

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

Consolidated Financial Statements for
the Years Ended December 31, 2011
and 2010, and Independent Auditors'
Report Dated April 2, 2012

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

Independent Auditor's Report and Consolidated Financial Statements for 2011 and 2010

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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, 2011 and 2010 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. The financial statements of certain subsidiaries whose assets and revenues represent in 2010 4.3% and 2.9%, respectively, of the consolidated totals, were audited by other auditors on whose unqualified auditors' report we have based our opinion.

We conducted our audits in accordance with auditing standards generally accepted in Mexico, which require that we plan and perform 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. 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 affect Holding Monex. Note 4 to the consolidated financial statements describe 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") acquired all the shares of Tempus Consulting Inc. ("Tempus"), an entity engaged in international foreign currency exchange services, 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 for 31.8 million of U.S. dollars granted the ownership of 100% of the shares and was made on November 23, 2010. The second payment of 4.5 million of U.S. dollars was made in April 2011. Under the agreement, the third payment was made in March 2012 of 12.2 million of U.S. As of December 31, 2011, goodwill and the acquired intangible assets identified in this transaction are \$659 millions of Mexican Pesos.

In our opinion, based on our audits and the other auditors' reports mentioned above, 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, 2011 and 2010, 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

April 2, 2012

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

Consolidated Balance Sheets

As of December 2011 and 2010
(In millions of Mexican pesos)

Assets	2011	2010
Funds available	\$ 6,474	\$ 849
Margin accounts	353	286
Investment in securities:		
Trading securities	12,642	9,639
Securities available for sale	<u>334</u>	<u>368</u>
	12,976	10,007
Repurchase agreements	2	-
Loan securities	-	1
Derivatives:		
Trading purposes	215	118
Hedging purposes	<u>-</u>	<u>22</u>
	215	140
Current loan portfolio:		
Commercial loans:		
Commercial or financial activity	2,275	1,914
Financial entities loans	690	326
Government entities loans	<u>81</u>	<u>-</u>
	3,046	2,240
Housing loans	<u>602</u>	<u>-</u>
Total current loan portfolio	3,648	2,240
Past-due loan portfolio:		
Commercial loans -		
Commercial or financial activity	<u>62</u>	<u>55</u>
Total past-due portfolio	<u>62</u>	<u>55</u>
Total loan portfolio	3,710	2,295
Allowance for loan losses	<u>(67)</u>	<u>(56)</u>
Loan portfolio (net)	3,643	2,239
Other receivables (net)	18,128	10,524
Foreclosed assets (net)	2	5
Property, furniture and fixtures (net)	98	159
Long-term investments	16	19
Other assets:		
Goodwill	498	421
Deferred charges, advance payments and intangibles	836	809
Other assets	<u>56</u>	<u>62</u>
	1,390	1,292
Total assets	<u>\$ 43,297</u>	<u>\$ 25,521</u>

Liabilities	2011	2010
Deposits:		
Demand deposits	\$ 2,834	\$ 2,259
Time deposits-		
General public	<u>935</u>	<u>591</u>
	3,769	2,850
Bank and other loans:		
Demand loans	454	558
Short-term loans	286	167
Long-term loans	<u>-</u>	<u>4</u>
	740	729
Creditors under sale and repurchase agreements	10,044	7,302
Sold collaterals or granted in guarantee:		
Derivatives	130	79
Loan securities	<u>32</u>	<u>-</u>
	162	79
Derivatives:		
Trading purposes	334	58
Hedging purposes	<u>-</u>	<u>5</u>
	334	63
Other payables:		
Income taxes payables	-	37
Employee profit sharing payables	15	15
Remittances payable	22	20
Outstanding coupons	1,314	598
Creditors from settlement of transactions	17,748	6,366
Sundry creditors and other payables	<u>5,775</u>	<u>4,574</u>
	24,874	11,610
Deferred taxes (net)	4	-
Deferred charges and prepaid income	<u>14</u>	<u>15</u>
Total liabilities	39,941	22,648
Stockholders' equity		
Paid-in capital:		
Capital stock	683	683
Additional paid-in capital	<u>823</u>	<u>823</u>
	1,506	1,506
Earned capital:		
Capital reserves	149	36
Retained earnings	685	374
Result from valuation of securities available for sale, net	154	232
Result from valuation of cash flow hedge instruments, net	-	17
Cumulative effect from conversion	13	(19)
Net income	<u>849</u>	<u>727</u>
	1,850	1,367
Total stockholders' equity	<u>\$ 3,356</u>	<u>\$ 2,873</u>
Total liabilities and stockholders' equity	<u>\$ 43,297</u>	<u>\$ 25,521</u>

Memorandum accounts

Transactions on behalf of third parts

	2011	2010
Customer current accounts:		
Customer banks	\$ 15	\$ 72
Customer transaction settlements	<u>366</u>	<u>3,218</u>
	381	3,290
Customer securities-		
Customer securities in custody	5,191	4,731
Securities and notes received as guarantee	<u>40,689</u>	<u>31,953</u>
	45,880	36,684
Transactions on behalf of customers-		
Customer repurchase agreements	10,356	9,058
Customer collateral received in guarantee	11,289	13,825
Customer loan securities transactions	23	21
Transactions of purchase derivatives:		
Customer futures and advance contracts (notional amount)	951	8,468
Customer transactions of derivatives sale	284	26
Transactions of derivatives sale:		
Sale transactions of futures and advance contracts (notional amount)	8,410	10,546
Customer options	<u>1,301</u>	<u>252,408</u>
	<u>32,614</u>	<u>294,352</u>
Total on behalf of third parts	<u>\$ 78,875</u>	<u>\$ 334,326</u>

Transactions on town behalf

	2011	2010
Transactions on town behalf:		
Contingent assets and liabilities	\$ -	\$ 189
Loan commitments	5,597	3,974
Goods in trust or mandate:		
Trusts	<u>21,700</u>	<u>7,840</u>
	27,297	12,003
Collateral received	6,398	4,452
Collateral received and sold or pledged as guarantee	<u>6,548</u>	<u>4,488</u>
	12,946	8,940
Uncollected interest earned on past due loan portfolio	27	-
Other record accounts	<u>2,564</u>	<u>149</u>
Total on town behalf	<u>\$ 42,834</u>	<u>\$ 21,092</u>

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, 2011 and 2010

(In millions of Mexican pesos)

	2011	2010
Intermediation result, net:		
Foreign exchange	\$ 2,704	\$ 2,285
Derivative instruments	94	237
Bonds and securities	361	61
Equity instruments	<u>7</u>	<u>5</u>
Intermediation result, net	3,166	2,588
Interest income	829	662
Interest expense	<u>(518)</u>	<u>(375)</u>
	<u>311</u>	<u>287</u>
Financial margin	3,477	2,875
Provision for loan losses	<u>(48)</u>	<u>(64)</u>
Financial margin after provision for loan losses	3,429	2,811
Commission and fee income	929	869
Commission and fee expense	<u>(215)</u>	<u>(210)</u>
Total operating revenues	4,143	3,470
Other incomes (expenses) operating	(44)	25
Administrative and promotional expenses	<u>(2,840)</u>	<u>(2,459)</u>
Operating income	1,259	1,036
Equity in results of subsidiaries and associated companies	<u>1</u>	<u>4</u>
Income before current and deferred income taxes	1,260	1,040
Current income taxes	(437)	(318)
Deferred income taxes (net)	<u>26</u>	<u>5</u>
	<u>(411)</u>	<u>(313)</u>
Net result	<u>\$ 849</u>	<u>\$ 727</u>

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

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

Consolidated Statements of Changes in Stockholders' Equity

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

	Capital contributed		Earned capital						Total stockholders' equity
	Capital stock	Additional paid-in capital	Capital reserves	Retained earnings	Result from valuation of securities available for sale, net	Result from valuation of hedge instruments, net	Cumulative effect from conversion	Net income	
Balances as of January 1, 2010	\$ 402	\$ 823	\$ 36	\$ 113	\$ 123	\$ -	\$ -	\$ 665	\$ 2,162
Transfer of prior year's 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 -									
Result from valuation of securities available for sale, net	-	-	-	-	109	-	-	-	109
Result from the valuation of hedge instruments, net	-	-	-	-	-	17	-	-	17
Reclassification of the previous years conversion effects of foreign subsidiaries	-	-	-	15	-	-	(15)	-	-
cumulative effect from conversion of foreign subsidiaries	-	-	-	-	-	-	(4)	-	(4)
Net income	-	-	-	-	-	-	-	727	727
Total comprehensive income	-	-	-	15	109	17	(19)	727	849
Balances as of December 31, 2010	683	823	36	374	232	17	(19)	727	2,873
Transfer of prior year's result	-	-	36	691	-	-	-	(727)	-
Dividend declared	-	-	-	(282)	-	-	-	-	(282)
Repurchase of equity	-	-	(23)	-	-	-	-	-	(23)
Reserve fund for purchase equity	-	-	100	(100)	-	-	-	-	-
Total entries approved by stockholders	-	-	113	309	-	-	-	(727)	(305)
Comprehensive income -									
Result from valuation of securities available for sale, net	-	-	-	-	(78)	-	-	-	(78)
Transfer of cash flow hedge valuation to trading purposes	-	-	-	-	-	(17)	-	-	(17)
cumulative effect from conversion of foreign subsidiaries	-	-	-	-	-	-	32	-	32
Adjustment for valuation of investment in subsidiaries	-	-	-	2	-	-	-	-	2
Net income	-	-	-	-	-	-	-	849	849
Total comprehensive income	-	-	-	2	(78)	(17)	32	849	788
Balances as of December 31, 2011	\$ 683	\$ 823	\$ 149	\$ 685	\$ 154	\$ -	\$ 13	\$ 849	\$ 3,356

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, 2011 and 2010

(In millions of Mexican pesos)

	2011	2010
Net income:	\$ 849	\$ 727
Depreciation and amortization	84	53
Accrued current and deferred income taxes	411	313
Equity in the results of unconsolidated subsidiaries and associated companies	(1)	(4)
Others	32	4
Adjustment for line items that do not require cash flows	1,375	1,093
Operating activities:		
Change of margin account	(194)	(286)
Change of investments in securities	(2,920)	(2,350)
Change of repurchase agreements, net	2,740	5,593
Change of loan securities, net	1	-
Change of derivatives, net	179	(89)
Change of loan portfolio	(1,404)	(790)
Change of foreclosed assets	3	-
Change of other operating assets	(7,892)	(4,664)
Change of traditional deposits	919	173
Change of bank and other loans	11	355
Change in collateral sold or pledged as guarantee	83	-
Change of other operating liabilities	13,210	(2,459)
Net cash provided by (used in) operating activities	6,111	(3,424)
Investing activities:		
Payments for acquisition of furniture and equipment	(24)	(14)
Proceeds from disposal of furniture and equipment	47	2
Payments adjustments and improvements	-	(116)
Payments for acquisition of intangible	(201)	-
Proceeds from disposal of subsidiaries and associated companies	-	(395)
Payments for acquisition of subsidiaries and associates	(63)	-
Net cash used in investing activities	(241)	(523)
Financing activities:		
Increased capital stock	-	306
Refund of capital stock	-	(25)
Repurchase equity	(23)	-
Cash payment of dividends	(222)	(419)
Net cash used by financing activities	(245)	(138)
Increase (decrease) of funds available	5,625	(4,085)
Funds available at the beginning of the year	849	4,934
Funds available at the end of the year	\$ 6,474	\$ 849

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

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

Notes to Consolidated Financial Statements

For the years ended December 31, 2011 and 2010

(In millions of Mexican pesos)

1. Activities, regulatory environment and significant events

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

The main activity of its 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.

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, both for 12.85 million of U.S. dollars each were made on November 23, 2010. 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 agreed price by the parties depends on the financial performance of Tempus in 2010 and 2011, the first of three payments, 31.8 million of U.S. dollars, 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 of U.S. dollars (equal to \$396). The second payment 4.5 million of U.S. dollars was made in April 2011. Under the agreement, the third payment of 12.2 million of U.S. dollars was made in March 2012. As of December 31, 2011, goodwill and the acquired intangible assets identified in this transaction are \$659.
- The movement of goodwill as of December 31, 2011, is as follows

Balance, December 31, 2010	\$	562
Conversion effect to Mexican Pesos		<u>76</u>
		638
Adjustment for valuation of goodwill		<u>21</u>
		659
Intangible assets acquired		<u>(176)</u>
Balance as of December 31, 2011	\$	<u>483</u>

As of November 23, 2010, date on which the acquisition of Tempus was finalized as discussed above, the balance sheet of this entity, audited by other auditors, translated into Mexican pesos using the exchange rate as of that date of \$12.4664 Mexican peso per U.S. 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. The Institution 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 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.

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 or 90 days are reserved in the consolidated statements of income, regardless of the likelihood of recovery by Holding Monex.

- The accrual of interest earned on credit transactions is suspended when the unpaid balance is considered non-performing. Insofar as the credit is maintained in the non-performing portfolio, interest earned is controlled in memorandum accounts. When such non-performing interest is collected, it is recognized directly in earnings under "interest income". As of January 2010, the NIF establish that interest or returns accrued on accounts receivable derived from bad debts should not be recognized in the financial statements because they should be treated as contingent assets.
- The Commission establishes methodologies to determine an allowance for loan losses based on the expected losses. MFRS require the creation of an allowance for loan losses based on an evaluation of loan recoverability, but does not establish a specific methodology for determining such allowance.
- The accounting criteria of the Commission allow for reclassifications of the category of securities held to maturity, or of trading securities to that of available-for-sale under extraordinary circumstances (for example, a lack of market liquidity, or when there is no active market for the securities, among others), which should be assessed and, as the case may be, validated through the express authorization of the Commission. The Interpretation to Financial Recording Standards (INIF) No. 16, "*Transfer from category of primary financial instruments for trading purposes*" does not contain any restriction on carrying out the aforementioned classifications, subject to compliance with the requirements established therein.
- 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".
- Up to December 31, 2010, segregated embedded derivatives were presented together with the host contract, instead of presenting them separately as established 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.
- Under the accounting criteria of the Commission, the counterparty risk is not considered for the valuation of the over-the-counter (OTC) financial derivatives, in contrast to 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.

Monetary unit of the financial statements - The financial statements and notes as of December 31, 2011 and 2010 and for the years then ended include balances and transactions denominated in Mexican pesos of different purchasing power.

Consolidation of financial statements - The consolidated financial statements include the financial statements of Holding Monex and those of its subsidiaries in which it holds control. The shareholding percentage in their capital stock is shown below:

	Company	Participation		Activity
		2011	2010	
1.	Prestaciones Universales, S.A. de C.V. (Prestaciones)	99.99%	99.99%	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 in order to be exchanged by goods and services.
2.	Pagos Intermex, S.A. de C.V.(Intermex)	99.99%	99.99%	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)	97.77%	97.77%	Direct subsidiary of Holding Monex, AdmiMonex 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%	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%	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-leasing 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%	99.99%	Indirect subsidiary of Holding Monex . Holding company of Monex USA.
	4.1.2.1Monex USA, Corp. (Monex USA)	100%	100%	Indirect subsidiary of Holding Monex. Holding company of Tempus.
	4.1.2.1.1Tempus Consulting, Inc. (Tempus)	100%	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.
	4.1.2.1.1.1Tempus UK, Ltd. (Tempus UK)	100%	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%	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%	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%	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	99.99%	99.99%	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.

Intermediation result - At December 31, 2011 and 2010, 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 income. Subsequently, to translate the financial statements from the functional currency to Mexican peso, 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:

Company	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	U.S. dollar	13.9476	13.9476
Monex USA, Corp.	U.S. dollar	U.S. dollar	1	13.9476
Tempus Consulting, Inc.	U.S. dollar	U.S. dollar	1	13.9476
Tempus UK, Ltd.	Pound sterling	Pound sterling	1	21.6759
Monex Securities, Inc. (Monex Securities)	U.S. dollar	U.S. dollar	1	13.9476
Monex Assets Management, Inc. (Monex Assets)	U.S. dollar	U.S. dollar	1	13.9476

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

	Amount
Beginning balance	\$ (19)
Conversion effect of the year -	
Goodwill and intangible assets	21
Other	11
	<hr/>
Ending balance	<u>\$ 13</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 U.S. 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 33, 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 and its main subsidiaries will be adjusted to MFRS defined by the Mexican Board of Financial Reporting Standards (CINIF) (formerly Mexican Board for the Research and Development of Financial Reporting Standards, A.C.), 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 the Accounting Criteria of the Commission –

Changes that occurred during 2011

During 2011, the Federal Official Gazette published certain modifications to the accounting criteria for Credit Institutions.

The most significant effects of these changes are as follows:

- The presentation of the income statement is comprehensively restructured for purposes of compliance with MFRS. The headings of "Other products" and "Other expenses" are eliminated and the items which comprise these headings are now presented within the heading of "Other operating income" as part of the results of operations.
- The accounting standard related to the treatment of collateral in derivatives transactions in unrecognized markets (over-the-counter) is clarified. They will be accounted for separately from the margin accounts, and will be recorded in an account receivable or payable, as the case may be.

- The valuation of implicit derivatives denominated in foreign currency contained in contracts is not established, when such contracts require payments in a currency that is commonly used to purchase or sell non-financial items in the economic environment in which the transaction is performed (for example, a stable and liquid currency which is commonly used in local transactions or in foreign trade transactions).
- In convergence with the NIF, the requirement to incorporate the allowance for loan losses in the net result as part of the cash flow statement is eliminated.
- Accounting Treatment B-6 "Credit portfolio" of the General provisions applicable to financial groups and credit institutions, is amended mainly to establish the following:
 - The treatment for the restructuring and renewal of credits, as well as the respective commissions and costs.
 - The incorporation of the commissions for credit restructurings as commissions for the initial granting of the credit, which may be deferred during the new term of the restructured credit.
 - It is also established that the presentation of the commissions collected and paid should be net of their respective costs and expenses.
 - The requirements which should be followed to consider that there is sustained payment by the borrower.
 - On the cancellation date of a credit line, the unamortized balance for commissions collected on the credit lines, which are canceled before the end of the 12 month period will be recognized directly in results of the year under the heading of "Commissions and tariffs collected".

Changes in accounting policies --

Changes in NIF applicable to Holding Monex

The following accounting pronouncements were issued by the CINIF during the year 2010 and went into effect as of January 1, 2011:

NIF B-5, Financial information by segments- Establishes the management approach to disclose financial information by segments, in contrast to Bulletin B-5 which, although it used a management approach, required that the information to be disclosed should be classified by economic segments, geographical areas or by homogeneous groups of customers; it requires a separate disclosure of interest income, interest expense and liabilities, and information on products, services, geographical areas and principal customers and suppliers.

NIF C-5, Prepaid expenses- Establishes that a basic characteristic of prepaid expenses is that they have not yet transferred to Holding Monex the risks and benefits inherent to the goods and services which it is yet to acquire or receive; and requires that impairment should be recognized when they lose their capacity to generate such benefits and their presentation in the balance sheet, under current assets or long-term assets.

NIF C-6, Property, plant and equipment- Incorporates the treatment of the exchange of assets based on the commercial substance; includes the bases for determining the residual value of a component, by considering current amounts; eliminates the rule of assigning an appraisal-based value to property, plant and equipment acquired at no cost or at a cost which is inadequate; establishes the rule of continuing to depreciate a component when it is not being used, except when depreciation methods are used based on the activity.

Furthermore, during December 2010, the CINIF issued the "Improvements to the NIF 2011", which document incorporates changes or clarifications to the NIF in order to establish a more appropriate regulatory framework. These improvements are classified into two sections as follows:

- a. Improvements to the NIF's that generate accounting changes, which are modifications that generate accounting changes in the valuation, presentation or disclosure in the financial statements. The NIF's subject to this type of improvements are:

NIF B-1, Accounting Changes and Error Corrections
NIF B-2, Statement of Cash Flows
Bulletin C-3, Accounts receivable
NIF C-10, Financial derivative instruments and hedge transactions
NIF C-13, Related Parties
Bulletin D-5, Leases

- b. Improvements to the NIF's that do not generate accounting changes, which are modifications to make clarifications to them, and which help establish a clearer and more understandable regulatory framework; because they are clarifications, they do not generate accounting changes in the financial statements. The NIF's subject to this type of improvements are:

NIF C-2, Financial instruments
NIF C-9, Liabilities, provisions, contingent assets and liabilities and commitments
NIF C-10, Financial derivative instruments and hedge transactions
NIF C-12, Financial instruments with characteristics of debt, equity or both
NIF D-4, Income Taxes
Bulletin D-5, Leases
NIF D-6, Capitalization of the comprehensive result of financing

The significant accounting policies of Holding Monex are as follows:

Recognition of the effects of inflation - The cumulative inflation of the three previous years at December 31, 2011 and 2010 evaluated with the investment units (UDIs) is 11.63% and 14.50%, respectively; consequently, the economic environment qualifies as noninflationary in both years. The inflation percentage for 2011 and 2010 was 3.61% and 4.40%, respectively.

Beginning on January 1, 2008, 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.

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 discount or premium). They are subsequently valued at fair value, determined by a 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 of debt securities plus their accrued interest and of equity securities compared with their fair value is recorded in the consolidated income statement 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 but 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 "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 established for credit institutions.

When the buying party sells or dedges 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 request 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.

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.

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.

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

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 intermediation 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".
- c. 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 Banco de México (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.

Commissions collected and its related costs and expenses - The commissions collected for the initial granting of the credits are recorded as a deferred credit under the heading "Deferred credits and advance collections", which is amortized against results of the year under the heading "Interest income" by the straight-line method over the credit term.

The commissions collected for credit restructurings or renewals are added to any commissions originated, and they are recognized as a deferred credit which is amortized in results by the straight-line method over the new term of the credit.

Any commissions recognized after the initial granting of the credits are those incurred as part of the maintenance of such credits, or those collected on credits which were not placed and are recognized in results at the time they are generated.

Incremental costs and expenses associated with the initial granting of the credit are recognized as a deferred charge, which will be amortized against results of the year as "Interest expense", during the same accounting period in which the revenues from commissions collected are recognized.

Any other cost or expense different from that described above, including those related to promotion, advertising, potential customers, management of existing credits (follow-up, control, recoveries, etc.) and other secondary activities related to the establishment and monitoring of credit policies, is recognized directly in results of the year as it is accrued under the respective heading, depending on the nature of the cost or expense.

Current loan portfolio - Holding Monex has the following criteria to classify the credits as current portfolio:

- Loans that are current in the payments of both principal and interest.
- Loans that do not demonstrate the characteristics of nonperforming portfolio.
- Restructured or renewed loans which have evidence of sustained payment.

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 and 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 individual loans in the loan portfolio must be classified as commercial, housing mortgage or consumer loans. As of December 31, 2011 and 2010, 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 including those given to financial entities unless involving interbank loans contracted for less than three business days; transactions of 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". 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. Housing loans: direct loans denominated in Mexican pesos, together with the respective interest, granted to individuals for housing remodeling or improvement, but not for commercial housing speculation purposes.

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 rated 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 and rated 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%

Portfolio of States and their Municipalities:

On October 5, 2011, the Federal Official Gazette published a Ruling which modifies the Provisions related to the classification methodology of commercial loan portfolio granted to States and their Municipalities, as well as the accounting treatment for loan portfolio. The most important modifications refer to the following:

In regard to the rating methodology of the trade loan portfolio granted to States and municipalities:

- 1) A new methodology is established that modifies the current incurred loss model to rate and create the allowance for this portfolio to a model based on expected loss in which the losses for the next 12 months are estimated using the best loan information available.
- 2) The new methodology considers the likelihood of default, the severity of the loss and the exposure to default.
- 3) The likelihood of default is determined based on quantitative and qualitative scores based on several risk factors established in the Regulations. The likelihood of default will be 0% for loans guaranteed by a program established by a federal law that is in turn included in the Federal Expense Budget of the related year. With certain exceptions, when a loan with the credit institution is past due, the likelihood of default will be 100%.
- 4) Real and personal collateral as well as loan derivatives will be considered to determine the severity of the loss and the exposure to default.

Loans owed by decentralized agencies of the States and their Municipalities in excess of 900,000 UDIS at the classification date will be rated individually by considering a level of risk based on the ratings assigned by the ratings agencies (Fitch, Moody's, HR Ratings and S&P) authorized by the Commission (this classification must not be more than 24 months old). Those municipalities which have an express personal guarantee by the government of their State may be classified with the level of risk applicable to the State which supports them. Finally, it is established that real guarantees must be assessed using the same regulatory mechanism applicable to any secured loan and when there is no Federal Participation, the level of risk must be moved two levels higher.

Housing loan portfolio:

When classifying the housing loan portfolio, considers the type of credit, the estimated probability of default of the borrowers, the severity of the loss associated with the value and nature of the credit's collateral and the exposure to default.

Furthermore, Holding Monex rates, creates and records the allowances for loan losses on the housing loan portfolio as follows:

Due and Payable Amount - Amount which in accordance with the income statement the borrower has to pay in the billing period agreed, without considering any previous due and payable amounts that were not paid. If the billing is half monthly or weekly, the due and payable amounts of the two half months or four weeks in the month, respectively, must be added up so that the due and payable amount reflects a monthly billing period.

The discounts and rebates may reduce the due and payable amount only when the borrower complies with the conditions required in the credit contract for such purpose.

Payment made - Totals the payments made by the borrower in the billing period. Write-offs, reductions, amounts forgiven, rebates and discounts made to the credit or group of credits are not considered as payments.

If the billing is half monthly or weekly, the payments made for the two half months or four weeks of a month, respectively, must be added up so that the payment made reflects one full monthly billing period.

Value of the Home Vi - The value of the home at the time of the credit origination, restated in accordance with the following:

$$\text{Value of Home} = \frac{\text{INPC}_{\text{month of classification}}}{\text{INPC}_{\text{month of origination}}} \times \text{Value of Home at Origination}$$

In any case, the home value at the time of the origination may be restated based on a formal appraisal.

Credit Balance Si - The unpaid balance at the classification date, which represents the amount of the credit effectively granted to the borrower, adjusted for accrued interest, less any insurance payments which were financed, collections of principal and interest, as well as reductions, amounts forgiven, rebates and discounts granted, as the case may be.

Days in Arrears - Number of calendar days at the classification date during which the borrower did not fully settle the due and payable amount under the terms originally agreed.

Credit Denomination (MON) - This variable will take the value of one (1) when the housing loan is denominated in UDIs, minimum wages or a currency other than Mexican pesos, and zero when it is denominated in pesos.

Completion of File (INTEXP) - This variable will take the value of one (1) if the selling party of the real estate property participated in obtaining the proof of income or in contracting the appraisal, and zero in any other case.

The total amount of reserves to be created by Holding Monex will be equal to the reserves for each credit, as follows:

$$R_i = PI_i \times SP_i \times EI_i$$

Where:

R_i = Amount of reserves to be created for the nth credit.

PI_i = Probability of default on the nth credit.

SP_i = Severity of the loss on the nth credit.

EI_i = Exposure to default on the nth credit.

In any case, the amount subject to the classification must not include uncollected accrued interest recorded on the balance sheet, of credits which are in nonperforming portfolio.

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 equipment, net - Property, 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.

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

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, installation expenses incurred for the renovation of new corporates office and intangible assets identified in the acquisition of Tempus.

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 severance and seniority premiums.

The investments in securities acquired to cover the severance 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, 2011 and 2010, the balance applicable to Holding Monex is presented by decreasing the heading of "Sundry creditors and other accounts payable".

Goodwill - Goodwill is mainly 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. During, 2011, Management was identified intangible assets on the excess paid over the accounting value. In 2011, management determined that intangible assets on the excess paid over book value refer to software \$7, licenses \$71, sales force \$42 and operating contracts with banks \$56. Pursuant to NIFs, Holding Monex had one year as of the acquisition date to identify such assets. To make the financial statements as of December 31, 2011, and 2010 comparable, Holding Monex presents this allocation since the 2010 yearend.

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.

Interbank 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.

Remittances payable - Represent the balance of outstanding remittances payable by the Holding Monex, which are paid to beneficiaries in Mexican pesos or U.S. dollars through the correspondent network or the petty cash funds delivered to the Holding Monex by agencies to settle remittances.

Outstanding coupons - Represent the coupons, vouchers and payment orders, whether printed or issued through electronic media, which can be exchanged by beneficiaries for goods and services considered as employment benefits.

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 seniority premiums, 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.

Liability for the acquisition of Tempus - 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, is to be paid in 2011 and 2012 based on the results obtained by Tempus. This liability was recorded under "Sundry creditors and other payables".

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 its Subsidiaries will incur ISR or IETU, and they must recognize the deferred tax applicable to the tax which it essentially pay. Holding Monex and subsidiaries 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, 2011 and 2010, 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 UDIs. 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 heading "Foreign exchange".

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 -

- Customer banks and securities held in custody, guarantee and administration:

Customers' cash and securities held in custody, guarantee and administration by Holding Monex are recognized at their fair value in memoranda accounts and represent the maximum amount for which the Brokerage House is liable as regards its customers based on future events.

- a. Cash is deposited with Credit Institutions in checking accounts other than those registered in the name 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 transactions performed in customers' names when each transaction is agreed, regardless of its 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, 2011 and 2010.

- *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.

– *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, 2011 and 2010, funds available were as follows:

	2011	2010
Funds Available		
Cash	\$ 77	\$ 69
Deposits in banks	2,495	1,211
Remittance	<u>63</u>	<u>33</u>
	2,635	1,313
Restricted funds available:		
Foreign currency purchase 24 and 48 hours (1)	16,629	5,574
Foreign currency sale 24 and 48 hours (1)	(12,914)	(6,149)
Regulatory monetary deposits (2)	100	100
Others	<u>24</u>	<u>11</u>
Total net	<u>\$ 6,474</u>	<u>\$ 849</u>

- (1) 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, 2011 and 2010, balances denominated in foreign currency (in millions of U.S. dollars) and the equivalent amounts in Mexican pesos are composed as follows:

	2011			
	Dollars	Euros	Others	Total
Total funds available-				
Purchase of foreign exchange receivable in 24 and 48 hours (Mexican pesos)	\$ 16,024	\$ 535	\$ 70	\$ 16,629
Sale of foreign exchange receivable in 24 and 48 hours (Mexican pesos)	(12,625)	(241)	(48)	(12,914)
Total in funds available (Mexican pesos)	<u>\$ 3,399</u>	<u>\$ 294</u>	<u>\$ 22</u>	<u>\$ 3,715</u>

The exchange rate as of December 31, 2011 was \$13.9476 Mexican pesos and \$18.1039 Mexican pesos per the U.S. dollar and Euro, respectively.

	2010			
	Dollars	Euros	Others	Total
Total in funds available-				
Purchase of foreign exchange receivable in 24 and 48 hours (Mexican pesos)	\$ 5,473	\$ 97	\$ 4	\$ 5,574
Sale of foreign exchange to be settled in 24 and 48 hours (Mexican pesos)	(5,802)	(333)	(14)	(6,149)
Total in funds available (Mexican pesos)	<u>\$ (329)</u>	<u>\$ (236)</u>	<u>\$ (10)</u>	<u>\$ (575)</u>

The exchange rate as of December 31, 2010 was \$12.3396 Mexican pesos and \$16.5633 Mexican pesos per the U.S. dollar and Euro, respectively.

- (2) 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, 2011 and 2010, 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, 2011 and 2010, the margin account is as follows:

	2011	2010
Collaterals received as guarantee	\$ 261	\$ 321
Valuation of futures	<u>92</u>	<u>(35)</u>
	<u>\$ 353</u>	<u>\$ 286</u>

As of December 31, 2011 and 2010, margin accounts for collateral submitted in organized operations markets remain with Scotiabank Inverlat, S.A. for \$261 and \$321, respectively.

The collaterals are hedging the next futures: rate futures and IPC.

7. Investment in securities

Trading securities - As of December 31, 2011 and 2010, trading securities were as follows:

	2011				2010	
	Acquisition	Accrued	(Loss) Gain	Total	Total	
Debt instruments:						
Government securities-						
Treasury bills (CETES)	\$ 194	\$ -	\$ 2	\$ 196	\$ 1,063	
Federal Government Development Bonds (BONDES)	2,077	20	(19)	2,078	27	
Bonds M, M0 y M7	38	-	(1)	37	143	
Udibonds	2	-	-	2	1	
Saving protection bonds (BPAT'S)	1,604	18	(10)	1,612	755	
Bonds United Mexican States (UMS)	107	10	(20)	97	-	
Private securities-						
Traded certificates	5,631	59	(62)	5,628	2,164	
Commercial paper	794	4	(4)	794	3	
Private bank issued securities-						
Promissory note with yield payable at maturity (PRLV)	531	-	2	533	1,360	
Traded certificates	662	6	(2)	666	3,643	
Certificates of deposits	525	1	(1)	525	11	
International Government securities-						
Debts bonds (NOTES)	279	-	-	279	247	
Eurobonds of private companies	67	-	-	67	568	
Capital market instruments:						
Shares listed in stock exchanges	24	-	(4)	20	28	
Investments in investment funds	23	-	3	26	95	
Industry, commercial and services shares	-	-	-	-	6	
Value date transactions:						
Government securities -						
Bonds M, M0 y M7	(3)	-	2	(1)	(9)	
Saving protection bonds (BPAT'S)	-	-	-	-	(17)	
Trade certificates	-	-	-	-	(447)	
Obligations	-	-	-	-	2	
Shares quoted on the exchange	15	-	(4)	11	(13)	
Investments in investment funds	68	-	4	72	9	
Total trading securities	<u>\$ 12,638</u>	<u>\$ 118</u>	<u>\$ (114)</u>	<u>\$ 12,642</u>	<u>\$ 9,639</u>	

At December 31, 2011 and 2010, the securities under repurchase agreement are as follows:

Selling party	2011	2010
Derived from negotiable instruments:		
Government securities-		
Treasury bills (CETES)	\$ 72	\$ 782
Federal Government Development Bonds	2,071	93
Udibonds	1	-
Savings Protection Bonds	1,290	352
Bonds United Mexican States (UMS)	118	37
Subtotal	<u>3,552</u>	<u>1,264</u>
Privates security-		
Commercial paper	791	421
Traded certificates	5,298	4,690
Subtotal	<u>6,089</u>	<u>5,111</u>
Private bank issued securities-		
Promissory note with yield payable at maturity (PRLV)	210	223
Traded bank certificates	490	791
Certificates of deposits	525	-
Subtotal	<u>1,225</u>	<u>1,014</u>
Total	<u>\$ 10,866</u>	<u>\$ 7,389</u>

This position is considered restricted within trading securities.

As of December 2011, positions greater than 5% of Holding Monex's net capital in debt securities with a sole issuer (other than government securities) are as follows:

Issuer	Maturity date	% Rate	Restated value
BMULTIV	03/05/2012	5.25%	\$ 249
D7 UBS827	03/20/2012	libor 3m +1.40%	279
CEDEVIS	02/01/2012	4.75%	573
GPROFUT	02/01/2012	4.75%	227
GS026	02/01/2012	4.29%	200
HITOTAL	05/01/2012	4.80%	904
PEMEX	02/01/2012	4.75%	462
RBS556	02/01/2012	4.75%	171
TELFIM	14/02/2012	4.75%	514
TFOVIS	02/01/2012	4.75%	961

Securities available for sale - At December 31, 2011 and 2010, securities available for sales are composed by shares in the Mexican Stock Exchange (BMV). At December 31, 2011 and 2010, the accrued valuation of these securities was recorded under the "Gain from valuation of securities available for sales net" heading under earned capital, for \$154 and \$232, respectively.

	2011			2010	
	Acquisition costs	Accrued interest	Increase (decrease) due to valuation	Total	Total
U.S. Treasury Shares	\$ 16 44	\$ - -	\$ - 274	\$ 16 318	\$ - 368
Total securities available for sale	<u>\$ 60</u>	<u>\$ -</u>	<u>\$ 274</u>	<u>\$ 334</u>	<u>\$ 368</u>

8. Repurchase agreements

As of December 31, 2011 and 2010, repurchase agreements were as follows:

As of December 31, 2011 Holding Monex was maintain a net position for \$2 and December 31, 2010 did not maintain a position in repurchase agreements.

When Holding Monex acts as purchaser were as follows:

	2011 Cash to deliver	2010 Cash to deliver
Derived from negotiable instruments:		
Government securities -		
Treasury bills (CETES)	\$ 72	\$ 783
Federal Government Development Bonds	2,054	-
Udibonds	1	-
Savings Protection Bonds	898	352
Bonds United Mexican States (UMS)	118	37
Subtotal	<u>3,143</u>	<u>1,172</u>
Privates security-		
Commercial paper	791	421
Traded certificates	4,959	4,693
Subtotal	<u>5,750</u>	<u>5,114</u>
Private bank issued securities-		
Promissory note with yield payable at maturity (PRLV)	177	223
Traded bank certificates	459	793
Certificates of deposits	515	-
Subtotal	<u>1,151</u>	<u>1,016</u>
Total	<u>\$ 10,044</u>	<u>\$ 7,302</u>

As of December 31, 2011 and 2010, net interest collected and charged on sale and repurchase agreements are \$664 and \$323, respectively.

As of December 31, 2011 and 2010, 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, 2011 and 2010, the position for transactions with financial derivatives is as follows:

Asset position	2011		2010	
	Nominal amount	Asset position	Nominal amount	Asset position
Futures-				
Foreign currency futures	\$ 5,994	\$ -	\$ 3,989	\$ -
Futures indexes	<u>3</u>	<u>-</u>	<u>4</u>	<u>-</u>
	5,997	-	3,993	-
Forwards-				
Foreign currency forwards	18,793	137	20,216	86
Forwards shares	<u>-</u>	<u>1</u>	<u>457</u>	<u>-</u>
	18,793	138	20,673	86
Options-				
Foreign currency options	23	6	132	3
Options rates	19	10	655	13
Options indexes	<u>1</u>	<u>1</u>	<u>251,684</u>	<u>4</u>
	43	17	252,471	20
Swaps-				
Interest rate swaps (IRS)	<u>3,454</u>	<u>60</u>	<u>1,078</u>	<u>12</u>
	3,454	60	1,078	12
Total trading	28,287	215	278,215	118
Swaps hedge -				
Foreign currency swaps	<u>-</u>	<u>-</u>	<u>621</u>	<u>22</u>
Derivatives hedged	<u>-</u>	<u>-</u>	<u>621</u>	<u>22</u>
Total position	<u>\$ 28,287</u>	<u>\$ 215</u>	<u>\$ 278,836</u>	<u>\$ 140</u>

Liability position	2011		2010	
	Nominal amount	Liability Position	Nominal amount	Liability Position
Futures-				
Foreign currency futures	\$ 757	\$ -	\$ 701	\$ -
Futures indexes	<u>1</u>	<u>-</u>	<u>2</u>	<u>-</u>
	758	-	703	-
Forwards-				
Foreign currency forwards	21,731	123	22,383	32
Forwards shares	<u>931</u>	<u>-</u>	<u>2,151</u>	<u>1</u>
	22,662	123	24,534	33
Options-				
Foreign currency options	23	9	136	3
Options rates	22	13	672	14
Options indexes	<u>2</u>	<u>2</u>	<u>251,680</u>	<u>4</u>
	47	24	252,488	21
Swaps-				
Interest rate swaps (IRS)	<u>3,580</u>	<u>187</u>	<u>1,070</u>	<u>4</u>
	3,580	187	1,070	4
Total trading	27,047	334	278,795	58
Swaps hedge-				
Foreign currency swaps	<u>-</u>	<u>-</u>	<u>604</u>	<u>5</u>
Derivatives hedged	<u>-</u>	<u>-</u>	<u>604</u>	<u>5</u>
Total position	<u>\$ 27,047</u>	<u>\$ 334</u>	<u>\$ 279,399</u>	<u>\$ 63</u>

The valuation effect of the trading derivative instruments is reflected in the statements of income under "Intermediation result" and as of December 31, 2011 and 2010, the loss-gain is \$(34) and \$28, 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, 2011 and 2010, the valuation effect of the trading futures is \$(92) and \$(35), 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, 2011 and 2010, are comprised as follows:

Heading	Type of collateral	Received		
		Market	2011	2010
Sundry creditors and other accounts payable				
Guarantees received	Securities	OTC	\$ 130	\$ 79

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, 2011 and 2010, 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

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, 2011, due to changes in the value of the hedged position, the use of derivatives differed from the original agreement. Accordingly, the overall hedging scheme was amended, resulting in the write-off of the valuation effects recorded under “Result of the valuation of cash flow hedging instruments” in stockholders’ equity against results for the year.

As of December 31, 2011 and 2010, 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.

The margin call amount during 2011 and 2010 was that necessary to cover both the contributions in organized markets and those required in collateral agreements.

On November 11, 2011, transactions with OTC derivatives with MF Global FX Clear LLC (a subsidiary of MF Global Finance USA, Inc.), matured early because its parent company declared bankruptcy under U.S. laws. The market value as of that date determined by the Institution was \$118, which was recorded under "Other accounts receivable (net)".

As of December 31, 2011 and 2010, except as mentioned above, 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 U.S. dollars), to cover the specific financial liabilities associated to the lease of the building that houses the headquarters and data center of Holding Monex, however, because the objective, characteristics, accounting recognition, and effectiveness were not fulfilled, the Holding Monex decided to treat them as a trading derivative and, therefore, it has recorded fair value fluctuations directly in results.

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, 2011 (unaudited):

Sensibility analysis	Sensibility (all factors)
• Stage one (FX and IPC, 1%)	0.220
• Stage two (FX and IPC, 2%)	0.440

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 1.40, i.e., they change 40%.

As of December 31, 2011 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>2.3</u>
Scenario two	\$ <u>4.7</u>

10. Loan portfolio

As of December 31, 2011 and 2010, the current loan portfolio and past-due loan portfolio granted by type of currency are as follows:

	2011	
	Current	Past-due
Mexican pesos:		
Commercial with guarantee	\$ 859	\$ 62
Loans to financial institutions	511	-
Government entities	81	-
Housing loans	602	-
Valued in U.S. dollars:		
Commercial with guarantee	1,416	-
Loans to financial institutions	<u>179</u>	<u>-</u>
	<u>\$ 3,648</u>	<u>\$ 62</u>
	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>

On March 8, 2011, the Institution executed an outline agreement with the National Workers' Housing Fund (Infonavit), whereby the Institution grants the loan called "Renueva tu Hogar" (Renovate your home) to certain employees enrolled with the Infonavit, with the consent of the Infonavit and the Institution. The parametrical authorization and the management of these loans is the responsibility of the Infonavit. In December 2011, escrow was opened with Nacional Financiera to guarantee collection of this portfolio, and Infonavit thereby deposits the guarantees provided by the borrowers from their housing subsidiary accounts. As of December 31, 2011, the total value of this portfolio is \$602 and is classified under "Housing loans" pursuant to the provisions prescribed by the Commission.

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 U.S. 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.

At December 31, 2011 and 2010, the portfolio with third party equity administered by Holding Monex and balances denominated in foreign currency and without third party equity are as follows:

	2011		
	Original	Sold	Own
Short-term	\$ 106	\$ -	\$ 106
Long-term	16	-	16
	<u>\$ 122</u>	<u>\$ -</u>	<u>\$ 122</u>
	2010		
	Original	Sold	Own
Short-term	\$ 128	\$ (22)	\$ 106
Long-term	16	-	16
	<u>\$ 144</u>	<u>\$ (22)</u>	<u>\$ 122</u>

Risk diversification -

As of December 31, 2011, Holding Monex had the following credit risk, in compliance with the general rules for the diversification of risks in the conduct of active and passive transactions, as follows:

- As of December 31, 2011, Holding Monex maintains no loans to debtors or groups of persons representing a common risk and whose individual value is greater than 10% of core capital.
- The amount of credit extended to the three largest debtors or groups of individuals that represent common risk is \$425 and represent 23% of basic capital of the Institution.

Loans to related parties - As of December 31, 2011 and 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 \$373 and \$476, respectively, which were approved by the Board of Directors.

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, 2011 and 2010, unused credit lines authorized to customers for \$4,897 and \$3,475, respectively.

As of December 31, 2011, aging of past due portfolio is as follows:

	2011	2010
From 1 to 179 days	\$ 25	\$ 22
From 180 to 365 days	14	30
Over 365	<u>23</u>	<u>3</u>
	<u>\$ 62</u>	<u>\$ 55</u>

11. Allowance for loan losses

As of December 31, 2011 and 2010, the allowance for loan losses was \$67 and \$56, respectively, and had been assigned as follows:

2011	Current portfolio	Past-due Portfolio	Assigned Allowance
Commercial with guarantee	\$ 2,275	\$ 62	\$ 67
Loans to financial institutions	690	-	-
Government entities	81	-	-
Housing loans	<u>602</u>	<u>-</u>	<u>-</u>
Total portfolio	<u>\$ 3,648</u>	<u>\$ 62</u>	<u>\$ 67</u>
2010	Current portfolio	Past-due Portfolio	Assigned Allowance
Commercial with guarantee	\$ 1,914	\$ 55	\$ 56
Loans to financial institutions	<u>326</u>	<u>-</u>	<u>-</u>
Total portfolio	<u>\$ 2,240</u>	<u>\$ 55</u>	<u>\$ 56</u>

As of December 31, 2011 and 2010, Holding Monex maintained an allowance for loan losses equivalent to 108% and 102%, of the past-due portfolio, respectively.

The allowance for loan losses resulting from the loan portfolio classification with responsibilities as of December 31, 2011 and 2010, reported by Holding Monex, is as follows:

Degree of risk	2011		2010	
	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	\$ 3,921	\$ 18	\$ 2,256	\$ 10
A-2	306	5	432	3
B-1	176	9	19	-
B-2	94	8	203	11
B-3	-	-	100	3
C-1	-	-	-	-
C-2	-	-	14	1
D	1	1	10	1
E	<u>26</u>	<u>26</u>	<u>47</u>	<u>27</u>
Base classification portfolio	\$ 4,524	\$ <u>67</u>	\$ 3,081	\$ <u>56</u>
Less - Letter of credit	<u>(814)</u>		<u>(786)</u>	
Loan portfolio, net	\$ <u>3,710</u>		\$ <u>2,295</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, 2011 and 2010:

	2011	2010
Opening balances	\$ 55	\$ 49
Provisions (applications) with a charge (credit) to:		
Results	48	64
Exchange result	(2)	(2)
Applications	<u>(34)</u>	<u>(55)</u>
Closing balances	\$ <u>67</u>	\$ <u>56</u>

12. Other receivables, net

As of December 31, 2011 and 2010, the other receivables, are as follows:

	2011	2010
Debtors due to liquidation of operations	\$ 1,888	\$ 6,147
Debtors by foreign exchange transactions	12,295	1,337
Recoverable taxes	36	43
Debtors of operation	415	-
Current accounts customers	-	16
Intercompany administrative services	-	16
Employee loans and other debits	22	11
Vouchers debtors	3,272	2,765
Collateral submitted on derivative transactions	328	147
Others debtors	<u>18</u>	<u>113</u>
	18,274	10,595
Allowance for doubtful accounts	<u>(146)</u>	<u>(71)</u>
Total	\$ <u>18,128</u>	\$ <u>10,524</u>

13. Property, furniture and fixtures, net

As of December 31, 2011 and 2010, property, furniture and fixtures were as follows:

	2011	2010
Land	\$ 7	\$ 7
Buildings	3	3
Office furniture and equipment	90	107
Computer, security and communications equipment	212	203
Vehicles	25	33
Property, furniture and fixtures available for sale	<u>-</u>	<u>39</u>
	337	392
Less-		
Accumulated depreciation and amortization	<u>(239)</u>	<u>(233)</u>
Total property, furniture and fixtures (net)	<u>\$ 98</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 their accounting value; accordingly, an impairment reserve was not recognized.

On December 9, 2011, real property and equipment classified as available-for-sale were effectively sold; a profit of \$6 was subsequently recognized in results.

For the years ended at December 31, 2011 and 2010, an expense of \$38 and \$55, respectively, was recorded.

14. Other assets

As of December 31, 2011 and 2010, goodwill and other assets were as follows:

	2011	2010
Goodwill:		
Goodwill Tempus	\$ 483	\$ 406
Goodwill Prestaciones Universales	<u>15</u>	<u>15</u>
	498	421
Deferred charges, advance payments and intangibles:		
Advance payments	107	1
Brands and patents	170	177
Investments projects	-	1
Contracts of agencies, correspondents, and non-compete	97	137
Software	113	127

	2011	2010
Other intangible assets generated in the acquisition of		
Tempus	176	156
Adjustments and improvements	138	129
Goods in custody or under administration	101	102
Other deferred charges	<u>87</u>	<u>107</u>
	1,487	1,358
Less - Accumulated amortization	<u>(153)</u>	<u>(128)</u>
	1,334	1,230
Other assets:		
Operating deposit	51	62
Interest on contingency fund	<u>5</u>	<u>-</u>
	56	62
	<u>\$ 1,390</u>	<u>\$ 1,292</u>

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. Although the price agreed upon by the parties depends on the financial performance of Tempus in 2011 and 2010, the first of three payments, of 31.8 million U.S. dollars (equal to \$396) granted the ownership of 100% of the shares and was made on November 23, 2010; date on which all of the authorizations were obtained from Mexican and foreign regulators and the Institution took control over operations. The second payment of 4.5 million U.S. dollars was made in April 2011. Under the agreement, the third payment was made in March 2012 by 12.2 million U.S. dollars.

The movement of goodwill as of December 31, 2011, is as follows:

	2011
Balance, December 31, 2010	\$ 562
Conversion effect to Mexican Pesos	<u>76</u>
	638
Adjustment for valuation of goodwill	<u>21</u>
	659
Intangible assets acquired	<u>(176)</u>
Balance as of December 31, 2011	<u>\$ 483</u>

As of December 31, 2011 and 2010, Holding Monex has identified intangible assets acquired separately from goodwill for the acquisition of Tempus, as follows:

	2011	2010
Licenses	\$ 71	\$ 63
Sales force	42	38
Operating agreements with banks	56	49
Software	<u>7</u>	<u>6</u>
	<u>\$ 176</u>	<u>\$ 156</u>

At December 31, 2011 and 2010, 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, 2011 and 2010, intangible assets are applied based on the useful life determined by Holding Monex's management.

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, 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.

15. Foreign currency position

As of December 31, 2011 and 2010, foreign currency assets and liabilities of Holding Monex were as follows:

	Millions of US Dollars		Millions of Euros		Millions of other foreign currencies in U.S. dollars	
	2011	2010	2011	2010	2011	2010
Funds available	USD 361	USD 44	€ 19	€ 5	USD 4	USD 1
Margin accounts	16	-	-	-	-	-
Investment in securities	82	69	-	-	-	-
Derivative (assets)	1,832	2,071	6	12	-	4
Current loan portfolio	92	-	-	-	-	-
Other receivables	42	-	-	-	-	-
Other assets	51	69	-	-	-	-
Deposits	(87)	-	(6)	-	(1)	-
Bank and other loans	(34)	(108)	-	-	-	-
Resale agreements	(34)	-	-	-	-	-
Derivative, (liability)	(1,656)	(2,016)	(6)	(11)	-	(4)
Sundry creditors and other payables	(651)	(115)	-	(7)	(4)	(3)
Other debts	-	-	(23)	-	-	-
Asset (liability) position	USD 14	USD 14	€ (10)	€ (1)	USD (1)	USD (2)
Mexican peso equivalent	\$ 195	\$ 173	\$ (181)	\$ (17)	\$ (14)	\$ (25)

As of December 31, 2011 and 2010, the "Fix" (48-hour) exchange rate used was \$13.9476 and \$12.3496 per U.S. dollar, respectively.

As of December 31, 2011 and 2010, the "Euro" exchange rate used was \$18.10398 and \$16.5633 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.

The foreign currency position of the other subsidiaries is insignificant.

16. Deposits

As of December 31, 2011 and 2010, deposits were as follows:

	2011	2010
Demand deposits	\$ 2,834	\$ 2,259
Time deposits-		
General public:		
Money market:		
Deposit certificates	484	155
Credit instruments issued (bonds)	-	36
Promissory notes with interest payable at maturity (IBMONE X) (1)	<u>451</u>	<u>400</u>
Total deposits	<u>\$ 3,769</u>	<u>\$ 2,850</u>

(1) Short-term maturities which generated interest at an average 4.8 % and 1% rate, in 2011 and 2010, respectively.

17. Bank and other loans

As of December 31, 2011 and 2010, bank loans were as follows:

	2011			2010	
	Mexican pesos	Foreign currency	Rate	Total	Total
Demand deposits-					
"Call Money" received	<u>\$ 300</u>	<u>\$ 154</u>	4.55%	<u>\$ 454</u>	<u>\$ 558</u>
Total demand deposits	300	154		454	558
Short term-					
FIRA	20	-	3.34%	20	-
Scotiabank, Canada	-	-	-	-	37
Productive Chains	<u>266</u>	<u>-</u>	5.86%	<u>266</u>	<u>130</u>
Total short-term loans	286	154		286	167
Long term-					
Interamerican Corporation of Investments					
CO Bank	<u>-</u>	<u>-</u>		<u>-</u>	<u>4</u>
Total long-terms loans	-	-		-	4
Total interbank loans and other loans	<u>\$ 586</u>	<u>\$ 154</u>		<u>\$ 740</u>	<u>\$ 729</u>

Loans with foreign banks (not including accrued interest) - As of December 31, 2011, Holding Monex has transaction no loans with foreign institutions and December 31, 2010 accrue interest at rates 2.45%.

Loans with Development Bank Institutions - Loans are granted by Banco de Comercio Exterior (BANCOMEXT), Nacional Financiera (NAFIN) and Fideicomiso of Central Bank trough agricultural trusts (FIRA), which represent a direct obligation for the Institution 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

Assets	6 months	From 6 months to 1 year	From 1 year to 5 years	Over 5 years	Total
Funds available	\$ 6,374	\$ -	\$ -	\$ 100	\$ 6,474
Margin accounts	353	-	-	-	353
Trading securities	12,642	-	-	-	12,642
Available for sale securities	318	16	-	-	334
Repurchase agreements	2	-	-	-	2
Derivatives	215	-	-	-	215
Current loan portfolio	3,043	-	600	-	3,643
Other receivables (net)	18,128	-	-	-	18,128
Total assets	41,075	16	600	100	41,791

Liabilities	6 months	From 6 months to 1 year	From 1 year to 5 years	Over 5 years	Total
Demand deposits	\$ 2,834	\$ -	\$ -	\$ -	\$ 2,834
Deposits term	935	-	-	-	935
Interbank and other loans	740	-	-	-	740
Resale agreements	10,044	-	-	-	10,044
Collaterals received or delivered in guarantee	162	-	-	-	162
Derivatives	334	-	-	-	334
Remittances payable	22	-	-	-	22
Outstanding coupons	1,314	-	-	-	1,314
Sundry creditors and other payables	23,526	-	-	126	23,652
Total liabilities	39,911	-	-	126	40,037
Assets less liabilities	\$ 1,164	\$ 16	\$ 600	\$ (26)	\$ 1,754

The heading Of Funds available includes Monetary Regulation Deposits with Central Bank. Such deposits as of December 31, 2011 and 2010 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 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, 2011 and 2010, 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, 2011 and 2010, balances and activity reflected in employee benefits, which include, seniority premiums and severance payments, were as follows:

	2011	2010
Defined benefit obligation	\$ 162	\$ 143
Plan assets	<u>(30)</u>	<u>(28)</u>
Underfunded status	132	115
Unamortized:		
Unrecognized actuarial profits	<u>(6)</u>	<u>(11)</u>
Net projected liability	<u>\$ 126</u>	<u>\$ 104</u>

As of December 31, 2011 and 2010, the net projected liabilities for severance payments at the end of the employment relationship for reasons other than restructuring are \$41 and \$24, respectively.

Net periodic cost consists of the following:

	2011	2010
Service cost for the year	\$ 15	\$ 16
Financial cost	8	7
Amortization of transition liability	<u>10</u>	<u>5</u>
Net periodic cost	<u>\$ 33</u>	<u>\$ 28</u>

The economic assumptions used were as follows:

	2011	2010
Discount rate	8.14%	8.24%
Expected rate of return of assets	8.14%	8.24%
Rate of wage increases	5.04%	6.50%

The changes in net projected obligations were as follows:

	2011	2010
Opening balance (face value)	\$ 104	\$ 83
Actuarial adjustment of opening balance	(3)	-
Payment of benefits	(8)	(7)
Provision for the year	<u>33</u>	<u>28</u>
Net projected liability	<u>\$ 126</u>	<u>\$ 104</u>

As of December 31, 2011 and 2010, the assets related to the defined benefit plan were invested as follows:

	2011		2010	
	Amount	%	Amount	%
Capital market	\$ 5	19.28%	\$ 7	24.14%
Money market	<u>23</u>	76.55%	<u>22</u>	75.86%
Total	<u>\$ 28</u>		<u>\$ 29</u>	

As of December 31, 2011 and 2010, 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:

	2011	2010
Present value of the defined benefits obligation as of January 1	\$ 143	\$ 113
Actual payment of benefits during the year	(8)	(7)
Actuarial loss	(6)	9
Cost of the year	<u>33</u>	<u>28</u>
Present value of the defined benefits obligation as of December 31, 2011	<u>\$ 162</u>	<u>\$ 143</u>

20. Creditors from settlements of transactions

As of December 31, 2011 and 2010, creditors from settlement of transactions are as follows:

	2011	2010
Foreign exchange	\$ 16,009	\$ 5,572
Securities loan exchange	<u>1,739</u>	<u>794</u>
	<u>\$ 17,748</u>	<u>\$ 6,366</u>

21. Payable remittances

As of December 31, 2011 and 2010, the remittances payable were as follows:

	2011	2010
Remittances payable of beneficiaries	\$ 20	\$ 18
Funds of agencies	<u>2</u>	<u>2</u>
	<u>\$ 22</u>	<u>\$ 20</u>

22. Outstanding coupons

At December 31, 2011 and 2010, the outstanding coupons is composed as follows:

	2011	2010
Paper coupons	\$ 542	\$ -
Electronic coupons	<u>772</u>	<u>598</u>
	<u>\$ 1,314</u>	<u>\$ 598</u>

23. Sundry creditors and other payables

As of December 31, 2011 and 2010, sundry creditors and other payables were as follows:

	2011	2010
Employee retirement obligation provision	\$ 162	\$ 132
Funds	<u>(30)</u>	<u>(28)</u>
	132	104
Creditors from settlements of transaction by foreign exchange	1,185	562
Contingent liabilities	173	188
Reclassification of creditors bank balances	639	39
Deposits in guarantee	166	52
Payable commissions	177	158
Various taxes and social securities contributions	99	53
Suppliers	17	387
Taxes withheld	22	38
Dividend pending paid	60	-
Creditors granted coupons	2,974	2,634
Other sundry creditors	<u>131</u>	<u>359</u>
	<u>\$ 5,775</u>	<u>\$ 4,574</u>

24. Income taxes

Holding Monex is subject to ISR and IETU.

ISR - The ISR rate for 2011 and 2010 was 30%, and will be for 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%. 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 and its subsidiaries determined that it will basically pay ISR. Therefore it recognized only deferred ISR.

The provision created in results for ISR is as follows:

	2011	2010
ISR:		
Current	\$ 437	\$ 318
Deferred	<u>(26)</u>	<u>(5)</u>
	<u>\$ 411</u>	<u>\$ 313</u>

Reconciliation of the accounting tax result - The main items affecting the determination of Holding Monex's 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.

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 credit - As of December 31, 2011, Holding Monex and its subsidiaries have ISR tax loss carryforwards as follows:

Company	Amount
Holding Monex	\$ 75
AdmiMonex	27
Monex Servicios	<u>16</u>
	<u>\$ 118</u>

At December 31, 2011 and 2010, 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, F.III of the Federal Labor Law.

Deferred taxes - At December 31, 2011 and 2010, deferred taxes are composed as follows:

	2011	2010
Deferred ISR asset:		
Provisions	\$ 144	\$ 67
Labor obligations	36	35
Allowance for loan losses	-	4
Others	<u>15</u>	<u>49</u>
Deferred ISR asset	<u>195</u>	<u>155</u>
Deferred ISR (liability):		
Surplus value of financial instruments	121	101
Prepaid expenses	56	17
Others	<u>22</u>	<u>37</u>
Deferred ISR liability	<u>199</u>	<u>155</u>
Deferred taxes (net)	<u>\$ (4)</u>	<u>\$ -</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 is:

	<u>The Institution</u>		<u>The Brokerage House</u>	
	2011	2010	2011	2010
Legal rate	30%	30%	30%	30%
Valuation of investment securities	9%	11%	(3)%	7%
Others	(7)%	(11%)	(7%)	(3%)
Annual adjustment for inflation	-	-	4%	(8%)
Non deductibles	-	-	11%	13%
Effective tax rate	<u>32%</u>	<u>30%</u>	<u>35%</u>	<u>39%</u>

Other tax issues:

As of December 31, 2011 and 2010, Holding Monex as individual entity has the following balances for significant tax indicators:

	2011	2010
Contributed capital account	\$ <u>1,311</u>	\$ <u>1,191</u>
Net tax income account	\$ <u>147</u>	\$ <u>297</u>

25. Stockholders' equity

As of December 31, 2011 and 2010, capital stock, at par value, was as follows:

	<u>Number of shares</u>	
	2011	2010
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 15, 2011:

- Resolved to declare dividends of \$240, which were paid with a charge to the "Results of prior years" account. Dividends were paid through four payments of \$60 on April 27, July 19 and October 18, 2011, and January 17, 2012.
- Stockholders resolved to increase the legal reserve by \$36 by applying a charge to the "Result of prior years" account.
- Stockholders resolved to create a reserve to acquire the Stock Brokerage's own shares for the amount of \$100 through the Mexican Stock Exchange (Bolsa Mexicana de Valores, S.A.B. de C.V.), and by applying a charge to the "Result of prior years" account.

The Stockholders' Extraordinary General Meeting of November 23, 2011 resolved to declare dividends of \$42, with a charge to the "Results of prior years" account. Such dividends were paid on that day.

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.

Minimum fixed capital is 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 Institution, 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 Institution, 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.

At December 31, 2011, the reserve created to repurchase shares is composed as follows:

Repurchased shares	\$ 1,288,325
Market price per share	<u>18.10</u>
Market value	<u>\$ 23</u>
Approved capital reserve	\$ 100
Less:	
Share replacement loss	1
Historic value of repurchased shares	<u>22</u>
Balance repurchased share	<u>\$ 77</u>

At December 31, 2011, the percentage of the Holding Monex's own shares acquired in relation to its common stock is 0.03%.

26. Capital ratio (last information sent to Central Bank)

As of December 31, 2011 and 2010, 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:

	2011	2010
Net Capital / Required Capital	270.5%	252.7%
Basic Capital / Assets subject to Credit and Market Risk	21.4%	20.01%
Net Capital / Assets subject to Credit Risk	38.1%	36.75%
Net Capital / Assets subject to Credit, Market and operational risk	21.6%	20.22%

The Institution's capitalization ratio was restated and sent to Central Bank on March 30, 2012.

As of December 31, 2011 and 2010, the net capital used to calculate the capital ratio is as follows:

	2011		2010	
Basic Capital:				
Stockholder's equity disregarding convertible securities and subordinate debt	\$	2,626	\$	2,026
Less:				
Organization costs and other intangible		(574)		(158)
Investment in shares of entities		(249)		(165)
Investment in shares of financial entities		(9)		(13)
		<u>1,794</u>		<u>1,690</u>
Complementary Capital:				
Allowance for loan losses		<u>18</u>		<u>14</u>
Total net capital	\$	<u>1,812</u>	\$	<u>1,704</u>
	2011		2010	
	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	\$ 861	68.8	\$ 743	59.4
Transactions with real rate	524	41.9	-	-
Transactions with nominal rate in foreign currency	278	22.3	405	32.4
Transactions with shares and related to shares	963	77.1	1,069	85.5
Foreign exchange transactions	198	15.9	159	12.7
Transactions in UDIS relating INPC	<u>5</u>	<u>0.4</u>	<u>-</u>	<u>-</u>
	2,829	226.4	2,376	190.0
Credit risk:				
Deposits and loans	3,135	250.8	2,363	189
From repurchase agreements and derivatives counterparties	150	12	66	5.3
From issuers of debt securities in position	566	45.3	862	69
From long-term investment in shares and other assets	322	25.8	298	23.8
From guarantees and credit lines and securitization	577	46.1	-	-
From issues of real and personal guarantees received	<u>5</u>	<u>0.4</u>	<u>-</u>	<u>-</u>
	4,755	380.4	3,589	287.1
Operational risk:	<u>784</u>	<u>62.8</u>	<u>475</u>	<u>38</u>
Total assets at risk	\$ <u>8,638</u>	<u>669.6</u>	\$ <u>6,440</u>	<u>515.1</u>

At December 31, 2011 and 2010, weighted positions by market risk are as follows:

	2011		2010	
	Weighted assets by risk	Capital requirement	Weighted assets by risk	Capital requirement
Market risk	\$ 2,829	\$ 226.4	\$ 2,376	\$ 190.0
Credit risk	4,755	380.4	3,589	287.1
Operational risk	784	62.8	475	38.0
	<u>\$ 8,369</u>	<u>\$ 669.6</u>	<u>\$ 6,440</u>	<u>\$ 515.1</u>

27. Ratings of the Institution

As of December 31, 2011, the Institution has been awarded the following ratings:

	Standard & Poor's	Fitch Ratings
National level-		
Short-term	MxA-1	FI(mex)
Long-term	MxA+	A+(mex)
Financial strength-		
Perspective	Stable	Stable
Public date	December 13, 2011	November 30, 2011

28. Contingencies and commitments

- **Acquisition of Tempus.**- As explained in Note 1, the Institution acquired through a stock purchase agreement all of the shares of Tempus. Although the agreement between the parties depended on the financial performance of Tempus in 2010 and 2011, derived from the above was agreed that the acquisition would be paid off in three payments. The first and second payment was made in 2010 and 2011 and amounted to 31.8 and 4.5 million U.S. dollars, respectively. The corresponding liability to the third estimate for future payment to the previous stockholders of Tempus is 12 million U.S. dollars (equivalent to \$173). It's was paid in march, 2012.

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

- **Lawsuits** - In the normal course of business, Holding Monex 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, 2011 and 2010, Holding Monex has recorded contingency reserves of \$94 and \$51, 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.
- **Tax liability** - As the Tax Administration Service determined a series of tax liabilities for the subsidiaries of Holding Monex, the respective motions for reconsideration have been filed. However, based on the opinion of its external tax advisors, the Management of Holding Monex estimates that these liabilities will not have a material effect on its financial position or results of future operations.
- **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 in 2011 and 2010. 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.

- **Commitment** - As of December 31, 2011 and 2010 Holding Monex has service contracts (to receive), related to its operation, which represent less than 8.3% and 1.45% of operating expenses, respectively, which are part of Holding Monex's current expenses.
- **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
Third year	2,861,539
Fourth year	2,861,539
Fifth year hereinafter	<u>17,169,234</u>
Total	<u>28,615,390</u>

29. Memorandum accounts

Memoranda accounts are not included in the balance sheet and only the memoranda accounts in which transactions directly related to the balance sheet are recorded, such as customer banks, customer transaction settlements, customer securities in custody, customer repurchase agreements, customer loan securities transactions, customer collateral received in guarantee, customer transactions of purchase or sale derivatives, loan commitments, collateral received and sold or delivered in guarantee and uncollected earned interest derived from the overdue loan portfolio were subject to external audit.

Aside from the above memoranda accounts, Holding Monex also has the following:

a. *Contingent assets and liabilities (unaudited) -*

At December 31, 2011, there is no contingent asset and liability balance; however, at December 31, 2010, this balance is \$189.

b. *Trust mandate transactions (unaudited) -*

As of December 31, 2011 and 2010, Holding Monex administered the following trusts and mandates:

	2011	2010
Trusts under-		
Administration	\$ 16,113	\$ 5,664
Guarantee	5,030	2,176
Investment	<u>557</u>	<u>-</u>
Total transactions under trust or mandate	<u>\$ 21,700</u>	<u>\$ 7,840</u>

As of December 31, 2011 and 2010, the income from the administration of such goods was \$31 and \$24, respectively.

c. *Other record accounts (unaudited) -*

As of December 31, 2011 and 2010, other record accounts have a balance of \$2,564 and \$149, respectively.

30. Intermediation result

As of December 31, 2011 and 2010, the main items comprising the intermediation result are as follows:

	2011	2010
Valuation result-		
Trading securities valuation	\$ (67)	\$ (129)
Derivatives valuation	(50)	25
Foreign exchange	1	(13)
Capital securities	(2)	5
	<u>(118)</u>	<u>(112)</u>
Purchase-sale result-		
Derivatives	144	212
Trading securities	428	180
Capital securities	9	-
Foreign exchange:		
Dollar	2,011	2,006
Euro	407	164
Others	285	138
	<u>3,284</u>	<u>2,700</u>
	<u>\$ 3,166</u>	<u>\$ 2,588</u>

31. Financial margin

As of December 31, 2011 and 2010, the financial margin was as follows:

	2011	2010
Interest income:		
Interest and premiums on repurchase agreements	\$ 99	\$ 342
Interest on investment securities	493	150
Loan portfolio	181	121
Others	56	49
	<u>829</u>	<u>662</u>
Interest expenses:		
Interest from repurchase agreements	441	310
Interest on bank and other loans	16	32
Time deposits	41	22
Checking accounts deposits	19	10
Others	1	1
	<u>518</u>	<u>375</u>
Financial margin	<u>\$ 311</u>	<u>\$ 287</u>

32. Segment information

As of December 31, 2011, 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.

	Foreign exchange	Money market	International	Portfolio	Capital	Trust services	Prepaid	Found	Derivatives	Call Money	Treasury	Total
Intermediation result	\$ 2,551	\$ 357	\$ 151	\$ -	\$ 7	\$ -	\$ -	\$ -	\$ 100	\$ -	\$ -	\$ 3,166
Interest income	-	591	-	181	-	-	-	-	17	-	-	829
Interest expense	-	(472)	-	-	-	-	-	-	-	6	(27)	(518)
Allowance for loan losses	-	-	-	(48)	-	-	-	-	-	-	-	(48)
Commission and fee income	169	-	83	4	105	82	323	51	1	-	111	929
Commission and fee expense	-	(14)	(4)	(9)	(2)	-	-	(1)	(10)	-	(175)	(215)
Other incomes (expenses), net	(6)	-	-	-	-	-	9	-	(59)	-	12	(44)
Administration and promotions (expenses)	(1,829)	(328)	(155)	(85)	(73)	(54)	(264)	(34)	(52)	-	34	(2,840)
Equity in results of unconsolidated subsidiaries and associated companies	-	-	-	-	-	-	-	-	-	-	1	1
Current income taxes	(303)	(54)	(27)	(15)	(13)	(10)	(8)	(6)	8	-	(9)	(437)
Deferred income taxes	-	4	-	-	-	-	-	-	22	-	-	26
Grand total	<u>\$ 582</u>	<u>\$ 84</u>	<u>\$ 48</u>	<u>\$ 28</u>	<u>\$ 24</u>	<u>\$ 18</u>	<u>\$ 60</u>	<u>\$ 10</u>	<u>\$ 27</u>	<u>\$ (13)</u>	<u>\$ (19)</u>	<u>\$ 849</u>

33. 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 U.S. 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 el 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)

a) Market Risk-

At December 31, 2011 and 2010, the VaR was \$930 and \$930, (unaudited) 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, 2011 and 2010, portfolio concentration by segment was as follows (unaudited):

Portfolio concentration by segment	2011	2010
Farming and cattle-raising	\$ 107	\$ 78
Foods	71	166
Commercial	631	345
Financial	783	354
Industrial	467	586
Real-estate	431	296
Services	429	380
Textile	8	90
Natural person	783	-
Total	<u>\$ 3,710</u>	<u>\$ 2,295</u>

b) Credit Risk-

At December 31, 2011 and 2010, portfolio concentration by state was as follows:

Portfolio concentration by state	2011	2010
Aguascalientes	\$ 34	\$ 57
Baja California	98	24
Campeche	23	14
Chihuahua	72	15
Chiapas	6	-
Coahuila	105	33
Colima	3	-
Distrito Federal	1,209	883
Durango	53	37
Estado de México	357	114
Guerrero	5	-
Guanajuato	77	91
Hidalgo	9	1
Jalisco	264	179
Michoacán	3	-
Morelos	49	34
Nayarit	3	2
Nuevo León	592	427
Oaxaca	8	-
Puebla	44	15
Quintana Roo	59	56
Querétaro	19	12
Sinaloa	242	126
San Luis Potosí	28	15
Sonora	50	-
Tabasco	18	5
Tlaxcala	4	-
Tamaulipas	54	34
Veracruz	82	15
Yucatán	62	32
Zacatecas	66	66
Foreign locations	12	8
Total	<u>\$ 3,710</u>	<u>\$ 2,295</u>

c) *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
2011	\$ -	\$ 6,075	\$ 582.33

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
2011	\$ -	\$ 50,423	\$ 93.78

d) *Operating Risk-*

At monthly Risk Committee meetings information on events related to the operating risks reported by different business units is presented. This information indicates the event and date.

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

j. *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.

k. *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.

34. New accounting principles

NIF issued by the CINIF

As part of its efforts to make Mexican standards converge with international standards, in 2011, the CINIF issued the following NIFs, INIFs and improvements to NIFs applicable to profitable entities, which go into effect as of January 1, 2012:

- B-3, Comprehensive income statement
- B-4, Statement of changes in stockholders' equity
- C-6, Property, plant and equipment
- Improvements to Financial Reporting Standards 2012

Some of the principal changes established in such provisions are as follows:

NIF B-3, Comprehensive income statement.- Establishes the option of presenting a) a single statement containing the headings which make up the net profit or loss, as well as the other comprehensive results (ORI) and the equity in the ORI of other entities, and being denominated as the comprehensive income statement or b) two statements: the income statement, which should include only the headings that comprise the net profit or loss and the statement of other comprehensive results, which should be based on the net profit or loss and presented directly after the ORI and the equity in the ORI of other entities. It also establishes that items should not be presented in segregated form as non-ordinary, either in the financial statement or in notes to the financial statements.

NIF B-4, Statement of changes in stockholders' equity.- Establishes general provisions for the presentation and structuring of the statement of changes in stockholders' equity, such as showing the retrospective adjustments for accounting changes and error corrections which affect the opening balances of each of the headings of stockholders' equity and presenting the comprehensive result in a single heading, detailing all the items which comprise it, as established in NIF B-3.

NIF C-6, Property, plant and equipment.- Establishes the obligation to depreciate components which are representative of an item of property, plant and equipment, apart from depreciating the rest of the item as if it were a single component.

Improvements to the NIF 2012.- The principal improvements which generate accounting changes that should be recognized retrospectively in years beginning as of January 1, 2012 are as follows:

Bulletin B-14, Income per share.- Establishes that the diluted income per share should be calculated and disclosed when the result from continued operations is a loss, regardless of whether a net profit is presented.

NIF C-1, Cash and cash equivalents.- Requires that restricted cash and cash equivalents be presented as short-term in the balance sheet, provided that such restriction runs out within the 12 months following the balance sheet date; if the restriction runs out at a subsequent date, such heading should be presented in long-term assets.

Bulletin C-11, Stockholders' equity.- Eliminates the rule of recording the donations received by an entity as part of contributed stockholders' equity, and they should now be recorded as revenue in the income statement, in accordance with NIF B-3, Income statement.

Bulletin C-15, Impairment in the value of long-lived assets and their disposal.- Eliminates: a) the restriction that an asset should not be in use in order to be classified as intended for sale and b) the reversal of losses from impairment of goodwill. It also establishes that losses from impairment in the value of long-lived assets should be presented in the income statement under the respective line items of costs and expenses, not as other revenues and expenses or as a special item.

NIF D-3, Employee benefits.-Requires that the PTU incurred and deferred be presented in the statement of income under the respective heading of costs and expenses, not the heading of other revenues and expenses.

Furthermore, improvements to the NIF 2012 were issued which do not generate accounting changes and mainly establish further disclosure requirements for key assumptions used in the estimates and in the valuation of assets and liabilities at fair value, which might originate significant adjustments in such values within the following accounting period.

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

35. Authorization of the Financial Statements

On April, 2 2012, the issuance of the consolidated financial statements was authorized by Hector Pío Lagos Dondé, Chief Executive Officer of Holding Monex, Álvaro Alberto Calderón Jiménez, Chief Financial Officer, Eduardo Antonio Mújica Dávalos, Chief Internal Auditor and Ricardo Cordero Jurado, 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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