Nacional Financiera, S. N. C.
Institución de Banca de Desarrollo and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2011 and 2010, and Independent Auditors' Report Dated February 28,2012

Nacional Financiera, S.N.C.
Institución de Banca de Desarrollo and Subsidiaries
Av. Insurgentes Sur 1971, Col. Guadalupe Inn, CP. 01020 México D.F.

Independent Auditors' Report and Consolidated Financial Statements for 2011 and 2010

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Independent Auditors' Report to the Board of Directors and Stockholders of Nacional Financiera, S.N.C., Institución de Banca de Desarrollo and to the Secretaría de la Función Pública

We have audited the accompanying consolidated balance sheets of Nacional Financiera, S.N.C. Institución de Banca de Desarrollo and Subsidiaries (the "Institution") as of December 31, 2011 and 2010, and the related consolidated statements of operations, changes in stockholders' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Institution's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. The financial statements at December 31, 2010 of the subsidiaries, whose assets represent 2%, and 1% of the total consolidated income, were examined by other auditors. Accordingly, with regards to the amounts presented for the subsidiaries, our opinion is exclusively based on the reports issued by other auditors.

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

As indicated in Notes 1, 3 and 4 to the accompanying consolidated financial statements, the operations of the Institution's main subsidiary, as well as its financial reporting requirements, are regulated by the Commission and other applicable laws. Note 1 describes the operations of the Institution and the conditions of the current economic environment generated by the global financial crisis. Note 4 describe the accounting criteria established by the Commission in its general provisions applicable to credit institutions, which the Institution uses for the preparation of its financial information. Note 3 indicates the principal differences between the accounting criteria established by the Commission and Mexican Financial Reporting Standards, which are commonly applied in the preparation of financial statements for other types of unregulated entities.

As established in Note 24, on November 25, 2010 and December 6, 2011, the Institution made the payment of MX \$1,250 and \$1,650 million as established in official notice number 10.2-B-188 and 10.2-B-071 dated December 6, 2011 and November 25, 2010, respectively, and issued by the Office of the Assistant Secretary of the Treasury Department, in which the Federal Government ordered the payment of non-tax charges for the sovereign guarantee by the Federal Government of the liabilities contracted by the Institution, as established in article 26 of the "Federal Law of the Budget and Fiscal Responsibility". Such payment was made with a charge to the Institution's profits and is shown in the "Other expresses" account in the income statement. Furthermore, as indicated in Note 23, in the meetings held on November 24, 2011 and November 25, 2010, respectively, the Board of Directors instructed the Institution to take the necessary measures to request from the federal government, through the Treasury Department, a capital contribution of MX \$1,000 and 1,650 million, respectively, in order to strengthen its capital and help carry out the Institution's mandate as a development bank.

As discussed in Note 31 to the consolidated financial statements, the Institution's management decided to consolidate the consolidated financial statements of Trust 11480 "Trust Fund for Risk Equity" (the Trust) in adherence to Criterion C-5 "Consolidation of special purpose entities", on the basis that this would more completely and sufficiently reflect the results of the "Guarantee Program" managed by the Institution through this trust. This change resulted in the need to retroactively recognize the effects of the consolidation, which did not impact the Institution's equity.

In our opinion, consolidated financial statements present fairly, in all material respects, the financial position of Nacional Financiera, S.N.C. Institución de Banca de Desarrollo and Subsidiaries 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.

The accompanying financial statements have been translated into English for the convenience of users.

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

C.P.C. Rony García Dorantes
February 28, 2012

Nacional Financiera, S. N. C.
Institución de Banca de Desarrollo and Subsidiaries
Av. Insurgentes Sur 1971, Col. Guadalupe Inn, CP. 01020 México D.F.

Consolidated Balance Sheets

At December 31, 2011 and 2010
(In millions of Mexican pesos)
(Notes 1,2,3, 4 and 31)

Assets

	2011	2010
Cash and cash equivalents (Note 6)	$ 17,743	$ 16,697
Margin accounts	-	2
Investment in securities: (Note 7)		
Trading	181,766	115,406
Available for sale	2,228	288
Held to maturity	14,254	33,792
	198,248	149,486
Debtors from repurchase agreements (Note 8)	123	-
Derivatives (Note 9)		
Trading purposes	59	-
Coverage purposes	326	409
	385	409
Valuation adjustments due to financial assets hedge (Note 9)	243	102
Current loan portfolio:		
Commercial loans-		
Commercial activity	15,806	12,304
Financial entities	83,779	84,206
Government entities loans	10,364	10,713
	109,949	107,223
Consumer loan portfolio	1	2
Mortgage loans	173	186
Federal government´s financial agent	7,097	15,360
Total current loan portfolio	117,220	122,771
Past-due loan portfolio:		
Commercial loans-		
Commercial activity	35	53
Financial entities	158	73
	193	126
Consumer loan portfolio	4	4
Mortgage loans	19	21
Total past-due portfolio	216	151
Total loan portfolio (Note 10)	117,436	122,922
Allowance for loan losses (Note 11)	(2,380)	(2,372)
Loan portfolio (net)	115,056	120,550
Other receivables (net) (Note 12)	2,447	2,456
Repossessed assets (net) (Note 13)	25	6
Property, furniture and equipment(net)	1,772	1,809
Other investments (Note 14)	43	44
Permanent investments (Note 15)	2,699	2,220
Other assets, deferred charges and intangibles	1,030	714
Total assets	$ 339,814	$ 294,495

Liabilities

	2011	2010
Traditional deposits:		
Term deposits: (Note 16)		
Money market	$ 106,420	$ 115,967
Issued credit titles:		
Bank bonds (Note 17)	7,021	7,020
Securities placed abroad (Note 18)	12,891	9,607
	126,332	132,594
Interbank loans and those from other entities (Note 19)		
Payable on demand	1,203	952
Short-term loans	3,234	10,143
Long-term loans	8,047	7,573
	12,484	18,668
Creditors from repurchase agreements (Note 8)	178,396	124,919
Derivatives: (Note 9)		
Trading purposes	23	44
Valuation adjustments due tofinancial liabilities hedge (Note 9)	174	151
Other payables: (Note 20)		
Income taxes	489	479
Employee profit sharing (PTU) payable	142	89
Transaction settlement creditors	2,612	291
Accrued liabilities and other	513	601
	3,756	1,460
Deferred taxes (net) (Note 22)	236	280
Deferred credits	64	27
Total liabilities	321,465	278,143
Stockholders' equity (Note 23)		
Paid-in capital:		
Capital stock	8,805	8,211
Contributions for future capital increases approved by the Board of Directors	1,000	5,150
Share subscription premium	8,922	4,366
	18,727	17,727
Earned capital:		
Capital reserves	1,730	1,730
Results of prior years	(6,987)	(8,027)
Result from valuation of securities available for sale	57	12
Translation gain on foreign transactions	130	130
Effects of valuation on associated and affiliated companies	2,893	2,924
Net income	825	1,040
	(1,352)	(2,191)
Noncontrolling interest	974	816
Total stockholders' equity	18,349	16,352
Total liabilities and stockholders' equity	$ 339,814	$ 294,495

Memorandum accounts

	2011	2010
Guarantees granted (Note 25)	$ 295	$ 1,026
Contingent assets and liabilities (Note 25)	$ 24,019	$ 23,862
Property held in trust or under mandate: (Note 26)		
In trust	$ 613,503	$ 579,767
Under mandate	38,335	82,275
	$ 651,838	$ 662,042
Federal government´s financial agent	$ 167,327	$ 127,176
Property held in custody or under administration	$ 396,333	$ 339,234
Collateral received by the entity	$ 72,114	$ 35,543
Collateral received and sold or pledged as collateral by the entity	$ 71,991	$ 35,543
Investment banking transactions on behalf of third parties, net	$ 86,931	$ 84,454
Uncollected accrued interest derived from non-performing loan portfolio	$ 51	$ 50
Other record accounts (Note 27)	$ 567,156	$ 576,362

"These consolidated balance sheets were prepared in accordance with the accounting criteria for credit institutions issued by the Mexican National Banking and Securities Commission, in accordance with Articles 99, 101 and 102 of the Credit Institutions Law, on a general and mandatory basis, applied consistently, and reflect all the revenues and expenses derived from the transactions performed by the Institution and his subsidiary for the aforementioned periods, which were carried out and valued in accordance with sound banking practices and applicable legal and administrative provisions."

"The amount of historical common stock is $2,390."

"Pursuant to the special accounting criteria issued on October 16, 2008 by the National Banking and Securities Commission, on October 1, 2008, investments in securities were reclassified from the available for sale category to securities held until maturity. The valuation effect in the current month would have been $229 and at December 2010 was $108."

"As of March 31, 2011, the Institution applied the consumer and mortgage loan portfolio rating methodology published on October 25, 2010 in the Federal Official Gazette by the National Banking and Securities Commission, through a ruling amending the general provisions applicable to credit institutions. The initial effect did not impact the "Results of prior tax years" line item of this balance sheet."

"The consolidated balance sheets were approved by the Board of Directors under the responsibility of the undersigned directors."

"The Head of the Internal Control Area in Nacional Financiera, S.N.C., I.B.D. hereby signs these consolidated financial statements based on the results of the reviews performed to date, which have allowed verifying the sufficiency of the process for generating financial information established by the Institution´s Management and its capacity to generate reliable information."

"Reyna Clementina Uribe Bruno, Head of the Area of Responsibilities of the Internal Control Area in Nacional Financiera, S.N.C., I.B.D. (A), signs on behalf of the Head of the Internal Control Area in Nacional Financiera, S.N.C., I.B.D., in conformity with Article 88, Paragraph 2 of the Internal Regulations of the Civil Service Department, and official letter 06/780/ 045 /2012 dated February 3, 2012."

Ing. Héctor A. Rangel Domene Chief Executive Officer	Lic. María del Carmen Arreola Steger Director of Administration and Finance	C. P. Sergio Miranda Flores Accounting and Budgetary Control Director	Lic. Arlette Ruiz Mendoza Head of Internal Control Area in Nacional Financiera, S.N.C. (A)

See accompanying notes to consolidated financial statements.

Nacional Financiera, S. N. C.
Institución de Banca de Desarrollo and Subsidiaries
Av. Insurgentes Sur 1971, Col. Guadalupe Inn, CP. 01020 México D.F.

Consolidated Statements of Operations

For the years ended December 31, 2011 and 2010
(In millions of Mexican pesos)
(Notas 1, 2, 3, 4 and 31)

	2011	2010
Interest income (Note 24)	$ 19,745	$ 17,183
Interest expense (Note 24)	(18,027)	(13,650)
Financial margin	1,718	3,533
Provision for loan losses	(949)	(961)
Financial margin after provision for loan losses	769	2,572
Commission and fee income	1,499	1,350
Commission and fee expense	(104)	(82)
Intermediation result (Note 24)	1,674	624
Other operating income (expenses) (Note 24)	34	(421)
Administrative and promotional expenses	(2,609)	(2,425)
Net operating revenues	1,263	1,618
Equity in results of associated companies	(9)	(9)
Income before current and deferred income taxes	1,254	1,609
Current income taxes (Note 22)	(457)	(466)
Deferred income taxes (Note 22)	8	32
Net income before discontinued operations	805	1,175
Discontinued operations	-	-
Net income	805	1,175
Non-controlling interest	20	(135)
Consolidated net income	$ 825	$ 1,040

"These consolidated statements of operations were prepared in accordance with the accounting criteria for credit institutions issued by the Mexican National Banking and Securities Commission, in accordance with articles 99, 101 and 102 of the Credit Institutions Law, on a general and mandatory basis, applied consistently, and reflect all the revenues and expenses derived from the transactions performed by the Institution for the aforementioned periods, which were carried out and valued in accordance with sound banking practices and applicable legal and administrative provisions."

"These consolidated statements of operations were approved by the Board of Directors under the responsibility of the undersigned directors."

"The Head of the Internal Control Area in Nacional Financiera, S.N.C., I.B.D. hereby signs these consolidated financial statements based on the results of the reviews performed to date, which have allowed verifying the sufficiency of the process for generating financial information established by the Institution´s Management and its capacity to generate reliable information."

"Reyna Clementina Uribe Bruno, Head of the Area of Responsibilities of the Internal Control Area in Nacional Financiera, S.N.C., I.B.D. (A), signs on behalf of the Head of the Internal Control Area in Nacional Financiera, S.N.C., I.B.D., in conformity with Article 88, Paragraph 2 of the Internal Regulations of the Civil Service Department, and official letter 06/780/ 045 /2012 dated February 3, 2012."

Ing. Héctor A. Rangel Domene
Chief Executive Officer

Lic. María del Carmen Arreola Steger
Director of Administration and Finance

C. P. Sergio Miranda Flores
Accounting and Budgetary Control Director

Lic. Arlette Ruiz Mendoza
Head of Internal Control Area in
Nacional Financiera, S.N.C. (A)

See accompanying notes to consolidated financial statements.

Nacional Financiera, S. N. C.
Institución de Banca de Desarrollo and Subsidiaries
Av. Insurgentes Sur 1971, Col. Guadalupe Inn, CP. 01020 México D.F.

Consolidated Statements of Changes in Stockholders' Equity

For the years ended December 31, 2011 and 2010
(In millions of Mexican pesos)
(Notes 23 and 29)

	Paid in capital			Earned capital									
	Capital stock	Contributions for future capital increases	Share subscription premium	Capital reserves	Results of prior years	Result from valuation of cash flow hedging instruments	Result from valuation of securities available for sale	Translation gain on foreign transactions	Effects of valuation on associated and affiliated companies	Result from holding nonmonetary assets - Due to valuation of long-term equity Investment	Net income	Noncontrolling interest	Total stockholders equity
Balances as of December 31, 2009	$ 8,211	$ 3,500	$ 4,366	$ 1,730	$ (8,584)	$ -	$ (2)	$ 121	$ 3,080	$ -	$ 570	$ 797	$ 13,789
Movements inherent to the decisions of stockholders-													
Transfer of prior year's result	-	-	-	-	570	-	-	-	-	-	(570)	-	-
Contributions for future capital increases	-	1,650	-	-	-	-	-	-	-	-	-	-	1,650
	-	1,650	-	-	570	-	-	-	-	-	(570)	-	1,650
Movements inherent to recognition of comprehensive result-													
Net income	-	-	-	-	-	-	-	-	-	-	1,040	-	1,040
Result from valuation of associated and affiliated companies	-	-	-	-	-	-	-	-	(240)	-	-	-	(240)
Result from valuation of securities available for sale	-	-	-	-	-	-	14	-	-	-	-	-	14
Translation gain on foreign transactions	-	-	-	-	-	-	-	9	-	-	-	-	9
Result from holding nonmonetary assets for valuation of long-term equity investment	-	-	-	-	(13)	-	-	-	13	-	-	-	-
Deffered taxes effect	-	-	-	-	-	-	-	-	71	-	-	53	124
Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(34)	(34)
Total movements inherent to recognition of comprehensive result	-	-	-	-	(13)	-	14	9	(156)	-	1,040	19	913
Balances as of December 31, 2010	8,211	5,150	4,366	1,730	(8,027)	-	12	130	2,924	-	1,040	816	16,352
Movements inherent to the decisions of stockholders-													
Transfer of prior year's result	-	-	-	-	1,040	-	-	-	-	-	(1,040)	-	-
Contributions for future capital increases	-	1,000	-	-	-	-	-	-	-	-	-	-	1,000
Capitalization of contributions for future capital increases	594	(5,150)	4,556	-	-	-	-	-	-	-	-	-	-
	594	(4,150)	4,556	-	1,040	-	-	-	-	-	(1,040)	-	1,000
Movements inherent to recognition of comprehensive result-													
Net income	-	-	-	-	-	-	-	-	-	-	825	-	825
Result from valuation of associated and affiliated companies	-	-	-	-	-	-	-	-	(31)	-	-	-	(31)
Result from valuation of securities available for sale	-	-	-	-	-	-	45	-	-	-	-	-	45
Translation gain on foreign transactions													
Result from holding nonmonetary assets for valuation of long-term equity investment													
Deffered taxes effect													
Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	158	158
Total movements inherent to recognition of comprehensive result	-	-	-	-	-	-	45	-	(31)	-	825	158	997
Balances as of December 31, 2011	$ 8,805	$ 1,000	$ 8,922	$ 1,730	$ (6,987)	$ -	$ 57	$ 130	$ 2,893	$	$ 825	$ 974	$ 18,349

"These consolidated statements of changes in stockholders' equity were prepared in accordance with the accounting criteria for credit institutions issued by the Mexican National Banking and Securities Commission, in accordance with articles 99, 101 and 102 of the Credit Institutions Law, on a general and mandatory basis, applied consistently, and reflect all the revenues and expenses derived from the transactions performed by the Institution for the aforementioned periods, which were carried out and valued in accordance with sound banking practices and applicable legal and administrative provisions."

"These consolidated statements of changes in stockholders' equity were approved by the Board of Directors under the responsibility of the undersigned directors."

"The Head of the Internal Control Area in Nacional Financiera, S.N.C., I.B.D. hereby signs these consolidated financial statements based on the results of the reviews performed to date, which have allowed verifying the sufficiency of the process for generating financial information established by the Institution's Management and its capacity to generate reliable information."

"Reyna Clementina Uribe Bruno, Head of the Area of Responsibilities of the Internal Control Area in Nacional Financiera, S.N.C., I.B.D. (A), signs on behalf of the Head of the Internal Control Area in Nacional Financiera, S.N.C., I.B.D., in conformity with Article 88, Paragraph 2 of the Internal Regulations of the Civil Service Department, and official letter 06/780/ 045 /2012 dated February 3, 2012."

Ing. Héctor A. Rangel Domene Chief Executive Ofiicer	Lic. María del Carmen Arreola Steger Director of Administration and Finance	C. P. Sergio Miranda Flores Accounting and Budgetary Control Director	Lic. Arlette Ruiz Mendoza Head of Internal Control Area in Nacional Financiera, S.N.C. (A)

See accompanying notes to consolidated financial statements.

Nacional Financiera, S. N. C.
Institución de Banca de Desarrollo and Subsidiaries
Av. Insurgentes Sur 1971, Col. Guadalupe Inn, CP. 01020 México D.F.

Consolidated Statements of Cash Flows

For the years ended December 31, 2011 and 2010.
(In millions of Mexican pesos)
(Notes 1, 2, 3, 4 and 31)

	2011	2010
Net income	$ 825	$ 1,040
Adjustments derived for items not involving cash flows		
Allowance for loan losses	949	961
Allowance for doubtful accounts	10	21
Depreciation and amortization	39	68
Provisions	(990)	(1,964)
Incurred and deferred income taxes	(449)	(434)
Share in net income of associated companies	9	9
Reversal of excess of allowance for loan losses	(925)	(987)
Other	773	46
	(584)	(2,280)
Operating activities:		
Change in margin account	2	(2)
Change in investment in securities	(47,525)	(5,498)
Change in debtors from repurchase agreements	(123)	453
Change in derivatives (asset)	1,427	2,551
Change in loan portfolio (net)	7,321	(12,223)
Change in repossessed assets	-	2
Change in other operating assets	83	(400)
Change in deposits	(10,363)	5,426
Change in interbank loans and other loans from other entities	(7,393)	(6,063)
Change in creditors from repurchase agreements	53,477	11,750
Change in derivatives (liabilities)	(1,583)	(2,660)
Change in other operating liabilities	3,153	978
Payments of income taxes	(388)	-
Net cash used in operating activities	(1,912)	(5,686)
Investing activities:		
Proceeds on disposal of property, furniture and equipment	-	36
Payments for acquisition of property, furniture and equipment	(1)	(2)
Proceeds on disposal of subsidiaries and associated companies	50	1
Payments on disposal of subsidiaries and associated companies	(544)	(143)
Dividends received in cash	20	100
Net cash used in investing activities	(475)	(8)
Finanzing activities:		
Contributions for future capital increases	1,000	1,650
Net cash from financing activities	1,000	1,650

	2011	2010
Net decrease in cash and cash equivalents	(1,146)	(5,284)
Adjustment to cash flows for changes in exchange rate	2,192	(609)
Cash and cash equivalents at beginning of year	16,697	22,590
Cash and cash equivalents at end of year	$ 17,743	$ 16,697

"These consolidated statements of cash flows were prepared according to the Accounting Criteria applicable to credit institutions issued by the National Banking and Securities Commission per articles 99, 101 and 102 of the Law on Credit Institutions, which are of a general and mandatory nature, must be applied consistently and reflect the income and expenses resulting from the transactions performed by the Institution during the above period, which were realized and valued according to sound banking practices and applicable legal and administrative dispositions."

"These consolidated statements of cash flows were approved by the Board of Directors under the responsibility of the undersigned directors."

"The Head of the Internal Control Area in Nacional Financiera, S.N.C., I.B.D. hereby signs these consolidated financial statements based on the results of the reviews performed to date, which have allowed verifying the sufficiency of the process for generating financial information established by the Institution´s Management and its capacity to generate reliable information."

"Reyna Clementina Uribe Bruno, Head of the Area of Responsibilities of the Internal Control Area in Nacional Financiera, S.N.C., I.B.D. (A), signs on behalf of the Head of the Internal Control Area in Nacional Financiera, S.N.C., I.B.D., in conformity with Article 88, Paragraph 2 of the Internal Regulations of the Civil Service Department, and official letter 06/780/ 045 /2012 dated February 3, 2012."

Ing. Héctor A. Rangel Domene
Chief Executive Ofiicer

Lic. María del Carmen Arreola Steger
Director of Administration and Finance

C. P. Sergio Miranda Flores
Accounting and Budgetary Control Director

Lic. Arlette Ruiz Mendoza
Head of Internal Control Area in
Nacional Financiera, S.N.C. (A)

See accompanying notes to consolidated financial statements.

Notes to the Consolidated Financial Statements

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

1. Organization and objective

Nacional Financiera, S.N.C., (the "Institution") is a Development Banking Institution that operates in accordance with the rules of its own Organic Law, The Law of Credit Institutions and the rules issued by the National Banking and Securities Commission (the "Commission").

The objectives of the Institution are to promote the integral development and modernization of the industrial sector with a regional approach; stimulate the development of small and medium sized enterprises by supplying financing, personal empowering and technical assistance, support financial markets development with the purpose of enhancing regional growth and job creation and act as financial agent of the Federal Government in the negotiation, contracting and management of credits from abroad.

The Institution carries out its operations in accordance with financial criteria applicable to development Banks, channeling its funds mainly through Commercial Banks and non-banking financial intermediaries. The principal source of Institution´s resources are loans from international development institutions such as the International Bank for Reconstruction and Development ("IBRD") and the Interamerican Development Bank ("IDB"), as well as lines of credit from foreign banks and placement of securities in the international and domestic markets.

As of December 31, 2011, the operating structure of Institution abroad includes two branches: one in London, England and another in Gran Cayman; one representative office in Washington, D.C. within the US.
Article 10 of Institution´s Organic Law establishes that the Federal Government will respond at all times for the transactions carried out by the Institution with individuals and corporations, with foreign institutions and for the deposits received in terms of such law.

2. Basis of presentation

Explanation for translation into English - The accompanying consolidated financial statements have been translated from Spanish into English for use outside of Mexico. These consolidated financial statements are presented under the accounting rules issued by the Commission. Certain accounting practices applied by the Institution that conform with the accounting rules issued by the Commission may not conform with accounting principles generally accepted in the country of use

a. ***Consolidation of financial statements*** - The consolidated financial statements include the financial statements of the Institution and those of its subsidiaries (collectively the "Institution"), whose shareholding percentage in their capital stock is shown below:

Subsidiary	**Ownership Percentage**	
	2011	**2010**
Financing activities:		
Operadora de Fondos Nafinsa, S.A. de C.V.	99.99	99.99

	Ownership Percentage	
	2011	**2010**
Non-financing activities:		
Corporación Mexicana de Inversiones de Capital, S.A. de C.V.	56.49	57.59
Specific purpose entities (trusts):		
Direct public sale of securities program	100	100
ATISBOS	100	100
Fideicomiso 11480 Fondo para la Participación de Riesgos -	100	100
Additional services:		
Plaza Insurgentes Sur, S.A. de C.V.	99.99	99.99
Pissa Servicios Corporativos, S.A. de C.V. (in liquidation)	99.99	99.99

The intercompany balances and transactions have been eliminated in these consolidated financial statements.

The main activities of the subsidiaries (financial, nonfinancial and complementary services of the institution) are as follows:

Operadora de Fondos Nafinsa, S.A. de C.V.-

This company mainly renders management services to mutual funds; it also distributes and repurchases stock, manages stock portfolio, and promotes stock or investment plans authorized for this purpose by the mutual funds, in performance of the Mutual Funds Law, the Mexican Corporate Law and other bodies of law applicable thereto.

Corporación Mexicana de Inversiones de Capital, S.A. de C.V.-

This company, among other things, buy, sells, and invests in companies, entities, and funds, or in any other form of legally established organization, risk capital, in conformity with the sector of each governmental entity in the terms and under the investment policy criterion determinate to be acting as an instrument for allocating funds.This company was incorporated in August 2006 with part of the stock portfolio of some development banking institutions. The Institution initially participated with 58.42% equity consisting of the investment it held in some SINCAS, as well as domestic and multinational funds.

In performance of Article 5, subsection II, Article 6, Subsection IV, and Article 30 of the Nacional Financiera Organic Law, the Institution carried out various actions in 2006, to promote and encourage capital risk investments. Toward that end, authorization was obtained from its Board of Directors and the Ministry of Finance and Public Credit who participated in the incorporation of the Corporacion Mexicana de Inversiones de Capital, S.A de C.V (CIMIC), as the sole vehicle of the Federal Government development financial system, whereby funds will be allocated to be invested in uniform capital risk that assists promotion and development of the capital risk industry in Mexico. In addition to participating in the incorporation of the CIMIC and in order to capitalize the company, the Board of Directors and the Ministry of Finance and Public Credit authorized the Institution to transfer its investment portfolio in mutual funds and SICAS to CIMIC.

Plaza Insurgentes Sur, S.A. de C.V.-

The company mainly buys and sells all types of urban property, expressively included undeveloped property, and contracting leases as a lesser or lessee.

Pissa Servicios Corporativos, S.A. de C.V. (in liquidation) -

The company mainly renders supplementary or auxiliary services in managing or realizing the corporate purpose of any domestic lending company which is or might become its stockholder, as well as of auxiliary companies and trusts thereof.

Trust for the direct public sale of securities program -

Administration of the resources held in trust to perform the activities necessary to develop and implement the Direct public sale of securities program.

ATISBOS trust-

Administration of the resources held in trust to perform the activities necessary to regularize the company named Editorial "Atisbos, S.A."

Trust 11480 Fund for Risk Equity -

In order to have the vehicles to comply with the institutional objectives related to providing access to formal financing for micro, small, and medium-sized Mexican companies (MiPyMes), Nacional Financiera implemented the Guarantee Program, whereby it shares the credit risk on the loans granted by financial intermediaries in accordance with the terms agreed to by the institutions.

The result for the year of this trust is $1,013 and $895, for 2011 and 2010, respectively; the effect of the main income of this trust is reflected under the Collected commissions and rates line item in the consolidated income statement. Note that such results do not include operating expenses given that the Institution, in its capacity as Trustor, provides support through human, information, and material resources because it does not have its own organizational structure.

b. ***Comprehensive income*** - This is the modification of capital accounts during the year for concepts that are not distributions and movements of contributed capital. It consists of net income for the year plus other items that represent a gain for the same period, which are presented directly in the stockholders' equity without affecting the statements of operations.

c. ***Reclassification of financial statements*** - Certain amounts in the consolidated financial statements as of and for the year ended December 31, 2010 have been reclassified to conform to the presentation of the 2011 consolidated financial statements.

3. Principal differences compared to Mexican Financial Reporting Standards

The consolidated financial statements have been prepared in accordance with the accounting criteria established by the Commission, which, in the following cases, differ from 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 types of unregulated companies:

– Sundry debtors not collected in 60 days, depending on their nature, are reserved in the statement of income, regardless of whether they may be recovered or not by the Institution.

- The accrual of interest earned on loan transactions is suspended when the outstanding loan balance is considered past due. Insofar as the loan continues to be in the past due portfolio, interest earned is recorded in memoranda accounts. When such past due interest is collected, it is recognized directly in the results for the year under “Interest income”. As of January 2010, the MFRS establish that yield or interest earned on accounts receivable derived from doubtful accounts must not be recognized in the financial statements because they must be considered as contingent assets.

- The Commission provides methodologies to determine the allowance for loan losses of certain portfolios based on the expected loss. MFRS require the creation of an allowance for doubtful accounts based on a study of their recoverability, without establishing a specific methodology.

- Reclassification from the categories of securities held to maturity or held for trading purposes to the category of securities available for sale is only permitted with the express authorization of the Commission. However, according to the Interpretation of Financial Reporting Standards No. 16 (INIF 16), express authorization to make these transfers is only required in certain unusual cases and when the financial instruments are no longer actively traded, have a defined maturity date and the entity has both the intention and capacity to hold them to maturity.

- The contribution or margin accounts handled (delivered and received) when financial derivatives are traded in unrecognized markets, are recorded under the heading of “Funds available” and “Sundry creditors and other accounts payable", respectively, instead of being presented under the heading of "Derivatives", as established in MFRS.

- The current and deferred Employee Statutory Profit Sharing (PTU) is presented in the statement of operations under the heading of "Administrative and promotion expenses”.

- Up to December 31, 2010, segregated embedded derivatives were presented together with the host contract, instead of separately as required by the MFRS.

- On October 25, 2010 and October 5, 2011, the Commission amended the methodologies applicable to the creation of allowances for loan losses of non-revolving consumer and mortgage loan portfolios payable by States and Municipalities, respectively, based on expected loss models which became effective in 2011. The Commission provides that the initial accumulated financial effect derived from the application of the rating methodologies must be recorded directly in stockholders’ equity under the “Results of prior years” line item. Pursuant to NIF B-1 “Accounting changes and error corrections”, any changes in accounting estimates must be prospectively applied in the results for the year.

- The accounting criteria prescribed by the Commission establish that, in fair value hedges, the adjustment to the book value of the hedged item valuation must be presented in a separate balance sheet line item instead of with the primary hedged position, as required by MFRS.

- The non-recoverable deferred tax asset allowance is calculated and recorded based on financial and tax projections prepared by management with a short-term horizon and exclusively for purposes of recognizing the deferred tax asset with a high likelihood of recovery, for which purposes it only considers that generated by the effect of the tax credit on the undeducted allowances for loan losses that are expected to materialize and when such differences are temporary. Pursuant to MFRS, the deferred tax asset is recognized for all the temporary differences resulting from comparing the accounting and tax balances expected to be recovered, without considering the recovery term.

– Under the accounting criteria issued by the Commission, the Counterpart risk is not considered when valuing Over-the-Counter (“OTC”) derivative financial instruments as required by MFRS.

– For loan portfolio acquisitions, the accounting criteria prescribed by the Commission establish that the nominal value of the portfolio acquired must be recorded under the loan portfolio line item, and the resulting difference when the contractual value of the portfolio is lower than the acquisition price, in results for the year for up to the amount of any allowance for loan losses created, and the excess as a deferred loan which will be amortized when the respective collection is made in accordance with its percentage of the contractual value. When the acquisition price is greater than the contractual value of the portfolio, a deferred charge will be recorded and amortized when the respective collection is made in accordance with its percentage of the contractual value of the loan. Pursuant to MFRS, the portfolio must be recognized at its fair value on the acquisition date, i.e., at the purchase price.

– The Institution presents the statement of cash flows in accordance with the accounting criteria established by the Commission, which do not present the heading of surplus cash to be applied in financing activities, which must be presented under MFRS, and in the net result, the allowance for loan losses and the allowance for bad debts or doubtful accounts is increased, which is not required by MFRS.

4. **Summary of significant accounting policies**

The accounting principles used by the Institution are in conformity with the accounting rules established “General Provisions Applicable to Credit Institutions” (the “Provisions”) by the Commission, which require that management make certain estimates and use certain assumptions that affect the amounts reported in the consolidated financial statements and their related disclosures. However, actual results may differ from such estimates. The Institution’s management, upon applying professional judgment, considers that estimates made and assumptions used were adequate under the circumstances.

In accordance with accounting criterion A-1 issued by the Commission, the accounting of the Institution will be adjusted to reflect Mexican Financial Reporting Standards (“MFRS”), as defined by the Mexican Board for the Research and Development of Financial Reporting Standards (“CINIF”), except when, in the opinion of the Commission, a specific accounting regulation or treatment must be applied, bearing in mind that the Institution performs specialized operations.

Accounting changes

Changes in accounting from the Commission –

Changes during 2011.

During 2011, certain modifications to the accounting for credit institutions were published in the Official Gazette of the Federation

These changes are intended to achieve consistency with MFRS and International Financial Reporting Standards (IFRS), and to provide more complete financial information, with more and better disclosures and primarily the issue of investments in securities, transactions in financial derivatives and loan portfolio and the presentation of financial statements.

The principal accounting practices followed by the Institution are as follows:

– The submission of the results of a comprehensive results are removed from "Other products" and "Other expenses" and now presented under the heading of "Other income (expense) of the operation" within the results of the operation.

- The accounting standard regarding the treatment of collateral in derivative transactions unrecognized markets (Over the Counter) are clarified to be accounted for separately from margin accounts, registering an account receivable or payable as appropriate.

- The valuation of foreign currency-denominated embedded derivatives included 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 takes place (for example, a stable and liquid currency commonly used in foreign trade or local transactions).

- The host contract and the embedded derivative are presented separately for hybrid financial instruments. Previously, they had to be presented together. The embedded derivative must now be presented under the “Derivatives” line item.

- Pursuant to MFRS, the requirement of adding the allowance for loan losses to the net result in the statement of cash flows is eliminated.

- Accounting criterion B-6 “Loan portfolio” of the General Provisions applicable to Credit Institutions is amended, mainly to establish the following:

  - The treatment for loan restructuring and renewal, as well as the respective commissions and costs.

  - The addition of loan restructuring commissions and initial loan granting commissions subject to deferral during the new term of the restructured loan.

  - Similarly, commissions collected and paid must be presented net of the related costs and expenses.

  - The requirements that must be fulfilled to consider that there is sustained payment by the borrower.

  - Any deferred charge generated by the portfolio acquisition must be presented under “Other assets”. Similarly, the reduced price call option, as well as any excess generated by portfolio acquisitions, must be presented under “Deferred loans” and advanced collection.

  - When a line of credit is cancelled, the outstanding balance on commissions collected on the lines of credit that are offset before the 12-month period is over, will be recognized directly in the results for the year under “Collected commissions and rates”.

Changes in NIFs issued by the the Mexican Board for the Research and Development of Financial Reporting Standards (“CINIF”) adopted by the Institution

The following accounting pronouncements were issued by the CINIF during 2010 and became effective January 1, 2011:

NIF B-5, *Financial Information by Segments*, establishes the managerial approach to disclose financial information by segments, requiring the separate disclosure of interest income, interest expense and liabilities; and information on products, services, geographical areas and main customers and suppliers, as opposed to Bulletin B-5, which required that information disclosed be classified by economic segments, geographical areas or homogeneous groups of customers. .

NIF C-5, Prepaid Expenses, establishes that their basic feature is that they do not transfer to the company the risks and rewards inherent in the goods and services to be acquired or received. It also requires that impairment be recognized when such payments lose their ability to generate such benefits and how they should be presented in the balance sheet, as current or long-term assets.

NIF C-6, Property, Plant and Equipment, incorporates the treatment of exchange of assets pursuant to their commercial substance. It includes the basis to determine the residual value of a component, considering current amounts. It eliminates the rule of assigning a value based on an appraisal of property, plant and equipment acquired free of charge or at an inappropriate cost. It also sets the rule to continue to depreciate a component when it is not in use, except when depreciation methods are based on activity.

Improvements to Mexican Financial Reporting Standards 2011. - The main improvements that generate accounting changes are as follows:

a. Improvements to MFRS that generates accounting changes, which are modifications that generate changes in accounting valuation, presentation or disclosure in the financial statements. MFRS with this type of improvements are:

   NIF B-1, Accounting Changes and Correction of Errors
   NIF B-2, Statement of Cash Flows
   Bulletin C-3, Accounts Receivable
   NIF C-10, Derivative Financial Instruments and Hedging Transactions
   NIF C-13, Related Parties

b. Improvements to MFRS that do not generate accounting changes, which are modifications to make clarifications to them, to help establish a clearer regulatory approach and understandable, because details do not generate accounting changes in the financial statements. MFRS with this type of improvements are:

   NIF C-2, Financial Instruments
   NIF C9, Liabilities, reserves, assets and contingent liabilities and commitments
   NIF C10, Derivative Financial Instruments and Hedging Transactions
   NIF D-4, Income Taxes

Summary of significant accounting policies

On October 25, 2010 and October 5, 2011, the Commission issued rulings amending the "General Provisions Applicable to Credit Institutions", whereby it amended the methodologies applicable to the non-revolving consumer and mortgage loan portfolio rating, as well as the rating of loans payable by States and Municipalities, for purposes of changing the current model for the creation of allowances for loan losses from an incurred loss to an expected loss base. The amendments became effective on September 1, 2011 and March 1, 2011, respectively.

The Commission provided that the initial accumulated financial effect derived from the application of the rating methodologies for non-revolving consumer and mortgage loan portfolios and loans payable by States and Municipalities must be recognized in stockholders' equity under the "Results of prior years" line item no later than on March 31, 2011 and September 30, 2011, respectively. This change did not have an initial effect on the results of prior years.

The principal accounting practices followed by the Institution are as follows:

a. ***Recognition of the effects of inflation in financial information*** The annual cumulative inflation of the three years prior to December 31, 2011 and 2010 is 14.40% and 13.92%, respectively. Accordingly, the economic environment of both years is classified as non-inflationary. Accordingly, the effects of inflation are not recognized in the financial statements. Annual inflation rates for the years ended December 31, 2011 and 2010 were 3.65% and 4.29%, respectively.

b. ***Cash and cash equivalents -*** These are recorded at face value. Funds available in foreign currency mostly refer to sight deposits denominated in U.S. dollars and are valued at the exchange rate published by Banco de México in the Official Federal Register ("DOF"), on the business banking day subsequent to the valuation date.

Foreign currency acquired that must be settled on a date after the completion of the purchase and sale transaction, is recognized as restricted funds available (foreign exchange to be received). Foreign currency sold is recorded as a credit in funds available (foreign exchange to be delivered). The counterparty is recorded in a debt settlement account when a sale is made and in a credit settlement account when a purchase is made.

For purposes of presentation in the financial information, foreign currency settlement accounts receivable and payable are offset by contract and duration and are presented under the heading of other accounts receivable (net) or other accounts payable, as the case may be.

This heading also includes interbank loan transactions agreed at a term equal to or less than three business days, as well as other funds available such as correspondents and notes for immediate collection.

c. ***Margin accounts -*** Guarantee deposits for financial derivatives transactions in recognized markets are recorded at face value. Guarantee deposits are intended to achieve compliance with obligations related to derivatives executed in recognized markets and refer to the initial margin and to subsequent contributions or withdrawals made during the effective term of the respective contracts.

d. ***Valuation of foreign currencies*** The Institution maintains accounting records for each type of foreign currencies in which it has assets and liabilities, which are valued at the exchange rate for the settlement of foreign currency obligations as determined by Banco de Mexico (BANXICO).

e. ***Investment in Securities -*** The registration and valuation of investment securities are subject to the following guidelines:

Trading securities:

These securities refer to the Institution's proprietary positions which are acquired or sold to obtain gains based on expectations of future market movements and conditions.

These securities are initially recorded at their acquisition cost and valued at fair value, by applying market values provided by a pricing service authorized by the Commission. The book effect of this valuation is recorded in the statement of income. Fair value of debt securities includes both the capital component and interest accrued on the securities.

On the date sold, the gain or loss is recognized on the trade for the spread between net realization value and book value.

Accrued interest is recorded directly in income, where cash dividends collection of share certificates are recognized in income of the year in the same period in which the fair value of those certificates is applied as a consequence of the coupon cut-off.

Securities available for sale:

Debt securities and net equity instruments not intended to obtain gains derived from the price differences resulting from short-term purchase sale transactions and, for debt securities, those without the intent or ability to hold them until maturity, which therefore represent a residual category, i.e., they are acquired with an intention different from negotiable securities or securities held to maturity, respectively.

Available-for-sale securities are initially recorded at their acquisition cost and valued at fair value, by applying market values provided by a pricing service authorized by the Commission. The book effect of this valuation is recorded in stockholders´equity. Fair value of debt securities includes both the capital component and interest accrued on the securities.

On the date sold, the gain or loss is recognized on the trade for the spread between net realization value and book value, upon reversal of the gain or loss on valuation recorded in stockholders´equity.

Accrued interest is recorded directly in income, where cash dividends collection of share certificates are recognized in income of the year in the same period in which the fair value of those certificates is applied as a consequence of the coupon cut-off.

Held to maturity:

Debt securities with fixed or determinable payments and fixed maturity (which means that a contract defines the amounts and dates of payments to the holding entity), which the Institution has the intention and ability to hold until maturity.

At the time of acquisition are recognized initially at fair value, which corresponds to the agreed price, affecting the results for the accrual of interest. At the time of disposal, records income by purchase from the difference between the net realizable value and book value.

The transaction costs on the acquisition of the securities are recognized as follows, depending on the category under which they are classified:

a) Trading securities: In results of the period the date of acquisition.

b) Securities available for sale and securities held to maturity: Initially as part of the investment.

f. ***Impairment in the value of a credit instrument* -** The Institution 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.

g. ***Repurchase transactions* -** Repurchase transactions are those in which the buying party acquires, for a sum of money, the ownership of securities and undertakes to transfer the ownership of similar securities to the selling party within the agreed-upon term and upon payment of the same price plus a premium. 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 the Institution 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.

When the Institution 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 agreed-upon price, 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.

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 as follows:

1) The purchasing party recognizes the collateral received in memorandum accounts. The selling party reclassifies the financial asset in its balance sheet, presenting it as restricted assets, for which purpose, the valuation, presentation and disclosure rules are followed in accordance with the respective accounting treatment established for credit institutions.

2) When it sells the collateral, the purchasing party recognizes the resources from the sale, as well as an account payable for the obligation to repay the collateral to the selling party (measured initially at the fair value of the collateral), valued at fair value (any difference between the price received and the fair value of the account payable is recognized in results for the year).

3) If the selling party does not comply with the contract conditions established and is therefore unable to claim the collateral, it eliminates it from its balance sheet at fair value against the account payable; by the same token, the purchasing party recognizes the entry of the collateral in its balance sheet, depending on the type of good in question, against the account receivable, or, as the case may be, if it had already sold the collateral, it eliminates the account payable related to the obligation to repay the collateral to the selling party.

4) The selling party maintains the collateral in its balance sheet and the buying party only recognizes it in memorandum accounts, except when the risks, benefits and control of the collateral have been transferred due to noncompliance by the selling party.

5) The memorandum accounts recognized for collateral received by the buying party are canceled when: i) the repurchase transaction reaches maturity, ii) there is noncompliance by the selling party or, iii) the buying party exercises the right to sell or pledge the collateral received.

h. ***Derivative financial instruments and hedging transactions*** - The Institution carries out two types of operations:

- Hedging transactions when derivative financial instruments are traded in order to offset one or various financial risks generated by a transaction or set of transactions associated with a primary position.
- Trading operations when the Institution maintains a derivative financial instrument with the original intent to obtain gains based on changes in its fair value.

Hedging transactions, in accordance with the hedged risk exposure profile, can be:

1) Fair value hedge: This consists of hedging exposure to changes in fair value of an asset (or portion thereof) or a liability (or portion thereof) recognized in the balance sheet, an unrecognized firm commitment to buy or sell an asset at a fixed price; or a portfolio of assets, liabilities or firm commitments with similar risk characteristics and that can affect the result of the period

2) Cash flow hedge: This consists of hedging exposure to the variability of cash flows from a forecast transaction which (i) is attributable to a specific risk associated with a recognized asset or liability (such as all or some of the future payments of interest on a credit or debt instrument at a variable interest rate), or with a highly probable event which (ii) may affect the result of the period.

3) Hedging of a net investment in a foreign transaction.

Foreign currency hedge:

a. The gain or loss on valuation of the hedge instrument at its fair value (for a hedge derivative) or the foreign currency component valued in accordance with NIF B-15 (for a non-derivative hedge instrument) should be recognized in income of the period in which it occurs; and

b. The result from valuation of the hedged item attributable to the risk covered must adjust the book value of such item and be recognized in results of the period. This applies even if the hedged item were valued at cost (for example, when the interest rate risk is covered on a credit portfolio that is valued at amortized cost). The recognition of the result from valuation attributable to the risk hedged in the results of the period applies even if the item hedged is an investment in securities classified as available for sale.

A cash flow hedge transaction must be recognized as follows:

a. The portion of the gain or loss on the hedge instrument that is effective in the hedge must be recognized in stockholders' equity as part of the other comprehensive income items;.

b. The portion of the gain or loss on the hedge instrument that is ineffective in the hedge must be recognized directly in results of the period.

i. ***Foreign currency transactions*** - Transactions in foreign currencies are recorded at the exchange rate prevailing at the date of the transaction. The assets and liabilities in foreign currencies are expressed in the national currency using the exchange rate published of Banxico in the DOF the banking day following the date of valuation.

j. ***Current portfolio*** - Loans granted are recorded as an asset as of the date on which funds are drawn down and interest is aggregated as accrued, in accordance with the loan payment schedule.

Interest on outstanding credit operations is recognized and credited to the statement of operations as it accrues. Accrued interest is no longer recorded once credits are transferred to the overdue portfolio.

While loans remain classified as overdue portfolio, accrued interest is controlled in memorandum accounts. In the event that this interest should be collected, it is recognized in the income of the year.

Past-due Portfolio

The unpaid balance of current loans is recorded as nonperforming portfolio when the following conditions are met:

- It is known that the borrower is declared in bankruptcy proceedings.
- Loans with single payment on principal and interest at maturity and present 30 or more calendar days in arrears.
- Loans with a single payment on principal at maturity and periodic payments on interest that present 90 or more calendar days in arrears of the respective interest payment or 30 or more calendar days in arrears of the principal.
- Loans with periodic payments on principal and interest and present 90 or more calendar days in arrears.
- Revolving loans that present two monthly billing periods or, if applicable, 60 or more calendar days in arrears.

Impaired portfolio

Commercial credits are considered as an impaired portfolio when, based on current information and events, as well as the review process of such credits, there is a considerable likelihood that both, the principal and interest may not be entirely recovered as set forth in the agreement. Both the current portfolio and past-due portfolio may be identified as an impaired portfolio.

The main policies and procedures established in the guidelines issued by the Institution for granting, controlling and recovering of credits are as follows:

- Any credits granted or guaranteed by the Institution should finance projects and entities that are economically and financially viable.

- The maximum financing limit is determined according to the needs of the investment project and the result from the evaluation of the payment capacity of the entity or project.

- The terms and grace periods of credits are established considering the payment capacity of entities.

- Real guarantees are obtained, preferably real estate, in an adequate and sufficient proportion according to the credit characteristics and, in the case, based on the type of financial intermediary granting such credit.

- All credit guarantees granted by the Institution, are supplemented of those that should be offered by borrower and do not substitute them; therefore financial intermediates should negotiate in each case with the credit recipient the guarantees that support the respective credit.

- The credit recipient must have a proven moral and credit solvency.

- Credit (lending) operations of both Bank Financial Intermediaries (BFI) and Non-Bank Financial Intermediaries (NBFI) are recorded at the headquarters offices of the Institution. Bank Financial Intermediary balances are reconciled quarterly and Non-bank Financial Intermediary balances are reconciled quarterly and Non-Bank Financial Intermediary balances are reconciled monthly.

- Portfolio recovery is performed through the (SIRAC) system, and administered at the headquarters of the Institution by the Management of the Credit Administration.

- No further credit operations will be carried out with an entity that has overdue credits.

– Once 90 days have elapsed after a payment is overdue, the related credit balance is considered overdue and collections are made through legal proceedings, whether directly in the case of direct loans, or through financial intermediates in the case of discounted credits.

The main policies and procedures for the evaluation and follow-up of credit risks according to the type of transactions are as follows:

Second-tier operations:

– Type "A" Financial Intermediaries, defined as Banks or factoring or leasing companies which are part of a financial group, which includes a bank. In view of the payment procedure to charge their BANXICO account, these intermediaries are considered within the lower risk level.

  A method for assigning credit risk limits to operate with Banks in Mexico known as "Metodologia de Asignacion de Limites de Riesgo Crediticio para Operar con Bancos en Mexico", has been established for these intermediaries. The methodology determines the maximum credit risk levels that may be accepted in each case, with respect to both credit and discounted operations, and to financial market transactions. The follow-up of credit limits is made on a daily basis, and limits are updated monthly.

– Type "B" Financial Intermediaries; correspond to all NBFI that are not part of a financial group which includes a bank. These intermediaries are considered as a medium credit risk source, and therefore specific rules and standards have been established that NBFI should comply with the intermediation of operations involving funds from the Institution.

  Supervision mechanisms have been established for these intermediaries, including monthly follow-up of their financial evolution and compliance with rules established. In addition, loans granted to these intermediaries are rated in conformity with the general provisions applicable to the credit institutions, published by the Commission in the Official Daily Gazette on December 2, 2005.

First-tier operations:

– These transactions are marginal for the Institution, and there is a procedure to follow-up credit risk based on the classification of the portfolio credit risk, according to guidelines established.

Guarantee program operations:

– There is a monthly follow-up for the portfolio of guarantee program operations which includes an analysis of harvest, an analysis at a sampling level of the results from the follow-up of processes agreed with banks and also an analysis of the financial evolution of the guarantee trust established in the Institution. In an independent way, the banks that participate in this program submit the credits supported under the guarantee program to their own credit risks follow-up policies and procedures, as well as to the classification of risk according to the guidelines established.

k. ***Allowance for loan losses -*** The Commission establishes the rules for rating the credit portfolio. The provision corresponding to credit risk is estimated on a monthly basis according to quantitative and qualitative factors, included the classification methodology established by the Commission, which considers an analysis of the portfolio with problems according to its current risk. Considering foreseeable future risks, there is a practice to create additional reserves on a global basis, to cover possible contingencies.

Through general provisions applicable to the credit institutions, the Commission sets forth the rating methodologies of loan portfolios based on the type of loans comprising them, which allow for:

- Evaluating each borrower, in the case of the consumer lending portfolio, taking into account various quantitative elements related to the risk of borrower nonperformance and simultaneously obtaining a rating for each loan considering, if applicable, the value of the guarantees associated with such loans, in order to estimate a probable loss on each loan;
- Stratifying the portfolio in accordance with delinquency in payments including, in the case of the mortgage housing lending portfolio, the likelihood of nonperformance and the value of the guarantee of the loan, so that the amount of necessary preventive reserves can be determined in each stratum of the portfolio based thereon;
- Analyzing the creditworthiness of its debtors, in the case of the commercial lending portfolio, and estimating possible losses so that the amount of necessary preventive reserves can be determined based thereon;
- Using internal methodologies, in accordance with the aforementioned provisions, drawn up by credit institutions themselves when they certify that they have met the requirements for the purpose determined by the Commission.

In accordance with these regulations, the provisions for credit risk applicable to the mortgage housing and consumer lending portfolio are estimated monthly, based on balances at the last day of the month.

In addition, the balances relative to the quarters ending on March, June, September and December are used for rating the comercial portfolio. The pertinent preventive reserves are recorded at each quarter-end, considering the balance of the debt recorded in the accounting at each quarter-end and the balance of the debt recorded on the last day of the foregoing months. For the two months subsequent to each quarter-end, the pertinent rating applicable to credit used at the immediately foregoing quarter-end is applied to the balance of the debt recorded on the last day of the foregoing months.When there is an interim rating subsequent to the quarter-end, this rating can be applied to the balance of the debt recorded on the last day of the two months at issue.

l. ***Other receivable, net-*** The amounts relative to the Institution's sundry debtors are provisioned with a charge to results of the year regardless of the probability of recovery, within the 90 or 60 days following their initial recording, depending on whether the balances are identified or not, respectively.

m. ***Property, furniture and equipment, net*** - Property, the cost of installation and upgrades are originally recorded at acquisition cost. Until 2007, buildings were updated using a factor derived from the value of the investment unit ("UDI"), whereas furniture and fixtures were noted at their cost of acquisition. Depreciation and relative amortization are calculated based on the acquisition cost or the updated cost through this date, a percentage determined based on the estimated economic life.

n. ***Foreclosed and repossessed property and property received as payment in kind*** - Foreclosed and repossessed property is stated at the lower of either the awarded cost or the net realizable value.

The assets acquired are valued according to accounting standards for credit institutions, according to the type of property involved, recording the valuation results for the year against other income (expense) of the transaction.

The amount of any estimate that recognizes the potential losses in value over time of the foreclosed assets must be determined on the foreclosure value using the procedures established in the general provisions applicable to the classification methodology of the credit portfolio of credit institutions, and be recognized in results of the year as other revenues (expenses) from the operation.

If in accordance with the aforementioned provisions the estimate referred to in the preceding paragraph is modified, such adjustment must be recorded against the amount of the estimate previously recorded and other revenues (expenses) from the operation.

When the foreclosed assets are sold, the difference between the selling price and the book value of the foreclosed asset, net of estimates, must be recognized in results of the year as other revenues (expenses) from the operation.

o. ***Income taxes -*** Income tax (“ISR”) and the Business Flat Tax (“IETU”) are recorded in the results of the year they are incurred. To recognize deferred income taxes, based on its financial and fiscal projections, the Institution determines whether it expects to incur ISR or IETU and, accordingly, recognizes deferred taxes based on the tax it expects to pay. Deferred taxes are calculated by applying the corresponding tax rate to the applicable temporary differences resulting from comparing the accounting and tax bases of assets and liabilities and including, if any, future benefits from tax loss carryforwards and certain tax credits. Deferred tax assets are recorded only when there is a high probability of recovery.

p. ***Other investments -*** Those permanent investments made in trusts and in shares of companies in which there is no control, combined control or significant influence are initially recorded at acquisition cost. They are valued using the equity method considering the financial information related to such entity; when it is practically impossible to obtain financial information on the entities, the investment is adjusted to zero value or acquisition cost. The adjustment procedure is selected based on the prudential treatment of applying specific rules contained in NIFs.

q. ***Funding -*** The liabilities for funding through certificates of deposit, term deposits, bankers´acceptances, promissory notes with interest payable at maturity, loans from local and foreign banks and bank bonds, are recorded based on the contractual value of the obligation. Any accrued interest is charged to the statement of income and credited to liability accounts.

r. ***Interbank loans and those from other entities -*** Liabilities from interbank loans are recorded based on the contractual value of the obligation. Accrued interest is recognized directly in income of the Institution.

s. ***Direct employee benefits -*** These are valued in proportion to the services rendered, considering the current wages and the liability is recognized as they are accrued. This item includes mainly PTU payable, remunerated absences, such as vacations and vacation premium, and incentives.

t. ***Labor obligations -*** Payments to employees and workers, who no longer render their services, as provided for in the federal labor law and the labor conditions in effect, are recorded as follows:

Severance payments -

Severance payments, which are made to personnel who retire under certain circumstances, are recorded as they are accrued, calculated by independent actuaries based on the projected unit credit method using normal interest rates.

Seniority premiums -

Seniority premiums are payable to employees that have completed fifteen or more years of service of personnel. Toward that end, there is a provision that covers the actuarial present value of benefit obligation, which was determined in accordance with actuarial calculations with amounts as of December 31, 2011 and 2010.

In accordance with the Federal Labor Law, the Institution has a liability for indemnifying employees who are dismissed under certain circumstances and an obligation to pay a seniority bonus when they retire, provided that they (i) have completed fifteen years or more of service, (ii) are dismissed without a justifiable reason or (iii) pass away.

In conformity with General Work Conditions Laws (GWC), workers who reach 65 years of age and complete 30 years of service will be eligible for a retirement annuity. Moreover, upon reaching 65 years of age with 5 years of seniority, workers will be eligible to receive a pension whose amount will be equal to the proportion of the net monthly salary or wage during the last year of service, derived from multiplying the number of years of services rendered by the 0.0385 factor. The Institution reserves the right to pay a pension to that worker who has reached 60 years of age or completed 26 years of service.

On the other hand, the GWC dated August 12, 1994 set forth that workers who joined the Institution prior to the above date and reach 55 years of age and have completed 30 years of service or reached 60 years of age and complete 5 years of seniority will be eligible for a pension in the terms of the GWC referred to above.

In the event of an unjustified dismissal or termination of the employer-employee relationship, the worker may choose to receive the pertinent indemnification or a retirement annuity calculated based on the main characteristics of the retirement plan discussed above if the worker is 50 years old and has 16 or more years of seniority.

u. ***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.

v. ***Employee statutory profit-sharing (PTU)*** **-** PTU is recorded in results of the year in which it is incurred and is presented under the heading of administrative and promotion expenses in the accompanying statement of income. Deferred PTU is determined for the temporary differences resulting from comparing the book and tax values of assets and liabilities and is recognized only when a liability will probably be settled or a profit generated, and there is no indication that the situation will change in such a way that the liability or profit will not be realized.

PTU is determined based on the taxable profit as established in article 10, section I of the Income Tax Law. For the years ended 2011 and 2010, PTU was $142 and $89, respectively.

w. ***Recognition of interest income*** - Interest generated by outstanding credit operations is recognized and recorded in the statement of income based on the accrued amount. Interest on the past-due portfolio is recorded in the statement of income at the time of collection. The proceeds from interest on investments in securities are recorded in the statement of income based on the accrued amount.

Interest on liability operations is recognized in the statement of income as accrued, regardless of its payment date.

For presentation purposes in the statement of income, the commissions, premiums and exchange operations are included in the interest income caption.

The commissions collected to initially grant loans are recorded as a deferred credit, which is applied in the same way as interest income by the straight line method during the loan period.

x. ***Brokerage commissions*** - Given the intermediary function performed by the Institution as liaison between the lender of financing and the borrower, the Institution obtains a commission for arranging the credits in the markets. Such commission is recorded in the statement of operations when it is generated under the heading of “Commission and fee income”.

y. ***Intermediation results*** - Intermediation results are derived from security and derivative transactions, valuations of investments in security and derivative financial instruments at fair value, and recognition of the increase or decrease in the value of security investments.

z. ***Trusts*** - The operations in which the Institution acts as Trustee are recorded and controlled in memorandum accounts. According to the ISR law, as Trustee, the Institution is responsible for the compliance of tax obligations derived from the trusts performing business activities up to the amount of the equity in trust.

aa. ***Foreign currency transactions*** - Monetary and nonmonetary assets and liabilities, as well as statements of operations for foreign subsidiaries, are translated at the closing exchange rate at the valuation date. The pertinent financial statements were not restated since the Institution operated in a non-inflationary environment during 2011 and 2010.

bb. ***Settlement accounts*** - For purposes of their presentation in the financial information, the Institution offsets asset and liability positions when they are similar in terms of type, counterparty, class, deadline and terms, and they are recognized as an asset if a debit balance is generated or as a liability if it is a credit balance.

cc. ***Impairment of long-lived assets in use*** - The Institution reviews the book value of long-lived assets in use, in the presence of any indicator of impairment whereby the book value might not be recoverable, considering the greater of the present value of future net cash flows and the net selling price, in the event of their eventual disposal. Impairment is recorded if the book value exceeds the greater of the above-mentioned values.

As of December 31, 2011, the Institution’s assets do not present any indicators of impairment.

5. Foreign currency position

As of December 31, 2011 and 2010, the foreign currency position into Mexican pesos, includes controlled assets in memmorandum acounts for $3,766 and $5,804, respectively, and are comprised as follows:

	2011	2010
Assets	$ 25,556	$ 28,729
Liabilities	25,552	28,704
Net long position	$ 4	$ 25

The assets and liabilities in foreign currencies are as follows:

	Assets	Liabilities	Net 2011	Net 2010
U.S. dollars	$ 25,145	$ 25,188	$ (43)	$ (21)
Japanese yen	2		2	3
Euros	290	290	-	2
Sterling pounds	45		45	41
Special revolving rights	74	74	-	-
	$ 25,556	$ 25,552	$ 4	$ 25

As of December 31, 2011 and 2010, the exchange rates of the Mexican peso relative to the value of the U.S dollar were $13.9476 and $12.3496, respectively, according to the Exchange rate for the settlement of obligations denominated in foreign currency, determined by BANXICO. Other foreign currencies are valued considering the exchange rate relative to the U.S dollar.

6. Cash and cash equivalents

As of December 31, 2011 and 2010, cash and cash equivalents consist of the following:

	2011	2010
Deposits in BANXICO	$ 11,746	$ 11,745
Deposits in domestic and foreign banks	4,714	4,784
Call money deposits	1,273	163
Other liquid assets	4	4
Cash and cash equivalents in subsidiaries	6	1
	$ 17,743	$ 16,697

Deposits in BANXICO apply to monetary regulation deposits, in conformity with the telefax 1/2007 issued by BANXICO on January 27, 2007.

As of December 31, 2011 and 2010, deposits in domestic and foreign banks included $5,366 and $1,914, respectively, by concept of currency spot sales.

As of December 31, 2011, the Institution maintains call money deposits for a maximum term of three banking days, amounting $1,273 of which were $1,237 contracted at an average rate of 4.5% in Mexican pesos, and $36 at an average rate of 0.1% in foreign currency.

As of December 31, 2011, the Institution maintains call money deposits for a maximum term of three banking days, amounting $163 such call money deposits were contracted at an average rate of 0.63% in foreign currency.

Cash and cash equivalents in foreign currencies as of December 31, 2011 and 2010, are summarized as shown below:

	2011		
	Amount	Exchange rate	Equivalent in national currency
Euros	2	$ 18.103990	$ 42
U.S. dollars	334	13.947600	4,662
Sterling pounds	2	21.675970	43
Japanese yen	5	0.180760	1
			$ 4,748

	2010		
	Amount	Exchange rate	Equivalent in national currency
Euros	2	$ 16.563280	$ 39
U.S. dollars	231	12.349600	2,857
Sterling pounds	2	19.334530	39
Japanese yen	12	0.152520	2
			$ 2,937

As of December 31, 2011 and 2010, the concept of other liquid assets includes gold coins amounting to a value of $3, which are stated at market value

7. Investments in securities

As of December 31, 2011 and 2010, investments in securities consist of the following:

***Trading securities*:**

Instrument	2011 Acquisition cost	2011 Accrued interest	2011 Valuation	2011 Book value	2010 Book value
Development Fund Shares for the securities Market (FDMV)	$ 263	$ -	$ (11)	$ 252	$ 831
Bondes	5,003	8	11	5,022	4,936
Stock certificates	3,527	15	22	3,564	2,307
Deposits certificates					50
Ipabonds	2,317	27	5	2,349	2,179
Sale of securities with value date					
Fixed rate bonds	-	-	-	-	(88)
Segregable stock certificates					(50)
Ipabonos	(299)	-	-	(299)	(747)
Udibonos	(202)	-	-	(202)	-
Restricted financial instruments:					
Bondes	66,688	14	(26)	66,676	48,256
Fixed Bondes					1,862
Stock certificates	15			15	
Ipabonos	102,126	138	20	102,284	46,466
Udibonos					2,338
Promissories with liquid at yield maturity	1,612	-	-	1,612	6,839
Financial instruments in guarantee:					
Bondes					-
Ipabonds	479	-	-	479	213
Investment in subsidiary	14	-	-	14	14
	$ 181,543	$ 202	$ 21	$ 181,766	$ 115,406

As of December 31, 2011, the maturities of these investments are as follows:

Instrument	Less than 1 month	Between one and three months	Over 3 months	No maturity	Total
Development Fund Shares for the securities Market (FDMV)	$ -	$ -	$ -	$ 263	$ 263
Bondes			5,003		5,003
Segregable stock certificates	-	-	3,527	-	3,527
Deposits certificates					
Ipabonds	-	-	2,317	-	2,317
Sale of securities with value date:					
Fixed rate bonds					
Segregable stock certificates	(299)	-	-	-	(299)
Ipabonds	(202)	-	-	-	(202)
Restricted financial instruments:					
Bondes	66,688	-	-	-	66,688
Fixed rate bonds					
Ipabonds					
Udibonds	15	-	-	-	15
Bondes	98,776	3,350	-	-	102,126
Fixed rate bonds					
Promissories with liquid yield at maturity	1,612	-	-	-	1,612
Financial instruments held as collateral:					
Ipabonds	-	-	479	-	479
Investments from subsidiaries	14	-	-	-	14
	$ 166,604	$ 3,350	$ 11,326	$ 263	$ 181,543

***Available for sale securities*:**

Instrument	2011				2010
	Acquisition cost	Accrued interest	Valuation	Book value	Book value
Sovereign debt	$ 647	$ 12	$ 36	$ 695	$ 159
Obligations and other titles	1,488	24	21	1,533	129
	$ 2,135	$ 36	$ 57	$ 2,228	$ 288

The periods to which these investments are agreed to December 31, 2011 at cost of acquisition, are as follows:

Instrument	Over 1 year
Sovereign debt	$ 647
Obligations and other titles	1,488
	$ 2,135

***Held to maturity securities*:**

Medium and long-term securities -

Instruments	2011 Acquisition cost	2011 Accrued interest	2011 Book value	2010 Book value
Prides convertible bonds	$ 4	$ -	$ 4	$ 3
Stock certificates	1,131	26	1,157	919
Segregable stock certificates	2,271	273	2,544	-
Deposit certificates	1,809	5	1,814	1,815
Sovereign debt	736	21	757	819
Debentures and other securities	-	-	-	380
Udibonos	286	30	316	10,560
Restricted financial instruments:				
Fixed rate bonds	-	-	-	8,890
Segregable stock certificates	6,834	828	7,662	10,009
Udibonds	-	-	-	397
Total	$ 13,071	$ 1,183	$ 14,254	$ 33,792

The periods to which these investments are agreed to December 31, 2011 at cost of acquisition, are as follows:

Instrument	Less than a year	More than a year	No Fixed Term	Total
Prides convertible bonds	$	$ 4	$ -	$ 4
Stock certificates	69	1,062	-	1,131
Segregable stock certificates	-	2,271	-	2,271
Deposit certificates	-	1,809	-	1,809
Sovereign debt	-	736	-	736
Udibonos	-	286	-	286
Restricted financial instruments:				
Segregable stock certificates	6,834	-	-	6,834
Totales	$ 6,903	$ 6,168	$ -	$ 13,071

For 2011, interest income for investments in securities amounted to $1,334, the surplus on valuation amounted to $(506) and the gain on trading securities amounted to $679.

8. **Repurchase and resale transactions**

At December 31, 2011 and 2010, the repurchase and resale transactions reported by the Institution are detailed as follows:

Instrument	2011 Received as collateral.	2011 Collateral Collateral received and sold or pledged	2011 Instrument	2010 Received as collateral.	2010 Collateral Collateral received and sold or pledged	2010 Instrument
Government securities						
Cetes	$ 5,197	$ 5,193	$ 4	$ -	$ -	$ -
Stock certificates	1,650	1,531	119	1,750	1,750	-
Bondes	24,137	24,137	-	6,210	6,210	-
Fixed rate bonds	11,940	11,940	-	19,554	19,554	-
Ipabonds	28,465	28,465	-	5,920	5,920	-
Segregable stock certificates	-	-	-	1,726	1,726	-
	71,389	71,266	123	35,160	35,160	-
Banking securities:						
Promissories with liquid yield at maturity	-	-	-	-	-	-
	-	-	-	-	-	-
Debentures and other securities						
Stock certificates	701	701	-	350	350	-
	701	701	-	350	350	-
	$ 72,090	$ 71,967	$ 123	$ 35,510	$ 35,510	$ -

Instrument	2011 Creditors from repurchase agreements	2010 Creditors from repurchase agreements
Government securities		
Bondes	$ 66,702	$ 48,157
Fixed rate bonds	-	10,844
Segregable stock certificates	7,811	9,903
Udibonds	-	2,740
Ipabonds	102,255	46,433
Total	176,768	118,077
Banking securities		
Stock certificates	15	-
Promissories with liquid yield at maturity	1,613	6,842
	1,628	6,842
	$ 178,396	$ 124,919

As of December 31, 2011, the result of the interest income and expense was $10,896 and $9,399, respectively, in accordance with the Commission and are recorded in the statement of income.

Most of the repurchase and resale transactions are agreed to within 1 to 180 days.

9. Derivatives

At December 31, 2011 and 2010, the Institution holding the derivative transactions as described below:

For trading purposes:

	2011			
	Asset balance	Liability balance	Debit balance	Credit balance
Long-term futures	$ -	$ -	$ -	$ -
Short-term futures	3,712	3,712	-	-
Valuation of futures	52	(7)	59	-
	3,764	3,705	59	-
Swaps	5,094	5,117	-	23
Total	$ 8,858	$ 8,822	$ 59	$ 23

For hedging purposes:

	2011			
	Asset balance	Liability balance	Debit balance	Credit balance
Swaps	$ 2,650	$ 2,324	$ 326	$ -

For trading purposes:

	2010			
	Asset balance	Liability balance	Debit balance	Credit balance
Long-term futures	$ 39	$ 41	$ -	$ 2
Short-term futures	5,829	5,829	-	-
Valuation of futures	(26)	(4)	-	22
	5,803	5,825	-	22
Swaps	5,041	5,061	-	20
Total	$ 10,883	$ 10,927	$ -	$ 44

For hedging purposes:

	2010			
	Asset balance	Liability balance	Debit balance	Credit balance
Swaps	$ 2,221	$ 1,812	$ 409	$ -

Futures and forwards:

For trading purposes:

		2011				
		Sale		Purchase		
Operation	Underlying	Contract value	Receivable	Contract value	Payable	Book balance
Futures	IPC	$ -	$ -	$ -	$ -	$ -
Forwards contracts	U.S. Dollars	3,712	3,763	3,712	3,704	59
Total		$ 3,712	$ 3,763	$ 3,712	$ 3,704	$ 59

		2010				
		Sale		Purchase		
Operation	Underlying	Contract value	Receivable	Contract value	Contract value	Receivable
Futures	IPC	$ 39	$ 39	$ 41	$ 41	$ (2)
Forwards contracts	U.S. Dollars	5,803	5,803	5,825	5,825	(22)
Total		$ 5,842	$ 5,842	$ 5,866	$ 5,866	$ (24)

The Institution participates in the Derivatives Mexican Market (MEXDER), through the purchase-sale of interest rate and currency futures, according to an authorization granted by BANXICO.

In the case of U.S dollar-Mexican peso forwards, over-the counter operations or in other markets different than recognized markets, the master agreement for such operation does not stipulate the maintenance of guarantees. In any case, penalties are applied to the defaulting counterparty, over the amounts in Mexican pesos or U.S dollars depending on the position of the operation. In addition, the mentioned agreement stipulates the applicable law and jurisdiction which should be involved to solve any discrepancies in the flows of currencies, if necessary.

Swaps:

For trading purposes:

	2011			
Underlying	Contract value pesos	Receivable	Payable	Net position
Interest rate	$ 13,600	$ 5,094	$ 5,117	$ (23)

	2010			
Underlying	Contract value pesos	Receivable	Payable	Net position
Interest rate	$ 12,960	$ 5,041	$ 5,061	$ (20)

For hedging purposes:

Underlying	2011 Contract value pesos	Receivable	Payable	Net position
Interest rate	$ 14,921	$ 2,650	$ 2,324	$ 326

Underlying	2010 Contract value pesos	Receivable	Payable	Net position
Interest rate	$ 13,260	$ 2,221	$ 1,812	$ 409

Options:

For hedging purposes:

Underlying	2011 Contract value pesos	Receivable	Payable	Net position
Interest rate	$ 5	$ -	$ -	$ -

Underlying	2010 Contract value pesos	Receivable	Payable	Net position
Interest rate	$ 14	$ -	$ -	$ -

The Exchange and interest rate future and forward transactions executed by the Institution headquarters in Mexico City, are for handling its own positions in order to obtain profits, as well as to provide liquidity to the MEXDER by carrying out constant operations in it.

In the case of U.S dollar-peso forward contracts executed for intermediation purposes, the fair value represents the amount that both parties agree to exchange, considering that both maintain common sources of information on the principal financial indicators that affect the prices for these types of derivatives.

The difference between the fair value in the contract and the forward price stipulated, multiplied by the amount of the underlying instrument and discount at the respective date, represents the unrealized gain or loss according to the financial conditions prevailing at the time of execution of such transaction. The fair value is determined by the prevailing banking interest rate used for interbank transactions that are carried out in Mexico and applied by the price vendor, as well as rates that are used in the United States.

The Institution performs various analytics on the underlying markets of derivative instruments negotiated, in order to determine and outline implied risks for the Institution, through the risk committee known as *Comite de Administracion Integral de Riesgos* (CAIR, or Risk Administration Committee).

The benefit costs, and valuations of futures transactions and forward contracts are recognized in the foreign exchange accounts and gains or losses in market value, and are presented in the intermediation result caption in the statements of income.

Future trading and forward contracts involve recovery risks in case of contractual fluctuations. In order to reduce risks when trading these instruments, the Institution maintains offset positions.

As of December 31, 2011 and 2010, the efficiencies/inefficiencies recorded as a result of Criteria B-5 “Derivados y Operaciones de Cobertura” of the Commission, are as follows:

Swaps designated as fair value hedges (application to income):

Underlying item		2011 Amount valuation		2010 Amount valuation
Interest rate				
Bankers´acceptances	$	(4)	$	36
Stock certificates		35		10
Deposit certificates		7		-
Notes with interest payable at maturity		-		7
	$	38	$	53

At December 31, 2011 and 2010, the institution has contracted swaps Fair value hedges

Trading Swaps (application to income):

		2011		2010
Interest rate	$	(22)	$	(20)

The adjustments to book value for interest rate risk hedge financial derivatives transactions with financial assets and liabilities, due to the application of the Criteria B-5 “Derivatives and hedge transactions", issued by the Commission, as of December 31, 2011 and 2010, are detailed below:

Concept	2011				2010			
	Assets		Liabilities		Assets		Liabilities	
Bank acceptances	$	-	$	183	$	-	$	158
Stock certificates		132		(9)		-		(4)
Deposit certificates		-		-		-		(3)
Credit		111		-		102		-
Total	$	243	$	174	$	102	$	151

Administration of policies for using financial derivatives

The policies of the Institution allow for the use of derivatives for hedging and/or trading purposes. The principal objectives in operating these products are to hedge risks and generate revenues that enhance the Institution's profitability.

The objectives and policies related to the operation of these instruments are contained in the Risk management regulatory and operational manuals.

The instruments that the Institution uses are rate and foreign exchange swaps, IPC and TIIE futures, rate options and exchange-rate forwards which, depending on the portfolios, may support hedging or trading strategies.

The markets in which derivatives are traded are money markets, foreign exchange markets and equity markets, and the eligible counterparties are Mexican and foreign bank.

Authorization processes and levels

Control processes, policies and authorization levels for the derivatives operation are established within the Comprehensive Risk Management Committee, whose functions include the approval of:

a. The specific limits for discretionary risks, when it has powers delegated from the Board of Directors to do so, as well as tolerance levels in relation to nondiscretionary risks.

b. The methodology and procedures to identify, measure, oversee, limit, control, report and disclose the different types of risk to which the Institution is exposed, as well as their eventual modifications.

c. The models, parameters and scenarios which must be used to carry out the evaluation, measurement and control of risks proposed by the Comprehensive Risk Management Unit, which must be in conformity with the technology used by the Institution.

d. The methodologies for the identification, valuation, measurement and control of the risks of the new operations, products and services which the Institution intends to offer in the market.

e. The corrective measures proposed by the Comprehensive Risk Management Unit

f. The assessment of the aspects of Comprehensive Risk Management referred to in article 77 of the Sole Circular for its presentation to the Board of Directors and the Commission.

g. The Comprehensive Risk Management Manuals, based on the objectives, guidelines and policies established by the Board of Directors, as referred to in article 15, final paragraph of the Prudential provisions for comprehensive risk Management applicable to credit institutions

All the new products or services operated under a business line are approved by a Committee in accordance with the powers granted by the Board of Directors.

Independent reviews

The Institution is under the supervision and oversight of the Commission and BANXICO, which control is exercised through follow-up processes, inspection visits, information requests and documentation and delivery of reports. Furthermore, periodic reviews are performed by the Internal and External Auditors.

Generic description of valuation techniques

Financial derivatives are valued at fair value, in accordance with the accounting regulations established in the Provisions issued by the Commission and the terms of the specific standards contained in Criteria B-5.

Valuation methodology

1. Trading purposes- There is a structure of operational and regulatory manuals which establish the valuation methodologies used.

2. Hedging purposes- There is a structure of operational and regulatory manuals which establish the valuation methodologies used.

3. Reference variables- Those parameters used by agreement as part of market practices are applied (i.e., rates, exchange rates, prices, etc.)

4. Valuation frequency- The valuation of position instruments is made on a daily basis.

Management of internal and external liquidity sources which might be used to handle requirements related to financial derivatives.

The resources are obtained through the National Treasury and the International Treasury (London).

Changes in exposure to identified risks, contingencies and known or expected events in financial derivatives.

Periodic stress tests and back testing are performed to estimate the impact on the derivatives positions and statistically validate that the market risk measurement models provide results in accordance with their exposure to market variability, which must be within the parameters authorized by the Comprehensive Risk Management Committee.

The methodology currently used to prepare the stress measurement report consists of calculating the value of the current portfolio, with the capacity to apply the changes in the risk factors that occurred in:

- Tequila Effect (1994)
- Russian Crisis (1998)
- Twin Towers (2001)
- BMV Effect (2002)
- Effect on real rates (2004)
- Effect on mortgage Crisis (2008)

The back testing is based on the daily generation of the following information:

1. The valuation of the investment portfolio on day t

2. The VaR (Value at Risk) of the investment portfolio with a one-day time horizon and a confidence level of 97.5% (VaR).

3. The valuation of the portfolio with the new risk factors of day t+1.

During 2011, the number of closed financial derivatives that agreed and matured, was as follows:

Instrument	Operations N°		Nocional	
	Negotiation	Coverage	Negotiation	Coverage
Future IPC[1/]	24	-		-
Rate Options	-	-	-	-
Forwards (Arbitration)[2/]	36	-	1,145	-
Swaps[3/]	3	7	150	1,081

1/ Nocional refers to number of contracts: 149 to Buy and 150 to Sell.
2/ Purchase Operations. Nocional in USD.
3/ Notional amount operated during the month

The application of the standard B-5 during December 2011 on the valuation of hedge derivative transactions involved a net income of $ 96.5 in the results and had no impact on capital.

Operation Type	Main Position	Clasification	Impact In Results	In Assets	Total
CCSwap USD/MXP	CD-TF/ UMS 5.125%	Fair Value	1.82		1.82
Swaps Variable/Fixed	Bankers Acceptances	Fair Value	(1.84)		(1.84)
Swaps Variable/Fixed	CD/ PRLV	Fair Value	(0.54)		(0.54)
Swaps Fixed/Variable	Fixed Rate Loans Basket	Fair Value	0.15		0.15
Caps	Maximum Rate Loans	Fair Value	-		-
Swaps Variable/FixedUSD/UMS	Pemex Paper/ CFE/ UMS	Fair Value	96.91		96.91
Total			$ 96.50		$ 96.50

Formal documentation of the hedges

To comply with applicable regulations in derivatives and hedge operations (Bulletin B-5 issued by the Commission), the Institution has a hedging file, which includes the following information:

1. File cover page.
2. Hedge authorization.
3. Strategy diagram
4. Evidence of prospective tests of hedge effectiveness.
5. Evidence of execution of the derivative.
6. Detail of the primary position covered by a hedge.
7. Confirmation of the derivative.

Sensitivity analysis

A sensitivity analysis is performed daily through different measurements, such as:

- **Duration**-There are mainly two types of duration with different meanings:
    1. Macaulay Duration: This is the weighted average maturity of the current values of each flow, where the weighting coefficients are the time in years up to the payment of the respective flow.
    2. Modified Duration: This is the percentage variation of the bond price due to small variations in the market interest rate.

- **Convexity**- This is the variation in the slope of a curve in relation to a dependent variable or, that is the same thing, the change in duration due to changes in rates.

- **Greek** (sensitivity measures for options, except interest rate options)::

    1. Delta: Sensitivity of the price of the options to the price of the underlying of the option.

    2. Theta: Sensitivity of the price of the options to the time variable.

    3. Gamma: Sensitivity of the second degree of the price of the option to the underlying of the option.

    4. Vega: Sensitivity of the price of the option to the volatility used for its valuation.

    5. Rho: Sensitivity of the price of the option to changes in the interest rate.

- **Beta**-This is the measurement of the systematic risk of an action.

This analysis reflects the instances which define the operating strategy of derivatives in financial markets and their traders, in order to regulate their treatment in risk-taking with these instruments.

10. Loan portfolio, net

As of December 31, 2011 and 2010, the loan portfolio consists of the following:

	2011	**2010**
Current loan portfolio		
Commercial	$ 15,806	$ 12,304
Financial entities	83,779	84,206
Consumer	1	2
Mortgage loans	173	186
Government entities	10,364	10,713
Federal goverment's financial agent	7,097	15,360
	$ 117,220	$ 122,771
Past due loan portfolio		
Commercial	$ 35	$ 53
Financial entities	158	73
Consumer	4	4
Mortgage loans	19	21
	216	151
Loan portfolio	$ 117,436	$ 122,922

The loan portfolio by currency of origin as of December 31, 2011, is comprised as follows:

	Current	**Past due**
Currency	$ 103,882	$ 216
Foreign currency	13,338	-
	$ 117,220	$ 216

The loan portfolio by currency of origin as of December 31, 2011, is comprised as follows:

	Current	Past due
Currency	$ 104,726	$ 148
Foreign currency	18,045	3
	$ 122,771	$ 151

The credits granted as Financial Broker corresponds to financing granted to entities of the federal government with funds obtained from international organizations for that specific purpose, and are included in the loans to government entities.

The credits to financial entities are granted to banking and nonbanking institutions, through the discounting of documents payable by corporations and individuals engaged in business activities.

As of December 31, 2011, the balance of the past-due portfolio for a total of $216, from the date it was classified as past-due, is comprised as follows:

	Principal and interest	Amount	Term
Commercial	$ 34	$ 1	181 to 365 days
	-	33	Over 2 years
Financial entities	158	92	91 to 180 days
	-	15	181 to 365 days
	-	51	Over to 2 years
Consumer	5	1	1 a 180 days
	-	4	Over 2 years
Mortgage loans	19	3	1 a 180 days
	-	16	Over 2 years
	$ 216	$ 216	

Interest and commissions of the loan portfolio at December 31, 2011 and 2010, are comprised as follows:

	2011		
	Interest	Commissions	Total
Commercial	$ 1,049	$ 19	$ 1,068
Government entities	637	1	638
Federal government´s financial agent	350	11	361
Financial entities	4,573	36	4,609
Consumer	-	-	-
Mortgage loans	5	-	5
	$ 6,614	$ 67	$ 6,681

	2010		
	Interest	Comisiones	Total
Commercial	$ 752	$ -	$ 752
Government entities	661	2	663
Federal government´s financial agent	535	17	552
Financial entities	4,390	42	4,432
Consumer	1	-	1
Mortgage loans	5	-	5
	$ 6,344	$ 61	$ 6,405

The effect due to the suspension of the accrued interest in the past due portfolio, resulted in a decrease of $2 in comparison to 2010.

As of December 31, 2011 and 2010, the balance of restructured credits is comprised of the following:

	2011		
	Current	Past due	Total
Commercial	$ 1	$ -	$ 1
Financial entities	989	58	1,047
Mortgage loans	4	3	7
	$ 994	$ 61	$ 1,055

	20110		
	Current	Past due	Total
Commercial	$ 624	$ 2	$ 626
Financial entities	115	7	122
Mortgage loans	3	3	6
	$ 742	$ 12	$ 754

At December 31, 2011 and 2010, the percent concentration of the portfolio by sector is as follows:

	2011	2010
	%	%
Federal government	4.94	6.23
IPAB	1.19	6.35
Other private financial brokers	35.82	37.35
Development banking	0.08	
Multiple banking	35.57	31.24
Decentralized public agencies and private companies	8.74	8.66
Domestic companies	13.48	10.02
Private parties	0.18	0.15
	100.00	100.00

In conformity with Criteria B-6, of the general rules applicable to credit institutions, all commercial credits which are understood as impaired portfolio, are those which, based on current information and events, as well as the review process of such credits, there is a considerable likelihood that both, the principal and interest, may not be entirely recovered as set forth in the agreement. Both the current portfolio and nonperforming portfolio may be identificated as impaired portfolio.

At December 31, 2011 and 2010, the percent concentration of the portfolio by sector is as follows:

	2011			
	Degree of risk			Reserve
	D	E	Total	created
Current	$ -	$ 100	$ 100	$ 98
Past-due	3	193	196	193
	$ 3	$ 293	$ 296	$ 291

	2010			
	Degree of risk			Reserve
	D	E	Total	created
Current	$ 1	$ 105	$ 106	$ 105
Past-due	-	106	106	106
	$ 1	$ 211	$ 212	$ 211

11. **Allowance for loan losses**

According to the Credit Portfolio Rating Rules applicable to Development Banking Institutions, the credit portfolio due from the Federal Government and the portfolio of wholesale lending operations through development banking institutions, are not subject to the creation of preventive provisions since these entities assume the credit risk. The credit portfolio and that of the contingent operations recorded in memorandum accounts subject to evaluation are evaluated based on the balances at the end of each quarter of the year. The provision for credit risk recorded as of December 31, 2011 and 2010, is based on the rating of the portfolio balances at December 31 of those same years, respectively, as follows:

As of December 31, 2011:

Degree of risk	Amount of liabilities	Estimate of the provision % reserve	Amount
A	$ 123,074	0.00 – 0.99	$ 688
B	18,175	1.00 – 19.99	1,166
C	14	20.00 – 59.99	5
D	1	60.00 – 89.99	1
E	307	90.00 – 100.00	307
Portfolio qualifying	141,571		2,167
Less: Counter-guarantees received in cash	-		17
	141,571		2,150
Portfolio excluding:			
Federal government	7,348		-
Additional reserve	-		79
Subsidiary	-		151
	$ 148,919		$ 2,380

Of the rated portfolio, was reduced $17 from the commercial portfolio rated with E risk, for which the pertinent reserve was not created since the Institution has collateral received in cash. The foregoing is presented as a loan portfolio in the respective risk weight in the accounting records.

As of December 31, 2010:

Degree of risk	Amount of liabilities	Estimate of the provision % reserve	Amount
A	$ 122,021	0.00 – 0.99	$ 725
B	13,807	1.00 – 19.99	1,041
C	487	20.00 – 59.99	194
D	11	60.00 – 89.99	9
E	243	90.00 – 100.00	243
Portfolio qualifying	136,569		2,212
Less: Counter-guarantees received in cash	-		21
	136,569		2,191
Portfolio excluding:			
Federal government	15,522		-
National Banking Institutions	-		50
Subsidiary	-		131
	$ 152,091		$ 2,372

The allowance for loan losses includes $5 and $3 that correspond to the total amount of the past due interest as of December 31, 2011 and 2010 respectively.

The movements of the allowance for loan losses as of December 31, 2011 and 2010, are as follows:

	2011	2010
Specific estimates:		
Current loan portfolio		
Commercial	$ 327	$ 334
Consumer	4	4
Mortgage loans	13	18
Financial entities	1,735	1,760
Government entities	61	60
	2,140	2,176
Contingent portfolio -		
Granted guarantees	10	15
Additional estimates	79	50
Subsidiary	151	131
	$ 2,380	$ 2,372

Movements in the allowance for loan losses are as follows:

	2011	2010
Balance January 1,	$ 2,372	$ 2,284
Increments:		
Constitution reserves for loan losses	930	960
Splippage of the foreign currency reserve	1	-
	3,303	3,244
Applications:		
Discounts in recovering debts	18	10
Cancellation of excess reserves	925	987
Credits transferred to suspense accounts	-	1
Splippage of the foreign currency reserve	-	5
	2,360	2,241
Subsidiary	20	131
Balance at December 31	$ 2,380	$ 2,372

12. **Other receivable accounts, net**

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

	2011	2010
Loans to institution personnel	$ 2,054	$ 1,984
Clearing accounts	73	117
Other debtors	207	301
Receivables for commissions on current trading activities	89	119
Other receivables of subsidiary	91	70
Estimates for write-offs of other receivables	(67)	(135)
	$ 2,447	$ 2,456

13. **Foreclosed and repossessed assets**

As of December 31, 2010 and 2009, repossessed assets consist of the following:

	2011	2010
Real property	$ 35	$ 74
Securities	21	19
	56	93
Estimate for write-offs	(31)	(87)
Total	$ 25	$ 6

Write-offs of foreclosed and repossessed assets amounted to $2 in 2011 and $2 in 2010.

In conformity with the general provisions applicable to the credit institutions, additional reserves have been recognized for holding assets settled through legal proceedings and out-of-court proceedings or received as payment in kind.

14. Other investments

Other permanent investments are included as follows:

	2011	2010
Other investments:		
Fideicomiso al Mercado Intermedio de Valores	$ 2	$ 3
Fideicomiso asistencia técnica en programas de financiamiento PYME	18	19
Fideicomiso patronato del centro de diseño de México	17	16
Fideicomiso eurocentro Nafin-México	6	6
	$ 43	$ 44

15. Investments in equity securities

At December 31, 2011 and 2010, investments in equity securities are summarized as follows:

	2011	2010
Corporación Andina de Fomento	$ 537	$ 506
Shares of other companies	17	14
	554	520
Shares of other associated companies (of subsidiary companies)	2,145	1,700
	$ 2,699	$ 2,220

16. Term deposits

As of December 31, 2011 and 2010, the maturities of these instruments are as follows:

	2011	2010
Less than one year	$ 103,970	$ 113,597
At five years	800	800
At ten years	153	193
At twenty years	226	226
	105,149	114,816
Unpaid accrued interest	1,271	1,151
	$ 106,420	$ 115,967

17. **Bank bonds**

The balance of this account is comprised as follows:

	Maturity	2011	2010
Stock certificates (a)	2013 y 2014	$ 7,000	$ 7,000
Unpaid accrued interest		21	20
		$ 7,021	$ 7,020

(a) With regard to 2011, there were two issues both with a starting date of December 10, 2010: the first for 45 million securities and the other for 25 million securities at par value of MX$100 each instrument, maturing on December 6, 2013 and December 4, 2014, respectively, with a yield of 4.855% and 4.905%, respectively.

Returns on these instruments reference CETES discount rates, the Average Interbank Interest Rate (AIIR) and the Equilibrium Interbank Interest rate (EIIR).

18. **Securities placed abroad**

The current balance of placements of securities made by the Institution abroad is included in this caption and is comprised by original currency as follows:

	2011	
	Amount in foreign currency	Equivalent in Mexican pesos
U.S. dollars	924	$ 12,891
		$ 12,891

	2010	
	Amount in foreign currency	Equivalent in Mexican pesos
U.S. dollars	778	$ 9,607
		$ 9,607

As of December 31, 2011 and 2010, the maturity of securities with a term of less than a year amount to $12,891 and $9,607, respectively.

19. Interbank loans and other loans

Consists of loans received from foreign financial institutions, at preferential or current market rates. An analysis is as follows:

	2011	2010
Multinational and governmental agencies:		
World Bank	$ 831	$ 7,423
Banco de Mexico	-	-
Inter-American Development Bank (BID)	9,036	8,998
Other	73	80
	9,940	16,501
Foreign bank institutions	842	341
Domestic bank institutions	1,368	1,371
Other loans	245	327
Unpaid accrued interest	89	128
	$ 12,484	$ 18,668

As of December 31, 2011 and 2010, the maturity of loans with a term of less than a year amount to $4,437 and $11,095, respectively.

At December 31, 2011, Interbank loans and other loans are summarized as follows:

Currency	Financial institution	Rate	Term	Balance Foreign currency	Balance Currency
Mexican pesos	ABN Amro Bank, S.A.	4.2	3 days	-	$ 130
	Banca Afirme, S.A.	4.4	3 days	-	274
	Banco Nacional de Comercio Exterior, S.N.C.	4.45	3 days	-	144
	Banco Ve por Más, S.A.	4.2	3 days	-	65
	Banco Wal Mart de México, S.A.	4.2	3 days	-	51
	Banco Azteca, S.A.	4.4	3 days	-	385
	JP Morgan, S.A.	4.3	3 days	-	155
	Federal Government	CETES 28 days	15 years	-	34
					1,238
U.S.dollars	Banco Nacional de Comercio Exterior, S.N.C.	1.1508	6 years	11.8	164
	Instituto de Crédito Oficial de España	1.25	30 years	6.0	83
	Instituto de Crédito Oficial de España	1.5	30 years	4.1	57
	Kreditanstalt fur Wideraufbau Frankfurt	2.73	7 years	39.0	544
	Nordic Investment Bank	1.254	10 years	0.5	7
	Nordic Investment Bank	0.8875	10 years	2.0	28
	BID	1.24	25 years	149.0	2,078
	Federal Government	Libor 3 months	15 years	5.9	83
	Federal Government	Libor 3 months	15 years	9.2	128
					3,172

Currency	Financial institution	Rate	Term	Foreign currency	Currency
				Balances	
Euros	Natexis Banque	2.0	30 years	6.8	123
					123
Interest					0
	Total				$ 4,533
Financial agency					
U.S.dollars	BID	3.63	12 years	64.8	905
	BID	3.88	12 years	134.1	1,871
	BID	3.99	12 years	107.7	1,502
	BID	4.0986	12 years	60.0	837
	BID	2.25	15 years	100.0	1,395
	BID	3.26	15 years	19.0	266
	BID	2.25	20 years	3.5	49
	BIRF	4.451	15 years	59.6	831
					7,656
Euros	BID	3	25 years	7.4	133
					133
Special drawing rights	FIDA	1.3	18 years	3.4	73
					73
Interest					89
					7,951
	Total				$ 12,484

The unused lines of credit represent the lines of credit granted to the Institution, not exercised at the closing, detailed as follows:

	2011	2010
Banco de México	$ 464	$ 447
Kreditanstal Fur Wideraraufbau Franfurt	583	533
BID Washington DC	14	-
Subsidiary	44	1,726
	$ 1,105	$ 2,706

20. Other payable

This caption is comprised of the following reserves and provisions:

		2011		2010
Sundry creditors	$	389	$	441
Income taxes payable		489		479
Statutory employe profit sharing to pay		142		89
Provisions for other items		102		134
Clearing accounts		2,612		291
Guarantee deposits		22		26
	$	3,756	$	1,460

21. Labor obligations

According to the General Labor Conditions (GLC), all employees that are 65 years old and have 30 years of services in the Institution are entitled to a lifetime pension upon retirement. In addition, employees who reach 65 years of age and 5 years seniority will be entitled to a pension equal to a proportion of the average net monthly salary received during the last year of services, which results from multiplying the number of years of services rendered, by 0.0385. The Institution reserves the right to pension those employees who are 60 years old or who have provided 26 years of services.

Furthermore, there are Transitory Provisions of the CGT as of August 12, 1994, which establish that workers who entered the Institution before the aforementioned date and who complete 55 years of age and 30 years of service, 60 years of age and 26 years of service or 60 years of age and have five years' seniority will be entitled to a retirement pension under the terms of the aforementioned CGT.

In the event of an unjustified dismissal or termination of the employment relationship, if the person has completed 50 years of age and seniority equal to or more than 16 years, the worker may elect to receive a severance payment or a lifetime pension paid calculated based on the first paragraph of the principal characteristics of the retirement plan.

Transitory Article 5, Subsection a) of the CGT, 2006 revision, establishes that persons who have obtained a pension for disability, physical handicap or retirement on a date before the present revision and those workers who, having entered the Institution before the effective date of this revision and to whom the Defined Benefits Retirement Plan is applied, will still have the right to receive the following additional benefits from the Institution at the time of their retirement:

a) Short-term, medium-term and Special Savings Loans, which will be paid with a charge to administration and promotion expenses at a net guaranteed yield of 18%, of the maximum capacity to be invested, which will be calculated on 41.66% of the net monthly pension multiplied by 72 months, and the available capacity which will be 50% of the net pension less the monthly discounts for the short-term and long-term loans with principal and interest multiplied by 72 months, with a ceiling of 41.66% of the net monthly pension. The Special Savings Loan will generate interest at the annual rate of 1%, which will be withheld by the Institution.

The net periodic cost that affected the results of 2011 and 2010 was $790 and $679, respectively.

As of December 31, 2011 and 2010, the labor obligations fund is $6,232 and $5,861, respectively, and is fully invested in an irrevocable trust created in the Institution.

In accordance with NIF D-3 "Employee benefits", the Institution recognized in its financial statements the effect of liabilities for "Other postretirement benefits". At the close of 2011, the net periodic cost recorded in the Institution's results was $446 and the related liability was $6,660.

The summary of the actuarial calculations as of December 31, 2011 is as follows:

Calculation hypothesis

Demographics

a. Mortality rate: Those shown in the EMSSA Mortality Rate Non-invalids Unisex 2009.

b. Disability rates: Product of experience IMSS-1997.

c. Turnover rates: Bufete Matemático Actuarial _R.

Below is a table showing some representative values of the demographic tables used:

Age	Mortality EMSSA_2009	Disability IMSS 97	Turnover BMA R
20	0.001606	0.000760	0.606061
25	0.001828	0.001000	0.112179
30	0.002128	0.001120	0.068027
35	0.002526	0.001290	0.042735
40	0.003078	0.001640	0.027349
45	0.003823	0.002210	0.016340
50	0.004850	0.003470	0.009033
55	0.006280	0.007120	0.003814
60	0.008297	0.000000	0.000000
65	0.011214	0.000000	0.000000

The application of these rates enables an estimate of which current payroll members will become subject to the benefit upon reaching the retirement age; it also enables an estimate of who will reach the retirement age while still on the job and entitled to the benefit.

Economic

For the selection of assumptions used in the actuarial valuation, is based in NIF D-3 and the document prepared by the Committee on Principles and Practice Research Actuary of the Mexican Association of Consulting Actuaries, AC (AMAC), entitled "Methodologies for determining the Actuarial Valuation Assumptions for Pension Plans, Seniority Premiums and Compensation and earlier retirement (or alternative retirement date, should not have retirement plans) and Health Benefits postretirement, dated on July 2009.

The financial hypotheses are shown in the following table:

	2011	2010
Rate of return on assets	7.00%	7.50%
Discount rate before retirement	7.00%	7.50%
Rate of wage increase	4.00%	4.00%
Rate of increase in minimum wage	3.50%	3.50%
Rate of increase for after retirement	3.50%	3.50%
Rate of increase in medical service costs	6.00%	6.00%
Inflation long-term	3.50%	3.50%

Discount rate: the methodology used to determine the discount rate is known as the yield or the internal rate of return (TIR). It consists of calculating the present value of the expected plan flows using the expected rate for each period and subsequently determining a discount rate equal to such present value. The expected rates for each period are based on a yield curve provided by a price supplier.

Asset yield rate: the expected rate of return of the plan assets is equal to the discount rate.

Wage increase rate and minimum wage: based on the information provided by the Institution, wages are increased in conformity with inflation and the minimum wage increase. In accordance with the increases of the last few years, the same wage increase rate used in the previous year is maintained and it already includes the wage history. Minimum wage increases according to inflation

Pension increase rate: pursuant to CGT, the net income of retirees will increase in the same proportion as general increases.

Long-term inflation: The long-term inflation considered was 3.5%, based on the results compiled by Banco de México, from the survey on expectations of private sector economic experts, for the month of October 2011.

The private sector economic analysts interviewed by Banco de México estimated annual inflation of 3.31% at the close of 2011, the estimated inflation for the period 2012-2015 was 3.59%, and for the period 2016-2019 is estimated at an average of 3.46%.

Increase in the cost of medical service: A 6% increase was considered. This was based on a technical study prepared by the AMIS (Asociación Mexicana de Instituciones de Seguros) entitled "Estimated Pricing Levels for Health Services 2009", from which it is inferred that medical inflation is between one and three points above general inflation.

Apart from the aforementioned hypotheses, the following are used for other retirement benefits:

Difference in age of the spouses	When the age of the spouse is unknown, the husband is considered to be three years older and the wife three years younger.
Marital status	When the marital status cannot be ascertained, it is considered that 70% of retiring employees have a spouse covered by the Medical Services Plan of Nacional Financiera, S.N.C.
Participation rate	100% of retiring employees have the right to medical services.

Financing system and instrument

The projected unit credit method was followed in accordance with NIF D-3.

Retirement, Seniority Premium and Other Retirement Benefits

The financing instrument used is a trust fund.

Based on the analysis of the results of the actuarial valuation performed, the following is noted:

The results of the valuation were determined based on the requirements established in NIF D-3, under actuarial principles generally accepted in Mexico, in accordance with the standards of the Code of Ethics of the Association of Actuarial Consultants (AMAC), and the standards of the Mandatory Bulletin for the Actuarial Valuation of Contingent Liabilities of the AMAC.

Note that the accounting policy selected by the Institution to recognize actuarial gains and losses generated by retirement, seniority premiums, and other retirement benefits is to recognize them during the remaining labor life. Actuarial gains and losses on termination seniority premiums are recognized as accrued in conformity with NIF D-3.

Retirement

- The liability is only determined for the personnel who participated in the defined benefit plan.
- The defined benefits obligations for the retired personnel as of December 31, 2011 and 2010 are $5,158 and $4,880, respectively. This represents an increase of 6.97% due to the change in the rate discount.
- The defined benefits obligations of the active personnel as of December 31, 2011 and 2010 are $1,149 and $1,036, respectively. This represents a decrease due to the early retirements.
- The plan assets as of the valuation date are $6,197, which covers 100% of the obligations of the retired personnel and more than 90.36% of the obligations of the active personnel.
- Net periodic cost for 2011 is $324.
- The amount of the accounting reserve at the close of 2011 is $(56).

Seniority Premium

- For purposes of determining the liability for this benefit, all personnel are considered, both those who chose the defined benefit pension plan and those who chose the defined contribution pension plan.
- The actuarial study presents the separation of the seniority premium for retirement benefits and termination benefits; however, the comments will be universal in nature.
- The plan assets at the valuation date are $35.Please note that the financing level of the employees' obligations exceed 100%.
- Net periodic cost for 2011, after recognizing the actuarial (gains)/losses, was determined at $(0.3). No contribution was made by the Institution since the plan assets exceed the defined benefit obligations.
- The amount of the accounting reserve at the close of 2011 is $(5)

Other Retirement Benefits

- To determine the liability for this benefit, all personnel are considered, both those who chose the defined benefit pension plan and those who chose the defined contribution pension plan.
- The defined benefit obligations for retired personnel as of December 31, 2011 and 2010 are $3,874 and $3,695, respectively. This represents an increase of 4.84% due to the early retirements, a change in the discount rate and plan increase in medical expenses.
- The defined benefit obligations of active employees as of December 31, 2011 and 2010 are $1,176 and $1,004 respectively. This represents an increase of 17.13% due to the early retirements.
- The plan assets at the valuation date are $4,140 which covers 100% of the obligations of retired employees and 22.64% of the obligations of active employees.
- The amount of the accounting reserve at the close of 2011 is $12.
- Net periodic cost at the end of 2011 was $378, which includes the increase in the obligations of retirees due to the change in the mortality table and early retirements in the previous year.

Other Postretirement Benefits (PEA and Loans to retirees)

Calculation hypothesis

Demographics

a. Mortality rate: Those shown in the EMSSA Mortality Rate Non-invalids Unisex 2009.

b. Disability rates: Product of experience IMSS-1997.

c. Turnover rates: Bufete Matemático Actuarial _R..

Below we present a table showing certain representative values of the demographic tables used:

Age	Mortality EMSSA Non-invalid Unisex 2009	Disability IMSS 97	Turnover BMA R
20	0.001606	0.000760	0.606061
25	0.001828	0.001000	0.112179
30	0.002128	0.001120	0.068027
35	0.002526	0.001290	0.042735
40	0.003078	0.001640	0.027349
45	0.003823	0.002210	0.016340
50	0.004850	0.003470	0.009033
55	0.006280	0.007120	0.003814
60	0.008297	0.000000	0.000000
65	0.011214	0.000000	0.000000

Economic

For the selection of assumptions used in the actuarial valuation, is based in NIF D-3 and the document prepared by the Committee on Principles and Practice Research Actuary of the Mexican Association of Consulting Actuaries, AC (AMAC), entitled "Methodologies for determining the Actuarial Valuation Assumptions for Pension Plans, Seniority Premiums and Compensation and earlier retirement (or alternative retirement date, should not have retirement plans) and Health Benefits postretirement, dated on July 2009.

The financial hypotheses are shown in the following table:

	2011	2010
Rate of return on assets	7.00%	7.50%
Discount rate before retirement	7.00%	7.50%
Rate of wage increase	4.00%	4.00%
Rate of increase in minimum wage	3.50%	3.50%
Rate of increase in pensions	3.50%	3.50%
Rate of UDIBONOS to 30 years	3.80%	2.93%
Inflation long-term	3.50%	3.50%

Discount rate: the methodology used to determine the discount rate is known as the yield or the internal rate of return (TIR). It consists of calculating the present value of the expected plan flows using the expected rate for each period and subsequently determining a discount rate equal to such present value. The expected rates for each period are based on a yield curve provided by a price supplier.

Asset yield rate: the expected rate of return of the plan assets is equal to the discount rate.

Wage increase rate and minimum wage: based on the information provided by the Institution, wages are increased in conformity with inflation and the minimum wage increase. In accordance with the increases of the last few years, the same wage increase rate used in the previous year is maintained and it already includes the wage history. Minimum wage increases according to inflation.

Pension increase rate: pursuant to CGT, the net income of retirees will increase in the same proportion as general increases.

Long-term inflation: The long-term inflation considered was 3.5%, based on the results compiled by Banco de México, from the survey on expectations of private sector economic experts, for the month of October 2011

The private sector economic analysts interviewed by Banco de México estimated annual inflation of 3.31% at the close of 2011, the estimated inflation for the period 2012-2015 was 3.59%, and for the period 2016-2019 is estimated at an average of 3.46%.

30 year Udibonos: The values of the 30 year Udibonos reported in the offering of October 18, 2011 are used to determine the financial cost of the credits.

Financing system and instrument

In accordance with Financial Reporting Standard D-3 "Employee benefits" (NIFD-3), the Projected Unit Credit Method was used.

The financing instrument used is a trust fund.

Calculation bases

The regulations of the benefits valued are established in the General Labor Conditions of Nacional Financiera, S.N.C. (Revision 2006), in Transitory Article 5, subsection a) which literally states:

FIFTH- Those persons who have obtained a pension for disability, physical handicap or retirement on a date prior to the present revision and those workers who, having entered the Institution after the start of the present revision and to whom the Defined Benefit Pension Plan is applied, will continue to have the right to receive the following additional benefits from the Institutions at the time of their retirement:

a) Short-term, medium-term and Special Savings Loans, which will be paid with a charge to administration and promotion expenses at a net guaranteed yield of 18%, of the maximum capacity to be invested, which will be calculated on 41.66% of the net monthly pension multiplied by 72 months, and the available capacity which will be on 50% of the net pension less the monthly discounts for the short-term and long-term loans with principal and interest multiplied by 72 months, with a ceiling of 41.66% of the net monthly pension. The Special Savings Loan will generate interest at the annual rate of 1%, which will be withheld by the Institution.

Based on the analysis of the results of the actuarial valuation performed, please note the following:

The results of the valuation were determined based on the requirements established in NIF D-3, under actuarial principles generally accepted in Mexico, in accordance with the standards of the Code of Ethics of the Association of Actuarial Consultants (AMAC) and the standards of the Mandatory Bulletin for the Actuarial Valuation of Contingent Liabilities of the AMAC.

Please note that the accounting policy chosen by the Institution for the actuarial gains and losses is to recognize them as part of the remaining labor life.

Below is a description of certain important aspects detected in each of the benefits valued.

- The defined benefit obligations for retired employees as of December 31, 2011 and 2010 are $2,093 and $1,800, respectively, representing a 16.28% increase due to the change in the mortality table.
- The defined benefit obligations of the active employees as of December 31, 2011 and 2010 are $1,101 and $914, respectively. This represents an increase of 20.46% due to the change in the mortality table.
- The plan assets as of December 31, 2011 are $2,520, which do not cover 100% of the obligations of the retired employees and 38.78% from the active crew.
- Net periodic cost at the end of 2011 is $67.
- The Institution made a contribution for $68.
- The amount of the accounting reserve at the close of 2011 is $(22).

Reconciliation of unrecognized items

As of December 31, 2011, the detail is as follows

	Pension plan for retirement	Seniority premium (retirement benefits)	Seniority premium (termination benefits)	Other benefits at retirement	Other benefit retirement financing cost of the credits
1.- Past service for initial transition liability/(asset):					
Opening balance	$ -	$ -	$ -	$ -	$ -
Labor cost of past service (PTI)	-	-	-	-	-
Final balance after the event	-	-	-	-	-
2.- Last service for plan amendments					
Termination date	31/dic/2011	-	-	31/dic/2011	31/dic/2011
OBD before early retirement	52	-	-	68	23
OBD after early retirement	74	-	-	85	22
Acquired rights derived from the modification	-	-	-	-	-
Effects of changes to the plan	22	-	-	17	(1)
Average working life	1.00	1.00	1.00	1.00	1.00
Past service cost (MP)	22	-	-	17	(1)
Reconciliation of past service modification / introduction of the plan					
Beginning balance	-	-	-	-	-
Past service cost	-	-	-	-	-
Effect of amendments to the plan 31/Dec/2011	22	-	-	17	(1)
Ending Balance	22	-	-	17	(1)
3.- Last service by changing the methodology					
Beginning balance	-	-	-	-	-
Past service cost	-	-	-	-	-
Ending balance	-	-	-	-	-
4.- Actuarial (gain)/loss					
Actuarial (gain)/loss as of December 31	146	1	-	982	325
Net actuarial (gain)/loss	-	-	-	34	7
Unrecognized actuarial (gain)/loss	146	1	-	948	315
Actual fund balance*	5,925	19	17	3,904	2,455
Estimated fund	5,933	19	17	3,934	2,550
Actuarial (gain)/loss for fund estimate	8	-	-	30	95
Actual defined benefit obligation	5,958	24	9	4,714	3,012
Defined benefit obligation estimate	6,023	23	11	4,893	2,847
(Gain) / loss actuarial estimate of the OBD without early retirement	(65)	1	(2)	(179)	165
Rate change effect	327	-	-	318	183
(Gain) / loss actuarial estimate of the OBD	262	1	(2)	139	348
(Gain) / loss period total actuarial	269	1	(2)	169	444
Recognition rate change	(253)	-	-	(206)	-
Differences between estimates from November to December and November-December real	4	-	1	(13)	(65)
(Gain) / loss total actuarial	166	3	(2)	898	696
Net actuarial (gain)/loss					
Actuarial (gain)/loss in excess of the fluctuation band	-	-	-	393	377
Amortization period	6.77	9.85	-	13.24	6.77
Net actuarial (gain)/loss	-	-	-	27	56

*Actual fund balance as of December 31, 2011.

Net periodic cost for 2011

As of December 31, 2011

	Pension plan for retirement	Seniority premium (retirement benefits)	Seniority premium (termination benefits)	Other benefits at retirement	Other benefit retirement financing cost of the credits
1. Labor cost of current service (CLSA)					
A. Amount at the start of the year	41	1	1	49	44
B. Interest for the year	3	-	-	3	3
C. Total labor cost of current service	44	1	1	52	47
Percentage CLSA of the annualized payroll	17.00%	0.26%	0.14%	13.16%	17.98%
2. Financial cost (CF)					
A. Defined benefit obligation at the start of the year	5,916	22	10	4,699	3,194
B. Expected payments	377	3	2	195	130
C. Average defined benefit obligations	5728	21	9	4,601	3,129
D. Financial cost	430	2	1	345	219
Percentage CF of the annualized payroll	166.51%	0.39%	0.17%	86.84%	83.71%
3. Expected return on plan assets (REAP)					
A. Balance at the start of the year	5,826	19	16	3,705	2,520
B. Expected payments	377	3	2	195	130
C. Recommended annual contribution	49	-	-	155	145
D. Average reserve	5,662	18	15	3,686	2,527
E. Rate of return of the reserve	7.50%	7.50%	7.50%	7.50%	7.00%
F. Expected returns	(425)	(1)	(1)	(276)	(177)
Percentage REAP expected on the annualized payroll	164.59%	0.34%	0.28%	69.55%	67.62%
4. Amortization for the period					
A. Labor cost of past service					
-Initial transition liability/(asset)	-	-	-	-	-
-Plan amendments	-	-	-	-	-
-Change in methodology	-	-	-	-	-
B. Net actuarial (gain)/loss	-	-	-	34	56
C. Total amortization for the period	-	-	-	34	56
Unpaid percentage cost of the annualized payroll	0.00%	0.01%	0.00%	8.64%	21.27%
5. Estimated net periodic cost of the start of the year	49	1	-	155	-
Percentage cost of the period of the annualized payroll	18.92%	0.31%	0.02%	39.09%	-
6. Recognition of past service	-	-	-	-	-
Expected percentage cost of the annualized payroll	-	-	0.00%	-	-
7 Actuarial (gain)/loss for the period	-	-	(2)	-	-
Expected percentage cost of the annualized payroll	-	-	0.41%	-	-
8. Effect from severance payment/reductions	-	-	-	-	-
9. Recognition of acquired rights	22	-	-	17	-
10. Recognition rate change	253	-	-	206	-
11. Net periodic cost (CNP)	324	1	(1)	378	145
CNP percent annualized payroll	125.46%	0.31%	0.39%	95.22%	55.34%

Current status

As of December 31, 2011, the detail is as follows:

	Pension plan for retirement	Seniority premium (retirement benefits)	Seniority premium (termination benefits)	Other benefits at retirement	Other benefit retirement financing cost of the credits
Defined benefits obligations	$ (6,307)	$ (24)	$ (9)	$ (5,049)	$ (3,194)
Plan assets	6,197	18	16	4,140	2,250
Defined benefits obligations in excess of plan assets	(110)	(6)	7	(909)	(674)
Unrecognized past service for initial transition liability/(asset)	-	-	-	-	-
Unrecognized past service for plan amendments	-	-	-	-	-
Unrecognized past service for change in methodology	-	-	-	-	-
Unrecognized actuarial (gain)/loss	166	3	-	898	696
Projected net (liability)/asset	$ 56	$ (3)	$ 7	$ (11)	$ 22

Reconciliation of the accounting reserve

As of December 31, 2011

	Pension plan for retirement	Seniority premium (retirement benefits)	Seniority premium (termination benefits)	Other benefits at retirement	Other benefit retirement financing cost of the credits
Balance at the start of the year	$ (56)	$ 2	$ (6)	$ 12	$ (21)
Net periodic cost in accordance with NIF D-3	324	1	(2)	378	67
Contribution made to the fund	(49)	-	-	(155)	(68)
Contribution to recognize early retirement and rate changes	(275)	-	-	(223)	-
Actual payments charged to the accounting reserve	-	-	-	-	-
Balance at the end of the year	$ (56)	$ 3	$ (8)	$ 12	$ (22)

22. Income taxes

Income tax and Business Flat Tax Law - In 2011 and 2010, the Institution was subject to the payment of Income Tax (ISR) and, the Business Flat Tax Law (IETU).

ISR is calculated of the rate 30% by considering certain effects of inflation, such as depreciation calculated according to values at constant prices, it is accumulated or it deduced the effect of inflation on certain monetary assets and liabilities is accrued or deducted for the annual adjustment for inflation.

The ISR rate will be 30% for 2010 through 2012. In 2013 it will decrease to 29% and in 2014 will return to its current level of 28%.

IETU applies to the sale of goods, the provision of independent services and granting the temporary use or enjoyment of goods, pursuant to the terms defined by the respective law, less certain authorized deductions. The tax payable is obtained by subtracting credits from losses reported for IETU purposes, credits on investments, wage and personal subordinated service credits and the tax incurred in the year from the tax determined. As a general rule, income, deductions and certain tax liabilities are determined based on cash flows. However, in regard to services for which they pay and collect interest, the Bank, the Brokerage House and the SOFOM use the brokerage margin based on what is earned. The IETU rate is 17.5% for 2010.

Based on its financial projections and according to INIF 8, "Effects of the Business Flat Tax", the Management determined that in certain it will pay IETU, therefore, it won't cause ISR in the medium term and only recognizes deferred IETU.

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

	2011	2010
Current:		
IETU	$ 447	$ 350
ISR	10	116
	$ 457	$ 466
Deferred:		
IETU	$ (8)	$ (32)

Reconciliation of the accounting - Tax result- The main items affecting the determination of the Institution and their subsidiaries tax result were the annual adjustment for inflation, provisions, the difference between depreciation and accounting and tax amortization, the difference between the accounting increase of the preventive credit risk estimate and the respective tax deduction.

Penalty interest for purposes of the business flat tax (IETU)- In accordance with the Business Flat Tax Law, the Institution 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.

At December 31, 2011, tax loss carryforwards, date to that date, are summarized as follows:

Year	Restated amount	Year of expiration
2006	$ 563	2011

The main items included in the tax-deferred accounts are:

	2011		2010	
	ISR	IETU	ISR	IETU
Liabilities				
Valuation of derivative instruments	$ -	$ -	$ -	$ -
Investments in non-deductible fixed assets	-	308	-	311
Accounts receivable	-	-	-	5
	-	308	-	316
Assets				
Credit from investment on fixed assets	$ -	$ 8	$ -	$ 9
Deduction from investment on fixed assets	-	7	-	6
Accounts payable	-	1	-	2
Provisions	1	-	1	-
Investment in shares valuation	55	-	18	-
	56	16	19	17
Deferred taxes (net)	$ (56)	$ 292	$ (19)	$ 299

The reconciliation of the statutory rate of flat tax and the effective rate expressed as a percentage of income before income tax is:

	2011	2010
Statutory rate	17.5%	17.5%
Add (less):		
Financial margin	12	8
Other	5.5	1.5
Effective rate	35%	27%

23. Stockholders' equity

a. Common stock.-

The agreement published by the Treasury Department in the Federal Official Gazette on November 11, 2011, establishes the Institution's paid common stock increase of $595, increasing from $1,199 in 2010 to $1,794 in 2011; as of December 31, 2011, it was composed of 23,679,272 Series "A" CAPs and, 12,198,414 Series "B" CAPs each with a par value of $50 Mexican pesos, whose subscription was subject to the following conditions:

- Foreign individuals or companies cannot participate directly or indirectly in Series B capital.

- Except for the Federal Government and Common Investment Funds, no individual or company may acquire, through one or more simultaneous or successive operations of any kind, control of Series B CAP´s representing more than 5% of paid-in common stock

	2011	2010
Nominal common stock	$ 2,390	$ 2,390
Capital not shown	(596)	(1,190)
Paid-in capital	$ 1,794	$ 1,200

Paid-in capital consists of 31,548,000 Series A CAP´s and 16,252,000 Series B CAP´s at a face value of MX $50 each. The serie "A" represents 66% from the capital stock of the Institution , which can only be signed by the Federal Government and the series "B" for the remaining 34%.

	2011	2010
Paid-in capital	$ 1,794	$ 1,200
Increase for upgrade	7,011	7,011
Capital stock	$ 8,805	$ 8,211

b. Contributions for future capital increases.-

As of December 31, 2011 and 2010, its value is $1,000 and $5,150, respectively.

During a session held on November 24, 2011, the Board of Directors instructed the Institution to make the necessary arrangements to ask the Federal Government, through the Treasury Department, for a capital contribution in the amount necessary to support the development and investment banking transaction volume included in its financial program goals, and to maintain a reasonable capitalization level of at least 15%, which was recorded as of December 31, 2011 for $1,000.

Similarly, $5,150 of contributions for future capital increases were capitalized as follows: paid common stock of $595 and share subscription premium reserves of $4,055.

c. Share sale premium.-

Refers to payments made by holders of Series B CAP's. The balance as of December 31, 2011 and 2010 for the premiums paid is $8,922 and $4,366 respectively.

d. Capital reserves.-

The nominal value of these reserves as of December 31, 2011 and 2010 is $314 and its value at the close of both years is $1,730.

e. Result from previous years.-

As of December 31, 2011 and 2010, the account balance is composed as follows:

	2011	2010
Result from adjustment of changes in accounting policies established by the Commission in Circular 1343	$ (2,860)	$ (2,860)
Loss from previous years	(4,011)	(5,051)
Creation of reserves for foreclosed assets	(260)	(260)
Transfer of undocumented contributions	4,467	4,467
RETANM realized	(13)	(13)
Reserve for pensions, PEA and loans to retirees	(4,310)	(4,310)
	$ (6,987)	$ (8,027)

f. Result from valuation of securities available for sale.-

This heading records the adjustments derived from the at-market valuations of securities available for sale. The gain or loss is recorded as realized in results up to the year in which the security is sold or matures.

As of December 31, 2011 and 2010, the result from at-market valuation of securities available for sale is composed as follows:

	2011	2010
Valuation of securities available for sale	$ 57	$ 12
Total	$ 57	$ 12

g. Effects from valuation of associated and affiliated companies.-

Surpluses or deficits which do not come from operating results of the associated or affiliated companies are recognized in this heading. In 2011, there was an increase in valuation of $31.

h. Legal provisions.-

On November 23, 2008, the SHCP published new rules for the capitalization requirements of full-service banks, national credit companies, and development banks, which went into effect as of January 1, 2010. These new capitalization rules establish requirements with specific net capital levels, as a percentage of assets with market and credit risk.In this regard, as of December 31, 2011, there is a level of 15.14%, confirmed by BANXICO,

Cash dividends earned by corporations that reside in Mexico are not subject to withholding, except when they come from accounts other than the Net Tax Income Account (CUFIN).

24. Statement´s of operations

The main items comprising the consolidated statement of operations of the Institution for 2011 and 2010 are as follows:

Net income.-

Concept	2011 Total	Local currency	Foreign currency
Interest from current portfolio			
Commercial activity	$ 1,048	$ 1,024	$ 24
Mortgage loans	4	4	-
Govermment entity loans	637	634	3
Federal goverment´s financial agent	350	-	350
Second tier credits	4,569	4,486	83
	6,608	6,148	460
Interest income from past-due portfolio			
Commercial activity	1	1	-
Second tier credits	4	4	-
Consumer loans			
Mortage loans	1	1	-
	6	6	-
Interest and yields earned on investment in securities			
Trading	166	166	-
Available for sale	54	-	54
Held to maturity	1,114	1,054	60
	1,334	1,220	114

Concept	2011 Total	2011 Local currency	2011 Foreign currency
Interest and yields earned on repurchase agreement operations			
From operations of repurchase agreement	10,896	10,896	-
	10,896	10,896	-
Income for cash and cash equivalents			
Banks	8		8
Restricted cash	825	1	824
	833	1	832
Commisions earned on lending transactions (adjustment to yield)			
Commercial credits	67	56	11
	67	56	11
Interest income on subsidiaries			
Other	1	1	-
	1	1	-
Total interest income	$ 19,745	$ 18,328	$ 1,417
Interest expense			
Interest on term deposits	$ 5,883	$ 5,862	$ 21
Interest on bank bonds	375	342	33
Interest expense on interbank loans and from other agencies	489	80	409
Interest	9,399	9,399	-
Loss on valuation changes			
Loss on valuation changes	1,881	1,881	-
Total interest expense	$ 18,027	$ 17,564	$ 463
Financial margin	$ 1,718	$ 764	$ 954
Intermediation result			
Result on valuation at fair value and decrease on securities at value cost			
Trading securities	$ (506)	$ (506)	$ -
Derivative instruments for trading purposes	75	(7)	82
Hedging financial instruments	(15)	(27)	12
	(446)	(540)	94
Gain on valuation of precious metal coins	1	-	1
Result on trading of securities and derivative financial instruments			
Trading available for sale	677	677	-
Derivative instruments with trading purposes	1,440	1,264	176
Intermediation result of subsidiaries	2	2	-
	2,119	1,943	176
Intermediation result	$ 1,674	$ 1,403	$ 271

Concept	2011 Total		Local currency		Foreign currency
Other income (loss) of operation					
Reversal of excess of allowance for loan losses	$	925	$ 915	$	10
Gain on sale of foreclosed assets					
Allowance for foreclosed assets		(2)	(2)		-
Other losses		(85)	(85)		-
Income on loans to personnel		40	40		-
Other income (expenses) of the operation (a)		(989)	(989)		-
Other income from subsidiaries		145	145		-
	$	34	$ 24	$	10

(a) On December 6, 2011, the Institution made a payment of $1,250 as established in official notice number 102.-B-188 dated Deecember 6,2011, issued by the Office of the Assistant Secretary of the Treasury Department, in which the Federal Government ordered the payment of a non-tax charge for the sovereign guarantee by the Federal Government

Concept	2010 Total	Local currency	Foreign currency
Interest from current portfolio			
Commercial activity	$ 749	$ 733	$ 16
Mortgage loans	4	4	-
Govermment entity loans	661	657	4
Federal goverment´s financial agent	535	-	535
Second tier credits	4,386	4,333	53
	6,335	5,727	608
Interest income from past-due portfolio			
Commercial activity	3	3	-
Second tier credits	4	4	-
Consumer loans	1	1	-
Mortgage loans	1	1	-
	9	9	-
Interest and yields earned on investment in securities			
Trading	119	119	-
Available for sale	14	3	11
Held to maturity	2,037	1,966	71
	2,170	2,088	82
Interest and yields earned on repurchase agreement operations			
From operations of repurchase agreement	7,792	7,792	-
	7,792	7,792	-
Income for cash and cash equivalents			
Banks	20	-	20
Restricted cash	618	616	2
	638	616	22

Concept	Total	Local currency	Foreign currency
	2010		
Commisions earned on lending transactions (adjustment to yield)			
Commercial credits	61	37	24
	61	37	24
Valuation change income			
Favorable change	148	-	148
	148	-	148
Interest income on subsidiaries			
Other	30	30	-
	30	30	-
Total interest income	$ 17,183	$ 16,299	$ 884
Interest expense			
Interest on term deposits	$ 5,416	$ 5,414	$ 2
Interest on bank bonds	177	145	32
Interest expense on interbank loans and from other agencies	671	65	606
Interest in operating reporting income	7,386	7,386	-
Total interest expense	$ 13,650	$ 13,010	$ 640
Financial margin	$ 3,533	$ 3,289	$ 244
Intermediation result.-			
Result on valuation at fair value and decrease on securities at value cost			
Trading securities	$ 34	$ 34	$ -
Derivative instruments for trading purposes	(32)	(9)	(23)
Hedging financial instruments	(3)	(3)	-
	(1)	22	(23)
Result on trading of securities and derivative financial instruments			
Trading securities	441	440	1
Available for sale	3	-	3
Derivative instruments with trading purposes	(257)	(421)	164
Intermediation result of subsidiaries	438	438	-
	625	457	168
Intermediation result	$ 624	$ 479	$ 145
Cancellation for excess allowance for loan losses	$ 987	$ 980	$ 7
Gain on sale of foreclosed assets	4	4	-
Income from sales of property, forniture and equipment	1	1	
Income on loans to personnel	40	40	-
Impact on estimates of irrecoverable or difficult collection	(3)	(3)	-
Allowance for foreclosed assets	(2)	(2)	-
Other income (expenses)	(1,528)	(1,530)	2
Other income (expenses) of subsidiaries	80	80	-
	$ (421)	$ (430)	$ 9

(b) On December 6, 2010, the Institution made the payment of $1,650 as established in official notice number 10.2-B-071 dated November,25, 2010, issued by the Office of the Assistant Secretary of the Treasury Department, in which the Federal Government ordered the payment of a non-tax charge for the sovereign guarantee by the Federal Government for the liabilities contracted by the Institution at the close of October 2010, in accordance with article 26 of the "Federal Law of the Budget and Fiscal Responsibility"

25. Commitments and contingencies

Guarantees and sureties

As of December 31, 2011 and 2010, the Institution has granted sureties for $295 and $1,026, respectively, which represent a contingent risk if the secured debtor does not settle his debt with the creditor institution. In 2011 and 2010, no losses on sureties were recorded in results of the year; however, when a secured borrower has not timely repaid his debt, the Institution has granted credits to fulfill its obligation. In 2011, no credits of this kind were granted.

Contingent assets and liabilities

At December 31, 2011 and 2010, this item amounted to $ 24,019 and $ 23,862, respectively, composed as follows:

Concept	2011	2010
Contingent liabilities		
Liabilities or guarantees given	$ 31,178	$ 28,135
Commitments	-	1,758
Receivables from claims	514	196
	$ 31,692	$ 30,089
Contingent assets		
Counterguarantee received from the Trust for Business Financing.	$ 7,393	$ 5,922
Guarantees paid to be recovered	280	305
	$ 7,673	$ 6,227

At the 2011 yearend, guarantees of $29,386 are recorded in the Trust Fund for Risk Equity under the Liabilities for guarantees granted line item, which represent the amount of liability assumed by the Institution to guarantee loan portfolio recovery by financial intermediaries.

The Trust Fund for Risk Equity reduces the Institution's contingency through the counter guarantee received from the Counter Guarantee Trust for Business Financing, which grants loans for specific purposes, and has assigned $7,393 for these purposes, insuring for this amount the recovery of the guarantees exercised by the financial intermediaries who assume the commitment to arrange the in-court or out-of-court recovery of the loans of their end borrowers. The Trust currently has reserves of $151, as required by the Commission. The Institution believes that the exposure is hedged with such resources based on the experience observed in the Guarantee Program.

Other contingent obligations

As of December 31, 2011 and 2010, there are claims filed against the Institution in different lawsuits. The Institution does not believe that they will have a significant effect on the financial statements.

On November 13, 2008, the Tax Administration Service (SAT), through the Central Audit Administration for the Financial Sector and Sundry Large Taxpayers, notified the Institution in official notice 900 06 03-2010-18633, of an unpaid tax liability of $15 for the year 2004, which includes unpaid income tax of $7, plus the restatement, fines and surcharges as of that date. Nacional Financiera accepted the nonpayment of income tax for $8.

On August 9, 2009, the Institution filed an action for annulment with the Metropolitan Regional Camber of the Federal Tax Court, with the file 20841/09-17-06-4.

On June 2, 2010, the Institution filed an action for annulment with the Metropolitan Regional Chamber of the Federal Tax Court.

At this date we are waiting for the ruling on both lawsuits from the authorities.

26. Property held in trust or under mandate (unaudited)

As of December 31, 2011 and 2010, the balances of the transactions in which the Institution acts as Trustee are composed as follows:

	2011	2010
Investment trust	$ 15,322	$ 17,675
Management trust	559,290	527,836
Guarantee	38,891	34,256
	613,503	579,767
Under mandate	38,335	82,275
	651,838	662,042
Financial agent of the Federal Government	167,327	127,176
Total	$ 819,165	$ 789,218

The Institution's revenues from its fiduciary activities during the years 2011 and 2010 were $159 and $157, respectively.

a. As of December 31, 2011 and 2010, the trust accounts have a balance of $548 and $795, respectively, which refer to the assets held in the Portfolio Recovery Trust (FIDERCA), which administers problem accounts originally held by the Institution and transferred to the Federal Government during 1996. Currently, the Institution holds the respective beneficiary rights.

b. The Institution created the trust to strengthen its capital in compliance with article 55- Bis of the Law on Credit Institutions, the general rules applicable to National Credit Institutions, and Development Bank Institutions, for purposes of their operation, published on October 24, 2002 in the Federal Official Gazette.

27. Other recording accounts (unaudited)

As of December 31, 2011 and 2010, the balances of other recording accounts are composed as follows:

		2011		2010
Opening of credits	$	38,172	$	15,781
Renewed and restructured credits		990		742
Bad debts		2,199		1,972
Mortgages with credits not yet secured		280		271
Bad debts applied against the provision		463		405
Instruments and coupons to be incinerated		3		3
Control of credit portfolio expirations		116,589		122,080
Control of expirations of liabilities		129,168		134,630
Recording of IVA by States		81		81
Portfolio in recovery		202		461
Classification of credit portfolio by degree of risk		148,919		152,091
Issuance of provisional certificates		950		950
Credits obtained not applied		1,105		2,706
Sundry unspecified items		95,732		112,139
Foreclosed goods or received in payment provisionally written off		10		10
Control of amounts contracted in repurchase agreements and derivatives		32,293		32,039
Valuation of securities held to maturity		-		1
	$	567,156	$	576,362

28. Principal items comprising the statement of operations

The principal items comprising the consolidated statements of operations for the years ended 2011 and 2010:

		2011			2010	
Operating segments		**Amount**	**%**		**Amount**	**%**
Financial broker:						
Assets	$	7,097	2	$	15,359	5
Liabilities		10,028	3		16,627	6
Income		361	1		552	3
Expenses		412	2		629	3
First Tier banking:						
Assets		25,908	8		22,803	8
Income		1,886	8		1,630	8
Expenses		284	1		346	2
Second Tier banking:						
Assets		82,052	24		82,387	28
Income		6,270	26		5,265	27
Expenses		1,033	4		855	5
Investment banking:						
Assets		219,485	65		168,960	57
Liabilities		307,382	96		259,748	93
Income		14,777	61		11,411	59
Expenses		17,900	76		13,419	74

Operating segments		2011 Amount	%		2010 Amount	%
Other segments:						
Assets	$	5,272	1	$	4,986	2
Liabilities		4,055	1		1,768	1
Income		937	4		332	3
Expenses		3,777	17		2,901	16
Total Institution:						
Assets		339,814	100		294,495	100
Liabilities		321,465	100		278,143	100
Income		24,231	100		19,190	100
Expenses		23,406	100		18,150	100
Total income	$	825		$	1,040	

The Institution is conducting different processes to adequately identify the allocation of liabilities and expenses by segments.

The operational segment comprising the operations in which the Institution participates as the Financial Agent of the Federal Government represents 2% of total assets, 3% of liabilities, 1% of revenues and 2% of expenses.

First tier banking operations represent 8% of the Institution's assets, 8% of revenues and 1% of its expenses.

The second tier banking segment represents 24% of the Institution's assets, 26% of revenues and 4% of its expenses, and refers to the resources channeled through IFB and IFNB mainly for micro, small and medium companies.

The investment banking section, which represents 65% of the Institution's assets, 96% of liabilities, 61% of revenues and 76% of its expenses, refers to the business performed in the money market and Mexican and international capital markets with proprietary resources, corporate treasuries, investments of the FDMV and the participation of public and private companies in venture capital.

29. Comprehensive result

Below we present the determination of the Institution's comprehensive result for 2011 and 2010:

		2011		2010
Net result for the year	$	825	$	1,040
Effect of items recognized in stockholders' equity that did not affect results:				
Result from valuation of securities available for sale		45		14
Result from conversion of foreign operations				9
Effects of valuation in associated and affiliated companies		(31)		(156)
Result from holding nonmonetary assets due to valuation of permanent investments in shares				(13)
Non controlling interest		158		19
Result from valuation of cash flow hedge instruments				-
		172		(127)
Comprehensive result	$	997	$	913

30. Capitalization ratio

At the close of December 2011, the capitalization ratio was 15.14%, which is based on net capital of $16,823 and assets adjusted for total risks of $111,149.

a. Basic and Complementary Capital

At the close of December 2010, the Institution's net capital is $16,150 and complementary capital of $673

Stockholders' equity			$ 17,376
Investments in shares of finance companies and their holding companies:		593	
Investment companies and funds, related to their fixed capital and their holding companies	53		
Other national finance companies	2		
Direct investments in foreign finance companies	538		
Investments in shares of companies		633	
Venture capital	633		
Limited purpose and equity investment funds with participation of over 15% in the investment fund	-		
Intangibles and items involving deferred application of expenses and costs in the Institution's capital		-	
Intangibles of any kind	-		
Items involving deferred application of expenses and costs in capital			
Intangibles of any kind	-		
Total basic capital			16,150
Allowances for loan losses recorded as complementary capital		673	
Complementary capital			673
Net capital			$ 16,823

b. **Assets adjusted for Market Risks**

The Assets Adjusted for Market Risks is up to $44,621 and is equivalent to a capital requirement of $3,570.

Concept	Amount of equivalent positions	Capital requirement
Foreign currency transactions at a nominal rate	$ 9,535	$ 763
Mexican peso transactions with spread	15,177	1,214
Transactions at a real rate	14,960	1,197
Foreign currency transactions at a nominal rate	1,540	123
Transactions with a rate referenced to the minimum wage	-	-
Positions in UDIs with returns referenced to the INPC	60	5
Positions in foreign currency or with returns indexed to the exchange rate	72	6
Positions in transactions referenced to the minimum-wage	3,277	262
Total	$ 44,621	$ 3,570

c. **Assets adjusted for Credit Risks**

The assets adjusted for credit risks are $59,120 and equal a capital requirement of $4,730.

Concept	Risk-weighted assets	Capital requirement
Group I	$ -	$ -
Group II	-	-
Group III	8,907	713
Group IV	2,044	164
Group V	-	-
Group VI	174	14
Group VII	31,265	2,500
Group VIII	-	-
Group IX	2,790	223
Credit transactions	45,180	3,614
Derivatives transactions and repurchase agreements	369	30
Issuers of debt securities in position	2,745	220
For securities and credit lines granted and securitizations	2,198	176
Permanent investments and other assets	1,198	96
Derivatives transactions and repurchase agreements	7,430	594
Total credit risks	$ 59,120	$ 4,730

d. **Operational Risk-adjusted assets**

The operational risk-adjusted assets amounted to $ 7,408 and are equivalent to a capital of $ 593

Risk management and follow-up

Domestic and international risk management regulations have undergone unprecedented changes in recent years, incorporating a preventive approach to the financial processes performed by credit institutions, and the obligation to issue internal guidelines which establish controls so as to avoid any economic loss due to the materialization of risks, whether discretionary, nondiscretionary or even those which cannot be quantified.

To ensure compliance with the terms of the different prudential risk management, credit, and internal control provisions applicable to credit institutions, as well as that established by Mexican regulatory agencies to prevent money laundering, Nacional Financiera has made every effort to implement the international standards systematically and comprehensively in its controls and processes.

Discretionary quantifiable risks

Market Risks-

The Institution uses the Value at Risk (VaR) methodology to calculate the market risk of its Trading, Available for Sale and Held to Maturity portfolios, including hedge positions. Generally speaking, the methodology being applied is that of historical simulation.

General principles may be summarized as follows:

- The confidence interval being applied in the VaR calculation is 97.5% (considering the left side of the distribution of losses and profits).
- The base time horizon considered is one day.

One year historical information on risk factors is included for the purpose of scenario generation.

- The following risk factors are considered: domestic and foreign interest rates, spreads, exchange rates, share indexes and prices.

Apart from the VaR information, sensitivity measures are calculated and stress testing is performed. As of July 2005 back testing is performed each month to statistically validate that the market risk measurement model provides reliable results within the parameters selected by the Institution.

The limits which receive daily follow-up as of this date are:

- Value at Risk: determined based on the capital assigned to market risks.
- Regulatory capital: based on the rules for the capitalization requirements of financial institutions.
- Notional: related to the nominal maximum values in which a position may be held.
- Maximum loss measurement: a maximum loss limit established for adverse market trends.

The amount of the average market Value at Risk of the period is MX $33.547million, representing 0.20% of net capital as of December 2011.

Markets
VaR $33.547

Trading	Treasury
VaR $31.549	VaR $1.998

Management of assets and liabilities-

The management of assets and liabilities refers to the handling of risks which affect the bank's balance sheet. It includes the necessary management techniques and tools to identify, measure, monitor, control and administer the financial risks (liquidity and interest rate) to which the Institution's balance sheet is exposed. Its purpose is also to maximize the return adjusted for market risks and, consequently, optimize the use of the bank's capital.

Liquidity Risk-

The liquidity risk affecting a bank is generally classified into two categories:

- Market liquidity risk: This is the possibility of economic loss due to the difficulty of selling or covering assets without a significant reduction in their price. This type of risk arises as a result of drastic movements in interest rates, when major positions are adopted in one or more instruments or investments are made in markets or instruments for which there is no broad market supply and demand.

- Funding liquidity risk: This represents the difficulty faced by an institution in obtaining the necessary resources to meet its obligations, either through revenues generated by its assets or the assumption of new liabilities. This type of crisis is generally due to a drastic and sudden deterioration in the quality of the assets, which makes it very hard to convert them into liquid resources.

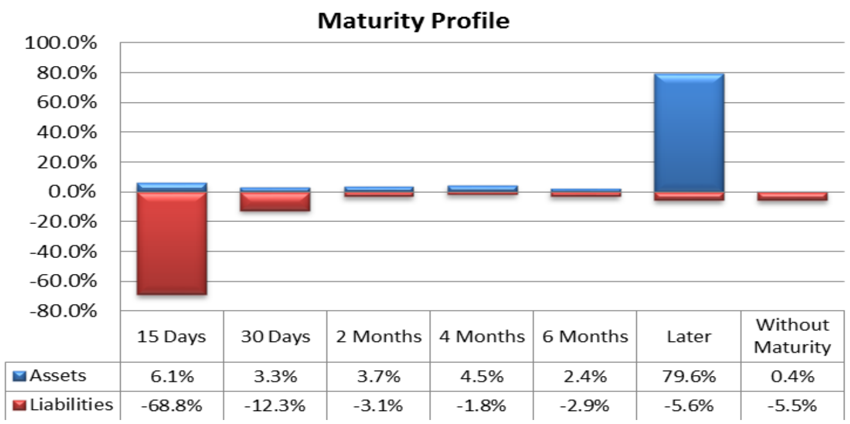
In compliance with established Comprehensive Risk Management provisions, the Institution has developed a "Liquidity Plan", which establishes different measurements to cover the aforementioned risks.

Maturity profile in national currency

Active and passive operations in domestic currency increased 3.5% during the fourth quarter of 2011 to stand at the end of December at $ 333,179, due to increased investments in trading securities, the credit portfolio and recruitment by reported way.

Maturity bands	sep-11 Assets		Liabilities		Gap	dec-11 Assets		Liabilities		Gap
Up to 7 days	$ 30,784	7.7%	$ 188,974	51.7%	(158,190)	$ 15,263	4.6%	$ 212,554	63.9%	(197,291)
Up to 15 days	7,102	4.7%	17,459	8.6%	(10,357)	4,910	1.5%	16,807	5.0%	(11,898)
Up to 22 days	5,055	1.5%	9,226	7.6%	(4,171)	4,695	1.4%	17,722	5.3%	(13,027)
Up to 1 month	6,930	1.5%	34,263	6.4%	(27,333)	6,219	1.9%	23,416	7.0%	(17,197)
Up to 1 month and 15 days	6,173	1.8%	7,377	4.7%	(1,204)	5,694	1.7%	6,823	2.0%	(1,129)
Up to 2 month	10,803	2.0%	6,935	0.5%	3,869	6,778	2.0%	3,406	1.0%	3,371
Up to 3 month	12,484	3.0%	5,719	1.8%	6,765	8,486	2.5%	3,722	1.1%	4,765
Up to 4 month	8,695	2.9%	4,960	2.7%	3,735	6,486	2.0%	2,190	0.7%	4,296
Up to 5 month	4,190	1.5%	3,654	0.4%	536	3,671	1.1%	9,596	2.9%	(5,924)
Up to 6 month	4,539	1.6%	322	0.0%	4,217	4,310	1.3%	-	0.0%	4,310
Later	223,975	71.4%	25,289	9.7%	198,687	265,334	79.6%	18,650	5.6%	246,684
No defined maturity	1,206	0.4%	17,758	6.0%	(16,552)	1,333	0.4%	18,293	5.5%	(16,960)
Total	$ 321,936	100.0%	$ 321,936	100.0%		$ 333,179	100.0%	$ 333,179	100.0%	

The negative liquidity gap in the horizon of one month amounts to $ 239,412, $ 39,361 higher level than that recorded in the previous quarter by 200,051. Note that if you separate the positions of trading, the spread narrows to $ 64,461 and this amount the liquidity gap in the banking in local currency, of which over half is managed fundraising that comes from a base stable and diversified customer



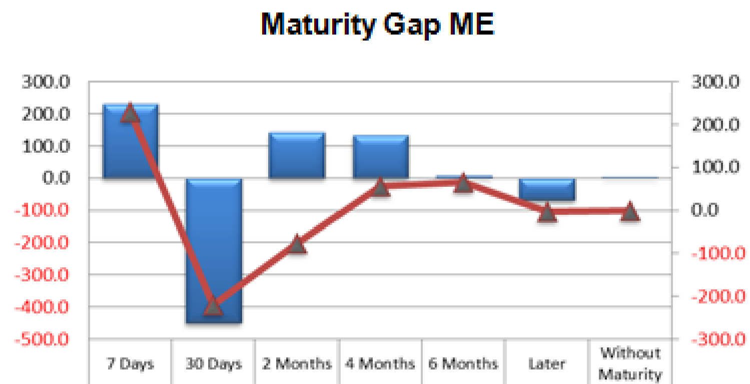
9.3% of assets and 81.2% of liabilities will expire during January 2012.

Maturity profile in foreign currency

Active and passive operations in foreign currency registered a reduction of 27% in the trimester, resulting from changes in the carry trade and the peso-dollar short-term uptake (time deposits and certificates of deposit).

Maturity	sep-11					dic-11			
bands	Assets		Liabilities		Gap	Assets		Liabilities	
Up to 7 days	$ 430.9	20.6%	$ 490.3	23.4%	(59.4)	$ 300.1	19.5%	$ 70.4	4.6%
Up to 15 days	329.1	15.7%	438.3	20.9%	(109.1)	119.8	7.8%	350.4	22.8%
Up to 22 days	281.6	13.4%	388.9	18.6%	(107.3)	177.9	11.6%	303.7	19.8%
Up to 1 month	337.6	16.1%	251.5	12.0%	86.1	96.1	6.3%	188.5	12.3%
Up to 1 month and 15 days	95.4	4.6%	68.7	3.3%	26.7	153.8	10.0%	106.0	6.9%
Up to 2 month	45.4	2.2%	19.8	1.0%	25.6	95.0	6.2%	0.8	0.1%
Up to 3 month	68.9	3.3%	6.2	0.3%	62.7	126.0	8.2%	8.3	0.5%
Up to 4 month	60.9	2.9%	33.0	1.6%	28.0	16.5	1.1%	0.2	0.0%
Up to 5 month	11.9	0.6%	28.2	1.3%	(16.2)	8.4	0.5%	-	0.0%
Up to 6 month	6.4	0.3%	4.3	0.2%	2.1	6.7	0.4%	7.6	0.5%
Later	404.8	19.3%	365.5	17.4%	39.3	416.1	27.1%	484.6	31.5%
No defined maturity	21.6	1.0%	0.0	0.0%	21.5	20.0	1.3%	15.8	1.0%
Total	$ 2,094.5	100.0%	$ 2,094.7	100.0%		$ 1,536.4	100.0%	$ 1,536.3	100.0%

According to the contractual maturity of assets and liabilities in foreign currency and based on the balance sheet figures at the end of December 2011 shows that in the next 7 days there will be a liquidity surplus of 230 MDD.



	7 Days	30 Days	2 Months	4 Months	6 Months	Later	Without Maturity
Gap	229.7	-448.8	142.0	133.9	7.6	-68.6	4.2
Accumulated Gap	229.7	-219.1	-77.1	56.8	64.4	-4.2	0.0

Estimate of results on advanced sales

To comply with the provisions of Article 81 in Subsection A, Section Four, Chapter IV "Risk Management" of the Sole Bank Circular, below is an estimate of the results on the advanced sale of assets in regular conditions and extreme scenarios.

In regular conditions, the advanced sale of corporate assets within the Mexican peso trading and held to maturity portfolios as of December 31, 2011, would result in a gain of $20.5 and $15.6, respectively. Considering the crisis scenarios, a similar situation as of September 11, 2001 would result in a loss of $32.9 equal to 0.97% of the value of this position.

Position	Portfolio	Normal Conditions	Crisis Scenarios 21-Dec-94	25-Aug-98	11-Sep-01	19-Sep-02	28-Apr-04	16-Oct-08
$ 2,697.7	Trading	$ 20.5	$ 1.7	$ 5.1	$ (18.2)	$ 15.3	$ 13.4	$ 5.1
694.8	Held to maturity	15.6	(7.5)	(10.0)	(14.7)	(1.2)	1.2	1.2
$ 3,392.5	Total	$ 36.1	$ (5.8)	$ (4.9)	$ (32.9)	$ 14.1	$ 14.6	$ 6.3

Normally, the advance sale of assets at the end of December 2011 the portfolio available for sale on Grand Cayman have generated a profit of $ 32.6, while the sale of bonds held to maturity, London and Grand Cayman have resulted in a profit of $ 122.2. In considering scenarios of crisis, a situation similar to October 16, 2008 may cause a loss of $ 58.4, equivalent to 1.8% of the value of the position.

Position	Portfolio	Normal Conditions	Crisis Scenarios 21-Dec-94	12-Oct-98	12-Sep-01	19-Sep-02	10-May-04	16-Oct-08
$ 2,159.2	Trading	$ 32.7	$ (183.5)	$ (23.3)	$ (6.3)	$ (8.2)	$ (7.8)	$ (26.3)
1,088.7	Held to maturity	122.2	(264.0)	(19.9)	(11.3)	(6.1)	(10.8)	(32.1)
$ 3,247.9	Total	$ 154.9	$ (447.5)	$ (43.2)	$ (17.6)	$ (14.3)	$ (18.6)	$ (58.4)

Credit Risk

Credit risk is defined as the possibility that a counterparty or borrower will default in time and form on its credit obligations; it also refers to the loss in value of a given investment due to the change in the credit quality of a counterparty or borrower, without necessarily resulting in nonpayment.

Expected Loss

The expected loss on a credit portfolio is obtained using the portfolio classification methodology established in Chapter V of the Sole Circular issued by the Commission, related to Credit Portfolio Classification.

Based on the reserve obtained under this methodology, the following assumptions are also established:

- The overdue portfolio is not considered because the default event occurred in it.
- The former employees' portfolio is excluded in order to directly measure the effect of the expected losses in the portfolio with private-sector risk.
- The contingent credit portfolio of Trust 11480 is not considered because this Trust is responsible for managing its credit risk.
- Additional reserves are not included.

Given the above, as of December 31, 2011, the total portafolio is $117,056, the credit portfolio's expected loss is $1,947, equivalent to 1.66% of the classified portfolio and 1.66% of the total portfolio.

Estimate of expected losses
(millions of pesos)

Portfolio	Loan portfolio balances	Expected loss	% expected loss
Exempted	$ 7,348	$ -	
Risk A	90,462	674	0.74%
Risk B	19,135	1,169	6.11%
Risk C	11	5	39.99%
Risk D	-	-	-
Risk E	100	100	100.00%
Classified	109,708	1,948	1.78%
Total	$ 117,056	$ 1,948	1.66%

Unexpected Losses

The unexpected loss represents the potential impact on the bank's capital due to unusual losses in the credit portfolio; the level of coverage of this loss for the capital and reserves of an Institution is an indicator of solvency adjusted for the related risk.

As of December 2005, the Institution estimates the unexpected loss for its credit portfolio operations using analytical and Monte Carlo simulation methodologies. As of that date, these measures and their behavior due to the different changes in environment have been observed to determine which should be used to measure risk in the Institution's credit portfolio.

In November 2007, the Comprehensive Risk Management Committee concluded that of the methodologies proposed to estimate the unexpected loss, the economic methodology is most aligned with the basic internal method approved by Basel II, based on:

- The similarity in concepts between the economic methodology proposed and the credit risk capital requirement estimated under the basic approach of Basel II. This approach allows banks to estimate the necessary capital requirement to support their risk using internal methods.

- The high levels of correlation and similarity in the average capital requirement observed during one year of internal application of the unexpected loss methodologies proposed for the credit portfolio.

Furthermore, it is considered that the unexpected loss of the credit portfolio should continue to be estimated monthly through the valuation and Monte Carlo methodologies in order to have information in the event of future changes in bank regulations in which the portfolios at market valuation may be requested. These methodologies are applied in a one-year horizon and with a 95% confidence level.

At the close of December 2011, the estimate of the unexpected loss under the economic approach is $9,770. By the same token, the credit VaR is $10,650 and represents 9.67% of the portfolio at risk.

Counterparty risk and diversification-

The Institution exercises comprehensive control of counterparty risk, applying the limits of credit exposure established; these limits consider the operations throughout the balance sheet; i.e., both in the financial markets and in the credit portfolio. The methodology used is consistent with the General Rules for Risk Diversification in the Performance of Asset and Liability Operations Applicable to Credit Institutions.

At the close of December 2011

No economic Group concentrates credit risk above the maximum financing limits.

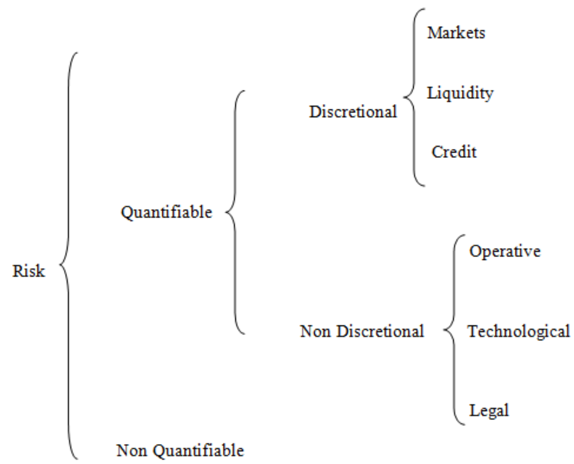
The following loans exceed 10% of basic capital at the individual level:

Number of loans	Total amount	Percentage of capital
19	84,939	543.1%

The amount of financing with the three largest debtors or, as the case may be, groups of persons representing common risk, is $25,011.

Operative Risk

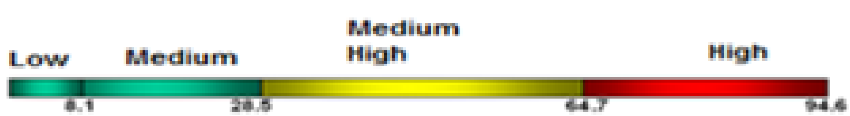
Based on the General Provisions Applicable to Credit Institutions, the CNBV establishes a basic classification for different types of risks they are exposed to credit institutions:



<u>Qualitative Analysis</u>

Self-assessment methodologies (ScoreCards) are used to classify the relevant processes of the Quality Management System (S.G.C.) based on two indicators:

Nature- This is the degree of importance of the process analyzed in relation to the Institution's other processes and which require more or less available resources and infrastructure to guarantee business continuity. The related tolerance levels are distributed as follows.

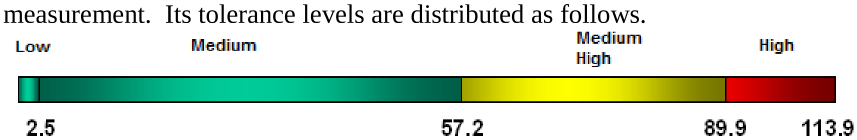


The result obtained from the Institution's 20 most relevant processes at the close of December 2011 is as follows:

HERO Id process	Name of process */	Nature indicator	Tolerance level
9	Custody and handling of securities	73.46	High Risk
26	Foreign exchange	70.82	High Risk
43	Money market	67.75	High Risk
11	Flow of funds	66.29	High Risk
15	Cashier	63.81	Medium High Risk
20	Treasury	62.64	Medium High Risk
31	Financial agent	58.7	Medium High Risk
1	Capital	56.31	Medium High Risk
3	Expense operation	52.62	Medium High Risk
65	Second-tear IFNBs	51.7	Medium High Risk
8	Fiduciary	49.85	Medium High Risk
54	IFBs	48.89	Medium High Risk
29	Safekeeping of securities	47.87	Medium High Risk
60	Recovery former employees	47.68	Medium High Risk
17	M.D.C.	46.88	Medium High Risk
58	Guarantees	43.09	Medium High Risk
59	First-tear	42.71	Medium High Risk
37	First-tear and emerging	40.4	Medium High Risk
7	Alternate channels	39.05	Medium High Risk
62	Acquisition goods and services for Nacional Financiera, S.N.C.	34.74	Medium High Risk

*/ **The higher the point score, the more critical the process**

Efficiency- This is the measure of the proper execution of a process, which enables the development of plans to anticipate undesirable events and allow the perception of operational risk to be sensitized through a measurement. Its tolerance levels are distributed as follows.



The result obtained from the Institution's 20 most relevant processes at the close of December 2011 is as follows:

HERO Id process	Name of process	Nature indicator */	Tolerance level
30	Accounting-markets	33.10	Medium Risk
29	Safekeeping of securities	27.55	Medium Risk
11	Flow of funds	27.13	Medium Risk
141	Financial Agent - Front Office	23.86	Medium Risk
8	Fiduciary	21.82	Medium Risk
7	Alternate channels	21.64	Medium Risk
31	Financial Agent - Back Office	21.23	Medium Risk
140	Information and Credit Administration Record	20.26	Medium Risk
20	Treasury	19.09	Medium Risk
1	Capital	17.94	Medium Risk
17	M.D.C.	17.83	Medium Risk
15	Cashier	17.07	Medium Risk
3	Expense operation	16.26	Medium Risk
58	Guarantees	16.08	Medium Risk
37	First-year and emerging.	14.96	Medium Risk
62	Acquisition goods and services, S.N.C.	14.57	Medium Risk
26	Foreign exchange	13.96	Medium Risk
43	Money market	13.54	Medium Risk
9	Custody and handling of securities	13.03	Medium Risk
59	First-tear Recover	11.46	Medium Risk

*/ **The higher the point score, the more critical the process**

Quantitative Analysis

During the fourth quarter of 2011, 14 loss events have been recorded in the books with a probable economic effect of $72, integrated as follows:

Month	Currency	Frecuency	Probable Economic Impact
October	MXP	3	72
November	MXP	7	0
Dicember	MXP	4	0
Third quarter close		14	72

Technology Risk Management

During the fourth quarter of 2011, the monthly behavior of technology risk indicators was as follows:

Id TR Indicator	Description of TR Indicator	Measurement unit	Target	Target Result Oct'11	Target Result Nov'11	Target Result Dec'11
1	Access security level to Nafinsa network	No hacking of critical mission equipment	100.00%	100.00%	100.00%	100.00%
2	Stopping and blocking viruses in Nafinsa network	No effect on critical mission equipment	100.00%	100.00%	100.00%	100.00%
3	Availability level of critical services	Availability percentage	99.00%	99.89%	99.91%	100.00%
4	Recovery of services under simulated contingency for disaster	Availability percentage	100.00%	100.00		
5	Availability level of noncritical services	Availability percentage	97.00%	100.00%	100.00%	100.00%

Legal Risk-

This is defined as the potential loss from noncompliance with applicable legal and administrative provisions, the issuance of adverse administrative and court rulings, and the application of penalties for operations performed by the Institution.

Recording of Potential Losses for Legal Risk

	Contingency	%	Provision	%	Results
Total (1+2+3+4)	514.24	10.64%	(54.73)	43.37%	23.73
1) Labor issues	42.10	90.81%	(38.24)	28.64%	10.95
2) Portfolio in legal proceedings	65.46	0.00%	(2.53)	0.00%	0.65
3) Trusts	406.68	3.43%	(13.96)	86.84%	12.13
4) Treasury and Operations Stock market	-	-	-	-	-

* Figures in U.S. dollars, valued at the exchange rate of: 13.9476

Significant Notes

1. The provisions of the Labor portfolio reports the amount of ($ 38.24), with a variation in the provision for an amount of ($ 0.44), is derived from the update of the records and contingencies.

2. The provision of the Litigation Portfolio is composed of civil, tax and administrative provisions and other movements, for a total amount of ($2.53), the portfolio showed a variation of $ 1,023 due to cancellation of character judgments Civil, Fiscal and Administrative.

3. The provision of Trust reporting a total of ($ 13.96) was unchanged, although there was variation in the amount of contingency ($ 37.42) referred to the cancellation of judgments.

Conclusion: Accordingly, there is a provision of ($54.73)and an effect in results of $23.73 with figures at the close of the fourth quarter of the year.

Unquantifiable Risks

These are risks derived from unforeseen accidents or external events which cannot be associated to a probability of occurring and in which the economic losses caused may be transferred to external risk taking entities.

Type of risk	Definition	Examples
Accident	Risk of loss due to catastrophic natural events which may interrupt the operation or affect the Institution's net assets.	Fire, earthquake, volcanic eruption, hurricane, among others.
External	Risk of loss caused by entities not related to the Institution.	Vandalism, picketing, protests, etc.

For this type of risk, follow-up is provided based on the following criteria:

Inventory	Control measures	Economic effects
Net assets	Institutional Program to Secure Net Assets.	Payment of premiums
Foreclosed assets	Institutional Program to Secure Net Assets.	Deductible if they materialize.

30. Reissuance of financial statements

The Institution recognized in its financial statements the consolidation of the information as of December 31, 2010 of Trust 11480 Trust Fund for Risk Equity, to make it comparable to the figures as of December 31, 2011.

Considering the significance and impact on the Institution's financial statements of the Guarantee Program established by the Institution, whose control and recording is reflected in the accounting of the Trust 11480 Trust Fund for Risk Equity, its effect on the consolidation of the financial information as of December 31, 2011 was recognized and, for comparison purposes, the consolidated financial statements as of December 31, 2010 were reissued.

Accordingly, the Institution retrospectively applies Criterion C-5 "Consolidation of special purpose entities", (which became effective in 2009, and provides its application to special purpose entities created as of that date).

The 2010 financial statements were reissued, as follows:

		Original		Restated		As adjusted
Balance Sheet						
Asset						
Allowance for loan losses	$	(2,241)	$	(2,372)	$	(131)
Other receivables (net)		2,444		2,456		12
Other investments (net)		4,497		44		(4,453)
Liabilities						
Money market		118,758		115,967		(2,791)
Other accounts payable:		2,382		601		(1,781)
Memorandum accounts						
Contingent assets and liabilities		30,089		23,862		(6,227)
Property held in trust or under mandate		339,059		339,234		175
Other record accounts		589,333		576,362		(12,971)
Statements of Operations						
Interest income		17,154		17,183		29
Interest expense		(13,755)		(13,650)		105
Provision for loan losses		(960)		(961)		(1)
Commission and fee income		595		1,350		755
Other operating income (expenses)		(428)		(421)		7
Equity in results of associated companies		886		(9)		(895)
Statement of Cash Flows						
Allowance for loan losses		960		961		1
Share in net income of associated companies		(886)		9		895
Change in loan portfolio		(12,224)		(12,223)		1
Change in other operating assets		(391)		(400)		(9)
Change in deposits		6,332		5,426		(906)
Change in other operating liabilities		960		978		18

31. New accounting principles

As part of its efforts to make Mexican standards converge with international standards, in 2011, the Mexican Board for Research and Development of Financial Information Standards (“CINIF”) issued the following Mexican Financial Reporting Standards (NIFs), Interpretations to Financial Information Standards (INIFs) and improvements to NIFs, which will become effective as of January 1,2012:

B-3, Statement of Comprehensive Income (Loss)
B-4, Statement of Changes in Stockholders' Equity
C-6 Property, Plant and Equipment
Improvements to Mexican Financial Reporting Standards 2012

Some of the most important changes established by these standards are:

NIF B-3 - Statement of Comprehensive Income (Loss) provides the options of presenting a) a single statement containing the items that make up net income (loss), as well as other comprehensive income (OCI)) and equity in OCI of other entities and be named statement of comprehensive income (loss), or b) two statements: the statement of income (loss), which should include only items that make up net income (loss) and the statement of other comprehensive income (loss), which should start from net income (loss) and immediately present OCI items and equity in OCI of other entities. In addition, NIF B-3 establishes that items should not be separately presented as non-ordinary in the financial statement or the notes to the financial statements.

NIF B-4, Statement of Changes in Stockholders' Equity- establishes the general rules for the presentation and structure of the statement of changes in stockholders' equity, such as showing retroactive adjustments due to accounting changes and correction of errors that affect the beginning balances of stockholders' equity and presenting comprehensive income (loss) in a single line item, providing a detail of all items making it up, according to the NIF B-3.

NIF C-6, Property, Plant and Equipment- establishes the obligation to depreciate components that are representative of an item of property, plant and equipment, regardless of depreciating the rest of the item, as if it were a single component.

Improvements to Mexican Financial Reporting Standards 2012.- The main improvements that generate accounting changes that should be recognized retroactively in fiscal years beginning on January 1, 2012 are:

Bulletin B-14, Earnings per Share, states that diluted earnings per share should be calculated and disclosed when the result from continuing operations is a loss, regardless of whether net income is reported.

NIF C-1, Cash and Cash Equivalents, requires that cash and restricted cash equivalents be presented in the balance sheet at short term, provided such restriction expires within 12 months from the balance sheet date; if the restriction expires at a later date, this line item should be presented under long-term assets.

Bulletin C-11, Stockholders' Equity, eliminates the rule to record donations received by an entity, as part of capital contributions, which, according to NIF B-3, Statement of Income, should be recorded as revenue in the statement of income.

Bulletin C-15, Accounting for Impairment and Disposal of Long-lived Assets, eliminates: a) the restriction that an asset be not in use to classify it as available-for-sale, and b) the reversal of goodwill impairment losses. It also establishes that impairment losses in the value of long-lived assets be presented in the statement of income under the corresponding cost and expense line items and not under other income and expenses, or as a special item.

NIF D-3, *Employee Benefits*, requires that current and deferred PTU be presented in the statement of income under the corresponding cost and expense line items and not under other income and expenses.

Also, other Improvements to Mexican Financial Reporting Standards 2012 were issued that do not generate accounting changes and which require further disclosures about key assumptions used in the estimates and valuation of assets and liabilities at fair value, that might give rise to significant adjustments to such values in the next accounting period.

At the date of issuance of these consolidated financial statements, the Institution is in the process of determining the effects of these criteria and standards on their financial information.

These notes are part of the accompanying consolidated financial statements.

Ing. Héctor A. Rangel Domene Chief Executive Officer	Lic. María del Carmen Arreola Steger Director of Administration and Finance
C. P. Sergio Miranda Flores Accounting and Budgetary Control Director	Lic. Arlette Ruiz Mendoza Head of Internal Control Area in Nacional Financiera, S.N.C.

"Reyna Clementina Uribe Bruno, Head of the Area of Responsibilities of the Internal Control Area in Nacional Financiera, S.N.C., I.B.D. (A), signs on behalf of the Head of the Internal Control Area in Nacional Financiera, S.N.C., I.B.D., in conformity with Article 88, Paragraph 2 of the Internal Regulations of the Civil Service Department, and official letter 06/780/ 045 /2012 dated February 3, 2012."

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