Third Sustainability Bond Allocation and Impact Report (BACMEXT 21X, BACMEXT 21-2X, BACMEXT 21-3X)

2024

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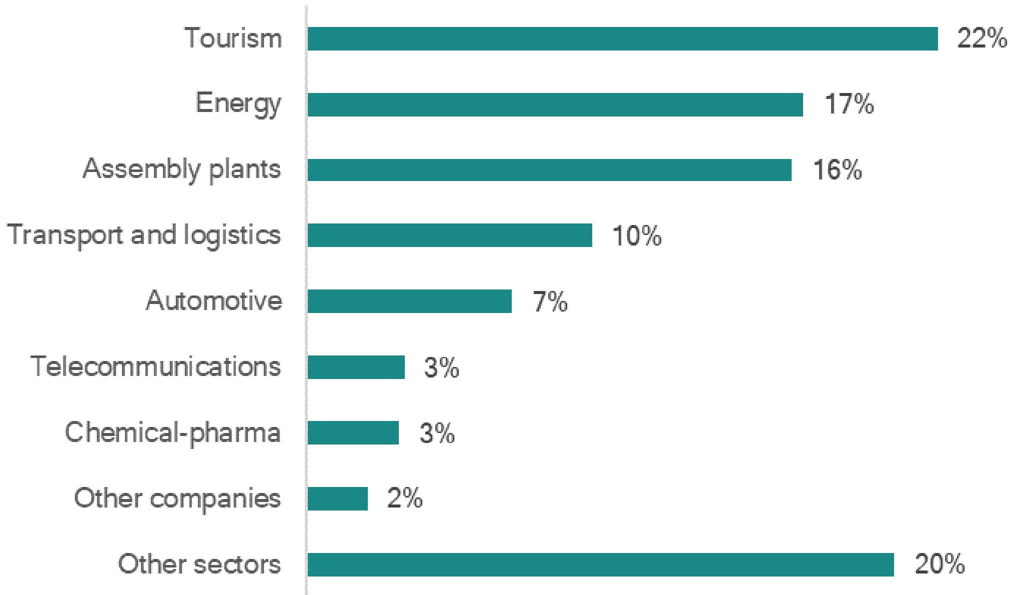
Bancomext in a nutshell

Banco Nacional de Comercio Exterior, S.N.C. (also known as Bancomext) is a development banking institution with the mandate to contribute with the development and generation of employment in Mexico by promoting business growth through financial services to foreign currency-generating companies in the country. Founded in 1937, it operates by originating loans and issuing loan guarantees, directly or through commercial banks and non-banking financial intermediaries, to increase the productivity and competitiveness of Mexican exporting companies.

In 2022, Bancomext's total loan portfolio reached 252,034 MXN million[1] and it supported 4,263 companies, of which 88.1% were small and medium-sized. Our lending portfolio is diversified, with exposure to the Tourism Sector, Energy and Manufacturing (through Assembly plants), which together represent more than 55% of our current loan book.

Figure 1. Direct lending portfolio, by economic activity, 2022



Source: Bancomext.

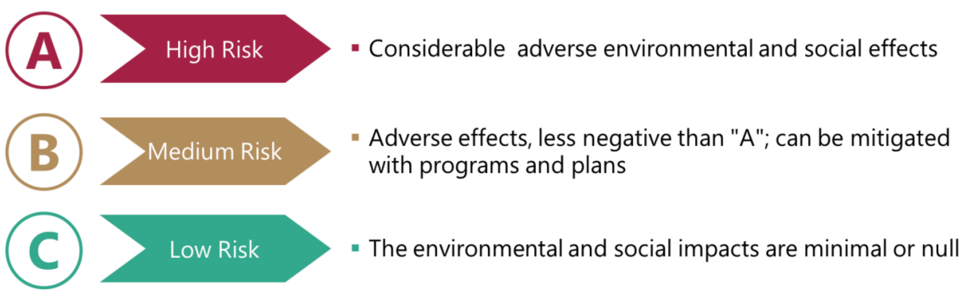
[1] Of which, only 2.4% was categorized as non-performing portfolio.
* This report version was updated on October 10, 2024.

Sustainability at Bancomext

As a development banking institution, Bancomext has assumed a proactive commitment to incorporate environmental and social sustainability principles in alignment with the national agenda. In particular, the Bank has made the commitment to have a larger and meaningful impact on society by prioritizing the financing of projects with high environmental and social responsibility standards and values[2].

Since 2017, the Bank established an internal Environmental and Social Risk Management System (ESRMS), referred hereafter as SARAS (Sistema de Gestión de Riesgos Ambientales y Sociales) with the purpose of identifying, overseeing, and administering potential negative environmental and social impacts in our financed operations. This process is formally part of Bancomext's credit approval procedures[3] and allows the Bank to determine the social and environmental risk category of every potential loan, in alignment with the Equator Principles, the International Financial Corporation's performance standards, and current national environmental and social regulation.

Figure 2. SARAS environmental and social risk categories



Source: Bancomext's Sustainability Bond Framework.

In July 2021, Bancomext issued its Sustainability Bond Framework to set forth the following guidelines of these instruments: 1) eligibility criteria and categories for social and green bond projects, as well as an exclusion criteria, 2) the process of project evaluation and selection carried out by the Environmental and Social Management Unit (Unidad de Gestión Ambiental y Social or "UGAS"), 3)

[2] Bancomext Sustainability Bond Framework.
[3] The SARAS methodology was developed under the Equator Principles. The methodology is applied to direct loans offered by Bancomext.

management of proceeds, and 4) transparency and reporting standards[4]. The Framework is harmonized with a series of industry best practice standards such as ICMA's Sustainability Bond Guidelines[5], the Green Bond Principles, the Social Bond Principles, and the United Nations 2030 Sustainable Development Goals (SDG's).

The issuance of Sustainable bonds contributes with our ESG objectives, particularly in the mobilization resources to fund Mexico's transition into a low carbon economy and a more equitable society.

Figure 3. Bancomext's Sustainability Bond Framework eligibility criteria

Bond project eligible category	Type of project	SDG Alignment
Access to essential services	Social	3 GOOD HEALTH AND WELL-BEING; 4 QUALITY EDUCATION
Employment generation	Social	8 DECENT WORK AND ECONOMIC GROWTH
Socio-economic advancement and empowerment	Social	8 DECENT WORK AND ECONOMIC GROWTH; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Renewable energy	Green	7 AFFORDABLE AND CLEAN ENERGY; 13 CLIMATE ACTION
Energy efficiency	Green	7 AFFORDABLE AND CLEAN ENERGY; 13 CLIMATE ACTION
Sustainable water and wastewater management	Green	6 CLEAN WATER AND SANITATION

[4] Bancomext's Sustainability Bond Framework presents a non-exhaustive list of KPIs applicable and aligned with the Harmonized Framework for Impact Reporting and the Harmonized Framework for Impact Reporting for Social Bonds, documents issued and continuously updated by ICMA.
[5] Issued by the International Capital Markets Association (ICMA).

Bond project eligible category	Type of project	SDG Alignment
Clean transportation	Green	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 11 SUSTAINABLE CITIES AND COMMUNITIES; 13 CLIMATE ACTION
Green buildings	Green	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 11 SUSTAINABLE CITIES AND COMMUNITIES
Environmentally sustainable management of living natural resources and land use	Green	15 LIFE ON LAND
Pollution prevention and control	Green	7 AFFORDABLE AND CLEAN ENERGY; 11 SUSTAINABLE CITIES AND COMMUNITIES; 13 CLIMATE ACTION

Source: Bancomext.

BANCOMEXT

Issuance Summary

Bancomext is committed to keep investors updated regarding the use of proceeds of its bond issuances until the funds are fully allocated to eligible projects. Through this report, we disclose the following information concerning BACMEXT 21X, BACMEXT 21-2X, and BACMEXT 21-3X bonds: 1) the amounts allocated to projects presented in aggregation based on portfolio categories as well as the amount of unallocated proceeds, and 2) the qualitative and quantitative environmental and social impact of the investment projects included in the allocation report. The details of the issuance are presented in Figure 4.

Figure 4. Issuance summary

Issuer	*Banco Nacional de Comercio Exterior*		
Issuer rating	Fitch AAA(mex) Moody´s Aaa.mx		
Issued amount (MXN)	\$3,000,000,000	\$1,000,000,000	\$6,000,000,000
Date of issuance	October 29th ,2021		
Maturity date	October 25th ,2024	October 23rd ,2026	October 17th ,2031
Tenor	3 years	5 years	10 years
Ticker symbol	BACMEXT 21X	BACMEXT 21-2X	BACMEXT 21-3X

Source: Bancomext.

Allocation report

In accordance with Bancomext's Sustainability Bond Framework, an amount equal to the net proceeds of the issuance will be allocated to existing or future investments that meet the established requirements of "Eligibility Criteria". Eligible projects include loans, investments, and expenditures made by Bancomext or any of its subsidiaries since the issuance date of the Sustainability Bond, or in the 36 months prior to any such issuance (in any of the categories defined in the Framework).

As of 2024, 102.8% of the proceeds of BACMEXT 21X, BACMEXT 21-2X, and BACMEXT 21-3X are allocated to eligible loans, projects, or expenses. Of these, 44.2% of the total amount of proceeds are allotted to environmental projects and 55.8% to social projects. Specifically, the Employment Generation category concentrates the majority of the issuance proceeds, followed by Pollution Prevention and Control[6].

Figure 5. Issuance use of proceeds, by grand category

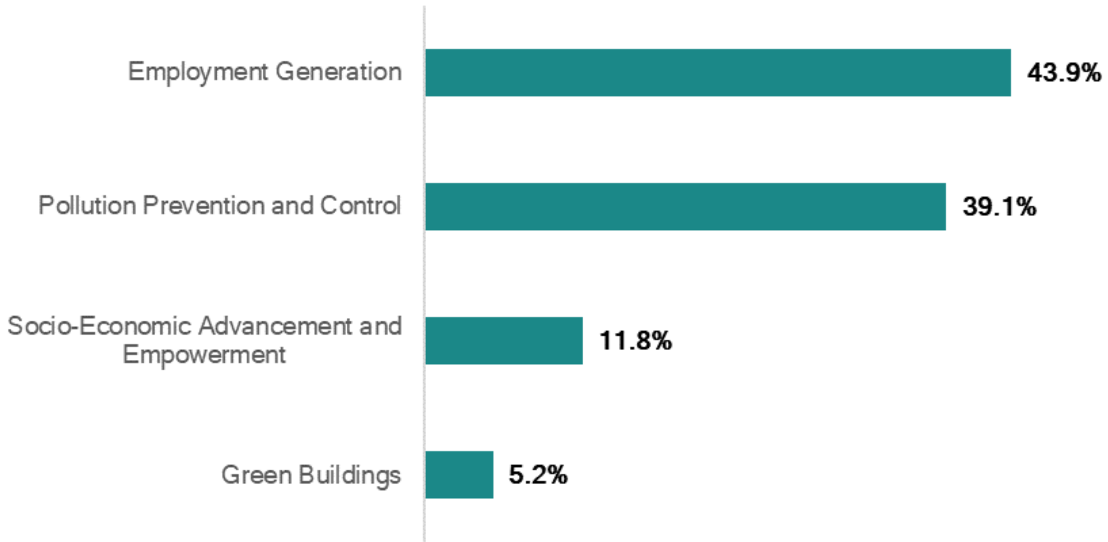
<table>
<tr><th colspan="2">Total amount of proceeds allocated to eligible projects or expenses (MXN)</th><th>Total amount of unallocated proceeds</th></tr>
<tr><td colspan="2">$10,279,001,994.34
(102.8%)</td><td>$ 0.00
(0%)</td></tr>
<tr><th>Social category</th><th>Environmental category</th><td></td></tr>
<tr><td>$5,734,712,400.00
(55.8%)</td><td>$4,544,289,594.34
(44.2%)</td><td></td></tr>
</table>

Source: Bancomext.

[6] Bancomext matches the issuance maturity weighted average with the allocated projects lifetime weighed average. In this case, the weighted maturity of the bonds is 7.4 years, while the weighted credit term of the portfolio is 10 years.

BANCOMEXT

Figure 6. Issuance use of proceeds, by green and social categories



Source: Bancomext.

Impact report

The purpose of this section is to provide quantitative and qualitative performance indicators regarding the social and environmental impact associated with the use of proceeds of the issuance. Bancomext's Sustainability Bond Framework provides a non-extensive list of KPI´s aligned with the Harmonized Framework for Impact Reporting and the Harmonized Framework for Impact Reporting for Social Bonds, documents issued and continuously updated by ICMA.

Figure 7. Detailed core indicators

Use of proceeds category	UN SDG	Amount of eligible projects/expenses (MXN million)	Impact reporting indicator	
Employment Generation	8 DECENT WORK AND ECONOMIC GROWTH	$4,517.6	Number of jobs maintained and/or generated[7,8]	29,888
			MXN million in COVID-19 crisis alleviation financing	$499.6
Pollution Prevention and Control	7 AFFORDABLE AND CLEAN ENERGY; 11 SUSTAINABLE CITIES AND COMMUNITIES; 13 CLIMATE ACTION	$4,014.9	Tons of annual recycled, reduced, or reused waste	1,399
			Tons of hazardous waste collected per year	51
Socio-Economic Advancement and Empowerment	8 DECENT WORK AND ECONOMIC GROWTH; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	$1,217.1	MXN million in loans to lower income regions / underserved populations	$1,217.7
Green Buildings	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 11 SUSTAINABLE CITIES AND COMMUNITIES	$529.4	Square feet (Sq. ft.) of environmentally certified rentable area (LEED, BOMA BEST, or EDGE)	8,900,000

Source: Bancomext.

[7] For jobs maintained, the borrowers inform on a regular basis, and initially at the time of the loan application, the number of active employees. The number indicated in allocation reports corresponds to the initial number of jobs recounted by the borrower. For jobs created, these are reported on an estimated basis by the borrowers when the project is presented as part of the loan application. These are usually related to construction phases.
[8] Considering our development bank orientation and the role played in promoting loans by private financial institutions, all employments maintained and generated by our clients are fully allocated in our reports. This is based on a deadweight assumption, taking into consideration that no loans had occurred by private institutions had Bancomext not participated.

Success case study

Financing granted to mitigate the economic effects caused by SARS-CoV-2 (COVID 19)

The measures adopted by the Federal Government and the financial sector amid the spread of SARS-CoV-2 (COVID 19) had important implications in the operations of our clients. In this sense, the Bank implemented different mechanisms to alleviate the economic conditions faced by some of our clients, mainly temporary liquidity constraints and a deterioration of their financial health.

Among the mechanisms implemented, Bancomext granted financing as part of its risk mitigation strategy. These loans helped our clients avoid downsizing their workforce, and continue operations once lockdowns lifted. Moreover, the loans had trickling effects, supporting value chains that otherwise would have been affected.

Contact Information

Investor Relations

Jonathan Zavala Pinet
jzavala@bancomext.gob.mx

Víctor Arturo León García
vleon@bancomext.gob.mx

Exhibit 1. Detailed report of portfolio investments[9][10]

Project internal ID	Social / Environmental	Eligible project category	Allocated amount (MXN million)	Project lifetime (years)	Core indicator #1	Core indicator #2	Other indicators
Emi211	Environmental	Pollution Prevention and Control	$ 2,555.0	10	Manufacturing of ship that reduces 77% Sulphur oxide emissions.	65 jobs maintained	4.95 tons of annual recycled, reduced, or reused waste
Emi214	Social	Employment Generation	$ 2,036.2	15	1,065 jobs maintained and/or generated		
Emi212	Environmental	Pollution Prevention and Control	$ 1,459.9	5	1,394 tons of annual recycled, reduced, or reused waste	51 tons of annual hazardous waste collected	
Emi195	Social	Socio-Economic Advancement and Empowerment	$ 1,217.1	10	1,217.1 MXN million in loans to lower income regions /underserved populations		
Emi114	Social	Employment Generation	$ 991.7	7	27,000 jobs maintained and/or generated		
Emi33	Social	Employment Generation	$ 875.6	12	715 jobs maintained and/or generated		
Emi213	Environmental	Green Buildings	$ 529.4	5	8,900,000 square feet (Sq. ft.) of environmentally certified rentable area (LEED, BOMA BEST, or EDGE)		
Emi32	Social	Employment Generation	$ 499.6	12	499.6 MXN million in COVID-19 crisis alleviation financing		
Emi218	Social	Employment Generation	$ 104.6	6	1,018 jobs maintained and/or generated		
Emi217	Social	Employment Generation	$ 10.0	13	25 jobs maintained and/or generated		

[9] Aligned with ICMA's Green and Social Impact Reporting Templates.
[10] This table includes projects allocated in previous reports and newly allocated ones. Bancomext updates the projects' effective lifetime, and ensures that the portfolio weighted average matches the issuance lifetime throughout the bonds' maturity.