



RESULTS OF **GREAT SYNERGY**

Social Responsibility and Sustainability Report of the Mexican Banking Sector 2010



ASOCIACIÓN DE BANCOS DE MÉXICO



ASOCIACIÓN DE BANCOS DE MÉXICO

The Asociación de Bancos de México, A. C. (ABM) was founded on 12 November 1928 as the Asociación de Banqueros de México, in the aim of representing the general interests of the Mexican banking sector. The ABM was originally created with the participation of 26 banks and currently numbers 41 commercial banking institutions among its associated members.

Since it was founded, the ABM has functioned as an umbrella organization for credit institutions, collaborating with its associated members in the achievement of general goals and in a whole range activities connected with banking services, credit, and the modernization of payment systems. It has also played a fundamental role in relations amongst the individual credit institutions, as well as in their relations with the Mexican government, with non-bank financial intermediaries, with other representative organisms, and with international institutions.

MISSION

To develop and strengthen the Mexican banking sector and to represent the interests of the institutions that comprise it, helping them to achieve their goals and carry out their activities by offering specialized technical services, information, contacts with the authorities, international interaction, studies, research, and services of common interest.

VISION

To be an organism widely recognized for its contribution to the integral development of the banking sector, representing its general interests and contributing to improved understanding of the services it offers, in the aim of fostering the harmonious and sustainable development of Mexico

VALUES

- Efficiency
- Commitment
- Transparency
- Creativity
- Integrity
- Honesty
- Responsibility

CONTENTS

- 1** The Objectives of the ABM
- 2** Introductory Letter
- 4** The Concept of Sustainability
- 6** The Mexican Banking Sector

- 7** Associated Banks
- 8** Economic Performance
- 20** Social Performance
- 50** Care of the Environment

- 58** Citizenship and Corporate Governance
- 62** Awards and Distinctions
- 63** GRI Index
- 66** Glossary of Terms

THE OBJECTIVES **OF THE ABM**

- To represent and defend the general interests of its associated members in all common dealings with public administration and with private organizations.

- To facilitate communications amongst associated members in order to build consensus on matters requiring the establishment of standards that increase the efficiency of the sector.

- To foster the development of banking activities through forums designed to share experiences conducive to better practices and innovation in both the Mexican and the international banking sectors.

- To undertake research and studies aimed at the development and proper functioning of the banking and financial system in general, as well as at the improvement of its operating methods and practices.

- To submit proposals to the authorities for the updating of legislation, regulations, circulars, rules, and provisions, adjusting them to the changing circumstances of the financial system, the economy, and international practices, in order to increase the competitiveness of institutions operating in Mexico.

- To disseminate information about products, services, agreements, and other matters on the national agenda that concern the banking sector.

- To supervise the operation and proper functioning of the State Banking Centers.

- To organize and promote courses and seminars designed to improve the skills and qualifications of bank officials in matters of current concern to the healthy development of the banking system.

- To participate with institutions from other countries and with international organizations in fostering good relations and exchanging experiences that foster better banking practices and greater efficiency in the financial sector.

INTRODUCTORY LETTER

It is a source of pride to the Asociación de Bancos de México to present the Social Responsibility and Sustainability Report of the Mexican Banking Sector 2010. In this second annual report we renew our commitment to society of maintaining the funding of Mexico's development in a responsible and sustainable fashion.

Although it is true that for decades already efforts have been made internationally on behalf of social responsibility and sustainability, it is clearer than ever today that this is not a passing trend, but rather the reflection of a legitimate awareness of the importance of incorporating these matters, with seriousness and professionalism, into our everyday activities.

Today's world expects that governments, companies, and society in general jointly assume their responsibilities to the future, from a perspective of co-responsibility and in the recognition that each agent must perform its corresponding functions with a focus on sustainability.

The banking sector in Mexico has a clear mission: to support Mexicans and their families through savings and credit opportunities in the various economic and productive activities that propel national development. In this sense, the banks work continually to generate the conditions that will allow ever more Mexicans to benefit from financial services.

In the banking sector we are in a permanent effort to offer our clients products and services that not only satisfy their financial needs but also provide benefits for the care of the environment and for society as a whole, within a vision of shared values.

In this second annual report we detail the actions and initiatives carried out by the banking sector in Mexico and the contributions it has made in economic, social, and environmental areas through project financing, environmental programs, and the preservation of cultures and traditions, as well as its decided support for education and other social necessities.

This report presents the results of the daily work of thousands of employees of the sector, which make it possible for millions of Mexicans to undertake personal and collective projects in the most diverse areas. We would like to thank all of those employees for their efforts and dedication in building a more prosperous Mexico.

This report could not have been completed without the support of the heads of the various social responsibility divisions of member banks. We are sincerely grateful for their professionalism and dedication, which have been indispensable in this effort of transparency and accounts rendering.

The banking sector's commitment to Mexico is grounded on the understanding that our future depends in large measure on the decisions we take today about the issues concerning us. We have the inescapable mission of bequeathing to coming generations a future of better opportunities.

This Social Responsibility and Sustainability Report of the Mexican Banking Sector 2010 is a testimony to the unity and cohesion of the banking sector, which will continue to work for and invest in the sustainable development of Mexico.

Ing. Ignacio Deschamps González
Chairman

Asociación de Bancos de México

Lic. Luis Robles Miaja
Executive Chairman

Asociación de Bancos de México

Ignacio Deschamps González
Chairman

Luis Robles Miaja
Executive Chairman

Enrique Zorrilla Fullaondo
Luis Peña Kegel
Luis Niño de Rivera Lajous
Eduardo Cepeda Fernández
Vice-Chairmen

Juan Carlos Jiménez Rojas
General Director

This Report details the contribution of the banking sector to fundamental aspects of the harmonious development of Mexico, such as support for education, community aid, protection of the environment, and the preservation of the traditions and cultural heritage.

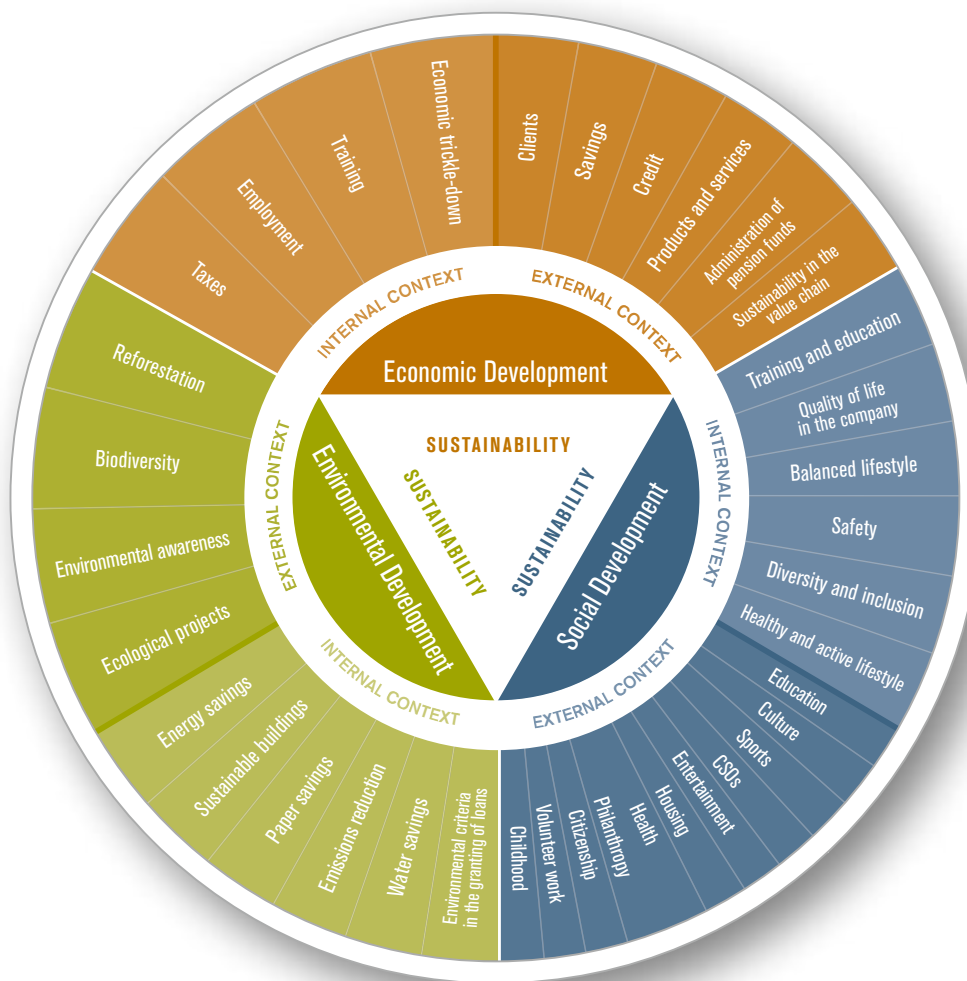


Traditional Mexican earthenware.

THE CONCEPT OF **SUSTAINABILITY**

For Mexico's banking institutions, sustainability is the fundamental condition for sustained, long-term, profitable growth. By contributing harmoniously to economic, social, and environmental development, we meet the needs and expectations of our stakeholders, generating social, economic, and human value, and thus promoting the general welfare of the society we are a part of.

This diagram explains in a simplified form the vision, areas, and actions in the field of sustainability. It is important to note, however, that each bank has its own formulation of sustainability, which allows it to implement actions and engage with its particular stakeholders.



- **P\$ 2.463 billion** invested in social programs
- **19.4 million** people benefited
- **184** institutions supported



THE MEXICAN **BANKING SECTOR**

Areas	Social and Cultural	Ambiental	Total	09-10 % Var.
Social, cultural, and environmental investment 2010	\$ 2,137,944,795	\$ 325,034,570	\$ 2,462,979,365	6.34%
Social, cultural, and environmental investment 2009	\$ 2,014,861,942	\$ 301,189,608	\$ 2,316,051,550	40.49%
Social, cultural, and environmental investment 2008	\$ 1,616,779,797	\$ 31,767,364	\$ 1,648,547,162	

The Banking Sector in Mexico		2008	2009	2010	09-10 % Var.
Infrastructure	Number of banks	42	41	41	0%
	Number of clients (millions)	ND	41	43	4.88%
	Number of branches	10,837	11,150	11,478	2.94%
	Number of ATMs	31,932	33,905	35,936	6%
	Number of point of sale terminals	446,025	446,792	482,299	7.95%
	Debit cards (millions)	56.94	60.83	75.2	23.57%
	Credit cards (millions)	25.24	22.10	22.48	1.74%
	Number of online bank transfers (millions)	388.35	433.31	454.73	4.94%
	Presence of the banking system at a municipal level	919	924	926	0.22%
Solvency	Capitalization ratio of the Mexican banking system (Total risks, Equity / Risk-bearing assets)	16.2	17.3	16.6	-0.7 p.p.
	Coverage ratio (Loan-loss provisions / Non-performing loans, %)	161.18	173.78	200.65	+26.87 p.p.
Integration into the banking system	Internal credit to the private sector as a % of GDP	14.65	14.16	13.85	-0.31 p.p.
	Home loans (billions of pesos)	306.88	330.42	368.33	11.46%
	Consumer loans as a % of GDP	3.92	3.14	2.99	-0.15 p.p.
	Financial savings as a % of GDP (M4 less coins and bills in circulation)	50.51	51.90	53.55	+1.65 p.p.
	Source: ABM, with data from Banxico and the CNBV.				

Some Important Economic Figures		2008	2009	2010	09-10 % Var.
Economy	Employment	157,014	160,931	164,707	2.3%
	Total deposits (millions of pesos)	2,187,002	2,254,398	2,469,795	9.55%
	Total loan portfolio (millions of pesos)	1,749,479	1,833,547	2,014,767	10%
	Company portfolio	842,840	859,780	936,381	8.91%
	Government portfolio	157,307	272,824	313,232	14.81%
	Housing portfolio	306,885	330,425	368,327	11.47%
	Consumer portfolio	442,447	370,519	396,826	7.10%
	Consumer portfolio	37,667	27,650	25,879	-6.41%
Source: ABM, with data from Banxico and the CNBV.					

ASSOCIATED **BANKS**

The banking institutions that currently make up the Asociación de Bancos de México, in alphabetical order:

ABC CAPITAL

Actinver

AMERICAN EXPRESS

Banamex

AFIRME | El Banco de Hoy

Banca Mifel
Grupo Financiero

Banco Ahorro Famsa
Te pagamos más,
te cobramos menos

BAM
MI BANCO
AUTOFIN-MEXICO

BANCO AZTECA
Cambiamos la banca, cambia tú también

Compartamos Banco

CREDIT SUISSE

BANBAJIO

Consupago

INBURSA
Banco

Banco Interacciones

invex Banco

J.P.Morgan

BANORTE **IXE**

GRUPO FINANCIERO
monex
Banco

BANCO MULTIVA

BANREGIO
Tu mundo más fácil

Santander

BX+
BANCO

Banco Walmart
The Best. Always. In or online.

BanCoppel

Bank of America
Merrill Lynch

BNY MELLON

Bank of Tokyo-Mitsubishi UFJ (México), S.A.
Institución de Banca Múltiple Filial

BANSI
BANCA MÚLTIPLE

BARCLAYS CAPITAL

BBVA Bancomer

CI Banco
UN BANCO ACTIVO

Deutsche Bank

HSBC
En México y en el mundo, HSBC

ING

InterBanco.

Scotiabank

RBS
The Royal Bank of Scotland

UBS

VOLKSWAGEN BANK
S.A. INSTITUCIÓN DE BANCA MÚLTIPLE



ECONOMIC PERFORMANCE





The banking sector plays a fundamental role in the development of Mexico. All of the sector's activities take place within a productive chain that channels resources toward all kinds of economic activities. In this way, financial intermediation (savings, credit, investment) is translated into jobs, competitiveness, and growth.



- **164,707** direct jobs generated in the banking sector
- **43 millones** million clients
- **2,469,795 millones** million in deposits
- **2,807,455 millones** in financing granted

Apart from fulfilling its basic function as a financial intermediary, the banking sector also seeks to project a social value in the products and services it offers. This is one of the principal guiding threads of the social responsibility and sustainability of the banking sector in Mexico.

This responsibility is evident in the sector's respect for and abidance by the guidelines established in current legislation regulating financial activity. In the following sections we offer some examples of the economic performance of the banking sector in 2010 and its importance to the Mexican economy.

INTERNAL ECONOMIC CONTEXT

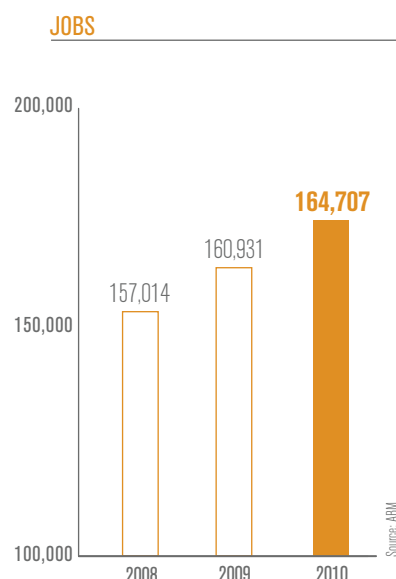
Jobs

Employment constitutes the most important contribution to the welfare of families and development in Mexico. The banking sector generated more than 164,000 direct jobs in 2010, up by 2.3% over the previous year.

In terms of pay and benefits, the sector ranks above the national average, offering working conditions superior to those required by law. Also, employees of the banking sector enjoy the benefits of constant training processes.

2008	2009	2010	Var. % 09-10
157,014	160,931	164,707	2.3%

Source: ABM



Training and Education

The development of skills and abilities is indispensable to maintaining the sustainability of companies, and is also a key variable in individual and social welfare. Well-trained personnel make the productive process more efficient.

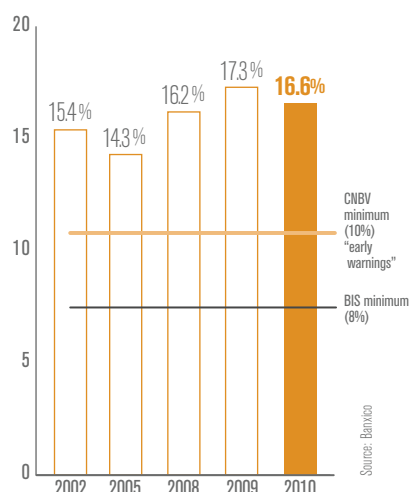
All economic sectors require highly qualified human resources in order to ensure optimal performance, and the banking sector is no exception. We are aware that the training of our human resources translates into great social benefits. Our efforts are aimed at serving the clients who make daily use of banking services in Mexico and

The banking sector ranks above the national average, offering working conditions superior to those required by law. The banking sector generated more than 164,000 direct jobs in 2010, up by 2.3% over 2009.



CAPITALIZATION RATIO OF THE MEXICAN BANKING SYSTEM

Net equity/Risk-bearing operations, %



grant us their trust. In order to improve service and customer attention, we regularly evaluate the performance of all our personnel. The results allow us to detect areas of training and education that can be developed or reinforced.

Training and education programs are offered to all employees of institutions in the sector. By means of innovative technologies and methodologies we seek to strengthen technical expertise and the development of skills. The various programs, courses, workshops, forums, and lectures include both in-classroom and e-learning modalities, as well as a combination of the two.

In 2010, more than 5.4 million hours of training were offered, which means that some of the sector's employees received more than one training course, workshop, or lecture.

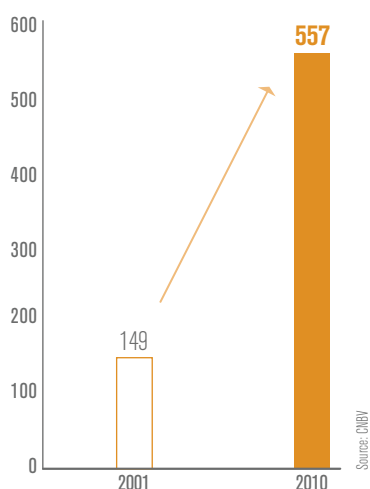
Training

Employees	Hours
580,989	5,425,326

Source: ABM

COMMERCIAL BANKING SYSTEM: EQUITY

Billions of pesos



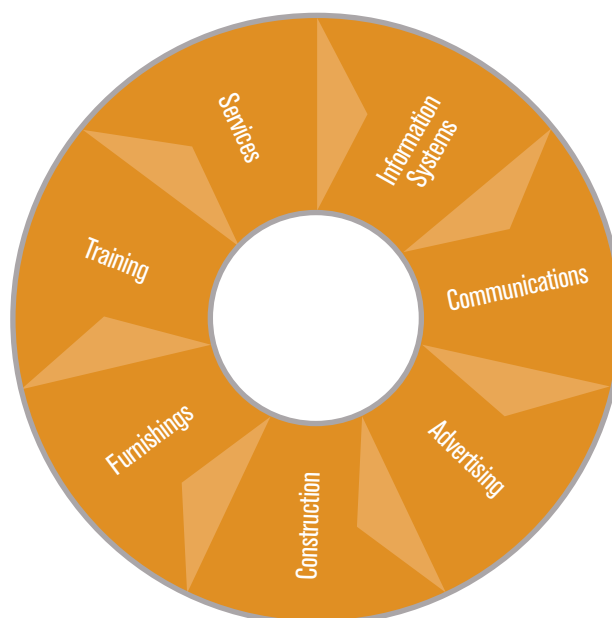
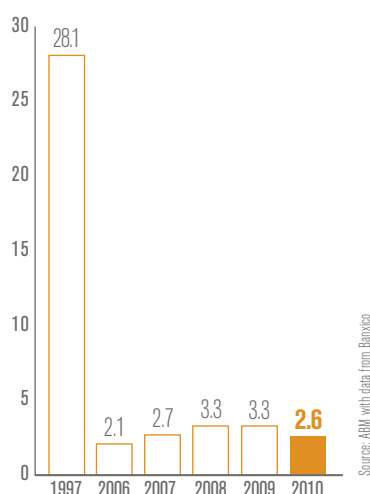
Training embraces a wide variety of subjects, including financial, technological, and administrative themes. Our employees also receive courses on conduct and ethics dealing with subjects such as money laundering and reputational risk. Through these courses we forestall illicit conduct on the part of banking sector employees and protect both our clients and our institutions.

Investment

The banking sector participates actively in the process whereby savings are channeled into productive investment, the very motor of economic development. The banking system itself is also involved in a process of continual investment, especially focused in 2010 on the following areas: information systems, communications, service infrastructure, and security systems. This has allowed it to improve the quality of the services it offers and to reach a larger number of users.

NON-PERFORMING LOAN RATIO

Non-performing loans/Total loans, %



This investment in turn has a multiplying effect on several sectors of the economy, such as electronics and telecommunications, construction and advertising.

Moreover, in the period from 2006 to 2010, the number of banking institutions operating in Mexico went from 30 to 41. Taken into consideration with other factors, this demonstrates the great dynamism and growth of the banking sector in Mexico, which implies greater competition and therefore increased benefits for users.

Solvency of the Banking System

A strong banking system is an indispensable factor in boosting the growth of the economy and the development of the country. Thanks to its ongoing capitalization, adequate regulation, effective supervision, and timely risk management, the Mexican banking system is well-capitalized, solid, and solvent.

At the end of 2010, the coverage ratio was 16.6%, very similar to the figures registered in 2008 and 2009. It is important to emphasize that this ratio is double the minimum required by Mexican regulators and the ratio of 8% recommended by the Bank for International Settlements (BIS). The strength of the Mexican banking system made it possible to mitigate the effects in Mexico of the global economic crisis, clearly reflected in the recovery of credit and economic growth in 2010 (see graphs *Capitalization of the Mexican Banking System* and *Commercial Banks: Loans to Companies as a Percentage of GDP*, p. 12).

On the other hand, the application of sound credit policies and proper risk management kept down the growth of non-performing loans during the crisis, with only a slight increase being registered. In fact, by the end of 2010, the non-performing loan ratio of the sector had returned to pre-crisis levels (see graph *Non-Performing Loan Ratio*, p. 12).

At the same time, the banks' loan-loss provisions amount to twice the sum of non-performing loans, reflecting a coverage ratio of 201% at the end of 2010, a figure which compares favorably to the 174% registered at the end of 2009. These figures reflect the strength of the banking system and its conservative, responsible vision (see graph *Coverage Ratio*, p. 13).

Economic Trickle-Down

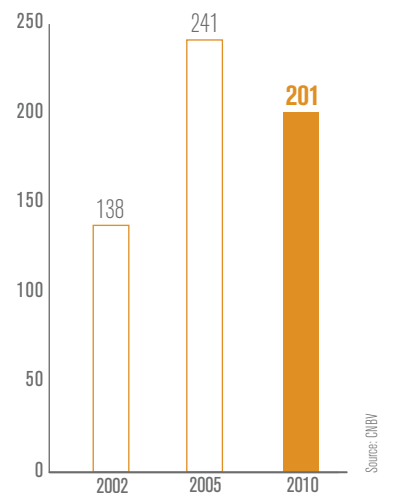
Financing by the banking sector has a multiplying effect on the economy. Not only are those who receive loans benefited, but they in turn will demand goods and services from other economic agents, generating a virtuous circle of economic trickle-down.

Furthermore, as a result of its multiple activities, the banking sector requires important resources from countless companies in various industrial and service sectors. This economic trickle-down propels investment, job creation, and the general development and welfare of thousands of Mexican families.

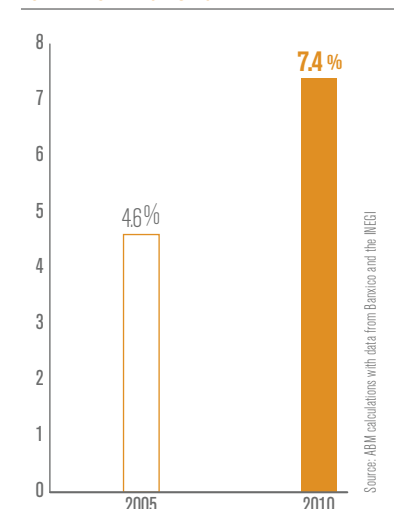
The banking sector's strict compliance with its tax obligations also has a very positive impact on revenues and consequently on the operation of government on its three levels, as well as on other programs and services. The banking sector paid P\$25.879 billion in taxes in 2010, equivalent to 113% the annual budget of the Universidad Nacional Autónoma de México, Latin America's largest university.

COVERAGE RATIO

Loan-loss provisions/Non-performing loans, %



COMMERCIAL BANKS: LOANS TO COMPANIES AS A PERCENTAGE OF GDP



At the end of 2010, the coverage ratio of the banking system was 16.6%, very similar to the ratios recorded in 2008 and 2009.

The banking sector has fostered investment, job creation, and training opportunities, favorably impacting a large number of Mexican companies.



EXTERNAL ECONOMIC CONTEXT

Savings

Savings is a fundamental engine of economic growth and development. The banking sector therefore makes it a priority to encourage Mexicans to save and to ensure that these resources are properly administered.

At the family level, it is a proven fact that saving is a fundamental factor in integral wellbeing. One of the banking sector's social responsibility initiatives is the promotion of this good financial habit through financial education and the design of products and services in accord with the specific necessities of different groups.

In 2010, a total of P\$2.5 billion in deposits was captured, reflecting an increase of 9.6% over 2009. These resources were channeled into the financing needs of companies, families, and individuals, and also went to support essential infrastructure and housing development projects, to mention only a couple of examples.

Credit

Credit is one of the most powerful tools used by a nation's economy to propel the growth of industry and the economic wellbeing of its inhabitants. Nevertheless, it is essential that credit be granted in a responsible and efficient way. With proper credit analysis, society's resources are maintained in safekeeping and contribute to economic stability.

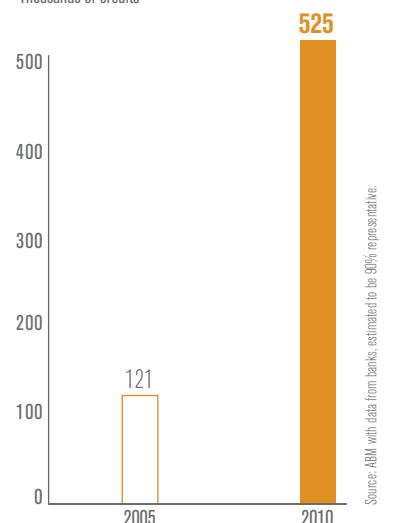
Although the granting of credit decreased as a result of the economic slowdown provoked by the international crisis, it nevertheless maintained regular growth, unlike certain other economic sectors.

In 2010, the credit extended by the banking sector recovered rapidly, constituting an important factor in confronting the challenges of the international context.

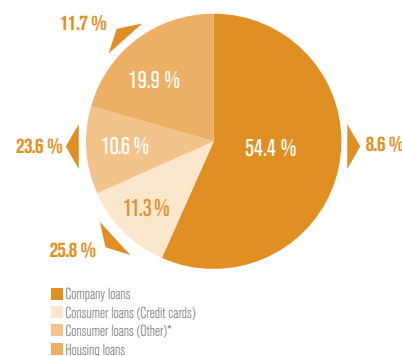
In recent years loans granted to companies in the private sector have almost doubled in proportion to the country's GDP (see graph *Bank Loans to the Private Sector – Mining, Construction, and Manufacturing GDP*, p. 15). The number of credit contracts alone went from 121,000 in 2005 to 525,000 by the end of 2010 (see graph *Number of Business Credit Contracts*, p. 15). This is a clear reflection of the recovery of credit as a result of the banking sector's effort to boost growth (see graph *Commercial Banks: Loans to Companies as a Percentage of GDP*, p. 13).

NUMBER OF BUSINESS CREDIT CONTRACTS

Thousands of credits



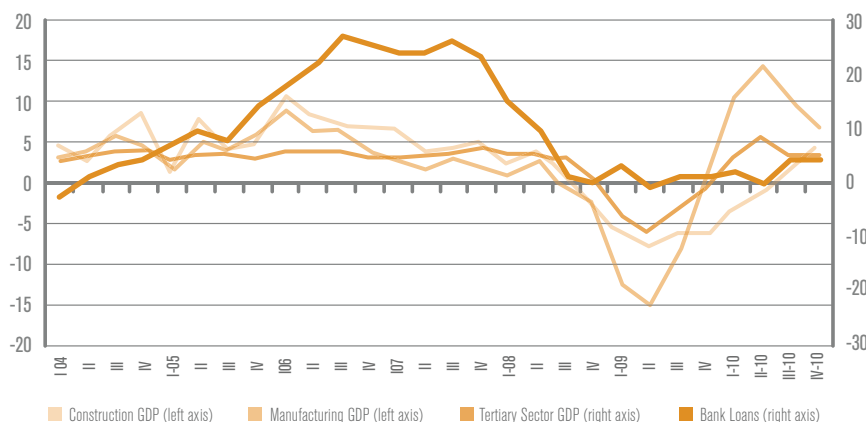
AVERAGE INTEREST RATES BY SEGMENT AND BREAKDOWN OF LOANS BY TYPE DECEMBER 2010



Source: ABM calculations with data from Banxico.
 - The sum of the shares is not 100% because the financing by the banking sector to other non-bank financial intermediaries (3.8%) is not included.
 * Durable consumer goods, car loans, and personal loans.
 Note: Includes the SOFOMES portfolio.

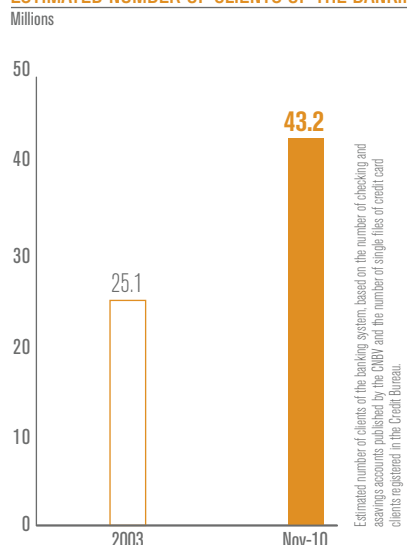
BANK LOANS TO THE PRIVATE SECTOR – MINING, CONSTRUCTION, AND MANUFACTURING GDP

Real Annual Growth Rate %



At the end of 2010, the total loan portfolio of the Mexican banking system amounted to P\$2.0 billion, up by 10% from the end of 2009.

ESTIMATED NUMBER OF CLIENTS OF THE BANKING



At the end of 2010, the total loan portfolio of the Mexican banking system amounted to P\$2.0 billion, up by 10% from the end of 2009.

The Mexican banking sector is committed to promoting productive and responsible credit to support the integral and sustainable growth of the country.

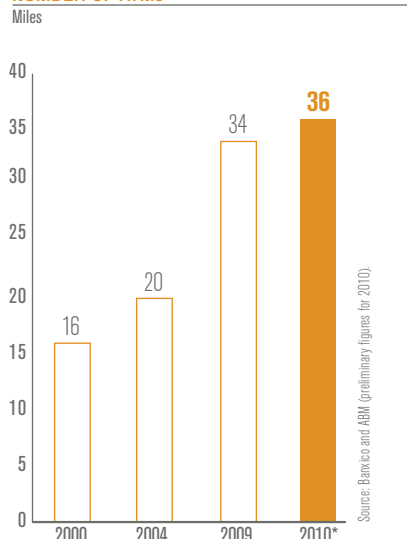
Moreover, an ever greater number of banking institutions are taking sustainability criteria into account in the analysis and granting of loans. This reflects the growing importance of environmental factors in policy and decision making.

Interest Rates

A decrease in the cost of money favorably impacts the clients of the banking sector and the population in general. It acts as an incentive to the demand for financing for all kinds of projects, from large investment in infrastructure to financing for family homes or consumer goods, and is reflected in the greater general welfare of society.

Interest rates for various kinds of credits have shown a sustained and significant downward trend in recent years. At the end of 2010, more than 70% of the banking sector's loan portfolio had a weighted average rate of 9.6% (*see graph Average Interest Rates by Segment and Breakdown of Loans by Type, p. 15*).

NUMBER OF ATMs



Infrastructure

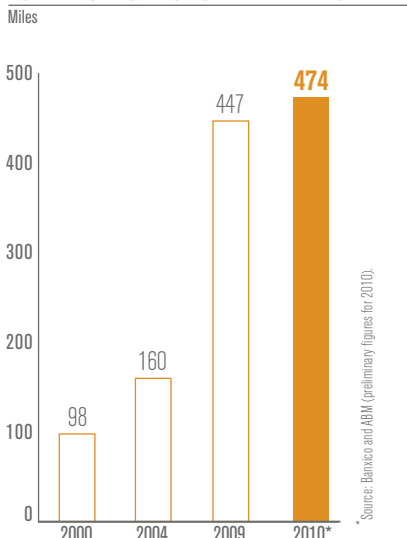
Infrastructure projects are important catalysts of economic growth, as they require the goods and services of many other sectors to be carried out. This multiplying effect benefits broad sectors of society, generating job opportunities and community development.

Countries that provide solid support for the development of wide-ranging infrastructure projects make an investment in the future, laying the foundations for sustained, long-term development, with benefits that reach to future generations.

This is why the role of the banking sector, as a link between savers and investors, is fundamental in creating the financing conditions required for infrastructure projects. It assumes this role with a deep sense of responsibility.

In the period from 2007 through 2010, out of a total of almost P\$204.717 billion channeled into 59 infrastructure projects, Banco de México granted financing of P\$153.537 billion, or just over three-quarters of the total amount.

NUMBER OF POINT OF SALE TERMINALS



Some of the projects financed were:

- Querétaro Aqueduct
- Juárez Treatment Plant
- Mexico City Subway
- Pemex Exploration Platform
- "El Ahogado" Treatment Plant
- Ciudad Victoria Hospital

Clients

The banking sector's clients are the center of its activities. We are permanently interested in knowing their concerns, suggestions, and needs, so that we can make the changes necessary in order to meet their ever higher expectations and to offer them the best possible service.

This is why the banks invest significant resources in training personnel, improving systems, expanding infrastructure (branches, ATMs, point of sale terminals), and designing new services and products that meet the specific needs of each

segment of society.

We know what our clients are thinking thanks to the use of various tools, including market surveys, internet pages, telephone complaint lines, and “mystery shoppers.” This feedback is essential to the continual improvement of the banking sector.

Since 2003 the number of clients of the sector has increased by more than 18 million. It is estimated that the banking system attended to slightly more than 43 million customers in 2010, up by 72% over 2003 (see graph *Estimated Clients of the Banking System*, p. 16).

Financial Services

In 2010 there were 6% more ATMs and 8% more point of sale terminals all across Mexico than in 2009 (see graph *Number of ATMs and Number of Point of Sale Terminals*, p. 16).

The banking sector has developed a wide range of high-quality services offered at competitive prices. One of the most advanced and significant developments of recent years is electronic banking, which allows our clients to perform a large number of banking transactions without having to go to a bank branch.

This development brings elements of added value highly regarded by the public, including improved productivity, a considerable environmental impact in savings of paper and electricity, and lower carbon dioxide emissions as a result of the decrease in numbers of trips to bank branches.

Of total electronic transactions carried out in 2101, more than 700 million were performed from users’ homes or offices.

Also of importance is the development of new ways of offering efficient banking services, which meet the needs of clients and encourage a larger number of people to be integrated into the banking system. These new means include banking services in convenience stores and supermarkets and the introduction of mobile banking.

Number of Electronic Bank Transactions (in millions)	
ATMs	1,360
Point of sale terminals	987
Electronic banking	265
Online transactions	455
Telephone	4
Total	3,071

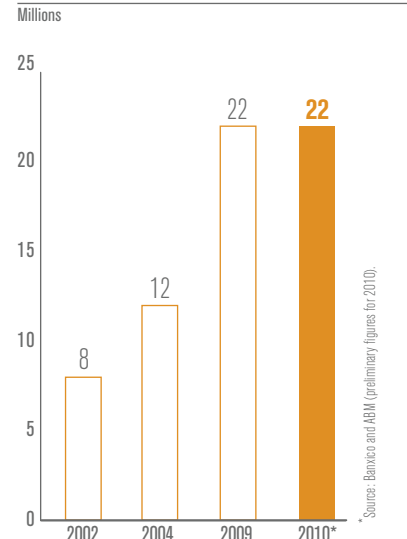
Source: ABM

Credit and Debit Cards

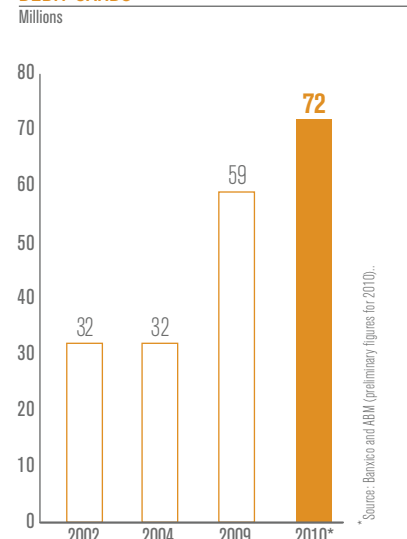
Making commercial transactions easier promotes the social and economic development of any society. In Mexico, the banking sector works continually to promote the use and modernization of payment systems, thereby allowing a greater number of businesses to perform commercial transactions through safe, modern means. This brings important social benefits by strengthening the economy, facilitating tax payments, and offering legal transparency.

The issuance of credit and debit cards in Mexico has almost doubled in the last five years (see graphs *Credit Cards and Debit Cards*, p. 17).

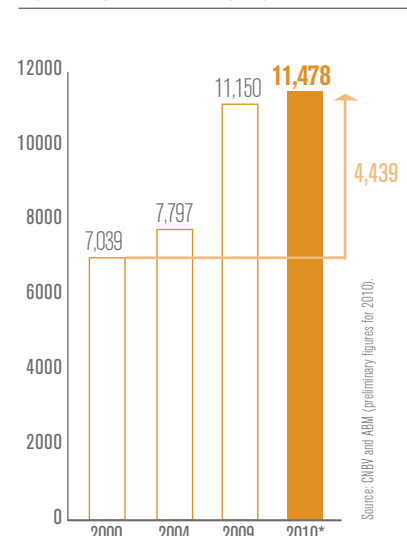
CREDIT CARDS



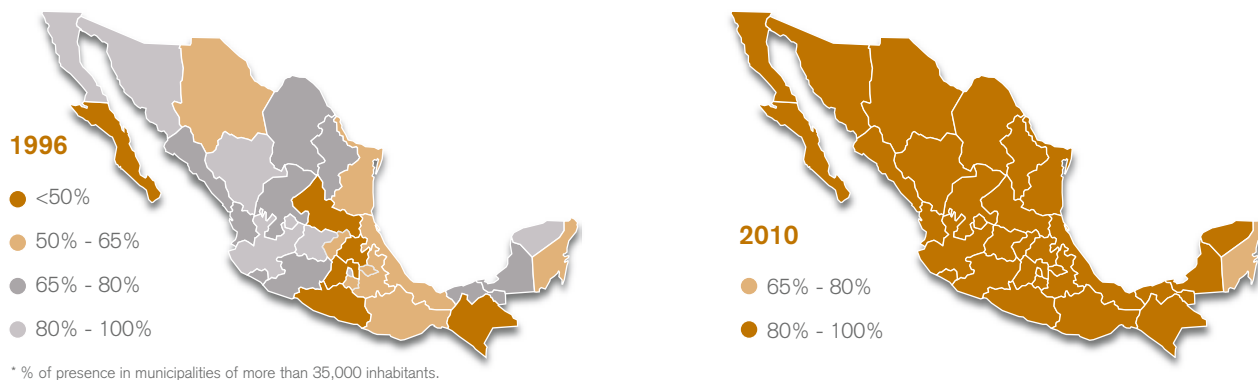
DEBIT CARDS



NUMBER OF BANK BRANCHES



BANKING SYSTEM COVERAGE AT THE MUNICIPAL LEVEL



Branches

Ensuring wider bank coverage is part of our social responsibility, constituting as it does a tool by which Mexicans can gain greater access to financial services and the opportunities for development that they offer. The number of branches available to users of the sector's products and services increased by 3% in 2010 compared to the previous year. Mexico has a large number of branches and extensive geographical coverage. In 2010 a total of 328 new branches were placed at the disposal of clients, bringing the country-wide total to 11,478 (see graph *Number of Bank Branches*, p. 17). This increase in coverage can be fully appreciated in the maps above.

Administration of Pension Funds

The banking system administers the pension funds of millions of Mexican workers on the basis of strict financial analyses and in full compliance with regulatory standards. This scrupulous handling of pension funds translates daily into a better future for all and constitutes one of the banking system's most important commitments to society.

Sustainability in the Value Chain

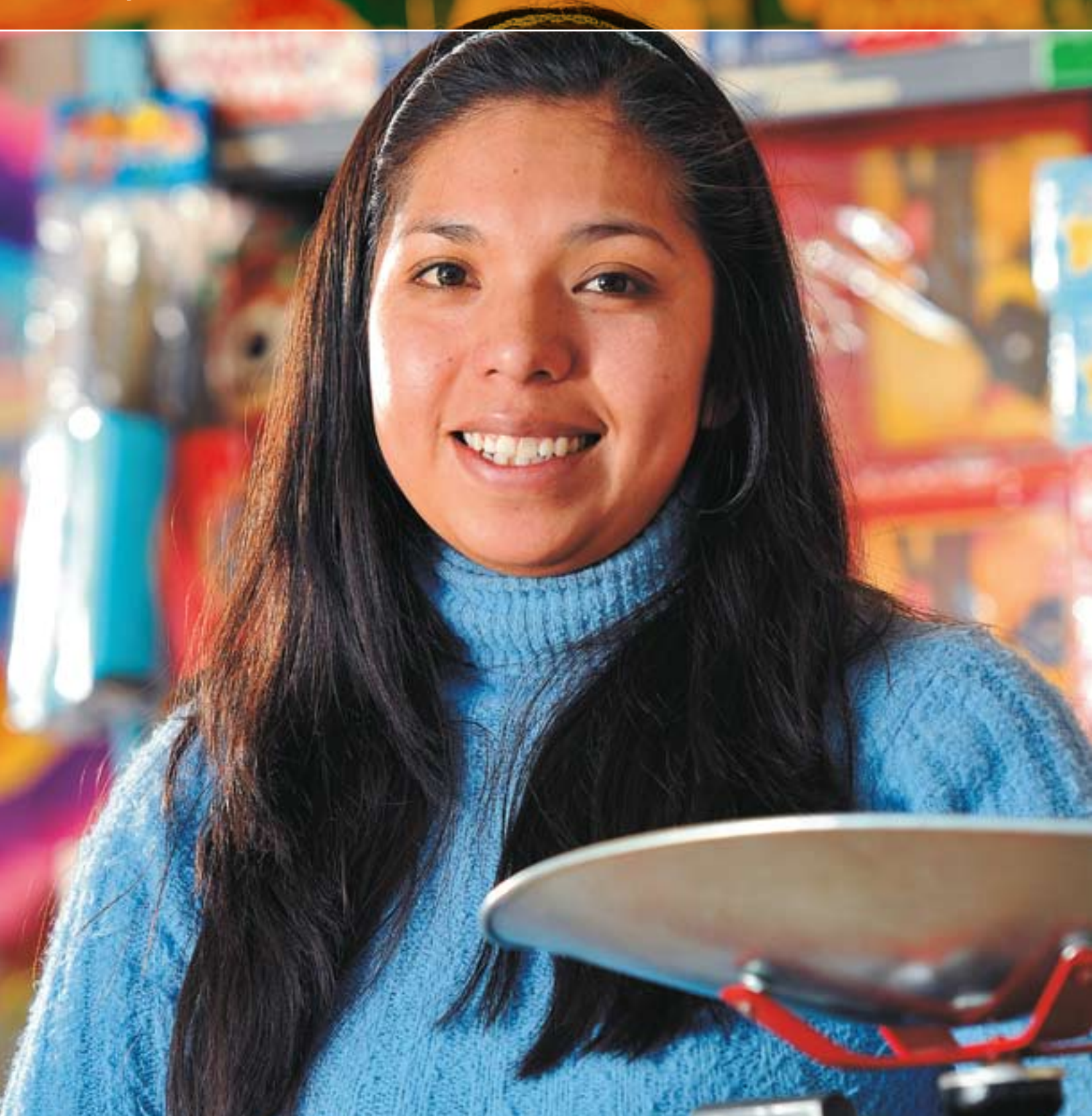
The banking sector's involvement in sustainability and social responsibility is not limited to its own products and services. We have incorporated these concepts into the value chain, insisting that our suppliers respect our commitment to ethical conduct and the conservation of the environment.

We establish clear guidelines to ensure that our relations with suppliers are fair and long-lasting. Insofar as it is possible, we seek to work with local companies, thereby minimizing the environmental impact of transport over long distances.

In our quest for the best economic conditions and the best terms of service, we always insist on adherence to ethical professional guidelines. Whenever possible, we work with companies certified as Socially Responsible and we prefer products and services that incorporate sound social and environmental criteria.

We promote our value chain, establishing clear guidelines to ensure that our relations with suppliers are fair and long-lasting

Since 2003 the number of clients of the banking sector has increased by more than 18 million. In 2010 the sector attended to just over 43 million clients.





SOCIAL PERFORMANCE





Our human capital is the pillar of our development. That is why we work for a culture of inclusiveness and quality of life, in accordance with our values.



- **5,779 employees** participated in sporting, cultural, and artistic activities.
- Almost **50%** of our employees are women.
- **The banking sector in Mexico** is committed to promoting programs that foster a healthy and balanced lifestyle.

INTERNAL SOCIAL CONTEXT

Quality of Life

We seek to offer the personnel of institutions in the banking sector the best possible working conditions. To the benefits required by law are added others such as major medical insurance (in some cases also available to immediate family members and retired employees) and discounts on consumer goods, courses, and cultural and sporting activities.

The development of sections addressed specifically to personnel within institutional intranets is an ever more common practice. Among the subjects and topics dealt with through these media are:

- Health
- Self-service (which makes it possible to print payroll receipts, negotiate loans, and program vacations)
- Consulting on benefits and reward programs
- Information on retirement plans
- Press releases and bulletins
- Information on courses offered by the institution in question, enrollment formats, and even virtual classrooms

A continual effort is made to improve workplace conditions. The results of studies are taken into account to implement actions that foster a climate of freedom, cordiality, and respect.

Banking Sector Sports and Cultural Days

In order to foster a spirit of integration and healthy competition among the employees of our institutions, the Banking Sector Sports and Cultural Days have been held annually for 45 years now. In 2010, a total of 5,779 employees participated in 16 different sports and various artistic and cultural activities.

In the area of health and safety, most of our institutions have formed joint representation committees to supervise and consult on workplace safety programs.

At the same time, the banking sector organizes assistance programs for serious illnesses that involve education and consulting about health, prevention, and treatment. The main actions undertaken in this area in 2010 included:

- Health campaigns
- Health and wellbeing fair
- International Breast Cancer Day
- Employee Assistance Program
- Lectures on preventive health
- Health insurance consulting services
- 24-hour telephone access to a group of doctors
- Talks on nutrition
- Hygiene recommendations
- Information about chronic degenerative diseases
- Vaccination campaigns
- Circulation of preventive health bulletins

A representative sampling of these programs is described below:

“Live Healthy”

An integral wellbeing program for employees. This program treats wellbeing as a process of self-awareness and action directed at improving one's health and quality of life. It consists of three steps to a healthier lifestyle: Know Yourself, Activate Yourself, and Focus Yourself.



In order to foster a spirit of integration and healthy competition among the employees of our institutions, the Banking Sector Sports and Cultural Days have been held annually for 45 years now.

Balanced Lifestyle Site

The Balanced Lifestyle Site is designed to build and promote a culture of self-care with a focus on preventive medicine. Its objective is to offer employees a space with reliable, up-to-date information about staying healthy and caring for one's health from an integral standpoint. It includes 16 sections—grouped in two blocks entitled a) Integral Health and b) Balance and Harmony—through which thematic information is presented about various aspects of health and wellbeing.

Retirement Plans

Providing employees with favorable conditions for their retirement is a permanent priority in the banking sector. Apart from plans established in accordance with Mexican labor legislation, various institutions have also designed attractive new retirement savings plan in which the employee plays a co-responsible role.



We seek to create healthy workplaces that contribute to the quality of life and harmonious development of our employees and their families.





Diversity and inclusion

Social diversity is one of the most appreciated assets of modern societies. It is recognized as a source of cultural richness that nourishes social relations and the exchange of ideas which allow a society to progress and develop. In this sense, the recognition of plurality in ways of thinking, beliefs, age, race, gender, and other aspects helps to forge a multicultural national identity.

Diversity has become an important part of sustainability, closely connected with human rights, competitiveness, and community integration, to mention only three facets. It is important to foster inclusive attitudes with complete respect for different ways of being.

In the banking sector various initiatives have been implemented to foster inclusiveness and diversity, including the promotion of gender equity, the hiring of personnel with disabilities and different lifestyles, and the design of channels through which acts of discrimination can be denounced.

Almost 50% of the employees in the banking system are women, clearly showing the importance of women's participation in the sector, a highly relevant factor in its competitiveness and social development.

Safety and Security

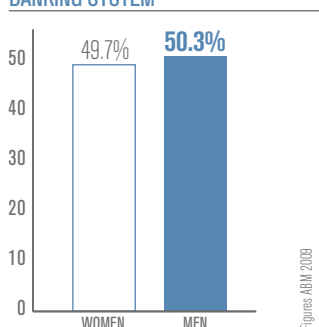
Safety is a fundamental aspect of our daily activities, as we focus not only on safeguarding the resources our clients have entrusted to us, but also our principal asset: our employees.

In the banking sector, unlike other industries, workplace accidents and occupational hazards do not pose a risk, and incidents of this nature are rarely reported. The health and safety committees that operate in the banks are made up of personnel from all levels and they focus on preserving the safety and physical integrity of our personnel.

It is important to emphasize that numerous actions have been implemented to prevent corruption and financial crimes. Not only do we work to prevent any danger to the resources we safeguard, but we are determined to sanction anyone committing acts that fail to adhere to the ethics and professionalism our clients expect and deserve.

In the banking sector there are various channels through which complaints can be submitted and concerns, comments, and suggestions, whether from our clients or our employees, can be communicated and responded to. Some institutions even have customer and employees ombudspersons.

WOMEN AND MEN IN THE MEXICAN BANKING SYSTEM



Diversity has become an important part of sustainability, closely connected with human rights.

- **P\$ 2.138 billion** invested in social projects
- **19.4 million** people benefited
- **184** institutions supported
- **97,115** people benefited by the Bécalos program

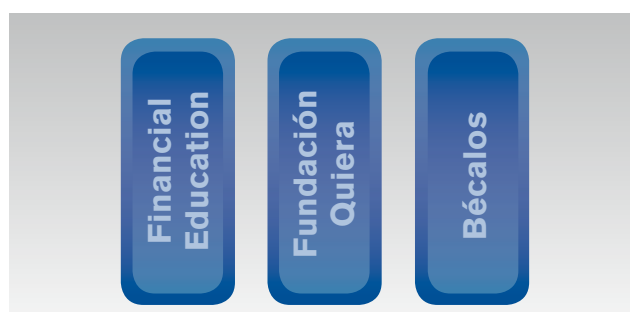
We are aware that the continuous and integral development of the communities of which we are a part constitutes a very important aspect of our sustainability. We therefore keep up a constant investment of human, financial, and material resources.

EXTERNAL SOCIAL CONTEXT

Social Investment				
Investment	2008	2009	2010	09-10 % Var.
Social and cultural	\$1,616,779,797	2,014,861,942	2,137,944,795	6.11%

We implement sustainable models of social support in many different areas with a view to fostering the development of millions of Mexicans.

The Pillars of Our Social Responsibility



In 2010, the ABM's efforts in the area of social responsibility focused on educational and social activities. We are convinced that education is the essential condition for an individual's self-realization. Only with educational opportunities can people excel and achieve higher levels of wellbeing, generating alternatives in their development and that of their families.

The ABM has continued to buttress the three pillars of its social action.

First of all, there are the institutional efforts in the area of financial education. At the ABM we are convinced that all sectors of society (public, private, social, and academic), as well as individuals, must be involved in providing financial knowledge and skills. In this sense, we conceive financial education as a task in which we are all co-responsible.

The second pillar of the ABM's social action is the Fundación Quiera, an organization committed to helping children and young people who are living or working on the street, or in risk of having to do so, to be constructively reinserted into society. In order to achieve this, in full recognition of their fundamental rights, the Foundation works closely with various civil associations and organizations dedicated to this unprotected segment of the population.



We implement sustainable models of social support in many different areas with a view to fostering the development of millions of Mexicans.

Albergue Infantil Los Pinos A.C.

Finally, the banking sector has continued to support the Bécálos program, which after only six years has become the largest private sector scholarship program in Mexico. The participation of the clients of the banking system has been essential to its success.

Below we consider in more detail some of the activities undertaken in these three areas.

Financial Education

The ABM continued its efforts all through 2010 to promote and disseminate financial education among the general public, working in coordination with various public and private organisms and universities. It is only by joining forces that we can provide financial education to more and more Mexicans.

Financial Education Committee of the ABM

Given the need in the sector to continue with efforts to promote and disseminate financial education, the ABM decided to create a Financial Education Committee, of which 33 banking institutions are currently members.

The mission of the Committee is to promote financial education among the Mexican population, creating awareness of the importance to Mexican families of economic and financial health, through the following strategic objectives:

- I. Joining forces in the promotion of financial education.
- II. Creating awareness in members of the public of the importance of financial education to their own wellbeing
- III. Maximizing the benefits of the sector's efforts in this area.

IV. Contributing to the consolidation of a positive image of the banking system as a motor of national development.

The creation of this Committee has made it possible to define a work program detailing the actions and initiatives carried out in the area of financial education in 2010, such as Children's Savings Day and the cycle of Regional University Banking Congresses.

Children's Savings Day

As a token of its commitment to financial education, the ABM has developed, for the first time in Mexico, a pilot program called Children's Savings Day, designed to provide information to elementary school pupils of the importance of saving both money and resources.

The pilot program took place on 4 November 2010 in the municipality of Querétaro, with the support and goodwill of the Secretaría de Educación Pública (the SEP, and in particular its primary education division, the Subsecretaría de Educación Básica) and the state government of Querétaro, through its own state ministry of education. The objectives of the program are as follows:

- To foster savings through workshops offered by banking sector personnel
- To create closer links between banking institutions and the community.
- To raise awareness among elementary school pupils of the function of banking institutions in the safekeeping and handling of personal savings.



The workshop dealt with basic savings concepts (what saving is, what it is for, types of saving—formal, informal, of cash, of resources—and the setting of goals) and included a didactic activity consisting of making a piggybank, which was then given to the children.

The workshop was given by banking sector personnel to almost 9,000 fifth-grade pupils in 142 public schools in the municipality of Querétaro. A total of 12 associated institutions participated, along with 280 banking sector volunteers, most of them as instructors of the various groups.

In order to measure the impact of the pilot program, an evaluation study was performed. It generated the following results:

- 99% of the pupils enjoyed the workshop
- 95% of the pupils concluded that everyone should save
- On a scale of 1 to 10, the children gave the workshop a grade of 9.84
- 100% of the teachers considered the workshop useful
- 97.5% of the teachers judged the material either excellent or good
- Just over 98% of the teachers considered the exercise either excellent or good

University Banking Congresses

For seven years now, the ABM has been organizing Regional University Banking Congresses, specialized forums at which representatives of banking institutions interact with straight-A students interested in learning directly from the experts about the development and trends of the banking sector in Mexico.

In 2010 seven Congresses were organized under the title “Financial Education: Its Importance in Your Life and in Your Future.” Three of the Congresses took place in Mexico City and the other four in different states. Almost 2,000 students benefited from the initiative.

University Banking Congresses held in 2010	
City	University
Federal District	Escuela Bancaria y Comercial
Chihuahua	Universidad Autónoma de Chihuahua
Toluca	Universidad Autónoma del Estado de México
Veracruz	Universidad Veracruzana (Boca del Río campus)
Federal District	Escuela Superior de Economía, IPN
Mérida	Instituto Bancario Comercial / Universidad Autónoma de Yucatán (Tizimín campus)
Federal District	Universidad del Pedregal

Production of Theater Plays about Financial Education

With the support of the Practical Finances financial education program, the ABM offered the theater play “Professor Q: Discover the Magic of Your Financial Power” to children participating in the summer course of the Coyoacán and Chapultepec sporting centers. The central theme of the play was the handling of personal finances, conveying to the children the importance of saving and budgeting.

Three presentations of the same play were also organized in the Centro de Rehabilitación Gaby Brimmer and in orphanages of the Sistema DIF Nacional, aimed at children with different abilities and at children who have lost their parents.

National Financial Education Week 2010

In the third edition of National Financial Education Week, which took place from October 4 to 10, the ABM participated once again as the Thematic Coordinator in the Credit section. The objectives for this edition were to provide information, to promote the proper use of financial products and services, and to foster the development of skills and tools for an improved handling of economic resources. Topics dealt with during the week included family budgets, savings and investment, pensions, credit, and insurance.

The participation of member institutions in National Financial Education Week 2010 can be summarized as follows:

- For the first time, the banks participated with the printing of more than 810,000 brochures, pamphlets, and posters. This material was distributed through branch networks and at the various conferences organized by the ABM
- A total of 18 banking institutions participated
- 1,600 ABM books on financial education (Financial Health



Given the need in the sector to continue with efforts to promote and disseminate financial education, the ABM decided to create a Financial Education Committee, of which 33 banking institutions are currently members.



Pupils of a "Saber Cuenta" course

and Training as a Family) were distributed at various events.

- There was close collaboration between the Universidad del Valle de México, the Escuela Bancaria y Comercial, the IMEF Universitario, and the Instituto Politécnico Nacional (IPN).
- The following activities were coordinated by the IPN:
 - Some of the banks and the ABM donated more than 500 pieces of financial education material to the library network (74 branches) of the Instituto Politécnico Nacional.
 - Fifteen conferences were held in the same number of high schools and colleges.
 - Three videoconferences were transmitted to the 12 continuing education centers run by the IPN in Mexico.
 - The anchor event on Credit was organized in the main offices of the Instituto Politécnico Nacional.
- More than 70 live conferences were held, with the participation of the chairmen, executives, and employees of the banking centers and the attendance of more than 15,000 students.

Programs and Initiatives of the Banking Institutions

Aware of the diversity of needs of the different sectors of the population, the ABM has developed a variety of financial education programs targeted at the circumstances of each specific group. Strategies have been designed for both rural and urban users, for both homemakers and professionals, for both businesspeople and people with limited access to financial services.

In designing and implementing these programs the ABM has drawn on various studies on the state of financial education in Mexico, as well as on domestic and international recommendations for the establishment of agreements between governmental entities and institutions. One of these studies is a "Survey of Financial Education" carried out in 2008 by the Universidad Nacional Autónoma de México (UNAM) together with one of the associated banks.

There is a growing availability of programs focusing on younger people, as we believe that early financial training is the best

way to guarantee better decisions—and results—in the future.

The programs seek to promote financial education in Mexico through innovative pedagogic strategies based on the possibilities currently offered by information technology, which are able to reach a greater number of people.

"Knowing Counts"

The aim of this initiative is to promote and disseminate financial education among individuals, their families, and the communities in which they live. It also seeks to impact groups of individuals in companies and institutions. This addresses the diversity of needs and requirements of training and information in the area of financial education.

The "Knowing Counts" program generates, produces, and distributes a ample supply of educational material that embraces a variety of subjects, including the generation, administration, and correct use of financial resources. Knowledge and skills are taught in simple language and complemented with practical exercises.

"Knowing Counts" recognizes the need to favor people's individual abilities in taking correct decisions, by means of information, reasoning, and responsibility, in the understanding that personal, family, and social welfare is closely connected with financial welfare.

"Go Ahead with Your Future"

The mission of this program is to empower users of financial services with a basic knowledge of personal finances to use the products and services of the banking system to their best advantage. "Go Ahead with Your Future" is a robust and comprehensive program consisting of workshops developed with the technical know-how of banking specialists and the pedagogical support of the Museo Interactivo de Economía (MIDE), offered in an attractive interactive format which uses language accessible to all kinds of participants.

The program starts from the premise that, in order to properly use financial services, a complete educational process is necessary, which goes from "awareness" to "knowledge" and then from "knowledge" to "know-how." It is nec-

During National Financial Education Week the banks participated with the printing of more than 810,000 brochures, pamphlets, and posters.



essary, in other words, not only to help people understand why enhancing their financial education is important, but also to share knowledge with them and develop their skills, so that they can use savings and credit to their best advantage.

Training in Group Credits (Microcredits)

The aim of this initiative is to teach clients what a loan is and how much it costs, as well as the importance of saving and the danger of excessive indebtedness. The training also deals with life insurance as a resource that can meet financial needs in the case of misfortune.

“Beyond Money”

This financial education initiative was developed in coordination with the international organization Junior Achievement Worldwide, which has wide experience of teaching finances and entrepreneurship to children, with a focus on business training. Jointly with the specific financial institution that sponsors the initiative, this program involves volunteers, who put their skills and experience to work giving workshops to children who wish to learn how to earn, spend, share, and save money.

Testimony:

We are fortunate to be able to transmit these fundamental skills to children and to cultivate financial know-how in them. I received great personal and professional satisfaction, for these children are the future of my country. I could find no better way of influencing so directly and so permanently that imminent future.

Fernando Hernández

Students in Free Enterprise

The objective of Students in Free Enterprise (SIFE) is to foster a sense of social responsibility among future entrepreneurs and business leaders. Through this global network, students from private and public universities can generate projects aimed at promoting financial education and creating means of economic life and independence for marginalized groups in their communities.

Other Actions

Apart from the programs and courses detailed above, various actions were taken in 2010, of which the following are especially deserving of mention:

- Participation in forums on financial education and entrepreneurship for young people in Mexico and elsewhere in Latin America
- Talks addressed to banking sector employees on sharing tools to maintain healthy finances and on making better decisions about the handling of economic resources
- The development and uploading of websites where users can obtain information about programs and even participate in online workshops and courses
- Summer courses for the children of banking sector employees in which financial and stock market concepts are taught through games
- Family finance workshops
- Workshops on the management of micro-businesses, and particularly on the subjects of controlling expenses and handling inventories
- Publication of articles in magazines and newspapers
- Dissemination of financial concepts through corporate intranet systems
- Participation in radio and television programs
- Production of theater plays on related themes



Fundación Quiera

"At Fundación Quiera we work on behalf of children and young people in Mexico who are working or living on the street."

Quiera, the Foundation of the Asociación de Bancos de México, A.C., is a second-tier charitable organization founded in 1993 with the mission of "contributing to there being no children or young people living and working on the street, through the linking up of resources and the articulation of efforts aimed at restoring their rights and improving their quality of life, providing for integral development and constructive participation in society."

In order to carry out this mission, Fundación Quiera links and channels both knowledge and human and economic resources into operative institutions that attend to this segment of the population. In order to achieve its goals, the Foundation has three programs: Strengthening the Sector, Education, and Mental Health, each one of them developed through its respective lines of action: Linking of Resources, Development of Alliances and Networks, Research and Learning, Scholarships, and Training.

Every year Quiera calls on its institutional Friends to submit their applications for support, which are then evaluated by a Selection Committee. The approval of projects and grants is accompanied by a follow-up plan consisting of periodic reports, institutional visits, validation of objectives, and evaluation of results. All of the resources mobilized come from members of the ABM and strategic allies.

Since its founding, Quiera has benefited more than 140,427 children and young people who live or work on the street or are at risk of having to do so.

In 2010 the Foundation worked with 60 of the 75 institutions that make up its network of Friends of Quiera, scattered across 14 states in Mexico and the Federal District. These institutional Friends provide shelters, orphanages, daycare centers, work with parents, and supervised street and community work.

Strengthening of the Sector

This program channels economic resources, promotes alliances and links, and fosters research into the phenomenon of street children in order to contribute to the professionalization, effectiveness, and sustainability of Quiera's institutional Friends. It also increases the effectiveness of the sector's services through financing and research and learning projects.

Results Obtained

- 33 projects financed in the areas of Prevention, Independent Living, and Skill Construction
- Two institutional workshops at which experiences were exchanged
- A participative diagnosis of three marginalized neighborhoods with children at risk and of the impact of the PRENIC project of the Fundación de Apoyo Infantil Guanajuato, A.C. in León, Guanajuato
- An evaluation of the current state of information available on children and young people in circumstances of vulnerability and social exclusion
- The publication of 2 issues and 2,000 copies of Rayuela, an "International Journal of Children and Young People in the Struggle for Their Rights"
- The First International Juconi Congress "For a World without Violence"
- Continuous training for operating teams

Number of beneficiaries: 10,174 children and young people

Education

This program seeks to eliminate the factors that put at risk the children and young people attended by institutional Friends, by

supporting their regular school education and their communities, through grants and support for the Summer Workshops.

Results Obtained

- 4 projects financed in areas such as preventing school absenteeism and dropping out, implementing attendance strategies, and alternative education
- 42 institutions benefited through scholarships for 665 children and young people
- 25 summer projects financed in the areas of addiction prevention, violence, sexual and reproductive health, and meaning of life
- Updating of a diagnostic test of reading, writing, and math skills
- Creation of a reading, writing, and math club
- Training of operating teams with a focus on rights
- Sexual abuse, addiction, and violence prevention workshops
- Self-esteem, meaning of life, human development, adolescent pregnancy, and health workshops
- Support for the theater play "Professor Q., Who wants to learn finance by magic. . . is welcome"
- Support for the Museo Interactivo de Economía (MIDE) and the exhibition on practical finances
- Support for the street children benefit concert by Moenia, María José, and the group The Hot Dog at the Teatro Metropolitano in Mexico City

Number of beneficiaries: 4,135 children and young people

Mental Health

This program promotes the healthy psycho-social development of children and young people who live or work on the street through actions that contribute to the strengthening of Quiera's institutional Friends in the area of mental health.

Results Obtained

- 7 projects financed with a view to improving the mental and emotional health of children victims of violence and physical or sexual abuse and to facilitating psychotherapeutic treatment of young people with drug addictions and their families
- 6 institutions benefited by mental health grants for psychiatric attention and addiction rehabilitation
- 12 institutions benefited in the treatment of post-traumatic stress disorder
- 6 psychologists trained in the use of the Post-Traumatic Stress Manual
- Diagnosis and treatment of 46 children and young people with post-traumatic stress disorder
- Hiring of specialized psychologists
- Awareness training for operating, administrative, supervisory, volunteer, and executive staff of Quiera's institutional Friends in the diagnosis and treatment of post-traumatic stress disorder

Number of beneficiaries: 944 children and young people

Bécalos

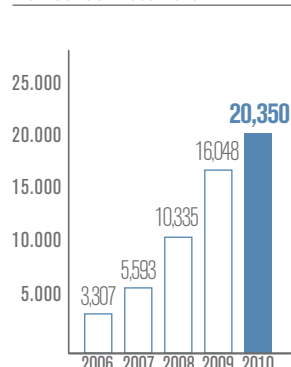
The Bécalos program has been operating for six years, in the conviction that education is the means by which Mexico grows. It seeks to lower the dropout rate, to raise the quality of education for Mexican children who are from needy families or are living on the street, through scholarships, and to support the training of teachers and administrators of public schools.

- Bécalos offers year-round support to more than 21,000 high school students and more than 20,000 college students.
- Some 6,400 study grants have been awarded to children from indigenous communities and to children living or working on the street.
- Some 65,000 grants have been awarded to primary school teachers in public schools.

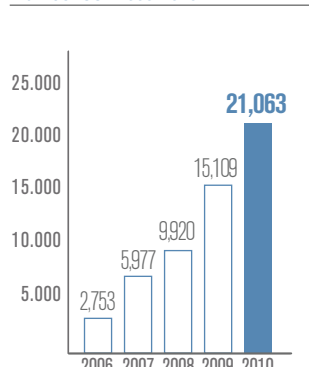


Total accumulated number of study grants awarded to students and training grants to teachers by 2010	
EDUCATIONAL LEVEL	TOTAL GRANTS AND TRAINING 2010
High school	17,918
University	18,639
Educational equity	5,095
Training for teachers and administrators	55,463
Total	97,115

ACCUMULATED GRANTS
HIGH SCHOOL 2006-2010



ACCUMULATED GRANTS
HIGH SCHOOL 2006-2010



- In 2010 a second generation of 6,212 young people graduated, including those who had received grants for their three years of high school and those who had finished their studies in technical colleges or their B.A.s or engineering degrees in the Universidad Nacional Autónoma de México or the Instituto Politécnico Nacional.

Today, 11,478 young people have a better future thanks to Bécálos.

Fundación Televisa and the ABM joined forces once more to support the Bécálos program, working through an intense fund-raising campaign that lasted from June 1st to September 30th, 2010.

The results were excellent, as more than P\$123 million pesos was raised through five-peso contributions made voluntarily by millions of clients of the banking system, in addition to the seed mon-

ey put up by the individual banks and the amount raised through ATMs: BBVA/Bancomer, Banorte, Santander, HSBC, Banamex, Scotiabank, and Ixe. Including Inbursa, Banco del Bajío, Banregio, Multiva, Banco Ahorro Famsa, and Bansi, there was an network of more than 29,000 ATMs involved in the campaign.

Other financial entities joined the effort through direct donations to the Bécálos trust fund. These included Banco Compartamos, Consupago, Banco Interacciones, Banco Ve por Más, JP Morgan, Monex, INVEX, American Express Bank, Bank of América Merrill Lynch, and VISA.

The amount raised through ATMs will be increased significantly by the contributions of other institutions such as the Secretaría de Educación Pública, the Universidad Nacional Autónoma de México, the Instituto Politécnico Nacional, autonomous state universities, technical colleges, and state ministries of education. It is estimated that the final amount will reach P\$299 million and benefit more than 113,000 students, professionals, and school administrators nationwide, through study grants and scholarships of various kinds.

More and better education means more jobs, better pay, and greater competitiveness.

Training for Public School Teachers and Administrators

"Bécálos has an important effect on the quality of the Mexican public school system, benefiting more than 65,000 teachers and administrators."

The solid qualifications and constant training of teachers are indispensable requisites in increasing the quality of education and helping it attain its goals.

Bécálos contributes to achieving these goals. Half of the grants awarded go to primary, junior high, and high school teachers and administrators all over Mexico. The program makes available to the state government—and in particular to the state ministries of education—the training courses offered by the Instituto Tecnológico y de Estudios Superiores de Monterrey (ITESM), the Academia Mexicana de Ciencias, Excelencia Educativa, the Instituto Latinoamericano de la Comunicación Educativa (ILCE), and the Consorcio Clavijero, among other institutions. These courses focus on subjects that need to be reinforced according to the

Quiera contributes to there being no children or young people living and working on the street, through the linking up of resources and the articulation of efforts aimed at restoring their rights and improving their quality of life.



results of national and international tests such as ENLACE and PISA, respectively. Subjects include:

- Quality of education and teacher qualifications
- Leadership
- Reading comprehension
- Learning mathematics
- Learning technical sciences

Participants receive partial support and contribute a percentage of the cost themselves. At the end of the courses, the teachers with the best results receive a complete scholarship to continue their training at the Universidad Autónoma de Madrid. In 2010 it was possible to offer support to 87 teachers.

Some Important Events in 2010

Bécalos Congress: "There's Talent"

On 24 and 25 September 2010, on the premises of the Mexico City campus of the ITESM, the second Bécalos Congress, under the title "There's Talent," was held, aimed at teachers and administrators who had participated in the scholarship programs. Some 1,000 participants enrolled from all over Mexico. The Congress

addressed two issues: "Technology and education in a knowledge-based society" and "Project methodology as a proposal to promote education based on skills."

High School Education

Bécalos also focuses on high school education and contributes to decreasing dropout rates and absenteeism at that level. In fact, barely 60.1% of high school students in Mexico go on to complete their studies.¹ Through its alliances with the UNAM, the IPN, Prepar@te, the Colegios de Estudios Científicos y Tecnológicos (Cecyte), and state high schools, the program offers scholarships to students in financial need at the high school level.

At the same time, Bécalos has made it possible for made high school graduates to continue their studies at the university level.

Graduation Ceremony

In 2010 a total of 2,430 young people graduated from the high schools of the IPN, the UNAM, the Veracruz state programs,

¹ Bécalos: "Hay Talento: Sólo falta apoyarlo," 2010. Mexico City: Fundación Televisa, 2011, p. 11.

Teachers per state			
States	Men	Women	Total
Aguascalientes	162	271	433
Baja California	78	147	225
Baja California Sur	43	40	83
Campeche	446	559	1,005
Chiapas	463	505	968
Chihuahua	592	1,291	1,883
Coahuila	445	1,037	1,482
Colima	248	494	742
Federal District	910	2,705	3,615
Durango	46	74	120
Guanajuato	1,344	1,847	3,191
Guerrero	130	191	321
Hidalgo	1,008	1,914	2,922
Jalisco	678	1,347	2,025
México	2,225	2,672	4,897
Michoacán	222	265	487
Morelos	190	499	689
Nayarit	235	615	850
Nuevo León	785	2,018	2,803
Oaxaca	628	548	1,176
Puebla	1,528	3,221	4,749
Querétaro	670	1,869	2,539
Quintana Roo	333	576	909
San Luis Potosí	69	113	182
Sinaloa	169	355	524
Sonora	181	508	689
Tabasco	37	34	71
Tamaulipas	817	2,194	3,011
Tlaxcala	406	784	1,190
Veracruz	2,755	6,275	9,030
Yucatán	498	742	1,240
Zacatecas	714	696	1,410
Totals	19,055	36,406	55,461

the Prepar@te program, and the Colegio Nacional de Educación Profesional Técnica (CONALEP).

Higher Education

In order to achieve the great objectives of the Mexican educational system, it is essential to boost the levels of higher education. The Bécalos program therefore contributes to increasing enrollment, achieving a better balance among states, and encouraging students to continue their studies until they obtain a degree.

Given the fundamental importance of the fields of science and engineering to national development, Bécalos supports degree programs in these areas through agreements with the UNAM, the IPN, the National Program for Higher Education Scholarships, 52 technical colleges, and 8 different state universities.

Since 2008 it has also supported academic excellence programs for students in financial need in the autonomous state universities. It collaborates with the SEP and the French Embassy in Mexico to make it possible for the best students of technical colleges to study in France for a year.

In 2010, a total of 3,782 students graduated from the IPN, the UNAM, and various technical colleges with the support of the Bécalos program.

The solid qualifications and constant training of teachers are indispensable requisites in increasing the quality of education and helping it attain its goals.



In 2010 a total of 2,430 young people graduated from high school thanks to the joint efforts of millions of Mexicans, companies, and educational institutions.





Bécalos graduation ceremony

SOCIAL PROGRAMMES

The banking sector is not unconcerned with the many diverse needs of communities all over Mexico. As part of its social commitment, the ABM's associated institutions design, promote, and execute a range of activities aimed at reducing the inequality that prevails in certain zones and regions, thereby generating development opportunities for tens of thousands of Mexicans.

This impact can be measured in terms of the number of people and communities benefited, as well as in terms of improvements to infrastructure and quality of life.

The actions are carried out by volunteers from member institutions or by institutional departments created ex profeso, with the support of charitable foundations and civil organizations that collaborate in the design and/or implementation of the initiatives.

These address a range of social, community, and environmental challenges, and include a wide spectrum of activities that deal with different issues in the social, educational, environmental, and cultural fields.

Education

In addition to the efforts of the banking sector embodied in successful programs such as Bécalos and the initiatives of Fundación Quiera, the ABM's associated members promote other educational programs to extend the benefits of quality education and training to more children, young people, and teachers all over Mexico. We are convinced that the most effective way of developing a society and an economy is through education.

Integration Grants “For Those Left Behind”

This program is designed to address the social effects of immigration in Mexican communities. With many fathers absent, the children run a greater risk of dropping out of school.

The principal axis of action is the awarding of scholarships to allow children the opportunity to continue to study, reducing the possibility that they will abandon school and their community.

The scholarships are a stimulus for young people to be able to finish their secondary school and have access to higher education, or to better and better-paid jobs. At the same time, they offer the children of migrants the possibility of proudly remaining in their communities.

Achievements in 2010

- 5,000 scholarship students from the class of 2010 graduated with a national grade point average of 9.3
- 66 municipal graduation ceremonies, organized in coordination with parents and schools
- 15,000 scholarships in progress
- 5,000 new scholarships awarded
- Participation of 700 executives as godparents
- 12 Welcome Tour events for new scholarship students

Migrants

Through a strategic alliance entered into by one of our associated members, the Office of the Presidency, the DIF Nacional, and the international organization Save the Children, a trust fund was established to provide support to migrant children and unaccompanied repatriated children. This initiative seeks

19,437,745 people benefited in 2010, representing 17% of the population.





to help 19,000 migrant children in Mexico through attention modules along the northern and southern borders and in the home communities themselves, where an effort is made to prevent the departure of more children.

Family Ties

This program is implemented in affiliated public schools in the aim of improving the qualifications of teachers, enhancing the infrastructure of schools, and providing pupils with school supplies and uniforms. In order to achieve this last aim, bank executives volunteer to act as godparents to children in financial need. In the second semester of 2010 the program was implemented in eight schools in different states of Mexico, to the benefit of 937 children and 2,091 communities.

The Friends of Zippy

This program is designed to develop the emotional intelligence of children between the ages of six and eight, so that they can confront emotional conflicts and find solutions to them without being negatively affected themselves or affecting those around them.

The program is implemented in schools over a period of 24 weeks. It consists of six modules that deal with topics such as friendship and confronting change.

The program teaches children to identify their feelings and talk about them, to listen carefully, to resolve conflicts, and to help others.

Community Development

Programs and initiatives are also carried out to foster community development and support health and disability projects, among others.

Redoubling Efforts

This is an initiative created to complement the work done by civil society organizations through community development projects in the areas of education, housing, and ecology. Employees and executives of the banking sector participate in an effort to create synergies with local governments and the communities themselves.

Nutre-Fácil

This program is aimed at helping children with high levels of malnutrition, through food supplements that benefit their physical development. The initiative is carried out with the collaboration of the state DIF systems and other organizations. The work teams are made up of nutritionists, social workers, and pediatricians.

Optimus Foundation

This initiative supports the development of medical and childhood education research projects. It functions in collaboration with the JUCONI ("Together with Children") organization, based in Puebla, which is committed to the reintegration of street children into their families through therapy, education, and sports programs.

Visionaris. Social Entrepreneur Award

This initiative recognizes the achievements of visionaries who conceive projects to create real social change in Mexico, with tangible results and the capacity for increased scale. The prize is awarded in cooperation with the global association Ashoka.

Global Philanthropy Forum

The Eighth UBS Global Philanthropy Forum was held in Mexico



Volunteer programs encourage the participation of employees of the banking sector in a range of social and environmental activities, and generate the added value of fostering integration within the institutions themselves.

in 2010, organized with a view to stimulating multi-sector discussion of the importance of philanthropy and its impact on society.

Under the title “Beyond the Crisis: Coordinating Growth,” the forum emphasized the growing importance of philanthropy as a means to buffer the effects of the global financial crisis.

The growth of philanthropy and of benefactors, in number and in scale, makes it imperative to streamline efforts through individual initiatives that take into account both the public sector and civil society, ensuring that such efforts be sustainable.

Volunteer Work

Volunteer programs encourage the participation of employees of the banking sector in a range of social and environmental activities, and generate the added value of fostering integration within the institutions themselves. These are some of the programs developed in 2010:

“You Are the DNA of Service”

This program made it possible to provide 1,989 meals to 270 children at the Comedores Santa María. Banking sector employees and their families not only helped in the work, but also spent time with the children and participated in the clean-up of the installations.

Actions

This program is designed to promote the participation of banking sector employees as volunteers in a range of environmental, health, sporting, integration, cultural, and social activities. In 2010 some 16,000 volunteers participated. A collection of toys was also made for children who are patients in hospitals.

Impulsa/PLQS

Participation in this program involved visits to the Dr. Juan Navarro and Federico Gómez hospitals, where 350 child patients were made presents of candy, toys, and books.

The program also offers support to institutions that promote civic, cultural, artistic, health, and human development programs, aimed especially at children and people with disabilities.

“For the Children of Mexico” Trust Fund

This trust gives support to 46 different institutions selected through the active participation of the employees of the banking sector. All of these institutions share the aim of giving aid to Mexico’s neediest children. Thanks to the trust, 37,173 children received dedicated professional attention in the areas of health care, education, and nutrition.



“You Are the DNA of Service” is a program that provided 1,989 meals to 270 children at the Comedores Santa María.

Albergue Infantil Los Pinos A.C.

Colectón

The Colectón initiative focused on collecting toys to be distributed among children all over Mexico. Through the efforts of volunteers, more than 15,000 toys were collected.

Fundación Vivienda

This housing foundation helps families in financial need to acquire homes of their own, with legal guarantees of ownership, through the distribution of residences in orderly housing developments, with road access and services that allow the families to insert themselves into community life. These developments are constructed under a model of shared responsibilities between the federal and local governments.

The housing developments constructed by Fundación Vivienda help to create a local economy and facilitate the implementation of projects aimed at improving quality of life, such as the establishment of schools and medical clinics. In 2101, a total of 164 houses were handed over to residents in Tizayuca, Hidalgo.

Institutions Supported

In 2010 a large part of our work on behalf of social and cultural development was performed in collaboration with the following organizations and associations:

- Alternare
- Amigos del Museo del Palacio de Bellas Artes
- Antenas por los Niños
- Asociación de Amigos del MAP
- Asociación Manos que Ayudan
- Asociación Mexicana de Promoción y Cultura
- Asociación Pro Personas con Parálisis Cerebral
- Asociación Pro Niños Excepcionales
- Casa de la Amistad para Niños con Cáncer
- Casa Hogar Kamami
- Centro de Información y Comunicación Ambiental de Norteamérica
- Centro Mexicano para la Filantropía
- Comedor Santa María
- Consejo Nacional Adopte una Obra de Arte
- Corazón Jade de México
- Cruz Roja Mexicana
- El Colegio de México
- Escuela Mixta para el Desarrollo Integral del Invidente Hellen Keller
- Festival Internacional de Música pro Valle de Bravo
- Fideicomiso pro Bosque de Chapultepec
- Fondo para la Paz
- Fundación Alsea
- Fundación Ayuda Amiga
- Fundación Educa México
- Fundación El Peñón

- Fundación Kardias
- Fundación Mexicana para la Salud Hepática
- Fundación Olga y Rufino Tamayo
- Fundación Teletón México
- Hábitat para la Humanidad México
- Hogar y Futuro
- Instituto de Atención Integral al Discapacitado RETOS
- Museo Dolores Olmedo Patiño
- Patronato de Apoyo al Centro de Integración Familiar
- Patronato del Antiguo Colegio de San Ildefonso
- Patronato del Teatro Nazas
- Promoción de Enseñanza y Ciencia
- Ser Humano
- Un Kilo de Ayuda
- Un Mañana para la Comunidad
- Un Techo para mi País
- Vida y Familia
- Villa de los Niños
- World Wildlife Fund

Actions in Support of Communities Struck by Natural Disasters

In 2010 aid was channeled to a large number of people and communities affected by Hurricane Alex in the northern states of Mexico (Nuevo León, Tamaulipas, and Coahuila), by flooding in Chiapas, Veracruz, Oaxaca, and Tabasco, and by the earthquakes in Haiti and Chile, among other natural disasters.

In order to bring aid to the northern states a large donation was made for the rebuilding of damaged homes. Campaigns



Asociación Down de Monterrey.

were also carried out to collect foodstuffs and other necessities, while some 30,000 pieces of furniture and equipment were donated to 489 schools, to the benefit of 115,737 pupils. In order to carry out these donations, tripartite agreements were struck by the federal government and the state governments of Nuevo León and Coahuila.

In the case of the flooding in Chiapas, Veracruz, Oaxaca, and Tabasco, foodstuffs were delivered to the homeless and a plan to reequip schools was implemented in coordination with the federal and state governments.

Following the mudslides in Angangueo and Tuxpan, in the state of Michoacán, eleven schools were rehabilitated with furniture, computer equipment, and construction material.

Victims of the earthquake in Haiti were sent foodstuffs and other immediate necessities, as the banking sector participated in the "Alliance Mexico for Haiti" initiative, organized by the Mexican Ministry of Foreign Affairs and a number of charitable foundations.

Aid was also channeled in support of the reconstruction of schools, orphanages, rehabilitation centers, and medical dispensaries. A project developed by the Centro de Atención Integral para Menores Damnificados de Haiti consisted of an entire school for 350 pupils, a shelter for 150 unprotected orphans, and a medical dispensary.

Alliances

Alliances with civil society organizations made it possible to expand activities in the communities where initiatives were carried out, taking advantage of the close relations between these organizations and members of the community. This allows for

careful follow-up on programs and makes it easier to ensure that goals and objectives are met.

Some of the organizations with which the banking institutions worked are:

- Ashoka para Visionaris
- Asociación Ale
- Association of Fundraising Professionals
- Association of Healthcare Philanthropy
- Centro de Cuidados Paliativos de México
- Centro Mexicano para la Filantropía
- Comisión Nacional de Vivienda
- ECOCE

In 2010 aid was channeled to a large number of people and communities affected by natural disasters in the northern states of Mexico, in Chiapas, Veracruz, Oaxaca, and Tabasco, and by the earthquakes in Haiti and Chile



Ayuda a Haití.

- Fundación CIE
- Fundación Comunitaria del Bajío
- Fundación Santa Luisa de Marillac
- Grupo de los Dieciséis
- *Homeplan*
- Hospitales públicos infantiles
- Instituto Carlos Slim de la Salud
- Instituto Nacional para la Educación de los Adultos
- Instituto Nuevo Amanecer en Monterrey
- Jóvenes Empresarios por México
- Junta de Beneficencia Privada de Nuevo León
- Kidzania
- *Make a Wish*
- Mexvi
- Patronato de Banco de Ojos de Aguascalientes
- Secretaría de Educación Pública
- Universidad Anáhuac
- Universidad Panamericana

Culture

In order to preserve the cultural heritage of Mexico, various banking sector institutions invest in programs that make it possible for present and future generations to know and wonder at the cultural riches and historical legacy of Mexico's ancestral cultures.

The aim of these programs is to foster and disseminate Mexican culture and to help Mexicans to identify with their own heritage. They also seek to promote cultural interchange with other

countries, enhancing Mexico's own cultural riches and possessing the added value of creating close ties with the international community. A number of initiatives were carried out in this area:

- Art exhibits
- Publication of catalogues, books, and brochures
- Grants and scholarships
- Support for traditional art
- Research projects and restoration, etc.

Some of the initiatives which the banking sector supported in 2010 are:

- Festival Internacional de Cine de Morelia
- Promotion of the culture and art of steel, through several showings of sculpture
- Sponsorship of exhibitions in the Palacio de Bellas Artes in Mexico City
- Presentation of the exhibition "Juan Pablo II" in three northwestern states
- The "Fomento Cultural" program

The year 2010 was an important one for all Mexicans, marking as it did the Bicentennial of Mexican Independence and the Centennial of the Mexican Revolution. In order to commemorate these important events, the banking sector supported various cultural initiatives. Such was the case, for example, of the television series "Gritos de Muerte y Libertad," an ambitious production which told the story of the men and women who followed the tortuous path that led to the Independence of Mexico.

In 2010 Mexico celebrated the Bicentennial of Independence and the Centennial of the Mexican Revolution. In order to commemorate these important events, the banking sector supported various cultural initiatives.



Exhibit "Great Masters of Folk Art"



Parque Bicentenario, León Gto.



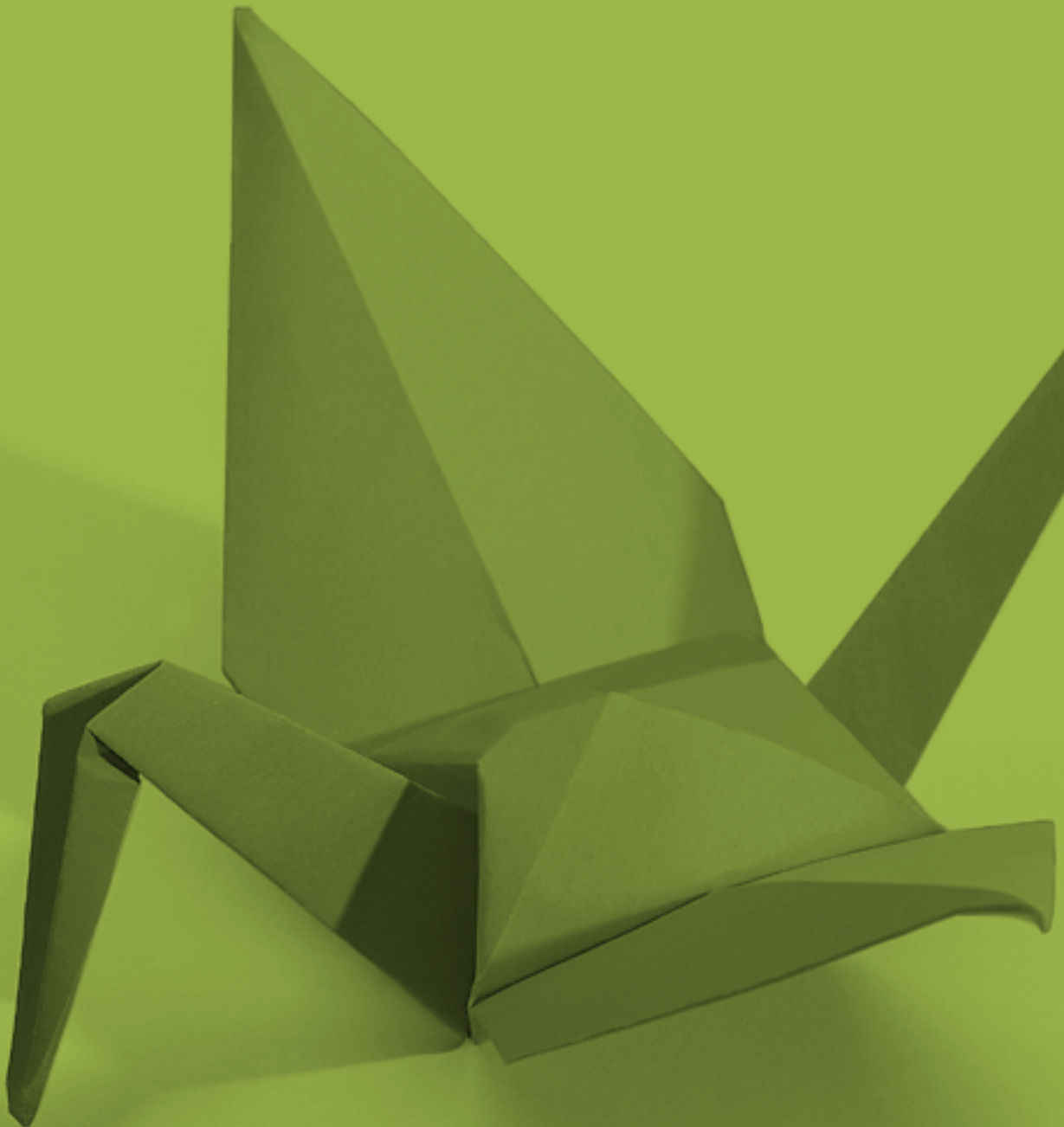
In order to preserve the cultural heritage of Mexico, various banking sector institutions invest in programs that make it possible for present and future generations to know and wonder at the cultural riches and historical legacy of Mexico's ancestral cultures.

Exhibit "Great Masters of Folk Art"





CARE OF THE **ENVIRONMENT**





It becomes clearer every day that the care of the environment is a decisive factor in our sustainability. That is why in the banking sector we seek to promote a change in attitudes regarding the care of the environment.



- **P\$325** million invested
- Carbon dioxide emissions reduced by more than **99,000 tons**
- Savings of **6.6 million kWh**

The institutions in the banking sector direct their efforts toward the care of the environment and the sustainable development of communities. They promote projects and initiatives aimed at conserving and restoring natural resources, seeking to stimulate economic activities that do not compromise the ecological balance.

Actions in the internal context focus on saving, recycling, and reusing resources, as well as on the implementation of environmental criteria in the analysis for the granting of loans.

In the external context care of the environment is reflected in various reforestation programs and the conservation of habitats and species, as well as in educational initiatives and productive projects.

Investment	2009	2010	09-10 % Var.
Environmental	\$301,189,608	\$325,034,570	7.92%

INTERNAL CONTEXT

Actions and Programs

There was a significant increase in 2010 in the number of programs aimed at reducing the environmental impact of the banking sector. Some of the most notable projects developed at a corporate level were the following:

Global Eco-efficiency Plan

This plan consists of five lines of action: natural resources, sustainable purchasing, interested parties, emissions, and energy efficiency.

By means of a sustainable business model the banking sector seeks to contribute to a better quality of life for its employees and

clients. In this plan, in addition to the initiatives involving paper savings through electronic technologies, there are actions involving the treatment of wastewater, the reduction and handling of residues, the certification of buildings in accord with ISO 14001:2004, and the reduction of carbon dioxide emissions per employee.

Climate Partnership

With an investment of US\$100 million, this five-year global program was established in order to confront the issue of climate change. It operates through four non-profit environmental organizations around the world: The Climate Group, Earthwatch Institute, the Smithsonian Tropical Research Institute, and the World Wildlife Fund (WWF).

In Mexico, Climate Partnership focuses on the development of employee skills, increasing awareness and knowledge of climate change and providing opportunities to participate in volunteer projects.

Other campaigns focus mainly on decreasing the use of paper and saving water and electricity. The reduction of the carbon footprint is also considered one of the program's short- and medium-term goals, as well as the environmental responsibility in the value chain. In order to achieve eco-efficiency,² it works in association with environment and governmental institutions.

In the area of paper saving, the main initiatives undertaken in 2010 were:

- Replacement of printed and mailed account statements by electronic account statements
- Digitalization of files

² According to the World Business Council for Sustainable Development (WBCSD), eco-efficiency is reached through the provision of "goods and services at competitive prices, satisfying human needs and contributing to quality of life, and gradually reducing the ecological impact and intensity of use of resources throughout the life cycle, to reach a level that at least meets the capacity to sustain estimated for the planet Earth".



There was a significant increase in 2010 in the number of programs aimed at reducing the environmental impact of the banking sector.

An example of savings was the 44 tons of paper, cardboard, and magazines recycled in 2010.

- Reprogramming of computer equipment to print on both sides of a sheet of paper.
- 3,248,117 sheets of paper were saved and 44 tons of paper, cardboard, and magazines recycled

Actions carried out in 2010 to reduce the consumption of electricity included the following:

- Models for energy efficiency
- Use of energy-saving light bulbs
- Implementation of the Integral Energy Control System
- Replacement of air conditioning equipment
- Consolidation of servers in the computer centers
- Lighting of offices by section
- Installation of individual climate control equipment in offices.
- Installation of automatic light switches.

Thanks to these initiatives energy consumption was reduced by 6,604,860 kWh, equivalent to the monthly consumption of 60,000 households.

Other environmental measures undertaken during the year were:

- Recycling of batteries.
- Reduction of business trips.
- Alternative use of residues (reuse, recycling, donation, sale).

Emissions

The increase in worldwide carbon dioxide emissions has resulted in an increase in the temperature of the Earth and an intensification of what is known as the greenhouse effect. In the aim of reducing these greenhouse gas emissions, banking institutions in Mexico have implemented a series of actions.

These include the creation of a system of videoconferences designed to significantly reduce the number of trips the personnel of the institutions needs to make inside Mexico or abroad. In 2010 around 18,000 videoconferences were held, with a consequent reduction in emissions and the added value of increased productivity on the part of the personnel.

Another important initiative was Earth Hour, during which the institutions in the sector turned off the non-essential lights in some of their buildings. Most importantly, the personnel was made more aware of the resources they use daily and the considerable impact they have on the carbon footprint.

Through the use of renewable energy a reduction of 99,248 tons of carbon dioxide was achieved in 2010, equivalent to the average yearly consumption of 13,000 automobiles.

Other measures were also implemented, such as:

- Turning off computer equipment when work is finished
- Establishing schedules to turn off lights and air conditioning



- Regulating speed in the ducts by pressure
- Replacing energy-saving equipment
- Applying energy efficiency measures to reduce energy consumption in buildings
- Increasing the use of renewable energy sources
- Compensating and neutralizing emissions that cannot be reduced
- Replacing emergency generators by more technologically-advanced equipment, which consumes less energy
- Implementing transportation routes for personnel

In order to measure emissions of greenhouse gases, some banking institutions use the environmental management system and methodology of the Global Reporting Initiative (GRI).

EXTERNAL CONTEXT

Environmental Regeneration

"Green Effect" is an environmental regeneration project in the Mexico City metropolitan area. The project, still in its initial phase, formulates a series of short-, medium-, and long-term actions to render part of the constructed surface of the Valley of Mexico green again. This will catalyze a wide range of positive effects for the environment, along with benefits in terms of economic trickle-down, the recycling of residual solids, and the improvement of the urban image and quality of life in the city.

Green Insurance

Since 2009, the revenues from this type of insurance have been channeled into forest conservation, the care of natural resources, and other actions on behalf of the environment in Mexico.

In 2010, these resources were used for the following projects:

- El Sope in Chapultepec Park, Mexico City
- The Ecológico Chipinque Park, Monterrey
- The Nacional Cumbres de Majalca Park, Chihuahua
- Sistemas Agroforestales Multiestrato, Campeche
- Water factory, Nevado de Toluca
- Hydrological basins, San Miguel de Allende
- Water, woods, and climate change with the WWF in Oaxaca
- The Mexican Civil Council for Sustainable Forests in Campeche, Quintana Roo, Chiapas, Colima, Jalisco, Estado de México, Durango, and Chihuahua

Volunteer Work

With a view to raising awareness among banking sector employees of the importance of acting on behalf of the environment, we have carried out various activities in which participating companies offer environmentally-friendly products and specialized lecturers give talks on the environment and environmental organizations. Collection and recycling campaigns were also organized, and the sector's employees were invited to join them. In order for employees to understand the importance of the carbon footprint, workshops were organized on the positive effect of actions that reduce greenhouse gas emissions. Examples of these activities are Planet Week and the Festival 24/7 ECO.

Reforestation

On the occasion of World Environment Day, the 3rd Family Reforestation was held in the Mazahua zone of Estado de México. Almost 400 volunteers participated with their family members in planting 4,000 trees.



Banking institutions supported several reforestation projects in different parts of Mexico, along with awareness campaigns and sustainable initiatives.

In another initiative, 38 volunteers went to the protected area of the Cerro del Cubilete in Silao, Guanajuato, to plant 400 trees of different kinds native to the zone. Also deserving of mention is "Reforestation Day," on which some 120 volunteers planted 700 trees.

Other reforestation efforts were carried out in San Jerónimo Zacapexco, a 1.5-hectare zone located in the southern part of the municipality of Villa del Carbón in Estado de México, where 1,760 pines native to the region were planted with the support of the non-profit organization Reforestamos México.

Environmental Awareness

In alliance with Pronatura, Ciceana, Peasma, and Reforestamos México, various environmental awareness and workshops were organized, and 20,000 grants were awarded for school orchards.

Other important activities carried out in this area were two

rallies, attended by 200 people; the lecture "Garbage and Climate Change," which included a demonstration of sustainable recycling actions, attended by 209 people; and the compost workshop organized in December, which attracted around 100 people.

Ecological Bags

Through this initiative, and with the support of the non-profit organization Gente como Nosotros ('People Like Us'), ecological bags were distributed among credit card users in several supermarkets, with a view to fostering care of the environment by avoiding the use of plastic bags.

In the project a large number of advertising signs were recycled and transformed into ecological bags, produced by artisanal means in the community of Jocotipac, Oaxaca. This initiative not only eliminated the equivalent of 30,000 kilos of garbage, but also supported the sustainable development of this rural community.





“Green Effect” is an environmental regeneration project in the Mexico City metropolitan area. The project formulates a series of actions to render part of the constructed surface of the Valley of Mexico green again.

CITIZENSHIP AND CORPORATIVE GOVERNANCE

It is in the interest of nations that institutions, both public and private, have proper corporate governance. This is an indispensable condition for the responsible conduct of companies, financial institutions, and markets. It is key to the health and stability of any economy and contributes to empowering its competitiveness.

Since companies play a central role in our economies, good corporate governance has become an important factor to ever larger sectors of the population.

The boards of directors of Mexican banks are made up of people with distinguished professional careers, wide financial experience, and thorough knowledge of the different aspects of economics, business, and sustainability. The boards also include independent members who preside over various committees, as for example those concerned with related parties, compensation, and audits, among others.

Through the Asociación de Bancos de México we participate actively, either individually or as a sector, in various regional forums and conventions both in Mexico and abroad, with a view to sharing experiences and better practices related to the role of the banking sector in the development not only of the banking business, but of the country in general. A good example is the series of initiatives undertaken to improve the sector's regulatory mechanisms and transparency.

To this end, the ABM maintains close ties with various government bodies, associations, and institutions, including the following:

- Secretaría de Hacienda y Crédito Público (SHCP)
- Comisión Nacional Bancaria y de Valores (CNBV)
- Banco de México (Banxico)
- Comisión Nacional para la Protección y Defensa de los Usuarios de Servicios Financieros (CONDUSEF)
- Instituto para la Protección al Ahorro Bancario (IPAB)
- Servicio de Administración Tributaria (SAT)
- Consejo Coordinador Empresarial (CCE)
- Buró de Crédito
- Centro de Cómputo Bancario (CECOBAN)
- Círculo de Crédito
- Club de Banqueros
- Consejo de la Comunicación
- Asociación Mexicana de Administradoras de Fondos para el Retiro (AMAFORE)
- Asociación Mexicana de Instituciones de Seguros (AMIS)

Ethical and transparent

Ethical and transparent conduct is an essential component in the healthy development of society and its institutions, because it clarifies and makes public the rules within which members of the community must circumscribe their actions. Ethics and transparency are a source of certainty and trust, indispensable factors in the maintenance of the social contract.

For this reason, the Mexican banking system maintains strict codes of ethics and insists, within the framework of current regulations, on a transparent rendering of accounts, thereby offering certainty to its various stakeholders regarding the responsible handling of the resources entrusted to it.

The codes of ethics constantly circulated among all the employees and personnel of the banking system are regularly

updated to bring them into line with the best international practices and with innovative initiatives such as the Equator Principles and the Basel Accords.

In order to disseminate their respective codes of ethics, the individual banks use various mechanisms of institutional communication (talks, courses, workshops) at all levels. In some cases, the codes are reconfirmed annually by employees.

This Report is a clear example of the banking sector's commitment to its employees, clients, shareholders, the government, and society in general, ensuring that they can keep abreast of the sector's activities from a comprehensive perspective.

We are convinced that the public rendering of accounts to society constitutes the surest way to reduce risks and maximize long-term benefits. The Mexican banking system makes its activities in the financial sector transparent through exhaustive reports which provide the financial authorities with timely information and are then made public through media such as the internet.

In addition to the quarterly reports that provide information on economic and financial results, there are also the annual financial and social responsibility reports.

Stakeholders

In order to identify and maintain a continuous dialogue with its various stakeholders, the banking sector considers different aspects:

- Degree of interaction
- Opinion studies
- Degree of economic and social impact

Every banking institution has identified the stakeholders with whom it communicates through a range of channels, such as reports, web pages, social networks, videos, live meetings, etc. Among the most representative of these stakeholders we might mention:

- Clients
- Regulatory authorities
- Employees
- Suppliers
- Commercial partners
- Investors
- The community
- Civil society organizations

The following are some of the principles which, in general, govern the relations of the various banking institutions with their stakeholders:

- Proactivity
- Corresponsibility
- Knowledge
- Respect
- Collaboration
- Ethics

Dialogue is vital to sustainability, as it provides valuable information about the expectations, needs, and viewpoints regarding our activities in economic, social, and environmental matters. This valuable feedback allows us to be more competitive and to improve our offer of value and our performance.

In order to achieve fluid and continual communication, the institutions in the sector perform group studies in the aim of identifying socio-economic profiles, locating clients, and understanding the impact of the institutions on people and vice versa. These studies are used to design products and services in accord with the particular needs of clients.

As regards attention to communities, criteria of participation are defined for the granting of resources, volunteer activities, and the collection of monetary or other kinds of donations. These criteria are generally in line with the philosophy of the particular institution and are increasingly reflected in their goals and objectives in the area of social responsibility.

As regards employees, the institutions depend on their human resource departments to ensure a respectful and harmonious workplace environment.

Responsible Marketing

In order for clients of the banking system to be able to make informed decisions about the various products and services offered in Mexico, an effort has been made to provide clear, complete, and detailed information about the characteristics of the different options in the market. This makes it possible for clients to make the best financial decisions on the basis of their own needs and particular interests.

The possibility of comparing different options empowers users and favors competition within the sector, which translates into better products, services, and prices, in accord with the specific needs of individual clients. This catalyzes in turn the need for further innovation within the sector.



A photograph of a person wearing a blue long-sleeved shirt, partially visible on the left side of the frame. They are standing in a field of lush green plants, possibly a crop field. The background is filled with dense green foliage, and the lighting is bright, suggesting a sunny day. The text is overlaid on the upper left portion of the image.

The progress made in social responsibility initiatives and actions is a reflection of the commitment of the banking sector to promoting economic and social development. We therefore continue to invest human and material resources, with a long-term vision of fostering the prosperity and well-being of Mexico.

Awards and Distinctions, 2010

Award, distinction, or honor	Institution or company that granted it	Number of institutions
50 Companies with the Greatest Social Responsibility	Mundo Ejecutivo	3
<i>Beyond Banking People's Choice</i>	Inter-American Development Bank (IDB)	1
Diploma	Asociación de Procuradores de Fondos de Monterrey	1
Centennial Mexican Company	Office of the Presidency	1
Socially Responsible Company	Centro Mexicano para la Filantropía (CEMEFI)	10
Small and Medium Business Prize	Secretaría de Economía	1
Best Financial Group in Mexico	<i>World Finance</i>	1
Best Place to Work in Mexico	<i>Great Place to Work Institute</i>	2
Best Social Responsibility Practices	Centro Mexicano para la Filantropía (CEMEFI)	2
Best Solution Mobile Category	Asociación Mexicana de Internet/Instituto Latinoamericano de Comercio Electrónico	1
Honorable Mention	Premio Nacional de Vivienda 2010	1
AL Reis Award	Universidad Anáhuac	1
Centennial Award	Nacional Financiera	1
Learn Banking Award	Inter-American Development Bank (IDB)	1
Sustainability Reporting Award	Inter-American Development Bank (IDB)	1
Distinction	Asociación Mexicana de Comunicadores	1
IPN Distinction for altruistic labor	Instituto Politécnico Nacional (IPN)	1
<i>World Best Annual Reports</i>	<i>ARC Awards International</i>	1

GRI INDEX

Indicator	Description	Page
STRATEGY AND ANALYSIS		
1.1	Statement from the most senior decision-maker of the organization	2
1.2	Description of key impacts, risks, and opportunities	2
ORGANIZATIONAL PROFILE		
2.1	Name of the organization	2da. de forros
2.2	Primary brands, products and/or services	7, 15 a 18
2.3	Operational structure of the organization	2da. de forros
2.4	Location of organization's headquarters	3era. de forros
2.5	Number of countries where the organization operates	2da. de forros
2.6	Nature of ownership and legal form	2da. de forros
2.7	Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries)	18
2.8	Scale of the reporting organization	7
2.9	Significant changes during the reporting period	68
2.10	Awards received in the reporting period	62
REPORT PARAMETERS		
Report Profile		
3.1	Reporting period for information provided	68
3.2	Date of most recent previous report	68
3.3	Reporting cycle	68
3.4	Contact point for questions regarding the report or its contents	3era. de forros
Report Scope and Boundary		
3.5	Process for defining report content	68
3.6	Boundary of the report	68
3.7	State any specific limitations on the scope or boundary of the report	68
3.8	Basis for reporting on joint ventures	NA
3.9	Data measurement techniques and the bases of calculations	68
3.10	Explanation of the effect of any re-statements of information provided in earlier reports	68
Index of GRI Contents		
3.11	Significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report	68
3.12	Table identifying the location of the Standard Disclosures in the report	63 a 65
Assurance		
3.13	Assurance policy and practice	65
CORPORATE GOVERNANCE		
4.1	Governance structure of the organization	58
4.2	Chair of the highest governance body	2
4.3	Number of members of the highest governance body	2
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	58
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	58

Indicator	Description	Page
4.7	Qualifications and expertise of the members of the highest governance body in matters of sustainability	58
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to sustainability	4
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of sustainability	NA
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to sustainability	58
	Commitments to External Initiatives	
4.11	Precautionary principle	2
4.12	Economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	20 a 57
4.13	Memberships in associations and degree of involvement	58
	Stakeholder Engagement	
4.14	List of stakeholder groups engaged by the organization	4, 59
4.15	Basis for identification and selection of stakeholders	59
4.16	Approaches to stakeholder engagement	59
4.17	Key topics and concerns that have been raised through stakeholder engagement	9 a 59
	ECONOMIC PERFORMANCE	
	Economic Performance	
EC3	Coverage of the organization's defined benefit plan obligations (pension plans)	22
	Market Presence	
EC7	Procedures for local hiring and proportion of senior management	10
	Indirect Economic Impacts	
EC8	Infrastructure investments and services provided primarily for public benefit	16, 17
EC9	Understanding and describing significant indirect economic impacts	12 a 17, 26, 52
	ENVIRONMENTAL PERFORMANCE	
	Energy	
EN5	Energy saved due to conservation and efficiency improvements	52, 54
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	17, 54
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	17, 54
	Emissions	
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	54
EN30	Total environmental protection expenditures and investments by type	52
	SOCIAL PERFORMANCE	
	Employment	
LA1	Total workforce by employment type, employment contract, and region	10
LA2	Total number and rate of employee turnover by age group, gender, and region	10, 25
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees	22
	Labor/Management Relations	
LA4	Percentage of employees covered by collective bargaining agreements	10
	Occupational Health and Safety	
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	22

Indicator	Description	Page
Training and Education		
LA10	Average hours of training per year per employee by employee category	12
LA11	Programs for skills management and lifelong learning that support the continued employability of employees	10
Human Rights		
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations	25
Community		
SO4	Actions taken in response to incidents of corruption	25
Product and Service Labeling		
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	17
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	58 a 59

Report Application Level		C	C+	B	B+	A	A+
Standard Disclosures	G3 Profile Disclosures OUTPUT	Report on: 1.1 2.1 - 2.10 3.1 - 3.8, 3.10 - 3.12 4.1 - 4.4, 4.14 - 4.15		Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5 - 4.13, 4.16 - 4.17		Same as requirement for Level B	
	G3 Management Approach Disclosures OUTPUT	Not Required	Report Externally Assured	Management Approach Disclosures for each Indicator Category	Report Externally Assured	Management Approach Disclosures for each Indicator Category	Report Externally Assured
	G3 Performance Indicators & Sector Supplement Performance Indicators OUTPUT	Report on a minimum of 10 Performance Indicators, including at least one from each of: Economic, Social and Environmental.		Report on a minimum of 20 Performance Indicators, at least one from each of Economic, Environmental, Human rights, Labor, Society, Product Responsibility.		Report on each core G3 and Sector Supplement* Indicator with due regard to the Materiality Principle by either: a) reporting on the Indicator or b) explaining the reason for its omission.	

*Sector supplement in final version

Nuestro grado de aplicación corresponde a un Nivel B

GLOSSARY OF TERMS

ABM	Asociación de Bancos de México
Banxico	Banco de México
BIS	Bank for International Settlements
Buró de Crédito	Private company constituted as a credit information company, designed to integrate and provide information prior to the granting of credit and during the term of the financing
Cartera de crédito	Coefficient that represents the financial solidity of an institution against unexpected losses due to the risks it has incurred. It is calculated by dividing net equity by assets weighted by their risk level (market, credit, and operating)
Capitalización	Operation consisting of adding interest to capital. Capitalization of liabilities refers to the process of creditors buying into a company by paying in capital through the liabilities in their favor
Captación	The capturing of resources from the public in the domestic market is understood to have occurred when: a) the reception of funds or resources is solicited, offered, or promoted from an indeterminate person or through the mass media, or b) funds or resources are obtained or solicited habitually or professionally; in both cases, through acts causing direct or contingent liability, with the intermediary being obliged to cover the principal and, if applicable, the accessories of the resources captured. Generally they are obtained through instruments such as checking accounts, savings accounts, fixed-term deposits, etc.
CECOBAN	Centro de Cómputo Bancario
Círculo de Crédito	Private company constituted as a credit information company, designed to integrate and provide information prior to the granting of credit and during the term of the financing
CNBV	Comisión Nacional Bancaria y de Valores
CO₂	Bióxido de Carbono
Coverage	Protection against the losses that may be incurred by a rise in prices, interest rates, or exchange rates
CONDUSEF	Comisión Nacional para la Protección y Defensa de los Usuarios de Servicios Financieros
GRI	<i>Global Reporting Initiative</i>
IMEF	Instituto Mexicano de Ejecutivos en Finanzas
Capitalization ratio	Proportion of long-term liabilities to total long-term financing. It is calculated by dividing the amount of long-term liabilities by the sum of those liabilities plus equity

Coverage ratio	Ratio expressing the number of standardized contracts necessary to effectively cover a position in the futures market
Non-performing loans ratio	Non-performing loans as a proportion of the total loan portfolio
INEGI	Instituto Nacional de Estadística y Geografía (the Mexican Bureau of Statistics)
IPAB	Instituto para la Protección al Ahorro Bancario
IPN	Instituto Politécnico Nacional
Kwh	Kilowatt per hour
MIDE	Museo Interactivo de Economía
PIB	Gross Domestic Product
SEP	Secretaría de Educación Pública (the Mexican Ministry of Education)
SHCP	Secretaría de Hacienda y Crédito Público (the Mexican Ministry of Finance)
SNEF	Semana Nacional de Educación Financiera
SOFOM	Siglas de Sociedades Financieras de Objeto Múltiple
Sustainability	Development which satisfies the needs of the present without endangering the ability of future generations to attend to their own needs
Interest rate	The cost of financial loans
TPV	Point-of-Sale Terminal
UNAM	Universidad Nacional Autónoma de México

The definitions of the above terms were obtained from the following sources:

- Banco de México
- Comisión Nacional Bancaria y de Valores
- Asociación de Bancos de México
- Other specialized information resources

ABOUT THIS **REPORT**

This Report covers the actions and programs carried out during the year 2010 and has been prepared for the second time in line with the methodology of version 3.0 of the Global Reporting Initiative (GRI), designed for sustainability reports. The cycle of reports is annual and this methodology will be used in the future.

In order to determine the contents of this report, the actions, initiatives, and results all of the banks that make up the Asociación de Bancos de México were taken into account, in social, economic, and environmental areas and in their relations with their stakeholders. To this end, data was collected by means of the OptimumCSR system, interviews with personnel, and other sources of information. McBride Sustainability assisted in the determination of materiality, analysis, research, methodology, and writing.

The coordination of the associated banks, as well as the supervision of the degree of progress and the final revision of the document, was the responsibility of the Asociación de Bancos de México.

Our degree of application corresponds to level B.

Cautionary note:

The figures contained in this report, as well as the programs and other data, are an annual summary and do not therefore constitute an exhaustive presentation in information, which might have an impact on a particular analysis. Likewise, the diagrams presented in this document are a tool designed to facilitate the understanding of concepts and process and do not represent a particular vision of each banking institution.

CONTACT INFORMATION

www.abm.org.mx

rsc@abm.org.mx

Telephone: 57 22 43 00

16 de Septiembre # 27, 3er piso

Centro Histórico

06000 México D.F.



ASOCIACIÓN DE BANCOS DE MÉXICO





ASOCIACIÓN DE BANCOS DE MÉXICO

