

# Q1

# 2010

## FIRST QUARTER REPORT



## Grupo Scotiabank reports first quarter earnings

2010 first quarter financial results for the Group compared to the same period a year ago:

- Total Revenue of P\$3,287 million, up from P\$2,978 million
- Net income of P\$853 million versus P\$488 million
- Productivity ratio of 55.9% versus 55.2%
- Bank's Capital ratio remained strong at 17.4% versus 15.0%

**Mexico D.F., April 30, 2010** – Grupo Scotiabank today announced results for the first quarter of 2010. Consolidated net income was P\$853 million in the quarter, a strong P\$365 million or 75% increase from the same period last year.

The main drivers of this increase were higher net interest income and lower credit losses. These were partially offset by the impact of lower non-interest revenues.

Total revenue grew P\$309 million or 10% compared to the same period last year, reflecting higher interest revenue due to continued growth in our core deposit base and asset growth in strategically identified segments. Mortgage volumes grew 15% compared to the same quarter last year, while demand and savings deposits grew 7% during the same period highlighting the Group's strategy to increase its no-interest, no-fees suite of accounts and provide high quality service to its customers.

Other income was down P\$157 million or 10% compared to the same quarter last year. This was due to lower loan commissions, and lower revenues from foreign exchange and securities, partially offset by higher insurance and mutual fund fees.

Loan loss provisions declined by P\$384 million or 37% from the first quarter of last year due to the Bank's active management of its loan portfolios, as well as the continuing improvement in the economic environment. Expenses remained stable due to our strong cost control strategies, in spite of continuing investment in information technology and infrastructure growth.

The Bank's capital ratio increased to 17.4%, enabling it to pursue strategic growth initiatives. Return on equity in the first quarter was 12%, compared to 7% in the same quarter last year, reflecting higher earnings, controlled expenses and lower provisions for credit losses.

"The first quarter results of 2010 were positive in an improving, but still difficult, economic environment. Our continued focus on expense control, prudent management of our loan portfolio and growth in our core businesses and in the strategic segments, has helped us weather the financial crisis. We will continue to invest in infrastructure in order to grow our position in our strategically defined segments, thereby enabling us to better serve our clients," said Nicole Reich De Polignac, Grupo Scotiabank President and CEO.

 **Grupo Scotiabank**

### Scotiabank Mexico - Selected financial and operational indicators:

- |  |   |  |
|--|---|--|
| <p><b>1</b> CONTINUED GROWTH:</p> <ul style="list-style-type: none"><li>• Mortgage balances up 15%</li><li>• Demand and Savings account balances up 7%</li></ul> | <p><b>2</b> CREDIT RISK MANAGEMENT:</p> <ul style="list-style-type: none"><li>• Past due portfolio at 4.0% of total loans compared to 4.2% in the previous year</li><li>• Allowance for credit losses coverage at 102% of past due portfolio</li><li>• Credit losses continue to trend favourably</li></ul> | <p><b>3</b> EFFICIENCY:</p> <p>Productivity ratio of 56.3%</p> |
|--|---|--|

Non-Financial Highlights:

Standard & Poor's increased Scotiabank's rating as a local market mortgage portfolio manager from "Above average" to "Excellent with a stable perspective".

Scotia Fondos was awarded three Platinum Awards by Fund Pro for the following funds: *Scotia3 – Scotia Hedge*; *Scotia7 – Scotia Index*; and, *ScotiaC – Scotia Previsional with Restricted Liquidity* (for pension and retirement funds).

Grupo Scotiabank was also named, for the third year in a row, as a Socially Responsible Company by the Mexican Centre for Philanthropy (CEMEFI). This award recognizes our corporate social practices relating to quality of life, work ethics, community involvement and environmental awareness.

The Group was recognized for the 7th consecutive year by the *Great Place to Work Institute*. The Group was ranked 2<sup>nd</sup> overall among the companies with more than 5,000 employees.

## FINANCIAL HIGHLIGHTS

Grupo Scotiabank Condensed Financial Information	Three months ended		
	March 31, 2010	December 31, 2009	March 31, 2009
<i>Net Income (P\$ millions):</i>			
Scotiabank Mexico	760	673	448
Holding company and other subsidiaries	93	195	40
<b>Total Group</b>	<b>853</b>	<b>868</b>	<b>488</b>
ROE	12%	13%	7%

Grupo Scotiabank Condensed Statement of Income ( P\$ millions; Consolidated with subsidiaries)	Three months ended		
	March 31, 2010	December 31, 2009	March 31, 2009
<b>Net Interest income</b>	<b>2,561</b>	<b>2,411</b>	<b>2,479</b>
Other income	1,378	1,839	1,535
<b>Revenue</b>	<b>3,939</b>	<b>4,250</b>	<b>4,014</b>
Provision for credit losses	(652)	(623)	(1,036)
<b>Total revenue</b>	<b>3,287</b>	<b>3,627</b>	<b>2,978</b>
Operating expenses	(2,201)	(2,511)	(2,214)
<b>Profit before income tax</b>	<b>1,086</b>	<b>1,116</b>	<b>764</b>
Income tax	(233)	(253)	(291)
Participation in results of subsidiaries and associated companies	-	5	15
<b>Profit after income tax</b>	<b>853</b>	<b>868</b>	<b>488</b>

**Grupo Scotiabank is a member of the Scotiabank family. Scotiabank is one of North America's premier financial institutions and Canada's most international bank.**

Grupo Scotiabank is one of the leading financial groups in Mexico, with 670 branches and 1,462 ATMs throughout the country. It employs approximately 8,844 people in its main subsidiaries: Scotiabank Mexico, Scotia Fondos, Scotia Casa de Bolsa and Scotia Afore. Together these companies offer an extensive range of financial products and services for individuals, small businesses and multinational corporations.

See Scotiabank Mexico at: [www.scotiabank.com.mx](http://www.scotiabank.com.mx)

Shares held by Grupo Scotiabank		
	Scotiabank Mexico	99.9999%
	Scotia Casa de Bolsa	99.9864%
	Scotia Fondos	99.9999%
	Scotia Afore	99.9999%

Grupo Scotiabank, Scotiabank, Scotia Casa de Bolsa, Scotia Fondos and Scotia Afore are the trade names of, respectively, Grupo Financiero Scotiabank Inverlat, S.A de C.V.; Scotiabank Inverlat S.A.; Scotia Inverlat Casa de Bolsa S.A. de C.V.; Scotia Fondos S.A. de C.V. and Scotia Afore S.A. de C.V.

April 30, 2010

## Scotiabank Mexico

Total revenue was P\$3,033 million in the first quarter of 2010, a P\$281 million or 10% increase from the same period last year, but P\$126 million or 4% lower than last quarter. The year-over-year increase was due primarily to lower provisions for credit losses and higher net interest income, partially offset by lower non-interest revenues from lower loan syndication and restructuring fees, and lower securities and foreign exchange revenues. The reduction in total revenue from last quarter was largely due to lower loan commissions and trading revenues, partially offset by higher net interest income from increases in low-cost deposit volumes.

Pre-tax income was P\$958 million this quarter, P\$263 million or 38% higher than the same period last year. This increase was mainly attributable to lower provisions for credit losses and higher net interest income, which were offset in part by lower non-interest revenue. Pre-tax income was P\$63 million or 7% higher than last quarter, primarily because of higher net interest income and lower expenses.

After-tax income was P\$760 million this quarter compared to P\$448 million in the same period last year. The improvement was primarily the result of lower provisions for credit losses. After-tax income increased P\$87 million from last quarter, due mainly to lower expenses, partially offset by a decrease in total revenues.

Scotiabank Mexico Condensed Statement of Income	Three months ended		
	March 31, 2010	December 31, 2009	March 31, 2009
<i>(P\$ millions; Consolidated with subsidiaries and UDI trust)</i>			
Interest earned	3,336	3,138	4,567
Interest paid	(807)	(752)	(2,161)
<b>Net interest income</b>	<b>2,529</b>	<b>2,386</b>	<b>2,406</b>
Other income	1,156	1,396	1,382
<b>Revenue</b>	<b>3,685</b>	<b>3,782</b>	<b>3,788</b>
Provision for credit losses	(652)	(623)	(1,036)
<b>Total revenue</b>	<b>3,033</b>	<b>3,159</b>	<b>2,752</b>
Operating expenses	(2,075)	(2,264)	(2,057)
<b>Profit before income tax</b>	<b>958</b>	<b>895</b>	<b>695</b>
Income tax	(198)	(225)	(262)
Participation in results of subsidiaries and associated companies	-	3	15
<b>Profit after income tax</b>	<b>760</b>	<b>673</b>	<b>448</b>

## Net Interest Income

Net interest income was P\$2,529 million in the first quarter of 2010, up P\$123 million or 5% from the same quarter last year, and P\$143 million or 6% higher than last quarter. The increase from the same period last year was driven by the growth in our low cost deposit base and loan portfolio. The increase from last quarter was due largely to the higher spreads in our loan portfolio.

Based on the Bank's overall cost of funds, the interest spread on earning assets was as follows:

Scotiabank Mexico Analysis of Interest Income (Accumulated average)	Three months ended			
	March 31, 2010		March 31, 2009	
	Volume	Spread	Volume	Spread
Deposits with banks	23,215	1.2%	19,744	1.8%
Securities	14,371	2.7%	14,275	4.1%
Loans	94,916	9.8%	94,868	8.5%

## Other Income

Scotiabank Mexico Other Income <i>(P\$ millions; Consolidated with subsidiaries and UDI trust)</i>	Three months ended		
	March 31, 2010	December 31, 2009	March 31, 2009
Commissions and fees (net)	437	568	543
Revenues from trading and intermediation	90	213	225
Other revenues and expenses (net)	492	516	524
Other operational income (net)	137	99	90
<b>Total Other Income</b>	<b>1,156</b>	<b>1,396</b>	<b>1,382</b>

This quarter's other income was P\$1,156 million, down P\$226 million or 16% from the same period last year. Lower income from loan and syndication commissions (in commissions and fees (net)), foreign exchange revenues and securities (in revenues from trading and intermediation), and lower recoveries (in other revenues and expenses (net)) were partially offset by higher mutual funds and insurance fees (in other revenues and expenses (net)). The P\$240 million or 17% reduction from last quarter was due primarily to lower loan syndication and restructuring commissions and revenues from securities, partly offset by higher insurance fees.

Scotiabank Mexico Commissions and fees (net) <i>(P\$ millions; Consolidated with subsidiaries and UDI trust)</i>	Three months ended		
	March 31, 2010	December 31, 2009	March 31, 2009
Loan commissions	23	84	28
Account handling commissions	63	66	63
Credit card commissions	149	149	179
Trust	61	67	61
Electronic banking	69	72	71
Other	72	130	141
<b>Total commissions and fees (net)</b>	<b>437</b>	<b>568</b>	<b>543</b>

Net commissions and fees were P\$437 million this quarter, P\$106 million or 20% lower than the same period last year and down P\$131 million or 23% from last quarter. The year-over-year reduction was due to lower syndicated and restructured loans to corporate customers (in other) and lower credit card commissions due to the sale of a portion of the credit card portfolio in the second quarter of last year. The quarter-over-quarter reduction was largely due to lower fees in relation to syndicated and restructured loans.

Scotiabank Mexico Other revenues and expenses (net) <i>(P\$ millions; Consolidated with subsidiaries and UDI trust)</i>	Three months ended		
	March 31, 2010	December 31, 2009	March 31, 2009
Recoveries	150	187	190
Other income (net)	380	376	335
Rental income	13	12	14
Write-offs and other charges	(51)	(59)	(15)
<b>Total other revenues and expenses (net)</b>	<b>492</b>	<b>516</b>	<b>524</b>

Other revenues and expenses (net) were P\$492 million this quarter, a reduction of P\$32 million or 6% from the same quarter last year and P\$24 million or 5% below last quarter. The year-over-year and quarter-over-quarter reduction was driven mainly by lower recoveries. The year-over-year decrease was caused by higher write-offs, partially offset by higher mutual fund and insurance fees.

Scotiabank Mexico Other operational income (net)	Three months ended		
<i>(P\$ millions; Consolidated with subsidiaries and UDI trust)</i>	March 31, 2010	December 31, 2009	March 31, 2009
Loan loss recoveries	97	112	90
Loss on sale of loan assets	-	-	-
Revenue from sale of repossessed assets	40	29	6
Other	-	(42)	(6)
<b>Total other operational income (net)</b>	<b>137</b>	<b>99</b>	<b>90</b>

Other operational income of P\$137 million this quarter was up P\$47 million from the same quarter last year and P\$38 million from last quarter. The increase from the same period last year was mainly from higher loan loss recoveries and the sale of repossessed assets. The growth from last quarter was mainly from the donation of a recovered asset last quarter.

### Provision for credit losses

Scotiabank Mexico Provision for credit losses (net)	Three months ended		
<i>(P\$ millions; Consolidated with subsidiaries and UDI trust)</i>	March 31, 2010	December 31, 2009	March 31, 2009
Provision for credit losses	(652)	(623)	(1,036)
Loan loss recoveries (reported in Other operational income, net)	97	112	90
<b>Total provision for credit losses (net)</b>	<b>(555)</b>	<b>(511)</b>	<b>(946)</b>

Provisions for credit losses, net of recoveries, were P\$555 million this quarter, down P\$391 million from the same quarter last year. Provisions for credit losses, excluding recoveries, were P\$652 million, a decrease of P\$384 million or 37% from the same quarter one year ago due to lower commercial loan provisions. This decrease was also due to lower retail delinquencies, primarily in credit cards and personal loans, due to the Bank's active management of its loan portfolios.

Provisions for credit losses, net of recoveries, were up P\$44 million or 9% from last quarter. Excluding recoveries, provisions for credit losses increased P\$29 million or 5% from the previous quarter. The slightly higher provisions were due to a seasonal increase in retail delinquencies, partially offset by releases of commercial provisions no longer required.

The Bank has maintained the proactive management of its loan portfolios, closely working with customers to assist them in managing their debt load and payment capacity.

### Non-Interest Expenses

The productivity ratio (refer to Note 1), a measure of the Bank's efficiency, was 56.3% this quarter, up from 54.3% in the same quarter last year but down from 59.9% last quarter.

Scotiabank Mexico Non-Interest Expenses	Three months ended		
<i>(P\$ millions; Consolidated with subsidiaries and UDI trust)</i>	March 31, 2010	December 31, 2009	March 31, 2009
Personnel expenses	(925)	(1,001)	(986)
Other operating expenses	(1,150)	(1,263)	(1,071)
<b>Total non-interest expenses</b>	<b>(2,075)</b>	<b>(2,264)</b>	<b>(2,057)</b>

Non-interest expenses were P\$2,075 million this quarter, up P\$18 million from the same quarter last year, but down P\$189 million from last quarter. Compared to the same quarter last year, personnel expenses were down P\$61 million or 6% because of a lower salary base, lower severance expenses and lower contributions to the pension fund due to the effect

Note 1: Non-interest expenses as a percentage of the sum of net interest income and other income. A lower ratio indicates improved productivity.

of the internal reorganization during Q4 2009. During the same period, other operating expenses increased P\$79 million or 7% primarily from an increase in the number of branches and inflation.

Personnel expenses of P\$925 million this quarter were P\$76 million or 8% lower than the previous quarter, due largely to lower severance expense and lower contributions to the pension fund. Other operating expenses were down P\$113 million or 9% from the previous quarter, due primarily to lower professional fees and courier and telephone expenses.

### Participation in results of subsidiaries and associated companies

There was no participation in the results of subsidiaries and associated companies this quarter. The decline in the year-over-year figure was due, in part, to the impact of an accounting change implemented last year, pertaining to income recognition as a result of accounting guidelines issued by the CNBV.

### Tax

Scotiabank Mexico Taxes <i>(P\$ millions; Consolidated with subsidiaries and UDI trust)</i>	Three months ended		
	March 31, 2010	December 31, 2009	March 31, 2009
Income tax current	(225)	(69)	(283)
Income tax deferred	27	(156)	21
<b>Total Taxes</b>	<b>(198)</b>	<b>(225)</b>	<b>(262)</b>

Total income tax expense was P\$198 million this quarter, down P\$64 million from the same quarter last year. The reduction was due primarily to higher deductibility of provisions for credit losses. Total income tax expense was down P\$27 million from last quarter due to higher deductions from inflationary effects.

## Balance Sheet

As at March 31, 2010, the Bank's total assets were P\$164.8 billion, an increase of P\$11.5 billion or 8% from a year ago and relatively unchanged from last quarter. The increase from the same quarter of last year was due primarily to strong growth in mortgages and loans to financial institutions and government entities, as well as higher cash and securities positions, partially offset by lower credit card and other personal loans, and business loans.

<b>Scotiabank Mexico – Condensed Balance Sheet</b> <i>(P\$ millions; Consolidated with subsidiaries and UDI trust)</i>	<b>March 31, 2010</b>	<b>December 31, 2009</b>	<b>March 31, 2009</b>
Cash, banks, securities	50,533	52,460	41,527
Performing loans	96,627	96,119	93,872
Past due loans	3,981	3,938	4,065
Allowance for loan losses	(4,044)	(4,079)	(4,252)
Other assets	17,735	16,168	18,067
<b>Total assets</b>	<b>164,832</b>	<b>164,606</b>	<b>153,279</b>
Deposits	110,884	114,413	108,816
Loans from banks	3,762	4,002	4,755
Other liabilities	24,390	21,132	15,860
Capital	25,796	25,059	23,848
<b>Total liabilities and capital</b>	<b>164,832</b>	<b>164,606</b>	<b>153,279</b>

## Performing Loans

<b>Scotiabank Mexico – Performing Loan Portfolio</b> <i>(P\$ millions; Consolidated with subsidiaries and UDI trust)</i>	<b>March 31, 2010</b>	<b>December 31, 2009</b>	<b>March 31, 2009</b>
Credit card and other personal loans	17,073	17,319	19,042
Mortgages	38,913	38,317	33,925
<b>Total personal loans</b>	<b>55,986</b>	<b>55,636</b>	<b>52,967</b>
Business loans	31,010	30,943	33,545
Loans to financial institutions	3,328	2,786	2,530
Loans to government entities	6,303	6,754	4,830
<b>Total business, financial and government</b>	<b>40,641</b>	<b>40,483</b>	<b>40,905</b>
<b>Total performing loans</b>	<b>96,627</b>	<b>96,119</b>	<b>93,872</b>

The Bank's retail lending portfolio grew P\$3 billion or 6% from last year. This growth was largely concentrated in the mortgage portfolio which increased by P\$5 billion or 15% from the same period last year and P\$0.6 billion or 2% from last quarter. These increases were partially offset by the sale, in April 2009, of a portion of the Bank's credit card portfolio and by lower personal loan balances this quarter.

Total business, financial and government loans declined P\$0.3 billion or 0.6% from the same quarter last year but increased P\$0.2 billion or 0.4% from last quarter. The year-over-year decrease was due to business customer pre-payments partially offset by increases in loans to financial institutions and government entities. The growth from last quarter was driven by higher loans to financial institutions.

## Past due loans

<b>Scotiabank Mexico – Past Due Loan Portfolio</b> <i>(P\$ millions; Consolidated with subsidiaries and UDI trust)</i>	<b>March 31, 2010</b>	<b>December 31, 2009</b>	<b>March 31, 2009</b>
Past due loans	3,981	3,938	4,065
Allowance for credit losses	(4,044)	(4,079)	(4,252)
<b>Net past due loans</b>	<b>(63)</b>	<b>(141)</b>	<b>(187)</b>
Past due loans as a percent of total loans	4.0%	3.9%	4.2%
Allowance for credit losses as a percent of past due loans	102%	104%	105%

Gross past due loans totalled P\$3,981 million this quarter, a reduction of P\$84 million or 2% from the same period last year, and P\$43 million or 1% higher than last quarter. The Bank's allowance for credit losses decreased by P\$208 million year-over-year and P\$35 million quarter-over-quarter. This year-over-year and quarter-over-quarter decrease was due primarily to lower delinquencies in credit cards, and personal and commercial loans being partially offset by higher retail delinquencies in the mortgage portfolio.

As a percent of past due loans, allowance for credit losses was 102% as at March 31, 2010, down from 105% a year ago and 104% from last quarter.

At March 31, 2010, the Bank's past due loan portfolio was 4.0% of the total portfolio compared to 4.2% in the same quarter last year and 3.9% in the prior quarter. The decrease from the same period one year ago was due to lower retail delinquencies.

## Deposits

Scotiabank Mexico – Deposits <i>(P\$ millions; Consolidated with subsidiaries and UDI trust)</i>	March 31, 2010	December 31, 2009	March 31, 2009
<b>Total demand and saving</b>	<b>55,781</b>	<b>60,873</b>	<b>52,330</b>
Term deposits from customers	50,875	49,332	50,199
Money market term deposits (Wholesale)	-	-	2,058
<b>Total term deposits</b>	<b>50,875</b>	<b>49,332</b>	<b>52,257</b>
<b>Investment Certificates</b>	<b>4,228</b>	<b>4,208</b>	<b>4,229</b>
<b>Total deposits</b>	<b>110,884</b>	<b>114,413</b>	<b>108,816</b>

Demand and saving deposits totalled P\$55.8 billion as at March 31, 2010, an increase of P\$3.5 billion or 7% over the same period last year, and down P\$5.1 billion or 8% from last quarter. The year-over-year increase reflects the Bank's continuing emphasis on growing its cost-efficient core deposit base, supported by its no-interest, no-fees account and high quality service to its customers. The quarter-over-quarter decrease reflects normal seasonal fluctuations.

Total term deposits decreased P\$1.4 billion or 3% from the same quarter last year and increased P\$1.5 billion or 3% from last quarter. The annual decline was mainly from the maturity of higher cost deposits.

Wholesale deposits decreased P\$2 billion from the same quarter last year due to the maturity of these high cost deposits that were not renewed during the year.

Investment certificates were relatively unchanged from both the same quarter last year and last quarter.

### For further information, please contact:

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**Attachment 1 Notes**

This document has been prepared by the Group solely for the purposes of providing financial and other information to the markets. All official information (financial and other) of the Group and its subsidiaries is published in Spanish and is furnished to the Mexican financial authorities as required under applicable law and regulations. The information (financial and other) in Spanish published by the Group and its subsidiaries and furnished to the Mexican financial authorities is the only official information (financial and other) of the Group and its subsidiaries that should be used for purposes of determining the financial situation of the Group and its subsidiaries.

The information contained herein is based on financial information of each of the entities described herein. Results for any interim period are not necessarily indicative of results that maybe achieved for a full fiscal year or any other interim period. The financial information contained herein has been prepared in accordance with accounting principles and regulations issued by the National Banking and Securities Commission. The foregoing regulations and accounting principles may differ from each other and from generally accepted accounting principles established by the Mexican Institute of Public Accounting (“Mexican GAAP”). Such accounting practices and principles also differ from generally accepted accounting principles and U.S. Securities and Exchange Commission guidelines applicable to such institutions in the United States of America (“U.S. GAAP”). No reconciliation to U.S. GAAP of any of the financial information contained herein has been made. The information contained herein is not, and should not be interpreted as a solicitation of an offer to purchase, or an offer to sell, any securities of the companies described herein.

Some balances, totals and percentage calculations in this press release may differ slightly to the same balances, totals and/or percentage calculations disclosed elsewhere within this document and/or to the same balances, total and/or percentage calculations in the financial statements due to rounding.

Attachment 2

**GRUPO FINANCIERO SCOTIABANK INVERLAT, S.A. DE C.V.  
LORENZO BOTURINI No. 202 COL. TRANSITO, MEXICO, D.F. C.P. 06820  
CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010  
EXPRESSED IN MILLIONS OF MEXICAN PESOS**

<b>ASSETS</b>		<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>	
<b>FUNDS AVAILABLE</b>		21,188	
<b>MARGIN ACCOUNTS</b>		177	
<b>FINANCIAL INSTRUMENTS</b>			
Securities – available for trading	31,453		
Securities – available for sale	8,684		
Securities – held to maturity	<u>1,816</u>	41,953	
<b>REPURCHASE AGREEMENTS (DEBTOR)</b>		2,709	
<b>DERIVATIVES</b>			
Trading	1,949		
Hedge	<u>153</u>	2,102	
<b>MARK TO MARKET ADJUSTMENT RELATED TO HEDGING OF FINANCIAL INSTRUMENTS</b>		267	
<b>LOAN PORTFOLIO</b>			
Business loans		40,558	
Commercial	31,010		
Financial intermediaries	3,245		
Government loans	<u>6,303</u>		
Consumer loans		17,073	
Housing loans		<u>38,913</u>	
<b>TOTAL CURRENT LOAN PORTFOLIO</b>		96,544	
<b>PAST-DUE LOAN PORTFOLIO</b>			
Business loans		450	
Commercial	446		
Financial intermediaries	<u>4</u>		
Consumer loans		1,016	
Housing loans		<u>2,516</u>	
<b>TOTAL PAST-DUE PORTFOLIO</b>		3,982	
<b>LOAN PORTFOLIO (NET)</b>		100,526	
(-) LESS:			
<b>ALLOWANCE FOR LOAN LOSSES</b>		<u>4,044</u>	
<b>LOAN PORTFOLIO (NET)</b>		96,482	
<b>OTHER RECEIVABLES (NET)</b>		12,769	
<b>FORECLOSED ASSETS (NET)</b>		25	
<b>PROPERTY, FURNITURE AND EQUIPMENT (NET)</b>		3,451	
<b>LONG-TERM INVESTMENT IN EQUITIES</b>		90	
<b>LONG-TERM ASSETS AVAILABLE FOR SALE</b>		-	
<b>DEFERRED TAXES (NET)</b>		606	
<b>OTHER ASSETS</b>			
Deferred and intangibles charges	1,375		
Short and long term assets	<u>533</u>	1,908	
<b>TOTAL ASSETS</b>		<u>183,727</u>	
	<b>MEMORANDUM ACCOUNTS</b>		
Assets and liabilities contingent		2,392	
Commitment loan		2,204	
Assets in trust or mandate		137,858	
Trust	111,033		
Mandate	<u>26,825</u>		
Assets in custody or under administration		753,248	
Collateral received for the entity		109,807	
Collateral received and sold or delivered in guarantee for the entity		44,961	
Investment bank transaction on behalf of third parts (net)		51,178	
Interest not collected from past due portfolio		171	
Other accounts		<u>757,282</u>	
<b>FUNDING</b>			
Demand and saving deposits			55,719
Time deposits			50,837
General public		<u>50,837</u>	
Issue credit certificates			<u>4,228</u> 110,784
<b>BANK AND OTHER LOANS</b>			
Short term			1,646
Long term			<u>2,116</u> 3,762
<b>LIABILITIES RELATED TO SECURITIES IN THE COURSE OF SETTLEMENT</b>			1,470
<b>REPURCHASE AGREEMENTS</b>			25,482
<b>COLLATERAL SOLD OR GIVEN IN GUARANTEE</b>			
<b>SECURITIES RECEIVABLE</b>			<u>304</u> 304
<b>DERIVATIVES</b>			
Trading			2,755
Hedge			<u>333</u> 3,088
<b>OTHER PAYABLES</b>			
Income taxes			152
Employee profit sharing			337
Liquidation of operations (Creditor)			4,294
Sundry creditors and other payables			<u>5,378</u> 10,161
<b>DEFERRED CREDITS</b>			<u>834</u>
<b>TOTAL LIABILITIES</b>			<u>155,885</u>
<b>STOCKHOLDERS' EQUITY</b>			
<b>PAID-IN CAPITAL</b>			
Capital stock			<u>4,507</u> 4,507
<b>CAPITAL SURPLUS</b>			
Capital reserves			901
Results from previous years			21,161
Effects from valuation of securities available for sale			314
Effects from valuation of hedging instruments			106
Net result			<u>853</u> 23,335
<b>TOTAL STOCKHOLDERS' EQUITY</b>			<u>27,842</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>			<u>183,727</u>

"These balance sheets, consolidated with those of the financial and other entities comprising the Group that are subject to consolidation, were prepared in accordance with the accounting criteria for financial group holding companies issued by the National Banking and Securities Commission based on Article 30 of the Law that Regulates Financial Groups, which are of a general and mandatory nature and have been applied on a consistent basis. Accordingly, they reflect the transactions carried out by the Holding Company and the financial and other entities comprising the Group that are subject to consolidation, through the dates noted above. Furthermore, these transactions were carried out and valued in accordance with sound practices and the applicable legal and administrative provisions.

These balance sheets were approved by the Board of Directors under the responsibility of the following officers.

The historical capital stock amounts to \$ 3,111 (millions) as March 31, 2010".

NICOLE REICH DE POLIGNAC  
PRESIDENT

DIEGO M. PISINGER ALTER  
DIRECTOR GENERAL FINANCE AND  
BUSINESS INTELLIGENCE

KEN PFLUGFELDER  
DIVISIONAL DIRECTOR  
AUDIT

GORDON MACRAE  
DIRECTOR GROUP ACCOUNTING

**GRUPO FINANCIERO SCOTIABANK INVERLAT, S.A. DE C.V.**  
**LORENZO BOTURINI No. 202 COL. TRANSITO, MEXICO, D.F. C.P. 06820**  
**CONSOLIDATED STATEMENT OF INCOME**  
**FOR THE PERIOD JANUARY 1 TO MARCH 31, 2010**  
**EXPRESSED IN MILLIONS OF MEXICAN PESOS**

Total interest earned		3,998
Total interest paid		1,437
<b>Net interest profit</b>		<b>2,561</b>
Provision for credit losses		652
<b>Net interest profit, after provision for credit losses</b>		<b>1,909</b>
Commissions earned	772	
Commissions paid	93	
Revenues from intermediation	119	
Other operational net income	137	935
<b>Total operating revenues</b>		<b>2,844</b>
Administrative and operating expenses		2,201
<b>Result from operations</b>		<b>643</b>
Other revenues	495	
Other expenses	52	443
<b>Net income before income tax</b>		<b>1,086</b>
Current income tax	280	
Deferred income tax	47	(233)
<b>Results before subsidiaries unconsolidated and associated companies</b>		<b>853</b>
Participation in the results of subsidiaries unconsolidated and associated companies		-
<b>Net Income after tax</b>		<b>853</b>

"These statement of income, consolidated with those of the financial and other entities comprising the Group that are subject to consolidation, were prepared in accordance with the accounting criteria for financial group holding companies issued by the National Banking and Securities Commission based on Article 30 of the Law that Regulates Financial Groups, which are of a general and mandatory nature and have been applied on a consistent basis. Accordingly, they reflect the revenues and costs relating to the transactions carried out by the Holding Company and the financial and other entities comprising the Group that are subject to consolidation, through the dates noted above. Furthermore, these transactions were carried out and valued in accordance with sound practices and the applicable legal and administrative provisions.

These consolidated statements of income were approved by the Board of Directors under the responsibility of the following officers".

NICOLE REICH DE POLIGNAC  
PRESIDENT

DIEGO M. PISINGER ALTER  
DIRECTOR GENERAL FINANCE AND  
BUSINESS INTELIGENCE

KEN PFLUGFELDER  
DIVISIONAL DIRECTOR  
AUDIT

GORDON MACRAE  
DIRECTOR GROUP ACCOUNTING

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**GRUPO FINANCIERO SCOTIABANK INVERLAT, S.A. DE C.V.**  
**LORENZO BOTURINI No. 202 COL. TRANSITO, MEXICO, D.F. C.P. 06820**  
**CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY**  
**FOR THE PERIOD DECEMBER 31, 2009 TO MARCH 31, 2010**  
**EXPRESSED IN MILLIONS OF MEXICAN PESOS**

CONCEPT	Paid-in Capital			Capital Surplus									Total stockholders' equity	
	Capital stock	Premium from the sale of shares	Statutory reserves	Results from previous years	Unrealised gain (loss) from valuation of available-for-sale securities	Effects from valuation of hedging instruments	Income (loss) from conversion of foreign operations	Cumulative effect of restatement	Gain from holding non-monetary assets (from valuation of fixed assets)	Gain from holding non-monetary assets (from valuation of permanent investments in shares)	Employee benefits adjustment at the retirement	Net income		Non-controller participation
<b>Balances as of December 31 , 2009</b>	<b>4,507</b>	<b>-</b>	<b>901</b>	<b>18,842</b>	<b>260</b>	<b>147</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,320</b>	<b>-</b>	<b>26,977</b>
<b>ITEMS RELATED TO STOCKHOLDERS DECISIONS</b>														
Issuance of shares														
Capitalisation of profits														
Creation of reserves														
Transfer of prior years results				2,320								(2,320)		
Dividend payment														
Other														
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,320</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,320)</b>	<b>-</b>	
<b>ITEMS RELATED TO RECOGNITION OF COMPREHENSIVE INCOME</b>														
Net income												853		<b>853</b>
Gain from valuation of available-for-sale securities					54									<b>54</b>
Effects from valuation of hedging instruments						(41)								<b>(41)</b>
Cumulative effect of restatement														
Gain from holding non-monetary assets														
Employee benefits adjustment														
Other				(1)										<b>(1)</b>
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1)</b>	<b>54</b>	<b>(41)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>853</b>	<b>-</b>	<b>865</b>
<b>Balances as of March 31, 2010</b>	<b>4,507</b>	<b>-</b>	<b>901</b>	<b>21,161</b>	<b>314</b>	<b>106</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>853</b>	<b>-</b>	<b>27,842</b>

"These statement of changes stockholders' equity, consolidated with those of the financial and other entities comprising the Group that are subject to consolidation, were prepared in accordance with the accounting criteria for financial group holding companies issued by the National Banking and Securities Commission based on Article 30 of the Law that Regulates Financial Groups, which are of a general and mandatory nature and have been applied on a consistent basis. Accordingly, they all the stockholders' equity account entries relating to the transactions carried out by the Holding Company and the financial and other entities comprising the Group that are subject to consolidation, through the dates noted above. Furthermore, these transactions were carried out and valued in accordance with sound practices and the applicable legal and administrative provisions.

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

NICOLE REICH DE POLIGNAC  
PRESIDENT

DIEGO M. PISINGER ALTER  
DIRECTOR GENERAL FINANCE AND  
BUSINESS INTELIGENCE

KEN PFLUGFELDER  
DIVISIONAL DIRECTOR AUDIT

GORDON MACRAE  
DIRECTOR GROUP ACCOUNTING

**GRUPO FINANCIERO SCOTIABANK INVERLAT, S.A. DE C.V.**  
**LORENZO BOTURINI No. 202 COL. TRANSITO, MEXICO, D.F. C.P. 06820**  
**CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE PERIOD JANUARY 1 TO MARCH 31, 2010**  
**EXPRESSED IN MILLIONS OF MEXICAN PESOS**

<b>Net income</b>		<b>853</b>
Adjustments for items that not imply cash flow :		
Profit or loss valuation associated with investment and financing activities	-	
Provision for credit losses	652	
Provision for difficult or not collection	7	
Losses for deterioration or cancel effect associated with investment and funding activities	(5)	
Depreciation and amortization	73	
Provisions	91	
Income tax (caused and deferred)	94	
Participation in results unconsolidated subsidiaries and associated companies	-	
Not controller participation	-	
Discontinuous operations	-	
Others	10	922
<hr/>		
<b>Operation activities</b>		
Change in margin accounts	26	
Change in securities investment	(5,870)	
Change in repurchase agreements (debtor)	(1,703)	
Change in securities receivable (assets)	-	
Change in derivatives (assets)	(27)	
Change in loan portfolio	(1,395)	
Change in acquired collections	-	
Change in benefits for receiving in operations of securitization	-	
Change in foreclosed assets	3	
Change in other operational assets	(1,802)	
Change in funding	(3,515)	
Change in bank and other loans	(240)	
Change in liabilities related to securities in the course of settlement	-	
Change in repurchase agreements (creditor)	6,144	
Change in securities receivable (liabilities)	-	
Change in collateral sold or in guarantee	171	
Change in derivatives (liabilities)	526	
Change in operations of securitization (liabilities)	-	
Change in subordinated debentures (liabilities)	-	
Change in other operational liabilities	2,598	
Change in hedging instruments	-	
<b>Operation activities cash flow</b>		<b>(5,084)</b>
<hr/>		
<b>Investment activities</b>		
Collections for regulation of property, furniture and equipment	-	
Payments for acquisition of property, furniture and equipment	(80)	
Collections for regulation in subsidiaries and associated companies	36	
Payments for acquisition in subsidiaries and associated companies	-	
Collections in cash (dividends)	-	
Payments for acquisition of intangible assets	(1)	
Collections for regulation in long term assets available for sale	-	
Collections for regulation in long term of other assets	-	
Payments for acquisition in long term of other assets	-	
Associated collections in hedging instruments	-	
Associated payments in hedging instruments	-	
Others	-	
<b>Investment activities cash flow</b>		<b>(45)</b>
<hr/>		
<b>Financing activities</b>		
Collections in equity issues	-	
Payments for return in capital stock	-	
Payments in cash (dividends)	(260)	
Associated payments in equity repurchase	-	
Collections in subordinated debentures (capital)	-	
Associated payments in subordinated debentures (capital)	-	
<b>Financing activities cash flow</b>		<b>(260)</b>
<b>Net Decrease in cash</b>		<b>(3,614)</b>
<b>Cash flow adjustments in foreign exchange and inflation variations</b>		<b>-</b>
<b>Cash and equivalent at the beginning of the period</b>		<b>24,802</b>
<b>Cash and equivalent at the final of the period</b>		<b>21,188</b>

"These statement of cash flow, consolidated with those of the financial and other entities comprising the Group that are subject to consolidation, were prepared in accordance with the accounting criteria for financial group holding companies issued by the National Banking and Securities Commission based on Article 30 of the Law that Regulates Financial Groups, which are of a general and mandatory nature and have been applied on a consistent basis. Accordingly, they all the stockholders' equity account entries relating to the transactions carried out by the Holding Company and the financial and other entities comprising the Group that are subject to consolidation, through the dates noted above. Furthermore, these transactions were carried out and valued in accordance with sound practices and the applicable legal and administrative provisions.

These consolidated statement of cash flow were approved by the Board of Directors under the responsibility of the following officers".

NICOLE REICH DE POLIGNAC  
PRESIDENT

DIEGO M. PISINGER ALTER  
DIRECTOR GENERAL FINANCE AND  
BUSINESS INTELLIGENCE

KEN PFLUGFELDER  
DIVISIONAL DIRECTOR AUDIT

GORDON MACRAE  
DIRECTOR GROUP ACCOUNTING

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**SCOTIABANK INVERLAT, S.A.**  
**INSTITUCION DE BANCA MULTIPLE**  
**GRUPO FINANCIERO SCOTIABANK INVERLAT.**  
**BOSQUE DE CIRUELOS No. 120 PISO 4 COL. BOSQUES DE LAS LOMAS, MEXICO D.F. C.P. 11700**  
**CONSOLIDATED WITH ITS SUBSIDIARIES AND WITH THE TRUSTS CONTAINING RESTRUCTURED LOANS DENOMINATED IN UDIS**  
**AS AT MARCH 31, 2010**  
**EXPRESSED IN MILLIONS OF MEXICAN PESOS**

ASSETS	21,001	149	LIABILITIES AND STOCKHOLDERS' EQUITY	55,781	50,875	4,228	110,884
<b>FUNDS AVAILABLE</b>			<b>FUNDING</b>				
<b>MARGIN ACCOUNTS</b>			Demand and saving deposits	55,781			
<b>FINANCIAL INSTRUMENTS</b>			Time deposits	50,875			
Securities – available for trading	14,121		General public	50,875			
Securities – available for sale	8,389		Money market	-			
Securities – held to maturity	1,816	24,326	Issue credit certificate			4,228	110,884
<b>REPURCHASE AGREEMENTS (DEBTOR)</b>		2,706	<b>BANK AND OTHER LOANS</b>				
<b>DERIVATIVES</b>			Short term	1,646			
Trading	1,931		Long term	2,116			3,762
Hedge	153	2,084	<b>REPURCHASE AGREEMENTS</b>				10,691
<b>MARK TO MARKET ADJUSTMENT RELATED TO HEDGING OF FINANCIAL INSTRUMENTS</b>		267	<b>LIABILITIES RELATED TO SECURITIES IN THE COURSE OF SETTLEMENT</b>				1,413
<b>LOAN PORTFOLIO</b>			<b>DERIVATIVES</b>				
Business loans	40,641		Trading	1,968			
Commercial	31,010		Hedge	333			2,301
Financial intermediaries	3,328		<b>OTHER PAYABLES</b>				
Government loans	6,303		Income Taxes	120			
Consumer loans	17,073		Employee profit sharing	289			
Housing loans	38,913		Liquidation of operations (Creditor)	3,632			
<b>TOTAL CURRENT LOAN PORTFOLIO</b>	96,627		Sundry creditors and other payables	5,111			9,152
<b>PAST-DUE LOAN PORTFOLIO</b>			<b>DEFERRED CREDITS</b>				834
Business loans	450		<b>TOTAL LIABILITIES</b>				139,037
Commercial	446		<b>STOCKHOLDERS' EQUITY</b>				
Financial intermediaries	4		<b>PAID-IN CAPITAL</b>				
Consumer loans	1,016		Capital stock	7,451			
Housing loans	2,516		Premium from the sale of shares	472			7,923
<b>TOTAL PAST-DUE PORTFOLIO</b>	3,982		<b>CAPITAL SURPLUS</b>				
<b>LOAN PORTFOLIO</b>	100,609		Capital reserves	2,221			
(-) LESS:			Results from previous years	14,605			
<b>ALLOWANCE FOR LOAN LOSSES</b>	4,044		Effects from valuation of securities available for sale	180			
<b>LOAN PORTFOLIO (NET)</b>	96,565		Effects from valuation of hedging instruments	106			
<b>OTHER RECEIVABLES (NET)</b>	11,972		Net result	760			17,872
<b>FORECLOSED ASSETS</b>		25	<b>TOTAL STOCKHOLDERS' EQUITY</b>				25,795
<b>PROPERTY, FURNITURE AND EQUIPMENT (NET)</b>		3,295	<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>				164,832
<b>LONG-TERM INVESTMENT IN EQUITIES</b>		74					
<b>DEFERRED TAXES</b>		591					
<b>OTHER ASSETS</b>							
Other assets, deferred and intangible charges	1,244						
Short and long term other assets	533	1,777					
<b>TOTAL ASSETS</b>		164,832					

**MEMORANDUM ACCOUNTS**

Assets and liabilities contingent	71
Commitment loan	2,204
Assets in trust or mandate	137,858
Trust	111,033
Mandate	26,825
Assets in custody or under administration	452,495
Collateral received for the entity	82,323
Collateral received and sold or delivered in guarantee for the entity	17,695
Investment bank transaction on behalf of third parts	51,178
Interest not collected from past due portfolio	171
Other control accounts	713,440

"These balance sheets were prepared in accordance criteria for institutions issued by the National Banking and Securities Commission based on Articles 99, 101 and 102 of the Credit Institutions Law, which are of a general and mandatory nature and have been applied on a consistent basis. Accordingly, they reflect the transactions carried out by the Bank through the dates noted above. Furthermore, these transactions were carried out and valued in accordance with sound banking practices and the applicable legal and administrative provisions. These balance sheets were approved by the Board Directors under the responsibility of the following officers. The Bank's historical capital stock amounts to \$ 6,200 (millions)".

NICOLE REICH DE POLIGNAC  
PRESIDENT

DIEGO M. PISINGER ALTER  
DIRECTOR GENERAL FINANCE AND BUSINESS  
INTELLIGENCE

KEN PFLUGFELDER  
DIVISIONAL DIRECTOR AUDIT

GORDON MACRAE  
DIRECTOR GROUP ACCOUNTING

**SCOTIABANK INVERLAT, S.A.**  
**INSTITUCION DE BANCA MULTIPLE**  
**GRUPO FINANCIERO SCOTIABANK INVERLAT.**  
**BOSQUE DE CIRUELOS No. 120 PISO 4 COL. BOSQUES DE LAS LOMAS, MEXICO D.F., C.P. 11700**  
**STATEMENT OF INCOME OF THE BANK CONSOLIDATED WITH ITS SUBSIDIARIES AND WITH THE TRUSTS**  
**CONTAINING RESTRUCTURED LOANS DENOMINATED IN UDIS, FOR THE PERIOD JANUARY 1 TO MARCH 31, 2010**  
**EXPRESSED IN MILLIONS OF MEXICAN PESOS**

Total interest earned	3,336	
Total interest paid	807	
<b>Net interest profit</b>		<b>2,529</b>
Provision for credit losses		652
<b>Net interest profit, after provision for credit losses</b>		<b>1,877</b>
Commissions earned	516	
Commissions paid	79	
Revenues from intermediation	90	
Other operational income	137	664
<b>Total operating revenues</b>		<b>2,541</b>
Administrative and operating expenses		2,075
<b>Result from operations</b>		<b>466</b>
Other revenues	543	
Other expenses	51	492
<b>Net income before income tax</b>		<b>958</b>
Current income tax	225	
Deferred income tax	27	(198)
<b>Results before subsidiaries unconsolidated and associated companies</b>		<b>760</b>
Participation in the results of subsidiaries unconsolidated and associated companies		-
<b>Net Income before continuing operations</b>		<b>760</b>
Continuing operations		-
<b>Net income</b>		<b>760</b>

"These statement of income was prepared in accordance criteria for institutions issued by the National Banking and Securities Commission based on Articles 99, 101 and 102 of the Credit Institutions Law, which are of a general and mandatory nature and have been applied on a consistent basis. Accordingly, they reflect the revenues and costs the transactions carried out by the institution through the dates noted above. Furthermore, these transactions were carried out and value in accordance with sound banking practices and the applicable legal and administrative provisions.

These statement of income were approved by the Board Directors under the responsibility of the following officers".

NICOLE REICH DE POLIGNAC  
 PRESIDENT

DIEGO M. PISINGER ALTER  
 DIRECTOR GENERAL FINANCE AND  
 BUSINESS INTELIGENCE

KEN PFLUGFELDER  
 DIVISIONAL DIRECTOR AUDIT

GORDON MACRAE  
 DIRECTOR GROUP ACCOUNTING

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[www.cnbv.gob.mx/estadistica](http://www.cnbv.gob.mx/estadistica)

**SCOTIABANK INVERLAT, S.A.**  
**INSTITUCION DE BANCA MULTIPLE**  
**GRUPO FINANCIERO SCOTIABANK INVERLAT**  
**BOSQUE DE CIRUELOS No. 120 PISO 4 COL. BOSQUES DE LAS LOMAS, MEXICO D.F. C.P. 11700**  
**CONSOLIDATED STATEMENT OF CHANGES IN THE CAPITAL OF THE BANK WITH ITS SUBSIDIARIES AND WITH THE TRUSTS**  
**CONTAINING RESTRUCTURED LOANS DENOMINATED IN UDIS, FOR THE PERIOD DECEMBER 31, 2009 TO MARCH 31, 2010**  
**EXPRESSED IN MILLIONS OF MEXICAN PESOS**

CONCEPT	Paid-in Capital				Capital Surplus									Total stockholders' equity
	Capital stock	Premium from the sale of shares	Statutory reserves	Results from previous years	Unrealised gain (loss) from valuation of available-for-sale securities	Effects from valuation of hedging instruments	Income (loss) from conversion of foreign operations	Cumulative effect of restatement	Gain from holding non-monetary assets (from valuation of fixed assets)	Gain from holding non-monetary assets (from valuation of permanent investments in shares)	Employee benefits adjustment	Net income	Non-controller participation	
<b>Balances as of December 31, 2009</b>	7,451	472	2,221	12,567	162	146	-	-	-	-	-	2,038	-	25,057
<b>ITEMS RELATED TO STOCKHOLDERS DECISIONS</b>														
Issuance of shares														
Capitalisation of profits														
Creation of reserves														
Transfer of prior year's results				2,038								(2,038)		-
Dividend payment														-
<b>Total</b>	-	-	-	2,038	-	-	-	-	-	-	-	(2,038)	-	-
<b>ITEMS RELATED TO RECOGNITION OF COMPREHENSIVE INCOME</b>														
Net income												760		760
Gain from valuation of available-for-sale securities					18									18
Effects from valuation of hedging instruments						(40)								(40)
Cumulative effect of restatement														
Gain from holding non-monetary assets														
Other														
<b>Total</b>	-	-	-	-	18	(40)	-	-	-	-	-	760	-	738
<b>Balances as of March 31, 2010</b>	7,451	472	2,221	14,605	180	106	-	-	-	-	-	760	-	25,795

"These statement of changes in stockholders' equity were prepared in accordance criteria for institutions issued by the National Banking and Securities Commission based on Articles 99, 101 and 102 of the Credit Institutions Law, which are of a general and mandatory nature and have been applied on a consistent basis. Accordingly, they reflect the stockholders' equity account entries relating to the transactions carried out by the Bank through the dates noted above. Furthermore, these transactions were carried out and value in accordance with sound banking practices and the applicable legal and administrative provisions.

These statement of changes in stockholders' equity were approved by the Board Directors under the responsibility of the following officers".

NICOLE REICH DE POLIGNAC  
 PRESIDENT

DIEGO M. PISINGER ALTER  
 DIRECTOR GENERAL FINANCE AND  
 BUSINESS INTELLIGENCE

KEN PFLUGFELDER  
 DIVISIONAL DIRECTOR AUDIT

GORDON MACRAE  
 DIRECTOR GROUP ACCOUNTING

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SCOTIABANK INVERLAT, S.A.  
 INSTITUCION DE BANCA MULTIPLE  
 GRUPO FINANCIERO SCOTIABANK INVERLAT  
 BOSQUE DE CIRUELOS No. 120 PISO 4 COL. BOSQUES DE LAS LOMAS, MEXICO D.F. C.P. 11700  
 CONSOLIDATED STATEMENT OF CASH FLOW CONSOLIDATED STATEMENT OF CASH FLOW OF THE BANK WITH ITS SUBSIDIARIES AND WITH  
 THE TRUSTS CONTAINING RESTRUCTURED LOANS DENOMINATED IN UDIS  
 FOR THE PERIOD JANUARY 1 TO MARCH 31, 2010  
 EXPRESSED IN MILLIONS OF MEXICAN PESOS

<b>Net income</b>	<b>760</b>
Provision for credit losses	652
Provision for difficult or not collection	7
Losses for deterioration or cancel effect associated with investment and funding activities	(5)
Depreciation and amortisation	70
Provisions	78
Income tax (caused and deferred)	92
Other	18
Adjustments for items that not imply cash flow	912
<b><u>Operation activities</u></b>	
Change in margin accounts	15
Change in securities investment	171
Change in repurchase agreements (debtor)	(1,708)
Change in derivates (assets)	(30)
Change in loan portfolio	(1,478)
Change in foreclosed assets	3
Change in other operational assets	(1,515)
Change in funding	(3,529)
Change in bank and other loans	(240)
Change in repurchase agreements (creditor)	965
Change in derivates (liabilities)	32
Change in other operational liabilities	2,192
<b>Operation activities cash flow</b>	<b>(5,122)</b>
<b><u>Investment activities</u></b>	
Payments for acquisition of property, furniture and equipment	(80)
<b>Investment activities cash flow</b>	<b>(80)</b>
<b><u>Financing activities</u></b>	
Dividends paid in cash	(260)
<b>Financing activities cash flow</b>	<b>(260)</b>
<b>Net Decrease in cash</b>	<b>(3,790)</b>
<b><u>Cash and equivalent at the beginning of the period</u></b>	<b>24,791</b>
<b><u>Cash and equivalent at the final of the period</u></b>	<b>21,001</b>

"These statement of cash flow were prepared in accordance criteria for institutions issued by the National Banking and Securities Commission based on Articles 99, 101 and 102 of the Credit Institutions Law, which are of a general and mandatory nature and have been applied on a consistent basis. Accordingly, they reflect the stockholders' equity account cash entrance and cash outflow relating to the transactions carried out by the Bank through the dates noted above. Furthermore, these transactions were carried out and value in accordance with sound banking practices and the applicable legal and administrative provisions.

These statement of cash flow were approved by the Board Directors under the responsibility of the following officers".

NICOLE REICH DE POLIGNAC	DIEGO M. PISINGER ALTER	KEN PFLUGFELDER	GORDON MACRAE
PRESIDENT	DIRECTOR GENERAL FINANCE AND BUSINESS INTELLIGENCE	DIVISIONAL DIRECTOR AUDIT	DIRECTOR GROUP ACCOUNTING

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[www.cnbv.qob.mx/estadistica](http://www.cnbv.qob.mx/estadistica)

Attachment 4

SCOTIA INVERLAT CASA DE BOLSA, S.A. DE C.V.  
GRUPO FINANCIERO SCOTIABANK INVERLAT.  
BOSQUE DE CIRUELOS No. 120 PISO 4 COL. BOSQUES DE LAS LOMAS, MEXICO D.F. C.P. 11700  
BALANCE SHEETS AS AT MARCH 31, 2010  
EXPRESSED IN MILLIONS OF MEXICAN PESOS

MEMORANDUM ACCOUNTING			
<b>OPERATIONS ON BEHALF THIRD PARTIES</b>		<b>OWN OPERATIONS</b>	
<b>CUSTOMER CURRENT ACCOUNTS</b>		<b>ASSETS AND LIABILITIES CONTINGENT</b>	
Cash balances	13		2,319
Transaction settlement	(103)		
Other	4	(86)	
<b>CUSTOMER SECURITIES</b>		<b>COLLATERAL RECEIVED BY THE ENTITY</b>	
Securities held in custody	180,835		26,901
Foreign securities	-	180,835	50
			533
			27,484
<b>TRANSACTIONS ON BEHALF OF CUSTOMERS</b>		<b>COLLATERAL RECEIVED, SOLD OR DELIVERED IN GUARANTEE FOR THE ENTITY</b>	
Securities operations	36,472		26,901
Securities receivable operations	204		50
Collaterals received in guarantee	84		315
Collaterals given in guarantee	1,893		27,266
Purchase derivative operations			
Futures and forwards (Notional)	277		
Sale derivative operations	-		
Administrative trusts	137	39,067	
<b>TOTAL ON BEHALF OF THIRD PARTIES</b>	<b>219,816</b>	<b>TOTAL BROKERAGE FIRM</b>	<b>57,069</b>
<b>ASSETS</b>		<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>	
<b>FUNDS AVAILABLE</b>	<b>79</b>	<b>LIABILITIES SECURITIZATION</b>	<b>-</b>
<b>MARGIN ACCOUNTS (DERIVATES)</b>	<b>28</b>	<b>BANK AND OTHER LOANS</b>	
<b>FINANCIAL INSTRUMENTS</b>		Short term	83
Securities – available for trading	17,173	Long term	-
Securities – available for sale	295		83
Securities – Held to maturity	-		
<b>REPURCHASE AGREEMENTS - DEBTORS</b>	<b>2</b>	<b>LIABILITIES RELATED TO SECURITIES IN THE COURSE OF SETTLEMENTS</b>	
<b>SECURITIES RECEIVABLE</b>	<b>-</b>	<b>REPURCHASE AGREEMENTS – CREDITORS</b>	<b>56</b>
<b>DERIVATES</b>		<b>SECURITIES RECEIVABLES</b>	<b>14,791</b>
Trading	19	<b>COLLATERAL SOLD OR GIVEN IN GUARANTEE</b>	
Hedge	-	Repurchase	-
		Securities receivable	304
		Derivates	-
		Others collateral sold or given in guarantee	-
			304
<b>MARK TO MARKET ADJUSTMENTS HEDGE OF FINANCIAL ASSETS</b>	<b>-</b>	<b>DERIVATES</b>	
<b>OTHER ACCOUNTS RECEIVABLE (NET)</b>	<b>769</b>	Trading	787
<b>PROPERTY, FURNITURE AND EQUIPMENT (NET)</b>	<b>153</b>	Hedge	-
<b>LONG-TERM INVESTMENTS IN EQUITIES</b>	<b>3</b>		787
<b>ASSETS OF LONG TERM AVAILABLE FOR SALE</b>	<b>-</b>	<b>MARK TO MARKET ADJUSTMENTS HEDGE OF FINANCIAL LIABILITIES</b>	<b>-</b>
<b>DEFERRED TAXES</b>	<b>12</b>	<b>SUBORDINATED LIABILITIES DEBENTURES</b>	
<b>OTHER ASSETS</b>		<b>OTHER PAYABLES</b>	
Other assets, deferred and intangible charges	123	Income tax	26
Short and long term other assets	-	Employee profit sharing	45
		Contributions for future increases by the Shareholders' assembly	-
		Liquidation of operations (Creditor)	662
		Margin Accounts (Creditor)	-
		Sundry creditors and other payables	220
			953
		<b>DEFERRED TAXES</b>	<b>-</b>
		<b>TOTAL LIABILITIES</b>	<b>16,974</b>
<b>TOTAL ASSETS</b>	<b>18,656</b>	<b>STOCKHOLDERS' EQUITY</b>	
		<b>PAID-IN CAPITAL</b>	
		Capital stock	551
		<b>CAPITAL SURPLUS</b>	
		Statutory reserves	37
		Results from prior years	881
		Results for valuation of securities available for sale	134
		Net results	79
			1,131
		<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>1,682</b>
		<b>EQUITY TOTAL LIABILITIES AND STOCKHOLDERS'</b>	<b>18,656</b>

"These balance sheets have been prepared in accordance with the accounting criteria for brokerage firms, issued by the National Banking and Securities Commission based on Article 205 last paragraph, 210 second paragraph and 211 of the Securities Market Law, which are of a general and mandatory nature and have been applied on a consistent basis. Accordingly, they reflect the transactions carried out by the Brokerage Firm through the dates noted above. Furthermore, these transactions were carried out and valued in accordance with sound practices and the applicable legal and administrative provisions.

These balance sheets were approved by the Board Directors under the responsibility of the following officers.

As at March 31, 2010, the historical capital stock amount is \$ 386 millions".

GONZALO ROJAS RAMOS	DIEGO M. PISINGER ALTER	KEN PFLUGFELDER	GORDON MACRAE	FRANCISCO LOPEZ CHAVEZ
PRESIDENT	DIRECTOR GENERAL FINANCE AND BUSINESS INTELLIGENCE	DIVISIONAL DIRECTOR AUDIT	DIRECTOR GROUP ACCOUNTING	ASSISTANT DIRECTOR OF ACCOUNTING

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**SCOTIA INVERLAT CASA DE BOLSA, S.A. DE C.V.**  
**GRUPO FINANCIERO SCOTIABANK INVERLAT**  
**BOSQUE DE CIRUELOS No. 120 PISO 4 COL. BOSQUES DE LAS LOMAS, MEXICO D.F. C.P. 11700**  
**STATEMENT OF INCOME FOR THE PERIOD JANUARY 1 TO MARCH 31, 2010**  
**EXPRESSED IN MILLIONS OF MEXICAN PESOS**

Commissions and fees collected	154		
Commissions and fees paid	6		
Financial intermediation income	18		166
<b>Service Income</b>			<b>166</b>
Gain on purchase and sale of securities	74		
Loss on purchase and sale of securities	(55)		
Interest income	795		
Interest expense	(765)		
Valuation gain (loss) on securities	8		
			57
<b>Net Interest Profit for Intermediation</b>			<b>57</b>
<b>Total Operating Income</b>			<b>223</b>
Administrative and operating expenses			125
<b>Operating income</b>			<b>98</b>
Other income	9		
Other expense	1		
			8
<b>Net income before income tax</b>			<b>106</b>
Current income tax	28		
Deferred income tax	(1)		
			27
<b>Results before subsidiaries unconsolidated and associated companies</b>			<b>79</b>
Participation in the results of subsidiaries unconsolidated and associated companies			-
<b>Results from continuing operations</b>			<b>79</b>
<b>Net income</b>			<b>79</b>

"These statement of income were prepared in accordance with the accounting criteria for brokerage firms, issued by the National Banking and Securities Commission based on Article 205 last paragraph, 210 second paragraph and 211 of the Securities Market Law, which are of a general and mandatory nature and have been applied on a consistent basis. Accordingly, they reflect the revenues and disbursement relating to the transactions carried out by the Brokerage Firm through the dates noted above. Furthermore, these transactions were carried out and valued in accordance with sound practices and the applicable legal and administrative provisions.

These statement of income were approved by the Board Directors under the responsibility of the following officers.

GONZALO ROJAS RAMOS  
PRESIDENT

DIEGO M. PISINGER ALTER  
DIRECTOR GENERAL FINANCE  
AND BUSINESS INTELLIGENCE

KEN PFLUGFELDER  
DIVISIONAL DIRECTOR AUDIT

GORDON MACRAE  
DIRECTOR GROUP  
ACCOUNTING

FRANCISCO LOPEZ CHAVEZ  
ASSISTANT DIRECTOR OF  
ACCOUNTING

**SCOTIA INVERLAT CASA DE BOLSA, S.A. DE C.V.  
GRUPO FINANCIERO SCOTIABANK INVERLAT  
BOSQUE DE CIRUELOS No. 120 PISO 4 COL. BOSQUES DE LAS LOMAS, MEXICO D.F. C.P. 11700  
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY FOR THE PERIOD DECEMBER 31, 2009 TO MARCH 31, 2010  
EXPRESSED IN MILLIONS OF MEXICAN PESOS**

CONCEPT	Paid-in Capital		Capital Surplus					Total stockholders' equity
	Capital stock	Premium from the sale of shares	Statutory reserves	Results from previous years	Result for valuation of securities available for sale	Gain from holding non-monetary assets (from valuation of permanent investments in shares)	Net income	
<b>Balances as of December 31, 2009</b>	551	-	37	703	99	-	178	1,568
<b>ITEMS RELATED TO STOCKHOLDERS DECISIONS</b>								
Issuance of shares								-
Capitalisation of profits								-
Creation of reserves								-
Dividend payment								-
Transfer of prior year's results				178			(178)	-
Other movements								-
<b>Total</b>	-	-	-	178			(178)	
<b>ITEMS RELATED TO RECOGNITION OF COMPREHENSIVE INCOME</b>								
Integral Profit								
-Net income							79	79
-Gain from valuation of available-for-sale securities					35			35
-Effects from valuation of hedging instruments								-
-Cumulative effect of restatement								-
-Gain from holding non-monetary assets								-
-Other movements	-	-	-	-	-			-
<b>Total</b>	-	-	-	-	35		79	114
<b>Balances as of March 31 2010</b>	551	-	37	881	134	-	79	1,682

"These statements of changes in stockholders' equity have been prepared in conformity with the accounting criteria for brokerage firms, issued by the National Banking and Securities Commission based on Article 205 last paragraph, 210 second paragraph and 211 of the Securities Market Law, which are of a general and mandatory nature and have been applied on a consistent basis. Accordingly, they reflect all the stockholders' equity account entries relating to the transactions carried out by the Brokerage Firm through the dates noted above. Furthermore, these transactions were carried out and valued in accordance with sound practices and the applicable legal and administrative provisions.

These statement of changes in stockholders' equity were approved by the Board Directors under the responsibility of the following officers".

GONZALO ROJAS RAMOS  
PRESIDENT

DIEGO M. PISINGER ALTER  
DIRECTOR GENERAL FINANCE AND  
BUSINESS INTELLIGENCE

KEN PFLUGFELDER  
DIVISIONAL DIRECTOR AUDIT

GORDON MACRAE  
DIRECTOR GROUP ACCOUNTING

FRANCISCO LOPEZ CHAVEZ  
ASSISTANT DIRECTOR OF ACCOUNTING

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**SCOTIA INVERLAT CASA DE BOLSA, S.A. DE C.V.**  
**GRUPO FINANCIERO SCOTIABANK INVERLAT**  
**BOSQUE DE CIRUELOS No. 120 PISO 4 COL. BOSQUES DE LAS LOMAS, MEXICO D.F. C.P. 11700**  
**STATEMENT OF CASH FLOW, FOR THE PERIOD JANUARY 1 TO MARCH 31, 2010**  
**EXPRESSED IN MILLIONS OF MEXICAN PESOS**

<b>Net income</b>		79
Adjustments for items that do not imply flow of cash:		
Profit or loss valuation associated with investment and funding activities	-	
Provision for difficult or not collection	-	
Losses for deterioration or cancel effect associated with investment and funding activities	-	
Depreciation and amortization	2	
Provisions	13	
Income tax (caused and deferred)	17	
Participation in results of not consolidated subsidiaries and associated companies	-	
Discontinuous operations	-	
Other	(8)	24
<b>Operation Activities</b>		
Change in margin accounts	11	
Change in securities investment	(6,036)	
Change in repurchase agreements (debtor)	5	
Change in securities (assets)	-	
Change in derivates (assets)	3	
Change in other operational assets	(467)	
Change in funding from banks and other organizations	83	
Change in repurchase agreements (creditor)	5,179	
Change in collateral sold or in guarantee	171	
Change in derivates (liabilities)	494	
Change in other operational liabilities	439	
<b>Operation activities cash flow</b>		<b>(118)</b>
<b>Investment Activities</b>		
Payments for acquisition of intangible assets	(2)	
<b>Investment activities cash flow</b>		<b>(2)</b>
<b>Net Increase in cash</b>		<b>(17)</b>
<b>Cash and equivalent at the beginning of the period</b>		<b>96</b>
<b>Cash and equivalent at the final of the period</b>		<b>79</b>

"These statements of cash flow have been prepared in conformity with the accounting criteria for brokerage firms, issued by the National Banking and Securities Commission based on Article 205 last paragraph, 210 second paragraph and 211 of the Securities Market Law, which are of a general and mandatory nature and have been applied on a consistent basis. Accordingly, they reflect the cash entrance and cash outflow of funds relating to the transactions carried out by the Brokerage Firm through the dates noted above. Furthermore, these transactions were carried out and valued in accordance with sound practices and the applicable legal and administrative provisions.

These statement of cash flow were approved by the Board Directors under the responsibility of the following officers".

GONZALO ROJAS RAMOS  
PRESIDENT

DIEGO M. PISINGER ALTER  
DIRECTOR GENERAL FINANCE  
AND BUSINESS INTELLIGENCE

KEN PFLUGFELDER  
DIVISIONAL DIRECTOR AUDIT

GORDON MACRAE  
DIRECTOR GROUP  
ACCOUNTING

FRANCISCO LOPEZ CHAVEZ  
ASSISTANT DIRECTOR OF  
ACCOUING

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Attachment 5

**SCOTIA FONDOS, S.A. DE C.V.**  
**SOCIEDAD OPERADORA DE SOCIEDADES DE INVERSION**  
**GRUPO FINANCIERO SCOTIABANK INVERLAT**  
**BOSQUE DE CIRUELOS No. 120 PISO 4 COL. BOSQUES DE LAS LOMAS, MEXICO D.F., C.P. 11700**  
**BALANCE SHEET AS AT MARCH 31, 2010**  
**EXPRESSED IN THOUSANDS OF MEXICAN PESOS**

ASSETS		LIABILITIES AND STOCKHOLDERS' EQUITY	
<b>FUNDS AVAILABLE</b>	15	<b>OTHER PAYABLES</b>	
		Income tax	5,940
		Employee profit sharing	2,976
		Sundry creditors and other payables	58,050
			<b>66,966</b>
<b>FINANCIAL INSTRUMENTS</b>		<b>TOTAL LIABILITIES</b>	<b>66,966</b>
Securities – available for trading	158,836		
<b>OTHER ACCOUNTS RECEIVABLE (NET)</b>	66,927	<b>STOCKHOLDERS' EQUITY</b>	
		<b>PAID-IN CAPITAL</b>	
		Capital stock	2,586
<b>DEFERRED TAXES (NET)</b>	1,394	<b>CAPITAL SURPLUS</b>	
		Capital reserves	517
<b>OTHER ASSETS</b>		Results from prior years	135,421
Deferred changes and intangible assets	165	Net results	21,883
Short and Long term assets	36		<b>157,821</b>
	<b>201</b>	<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>160,407</b>
<b>TOTAL ASSETS</b>	<b>227,373</b>	<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>227,373</b>

**MEMORANDUM ACCOUNTS**

Assets and Liabilities contingent	1,951
Assets in custody or under administration	109,955,695

"These balance sheets were prepared in accordance with the accounting criteria for mutual fund management companies, issued by the National Banking and Securities Commission based on Article 76 of the Investment Companies Law, which are of a general and mandatory nature and have been applied on a consistent basis. Accordingly, they reflect the transactions carried out by the Management Companies through the dates indicated above. Furthermore, these transactions were carried out and valued in accordance with sound practices and the applicable legal and administrative provisions.

These balance sheets were approved by the Board Directors under the responsibility of the following officers.

The historical capital stock amount is \$ 2,000 (thousands) as March 31, 2010".

ERNESTO DIEZ SANCHEZ  
PRESIDENT

GORDON MACRAE  
DIRECTOR GROUP ACCOUNTING

**SCOTIA FONDOS, S.A. DE C.V.**  
**SOCIEDAD OPERADORA DE SOCIEDADES DE INVERSION**  
**GRUPO FINANCIERO SCOTIABANK INVERLAT**  
**BOSQUE DE CIRUELOS No. 120 PISO 4 COL. BOSQUES DE LAS LOMAS, MEXICO D.F. C.P. 11700**  
**STATEMENT OF INCOME FOR THE PERIOD JANUARY 1 TO MARCH 31, 2010**  
**EXPRESSED IN THOUSANDS OF MEXICAN PESOS**

Commissions and fees collected	167,922	
Commissions and fees paid		136,247
<b>Service Income</b>		<b>31,675</b>
Valuation gain (loss) on securities	176	
Gain and loss on purchase and sale of securities	1,354	1,530
<b>Total Operating Income</b>		<b>33,205</b>
Administrative expenses		3,262
<b>Operating income</b>		<b>29,943</b>
Other income	386	
Other expense	394	(8)
<b>Net income before income tax</b>		<b>29,935</b>
Current income tax	8,191	
Deferred income tax	(139)	8,052
<b>Results before subsidiaries unconsolidated and associated companies</b>		<b>21,883</b>
<b>Results from continuing operations</b>		<b>21,883</b>
<b>Net income after tax and PTU</b>		<b>21,883</b>

"These statement of income were prepared in accordance with the accounting criteria for mutual fund management companies, issued by the National Banking and Securities Commission based on Article 76 of the Investment Companies Law, which are of a general and mandatory nature and have been applied on a consistent basis. Accordingly, they reflect the revenues and costs relating to the transactions carried out by the Management Companies through the dates indicated above. Furthermore, these transactions were carried out and valued in accordance with sound practices and the applicable legal and administrative provisions.

These statement of income were approved by the Board Directors under the responsibility of the following officers".

ERNESTO DIEZ SANCHEZ  
PRESIDENT

GORDON MACRAE  
DIRECTOR GROUP ACCOUNTING

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**SCOTIA FONDOS, S.A. DE C.V.**  
**SOCIEDAD OPERADORA DE SOCIEDADES DE INVERSION**  
**GRUPO FINANCIERO SCOTIABANK INVERLAT**  
**BOSQUE DE CIRUELOS No. 120 PISO 4 COL. BOSQUES DE LAS LOMAS, MEXICO D.F. C.P. 11700**  
**STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY FOR THE PERIOD DECEMBER 31, 2009 TO MARCH 31, 2010**  
**EXPRESSED IN THOUSANDS OF MEXICAN PESOS**

CONCEPT	Paid-in Capital		Capital Surplus			Total stockholders' equity	
	Capital stock	Premium from the sale of shares	Statutory reserves	Results from previous years	Employee benefits adjustment		Net income
<b>Balances as of December 31, 2009</b>	2,586	-	517	86,746	-	48,675	138,524
<b>ITEMS RELATED TO STOCKHOLDERS DECISIONS</b>							
Issuance of shares							-
Capitalisation of profits							-
Creation of reserves							-
Transfer of prior year's results							-
Dividend payment				48,675		(48,675)	-
<b>Total</b>	-	-	-	48,675	-	(48,675)	-
<b>ITEMS RELATED TO RECOGNITION OF COMPREHENSIVE INCOME</b>							
Integral Profit							
-Net income						21,883	21,883
-Gain from valuation of available-for-sale securities							-
-Gain from holding non-monetary assets							-
<b>Total</b>	-	-	-	-	-	21,883	21,883
<b>Balances as of March 31, 2010</b>	2,586	-	517	135,421	-	21,883	160,407

"These statement of changes in stockholders' equity have been prepared in accordance with the accounting criteria for mutual fund management companies, issued by the National Banking and Securities Commission based on Article 76 of the Investment Companies Law, which are of a general and mandatory nature and have been applied on a consistent basis. Accordingly, they reflect all the stockholders' equity account entries relating to the transactions carried out by the Management Companies through the dates indicated above. Furthermore, these transactions were carried out and valued in accordance with sound practices and the applicable legal and administrative provisions.

These statement of changes in stockholders' equity were approved by the Board Directors under the responsibility of the following officers".

ERNESTO DIEZ SANCHEZ  
PRESIDENT

GORDON MACRAE  
DIRECTOR GROUP ACCOUNTING

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**SCOTIA FONDOS, S.A. DE C.V.**  
**SOCIEDAD OPERADORA DE SOCIEDADES DE INVERSION**  
**GRUPO FINANCIERO SCOTIABANK INVERLAT**  
**BOSQUE DE CIRUELOS No. 120 PISO 4 COL. BOSQUES DE LAS LOMAS, MEXICO D.F. C.P. 11700**  
**STATEMENT OF CASH FLOW, FOR THE PERIOD JANUARY 1 TO MARCH 31, 2010**  
**EXPRESSED IN THOUSANDS OF MEXICAN PESOS**

<b>Net income</b>	21,883
Adjustments for items that not imply cash flow :	
Profit or loss valuation associated with investment and financing activities	-
Provision for difficult or not collection	-
Losses for deterioration or cancel effect associated with investment and funding activities	-
Depreciation and amortisation	-
Provisions	35
Income tax (caused and deferred)	5,720
Participation in results unconsolidated subsidiaries and associated companies	-
Others	(176)
	5,579
<b>Operation activities</b>	
Change in securities investment	(5,750)
Change in repurchase agreements (debtor)	-
Change in other operational assets	(51,186)
Change in bank and other loans	-
Change in collateral sold or in guarantee	-
Change in other operational liabilities	29,474
<b>Operation activities cash flow</b>	<b>(27,462)</b>
<b>Investment activities</b>	
Collections for regulation of property, furniture and equipment	-
Payments for acquisition of property, furniture and equipment	-
Collections for regulation in subsidiaries and associated companies	-
Payments for acquisition in subsidiaries and associated companies	-
Collections for regulation in long term investments equities	-
Payments for acquisition in long term investments equities	-
Collections in cash (dividends)	-
Payments for acquisition of intangible assets	-
Collections for regulation in long term assets available for sale	-
Collections for regulation in long term of other assets	-
Payments for acquisition in long term of other assets	-
<b>Investment activities cash flow</b>	-
<b>Financing activities</b>	
Collections in equity issues	-
Payments for return in capital stock	-
Payments in cash (dividends)	-
Associated payments in equity repurchase	-
<b>Financing activities cash flow</b>	-
<b>Net Increase in cash</b>	-
<b>Cash flow adjustments in foreign exchange and inflation variations</b>	-
<b>Cash and equivalent at the beginning of the period</b>	15
<b>Cash and equivalent at the final of the period</b>	<b>15</b>

"This statement of cash flow has been prepared in accordance with the accounting criteria for mutual fund management companies, issued by the National Banking and Securities Commission based on Article 76 of the Investment Companies Law, which are of a general and mandatory nature and have been applied on a consistent basis. Accordingly, they reflect the sources and application of funds relating to the transactions carried out by the Management Companies through the dates indicated above. Furthermore, these transactions were carried out and valued in accordance with sound practices and the applicable legal and administrative provisions.

This statement of cash flow was approved by the Board Directors under the responsibility of the following officers".

ERNESTO DIEZ SANCHEZ  
PRESIDENT

GORDON MACRAE  
DIRECTOR GROUP ACCOUNTING

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**SCOTIA FONDOS, S.A. DE C.V.**  
**SOCIEDAD OPERADORA DE SOCIEDADES DE INVERSION**  
**GRUPO FINANCIERO SCOTIABANK INVERLAT**  
**BOSQUE DE CIRUELOS No. 120 PISO 4 COL. BOSQUES DE LAS LOMAS, MEXICO D.F. C.P. 11700**  
**STATEMENT OF INVESTMENT LOAN VALUATION, AS AT MARCH 31, 2010**  
**EXPRESSED IN THOUSANDS OF MEXICAN PESOS**

REFERENCE NUMBER	INVESTMENT TYPE	ISSUER	SERIES	SECURITY TYPE	MARKET RATE	RATE TYPE	CREDIT RATING	No. OF SECURITIES MANAGEMENT	No. OF SECURITIES SETTLEMENTS	No. OF SECURITIES ISSUED	AVERAGE ACQUISITION COST / UNIT	TOTAL ACQUISITION COST	MARKET PRICE	TOTAL MARKET VALUE	DAYS TO MATURITY
	D	SCOTIAG	M6	51	0	TR	AAA/2 F	4,427,946	32,186	228,965,518	35.859427	158,784	35.871264	158,836	0
<b>TOTALS:</b>												158,784	158,836		

"These statement of investment loan valuation have been prepared in accordance with the accounting criteria for mutual fund management companies, issued by the National Banking and Securities Commission based on Article 76 of the Investment Companies Law, which are of a general and mandatory nature and have been applied on a consistent basis. Accordingly, they reflect the sources and application of funds relating to the transactions carried out by the Management Companies through the dates indicated above. Furthermore, these transactions were carried out and valued in accordance with sound practices and the applicable legal and administrative provisions.

These statement of investment loan valuation were approved by the Board Directors under the responsibility of the following officers".

ERNESTO DIEZ SANCHEZ  
PRESIDENT

GORDON MACRAE  
DIRECTOR GROUP ACCOUNTING

[www.scotiabank.com.mx/QuienesSomos/quien/Info\\_coporativa/estados\\_financieros/Pages/Estados\\_financieros.aspx](http://www.scotiabank.com.mx/QuienesSomos/quien/Info_coporativa/estados_financieros/Pages/Estados_financieros.aspx)  
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Attachment 6

**SCOTIA AFORE, S.A. DE C.V.**  
**GRUPO FINANCIERO SCOTIABANK INVERLAT**  
**LORENZO BOTURINI No. 202 COL. TRANSITO, MEXICO, D.F. C.P. 06820**  
**BALANCE SHEET AS AT MARCH 31, 2010**  
**EXPRESSED IN THOUSANDS OF MEXICAN PESOS**

<b>ASSETS</b>		<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>
<b>INVESTMENT</b>		<b>LIABILITIES</b>
Investment in Capital stock minimum:		Other obligations
Siefore Basica 1	4,000	Provision for various obligations
Siefore Basica 2	100	
Siefore Basica 3	100	7,456
Siefore Basica 4	100	
Siefore Basica 5	100	23,511
Siefore Ahorro Voluntario CP 1	100	
Investment in Capital stock minimum restated	1,364	Total Liabilities
		30,967
Total Investment	5,864	
<b>FUNDS AVAILABLE</b>		<b>STOCKHOLDERS' EQUITY</b>
Bank	6,967	Paid-in Capital
Available investments	180,000	Historical fixed
Total Fund Available	186,967	Restated fixed
		Historical variable
<b>OTHER RECEIVABLES</b>		Restated variable
Various debtors	303	Retained Earnings- Prior Periods
Taxes for credit	2,675	Net income
Total Other debtors	2,978	(79,264)
		(6,624)
<b>OTHER INVESTMENT</b>		Total Stockholders' Equity
Investments in service entities	381	181,192
Other investment	5,878	
Total other investment	6,259	
<b>PROPERTY, FURNITURE AND EQUIPMENT (NET)</b>		
Furniture and equipment (net)	2,224	
Total furniture and equipment (net)	2,224	
<b>ANTICIPATED PAYMENTS AND DEFERRED CHARGES (NET)</b>		
Deferred taxes	905	
Anticipated payments (net)	6,963	
Total Anticipated payments (net)	7,868	
<b>TOTAL ASSET</b>	<b>212,160</b>	<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>
		<b>212,160</b>

**MEMORANDUM DEBT ACCOUNTS**

Authorised Capital Stock*	262,700
Stocks issued (authorized number)	262,700,000
Siefores stocks, third position (number)	6
Siefores stocks, own position (number)	4,462,365
Internal Control of Administrator	2,777

\* Historical pesos

Due to the sale of its assets on January 11, 2010, Scotia Afore is in the process of transitioning into a service company.

" Balance sheet has been formulated in agreement to the rules of group of accounts established by the National Commission of the System of Saving for the Retirement, ("Comision Nacional de Sistema de Ahorro para el Retiro") and under the strict responsibility of the executives who sign ":

Pablo Alberto Magaña Arana  
President Scotia Afore

Brenda Patricia Rivera Quijada  
Manager of Administration and Treasury

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**SCOTIA AFORE, S.A. DE C.V.**  
**GRUPO FINANCIERO SCOTIABANK INVERLAT**  
**LORENZO BOTURINI No. 202 COL. TRANSITO, MEXICO, D.F. C.P. 06820**  
**STATEMENT OF INCOME FOR THE PERIOD JANUARY 1 TO MARCH 31, 2010**  
**EXPRESSED IN THOUSANDS OF MEXICAN PESOS, EXCEPT APPRAISAL PRICE**

Income		
Commissions	2,103	
Other revenues	2,555	
Participation in results of subsidiaries and associated companies	298	
<b>Total income</b>		<b>4,957</b>
Egresos:		
Personnel remunerations	5,528	
Personnel services	1,428	
Personnel and Commissioners remunerations	30	
Professional fees	335	
Real stare income paid	278	
Other administrative and operating expenses	859	
Commissions paid	10	
Administrative services	741	
Taxes	1,672	
Depreciation & Amortization	187	
Non-deductible expenses	33	
Financial expenses	480	
Forex result		
PTU caused		
<b>Total expenses</b>		<b>11,580</b>
<b>Net Income</b>		<b>(6,624)</b>

The all shares management by the Investment society AFORE are shown on March 31, 2010.

	Shares outstanding	Appraisal Price	Total amount
Basic Investment Society 1:			
Own position Afore	3,999,999	\$ 1.323074	\$ 5,292
Basic Investment Society 2:			
Own position Afore	99,999	\$ 1.247110	\$ 125
Basic Investment Society 3:			
Own position Afore	87,456	\$ 1.246173	\$ 109
Basic Investment Society 4:			
Own position Afore	87,456	\$ 1.252308	\$ 110
Basic Investment Society 5:			
Own position Afore	87,456	\$ 1.281615	\$ 112
Volunteer and save investment society:			
Own position Afore	99,999	\$ 1.165847	\$ 117
Societies:			
Own position Afore	4,462,365		\$ 5,864
		<b>Society Total</b>	<b>\$ 5,864</b>

Due to the sale of its assets on January 11, 2010, Scotia Afore is in the process of transitioning into a service company.

"This statement of income has been presented in accordance with the rules established by the National Commission for the System of Saving for the Retirement ("Comision Nacional de Sistema de Ahorro para el Retiro") and are the responsibility of the undersigned officers:

Pablo Alberto Magaña Arana  
 President Scotia Afore

Brenda Patricia Rivera Quijada  
 Manager of Administration and Treasury

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**SCOTIA AFORE, S.A. DE C.V.**  
**GRUPO FINANCIERO SCOTIABANK INVERLAT**  
**LORENZO BOTURINI No. 202 COL. TRANSITO, MEXICO, D.F. C.P. 06820**  
**STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY FOR THE PERIOD DECEMBER 31, 2009 TO MARCH 31, 2010**  
**EXPRESSED IN THOUSANDS OF MEXICAN PESOS**

	Paid-in Capital		Retained Earnings – Prior Period	Adjustment for Retirement Liabilities	Net Income	Total Stockholders Equity
	Restated fixed	Restated variable				
<b>Balances as of December 31, 2009</b>	<b>58,629</b>	<b>208,451</b>	<b>(136,271)</b>	-	<b>(57,007)</b>	<b>187,816</b>
<b>Items related to stockholders decisions</b>						
Transfer of prior year's results			57,007		(57,000)	-
Capital contribution						
<b>Inherent movements at the integral result:</b>						
Net Income					(6,624)	<b>(6,624)</b>
Adjust of additional liability recognized in net stockholder's equity of deferred taxes						-
	-	-	-	-	-	-
<b>Balances as of March 31, 2010</b>	<b>58,629</b>	<b>208,451</b>	<b>(79,264)</b>	-	<b>(6,624)</b>	<b>181,192</b>

Due to the sale of its assets on January 11, 2010, Scotia Afore is in the process of transitioning into a service company.

"This statement of changes in stockholders' equity has been presented in accordance with the rules established by the National Commission for the Retirement Saving System ("Comision Nacional de Sistema de Ahorro para el Retiro") and are the responsibility of the undersigned officers:

Pablo Alberto Magaña Arana  
 President Scotia Afore

Brenda Patricia Rivera Quijada  
 Manager of Administration and Treasury

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**SCOTIA AFORE, S.A. DE C.V.**  
**GRUPO FINANCIERO SCOTIABANK INVERLAT**  
**LORENZO BOTURINI No. 202 COL. TRANSITO, MEXICO, D.F. C.P. 06820**  
**STATEMENT OF CASH FLOW, FOR THE PERIOD JANUARY 1 TO MARCH 31, 2010**  
**EXPRESSED IN THOUSANDS OF MEXICAN PESOS**

Operating Activities	
Net Income	(6,624)
Item not requiring (providing) funds	
Depreciation and amortisation	187
Investment valuation in Siefores	(298)
Deferred taxes and other obligations	28,552
Provisions	(13,240)
Subtotal	8,577
Investment in special provision	36,215
Available investments, anticipated payments & intangible assets	(55,068)
Various debtors and commissions	197,243
Net flow cash activities	186,967
Bank's increases:	186,967
Bank's:	
At beginning of year	2,680
At end of year	186,967

Due to the sale of its assets on January 11, 2010, Scotia Afore is in the process of transitioning into a service company.

"This statement of changes in financial position has been presented in accordance with the rules established by the National Commission for the Retirement Saving System ("Comision Nacional de Sistema de Ahorro para el Retiro") and are the responsibility of the undersigned officers:

Pablo Alberto Magaña Arana  
 President Scotia Afore

Brenda Patricia Rivera Quijada  
 Manager of Administration and Treasury

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## Attachment 7 Grupo Scotiabank

Grupo Scotiabank Financial Indicators					
	2010	2009			
	Q1	Q4	Q3	Q2	Q1
<b>ROE</b> <i>(Annualised quarterly net income / average capital for the quarter)</i>	12.4	13.1	9.1	5.8	7.5
<b>ROA</b> <i>(Annualised quarterly net income / average of total assets for the quarter)</i>	2.2	2.2	1.5	1.0	1.3
<b>Net Interest margin</b> <i>(Net interest margin including credit loss provisions / average earning assets)</i>	5.5	5.1	5.1	5.0	4.2
<b>Operating efficiency</b> <i>(Annualised quarterly operating expenses / average of total assets for the quarter)</i>	5.6	6.4	6.3	6.1	5.8
<b>Delinquency index</b> <i>(Balance of past due loans at quarter end / balance total loans)</i>	4.0	3.9	3.8	4.3	4.2
<b>Reserve coverage of past due loans</b> <i>(Allowance for credit losses at quarter end / balance of past due loans)</i>	101.6	103.6	108.7	96.8	104.6
<b>Net capital / Credit risk adjustment assets</b>	22.66	21.55	20.97	20.28	19.81
<b>Net capital / Total risk adjustment assets</b> <i>(credit, market and operational risk)</i>	17.43	16.73	16.43	15.98	14.96
<b>Liquidity</b> <i>(Liquid assets / liquid liabilities)</i>	62.8	63.5	68.0	58.3	65.3

Note: Include the netting of Restricted Investment related to Repos.

Grupo Scotiabank Segments; as at March 31, 2010 <i>(P\$ millions)</i>				
	Credit & Services	Trading & Treasury	Other	Total Group
Net interest income	2,284	298	(21)	2,561
Other income	998	91	289	1,378
<b>Revenue</b>	<b>3,282</b>	<b>389</b>	<b>268</b>	<b>3,939</b>
Provision for credit losses	(652)	-	-	(652)
<b>Total revenue</b>	<b>2,630</b>	<b>389</b>	<b>268</b>	<b>3,287</b>
Operating expenses	(1,950)	(118)	(133)	(2,201)
Participation in results of subsidiaries and associated companies	-	-	-	-
<b>Profit before income tax</b>	<b>680</b>	<b>271</b>	<b>135</b>	<b>1,086</b>
Income tax				(233)
<b>Profit after income tax</b>				<b>853</b>

### Related-party transactions

During the normal course of business, The Group carries out transactions with related parties. According to the Group's policies, the Bank's Board of Directors authorizes all credit transactions with related parties, which are granted at market rates with guarantees and terms in accordance with sound banking practices.

At March 31, 2010 principal balances with related parties are for bank loans granted of P\$1,709 million.

## Financial Information Disclosure

The Bank of Nova Scotia (“BNS”), the controlling entity, provides diversified financial services globally, and is listed on the Toronto and New York stock exchanges. As issuer, BNS issues, amongst other information, annual and quarterly financial information prepared in accordance with Canadian generally accepted accounting principles (Canadian GAAP). The consolidated financial statements also comply with the accounting requirements of the Canadian Bank Act. The financial information includes the results of entities that are consolidated in Grupo Financiero Scotiabank Inverlat (“SBM”).

Based on the requirements set forth by the Comision Nacional Bancaria y de Valores (“CNBV”), SBM issues, through its electronic page in the world wide web (“Internet”), its consolidated financial statements with figures as of March, June, September and December, prepared in accordance with the Accounting Criteria for Financial Institutions defined by the CNBV.

### Reconciliation of Mexican and Canadian GAAP

The net income of MXN 868 million reported by SBM for the quarter ending December 31, 2009 is different from the MXN 916 million (CAD 75 million) figure reported by BNS since financial institutions in Mexico prepare and present their financial statements according to Mexican GAAP, which differs in some aspects from Canadian GAAP. The reconciling items can be grouped as follows:

**Non-controlling interest** - BNS records, as an expense, the non-controlling interest in SBM’s net income.

**Acquisition accounting and other Canadian GAAP adjustments**- On acquisition of SBM, BNS was required to record its share of SBM’s assets and liabilities at their fair value. As a result, in subsequent periods, BNS’ share of SBM’s net income is affected by these differences in carrying values. There are also other measurement differences between Mexican and Canadian GAAP, which are adjusted by BNS.

Summary of the main reconciling items between net income reported by SBM and net income reported by BNS for the quarter ending December 31st, 2009.

In MXN millions (except as indicated)	Q4/09
<b>SBM consolidated net income under Mexican GAAP – per the December 2009 Press Release</b>	868
Non-controlling interest – 2.7%	(23)
Acquisition accounting and other Canadian GAAP adjustments	71
SBM consolidated net income under Canadian GAAP as reported by BNS	916
<b>SBM consolidated net income under Canadian GAAP reported by BNS in Canadian dollars</b>	<b>CAD \$75</b>

## Internal Control

The internal control policies establish the internal control framework for Grupo Scotiabank and its subsidiaries and the control environment in which they operate, with the objective of having a reasonable level of confidence that the institution operates in prudent and sound manner.

An internal control model has been established to clearly identify responsibilities, subject to the premise that all the members of GSB share responsibility concerning internal control matters. The internal control model is composed of:

- A Board of Directors that is responsible for overseeing that GSB operates in accordance with sound practices and that it is effectively and efficiently managed. The Board of Directors are also responsible for approving GSB objectives and Internal Control Policies, the Conduct in Business Guidelines and other internal conduct manuals, as well as the organization's structure. The Board is also responsible for appointing GSB internal and external auditors, as well as its key officers.
- An Audit Committee assists the Board of Directors in determining and updating all internal control policies and procedures, and in verifying and evaluating them. The Audit Committee is composed of three regular directors and is presided over by an independent director. It meets on a monthly basis.
- The Executive Management is responsible for establishing the internal control system that manages all GSB subsidiaries and verifies that they operate efficiently and effectively.
- Organizational and procedural controls supported by an effective management information system (MIS), for the Executive that allows managing GSB's exposure to risk.
- An independent audit area for purposes of supervising the effectiveness and efficiency of all controls in place.
- In addition for compliance and controllership activities, an independent area works for insurance integrity of the Internal Control System.
- Management Integral Risk Area, (UAIR like their initials in Spanish) gives support in all the process areas of risk control establishing policies and methods, keeping development and promotion which includes Self Assessment's methodology of Operative Risk.
- Very clear mandates in terms that each one of the areas and individuals, that compose GSB, is responsible for observing all internal control aspects and complying with the laws, regulations and internal policies of the institution.

In addition to the foregoing, GSB conducts itself in accordance with all applicable laws and regulations, it abides by and observes all best corporate practices, and keeps its annual certification under the 404 rule Sarbanes Oxley Law in 2009, in its capacity as a subsidiary of The Bank of Nova Scotia in Canada.

## Treasury Policies

Grupo Scotiabank (GSB) administers and maintains conservative and adequate liquidity levels, always within the best industry practices and in accordance with regulatory requirements. To this end, a stable, traditional and well-diversified deposit base is maintained as well as an active participation in the inter-bank market. In addition to the solid deposit base, GSB has at its disposal a wide range of lines of credit for working capital purposes, as well as irrevocable letters of credit that can be used to cover part of its established liquid asset requirements required by the Bank of Mexico.

Together with the above, The Group has adopted policies, procedures and clear limits for liquidity administration which outline the timely steps to follow to maintain sufficient liquidity gaps and liquid assets in case of some unforeseen contingency. These policies promote the uniform distribution of cash flows and try to minimize the liquidity gaps between assets and liabilities, taking into consideration the historic movements and the various products that make up the liquidity gaps.

The Bank of Directors and the Risk Committee have delegated to the Asset and Liability Committee, the administration and monitoring of liquidity risk within the parameters and limits established by the Board. The financial position with respect to liquidity, re-pricing, securities investment, risk and intermediation positions are periodically monitored by the Risk Administration area, that in turn, informs the Asset and Liability Committee and the Risk Committee for their analysis, follow-up and action as required. The Group Treasury Department is responsible for managing the liquidity risk and strategies to cover the liquidity and re-pricing gaps including taking risk positions and investing in securities.

## Attachment 8 Scotiabank Mexico

Scotiabank Mexico Financial Indicators					
	2010	2009			
	Q1	Q4	Q3	Q2	Q1
<b>ROE</b> <i>(Annualised quarterly net income / average capital for the quarter)</i>	9.2	10.9	9.2	6.0	7.3
<b>ROA</b> <i>(Annualised quarterly net income / average of total assets for the quarter)</i>	1.4	1.8	1.5	1.0	1.2
<b>Net Interest margin</b> <i>(Net interest margin including credit loss provisions / average earning assets)</i>	5.5	5.2	5.1	4.9	4.1
<b>Operating efficiency</b> <i>(Annualised quarterly operating expenses / average of total assets for the quarter)</i>	5.4	5.9	6.0	5.7	5.5
<b>Delinquency index</b> <i>(Balance of past due loans at quarter end / balance total loans)</i>	4.0	3.9	3.8	4.3	4.2
<b>Reserve coverage of past due loans</b> <i>(Allowance for credit losses at quarter end / balance of past due loans)</i>	101.6	103.6	108.7	96.8	104.6
<b>Net capital / Credit risk adjustment assets</b>	22.66	21.55	20.97	20.28	19.81
<b>Net capital / Total risk adjustment assets</b> <i>(credit, market and operational risk)</i>	17.43	16.73	16.43	15.98	14.96
<b>Liquidity</b> <i>(Liquid assets / liquid liabilities)</i>	57.4	60.4	61.1	52.5	59.1

Note: Include the netting of Restricted Investment related to Repos.

Scotiabank Mexico Performing Loan Portfolio; as at March 31, 2010 <i>(P\$ millions)</i>				
	Pesos	USD	Udis	Total
Business loans	25,067	5,943	-	31,010
Loans to financial institutions	3,254	74	-	3,328
Loans to government entities	6,303	-	-	6,303
Consumer loans	17,073	-	-	17,073
Mortgages	38,312	177	424	38,913
<b>Total</b>	<b>90,009</b>	<b>6,194</b>	<b>424</b>	<b>96,627</b>

Scotiabank Mexico Past-due Loan Portfolio; as at March 31, 2010 <i>(P\$ millions)</i>				
	Pesos	USD	Udis	Total
Business loans	424	22	-	446
Loans to financial institutions	4	-	-	4
Consumer loans	1,015	-	-	1,016
Mortgages	2,362	14	140	2,516
<b>Total</b>	<b>3,805</b>	<b>36</b>	<b>140</b>	<b>3,982</b>

Scotiabank Mexico Financial Information by product and region	March 31, 2010	December 31, 2009	March 31, 2009
<b>Performing Loan Portfolio</b>			
Metro Division	<b>52.8%</b>	<b>52.2%</b>	<b>55.1%</b>
Metro North	<b>24.0%</b>	<b>21.9%</b>	<b>23.8%</b>
Metro South	9.5%	8.2%	8.4%
West Division	14.5%	13.7%	15.4%
Metro East	<b>13.1%</b>	<b>14.7%</b>	<b>15.2%</b>
Mexico Central	6.7%	7.0%	7.0%
East Division	6.4%	7.7%	8.2%
Mexico North	<b>15.7%</b>	<b>15.6%</b>	<b>16.1%</b>
Mexico South	6.4%	7.0%	7.1%
<b>Past-due Loan Portfolio</b>	9.3%	8.6%	9.0%
Metro Division	<b>46.7%</b>	<b>47.7%</b>	<b>44.7%</b>
Metro North	<b>16.0%</b>	<b>17.0%</b>	<b>17.7%</b>
Metro South	7.2%	7.6%	7.8%
West Division	8.8%	9.4%	9.9%
Metro East	<b>12.5%</b>	<b>13.5%</b>	<b>12.4%</b>
Mexico Central	5.8%	5.9%	5.4%
East Division	6.7%	7.6%	7.0%
Mexico North	<b>18.2%</b>	<b>17.2%</b>	<b>14.6%</b>
Mexico South	5.1%	5.7%	5.5%

Scotiabank Mexico Reconciliation of Past Due Loans (P\$ millions)	
<b>Balance as at December 31, 2009</b>	<b>3,958</b>
Transfers (to) / from current loans	726
Restructured loans	-
Loans recovered	(7)
Loans written off	(680)
Foreign exchange	5
<b>Balance as at March 31, 2010</b>	<b>3,982</b>

Scotiabank Mexico Allowance for Credit Losses (P\$ millions)	
<b>Balance as at December 31, 2009</b>	<b>4,078</b>
Plus: Reserves created	652
Reserves created against equity (Credit card)	-
Less: Reserves taken into income	-
Transfer from Trust to Bank	-
Adjudications	6
Charge-offs and applications relating to regular loans	675
Commercial	3
Mortgage	175
Consumer	496
Charge-offs and applications relating to debtor support programs	4
Foreign exchange	(3)
<b>Balance as at March 31, 2010</b>	<b>4,044</b>

Scotiabank Mexico Authorized financing that exceeds 10% Basic Capital (P\$ millions as at March 31, 2010)		
No. of Credits	Amount	% Basic Capital
-	-	-
Financing to the 3 principal creditors		4,062

## Capital management

The Bank has a capital management process in place to measure, deploy and monitor its available capital and assess its adequacy. The objectives and practices of the Bank's capital management process are consistent with those in place as at March 31, 2010.

The two primary capital ratios used to assess capital adequacy are Tier 1 and total Tier 2 capital ratios, which are determined by dividing those capital components by risk-weighted assets. Risk-weighted assets represent the Bank's exposure to credit, market and operational risk and are computed by applying a combination of the Bank's internal credit risk parameters. On March 31, 2010 the Bank's Tier 1 capital ratio was 22.66% and total Tier 2 capital ratio was 17.43%.

Scotiabank Mexico – Capitalisation (P\$ millions; Consolidated with subsidiaries and UDI trusts)	March 31, 2010 (*)	December 31, 2009	March 31, 2009
Share capital	25,796	25,058	23,849
Less: Investment in financial companies	311	219	503
Investment in Non-financial companies	123	125	123
PTU & Income tax, deferred assets	-	201	-
Other non-allowable assets and deferred expenses	2,102	1,967	1,788
Plus: Allowable deferred tax	-	201	-
<b>Basic capital (tier 1)</b>	<b>23,260</b>	<b>22,747</b>	<b>21,435</b>
Allowable reserves against credits	410	386	366
<b>Complementary capital (tier 2)</b>	<b>410</b>	<b>386</b>	<b>366</b>
<b>Total net capital (tier 1 + 2)</b>	<b>23,670</b>	<b>23,133</b>	<b>21,801</b>

\*Preliminary figures pending Banco de Mexico approval.

Scotiabank Mexico – Risk Assets (constant P\$ millions as at March 31, 2010)		Risk asset equivalent	Capital requirement
<b>Market Risk</b>	Operation in MXN at nominal rates	15,012	1,201
	Debt Instrument operations with “sur-charge” and adjustable rate	589	47
	Operation in MXN at real rates or rates denominated in UDIS	1,684	135
	Positions in UDIS or with yields related to inflation accounting	6	-
	Operation in foreign currencies at nominal rates	263	21
	Foreign exchange positions	292	23
	Securities positions or with yields related to a group of securities	467	37
	<b>Total market risk</b>	<b>18,313</b>	<b>1,464</b>
<b>Credit Risk</b>	Group III (weighted at 20%)	2,749	220
	Group III (weighted at 23%)	219	17
	Group III (weighted at 50%)	952	76
	Group III (weighted at 57.5%)	1,303	104
	Group III (weighted at 100%)	10	1
	Group IV (weighted at 20%)	662	53
	Group V (weighted at 20%)	841	67
	Group V (weighted at 50%)	898	72
	Group VI (weighted at 50%)	9,443	755
	Group VI (weighted at 75%)	10,779	862
	Group VI (weighted at 100%)	21,892	1,751
	Group VII (weighted at 20%)	80	6
	Group VII (weighted at 100%)	30,349	2,428
	Group VII (weighted at 150%)	37	3
	Group VIII (weighted at 125%)	2,342	187
Group IX (weighted at 100%)	21,880	1,750	
	<b>Total credit risk</b>	<b>104,436</b>	<b>8,352</b>
	<b>Total operational risk</b>	<b>13,030</b>	<b>1,042</b>
	<b>Total Risk Assets</b>	<b>117,466</b>	<b>9,394</b>

Scotiabank Mexico Capital Ratios	March 31, 2010 (*)	December 31, 2009	March 31, 2009
<b>(1) Capital to credit risk:</b>			
Basic capital (tier 1)	22.27%	21.19%	19.48%
Complementary capital (tier 2)	0.39%	0.36%	0.33%
<b>Total net capital (tier 1+ 2)</b>	<b>22.66%</b>	<b>21.55%</b>	<b>19.81%</b>
<b>(2) Capital total risk:</b>			
Basic capital (tier 1)	17.13%	16.46%	14.70%
Complementary capital (tier 2)	0.30%	0.28%	0.25%
<b>Total net capital (tier 1+ 2)</b>	<b>17.43%</b>	<b>16.73%</b>	<b>14.96%</b>
<b>Classification according to the general rules referred to in Article 134 of the Credit Institutions Law</b>	<b>I</b>	<b>I</b>	<b>I</b>

\*Preliminary figures pending Banco de Mexico approval.

Scotiabank Mexico Composition of Securities Portfolio (reasonable value) (P\$ millions as at March 31, 2010)					
Category	Government Paper	Debt Securities	Bank Paper	Other	Total
<b>Trading</b>	<b>11,326</b>	<b>2,754</b>	<b>41</b>	<b>-</b>	<b>14,121</b>
Without restriction:	18	2,487	32	-	2,537
Restricted:	11,308	267	9	-	11,584
Repurchase agreement:s	10,568	267	-	-	10,835
Others:	740	-	9	-	749
<b>Available for sale</b>	<b>3,031</b>	<b>1,001</b>	<b>126</b>	<b>4,231</b>	<b>8,389</b>
Without restriction:	3,031	1,001	126	4,231	8,389
Restricted:	-	-	-	-	-
<b>Held to maturity</b>					
Without restriction:	1,816	-	-	-	1,816
<b>Total securities</b>	<b>16,173</b>	<b>3,755</b>	<b>167</b>	<b>4,231</b>	<b>24,326</b>

Scotiabank Mexico Investments in non-Government Securities (In excess of 5% of net capital) (P\$ millions as at March 31, 2010)				
Issuer	Securities	Rate	Term	Value
INBURSA 10164	1,490	4.70%	28	1,486
INBURSA 10174	1,004	4.70%	29	1,000
<b>Total</b>	<b>2,494</b>			<b>2,486</b>

Scotiabank Mexico Rates paid on core deposits (as at March 31, 2010)			
	Average rate paid		
	Pesos	USD	UDIs
Demand and savings	1.11%	0.08%	-
Term Deposits	3.89%	0.24%	0.03%

Scotiabank Mexico Financial Information by product and region	March 31, 2010	December 31, 2009	March 31, 2009
<b>Demand deposits</b>	<b>52.8%</b>	<b>52.2%</b>	<b>55.1%</b>
Metro Division	<b>24.0%</b>	<b>21.9%</b>	<b>23.8%</b>
Metro North	9.5%	8.2%	8.4%
Metro South	14.5%	13.7%	15.4%
West Division	<b>13.1%</b>	<b>14.7%</b>	<b>15.2%</b>
Metro East	6.7%	7.0%	7.0%
Mexico Central	6.4%	7.7%	8.2%
East Division	<b>15.7%</b>	<b>15.6%</b>	<b>16.1%</b>
Mexico North	6.4%	7.0%	7.1%
Mexico South	9.3%	8.6%	9.0%
<b>Ventanilla Deposits</b>	<b>46.7%</b>	<b>47.7%</b>	<b>44.7%</b>
Metro Division	<b>16.0%</b>	<b>17.0%</b>	<b>17.7%</b>
Metro North	7.2%	7.6%	7.8%
Metro South	8.8%	9.4%	9.9%
West Division	<b>12.5%</b>	<b>13.5%</b>	<b>12.4%</b>
Metro East	5.8%	5.9%	5.4%
Mexico Central	6.7%	7.6%	7.0%
East Division	<b>18.2%</b>	<b>17.2%</b>	<b>14.6%</b>
Mexico North	5.1%	5.7%	5.5%
Mexico South	13.1%	11.5%	9.1%
<b>Total funding from customers</b>	<b>99.5%</b>	<b>99.9%</b>	<b>99.8%</b>
<b>Professional Funding</b>	<b>0.5%</b>	<b>0.1%</b>	<b>0.2%</b>

Scotiabank Mexico Funding from Banks and Other Organisations (P\$ millions, as at March 31, 2010)						
Term	Loans		Other funding			Total
	Commercial Banks	Banco de México	Development Bank	Development Funds	Other	
<b>Pesos</b>						
Short	-	-	-	-	-	-
Medium	-	-	1,111	535	-	1,646
Long	-	-	260	1,856	-	2,116
<b>Total</b>	-	-	<b>1,371</b>	<b>2,391</b>	-	<b>3,762</b>
Average Rate*	4.69%	-	5.00%	8.05%	-	
<b>Other</b>						
Short	-	-	-	-	-	-
Medium	-	-	-	-	-	-
Long	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-
Average Rate*	-	-	-	0.26%	0.89%	-
<b>Total Interbank and other funding</b>	-	-	<b>1,371</b>	<b>2,391</b>	-	<b>3,762</b>

\*Average rate of March 31, 2010

The bank does not have debt from any creditor that is greater than 10% of total liabilities as at March 31, 2010.

Scotiabank Mexico has 4 issuances (which include two tranches of the second issue) of Bank Certificates. The main features of the issuances are as follow:

Issuance number	First	Second – 1 <sup>st</sup> Tranches	Second – 2 <sup>nd</sup> Tranches	Third	Fifth
<b>Trade Code</b>	SCB0001 05	SCOTIAB 05	SCOTIAB 05	SCB0002 05	SCOTIAB 07
<b>Amount issued</b>	\$400 millions	\$700 millions	\$800 millions	\$300 millions	\$2,000 millions
<b>Date</b>	November 10, 2005	November 10, 2005	December 8, 2005	December 8, 2005	December 5, 2007
<b>Term</b>	3,652 days, aprox. 10 years	1,820 days, aprox. 5 years	1,792 days, aprox. 4 year 11 months	4,750 days, aprox. 13 years	1,820 days 65 periods 28 days, aprox. 5 years
<b>Guarantees</b>	“Unsecured”	“Unsecured”	“Unsecured”	“Unsecured”	“Unsecured”
<b>Interest rate</b>	9.89% Fixed	TIE 28 + 0.11%	TIE 28 + 0.11%	9.75% Fixed	TIE 28 - 0.09%
<b>Interest payment</b>	May 10 and November 10 each year until maturity	Each 28 days	Each 28 days	December 8 and June 8 each year until maturity	Each 28 days
<b>Principal payment</b>	One payment at end of the term	One payment at end of the term	One payment at end of the term	One payment at end of the term	One payment at end of the term

Scotiabank Mexico Derivatives and hedging operations; as at March 31, 2010 (P\$ millions, reasonable value)										
	Forwards		Futures		Options		Swaps		Total Asset	Total Liability
	Position		Position		Position		Position			
	Asset	Liability	Asset	Liability	Asset	Liability	Asset	Liability		
Trading	69	86	4	8	12	5	1,846	1,870	1,931	1,968
Hedging	-	-	-	-	-	-	153	333	153	333

Scotiabank Mexico Notional amounts in derivative operations; as at March 31, 2010 (P\$ millions, nominal values presented in currency origin)									
	Forwards		Futures		Options		Swaps		
	Position		Position		Position		Position		
	Asset	Liability	Asset	Liability	Asset	Liability	Asset	Liability	
<b>Trading</b>									
USD positions	448	138			60	63			
EUR positions	7	7							
Currency									
Stocks									
Interest rate									
Mx Pesos			21,864	7,015			63,782	55,392	
USD					43	60	313	314	
<b>Hedging</b>									
Interest rate									
Mx Pesos							3,050	9,120	
USD								195	

Scotiabank Mexico Market Results for the three months ended March 31, 2010 (P\$ millions)		
	Mark to Market	Trading Results
Investment in securities	15	8
Derivative operations & Trading	27	(132)
Foreign exchange	(3)	174
Others	-	1
<b>Total</b>	<b>39</b>	<b>51</b>

Scotiabank Mexico Deferred Taxes (P\$ millions; as at March 31, 2010)	
<b>Assets</b>	
Provisions for sundry obligations	182
Other timing difference	968
<b>Subtotal</b>	<b>1,150</b>
<b>Liabilities</b>	
Revaluation of real estate	266
Mark to market gain	141
Other timing differences	152
<b>Subtotal</b>	<b>559</b>
<b>Net deferred taxes</b>	<b>591</b>

Scotiabank Inverlat, S.A. Classification of the Loan Portfolio As at March 31, 2010 (P\$ millions)					
	Loan Portfolio	Allowance for Credit Losses Required			Total Allowance for Credit Losses
		Commercial Loans	Consumer Loans	Mortgages Loans	
Excepted portfolio	260	-	-	-	-
Classified:					
A1 / A	70,022	108	66	126	300
A2	11,405	110	-	-	110
B1 / B	16,419	385	345	159	889
B2	595	59	-	-	59
B3	160	23	-	-	23
C1 / C	1,363	115	217	145	477
C2	4	2	-	-	2
D	1,795	14	498	745	1,257
E	790	446	220	81	747
<b>Total</b>	<b>102,813</b>	<b>1,262</b>	<b>1,346</b>	<b>1,256</b>	<b>3,864</b>
Provisions Created					4,044
Deficit (other credit reserves)					(180)

**NOTES:**

- The figures for the classification of the portfolio and the creation of allowance for credit losses correspond to the balance on last day of the month and are reflected in the balance sheet of March 31, 2010.
- The Commercial credit portfolio is classified using an international borrower classification model that has been authorised by the National Banking and Securities Commissions (CNBV), and which conforms with the applicable general character provisions of the financial credit institutions credit portfolio methodology published in the Federation's Official Diary dated August 22, 2008 and for all the retail credit portfolio products in agreement to the published in the Federation's Official Diary dated August 12, 2009.
- Other credit reserves are comprised of:

- Reverses against past due interest	\$	79
- Reverses – Credit Bureau	\$	95
- Excess of reserves	\$	6
Total	\$	180
- The classifications A1, B1, and C2, correspond to the Commercial portfolio and the classifications A, B and C, correspond to the Personal and Mortgages portfolio.

## Credit Risk

At the close of March 31<sup>th</sup>, 2010, the expected loss on the portfolio of the Bank was P\$2,681 million and the unexpected loss was P\$7,937 million. The total exposure of the credit portfolio was P\$164,880 million as at March 31, 2010 and the average during the period from January to March 2010 was P\$144,429 million.

## Market Risk

Average daily VaR observed during the quarter ended March 31<sup>th</sup>, 2010; was as follows:

Scotiabank Mexico – Average Daily VaR (P\$ millions)	Q1 10
1 day VaR ; 99%	10.86

The average VaR to March 31<sup>th</sup>, 2010 broken down by risk factor was as follows:

Scotiabank Mexico – Average VaR by Risk Factor (P\$ millions)	1 day VaR
<b>Risk Factor:</b>	
Interest rates	11.45
Exchanges rates	1.29
Equities	2.14
<b>Total no diversification</b>	<b>14.88</b>
Diversification factor	(4.02)
<b>Total</b>	<b>10.86</b>

The global average VaR of 1 day in the Bank during the first quarter of 2010 was of P\$10.86 million and the global value to the closing of March 31, 2010 was P\$9.48 million.

The average values of the market risk exposure in the business portfolio for the period January to March 2010 were the following:

Scotiabank Mexico – Average Position (P\$ millions)	Average Position	High Position	Limit Position	Average VaR	Limit VaR
Bank	204,559.2	219,743.7	-	10.9	52.5
Money market	18,552.8	22,679.4	105,000.0	6.9	-
Interest rate swaps	139,893.8	141,762.7	157,000.0	3.6	-
Rate futures / 3	-	-	-	12.4	-
<b>Interest rate market and rate derivatives</b>	<b>158,446.6</b>	<b>164,442.1</b>	<b>262,000.00</b>	<b>11.45</b>	<b>50.00</b>
<b>Stocks</b>	54.4	79.4	300.0	2.3	10.0
<b>IPC Futures</b>	-	-	2,880.0		
<b>Equity investment portfolio / 4</b>				2.3	10.0
FX Forwards / 1, 2	590.7	1,067.8	4,000.0	7.3	-
FX Desk / 1, 2	1.7	3.8	55.0	0.5	-
FX Options / 2	119.3	130.8	800.0	6.1	-
FX Futures / 3	-	-	-	0.4	-
FX Swaps / 2	303.9	309.3	1,500.0	0.1	-
<b>FX and derivatives / 4</b>	<b>1,179.5</b>	<b>6,511.7</b>	<b>6,355.0</b>	<b>1.3</b>	<b>10.0</b>

1/ The position in forwards is a gross position (i.e. longs + shorts) and that of FX Desk are a net figures (i.e. longs – shorts)

2/ Figures in USD millions

3/ The position and limit are based on the contracts number provided by Mexder.

4/ The observed period (holding period) of the VaR of currencies, capitals, Interest rates and their limits are 1 day.

To interpret the VaR with an example, the average 1-day value at risk of the Bank in the money market is P\$6.9 million. This means that under normal conditions, in 99 out of 100 days, the maximum potential loss is up to P\$6.9 million.

During the first quarter of 2010, the Bank participated in the Mexican Derivatives market, through the Mexder exchange, by trading in future interest rate contracts, future currency contracts. By the end of quarter, the Bank does not have positions on the IPC Future contracts. Below, the positions show the number of contracts traded.

Scotiabank Mexico – Average Position <i>(figures in number of open interest contracts)</i>	Average Position	High Position	Limit Position
<b>Futures</b>			
TIIE28	311,975.7	457,042.0	975,000.0
CE91	16,983.6	29,000.0	45,000.0
Bono M	5,311.7	7,873.0	20,000.0
<b>Rate futures/ 1</b>	<b>334,271.0</b>	<b>493,915.0</b>	<b>1,040,000.0</b>
<b>USD / MXN/ 1</b>	<b>163.9</b>	<b>5,000.0</b>	<b>10,000.0</b>

1/ The position and limit are based on the contracts number provided by Mexder.

Due to the fact that the VaR measure serves to estimate potential losses in normal conditions of market, monthly tests are made under extreme conditions "stress testing" with the purpose to determine the risk exhibition considering big fluctuations in the market prices. The risk committee has approved limit stress.

The result of the "stress testing" at March 31, 2010, was P\$370.5 million, which compares with a limit of P\$ 1,500 million, and thus lying within the tolerable limits. The hypothetical scenarios that are used for this test are the crisis of 1994 and 1998.

Regarding Back-Testing's tests, the new scenarios of high volatility recorded during Octubre/08 caused the exceptions to the proof, however after October it was corrected in a general way. This period was temporary, which means it is not necessary to adjust the model and since all excesses have explanation of high volatility. The Back-Testing tests from January to March 2010 show the level of efficiency of green based on criteria established by the Bank of International Settlements (BIS).

### Market risk treatment for available for sale securities

At the end of March 31, 2010 the Bank's total amount of available for sale securities was P\$8,389 million.

### Liquidity Risk

The principle of liquidity gap is to determine amount in assets and liabilities that will be paid back at a given horizon and is the difference in cash flows of assets, upon maturity, less the cash flows of liabilities upon maturity.

Limit	Use <i>(millions of pesos)</i> March 2010
Two-week accumulated Gap (MXP + UDIs)	(9,267)
Liquid Assets	6,104

The two-week accumulated gap indicates the cash commitments that the Bank has during this period and the liquid assets available to meet these commitments should it not have access to other funding sources.

### Operational and Legal Risk

From January to March 2010 the Bank registered loss related for operative risk of P\$110.3 millions, also in case of materialize operational risk this might be caused a negative impact on the Bank's result, in case of legal risk by \$307 millions, that are reserved at 100% and represent the 1% of the Institution's Equity of Stockholders.

**Debt Rating Agencies**

Scotiabank Domestic Debt Rating	Long Term	Short Term	Perspective
Fitch Rating	AAA(mex)	F1+(mex)	Stable
Moody's	Aaa.mx	MX-1	Stable
Standard & Poor's	mxAAA	mxA-1+	Stable

The information above is presented by Scotiabank Mexico with the sole purpose of informing its customers of the Bank's domestic credit ratings as defined by Debt Rating Agencies (Fitch Ratings, Moody's and Standard & Poor's). These ratings could be modified without prior advice.

**Dividends**

At the Annual General Shareholder's meeting held on March 27, 2009 it was agreed to declare a dividend up to an amount of P\$2,000,000,000.00 to be charged to retained earnings. The Assembly authorized the Board to approve the payment program.

The Shareholder's meeting approved that the aforementioned dividend would be paid quarterly, within a range of between 0% and 45% of the quarterly net income, which was also approved by the Board. It was approved that the dividend payments would be made through "S.D. Ineval, Institución para el Depósito de Valores, S.A. de C.V."

<b>Payment date</b>	<b>Amount</b>
August 28, 2009	\$111
November 30, 2009	\$178
March 5, 2010	<u>\$260</u>
Dividends paid at March 31, 2010	\$549

## Attachment 9 Scotia Casa de Bolsa

As at the close of March 31, 2010, Total Assets were P\$ 18,656 million, an increase of P\$ 810 million from the previous year. The year-over-year increase was due to an increase in Securities of P\$ 1,753 million, primarily as a result of higher repurchase agreement balances, partially offset by a decrease in Funds Available related to the maturity of warrants.

On the other hand, Total Liabilities were P\$ 16,974 million, up P\$511 million from the previous year. This increase was due mainly to an increase in the repurchase agreements and loan securities, partially offset by a decrease in Derivative trading and Derivative and Investment purchase transactions pending settlement.

Securities held in Custody were P\$ 180,835 million, a year-over-year increase of 21% due primarily to the improvement of the financial markets.

For the three months ended March 31, 2010, net income was P\$79 million, an increase of P\$ 22 million from the same period last year. A decrease in Non-Interest Income was more than offset by an increase in commissions, primarily due to higher revenues from investment and mutual fund transactions, as well as a decrease in Non-Interest Expenses, due mainly to a decrease in personnel expenses.

Scotia Casa de Bolsa Financial Indicators					
	2010	2009			
	Q1	Q4	Q3	Q2	Q1
<b>Solvency</b> <i>(Total assets / Total liabilities)</i>	1.8	2.7	1.3	1.4	1.4
<b>Liquidity</b> <i>(Liquid assets / liquid liabilities)</i>	1.7	1.7	1.6	1.6	1.4
<b>Financial leverage</b> <i>(Total liabilities less trading settlement accounts / Capital )</i>	89.1	46.7	135.6	101.3	158.5
<b>ROE</b> <i>(Net income / Capital)</i>	19.4	16.7	11.0	4.9	16.7
<b>ROA</b> <i>(Net income / earning assets)</i>	13.5	8.5	4.1	1.9	6.5
<b>Capital requirements / Total Capital</b>	29.91	17.77	21.06	21.84	21.88
<b>Financing margin / Total operating income</b>	25.6	-14.0	-0.6	37.7	43.1
<b>Operating income / Total operating income</b>	43.8	-21.4	-14.4	16.6	34.1
<b>Total operating income / Administration expenses</b>	177.9	82.4	87.4	119.9	151.8
<b>Administration expenses / Total operating income</b>	56.2	121.4	114.4	83.4	65.9
<b>Net income / Administrative expenses</b>	62.7	36.5	26.5	10.4	41.0
<b>Personnel expenses / Operating income</b>	40.8	80.3	70.8	60.2	47.6

Note: Include the netting of Restricted Investment related to Repos.

Scotia Casa de Bolsa Other revenues and expenses (net) (P\$ millions)	March 31, 2010
Reserve Fund interest	-
Taxes	2
Leasing revenues	2
Other	4
<b>Other revenues and expenses (net)</b>	<b>8</b>

## Capitalisation

At March 31, 2010 Brokerage Firm's common shareholders equity was strong, at P\$1,682 million. The total capital ratio for credit, market and operational risk was 26.75%.

The global capital needed by risk of credit, market and operational was of P\$465 million that represent a consumption of the capital of 29.91%.

Scotia Casa de Bolsa Capitalisation (P\$ millions)	March 31, 2010 (*)
Share capital and reserves	1,682
Less: Investments in financial Other assets	- 127
<b>Basic capital</b>	<b>1,555</b>
<b>Complementary capital</b>	<b>-</b>
<b>Total capital</b>	<b>1,555</b>

\*Preliminary figures pending Banco de Mexico approval.

Scotia Casa de Bolsa – Risk Assets (P\$ millions as at March 31, 2010)		Assets	Capital requirement	Risk assets
<b>Market Risk</b>	Operations in MXN at nominal rates	71,571	117	1,470
	Operations in MXN with floating rate premium or yield referred to this	25,863	45	561
	Operations in MXN at real rates or rates denominated in UDIs	311	1	8
	Operations in foreign currencies at nominal rate	237	2	23
	Positions in UDIs or with yields related to inflation accounting	310	-	-
	Foreign exchange positions	105	12	157
	Securities positions or with yields related to a group of securities	340	156	1,949
	<b>Total market risk</b>	<b>98,737</b>	<b>333</b>	<b>4,168</b>
<b>Credit Risk</b>	Counter –party in repurchase agreements and derivatives	45	2	28
	Issuer of debt instruments related to repurchase agreements	16,287	83	1,035
	Due to deposits, loans, other assets and contingencies	128	24	295
	<b>Total credit risk</b>	<b>16,460</b>	<b>109</b>	<b>1,358</b>
	<b>Total market and credit risk</b>	<b>115,197</b>	<b>442</b>	<b>5,526</b>
<b>Operational Risk</b>	<b>Total operational risk</b>	<b>-</b>	<b>23</b>	<b>289</b>
	<b>Total market, credit and operational risk</b>	<b>115,197</b>	<b>465</b>	<b>5,815</b>

Scotia Casa de Bolsa Capital Ratios	March 31, 2010 (*)
Global Equity / Assets under credit, market and operational risk	26.75%
Global Equity	1,555

\*Preliminary figures pending Banco de Mexico approval.

Scotiabank Casa de Bolsa Composition of Securities Portfolio (P\$ millions as at March 31, 2010)					
Category	Government Paper	Debt Securities	Bank Paper	Others	Total
<b>Trading</b>	<b>12,852</b>	<b>2,939</b>	<b>956</b>	<b>426</b>	<b>17,173</b>
<i>Without restriction:</i>	946	189	-	-	1,135
<i>Restricted:</i>	11,906	2,750	956	426	16,038
<i>Repurchase agreements:</i>	11,631	2,741	-	426	14,798
<i>Securities Receivable:</i>	-	-	229	-	229
<i>Others:</i>	275	9	727	-	1,011
<b>Available for sale</b>	<b>-</b>	<b>-</b>	<b>278</b>	<b>17</b>	<b>295</b>
<i>Without restriction:</i>	-	-	-	-	-
<i>Restricted:</i>	-	-	278	17	295
<i>Others:</i>	-	-	278	17	295
<b>Total securities</b>	<b>12,852</b>	<b>2,939</b>	<b>1,234</b>	<b>443</b>	<b>17,468</b>

Scotiabank Casa de Bolsa Derivatives and hedging operations; as at March 31, 2010 (P\$ millions, reasonable value)										
	Forwards		Futures		Options		Options (others)		Total Asset	Total Liability
	Position		Position		Position		Position			
	Asset	Liability	Asset	Liability	Asset	Liability	Asset	Liability		
Trading	-	1	-	-	-	-	18	786	18	787

Scotiabank Casa de Bolsa Notional amounts in derivative operations; as at March 31, 2010 (P\$ millions, nominal values presented in currency origin)							
	Forwards		Options		Forwards		
	Position		Position		Position		
	Asset	Liability	Asset	Liability	Asset	Liability	
<b>Trading:</b>							
Foreign exchange					10	13	
Index	60	4					
Others							

Scotia Casa de Bolsa Market Results for the three months ended March 31, 2010 (P\$ millions)		
	Mark to Market	Trading results
Investment in securities	5	17
Derivative operations & Trading	3	-
Other	-	2
<b>Total</b>	<b>8</b>	<b>19</b>

Scotia Casa de Bolsa Deferred taxes (P\$ millions as at March 31, 2010)	
Mark-to-market of investment	(3)
Prepayment	(20)
Fixed assets	(51)
Expense provisions	58
Imputed Interest	2
Warrants	49
Employee Profit Sharing Expenses (PTU)	17
Shares appraisal	(40)
<b>Net deferred taxes</b>	<b>12</b>

## Credit risk

At the close of March 31, 2010, the expected loss on total credit portfolio of Brokerage Firm's was P\$0 million and the unexpected loss was P\$7 million. The total exposure of the credit portfolio was P\$68,741 millions as at March 31, 2010 and the average during the period from January to March 2010 was P\$42,761 million.

## Market Risk

Average daily VaR observed during the quarter ended March 31, 2010 was as follows:

Scotia Casa de Bolsa – Average Daily VaR (P\$ millions)	Q1 10
1 day VaR, 99%	3.58

The global daily average VaR for Casa de Bolsa during the third quarter of 2010 was P\$ 3.58 million and the global value at March 31, 2010 was P\$ 4.48 million.

The risk value removed by risk factor of Scotia Casa de Bolsa to March 31, 2010 was the following:

Scotia Casa de Bolsa – Average VaR by Risk Factor (P\$ millions as at March 31, 2010)	1 day VaR
<b>Risk Factor</b>	
Interest rates	1.55
Equities	2.63
<b>Total no diversification</b>	<b>4.18</b>
Diversification effect	(0.60)
<b>Total</b>	<b>3.58</b>

The average values of the market risk exposure in the business portfolio for the period from January to March 2010 were the following:

Scotia Casa de Bolsa Average Position (P\$ millions as at March 31, 2010)	Average Position	High Position	Limit Position	Average VaR	Limit VaR
<b>Brokerage House</b>	15,051.5	20,600.1		3.6	25.0
<b>Money market</b>	14,973.5	20,540.5		1.6	25.0
<i>Equity position</i>	78.0	151.1	200	0.8	10.0
<i>IPC Derivatives / 1</i>	26.4	143.1	2,880.0		
<b>Total Equities and IPC Derivatives</b>	104.3	274.3		2.6	10

1/ includes IPC futures and options of the equity derivatives desk, the VaR includes the warrants portfolio. The average 1 day VaR of warrants is P\$ 2.13 millions.

To interpret the VaR with an example, the average 1-day value at risk of the Casa de Bolsa in the money market is P\$1.6 million. This means that under normal conditions, in 99 out of 100 days, the maximum potential loss is up to P\$1.6 million.

During the first quarter of 2010, the Broker House took part on the Mexican Market of Derivatives named as Mexder, celebrating operations of contracts on Future and IPC options futures. During this period the broker house does not have operations of future of interest rate. Later the positions appear in numbers of negotiated contracts.

Scotia Casa de Bolsa– Average Position <i>(figures in number of open interest contracts)</i>	Average Position	High Position	Limit Position
<b>Futures</b>			
TIE28			775,000
CE91			45,000
Bono M			20,000
<b>IPC Futures</b>	124	392	750

2/ Includes contracts of trading capital desk. The 1 day average VaR for IPC Futures are \$0.44 million and it is included in the Equity Global VaR.

The total average position for the quarter for IPC futures of Mexder for Equities and Equity derivatives was P\$ 104.3 million. Only the Equity derivatives area can enter into options on IPC futures transactions of Mexder, during the quarter there were no operations.

Is important to emphasize that the futures and options from IPC futures basically are in use for covering the risk of market of the positions of optional titles or warrants that issue for the clients. Warrants were indexed to the equities and IPC issued by the Broker House, from P\$1,224.4 million to the top of P\$1,677.4 million.

Due to the fact that the VaR measure serves to estimate potential losses in normal conditions of market, monthly tests are made under extreme conditions "stress testing" with the purpose to determine the risk exhibition considering big fluctuations in the market prices. The risk committee has approved limit stress.

At the end of March 31, 2010 the test of extreme conditions "stress testing" was \$166.4 million compared to \$800 million are consider favourable. The scenes that are in use for this test are the crisis of 94 and 98 as hypothetical.

Regarding Back-Testing's tests, the new scenarios of high volatility recorded during Octubre/08 caused the exceptions to the proof, however after October it was corrected in a general way. This period was temporary, wich mean it is not necessary to adjust the model since all excesses has explanation of high volatility. The Back-Testing tests from January to march 2010 shows the leve of efficiency of green based on criteria established by the Bank of International Settlements (BIS).

#### Market risk treatment for available for sale securities

At the end of March 31, 2010 the Casa de Bolsa's total amount of available for sale securities was P\$294.8 million.

The available for sale securities have been included in the Casa de Bolsa position and have been considered in its measurement of sensitivity of risk analysis.

#### Liquidity Risk

The principle of liquidity gap is to determine amount in assets and liabilities that will be paid back at a given horizon and is the difference in cash flows of assets, upon maturity, less the cash flows of liabilities, upon maturity.

Limit	Use <i>(millions of pesos)</i> March 31, 2010
Two-week accumulated Gap (MXP + UDIs)	-
Liquid Assets	1,138

The two-week accumulated gap indicates the cash commitments that Scotia Casa de Bolsa has during this period and the liquid assets available to meet these commitments should it not have access to other funding sources.

## Operational Risk

During the January to March 2010 period, the Casa de Bolsa recognized operational risk losses totaling P\$599 thousand pesos comprised of 95 different events. In addition, other operational risks corresponding to legal risks, could impact P\$24.2 million, in case they should materialize.

## Rating Agencies

Scotia Casa de Bolsa Domestic Debt Ratings	Long Term	Short Term	Perspective
Moody's	Aaa.mx	MX-1	Stable
Standard & Poor's	mxAAA	mxA-1+	Stable

The information above is presented by Scotia Casa de Bolsa with the sole purpose of informing its customers of the Brokerage house's domestic credit ratings as defined by Rating Agencies (Moody's and Standard & Poor's). These ratings could be modified without prior advice.

## Attachment 10

### Global Risk Management

The Board of Directors is responsible for establishing standards and global risk limits within the Institution. It delegates the authorization, administration and monitoring of compliance to these limits to a Risk Committee.

In compliance with the risk management regulations issued by the banking authorities (CNBV), the Bank relies on a specialized risk administration area, which has responsibility over the Group, and which has adopted similar policies in risk management and control as those adopted by The Bank of Nova Scotia l.

### Market Risk

The purpose of the market risk management function is to identify, measure, monitor and control risks arising from changes in interest rates, foreign exchange and equity market and other risk factors in the money, foreign exchange, equity and derivatives markets in which the Group maintains positions for its own account

The risk positions in Scotiabank Mexico include fixed and floating rate assets in money market, equity portfolios, and derivative instruments such as interest rate futures, foreign exchange futures and foreign exchange options, interest rate swaps, as well as foreign exchange positions.

The Group applies a series of techniques designed to evaluate and control market risks at which the Bank is exposed in the current course of its activities. The Board of Directors authorizes the risk limit structure at which the Institution is exposed.

The value at risk (VaR) is an estimate of the potential loss of value within a specific level of statistical confidence that might arise from maintaining a specific position during a determined period of time (the holding period) under normal market conditions. VaR is calculated daily on the entire Group's risk-exposed financial instruments and portfolios using the Risk Watch methodology developed by Algorithmic.

The VaR is calculated using the historical simulation method, with a 300-working day time span. In order to fulfill the measurement methodologies used by BNS, the Group calculates VaR considering a 99% of confidence level and a one-day holding period.

During the annual review of limits, in May, 2009, the Board of Directors approved the change in the observation period, from 10 days to 1 day. The change was proposed by the

Risk Management Committee and the Risk Administration area with the objective of representing, in a more efficient way, the Value at Risk over daily gains / losses and for non-linear financial assets, such as options, to avoid the appearance that the portfolio is maintained without rebalancing the hedge for 10 days.

Stress testing exercises are performed daily on the portfolios, assuming extreme market conditions. "Backtesting" are realized monthly to compare losses and earnings to calibrate the models that are used. The efficiency level of the model is based on criteria established by the Bank of International Settlements (BIS).

Because the VaR measurement serves to estimate potential losses in normal market conditions, daily, stress testing is done under extreme conditions to determine the risk exposure, taking into consideration large abnormal variances in market prices. The Risk Committee has approved the stress limits.

In relation to the back-testing, the new high-volatility scenarios recorded during October, 2008 resulted in test exceptions. However, subsequent to October, the back-testing results were satisfactory. This period was temporary and therefore did not warrant to change the model because the exceptions have been explained by the high volatility.

This specific period of unusual volatility put a "yellow-light" warning (preventative level) on the global VaR of the Group. The cause was the global crisis that intensified in October, 2008.

### Sensitivity

The Group has a specialized Trading Risk Analysis area that methodically supervises and oversees the valuation process, risk measurement and sensitivity analysis. This area liaises continually with the management of the various trading desks.

The Risk area calculates, on a daily basis, market risk sensitivity for each portfolio with risk exposure. During the quarter, there were no changes to the assumptions, methods or parameters used for the analysis.

The following is a description of the methods, parameters and assumptions utilized for the equity, foreign exchange, interest rate and derivative product portfolios.

### Interest Rate Portfolio

The sensitivity measurements that are used for the fixed rate instruments (bonds) are based on estimating the behavior of the portfolio value given a change in market interest rates. For this purpose, the benchmark is the interest rate curve (and not

to the zero coupon curve) as these are the ones that are quoted in the market and better explain the gains and losses behavior.

The sensitivity of the fixed rate instrument portfolio is based on durations and convexities depending on the type of instrument. In all cases, two types of measurements are produced: i) the expected change in the value of the portfolio given a change of 1 basis point (0.01%) in the yield curve; and, ii) the expected change in the value of the portfolio given a change of 100 basis points (1.0%) in the yield curve. For the purposes of the sensitivity of the fixed rate instrument portfolio only the changes in 1 basis point methodology are used as the benchmark.

The estimated values, based on a methodology of duration and convexity, is a good approximation of the values obtained using the complete valuation methodology and known as “full valuation”.

In the case of the floating interest rate bonds, two types of sensitivities are calculated; one related to the free interest rate risk and the other to the spread.

For the zero coupon bonds, the sensitivity calculation is based as if they were instruments without coupons. Therefore the duration is the term to maturity, expressed in years.

#### Interest Rate Derivatives

The following is a brief explanation about the sensitivity model used for the interest rate derivatives of the Group.

TIIE and CETE interest rate futures: These types of derivative instruments are modeled to calculate their sensitivity, as a future of a zero coupon rate and therefore its duration is considered in the estimation of its sensitivity.

M Bond Futures: The sensitivity considers the duration and convexity over the bonds deliverable in these contracts.

Interest Rate Swaps: To determine the sensitivity to changes in the TIIE swap yield curve, the change of 1 basis point in each one of the relevant points of the yield curve is effected, as well as a change of both 1 and 100 basis points, valuing the portfolio with different curves and calculating the change in value of the portfolio with each one of these changes. For interest rate swaps the change of 1 basis point benchmark is used.

#### Equity Portfolio and IPC Equity Derivatives

For the impact of the equity position, the sensitivity is obtained by calculating the change or delta, by issue, within the portfolio. The delta is defined as the change in the value

of the portfolio as the result of a change of 1% in the value of the underlying asset.

#### Equity Derivatives

Currently, the Group has opted to execute equity derivative transactions through IPC futures that are quoted on the Mexican Derivative Market, MexDer. Their sensitivity is calculated by the delta and this portfolio has limits expressed in notional amounts.

The delta is defined as the change in the value of the derivative with respect to the changes in the underlying asset. The delta risk is defined as the change in the value of the option as a result of the change in a predetermined magnitude in the value of the underlying (for example 1%). Its calculation is determined by valuating the option at different values of the underlying (one original and one with a “shock” of + 1%), while maintaining all the remaining parameters constant.

For futures, the sensitivity calculation is delta, defined as the change in the value of the derivative with regard to changes in the underlying asset. Likewise, Rho is defined as the sensitivity as changes in interest rates. In the case of futures contracts, this sensitivity can be estimated, based on information available in the market. Casa de Bolsa defines Rho as the change in the value of the portfolio in view of a change of 100 basis points (parallel) in the benchmark interest rate.

The sensitivity measures considered for non-linear products, like warrants and options, are Delta and Greeks. The sensitivity calculation is based on an options valuation model on futures, known as Black 1976.

The risk delta is defined as the change in the value of an option with regard to a change in the predetermined magnitude in the value of the underlying asset (for example 1%). Its calculation is done by valuing the option with various values of the underlying asset (one original and other with a “shock” of +1%) while maintaining all other parameters constant.

Gamma, is the complement to delta risk, and is another measure of sensitivity in the value of an option with regard to the underlying asset value. Gamma measures the rate of change of Delta with regard to a change in the value of the underlying asset and, similar to Delta calculation. It can be interpreted in an analytic manner, as the partial second derivative of the Black & Scholes function with regard to the underlying asset.

Rho is the sensitivity measure of an option portfolio with regard to changes in interest rates. Mathematically, Rho is the partial first derivative of the Black & Scholes function with regard to interest rates. Rho is defined as the change in the

value of an options portfolio regarding an increase of 100 basis points (+1%) in interest rates. Generally, the sensitivity of an option portfolio of interest rates is minor compared with the sensitivity at the price of the underlying (delta) or the implicit volatility (vega).

Theta is the sensitivity measure of an option portfolio that indicates the change in the value of the portfolio before the passage of time. Theta is defined as the change in the value of the derivative product before the passage of time. Theta is only calculated for guidance purposes and for the analysis of profit and loss, given that it does not represent a real market risk, but a hard fact, predictable and quantifiable.

Vega is the name that is given to the sensitivity measurement of the value of an option portfolio with regard to changes in the market volatility of the underlying asset. Generally, long positions in options will benefit from the volatility increase of the underlying asset, while short positions will have the opposite impact, with some exceptions such as binary options.

Dividend Risk. The valuation of options on indexes or equities assumes a continuous compounded dividend rate. The dividends, however, are estimates and therefore an unknown variable, representing a risk factor for the valuation and the resulting profit and loss of option transactions.

The dividend risk does not have a “Greek” letter associated with its sensitivity, and in the case of index and equity options in Scotiabank Mexico the measurement is done by means of increasing the dividend rate 1% (ie. from 1% to 1.01%).

#### Foreign Exchange and Foreign Exchange Derivatives

##### Foreign Exchange

The portfolio consists of different currencies managed by a foreign currency desk for trading purposes. The sensitivity is calculated by the delta by currency, which is the change in the value of the portfolio as a result of a change of 1% in the value of the underlying.

##### Foreign Exchange derivatives

Foreign exchange forwards and futures: For this portfolio, the sensitivity of each currency is calculated as a result of fluctuations in the interest rate, as well as the result in the present value due to a change of 1 basis point along the respective yield curves, while all the remaining factors stay constant. We also apply a non-parallel change along the yield curves through term gaps, while all the remaining factors stay constant.

Foreign Exchange Options: In the case of exchange rate options, the sensitivity is calculated by applying the known sensitivities of their Greek letters; delta, gamma, vega, theta and rho.

CCIRS (Cross Currency Interest Rate Swaps): To determine the sensitivity to changes in the yield curve, a 1 basis point change along the respective yield curve is made, valuing the portfolio with different curves and calculating the change in value of the portfolio with each one of these changes. Also, an analysis is done in parallel with a change of 100 basis points. In addition, a non-parallel 1 basis-point change is done to the yield curve through term gaps, while maintaining all other factors constant. For the purposes of this section only the 1 basis point sensitivity benchmark is used.

#### Sensitivity for Available for Sale and Securities Held to Maturity

The Group faces the volatility in the markets by maintaining a trading model orientated to drive product origination and distribution for its clients. Moreover, the risk profile is conservative and consistent even in periods of low volatility. The equity portfolio is relatively small. Intraday trading in the currency markets is done without holding large risk positions.

In the current environment, the Group has significantly reduced its investment debt portfolio. The risk of this portfolio has been reduced in terms of sensitivity in view of interest rate fluctuations. The equity portfolio remains relatively small. In the foreign exchange market the intraday trading remains without significant risk positions.

#### Market Risk Management for loan and funding activities.

The Group assumes intrinsic interest rate risks associated with the trading function.

The objective of the interest rate risk management process is to identify measure and manage the risk-yield relation within the established risk tolerance limits, ensuring that these activities are carried out in a prudent manner. The Group manages its interest rate risk exposure in accordance with the applicable regulatory requirements and the industry best practices.

The balance position includes all the Group’s asset and liability activities that are not included in the trading activities. The derivative products are important management tools as much for the Group as for its clients. The Group uses the money market instruments and derivative products to control market risk due to its funding and investing activities and to reduce the funding costs. To control interest rate risk in its fixed-rate lending activities, interest rate swaps and interest rate forwards are traded. In its representative capacity, the

Group trades derivative products for its clients' accounts and takes positions for its own account.

The interest rate risk is monitored and controlled by currency (MXN, USD, UDIs) for the total portfolio. This monitoring includes the measurement of the economic value of the portfolio and sensitivity of the margin to interest rate changes, for the next 12 months, and re-pricing gap limits.

These models consider assumptions over the growth, the mix of new business, the changes in interest rates, maturities and other factors.

The Group periodically monitors its exposure in light of extreme movements in the markets and considers these results for the establishment and review of policies and limits to take interest rate risk.

#### Market risk treatment on available for sale securities

Available for sale securities are part of the Bank's structural position and the tools used to measure their risk include re-pricing buckets, economic value sensitivity and margin sensitivity to interest rate changes

#### Liquidity risk

The Group, as part of its normal course of business, takes on liquidity risk. This risk results from cash flow gaps. The main objective of the liquidity risk management process is to guarantee that the Group can cover its obligations as they come due. In order to comply with this objective, the Group applies controls to the liquidity gaps, maintains diverse funding sources, establishes different limits and requires a minimum percentage of assets to be of a liquid nature. This liquidity risk exposure is managed following the existing regulations and best market practices.

Within the various elements that form part of the liquidity management process, the Group evaluates and forecasts the different cash commitments, controls the maturity gaps for assets and liabilities, diversifies its funding sources, establishes prudent limit structures and guarantees immediate access to liquid assets. In addition, the Group has established contingency plans.

Liquidity risk is monitored and controlled by the type of currency (MXN+UDI's, USD), through accumulated liquidity gaps and minimum core liquid assets.

Liquidity gaps are defined as the difference in cash flows (assets minus liabilities) for a specific maturity. The accumulated gap is the total sum of the liquidity gaps for a specific term.

#### Credit Risk

Credit risk is defined as the potential loss coming from the lack of payment from a borrower or counterparty which the institution carries out business transactions. This risk is not only present in the loan portfolio, but also in the securities portfolio, derivative transaction and in the settlement of foreign exchange transactions.

Scotiabank's Group Management of credit risk is centered on applying well defined strategies to control these risks, including a centralized credit process, portfolio diversification, a good credit analysis, a close follow-up of loans and diverse credit risk rating models.

The Board of Directors establishes credit authorization limits, approves credit policies and procedures, and revises loans of important size and does a follow-up on the overall credit exposure and its management.

The credit policies are based on the prudential model set by the local regulator (Comision Nacional Bancaria y de Valores) and establishes risk concentration limits by industry groups and sectors, currencies and maturity term.

There are several credit approval levels: Board of Directors, Board's Credit Committee, Credit Policy Committee and combined authorization powers. The distinction between these levels is in accordance with the transaction size, type of borrower, use of the resources and credit rating.

The business lines prepare and structure the different credit proposals, which are then analyzed by the Credit area and approved by the appropriate authorization level, assuring an adequate separation between business originators and approval areas.

In addition, the different business lines perform, on a regular basis, a financial review for each borrower, performing, at least annually, an in-depth risk analysis for each loan, modifying, if needed, the approved rating. There is an additional quarterly review on obligor's risk and covenant compliance. With these activities, the Group determines any change in the risk profile of every borrower. During these revisions, the global credit risk, including derivative related transactions and industry group risk is considered. In case of risks that may be above the acceptable levels, more frequent reviews are performed.

The Group has established a risk rating system which is used to identify the risk level of proposed and existing loans and insures that the loan spreads are proportionate to the assumed risk. For this purpose the Group has, for the corporate and commercial segments, a profitability model that explicitly takes into account the expected and unexpected loss by type of

transaction, as well as any other revenues or expenses associated with the customer.

In the commercial portfolio, the loan quality is rated in accordance with the risk levels established in the rules set out by the regulating bodies which include assumptions on the possible risks of recovery based on both, the borrower's characteristics, and by the quality and characteristics of the guarantee. On a monthly basis, the Risk Committee closely follows the main risk migrations.

Consumer loans and mortgage portfolios are also reviewed on a monthly basis with the objective of determining the possible trend in their credit quality. The potential losses are measured, considering past due payments and their age.

The credit risk determination is based on a model that includes Expected and Unexpected Loss (CreditMetrics), based on the changes in the credit situation observed for each borrower (transition matrix) and the loss severity by type of portfolio.

- The expected loss represents the estimated impact of default over a 12 month period.
- The unexpected loss is a dispersion measure on the expected loss. It is calculated with a one year horizon at a 99.75% confidence level.
- In addition, stress tests are performed in order to determine the impact on the portfolio's expected and unexpected losses.

#### Credit culture

To create and promote a credit culture, the Group has permanent training programs for personnel involved in the loan origination and authorisation processes. Among such programs is required advanced training in commercial banking practices that provides support tools for the analysis and evaluation of credit risk, as well as decision-making workshops.

#### Implementation of prudent credit criteria

In accordance with the General Character Dispositions applicable to credit institutions the Group has established control measures to identify, measure and limit the risk positions from credit activity, on a timely and in its different phases. There are documented in the Credit Policies and Procedures Manual and are constantly reviewed and updated, as well as being submitted for approval annually by the Board Directors.

#### Concentration of credit risk

The Group has implement policies and procedures to maintain a sound credit portfolio, diversified, controlled and with prudent risk. These policies and procedures emphasise

the establishment of credit risk limits considering business units, currency, term, sector, etc. These limits are submitted annually to the Board of Directors for their approval and compliance with these limits is monitored and reported monthly to the Risk Committee.

#### Methodology to determine credit risk

In order to identify the amount of risk inherent in credits and, on the other hand, ensuring that the yield from each credit is proportional to its risk, the Group uses a system for the classification of credit risk which is based on the methodology used by BNS, which also includes system and strategies for the granting and monitoring of the credit portfolio. As such, the Group has taken advantage of BNS' extensive experience in the areas of loan classification and estimation of reserves and losses and has adapted this experience to conform with the laws and requirements of the Mexican market.

This model considers the following risk factors: country risk, financial performance, debt coverage, management strength, overall strength (the relation among the economic environment, the competition, strengths and weaknesses of the borrower), and administration of the account, state of the industry and payment history.

Such factors give an appraisal of the risk profile of the borrower and the results are entered into an algorithm which weights the various elements. This algorithm is based on the experience and statistical analysis of BNS, adapted to the requirements of the Mexican market.

The system of internal classification (classified by "IG Codes"), has 8 classifications that are considered acceptable (IG 98 to IG 77), 5 classifications to reflect an above average (IG 75 to IG 60) and 4 considered nor acceptable (IG 40 to IG 20). In accordance with applicable official regulations, a correlation has been established between the internal risk classification and the risk ranking.

By way of oficio no. 141-4/31395/2008 dated November 11, 2008, the CNBV authorized to Scotiabank to classify the Commercial Credit Portfolio using its internal methodology, according with the "Probability of Default" applicable to the totalize commercial portfolio, except for the following segments: the special program "Scotia Empresarial" which is classify by the application of its own internal model based in the methodology to determine credit risk; as well as the credits granted to Federal Entities and Municipalities, Investment projects with their own payment sources, Trustees that act upon the protection of Trusts and re-structured credits that rely on capital appropriation that permits the individual evaluation of the associated risk, as those granted to financial institutions; those that are classified individually conform to the appointed

methodologies in these articles 112, 114 and 115 of General Character Dispositions applicable to the Credit Institutions. The credit classification and their provisioning are carried out respectively in compliance with articles 126,127 130 and 131 of the referenced dispositions.

The following table presents a scheme of the risk levels for internal model of qualification for the loan portfolio applicable to the commercial portfolio.

Classification	IG Code
Excellent risk	98
Very good risk	95
Good risk	90
Satisfactory risk	87
Adequate risk (high)	85
Adequate risk (med)	83
Adequate risk (low)	80
Medium risk	77
Moderate risk (high)	75
Moderate risk (med.)	73
Moderate risk (low)	70
Watch list	65
Special supervision	60
Sub-standard	40
Deteriorated (high)	22
Recovery in doubt	21
Problem loan	20

#### Description of each risk level

**Excellent risk:** Borrowers that represent minimal credit risk for the bank. Possess an excellent financial structure along with consistent and earnings; debt service capacity is extremely strong, as evidenced by solid access to money and capital markets and to alternate sources of funding. The management team has broad experience with track record of producing optimum results. They are not vulnerable to the economy of the country or to the economic sector in which they operate.

**Very good risk:** Borrowers with a solid financial structure that generate sufficient funds and liquidity to cover short and long term debts. However, they depend on the Bank to a greater extent than excellent risk borrowers. The management team is competent, with the capacity to easily overcome moderate setbacks. They operate in a stable or growing economic sector.

**Good risk:** Borrowers with a good financial structure, with consistent income and reliable cash flow. Their capacity to cover and service the debt is good. The management team has shown itself to be good, with adequate capabilities in critical area. The characteristics of the economic sector and

the country's economy are good, without indications that may adversely affect negatively them.

**Satisfactory risk:** Borrowers whose financial structure is solid and have capacity to effectively cover payment obligations, whose profits are in-line with industry average; however, are a little more susceptible to adverse economic conditions than borrowers with superior classification.

**Adequate risk (high):** Borrowers still have a high ability to cover their payment obligations, have an adequate financial structure and have consistent earnings which, however, are slightly less than the industry average. These borrowers have an administrative team which has the ability to obtain very satisfactory, efficient and profitable results. The industry in which they operate can have cyclical trends.

**Adequate risk (medium):** Borrowers who have the ability to meet principal and interest payments, however, their current profits are below the industry average, suggesting that the borrower may have difficulty sustaining its financial strength. Management may be family-owned or professional and its results are relatively satisfactory. The industry in which they operate may have cyclical tendencies.

**Adequate risk (low):** Borrowers whose financial structure, profitability and financing stream are generally adequate, its operating cash-flow is at the breakeven point but is adequate to cover their debt requirements, however, its profits are below the industry average. Management may have certain weaknesses which are offset by other strengths. The industry in which they operate may have cyclical tendencies or be affected somewhat by changes in the regulations to which it is subject.

**Medium risk:** Borrowers who have capacity to cover short-term obligations but for which there is potential uncertainty in the long term, the leverage levels are growing and its indebtedness capacity is modest. Management meets only the minimum criteria for negotiated risk. The industry in which they operate may have cyclical tendencies or be susceptible to macroeconomic changes.

**Moderate risk (high):** Borrowers that face a slight reduction in profits; however with good potential to successfully overcome these problems. Operating cash flow is at break-even and is sufficient to cover debt service requirements in a timely manner, but with a certain downward trend. Management presents mixed operating results and outlook for the longer term. The industry environment reflects growth weakness.

**Moderate risk (medium):** Borrowers that face growth problems or weak capitalisation but regularly demonstrate the ability to overcome their financial weaknesses and at this moment are punctually paying their obligations. However,

these funds come from secondary sources and therefore their ability to sustain payments is dubious. Management demonstrates certain weaknesses and shareholders exhibit some scepticism of management's ability.

**Moderate risk (low):** Borrowers whose financial structure exhibits a clear weakening trend which could damage its capacity or ability to cover its long-term obligations. This trend of going to secondary funding sources is recurrent and its repayment is consistently overdue. The management team shows notable weaknesses and there may be a concentration of shareholder reliance on one single person. The economic sector in which the company operates is very vulnerable to macroeconomic conditions.

**Watch list:** Borrowers with a weak financial structure and whose debt position is unbalanced and over-extended, and require the constant help of non-routine funding sources whose repayment is weak, covering the minimum acceptable bank payment. The management team is performing poorly. They are vulnerable to any setbacks in their specific business and in their business.

**Special supervision:** Borrowers who exhibit cash flow and liquidity problems that could require them to look for secondary funding sources to avoid default. Urgently require changes to management and the business plan to stop the deterioration; with this it is considered probable that a correction can occur over the medium term. The industry and country environment are of concern. Definitely an unacceptable risk.

**Sub-standard:** Borrowers whose future viability is in doubt without changes to business activities, market conditions, and/or the management team and where a general reorganisation is required. The repayment history is unsatisfactory and at the moment payments are past due. The industry in which the company operates is experiencing a temporary deterioration.

**Deteriorated (high):** Borrowers with clearly identified financial deterioration and who are at risk of not complying with debt obligations. Currently have payments in arrears and have a high dependence on secondary sources of funding to meet their obligations. The problems in the direction of management put at risk the viability of the company as a going concern, because of which the deterioration is considered permanent. The viability of the industrial sector depends on structural changes.

**Recovery in doubt:** Borrowers with permanent financial deterioration. It is probable that the business has ceased to function and as a result the payment performance is nil. Payments are up to one year past due, which in general implies difficulty in recovery. Management is weak or

unreliable and the industry in which the company operates is facing a permanent decline.

**Problem loan:** Borrowers who have ceased paying and whose situation does not appear to have any possibility of restructuring. Management is unsuitable or has demonstrated a lack of honesty. The industry in which the company operates is facing a permanent decline, for which reason keeping the loan as an asset of the bank is unjustifiable.

There exist loans that are exempt from classification because they represent sovereign debt of the Federal Government, and loans that did not arise from the sale of loans. These credits do not require reserves.

#### Credit Risk in Securities Investments

The Bank is exposed to the non-payment, by the issuer, on any interest and/or principal on its investments in different securities.

#### Derivatives Transactions Credit Risk

The Credit Risk in Derivative transactions results from the lack of payment by the counterparty.

In addition to the risk measures mentioned in previous sections, in the case of derivative transactions the potential risk is also measured. This type of risk measures the replacement cost along the remaining term of the position.

The counterparty exposure limits consider both the, current market value (only the positive side which bears the exposure for the Group) and the replacement cost (or potential exposure) without netting out the positions; in other words, opposite transactions with the same counterparty are not offset for information purposes (so that the exposure is over-estimated).

#### Operational Risk

Operational risk is a non-discretionary risk, which is defined as the potential loss resulting from internal control failures of deficiencies, errors in transaction processing or storage on in data transmission, as well as adverse administrative or legal resolutions, frauds or theft and includes, among other things, technological risk legal risk.

The Group has put in place policies and procedures, enabling it to implement an appropriate operational risk management process, which is described below:

#### Policies for Operational Risk Management

These policies primarily promote the risk management culture, particularly as to operational risk, so that the Group

can measure, identify, monitor, limit control and disseminate the operational risk inherent in the day-to-day activities, in addition to promoting a culture of risk management.

#### Manual for Operational Risk Data Gathering and Classification

These policies define the requirements for reporting the information that supports the measuring processes, including the information, as well as its classification and specific characteristics.

#### Operational Risk of tolerance's level

Is a tool to issue operational losses, let each department of the Group know the levels of tolerance of applicable losses to each event of loss assumed, as well as incentive improvements in the process of Operational Risk issue and adopted as possible the necessary actions to reduce the risk for future losses.

#### Key Risk Indicators

This process let the Group establish indicators, since variables obtained of the processes which conduct is related with the level of risk assumed, by the follow-up of each indicator that identify the tendency and let issue in the time the indicators value. There are maximum values established or less admissible for each one of the selected indicators.

#### Legal Risk model for provision of losses

The Group has methodology of provision for expected and non-expected losses for legal risk, through the one it can be the expect losses as a result of judgments in process, this methodology is based in the experience from various years and through an statistic of severity and occurrence it is determine the probably loss of legal business ongoing.

The Group also has an structure methodology of auto-evaluation of operational risk, that its apply through their own structure and identify the operational risk inherent to their process with the following objectives:

- Evaluate the potential impact of significant Operational Risks identified in the competitive objectives, profitability, productivity and recuperation's Group.
- Analyze the priority according with the impact an importance of the moderate measure of operational risk.
- To guide each unit of the Group into a process of negotiation of operational risk.

- Have a systematic procedure, in order that the Group keeps conscience of its operational risk.

Complying with the requirements of Prudential Character Dispositions applicable to management risk, established by the CNBV.

## Attachment 11

**Consejo de Administración  
Grupo Financiero Scotiabank Inverlat, S.A. de C.V.**

**Presidente**

Peter Christopher Cardinal

**Vicepresidente**

Carlos Muriel Vázquez

**Representantes de la Serie “F” en el Consejo de Administración de la  
Sociedad**

**Miembros Propietarios**

**Consejeros Independientes**

Thomas Heather Rodríguez  
Carlos Muriel Vázquez

**Miembros Suplentes**

Javier Pérez Rocha  
Federico Santacruz González

**Consejeros**

Pedro Sáez Pueyo  
Peter Christopher Cardinal  
Anatol von Hahn

Raúl Fernández-Briseño  
Gonzalo Rojas Ramos  
Pablo Aspe Poniatowski

**Consejero Funcionarios**

Nicole Reich De Polignac

José Del Águila Ferrer

**Representantes de la Serie “B” en el Consejo de Administración de la  
Sociedad**

**Consejeros Independientes**

Patricio Treviño Westendarp  
Roberto Hemuda Debs  
Juan Manuel Gómez Chávez

Pablo Pérezalonso Eguía  
Eduardo Trigueros y Gaisman  
Sergio Eduardo Contreras Pérez

**Consejeros Funcionarios**

Felipe De Yturbe Bernal  
Jorge Mauricio Di Sciullo Ursini

Alberto Miranda Mijares  
Jean-Luc Rich

**Representantes de la Serie “F” en el Órgano de Vigilancia de la  
Sociedad**

**Comisarios**

Guillermo García-Naranjo Álvarez

Mauricio Villanueva Cruz

**Representantes de la Serie “B” en el Órgano de Vigilancia de la  
Sociedad**

George Macrae Scanlan

Alejandro De Alba Mora

**Secretario**

Jorge Mauricio Di Sciullo Ursini

**Prosecretario**

Mónica Cardoso Velázquez

The amount paid to Board Members to attend board meetings and committee meetings totalled P\$0.7 million for the three months ended March 31, 2010.

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“We the undersigned declare under oath, of telling the truth that, in the scope of our respective functions, we prepared the information relative to the financial group contained in the current report, that which, to our trustworthy knowledge and understanding, reasonably reflects its current financial position”

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NICOLE REICH DE POLIGNAC  
PRESIDENT

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DIEGO M. PISINGER ALTER  
DIRECTOR GENERAL  
FINANCE AND BUSINESS  
INTELINGENCE

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KEN PLUGFELDER  
DIVISIONAL DIRECTOR  
AUDIT

---

GORDON MACRAE  
DIRECTOR GROUP  
ACCOUNTING