INBURSA
Grupo Financiero

ANNUAL REPORT 2012

Mission:

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

Vision:

To 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

Grupo Financiero Inbursa

Contents

Jean-Baptiste Carpeaux
(Valenciennes, France 1827 – Courbevoie, France 1875)

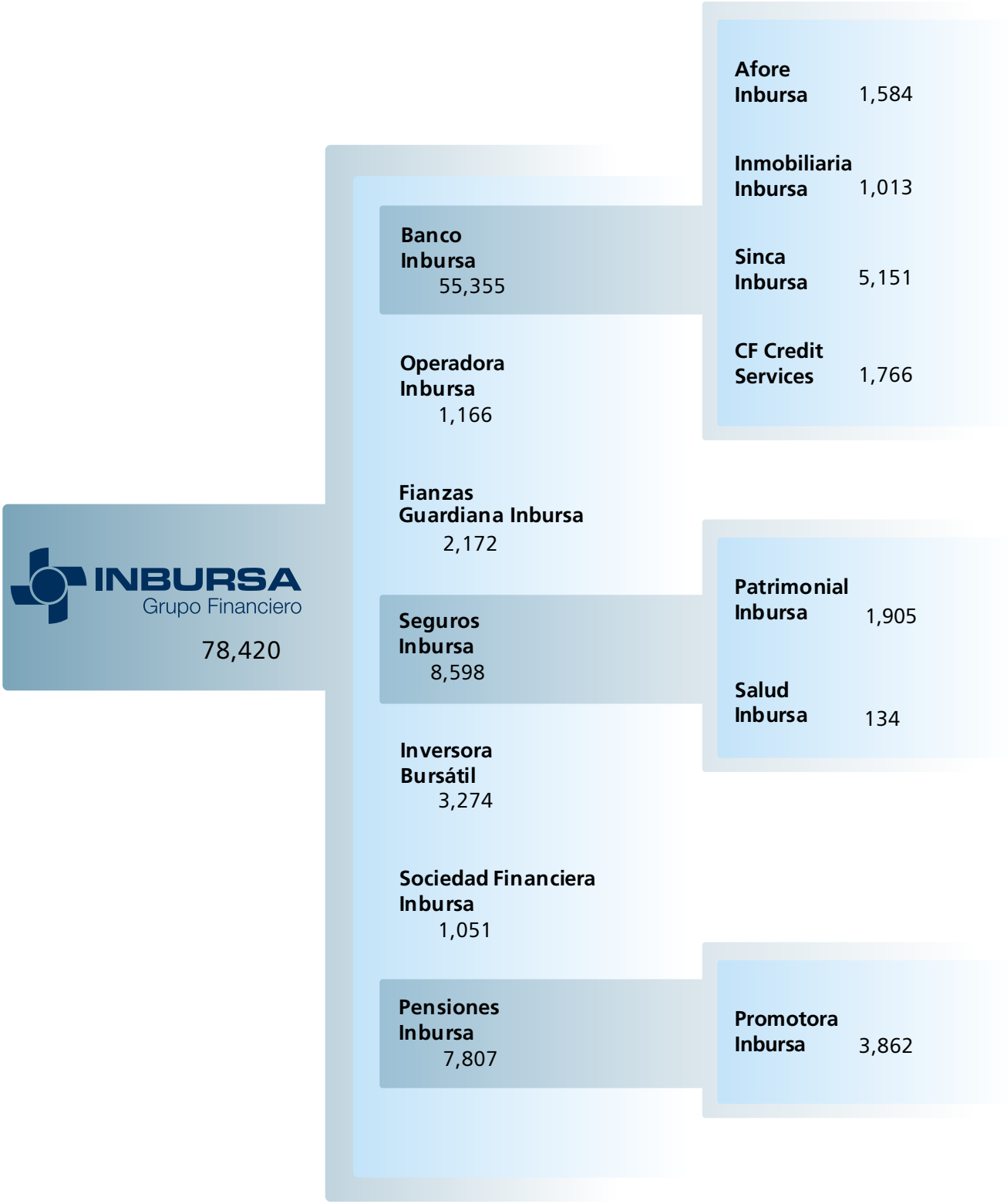
Ugolin and his sons

1863

Plaster and black patina

Ugolin – a citizen of Pisa in the early Middle Ages – was confined in a tower by his political rivals. Much to his dismay he had to resort to eating his sons in order to survive. It wasn't easy for Carpeaux to have this project, based on Dante's *Divine Comedy*, approved by the *Académie* as the Middle Ages were not included in the syllabus. Nonetheless, for French romantics the value of this period would soon become evident as it was where they would later identify their national roots. It was from this sculpture that Rodin got his inspiration for his masterpiece *The Thinker.*

Stockholders' Equity
(million Pesos)



Relevant Figures

Stockholders' Equity
(million Pesos)

Net Profits
(million Pesos)

Grupo Financiero Inbursa

Assets	2010 (million Pesos)	2011 (million Pesos)	2012 (million Pesos)	% change 2012 2011
Grupo Financiero Inbursa	**316,512**	**334,948**	**340,366**	**2%**
Banco Inbursa	235,331	241,053	245,816	2%
Inversora Bursátil	12,449	14,330	17,573	23%
Operadora Inbursa	1,199	1,227	1,354	10%
Seguros Inbursa	43,009	56,168	58,590	4%
Pensiones Inbursa	22,799	22,998	24,536	7%
Fianzas Guardiana	3,727	4,025	4,057	1%

Stockholders' Equity	2010 (million Pesos)	2011 (million Pesos)	2012 (million Pesos)	% change 2012 2011
Grupo Financiero Inbursa	**68,133**	**72,295**	**78,420**	**8%**
Banco Inbursa	47,427	51,164	55,355	8%
Inversora Bursátil	4,869	3,548	3,274	-8%
Operadora Inbursa	1,015	1,040	1,166	12%
Seguros Inbursa	6,302	7,276	8,598	18%
Pensiones Inbursa	6,042	6,228	7,807	25%
Fianzas Guardiana	2,302	2,430	2,172	-11%

Net Results	2010 (million Pesos)	2011 (million Pesos)	2012 (million Pesos)	% change 2012 2011
Grupo Financiero Inbursa	**7,849**	**5,983**	**8,825**	**48%**
Banco Inbursa	4,493	3,904	4,609	18%
Inversora Bursátil	931	424	555	31%
Operadora Inbursa	292	224	296	32%
Seguros Inbursa	951	843	1,327	57%
Pensiones Inbursa	602	141	1,578	1019%
Fianzas Guardiana	436	119	342	187%

Customers	2010	2011	2012
Employees	6,356	6,832	6,789
ATMs	753	777	779
Branches	271	273	302
Sales Force	14,542	13,076	14,065

Managed Assets	2010 (million Pesos)	2011 (million Pesos)	2012 (million Pesos)	% change 2012 2011
Managed Assets	2,629,069	2,323,722	2,353,076	1%

Indicators	INBURSA	Market Average
Capitalization Index (Bank)	20.16%	15.95%
Past Due / Total Portfolio (Bank)	3.5%	2.5%
Reserves / Past Due Portfolio (Bank)	4.1	1.9
Operational Efficiency (Bank)	34.2%	60.3%

Shareholders' Report

Economic Environment

During 2012, the structural and financial characteristics of the world economy remained the same as in the preceding years. Basically, macroeconomic variables in developed countries are still showing problems and this has a knock-on effect on world economic growth. On the other hand, developing countries mostly with healthy fiscal and financial systems, have benefitted from global monetary policies since low cost interest rates and wide availability of resources promote the development of lucrative projects, invigorate economic activity and generate employment.

The United States have maintained its monetary policy of negative interest rates in real terms in the short term with a view to reactivating profitable investment in order to boost economic activity, lowering the burden of the huge government debt interest payments while seeking to lower mortgage payments for families. However the high fiscal deficit remains, forcing them to continue raising the debt ceiling, agreeing a budget consolidation plan which allows them to face their immediate spending requirements and in the mid-term lower both the high deficit which has become increasingly acute since 2008 and the level of debt – which to 2012 exceeds 100% of their GDP.

Europe, while showing similar characteristics, has strong spending restrictions, an overvalued currency and high unemployment rates in several countries. Growth is almost nil, even negative in some countries and the outlook is not encouraging in the short and medium term.

Mexico continues to show strong economic variables. Low interest rates – much better than those of developed countries – are attracting a high volume of foreign portfolio investment: during 2012 this exceeded 80 thousand million dollars, in effect doubling investment generated the year before. This situation, although demonstrating investors' confidence in our country, causes vulnerability given the uncertainty of how long it may last and the revaluation of the peso which translates into greater imports and less exports. In terms of direct foreign investment, the country is located among the main manufacturing destinations, especially in the automotive sector, given the competitive advantages in terms of production costs and proximity to the largest world market. Inflation remains stable.

Mexico has a capitalized banking system with liquidity; healthy public finances; interest rates that promote financing and investment; money available long-term through savings both internal and external; a young population; natural resources; tourism, agricultural, energy, infrastructure and mining potential, among the factors that promote development. This is why, even within an unfavorable world environment, our country has the opportunity to accelerate its growth, incorporating millions of people into productive activities, generating well-being and consumer potential which are the only driving forces for permanent growth.

Grupo Financiero Inbursa

In 2012, Grupo Financiero Inbursa remained one of the country's most efficient and solid financial institutions, as evidenced both by its 20.6% capital and its reserves which represent 14% of its total credit portfolio. Particularly noteworthy is its growth in retail credit, mainly in the automobile sector, small and medium enterprises (PYMES) and payroll credit with increases of 38%, 29% and 41% respectively.

GFInbursa recorded profits for $8,825 million pesos to the close of December 2012, compared with $5,983 million pesos to the close of December 2011. This increase is due to the operating results of different subsidiaries, as well as to improved market conditions. When comparing 2012 against 2011, it is worth noting: operating results grew 64%, technical profits in the insurance business rose by 47% and the market valuation of the financial assets was $5,139 million pesos in profit compared to a loss of $1,793 million pesos in 2011.

Stockholders equity, to the close of 2012 was $78,420 million; that is 8.5% higher than the same period in the year before. In May 2012, GFInbursa paid a dividend worth $2,167 million pesos. When adjusted by this, the stockholders' equity would have been increased 11.5%.

A careful risk selection strategy, which has always underpinned our decision-making, resulted in a %177,043 million pesos loan portfolio at the close of 2012, which is 2% higher than 2011 with 24.7% and 32.1% increases in government and retail loans respectively and a decrease of 1.3% in the corporate sector portfolio.

During 2012, GFInbursa maintained the fast pace of its retail banking project implementation, where it is worth noting the support to small and medium size enterprises (PYMES) in excess of 55 thousand have received a credit. GFI also strengthened its consumer credit function especially in the automobile and payroll sectors, ending the year with more than 107 thousand and 88 thousand clients respectively.

Banco Inbursa finished the year with 302 branches which contribute to the increase in deposits payable on demand and registering at the close of 2012 a balance of $59,875 million pesos.

In order to continue diversifying the composition of funding and increasing the length of its term, Banco Inbursa has made placements of Stock Exchange Certificates worth a total of $50,000 million pesos.

During 2012, the conservative policy of reserve creation was continued, increasing them by $5,073 million pesos. This growth enabled us to end 2012 with credit reserves worth $25,404 million pesos, which represent a four-fold hedging of the past-due portfolio.

GFInbursa is one of the best placed financial institutions for facing new challenges based on over 47 years of experience, solid capital structure, an outstanding human team, operating efficiency, quality assets and its client base; all of which will enable us to become leaders in the Mexican financial sector in terms of growth and profitability benefitting our customers and partners.

Structure of the Board of Directors

Non-independent Directors

Regular	Alternate
Marco Antonio Slim Domit (President)	
Eduardo Valdés Acra (Vice- President)	
Javier Foncerrada Izquierdo (CEO)	
Arturo Elías Ayub	
Juan Fábrega Cardelus	Gonzalo Gortázar Rotaeche
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	Javier Foncerrada Izquierdo	1992
Inversora Bursátil	Eduardo Valdés Acra	1986
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

Javier Foncerrada Izquierdo
GRUPO FINANCIERO INBURSA, S.A.B. DE C.V.
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

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
Consejero
CAIXABANK, S.A.
Assistant CEO and CFO

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

Eduardo Valdés Acra
GRUPO FINANCIERO INBURSA, S.A.B. DE C.V.
Vice-president 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"
Director General
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 net profits of $4,609 million pesos, compared to $3,904 million pesos in 2011, as a result of an improved credit portfolio composition.

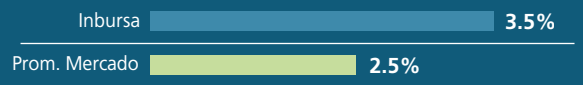
It is worth mentioning the intermediation result which amounted to $1,363 million pesos to the close of 2012, compared with a loss of $2,215 million pesos in 2011, which is explained by the increase in long-term interest rates both in pesos and in dollars.

Operating results to 2012 reached $4,871 million pesos which represents all increase of 24.5% when compared to the same period the year before, mainly due to growth in the small and medium-size enterprises (PYMES), payroll and car finance sector; all of which have higher margins.

Delinquency and Hedging Index

Hedging

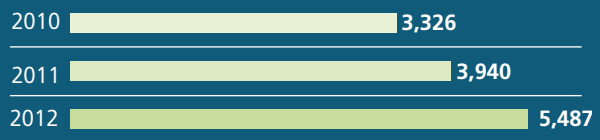
Delinquency Index



SME Credit (PYME)

Customers [1]

million pesos [1]



Personal Loans

Clients [1]

million pesos [1]

Car Financing

Customers [1]

million pesos [1]

Preventative reserves totalled $4,807 million pesos in 2012, reaching $25,094 million pesos overall. This represents a four-fold hedging of the past – due portfolio and 14% of the total credit portfolio.

The company* (Institution) ended 2012 with a credit portfolio worth $175,884 million pesos, similar to that of 2011, with growth of 30.4% and 32.7% in the government and retail portfolios, respectively. This is alongside a 5.3% decrease in the corporate portfolio.

The due date portfolio represented 3.5% of the total portfolio. Having said this, though, the majority of the loans are guaranteed by assets with value exceeding the credit amount.

(1) Non-verified data

It is important to highlight support to small and medium sized enterprises (PYMES) through the provision of credit; in 2012 there were in excess of 55 thousand credit-holders.

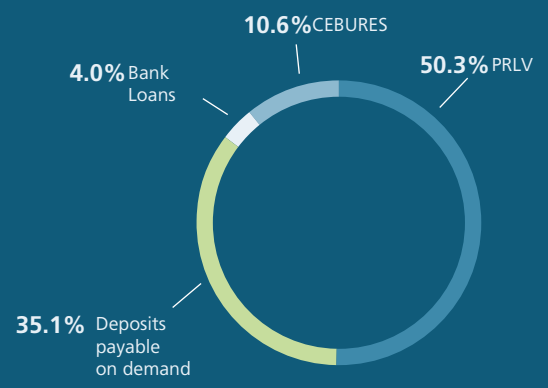
Banco Inbursa closed the year with 302 branches – where the increase in payable on demand deposits represented a balance of $59,875 million pesos.

In order to continue diversifying the composition and terms of its funding, Banco Inbursa has placed stock exchange certificates for a total value of $50,000 million pesos.

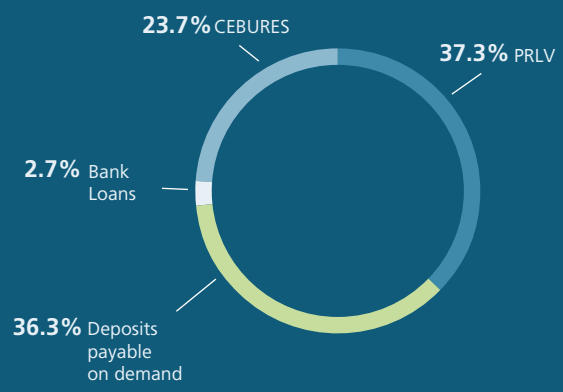
Standard & Poor's rating of each issue was "mxAAA' and HRRatings' is "HR+1"; the outlook for both is stable.
Banco Inbursa remains as one of the best reserved and capitalized banks in the world – with a capitalization index of 20.16% which compares favourably with the market average. This indicator shows not only financial strength, but also Banco Inbursa's ability to continue participating prudently in the credit market.

Financing Base

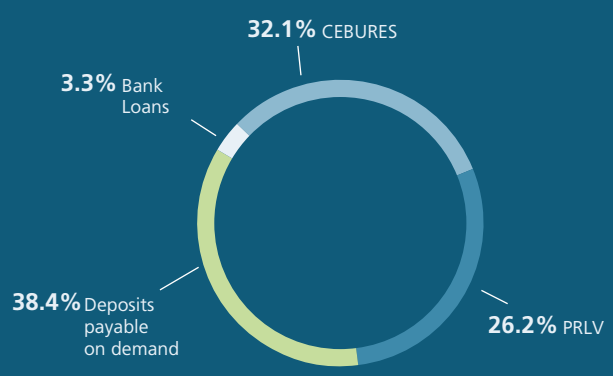
2010
($147,483 million pesos)



2011
($146,047 million pesos)



2012
($155,962 million pesos)



Afore Inbursa

Afore Inbursa's revenue form fees totaled $1,167 million pesos during 2012. Although this is 12.4% lower than the previous year, this is mainly due to the decrease in managed assets.

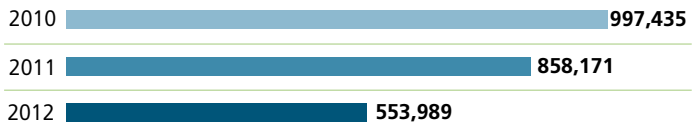
Managed assets represented $96,997 million pesos in 2012 as opposed to $110,606 million pesos in 2011 with a 5.4 percent share of the market.

Market share in terms of customers was 2.6 in 2012 – closing the year with 1,103,678. The number of members at the end of 2012 was 553,989, representing a 3.8% market share.

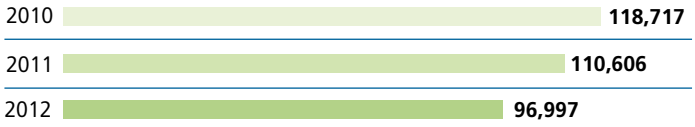
Afore Inbursa's net profit at the close of 2012 equaled $547 million pesos, as opposed to $726 million pesos at the close of 2011. Stockholders' equity was $1,584 million pesos at the close of 2012, down 3 percent from $1,637 million pesos the year before.

Indicators

Indicators[1]

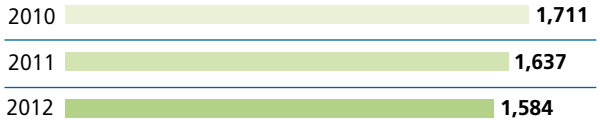


Managed Assets [1]
(million Pesos)



Net Profit
(million Pesos)

Stockholders' Equity
(million Pesos)



*1 The data in these statistics refers to non-audited amounts

Sinca Inbursa

Risk Capital Investments

In 2012 Sinca Inbursa posted a net profit of $605 million pesos, up from $364 million pesos in 2011. Stockholders' equity increased from $4,574 million pesos at the close of 2012.

During the first half of 2012 SINCA Inbursa sold its shares in Carso Infraestructura y Construcción, S.A. de C.V.

In December 2012, Sinca Inbursa acquired shares in Sistema de Administración de Servicios, S.A. de C.V. and Gas Natural de México, S.A. de C.V., the latter as a result of the merger with Holding Gasinmex, S.A. de C.V.

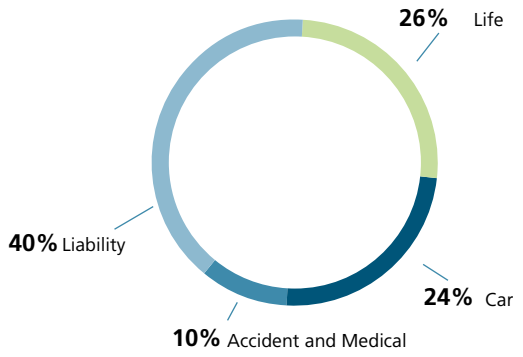
million pesos	Acquisition date	% Share holding	Bookvalue	%
1.Infrastructure and Transport				
1.1 Infraestructura y Transportes México, S.A. de C.V. and subsidiaries	NOV 2005	8.25%	1,076	24.9%
1.2 Gas Natural México, S.A. de C.V.	DEC 2012	14.13%	854	19.8%
1.3 Grupo IDESA, S.A. de C.V. and subsidiaries	JUL 2006	19.08%	455	10.5%
1.4 Giant Motors Latinoamérica, S.A. de C.V.	JUL 2008	50.00%	213	4.9%
Total			**2,598**	**60.1%**
2. Health				
2.1 Grupo Salud Interactiva y Salud Holding	JAN 2008	50.00%	344	8.0%
2.2 Grupo Landsteiner	JUN 2008	27.51%	286	6.6%
2.3 Enesa, S.A. de C.V.	DEC 2010	25.00%	250	5.8%
2.4 Progenika Latina, S.A. de C.V.	AUG 2010	10.00%	26	0.6%
Total			**906**	**21.0%**
3. Software Development				
3.1 Soluciones Salica, S.A. de C.V.	JUL 2011	64.00%	340	7.9%
3.2 Hildebrando, S.A. de C.V.	APR 2009	15.46%	233	5.4%
Total			**573**	**13.3%**
4. Finance				
4.1 Pure Leasing, S.A. de C.V.	JAN 2006	16.00%	21	0.5%
4.2 Sociedad Financiera Campesina, S.A. de C.V., SOFOM ENR.	AUG 2008	9.00%	9	0.2%
Total Sector Financiero			**30**	**0.7%**
5. Media				
5.1 Movie Risk, S.A. de C.V.	SEPT 2007	99.99%	110	2.5%
5.2 Quality Films, S. de R.L. de C.V.	DEC 2005	29.99%	61	1.4%
5.3 Argos Comunicación, S.A. de C.V.	MAR 2007	33.00%	41	0.9%
Total			**212**	**4.9%**
TOTAL PROMOTED COMPANIES			**4,319**	
Media Planning Group, S.A. de C.V.	NOV 1997	5.00%		
In Store de México, S.A. de C.V.	NOV 2001	30.00%		

Sinca Inbursa investments are registered at their acquisition value and their contribution to overall results is through participation.

Seguros Inbursa

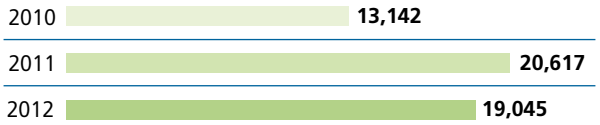
Seguros Inbursa posted profits to the value of $1,327 million pesos to the close of 2012, up from $843 million pesos at the close of the 2011 fiscal year. This result can be attributed to (1) a 7.3% increase in premiums received as a result in growth in the life, accident and car insurance sectors of 15%, 8% and 3% respectively; (2) lower reserve generation; and , (3) higher income from overall financing.

Breakdown of total premiums by line of business (2012)



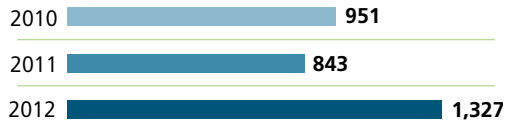
During 2012 Seguros Inbursa's total premiums equated to $19,045 million pesos which means a 7.6% decrease from the same period the year before. This decrease is due to the liability policy for PEMEX for USD $401 million valid from 31 August 2011 to 30 Jun 2013.

Total Premiums
(million Pesos)



Stockholdres' equity totaled $8,598 million pesos which represents an increase of 18.2% on the year before.

Net profit
(million Pesos)



Stockholders' Equity
(million Pesos)

Investments
(million Pesos)

The combined index, i.e. operating, acquisition and accident rate costs over premium received, was 97.7% for Seguros Inbursa during 2012 which compares favorably with 100.2% for 2011.

Car Insurance Customers*

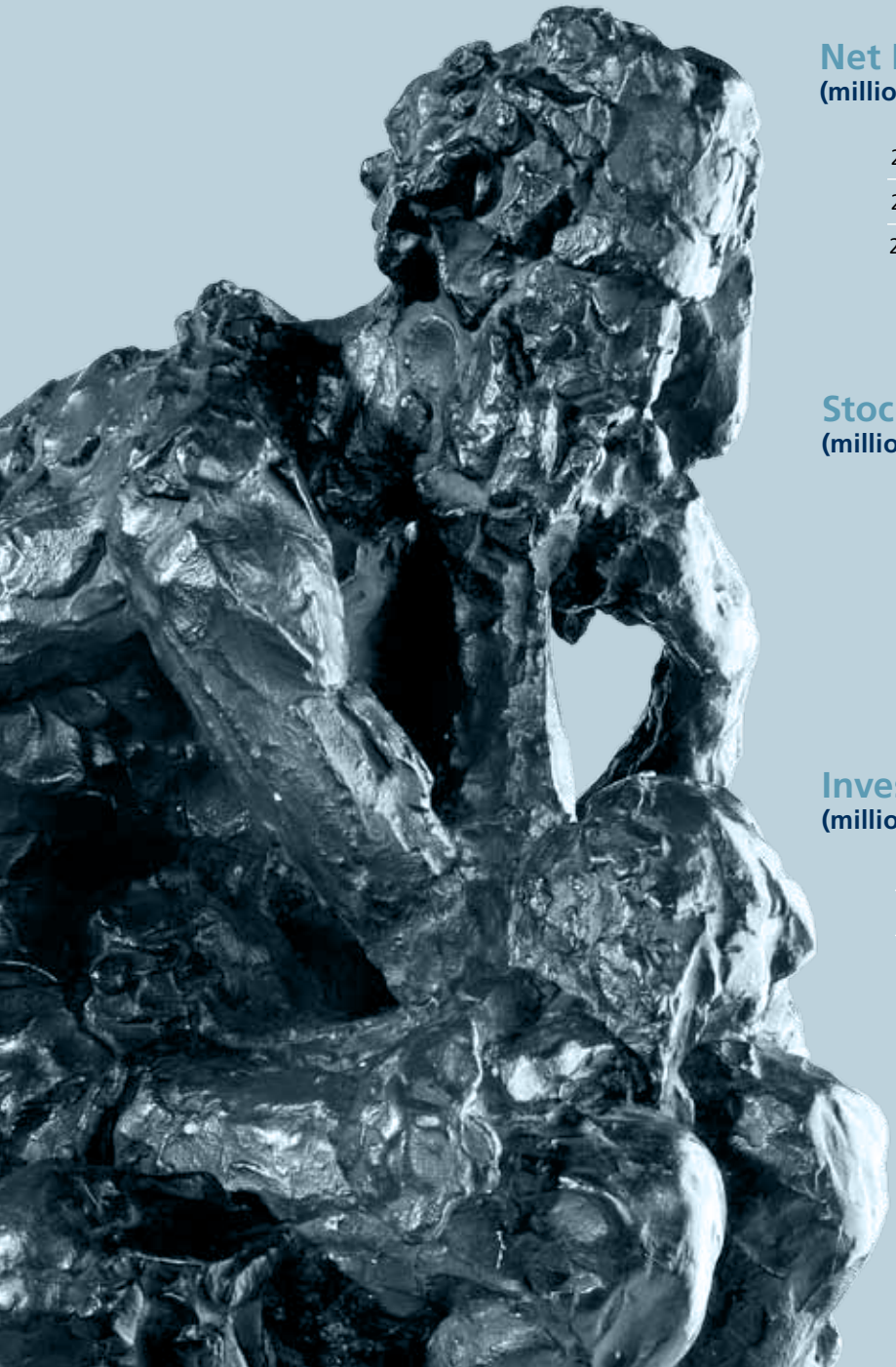
* Non-audited information based on data to 31 December 2012

Pensiones Inbursa

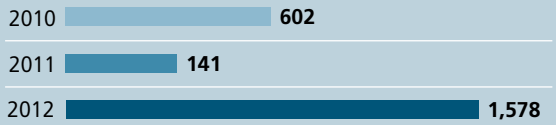
To the close of 2012 Pensiones Inbursa posted profits for $1,578 million pesos as opposed to $141 million pesos the previous year. This result is mainly due to investment in its subsidiary Promotora Inbursa, S.A. de C.V. which posted outstanding revenues due to the valuation of derivative as a consequence of the change in the funding long-term interest rate.

Investments in the pensions business continued to increase, going from $19,956 million pesos in 2011 to $22,747 million pesos in 2012.

Stockholders' equity for Pensiones Inbursa was $7,807 million pesos to the close of the fiscal 2012 year: 25.3% up from 2011.

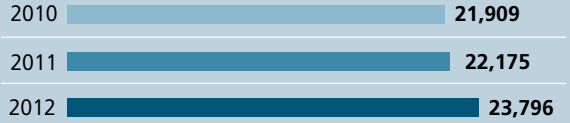


Net Profit
(million pesos)



Stockolders' Equity
(million pesos)

Investments
(million pesos)



Operadora Inbursa

Assets managed by Operadora Inbursa totaled $91,331 million pesos at the close of 2012, which represents an increase of 9% from the previous year.

Fondo Inbursa S.A. de C.V. posted assets worth $13,351 million pesos to 31 December 2012 and a compound annual yield in dollars of 19.6% for the period between 31 March 1981 and 31 December 2012. IBUPLUS funds and FONIBUR funds have portfolios of $27,812 million pesos and $21,430 million pesos, respectively, at the close of the year.

In terms of performance of mutual funds in debt instruments, Inburex, S.A. de C.V., Sociedad de Inversión en Instrumentos de Deuda para personas morales (INBUREX), had an annual yield of 5.38%, closing 2012 with assets worth $12,694 million pesos. Fondo de Dinero Inbursa, S.A. de C.V., (DINBUR1) had an annual yield of 3.21% and assets worth $4,508 million pesos. Similarly, Inburmax, S.A. de C.V. Sociedad de Inversión en Instrumentos de Deuda (INBURMAX) had an annual yield of 3.91% and a portfolio worth $10,892 million pesos.

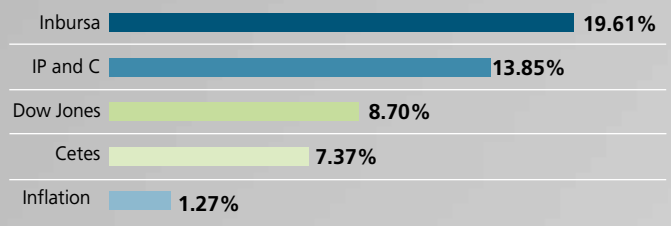
In 2012, Operadora Inbursa posted revenues worth $296 million pesos which, when compared with the $224 million pesos in 2011, represent an increase of 32 percent.

Upon receipt of the corresponding government authorizations, Inburmex S.A. de C.V. Sociedad de Inversion de Renta Variable, was set up on March 5th 2012; it's assets are also managed by Operadora Inbursa. It closed 2012 with asset worth $218 million pesos.

Stockholders' equity totaled $1,166 million pesos as opposed to $1,040 million pesos the year before.

Fondo Inbursa

Average Compound Annual Yield in US Dollars 31 March 1981 to 31 December 2012*



* Non-audited information with data to 31 December 2012

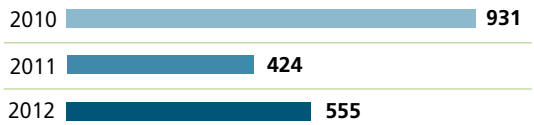
Inversora Bursátil

During 2012 Inversora Bursátil posted profits worth $555 million peso, up 31% from $424 million pesos at the close of 2011. This result is due to the wider financial margin derived from capital gains on the investments.

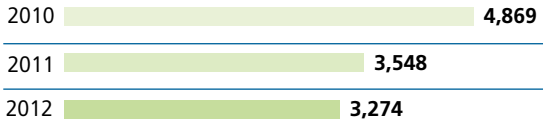
Income from fees was down 20% to $610 million pesos in 2012 from $766 million pesos in 2011.
During 2012 managed assets totaled $2,403 million pesos.
Stockholders' equity contracted by 8% in 2012 to $3,274 million pesos from $3,548 million pesos the previous year.

It is important to highlight the $750 million peso dividend payments which took place in May 2012; accounting for this, the increase in stockholders' equity would have been 13 per cent.

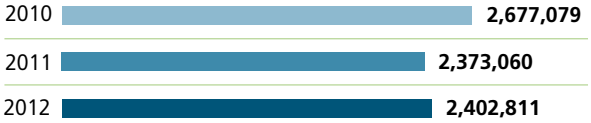
Net Profit
(million pesos)



Stockholders' Equity
(million pesos)



Managed Assets
(million pesos)



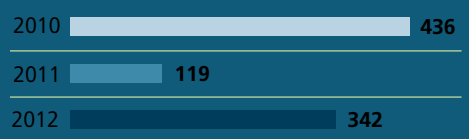
Fianzas Guardiana Inbursa

As of 31 December 2012, Fianzas Guardiana Inbursa posted premiums of $1,523 million pesos – which represent s 13% increase on the $1,346 million pesos to the close of the year before.

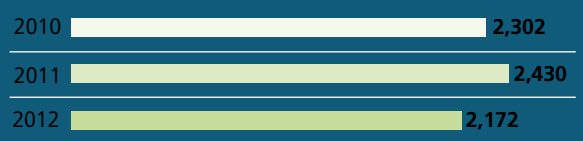
Net profit was $342 million pesos as opposed to $119 million pesos in the previous year.

Stockholders' equity was $2,172 million pesos – which equates to an 11% decrease on the value posted at the close of 2011, or $ 2,430 million pesos. It is important to bear in mind, though, the payment of the $300 million peso dividend in May 2012.

Net Profit
(million pesos)



Stockholders' equity
(million pesos)



Premiums
(million pesos)

Investments
(million pesos)

Grupo Financiero Inbursa, S.A.B. de C.V. and Subsidiaries

Consolidated Financial Statements

Years Ended December 31, 2012 and 2011

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 financial statements of Grupo Financiero Inbursa, S.A.B. de C.V. and subsidiaries (the Group), which comprise the consolidated balance sheets as of December 31, 2012 and 2011, and the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended, as well as a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements.

Management is responsible for the preparation and fair presentation of these consolidated financial statements, in accordance with the accounting standards for controlling companies of financial groups established by the Mexican National Banking and Securities Commission, as described in Note 2), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of Grupo Financiero Inbursa, S.A. at and for the years ended December 31, 2012 and 2011, have been prepared, in all material respects, in conformity with the accounting standards for controlling companies of financial groups established by the Mexican National Banking and Securities Commission.

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

Gabriel Alejandro Baroccio

Mexico City
February 25, 2013

Grupo Financiero Inbursa, S.A.B. de C.V. and Subsidiaries

Consolidated Balance Sheets

December 31, 2012 and 2011 (In millions of Mexican pesos) (Notes 1 and 2)

	2012	2011
Assets		
Cash and cash equivalents (Note 5)	**Ps. 39,323**	Ps. 21,018
Margin accounts (Note 6)	**504**	2,676
Investments in securities (Note 7)		
Held-for-trading securities	**56,346**	50,903
Available-for-sale securities	**392**	1,067
Held-to-maturity securities	**23,110**	23,882
	79,848	75,852
Debtors under security repurchase agreements (Note 8)	**982**	1,917
Derivatives (Note 9)		
Held-for-trading	**12,009**	11,457
For hedging purposes	**151**	47
	12,160	11,504
Valuation adjustment for financial asset hedges (Note 10)	**1,418**	2,166
Performing loan portfolio		
Commercial loans		
Business or commercial activity	**129,631**	132,190
Financial entities	**7,554**	10,330
Government entities	**18,143**	13,984
Consumer loans	**13,903**	10,685
Home mortgage loans	**1,178**	1,215
Total performing loan portfolio	**170,409**	168,404
Past-due loan portfolio		
Commercial loans		
Business or commercial activity	**5,597**	4,813
Financial entities	**4**	-
Government entities	**382**	557
Consumer loans	**535**	245
Home mortgage loans	**116**	89
Total past-due loan portfolio	**6,634**	5,704
Total loan portfolio (Note 11)	**177,043**	174,108
Preventive provision for credit risks (Note 12)	**(25,404)**	(22,750)
Total loan portfolio, net	**151,639**	151,358
Accounts receivable from insurance and bonding institutions, net (Note 13)	**1,565**	3,714
Premium debtors, net (Note 14)	**6,978**	9,237
Accounts receivable from reinsurers and rebonders, net (Note 15)	**16,499**	15,912
Other accounts receivable, net (Note 16)	**14,953**	24,829
Foreclosed and repossessed property, net	**854**	771
Property, furniture and equipment, net (Note 17)	**3,971**	3,968
Long-term equity investments (Note 18)	**7,516**	7,185
Other assets, deferred charges and intangibles, net (Note 19)	**2,156**	2,841
Total assets	**Ps. 340,366**	Ps. 334,948

	2012	2011
Liabilities		
Traditional deposits (Note 20a)		
Demand deposits	**Ps. 59,685**	Ps. 52,740
Time deposits (Note 20b)		
General public	**9,907**	7,629
Money market	**27,983**	46,050
	37,890	53,679
Debt securities issued (Note 20c)	**42,890**	32,056
	140,465	138,475
Interbank and other borrowings (Note 21)		
Demand deposits	**1,880**	-
Short-term	**3,049**	3,679
Long-term	**214**	274
	5,143	3,953
Technical reserves (Note 22)	**59,074**	55,679
Creditors under security repurchase agreements (Note 8)	**13,707**	10,178
Collateral securities sold or delivered in guarantee	**1**	-
Derivatives (Note 9)		
Held-for-trading	**14,060**	17,701
For hedging purposes	**914**	1,565
	14,974	19,266
Accounts payable to reinsurers and rebonders, net (Note 23)	**3,074**	5,135
Other accounts payable		
Taxes on profits payable (Note 24)	**923**	632
Employee profit sharing payable	**122**	68
Creditors on settlement of transactions (Note 5b)	**12,160**	19,688
Creditors on collateral securities received in cash (Note 25)	**4,183**	1,347
Sundry creditors and other accounts payable (Note 26)	**4,213**	4,614
	21,601	26,349
Deferred taxes and employee profit sharing, net (Note 27)	**3,501**	2,943
Deferred credits and early settlement	**406**	675
Total liabilities	**261,946**	262,653
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	**39,995**	36,722
Result from holding non-monetary assets	**(971)**	(971)
Net income	**8,792**	5,941
Non-controlling interest	**98**	97
Total shareholders' equity	**78,420**	72,295
Total liabilities and shareholders' equity	**Ps. 340,366**	Ps. 334,948

Memorandum Accounts

	2012	2011
Transactions on behalf of others		
Customers' current accounts		
Customers' banks	**Ps. 2**	Ps. 1
Settlement of customers' transactions	**(650)**	(208)
	(648)	(207)
Customers' securities		
Customers' securities received for safekeeping (Note 35a)	**2,353,076**	2,323,722
Transactions on behalf of customers		
Repurchase transactions on behalf of customers	**72,546**	54,447
Collateral securities received on behalf of customers	**64**	22
	72,610	54,469
Total transactions on behalf of others	**Ps. 2,425,038**	Ps. 2,377,984

	2012	2011
Proprietary transactions		
Proprietary memorandum accounts		
Guarantees	**Ps. 2**	Ps. 2
Contingent assets and liabilities (Note 35b)	**53,405**	52,632
Property held in trust or under mandate (Note 35b)		
Trusts	**409,673**	403,615
Mandates	**768**	835
	410,441	404,450
Collateral securities received (Note 8c)		
Government debt	**67,775**	61,508
Bank debt	**3,063**	4,094
Other debt instruments	**90**	77
	70,928	65,679
Collateral securities received and sold or delivered in guarantee (Note 8a)		
Government debt	**66,774**	60,178
Bank debt	**3,063**	3,480
Other debt instruments	**90**	77
	69,927	63,735
Property held for safekeeping or under management (Note 35b)	**541,904**	940,415
Loan commitments (Note 28c)	**6,838**	4,613
Uncollected accrued interest on past-due loan portfolio	**2,193**	2,015
Recovery guarantees for bonds written	**12,760**	15,454
Paid-out claims	**1,242**	1,149
Cancelled claims	**158**	10
Recovered claims	**81**	78
Liabilities under bonds in force, net	**20,172**	18,153
Other memorandum accounts	**1,410,789**	1,299,211
Total proprietary transactions	**Ps. 2,600,840**	Ps. 2,867,596

The Group's historical capital stock at December 31, 2012 and 2011 is Ps. 2,758.

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

Grupo Financiero Inbursa, S.A.B. de C.V. and Subsidiaries

Consolidated Statements of Income

For the years ended December 31, 2012 and 2011 (In millions of Mexican pesos) (Notes 1 and 2)

	2012	2011
Interest income	**Ps. 21,403**	Ps. 20,456
Premium income, net	**14,313**	13,278
Interest expense	**9,531**	8,715
Net increase in technical reserves	**2,438**	2,622
Losses, claims, and other contractual obligations, net	**9,695**	9,003
Financial margin (Note 32)	**14,052**	13,394
Preventive provision for credit risks (Note 12d)	**5,073**	3,402
Financial margin adjusted for credit risks	**8,979**	9,992
Commissions and fees collected (Note 33)	**4,231**	4,585
Commissions and fees paid	**3,221**	3,131
Intermediation income (loss) (Note 34)	**5,139**	(1,793)
Other operating income, net	**1,999**	2,843
Administrative and promotional expenses	**6,398**	5,957
Operating income	**10,729**	6,539
Equity interest in net income of unconsolidated subsidiaries and associates (Note 18)	**732**	431
Income before taxes on profits	**11,461**	6,970
Taxes on profits payable (Note 24)	**1,779**	2,032
Deferred taxes on profits, net (Note 27)	**857**	(1,045)
	2,636	987
Net income	**8,825**	5,983
Non-controlling interest	**(33)**	(42)
Net income attributable to equity holders of the parent	**Ps. 8,792**	Ps. 5,941

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

Grupo Financiero Inbursa, S.A.B. de C.V. and Subsidiaries

Consolidated Statements of Changes in Shareholders' Equity

For the years ended December 31, 2012 and 2011 (In millions of Mexican pesos) (Notes 1, 2, and 29)

	Contributed capital	
	Capital stock	Share premium
Balance at December 31, 2010 (restated)	Ps. 14,207	Ps. 13,201
Resolutions adopted by shareholders		
Appropriation of net income of year ended December 31, 2010 to retained earnings		
Payment of dividends as per resolution adopted at ordinary shareholders' meeting held on April 27, 2012		
Total		
Recognition of comprehensive income (Note 30b)		
Net income		
Equity interest in other shareholders' equity accounts of subsidiaries, net of deferred taxes		
Total		
Balance at December 31, 2011	14,207	13,201
Resolutions adopted by shareholders		
Appropriation of net income of year ended December 31, 2011 to retained earnings		
Payment of dividends as per resolution adopted at ordinary shareholders' meeting held on April 25, 2012		
Total		
Recognition of comprehensive income (Note 30b)		
Net income		
Equity interest in other shareholders' equity accounts of subsidiaries, net of deferred taxes		
Total		
Balance at December 31, 2012	**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. 30,595	Ps. (971)	Ps. 99	Ps. 7,803	Ps. 101	Ps. 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
3,098	36,623	(971)	99	5,941	97	72,295
	5,941			**(5,941)**		**-**
	(2,167)					**(2,167)**
	3,774			**(5,941)**		**(2,167)**
				8,792		**8,792**
	(501)				**1**	**(500)**
	(501)			**8,792**	**1**	**8,292**
Ps. 3,098	**Ps. 39,896**	**Ps. (971)**	**Ps. 99**	**Ps. 8,792**	**Ps. 98**	**Ps. 78,420**

Grupo Financiero Inbursa, S.A.B. de C.V. and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2012 and 2011 (In millions of Mexican pesos) (Notes 1 and 2)

	2012	2011
Net income	**Ps. 8,792**	Ps. 5,941
Adjustments of items not affecting cash flow:		
Technical reserves	**2,438**	2,622
Depreciation of property, furniture and equipment	**308**	327
Amortization of intangible assets	**3**	33
Provisions	**-**	74
Current-year and deferred taxes on profits	**2,636**	987
Equity interest in net income of unconsolidated subsidiaries and associates	**(732)**	(431)
	13,445	9,553
Operating activities		
Margin accounts	**2,172**	(3,137)
Investments in securities	**(3,996)**	(6,860)
Debtors under security repurchase agreements	**935**	3,195
Derivatives (asset)	**(552)**	(2,241)
Loan portfolio	**(281)**	5,299
Accounts receivable from insurance and bonding institutions	**2,149**	301
Premium debtors	**2,259**	(4,468)
Reinsurers and rebonders	**(587)**	(5,352)
Foreclosed and repossessed assets	**(83)**	(79)
Other operating assets	**9,874**	(2,206)
Traditional deposits	**(8,844)**	(19,069)
Interbank and other borrowings	**1,190**	(1,834)
Creditors under security repurchase agreements	**3,530**	(1,850)
Derivatives (liability)	**(3,641)**	8,600
Reinsurers and rebonders (liability)	**(2,061)**	3,241
Issued securities	**10,834**	16,387
Other operating liabilities	**(6,636)**	4,249
Instruments for hedging (items hedged with operating activities)	**(7)**	1,511
Net cash flow provided by (used in) operating activities	**6,255**	(4,313)
Investing activities		
Payments for the acquisition of property, furniture and equipment	**(311)**	(488)
Proceeds from the sale (payments for the acquisition) of other long-term equity investments	**401**	(3,097)
Payments for the acquisition of intangibles	**682**	63
Proceeds from cash dividends	**-**	2,009
Net cash flow provided by (used in) investing activities	**772**	(1,513)
Financing activities		
Cash dividend paid (Note 36b)	**(2,167)**	(2,000)
Net cash flow used in financing activities	**(2,167)**	(2,000)
Net increase in cash and cash equivalents	**18,305**	1,727
Cash and cash equivalents at beginning of year	**21,018**	19,291
Cash and cash equivalents at end of year	**Ps. 39,323**	Ps. 21,018

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

Grupo Financiero Inbursa, S.A.B. de C.V. and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2012 and 2011 (In millions of Mexican pesos, except for foreign currency and exchange rates)

1. Description of the Business

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 requirements of the Mexican National Banking and Securities Commission (the CNBV). 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 Banco de México (the central bank or Banxico) to engage in transactions with derivative financial instruments.

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 companies of financial groups, the accompanying financial statements include the consolidated financial information.

On February 25, 2013, the accompanying consolidated financial statements and these notes were authorized by the Group's general director, administrative and financial director of internal audit and internal control subdirector 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.

Is 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 CNBV and Banco de México (the central bank or 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 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 entity'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), which is regulated full-service financial institution that operates under the regulations established by the CNBV, the SHCP, and Banxico, acquired a 99.99% holding in CF Credit Services, S.A. de C.V. This subsidiary is primarily engaged in extending all kinds of loans to manufacturers, distributors, and consumers of the automotive industry.

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, 2012 and 2011, 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, 2012 and 2011, 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 CNBV.

- 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 and the general regulations established by the CNBV. 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 full-service financial institution 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 engaged in guaranteeing, 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.
- Servicios Especializados para Aeronaves, S.A. de C.V. (subsidiary in the process of liquidation)
- 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 affiliate 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.

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 standards established by the CNBV for controlling companies of financial groups. Under these accounting standards, controlling companies of financial groups are required to observe Mexican Financial Reporting Standards (Mexican FRS), issued and adopted by the Mexican Financial Reporting Standards Research and Development Board (Consejo Mexicano para la Investigación y Desarrollo de Normas de Información Financiera, A.C. or CINIF), plus any other financial reporting standards issued by the CNBV for adoption by controlling companies of financial groups.

The CNBV's own accounting standards include rules with respect to the valuation and recognition of certain items, and financial statement presentation and disclosures.

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

The CNBV regulations require that amounts shown in the consolidated financial statements of credit institutions 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) Significant accounting estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the affected asset or liability in future periods.

The Group based its assumptions and estimates on the best available information at the time the financial statements were prepared. Nevertheless, existing estimates and assumptions about future events and circumstances may change due to market events beyond the Group's control. Such changes are immediately reflected in management's assumptions as they occur.

The key assumptions concerning future events and circumstances and other key sources of uncertainty at the reporting date that represent a significant risk of causing the need for a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

- **Financial instruments at fair value**

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but if this is not available, judgment is required to establish fair values. These judgments include considerations of liquidity and model inputs such as volatility for longer–dated derivatives and discount rates, prepayment rates, and default rate assumptions for securities, as well as considerations regarding the determination of fair values of hedged items attributable to hedged risk.

- **Preventive provisions for credit risks**

The Group individually reviews its outstanding commercial loans with balances in excess of 4 million investment units (UDIs), in order to calculate its preventive provision for credit risks. This process requires management's judgment in analyzing the quantitative and qualitative factors of the borrower and the type of loan, as well as the country, industry, financial and payment experience risk of each loan. The conclusions reached through the assessment of these factors may differ from actual results, resulting in the need for changes to the provision in future periods..

- **Impairment of investment value in securities**

The Group reviews its securities classified as available-for-sale investments at each reporting date to assess whether they are impaired. This requires similar judgment as applied to the individual assessment of commercial loans.

The Group also determines impairment in its available-for-sale and held-to-maturity investments when there is a significant or extended reduction in the fair value of the instruments below their cost. Interpreting the meaning of what may be deemed to be "significant" or "extended" requires judgment by management. Nevertheless, the Group evaluates, among other factors, the historical changes in the pricing and terms of each instrument, as well as the size of differences between the fair value and acquisition cost of its investments.

- **Employee benefit obligations**

The cost of defined benefits for pension plans is computed using actuarial valuations. Actuarial valuations require the use of various assumptions that include computations of the discount rate, expected rates of return on plan assets, future wage increases, mortality rates, and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. See Note 26 for a detailed description of the assumptions used.

d) Recognition of the effects of inflation on financial information

For 2012 and 2011, the Group operated in a non-inflationary economic environment, as defined under Mexican FRS B-10, since the cumulative inflation rate for the three prior years of 11.79% and 12.26%, respectively, 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, 2012 and 2011, 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, unamortized expenses, capital stock, capital reserves and retained earnings.

e) Recording of transactions

Transactions related to investments in securities, security repurchase agreements and security loans, among others (both proprietary and on customers' 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 CNBV-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 transactions are initially recorded in the Group's accounting at the agreed currency. For financial reporting purposes, foreign currency denominated assets and liabilities are translated into Mexican pesos using the official exchange rate published by Banxico on the bank-working day immediately following the balance sheet date. The effects of exchange differences on foreign currency transactions are recorded in the income statement within the caption Financial margin when they arise from items related to operating activities, and under the caption Intermediation income (loss), 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 their market 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 the income statement as part of the caption Intermediation income (loss).

- 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 the income statement 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 shown below:

- Held-for-trading securities

These instruments are acquired for the purpose of obtaining gains from their returns and/or the changes in their market prices. These investments are initially recorded at cost, plus returns in the case of debt instruments, which is determined using the real interest or straight-line method, and is credited to income as part of the caption Interest income. Held-for-trading securities are valued at fair value and the related gain or loss is credited or charged to the income statement under the caption Intermediation income (loss).

- Available-for-sale securities

These investments refer to cash surplus investments that are not intended for trading or to be held-to-maturity. These investments are initially recorded at cost, plus returns in the case of debt instruments, which is determined using the real interest or straight-line method, and is credited to 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 the income statement and the fair value adjustment of the instruments reflected in shareholders' equity is cancelled.

- Held-to-maturity securities

Held-to-maturity financial investments are debt instruments with fixed or determinable payments and fixed maturities, which the Group has the intention and ability to hold to maturity. Held-to-maturity financial investments initially recognized at their fair value, which is calculated by taking into account any discounts or premium on acquisition and transaction costs. Interest is calculated using the real interest method and is recognized in the statement of income as part of the caption Interest income. These instruments are subsequently measured using the amortized-cost method. Under this method, future cash flows are discounted to present value using the effective interest rate at the acquisition date.

Management regularly assesses whether there is any objective evidence that these investments are impaired. When such indicators do exist, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the instrument's original effective interest rate. The amount of the loss is recognized in the statement of income. For the year ended December 31, 2012, the Group recognized an impairment loss of Ps. 207 in its held-to-maturity securities. For the year ended December 31, 2011, there were no indicators of impairment in these instruments.

In conformity with CNBV 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, 2012 and 2011, the Group sold no instruments classified as held-to-maturity.

- Transfer of securities between categories

The Group must obtain express authorization from the CNBV to transfer investments in securities between categories, except for transfers from the "Held-to-maturity" category to the "Available-for-sale" category. In these instances, the related unrealized gain or loss at the transfer date must be recognized in shareholders' equity. The unrealized gain or loss corresponds to the difference between the book value and the fair value of the financial instrument.

For the years ended December 31, 2012 and 2011, the Group made no transfers of instruments between categories.

- 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 the income statement as part of the caption other operating income, net.

k) Repurchase agreements

In security repurchase agreements, the Group is required to recognize an account receivable (as buyer) or an account payable (as seller), at the agreed price. Such amounts must then be valued using the amortized-cost method during the effective term of the agreement. The total amount of premiums earned and paid is recognized under the captions Interest income and Interest expense, respectively.

Collateral securities received by the Group, as a buyer, are recognized in memorandum accounts under the caption Collateral securities received by the entity. Such amounts are valued at their fair value.

Whenever the Group sells or grants in guarantee (in security repurchase and/or loan agreements) any collateral securities received as a buyer, an account payable is recognized, which may be valued either at fair value in the case of security repurchasing or using the amortized-cost method in the case of loan agreements, respectively. The difference between the value of the account payable and the amount of cash received is recognized in the income statement as part of the caption Intermediation income (loss). Securities sold or delivered in guarantee are recognized in Memorandum accounts under the caption Collateral securities received and sold or delivered in guarantee. These amounts are valued at fair value.

Collateral securities delivered by the Group as a seller, are classified as restricted securities in the Investments in securities category in which they are recognized.

- Offsetting financial assets and liabilities

Whenever the Group sells or pledges in guarantee 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 guarantee, as the case may be.

l) Derivatives

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.

The Group uses hedging instruments as part of its strategies for mitigating or eliminating the various financial risks it is exposed to and its strategies for asset/liability management, and to reduce its cost deposits.

Transaction costs are recognized in the income statement as they are incurred.

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

- 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 operating results. 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 (see Note 10).

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.

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

- Forwards

For held-for-trading futures, 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 operating results under the caption Intermediation income (loss). Fair values are determined based on price quotations taken from the markets where the futures are traded.

At December 31, 2012 and 2011, the Group has no futures for hedging purposes.

- Futures

Los futuros con fines de negociación se registran en su parte activa y pasiva por el monto de referencia multiplicado por el precio pactado. Las garantías otorgadas (llamadas de margen) se presentan en el rubro Cuentas de margen del balance general.

Las fluctuaciones netas en los precios de mercado de las operaciones de futuros se reconocen en el balance general, en el rubro Derivados, afectando el estado de resultados, en el rubro Resultado por intermediación. El valor razonable se obtiene de las cotizaciones en los mercados en que operan estos contratos.

Al 31 de diciembre de 2012 y 2011, el Grupo no mantiene posiciones de contratos de futuros con fines de cobertura.

- 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 held-for-trading are recognized in the income statement as part of the caption Intermediation income (loss). 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 held-for-trading or for hedging purposes.

At December 31, 2012 and 2011, the Group has entered into swap contracts for trading and fair value hedging purposes.

- 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, 2012 and 2011, the Group has no credit derivatives for hedging purposes.

- 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

- Loan portfolio

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 the income statement 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 the income statement.

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 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

When the risks and rewards inherent to the ownership of a leased asset are transferred from the lessor to the lessee, the lease is classified as a capital lease; otherwise, it is accounted for as an operating lease. 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.
- The 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.

- 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, or a grace period granted by the Group during the term of the loan.

Loan rollovers are when a loan's repayment term is extended during or 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.

Restructured overdue loans remain in the performing loan portfolio as long as there is evidence of sustained payment of both principal and interest of at least three consecutive installments, or in the case of installments that cover periods in excess of 60 days, when the borrower has made at least one payment. For restructured loans that involve a reduction in the frequency of payments below what was originally agreed, sustained payment shall be considered to exist when three consecutive payments under the original payment plan have been made.

Loans to be paid in a single installment of principal and/or interest upon maturity that are restructured during the term of the loan or rolled over at any time shall be considered to be overdue.

Performing loans, other than those mentioned in the preceding paragraph, that are restructured or rolled over before 80% of the original term of the loan has transpired are considered performing loans only when the borrower has paid the full amount of accrued interest and

repaid the original principal of the loan that was due and payable at the date the loan was restructured or rolled over. Otherwise, such loans are considered to be overdue until there is evidence of sustained payment.

Similarly, performing loans that are restructured or rolled over during the last 20% of the original term of the loan are considered performing loans only when the borrower has paid the full amount of accrued interest and repaid the original principal of the loan that was due and payable at the date the loan was restructured or rolled over, representing 60% of the original amount of the loan. Otherwise, such loans are considered to be overdue until there is evidence of sustained payment.

Restructured loans exclude loans that, on the date the original loan terms are amended, are performing in terms of the borrower's repayment of principal and payment of interest and whose only change is that their guarantees are extended or enhanced, their interest rates are increased, their currency is replaced by a new currency and the rate corresponding to such currency is applied, or their maturity dates are changed, without causing an increase to the frequency of payments.

Through February 28, 2012, rolled over loans for which the borrower failed 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, were considered to be overdue until such time as there was evidence of sustained payment. For rollovers where the extension of the term was agreed on during the original term of the loan, the 25% referred to above was computed on the original amount of the loan that should have been paid at such date.

The previous paragraph regarding the payment of 25% was not be applicable to rollovers of loans that were recognized as revolving loans from the beginning, provided there was evidence of payment and support for the debtor's ability to repay the loan; that is, that there was a high probability that the debtor will make such payment.

- Acquired 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, which are recorded in the balance sheet as deferred charges or credits (minus the amount of the original provision), respectively, that 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, 2012 and 2011, the Group acquired no 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

The preventive provision for credit risks is created based on the grading rules established in the specific accounting criteria for credit institutions issued by the CNBV 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.

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.

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 grading rules for loans granted to decentralized bodies of State and municipal governments in excess of 900,000 UDIs include a methodology based on risk ratings set by rating agencies authorized by the CNBV and an evaluation of guarantees. Loans under this threshold are graded using a parametric methodology that consists of separating the loan into default periods and assigning a specific provision percentage to each period. For decentralized bodies whose loans are expressly guaranteed by their state or municipal governments, the Group calculates the amount of their preventive allowances using the procedure applicable to State and municipal governments in effect as of December 31, 2011.

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, net.

o) 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.

q) Accounts receivable from and payable to reinsurers and rebounders

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

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

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 CNBV by type of property (personal or real) and on the time incurred from the date the asset was foreclosed or repossessed or received as payment in kind.

s) Property, 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 using the straight-line method at the established annual rates determined based on the estimated useful lives of the related assets. Maintenance and repairs are expensed as incurred.

Property 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 the rent capitalization rate.

The difference between the restated value and the acquisition cost gives rise to an unrealized gain or loss on property that is recorded in shareholders' equity, net of deferred taxes.

Property 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.

t) Long-term equity investments

- 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 net income or loss and other shareholders' equity accounts shown in the financial statements of the investees. These investments are recognized in the income statement 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.

At December 31, 2012 and 2011, the financial statements of the promoted companies used in the valuation of the investments are from September 30, 2012 and 2011, 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 permanent investments are initially recognized at cost and are subsequently valued using the equity method, which basically consists of recognizing the Group's proportional share in the net income or loss and the shareholders' equity of its investees.

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 impairment in the value of such assets. At December 31, 2012 and 2011, 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 Deposits and borrowings and 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 (CDs), deposits withdrawable on pre-established days and notes with interest payable at maturity 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) 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 issued by the CNSF related to the creation of the reserves. These reserves are certified by independent actuaries, who issued an unqualified opinion on such reserves on February 26, 2013 and February 29, 2012, respectively.

Technical reserves are determined and accounted for as follows:

x.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 portfolio of policies in force of the Group's subsidiaries that operate in the insurance line, 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, which were recorded at December 31, 2012 and 2011.

- 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.

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.

- Managed insurance investment funds

This reserve consists of the cash contributions made by holders of traditional individual life insurance policies with investment plans 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 the applicable requirements.

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

The unearned premium reserve for the performing portfolio at December 31, 2012 for all adhesion contracts was valued using the profit and expense percentages provided in the respective coverage technical notes.

The reserve for single-premium multi-year policies for the property and casualty line was calculated based on the Company's registered actuarial methodology.

- Earthquake

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.

The Group calculates the risk premium used to create and increase the unearned premium reserve and maximum probable loss for the earthquake line using the R® System computer software, in conformity with the technical bases established in Exhibit 7.2.1. of amending circular 54/12 of the Circular Única for insurance companies published in the Official Gazette on October 5, 2012.

In 2012, the CNSF updated the technical bases it uses to calculate its risk premium and maximum probable loss, which are the basis for the computation of the unearned premium reserve for the earthquake line. These new bases are in the form of a new system that the Group implemented in October 2012. This change gave rise to an increase in this reserve of Ps. 381.

- Hurricane and other hydrometeorological risks

In 2012 and 2011, 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.

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.

x.2) 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.

The Group calculates the risk premium used to create and increase the unearned premium reserve and maximum probable loss for the earthquake line using the R® System computer software, in conformity with the technical bases established in Exhibit 7.2.1. of amending

circular 54/12 of the Circular Única for insurance companies published in the Official Gazette on October 5, 2012.

- Hurricane and other hydrometeorological risks

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

x.3) Contractual obligations for claims and maturities

- 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.

Additionally, insurance companies are required to present separately the reserve for losses incurred but not reported for direct and reinsurance business, as well as the reserve for adjustment expenses related to such losses.

x.4) 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.

x.5) 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.

x.6) Claim and severity assumptions

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

a) Individual life: Mexican Experience Study 91-98 CNSF 2000-I.
b) Group and collective life: Mexican Experience Study 91-98 CNSF 2000-G and EMSSA M-97 and H-97.
c) 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. Viewed by Olga Aurora López
d) 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 Statistical and Geographical Information Agency (INEGI), the CNBV, and the CNSF.

y) Revenue from insurance and reinsurance premiums

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 as premiums and surrenders, respectively.

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 (affiliate).

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.

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 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.

Commissions on income from ceded 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) Excess of loss contracts

EThe 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 simultaneously with the direct claim to prevent the Group's potential failure to meet its policy obligations.

z.4) Reinsurance retroceded

In 2012 and 2011, the Group has assumed reinsurance business in countries in Central and South America and has retroceded the risk mostly through facultative treaties.

aa) Loss management

The Group conducts business on a loss-management basis. Such losses are recorded in the income statement and balance sheet accounts.

ab) 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.

Surcharges on premiums are recognized as they accrue over the term of the policy. Policy fees are recognized at the time each policy is issued, which is when the income corresponding to the recovery of underwriting expenses is deemed to be realized.

Until December 31, 2011, the Group recognized policy fees to policies and surcharges on premiums as they were collected. As of 2012, these amounts are recognized as they accrue, as described in the preceding paragraph. This change was not applied retrospectively to the financial statements for the year ended December 31, 2010, since the effects from adopting such changes were deemed to be immaterial.

ac) 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.

ad) Taxes on profits

Current-year taxes on profits are determined in conformity with current tax legislation and represent a liability of less than one year. Tax prepayments in excess of annual income tax for the year give rise to an account receivable.

Deferred taxes on profits are determined using the asset and liability method. Under this method, deferred taxes on profits are recognized by applying the income tax rate or flat-rate business tax rate to all temporary differences between the financial reporting and tax values of assets and liabilities. 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 compute and record 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 to be valued, calculated and recorded based on estimates and projections of the taxes on profits the taxpayer expects to incur in upcoming years. The Group and its subsidiaries estimate that they will have income tax payable in the following years.

Deferred taxes are calculated using the rate set forth in Mexican tax law at the date of the financial statements or at the rate that will be in effect at the time the temporary differences giving rise to the deferred taxes are expected to reverse, the tax losses are to be carried forward, or the tax credits are to be applied.

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, 2012. 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 employee 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 recorded a deferred employee profit sharing provision at December 31, 2012 and 2011; however, it is still in the process of calculating its actual deferred employee profit sharing base for 2012. At December 31, 2012 and 2011, the provision is Ps. 390 and Ps. 330, respectively.

ah) 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, 2012 and 2011 was $ 4.874624 pesos and $ 4.691316 pesos, respectively. At the date of the audit report on these financial statements (February 25, 2013), the value of the UDI was $ 4.914766 pesos.

ai) Memorandum accounts

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 stated 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.

Contributions made by trust founders to trusts managed by the Group are recognized in memorandum accounts and are valued based on

the CNBV's accounting standards for credit institutions.

aj) 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 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.

ak) 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 the income statement.

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.

al) 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.

am) 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.

an) Commission income and expense

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

ao) 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.

ap) Comprehensive income

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

aq) 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.

ar) New accounting pronouncements

- Effective in 2012

Following is a discussion of the new accounting pronouncements that became effective on January 1, 2012:

Accounting criteria issued by the CNBV

In January and October 2011, the CNBV 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 became effective for periods beginning on or after March 1, 2012.

The adoption of this change had no material effect on the Group's financial information.

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 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.

Management is in the process of analyzing this amendment, and does not believe that the impact of adopting these changes will have material effects on its financial statements.

Improvements to Mexican FRS

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 (International Financial Reporting Standards). 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) 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 c) the reversal of previously recognized goodwill impairment is no longer allowed.

The adoption of these improvements had no material effects on the Group's consolidated financial statements.

La adopción de estas mejoras a las NIF no tuvo efectos importantes en los estados financieros consolidados del Grupo.

- **Effective in 2013**

The most important new accounting pronouncements that will become effective as of January 1, 2013 and are applicable for the Group are as follows:

Improvements to Mexican FRS

The changes to Mexican FRS that will result in changes in accounting policy related to the valuations and disclosures in the financial statements, and to financial statement presentation, are as follows: a) bond issue costs must now be amortized using the effective interest rate method over the life of the bond (this is the result of changes made to Mexican FRS C-5, *Prepaid Expenses*; and Mexican accounting Bulletins C-9, *Accrued Liabilities, Provisions, Contingent Assets and Liabilities and Commitments; and* C-12, *Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity*); b) current-year and deferred taxes on profits must be presented and classified together with the transaction or event giving rise to them and therefore, current-year income tax must not be recognized in profit or loss when it arises from transactions recognized directly in equity (i.e., other comprehensive income) (Mexican FRS D-4, *Taxes on Profits*); and c) key money paid by lessees that are directly associated with the negotiation and execution of the lease must be deferred over the lease period and amortized proportionally to the recognition of the related rental expense (Mexican accounting Bulletin D-5, Leases).

Mexican FRS B-8, *Consolidated Financial Statements*. The main changes resulting from this new standard are as follows: a) changes in the definition of control; b) the introduction of the concept of protective rights; c) the inclusion of the terms principal and agent; d) the term "special purpose entity (SPE)" has been replaced by the term "structured entity".

Management does not expect the adoption of these improvements to have a material effect on its consolidated financial statements.

3. Consolidation of Subsidiaries

At December 31, 2012 and 2011, 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, 2012 and 2011:

	2012			
	Total assets	Total liabilities	Shareholders' equity	Net income
Banco Inbursa	Ps. 245,816	Ps. 190,461	Ps. 55,355	Ps. 4,482
Seguros Inbursa	58,590	49,992	8,598	1,327
Fianzas Guardiana Inbursa	4,057	1,885	2,172	342
Inversora Bursátil	17,573	14,299	3,274	555
Sociedad Financiera Inbursa	6,433	5,382	1,051	270
Pensiones Inbursa	24,536	16,729	7,807	1,508
Operadora Inbursa	1,354	188	1,166	296
Asesoría Especializada Inburnet	31	4	27	6
Out Sourcing Inburnet	17	15	2	-
	Ps. 358,407	Ps. 278,955	Ps. 79,452	Ps. 8,786

	2011			
	Total assets	Total liabilities	Shareholders' equity	Net income
Banco Inbursa	Ps. 241,053	Ps. 189,889	Ps. 51,164	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. 72,818	Ps. 5,927

4. Foreign Currency Position

An analysis of the Group's U.S. dollar position at December 31, 2012 and 2011 is as follows:

	2012	2011
Assets	USD 13,776,334,649	USD 16,525,236,845
Liabilities	USD 13,175,328,568	USD 16,813,656,508
Net monetary asset (liability) position	601,006,081	(288,419,663)
Exchange rate (Mexican pesos)	12.9658	13.9476
Total in Mexican pesos	Ps. 7,793	Ps. (4,023)

At December 31, 2012 and 2011, the exchange rate was $ 12.9658 pesos and $ 13.9476 pesos, respectively, per U.S. dollar. This exchange rate is set by Banxico for the settlement of foreign currency denominated liabilities. At February 25, 2012, the date of the audit report on these financial statements, the exchange rate was $ 12.7699 pesos 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, 2012 and 2011, the Group complies with the aforementioned limit.

5. Cash and Cash Equivalents

An analysis of cash and cash equivalents at December 31, 2012 and 2011 is as follows:

	2012	2011
Deposits in Banxico (a)	Ps. 12,958	Ps. 12,084
24/48 hour futures (b)	7,855	4,942
Call money (c)	14,000	1,649
Deposits in domestic and foreign banks	3,042	1,182
Cash	1,440	1,145
Other liquid assets	28	16
	Ps. 39,323	Ps. 21,018

a) Deposits in Banxico

At December 31, 2012 and 2011, the Group had made the following deposits in Banxico:

	2012	2011
Special accounts (1):		
Monetary regulation deposits	Ps. 12,917	Ps. 12,046
Accrued interest	38	35
Current accounts:		
U.S. dollar deposits	3	3
	Ps. 12,958	Ps. 12,084

(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 futures

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, 2012 and 2011 is as follows:

	2012					
	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	935,363,266	Ps.	13.0006	Ps. (	12,160)
U.S. dollar sales	(	329,516,391)		13.0014	Ps.	4,284
	USD	605,846,875				
Year-end exchange rate (Mexican pesos per U.S. dollar)		12.9658				
Net position in Mexican pesos	Ps.	7,855				

	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				

At December 31, 2012 and 2011, 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

An analysis of call money transactions at December 31, 2012 and 2011 is as follows:

	2012				2011			
	Amount		Interest rate	Term (days)	Amount		Interest rate	Term (days)
Banamex	Ps.	8,000	4.45%	2	Ps.	649	4.40%	3
HSBC		1,000	4.50%	2		1,000	4.50%	3
Bancomer		5,000	4.50%	2		-		
	Ps.	14,000			Ps.	1,649		

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, 2012 and 2011 is as follows:

	2012	2011
Chicago Mercantil Exchange (CME)	Ps. 351	Ps. 2,516
Mercado Mexicano de Derivados (Mexder)	153	160
	Ps. 504	Ps. 2,676

For the years ended December 31, 2012 and 2011, interest income on these deposits was Ps. 16 and Ps. 2, respectively.

7. Investments in Securities

An analysis of investments in securities at December 31, 2012 and 2011 is as follows:

a) Held-for-trading securities

	2012			
	Cost	Accrued interest	Valuation adjustment	Fair value
Corporate debt	Ps. 1,441	Ps. 21	Ps. 173	Ps. 1,635
Domestic senior notes (CERBUR)	3,795	15	158	3,968
Shares	6,448	-	10,164	16,612
Mexican Treasury Certificates (CETES)	6,110	101	(6)	6,205
Bank notes	20,490	15	-	20,505
Development bonds	52	2	(8)	46
Certificates of deposit	452	1	-	453
Savings protection bonds (BPAS)	3,048	6	3	3,057
Eurobonds	1,282	26	203	1,511
Euronotes	135	1	78	214
Bank savings bonds	653	8	4	665
Other	1,020	46	409	1,475
	Ps. 44,926	Ps. 242	Ps. 11,178	Ps. 56,346

	2011			
	Costo	Intereses devengados	Resultado por valuación	Valor razonable
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	15,786	6	-	15,792
Development bonds	124	-	-	124
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	58	7,308
	Ps. 42,825	Ps. 243	Ps. 7,835	Ps. 50,903

At December 31, 2012 and 2011, the maturity terms of approximately 26% 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:

	2012			
	Cost	**Accrued interest**	**Valuation adjustment**	**Fair value**
Corporate debt	**Ps. 263**	**Ps. 6**	**Ps. 17**	**Ps. 286**
Shares	**46**	**-**	**29**	**75**
Development bonds	**112**	**-**	**(81)**	**31**
	Ps. 421	**Ps. 6**	**Ps. (35)**	**Ps. 392**

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

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) Held-to-maturity securities

An analysis of investments in held-to-maturity securities at December 31, 2012 and 2011 is as follows:

	2012				
	Cost	**Accrued interest**	**Valuation adjustment**	**Impairment adjustment**	**Fair value**
Domestic senior notes (CERBUR)	**Ps. 10,276**	**Ps. 75**	**Ps. 1,467**	**Ps. -**	**Ps. 11,818**
Bank bonds	**310**	**4**	**31**	**-**	**345**
Certificates of deposit	**519**	**-**	**-**	**-**	**519**
Bank notes	**103**	**-**	**-**	**-**	**103**
Foreign securities	**331**	**5**	**85**	**-**	**421**
Eurobonds	**2,074**	**33**	**193**	**-**	**2,300**
Euronotes	**156**	**-**	**-**	**-**	**156**
Udibonds	**1,386**	**2**	**412**	**-**	**1,800**
Obligations	**1,124**	**15**	**166**	**-**	**1,305**
Bonds with detachable coupons denominated in investment units (UDIs)	**2,002**	**56**	**1,129**	**-**	**3,187**
Credit Linked Notes	**506**	**-**	**103**	**-**	**609**
Corporate debt (1)	**519**	**-**	**-**	**(207)**	**312**
Savings protection bonds (BPAS)	**235**	**-**	**-**	**-**	**235**
	Ps. 19,541	**Ps. 190**	**Ps. 3,586**	**Ps. (207)**	**Ps. 23,110**

	2011			
	Cost	Accrued interest	Valuation adjustment	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	286	-	-	286
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

(1) (1) For the year ended December 31, 2012, the Group recognized an impairment adjustment for these instruments as a result of the reduction in their market value during all of 2012.

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

At December 31, 2012 and 2011, other than government securities, the Group holds no debt securities issued by a single issuer that represent more than 5% of the Group's net capital.

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, 2012 and 2011 is as follows:

	2012		2011	
	Debtors under repurchase agreements	**Creditors under security repurchase agreements**	Debtors under repurchase agreements	Creditors under security repurchase agreements
Contracted price (1)	**Ps. 70,847**	**Ps. 24,741**	Ps. 65,626	Ps. 29,643
Accrued premium	**18**	**29**	16	17
	70,865	**24,770**	65,642	29,660
Less:				
Collateral securities sold or delivered in guarantee (2)	**69,883**	**11,063**	63,725	19,482
	Ps. 982	**Ps. 13,707**	Ps. 1,917	Ps. 10,178

(1) The average term of the Group's security repurchase agreements at December 31, 2012 and 2011 is 2 and 3 days, respectively.

(2) At December 31, 2012 and 2011, 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 other 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, 2012 and 2011:

	2012	2011
Mexican Treasury Certificates (CETES)	**Ps. 3,802**	Ps. 78
Mexican government development bonds (BONDES)	**59,091**	44,680
IPAB bonds	**2,296**	735
Equity bonds	**-**	6,064
Bank bonds	**1,630**	8,610
Domestic senior notes (CERBUR)	**3,064**	3,558
	69,883	63,725
Fair value valuation adjustment	**44**	10
Value recognized in memorandum accounts	**Ps. 69,927**	Ps. 63,735

b) Premiums earned and paid

An analysis of premiums earned and paid under security purchase agreements at December 31, 2012 and 2011 is as follows:

	2012	2011
Premiums earned (buyer) (Note 32a)	**Ps. 2,571**	Ps. 2,155
Premiums paid (seller) (Note 32c)	**2,938**	2,249
	Ps. (367)	Ps. (94)

c) Collateral securities received

An analysis of collateral securities received by the Group under security repurchase agreements at December 31, 2012 and 2011 is as follows:

	2012	2011
Mexican Treasury Certificates (CETES)	**Ps.3,802**	Ps. 78
Mexican government development bonds (Bondes)	**60,055**	44,642
IPAB bonds	**2,296**	735
Equity bonds	**-**	6,064
Bank bonds	**1,630**	9,936
Bank notes	**-**	613
Domestic senior notes (CERBUR)	**3,064**	3,558
	70,847	65,626
Fair value valuation adjustment	**81**	53
Value recognized in memorandum accounts	**Ps. 70,928**	Ps. 65,679

9. Derivatives

At December 31, 2012 and 2011, an analysis of this caption is as follows:

	2012			
	Accounting entries		Offset	
	Assets	Liabilities	Assets	Liabilities
Held-for-trading derivatives				
Futures	Ps. 8,064	Ps. 8,015	Ps. 49	-
Forwards	91,695	91,697	1,971	1,973
Stock-purchase warrants	224	-	224	-
Swaps				
Currency swaps	45,712	47,017	903	2,208
Interest rate swaps U.S. dollars	24,038	25,547	2,940	4,449
Interest rate swaps Mexican pesos	44,904	44,412	5,922	5,430
	114,654	116,976	9,765	12,087
	214,637	216,688	12,009	14,060
Hedging derivatives				
Swaps				
Currency swaps	4,296	4,756	110	570
Interest rate swaps U.S. dollars	(269)	(153)	5	121
Interest rate swaps Mexican pesos	(703)	(516)	36	223
	3,324	4,087	151	914
	Ps. 217,961	Ps. 220,775	Ps. 12,160	Ps. 14,974

	2011			
	Accounting entries		Offset	
	Assets	Liabilities	Assets	Liabilities
Held-for-trading derivatives				
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	9,211	37	1,149
Interest rate swaps U.S. dollars	(264)	(104)	-	160
Interest rate swaps Mexican pesos	(589)	(342)	10	256
	7,246	8,765	47	1,565
	Ps. 294,168	Ps. 301,931	Ps. 11,504	Ps. 19,266

a) Futures

At December 31, 2012 and 2011, 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:

	2012			2011		
	No. of agreements			No. of agreements		
	CME	**MexDer**	**Maturity**	CME	MexDer	Maturity
Buying				46,267		March 12
Buying	**12,281**		**March 13**	4,000		February 12
Selling		**15,000**	**March 13**		10,000	February 12

The total notional amount of CME and MexDer futures at December 31, 2012 is Ps. 6,069 and Ps. 1,948, respectively. The total notional amount of CME and MexDer futures at December 31, 2011 is Ps. 25,430 and Ps. 1,395, respectively.

b) Forwards

An analysis of the Group's forwards, based on their nature and maturity, is as follows at December 31, 2012 and 2011:

	2012						
Maturity date	**Amount in U.S. dollars**	**Contracted price**		**Fair value**		**Unrealized gain (loss)**	
Buying:							
January 2013	**103,000,000**	**Ps.**	**1,327**	**Ps.**	**1,336**	**Ps.**	**9**
February 2013	**2,210,900,100**		**28,566**		**30,068**		**1,502**
March 2013	**5,000,000**		**65**		**65**		**-**
April 2013	**3,000,000**		**38**		**38**		**-**
September 2013	**3,000,000**		**39**		**40**		**1**
December 2013	**60,000,000**		**788**		**804**		**16**
February 2014	**2,000,000**		**27**		**27**		**-**
December 2015	**200,000,000**		**3,250**		**2,943**	**(**	**307)**
December 2016	**60,000,000**		**1,207**		**956**	**(**	**251)**
	2,646,900,100	**Ps.**	**35,307**	**Ps.**	**36,277**		**970**
Selling:							
January 2013	**20,359,400**	**Ps.**	**268**	**Ps.**	**274**		**6**
February 2013	**2,803,901,920**		**36,682**		**35,600**	**(**	**1,082)**
March 2013	**348,000,000**		**4,551**		**4,560**		**9**
April 2013	**3,000,000**		**43**		**47**		**4**
July 2013	**4,123,200**		**53**		**56**		**3**
September 2013	**3,000,000**		**40**		**39**	**(**	**1)**
December 2013	**60,000,000**		**898**		**986**		**88**
February 2014	**2,000,000**		**27**		**28**		**1**
	3,244,384,520	**Ps.**	**42,562**	**Ps.**	**41,590**	**(**	**972)**
					Neto	**Ps. (**	**2)**

	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)

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 that has been repaid, 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, 2012 and 2011, the Group recognized an unrealized loss on this transaction of Ps. 92 and Ps. 205, respectively. At December 31, 2012 and 2011, the fair value of the warrant is computed as follows:

	2012	2011
Initial premium	**Ps. 307**	Ps. 330
Market-to market valuation	**(83)**	(178)
Intrinsic value	**Ps. 224**	Ps. 152

d) Swaps

At December 31, 2012 and 2011, the Group's swap position is as follows:

	2012			
	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				
2013	Ps. 24,527	Ps. 24,676	Ps. 25,293	Ps. (617)
2014	4,644	4,653	4,487	166
2015	4,122	4,136	4,194	(58)
2016	306	543	713	(170)
2017	1,405	1,513	1,990	(477)
2019	2,229	2,233	2,199	34
2022	6,233	6,315	6,293	22
2025	-	-	460	(460)
2027	916	1,176	1,388	(212)
	44,382	45,245	47,017	(1,772)
U.S. dollar - Mexican peso				
2025	328	467	-	467
	44,710	45,712	47,017	(1,305)
Interest rate swaps				
U.S. dollar				
2014	3,760	241	174	67
2015	15,494	1,014	948	66
2016	2,399	102	285	(183)
2017	-	50	108	(58)
2018	1,426	86	265	(179)
2020	648	67	220	(153)
2027	6,872	816	739	77
2038	5,186	2,718	2,702	16
2039	12,966	7,604	8,059	(455)
2040	8,428	5,139	5,607	(468)
2041	8,687	5,466	5,710	(244)
2042	1,297	735	730	5
	67,163	24,038	25,547	(1,509)

	2012			
	Notional amount	Present value of flows to be received	Present value of flows to be delivered	Net valuation
Mexican pesos				
2013	8,750	711	772	(61)
2014	4,050	521	442	79
2015	3,000	374	383	(9)
2016	4,250	971	793	178
2017	3,600	941	991	(50)
2018	11,600	4,441	3,912	529
2019	5,000	1,808	1,820	(12)
2020	9,437	3,653	3,852	(199)
2021	38,606	18,171	17,171	1,000
2022	5,196	3,375	3,361	14
2024	2,050	1,065	1,236	(171)
2026	1,804	1,055	1,041	14
2027	9,550	6,377	7,139	(762)
2028	1,600	1,186	1,182	4
2037	300	255	317	(62)
	108,793	44,904	44,412	492
	Ps. 220,666	Ps. 114,654	Ps. 116,976	Ps. (2,322)
Hedging				
Currency swaps				
Mexican peso - U.S. dollar				
2013	Ps. 2,593	Ps. 2,335	Ps. 2,594	Ps. (259)
2014	648	668	658	10
2015	559	493	555	(62)
2016	1,007	800	949	(149)
	4,807	4,296	4,756	(460)
Interest rate swaps				
U.S. dollar				
2014	-	(16)	(9)	(7)
2015	259	(176)	(85)	(91)
2016	361	(36)	(28)	(8)
2017	370	(41)	(31)	(10)
	990	(269)	(153)	(116)
Mexican pesos				
2013	4,750	(466)	(445)	(21)
2014	-	(154)	(97)	(57)
2015	67	(9)	(8)	(1)
2018	-	(32)	(2)	(30)
2027	-	(42)	36	(78)
	4,817	(703)	(516)	(187)
	10,614	3,324	4,087	(763)
	Ps. 231,280	Ps. 117,978	Ps. 121,063	Ps. (3,085)

	2011			
	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				
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
	40,354	41,591	46,071	(4,480)
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)

	2011			
	Notional amount	Present value of flows to be received	Present value of flows to be delivered	Net valuation
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)
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	1,126	(249)
	9,207	8,099	9,211	(1,112)
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	8,766	(1,519)
	Ps. 218,884	Ps. 121,836	Ps. 128,811	Ps. (6,975)

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, 2012 and 2011, an analysis of the valuation adjustment attributable to the risk being hedged of Ps. 11,310 and Ps. 16,228, respectively, by type of loan portfolio, is as follows:

	2012			
	Valuation adjustment Dec. 31, 2011	**Valuation adjustment**	**Amortization adjustment of valuation (1)**	**Valuation adjustment Dec. 31, 2012**
Fixed–rate loan portfolio in Mexican pesos	Ps. 378	**Ps. 97**	**Ps. (125)**	**Ps. 350**
Fixed–rate loan portfolio in U.S. dollars	1,882	**(34)**	**(937)**	**911**
Variable–rate loan portfolio in U.S. dollars	(502)	**26**	**310**	**(166)**
Automatically hedged	433	**(44)**	**-**	**389**
Inefficient loan portfolio	(25)	**-**	**(41)**	**(66)**
	Ps. 2,166	**Ps. 45**	**Ps. (793)**	**Ps. 1,418**

	2011			
	Valuation adjustment Dec. 31, 2010	Valuation adjustment	Amortization adjustment of valuation (1)	Valuation adjustment Dec. 31, 2011
Fixed–rate loan portfolio in Mexican pesos	Ps. 303	Ps. 277	Ps. (202)	Ps. 378
Fixed–rate loan portfolio in U.S. dollars	2,187	114	(419)	1,882
Variable–rate loan portfolio in U.S. dollars	(707)	4	201	(502)
Automatically hedged	377	56	-	433
Inefficient loan portfolio	-	-	(25)	(25)
	Ps. 2,160	Ps. 451	Ps. (445)	Ps. 2,166

(1) 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.

For the years ended December 31, 2012 and 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):

	2012	2011
Loss due to changes in the valuation of hedging instruments (Note 31a)	**Ps. 117**	Ps. (550)
Gain due to changes in the valuation of hedged positions (Note 31a)	**45**	451
Amortization of previously recognized valuation adjustments as a result of removals of hedge designations	**(793)**	(445)
	Ps. (631)	Ps. (544)

At December 31, 2012 and 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, 2012 and 2011 is as follows:

	2012					
	Performing portfolio			**Past-due portfolio**		
Item	**Principal**	**Interest**	**Total**	**Principal**	**Interest**	**Total**
Consumer	**Ps. 13,791**	**Ps. 112**	**Ps. 13,903**	**Ps. 520**	**Ps. 15**	**Ps. 535**
Discount	**1,989**	**1**	**1,990**	**224**	**-**	**224**
Unsecured	**8,790**	**90**	**8,880**	**99**	**-**	**99**
Chattel mortgage	**539**	**2**	**541**	**-**	**-**	**-**
Simple and current accounts	**124,113**	**691**	**124,804**	**2,739**	**28**	**2,767**
Home mortgage	**1,164**	**6**	**1,170**	**103**	**3**	**106**
Leasing	**970**	**-**	**970**	**418**	**5**	**423**
Restructured (Note 11f)	**16,065**	**93**	**16,158**	**2,434**	**46**	**2,480**
Rediscount	**1,993**	**-**	**1,993**	**-**	**-**	**-**
	Ps. 169,414	**Ps. 995**	**Ps. 170,409**	**Ps. 6,537**	**Ps. 97**	**Ps. 6,634**

	2011					
	Performing portfolio			Past-due portfolio		
Item	Principal	Interest	Total	Principal	Interest	Total
Consumer	Ps. 10,572	Ps. 114	Ps. 10,686	Ps. 240	Ps. 4	Ps. 244
Discount	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

b) Analysis of the loan portfolio by currency

An analysis of the loan portfolio by currency at December 31, 2012 and 2011 is as follows:

Item	2012			
	Mexican pesos	Foreign currency	UDIs	Total
Performing loan portfolio:				
Consumer	Ps. 13,903	Ps. -	Ps. -	Ps. 13,903
Discount	1,877	113	-	1,990
Unsecured	6,146	2,734	-	8,880
Chattel mortgage	541	-	-	541
Simple and current accounts	84,940	39,865	-	124,805
Home mortgage	1,169	-	1	1,170
Leasing	149	820	-	969
Restructured (Note 11f)	7,301	8,857	-	16,158
Rediscount	1,842	151	-	1,993
	117,868	52,540	1	170,409
Past-due loan portfolio:				
Consumer	535	-	-	535
Discount	206	18	-	224
Unsecured	80	19	-	99
Simple and current accounts	1,704	1,063	-	2,767
Home mortgage	106	-	-	106
Leasing	423	-	-	423
Restructured (Note 11f)	2,274	205	1	2,480
	5,328	1,305	1	6,634
	Ps. 123,196	Ps. 53,845	Ps. 2	Ps. 177,043

Item	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
	108,988	59,414	2	168,404
Past-due loan portfolio:				
Consumer	240	4	-	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

- **Loans granted to financial entities**

An analysis of loans granted to financial entities by currency at December 31, 2012 and 2011 is as follows:

Item	**2012 Mexican pesos**	**Foreign currency**	**Total**
Performing loan portfolio:			
To non-banking financial institutions	**Ps. 3,856**	**Ps. 3,630**	**Ps. 7,486**
Interbank	**-**	**68**	**68**
	3,856	**3,698**	**7,554**
Past-due loan portfolio			
To non-banking financial institutions	**4**	**-**	**4**
	Ps. 3,860	**Ps. 3,698**	**Ps. 7,558**

Item	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

At December 31, 2011, there were 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, 2012 and 2011 is as follows:

2012			
Item	**Mexican pesos**	**Foreign currency**	**Total**
Performing loan portfolio:			
To state or municipal governments or backed by them	**Ps. 15,488**	**Ps. -**	**Ps. 15,488**
To decentralized or deconcentrated bodies	**872**	**1,783**	**2,655**
	Ps. 16,360	**Ps. 1,783**	**Ps. 18,143**

2011			
Item	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

At December 31, 2012 and 2011, the past-due portfolio of loans due from government entities was Ps. 382 and Ps. 557.

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 core 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 core capital of the bank subsidiary, per each person or group of persons constituting common risk. At December 31, 2012 and 2011, 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, 2012 and 2011, the balance of loans granted to related parties - both those referred to in Note 31 and those that were eliminated in the consolidation - are within this limit.

- 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 core capital.

At December 31, 2012 and 2011, the maximum amount of financing due from the bank subsidiary's three largest borrowers aggregated Ps. 15,727 and Ps. 15,315, respectively, which represented 34.8% and 32.7% of net capital computed at December 31, 2012 and 2011, respectively.

At December 31, 2012 and 2011, the bank subsidiary has granted six and three loans, respectively, that exceed 10% of its core capital. At December 31, 2012, these loans aggregate Ps. 40,308 and represent 89.27% of the bank subsidiary's core capital. At December 31, 2011, these loans aggregate Ps. 15,315 and represent 32.7% of the bank subsidiary's net capital.

At December 31, 2012 and 2011, loans granted to other banks total Ps. 69 and Ps. 2,447, respectively, and loans granted to state-owned entities and bodies aggregate Ps. 2,655 and Ps. 8,063, respectively.

d) Analysis of risk concentration

- By economic sector

An analysis of risk concentration percentages by economic sector at December 31, 2012 and 2011 is as follows:

	2012			2011		
	Amount		**Concentration percentage**	Amount		Concentration percentage
Private (companies and individuals)	**Ps.**	**135,228**	**76%**	Ps.	125,358	79%
Financial		**7,558**	**4%**		10,446	7%
Loans to government entities		**18,525**	**11%**		26,116	8%
Consumer		**14,438**	**8%**		10,446	5%
Home mortgage		**1,294**	**1%**		11,742	1%
	Ps.	**177,043**	**100%**	Ps.	174,108	100%

- By region

An analysis of risk concentration percentages by region at December 31, 2012 and 2011 is as follows:

	2012			2011		
Region	**Amount**		**Concentration percentage**	Amount		Concentration percentage
Central	**Ps.**	**111,581**	**63%**	Ps.	116,652	67%
Northern		**36,929**	**21%**		13,929	8%
Southern		**11,179**	**6%**		15,670	9%
Foreign and other		**17,354**	**10%**		27,857	16%
	Ps.	**177,043**	**100%**	Ps.	174,108	100%

En la Nota 37 se describen las principales políticas para la determinación de concentraciones de riesgos.

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:

	2012					
	Performing portfolio			**Past-due portfolio**		
	Principal	**Interest**	**Total**	**Principal**	**Interest**	**Total**
Simple	**Ps. 1,633**	**Ps. -**	**Ps. 1,633**	**Ps. 2,321**	**Ps. 25**	**Ps. 2,346**
Letters of credit	**2**	**6**	**8**	**-**	**-**	**-**
Restructured	**6,302**	**68**	**6,370**	**2,299**	**46**	**2,345**
Consumer	**1**	**-**	**1**	**431**	**14**	**445**
Home mortgage	**-**	**-**	**-**	**48**	**1**	**49**
Bridge loans	**-**	**-**	**-**	**124**	**-**	**124**
Discount	**104**	**-**	**104**	**1**	**-**	**1**
Unsecured	**32**	**-**	**32**	**68**	**-**	**68**
	Ps. 8,074	**Ps. 74**	**Ps. 8,148**	**Ps. 5,292**	**Ps. 86**	**Ps. 5,378**

	2011					
	Performing portfolio			Past-due portfolio		
	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

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

f) Restructured loans

- **Balances**

An analysis of restructured loans at December 31, 2012 and 2011 is as follows:

	2012					
	Performing portfolio			**Past-due portfolio**		
Item	**Principal**	**Interest**	**Total**	**Principal**	**Interest**	**Total**
Simple mortgage	**Ps. 7,692**	**Ps. 51**	**Ps. 7,743**	**Ps. 1,247**	**Ps. 15**	**Ps. 1,262**
Simple chattel mortgage	**351**	**1**	**352**	**1,175**	**31**	**1,206**
Guaranteed simple	**1,648**	**4**	**1,652**	**1**	**-**	**1**
Simple with other guarantees	**6,259**	**37**	**6,296**	**-**	**-**	**-**
Unsecured	**-**	**-**	**-**	**-**	**-**	**-**
Chattel mortgage	**-**	**-**	**-**	**-**	**-**	**-**
Unsecured simple	**98**	**-**	**98**	**-**	**-**	**-**
Consumer	**-**	**-**	**-**	**1**	**-**	**1**
Home mortgage	**17**	**-**	**17**	**10**	**-**	**10**
	Ps. 16,065	**Ps. 93**	**Ps. 16,158**	**Ps. 2,434**	**Ps. 46**	**Ps. 2,480**

	2011					
	Performing portfolio			Past-due portfolio		
Item	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

- Additional guarantees obtained in restructured loans

At December 31, 2012 and 2011, additional guarantees obtained in restructured loans are as follows:

2012			
Type of loan	**Amount**		**Nature of guarantee**
Mexican peso denominated			
Simple mortgage	**Ps.**	**26,020**	Chattel mortgage, mortgage and personal property
Simple with other guarantees		**19,532**	Chattel mortgage, mortgage and corporate shares
Simple chattel mortgage		**2,303**	Corporate shares
Restructured home mortgage		**20**	Mortgage
Guaranteed simple		**46**	Mortgage
Consumer		**1**	Mortgage
	Ps.	**47,922**	

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	

g) Past-due loan portfolio

- Age

An aged analysis of the past-due loan portfolio at December 31, 2012 and 2011 is as follows:

	2012		2011	
1 to 180 days overdue	**Ps.**	**4,261**	Ps.	2,270
181 to 365 days overdue		**350**		1,002
More than one year overdue		**2,023**		2,432
	Ps.	**6,634**	Ps.	5,704

The aforementioned analysis includes the balances of the past-due consumer and mortgage loan portfolio, which at December 31, 2012 total Ps. 535 (Ps. 245 in 2011) and Ps. 106
(Ps. 204 in 2011), 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, 2012 and 2011 is as follows:

	2012	2011
Beginning balance	**Ps. 5,704**	Ps. 3,606
Plus (less):		
Net transfers from performing portfolio to past-due portfolio and vice versa (1)	**2,625**	2,777
Recoveries	**(227)**	(239)
Write-offs	**(1,468)**	(440)
Ending balance	**Ps. 6,634**	Ps. 5,704

(1) For the years ended December 31, 2012 and 2011, based on the policy described in Note 2m) above, the Group transferred Ps. 110,385 and Ps. 109,583, respectively, from the performing portfolio to the past-due portfolio. For the years ended December 31, 2012 and 2011, transfers made from the past-due portfolio to the performing portfolio totaled Ps. 107,760 and Ps. 106,807, respectively.

For the years ended December 31, 2012 and 2011, the Group did not forgive, 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

Al 31 de diciembre de 2012 y 2011, la estimación preventiva para riesgos crediticios se analiza como sigue:

	2012	2011
Commercial loan portfolio (a)	**Ps. 24,417**	Ps. 21,705
Consumer loan portfolio (b)	**912**	981
Home mortgage loan portfolio (c)	**75**	64
	Ps. 25,404	Ps. 22,750

An analysis of the preventive provision for credit risks at December 31, 2012 and 2011 is as follows:

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

	2012		2011	
Risk	**Amount of liability**	**Amount of provision**	Amount of liability	Amount of provision
A1	**Ps. 36,837**	**Ps. 178**	Ps. 38,869	Ps. 358
A2	**18,519**	**176**	18,304	181
B1	**41,611**	**1,490**	29,035	1,085
B2	**39,742**	**3,766**	40,064	3,774
B3	**16,468**	**3,055**	16,414	2,602
C1	**8,620**	**2,697**	14,117	3,725
C2	**3,131**	**1,253**	4,222	1,689
D	**412**	**261**	346	215
E	**11,542**	**11,530**	8,034	8,023
Graded portfolio	**Ps. 176,882**	**24,406**	Ps. 169,405	21,652
Additional provision		**11**		40
Required provision		**24,417**		21,692
Amount provided for		**24,417**		21,705
Over or understatement		**Ps. -**		Ps. 13

b) Consumer loans

Risk	2012 Amount of liability	2012 Amount of provision	2011 Amount of liability	2011 Amount of provision
A	Ps. 3,070	Ps. 15	Ps. 932	Ps. 22
B	8,548	240	7,277	311
B1	290	8	216	6
B2	1,606	140	1,410	124
C	479	170	730	255
D	312	203	240	154
E	133	133	109	109
Graded portfolio	Ps. 14,438	909	Ps. 10,914	981
Additional provision		3		-
Required provision		912		981
Amount provided for		912		981
Over or understatement		Ps. -		Ps. -

c) Home mortgage loans

Risk	2012 Amount of liability	2012 Amount of provision	2011 Amount of liability	2011 Amount of provision
A	Ps. 1,086	Ps. 3	Ps. 1,083	Ps. 3
B	110	6	137	5
C	49	19	43	15
D	5	3	1	1
E	44	44	40	40
Graded portfolio	Ps. 1,294	75	Ps. 1,304	64
Amount provided for		75		64
Over or understatement		Ps. -		Ps. -

d) Changes in provision

Movements in the preventive provision for credit risks at December 31, 2012 and 2011 were as follows:

	2012	2011
Balance at beginning of year	Ps. 22,750	Ps. 18,846
Plus (less):		
Increase in provision (Note 31a)	5,073	3,402
Provision for foreclosed and repossessed property	(116)	(15)
Charges to the provision	(1,669)	(488)
Revaluation of UDI and foreign currency portfolio	(634)	1,005
Balance at end of year	Ps. 25,404	Ps. 22,750

13. Accounts Receivable from Insurance and Bonding Companies, net

An analysis of this caption at December 31, 2012 and 2011 is as follows:

	2012	2011
Chattel mortgage financing	**Ps. 1,105**	Ps. 1,111
Unsecured loans	**1**	2,074
Loans on policies	**238**	307
Mortgage financing	**133**	159
Past-due portfolio	**90**	69
Interest debtors	**3**	14
	1,570	3,734
Allowance for loan write-offs	**(5)**	(20)
	Ps. 1,565	Ps. 3,714

14. Premium Debtors

An analysis of this caption at December 31, 2012 and 2011 is as follows:

	2012	2011
Premium debtors from accident and health, and property and casualty lines of business (1)	**Ps. 5,771**	Ps. 3,177
First year premiums receivable	**574**	558
Renewal premiums receivable	**110**	104
Debt receivable from Federal government agencies and entities	**523**	5,398
	Ps. 6,978	Ps. 9,237

(1) In August 2011, the Company renewed the comprehensive 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, 2012, the uncollected premium on this policy is USD 127 million.

15. Accounts Receivable from Reinsurers and Rebonders, net

An analysis of this caption at December 31, 2012 and 2011 is as follows:

	2012	2011
Reinsurers' share	**Ps. 15,774**	Ps. 15,171
Insurance companies	**724**	740
Retained premiums from ceded reinsurance and rebonding business	**1**	1
	Ps. 16,499	Ps. 15,912

16. Other Accounts Receivable, net

An analysis of this caption at December 31, 2012 and 2011 is as follows:

	2012	2011
Recoverable taxes	**Ps. 1,302**	Ps. 614
Debtors for settlement of transactions (1)	**4,285**	14,728
Commission debtors	**18**	31
Commissions receivable	**-**	11
Debtors under swap margin accounts	**8,441**	8,206
Other debtors	**1,053**	1,381
	15,099	24,971
Allowance for bad debts	**(146)**	(142)
	Ps. 14,953	Ps. 24,829

(1) An analysis of this caption at December 31, 2012 and 2011 is as follows:

	2012	2011
Clearing accounts for currency exchange operations (Note 5b)	**Ps. 4,284**	Ps. 14,718
Other clearing accounts	**1**	10
	Ps. 4,285	Ps. 14,728

17. Property, Furniture and Equipment, net

An analysis of this caption at December 31, 2012 and 2011 is as follows:

	Tasa	2012	2011
Property	**5%**	**Ps. 3,223**	Ps. 3,269
Office furniture and equipment	**10%**	**662**	620
Electronic computer equipment	**30%**	**1,680**	1,624
Machinery and equipment	**30%**	**176**	191
Automobile equipment	**25%**	**322**	342
Land		**180**	180
Leased assets		**211**	36
Other		**113**	101
		6,567	6,363
Accumulated depreciation		**(2,596)**	(2,395)
		Ps. 3,971	Ps. 3,968

Depreciation expense for the years ended December 31, 2012 and 2011 was Ps. 308 and Ps. 327, respectively.

At December 31, 2012 and 2011, the aforementioned analysis includes the balance of assets under operating leases with a total net carrying value of Ps. 537 and Ps. 351, respectively.

18. Long-term Equity Investments

An analysis of this caption at December 31, 2012 and 2010 is as follows:

Issuer	2012				
	Balance 2011	Additions	Equity interest in net income (loss)	Other movements	Balance 2012
Venture capital investments:					
Infraestructura y transportes México	Ps. 1,960	Ps. -	Ps. 265	Ps. -	Ps. 2,225
Quality Films	(5)	-	-	5	-
Media Planning	11	-	6	-	17
Argos Comunicación	53	-	9	-	62
In Store de México	22	-	10	(10)	22
Pure Leasing	116	-	1	(42)	75
Grupo IDESA	688	1	118	(6)	801
Landsteiner Pharma	21	-	16	-	37
Landsteiner Scientific	350	-	49	-	399
Salud Interactiva	170	(11)	11	-	170
Salud Holding	26	-	3	-	29
Giant Motors	219	-	1	-	220
Gas Natural	-	-	-	1,002	1,002
Hildebrando	295	-	(22)	-	273
Progenika	17	7	(2)	-	22
Enesa	265	-	42	-	307
Hold Gasimex	926	-	138	(1,064)	-
Salica	349	-	60	-	409
Other	10	-	1	-	11
	5,493	(3)	706	(115)	6,081
Other investments:					
Asociación de Bancos de México	11	-	-	-	11
Inbursa Siefore, S.A. de C.V.	351	-	20	-	371
Inbursa Siefore Básica, S.A. de C.V.	115	-	7	-	122
Inbursa Siefore Básica 3, S.A. de C.V.	399	-	26	-	425
Inbursa Siefore Básica 4, S.A. de C.V.	273	-	18	-	291
Inbursa Siefore Básica 5, S.A. de C.V.	53	-	3	-	56
Procesar, S.A. de C.V.	8	-	-	-	8
Sociedades de Inversión	354	-	39	(363)	30
Promotora Ideal	84	-	4	(15)	73
Autopista Arco Norte	35	-	-	-	35
Other	9	-	(91)	95	13
	1,692	-	26	(283)	1,435
	Ps. 7,185	Ps. (3)	Ps. 732	Ps. (398)	Ps. 7,516

Emisora	2011				
	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
Quality Films	7	-	(12)	-	(5)
Media Planning	10	-	4	(3)	11
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
Landsteiner Pharma	22	-	(1)	-	21
Landsteiner Scientific	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	9		349
Other	9	-	(1)	2	10
	4,958	1,628	415	(1,508)	5,493
Other investments:					
Asociación de Bancos de México	10	-	-	1	11
Inbursa Siefore, S.A. de C.V.	335	-	16	-	351
Inbursa Siefore Básica, S.A. de C.V.	110	-	5	-	115
Inbursa Siefore Básica 3, S.A. de C.V.	381	-	18	-	399
Inbursa Siefore Básica 4, S.A. de C.V.	260	-	13	-	273
Inbursa Siefore Básica 5, S.A. de C.V.	50	-	3	-	53
Procesar, S.A. de C.V.	8	-	-	-	8
Sociedades de Inversión	282	-	22	50	354
Promotora Ideal	87	-	(3)	(4)	80
Autopista arco norte	35	-	-	-	35
Other	12	-	(58)	59	13
	1,570	-	16	106	1,692
	Ps. 6,528	Ps. 1,628	Ps. 431	Ps.(1,402)	Ps. 7,185

19. Other Assets, Deferred Charges and Intangibles, net

At December 31, 2012 and 2011, this caption consists of the following:

	2012	2011
Software licenses	**Ps. 291**	Ps. 261
Prepaid expenses	**916**	1,062
Goodwill – SINCA Inbursa	**158**	158
Premium paid on loan transactions	**82**	109
Guarantee deposits	**240**	808
Investments for labor obligations	**89**	70
Other	**659**	644
	2,435	3,112
Amortization of software licenses	**(275)**	(267)
Amortization of other items	**(4)**	(4)
	Ps. 2,156	Ps. 2,841

Amortization expense for software licenses for the years ended December 31, 2012 and 2011 was Ps. 8 and Ps. 7, respectively.

20. Traditional Deposits

a) Demand deposits

An analysis of demand deposits at December 31, 2012 and 2011 is as follows:

Checking accounts	Mexican pesos		Foreign currency translated to Mexican pesos		Total	
	2012	2011	2012	2011	2012	2011
Interest-bearing	**Ps. 57,981**	Ps. 51,053	**Ps. 1,554**	Ps. 1,388	**Ps. 59,535**	Ps. 52,441
Non-interest bearing	**70**	279	**80**	20	**150**	299
Total	**Ps. 58,051**	Ps. 51,332	**Ps. 1,634**	Ps. 1,408	**Ps. 59,685**	Ps. 52,740

For the years ended December 31, 2012 and 2011, interest payable on demand deposits was Ps. 2,215 and Ps. 2,018, respectively (Note 32c).

b) Time deposits

This caption consists of fixed-term deposits, deposits by foreign companies and banks and promissory notes with interest payable at maturity. 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, 2012 and 2011, time deposits are as follows:

	2012	2011
Fixed-term deposits:		
U.S. dollars (1)	**Ps. 241**	Ps. 333
UDIs (2)	**-**	4,233
UDIs (1)	**-**	465
Mexican pesos (1)	**336**	248
Mexican pesos (2)	**7,008**	12,558
	7,585	17,837
Promissory notes with interest payable at maturity:		
Placed through the market (2)	**20,975**	29,259
Placed over the counter (1)	**3,284**	4,559
	24,259	33,818
Deposits withdrawable on pre-established days (1)	**6,046**	2,024
	Ps. 37,890	Ps. 53,679

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

At December 31, 2012 and 2011, deposits maturing in less than one year totaled Ps. 37,038 and Ps. 53,680, respectively.

For the years ended December 31, 2012 and 2011, interest payable on time deposits was Ps. 1,897 and Ps. 2,368, respectively (Note 32c).

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 CNBV of such occurrence on the following business day. At December 31, 2012 and 2011, the Group's bank subsidiary has not exceeded such limit.

c) Debt instruments issued

Al 31 de diciembre de 2012 y 2011, los títulos de créditos emitidos correspondientes a certificados bursátiles, se integran como sigue:

	2012			2011		
Issuance	**No. of securities**	**Balance**	**Interest rate**	No. of securities	Balance	Interest rate
Binbur 10	**49,250,000**	**Ps. 4,928**	**5.10%**	50,000,000	Ps. 5,001	5.03%
Binbur 10-2	**45,180,000**	**4,533**	**5.04%**	45,300,000	4,545	4.99%
Binbur 10-3	**-**	**-**	**-**	6,500,000	652	5.20%
Binbur 10-4	**-**	**-**	**-**	43,546,500	4,357	4.92%
Binbur 11	**40,757,156**	**4,078**	**5.01%**	60,000,000	6,002	4.94%
Binbur 11-2	**39,150,000**	**3,921**	**5.04%**	39,365,008	3,943	5.00%
Binbur 11-3	**5,000,000**	**501**	**4.99%**	5,000,000	501	4.95%
Binbur 11-4	**45,200,000**	**4,536**	**5.04%**	46,000,000	4,615	4.99%
Binbur 11-5	**30,000,000**	**3,004**	**5.00%**	24,346,729	2,440	5.00%
Binbur 12	**21,428,284**	**2,148**	**5.04%**	-	-	-
Binbur 12-2	**38,093,913**	**3,823**	**5.09%**	-	-	-
Binbur 12-3	**47,487,130**	**4,751**	**5.11%**	-	-	-
Binbur 12-4	**14,240,000**	**1,425**	**5.16%**	-	-	-
Binbur 12-5	**52,384,773**	**5,242**	**5.06%**	-	-	-
		Ps. 42,890			Ps. 32,056	

On June 30, 2010, through official document 153/3618/2012, the CNBV 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 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, 2012 and 2011, the Group's current debt issuances represent 100% and 69.1%, respectively, of the total authorized amount.

For the years ended December 31, 2012 and 2011, interest paid on domestic senior notes was Ps. 1,913 and Ps. 1,343, respectively (Note 32c), and issuance expenses totaled Ps. 47 and Ps. 28, respectively (Note 36b).

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, 2012 and 2011 is as follows:

	2012			2011		
	Principal	**Interest**	**Total**	Principal	Interest	Total
Demand deposits						
Mexican-peso borrowings						
Call money (1)	**Ps. 1,880**	**Ps. -**	**Ps. 1,880**			
Short-term						
Mexican-peso borrowings						
NAFIN	**2,880**	**20**	**2,900**	Ps. 3,347	Ps. 28	Ps. 3,375
Foreign currency borrowings						
NAFIN	**148**	**1**	**149**	302	2	304
	3,028	**21**	**3,049**	3,649	30	3,679
Long-term						
Mexican-peso borrowings						
Discounted portfolio (FIRA)	**214**	**-**	**214**	273	1	274
	Ps. 5,122	**Ps. 21**	**Ps. 5,143**	Ps. 3,922	Ps. 31	Ps. 3,953

(1) An analysis of call money loan transactions at December 31, 2012 is as follows:

	Monto	Tasa de interés	Plazo días
Bank of Tokio	Ps. 650	4.42%	2
Banco Compartamos	230	4.31%	2
Scotiabank	1,000	4.42%	2
	Ps. 1,880		

At December 31, 2011, the Group had received no call money positions.

At December 31, 2012, short-term Mexican-peso borrowings bear interest at an average annual rate of 5.67% (5.34% in 2011). At December 31, 2012, long-term Mexican-peso borrowings bear interest at an average annual rate of 2.99% (2.88% in 2011).

For the years ended December 31, 2012 and 2011, interest payable on interbank loans was Ps. 363 and Ps. 423, respectively (Note 32c).

At December 31, 2012 and 2011, there are no guarantees for the borrowings received.

22. Technical reserves

An analysis of this caption at December 31, 2012 and 2011 is as follows:

	2012	2011
For unearned premiums	**Ps. 35,359**	Ps. 33,986
For contractual obligations	**13,643**	12,709
Prevision	**8,442**	7,587
For bonds in force	**965**	865
For contingencies	**665**	532
	Ps. 59,074	Ps. 55,679

23. Accounts Payable to Reinsurers and Rebonders, net

An analysis of this caption at December 31, 2012 and 2011 is as follows:

	2012	2011
Insurance companies	**Ps. 3,068**	Ps. 5,117
Bonding companies	**2**	14
Retained premiums from ceded reinsurance and rebonding business	**2**	2
Reinsurers' share	**2**	2
	Ps. 3,074	Ps. 5,135

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 2012. 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).

For the years ended December 31, 2012 and 2011, the Group reported no taxable earnings as an economic legal entity.

An analysis of current-year taxes on profits as shown in the consolidated statement of income for the years ended December 31, 2012 and 2011 is as follows:

	Income tax	
	2012	2011
Banco Inbursa	**Ps. 653**	Ps. 1,206
Seguros Inbursa	**337**	282
Pensiones Inbursa	**415**	117
Fianzas Guardiana Inbursa	**83**	22
Sociedad Financiera Inbursa	**102**	108
Inversora Bursátil	**99**	210
Operadora Inbursa	**81**	76
Otras subsidiarias	**9**	11
Grupo Financiero Inbursa	**-**	-
	Ps. 1,779	Ps. 2,032

At the date of the audit report on these financial statements, the Group and its subsidiaries have yet to file their final 2012 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, 2012 and 2011 was 23% and 14%, 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:

	2012	2011
Net income before taxes per statement of income	**Ps. 11,461**	Ps. 6,970
Reconciling items:		
Annual inflation adjustment	**(1,577)**	(2,775)
Non-deductible expenses	**507**	270
Equity interest in net income of subsidiaries	**2**	479
Difference in the tax cost of shares	**608**	553
Other permanent items	**(2,212)**	(2,154)
Income before income tax and employee profit sharing, plus reconciling items	**8,789**	3,343
Statutory income tax rate	**30%**	30%
Taxes on profits	**2,637**	1,003
Deferred income tax from prior years (recorded directly in shareholders' equity)	**(1)**	(16)
Total current-year and deferred taxes per statement of income	**Ps. 2,636**	Ps. 987
Effective tax rate	**23%**	14%

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

Current-year FRBT for 2012 and 2011 is computed by applying the 17.5% rate to income determined on the basis of cash flows, net of authorized credits. FRBT credits result mainly from certain fixed assets acquired during the transition period as of the date on which the FRBT became effective.

FRBT is payable only to the extent it exceeds income tax for the same period. For the year ended December 31, 2012 and 2011, the Group and its subsidiaries only had income tax payable.

25. Creditors on Collateral Securities Received in Cash

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, 2012 and 2011, the total balance of these deposits is Ps. 4,183 and Ps. 1,347, respectively.

26. Sundry Creditors and Other Accounts Payable

An analysis of this caption at December 31, 2012 and 2011 is as follows:

	2012	2011
Value added tax payable	**Ps. 2,283**	Ps. 2,523
Sundry creditors	**518**	860
Acceptances on behalf of customers	**138**	290
Guarantee deposits	**198**	175
Payable drafts	**24**	30
Cashier's checks	**57**	50
Provisions for sundry liabilities	**83**	74
Certified checks	**37**	33
Contributions to the contingency fund	**63**	57
Current account agents	**120**	90
Unearned commissions	**200**	183
Provision for clearinghouse	**85**	86
Provision for memberships	**15**	30
Withheld taxes payable by third parties	**69**	69
Unapplied deposits	**259**	-
Other	**64**	64
	Ps. 4,213	Ps. 4,614

- **Employee benefits**

a) Provision

These provisions are established to cover the Group's liability for labor obligations. At December 31, 2012 and 2011, 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, 2012 and 2011 is as follows:

	2012		
	Pension plan	**Seniority premiums**	**Termination benefits**
Defined benefit obligation	**Ps. 937**	**Ps. 51**	**Ps. 66**
Plan assets (fund)	**1,147**	**109**	**-**
Transition (asset) liability	**-**	**-**	**-**
Net actuarial (gain) loss	**(172)**	**(16)**	**5**
Net projected (asset) liability	**(107)**	**(44)**	**66**
Accumulated benefit obligation	**362**	**17**	**-**
Net periodic benefit cost	**(27)**	**2**	**24**

	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 periodic benefit cost	(25)	3	17

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

b) Seniority premiums

The seniority premium, is paid to employees as required by the Mexican labor law:

c) Pension plan

- Minimum age for retirement: Age 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, 2012 and 2011, the types of instruments in which the provisions are invested and the amounts of the investment are as follows:

	2012	2011
Variable-yield	**Ps. 639**	Ps. 629
Net valuation	**566**	498
Subtotal	**1,205**	1,127
Mortgage financing	**51**	63
	Ps. 1,256	Ps. 1,190

The details of the assumptions and rates used are included in the reports issued by an independent third party.

27. Deferred Taxes

The most important temporary differences included in the computation of deferred taxes at December 31, 2012 and 2011 are as follows:

	2012	2011
Deferred tax liabilities		
Valuation of shares	**Ps. 1,212**	Ps. 1,085
Valuation of financial instruments	**2,308**	1,535
Premium paid on loan transactions	**25**	33
Derivatives	**145**	1,093
Other	**954**	1,595
	4,644	5,341
Deferred tax assets		
Asset tax paid	**260**	258
Available tax loss carryforward	**157**	341
Amortization of goodwill	**7**	7
Valuation of financial instruments	**-**	89
Valuation of available-for-sale securities (Note 7b)		
Derivatives	**25**	727
Other	**1,084**	1,307
	1,533	2,729
Deferred tax liability, net	**3,111**	2,612
Deferred employee profit sharing liability	**390**	331
Total	**Ps. 3,501**	Ps. 2,943

For the years ended December 31, 2012 and 2011, the Group recognized a deferred tax benefit (expense) of Ps. 857 and Ps. 1,045, respectively.

The statutory rate applicable to the temporary differences that gave rise to deferred taxes at December 31, 2012 and 2011 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 property 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, 2012 and 2011, rent charged to the income statement was Ps. 27 and Ps. 23, respectively.

Management estimates that the Group's minimum compulsory rental payments under operating leases at December 31, 2012 will be Ps. 135 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, 2012 and 2011, the balance of letters of credit granted by the Group totals Ps. 6,838 and Ps. 4,613, 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, 2012 and 2011, lines of credit granted by the Group total Ps. 681,101 and Ps. 499,528, respectively, on which the available drawdowns total Ps. 520,738 and Ps. 339,035, respectively, at those dates.

d) Review of tax reports

At December 31, 2012, as a result of a review of the tax reports for 2007 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.

Also, at the date of the audit report on these financial statements, the Tax Administration Service, through its Financial Sector Audit Office, is reviewing the tax audit reports of the bank subsidiary for the year ended December 31, 2008.

With regard to the subsidiary Seguros Inbursa, the Tax Administration Service, through its Financial Sector Audit office, levied tax assessments against the Company 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.

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.

Changes to the Mexican Federal Labor Law became effective on December 1, 2012. These changes may affect how the Group receives professional and personnel services from its affiliated companies. At December 31, 2012, management evaluated the potential effects of these changes on the Group's financial information, and has concluded that there will be no material effects to be reported or disclosed. Management will conduct its own on-going assessment of the effects of the changes to the law, especially with regards to the determination, calculation and recognition of employee benefits and how the changes in the law may affect this area.

29. Shareholders' Equity

a) Capital stock

The Group's authorized capital stock at December 31, 2012 and 2011 is represented respectively by 6,667,027,948 registered series "O" shares with a respective par value of $0.4137108 Mexican pesos each. The difference in the number of shares and their nominal values between 2012 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, 2012 and 2011 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 CNBV.

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**

At December 31, 2012 and 2011, the Group's capital reserves is comprised of Ps. 1917 for the Group's purchase own shares and Ps. 1,181 for the legal reserve.

Reserve for purchase own shares

The reserve for purchase 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, 2012 and 2011, the Group has the following tax balances:

	2012		2011	
Restated contributed capital account (CUCA)	Ps.	34,410	Ps.	32,967
Net taxed profits account (CUFIN)	Ps.	2,508	Ps.	2,441

- Dividend paid

At a regular shareholders' meeting held on April 25, 2012, a cash dividend was declared at a rate of $ 0.325 pesos per each of the 6,667,027,948 common registered shares issued and outstanding. The total dividend paid was Ps. 2,167.

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.

Since the aforementioned cash dividends were paid from the Group's CUFIN account, they were not subject to tax withholdings.
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30. Earnings per Share and Comprehensive Income

a) Earnings per share

Earnings per share for the years ended December 31, 2012 and 2011 were determined as follows:

	2012		2011	
Net income per statement of income	**Ps.**	**8,792**	Ps.	5,941
Weighted average number of outstanding shares		**6,667,027,948**		5,598,476,893
Earnings per share (Mexican pesos)	**Ps.**	**1.3187**	Ps.	1.0612

b) Comprehensive income

El resumen de la utilidad integral por los ejercicios de 2012 y 2011, es el siguiente:

	2012		2011	
Net income attributable to equity holders of the parent	**Ps.**	**8,792**	Ps.	6,843
Equity interest in other shareholders' equity accounts of subsidiaries	**(**	**501)**		225
Comprehensive income	**Ps.**	**8,291**	Ps.	7,068

31. Segment Information

Highlights of the operating results of the principal operating segments of the most significant subsidiaries for the years ended December 31, 2012 and 2011 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.

		2012		2011
a) Loan transactions				
Revenues				
Interest on loans (Note 32a)	**Ps.**	**13,769**	Ps.	13,292
Exchange gains and UDIs (Note 32a)		**32**		205
Commissions on the initial granting of loans (Note 32a)		**54**		38
Commissions collected (Note 33)		**2,052**		2,811
Other operating revenues		**1,337**		3,215
Unrealized gain on swap hedges (Note 10)		**117**		-
Unrealized gain on derivatives and hedged items (Note 10)		**45**		451
		17,406		20,012
Expenses				
Exchange gains and UDIs (Note 32c)		**204**		446
Provision for loan portfolio (Note 12d)		**5,073**		3,402
Interest on deposits (Note 32c)		**6,388**		-
Commissions paid		**69**		27
Other operating expenses		**137**		322
Unrealized gain on swap hedges (Note 10)		**-**		550
Amortization of loan portfolio valuation adjustment (Note 10)		**793**		445
		12,664		5,192
Income from loan transactions	**Ps.**	**4,742**	Ps.	14,820
b) Money market and capital market transactions				
Revenues				
Interest on investments (Note 32a)	**Ps.**	**5,545**	Ps.	5,204
Premiums on security repurchase agreements (Note 32a)		**2,571**		2,155
Commissions collected (Note 33)		**213**		442
Realized gain on securities (Note 34)		**324**		-
Unrealized gain on investments in securities (Note 34)		**4,242**		412
Interest income and returns from margin accounts		**47**		188
		12,942		8,401
Expenses				
Premiums on security repurchase agreements (Note 32c)		**2,938**		2,249
Realized gain on securities (Note 29)		**-**		6,271
Commissions paid		**3,152**		3,104
		6,090		11,624
Result of money market and capital market transactions	**Ps.**	**6,852**	Ps. (	3,223)

	2012	2011
c) Derivatives and foreign-currency transactions (Note 34)		
Realized (loss) gain on foreign currency transactions	**Ps. (2,089)**	Ps. 1,614
Unrealized loss on foreign currency transactions	**(155)**	(3)
Realized gain (loss) on derivatives	**2,253**	(2,339)
Unrealized gain (loss) on derivatives	**564**	(1,357)
	Ps. 573	Ps. (2,085)
d) Reconciliation of figures		
Loan transactions	**Ps. 4,742**	Ps. 14,820
Money market and capital market transactions	**6,852**	(3,223)
Derivatives and foreign-currency transactions	**573**	(2,085)
Insurance, pensions, and bonds	**4,333**	1,652
Commissions earned from management of retirement savings system funds (Note 33)	**1,167**	1,332
Operating income excluding administrative and promotional expenses	**17,667**	12,496
Administrative and promotional expenses	**6,938**	5,957
Operating income	**Ps. 10,729**	Ps. 6,539

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. 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, 2012 and 2011 is as follows:

a) Interest income

	2012	2011
Total loan portfolio (1) (Note 31a)	**Ps. 13,769**	Ps. 13,292
Commissions on the initial granting of loans (Note 31a)	**54**	38
Premiums on security repurchase agreements (Note 8b)	**2,571**	2,155
Investments in securities (Note 31b)	**4,728**	4,408
On Banxico deposits (Note 31b)	**547**	658
On financing granted to domestic and foreign banks (Note 31b)	**52**	53
Amortization of loan portfolio valuation adjustment (Note 10)	**(631)**	(544)
Revaluation of foreign currency positions and UDIs (Note 31a)	**32**	205
Dividends on equity instruments, net (Note 31b)	**218**	85
On margin accounts	**47**	105
Other	**16**	1
	Ps. 21,403	Ps. 20,456

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

	2012	2011
Simple	**Ps. 8,257**	Ps. 6,987
Unsecured	**288**	412
Subject to value added tax	**203**	182
Restructured	**345**	1,148
Financial entities	**1,330**	606
Other discounted loans	**273**	573
Government entities	**307**	1,075
Discount	**173**	187
Financial leases	**928**	744
Home mortgage	**137**	182
Chattel mortgage	**37**	31
Consumer	**1,491**	1,165
	Ps. 13,769	Ps. 13,292

b) Premium income

	2012	2011
Premiums written	**Ps. 20,592**	Ps. 21,956
Premiums ceded	**(6,279)**	(8,678)
	Ps. 14,313	Ps. 13,278

c) Interest expense

	2012	2011
Premiums on security repurchase agreements (Note 8b)	**Ps. 2,938**	Ps. 2,249
On checking account deposits (Note 20a)	**2,215**	2,018
On promissory notes with interest payable at maturity (Note 20b)	**1,416**	1,811
On time deposits (Note 20b)	**481**	557
Interest on issued debt securities (Note 20c)	**1,913**	1,343
On bank loans (Note 21)	**363**	423
Revaluation of foreign currency positions and UDIs	**204**	314
Interest expense with insurance and bonding companies	**1**	-
	Ps. 9,531	Ps. 8,715

d) Net increase in technical reserves

	2012	2011
Reserve for unearned premiums	**Ps. 1,448**	Ps. 1,838
Reserve for catastrophic risks	**797**	514
Other	**193**	270
	Ps. 2,438	Ps. 2,622

e) Losses, claims and other contractual obligations, net

	2012	2011
Losses and contractual obligations	**Ps. 7,636**	Ps. 7,054
Net claims	**900**	1,071
Social security pensions	**1,159**	878
	Ps. 9,695	Ps. 9,003

33. Commissions and Fees Collected

An analysis of this caption at December 31, 2012 and 2011 is as follows:

	2012	2011
Management of retirement savings system funds (Note 31d)	**Ps. 1,167**	Ps. 1,332
Loan portfolio services	**1,544**	1,584
Intermediation in securities market (Note 31b)	**213**	442
Account handling commissions	**230**	220
Credit card purchases	**278**	288
Other commissions	**799**	719
	Ps. 4,231	Ps. 4,585

34. Intermediation Income (Loss)

An analysis of intermediation income (loss) for the years ended December 31, 2012 and 2011 is as follows:

	2012	2011
Other income from securities trading		
On foreign currency transactions	**Ps. (2,089)**	Ps. 1,614
On securities	**324**	(120)
On derivatives	**2,253**	(2,339)
	488	(845)
Mark-to-market gains and losses		
On foreign currency transactions	**(155)**	(3)
On investments in securities	**4,242**	412
On derivatives	**564**	(1,357)
	4,651	(948)
	Ps. 5,139	Ps. (1,793)

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

	2012	2011
Money market securities	**Ps. 304,922**	Ps. 287,329
Fixed-yield instruments	**95,573**	87,639
Variable-yield instruments	**1,834,513**	1,834,505
Shares of debt instrument mutual funds	**33,649**	32,499
Shares of variable-yield mutual funds	**62,635**	55,916
Securities listed on the International Securities Exchange	**21,784**	25,834
	Ps. 2,353,076	Ps. 2,323,722

b) Proprietary transactions

i) Contingent assets and liabilities

An analysis of the Group's contingent assets and liabilities at December 31, 2012 and 2011 is as follows:

	2012	2011
Group securities delivered for safekeeping		
Variable capital shares	**Ps. 49,493**	Ps. 48,607
Domestic senior notes (CERBUR)	**2,414**	2,506
Mexican Treasury Certificates (CETES)	**7**	-
Promissory notes with interest payable at maturity	**1,350**	1,213
Development bonds	**-**	30
Bonds of foreign companies	**31**	147
Government bonds	**46**	107
	53,341	52,610
Mexican government securities delivered in guarantee		
Mexican government development bonds (Bondes)	**64**	22
	Ps. 53,405	Ps. 52,632

ii) Assets held in trust or under mandate

At December 31, 2012 and 2011, the balances of transactions in which the Group's bank subsidiary acts as a trustee or operates under mandate are as follows:

	2012	2011
Trusts		
Administrative	**Ps. 325,933**	Ps. 317,766
Investment	**83,603**	85,709
Guarantee	**41**	41
Transfer of title	**96**	99
	409,673	403,615
Mandates	**768**	835
	Ps. 410,441	Ps. 404,450

For the years ended December 31, 2012 and 2011, the Group earned Ps. 32 and Ps. 33, 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, 2012 and 2011 is as follows:

	2012		2011	
Securities held for safekeeping (1)	**Ps.**	**360,749**	Ps.	406,508
Securities held in guarantee		**168,127**		524,895
Notes subject to collection		**11,819**		8,953
Other		**1,209**		59
	Ps.	**541,904**	Ps.	940,415

(1) At December 31, 2012 and 2011, 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:

		2012			2011		
Issuer	Series	**Securities**		**Fair value**	Securities		Fair value
AMX	L	**15,161,044,175**	**Ps.**	**225,900**	17,758,440,563	Ps.	280,938
TELMEX	L	**-**		**-**	719,476,615		7,303
TLEVISA	CPO	**1,448,627,858**		**98,869**	1,493,187,473		87,695
AMX	A	**232,817,606**		**3,469**	250,473,346		3,740
GMODELO	C	**15,450,010**		**1,793**	44,150,891		432
GCARSO	A1	**3,020,404**		**189**	-		-
GFINBUR	O	**3,415,920**		**134**	12,105,510		1,071
TS	*	**2,866,558**		**779**	2,578,562		87
GOMO	*	**10,068,500**		**-**	3,298,690		85
SANLUIS	A	**37,188**		**-**	2,775,576		708
SANLUIS	CPO	**52,303**		**-**	10,068,500		-
INCARSOB-1	A	**1,483,486**		**16**	37,188		-
MFRISCOA-1	CPO	**2,943,892**		**160**	52,303		-
		16,881,827,900	**Ps.**	**331,309**	20,296,645,217	Ps.	382,059

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, 2012 and 2011, the balance of qualifying related party transactions is Ps. 469 and Ps. 433, 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, 2012 and 2011 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, 2012 and 2011 is as follows:

Relationship	Transaction	2012	2011
Revenues:			
Affiliates	Interest income	**Ps. 1,297**	Ps. 1,224
Affiliates	Premiums earned under security repurchase agreements	**246**	163
Affiliates	Commissions and fees collected	**144**	271
Affiliates	Commission for the distribution of shares	**229**	218
Affiliates	Trust operations	**17**	17
		Ps. 1,933	Ps. 1,893

Relationship	Transaction	2012	2011
Disbursements:			
Affiliates	Interest expense	**Ps. 43**	Ps. 42
Affiliates	Premiums paid under security repurchase agreements	**1,004**	1,030
Affiliates	Losses on derivatives	**2,082**	159
Affiliates	Personnel services rendered	**1,483**	1,348
Affiliates	Leases	**68**	62
Affiliates	Public offering commissions (Note 20c)	**47**	28
		Ps. 4,727	Ps. 2,669
Changes in capital:			
Direct shareholder/holder	Dividend paid	**Ps. 2,167**	Ps. 2,000

b) 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 2012 and 2011 were Ps. 163 and Ps. 160, respectively. There is no stock-based compensation plan.

d) Balances

An analysis of the Group's principal balances due from/to related parties at December 31, 2012 and 2011 is as follows:

Relationship	Transaction	2012		2011	
Affiliates and associates	Derivative financial instruments (1)	**Ps.**	**5,405**	Ps.	1,683
Affiliates	Loan portfolio		**5,029**		4,215
Affiliates	Lease portfolio		**1,000**		42
Affiliates	Debtors under security repurchase agreements		**1,844**		1,943
Affiliates	Traditional deposits		**1,471**		1,694
Affiliates	Loan commitments (letters of credit)		**3,133**		3,185
Affiliates	Management and safekeeping of securities		**-**		1,048,928
		Ps.	**17,882**	Ps.	1,061,690

(1) At December 31, 2012 and 2011, the Group has entered into forwards and cash-flow swaps with its related parties. At December 31, 2011 and 2012, the Group has respectively contracted 20 and 23 forwards with related parties with total respective notional amounts of Ps. 44,134 and Ps. 49,830, and it has respectively contracted 100 and 106 swaps with related parties with total respective notional amounts of Ps. 46,795 and Ps. 47,478.

37. Risk Management (Unaudited Information)

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

The Bank subsidiary's management has policy and procedures manuals in place for reducing the risks to which the Bank subsidiary 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 subsidiary'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 21, 2013.

a) Environment

As part of its efforts to maintain a robust level of corporate governance, the Bank subsidiary 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 subsidiary identifies, measures, controls, and monitors all of its quantifiable and unquantifiable operating risks.

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

Additionally, the Bank subsidiary 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, 2012, quarterly variances in the Bank subsidiary's financial income are as follows:

Assets	1Q	2Q	3Q	4Q	Annual average
Investments in securities	Ps. 14,332	Ps. 20,756	Ps. 15,953	Ps. 15,370	Ps. 19,581
Quarterly interest	238	482	693	870	571
Loan portfolio	169,875	169,839	170,112	174,724	171,115
Quarterly interest	3,223	6,385	9,668	12,789	8,016
Change in economic value (1)	1,201	827	2,012	4,000	2,010

(1) Operating income after taxes, minus the financing cost, multiplied by core capital

b) Market risk

In order to measure and evaluate the risks assumed in conducting its financial transactions, the Bank subsidiary 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 subsidiary 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, 2012 is as follows

Instrument	Market value	Value at risk (1)	VaR % vs. core capital
Money market	Ps. 7,869	Ps. 58.9	Ps. 0.13
Fixed-yield	10,230	95.9	0.21
Derivatives	(3,047)	391.0	0.87
Variable-yield	5,285	2,107.0	4.67
Total	Ps. 20,337	Ps. 2,033.1	Ps. 4.50

Core capital at September 30, 2012	Ps. 45,152.56	VaR =	Ps. 2,033.1

(1) Daily value at risk with 95% reliability

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

Fecha	VaR
31/01/2012	Ps. 1,157
29/02/2012	589
30/03/2012	656
30/04/2012	478
31/05/2012	3,178
29/06/2012	2,039
31/07/2012	1,136
31/08/2012	2,190
28/09/2012	908
31/10/2012	580
30/11/2012	921
31/12/2012	2,033
Average	Ps. 1,322

The Bank subsidiary 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 subsidiary 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 subsidiary's portfolios are computed, as well as is the Bank subsidiary's value at risk and mark-to-market results.

c) Liquidity risk

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

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

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

	2012		2011	
	Amount	Coefficient	Amount	Coefficient
January	Ps. 805	0.62%	Ps. 300	0.26%
February	2,620	2.02%	1,566	1.39%
March	599	0.45%	221	0.19%
April	596	0.46%	99	0.09%
May	1,266	0.99%	386	0.33%
June	53	0.04%	130	0.11%
July	149	0.11%	60	0.05%
August	1,742	1.28%	1,839	1.48%
September	846	0.64%	1,187	0.97%
October	136	0.10%	231	0.19%
November	2,046	1.56%	2,254	1.75%
December	1,974	1.51%	339	0.26%
Average	Ps. 1,069	0.82%	Ps. 718	0.60%

Derivatives

Regarding the liquidity risk in the Bank subsidiary'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 peso market value	Average rate	Average duration	12/31/12 12/31/12	01/01/13 31/01/13	01/02/13 29/02/13	01/03/13 31/03/13	01/04/13 30/04/13	01/05/13 31/05/13	1/06/13 29/06/13	1/07/2013 Resto	Mexican peso Total
Total assets	Ps. 383,768	4.84	3.24	5,285	31,422	67,970	13,706	1,422	2,499	8,243	324,229	454,776
Total liabilities	363,437	4.17	3.17	-	22,151	64,864	13,564	768	2,412	8,988	313,015	425,762
GAP	Ps. 20,331	-	-	5,285	9,271	3,106	142	654	87	-745	11,214	29,014
ACCUMULATED GAP	-	-	-	-	14,556	17,662	17,804	18,458	18,545	17,800	29,014	

The liquidity model considers the liquidity quality of the Bank subsidiary'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 subsidiary 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 subsidiary'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 subsidiary 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 subsidiary's operating income and/or financial expenses generated by its own interest-bearing debt.

The Bank subsidiary's value at risk and loan portfolio grading by currency at December 31, 2012 is as follows:

	Total	Mexican pesos	U.S. dollars	UDI
Net exposure	Ps. 174,606	Ps. 122,647	Ps. 52,137	Ps. 1
Expected loss in Mexican pesos	Ps. 1,144	Ps. 906	Ps. 238	Ps. -

Expected loss is computed considering the Bank subsidiary'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. 116,875	Ps. 4,753	Ps. 17,281	0.275	14.79%
U.S. dollars	51,633	1,306	7,776	0.168	15.06%
UDIs	1	2	1	1.417	95.15%
	Ps. 168,509	Ps. 6,061	Ps. 25,058	0.242	14.87%

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

Expected loss date	Total
31/01/2012	Ps. 1,007
29/02/2012	994
30/03/2012	1,713
30/04/2012	714
31/05/2012	1,463
29/06/2012	783
31/07/2012	764
31/08/2012	747
28/09/2012	1,078
31/10/2012	1,108
30/11/2012	1,151
31/12/2012	1,144
Average	**1,056**

An analysis of the performing portfolio is as follows:

Item	Amount
Unsecured transactions	Ps. 9,162
Collateral security transactions	541
Bridge loans	133
Leases	193
Other	115,255
Interbank loans	69
Loans to financial entities	24,548
Loans to Federal government	-
Loans to state and municipal governments	15,488
Deconcentrated bodies	2,655
Personal	504
Automobile	3,140
Payroll	1,743
Media and residential	1,293
	174,724
Prepaid interest	16
Unearned finance charges	139
	Ps. 174,570

On a quarterly basis, the loan analysis area updates the information on the Bank subsidiary'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 subsidiary 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 subsidiary 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 subsidiary'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 subsidiary.

For corporate (commercial) loans, the Bank subsidiary 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 subsidiary performs parametric analyses and evaluates the borrowers' credit history based on reports obtained from credit bureaus.

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

The Bank subsidiary 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 subsidiary 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 subsidiary requires borrowers with authorized credit lines of 30 million UDIs or more to deliver information following specific guidelines for the Bank subsidiary 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 subsidiary 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 subsidiary's proper compliance with its risk concentration limits.

- When loan transactions exceed the limits established by the Bank subsidiary 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 CNBV when common risk limits have been exceeded.

- Identification of troubled loan portfolio

The Bank subsidiary 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 subsidiary'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 subsidiary'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 subsidiary'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 subsidiary 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 subsidiary 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 subsidiary's core 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 subsidiary 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 subsidiary'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 subsidiary's hedging derivatives is evaluated monthly. Whenever it is determined that a derivative is no longer a highly effective hedge, the Bank subsidiary prospectively ceases to apply hedge accounting to the derivative.

- **Counterparty obligations**

Derivative contracts entered into outside of recognized markets are documented by means of a standard agreement establishing the following obligations for the Bank subsidiary 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 subsidiary 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 subsidiary must comply with circular 4/2012. 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 subsidiary is also subject to the provisions established by the CNBV 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 subsidiary'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 subsidiary'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 subsidiary's specific policy regarding legal risks is as follows:

1. The Comprehensive Risk Management Unit must provide estimates of the Bank subsidiary's legal risks.

2. The Comprehensive Risk Management Unit must inform the Risk Management Committee of the Bank subsidiary'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 subsidiary's legal area oversees the adequate instrumentation of the Bank subsidiary's agreements and contracts, including the formalization of guarantees so as to avoid vulnerabilities in the Bank subsidiary's transactions.

5. The Bank subsidiary's legal auditor must perform a legal audit on the Bank subsidiary 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 subsidiary's potential legal risk.

Computation of probability of unfavorable rulings

$$L = f_L \times S_l$$

Donde:

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 subsidiary's expected loss from unfavorable rulings at December 31, 2012 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 subsidiary's total net income.

Since the Bank subsidiary 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, 2012, the monthly average of the penalties and charges account for the last 36 months is Ps. 14.

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