarding legal risks is as follows:

1. The Comprehensive Risk Management Unit must provide estimates of the Bank's legal risks.

2. The Comprehensive Risk Management Unit must inform the Risk Management Committee of the Bank's legal risks on a monthly basis to be able to follow up on such risks.

3. Together with the documentation traffic area, the financial advisor is responsible for maintaining customer files with all the correct legal documents and agreements related to the loan.

4. The Bank's legal area oversees the adequate instrumentation of the Bank's agreements and contracts, including the formalization of guarantees so as to avoid vulnerabilities in the Bank's transactions.

5. The Bank's legal auditor must perform a legal audit on the Bank at least once per year.

The proposed model for the quantification of legal risks is based on the frequency of unfavorable events and the severity of losses so as to estimate the Bank's potential legal risk.

Computation of probability of unfavorable rulings.

$$L = f_L \, x \, S_l$$

Whereby:

$f_L =$ No. of cases with unfavorable rulings / No. of cases in litigation

$S_l =$ Average severity of loss (cost, legal expenses, interest, etc.) derived from unfavorable rulings.

$L =$ Expected loss from unfavorable rulings.

The amount of the Bank's expected loss from unfavorable rulings at December 31, 2011 does not exceed one million pesos.

h) Operating risk

Regarding non-discretional risks, the tolerance level for each risk identified is set at 20% of the Bank's total net income.

Since the Bank currently has no internal models for the valuation of operating risks, the probability of materialization of such risks is computed based on the simple arithmetic average of penalties and charges accounts for the last 36 months, in conformity with Clause II, paragraph c) of Article 88 of the Provisions of General Application for Credit Institutions.

At December 31, 2011, the monthly average of the penalties and charges account for the last 36 months is Ps.15.

38. Restatement of the 2010 Financial Statements

For comparative purposes with its 2011 financial statements, the Bank has restated its 2010 financial statements in order to incorporate the assets and liabilities and results of operations of its insurance and bonding companies in its consolidated financial information as of January 1, 2010. An analysis of the Group's restated condensed balance sheet and statement of income at and for the year ended December 31, 2010 is as follows:

Condensed Balance Sheet

Assets		2010 As originally issued		Adjustment		2010 Restated
Cash and cash equivalents	Ps.	19,221	Ps.	70	Ps.	19,291
Margin accounts		57		-		57
Investments in securities		26,057		42,935		68,992
Debtors under repurchase agreements		5,112		-		5,112
Derivatives		9,216		-		9,216
Valuation adjustment for financial asset hedges		2,160		-		2,160
Loan portfolio		157,365	(	708)		156,657
Accounts receivable from insurance and bonding institutions		-		4,015		4,015
Premium debtors		-		4,769		4,769
Accounts receivable from reinsurers and rebounders		-		10,560		10,560
Other accounts receivable		21,005		714		21,719
Foreclosed and repossessed property		563		129		692
Buildings, furniture, and equipment		1,204		2,603		3,807
Equity investments		20,426	(	13,898)		6,528
Other assets, deferred charges and intangibles		1,470		1,467		2,937
Total assets	Ps.	263,856	Ps.	52,656	Ps.	316,512
Deposits and borrowings	Ps.	51,734	Ps. (	181)	Ps.	51,553
Time deposits		73,934		1		73,935
Debt instruments issued		15,669		-		15,669
Interbank and other borrowings		5,874	(	87)		5,787
Technical reserves		-		46,618		46,618
Creditors under security repurchase agreements		6,973		-		6,973
Derivatives		8,915		186		9,101
Accounts payable to reinsurers and rebounders		-		1,894		1,894
Other accounts payable		29,016		2,373		31,389
Deferred taxes		2,491		1,742		4,233
Deferred credits and early settlement		1,120		107		1,227
Total liabilities		195,726		52,653		248,379
Shareholders' equity		68,130		3		68,133
Total liabilities and shareholders' equity	Ps.	263,856	Ps.	52,656	Ps.	316,512

Condensed Statement of Income

	2010 Original	Ajustes	2010 Restated
Interest income	Ps. 18,113	1,875	Ps. 19,988
Premium income	-	10,989	10,989
Interest expense	9,225	(42)	9,183
Net increase in technical reserves	-	1,767	1,767
Losses, claims, and other contractual obligations, net	-	7,611	7,611
Preventive provision for credit risks	4,427	-	4,427
Commissions and fees collected	3,580	507	4,087
Commissions and fees paid	333	2,411	2,744
Intermediation income	1,899	2,062	3,961
Other operating income, net	1,666	757	2,423
Administrative and promotional expenses	3,975	1,686	5,661
Equity interest in net income of unconsolidated subsidiaries and associates	2,239	(1,973)	266
Current-year and deferred taxes on profits	1,688	784	2,472
Net income	7,849	-	7,849
Non-controlling interest	(46)	-	(46)
Net majority income	Ps. 7,803	Ps. -	Ps. 7,803

Consolidated Balance Sheets

As of December 31, 2011 and 2010 (In millions of Mexican pesos)

		2011		2010
Assets				
Cash and cash equivalents	**Ps.**	**21,104**	Ps.	19,221
Margin accounts		**2,676**		57
Investments in securities				
Securities held for trading		**15,651**		11,123
Securities available for sale		**844**		1,563
Securities held-to-maturity		**1,037**		896
		17,532		13,582
Debtors under security repurchase agreements		**1,943**		5,151
Derivatives				
Held for trading		**11,605**		9,216
For hedging purposes		**46**		-
		11,651		9,216
Valuation adjustment for financial asset hedges		**2,166**		2,160
Performing loan portfolio				
Commercial loans				
Business or commercial activity		**134,509**		126,303
Financial entities		**10,329**		9,903
Government entities		**13,912**		27,066
Consumer loans		**8,857**		7,722
Home mortgage loans		**1,215**		1,196
Total performing loan portfolio		**168,822**		172,190
Past-due loan portfolio				
Commercial loans				
Business or commercial activity		**4,804**		3,176
Consumer loans		**161**		146
Home mortgage loans		**89**		104
Total past-due loan portfolio		**5,054**		3,426
Total loan portfolio		**173,876**		175,616
Preventive provision for credit risks		**(22,487)**		(18,515)
Total loan portfolio, net		**151,389**		157,101
Other accounts receivable, net		**23,942**		20,821
Foreclosed and repossessed property , net		**611**		563
Property, furniture and equipment, net		**772**		739
Long-term equity investments		**6,718**		6,122
Other assets, deferred charges and intangibles, net		**549**		598
Total assets	**Ps.**	**241,053**	Ps.	235,331

		2011		2010
Liabilities				
Traditional deposits				
Demand deposits	**Ps.**	**53,045**	Ps.	51,737
Time deposits				
General public		**7,629**		4,807
Money market		**46,871**		69,396
		54,500		74,203
Debt securities issued		**34,549**		15,669
		142,094		141,609
Interbank and other borrowings				
Short-term		**3,679**		5,025
Long-term		**274**		849
		3,953		5,874
Derivatives				
Held for trading		**17,701**		8,915
For hedging purposes		**1,565**		-
		19,266		8,915
Other accounts payable				
Taxes on profits payable		**387**		342
Creditors on settlement of transactions		**19,688**		24,743
Creditors on margin accounts		**1,347**		1,865
Sundry creditors and other accounts payable		**1,797**		1,548
		23,219		28,498
Deferred taxes, net		**821**		1,895
Deferred credits and early settlements		**536**		1,113
Total liabilities		**189,889**		187,904
Commitments and contingencies				
Shareholders' equity:				
Contributed capital				
Capital stock		**17,579**		17,579
Share premium		**7,685**		7,685
		25,264		25,264
Earned capital				
Capital reserves		**6,393**		5,962
Retained earnings		**14,566**		10,689
Unrealized gain on valuation of instruments available for sale		**55**		166
Unapplied result from holding non-monetary assets		**265**		265
Net income		**3,805**		4,308
Non-controlling interest		**816**		773
		25,900		22,163
Total shareholders' equity		**51,164**		47,427
Total liabilities and shareholders' equity	**Ps.**	**241,053**	Ps.	235,331

Memorandum accounts		2011		2010
Guarantees	**Ps.**	**2**	Ps.	-
Loan commitments		**4,613**		2,816
Property held in trust or under mandate		**404,449**		412,132
Property held for safekeeping or under management		**939,238**		1,082,673
Other memorandum accounts		**1,274,686**		986,014
Uncollected accrued interest on past-due loan portfolio		**1,853**		1,113
Collateral securities received by the entity		**21,431**		18,016
Collateral securities received and sold or delivered by the entity in guaranty		**19,488**		12,862
	Ps.	**2,665,760**	Ps.	2,515,626

The Bank's historical capital stock at December 31, 2011 and 2010 is Ps.8,344.

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Income

For the years ended December 31, 2011 and 2010 (In millions of Mexican pesos)

		2011		2010
Interest income	Ps.	16,240	Ps.	15,365
Interest expense		7,464		7,326
Financial margin		8,776		8,039
Preventive provision for credit risks (Note 12)		3,145		4,117
Financial margin adjusted for credit risks		5,631		3,922
Commissions and fees collected (Note 28)		3,263		2,666
Commissions and fees paid		154		141
Intermediation (loss) income (Note 29)		(2,215)		1,196
Other operating income, net		775		856
Administrative and promotional expenses		3,386		3,211
Operating income		3,914		5,288
Equity interest in net income of unconsolidated subsidiaries and associates (Note 15)		470		348
Income before taxes on profits		4,384		5,636
Taxes on profits payable (Note 19)		1,520		1,063
Deferred taxes on profits, net (Note 22)		(1,040)		80
		480		1,143
Net income		3,904		4,493
Non-controlling interest		(99)		(185)
Net majority income	Ps.	3,805	Ps.	4,308

The accompanying notes are an integral part of these financial statements.

BANCO INBURSA, S.A. INSTITUCIÓN DE BANCA MÚLTIPLE
GRUPO FINANCIERO INBURSA AND SUBSIDIARIES

Consolidated Statements of Changes in Shareholders' Equity

For the years ended December 31, 2011 and 2010

(In millions of Mexican pesos)

	Contributed capital	
	Capital stock	Share premium
Balance at December 31, 2009	Ps. 17,579	Ps. 7,685
Movements in other shareholders' equity accounts of subsidiaries		
Resolutions adopted by shareholders		
Appropriation of net income of prior year to retained earnings and increase capital reserves		
Payment of dividends as per resolution adopted at ordinary shareholders' meeting held on April 29, 2010		
Total		
Recognition of comprehensive income (Note 25b)		
Comprehensive income		
Unrealized gain on valuation of instruments available for sale		
Net income		
Total		
Balance at December 31, 2010	17,579	7,685
Movements in other shareholders' equity accounts of subsidiaries		
Resolutions adopted by shareholders		
Appropriation of net income of prior year to retained earnings and increase capital reserves		
Total		
Recognition of comprehensive income (Note 25b)		
Comprehensive income		
Unrealized gain on valuation of instruments available for sale		
Net income		
Total		
Balance at December 31, 2011	Ps. 17,579	Ps. 7,685

The accompanying notes are an integral part of these financial statements.

Earned capital						
Capital reserves	Retained earnings	Unrealized gain on valuation of instruments available for sale	Result from holding non-monetary assets	Net income	Non-controlling interest	Total shareholders' equity
Ps. 5,480	Ps. 6,545	Ps. 69	Ps. 265	Ps. 4,816	Ps. 638	Ps. 43,077
					(50)	(50)
482	4,334			(4,816)		-
	(190)					(190)
482	4,144			(4,816)		(190)
		97				97
				4,308	185	4,493
		97		4,308	185	4,590
5,962	10,689	166	265	4,308	773	47,427
					(56)	(56)
431	3,877			(4,308)		-
431	3,877			(4,308)		-
		(111)				(111)
				3,805	99	3,904
		(111)		3,805	99	3,793
Ps. 6,393	Ps. 14,566	Ps. 55	Ps. 265	Ps. 3,805	Ps. 816	Ps. 51,164

Consolidated Statements of Cash Flows

For the years ended December 31, 2011 and 2010 (In millions of Mexican pesos)

	2011	2010
Net income	Ps. 3,904	Ps. 4,493
Adjustments of items not affecting cash flow:		
Depreciation of property, furniture and equipment	140	172
Amortization of intangible assets	33	11
Provisions	10	16
Current year and deferred taxes on profits	480	1,143
Equity interest in net income of unconsolidated subsidiaries and associates	(470)	(348)
	4,097	5,487
Operating activities		
Margin accounts	(2,619)	154
Investments in securities	(3,950)	(1,070)
Debtors under security repurchase agreements	3,208	(4,931)
Derivatives (asset)	(2,389)	(2,544)
Loan portfolio, net	5,712	(14,586)
Foreclosed and repossessed assets, net	(48)	50
Other operating assets, net	(3,121)	(18,429)
Traditional deposits	(18,395)	1,285
Issued securities	18,880	15,669
Interbank and other borrowings	(1,921)	(1,623)
Derivatives (liability)	8,786	3,363
Other operating liabilities	(7,531)	23,653
Instruments for hedging (items hedged with operating activities)	1,513	(2,660)
Net cash flow provided by operating activities	(1,875)	(1,669)
Investing activities		
Payments for the acquisition of property, furniture and equipment	(173)	(146)
Payments for the acquisition of other long-term equity investments	(126)	(35)
Payments for the acquisition of intangibles	16	(41)
Net cash flow provided by investing activities	(283)	(222)
Financing activities		
Dividend paid	-	(190)
Non-controlling interest	(56)	(50)
Net cash flow provided by financing activities	(56)	(240)
Net increase in cash and cash equivalents	1,883	3,356
Cash and cash equivalents at beginning of year	19,221	15,865
Cash and cash equivalents at end of year	Ps. 21,104	Ps. 19,221

The accompanying notes are an integral part of these financial statements.

Balances generales consolidados

(Cifras en millones de pesos)

	Al 31 de diciembre de	
	2011	**2010**
Activo		
Inversiones:		
Valores:		
Gubernamentales	**Ps. 14,657**	Ps. 12,116
Empresas privadas:		
Tasa conocida	**5,581**	2,173
Renta variable	**1,138**	1,306
Extranjero	**290**	2,143
Valuación neta	**3,817**	3,581
Deudores por intereses	**82**	94
	25,565	21,413
Préstamos:		
Sobre pólizas	**307**	263
Con garantía	**1,239**	1,278
Quirografarios	**146**	920
Cartera vencida	**54**	55
Deudores por intereses	**5**	6
Estimación para castigos	**(20)**	(20)
	1,731	2,502
Inmobiliarias:		
Inmuebles	**594**	292
Valuación neta	**1,049**	1,002
Depreciación	**(144)**	(131)
	1,499	1,163
Inversiones para obligaciones laborales al retiro:		
	1,190	1,137
Suma inversiones	**29,985**	26,215
Disponibilidad:		
Caja y bancos	**18**	18
Deudores:		
Por primas	**8,891**	4,515
Agentes y ajustadores	**6**	6
Documentos por cobrar	**91**	78
Préstamos al personal	**79**	76
Otros	**293**	349
Estimación para castigos	**(112)**	(87)
	9,248	4,937
Reaseguradores y reafianzadores:		
Instituciones de seguros y fianzas	**751**	702
Depósitos retenidos	**1**	1
Participación de reaseguradores por siniestros Pendientes	**7,799**	7,238
Participación de reaseguradores por riesgos en curso	**6,902**	2,380
Otras participaciones	**205**	196
	15,658	10,517
Suma de circulante	**24,924**	15,472
Inversiones permanentes		
Asociadas	**168**	58
Otras inversiones permanentes		
	168	58
Otros activos:		
Mobiliario y equipo, neto	**118**	118
Diversos	**928**	865
Gastos amortizables	**47**	235
Amortización		(75)
Activos intangibles	**(2)**	121
Suma otros activos	**1,091**	1,264
Suma el activo	**Ps. 56,168**	Ps. 43,009

	Al 31 de diciembre de 2011	2010
Pasivo		
Reservas técnicas		
Riesgos en curso:		
De vida	**Ps. 8,089**	Ps. 7,094
De accidentes y enfermedades	**905**	840
Daños	**10,782**	5,224
Fianzas en vigor	**34**	7
	19,810	13,165
Obligaciones contractuales:		
Por siniestros y vencimientos	**10,039**	9,990
Por siniestros ocurridos y no reportados	**1,466**	397
Por dividendos sobre pólizas	**272**	294
Fondos de seguros en administración	**748**	670
Por primas en depósito	**88**	101
	12,613	11,452
Previsión:		
Previsión	**1**	1
Catastrófica	**6,530**	6,015
Contingencia	**7**	3
	6,538	6,019
Suma reservas técnicas	**38,961**	30,636
Reservas para obligaciones laborales al retiro:	**1,113**	1,077
Acreedores:		
Agentes y ajustadores	**359**	331
Fondos en administración de pérdidas	**4**	10
Diversos	**258**	328
	621	669
Reaseguradores y reafianzadores		
Instituciones de seguros y fianzas	**5,136**	1,881
	5,136	1,881
Otros pasivos:		
Provisión para la participación de utilidades al personal	**68**	53
Provisión para el pago de impuestos	**279**	205
Otras obligaciones	**1,421**	788
Créditos diferidos	**1,293**	1,398
	3,061	2,444
Suma el pasivo	**48,892**	36,707
Capital contable:		
Capital social	**1,227**	1,227
Capital no suscrito	**160**	160
Capital social pagado	**1,067**	1,067
Reservas:		
Reserva legal	**720**	625
Otras reservas	**3,609**	3,056
Déficit por valuación	**(15)**	(130)
Utilidades de ejercicios anteriores	**679**	360
Utilidad del ejercicio	**843**	951
Insuficiencia en la actualización del capital contable	**370**	370
Participación controladora	**7,273**	6,299
Participación no controladora	**3**	3
Suma el capital	**7,276**	6,302
Suma el pasivo y el capital contable	**Ps. 56,168**	Ps. 43,009

Cuentas de orden	2011	2010
Valores en depósito	**Ps. 3,567**	Ps. 3,416
Fondos en administración	**1,759**	1,714
Responsabilidades por fianzas en vigor	**3,572**	2,114
Pérdida fiscal por amortizar	**13**	11
Cuentas de registro	**5,478**	5,729
	Ps. 14,389	Ps. 12,984

Estados consolidados de resultados

(Cifras en millones de pesos)

	Por los años terminados el 31 de diciembre de 2011	2010
Primas:		
Emitidas	Ps. 20,617	Ps. 13,142
Cedidas	8,549	3,034
De retención	12,068	10,108
Incremento neto de la reserva de riesgos en curso y de fianzas en vigor	1,599	494
Primas de retención devengadas	10,469	9,614
Costo neto de adquisición:		
Comisiones a agentes	958	871
Compensaciones adicionales a agentes	383	344
Comisiones por reaseguro y reafianzamiento tomado	17	7
Comisiones por reaseguro cedido	(583)	(466)
Cobertura de exceso de pérdida	345	299
Otros	1,083	766
	2,203	1,821
Costo neto de siniestralidad, reclamaciones y otras obligaciones contractuales:		
Siniestralidad y otras obligaciones contractuales	7,074	6,442
Siniestralidad recuperada de reaseguro no proporcional	(18)	(124)
	7,056	6,318
Utilidad técnica	1,210	1,475
Incremento neto de otras reservas técnicas		
Reserva para riesgos catastróficos	519	702
Resultado de operaciones análogas y conexas	1	1
Utilidad bruta	692	774
Gastos de operación netos:		
Gastos administrativos y operativos	(334)	(266)
Remuneraciones y prestaciones al personal	1,557	1,543
Depreciaciones y amortizaciones	57	66
	1,280	1,343
Pérdida de operación	(588)	(569)
Resultado integral de financiamiento:		
De inversiones	1,013	947
Por venta de inversiones	17	6
Por valuación de inversiones	313	912
Por recargos sobre primas	136	124
Otros	28	11
Resultado cambiario	181	(116)
	1,688	1,884
Participación en el resultado de inversiones permanentes	(7)	7
Utilidad antes de impuesto a la utilidad y participación en el resultado de subsidiarias	1,093	1,322
Provisión para el pago de impuesto a la utilidad	250	371
Utilidad del ejercicio	Ps. 843	Ps. 951
Participación controladora	Ps. 843	Ps. 951
Utilidad por acción:		
Utilidad atribuible por acción ordinaria de la participación controladora (pesos)	Ps. 5.269	Ps. 5.944

Las notas adjuntas son parte integrante de estos estados financieros.

Balances generales consolidados

(Miles de pesos)

	Al 31 de diciembre de			
		2011		**2010**
Activo				
Inversiones:				
En valores:				
Gubernamentales	**Ps.**	**6,146,400**	Ps.	6,507,401
Empresas privadas:				
Tasa conocida		**8,345,197**		8,325,375
Renta variable		**1,096,828**		1,138,024
Extranjeros		**331,245**		331,245
Valuación neta		**3,893,315**		3,599,909
Deudores por intereses		**142,925**		149,589
		19,955,910		20,051,543
Préstamos:				
Con garantía		**170**		4,177
Quirografarios		**1,150,000**		791,458
Cartera vencida		**14,523**		6,407
Deudores por intereses		**4,445**		1,033
(-) Estimación para castigos		**2**		
Suma inversiones		**22,174,957**		21,909,033
Inmobiliarias:				
Inmuebles		**1,052,025**		1,056,296
Depreciación	**(**	**2,114)**	(	1,881)
		1,049,911		1,054,415
Disponibilidad:				
Caja y bancos		**169,984**		225,141
Deudores:				
Deudores por prima		**13**		
Otros		**293,281**		327,805
Estimación para castigos	**(**	**16,873)**	(	16,873)
		276,421		310,932
Inversiones permanentes				
Otras inversiones permanentes		**34,116**		
Otros activos:				
Mobiliario y equipo		**251**		45,848
Activos adjudicados		**157,491**		127,545
Diversos		**133,904**		133,903
Gastos amortizables		**49,506**		46,006
Amortización	**(**	**3,609)**	(	30,762)
Activos intangibles		**3,384**		30,537
Productos derivados		**1,398**		
		342,325		353,077
Suma el activo	**Ps.**	**22,997,803**	Ps.	22,798,183

		Al 31 de diciembre de		
		2011		2010
Pasivo				
Reservas técnicas				
Riesgos en curso de vida:	**Ps.**	**14,176,299**	Ps.	14,085,376
De obligaciones contractuales:				
Por siniestros y vencimientos		**95,567**		85,341
Por primas en depósito		**4**		82
		95,571		85,423
De previsión:				
Contingencia		**283,526**		281,708
Especiales		**765,017**		622,931
		1,048,543		904,639
Suma reservas técnicas		**15,320,413**		15,075,438
Reservas para obligaciones laborales				412
Acreedores:				
Agentes y ajustadores		**57**		57
Diversos		**964,050**		1,033,462
		964,107		1,033,519
Operaciones con productos derivados		**217,502**		185,887
Otros pasivos:				
Provisión para la participación de los trabajadores en la utilidad		**279**		80
Provisión para el pago de impuestos		**101,343**		101,301
Otras obligaciones		**22,472**		
Créditos diferidos		**143,197**		359,506
		267,291		460,887
Suma el pasivo		**16,769,313**		16,756,143
Capital contable				
Capital social		**1,458,383**		1,458,383
Capital no suscrito		**350,000**		350,000
Capital social pagado		**1,108,383**		1,108,383
Reservas:				
Reserva legal		**831,289**		819,145
Otras reservas		**2,141,524**		1,757,500
Utilidades de ejercicios anteriores		**1,816,668**		1,588,925
Utilidad del ejercicio		**153,463**		581,846
Participación controladora		**6,051,327**		5,855,799
Participación no controladora		**177,163**		186,241
Suma el capital		**6,228,490**		6,042,040
Suma el pasivo y el capital contable	**Ps.**	**22,997,803**	Ps.	22,798,183

		Cuentas de orden		
		2011		2010
Cuentas de registro	**Ps.**	**7,235,793**	Ps.	6,548,339
Operaciones con productos derivados		**11,089,608**		3,000,000

Las notas adjuntas son parte integrante de estos estados financieros.

Estados consolidados de resultados

(Miles de pesos)

	Por los años terminados el 31 de diciembre de 2011	2010
Primas emitidas	Ps. 19,235	Ps. 43,642
Incremento neto de la reserva de riesgos en curso	108,209	227,954
Primas devengadas	(88,974)	(184,312)
Costo neto de siniestralidad, reclamaciones y otras obligaciones contractuales:		
Siniestralidad y otras obligaciones contractuales	877,737	861,131
Pérdida técnica	(966,711)	(1,045,443)
Incremento neto de otras reservas técnicas:		
Reserva de contingencia	1,818	4,222
Otras reservas	142,086	169,780
Pérdida bruta	(1,110,615)	(1,219,445)
Gastos de operación netos:		
Gastos administrativos y operativos netos (ingreso)	(179,721)	(86,334)
Remuneraciones y prestaciones al personal	127,636	61,837
Depreciaciones y amortizaciones	24,027	34,108
Pérdida de operación	(1,082,557)	(1,229,056)
Resultado integral de financiamiento:		
De inversiones	1,005,613	956,079
Utilidad por venta de inversiones, neta	7,431	69,558
Por valuación de inversiones	314,606	903,507
Otros	182,123	113,544
Resultado cambiario	(383,842)	38,278
	1,125,931	2,080,966
Utilidad antes de impuestos a la utilidad	83,282	851,910
Impuesto sobre la renta	(57,960)	250,026
Utilidad del ejercicio	Ps. 141,242	Ps. 601,884
Participación controladora	Ps. 153,463	Ps. 581,846
Participación no controladora	(12,221)	20,038
Utilidad por acción:		
Utilidad atribuible por acción ordinaria (pesos)	Ps. 0.1805	Ps.0.68452

Las notas adjuntas son parte integrante de estos estados financieros.

Balances generales

Al 31 de diciembre de 2011 y 2010 (Cifras en miles de pesos)

		2011		2010 Restated
Activo				
Disponibilidades	**Ps.**	**3**	Ps.	3
Inversiones en valores				
Títulos para negociar		**825,680**		820,720
Cuentas por cobrar		**49,422**		49,181
Inversiones permanentes		**351,744**		328,942
Total activo	**Ps.**	**1,226,849**	Ps.	1,198,846

		2011		2010 Restated
Pasivo y capital				
Otras cuentas por pagar				
Impuestos a la utilidad por pagar	**Ps.**	**7,845**	Ps.	7,610
Acreedores diversos y otras cuentas por pagar		**30,700**		29,708
Impuestos diferidos, neto		**148,559**		146,106
Total pasivo		**187,104**		183,424
Capital contable				
Capital contribuido				
Capital social		**23,938**		23,938
Capital ganado				
Reservas de capital		**4,449**		4,449
Resultados de ejercicios anteriores		**787,035**		695,020
Resultado neto		**224,323**		292,015
Capital ganado		**1,015,807**		991,484
Total capital contable		**1,039,745**		1,015,422
Total pasivo y capital contable	**Ps.**	**1,226,849**	Ps.	1,198,846

Cuentas de orden		2011		2010
Capital social autorizado (histórico)	**Ps.**	**10,000**	Ps.	10,000
Acciones emitidas		**603,335,758**		603,335,758
Activos y pasivos contingentes	**Ps.**	**1,177,424**	Ps.	1,149,662

Estados de resultados

Del 1 de enero al 31 de diciembre de 2011 y 2010 (Cifras en miles de pesos)

		2011		2010 Restated
Comisiones y tarifas cobradas	**Ps.**	**473,047**	Ps.	427,621
Comisiones y tarifas pagadas		**211,664**		190,041
Ingresos por servicios		**261,383**		237,580
Margen integral de financiamiento		**27,528**		95,175
Total de Ingresos de la operación		**288,911**		332,755
Gastos de administración		**9,434**		8,247
Resultado de la operación		**279,477**		324,508
Otros productos		**517**		4,915
Otros gastos		**64**		54
Resultado antes de impuestos a la utilidad		**279,930**		329,369
Impuestos a la utilidad causados		**75,956**		68,628
Impuestos a la utilidad diferidos		**2,453**		22,803
		78,409		91,431
Resultado antes de participación en subsidiarias no consolidadas y asociadas		**201,521**		237,938
Participación en el resultado de subsidiarias no consolidadas y asociadas		**22,802**		54,077
Resultado neto	**Ps.**	**224,323**	Ps.	292,015

Balances generales

Al 31 de diciembre de 2011 y 2010 (Cifras en millones de pesos)

Cuentas de orden

		2011		2010
Operaciones por cuenta de terceros				
Clientes cuentas corrientes				
Bancos de clientes	Ps.	1	Ps.	1
Liquidación de operaciones de clientes	(	208)	(	158)
	(	207)	(	157)
Operaciones en custodia				
Valores de clientes recibidos en custodia		2,373,060		2,677,079
Operaciones de administración				
Operaciones de reporto por cuenta de clientes		54,447		48,683
Colaterales recibidos en garantía por cuenta de clientes		22		33
		54,469		48,716
Totales por cuenta de terceros	Ps.	2,427,322	Ps.	2,725,638

		2011		2010
Operaciones por cuenta propia				
Cuentas de registro propias				
Activos y pasivos contingentes	Ps.	3,272	Ps.	4,451
Colaterales recibidos por la entidad:				
Deuda gubernamental		42,171		38,931
Deuda bancaria		2,000		2,471
Otros títulos de deuda		77		305
		44,248		41,707
Colaterales recibidos y vendidos o entregados en garantía:				
por la entidad:				
Deuda gubernamental		42,171		38,931
Deuda bancaria		2,000		2,471
Otros títulos de deuda		77		305
		44,248		41,707
Totales por cuenta propia	Ps.	91,768	Ps.	87,865

Activo

		2011		2010
Disponibilidades	Ps.	3		-
Inversiones en valores				
Títulos para negociar		13,387	Ps.	11,553
Títulos disponibles para la venta		147		-
Operaciones con valores y derivadas				
Deudores por reporto		-		-
Cuentas por cobrar (neto)		43		29
Inmuebles, mobiliario y equipo (neto)		22		20
Inversiones permanentes en acciones		2		3
Otros activos				
Otros activos, cargos diferidos e intangibles		726		844
Total del activo	Ps.	14,330	Ps.	12,449

Pasivo y capital

		2011		2010
Acreedores por reporto (Nota 6)	Ps.	10,204	Ps.	7,012
Otras cuentas por pagar				
Impuestos a la utilidad por pagar		129		85
Acreedores diversos y otras cuentas por pagar (Nota 12)		73		67
Impuestos diferidos (neto) (Nota 11)		376		416
Total pasivo		10,782		7,580
Capital contable (Nota 13)				
Capital contable contribuido				
Capital social		1,608		1,404
Capital ganado				
Reservas de capital		275		228
Resultado de ejercicios anteriores		1,217		2,306
Resultado por valuación de títulos disponibles para la venta		24		
Resultado neto		424		931
		1,940		3,465
Total del capital contable		3,548		4,869
Total del pasivo y capital contable	Ps.	14,330	Ps.	12,449

El capital social histórico de la Casa de Bolsa al 31 de diciembre de 2011 y 2010, asciende a $1,197 y $993, respectivamente.

Las notas adjuntas son parte integrante de estos estados financieros.

Los presentes balances generales, se formularon de conformidad con los Criterios de Contabilidad para Casas de Bolsa, emitidos por la Comisión Nacional Bancaria y de Valores con fundamento en lo dispuesto por los artículos 205 último párrafo, 210 segundo párrafo y 211 de la Ley del Mercado de Valores, de observancia general y obligatoria, aplicados de manera consistente, encontrándose reflejadas las operaciones efectuadas por la Casa de Bolsa hasta las fechas arriba mencionadas, las cuales se realizaron y valuaron con apego a sanas prácticas bursátiles y a las disposiciones legales y administrativas aplicables.

Los presentes balances generales fueron aprobados por el Consejo de Administración, bajo la responsabilidad de los directivos que los suscriben.

Lic. Eduardo Valdés Acra	C.P. Raúl Reynal Peña	C.P. Federico Loaiza Montaño	C.P. Alejandro Santillán Estrada
Director General	Director de Administración y Finanzas	Director de Auditoría Interna	Subdirector de Control Interno

Estados de resultados

Del 1 de enero al 31 de diciembre de 2011 y 2010 (Cifras en millones de pesos)

		2011		2010
Comisiones y tarifas cobradas	Ps.	**766**	Ps.	776
Comisiones y tarifas pagadas		**94**		114
Ingresos por Asesoría Financiera		**6**		-
Resultado por servicios		**678**		662
Utilidad por compra venta		**441**		438
Pérdida por compra venta		**10**		-
Ingresos por intereses		**2,225**		2,336
Gastos por intereses		**2,293**		2,543
Resultado por valuación a valor razonable	**(**	**168)**		612
Margen financiero por intermediación		**195**		843
Otros Ingresos (egresos) de la operación		**1**		7
Gastos de administración		**279**		319
Resultado de operación		**595**		1,193
Participación en el resultado de subsidiarias no consolidadas y asociadas	**(**	**1)**		-
Resultado antes de Impuestos a la utilidad		**594**		1,193
Impuestos a la utilidad causados		**210**		140
Impuestos a la utilidad diferidos	**(**	**40)**		122
Resultado neto	**Ps.**	**424**	Ps.	931

Balances generales

(Miles de pesos)

	Al 31 de diciembre de 2011		Al 31 de diciembre de 2010	
Activo				
Inversiones				
En valores				
Gubernamentales	**Ps.**	**1,202,414**	Ps.	1,353,393
Tasa conocida		**59,470**		28,457
Renta variable		**241,910**		209,546
Extranjeros		**162,614**		162,614
Valuación neta		**252,744**		237,994
Deudores por intereses		**3,302**		6,986
		1,922,454		1,998,990
En préstamos				
Con garantía		**31,008**		64,984
Quirografarios		**777,533**		640,950
Cartera vencida		**299**		299
Deudores por intereses		**4,033**		3,992
		812,873		710,225
En inmobiliarias				
Inmuebles		**170,939**		170,939
Valuación neta		**56,611**		57,451
Depreciación		**10,029**		9,109
		217,521		219,281
Inversiones para obligaciones laborales al retiro		**2,936**		2,827
Suma inversiones		**2,955,784**		2,931,323
Disponibilidad				
Caja y bancos		**5,417**		67
Deudores				
Por primas		**345,748**		253,516
Agentes y Ajustadores	**(**	**109)**	(	248)
Deudores por responsabilidad de fianzas por reclamaciones pagadas		**7,376**		7,387
Otros		**11,868**		7,877
Estimación para castigos	**(**	**6,830)**	(	5,307)
		358,053		263,225
Reafianzadores				
Instituciones de fianzas		**256**		7,112
Otras participaciones	**(**	**4,882)**	(	4,709)
Participación de reafianzadores en la reserva de fianzas en vigor		**277,820**		262,417
Estimación para castigos	**(**	**68)**	(	68)
		273,126		264,752
Inversiones Permanentes				
Asociadas		**91,298**		95,526
		91,298		95,526
Otros activos				
Mobiliario y equipo, neto		**934**		1,633
Activos adjudicados		**1,477**		1,477
Diversos		**147,934**		80,417
Gastos amortizables, netos		**191,356**		88,720
		341,701		172,247
Suma el activo	**Ps.**	**4,025,379**	Ps.	3,727,140

	Al 31 de diciembre de			
		2011		2010
Pasivo				
Reservas técnicas				
De fianzas en vigor	**Ps.**	**866,300**	Ps.	716,694
De contingencia		**531,865**		410,429
		1,398,165		1,127,123
Reservas para obligaciones laborales al retiro		**1,561**		1,493
Acreedores				
Agentes		**140**		149
Diversos		**31,986**		24,277
		32,126		24,426
Reafianzadores				
Instituciones de fianzas		**13,723**		6,034
Depósitos retenidos		**1,531**		4,650
Otras participaciones		**2,325**		2,324
		17,579		13,008
Otros pasivos				
Provisión para el pago de impuestos				
		33,236		147,490
Otras obligaciones		**70,627**		53,907
Créditos diferidos		**41,712**		57,834
		145,575		259,231
Suma el pasivo		**1,595,006**		1,425,281
Capital contable				
Capital pagado		**158,220**		158,220
Reserva legal		**158,220**		158,220
Superávit por valuación	**(**	**13,202)**	(	12,816)
Subsidiarias		**92,967**		82,909
Utilidades de ejercicios anteriores		**1,859,104**		1,422,735
Utilidad del ejercicio		**118,695**		436,222
Insuficiencia en la actualización del capital contable		**56,369**		56,369
Suma el capital contable		**2,430,373**		2,301,859
Suma el pasivo y el capital	**Ps.**	**4,025,379**	Ps.	3,727,140

	Cuentas de orden (nota 16)			
		2011		2010
Valores en depósito	**Ps.**	**18,854**	Ps.	18,854
Cuentas de registro		**9,443,348**		8,930,227
Otras		**31,572,247**		31,439,090
	Ps.	**41,034,449**	Ps.	40,388,171

Estados de resultados

(Miles de pesos)

	Por los años terminados el 31 de diciembre de 2011	2010
Primas		
Emitidas	**Ps. 1,346,440**	Ps. 963,091
Cedidas	**131,413**	100,044
De retención	**1,215,027**	863,047
Incremento neto de la reserva de fianzas en vigor	**131,434**	70,915
Primas de retención devengadas	**1,083,593**	792,132
Costo neto de adquisición		
Comisiones a agentes	**1,008**	1,145
Comisiones por reafianzamiento cedido	**(55,367)**	(44,174)
Otros	**75,257**	58,516
	20,898	15,487
Reclamaciones	**1,070,810**	431,596
Utilidad técnica	**(8,115)**	345,049
Incremento neto de otras reservas técnicas		
Incremento a la reserva de contingencia	**120,735**	98,056
Resultado de operaciones análogas y conexas	**92**	
Utilidad bruta	**(128,758)**	246,993
Gastos de operación netos		
Gastos administrativos y operativos, (ingreso)	**(135,021)**	(93,383)
Depreciaciones y amortizaciones	**1,321**	1,361
	(133,700)	(92,022)
Utilidad de la operación	**4,942**	339,015
Resultado integral de financiamiento		
De inversiones	**123,352**	110,918
Por venta de inversiones	**2,899**	150
Por valuación de inversiones	**(2,011)**	141,288
Otros	**144**	(378)
Resultado cambiario	**10,467**	(201)
	134,851	251,777
Utilidad antes de impuestos a la utilidad y participación en el resultado de inversiones permanentes	**139,794**	590,792
Provisión para el pago del impuesto a la utilidad	**(15,385)**	(165,041)
Participación en el resultado de inversiones permanentes	**(5,714)**	10,471
Utilidad del ejercicio	**Ps. 118,695**	Ps. 436,222
Utilidad por acción:		
Utilidad atribuible por acción ordinaria (pesos)	**Ps. 1.8261**	Ps. 6.7111

For Information:

Grupo Financiero Inbursa, S.A.B. de C.V.

Paseo de las Palmas No. 736
Lomas de Chapultepec
11000 México City

Frank Aguado Martínez
Tel.: (52 55) 5625 4900, ext. 3350
Fax: (52 55) 5625 4965
e-mail: faguadom@inbursa.com

Juan Ignacio González Shedid
Tel.: (52 55) 5625 4900, ext. 6641
Fax: (52 55) 5625 4965
e-mail: igonzalezs@inbursa.com

design: www.alldesign.mx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