

***Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and
Subsidiaries***

Consolidated Financial Statements
December 31, 2013 and 2012

***Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries***
Index
December 31, 2013 and 2012

<u>Contents</u>	<u>Page</u>
Report of Independent Auditors	1 and 2
Financial statements consolidated with subsidiaries:	
Balance sheets	3
Statements of income	4
Statements of changes in stockholders' equity	5
Statements of cash flows	6
Notes to the financial statements	7 to 79



Report of Independent Auditors

To the Secretaría de la Función Pública y
To the Consejo Directivo del
of Banco Nacional de Comercio Exterior, S. N. C., Institución de Banca de Desarrollo y Subsidiarias

We have audited the accompanying consolidated financial statements of Banco Nacional de Comercio Exterior, S. N. C., Development Banking Institution and Subsidiaries, which comprise the consolidated balance sheet as of December 31, 2013 and the consolidated statements of income, of changes in stockholders' equity and cash flows for the year then ended, as well as a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

The Institution's and subsidiaries' management are responsible for the preparation of these consolidated financial statements in accordance with the accounting criteria for credit institutions in Mexico issued by the National Banking and Securities Commission (Commission), and for such internal control as management determines necessary to prepare financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures contained in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the consolidated financial statements of Banco Nacional de Comercio Exterior, S.N.C., Development Banking Institution and Subsidiaries at December 31, 2013 and for the year then ended have been prepared, in all material respects, in accordance with the accounting criteria for credit institutions issued by the Commission.

Other matters

The consolidated financial statements of Banco Nacional de Comercio Exterior, S.N.C., Development Banking Institution and Subsidiaries at December 31, 2012 and for the year then ended, shown for comparative purposes, were audited by other independent public accountants, who issued an unqualified opinion on February 25, 2013.

PricewaterhouseCoopers, S. C.

A handwritten signature in black ink, appearing to read "Nicolás Germán Ramírez", written over a horizontal line.

C.P.C. Nicolás Germán Ramírez
Audit Partner

Mexico City, February 28, 2014

**Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries**

Periférico Sur 4333

Mexico City

Consolidated Balance Sheets

December 31, 2013 and 2012

Millions of Mexican pesos

	Note	2013	2012
Assets			
Liquid Assets	5	\$ 20,390	\$ 25,384
Investments in securities:			
Trading securities	6-a	98,380	93,303
Securities available for sale	6-b	1,084	1,197
Securities held to maturity	6-c	143	2,071
		<u>99,607</u>	<u>96,571</u>
Repurchase (debit balance)	7	<u>13,244</u>	<u>18,519</u>
Derivative instruments:			
Hedging	18	<u>55</u>	<u>-</u>
Performing loans:			
Commercial loans:			
Business and commercial activities		68,474	53,176
Financial entities		11,110	9,148
Government entities		2,041	4,364
Consumer loans		23	19
Housing loans		<u>149</u>	<u>164</u>
Total current loan portfolio		<u>81,797</u>	<u>66,871</u>
Past due loan portfolio:	9		
Commercial loans:			
Business and commercial activities		983	56
Consumer loans		4	4
Housing loans		<u>5</u>	<u>3</u>
Total past due loan portfolio		<u>992</u>	<u>63</u>
Total loan portfolio		<u>82,789</u>	<u>66,934</u>
Allowance for credit risks	9-k	<u>(1,448)</u>	<u>(1,706)</u>
Loan portfolio (net)		<u>81,341</u>	<u>65,228</u>
Other accounts receivables (net)	10	3,259	8,573
Repossession assets (net)	11	-	12
Property, furniture and equipment (net)	12	373	380
Permanent stock investments	13	479	461
Deferred taxes and employees' statutory profit Sharing (net)	17	25	121
Other assets			
Deferred charges, prepayments and intangibles	9	194	
Other short and long-term assets	<u>252</u>	<u>378</u>	
Total assets		<u>\$ 219,034</u>	<u>\$ 215,821</u>

	Note	2013	2012
Liabilities and Stockholders' Equity			
Traditional fund attraction:			
Demand deposits		\$ -	\$ 2
Time deposits:			
Money market	14	54,865	46,752
Credit instruments issued	15	<u>17,721</u>	<u>15,484</u>
		<u>72,586</u>	<u>62,238</u>
Interbank loans and loans from other lending entities:	16		
Demand deposits		2,119	1,028
Short-term		29,411	27,604
Long-term		<u>2,889</u>	<u>3,132</u>
		<u>34,419</u>	<u>31,764</u>
Creditors under repurchase agreements	7	<u>94,201</u>	<u>93,067</u>
Derivative instruments:			
For hedging	8	<u>1,651</u>	<u>738</u>
		<u>95,852</u>	<u>93,805</u>
Other accounts payable:			
Income taxes payable	17	-	-
Employees' statutory profit sharing payable		183	105
Creditors for operation settlement		16	14,246
Sundry creditors and other accounts payable	18	<u>1,257</u>	<u>1,205</u>
		<u>1,456</u>	<u>15,556</u>
Deferred taxes and employees' statutory profit Sharing (net)	17	<u>10</u>	<u>-</u>
Deferred loans and advance collections		<u>309</u>	<u>313</u>
Total liabilities		<u>204,632</u>	<u>203,676</u>
Stockholders' equity	20		
Contributed Capital:			
Capital stock		14,959	14,959
Contributions for future capital increases		3,550	2,400
Formalized by its governing body		<u>81</u>	<u>81</u>
Paid stock premium		<u>18,590</u>	<u>17,440</u>
Earned Capital:			
Capital reserves		141	141
Prior years' results		(5,428)	(6,352)
Result from valuation of securities available for sale		22	4
Result from holding non-monetary assets		(25)	(25)
Net income		<u>1,102</u>	<u>937</u>
Non-controlling interest		<u>(4,188)</u>	<u>(5,295)</u>
Total stockholders' equity		<u>14,402</u>	<u>12,145</u>
Total liabilities and stockholders' equity		<u>\$ 219,034</u>	<u>\$ 215,821</u>

**Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries**

Periférico Sur 4333

Mexico City

Consolidated Balance Sheets

December 31, 2013 and 2012

		<u>Memorandum accounts</u>	
		<u>2013</u>	<u>2012</u>
Guarantees issued			
Contingent assets and liabilities	22	\$ 2,720	\$ 2,157
Loan commitments		7,101	5,300
Goods in trust or mandate:	23	5,182	1,749
Trusts	24		
Mandates		55,835	52,135
Assets in custody or under administration		4,342	4,341
Collateral received by the entity	25	470,129	395,169
Collateral received and sold or pledged by the entity		27,203	39,759
Accrued interest receivable arising from outstanding loan portfolio		13,938	21,252
Loan portfolio rating		726	533
Other accounting accounts		94,997	73,110
		206,476	195,442

The accompanying explanatory notes form an integral part of these consolidated financial statements

The amount of the historical subscribed capital as of the date of these financial statements is \$14,009 million.

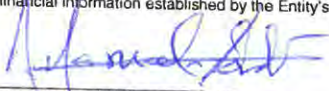
The consolidated balance sheets were prepared in accordance with the accounting criteria for credit institutions issued by the National Banking and Securities Commission, based on the provisions of Articles 99, 101 and 102 of the Credit Institutions Law of general and obligatory observance, consistently applied, reflecting the operations conducted by the Bank until the dates mentioned above, which were carried out and valued in accordance with sound banking practices and the applicable legal and administrative provisions.

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

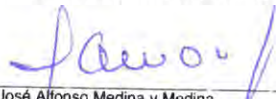
The capitalization ratio over assets subject to credit risk is 17.46 and 18.99, and over assets subject to total risk it is 13.73% and 14.47 at December 31, 2013 and 2012, respectively, which is the latest information validated by the Banco de México.

The website of the global internet network called Banco Nacional de Comercio Exterior, S. N. C., which shows information on the present state is: <http://www.bancomext.com/Bancomext/secciones/conoce-bancomext/bancomext-en-cifras/estados-e-indicadores-financieros.html>. The website of the National Banking and Securities Commission, which shows Bancomext financial information is: <http://www.cnbv.gob.mx/SECTORES-SUPERVISADOS/BANCA-DE-DESARROLLO/Informacion-Estadistica/Paginas/Banca-de-Desarrollo.aspx>.

The head of the internal audit area has signed off these financial statements based on the results of the reviews performed to date, which have enabled him to verify the sufficiency of the generation process for preparing the financial information established by the Entity's management and its capacity to generate reliable information.


Enrique de la Madrid Cordero
General Director


Martha Martínez Quiroz
Finance Director


José Alfonso Medina y Medina
Deputy General Director
Administration and Finance


Horacio Manuel Díaz Mercado Queijeiro
Head of the Internal Audit Area in
Banco Nacional de Comercio Exterior, S. N. C.

**Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries**
Periférico Sur 4333
Mexico City
Consolidated Statements of Income
Years ending on December 31, 2013 and 2012

Millions of Mexican pesos

	Note	2013	2012
Interest income		\$ 9,277	\$ 9,214
Interest expense		(6,687)	(6,794)
Financial margin	21-a	2,590	2,420
Allowance for credit risks		-	-
Financial margin adjusted for credit risks		2,590	2,420
Commissions and fees received	21-d	468	233
Commissions and fees paid		(13)	(11)
Net gain or (loss) on brokerage operations	21-b	287	80
Other operating expenses	21-c	(765)	(587)
Administrative and promotional expenses		(1,257)	(1,244)
Operating income		1,310	891
Equity in income of unconsolidated subsidiaries and associated companies		7	37
Income before income taxes		1,317	928
Income taxes payable	17	(118)	(35)
Deferred income taxes (net)	17	(97)	44
Majority Net Income		1,102	937
Non-controlling interest		-	-
Net income		\$1,102	\$ 937

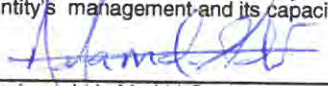
The accompanying explanatory notes form an integral part of these consolidated financial statements

These consolidated statements of income were prepared in accordance with the accounting criteria for credit institutions issued by the National Banking and Securities Commission, based on the provisions of Articles 99, 101 and 102 of the Credit Institutions Law of general and obligatory observance, consistently applied, reflecting the operations conducted by the Bank up to the dates mentioned above, which were carried out and valued in accordance with sound banking practices and the applicable legal and administrative provisions.

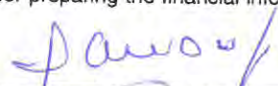
These consolidated statements of income were approved by the Board of Directors under the responsibility of undersigned officers.

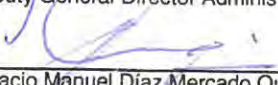
The website of the global internet network called Banco Nacional de Comercio Exterior, S. N. C., which shows information on the present state, is: <http://www.bancomext.com/Bancomext/secciones/conoce-bancomext/bancomext-en-cifras/estados-e-indicadores-financieros.html>. The website of the National Banking and Securities Commission, which shows Bancomext financial information is: <http://www.cnbv.gob.mx/SECTORES-SUPERVISADOS/BANCA-DE-DESARROLLO/Informacion-Estadistica/Paginas/Banca-de-Desarrollo.aspx>.

The head of the internal audit area has signed off these financial statements based on the results of the reviews performed to date, which have enabled him to verify the sufficiency of the generation process for preparing the financial information established by the Entity's management and its capacity to generate reliable information.


Enrique de la Madrid Cordero
General Director


Martha Martínez Quiroz
Finance Director


José Alfonso Medina y Medina
Deputy General Director Administration and Finance


Horacio Manuel Díaz Mercado Queijeiro
Head of the Internal Audit Area in
Banco Nacional de Comercio Exterior, S. N. C.

**Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries**

Periférico Sur 4333

Mexico City

**Consolidated Statements of Changes in Stockholders' Equity
Years ending on December 31, 2013 and 2012**

Millions of Mexican pesos

	Contributed capital			Capital earned					Total stockholders' equity
	Capital stock	Contributions for future capital increases formalized by its governing body	Paid Stock premium	Capital reserves	Prior years' results	Results from valuation of securities available for sale	Result from holding non-monetary assets	Net Income	
Balances as of December 31, 2011	\$ 14,959	\$ 250	\$ 81	\$ 141	(\$ 7,022)	(\$ 41)	(\$ 25)	\$ 681	\$ 9,024
Movements inherent to decisions of the owners:									
Contributions for future capital increases	-	2,150	-	-	681	-	-	-	2,150
Transfer of net income to prior years' income	-	2,150	-	-	681	-	-	(681)	-
Movements inherent to recognition of comprehensive income:									
Net Income	-	-	-	-	-	-	-	937	937
Result from valuation of securities available for sale	-	-	-	-	-	30	-	-	30
Other	-	-	-	-	(11)	15	-	-	4
Balances as of December 31, 2012	14,959	2,400	81	141	(6,352)	45	-	937	971
Movements inherent to decisions of the owners:									
Contributions for future capital increases	-	1,150	-	-	937	4	(25)	937	12,145
Transfer of net income to prior years' income	-	1,150	-	-	937	-	-	(937)	-
Movements inherent to recognition of comprehensive income:									
Net Income	-	-	-	-	-	-	-	(937)	-
Result from valuation of securities available for sale	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	(7)	-	1,102	1,102
Balances as of December 31, 2013	\$ 14,959	\$ 3,550	\$ 81	\$ 141	(\$ 5,428)	\$ 22	(\$ 25)	\$ 1,102	\$ 14,402

The accompanying explanatory notes form an integral part of these consolidated financial statements

The consolidated statements of changes in shareholders' equity were prepared in accordance with the accounting criteria for credit institutions issued by the National Banking and Securities Commission, based on the provisions of Articles 99, 101 and 102 of the Law on Credit Institutions of general and obligatory observance, consistently applied, reflecting the operations conducted by the Bank up to the dates mentioned above, which were carried out and valued in accordance with sound banking practices and the applicable legal and administrative provisions.

The statements of changes in stockholders' equity were approved by the Board of Directors under the responsibility of the undersigned officers.

The website of the global internet network called Banco Nacional de Comercio Exterior, S. N. C., which shows information on the present state, is: <http://www.bancomext.com/Bancomext/secciones/conoce-bancomext/bancomext-en-cifras/estados-e-indicadores-financieros.html>. The website of the National Banking and Securities Commission, which shows Bancomext financial information is: <http://www.cnbv.gob.mx/SECTORES-SUPERVISADOS/BANCA-DE-DESARROLLO/Informacion-Estadistica/Paginas/Banca-de-Desarrollo.aspx>.

The head of the internal audit area has signed off these financial statements based on the results of the reviews performed to date, which have enabled him to verify the sufficiency of the generation process for preparing the financial information provided by the Entity's management and its capacity to generate reliable information.

Enrique de la Madrid Cordero
General Director

José Alfonso Medina y Medina
Deputy General Director
Administration and Finance

Martha Martínez Quiroz
Finance Director

Horacio Manuel Díaz Mercado Quejido
Head of the Internal Audit Area in
Banco Nacional de Comercio Exterior, S. N. C.

Banco Nacional de Comercio Exterior, S. N. C., Development Banking Institution and Subsidiaries

Periférico Sur 4333

Mexico City

Consolidated Statements of Cash Flows

Years ending on December 31, 2013 and 2012

Millions of Mexican pesos

	2013	2012
Net income	\$ 1,102	\$ 937
Adjustment for items not implying cash flows:		
Allowance for credit risks	-	-
Depreciation	8	9
Amortization	5	6
Provisions	111	201
Incurred and deferred income tax	215	(9)
Equity in income of unconsolidated subsidiaries and associated companies	(7)	(37)
Operating activities	332	170
Change in investments in securities	(3,043)	(5,858)
Change in receivables from repurchase operations	12,593	(6,599)
Change in Derivative instruments (assets)	385	(6,036)
Change in loan portfolio	(15,856)	(10,245)
Change in repossessed assets	4	43
Change in other operating assets	6,312	(3,186)
Change in traditional fund attraction	10,348	11,463
Change in Interbank loans and loans from other entities	2,655	(2,403)
Change in Creditors under repurchase agreements	1,096	6,335
Change in collateral sold or given in guarantee	(7,317)	14,804
Change in derivative instruments (liabilities)	473	3,707
Change in other operating liabilities	(15,228)	5,566
Net cash flows from operating activities	(7,578)	7,591
Investing activities		
Disposal of property, furniture and equipment	-	1
Net cash flows from investing activities	-	1
Financing activities		
Contributions for future capital increases	1,150	2,150
Net cash flows provided by financing activities	1,150	2,150
Net (decrease) increase in cash	(4,994)	10,849
Cash and cash equivalents at beginning of period	25,384	14,535
Cash and cash equivalents at end of period	\$ 20,390	\$ 25,384

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

These consolidated statements of cash flows were prepared in accordance with the accounting criteria for credit institutions issued by the National Banking and Securities Commission, based on the provisions of Articles 99, 101 and 102 of the Credit Institutions Law of general and obligatory observance, applied consistently, and they reflect the cash inflows and cash outflows from operations performed by the Institution during the above periods, which were carried out and valued in accordance with sound banking practices and legal and administrative provisions.

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

The website of the global internet network called Banco Nacional de Comercio Exterior, S. N. C., which shows information on the present state, is: <http://www.bancomext.com/Bancomext/secciones/conoce-bancomext/bancomext-en-cifras/estados-e-indicadores-financieros.html>. The website of the National Banking and Securities Commission, which shows Bancomext financial information is: <http://www.cnbv.gob.mx/SECTORES-SUPERVISADOS/BANCA-DE-DESARROLLO/Informacion-Estadistica/Paginas/Banca-de-Desarrollo.aspx>.

The head of the internal audit area has signed off these financial statements based on the results of the reviews performed to date, which have enabled him to verify the sufficiency of the generation process for preparing the financial information provided by the Entity's management and its capacity to generate reliable information.

Enrique de la Madrid Cordero
General Director

Martha Martínez Quiroz
Finance Director

José Alfonso Medina y Medina
Deputy General Director
Administration and Finance

Horacio Manuel Díaz Mercado Quejreiro
Head of the Internal Audit Area in
Banco Nacional de Comercio Exterior, S. N. C.

***Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries***
Notes to the Consolidated Financial Statements
December 31, 2013 and 2012

In millions of pesos, except otherwise stated

Note 1 – Incorporation, business purpose and relevant operating events

- a. Banco Nacional de Comercio Exterior, S.N.C., Development Banking Institution (the "Bank"), is an entity of the Federal Public Administration with independent legal status and own equity, constituted as a National Credit Corporation in the terms of the Credit Institutions Law (LIC for its acronym in Spanish) and its own Organic Law.

Banco Nacional de Comercio Exterior, S. A. was founded on June 8, 1937. On July 12, 1985, following the Mexican nationalization of banks, the Entity became Banco Nacional de Comercio Exterior, S.N.C., Development Banking Institution. On January 20, 1986 the Honorable Congress of the Union issued the "Organic Law of Banco Nacional de Comercio Exterior". Based on the Provisions published in the June 24, 2002 Official Gazette (OG), the Ministry of Finance and Public Credit (SHCP for its acronym in Spanish) amended, added and repealed various provisions thereof, making emphasis on the targets, operations, administration, surveillance and powers of the Board, and the powers of the Director General. On April 2, 1991, the SHCP issued the current Organic Regulations of the Bank in effect to date.

- b. In the terms of the Organic Law in effect for the Bank, the nature of the entity as a development bank, is to provide public service banking and credits subject to the objectives and priorities of the National Development Plan, and in particular the National Programs for Development Financing, Industrial Promotion and Foreign Trade, to encourage and finance the activities and sectors that are governed by the Law.

As a Development Banking Institution, the Bank's purpose is to finance Mexico's foreign trade and to participate in promoting those activities.

- c. The consolidated accompanying financial statements include those of the Bank and of the following subsidiaries:

<u>Company</u>	<u>% of interest</u>		
	<u>Series A</u>	<u>Series B</u>	<u>Activity</u>
Desarrollo Inmobiliario Especializado, S. A. de C. V.	99.20	100	Real estate
Coordinadora de Asistencia Administrativa, S. A. de C. V., under liquidation	99.60	100	Services

The principal activities of the Bank's subsidiaries are:

Desarrollo Inmobiliario Especializado, S. A. de C. V. (DIESA)

The entity's purpose is to acquire, lease, manage, develop, exploit, sell and use real property and carry out work for adaptation, conservation, construction, demolition, maintenance and modifications thereto, provided that in all cases that property already houses or will house the Bank's offices. Its total assets comprise 0.17% of the Bank's total assets.

Coordinadora de Asistencia Administrativa, S. A. de C. V. under liquidation (CAASA)

The entity's purpose was to provide complementary or ancillary services for the development of the business purpose of any National Credit Institution that is or becomes its shareholder, and to provide

***Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries***
Notes to the Consolidated Financial Statements
December 31, 2013 and 2012

ancillary businesses and trusts thereof with services to install, maintain, clean, repair, overhaul and operate switchboards, manage executive dining rooms, provide courier services, transport personnel, provide security services, properties and processing of all types of prints.

At the meeting of January 30, 2008, the Bank's Board of Directors acknowledged the need for and authorized the operating, administrative and legal work required to liquidate CAASA. At the extraordinary stockholders' meeting of October 22, 2008, it was agreed to dissolve and commence with the entity's liquidation process. The period from January 1 to October 21, 2008 was audited by an external firm. After that date the financial statements have been prepared by the liquidator. At December 31, 2013, the entity's current assets include the items required for the liquidation process and the left-over balance will be refunded to the Bank; its total assets are not significant with respect to the Bank's total assets.

- d. The Bank's main operations are regulated by the Credit Institutions Law and the Bank of Mexico ("Banxico") Law. Several limitations are included in that laws, which indicate the maximum level of leverage allowed and the capitalization requirements that limit the Bank's investments and operations.

Relevant Events

- a. As mentioned in Note 3.h. on June 24, 2013 the National Banking and Securities Commission (CNBV), published a resolution in the OG amending the general provisions applicable to credit institutions regarding the methodology for rating the commercial portfolio, by modifying the model of loss incurred to establish a methodology of expected loss that takes into consideration the likelihood of default, severity of loss and exposure to non-compliance. The initial effect of adopting the methodology described above resulted in a release of \$891 of the estimation, recorded in income for the period (cancellation of credit estimates of \$634 and \$257 in other operating income (expenses); the initial effect is a 30 basis points increase in the capitalization index.
- b. As mentioned in Note 9, on October 31, 2013, the Debt Recognition, Interest Capitalization and Restructuring Agreement with a foreign financial entity was formalized, whereby it was agreed to recover \$ 146.3 million dollars, and which is recognized in memorandum accounts. Based on said agreement such amount shall be recoverable in a period of 15 years, through quarterly payments.
- c. As mentioned in Note 20, on December 9, 2013, the Board of Directors authorized the Bank's management to request the Federal Executive, through the SHCP, a capital contribution of up to \$1,300. On December 26, 2013, a contribution was made in the amount of \$1,150. In 2012, the Bank requested the SHCP resources of up to \$2,200, as a result of which a contribution of \$2,150 was made on October 25, 2012.

Note 2 - Basis for preparation:

The Bank's accounting policies are in agreement with the accounting criteria for credit institutions established in Title Three "Financial Information and Disclosure" and Annex 33 of the General Provisions Applicable to Credit Institutions (Sole Circular or Provisions) issued by the CNBV published in the OG of December 2, 2005, and the amendments thereto, the most recent published on December 24, 2013, as well as with Financial Reporting Standards (NIF for its acronym in Spanish) issued by the Mexican Financial Reporting Standards Board (CINIF for its acronym in Spanish).

The Sole Circular, effective as of December 3, 2005, is a legal instrument that compiles the provisions applicable to credit institutions issued by the CNBV, systematizing integration of said provisions and

Banco Nacional de Comercio Exterior, S. N. C., Development Banking Institution and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2013 and 2012

standardizing the terminology used, in order to provide legal certainty regarding the regulatory framework to which financial institutions should be subject when carrying out their operations.

In accordance with the accounting criteria, in the absence of a specific criterion of the CNBV other supplementary bases are applicable, as established in NIF A-8 "Supplementation", in the following order, NIF, International Standards Accounting approved and issued by the International Accounting Standards Board (IASB) and Accounting Principles Generally Accepted applicable in the United States, both official and unofficial sources, as per the provisions of Topic 105 of the Codes of the Financial Accounting Standards Board (FASB) or, if applicable, any accounting standards that form part of a set of formal, recognized rules.

Additionally, in accordance with the provisions of the Law, the CNBV may order that the financial statements of institutions be disseminated with the amendments deemed necessary in the term allotted for that purpose.

Inflation effects on the financial information

According to the provisions of NIF B-10 "Inflation effects", as of January 1, 2008 the Mexican economy is not in an inflationary environment, since there has been accumulative inflation below 26% in the most recent three year period (limit to define an economy as non inflationary). Therefore, as of that date, recognition of the inflation effects on the financial information is no longer required (disconnection from inflationary accounting). Consequently, the figures of the accompanying financial statements at December 31, 2013 and 2012 are stated in historical Mexican pesos, modified by the effects of inflation on the financial information recognized until December 31, 2007.

The inflation rates are shown below:

	<u>2013</u>	<u>2012</u>
Year inflation	3.97%	3.57%
Cumulative inflation in the last three years	12.25%	12.25%

Accounting Principles in effect for 2013 and 2012

No changes were made in 2013 to the accounting criteria applicable to the Bank. The following changes in the accounting criteria issued by the CNBV (applicable prospectively) came into effect in 2012, which had no significant effects on the Bank's financial information:

2012

B-10 "Trusts": It includes the definition of trust net assets and it establishes that valuation of trusts requested, and if applicable obtained and as a result of which registration of assets at the National Securities Registry is maintained, must be done in accordance with the accounting standards issued by the CNBV through by the general provisions applicable to securities issuers and other market participants.

C-5 Consolidation of Special Purpose Entities (SPE): It eliminates the identification of a non-consolidating SPE and explains that SPEs subject to consolidation must apply the same accounting policies as those of the consolidating entity, even when they are required to use specific accounting criteria as per the express instructions of the CNBV.

***Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries***
Notes to the Consolidated Financial Statements
December 31, 2013 and 2012

B-6 "Loan portfolio": It defines the cases in which loan restructurings and renewals are considered to qualify as past due until there is evidence of sustained payment. Additionally, it requires disclosure of the main policies and procedures related to awarding loan restructurings and renewals, including those that consolidate various loans from a single borrower, and the breakdown of past due loans restructured or renewed, restructurings and renewals that were transferred to the past due portfolio, restructured and renewed loans that were kept in the current loan portfolio although 80% of the term of such loans and modified loans not considered restructuring had not elapsed.

The following NIF, improvements to NIFs and Interpretations thereof came into force in 2013 and 2012, which had no significant effects on the financial information:

2013

NIF B-8 "Consolidated or combined financial statements". The definition of control is modified in order to establish that "an entity controls another entity in which it has interests when it has power over it to steer its relevant operations; it is exposed or has the right to variable returns from such interest, and it has the ability to affect those returns through its power over the investee. The concepts of "protective rights", "principal", "agent", and "structured entity" are introduced and the concept of "special purpose entity" (SPE) is eliminated within the assessment of significant influence and control.

NIF C-7 "Investment in associates, joint businesses and other permanent stock investments". The name of the standard is modified to make it consistent with its new objective and scope that now also include joint businesses. It establishes that investments in joint businesses must be accounted for by the equity method. The concept of SPE is eliminated and instead the concept "structured entity" is presented to identify the existence of control, joint control or significant influence. This new standard requires more disclosure than the repealed standard.

NIF C-21 "Joint control arrangements". Establishes the definition of an arrangement with joint control and specifies that there are two types of arrangements: joint operations and joint businesses. It mentions that joint operations can or cannot be structured through a vehicle, while joint businesses must always have a vehicle. It establishes that a participant in a joint business must recognize its interest therein as a permanent stock investment and must value it based on the equity method. This NIF converges with IFRS 11.

NIF improvements:

NIF C- 5 "Prepayments ", Statement C-9 "Liabilities, provisions, contingent assets and liabilities and commitments" and Statement C-12 "Financial instruments with characteristics of liabilities, equity or both". Costs incurred for issuing obligations must be presented as a reduction in the corresponding liability and must be charged to income based on the effective interest method. It was previously established that such costs should be recognized as deferred charges and therefore an asset was recognized for issue costs in different items of the statement of financial position.

NIF D-4 "Income taxes". It explains the accounting recognition of incurred and deferred taxes related to transactions or events that are not shown in income for the period. It establishes that there are transactions or events that are recognized directly in stockholders' equity, in which case the related taxes are also recognized directly in that caption, since reference was previously made only to other comprehensive income.

Statement D-5 "Leasing". It eliminates the diversity that existed in practice for the treatment of initial direct costs (costs directly incurred associated with the negotiation and consummation of a lease) and

***Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries***
Notes to the Consolidated Financial Statements
December 31, 2013 and 2012

provides that such costs incurred are recognized based on an accrual basis, as it is considered that they give rise to a benefit over time.

NIF A-1 "Structure of financial reporting standards" and Statement C-9 "Liabilities, provisions, contingent assets and liabilities and commitments". It specifies the meaning of likely as the certainty that a future event will occur based on available information, evidence or data.

NIF B-7 "Business acquisitions". It eliminates the concept of special items from the statement of comprehensive income

Statement B-14 "Earnings per share". It specifies the determination of ordinary shares potentially dilutive in interim periods.

NIF B-15 "Translation of foreign currencies". It establishes the presentation of cumulative effect of translation associated to the non-controlling interest.

Statement C-15 "Impairment in the value of long-lived assets and their disposal". It modifies Statement C-15 in order for impairment indicators to include the potential impact of a significant increase in market interest rates.

2012

NIF C-6 "Property, plant and equipment". Establishes the obligation to identify and segregate the components of each item of property, plant and equipment with different useful lives, in order to depreciate them separately according to their remaining useful lives as of January 1, 2012. This accounting change has been applied prospectively as if it were a change in estimates, as described in the transition standards of that NIF.

NIF Improvements

NIF A-7 "Presentation and disclosure". It establishes the requirement to disclose the key assumptions used at balance sheet date to determine the accounting estimations involving uncertainties with the risk of significant adjustments in the value of assets or liabilities within the next accounting period.

Statement B-14 "Earnings per share". Entities disclosing earnings per diluted share must continue to do so, irrespectively of having generated a profit or loss from continuing operations.

Statement C-11 "Stockholders' equity" and Interpretation to NIF 3 "Initial application of NIF". It eliminates the possibility for donations received to form part of the contributed capital, which therefore must be recognized as income in the statement of income in accordance with NIF B-3 "Statement of income", in order to standardize the NIF in effect.

Statement C-15 "Impairment in the value of long-lived assets and their disposal". Changes were made to one of the requirements to classify long-lived assets as held for sale and the standard also specifies that losses for impairment of goodwill must not be reversed and establishes the guidelines for the presentation of impairment losses or reversal thereof in the statement of income.

Financial statement authorization:

The accompanying consolidated financial statements and their notes at December 31, 2013 and 2012, were authorized for issuance on February 28, 2014 and February 25, 2013, respectively, by the undersigned officers.

***Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries***
Notes to the Consolidated Financial Statements
December 31, 2013 and 2012

Note 3 - Summary of significant accounting policies:

The most significant accounting policies are summarized as follows, which have been consistently applied in the reporting years, unless otherwise indicated.

The NIF require the use of certain critical accounting estimates in the preparation of the financial statements. Management's judgment also is required in the process of defining the Company's accounting policies:

a. Consolidation

Subsidiaries

Subsidiaries are all entities over which the Bank has control to steer their relevant activities, has the right (and is exposed) to variable yields from their its interest therein and has the ability to affect those yields through its powers. In assessing whether the Company controls an entity, consideration was given to the existence and the effects of potential voting rights that are currently exercisable or convertible. The existence of control was also evaluated in cases in which the Bank holds no more than 50% of the voting rights but it can steer the relevant activities.

Subsidiaries are consolidated as of the date on which they are controlled by the Bank and are no longer consolidated when the control is lost.

Transactions, balances and unrealized gains and losses resulting from transactions between consolidated companies have been eliminated. The accounting policies for subsidiaries have been changed to ensure consistency with the accounting policies adopted by the Company in the cases where it was necessary.

Consolidation was carried out including the financial statements of all its subsidiaries.

Associates

Associates are all entities over which the institution has significant influence but not control since it has the voting power of the associated companies' shares; it has a seat in the Board of Directors or other equivalent body of the associated company; it participates in establishing the financial and operating policies of the associate company; it participates in decisions to declare dividends and other beneficial owner movements.

In assessing whether the Bank has significant influence over an entity, consideration was given to the existence and effects of potential votes currently enforceable or convertible. We also evaluated the existence of significant influence in cases where the Bank has no more than 25% of the voting rights but where it can influence the relevant activities.

Investments in associates are valued using the equity method and they are initially recognized at cost. The equity method is recognized from the date on which significant influence over the associated company is held and stops being recognized when such influence is lost.

The Bank's equity in the net profits or losses of associated companies after the acquisition is recognized in the statement of income. Those post acquisition movements accumulate and are adjusted at the carrying amount of the investment. When the Bank's equity in the losses of an associated company exceed the carrying value of its investment, including any unsecured accounts

***Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries***
Notes to the Consolidated Financial Statements
December 31, 2013 and 2012

receivable from the associated company that in essence can be considered part of the investment in the associated company, the Bank does not recognize such excess losses, except if it has a legal or constructive obligation to make payments on behalf of the associate.

Gains and losses on the reduction in the equity of the holding company not involving the loss of significant influence in associated companies are recognized in the statement of income in the period in which they arise.

Any increases in the equity of the holding in the associate not arising from new acquisitions or contributions because they are the result of movements of other shareholders are not recognized by the holding company.

- b. Transactions in foreign currencies – Transactions in foreign currencies are initially recorded in the original currency. Transactions involving the purchase-sale of currencies are carried out at the exchange rate prevailing at the transaction date. Foreign currency assets and liabilities are valued in Mexican pesos at the exchange rate published by Banxico for the financial statement date. Exchange rate fluctuation gains or losses are recorded in income for the period.

The currencies used by the Bank are: Swiss franc, dollar, pound sterling, Canadian dollar, Japanese yen and euro.

- c. Liquid assets - Are valued at their nominal value; coined precious metals are valued at their fair value. Yields on deposits and interbank loan term less than or equal to 3 banking days are recognized in income as accrued.

Restricted liquid assets are the result of the monetary regulation deposit set up with Banxico, which is subject to the Bank funding rate.

This item also includes the amount of short-term interbank loans (call money offered) when this period does not exceed three working days, as well as acquired foreign currencies whose settlement is agreed after the transaction date, both of which are recognized as restricted liquid assets.

- d. Investments in securities

Trading securities

This includes securities held by management to operate on the market that are recorded at acquisition date at fair value. Those securities are subsequently valued at a fair value provided by price vendors authorized by the CNBV based on the market value and any adjustments for valuation are recorded in income for the period. In the case of credit instrument, the respective yields are recorded in income by the effective interest method or the straight line method, as the case may be.

At the date of sale of those securities, the difference between the net realizable value and the carrying value is recorded in income.

Securities available for sale

This category includes credit instrument and shares acquired for a purpose other than that of securities held for trading or held to maturity. In the case of credit instrument, the respective yields are recorded in income by the effective interest method or the straight line method, as the case may be.

Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2013 and 2012

Financial instruments classified as available for sale are recorded at the date of acquisition at their fair value. They are subsequently valued at fair value recording any valuation adjustments under stockholders' equity.

Equity securities are valued at fair value using prices supplied by authorized price vendors, and if it is not possible to obtain those values, they are valued based on the equity method as established in NIF C-7 "Investments in associated companies and other permanent stock investments".

Securities held to maturity

These are credit instrument with determinable payments acquired to be held to maturity. At the date of sale of those securities, the difference between the net realizable value and the carrying value is recorded in income. The respective profits are recorded in income by the effective interest method or the straight line method, as is the discount or overcharge received or paid at the moment of acquisition.

At December 2013 and 2012, the Bank evaluated whether or not there was objective evidence that a security had been impaired by considering, among others, the following matters: significant financial difficulties of the issuer of the security; the likelihood of the issuer filing for bankruptcy or undergoing another type of financial reorganization; breach of the contractual clauses; the disappearance of an active market for that specific security due to financial difficulties, or the existence of a measurable decrease in estimated future cash flows.

- e. Repurchase operations - With the Bank as seller, the Bank's own financial assets are recorded in the respective caption as restricted assets; financial assets received as a result of repurchase operations are recorded in memorandum accounts of collateral guarantees received and sold. In the case of both restricted financial assets and collateral guarantees received, the Bank follows the same recording, presentation and disclosure guidelines established in the accounting criteria for credit institutions.

Accounts payable representing an obligation to repay cash to the buyer are valued at amortized cost.

With the Bank as the buyer, the account receivable representing the right to recover cash given is valued at amortized cost. Financial assets received as collateral are recorded in memorandum accounts of collateral guarantees received, and they are valued following the standards for custodial operations established in criterion B-9.

The result of valuation of repurchase operations is recognized in income for the period.

For presentation purposes, the asset caption of the balance sheet shows restricted financial assets in accordance with the applicable presentation standards depending on the type of asset in question. When the Bank in turn offers financial assets received from repurchase operations as guarantee, the account receivable to which it is entitled as the buyer is compensated against the account payable for which it is liable as the seller. If the result is a debit balance, it is recorded in assets under Accounts receivable from repurchase operations, and when it is a credit balance it is shown in liabilities under Collateral guarantees sold or pledged.

Accounts payable which the Bank is required to settle as the seller of financial assets owned by the Bank are shown in liabilities under creditors for repurchase operations.

- f. Derivative financial instruments - The Bank carries out operations with derivative financial instruments held for trading, in order to earn profits in accordance with the policies and limits established by the Comprehensive Risk Management Committee, and for hedge purposes in order to

***Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries***
Notes to the Consolidated Financial Statements
December 31, 2013 and 2012

compensate market risks arising from fluctuations in exchange and interest rates, as well as from counterparty risk.

In accordance with criterion B-5 "Derivative instruments and hedge operations" of the CNBV, hedge operations are classified as fair value, cash flows and foreign currency operations; the operations carried out by the Bank were classified as fair value.

The risk management area developed the "Effectiveness model", which makes it possible to measure changes in fair value or cash flows of hedge instruments based on a hedge factor or ratio that fluctuates between 80% and 125% of the inverse correlation.

Futures and forwards contracts

As a participant of the futures market, the Bank has a main policy of hedging risk positions associated to the relationship between USD assets and liabilities, and for purchase-sale of Mexican pesos vs. the US dollar, or of the US dollar vs. other currencies.

Operations carried out in futures markets for trading purposes are referred to the Mexican peso vs. the US dollar and they are offered to borrowers as part of credit support for programs financing foreign trade operations

Operations carried out in the futures market are performed with banks who have investment ratings issued by authorized risk rating agencies, which considerably mitigates the related credit and legal risks.

Operations carried out by the Bank in futures markets are for trading purposes. For those operations, the fair value of rights and obligations is the theoretical price determined as per formal valuation techniques. That balance represents the difference between the fair value of the operation and the stipulated forward price. The results of those instruments are shown as Net gain or loss on brokerage operations.

At December 31, 2013 and 2012, there were no operations in futures markets or forwards contracts in effect.

Swaps operations

Operations contracted by the Bank with this type of instruments are considered to be fair value hedges, since their purpose is to hedge open risk positions, both of interest rates and of currencies.

Swap operations are carried out to hedge interest rate or exchange rate risks depending on the conditions of the funds attracted and the placement of resources with borrowers. The foregoing makes it possible to exchange similar flows of fixed interest rates for variable interest rates, or otherwise flows of different currencies vs. the US dollar, in opposite conditions to those that give rise to the open risk position.

Swap operations are contracted with financial entities that have been issued an investment rating by accepted risk rating agencies, with which the credit and legal risk inherent to this type of operations is limited.

The Bank measures the effectiveness of hedges with swaps derivative financial instruments, through a model defined by the risk management area.

***Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries***
Notes to the Consolidated Financial Statements
December 31, 2013 and 2012

- g. Loan portfolio - Loans made are recorded as assets from the date of disposal of the respective funds. The amount given to borrowers is supplemented with the accrued interest based on the loan payment arrangement.

Interest accrued on current loan operations is recognized and applied to income as it is incurred.

Commissions collected upon initial awarding of credit lines are recorded as a deferred credit, which is amortized against income for the year by the straight line method over the life of the loan.

The following items are considered to qualify as past due portfolio:

- Loans payable in a single amortization of capital and interest at maturity that are not covered in a period of 30 or more calendar days past due.
- Loans payable in a single amortization of capital at maturity and periodic interest payments, when interest is 90 or more calendar days past due or capital is 30 or more days past due.
- Loans payable in installments towards capital and interest after 90 calendar days past due.
- Revolving loans when invoices are behind two periods, or 60 or more calendar days past due.

Interest accrued in the period in which the loan qualified as past due portfolio is recognized in income until they are collected, and interest accrued at the date on which accrual was suspended are reserved 100%.

Restructured and renewed loans - Restructured loans remain in the past due portfolio and the preventive allowance is maintained until there is evidence of sustained payment.

Renewed loans where the borrower does not pay interest accrued, and 25% of the original amount of the loan paid on a timely basis are considered past due until there is evidence of sustained payment.

Problem loans - Problem commercial loans are considered to be current and past due loans with regard to which it is determined, based on current information and facts and on a review process, that they will most likely not be recovered in full, either the principal or the interest, in the originally agreed terms and conditions.

Suspension of interest accrual - Interest incurred on loan operations stops being accrued when the unpaid balance of the loan is considered to be overdue.

As long as the loan is classified as part of the past due portfolio, control over interest accrued is kept in memorandum accounts. If past due interest is collected, it is recognized directly in income for the year.

h. Allowance for credit risks -

On June 24, 2013, the CNBV published a resolution in the OG whereby the general provisions applicable to credit institutions are modified with respect to the methodology for rating a commercial loan portfolio, as per the recommendations issued by the Basel Committee. The amendment allows early identification of losses by incorporating more credit information and modifying the model of incurred losses to establish an expected loss methodology that takes into consideration the probability of default, the severity of the loss and exposure to default.

Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2013 and 2012

The commercial loan portfolio was rated on December 31, 2013 in adherence to these Provisions, while the consumer and housing portfolio was rated as per the methodology for rating non-revolving consumer loan and housing mortgage portfolios referred to in Point A of Sections One and Two of Chapter V, Title Two, of the General Provisions applicable to Credit Institutions published in an amending resolution on October 25, 2010 and in subsequent amendments.

Following is an explanation of each of the above methodologies:

General methodology based on an expected credit risk loss model

The amount of preventive reserves for each loan is the result of applying the following formula:

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

Where:

R_i	Amount of preventive reserves to be set up
PI_i	Probability of default
SP_i	Severity of default
EI_i	Exposure to default

EI_i must be calculated monthly, and PI_i and SP_i at least quarterly

Allowance for credit risks are classified depending on the degree of risk and the percentages shown in the following table:

Risk levels	Percentage ranges	
A-1	0.00%	0.90%
A-2	0.901%	1.50%
B-1	1.501%	2.00%
B-2	2.001%	2.50%
B-3	2.501%	5.00%
C-1	5.001%	10.00%
C-2	10.001%	15.50%
D	15.501%	45.00%
E	Above 45.00%	

In order to rate the commercial loan portfolio based on the expected loss model, the Bank took the following into consideration:

1. The commercial loan portfolio was classified in accordance with the Provisions as applicable to the Entity, based on the following:
 - I. Federal and municipal entities (Not applicable to the Bank).
 - II. Projects with own source of payment (Exhibit 19).
 - III. Trustees acting under a trust, not included in the above section, and loan arrangements commonly referred to as "structured" (Not applicable to the Bank).
 - IV. Financial Entities (Exhibit 20)

***Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries***
Notes to the Consolidated Financial Statements
December 31, 2013 and 2012

V. Business entities not included in the above sections and individuals engaged in business operations:

- Net income or net annual sales < 14 million UDI's (Exhibit 21).
 - ✓ "Borrowers with no late payments" in the last 12 months.
 - ✓ "Borrowers with late payments" of at least one day in the last 12 months.
 - Net income or net annual sales ≥ 14 million UDI's (Exhibit 22).
 - ✓ Small corporations: 14 million UDI's ≥ Annual net sales < 54 million UDI's.
 - ✓ Corporations: 54 million UDI's ≥ Annual net sales < 216 million UDI's.
 - ✓ Large corporations: Annual net sales ≥ 216 million UDI's.
2. In complying with Transitory Article Three published in the June 24, 2013 amending Resolution, which establishes that the new methodology is effective as of January 1, 2014 for commercial loan portfolios referred to in Section IV. Financial Entities (Exhibit 20) of article 110 of the Provisions, requiring that 100% of the portfolio reserves be set up at June 30, 2014 in order to rate a portfolio with figures at December 31, 2013, the Bank rated said portfolio and determined its preventive reserves based on the above rating methodology, as a result of which it expects to comply with the new rating regulations in the first quarter of 2014.
3. In the case of past due loans that had already been reserved 100% and that at December 31, 2013 had been issued an "E" rating, the respective loan reserve was maintained for a total of \$556 until those loan are settled, broken, renewed or restructured.
4. The initial effect of adopting the methodology described above was a reserve release of \$891 that was recorded as per the provisions of paragraph 76 of criterion B-6 Loan portfolio, which establishes that when the allowance for credit risks balance exceeds the required amount, the difference must be canceled against income for the year with an entry in the allowance for credit risks, and if the amount to be canceled exceeds the balance, the surplus is recognized as other operating income (expenses). As a result of the foregoing, loan reserves were canceled in the statement of income and the \$257 surplus was recorded under Other operating income (expenses).

The \$1,448 of the allowance for credit risks is comprised of the rating requirement at December 31, 2013 in the amount of \$1,348, which includes \$25 for the reserve of 100% of interest accrued but not collected of the past due portfolio, in order to comply with paragraph 66 of criterion B-6, which establishes that a reserve must be set up for an amount equivalent to such loss, and \$100 of additional reserves. In determining the additional reserves reported to the CNBV, consideration was given to the historic annual migration matrices and the percentages of preventive reserves per level of risk for the commercial portfolio for the period of March 2008-December 2012, and a comparison was performed between the theoretical regulatory estimation and the regulatory estimation considering migration movements.

Following is a comparison of the amounts of allowance for credit risks, calculated using the methodology set forth in the Resolution of June 24, 2013, described in the above paragraphs, vs. the reserves prepared in accordance with current methodologies prior to the enactment of the Resolution in question:

***Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries***
Notes to the Consolidated Financial Statements
December 31, 2013 and 2012

<u>Risk level</u>	<u>November 2013</u>	<u>Difference December 2013</u>	<u>Reserves</u>
A-1	\$ 194.2	\$ 383.6	\$ 189.4
A-2	314.8	158.7	(156.1)
B-1	277.5	27.8	(249.7)
B-2	416.4	47.9	368.5
B-3	59.5	14.2	(45.3)
C-1	71.0	6.7	(64.2)
C-2	56.4	0.0	(56.4)
D	204.8	121.1	(83.7)
E	626.7	566.3	(60.4)
Additional reserves	100.0	100.0	0.0
Former employees	17.3	21.6	4.3
Total	<u>\$2,338.7</u>	<u>\$ 1,448.0</u>	<u>(\$ 890.6)</u>

In accordance with the provisions of the last paragraph of Transitory Article Four of the Amending Resolution of June 24, 2013, application of the new methodology for rating portfolios based on expected losses was treated by the Bank as a "change in a specific standard" in accordance with the provisions of NIF B-1 "Accounting changes and error corrections", which establishes that the financial statements presented vs. those of the current period that are affected by an accounting change must be adjusted or reclassified retrospectively to recognize the effects of the change as through the new standard had always been used. Paragraphs 21 to 23 of that NIF establish that when it is not practical to determine the accrued effects for all previous periods affected, application can be done prospectively in the current year, provided that any of the following conditions are met:

- the effect of retrospective application cannot be determined, however, the Entity's management has made every reasonable and justifiable effort;
- retrospective application requires making assumptions about the intention of the entity's management in office at the time of the affected period, in light of the facts that are now known and that give rise to need for retrospective application; or
- retrospective application requires making significant estimates for a prior period and it is not possible to objectively determine whether the information used to make said estimates was available at the date on which the affected operations should have been recognized in the financial statements, or if the information was generated subsequently.

Additionally, Ruling 320-1/15106/2013 dated August 21, 2013 issued by the CNBV to the Mexican Bank Association addresses the question made by that Group regarding confirmation of the criterion of considering it impractical to determine the financial effect arising from the change in the model for setting up allowance for credit risks for 2012, as well as for each of the quarters of 2013 and 2012, specifying that credit institutions may refrain from making comparative adjustments when preparing their 2013 quarterly and annual financial statements, as well as for each of the quarterly financial statements of 2014, if it is considered impractical to determine the amounts of periods prior to 2014, complying with any of the conditions set forth in paragraphs 23 of the NIF B-1 and observing the provisions of paragraph 26 of the NIF in question for disclosure purposes.

The Bank considered it impractical to retrospectively recognize in stockholders' equity of the 2012 financial statements the initial accumulated financial effect of applying the methodology for rating

Banco Nacional de Comercio Exterior, S. N. C., Development Banking Institution and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2013 and 2012

commercial loan portfolios then in effect in the terms of the provisions of the Resolution published on June 24, 2013, since it already meets the conditions set forth in point c) of paragraph 23 of NIF B-1, because in order to determine the effect in question it is necessary to make significant estimates in a previous period and it is not possible to objectively determine whether the information used to arrive at said estimates was available at that date, aside from the fact that the information was generated subsequently, because there is no definition of the parameters for determining the expected loss at December 31, 2012 as it is necessary to obtain historic information, which was not available due to the following:

- The data contained in the portfolio rating system used with the above methodology relates mainly to financial information, since consideration was previously given to solvency levels, while the new methodology evaluates the expected loss based on statistical information, giving preference to payment experience.
- In order to apply the new rating methodology, new software was acquired that generated the rating at December 31, 2013. There is no historic information that could be applied to prior periods with a breakdown and the features required nor are there sources from which to obtain it.
- Historic information has no standardized behavior and therefore there could be inconsistencies.
- If necessary, obtaining consistent information would require following an analysis, authorization and implementation process, which means that the time and resources available would have to be allocated to work of that magnitude, which in turn means using specialized personnel on a full time basis or investing greater human, technological and economic resources.
- Specialized personnel concentrated on the implementation of the new methodology, for which purpose the process was analyzed, developed and implemented, i.e., from gathering the necessary information to acquiring the new system to rate the portfolio based on the expected loss methodology, which also required the participation of the areas involved in the rating process. The foregoing impeded the immediate implementation of the process for rating prior periods' portfolios.

In complying with paragraph 26 of NIF B-1, a description was provided of the circumstances in which the model for setting up reserves based on expected losses of the commercial loan portfolio was applied.

Methodology to rate the consumer and housing loan portfolio

Rating of the non-revolving consumer and housing mortgage portfolios is determined based on the estimated result of the effects of the probability of default on the severity of the loss associated to the value and nature of loan guarantees. Those portfolios originate from loans made to employees, who after concluding their employment relationship with the Bank form part of the loan portfolio in accordance with the regulations established by the CNBV.

On the basis of the foregoing, the Bank calculates the amount of the allowance for credit risks, which is recorded in income for the period in question, and it periodically evaluates whether a past due loan must remain in the balance sheet, or instead be written off or eliminated, which is done by canceling the unpaid balance of the loan against the allowance for credit risks.

Recovery of amount of loans previously written off or eliminated is recognized in income for the period.

Banco Nacional de Comercio Exterior, S. N. C., Development Banking Institution and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2013 and 2012

The surplus in the allowance for credit risks is canceled against income for the period, affecting the items from which they originated, i.e., the allowance for credit risks. If the amount to be canceled exceeds the recorded estimate, it is recorded as other operating income (expenses).

The Bank periodically evaluates whether a past due loan must remain in the balance sheet or instead be written off. If applicable, the balance is written off by canceling the unpaid balance of the loan against the allowance for credit risks. If the balance of the loan that is to be written off exceeds the amount of the related allowance, said allowance is increased up to the amount of the difference before the balance is written off.

Pardons, quitclaims, rebates and discounts, be they partial or total, are recorded with a charge to the allowance for credit risks. If the amount of those items exceeds the balance of the loan allowance, certain reserves are set up previously for up to the amount of the difference.

- i. Other accounts receivables - Accounts receivable other than the Bank's loan portfolio and collection rights comprise, among others, loans made to officers and employees, favorable tax balances, transaction liquidation accounts, collateral given in cash for derivative financial instrument operations and items directly related to the loan portfolio.

Collection of loans made to officers and employees is done through the payroll.

For items other than those specified above with maturities set at more than 90 calendar days for identified debtors and 60 days for unidentified debtors, a reserve is set up for non-recoverability or collection problems in the total amount of the debt.

No such allowance is set up for favorable tax balances and transaction liquidation accounts.

- j. Repossessed assets or assets received as payment in kind - These items are recorded at the lower of the cost or fair value less costs and expenses strictly indispensable incurred in the respective distribution.

If the carrying value of the asset giving rise to the distribution of the goods or the payment in kind is lower than the value of the foreclosed items, the value of the item is adjusted to the carrying value of the asset.

Reposessed assets are considered to be non-monetary items.

Based on Title Two "Prudential Provisions", Chapter V "Portfolio rating", Section III, point E "Of reserves for holding repossessed assets or assets received as payment in kind" of the Sole Circular issued by the CNBV, the bank constitutes additional provisions for potential loss in the value of the repossessed assets judicially or extrajudicially, be they personal property or real property, as well as in collection rights and investments in securities.

As of December 31, 2006, the Bank prudentially adopted the policy of reserving 100% of repossessed assets or assets received as payment in kind, in order to recognize the recovery of the loan when the related items are sold.

In the case of items committed for sale, the base distribution value used to determine the reserve is the carrying value less collections received to cover those items. Said value is applied reserve percentages in accordance with the tables shown in Section E of the Provisions in question.

***Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries***
Notes to the Consolidated Financial Statements
December 31, 2013 and 2012

i. Collection rights or personal property

<u>Time elapsed as of repossess or payment in kind of assets (months)</u>	<u>Reserve percentage %</u>
Up to 6	0
More than 6 and up to 12	10
More than 12 and up to 18	20
More than 18 and up to 24	45
More than 24 and up to 30	60
More than 30	100

ii. Real property

<u>Time elapsed as of repossess or payment in kind of assets (months)</u>	<u>Reserve percentage %</u>
Up to 12	0
More than 12 and up to 24	10
More than 24 and up to 30	15
More than 30 and up to 36	25
More than 36 and up to 42	30
More than 42 and up to 48	35
More than 48 and up to 54	40
More than 54 and up to 60	50
More than 60	100

- k. Property, furniture and equipment - Property, furniture and equipment are expressed as follows: i) acquisitions made as of January 1, 2008, at acquisition cost, and ii) domestic acquisitions made until December 31, 2007, at restated values determined by applying Investment Unit (UDI) factors until December 31, 2007 to their acquisition costs. Until December 31, 1996, property was restated to its net replacement value based on appraisals performed by independent experts and on quarterly factors issued by the CNBV.

Depreciation of property is calculated by the straight line method based on the remaining useful lives of assets determined by independent experts.

Depreciation of furniture and equipment is calculated by the straight line method using restated values.

- l. Impairment in the value of long-lived assets and their disposal At December 31, 2013 and 2012, there was no indication of impairment in long lived assets with defined lives, and therefore it was not necessary to perform annual testing of their recovery values.
- m. Permanent stock investments in subsidiaries are initially recorded based on the amounts invested, contributed or the acquisition value, and are subsequently valued by the equity method, which consists of adjusting the value of the investment, contribution or the acquisition value of the shares, by the proportional amount of comprehensive income or losses and the distribution of profits for capital reimbursements subsequent to the acquisition date. Losses in associated companies not arising from reductions in the percentage of equity are recognized in the corresponding proportion in permanent stock investments.

***Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries***
Notes to the Consolidated Financial Statements
December 31, 2013 and 2012

The Company's equity in the results of subsidiaries and associated companies is shown separately in the statement of income.

Other permanent stock investments over which there is no significant influence for decision making purposes are valued at acquisition cost. Dividends arising from such investments are recognized in the statement of income for the period in which they are received, except when they relate to profits of years prior to the acquisition of the investment, in which case they are deducted from permanent stock investments.

- n. Prepayments - Prepayments comprise expenses incurred by the Bank where the risks and benefits inherent to the goods to be acquired and services to be received have not been transferred yet. Prepayments are recorded at cost and are shown in the balance sheet under Deferred charges, prepayments and intangible assets. Once the goods and/or services for which prepayments made are received, they are recorded as an asset or an expense in the statement of income for the period, respectively.

Expenses incurred for issuing liabilities are amortized by the straight line method considering the term of the security from which they arose.

- o. Traditional fund attraction- Liabilities incurred for fund attraction through certificates of deposit, fixed time deposits, bank acceptances and promissory notes with yields payable at maturity are recorded based on the contractual value of the liability. Interest accrued is recognized in income for the period as an interest expense.
- p. Interbank loans and loans from other entities - Liabilities arising from interbank loans are recorded based on the contractual value of the obligation; interest accrued is recognized directly in the Bank's income as an interest expense.
- q. Use of estimations - Preparation of the financial statements in accordance with accounting practices requires the Bank to make certain estimations that affect the figures reported in the financial statements and the accompanying disclosures. Estimations are based on Management's best estimate of current facts.

The Bank sets up reserves for contingent liabilities resulting from lawsuits, as per the legal risk policies and procedures authorized by the Comprehensive Risk Management Committee (CAIR).

A number of policies were implemented in 2013 to quantitatively assess the Bank's operating risk, recording the respective reserves and updating them based on the procedure authorized by the CAIR (See Note 28 - Comprehensive Risk Management).

- r. Sundry creditors and other accounts payable - This caption includes transaction liquidation accounts, accounts receivable from margin accounts, accounts receivable from collateral guarantees received in cash, sundry creditors and other accounts payable, the latter which includes cash and cash equivalents that in accordance with the provisions of criterion B-1 "Cash and cash equivalents" must be shown as a liability.
- s. Income tax, Employees' Statutory Profit Sharing and Flat Rate Business Tax incurred and deferred. (ISR, PTU and IETU for it acronym in Spanish)

Incurred - ISR and IETU provisions are recorded in income for the period in which they are incurred and they are recognized based on the provisions of NIF D-4 "Income taxes"; PTU provision is recognized in accordance with NIF D-3 "Employee benefits".

Banco Nacional de Comercio Exterior, S. N. C., Development Banking Institution and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2013 and 2012

ISR, IETU and PTU incurred are charged to income and they represent the liability payable in a term of under one year. PTU incurred is shown under administration and promotion expenses.

Deferred - They are determined based on the comprehensive method of assets and liabilities, which consists of recognizing deferred tax for all temporary differences between the book and tax values of assets and liabilities expected to materialize in the future, at the rates set forth in the tax provisions in effect at the financial statement date.

As a result of the publication of the 2014 Tax Reform, at December 31, 2013, the Bank no longer recognizes deferred IETU and the effects of its cancellation are recorded in income for the year, which means that as of that year deferred ISR is no longer recognized.

- t. Employee benefits - The Federal Labor Law establishes the obligation to make certain payments to employees who cease to work under certain conditions or who comply with certain requirements, as well as to pay the obligations established in the respective labor agreements.

NIF D- 3 in effect as of January 1, 2008 contemplates shorter periods for amortizing unamortized items, and it even provides the option to recognize actuarial gains or losses directly in income. The accounting policy adopted by the Bank after the enactment of that standard in 2008 consists of amortizing actuarial gains or losses not contributed over the remaining average labor life of active personnel.

The Bank has plans in place for payment of pensions, seniority premiums and retirement benefits to its personnel in addition to those established in the Law.

Retirement benefit obligations are quantified under the projected unit credit method, determined by an actuarial calculation performed by independent experts. At December 31, 2013 and 2012 the calculation was prepared and adjusted to the actual figure in the same period.

The Company's employee benefit plans, including defined benefit or defined contribution plans, are as follows:

Direct benefits (salaries, overtime, vacations, holidays and paid absences) are recognized in income as they accrue and the respective liabilities are expressed at face value given their short-term nature. Absences paid in accordance with legal or contractual provisions are non-cumulative.

Retirement benefits (pensions, seniority premiums and indemnities, etc.) are recorded based on actuarial studies performed by independent experts using the projected unit credit method.

The net cost for the period based on actuarial calculations over projected benefits is recognized as an expense in income for the period. Indemnities and direct labor costs are charged to income in the year in which they are paid.

As of 2007, the Bank established a defined contribution plan for newly hired personnel who upon reaching 60 years of age and 30 years of service are entitled to a retirement pension for life that is equivalent to the total fund accumulated in his/her individual account.

- u. Stockholders' equity

The capital stock, legal reserve, contributions for future capital increases, premium in sale of shares and retained earnings are expressed as follows: i) movements made as from January 1, 2008 at

***Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries***
Notes to the Consolidated Financial Statements
December 31, 2013 and 2012

historical cost, and ii) movements made before January 1, 2008 at restated values determined by applying UDI factors until December 31, 2007 to their historical values.

The net premium on sale of Capital Contribution Certificates (CAP for its acronym in Spanish) represents the surplus between the payment of subscribed shares and the face value thereof.

- v. Comprehensive income - The amount of comprehensive income shown in the statement of changes in stockholders' equity is the result of the Bank's performance in the period and it is comprised of the net income plus effects, which in accordance with accounting practices, were recorded directly in stockholders' equity.

Also presented is the increase or decrease in equity resulting from two types of movements: those inherent to shareholder decisions and those resulting from recognition of the comprehensive income.

- w. Trust operations - The Bank records the equity of the trusts that it manages in the memorandum accounts caption, in light of the responsibility involved in realizing or complying with the business purpose of those trusts. In some cases, the above responsibility is limited to accounting for the trust's assets, while in other cases it includes recording assets and liabilities generated from the respective operations.

The trusts equity recognized in memorandum accounts is valued as per the Accounting Criteria.

- x. Revenue recognition - Yields giving rise to cash and cash equivalents and investments in securities are recognized in income as they accrue based on the effective interest method.

For repurchase operations, the Bank records repurchase interest in income for the year as said interest accrues, based on the effective interest method.

Interest on the loan portfolio is recognized as it accrues, except for interest on the overdue portfolio, which is recorded when the respective amounts are actually collected. Commissions collected on initial credit lines are recorded as deferred credit, which is amortized against income for the year under the straight line method over the life of the loan.

- y. Information by segments - First tier operations refer to loans made directly to companies; second tier bank loans channel resources through banking financial intermediaries and other non-bank intermediaries and financial markets, and fund attraction relates to obtaining the necessary funds to meet the Annual Financial Program authorized by SHCP, cover the Bank's liquidity needs and assign transfer costs to the operating segments that require resources to carry out their operations.

The Accounting Criteria do not require disclosure per each geographic area where the Bank operates at which identified segments generate income or hold production assets.

Note 4 – Foreign currency operations:

At December 31, 2013 and 2012, the amount of operations denominated in a foreign currency of the currencies used by the Company and the position of currencies are as follows:

***Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries***
Notes to the Consolidated Financial Statements
December 31, 2013 and 2012

2013					
(In thousands)					
<u>Currencies</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Position in</u>	<u>Exchange</u>	<u>Mexican</u>
	<u>Currency of origin</u>		<u>currency of</u>	<u>rate</u>	<u>pesos</u>
			<u>origin</u>	<u>in pesos</u>	
US dollar	5,281,986	5,273,941	8,045	\$ 13.08430	\$105
Swiss franc	93	-	93	14.71460	1
Pound sterling	26	-	26	21.66891	1
Canadian dollar	-	-	-	12.31494	-
Japanese yen	11,998	-	11,998	0.12450	2
Euro	3,504	2,682	822	18.03017	15
					<u>\$124</u>
2012					
(In thousands)					
<u>Currencies</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Position in</u>	<u>Exchange</u>	<u>Mexican</u>
	<u>Currency of origin</u>		<u>currency of</u>	<u>rate</u>	<u>pesos</u>
			<u>origin</u>	<u>in pesos</u>	
US dollar	5,162,200	5,161,505	695	\$ 12.9658	\$ 9
Swiss franc	97	-	97	14.1966	1
Pound sterling	27	-	27	21.0681	1
Canadian dollar	35	-	35	13.0244	-
Japanese yen	12,241	-	12,241	0.1501	2
Euro	12,526	11,705	821	17.1381	14
					<u>\$27</u>

The exchange risk position, both as a whole and per currency, does not exceed the limit equivalent to 15% of the Bank's basic capital, which is of USD 142,253 thousand and USD 119,928 thousand at December 31, 2013 and 2012, respectively.

The exchange risk position at December 31, 2013 and 2012 is as follows:

	<u>Currency USD (thousands)</u>	
	<u>2013</u>	<u>2012</u>
US dollar	\$ 35,330	\$ 24,565
Swiss franc	105	107
Pound sterling	44	43
Canadian dollar	-	35
Japanese yen	114	142
Euro	<u>1,155</u>	<u>1,085</u>
Total	<u>\$ 36,748</u>	<u>\$ 25,977</u>

In determining the exchange risk position, the following exchange rates were utilized (Currency - US dollar):

***Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries***
Notes to the Consolidated Financial Statements
December 31, 2013 and 2012

<u>Currency</u>	<u>Exchange rates</u>	
	<u>2013</u>	<u>2012</u>
US dollar	\$ 1.000000	\$ 1.000000
Swiss franc	0.8892051	0.913300
Pound sterling	0.6038283	0.615423
Canadian dollar	1.0624734	0.995500
Japanese yen	105.0420168	86.355786
Euro	0.7256894	0.756544

At December 31, 2013 and 2012, the exchange rates used to convert figures to Mexican pesos are as follows:

<u>Currency</u>	<u>Exchange rates</u>	
	<u>2013</u>	<u>2012</u>
US dollar	\$13.084300	\$12.965800
Swiss franc	14.714600	14.196640
Pound sterling	21.668910	21.068130
Canadian dollar	12.314940	13.024410
Japanese yen	0.124500	0.150120
Euro	18.030170	17.138190

At February 26, 2014, the exchange rates used to convert figures to Mexican pesos are as follows:

<u>Currency</u>	<u>Exchange rates</u>
US dollar	\$13.209000
Swiss franc	14.859939
Pound sterling	22.024029
Canadian dollar	11.894642
Japanese yen	0.129000
Euro	18.124736

Note 5 – Liquid assets:

	<u>2013</u>	<u>2012</u>
Domestic bank deposits	\$ 2,494	\$ 2,499
Deposits in foreign banks	108	373
Demand deposits	8,634	2,326
Call Money	3,021	6,807
Time deposits	6,385	5,575
Purchase of spot currencies	16	14,272
Other	(268)	(6,468)
	<u>\$20,390</u>	<u>\$ 25,384</u>

Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2013 and 2012

At December 31, 2013 and 2012, liquid assets are made up as follows:

Domestic bank deposits:

	<u>2013</u>		<u>2012</u>	
	<u>Thousands USD</u>	<u>Mexican pesos</u>	<u>Thousands USD</u>	<u>Mexican pesos</u>
Bank of Mexico F.C.	603	8	308	\$ 4
Bank of Mexico MXP.	-	2,465	-	2,465
Other banks F.C.	963	13	1,667	21
Other banks MXP.	-	8	-	9
	<u>1,566</u>	<u>\$2,494</u>	<u>1,975</u>	<u>\$2,499</u>

Deposits in foreign banks:

	<u>2013</u>		<u>2012</u>	
	<u>Currency of origin thousands</u>	<u>Mexican pesos</u>	<u>Currency of origin thousands</u>	<u>Mexican pesos</u>
Mexican pesos	\$ 135	\$ -	\$ 135	\$ -
US dollar	5,493	72	26,170	339
Swiss franc	93	1	97	1
Pound sterling	26	1	27	1
Canadian dollar	-	-	35	1
Yens	11,998	1	12,241	2
Euros	1,805	33	1,716	29
		<u>\$ 108</u>		<u>\$ 373</u>

Demand deposits:

<u>2013</u>					<u>2012</u>			
<u>Currency of Origin</u>	<u>Rate</u>	<u>Term days</u>	<u>Currency of origin thousands</u>	<u>Mexican pesos</u>	<u>Rate</u>	<u>Term days</u>	<u>Currency of origin thousands</u>	<u>Mexican pesos</u>
USD	From 0.01% to 0.017%	2	657,580	\$8,604	From 0.01% to .017%	2	174,804	\$2,267
EURO	From 0.01% to 0.04%	2	1,653	30	From 0.01% to .04%	2	3,452	59
				<u>\$8,634</u>				<u>\$2,326</u>

Documented call money:

<u>2013</u>					<u>2012</u>			
<u>Currency of Origin</u>	<u>Rate</u>	<u>Term days</u>	<u>Currency of origin thousands</u>	<u>Mexican pesos</u>	<u>Rate</u>	<u>Term days</u>	<u>Currency of origin thousands</u>	<u>Mexican pesos</u>
Domestic banks								
MXP	3.50%	2	102,444	\$ 103	-	-	-	\$ -
FC	0.38%	2	223,020	2,918	0.38%	2	525,000	6,807
				<u>\$3,021</u>				<u>\$6,807</u>

Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2013 and 2012

Time deposits:

2013					2012				
Rate	Term days	Currency of origin	Thousands of currency of origin	Mexican pesos	Rate	Term days	Currency of origin	Currency of origin thousands	Mexican pesos
From .05% to .65%	From 7 to 21	USD	<u>488,000</u>	<u>\$6,385</u>	From .05% to .56%	From 7 to 14	USD	<u>430,000</u>	<u>\$5,575</u>

Currency purchases (Spot):

	2013			2012		
	<u>Currency of origin</u>	<u>Currency of origin thousands</u>	<u>Mexican pesos</u>	<u>Currency of origin</u>	<u>Currency of origin thousands</u>	<u>Mexican pesos</u>
Foreign banks	USD	1,231	<u>\$16</u>	USD	1,100,777	<u>\$ 14,272</u>

Other:

	2013	2012
Petty cash	\$ 2	\$ 3
Foreign bills and currencies	2	3
Sales of spot currencies	(279)	(6,483)
Interest accrued on investments in deposits	<u>7</u>	<u>9</u>
	<u>(\$268)</u>	<u>(\$ 6,468)</u>

Note 6 – Investments in securities:

Investments in securities are subject to different types of risk that are basically associated to the market in which they operate, the interest rates associated to the term, the exchange rates and the inherent credit and market liquidity risks.

Risk management policies, and the analysis of risk to which the Bank is exposed, are described in Note 28.

At December 31, 2013 and 2012, other investments in securities are comprised as follows:

a. Trading securities:

	2013	2012
Unrestricted government bonds	\$ 109	\$ 206
Unrestricted bank bonds	4,000	-
Repurchase operation securities	94,254	93,097
Guarantee government bonds	<u>17</u>	<u>-</u>
	<u>\$98,380</u>	<u>\$ 93,303</u>

**Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries**

Notes to the Consolidated Financial Statements

December 31, 2013 and 2012

- Unrestricted government bonds

Government bonds at December 31, 2013 and 2012 are comprised as follows:

	2013			2012		
	<u>Carrying value</u>	<u>Fair value</u>	<u>Appreciation (deficit)</u>	<u>Carrying value</u>	<u>Fair value</u>	<u>Appreciation (deficit)</u>
Unrestricted government bonds	<u>\$109</u>	<u>\$109</u>	<u>\$ -</u>	<u>\$206</u>	<u>\$206</u>	<u>\$ -</u>

- Unrestricted bank bonds

Unrestricted bank bonds at December 31, 2013 and 2012 are comprised as follows:

	2013			2012		
	<u>Carrying value</u>	<u>Fair value</u>	<u>Appreciation (deficit)</u>	<u>Carrying value</u>	<u>Fair value</u>	<u>Appreciation (deficit)</u>
Debt instruments	<u>\$4,000</u>	<u>\$4,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

- Repurchase operation securities

Repurchase operation securities at December 31, 2013 and 2012 are comprised as follows:

	2013			2012		
	<u>Carrying value</u>	<u>Fair value</u>	<u>Appreciation (deficit)</u>	<u>Carrying value</u>	<u>Fair value</u>	<u>Appreciation (deficit)</u>
Government bonds in repurchase operations	<u>\$94,252</u>	<u>\$94,254</u>	<u>\$ 2</u>	<u>\$93,105</u>	<u>\$93,097</u>	<u>(\$ 8)</u>

- Guarantee government bonds

Guarantee government bonds at December 31, 2013 and 2012 are comprised as follows:

	2013			2012		
	<u>Carrying value</u>	<u>Fair value</u>	<u>Appreciation (deficit)</u>	<u>Carrying value</u>	<u>Fair value</u>	<u>Appreciation (deficit)</u>
Guarantee government bonds	<u>\$ 17</u>	<u>\$17</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

b. Securities available for sale:

	<u>2013</u>	<u>2012</u>
Obligations and other securities USD	\$1,027	\$1,013
Guarantee securities subject	81	79
Shares MXP	35	96
Shares USD	15	11
Valuation of hedging swaps (net)	<u>(74)</u>	<u>(2)</u>
	<u>\$1,084</u>	<u>\$1,197</u>

Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2013 and 2012

- Obligations and other securities

Obligations and other securities at December 31, 2013 and 2012 are made up as follows:

Obligations

	2013			2012		
	<u>Carrying value</u>	<u>Fair value</u>	<u>Appreciation (deficit)</u>	<u>Carrying value</u>	<u>Fair value</u>	<u>Appreciation (deficit)</u>
Debt instruments	\$1,038	\$1,027	(\$ 11)	\$1,028	\$1,013	(\$ 15)
Banks abroad	—	—	—	26	—	(26)
Total obligations and other securities	<u>\$1,038</u>	<u>\$1,027</u>	<u>(\$ 11)</u>	<u>\$1,054</u>	<u>\$1,013</u>	<u>(\$ 41)</u>

- Guarantee securities subject

Guarantee securities used in derivative instrument operations at December 31, 2013 and 2012 are comprised as follows:

	2013			2012		
	<u>Carrying value</u>	<u>Fair value</u>	<u>Appreciation (deficit)</u>	<u>Carrying value</u>	<u>Fair value</u>	<u>Appreciation (deficit)</u>
Debt instruments	<u>\$79</u>	<u>\$81</u>	<u>\$ 2</u>	<u>\$77</u>	<u>\$79</u>	<u>\$ 2</u>

- Shares in Mexican pesos

Shares in Mexican pesos at December 31, 2013 and 2012 are made up as follows:

	2013			2012		
	<u>Acquisition cost</u>	<u>Fair value</u>	<u>Unrealized loss</u>	<u>Acquisition costs</u>	<u>Fair value</u>	<u>Unrealized loss</u>
Unlisted	<u>\$97</u>	<u>\$ 35</u>	<u>(\$ 62)</u>	<u>\$ 142</u>	<u>\$ 96</u>	<u>(\$ 46)</u>

- Shares in foreign currency - restated to pesos

Shares in foreign currency at December 31, 2013 and 2012 are made up as follows:

	2013			2012		
	<u>Acquisition cost</u>	<u>Fair value</u>	<u>Unrealized loss</u>	<u>Acquisition costs</u>	<u>Fair value</u>	<u>Unrealized loss</u>
Unlisted in USD	<u>\$ 5</u>	<u>\$ 15</u>	<u>\$ 10</u>	<u>\$ 5</u>	<u>\$ 11</u>	<u>\$ 6</u>

**Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries**

Notes to the Consolidated Financial Statements

December 31, 2013 and 2012

Dividends collected from shares available for sale in 2013 and 2012 total \$0.63 and \$0.57. The valuation result recognized in other comprehensive income items under stockholders' equity in 2013 and 2012 is \$18 and \$45, respectively.

c. Securities held to maturity:

	<u>2013</u>	<u>2012</u>
Government bonds	\$ 143	\$ 139
Domestic company bonds	-	<u>1,932</u>
	<u>\$ 143</u>	<u>\$ 2,071</u>

• Government bonds

Government bonds at December 31, 2013 and 2012 are comprised as follows:

	<u>2013</u>			<u>2012</u>		
	<u>Amount</u>	<u>Interest provision</u>	<u>Total</u>	<u>Amount</u>	<u>Interest provision</u>	<u>Total</u>
Government bonds	<u>\$ 112</u>	<u>\$ 31</u>	<u>\$ 143</u>	<u>\$ 114</u>	<u>\$ 25</u>	<u>\$ 139</u>

• Domestic company bonds

Domestic company bonds at December 31, 2013 and 2012 are made up as follows:

	<u>2013</u>			<u>2012</u>		
	<u>Amount</u>	<u>Interest provision</u>	<u>Total</u>	<u>Amount</u>	<u>Interest provision</u>	<u>Total</u>
Debt instruments MXP	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,891</u>	<u>\$ 41</u>	<u>\$ 1,932</u>

d. Interest income, results of valuation and results of purchase and sale of securities in 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Income from purchase and sale of securities	\$ 358	\$ 103
Interest income	4,680	4,864
Result of valuation	10	(4)

Note 7 - Repurchase operations:

Repurchase operations carried out at December 31, 2013 and 2012 were mainly for Savings Protection Bonds, Development Bonds, Fixed Rate Bonds, Cetes, Udibonds and Stock Exchange Certificates; repurchase operation terms fluctuate from 1 to 28 days.

***Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries***
Notes to the Consolidated Financial Statements
December 31, 2013 and 2012

a. Seller

- Collateral guarantees received and sold or pledged by the Bank (memorandum accounts)

	<u>2013</u>	<u>2012</u>
Government bonds	<u>\$13,938</u>	<u>\$21,252</u>
Total collateral guarantees received and sold or pledged by the Bank	<u>\$13,938</u>	<u>\$21,252</u>

- Creditors for repurchase operations

	<u>2013</u>	<u>2012</u>
For securities owned by the Bank ¹ :		
Government bonds	<u>\$94,201</u>	<u>\$93,067</u>
Total creditors for repurchase operations	<u>\$94,201</u>	<u>\$93,067</u>

¹ Repurchased securities are recorded under Securities held for trading.

	<u>2013</u>	<u>2012</u>
Securities received as collateral for repurchase operations:		
Government bonds	<u>\$13,932</u>	<u>\$21,250</u>

b. Buyer

- Debtors for repurchase operations

	<u>2013</u>	<u>2012</u>
Government bonds	\$27,042	\$ 39,769
Inventories	<u>134</u>	<u>-</u>
Total	<u>27,176</u>	<u>39,769</u>
Debtors for repurchase operations	<u>\$13,244</u>	<u>\$ 18,519</u>

- Collateral guarantees received by the entity (memorandum accounts)

	<u>2013</u>	<u>2012</u>
Government bonds	<u>\$27,203</u>	<u>\$ 39,759</u>

In 2013 and 2012, premiums obtained for repurchase operations amounted to \$1,442 and \$1,201, respectively, and premiums paid for repurchase operations totaled \$4,397 and \$4,490.

***Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries***
Notes to the Consolidated Financial Statements
December 31, 2013 and 2012

Note 8- Derivative financial instrument operations:

Derivative financial instruments used to hedge risk positions at December 31, 2013 and 2012 are comprised of fair value hedge swaps operations, as shown below:

	<u>2013</u>		<u>2012</u>	
	<u>Purchase</u>	<u>Sale</u>	<u>Purchase</u>	<u>Sale</u>
Swaps:				
To hedge the loan portfolio	\$ 9,268	\$ 9,472	\$ 8,063	\$ 8,631
To hedge securities or security assets	785	990	778	1,051
To hedge securities or security liabilities	<u>21,084</u>	<u>22,271</u>	<u>22,713</u>	<u>22,610</u>
	<u>\$31,137</u>	<u>\$32,733¹</u>	<u>\$31,554</u>	<u>\$32,292¹</u>

¹ The net amount between the purchase and sale prices is \$1,596 and \$738 in 2013 and 2012 respectively.

To hedge the loan portfolio:

		<u>Thousands</u>					
	<u>Type of Swap</u>	<u>Currency of origin</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Mexican pesos</u>	
						<u>2013</u>	<u>2012</u>
Purchase	Rate	USD	409,975	6	409,981	\$ 5,364	\$ 6,630
Purchase	Rate	MXP.	3,901,043	2,548	3,903,591	<u>3,904</u>	<u>1,433</u>
						<u>\$ 9,268</u>	<u>\$ 8,063</u>
		<u>Thousands</u>					
	<u>Type of Swap</u>	<u>Currency of origin</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Mexican pesos</u>	
						<u>2013</u>	<u>2012</u>
Sale	Rate	USD	409,975	790	410,765	\$ 5,374	\$ 6,652
Sale	Rate	MXP	3,901,043	13,694	3,914,737	<u>3,915</u>	<u>1,437</u>
						<u>\$ 9,289</u>	<u>\$ 8,089</u>
Valuation	Rate	USD			14,681	192	517
Valuation	Rate	MXP			(9,155)	<u>(9)</u>	<u>25</u>
						<u>\$ 9,472</u>	<u>\$ 8,631</u>

Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2013 and 2012

To hedge securities or securities assets:

	Type of Swap	Currency of origin	Thousands			Mexican pesos	
			Principal	Interest	Total	2013	2012
Purchase	Rate	USD	60,000	-	60,000	\$ 785	\$ 778
Sale	Rate	USD	60,000	1,604	61,604	\$ 806	\$ 798
Surcharge	Rate	USD			19,639	257	255
Valuation	Rate	USD			(5,608)	(73)	(2)
						<u>\$ 990</u>	<u>\$1,051</u>

To hedge securities or securities liabilities:

	Type of Swap	Currency of origin	Thousands			Mexican pesos	
			Principal	Interest	Total	2013	2012
Purchase	Currency	MXP	21,255,000	162,294	21,417,294	\$21,417	\$ 22,312
Valuation	Currency	MXP			(332,953)	(333)	401
						<u>21,084</u>	<u>22,713</u>
Sale	Currency	USD	1,694,157	1,616	1,695,773	22,188	22,610
Valuation	Currency	USD			6,383	83	-
						<u>\$22,271</u>	<u>\$ 22,610</u>

At December 31, 2013 and 2012, the results of valuation of fair value hedge securities are comprised as follows:

	2013		2012	
	Derivative	Primary position	Derivative	Primary position
SWAPS	<u>\$ 351</u>	<u>(\$351)</u>	<u>\$1,297</u>	<u>(\$1,295)</u>

To manage balance risk for long-term operations, the Bank mainly contracts interest rate and/or currency swaps that cover exposure from asset or liability operations. At December 31, 2013 and 2012, the Bank has contracted swaps for an equivalent of USD 2,462 million and USD 2,381 million, respectively.

Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2013 and 2012

Note 9 - Loan portfolio:

a. At December 31, 2013 and 2012, this caption is comprised as follows:

Portfolio in foreign currency - restated to Mexican pesos:

<u>Type of loan</u>	<u>2013</u>			<u>2012</u>		
	<u>Current</u>	<u>Past-due</u>	<u>Total</u>	<u>Current</u>	<u>Past-due</u>	<u>Total</u>
Commercial loans	\$44,477	\$72	\$ 44,549	\$ 35,002	\$ 45	\$35,047
Loans to financial entities	2,837	-	2,837	2,877	-	2,877
Loans to government entities	<u>2,041</u>	<u>-</u>	<u>2,041</u>	<u>4,364</u>	<u>-</u>	<u>4,364</u>
Subtotal	<u>\$49,355</u>	<u>\$72</u>	<u>\$ 49,427</u>	<u>\$ 42,243</u>	<u>\$ 45</u>	<u>\$42,288</u>

Portfolio in Mexican pesos:

<u>Type of loan</u>	<u>2013</u>			<u>2012</u>		
	<u>Current</u>	<u>Past-due</u>	<u>Total</u>	<u>Current</u>	<u>Past-due</u>	<u>Total</u>
Portfolio in F.C.	\$49,355	\$72	\$49,427	\$42,243	\$ 45	\$42,288
Commercial loans	23,997	911	24,908	18,174	11	18,185
Loans to financial entities	8,273	-	8,273	6,271	-	6,271
Consumer loans	23	4	27	19	4	23
Housing loans	<u>149</u>	<u>5</u>	<u>154</u>	<u>164</u>	<u>3</u>	<u>167</u>
Subtotal	<u>32,442</u>	<u>920</u>	<u>33,362</u>	<u>24,628</u>	<u>18</u>	<u>24,646</u>
Total	<u>\$81,797</u>	<u>\$ 992</u>	<u>\$82,789</u>	<u>\$66,871</u>	<u>\$ 63</u>	<u>\$66,934</u>

b. Past-due portfolio at December 2013 and 2012:

<u>Term</u>	<u>2013</u>		<u>2012</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
From 1 to 180 days	\$510	51	\$62	98
From 181 to 365 days	480	48	1	2
From 1 to 2 years	<u>3</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$992</u>	<u>100</u>	<u>\$63</u>	<u>100</u>

Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2013 and 2012

c. Main movements in past due portfolio:

	<u>2013</u>	<u>2012</u>
Beginning balance of past due portfolio	\$ 63	\$ 459
Difference per exchange rate from beginning balance	3	(29)
Payments	(333)	(39)
Write offs and other applications	-	(284)
Allocations to current portfolio	(49)	(102)
Cancellations due to renewals	(276)	-
Cancellations due to restructurings	(60)	(55)
Loan opening due to renewal	457	-
Loan opening due to restructurings	60	55
Allocations to past due portfolio	<u>1,127</u>	<u>58</u>
Ending balance of past due portfolio	<u>\$ 992</u>	<u>\$ 63</u>

At December 31, 2013, the past due portfolio is comprised of 15 former employees and 9 companies, of which 4 showed sustained payment at that date. In 2012, the percentage of the past due portfolio decreased mainly due to recovery of balances and sustained payments that made it possible to transfer it to the current portfolio, as well as to the elimination of loans from assets in accordance with Criterion B-6 "Loan portfolio" of Exhibit 33 of the Sole Circular, which establishes that the Bank may opt to eliminate from its assets any past due loans that have been reserved 100%.

d. Breakdown of the portfolio per economic sector at December 2013 and 2012:

	<u>2013</u>		<u>2012</u>	
<u>Sector per economic activity</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Farming-livestock	\$ -	0.00	\$ 0.01	0.00
Mining	2,624	3.77	975	1.83
Food, beverages and tobacco	3,758	5.40	2,447	4.58
Textiles, clothing and leather industry	98	0.14	121	0.23
Lumber and wood products industry	96	0.14	115	0.22
Paper, print shops and publishing houses	1,164	1.67	169	0.32
Chemical substances and plastic or rubber items	7,745	11.12	5,580	10.45
Non-metal mineral products	5,224	7.50	4,969	9.30
Metal industry	26	0.04	2,198	4.11
Mining metal industry	-	0.00	456	0.85
Metal products, machinery and equipment	14,401	20.68	11,188	20.94
Other manufacturing industries	332	0.48	58	0.11
Construction industry	1,159	1.66	1,129	2.11
Electricity, gas and water	2,070	2.97	1,602	3.00
Trade	2,345	3.37	2,213	4.14
Tourism	11,301	16.23	9,577	17.93
Transportation and communication	1,602	2.30	1,276	2.39
Real property and lease services	13,359	19.19	8,140	15.24
Professional, personal and social services	1,936	2.78	577	1.08
Unclassified services	152	0.22	129	0.24
Individuals	181	0.26	191	0.36
(Valuation primary position portfolio at risk)	<u>65</u>	<u>0.08</u>	<u>312</u>	<u>0.57</u>
Private sector	69,638	<u>100.00</u>	53,422	<u>100.00</u>
Government sector	2,041		4,364	
Financial sector	<u>11,110</u>		<u>9,148</u>	
Total	<u>\$82,789</u>		<u>\$66,934</u>	

Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2013 and 2012

e. Restructured and renewed loans at December 31, 2013 and 2012:

<u>Type of loan</u>	<u>2013</u>			<u>2012</u>		
	<u>Portfolio</u>			<u>Portfolio</u>		
	<u>Current</u>	<u>Past due</u>	<u>Total</u>	<u>Current</u>	<u>Past due</u>	<u>Total</u>
Commercial loans:						
Restructured	\$7,599	\$367	\$7,966	\$4,745	\$56	\$4,801
Renewed	-	135	135	-	-	-
Loans to financial entities:						
Restructured	-	-	-	2	-	2
Housing loans:						
Restructured	25	1	26	29	-	29
Consumer loans:						
Restructured	<u>2</u>	<u>-</u>	<u>2</u>	<u>2</u>	<u>1</u>	<u>3</u>
Total	<u>\$7,626</u>	<u>\$503</u>	<u>\$8,129</u>	<u>\$4,778</u>	<u>\$57</u>	<u>\$4,835</u>

On October 31, 2013, a Debt Recognition, Interest Capitalization and Restructuring Agreement was formalized with a Foreign Financial Entity, whereby it was agreed to recover a total of 146.3 million dollars and which is recognized in memorandum accounts. According to said agreement, the amount in question will be recovered in a term of 15 years through quarterly payments.

f. Additional guarantees and concessions offered for restructured loans.

In 2013 and 2012 no additional guarantees or concessions were offered for restructured loans.

g. Interest and commissions in 2013 and 2012:

<u>Type of loan</u>	<u>2013</u>			<u>2012</u>		
	<u>Interest collected</u>	<u>Commissions charged</u>	<u>Total</u>	<u>Interest collected</u>	<u>Commissions charged</u>	<u>Total</u>
Commercial loans	\$3,038	\$141	\$3,179	\$2,645	\$ 134	\$2,779
Loans to financial entities	639	-	639	647	-	647
Loans to government entities	143	-	143	237	-	237
Consumer loans	1	-	1	1	-	1
Housing loans	<u>8</u>	<u>-</u>	<u>8</u>	<u>8</u>	<u>-</u>	<u>8</u>
Total	<u>\$3,829</u>	<u>\$141</u>	<u>\$3,970</u>	<u>\$3,538</u>	<u>\$ 134</u>	<u>\$3,672</u>

h. Commissions on initial granting of loans

Commissions collected upon initial granting of loans not yet deferred at December 31, 2013 and 2012 total \$254 and \$148, respectively, and are offset against income for the year as interest income by the straight line method over the life of the loan. The weighted term for amortizing commissions at December 31, 2013 and 2012 is 3.57 years and 1.94 years, respectively.

Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2013 and 2012

i. Rediscounts

Rediscounts for 2013 and 2012 totaled \$9,984 and \$5,582, respectively.

j. Breakdown of problem loans and non-problem loans

The breakdown of total loans, classified as problem and problem-free, current and past due, is as shown below:

	<u>2013</u> <u>Portfolio</u>		
	<u>Current</u>	<u>Past due</u>	<u>Total</u>
Problem-free portfolio	\$93,616	\$126	\$93,742
Problem portfolio. Note 3 g.	39	832	871
Past due interest	-	25	25
Total rated portfolio	<u>\$93,655</u>	<u>\$983</u>	<u>\$94,638</u>

	<u>2012</u> <u>Portfolio</u>		
	<u>Current</u>	<u>Past due</u>	<u>Total</u>
Problem-free portfolio	\$72,089	\$ -	\$72,089
Problem portfolio	556	56	612
Past due interest	-	-	-
Total rated portfolio	<u>\$72,645</u>	<u>\$ 56</u>	<u>\$72,701</u>

- (1) Restated at the exchange rates in effect at December 2013 and 2012.
- (2) Ratable portfolio.
- (3) It is comprised of the commercial portfolio, government entities, financial intermediaries and irrevocable guarantees and letters of credit.
- (4) Does not include the consumer and housing portfolio.
- (5) Past due interest is included for information purposes, as established in the provisions for rating portfolios, and it is reserved as it is incurred.

k. Allowance for credit risks at December 31, 2013 and 2012.

The balance of this caption was determined based on the loan portfolio rated at December 31, 2013 and 2012, in accordance with the rules issued by the Department of Finance and the CNBV applicable to Development Banks, with the following results:

**Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries**

Notes to the Consolidated Financial Statements

December 31, 2013 and 2012

Total ratable portfolio per type of loan at December 31, 2013

Rating	Commercial	Government entities	Financial intermediaries	Guarantees	Housing portfolio	Consumer portfolio	Total
A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
A-1	60,385	1,178	3,833	10,864	-	-	76,260
A-2	6,547	667	6,802	856	-	-	14,872
B	-	-	-	-	133	20	153
B-1	897	-	252	-	-	-	1,149
B-2	45	-	136	667	-	-	848
B-3	513	-	-	-	-	-	513
C	-	-	-	-	7	3	10
C-1	98	-	-	1	-	-	99
C-2	-	-	-	-	-	-	-
D	330	-	-	-	14	-	344
E	542	-	-	-	-	4	546
Subtotal	69,357	1,845	11,023	12,388	154	27	94,794
Past due interest	25	-	-	-	-	-	25
Total	<u>\$ 69,382</u>	<u>\$ 1,845</u>	<u>\$ 11,023</u>	<u>\$ 12,388</u>	<u>\$ 154</u>	<u>\$ 27</u>	<u>\$ 94,819</u>

Reserve required per risk group at December 31, 2013

Rating	Commercial	Government entities	Financial intermediaries	Guarantees	Housing portfolio	Consumer portfolio	Total
A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
A-1	302	9	20	52	-	-	383
A-2	74	8	67	9	-	-	158
B	-	-	-	-	3	1	4
B-1	15	-	13	-	-	-	28
B-2	1	-	14	33	-	-	48
B-3	14	-	-	-	-	-	14
C	-	-	-	-	3	1	4
C-1	7	-	-	-	-	-	7
C-2	-	-	-	-	-	-	-
D	121	-	-	-	10	-	131
E	542	-	-	-	-	4	546
Subtotal	1,076	17	114	94	16	6	1,323
Past due interest	25	-	-	-	-	-	25
Total	<u>\$ 1,101</u>	<u>\$ 17</u>	<u>\$ 114</u>	<u>\$ 94</u>	<u>\$ 16</u>	<u>\$ 6</u>	1,348
Additional reserves							100
Total reserves							<u>\$ 1,448</u>

Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2013 and 2012

Total ratable portfolio per type of loan at December 31, 2012

<u>Rating</u>	<u>Commercial</u>	<u>Government entities</u>	<u>Financial intermediaries</u>	<u>Guarantees</u>	<u>Housing portfolio</u>	<u>Consumer portfolio</u>	<u>Total</u>
A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
A-1	20,468	4,060	3,377	3,932	-	-	31,837
A-2	17,628	-	5,603	2,024	-	-	25,255
B	-	-	-	-	145	17	162
B-1	8,873	-	-	117	-	-	8,990
B-2	4,414	-	41	604	-	-	5,059
B-3	542	-	2	38	-	-	582
C	-	-	-	-	8	2	10
C-1	235	-	-	1	-	-	236
C-2	130	-	-	-	-	-	130
D	504	-	-	-	15	1	520
E	108	-	-	-	-	3	111
Subtotal	52,902	4,060	9,023	6,716	168	23	72,892
Past due interest	-	-	-	-	-	-	-
Total	<u>\$ 52,902</u>	<u>\$ 4,060</u>	<u>\$ 9,023</u>	<u>\$ 6,716</u>	<u>\$ 168</u>	<u>\$ 23</u>	<u>\$ 72,892</u>

Reserve required per risk group at December 31, 2012

<u>Rating</u>	<u>Commercial</u>	<u>Government entities</u>	<u>Financial intermediaries</u>	<u>Guarantees</u>	<u>Housing portfolio</u>	<u>Consumer portfolio</u>	<u>Total</u>
A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
A-1	102	20	17	19	-	-	158
A-2	172	-	55	20	-	-	247
B	-	-	-	-	1	3	4
B-1	222	-	-	6	-	-	228
B-2	353	-	4	30	-	-	387
B-3	65	-	-	4	-	-	69
C	-	-	-	-	1	3	4
C-1	56	-	-	-	-	-	56
C-2	52	-	-	-	-	-	52
D	308	-	-	-	1	11	320
E	108	-	-	-	3	-	111
Subtotal	1,438	20	76	79	6	17	1,636
Past due interest	-	-	-	-	-	-	-
Total	<u>\$ 1,438</u>	<u>\$ 20</u>	<u>\$ 76</u>	<u>\$ 79</u>	<u>\$ 6</u>	<u>\$ 17</u>	1,636
Additional reserves							70
Total reserves							<u>\$ 1,706</u>

***Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries***
Notes to the Consolidated Financial Statements
December 31, 2013 and 2012

Movements in the allowance for credit risks to hedge credit risks were as follows:

	<u>2013</u>	<u>2012</u>
Balances at beginning of year	\$ 1,706	\$ 2,384
Releases	(257)	(311)
Pardons	(5)	(2)
Applications	-	(261)
Exchange effect	4	(104)
Ending balances	<u>\$ 1,448</u>	<u>\$ 1,706</u>

The allowance for credit risks set up by the Bank includes \$25 and \$0 at December 31, 2013 and 2012, respectively, as a supplement to reserve 100% of past due interest at the closing of each of those years.

In rating the loan portfolio in 2013 and 2012, the Bank applied the methodologies set forth in the General Provisions Applicable to Credit Institutions for each year, as specified in Note 3h.

Criterion B-6 "Loan portfolio" of Exhibit 33 of the Sole Circular, establishes that the Bank may opt to eliminate from its assets any past due loans that have been reserved 100%. In 2013, the Bank did not eliminate loans from its assets; in 2012, it eliminated from its assets the loan portfolio against the allowance for credit risks for a total of \$27 and USD 18 million.

The amounts recovered from this loan portfolio in 2013 and 2012 were \$272 and \$177, respectively, and were recorded under Other operating income (expenses).

The amount of the portfolio not rated is \$178 and \$218 in 2013 y 2012,

l. Interest income recognized in loans at the moment of capitalization.

Interest income recognized in the moment of capitalization in 2013 and 2012 total \$31 and \$1, respectively.

m. Credit lines

The amount for opening credit lines recorded in memorandum accounts at December 31, 2013 and 2012 totals a \$3,800 and USD 4,511 million and \$3,847 and USD4,121 million, respectively.

Policies and procedures for making, controlling and recovering loans

The loans manual contains the guidelines of the Credit process (PDC), which start with the definition of the objective market and end with the recovery of a loan.

Specific policies for each phase of the PDC process mentioned below are defined in the operating manuals and are an integral part of the Bank's credit regulation scheme.

I. Business development

1. Promotion management
 - 1.1 First tier promotion management
 - 1.2 Second tier promotion management
- Addendum No. 1 (August 30, 2012).

***Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries***
Notes to the Consolidated Financial Statements
December 31, 2013 and 2012

14. Development and/or updating of programs and products

13. Credit file management.

13.1 First tier credit file management.

13.2 Second tier credit file management.

II. Analysis and decisions

2. Borrower Evaluation

2.1 First tier borrower evaluation:

A. Credit analysis.

Addendum No. 1 (September 21, 2012).

Addendum No. 2 (February 22, 2013).

Addendum No. 3 (May 23, 2013).

B. Legal Opinion.

2.2 Second tier borrower evaluation:

A. Credit analysis.

Addendum No. 1 (June 26, 2012).

Addendum No. 2 (November 8, 2013).

B. Legal Opinion.

3. Authorization

III. Instrumentation and disbursement

4. Contracting

4.1 First tier contracting.

4.2 Second tier contracting.

5. Release and Authorization for Disposal of Credit Lines and letters of credit.

5.1 First tier registration and release of credit lines, authorization for disposal and letters of credit.

Addendum No. 1 (June 26, 2013).

5.2 Second tier registration and release of credit lines, authorization for disposal and letters of credit.

Addendum No. 1 (June 28, 2013).

6. Safeguarding and Custody of Valuable Documentation

6.1 First tier safeguarding and custody of valuable documentation

6.2 Second tier safeguarding and custody of valuable documentation

IV. Follow up and recovery.

7. Portfolio management and control.

7.1 First tier portfolio management and control.

7.2 Second tier portfolio management and control.

8-9. Supervision and follow up on borrowers and intermediaries.

8-9.1 First tier supervision and follow up on borrowers and intermediaries.

8-9.2 Second tier supervision and follow up on borrowers and intermediaries.

***Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries***
Notes to the Consolidated Financial Statements
December 31, 2013 and 2012

10. Portfolio rating
 - 10.1 First tier portfolio rating.
 - 10.2 Second tier portfolio rating.
11. Specialized collection function
 - 11.1 First tier specialized collection function.
 - 11.2 Second tier specialized collection function.
12. Collection management
 - 12.1 First tier collection management
 - 12.2 Second tier collection management.
15. Recovery of portfolio with collectability problems.

Support processes:

 - Credit regulations.
Addendum no. 1 (December 17, 2013)
 - Application of preventive reserves and loan write-offs.
 - Investigation of borrowers.
 - Management reports.
 - Receipt, management, promotion and sale of movable property and real property awarded by a court and given as payment in kind.

Other loan programs

 - Former employee portfolio management.
 - Financing of foreign trade inventories.

Following are management's policies and procedures for determining risk concentrations:

According to point a) of section II of article 80 of the General Provisions Applicable to Credit Institutions issued by the CNBV, specifically as concerns credit portfolio risk, the Bank measures, evaluates and follows up on its concentration per type of financing, rating, economic sector, geographic area and borrower. Concentrations are reported monthly to the CAIR through the Report on Operations and Credit Position.

The Bank's Risk Management department issues Risk Regulation Circulars that establish an internal policy to determine the maximum financing amounts allowed for Common Risks per type of borrower, which are below the regulatory risks established by the CNBV, in order to control concentration per borrower or group of borrowers that pose Common Risks.

Risk concentration

Per borrower:

There are 3 types of maximum amounts per borrower or group of borrowers that pose a Common Risk:

For the purpose of carrying out Asset Operations, article 54 of the General Provisions Applicable to Credit Institutions of the CNBV establishes that banks must establish maximum financing limits for a single person or groups of persons who, given the Common Risk that they pose, are considered to be one person. In accordance with article 57 of those Provisions, the regulatory limits applicable to the Bank in the fourth quarter of 2013, considering the 13.95% capitalization index, are 30% of the basic capital (\$3,679 million

Banco Nacional de Comercio Exterior, S. N. C., Development Banking Institution and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2013 and 2012

pesos, equivalent to USD\$281 million at the \$13.0843 exchange rate in effect on December 31, 2013) per private sector borrower and 100% of the basic capital (\$12,265 million pesos, equivalent to \$940 million dollars) for other types of borrowers.

The Comprehensive Management Regulations Manual establishes the prudential measure of observing 85% of the regulatory limits to avoid breakage in the event of high depreciations in the peso/dollar exchange rate or in case of reductions in the basic capital. Prudential limits applicable to the Bank in the quarter in question are \$3,127 million pesos (equivalent to \$238 million dollars) per borrower of the private sector and \$10,425 million pesos (equivalent to \$797 million dollars) for other types of borrowers.

However, the Bank determines financing amounts below the prudential limits as part of its internal measures to prevent concentrations and supervening facts to the granting of loans. The internal financing policy for Common Risks established by management per borrower or group of borrowers of the private sector who pose Common Risks is of \$190 million dollars, the equivalent to \$2,486 million pesos, which comprises 20% of the basic capital.

Per economic sector:

In order to manage the soundness of the main loan portfolios during economic crises, there is a maximum prudential level in place of 30% of the balance of each portfolio per geographic area or city, economic sector and loan beneficiary, in order to avoid concentrations and shorten and diversity risk.

Note 10 - Other accounts receivable:

At December 31, 2013 and 2012, this caption is comprised as follows:

	<u>2013</u>	<u>2012</u>
Sundry debtors	\$ 41	\$ 37
Debtors for commissions on current operations	9	9
Guarantee deposits	-	1
Value added tax	8	4
Flat Rate Business Tax	210	-
Loans made to Bank's personnel	1,974	1,969
Assigned accounts receivable	90	124
Debtors for settlement of currency purchase and sale operations	279	6,442
Debtors for settlement of repurchase operations	1	1
Debtors for collateral given in cash	680	-
Write-off allowance	(33)	(14)
Total	<u>\$3,259</u>	<u>\$8,573</u>

At December 31, 2013 and 2012, the Bank has accounts receivable in foreign currency restated to Mexican pesos of \$21 and \$16, respectively.

Note 11 - Repossessed assets or assets received as payment in kind:

a. The breakdown of these goods at December 31, 2013 and 2012 is as shown below:

***Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries***
Notes to the Consolidated Financial Statements
December 31, 2013 and 2012

<u>Item</u>	<u>Mexican pesos</u>	<u>USD million</u>	<u>Mexican pesos</u>	<u>2013</u>	<u>2012</u>
Personal property	\$ 33	\$ -	\$ -	\$ 33	\$ 40
Securities	26	9	120	146	146
Collection rights	24	-	-	24	24
Subtotal	<u>83</u>	<u>9</u>	<u>120</u>	<u>203</u>	<u>210</u>
Real property:					
Rustic land	113	-	-	113	105
Urban land	229	-	-	229	177
Condominiums	4	-	-	4	-
Industrial plants	345	-	-	345	329
Commercial establishments	124	-	-	124	127
Other	19	-	-	19	11
Subtotal	<u>834</u>	<u>-</u>	<u>-</u>	<u>834</u>	<u>749</u>
Goods committed for sale:					
Real property	28	-	-	28	46
Personal property	1	-	-	1	1
Subtotal	<u>29</u>	<u>-</u>	<u>-</u>	<u>29</u>	<u>47</u>
	946	9	120	1,066	1,006
Less: set up reserves	<u>946</u>	<u>9</u>	<u>120</u>	<u>1,066</u>	<u>994</u>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12</u>

b. Allowance for repossessed assets or assets received as payment in kind

The amount of the allowance of court awarded assets or goods received as payment in kind at December 31, 2013 and 2012 was as follows:

	<u>2013</u>	<u>2012</u>
Personal property	\$ 33	\$ 40
Securities	146	146
Collection rights	24	24
Real property	834	749
Goods committed for sale	<u>29</u>	<u>35</u>
Total reserve	<u>\$1,066</u>	<u>\$ 994</u>

The charge to income for this item was \$104 and \$117 at December 31, 2013 and 2012, respectively.

Note 12 - Property, furniture and equipment:

At December 31, 2013 and 2012, this caption is comprised as follows:

***Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries***

Notes to the Consolidated Financial Statements

December 31, 2013 and 2012

	<u>% depreciation</u>	<u>2013</u>	<u>2012</u>
Building	5%	\$ 422	\$ 422
Furniture and equipment	10%	735	738
Computer equipment	30%	365	365
Transportation equipment	25%	<u>13</u>	<u>-</u>
		1,535	1,538
Less: Accumulated depreciation		<u>(1,256)</u>	<u>(1,256)</u>
		279	282
Land		<u>86</u>	<u>86</u>
		<u>\$ 365</u>	<u>\$ 368</u>
Installation expenses		\$ 121	\$ 121
Accumulated amortization		<u>113</u>	<u>109</u>
		<u>8</u>	<u>12</u>
Total		<u>\$ 373</u>	<u>\$ 380</u>

The charge to income for depreciation in 2013 and 2012 was \$12 and \$14, respectively.

Note 13 - Permanent stock investments:

- a. The main companies in which the equity method was used, and the Bank's shareholding in those companies, at December 31, 2013 are as follows:

<u>Company</u>	<u>% shareholding</u>		<u>Activity</u>
	<u>Series A</u>	<u>Series B</u>	
Cesce México, S. A. de C. V. (CESCEMEX)	48.99		Insurance
Corporación Mexicana de Inversiones de Capital, S. A. de C. V. (CMIC)	19.00	9.05	Investment fund

On June 10, 2004, the Board of Directors of Bancomext issued authorization for procedures to start for the divestiture of Ocean Garden Products, Inc. (a subsidiary of Exportadores Asociados, S. A. de C. V.). On May 2, 2005, a notice was published to participate in the competitive bidding for the sale of Ocean Garden Products, Inc.; the respective purchase agreement was signed on December 13, 2005. On February 23, 2006, the purchaser provided evidence of compliance with the contractual conditions associated to the transfer of shareholding, and consequently the sale was formalized on March 2, 2006. On February 22, 2007, the EASA Board of Directors approved the company's liquidation,

**Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries**

Notes to the Consolidated Financial Statements

December 31, 2013 and 2012

which process ended on October 26, 2012, when the liquidator submitted the ending balance and the stockholders' equity to Bancomext.

For informative purposes, we present the condensed financial position of Desarrollo Inmobiliario Especializado, S. A. de C. V. (DIESA) and Coordinadora de Asistencia Administrativa, S. A. de C. V. (CAASA) under liquidation, both subsidiaries of the Bank, at December 31, 2013, and the condensed results of their operations for the period ended on that date.

	<u>DIESA</u>	<u>CAASA</u>	<u>Total</u>
Statement of financial position			
Assets:			
Liquid assets	\$ 376	\$ 1	\$ 377
Real property and other assets			
Liabilities and stockholders' investment:			
Other liabilities	1	-	1
Stockholders' investment	<u>375</u>	<u>1</u>	<u>376</u>
	<u>376</u>	<u>1</u>	<u>377</u>
Statement of income			
Income	\$ 52	\$ -	\$ 52
Costs and expenses	<u>(40)</u>	<u>-</u>	<u>(40)</u>
Operating profit	12	-	12
Other income			
Income taxes	<u>(3)</u>	<u>-</u>	<u>(3)</u>
Net income	<u>\$ 9</u>	<u>\$ -</u>	<u>\$ 9</u>

The subsidiaries are audited by independent public auditors other than the Bank's auditors.

b. The amounts used to recognize the equity method at December 31, 2013 and 2012 are shown below:

<u>Company</u>	<u>Capital stock</u>	<u>Prior years' (deficit) retained earnings</u>	<u>(Loss) profit for the year</u>	<u>2013 Total</u>	<u>2012 Total</u>
CESCEMEX	\$ 91	\$20	(\$ 3)	\$ 108	\$ 116
CMIC	292	38	8	338	311
Other				<u>33</u>	<u>34</u>
Total				<u>\$ 479</u>	<u>\$ 461</u>

c. At December 31, 2013 and 2012, the assets, liabilities and main captions of the statement of income of associated companies are as follows:

Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2013 and 2012

		<u>2013</u>			
		<u>Total</u>			
		<u>Assets</u>	<u>Liabilities</u>	<u>Income</u>	<u>Expenses</u>
CESCEMEX		\$ 322	\$ 102	\$ 25	\$ 32
CMIC		4,005	145	349	257
		<u>2012</u>			
		<u>Total</u>			
		<u>Assets</u>	<u>Liabilities</u>	<u>Income</u>	<u>Expenses</u>
CESCEMEX		\$ 366	\$ 129	\$ 123	\$ 94
CMIC		3,222	105	417	308

- d. Investments in shares of associated companies in which there is no control or significant influence are shown valued by the acquisition cost method. The acquisition cost of other permanent stock investments in shares totals \$3 in 2013 and \$3 in 2012.

Note 14 – Time deposits:

Time deposits at December 31, 2013 and 2012 are made up as follows:

	<u>2013</u>	<u>2012</u>
Promissory notes with interest payable at maturity	\$ 44,372	\$ 36,865
Deposits for Special Savings loan	762	710
Fixed time deposits in F.C.	9,733	9,180
Valuation of hedging swaps, net	(2)	(3)
Total	<u>\$ 54,865</u>	<u>\$ 46,752</u>

Following are the features of promissory notes payable at maturity for 2013 and 2012:

<u>Issue</u>	<u>Interest term</u>	<u>Average rate</u>	<u>Initial amount</u>	<u>Interest accrued</u>	<u>2013</u>	<u>2012</u>
Promissory note 1 to 29 days		3.58%	\$ 37,349	\$ 43	\$37,392	\$24,946
Promissory note 30 to 179 days		3.57%	3,207	9	3,216	4,674
Promissory note 180 to 365 days		4.04%	<u>3,730</u>	<u>34</u>	<u>3,764</u>	<u>7,245</u>
			<u>\$ 44,286</u>	<u>\$ 86</u>	<u>\$44,372</u>	<u>\$36,865</u>

Note 15 – Credit instruments issued:

The balance of this caption is comprised as follows:

Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Stock exchange certificates	\$18,135	\$15,080
Valuation of hedging swaps, net	<u>(414)</u>	<u>404</u>
	<u>\$17,721</u>	<u>\$15,484</u>

The features of debt instruments are as follows:

<u>Rate</u>	<u>Term days</u>	<u>Maturity</u>	<u>2013</u>		
			<u>Amount</u>	<u>Interest</u>	<u>Total</u>
3.50% to 8.0%	1,456	20/03/15	\$ 5,000	\$ 2	\$ 5,002
8.15% to 8.60%	3,640	04/12/15	1,500	9	1,509
3.60% to 4.80%	1,455	23/03/16	5,000	13	5,013
4.70% to 5.90%	3,640	04/07/22	1,500	40	1,540
4.70% to 5.90%	3,640	11/11/22	2,000	13	2,013
4.70% to 5.90%	3,640	17/02/23	<u>3,000</u>	<u>58</u>	<u>3,058</u>
			<u>\$18,000</u>	<u>\$ 135</u>	<u>\$18,135</u>

<u>Rate</u>	<u>Term days</u>	<u>Maturity</u>	<u>2012</u>		
			<u>Amount</u>	<u>Interest</u>	<u>Total</u>
3.50% to 8.00%	809	20/03/15	\$ 5,000	\$ 2	\$ 5,002
8.15% to 8.54%	1,068	12/4/15	1,500	9	1,509
3.60% to 4.80%	1,178	3/23/16	5,000	17	5,017
4.70% to 5.90%	3,472	7/4/22	1,500	40	1,540
4.70% to 5.90%	3,602	11/11/22	<u>2,000</u>	<u>12</u>	<u>2,012</u>
			<u>\$15,000</u>	<u>\$80</u>	<u>\$15,080</u>

Note 16 - Interbank loans and loans from other entities:

The balances of interbank loans and loans from other entities at December 31, 2013 and 2012 are made up as follows:

	<u>2013</u>	<u>2012</u>
Guaranteed lines	\$ 1,265	\$ 773
Commercial lines	27,858	26,263
Implementing agent	1,214	1,214
Development banking	581	1,047
Call money operations	2,119	1,027
Federal Government loans	1,333	1,404
Interest provisions	<u>49</u>	<u>36</u>
	<u>\$34,419</u>	<u>\$31,764</u>

***Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries***
Notes to the Consolidated Financial Statements
December 31, 2013 and 2012

At December 31, 2013, this caption is comprised as follows:

a. Guaranteed lines

	<u>Currency</u>	<u>Rate</u>	<u>Mexican pesos</u>
Foreign banks	USD	From 0.9554% to 1.3534%	\$1,256
Foreign banks	EURO	From 2.00%	<u>9</u>
			<u>\$1,265</u>

b. Commercial credit lines

	<u>Currency</u>	<u>Rate</u>	<u>Mexican pesos</u>
Foreign bank	USD	0.82%	<u>\$27,858</u>

c. Loan balances in which the Bank acts as implementing agent

<u>Type of currency</u>	<u>Average rate</u>	<u>Currency of origin millions</u>	<u>Mexican pesos</u>
USD	0.90%	93	\$1,214

d. Development banking

<u>Counterparty</u>	<u>Type of currency</u>	<u>Rate</u>	<u>Beginning date</u>	<u>Maturity date</u>	<u>Mexican pesos</u>
Domestic banks	USD	From .03% to 1.6524%	30/06/2011	15/05/2025	<u>\$ 581</u>

e. Call Money

<u>Counterparty</u>	<u>Type of currency</u>	<u>Currency of origin millions</u>	<u>Rate</u>	<u>Mexican pesos</u>
Domestic banks	USD	162	0.4720%	<u>\$ 2,119</u>

f. Federal Government loans

<u>Counterparty</u>	<u>Type of currency</u>	<u>Currency of origin millions</u>	<u>Rate</u>	<u>Mexican pesos</u>
Domestic banks	MXP	55	3.40%	\$ 55
Domestic banks	USD	98	From 0.16875 to 6.00 %	<u>1,278</u>
				<u>\$1,333</u>

***Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries***
Notes to the Consolidated Financial Statements
December 31, 2013 and 2012

At December 31, 2012, this caption is comprised as follows:

a. Guaranteed lines

	<u>Currency</u>	<u>Rate</u>	<u>Mexican pesos</u>
Foreign banks	USD	From 0.52356 to 1.25%	\$ 644
Foreign banks	EURO	From 2.00 to 2.25%	129
			<u>\$ 773</u>

b. Commercial credit lines

	<u>Currency</u>	<u>Average rate</u>	<u>Mexican pesos</u>
Foreign banks	USD	1.10%	<u>\$26,263</u>

c. Loan balances in which the Bank acts as implementing agent

<u>Type of currency</u>	<u>Average rate</u>	<u>Currency of origin millions</u>	<u>Mexican pesos</u>
USD	1.33%	94	<u>\$1,214</u>

d. Development banking

<u>Counterparty</u>	<u>Type of currency</u>	<u>Rate</u>	<u>Beginning date</u>	<u>Maturity date</u>	<u>Mexican pesos</u>
Domestic banks	USD	From 0.15 to 1.79%	30-06-11	15-05-25	<u>\$1,047</u>

e. Call Money

<u>Counterparty</u>	<u>Type of currency</u>	<u>Currency of origin millions</u>	<u>Rate</u>	<u>Mexican pesos</u>
Domestic banks	USD	73	4.45%	\$ 73
Domestic banks	USD	74	0.22%	954
				<u>\$1,027</u>

f. Federal Government loans

<u>Counterparty</u>	<u>Type of currency</u>	<u>Currency of origin millions</u>	<u>Rate</u>	<u>Mexican pesos</u>
Domestic banks	MXP	53	4.22%	\$ 53
Domestic banks	USD	104	Del 0.21 a 6.00%	1,351
				<u>\$1,404</u>

***Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries***

Notes to the Consolidated Financial Statements

December 31, 2013 and 2012

Those loans are contracted with domestic and foreign financial institutions without there being significant concentration on any of them.

Note 17 – Income Tax (ISR), Flat Rate Business Tax (IETU) and Employees’ Statutory Profit Sharing (PTU):

a. Income tax (ISR)

The Bank determined a tax result of \$243 in 2013 and of \$0 in 2012, which gave rise to tax below the amount determined for IETU purposes. The tax result differs from the book result mainly due to items accrued over time and deducted differently for book and tax purposes, to recognition of the effects of inflation for tax purposes and to items only affecting the book or tax result.

Any unamortized tax losses may be offset against tax profits. If the latter are greater than tax losses, the result will be an ISR base tax result.

In 2013, the Bank amortized accrued tax losses for a total of \$1,092, which are described below:

<u>Year of Loss</u>	<u>Restated amount</u>	<u>Expiration year</u>
2006	\$ 613	2016
2010	<u>479</u>	2020
	<u>\$1,092</u>	

In 2008, the Bank paid \$483 of ISR in Chile on the sale of shares and the assignment of a loan in that country, which tax was recorded in income for 2008. There is an option to offset that amount against ISR payable by the Bank in the next ten years.

If the Bank incurs ISR in the aforementioned term, it may offset against that ISR the tax paid in Chile, restated from the date of payment to the date it is credited, for which purpose the amount of the tax has been recorded in memorandum accounts.

The sale of shares and documents pending collection are not subject to payment of IETU, and therefore the tax paid in Chile cannot be offset against IETU payable by the Bank.

The Bank and each of its subsidiaries determined their tax bases and taxes payable. Following are the results of each entity, since they do not consolidate for tax purposes.

The figures shown in 2013 are prior to the tax report.

	<u>2013</u>	<u>2012</u>
Deferred ISR	\$ 25	\$ -
Deferred IETU	-	44
Cancellation of deferred IETU	<u>(122)</u>	<u>-</u>
Total deferred taxes in the statement of income	<u>(\$ 97)</u>	<u>\$ 44</u>

Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2013 and 2012

At December 31, 2013, the main temporary differences on which deferred ISR is recorded are as follows:

	<u>2013</u>
Investments in shares	(\$ 294)
Advance collections	273
Allowance for other debts and repossessed assets	141
Liabilities and provisions	(69)
Furniture and equipment and intangible assets	(30)
Valuation of investments, repurchase operations and OFD	57
Accounts receivable from commissions	(9)
Prepayments	(8)
Other temporary items	<u>24</u>
	85
Applicable rate	<u>30%</u>
Deferred ISR	<u>\$ 25</u>

b. Flat rate business tax (IETU)

In December 11, 2013, Congress repealed the Flat Rate Business Tax Law published on October 1, 2007. Therefore as of the enactment of the Decree approved in December 11, 2013, all general administrative resolutions and provisions and the rulings on consultations, interpretations, authorizations or permits issued to private parties with regard to the flat rate business tax became null and void.

As a result of the foregoing change the Bank is subject to payment of ISR as of January 1, 2014 and consequently it canceled deferred IETU of \$122 with a credit to income for the year.

The IETU provision is as follows:

	<u>2013</u>	<u>2012</u>
IETU incurred (Bank \$115 and subsidiary \$3 (\$32 and \$3 in 2012))	<u>(\$118)</u>	<u>(\$35)</u>

In 2013, the Bank determined a profit for IETU purposes of \$1,385 (\$836 in 2012).

In 2013, the Bank was subject to payment of the higher of ISR and IETU. In that year it incurred IETU of \$115 above ISR of \$73.

As a result of the removal of the IETU for 2014, the Bank reviewed and adjusted the deferred tax balance at December 31, 2013 taking into consideration temporary differences when applying the new provisions of the Law. The related effects are described in the reconciliation of the effective rate shown below.

***Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries***
Notes to the Consolidated Financial Statements
December 31, 2013 and 2012

The reconciliation of the incurred and effective IETU rates is shown below:

	<u>2013</u>	<u>2012</u>
Historical income before income taxes	\$1,322	\$ 935
Income taxes	<u>212</u>	<u>12</u>
Net profit	<u>1,110</u>	<u>947</u>
Plus (less) effect on IETU of the following items:		
Non-book tax income	\$ 340	\$ 331
Non-tax book deductions	1,313	1,103
Non-book tax deductions	(620)	(555)
Non-tax book income	<u>(758)</u>	<u>(990)</u>
Taxable base	1,385	836
Legal rate	<u>17.5%</u>	<u>17.5%</u>
Tax	242	146
Tax credits	<u>(127)</u>	<u>(114)</u>
Tax incurred	115	32
Deferred tax	-	(44)
Cancellation of deferred tax	<u>122</u>	<u>-</u>
IETU recorded in income	<u>\$ 237</u>	<u>(\$ 12)</u>
Effective ISR rate	<u>17.5%</u>	<u>-</u>

For subsidiary DIESA, the above captions and their related balances in 2013 and 2012 were as follows:

	<u>2013</u>	<u>2012</u>
Book income for IETU purposes	\$ 50	\$ 48
Authorized book deductions	<u>31</u>	<u>27</u>
Taxable base (credit base)	19	21
Tax rate	<u>17.5%</u>	<u>17.5%</u>
Tax payable	<u>\$ 3</u>	<u>\$ 3</u>

At December 31, 2012, the main temporary differences on which deferred flat rate business tax is recorded are as follows:

Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2013 and 2012

Advance collections	\$ 234
Prepayments	224
Liabilities and provisions	52
Valuation of investments, repurchase operations and OFD	86
Allowance for other debts and repossessed assets	14
Tax credit balance asset	86
Accounts receivable from commissions	(9)
Other temporary items	<u>5</u>
	<u>692</u>
Applicable IETU rate	<u>17.5%</u>
Deferred IETU asset	<u>\$ 122</u>

The figures shown in 2013 are prior to the tax report.

c. Employees' Statutory Profit Sharing (PTU)

The Company is required to pay PTU, which is calculated applying the procedures established in the ISR Law. In 2013, the Bank determined incurred PTU of \$181 and \$ 104 in 2012. A new ISR Law was issued on December 11, 2013 that comes into force on January 1, 2014. That Law amends the procedure for determining the taxable base for calculating PTU, which must be determined on the basis of the provisions of article 9 of the ISR Law that considers the taxable base to be the tax profit for ISR purposes, without subtracting the PTU paid or the unamortized tax losses, and subtracting the amount of non-deductible exempt salaries and the historical tax depreciation that would have been determined had the immediate deduction not been applied to fixed assets in years prior to 2014. Until December 31, 2013, PTU was calculated in accordance with the procedure established in article 16 of the ISR Law. The taxable PTU base differs from the book result mainly because for book purposes, the Bank recognizes the restated depreciation and amortization, the reserves set up for different risks to which the Bank is exposed, the changes arising from financial margins and the derivative financial operations, while for PTU purposes it recognizes the deductible annual adjustment for inflation, the deduction of investments and the cash dividends, due to timing differences in which certain items accrue or are deducted for PTU purposes, and due to items that only affect the book or PTU result for the year.

The PTU provisions for 2013 and 2012 are analyzed below and have been recorded under Administration and Promotion Expenses:

	<u>2013</u>	<u>2012</u>
PTU incurred	\$181	\$104
Deferred PTU	<u>(7)</u>	<u>9</u>
Total	<u>\$188</u>	<u>\$ 95</u>

Following are the main temporary differences on which deferred PTU is recognized:

**Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries**

Notes to the Consolidated Financial Statements

December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Investment valuation, repurchase operations and OFD	\$ 57	\$ 86
Accounts receivable from commissions	(9)	(8)
Investments in shares	(294)	(263)
Fixed assets	(30)	(31)
Prepayments	(8)	224
Liabilities and provisions	(250)	(375)
Advance collections	273	234
Allowance for foreclosed debts	141	131
Other temporary items	<u>24</u>	<u>5</u>
Base	(96)	2
Applicable PTU rate	<u>10%</u>	<u>10%</u>
Deferred PTU asset (liability)	<u>(\$ 9.6)</u>	<u>\$ -</u>

Incurred and deferred PTU is shown under administration and promotion expenses in the statement of income.

At December 31, 2013, DIESA had incurred tax losses that can be offset against tax profits to be accrued. The amounts restated in accordance with the current provisions are:

<u>Year of generation</u>	<u>Tax loss</u>	<u>IETU credit</u>	<u>AT</u>	<u>Date of expiration</u>
2003	\$ 2	\$ -	\$ 10	2013
2004	8	-	10	2014
2005	-	-	10	2015
2006	-	-	10	2016
2007	-	-	7	2017
2008	5	-	-	2018
2010	2	-	-	2020
2011	4	-	-	2021

Until 2013, DIESA has not recorded the effects of applying deferred taxes because the probability of obtaining future tax bases and tax profits against which to amortize the tax losses and credits is small.

Note 18 – Sundry creditors and other accounts payable:

At December 31, 2013 and 2012, this caption is comprised as follows:

	<u>2013</u>	<u>2012</u>
Liabilities arising from bank services rendered	\$ 634	\$ 686
Provisions for sundry obligations	101	79
Provisions for exposure to legal and operating risk	360	286
Other sundry creditors	<u>162</u>	<u>154</u>
Total	<u>\$1,257</u>	<u>\$1,205</u>

Banco Nacional de Comercio Exterior, S. N. C., Development Banking Institution and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2013 and 2012

Following is an analysis of movements in the most significant provisions:

	<u>2013</u>	<u>2012</u>
Balances at beginning of year	\$ 286	\$ 432
Increases	73	10
Cancellations	(1)	(129)
Applications	(2)	-
Exchange effect	<u>4</u>	<u>(27)</u>
Ending balances	<u>\$ 360</u>	<u>\$ 286</u>

Note 19 - Employee benefits:

a. Defined benefit pension plans

The Bank has a defined benefit pension plan that covers all employees who meet the requirements established in the general work conditions, which consists of giving them a pension calculated on the basis of the average salary earned in the last year of services, plus a Christmas bonus and vacation premium, to which a percentage based on age and years of service is applied.

The plan also covers seniority premiums, which consist of a sole payment equivalent to 12 salary days per year worked based on the most recent salary (which is limited to twice the minimum bank salary in effect at the date of retirement), as well as payment of other retirement benefits, including medical expenses, medicines, hospital fees, sports.

The "Special Savings Loan Program (PEA)" consists of a loan offered by the Bank to its retired and active personnel that can only be used as an investment (time deposit) in the Bank, thus guaranteeing a minimum yield with a difference payable by the Bank against the funding rate. As of 2008, the Bank recognized a liability for this item and in 2009 it set up a fund to cover those obligations.

The respective liability and the annual cost of post-retirement benefits are calculated by an independent actuary using the bases of the plans, the Provisions of the CNBV and NIF D-3 of the CINIF.

In 2013 and 2012, the investment of the Fund covers the reserves for labor obligations, with an excess of \$250 and \$375 in the Defined Benefit Pension Fund at December 31, 2013 and 2012. Said excess was used in 2013 to cover the contribution to that Fund by \$125 and in 2012 the contribution was of \$228. In 2013 and 2012, \$56 and \$123 were contributed to the PEA fund, respectively.

b. Defined contribution pension plan

As of January 1, 2007, the Bank modified the general labor conditions based on the trends and best practices for managing and operating retirement and pension schemes, in order to incorporate the new employees and the employees who decided to migrate from the Defined Benefit System to the Defined Contribution System. This arrangement makes it possible to keep better control over plan costs and liabilities, maintain a proper cost-benefit ratio for the Bank and its employees, and establish

Banco Nacional de Comercio Exterior, S. N. C., Development Banking Institution and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2013 and 2012

clear contribution or retirement rules. At December 31, 2013 and 2012, the Defined Contribution Trust totals \$ 202.7 and \$ 203.8, respectively.

At December 31, 2013, the Bank has the following balances resulting from the actuarial valuation performed by an independent expert:

	2013			
	Retirement pensions	Seniority premiums	Retirement benefits other than pensions	PEA and financial cost of loans
Obligation for acquired benefits	\$ 6,420	\$ -	\$ 3,536	\$ 2,214
Obligation for defined benefits	(7,700)	(16)	(4,263)	(2,810)
Plan assets	<u>6,795</u>	<u>25</u>	<u>3,825</u>	<u>2,572</u>
Situation of the fund	(905)	9	(438)	(238)
Past services for plan changes	-	-	(5)	-
Actuarial loss (differences in assumptions)	<u>1,079</u>	<u>3</u>	<u>507</u>	<u>238</u>
Projected net assets	<u>\$ 174</u>	<u>\$ 12</u>	<u>\$ 64</u>	<u>\$ -</u>
Net cost for the period:				
Labor cost	\$ 63	\$ 1	\$ 37	\$ 29
Financial cost	513	1	271	198
Expected yields	(500)	(2)	(278)	(181)
Annual amortization	-	1	(1)	-
Effect of early retirement	<u>13</u>	<u>-</u>	<u>6</u>	<u>10</u>
	<u>\$ 89</u>	<u>\$ 1</u>	<u>\$ 35</u>	<u>\$ 56</u>
Contributions to the fund	\$ -	\$ -	\$ -	\$ 56
Payments	432	1	173	126
Past services for changes to Plan	N/A	1 year	5.57 years	N/A
Actuarial loss (differences in assumptions)	7.57 years	9.65 years	11.19 years	7.57 years
Actuarial assumptions:				
Estimated discount rate	7.00%	7.00%	7.00%	7.00%
Expected salary increase rate	4.00%	4.00%	4.00%	4.00%
Rate of increase in medical expenses	N/A	N/A	6.00%	N/A
Estimated yield rate	7.00%	7.00%	7.00%	7.00%
Effect of increasing by one point the rate of cost of other benefits, considering the other unchanged assumptions, in:				
Total labor cost and financial cost			\$ 389	
Accumulated obligation			4,913	
Effect of decreasing by one point the rate of cost of other benefits, considering the other unchanged assumptions, in:				
Total labor cost and financial cost			\$ 215	
Accumulated obligation			3,739	

At December 31, 2012, the Bank has the following results from the actuarial valuation performed by an independent expert:

Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2013 and 2012

	2012			
	Retirement pensions	Seniority premiums	Retirement benefits other than pensions	PEA and financial cost of loans
Obligation for acquired benefits	\$ 6,290	\$ -	\$ 3,283	\$ 2,324
Obligation for defined benefits	(7,546)	(15)	(3,944)	(2,909)
Plan assets	<u>7,321</u>	<u>26</u>	<u>4,050</u>	<u>2,640</u>
Situation of the fund	(225)	11	105	(269)
Past services for plan changes	-	-	(6)	-
Actuarial loss (differences in assumptions)	<u>488</u>	<u>2</u>	<u>(1)</u>	<u>269</u>
Projected net assets	<u>\$ 263</u>	<u>\$ 13</u>	<u>\$ 99</u>	<u>\$ -</u>
Net cost for the period:				
Labor cost	\$ 61	\$ 1	\$ 32	\$ 28
Financial cost	500	1	281	212
Expected yields	(453)	(2)	(246)	(165)
Annual amortization	<u>32</u>	<u>(2)</u>	<u>21</u>	<u>51</u>
	<u>\$ 140</u>	<u>(\$ 2)</u>	<u>\$ 88</u>	<u>\$ 126</u>
Contributions to the fund	\$ 140	\$ -	\$ 88	\$ 123
Payments	414	1	136	150
Past services for changes to Plan	N/A	1.77 years	6.57 years	N/A
Actuarial loss (differences in assumptions)	8.20 years	8.52 years	11.26 years	8.20 years
Actuarial assumptions:				
Estimated discount rate	7.00%	7.00%	7.00%	7.00%
Expected salary increase rate	4.00%	4.00%	4.00%	4.00%
Rate of increase in medical expenses	N/A	N/A	6.00%	N/A
Estimated yield rate	7.00%	7.00%	7.00%	7.00%
Effect of increasing by one point the rate of cost of other benefits, considering the other unchanged assumptions, in:				
Total labor cost and financial cost			\$ 363	
Accumulated obligation			4,588	
Effect of decreasing by one point the rate of cost of other benefits, considering the other unchanged assumptions, in:				
Total labor cost and financial cost			\$ 199	
Accumulated obligation			3,467	

***Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries***

Notes to the Consolidated Financial Statements

December 31, 2013 and 2012

Note 20 – Stockholders' equity:

a. The capital stock at December 31, 2013 and 2012 is comprised as follow:

	2013			
	Number of CAP's	Nominal value	Restatement effects	Total
Subscribed:				
Series A	92,460,098	\$ 9,246	\$ 627	\$ 9,873
Series B	<u>47,630,960</u>	<u>4,763</u>	<u>323</u>	<u>5,086</u>
Subtotal	140,091,058	14,009	950	14,959
Contributions for future capital increases formalized by the Bank's governance body		3,550	-	3,550
Paid stock premium		71	10	81
Capital reserve		(547)	688	141
Prior years' income (loss)		(4,302)	(1,126)	(5,428)
Result from valuation of securities available for sale		22	-	22
Result from holding non-monetary assets		-	(25)	(25)
Net income		<u>1,110</u>	<u>(8)</u>	<u>1,102</u>
Total	<u>140,091,058</u>	<u>\$13,913</u>	<u>\$ 489</u>	<u>\$14,402</u>
	2012			
	Number of CAP's	Nominal value	Restatement effects	Total
Subscribed:				
Series A	92,460,098	\$ 9,246	\$ 627	\$ 9,873
Series B	<u>47,630,960</u>	<u>4,763</u>	<u>323</u>	<u>5,086</u>
Subtotal	140,091,058	14,009	950	14,959
Contributions for future capital increases formalized by the Bank's governance body		2,400	-	2,400
Paid stock premium		71	10	81
Capital reserve		(547)	688	141
Prior years' income (loss)		(5,236)	(1,116)	(6,352)
Result from valuation of securities available for sale		4	-	4
Result from holding non-monetary assets		-	(25)	(25)
Net income		<u>947</u>	<u>(10)</u>	<u>937</u>
Total	<u>140,091,058</u>	<u>\$11,648</u>	<u>\$ 497</u>	<u>\$12,145</u>

Banco Nacional de Comercio Exterior, S. N. C., Development Banking Institution and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2013 and 2012

- b. The capital stock is comprised of nominative CAP's, with no coupons, divided into the following series:

Series "A" comprising at all times 66% of the Bank's capital stock; it may only be subscribed by the Federal Government; a sole bond will be issued, which will be non-transferable and in no case may its nature or the rights that it confers to the Federal Government be changed.

Series "B" comprises 34% of the capital stock and it may be issued in one or several bonds of equal value. They may be subscribed by the Federal Government, the Governments of the different States and the Municipalities or by Mexican individuals or business entities of the social and private sectors, preference given to parties associated to foreign trade activities. No individual or business entity may take control of the bonds for more than 5% of the capital paid to the Bank. In no case may foreign individuals or business entities hold interest in the capital stock, nor Mexican companies whose bylaws do not include a clause for direct and indirect exclusion of foreigners.

The capital stock is represented by the Federal Government (99.9762%), Banco de México (0.0139%), Nacional Financiera, S.N.C. (0.0054%) and Banco Nacional de Obras y Servicios, S. N. C. (0.0045%).

- c. The distribution or reduction of stockholders' equity, after subtracting the restated capital stock contributed (CUCA) and restated tax profits (CUFIN) would be subject to ISR at the 30% rate payable by the Bank. At December 31, 2013, the balances of the tax accounts related to stockholders' equity known as Capital Contributions Account (CUCA) and After-tax Earnings Account (CUFIN) are as follows:

CUCA	\$ 43,284
CUFIN	6,017

Subsidiary DIESA' CUCA is \$574 and its CUFIN is \$0.

- d. On December 9, 2013, the Executive Board authorized the Bank's management to request the executive power, through the SHCP, a capital contribution of up to \$1,300, which is required to support the growth in the volume of Business Banking (First Tier) and Development Banking (Second Tier) operations, and to maintain a prudential level of capitalization. The contribution received on December 26, 2013 was for a total of \$1,150.

In 2012, the Bank requested the SHCP resources of up to \$2,200 to permanently strengthen the Bank's capital base, maintaining a prudential capitalization index that allows it to continue meeting its substantive programs and the programmed growth of loan granting and guarantee granting to the private sector, in order to comply with its obligations at a Development Bank. The contribution received on October 25, 2012 was for a total of \$2,150.

- e. In accordance with the Financial Institutions Law, Development Banks must keep a minimum net capital of 8% in relation to their assets at risk.

Capitalization index December 2013 and 2012:

***Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries***

Notes to the Consolidated Financial Statements

December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Net capital	\$ 13,876	\$11,952
Basic	13,876	11,476
Complementary	-	476
Assets at risk	101,222	82,618
Loans	79,69	62,937
Market	16,606	15,586
Operational	4,998	4,095
Capitalization index (%)	13.71	14.47

At December 31, 2013 and 2012, the Bank meets the above requirement by maintaining a capitalization index of 13.73% and 14.47%, respectively. Said index was calculated based on the rules for determining capitalization requirements published by the SHCP in the OG of December 28, 2005, with its respective amendments.

The capitalization index is reported monthly to the Comprehensive Risk Management Committee and to the Executive Board, explaining the main differences in the captions that comprise it.

Note 21 - Statement of income:

Financial margin

a. Interest income

Interest income is comprised as follows:

	<u>2013</u>	
	Mexican pesos	Foreign currency (restated to Mexican pesos)
	<u>Total</u>	
Loan portfolio income	\$2,238	\$1,732
Interest from investments in securities	5,065	90
Interest from liquid assets	104	37
Income from margin accounts	11	-
	<u>\$7,418</u>	<u>\$1,859</u>
Expenses for repurchase operations	\$4,395	\$ -
Expenses for hedging operations	-	5
Interest from time deposits	1,498	37
Interest from bonds	918	-
Interest from bank loans and loans from other entities	11	267
Result for valuation of derivative instruments	(499)	-
Other items	-	55
	<u>\$6,323</u>	<u>\$ 364</u>
Financial margin	<u>\$1,095</u>	<u>\$2,590</u>

Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2013 and 2012

	2012		
	Mexican pesos	Foreign currency (restated to Mexican pesos)	Total
Loan portfolio income	\$1,950	\$1,722	\$3,672
Interest from investments in securities	5,351	91	5,442
Interest from liquid assets	117	35	152
Result for valuation of derivative instruments	(53)	-	(53)
Other items	<u>1</u>	<u>-</u>	<u>1</u>
	<u>\$7,366</u>	<u>\$1,848</u>	<u>\$9,214</u>
Expenses for repurchase operations	4,490	-	4,490
Interest from time deposits	1,706	40	1,746
Interest from bonds	610	-	610
Interest from bank loans and loans from other entities	18	290	308
Result for valuation of derivative instruments	(819)	381	(438)
Other items	<u>-</u>	<u>78</u>	<u>78</u>
	<u>\$6,005</u>	<u>\$ 789</u>	<u>\$6,794</u>
Financial margin	<u>\$1,361</u>	<u>\$1,059</u>	<u>\$2,420</u>
b. Commissions and fees received			
	2013	2012	
Loan operations	\$258	\$ 95	
Collateral guarantees	147	71	
Letters of credit	10	13	
Trusts	40	38	
Appraisals	11	9	
Other commissions and fees received	<u>2</u>	<u>7</u>	
	<u>\$468</u>	<u>\$233</u>	
Total operating income			
c. Intermediation income (loss)			
	2013	2012	
Result for valuation of bonds and metals	\$ 10	\$13	
Income from the sale of securities	274	88	
Income from the purchase of currencies	<u>3</u>	<u>(21)</u>	
Total	<u>\$ 287</u>	<u>\$80</u>	

**Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries**
Notes to the Consolidated Financial Statements
December 31, 2013 and 2012

Operating income (loss)

d. Other operating income (expenses)

	<u>2013</u>	<u>2012</u>
Amounts recovered	\$ 552	\$ 655
Risk management allowance	(73)	23
Interest charged on loans made to personnel	85	85
Profit on sale of property, furniture and equipment	-	(1)
Profit on sale of repossessed assets	2	4
Cancellation of allowance for repossessed assets	18	39
Write off for cancellation of repossessed assets	(104)	(117)
Payment for public use taxes to the Federal Government ¹	(1,300)	(1,300)
Other items	<u>55</u>	<u>25</u>
Total	<u>(\$ 765)</u>	<u>(\$ 587)</u>

¹ The Federal Executive, through the SHCP, acting under the powers conferred to it by Article 10 of the Federal Income Law in effect, issued ruling 102-B-125 dated November 29, 2013 whereby it assessed payment for public use taxes \$1,300 to the Bank, with a charge to income before taxes, which payment was made on December 3, 2013. On October 1, 2012, the Bank paid for public use taxes in the amount of \$1,300 to respond to ruling 102-B-145 issued by the SHCP on September 25, 2012.

Note 22 – Collateral guarantees:

At December 31, 2013 and 2012, collateral guarantees offered were as follows:

<u>Purpose</u>	<u>2013</u>	<u>2012</u>
Partially guarantee payment of capital and/or interest for up to 35% of a debt instrument issue of no more than \$2,500, over a seven year term, in order to improve the rating assigned to debt instruments issued by the sector.	\$ 785	\$ 785
Partially guarantee payment of capital and/or interest for up to 35% of a debt instrument issue of no more than \$1,000, over a seven year term, in order to improve the rating assigned to debt instruments issued by the sector.	300	300
Partially guarantee payment of capital and/or interest for up to 40% of a debt instrument issue of no more than \$2,200, over term of up to 12 years, in order to improve the rating assigned to debt instruments issued by the sector.	549	549
Partially guarantee up to 36% of payment of capital plus the first period of interest of two debt instrument issues totaling \$3,600, over term of up to 12 years, in order to improve the rating assigned by rating agencies to this type of debt instruments.	523	523
Partially guarantee up to 42% of payment of capital plus the first period of interest of a program of debt instrument totaling \$3,000 MP, over term of no more than 10 years, in order to improve the rating assigned by rating agencies to this type of debt instruments.	<u>563</u>	<u>-</u>
Collateral guarantees in Mexican pesos	<u>\$2,720</u>	<u>\$2,157</u>

***Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries***
Notes to the Consolidated Financial Statements
December 31, 2013 and 2012

Recorded allowances set up for this purpose at December 31, 2013 and 2012 total \$42 and \$39, respectively.

Note 23 - Loan commitments:

The Bank has commitments through irrevocable lines to grant loans at December 31, 2013 and 2012 totaling \$5,182 and \$1,749, respectively.

Note 24 - Goods in trust or mandate:

At December 31, 2013 and 2012, the Bank's fiduciary division has the following trusts:

	<u>2013</u>	<u>2012</u>
Guarantee trusts	\$ 18,331	\$ 17,299
Administration trusts	26,320	24,807
Investment trusts	264	264
Transfer of ownership trusts	<u>10,920</u>	<u>9,765</u>
	55,835	52,135
Mandates	<u>4,342</u>	<u>4,341</u>
Total	<u>\$ 60,177</u>	<u>\$ 56,476</u>

Trust management income in 2013 and 2012 totaled \$40 and \$38, respectively.

Pension Fund Trust balances at December 31, 2013 and 2012 are as follows: a. Defined Benefits \$10,644 and \$11,397 and b. Defined Contribution \$203 and \$204, and Special Savings Loans and Financial Cost of Loans are \$2,572 and \$2,640, respectively.

Note 25 - Assets in custody or under administration:

At December 31, 2013 and 2012, custody and administration operations are made up as follows:

	<u>2013</u>			<u>2012</u>		
	<u>USD millions</u>	<u>Euros millions</u>	<u>Mexican pesos</u>	<u>USD millions</u>	<u>Euros millions</u>	<u>Mexican pesos</u>
Operations carried out on behalf of third parties in repurchase operations	-	-	\$ 1,871	-	-	\$ 2,760
Operations carried out on behalf of third parties in direct operations	-	-	3,029	-	-	3,602
Other bonds in administration ¹	27,462	8	464,204	23,677	8	387,964
Other securities in administration	20	-	265	10	-	135
Special savings loan	-	-	760	-	-	708
	<u>27,482</u>	<u>8</u>	<u>\$470,129</u>	<u>23,687</u>	<u>8</u>	<u>\$395,169</u>

¹ Corresponds to book entries made for valuable documentation supporting the Bank's loan portfolio.

***Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries***

Notes to the Consolidated Financial Statements

December 31, 2013 and 2012

Note 26 - Segment information:

The information derived from the operations of each of the segments in which the Bank's operations are primarily divided are as follows:

a. Assets and liabilities

<u>Business segment</u>	<u>Assets</u>		<u>Liabilities and Capital</u>		<u>Income</u>		<u>Expenses</u>	
	<u>Amount</u>	<u>% Share</u>	<u>Amount</u>	<u>% Share</u>	<u>Amount</u>	<u>% Share</u>	<u>Amount</u>	<u>% Share</u>
First Tier loans	\$ 70,139	32.0	\$ 2,120	1.0	\$ 1,888	49.9	\$ 232	(8.6)
Second Tier loans	11,021	5.0	87	0.0	175	4.6	(88)	3.3
Financial Markets and Fund attraction	133,296	60.9	203,769	93.0	1,168	30.9	(256)	9.5
Other areas	<u>4,578</u>	<u>2.1</u>	<u>13,058</u>	<u>6.0</u>	<u>552</u>	<u>14.6</u>	<u>(2,569)</u>	<u>95.8</u>
Total	<u>\$ 219,034</u>	<u>100.0</u>	<u>\$ 219,034</u>	<u>100.0</u>	<u>\$ 3,783</u>	<u>100.0</u>	<u>(\$2,681)</u>	<u>100.0</u>

b. Results by segment

	<u>First tier</u>	<u>Second tier</u>	<u>Financial markets and fund attraction</u>	<u>Other areas</u>	<u>Total</u>
Income:					
Net financial income	\$1,888	\$ 175	\$1,168	\$ 552	\$3,783
Expenses:					
Operating expenses	(505)	(58)	(256)	(2,025)	(2,844)
Loan allowances	<u>737</u>	<u>(30)</u>	<u>-</u>	<u>(544)</u>	<u>163</u>
Total	<u>\$2,120</u>	<u>\$ 87</u>	<u>\$ 912</u>	<u>(\$2,017)</u>	<u>\$1,102</u>

First tier loan operations relate to loans placed directly with companies; second tier loan operations refer to the channeling of funds through bank financial intermediaries and other non-bank intermediaries and financial markets, and fund attraction relates to obtaining the necessary funds to meet the Annual Financial Program authorized by the SHCP, the Bank's liquidity needs and the allocation of transfer costs to the operating segments that require resources to carry out their operations.

c. Loan portfolio and fund attraction

The balance of the loan placement units at December 31, 2013 was \$102,615, of which \$3,433 (3.3%) relates to operations of the public sector and \$99,182 (96.7%) to operations of the private sector, of which \$89,048 are first tier and guarantees.

The resources allocated to granting of loans are mainly attracted through loans from international lending institutions and issuance of paper in Mexican pesos, which are incorporated into a pool of resources to obtain sufficient interest to be able offer competitive placement rates for first tier and second tier loan operations.

At December 31, 2013, the balance of fund attracted for issue of promissory notes payable at maturity and bonds in Mexican pesos comprised 80.7% of the internal debt while loans through commercial lines constituted 97.9% of the external debt.

***Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries***
Notes to the Consolidated Financial Statements
December 31, 2013 and 2012

At December 31, 2012, the information arising from the operations of each of the segments into which the Bank is divided is as follows:

a. Assets and liabilities

<u>Business segment</u>	<u>Assets</u>		<u>Liabilities and Capital</u>		<u>Income</u>		<u>Expenses</u>	
	<u>Amount</u>	<u>% Share</u>	<u>Amount</u>	<u>% Share</u>	<u>Amount</u>	<u>% Share</u>	<u>Amount</u>	<u>% Share</u>
First tier loans	\$ 55,963	25.9	\$ 1,150	0.5	\$ 1,400	42.6	(\$ 250)	10.6
Second tier loans	9,075	4.2	1	0.0	83	2.5	(82)	3.5
Financial Markets and Fund Attraction	140,474	65.1	188,321	87.3	727	22.1	(213)	9.1
Other areas	<u>10,309</u>	<u>4.8</u>	<u>26,349</u>	<u>12.2</u>	<u>1,077</u>	<u>32.8</u>	<u>(1,805)</u>	<u>76.8</u>
Total	\$ 215,821	100.0	\$ 215,821	100.0	\$ 3,287	100.0	(\$ 2,350)	100.0

b. Results per segment

	<u>First Tier.</u>	<u>Second Tier.</u>	<u>Financial markets and fund attraction</u>	<u>Other areas</u>	<u>Total</u>
Income:					
Net financial income	\$1,400	\$ 83	\$727	\$ 1,077	\$3,287
Expenses:					
Operating expenses	(442)	(49)	(213)	(1,949)	(2,653)
Loan allowances	<u>92</u>	<u>(33)</u>	<u>-</u>	<u>144</u>	<u>303</u>
Total	\$1,150	\$ 1	\$514	(\$ 728)	\$ 937

First tier loan operations refer to loans made directly to companies; second tier bank loans channel resources through banking financial intermediaries and other non-bank intermediaries and financial markets, and fund attraction relates to obtaining the necessary funds to meet the Annual Financial Program authorized by the Department of Finance, cover the Bank's liquidity needs and assign transfer costs to the operating segments that require resources to carry out their operations.

c. Loan portfolio and fund attraction

The balance of loan placement units at December 31, 2012 is \$79,549, of which \$5,743 (7.2%) corresponds to public sector operations and \$ 73,806 (92.8%) corresponds to private sector operations, of which \$65,933 are for first tier loans and guarantees.

The resources used to grant loans are mainly attracted through loans from international lending institutions and from the issue of paper in Mexican pesos, which are included in a pool of resources to obtain interest that allow the Bank to offer competitive placement rates for its first tier and second tier loan operations.

***Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries***
Notes to the Consolidated Financial Statements
December 31, 2013 and 2012

At December 31, 2012, the balance of fund attraction from issue of promissory notes payable at maturity and debt instruments in Mexican pesos comprised 77.9% of the internal debt, while loans through commercial credit lines comprised 96.8% of the external debt.

Note 27 - Contingencies:

Financing granted to a trust related to the aeronautical sector and removed from the Bank's assets in 2011 continues in the recovery process since it is properly secured and Management does not consider that it will give rise to losses.

Note 28 - Comprehensive risk management:

a. General policies

Comprehensive management policies and practices are regulated mainly by chapter IV of the second title of the General Provisions Applicable to Credit Institutions (Provisions) relating to Risk Management published on 2 December 2005.

Pursuant to the provisions of the CNBV, the risk management function at the Bank is overseen by an area independent from the business areas and it covers market, credit, liquidity, operational, technological and legal risks. The Bank has policies and procedures in place aimed at identifying, analyzing and controlling such risks, which are incorporated in the Comprehensive Risk Management Manual.

In order for assumed risks to be kept within levels which that do not exceed the Bank's financial capacity, the Comprehensive Risk Committee (CAIR) proposes limits that are authorized by the Board of Directors determined as per a model of capital management. That model is based on regulatory capital and it establishes strategic limits considering distributable capital, which is assigned to the Bank's various businesses: credit, market, operational and shareholding. Tactical limits are also assigned to the different portfolios that make up each business. In the case of market risk, capital limits translates into value at risk (VaR) limits for the various Treasury portfolios.

The CAIR is made up of the General Director, three independent risk experts, a member of the Board of Directors and the head of the Comprehensive Risk Management Unit (UAIR); there is also the participation of the business areas at the level of Deputy General Directors, Area Managers and the Head of the Internal Control body with voice but no vote, in order to avoid potential conflicts of interest. The CAIR meets at least once a month. This Committee follows up on different types of risks, makes recommendations, and it is responsible for approving the methodologies, models, parameters and scenarios used in measuring risks, as well as reviewing the policies proposed for control thereof.

b. Policies to control loan portfolio concentration

The provisions of Chapter III regarding "Risk diversification" issued by the CNBV establish the limits for concentration of credit risk applicable to a person or group of persons that constitute common risks.

In accordance with article 57 of the Provisions, the limits applicable to the Bank in the fourth quarter of 2013 were determined by considering the capitalization rate of 13.95% and the basic capital of \$12,265 for June 2013.

Article 54 of the Provisions establishes a limit of financing for companies of the private sector, depending on the level of funding and applying a default factor to the Bank's capital. With a capitalization rate in

***Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries***
Notes to the Consolidated Financial Statements
December 31, 2013 and 2012

excess of 12% and below 15%, the applicable factor in the fourth quarter of 2013 was 30% of the Bank's basic capital (\$3,679, equivalent to USD 281 million at the December 31, 2013 exchange rate of \$13.0843).

At December 31, 2013, financing granted to the individual companies or economic groups of the Private Sector is below the regulatory limit of 30% of the basic capital and the responsibilities of the 3 largest debtors as a whole amount to \$7,336 million, which comprises 59.8% of the regulatory limit.

Funding to the three largest debtors as a whole

	<u>Million USD</u>	
	<u>December 2013</u>	<u>December 2012</u>
Amount of responsibilities	560.71	536.53
Number of times of basic capital	0.60	0.72

It is important to mention that on November 13, 2009 the CNBV authorized financing timing limits for three individual business borrowers and for the three largest groups of borrowers as a whole, which regularized surpluses to the 2008 regulatory limits provided that they complied with the standardization plans submitted to the CNBV in accordance with the relevant provisions.

At December 31, 2013, the amount of the responsibilities of those business groups and of the three largest debtors as a whole were below the regulatory limits, thus complying with the Standardization plans before the established dates of April 30, 2011, February 28, 2014, June 30, 2017 and February 28, 2014, respectively, which matter was informed to the CNBV on December 21, 2010 and July 29, 2011, as a result of which the limits were no longer applied. However, the time limit for a business group will continue in effect until February 14, 2014, despite the fact that the amount of liabilities represents 53.7% of the regulatory limit.

On the other hand, financing granted to the Entities and Bodies of the Parastate Public Sector are below the regulatory limit of 100% of the basic capital at December 31, 2013.

Lastly, in accordance with article 60 of the Provisions, the Bank has disclosed that it has liabilities related to 116 economic groups of debtors (155 counterparts), whose individual financing are greater than the equivalent of 10% of the Bank's basic capital.

Financing to debtors greater than 10% of the basic capital

	<u>Million USD</u>	
	<u>December 2013</u>	<u>December 2012</u>
Amount of responsibilities	50,173.84	46,322.40
Number of times the basic capital	53.53	62.05

In December 2013, financing is considered to be credit lines authorized for counterparts of the private sector, public sector and domestic and foreign financial sector for loan operations and other businesses.

c. Market risk

Investments in securities.- In light of the respective account shown in the financial statements, market risk derives from movements in interest rates; in the case of foreign currency securities, risk depends on

***Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries***
Notes to the Consolidated Financial Statements
December 31, 2013 and 2012

additional exchange rate differences. This risk is measured using the VaR method based on the historical method using 251 data, a one-day risk horizon and the trust level of 97.5%, which means that there is only a 2.5% chance that these investments will experience a handicap above the estimate for that period. Those parameters were authorized at the 4 September 2013 CAIR meeting.

Policies and practices applied to control the market risk of investments in securities include capital and VaR limits, as well as market value reporting of the positions and their value at risk in normal conditions, under sensitivity scenarios and extreme conditions. A report is prepared daily and is delivered to senior management, monthly to the CAIR and quarterly to the Board of Directors.

At December 31, 2013, the money table position in securities was focused on revisable government bonds. At that date, the positions in these securities represented 87% and the repurchase position constituted 13% of the total amount; VaR of the table was \$ 21, which represented 31.4% of the authorized \$ 67 limit. The average annual value at risk was \$ 15.2. Consumption of capital of this portfolio was \$900, which represented 87% of the authorized limit.

At December 31, 2013, the investment in the Mexican peso portfolio consists of securities held to maturity in Government and corporate bonds, revisable and at a real rate. At the December 2013 closing, VaR was \$3 for the total position, which represented 55.9% of the \$6 authorized limit. The average annual value at risk was \$3. Consumption of capital of this portfolio was \$23, which represented 25% of the authorized limit.

At December 31, 2013, the foreign currency investment portfolio was comprised of sovereign bonds. At December 31, 2013, VaR of \$3 was recorded for the total investment in foreign currency position, which represented 16.1% of the \$21 authorized limit. The average annual value at risk was \$5. Consumption of capital of this portfolio was \$4, which represented 7% of the authorized limit.

Derivative financial instruments.- The account of reference in the financial statements is subject to market risk arising from differences in interest rates and in the exchange rate, as well as to counterparty credit risk

In the case of authorized derivative instruments, the Bank measures the VaR of currency and interest rate forwards agreements and of interest rate and currency swaps. VaR is estimated by the historical method using 251 data, a one-day risk horizon and the trust level of 97.5%, which means that there is only a 2.5% chance that these investments will experience a handicap above the estimate for that period. Those parameters were authorized at the 4 September 2013 CAIR meeting.

Regarding credit risk (counterparty), forwards and swaps operate with domestic and international financial institutions with high credit ratings. The credit risk of forwards with clients is covered with the lines of credit granted by the Bank, and by control mechanisms that allow monitoring the positions to keep them within the permitted levels. On December 31, 2013, the credit risk of derivative operations is within the permitted limits.

Policies and practices to control the risk of derivative financial instruments adhere to the provisions of Banxico. There is a capital and VaR limit in place per line of business and reports are prepared on the market value of the positions and their VaR under normal conditions, under sensitivity scenarios and extreme conditions. A report is prepared daily and is delivered to senior management, monthly to the CAIR and quarterly to the Board of Directors.

Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2013 and 2012

At December 31, 2013, the Bank has foreign currency and interest rate closed positions and a currency short position of USD 1 million equivalent to \$13. VaR for currency forwards and for the change table amounted to \$0.2, equivalent to 1% of the authorized limit of \$15; the annual average VaR of futures, forwards and change table was \$0.2. Consumption of capital of this portfolio was \$2, which represented 4% of the authorized limit.

At December 31, 2013, derivatives in positions are for hedges and they relate to interest rate and currency swaps, which are mainly used to hedge part of the portfolio of loans, debt instruments, issues of paper in Mexican pesos and fund attraction in dollars. VaR swaps amounted to \$289, which is for reference purposes, since these operations are not linked to a VaR limit because they are hedge derivatives.

Credit risk

With respect to the account of reference of the financial statements, credit risk is measured for expected losses from possible impairment of the loan portfolio, estimated based on the calculation of annual and quarterly transition matrices. Those matrices are shaped by the probabilities of impairment or improvement of the loan portfolio rating, which are obtained from historical information of companies credited by the Bank.

Therefore, in order to assess credit risk estimates are prepared of the probability of default, recovery rates, frequency of migration of ratings (transition matrices), credit VaR and expected losses unexpected losses.

A report is presented monthly to the CAIR and quarterly to the Board of Directors, on the Bank's operations and credit position, which, among other things, includes an analysis of the taxonomy of the loan portfolio, relevant information on portfolio movements, the global position of credit risk and its breakdown per portfolio, nonperforming loans, movements in reserves, risk concentrations per rating, portfolio diversification and key risk indicators, as well as VaR estimates of loans and of expected and unexpected losses.

At December 31, 2013, the descriptive credit risk statistics of the private sector portfolio show the following distribution by number of borrowers with respect of their average risk level.

Distribution of the Private Sector portfolio for December 2013

Number of counterparts	Balance	Stat. (%)	Accumulated balance	Stat. (%)	Reserves	Res/Balance. (%)	Level of risk (average)
1 - 5	\$10,798	14.8	\$10,798	14.8	\$66	0.6	A1
6 - 10	7,821	10.7	18,619	25.4	47	0.6	A1
11 - 15	6,560	9.0	25,179	34.4	29	0.4	A1
16 - 20	5,419	7.4	30,598	41.8	27	0.5	A1
21 - 25	4,350	5.9	34,948	47.8	25	0.6	A1
26 - 30	3,391	4.6	38,339	52.4	21	0.6	A1
31 - 230	34,828	47.6	73,167	100.0	906	2.6	B3
Total	\$73,167	100.0			\$1,121	1.5	B1

At that date, the annual VaR (not considering expected recoveries from guarantees) of the private sector portfolio was \$6,045, which figure represents an extreme value of loss and profit distribution for possible impairment in the portfolio with a trust level of 99% and an annual time horizon.

***Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries***
Notes to the Consolidated Financial Statements
December 31, 2013 and 2012

The annual VaR of the net capital at December 31, 2013, which is \$13,876, represents 43.6%.

The expected loss estimate of \$1,121 was calculated applying the new Provisions for portfolio rating issued by the CNBV.

In addition, the above mentioned report shows the structure of limits of capital at strategic and tactical levels, as well as the marginal behavior of the rated portfolio, the credit concentration per branch of economic activities, per borrower companies and responsibility ranges.

At the September 26, 2013, the Board of Directors approved the new limits of capital for the loan portfolio.

Liquidity risk

The risk of the cash flows of loan operations and their respective financing is measured by risk factor: rate base and surtax. Monthly reports are issued to the CAIR on the structure of surcharge and maturity gaps, with a sensitivity analysis that measures the effect of adverse movements in the interest rates on financial margins; additionally, an estimate is made of the degree of diversification of funding sources.

According to the structure of surcharges and maturities of productive assets and onerous liabilities of the current balance sheet at December 2013, in the event of an adverse variation of 15 basis points in each of the risk factors that make up the interest rate (rate base and surtax), net income would decrease by USD \$8 thousand on average per day (approximately 1.7% of the daily financial margin).

Non-discretionary quantifiable risks

Non-discretionary risk management identifies, measures, monitors, limits, controls and reports on operational, technological and legal risks associated to the Bank's critical processes, which makes it possible to identify concentrations in those processes, the efficiency with which they operate, as well as the estimation of the economic impact arising from them.

In order to identify quantifiable risks and determine their average exposure value by type of event and line of business, following are the results for the period from January 2008 - December 2013

<u>Type of event</u>	<u>Num. of events</u>	<u>Frequency</u>		<u>Severity</u>	
		<u>% Total</u>	<u>Losses</u>	<u>% Total</u>	<u>Unit</u>
Customers, products and business practices	-	0%	\$ -	0%	\$ -
Natural disasters and other events	-	0%	-	0%	-
Execution, delivery, and management of processes	32	94%	3.1	97%	0.1
External fraud	-	0%	-	0%	-
Internal fraud	-	0%	-	0%	-
Occurrences in the business and systems failure	2	6%	0.1	3%	0.0
Industrial relations and safety at work	-	0%	-	0%	-
Total	<u>34</u>	<u>100%</u>	<u>\$3.1</u>	<u>100%</u>	<u>\$ 0.1</u>

Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2013 and 2012

According to the matrix by type of event, execution, delivery and management of processes concentrates 94% and 97% of the severity

<u>Type of event</u>	<u>Num. of events</u>	<u>Frequency</u>		<u>Severity</u>	
		<u>% Total</u>	<u>Losses</u>	<u>% Total</u>	<u>Unit</u>
Asset Management	-	0%	\$ -	0%	\$ -
Commercial Banking	6	18%	0.7	24%	0.1
Retail banking	-	0%	-	0%	-
Corporate finance	-	0%	-	0%	-
Retail brokerage / retail brokerage operations	-	0%	-	0%	-
Trading and sales	16	47%	1.5	47%	0.1
Payment and settlement	12	35%	0.9	29%	0.1
Agency services	-	0%	-	0%	-
Total	<u>34</u>	<u>100%</u>	<u>\$3.1</u>	<u>100%</u>	<u>\$0.1</u>

In terms of the matrix by line of business, negotiation and sales concentrate 47% of frequency and 47% of severity.

The average value of exposure to accumulated events at December 2013 is 0.1%.

Operational risk

Risk is analyzed for quality, quantity and regulatory compliance:

Qualitative analysis.- Performed through application of self-evaluations to critical processes selected, issuing a technical opinion of operational risk. Critical processes were identified predominantly in the Medium High risk range for Nature Indicators and in the Medium risk range for Operating Efficiency Indicators.

Quantitative analysis.- Losses are obtained from accounting accounts used to record operating risk events. The authorized operational risk estimation for 2013 is \$8.3, i.e., the level of tolerance to control exposure to operational risk events. The reserves set up in 2013 were for \$8.3 and consumption accumulated at the fourth quarter of 2013 is \$1.6, which comprises 20% of consumption of the approved reserve; the respective balance amounted to \$6.7.

Regulatory compliance.- The Company uses the basic indicator method to estimate its capital requirements for operational risk, in accordance with the capitalization rules for credit institutions; total capital for operational risk requirements amounted to \$400 at December 31, 2013.

Technological risk

Technological risk is measured and controlled by following up on six critical indicators: 1) level of availability of critical services, 2) security of access to the Bank's network, 3) detection, blocking and locks

***Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries***
Notes to the Consolidated Financial Statements
December 31, 2013 and 2012

against viruses to the Bank's network; 4.a) detection and blocking of access to restricted websites, 4.b) detection and blocking of spam emails, 4.c) detection and blocking of SpyWare, and 5) testing of the Recovery Plan in the event of disasters (DRP). Technological risk is evaluated in a supplementary manner by means of an indicator that considers the level of criticality of the applications, as well as the probability of occurrence of an incident. Continuity Business Plans (BCP) are also applied regarding the processes identified as critical to the Bank's Plan for Continuity of Operations (PCOOP). At December 31, 2013, the indicators show that the goals defined for each indicator have been broadly met.

Legal risk

Policies are in place to identify, measure and record provisions and/or contingencies for potential losses caused by unfavorable rulings in a lawsuit where the Bank appears as the plaintiff or the defendant, in order to mitigate the impact on the Bank's equity.

As a result of applying said policy at December 2013, the reserves set up for legal risk amounted to \$353, and are made up of: \$245 for commercial lawsuits, \$89 for labor lawsuits, \$1 for civil suits, \$11 for costs and expenses, including administrative expenses and other expenses of \$7.

Additionally, according to the above-mentioned policies, memorandum accounts are used to record contingencies arising from commercial, labor, civil and administrative suits, which management expects to will be resolved favorably given their current legal status.

Non-quantifiable risks

These risks result from accidents or unforeseen external events that cannot be associated to a probability of occurrence, where the resulting economic losses can be transferred to external risk takers.

In the last quarter of 2013, a claim was filed for a piece of real property owned by the Bank located in Queretaro, Qro. The damage caused is estimated at \$1, which consisted of removing electric wiring. The Bank is awaiting a formal resolution by the insurance company to determine the feasibility of such claim.

Note 29 - Financial and tax reforms:

Financial reform

On January 10, 2014, the OG published the "Decree amending, adding and removing different financial provisions and issuing the Law for Regulating Financial Groups", known as the Financial Reform that came into force on the working day following the publication of the Decree in the OG.

The financial reform proposed by the Federal Executive modifies 32 laws, 2 codes and 1 new law through 13 decrees, and focuses on the following:

- a. Increasing competition that strengthens the powers of the various financial authorities, increasing the flexibility of the portability of loan and guarantee operations, and reformulating certain features that must be met by Full Service Banks.
- b. Redefining the role of Development Banks by reconsidering their mandates and establishing and providing greater autonomy for management with greater financial and operating flexibility.

***Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries***
Notes to the Consolidated Financial Statements
December 31, 2013 and 2012

- c. Improving execution of credit guarantee schemes, and encouraging banks to favor the placement of loans for investments in government bonds, proposing a mechanism of evaluation of those specific operations by the CNBV.
- d. Strengthening prudential regulations, e.g. establishing sound equity practices (Basel III) and incorporating liquidity rates and inhibiting behavior that departs from sound practices. In addition, facilitating the processes of bank failures while safeguarding the rights of savers and reducing the fiscal cost.
- e. Strengthening and improving the regulations and financial supervision of intermediaries, reinforcing coordination and cooperation mechanisms among the different financial authorities (Financial System Stability Board), standardizing punishment procedures in financial laws to facilitate the work of the authorities and implementing self-correction programs that promote a better level of compliance by the supervised entities.

As part of the implementation of the financial reform, secondary regulations are expected to be issued by the financial authorities whose impact on the financial information is being evaluated by the Bank.

Tax reform

New Income Tax Law

On December 11, 2013, Congress approved the issue of the new Income Tax Law (new ISR Law), which came into force on January 1, 2014, thus repealing the ISR Law published on January 1, 2002 (former ISR Law). The new ISR Law retains the essence of the previous ISR Law, but also includes significant changes, the most significant ones being:

- i. It limits deduction of contributions to pension funds and exempt salaries, car leases, restaurant bills and social security dues. It also eliminates the immediate deduction of fixed assets.
- ii. It generalizes the procedure to determine the gain on disposal of shares.
- iii. It amends the procedure to determine the tax base of Employees' Statutory Profit Sharing (PTU), and it establishes the procedure to determine the beginning balances of the Capital Contributions Account (CUCA) and the After-tax Earnings Account (CUFIN).
- iv. It establishes the 30% ISR rate for 2014 and subsequent years, as opposed to the previous ISR Law that established the 30%, 29% and 28% rates for 2013, 2014 and 2015, respectively

Flat Rate Business Tax

In December 11, 2013, Congress approved the removal of the Flat Rate Business Tax Law (IETU) published on October 1, 2007. Therefore as of the enactment of the respective Decree, the general administrative rulings and provisions and the rulings on consultations, interpretations, authorizations or permits issued with regard to the tax set forth in the IETU Law being repealed are null and void.

***Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries***
Notes to the Consolidated Financial Statements
December 31, 2013 and 2012

Other taxes

On December 11, 2013, a number provisions of the Value Added Tax Law (IVA Law) and the Excise Tax Law (IEPS Law) were added and removed, which come into force on January 1, 2014, the salient being:

- i. It eliminates the preferential IVA rate in the border zone.
- ii. It incorporates new sales and service activities that are subject to payment of IVA.

Note 30 - New accounting standards:

In December 2012 and 2013, the CNBV issued a series of Accounting Criteria applicable to credit institutions. Additionally, in 2012 and 2013, the CINIF issued a number of revisions to the NIF that become effective as of January 1, 2013 and 2014, except for NIF C-3 "Accounts receivable" and NIF C-20 "Financing instruments receivable", which come into force as of January 1, 2016, although early adoption is allowed. Those NIF and INIFs are not expected to significantly affect the financial information presented by the Bank.

NIF C-3 "Accounts receivable". Establishes the valuation, presentation and disclosure standards for the initial and subsequent recognition of trade receivables and other receivables in the financial statements of an economic entity. It specifies that the accounts receivable based on a contract represent a financial instrument.

NIF C-20 "Financing instruments receivable". It establishes the valuation, presentation and disclosure standards for initial and subsequent recognition of financing instruments receivable in the financial statements of an economic entity engaged in financing activities. It eliminates the concept of intent of acquisition and holding of financing instruments to determine their respective classification. It adopts the concept of management's business model.

2014

NIF C-11 "Stockholders' equity". Establishes the valuation, presentation and disclosure standards for those items comprising stockholders' equity in the statement of the financial position of for-profit entities. The main changes in relation to the previous standard are that it requires setting the price per share to be issued for advances for future capital increases and that it establishes that said amounts cannot be repaid before they are capitalized, in order for them to qualify as stockholders' equity, and it also includes a standard related to financial instruments that are initially recognized as equity.

NIF C-12 "Financial instruments with characteristics of liability and equity". Establishes the standards for the initial recognition of financial instruments with characteristics of liabilities and equity in the financial statements of for-profit entities. The concept of subordination is incorporated

2014 NIF improvements:

NIF C-5 "Prepayments". It establishes the accounting treatment of prepayments made for the purchase of items when said payment is expressed in a foreign currency. It also establishes that losses for impairment in the value of prepayments (and reversals thereof) must be shown as part of the net profit or loss for the period in the caption determined by the Company based on its professional judgement, instead of in the statement of income for the period under other income and expenses.

***Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries***
Notes to the Consolidated Financial Statements
December 31, 2013 and 2012

Statement C-15 "Impairment in the use value of long-lived assets and their disposal". It establishes that impairment loss and reversal thereof in the value of intangible assets with indefinite lives (including goodwill) must be shown in the statement of income for the period under the caption used to present expenses related to depreciation and amortization of assets of the cash generating unit to which said intangible assets are associated. Presentation of impairment losses as part of expenses that have already been capitalized in the value of a given asset is not allowed

It eliminates from NIF C-6 "Property, plant and equipment"; NIF C-8 "Intangible assets"; Statement C-9 "Liabilities, provisions, contingent assets and liabilities and commitments"; and NIF D-3 "Employee benefits, the requirement of presenting certain operations under other income and expenses, and instead it leaves the use of said caption to the discretion of companies.

Interpretation to NIF:

Interpretation to NIF 20 "Accounting effects of the 2014 Tax Reform ". The Interpretation to NIF 20 was issued in response to concerns on how the accounting effects of the Tax Reform 2014 should be recognized in the financial statements of entities.

2013

NIF B-8 "Consolidated or combined financial statements". This standard was modified to include changes in the definition of control; the concept of protective rights is introduced, as well as the terms principal and agent; the term special purpose entity (SPE) is eliminated and the term structured entity is introduced

NIF C-7 "Investment in associates, joint ventures and other permanent stock investments". This standard is modified because further disclosures are required, and it is therefore established that investments in joint ventures must be recognized by applying the equity method; the term special purpose entity (SPE) is replaced by the term structured entity; all the effects on the net profit or loss of the holding company arising from its permanent stock investments in associates, joint ventures and other permanent stock investments must be recognized in equity in the results of other entities.

2013 NIF improvements:

NIF C-5 "Prepayments", Statement C-9 "Liabilities, provisions, contingent assets and liabilities and commitments", and Statement C-12 "Financial instruments with characteristics of liabilities, capital or both" It establishes that expenses pertaining to the issuance of debentures be shown as a reduction in the respective liability and be applied to income as per the effective interest method, considering the period in which the debentures are outstanding.

NIF D-4 "Income taxes". It specifies the method for recognizing taxes incurred and deferred pertaining to transactions or events not recognized under income for the period.

Statement D-5 "Leases". It requires direct initial costs to be deferred over the lease period and applied to income in proportion to recognition of the respective expense.

NIF A-1 "Structure of financial reporting standards" and Statement C-9 "Liabilities, provisions, contingent assets and liabilities and commitments". It defines the meaning of "probable" and states that it is

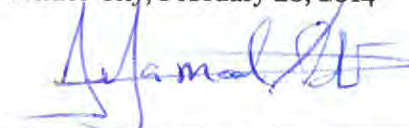
**Banco Nacional de Comercio Exterior, S. N. C.,
Development Banking Institution and Subsidiaries**
Notes to the Consolidated Financial Statements
December 31, 2013 and 2012

applicable when there is certainty that a future event will occur in the future on the basis of available information, evidence, proof or data.

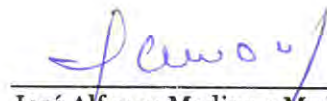
NIF B-15 "Translation to foreign currency". Requires presentation of the accumulated effect of conversion associated with the non-controlling interest.

Statement C-15 "Impairment in the use value of long-lived assets and their disposal". Statement C-15 is amended to include the potential impact of a significant increase in market interest rates in indications of impairment.

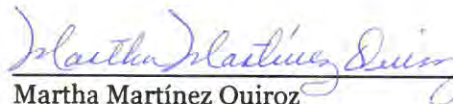
Mexico City, February 28, 2014



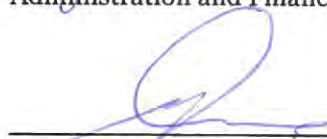
Enrique de la Madrid Cordero
General Director



José Alfonso Medina y Medina
Deputy General Director
Administration and Finance



Martha Martínez Quiroz
Finance Director



Horacio Manuel Díaz Mercado Queijeiro
Head of the Internal Audit area in
Banco Nacional de Comercio Exterior, S.N.C.

The Head of the Internal Audit area signs off these notes to the financial statements based on the results of the reviews performed to date, which have enable him to verify the sufficiency of the process for preparing the financial information established by the Entity's management and its capacity to generate reliable information that is covered by the same reviews.