



# Independent Auditors' Report

## (Translation from Spanish Language Original)

### The Board of Directors and Stockholders

*Banco Nacional de Comercio Exterior, S. N. C.*

*Institución de Banca de Desarrollo:*

*(Millions of pesos)*

#### Opinion

We have audited the accompanying consolidated financial statements of Banco Nacional de Comercio Exterior, S. N. C., Institución de Banca de Desarrollo and subsidiary (the Institution), which include the consolidated balance sheet as of December 31, 2017, and the related consolidated statements of income, stockholders' equity and cash flows for the year ended, and the notes that comprise a summary of the significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements of Banco Nacional de Comercio Exterior, S. N. C. and subsidiary present fairly, in all material respects, in accordance with the Accounting Criteria for Credit Institutions in Mexico, established by the National Banking and Securities Commission (the Commission).

#### Basis for opinion

We conducted our audits in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Institution in accordance with the ethics requirements applicable to our audits to the consolidated financial statements in Mexico and have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Derivative financial instruments as of December 31, 2017 in the amount of \$1,043 and \$8,190 as assets and liabilities, respectively

See note 8 to the consolidated financial statements.

**Key audit matter**

**How our audit addressed the matter**

The fair value of derivative financial instruments is determined using valuation techniques and models that involve Management's significant judgments, primarily when unobservable market inputs are required. Additionally, the requirements that shall be comply for accounting of financial instruments, such as hedges, as well as documentation and monitoring to prove the hedge effectiveness, involve a high specialization level by Management.

As part of our audit procedures, we have obtained evidence of the approval from the Institution's Risks Committee to the valuation models for derivative financial instruments used by the Management. Furthermore, along with our specialists and using selective tests, we evaluated the appropriateness of such models and techniques, as well as the fair value determination of the derivative products.

Loan loss allowance as of December 31, 2017, in the amount of \$3,826.

See note 9 (b) to the consolidated financial statements.

**Key audit matter**

**How our audit addressed the matter**

The allowance for loan losses involves a high degree of judgment for the evaluation of the ability to pay by the debtors, considering various factors established in the methodologies provided by the Commission related for the rating of the loan portfolio, as well as the reliability on the updated information, which is used as input for the determination of the for loan loss allowance.

The audit procedures applied in determining the loan losses allowance by Management and the impact on the annual results, included the evaluation, through selective tests, of both the inputs used and the calculation process for the different loan portfolio based on the current methodologies established by the Commission for each type of portfolio.

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Deferred income tax (IT) and employee statutory profit sharing (ESPS) in the amount of \$1,318 recognized in the consolidated general balance sheet

See note 19 to the consolidated financial statements.

Key audit matter	How our audit addressed the matter
<p>The determination of current and deferred IT and legal and deferred ESPS is complex primarily given the interpretation of the current law on such matter; thus, it requires significant judgments from Management. The valuation of assets of IT and ESPS require to evaluate both current and future factors that allows to estimate the realization of such assets.</p>	<p>The audit procedures applied in evaluating the reasonableness of the calculations determined by Management for recognition of the current and deferred IT and legal and deferred ESPS, includes selective tests of both the inputs used and the nature of the items that were part of the calculation, considering the current tax laws.</p> <p>We evaluated the reasonableness and probability of materialization of the items that support the deferred IT tax and ESPS assets.</p> <p>Furthermore, with the assistance of our specialists and by selective tests, we evaluated the appropriateness of the income tax and ESPS calculation determined by Management.</p>

**Responsibilities of Management and those charged of the Institution's Governance for the consolidated financial statements**

Management is responsible for the preparation of these financial statements in accordance with the Accounting Criteria established by the Commission for Credit Institutions in Mexico, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Institution's ability to continue as a going concern, disclosing, as applicable, matters related to going concern issues and using the going concern basis of accounting unless Management either intends to liquidate the Institution or to cease operations, or has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing the Institution's financial reporting process.

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### Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis of our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Institution's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institution's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Institution to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Institution to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Institution and subsidiary audit. We remain solely responsible for our audit opinion.

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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

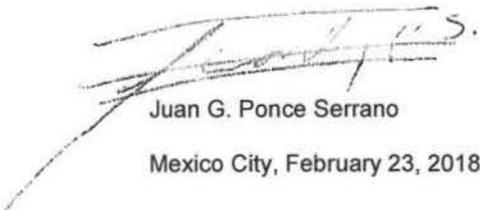
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosures about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Other Matters

The consolidated financial statements of banco Nacional de Comercio Exterior, S. N. C., Institución de Banca de Desarrollo and subsidiary as of December 31, 2016 and for the year ended on such date, were examined by other independent auditors, who issued an unqualified opinion thereon on February 24, 2017.

KPMG Cárdenas Dosal, S. C.



Juan G. Ponce Serrano

Mexico City, February 23, 2018