

**Holding Monex, S.A.P.I.B. de C.V.
and Subsidiaries**

Consolidated Financial Statements for
the Years Ended December 31, 2010
and 2009, and Independent Auditors'
Report Dated March 25, 2011

Holding Monex, S.A.P.I.B. de C.V. and Subsidiaries

Independent Auditor's Report and Consolidated Financial Statements for 2010 and 2009

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Independent Auditors' Report to the Board of Directors and Stockholders of Holding Monex, S.A.P.I.B. de C.V. and Subsidiaries

We have audited the accompanying consolidated balance sheets of Holding Monex, S.A.P.I.B. de C.V. and Subsidiaries (Holding Monex) as of December 31, 2010 and 2009 and the related consolidated statements of income, changes in stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Holding Monex's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of certain consolidated subsidiaries, which statements reflect total assets and revenues representing 4.3% and 2.9% and 0.002% and 2.5%, respectively, of the related consolidated statements' account balances as of December 31, 2010 and 2009, respectively. Those statements were audited by other auditors and our opinion insofar as it relates to the amounts included for those subsidiaries, is based solely on the report of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in Mexico, which require that we plan and conduct the audit to obtain reasonable assurance that the financial statements are free from material misstatements and that they are prepared in accordance with the accounting criteria established by the National Banking and Securities Commission (the Commission) set forth in the "General Provisions Applicable to Financial Groups, Credit Institutions and Brokerage Houses, Mutual Funds and Companies that provide it services" (the "Provisions"). An audit consists of examining, on a test basis, the evidence supporting the figures and disclosures in the consolidated financial statements. An audit also includes evaluating the accounting criteria used, the significant estimates made by management and the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Notes 1, 2 and 4 to the accompanying consolidated financial statements, describe the operations and the operating regulatory environment that affects Holding Monex. Note 4 to the consolidated financial statements describes the accounting criteria prescribed by the Commission in the Provisions, which are used by Holding Monex to prepare its financial information. Note 2 to the consolidated financial statements establishes the main differences between the accounting criteria prescribed by the Commission and Mexican Financial Reporting Standards, which are commonly used to prepare the financial statements of other non-regulated entities.

As explained in Note 1, through a share purchase sale agreement executed on April 14, 2010, Banco Monex, S.A., Institución de Banca Múltiple, Monex Grupo Financiero (the Institution) indirect subsidiary of Holding Monex acquired all the shares of Tempus Consulting Inc. (Tempus), an entity engaged in the foreign exchange currencies for payments in the international market which operates in the United States. Although the price agreed to by the parties depends on the financial performance of Tempus in 2010 and 2011, the first of three payments was for US \$31.8 million, granted the ownership of 100% of the shares and was made on November 23, 2010. The second and third payments will be made in March 2011 and during 2012, respectively. As of December 31, 2010, the Institution recorded goodwill for \$562 million of Mexican pesos and a liability of \$188 million of Mexican pesos, related to the estimated future second and third payments to the previous stockholders of Tempus.

In our opinion, based on our audits and the report of other auditors as mentioned in the first paragraph, such consolidated financial statements present fairly, in all material respects, the financial position of Holding Monex, S.A.P.I.B. de C.V. as of December 31, 2010 and 2009, and the consolidated results of their operations, changes in their stockholders' equity and their cash flows for the years then ended in conformity with the accounting practices prescribed by the Commission.

This independent auditors' report and the consolidated financial statements have been translated into English for the convenience of readers.

Galaz, Yamazaki, Ruiz Urquiza, S. C.
Member of Deloitte Touche Tohmatsu Limited



CPA Ricardo A. García Chagoyán

March 25, 2011

Consolidated Balance Sheets

As of December 2010 and 2009
(In millions of Mexican pesos)

Assets		2010	2009	Liabilities		2010	2009
Funds available	\$	840	4,934	Deposits:	\$	2,259	2,639
Margin accounts (derivative)		433	147	Demand deposits			
Investment in securities:				Time deposits-			38
Trading securities		9,639	7,329	General public:		555	-
Securities available for sale		368	219	Money market		36	-
Securities held to maturity		-	18	Credit instruments issued		2,850	2,677
		10,007	7,566	Bank and other loans:			
Repurchase agreements		-	-	Demand loans		558	-
Loan securities		1	1	Short-term loans		167	360
		-	-	Long-term loans		4	14
		-	-			729	374
Derivatives:				Creditors under sale and repurchase agreements		7,302	1,709
Trading purposes		118	47	Sold collaterals or granted in guarantee:			
Hedging purposes		22	-	Repurchase and resale agreements		-	3,334
		140	47	Loan securities			38
Current loan portfolio:				Derivatives		79	171
Commercial loans -		1,914	1,418			79	3,543
Commercial or financial activity		326	45	Derivatives:			
Loans to financial institutions		2,240	1,463	Trading purposes		58	76
		-	-	Hedging purposes		5	-
Consumer loans		2,240	1,464	Other payables:		63	76
Total current loan portfolio		-	1	Income taxes payables		37	86
		-	1,464	Employee profit sharing payables		15	16
Past-due loan portfolio:				Creditors from settlement of transactions		6,366	4,345
Commercial loans -		55	34	Sundry creditors and other payables		5,192	3,082
Commercial or financial activity		55	34			11,610	7,529
Total past-due portfolio		-	-	Deferred charges and prepaid income		15	8
		-	-			-	-
Total loan portfolio		2,295	1,498	Total liabilities		22,648	15,916
Allowance for loan losses		(56)	(49)	Stockholders' equity			
Loan portfolio (net)		2,239	1,449	Paid-in capital:			
Other receivables (net)		10,386	3,133	Capital stock		683	402
Property, furniture and fixtures (net)		159	159	Additional paid-in capital		1,506	823
Foreclosed assets (net)		5	-	Earned capital:			1,225
Long-term investments		19	22	Capital reserves		36	36
Deferred taxes (net)		-	28	Retained earnings		374	125
Other assets:				Gain from valuation of securities available for sale, net		232	123
Goodwill		577	15	Cumulative effect from conversion		(19)	-
Deferred charges, advance payments and intangibles		653	541	Gain from valuation of hedge instruments, net		17	-
Other assets		62	48	Net income		727	665
		1,292	604			1,367	949
Total assets		25,521	18,090	Total stockholders' equity		2,873	2,174
		-	-	Total liabilities and stockholders' equity		25,521	18,090

Memorandum accounts

Transactions on behalf of third parts

Customer current accounts:

Customer banks
Customer transaction settlements

2010

\$ 72
3,218
3,290

2009

\$ 141
(185)
(44)

Customer securities-

Customer securities in custody
Securities and notes received as guarantee

4,731
31,953
36,684

38,730
38,730

Transactions on behalf of customers-

Customer repurchase agreements
Customer collateral received in guarantee
Customer collateral delivered in guarantee
Customer loan securities transactions

Transactions of purchase derivatives:

Customer futures and advance contracts (notional amount)

Customer transactions of derivatives sale

Transactions of derivatives sale:

Sale transactions of futures and advance contracts (notional amount)

Customer options

9,153
13,825
21
8,485
26
10,546
252,408
294,464

7,028
1,033
45
38
1,465
3,082
12,691

Total on behalf of third parts

\$ 324,438

\$ 51,377

Transactions on town behalf

Transactions on town behalf:

Contingent assets and liabilities
Loan commitments
Goods in trust or mandate:
Trusts

\$ 189
3,974
7,840
12,003

\$ 1
2,097
4,288
6,386

Collateral received

Collateral received and sold or pledged as guarantee

-
-
-

4,572
3,648
8,220

Uncollected interest earned on past due loan portfolio

-

3

Other record accounts

149
12,152
14,669

Total on town behalf

The accompanying notes are part of these consolidated financial statements.

Holding Monex, S.A.P.I.B. de C.V. and Subsidiaries

Consolidated Statements of Income

For the years ended December 31, 2010 and 2009

(In millions of Mexican pesos)

	2010	2009
Trading and sales gains, net:		
Foreign exchange	\$ 2,285	\$ 2,006
Derivative instruments	237	61
Bonds and securities	61	133
Equity instruments	5	4
Trading and sales gains, net	<u>2,588</u>	<u>2,204</u>
Interest income	662	506
Interest expense	<u>(375)</u>	<u>(327)</u>
Financial margin	<u>287</u>	<u>179</u>
	2,875	2,383
Provision for loan losses	<u>(64)</u>	<u>(24)</u>
Financial margin after provision for loan losses	2,811	2,359
Commission and fee income	869	736
Commission and fee expense	<u>(210)</u>	<u>(123)</u>
Commission net	<u>659</u>	<u>613</u>
Total operating revenues	3,470	2,972
Administrative and promotional expenses	<u>(2,459)</u>	<u>(2,236)</u>
Operating income	1,011	736
Other income	83	193
Other expenses	<u>(58)</u>	<u>(37)</u>
Income before current and deferred income taxes	1,036	892
Current income taxes	(318)	(271)
Deferred income taxes (net)	<u>5</u>	<u>44</u>
	<u>(313)</u>	<u>(227)</u>
Income before equity in results of subsidiaries and associated companies	723	665
Equity in results of subsidiaries and associated companies	<u>4</u>	<u>-</u>
Net income controller	<u>\$ 727</u>	<u>\$ 665</u>

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

Consolidated Statements of Changes in Stockholders' Equity

For the years ended December 31, 2010 and 2009
(In millions of Mexican pesos)

	Capital contributed		Capital earned					Non controlling interest		Total stockholders' equity	
	Capital stock	Additional paid-in capital	Capital reserves	Retained earnings	Gain from valuation of securities available for sale, net	Cumulative effect from conversion	Gain from valuation of hedge instruments, net	Net income			
Balances as of December 31, 2008	\$ 402	\$ 823	\$ 8	\$ -	\$ 136	\$ -	\$ -	\$ 567	\$ 31	\$ 1,967	
Transfer of prior year result	-	-	28	539	-	-	-	(567)	-	-	
Purchase minority interest	-	-	-	-	-	-	-	-	(31)	(31)	
Dividends declared	-	-	-	(450)	-	-	-	-	-	(450)	
Total entries approved by stockholders	-	-	28	89	-	-	-	(567)	(31)	(481)	
Comprehensive income -											
Gain from valuation of securities available for sale, net	-	-	-	-	23	-	-	-	-	23	
Net income	-	-	-	-	-	-	-	665	-	665	
Others	-	-	-	36	(36)	-	-	-	-	-	
Total comprehensive income -	-	-	-	36	(36)	-	-	665	-	688	
Balances as of December 31, 2009	402	823	36	125	123	-	-	665	-	2,174	
Recognition by correction or differed taxes	-	-	-	(12)	-	-	-	-	-	(12)	
Balances as of January 1, 2010	402	823	36	113	123	-	-	665	-	2,162	
Transfer of prior year result	-	-	-	665	-	-	-	(665)	-	-	
Increase in stockholders' equity	306	-	-	-	-	-	-	-	-	306	
Refund of capital stock	(25)	-	-	-	-	-	-	-	-	(25)	
Dividends declared	-	-	-	(419)	-	-	-	-	-	(419)	
Total entries approved by stockholders	281	-	-	246	-	-	-	(665)	-	(138)	
Comprehensive income -											
Gain from valuation of securities available for sale, net	-	-	-	-	109	-	-	-	-	109	
Gain from the valuation of hedge instruments, net	-	-	-	-	-	-	17	-	-	17	
Reclassification of the previous years conversion effect	-	-	-	15	-	(15)	-	-	-	-	
Cumulative effect from conversion of the year	-	-	-	-	-	(4)	-	-	-	(4)	
Net income	-	-	-	-	-	-	-	727	-	727	
Total comprehensive income	-	-	-	15	109	(19)	17	727	-	849	
Balances as of December 31, 2010	683	823	36	374	232	(19)	17	727	-	2,872	

The accompanying notes are part of these consolidated financial statements.

Holding Monex, S.A.P.I.B. de C.V. and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2010 and 2009

(In millions of Mexican pesos)

	2010	2009
Net income:	\$ 727	\$ 665
Allowance for loan losses	64	24
Allowance for bad debts or doubtful accounts	-	11
Depreciation and amortization	53	90
Accrued current and deferred income taxes	313	227
Income from continuing operations before equity in results of unconsolidated subsidiaries and associated companies	(4)	-
Others	4	-
Adjustment for line items that do not require cash flows	1,157	1,017
Operating activities:		
Change of margin account	(286)	(136)
Change of investments in securities	(2,350)	(1,158)
Change of repurchase agreements, net	5,593	-
Change of loan securities, net	-	5
Change of derivatives, net	(89)	574
Change of loan portfolio	(854)	(256)
Change of rights of collection acquired	-	2,338
Change of other operating assets	(4,673)	(23)
Change of traditional deposits	173	1,879
Change of bank and other loans	355	299
Change in creditors under repurchase agreements, net	-	(3,226)
Change in collateral sold or pledged as guarantee	-	3,345
Change of derivatives (liability)	-	(359)
Change of other operating liabilities	(2,459)	(1,977)
Net cash (used in) provided by operating activities	(3,433)	2,322
Investing activities:		
Collection from disposal of property, furniture and equipment	(14)	(58)
Collection from disposal of furniture and equipment	2	-
Payments adjustments and improvements	(116)	-
Proceeds from disposal of subsidiaries and associated companies	(395)	4
Payments for acquisition of property, furniture and equipment	-	(31)
Net cash used in investing activities	(523)	(85)
Financing activities:		
Increased capital stock	306	-
Refund of capital stock	(25)	-
Cash payment of dividends	(419)	(450)
Net cash used by financing activities	(138)	(450)
(decrease) increase in net cash	(4,094)	1,787
Funds available at the beginning of the year	4,934	3,147
Funds available at the end of the year	\$ 840	\$ 4,934

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

Holding Monex, S.A.P.I.B. de C.V. Subsidiaries

Notes to Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

(In millions of Mexican pesos)

1. Activities, regulatory environment and significant events

Holding Monex, S.A.P.I.B. de C.V. (hereinafter "Holding Monex") was established on July 10, 2007. Holding Monex, S.A.P.I.B. de C.V.'s main activities are to promote, establish, acquire and manage any kind of entities in order to be its holding.

The main activity of the subsidiaries is to carry out financial transactions that include the rendering of full-banking services and stock exchange intermediation, as well as the emission, distribution and commercialization of any kind of vouchers, passwords coupons, pay stubs and payment orders, through printed or electronic media.

In 2010, the macroeconomic indicators in Mexico were stable, with inflation at 4.40%, estimated Gross Domestic Product at 4.5%, a 5.48% appreciation of the Mexican peso with respect to the US dollar, a stable unemployment rate and increased investment and domestic consumption.

Significant events in 2010-

- *Incorporation of Monex Negocios Internacionales and Monex USA.*- In conformity with Management's business strategy, Banco Monex S.A., Institución de Banca Múltiple, Monex Grupo Financiero (the Institution), an indirect subsidiary of Holding Monex decided to acquire Tempus Consulting Inc. (Tempus), through the incorporation and capitalization of Monex Negocios Internacionales, S.A. de C.V. (Monex Negocios), which in turn incorporated and contributed capital to Monex USA, Corp. (Monex USA). The contributions were made on November 23, 2010, both for US \$12.85 million. The sole purpose of Monex Negocios is to hold the shares of Monex USA; and the sole purpose of Monex USA is to hold the shares of Tempus.
- *Acquisition of Tempus.*- The Institution acquired through a stock purchase agreement executed on April 14, 2010, all of the shares of Tempus, an entity engaged in the foreign exchange currencies for payments in the international market which operates in the United States. Although the price agreed to by the parties it depends on the financial performance of Tempus during the following years, the first of three payments, of US \$31.8 million, granted the ownership of 100% of the shares and was made on November 23, 2010, the date on which all of the authorizations were obtained from Mexican and foreign regulators and the Institution took control over operations. The first payment was for 31.8 million. The second and third payments depend on the financial performance of Tempus in 2010 and 2011. They will be calculated by applying a factor to earnings before income taxes and will be made in March 2011 and during 2012, respectively.

As of December 31, 2010, the Institution recorded goodwill for \$562 and a liability for \$188, related to the estimated future second and third payments to the previous stockholders of Tempus.

As of November 23, 2010, date on which the acquisition of Tempus was finalized as discussed above, the balance sheet of this entity, translated into Mexican pesos using the FIX exchange rate as of that date of \$12.4664 Mexican peso per US dollar, showed the following balances:

Tempus Consolidated	November 23, 2010
Assets-	
Funds available	\$ 27
Current assets	184
Accounts receivable	10
Other assets	3
Liabilities-	
Current liabilities	(128)
Customer deposits	(65)
Accounts payable	(7)
Deferred rent	(1)
Total net assets	<u>\$ 23</u>

These transactions were authorized by National Banking and Securities Commission (the Commission) in official letter number 210/12847/2010 dated August 31, 2010. Holding Monex also has the respective authorizations of the regulatory authorities of the United States and the United Kingdom, countries in which Tempus and its subsidiary Tempus UK operate.

- *Public Share Offering.* On July 12, 2010, Holding Monex made a public offering through the Mexican Stock Exchange composed by 400,000,000 ordinary, nominative Series "A" and "B" shares representing the fixed and variable capital of Holding Monex.

Accordingly, on May 28, 2010, through public deed No. 33,279, Book 956, Year 2010, Notary Public 83 of the Federal District, Holding Monex adopted the modality of "Securitized Investment Broker". Similarly, on July 9, 2010, this modification was registered by the Commission through Document No. 153/3620/2010.

- *Management Trust No. F/523-* On May 19, 2010, Holding Monex started a stock option plan for its key executives, which was approved by its Stockholders' Meeting of the same date. Consequently, Prestaciones Universales, S.A. de C.V. (Prestaciones) (a subsidiary), an affiliate of Holding Monex, executed Management Trust agreement F/523 with the Institution to grant financing to its executives to enable them to acquire shares representing the common stock of Holding Monex. The plan authorized a total of 5,083,362 Series "B" shares of Holding Monex, which were allocated for acquisition by these executives.

The following corporate breakup and merger transactions were performed during 2009:

- *Corporate breakup of the Brokerage House.* Pursuant to a November 26, 2009 General Ordinary and Extraordinary Stockholders' Meeting resolution, it was approved the corporate breakup of certain assets of Monex Casa de Bolsa, S.A. de C.V., Monex Grupo Financiero (the Brokerage House), whereby two legal entities were spun-off: a) ActiMonex, S.A. de C.V. (ActiMonex) and b) Escin Monex, S.A. de C.V. (EscinMonex). This transaction was authorized by the Commission on October 28/2009, through Resolution Number 310/87120/2009. The assets subject to the spun-off are detailed below:

	ActiMonex	EscinMonex	Total
Spun-off assets-			
Funds available	\$ -	\$ 383	\$ 383
Securities available for sale	215	-	215
Furniture and fixtures	42	-	42
Long-term investment in shares	13	-	13
Deferred charges, advance payments and intangibles	19	-	19
	<u>\$ 289</u>	<u>\$ 383</u>	<u>\$ 672</u>

- *Merger of ActiMonex with the Bank-* Pursuant to a November 26, 2009 General Ordinary and Extraordinary Stockholders' Meeting resolution, it was approved the ActiMonex (absorbed entity) merger with Banco Monex, S.A., Institución de Banca Múltiple, Monex Grupo Financiero (the Institution) (surviving company). The merger was performed with figures as of October 31, 2009, and involved the aforementioned assets and capital.
- *Incorporation of EfectiMonex-* On November 26, 2009, Escin Monex incorporated a new entity denominated EfectiMonex, S.A. de C.V. (EfectiMonex) through a capital contribution of \$383.
- *Merger of EscinMonex and EfectiMonex with the Financial Group-* Pursuant to a November 26, 2009 General Ordinary and Extraordinary Stockholders' Meeting resolution, it was approved the EscinMonex and EfectiMonex (absorbed entities) merger with Monex Grupo Financiero, S.A. de C.V. (the Financial Group) (surviving company). The merger was performed based on figures as of October 31, 2009, and involved the aforementioned assets and capital.
- *Acquisition of Monex Servicios, S.A. de C.V. (formerly Pagos Dimex, S.A. de C.V.) (Monex Servicios).* On December 23, 2009, through the execution of a stock purchase agreement, the Institution acquired 99.99% of the shares of Monex Servicios from Holding Monex for an amount of \$1. The sales price reflected the accounting value of the total capital of Monex Servicios at the transaction date. This transaction was authorized by the Commission with Resolution Number 312-2/82141/2009.
- *Merger of Precard, S.A. de C.V. -* On July 16, 2009, the merger between Precard, S.A. de C.V. (Precard) (absorbed entity) and Prestaciones (surviving company) with figures as of April 30, 2009, was carried out. Given that both companies were under control of Holding Monex, the merger was recorded at the book value of the absorbed entity.

The corporate events previously mentioned did not impact the consolidated financial statements of Holding Monex.

2. Main differences with Mexican Financial Reporting Standards

The consolidated financial statements have been prepared in conformity with the accounting criteria established by the Commission, which, differ from the Mexican Financial Reporting Standards (MFRS, individually referred to as *Normas de Información Financiera* or NIFs) commonly applied in the preparation of financial statements for other kinds of unregulated companies, mainly in the following cases:

- Depending on their nature, sundry debtor amounts that are not collected in 60 days are reserved in the consolidated statements of income, regardless of the likelihood of recovery by Holding Monex, as required under MFRS.

- The accrual of interest earned on credit transactions is suspended when the unpaid balance is considered past due. Insofar as the credit is maintained in the past due portfolio, interest earned is controlled in memorandum accounts. When such past due interest is collected, it is recognized directly in results of the year under the heading "Interest income". MFRS require the recognition of accrued interest and, if applicable, the creation of an allowance for doubtful accounts based on a study of their recoverability.
- Accounting criteria of the Commission allow for certain reclassifications to the category of securities held to maturity, or of trading securities to available for sale of securities, with the prior express authorization of the Commission. However, in accordance with the Financial Reporting Standards Interpretation (INIF) No. 16, *Transfer of Category of Primary Financial Instruments Held for Trading Purposes* these transfers are permitted only in unusual cases and when the financial instruments cease to be traded, have a definite maturity date and the entity has the intention, and the capacity, of holding them to maturity.
- Collateral granted in cash, securities, or other funds available in transactions with derivatives in recognized markets or stock exchanges are presented under a specific balance sheet line item called "Margin Accounts", instead of under the "Derivatives" line item as required by MFRS.
- The contribution or margin accounts (delivered and received) used when derivative financial instruments are negotiated in non-recognized markets are recorded under "Funds Available" and "Sundry creditors and other accounts payable", respectively, instead of under the "Derivatives" line item as required by MFRS.
- Current and deferred employee statutory profit-sharing (PTU) is presented in the income statement under the heading of "Administrative and promotional expenses". In accordance with MFRS, the current and deferred PTU is presented in line item named "Other income and expenses".
- In the consolidated statements of cash flows, the net result is increased by the allowance for loan losses and the allowance for bad debts or doubtful accounts; this is not required by MFRS.
- The accounting criteria of the Commission establishes that in fair value hedges, the adjustment to book changes in fair value of the hedged item is presented under a separate heading in the balance sheet, instead of presenting it together with the primary position hedged, as required by MFRS.
- The definition of related parties in the accounting criteria of the Commission differs from that established by MFRS.

3. Basis of presentation

Explanation for translation into English - The accompanying consolidated financial statements has been translated from Spanish into English for use outside of Mexico. These consolidated financial statements are presented on the basis of accounting criteria prescribed by the Commission. Certain accounting practices applied by Holding Monex may not conform to accounting principles generally accepted in the country of use.

Consolidation of financial statements - The consolidated financial statements include the financial statements of Holding Monex, S.A.P.I.B. de C.V. and those of its subsidiaries in which it holds control. The shareholding percentage in their capital stock is shown below:

	Entity	Participation		Activity
		2010	2009	
1.	Prestaciones Universales, S.A. de C.V. (Prestaciones)	99.99%	99.66%	It is a direct subsidiary of Holding Monex. The main activity of Prestaciones is the emission, distribution and commercialization of any kind of vouchers, passwords coupons, pay stubs and payment orders, through printed or electronic media.
2.	Pagos Intermex, S.A. de C.V. (Intermex)	99.99%	99.99%	It is a direct subsidiary of Holding Monex. Its main activity is to pay remittances in Mexico from Mexicans relatives who reside in the United States of America. Payments are mainly accomplished through branches and correspondents in the country.
3.	AdmiMonex, S.A. de C.V. (AdmiMonex)	99.99%	99.99%	As a direct subsidiary of Holding Monex, the Company is engaged in the promotion, construction, organization, exploitation, acquisition and holding equity in the common stock or net worth of commercial or civil corporations, associations or companies, whether of a commercial, services or other nature.
4.	Monex Grupo Financiero, S.A. de C.V. (Financial Group)	99.99%	99.99%	It is a direct subsidiary of Holding Monex, established on May 23, 2003. It is authorized by the Treasury Department (SHCP) to operate as a financial group under the form and terms established by the Financial Group Law (the Law). Per legal requirements, the Financial Group has unlimited liability for the obligations assumed and losses incurred by each of its subsidiaries.
	4.1 Banco Monex, S.A., Institución de Banca Múltiple, Monex Grupo Financiero (the Institution)	99.99%	99.99%	It is a direct subsidiary of the Financial Group. The Institution is authorized to perform full-service banking transactions including, among others, granting loans, performing securities transactions, receiving deposits, accepting loans, performing currency purchase-sale transactions and executing trust contracts.
	4.1.1 Monex Servicios, S.A. de C.V. (Monex Servicios)	99.99%	99.99%	It provides supplemental and ancillary services to the Institution as per Article 88 of the Law for Credit Institutions. Monex Servicios is currently sub-letting to the Institution the premises and fixed assets of its 61 branches.
	4.1.2 Monex Negocios Internacionales, S.A. de C.V. (Monex Negocios)	99.99%	-	Indirect subsidiary of Holding Monex. Holding company of Monex USA.
	4.1.2.1 Monex USA, Corp. (Monex USA)	100%	-	Indirect subsidiary of Holding Monex. Holding company of Tempus.
	4.1.2.1.1 Tempus Consulting, Inc. (Tempus)	100%	-	Indirect subsidiary of Holding Monex. Entity located in Washington D.C., USA, whose purpose is the purchase sale of currencies. Its customers are mainly located in the United States.
	4.1.2.1 .1.1 Tempus UK, Ltd. (Tempus UK)	100%	-	Indirect subsidiary of Holding Monex. Entity located in Oxford, England, whose purpose is the purchase sale of currencies.
	4.2 Monex Casa de Bolsa, S.A. de C.V., Monex Grupo Financiero (the Brokerage House)	99.99%	99.99%	It is a direct subsidiary of the Financial Group. The Brokerage House acts as a financial intermediary for transactions involving securities and derivative financial instruments authorized under the Stock Market Law (LMV) and the general provisions issued by the Commission.
	4.2.1 Monex Securities, Inc. (Monex Securities)	100%	100%	It is an indirect subsidiary of the Financial Group. Monex Securities acts as a stock market intermediary in the U.S. market.
	4.2.2 Monex Assets Management, Inc. (Monex Assets)	100%	100%	It is an indirect subsidiary of the Financial Group. Monex Assets acts as a stock market intermediary in the U.S. market.
	4.3 Monex Operadora de Fondos, S.A. de C.V., Monex Grupo Financiero, Sociedad Operadora de Sociedades de Inversión (la Operadora)	99.99%	99.99%	It is a direct subsidiary of the Financial Group. Its main activity is to manage mutual funds and to promote its shares.

Significant intercompany balances and transactions have been eliminated.

Permanent investments in entities in which 50% equity is held are consolidated in these financial statements because Holding Monex holds a controlling interest.

As mentioned above, as a result of the acquisition of Tempus, from November 23, 2010, the results of Holding Monex include the results of Tempus and Tempus UK. Also, the consolidation of the Monex Services, results took effect as of October 30, 2009.

Intermediation result - At December 31, 2010 and 2009, Holding Monex presents the "Intermediation result" as the first heading in the consolidated statements of income in order to present its main income, derived from the purchase-sale of currency, at the start of this consolidated financial statement.

Translation of financial statements of foreign subsidiaries - To consolidate financial statements of foreign subsidiaries, the accounting policies of the foreign entity are converted to accounting criteria of the Commission using the currency in which transactions are recorded. The financial statements are subsequently translated to Mexican pesos considering the following methodologies:

- a. *Foreign operations whose functional currency is the same as the currency in which transactions are recorded.* These components translate their financial statements using the following exchange rates: 1) the closing exchange rate in effect at the balance sheet date for assets and liabilities; 2) historical exchange rates for stockholders' equity, and 3) the rate on the date of accrual of revenues, costs and expenses. Translation effects are recorded in stockholders' equity.
- b. *Foreign operations with a functional currency different from the local currency and the reporting currency.* These components translate their financial statements from the currency in which transactions are recorded to the functional currency, using the following exchange rates: 1) the closing exchange rate in effect at the balance sheet date for monetary assets and liabilities; 2) historical exchange rates for non-monetary assets and liabilities and stockholders' equity; and 3) the rate on the date of accrual of revenues, costs and expenses, except those arising from non-monetary items that are translated using the historical exchange rate for the related non-monetary item. Translation effects are recorded under comprehensive financing (cost) income. Subsequently, to translate the financial statements from the functional currency to Mexican pesos, the following exchange rates are used: 1) the closing exchange rate in effect at the balance sheet date for assets and liabilities; 2) historical exchange rates for stockholders' equity, and 3) the rate on the date of accrual of revenues, costs and expenses. Translation effects are recorded in stockholders' equity.

The currency in which transactions are recorded and the functional currency of foreign operations and the exchange rates used in the different translation processes are as follows:

Entity	Recording currency	Functional currency	Exchange rate to translate from recording currency to functional currency	Exchange rate to translate from functional currency to Mexican pesos
Monex Negocios Internacionales, S.A. de C.V.	Mexican pesos	US dollar	12.3496	12.34960
Monex USA, Corp.	US dollar	US dollar	1.0000	12.34960
Tempus Consulting, Inc.	US dollar	US dollar	1.0000	12.34960
Tempus UK, Ltd.	Pound sterling	Pound sterling	1.0000	19.33453
Monex Securities, Inc.	US dollar	US dollar	12.3496	12.34960
Monex Assets Management, Inc.	US dollar	US dollar	12.3496	12.34960

An analysis of the cumulative translation effect ending balance is as follows:

	Amount
Beginning balance	\$ -
Reclassification of beginning balance of conversion effect	(15)
Translation effect for the period	(4)
Ending balance	<u>\$ (19)</u>

Holding Monex's functional currency is the Mexican peso; although Holding Monex has investments in foreign subsidiaries whose functional currencies are other than the Mexican peso, which therefore exposes Holding Monex to a foreign currency translation risk. In addition, Holding Monex has monetary assets and liabilities denominated in foreign currencies, mainly in US dollars and Euros; therefore Holding Monex is also exposed to foreign exchange risks arising from transactions entered into over the normal course of business. (Refer to in Note 31, Comprehensive risk management for further details).

4. Significant accounting policies

The significant accounting policies applied by Holding Monex are in compliance with the accounting criteria established by the Commission in the "General Provisions Applicable to Financial Groups, Credit Institutions and Brokerage Houses, Mutual Funds and Companies that provide it services", in its Rulings and in general and specific official letters issued for such purposes, which require Management to make certain estimates, use certain assumptions to determine the valuation of items included in the consolidated financial statements and make the disclosures required for their presentation. Although the final effect could differ, Management considers that the estimates and assumptions used were adequate under the circumstances.

Based on accounting criteria A-1 of the Commission, the accounting of Holding Monex will be adjusted to MFRS defined by the Mexican Board for the Research and Development of Financial Reporting Standards (CINIF), except when the Commission believes that a specific regulation or accounting treatment should be applied on the basis that the institutions carry out specialized transactions.

Changes in accounting policies -

Changes in MFRS applicable to Holding Monex

On January 1, 2010, the following MFRS became effective:

NIF C-1, Cash and Cash Equivalents - This standard requires presentation of cash and restricted cash equivalents together within the caption "cash and cash equivalents", as opposed to Bulletin C-1, which required restricted cash to be presented separately. This standard also replaces the concept "temporary investments payable on demand" with "readily available investments" and permits their classification as cash equivalents only when they have a maturity within three months from the date of acquisition.

2010 Improvements to MFRS. The principal improvements to MFRS are as follows:

NIF B-1, Accounting Changes and Error Corrections- Disclosures are expanded when the Institution applies a specific new standard.

NIF C-7, Investments in Associated Companies and Other Permanent Investments - Modifies the way in which the effects from increases in the percentage of equity in an associated Institution are determined. Also establishes that the effects determined for increases or decreases in the percentage of equity held in the associated companies should be included in equity in results of associated companies as opposed to non-ordinary items.

NIF C-13, Related Parties - Requires that if the direct parent Institution or the principal holding Institution of the reporting entity do not issue financial statements available for public use, the reporting entity should disclose the name of the closest direct or indirect holding Institution which issues financial statements available for public use.

The significant accounting policies of Holding Monex are as follows:

Recognition of the effects of inflation - Beginning on January 1, 2009, given that Holding Monex operates in a non-inflationary environment, it suspended its recognition of the effects of inflation in the financial statements, however, assets, liabilities and stockholders' equity included the restatements effects recognized through December, 31, 2007.

The balances of assets, liabilities and stockholders' equity include the effects of inflation recognized through December 31, 2007, during which Mexico was considered to be an inflationary environment as was previously defined under MFRS. The effects of inflation are derecognized on the date on which the assets and liabilities or components of stockholders' equity that were adjusted for such effects are derecognized. The consolidated financial statements as of December 31, 2010 and 2009 only include inflation adjustments recognized in previous periods, and which correspond to assets, liabilities and stockholders' equity that have not yet been derecognized.

As established in NIF B-10, *Effects of Inflation*, a non-inflationary environment is defined as one in which the cumulative inflation rate of the three previous years is lower than 26%, and which is projected to maintain stable inflation rates according to the economic projections of government agencies. The cumulative inflation of the three previous years at December 31, 2010 and 2009 is 14.50% and 14.35%, respectively; consequently, the economic environment qualifies as noninflationary in both years. The inflation percentage for 2010 and 2009 was 4.29% and 3.72%, respectively.

Funds available - Funds available are valued at face value; foreign currency funds available are valued at fair value using the year end quotation.

Foreign currency acquired which it is agreed will be settled on a date subsequent to the purchase-sale transaction is recognized as restricted funds available (foreign currency receivable). Foreign currency sold is recorded as a credit to funds available (foreign currency deliverable). The offsetting entry is recorded in a debit or credit settlement account when a sale or purchase is performed, respectively.

For financial information presentation purposes, foreign currency settlement accounts receivable and payable are offset by contract and term and are presented under other accounts receivable (net) or creditors from settlement of transactions, as applicable.

Interbank loans executed for a term of three working days or less, as well as other funds available such as correspondent banks or other liquid notes, are also included in this line item.

Margin accounts - Margin accounts (guarantee deposits) for transactions with derivative financial instruments in recognized markets are recorded at face value.

Guarantee deposits are used to ensure compliance with the obligations related to the derivatives executed in recognized markets and refer to the initial margin, and subsequent contributions and withdrawals made during the term of the respective contracts.

Trading securities - Trading securities represent investments in debt and equity securities, in proprietary position and pledged as guarantee, which are acquired with the intention of selling them to realize gains from resulting from the price differences in the purchase and sale transactions. Upon acquisition, they are initially recorded at fair value (which includes any applicable discounts or premiums). They are subsequently valued at fair value determined by the price supplier hired by Holding Monex in accordance with the Provisions of the Commission. The cost is determined using the average cost method. The difference between the historical cost, debt securities plus accrued interest and of equity securities compared with their fair value is recorded in the consolidated income statements under the item "Net gain on financial assets and liabilities". The effects of valuation will be treated as unrealized and, therefore, cannot be distributed to stockholders until the securities are sold.

Fair value is the amount at which an asset may be exchanged or a liability may be settled by informed, willing and interested parties in an arm's length transaction.

The transaction costs for the acquisition of trading securities are recognized in results on the acquisition date.

Cash dividends of share certificates are recognized in results for the year in the same period in which the right to receive such payment is generated.

The exchange gain or loss on foreign currency-denominated investments in securities is recognized in results for the year.

This heading also records “transactions pending settlement”, which refer to purchase and sale transactions of unsettled, assigned securities. These transactions, are valued and recorded as trading securities, recording the receipt and expense (debit or credit balance) of the securities subject to the transaction against the respective debit or credit settlement account, when the transaction is agreed upon.

The accounting criteria of the Commission allow for certain reclassifications to securities held to maturity or of trading securities to securities available for sale, with the prior express authorization of the Commission.

Securities available for sale - Securities available for sale are debt instruments and shares that are not for purposes of obtaining gains derived from the price differences resulting from purchase and sale transactions and, in the case of debt instruments, those that the entity does not intend or is able to hold to maturity and, therefore, represent a residual category, i.e., they are acquired for purposes other than those of trading securities or securities held to maturity because the entity intends to trade them at some point in the future but before they mature.

Upon acquisition they are initially recorded at fair value plus the acquisition transaction cost (including the discount or markup, as applicable), which is the acquisition cost for Holding Monex. They are subsequently valued at fair value.

Holding Monex determines the increase or decrease in the fair value valuation using restated prices provided by the price supplier, which uses various market factors for their determination. The yield on debt securities is recorded using the imputed interest or effective interest method depending on the nature of the security; such yield is recognized as realized in the consolidated statement of income under “Interest income”. Unrealized gains or losses resulting from the valuation according to the price supplier are recorded in other comprehensive income items under stockholders’ equity, specifically, under the “Result from valuation of securities available for sale” deferred relative tax net, line item, provided such securities were not defined as hedged in a fair value hedging relationship through a derivative financial instrument, in which case they are recognized in results for the year.

Cash dividends of share certificates are recognized in results for the year in the same period in which the right to receive such payment is generated.

The exchange gain or loss on foreign currency-denominated investments in securities is recognized in results for the year.

The accounting criteria of the Commission allow the transfer of securities classified as “held to maturity” to the “securities available for sale” classification provided Holding Monex does not have the intention or the ability to hold them to maturity, as well as reclassifications of trading securities to available for sale, with the prior express authorization of the Commission.

Impairment in the value of a credit instrument - Holding Monex must evaluate whether there is objective evidence that a credit instrument is impaired as of the balance sheet date.

It is considered that a credit instrument is impaired and, therefore, a loss from impairment is incurred if, and only if, there is objective evidence of the impairment as a result of one or more events that took place after the initial recognition of the credit instrument, which had an impact on its estimated future cash flows that can be determined reliably. It is very unlikely that one event can be identified that is the sole cause of the impairment, and it is more feasible that the combined effect of different events might have caused the impairment. The expected losses as a result of future events are not recognized, regardless of how probable they are.

Repurchase agreements - Sale and repurchase agreements are those in which the buying party acquires for a sum of money the ownership of securities and undertakes, in the agreed-upon term and upon a payment of the same price plus a premium, to transfer to the ownership similar securities. Unless otherwise agreed, the premium is for the buying party.

For legal purposes, repurchase transactions are considered as a sale in which an agreement to repurchase the transferred financial assets is executed. Notwithstanding, the economic substance of repurchase transactions is that of guaranteed financing in which the buying party provides cash as financing in exchange for obtaining financial assets that serve as protection in the event of default.

The repurchase transactions are recorded as indicated below:

On the contracting date of the repurchase transaction, when Holding Monex acts as the selling party, the entry of the cash or asset or a debit settlement account is recognized, as well as an account payable at fair value, initially at the price agreed, which represents the obligation to repay such cash to the buying party. The account payable will be valued subsequently during the useful life of the repurchase transaction at fair value, recognizing the interest on the repurchase agreement based on the effective interest method in results of the year.

Regarding collateral, Holding Monex will present financial assets as restricted in the balance sheet and valued according to the above criteria until the maturity of the repurchase agreement.

When Holding Monex acts as the buying party on the contracting date of the repurchase transaction, the withdrawal of funds available or a credit settlement account is recognized, recording an account receivable at its fair value, initially at the price agreed, which represents the right to recover the cash delivered. The account receivable will be valued subsequently during the useful life of the repurchase agreement at fair value, recognizing the interest on the repurchase agreement based on the effective interest method in results of the year.

When the transactions performed are considered as cash-oriented, the transaction is intended to obtain cash financing by using financial assets as collateral for such purpose; by the same token, the buying party obtains a return on its investment at a certain rate, and as it is not seeking a specific value, receives financial assets as collateral to mitigate the exposure to credit risk which it faces in relation to the selling party. In this regard, the selling party pays the buying party the interest on the cash that it received as financing, calculated based on the repurchase agreement rate agreed. Also, the buying party obtains yields on its investment, whose payment is assured through the collateral.

When the transactions performed are considered as securities-oriented, the intention of the buying party is to temporarily accept certain specific securities held by the selling party, by granting cash as collateral, which serves to mitigate the exposure to risk faced by the selling party in relation to the buying party. In this regard, the selling party pays the buying party the interest agreed at the repurchase agreement rate for the implicit financing obtained on the cash that it received, in which such repurchase rate is generally lower than that which would have been agreed in a "cash-oriented" repurchase agreement.

Regardless of the economic intent, the accounting for "cash-oriented" or "securities-oriented" repurchase transactions is the same.

Collateral granted and received other than cash in repurchase transactions - In relation to the collateral granted by the selling party to the buying party (other than cash), the buying party recognizes the collateral received in memorandum accounts, following the valuation guidelines for the securities recognized established in treatment B-9 in the account named "Custody and management of assets". The selling party reclassifies the financial asset in its consolidated balance sheets, and it is presented as restricted, for which purpose the rules for valuation, presentation and disclosure are followed, in accordance with the respective accounting treatment.

When the buying party sells the collateral, the proceeds from the sale are recorded, and an account payable for the obligation to repay the collateral to the selling party (measured initially at the fair value of the collateral) is valued at fair value (any difference between the price received and the fair value of the account payable is recognized in results of the year). For purposes of presentation such account payable is offset by accounts receivable referred to as "Repurchase agreements", which is generated at the time of purchase are reported. The debit or credit balance is shown under the "Repurchase agreements" or "Sold collaterals or pledged as guarantee" as appropriate.

Similarly, if the buying party becomes a selling party due to another repurchase transaction with the same collateral as the initial transaction, the interest on the second repurchase transaction must be recognized in results for the year as earned, using the effective interest method and affecting the account payable valued at amortized cost.

Memorandum accounts recognized for collateral received by the buying party are cancelled when the repurchase transaction matures or when the selling party defaults.

For transactions where the buying party sells or pledges the collateral received (for example, when another repurchase or securities loan transaction is agreed), memorandum accounts are used to control such collateral sold or pledged, which is valued using the standards applicable to custody transactions included in Criterion B-9 "Custody and assets management".

Memorandum accounts which are recognized for collateral received that in turn was sold or pledged by the buying party are cancelled when the collateral sold is purchased to return it to the selling party, or when the second transaction matures or the other party defaults.

Loan securities - A loan securities is a type of transaction in which the transfer of securities is agreed between the lender and the borrower, with the obligation to return such securities or other substantially similar instruments on a given date, or upon request, with a premium received as consideration. In this transaction, collateral or guarantee is requested by the lender from the borrower, other than cash and those permitted under current regulations.

For legal purposes, loan securities are considered as a sale in which an agreement is reached to return the securities matter of the transaction on a specific date. Notwithstanding, the economic substance of securities loans is that the borrower can temporarily access certain types of securities in which the collateral serves to mitigate the exposure to risk of the lender in regard to the borrower.

Loan securities are recorded as indicated below:

At the contracting date of the loan securities, when it acts as the lender, Holding Monex records the securities transferred in connection with the loan as restricted, and applies the applicable rules for valuation, presentation and disclosure in accordance with the respective accounting treatment.

The premium is recorded initially as deferred revenue, recording the debit settlement account or the entry of the cash. The amount of the accrued premium is recognized in results of the year through the effective interest method over the effective term of the transaction.

When it acts as the borrower, at the contracting date of the securities loan, Holding Monex records the security subject to the loan received in memorandum accounts, following the valuation guidelines established for securities recognized included in Criterion B-9, issued by the Commission.

The premium is recorded initially as a deferred charge, recording the credit settlement account or the withdrawal of the cash. The amount of the accrued premium is recognized in results of the year through the effective interest method over the effective term of the transaction.

The security subject matter of the transaction, as well as the collateral delivered, are presented as restricted, based on the type of financial asset in question.

The security subject matter of the transaction, as well as the collateral received, are presented in memorandum accounts under the heading of Collaterals received by Holding Monex.

Derivative instrument transactions (trading purposes) - Holding Monex recognizes all its derivatives (including hedging derivatives) as assets or liabilities (depending on the related rights and/or obligations) in the balance sheet, initially at fair value, which presumably is equal to the price agreed in the transaction.

Transaction costs that are directly attributable to the purchase of the derivative are recognized directly in results.

Subsequently, all derivatives are valued at fair value without deducting any transactions costs incurred during the sale or any other type of disposal, recognizing the valuation effect in results for the period under "Result from intermediation".

The rights and obligations of derivatives that are traded in recognized markets or stock exchanges are considered to have matured when the risk position is closed, i.e., when an opposite derivative with the same characteristics is traded in such market or stock exchange.

The rights and obligations of derivatives that are not traded in recognized markets or stock exchanges are considered to have matured when they reach their maturity date, when the rights are exercised by either party or when the parties exercise the rights early in accordance with the related conditions and the agreed consideration is settled.

For financial information classification purposes, the asset and liability positions of derivatives that have both rights and obligations, such as futures, forwards, or swaps, are offset on a contract by contract basis; if the result is a debit or credit balance, under the asset line or the liability line item "Derivatives", whichever is applicable.

Similarly, Holding Monex presents the derivatives line item (debit or credit balance) in the balance sheet, separating trading from hedging derivatives.

Forward and future contracts for trading:

Forward and future contracts for trading are those that establish an obligation to buy or sell an underlying asset on a future date at a pre-established amount, quality and price on a trading contract. Both forward and futures contracts are recorded by Holding Monex as assets and liabilities in the consolidated balance sheets at the exchange rate established in the related underlying asset purchase-sale contract, to recognize the right and the obligation to receive and/or deliver the underlying asset, and the right and the obligation to receive and/or deliver cash equivalent to the underlying asset subject matter of the contract.

Transaction costs that are directly attributable to the purchase of the derivative are recognized directly in results.

The exchange difference between the exchange rate agreed in the contract and the monthly forward exchange rate, as well as the valuation effects, are recorded in the statement of income under "Result from intermediation".

Futures for trading purposes are recorded at market value and the difference between such value and the agreed price is recorded in the statement of income.

Option contracts:

Options are contracts that, in exchange for a premium, grant the right, but not the obligation, to buy or sell a specified number of underlying instruments at a fixed price within a specified period.

Considering the rights granted, options are divided into buy options (calls) and sell options (puts).

The holder of a put has the right, but not the obligation, to sell a specified number of underlying assets at a fixed price (exercise price) within a specified period.

The holder of a call has the right, but not the obligation, to buy from the issuer a specified number of underlying assets at a fixed price (exercise price) within a specified period.

Options may be exercised at the end of the specified period (European options) or at any time during such period (American options); the exercise price is established in the contract and may be exercised at the holder's discretion. The instrument used to set this price is the reference value or underlying asset. The premium is the price paid by the holder to the issuer in exchange for the rights granted by the option.

Holding Monex records the premium paid for the option on the transaction date as an asset or liability. Any fluctuations from valuation of the premium at market are recognized in the consolidated statements of income under "Intermediation income". When an option matures or is exercised, the premium recognized is cancelled against results for the year, also under "intermediation result".

Recognized options that represent rights are presented, without offsetting, as a debit balance under the asset line item "Derivatives". Recognized options that represent obligations are presented, without offsetting, as a credit balance under the liability line item "Derivatives".

Trading option contracts are recorded in memorandum accounts at their exercise price, multiplied by the number of securities, distinguishing between options traded on the stock market from over-the-counter transactions, in order to control risk exposure.

All valuation gains or losses recognized before the option is exercised or before its expiration, are treated as unrealized and are not capitalized or distributed to stockholders until realized in cash.

Swaps:

A swap contract is an agreement between two parties establishing a bilateral obligation for the exchange of a series of cash flows within a specified period and on dates previously established.

Swaps are initially recognized by Holding Monex in the balance sheet as an asset or liability, at fair value, which presumably is equal to the agreed-upon price.

Holding Monex recognizes both an asset and a liability arising from the rights and obligations of the contractual terms, valued at the present value of the future cash flows to be received or delivered according to the projection of the implicit future rates to be applied, discounting the market interest rate on the valuation date using curves provided by the price vendor, which are reviewed by the market risk area.

Transaction costs that are directly attributable to the purchase of the derivative are recognized directly in results.

Subsequently, all derivatives other than hedging derivatives are valued at fair value without deducting any transaction costs incurred during the sale or any other type of disposal, recognizing the valuation effect in the results of the year.

If the counterparty credit risk of a financial asset related to the rights established in the derivatives is impaired, the book value must be reduced to the estimated recoverable value and the loss is recognized in earnings. If the impairment situation subsequently disappears, the impairment is reversed up to the amount of the previously recognized impaired loss, recognizing this effect in the results of the period in which this occurs.

A swap contract may be settled in kind or in cash, according to the conditions established.

The result of offsetting the asset and liability positions, whether debit or credit, is presented as part of the "Derivatives" line item.

Derivative hedging transactions - Holding Monex's Management carries out derivative transactions for hedging purposes, which involve swap contracts.

The financial assets and liabilities which are designated and comply with the requirements to be designated as hedged items, as well as the derivative financial instruments which form part of the hedge relationship, are recognized in accordance with the Provisions related to hedge accounting for the recognition of the gain or loss on the hedge instrument and of the hedged item, as established in Criterion B-5 *Derivatives and Hedge Transactions* issued by the Commission.

A hedge relationship qualifies for the use of hedge accounting when all the following conditions are met:

- Formal designation and sufficient documentation of the hedge relationship.
- The hedge must be highly effective in achieving the offsetting of the changes in fair value or in the cash flows attributable to the risk hedged.
- For cash flow hedges, it must be highly probable that the forecast transaction that is intended to be hedged will occur.
- The hedge must be reliably measurable.
- The hedge must be evaluated periodically (at least quarterly).

All hedging derivatives are recognized as assets or liabilities (depending on the rights and/or obligations that they contain) in the balance sheet, initially at fair value, which refers to the price agreed for the transaction.

The result of offsetting the asset and liability positions, whether debtor or creditor, is presented independently of the hedged primary position, forming part of the "Derivatives" heading. Accrued interest is included in financial margin in the consolidated statements of income.

Derivative financial instruments contracted for hedging purposes are valued at the market value and the effect is recognized according to the type of accounting hedge, as follows:

- a. Fair value hedge- This represents a hedge of exposure to changes in the fair value of recognized assets and liabilities or of unrecognized firm commitments, or a portion of both, which is attributable to a specific risk and which may affect the result of the period. The primary position for the risk hedged is valued at market and the hedging derivative instrument at market, and the net effect is recorded in results under the heading "Intermediation result".
- b. Cash flow hedge- This represents a hedge of exposure to variations in the cash flows of a forecast transaction which (i) is attributable to a specific risk associated with a recognized asset or liability, or with a highly probable event, and which (ii) may affect the result of the period. The hedging derivative instrument is valued at market. The portion of the gain or loss on the hedging instrument that is effective in the hedge is recorded within the comprehensive income account and the ineffective part is recorded in net income as part of "Intermediation result".

The effective hedge component recognized in stockholders' equity associated with the hedged item is adjusted to equal the lower (in absolute terms) of the accumulated gain or loss of the hedging instrument from the inception of the hedge, and the accumulated change in the present value of expected future cash flows of the hedged item from the inception of the hedge.

Any remaining gain or loss of the hedging instrument is recognized directly in net income.

Holding Monex suspends hedge accounting when the derivative instrument has matured, been sold, is canceled or exercised, when the derivative financial instrument does not attain a high degree of effectiveness to offset changes in the fair value or cash flows of the hedged item, when it is foreseen that the forecast transaction will not occur or when the hedge designation is canceled.

By ceasing to apply fair value hedge accounting on a prospective basis, any adjustment to the book value for the valuation of the hedged item attributable to the hedged risk is amortized in results of the period. The amortization is carried out based on the straight-line method during the remaining life of the hedged item.

By suspending cash flow hedge accounting, the accrued gain or loss related to the effective part of the hedging derivative that was recorded in the stockholders' equity as part of comprehensive income, remains in stockholders' equity until the effects of the forecast transaction or firm commitment affect results. If it is no longer probable that the firm commitment or the forecast transaction will take place, the gain or loss that was recognized in the comprehensive income account is recorded immediately in results. When the hedge of a forecast transaction was prospectively satisfactory and subsequently is not highly effective, the effects accumulated in comprehensive income within the stockholders' equity are proportionally carried to results to the degree that the forecast asset or liability affects results.

Packages of derivatives listed on a recognized market as a single instrument will be recognized and valued collectively (in other words, without disaggregating each derivative financial instrument individually). Packages of derivatives not listed on a recognized market will be recognized and valued on a disaggregated basis for each derivative comprising such packages.

The result of offsetting the asset and liability positions, whether debit or credit, is presented separately from the primary position hedged, as part of the heading of "Derivatives".

Embedded derivatives - An embedded derivative is a component of a hybrid (combined) financial instrument that includes a non-derivative contract (known as the host contract) in which certain cash flows vary in a manner similar to that of an independent derivative. An embedded derivative causes certain cash flows required by the contract (or even all cash flows) to be modified according to changes in a specific interest rate, the price of a financial instrument, an exchange rate, a price or rate index, a credit rating or index, or other variables allowed by applicable laws and regulations, as long as any non-financial variables are not specific to a portion of the contract. A derivative that is attached to a financial instrument but that contractually cannot be transferred independently from that instrument or that has a different counterparty, is not an embedded derivative but a separate financial instrument.

An embedded derivative is separated from the host contract for purposes of valuation and to receive the accounting treatment of a derivative, only if all the following characteristics are fulfilled:

- a. The economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract;
- b. A separate financial instrument that has the same terms of the embedded derivative would comply with the definition of a derivative, and
- c. The hybrid (combined) financial instrument is not valued at fair value with changes recognized in results (for example, a derivative that is not embedded in a financial asset or a financial liability valued at fair value should not be separated).

The effects of the valuation of embedded derivatives are recorded under the same line item in which the host contract is recorded.

A foreign currency embedded derivative in a host contract, which is not a financial instrument, is an integral part of the agreement and therefore closely related to the host contract provided that it is not leveraged, does not contain an optional component and requires payments denominated in:

- The functional currency of one of the substantial parties to the contract;
- The currency in which the price of the related good or service that is acquired or delivered is regularly denominated for commercial transactions around the world;
- A currency which has one or more characteristics of the functional currency for one of the parties.

Foreign currency transactions - Foreign currency transactions are recorded at the exchange rate in effect on the transaction date. Assets and liabilities denominated in foreign currency are adjusted at the year-end exchange rates determined and published by Central Bank.

Revenues and expenses from foreign currency transactions are translated at the exchange rate in effect on the transaction date, except for transactions carried out by the foreign subsidiaries, which are translated at the fix exchange rate at the end of each period.

Foreign exchange fluctuations are recorded in the consolidated statements of income of the year in which they occur.

Past-due loan portfolio - Holding Monex applies the following criteria to classify uncollected loans as past due:

- Loans with a single payment of principal and interest at maturity are considered past due 30 days after the date of maturity.
- Loans with a single payment of principal at maturity and with periodic interest payments are considered past due 90 days after interest is due or 30 days after principal is due.
- Loans whose principal and interest payments have been agreed in periodic installments are considered past due 90 days after they become due.
- Customer checking accounts showing overdrafts will be reported in the past-due portfolio at the date of the overdraft.

Restructured past-due loans will remain classified in the past-due loan portfolio with their respective allowance for loan losses until proof exists of sustained payment; in other words, payment compliance of the borrower without arrears, for the total amount due and payable, in at least three consecutive repayments under the credit payment scheme, as established in the accounting criteria issued by the Commission.

Renewed loans where the debtor does not pay accrued interest on time and at least 25% of the original loan amount, according to contractual terms, will be considered past due until proof exists of payment receipt, as required by the accounting criteria prescribed by the Commission.

Once the portfolio is classified as past due, interest no longer accrues. This includes loans that capitalize interest according to contractual terms.

For accrued but uncollected regular interest on past due loans, Holding Monex creates an allowance for an equal amount when the loan is transferred to the past-due portfolio.

Classification of the loan portfolio and allowance for loan losses - According to the general provisions, the loan portfolio must classify in commercial and consumer loans. As of December 31, 2010 and 2009, Holding Monex has classified its loan portfolio as follows:

- a. Commercial: direct or contingent credits, including bridge loans denominated in Mexican pesos, foreign currency, investment units or times minimum salary, together with any interest generated, which are granted to corporations or individuals with business activities, intended for their commercial or financial activity; discount, rediscount, factoring operations and leasing operations executed with such corporations or individuals; credits granted to trustees who act under the protection of trusts, and the credit schemes commonly known as "structured", in which there is an adjustment to net worth that enables the individual evaluation of the risk related to the scheme. Also, credits granted to the states, municipalities and their decentralized agencies will be included when they can be classified in accordance with applicable regulations.
- b. Consumer loans: direct loans denominated in Mexican or foreign currency, investment units or times minimum salary, together with the interest generated, granted to individuals derived from credit card and personal loan transactions, loans for acquiring durable consumer goods and financial leasing transactions performed with individuals, including loans granted for such purpose to former employees of Holding Monex.

Holding Monex recognizes reserves created to cover credit risks in conformity with such provisions, based on the following:

Commercial portfolio:

- a. Individual method - For borrowers with balances of over 4,000,000 Investment Units (UDIs), entails evaluating:
 - The creditworthiness of the debtor based on the result obtained from rating, as applicable, 1) the likelihood of default of the borrower using the proprietary methodology authorized by the Commission for these purposes, or 2) the application of the standard methodology, specifically and independently rating country risk, financial risk, industry risk, and payment experience aspects, as established in those provisions.
 - A differentiation is made between personal and real collateral, based on an estimate of probable loss. As a result of the analysis of real collateral, loans are classified into two groups, based on the discounted value of collateral: a) loans fully collateralized and b) loans with an exposed portion.
- b. Non-individualized method - For borrowers with balances less than 4,000,000 UDIs:
 - Parametric calculation of the allowance for loan losses based on the debtor's payment history over the last 12 months and its credit behavior.

The commercial portfolio is classified every quarter and filed with the Commission within the 30 days following the classification date. The allowance for loan losses is recorded based on the balance of the accounts on the last day of each month, considering the classification levels of the classified portfolio as of the latest known quarter, which includes the updated risks as of the current month-end.

On May 17, 2010, the Commission issued a Ruling that amends the Provisions, which modifies the commercial credit portfolio classification methodology of credit institutions by allowing credit institutions to reassess the risk inherent to loans that were restructured, renewed or assigned, considering the value of any guarantees associated with them.

The allowance for loan losses to be established by Holding Monex under the individual method equals the amount generated by applying the respective percentage to the collateralized portion and, if applicable, to the unsecured portion of the credit rating, based on the following table:

Risk level	Table of sites within the range of reserves		
	Low	Intermediate	High
A-1	0.50%	0.50%	0.50%
A-2	0.99%	0.99%	0.99%
B-1	1.00%	3.00%	4.99%
B-2	5.00%	7.00%	9.99%
B-3	10.00%	15.00%	19.99%
C-1	20.00%	30.00%	39.99%
C-2	40.00%	50.00%	59.99%
D	60.00%	75.00%	89.99%
E	100.00%	100.00%	100.00%

Consumer loan portfolio:

As of December 31, 2010 and 2009, Holding Monex rates, establishes, and records the allowances for loan losses related to the non-revolving consumer loan portfolio that does not include credit card transactions at the end of each month, as follows:

- I. The total portfolio is stratified based on the number of cases of noncompliance reported in each billing period at the classification date regarding the due or minimum payments established by Holding Monex, based on payment history data from at least 9, 13 or 18 periods prior to that date. When the credit has been offered inside the above – mentioned period, Management uses the information that they have at such date.
- II. The reserves resulting from applying the reserve percentages detailed below and depending on whether billing periods are weekly, biweekly or monthly, to total unpaid loan balances, are created. Nevertheless, Holding Monex does not include uncollected interest recorded in the consolidated balance sheets accrued by loans forming part of the overdue portfolio. Uncollected interest accrued on the overdue portfolio is fully reserved when the respective loans are transferred.

Table applicable to portfolio with monthly payment:

Number of unpaid installments (months)	Probability of noncompliance	Loss severity percentage	Loss reserves percentage
0	0.5%		0.5%
1	10%		10%
2	45%		45%
3	65%		65%
4	75%		75%
5	80%	100%	80%
6	85%		85%
7	90%		90%
8	95%		95%
9 or more	100%		100%

The following table is used to assign the appropriate risk level (based on percentage ranges of allowances for loan losses):

Risk level	Percentage ranges of allowances for loan losses
A	0 to 0.99%
B	1 to 19.99%
C	20 to 59.99%
D	60 to 89.99%
E	90 to 100.00%

Evidence of sustained payment:

Holding Monex maintains loans reporting payment noncompliance and the need for restructuring at the level in effect prior to such restructuring, until it obtains evidence of sustained loan payment under the terms established by the Commission.

Distressed portfolio:

For the purpose of financial statement disclosures, Holding Monex considers commercial loans with C, D and E risk ratings as distressed, without excluding risk rating improvements derived from the loan portion covered by guarantees, as well as loans resulting from negotiations in which debt forgiveness, reductions or rebates are authorized at the end of the agreed period or are payable by individuals or entities classified as undesirable customers.

After completing procedures to recover loans classified as bad debts, the latter are submitted to the Board of Directors for write-off purposes.

Loans considered as bad debts are applied to the allowance for loan losses when their recovery is considered to be practically impossible. Any amounts recovered as regards previously written-off loans are recognized in results of the year.

Other receivables and payable accounts, net - These items primarily represent receivable or payable amounts derived from the purchase-sale of currency in which immediate settlement was not agreed (value date exchange transactions). These transactions are recorded on the day they are agreed and settled within a period of 24 or 48 hours.

Holding Monex has a policy of reserving those accounts receivable identified and not identified within 90 days and 60 days, following the initial recording, respectively.

Property, furniture and fixtures, net - Furniture and fixtures are recorded at acquisition cost. The assets that come from acquisitions up to December 31, 2007, were restated by applying factors derived from the UDIs from the date of acquisition until such date. The related depreciation and amortization are recorded by applying a percentage determined based on their estimated economic useful life.

Property, furniture and fixtures are recorded at their acquisition cost and were restated up December 31, 2007 by applying factors derived from the UDIs up to such date. The related depreciation is recorded by applying a percentage determined based on the estimated economic useful life.

Any real property intended for sale is recorded at its estimated net realizable value by Holding Monex Management based on the lower of market values, net of sales expenses, or its accounting value.

Long-term investments - Long-term investments are represented by the investment in equity of associated companies that are not subject to consolidation with Holding Monex, as well as permanent investments in shares of investment funds that are not subject to consolidation with Holding Monex. The permanent investments of Holding Monex in entities in which it has no control, joint control, or significant influence are initially recorded at acquisition cost and dividends received are recognized in results for the period unless they relate to profits from periods prior to the acquisition, in which case they are decreased from the permanent investment, and were restated up to December 31, 2007, based on a factor derived from the UDI at such yearend. The investments in which significant influence is exercised are valued using the equity method, adding to the book value of the investment the proportional share of profits or losses and the changes in stockholders' equity reported by the companies, based on the latest financial statements available. The investments in which no significant influence is exercised are originally recorded at acquisition cost.

Furthermore, the permanent investments in entities in which significant influence is exercised are initially recognized based on the net fair value of the identifiable assets and liabilities of the entity at the acquisition date. Such value is adjusted after the initial recognition for the respective portion of both comprehensive profits or losses and dividend distribution or equity reimbursements. When the fair value of the consideration paid is greater than the value of the investment in the associated company, the difference refers to goodwill, which is presented as part of the investment. When the fair value of the consideration paid is lower than the value of the investment, the latter is adjusted to the fair value of the consideration paid. If there is evidence of impairment, the investments in associated companies are subjected to impairment tests.

Other assets - Other assets are mainly represented by software, system developments, prepaid payments and installation expenses incurred for the renovation of new corporates office.

Software, system developments and installation expenses are recorded originally at its acquisition cost disbursed according the costs incurred in the development phase.

The amortization of software and system developments is calculated using the straight line method by applying the respective rates to the restated asset based on their estimated economic useful life.

Furthermore, the heading of "Other assets" includes financial instruments of the pension and retirement fund held in a trust administrated by Holding Monex. Those investments in the fund are maintained to cover the obligations for the employee pension plan and seniority premiums.

The investments in securities acquired to cover the pension plan and seniority premium are recorded at market value.

For the purposes of presentation in the consolidated financial statements, if the investment in securities acquired to cover the pension plan and seniority premium exceed the liability recognized, such excess will be presented under the heading of "Other assets". If it is less, such balance will be presented by decreasing the heading of "Sundry creditors and other accounts payable". As of December 31, 2010 and 2009, the balance applicable to Holding Monex is presented by decreasing the heading of "Sundry creditors and other accounts payable".

Goodwill - Goodwill refers to the excess price paid on the fair value of the shares of Tempus as of the acquisition date (November 23, 2010), which is not amortized but is subject to impairment tests at least once a year. As of December 31, 2010, Management is identifying intangible assets on the excess paid over the accounting value. This recognition must be completed within a valuation period that will conclude when Holding Monex has obtained all the information necessary to recognize the acquisition. This period must not exceed one year after the acquisition date. The valuation period is used to identify and assess:

- a) the identifiable assets and assumed liabilities of the acquired business.
- b) the consideration paid or the amount used to determine goodwill.
- c) the goodwill amount generated with the acquisition.

Accordingly, it assesses information and events subsequent to the acquisition to determine whether there are facts or circumstances, and whether they existed at the acquisition date, that warrant an adjustment to the recognized acquisition amounts, which represent a change to the goodwill that was temporarily recognized. Any such adjustments must be recognized retrospectively to the acquisition date.

Impairment of long-lived assets in use - Holding Monex reviews the book value of long-lived assets in use when detecting any sign of impairment that could indicate that this book value might not be recoverable, by considering the higher of the present value of net future cash flows or the net sales price, in the event of its disposal. The impairment is recorded when the book value exceeds the higher of the aforementioned values. The impairment indicators considered for this purpose are, among others, operating losses or negative cash flows generated during the period which, if combined with a history or projection of losses, depreciation and amortizations charged to results as revenue percentages, are significantly higher than those of prior years, the services rendered, competition and other economic and legal factors.

Deposits - This heading is composed by call deposits made by the general public, including money market funds. Interest is recognized in results when accrued.

Bank loans and those from other entities - Direct short and long-term loans received from Mexican and foreign banks are recorded under this heading, together with loans obtained from credit auctions organized by the Central Bank. Interest is recognized in results when accrued.

Provisions - Provisions are recognized when there is a present obligation derived from a past event, which will probably result in the use of economic resources, and can be reasonably estimated.

Direct employee benefits - These are valued in proportion to the services rendered, considering the current wages, and the liability is recognized as it is accrued. It includes mainly employee profit-sharing (PTU) payable and incentives (bonuses).

Labor obligations - In accordance with the Federal Labor Law, Holding Monex has obligations for severance, and seniority premiums payable to employees who cease rendering their services under certain circumstances. Holding Monex's policy is to record the liabilities for severance and seniority premiums, as they are accrued based on actuarial calculations using the projected unit credit method, applying nominal interest rates. Therefore, the liability is being recognized which at present value is estimated will cover the obligation for these benefits at the estimated retirement date of all the employees working in Holding Monex.

Holding Monex amortizes in future periods the actuarial gains and losses for the pension, seniority premium, in accordance with the terms of NIF D-3, *Employee benefits*. In relation to severance payments, the actuarial gains and losses are recognized in results in the year in which they arise.

Contingent liability - This refers to the liability generated for outstanding payments related to the acquisition of Tempus, and was determined by Management of Holding Monex based on specific events or transactions that would occur in the future. Holding Monex recognized the fair value of the contingent consideration as of the acquisition date as part of the consideration transferred in exchange for the acquired business. The contingent consideration is classified as a liability based on how it will be settled; as described in Note 1, it will be paid in 2011 and 2012 based on the results obtained by Tempus.

Share-based payments - As of 2010, Holding Monex established a share-based payment plan for its key officers. Such share-based payments may be settled with equity instruments and are recognized based on the fair value of the granted equity instruments from the granting date and projecting their value to the estimated exercise date, considering the terms and conditions under which they were granted.

Income tax - Income tax (ISR) and the business flat tax (IETU) are recorded in results of the year in which they are incurred. To recognize the deferred tax it will be determined whether, based on financial and tax projections, Holding Monex and Subsidiaries will incur ISR or IETU, and they must recognize the deferred tax applicable to the tax which it essentially pay. Holding Monex determines the deferred tax on the temporary differences, tax losses and tax credits, from the initial recognition of the items and at the end of each period. The deferred tax derived from the temporary differences is recognized by using the assets and liabilities method, which compares the accounting and tax values of the assets and liabilities. This comparison produces temporary differences, both deductible and taxable, are then multiplied by the tax rate at which the items will reverse, together with the recoverable tax asset. As of December 31, 2010 and 2009, Holding Monex has not recognized any advance effect of employee statutory profit-sharing, because it calculates such obligation based on section III of the Federal Labor Law.

The deferred tax is recorded in the consolidated statements of income or in the stockholders' equity; depending on the item originating such deferred tax effect.

Effects of restatement of net worth - This represents contributed and earned capital restated up to December 31, 2007 using the factor derived from the value of the UDI. As of 2008, given that Holding Monex operates in a noninflationary environment, the effects of inflation of the period for contributed and earned capital are not recognized.

Financial margin - The financial margin of Holding Monex is composed of the difference between total interest income less interest expense.

Interest income is composed of the yields generated by the loan portfolio, based on the terms established in the contracts executed with the borrowers, the agreed interest rates, the repayment of interest collected in advance, and the premiums or interest on deposits in financial entities, bank loans, margin accounts, investments in securities, repurchase agreements and securities loans, as well as debt placement premiums, commissions charged on initial loan grants, and net equity instrument dividends.

Interest expense is composed of premiums, discounts and interest on deposits in Holding Monex, bank loans, repurchase agreements and securities loans. The amortization of costs and expenses related to initial loan granting is also included under interest expense.

Both interest income and expense are periodically adjusted based on the market situation and the economic environment.

Loan interest is recognized in the statements of income as it is accrued and is based on the periods established in contracts executed with borrowers and agreed interest rates, which are normally periodically adjusted according to the market and general economic situation.

Recognition of revenues derived from securities transactions and the result of the purchase-sale of securities - The commissions and tariffs generated by transactions performed with customers' securities are recorded when the transaction is agreed. The results derived from the purchase-sale of securities are recorded when each transaction is performed.

The gains or losses resulting from currency purchase-sale transactions are recorded in the statements of income under the "Purchase-sale profit" and "Purchase-sale loss" headings.

Expenses - Expenses are recognized as they accrue.

Comprehensive income - Comprehensive income presented in the accompanying consolidated statements of changes in stockholders' equity is the result of transactions other than those carried out by Holding Monex's stockholders during the period and consists of net income and the effect from the valuation of securities available for sale, the valuation effect of cash flow hedge instruments, and the cumulative effects from conversion.

Statement of cash flows - The consolidated statements of cash flows presents Holding Monex's ability to generate cash and cash equivalents and how it uses such cash flows to cover its needs.

The consolidated statements of cash flows, together with the rest of the consolidated financial statements, provide information that helps to:

- Assess changes in the assets and liabilities of Holding Monex and in its financial structure.
- Assess the amounts and dates of collection and payments to adapt to the circumstances and the opportunities to generate and/or apply cash and cash equivalents.

Memorandum accounts -

- Customers' cash and securities received in custody, guarantee and administration:
- Customers' cash and securities held in custody, guarantee and administration by Holding Monex are recognized at fair value in the respective memoranda accounts, thereby representing the maximum amount for which the Brokerage House is liable as regards its customers derived from any future event.
 - a. Cash is deposited with credit institutions in checking accounts other than those of Holding Monex.
 - b. Securities held in custody and administration are deposited with S.D. Indeval, S.A. de C.V. (S.D. Indeval).

Holding Monex records customer transactions on the date on which they take place, regardless of the settlement date.

– *Contingent assets and liabilities:*

This heading represents considers the amount of the economic sanctions emitted by the Commission or any another administrative or judicial authority for as long as Holding Monex does not comply with the payment obligation of such sanctions or has not interposed some resource of appeal. No such contingencies exist as of December 31, 2010 and 2009.

– *Credit commitments*

This item represents the amounts of unused letters of credit granted by Holding Monex, which are considered irrevocable commercial credit.

Items under this account are subject to qualification.

– *Assets in trust or mandate:*

Different management trusts are kept to independently account for assets received. Mandates include the declared value of the assets subject to mandate contracts entered into by Holding Monex. It includes the lines granted to clients, not willing.

– *Assets in custody or under administration:*

This account includes the activity of third-party assets and securities received in custody or to be managed by Holding Monex.

– *Collateral received:*

The balance is composed of all collateral received in repurchase transactions in which Holding Monex is the buying party.

– *Uncollected interest earned on past due loan portfolio:*

Accrued interest is recognized on the date that the credit balance of the amount due is transferred to the past-due loan portfolio. The interests that are generated by the credits transferred to the past-due loan portfolio are recorded in the memorandum account.

– *Other record accounts:*

This account includes credit amounts by determined level of risk and not qualified, as well as securities and derivative operations.

5. Funds available

As of December 31, 2010 and 2009, funds available were as follows:

	2010	2009
Funds Available		
Cash	\$	\$
Deposits in banks	69	607
Banks loans with maturity less than three days:	1,211	1,549
"Call money" (1)		948
Documents recovered immediately (2)	24	43
Restricted funds available:		
Foreign currency purchase 24 and 48 hours	5,574	4,199
Foreign currency sale 24 and 48 hours	(6,149)	(2,514)
Regulatory monetary deposits (3)	100	100
Others	11	2
Total net	\$ 840	\$ 4,934

- (1) "Call money" transactions represent interbank loan transactions agreed for periods equal to or less than 2 business days; as of December 31, 2009, these transactions are as follows:

	2009	
Mexican pesos		
Days	Rate	Balance
4	4.25%	\$ 948

- (2) This item refers to currency purchase-sale transactions to be settled in 24 or 48 hours and which are considered as restricted until their settlement date. At December 31, 2010 and 2009, balances denominated in foreign currency (in millions of U.S. dollars) and the equivalent amounts in Mexican pesos are composed as follows:

	2010	2009	
Total funds available			
Purchase of foreign exchange receivable in 24 and 48 hours (Mexican pesos)	\$ 5,473	\$ 97	\$ 4 5,574
Sale of foreign exchange receivable in 24 and 48 hours (Mexican pesos)	(5,802)	(333)	(14) (6,149)
Total in funds available (Mexican pesos)	\$ (329)	\$ (236)	\$ (10) (575)

The exchange rate as of December 31, 2010 was \$12.3496 Mexican pesos and \$16.5633 Mexican pesos per the U.S. dollar and Euro, respectively.

	2010	2009	
Total in funds available-			
Purchase of foreign exchange receivable in 24 and 48 hours (Mexican pesos)	\$ 4,100	\$ 72	\$ 27 4,199
Sale of foreign exchange to be settled in 24 and 48 hours (Mexican pesos)	(2,859)	356	(11) (2,514)
Total in funds available (Mexican pesos)	\$ 1,241	\$ 428	\$ 16 1,685

The exchange rate as of December 31, 2009 was \$13.0659 Mexican pesos and \$18.7456 Mexican pesos per the U.S. dollar and Euro, respectively.

- (3) In accordance with the monetary policy established by the Central Bank and in order to regulate its money market liquidity, Holding Monex must maintain monetary regulation deposits for indefinite periods, which accrue interest at the average bank rate. At December 31, 2010 and 2009, these deposits were \$100 in both periods. Interest income from these deposits is payable every 28 days by applying the rate established by the Central Bank's regulations.

6. Margin accounts

As of December 31, 2010 and 2009, the margin account is as follows:

	2010	2009
Collaterals received as guarantee	\$ 468	\$ 119
Valuation of futures	<u>(35)</u>	<u>28</u>
	<u>\$ 433</u>	<u>\$ 147</u>

As of December 31, 2010 and 2009, margin accounts for collateral submitted and/or guarantees on derivative transactions in organized and Over the Counter ("OTC") operations markets are as follows:

Item	Type of collateral	Organized market/OTC	2010	2009
<u>Funds Available</u>				
Scotiabank Inverlat, S.A. de C.V.	Cash	Organized Market	\$ 321	\$ 60
MF Global Inc.	Cash	OTC	100	49
BNP Paribas	Cash	OTC	12	-
Standard Chartered Bank	Cash	OTC	<u>35</u>	<u>10</u>
			<u>\$ 468</u>	<u>\$ 119</u>

7. Investment in securities

Trading securities - As of December 31, 2010 and 2009, trading securities were as follows:

	2010				2009			
	Acquisition	Accrued	(Loss) Gain	Total	Acquisition	Accrued	(Loss) Gain	Total
Debt instruments:								
Government securities								
Treasury bills (CETES)	\$ 44	\$ -	-	\$ 45	\$ -	-	-	\$ 705
Federal Government Development Bonds (BONDES)	1	-	-	1	39	-	-	890
Bonds M, M0 y M7	39	-	-	39	1	-	-	3
UDIBonds	1	-	-	1	394	-	-	220
Saving protection bonds (BPAT'S)	-	5	3	402	-	-	-	1,158
Debt certificates	-	-	-	-	-	-	-	587
Private securities-								
Traded bank certificates	207	7	(19)	195	-	-	-	969
Industry, Commercial and Services shares	5	-	1	6	-	-	-	-
Others	3	-	-	3	-	-	-	-
Private bank issued securities-								
Promissory note with yield payable at maturity (PRLV)	1,023	-	3	1,023	-	-	-	429
Banks bonds	-	-	-	-	-	-	-	1
Traded bank certificates	100	2	(2)	100	-	-	-	2,171
Obligations	-	-	-	-	-	-	-	2
Others	10	-	1	11	-	-	-	-
International Government securities-								
Traded certificates	-	-	-	-	-	-	-	22
Debts bonds (NOTES)	247	-	-	247	-	-	-	-
Eurobonds of private companies (Fix Exchange rate)	158	2	(13)	147	-	-	-	-
Capital market instruments:								
Shares quoted on the exchange	31	-	(3)	28	-	-	-	59
Investments in investment funds	95	-	-	95	-	-	-	111
Value date transactions:								
Government securities -								
Treasury bills (CETES)	-	-	-	-	-	-	-	(1)
Bonds M, M0 y M7	(9)	-	-	(9)	-	-	-	3
Saving protection bonds (BPAT'S)	(17)	-	-	(17)	-	-	-	-
Private bank issued securities -								
Traded bank certificates	(447)	-	-	(447)	-	-	-	-
Obligations	2	-	-	2	-	-	-	-
Capital market instruments-								
Shares quoted on the exchange	(13)	-	-	(13)	-	-	-	-
Investments in investment funds	9	-	-	9	-	-	-	-

	2 0 1 0				2009	
	Acquisition	Accrued	(Loss) Gain	Total	Total	Total
Restricted securities:						
Government securities						
Treasury bills (CETES)	1,018	-	-	1,018	-	-
Federal Government Development Bonds (BONDES)	26	-	-	26	-	-
Bonds M. M0 y M7	103	1	-	104	-	-
Saving protection bonds (BPAT'S)	352	1	-	353	-	-
Private bank issued securities -						
Traded bank certificates	3,545	-	-	3,545	-	-
Promissory note with yield payable at maturity (PRLV)	337	12	(14)	337	-	-
International Government securities -						
Eurobonds of private companies (Fix Exchange rate)	421	-	-	421	-	-
Private securities -						
Traded certificates	1,969	-	-	1,969	-	-
Total trading securities	\$ 9,652	\$ 30	\$ (43)	\$ 9,639	\$ 7,329	\$ 7,329

At December 31, 2010 and 2009, the securities under repurchase agreement are as follows:

	Selling party		2010	2009
Derived from negotiable instruments:				
Government securities-				
Treasury bills (CETES)	\$	783	\$ 520	
Federal Government Development Bonds	-	-	361	
Federal Government Development Bonds denominated in				
UDIS	-	-	219	
Federal Government Securitization Certificates	-	-	156	
Savings Protection Bonds	-	352	501	
Monetary Regulation Bonds	-	-	22	
UMS	-	37	-	
Subtotal		1,172	1,779	
Privates security-				
Certificate private bursatil		4,693	(148)	
Subtotal		4,693	(148)	
Bank notes and securities-				
Promissory note with yield payable at maturity		223	307	
Bursatil certificates		793	(229)	
Subtotal		1,016	78	
Others debt instruments-				
Commercial paper		421	-	
Subtotal		421	-	
Total		\$ 7,302	\$ 1,709	

This position is considered restricted within trading securities.

As of December 2010, positions greater than 5% of the Financial Group net capital in debt securities with a sole issuer (other than government securities) are as follows:

Issuer	Maturity date	% Rate	Restated value
BINBUR	03/01/2011	4.55 %	\$ 2
			\$ 2

Securities available for sale - At December 31, 2010 and 2009, securities available for sales are composed by shares in the Mexican Stock Exchange (BMV). At December 31, 2010 and 2009, the accrued valuation of these securities was recorded under the "Gain from valuation of securities available for sales net" heading under earned capital, for \$230 and \$123, respectively.

	2010	2009
Acquisition	Accrued	(Loss) Gain
44	-	324
368		
219		
368		
219		

Securities held to maturity - As of December 31, 2009 securities held to maturity were as follows

2009
Total
Debt instruments:
Government securities -
Bonds M, M0 y M7
Debt certificates
Private securities -
Traded bank certificates
12
18
Total securities held to maturity

8. Repurchase agreements

As of December 31, 2010 Holding Monex did not maintain a position in repurchase agreements.

As of December 31, 2009, repurchase agreements

When Holding Monex acts as purchaser were as follows:

	2009	Position in liability
Collateral	Cash to receive	
Repurchase with securities buying in repurchase		
Government securities -		
Stock certificates	\$ 653	\$ 651
Saving protection bonds	1,356	1,156
Subtotal	2,009	1,807
Private securities -		
Securitization certificates	862	862
Subtotal	862	862
Bank securities -		
Banking certificates	585	585
Deposit certificates	80	80
Subtotal	665	665
Total	3,536	3,334

As of December 31, 2010 and 2009, net interest collected and paid on sale and repurchase agreements are \$342 and \$88, respectively.

As of December 31, 2010 and 2009, the repurchase transactions performed by Holding Monex, acting as purchaser, were agreed at terms ranging between 3 and 34 days.

When Holding Monex acts as seller:

	<u>2010</u>		<u>2009</u>
	Investment in securities	Cash to delivered	Cash to delivered
From trading securities:			
Government securities -			
Federal Treasury Certificates	\$ 782	\$ 783	\$ 520
Federal Government Development Bonds	93	-	361
Federal Government Development Bonds denominated in UDIS	-	-	219
Federal Government Securitization Certificates	-	-	156
Saving protection bonds	352	352	501
Monetary Regulation Bonds	-	-	22
UMS	<u>37</u>	<u>37</u>	<u>-</u>
Subtotal	1,264	1,172	1,779
Private securities -			
Securitization certificates	<u>4,690</u>	<u>4,693</u>	<u>(148)</u>
Subtotal	4,690	4,693	(148)
Bank notes and securities -			
Promissory note with yield payable at maturity	223	223	307
Traded bank certificates	<u>791</u>	<u>793</u>	<u>(229)</u>
Subtotal	1,014	1,016	78
Others debt instruments-			
Commercial debt certificates	<u>421</u>	<u>421</u>	<u>-</u>
Total	<u>\$ 7,389</u>	<u>\$ 7,302</u>	<u>\$ 1,709</u>

As of December 31, 2010 and 2009, net interest collected and charged on sale and repurchase agreements are \$323 and \$306, respectively.

As of December 31, 2010 and 2009, the repurchase transactions performed by Holding Monex, acting as seller, were agreed at terms ranging between 3 and 16 days.

9. Derivative financial instrument transactions

As of December 31, 2010 and 2009, the position for transactions with financial derivatives is as follows:

Asset position	2010		2009	
	Nominal amount	Asset position	Nominal amount	Asset position
Futures-				
U.S. dollar futures	\$ 3,989	\$ -	\$ 1,207	\$ -
Futures indexes	<u>4</u>	<u>-</u>	<u>-</u>	<u>-</u>
	3,993	-	1,207	-
Forwards-				
Foreign currency forwards	20,216	86	3,102	43
Forwards indexes	-	-	1	-
Forwards shares	<u>457</u>	<u>-</u>	<u>13</u>	<u>-</u>
	20,673	86	3,116	43
Options-				
Foreign currency options	132	3	43	-
Options rates	655	13	603	(10)
Options indexes	<u>251,684</u>	<u>4</u>	<u>(280)</u>	<u>6</u>
	252,471	20	366	(4)
Swaps-				
Interest rate swaps (IRS)	<u>1,078</u>	<u>12</u>	<u>-</u>	<u>-</u>
	1,078	12	-	-
Total trading	278,215	118	4,689	47
Swaps hedge				
Foreign currency swaps	<u>621</u>	<u>22</u>	<u>-</u>	<u>-</u>
Derivatives hedged	<u>621</u>	<u>22</u>	<u>-</u>	<u>-</u>
Total position	<u>\$ 278,836</u>	<u>\$ 140</u>	<u>\$ 4,689</u>	<u>\$ 47</u>
Liability position	2010		2009	
	Nominal amount	Liability Position	Nominal amount	Liability Position
Futures-				
U.S. dollar futures	\$ 701	\$ -	\$ 133	\$ -
Futures indexes	<u>2</u>	<u>-</u>	<u>6</u>	<u>-</u>
	703	-	139	-
Forwards-				
Foreign currency forwards	22,383	32	4,522	60
Forwards shares	<u>2,151</u>	<u>1</u>	<u>1,632</u>	<u>14</u>
	24,534	33	6,154	74
Options-				
Foreign currency options	136	3	214	-
Options rates	672	14	-	-
Options indexes	<u>251,680</u>	<u>4</u>	<u>48</u>	<u>2</u>
	252,488	21	262	2

	2010		2009	
	Nominal amount	Liability Position	Nominal amount	Liability Position
Swaps-				
Interest rate swaps				
(IRS)	1,070	4	-	-
	1,070	4	-	-
Total trading	278,795	58	6,555	76
Swaps hedge-				
Foreign currency				
swaps	604	5	-	-
Derivatives				
hedged	604	5	-	-
Total position	\$ 279,399	\$ 63	\$ 6,555	\$ 76

The valuation effect of the trading derivative instruments is reflected in the statements of income under "Result from intermediation" and as of December 31, 2010 and 2009, the gain (loss) is \$25 and \$(195), respectively.

In conformity with the accounting criteria prescribed by the Commission, the valuation effect of futures is presented under "Margin accounts", together with minimum initial contributions, under the headings "Funds available" and "Margin accounts". As of December 31, 2010 and 2009, the valuation effect of the trading futures is \$(35) and \$28, respectively.

Derivatives and the underlying assets are as follows:

Futures	Forwards	Options	Swaps
DEUA	<i>Fx-USD</i>	TIE-28	IPC
IPC	Fx-EUR	Fx-USD	TIE UDI
	Fx-JPY	Fx-EUR	UDIFSTIE 28M
		ORG MXP IPC	USDLibor3-6M
		OTC MXN IPC	VAN SWAPTIE

The guarantees and/or collateral received and delivered for the derivative financing transactions as of December 31, 2010 and 2009, are comprised as follows:

Item	Type of collateral	<u>Delivered</u> Recognized market/OTC	2010	2009
<u>Funds Available</u>				
Scotiabank Inverlat, S.A. de C.V.	Cash	Organize Market	\$ 321	\$ 60
MF Global Inc.	Cash	OTC	100	49
BNP Paribas	Cash	OTC	12	-
Standard Chartered Bank	Cash	OTC	35	10
			<u>\$ 468</u>	<u>\$ 119</u>

Heading	Type of collateral	Received Recognized Market/ (OTC)	Received	
			2010	2009
Sundry creditors and other accounts payable				
Guarantees received	Securities	OTC	\$ 79	\$ 289
			\$ 79	\$ 289

Holding Monex upon executing transactions with OTC derivatives, Holding Monex agrees to deliver and/or receive collateral, to cover any exposure to market risk and the credit risk of such transactions. Such collateral is contractually agreed to with each of the counterparties.

As of December 31, 2010 and 2009, there are no restricted securities delivered as security for derivative transactions.

Management of derivative financial instrument usage policies

The policies of Holding Monex allow the use of derivatives for hedging and/or trading purposes. The main objectives of these products are covering risks and maximizing profitability

The instruments used are: forwards, futures, options, interest rate swaps, and currency swaps.

The trading markets are listed and OTC markets and the eligible counterparties may be domestic entities that comply with the 31 requirements established by the Central Bank.

The appointment of calculation agents is established in the legal documentation executed with the counterparties. The prices published by price suppliers are used to value derivative instruments in organized markets and are based on the prices generated in derivative markets. OTC derivatives are valued using prices calculated by the derivatives system, using the risk factor information published by the price supplier.

The main terms or conditions of the contracts are based on those of the International Swaps and Derivatives Association, Inc. (ISDA) or the local outline agreement, which is based on the guidelines provided by the ISDA. The specific policies regarding margins, collateral, and lines of credit are detailed in the Derivatives Manual and any changes thereto must be approved by the Risk Committee.

Authorization levels and processes

Per internal regulations, all derivative products or services associated to derivative products traded by Holding Monex are approved by the Risk Committee. Any amendments or additions to the original authorization of products or services must also be approved by the Risk Committee.

In the Risk Committee are present all areas that are involved in the operation of the product or service depending on its nature and which are responsible for accounting, legal instruments, tax treatment, risk assessment, etc.

Independent reviews

Holding Monex is subject to the supervision and oversight of the Commission and Central Bank, which are exercised through follow-up processes, inspection visits, information and documentation requirements and submission of reports. Similarly, internal and external auditors perform periodic reviews.

Generic description of valuation techniques

The financial derivatives are valued at fair value, in accordance with the accounting regulations established in the Provisions issued by the Commission.

1. For trading purposes:

- Organized markets - The valuation is made using the closing price of the respective market and the prices are provided by a price supplier.
- “Over The Counter” markets (OTC) - OTC derivatives executed with customers are valued by the derivatives system using standard methodologies for the various instruments. The information for the valuation is provided by the price supplier.
- OTC derivatives executed with financial intermediaries that are used to hedge those executed with customers are valued by Holding Monex appointed as the calculation agent in the respective ISDA contract.

In every case, Holding Monex values its positions and records the value obtained in conformity with the respective accounting criteria.

2. For hedging purposes:

Derivatives for hedging purposes are valued in conformity with the guidelines and policies established in accounting criteria the Commissions.

3. Reference variables

The most relevant reference variables are exchange rates, interest rates, shares, baskets and share indexes.

4. Valuation frequency

Derivative financial instruments for trading purposes are valued daily; those for hedging purposes are valued monthly.

Management of internal and external liquidity sources that may be used for requirements related to financial instruments.

Resources are obtained through the Treasury.

Changes in the exposure to identified risks, contingencies, and known or expected events of derivative financial instruments.

As of December 31, 2010 and 2009, Holding Monex does not have any situations or contingencies, such as changes in the value of the underlying assets or reference values, which may mean that the use of the derivatives may differ from their original use, significantly modify their scheme or imply a full or partial loss of coverage that may require the Issuer to assume new obligations, commitments, or cash flow variances that affect its liquidity (for margin calls); or contingencies or events that are known or expected by management of Holding Monex, which may affect future reports.

During 2010, the number of past due derivative financial instruments and closed positions was as follows (unaudited):

Net position	U.S. dollar amount (millions)	Mexican pesos
OTC FX fwd	(531)	\$ (6,568)
OTC FX options*	(1)	(13)
Futures FX	263	3,255
CAP TIE	-	17
Options Mexder**	-	7
IPC futures	-	4
Currency Swap MXN /USD (amount in Dollars)	47	581
Currency Swap UDI /TIE (Mexican pesos, both fixed)	-	451
Currency Swap UDI /TIE (Mexican pesos and TIE variable)	-	451
Currency Swap UDI /TIE (UDI fixed and TIE variable)	-	448

* Terms Deltas

** Terms IPC futures

The margin call amount during 2010 and 2009 was that necessary to cover both the contributions in organized markets and those required in collateral agreements.

During 2010 and 2009 none of the parties defaulted.

Impairment of derivative financial instruments -

As of December 31, 2010 and 2009, there is no indication of impairment in credit risk (counterparty) that would require a modification in the book value of the financial assets related to the rights established in the derivative financial instruments.

Transactions with derivative financial instruments for hedging purposes -

As of December 31, 2010, Holding Monex presents swap hedging positions (cross-currency of 42.2 million of dollars), to cover the specific financial liabilities associated to the lease of the building that houses the headquarters and data center of Holding Monex.

Quantitative Information -

Cash flow hedges

During 2010, Holding Monex decided to contract cash flow hedges for the following transactions:

- On February 24, 2010, Holding Monex executed a contract with Metro Net Hosting, S. de R.L. de C.V., for the provision of connectivity, Internet access, security equipment, monitoring, platform execution, information storage and recovery, application management, and database services, among others. This contract is in effect for five years, which are automatically extended for consecutive one-year periods, as of June of that year, with monthly payments in U.S. dollars. Holding Monex contracted an exchange hedging transaction through a derivative transaction to minimize the exchange risk of this long-term commitment, which is recognized as an accounting hedge in the financial statements.

Similarly, in April 2010, Holding Monex executed a lease agreement with benhalf for a term of 125 months regarding the real property located at Reforma 284 in Mexico City. The lease is in U.S. dollars and is payable monthly. To protect itself from the exchange risk of this long-term contract, Holding Monex contracted an exchange hedge through a derivative transaction that is recognized as an accounting hedge in the financial statements.

As of December 31, 2010, the positions in derivatives for the hedging of embedded implicit derivatives or U.S. dollar-denominated liabilities are as follows (millions of U.S. dollars):

Instrument	Nominal amount		Hedged instrument
Swap CCS	29.48	USD	Lease Holding office (payment in U.S. dollar per month)
Swap CCS	12.73	USD	Data Center Services (payment in U.S. dollar per month)

As of December 31, 2010, Holding Monex has a balance of \$17 under the "Gain from valuation of cash flow instruments" line item, which refers to the remnant of the accumulated profit of the effective portion of the hedge derivative recognized in stockholders' equity as part of comprehensive income.

Management of Holding Monex believes that the derivative financial instruments for both fair value and cash flow hedging purposes discussed above fairly hedge profits and the financial margin from activity in the market variables such as interest rate and exchange rate for the hedged amounts.

Formal hedge documentation -

Once cash flow and fair value hedges are structured, Holding Monex prepares an individual file for each containing the following documentation:

- The strategy and objective of the entity's risk management, as well as the justification to carry out the hedging operation.
- The specific risk or risks to be hedged.
- Hedge structure identifying the derivative financial instruments contracted for hedging purposes and the item generating the hedged risk.
- Definition of the elements composing the hedge, its objective and a reference to the effectiveness valuation method.
- Contracts for the hedged item and hedging instrument, as well as confirmation from the counterparty.
- Periodic hedge effectiveness tests at the prospective level regarding its estimated future evolution and at the retrospective level, concerning its past behavior. These tests are applied at least at the end of each quarter, according to the valuation method defined when creating the hedge files.

Sensitivity analysis -

Identification of risks- The sensitivity of derivative financial instruments is calculated in accordance with the market value variance according to certain variances in the base scenario. Based on the variances, there are different sensitivities, as follows:

The risk factors that may generate losses on transactions with derivative financial instruments due to changes in market conditions are interest rate, exchange rate, and changes in share indexes. A sensitivity analysis shows that the consumption in these risks is not relevant.

The sensitivity is assessed using the effect of variances in risk factors on the market value of the positions in effect at a certain date; such position considers the derivatives with customers and the hedging transactions in spot markets and with OTC derivatives with financial intermediaries, i.e., the net position in terms of delta. The following chart shows the total sensitivity consumption as of December 31, 2010 (unaudited):

Sensitivity analysis	Sensitivity (all factors)
Stage one (FX and IPC, 1%)	0.234
Stage two (FX and IPC, 2%)	0.466

Stress Test-

- **Scenario one:** In this scenario, the risk factors move as follows:
 - The FX risk factors are multiplied by 1.10, i.e., they change 10%.
 - The EQ risk factors are multiplied by 1.20, i.e., they change 20%.
- **Scenario two:** In this scenario, the risk factors move as follows:
 - The FX risk factors are multiplied by 1.20, i.e., they change 20%
 - The EQ risk factors are multiplied by 1.4, i.e., they change 40%

The results for these scenarios are as follows and show the impact on results if they occurred (unaudited):

Risk profile	Stress test (all factors)
Scenario one	\$ <u>3.0</u>
Scenario two	\$ <u>6.7</u>

10. Loan portfolio

As of December 31, 2010 and 2009, the current loan portfolio and past-due loan portfolio granted by type of currency are as follows:

	2010	
	Current	Past-due
Mexican pesos:		
Commercial with guarantee	\$ 1,495	\$ -
Loans to financial institutions	166	-
Valued in U.S. dollars:		
Commercial with guarantee	523	40
Loans to financial institutions	<u>56</u>	<u>15</u>
	\$ <u>2,240</u>	\$ <u>55</u>

		2009	
		Current	Past-due
Mexican pesos:			
Commercial with guarantee	\$	871	\$ 8
Loans to financial institutions		45	-
Valued in U.S. dollars:			
Commercial with guarantee		<u>548</u>	<u>26</u>
Total	\$	<u>1,464</u>	<u>34</u>

Holding Monex offers grants loans by the U.S. Ex-Im Bank, as follows:

Definition of Ex-Im Bank - "*The Export-Import Bank of the United States*", is the US export loan agency. Its mission is to provide financing for the export of U.S. goods and services to international markets.

- a) For long-term loans it receives 100% of the Ex-Im Bank guarantee, which is documented in an outline agreement.
- b) For short-term loans with revolving lines of credit guaranteed with loan insurance policies issued by the Ex-Im Bank to Holding Monex, the policies cover between 90 and 98% of the loan amount.

In the event of default of a loan guaranteed or insured by the Ex-Im Bank, Holding Monex will claim the settlement and subrogate the respective rights to such bank, which will continue with the collection arrangements.

Holding Monex has also signed a contract for the sale and participation of the loans guaranteed by the U.S. Ex-Im Bank with PEFCO (Private Export Funding Corporation). The participation / sale of loans under this contract has decreased substantially during the last two years, with a related portfolio balance at the 2010 yearend of approximately U.S. \$2 million of U.S. dollars.

At December 31, 2010 and 2009, the portfolio with third party equity administered by Holding Monex and balances denominated in foreign currency and without third party equity are as follows:

		2 0 1 0		
		Original	Sold	Own
Short-term	\$	128	\$ 22	\$ 106
Long-term		<u>16</u>	<u>-</u>	<u>-</u>
	\$	<u>144</u>	<u>22</u>	<u>106</u>
		2 0 0 9		
		Original	Sold	Own
Short-term	\$	138	\$ 83	\$ 55
Long-term		<u>-</u>	<u>-</u>	<u>-</u>
	\$	<u>138</u>	<u>83</u>	<u>55</u>

Risk diversification -

According to the general provisions applicable to credit institutions regarding the diversification of risks derived from the performance of active and passive transactions, at December 31, 2010 and 2009, Holding Monex has the following credit risk transactions:

- Financing granted to debtors or groups of individuals or entities representing a joint risk, the individual amount of which exceeds 10% of Holding Monex's basic capital (of the month immediately preceding the reporting date) as of December 31, 2010 and 2009 is composed by 3 group that represent the total amount of \$776 and \$389 which is equal to 57.80% and 20%, respectively, of Holding Monex's basic capital.
- Loans granted to the three main debtors or groups of individuals representing a joint risk for the aggregate amount of \$776 and \$389 represent 20 % of Holding Monex's basic capital as of December 31, 2010 and 2009, respectively.

Loans to related parties - As of December 31, 2010, the loan amounts which were approved by the Board of Directors to related parties per Article 73 of the Law on Credit Institutions is \$476. As of December 31, 2009, there were no loans with related parties.

Policy and methods used to identify distressed commercial loans - Commercial loans are identified as distressed in regard to the individual portfolio rating, by considering quantitative elements when they are unsatisfactory and there are significant weaknesses in cash flow, liquidity, leverage, and/or profitability that may jeopardize the client's ability to continue as a going concern or when it has stopped operating. In general, they refer to borrowers whose portfolio rating is "D" or "E".

Policy and procedures to identify credit risk concentration - Concentration risk is an essential element of risk management. Holding Monex continuously monitors the degree of concentration of credit risk portfolios by economic group.

Credit lines unused by customers - As of December 31, 2010 and 2009, unused credit lines authorized to customers for \$3,475 and \$2,097, respectively.

As of December 31, 2010, aging of past due portfolio is as follows:

	2010	2009
From 1 to 179 days	\$ 22	\$ -
From 180 to 365 days	30	34
Over 365	3	-
	<u>\$ 55</u>	<u>\$ 34</u>

11. Allowance for loan losses

As of December 31, 2010 and 2009, the allowance for loan losses was \$56 and \$49, respectively, and had been assigned as follows:

2010	Current portfolio	Past-due Portfolio	Assigned Allowance
Commercial with guarantee	\$ 2,018	\$ 55	\$ (56)
Loans to financial institutions	<u>222</u>	<u>-</u>	<u>-</u>
Total portfolio	<u>\$ 2,240</u>	<u>\$ 55</u>	<u>\$ (56)</u>

2009	Current portfolio	Past-due Portfolio	Assigned Allowance
Commercial with guarantee	\$ 1,419	\$ 34	\$ (49)
Loans to financial institutions	<u>45</u>	<u>-</u>	<u>-</u>
Total portfolio	<u>\$ 1,464</u>	<u>\$ 34</u>	<u>\$ (49)</u>

As of December 31, 2010 and 2009, Holding Monex maintained an allowance for loan losses equivalent to 102% and 144%, of the past-due portfolio, respectively.

The allowance for loan losses resulting from the loan portfolio classification with responsibilities as of December 31, 2010 and 2009, reported by Holding Monex, is as follows:

Degree of risk	2010		2009	
	Classification of the portfolio by degree of risk	Amount of allowance recorded	Classification of the portfolio by degree of risk	Amount of allowance recorded
A-1	\$ 2,256	\$ 10	\$ 1,238	\$ 6
A-2	432	3	-	-
B-1	19	-	39	1
B-2	203	11	185	9
B-3	100	3	172	9
C-1	-	-	19	2
C-2	14	1	16	2
D	10	1	10	3
E	<u>47</u>	<u>27</u>	<u>17</u>	<u>17</u>
Base classification portfolio	<u>\$ 3,081</u>	<u>\$ 56</u>	<u>\$ 1,696</u>	<u>\$ 49</u>
Less - Letter of credit	<u>(786)</u>		<u>(198)</u>	
Loan portfolio, net	<u>\$ 2,295</u>		<u>\$ 1,498</u>	

The portfolio classified with "D" and "E" risk is identified as a distressed portfolio.

Below is the activity of the allowances for loan losses for the years ended December 31, 2010 and 2009:

	2010	2009
Opening balances	\$ 49	\$ 42
Provisions (applications) with a charge (credit) to:		
Results	64	24
Exchange result	(2)	(2)
Applications	<u>(55)</u>	<u>(15)</u>
Closing balances	<u>\$ 56</u>	<u>\$ 49</u>

12. Other receivables, net

As of December 31, 2010 and 2009, the other receivables, are as follows:

	2010	2009
Debtors due to liquidation of operations	\$ 6,147	\$ 2,777
Debtors by foreign exchange transactions	1,337	42
Recoverable taxes	43	129
Commissions and fees receivable	-	11
Debtors of operation	16	16
Intercompany administrative services	16	-
Employee loans and other debits	11	36
Vouchers debtors	2,765	120
Others debtors	<u>122</u>	<u>69</u>
	10,456	3,200
Allowance for doubtful accounts	<u>(71)</u>	<u>(67)</u>
Total	<u>\$ 10,386</u>	<u>\$ 3,133</u>

13. Property, furniture and fixtures, net

As of December 31, 2010 and 2009, property, furniture and fixtures were as follows:

	2010	2009
Field	\$ 7	\$ 18
Buildings	3	43
Office furniture and equipment	107	80
Communications equipment	14	10
Computers	189	184
Vehicles	33	40
Property, furniture and fixtures available for sale	<u>39</u>	<u>-</u>
	392	375
Less-		
Accumulated depreciation and amortization	<u>(233)</u>	<u>(216)</u>
Total property, furniture and fixtures (net)	<u>\$ 159</u>	<u>\$ 159</u>

The annual depreciation and amortization rates were as follows:

	Percentage
Property	5%
Office furniture and equipment	10 %
Computers	30 %
Vehicles	25 %

During the first quarter of 2010, Holding Monex moved its corporate offices to a leased building, subsequently determining the net realizable value of its own real property based on a third-party appraisal which exceeds the accounting value of the latter; accordingly, an impairment reserve was not recognized.

For the years ended at December 31, 2010 and 2009, an expense of \$39 and \$55, respectively, was recorded.

14. Other assets

As of December 31, 2010 and 2009, goodwill and other assets were as follows:

	2010	2009
Good will	\$ 577	\$ 15
Deferred charges, advance payments and intangibles:		
Advance payments	1	110
Brands and patents	156	156
Investments projects	1	16
Contracts of agencies, correspondents, and non-compete	137	137
Software	127	98
Adjustments and improvements	129	-
Goods in custody or under administration	102	-
Other deferred charges	128	120
	781	637
Less - Accumulated amortization	(128)	(96)
	653	541
Other assets:		
Operating deposit	62	44
Interest on contingency fund	-	4
	\$ 1,292	\$ 604

Goodwill on the acquisition of Tempus. As mentioned in Note 1 above, under "Significant events in 2010".

Acquisition of Tempus.- The Institution acquired through a stock purchase agreement executed on April 14, 2010, all of the shares of Tempus, an entity engaged in the purchase and sale of foreign currencies for payments in the international market which operates in the United States. Although the price agreed upon by the parties depends on the financial performance of Tempus in 2010 and 2011, the first of three payments, of US \$31.8 million, granted the ownership of 100% of the shares and was made on November 23, 2010, the date on which all of the authorizations were obtained from Mexican and foreign regulators and the Institution took control over operations. The first payment was for US \$31.8 million (equal to \$396). The second and third payments depend on the financial performance of Tempus in 2010 and 2011. They will be calculated by applying a factor to earnings before income taxes and will be made in March 2011 and during 2012, respectively. As of December 31, 2010, the Institution recorded goodwill for \$562 and a liability for \$188, related to the estimated future second and third payments to the previous stockholders of Tempus.

On December 4, 2009, the Institution executed a lease contract with Monex Servicios to incorporate 61 establishments which, as of that date, began to operate as bank branches. The monthly rental amount of these 61 branches is \$2.

During 2009, the goodwill generated by the acquisition of Prestaciones was \$102.

At December 31, 2010 and 2009, Holding Monex's management determined that there was no indication of the impairment of long-lived assets in use (trademarks, contracts with correspondents, agencies and no-competition) which could affect the book value of these assets.

At December 31, 2010 and 2009, intangible assets are applied based on the useful life determined by Holding Monex's management.

In April 2010, Holding Monex executed a lease agreement with Holding Monex, S.A. de C.V. (Holding Monex) for a term of 125 months regarding the real property located at Reforma 284 in Mexico City. The lease is in U.S. dollars and is payable monthly. As December 31, 2010, costs incurred for the adaptation and installation of the property amounted to \$ 116, which are part of the concept of "improvements and adjustments".

Management Trust No. F/523 - On May 19, 2010, Holding Monex started a stock option plan for its key executives, which was approved by its Stockholders' Meeting of the same date. Consequently, Prestaciones Universales, S.A. de C.V. (Prestaciones) (Subsidiary), an affiliate of Holding Monex, executed Management Trust agreement F/523 with the Bank to grant financing to its executives to enable them to acquire shares representing the common stock of Holding Monex. The plan authorized a total of 5,083,362 Series "B" shares of Holding Monex, which were allocated for acquisition by these executives.

15. Foreign currency position

As of December 31, 2010 and 2009, foreign currency assets and liabilities of Holding Monex were as follows:

	Millions of US Dollars		Millions of Euros		Millions of other foreign currency (expressed in Millions of U.S. dollars)	
	2010	2009	2010	2009	2010	2009
	USD	USD	€	€	USD	USD
Funds available	44	33	5	11	1	4
Investment in securities	69	2	-	-	-	-
Derivative (asset)	2,071	369	12	5	4	-
Other assets	69	407	-	5	-	1
Bank and other loans	(108)	(1)	-	-	-	-
Derivative (liability)	(2,016)	(383)	(11)	(5)	(4)	(1)
Sundry creditors and other payables	(115)	(237)	(7)	(4)	(3)	(1)
Other liabilities	-	(188)	-	(11)	-	(2)
Asset (liability) position	USD 14	USD 2	€ (1)	€ 1	USD (2)	USD 1
Mexican peso equivalent	\$ 173	\$ 26	\$ (17)	\$ 19	\$ (25)	\$ 13

As of December 31, 2010 and 2009, the "Fix" (48-hour) exchange rate used was \$12.3496 and \$13.0659 per U.S. dollar, respectively.

As of December 31, 2010 and 2009, the "Euro" exchange rate used was \$16.5633 and \$18.7457 per Euro, respectively.

The Central Bank sets the ceilings for foreign currency liabilities and the liquidity ratio that Holding Monex obtains directly or through its foreign agencies, branches or affiliates, which must be determined daily for such liabilities to enable Holding Monex to structure their contingency plans and promote longer term funding within a reasonable time frame.

Holding Monex performs a large number of foreign currency transactions mainly in U.S. dollar, Euro, Swiss franc, British pound, Canadian dollar, Japanese yen and others currency. Given that the parities of other currencies against the Mexican peso are linked to the U.S. dollar, the overall foreign currency position is consolidated into U.S. dollars at each month-end closing.

16. Deposits

As of December 31, 2010 and 2009, deposits were as follows:

	2010	2009
Demand deposits		
Money market:	\$ 2,259	\$ 2,639
Deposit certificates	155	-
Credit instruments issued (bonds)	36	-
Promissory notes with interest payable at maturity (IBMONE)(1)	400	39
Total deposits	<u>\$ 2,850</u>	<u>\$ 2,677</u>

(1) Short-term maturities which generated interest at an average 4.8 % and 1% rate, in 2010 and 2009, respectively.

17. Bank and other loans

As of December 31, 2010 and 2009, bank loans were as follows:

	Mexican pesos	2010	Foreign currency	Rate	Total	2009
Demand deposits-						
"Call Money" received	\$ 276		\$ 282	4.50%	\$ 558	\$ -
Total demand deposits	276		282		558	-
Short term-						
Scotia Bank, Canada	-		37	LIBOR+1.17	37	-
DXE Banco, S.A.	-		-	-	-	131
Banco Santander, S.A.	-		-	-	-	200
Productive Chains	130		-	6.51%	130	29
Total short-term loans	406		319		725	29
Long term-						
Interamerican Corporation of Investments	-		4	LIBOR+2	4	10
CO Bank	-		-	-	-	4
Total long-terms loans	-		4		4	14
Total bank loans and other loans	<u>\$ 406</u>		<u>\$ 323</u>		<u>\$ 729</u>	<u>\$ 374</u>

Loans with foreign banks (not including accrued interest) - As of December 31, 2010, the transactions with foreign institutions accrue interest at rates 2.45%.

Loans with development bank institutions - Loans are granted by Banco de Comercio Exterior (BANCOMEXT), Nacional Financiera, S.N.C. (NAFIN) and Fideicomiso of Central Bank through agricultural trusts (FIRA), which represent a direct obligation for Holding Monex with these entities. Accordingly, Holding Monex grants loans in Mexican pesos and U.S. dollars to their customers for financial support.

Lines of credit for discounts and loans, granted in Mexican pesos and US dollars by the development funds mentioned above, operate under the authorizations of the internal risk units of Holding Monex. The financial conditions are set under fixed and variable rate programs, both in U.S. dollars and Mexican pesos, and the term is based on the specific program or transaction determined for each project.

18. Comparative maturities of principal assets and liabilities

The maturities of the significant assets and liabilities held as of December 31, 2010 were as follows:

Assets	From 6 months to 1 year		From 1 to 5 years		Over 5 years		Total
	6 months	year	From 1 to 5 years		Over 5 years		
Funds available	\$ 740	\$ -	\$ -		\$ 100		\$ 840
Margin accounts	433	-	-		-		433
Trading securities	9,639	-	-		-		9,639
Available for sale securities	-	-	-		368		368
Securities loans	1	-	-		-		1
Derivatives (asset position)	94	12	22		12		140
Current loan portfolio	2,240	-	-		-		2,240
Other receivables (net)	10,386	-	-		-		10,386
Total assets	23,533	12	22		480		24,047
Liabilities							
Demand deposits	2,259	-	-		-		2,259
Deposits term	591	-	-		-		591
Interbank and other loans	729	-	-		-		729
Resale agreements	7,302	-	-		-		7,302
Collaterals received or delivered in guarantee	79	-	-		-		79
Derivatives (liability position)	42	11	8		2		63
Sundry creditors and other payables	5,102	-	-		90		5,192
Total liabilities	16,104	11	8		92		16,215
Assets less liabilities	\$ 7,429	\$ 1	\$ 14		\$ 390		\$ 7,834

- (1) The heading of Funds available includes Monetary Regulation Deposits with Central Bank. Such deposits as of December 31, 2010 and 2009 are \$100, and cannot be disposed of freely.

19. Labor benefits

Under Mexican Labor Law, Holding Monex is liable for pensions, severance payments and seniority premiums to employees terminated under certain circumstances.

Each year, Holding Monex records the net periodic cost to create an obligation from seniority premiums and pensions and severance payments as it accrues based on actuarial calculations prepared by independent actuaries, which are based on the projected unit credit method and the parameters established by the Commission. Therefore, the liability is being accrued which at present value will cover the obligation from benefits projected to the estimated retirement date of Holding Monex employees.

As of December 31, 2010 and 2009, Holding Monex amortizes variances based on the seniority premiums plan, based on the average remaining years of service of Holding Monex employees.

As of December 31, 2010 and 2009, balances and activity reflected in employee benefits, which include, seniority premiums and severance payments, were as follows:

	2010	2009
Projected benefit obligation	\$ 143	\$ 113
Plan assets	<u>(28)</u>	<u>(25)</u>
Underfunded status	115	88
Unamortized:		
Unrecognized actuarial profits	<u>(11)</u>	<u>(5)</u>
Net projected liability	<u>\$ 104</u>	<u>\$ 83</u>

As of December 31, 2010 and 2009, the net projected liabilities for severance payments at the end of the employment relationship for reasons other than restructuring are \$24 and \$17, respectively.

Net periodic cost consists of the following:

	2010	2009
Service cost for the year	\$ 16	\$ 26
Financial cost	7	8
Amortization of transition liability	<u>5</u>	<u>3</u>
Net periodic cost	<u>\$ 28</u>	<u>\$ 37</u>

The economic assumptions used were as follows:

	2010	2009
Discount rate	8.24%	9.00%
Expected rate of return of assets	8.24%	8.60%
Rate of wage increases	6.50%	6.50%

The changes in net projected obligations were as follows:

	2010	2009
Opening balance (face value)	\$ 83	\$ 81
Actuarial adjustment of opening balance	-	5
Payment of benefits	(7)	(9)
Provision for the year	28	31
Contributions for the year	-	(25)
Net projected liability	<u>\$ 104</u>	<u>\$ 83</u>

On December 29, 2009, the Institution in conjunction with the Brokerage House and Monex Operadora de Fondos, S.A. de C.V., Monex Grupo Financiero (the Fund Management Company), Institution executed an irrevocable investment trust contract to administer the reserves created for seniority premiums and pensions of which the Institution is a trustee. At the date of incorporation, the trust contribution made as follows:

	Amount
Banco Monex, S.A.	\$ 20
Monex Casa de Bolsa, S.A. de C.V.	4
Monex Operadora de Fondos, S.A. de C.V.	<u>1</u>
	<u>\$ 25</u>

As of December 31, 2010, the assets related to the defined benefit plan were invested as follows:

	2010		2009	
	Amount	%	Amount	%
Shares in funds investments	\$ -	-	\$ 25	
Capital market	7	24.14%	-	22.32%
Monkey market	<u>22</u>	<u>75.86%</u>	<u>-</u>	<u>73.08%</u>
Total	<u>\$ 29</u>		<u>\$ 25</u>	

As of December 31, 2010 and 2009, there is no fund created for severance payments at the end of the employment relationship for reasons other than restructuring.

Changes in the present value of the defined benefits obligation:

	2010	2009
Present value of the defined benefits obligation as of January 1	\$ 113	\$ 100
Actual payment of benefits during the year	(7)	(9)
Actuarial loss	9	(9)
Cost of the year	<u>28</u>	<u>31</u>
Present value of the defined benefits obligation as of December 31, 2010	<u>\$ 143</u>	<u>\$ 113</u>

20. Creditors from settlements of transactions

As of December 31, 2010 and 2009, creditors from settlement of transactions are as follows:

	2010	2009
Foreign exchange	\$ 5,572	\$ 4,345
Securities loan exchange	<u>794</u>	<u>-</u>
	<u>\$ 6,366</u>	<u>\$ 4,345</u>

21. Sundry creditors and other payables

As of December 31, 2010 and 2009, sundry creditors and other payables were as follows:

	2010	2009
Employee retirement obligation provision	\$ 132	\$ 108
Funds	<u>(28)</u>	<u>(25)</u>
	104	83
Creditors from settlements of transaction by foreign exchange	562	594
Contingent liabilities	188	-
Reclassification of creditors bank balances	39	476
Deposits in guarantee	52	68
Payable commissions	158	133
Various taxes and social security contribution	53	45
Suppliers	387	251
Taxes withheld	38	9
Agency funds	22	27
Creditors for food vouchers	3,232	1,071
Other sundry creditors	<u>357</u>	<u>325</u>
	<u>\$ 5,192</u>	<u>\$ 3,082</u>

22. Income taxes

Holding Monex is subject to ISR and IETU.

ISR – The ISR rate for 2009 was 28%. The ISR rate for 2010 is 30%, and will be for 2011 to 2012, 29% for 2013, and 28% for 2014.

ISR is calculated considering certain effects of inflation, such as depreciation calculated according to values at constant prices. In addition, the effect of inflation on certain monetary assets and liabilities is accrued or deducted for the purpose of determining taxable income.

IETU - Revenues, as well as deductions and certain tax credits, are determined based on cash flows of each fiscal year. Beginning in 2010, the IETU rate is 17.5% and it was 17% 2009. The Asset Tax Law (IMPAC) was repealed upon enactment of the IETU Law; however, under certain circumstances, IMPAC paid in the ten years prior to the year in which ISR is paid, may be recovered, according to the terms of the law.

Income tax incurred will be the higher of ISR and IETU.

Based on its financial projections and according to INIF 8, Effects of the Business Flat Tax, Holding Monex determined that it will basically pay ISR. Therefore it recognized only deferred ISR.

The provision created in results for ISR is as follows:

	2010	2009
ISR:		
Current	\$ 318	\$ 271
Deferred	(5)	(44)
	<u>\$ 313</u>	<u>\$ 227</u>

The provision created in results for ISR, IETU and PTU is composed as follows:

	2010	2009
Current:		
ISR	<u>\$ 318</u>	<u>\$ 271</u>
Deferred:		
ISR	<u>(5)</u>	<u>(44)</u>

Reconciliation of the accounting tax result - The main items affecting the determination of Holding Monex and principal subsidiaries tax result were the annual adjustment for inflation, provisions, the difference between depreciation and accounting and tax amortization, the difference between the accounting increase of the preventive credit risk estimate and the respective tax deduction, provisions created for the expenses of prior years which were settled this year, as well as the deduction for tax purposes of the contribution made to create the Trust to cover labor obligations, as well as the valuation of investment in securities and derivatives.

Penalty interest for purposes of business flat tax (IETU) - In accordance with the Business Flat Tax Law, Holding Monex must consider interest as taxable revenue for purposes of this tax as it is accrued, regardless of whether it is collected or not, which applies both to ordinary and penalty interest. Holding Monex considers all accrued interest, regardless of whether it is penalty or regular interest.

Tax loss carryforwards and IETU tax liabilities As of December 31, 2009, tax loss carryforwards from Holding Monex's subsidiaries are as follows:

Entity	Amount
Holding Monex	\$ 69
AdmiMonex	26
Monex Servicios	<u>15</u>
	<u>\$ 110</u>

At December 31, 2010 and 2009, Holding Monex has no IETU credits.

Employee statutory profit-sharing – Holding Monex determines employee statutory profit-sharing based on the guidelines established in Article 127 of the Federal Labor Law.

Deferred taxes - At December 31, 2010 and 2009, deferred taxes are composed as follows:

	2010	2009
Deferred ISR asset:		
Provisions	\$ 67	\$ 56
Labor obligations	35	28
Allowance for loan losses	4	-
Allowance for doubtful accounts	-	6
Derivatives exchange rate	-	8
Others	<u>49</u>	<u>37</u>
Deferred ISR asset	<u>155</u>	<u>135</u>
Deferred ISR (liability):		
Surplus value of financial instruments	101	49
Prepaid expenses	17	43
Others	<u>37</u>	<u>15</u>
Deferred ISR liability	<u>155</u>	<u>107</u>
Deferred taxes (net)	<u>\$ -</u>	<u>\$ 28</u>

Holding Monex's management doesn't record a reserve for the deferred income tax asset that they believe will be recovered, based on the financial and tax projections prepared by Management.

Deferred taxes are recorded by using results or stockholders' equity as the corresponding account, depending on how the item underlying the anticipated deferred tax was recorded.

The reconciliation of the legal ISR and the effective rate of the principal entities of Holding Monex expressed as a percentage of profit before ISR and PTU is:

	<u>Banco</u>		<u>Casa de Bolsa</u>	
	2010	2009	2010	2009
Legal rate	30%	28%	30%	28%
Valuation of investment securities	11%	6%	7%	(7%)
Reserves	9%	(3%)	6%	-
Prepaid expenses	7%	(4%)	-	-
Others	(27%)	(2%)	(9%)	-
Annual adjustment for inflation	-	-	(8%)	(1%)
Non deducibles	-	-	13%	2%
Effective tax rate	<u>30%</u>	<u>25%</u>	<u>39%</u>	<u>22%</u>

Other tax issues

Other tax issues:

As of December 31, 2010 and 2009, Holding Monex has the following balances for significant tax indicators:

	2010	2009
Contributed capital account	\$ <u>1,191</u>	\$ <u>1,234</u>
Net tax income account	\$ <u>297</u>	\$ <u>296</u>

23. Stockholders' equity

As of December 31, 2010 and 2009, capital stock, at par value, was as follows:

	<u>Number of shares</u>	
	2010	2009
Fixed capital -		
Series A Shares	50,000	50,000
Series B Shares	<u>399,950,000</u>	<u>399,950,000</u>
	<u>400,000,000</u>	<u>400,000,000</u>

The Stockholders' Extraordinary General Meeting of April 28, 2010:

Resolved to declare dividends of \$419, which were paid with a charge to the "Results of prior years" account.

Resolved to reduce variable capital by \$25 by canceling 6,403,045 Series "B" shares.

Following the entry of new stockholders, the Stockholders' Meeting resolved to increase variable capital by \$306 through the issuance and subscription of 15,289,553 Series "B" shares.

On July 12, 2010, Holding Monex made a public offering through the Mexican Stock Exchange composed by 400,000,000 ordinary, nominative Series "A" and "B" shares representing the fixed and variable capital of Holding Monex.

Accordingly, on May 28, 2010, through public deed No. 33,279, Book 956, Year 2010, Notary Public 83 of the Federal District, Holding Monex adopted the modality of "Securitized Investment Broker". Similarly, on July 9, 2010, this modification was registered by the Commission through Document No. 153/3620/2010.

As result of the above capital movements, on December 31, 2010, the authorized common stock of Holding Monex is \$683, which has been fully subscribed and paid-in, is represented by 400,000,000 shares. Minimum fixed capital is \$50,000 (Fifty thousand Mexican pesos), as represented by 50,000 fully subscribed and paid-in Series "A" shares.

Variable capital is unlimited and represented by ordinary, nominative Series "B" shares at no par value. Foreign entities engaged in official duties cannot hold equity in Holding Monex. A similar situation applies to Mexican financial entities, including those forming part of Holding Monex, even when acting as institutional investors according to Article 19 of the Financial Group Regulation Law.

If profits are distributed on which tax is incurred but is not attributable to Holding Monex, it must be paid when the distribution takes place. Accordingly, Holding Monex must keep account of the profits subject to each tax rate.

Capital reductions incur tax based on the amount by which the distributed amount exceeds the tax value determined according to the Income Tax Law.

Holding Monex and its subsidiaries, except the Bank, are subject to the legal provision whereby at least 5% of the net profits of each year must be separated and transferred to a capital reserve fund until equal to 20% of paid-in capital. In the case of the Bank, the applicable legal provision requires the creation of a legal reserve equal to 10% of net profits until reaching 100% of paid-in capital. While these entities exist, this reserve can only be distributed to stockholders as share dividends. Interest and premiums derived from repurchase transactions and investments in financial instruments.

24. Capital ratio

As of December 31, 2010 and 2009, in accordance with the capital requirements in effect, applicable to full service banks, the Institution presents the following capitalization ratio, which exceeds the minimum level required by the authorities:

	2010	2009
Net Capital / Required Capital	252.7%	459.61%
Basic Capital / Assets subject to Credit and Market Risk	20.01%	36.59%
Net Capital / Assets subject to Credit Risk	36.75%	55.41%
Net Capital / Assets subject to Credit and Market Risk	20.22%	36.77%

As of December 31, 2010 and 2009, the net capital used to calculate the capital ratio is as follows:

	2010	2009
Basic Capital:		
Stockholder's equity disregarding convertible securities and subordinate debt	\$ 2,026	\$ 1,537
Less:		
Organization costs and other intangible	158	(26)
Investment in shares of entities	165	(3)
Investment in shares of financial entities	<u>(13)</u>	<u>(35)</u>
	2,362	1,473
Complementary Capital:		
Allowance for loan losses	<u>14</u>	<u>7</u>
Total net capital	<u>\$ 2,376</u>	<u>\$ 1,480</u>

At December 31, 2010 and 2009, the assets subject to market, credit and operating risks and used to determine capital requirements are composed as follows:

	2010		2009	
	Equivalent amount position	Capital requirement (8%)	Equivalent amount position	Capital requirement (8%)
Market risk:				
Transactions with nominal rate and above par rate in Mexican pesos	\$ 743	59.46	\$ 529	42.3
Transactions with nominal rate in foreign currency	405	32.42	24	1.9
Transactions with shares and related to shares	1,069	85.56	548	43.9
Foreign exchange transactions	<u>159</u>	<u>12.76</u>	<u>116</u>	<u>9.3</u>
	2,376	190.2	1,217	97.4
Credit risk:				
Deposits and loans	\$ 2,363	189	\$ 1,788	143.0
From repurchase and derivatives counterparties	66	5.3	27	2.1
From issuers of debt securities in position	862	69	424	33.9
From long-term investment in shares and other assets	<u>298</u>	<u>23.8</u>	<u>430</u>	<u>34.4</u>
	3,589	287.1	2,669	213.4
Operational risk:	<u>475</u>	<u>38</u>	<u>135</u>	<u>10.8</u>
Total assets at risk	<u>\$ 6,640</u>	<u>515.3</u>	<u>\$ 4,021</u>	<u>321.6</u>

At December 31, 2010 and 2009, weighted positions by market risk are as follows:

	2010		2009	
	Weighted assets by risk	Capital requirement	Weighted assets by risk	Capital requirement
Market risk	\$ 2,376	190.2	\$ 1,217	97.4
Credit risk	3,589	287.1	2,669	213.4
Operational risk	<u>475</u>	<u>38</u>	<u>135</u>	<u>10.8</u>
	<u>\$ 6,440</u>	<u>515.3</u>	<u>\$ 4,021</u>	<u>321.6</u>

25. Ratings

As of December 31, 2010, the Institution has been awarded the following ratings:

	Standard & Poor's	Fitch Ratings
National level-		
Short- term	mxA-2	F1(mex)
Long-term	mxA	A(mex)
Financial strength-		
Perspective	Stable	Stable
Public date	July 30,2010	November 12, 2010

26. Contingencies and commitments

- **Acquisition of Tempus.**- As mentioned in Note 1, the Institution acquired through a share purchase sale agreement executed on April 14, 2010, all of the shares of Tempus, an entity engaged in the purchase and sale of foreign currencies for payments in the international market which operates in the United States. Although the price agreed to by the parties depends on the financial performance of Tempus in 2010 and 2011, the first of three payments, of US \$31.8 million, granted the ownership of 100% of the shares and was made on November 23, 2010, the date on which all of the authorizations were obtained from Mexican and foreign regulators and the Institution took control over operations. The first payment was for US \$31.8 million (equal to \$396). The second and third payments depend on the financial performance of Tempus in 2010 and 2011. They will be calculated by applying a factor to net income before taxes and will be made in March 2011 and during 2012, respectively. As of December 31, 2010, the Institution recorded goodwill for \$562 and a liability of \$188, related to the estimated future second and third payments to the previous stockholders of Tempus.

This liability is recorded within "Sundry creditors and other payables" on balance sheet.

- a. **Lawsuits** - In the normal course of business, Holding Monex and subsidiaries and its subsidiaries have been involved in certain lawsuits which are not expected to significantly affect their financial position or future results of operations. The necessary reserves have been created for those situations representing probable losses. As of December 31, 2010 and 2009, Holding Monex has recorded contingency reserves of \$1 and \$1, respectively, under the heading of "Sundry creditors and other accounts payable" which, based on the opinion of its internal and external legal advisors, the Management of Holding Monex considers to be reasonable.
- b. **Administered loan portfolio** - As discussed in Note 10, the portfolio administered by Holding Monex derived from the sales made and equity held under the outline agreement executed with Exim-Bank and Pefco is for the amount of \$22 and \$83 in 2010 and 2009, respectively. In relation to this loan portfolio, Holding Monex has the commitment to assume all credit risks in the event of noncompliance with the terms agreed with Exim-Bank regarding the documentation of each loan. However, Management considers that the possibility of a refund to Exim-Bank is unlikely.
- c. **Commitment** - As of December 31, 2010 and 2009, Holding Monex has service contracts (to receive), related to its operation, which represent less than 1.49% and 20% of operating expenses, respectively, which are part of Holding Monex's current expenses.

- d. **Connectivity services contract.** On - February 24, 2010, Holding Monex executed a contract with Metro Net Hosting, S. de R.L. de C.V., for the provision of connectivity, Internet access, security equipment, monitoring, platform execution, information storage and recovery, application management, and database services, among others. This contract is in effect for five years, which are automatically extended for consecutive one-year periods, as of June of that year, with monthly payments in U.S. dollars, as follows:

Period	U.S. dollars
First year	\$ 2,861,539
Second year	2,861,539
Thrid year	2,861,539
Fourth year	2,861,539
Fifth year hereinafter	<u>17,169,234</u>
Total	<u>\$ 28,615,390</u>

27. Assets in trust or mandate

As of December 31, 2010 and 2009, Holding Monex administered the following trusts and mandates:

	2010	2009
Trusts under- Administration Guarantee	\$ <u>5,664</u> <u>2,176</u>	\$ <u>4,288</u> <u>-</u>
Total transactions under trust or mandate	<u>\$ 7,840</u>	<u>\$ 4,288</u>

28. Result from intermediation

As of December 31, 2010 and 2009, the main items comprising the result from intermediation are as follows:

	2010	2009
Valuation result-		
Trading securities valuation	\$ (19)	\$ (20)
Derivatives valuation	25	(195)
Foreign exchange	(13)	3
Repurchase agreements	<u>(105)</u>	<u>4</u>
	(112)	(208)
Gains realized derivatives	212	102
Purchase-sale result-		
Gain in purchase-sale market securities	180	153
Gain in purchase-sale foreign exchange:		
Dollar	2,006	1,633
Euro	164	251
Others	138	129
Gain in purchase-sale in derivatives	<u>-</u>	<u>144</u>
	<u>2,700</u>	<u>2,412</u>
	<u>\$ 2,588</u>	<u>\$ 2,204</u>

29. Financial Margin

As of December 31, 2010 and 2009, the financial margin was as follows:

	2010	2009
Interest income:		
Interest and premiums on repurchase	\$ 342	\$ 125
Interest on investment securities	150	279
Loan portfolio	121	94
Others	49	8
	<u>662</u>	<u>506</u>
Loan portfolio		
Interest from repurchase agreements	310	291
Interest on bank and other loans (1)	32	17
Time deposits	22	6
Checking accounts deposits	10	11
Others	1	2
	<u>375</u>	<u>327</u>
Financial margin	<u>\$ 287</u>	<u>\$ 179</u>

(1) As of December 31, 2010 and 2009, the line item comprising interest expense in U.S. dollars for an amount that is equivalent in Mexican pesos of \$1 to \$1, respectively.

30. Segment information

As of December 31, 2010, Holding Monex identified operating segments within its different business and it considers each as part of its internal structure and with its own profit risks and opportunities. These segments are regularly reviewed in order to assign operating monetary resources and evaluate their performance.

	Credit Transactions	Capital markets Transactions	Foreign exchange Transactions	Money market Transactions	Trust services Transactions	Derivatives Transactions	Treasury Transactions	Remittance Transactions	Business Food stamps	Others	Total
Result from intermediation	\$ -	\$ -	\$ 2,575	\$ (89)	\$ -	\$ (3,222)	\$ 3,323	\$ -	\$ -	\$ 1	\$ 2,588
Financial margin	134	-	-	249	-	-	(123)	-	-	1	287
Provisions for loan losses	(64)	-	-	-	-	-	-	-	-	-	(64)
Financial margin after provisions for loan losses	70	-	2,575	160	-	(3,222)	3,200	9	17	2	2,811
Net commissions	14	230	95	-	24	(4)	(102)	99	238	65	659
Total operating revenues	84	230	2,670	160	24	(3,226)	3,098	108	255	67	3,470
Administration and promotion expenses	(60)	(164)	(1,906)	(114)	(17)	2,321	(2,212)	(88)	(174)	(44)	(2,459)
Operating result	24	66	764	46	7	(905)	886	20	81	22	1,011
Other income (expenses), net	-	-	1	-	(3)	-	(32)	-	9	50	25
Current and deferred income taxes	(8)	(22)	(250)	(15)	(2)	304	(290)	1	(26)	(5)	(313)
Equity in results of unconsolidated subsidiaries and associated companies	-	-	-	-	-	-	-	-	-	4	4
Net income	<u>\$ 16</u>	<u>\$ 44</u>	<u>\$ 515</u>	<u>\$ 31</u>	<u>\$ 2</u>	<u>\$ (601)</u>	<u>\$ 564</u>	<u>\$ 21</u>	<u>\$ 64</u>	<u>\$ 71</u>	<u>\$ 727</u>

31. Comprehensive risk management (unaudited)-

a. *Applicable standards-*

This disclosure is supplemental to the obligation to disclose information on adopted risk management policies, procedures and methodologies, together with information on potential losses by risk and market type.

Management has policies and procedures manuals which follow the guidelines established by the Banking Commission and Central Bank to prevent and control the risks exposure Holding Monex is incurs based on the transactions it performs.

The assessment of policies, procedures, functionality of risk measurement models and systems, compliance with risk management procedures and assumptions, parameters and methodologies used by risk analysis information systems is carried out by an independent expert, as required by the Commission. This assessment presented in "Prudential risk management provision" and "Review of risk measurement valuation and procedures model" reports, which are presented to the Board of Directors, Risk Committee and General Management.

b. *Environment-*

Holding Monex identifies, manages, supervises, controls, discloses and provides information on risks through its Comprehensive Risk Management Unit (UAIR) and the Risk Committee, which jointly analyze the information received from business units.

To enable it to measure and evaluate the risks resulting from its financial transactions, Holding Monex has technological tools to calculate the Value at Risk (VaR), while also performing supplemental stress testing. Likewise, Holding Monex has developed a plan allow operations continuity in the event of a disaster.

The UAIR distributes daily risk reports, together with monthly risk information to the Risk Committee and Audit Committee. Similarly, it presents quarterly risk reports to the Board of Directors.

c. *Risk management entities-*

The Board of Directors is responsible for establishing risk management policies. However, according to established policies, it delegates responsibilities for implementing risk identification, measurement, supervision, control, information and disclosure procedures to the Risk Committee (RC) and General Management.

The policies approved by the Board of Directors are documented in the Comprehensive Risk Management Manual (MAIR), which includes risk management objectives, goals, procedures and maximum risk exposure tolerances.

The RC holds monthly meetings and ensures that transactions reflect the operating and control objectives, policies and procedures approved by the Board of Directors. Likewise, the RC delegates responsibility for providing comprehensive risk monitoring and follow-up to the Comprehensive Risk Management Unit (UAIR).

In urgent cases and depending on market conditions or the specific needs of different business units, the RC holds extraordinary meetings to determine the increase of established limits or temporary limit excesses.

The Risk Lines Committee holds weekly meetings to evaluate the risk lines used for foreign exchange transactions.

d. ***Market risk-***

Holding Monex evaluates and provides follow-up on all positions subject to market risks based on Value at Risk models which measure the potential loss of a position or portfolio associated with risk factor movements with a 99% reliance level and a one-day horizon.

The UAIR also prepares a GAP analysis among rates used for assets and liabilities denominated in Mexican pesos and foreign currency. The GAP analysis is represented by assets and liabilities with rates at different moments in time, while considering the characteristics of the respective rates and time frame.

e. ***Liquidity risk-***

The UAIR calculates daily liquidity GAPS (time at which interest or principal is received) based on the cash flows from total financial assets and liabilities of Holding Monex.

Holding Monex quantifies its liquidity risk exposure by preparing cash flow projections which consider all assets and liabilities denominated in Mexican pesos and foreign currency, together with the respective maturity dates.

The Treasury Department of Holding Monex is responsible for ensuring the conservation of a prudent liquidity level in relation to Holding Monex's needs. In order to reduce its risk level, Holding Monex keeps call money lines open in US dollars and Mexican pesos with different financial institutions.

Daily follow-up is given to foreign currency liquidity requirements, as established by Central Bank's Ruling 2019/2005.

f. ***Credit risk-***

Holding Monex classifies each customer according to the methodology established by the Commission, which takes into account the client's financial risk, payment experience and guarantees. Together with quarterly credit follow-up evaluations, credit risk concentrations are determined by borrower or risk group, economic activity and state.

As established by the Commission's Banking Ruling, Holding Monex established a maximum credit risk exposure limit equal to 40% of basic capital for an individual or entity or group of entities constituting a joint risk. Furthermore, Holding Monex also complies with the standard applicable to related loans.

When performing customer transactions with over-the-counter derivatives, the risk unit determines transaction lines based on an analysis of the financial situation of each counterpart. The credit risk is covered by requesting margins from customers ranging from 6% to 10% of the transaction amount. Lower percentages must be approved by the Risk Lines Committee, in which case a maximum loss amount is established. Customers are subject to margin calls either during the day or at the daily close whenever significant losses could be generated by the valuation of their open positions.

In the case of exchange transactions, the credit risk is analyzed based on a customer credit evaluation. Line settlement proposals are presented to the Lines Committee, which can either reject or approve them. This risk is controlled by matching the authorized line with that actually utilized.

g. ***Operating risk-***

The Comprehensive Risk Management Manual (MAIR) and Operating Risk Management Manual (MARO) establish policies and procedures for the follow-up on and control of operating risks. The Management of Holding Monex has requested that the Controllershship area implement an operating risk management program, the activities of which should also be made known to the Risk and Audit Committees.

Holding Monex has implemented the risks headquarters and controls to get a qualitative qualification of the impact and frequency of the risks.

Through the classification of Risks, catalogues of risks are being integrated to determinate possible losses if such risks come true.

Risk frequency and impact classifications have been utilized to create risk maps for the different processes implemented by Holding Monex; these risk maps indicate the tolerance levels applicable to each risk.

Scale	Level
1	Low
2	Medium
3	High

- The maximum tolerance level utilized by Holding Monex is 3.
- Accordingly, each identified operating risk must be classified at levels 1 and 2 (Low - Medium) of the established scale.

General Director of Holding Monex, CR and to the areas involved must be informed immediately, if some identifying operational risks exceed the tolerance levels.

These levels indicate the possible economic loss that could be suffered by Holding Monex if a given risk materializes.

Holding Monex has built an historic database with the information of the losses incurred by operational risks. Thus, they will be able to generate quantitative indicators to monitor the operational risk in the operations.

Holding Monex is currently developing a model with a statistical/actuarial approach or methodology to estimate losses derived from operating risk exposure.

h. ***Legal Risk-***

Holding Monex has established policies and procedures in the MARO and implements the same process as that used for operating risks.

i. ***Technological risk-***

Holding Monex has policies and procedures for systems operation and development. Regarding technological risks, Holding Monex has policies and procedures contained in MARO and implements the same process as that used for operational and legal risks.

Quantitative information (unaudited)

j. ***Market Risk-***

At December 31, 2010 and 2009, the VaR was \$930 and \$1.178, respectively (unaudited) and with a 99% reliance for one day. This value represents the maximum loss expected during one day and is situated within the limits established by Holding Monex.

At December 31, 2010, portfolio concentration by segment was as follows (unaudited):

Portfolio concentration by segment	2010	2009
Farming and cattle-raising	\$ 79	\$ 51
Foods	165	273
Commercial	345	351
Financial	354	46
Industrial	586	328
Real-estate	296	55
Services	380	352
Textile	90	42
Total	<u>\$ 2,295</u>	<u>\$ 1,498</u>

k. *Credit Risk-*

At December 31, 2010 and 2009, portfolio concentration by state was as follows:

Portfolio concentration by state		2010	2009
Aguascalientes	\$	57	\$ 48
Baja California		24	39
Campeche		14	8
Chihuahua		15	16
Coahuila		33	28
Distrito Federal		883	484
Durango		37	23
Estado de México		114	139
Guanajuato		91	142
Hidalgo		1	9
Jalisco		179	106
Morelos		34	59
Nayarit		2	-
Nuevo León		427	123
Puebla		15	13
Quintana Roo		56	-
Querétaro		12	84
Sinaloa		126	45
San Luis Potosí		15	44
Sonora		-	7
Tabasco		5	3
Tamaulipas		34	8
Veracruz		15	12
Yucatán		32	41
Zacatecas		67	11
Foreign locations		7	6
Total	\$	<u>2,295</u>	\$ <u>1,498</u>

l. *Liquidity risk*

Holding Monex evaluates the expiration of the assets and liabilities of the balance sheet in Mexican pesos and foreign currency. The gap of liquidity in Mexican pesos is as follows:

Year	Requirement to 1 day	Requirement from 2 to 7 days	Requirement > 8 days
2010	\$ <u>1,378</u>	\$ <u>317</u>	\$ <u>2,221</u>

The gap of liquidity in U.S. dollars is presented as follows:

Year	Requirement to 1 day	Requirement from 2 to 7 days	Requirement > 8 days
2010	\$ <u>61.9</u>	\$ <u>1.5</u>	\$ <u>61,078</u>

m. *Operating risk-*

At the monthly Risk Committee meetings, information on events related to the operating risks reported by different business units is presented. This information indicates the event, date, employee in charge, time of the event and its solution, as well as the rating given to each specific risk.

Comptroller personnel keep a risk log that is used to quantify risks which are also detailed in the operating risk event database.

n. *Risk policies applied to derivative financial instruments-*

Market risks of transactions involving derivative financial instruments are limited because customer transactions are hedged through organized markets or inverse transactions with financial intermediaries.

These transactions involve a counterpart risk which is analyzed by the UAIR based on balance sheet and statement of income information. Transaction amounts and initial margins are authorized and/or ratified by the Lines Committee.

The credit risks of these transactions are controlled by using guarantees and the implementation of daily margin calls or whenever the valuation loss reaches the upper limit authorized by the Lines Committee.

In order to monitor the risks inherent to transactions involving derivative financial instruments, Holding Monex has established the following control measures, among others:

- A Risk Committee, which is informed of these transaction risks.
- An UAIR, which is independent of business areas and permanently monitors risk positions.
- Transactions are primarily performed with financial intermediaries and non-financial customers approved by the UAIR and Lines Committee.
- Maximum amounts or credit limits have been established based on the initial risk classification given to each potential borrower

o. *Detection of transactions with illegal resources-*

Holding Monex has a Communication and Control Committee which monitors compliance with applicable standards, while also notifying the involved areas and respective authorities of any transactions considered as unusual, significant or worrying according to Treasury Department (SHCP) provisions.

32. **New accounting principles**

As part of its efforts to make Mexican standards converge with international standards, in 2009, the Mexican Board for Research and Development of Financial Information Standards ("CINIF") issued the following NIFs, INIFs and improvements to NIFs applicable to profitable entities, which become effective as follows:

B-5, Financial Segment Information
B-9, Interim Financial Information
C-4, Inventories
C-5, Advance Payments and Other Assets
Improvements to Mexican Financial Reporting Standards 2011

NIF B-5, Financial Segment Information - This standard establishes a management approach to identifying and disclosing segment information, as opposed to Bulletin B-5, which, considered a management approach but also required segment disclosures to be classified by economic segments, geographical areas or homogeneous groups of customers. This standard also differs from the previous bulletin in that it does not require that business areas be subject to different risks in order to separate them into different segments. Additionally, a component in the development or pre-operational stage may be classified as a segment. This standard also requires the separate disclosure of interest income, interest expense and liabilities, as well as disclosure of entity-wide information, including products, services, geographical areas, and major customers and suppliers. Similar to Bulletin B-5, this standard is only mandatory for public companies or entities in process of becoming public.

NIF B-9, Interim Financial Information - Unlike Bulletin B-9, this standard requires the presentation of a condensed statement of changes in stockholders' equity and statement of cash flows as part of interim financial information. The standard also requires, for comparative purposes, information presented at the close of an interim period be presented together with information of the corresponding period in the previous year, and in the case of the balance sheet, presentation of the closing balance sheet of the immediately preceding year.

NIF C-5, Advance Payments and Other Assets - This standard establish that a basic feature of advance payments is the fact that they do not transfer the risks and rewards of the ownership of goods and services to the Financial Group. Therefore, advances for the purchase of inventories or property, plant and equipment, among others, must be presented separately from inventory or property, plant and equipment if the risks and rewards of ownership of those goods have not transferred to Holding Monex. The standard requires that advance payments be impaired when they lose their ability to generate future economic benefits. This standard also requires classification of advance payments as current or noncurrent, depending on their nature.

Improvements to Mexican Financial Reporting Standards 2011 - The main improvements generating accounting changes that should be recognized in fiscal years beginning January 1, 2011 are as follows:

NIF B-1, Accounting Changes and Error Corrections - The improvement to this standard requires that if the entity has implemented an accounting change or corrected an error, it should present a statement of financial position at the beginning of the earliest period for which comparative financial information is required, retroactively presenting the accounting change or error correction. The improvement also requires that each affected line item in the statement of changes in stockholders' equity shows: a) initial balances previously reported, b) the related adjustment, segregating the effects of accounting changes and corrections of errors, and c) the retroactively adjusted beginning balances.

Bulletin C-3, Accounts Receivable - The improvement to this Bulletin includes standards for the recognition of interest income on accounts receivable, and clarifies that recognition of accrued interest income on receivables whose collection is doubtful is prohibited.

NIF C-10, Derivative Financial Instruments and Hedging Activities - The improvement to this standard establishes specific criteria in order to exclude certain components of a derivative financial instrument from the determination of hedge effectiveness. The standard also requires that for valuation of options and currency forwards, certain components be excluded for purposes of determining effectiveness, thus resulting in the following recognition, presentation and related disclosure requirements: a) valuation of derivative financial instruments such as an option or a combination of options: changes in fair value attributable to changes in the intrinsic value of the options may be separated from changes attributable to their extrinsic value; only the change attributable to the option's intrinsic value, and not the extrinsic component, may be designated as effective hedging; and b) valuation of currency exchange forwards: separation of the change in fair value attributable to differences between interest rates of the currencies to be exchanged from the change in fair value attributable to changes in the spot prices of the currencies involved is permitted; the effect attributable to the component that was excluded from the cash flow hedge may be recognized directly in current earnings. Hedge accounting is limited when a transaction is carried out with related parties who have different functional currencies. The standard requires that when a hedged position is a portion of a portfolio of financial assets or liabilities, the effect of the hedged risk relating to variances in the interest rate of the portion of such portfolio be presented as a supplement of the primary position, in a separate line item. It also states that contribution or margin accounts received, associated with transactions for trading or hedging with derivative financial instruments, be presented as a financial liability separately from the financial instruments line item when cash or marketable securities are received; additionally, only their fair value should be disclosed if securities in deposit or qualifying financial warranties are received that will not become the property of the entity. The standard also states that a proportion of the total amount of the hedging instrument, such as a percentage of its notional amount, may be designated as hedging instrument in a hedging relationship. However, a hedging relationship cannot be designated for only a portion of the term in which the instrument intended to be used as hedge is in effect.

NIF C-13, Related Parties - The improvement to this standard incorporates a close family member within the definition of a related party.

Bulletin D-5, Leases - The improvement to this Bulletin removes the obligation to determine the incremental interest rate when the implicit rate is too low; consequently, it establishes that the discount rate to be used by the lessor to determine the present value of minimum lease payment should be the implicit interest rate of the lease agreement, if it can be easily determined. If the implicit rate cannot be easily determined, then the incremental interest rate should be used. The improvement also requires more detailed disclosures by both lessors and lessees. As well, the improvement requires that when a gain or loss on the sale in a sale and leaseback transaction is deferred, it should be amortized over the term of the agreement and not in proportion to the depreciation of the leased asset. The gain or loss on the sale in a sale and leaseback transaction involving an operating lease should be recognized in results at the time of sale, provided that the transaction is established at fair value. If the sale price is below the carrying value of the asset, the result should be recognized immediately in current earnings, unless the loss is offset by future payments that are below the market price of the lease, in which case the loss should be deferred and amortized over the term of the agreement. If the sale price is greater than the carrying value of the asset, the excess should be deferred and amortized over the term of agreement.

As of the date of issuance of these consolidated financial statements, Holding Monex has not fully determined the effects of these criteria and standards in their financial information.

33. Authorization of the financial Statements

On March 25, 2011, the issuance of the consolidated financial statements was authorized by Hector Pío Lagos Dondé, Chief Executive Officer, Juan Pablo Carriedo Lutzenkirchen Chief Financial Officer, Eduardo Antonio Mújica Dávalos, Chief Internal Auditor, and Luis Eduardo López Martínez, Deputy Director of Accounting. These consolidated financial statements are subject to the approval at the General Ordinary Stockholders' Meeting (and the Commission), where they may be modified.

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