First Sustainability Bond Allocation and Impact Report (BACMEXT 24X, BACMEXT 24-2X)

2024

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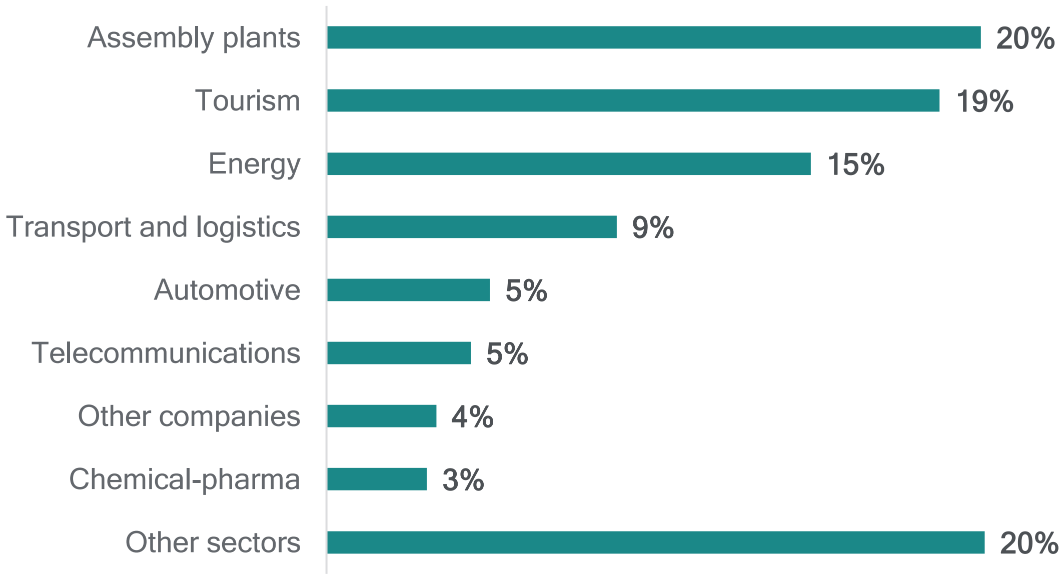
Bancomext in a nutshell

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 2023, Bancomext's total loan portfolio reached 256,510 MXN million[1] and it supported 5,662 companies, of which 91% were small and medium-sized. Our lending portfolio is diversified, with exposure to the Manufacturing Sector (through Assembly plants), Tourism and Energy, which together represent more than 54% of our current loan book.

Figure 1. Direct lending portfolio, by economic activity, 2023



Source: Bancomext.

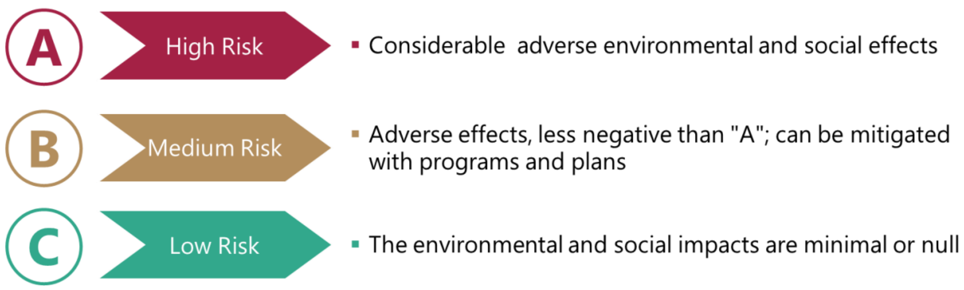
[1] Of which, only 3.3% was categorized as non-performing portfolio.
*This report was generated on November, 2024.

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.

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 24X and BACMEXT 24-2X 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 HR Ratings	AAA(mex) HR AAA
Issued amount (MXN)	$7,188,888,800	$4,890,000
Date of issuance	March 11th ,2024	
Maturity date	August 23rd ,2027	February 27th ,2034
Tenor	3.5 years	10 years
Ticker symbol	BACMEXT 24X	BACMEXT 24-2X

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, 100.9% of the proceeds of BACMEXT 24X and BACMEXT 24-2X, are allocated to eligible projects or expenses. Of these, 6.7% of the total amount of proceeds are allotted to environmental projects and 93.3% to social projects. Specifically, the Socio-Economic Advancement and Empowerment category concentrates the vast majority of the issuance proceeds, followed by Employment Generation[6]. In terms of the geographic distribution of the allocated resources, Nuevo León, Mexico City, Chihuahua and Quintana Roo concentrate 85.7% of them.

Figure 5. Issuance use of proceeds, by grand category

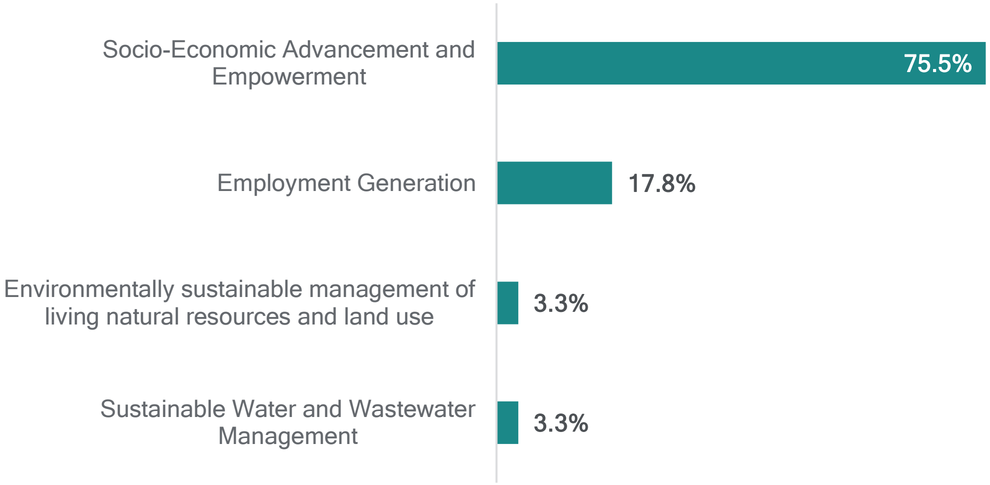
<table>
<tr><th colspan="2">Total amount of proceeds allocated to eligible projects or expenses (MXN)</th><th>Total amount of unallocated proceeds</th></tr>
<tr><td colspan="2">$12,187,461,662.22[7]
(100.9%)</td><td>$ 0.00
(0%)</td></tr>
<tr><th>Social category</th><th>Environmental category</th><td></td></tr>
<tr><td>$11,372,411,049.42
(93.3%)</td><td>$815,050,612.80
(6.7%)</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 6.1 years, while the weighted credit term of the portfolio is 7.5 years.

[7] To homogenize the total allocated resources into a single currency, the amounts of the projects financed in USD were converted to MXN using an exchange rate of 19.1777 MXN/USD. This figure is equivalent to the average FIX exchange rate (published by Banco de México) between March 11, 2021 and March 11, 2023, that is, the 36-month period prior to issuance determined by Bancomext's Sustainability Bond Framework for eligible projects.

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



Source: Bancomext.

Figure 7. Issuance use of proceeds, MXN million, by geographic distribution

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 8. Detailed core indicators

Use of proceeds category	UN SDG	Amount of eligible projects/expenses (MXN million)	Impact reporting indicator	
Socio-Economic Advancement and Empowerment	8 DECENT WORK AND ECONOMIC GROWTH; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	$9,200.5	MXN million in loans to lower income regions / underserved populations	$9,200.5
Employment Generation	8 DECENT WORK AND ECONOMIC GROWTH	$2,171.9	MXN million in COVID-19 crisis alleviation financing	$1,917.8
			MXN million in financing to small and medium-sized businesses (SMEs)	$254.1
Environmentally sustainable management of living natural resources and land use	15 LIFE ON LAND	$407.5	Reforested hectares (Ha)	223.4
Sustainable Water and Wastewater Management	6 CLEAN WATER AND SANITATION	$407.5	M^3 of treated wastewater per year	38,705

Source: Bancomext.

Success case study

Financing granted to Priority Areas

Financing was granted to companies located within “Priority Attention Zones”, which are localities, municipalities, areas, or regions, both rural and urban; whose population register high rates of poverty, marginalization, or vulnerability. The “Priority Attention Zones” were identified based on the *General Criteria for the Determination of Priority Attention Zones* issued by the National Council for the Evaluation of Social Development Policy (CONEVAL, by its acronym in Spanish), and published in the Government’s Official Gazette. The zones are determined based on the following considerations:

- Social gap index, measuring multidimensional poverty, including indicators for education, access to health services, basic household services, quality and spaces of dwelling and home assets.
- Percentage of the population in Extreme Poverty.
- Crime Level.
- Degree of Marginalization.

Bancomext has granted loans to companies located in these zones, including Chihuahua (Chihuahua), Zempoala (Hidalgo), Tlajomulco de Zúñiga (Jalisco), Cadereyta Jiménez (Nuevo León), Huejotzingo (Puebla), among others.

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Exhibit 1. Detailed report of portfolio investments[8][9]

Project internal ID	Social / Environmental	Eligible project category	Geographic location	Allocated amount (MXN million)	Project lifetime (years)	Core indicator #1	Core indicator #2	Other indicators
Emi156	Social	Socio-Economic Advancement and Empowerment	El Carmen, Nuevo León	$ 2,876.6	4	2,876.6 MXN million in loans to lower income regions / underserved populations		
Emi9	Social	Employment Generation	Miguel Hidalgo, Mexico City	$ 1,917.8	10	1,917.8 MXN million in COVID-19 crisis alleviation financing		
Emi59	Social	Socio-Economic Advancement and Empowerment	Juárez, Chihuahua	$ 1,438.3	12	1,438.3 MXN million in loans to lower income regions / underserved populations		
Emi61	Social	Socio-Economic Advancement and Empowerment	Benito Juárez, Quintana Roo	$ 1,284.0	15	1,284 MXN million in loans to lower income regions / underserved populations		
Emi149	Environmental	Pollution Prevention and Control	Monterrey, Nuevo León	$ 815.1	5	38,705 m³ of treated wastewater per year	223.4 reforested hectares (Ha)	
Emi 151		Sustainable Water and Wastewater Management			3			
Emi99	Social	Socio-Economic Advancement and Empowerment	Huejotzingo, Puebla	$ 550.0	5	550 MXN million in loans to lower income regions / underserved populations		
Emi130	Social	Socio-Economic Advancement and Empowerment	Solidaridad, Quintana Roo	$ 406.2	7	406.2 MXN million in loans to lower income regions / underserved populations		

[8] Aligned with ICMA's Green and Social Impact Reporting Templates.
[9] 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.

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Project internal ID	Social / Environmental	Eligible project category	Geographic location	Allocated amount (MXN million)	Project lifetime (years)	Core indicator #1	Core indicator #2	Other indicators
Emi115	Social	Socio-Economic Advancement and Empowerment	Ciénaga de Flores, Nuevo León	$ 383.6	5	383.6 MXN million in loans to lower income regions / underserved populations		
Emi155	Social	Socio-Economic Advancement and Empowerment	Hermosillo, Sonora	$ 383.6	5	383.6 MXN million in loans to lower income regions / underserved populations		
Emi185	Social	Socio-Economic Advancement and Empowerment	Los Cabos, Baja California Sur	$ 364.4	10	364.4 MXN million in loans to lower income regions / underserved populations		
Emi68	Social	Socio-Economic Advancement and Empowerment	Juárez, Chihuahua	$ 269.0	7	269.0 MXN million in loans to lower income regions / underserved populations		
Emi143	Social	Employment Generation	Cuauhtémoc, Mexico City	$ 254.1	5	254.1 MXN million in financing to small and medium-sized businesses (SMEs)		
Emi138	Social	Socio-Economic Advancement and Empowerment	Cuajimalpa, Mexico City	$ 245.7	4	245.7 MXN million in loans to lower income regions / underserved populations		
Emi98	Social	Socio-Economic Advancement and Empowerment	Cuauhtémoc, Chihuahua	$ 200.0	5	200 MXN million in loans to lower income regions / underserved populations		
Emi91	Social	Socio-Economic Advancement and Empowerment	Querétaro, Querétaro	$ 191.8	5	191.8 MXN million in loans to lower income regions / underserved populations		
Emi191	Social	Socio-Economic Advancement and Empowerment	Tlajomulco de Zúñiga, Jalisco	$ 191.8	11	191.8 MXN million in loans to lower income regions / underserved populations		
Emi67	Social	Socio-Economic Advancement and Empowerment	Juárez, Chihuahua	$ 89.7	7	89.7 MXN million in loans to lower income regions / underserved populations		
Emi147	Social	Socio-Economic Advancement and Empowerment	Monterrey, Nuevo León	$ 86.3	4	86.3 MXN million in loans to lower income regions / underserved populations		
Emi70	Social	Socio-Economic Advancement and Empowerment	Zempoala, Hidalgo	$ 67.1	5	67.1 MXN million in loans to lower income regions / underserved populations		

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Project internal ID	Social / Environmental	Eligible project category	Geographic location	Allocated amount (MXN million)	Project lifetime (years)	Core indicator #1	Core indicator #2	Other indicators
Emi160	Social	Socio-Economic Advancement and Empowerment	Chihuahua, Chihuahua	$ 57.5	4	57.5 MXN million in loans to lower income regions / underserved populations		
Emi125	Social	Socio-Economic Advancement and Empowerment	Monterrey, Nuevo León	$ 38.4	4	38.4 MXN million in loans to lower income regions / underserved populations		
Emi169	Social	Socio-Economic Advancement and Empowerment	García, Nuevo León	$ 38.4	4	38.4 MXN million in loans to lower income regions / underserved populations		
Emi93	Social	Socio-Economic Advancement and Empowerment	Cadereyta Jiménez, Nuevo León	$ 19.2	5	19.2 MXN million in loans to lower income regions / underserved populations		
Emi97	Social	Socio-Economic Advancement and Empowerment	Juárez, Chihuahua	$ 19.2	5	19.2 MXN million in loans to lower income regions / underserved populations		