Financiera Independencia, S. A. B. de C. V., Sociedad Financiera de Objeto Múltiple, Entidad no Regulada and Subsidiaries

Audited Consolidated Financial Statements

December 31, 2011 and 2010

Financiera Independencia, S. A. B. de C. V., Sociedad Financiera de Objeto Múltiple, Entidad no Regulada and Subsidiaries

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Report of Independent Auditors

Mexico City, March 5, 2012

To the Stockholders of
Financiera Independencia, S. A. B. de C. V.,
Sociedad Financiera de Objeto Múltiple,
Entidad No Regulada

We have audited the consolidated balance sheets of Financiera Independencia, S. A. B. de C. V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada and subsidiaries (Company) as of December 31, 2011 and 2010, and the related consolidated statements of income, of changes in stockholders' equity and of cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Mexico. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement and that they were prepared in accordance with the accounting practices applicable to the Company described in the following paragraph. An audit consists of examining, on a test basis, the evidence supporting the figures and disclosures of the consolidated financial statements; it also, includes the assessment of the financial reporting standards used, significant estimates made by management and the presentation of the overall financial statements. We consider that our audits provide a reasonable basis for our opinion.

As mentioned in Note 3 to the consolidated financial statements, the Company is required to prepare and present its financial statements on the basis of accounting rules and practices prescribed by the National Banking and Securities Commission (Commission) in Mexico applicable to Regulated Multiple Purpose Financial Companies "Sociedades Financieras de Objeto Multiple Reguladas" in Mexico, which, in the cases specified in the aforementioned note, differ from the Mexican Financial Reporting Standards.

As specified in Note 23 to the consolidated financial statements, on March 15, 2011, the Company acquired 100% of the shares of Apoyo Económico Familiar, S. A. de C. V., Sociedad Financiera de Objeto múltiple, Entidad no Regulada (AEF), one of the main microloan entities in Mexico for a total of Ps1,075 million pesos, and on February 28, 2011, it acquired 77% of Apoyo Financiero, Inc. (AFI), a microfinance company mainly serving the Hispanic non-bank community in San Francisco, California, for Ps8.4 million dollars.

In our opinion, the aforementioned consolidated financial statements present fairly, in all material respects, the consolidated financial position of Financiera Independencia, S. A. B. de C. V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada and subsidiaries as of December 31, 2011 and 2010, and the consolidated results of their operations, the changes in their stockholders' equity and their cash flows for the years then ended, in conformity with the accounting practices prescribed by the Commission.

PricewaterhouseCoopers, S. C.

Nicolás Germán Ramírez
Audit Partner

Financiera Independencia, S. A. B. de C. V., Sociedad Financiera de Objeto Múltiple, Entidad no Regulada and Subsidiaries

Consolidated Balance Sheets

(Notes 1, 2, 3, 4, 8, 15, 16, 23, 24 and 25)

December 31, 2011 and 2010

Thousands of Mexican pesos

Assets	December 31, 2011	December 31, 2010
CASH AND CASH EQUIVALENTS (Note 5)	Ps 641,242	Ps 855,675
DERIVATIVES (Note 6)		
For hedging purposes	153,424	-
PERFORMING LOANS (Note 7)		
Consumer	5,138,166	3,971,717
Commercial	1,515,428	1,231,124
TOTAL PERFORMING LOANS	6,653,594	5,202,841
NON - PERFORMING LOANS		
Consumer	616,627	541,584
Commercial	77,449	28,623
TOTAL NON - PERFORMING LOANS	694,076	570,207
TOTAL LOAN PORTFOLIO	7,347,670	5,773,048
(-) LESS: ALLOWANCE FOR LOAN LOSS (Note 8)	(530,475)	(375,470)
LOAN PORTFOLIO - Net	6,817,195	5,397,578
TOTAL LOAN PORTFOLIO - NET	6,817,195	5,397,578
OTHER ACCOUNTS RECEIVABLE - Net (Note 9)	344,001	410,621
PROPERTY, FURNITURE AND EQUIPMENT - Net (Note 10)	437,814	403,316
DEFERRED TAXES AND PROFIT SHARING - Net (Note 18)	814,674	708,371
OTHER ASSETS		
Goodwill (Notes 11 and 23)	1,545,719	615,150
Intangibles assets (Notes 11 and 23)	147,981	155,914
Deferred charges, advance payments	124,179	132,620
TOTAL ASSETS	Ps11,026,229	Ps8,679,245

Liabilities and Stockholders' Equity	December 31, 2011	December 31, 2010
DEBT INSTRUMENTS (Note 12)	Ps 1,500,869	Ps 787,105
BANK AND OTHER ENTITIES' LOANS (Note 13)		
Short - term	2,617,040	1,168,110
Long - term	3,359,600	3,174,394
	5,976,640	4,342,504
DERIVATIVE (Note 6)		
For hedging purposes	-	232,351
OTHER ACCOUNTS PAYABLE		
Income taxes payable (Notes 14 and 18)	113,784	41,426
Sundry creditors and other accounts payable (Note 14)	300,892	303,793
	414,676	345,219
DEFERRED LOANS AND ADVANCE COLLECTIONS	81,095	25,460
TOTAL LIABILITIES	7,973,280	5,732,639
STOCKHOLDERS' EQUITY (Note 17)		
PAID-IN CAPITAL		
Capital stock	157,191	157,191
Premium on sale of shares	1,579,175	1,550,775
	1,736,366	1,707,966
EARNED CAPITAL		
Capital reserves	14,318	14,300
Prior years' result	1,121,149	837,333
Result from valuation of cash flow hedging instruments	(15,467)	(64,658)
Minority interest	10,742	-
Net income	185,841	451,665
	1,316,583	1,238,640
TOTAL STOCKHOLDERS' EQUITY	3,052,949	2,946,606
Commitments and contingencies (Note 20)		
Subsequent events (Note 21)		
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	Ps 11,026,229	Ps 8,679,245

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

Memorandum accounts	2011	2010
Interest earned not collected arising from non - performing loans	Ps 85,209	Ps 67,050
Tax write offs	563,849	556,306
Write offs	529,243	562,978

Ing. Noel González Cawley
Chief Executive Officer

Lic. Luis Miguel Díaz-Llaneza Langenscheidt
Chief Financial Officer

C.P. Juan García Madrigal
Controller Deputy Director

C.P. Benito Pacheco Zavala
Auditing Director

Financiera Independencia, S. A. B. de C. V.,
Sociedad Financiera de Objeto Múltiple,
Entidad no Regulada and Subsidiaries

Consolidated Statements of Income
(Notes 1, 2, 3, 4, 15, 16 and 23)
December 31, 2011 and 2010

Thousands of Mexican pesos, except earnings per share

	Year ended December 31, 2011	Year ended December 31, 2010
Interest income (Note 19)	Ps 4,378,101	Ps 3,595,650
Interest expense (Note 19)	(734,928)	(504,567)
Financial margin	3,643,173	3,091,083
Provision for loan losses (Note 8)	(1,367,979)	(971,488)
Financial margin after provision for loan losses	2,275,194	2,119,595
Commissions and fees collected	823,899	775,754
Commissions and fees paid	(61,063)	(46,823)
Brokerage revenue	24,137	95,460
Other operating income	168,936	131,974
Administrative and promotion expenses	(2,926,233)	(2,506,471)
Result of operations	304,870	569,489
Equity in nonconsolidated subsidiaries and associated companies	-	-
Income before taxes on profits:	304,870	569,489
Current taxes on profits (Note 18)	(196,824)	(101,596)
Deferred taxes on profits - Net (Note 18)	79,097	(16,228)
	(117,727)	(117,824)
Income before discontinued operations	187,143	451,665
Minority interest	(1,302)	-
Discontinued operations	-	-
Net income	Ps 185,841	Ps 451,665
Earnings per share (pesos)	Ps 0.3095	Ps 0.7438

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Financiera Independencia, S. A. B. de C. V., Sociedad Financiera de Objeto Múltiple, Entidad no Regulada and Subsidiaries

Consolidated Statements of Changes in Stockholders' Equity
(Notes 1 and 16)
For the years ended December 31, 2011 and 2010

Thousands of Mexican pesos

	Paid in capital		Earned capital					
	Capital stock	Premium on sale of shares	Capital reserves	Prior years' result	Result from valuation of cash flow instruments	Net Income	Minority Interest	Total stockholders' equity
Balances as of January 1, 2010	$ 148,603	$ 726,428	$ 12,600	$ 460,490	$ -	$ 515,223	$ -	$ 1,863,344
CHANGES RELATED TO STOCKHOLDERS' RESOLUTIONS:								
Transfer of net income to prior years' result	-	-	-	515,223	-	(515,223)	-	-
Issuance of shares	8,588	828,423	-	-	-	-	-	837,011
Capital reserves	-	-	1,700	(1,700)	-	-	-	-
Purchase of own shares and effect on sale of own shares	-	(4,076)	-	10,428	-	-	-	6,352
Dividends declared and refund of dividends paid on own shares - Net	-	-	-	(147,108)	-	-	-	(147,108)
	8,588	824,347	1,700	376,843	-	(515,223)	-	696,255
CHANGES RELATED TO RECOGNITION OF COMPREHENSIVE INCOME:								
Net income	-	-	-	-	-	451,665	-	451,665
Result from valuation of cash flow hedging instruments	-	-	-	-	(64,658)	-	-	(64,658)
	-	-	-	-	(64,658)	451,665	-	387,007
Balances as of December 31, 2010	157,191	1,550,775	14,300	837,333	(64,658)	451,665	-	2,946,606
CHANGES RELATED TO STOCKHOLDERS' RESOLUTIONS:								
Transfer of net income to prior years' result	-	-	-	451,665	-	(451,665)	-	-
Issuance of shares	-	-	-	-	-	-	-	-
Capital reserves	-	-	18	(18)	-	-	-	-
Purchase of own shares and effect on sale of own shares	-	28,400	-	(164,780)	-	-	-	(136,380)
Refund of dividends of own shares	-	-	-	1,694	-	-	-	1,694
	-	28,400	18	288,561	-	(451,665)	-	(134,686)
CHANGES RELATED TO RECOGNITION OF COMPREHENSIVE INCOME:								
Net income	-	-	-	-	-	185,841	-	185,841
Result from valuation of cash flow hedging instruments	-	-	-	-	49,191	-	-	49,191
Minority interest	-	-	-	-	-	-	10,742	10,742
Others	-	-	-	(4,745)	-	-	-	(4,745)
	-	-	-	(4,745)	49,191	185,841	10,742	241,029
Balances as of December 31, 2011	$ 157,191	$ 1,579,175	$ 14,318	$ 1,121,149	($ 15,467)	$ 185,841	$ 10,742	$ 3,052,949

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

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~~Auditing Director~~

Financiera Independencia, S. A. B. de C. V., Sociedad Financiera de Objeto Múltiple, Entidad no Regulada and Subsidiaries

Consolidated Statements of Cash Flows

December 31, 2011 and 2010

Thousands of Mexican pesos (Note 2)

	Year ended December 31,	
	2011	2010
Net income	Ps 185,841	Ps 451,665
Adjustments for items not requiring cash flows:		
Provision for loan losses	1,367,979	971,488
Depreciation and amortization	133,229	100,172
Taxes on profits (current and deferred)	117,727	117,824
	1,804,776	1,641,149
Operating activities		
Loan portfolio	(2,787,596)	(1,979,740)
Bank and other entities loans	2,347,899	1,263,368
Other accounts receivable and payable	(368,902)	(235,125)
Net cash flows from operating activities	996,177	689,652
Investing activities		
Purchases of fixed assets	(167,726)	(200,222)
Goodwill	(930,569)	(615,150)
Intangible assets	7,933	(155,914)
Other assets	8,441	(57,837)
Net cash flows from investing activities	(1,081,921)	(1,029,123)
Financing activities		
Purchase of own shares	(136,380)	6,352
Refund of dividend (Dividend payment and refund of dividend - Net)	1,694	(147,108)
Others	(4,745)	-
Minority interest	10,742	-
Increase in capital stock	-	837,011
Net cash flows from financing activities	(128,689)	696,255
Net (decrease) increase in cash	(214,433)	356,784
Cash and cash equivalents at the beginning of the year	855,675	498,891
Cash and cash equivalents at the end of the year	Ps 641,242	Ps 855,675

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

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C.P. Benito Pacheco Zavala
Auditing Director

Thousands of Mexican pesos (Note 2), except for exchange rates, nominal values, price of the share and number of shares

Note 1 - Company history and operations:

Incorporation and authorization

Financiera Independencia, S. A. B. de C. V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada (Company), was incorporated and commenced operations in accordance with the applicable laws in Mexico on July 22, 1993, for an indefinite period. It is located in Mexico City and it has authorization from the Ministry of Finance (SHCP for its acronym in Spanish) to operate as Non-Regulated Multiple Purpose Financial Entity (Sociedad Financiera de Objeto Múltiple, Entidad No Regulada or Sofom, E. N. R.) in accordance with the Mexican Law of Credit Institutions (LIC for its acronym in Spanish).

Business purpose

The Company is mainly engaged in making loans to individuals for consumer goods and services. Funding required to conduct lending activities is obtained from the Company's shareholders, from cash arising from the Company's operations and from debt issuances with domestic financial institutions.

Main operating guidelines

The General Law of Credit Organizations and Auxiliary Activities (LGOAAC for its acronym in Spanish) authorizes Multiple Purpose Financial Entities (Sociedades Financieras de Objeto Múltiple or Sofom) to engage in activities such loan, factoring and financial lease transactions. A Sofom may or may not be regulated by the National Banking and Securities Commission (Comisión Nacional Bancaria y de Valores also referred to as the Commission or CNBV). Non-Regulated Entities (E.N.R. for its acronym in Spanish) are not associated to credit institutions or holding companies of financial groups comprising credit institutions, and they are therefore not subject to the Commission's oversight.

On October 18, 2007, the shareholders approved the adoption of the Sociedad Anónima Bursátil, (S. A. B.) legal regime, as a result of which, as of November 1, 2007, the Company was registered as a listed issuer in the Mexican Stock Exchange (BMV, for its acronym in Spanish), under the ticker symbol "FINDEP".

During the listing process with the BMV, the Company conducted an initial public offering in Mexico and overseas. The public offering overseas was conducted under Rule 144-A and Regulation S of the 1933 US Securities Act, as well as regulations applicable to countries in which such offering was conducted.

As a listed entity, the Company is subject to the provisions of the Mexican Corporations Law (Ley General de Sociedades Mercantiles) and the Mexican Securities Markets Law, as well as to the general provisions applicable to issuers of securities and other participants in the securities market.

The accompanying consolidated financial statements include the Company and its subsidiaries as of December 31, 2011 and 2010, including Instituto Finsol, IF, in which the Company has control. Following is an analysis of the subsidiaries that have been consolidated:

Subsidiaries	Shareholding (%) 2011	2010	Operations
Serfincor, S. A. de C. V. and subsidiaries (Serfincor)	99.99	99.99	Call center, administrative, courier, promotion and marketing services
Fisofo, S. A. de C. V., SOFOM, E. N. R.	99.00	99.00	Lending consumer loans
Findependencia, S. A. de C. V., SOFOM, E. N. R.	99.00	99.00	Lending consumer loans
Financiera Finsol, S. A. de C. V. SOFOM, E. N. R. (Financiera Finsol)	99.99	99.99	Lending commercial loans
Finsol, S. A. de C. V. (Finsol)	99.99	99.99	Services
Finsol Vida, S. A. de C. V.	99.99	99.99	Services
Instituto Finsol, IF	99.99	99.99	Lending commercial loans
Independencia Participações, S. A.	99.99	99.99	Lending commercial loans
Apoyo Económico Familiar, S. A. de C. V., SOFOM, E. N. R. (AEF)	99.99	-	Lending consumer loans
Servicios Corporativos AEF, S. A. de C. V. (SCAEF)	99.99	-	Services
Apoyo Financiero Inc. (AFI)	77.00	-	Lending consumer loans

On February 28, 2011, the Company acquired 77% of the outstanding shares of AFI and on March 15, 2011, acquired all outstanding shares of AEF. See Note 24.

Note 2 - Basis for preparation of the financial information:

The accompanying consolidated financial statements as of December 31, 2011 and 2010 have been prepared and are fairly presented in accordance with the accounting criteria issued by the Commission applicable to multiple purpose financial entities, regulated entities, contained in the General Provisions Applicable to Multiple Purpose Financial Entities, regulated entities (Mexican Banking GAAP), which differ from Mexican Financial Reporting Standards (NIF by its initials in Spanish) issued by the Mexican Financial Standards Board (CINIF by its initials in Spanish), as concerns the matters mentioned in points d., f., o. and y. of Note 3. For the purpose of the foregoing, the Company has prepared its statement of income as per the presentation form required by the Commission, which is intended to present information on the Company's operations and other economic events that affect the entity but that do not necessarily derive from decisions or transactions by the owners in their status as shareholders, for a specific period. Said presentation differs from the methods established in the NIF for classifying the statement of income based on the function or nature of its items.

On September 19, 2008, the Commission amended the accounting criteria for listed companies (Circular Única de Emisoras), which requires Sofoms, E. N. R. issuing issued debt or equity in the Mexican Stock Exchange to prepare their financial statements in accordance with the accounting criteria applicable to regulated Sofoms in the terms of Article 87-D of the LGOAAC. Under this article, regulated Sofoms are subject to the provisions of the LIC and of the Law of the Commission.

Inflation effects on financial information

According to the provisions of NIF B-10 "Inflation effects", the Mexican economy is not in an inflationary environment, since there has been cumulative inflation below 26% in the most recent three year period (threshold to define that an economy should be considered inflationary). Therefore, as of January 1, 2008, the entity discontinued recognition of the effects of inflation on the financial information (disconnection from inflationary accounting). Consequently, the figures of the accompanying consolidated financial statements at December 31, 2011 and 2010 are stated in historical thousands of Mexican pesos, modified by the cumulative effects of inflation on the financial information recognized up to December 31, 2007.

Inflation rates determined on the basis of Investment Units (UDI for their acronym in Spanish), are as follows:

	December 31,	
	2011 (%)	2010 (%)
For the year	3.64	4.28
Accumulated over the past three years	12.11	15.08

Accounting criteria in effect in 2011

In 2011, the following accounting criteria issued by the Commission went into effect. Their application is prospective as of 2011:

D-2 "Statement of income": modifies the structure of the statement of income to show: a) the result of operations other than interest income or expenses, which are included under financial margin and administration and promotion expenses, and b) the result before taxes on profits after the result of equity in non-consolidated subsidiaries and associates is incorporated to the result of operations. The statement of income in 2012 has been reclassified to adjust to the current presentation required by the Commission.

D4 "Statement of cash flows": includes mainly the caption for "effects for changes in value of cash", which shows the effect of conversion of cash flows at the closing exchange rate in effect, as well as cash and cash equivalent balances for changes in value resulting from fluctuations in fair value.

C-3 "Related parties": broadens the definition of close relative as a related party of the Company.

Retrospective application NIFs by accounting changes and NIF effective as of January 1, 2011:

Beginning on January 1, 2011, the following NIF and their interpretations issued by the CINIF and effective as of the previously mentioned date have been retrospectively adopted by the Company.

NIF C-5 "Advanced payments". It establishes the presentation and disclosure rules for advanced payments where its presentation in an item separate from current or non-current assets of the amounts disbursed under this concept is required.

NIF C-6 "Property, plant and equipment". It establishes the valuation, presentation and disclosure rules for property, plant and equipment, when considered within the scope of this NIF are such used for develop or maintain biological assets and of the extractive industry and the componentization of property, plant and equipment for depreciation effects. This standard leaves Statement C-6 "Property, plant and equipment" effective up to December 31, 2010, without effect.

NIF C-18 "Obligations associated to property, plant and equipment withdrawal". It establishes the particular rules for initial and subsequent recognition of provisions related to obligations associated to property, plant and equipment components withdrawal.

Improvements to NIF 2011

NIF B-1 "Accounting changes and misstatement correction". It establishes the rules for the presentation, in the balance sheet and statement of changes in stockholders' equity, of the effects of the adjustments retrospectively recognized.

Statement C-10 "Derivative financial instruments and hedging transactions". It establishes, among other: a) the exclusion of "option" or "forward" valuation from the difference between variations of its fair value and its intrinsic value during its effectiveness; b) that a forecasted future cash flow hedging transition might be considered as primary, depending on its occurrence and if it is carried out between non-related parties; c) the presentation in supplementary accounts of the primary positions and portions of financial assets and liabilities that had an specific modification in a portion of an investment portfolio; d) that should not be included as assets for derivative financial instruments, the accounts representing contributions or collateral margins, deposits of financial warranties constituted by credit letters or bonds, not becoming entity's property, and e) the option of taking just a portion of the notional amount of a hedging instrument to hedge a primary position.

Bulletin D-5 "Leasing". It establishes, among other aspects: a) an implication and clarification of certain concepts to consider in the determination of the discount rate to be used by the lessor and lessee in the finance leasing; b) additional disclosures in finance leasing for lessor and lessee, and c) criteria for the determination of the gain or loss by sale and lease back.

Financial statements authorization

The accompanying consolidated financial statements and their notes were authorized for issuance on February 22, 2012 by the undersigned officers.

Note 3 - Summary of significant accounting policies:

Following is a summary of the significant accounting policies used, which have been consistently applied in the reporting years, unless otherwise indicated.

In accordance with Mexican Banking GAAP, when no specific accounting criteria has been issued by the Commission, entities must apply the supplementary standards, in conformity with NIF A-8 "Use of supplementary reporting standards", in the following order: NIF, international accounting standards, approved and issued by the International Accounting Standards Board (IASB), as well as, accounting principles generally accepted in the United States, issued by the Financial Accounting Standards Board or, if applicable, any set of formal and recognized accounting standards.

NIF require the use of certain critical accounting estimates in the preparation of the consolidated financial statements. Management's judgment is also required in determining the Company's accounting policies.

a. Consolidation

All intercompany balances and transactions have been eliminated in the consolidation process. The consolidation was carried out on the basis of the audited financial statements of the subsidiaries.

b. Cash and cash equivalents

This item is recorded at nominal value. Cash equivalents in foreign currencies are valued at the exchange rate published by Mexican Central Bank at the financial statement date. Interest income arising on these investments is recognized in the statement of income as it accrues.

c. Derivative financial instruments

All contracted derivative financial instruments are included in the balance sheet as assets and/or liabilities expressed at fair value. Accounting for changes in fair value of a derivative instrument depends on the intended use and the risk management strategy adopted.

For fair value hedging purposes, valuation fluctuations are recorded in income in the same line as the position they hedge; for cash flow hedging, the effective portion is temporarily recorded under comprehensive income in stockholders' equity and it is reclassified to income when the hedged position affects income. The ineffective portion is recorded immediately in income.

Although some derivative financial instruments are contracted to ensure hedging for economic purposes, those instruments are not considered hedging instruments because they do not meet all the established requirements. Such instruments are classified as instruments held for trade for book purposes.

The fair value is determined on the basis of market prices and, in the case of instruments not quoted on a market, the fair value is determined based on valuation techniques accepted by market practices.

The Company carries out the following operations with derivative financial instruments:

<u>Options</u>

Options are contracts that establish the right, but not the obligation, for the purchaser to purchase or sell the underlying asset at a determined price, known as the exercise price, on a pre-established date or period. Options agreements involve two parties; the purchaser of the option, who pays a premium at the time of acquisition and also earns a right, but not an obligation, and the party issuing or selling the option, who receives the premium and also acquires an obligation, but not a right.

The purchaser of the option records the premium paid on the operation. Subsequently, the premium is valued based on the fair value of the option and the changes in fair value are recorded in the statement of income.

<u>Swaps</u>

Currency swaps are agreements establishing a bilateral obligation to exchange, over a determined period of time, a series of flows on a notional amount denominated in different currencies for each of the parties, which in turn are referenced to different interest rates. In some cases, aside from exchanging interest rate flows in different currencies, the exchange of flows can be negotiated on the notional amount over the life of the agreement.

The rights and obligations arising from a swap agreement are valued at fair value determined on the basis of a mathematical model through which the net present value of cash flows of positions receivable and payable is estimated.

Forwards

Forwards agreements establish an obligation to purchase or sell underlying goods at a future date, in the amount, quality and price set forth in the agreement. In these transactions, the buyer assumes a long position with respect to the underlying asset and the seller assumes a short position with respect to the same underlying asset.

d. Loan portfolio

The loan portfolio represents the amounts effectively delivered to borrowers plus the interest accrued.

Loans are made based on a credit analysis conducted in accordance with the Company's internal policies and operating manuals.

The outstanding balances of loans offered are recorded as past-due portfolio when payments thereon have not been settled in their entirety in the terms originally agreed upon, considering the following:

- If debts consist of loans with payments on installments and interest payments that are 90 or more days past due.
- If debts consist of revolving loans with two outstanding monthly invoicing periods, or if the invoice period is not monthly, the period corresponding to more than 60 natural days outstanding.

Once a loan is classified as non-performing, interest accrual thereon is suspended. When loans are past-due, interest accrued is recorded in memorandum accounts. Regarding accrued interest receivable related to the past-due portfolio, the Company records an allowance equal to their outstanding balance prior to their classification as non-performing portfolio. If the past-due interest is collected, it is directly recognized in income for the period.

Non-performing loans could be reclassified back to the performing loan portfolio, only after the outstanding balances of past-due loans (principal and interest) are fully settled as established in Mexican Banking GAAP.

As long as the loan portfolio is kept restructured, it is classified and shown as past due portfolio. Additionally, the likelihood of default of the portfolio in the reserve model is 100%.

Annual commissions charged to clients are deferred and amortized on the straight-line basis over one year or for the duration of the loan. Loan origination fees and costs are not deferred over the term of loans, since management considers such financial effect not to be significant due to the short-term maturity of the related loans. All other commissions (withdrawal fee or late-payment fees) are recorded as income upon collection.

NIF require the recognition of interest accrued and, if applicable, the creation of an allowance for doubtful accounts based on a study of recoverability.

e. Allowance for loan loss

Through ruling 310-85406/2009 dated March 2, 2009, the Commission informed the Company that it must calculate its loan reserves based on the different methodologies or the internal methodologies set forth in the Sole Banks Circular. The Commission's approval is not required for the latter.

The Company rates its loan portfolio using internal methodology based on the likelihood of borrower default and on the severity of the loan loss, as per the provisions of article 93 of the general provisions applicable to credit institutions.

Probability of Default (PD) is the likelihood of a borrower becoming non-performing within the next six months. The Company determines PD by applying roll rate calculations. Roll rates considers the existing probability of a loan to migrate from its current category (based on days past due) to write off. The Company uses as PD an average of roll rate calculations for the past twelve-month period.

Loss Given Default (LGD) is an estimate of the amount that the Company would expect to lose in the event of a borrower default. Since all of the Company's loans are unsecured, no collateral exists, and therefore, the Company determines it's LGD as the average of net losses after considering the present value of recoveries for the past twelve-month period.

In the case of group loans, the estimation is determined monthly with an effect on income for the year, based on studies prepared by management that determine the likelihood of debtor payment; those studies are determined based on the overdue portfolio.

In accordance with NIF, an analysis should be conducted in order to assess the amount of allowance for accounts receivable.

Loans are written off when they are 180 or more calendar days overdue. Write offs are recorded cancelling the unpaid balance of a loan vs. the allowance for loan losses. Given the type of loan involved, AEF recognizes a write-off for book purposes when the loan is 120 or more natural days overdue, and AFI until all collection resources are exhausted, since judicial collection processes are quite effective.

Recoveries related to loans previously written off or eliminated from the balance sheet are applied to income for the period when collected.

f. Other accounts receivable

Accounts receivable other than the Company's loan portfolio represent, among others, tax credits.

For other accounts receivable on identified debtors with more than 90 calendar days past due, a reserve is set up reflecting the likelihood of default. No such reserve has been set up for tax credits. The allowances for doubtful accounts referred to above are determined through a study that serves as the basis for the determination of future events that could affect the amount of accounts receivable, showing the related estimated recovery value.

With respect to items different from those mentioned above, whose maturity is agreed at a term of more than 90 calendar days for identified debtors and 60 days for unidentified debtors, an allowance is set up for bad debts in the total amount of the debt.

NIF require, when applicable, setting up an allowance for doubtful accounts, after conducting an analysis and evaluation of the real possibilities of recovering such accounts.

g. Property, furniture and equipment

Property, furniture and equipment are stated as follows: i) items acquired on or after January 1, 2008 at historical cost, and ii) domestic items acquired up to December 31, 2007 at restated value determined on the basis of UDI factors. Consequently, as of December 31, 2011 and 2010, properties, furniture and equipment are expressed at modified historical costs.

Property, furniture and equipment are subject to annual impairment tests only when there is evidence of impairment. Accordingly, they are expressed at their modified historical cost, less the accumulated depreciation and, if applicable, any impairment losses.

The acquisition cost of property, furniture and equipment is depreciated systematically using the straight-line method based on the useful lives of assets estimated by Company management, applied to the values of property, furniture and equipment.

h. Advances payments

Up to December 31, 2010, the advanced payments represented expenditures made by received services or goods intend to be consumed exclusively by the Company, which purpose was not to sell or use them in the productive process. As of January 1, 2011, the advanced payments represent such expenditures made by the Company where the risks and benefits inherent to the goods to be acquired or services to be received have not been transferred. Advanced payments are recorded at their cost and presented in the balance sheet as other assets. Once the goods and/or services related to advanced payments are received, they should be recognized as an expense or an asset in the period income statement.

i. Intangible assets

Intangible assets are recognized when they meet the following conditions: are identifiable, provide future economic benefits and the Company has control over such benefits. Intangible assets are classified in: i) with an indefinite useful life, which are not amortized but subject to annual impairment tests, and ii) assets with a definite life, which are those whose expected future economic benefits are limited by a legal or economic condition, and are amortized using the straight-line method during their useful life, and when evidence of impairment is identified are subject to annual impairment testing.

Intangible assets acquired or developed are expressed as follows: i) as of January 1, 2008, at historical cost, and ii) up to December 31, 2007, at restated values determined through the application UDI factors at that date. Consequently, as of December 31, 2011 and 2010, the intangible assets are expressed at modified historical cost, less the corresponding cumulative amortization and, if applicable, impairment losses.

The Company has prepared a study to determine the effects of Statement C-15 (impairment in the value of long-lived assets and their disposal), and identified no impairment such assets.

j. Goodwill

Based on NIF B-7 "Business Acquisitions", the Company applies the following accounting provisions to its business acquisitions: i) purchase method is used as only valuation rule, which requires the purchase price to be assigned to acquired assets and assumed liabilities based on their fair value at the date of acquisition; ii) intangible assets acquired are identified, valued and recognized, and iii) the non-assigned portion of the purchase price represents the goodwill.

Goodwill is considered to have an indefinite life and represents the excess of subsidiaries share cost over the fair value of the new assets acquired; its value is subject to annual impairment tests (see Note 23). Goodwill is expressed at its modified historical cost, reduced, if applicable, by impairment losses.

k. Debt instruments

Debt instruments are represented by the issuance of debt instruments (Cebures, for its acronym in Spanish) and their value is recorded based on the principal amount and interest accrued as of the date of the formulation of the financial statements.

Debt issuance costs are initially recorded as deferred charges and amortized against income for the year, over the term of such debt instruments.

l. Loans from banks and other entities

Loans from banks and other entities are comprised of lines of credit and loans from other entities, which are recorded at the contractual value of the obligation recognizing the respective interest expense in income for the year as it is accrued.

m. Provisions

Provisions represent present obligations for past events where the outflow of economic resources is probable. These provisions have been recorded based on management's best estimate; however, actual results could differ from recognized estimates.

n. Deferred income tax and flat tax

Deferred income tax and flat tax are recorded based on the comprehensive asset-and-liability method, which consists of recognizing deferred tax on all temporary differences between the book and tax values of assets and liabilities to be materialized in the future, at the rates enacted in the effective tax provisions at financial statement dates.

o. Deferred Employees' Statutory Profit Sharing (ESPS)

Deferred ESPS is recorded under the comprehensive asset-and-liability method, which consists in recognizing a deferred ESPS for all differences between the book and tax value of the assets and liabilities for which payment or recovery is likely.

Current and deferred ESPS is shown in the statement of income under administrative expenses.

The debtor balances corresponding to deferred ESPS must be maintained only when estimates indicate they will be recovered in future periods.

NIFs require this item to be presented under other income and expenses.

p. Employee benefits

The Company has no employee benefit plans, except as required by the Social Security laws.

i. Direct benefits (salaries, vacations, holiday bonus, and paid absence, among others) are recognized in the statement of income as incurred and liabilities are expressed at nominal value given their short term nature. Absences paid by law or contract are not cumulative.

ii. Termination benefits due to reasons different from restructuring (severance compensation, seniority premium), as well as retirement benefits (seniority premium), are recognized based on actuarial studies carried out by independent actuaries through the projected unit credit method.

The Net Cost for the Period (NCP) of each employee benefit plan is recognized as operating expenses of the period when they accrue, which includes, among others, the amortization of the labor cost of past services and the actuarial profit (loss) of previous periods.

Unamortized pending items, known as transition liabilities and the labor cost of past services are being amortized as from January 1, 2008 over a five year period instead of over the estimated labor life of employees (11 years for termination benefits and 15 for seniority premium).

As of December 31, 2011 and 2010, the breakdown of the employee benefit plans is as follows:

i. Post-employment benefits

Employee retirement procedures require the Company to adopt certain retirement policies or to pay off the employee in accordance with articles 48 to 50 of the Federal Labor Law (LFT for its acronym in Spanish).

Article 50 of the LFT Severance depends on whether the employment was for an indefinite period of time; severance consists of 20 days salary for each year of services rendered, plus the amount corresponding to three months of salary.

ii. Seniority premiums

Following is a summary of the bases for calculating the seniority premium, based on the provisions of article 162 of the LFT.

1. A seniority premium is paid in the event of death, disability, dismissal and voluntary resignation.
2. The amount of the seniority premium consists of 12 days of the employee's latest salary for each year of service.
3. Salary considered in calculating the seniority premium must not be lower than the minimum wage prevailing in the economic zone where the services were rendered and may not exceed twice the amount of said wage.
4. The seniority to be considered for payment is the total thereof except in the event of dismissal, in which case it will be considered the employees' seniority as from May 1, 1970 or the hiring date, if subsequent.
5. In order for payment of the seniority premium to be applicable in the case of resignation, the employee must have reached at least 15 years of service.

q. Stockholders' equity

The capital stock, share premium, capital reserves and prior years' result are expressed as follows: i) movements made as of January 1, 2008 at historical cost, and ii) movements made before January 1, 2008 at restated values determined through the application of UDI factors to their originally determined values up to December 31, 2007. Accordingly, the different stockholders' equity items are expressed at modified historical cost.

The premium on sale of shares represents the surplus difference between the payment for issued shares and their nominal value.

r. Comprehensive income

The comprehensive income comprises the net income and the result from valuation of cash flows hedging, instruments which is reflected in the capital stock and does not constitute equity payments, reductions and distributions. The comprehensive income amounts for 2011 and 2010, are expressed at modified historical pesos.

s. Revenue recognition

Interest income from cash and cash equivalents is recognized in the statement of income as it accrues.

Loan portfolio interest is recognized in the statement of income as it is earned, using the unpaid balance method, according to the terms and interest rates established in contracts signed with clients. The interest from non-performing loans is recognized in income when actually collected.

Annual commissions charged to clients are deferred and amortized on a straight-line basis during one year or for the duration of the loan. Loan origination fees and costs are not deferred over the term of loans since Management considers such financial effect not to be significant due to the short-term maturity of related loans. All other commissions (withdrawal fee or late-payment fees) are recorded as income upon collection.

t. Repurchase of own shares

Own shares acquired are shown as a decrease in the fund for repurchase of own shares included in the consolidated financial statements under prior years' income. Dividends received are recognized by reducing their cost.

With respect to the sale of shares, the amount obtained in excess or deficit of their restated cost is recognized as premium on sale of shares.

u. Earnings per share

Earnings per basic ordinary share is the result of dividing the net earnings for the year by the weighted average of the shares outstanding in 2011 and 2010.

Diluted earnings per share is the result of dividing the net income for the year by the current share weighted average in 2011 and 2010, and reducing such average from potentially dilutive shares.

v. Exchange gain or loss

Transactions in foreign currencies are initially recorded at local currency applying the exchange rates prevailing on the dates they are entered into and/or settled. Assets and liabilities denominated in such currencies are translated at the exchange rate prevailing on the balance sheet date. Exchange gain or loss arising from fluctuations in the exchange rates between the transaction and settlement dates, or balance sheet date, are recognized in income.

w. Foreign currency operations

Financial statements translation

The financial statements of Instituto Finsol (IF), Independencia Participações, S. A. and Apoyo Financiero, Inc. considered a foreign currency operation denominated in its functional currency (Brazilian real and US dollar, respectively), served as basis to translate the financial information to the Company's reporting currency, considering a non-inflationary environment, as follows:

Non- inflationary environment

Assets and liabilities at December 31, 2011 and 2010 were translated using the closing US dollar exchange rate, which was Ps1.8758 and Ps1.6510; respectively those figures were subsequently translated to Mexican pesos using the closing exchange rate of Ps13.9476 and Ps12.3496, respectively.

Capital stock balances at December 31, 2011 and 2010 translated to the reporting currency were supplemented with the movements made in 2011 and 2010, respectively, which were translated using historical exchange rates. The income, costs and expenses for the period were translated at average exchange rates, wich were Dlls.1.8337 and Dlls.1.7620 and Ps13.7413 and Ps12.6501 mexican pesos, respectively.

x. Stock option plan

The Company has a Stock Option Plan (SOP) for certain employees and members of management. The stock option plan is implemented through a Trust managed by a Mexican bank as trustee pursuant to Mexican laws. This plan enables eligible employees to acquire, shares of the capital stock through the Trust. The Company funded the Trust through contributions so that in turn the Trust acquires shares of its capital stock through open market purchases on the Mexican Stock Exchange. Stock options granted under the plan generally vest in equal installments over a five-year period. The Trust purchases sufficient shares on the open market to satisfy all grants when the options are granted, as opposed to when they vest. If an employee forfeits any stock options prior to vesting, the shares representing such options remain with the Trust and are eligible for assignment to another grantee. The Trust currently holds 13,681,616 (10,645,416 ordinary shares in 2010) shares of the Company's common stock. Historically no contributions of shares have been made to the Trust through the issuance of new shares, and there are currently no plans to do so. The exercise price ranges from Ps6 to Ps17. The Company had not accounted for the financial effects of this plan because management considers them to be immaterial.

y. Segment reporting

The Mexican Banking GAAP establishes that in order to identify the different operating segments that comprise multiple banking institutions, entities must segregate their activities according to the following segments: i) loan operations; ii) treasury and investment banking operations, and iii) operations conducted on behalf of third parties. In addition, when considered relevant, additional operating segments and sub-segments can be identified. NIF do not require said predetermined desegregation.

Given the nature of the Company's business, which is mainly engaged in offering consumer loans to low income individuals, segment reporting is focused on the loan operations segment, since management considers the treasury and investment operations, and the operations conducted on behalf of third parties, not to be relevant for the Company.

Note 4 - Foreign currency position:

At December 31, 2011 and 2010, the Company had the following US dollar monetary assets and liabilities:

	2011	2010
Assets	Dlls. 21.0	Dlls. 12.6
Liabilities	201.0	202.0
Net short position	(Dlls.180.0)	(Dlls.189.4)

At December 31, 2011 and 2010, the exchange rate determined by the Mexican Central Bank and utilized by the Company to value its foreign currency assets and liabilities was Ps13.9476 per dollar (Ps12.3496 in 2010). At date of issuance of these financial statements, the exchange rate was Ps12.7764 per dollar.

Additionally, at December 31, 2011 and 2010, the Company has in Brazilian real, asset for Ps76,381 and Ps58,090 and liabilities for Ps106,360 and Ps76,880, respectively.

Additionally, as part of its strategy, the Company holds derivative financial instruments to reduce the variability of cash flows of a liability denominated in a currency different from the functional currency. See Note 6.

Note 5 - Cash and cash equivalents:

Cash and cash equivalents is comprised mainly of cash on hand, bank deposits and short-term investments, all highly liquid and subject to low market risk, as shown below:

	Local currency December 31,		Foreign currency December 31,		Total December 31,	
	2011	2010	2011	2010	2011	2010
Cash	Ps 62,292	Ps 41,646	Ps 225	Ps 45	Ps 62,517	Ps 41,691
Deposits in Mexican banks	108,677	78,057	30,922	33,975	139,599	112,032
Short-term investments	369,388	546,661	69,738	155,291	439,126	701,952
	Ps 540,357	Ps 666,364	Ps 100,885	Ps189,311	Ps 641,242	Ps855,675

* Represent investments of cash surpluses, in order to obtain a better short term return. These investments are made through brokerage firms and investment companies operating in the Mexican financial market.

At December 31, 2011 and 2010, the average yield on investments was 4.5% and 4.8%, respectively. In addition, for the years ended December 31, 2011 and 2010, interest income from investments totaled Ps20,284 and Ps55,814, respectively. Average maturity of investments during 2011 and 2010 ranged from one to three days.

Note 6 - Derivative financial instrument operations:

The operations of the Company expose it to a number of financial risks: market risk (which includes exchange risks, and interest rate risks principally), credit risk and liquidity risk. The general risk-management practice considers the unpredictability of financial markets and seeks to minimize the potential negative effects on the Company's financial performance. As established in the Board of Directors' guidelines, the Company has implemented the use of derivative financial instruments to cover certain market risk exposures. Company policy states that no derivative transaction should be performed for speculation purposes, the following is a summary of derivative instrument operations.

2011

	Notional		Annual interest rate			
Instrument	Receivable	Payable	Receivable	Payable	Maturity	Fair value
Swap						
Currency and rate hedging	Dlls. 150,000	Ps 1,960,500	10% USD	14.67% MXN	30-Mar-15	Ps 106,776
Currency and rate hedging	Dlls. 50,000	Ps 653,500	10% USD	14.64% MXN	30-Mar-15	36,184
Floating to fixed rate	Dlls.1,500,000		TIIE+2.65	6.95% to Aug 2012/7.80% to May 2014	14-May-14	10,464
						Ps 153,424

2010

	Notional		Annual interest rate			
Instrument	Receivable	Payable	Receivable	Payable	Maturity	Fair value
Swap						
Currency and rate	Dlls. 150,000	Ps 1,960,500	10% Dlls.	14.67% MXN	30-Mar-15	(Ps 175,321)
Currency and rate	Dlls. 50,000	Ps 653,500	10% Dlls.	14.64% MXN	30-Mar-15	(57,695)
						(Ps 233,016)

Forward	Notional	Net position
Long position US dollar	Dlls. 2,088	Ps 26,425
Short position US dollar	2,088	25,760
Net position	Dlls. -	665
		(Ps 232,351)

SWAPS

Foreign currency bonds

In light of the Company's strategy implemented for mitigating the exchange risk for issuance of the Dlls.200 million bond maturing on March 30, 2015, the Company contracted two exchange rates swaps on March 30, 2010 with HSBC and Morgan Stanley (the counterparties), for which the Company receives the 10% interest rate on a semi-annual basis, on a notional amount of 150,000,000 and 50,000,000 US dollars, respectively, and pays monthly flows at the fixed rates of 14.67 and 14.64%, respectively, on the same notional figures in pesos, maturing on March 30, 2015: additionally, upon maturity of the bond issue, an exchange of securities contracted will be carried out for the sole purpose of setting the exchange rate at March 30, 2015 to Ps13.07 Mexican pesos to the US dollar.

The purpose behind said operation is to set in Mexican pesos the cost of bond funds received in US dollars to 14.67 and 14.64% a year and to set payment of the bond at Ps2,614,000, thus eliminating the exchange risk.

Hedging of Cebures interest rate

With a view to setting a maximum interest rate for Cebures in the amount of Ps1,500,000, on August 30, 2011, the Company contracted an interest rate SWAP in equal parts with Morgan Stanley and Deutsche Bank México, S. A.

Said operation was structured based on the step-up model, which consists of paying the annual fixed rate of 6.95% in the first year on the notional value of Ps1,500,000 maturing on August 8, 2012, and as from that date until maturity (May 14, 2014) increasing the annual rate to 7.80%. In exchange, the Company is entitled to the variable rate of 28-day TIIE plus 265 base points (2.65%) on the notional amount, which is originally contracted in Cebures, i.e., the Company pays the fixed rate until maturity on the issuance of Cebures.

Although the aforementioned operations are not for speculation purposes, in order to comply with the accounting regulations, those operations are valued at fair value, which consists of the following, the Company carries out periodic effectiveness testing through the hypothetical derivative method, which consists of measuring the change in fair value of a hypothetical derivative instrument reflecting the primary position versus the change in fair value of swaps contracted for hedging purposes, which means that the hedge ratio at December 31, 2011 and 2010 is highly effective.

The result of valuations at fair value is recorded in comprehensive income under stockholders' equity. Those valuations may change depending on market conditions during the term of the SWAP. When the SWAP matures, the resulting profit or loss arising from valuing the primary position of the hedged risk is recorded in income for the period in which it occurs.

At December 31, 2011 and 2010, the amounts recorded in income for the year representing the effectiveness or (ineffectiveness) of hedging were Ps3,432 and (Ps3,432), respectively.

Swaps are traded with financial institutions with good credit ratings, which means that the risk of default of rights and obligations acquired with the counterparties is low.

OPTIONS

In 2010 and until October 7, 2011, the Company had contracted hedging (CAP) with Morgan Stanley with a maximum ceiling of 7.0000% annual TIIE, for a notional value of Ps5,500,000. The premium paid for that hedge was Ps3,000.

Until October 8, 2010, the Company had contracted the same hedge with Morgan Stanley, covering a ceiling of 7.000% annual TIIE, for capital of Ps3,600,00 at a cost of Ps2,157.

Additionally, one of the subsidiaries has contracted (CAP) hedging with IXE Banco, S. A. with a ceiling of 6% annual TIIE for capital of Ps50,000, maturing on November 30, 2012.

FORWARDS

The Company had contracted exchange hedging with HSBC México, S. A. for a US dollar loan of $2,008 USD; said forward matured in June 8, 2011 as did the contracted loan. The effect on income for 2011 was Ps1,792.

Note 7 - Loan portfolio:

The classification of the performing and non-performing loans were as follows:

	2011		
Performing loans:	Principal	Accrued interest	Total loans
Consumer	Ps 4,866,096	Ps 272,070	Ps 5,138,166
Commercial	1,503,525	11,903	1,515,428
	6,369,621	283,973	6,653,594
Non-performing loans:			
Consumer	531,127	85,500	616,627
Commercial	74,505	2,944	77,449
	605,632	88,444	694,076
Total loan portfolio	Ps 6,975,253	Ps 372,417	Ps 7,347,670

	2010		
Performing loans:	Principal	Accrued interest	Total loans
Consumer	Ps 3,745,306	Ps 226,411	Ps 3,971,717
Commercial	1,223,471	7,653	1,231,124
	4,468,777	234,064	5,202,841
Non-performing loans:			
Consumer	466,169	75,414	541,583
Commercial	27,305	1,319	28,624
	493,474	76,733	570,207
Total loan portfolio	Ps 5,462,251	Ps 310,797	Ps 5,773,048

Loans offered, segmented by product, were as follows:

Type	2011		2010	
	Amount	%	Amount	%
Performing loans:				
CrediInmediato	Ps 2,619,763	39	Ps 2,534,820	49
Group loans	1,515,428	23	1,231,124	24
CrediPopular	1,254,546	19	1,130,237	22
Tradicional	913,054	14	-	-
CrediMamá	144,736	2	130,307	2
CrediConstruye	115,506	2	176,353	3
AFI	51,701	1	-	-
Más Nómina	20,666	-	-	-
Preferencial	18,194	-	-	-
	6,653,594	100	5,202,841	100
Non-performing loans:				
CrediInmediato	367,030	53	358,339	63
CrediPopular	199,685	29	152,398	27
Group loans	77,449	11	28,623	5
CrediMamá	24,404	3	15,368	2
Tradicional	11,584	2	-	-
CrediConstruye	11,434	2	15,479	3
AFI	2,222	-	-	-
Preferencial	194	-	-	-
Más Nómina	74	-	-	-
	694,076	100	570,207	100
Total loan portfolio	Ps 7,347,670	100	Ps 5,773,048	100

Financiera Independencia Products

CrediInmediato: is a revolving line of credit from Ps3 to Ps20. It is available to individuals earning at least the minimum monthly wage in Mexico City. As of December 31, 2011 and 2010, the unused portion of the credit line was Ps1,224 million and Ps1,127 million, respectively.

CrediPopular: is a personal loan targeted to the informal sector of the Mexican economy. This type of loan ranges from Ps1.8 to Ps4.8. This product has an average term of 26 weeks and is renewed based on the client's credit behavior.

CrediMamá: this product is provided to mothers who have at least one child under the age of 18. Initially offered in an amount from Ps1.8 to Ps2.4, it has an average term of 26 weeks and is renewed based on the client's credit behavior.

CrediConstruye: this product is available to individuals earning at least the minimum monthly wage for Mexico City and it is intended to finance home improvements. These loans initially range from Ps3.0 to Ps20. This product has a maximum term of two years.

MásNómina: is a loan discounted via the payroll aimed at employees of public or private entities affiliated to the Company. Loans offered range from $3 to $80. The maximum term for such loans is three years.

Finsol Loans:

Group: it is a loan aimed at microbusinesses, where clients must be engaged in independent production, sales or service operations. This product is offered to groups of 4 to 60 members and ranges from Ps0,5 to Ps24. The average term is 16 weeks and the amount of the loan may increase based on credit behavior.

AEF Loans

Tradicional: is a loan aimed at individuals who can provide proof of income as employees or through their own businesses. The product contemplates loans of Ps6 to Ps15. The average term of such loans is 18 months, which may be renewed depending on each client's credit behavior.

Preferencial: is a loan available to individuals who can provide proof of income through a payroll receipt or a microbusiness. Said clients must have an excellent credit history, since the loans may reach up to Ps35. The maximum term is 24 months.

AFI Loans

These loans range from Dlls.3 to Dlls.10 for individuals who can provide proof of income as employees. The average term of the loan is 15 months.

As of December 31, 2011 and 2010, the loan portfolio according to the number of days past due is as shown below:

	2011							
	0 days	01-30 days	31-60 days	61-89 days	90-120 days	121-150 days	151-180 days	Total
Performing loans	Ps 4,888,589	Ps 1,227,124	Ps 383,981	Ps 153,900	-	-	-	Ps 6,653,594
Non-performing loans	-	-	-	160,256	Ps 220,607	Ps 162,040	Ps 151,173	694,076
Total	Ps 4,888,589	Ps 1,227,124	Ps 383,981	Ps 314,156	Ps 220,607	Ps 162,040	Ps 151,173	Ps 7,347,670

	2010							
	0 days	01-30 days	31-60 days	61-89 days	90-120 days	121-150 days	151-180 days	Total
Performing loans	Ps 3,972,703	Ps 834,980	Ps 342,639	Ps 52,519	-	-	-	Ps 5,202,841
Non-performing loans	-	-	-	168,650	Ps 181,812	Ps 117,065	Ps 102,680	570,207
Total	Ps 3,972,703	Ps 834,980	Ps 342,639	Ps 221,169	Ps 181,812	Ps 117,065	Ps 102,680	Ps 5,773,048

Interest income per product arising from ordinary and late-payment interest pertaining to the loan portfolio, segmented by product, is comprised as follows:

	2011		2010	
Product	Amount	%	Amount	%
CrediInmediato	Ps 1,654,653	38	Ps 1,747,157	49
Group	952,163	22	566,470	16
Credi Popular	938,968	22	994,751	28
Tradicional	601,249	14	-	-
Credi Mama	111,176	2	102,126	3
Credi Construye	82,126	2	129,332	4
AFI	12,650	-	-	-
Preferencial	2,577	-	-	-
Mas Nómina	2,255	-	-	-
	Ps 4,357,817	100	Ps 3,539,836	100

Note 8 - Allowance for loan loss:

In accordance with Mexican Banking GAAP, the Company classifies its loan portfolio using an internal methodology based on the probability of borrowers' default and the loss given default associated to the credit.

Below are the percentages used to create allowance for loan loss as of December 31, 2011 and 2010, which were determined based on the probability of borrowers' default and the loss given default:

Weekly

	2011			2010		
Period	Amount	Provision (%)	Amount	Amount	Provision (%)	Amount
0	Ps 335,967	0.8	Ps 2,672	Ps 253,305	0.3	Ps 819
1	55,956	2.3	1,260	50,760	0.9	467
2	33,738	5.4	1,832	25,074	2.6	661
3	24,187	12.3	2,983	15,435	6.2	961
4	29,028	16.2	4,695	19,210	8.7	1,668
5	15,302	17.7	2,702	8,975	9.3	833
6	14,537	19.2	2,792	8,249	11.4	944
7	15,149	27.9	4,227	9,791	18.0	1,761
8	26,966	30.4	8,208	20,453	20.4	4,170
9	10,867	30.2	3,285	3,436	22.3	767
10	10,400	34.0	3,540	5,400	25.3	1,366
11	11,818	43.0	5,078	6,542	33.1	2,168
12	12,515	44.8	5,608	7,971	35.4	2,825
13	21,970	40.9	8,987	14,846	34.5	5,123
14	5,282	46.4	2,451	2,748	40.9	1,124
15	7,068	55.8	3,943	4,655	49.7	2,315
16	8,637	57.9	5,002	7,246	52.2	3,779
17	15,846	54.9	8,697	14,618	50.9	7,441
18 or more	52,118	87.3	45,525	40,691	86.0	34,995
Total	Ps 707,351	17.5	Ps 123,487	Ps 519,405	14.3	Ps 74,187

Biweekly

	2011			2010		
Period	Amount	Provision (%)	Amount	Amount	Provision (%)	Amount
0	Ps 2,411,472	0.3	Ps 6,934	Ps 2,434,318	0.3	Ps 6,286
1	267,905	1.7	4,568	276,863	1.4	3,915
2	264,367	4.4	11,553	245,605	3.6	8,849
3	89,607	7.8	6,967	108,221	6.1	6,597
4	164,679	11.1	18,328	178,789	9.8	17,511
5	51,298	18.6	9,554	61,720	17.6	10,893
6	133,436	23.1	30,827	86,891	21.8	18,949
7	30,308	34.4	10,413	66,061	36.5	24,108
8	86,740	38.3	33,223	47,673	40.3	19,207
9	42,194	49.6	20,920	36,419	48.1	17,522
10	67,889	52.8	85,860	57,838	54.5	31,531
11	46,328	66.1	30,645	27,452	64.6	17,747
12	65,938	70.3	46,353	53,801	70.0	37,681
13 or more	-	-	-	-	-	-
Total	Ps 3,722,161	7.2	Ps 316,145	Ps 3,681,651	6.0	Ps 220,796

Monthly	2011			2010		
Period	Amount	Provision (%)	Amount	Amount	Provision (%)	Amount
0	Ps 233,752	0.2	Ps 448	Ps 221,874	0.2	Ps 421
1	41,247	2.1	868	38,567	2.0	767
2	15,931	8.0	1,280	16,594	7.6	1,254
3	9,370	18.9	1,768	8,208	19.2	1,574
4	5,568	35.1	1,955	5,464	38.2	2,085
5	4,312	49.8	2,149	3,815	52.3	1,994
6	4,227	66.4	2,809	4,148	67.7	2,809
7	-	-	-	-	-	-
8	-	-	-	-	-	-
9 or more	-	-	-	-	-	-
Total	Ps 314,407	3.6	Ps 11,277	Ps 298,670	3.7	Ps 10,904
Restructured loan portfolio	Ps 13,926	87.3	Ps 12,164	Ps 13,573	86.0	Ps 11,673
Group loan portfolio	Ps1,592,876	4.9	Ps 77,449	Ps1,259,749	4.6	Ps 57,910
AEF loan portfolio	Ps 943,026	4.0	Ps 38,089			
AFI loan portfolio	Ps 53,923	4.9	Ps 1,864			
Total loan portfolio	Ps7,347,670		Ps530,475	Ps5,773,048		Ps375,470
Hedge index			76.4%			65.8%

Changes in allowance for loan loss in the periods ended December 31, 2011 and 2010 are shown below:

	December 31,	
	2011	2010
Balance at beginning of the year	Ps 375,470	Ps 422,966
Plus:		
Balance at beginning of Grupo Finsol	-	45,950
Balance at beginning of Group AEF	35,718	-
Increase in the provision for loan losses	1,367,979	971,488
Less:		
Loans written-off in the year	1,248,692	1,064,934
Balance at year end	Ps 530,475	Ps 375,470

As of December 31, 2011 and 2010, the restructured loan portfolio amounted to Ps13,926 and Ps13,573, respectively. The Company classifies and shows its restructured portfolio as non-performing. In addition, the Company considers that the probability of default of this portfolio in the Company's internal methodology is 100%.

At December 31, 2011 and 2010 the Company had no foreclosed assets.

Note 9 - Other accounts receivable - Net:

At December 31, 2011 and 2010, other accounts receivable are comprised as follows:

	December 31,	
	2011	2010
Favorable income tax balance	Ps 119,219	Ps 342,724
Value added tax receivable and creditable	106,538	49,356
Favorable flat tax	90,200	-
Debtors from loan portfolio sales	8,635	3,482
Debtors from property, furniture and equipment sales	6,615	-
Sundry debtors	5,813	6,341
Other favorable taxes	4,266	-
Oxxo Collections	1,604	1,639
Más Nómina correspondent	1,111	-
Remittances	-	1,133
Mapfre (Insurance company)	-	5,946
	Ps 344,001	Ps 410,621

Note 10 - Property, furniture and equipment:

At December 31, 2011 and 2010, this item is comprised as follows:

Asset	2011	2010	Annual depreciation rate (%)
Leasehold improvements	Ps 471,838	Ps 281,621	20
Computer equipment	284,536	243,956	25
Office furniture and equipment	161,063	126,742	10
Building	47,643	47,643	5
Transportation equipment	26,715	31,926	25
ATMs	14,202	14,099	15.4
	1,005,997	745,987	
Less - accumulated depreciation	(569,048)	(343,536)	
	436,949	402,451	
Land	865	865	
	Ps 437,814	Ps 403,316	

For the period ended December 31, 2011 and 2010, depreciation and amortization recognized in income amounted to Ps133,229 and Ps100,172, respectively.

At December 31, 2011 and 2010, there are fully depreciated assets in the amount of Ps154,956 and Ps85,038, respectively.

Note 11 - Intangible assets:

This item is comprised as follows:

	Balance at December 31, 2011	Balance at December 31, 2010	Annual amortization rate (%)
With defined useful life:			
Relation with clients	Ps 103,134	Ps 111,067	7
With indefinite useful life:			
Trademarks	44,847	44,847	
Goodwill	1,545,719	615,150	
	Ps1,693,700	Ps 771,064	

In 2011, the Company acquired the AEF and AFI business, which generated goodwill of $930,569. See Note 23.

The Company has prepared a study to determine the effects of statements C-15 (impairment in the value of long-lived assets and their disposal), and its has determined there is no impairment in the value of long-lived assets.

Note 12 - Debt instruments:

At December 31, 2011 and 2010, the Company's debt instruments were as shown below:

	Amount of program	Amount of issuance	Date of issuance	Date of maturity	Interest rate	2011	2010
Cebures'08	Ps1,500,000	Ps 784,000	Jun-08	Jun-13	TIIE + 190 bps	Ps -	Ps 784,000
Cebures'11	Ps2,000,000	Ps 1,500,000	May-11	May-14	TIIE + 265 bps	1,500,000	-
					Accrued interest	869	3,105
					Total	Ps 1,500,869	Ps 787,105

Unsecured cebures'11 mature in a term of three years and accrue 28-day TIIE interest, plus 265 basis points (bps). The notes were rated as HR A y A (mex) by HR Ratings Mexico and Fitch Ratings, respectively.

Unsecured cebures'08 mature in a term of three years and accrued 28-day TIIE interest, plus 190 basis points (bps). The notes were rated as mxA- and A(mex) by Standard & Poor's and Fitch Ratings, respectively.

The interest expense recorded in 2011 for debt instruments issued was Ps94,046 (Ps54,126 in 2010).

Note 13 - Bank and other entities' loans:

Institution:	Amount	Maturity	Collateral	Interest rate	2011	2010
International Bonds [1]	Dls. 200,000	Mar-2015	None	10.0%	Ps 2,789,520	Ps 2,469,920
HSBC México, S. A. Institución de Banca Múltiple, Grupo Financiero (HSBC)[2] (Financiera Independencia)						
Simple credit	1,250,000	Dec-2012	1.3 to 1.0	TIIE + 385 bps	625,000	
Revolving credit line	900,000	Dec-2013	1.3 to 1.0	TIIE + 325 bps		1,250,000
(Finsol Brasil)	Reales 45,000	Jan-2012	None	3.844%+CDI-OVER-CETIP	335,871	-
(Finsol Brasil)	Reales 45,000	Dec-2013	1.3 a 1.0	3.908%+CDI-OVER-CETIP	238,842	-
Nacional Financiera, S. N. C. (NAFINSA)[3]:						
(Financiera Independencia)	1,000,000	Not determined	None	TIIE + 300 bps	809,343	166,667
(Financiera Finsol)	500,000	Not determined	Liquidity of 10%	TIIE + 450 bps	377,500	-
(Apoyo Económico Familiar)	200,000	Not determined	Liquidity of 20%	TIIE + 400 bps	162,792	-
Morgan Stanley Emerging Markets Domestics debt fund, INC.	161,685	Feb-2011	None	14.0%	-	161,685
Fideicomisos Instituidos e Relación con la Agricultura (FIRA)	600,000	Dec-2013	Liquidity of 10%	TIIE FIRA	410,000	150,000
Banco Monex, S. A.	50,000	May-2012	1.5 to 1.0	TIIE + 350 bps	50,000	-
Sociedad Hipotecaria Federal, S. N. C. (SHF)	700,000	Mar-2011	1.087 to 1.0	TIIE + 200 bps	-	78,410
DWM Securitizations, S. A.	Dls2,000	Jun-2011	None	8.75%	-	24,699
Dexia micro-credit fund Sub Fund Blue Orchard Debt	33,000	Jan-2011	None	12.5%	-	16,500
BBVA Gestión, S. A., S.G.I.I.C.	22,000	Jan-2011	None	12.5%	-	11,000
Banco Invex, S. A.	15,000	Oct-2011	Liquidity of 10%	TIIE + 550 bps	-	2,418
Fideicomiso Nacional de Financiamiento al Microempresario (FINAFIM)	30,000	Dec-2012	1.5 to 1.0	CETES + 625 bps	20,000	-
Fideicomiso Nacional de Financiamiento al Microempresario (FINAFIM)	70,000	Jul-2014	1.0 to 1.0	CETES + 550 bps	70,000	-
Ixe Banco, S. A.	50,000	Dec-2012	1.4 to 1.0	TIIE + 600 bps	25,000	-
					5,913,868	4,331,299
		Accrued interest			62,772	11,205
		Total			Ps5,976,640	Ps 4,342,504

1. Placement of bonds on the international market totaling Dlls.200 million, issued in March 2010 under the rule 144A/Reg S., maturing in five years and accruing 10% annual interest, with credit ratings by Standard and Poor's and Fitch Ratings of BB-.

[2]. Term loan of Ps1,250 million and revolving credit line of Ps1,250 million, maturing in December 2012 and December 2013, respectively. Loans are subject from TIIE+3% to TIIE+3.85% interest and the spread over TIIE is subject to the Company's credit rating.

[3]. Three revolving credit lines for Ps1,000,000, Ps500,000 and Ps200,000, respectively, the first for financing microloans offered to the informal market through CrediPopular and CrediMama, the second for financing the group product and thirdly to fund AEF operations.

Note 14 - Sundry creditors and other accounts payable:

As of December 31, 2011 and 2010, this balance is comprised as follows:

	December 31,	
	2011	2010
Other dues	Ps 151,976	Ps 148,298
Income tax payable	112,578	41,426
Sundry creditors	40,716	27,616
Other provisions	39,386	17,725
Labor obligations	31,023	14,674
Mapfre Insurance	16,811	-
Commission not yet reimbursed (cash back)	9,969	6,478
Annual performance bonus	7,324	28,784
ESPS payable	3,687	10,106
Flat tax payable	1,206	-
Dividends payable	-	50,112
	Ps 414,676	Ps 345,219

Nota 15 - Employee benefits:

a. The reconciliation of the starting and endings balances of Definit Benefit Obligations (DBO) for 2011 and 2010 is as follows:

	2011			2010		
	Legal retirement (LR) compensation	Seniority premium (SP) prior to retirement	SP at retirement	LR compensation	SP for retirement	SP at retirement
DBO at January 1	Ps 21,758	Ps 4,772	Ps 1,711	Ps 9,458	Ps 2,436	Ps 1,018
Plus (less):						
Labor cost of the current services	7,595	1,850	722	5,287	1,016	372
Payments made by the participant employees	1,514	372	127	603	189	174
Actuarial earnings (loss) generated in the period and paid benefits - Net	(4,912)	(2,189)	(1,626)	(3,780)	(259)	(131)
DBO at December 31	Ps 25,955	Ps 4,805	Ps 934	Ps 11,568	Ps 3,382	Ps 1,433

b. The value of acquired benefit obligations at December 31, 2011 and 2010 amounted to Ps143.9 and Ps39.3, respectively.

c. Reconciliation of DBO, Plan Assets (PA) and Net Protected liability (NPL).

	LR compensation prior to retirement		SP prior to retirement		SP at retirement	
	December 31,		December 31,		December 31,	
	2011	2010	2011	2010	2011	2010
Laboral liabilities:						
DBO	Ps25,955	Ps 11,568	Ps4,805	Ps3,382	Ps 934	Ps 1,433
PA	-	-	-	-	-	-
Financial status	25,955	11,568	4,805	3,382	934	1,433
Less:						
Unamortized items	(63)	-	(23)	-	(56)	(168)
Actuarial gains	-	-	-	-	197	(93)
Transition liability	(680)	(1,355)	(46)	(93)	-	-
NPL	Ps25,212	Ps 10,213	Ps4,736	Ps3,289	(Ps 1,075)	Ps 1,172

d. NCP

Following is the analysis of NCP for each plan:

	LR compensation prior to retirement		PA prior to retirement		PA at retirement	
	December 31,		December 31,		December 31,	
NCP:	2011	2010	2011	2010	2011	2010
Labor cost of current services	Ps 7,595	Ps5,288	Ps 1,850	Ps 1,016	Ps 722	Ps372
Financial cost	1,514	603	372	189	127	113
Net actuarial gains	51,097	(197)	(356)	693	-	-
Labor cost of past services	257	-	20	46	19	13
Amortization (transition liability)	709	677	49	-	1	-
Early modifications or settlements	585	-	-	-	(1,328)	(201)
Total	Ps61,757	Ps6,371	Ps 1,935	Ps 1,944	(Ps 459)	Ps297

e. Main actuarial assumptions

SERFINCOR

Main actuarial assumptions used, denominated in absolute terms, as well as the discount rates, plan assets yields, salary increases and changes in the indexes or other changes, referred to at December 31, 2011, are as follows.

Seniority premium plan

Age	Death (%)	Disability (%)	Voluntary separation(%)	Dismissal (%)
15	0.024	0.012	60.441	12.294
25	0.074	0.032	32.992	8.470
35	0.118	0.062	17.296	4.821
45	0.333	0.118	7.609	2.209
55	0.698	0.199	2.648	0.783
60	1.071	0.255	1.719	0.510

Benefit plan upon termination of employment

Age	Death (%)	Disability (%)	Voluntary separation(%)	Dismissal (%)
15	0.024	0.012	60.441	12.294
25	0.074	0.032	32.992	8.470
35	0.118	0.062	17.296	4.821
45	0.333	0.118	7.609	2.209
55	0.698	0.199	2.648	0.783
60	1.071	0.255	1.719	0.510

	2010 (%)	2009 (%)
Discount rate:	7.50	8.00
Salary increase rate:	5.42	5.79
Minimum salary increase rate:	4.27	4.52

SCAEF

Following are the main actuarial assumptions used, expressed in absolute terms, together with the discount rates, AP yields, salary increases and other variables referred to at December 31, 2011.

Biometrics:

Mortality Table (assets)	EMSSA experience per sex
Disability table	IMSS experience
Rotation table	Mexican Bank Experience adjusted to Company experience

Financial:

Discount rate used to reflect the present value of obligations	8%
Increase rate in levels of future salaries	6%
Remaining average labor life of employees (applicable to retirement benefits)	16 years

f. Value of DBO, PA and plan status over the last four years for Serfincor.

The value of the DBO, the fair value of PA, the plan status, as well as the experience adjustments for the last four years are as shown below:

Seniority premium plan

	Historical values			Experience adjustments	
Year	DBO	PA	Plan status	DBO (%)	PA
2011	Ps4,239.0	Ps -	Ps4,239.0	3.64	-
2010	4,815.0	-	4,815.0	3.49	-
2009	3,454.0	-	3,454.0	11.6	-
2008	2,507.0	-	2,507.0	16.8	-

Benefit plan upon termination of employment

	Historical values			Experience adjustments	
Year	DBO	PA	Plan status	DBO (%)	PA
2011	Ps14.183	Ps -	Ps14,183.0	3.61	Ps -
2010	11,568	-	11,568.0	0	-
2009	9,457.0	-	9,457.0	11.6	-
2008	9,180.0	-	9,180.0	16.8	-

Value of DBO, PA, and plan status over the last four years for Servicios Corporativos AEF.

Seniority premium plan

Historical values		Experience adjustments	
Year	DBO	PA	Plan status
2011	Ps1,499.7	Ps -	Ps1,499.7
2010	1,667.8	-	1,667.8
2009	971.3	-	971.3
2008	765.1	-	765.1

Benefit plan upon termination of employment

Historical values		Experience adjustments	
Year	DBO	PA	Plan status
2011	Ps11,770.9	Ps -	Ps11,770.9
2010	10,189.7	-	10,189.7
2009	6,176.9	-	6,176.9
2008	4,315.9	-	4,315.9

g. ESPS:

ESPS provision in 2011 and 2010 are analyzed as follows:

	Year ended December 31,	
	2011	2010
Deferred ESPS	Ps 4,425	(Ps 1,090)
Current ESPS	526	8,499
	Ps 4,951	Ps 7,409

The Company is subject to payment of ESPS, which is calculated applying the procedures established in the Income Tax Law.

The main temporary differences for which deferred ESPS was recorded are analyzed as follows:

	December 31,	
	2011	2010
Provision for labor obligations	Ps12,559	Ps15,363
Sundry provisions	706	11
Reserve for bonuses	-	31,739
Provision for ESPS payable	-	909
Prepaid expenses	(1,706)	(2,516)
	11,559	45,506
Applicable ESPS rate	10%	10%
Deferred ESPS asset	Ps 1,156	Ps 4,551

Note 16 - Balances and transactions with related parties:

The main balances with unconsolidated related parties are shown below:

	December 31,	
Receivable:	2011	2010
Loans to key officers *	Ps 1,864	Ps 4,025

* These loans that are to key officers mature in an average term of 18 months and bear an interest of the rate of 14.77%.

The main transactions with unconsolidated related parties are shown below:

	Year ended December 31,	
Income:	2011	2010
Interest on loans (officers)	Ps 259	Ps 420
Administrative services (affiliated)	115	139
Total	Ps 374	Ps 559
Expenses:		
Officer benefits	Ps 50,482	Ps 70,601
Administrative fees (officers)	18,362	25,264
Leases (affiliated)	25,091	17,952
	Ps 93,935	Ps113,817

Note 17 - Stockholders' equity:

At the Ordinary General Stockholders' meeting of April 27, 2010, the shareholders approved an increase in the variable portion of capital of up to Ps550,000 (five hundred and fifty million pesos) and consequently the issue of 55,000,000 (fifty five million) common nominative shares, with no par value, of which 884,712 shares were subscribed at Ps13.50 each. As concerns the 54,115,288 unsubscribed shares, the Board of Directors decided that 45,000,000 are to be kept in the Company's treasury and 9,115,288 shares are to be cancelled. As a result of the foregoing, there was an increase in the variable portion of capital stock of Ps88 and a net premium for placement of shares of Ps11,855.

At the Ordinary General Stockholders' meeting of December 17, 2009, the shareholders approved an increase in the Company's variable capital stock of up to Ps850,000 (eight hundred and fifty million pesos), and consequently, the issuance of 85,000,000 (eighty five million) nominative shares, with no par value, to be subscribed and paid in by the shareholders at a price of Ps10 (ten Mexican pesos) per share. Outstanding shares increased from 630 to 715 million. On February 5, 2010, this share issue related to the increase of capital mentioned before was fully subscribed and paid in, thus increasing the variable portion of capital stock by Ps8,500, and a net premium for placement of shares of Ps816,568. Said premium is considered a decrease for expenses related to the public offering of Ps24,932.

At the Ordinary General Stockholders' meeting of September 20, 2010, it was agreed to declare payment of a cash dividend of Ps0.21 pesos per share, covered in three installments: two were paid in 2010 and the third is payable in March 2011. The Company has paid dividends on a regular basis.

After the above increase, the capital stock at December 31, 2011 was comprised as follows:

Shares	Description	Amount
200,000,000	Series "A" (Class I)	Ps 20,000
560,884,712	Series "A" (Class II)	56,088
(45,000,000)	Series "A" (Class II) (shares subscribed, not paid in)	(4,500)
715,884,712 *		71,588
	Cumulative increase for inflation	85,603
	Capital stock as of December 31, 2011	Ps 157,191

* Common, nominative shares, with no par value, fully subscribed and paid in.

The Series "A", Class I shares comprise the fixed portion of the capital stock, without withdrawal rights. The Series "A", Class II shares represent the variable portion of the capital stock.

There are restrictions in place to declare dividend payments, which reduces the level of capitalization (defined as stockholders' equity to total assets) below 25%.

In accordance with the Company's bylaws and the Mexican Stock Market Law, the Company is empowered to repurchase its own shares, in the understanding that during the time said shares are held by the Company, and no voting or other related rights can be exercised at a shareholders' meeting or otherwise.

The Company has kept a fund for repurchase of shares active. In 2011, the total number of repurchased shares was 48,168,480 (34,875,280 in 2010), of which 34,486,864 (24,229,864 in 2010) shares or 4.8% (3.4% in 2010) of the total shares outstanding correspond to the repurchase fund, and 13,681,616 (10,645,416 in 2010) shares or 1.9% (1.5% in 2010) of the total outstanding shares correspond to the trusts for employee stock options. In 2011 and 2010, the net amounts of acquisitions and sale of own shares (fund for repurchase and plan for stock options) totaled (Ps164,780) and Ps10,428, respectively. Dividends paid for shares held in the repurchase fund and in the stock option plan trusts are returned to the Company and total Ps1,694 (Ps3,229 in 2010).

As of December 31, 2011 and 2010, the Company sold certain shares, thus giving rise to an effect of Ps28,400 and (Ps4,076), respectively, which was applied to the premium for sale of shares.

The market value of the Company's shares reported by BMV at December 31, 2011 and 2010 was Ps7.22 and Ps12.90 per share, respectively.

At the January 2011 and 2010 Board Meeting, the Directors determined the officers chosen as beneficiaries of the stock option plan, as well as the number of shares pertaining to each.

Net income for the period is subject to the legal provision requiring that at least 5% of the profit for each year be set aside to increase the legal reserve until it reaches an amount equivalent to 20% of the capital stock. The amount transferred from the legal reserve to retained earnings at December 31, 2011 and 2010, was Ps18 and Ps1,700, respectively.

Dividends paid are not subject to income tax if paid from the after-tax earnings account. Any dividends paid in excess of this account are subject to a tax rate equivalent to 42.86% if paid in 2010. The tax is payable by the Company and may be credited against its income tax in the same year or in the following two years or against flat tax for the period. Dividends paid from previously taxed profits are not subject to tax withholding or additional tax payment.

In the event of a capital reduction, the excess of stockholders' equity over capital contributions is accorded the same tax treatment as dividends, in accordance with the procedures established under the Mexican Income Tax Law.

In accordance with Statement B-14 of NIF, the earnings per share are calculated by dividing net income for the year by the weighted average of shares outstanding during the same period, as shown below:

Earnings per share (EPS):		2011		2010
Net income	Ps	185,841	Ps	451,665
Divided by:				
Weighted average shares		600,511,678		607,250,033
EPS (pesos)	Ps	0.3095	Ps	0.7438

Note 18 - Income tax and flat tax:

a. Income tax

Income tax is calculated based on the taxable income of each subsidiary and not on a consolidated basis. In 2011, the Company determined a tax profit of Ps10,068 (tax profit of Ps307,069 in 2010) and its subsidiaries determined a tax loss of Ps7,399 (Ps112,439 in 2010). The tax result differs from the accounting result mainly due to such items accruing over time and deducted differently for accounting and tax purposes, to recognition of inflationary effects for tax purposes, as well as to items only affecting either the accounting or tax result.

Based on its financial and tax projections, the Company's management determined that the tax payable in the future will be the income tax, and it has therefore recognized deferred income tax.

A decree was published on December 7, 2009, amending, adding and revoking certain provisions of the Mexican Income Tax Law for 2010; the decree establishes, among other, that the income tax rate applicable from 2010 to 2012 will be 30%, for 2013 it will be 29% and as of 2014 it will be 28%.

The consolidated income tax provision is analyzed as follows:

	Year ended December 31,	
	2011	2010
Current:		
Income tax	(Ps 190,454)	(Ps 109,274)
Flat tax	(6,370)	(20,064)
Taxes accrued by purchased companies prior to purchase date	-	27,742
	(196,824)	(101,596)
Deferred:		
Income tax	81,197	(24,820)
Flat tax	(2,100)	10,088
Taxes accrued by purchased companies prior to purchase date	-	(1,496)
	79,097	(16,228)
	(Ps 117,727)	(Ps 117,824)

The reconciliation of the statutory and effective tax rates is shown as follows:

	Year ended December 31,	
	2011	2010
Income before provisions	Ps 304,870	Ps 569,489
Accrued income tax rate	30%	30%
Statutory income tax	91,461	170,847
Plus (less) the tax effect of the following permanent differences:		
Accrued interest	319,224	286,332
Annual inflation adjustment	(10,186)	12,273
Other permanent items	86,313	2,046
Nondeductible expenses	13,938	560
Taxes not consolidated	16,704	(26,246)
Swap derivatives	(46,027)	(39,436)
Derivatives valuation	(97,998)	(42,774)
Tax write offs	(264,611)	(245,778)
Actual income tax rate	Ps 108,818	Ps 117,824
	440	-
Actual income tax rate AFI	Ps 109,258	Ps 117,824
Effective income tax rate	36%	21%

As of December 31, 2011 and 2010, the main temporary differences on which consolidated deferred income tax was recognized are analyzed as follows:

	December 31,	
	2011	2010
Allowance for loan losses and write-offs	Ps 1,198,436	Ps 898,590
Accrued interest income on past due accounts	909,682	777,251
Tax loss carryforwards	240,164	411,764
Derivative financial instruments valuation	22,096	92,368
Leasehold improvements	113,564	69,382
Liability provisions	42,243	63,328
International bond	71,288	63,120
Furniture and equipment and intangible assets	36,045	(29,140)
Advance payments	(64,456)	(52,195)
Deferred commissions	30,391	-
Others	74,580	(7,991)
	2,674,033	2,286,477
Applicable income tax rate	30%	30%
Deferred asset income tax	802,210	685,943
Deferred AFI income tax	733	-
Deferred flat tax	10,575	17,877
Deferred ESPS	1,156	4,551
	Ps 814,674	Ps 708,371

As of December 31, 2011, the Company had tax loss carry forwards of Ps244,691, whose right to be amortized against future taxable income expires as shown below:

Year of loss	Restated amount	Year of expiration
2008	Ps 9,000	2018
2009	123,661	2019
2010	104,408	2020
2011	7,622	2021
	Ps 244,691	

b. Flax tax

Flat tax for 2011 and 2010 the period is calculated at the 17.5% rate on the profit determined based on cash flows; such income is determined by decreasing the authorized tax deduction paid to the total income collected on taxable activities. In addition, taxpayers are also allowed to reduce this amount with the flat tax credits, based on the procedures established in this law. As of 2010, the flat tax rate will be 17.5%.

According to the current tax legislation, the Company must pay annually the higher of income tax and flat tax. As of December 31, 2011, the Company do not caused the flat tax, Conexia, Serfincor and Financiera Finsol does pay these tax.

The reconciliation of the payable and effective flat tax rate is shown as follows:

	Year ended December 31,	
	2011	2010
Profit before provisions	Ps 26,252	(Ps58,535)
Accrued flat tax rate	17.5%	17.5%
Statutory flat tax rate	4,594	(10,244)
Plus (less) effect on income tax of the following permanent items:		
Deferred income tax cancellation	12,762	-
Accounting depreciation	1,135	-
Others	(1,199)	1,619
D-3 Statement provisions	(3,120)	-
Social security provisions	(5,703)	-
Flat tax at actual rate	Ps 8,469	(Ps 8,625)
Effective flat tax rate	32%	15%

As of December 31, 2011 and 2010, the principal timing differences on which deferred flat tax was recognized are as shown below:

	December 31,	
	2011	2010
Social security provisions	Ps 32,586	Ps -
Labor obligations	17,829	-
Accounts receivable	8,380	60,662
Accounts payable	4,118	41,493
Prepaid expenses	(2,485)	-
	60,428	102,155
Flat tax applicable rate	17.5%	17.5%
Deferred flax tax asset	Ps 10,575	Ps 17,877

Note 19 - Additional information on the statement of income:

a. Interest income

Interest income generated per product, and interest income on investments for the periods are as shown below:

	Year ended December 31,	
	2011	2010
CrediInmediato	Ps 1,654,653	Ps 1,747,157
Group loans	952,163	566,470
CrediPopular	938,968	994,751
Tradicional	601,249	-
CrediMamá	111,176	102,126
CrediConstruye	82,126	129,332
AFI	12,650	-
Preferencial	2,577	-
Mas Nómina	2,255	-
	4,357,817	3,539,836
Investments in securities	20,284	55,814
Total interest income	Ps 4,378,101	Ps 3,595,650

b. Interest expenses

Interest expenses are as shown below:

	Year ended December 31,	
	2011	2010
HSBC	Ps 156,661	Ps 131,393
NAFINSA	48,017	32,904
FIRA	15,936	12,727
FINAFIM	5,681	-
Morgan Stanley	3,901	21,023
IXE Banco, S. A.	3,358	-
SHF	684	15,519
Blue Orchard	-	3,092
Subtotal	234,238	216,658
International notes	402,104	224,177
Debt issued	94,046	54,126
Other	4,540	9,606
Total interest expenses	Ps 734,928	Ps 504,567

c. Commissions and fees collected and paid.

Commissions and fees collected and paid are as shown below:

	Year ended December 31,	
Commissions and fees collected	2011	2010
Withdrawal fees	Ps 576,264	Ps 568,259
Late-payment fees	247,635	207,495
	Ps 823,899	Ps 775,754
Commissions and fees paid		
Banking fees	Ps 29,824	Ps 26,385
Credit line fees	18,925	14,183
Services fees	12,314	6,255
	Ps 61,063	Ps 46,823

d. Brokerage revenue

Brokerage revenue is as shown below:

	Year ended December 31,	
	2011	2010
Exchange fluctuations	Ps 29,361	(Ps97,851)
Result for derivative financial instrument valuation	(5,224)	193,311
	Ps 24,137	Ps95,460

e. Other operating income

Other operating income is shown below:

	Year ended December 31,	
	2011	2010
Recoveries from loans written off	Ps 58,722	Ps 67,581
Updated others items	49,669	31,744
Services and insurance fees	47,652	20,904
Property, furniture and equipment sale	12,893	11,627
Administrative services	-	118
	Ps168,936	Ps131,974

Note 20 - Commitments and contingencies:

As of December 31, 2011, legal proceedings against the Company consisted of labor, civil and penal suits. In the opinion of Company management and its legal advisors, these proceedings are common in the course of business and in the case of a negative final ruling, they would have no significant effects on the Company's financial position or its results.

To conduct its operations, the Company entered into certain contracts for the lease of offices, ATMs and branches. The period of those leases is between three and five years. The total lease payments for the next five years amounts to Ps120,027 in 2012, Ps106,251 in 2013, Ps80,096 in 2014, Ps66,491 in 2015 and Ps62,636, thereafter.

Note 21 - Subsequent events:

The Company has sold shares after the 2011 year-end close and at the date of issuance of these financial statements in the amount of (Ps4,262).

Note 22 - Financial information by segment:

The total loan portfolio and interest income by geographical area are as shown below:

	December 31,			
	2011		2010	
State:	Total loan portfolio	Interest income	Total loan portfolio	Interest income
Aguascalientes	Ps 68,971	Ps 42,353	Ps 74,598	Ps 51,781
Baja California	232,831	133,554	224,604	148,766
Baja California Sur	81,756	48,679	76,210	50,092
Campeche	145,963	89,942	100,874	61,729
Chiapas	194,713	117,138	162,668	105,264
Chihuahua	80,371	49,326	90,823	55,994
Coahuila	333,038	191,335	300,890	189,871
Colima	75,183	42,312	64,828	39,122
Distrito Federal	307,792	179,924	40,476	8,869
Durango	61,390	31,731	48,109	32,925
Estado de Mexico	545,923	344,930	156,904	93,477
Guanajuato	307,300	177,944	265,788	174,205
Guerrero	254,940	178,308	222,473	143,672
Hidalgo	94,073	64,648	76,295	48,043
Jalisco	401,731	227,510	367,962	241,932
Michoacán	223,196	144,875	206,009	128,168
Morelos	152,148	93,583	117,820	82,102
Nayarit	54,186	33,509	49,260	32,855
Nuevo León	33,848	21,757	29,591	16,186
Oaxaca	127,991	85,293	122,935	72,807
Puebla	228,762	144,849	211,469	131,528
Querétaro	134,335	84,086	111,305	77,013
Quintana Roo	240,053	143,821	170,766	110,126
San Luis Potosí	184,946	110,877	172,960	112,264
Sinaloa	191,598	107,934	178,869	113,428
Sonora	311,651	171,729	274,238	176,407
Tabasco	127,368	73,361	103,197	55,933
Tamaulipas	541,690	320,770	467,486	295,858
Tlaxcala	83,385	54,767	90,562	62,978
Veracruz	664,773	409,781	605,028	364,441
Yucatán	199,244	125,513	128,926	78,437
Zacatecas	64,871	38,240	59,414	38,361
Subtotal Mexico	6,750,020	4,084,379	5,373,337	3,394,634
Brazil	543,727	260,788	399,711	145,202
United States of America	53,923	12,650	-	-
Total	Ps 7,347,670	Ps 4,357,817	Ps 5,773,048	Ps 3,539,836

Note 23 - Business acquisitions:

On December 22, 2010, the Company signed an agreement to purchase the entirety of the shares of AEF, one of the main microloan entities in Mexico. An agreement was reached to purchase control over 77% of the shares of AFI, a microfinance company dealing mainly with the non-bank Hispanic community in San Francisco, California. On February 28 and March 15, 2011, the Company finalized the process for acquiring the AFI and AEF shares, respectively. The purchase price of the shares was Ps1,178 million. The valuation method for acquiring the businesses was the purchase method. At the date of acquisition of AEF and AFI, the assets and liabilities valued at fair value, including the assignment of the purchase price, were determined as described below:

Balance sheet	Book value at the date of purchase Feb-28-2011 and March-15-2011
Total assets	Ps1,149,107
Liabilities	892,881
Implicit stockholders' equity	256,226
Less: Purchase price	1,178,105
	921,879
Non-controlling interest	9,440
Adjusted income for AEF 2010	(750)
Goodwill	Ps 930,569

On November 30, 2009, the Company signed a purchase agreement to acquire all outstanding shares of Finsol and a group of related entities (Grupo Finsol), in order to increase its loan portfolio and its clients. On February 19, 2010, the Company finalized the process for the acquisition of the shares. The purchase price of the share was Ps530 million. The valuation method used for the acquisition was the purchase method. At the date of Finsol's acquisition, the assets and liabilities valued at fair value, including the preliminary allocation of the purchase price, were determined as described below:

Balance sheet	Book value at the date of purchase Feb-19-10
Total assets	Ps1,091,515
Liabilities	1,318,097
Implicit stockholders' equity	(226,582)
Less: Purchase price	530,000
	756,582
Adjusted B-7 study	(141,431)
Goodwill	Ps 615,151

As of December 31, 2011 and 2010, goodwill is shown as follows:

	2011	2010
Beginning balance	Ps 615,150	Ps -
Plus:		
Goodwill for Finsol acquisition	-	615,150
Goodwill for AEF and AFI acquistion	930,569	-
Ending balance	Ps1,545,719	Ps615,150

Note 24 - Accounting pronouncements:

In October 2011, the Commission issued changes to the general provisions applicable to credit institutions, which go into effect as from March 1, 2012. Additionally, in December 2011, the CINIF issued the document Improvements to NIF 2012 (Improvements 2012), the NIF B-3 "Comprehensive income statement" (NIF B-3) and B-4 "Statement of changes in stockholders' equity" (NIF B-4). The NIF B-3 and NIF B-4 will become effective as of January 1, 2013 and Improvements 2012 along with the provision of NIF C-6 "Property, plant and equipment" related to the determination of the property, plant and equipment components became effective as of January 1, 2012. This NIF are not considered to substantially impact the financial information presented by the Company, as explained as follows:

NIF B-3 "Comprehensive income statement". It establishes the entity's choice of presenting the comprehensive income either in one or two statements. Also, specifies that other comprehensive results should be presented after the net profit or loss, it removes the concept of no-ordinary items and establishes the requirements that other income and expenses should have to be considered as such.

The NIF B-4 "Statement of changes in stockholders' equity". It establishes the standards for the presentation of the aforementioned statement as well as the required disclosures in the event some stockholders' equity movements take place.

NIF C-6 "Property, plant and equipment". It establishes that it is mandatory to determine the components representative of property, plant and equipment with the purpose that as of January 1, 2012, such components are impaired in accordance to their useful lives.

Improvements to NIF

- NIF A-7 "Presentation and disclosure". It specifies that the key assumptions used at balance sheet date should be disclosed in the determination of the accounting estimations involving uncertainties with the risk of significant adjustments in the value of assets or liabilities within the next accounting period.
- Statement "Earnings per share". Statement B-14 is modify in order to such entities disclosing earnings per diluted share still do it, irrespectively of having generated profit or loss from continuing operations.
- NIF C-1 "Cash and cash equivalents". It establishes that the short-term asset should include cash and cash equivalents, unless it usage is restricted to the following twelve months or after its normal business cycle at the date of the financial position statement.

- Statement Capital "Stockholders' equity" and Interpretation to NIF 3 "Initial application of NIF". It points that donations should be recognized in the income statement as income and not as part of the contributed equity in order to approve the changes previously made in other NIF.

- Statement C-15 "Impairment in the long-lived assets value and their disposal". It specifies different concepts of long-lived assets intended to be sold; also it points that impairment losses in goodwill should not be reversed and establishes the guidelines for the presentation of impairment losses or reversal within the income statement.

- NIF D-3 "Employees' benefits". It establishes that the expense for employees' profit sharing (EPS) should be recognized in the same items as costs and expenses in which the entity recognizes the remaining employees' benefits

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Chief Executive Officer

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Auditing Director

C.P. Juan García Madrigal
Controller Deputy Director