

**90 años** 1934-2024  
**nacional financiera**



**ANNUAL REPORT 2024**

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## BOARD OF DIRECTORS AND COMMISSIONERS ON DECEMBER 31, 2024

### SERIES "A" ADVISERS

#### HOLDERS

**Rogelio Eduardo Ramírez de la O**  
 Secretary of Finance and Public Credit  
 and Chair of the Board of Directors

**Edgar Abraham Amador Zamora**  
 Deputy Secretary of Finance and Public Credit

**Marcelo Luis Ebrard Casaubon**  
 Secretary of Economy

**Luz Elena González Escobar**  
 Secretary of Energy

**José Luis Negrín Muñoz**  
 General Director of Financial System Affairs  
 Bank of Mexico

**To be appointed**  
 Head of a Federal Public Administration office

#### DEPUTIES

**Rogelio Mauricio Rivero Márquez**  
 Head of Development Banking Unit  
 Secretariat of Finance and Public Credit

**María del Carmen Bonilla Rodríguez**  
 Head of the Public Credit Unit and Finance  
 International Affairs/ Secretariat of Finance  
 and Public Credit

**Sergio Silva Castañeda**  
 Head of the Promotion and Economic Growth Unit  
 Secretariat of Economy

**José Antonio Rojas Nieto**  
 Deputy Secretary of Electricity / Secretariat of Energy

**Héctor Desentis Montalbán**  
 Director of Promotion Financial Intermediaries  
 Bank of Mexico

**To be appointed**  
 Deputy Head of a Federal Public Administration office

### SERIES "B" ADVISERS

#### HOLDERS

**Francisco Alberto Cervantes Díaz**  
 President of the Mexican Business  
 Coordinating Council

**Luis Armando Álvarez Ruiz**  
 Independent Advisor

**To be appointed**

#### DEPUTIES

**To be appointed**

**To be appointed**

**To be appointed**

## SERIES "B" INDEPENDENT ADVISERS

THERE ARE ONLY INDEPENDENT PRINCIPAL ADVISERS

**María del Carmen Díaz Rey-Cabarcos**  
Independent professional

**José Rocha Vacio**  
Independent professional

## COMMISSIONERS

### HOLDERS SERIES "A"

To be appointed

### HOLDERS SERIES "B"

**Ignacio Núñez Anta**  
Independent professional

### DEPUTIES SERIES "A"

**César Humberto Contreras Martínez**  
"A" Deputy Public Commissioner  
Secretariat of Anticorruption and Good Governance

### DEPUTIES SERIES "B"

To be appointed

## BOARD OF DIRECTORS SECRETARY OFFICE

**Perla Liliana de la Peña Amante**  
Secretary of the Board of Directors

**Abraham Octavio García Montaña**  
Deputy Secretary of the Board of Directors



## OFFICER ATTENDING SESSIONS OF THE BOARD OF DIRECTORS ON DECEMBER 31, 2024

**Luis Antonio Ramírez Pineda**  
General Director (CEO)

**Javier Vázquez Durán**  
Head of the Financial Institutions Unit

**Arturo Gochicoa Acosta**  
Head of the Corporate Banking Unit Office

**Stine Møller-Hansen Secher**  
Head of the Treasury and Finance Markets Unit

**David Esaú López Campos**  
Head of the Credit Unit

**Nemesio Manuel Monárrez Macías**  
Head of the Institutional Promotion Unit

**María Guadalupe Muñoz Reséndez**  
Head of the Legal and Fiduciary Unit

**María Fernanda Ruiz Padilla**  
Head of the Administration and Finances Unit

**Miguel Luis Anaya Mora**  
Head of Finance and Economic Projects and Programs Unit

**Ismael Villanueva Zúñiga**  
Head of the Issuances and International Affairs Unit

**Jesús Covarrubias Sánchez**  
Head of the Information Technology Unit

**Juan Carlos Álvarez Chavira**  
Head of Risk Comprehensive Management and Profitability Unit

**Perla Liliana de la Peña Amante**  
Secretary of the Board of Directors

**Abraham Octavio García Montaña**  
Deputy Secretary of the Board of Directors

# INSTITUTIONAL MESSAGE

**N**acional Financiera,<sup>1</sup> as a party to the Mexican development banking and financial system, continuously faced major challenges across **2024**, caused by a world economy that showed signs of relative resiliency with a *soft landing* in many regions, but without a strong rebound. Stabilization was paired with weak growth, declining inflation and marked disparity between advanced and emerging economies.

The world economy exhibited uneven growth between countries and regions, as some showed resilient internal consumption and others a more noticeable deceleration, similar to the deflation process in every country. In some cases, inflation proved more reluctant to decrease, with the possibility of stagnation or even a new upturn. The risks associated with inflation and growth intensified at year's close with the triumph of Donald Trump in the United States presidential elections, since many of his announced policies may impact the economy and local and global inflation. The highlights include the massive expulsion of immigrants and a stoppage of migratory flows, the imposition of **25%** tariffs to their main commercial partners, and **10%** tariffs to China, a reduction in tax collections (with a higher fiscal deficit as a result) and a greater order to current geopolitical conflicts. In this sense, the environment would continue to be highly uncertain, with risks that could generate adverse effects in the world should they materialize.

The latter had a major impact on Mexico. In **2024**, economy showed a moderate growth below the initial forecast, with an estimated **1.3%** annual growth of the Gross Domestic Product (GDP), according to the preliminary numbers of the Mexican National Institute of Statistics and Geography (**INEGI**, in Spanish) published on January 30, **2025**. This performance exhibited a considerable deceleration in comparison with the **3.2%** growth shown in **2023** and was influenced by a combination of internal and external factors. The year started with optimism, driven by internal consumption and the nearshoring phenom, with the promise of attracting Foreign Direct Investment (**FDI**) thanks to the relocation

<sup>1</sup> For the purposes of this report, Nacional Financiera, S.N.C., I.B.D., is also named: Nacional Financiera, Nafin, the Institution, and the Bank.

of companies near the United States. However, growth was stopped by a 0.6% decline during the last quarter of the year, the first quarterly slowdown since **2021**, which was specifically blamed on climate shocks that affected agriculture and livestock activities (with an annual decline of **2.2%**) and strikes in the United States that had a negative impact on manufacturing.

Nevertheless, and even in the face of this adverse scenario, the results of **Nafin** during **2024** were as expected in accordance with the planning and within the parameters committed with the Mexican Federal Government. Highlights include granting credit and bonds totaling **558,952 million pesos**, which was an increase of **15.9%** vs the close of the previous year. These resources were funneled through a portfolio of products offered by the Institution through their Productive Chains, Traditional Discount, and Microbusiness and Equipment programs. Moreover, through the Bond Schemes and bonded credit, **552,652 million pesos** were placed in the private sector, and **630 million pesos** in the public sector.

In its operations, facilities, and staffing, Nafin implemented the provisions established by the Federal Government to manage public resources with republican austerity, focusing the use of said resources to accomplish its goals under a criterion of efficiency, effectiveness, and transparency.

Thus, **Nafin** adequately addressed its commitments as a driver of economic development by carefully managing the public resources allocated to its operations. The efficient balancing of obtained results and used resources gives viability to the Institution, in the present and to face the future challenges from 2025 onwards, according to the vision established by the Federal Government in its National Development Plan.

## ECONOMIC ENVIRONMENT

### WORLD ECONOMY

The world economy exhibited uneven growth between countries and regions. Some showed resilient internal consumption and others a more noticeable deceleration, similar to the deflation process in every country. In some cases, inflation proved more reluctant to decrease, with the possibility of stagnation or even a new upturn. Towards year's end, the risks associated with inflation and growth intensified with the triumph of **Donald Trump** in the United States presidential elections, since many of his announced policies may impact the economy and local and global inflation. The highlights include the massive expulsion of immigrants and a stoppage of migratory flows, the imposition of **25%** tariffs to their main commercial partners, and **10%** tariffs to China, a reduction in tax collections (with a higher fiscal deficit as a result) and a greater order to current geopolitical conflicts. In this sense, the environment would continue to be highly uncertain; with risks that could generate adverse effects in the world should they materialize.

Recently, the International Monetary Fund (IMF) in their World Economic Outlook Update of January 2025 (WEO) estimated a world economic growth of **3.2%** for 2024 and of **3.3%** for 2025. By country grouping, in 2024 advanced countries grew by **1.7%**, while emergent and developing countries grew by **4.2%**, with an estimated **1.9%** and **4.2%** in 2025, respectively. Within the G-7 group, growth was **2.8%** in the United States (**2.7%** in 2025) and **0.8%** in the Eurozone (**1.0%** in 2025). As for developing economies, China grew by **4.8%**, with a forecast of **4.6%** in 2025;



India, on the other hand, grew by **6.5%** and the same growth is expected for the next year.

Moreover, the IMF pointed out that an intensification of protectionism would increase commercial tensions, decrease investment, reduce market efficiency, and distort commercial flows. In the short term, an stimulus to the United States economy from fiscal policy and deregulation would accentuate the divergence in the growth of economies and would have as a negative effect the persistence of tariffs and

the reduction of the labor force. The Fund highlighted the existence of greater uncertainty derived from the possible responses of the countries, which would lead to the risk of a resurgence of inflationary pressures, resulting in an increase in interest rates by central banks. A strong dollar would alter capital flows and global imbalances.

On the other hand, labor markets showed a more gradual slowdown in job creation than expected. As a result, unemployment rates in some countries remained at relatively low

levels. In the United States, the unemployment rate was **4.1%**, vs **2023** when it was **3.8%**; in the Eurozone, it went from **6.5%** in **2023** to **6.3%** in **2024**; In Japan, it was **2.2%**, vs **2.3%** in **2023**, and in the United Kingdom it grew to **4.4%** in November, after the previous year it closed at **3.8%**.

Inflation showed signs of stagnation, with moderate upturns in some cases, as well as a persistence in the underlying component derived from the behavior of service prices. In the United States, the annual inflation as measured by the Consumer Price Index (CPI) published by the U.S. Bureau of Labor Statistics (BLS) ended the year at **2.9%**, vs **2023** when it was **3.4%**, while the core inflation, that is, discounting food and energy prices, went from **3.9%** to **3.2%**. On the other hand, inflation as measured by the Price Index in Personal Consumption Expense (PCE), which is the data for which the Federal Reserve System (Fed) has a target of **2.0%**, reached **2.6%**, from **2.7%** at the close of **2023**.

In other regions, inflation in Japan grew from **2.6%** to **3.6%** (close of **2023** vs **2024**); in the Eurozone, it went from **2.9%** to **2.4%**; in the United Kingdom, it dropped from **4.0%** to **2.5%**, and in Canada, it fell from **3.4%** to **1.8%**. In emerging economies, prices exhibited a differentiated behavior. Inflation in Brazil went from **4.6%** at the close of **2023** to **4.8%** in **2024**; in Chile, from **3.9%** to **4.5%**; in Peru, from **3.2%** to **2.0%**; in China, from **-0.3%** to **0.1%**; in Russia, from **7.4%** to **9.5%**; in India, from **5.7%** to **5.2%**; in Colombia, from **9.3%** to **5.2%**; in South Africa, from **5.1%** to **3.0%**; in Poland, from **6.2%** to **4.7%**, and in South Korea, from **3.2%** to **1.9%**.

Faced with divergent developments in the disinflationary process between countries and regions, as well as moderation of economic activity, added to the risk of a persistence in the core component of most of the economies

analyzed, monetary policy was implemented heterogeneously. A number of central banks started a process to “recalibrate the monetary positions” with gradual and paused rate cuts, and other again increased rates. The Fed, in their December meeting, cut the range of their federal funds rate in **-25 bp** to set it between **4.25%** and **4.50%**. President Jerome Powell’s discourse had a more aggressive and, at the same time, cautious tone, due to numerous factors such as a scenario of economic strength, stagnating inflation, and policy that is closer to neutrality, although it is still restrictive. In his projections, he set the ceiling for the rate for the close of **2025** in **4.00%**; that is, with the possibility of accrued drops of **-50 bp** for the next year.

#### MONETARY POLICY RATES AT THE CLOSE OF 2024

Country / Region	Rate level at the end of 2024	Variation with respect to close 2023 (bp)
United States	4.50%	-100
Eurozone	3.15%	-135
United Kingdom	4.75%	-50
Japan	0.25%	35
Canada	3.25%	-175
Australia	4.35%	Sin cambio
New Zealand	4.25%	-125
<b>Mexico</b>	<b>10.00%</b>	<b>-125</b>
Brazil	12.25%	50
Chile	5.00%	-325
Peru	5.00%	-175
India	6.50%	Sin cambio
Turkey	47.50%	500
Russia	21.00%	500
Nigeria	27.50%	875
Indonesia	6.00%	Sin cambio
South Africa	7.75%	-50
Poland	5.75%	Sin cambio
South Korea	3.00%	-50

Source: Bloomberg.

## THE MEXICAN ECONOMY

In the fourth quarter of 2024, preliminary GDP numbers pointed out to a drop of **-0.6%** vs the previous quarter with seasonal adjustment (s.a.), which represented an annual increase of 0.6% (original series - o.s.), so it slowed down to **1.5%** (previously **3.3%**). The IMF reviewed its forecast for 2025 and raised it to **1.4% (+0.1 pp)**.

The primary sector production shrunk **-8.9%** on a quarterly s.a. basis, and second sector production shrunk to **-1.2%**, while third sector production increased **0.2%**, all of which reflected a slower growth rate.

As for industrial activity, its average annual growth at the close of the year was **0.3%**. Mining activity experienced an average drop of **-4.2%**, while construction increased **3.3%**, and manufacturing activities grew **0.3%**.

On the demand side, from January to November there was an average annual increase of **4.6%** in investment: **5.8%** in machinery and equipment and **3.7%** in construction. Consumption had an annual average increase of **3.3%** during the period. Exports maintained a moderate increase with an annual average rate of **4.2%** while the imports rate was **4.7%**, which was consistent with the resilience of internal consumption.

As of December, the unemployment rate was **2.4%** (the lowest since March of 2024), below the **2.6%** posted at the close of 2023. Workers insured with the **Mexican Social Security Institute (IMSS, in Spanish)** considering urban permanent and part-time jobs totaled **21,997,201** in 2024, with **230,240 jobs created**. Therefore, employment posted a **1.1% annual increase**. As of December, compensations measured by

the *Daily Wages Associated to Insured Workers in the IMSS*, posted an increase of annual **9.2%** in nominal terms (10 straight months below **10%**). Considering the ex-ante actual variation, that is, compared with the inflation forecast for 12 months, it increased by **5.1%**, with an average of **5.6%** in the year.

*Family remittances* from abroad continued to be a crucial factor for the Mexican economy, although recently they showed signs of weakness. In 2024 they added to **64,745 million dollars**, which accounted for an annual total increase of **2.3%** (its worst since 2013). The value in pesos of the aforementioned remittances totaled **1,189,950 million pesos**, which accounted for an increase, vs 2023, of **6.2%** in nominal terms and of **1.3%** in actual terms.

*General annual inflation* kept its slowdown rhythm. After closing at **4.7%** in 2023, it recorded **4.2%** in 2024; its lowest since February 2021. Such behavior was associated with an improvement of the non-underlying component, specifically in the agriculture and livestock segment.

For its part, *annual underlying inflation* dropped from **5.1%** in 2023 to **3.7%** in 2024. Its behavior reflected a slower pace in goods, but a certain stagnation in the prices of services, specifically in the segment of "services other than housing and education." The foregoing could be related to resilient demand and costs associated with wages.

After the rate closed at **11.25%** in 2023, Bank of Mexico (Banxico) cut the rate five times to set it at **10.0%**. The Board of Governance considered the possibility of greater adjustments in later meetings; however, facing a complex environment it chose a cautious and gradual course of action.



## PROMOTION

### PROMOTION PROGRAM

As of December 2024, the **total granting of credit and bonds** was **558,952 million pesos**, which accounted for an increase of **15.9%** vs the same period last year.

**Credit and Bonds to the Private Sector Program.** The variety of products offered by the Institution through its **Productive Chains, Traditional Discount, Microbusiness and Equipment financing programs**, and its own **Bonds Scheme and credit bonded** by the latter, made it possible to funnel resources to the private sector in the amount of **552,652 million pesos**.

From the second floor, **Productive Chains participated by granting credit in the amount of 154,541 million pesos**, **Microbusinesses and Equipment with 34,144 million pesos**, and **Traditional Discount with 114,610 million pesos**.

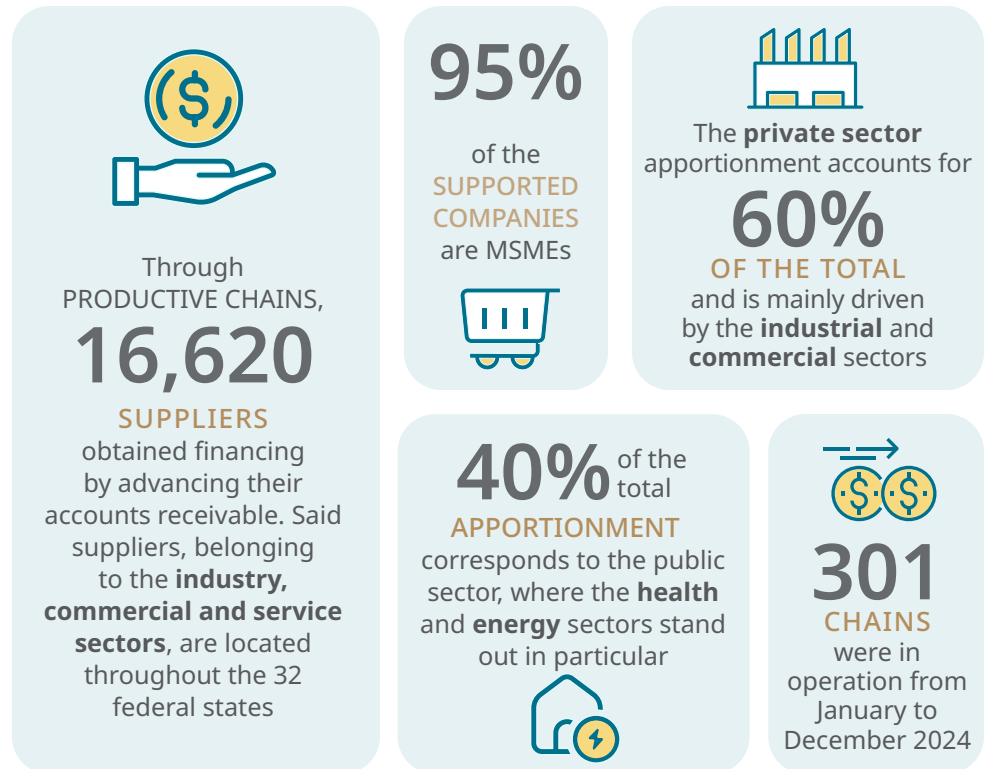
### PRODUCTIVE CHAINS PROGRAM

From **January to December 2024**, through the **Productive Chains Program**, **254,707 million pesos** have been distributed, producing a balance of **35,669 million pesos** as of December 31.

In this program, more than **304,000 instruments** were operated in the **government sector**, which made it possible to **support 4,204 suppliers** that opted for the benefit of advance payment through financial factoring, in the amount of **102,760 million pesos**.

As for the **private sector**, more than **2.4 million instruments** were operated. This made it possible to **support 12,961 suppliers** that opted for the benefit of advance payment through financial factoring, in the amount of **151,094 million pesos**.

The main indicators of the Productive Chains Program from **January to December 2024**, are as follows:



### PRODUCTIVE CHAINS SUMMARY CHART

Sectors	Balance Dec 2024 (million pesos)	Apportionment Jan-Dec 2024 (million pesos)
Private sector	32,914	151,947
Federal, state, and municipal governments	2,755	102,760
<b>Total</b>	<b>35,669</b>	<b>254,707</b>



## SECTOR-BASED PROGRAMS

Nacional Financiera offers programs to address **micro, small and medium enterprises (MSMEs)** of sectors or economic activities that have faced limited access to financing, and programs to promote the creation of jobs and help address strategic or priority sectors. In **2024** it granted **9,678 credits** in the amount of **15,916 million pesos**.<sup>2</sup> These programs have a **guaranteed balance of 19,381 million pesos**. The main results were as follows per lines of action:

**I. Regional Development.** Granting **5,192 credits for 11,152 million pesos**, that mainly included:

**Impulso Nafin+Estados [Nafin+States Incentive program]** (formerly the *Impulso para el Desarrollo Industrial y Regional* [Industrial and Regional Development Promotion] program): promotes the development of regional economies by facilitating access to financing for Mexican MSMEs, in coordination with state governments.

**5,172**  
**CREDITS**

were granted in the amount of 11,121 million pesos.

## 2024 RESULTS OF THE IMPULSO NAFIN+ESTADOS PROGRAM

State	Number of credits	Operated amount (million pesos)
Jalisco	713	1,713
Nuevo León	526	1,379
Aguascalientes	536	1,102
Estado de México	363	891
Tamaulipas	302	616
Oaxaca	282	549
Yucatán	222	513
Michoacán	240	503
Hidalgo	216	475
Chiapas	176	439
San Luis Potosí	175	432
Guanajuato	195	422
Sinaloa	314	353
Zacatecas	175	336
Colima	214	329
Baja California Sur	149	303
Chihuahua	103	214
Quintana Roo	79	185
Puebla	55	128
Campeche	64	121
Sonora	43	70
Durango	18	22
Tlaxcala	8	14
Veracruz	2	5
Morelos	1	4
Guerrero	1	3
<b>Total</b>	<b>5,172</b>	<b>11,121</b>

<sup>2</sup> This global result includes all the sector-based portfolio. The schemes mentioned represent the highest investments, but do not account for the complete portfolio.

**Municipal MSME Financing in the municipality of Hermosillo, Sonora:** it supports the development of specific programs of interest to the municipal government, mainly those aimed at sustainable economic growth and the creation of formal employment, by facilitating access to credit to micro and small businesses of the commercial and services sectors.

**18**  
**CREDITS**  
 were granted in  
 the amount of 26  
 million pesos.

**Credisuministros Nafin+Empresas [Credit for Suppliers' program]:** it promotes the development of value chains of the private sector from a shared risk participation scheme that facilitates access to credit to **MSMEs** that supply and distribute to big companies, thus promoting productive linkage.

**2**  
**CREDITS**  
 in the amount of  
 5 million pesos.

**II. Transportation Modernization.** This program granted **223 credits in the amount of 182 million pesos.**

**Mueve tu Pyme [Move your SME].** This program is aimed at MSMEs that need to acquire new utility vehicles to promote their business, as well as expand their coverage and achieve more efficient logistics.

**16**  
**CREDITS**  
 in the amount of  
 6 million pesos.

**Micro y Pequeña Empresa Transportista [Micro and Small Trucking Enterprise].** This program promotes the modernization of the federal cargo, passenger, and tourism transportation, with trucking/bus enterprises with fleets no smaller than 30 motorized vehicles.

**53**  
**CREDITS**  
 in the amount of  
 131 million pesos.

**Taxi Fleets Replacement Program in Mexico City.** This program assists the Mexico City government to modernize and renew licensed passenger public transportation (taxis), through a financing scheme that includes a scrapping bonus. The goal is to replace units that don't comply with the regulations with new vehicles that are efficient and less polluting (high efficiency, hybrid, and electrical vehicles).

**154**  
**CREDITS**  
 in the amount of  
 45 million pesos.





**III. Sustainable Financing.** 683 credits were granted in the amount of 173 million pesos.

**Programa de Eficiencia Energética Eco Crédito Empresarial [Energy Efficiency Program for Entrepreneurial Eco Credits].** This program in its “massive” mode supports micro and small enterprises with financing to acquire and/or replace equipment with energy efficient equipment and the use of renewable sources.

**671 CREDITS**  
in the amount of 172 million pesos.

**Programa de Vivienda Sustentable [Sustainable Housing Program].** This program facilitates access to credit to acquire technology packages and efficient equipment for existing low-income housing. The goal is to create savings in electricity, gas and water consumption and expenses.

**12 CREDITS**  
in the amount of 0.5 million pesos.

**IV. Financial Inclusion.** This program granted 558 credits, in the amount of 1,066 million pesos.

**Garantía Preferente [Preferential Bond].** This program was created to promote the economic development of the country's regions, with emphasis in the south-south-east, through financial intermediaries. Its goal is to foster favorable conditions in accordance with the context of the current market, in the regions that have greater financing needs.

**550 CREDITS**  
in the amount of 1,050 million pesos.

**Programa Mujeres Industria [Program for Women in the Industry].** This is a scheme intended to service women entrepreneurs or MSMEs managed by women of the industrial sector, that satisfactorily pass a diagnosis and training course provided by Nafin. Its goal is to support the participation and empowering of women in the economic field.

**8 CREDITS**  
in the amount of 16 million pesos.

**V. Reactivación 21 [Reactivation 21].**

**Financing to Contracts of Direct and Indirect Suppliers of the Federal Government.** This program aims to finance MSMEs that are direct or indirect suppliers of the federal government, specifically those associated with the Maya Train, the Olmeca Refinery (Dos Bocas), the Felipe Ángeles International Airport, the Tehuantepec Isthmus Interoceanic Corridor, and the Mexico-Toluca Interurban Train, as well as direct and indirect suppliers of Petróleos Mexicanos oil company (**Pemex**, in Spanish), and the **Federal Electricity Commission (CFE**, in Spanish) and their subsidiary companies.

**245 CREDITS**  
in the amount of 893 million pesos.

**VI. Trajes a la Medida [Tailor-made solutions].** This is a service strategy through which **Nafin** seeks to have greater penetration in the market, by joining financial intermediaries in the risk in new sectors or sectors where they have ample experience. **2,573 credits** were granted in the amount of **1,966 million pesos**.

**Financiamiento Digital BBVA [BBVA Digital Financing].** This scheme aims to service micro and small enterprises with credits up to 300,000 pesos through the digital platform, so they can obtain timely, fast, and simplified financing.

**2,556**

**CREDITS**

in the amount of  
1,929 million pesos.

**Financiamiento Multisectorial Banorte [Banorte Multisectorial Financing].** This program services MSMEs with credits up to seven million pesos, in accordance with one of these eligibility criteria:

- Belong to the **medical/pharmaceutical** sector and its corresponding value chain.
- Have any project on **energy efficiency**.
- The company is **managed by women**.

**17**

**CREDITS**

in the amount of  
37 million pesos.

## VII. Emerging Programs.

**Support program for enterprises affected by Hurricane Otis.** This program promotes the economic revival of the affected businesses in the municipalities of Acapulco and Coyuca de Benítez, Guerrero, by granting interest-free loans. This financing scheme in preferential conditions is operated through commercial banks.

**203**

**CREDITS**

in the amount of  
482 million pesos.

## ALTERNATIVE CHANNELS

This program provides consultancy to **MSMEs** and **entrepreneurs** through the **Customer Service Center** and the **External Promoters Network** on the process of enrollment of suppliers to the **Productive Chains Program** and on the procedures to obtain **financing**. Likewise, it provides training, technical support, and specialized consultancy to **First-Order Companies (EPO, in Spanish)** and **Financial Intermediaries (FI)**. It also develops the entrepreneur capital market by investments in innovative and high impact projects, through investment funds.

## CONSULTANCY AND SUPPORT TO SMES FINANCING

This program develops and implements consultancy and support strategies for the **Entrepreneurial Financing programs** through many service channels, like the **Customer Service Center** and the **External Promoters Network**, with the following standout **Sector-based Programs: Impulso Nafin+Estados, Financing to Contracts of Suppliers of the Federal Government, Mujeres Industria, Garantía Preferente, and Credisuministros**.

Through the implementation of consultancy, support, and follow-up strategies, from January 1 to December 31 of 2024, a contribution of **24,746 million pesos** was added to the balance in **Sector-based Programs**, which accounts for **89%** of the total **balance induced to the portfolio, as reported** by the **Subdirectorato of Sector-based Programs (27,761 million pesos)**.<sup>3</sup>

Likewise, **3,016** consultations have been provided to **MSMEs** and **entrepreneurs** to facilitate their access to financing through the institutional offer of credit products aimed at that sector.

<sup>3</sup> Balance induced to the Sector-based portfolio. Balance Evolution Report as of December 2024.

## INCORPORATION AND CONSULTANCY TO PRODUCTIVE CHAINS

This process establishes and implements **consultancy and affiliation strategies to the factoring programs in Productive Chains**, jointly with the customers of the **Productive Chains Directorate**, as validated by the **Alternative Channels Directorate**, through assorted media: telephone campaigns through the Customer Service Center, sending of emails, and events, among others.

The main results as of January 1 to December 31 of 2024 are as follows:

Affiliation of **2,903** new suppliers to the Productive Chains Program.



Of the listed suppliers, **92%** recorded operations.

Moreover, this subdirectorate **retains and manages the Customer Center Service**, whose main results **at the close of 2024** were as follows:

**105,660** phone calls were serviced, **95%** of which corresponds to users of the Productive Chains Program.



The Productive Chains suppliers carried out discounts of their bills via telephone for **19,351 million pesos**, which accounts for **8%** of the total operated in the Program.



## MANAGEMENT OF ELECTRONIC PRODUCTS

By managing the **Documentary Management platforms** and **Nafinet** we provide training, specialized consultancy and technical support to **FIs, EPOs**, and internal areas; moreover, we carry out the documentary review of the files of affiliation to **Productive Chains** and **Entrepreneurial Financing programs**.

Some of the volumes of the platforms include the following:

- Oversight and monitoring of over **11,000** daily operations on average (Chains, Credit at fixed and variable rates, and Microloans) with daily average amounts over **1,323 million pesos**.
- Servicing and support to more than **82** banking and non-banking financial intermediaries for credit operations and queries.
- Funds dispersal to **MSMEs** and financial intermediaries on a monthly average of **1,109 million pesos** on account of the **EPOs**, through the Productive Chains.
- Implementation of **24** productive chains (in this period there is no reactivation of chains to report).
- Documentary review of **4,499** business financing and factoring files.

## VENTURE CAPITAL

The **Venture Capital Trust** promotes direct and indirect **investment** in projects, through investment funds. This trust consists of five programs:

- **Conacyt-Nafin** Entrepreneurial Fund (National Council on Science and Technology - Nacional Financiera).
- **Seed Capital** Joint Investment Fund.
- Program for the Development of the Ecosystem of Entrepreneur Capital **Inadem-Nafin** (National Institute of the Entrepreneur – Nacional Financiera).
- Fund of Funds of **Venture Capital (Mexico Ventures)**.
- Patenting Support Program **IMPI-USMFS-Nafin** (Mexican Industrial Property Institute – The United States-Mexico Foundation for Science – Nacional Financiera. Currently without operations).

These programs are managed and operated through the participation of representatives of the **Venture Capital Trust** in the boards of directors and shareholder's meetings of the companies, fund investment committees, and monitoring meetings with contributing organizations.

The main results obtained **from January 1 to December 31 of 2024** are as follows:

**Seed Capital Joint Investment Fund.** Through investment funds **3.47 million pesos** were invested, with a dispersal of **0.98 million pesos**. Regarding its formal exit in 2022, the company continues to make its periodic payments and to date **4.58 million pesos** have been recovered. The exit plans of companies are still being directly monitored, together with any action plans on the investment vehicles that are close to maturity.

**Development of the Ecosystem of Entrepreneur Capital Inadem-Nafin.** **9.98 million pesos** have been distributed through investment funds. Disinvestments in the amount of **19.74 million pesos** were achieved, which include the exit of companies from **four funds**. The action plans on investment vehicles that are close to maturity are still being directly monitored.

**Fund of Funds of Venture Capital (Mexico Ventures).** Investments were made in the amount of **530,000 US dollars** (equal to **11.02 million pesos at the exchange rate on December 31, 2024, of: 20.7862**). The divestments in these funds have amounted to **1.38 million dollars** (equivalent to **28.69 million pesos at the exchange rate on December 31, 2024: 20.7862**).



## INSTITUTIONAL PROMOTION

### INSTITUTIONAL PROMOTION NETWORK

The **Institutional Promotion Unit**, through its **regional directorates**, is the **main outreach channel of Nacional Financiera** with **business owners and local governments** of the **32 federal states**. Its on-site work **contributes to the creation of business** through promotion, sale, and assistance in the implementation of institutional products and services, with the ultimate goal of **driving the economic development of the country's states and regions**. The forging of alliances with strategic public and private players makes it possible to know and address specific needs of the states and their businesses and identify national strategic sectors and priority occupations at the regional scope.

During **2024**, through the promotion actions of this unit and in cooperation with other business units, **552,652 million pesos** were placed through credits and bonds.

### AMOUNT PLACED BY REGIONAL DIRECTORATE IN 2024

Regional	Placement (million pesos)
Center	293,906
Northeast	98,594
West	31,496
South	86,484
Northwest	42,172
	<b>552,652</b>

### SECTOR-BASED PROGRAMS WITH STATE CONTRIBUTIONS

The **Sector-based Programs with State Contributions** are a **basic tool for economic development** by means of providing **support to SMEs** of the sectors deemed strategic by the state and municipal governments.

From January to December **2024**, the **Institutional Promotion Unit** recorded operations of **11,121 million pesos** on this area. During the reported period, the **Impulso Nafin+Estados** program had operations in **27** of the **32** federal states.

### SECTOR-BASED PROGRAMS WITH STATE CONTRIBUTIONS OPERATING FROM JANUARY TO DECEMBER OF 2024

No.	State	Operation (million pesos)
1	Jalisco	1,713
2	Nuevo León	1,379
3	Aguascalientes	1,102
4	Estado de México	891
5	Tamaulipas	616
6	Oaxaca	549
7	Yucatán	513
8	Michoacán	503
9	Hidalgo	475
10	Chiapas	439
11	San Luis Potosí	432
12	Guanajuato	422
13	Sinaloa	353
14	Zacatecas	336
15	Colima	329
16	Baja California Sur	303
17	Chihuahua	214
18	Quintana Roo	185
19	Puebla	128
20	Campeche	121
21	Sonora	70
22	Durango	22
23	Tlaxcala	14
24	Veracruz	5
25	Morelos	4
26	Guerrero	3
	<b>Total</b>	<b>11,121</b>

The municipality of Chihuahua, Chihuahua, and the City Hall of Hermosillo, Sonora, had contributions in 2024.

## PUBLIC PRODUCTIVE CHAINS WITH STATE AND MUNICIPAL GOVERNMENTS, AND NATIONAL PORT SYSTEM ADMINISTRATIONS

The **public chains** program has a **double role** in **economic development**. On the one hand, it is a **transparency and accountability tool**; on the other hand, **they provide support to government suppliers**.

From January to December 2024 operated a state government productive chain, in the amount of **14 million pesos**, and **two** municipal government productive chains, in the amount of **12 million pesos**.

### PRODUCTIVE CHAINS OF STATE GOVERNMENTS WITH OPERATIONS FROM JANUARY TO DECEMBER 2024

No.	States	Operation (million pesos)
1	Zacatecas	14
	<b>Total</b>	<b>14</b>

### PRODUCTIVE CHAINS OF MUNICIPAL GOVERNMENTS WITH OPERATIONS FROM JANUARY TO DECEMBER 2024

No.	Municipality	Operation (million pesos)
1	Municipality of Zamora, Michoacán	7
2	Municipality of Pesquería, Nuevo León	5
	<b>Total</b>	<b>12</b>

The intention is that other government agencies operate this instrument, besides the chains of state and municipal government and other public institutions.



Thanks to the promotional work, from January to December of 2024, **five National Port System Administrations (Asiponas, in Spanish)** in three of the country's states operated **Productive Chains** in the amount of **952 million pesos**.

### ASIPONAS PRODUCTIVE CHAINS OPERATING FROM JANUARY TO DECEMBER OF 2024

No.	Municipality	Operation (million pesos)
<b>Veracruz</b>		
1	Administración del Sistema Portuario Nacional Veracruz, S.A. de C.V. [Veracruz Port Authority]	556
2	Administración del Sistema Portuario Nacional Tuxpan, S. A. de C. V. [Tuxpan Port Authority]	4
<b>Colima</b>		
3	Administración Portuaria Integral de Manzanillo, S. A. de C. V. [Manzanillo Port Authority]	317
<b>Sinaloa</b>		
4	Administración del Sistema Portuario Nacional Topolobampo, S. A. de C.V. [Topolobampo Port Authority]	63
5	Administración del Sistema Portuario Nacional Mazatlán, S. A. de C. V. [Mazatlán Port Authority]	12
	<b>Total</b>	<b>952</b>

## ADVISORY BOARDS

Nacional Financiera has a National **Network of Advisory Boards** formed by **32** work groups, one for each federal state. Every such group consists of:

- Business owners from strategic sectors and regional occupations.
- The economic development state secretaries.
- Deans from higher education institutions.
- Directors of research centers

This national network is **tasked** with **creating synergies between the public and private sectors to promote Mexican micro, small, medium, and large companies with financing, technical assistance, and entrepreneurial training**. This mission is always in line with the occupations and specific financing needs of each state, and with the strategy of Nacional Financiera to promote economic development.

Each work group can meet up to four times a year (on a quarterly basis) in ordinary meetings held in their state. Additional regional, national and chairperson meetings can be held.

In turn, the **Regional Directorates** are the **direct communication channel with the Advisory Boards**. They also organize ordinary meetings and maintain permanent contact with the board members to monitor and perform any resolutions they make.

In **2024** there were **27** ordinary meetings and **four** special meetings in **31** federal states (due to logistical reasons, the meeting of the Advisory Board of Guerrero could not be held). During the reported period, the state work groups reached **99** resolutions.

**Six** of the aforementioned meetings were held concurrently with the work visits of the top management of the Institution in the states of Baja California Sur, Estado de México, Puebla, Chihuahua, Querétaro, and Morelos.

## PROMOTION ACTIVITIES

One of the more relevant functions of the **Institutional Promotion Unit** is carrying out **nationwide promotional activities** that offer financing products and services, technical assistance, and entrepreneurial training to small and medium companies, to promote regional and state occupations by means of integration with the value chains.

**197 promotion activities were carried out in the federal states** from January to December of **2024**, including the organization of and participation in credit fairs, forums, expos, seminars, symposiums, and workshops.

### PROMOTION ACTIVITIES CARRIED OUT IN THE STATES FROM JANUARY TO DECEMBER OF 2024

Region	No. of activities
Center	51
Northeast	35
Northwest	39
West	28
South	44
<b>Total</b>	<b>197</b>

Additionally, **34** forums to promote MSMEs were organized with the participation of non-banking financial intermediaries (IFNBs, in Spanish) affiliated to the Nacional Financiera network. Although, said events were organized at the central level, the introduction of the financing, training, and technical assistance products was made at the state level.



## ENTREPRENEURIAL TRAINING AND TECHNICAL ASSISTANCE PROGRAM

**N**afin has the mission to support individuals through financial inclusion; entrepreneurs, for the creation and formalization of their businesses; micro, small and medium business owners, to strengthen their business abilities, and the IFNBs, for their professionalization. The foregoing is carried out through training and technical assistance programs that are **100%** free, practical, and have short duration. The Institution contributes to the regional economic development and the creation of jobs by making available, to current and future business owners, tools that help them strengthen their skills and improve their possibility of obtaining financing to grow.

To promote business owners, entrepreneurs, and IFNBs are competitive, productive and improve their business abilities, the following activities are carried out:



Design of practical contents and programs aligned with their needs.



Optimization of the resources allocated to technical assistance and training in benefit of MSMEs, through coordination with other public and private organizations (like governments, municipalities, secretariats, business chambers and associations, and business areas of Nafin) to have a larger impact on the business sector and its connection with financing.



Contribution to the formalization and permanence of companies, and thus, the preservation and creation of jobs.



Contribution to gender perspective by promoting the creation and reinforcement of women's businesses, as well as improving the management, productive and market abilities of their companies.



Professionalization of IFNBs to grant credits in better conditions, with products that are more aligned to the market's needs, with more efficient and quality processes, with contributions to their training so they may be added in the future to Nafin's financial intermediaries' network.



Strengthening the business capacities of entrepreneurs who speak native languages, to promote the creation of new Mexican companies through cooperative business models and to implement training and technical assistance programs focused on the needs of the business community linked to the priority projects of the Federal Government.

During the **2018-2024** period, based on the strategy of the top management of **Nafin**, and in line with the Institutional Program, the decision was made to continue the work of training Mexican entrepreneurs, business owners, and IFNBs.

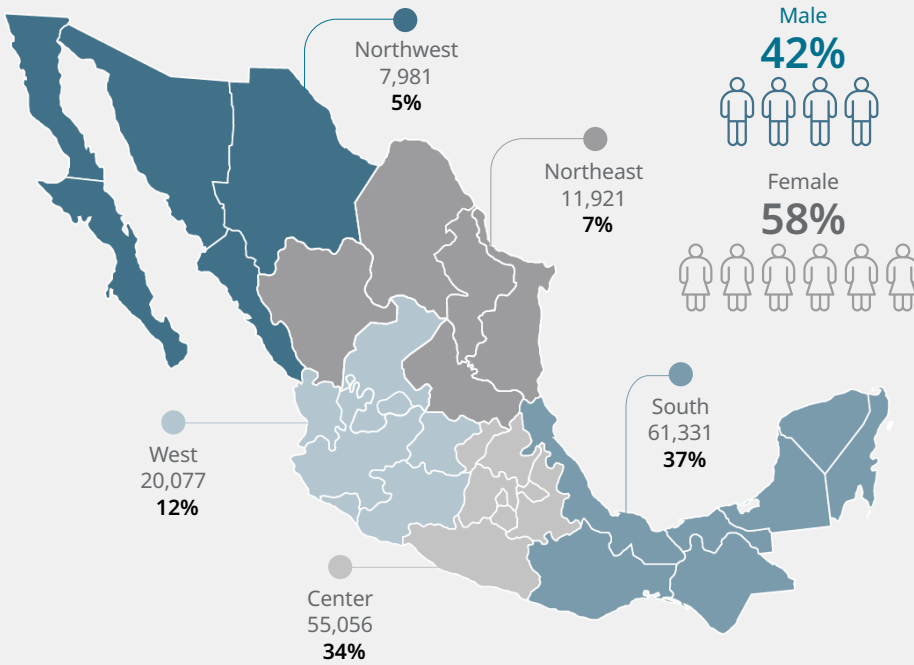
Thus, in **2024** a total of **44,317** users (training and technical assistance) were serviced, with amounting to a **44%** increase versus the last year, with a total of **164,620** assistance sessions (training and technical assistance), an increase of **63%** versus 2023. These results are mainly due to the fact that the face-to-face channel grew by **64%** for users and **103%** for assistance sessions, while the webinars reported an increase of **73%** in assistances and of **47%** in users. The South (Oaxaca, Campeche, and Chiapas) and Central (Mexico City, Estado de México, Puebla, and Hidalgo) regions had the highest number of users and face-to-face assistance sessions. These states totaled **60%** of the assistance sessions for the year.

In **2024** the South region received the most attention regarding training, with **61,331** assistance sessions, which accounted for **37%** of the total during the period, considering the attention surrounding the priority projects of the Federal Government. From **2023** to **2024** the region saw an increase of **123%** in assistance sessions.

The following courses had the highest impact and demand: *Aprender para Emprender* [Learn to undertake business], focused in the creation of new businesses; *Creación y Fortalecimiento de Cooperativas* [Creation and Reinforcement of Cooperative Companies], which serviced **250** cooperative projects in **23** of the country's states, and *Gestión de Negocios e Inclusión en Lenguas Originarias* [Business Management and Inclusion in Native Languages], which serviced speakers of **five** languages (Maya, Chontal, Otomi, Zapotec and Tzotzil) in **30** communities from **seven** federal states.

### 2024 ASSISTANCE DISTRIBUTION PER REGION AND GENDER

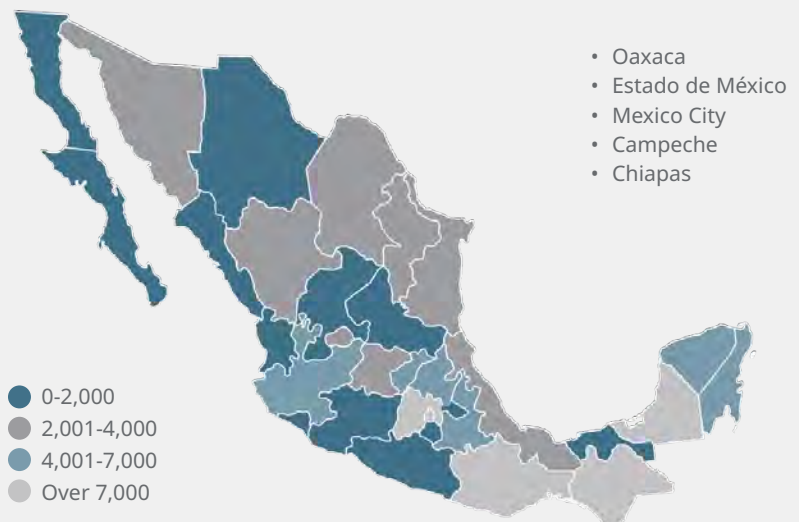
The region with **highest growth** from 2023 to 2024 was the **South**, at **123%**. Currently, it is the region with the highest assistance numbers in the country, followed by the Center, with **53%**, and **Northeast**, with **30%**.



Note: 8,254 assistances that account for 5% of the total correspond to users abroad or individuals that opted to not share data.

### 2024 DISTRIBUTION OF ASSISTANCE PER STATE

The **states** with the **highest** number of **assistances** that make up **52%** of the total are:



## BUSINESS BANKING

**N**acional Financiera, through the **Business Banking Unit** and in observance of the institutional objectives, strategies, and lines of action, has focused on the granting of financing to productive state enterprises and their subsidiaries, Federal Government suppliers, and companies that focus on the development of priority and strategic projects.

With the design, structuring, and implementation of **Corporate Financing** and **Investment Projects** schemes, financing under the **First-Tier** program services specific needs of Mexican companies, thus promoting business productivity and competitiveness.

*Taylor-made* financial products have made it possible for a higher number of companies to access financing. Strategic sectors that face obstacles to access other financing options are serviced through the design of financial structures according to their business models.

The **Business Banking Unit** has put more emphasis on financial support that contributes to regional development, based on the productive occupations of each region. In this respect, we have sought opportunities to support the **nearshoring** efforts focused on the Strategic Projects and Federal Government Suppliers axis, and in the Regional Development and Financing to the Industrial and Services Sector, especially for internal market value chains, with the aim of raising the national content percentage.

As of December **2024**, the balance in the public and private first-tier credit portfolio reached **84,560 million pesos**, an amount **87%** higher than



that of December 2023 (a balance of **57,955 million pesos**). This increase was possible through the financing of priority projects.

This line of action was ongoing as of the close of the fiscal year, and there will be a joint effort with the commercial banks to keep expanding the portfolio and provide viability to big projects.

## CORPORATE STRUCTURED CREDITS AND INVESTMENT PROJECTS

In accordance with the National Development Plan and the Institutional Strategy, **Nafin promotes schemes** for financing and **investment** from many sources that aim to **actively contribute** to meeting the new scopes, responsibilities, investment requirements, and expected goals in priority sectors. The aforementioned focuses on the development of national suppliers, the creation of jobs, regional integration, and social benefits.

**Structured Credits** are a financing mechanism based on the financial information of the company. It analyzes their payment capacity from their history of operations and affects its balance, that is, the credit is reflected in the financial statements of the company.

**Investment Projects** are a financial mechanism outside of balance through which **credit** is granted through a specific purpose vehicle with an identified source of payment. This makes it possible to isolate the operational and credit risk without affecting the balance. This is mainly aimed at medium and large enterprises.

To follow up the institutional strategy and reach the goals and targets set during the first quarter of **2024**, the following actions that aim to preserve and increase the first-tier credit portfolio were maintained:



- Prospecting and promotion of clients.
- Financing strategic projects and Federal Government suppliers, and direct credits to productive state enterprises.
- Financing for infrastructure development.
- Management, analysis, and support to structured financing on the current portfolio.
- Payment structuring or rescheduling of current financing affected by internal or external issues, to ensure credit recovery.

In this respect, the following was incorporated into the credit portfolio.



- Formalization and disposal of a revolving credit line for the construction of submarine ducts and cabling in Campeche and Tabasco, for up to **20 million dollars**.
- Formalization of the syndicated loan for the debt re-profiling and working capital of a Mexican company manufacturing and distributing yarns and fabrics for an amount of up to **230 million dollars**, with participation of Nafin for up to **30 million dollars**. This company has manufacturing facilities in Hidalgo, Querétaro, and Estado de México.
- Formalization and disposal of syndicated credit for liability reprofiling, acquisition of real estate assets, and general corporate purposes for a total amount of **375 million dollars**, and a revolving credit line for up to **4,000 million pesos** for general corporate purposes. The participation of Nafin in these credit lines is for up to **40 million dollars**.
- Formalization of a revolving credit for working capital for a company related to security services, which has national coverage, for an amount of **100 million pesos**.
- Formalization and disposal of a current account credit facility to expand the technological and infrastructure capacity of a company located in Mexico City, that provides specialized technology services in payment methods with nationwide coverage, meeting its working capital needs for an amount of up to **600 million pesos**.

- Formalization of the syndicated loan for general corporate purposes related to the reconfiguration of a hydrocarbon project located in Oaxaca, with a participation by **Nafin** for **5,932 million pesos**. Likewise, a new tranche of the loan was formalized and disposed of, with Nafin participating for **6,300 million pesos**.
- Formalization of credit for working capital aimed at the completion of a shopping center in Querétaro, for **152 million pesos**.
- Formalization and disposal of a simple credit line (Club Deal) for the purchase of many brands, general corporate uses, and payment of expenses and fees, for up to **200 million pesos**.
- Formalization and disposal of a syndicated loan for working capital and assorted corporate uses considering the sector the company belongs to, with Nafin participating for **1,500 million pesos**.
- Formalization and disposal of a syndicated loan to finance up to 90% of the amount of refunds of Value Added Tax (VAT) balances derived from the operations of the borrower, with Nafin participating with **5,550 million pesos**.
- Formalization and disposal of a simple credit line for the payment of the totality of one financing, the acquisition and/or reimbursement of fixed assets, the funding of the debt service reserve account, and external expenses and/or fees.
- Revolving line for working capital and expenses and/or external fees derived from financing, in the amount of **600 million pesos**.
- Formalization and disposal of a simple syndicated loan for working capital aimed at expanding technological and infrastructure capacity as well as the settlement of liabilities, for an amount up to **2,200 million pesos**.
- Formalization of a simple credit for the construction, final furnishing, and preoperational expenses for the commissioning and start of operations of phase 1 of the Grand Island Cancún project (Vivid and Dreams hotels) and payment of financial debt.
- Tranch B: for costs and expenses related to financing, including commissions and debt service reserve, for an amount up to **1,600 million pesos**.



- Formalization of a syndicated credit for refinancing of liabilities, costs, and expenses in connection with the credit for an amount of **2,600 million pesos**, where **Nafin** participated with **400 million pesos**.
- Formalization of a simple credit line to refinance liabilities, for an amount up to **3,000 million pesos**.
- Formalization and disposal of a simple credit line for the payment of liabilities and capital needs of the borrower, as well as costs associated with the financing including, without limitation: i. constitution of the reserve account, ii. costs of the advisors including VAT, and iii. commissions and costs associated with the payment of liabilities, for up to **5,250 million pesos**.



- Formalization and disposal of a simple credit line for: i. acquisition of transportation equipment, excluding VAT; ii. financial costs related to the project, including interest, commissions, and VAT; iii. constitution of the debt service reserve account, and iv. costs of external and fiduciary advisors, including VAT, for an amount up to **120 million pesos, of which 92 million pesos were disposed.**

**Nafin** will continue promoting the national development through its Business Banking Unit, by prioritizing promotion activities for the analysis and structuring of credits that make it possible to grant financing to enterprises from priority sectors and with high economic regional impact. Likewise, the timely follow-up, management, analysis, and support financing in the current portfolio will continue.

## FINANCIAL ADVISORY

**B**y the second quarter of **2024** a **technical report** of assessment of companies in support of their incorporation to the Mexican Stock Market (BMV, in Spanish) was prepared.

## GOVERNMENT BANKING

**T**he balance of the first-tier financing to the public sector amounted to **9,737 million pesos** as of December 2024. This portfolio contains the credit lines in favor of productive state enterprises from the energy and hydrocarbon sectors, and during the first semester of **2024** the financing related to the reconfiguration of the Salina Cruz refinery in Oaxaca was integrated.

## INTERNATIONAL

**N**acional Financiera, through the Directorate of International Financial Organizations (DOFI, in Spanish), manages external financing for the Bank's priority projects, under the best terms and conditions, to optimize the costs of institutional raising and help manage the balance with medium- and long-term funding.

### INTERNATIONAL FINANCIAL ORGANIZATIONS

Financial Agent is responsible for designing strategies to promote and negotiate loans and grants issued by International Financial Institutions (IFIs) for financing the priority programs and projects of the Federal Government. The International Outreach and Cooperation area is in charge of connecting, promoting, and positioning Nafin with the international development community, by maintaining an active cooperation process to exchange the best practices.

The foregoing ensures that any commitments acquired by our country and Nafin are honored by guaranteeing the mobilization of international resources to finance and support new ventures in innovative sectors and areas vulnerable to climate change, with low carbon footprint, and on a gender equality basis, to help reach the goals set in the **2030 Agenda for Sustainable Development**.



### INTERNATIONAL OUTREACH AND COOPERATION

**Green Climate Fund (GCF).** In late **2015**, The Secretariat of Finance and Public Credit (SHCP, in Spanish), in its capacity as Designated National Authority, submitted the official nomination for Nacional Financiera to be accredited as a Direct Access Entity to the **GCF**. Nafin was in Phases I and II of the accreditation process from **2016** to **2020**, a period during which it collaborated with the Secretary's Office of the **GCF** to demonstrate its institutional capabilities and compliance with the criteria set for said fund in administrative, financial, transparency, accountability, brokering, resources combinations, and environmental and social safeguards compliance.

In **March 2024**, the **GCF** evaluated and approved the Environmental and Social Complaints Mechanism (MAQ, in Spanish), which accelerated the process to complete the negotiation of the Accreditation Master Agreement (AMA) and formalize Nafin's accreditation. In this way, Nafin will be able to access **GCF** grant resources of up to **250 million dollars** for innovative climate change mitigation and adaptation projects and programs in Mexico.

Parallel to the accreditation process, Nafin prepared two concept papers on energy efficiency and sustainable transportation, which are currently undergoing an exhaustive review process. In this regard, in **May 2024**, under **SHCP's** coordination, Nafin met with the Fund's specialists in order to jointly review the details of the two concept papers that could be submitted to the **GCF** upon **AMA's** entry into force. These meetings, held during a visit by Fund specialists to Mexico, also provided an opportunity to learn about the Fund's **2024-2027** Strategic Plan, the new Repository 2 Readiness Strategy, and the Project Preparation Facility for capacity building in the development of the project portfolio.

The forms required by the **GCF** to apply for **GCF-2 Readiness** grant were completed in December 2024. If this grant fund is approved in 2025, Nafin will receive **1 million dollars** to strengthen its capacities in line with international best practices, in order to mobilize more and better sustainable financing during **2025- 2027**.

## INTERNATIONAL AGENDA

**N**afin is an active member of international organizations that allow it to have a **presence in 72 countries** and strengthen its capabilities with the best practices so as to support MSMEs.

**Latin American Association of Development Financing Institutions (Alide, in Spanish)**. Alide is the most important community of finance institutions development in Latin America and the Caribbean. It currently has 60 active members in the region, including **Nacional Financiera**.

In the first semester of **2024**, Nafin officials participated in the **54<sup>th</sup> Annual Meeting of the Alide General Assembly**, held in Fortaleza, Ceará, Brazil, **May 14-17**, at the headquarters of Banco do Nordeste do Brasil (**BNB**).

Nafin participated in **seven** occasions in the agenda of that meeting: as a participant, in the Board of Directors/ Advisory Council Meeting, the Coordinators' Meeting, and the Institutional Affairs Session; as moderator, in the first plenary meeting "Scaling up Sustainable Financing in Latin America and the Caribbean", and in the workshop "New Technologies and Artificial Intelligence: Applications in Development Finance"; and as a panelist, in topics such as "Financial Inclusion of Women: Public Development Banks as Catalysts".

The relationship with **Alide** has resulted in capacity building and the positioning of **Nacional Financiera - National Bank of Foreign Trade (Nafin-Bancomext)** through the publication of quarterly articles on the products, programs, or innovative initiatives of these institutions. In 2024 Nafin published: 1) "Nafin, 90 years of being a key player in Mexico's development and growth"; 2) "Development banking closer to communities, Nafin trains in native languages in Mexico", and 3) "The Nafin sustainable strategy: transforming development banking in Mexico".

**The Montreal Group (TMG)**. TMG is a non-profit association created in September **2012** and aims to exchange experiences among financial institutions dedicated to the development of **SMEs**. Currently **it consists of twelve development banks**: Banco Nacional de Desenvolvimento Econômico e Social (**BNDES**) of Brazil, Banque Publique d'Investissement (**BPI**) of France, Business Development Bank of Canada (**BDC**), China Development Bank (**CDB**), **Finnvera** of Finland, **Nacional Financiera**, Development Bank of Nigeria (**DBN**), Saudi Industrial Development Fund (**SIDF**) of Saudi Arabia, Small Industries Development Bank of India (**SIDBI**), **SOWALFIN** of Belgium, **Tamwilcom** of Morocco, and the **British Business Bank** of the United Kingdom.

**Nafin** participated in the **TMG Annual Meeting** on April 4, **2024**, which was held virtually. The meeting covered a range of topics, including the **2024-2025 budget**, highlights of the Group's activity during **2023**, updates on initiatives by all members, the work plan for **2024-2025**, and topics of interest for the same period. Additionally, during the first semester of **2024**, Nafin participated in various meetings of the working groups that make up this network: i) Chief Economists, ii) Gender, iii) Non-Financial Services for



Climate Action, and iv) Innovation. In these micro forums, Nafin has presented its best practices in sustainability and environmental, social, and governance criteria (**ESG**), as well as some of its securities programs. Consequently, in June 2024, Nafin was invited by the Tamwilcom to discuss the Nafin Sustainable Strategy (**ENS**, in Spanish) and the sustainability due diligence requirements for financial intermediaries.

On October 15, 2024, the Montreal Group presented a paper titled “**Unlocking the Decarbonization of SMEs: How TMG Members Are Supporting SMEs and Measuring the Success of Their Programs**”. In this regard, Nafin contributed to the promotion of these efforts to support SME decarbonization in Mexico through an interview.

**International Development Finance Club (IDFC)**. IDFC was originally formed by **11** financial institutions: Agence Française de Développement (**AFD**), **BNDES**, Central American Bank for Economic Integration (**BCIE**), **CDB**, African Development Bank (**AfDB**), Japan International Cooperation Agency (**JICA**), Korea Finance Corporation (**KoFC**), German Development Bank (**KfW**), **SIDBI**, Vnesheconombank (**VEB**) from Russia, and **Nafin**. **IDFC** currently has **27** members from Europe, Africa, Asia, the Middle East, the Americas, and the Caribbean. The Club aims to share knowledge, experience, and expertise on strategic issues of common interest to its members.

**IDFC** has five working groups: a) Adherence to the Sustainable Development Goals (**SDG**), b) Partnership for Development, c) Gender Equity, d) Biodiversity, and e) Climate Change. **Nafin** virtually participates every two weeks in every group. As a result, there is a consensus among development banks to measure, quantify, and report progress in sustainable financing at a global level.



**Global Environment Facility (GEF)**. The GEF is a multilateral set of funds aimed at addressing biodiversity loss, climate change, and pollution; as well as supporting the health of the land and oceans. Its funding enables developing countries to address complex challenges and work towards international environmental goals. The partnership integrates 186 member governments, as well as representatives of civil society, Indigenous peoples, women, and youth, with a focus on integration and inclusion.

Over the past thirty years, GEF has provided more than 25,000 million dollars in funding and allocated **145,000 million dollars** for country-driven priority projects. The pool of funds includes the Global Environment Facility Trust Fund, the Global Biodiversity Framework Fund (**GBFF**), the Least Developed Countries Fund (**LDCF**), the Special Climate Change Fund (**SCCF**), the Nagoya Protocol Implementation Fund (**NPIF**), and the Capacity -building Initiative for Transparency (**CBIT**) Trust Fund.

Mexico’s relationship with the **GEF** dates back to the 1990s, and to date a total of 59 projects focused on nature conservation have been completed. Since **Nafin** is the financial agent for these funds, in May **2024** the International Outreach area and the Financial Agent began negotiations with the **GEF** and the **SCHP** for the eighth replenishment of the funds focused on conservation and preservation projects in Mexican territory.

**International bank shareholder.** Nafin represents Mexico as a shareholder in two Latin American banks: it is a **class C shareholder** of the Development Bank of Latin America (CAF) and a **class B shareholder** of Latin American Bank of Foreign Trade (Bladex).

CAF's mission is to promote sustainable development and regional integration by financing public and private sector projects, providing technical cooperation and other specialized services. In 2024, Nafin represented Mexico twice, jointly with SHCP, to make governance decisions.

Bladex specializes in financial solutions for foreign trade in the Latin American and Caribbean region and has been listed on the New York Stock Exchange (NYSE) since 1988. In April 2024, Nafin participated in the Shareholders' Meeting in which the decisions were: a) to approve the audited consolidated financial statements for fiscal year 2023; b) ratification of KPMG as Independent Certified Public Accountants for fiscal year 2024; c) election of three directors (Isela Constantini and Alexandra M. Aguirre, to represent investors of all share classes, and Miguel Heras, to represent class E investors), and d) approval, on an advisory basis, of the Bank's executive compensation.

**Mainstreaming the gender perspective.** Nacional Financiera is committed to mainstreaming gender perspective throughout its operations and organizational culture. To this end, in 2022 it signed the first Gender Equality Policy, and in 2023 ten units of the Bank committed to the Gender Action Plan (PAG, in Spanish) to implement initiatives that support this objective until 2026.



## FINANCIAL AGENT

As of December 31, 2024, the portfolio of Financial Agent in execution consisted of **three** loans and **two** donations for a total amount of **143.4 million dollars**. Out of the three loans, totaling **133.4 million dollars**, **two** are from the International Bank for Reconstruction and Development (IBRD, original institution of World Bank); and **one** is from the International Fund for Agricultural Development (IFAD). While the **two** donations, totaling **10.0 million dollars**, come from the IBRD.

During 2024, **nine** missions were carried out, of which **six** were supervisory, **one** mid-term, **one** restructuring and **one** closing mission, as follows: two missions for the Business Strengthening in Productive Forest Landscapes Project, executed by the National Forestry Commission (Conafor, in Spanish); three missions for the Water Security and Resilience Project for the Valley of Mexico, executed by the National Water Commission (Conagua, in Spanish); one mission for the Modernization of Public Financial Management Systems in Mexico Project, executed by the SHCP, and three missions for the Balsas Basin Project: Reducing Climate Vulnerability and Emissions through Sustainable Livelihoods, executed by Conafor.

Energy, social, water, financial, environment, and climate change were the **main sectors supported** by the IFIs in the stated period. Disbursements to **December 31, 2024**, amounted to **19.5 million dollars**. Likewise, an income of **4.9 million dollars** was recorded for commissions charged as Financial Agent.

**Nafin Sustainable Fund (FSN, in Spanish).** With the resources raised and channeled through the **FSN, Nacional Financiera** promotes national efforts to comply with the **SDGs**, aligned with the priorities of the Government of Mexico.

As of **December 31, 2024**, **FSN's** equity amounted to **269.5 million pesos**, with an approximate equivalent of **13.1 million dollars**. Of the portfolio managed by the FSN, there was an accumulation of contributions received for an approximate amount of **39.3 million dollars** of the **70.9 million dollars** committed; resources that attend to the contributions received which are described below:

- **6.0 million dollars** from **KfW**; as well as contributions of **27 million pesos** from the **Trust Fund for the Promotion Fund for the Financing of Public Transportation in Mexico City (Fifintra)** and **6.0 million pesos** from the **Institute of Mobility and Urban Territorial Development of Yucatán**, destined to the Sustainable Transportation Financing Program, which aims to promote the renewal of the vehicle fleet through loans to **MSMEs** in the urban passenger and freight transportation sector, including scrapping of obsolete vehicles, in order to support the reduction of greenhouse gas emissions and other pollutants.
- **World Bank**, with a contribution of **13.5 million dollars** to support the Sustainable Productive Territories initiative of the Secretariat of the Environment and Natural Resources, which seeks to strengthen the sustainable management of productive territories and increase economic opportunities for rural producers in priority areas of Mexico.
- **German Society for International Cooperation (GIZ, in German)** for the amount of **5 million dollars** for the implementation of energy efficiency projects and/or the incorporation of renewable energies in **SMEs**.
- **National Institute of Ecology and Climate Change (INECC, in Spanish)**, which has contributed **126 million pesos** for the Coastal Communities in the Face of Climate Change and Pollution Program (**C5 Program**), consisting of economic support for the recovery of the fishing community in the states of Veracruz, Tabasco, Campeche, and Tamaulipas.
- **CAF** for **250,000 dollars**, the Central American Bank for Economic Integration (**CABEI**) for **500,000 dollars**, and the Inter-American Development Bank (**IDB**) for **200,000 dollars**, for the International Support Program for the Recovery of the State of Guerrero (**AIRE, in Spanish**).



- **United Nations Office for Project Services (UNOPS)** for **40,000 dollars** for the Initiative for Climate Action Transparency (ICAT) Project, whose objective is to promote climate transparency, for compliance with mitigation commitments under the Paris Agreement.
- **IDB** for **2.6 million dollars** for the Energy Efficiency Program through Distributed Generation for **MSMEs**, with the purpose of supporting **Nafin** to develop a line of business related to the introduction of photovoltaic distributed generation projects for **MSMEs** in the industrial, commercial, and service sectors through a results-based guarantee scheme.
- **IFAD** for **199,204.23 dollars** for the Agriculture and Biodiversity in Mexico Project (AgriBioMex), with the objective of integrating biodiversity into rural landscapes through the implementation of sustainable policies and practices in the agricultural sector.
- **National Institute of Ecology and Climate Change (INECC, in Spanish)**, which contributed **26.2 million pesos** for the **C5 Program, Phase 2**, consisting of economic support for the recovery of the fishing community in the states of Yucatán and Quintana Roo.

It is worth mentioning that **as of December 31, 2024, Nafin received 6 million pesos**, with an approximate equivalent of **337,000 dollars**, for the services provided by the **Nafin Sustainable Fund**.

### IFI FINANCED PROJECTS

**N**acional Financiera strengthened its **IFI funding strategy** to meet its goals of obtaining long-term resources in foreign currency under the best terms and conditions, including competitive rates, to promote sustainable projects in support of the priority development projects in Mexico. Along with these funds, non-reimbursable financial contributions, aimed at the implementation of the programs and projects, had been made to reinforce the capacity of the Institution and to properly service the public policy targets of the Federal Government, focusing on climate change mitigation matters.

At the end of **2024**, there was a portfolio of **131 loans** in the amount of **1,500 million dollars** contracted with many **IFIs**: **KfW**, the **IDB**, the French Development Agency (**AFD**, in French), the European Investment Bank (**EIB**), the World Bank (**WB**), and **CAF**. Likewise, there were four donations by a total of **57.3 million dollars** from the **IDB**, and **five donations from KfW and GIZ by a total of 41 million euros**.

The **IFIs** financing projects in operation and being negotiated in the reported period are as follows:

### OPERATING FINANCINGS

**Concessional loan from KfW for 112.73 million dollars for the Sustainable Transportation Financing Program**. Since **2018**, **Nafin** and **KfW** have worked together on the design and implementation of a program to support Mexico in achieving its climate change goals through the reduction of greenhouse gas emissions (**GHG**) in the transportation sector. In its first stage, the Program has **112.73 million dollars** to finance vehicles for projects in various states, as well as non-reimbursable resources for **10 million euros** aimed at scrapping, and **2 million euros** for technical assistance and institutional strengthening.

Therefore, as of the date of this report, **1.2 million dollars** from the Renovation Fund have been disbursed, as well as **33 million pesos** corresponding to the proportional part of the states: **8 million pesos** for the implementation of the cab program and **19 million pesos** for the trolleybus program, both in Mexico City, as well as **6 million pesos** for the implementation of the bus project in Yucatán.

**Concessional loan from KfW for 103.95 million dollars for the Sustainable Transportation Financing Program II**. On December 20<sup>th</sup>, 2024, the loan agreement for the Sustainable Transportation Financing Program II was executed so as to continue funding vehicle replacement projects. The loan includes resources up to **103.95 million dollars** for the purchase of new vehicles, as well as non-reimbursable funds up to **10.5 million euros** for the Replacement Fund, and **2 million euros** for technical assistance and institutional strengthening purposes.

Currently, Nafin is working with KfW in the agreements of the Program, as well as on the Operational Rules thereof.



**Technical Cooperation from the IDB and the Clean Technology Fund (CTF) to fund the Geothermic Financing and Risk Transfer Program (PFTRG, in Spanish).** The **goal** of this program is to mitigate the geothermal exploration risks and mobilize investments to increase the electrical power generation capacity from geothermal resources in Mexico.

The Program originally had three financial components: i) a loan for **54.3 million dollars** from the **IDB** to build and/or modernize and expand operation plants and transmission lines, ii) non-reimbursable financing with contingent recovery for **51.5 million dollars** from the **CTF** for exploratory drilling, and iii) a donation of **2.8 million dollars** from the **CTF** for Non-Reimbursable Technical Cooperation.

For the implementation thereof, the Program uses the non-reimbursable amounts which will finance the well drilling works to prospect for geothermic resources in two sites: Cerro Prieto, in Baja California, and Tres Vírgenes, in Baja California Sur. Such drilling works must be carried out by a drilling company retained through an International Public Bid (**IPB**). In this regard, the Work Group of the Program, consisting of the **IDB**, **Nafin**, the Secretariat of Energy (**Sener**, in Spanish), and the National Institute of Electricity and Clean Energy (**INEEL**, in Spanish) as the technical expert, adjusted the bid requirements published on October 22. Bid Proposal receipt for hiring drilling services is expected to take place in the first quarter of 2025.

**Loan from KfW for 34.02 million dollars for the Forestry Investment Program (Proinfor, in Spanish).** At the request of **SHCP**, in 2018 **Nafin** supported the Trusts Incorporated in Connection with Agriculture (**FIRA**, in Spanish) in contracting a concessional loan from **KfW** for **34.02 million dollars** - since the **FIRA** does not have a sovereign guarantee. Said loan, aimed to implement a program for strengthening community forestry companies, was transferred to the **FIRA** in the favorable conditions granted by **KfW**, plus the operating and risk costs incurred by **Nafin** for its mediation. This loan included a Financial Contribution of **6 million euros** to implement support measures for the Program, under the responsibility of the **FIRA**.

Following the formalization of the amendments to the legal documents due to the change in rates from LIBOR to Term SOFR, as well as the extension of the term until the end of 2025 to make disbursements, in the months of August and October 2024, disbursement requests 4 and 5 were processed for a total of 2.8 million dollars, reaching a total disbursed amount of 7.6 million dollars.

At the end of the period, **FIRA** requested **Nafin's** intervention to negotiate a second extension of the contract term until December 2026.

**Uncommitted Line with CAF for 300 million dollars.** In **2013**, **CAF** approved an uncommitted revolving credit line of **300 million dollars** for **Nafin** to finance all kinds of operations of the Institution, including, but not limited to: working capital, foreign trade, productive chains, financing to sustainable projects, and other corporate purposes in general. An updated contract was negotiated and formalized in May **2022**, in line with the new model for **CAF**, and including the new **TERM SOFR** reference rate. Such update kept the original conditions and set that the transaction terms would be set according to each case but could never exceed 360 natural days after the disbursement date. Likewise, the amount disbursed in every operation will be amortized on the due date of the term agreed upon for every transaction.

During **2024**, disbursements were carried out for the total amount of the credit line, as follows: 120 million dollars in February, 80 million dollars in March, and 100 million dollars in June.

**Financial Contribution from the Mitigation Action Facility (MAF/GIZ) for 16.2 million euros for the NAMA's Energy Efficiency Program in Small and Medium Enterprises to Contribute to a Low Carbon Emissions Economy in Mexico.** **GIZ** is supporting the Mexican government in the implementation of their Nationally Appropriate Mitigation Actions (**NAMA**) as part of their commitment to fight climate change in Mexico.

Therefore, **Nafin**, with the support of **GIZ**, presented a financial cooperation request to **MAF**. The resources granted amounted to **16.2 million euros**: i) **7 million euros** for **Nafin** Counter-guaranties Fund; ii) **2.5 million euros**, managed by **Nafin**, for subsidies in the cost of energy audits, payment for technical verifications, and the cost of scrapping replaced equipment; and iii) **6.7 million euros**, managed by **GIZ**, for technical assistance to the Program.

Upon the official launch of the Program in February 2024, Nafin actions as Operational Manager had been aimed at managing energy audits and their corresponding validations, as well as implementing the promotion and operation strategy of the Program.

At the end of the reported period, **67.2 million pesos (or 3.5 million euros)** were transferred to the counter-guarantees of Nafin, and **1.25 million euros** to the Nafin Sustainable Fund for audits and technical validation payments.

In short, to the date of this report, **10** agreements for the execution of energy audits had been executed; **221** requests from SMEs interested in participating in the Program had been received, **49** of which had been allocated to project developers for due analysis and energy diagnosis execution; **11** energy audits had been carried out, and the design of promotion and placement strategies is ongoing.

**BID Loan of 100 million dollars for the Program for the Development of Rural Projects for Climate Change Adaptation.** This program is funded by **IDB**, through **Nafin**, so as to provide support to **FIRA**. It aims to promote financing of investment projects that decrease vulnerability to climate change impacts.

Loan contracting was authorized by the Board of Directors of **Nafin** during the meeting held on June 7, 2023. Negotiations with the **IDB** started on the same date and, on March 15th, 2024, the loan agreement and securities contract were executed.

According to contract terms, prior to the first disbursement, during December 2024 the total amount of funds were allocated, and the resources would be reviewed by **FIRA** according to the program implementation.

**Loan from the French Development Agency (AFD, in French) for 100 million pesos for Funding Buildings under the PEEB Cool Program.** As part of the institutional sustainability strategy and aiming to increase the number of sustainable projects in the portfolio, the Board of Directors authorized in February 2024 a loan for financing new sustainable buildings either or for refurbishment of existing ones under the **PEEB Cool Program** (Program for Energy Efficiency in Buildings).

On December 2024, a loan from the **AFD** for **100 million dollars** was executed. Such loan includes ordinary resources from **AFD** and concessional funds from **GCF**. Likewise, the Program includes non-reimbursable funds for technical assistance for the Program implementation up to **1.5 million dollars**.

Next year, the Program's operative documents and eligibility criteria for sub-projects will be created so as to use the total amount of the funds, as set in the contract.



## DEBT ISSUANCE IN CAPITAL MARKETS

**T**hanks to having the guarantee of the Federal Government, Nacional Financiera is a reference participant in the domestic and international capital markets. The valuation of Nafin's debt instruments is a financial benchmark for other Mexican public and private institutions that operate in the same markets. In order to perform this role, our institution complies with the information requirements and legal obligations set by financial regulations of the markets in which it issues debt. To this end, it interacts with various financial authorities, stock exchanges, and rating agencies, as well as with multilateral organizations that, sometimes, endorse its instruments. In addition, Nafin has developed strong institutional relationships with an important base of investors worldwide, such as

investment funds, insurance companies, pension funds, brokerage firms, private banks, and banks that hold our debt instruments. Moreover, Nafin is in permanent contact with the main global financial institutions to constantly monitor various issuance opportunities, not only in Mexico but also in international markets.

Therefore, in February 2024, two social bonds were issued for a total of 12,393 million pesos for 3.21- and 10-years terms, for 4,271 million pesos at TIIE Funding + 25 bp and 8,122 million pesos at a fixed rate of 9.60%, respectively. A demand of approximately 2.4 times the initial amount of 7,500 million pesos was obtained. In other words, the transaction attracted more than 18,260 million pesos of investor interest, with the participation of 53 investors (banks, investment funds, pension funds, private banks, brokerage firms, insurance companies, and government entities).

On September 2024, two social bonds were issued for a total amount of 11,593 million pesos to 3.5- and 10.5-years terms, at a variable rate TIIE Funding + 0.25 bp and a fixed rate of 9.99%, respectively. A demand of approximately 2.20 times the initial amount of 7,500 million pesos was obtained. In other words, the transaction attracted more than 16,483 million pesos of investor interest, with the participation of 27 investors (banks, investment funds, brokerage firms, insurance companies, and government entities).

In November 2024, the social bond launched in February was reopened with a 2.5-year term. Such opening was for 5,000 million pesos at a variable rate TIIE Funding + 0.24 bp variable rate. A demand of approximately 1.81 times the initial amount of 3,000 million pesos was obtained. In other words, the transaction attracted more than 5,421 million pesos of investor interest, with the participation of 11 investors (banks, investment funds, brokerage firms, and government entities).

In 2024, Nafin reached a historical maximum in issuances, this reaching a new milestone. As per the Sustainability Bond Framework 2021, the proceeds from such five issuances will be used for social impact programs and/or projects with a social component (financial inclusion, employment generation, and gender).

At the end of 2024, 68% of Nafin's outstanding issues were theme-related (sustainable and/or social), and the cost of institutional fundraising in debt instruments from the capital market had been optimized, achieving a reduction of 7 base points in issuance of CEBURES in 2024.

As of December 2024, there was already proof of the use of resources for the issuance of thematic bonds: 2021 for 7,800 million pesos, 2022 for 9,304 million pesos, and 2023 for 25,783 million pesos.



## SUSTAINABILITY STRATEGY

Since 2021, with support from the **Global Green Growth Institute (GGGI)**, DOFI has been implementing the Sustainable **Nafin** project, which aims to advance in the institutional transformation to integrate and disseminate Environmental, Social and Governance (**ESG**) and climate-related risk information for the benefit of stakeholders who wish to be informed of the actions, strategies, and progress in sustainability that are carried out within **Nafin**.

The sustainable strategy is aligned with the **SDGs**, and to strengthen this link, several initiatives have been developed, most notably:



Launch of the **Nafin** Sustainability portal, aligned with international best practices, with quarterly updates.



Authorization of the Nafin Sustainable Strategy at the first ordinary meeting of the Sustainable Finance Committee.



Development of the Gender Policy.



Update of the Social and Environmental Policy.



Development of the guidelines for the Social and Environmental Complaints Mechanism.



Upward update of the Institution's ESG impact assessment, obtaining a rating of 2 with a stable outlook (on a scale of 5 to 1).



The Ibero-American Guarantee Network (**Regar**, in Spanish) awarded **Nafin** the Pablo Pombo Recognition, in the Sustainability Policies (**ESG**) category, for its commitment and contribution to sustainability derived from the "Estrategia Sostenible **Nafin**" [**Nafin** Sustainable Strategy] project.



Recognition by Santander to Nacional Financiera for having issued the largest sustainable bond in the Mexican market in 2024.



Capacity building on sustainability issues, through the participation of different members of the Issuance and International Affairs Unit and the Institution in courses and workshops.

## TREASURY AND MARKETS

### TREASURY

**Fundraising.** Treasury continues its fundraising strategy based on the diversification of funding sources and the execution of transactions resulting from coverage, which has resulted in the optimization of the institutional fundraising cost by obtaining better conditions (rate and term) for the resources allocated to the transactions executed by the Bank.

Thus, **2024** closed with indicators that exceeded our outstanding goals in: **12 bp** below the **28-day TIIE**, which represents a **133%** achievement of the target, and **37 bp** above the **Term SOFR Curve**, which represents a **170%** achievement of the target.

During **2024**, the Treasury issued development banking stock certificates for a total of **28,985 million pesos**, out of which **14,050 million pesos** were issued at adjustable-rate base TIIE Funding, and **14,935 million pesos** at fixed rate, which allowed to:

- Improve liquidity conditions.
- Develop the development banking debt curve to longer maturities, transmitting the benefits of funding to the industry.
- Promote the comprehensive development of the stock market and the national financial system.
- Promote the efficiency of local public debt markets, seeking at all times to make the price discovery process efficient.
- Have a greater participation of investors.
- Improve the operating dynamics in the secondary market for these instruments.

By December 31, **2024**, there were **106,159 million pesos** in stock certificates of Nacional Financiera circulating. Out of the total, **42,812 million pesos** were at an adjustable rate, and **63,347 million pesos** were at a fixable rate.

With respect to foreign currency funding, due to the financial conditions of the markets in recent years, the main source of funding used was the synthetic funding obtained from cross currency swaps which, together with the London Branch Certificate of Deposit Program, the certificates of deposit issued at the head office, the raising of interbank funding lines, time deposits, and working capital lines, allowed the Treasury to maintain its funding cost at attractive levels, in line with the fulfillment of institutional goals.

**Balance Management.** The strategy of minimizing the Bank's balance sheet exposure to interest rate movements was maintained; therefore, all necessary hedges were carried out to protect the income that the Bank receives as financial margin. This action allowed us to meet the Treasury's objective of ensuring that balance sheet risks are within approved limits and strengthen the bank's capital. By the end of **2024**, the income generated from managing the balance and investment portfolios totaled **1,894.7 million pesos**, which contributed to strengthen Nafin's capital.

**Investments.** There is a held-to-maturity portfolio in national currency, which is mainly structured with securities of the Federal Government; a liquidity portfolio, mainly consisting of governmental securities which is used as guaranty in the payment systems of Banxico; and a corporate securities portfolio that contributes to the private debt market development.

Profit generation through financial margin in US dollars originate from investment portfolios held to maturity and available for sale: strategic assets which have been maintained as one of the hedge instruments of the institutional balance, by hosting long-term fundraising lines. Both portfolios are, in their entirety, invested in debt issued by the Federal Government (**UMS**) and national state-owned companies (**Pemex** and **CFE**). It is important to mention that at the end of **2024** there were earnings of **239.2 million pesos**.

Regarding the foreign currency liquidity portfolio: to make the best of the international markets' conditions, the main strategy was the optimization of the profitability of US dollar surplus through the execution of synthetic investments in pesos. Likewise, the management of liquid resources through our checkbooks, particularly through demand and time deposits with development and commercial banks, allowed us to generate significant interest margins, so that at the end of **2024** this portfolio generated an income of **153.4 million pesos**.

**London Branch.** Despite the complicated international landscape faced in the last few years, the balance of certificates of deposit issued by the London Branch reached a total of **1,248 million dollars** at the end of 2024.



## MARKET ANALYSIS AND PROMOTION

**M**arket Promotion activities were carried out as usual during the reported period. Opening, updating, and cancellation of contracts were carried out in a timely manner, as was the daily operation, which went smoothly. Throughout **2024** we were able to maintain a stable and more diversified client portfolio, with a good operating dynamic. It is important to highlight the incorporation of new clients from the corporate and government sectors, as well as the reactivation of institutional clients; thus, contributing to funding Money Desk's positions and Treasury fundraising. In addition, with the support of the Foreign Exchange Desk, it was possible to carry out foreign exchange operations requested by some of our customers.

**International Financial Markets.** Solid global economic activity (although diverging among countries), a monetary policy in the process of "recalibration", lower than expected rate cuts by the Fed, the intensification of geopolitical conflicts, electoral events in Mexico and the United States (mainly with the arrival of Donald Trump to office), weather events, and growth in the technology sector due to artificial intelligence, were, among others, the factors that impacted the performance of the financial markets during the year.

The stock indexes of the main developed markets registered gains by the end of 2024 (even reaching all-time highs) and closed with the following variations: in the United States, the **Nasdaq** advanced **28.6%**, the **S&P 500**, **23.3%**, and the **Dow Jones**, **12.9%**; the Japanese **Nikkei 225** index advanced **19.2%**; the German **Dax**, **18.8%**; the Spanish **IBEX**, **14.8%**, and the **FTSE 100** of the English stock exchange advanced **5.7%**.

Among the emerging market indexes, the most notable was Hungary's **Budapest SE** with **30.9%**, followed by Hong Kong's **Hang Seng** with **17.7%**, China's **Shenzen Composite** with **12.7%**, and South Africa's **FTSE/JSE All** with **9.4%**. On the other hand, there were declines in Poland's **WIG20** with **-6.4%**, South Korea's **Kospi** with **-9.6%**, Brazil's **Bovespa** with **-10.4%**, and Mexico's **IPC** with **-13.7%**.

In view of the discourse of several central banks to maintain restrictive monetary policy, **bond yields rose** during the year. In the United States, the 10-year government bond rate closed at **4.57% (+69 bp)**; in France, **3.19% (+64 bp)**, in Germany, **2.36% (+34 bp)**, and in Canada, **3.23% (+12 bp)**; conversely, in Italy, it closed at **3.52% (-17 bp)**. Regarding emerging markets, Colombia registered the highest increase with **+192 bp** and a rate of **11.88%**, followed by Mexico with **+147 bp** and **10.42%**, Poland with **+69 bp** and **5.88%**, Indonesia with **+51 bp** and **6.97%**, and Malaysia with **+8 bp** and **3.81%**; in Peru there was a decrease of **-5 bp** or **6.63%**, China decreased **-89 bp** and **1.68%**, and South Africa with **-106 bp** and **10.31%**.

The **foreign exchange market** presented negative results in the face of the strengthening of the dollar against other currencies (measured by the **DXY** index) and ended with **7.1%** growth. In view of this performance, the currencies with the greatest losses were the Mexican peso with **-22.7%**, the

Brazilian real with **-21.4%**, the Russian ruble with **-20.9%**, the Korean won **-12.5%**, the Chilean peso **-11.7%**, the Japanese yen **-10.3%**, the euro **-6.2%**, the Polish zloty **-4.7%**, the Chinese yuan **-2.9%**, the South African rand **-2.6%**, and the sterling pound **-1.7%**.

Finally, **raw materials** had uneven movements, and the price of **WTI crude oil** closed the year at **71.72 dollars per barrel (dpb)**, which translates into a fall of **0.1%**, while **Brent crude** closed at **74.64 dpb**, with a fall of **-3.1%**. Regarding metal prices, the following variations were observed: silver **27.2%** (with an historical maximum), gold **21.5%**, and platinum **-8.5%**. Agricultural commodity prices decreased **-3.7%** and industrial metals fell **-1.6%**.

**National Financial Markets.** **Local markets** were **negatively impacted** by international events and the behavior of external markets. Nevertheless, in June there was greater aversion to risk and high volatility linked to **internal political electoral events**, which resulted in mayor loses in bonds and stokes markets, as well as currency depreciation.

Later, in November, the Mexican peso experienced volatility episodes with depreciation trend after the election of **Donald Trump**. Such uncertainty and volatility scenario continued to December **2024** due to continued hostility in Ukraine-Russia and Israel-Hamas wars. Moreover, after the electoral win of the republican candidate **Donald Trump**, drastic changes in economic, migratory, and trade policies are expected due to tariffs enforcement.





**Bonds and Money Market.** Throughout 2024 an increase of **30,880.40 million pesos** was observed in the holding of bonds held by foreigners, with a market share of **30.36%** and an increase of **2.20%**, maintaining the upward trend of 2023, since the position of **Mbonos** increased by **1,432,255.98 million pesos** and, as commented above, with the net entry of foreign investment of the **Mbonos** market for **30,880.40 million pesos**, in addition to an increase of **20,942.39 million pesos in debt instruments denominated as Cetes**, and an increase in **UDIS** for **17,929.83 million pesos**. As a result, there is an amount in total holding of debt instruments of foreign residents equivalent to **an increase of 2.85% at the close of 2024 against the close of 2023** and conformed as follows: **1'443,051.34 million pesos** in bonds, **220,588.28 million pesos** in Cetes, **168,065.83 million pesos** in real rate instruments, and the difference is in other Federal Government instruments.

During this period, central banks in Mexico, the United States and Europe continued to expect to maintain their monetary policy with a restrictive bias. They were cautious in their adjustments and during the **first half of 2024** they kept rates high, as a measure **against inflation**. It was a year with high volatility in rates, in addition to elevated levels of global inflation, which at times seemed to be decreasing in some countries. Although such levels unprecedented in the last 20 years in the United States of America and the Eurozone eased in some periods, they show no end to the inflationary cycle yet.

Regarding developing countries in the Americas, including Mexico, inflation began to improve as of the second half of 2024, with pauses and cuts in reference rates in several

central banks. The case of Brazil, where upward adjustments of **100 bp** have been seen, is the opposite. Little by little, other countries, without declaring a monetary easing cycle, had lowered their rates due to the drop in inflation. Regarding **Banxico**: the decrease expected to take place since October 2023 did not materialize and the reference rate stood at **11.25%** at the end of that year. In March 2024, the Mexican central bank decided to make the first **25 bp** reduction, and continued the trend in subsequent meetings, leaving the **reference rate at 10% at the end of 2024**.

In the United States, the **Fed** continued its tightening policy and continued to raise rates in the first half of 2023. On July 26 of that year, it increased from **4.25%** to **5.25%** and kept the rate in a **5.25%-5.50%** range until the end of the year. It was expected that the restrictive cycle ended towards the second half of 2024. As expected, the Fed started cuts in September and reduced the federal funds rate from **5.25%-5.50%** to **4.25%-4.50%** by the end of the year. Although it was expected that the monetary cycle would ease, some analysts and the **Fed** itself opted to keep the policy until having evidence of inflation decrease. Nevertheless, upon **Donald Trump** arrival to office in 2025, an inflation increase is expected during his administration.

At the end of 2024, Cetes rates dip in all terms: **28 days, -122 bp; 91 days, -129 bp; 182 days, -136 bp; 364 days, -106 bp**, and **707 days, -57 bp**.

Fixed rate **bond** rates increased by **27 bp** on average in the short part of the curve, the middle part of the curve increased **116 bp**, and the long part of the curve increased **160 bp**, which implied a tilting of the **Mbonos** curve in 2024. The **10 years' Mbono rate (Mbono NOV34)** closed in **10.42%**, which is **an increase of 147 bp**. Also, the **Mbono JUL53** closed in **10.79%**, which is an increase trend of **172bp**.

Finally, the surcharges of adjustable instruments fell throughout 2024 in the majority of the aforementioned instruments. Therefore, the curves of the **Bank Savings Protection Institute (IPAB, in Spanish)** securities with monthly coupons fell by **2.05 bp**, those with quarterly coupons fell by **2.7933 bp**, and those with semi-annual coupons fell by **25.34 bp**. As for **Bond D** and **Bond F** surcharges, the curves slid downwards: in the former by **4.08 bp** on average, and the later by **2.2675 bp**. **LGs** (Development Bonds of the Federal Government, **Bondes G**) issued on January the 2nd, 2023, fell **0.4536 bp** on average on 2024.



**Exchange Market.** During 2024 the global monetary policy experienced mayor changes as the main central banks -and some emergent banks-, cut interest rates. As expected, the Fed started cuts in September and reduced the federal funds rate from **5.25%-5.50%** to **4.25%-4.50%** by the end of the year. Fed expects to carry out only two rate cuts during **2025** - a hawkish position.

The European Central Bank (**ECB**) cut its reference rates in June, September, October, and December, taking the filing fee from **4.0%** to **3.0%**. **EBC's** Chair stated that inflation may reach its **2.0%** goal in the medium term, thus allowing more cuts in **2025**.

Japan's Bank increased its reference rate from **-0.1%** to **0.25%** in March and July. Brazil Bank cut is rate from **11.75%** to **10.50%** during the first half of the year, but it increased it to **12.25%** during the second half of the year.

In **2024**, the Bank of Mexico reduced its reference rate from **11.25%** to **10.0%**, which may allow further cuts during **2025**. Donald Trump's victory in the

presidential elections in the United States, and his trade and immigration policies, strengthened the dollar, which, in turn, depreciated the Mexican peso in **22.86%** (from **16.9190** to **20.7862** pesos per dollar) according to the **FIX** of the Bank of Mexico. Finally, during **2024**, the lowest exchange rate was **16.3357** pesos per dollar on April 8, and the highest was **20.7862** on December 31.

**Capital Markets.** **S&P/BMV IPC** closed **2024** with a loss of **-13.72% in pesos** -the worst drop since **2018-**, and **-29.96% in dollars**. Although day trading reached a historical maximum during the year when hitting **59,020.55** on February 7, its performance was negatively impacted by political uncertainty due to the Judicial Reform and the triumph of Donald Trump in presidential elections in the United States of America. Both events were relevant. This added up to the international turmoil resulting from geopolitical tensions; thus, resulting in greater aversion to risk in the local markets. The global monetary policy experienced cuts in interest rates from the main central banks -including **Banxico**. Also, international equity markets closed the year with general earnings, boosted by the rally generated by issuers of the technology sector developing AI. **S&P500** recorded its fifth best year since 2000, while **NASDAQ** was the index with better yields in **2024**. Both reached historical maximums by recording **22,096** and **6,090** points, respectively.

**Derivatives Market.** The Derivatives Market keeps providing support to the Treasury Strategies area with its negotiation and coverage execution needs through tailor-made transactions with interest rate swaps aimed at covering issuances, granting credit, and managing portfolio, while ensuring the best levels available in the market.

During **2024**, financial markets showed high volatility levels influenced by several different geopolitical events, as well as by uncertainty in internal and external economic processes. In this context, Bank of Mexico implemented several adjustments in the reference interest rate: it started the year with a **10.25%** rate and reduced it gradually to **10.00%** in December **2024**. These adjustments show the global trend to deflation and the need to boost the national economy.

On November **2024**, swaps referenced to **TIIE** with a **28-day** term were transferred to the rate with daily transactions known as **TIIE Funding**, thus migrating all liquidity to this new reference rate in the market.

At the end of **2024**, the interbank interest rate was **10.28%**. It is expected that the reference interest rate will keep adjusting along with the deflation and economic outlook, and it might have additional cuts if inflation keeps decreasing.

Moreover, volatility has been boosted by aspects such as global economic deceleration, sustained inflation in services, and geopolitical risks. In the face of these challenges, Derivative Products maintain their relevance as hedging instruments in **Nafin's** risk management and contribute to business development activities as well as to the healthy development of the market.

## INVESTMENT FUNDS

**Nafinsa Fund Operator** continues working on meeting the objective of fostering access of small and medium investors to the Stock Market through the distribution of stocks from the **13** investment funds it manages, having executed **23** agreements with **20** commercial brands in the stock market. At the close of December **2024**, the average assets managed in Nafinsa Fund Operator's investment funds amounted to **89,980 million pesos**. It should be noted that during this period the Broker has interacted with **Nafin's** Institutional Promotion Unit, through its regional directorates, to promote the purchase and sale of shares of the investment funds that it manages, particularly with entities of the Public Administration, such as the state secretariats of finance, public universities, and/or **Asiponas**. Additionally, there is participation in the project called Open Architecture, which

is a product of the Financial Reform and consists of the purchase and sale of shares of investment funds in electronic platforms, so that the shares are easily acquired by public investors; all in accordance with the mission of the Broker.

## CETESDIRECTO

During **2024**, the advertising strategy continued so as to encourage the contracting of **cetesdirecto** through advertising campaigns and social media, and with the support of a sales force. Also, greater emphasis was given to the use of the application (**App**) and the website for the contracting and operation of **cetesdirecto**, which were updated to improve user experience, allowing the public to access the platform easily and securely to manage their own resources.

These actions helped to close **2024** with an **upward trend** carried over since **2018**, thus reaching **3,600,000** registered customers; **2,438,813** of such registered customers have invested, which translates into an investment balance exceeding **175,501 million pesos**, exceeding the goals established for **2024** in outstanding fashion. Similarly, the total amount of debt placed by the Federal Government through **cetesdirecto** reached **11.88%** during the year, which, compared to the previous year's participation of **10.78%**, represented an increase of **10.20%**.

It is important to **highlight** that yield rates of governmental securities had a slight decrease, placing them at **10.19%** on average throughout the year.

Compared to **2023**, in **2024** **cetesdirecto** **increased 23.61% the number of people using the service**, and **36.38% the investment balance**.

## LEGAL AND FIDUCIARY OPERATIONS

### CORPORATE AND BUSINESS

During the period from January to December 2024, no lawsuits were generated due to errors in the Legal Process that serves the Financial Markets, First-Tier Financing, Venture Capital, International Affairs, and Advisory Matters.

During 2024, corporate and business matters had the following relevant results for the Institution:

- **Legal Advisory** regarding issuance of two social bonds in February 2024 for a total of **12,393 million pesos** for **3.21- and 10-years** terms, for **4,271 million pesos** at TIE Funding + **25 bp** and **8,122 million pesos** at a fixed rate of **9.60%**, respectively.
- Likewise, **legal advisory** regarding documents linked to issuance of documents made in September 2024: two social bonds for a total of **11,593 million pesos** at **3.5- and 10.5-years** terms, and a variable rate of TIE Funding +**0.25bp** and fixed rate of **99.99%**, respectively.
- **Legal advisory and document review** for onboarding of different counterparts for carrying out transactions in financial markets.
- **Legal advisory to London Branch.**
- **Legal advisory to Nafinsa Fund Operator** and the investment fund it manages, regarding its operations.
- **Implementation consultancy and legal advisory** services to  **cetesdirecto** distribution channel, which included review of client, service providers, and resources allocation document review.



### GOVERNMENTAL REGULATIONS

**Consultancy and Legal Advisory on Goods and Services Procurement.** The Institution fully complied with the regulations applicable to a National Credit Corporation, since the Governmental Regulations Directorate provided support and advice for the review of the legal instruments requested by several different areas of **Nafin**, by providing them support in the fulfillment of their objectives and substantive activities.

Therefore, from January to December 2024, a total of 679 issues were attended, according to the following:

- a) 371 issues regarding goods and services procurement.
- b) 308 issues related to the dissemination of regulations, validation, and updating of the **Financial Services Providers Registry System (Sipres, in Spanish)** and the Financial Entities Bureau.

**Liaison to the Superior Federal Audit Office (ASF, in Spanish).** Regarding the functions that the Governmental Regulations Directorate has as liaison with the ASF, it is reported that information queries and answers were attended in due time and form, as well as the follow-up and attention to the recommendations of the audits carried out on Nacional Financiera under the following terms:

**A PUBLIC ACCOUNT 2022**

Auditing	State
205 "TIC Audit"	Concluded
2117 "Banrural Pensions Fund"	Concluded

**PUBLIC ACCOUNT 2023**

Audits	State
330 "Budgetary Income Equalization Fund"	Concluded
237 "Financing and Technical Assistance in SMEs"	In process
329 "Cetesdirecto"	Concluded

**Transparency.** In compliance with the obligations set in the General Law of Transparency and Access to Public Information (LGTAIF, in Spanish), the Federal Law of Transparency and Access to Public Information (LFTAIF, in Spanish), and other applicable legal provisions on transparency, the Transparency Unit carried out the following activities in coordination with the administrative areas of Nacional Financiera:



**Publication of Mandatory Information.** The information that the Institution and the trusts it manages must publish annually, every six months, and quarterly in the Transparency Obligations Portal System (Sipot, in Spanish) was updated, in terms of articles 70, 71 and 77 of the LGTAIF, as well as 68 and 69 of the LFTAIF, in relation to the "General Technical Guidelines for the publication, homologation and standardization of the information of the obligations established in the fifth title and in section IV of article 31 of the General Law of Transparency and Access to Public Information, that must be disseminated by the obligated entities in the Internet portals and in the Transparency National Platform", and the "Federal Technical Guidelines for the publication, homologation and standardization of the information of the obligations established in Title Three, Chapters I and II of the Federal Law on Transparency and Access to Public Information, which must be disseminated by the obligated entities at the federal level in the Internet portals and in the Transparency National Platform".

Resulting from the mandatory verification performed by the National Institute of Transparency, Information Access, and Personal Data Protection (INAI, in Spanish), in 2024 INAI notified **Nafin** on the **Transparency Obligation Compliance Decisions**, where a **100%** score in global compliance in transparency portals was obtained from the following trusts:

- Complement of the Special Borrowing for Savings (PEA, in Spanish) and short- and medium-term loans for retirees under the Defined Benefits Plan.
- Nafin's Pensions and Seniority Bonus Fund.
- Fund for Risk Participation **11480**.

**Sipot.** During **2024**, the Governmental Regulations Directorate updated 18 sections in **Sipot**, as set in LGTAIP and LFTAIP. It also supervised compliance with loading and updating of information of several areas of the Institution, providing **110 consultancy services** related thereof.

**Sipot Public Versions.** The Transparency Committee authorized **414** public versions of contracts, agreements, and records during the reported year, which were also loaded to Sipot.

In addition, **95 legal advisory services** were provided to different areas of the Institution to create public versions.

**Classified Files Index.** By the end of fiscal year 2024, Nacional Financiera had **24** files or documents recorded in the Classified Files Index. Out of those 24 files, **12** were declassified, and **12** were classified according to what is set in provision twelve of the "General Guidelines for Information Classification and Declassification for the creation of Public Versions". Such files are published in: <https://nafin.com/portalnf/content/home/home.html?from=caf.com>, selecting the banner "Classified Files Index", right under the Transparency tab.

It is important to mention that during 2024, two classified files were declassified, and a new file was classified.

**Response to Queries in the Information Access Query System (Sisai, in Spanish).** As part of the actions carried out by INAI under the Program of Verification and Institutional Accompaniment for the compliance with obligations regarding access to information and transparency by federal obligated subjects in fiscal year 2024 (PAVAI 2024, in Spanish), the degree of compliance to queries provided by Nacional Financiera and related funds and trusts was assessed, and the following results were obtained:

#### ANSWERS TO QUERIES IN SISAI DURING 2024

Obligated subject:	Compliance Degree:
Nacional Financiera	100%
Complement of the Special Borrowing for Savings (PEA) and short- and medium-term loans for retirees under the Defined Benefits Plan	100%
Trust of the Program of Direct Sales of Securities to the Public	100%
Nafin's Pensions and Seniority Bonus Fund	100%
Fund for Risk Participation 11480	100%
Fund for Risk Participation in Bonds	100%
Legal Defense and Assistance Trust	100%



**Queries registered in Sisai.** During fiscal year 2024, Nacional Financiera received **331** queries through Sisai, which were answered in time and manner.

**NUMBER OF QUERIES REGISTERED IN SISAI DURING 2024**

Nacional Financiera

Response mode	No.
Information delivery	261
Non-existent information	1
Notorious incompetence	27
Classified information	14
Public information	2
Restricted information	2
Notification of the response prior notification	3
Dismissed due to lack of response to the request for additional information	8
Information availability	9
<b>Total</b>	<b>331</b>

Moreover, **142** queries were received from the different funds and trusts managed by Nacional Financiera.

**NUMBER OF QUERIES REGISTERED IN SISAI DURING 2024**

Trusts, funds, and mandates managed by Nafin

Response mode	No.
Information delivery	56
Public information	13
Notorious incompetence	72
Dismissed due to lack of response to the request for additional information.	1
<b>Total</b>	<b>142</b>

In response to information queries, the Transparency Unit provided **140** advisory services to corresponding areas, providing the legal basis for due attention to the request.

**Appeals for Review.** During fiscal year **2024**, **31** appeals for review were filed against Nafin’s responses to information queries. Of these, the plenary of **INAI** decided to dismiss **two** appeals, confirm **eight** Nafin responses, revoke seven, and modify **13** others. At the end of **2024** only **one** appeal was pending resolution by INAI.

**Transparency, Open Government, and Open Data Policy of the Federal Public Administration 2021-2024.** Nacional Financiera implemented the activities set forth in this policy in accordance with the Federal Government’s actions in the areas of transparency, open government, and open data, in a holistic, comprehensive, differential, and interdependent manner, to contribute to accountability and the fight against corruption and impunity.

In reference to the “Agreement Reforming and Repealing Various Provisions of the Agreement issuing the Policy of Transparency, Open Government, and Open Data of the Federal Public Administration 2021-2024”, published on July 27, 2022, the General Directorate of Transparency and Open Government of the Secretariat of Anticorruption and Good Governance (SABG, in Spanish, and formerly Secretariat of Public Function) disseminated in November 2024 the “Follow-up Report on Transparency, Open Government, and Open Data Policy of the Federal Public Administration 2021-2024”, corresponding to the third quarter of the year. In this report, Nacional Financiera obtained **100%** compliance in the total number of actions designed and implemented and **100%** in total compliance per unit.

**Personal Data Protection.** Nacional Financiera obtained **98.21%** in the Simple General Compliance Index derived from the Binding Evaluation carried out during fiscal year 2024, based on the information and means of verification published in the Virtual Section of Personal Data Protection.

In relation to the percentage achieved and in response to the areas of opportunity identified by INAI, Nacional Financiera carried out the necessary actions to obtain **100%**, and the findings were corrected.

**SANI-APF Internal Standards Management System.** At the end of **2024**, the System had an inventory of **181** internal standards that regulate Nafin's actions. Throughout the year, **89 modifications** of internal rules were made, as follows:

- **68** substantive modifications
- **11** form modifications
- **10** issuances

Moreover, **60 legal advisory services** were provided to the different areas of the Institution related to updating and uploading information to **SANI**.

The **Governmental Regulations Directorate** also responded to information queries and documentation requests resulting from the Visit for Improvement carried out in fiscal year **2024** by **SABG** to **Nafin**. As a result, SABG did not issue any recommendations for Nafin.

## LITIGATION AND CREDIT LAW

The Litigation and Credit Law area continues endorsing its commitment to design flexible and modern contracting schemes for packaged products, actively participating through timely provision of legal formalization services, litigation, and safeguarding of legal and proprietary interests of the Institution.

Regarding **banking formalization services**, in fiscal year 2024, **416** requests were received and attended, with a percentage of **100%** of deliveries within the different service levels.



## BOARD OF DIRECTORS SECRETARY OFFICE

In recent years, the importance of good corporate governance has become one of the main drivers of value creation in organizations, as well as an effective manner for improving their performance.

Several organizations have adopted measures additional to regulatory ones to improve management and control manners and effectiveness. This results in a progressive willingness to institutionalize so as to be more competitive and have certainty and transparency tools that benefit all stakeholders due to proper functioning.

Independently of the work being carried out by Nacional Financiera to strengthen good corporate governance practices in MSMEs, throughout January-December **2024** an internal review of the powers and operating rules of the eleven col-

legiate bodies of Nacional Financiera was carried out in order to keep such practices aligned with relevant regulations and the Institution's needs and requirements, as well as to include additional elements of corporate governance and best practices that have proven to be effective.

As a result of the foregoing, during the aforementioned period, the annual revision of the operating guidelines of the collegiate bodies listed below was approved:

1	Board of Directors
2	Executive Credit Committee of the Board of Directors
3	Internal Credit Committee
4	Credit Committee
5	Integral Risk Management Committee
6	Human Resources and Institutional Development Committee
7	Financial Products Committee
8	Business Trust Committee
9	Audit Committee
10	Sustainable Finance Committee



## FIDUCIARY SERVICES

By the end of **2024**, **Nacional Financiera** held the second place of managed trust assets among all trustees in the country.<sup>4</sup> Likewise, it held more than **74%** of managed equity in comparison with other development banks trusts.<sup>5</sup>

As trustee and financial agent of the Federal Government, Nacional Financiera is the executing arm of public policies in such instruments. Therefore, by the end of **2024** Nafin managed **303** trust businesses with **assets valued at 2.3 trillion pesos**, of which **44%** correspond to liquid resources invested according to the following:

- **20.46%** in Nacional Financiera (**20.42%** in the Market Analysis and Promotion Directorate, and **0.04%** in the **Nafinsa Fund Operator**), which contributes to the Institution's uptake.
- **5.07%** in the Treasury of the Federation (**Tesofe**, in Spanish).
- **74.47%** with other financial Intermediaries.

Income for trust services (fees and safeguarding) from January to December 2024 amounted **206.3 million pesos**, a figure **21%** greater than the one budgeted for the same period.

<sup>4</sup> National Banking and Securities Commission (CNBV), *Statistical Information. Information Portfolio*, December 31, 2024 [<https://portafolioinfo.cnbv.gob.mx/Paginas/Inicio.aspx#>]

<sup>5</sup> *Ibidem*.

## OPERATIVE SUPPORT

### QUALITY MANAGEMENT AND ORGANIZATIONAL CULTURE

In order to **strengthen and keep** its processes updated, **Nacional Financiera** maintains its strategy of continuous improvement in the Quality Management System (QMS), the promotion of the personal and professional development of its human capital, the strengthening of risk management, and the efficient operation of its programs.

**Quality Management System (QMS).** **Nacional Financiera implemented QMS** in early 2001, and since then it has supported the institutional commitment to contribute to economic development oriented towards national business productivity, under a scheme focused on risk prevention, the use of opportunities, continuous improvement, and customer satisfaction.

The **QMS** supports the purpose and strategic direction of **Nafin**, aligning the institutional objectives as quality objectives, which results in a positive effect in meeting external and internal challenges.

Over the course of 23 years, **Nafin** has maintained and strengthened its **QMS**, certifying its processes year after year and successfully migrating to **ISO 9001:2015**. In **2022**, the **ISO 9001- 2015** recertification was obtained, which will be valid for a 3-year period –from October **2022** to October **2025**. There are annual reviews to maintain the certificate. The certification was obtained through an external quality audit, by a certifying house, which endorsed compliance with the **ISO 9001: 2015** Standard in QMS processes.

**Quality Operational Meetings (SOCs, in Spanish).** **SOCs** are one of the most crucial elements of **QMS** management; in them, the leaders and their teams participate in the self-management of the quality of their processes, as well as in their continuous improvement. **SOCs** are carried out quarterly. Therefore, **168** meetings were carried out during **2024**.



**Minutes of Accountability and Handover Process of Required Public Servant.** In accordance with the "General Guidelines for the Regulation of Accountability Procedures of the Federal Public Administration" published in the Official Gazette of the Federation (**DOF**, in Spanish) on July 11, **2023**, as well as with the procedure to prepare the list of positions that will be required to complete the Administrative Act of Individual Delivery-Reception or Individual Management Report and its notification to the personnel in such case, in fiscal year **2024**, the Audit Committee was notified of the positions required to update the Single Registry of Public Servants (**RUSP**, in Spanish), in order to comply with Article 41 of the aforementioned guidelines.

**Organizational Structure.** In **2019**, the Board of Directors approved the modification of the organizational structure of the Institution. At the close of this year, the organization consists of **996** positions: **472** for middle and top management, or equivalent thereto, and **524** to operations personnel. The budget ceiling goal of **967 million pesos** authorized for personal services in the **Federal Expenditure Budget (FEB) of 2019** was met.

At the beginning of **2020**, the authorized structure of **996** positions was maintained, of which **472** were middle management, senior management, and equivalent positions, and **524** were operational personnel. The authorized budget for personal services in the **FEB 2020** was **994 million pesos**. Nevertheless, by **December 31, 2020**, the modified budget was **956 million pesos**.

At the end of **2021**, the authorized structure of **996** positions was maintained, of which **472** were middle management, senior management, and equivalent positions, and **524** were operational personnel. The budget authorized for personal services in the **FEB 2021** was **1,059 million pesos**.

In **2022**, the Board of Directors authorized the modification of the organizational structure to **1,010** positions, of which **486** are middle and senior management and equivalent positions, and **524** are operational personnel. The budget authorized for personal services in the **FEB 2022** was **1,096 million pesos**.

During the first half of **2023**, the Board of Directors authorized a conversion of positions, bringing the authorized organizational structure to **1,003** positions, **489** for middle and senior management and **514** for operational level positions. The budget authorized for personal services in the **FEB 2023** was **1,201 million pesos**. By the end of **2023**, both the organizational structure and the authorized budget were maintained.

Likewise, by **2024** the Board of Directors authorized the modification of the organizational structure, which consisted of **1,042** positions divided as follows: **494** permanent positions for senior and middle executives, **517** permanent positions for operative officers, and **31** temporary positions. The budget authorized for personal services in the **FEB 2024** was **1,305 million pesos**.

In past years, the Institution had been led by a general director standardized to **Bancomext**, which had caused the organizational structure of both banks to standardize the names of the positions of unit heads, area directors, and deputy directors. This aimed to create synergies, standardize processes and save resources allocated to both institutions.

Nafin's current organizational structure has **five** positions based at **Bancomext** and **16** compatibilities, which have been authorized by the Board of Directors and the SABG.



**Attraction and Development of Human Talent.** The Institution has a competency model that focuses on the skills, knowledge, and aptitudes necessary to respond to the challenges that Nafin, the environment, and its customers face. In this context, the human capital management model constantly encourages personnel to learn about their performance, potential, and academic and professional development.

In 2024, the execution of this model allowed us to fill **58.7%** of the vacancies generated with internal personnel. By using human capital developed professionally by the Institution, costs and time are reduced in the process of attracting and developing talent, while optimizing investment. Also, open positions were covered in accordance with public policies designed to promote gender equity. Women accounted for **56.6%** of the total promotions during the year, and **63.7%** of all hires.

Moreover, Nacional Financiera has a program to promote the development of talented young people, through professional practical experience and social service. In 2024, 128 students benefited from on-site incorporation into the program, which will allow them not only to complete an academic process, but above all, to train for the workplace.

In addition, with the firm purpose of strengthening the detection of talent, during the period covered by this report, on three occasions we carried out campaigns to update information in the Talent Pool, a tool that allows us to identify personnel with the competencies required for the performance and fulfillment of roles and responsibilities of a given position, as well as candidates for vacancies that arise. The Talent Pool offers a methodology that aligns the competencies of personnel with the needs of the Institution – which is why the first campaign, carried out in March, emphasized the importance of feedback, inviting employees to request a feedback session on the results obtained

in their psychometric evaluations and helping them to establish individual development plans. As a result, more than **150** staff requests were answered. The second campaign, carried out in May, focused on updating the staff's academic support, in order to meet the professionalization requirements of public servants. The third and last campaign was carried out in November and December, to update the psychometric evaluations and, if applicable, to update the academic support. This last campaign highlighted the importance of keeping the platform updated and allowed receiving early feedback. At the end of the 2024 period, **seven** pieces of early feedback were requested and **135** people updated their psychometric evaluations. This campaign will be reinforced in January 2025.

**In the first half of 2024**, the talent maps of each institutional directorate were updated in order to identify key people, critical personnel, and possible replacement grids. **During the second half of the year**, meetings were held with the heads of each of the directorates that requested, to inform them of the mapping of the area they are in charge of. **32** out of a total of **40** were attended; the remaining eight did not make a request.



**Quality of Life, Equality, and Gender.** In response to the actions coordinated by the Gender Equality Unit (SHCP), during the period covered by this report, **28** postcards of commemorative days were disseminated through internal communication channels. Also, in the framework of International Women's Day, the call for the activity "For a more egalitarian financial sector" was disseminated and attended, which was part of the four-day of activism entitled "For Women's Right to Substantive Equality."

In the area of human rights, equality and non-discrimination, **143** participants were registrated in the following external activities: Keys to equality and non-discrimination; Inclusive communication without sexism; Sexual diversity, inclusion, and non-discrimination; The ABC of equality and non-discrimination; Gender, masculinities, and inclusive and non-sexist language; Induction to equality between women and men; Constitutional principles of human rights in the public service; Masculinities: models for transforming; Inter-institutional coordination mechanisms in the administration of justice; Use of inclusive and non-sexist language in public service, and Violence-free life, as well as in the internal program Labor equality and non-discrimination, in which **29** people participated, and the program Gender perspective for public servants, with the participation of **34** people.

In response to the National Program for Equality between Women and Men 2020-2024, training on sexual harassment and molestation identification and prevention was fostered. This resulted in the participation of 225 people in the courses: *¡Súmate al protocolo!* [Join the protocol!], "Violence-free Federal Public Administration. Fighting Sexual Harassment and Molestation," and "Attention to Cases of Sexual Harassment and Molestation in the Federal Public Administration", as well as in the internal program "Prevention and Attention to Sexual Harassment and Molestation".

As part of the actions linked to the Work-Family Balance axis, and the commitments made in the certification under the Mexican Standard **NMX-R-0250SCFI-2015**, the Quality of Life and Equality area carried out integration activities on The Three Wise Men Day, as well as on Children's Day, and others aimed to recognize motherhood and parenthood. As part of International Women's Day, an internal communication campaign was implemented to highlight institutional achievements in the area of equality, as well as a conference to raise awareness among women and men about the importance of empowering women to occupy leadership positions. An environmental care day was also held with the participation of employees and their families. Moreover, the commemoration of the Day of the Dead was held, highlighting the importance of national cultural traditions and in which employees' families participated in the various activities organized.

Similarly, two activities were held to promote women's leadership and acknowledge the contribution of employees to the institutional legacy: The impact of my personal history as an institutional legacy (**26** participants) and Leadership and chess (**nine** participants). Within the framework of the International Day for the Elimination of Violence against Women, the conference Romantic Love as Gender Violence was held with the participation of **72** people, and a workshop to identify and prevent sexism in the workplace was carried out (**11** participants).



In order to comply with the institutional commitments set in the Official Mexican Standard **NOM-035-STPS-2018**, "Psychosocial risk factors at work-Identification, analysis and prevention", the conferences "Teamwork and communication", "Organizational Resilience", and "Tools for committed and communicated responsible work teams" were carried out, in which **182** people participated. In order to inform and sensitize personnel on the subject, the **Official Mexican Standard NOM-035-STPS-2018** course was implemented, a mandatory activity for all personnel, with the participation of **1013** people.

A ceremony was held to recognize the work and seniority of **244** people. In addition, within the framework of Nacional Financiera's 90th anniversary, various activities were carried out to promote the sense of permanence of employees.

As part of the sports program, activities such as physical conditioning, yoga, fitness, and dance were developed, which were attended by **570** participants. Active breaks were also implemented, which are brief moments of rest where the personnel perform a physical activity guided by an instructor, with an attendance of **13,366** people during the period. Nacional Financiera participated in the **59<sup>th</sup>** edition of Sport and Cultural Banking Games, with **233** athletes that obtained 137 medals. In order to acknowledge their commitment, dedication, and effort, **21** recognition awards were granted to notable athletes.

As part of the annual program, the Quality of Life and Equality Area celebrated the annual ecological bazaar and two sale and expo events. The cultural billboard was disseminated bimonthly with cultural, sports, and musical activities for the whole family, as well as discounts for numerous services; new discount agreements and benefits for personnel were updated every month.

**Priority Training Programs.** A total of **171** courses (in-person, on-line, and external) were taught from January to December **2024**. It is important to mention that the Annual Training Program was implemented in on-site and virtual modalities (using different digital platforms) aiming to fulfill the technical and expert needs of staff. It included training in soft skills, as refreshment courses in standards, and preparation courses for certification purposes.

Likewise, during **2024** the implementation of the Biennial Training Plan 2023-2024, approved by the **CNBV**, was completed".

On the other hand, during this fiscal year, **six** mandatory **normative-regulatory** courses were taught to all the Institution's personnel.

Regarding the Scholarship Program, at the end of 2024 four scholarships ended; thus, there is still **one** scholarship being managed and followed up.

## IT

The Institution is aligned with the "Agreement whereby policies and provisions are issued to promote the use and exploitation of information technology, digital government, information and communication technologies, and information security in the Federal Public Administration," published in the DOF on September 6, 2021. This agreement is the regulation that directs the technological initiatives, based on the National Digital Strategy.



**Information and Communication Technologies Project Portfolio (Potic, in Spanish).** The Potic is the set of strategic and operational projects in **Information and Communication Technologies (ICT)** and **Information Security (IS)** that the institutions plan to carry out in the next fiscal year.

Among its main new features is the emphasis on the use of open source, agile development, containers and application inventory to avoid duplication, and push interoperability. This concept is different from the previous one as it fosters proprietary open-source software and collaboration between entities, which translates in an attempt to distance themselves from proven and functional but commercial solutions from technological suppliers. The regulation issued by the administration of Enrique Peña Nieto placed an extraordinarily strong focus on the **ICT** services contracting and public bidding processes; although it defined the concepts of open source and free software, it did not use them in any of its articles.

**Strategic and Operative Plan on Information Technologies and its alignment to the National Digital Strategy.** The Institution has and manages “software as a service” systems –products licensed by third parties, applications which source code rights and intellectual property rights are owned by the Institution-, in three programming languages: **FORMS**, **JAVA** and **.NET**. These systems have undergone a process of evolution (migration) and updating to address security, regulatory, and business requirements. Additionally, we have been analyzing, exploring, developing, and implementing new technological architecture.

Among the main actions carried out during **2024** are the following:

- In January **2024**, the adjustments and improvements made to the Credit and Guarantee Management System – **GESOL** Executive were released, which contribute to optimizing the follow-up stages of first and second-tier credit. The result of this maintenance is linked to the Single File project of the General Directorate and is crucial to ensure efficient management and proper follow-up of credit applications, in addition to having online access to the status of these applications to obtain management reports.
- In February **2024**, the latest version of the Interbank Electronic Payments System (**SPEI**, in Spanish) was released, which optimizes crediting and disbursement times.
- For the Factoring product, the interface with the Institutional System for Recovery and Portfolio Management (**SIRAC**, in Spanish) was implemented in the Nafin Electrónico system for the operations of first-tier Production Chains; and for the Guarantees product, the incorporation of the management of Bonds in the Documentary Management Module was implemented.
- In October 2024, the Money Market (**TAS**) and Foreign Currency Transactions (**SOME**) systems were released the functionalities required to consolidate the information corresponding to securities repurchase transactions. This, to meet the regulatory modifications required by Banxico in order to obtain information and determine various indicators related to the volume of securities repurchase transactions, measurement of risk exposure in such securities, monitoring of the applicable regulation, analysis, etc.
- In December 2024, the development of the required functionalities in **SIRAC** for the automatic registration and control of the new rate policies was completed, including the requirements to carry out the transition from the TIIE rate to a reference rate close to the risk-free rate, aligned with international standards and reflecting the funding conditions in the interbank market, which will allow compliance with the use of the reference rates established by Banxico for new loans in local currency as of January 2025.

On the other hand, in relation to the progress in compliance with the “**AGREEMENT** issuing the policies and provisions to promote the use and exploitation of information technology, digital government, information and communication technologies, and information security in the Federal Public Administration”, the IT Directorate reported a **94.2%** advancement in the compliance with what is set in the **AGREEMENT** under its scope. It is important to mention that the remaining percentage was mainly concentrated on: information that could not yet be reported to the **National Digital Strategy Coordination (CEDN, in Spanish)** through the tool, as well as the review and update of the processes in charge of the Directorate that were being carried out in order to ensure their alignment and continuity in compliance with the provisions of said agreement.

## INTERNAL CONTROL

The Audit Committee (Caud) took cognizance of the Annual Work Plan of the Internal Comptroller's Office, which consisted of 16 verification visits of the Evaluation of the Effectiveness of Internal Control. The purpose of these visits is to compare the documentary and electronic evidence generated from the execution of each process. By the end of fiscal year 2024, the Internal Comptroller's Office had concluded 10 Internal Control Effectiveness Evaluation visits.

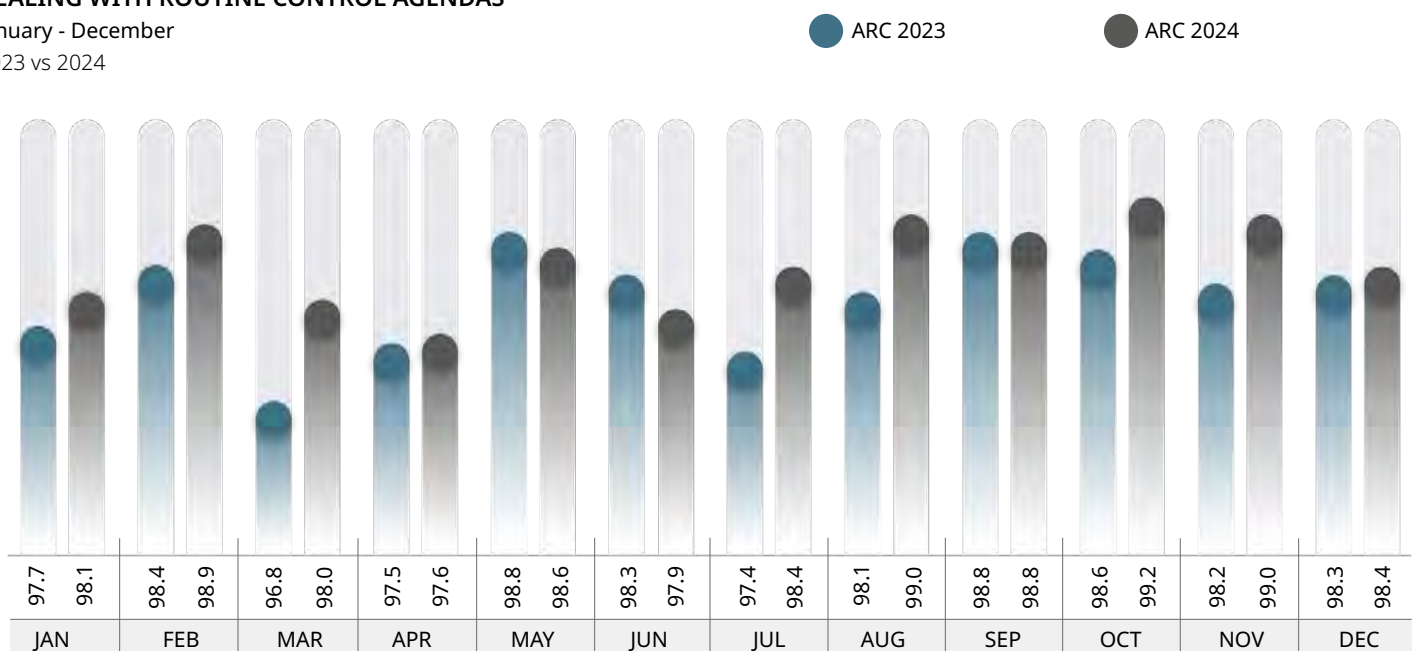
**Updating and implementation of control tools.** At the close of fiscal year 2024, there were 465 control tools administered in the Internal Control and Administration System (SACI, in Spanish). Of these, 33 corresponded to Corporate Control Guides, 52 to Regulatory Reporting Agendas (**ARR, in Spanish**), and 380 to Routine Control Agendas (**ARC, in Spanish**).

**Timely attention to ARCs.** In terms of the provisions of numeral 8, paragraph d, section V, of the Guidelines of the Institutional Model of Internal Control (Limici, in Spanish), the heads of the administrative units as well as the heads of the administrative units, were responsible for the timely attention of the control tools.

Therefore, by the end of **2024** there was an accumulated average compliance of **98.49%**, which meant an increase of **0.42%** in comparison to the previous fiscal year **2023**. The performance of timely attention to ARCs during the period from January to December **2024** is shown below, compared to the same period of fiscal year **2023**:

### DEALING WITH ROUTINE CONTROL AGENDAS

January - December  
2023 vs 2024

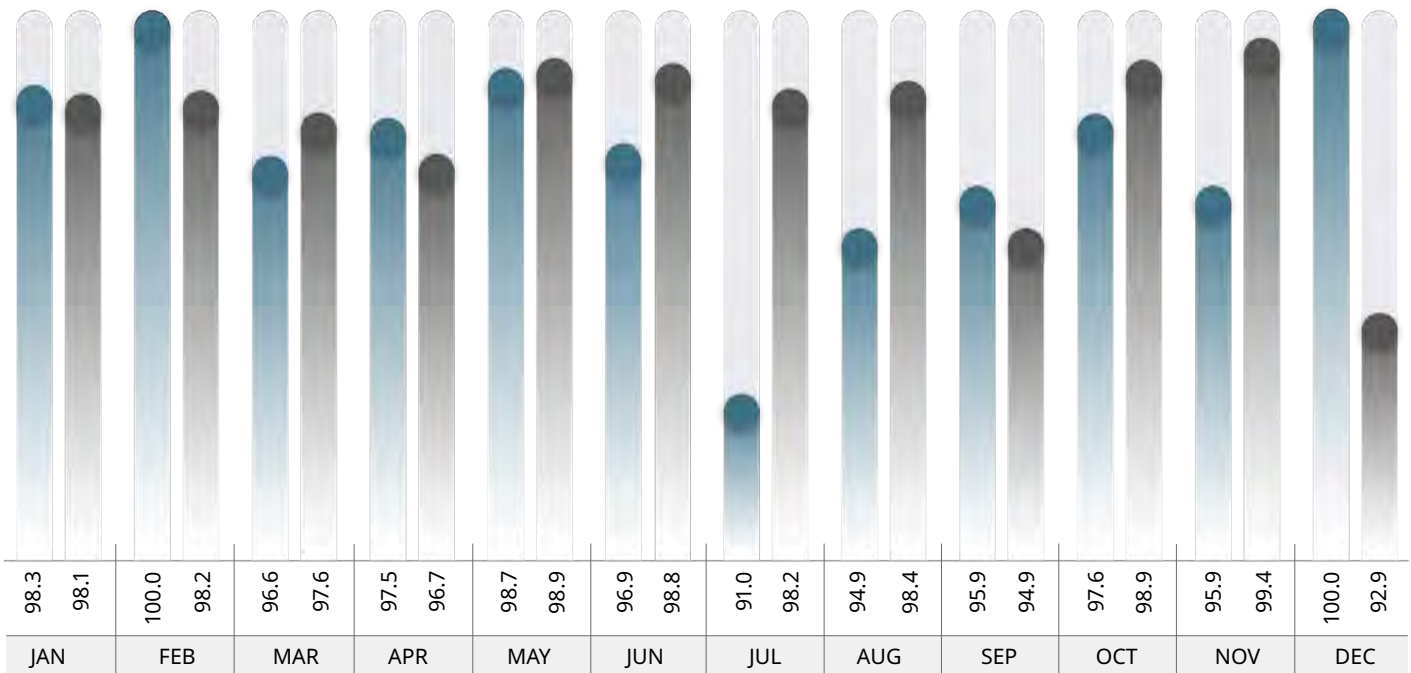


Regarding timely attention to Regulatory Report Agendas (RRA), there was an accumulated average compliance of **97.58%**, which meant an increase of **0.65%** in comparison to the previous fiscal year **2023**.

**DEALING WITH REGULATORY REPORTS AGENDAS**

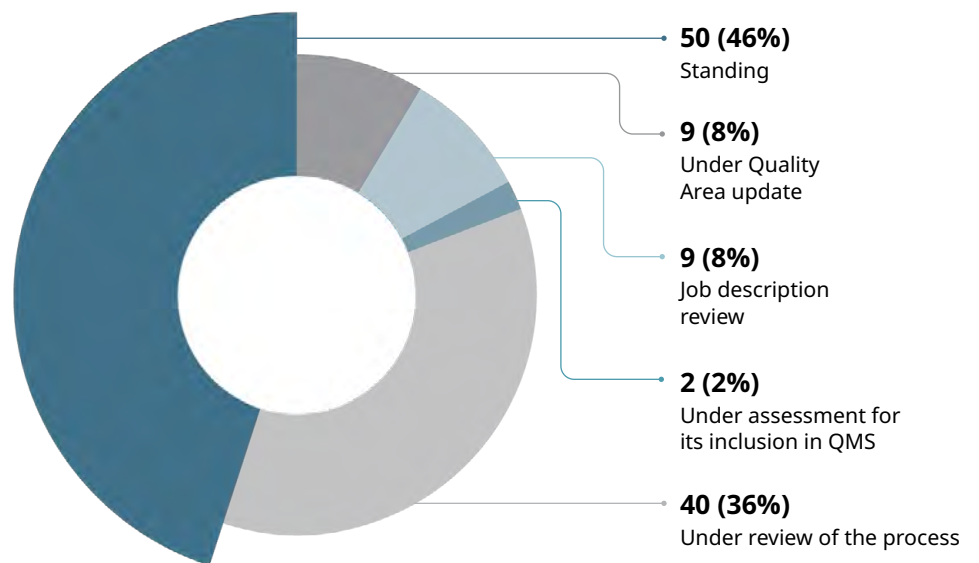
January - December  
2023 vs 2024

● ARR 2023 ● ARR 2024



**Updated record of relevant institutional manuals.** In response to Article 156, section I, of the **Single Banking Circular (CUB, in Spanish)**, the Internal Comptroller's Office has a record of the status of substantive manuals for the Institution's operation, which is quarterly reported to the **Caud**. By the end of the fourth quarter of **2024**, there were **108** operational manuals, and **2** others were under review from the Human Resources and Quality Directorate so as to include them in the Quality Management System. Such manuals status is as follows:

**STATUS OF THE OPERATING MANUALS AT YEAR-END 2024**

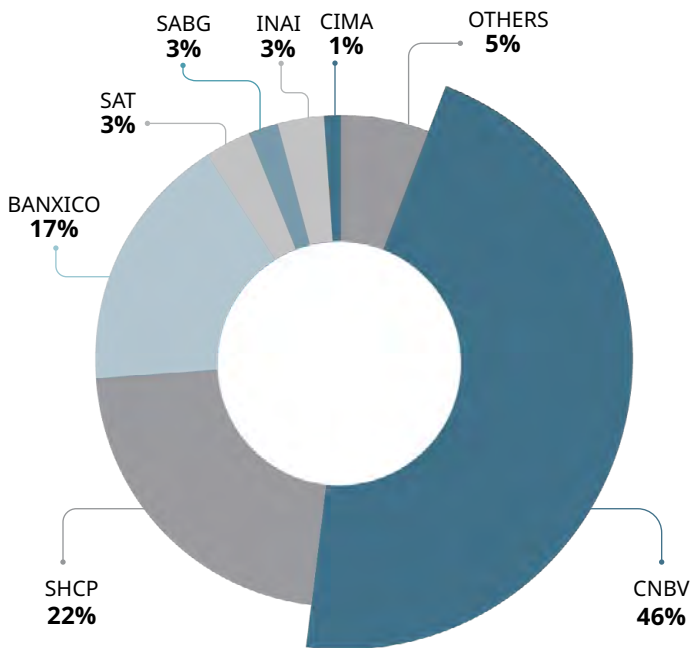


Source: Underdirectorato of Organizational Structure Management — Quality Management System Administration.

**Regulatory and authorities reports.** The Internal Comptroller's Office updates the inventory of reports and information queries of which Nafin administrative units are responsible. This fosters a timely institutional compliance with **314** regulatory reports for different bodies and institutions, as follows:

**314 REGULATORY REPORTS**

% required by authority



**Supervision of compliance with the provisions on investment services.** The Internal Comptroller's Office prepared the reports on the supervision of compliance with the "General Provisions applicable to financial entities and other persons that provide Investment Services" corresponding to the periods from January to June and July to December 2024. The reports were submitted to **Caud** and the Board of Directors (**BD**), as well as to the **CNBV**.

**Annual Confirmation of Operators of the Interbank Electronic Payments System (SPEI, in Spanish).** In October 2024, **Banxico** notified about the origin of the Annual Confirmation of SPEI Operators, requested by sending "Annex 2. Form for confirmation of updated and current Operators" and the Catalog of Authorized Personnel, in reference to the obligation established in the 54<sup>th</sup> rule of Circular 14/2017, "SPEI Rules", referring to the annual confirmation on the validity and updating of the designated operators for purposes of connection, participation and operation in SPEI. In this regard, Nafin confirmed to Banxico, in its capacity as administrator of SPEI, that the designated operators had no criminal record and were not disqualified from holding a job, position or commission in the Mexican financial system.

**Activation of incidents in ARCs.** At the end of fiscal year 2024, **447** internal control incidences had been generated, detected by the activation of alerts related to **SPEI's** regulatory compliance. Such alerts are registered in **SACI**.

**PREVENTION OF TRANSACTIONS WITH ILLEGAL PROCEEDINGS AND FIGHTING AGAINST TERRORISM FINANCING**

**Work Schedule 2024.** During the first ordinary meeting of Control and Communications Committee (**CCC**) held on January 30, 2024, the work schedule of the Compliance Office 2024 was presented. Compliance with such schedule was periodically reported to the General Director, the **CCC**, **Caud**, and **BD**.

**Single System of Clients and Users (SUCU, in Spanish).** The Compliance Officer's Office implemented the **SUCU**, which has the purpose of integrating the identification and knowledge data of **Nafin's** clients. The data generated by this system is stored in a secure, reliable, and centralized database, guaranteeing availability, confidentiality, integrity, and access controls.

**CCC.** During fiscal year 2024, 12 ordinary meetings of the **CCC** were held, in compliance with the provisions of the 44<sup>th</sup> of the general provisions referred to in Article 115 of the Law of Credit Institutions, as well as the Annual Work Plan of the Internal Comptroller's Office.

**Customer risk assignment reports.** The Internal Comptroller's Office responded to each of the requests from the business areas regarding the assignment of the client's risk level.

**Regulatory Compliance Manual.** In accordance with the agreement of the CCC, during the first semester of 2024, the Compliance Officer submitted to Caud the update of the "Compliance Manual for the prevention of operations with resources of illicit origin and the fight against the financing of terrorism of Nacional Financiera", which was approved by this collegiate body in its May 2024 session. However, during the extraordinary session held in December 2024, the Caud approved the abrogation of the aforementioned manual and the issuance of the "Compliance Manual for the prevention of money laundering and terrorist financing of Nacional Financiera". It was disseminated internally in Nafin for its mandatory compliance.

**Training and dissemination Program on Anti-Money Laundering and Fighting against Terrorism Financing (PLD/FT, in Spanish).** Pursuant to Section I of Provision 49 of the general provisions referred to in Article 115 of the Law of Credit Institutions, Nafin is required to develop training and dissemination programs on PLD/FT prevention. In order to comply with this obligation, a service contract was signed with the Association of Banks of Mexico (ABM) as the provider of training in this area.

During fiscal year 2024, we followed up on the PLD/FT prevention dissemination program for Nafin's personnel, through institutional e-mail and digital infographics with summarized information on the Blocked Persons List, Beneficial Owners, and Politically Exposed Persons.

**Sending of fund transfer operations in foreign currency.** The Compliance Officer timely reported to Banxico the operations related to domestic fund transfers in foreign currency and international fund transfers in any currency. This report was prepared on a daily basis.



**Sending reports and attention to requests from authorities.** Regulatory reports and requirements were sent to regulatory and supervisory authorities. Likewise, we responded in time and form to the requests made by said authorities regarding the securing of accounts, information, and blocking and unblocking of the Blocked Persons List.

**Attention to due diligence requirements in foreign banks.** In order to maintain the lines of business with foreign counterparties, during the 2024 fiscal year, various requirements of foreign banks were met, and international regulations were complied with regarding: Wolfs-berg questionnaire, Patriot Act, requests for general information from Nafin, and anti-money laundering questionnaires.

## INTERNAL AUDIT

The Internal Audit Department (DAI, in Spanish) prepared its annual work program at the beginning of 2024 and, prior to its execution, submitted it to the CEO for his opinion, to the Audit Committee for its approval, and to the CNBV for its knowledge.

The Program is oriented to the practice of audits of the Institution's substantive activities, highlighting those related to credit, financial markets, trusts, risk management, and information technology. In general terms, the purpose of the audits is to verify compliance with the regulations established

by the CNBV and Bank of Mexico, verify the management of the risks inherent to the processes, strengthen the Internal Control System, and verify the control mechanisms implemented in the information security model.

Therefore, during fiscal year 2024, DAI activities included the following aspects:

**Audits.** Sixteen audits that were included in the Program were executed, which translates into **100%** compliance with the Annual Work Program.

### AUDITS CARRIED OUT BY DAI IN 2024

No. of audits	Topic	Regulatory Institution
1	Global Code of Conduct for executing Securities Transactions	Banxico
2	Credit Process Stage I.- Business Development and Credit File Review, and II.- Analysis and Decision Making Credit Process Stage III.- Instrumentation and Disbursement, and IV.- Follow-up and Recovery	CNBV
1	Intranafin Security	CNBV
1	Fundraising in national currency	None specific
1	Portfolio System - SICAR	CNBV
2	Swift 2024 Mexico and London	SWIFT's Customer Security Controls Framework
1	Portfolio Rating	CNBV
1	Fiduciary Process	None specific
1	Risk management	CNBV
1	Derivatives Market	Banxico
4	Follow-up	CNBV

Audited departments were involved during the audit so as to inform about the audit's results and added-value proposals that allow addressing the findings and recommendations aimed at strengthening the Internal Control System.

During fiscal year **2024, 19** recommendations issued by the DAI were monitored, and eight findings were still open by the end of the year.

#### STATUS OF FINDINGS AT THE END OF 2024

Exercise	Audit Number	Audit Name	Consecutive Finding Number	Status	Progress Percentage	Responsible Directorate
<b>2018*</b>	4	Irrevocable Trust for Administration, Investment and Source of Payment No. 80680	1	In process	73.2%	Fiduciary
<b>2022**</b>	19	AFIX FINANCIAL SERVICES S.A.P.I. DE C.V., SOFOM E.N.R.	2	In process	60%	Internal Comptroller
<b>2024</b>	15	Fiduciary Process Fund 50145 Pensions and Seniority Bonus Fund of Nacional Financiera	1	In process	0%	Internal Comptroller
<b>2024</b>	13	Risk Management	02	In process	0%	Internal Comptroller
<b>2024</b>	13	Risk Management	03	In process	0%	Internal Comptroller
<b>2024</b>	13	Risk Management	04	In process	0%	Internal Comptroller
<b>2024</b>	13	Risk Management	05	In process	0%	Internal Comptroller
<b>2024</b>	13	Risk Management	06	In process	0%	Internal Comptroller

\* **Fiscal Year 2018.**-Audit 4, Irrevocable Trust for Administration, Investment and Source of Payment No. 80680. Finding 1: The Fiduciary Directorate continues to follow up on the work program designed by the IT Directorate for the implementation of the Integrated Fiduciary Management System (**SIGF**, in Spanish), in order to have a technological tool that will allow reinforcing the controls established in the points mentioned above, which are currently carried out manually.

The Fiduciary Directorate informed that the IT Directorate, the area responsible for managing the **SIGF** project, reported that it is in the implementation stage of 31 functional modules; however, it was not possible to meet the date set for the finding (September 30, 2024)

due to the fact that the contract with the service provider ended, so a new contract is planned for the implementation of the pending modules, estimating that the signing of the new contract will be for July 31, **2025**.

\*\* **Fiscal Year 2022.** - Audit 19, Afix Financial Services. The finding will be addressed by updating the policies and procedures described in the Operating Manual of the Internal Comptroller's Office, establishing a work program in conjunction with the Human Resources Directorate, which is expected to be completed by March 31, 2025.

**External regulatory audits.** During fiscal year 2024, the DAI contracted five external regulatory audits, in which no findings were identified.

**EXTERNAL REGULATORY AUDITS CARRIED OUT IN 2024**

Contract No.	Name of external audit firm	Audit Name
02/2024	Grupo Cynthus, S. A. de C. V.	External regulatory audit for the verification of compliance with SPEI requirements established by Bank of Mexico.
03/2024	Silent4Business, S. A. de C. V.	External regulatory audit for the verification of compliance with Transference Data Base (BDT) requirements established by Bank of Mexico.
27/2024	Asesoría y Consultoría Especializada en Aseguramiento y GRC, S. A. de C. V.	External regulatory audit to verify compliance with the Sole Circular for External Auditors / CUAE issued by the National Banking and Securities Commission (CNBV).
38/2024	KPMG Cárdenas Dosal, S. C.	External regulatory audit for the verification of compliance with the requirements established by Bank of Mexico of trade derivatives.
39/2024	IDEFI CONSULTORES, S. C.	External regulatory audit for the verification of compliance with Operative Risk.

**Coordination of the Bank of Mexico inspection visit 2024.** In the second half of 2024, Bank of Mexico paid an inspection visit to the Institution's operating processes, including the **31** requirements to continue performing derivative financial operations and maintain certification. As a result of the review, **three** non-compliances and **eight** areas of opportunity were detected, so the rating for the **31** requirements was **73.0**, without considering the response to the findings.

**Participation as normative advisers during the meetings of the decision-making bodies (committees).** In compliance with regulatory provisions, the DAI participated in the meetings held by the Comprehensive Risk Management Committee, the Communication and Control Committee, the Trust Business Committee, and the Sustainable Finance Committee, as well as in the technical committees of the Risk Participation Trust (**1148-0**), the Business Financing Counter-guarantee Trust (**8013-9**), and the Risk Participation in Bonds Fund (**8068-6**).

**Monthly review of variations in the financial statements of the Institution.** With the purpose of evaluating the reasonableness of the figures of the Balance Sheet and of the Income Statement, the items showing the main variations are identified on a monthly basis by making the comparison of balances of the formalized financial information of the previous month against the preliminary figures registered in the Financial Information System by determining increases and decreases of the balances and analyzing the origin of the variations.

## FINANCIAL RESULTS

Despite the increase in geopolitical tensions and in the face of a highly volatile and uncertain outlook, derived from the intensification of protectionism and the possible establishment of tariffs, as well as their consequences on inflation, the Institution obtained an operating result of **(10,275) million pesos** in 2024. After paying the full amount to the SHCP and considering the corresponding taxes, the net result was **(6,537) million pesos**, equivalent to a return on equity of **(15.16)%** nominal. Stockholders' equity reached a balance of **43,128 million pesos** at the end of the year, which represented a nominal increase of **23.3%** with respect to the balance of the previous year. It is worth mentioning that this year the Federal Government allocated **12,029 million pesos** to the Institution, and the return on capital would have been **12.7%** without such allocation.

In addition, the Nafin's financial situation shows solid indicators, including the following:

Indicator	Dec. 2023	Dec. 2024
Overdue portfolio / private sector portfolio	1.94 %	2.01%
Reserves / overdue portfolio	227.32%	232.79%
Financing granted to MSMEs / Financing to the Private Sector	67.1%	63.2%
Financial penetration (Private Sector Portfolio / GDP) <sup>1/</sup>	1.64%	1.82%
Financial penetration (Private Sector Portfolio and Capital Contr. / GDP) <sup>1/</sup>	1.84%	2.29%

<sup>1/</sup> Mexico's GDP for December 2024 is calculated based on GDP for the third quarter of 2024, adjusted for the variation in economic activity from the same quarter of the previous year.

Given the balance obtained from the loan portfolio and securities with the private sector, it is estimated that as of December 2024 the Financial Penetration index of **1.82%** was reached. Such figure is higher than the **1.64%** obtained in December 2023 (this index measures the balance of credit direct and promoted by Nafin to the private sector, as a percentage of GDP).

Likewise, when considering the previous balance plus contingent credits and the capital contributions of the Fund of Funds, the Financial Penetration index went from **1.84%** in December 2023 to **2.9%** in December 2024.

## EVOLUTION OF RISK OVERDUE PORTFOLIO

At the end of December 2024, the loan portfolio recorded in the Balance Sheet amounted to **260,200 million pesos** and the non-performing loan portfolio with risk was **4,907 million pesos**, mainly concentrated in the portfolios of Credit Programs for Financial Institutions, for **4,426 million pesos (90.18%)**; Business Activity, with **474 million pesos (9.65%)**, and Former Employees, for **8 million pesos (0.17%)**.

## OVERALL BALANCE

As of December 2024, the Institution's assets amounted to **772,092 million pesos**, with an increase of **78,519 million pesos**, equivalent to **11.3%**, which are financed with liabilities of **728,964 million pesos**, comprised of **171,936 million pesos** of creditors under repurchase transactions, **371,260 million pesos** of internal debt, **48,207 million pesos** of external debt and other liabilities totaling **136,560 million pesos**. In addition, stockholders' equity recorded a balance of **43,128 million pesos**.

Moreover, Nafin has a Financial Agent balance of **291,663 million pesos**, an amount representing a decrease of **1,107 million pesos** during the year which amounts to **0.4%**. Furthermore, the balance for stand-by guarantees reached **111,422 million pesos**, which is a decrease of **6.5%** compared to the previous year.

## INTERNAL CONTROL BODY

During 2024, the former Specific Internal Control Body (SICB) of Nacional Financiera performed according to the guidelines of the Secretariat of Public Service (SFP, in Spanish), a body on which its head depends hierarchically and functionally, as well as the heads of the Internal Audit, Development and Improvement of Public Management; Complaints, Claims and Investigations; and Responsibility and Accountability areas.

As of the “**DECREE** by which several provisions of the Organic Law of the Public Administration are amended, added and repealed”, published in the **DOF** on November 28, 2024, the **SFP** changed its name to the **Secretariat of Anticorruption and Good Governance (SABG, in Spanish)**.

Likewise, according to the “**DECREE** issuing the Internal Regulations of the Secretariat of Anticorruption and Good Governance”, published in the **DOF** on December 31, 2024, the name of **SICB** was updated to **Internal Control Body (ICB)** and the areas that comprise it, which were renamed Audit, Complaints and Investigations, and Responsibilities areas.

**ICB** bases its actions on Article 44 Bis 1 of the Law of Credit Institutions which, as of the 2014 financial reform, establishes the scope of action to carry out the control, evaluation, and surveillance of the administrative provisions applicable to development banking. In this context, the main results obtained during **2024** in the different areas of the **ICB** are the following:

### AUDITING

**Auditing actions.** During **2024**, **seven** audits were scheduled, executed, and concluded, and **four** follow-up audits were carried out. Information and communication technologies were specifically used to hold meetings and working sessions.

**Status of comments.** During **2024**, 30 findings of the **ICB** were monitored. Out of the 30 recommendations, **13** were issued during the fourth quarter of 2023, and **17** were issued during 2024.

**Promotion and monitoring of austerity measures.** During **2024**, austerity measures were promoted in the institutional committees – the **CAAS** and the Procurement Working Group, among others –, and dissemination was made in order to prioritize bidding over other contracting procedures, compliance with the Annual Procurement Program and the integration of process files in strict compliance with the applicable regulations.

Quarterly follow-up on the results and savings obtained in compliance with the Federal Republican Austerity Law and its respective guidelines, as well as the presentation of the Republican Austerity Report for fiscal year **2023**.



**Follow-up of work programs to simplify internal rules and essential processes.** ICB monitored the activities for the fulfillment and conclusion of the work programs for the improvement and/or simplification of institutional processes and the updating of the regulatory framework that governs them, to identify the progress of the programmed actions, verify the improvements implemented, and the results obtained.

**Updating of the institutional regulatory framework.** In 2024, the ICB corroborated compliance with the actions for updating the institutional regulatory framework, in order to reduce the backlog in the registration and updating of internal regulations contained in **SANI**.

In this regard, ICB reviewed, validated, and issued comments in the **SANI** regarding the updates requested by the areas responsible for the processes, the internal regulatory framework, and compliance with the quality criteria of 111 standards that regulate institutional processes.

Compliance with the work program for updating the **25** standards that the SABG identified as not having been recently updated in the **SANI** was also verified.

**Follow-up on the National Program to Combat Corruption and Impunity and Improve Public Management 2019-2024 (PNCCIMGP, in Spanish).** During 2024, the progress of the activities carried out was monitored, as well as the results obtained in meeting the commitments and indicators established in the Bases for Collaboration subscribed within the framework of the **PNCCIMGP**, reported through the **Caud**.

During 2024, on a quarterly basis, the activities carried out by the ICB to address the applicable lines of action of the **PNC-CIMGP** were reported in the Information Coordination Platform of Control and Oversight Bodies (**PCI OCV, in Spanish**).

**Public Procurement.** In coordination with the Directorate of Procurement and Services, in 2024 we continued to promote and verify the quality of the information recorded by the requesting areas, both in the Electronic Procurement Follow-up Log (**BESA, in Spanish**) and in the Integrated Procurement Management System (**SIGA, in Spanish**), in order to contribute to proper planning and execution of public contracts. The consistency of the registration of **158** contracts in **SIGA** was reviewed, and **94** contracts registered in **BESA** were followed up.



## COMPLAINTS AND INVESTIGATIONS

**Complaints.** During fiscal year 2024, **46** files were filed and processed. In addition to these, investigation of **18** cases that were in process at the beginning of the year continued, of which **one** corresponded to **2022** and **17** to **2023**.

Therefore, in the reported period, a total of **64** complaints were processed, of which **48** were closed: **one** in **2022**, **17** in **2023**, and **30** in **2024**, which were resolved as follows: **41** were dismissed due to lack of basis, and **seven** were presented to the corresponding area. At the end of the fiscal year, **16** files are still being processed, all of which were filed in **2024**.

**Legal Counseling.** During 2024, a total of **607** inquiries were handled either by e-mail, face to face, or telephone means. A great percentage of the consultations was related to the Financial Status Statement.

**Modification of Financial Status Statement.** For yet another year, in **2024**, **100%** of Nafin's public officers (**944** in total) were required to submit their financial status statement in **May**, under the Modification modality, a commitment that was fulfilled in the month set in the General Administrative Responsibilities Law.

## RESPONSIBILITIES

**W**ithin the framework of the legal and regulatory powers and attributions conferred to the Responsibilities area, it is responsible for: to conduct and resolve the administrative proceedings of responsibilities for non-serious administrative offenses committed by public servants of the Institution, to conduct the proceedings of responsibilities for serious misconduct and refer them to the Federal Court of Administrative Justice for their resolution, to handle complaints

filed for acts that contravene legal provisions in matters of public contracting and to sanction individuals or legal entities for violations to such provisions, to conduct the legal defense of the matters under the jurisdiction of the **ICB**, and those others that may be assigned to it. Therefore, in **2024** the following were carried out:

**Administrative responsibility procedures.** **Eight** administrative responsibility proceedings were filed for misdemeanors of public servants who failed to comply with the responsibilities set in the General Administrative Law.

**Non-conformities regarding public procurement.** **Two** non-conformities filed against actions taken during hiring processes were handled.

**Transparency and Access to Information.** During 2024, the **ICB**, as a regulated entity under the LFTAIP, responded in time and manner to **147** information inquiries.

**Institutional and individual accountability procedure.** In accordance with the provisions of the "General Guidelines for the Regulation of Accountability Procedures in the Federal Public Administration", during the period January-December **2024**, the ICB accompanied the Institution in the timely fulfillment of each of the activities to be conducted in this area.



# ANNEX A

## NACIONAL FINANCIERA

### IMPORTANT FIGURES

#### IMPORTANT FIGURES

Million of pesos at the end of year

Concepts	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Total Assets</b>	395,158	515,075	529,082	597,605	567,786	623,156	519,209	563,386	693,573	772,091
Finance Agent Portfolio	109	94	65	29	9	0	0	0	0	0
1 <sup>st</sup> -Tier Credit Portfolio	43,730	66,299	63,004	73,566	60,304	54,803	60,548	69,446	63,467	88,518
2 <sup>nd</sup> -Tier Credit Portfolio	127,863	147,920	165,390	186,037	165,637	166,609	129,024	141,918	165,619	171,681
Total Credit Portfolio	171,702	214,313	228,459	259,632	225,950	221,412	189,572	211,364	229,086	260,199
Equity Investment at Enterprises	6,514	8,010	8,952	9,950	10,163	10,608	11,982	11,608	10,347	11,587
Equity Investment at Developers	1,532	1,539	1,637	1,638	1,732	1,784	1,851	1,946	2,059	2,157
Stock Equity Investment	95	59	269	180	295	30	48	42	43	26
Internal Debt	184,342	213,222	214,351	231,099	237,601	244,572	241,753	269,313	350,629	372,260
External Debt	44,054	63,533	71,927	79,944	71,823	67,909	63,279	55,945	42,890	48,207
Preventive reserve for credit risk	(3,999)	(4,464)	(4,511)	(3,971)	(4,047)	(5,244)	(7,808)	(6,814)	(9,312)	(11,424)
<b>TOTAL PASSIVE</b>	371,062	488,365	497,638	562,050	529,860	582,652	480,829	529,821	658,583	728,964
<b>Accounting Capital</b>	24,096	26,710	31,444	35,554	37,926	40,504	38,380	33,565	34,990	43,128
Assets in trust or under mandate	1,403,376	1,544,545	1,725,173	2,099,988	2,073,843	1,976,502	2,157,475	2,360,837	2,556,758	2,791,480
Endorsement Debtors and other Contingent Liabilities	64,414	53,520	235,458	260,974	191,074	218,927	269,266	218,243	213,230	290,348
Net Profit (Loss)	1,254	1,321	1,502	2,439	-2,272	-4,228	-6,668	-7,771	-8,203	-6,537
Capitalization Level (%)	13.6	13.3	14.5	14.5	17.0	18.5	20.2	16.8	18.4	20.9

**RAISING IN LOCAL CURRENCY \***

(Millions of pesos)

Instrument	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Stock Exchange Certificates	40,000	50,524	56,698	59,491	64,765	60,089	75,660	71,717	95,560	212,138
PG's Nafin	87,587	108,970	79,575	149,163	146,266	150,606	142,411	161,489	179,904	106,011
New Instruments	127,587	159,494	136,274	208,654	211,031	210,694	218,070	233,206	275,464	318,149
Time Deposits in National Currency	41,153	7,153	5,153	5,153	10,523	-	-	-	-	731
Various Deposits	8	1,129	1,505	1,637	323	2,655	133	974	26,215	12,010
<b>Total</b>	<b>168,747</b>	<b>167,775</b>	<b>142,932</b>	<b>215,444</b>	<b>221,876</b>	<b>213,349</b>	<b>218,203</b>	<b>234,180</b>	<b>301,679</b>	<b>330,890</b>

\* It does not include interest

**TOTAL EXTERNAL DEBT**

BALANCE OF DECEMBER 31

(Millions of dollars)

Concepts	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
I. Direct Debit	2,550.20	3,076.30	3,652.30	4,059.60	3,801.00	3,409.35	3,083.95	2,864.19	2,521.79	2,300.17
A. Deposit Certificates (London)	1,139.50	1,387.40	2,066.70	2,274.80	1,779.30	1,962.22	1,471.84	1,864.60	1,497.93	1,262.90
B. Green Voucher	500.00	500.00	500.00	500.00	500.00	-	-	-	-	-
C. Yen Bond	-	-	222.00	227.80	230.10	242.18	217.25	113.55	-	-
D. Multilateral Agencies	6.30	4.50	3.30	1.50	0.50	-	-	-	-	-
E. Private Bank, Eximbank's and Suppliers	904.40	1,184.40	860.30	1,055.50	1,291.10	1,204.95	1,394.87	886.05	1,023.86	1,037.27
Accrued Interest	3.80	4.90	5.70	8.50	6.40	1.66	1.70	3.48	6.14	4.45
<b>Total</b>	<b>2,554.00</b>	<b>3,081.20</b>	<b>3,658.00</b>	<b>4,068.10</b>	<b>3,807.30</b>	<b>3,411.01</b>	<b>3,085.65</b>	<b>2,867.68</b>	<b>2,527.93</b>	<b>2,304.62</b>

# ANNEX B

## REPORT ON CONSOLIDATED FINANCIAL STATEMENTS WITH SUBSIDIARIES, **AS OF DECEMBER 31, 2024**



Av. Paseo de la Reforma 295 – Piso 8  
Col. Cuauhtémoc, C.P. 06500  
Ciudad de México, México

**NACIONAL FINANCIERA,  
S.N.C.,**

INSTITUCIÓN DE BANCA DE DESARROLLO  
AND SUBSIDIARIES

**Consolidated financial  
statements and independent  
auditor's report**

December 31, 2024 and 2023

**Nacional Financiera, S.N.C.**  
**Institución de Banca de Desarrollo and Subsidiaries**

**Consolidated financial statements and Independent auditor's report**  
**December 31, 2024 and 2023 and for the years then ended**

**Index**

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## Independent auditor's report

To the Board of Directors  
Nacional Financiera, S.N.C., Institución de Banca de Desarrollo

### **Opinion**

We have audited the accompanying consolidated financial statements of Nacional Financiera, S.N.C., Institución de Banca de Desarrollo and Subsidiaries (the Institution), which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the consolidated statements of comprehensive income, consolidated statements of changes in stockholders' equity and consolidated statements of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Institution, as described in the previous paragraph, have been prepared, in all material respects, in accordance with the Accounting Criteria applicable to credit institutions in Mexico (the Accounting Criteria), issued by the National Banking and Securities Commission (the Banking 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 ethical requirements applicable to our audits of financial statements in Mexico and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we obtained provides a sufficient and appropriate basis for our opinion.

### **Key audit matters**

Key audit matters are those that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the current period. These matters were addressed in the context of the audit of the consolidated financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each key audit matter below, we describe how the matter was addressed in our audit.

Key audit matter	How matter was addressed in the audit
<b>Valuation of loan portfolio - allowance for loan losses. See Note 9 to consolidated financial statements.</b>	
<p>The allowance for loan losses on the commercial loan portfolio is determined in accordance with the portfolio classification and rating rules established by the Banking Commission. This methodology involves significant judgments in assessing the credit standing of the debtors, considering the standing qualitative and quantitative factors used in the loan portfolio rating process, as well as assessing the reliability of the documentation and updating of the information used to determine the allowance for losses on the loan portfolio.</p> <p>Therefore, we have determined the allowance for loan losses as a key audit matter.</p>	<p>With the participation of our specialists, we conducted a selective assessment of Management's correct determination of the allowance for loan losses and its effect on the results of the fiscal year. We evaluated the quantitative and qualitative factors used, as well as the calculation mechanics applied, and their adherence to the current methodologies established by the Banking Commission for each type of loan portfolio.</p> <p>We also verified compliance with the General Provisions Applicable to Credit Institutions (the Provisions or the CUB) issued by the Banking Commission, in the accounting recognition as of December 31, 2024, of the additional reserves made based on the methodology and its authorization by the Banking Commission.</p>

Key audit matter	How matter was addressed in the audit
<b>Derivative financial instruments. See Note 8 to the financial statements.</b>	
<p>The determination of the fair value of derivative financial instruments as of December 31, 2024, for hedging purposes is carried out using valuation techniques that involve significant management judgments, primarily when inputs obtained from various sources or unobservable market data and complex valuation models are required.</p> <p>Additionally, the requirements that must be met for accounting for instruments assigned for hedging purposes, as well as the documentation and monitoring required to prove their effectiveness, require a certain degree of specialization on the part of Management.</p> <p>The documentation of derivatives, their designation, valuation, and results determine the accounting treatment and presentation of derivatives and their hedged position, which entails a complex methodological analysis. Therefore, we have identified the designation, valuation, and presentation of derivatives as a key audit matter.</p>	<p>Our audit procedures included, among others, a review of the documentation for derivative financial instruments in compliance with the requirements established in the Accounting Criteria for the designation, recognition, and treatment of trading and hedging derivatives.</p> <p>We also engaged our specialists to assess the reasonableness of the valuation through selective testing to assist us in understanding and evaluating the assumptions, methodologies, and input data used by the Institution to determine the fair value of derivative financial instruments and hedging transactions, as well as their compliance with the applicable criteria and documentation, the effectiveness of the hedge, and the adequacy of their disclosure and presentation in the consolidated financial statements in accordance with Accounting Criteria.</p>

***Responsibilities of management and those charged with governance for the Institution in connection with the consolidated financial statements.***

Management is responsible for the preparation of the accompanying consolidated financial statements in accordance with the Accounting Criteria applicable to credit institutions, issued by the Banking Commission, and for such internal control as Management determines necessary to enable the preparation of the consolidated 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 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 of the Institution are responsible for overseeing the financial reporting process of the Institution.

***Auditor's responsibilities in connection with the audit of the consolidated financial statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements of the Institution as a whole are free from material misstatement, whether due to fraud or error, and issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with International Standards on Auditing 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 on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing, 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 for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal controls.
- 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 material uncertainty exists, we are required to draw attention in our audit 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 evidence obtained up to the date of our audit report. However, future events or conditions may cause the Institution to cease to continue as going concern.
- Obtain sufficient and appropriate audit evidence related to the financial information of the subsidiaries to express an opinion on the consolidated financial statements.

We communicate with those charged with Governance of the Institution 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 of the Institution, 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 such matters in our audit report.

**Mazars Auditores, S. de R.L. de C.V.**



**C.P.C. Eco. Javier Quiroz Sandoval**  
**Partner**

**Mexico City, Mexico**  
**March 14, 2025**



**nacional financiera**  
Banca de Desarrollo

# NACIONAL FINANCIERA, S.N.C. INSTITUCIÓN DE BANCA DE DESARROLLO

Insurgentes Sur No. 1971, Ciudad de México

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2024 and 2023

(Million of Mexican pesos)

	2024	2023	2024	2023
<b>ASSETS</b>				
CASH AND CASH EQUIVALENTS (Notes 3d and 5)	\$ 203,088	\$ 307,791	\$ 208,205	\$ 189,040
MARGIN ACCOUNTS (DERIVATIVES)	45,323	205,144	133,870	122,151
INVESTMENTS IN FINANCIAL INSTRUMENTS (Notes 3f and 6)	11,801	21,425	21,796	18,598
Trading financial instruments	284,132	11,425	7,652	20,459
Financial instruments held for sale	108,673	11,425	14,182	10,635
DEBTORS ON REPURCHASE/RESELL AGREEMENTS NET (Notes 3g and 7)	1,510	9,654	43,540	50,189
Derivatives on repurchase/resell agreements (Notes 3g and 7)	3,469	2,857	171,836	193,370
DEBTORS ON REPURCHASE/RESELL AGREEMENTS NET (Notes 3g and 7)	1,389	2,857	168,066	47,266
VALUATION ADJUSTMENT FROM HEDGING OF FINANCIAL ASSETS	-	-	1,488	9,658
LOAN PORTFOLIO WITH CREDIT RISKS STAGE 1 (Notes 3i and 9)	252,063	48,488	12,029	13,827
Commercial loans	15,987	165,511	119	(94)
Business or commercial activities	10	15,350	10	5
Consumer loans	51	91	5,335	4,421
Medium- and long-term residential	252,114	222,139	18,947	2,718
Residential mortgage loans	-	222,210	52	70
Commercial loans	3,175	2,775	35	2,076
Business or commercial activities	1	-	22	-
Consumer loans	-	1	-	-
Medium- and long-term residential	-	-	-	-
TOTAL LOAN PORTFOLIO WITH CREDIT RISKS STAGE 1	3,178	2,777	892,802	627,170
LOAN PORTFOLIO WITH CREDIT RISKS STAGE 2	474	-	10,728	10,387
Commercial loans	4,900	423	20,632	12,126
Business or commercial activities	4	3,953	34,655	31,588
Consumer loans	-	-	-	-
Medium- and long-term residential	-	-	-	-
TOTAL LOAN PORTFOLIO WITH CREDIT RISKS STAGE 2	4	8	3,115	3,115
LOAN PORTFOLIO WITH CREDIT RISKS STAGE 3	260,200	220,846	(29,081)	(22,524)
Commercial loans	(718)	(6)	-	-
Business or commercial activities	(1,320)	(6)	-	-
Consumer loans	(13,258)	(13,354)	-	-
Medium- and long-term residential	-	-	-	-
TOTAL LOAN PORTFOLIO WITH CREDIT RISKS STAGE 3	209,847	209,847	2,851	(19,384)
PREVENTIVE ALLOWANCE FOR CREDIT RISKS (Notes 3k and 9d)	-	-	-	-
TOTAL LOAN PORTFOLIO, NET	237,284	237,284	2,851	(19,384)
OTHER ACCOUNTS RECEIVABLE, NET (Notes 3l and 10)	23,662	9,180	43,128	34,990
PREPAID PAYMENTS AND OTHER ASSETS, NET (Note 3p)	1,821	793	-	-
PROPERTY, FURNITURE AND EQUIPMENT, NET (Notes 3m and 12)	1,449	1,404	-	-
RIGHT-TO-USE PROPERTY, FURNITURE AND EQUIPMENT, NET	3,177	5	-	-
PERMANENT INVESTMENTS	567	1,959	-	-
DEFERRED INCOME TAX ASSET, NET (Notes 3q and 20c)	-	-	-	-
INTANGIBLE ASSETS, NET	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 757,589</b>	<b>\$ 653,726</b>	<b>\$ 757,589</b>	<b>\$ 653,726</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>				
DEPOSIT FUNDING (Notes 3r and 1d)				
Time deposits	-	-	-	-
Money market	-	-	-	-
Debt securities issued (Notes 15 and 18)	-	-	-	-
Bank borrowings	-	-	-	-
DEBTOR BANK LOANS AND LOANS FROM OTHER AGENCIES (Notes 3s and 7)	-	-	-	-
Short-term	-	-	-	-
Long-term	-	-	-	-
REPURCHASE/RESELL AGREEMENTS (Notes 3e and 7)	-	-	-	-
COLLATERALS SOLD OR PLEDGED (Notes 3g and 7)	-	-	-	-
DERIVATIVE FINANCIAL INSTRUMENTS (Notes 3h and 8)	-	-	-	-
Trading purposes	-	-	-	-
VALUATION ADJUSTMENTS FROM HEDGING FINANCIAL LIABILITIES	-	-	-	-
LIABILITIES	-	-	-	-
OTHER ACCOUNTS PAYABLE (Note 18)	-	-	-	-
Creditors on settlement transactions	-	-	-	-
Creditors on collateral received in cash	-	-	-	-
Other	-	-	-	-
Sundry creditors and other accounts payable	-	-	-	-
INCOME TAX PAYABLE (Note 20)	-	-	-	-
EMPLOYEE BENEFITS LIABILITY (Notes 3u and 19)	-	-	-	-
DEFERRED LOANS AND ADVANCE PAYMENTS	-	-	-	-
TOTAL LIABILITIES	-	-	-	-
STOCKHOLDERS' EQUITY (Notes 3v and 21)				
Capital stock	-	-	-	-
Contributions for future capital increases formalized by the Board of Directors	-	-	-	-
Paid stock premium	-	-	-	-
EARNED CAPITAL	-	-	-	-
Statutory reserves	-	-	-	-
Accumulated results	-	-	-	-
Other comprehensive income	-	-	-	-
Valuation of financial instruments for hedging and selling	-	-	-	-
Valuation of derivatives	-	-	-	-
Reassessment of defined employee benefits	-	-	-	-
Effects of valuation in associate and affiliate companies	-	-	-	-
CONTROLLING INTEREST	-	-	-	-
NON-CONTROLLING INTEREST	-	-	-	-
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>\$ 757,589</b>	<b>\$ 653,726</b>	<b>\$ 757,589</b>	<b>\$ 653,726</b>
<b>MEMORANDUM ACCOUNTS (Notes 3aa and 22)</b>				
Contingent assets and liabilities	-	-	-	-
Assets pledged in trust or under moratorium	-	-	-	-
Trusts	-	-	-	-
Mandates	-	-	-	-
Federal Government Financial Asset	-	-	-	-
Assets under administration	-	-	-	-
Collateral received by the entity (Notes 3a and 7)	-	-	-	-
Collateral received and sold or pledged as guarantee by the entity (Notes 3a and 7)	-	-	-	-
Interest accrued but not collected from past-due loan portfolio with credit risks stage 3	-	-	-	-

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

These consolidated statements of financial position were prepared in accordance with the Accounting Criteria for Credit Institutions issued by the National Banking and Securities Commission pursuant to Articles 99, 101 and 102 of the Law of Credit Institutions, which are general and mandatory and were consistently applied. These consolidated statements of financial position reflect the transactions carried out by the Institution, as of the dates mentioned above, which were carried out and valued in accordance with sound banking practices and the applicable legal and administrative provisions.

The above consolidated statement of financial position as of December 31, 2024, was approved by the Board of Directors under the responsibility of the undersigned officers.

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**LUIS ANTONIO RAMIREZ PINEDA**  
CHIEF EXECUTIVE OFFICER

**MARIA FERNANDA RUIZ PADILLA**  
HEAD OF ADMINISTRATION AND FINANCE UNIT

**RAUL MARRINER MORAN**  
ACCOUNTING AND BUDGET DIRECTOR

**MANUEL ANAYA VALLERO**  
INTERNAL AUDIT DIRECTOR

**NACIONAL FINANCIERA, S.N.C.**  
**INSTITUCIÓN DE BANCA DE DESARROLLO**  
**Insurgentes Sur No. 1971, Ciudad de México**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2024 and 2023**  
(Millions of Mexican pesos)

	<u>2024</u>		<u>2023</u>	
Interest income (Note 3x)	\$	50,165	\$	43,632
Interest expense		<u>(42,114)</u>		<u>(37,382)</u>
<b>FINANACIAL MARGIN</b>		\$ 8,051		\$ 6,250
Allowance for loan losses (Note 3k)		(2,889)		(4,435)
<b>FINANCIAL MARGIN ADJUSTED FOR PREVENTIVE ALLOWANCE FOR CREDIT RISKS</b>		5,162		1,815
Commissions and rates income (Note 24)		5,125		4,885
Commissions and rates expenses (Note 24)		(179)		(187)
Financial intermediation result (Note 24)		1,366		(534)
Other operating income (expenses) (Note 24)		(13,332)		(10,772)
Administration and promotional expenses (Note 24)		<u>4,098</u>		<u>(3,848)</u>
<b>OPERATING RESULT</b>		(5,956)		(8,641)
Equity method in net result of other entities		7		17
<b>RESULT BEFORE INCOME TAXES</b>		(5,949)		(8,624)
Income taxes (Note 20a)		<u>(479)</u>		<u>240</u>
<b>RESULT FROM CONTINUOUS OPERATIONS</b>		(6,428)		(8,384)
Discontinued operations		-		-
<b>NET RESULT</b>		<u>(6,428)</u>		<u>(8,384)</u>
Other comprehensive income				
Valuation of financial instruments for collecting or selling		(25)		(112)
Valuation of cash flow hedge derivatives		108		288
Remeasurement of defined employee benefits		2,622		636
Effects of valuation in associate and affiliate companies		<u>(59)</u>		<u>12</u>
		2,646		824
<b>COMPREHENSIVE RESULT</b>		\$ <u>(3,782)</u>		\$ <u>(7,560)</u>
<b>Net result attributable to:</b>				
Controlling interest	\$	(6,537)	\$	(8,202)
Non-controlling interest		<u>109</u>		<u>(182)</u>
<b>Comprehensive result attributable to:</b>				
Controlling interest		(3,891)		(7,378)
Non-controlling interest		<u>109</u>		<u>(182)</u>
		\$ <u>(3,782)</u>		\$ <u>(7,560)</u>

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

These consolidated statements of comprehensive income were prepared in accordance with the Accounting Criteria for Credit Institutions issued by the National Banking and Securities Commission, pursuant to Articles 99, 101 and 102 of the Law of Credit Institutions, which are general and mandatory, and were consistently applied. These consolidated statements of comprehensive income reflect income and expenses arising from transactions recorded during the abovementioned period, which were carried out and valued in accordance with sound banking practices and the applicable legal and administrative provisions.

The above consolidated statement of comprehensive income as of December 31, 2024 shall be approved by the Board of Directors under the responsibility of the undersigned officers. The above consolidated statement of comprehensive income as of December 31, 2023, was approved by the Board of Directors under the responsibility of the undersigned officers.

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LUIS ANTONIO RAMÍREZ PINEDA  
CHIEF EXECUTIVE OFFICER

  
RAÚL MARTÍNEZ MORÁN  
ACCOUNTING AND BUDGET DIRECTOR

  
MARÍA FERNANDA RUIZ PADILLA  
HEAD OF ADMINISTRATION AND FINANCE UNIT

  
MANUEL ANAYA VALCAYO  
INTERNAL AUDIT DIRECTOR



**nacional financiera**  
Banca de Desarrollo

**NACIONAL FINANCIERA, S.N.C.**  
**INSTITUCIÓN DE BANCA DE DESARROLLO**  
Insurgentes Sur No. 1971, Ciudad de México  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
**YEARS ENDED DECEMBER 31, 2024 and 2023**  
(Millions of Mexican pesos)

CONCEPTO	Paid in capital			Earned capital					Non-controlling interest	Total stockholders' equity		
	Capital stock	Contributions for future capital increase by the Board of Directors	Paid stock premium	Statutory reserves	Accumulated results	Valuation of instruments for collecting or selling	Valuation of cash flow hedge derivatives	Remeasurements of defined employee benefits			Effects of evaluation in associated and affiliate companies	Controlling interest
Balance as of December 31, 2022	\$ 10,387	\$ 3,126	\$ 31,068	\$ 3,115	\$ 14,522	\$ 66	\$ 176	\$ (2,330)	\$ 1,279	\$ 35,585	\$ 1,745	\$ 35,908
<b>CHANGES RESULTING FROM STOCKHOLDERS' RESOLUTIONS:</b>												
Capital contributions	-	8,800	-	-	-	-	-	-	-	8,800	-	8,800
<b>Total</b>	-	8,800	-	-	-	-	-	-	-	8,800	-	8,800
<b>COMPREHENSIVE RESULT:</b>												
Net result	-	-	-	-	(8,384)	-	-	-	-	(8,384)	-	(8,384)
Other comprehensive results	-	-	-	-	-	(112)	288	518	12	524	-	824
Valuation of financial instruments for collecting or selling	-	-	-	-	-	(112)	-	-	-	(112)	-	(112)
Valuation of cash flow hedge instruments	-	-	-	-	-	-	288	-	-	288	-	288
Remeasurement of defined employee benefits	-	-	-	-	-	-	-	636	-	636	-	636
Valuation effects on associated and affiliates	-	-	-	-	-	(112)	289	608	12	(7,560)	-	(7,560)
<b>Total</b>	-	-	-	-	182	-	-	182	-	182	-	182
Non-controlling interest	-	-	-	-	-	-	-	-	-	-	(178)	(178)
Balance as of December 31, 2023	\$ 10,387	\$ 12,128	\$ 31,858	\$ 3,115	\$ 22,524	\$ 468	\$ 484	\$ (1,894)	\$ 1,281	\$ 34,950	\$ 1,565	\$ 36,515
<b>CHANGES RESULTING FROM STOCKHOLDERS' RESOLUTIONS:</b>												
Capital contributions	-	12,029	-	-	-	-	-	-	-	12,029	-	12,029
Capitalization of contributions for future capital increases	341	(3,326)	2,986	-	-	-	-	-	-	-	-	-
<b>Total</b>	341	8,703	2,986	-	-	-	-	-	-	12,029	-	12,029
<b>COMPREHENSIVE RESULT:</b>												
Net result	-	-	-	-	(8,428)	-	-	-	-	(8,428)	-	(8,428)
Other comprehensive results	-	-	-	-	-	(25)	108	2,622	(59)	2,646	-	2,646
Valuation of financial instruments for collecting or selling	-	-	-	-	-	(25)	-	-	-	(25)	-	(25)
Valuation of cash flow hedge instruments	-	-	-	-	-	-	108	-	-	108	-	108
Remeasurement of defined employee benefits	-	-	-	-	-	-	-	2,622	-	2,622	-	2,622
Valuation effects on associated and affiliates	-	-	-	-	-	(25)	108	2,822	(59)	(3,782)	-	(3,782)
<b>Total</b>	-	-	-	-	(189)	-	-	(189)	-	(189)	-	(189)
Non-controlling interest	-	-	-	-	-	-	-	-	-	-	103	103
Balance as of December 31, 2024	\$ 10,728	\$ 20,832	\$ 34,853	\$ 3,115	\$ 28,061	\$ (71)	\$ 572	\$ 928	\$ 1,232	\$ 43,128	\$ 1,668	\$ 44,796

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

These consolidated statements of changes in stockholders' equity were prepared in accordance with the Accounting Criteria for Credit Institutions issued by the National Banking and Securities Commission, pursuant to Articles 99, 101 and 102 of the Law of Credit Institutions, which are general and mandatory and were consistently applied. These consolidated statements of changes in stockholders' equity reflect all movements in stockholders' equity accounts arising from transactions conducted by the Institution during the abovementioned periods, which were carried out and valued in accordance with sound banking practices and the applicable legal and administrative provisions.

The above consolidated statement of changes in stockholders' equity as of December 31, 2024 shall be approved by the Board of Directors under the responsibility of the undersigned officers. The above consolidated statement of changes in stockholders' equity as of December 31, 2023 was approved by the Board of Directors under the responsibility of the undersigned officers.

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**LUIS ANTONIO RAMIREZ PINEDA**  
CHIEF EXECUTIVE OFFICER

**MARIA FERNANDA RUIZ PADILLA**  
HEAD OF ADMINISTRATION AND FINANCE UNIT

**RAÚL MARTÍNEZ MORÁN**  
ACCOUNTING AND BUDGET DIRECTOR

**MANUEL ANAYA VALLEJO**  
INTERNAL AUDIT DIRECTOR

**NACIONAL FINANCIERA, S.N.C.**  
**INSTITUCIÓN DE BANCA DE DESARROLLO**  
Insurgentes Sur No. 1971, Ciudad de México  
**CONSOLIDATED STATEMENTS OF CASH FLOWS'**  
**YEARS ENDED DECEMBER 31, 2024 and 2023**  
(Millions of Mexican Pesos)

	<u>2024</u>		<u>2023</u>	
<b><u>Operating activities</u></b>				
Result before income taxes	\$	(5,949)	\$	(8,624)
<b><u>Adjustments for items associated with investing activities:</u></b>				
Depreciation of property, furniture and equipment	\$	46	\$	39
Equity method of unconsolidated subsidiaries and affiliates		(116)		165
Other adjustments for items associated with investment activities		(1,176)		1,066
		<u>(1,246)</u>		<u>1,270</u>
<b><u>Adjustments for items associated with financing activities:</u></b>				
Interest associated with interbank loans and loans from other entities		(173)		(2,702)
		<u>(173)</u>		<u>(2,702)</u>
<b><u>Operating activities:</u></b>				
Change in margin accounts (derivative financial instruments)		12		(46)
Change in investments in financial instruments (securities) (net)		(25,658)		9,536
Change in debtors and repurchase/resell agreements (net)		(61,353)		(47,088)
Change in derivative financial instruments (assets)		7,725		1,494
Change in loan portfolio (net)		(27,437)		(13,782)
Change in other accounts receivable (net)		(14,482)		2,478
Change in other operating assets (net)		(546)		1,303
Change in deposit funding		25,833		60,552
Change in interbank loans and loans from other entities		(16,087)		7,475
Change in creditors on repurchase/resell agreements		(23,385)		13,428
Change in collateral sold or pledged		58,820		47,266
Change in derivative financial instruments (liabilities)		(17,512)		(4,337)
Change in other operating liabilities		2,675		414
Change in assets/liabilities for employee benefits		(2,041)		(802)
Change in other accounts payable		7,466		7,315
Payments of income taxes		(67)		(23)
<b>Net cash flows from operating activities</b>		<u>(93,405)</u>		<u>75,127</u>
<b><u>Investing activities</u></b>				
Payments for acquisitions of property, furniture and equipment		(91)		(36)
Proceeds (payments) from disposal (purchase) of subsidiaries and associates, joint ventures and other permanent investments		(458)		178
Collection of cash dividends from permanent investments		-		-
Other collections for investment activities		43		51
<b>Net cash flows from investing activities</b>		<u>(506)</u>		<u>193</u>
<b><u>Financing activities</u></b>				
Contributions for future capital stock increases		12,029		8,803
<b>Net cash flows from financing activities</b>		<u>12,029</u>		<u>8,803</u>
<b>Net increase in cash and cash equivalents</b>		<u>(81,882)</u>		<u>84,123</u>
<b><u>Effect of changes in value of cash and cash equivalents</u></b>		<u>32,723</u>		<u>(4,483)</u>
<b><u>Cash and cash equivalents at beginning of the year</u></b>		<u>139,860</u>		<u>60,220</u>
<b><u>Cash and cash equivalents at end of the year</u></b>	\$	<u><u>90,701</u></u>	\$	<u><u>139,860</u></u>

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 Articles 99, 101 and 102 of the Law of Credit Institutions which are of general and mandatory nature and have been applied on a consistent basis. Accordingly, they reflect all cash inflows and outflows arising from transactions conducted by the Institution during the abovementioned period, which were carried out and valued in accordance with sound banking practices and the applicable legal and administrative provisions.

The above consolidated statement of cash flows as of December 31, 2024 shall be approved by the Board of Directors under the responsibility of the undersigned officers. The above consolidated statement of cash flows as of December 31, 2023, was approved by the Board of Directors under the responsibility of the undersigned officers.

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\_\_\_\_\_  
LUIS ANTONIO RAMIREZ PINEDA  
CHIEF EXECUTIVE OFFICER

  
\_\_\_\_\_  
RAÚL MARTÍNEZ MORÁN  
ACCOUNTING AND BUDGET DIRECTOR

  
\_\_\_\_\_  
MARÍA FERNANDA RUIZ PADILLA  
HEAD OF ADMINISTRATION AND FINANCE UNIT

  
\_\_\_\_\_  
MANUEL ANAYA VALLEJO  
INTERNAL AUDIT DIRECTOR

# Notes to the Consolidated Financial Statements

Nacional Financiera, S.N.C., Institución de Banca de Desarrollo and Subsidiaries  
December 31, 2024 and 2023  
(figures in millions of Pesos)

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## 1. THE INSTITUTION

### - Nature of operations and main activities

Nacional Financiera, S.N.C., Institución de Banca de Desarrollo (the "Institution"), was incorporated on June 30, 1934, by decree of the Federal Government as an instrument for the implementation of significant socioeconomic transformations, with the purpose of promoting the securities market and fostering the mobilization of Mexico's financial resources.

The Institution is headquartered at Avenida Insurgentes Sur No. 1971, Colonia Guadalupe Inn, Alcaldía Álvaro Obregón, Zip Code 01020, Mexico City.

It operates as a development bank under the provisions of its Organic Law and Regulations, the Law of Credit Institutions (LIC, for its acronym in Spanish), and the General Provisions Applicable to Credit Institutions (the "Provisions" or "CUB", for its acronym in Spanish), issued by the National Banking and Securities Commission (the "Banking Commission"). Development banks are mandated to support the productive activities assigned to them by the Mexican Congress, as established in their respective organic laws.

In accordance with Article 2 of its Organic Law, the Institution's corporate purpose is to contribute to the development of enterprises by providing access to financing products, training, technical assistance, and information, in order to enhance competitiveness and productive investment; to promote the development of strategic and sustainable projects throughout Mexico in an orderly and targeted manner under schemes designed to address market failures in coordination with other development banks; to foster regional and sectoral development, particularly in less developed states, through a tailored offering of products based on each region's productive potential; to support the development of financial markets and the venture capital industry as sources of financing for entrepreneurs and small and medium-sized enterprises (SMEs); and to operate with effective management, supported by a consolidated corporate governance structure, ensuring continuous and transparent operations and the preservation of its equity in real terms, so as not to represent a financial burden on the Federal Government.

The Institution's operations are conducted in strict compliance with the applicable legal framework and sound banking practices to achieve the general objectives set forth in Article 4 of the LIC, which establishes that the State shall guide the Mexican banking system to support and promote the development of the country's productive forces and national economic growth. This is to be achieved under a sovereign economic policy that fosters savings across all sectors and regions in Mexico and ensures their proper allocation and broad regional coverage, encouraging the decentralization of the Mexican banking system, in adherence to sound banking practices and standards.

The Institution carries out its operations based on development banking financing principles, channeling its resources primarily through first-tier banks and non-bank financial intermediaries. Its main sources of funding come from loans granted by international development institutions such as the Inter-American Development Bank (IDB), the Andean Development Corporation (CAF), and the European Investment Bank (EIB). It also receives funding from the Bank of Mexico (Banxico), foreign banks, and the placement of debt securities in both domestic and international financial markets.

Notes to the Consolidated Financial Statements  
 Nacional Financiera, S.N.C., Institución de Banca de Desarrollo and Subsidiaries  
 December 31, 2024 and 2023  
 (figures in millions of Pesos)

The consolidated financial statements as of and for the years ended December 31, 2024 and 2023 include those of the Institution and its directly controlled subsidiaries, as listed below:

Subsidiary	Participation	Purpose
<i>Operadora de Fondos Nafinsa, S.A. de C.V.</i>	100%	Promotes financial market development by facilitating access for small and medium-sized investors to the securities market.
<i>Corporación Mexicana de Inversiones de Capital, S.A. de C.V.</i>	83.30%	Engages in buying, selling, and investing in companies, entities, and private equity funds; promotes medium- and long-term productive investments in Mexico, supporting institutionalization, growth, and competitiveness of Small and Medium-sized Enterprises (SMEs).
<i>Fideicomiso 80595 Programa de venta de títulos en directo al público</i>	100%	Manages trust resources to develop and implement the Direct Public Securities Sales Program in accordance with the Operating Rules authorized by the Trust's Technical Committee.
<i>Fideicomiso 11480 Fondo para la participación de riesgos</i>	100%	Facilitates access to formal financing for domestic micro, small, and medium-sized enterprises through a guarantee program that shares credit risk with financial intermediaries, as determined by the Trust's Technical Committee.
<i>Fideicomiso 11490 Fondo para la participación de riesgos en fianzas</i>	100%	Shares default risk with domestic surety companies on administrative surety bonds related to procurement contracts for goods, services, or public works awarded to SMEs and individuals with business activity.
<i>Fideicomiso 80757 Defensa y asistencia legal</i>	100%	Manage assets and pays for legal defense and assistance services for employees involved in legal or administrative proceedings related to their professional duties.
<i>Plaza Insurgentes Sur, S.A. de C.V.</i>	100%	Provides comprehensive real estate services to the Institution, including office and furniture leasing, workspace adaptation, and infrastructure maintenance.
<i>Pissa Servicios Corporativos, S.A. de C.V. (en liquidación)</i>	100%	Provided support services for the management or execution of the corporate purpose of credit institutions in which it held an interest, as well as for related auxiliary companies and trusts.

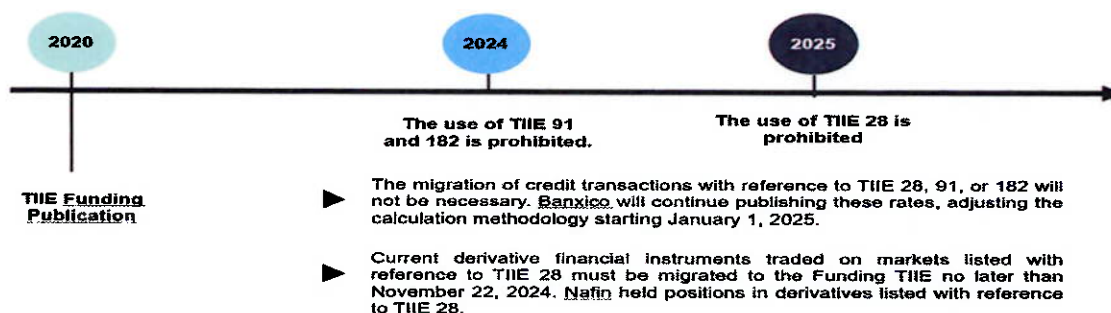
The Institution also operates a foreign branch located in London, England.

### Relevant event (unaudited information)

#### *Implementation of New Reference Interest Rates*

#### *Transition from TIIE terms longer than one day to Funding TIIE*

In line with Banco de México's (Banxico) initiative to transition from the use of TIIE for terms longer than one day to the Funding TIIE, the central bank implemented a series of measures as follows:



# Notes to the Consolidated Financial Statements

Nacional Financiera, S.N.C., Institución de Banca de Desarrollo and Subsidiaries

December 31, 2024 and 2023

(figures in millions of Pesos)

As of the dates previously mentioned, financial institutions must refrain from using TIIE for terms greater than one day in new transactions and must instead use Funding TIIE or another reference rate that complies with the applicable regulations issued by Banxico.

Given the needs of the credit market-particularly in SME lending-to know interest rates in advance for cash flow planning purposes, and in view of the regulatory requirement to use the Funding TIIE, Banxico introduced alternative term rates, resulting in the development of the Compounded in Advance Funding TIIE.

The rate that seeks to strike a balance between credit market needs and funding alignment is the **TERM TIIE**; however, Banxico has not yet identified sufficient market liquidity to proceed with its publication.

## Nacional Financiera, S.N.C. strategy

In accordance with the previous process, the Institution, like other financial institutions, had to implement a transition process to comply with the regulations, in that regard, the following actions were carried out.

2022	<ul style="list-style-type: none"><li>• Prioritize the use of TIIE 28 in active operations.</li><li>• Issue securities based on the TIIE Funding.</li></ul>
2023	<ul style="list-style-type: none"><li>• <b>Strategic transition planning:</b> evaluation and authorization of the transition process through COFISO, led by the Comprehensive Profitability Directorate, a cross-cutting and independent area for risk-taking.</li></ul>
2024	<ul style="list-style-type: none"><li>• Suspend the use of TIIE 91 and 182 in active transactions.</li><li>• Use of a fixed rate in Supply Chain transactions (short-term interest and principal payments at maturity).</li><li>• Definition of the transition strategy for active, passive, and derivative transactions in the Banking and Trading Book, and its authorization by COFISO.</li><li>• Adaptation of systems, processes, manuals, methodologies, models, policies, and guidelines for the operation of the Funding TIIE.</li><li>• Migration of derivative positions traded in listed markets based on TIIE 28 (November 2024)</li></ul>
2025	<ul style="list-style-type: none"><li>• In accordance with the actions mentioned above, it is expected that the Institution will comply in a timely manner with the regulation established by Banxico.</li><li>• In addition, the transition strategy will be adapted according to the conditions presented by the market and the needs of the Institution's business.</li></ul>

## General Transition Strategy at Nacional Financiera, S.N.C.

In 2024, the COFISO authorized the Institution's TIIE transition strategy for implementation in 2025, taking into account its technological, operational, and financial readiness.

The business units affected by the adoption of the new reference rate were:

<u>Business unit</u>	<u>Operations</u>
Credits and guarantees	First- and second-tier loans, and guarantee operations
Derivative Financial Instruments	Interest rate swaps and cross-currency swaps
Funding and treasury operations	Issued securities, investments, and deposits

Notes to the Consolidated Financial Statements  
 Nacional Financiera, S.N.C., Institución de Banca de Desarrollo and Subsidiaries  
 December 31, 2024 and 2023  
 (figures in millions of Pesos)

Banking Book		Trading Book	
	Previous 2025	Transition 2025	
First floor	✓	▲ ○	Securities
Second Floor Credit	✓	▲ ○	Derivatives
Second floor Chains	◊	◊	
Guarantees	✓	○	
Titles and Issues	▲ ✓	▲	
Derivatives	✓	▲	

✓	TIE 28
▲	TIE Daily Funding
○	TIE Funding Composed in Advance 28d
◊	Fixed Rate: IRS (Short-term operations)

The approved strategy will allow Nafin to comply with the regulatory requirements set by Banxico in a timely and orderly manner, without adversely affecting the Institution's business operations.

The 28-day Compounded in Advance Funding TIE is used to calculate monthly interest payments. For interest periods longer than one month (e.g., 91 and 182 days), monthly compounding of the 28-day rate is applied.

As of December 31, 2024, the following balance sheet items have been impacted by the implementation of the new reference rate, with amounts corresponding to operations referenced to the Funding TIE:

Investments in financial instruments	\$	91,257
Derivative financial instruments		<u>8,316</u>
<b>Total assets</b>	<b>\$</b>	<b><u>99,573</u></b>
Time deposits and debit securities issued	\$	46,486
Derivative financial instruments		<u>8,169</u>
<b>Total liabilities</b>	<b>\$</b>	<b><u>54,655</u></b>

The Institution complied with the applicable regulations in a timely manner and continued to operate normally.

## 2. APPROVAL AND BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS.

### Approval

On March 14, 2025, Luis Antonio Ramirez Pineda (Chief Executive Officer), María Fernanda Ruiz Padilla (Head of the Administration and Finance Unit), Manuel Anaya Vallejo (Internal Audit Director) and Raúl Martínez Morán (Accounting and Budget Director) approved the release of the accompanying consolidated financial statements and the related notes as of December 31, 2024, and for the year then ended, to be submitted for the approval of the Board of Directors of the Institution at its forthcoming meeting. Said Board and the Banking Commission have the power to modify the consolidated financial statements after their approval and release.

On March 13, 2024, Luis Antonio Ramirez Pineda (Chief Executive Officer), María Fernanda Ruiz Padilla (Head of the Administration and Finance Unit), Manuel Anaya Vallejo (Internal Audit Director) and Raúl Martínez Morán (Accounting and Budget Director) approved the release of the accompanying consolidated financial statements and their notes, as of December 31, 2023, which were approved by the Board of Directors of the Institution at the the session held on February 27, 2024.

# Notes to the Consolidated Financial Statements

Nacional Financiera, S.N.C., Institución de Banca de Desarrollo and Subsidiaries

December 31, 2024 and 2023

(figures in millions of Pesos)

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The Institution is under the supervision and oversight of the Banking Commission and Banxico which is exercised through monitoring processes, on-site inspections, information and documentation requests, and the submission of regulatory reports.

## **Basis of presentation**

### **a) Statement of compliance**

The accompanying consolidated financial statements as of December 31, 2024 and 2023 and for the years then ended have been prepared in accordance with the Accounting Criteria provided by the Banking Commission (the Accounting Criteria) which are included in the General Provisions Applicable to Credit Institutions (the Provisions), as well as general and specific official communications issued by said Commission.

### **b) Financial information framework**

The accompanying consolidated financial statements were prepared in accordance with banking legislation and in accordance with the Accounting Criteria for Credit Institutions in Mexico set out by the Banking Commission. Preparation of such consolidated financial statements required Management to make certain estimates and use certain assumptions for the valuation of some line items of the consolidated financial statements and make the necessary disclosures required to present therein. However, actual results may differ from such estimates. Management, applying its professional judgment, believes that the estimates and assumptions used were appropriate under the circumstances.

In accordance with Accounting Criteria A-1, *Structure of the financial information standards*, the accounting records of the Institution shall be adjusted to the basic structure of the Financial Reporting Standards (NIFs) as defined by the Mexican Financial Reporting Standards Board (CINIF for the acronym in Spanish), except when at the judgement of the Banking Commission it is necessary to apply a regulation or specific accounting criterion, taking into consideration that the entities perform specialized operations. This accounting regulation is at the level of standards for the recognition, valuation, presentation and disclosure, applicable to specific line items of the financial statements of the institutions, as well as those applicable for their preparation. It shall not proceed with the application of accounting criteria, nor the suppletory concept, in the case of operations which by express legislation are not allowed or are prohibited, or else, are not expressly authorized by the entities by the Banking Commission.

The accompanying consolidated financial statements have been prepared to comply with the regulatory requirements to which the Institution is subject, so they may not be suitable for other purposes.

### **c) Going concern**

The consolidated financial statements were prepared based on the going concern accounting principle.

As a result of the annual charge for benefits made by the Ministry of Finance and Public Credit (SHCP for its acronym in Spanish) (see note 21) to the Institution for \$12,029 and \$11,004 in 2024 and 2023, the Institution recorded losses in the consolidated statements of comprehensive income as of December 31, 2024 and 2023 of \$6,537 and \$8,202, however, without considering such charge, the Institution's operations as a whole report consistent profitability for 2024 as well as for 2023. The charge for benefits from previous years have generated accumulated losses for the Institution of \$29,061 and \$22,524. Additionally, and as described in its Organic Law, the continuity of the Institution is primarily dependent on the decision of the Mexican Federal Government.

However, the Mexican Federal Government has made contributions for future capital increases of \$12,029 and \$8,803 during 2024 and 2023, so the equity effect generated by these charges has not had any significant impact on the Institution's financial situation.

As of December 31, 2024, Management carried out the necessary evaluations to sustain the preparation of the consolidated financial statements under the going concern principle and considers that such basis is appropriate for their preparation.

## Notes to the Consolidated Financial Statements

Nacional Financiera, S.N.C., Institución de Banca de Desarrollo and Subsidiaries

December 31, 2024 and 2023

(figures in millions of Pesos)

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### **d) Monetary unit**

The accompanying consolidated financial statements and their notes are presented in Mexican pesos, currency corresponding to the registration and functional currencies. For purposes of disclosure in the notes to the consolidated financial statements when reference is made to millions of pesos or "\$", it refers to millions of Mexican pesos, and reference is made to dollars or "USD", it is referred to millions of United States dollars.

### **e) Assets and liabilities recognition and derecognition**

In accordance with Accounting Criteria, recognition or derecognition of assets and liabilities in the consolidated financial statement of assets and liabilities, including those stemming from purchase and sale transactions of foreign currencies, financial instruments, repurchase agreement transactions, securities lending, derivative financial instruments, and securities issues, is made on the date in which the transaction was formalized, regardless of the date of settlement or the good delivery date.

### **f) Use of judgments and estimates**

In the application of the accounting policies of the Institution, which are described in Note 3, Management must perform judgments, estimates and assumptions on the carrying amount of the assets and liabilities of the consolidated financial statements. The corresponding estimates and assumptions are based on experience and other factors considered pertinent. Actual results may differ from such estimates.

The estimates and assumptions are reviewed on a regular basis. Changes to accounting estimates are recognized in the period in which the modification takes place and future periods if the modification affects both the current as well as subsequent periods

#### **f.1) Critical judgments when applying accounting policies**

Management applies a set of critical judgments during the process of preparing the consolidated financial statements. These judgments, beyond the inherent estimates, significantly impact on the presentation of the financial information. The most relevant are detailed below:

#### **Assessment of the Business Model**

The classification and measurement of financial assets is dependent on the evaluation of payments of only principal and interest and the business model. The Institution defines the business model considering how the groups of financial assets are managed with a determined entrepreneurial objective. This analysis includes aspects such as the way in which the performance of the assets is measured, the risks affecting such performance, and the way in which administrators are managed and remunerated.

The constant monitoring of financial assets measured at amortized cost or fair value through comprehensive income are coherent with the initial objectives. Such monitoring is part of the continuous analysis of the business model for identifying possible changes and making prospective adjustments in the classification of the assets.

#### **Valuation of fair value of financial instruments (Note 3 (z))**

Fair value is defined as the price at which an asset can be exchanged, or a liability settled, between knowledgeable parties, willing to enter a transaction and in one operation under mutual Independence conditions. The Institution follows the Provisions ruling the valuation of securities and other financial instruments issued by the Banking Commission to determine fair value.

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To this end, two main methods are used: valuation using price vectors, consisting in multiplying the number of titles or contracts by the updated price provided by a price provider authorized by the Banking Commission, and the internal valuation methods, which consist of mathematical procedures to determine the updated value, based on algorithms, technical and statistical criterion.

The Commission demands that internal valuation models use interest rates, exchange rates and volatility provided by a price provider and authorized by the Banking Commission, when available.

The level of judgment required to determine fair value varies according to the financial instrument. It is minimum for those with prices quoted in active markets and an increase for instruments valued with specialized models or with non-observable inputs. As of December 31, 2024 and 2023, a reduction has not been observed in the availability of prices and inputs, thus, no recognition of impairment has been made in the value of financial instruments. The Institution maintains a constant monitoring of financial markets to identify possible impairments.

Measurements of fair value are classified in three levels, according to observability of input data:

- **Level 1:** Prices quoted in active markets for identical assets or liabilities.
- **Level 2:** Observable data, directly or indirectly, different from quoted prices included under Level 1.
- **Level 3:** Non-observable data.

## **Allowance for credit risk (Note9 (d))**

The Institution determines the preventive allowances for credit risk following the methodologies set forth by the Banking Commission. These allowances consider factors such as changes in methodologies, judgments on assumptions and macroeconomic scenario, the weight of the scenarios, increase of credit risk, decrease of credit risk, decrease in payment ability of the customers, greater economic uncertainty and creation of additional allowances for certain risks.

Classification of the loan portfolio in stages 1, 2 and 3 is made in accordance with the rules and regulations of the Banking Commission incorporating the corresponding regulatory interpretations. The amount and the timing of the collection of estimated future cash flows may differ from actual ones, which could result in differences between the preventive allowance for credit risk and actual credit losses.

## **Use of estimates**

Preparation of the consolidated financial statements requires Management to make judgments, estimates and assumptions affecting the application of accounting policies and amounts of assets, liabilities, income and expenses. Actual results may differ from such estimates.

The Institution creates provisions to cover possible loan losses in accordance with applicable rules and regulations. The estimate of such provisions is made considering factors such as changes in the nature and size of the loan portfolio, trends of the foreseen portfolio, credit quality and economic conditions. The increases to the provisions are presented as "Preventive allowance for credit risk" in that consolidated statement of financial position. loan write-offs are recorded as a decrease of the allowance for credit risk.

## **Recognition and valuation of assets for deferred taxes (Note 3 (q))**

The assets and liabilities for deferred taxes stem from temporary differences between the accounting basis and the tax basis of assets and liabilities. As of December 31, 2024 and 2023, the Institution evaluated the probability of recovering the assets for deferred taxes, considering the existence of sufficient future tax profits or cumulative temporary differences which allow their recovery.

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### Defined benefits of pension plan (Note 3 (u))

The Institution participates in a pension plan for defined benefits for employees, which grants employment-related benefits based on the final salary and years of service. Accounting for this plan involves the evaluation of present and future obligations, as well as the plan assets earmarked to cover such obligations.

The cost related to the plan, recognized in profit or loss for the year, includes:

- The cost of the current service, which corresponds to the increase in the present value of the obligation resulting from the work rendered by the employees during the period.
- The cost for net interests determines the deficit or surplus between those assets and the obligations of the plan at the beginning of the period, using the discount rate.

The actuarial calculations are made by independent specialists using the unitary projected credit method and are based on several key hypotheses, including:

- Discount rate: based on the yield of high-quality corporate bonds or government bonds, in the absence of an active market of corporate bonds.
- The salary increase rate considers expectations of salary increase resulting from historic trends, projected inflation and collective bargaining agreements.
- Life expectancy: based on mortality rate tables applicable in Mexico and the corresponding industry sector.
- Expected return of the assets plan, determined by the composition of the investments and market conditions.

The actuarial gains and losses, resulting from changes in the hypothesis and adjustments from experience, are recognized in other comprehensive income (OCI) and are not recycled to results.

The Institution periodically reviews the assumptions used to guarantee they reflect actual economic conditions and possible changes in demographic factors.

### Recognition of provisions and contingencies

The provisions are recognized when a present obligation exists, it is probable the use of economic resources and the amount may be reasonably estimated.

The provisions are valued considering the best estimate of the required disbursement, using the present value of expected cash flow when the effect of the time value of money is significant.

On the other hand, the contingent obligations are not recognized in the balance sheet, but are disclosed in notes to the financial statements when:

1. A possible obligation exists resulting from past events, whose existence will depend on the occurrence or not of uncertain future events.
2. A present obligation exists but the probable disbursement cannot be reliably estimated, or it is not probable.

The contingencies include, for example, ongoing claims where the result is uncertain, and tax risks are subject to divergent interpretations on the part of the authorities.

The Institution periodically reviews the provisions and contingencies to adjust the amounts and classification in accordance with the new evidence or changes in the legal or economic circumstances.

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**g) Comprehensive income**

Comprehensive income comprises the net income (loss) for the year increased or decreased by Other Comprehensive income (OCI), net of the effects of tax on income and the participation of profits to the related personnel. OCI comprises income, costs, and expenses that have already been accrued but whose realization is pending and it is likely that their amount varies due to changes in the fair value of those assets or liabilities that gave them origin, reason for which they could not be realized in part or in full, in addition to the fact that realization is foreseen in the medium or long-term. When such results are realized, they are reclassified to profit or loss in the period they are realized. Others are comprised by valuation of financial instruments for collect or sell, valuation of financial instruments derived from hedging of cash flows, remeasurement of defined benefits to employees and the valuation effects in associated and affiliated companies.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The main accounting policies being used in preparation of the consolidated financial statements are described below, and were applied on a consistent basis:

**a. Changes in accounting policies**

- Improvements to NIFs generating accounting changes

*NIF A-1, Conceptual Framework of Financial Reporting Standards* – The Conceptual Framework of NIFs includes the definition of public interest entities and the basis of separation of standards for disclosure for public interest entities and those which are not of public interest. Consequently, disclosure requirements of NIFs are divided in i) disclosures applicable to all entities, and ii) mandatory additional disclosures applicable only to public interest entities.

*NIF C-10, Derivative financial instruments and hedging relationship* - Converges with the provisions of IFRS 9, *Financial Instruments*; therefore, in the case of a foreign currency risk hedging, a non-derivative financial instrument denominated in such foreign currency may be designated as a hedging instrument, provided it is not an equity instrument for which an entity has opted for presenting in fair value in OCI in accordance with NIF C-2.

*NIF B-2, Statement of cash flows; NIF B-6, Consolidated statement of financial position; NIF B-17, Determination of fair value; NIF C-2, Investment in financial instruments; NIF C-16, Impairment of financial instruments to collect; NIF C-20, Financial instruments to collect principal and interests; INIF 24, Recognition of the effect of applying the new interest rates of reference* –In terms of NIF C-2, an entity shall classify the financial assets on the basis of the business model, among other, as financial instruments to collect or sell (FICS). It is substituted the term “financial instruments to collect or sell” for the term “financial instruments to collect and sell” since the main objective of such financial instruments must be to obtain a profit for their sale, which shall take place when optimum market conditions exist and in the meantime, collect contractual cash flows, that is, they are held for collection and selling.

*NIF D-4, Taxes on income* - Increases disclosures when the entity used a tax rate applicable to benefits in rates but not on distribution of profits.

- Improvements to NIFs not generating accounting changes

*NIF A-1, Conceptual Framework of Financial Reporting Standards* – Adjustments were made to the definition of “Materiality” (also known as *materiality*) and the inconsistency is eliminated when on occasion, the term “significant” was used.

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*NIF B-3, Consolidated statement of comprehensive result* – It is amended to clarify that NIF B-3, allows a combined presentation that includes certain expenses classified by function and some others classified by nature, while NIC 1, does not foresee the issue.

Management considers that adoption of the changes and improvements in accounting policies did not have relevant effects on the financial information.

**b. Consolidation of financial statements**

The consolidated financial statements as of December 31 2024 and 2023 and for the years then ended include assets and liabilities and results of the Institution and its subsidiary companies, over which it exerts control through the power it has over them to direct their relevant activities, is exposed or has the right to variable returns stemming from such participation and has the ability to affect such returns through its power over such subsidiaries. All balances and material operations between the Institution and its subsidiaries have been eliminated in consolidation, including unrealized profits and losses. Consolidation was carried out based on the financial statements of subsidiary companies as of December 31, 2024, and 2023 and for the years then ended, the accounting basis of such financial statements are the Accounting Criteria provided by the Banking Commission and Financial Reporting Standards, as appropriate.

**c. Effects of inflation**

In the year ended December 31, 2024, the Institution operated under a non-inflationary environment (accumulated inflation for the three annual periods less than 26%), in accordance with the provisions of Accounting Criteria issued by the Banking Commission; consequently, the effects of inflation in the financial information included in the accompanying consolidated financial statements are not recognized. Such consolidated financial statements include recognition of inflation based on *Unidades de Inversión* (Investment Units or UDIs for the acronym in Spanish) up to December 31, 2007, in accordance with applicable Accounting Criteria.

The percentages of annual and cumulative inflation for the last three years and the factor used to determine inflation, are shown below:

December 31	UDI	Inflation	
		For the year	Cumulative
2024	8.340909	4.21%	16.90%
2023	7.981602	4.66%	21.14%
2022	7.646804	7.82%	19.39%

**d. Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand, deposits with banks in pesos and dollars, as well as 24, 48 and 72 hours for foreign currency purchase and sale transactions. It also includes restricted cash and cash equivalents comprised by bank borrowings with original terms of up to three days or less (“Call money”) and deposits in Banco de México (Central Bank or Banxico) which include the monetary regulation that the Institution is required to maintain in conformity with the provisions issued by the Central Bank for the purpose of regulating liquidity in the financial market; the deposits have no term and bear interest at the average funding bank rate, recognized in the consolidated results as accrued. Note 6 includes the integration, in figures, of this line item.

Cash and cash equivalents are recognized at their fair value, which is their nominal value. For dollar currencies, the exchange rate used for translation is the one published by the Central Bank. The translation effect is recognized in the consolidated statement of comprehensive income, as interest income or interest expense, accordingly.

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Cash equivalents are short-term securities, with high liquidity, readily convertible to cash, which are subject to insignificant risks of changes to their value and are held to meet short-term commitments rather than for investments purposes; they are denominated in local or foreign currency: for example, bank borrowing transactions agreed at term shorter or equal to 3 business days, the purchase of foreign currencies which are not considered derivative financial instruments according to the provisions of Banxico in the applicable regulation, as well as other cash equivalents such as correspondents, immediately redeemable notes, coined precious metals and highly liquid financial instruments.

Interbank loan transactions agreed at a term shorter than or equal to 3 business days, as well as deposits with Banxico which cannot be disposed of, are recognized as restricted cash equivalents.

Notes receivable will be recorded as other cash equivalents according to the following:

- Transactions with Mexican entities; two business days after the transaction took place.
- Transactions with foreign entities; five business days after the transaction took place.

When the notes are not collected within the established deadlines, the related amounts will be transferred to the originating item, either "Other accounts receivable" or "Loan portfolio".

Transactions transferred to sundry debtors under line item "Other accounts receivable", the provisions of NIF C-3 "Accounts receivable" or NIF C-20 "Financial instruments to collect principal and interest" must be followed, as appropriate.

Notes received subject to collection are recorded in memorandum accounts under line item "Other memorandum accounts".

Checking account overdrafts, as reported in the bank statements issued by the corresponding lending institution, are shown under line item "Sundry creditors and other accounts payable".

Likewise, the balance of receivable currencies is offset against deliverable currencies, in case this offset results negative.

Foreign exchange currencies acquired and agreed to be settled in 24, 48 and 72-hours purchase/sell transactions are recorded as restricted cash (foreign currency receivable), while currency sold is recorded as cash outflow (foreign currency deliverable).

The rights and obligations from 24, 48 and 72 hours sales and purchases of foreign exchange are recorded in clearing accounts under line item "Other accounts receivable" and "Creditors on settlement transactions", respectively.

If the balance resulting from offsetting the foreign currency receivable and the foreign currency deliverable or any concept making up the line item "Cash and cash equivalents" turned out to show a negative balance, said amount is presented under line item "Other accounts payable".

**e. Margin accounts**

Margin accounts granted in cash (and in other assets equivalent to cash) required to the Institution on occasion of the execution of operations with derivative financial instruments carried out in recognized markets of stock exchanges, are registered at nominal value.

Margin accounts are earmarked for fulfillment of the obligations corresponding to transactions with derivative financial instruments executed in recognized markets or stock exchanges and corresponding to the initial margin, contributions and subsequent withdrawals carried out during the term of the corresponding contracts.

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**f. Investment in financial instruments**

The Institution establishes the business model it uses to manage its investments in financial instruments for their proper classification.

The business model is based on how financial instruments are managed to generate cash flows upon carrying out the activities and it is not based on the intentions of the Management in relation to any instrument.

For the application of the business model, the Institution performs OPPI tests (Only payments of principal and interest) to the investments in financial instrument, consisting in testing if recuperation of cash flows is represented only for the concept of principal and interests.

Assets from financial instruments are classified as follows:

*Trading financial instruments.* - Trading financial instruments (IFN for the acronym in Spanish) are those securities in which the business model has the purpose of investing to obtain a gain between the buy and sell price, that is, depending on the differences in pricing resulting from the market transaction.

*Financial instruments for collect or sell.* - Financial instruments for collect or sell (IFCV for the acronym in Spanish) are those securities in which the business model has the purpose of collecting the contractual cash flows on principal and interest or otherwise, of obtaining a gain on its sale when advisable.

*Financial instruments to collect principal and interest.* - Financial instruments for collecting principal and interest (IFCPI for the acronym in Spanish) are those securities in which the business model has the purpose of collecting contractual cash flows on preestablished dates corresponding payments on principal and interest on the outstanding amount of principal and interest. Therefore, the IFCPI should have the features of financing and be managed based on their contractual yield.

- **Trading financial instruments (IFN)**

After their initial recognition, IFNs, are recognized at fair value, which is the price of the consideration agreed upon at the trade date; any transaction cost is recognized immediately in the consolidated statement of comprehensive income under line item "Financial intermediation result".

After their initial recognition, IFNs are valued at their fair value determined by the Price Vendor according to the provisions laid down by the Banking Commission. In the event of investments in non-listed IFNs, second and third level fair values are used.

The difference between the previous carrying amount and the current fair value of investments in IFNs is recognized in the consolidated statement of comprehensive income under line item "Financial intermediation result".

A dividend from an equity IFN is recognized in the year's results when the right to receive payment arises, it is likely the benefit will be received, and its amount can be determined.

Likewise, given that the fair value of an equity IFN can be reduced once the dividend is declared, simultaneously the account receivable from the dividend is recognized, as well as the change in the fair value of the equity IFN.

The exchange gain or loss from investments in IFNs denominated in foreign currency is recognized in the year's results under line item "Financial intermediation result".

This line item includes entries for transactions pending settlement corresponding to purchase/sale transactions of non-settled assigned securities, which are valued at and recorded as investments in IFNs recognizing in and out of securities subject matter of the transaction upon their entering into the corresponding debit or credit settlement account.

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When securities are alienated, the gain or loss on the purchase is determined by the difference between the selling price and the last recorded carrying amount (fair value), cancelling the result from valuation.

## - **Financial instruments for collect or sell (IFCV)**

Upon initial recognition, investments in IFCVs are valued at their fair value, which is normally the price of the consideration agreed upon at the trade date. For the subsequent valuation, the Institution determines the increase or decrease on valuation of the IFCV at fair value, using updated prices provided by the Price Vendor in accordance with the provisions of the Banking Commission.

In the event of incurring in a transaction cost in the acquisition of an IFCV, this is recognized as an implicit part of the amortized cost of the IFCV and charged to the year's results during the expected life of the IFCV, based on its effective interest rate.

IFCVs denominated in foreign currencies or in other exchange units are recognized initially at the fair value applicable on the date of the transaction. Exchange differences stemming on date of the transactions and dates of collection or settlement, as well as those resulting from translation to Mexican pesos of balances in foreign currencies at the date of the financial statements are applied to results.

The unrealized gain or loss resulting from the valuation is recorded as "Other comprehensive income" (OCI) in stockholders' equity under line item "Valuation of financial instruments for collecting and selling", provided that such securities have not been defined as hedged in a fair value hedging relationship of a derivative financial instrument in which case its valuation is recognized in the year's result in relation to the hedged risk.

Before recognizing in Other comprehensive income, the effects of valuation in the IFCVs, the reductions in their fair value attributable to an impairment for expected credit losses are recognized in the year's results.

The effect from valuation is canceled to have it recognized in results upon sale under line item "Financial intermediation result".

Interest accrued is determined in accordance with the method of effective interest rate method and recognized in the year's results under line item "Interest income".

Dividends from equity instruments are recognized in the year's results, when the right to receive payment arises.

## - **Financial instruments for collecting principal and interest (IFCPI)**

An IFCPI is recognized initially based on fair value, which corresponds to the transaction price, unless it is evident that it is significantly different from the quoted price in the IFCPI market or from other transactions observed in the market or based on valuation techniques which variables include only information observable from active markets; if such price is different, the IFCPI value is adjusted with effect on the year's results.

The IFCPI's fair value is added or subtracted by the transaction costs; the resulting amount is the gross value at which the IFCPI is initially recognized, which is the basis for applying the effective interest method with the effective interest rate. The gross value of the IFCPI reduced by the amount of expected credit losses of the IFCPI, represents the amortized cost if the IFCPI at its initial recognition. Any transaction cost incurred by the Institution in the acquisition of an IFCPI is recognized as an implicit part of the amortized cost if the IFCPI and charged to the year's results during the expected life of the IFCPI, based on its effective interest rate.

IFCPIs denominated in foreign currencies or in other exchange unit are registered at the exchange rate applicable at the date of the transaction. Exchange differences incurred between the date of execution of the transactions and dates of collection or settlement, as well as those derived from translation of balances to Mexican pesos denominated in foreign currencies are applied to results at the date of the financial statements.

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In some cases, an IFCPI is considered with credit impairment since its initial recognition either because the credit risk is high or since it was acquired with a very high discount. In such case, for its initial recognition, it is considered as a financial instrument in Stage 3 credit risk.

After their initial recognition, IFCPIs are valued at their amortized cost. The amortized cost includes increases in accrued effective interest, decreases in the amortization of transaction costs, and decreases in collections of principal and interest.

IFCPIs denominated in foreign currency, or any other exchange unit are registered at the applicable exchange rate at the date of execution. Exchange differences arising between the execution date of the transactions, and date of collecting or payment, as well as those derived from the translation to Mexican pesos of balances denominated in foreign currency as of the date of the financial statements, are applied to results.

#### - **Reclassifications**

The Institution reclassifies its investment in financial instruments only if its business model is modified. These changes are determined by the Highest Operating Decision-Making Authority of the Institution and are the result of external and internal changes that are significant for its operations and can be demonstrated to third parties.

#### - **Impairment of a financial instrument**

Where sufficient objective evidence exists that a financial instrument for collecting or selling, or for collecting principal and interest has been impaired because one or more events that occurred after the financial instrument initial recognition, the carrying amount of the financial instrument is modified and the impairment is recognized in the year's results under line item "Financial intermediation result".

If in a subsequent period, the fair value of the security increases, and such effect is related objectively to an event occurring after the impairment was recognized in the year's results, the impairment is reversed in the year's results, except if it is an equity instrument.

#### **g. Repurchase/resell agreement transactions**

Repurchase/resell agreements are transactions in which the Buyer in a repurchase agreement (or buyer) pays a specific amount of cash to acquire securities, and simultaneously agrees to resell them to the original Seller in a repurchase agreement (or seller) at a future date, for the same price plus a premium. The premium is due to the Buyer in a repurchase agreement, unless otherwise stipulated in the agreement.

For legal purposes, repurchase/resell agreement transactions are considered a sale whereby there is a repurchase agreement for the transferred financial assets. Nonetheless, the economic substance of repurchase/resell agreement transactions is the one of a financing under collateral, whereby the Buyer in a repurchase agreement delivers cash as financing, in return for obtaining financial assets that serve as protection in the event of default.

A Buyer in a repurchase agreement is that entity that delivers cash, through a repurchase/resell agreement transaction, in which it receives financial assets as collateral, with the obligation of returning them to the Seller in a repurchase agreement at the end of the transaction, receiving the cash plus the agreed interest for the repurchase/resell agreement.

A Seller in a repurchase agreement is that entity that receives cash, through a repurchase/resell agreement transaction in which it transfers financial assets as collateral, with the obligation of returning to the Buyer in a repurchase agreement at the end of transaction, cash, and the agreed interest for the repurchase/resell agreement.

The accounting treatment of the "cash-oriented" or the "securities-oriented" repurchase/resell agreement transaction is the same.

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At the trade date of the repurchase/resell agreement transaction, the Institution acting as Seller in a repurchase agreement or seller recognizes either cash inflow or a debit clearing account, as well as an account payable, whereas when acting as Buyer in a repurchase agreement or buyer recognizes either cash outflow or a credit clearing account, as well as an account receivable. Both the account payable and the account receivable are initially stated at the agreed price, representing the obligation to repay or the right to recover the cash, respectively.

Throughout the term of the repurchase/resell agreement, the account receivable and the account payable are valued at amortized cost, recognizing the interest of the repurchase/resell agreement transaction in results of operations for the year as accrued, in accordance with the effective interest method. Interest is recognized under the financial statement line item "Interest income" or "Interest expense", as appropriate. The account receivable and the account payable, as well as the interest accrued are reported in the financial statements line item "Debtors on repurchase/resell agreements" and "Creditors on repurchase/resell agreements", respectively.

The Institution acts as Buyer in a repurchase agreement or buyer recognizes the received collateral in memorandum accounts under line item "Collateral received by the entity".

Financial assets granted as collateral when the Institution is acting as Seller in a repurchase agreement or seller, are reclassified in the consolidated statement of financial position under line item "Investments in financial instruments", reporting the instrument as a restricted asset.

Should the Institution, acting as Buyer in a repurchase agreement or buyer sell or pledge the collateral, the proceeds from the transaction are recognized and the account payable is recorded for the obligation to return the collateral to the Seller in a repurchase agreement or seller, which is valued, in the case of a sale at fair value or, if pledged in another repurchase/resell agreement, at amortized cost.

Additionally, the collateral received, delivered or sold is recognized in memorandum accounts under line item "Collateral received and sold or pledged as guarantee by the entity".

#### **h. Derivative financial instruments**

A derivative financial instrument (IFD for the acronym in Spanish) is an independent financial instrument which value changes in response to changes in the price of its underlying instrument; in general, it does not require an initial net investment and will not be liquidated on a future date.

The Institution carries out two types of transactions with derivative financial instruments:

- For hedging purposes: its purpose is to hedge risks using financial instruments which manage exposure of certain risks that could affect comprehensive income (Net result or Other comprehensive income).
- For trading purposes: its purpose is other than hedging risk open positions by assuming its positions as player in the derivatives market.

Derivatives, irrespective of their purpose, are recognized at fair value.

Financial assets or liabilities resulting from rights and obligations set forth in the IFDs are initially recognized at fair value. In general, the IFD value upon their contracting is zero (in the event of an interest rate swap (IRS), registered at notional value in Memorandum Accounts) and recognized at such value, which is later modified by changes in fair value. Fair value includes the effects of all risks affecting the IFDs, such as market, liquidity and credit risks. Any payment made or received to have an IFD at fair value is also included.

The best evidence of fair value on an IFD at its initial recognition is normally the transaction price, that is, the fair value of the consideration received or delivered. If it is determined the initial fair value differs from the transaction price, such financial instrument is recognized at the fair value evidenced by a quoted price in the active market, for an identical asset or liability, or at the one determined based on a valuation technique using only information of observable markets.

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The difference between the fair value and the transaction price is recorded in results for the year. In the event the IFD fair value is determined based on a valuation technique using non-observable information in the market, the difference is applied to the year's results during the life of the IFD.

After initial recognition, IFDs are valued at fair value by recognizing the difference between the previous carrying amount and the current fair value in the consolidated statement of comprehensive income under line item "Financial intermediation result", unless IFDs are used as hedging instruments. These changes in fair value will have an unrealized nature and shall not be subject to capitalization nor distribution among shareholders until they are realized in cash or cash equivalents.

Transaction costs directly attributable to the IFD purchase are directly recognized in the year's results as incurred.

IFDs are recognized, either as a financial asset or as a financial liability, depending on whether their fair value (as a result of the rights and/or obligations they establish) corresponds to a debit balance or credit balance, respectively. Such debit or credit balances may be offset, in some cases, provided that the rules for offsetting financial assets and financial liabilities are fulfilled.

If the offsetting results in a debit balance, the difference is shown in assets under line item "Derivative financial instruments" of the consolidated statement of financial position; in the event of a credit balance, it is shown in liabilities under line item "Derivative financial instruments" of the consolidated statement of financial position, segregating derivatives for trading purposes and derivatives for hedging purposes.

#### *Derivative financial instruments for trading purposes*

- Futures and forward contracts

Futures and forward contracts are those whereby an obligation to buy or sell a financial asset or the underlying item is established at some future date; the amount, quality and prices are pre-established in the trading agreement. The party agreeing to purchase assumes a long position in the agreement and the party agreeing to sell assumes a short position with respect to the same agreement.

Both futures and forwards are initially recognized as a financial asset or a financial liability at fair value, which presumably corresponds to the price agreed upon in the purchase agreement of the underlying asset, with the purpose of recognizing the right and the obligation of receiving and/or delivering the underlying asset, as well as the right and the obligation of receiving and /or delivering the cash equivalent to the underlying asset subject matter of the agreement.

Futures are recognized at market value by registering the difference between market value and the agreed upon price under line item "Financial intermediation result".

In the case of forwards, the difference between the price agreed upon in the contract and the forward price, as well as the changes in fair value, are recognized in the consolidated statement of comprehensive income under line item "Financial intermediation result".

- Swaps

Swaps are agreements between two parties whereby a bilateral obligation to exchange cash flows on future pre-established dates is laid down in relation to a face or reference value during a determined period.

The Institution recognizes initially in the consolidated statement of financial position, the assets and liabilities from the rights and obligations of the swaps at their fair value, which presumably corresponds to the agreed upon price, valuing at present value future cash flows to be received or to be delivered in accordance with the projection of future implicit rates to be applied, discounting them at the market interest rate on valuation date with the corresponding interest rate curves, considering for their presentation inputs provided by the Price Provider, as established by the Banking Commission.

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The settlement of a swap may be made in cash or in kind, according to the terms thereof.

- Derivative financial instruments for hedging purposes

Financial assets and liabilities that are designated and comply with the requirements to be designated as hedged items, as well as IFDs that are part of a hedging relationship are recognized according to the provisions regarding hedge accounting for recognition of the gain or loss of IFD hedging and the hedge item.

A hedging relationship qualifies for hedge accounting when the following conditions are met:

- Be aligned with the risk management strategy of the Institution;
- Covers only qualifying items and only uses qualifying hedging instruments;
- Be formally designated, identifying the items to be hedged and the hedging instruments;
- Complies with all the following effectiveness requirements:
  - There is an economic relationship between the hedged item and the hedging instrument;
  - The effect of the credit risk does not rule over changes in the value of such economic relationship;
  - The counterparties have the economic and operating capacity to comply with the agree upon commitments;
  - The hedge ratio reflects a balance that is consistent with the purpose of the hedging relationships;
  - It is formally documented since its designation as a hedging relationship.

Derivative financial instruments with hedging purposes are valued at market value and the effect of such valuation is recognized depending on the type of accounting hedge, according to the following:

- Fair value hedges

Represent a hedge for the exposure to changes in fair value of a recognized asset or liability, or of an unrecognized firm commitment, or of a component of any of the previous items, or an aggregate exposure which is attributable to one or more risks.

The hedged item is valued according to the hedge risk by adjusting its carrying amount and the hedging IFD is valued at fair value; both effects are recognized in results for the year under line item "Financial intermediation result". If the hedged item is an IFCV, the effect of the hedging gain or loss from the hedged risk of the hedged item is recognized in results for the year.

The result from valuation of the IFD that is part of a hedging relationship is shown under the same line item in the consolidated statement of comprehensive income where the result from valuation of the hedged item attributable to the hedged risk is shown.

- Cash flow hedges

Represents a hedge for exposure to variability in cash flows attributable to a risk associated with a recognized asset or liability, a portfolio or a component thereof, or one or several transactions forecasted as highly probable or parts thereof, or an aggregate exposure.

The hedging instrument is measured at fair value. The effective portion of changes in fair value is recognized in other comprehensive income (OCI), within equity under line item "Valuation of cash flow hedge instruments", and the ineffective part of the gain or loss of the hedging IFD is recognized in the consolidated statement of comprehensive income under line item "Financial intermediation result".

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The effective component of the hedging recognized in stockholders' equity associated with the hedged item is adjusted to be equal to the lesser amount (in absolute terms) between the cumulative gain or loss of the hedging IFD since inception thereof, and the cumulative change of the present value of hedged expected cash flows of the hedged item, since the inception of the hedge.

The gains or losses accumulated in Other Comprehensive Income are subsequently recognized as follows:

- If the forecasted hedged transaction results in the recognition of a non-financial asset or a non-financial liability (or if the forecasted hedge transaction of a non-financial asset or a non-financial liability becomes a firm commitment at which a fair value hedge accounting is applicable), the cumulative amount in Other Comprehensive Income is included directly as adjustment in the initial recognition of the non-financial asset or non-financial liability.
- For cash flow hedges other than the ones addressed above, the cumulative amount in Other Comprehensive Income should be recycled to the line item of the year's result affected by the hedged item, in the same period or periods in which the future hedged cash flows affect the year's result; and if an amount recognized in other comprehensive income there is an unexpected loss to be recovered in the future, the corresponding amount is recycled immediately to the result of the year.

The Institution discontinues a hedging relationship only when it has stopped complying with the requirements to be recognized as such; this includes when the hedging IFD expires, is sold, terminated, or exercised, after considering any rebalance made to the hedging relationship. Discontinuation of the hedging relationship is applied prospectively as from the date on which the qualifying criteria thereof stop being met. Discontinuation of hedging accounting may affect, whereas the hedge relationship in its entirety or only a portion thereof, in which case the hedging accounting continues for the remaining of the hedging relationship.

If upon discontinuation of the fair value of a hedging relationship the hedged item still exists, it will be treated as from the discontinuation date, according to the related NIF. If the hedging IFD keeps on existing, this is considered as a trading IFD.

When the hedging relationship is discontinued for a hedged item which is a financial asset or liability valued at amortized cost, of which the fixed interest rate is hedged to transform it into a floating rate, the adjustment added to or subtracted from the value of the hedged item is amortized in results for the year.

Upon suspending the cash flow hedging accounting, the cumulative gain or loss corresponding to the effective portion of the hedging derivative instrument recognized in stockholders' equity as part of Other Comprehensive Income during the period of time when such hedge was effective, remains in stockholders' equity until such time as the effects of the forecasted affect the year's results.

In the event the forecasted transaction is no longer likely to occur, the gain or loss recognized in Other Comprehensive Income in stockholders' equity as part of other comprehensive income is immediately applied to results of the year.

When the cash flow hedge accounting is discontinued, the Institution recognizes the amount accumulated in Other Comprehensive Income as follows:

- If it is yet expected that hedged cash flows will occur, such amount remains in Other Comprehensive Income until they occur;
- If the accumulated amount is a non-recoverable loss, it is applied immediately to results of the year; or
- If it is no longer likely that hedged cash flows occur, the amount accumulated in Other Comprehensive Income is recycled to the year's results.

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The result of offsetting the asset and liability position, either debit or credit, is shown separately from the primary position under line item "Derivative financial instruments" of the consolidated statement of financial position and accrued interest is recorded in the consolidated statement of comprehensive income under line item "Interest income" or "Interest expense".

The valuation effect of trading derivatives is shown in the consolidated statement of financial position and in the consolidated statement of comprehensive income under line items "Derivative financial instruments", in assets or liabilities, as applicable, and "Financial intermediation result", respectively.

The effective portion of valuation result of designated cash flow hedges is recognized in stockholders' equity under line item "Valuation of cash flow hedge instruments", while the ineffective portion of the change in fair value is immediately recognized in results under line item "Financial intermediation result", and the counter-account with such effect is shown in the consolidated statement of financial position under line item "Derivative financial instruments". The gain or loss associated with the hedge of the forecasted transaction which has been recognized in stockholders' equity is reclassified to the consolidated statement of comprehensive income under the same line item where the result from valuation of the hedged item attributable to the hedged risk, during which the forecasted hedge cash flows affect results for the year.

If the cash flow hedging derivative expires, is exercised, terminated or the hedge does not comply with the requirements to be considered as such, the hedging designation is revoked, while the valuation of the cash flow hedging derivative in stockholders' equity remains under such line item, and when the forecasted transaction occurs, it is recognized in results under the same line item where the result from valuation attributable to the hedged risk is shown.

The gain or loss resulting from valuing the fair value of a hedging derivative is recognized in the consolidated statement financial of position under line item "Valuation adjustment from hedging of financial assets" and in the consolidated statement of comprehensive income under line items "Interest income" and "Financial intermediation result", given they correspond to hedging of interest rates of loan portfolio and investments in financial instruments for collecting or selling, respectively. The result from valuation of the item attributable to the hedged risk is recognized in the consolidated statement of financial position under line item "Valuation adjustment from hedging of financial assets" and recognized in results for the year under "Interest income", in the case of loan portfolio, while for investments in financial instruments for collecting or selling are recognized under line item "Financial intermediation result".

### **Collateral pledged and received in derivative transactions carried out over-the-counter**

Collateral serves as a guarantee to ensure the fulfillment of obligations under derivative financial instrument contracts executed in over-the-counter (OTC) markets, i.e., those not carried out on recognized exchanges.

Cash collateral pledged in OTC derivative transactions is recognized as an account receivable under "Other accounts receivable", while cash collateral received is recognized as an account payable under "Other accounts payable".

Securities pledged as collateral are recorded as restricted securities, while securities received as collateral are recognized in off-balance sheet accounts under memorandum accounts.

#### **i. Offsetting clearing accounts**

Amounts receivable or payable on investments in financial instruments repurchase/resell agreements, and/or transactions with derivatives which have expired but have not been settled at the date of the consolidated financial statements, including amounts receivable or payable for purchase or sale of foreign currencies which are not for immediate settlement or those with the same value date, are recorded in clearing accounts.

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The balances of debit and credit clearing accounts are offset provided there is a contractual right to offset amounts recognized and the intention to settle on a net basis or to realize the asset and settle, simultaneously, the liability.

Clearing accounts are shown under line item "Other account receivables, net" or "Creditors on settlement transactions", as appropriate.

#### **j. Loan portfolio**

##### **- Business model**

The business model refers to the way the Institution administers or manages the loan portfolio to generate cash flows. That is, the business model determines whether cash flows will come from obtaining contractual cash flows, to the sale of the loan portfolio, or both. The Institution's Internal Credit Committee approved the "Business Model, Classification and Measuring of Financial Assets Receivable of the Institution's Loan Portfolio". The approved model was to hold the portfolio up to maturity.

To determine whether the contractual cash flows of the loan portfolio are to be realized through their collection, the frequency, value and timeliness of loan portfolio sales in prior periods, the reasons of such sales and the expectations about the activity of future sales are factors to be entertained.

Stand-alone sales do not determine the business model; instead, information on past sales and expectations about future sales provide evidence related to the form in which the Institution's purpose to administer or manage the loan portfolio and, specifically, how cash flows are realized. The Institution considers information on past sales within the context of the reasons of such sales and conditions that existed at that time in comparison to current conditions.

The business model can be to hold the loan portfolio to collect its cash flows, even if the Institution sells the portfolio when there is an increase in its credit risk. Regardless of its frequency and value, sales stemming from an increase in the credit risk of the loan portfolio are not incongruent with a business model which purpose is to hold it to collect contractual cash flows, since the credit risk quality is relevant as to the capacity of the Institution to collect contractual cash flows. Credit risks management activities that intend to minimize potential credit risks due to credit impairment as an integral part of the business model.

The portfolios and products comprising the loan portfolio are assessed by the Institution to define its business model and determine whether they comply with the assumption that the contract's cash flows correspond solely to principal and interest payments, or otherwise, should be valued at fair value based on their characteristics. The loans or credit portfolios previously assessed, which contractual terms are modified, as well as the new products, are subject to the business model tests.

The Institution evaluates periodically the characteristics of its business model to classify the loan portfolio based on the purpose thereof.

To confirm the above, the Institution performed an analysis of the cash flows received through a "SPPI test" (Single Payments of Principal and Interest), which is performed to determine whether a credit or loan portfolio, complies with the assumption that contractual cash flows correspond solely to payments of principal and interest and should be valued at amortized cost, or otherwise, given their characteristics should be valued at fair value. Upon conclusion of said analysis it was determined that Nafin's loan portfolio has a business model focused in holding the portfolio up to maturity, and contractual cash flows correspond to the payment of principal and interest, thus, they shall be valued accounting-wise, at amortized cost.

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## - Classification of loan portfolio

The Institution classifies its loan portfolio under the following line items:

- Commercial loans: granted to business entities and intended for their commercial or financial activity including those granted to financial institutions other than interbank loans with maturities of less than 3 business days, loans for financial factoring transactions, discount and assignment of credit rights, loans granted to trustees acting under trusts. Likewise, these include credits granted to the Federal Government, states, municipalities and their decentralized bodies, and loans to productive state entities, together with those having an express guarantee of the Federation, registered with the Ministry of Finance and Public Credit (SHCP for the acronym in Spanish) and Banxico, as well as those expressly guaranteed by states, municipalities and their decentralized bodies, duly registered before the Registro Público Único (sole public registry) referred to by the Law of Financial Discipline of States and Municipalities.

Represents the balance of the total or partial withdrawal of credit facilities granted to borrowers, plus accrued and un-collected interest, less any interest collected in advance. The preventive allowance for credit risks is presented deducting the balances of the loan portfolio. Unused lines of credit are accounted for in memorandum accounts, under line item "Loan commitments". The amount that is withdrawn by the borrower is considered in the loan portfolio in accordance with the corresponding portfolio category.

- Housing and consumer loans. - These are secured liquidity loans for housing and consumption (personal loans) granted to former employees in local currency, as well as interest earned and having a remaining balance to be settled at market term and rate.

## Initial recognition

The Institution quantifies the transaction price corresponding to the net financial amount, which results from adding or subtracting to the original loan amount, the financed insurance, transaction costs, fees, interest and other items collected in advance. Such transactions price corresponds to the fair value of the loan portfolio at initial recognition and is the basis for applying the effective interest method with the effective interest rate, which is the basis for calculation of the amortized cost of the loan portfolio for its subsequent recognition.

The balance of the loan portfolio by the amount granted to the debtor and it is recorded no considering the costs of the transaction, likewise the amount collected in advance, indicated in the paragraph above, which are recognized as a deferred debit or credit, as applicable and are amortized in the result of the period in the term of the credit, in accordance with the amortized cost.

Transaction costs include among other, fees and commissions paid to agents, advisors and intermediaries, appraisals, research expenses, as well as debtor's credit assessment, assessment and recognition of guarantees, negotiations of the credit terms, preparation and process of the credit documentation and transaction closing or cancellation. On the other hand, transaction costs do not include premiums or discounts, which are part of the fair value of the loan portfolio at the time of the transaction.

The amount of the transaction costs and revenue associated with the credit granting which are part of the effective interest is shown net in the consolidated statement of financial position under a separate line item, affecting the total loan portfolio.

Any other expense not related to the credit granting, such as those related to promotion, advertising, potential customers, management of existing credits (follow-up, control, recoveries, etc.) and other auxiliary activities related to the establishment and monitoring of credit policies, are recognized directly in results for the year on an accrual basis under the line item corresponding to the nature of the expense.

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Collected commissions and transaction costs originated from a credit facility are recognized at that time as a credit or deferred charge, which is amortized against results for the year for the period corresponding to the term granted in the credit facility. In the event the credit facility is canceled, the outstanding balance is recognized directly in results for the year under the line item corresponding to the date of cancellation of the credit facility.

### - Subsequent recognition

At subsequent recognition, the loan portfolio is valued at amortized cost, which includes increases due to accrued interest, reductions for amortizations of transaction costs and items collected in advance, as well as reductions and for principal and interest collections and for the preventive allowance for credit risks.

In the event of credit facilities granted by the Institution, in which only part of the authorized amount has been exercised, the unused portion thereof remains recognized in memorandum accounts.

Commissions that are recognized after the granting of the credit are those generated as part of maintenance of such credits, as well as those charges for credits that have not been placed, are recorded in results of the year upon their accrual.

### - Reclassifications

The Institution reclassifies the loan portfolio only if its business model is modified. These changes are the result of external and internal changes that are significant for its operations and may be proved before third parties.

Reclassifications are communicated in writing to the Banking Commission within 10 business days following the determination, exposing in detail the change to the business model that explains them. Reclassification is made prospectively and does not modify the previously recognized profits and losses.

In the years ended December 31, 2024 and 2023, there were no changes or modifications to the loan portfolio business model.

### **Categorization of the loan portfolio by credit risk level**

#### Portfolio with credit risk Stage 1

The following loans are considered portfolio with credit risk Stage 1:

- Commercial loans: with 30 or less days past-due.
- Consumer loans: when the number of days past-due, calculated as the total past due billings to rating date, is less or equal to 1.
- Housing loans: when the number of days past-due, calculated as the total past-due billings to the rating date, is less than or equal to 1.

#### Loan portfolio with credit risk Stage 2

The following loans are considered portfolio with credit risk Stage 2:

- Commercial loans: with more than 30 days and less than 90 days past-due.
- Consumer loans: when the number of days past-due, calculated as the total of past-due billings to the rating date, are greater than 1 but less than or equal to 3.
- Housing loans: when the number of days past-due, calculated as the total of past-due billings to the rating date, is greater than 3.

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Loan portfolio with credit risk Stage 3

- Commercial loans: with 90 or more days past-due.
- Consumer loan: when the number of days past-due, calculated as the total past-due billings to the rating date is greater than 3.
- Housing loans: when the number of days past-due, calculated as the total past-due billings to the rating date, is greater than 3.

The outstanding balance according to the payment terms set forth in the loan agreement should be recognized as loan portfolio with credit risk Stage 3 when:

1. It is known that borrowers have filed for bankruptcy under the Bankruptcy Law. Loans under bankruptcy proceedings that continue making payments in terms of the Bankruptcy Law are classified as portfolio with a credit risk in Stage 3, if assumptions provided for in the following numeral 2 are met. Notwithstanding the provisions in this item, loans that continue receiving payments pursuant to Section VIII of Article 3 of the Bankruptcy Law, as well as loans granted under Article 75, in relation to Sections II and III of Article 224 of the referenced law, will be transferred to the loan portfolio with credit risk Stage 3, if assumptions provided or in the following numeral 2 are met.
2. Amortizations of consumer loans and housing loans, referred to in Exhibit 16-A, "Procedure to calculate the number of past-due billings in rating non-revolving consumer and housing loan portfolios" as stated in the General Rules Applicable to Credit Institutions (Withdrawals), have been partially paid, provided such debts correspond to:
  - a) Loans with a single payment of principal and interest at maturity, which are more than 30 calendar days past-due for principal and interest;
  - b) Loans where principal is repaid in a lump sum at maturity (Bullet loans) and periodic interest payments, which are 90 or more calendar days past-due for their respective interest payment, or otherwise 30 or more calendar days past-due on the principal amount.
  - c) Loans with periodic partial payments of principal and interest, which are 90 or more calendar days past-due for principal and interest.

For purposes of the provision in this numeral, the payment made in each billing period will be used to settle first the oldest overdue billing, and then the one following, if any, and so forth until the most recent billing.

Loans with credit risk Stages 2 and 3 which are fully settled or comply with the Re-established payment behavior, are taken back to the portfolio with credit risk Stage 1; situation evidenced by the payment of total due amount for principal and interest with no delays in 3 consecutive amortizations (amortizations lower than or equal to 60 days), the payment of 2 amortizations (periods between 61 and 90 calendar days) and in amortizations greater than 90 days, the payment of one amortization. In loans with a single payment of principal at maturity, the Re-established payment behavior is evidenced by covering at least 20% of the loan original amount upon the restructuring or renewal in a term of 90 days and when such term has elapsed.

3. Loan amortizations not considered in the previous numeral, which amortizations have not been fully settled in the terms originally agree upon, provided debts correspond to:
  - a) Loans with a single payment of principal and interest at maturity which are 30 or more natural days past-due for principal and interest;
  - b) Loans with a single payment at maturity, and periodic interest payments, which are 90 days or more calendar days past-due for their respective interest payment, or otherwise 30 or more calendar days past-due on the principal;

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- c) Loans with periodic partial payments of principal and interest, which are 90 or more days past-due for principal and interest.
4. Immediately redeemable notes will be reported as portfolio with credit risk Stage 3 at the time they have not been collected.

Loan portfolio should be recognized with credit risk Stage 3, when the entities have any element to determine they should be migrated from Stage 1 or Stage 2.

In relation to maturity terms referred to in numerals 2 and 3, monthly periods may be used, regardless of the number of days in each calendar month, according to the following equivalents: one calendar month, 30 days; three calendar months, 90 days.

Likewise, if the set term expires on a nonbusiness day, said terms will be understood ended on the following business day.

In the case of acquisitions of loan portfolios, for the purpose of determining days past-due and the respective transfer to a portfolio with credit risk Stage 3, consideration must be given to all instances of noncompliance by the borrower since loan origination.

Loans with credit risk Stage 3 or Stage 2 for which outstanding balances are fully settled (principal and interest, among others) or which, in the case of restructured loans, comply with the sustained loan payment, shall be transferred back to the portfolio with credit risk Stage 1.

- **Restructuring and renegotiations**

For restructurings made by the Institution of loans with credit risks Stages 1 and 2, or which through a renewal are partially settled, the gain or loss on the renegotiation is determined through the difference between the carrying amount and the discounted cash flows at the original effective interest rate; the result is recorded in the consolidated statement of comprehensive income as a deferred charge or credit against the gain or loss on the loan portfolio renegotiation.

The amount partially restructured or renewed is the basis to apply the original effective interest rate, which is only adjusted, if applicable, to include the transaction costs, fees, and other items collected in advance pending amortization, as well as the those originated in the renegotiation are amortized during the new loan term based on the effective interest rate.

If the Institution renews a loan, it is considered there is a new loan, therefore, the previous loan, in the event of total renewal, is written off.

Loans with credit risk Stage 2 or Stage 3 which are restructured or renewed are not classified to a Stage with lower risk because of such restructuring or renewal until there is evidence of Re-established payment behavior.

Bullet loans which are restructured during their term or renewed at any time, shall be reclassified to the next higher risk stage until they show Re-established payment behavior. Withdrawn credit facilities, which are restructured or renewed at any time, also shall be reclassified to the next higher risk stage, except when there are elements that justify the debtor's repayment capability, have repaid in full interest and payments due on the restructuring or renewal date.

If withdrawals made under the credit facility, when they are restructured or renewed regardless of the corresponding credit facility, represent 25% of the total withdrawn balance of the credit facility to the restructuring or renewal date, the total withdrawn balance, as well as the subsequent withdrawals, are transferred to a classification with greater risk. The total balance withdrawn from a credit facility is transferred to a classification with lower credit risk if there is evidence of the Re-established payment behavior of the withdrawals that originated such transfer, and there has been compliance with all obligations due to the total credit facility on the assessment date.

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Loans with credit risk Stages 1 and 2, other than the ones mentioned above, which are restructured or renewed without having at least 80% of the original loan term elapsed, will remain in the same category, only if total accrued interest and the original principal loan amount which should have been covered are paid.

Loans with credit risk Stages 1 and 2 other than the above mentioned which are restructured or renewed during the course of the final 20% of the original term of the loan shall be reclassified to the next higher risk stage, except if the borrower has fully paid the total interest accrued on the restructuring or renewal date, covered the total original amount of the loan which at the date of renewal or restructuring should have been paid and paid 60% of the original loan amount.

Loans with credit risk Stages 1 and 2 which are restructured or renewed more than once, are transferred to a portfolio with credit risk Stage 3, except when, in addition to the conditions set out in the previous paragraphs, the Institution has elements that evidence the debtor's repayment capability.

The Institution recognizes the outstanding balance pending amortization corresponding to the gain or loss on renegotiation in results for the year when the loan is transferred to a portfolio with a credit risk Stage 3.

If in a restructure or renewal several loans granted to the same borrower are consolidated, and it is concluded that one or more of such loans should be transferred to a portfolio with a greater credit risk as a result of such restructuring or renewal the total balance of the consolidated loan is transferred to the category corresponding to the loan subject to consolidation with a greater credit risk.

Loans classified in Stage 2 due to a restructuring or renewal are evaluated periodically to determine whether there is an increase in their risk originating a transfer to Stage 3.

Restructurings which to the transaction date show compliance with the payment in the total amount due for principal and interest are not transferred to a category with greater credit risk when they only modify one of the following conditions: extension or replacement of guarantees for others of better quality; improvement to the interest rate; new currency or unit of account; the change in the payment date does not involve exceeding or modifying its periodicity.

- **Loan Re-established payment behavior**

A loan Re-established payment behavior is evidenced when the borrower makes the payment of the total due amount of principal and interest without delay, for at least three consecutive amortizations of the loan payment scheme, for amortizations that cover periods shorter than or equal to 60 days, or the payment of two amortizations in the event of loans with periods between 61 and 90 calendar days, and in the event of loans with amortizations covering periods longer than 90 calendar days, the payment of one amortization.

When the amortization periods agreed in the restructuring or renewal are not homogeneous, for purposes of evidencing the Re-established payment behavior, it is required to consider the number of periods representing the longest term.

For restructurings modifying the periodicity of payment to shorter periods, it is required to consider the number of amortizations of the original loan scheme.

In the case of consolidated loans, if two or more loans originated the transfer to a portfolio with credit risk Stage 2 or Stage 3, for the purpose of determining the required amortizations, the original repayment scheme should be considered, where such amortizations should be equal to the longest term.

In any case, to evidence there is a Re-established payment behavior, the entity should make available to the Banking Commission evidence that the borrower has repayment capability upon carrying out the restructuring or renewal to face the new loan conditions.

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The minimum elements to be considered for the purpose of the previous paragraph are as follows: the intrinsic borrower's probability of default, the guarantees granted to the restructured or renewed loan, the order of preference for payment before other creditors and the borrower's liquidity in the face of the new financing structure.

For Bullet loans, whether the interest payment is periodic or upon maturity, it is considered there is Re-established payment behavior of the loan upon occurrence of the following assumptions:

- a) the borrower has covered at least 20% of the original loan amount upon restructuring or renewal, or otherwise,
- b) the amount of accrued interests according to the repayment scheme for restructuring or renewal corresponding to a term of 90 days has been covered and at least such term has elapsed.

Loans which are restructured or renewed more than once, which have been agreed with a sole payment of principal at maturity, regardless of whether interest payment is periodic or at maturity, will evidence loan Re-established payment behavior when:

- a) the borrower covers at least 20% of the outstanding principal to the date of the new restructuring or renewal;
- b) the amount of accrued interests according to the new repayment scheme for restructuring or renewal corresponding to a term of 90 days has been covered and at least such term has elapsed, and
- c) the entity has elements to prove the debtor's repayment capability. For commercial loans, such elements should be duly documented and integrated into the loan's file.

Prepayment of amortizations of the restructured or renewed loans, other than those with single payment of principal at maturity, regardless of whether interest payment is periodic or at maturity, will not be considered Re-established payment behavior. That is the case of amortizations of restructured or renewed loans which are paid without having the calendar days equivalent to the required period elapsed.

In any case, loans transferred to a category of greater credit risk as a result of a restructuring or renewal, should remain a minimum of three months in such stage to evidence Re-established payment behavior and, thus, shall be reclassified to the next lower risk stage, except for restructured or renewed loans granted for a term shorter than or equal to 6 months and which are not restructured or renewed consecutively for the same term. The foregoing shall not be applicable to loans with payment of principal at maturity, regardless of whether interest payment is periodic or at maturity.

- **Discontinuation of interest accrual**

Interest accrued on loan transactions should be discontinued when the outstanding balance of the loan is considered to be with credit risk Stage 3. Likewise, it is required to consider the balance pending amortization of the transaction costs, as well as of the items collected in advance and, if any, the effect of the profit or loss on the renegotiation pending amortization against the year's results.

For loans contractually capitalizing interest to the debt amount, the discontinuation of interest accrual established in the paragraph above will be applied.

During the period loans are held in a portfolio with credit risk Stage 3, interest earned will be recorded in memorandum accounts. If such interest or financial income is collected, it will be directly recognized in profit or loss under the line item "Interest income", cancelling, in the case of a financial lease, financial factoring transactions, discount or assignment of credit rights, the corresponding financial income to be earned.

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In the event interest recorded in memorandum accounts pursuant to the previous paragraph are written off or charged off, these should be canceled in the memorandum accounts without affecting the preventive allowance for credit risks.

*“Special accounting criteria provided by the Banking Commission applicable to loan institutions, for those accredited with domicile or source of payment situated in zones declared in emergency status” affected by Hurricane Otis.*

Based on Article 175 first paragraph of “General Rules Applicable to Loan Institutions” and as a consequence of the damages caused by hydro-meteorological phenomena severely affecting the State of Guerrero as a result of which the Secretary of Security and Public Safety issued on October 26, 2023, the “Accord through which it is Established an Emergency Situation”, being Acapulco de Juárez the municipality with initial attention, the Banking Commission determined to temporarily release special accounting criteria through Official Letter P-307/203 dated October 2023.

The Banking Commission released special accounting criteria in respect to consumption, housing and commercial loans for borrowers having their domicile or the loans which source of payment is situated in affected zones and that were accounting wise classified as portfolio with credit risk Stage 1 or Stage 2 on October 2023, for the purpose of being renewed or restructured remaining in the same credit risk category and not to be considered a restructured loans, in accordance with Criteria B-6, “Loan Portfolio”.

The benefit stated above, among other aspects, allows that the new maturity term which, as the case may be, is granted to the borrower, does not exceed more than 6 months the original maturity date of the transactions and the corresponding processes of such restructuring or renewal conclude no later than April 30, 2024.

To this effect, the Institution implemented the “Emergent Support Scheme for Companies affected by Hurricane Otis in the State of Guerrero (Rescheduling)” (the Scheme), for the purpose that the Institution borrowers subject to this benefit may access a rescheduling scheme of amortizations, as a result of the impact caused by Hurricane Otis in the State of Guerrero, and through this scheme such companies are able to maintain jobs and carry out the most essential expenses to continue with their operations.

The Scheme was issued considering the possibility to apply the “General Rules Applicable to Loan Institutions (Single Banks Circular Letter)”, Schedule 33, Criteria B-6, *Loan Portfolio*, as well as special accounting criteria issued by the Banking Commission, having as instrumentation deadline April 30, 2024.

As of December 31, 2024, the Institution has granted guarantees of \$469 to 203 borrowers, as indicated in the following table:

Financial Intermediary	Number of Credits	Guaranteed Balance
BANCA AFIRME	2	\$ 2
BANORTE	8	24
BBVA	160	359
CITIBANAMEX	24	59
MIFEL	1	3
SANTANDER	8	22
<b>Total</b>	<b>203</b>	<b>\$ 469</b>

**k. Preventive allowance for credit risks**

The preventive allowance for credit risks is recorded, which, based on Management’s best estimate, is sufficient to cover any loss which could arise both from loans included in its loan portfolio, and from other credit risks of guarantees issued and irrevocable loan commitments.

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The amount of the preventive allowance for credit risks is determined based on the different methodologies set out by the Banking Commission for each type of credit and credit risk level, as well as additional estimates required in various regulations and bodies of laws recognized by the Banking Commission and should be recognized in results of the corresponding period.

Loan portfolio rating is based on an expected loss model which considers in its evaluation, the loan stage (1, 2 or 3), the economic sector to which it belongs, the probability of default, the loss given default and the exposure at default, while for the consumer and housing portfolio, rating was made according to the methodology for rating consumer and housing loan portfolios, referred to in Subsection A of the First and Second Sections of Chapter V, Second Title, of the General Provisions Applicable to Credit Institutions published through a modifying resolution on October 25, 2010 and its subsequent amendments.

Identification of the loan portfolio impairment level should take place before the default, considering, among other factors, significant increases in credit risk indicators, deterioration in the external rating of an instrument or borrower, significant risk increases in other instruments of the same borrower, delinquency information, significant deterioration in market indicators, significant changes in the value of guarantees or in the operating results of the borrower, even those of the economic environment.

An estimate of expected losses should be made by considering the 3 mentioned stages, depending on the level of credit impairment of assets, as follows:

- **Stage 1**, is the stage that incorporates financial instruments whose credit risk has not increased significantly since their initial recognition, and the estimate should be created for a 12-month period for loans which credit risk has not increased significantly since their initial recognition until the date of the financial statements and which do not meet the assumptions to be considered in Stages 2 or 3.
- **Stage 2**, which incorporates the instruments in which a significant risk is presented in the credit risk since their initial recognition, for loans which have shown a significant increase in the credit risk since their initial recognition until the date of the financial statements, according to the provisions of the models to calculate the preventive allowance for credit risks.
- **Stage 3**, which encompasses instruments in which there is objective evidence of impairment and for which, both in Stage 2 and in Stage 3, it is established that the Credit Institutions are required to create allowances for loan losses for the remaining term to maturity for loans with credit impairment originated for occurrence of one or more events that have a negatively impact on the future cash flows of such loans.

The amount of the allowances for loan losses on each loan shall be the result of applying the following formula:

$$R_i = P_{li} \times S_{pi} \times E_{li}$$

Where:

R <sub>i</sub>	Amount of the allowance to be recognized for the i-th loan
P <sub>li</sub>	Probability of default of the i-th credit
S <sub>pi</sub>	Severity of loss of the i-th credit
E <sub>li</sub>	Exposure to default on the i-th credit

E<sub>li</sub> should be calculated monthly and in the case of P<sub>li</sub> and S<sub>pi</sub>, at least quarterly

**Commercial loans.** - The allowances for the commercial loan are based on individual assessments of the credit risk of borrowers and their classification in accordance with the General Provisions applicable to the rating methodology of the Credit Institutions loan portfolio provided by the Banking Commission. Commercial loans shall be subject to a credit rating without including those loans with guarantee from Entities of the Federal Public Administration under direct budgetary control, productive State companies or those indicated in section VI of Article 112 of the Provisions, in which the allowance percentage shall be equal to 0.5%.

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Preventive allowances for credit risk for commercial portfolio are classified based on the risk grades and the percentages on the following table:

<b>Risk grade</b>	<b>Percentage range for allowances</b>	
A1	0.000%	0.90%
A2	0.901%	1.5%
B1	1.501%	2.0%
B2	2.001%	2.50%
B3	2.501%	5.0%
C1	5.001%	10.0%
C2	10.001%	15.5%
D	15.501%	45.0%
E	Higher than 45.00%	

- Methodology for the rating of commercial portfolio

The commercial portfolio rating exercise based on the expected loss model considered the following:

1. The commercial portfolio was classified according to the Provisions, as applicable to the Institution, in accordance with the following:
  - i. States and municipalities (not applicable to the Institution).
  - ii. Projects with own source of payment (Exhibit 19).
  - iii. Trustees who act on behalf of trusts, not included in the previous subsection, as well as credit schemes commonly known as "structured" (not applicable to the Institution).
  - iv. Financial entities (Exhibit 20).
  - v. Business entities not included in the previous subsections and individuals with business activities:
    - Annual net revenues or net sales < 14 million UDIs (Exhibit 21).
      - "Non overdue borrowers" in the last 12 months.
      - "Overdue borrowers" at least with one day overdue in the last 12 months.
    - Annual net revenues or net sales ≥ 14 million UDIs (Exhibit 22).
      - Small companies: 14 million UDIs ≥ Annual net sales < 54 million UDIs.
      - Companies: 54 million UDIs ≥ Annual net sales < 216 million UDIs.
      - Large companies: Annual net sales ≥ 216 million UDIs.

Likewise, the commercial portfolio is classified in stages according to the following:

- Stage 1. For loans with 30 or less days past due.
- Stage 2. For loans with more than 30 days past-due and less than 90 days past-due, o which comply with any of the criteria described in Stages 1 or 3.
- Stage 3. For loans with 90 or more days past-due o when the loan is in Stage 3, according to the terms set out in the Accounting Criterion B-6, *Loan portfolio*.
- Methodology for the rating of the consumer and housing portfolios

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Rating of the consumer and housing portfolios is determined based on the result determined by the impact of the probability of default in the loss given default associated to the value and nature of the loan guarantees. The origin of these portfolios arises from loans granted to employees, once their labor relationship with the Institution is terminated, and which according to the internal regulations of the Banking Commission are part of the loan portfolio.

- Additional reserves

They are established for those credits which, in Management's opinion, may become impaired in the future due to the customer's situation, the industry sector or the economy. Additionally include estimates for items such as ordinary accrued and uncollected interests and other items whose realization is estimated could result in a loss for the Institution, as well as reserves held for guarantees granted.

To determine additional reserves reported to the Banking Commission which the Institution had to set up in years 2024 and 2023, where the methodology consists of estimating the amount of the additional reserves depending on the expected threshold of Stage 3 of overdue portfolio for years 2024 and 2023. The threshold would be determined by the portfolio's behavior. Likewise, a comparison was prepared between the Institution's overdue portfolio in Stage 3 and the Commercial Bank's average overdue portfolio in Stage 3, with the assumption that the Institution's overdue portfolio in Stage 3, would tend to the bank average and will reach a percentage similar to that of the Commercial Banks in the short term.

- Accounting records

In light of the above, the Institution calculates the amount of the preventive allowance for credit risks, which is recorded in the corresponding year's results; any surplus in the preventive allowance for credit risks is reversed against profit or loss, affecting the same item that gave it origin, that is, the one of the preventive allowance for credit risks.

- Impaired loan portfolio

The Institution considers as impaired loans, those commercial loans for which it determines that there is a considerable probability that they could not be recovered in full, without excluding improvements in risk levels resulting from the secured portion of the loan, or loans that, although current, result from negotiations in which a forgiveness, reduction or discount was authorized at the end of the agreed-upon term.

#### **I. Other accounts receivable**

Other accounts receivable are initially recognized when a right generated from a transaction arises, that is, when they become due and collectible at the amount for which there is a collection right, which in general is their nominal value. Subsequently, they are valued based on the amount for which there is a collection right, which in general is their nominal value pending collection.

Loans to officers and employees and the accounts receivable related to accounts receivable whose original maturity exceeds 90 calendar days are assessed by Management to determine the estimated recoverable amount and as required, to create the corresponding allowance. The balances of other debit items are recorded into the year's results 90 days after their initial recording, if they correspond to identified items and 60 days if the balances are unidentified, regardless of their chance of recovery, except for recoverable balances related to creditable value-added tax.

With regards to clearing accounts, in the case where the amount receivable is not settled within 90 calendar days from the date it was recorded in clearing accounts, it is recorded as past due and an allowance for non-recoverability is recorded for the total amount.

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**m. Foreclosed assets or assets received in lieu of payment**

Foreclosed assets are recorded on the date of the admission order of the judicial sale by which the foreclosure was decreed and became final and enforceable.

Assets received in lieu of payment are recorded on the date the deed of payment is formalized, or the date on which the asset's ownership transfer is formalized.

The value recognition of foreclosed assets shall be:

- a) the lower of the gross carrying amount of the asset originating the foreclosure, without deducting the allowance for credit risks recognized up to that date, and the net realization value of assets received when the intention of the Institution is to sell such assets to recuperate the amount receivable; or
- b) the lower between the gross carrying amount of the asset originating the foreclosure or the fair value of the received asset when the intention of the Institution is to use the foreclosed asset for its operations.

When the net value of the assets originating the foreclosure exceeds the value of the foreclosed asset, the loss is recognized in profit or loss under the line item "Other operating income (expenses)"; otherwise, the value of the foreclosed asset is adjusted to the net value of the asset.

At the time of recognizing a foreclosed asset, the allowance created as of that date, are accounting wise derecognized, affecting the credit allowance in the statement of comprehensive income.

Foreclosed assets are valued according to the type of assets they represent, recording said valuation against results of the year under line item "Other operating income (expenses)". The Institution's policy referred to foreclosed assets is to recognize accounting wise an estimate (loss) for the full amount of the foreclosed value.

Foreclosed assets pledged for sale are recognized as restricted at the carrying amount; collections received on account of the asset are recorded as a liability under "Other accounts payable", until the sale is completed. On the date of the sale a gain or loss is recognized in results under line item "Other operating income (expenses)".

**n. Property, furniture and equipment**

Property, furniture and equipment are recorded at acquisition cost. Balances of acquisitions made before December 31, 2007 were adjusted using inflation-indexed factors based on the UDI value from the date of acquisition through that date.

Depreciation is calculated using the straight-line method, based on the useful lives of the corresponding assets estimated by the Management. The amount subject to depreciation is determined by subtracting the residual value and, if any, the cumulative impairment losses from the acquisition cost. The Institution evaluates periodically the residual values of property, furniture, and equipment to determine amounts to be depreciated.

The Institution evaluates periodically the net carrying amount of property, furniture, and equipment, to determine whether there is an indication that these values exceed their recoverable amount. The recoverable amount is the greater of fair value less costs to sell and value in use. If it is determined that the net carrying amounts exceed their recoverable amount, the Institution recognizes the impairment by subtracting it from the year's results.

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**o. Permanent investments**

Permanent investments are initially recognized based on the amount invested, contributed, or the acquisition cost. Subsequently, said investments are valued by the equity method, which consists of adjusting the value of the investment, contribution or of acquisition of shares, by the proportionate share of comprehensive income, distributions of earnings, or capital reimbursements subsequent to date of acquisition. Losses in associated companies, not resulting from reductions in the equity percentage but as a consequence of movements of other owners, are recognized in proportion in the carrying amount of the investment, against profit or loss for the period in the year of occurrence.

The Institution's participation in the result of associated companies is shown separately in the consolidated statement of comprehensive income.

The other permanent investments where there is no control, joint control, or significant influence are classified as other investments, which are initially recognized and are valued at their acquisition cost. If there are dividends from such investments, these are recognized in results under the line item "Other operating income (expenses)", except if they come from profits earned prior to the acquisition date, in which case, these are subtracted from the permanent investment.

**p. Advance payments**

Advance payments represent those disbursements made by the Institution, in which the benefits and risks inherent of the goods to be acquired or services to be received have not yet been transferred. Advance payments are recorded at their cost and are shown in the consolidated statement of financial position under the line item "Advance payments and other assets". Once the goods and/or services have been received, these are recognized as an asset or expense in the consolidated statement of comprehensive income for the period, according to their respective nature.

This line item includes mainly prepaid expenses and commissions, as well as security deposits, which are recognized as an asset for the amount paid when they are made, provided there is an estimate of the future economic benefits for the Institution. In the presence of any sign of impairment of the asset value, the potential impairment loss is determined and, if the recoverable amount is lower than the net carrying amount, the asset value is reduced, and the impairment loss is recognized in profit or loss.

The other assets include the assets for employee benefits and deferred employee profit-sharing.

**q. Income tax**

Income taxes payable for the year are determined according to the tax provisions in effect in accordance with current tax legislation.

Deferred income taxes are accounted for under the asset-liability method, which compares book and tax values. Deferred income taxes (assets and liabilities) are recognized for future tax effects of temporary differences between the values set forth in the financial statement for the existing assets and liabilities and their respective tax bases, and in the case of income tax, for operating loss carry forwards. Deferred income tax assets and liabilities are calculated based on the statutory rates set forth by the relevant law, which are to be applied to the taxable income in the years for which it is estimated that the temporary differences will be reversed. The effect of changes in the tax rates applicable to deferred income taxes are shown in results for the year in which such changes are approved.

Management recognizes a deferred tax asset only to the extent that it is probable and reasonably certain that it will be recovered, based on the Institution's financial and tax projections. The deferred tax is registered using as the counter account results or stockholders' equity, depending on the registration of the item that gave origin to the advanced tax (deferred).

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Income taxes are presented and classified in results for the year, except for those arising from a transaction recognized in Other Comprehensive Income or directly in equity.

### r. Traditional deposit funding

Traditional deposit funding is presented broken down in the following concepts:

- time deposits; and
- debt securities issued.

Time deposits include, among others, certificates of deposit withdrawable on predetermined dates and promissory notes with return payable at maturity. Debt securities issued include, among others, bank bonds and Debt Certificates.

Liabilities from deposit funding are initially recognized by applying the following steps:

- at the transaction price is adjusted by adding or subtracting transaction costs, as well as other items paid in advance, such as commissions and interest;
- the present value of the estimated contractual cash flows for principal and interest is determined during the remaining term of the liability or for a shorter term, if there is a probability of prepayment or other circumstance that would require using a shorter term;
- the effective interest rate of the liability is calculated; it is determined considering the relationship between the amount determined in the two previous subsections.
- the amount determined in subsection (i) is the fair value of the liability at which it is initially recognized; this amount is the basis for applying the effective interest method with the effective interest rate resulting from step (iii); that is, it is the basis for calculation of the liability amortized cost at the subsequent recognition.

Upon calculating the effective interest rate, the Institution estimates the expected cash flows considering all contractual terms of the liability (such as prepayment, extension, early repayment and other similar options). The calculation includes all commissions and other charges paid or received among the parties of the agreement which are part of the effective interest rate, such as interest, commissions and other items paid in advance, as well as the transaction costs and all other premiums or discounts.

Transaction costs include, among others, fees and commissions paid to agents, advisors and intermediaries, duties paid to regulatory authorities and security markets, bonds or collateral payments, as well as transfer taxes of the financial instrument. These do not include premiums or discounts, which are part of the fair value of the financial instrument at the time of the transaction.

Those liabilities from deposit funding denominated in foreign currencies are recognized in the corresponding currency and translated with the exchange rate at date of transaction. At the closing of the year, these liabilities are translated at the exchange rate in force at the date of the statement of financial position. Changes in exchange rates are recognized in results of the year when they occur.

After initial recognition, liabilities from deposit funding are valued at their amortized cost, which includes, among others, the increase due to accrued effective interest and reductions due to principal and interest payments and, if any, the effect of any forgiveness granted in relation to the amount to be paid. The effective interest is recognized as an "Interest expense" in the year's on an accrual basis.

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The Institution derecognizes a liability from deposit funding (or part thereof) from the consolidated statement of financial position only when it is extinguished, as the obligation has been complied with, that is, when it is transferred, settled or expired.

Interest is charged to expense on an accrual basis under "Interest expense". For instruments sold at a value different from their nominal value, the difference between the instrument's nominal value and the amount effectively received therefrom is recognized as a deferred charge or credit and amortized on an amortized on a straight-line basis, unless the effective interest method is required.

When a financial instrument payable bears an interest rate periodically modified, the effective interest rate is determined for each period. In such event, it would be necessary to determine the effective interest rate for the remaining life of the loan, considering the unamortized transaction costs. If there are periodic payments of principal amount, an amortization of transaction costs in straight-line is not appropriate. However, if changes in rates are not relevant, it will not be necessary to change the effective interest rate.

### **s. Provisions**

The Institution recognizes provisions for present obligations when, based on Management's estimates, the outflow of resources embodying economic benefits is probable and the obligation arises from past events.

### **t. Interbank loans from other agencies**

This line item comprises immediate demand loans, as well as short- and long-term loans, from domestic and foreign banks from domestic and foreign banks, which are recorded based on the contractual value of the obligation. Interest is charged to expense on an accrual basis under "Interest expense".

Those interbank loans received by the Institution and agreed for a term shorter than or equal to 3 business days are presented as demand loans, while those for terms longer than 3 business days are grouped as short and/or long-term in the consolidated statement of financial position.

Those interbank loans denominated in foreign currencies are recognized in the corresponding currency and translated using the exchange rate in effect on the loan origination date. At the closing of the year, those liabilities are translated at the exchange rate of the statement of financial position. Changes in rates of exchange are recognized in results in the year in which they occur.

After initial recognition, interbank loans are valued at their amortized cost, which includes, among others, the increase due to accrued effective interest and reductions due to principal and interest payments and, if any, the effect of any forgiveness granted in relation to the amount to be paid. The effective interest is recognized as an "Interest expense" in results on an accrual basis.

### **u. Employee benefits**

Employee benefits granted by the Institution include all types of compensation accrued in favor of employees and/or their beneficiaries in exchange for services rendered or upon termination of employment. Such benefits are described below:

- **short-term employee benefits**

Short-term direct employee benefits are recognized in profit or loss in the period in which the related services are rendered. A liability is recognized for the amount expected to be paid if the Institution has a legal or constructive obligation to pay this amount as a result of past services provided and the obligation can be reasonably estimated.

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- **Long-term direct benefits**

The Institution's net obligation related to direct long-term benefits (excluding deferred employee statutory profit-sharing), which are expected to be paid more than twelve months after the reporting date, represents the amount of future benefits earned by employees in exchange for services rendered in the current and prior periods.

- **Termination benefits**

A liability and related expense for termination benefits is recognized when the Institution has no realistic alternative but to make such payments, cannot withdraw the offer of those benefits, or meets the criteria to recognize restructuring costs, whichever comes first.

- **Defined benefit plan**

In addition, the Institution has a defined benefit plan in place that covers the pensions for retirement, the seniority premiums and legal compensation to which employees are entitled in accordance with the Federal Labor Law, as well as obligations related to post-retirement medical benefit plans and retiree life insurance.

Irrevocable trusts have been established for all plans to manage the respective plan funds and assets.

The calculation of liabilities for defined benefit plans is made annually by actuaries using the projected unit credit method. When the calculation results in a possible asset to the Institution, the recognized asset is limited to the present value of the economic benefits available in the form of future refunds from the plan or reductions in future contributions to it. In determining the present value of economic benefits, any minimum funding requirements must be considered.

The current service cost, representing the increase in the defined benefit obligation due to employee service in the current year, is recognized within administrative expenses. The Institution calculates the net interest expense (or income) by applying the discount rate to the net defined benefit liability (or asset) at the beginning of the reporting period, adjusted for changes during the year resulting from contributions and benefit payments.

The amendments to the plans that affect the cost for services provided are recognized immediately in profit or loss in the year in which the amendment occurs. Furthermore, the effects of any liquidation or reduction of obligations in the period that significantly reduce future service cost and/or significantly reduce the population eligible for benefits, are recognized in income (loss) for the period.

Remeasurements generated as from January 1, 2016 (before actuarial gains and losses) resulting from differences between the projected and actual actuarial assumptions at the end of the period, are recognized when incurred as part of the other comprehensive income within stockholders' equity and are subsequently reclassified to profit or loss over the average remaining working life of the employees.

According to the resolution published on December 31, 2015 by the Banking Commission, the Institution will recognize the modifications to the plans and remeasurements accumulated up to December 31, 2015,

gradually by year 2021 and during the next four years, recognizing 20% starting in the initial year of application and an additional 20% in each of the subsequent four years.

### **Employee Statutory Profit-Sharing incurred and deferred**

Employee Statutory Profit-Sharing (PTU for the acronym in Spanish) incurred in the year is determined in accordance with what is required under Mexican law.

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Employee Profit-Sharing is accounted for in accordance with the assets and liabilities method, which compares accounting and tax values thereof. Deferred PTU (assets and liabilities) is recognized for future tax consequences attributable to the temporary differences between the accounting value of existing assets and liabilities and their tax basis. Deferred PTU is determined using rates provided by the corresponding law and shall be applied to taxable income in those years in which it is estimated temporary differences will reverse. The effect of changes in tax rates over the deferred Employee Statutory Profit-Sharing is recognized in the results of the period in which such changes are approved.

Deferred Employee Statutory Profit-Sharing is presented and classified in results for the period, except for those stemming from a transaction recognized in other comprehensive income or directly under line-item stockholders' equity. Deferred Employee Statutory Profit-Sharing is presented under line item "Administrative and promotion expenses", in the consolidated statement of comprehensive income.

### **v. Stockholders' equity**

Stockholders' equity and other accounts included under equity (reserves, accumulated results, etc.), are presented as follows: i) movements carried out starting January 1, 2008, at historical value, and ii) movements carried out up to December 31, 2007, at updated values as explained in Note 3 (b).

### **w. Segments**

Financial information by segment is prepared based on the provisions in paragraph 6 of criterion A-2, *Application of Specific Standards*, issued by the Banking Commission through Exhibit 33 of the Provisions to allow the user of the financial information of the Institution the analysis of the entity, from the same perspective as that of management.

The Institution segregates its activities according to the seven operating segments, as described below:

- **Markets and Treasury operation:** Through these activities, it is involved in the venture capital of public and private companies with focus on consolidating the financial structure thereof, including investment transactions made by the Institution on its own, such as investments in financial instruments, repurchase/resell agreements, securities lending and derivative financial instruments.
- **First Tier credit operation:** This corresponds to loans placed directly with companies of the public and private sector.
- **Second Tier credit operation:** This corresponds to channeling resources through banking and non-banking financial intermediaries.
- **Loan guarantees:** Program whereby loan granting to MyPimes is encouraged through Nafin's involvement in the risk over financing granting by financial intermediaries.
- **Financial agent:** Loan transactions with resources from international financial bodies and those performed under an agency, where the Institution acts on behalf and by mandate of the Federal Government, under the terms and conditions established by the SHCP, as well as pursuant to the applicable regulations according to the funds source.
- **Trustee:** Financial vehicle for management of properties and rights, through a trust or agency for a specific purpose.
- **Other businesses (capital investment, subsidiaries, among others):** Capital contributions through private capital funds to strengthen small and medium-sized companies. In addition to revenues from equity of the Institution in related companies.

### **x. Revenue recognition**

Interest in loans granted including the interbank loans agreed for a term shorter than or equal to three business days, is recognized in profit or loss as it accrues. Interest in past-due loan portfolio is recognized in income upon effective collection.

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The interest collected in advance and loan origination fees are recorded under line item "Deferred loans and prepayments" and applied to the year's results under the line item "Interest income" and "Commission and fee income", respectively, as accrued, in the term of the loan or during the year, as applicable.

Commissions from assets in custody or under management are recognized in income when the services are rendered, under the line item "Commission and rates income".

Fees on trust transactions are recognized in income as accrued in "Commission and rates income". Such revenues are not accrued when fees are 90 or more calendar days past due and are recorded in memorandum accounts. If accrued revenues are collected, they are recorded directly in the year's results.

Fees for restructured or renewed loans are recorded as deferred loans and amortized against the results of operations for the year in "Interest income" using the straight-line method during the new term of the loan.

Commissions from intermediation by the Institution between the lender and the borrower for the contracting of loans on the markets, are recorded in the consolidated statement of comprehensive income, on an accrual basis, under the line item "Commission and rates income".

## **y. Foreign currency transactions**

Foreign currency transactions are accounted for at the exchange rate in force on the date entered into. at the closing date of the consolidated financial statements, monetary assets and liabilities, denominated in foreign currency, are translated at the rate of closing exchange published by the Mexican Central Bank. Foreign exchange differences generated on the date transactions took place and those of their collection or payments, as well as those from translation to Mexican pesos of balances denominated in foreign currency at the date of the consolidated financial statements, are applied to results of the year in which they originate.

In the case of the London branch, foreign currencies different from the dollar, are first converted to dollars and subsequently to Mexican pesos in accordance with the previous paragraph.

## **z. Fair value**

Fair value is the exit price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the valuation date.

To determine fair value, the following should be considered:

- a) the specific asset or liability subject to valuation;
- b) for a nonmonetary asset, the greatest and best use of the asset, and if the asset is used in combination with other assets or on an independent basis;
- c) the market in which an orderly transaction would take place for the asset or the liability; and
- d) the valuation technique or techniques appropriate to determine the fair value.

### Fair value hierarchy

To increase coherence and comparability in the determinations of the fair value and the related information to be disclosed, the Accounting Criteria establishes a fair value hierarchy which classifies in three levels the inputs used to determine the fair value. The availability of relevant inputs and their relative subjectivity may affect the selection of the appropriate valuation techniques. However, the fair value hierarchy prioritizes the inputs rather than the valuation techniques used to determine the fair value.

The fair value hierarchy gives the highest priority to quoted (unadjusted) prices in active markets for identical assets and liabilities (Level 1 inputs) and the lowest priority to unobservable market inputs (Level 3 inputs).

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The Institution classifies its assets and liabilities valued at fair value according to the following:

**Level 1:** When evidence of inputs is available in the main market of the asset and/or liability, and when the Institution may carry out a transaction for that asset and/or liability at the market price on the valuation date.

According to the Accounting Criteria, the Institution does not classify as Level 1 the prices derived from internal valuation models.

Assets and liabilities at fair value presented in Level 1 should be transferred to the next level when:

- i). similar assets and liabilities valued at fair value have a quoted price in an active market, but it is not observable;
- ii). a price in an active market does not represent the fair value on the valuation date; or
- iii). the fair value of a liability or an equity instrument is determined using a quoted price in an active market and such price requires adjustments for specific factors.

**Level 2:** When:

- a) inputs are different from the ones available in the market but are observable substantially over the term of the asset and/or liability life.
- b) quoted prices are identical or similar in markets with not very frequent transactions and of sufficient volumes.
- c) inputs used are other than quoted prices but are observable; and
- d) inputs may be corroborated by the market.

Assets and liabilities at fair value presented in Level 2 are transferred to Level 3, when the adjustments made to non-observable inputs are relevant and significant for the whole valuation.

**Level 3:** There is a minimum market activity as of the valuation date of the asset and/or liability and, therefore, inputs are not observable for the valuation.

## aa. Memorandum accounts

Memorandum accounts correspond mainly to assets in custody or management and trust transactions.

Customer's securities held in custody, guarantee or under management, are recorded in the corresponding memorandum accounts in accordance with the accounting criteria established by the Banking Commission and represent the maximum amount for which the Institution may be held liable to its customers.

The amounts of the assets in custody or under management are presented under the line item "Assets in custody or under management", while trust transactions are presented under the line item "Assets in trust or under mandate".

## bb. Contingencies

Contingencies represent assets and liabilities arising from past events, which existence should be confirmed only by the occurrence, or if applicable, by the lack of occurrence of one or more uncertain events in the future, which are not entirely under the control of the Institution.

Significant liabilities or losses related to contingencies are recorded when it is probable that their effect will realize, and the amount thereof can be reasonably estimated. In the absence of these reasonable elements, disclosure is included on a qualitative basis in the notes to the consolidated financial statements. Contingent revenues, profits or assets are not recognized until their realization is virtually certain.

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**4. FOREIGN CURRENCY POSITION**

Central Bank regulations require that banks maintain balanced positions in foreign currencies within certain limits. The short or long position allowed by the Mexican Central Bank is limited to a maximum of 15% of the core capital calculated as of the immediately preceding quarter.

As of December 31, 2024 and 2023, the Institution's position is within the authorized limits.

The foreign currency position of the Institution, on a non-consolidated basis:

The consolidated foreign currency position is the following:

	Position in foreign currency (USD)		Translated amount into local currency	
	2024	2023	2024	2023
Assets	\$ 6,095	\$ 5,454	\$ 127,289	\$ 92,540
Liabilities	(6,095)	(5,574)	(127,292)	(94,570)
Long (short) position	\$ -	\$ (120)	\$ (3)	\$ (2,030)

As of December 31, 2024 and 2023, the assets and liabilities in foreign currency, expressed in millions of units of the original foreign currency, is shown below:

	2024			2023		
	Assets	Liabilities	Net position	Assets	Liabilities	Net position
US dollars	\$ 6,087	\$ (6,091)	\$ (4)	\$ 5,426	\$ (5,549)	\$ (123)
Japanese Yen	9	-	9	9	-	9
Euros	6	(4)	2	19	(17)	2
Canadian dollars	1	-	1	-	-	-
Pound sterling	1	-	1	6	(5)	1

As of December 31, 2024 and 2023, the Institution's individual foreign currency-denominated assets and liabilities translated into Mexican pesos are as follows:

	2024			2023		
	Assets	Liabilities	Net position	Assets	Liabilities	Net position
US dollars	\$ 127,122	\$ (127,207)	\$ (85)	\$ 92,061	\$ (94,145)	\$ (2,084)
Japanese Yen	1	-	1	1	-	1
Euros	135	(81)	54	352	(316)	36
Pound sterling	19	(4)	15	126	(109)	17
Canadian dollars	11	-	11	-	-	-
Swiss franc	1	-	1	-	-	-
	\$ 127,289	\$ (127,292)	\$ (3)	\$ 92,540	\$ (94,570)	\$ (2,030)

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For the purposes of valuing foreign currency transactions into local currency, the accounting criteria "A-1 Basic outline of the set of accounting criteria applicable to Credit Institutions" and "A-2 Application of specific standards" are applied, both in Annex 33 of the General Provisions Applicable to Credit Institutions; as well as the provisions of Financial Reporting Standard "B-15 Translation of Foreign Currencies".

The following shows the effects on results of the valuation of foreign currency transactions on a monthly basis for 2024 and 2023:

Period	Fiscal year 2024		Fiscal year 2023	
	Monthly Result	Accumulated Result	Monthly Result	Accumulated Result
January	10	10	(11)	(11)
February	(5)	5	10	(1)
March	(10)	(5)	(22)	(23)
April	(42)	(47)	(7)	(31)
May	(43)	(90)	(85)	(115)
June	(50)	(140)	84	(31)
July	(13)	(153)	(179)	(210)
August	(25)	(178)	148	(62)
September	(52)	(230)	(11)	(73)
October	(51)	(281)	(11)	(84)
November	(253)	(534)	(5)	(89)
December	60	(474)	(10)	(99)

Assets and liabilities denominated in US dollars as of December 31, 2024 and 2023, were translated to Mexican pesos at the exchange rate published by the Bank of Mexico, which was \$20.8829 and \$16.9666 per US dollar, respectively.

### 5. CASH AND CASH EQUIVALENTS

As of December 31, 2024 and 2023, cash and cash equivalents are comprised as follows:

	2024	2023
Domestic and foreign banks (a)	\$ 77,003	\$ 98,780
Restricted funds:		
Bank loans with maturities of less than or equal to 4 days (c)	5,198	5,846
Time deposits (b)	3,912	30,647
Deposits with the Bank of Mexico (d)	4,588	4,587
	<u>\$ 90,701</u>	<u>\$ 139,860</u>

(a) In November 2024, funding was obtained for credit transactions approved by the Institution's Governance Bodies, which were rescheduled, were rescheduled for the first quarter of 2025, thus resources were temporarily invested in demand deposits under market conditions.

In December 2023, funding was obtained for credit transactions approved by the Institution's Governance Bodies, which were rescheduled, were rescheduled for the first quarter of 2024, thus resources were temporarily invested demand deposits under market conditions.

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(b) As of December 31, 2024 and 2023, details of time deposits are presented below:

<b>2024</b>	<b>Amount</b>	<b>Annual rate</b>	<b>Maturity</b>
Bancomext	\$ 2,113	5.14%	88 days
Mizuho International PLC	1,799	4.32%	21 days
	<u>\$ 3,912</u>		
<b>2023</b>	<b>Amount</b>	<b>Annual rate</b>	<b>Maturity</b>
Bancomext	\$ 1,719	5.98%	90 days
Bancomext	1,719	5.94%	90 days
Bancomext	1,719	5.95%	90 days
Bancomext	854	5.93%	87 days
Bancomext	853	5.94%	90 days
Bancomext	852	5.93%	90 days
Bancomext	511	5.93%	88 days
Bancomext	2,553	5.93%	90 days
Bancomext	850	5.92%	87 days
Bancomext	1,615	5.92%	90 days
Bancomext	2,887	5.90%	90 days
Bancomext	2,207	5.88%	90 days
Bancomext	1,697	5.88%	90 days
Standard Chartered	1,700	5.33%	21 days
Standard Chartered	1,700	5.48%	32 days
Sumimoto Mitsui B	1,700	5.41%	30 days
Sumimoto Mitsui B	2,380	5.58%	63 days
Mizuho International PLC	7	4.20%	21 days
Mizuho International PLC	1,432	5.39%	21 days
Mizuho International PLC	1,692	5.42%	31 days
	<u>\$ 30,647</u>		

(c) As of December 31, 2024 and 2023, bank loans, maturity of less or equal to four days, were the following:

<b>2024</b>	<b>Amount</b>	<b>Annual rate</b>	<b>Maturity</b>
Credit Agricole CIB	\$ 3,655	4.33%	3 days
Scotiabank	940	4.30%	2 days
Sociedad Hipotecaria Federal	603	4.38%	3 days
	<u>\$ 5,198</u>		
<b>2023</b>	<b>Amount</b>	<b>Annual rate</b>	<b>Maturity</b>
Banobras	\$ 119	5.38%	3 days
Scotiabank Inverlat	4,922	5.50%	3 days
Sociedad Hipotecaria Federal	805	5.31%	3 days
	<u>\$ 5,846</u>		

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- (d) As of December 31, 2024 and 2023, deposits with the Central Bank correspond to deposits pursuant to monetary regulation which have no maturity. Interest generated by the deposits with the Central Bank for years ending December 31, 2024 and 2023, were \$507 and \$518, respectively. According to applicable provisions issued by Banxico for monetary regulation deposits state that such deposits may be comprised of cash, securities or both.

As of December 31, 2024, cash and cash equivalents in foreign currency were comprised as follows:

	<u>Amounts in millions of the original foreign currency</u>	<u>Exchange rate</u>	<u>Term</u>	<u>Equivalent amount in Mexican pesos</u>
US dollars	961	20.8829	Less than 90 days	\$ 20,059
Euros	1	21.6232	Less than 90 days	22
Pound sterling	1	26.1558	Less than 90 days	26
				<u>\$ 20,107</u>

As of December 31, 2023, cash and cash equivalents in foreign currency were comprised as follows:

	<u>Amount in millions of the original foreign currency</u>	<u>Exchange rate</u>	<u>Term</u>	<u>Equivalent amount in Mexican pesos</u>
US dollars	2,418	16.9666	Less than 90 days	\$ 41,025
Euros	11	18.7455	Less than 90 days	206
Pound sterling	1	21.6214	Less than 90 days	22
				<u>\$ 41,253</u>

## 6. INVESTMENTS IN FINANCIAL INSTRUMENTS

As of December 31, 2024, investments in trading financial instruments and for collect or sell are comprised as follows:

	<u>Main</u>	<u>Interests</u>	<u>Changes in fair value</u>	<u>Total</u>
<b>Trading Financial Instruments</b>				
Debt instruments				
Government instruments	\$ 35,292	\$ 116	\$ 67	\$ 35,475
Other instruments	3	-	-	3
Subsidiaries	25	-	-	25
Capital instruments				
Financial equity instruments	66	-	(40)	26
Subsidiaries	9,666	-	-	9,666
Total trading financial instruments	<u>\$ 45,052</u>	<u>\$ 116</u>	<u>\$ 27</u>	<u>\$ 45,195</u>
<b>Trading financial instruments restricted or pledged as collateral</b>				
Debt instruments				
Government instruments	\$ 151,397	\$ 1	\$ 208	\$ 151,606
Banking instruments	-	-	-	-
Other instruments	6,886	-	1	6,887
Capital Instruments				
Financial equity instruments	-	-	-	-
Total restricted financial instruments to trade	<u>158,283</u>	<u>1</u>	<u>209</u>	<u>158,493</u>
<b>Total trading instruments</b>	<u>\$ 203,335</u>	<u>\$ 117</u>	<u>\$ 236</u>	<u>\$ 203,688</u>

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	<u>Main</u>	<u>Interests</u>	<u>Changes in fair value</u>	<u>Total</u>
<b>Financial Instruments to Collect or Sell</b>				
Debt instruments				
Government instruments	\$ 5,761	\$ 124	\$ 25	\$ 5,910
Banking instruments	1,500	113	5	1,618
Other instruments	37,102	165	(397)	36,870
Subsidiaries	11	-	-	11
Capital Instruments				
Financial equity instruments	-	-	-	-
<b>Total Financial Instruments to Collect or Sell</b>	<b>\$ 44,374</b>	<b>\$ 402</b>	<b>\$ (367)</b>	<b>\$ 44,409</b>
<b>Financial Instruments to Collect or Sell restricted or granted as collateral</b>				
Debt instruments				
Government instruments	\$ 4,073	\$ 46	\$ (241)	\$ 3,878
Banking instruments	359	3	(6)	356
Other instruments	-	-	-	-
Capital instruments				
Financial instruments of capital	-	-	-	-
<b>Total Financial Instruments to Collect or Sell Restricted</b>	<b>\$ 4,432</b>	<b>\$ 49</b>	<b>\$ (247)</b>	<b>\$ 4,234</b>
<b>Total Financial Instruments to Collect and Sell</b>	<b>\$ 48,806</b>	<b>\$ 451</b>	<b>\$ (614)</b>	<b>\$ 48,643</b>

As of December 31, 2023, investments in trading financial instruments and for collect and sell are comprised as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Changes in fair value</u>	<u>Total</u>
<b>Trading Financial Instruments</b>				
Debt instruments				
Government instruments	\$ 12,701	\$ 6	\$ 6	\$ 12,713
Bank instruments	-	-	-	-
Other instruments	5	-	-	5
Subsidiaries	16	1	-	17
Equity financial instruments				
Equity financial instruments	88	-	(45)	43
Subsidiaries	8,688	-	-	8,688
<b>Total Trading Financial Instruments</b>	<b>\$ 21,498</b>	<b>\$ 7</b>	<b>\$ (39)</b>	<b>\$ 21,466</b>
<b>Trading Financial Instruments restricted or Granted as Collateral</b>				
Debt instruments				
Government instruments	\$ 176,737	\$ 115	\$ 68	\$ 176,920
Bank instruments	-	-	-	-
Other instruments	6,759	4	(5)	6,758
Equity financial instruments				
Equity financial instruments	-	-	-	-
<b>Total Restricted Trading Financial Instruments</b>	<b>\$ 183,496</b>	<b>\$ 119</b>	<b>\$ 63</b>	<b>\$ 183,678</b>
<b>Total Trading Instruments</b>	<b>\$ 204,994</b>	<b>\$ 126</b>	<b>\$ 24</b>	<b>\$ 205,144</b>

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	Principal	Interest	Changes in fair value	Total
<b>Financial Instruments for Collect or Sell</b>				
Debt instruments				
Government instruments	\$ 7,943	\$ 111	\$ 23	\$ 8,077
Bank instruments	119	1	(2)	118
Other instruments	9,945	139	(486)	9,598
Subsidiaries	20	-	-	20
Equity instruments				
Equity financial instruments	-	-	-	-
<i>Total Financial Instruments for Collect or Sell</i>	<u>\$ 18,027</u>	<u>251</u>	<u>\$ (465)</u>	<u>\$ 17,813</u>
	Principal	Interest	Changes in fair value	Total
<b>Financial Instruments for Collect or Sell Restricted or pledged as collateral</b>				
Debt instruments				
Government instruments	\$ 2,629	\$ 30	\$ (69)	\$ 2,590
Bank instruments	256	2	(6)	252
Other instruments	-	-	-	-
Equity instruments				
Equity financial instruments	-	-	-	-
<i>Total Restricted Financial Instruments for Collect or Sell</i>	<u>2,885</u>	<u>32</u>	<u>(75)</u>	<u>2,842</u>
<b>Total Financial Instruments for Collect or Sell</b>	<u>\$ 20,912</u>	<u>\$ 283</u>	<u>\$ (540)</u>	<u>\$ 20,655</u>

As of December 31, 2024, investments in financial instruments to collect principal and interest are comprised as follows:

Financial instruments to collect principal and interest	Items pending amortization	Accrued and uncollected interest	Expected credit loss	Amortized cost
Debt instruments				
Government instruments	\$ 540	\$ 540	\$ (1)	\$ 1,079
Bank instruments	-	-	-	-
Other instruments	514	110	(25)	599
Total financial instruments receivable principal and Interests	<u>\$ 1,054</u>	<u>\$ 650</u>	<u>\$ (26)</u>	<u>\$ 1,678</u>
<b>Financial instruments to collect principal and restricted or secured interest collateral</b>				
Debt instruments				
Government instruments	\$ 5,055	\$ 5,077	\$ (9)	\$ 10,123
Bank instruments	-	-	-	-
Other instruments	-	-	-	-
<b>Total financial instruments receivable Main and restricted interests</b>	<u>\$ 5,055</u>	<u>\$ 5,077</u>	<u>\$ (9)</u>	<u>\$ 10,123</u>
<b>Total financial instruments receivable Main and Interests</b>	<u>\$ 6,109</u>	<u>\$ 5,727</u>	<u>\$ (35)</u>	<u>\$ 11,801</u>

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As of December 31, 2023, investments in financial instruments to collect principal and interest are comprised as follows:

<b>Financial instruments to collect principal and interest</b>	<b>Items pending amortization</b>	<b>Accrued and uncollected interest</b>	<b>Expected credit loss</b>	<b>Amortized cost</b>
Debt instrument				
Government instruments	\$ 647	\$ 591	\$ (1)	1,237
Bank instruments	-	-	-	-
Other instruments	436	99	(27)	508
<b>Total financial instruments for collecting principal and interest</b>	<b>\$ 1,083</b>	<b>\$ 690</b>	<b>\$ (28)</b>	<b>1,745</b>
<b>Financial instruments to collect principal and interest restricted or pledged as collateral</b>				
Financial instruments				
Government instruments	\$ 5,056	\$ 4,635	\$ (9)	9,682
Bank instruments	-	-	-	-
Other instruments	-	-	-	-
<b>Total restricted financial instruments to collect principal and interest</b>	<b>\$ 5,056</b>	<b>\$ 4,635</b>	<b>\$ (9)</b>	<b>9,682</b>
<b>Total financial instruments to collect principal and interest</b>	<b>\$ 6,139</b>	<b>\$ 5,325</b>	<b>\$ (37)</b>	<b>11,427</b>

Financial instruments to collect principal and interest as of December 31, 2024 and 2023, respectively, are denominated in the following currencies:

	<b>2024</b>		
	<b>Local Currency</b>	<b>Euros</b>	<b>US Dollars</b>
<b>Unrestricted</b>			
Debt Certificates	\$ 199	\$ -	\$ -
Udibonos	98	-	-
Non-strippable Debt Certificates	982	-	-
Debt Certificates Federal Government Entities	-	22	377
<b>Restricted</b>			
Non-strippable Debt Certificates	10,123	-	-
<b>Total</b>	<b>\$ 11,402</b>	<b>\$ 22</b>	<b>\$ 377</b>
	<b>2023</b>		
	<b>Local Currency</b>	<b>Euros</b>	<b>US Dollars</b>
<b>Unrestricted</b>			
Debt Certificates	\$ 190	\$ -	\$ -
Udibonos	94	-	-
Non-strippable Debt Certificates	1,142	-	-
Debt Certificates Federal Government Entities	-	19	300
<b>Restricted</b>			
Non-strippable Debt Certificates	9,682	-	-
<b>Total</b>	<b>\$ 11,108</b>	<b>\$ 19</b>	<b>\$ 300</b>

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Investments in financial instruments as of December 31, 2024 and 2023, have the following maturity terms:

Trading Financial Instruments.

**Unrestricted Trading Financial Instruments (Principal).**

	2024				Total
	Up to 1 year	1–3 years	3 to 5 years	More than 5 years	
Bondes	\$ 197	\$ 1,000	\$ -	\$ 99	\$ 1,296
M Bonds	31	406	138	(39)	536
Debt Certificates Federal Government Entities	-	3	-	-	3
Treasury Certificates	1,148	2	-	-	1,150
Ipabonos	11,089	13,312	4,386	3,618	32,405
Udibonos	-	-	-	(95)	(95)
<b>Total individual</b>	<b>\$ 12,465</b>	<b>\$ 14,723</b>	<b>\$ 4,524</b>	<b>\$ 3,583</b>	<b>\$ 35,295</b>
Equity Financial Instruments Subsidiaries					66
					9,691
<b>Total consolidated</b>					<b>\$ 45,052</b>

	2023				Total
	Up to 1 year	1–3 years	3 to 5 years	More than 5 years	
Bondes	\$ 6	\$ 6,112	\$ 3,912	\$ -	\$ 10,030
M Bonds	4	114	290	27	435
Debt Certificates Federal Government Entities	5	-	-	-	5
Treasury Certificates	-	337	-	-	337
Ipabonos	1,909	-	-	-	1,909
Udibonos	-	-	-	(10)	(10)
<b>Total individual</b>	<b>\$ 1,924</b>	<b>\$ 6,563</b>	<b>\$ 4,202</b>	<b>\$ 17</b>	<b>\$ 12,706</b>
Equity Financial Instruments Subsidiaries					88
					8,704
<b>Total consolidated</b>					<b>\$ 21,498</b>

Restricted Financial Instruments (Principal).

	2024				Total
	Up to 1 year	1–3 years	3 to 5 years	More than 5 years	
Bondes	\$ 286	\$ 57,834	\$ 26,937	\$ 1,049	\$ 86,106
M Bonds	-	15	1	307	323
Debt Certificates	4,280	1,502	-	-	5,782
Debt Certificates federal government entities	1,104	-	-	-	1,104
Treasury Certificates	6,042	374	-	-	6,416
Ipabonos	8,498	22,187	18,452	9,292	58,429
Udibonos	-	7	2	114	123
<b>Total consolidated</b>	<b>\$ 20,210</b>	<b>\$ 81,919</b>	<b>\$ 45,392</b>	<b>\$ 10,762</b>	<b>\$ 158,283</b>

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	2023				Total
	Up to 1 year	1-3 years	3 to 5 years	More than 5 years	
Bondes	\$ 20,379	\$ 46,785	\$ 27,595	\$ 1,492	\$ 96,251
M Bonds	-	10	-	298	308
Debt Certificates	602	-	-	-	602
Debt Certificates federal government entities	6,157	-	-	-	6,157
Treasury Certificates	1,046	1,909	-	-	2,955
Ipabonos	17,108	27,273	22,901	9,808	77,090
Udibonos	-	52	3	78	133
<b>Total consolidated</b>	<b>\$ 45,292</b>	<b>\$ 76,029</b>	<b>\$ 50,499</b>	<b>\$ 11,676</b>	<b>\$ 183,496</b>

### Unrestricted Trading Financial Instruments (Principal).

Row tags	2024				Overall total
	1 to 3 years	3 to 5 years	More than 5 years	Less than 1 year	
Bondes	\$ 993	\$ -	\$ -	\$ -	\$ 993
Debt Certificates	1,550	27,871	-	1,519	30,940
Debt Certificates federal government entities	807	2,305	1,501	3,049	7,662
Ipabonos	500	866	-	3,321	4,687
Sovereign debt	-	-	81	-	81
Subsidiaries	-	-	-	11	11
<b>Total General</b>	<b>\$ 3,850</b>	<b>\$ 31,042</b>	<b>\$ 1,582</b>	<b>\$ 7,900</b>	<b>\$ 44,374</b>

	2023				Overall total
	1 to 3 years	3 to 5 years	More than 5 years	Less than 1 year	
Bondes	\$ 3,657	\$ 993	\$ -	\$ -	\$ 4,650
Debt Certificates	-	684	250	248	1,182
Debt Certificates federal government entities	1,992	3,158	1,412	2,320	8,882
Ipabonos	-	-	-	3,166	3,166
Sovereign debt	-	-	126	-	126
Subsidiaries	11	-	-	10	21
<b>Total General</b>	<b>\$ 5,660</b>	<b>\$ 4,835</b>	<b>\$ 1,788</b>	<b>\$ 5,744</b>	<b>\$ 18,027</b>

### Restricted financial instruments for collect and sell (Principal).

	2024				Total
	Up to 1 year	1-3 years	3-5 years	Over 5 years	
Sovereign debt	\$ -	\$ -	\$ 1,485	\$ 2,588	\$ 4,073
Debt Certificates	-	359	-	-	359
<b>Total General</b>	<b>\$ -</b>	<b>\$ 359</b>	<b>\$ 1,485</b>	<b>\$ 2,588</b>	<b>\$ 4,432</b>

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	2023				
	Up to 1 year	1-3 years	3-5 years	Over 5 years	Total
Sovereign Debt	\$ -	\$ -	\$ 1,072	\$ 1,557	\$ 2,629
Debt Certificates	-	256	-	-	256
<b>Total General</b>	<b>\$ -</b>	<b>\$ 256</b>	<b>\$ 1,072</b>	<b>\$ 1,557</b>	<b>\$ 2,885</b>

Financial instruments to collect principal and interest directly (outstanding amounts to be amortized).

	2024				
	Up to 1 year	1 - 3 years	3 - 5 years	Over 5 years	Total
Debt Certificates	\$ -	\$ 100	\$ -	\$ -	\$ 100
Udibonos	-	-	-	50	50
Non-strippable debt certificates	-	-	-	490	490
Debt Certificates Federal Government Entities	-	414	-	-	414
<b>Total General</b>	<b>\$ -</b>	<b>\$ 514</b>	<b>\$ -</b>	<b>\$ 540</b>	<b>\$ 1,054</b>

	2023				
	Up to 1 year	1 - 3 years	3 - 5 years	Over 5 years	Total
Debt Certificates	\$ -	\$ 99	\$ -	\$ -	\$ 99
Udibonos	-	-	-	50	50
Non-strippable debt certificates	-	-	-	597	597
Debt Certificates Federal Government Entities	-	19	318	-	337
<b>Total General</b>	<b>\$ -</b>	<b>\$ 118</b>	<b>\$ 318</b>	<b>\$ 647</b>	<b>\$ 1,083</b>

Restricted financial instruments collecting and selling (Items pending amortization).

	2024	
	Greater than 5 years	Total general
Sovereign debt	\$ 5,055	\$ 5,055

	2023	
	Greater than 5 years	Total general
Sovereign debt	\$ 5,056	\$ 5,410

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The hierarchy of fair value of the financial instruments of the Institution as of December 31, 2024 and 2023, is analyzed below:

Financial instruments	2024			
	Level 1	Level 2	Level 3	Total
<b>Unrestricted trading financial instruments</b>				
-Government securities	\$ 35,475	\$ -	\$ -	\$ 35,475
-Bank securities	-	-	-	-
-Other instruments	3	-	-	3
-Bank securities (Subsidiaries)	25	-	-	25
-Equity Financial Instruments	26	-	-	26
-Equity Financial Instruments (Subsidiaries)	21	111	9,534	9,666
<b>Restricted Financial Instruments (repurchase/resell agreement)</b>				
-Government securities	151,606	-	-	151,606
-Bank securities	-	-	-	-
-Other instruments	6,887	-	-	6,887
-Equity financial instruments	-	-	-	-
<b>Total trading financial instruments</b>	<b>194,043</b>	<b>111</b>	<b>9,534</b>	<b>203,688</b>
<b>Unrestricted financial instruments to collect or sell</b>				
-Government securities	5,910	-	-	5,910
-Bank securities	1,618	-	-	1,618
-Other instruments	36,870	-	-	36,870
-Other instruments (Subsidiaries)	11	-	-	11
-Equity financial instruments	-	-	-	-
<b>Restricted financial instruments to collect or sell (repurchase/resell agreement)</b>				
-Government securities	3,878	-	-	3,878
-Bank securities	356	-	-	356
-Other instruments	-	-	-	-
-Equity financial instruments	-	-	-	-
<b>Total financial instruments to collect or sell</b>	<b>\$ 48,643</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 48,643</b>
Financial instruments	2023			
	Level 1	Level 2	Level 3	Total
<b>Unrestricted trading financial instruments</b>				
-Government securities	\$ 12,713	\$ -	\$ -	\$ 12,713
-Bank securities	-	-	-	-
-Other instruments	5	-	-	5
-Bank securities (Subsidiaries)	17	-	-	17
-Equity Financial Instruments	43	-	-	43
-Equity Financial Instruments (Subsidiaries)	-	166	8,522	8,688
<b>Restricted Financial Instruments (repurchase/resell agreement)</b>				
-Government securities	176,920	-	-	176,920
-Bank securities	-	-	-	-
-Other instruments	6,758	-	-	6,758
-Equity Financial Instruments	-	-	-	-
<b>Total trading financial instruments</b>	<b>196,456</b>	<b>166</b>	<b>8,522</b>	<b>205,144</b>

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	2023			Total
	Level 1	Level 2	Level 3	
Unrestricted financial instruments to collect and sell				
-Government securities	8,077	-	-	8,077
-Bank securities	118	-	-	118
-Other instruments	9,598	-	-	9,598
-Bank securities (Subsidiaries)	10	-	-	10
-Other instruments (Subsidiaries)	10	-	-	10
-Equity Financial Instruments	-	-	-	-
Restricted financial instruments to collect and sell (repurchase/resell agreement)				
-Government securities	2,590	-	-	2,590
-Bank securities	252	-	-	252
-Other instruments	-	-	-	-
-Equity Financial Instruments	-	-	-	-
<b>Total financial instruments to collect and sell</b>	<b>\$ 20,655</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 20,655</b>

Movements of the preventive allowance for credit risks for investments in financial instruments are shown below:

Financial Instruments to collect or sell	2024	Movement	2023
Debt instruments			
Government instruments	\$ (2)	\$ (24)	\$ 22
Bank instruments	(8)	1	(9)
Other instruments	(172)	17	(189)
<i>Total Financial Instruments to collect or sell</i>	<i>\$ (182)</i>	<i>\$ (6)</i>	<i>\$ (176)</i>

**Financial Instruments to Collect Principal and Interest**

Debt instruments			
Government instruments	\$ (1)	\$ -	\$ (1)
Bank instruments	-	-	-
Other instruments	(24)	3	(27)
Loans granted by the Entity	-	-	-
Loans	-	-	-
<i>Total Financial Instruments to Collect Principal and Interest</i>	<i>\$ (25)</i>	<i>\$ 3</i>	<i>\$ (28)</i>

**Financial Instruments to Collect Principal and Interest Restricted or pledged as collateral**

Debt instruments			
Government instruments	\$ 9	\$ -	\$ (9)
Bank instruments	-	-	-
Other instruments	-	-	-
<i>Total Restricted Financial Instruments to Collect Principal and Interest</i>	<i>\$ (9)</i>	<i>\$ -</i>	<i>\$ (9)</i>

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**7. REPURCHASE/RESELL AGREEMENT**

As of December 31, 2024 and 2023, the "Debtors on repurchase/resell agreements" and "Creditors on repurchase/resell agreements" balances of current transactions in which the Institution acts as buyer or as seller, are analyzed as follows:

<b>Purchase / Sale of Financial Instruments in Repurchase / Resell Agreements</b>	<b>Debtors on Repurchase / Resell Agreements</b>	<b>Creditors on Repurchase / Resell Agreements</b>
	<b>2024</b>	<b>2024</b>
Debt instruments		
Government instruments	\$ 106,086	\$ (164,744)
Bank instruments	-	(306)
Other instruments	2,500	(6,886)
Subsidiaries	87	-
	<u>\$ 108,673</u>	<u>\$ (171,936)</u>

**Collateral sold or pledged**

	<b>2024</b>
Debt instruments	
Government instruments	\$ (106,086)
Bank instruments	-
Other instruments	-
	<u>\$ (106,086)</u>

<b>Purchase / Sale of Financial Instruments in Repurchase / Resell Agreements</b>	<b>Debtors on Repurchase / Resell Agreements</b>	<b>Creditors on Repurchase / Resell Agreements</b>
	<b>2023</b>	<b>2023</b>
Debt instruments		
Government instruments	\$ 47,266	\$ (186,990)
Bank instruments	-	(217)
Other instruments	-	(6,763)
Subsidiaries	54	-
	<u>\$ 47,320</u>	<u>\$ (193,970)</u>

**Collateral sold or pledged**

	<b>2023</b>
Debt instruments	
Government instruments	\$ (47,266)
Bank instruments	-
Other instruments	-
	<u>\$ (47,266)</u>

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<b>Collateral Received from Repurchase / Resell Agreements</b>	<b>2024</b>	<b>2023</b>
Debt instruments		
Government instruments	\$ 106,170	\$ 47,217
Bank instruments	-	-
Other instruments	2,533	-
Subsidiaries	87	-
	<u>\$ 108,790</u>	<u>\$ 47,217</u>
<b>Collateral Received from Repurchase / Resell Agreements</b>		
Debt instruments		
Government instruments	\$ 106,170	\$ 47,217
Bank instruments	-	-
Other instruments	-	-
	<u>\$ 106,170</u>	<u>\$ 47,217</u>
<b>Collateral Pledged as Surety Guarantee</b>		
Debt instruments		
Government instruments	-	-
Bank instruments	-	-
Other instruments	-	-
	<u>-</u>	<u>-</u>

Interest collected in purchase transactions of repurchase/resell agreements in 2024 and 2023 amounted to \$26,788 and \$24,986, respectively.

Interest paid in transactions of sale of resell agreements and sale of collateral received and sold in 2024 and 2023 amounted to \$24,983 and \$21,375, respectively.

The average maturity for selling repurchase agreements is 4 days, with an average rate of 11.35%. The average maturity for buying a repurchase agreement is 4 days, with an average rate of 11.52%. The average maturity for repurchase agreements for collateral received is 4 days, with an average rate of 11.38%.

## 8. DERIVATIVES

As of December 31, 2024 and 2023, the fair value of derivative financial instruments for trading and hedging purposes, recognized under the line item "Derivatives", is analyzed as follows:

	<b>2024 Position</b>		<b>2023 Position</b>	
	<b>Asset</b>	<b>Liability</b>	<b>Asset</b>	<b>Liability</b>
For trading purposes:				
Swaps	\$ 1,510	\$ (1,488)	\$ 9,654	\$ (9,656)
For hedging purposes:				
Swaps	\$ 1,989	\$ (10,541)	\$ 2,857	\$ (4,171)

The Institution participates in the Mexican Derivatives Market (MEXDER), through trading shares, IPC, interest rates and currency futures, and interest rate and currency swaps in accordance with the authorization granted by the Mexican Central Bank.

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In the case of over-the-counter dollar-peso forwards, the master agreement does not establish maintaining guarantees, instead it applies penalties on the nonperforming counter party. The exchange and interest rates and futures and forward contracts transactions carried out by the Institution are oriented to obtain earnings for the Institution through their trading.

In the case of dollar-peso forwards for trading purposes, the fair value represents the amount that two parties agree to exchange, based on sources of market information that affect the prices of these transactions.

The Institution through the Integral Risk Management Committee (CAIR for the acronym in Spanish) performs various analyses on underlying markets for derivative instruments that are traded for purposes of identifying and assess the inherent risks. Transactions with futures and forward contracts involve recovery risks in the event of contractual fluctuations. To reduce the risks in the operation of these instruments, the Institution maintains matched positions.

		<u>2024</u>	<u>2023</u>
<b>Futures and forward contracts</b>			
<u>Purchases</u>			
Contract value	\$	-	\$ -
Valuation	\$	-	\$ -
<u>Sales</u>			
Contract value	\$	-	\$ (2)
Valuation	\$	-	\$ -

**Swaps for trading purposes:**

	<u>2024</u>			<u>2023</u>		
	<u>Contract value</u>	<u>Receivable</u>	<u>Payable</u>	<u>Contract value</u>	<u>Receivable</u>	<u>Payable</u>
Interest rate	\$ 255,842	\$ 1,510	\$ (1,488)	\$ 530,970	\$ 9,654	\$ (9,656)

**Swaps for hedging purposes:**

	<u>2024</u>			<u>2023</u>		
	<u>Contract value</u>	<u>Receivable</u>	<u>Payable</u>	<u>Contract value</u>	<u>Receivable</u>	<u>Payable</u>
Interest rate	\$ 107,823	\$ 1,989	\$ (10,541)	\$ 91,237	\$ 2,857	\$ (4,171)

As of December 31, 2024 and 2023, recorded effectiveness / ineffectiveness derived from the application of the Accounting Criterion C-10, *Derivatives and hedging transactions of the Banking Commission*, is detailed below:

The net effect of the valuation of the hedged position and the fair value hedging swaps (affecting profit or loss) is as follows:

		<u>2024</u>	<u>2023</u>
<b>Ineffectiveness for:</b>			
Investment hedging	\$	61	\$ 93
Deposit funding hedging		(11)	5
Loan portfolio hedging		(8)	-
<b>Total</b>	<b>\$</b>	<b>42</b>	<b>\$ 98</b>

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As of December 31, 2024 and 2023, the net effect of valuation of the position hedged and swaps for hedging of cash flow (affecting equity), is shown below:

	<u>2024</u>	<u>2023</u>
Hedging		
Cash flows (investment)	\$ 954	\$ 773

As of December 31, 2024 and 2023, the Institution has only contracted swaps as fair value hedging instruments and cash flows.

**Swaps for trading purposes (affecting profit or loss)**

As of December 31, 2024 and 2023, respectively, the effect on results by swaps contracted for trading purposes is the following:

	<u>2024</u>	<u>2023</u>
Interest rate	\$ 17	\$ 42

The adjustments to the carrying amount arising from interest rate hedging derivative transactions on financial assets and liabilities, due to the application of the Accounting Criterion C-10, *Derivatives and hedging transactions* of the Banking Commission, as of December 31, 2024 and 2023, are detailed below:

	<u>2024</u>		<u>2023</u>	
	<u>Asset</u>	<u>Liability</u>	<u>Asset</u>	<u>Liability</u>
Investment hedging	\$ 463	\$ (1,031)	\$ 537	\$ (927)
Deposit funding hedging	3,555	-	2,976	-
Loan portfolio hedging	-	(996)	-	(738)
<b>Total</b>	<b>\$ 4,018</b>	<b>\$ (2,027)</b>	<b>\$ 3,513</b>	<b>\$ (1,665)</b>

The net gain, included in results for the year ended December 31, 2024 and 2023 resulting from the valuation of instruments used for fair value hedging purposes, amounted to \$(177) and \$1,231, respectively. The effect on equity of the effective portion of cash flow hedges for the years ended December 31, 2024 and 2023 amounted to \$122 and \$(1,203), respectively.

The Institution classifies its derivative financial instruments at fair value in accordance with the following:

	<u>2024</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Derivative financial instruments:</b>				
Fair value hedging				
SWAPS				
To hedge portfolio				
Asset	\$ -	\$ 1,142	\$ -	\$ 1,142
To hedge liabilities				
Asset	-	76	-	76
To hedge investments				
Asset	-	771	-	771
Trading				

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	2024			
	Level 1	Level 2	Level 3	Total
<b>Derivative financial instruments:</b>				
SWAPS				
Asset	-	1,510	-	1,510
FUTURES				
Asset	-	-	-	-
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 3,499</b>	<b>\$ -</b>	<b>\$ 3,499</b>
<b>Derivative financial instruments:</b>				
Fair value hedging				
SWAPS				
To hedge portfolio				
Liability	\$ -	\$ 100	\$ -	\$ 100
To hedge liabilities				
Liability	-	10,381	-	10,381
To hedge investments				
Liability	-	60	-	60
Trading				
SWAPS				
Liability	-	1,488	-	1,488
FUTURES				
Liability	-	-	-	-
<b>Total liabilities</b>	<b>\$ -</b>	<b>\$ 12,029</b>	<b>\$ -</b>	<b>\$ 12,029</b>
<b>2023</b>				
	Level 1	Level 2	Level 3	Total
<b>Derivative financial instruments:</b>				
Fair value hedging				
SWAPS				
To hedge portfolio				
Asset	\$ -	\$ 880	\$ -	\$ 880
To hedge liabilities				
Asset	-	1,349	-	1,349
To hedge investments				
Asset	-	629	-	629
Trading				
SWAPS				
Asset	-	9,653	-	9,653
FUTURES				
Asset	-	-	-	-
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 12,511</b>	<b>\$ -</b>	<b>\$ 12,511</b>

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	2024			Total
	Level 1	Level 2	Level 3	
<b>Derivative financial instruments:</b>				
Fair value hedging SWAPS				
To hedge portfolio Liability	\$ -	\$ 68	\$ -	\$ 68
To hedge liabilities Liability	-	4,092	-	4,092
To hedge investments Liability	-	11	-	11
Trading SWAPS				
Liability	-	9,656	-	9,656
FUTURES				
Liability	-	-	-	-
<b>Total liabilities</b>	<b>\$ -</b>	<b>\$ 13,827</b>	<b>\$ -</b>	<b>\$ 13,827</b>

***Use of derivative financial instruments policy management***

The Institution's policies allow the use of derivative instruments for hedging and trading purposes. The main objectives of the operation of these instruments are risk hedging and the generation of revenues that support the Institution's profitability.

The establishment objectives and policies related to the operation of these instruments are included in the risk management regulatory and operational manuals.

Derivative financial instruments used by the Institution are interest rate and currency swaps, IPC and interest rate futures, as well as exchange rate forwards, which, according to the portfolio, can support hedging and trading strategies.

Derivative financial instruments are traded in stock markets (clearing house) and over-the-counter markets (OTC). Eligible counterparties are domestic and foreign bank.

**Processes and levels of authorization**

Control processes, policies and levels of authorization for transactions with derivatives are set forth in the Integral Risk Management Committee (CAIR for the acronym in Spanish)), whose duties include approval of:

- a. The specific limits for discretionary risks, when it has been empowered by the Board of Directors therefore, as well as the levels of tolerance in the case of non-discretionary risks.
- b. The methodology and procedures for identifying, measuring, overseeing, limiting, controlling, reporting and disclosing the different types of risk that the Institution is exposed to, as well as their eventual modifications.
- c. The models, parameters and scenarios that must be used to value, measure, and control the risks proposed by the Unit for Integral Risk Management must concur with the Institution's technology.

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- d. The methodologies for identifying, valuing, measuring and controlling the risks of the new transactions, products, and services that the Institution plans to offer to the market.
- e. The corrective actions proposed by the Chief Executive Officer through the Unit for Integral Risk Management.
- f. The assessment of aspects of Integral Risk Management referred to in Article 77 of the General Provisions Applicable to Credit Institutions, the Single Banking Circular (the Provisions) for its presentation to the Board of Directors and the Banking Commission.
- g. The Integral Risk Management Manuals, in accordance with the objectives, guidelines, and policies established by the Board of Directors, referred to in the last paragraph of Article 78 of the Provisions.

The Committee, in accordance with the powers granted by the Board of Directors, approves all new products or services traded in relation to any line of business.

### Independent reviews

The Institution is under the supervision and monitoring of the Banking Commission and Banxico, which is performed through processes of monitoring, inspection visits, requirements of information and documentation, and delivery of reports. Additionally, periodic reviews are conducted by the internal and external auditors.

### General description of valuation techniques

Derivative financial instruments are valued in accordance with accounting regulation reflected in the bulletins: C-2 and C-10 NIF, according to the provisions in Criterion A-2, *Application of particular standards of the Provisions*.

Current regulation is founded on the concept of the business model of management of investments in financial instruments, based on the form of obtaining cash flows. The valuation of investments in financial instruments will depend on the business model and each model will have a different line item in the statement of comprehensive income.

Derivative Financial Instruments may be used either for trading purposes or for hedging purposes. When these are contracted with trading purposes, they are held with the intention of obtaining gains based on the financial margin, as well as on the changes in their fair value. When it is intended to use them with hedging purposes, these have the purpose of compensating or transforming the profile of one or several of the risks generated by a hedged item.

This latter case requires the alignment of the hedging relationships with the risk management strategy that the entity has established and disclosed, which is documented in operating and regulatory manuals setting out the used valuation methodologies.

### Valuation methodology

1. For derivatives with trading and hedging purposes - There is a structure of operating and regulatory manuals that set forth the used valuation methodologies.
2. Reference inputs - The parameters used in the valuation process are those used by convention in the market practices (rates, exchange rates, prices, volatilities, etc.).
3. The frequency of valuation of derivative financial instruments for trading purposes is daily, through the transactional system.

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### Management of internal and external sources of liquidity that could be used to meet requirements related to derivative financial instruments.

The resources are obtained through the National Treasury, as well as the International Treasury (London Branch).

### Changes in identified risk exposure, contingencies and known or expected events in derivative financial instruments.

Stress tests and back testing are performed on a regular basis to estimate the impact on derivative instruments positions and to validate statistically that the market risk measurement models provide results consistent with the exposure to the market variability, which must be maintained within the parameters approved by the CAIR.

The methodology currently used for preparing the stress measurement report consists of calculating the current portfolio value, having the ability to apply changes in risk factors occurring in:

- Tequila Effect (1994)
- Russian Crisis (1998)
- Twin Towers (2001)
- Mexican Stock Exchange (2002)
- Real Interest Rate Effect (2004)
- Mortgage Crisis Effect (2008)
- US Elections Effect (2016)
- COVID-19 Effect (2020)

Back testing tests are based on the daily generation of the following information:

- Valuation of the investment portfolio at day t.
- The VaR of the investment portfolio with a time horizon of 1 day and with a level of confidence of 97.5%
- The portfolio valuation with the new risk factors at day t+ 1.

During 2024, the number of derivative financial instruments traded was the following:

Instrument	Number of Operations		Notional (millions of pesos)	
	Trading	Hedging	Trading	Hedging
Futures	(1)	4	-	31
Forwards (arbitrage)	(2)	17	-	(900)
Swaps	(3)	1,121	102	230,244
				74,410

(1) The number of transactions is equal to purchase transactions minus sales. Notional refers to the number of contracts: 805 of purchase and (801) of sales.

(2) Purchasing transactions. Notional in millions of US dollars.

(3) Notional amount traded during the year.

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During 2023, the number of derivative financial instruments traded was the following:

Instrument		Number of Operations		Notional (millions of pesos)	
		Trading	Hedging	Trading	Hedging
Futures	(1)	19	-	94	-
Forwards (arbitrage)	(2)	56	-	(150)	-
Swaps	(3)	1,073	164	275,255	97,630

(1) The number of transactions is equal to purchase transactions minus sales. Notional refers to number of contracts: 1,277 of purchase and (1,296) of sales.

(2) Purchasing transactions. Notional in millions of US dollars.

(3) Notional amount traded during the year.

Counterparty credit risk exposure and related losses recognized during the year on derivative financial instruments are shown below:

Type of derivative financial instruments	2024			2023		
	CVA	DVA	BVA	CVA	DVA	BVA
Derivative Financial Instruments						
For trading purposes						
Forwards contracts	-	-	-	-	-	-
Swaps	9	12	-	31	37	-
For hedging purposes						
Swaps	63	523	-	95	101	-

#### Hedge documentation

For purposes of compliance with the applicable regulations with respect to derivatives and hedging transactions Criterion C-10 released by the Mexican Financial Reporting Standards Board (CINIF), the Institution has a hedge file that includes the information shown as follows:

1. File cover letter.
2. Authorization of the hedge.
3. Diagram of the strategy.
4. Evidence of prospective tests of hedge effectiveness.
5. Evidence of execution of the derivative.
6. Details of the primary position being hedged.
7. Derivative confirmation.
8. Form in which the effectiveness of the hedging relationship is evaluated.

#### Adjustment for valuation of financial assets/liabilities hedging

Fair value hedging for interest rate risk of a portion of a portfolio comprises by financial assets/liabilities may generate an adjustment to the carrying amount of the hedged item, for the gain or loss, that is recognized in results for the period and presented under line item "Valuation adjustments for hedging of financial assets/liabilities".

As of December 31, 2024 and 2023, the valuation adjustment for hedges presented under "Valuation adjustments for hedges of financial assets" in the consolidated statement of financial position amounts to \$2,110 and \$854, respectively. The "Valuation adjustments for hedges of financial liabilities" amounts to \$119 and \$994, respectively.

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**Sensitivity analysis**

A sensitivity analysis is performed through different measures every day, such as:

1. Duration. - There are primarily two types of duration with different meanings:
  1. Macauly Duration: it is the weighted average maturity of the current cash flow values where weighting ratios are the time in years up to the payment of the corresponding flow.
  2. Modified Duration: It is the percentage variation experienced by the price of an instrument in light of small variations in the market interest rate.
2. Convexity. – It is the variation experienced by the slope of the with respect to a dependent variable, i.e., it measures the variation experienced, by the duration when rates change.
3. Beta. – It is the measurement of the systematic risk of a share.

This analysis is communicated to the instances that define the strategy of operation of the derivatives in the financial markets and to the operators in the same, with the objective that the criteria applied in the consideration of risk with these instruments be in compliance with the rules.

**9. LOAN PORTFOLIO**

The financing provided by the Institution is structured around three financial programs:

- Under the First-Tier Credit Program, the Institution supports eligible entities in the public and private sectors by providing resources for operations for which it directly assumes the credit risk. The goal is to promote, manage, and implement projects that address the needs of the country's industrial, commercial, and service sectors, or that foster the optimal use of regional resources. This also includes operations with the Federal Government, para-governmental entities, state entities, and municipalities. This is implemented through three lending products:
  - Traditional: The Institution directly supports private sector companies and public sector entities by providing loans or participating in co-financing with Development Banks (IFB) or other organizations.
  - Investment Projects: The Institution provides resources directly to companies, Special Purpose Vehicles, and national and international financial intermediaries, both from the private and public sectors, that promote projects aimed at ecological, economic, and social development, based on better utilization and management of natural resources.
  - Prime Certification: The Institution supports Mexican companies by providing direct loans to cover working capital needs, investment in fixed assets, and/or debt restructuring, together with the formalization of their corporate governance bodies, operational processes, and IT systems that generate high-quality financial and accounting information, among others, to meet the standards of the Mexican Stock Exchange (BMV Spanish acronym), the Institutional Stock Exchange (BIVA Spanish acronym), or any stock exchange in Mexico for debt issuance, as a medium- and long-term financing alternative.

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- The Second-Tier Credit Program involves channeling resources to companies through a network of Financial Intermediaries. The credit risk of the companies is assumed by the Financial Intermediaries, while the credit risk of the intermediaries is assumed by the Institution.

The credit origination strategy of the PROCRESE is determined leveraging its second-tier distribution channels, in order to fulfill its mission of supporting individuals or entities engaged in business activities in the industrial, commercial, or service sectors, with an emphasis on small and medium-sized enterprises (SMEs).

- Through the Guarantee Program, the Institution aims to provide a greater number of companies with access to formal financing by sharing the risk that credit institutions assign to different business sectors. The goal is to secure better financing conditions, lower information and collateral requirements, and offer a wide range of SME products. This function is carried out through its network of financial intermediaries, under the following schemes:
  - Automatic Guarantee: This is provided to back portfolios made up of individual loans, approved under similar credit processes and characteristics. The automatic nature means that the Institution's case-by-case authorization is not required to guarantee transactions, and it follows a non-discretionary principle in the portfolio's composition.

Authorization is based on the Institution's review and validation of the credit process applied by the intermediary.
  - Guarantee on Sureties: The Institution shares the risk of sureties granted by surety companies to businesses, with the aim of expanding their bonding capacity as suppliers to Federal, State, and Private Institutions of the Federal Government.
  - Selective Guarantee: The Institution shares the credit risk of loans granted by financial intermediaries to small, medium, and large enterprises in the industrial, commercial, and service sectors, as well as public and private entities requiring financing amounts higher than those set for the Automatic Guarantee Scheme.
  - Securities Guarantee: This is granted to secure the issuance of securities by eligible support subjects, with the purpose of obtaining financing from the investing public for their investment projects and/or improving the terms and conditions of their financial liabilities. The recipients of the guarantee are the holders of the issued securities.

The Guarantee Portfolio collects the contractual cash flows as stipulated in the Contracts and Operational Regulations, on the pre-established dates for the collection of commissions on the guaranteed balance. These commissions are recognized as a service fee, not as a loan.

The business model refers to how the Institution manages the loan portfolio to generate cash flows. In other words, the business model determines whether the cash flows will come from the collection of contractual cash flows, the sale of the credit portfolio, or both.

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(a) Classification of the portfolio by currency

As of December 31, 2024 and 2023, the classification of the loan portfolio in Stage 1, Stage 2 and Stage 3 by type of currency (valued in local currency), is analyzed as follows:

Portfolio in Stage 1	2024			2023		
	Local	Foreign	Total	Local	Foreign	Total
Business or commercial activity loans	\$ 24,305	\$ 50,647	\$ 74,952	\$ 13,819	\$ 34,669	\$ 48,488
Loans to financial institutions	145,585	15,529	161,114	150,345	5,166	155,511
Loans to government entities	14,415	1,572	15,987	16,858	1,282	18,140
Consumer loans	10	-	10	13	-	13
Housing loans	51	-	51	61	-	61
<b>Total portfolio in Stage 1</b>	<b>\$ 184,366</b>	<b>\$ 67,748</b>	<b>\$ 252,114</b>	<b>\$ 181,096</b>	<b>\$ 41,117</b>	<b>\$ 222,213</b>

Portfolio in Stage 2	2024			2023		
	Local	Foreign	Total	Local	Foreign	Total
Business or commercial activity loans	\$ 168	\$ 3,007	\$ 3,175	\$ 192	\$ 2,583	\$ 2,775
Loans to financial institutions	-	-	-	-	-	-
Loans to government entities	-	-	-	-	-	-
Consumer loans	1	-	1	1	-	1
Housing loans	2	-	2	1	-	1
<b>Total portfolio in Stage 2</b>	<b>\$ 171</b>	<b>\$ 3,007</b>	<b>\$ 3,178</b>	<b>\$ 194</b>	<b>\$ 2,583</b>	<b>\$ 2,777</b>

Portfolio in Stage 3	2024			2023		
	Local	Foreign	Total	Local	Foreign	Total
Business or commercial activity loans	\$ 474	\$ -	\$ 474	\$ 423	\$ -	\$ 423
Loans to financial institutions	3,542	884	4,426	2,945	718	3,663
Loans to government entities	-	-	-	-	-	-
Consumer loans	4	-	4	4	-	4
Housing loans	4	-	4	6	-	6
<b>Total portfolio in Stage 3</b>	<b>\$ 4,024</b>	<b>\$ 884</b>	<b>\$ 4,908</b>	<b>\$ 3,378</b>	<b>\$ 718</b>	<b>\$ 4,096</b>

Loans to financial entities are granted to banking and non-banking institutions through the discounting of documents payable by legal entities and individuals engaged in business activities.

(b) Classification of loan portfolio by economic sector

Credit risk by stages, classified by economic sector and the percentage of concentration are analyzed as follows:

Stage 1	2024		2023	
	Amount	%	Amount	%
Federal Government	\$ -	-	\$ -	-
Decentralized agencies and state-owned companies	15,986	6%	18,140	8%
State productive companies	-	-	-	-
Full-service banking	64,055	25%	70,507	32%
Other public financing intermediaries	-	-	-	-
Other private financial intermediaries	97,060	39%	85,004	38%
Companies	74,951	30%	48,488	22%
Private parties	62	-	74	-
<b>Total</b>	<b>\$ 252,114</b>	<b>100%</b>	<b>\$ 222,213</b>	<b>100%</b>

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Stage 2	2024		2023	
	Amount	%	Amount	%
Federal Government	\$ -	-	\$ -	-
Decentralized agencies and state-owned companies	-	-	-	-
State productive companies	-	-	-	-
Full-service banking	-	-	-	-
Other public financial intermediaries	-	-	-	-
Other private financial intermediaries	-	-	-	-
Companies	3,175	100%	2,775	100%
Private parties	3	-	2	-
<b>Total</b>	<b>\$ 3,178</b>	<b>100%</b>	<b>\$ 2,777</b>	<b>100%</b>

Stage 3	2024		2023	
	Amount	%	Amount	%
Federal Government	\$ -	-	\$ -	-
Decentralized agencies and state-owned companies	-	-	-	-
State productive companies	-	-	-	-
Full-service banking	-	-	-	-
Other public financial intermediaries	-	-	-	-
Other private financial intermediaries	4,426	90%	3,663	90%
Companies	474	10%	423	10%
Private parties	8	-	10	-
<b>Total</b>	<b>\$ 4,908</b>	<b>100%</b>	<b>\$ 4,096</b>	<b>100%</b>

(c) Additional information on the loan Portfolio

Annual weighted average lending rates.

The annual weighed average lending rates for 2024 and 2023 were as follows:

	2024		2023	
	Currency		Currency	
	Local	Foreign	Local	Foreign
Commercial portfolio*	10.82%	11.03%	11.57%	7.91%
Consumer	6.99%	n.a.	6.70%	n.a.
Housing	7.10%	n.a.	6.98%	n.a.
Excluded	7.02%	n.a.	6.91%	n.a.

\* Includes loans to commercial entities, financial institutions, and government entities.

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**Restructured and renewed loans**

As of December 31, 2024 and 2023, restructured loans were as follows:

	2024				2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Business or Commercial activity	\$ 16,541	\$ -	\$ -	\$ 16,541	\$ 10,954	\$ -	\$ -	\$ 10,954
Government	1,566	-	-	1,566	1,272	-	-	1,272
Consumer	1	1	-	2	2	-	-	2
Housing	3	2	-	5	6	-	-	6
<b>Total</b>	<b>\$ 18,111</b>	<b>\$ 3</b>	<b>\$ -</b>	<b>\$ 18,114</b>	<b>\$ 12,234</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12,234</b>

For years ended December 31, 2024 and 2023, accrued interest on restructured loans amounted to \$1,229 and \$824, respectively.

As of December 31, 2024 and 2023, the Institution had no loan renewals.

**Portfolio in Stage 3**

Below is an analysis of the portfolio with credit risk Stage 3 at December 31, 2024 and 2023, according to the term as from it was so considered:

2024	1 to 180 days	181 to 365 days	Over than 365 days	Not collectible	Total
Commercial *	\$ -	\$ -	\$ -	\$ 474	\$ 474
Other private FI	-	-	3,829	597	4,426
Consumer	1	-	-	3	4
Housing	-	-	-	4	4
<b>Total</b>	<b>\$ 1</b>	<b>\$ -</b>	<b>\$ 3,829</b>	<b>\$ 1,078</b>	<b>\$ 4,908</b>

2023	1 to 180 days	181 to 365 days	Over than 365 days	Not collectible	Total
Commercial *	\$ -	\$ -	\$ 18	\$ 406	\$ 424
Other private financial institutions	-	-	-	3,662	3,662
Consumer	-	-	-	4	4
Housing	-	-	-	6	6
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 18</b>	<b>\$ 4,078</b>	<b>\$ 4,096</b>

\* Includes commercial, financial entities and government loans.

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Below is an analysis of the portfolio with credit risk Stage 3 movements for years ended December 31, 2024 and 2023:

Movements	2024	2023
Balance at beginning of year	\$ 4,096	\$ 5,876
Settlements	(929)	(8,125)
Write-offs	-	-
Transfers from Stage 1 to Stage 3 credit risk portfolio	1,575	6,453
Foreign exchange fluctuation	166	(108)
<b>Balance at end of year</b>	<b>\$ 4,908</b>	<b>\$ 4,096</b>

As of December 31, 2024 and 2023, settlements were concentrated in financial entities amounting to 875 and 6,875, commercial companies for 43 and 1,243, and former employees for 11 and 7. Transfers of credit portfolio from Stage 1 to Stage 3 risk were concentrated in financial entities for 1,473 and 5,204, commercial companies for 93 and 1,240, and former employees for 9 and 9.

As of December 31, 2024 and 2023, the balance of the credit portfolio with Stage 3 credit risk consisted of 19 and 18 former employees, 1 and 1 commercial companies, and 2 and 1 financial entities.

As of December 31, 2024 and 2023, the interests from overdue portfolios not recognized in results amounted to \$116 and \$114, respectively. These interests are recorded in off-balance-sheet accounts.

### Impaired loan portfolio

As of December 31, 2024 and 2023, impaired commercial portfolio is analyzed below:

		2024			
		Risk level			Allowance
		D	E	Total	established
Stage 1	\$	1,157	-	1,157	\$ 360
Stage 3		-	474	474	474
<b>Total</b>	<b>\$</b>	<b>1,157</b>	<b>474</b>	<b>1,631</b>	<b>\$ 834</b>
		2023			
		Risk level			Allowance
		D	E	Total	Established
Stage 1	\$	977	-	977	\$ 285
Stage 3		-	423	423	423
<b>Total</b>	<b>\$</b>	<b>977</b>	<b>423</b>	<b>1,400</b>	<b>\$ 708</b>

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During the year, transfers between the stages of portfolios with credit risk are shown below:

	2024		
	From Stage 1	From Stage 2	From Stage 3
Consumer loans	\$ 1	\$ 1	\$ 1
Housing loans	2	2	1
<b>Total</b>	<b>\$ 3</b>	<b>\$ 3</b>	<b>\$ 2</b>

	2023		
	From Stage 1	From Stage 2	From Stage 3
Consumer loans	\$ 1	\$ -	\$ -
Housing loans	1	4	5
<b>Total</b>	<b>\$ 2</b>	<b>\$ 4</b>	<b>\$ 5</b>

**Portfolio in off-balance-sheet accounts:**

The balances of the portfolio written off from the balance sheet in local currency, which are managed in off-balance-sheet accounts while collection efforts continue, are shown below.

	2024	2023
	Local currency	
Principal		
Companies	\$ -	\$ -
Former employees	1	1
<b>Total principal</b>	<b>\$ 1</b>	<b>\$ 1</b>
Interest		
Companies	\$ -	\$ -
Former employees	1	1
<b>Total interest</b>	<b>\$ 1</b>	<b>\$ 1</b>

For the years ended December 31, 2024 and 2023, the amount of recoveries from the loan portfolio written off from assets was \$0 in both years, recorded in the allowance for loan losses in the Statement of comprehensive income.

As of December 31, 2024 and 2023, the amount of recoveries from the previously written-off or eliminated portfolio, recorded in memorandum accounts, amounted to \$0 in both years.

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The amount of collateral received for loan operations as of December 31, 2024 and 2023, recorded in memorandum accounts, is shown below:

	2024				2023			
	MN	USD	EUR	Total	MN	USD	EUR	Total
Mortgage collateral	\$ 547	\$ -	\$ -	\$ 547	\$ 2,926	\$ -	\$ -	\$ 2,926
Pledge guarantee	20,506	-	-	20,506	20,282	-	-	20,282
Collateral held in trust	30,058	-	-	30,058	28,957	-	-	28,957
Collection and fiduciary rights	855	-	-	855	855	-	-	855
Joint and several obligors	55,853	36	91	55,980	54,875	29	79	54,983
Other	10,662	-	-	10,662	10,678	-	-	10,678
<b>Total</b>	<b>\$ 118,481</b>	<b>\$ 36</b>	<b>\$ 91</b>	<b>\$ 118,608</b>	<b>\$ 118,573</b>	<b>\$ 29</b>	<b>\$ 79</b>	<b>\$ 118,681</b>

### Interest and commissions

The breakdown of interest and fees by type of loan as of December 31, 2024 and 2023, recorded in results, is shown below:

	2024			2023		
	Interest	Commission	Total	Interest	Commission	Total
Commercial loans	\$ 5,574	\$ 241	\$ 5,815	\$ 4,302	\$ 6	\$ 4,308
Loans to financial institutions	17,103	42	17,145	15,710	39	15,749
Loans to government entities	1,959	629	2,588	1,601	588	2,189
Consumer loans	1	-	1	1	-	1
Housing loans	5	-	5	5	-	5
<b>Total</b>	<b>\$ 24,642</b>	<b>\$ 912</b>	<b>\$ 25,554</b>	<b>\$ 21,619</b>	<b>\$ 633</b>	<b>\$ 22,252</b>

### Credit Commitments

The amounts of credit commitments recorded in off-balance-sheet accounts as of December 31, 2024, and 2023, are shown below:

	2024			2023		
	Local currency	Foreign currency	Total	Local currency	Foreign currency	Total
Revocable credit openings	\$ 707,935	\$ -	\$ 707,935	\$ 362,197	\$ -	\$ 362,197
Irrevocable credit openings	-	2,186	2,186	-	312	312
<b>Total</b>	<b>\$ 707,935</b>	<b>\$ 2,186</b>	<b>\$ 710,121</b>	<b>\$ 362,197</b>	<b>\$ 312</b>	<b>\$ 362,509</b>

#### (d) Preventive allowance for credit risks

As of December 31, 2024 and 2023, as a result of the application of the rating methodology, the probability of default and loss severity of each group, obtained as weighted average of the exposure at default, are as follows:

Type of portfolio	2024			2023		
	Probability of default	Loss given default (LGD)s	Exposure at default	Probability of default	Loss given default (LGD)	Exposure at default
Commercial	1.72%	44.88%	\$ 373,768	1.70%	44.88%	\$ 229,001
Housing	33.74%	84.23%	58	10.41%	17.67%	68
Consumer	9.36%	15.26%	15	27.04%	82.93%	17
Excluded	-	-	-	-	-	-

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The parameters are weighed on the loans of each of the portfolios. Exposure at default shown for credit risk includes loan commitments.

In accordance with the Rules for the Qualification of Credit Portfolios for Development Banking Institutions, the credit portfolio held by the Federal Government and those discounted to development banks are not subject to the establishment of preventive provisions, as these entities assume the credit risk. The balances of the credit portfolio and contingent operations subject to qualification are monitored in off-balance-sheet accounts and are assessed based on the methodologies established by the Banking Commission.

As of December 31, 2024 and 2023, the qualifications of the evaluated portfolio and its preventive provision for credit risks are analyzed as follows:

**Credit rated loan portfolio 2024**

Risk Level	Business or Commercial	Financial Institutions	Government Entities	Consumer	Housing	Total
A-1	\$ 69,123	\$ 152,608	\$ 19,161	1	\$ 47	240,940
A-2	2,120	5,067	-	5	3	7,195
B-1	1,622	1,200	-	1	-	2,823
B-2	-	-	-	1	-	1
B-3	28	-	-	1	-	29
C-1	-	-	-	-	2	2
C-2	-	-	-	-	-	-
D	1,156	-	-	1	-	1,157
E	-	-	-	-	-	-
<b>Stage 1</b>	<b>\$ 74,049</b>	<b>\$ 158,875</b>	<b>\$ 19,161</b>	<b>10</b>	<b>\$ 52</b>	<b>252,147</b>
A1	3,175	-	-	-	-	3,175
C-1	-	-	-	-	-	-
C-2	-	-	-	-	2	2
E	-	-	-	1	-	1
<b>Stage 2</b>	<b>\$ 3,175</b>	<b>\$ -</b>	<b>\$ -</b>	<b>1</b>	<b>\$ 2</b>	<b>3,178</b>
C-2	\$ -	\$ -	\$ -	\$ -	\$ 3	3
D	-	-	-	-	1	1
E	474	4,426	-	4	-	4,904
<b>Stage 3</b>	<b>\$ 474</b>	<b>\$ 4,426</b>	<b>\$ -</b>	<b>4</b>	<b>\$ 4</b>	<b>4,908</b>
<b>Subtotal</b>	<b>\$ 77,698</b>	<b>\$ 163,301</b>	<b>\$ 19,161</b>	<b>15</b>	<b>\$ 58</b>	<b>260,233</b>
<b>Uncollected accrued interest</b>						<b>(33)</b>
<b>Total</b>					<b>\$</b>	<b>260,200</b>
<b>Exempt portfolio</b>						<b>-</b>
<b>Federal Government</b>						<b>-</b>
<b>Contingent guarantee portfolio</b>						<b>113,608</b>
<b>Total portfolio</b>					<b>\$</b>	<b>373,808</b>

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**Preventive allowance for credit risks of the rated loan portfolio in 2023**

Risk level	Business or commercial	Financial institutions	Government entities	Consumer	Housing	Total
A-1	\$ 44,643	\$ 145,299	\$ 18,990	\$ 1	\$ 56	208,989
A-2	1,530	6,462	-	5	3	8,000
B-1	-	2,698	-	1	-	2,699
B-2	265	969	-	1	-	1,235
B-3	340	-	-	-	-	340
C-1	-	-	-	2	2	4
C-2	-	-	-	2	-	2
D	977	-	-	-	-	977
<b>Stage 1</b>	<b>\$ 47,755</b>	<b>\$ 155,428</b>	<b>\$ 18,990</b>	<b>\$ 12</b>	<b>\$ 61</b>	<b>222,246</b>
A1	2,775	-	-	-	-	2,775
C-1	-	-	-	-	-	-
C-2	-	-	-	-	1	1
E	-	-	-	1	-	1
<b>Stage 2</b>	<b>\$ 2,775</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1</b>	<b>\$ 1</b>	<b>2,777</b>
C-3	\$ -	\$ -	\$ -	- 4	3 \$	3
D	-	-	-	-	3	3
E	423	3,663	-	4	-	4,090
<b>Stage 3</b>	<b>\$ 423</b>	<b>\$ 3,663</b>	<b>\$ -</b>	<b>\$ 4</b>	<b>\$ 6</b>	<b>4,096</b>
<b>Subtotal</b>	<b>\$ 50,954</b>	<b>\$ 159,091</b>	<b>\$ 18,990</b>	<b>\$ 17</b>	<b>\$ 68</b>	<b>229,119</b>
<b>Uncollected accrued interest</b>						<b>(33)</b>
<b>Total</b>					<b>\$</b>	<b>229,086</b>
<b>Exempted portfolio</b>						-
<b>Federal Government</b>						-
<b>Contingent collateral portfolio</b>						<b>97,333</b>
<b>Total portfolio</b>					<b>\$</b>	<b>326,419</b>

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**Preventive estimate for credit risks of the evaluated portfolio 2024**

2024						
Risk Level	Business or Commercial	Financial Institutions	Government Entities	Consumer	Housing	Total
A-1	\$ 380	\$ 468	\$ 96	\$ -	\$ -	944
A-2	24	64	-	-	-	88
B-1	27	22	-	-	-	49
B-2	-	-	-	-	-	-
B3	1	-	-	-	-	1
C1	-	-	-	-	-	-
C2	-	-	-	-	-	-
D	360	-	-	-	-	360
<b>Stage 1</b>	<b>\$ 792</b>	<b>\$ 554</b>	<b>\$ 96</b>	<b>\$ -</b>	<b>\$ -</b>	<b>1,442</b>
A1	\$ 22	\$ -	\$ -	\$ -	\$ -	22
C-1	-	-	-	-	-	-
C-2	-	-	-	-	-	-
E	-	-	-	1	-	1
<b>Stage 2</b>	<b>\$ 22</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1</b>	<b>\$ -</b>	<b>23</b>
C2	\$ -	\$ -	\$ -	\$ -	\$ -	-
D	-	-	-	-	-	-
E	474	4,157	-	4	-	4,635
<b>Stage 3</b>	<b>\$ 474</b>	<b>\$ 4,157</b>	<b>\$ -</b>	<b>\$ 4</b>	<b>\$ -</b>	<b>4,635</b>
<b>Total</b>	<b>\$ 1,288</b>	<b>\$ 4,711</b>	<b>\$ 96</b>	<b>\$ 5</b>	<b>\$ -</b>	<b>6,100</b>
Additional estimate recognized by the Banking Commission						<b>5,312</b>
Estimate for allocation of guarantee lines						<b>11,486</b>
<b>Total estimate</b>						<b>\$ 22,898</b>

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2023						
Risk Level	Business or Commercial	Financial Institutions	Government Entities	Consumer	Housing	Total
A-1	\$ 239	\$ 481	\$ 95	\$ -	\$ -	815
A-2	21	84	-	-	-	105
B-1	-	42	-	-	-	42
B-2	6	20	-	-	-	26
B3	12	-	-	-	-	12
C1	-	-	-	-	-	-
C2	-	-	-	-	-	-
D	285	-	-	-	-	285
<b>Stage 1</b>	<b>\$ 563</b>	<b>\$ 627</b>	<b>\$ 95</b>	<b>\$ -</b>	<b>\$ -</b>	<b>1,285</b>
A1	\$ 19	\$ -	\$ -	\$ -	\$ -	19
C-1	-	-	-	-	-	-
C-2	-	-	-	-	-	-
E	-	-	-	-	-	-
<b>Stage 2</b>	<b>\$ 19</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>19</b>
C2	\$ -	\$ -	\$ -	\$ -	\$ -	-
D	-	-	-	-	1	1
E	423	3,663	-	3	-	4,089
<b>Stage 3</b>	<b>\$ 423</b>	<b>\$ 3,663</b>	<b>\$ -</b>	<b>\$ 3</b>	<b>\$ 1</b>	<b>4,090</b>
<b>Total</b>	<b>\$ 1,005</b>	<b>\$ 4,290</b>	<b>\$ 95</b>	<b>\$ 3</b>	<b>\$ 1</b>	<b>5,394</b>
Additional estimate recognized by the Banking Commission						<b>3,913</b>
Estimate for allocation of guarantee lines						<b>9,926</b>
<b>Total estimate</b>						<b>\$ 19,233</b>

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Below is an analysis of the movements of the preventive allowance for credit risks as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Balance at beginning of year	\$ 19,233	\$ 15,298
Provisions charged to the results of the year	4,057	9,365
Uses, write-offs and others	-	(668)
Allowance cancellations	(1,168)	(4,618)
Foreign exchange fluctuation	776	(144)
<b>Balance at end of year</b>	<b>\$ 22,898</b>	<b>\$ 19,233</b>

The main reasons for the cancellation of reserves are related to the decrease in the balance due to amortization payments, settlement of outstanding balances, and exchange rate fluctuations.

The increases/releases by type and stage of credit for 2024 are presented below:

Rating	Business or commercial	Financial entities	Government entities	Consumer	Housing	Additional	Other	Guarantees	Total
Stage 1	\$ 199	\$ (65)	\$ (12)	\$ -	\$ -	\$ 857	\$ (20)		\$ 959
Stage 2	(1)	-	-	-	-	-	-		(1)
Stage 3	50	328	-	-	(1)	-	-		377
n.a.	-	-	-	-	-	-	-	1,554	1,554
<b>Total</b>	<b>\$ 248</b>	<b>\$ 263</b>	<b>\$ (12)</b>	<b>\$ -</b>	<b>\$ (1)</b>	<b>\$ 857</b>	<b>\$ (20)</b>	<b>\$ 1,554</b>	<b>\$ 2,889</b>
								Uses, write-offs and other	-
								Foreign exchange fluctuation	776
								<b>Total</b>	<b>\$ 3,665</b>

Increases / (releases) by loan type and stage for 2023 are shown below:

Rating	Business or commercial	Financial entities	Government entities	Consumer	Housing	Additional	Other	Guarantees	Total
Stage 1	\$ 250	\$ 136	\$ (1)	\$ -	\$ -	\$ 3,177	\$ (18)		\$ 3,544
Stage 2	(1)	(8)	-	-	-	-	-		(9)
Stage 3	3	(229)	-	1	-	-	-		(225)
n.a.	-	-	-	-	-	-	-	1,437	1,437
<b>Total</b>	<b>\$ 252</b>	<b>\$ (101)</b>	<b>\$ (1)</b>	<b>\$ 1</b>	<b>\$ -</b>	<b>\$ 3,177</b>	<b>\$ (18)</b>	<b>\$ 1,437</b>	<b>\$ 4,747</b>
								Uses, write-offs and other	(668)
								Foreign exchange fluctuation	(144)
								<b>Total</b>	<b>\$ 3,935</b>

The allowance for interest on Stage 3 loan portfolios amounts to \$68 and \$17 for the fiscal years ending December 31, 2024, and 2023, respectively.

As of December 31, 2024, and 2023, loan reserves represent 8.8% and 8.4%, respectively, of the total portfolio and cover the Stage 3 loan portfolio 4.7 times as much in both years.

In 2024 and 2023, the Institution applied the balance of 0 and 7 borrowers, respectively, against the allowance for loan losses, in the amounts of \$0 and \$668, respectively.

In 2024 and 2023, the allowance for undrawn lines amounted to \$113,451 and \$96,685, respectively.

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*Factoring to Maturity*

In 2021, Nafin and financial intermediaries were invited to participate in the Production Chain in the modality of Factoring to Maturity for an amount required of lines of up to \$20,000.

Nafin participation is of up to \$5,000 million pesos and applicable interest rates are the following:

- Nafin Funding Rate = Cetes 182 days of the transaction date plus (+) 0.50%.
- Spread rate: 1.60%.

This pricing scheme applies exclusively to the Productive Chain program and is not of general application, which allows customer supplier to collect 100% of its billings through a Nafin platform.

Collection of commissions for the Productive Chain at maturity is made with 180-day periodicity.

Income received by the Institution is through commission in accordance with the product structure, which is recognized as deferred revenue and is deferred during the life of the transaction.

As of December 31, 2024 and 2023, the balance of the portfolio for factoring transactions, is the following:

	<u>2024</u>	<u>2023</u>
Factoring line without recourse	\$ -	\$ 5,715
Commissions collected in advance	\$ -	\$ 10
Commissions accrued in results	\$ 194	\$ 133

**10. OTHER ACCOUNTS RECEIVABLE, NET**

As of December 31, 2024 and 2023, other accounts receivable are shown below:

	<u>2024</u>	<u>2023</u>
Employee loans	\$ 2,383	\$ 2,340
Debtors for settlement of transactions	13,614	2,058
Other debtors	8,392	6,990
Debtors for commissions on current transactions	68	65
Receivables from cash collateral pledged	7,225	4,554
Taxes to be recovered	203	-
	<u>31,885</u>	<u>16,007</u>
Allowance for write-offs of other accounts receivable	<u>(8,223)</u>	<u>(6,827)</u>
Total	<u>\$ 23,662</u>	<u>\$ 9,180</u>

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As of December 31, 2024 and 2023, the allowance for write-offs of other accounts receivable is shown below:

	<u>2024</u>	<u>2023</u>
<b>Balance at beginning of year</b>	\$ (6,827)	\$ (5,942)
Increases	(4)	(28)
Applications	12	5
Recoveries	9	7
Foreign currency exchange adjustment	(6)	3
Increase in allowance for subsidiaries	<u>(1,407)</u>	<u>(872)</u>
<b>Balance at end of year</b>	<u>\$ (8,223)</u>	<u>\$ (6,827)</u>

As of December 31, 2024, the balance of receivables from settlement of transactions and receivables from collateral granted in cash was concentrated at 20% with Barclays and 10% with JP Morgan.

As of December 31, 2023, the balance of receivables from settlement of transactions and receivables from collateral granted in cash was concentrated at 22% with Banorte and 18% with HSBC Mexico.

#### **11. FORECLOSED ASSETS**

As of December 31, 2024 and 2023, foreclosed assets are analyzed as follows:

	<u>2024</u>	<u>2023</u>
Property	\$ 825	\$ 825
Furniture, securities and foreclosed rights	<u>32</u>	<u>25</u>
	857	850
Valuation allowances	<u>(857)</u>	<u>(850)</u>
	<u>\$ -</u>	<u>\$ -</u>

The following is an analysis of the impairment allowance movements as of December 31, 2024, and 2023:

	<u>2024</u>	<u>2023</u>
Balance at beginning of year	\$ (850)	\$ (709)
Increase to allowances of foreclosed assets	<u>(7)</u>	<u>(141)</u>
Balance at end of year	<u>\$ (857)</u>	<u>\$ (850)</u>

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**12. PROPERTY, FURNITURE AND EQUIPMENT, NET**

As of December 31, 2024 and 2023, property, furniture and equipment is summarized as follows:

	<u>2024</u>	<u>2023</u>
Land	\$ 53	\$ 53
Buildings	2,222	2,256
Furniture and equipment	293	243
Construction in progress	45	-
Computer equipment	63	63
Other assets	<u>32</u>	<u>32</u>
	2,708	2,647
Less – Accumulated depreciation	<u>(1,259)</u>	<u>(1,243)</u>
	<u>\$ 1,449</u>	<u>\$ 1,404</u>

The estimated useful lives of the main asset categories are as follows:

<u>Concept</u>	<u>Useful life</u>
Building	53 to 70 years
Furniture and equipment	10 years
Computer equipment	3 to 4 years

Depreciation charged to results for years ended December 31, 2024 and 2023, amounted to \$46 and \$39, respectively.

As of December 31, 2024 and 2023, No impairment losses were recognized on buildings, leasehold improvements, or adaptations.

As of December 31, 2024 and 2023, the percentages of depreciation applied by the main subsidiary, Plaza Insurgentes Sur, S.A. de C.V., which provides the Institution with furniture and real property lease services, are as follows:

<u>Concept</u>	<u>Percentage of depreciation</u>
Building	2%
Furniture and equipment	10%
Computer equipment	30%
Installation expenses	5%

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**13. PERMANENT INVESTMENTS**

As of December 31, 2024 and 2023, permanent investments are comprised as follows:

	<u>2024</u>	<u>2023</u>
Corporación Andina de Fomento	\$ 2,724	\$ 2,255
Shares of other entities	412	372
Investment in subsidiary companies	39	39
Fideicomiso Capital Emprendedor	4	3
	<u>\$ 3,179</u>	<u>\$ 2,669</u>

(a) General Information on the Andean Development Corporation

The main associates are the Andean Development Corporation, Development Bank of Latin America and the Caribbean (CAF), in which the Institution subscribed to Series C shares in the equity and guarantees capital of the Corporation. Additionally, it was agreed that the country's participation would not be limited to equity subscription but would also involve economic and financial cooperation toward the Andean countries on a bilateral basis.

CAF is a development bank established in 1970 that provides advisory and financial support to the public and private sectors in Latin America and the Caribbean.

The Institution's participation in CAF amounts to 1.3%, and no dividends received from the CAF have been reported.

As of September 30, 2024, CAF reported revenues of USD 2,840, equity was USD 15,812, and net income reported for this period was USD 628.

The Institution's participation in CAF's equity and results for the period ending in September is presented below (thousands of dollars).

Shareholders' Equity	Institution's Percentage of Shareholders' Equity	Institution's Share of Shareholders' Equity	Earnings for the Year	Institution's Share of Earnings
15,812	1.30%	206	628	8

As of December 31, 2024 and 2023, the movement of permanent investments is shown below:

	<u>2024</u>	<u>2023</u>
Balance at beginning of year	\$ 2,669	\$ 2,997
Equity method in results of unconsolidated subsidiaries	7	17
Exchange translation	562	(364)
Investment acquisition	7	5
Investment disposal	-	-
Applications	(66)	14
Balance at end of year	<u>\$ 3,179</u>	<u>\$ 2,669</u>

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**14. DEPOSIT FUNDING**

As of December 31, 2024 and 2023, the deposit funding line item is analyzed as follows:

	2024			2023		
	Currency		Total	Currency		Total
	Local	Foreign		Local	Foreign	
Term deposits:						
Money market deposits	\$ 189,634	\$ 18,567	\$ 208,205	\$ 174,448	\$ 14,592	\$ 189,040
Debt securities issued:						
Debt Certificates	107,447	-	107,447	96,736	-	96,736
Bank bonds	-	26,373	26,373	-	25,415	25,415
	107,447	26,373	133,820	96,736	25,415	122,151
Total deposit funding	\$ 297,085	\$ 44,940	\$ 342,025	\$ 271,184	\$ 40,007	\$ 311,191

As of December 31, 2024 and 2023, time deposits from money market deposits according to maturity are comprised as follows:

	2024	2023
Less than one year	\$ 207,414	\$ 188,191
One and five years	-	-
More than five years	374	374
	207,788	188,565
Accrued interest payable	417	475
Total	\$ 208,205	\$ 189,040

As of December 31, 2024 and 2023, the average weighted interest rates and the average terms in days on Time deposits from money market are as follows:

**Time deposits from money market**

Instrument	2024		
	Average rate	Average term in days	Amount
Promissory notes with yield at maturity	9.89	9.68	\$ 177,246
Time deposits	-	84.50	12,000
Time deposits in euros	4.01	8.79	17,811
Certificates of deposit in foreign currency (valued)	-	211.67	731
Accrued interest payable	-	-	417
Total			\$ 208,205
Instrument	2023		
	Average rate	Average term in days	Amount
Promissory notes with yield at maturity	11.13	11.36	\$ 149,988
Time deposits	-	112.00	24,000
Time deposits in euros	3	14.00	189
Certificates of deposit in foreign currency (valued)	4.78	13.36	14,388
Accrued interest payable	-	-	475
Total			\$ 189,040

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**15. DEBT SECURITIES ISSUED IN THE COUNTRY**

As of December 31, 2024 and 2023, the Institution has issued Debt Certificates with par value of one hundred pesos each, under the financial program authorized by the Ministry of Finance and Public Credit, as shown below:

Beginning	Maturities	Securities (millions)	Par Value (Pesos) % Rate	% Rate	2024	2023
<b>Cebures settled through Indeval</b>						
22/11/2013	08/03/2024	30.00	100	6.55	\$ -	\$ 3,000
14/03/2014	08/03/2024	4.75	100	6.55	-	475
14/03/2014	08/03/2024	42.75	100	6.55	-	4,275
06/06/2014	08/03/2024	40.00	100	6.55	-	4,000
26/09/2014	08/03/2024	32.50	100	6.55	-	3,250
02/07/2021	28/06/2024	13.85	100	11.42	-	1,385
22/11/2021	19/11/2024	22.00	100	11.43	-	2,200
17/04/2015	07/03/2025	60.00	100	6.15	6,000	6,000
24/08/2015	07/03/2025	40.00	100	6.15	4,000	4,000
12/04/2017	25/09/2026	12.50	100	6.2	1,250	1,250
02/05/2018	25/09/2026	25.00	100	6.2	2,500	2,500
26/07/2019	13/07/2029	27.20	100	7.92	2,720	2,720
02/07/2021	26/06/2026	11.15	100	11.48	1,115	1,115
02/07/2021	20/06/2026	75.00	100	7.35	7,500	7,500
22/11/2021	17/11/2026	13.00	100	11.45	1,300	1,300
22/11/2021	10/11/2031	65.00	100	7.79	6,500	6,500
19/08/2022	15/08/2025	50.23	100	11.5	5,023	5,023
19/08/2022	13/08/2027	10.07	100	11.51	1,007	1,007
19/08/2022	06/08/2032	32.74	100	9.04	3,274	3,274
15/05/2023	06/05/2030	19.57	100	9.08	1,957	1,957
15/05/2023	06/05/2023	35.10	100	9.08	3,510	3,510
15/05/2023	11/05/2026	45.33	100	11.55	4,533	4,533
04/08/2023	21/11/2025	45.00	100	11.53	4,500	4,500
04/08/2023	12/02/2027	30.00	100	11.56	3,000	3,000
08/08/2023	21/11/2025	15.23	100	11.53	1,523	1,523
01/12/2023	12/02/2027	67.60	100	11.56	6,760	6,760
13/02/2024	04/05/2027	42.71	100	10.49	4,271	-
01/11/2024	04/05/2027	50.00	100	10.49	5,000	-
06/09/2024	18/02/2028	47.79	100	10.53	4,779	-
13/02/2024	31/01/2034	81.22	100	9.6	8,122	-
06/09/2024	23/02/2035	68.12	100	9.99	6,813	-
					<u>96,957</u>	<u>86,557</u>
<b>Premium or discount on placement</b>					<u>(147)</u>	<u>(193)</u>
<b>Accrued interest payable</b>					<u>1,286</u>	<u>1,025</u>
					<u>\$ 98,096</u>	<u>\$ 87,389</u>
<b>Securities redeemable in Euroclear and Clearstream</b>						
27/04/2016	25/09/2026	50	100	6.2	\$ 5,000	\$ 5,000
25/10/2016	25/09/2026	42	100	6.2	4,200	4,200
<b>Premium or discount on placement</b>					-	-
<b>Accrued interest payable</b>					<u>151</u>	<u>147</u>
<b>Subtotal</b>					<u>9,351</u>	<u>9,347</u>
<b>Total</b>					<u>\$ 107,447</u>	<u>\$ 96,736</u>

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**16. DEBT SECURITIES ISSUED ABROAD**

**Bank bonds**

As of December 31, 2024, and 2023, the bank bond balance amounts to \$26,373 and \$25,415, respectively. This item includes the outstanding balances of the Institution's securities placements abroad, as shown below:

<b>2024</b>						
<u>Currency</u>	<u>Securities</u>	<u>Balance in original currency in millions</u>	<u>Interest</u>	<u>% average rate</u>	<u>Balance in local currency</u>	<u>Term</u>
US dollars	89	1,248	15	4.7080	\$ 26,373	Less than one year
					<u>\$ 26,373</u>	
<b>2023</b>						
<u>Currency</u>	<u>Securities</u>	<u>Balance in original currency in millions</u>	<u>Interest</u>	<u>% average rate</u>	<u>Balance in local currency</u>	<u>Term</u>
US dollars	110	1,475	23	5.3665	\$ 25,415	Less than one year
					<u>\$ 25,415</u>	

**17. INTERBANK LOANS AND LOANS FROM OTHER AGENCIES**

As of December 31, 2024 and 2023, interbank loans and loans from other entities are mainly made up of loans from financial institutions abroad at current market rates, as follows:

	<u>2024</u>	<u>2023</u>
Multinational and government bodies		
Banxico	\$ -	\$ 11,318
Banco Interamericano de Desarrollo	7,434	4,462
Corporación Andina de Fomento	6,265	3,055
Banco Europeo de Inversiones	2,685	2,545
	<u>16,384</u>	<u>21,380</u>
Banking institutions	5,277	7,310
Unpaid accrued interest	173	2,701
Other loans	21,706	18,808
	<u>27,156</u>	<u>28,819</u>
	<u>\$ 43,540</u>	<u>\$ 50,199</u>

As of December 31, 2024 and 2023, maturity terms of less than one year amount to \$29,358 and \$39,264, respectively.

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As of December 31, 2024, interbank loans and loans from other entities, in accordance with their enforceability, are comprised as follows:

Financial entity	Average rate	Average term to maturity	Millions in the original currency	Local currency
<b>Immediately due</b>				
Local currency	9.90%	2 days	12,344	\$ 12,344
Foreign currency	4.22%	2 days	488	9,362
<b>Total</b>				<b>21,706</b>
<b>Short-term maturity</b>				
<b>US dollars:</b>				
Commercial banking				
Kreditanstalt Fur Wiederaufbau (kfw) (c)	4.13%	365 days	25	517
Corporación Andina de Fomento (CAF) (b)	4.60%	169 days	300	6,265
NF CTF IBRD 98062 Program for Substitution of Electrical Appliances	0.75%	365 days	5	104
2631 TC ME Program for Renewable Energy Financing	0.75%	365 days	7	146
European Investment Bank	5.34%	365 days	22	447
<b>Accrued interest payable</b>				<b>173</b>
<b>Total</b>				<b>7,652</b>
<b>Long-term maturity</b>				
<b>US dollars:</b>				
Commercial banking				
Kreditanstalt fur wiederaufbau (kfw) (c)	4.13%	1,570 days	198	4,134
NF CTF IBRD 98062 Appliance Replacement Program	0.75%	2,085 days	25	522
2631 TC ME Program for Financing of Renewable Energies	0.75%	2,741 days	49	1,023
5434 OC-ME Global Credit Program for Defense of the Productive Framework (a)	6.61%	8,294 days	200	4,177
5843 OC-ME Program to Support the Development of Rural Projects (a)	6.54%	1,536 days	100	2,088
European Investment Bank	5.34%	2,146 days	107	2,238
<b>Total</b>				<b>14,182</b>
<b>Total loans</b>				<b>\$ 43,540</b>

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As of December 31, 2023, interbank loans and from other entities, in accordance with their enforceability, are comprised as follows:

Financial entity	Average rate	Average term to maturity	Millions in the original currency	Local currency
<b>Immediately due</b>				
Local currency	11.15%	3 days	14,757	\$ 14,757
Foreign currency	11.15%	3 days	239	4,051
<b>Total</b>				<b>18,808</b>
<b>Short-term maturity</b>				
<b>Pesos</b>				
Banxico	7.75%	29 days	11,318	11,318
<b>US dollars:</b>				
Commercial banking				
Kreditanstalt für Wiederaufbau (kfw) (c)	3.04%	365 days	20	347
Corporación Andina de Fomento (CAF) (b)	5.63%	166 days	180	3,054
The Bank of Nova Scotia	5.90%	365 days	146	2,468
NF CTF IBRD 98062 Program for Substitution of Electrical Appliances	0.75%	365 days	5	85
2631 TC ME Program for Renewable Energy Financing	0.75%	365 days	7	119
European Investment Bank	6.32%	365 days	21	364
<b>Accrued interest payable</b>				<b>2,701</b>
<b>Total</b>				<b>20,456</b>
<b>Long-term maturity</b>				
<b>US dollars:</b>				
Commercial banking				
Kreditanstalt für Wiederaufbau (kfw) (c)	3.04%	1,935 days	230	3,901
NF CTF IBRD 98062 Program for Substitution of Electrical Appliances	0.75%	2,450 days	30	509
2631 TC ME Program for Financing of Renewable Energies	0.75%	3,106 days	56	950
5434 OC-ME Global Credit Program for Defense of the Productive Framework (a)	6.32%	8,659 days	200	3,393
European Investment Bank	6.32%	2,511 days	129	2,182
<b>Total</b>				<b>10,935</b>
<b>Accrued interest payable</b>				<b>-</b>
<b>Total</b>				<b>10,935</b>
<b>Total loans</b>				<b>\$ 50,199</b>

## Notes to the Consolidated Financial Statements

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(figures in millions of Pesos)

(a) The Institution has entered into loan agreements with the Inter-American Development Bank, which detail the following:

1. On September 19, 2022, the Institution entered into an agreement with the Inter-American Development Bank to finance the implementation of the Global Credit Program for the Defense of the Productive Network and the Economic Recovery, the following key points are highlighted:

- The Inter-American Development Bank grants Nacional Financiera a loan in the amount of up to two hundred million dollars (US\$200).
- The Original Disbursement Term shall be two years from the effective date upon execution of the agreement. The final amortization date is the date corresponding to twenty-five years as from the effective date upon execution of the agreement.
- As of December 31, 2023, the full credit line was drawn down and used in full within the term stated in the contract (2 years).

2. On March 15, 2024, a new contract was signed for the "Rural Project Development Support Program," highlighting the following:

- The Inter-American Development Bank granted Nacional Financiera a loan for an amount of up to USD 100.
- The final amortization date is five years from the effective date of the contract signature.
- As of December 31, 2024, the credit line was fully drawn within the term stipulated in the contract.

(b) Two short-term loans were entered into with the Andean Development Corporation during 2024:

1. The first loan was signed on October 30, 2024, with a start date of November 1, 2024, and payable by April 30, 2025, for an amount of USD 180.

2. The second loan was signed on December 18, 2024, with a start date of December 20, 2024, and payable by June 18, 2025, for an amount of USD 120.

(c) During 2024, loans were entered into with the Kreditanstalt Fur Wiederaufbau (KfW) bank, which are identified by projects as shown below:

Foreign Banks								Balance in Domestic Currency
Project	Signature Date	Amortization start date	Maturity date	Balance in Original Currency	Rate	Currency	Exchange Rate	
27583/Program for energy efficiency for small and medium size companies	02/12/2015	30/12/2020	30/12/2025	9	1.880000	USD	20.8829	\$ 202
28987/Program for energy efficiency	18/12/2018	15/05/2024	15/05/2029	37	4.641690	USD	20.8829	775
29176/Program for Promotion of Renewable Energies	18/12/2018	15/05/2024	15/05/2034	62	4.821690	USD	20.8829	1,286
28989/Program for Forestly Investment Proinfor	18/12/2018	15/05/2024	15/05/2029	2	4.121690	USD	20.8829	34
30503/Program for Micro, Small and Medium Size Companies	18/12/2018	15/05/2027	15/05/2032	113	5.171690	USD	20.8829	2,354
			<b>TOTAL</b>	<b>223</b>				<b>\$ 4,651</b>

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Account 'Credits obtained pending drawdown' represent lines of credit granted to the Institution unused at the closing of the year, as detailed as follows:

	<u>2024</u>		<u>2023</u>
Kreditanstalt Fur Wiederaufbau Frankfurt	\$ 1,243	\$	1,097
Mexican Central Bank	223		181
Inter-American Development Bank	<u>5,100</u>		<u>2,447</u>
	<u>\$ 6,567</u>	\$	<u>3,725</u>

The loan agreements establish various obligations to be fulfilled and prohibitions for the execution of the projects to be financed, including the following: maintaining acceptable and reliable financial management systems; implementing internal controls to ensure that project resources are used for the purposes outlined in the contract; keeping project documents and records for a specified period; reporting on the progress of the projects as well as any occurrences of non-compliance with the commitments set forth in the contract; and allowing inspections of the project, facilities, equipment and systems, records, and documents deemed relevant at any time.

#### **18. OTHER ACCOUNTS PAYABLE**

As of December 31, 2024 and 2023, this line item is comprised as shown below:

	<u>2024</u>		<u>2023</u>
Creditors for collateral received in cash	\$ 7	\$	2,210
Contributions payable	232		168
Sundry creditors	10,578		2,372
Clearing accounts	5,835		4,421
Provisions for other items	292		364
Security deposits	<u>3</u>		<u>3</u>
Total	<u>\$ 16,947</u>	\$	<u>9,538</u>

#### **19. EMPLOYEE BENEFITS**

##### **a) Defined contribution for retirement plan**

Starting in 2006, the Institution modified the General Work Conditions (CGT) based on trends and best practices in the management and operation of retirement and pension schemes, to include new employees as well as those who chose to migrate from a defined benefit scheme to a defined contribution scheme.

This scheme allows for greater control over the plan's costs and liabilities, ensures an appropriate cost-benefit ratio for both the Institution and the employees, and establishes clear rules for contributions and withdrawals.

The plan consists of contributions made by the Institution to individual accounts opened in the name of each employee, which are divided into two sub-accounts, labeled "A" and "B," respectively. It also includes contributions made by the employee to the "B" sub-account, as well as the earnings generated by both sub-accounts, which are collectively identified as the employee's individual account.

The amount of contributions for the years ended December 31, 2024 and 2023, amounted to \$50 and \$43, respectively.

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As of December 31, 2024 and 2023, the Defined Contribution Plan assets amount to \$360 and \$316, and are invested in an irrevocable trust set up in the Institution.

**b) Defined benefit retirement plan**

The General Work Conditions specify that employees who reach 65 years of age and 30 years of service will be entitled to a lifetime pension upon retirement. Additionally, upon reaching 65 years of age with 5 years of service, they will be entitled to a monthly lifetime pension, the amount of which will be equal to the result of multiplying the average monthly net salary earned by the employee during the last year of service by the number of years of service, multiplied by the factor of 0.0385. The Institution reserves the right to grant retirement pensions to employees who have reached 60 years of age or 26 years of service.

Furthermore, the transitional articles of the General Work Conditions dated August 12, 1994, establish that employees who joined the Institution before the indicated date and meet the following conditions: 55 years of age with 30 years of service, 60 years of age with 26 years of service, or 60 years of age with 5 years of service, will be entitled to a retirement pension in accordance with the terms outlined in the aforementioned Conditions.

In the case of unjustified termination or termination of the employment relationship, if the employee is 50 years of age and has at least 16 years of service, they may choose either severance compensation or a lifetime pension, calculated based on the provisions in the first paragraph of the main characteristics of the retirement plan.

Article Five, Transitional Section a) of the CGT revised in 2006, establishes that individuals who have received a pension for disability, incapacity, or retirement prior to this revision, as well as those employees who joined the Institution before the effective date of the mentioned revision and are subject to the defined benefit retirement plan, will continue to enjoy the right to receive from the Institution the following additional benefits upon retirement:

Short-term loans, medium-term loans, and a special savings loan, which will be paid from the "Administrative and Promotion Expenses" category, with a guaranteed net return of 18%. The maximum investable amount will be calculated as 41.66% of the net monthly pension, multiplied by 72 months, as well as the available capacity, which will be 50% of the net pension less the monthly discounts for short-term and medium-term loans, including principal and interest, multiplied by 72 months, with a cap of 41.66% of the net monthly pension. The special savings loan will incur interest at an annual rate of 1% on its amount, which will be withheld by the Institution.

The net cost for the period affecting the consolidated results as of December 31, 2024 and 2023, was \$764 and \$929, respectively, including the effect of other post-retirement benefits. The estimated net cost for the period in 2025 will be \$59.

As of December 31, 2024 and 2023, the assets of the labor obligations fund plan amount to \$7,410 and \$7,263, respectively, and the fund is invested in an irrevocable trust established within the Institution. The net cost for the period recorded in the Institution's individual results for retirement plans and seniority bonuses amounted to \$86 and \$72, respectively.

As of December 31, 2024 and 2023, plan assets related to "Other post-retirement benefits" amount to \$18,149 and \$17,014, respectively. The net period cost recognized in the consolidated statements of comprehensive income of the Institution amounted to \$678 and \$856, respectively.

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As of December 31, 2024 and 2023, the plan assets of the fund for labor obligations are invested in the following securities:

<b><u>Types of investments in the fund and concentration</u></b>	<b><u>2024</u></b>	<b><u>2023</u></b>
Government securities	43.68%	36.27%
Bank securities	-	0.23%
Other debt securities	56.32%	63.50%
Total	100%	100.00%

As of December 31, 2024 and 2023, of the total assets of the plan, 14.80% and 20.64%, respectively, are invested in Federal Government Development Bonds; 0.00% and 1.22%, respectively, in Treasury Certificates of the Federation; 28.88% and 14.41%, respectively, in Bonds of the Institute for the Protection of Bank Savings; 0.00% and 0.23%, respectively, in time deposits with interest payable at maturity and investment companies of securities issued by credit institutions; and 56.32% and 63.50%, respectively, in Debt Securities and Investment Companies of securities issued by credit institutions and private sector companies with high credit ratings.

As of December 31, 2024 and 2023, the liability for employee benefits, is comprised as follows:

<b>Employee benefits:</b>	<b><u>2024</u></b>	<b><u>2023</u></b>
Institution	\$ -	\$ 2,055
CMIC	15	2
Operadora de Fondos	18	18
Plaza Insurgentes	2	1
Total	\$ 35	\$ 2,076

The summary of actuarial calculations of the Institution without subsidiaries as of December 31, 2024, is the following:

<b>Concept</b>	<b><u>2024</u></b>			
	<b><u>Pension</u></b>	<b><u>Seniority Premium</u></b>	<b><u>Other retirement benefits</u></b>	<b><u>Financial cost of credits</u></b>
Accounting policy for recognition of losses and gains				
	<b><u>Deferred amortization</u></b>			
General benefits description	<b><u>According to general labor conditions</u></b>			
Obligation for acquired benefits	\$ 6,855	\$ 5	\$ 12,044	\$ 3,312

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Reconciliation between the value of Defined Benefit Obligations (DFO) and Fair Value of Plan Assets (FVPA) with the Net Liability for Defined Benefits (NLDB) or Net Assets for Defined Benefits (NADF)

Concept	2024			
	Retirement	Seniority Premium	Other retirement benefits	Financial Cost of Credits
<b>Net by Defined Benefit (ANDB)</b>				
Defined Benefit Obligation (OBD)	\$ (6,966)	\$ (58)	\$ (13,903)	\$ (3,464)
Fair Value of Plan Assets (VRAP)	7,006	33	14,198	3,517
Concept	2024			
	Retirement	Seniority Premium	Other retirement benefits	Financial Cost of Credits
(Liabilities) Net Defined Benefit Assets (PNDB)/ANDB	40	(25)	295	53
Transfer to restricted investments	371	-	-	435
Remeasurements pending recognition	-	-	9	-
Net Defined Benefit Assets (Liabilities)	411	(25)	304	488
Adjustment	21	-	74	-
Total Net Defined Benefit Assets (Liabilities)	\$ 432	\$ (25)	\$ 378	\$ 488
Defined Benefit Asset (Liability) at the beginning of the period	\$ 406	\$ 13	\$ 1,573	\$ 352
Net Cost of the Period (CNP)	81	5	605	73
Contributions made to the fund	(81)	(5)	(605)	(73)
Liability (asset) remeasurements recognized in ORI	(817)	12	(1,877)	(840)
(Liabilities) / Net Defined Benefit Assets (PNBD) / ANBD	(411)	25	(304)	(488)
Adjustment	(21)	-	(74)	-
Total Net Defined Benefit Assets (Liabilities)	\$ (432)	\$ 25	\$ (378)	\$ (488)
Net cost of the period				
Labor cost	\$ 7	\$ 3	\$ 310	\$ 10
Financial cost	681	4	1,368	377
Return on Assets	(646)	(3)	(1,227)	(348)
Remeasurement recycling	39	1	154	34
Net cost of the period	\$ 81	\$ 5	\$ 605	\$ 73
<b>Liability (Asset) Remeasurements by Net Defined Profits</b>				
Defined Benefit Obligations	\$ 6,966	\$ 58	\$ 13,903	\$ 3,464
Estimated defined benefit obligations	(7,660)	(44)	(15,873)	(4,236)
(Actuarial gains)/losses in Obligations (GPAO)	\$ (694)	\$ 14	\$ (1,970)	\$ (772)
Fair value of plan assets	\$ (7,006)	\$ (33)	\$ (14,198)	\$ (3,517)
Estimated value of plan assets	6,923	32	14,205	3,484
(Gains)/losses on return on plan assets (GPRA)	(83)	(1)	7	(33)
Remeasurement of the period to be recognized in ORI	\$ (777)	\$ 13	\$ (1,963)	\$ (805)
Average Remaining Work Life (VLRP)	10.33	11.01	10.33	10.33

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The summary of actuarial calculations of the Institution without subsidiaries as of December 31, 2023, is the following:

Concept	2023			
	Retirement	Seniority Premium	Other retirement benefits	Financial Cost of Credits
Accounting Policy for Recognition of Losses and earnings	Deferred amortization			
General description of benefits	In accordance with general working conditions			
Vested Benefit Obligation (OBA)	\$ 7,509	\$ 4	\$ 12,034	\$ 4,032

**Reconciliation between the value of the Defined Benefit Obligation (OBD) and the Fair Value of Plan Assets (VRAP) against the Net Defined Benefit Liability (PNBD) or Net Defined Benefit Asset (ANBD).**

Concept	2023			
	Pension	Seniority Premium	Other retirement benefits	Financial cost of credits
Net assets for defined benefits				
Obligation for defined benefits	\$ (7,639)	\$ (43)	\$ (14,972)	\$ (4,215)
Fair value of plan assets	7,233	30	13,151	3,863
Financial situation of the obligation	(406)	(13)	(1,821)	(352)
Remeasurements pending recognition	114	1	248	79
Net asset (liability) for defined benefits	(292)	(12)	(1,573)	(273)
Amortization	21	-	74	-
Total net asset (liability) for defined benefits	\$ (271)	\$ (12)	\$ (1,499)	\$ (273)
(Liability) assets for defined benefits				
Net at beginning of period	\$ 341	\$ 14	\$ 2,898	\$ 681
Net cost for the period	67	5	725	131
Contributions made	(67)	(5)	(725)	(131)
Remeasurements of liability (asset) recognized in OCI	(49)	(2)	(1,325)	(408)
Net (liability) asset for defined benefits (NLDF) / (NADF)	292	12	1,573	273
Restatement	(21)	-	(74)	-
Total net assets (liabilities) for defined benefits	\$ 271	\$ 12	\$ 1,499	\$ 273
Net cost for the period				
Labor cost	\$ 7	\$ 3	\$ 222	\$ 9
Financial cost	661	3	1,316	386
Return on assets	(633)	(2)	(1,082)	(329)
Recycling of remeasurements	32	1	269	65
Net cost for the period	\$ 67	\$ 5	\$ 725	\$ 131

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Concept	2023			
	Pension	Seniority Premium	Other retirement benefits	Financial cost of credits
<b>Remeasurements of liabilities (assets) for Net Defined Benefits</b>				
Defined benefits obligations	\$ 7,639	\$ 42	\$ 14,972	\$ 4,215
Estimated obligations for defined benefits	<u>(7,503)</u>	<u>(42)</u>	<u>(15,707)</u>	<u>(4,407)</u>
Actuarial (gains) losses on obligations (AGLO)				
Defined benefits obligations	\$ 136	\$ -	\$ (735)	\$ (192)
Fair value of plan assets	\$ (7,233)	\$ (30)	\$ (13,151)	\$ (3,863)
Estimated value of plan assets	7,194	29	13,078	3,791
(Gains) losses on return of plan assets (GLRPA)	<u>(39)</u>	<u>(1)</u>	<u>(73)</u>	<u>(72)</u>
Remeasurement for the period to be recognized in OCI	\$ <u>97</u>	\$ <u>(1)</u>	\$ <u>(808)</u>	\$ <u>(264)</u>
Average remaining labor life (ARLL)	<u>10.33</u>	<u>11.01</u>	<u>10.33</u>	<u>10.33</u>

**Main hypotheses used**

	2024	2023
Discount rate	11.33%	9.32%
Rate of wage increases	4.75%	4.75%
Minimum wage increase rate	11.00%	3.75%
Medical Service Rate of Increase	12.50%	12.00%
Long-term inflation rate	3.75%	3.75%

**Financial position**

As of December 31, 2024 and 2023, the financial position is as follows:

2024	Retirement pension plan	Seniority bonus	Medical service savings fund, insurance, sports	Other retirement benefits (PEA) and financial cost of credits
Obligation for defined benefits	\$ (6,966)	\$ (58)	\$ (13,903)	\$ (3,464)
Fair value of plan assets	<u>7,006</u>	<u>33</u>	<u>14,198</u>	<u>3,517</u>
Financial position of obligation	40	(25)	295	53
Transfer to restricted investments	371			435
Remeasurements pending recognition	<u>-</u>	<u>-</u>	<u>9</u>	<u>-</u>
Net Defined Benefit Assets/Liabilities	<u>411</u>	<u>(25)</u>	<u>304</u>	<u>488</u>
Restatement	<u>21</u>	<u>-</u>	<u>74</u>	<u>-</u>
Total net asset (liability) for defined benefits	\$ <u>432</u>	\$ <u>(25)</u>	\$ <u>378</u>	\$ <u>488</u>

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2023	Retirement pension plan	Seniority Premium	Medical service, savings fund insurance, sports	Other retirement benefits (SLS) and financial cost of credits
Obligation for defined benefits	\$ (7,639)	\$ (43)	\$ (14,972)	\$ (4,215)
Fair value of plan assets	7,233	30	13,151	3,863
Financial position of obligation	(406)	(13)	(1,821)	(352)
Remeasurements pending recognition	114	1	248	79
Net asset (liability) for defined benefits	(292)	(12)	(1,573)	(273)
Restatement	21	-	74	-
Total net asset (liability) for defined benefits	\$ (271)	\$ (12)	\$ (1,499)	\$ (273)

**Reconciliation of the reserve and Other Comprehensive Income (OCI)**

2024	Retirement pension plan	Seniority bonus	Medical service savings fund, insurance, sports	Other retirement benefits (PEA) and financial cost of credits
Reserve balance at the beginning of the financial year	\$ 406	\$ 13	\$ 1,573	\$ 352
Net cost of the period	81	5	605	73
Contribution to the fund	(81)	(5)	(605)	(73)
Remeasurements of liabilities (assets) recognized in OCI	(817)	12	(1,877)	(840)
Balance at the end of the year	(411)	25	(304)	(488)
Adjustment	(21)	-	(74)	-
Total Net Assets (Liabilities) by defined benefit	\$ (432)	\$ 25	\$ (378)	\$ (488)
Other Comprehensive Income cumulative (OCI)				
Balance at the beginning of the year pending recognize in OCI	\$ 114	\$ 1	\$ 249	\$ 79
Recycling of remeasurements	(114)	(1)	(240)	(79)
Outstanding year-ending balance of recognize in OCI	\$ -	\$ -	\$ 9	\$ -
Balance at the beginning of the year recognized in OCI	\$ 291	\$ 12	\$ 1,573	\$ 272
Recycling of remeasurements	75	-	86	45
(Actuarial gains)/losses on obligations	(694)	14	(1,970)	(772)
(Gains)/losses on return on plan assets	(83)	(1)	7	(33)
Ending balance for the year recognized in OCI	(411)	25	(304)	(488)
Net defined benefit liability (asset) at year-end	(411)	25	(304)	(488)
Adjustment	(21)	-	(74)	-
Total (Liabilities) net assets from profits defined	\$ (432)	\$ 25	\$ (378)	\$ (488)

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2023	Retirement pension plan	Seniority bonus	Medical service savings fund, insurance, sports	Other retirement benefits (PEA) and financial cost of credits
Reserve balance at the beginning of the financial year	\$ 341	\$ 14	\$ 2,898	\$ 681
Net cost of the period	67	5	725	131
Contribution to the fund	(67)	(5)	(725)	(131)
Remeasurements of liabilities (assets) recognized in OCI	(49)	(2)	(1,325)	(408)
Balance at the end of the year	292	12	1,573	273
Adjustment	(21)	-	(74)	-
Total Net Assets (Liabilities) by defined benefit	\$ 271	\$ 12	\$ 1,499	\$ 273
Cumulative status of the OCI				
Balance at the beginning of the year pending recognize in OCI	\$ 256	\$ 1	\$ 542	\$ 178
Recycling of remeasurements	(142)	-	(294)	(99)
Outstanding year-ending balance of recognize in OCI	\$ 114	\$ 1	\$ 248	\$ 79
Balance at the beginning of the year recognized in OCI	\$ 85	\$ 13	\$ 2,357	\$ 503
Recycling of remeasurements	110	-	24	34
(Actuarial gains)/losses in obligations	136	-	(735)	(192)
(Profit)/loss on return on Plan Assets	(39)	(1)	(73)	(72)
Ending balance for the year recognized in OCI	292	12	1,573	273
Net defined benefit liability (asset) at year-end	292	12	1,573	273
Adjustment	(21)	-	(74)	-
Total (Liabilities) net assets from defined benefit	\$ 271	\$ 12	\$ 1,499	\$ 273

### Employee Statutory Profit Sharing

As of December 31, 2024 and 2023, the accrued and deferred employee statutory profit sharing is detailed below:

	2024	2023
Profit sharing caused:		
Institution	\$ -	\$ -
Consolidable trusts	-	-
CMIC	(1)	-
Fund Operator	(8)	(6)
Real estate	(2)	(1)
<b>Caused profit sharing</b>	<b>\$ (11)</b>	<b>\$ (7)</b>
Deferred profit Sharing		
Institution	\$ (59)	\$ (60)
Consolidable trusts	-	-
CMIC	-	-
Fund Operator	-	-
Real estate	-	-
<b>Deferred profit sharing</b>	<b>\$ (59)</b>	<b>\$ (60)</b>
<b>Total</b>	<b>\$ (70)</b>	<b>\$ (67)</b>

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**Employee Profit Sharing, caused and deferred**

Below is the calculation of the Employee Profit Sharing, caused and deferred as of December 31, 2024 and 2023.

<b>2024</b>	<b>Basis</b>	<b>Profit sharing 10%</b>
Profit before income tax	\$ (10,275)	\$ 1,028
Allocation to the tax caused:		
Inflationary adjustment	(1,788)	179
Valuation of financial instruments	(138)	14
Non-deductible expenses	72	(7)
Allowance for credit and other risks	1,343	(134)
Trust without business activity	7,550	(755)
Derivative financial transactions	1,356	(136)
Non-deductible employee benefit	558	(56)
Other, net	265	(27)
Profit sharing caused	<u>\$ (1,057)</u>	<u>\$ -</u>
Profit sharing in Subsidiary Results		<u>(11)</u>
Profit sharing in consolidated results		<u>\$ (11)</u>
Affectation of the deferred profit sharing (10% Profit sharing):		
Valuation of financial instruments	\$ 138	\$ (14)
Miscellaneous provisions	95	(10)
Preventive allowance for credit risks	(2,118)	212
Estimation of awarded assets	-	-
Interest on derivative financial instruments (Swaps)	(737)	74
Other	(25)	3
Deferred profit sharing	<u>(2,647)</u>	<u>265</u>
Estimation for deferred profit-sharing assets Non-recoverable	<u>3,240</u>	<u>(324)</u>
EPS deferred institution	<u>\$ 593</u>	<u>\$ (59)</u>
Subsidiary deferred Profit sharing		<u>-</u>
Consolidated deferred Profit sharing		<u>\$ (59)</u>
<b>2023</b>	<b>Basis</b>	<b>EPS 10%</b>
Profit before income tax	\$ (11,191)	\$ 1,119
Allocation to the tax caused:		
Inflationary adjustment	(1,994)	199
Valuation of financial instruments	(557)	56
Non-deductible expenses	31	(3)
Allowance for credit and other risks	3,154	(315)
Trust without business activity	7,154	(715)
Derivative financial transactions	477	(48)
Non-deductible employee benefit	310	(31)
Other, net	(783)	78
Profit sharing caused	<u>\$ (3,399)</u>	<u>\$ -</u>
Profit sharing in Subsidiary results		<u>(7)</u>
Profit sharing in consolidated results		<u>\$ (7)</u>

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	<u>Base</u>	<u>PTU al 10%</u>
Affection of the deferred profit sharing (10% EPS):		
Valuation of financial instruments	\$ 557	\$ (56)
Miscellaneous provisions	-	-
Preventive allowance for credit risks	(2,494)	250
Estimation of awarded assets	(313)	31
Interest in derivative financial instruments (Swaps)	(597)	60
Other	239	(24)
Deferred profit sharing	(2,608)	261
Estimation for deferred profit-sharing assets Non-recoverable	3,206	(321)
Deferred profit-sharing institution	\$ 598	\$ (60)
Subsidiary deferred profit sharing		-
Consolidated deferred profit sharing		\$ (60)

As of December 31, 2024 and 2023, deferred employee profit sharing asset, is comprised as follows:

	<u>2024</u>	<u>2023</u>
Deferred asset (liability):		
Institution	\$ 481	\$ 729
Corporación Mexicana de Inversiones de Capital, S.A. de C.V.	-	-
Operadora de Fondos Nafinsa, S.A. de C.V.	2	3
Plaza Insurgentes Sur, S.A. de C.V.	-	-
<b>Deferred income tax and deferred EPS</b>	<b>\$ 483</b>	<b>\$ 732</b>

The effects of Employee Profit Sharing for temporary differences which originate significant portions of deferred Employee Profit Sharing, as of December 31, 2024 and 2023, are analyzed as follows:

	<u>2024</u>	<u>2023</u>
Deferred asset (liability)		
Valuation of financial instruments	\$ (98)	\$ (71)
Provisions and other	18	28
Preventive allowance for credit risks	1,627	1,415
Allowance for foreclosed assets	81	81
Interest in derivative financial instruments (Swaps)	140	66
Remeasurements for defined benefits	(62)	114
Other	13	11
<b>Deferred Profit Sharing</b>	<b>\$ 1,719</b>	<b>\$ 1,644</b>
Allowance for deferred tax assets not recoverable	(1,238)	(915)
<b>Deferred Profit-Sharing institution</b>	<b>\$ 481</b>	<b>\$ 729</b>
Income tax and Profit-Sharing deferred Subsidiaries	2	3
Deferred Profit Sharing consolidated	\$ 483	\$ 732

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**20. INCOME TAX**

**a) Income tax in results**

The Income Tax Law (LISR) effective as of January 1, 2014, establishes a 30% Income Tax (ISR) rate for 2014 and subsequent years.

The Institution, in its capacity as trustee and in accordance with Article 13 of the LISR, when conducting business activities through a trust, shall determine the fiscal result or fiscal loss of such activities for each fiscal year in accordance with Title II of this Law, and shall fulfill on behalf of the group of beneficiaries the obligations set forth in this Law, including making provisional payments.

For the years ending at December 31, 2024 and 2023, the income tax expense, incurred and deferred, charged to results, is comprised as follows:

	<u>2024</u>	<u>2023</u>
ISR incurred:		
Institution	\$ -	\$ -
Consolidating trusts	(2)	(1)
CMIC	(2)	-
Operadora de Fondos	(35)	(22)
Real estate company	(35)	(40)
<b>ISR incurred</b>	<u>\$ (74)</u>	<u>\$ (63)</u>
ISR deferred:		
Institution	\$ (177)	\$ (180)
Consolidating trusts	-	-
CMIC	(220)	464
Operadora de Fondos	-	6
Real estate company	(8)	13
<b>ISR deferred</b>	<u>\$ (405)</u>	<u>\$ 303</u>
<b>Total</b>	<u>\$ (479)</u>	<u>\$ 240</u>

**b) Deferred income tax**

For the purpose of income tax, temporary differences originating significant portions of income tax assets of the institution, as of December 31, 2024 and 2023, are presented below:

	<u>2023</u>	<u>2022</u>
Deferred asset (liability):		
Valuation of financial instruments	\$ (294)	\$ (214)
Provisions and other	55	83
Preventive allowance for credit risks	4,880	4,245
Allowance for foreclosed assets	244	244
Interest from derivative financial instruments (Swaps)	419	198
Tax loss	3,103	2,642
Remeasurements for defined benefits	(187)	342
Other	40	32
<b>Deferred income tax</b>	<u>8,260</u>	<u>7,572</u>
Allowance for non-recoverable income tax asset (1)	<u>(6,818)</u>	<u>(5,386)</u>
<b>Deferred income tax, Institution</b>	<u>\$ 1,442</u>	<u>\$ 2,186</u>
Deferred income tax, subsidiaries	<u>(445)</u>	<u>(227)</u>
Deferred income tax, consolidated	<u>\$ 997</u>	<u>\$ 1,959</u>

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- (1) The deferred tax asset estimation as of December 31, 2024, comprises the following: unamortized tax losses for which recovery is uncertain amounting to \$3,103, the portion of the preventive estimation for credit risks that is expected to be non-deductible in the future as these items will not materialize amounting to \$3,368, and the estimation for the probability of not recovering the deferred tax amounting to \$347.

The deferred tax asset estimation as of December 31, 2023, comprises the following: unamortized tax losses for which recovery is uncertain amounting to \$2,642, and the portion of the preventive estimation for credit risks that is expected to be non-deductible in the future as these items will not materialize amounting to \$2,744.

The Institution estimates that the net asset is recoverable; however, as indicated in Note 2c, the federal government's decisions regarding the usage charges described in Note 22 may affect the viability of this recovery.

**c) Reconciliation of the effective rate of income tax**

Below, the analysis of the effective rate of income tax for years ended December 31, 2024 and 2023:

<b>2024</b>	<b>Basis</b>	<b>ISR at 30%</b>	<b>Effective rate</b>
Loss before income tax	\$ (10,275)	\$ 3,082	(30%)
Allocation to incurred tax:			
Inflationary adjustment	(1,788)	536	(5%)
Valuation of financial instruments	(138)	41	(1%)
Non-deductible expenses	70	(21)	-
Preventive allowance for credit risks and other risks	1,343	(403)	4%
EPS deferred	59	(18)	-
Trust with no business activity	7,550	(2,265)	22%
Derivative financial transactions	1,356	(407)	4%
Non-deductible employee benefit	558	(167)	2%
Other, net	211	(63)	1%
Incurring tax (tax loss)	<u>(1,054)</u>	<u>-</u>	<u>(3%)</u>
Tax effect of consolidating trusts	12	-	-
Income tax (tax loss)	\$ <u>(1,042)</u>	\$ <u>-</u>	<u>-</u>
Income tax in results of subsidiaries		<u>(74)</u>	
Income tax in consolidated results		\$ <u>(74)</u>	
Allocation to deferred tax (tax at 30%):			
Valuation of financial instruments	\$ 138	\$ (41)	-%
Miscellaneous provisions	95	(29)	-
Preventive allowance for credit risks	(2,118)	635	(6%)
Preventive allowance for credit risks and other interest on derivative financial instruments (Swaps)	-	-	(-%)
Tax loss	(737)	221	(2%)
Other	(1,536)	461	(4%)
Other	(25)	8	-%
Deferred income tax	<u>(4,183)</u>	<u>1,255</u>	<u>(12%)</u>
Allowance for unrecoverable deferred income tax asset	<u>4,773</u>	<u>(1,432)</u>	<u>-</u>
Income tax, institution	\$ <u>590</u>	\$ <u>(177)</u>	<u>-</u>
Income tax, subsidiaries		<u>(228)</u>	
Income tax, consolidated		\$ <u>(405)</u>	

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2023	Basis	ISR at 30%	Effective rate
Loss before income tax	\$ (11,191)	\$ 3,357	(30%)
Allocation to incurred tax:			
Inflationary adjustment	(1,994)	598	(5%)
Valuation of financial instruments	(557)	167	(1%)
Non-deductible expenses	19	(6)	-
Preventive allowance for credit risk and other risks	3,154	(946)	8%
PTU deferred	60	(18)	-
Trust with no business activity	7,154	(2,146)	19%
Derivative financial transactions	477	(143)	1%
Non-deductible employee benefit	310	(93)	1%
Other, net	(821)	246	(2%)
	<u>(3,389)</u>	<u>-</u>	<u>(9%)</u>
Incurring tax (tax loss)			
Tax effect of consolidating trusts	<u>2</u>	<u>-</u>	<u>-</u>
Income tax (tax loss)	\$ <u>(3,387)</u>	\$ <u>-</u>	<u>-</u>
Income tax in results of subsidiaries		<u>(63)</u>	
Income tax in consolidated results		\$ <u>(63)</u>	
Allocation to deferred tax (tax at 30%):			
Valuation of financial instruments	\$ 557	\$ (167)	2%
Miscellaneous provisions	-	-	-
Preventive allowance for credit risks	(2,494)	748	(7%)
Preventive allowance for credit risks and other interest on derivative financial instruments	(313)	94	(1%)
(Swaps)	(597)	179	(2%)
Tax loss	(3,266)	980	(9%)
Other	239	(72)	1%
	<u>(5,874)</u>	<u>1,762</u>	<u>(16%)</u>
Deferred income tax			
Allowance for unrecoverable deferred income tax asset	<u>6,472</u>	<u>(1,942)</u>	<u>-</u>
Income tax, institution	\$ <u>598</u>	\$ <u>(180)</u>	<u>-</u>
Income tax, subsidiaries		<u>483</u>	
Income tax, consolidated		\$ <u>303</u>	

**d) Other considerations**

In accordance with current tax legislation, tax authorities are entitled to audit the five fiscal years prior to the latest income tax return filed.

According to the Income Tax Law (LISR), companies that conduct transactions with related parties, whether residents in the country or abroad, are subject to limitations and requirements concerning transfer pricing, as transactions must be conducted at arm's length.

The taxable income for ISR purposes differs from the base used for employee profit sharing (EPS) due to EPS payments and certain non-deductible employee benefits.

**e) Tax loss carryforwards**

Tax loss carryforwards can be realized in the ten following fiscal years against taxable income. Such carryforwards must be restated using the National Consumer Price Index (NCPI).

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As of December 31, 2023, tax loss carryforwards, restated at that date, are summarized as follows:

<u>Year incurred</u>	<u>Historical amount</u>	<u>Restatement</u>	<u>Restated amount</u>	<u>Year of expiration</u>
2019	\$ 1,556	\$ 463	\$ 2,019	2029
2020	1,426	360	1,786	2030
2021	684	126	810	2031
2022	981	93	1,074	2032
2023	3,459	153	3,612	2033
2024	1,042	-	1,042	2034
	<u>\$ 9,148</u>	<u>\$ 1,195</u>	<u>\$ 10,343</u>	

## 21. STOCKHOLDERS' EQUITY

### Capital stock

As of December 31, 2023, capital stock of the Institution is comprised as follows:

	<u>Capital contribution certificate</u>		<u>Par value (pesos)</u>	<u>Amount</u>		<u>Total</u>
	<u>"A" Series</u>	<u>"B" Series</u>		<u>"A" Series</u>	<u>"B" Series</u>	
Subscribed capital	\$ 59,400,000	\$ 30,600,000	\$ 50	\$ 2,970	\$ 1,530	4,500
Unissued capital	(10,335,592)	(5,324,397)	50	(517)	(266)	(783)
Subscribed and paid capital	<u>\$ 49,064,408</u>	<u>\$ 25,275,603</u>	<u>\$ 50</u>	<u>\$ 2,453</u>	<u>\$ 1,264</u>	<u>3,717</u>
Restatement increase						<u>7,011</u>
Total capital stock						<u>\$ 10,728</u>

The Institution's capital stock will be represented by 66% of Series "A" and 34% by Series "B." Series "A" may only be subscribed by the Federal Government, and Series "B" may only be subscribed by the Federal Government and by Mexican individuals or legal entities. As of December 31, 2024 and 2023, the Federal Government holds 99.97% of the capital.

On May 13, 2024, the Ministry of Finance and Public Credit issued official letter no. 368.-VI.-A.-099/2024 addressed to the Institution, where a simple copy of the delivery-receipt record of the CAPs titles that represent the investments of the Federal Government to TESOFE was delivered for its custody and receipt of the CAPs of the "A" and "B" series, issued on May 9, 2024. Likewise, a simple copy of the CAPs of the "A" and "B" series subscribed to May 6, 2024 was delivered. Which represent the increase in the paid-in share capital derived from the contribution to the capital made by the Ministry of Finance and Public Credit on December 19, 2022 for an amount of \$3,326, applied to the paid-in share capital an amount of \$341 and to the CAP subscription premiums of \$2,985.

### Contributions for future capital stock increases

As of December 31, 2024 and 2023, its value amounts to \$20,832 and \$12,129, respectively.

On December 30, 2024, and December 29, 2023, the Ministry of Finance and Public Credit (SHCP) made capital contributions of \$12,029 and \$8,803, respectively. The Institution's Administration is taking the necessary steps to authorize the capital contribution to support the volume of development and investment banking operations, including venture capital investments, and to maintain a prudent level of capitalization.

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## **Premium on sale of shares**

The premium on sale of Certificates of Equity Contribution (CAPs, per its acronym in Spanish) represents the excess difference between the payment for subscribed CAPs and their par value. The balance of premiums on sale of CAPs as of December 31, 2024 and 2023, amounts to \$34,853 and \$31,868, respectively.

## **Capital reserve**

Net income for the year, when generated, is subject to the legal provision that requires that 5% thereof is transferred to the legal reserve, until it is equal to 20% of capital stock, except in the case of having accumulated losses, which should be first fully amortized before allocating it to the legal reserve.

The nominal value of the capital reserves as of December 31, 2024 and 2023, amount to \$1,699, and its restated value as of year-end amounts to \$3,115.

## **Dividends declared**

Dividends paid to individuals and residents abroad shall be subject to an additional 10% tax, which is considered final and must be withheld by entities that distribute such dividends. The rule applies only to dividend payments from earnings generated beginning January 1, 2014.

For years ended December 31, 2024 and 2023, there were no dividends declared.

## **Comprehensive income**

As of December 31, 2024 and 2023, comprehensive income reported in the consolidated statements of changes in stockholders' equity, represents the total performance for the year and includes net income, the effects of valuation of investments in financial instruments for collecting or selling in the amount of \$(25) and \$(112), respectively, as well as the valuation of cash flow hedging derivative financial instruments for \$108 and \$288, respectively, remeasurement of defined employee benefits for \$2,622 and \$636, respectively, and valuation effects of associated and affiliated companies for \$(59) and \$12, respectively.

## **Restrictions on stockholders' equity**

Financial Institutions Law requires the Institution to set aside 10% of its earnings, on an annual basis, to set up capital reserves, up to the amount of the paid-in capital stock.

In case of equity reimbursements or retained earnings distributions to stockholders, income tax is due on the portion of the reimbursement or distributions exceeding the taxable basis. As of December 31, 2024 and 2023, the capital contribution account (CUCA, per its acronym in Spanish) of the Institution amounts to \$112,784 and \$105,281, respectively, and the after-tax earnings account (CUFIN, per its acronym in Spanish), amounted to \$18,367 and \$18,722, respectively.

Retained earnings of subsidiaries may not be distributed to the Institution's stockholders until dividends are collected.

## **Capitalization (unaudited information)**

As of December 31, 2023, the preliminary calculation of the capitalization ratio was at 20.94% which is comprised of net capital amounting to \$37,523 and total risk-weighted assets amounting to \$179,217.

### **a. Basic and supplementary capital**

The Institution's net capital consists of \$36,133 of basic capital. Pursuant to the application of the portfolio rating methodology, supplementary capital is equal to \$1,390 which implies that net capital is equal to \$37,523. The basic capital, in this case, is equal to the fundamental capital.

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**b. Assets adjusted for market risks**

Assets adjusted for market risks amount to \$45,040 and are equivalent to a capital requirement of \$3,603, integrated as follows:

<b>Positions exposed to market risk by risk factors</b>		
<b>Concept</b>	<b>Amount of equivalent positions</b>	<b>Capital requirement</b>
Transactions in local currency at nominal rate	\$ 17,241	\$ 1,379
Transactions with debt securities in local currency with spread and adjustable rate	6,675	534
Transactions in local currency with actual rates or denominated in UDIs	1,633	131
Position in UDIs or with returns indexed to NCPi	7	1
Transactions in foreign currency at nominal rate	2,768	221
Positions in foreign currency or returns indexed to exchange rate	130	10
Positions in gold	-	-
Positions in shares or with return indexed to the price of a single share or group of shares	16,587	1,327
	<u>\$ 45,041</u>	<u>\$ 3,603</u>

**c. Assets adjusted for credit risks**

Assets adjusted for credit risk amount to \$125,560 and are equivalent to a capital requirement of \$10,045. Therefrom, assets adjusted for risk related to borrowers and deposits amount to \$108,026, equivalent to a capital requirement of \$8,642, and are comprised as follows:

<b>Weighted assets subject to credit risks by risk group</b>		
<b>Concept</b>	<b>Risk-weighted assets</b>	<b>Capital requirement</b>
Group III (20% weighted)	\$ 15,106	\$ 1,208
Group III (50% weighted)	1,761	141
Group IV (weight at 20%)	6,352	508
Grupo VI (weighted at 100%)	495	40
Group VII (weighted 20%)	16,561	1,325
Group VII (50% weighted)	5,437	435
Group VII (100% weighted)	26,368	2,109
Group VII (120% weighted)	20	2
Group VII-B (50% weighted)	104	8
Group VII-B (100% weighted)	28,641	2,291
Group VIII (weighted to 115% Group VIIA%)	309	25
Group IX (100% weighted)	6,872	550
	<u>\$ 108,026</u>	<u>\$ 8,642</u>

**d. Assets adjusted for operational risk**

Assets adjusted for operational risk amount to \$8,617 and are equivalent to a capital requirement of \$689.

<b>Used method</b>	<b>Weighted assets subject to operational risk</b>	
	<b>Assets weighted by risk</b>	<b>Capital requirements</b>
Basic benchmark	\$ 8,617	\$ 689

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The detail of subcomponents of required capital calculation by operational risk using the business benchmark at the closing of December 2024, is the following:

<b>Business Indicator Subcomponents</b>	<b>Acum Flows Q1 dic 23-nov 24</b>	<b>Acum Flows Q2 dic 22-nov 23</b>	<b>Acum Flows Q3 dic 21-nov 22</b>
<b>Interest, Lease and Dividend Components (CIAD)</b>	<b>3,153</b>		
Interest Income from all financial assets and other Interest Income	50,263	42,477	26,920
Interest Expense on Financial Liabilities and Other Interest Expense	45,879	39,522	24,806
<b>Annual Net Income</b>	<b>4,385</b>	<b>2,954</b>	<b>2,114</b>
Productive Assets (average 36 months)	507,985		
Dividend income	1	4	1
<b>Services Component (CS)</b>	<b>1,980</b>		
Other Operating Income	-1,157	2,198	137
Other operating expenses	13,272	451	7,722
Exploitation	11,004	0	6,824
<b>Other operating expenses without Utilization</b>	<b>2,268</b>	<b>451</b>	<b>898</b>
Commission and fee income	724	503	1,095
Commission and fee expenses	136	128	136
<b>Financial Component (CF)</b>	<b>612</b>		
Net profit/loss on assets and liabilities of Investment portfolio, hedging accounts and exchange difference	589	801	445
<b>Business Indicator (IN)</b>	<b>5,745</b>		
<b>Business Indicator (CIN) component</b>	<b>689</b>		
<b>Internal Loss Multiplier (MPI)</b>	<b>1</b>		
<b>Capital Requirement for Operational Risk</b>	<b>689</b>		

No information regarding the Historical Loss Base, since the Internal Loss Multiplier benchmark is "1", thus when using such benchmark, the historical information on Annual Losses for Operational Risk is not considered, when using the required capital calculation through the Business Benchmark.

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Appendix 1-O of the Dispositions establishes the requirements for the disclosure of information related to capitalization, which shall contain, in addition to those listed in the preceding subparagraphs, the following sections:

1. Net capital is presented in accordance with the international disclosure format contained in the document "Format of capital disclosure without considering transitory application of regulatory adjustments".

Ref.	Common Tier 1 (CET1): Instruments and reserves		Amount
1	Common stock that qualifies for Tier 1 common stock plus its corresponding premium	\$	66,413
2	Profit from previous years		(22,524)
3	Other elements of integral utility (and other reservations)		(1,993)
6	<b>Tier 1 common capital before regulatory adjustments</b>	\$	41,896
	<b>Tier 1 Common Capital: Regulatory Adjustments</b>		
9	Other intangibles other than mortgage service fees (net of their corresponding deferred income taxes charged)		104
11	Valuation profit or loss on cash flow hedging instruments		572
15	Defined Benefit Pension Plan	\$	21,666
21	Deferred income taxes in favor of temporary differences (amount exceeding the 10% threshold, net of deferred taxes charged)		481
D	of which: Investments in multilateral organizations		681
F	of which: Venture Capital Investments		4,364
G	of which: Investments in investment companies		134
28	<b>Total regulatory adjustments to Tier 1 common capital</b>		5,763
29	<b>Common Tier 1 (CET1) capital</b>	\$	36,133
	<b>Additional Tier 1 Capital: Regulatory Adjustments</b>		
45	<b>Tier 1 capital (T1 = CET1 + AT1)</b>		36,133
	<b>Tier 2 capital: instruments and reserves</b>		
50	Reserves		1,390
51	<b>Tier 2 capital before regulatory adjustments</b>		1,390
	<b>Tier 2 Capital: Regulatory Adjustments</b>		-
58	<b>Tier 2 Capital (T2)</b>	\$	1,390
59	<b>Capital total (TC = T1 + T2)</b>	\$	37,523
60	<b>Total risk-weighted assets</b>	\$	179,217
	<b>Common Tier 1 (CET1): Instruments and reserves</b>		
	<b>Capital ratios and supplements</b>		
61	Tier 1 Common Capital (as a percentage of total risk-weighted assets)		20.16%
62	Tier 1 Capital (as a percentage of total risk-weighted assets)		20.16%
63	Capital Total (as a percentage of total risk-weighted assets)		20.94%
64	Specific institutional supplement (at least it should consist of: the Common Tier 1 capital requirement plus the capital conservation buffer, plus the countercyclical buffer, plus the G-SIB buffer; expressed as a percentage of total risk-weighted assets)		22.66%
65	of which: Capital Conservation Supplement		2.50%
68	Tier 1 common capital available to cover supplements (as a percentage of total risk-weighted assets)		13.16%

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2. Ratio of net capital with balance sheet.

Balance sheet items reference	Balance sheet items (unconsolidated)	December 2024
	<u>Assets</u>	
BG1	Cash and cash equivalents	90,243
BG2	Margin accounts	78
BG3	Investments in financial instruments	254,430
BG4	Debtors on repurchase/resell agreements	108,586
BG5	Securities loan	-
BG6	Derivative financial instruments	3,499
BG7	Valuation adjustments for hedging of financial assets	2,110
BG8	Total loan portfolio (net)	248,758
BG9	Benefits receivable in securitization transactions	-
BG10	Other accounts receivable (net)	23,301
	Advance payments and other assets (net)	1,769
BG11	Foreclosed assets (net)	-
BG12	Property, furniture and equipment (net)	4
BG13	Permanent investments (*)	37,871
BG14	Long-lived assets available for sale	-
BG15	Deferred income tax assets (net)	1,442
BG16	Other assets	-
	<u>Liabilities</u>	
BG17	Deposit funding	376,917
BG18	Interbank loans and loans from other entities	43,540
BG19	Creditors on repurchase/resell agreements	171,936
BG20	Securities lending	-
BG21	Collateral sold or pledged	106,086
BG22	Derivative financial instruments	12,029
BG23	Valuation adjustments from hedging of financial liabilities	119
BG24	Obligations on securitization transactions	-
BG25	Other accounts payable	18,314
	Employee benefits liabilities	-
BG26	Outstanding subordinated obligations for income taxes	2
BG28	Deferred credits and advance collections	20
	<u>Stockholders' equity</u>	
BG29	Paid-in equity	66,413
BG30	Earned equity	(23,285)
	<u>Memorandum accounts</u>	
BG31	Guarantees granted	-
BG32	Contingent assets and liabilities	114,260
BG33	Loan commitments	176,088
BG34	Assets in trust or mandate	2,499,817
BG35	Federal Government financial agent	291,663
BG36	Assets in custody or under administration	902,352
BG37	Collateral received by the entity	108,703
BG38	Collateral received and sold or pledged by the entity	106,170
BG39	Investment banking transactions on behalf of third parties (net)	-
BG40	Uncollected accrued interest from past-due loan portfolio	116
BG41	Other memorandum accounts	937,950
	(*) Includes other investments	

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Regulatory concepts considered for the calculation of net capital components.

Identifier	Regulatory concepts considered for the calculation of the components of Net Capital	Reference to the capital integration disclosure format in section I of this Annex	Amount in accordance with the notes to the table Regulatory concepts considered for the calculation of the components of Net Capital	Reference(s) of the balance sheet item and amount related to the regulatory concept considered for the calculation of the Net Capital from the aforementioned reference.
<b>Active</b>				
Goodwill	8	-	-	-
Other Intangibles	9	104.00	-	-
Deferred Profit Tax (in Favor) from Tax Losses and Credits	10	480.53	-	-
Reserves recognized as complementary capital	50	1,389.79	-	-
Investments in subordinated debt	26 - B	-	-	-
Investments in multilateral organizations	26 - D	680.98	-	-
Investments in related companies	26 - E	-	-	-
Venture Capital Investments	26 - F	4,363.77	-	-
Investments in investment companies	26 - G	133.96	-	-
Defined Benefit Pension Plan Investments	26 - N	21,666.35	Information data, no computation	-
<b>Stockholders equity</b>				
Contributed capital that complies with Schedule 1-Q	1	66,413.06	-	-
Profit from previous years	2	22,524.25	-	-
Other items of earned capital other than those above	3	1,992.86	-	-
Cumulative effect per conversion	3, 26 - A	Not applicable	-	-
Profit or loss on holdings of non-cash assets	3, 26 - A	Not applicable	-	-
Profit or increase in the value of assets due to the acquisition of securitization positions (Originator Institutions)	26 - C	Not applicable	-	-
Transactions that contravene the Dispositions	26 - I	Not applicable	-	-
Transactions with Relevant Related Persons	26 - M	Not applicable	-	-
Adjustment for capital recognition	26 - O, 41, 56	Not applicable	-	-

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3. Main characteristics of securities that are part of net capital ("A" Series).

Ref.	Characteristics	Options
1	Issuer	Nacional Financiera, Sociedad Nacional de Crédito
2	Identifier ISIN, CUSIP or Bloomberg	
3	Legal framework	In accordance with Art. 30 of Law of Credit Institutions, the Institution, is governed by its Organizational Law, holders of equity contribution certificates "A" Series, shall have, as appropriate, rights provided under Art. 35 of Law of Credit Institutions and Art. 121 of the Institution's Organizational Law.
	<b>Regulatory treatment</b>	
4	Capital level with transitory status	
5	Capital level without transitory status	Basic 1
6	Instrument level	Lending institution, un-consolidated subsidiaries
7	Type of instrument	<b>"A" Series certificate of capital contribution</b>
8	Amount recognized in regulatory capital	66% in accordance with (3)
9	Nominal value of the instrument	50 Mexican pesos
9A	Instrument currency	
10	Accounting classification	Equity
11	Issue date	
12	Instrument term	Perpetuity
13	Maturity date	No maturity
14	Early payment clause	NO
15	First date for early payment	
15A	Regulatory or tax events	
15B	Settlement prices or early payment clause	
16	Subsequent dates for early payment	
	<b>Yield / dividends</b>	
17	Type of yield/dividend	Variable
18	Interest/dividend	Variable
19	Dividend cancellation clause	No
20	Discretionary nature of payment	Fully discretionary
21	Interest rate increase clause	No
22	Yield /dividend	Non-cumulative
23	Instrument convertibility	Non-cumulative
24	Convertibility conditions	
25	Convertibility degree	
26	Conversion rate	
27	Type of instrument convertibility	
28	Type of financial instrument convertibility	
29	Instrument issuer	
30	Impairment clause (write-down)	
31	Impairment conditions	
32	Impairment degree	
33	Impairment temporary status	
34	Impairment temporary status	
35	Subordinated position in the event of settlement	
36	Default characteristics	
37	Description of default characteristics	

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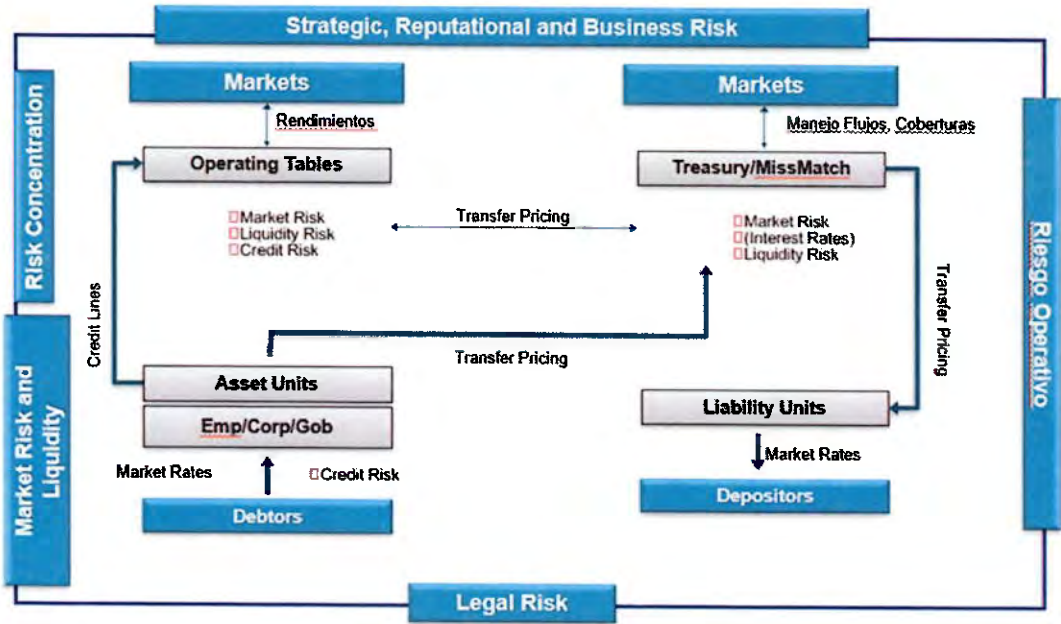
4. Capital management.

The methodological framework for risk management must facilitate and support the measurement and monitoring of quantifiable risks, ensuring robust risk measurements to establish the Institution's risk appetite and generate value.

To ensure that risk management is a decision-making support tool, models and methodologies are established, that allow measuring, monitoring and controlling the different types of risk to which the Institution is exposed. These risk measures should also contribute to the definition of business strategies and support decision-making of operation.

A fundamental starting point for establishing limits is the definition of a business model that describes the exposure to different types of risk that generate the different operating units in the Institution.

- Treasury: it operates as the central unit that manages the resources of the Institution. It is responsible for establishing transfer prices, controlling liquidity levels and controlling the balance sheet risks. This unit incurs market, credit and liquidity risks, and in the case of Nacional Financiera, it is also responsible for the deposit-funding unit.
- Trading desks: their main function is to generate revenues through trading in different financial markets, (money, foreign exchange, capital and foreign currency bonds).
- Asset units: are those that encompass the promotion activities of the Institution and are derived from credit activities of Nacional Financiera. These activities are the main generators of credit risk.



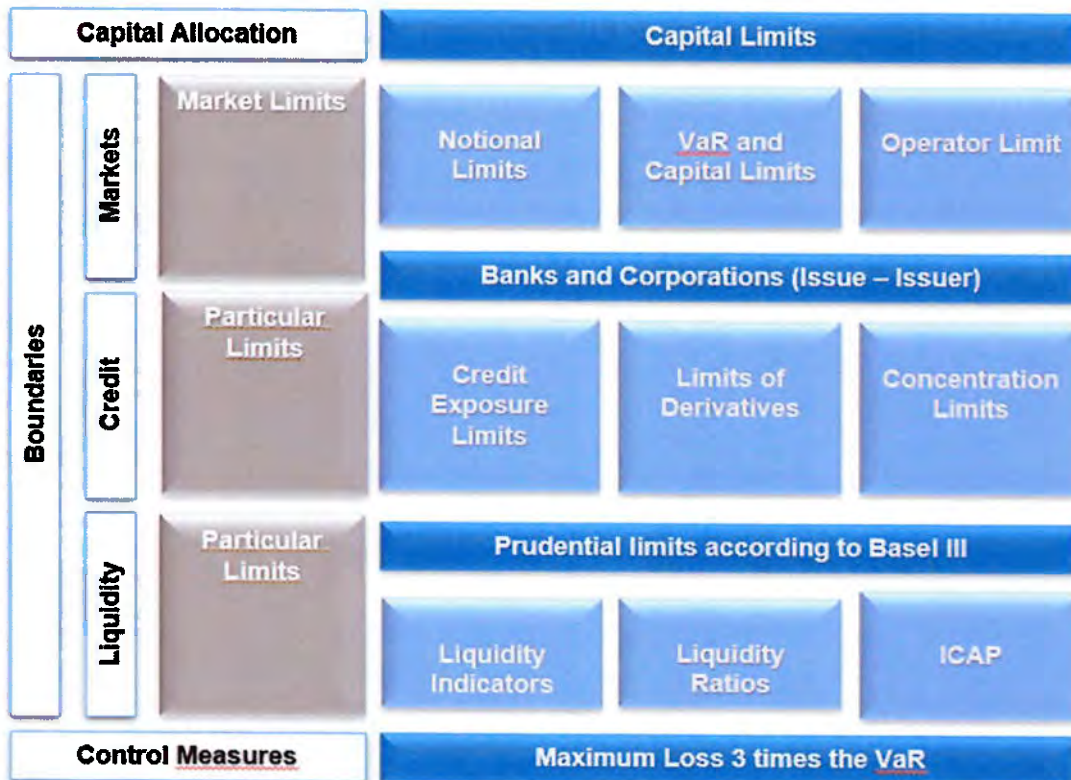
# Notes to the Consolidated Financial Statements

Nacional Financiera, S.N.C., Institución de Banca de Desarrollo and Subsidiaries

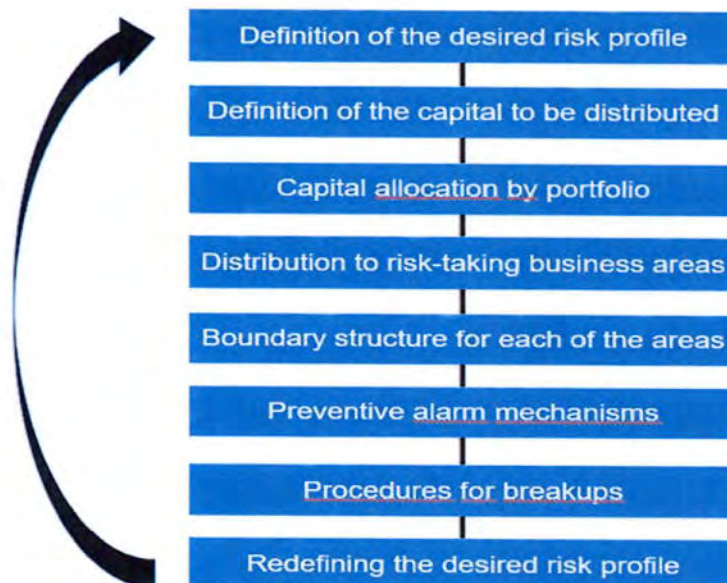
December 31, 2024 and 2023

(figures in millions of Pesos)

Based on the foregoing, the Institution has a solid structure of global and specific limits for exposure to different types of risk considering the consolidated risk, broken down by business unit, risk factor and cause, as shown in the following diagram:



In the above diagram, the capital limits have a strong relevance, for which the following process is followed:



## Notes to the Consolidated Financial Statements

Nacional Financiera, S.N.C., Institución de Banca de Desarrollo and Subsidiaries

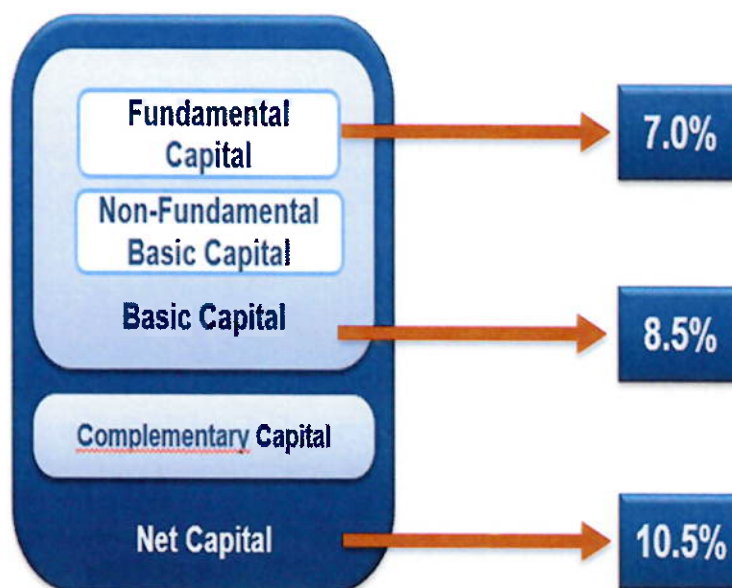
December 31, 2024 and 2023

(figures in millions of Pesos)

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The capital allocation process arises from the regulatory capital, which is regulated based on the capitalization rules set forth in the Dispositions. Based on these concepts, distributable capital is determined, which is the capital that the Institution has to cope with the risks assumed by its transactions.

Basel III establishes that the Institution has three indicators of solvency, where ICAP is the most restrictive given the fact that the requirement changed from 8.0% to 10.5%. It is precisely this restriction which establishes the appetite for risk through the limits of capital, that is, it should be guaranteed that taking limits to 100%, and in the face of stress situations, the capitalization level shall not fall below 10.5% under any circumstance.



This increase of 250 basis points in the ICAP is a strong buffer which replaces the previously held capital volatility buffer, desired risk profile, and operational risk.

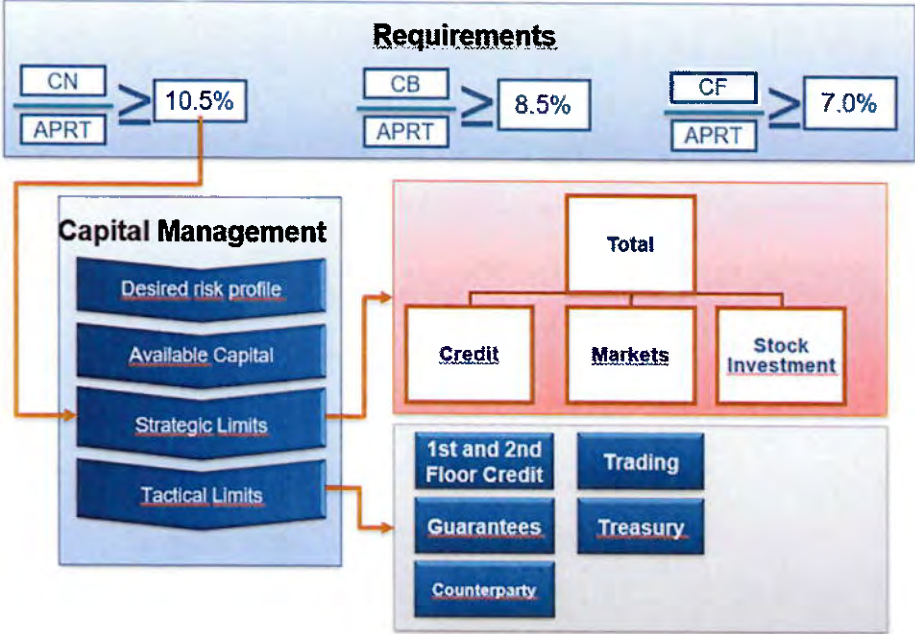
### Capital limit structure

The Institution's capital management considers a limit structure with two allocation levels:

- a) A Strategic Level authorized by the Board of Directors.
- b) A Tactical Level that is regulated by the CAIR, through reallocations or excess of limits, as well as the business areas management. Additionally, Unit Heads involved in the business areas can also propose reallocations of the limits, with the approval of the Risk Director, who subsequently informs the CAIR.

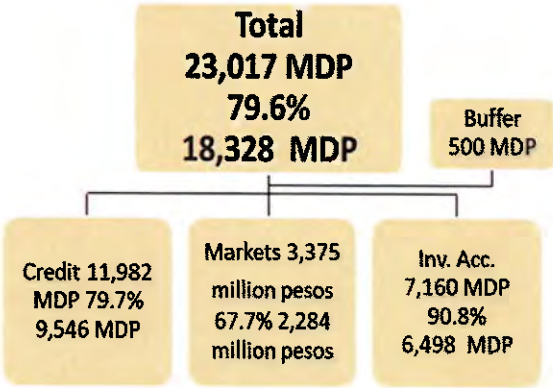
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In summary, the Institution has the following requirements:



It is important to mention that, within the strategic structure of these limits, operational risk is not included, since this does not originate from the discretionary risk assumption, i.e., that it is implicit in the operation of the Institution itself. Due to the above, there is a buffer for operational risk that does not compute for the capital limits, but that is considered in the calculation of the capitalization level. Nonetheless, in terms of the operational risk, the identification, measurement, monitoring, control and mitigation of the risks to which the Institution is exposed are performed.

Considering the above, at the end of December 2024, the preliminary capitalization ratio was 20.94% and the total capital limit recorded a global consumption of 79.6%.



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There are three basic scenarios:

1. If capital limits were utilized at 100%, the capitalization level would remain above the 10.5% required.
2. If, under the current structure, there was an adverse event of default or volatility in the markets affecting capital, there is sufficient capacity to maintain the ICAP above 10.5%.
3. The combination of the above events, i.e., capital limits utilized at 100% and an adverse event with an impact on capital, would also allow the ICAP to be maintained above the minimum level required.

Finally, for the purpose of having the capacity to obtain resources and continue operating under a stress scenario, in which the Institution's capital sufficiency is compromised without noncompliance of the minimum levels set out by the authorities, the Treasury Department will obtain in the markets, the necessary resources under the best cost and maturity conditions, based on the guidelines established by the Institution's Management.

In order to manage liquidity risks, the Treasury Department will oversee operational execution in accordance with strategies that will be aligned with the Institution's management objectives and will be responsible for triggering the contingent procedures for liquidity management, and in some cases, the procedures established in the "Contingency Financing Plan". The Treasury Department will inform the Risk Management Office on any liquidity contingency situation.

## 22. MEMORANDUM ACCOUNTS

### Contingent assets and liabilities

As of December 31, 2024 and 2023, this line item amounts to \$96,158 and \$84,169, respectively, comprised as follows:

	<u>2024</u>	<u>2023</u>
<b>Contingent liabilities</b>		
Guarantees granted (1)	\$ 111,422	\$ 97,020
Guarantees paid pending reimbursement by counter guarantors (2)	9,943	10,456
Debtors on claims	237	225
Commitments undertaken	1,759	1,435
Contingency for portfolio without recourse of Fiso 80139 (6)	\$ 43	\$ 62
Subtotal	<u>123,404</u>	<u>109,198</u>
<b>Contingent assets:</b>		
Counter-guarantee received from the Corporate Financing Trust (3)	9,153	7,818
Recoverable paid guarantees covered by counter guarantors (4)	9,943	10,456
Paid guarantees pending recovery without counter-guarantee (5)	<u>8,150</u>	<u>6,755</u>
Subtotal	<u>27,246</u>	<u>25,029</u>
<b>Total</b>	<u>\$ 96,158</u>	<u>\$ 84,169</u>

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- (1) Under line item "Guarantees granted", the Institution has mainly guarantees granted through trusts Fondo para Participación de Riesgos and Fondo para la Participación de Riesgos en Fianzas, which as of December 31, 2024 and 2023, both present an amount of guarantees granted for \$111,265 and \$96,655, respectively. The spread as of December 31, 2024 and 2023, for \$157 and \$365, respectively, correspond to selective guarantees granted directly by the Institution. These guarantees represent the amount of the responsibilities assumed by the Institution to guarantee the recovery of financial intermediaries' loan portfolio.
- (2) Under this line item, the Institution recognizes the contingent obligation to reimburse, mainly to the counter guarantee Trust for Corporate Financing, the amount of the guarantees paid, which had a counter guarantee and which are in the process of recovery by banking and non-banking financial intermediaries.
- (3) Trust Fondo para la Participación de Riesgos (the Fund) reduces the Institution's contingency through the counter guarantee received the counter guarantee Trust for Corporate Financing, a promoter of loan granting for specific purposes, which has allocated resources for these purposes for \$9,153 and \$7,818, as of December 31, 2024 and 2023, respectively. These funds ensure the recovery up to these amounts of guarantees carried out by the financial intermediaries, who assume the commitment of negotiating, judicially and out-of- court, the recovery of loans from their final borrowers.

In addition to such counter guarantee, the Fund has created a preventive allowance for credit risks for \$11,474 and \$9,921, as of December 31, 2024 and 2023, respectively, in accordance with the provisions of the Banking Commission.

With the counter guarantee received, as well as with the level of the preventive allowance for credit risks created, the Institution considers that the exposure is covered, based on the experience observed in the guarantee program.

- (4) Under this line item, there is recognition of the contingent right of the Institution to recover the amount of the guarantees paid that had a counter guarantee and were covered by the counter guarantee Trust of Corporate Financing, and which are in the process of recovery by banking and non-banking financial intermediaries.
- (5) Under the line item of paid guarantees pending recovery without counter guarantee, there is a recognition of the amount of guarantees honored by the Institution that are in the process of recovery by financial intermediaries and that did not have the coverage of the counter guarantee Trust for Corporate Financing.
- (6) The line item "Contingency for portfolio without recourse" corresponds to counter-guarantees not exercised by the financial intermediary.

**Loan commitments**

As of December 31, 2024 and 2023, the Institution has credit facilities and lines of guarantees granted to financial intermediaries that have not been withdrawn in an amount of \$710,121 and \$362,509, respectively.

As of December 31, 2024, \$113,711 correspond \$176,088 to credit facilities and \$248,798 to lines of guarantee granted, while as of December 31, 2023, credit facilities amount to \$113,711 and to lines of credit, \$248,798.

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**Assets in trust or under mandates, and financial agent of the Federal Government**

The Institution's trust activity recorded in memorandum accounts as of December 31, 2024 and 2023, as well as the transactions in its capacity of financial agent for the Federal Government are integrated as shown below:

	<u>2024</u>	<u>2023</u>
Investment trusts	\$ 21,804	\$ 20,851
Management trusts	2,323,846	2,107,339
Guarantee trusts	<u>34,959</u>	<u>50,515</u>
	2,380,609	2,178,705
Mandates	<u>119,208</u>	<u>106,273</u>
	2,499,817	2,284,978
Financial agent for the Federal Government	<u>291,663</u>	<u>271,781</u>
Total	<u>\$ 2,791,480</u>	<u>\$ 2,556,759</u>

Investment and administration trusts refer to entities with their own legal capacity, independent from the Institution.

These balances represent the valuation of trust assets which, overall, represent assets valued using different accounting practices, and which essentially represent neither the rights of the entity, nor the contingency to which the Institution is subject in the event of nonperformance of its role as trustee.

Guarantee trusts correspond to entities that maintain loans, securities, real estate, etc., as part of its trust assets, which serve as collateral for the settlement of financing received from other Credit Institutions by the trustors thereof.

The Institution only performs fiduciary function in such entities.

The Institution's revenues from its trustee activities as of December 31, 2024, and 2023, amounted to \$486 and \$440, respectively.

As of December 31, 2024 and 2023, the trust accounts include a balance of \$652 and \$680, respectively, which correspond to the assets of Fideicomiso de Recuperación de Cartera (FIDERCA). This trust manages doubtful accounts that originally belonged to the Institution and that in year 1996 were transferred to the Federal Government. The Institution currently holds the respective trustee rights.

The Institution created trust for the strengthening of its capital in compliance with the provision of Article 55 Bis of the Credit Institutions Law and in accordance with the general rules for Domestic Credit Institutions and Development Banking Institutions published on October 24, 2002 in the Official Federal Gazette.

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**Assets in custody or under administration**

As of December 31, 2024 and 2023, this line item includes assets, values of others, trading and credit transactions, as well as securities issued by the Institution and managed on behalf of customers, as shown below:

	<u>2024</u>	<u>2023</u>
Assets in custody		
Financial instruments issued by the Institution	\$ 290,996	\$ 271,485
Financial Instruments (1)	283,196	192,446
Other (2)	<u>229,136</u>	<u>189,087</u>
	<u>803,328</u>	<u>653,018</u>
	<u>2024</u>	<u>2023</u>
Investment Banking		
Investment banking operations on behalf of third parties (3)	\$ <u>421,469</u>	\$ <u>320,316</u>
	<u>421,469</u>	<u>320,316</u>
Total	\$ <u>1,224,797</u>	\$ <u>973,334</u>

- (1) As of December 31, 2024 and 2023, in the concept of Financial Instruments, \$37,255 and \$27,046, respectively, have been recognized, which correspond to the subsidiary Operadora de Fondos. The differential as of December 31, 2024 and 2023, for \$253,741 and \$244,439, respectively, corresponds to the Institution.
- (2) As of December 31, 2024 and 2023, in the concept of Others, \$17,804 and \$14,316, respectively, have been recognized, which correspond to the subsidiary Fund for Risk Participation. The differential as of December 31, 2024 and 2023, for \$211,332 and \$174,771, respectively, corresponds to the Institution.
- (3) As of December 31, 2024 and 2023, in the concept of Investment banking operations on behalf of third parties, \$267,386 and \$191,284, respectively, have been recognized, which correspond, mainly, to the subsidiary Program for the sale of securities live to the public and Fund Operator. The differential as of December 31, 2024 and 2023, for \$154,083 and \$129,032, respectively, corresponds to the Institution.

Fees collected by the Institution for this type of activities as of December 31, 2024 and 2023, amounted to \$13 and \$9, respectively.

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**Other memorandum accounts**

As of December 31, 2024 and 2023, balances of other memorandum accounts are made up of as follows:

	<u>2024</u>	<u>2023</u>
Guaranteed paid reported by intermediaries as uncollectible with no counter guarantee <sup>(a)</sup>	\$ 208	\$ 165
Classification of loan portfolio by risk degree	373,841	326,452
Loans obtained pending withdrawal	6,567	2,028
Other memorandum accounts <sup>(b)</sup>	<u>573,587</u>	<u>803,668</u>
Total	<u>\$ 954,203</u>	<u>\$ 1,132,313</u>

- (a) These guarantees correspond to the amounts of unrecovered guarantees on which collection procedures have been exhausted by the intermediaries and which did not have a counter guarantee.
- (b) Other memorandum accounts are included for control of renewed and restructured loans, uncollectible loans, uncollectible loans applied against the provision, certificates and coupons to be incinerated, VAT recorded by states, portfolio recovery, control of interests of London branch, issuance of provisional certificates, foreclosed assets or asset received in payment in kind, control of amounts contracted in repurchase/resell agreements and investments, commitments, preventive allowance for credit risks from financial intermediaries, uncollectible guarantees reported by intermediaries, cancellation of external guarantee and sundry non specified concepts, as well as other memorandum accounts.

**23. INFORMATION BY SEGMENTS AND OPERATIONS**

**Segment information (unaudited)**

The factors used to identify the business segments considered the nature of the activities carried out; the existence of specific administrators for those activities, the generation of revenues and expenses thereof, as well as the monitoring regularly performed on the results generated that are presented periodically to the Board of Directors of the Institution.

The **market and treasury segments** include investments carried out in the money, capital, exchange and treasury markets.

The **first-tier credit segment** considers the loan portfolio placed directly with the public and private sector, while the loan portfolio channeled through banking and non-banking financial intermediaries is considered for the Second tier credit segment.

Guarantees **granted to banks** and non-banking financial intermediaries are included in the credit guarantees segment. The balances of this segment are shown in memorandum accounts and as of December 31, 2024 and 2023, amount to \$96,158 and \$84,169, respectively.

The balances of the **financial agent segment** correspond to activities carried out by mandate of the Federal Government to manage on its behalf resources obtained from international financial bodies, and as of December 31, 2024 and 2023, amounted to \$291,663 and \$271,781, which are recorded in memorandum accounts.

The **trustee segment** includes administrative services for own and external trusts, which as of December 31, 2024 and 2023, amount to \$2,499,817 and \$2,284,978, respectively, and are presented in memorandum accounts.

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Investment banking, balances of subsidiaries and other net income (expense) are included in the **"Other areas" segment**. Commissions for structuring of credits, stock market guarantees, as well as the equity in venture capital for public and private companies are included in investment banking.

As of December 31, 2024, the Institution's operation is focused on the Headquarters office in Mexico City, while the operation of the branch located in London, England, is minimal.

As of December 31, 2024 and 2023, the assets, liabilities and net income of the main operations by business segments of the Institution is summarized as follows:

2024 Business segments	Assets		Liabilities and equity		Net income (expense)	
	Amount	%	Amount	%	Amount	%
Markets and treasury	\$ 469,193	63.6	\$ 469,193	63.6	\$ 2,170	(33.2)
First tier credit	88,518	12.0	88,518	12.0	449	(6.9)
Second tier credit	171,682	23.3	171,682	23.3	981	(15.0)
Loan guarantees					2,836	(43.4)
Financial agent					(102)	1.6
Trustee					(144)	2.2
Other business areas	8,205	1.1	8,205	1.1	618	(9.5)
Benefits, labor obligation and contribution to Fiso 8013-9					(13,345)	204.2
<b>Total</b>	<b>\$ 737,598</b>	<b>100.0</b>	<b>\$ 737,598</b>	<b>100.0</b>	<b>\$ (6,537)</b>	<b>100.0</b>

2023 Business segments	Assets		Liabilities and equity		Net income (expense)	
	Amount	%	Amount	%	Amount	%
Markets and treasury	\$ 437,861	66.0	\$ 437,861	66.0	\$ 2,239	(27.3)
First tier credit	63,467	9.6	63,467	9.6	(2,199)	26.8
Second tier credit	165,619	25.0	165,619	25.0	1,002	(12.2)
Loan guarantees	-	-	-	-	3,418	(41.7)
Financial agent	-	-	-	-	(88)	1.1
Trustee	-	-	-	-	(76)	0.9
Other business areas	(3,222)	(0.6)	(3,222)	(0.6)	(108)	1.3
Benefits, labor obligation and contribution to Fiso 80139	-	-	-	-	(12,390)	151.1
<b>Total</b>	<b>\$ 663,725</b>	<b>100.0</b>	<b>\$ 663,725</b>	<b>100.0</b>	<b>\$ (8,202)</b>	<b>100.0</b>

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The statement of comprehensive income by segments for years ended December 31, 2024 and 2023, is shown below:

2024	Market and treasury	First tier credit	Second tier credit	Loan guarantee	Financial agent	Trustee	Other areas <sup>(a)</sup>	Benefits and retirement expenses	Total
<b>Income:</b>									
Net financial income	\$ 2,694	\$ 1,564	\$ 2,135	\$ 7,541	\$ 93	\$ 212	\$ 695	\$ -	\$ 14,934
<b>Expenses:</b>									
Operating expenses	(468)	(138)	(758)	(445)	(153)	(355)	(53)	-	(2,370)
<b>Operating profit</b>	2,226	1,426	1,377	7,096	(60)	(143)	642	-	12,564
Allowances for loan losses and write-down	3	(968)	(360)	(4,172)	-	-	(22)	-	(5,519)
Pensioners expenses								(816)	(816)
Other expenses and taxes (b)	(59)	(9)	(36)	(88)	(42)	(1)	(2)	(12,029)	(12,266)
Transfers to Fiso 80139	-	-	-	-	-	-	-	(500)	(500)
<b>Net result</b>	\$ 2,170	\$ 449	\$ 981	\$ 2,836	\$ (102)	\$ (144)	\$ 618	\$ (13,345)	\$ (6,537)
2023	Market and treasury	First tier credit	Second tier credit	Loan guarantee	Financial agent	Trustee	Other areas <sup>(a)</sup>	Benefits and retirement expenses	Total
<b>Income:</b>									
Net financial income	\$ 2,625	\$ 856	\$ 1,780	\$ 7,148	\$ 83	\$ 195	\$ 445	\$ -	\$ 13,132
<b>Expenses:</b>									
Operating expenses	(415)	(129)	(677)	(434)	(167)	(258)	(45)	-	(2,125)
<b>Operating profit</b>	2,210	727	1,103	6,714	(84)	(63)	400	-	11,007
Allowances for loan losses and write-downs	116	(2,924)	(85)	(3,173)	(2)	(4)	(507)	-	(6,579)
Pensioners expenses	-	-	-	-	-	-	-	(1,001)	(1,001)
Other expenses and taxes (c)	(87)	(2)	(16)	(123)	(2)	(9)	(1)	(11,004)	(11,244)
Transfers to Fiso 80139	-	-	-	-	-	-	-	(385)	(385)
<b>Net result</b>	\$ 2,239	\$ (2,199)	\$ 1,002	\$ 3,418	\$ (88)	\$ (76)	\$ (108)	\$ (12,390)	\$ (8,202)

(a) Includes: investment banking, subsidiaries, and other net income (expenses).

(b) Includes taxes for \$237.

(c) Includes taxes for \$240.

The total amount of cash flows from operating, investing and financing activities for 2024 and 2023 is (68,878) and 79,666 in markets and treasury; (8,885) and (6,017) in first-tier credit; (17,122) and (8,962) on the second-tier; 2,836 and 3,418 in credit guarantees; 3,510 and 11,609 in financial agents; (144) and (76) in trustee; 20,147 and 16,879 in other areas and (13,345) and (12,390) in use, pensioners, and Fiso 80139 contributions.

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**24. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

The net result generated by the Institution for the periods from January 1 to December 31, 2024 and 2023, amounted to \$(6,428) and \$(8,384), respectively.

These results reflect the net income generated by the Institution's main business lines of the Institution for \$50,165 and \$43,632, at the closing of 2024 and 2023, respectively, mainly from loan portfolio and repurchase/resell transactions, increase in income for interests from one year to the next corresponding to an increase in the volume of the foregoing transactions.

Interest expense amounted to \$42,114 and \$37,382 at the closing of 2024 and 2023, respectively, mainly originating from interest and yields payable on repurchase/resell agreements as well as interests for time deposits.

The preventive allowance for credit risks, at the end of fiscal years 2024 and 2023 was \$2,889 and \$4,435, respectively, the variation is mainly due to a decrease in the Institution's additional reserve of the Institution, as well as a creation in the additional reserves of Trust 11480.

As of the closing of years 2024 and 2023, fees and rates collected and paid for an amount of \$4,946 and \$4,698, respectively, were recognized, highlighting for their importance fees collected for the operation of guarantees granted.

Other income (expenses) of the 2024 operation amounts to \$(13,332), while in 2023 the total was \$(10,772). The main concept comprising this line item in 2024 and 2023 correspond to the utilization of the sovereign guarantee of the Federal Government for which the Institution paid to the Ministry of Finance and Public Credit the amounts of \$12,029 and \$11,004, respectively.

The other comprehensive income for fiscal year 2024 amount to \$2,646, consisting of valuation of financial instruments receivable and sell of (\$25), valuation of cash flow hedging instruments for \$108, remeasurement of defined employee benefits for \$2,622 and valuation effect of equity-accounted investees for \$(59), while the other comprehensive income for fiscal year 2023 amount to \$824, composed of valuation of financial instruments to be receivable and sold of \$112, valuation of cash flow hedging instruments for \$288, remeasurement of defined benefits to employees for \$636 and valuation effect on associates for \$12.

**Financial margin**

For years ended December 31, 2024 and 2023, the financial margin of the consolidated statement of comprehensive income is analyzed as follows:

2024	Total	Local currency	Foreign currency
<b>Interest income:</b>			
Cash interests and cash equivalents:			
Banks	\$ 1,900	\$ 1,628	\$ 272
Restricted or pledged	2,700	1,993	707
	\$ 4,600	\$ 3,621	\$ 979
Interest from loan portfolio with credit risk Stage 1:			
Commercial loans	5,574	1,842	3,732
Loans to financial institutions	\$ 17,103	16,666	437
Loans to government entities	1,959	1,818	141
Consumer loans	1	1	-
Housing loans	4	4	-
	\$ 24,641	\$ 20,331	\$ 4,310

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	<u>Total</u>	<u>Local currency</u>	<u>Foreign currency</u>
Interest from loan portfolio with credit risk Stage 3:			
Commercial loans	\$ -	\$ -	-
Loans to financial institutions	-	-	-
Loans to government entities	-	-	-
Consumer loans	-	-	-
Housing loans	1	1	-
	<u>\$ 1</u>	<u>\$ 1</u>	<u>-</u>
Interest and returns receivable in repurchase/resell transactions:	26,788	26,643	145
	<u>\$ 26,788</u>	<u>\$ 26,643</u>	<u>\$ 145</u>
Fees receivable from loan transactions (adjustment to return):			
Commercial loans			
Interest and returns from margin accounts	\$ 912	\$ 912	-
Interest and returns receivable from collateral transactions OTC	20	20	-
Interest and returns from financial instruments	\$ 3,640	\$ 3,384	256
Income from hedging operations	(10,874)	(8,184)	(2,690)
Premium on debt placement	4	4	-
Dividends from financial instruments qualifying as equity financial instruments	44	44	-
Gain on valuation	390	58	332
	<u>(5,865)</u>	<u>(3,763)</u>	<u>(2,102)</u>
<b>Total income from interests</b>	<u>50,165</u>	<u>46,833</u>	<u>3,332</u>
<b>Interest expense:</b>			
Interest from time deposits	\$ 16,040	\$ 15,244	796
Interest expense from interbank loans and other entities	2,461	1,101	1,360
Interest and returns payable from repurchase/resell transactions	24,983	24,828	155
Expense from hedging transactions	(11,800)	(7,923)	(3,877)
Interest, from transaction costs and discounts payable for issue of financial instruments qualifying as liabilities	10,430	9,112	1,318
Loss on valuation	-	-	-
	<u>42,114</u>	<u>42,362</u>	<u>(248)</u>
<b>Total interest expense</b>	<u>42,114</u>	<u>42,362</u>	<u>(248)</u>
<b>Financial Margin</b>	<u>\$ 8,051</u>	<u>\$ 4,471</u>	<u>\$ 3,580</u>

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2023	Total	Local currency	Foreign currency
<b>Interest income:</b>			
Cash interests and cash equivalents:			
Banks	\$ 1,214	\$ 745	\$ 469
Restricted or pledged	2,958	2,220	738
	<u>\$ 4,172</u>	<u>\$ 2,965</u>	<u>\$ 1,207</u>
Interest from loan portfolio with credit risk Stage 1:			
Commercial loans	4,290	1,573	2,717
Loans to financial institutions	\$ 15,677	\$ 15,468	\$ 209
Loans to government entities	1,601	1,492	109
Consumer loans	1	1	-
Housing loans	4	4	-
	<u>\$ 21,573</u>	<u>\$ 18,538</u>	<u>\$ 3,035</u>
Interest from loan portfolio with credit risk Stage 3:			
Commercial loans	12	-	12
Loans to financial institutions	33	33	-
Loans to government entities	\$ -	\$ -	-
Consumer loans	-	-	-
Housing loans	1	1	-
	<u>\$ 46</u>	<u>\$ 34</u>	<u>\$ 12</u>
Interest and returns receivable in repurchase/resell transactions:			
	24,986	24,986	-
	<u>\$ 24,986</u>	<u>\$ 24,986</u>	<u>\$ -</u>
Fees receivable from loan transactions (adjustment to return):			
Commercial loans	633	633	-
Interest and returns from margin accounts			
	25	25	-
Interest and returns receivable from collateral transactions			
OTC	\$ -	\$ -	-
Interest and returns from financial instruments	3,584	3,194	390
Income from hedging operations	\$ (11,450)	\$ (9,144)	\$ (2,306)
Premium on debt placement	12	12	-
Dividends from financial instruments qualifying as equity financial instruments	51	51	-
Gain on valuation	-	-	-
	<u>(7,145)</u>	<u>(5,229)</u>	<u>(1,916)</u>
<b>Total income from interests</b>	<u>43,632</u>	<u>41,294</u>	<u>2,338</u>
<b>2023</b>	<b>Total</b>	<b>Local currency</b>	<b>Foreign currency</b>
<b>Interest expense:</b>			
Interest from time deposits	\$ 15,987	\$ 15,328	\$ 659
Interest expense from interbank loans and other entities	3,138	2,173	965
Interest and returns payable from repurchase/resell transactions	21,375	21,261	114
Expense from hedging transactions	(11,801)	(8,602)	(3,199)
Interest, from transaction costs and discounts payable for issue of financial instruments qualifying as liabilities	8,507	7,071	1,436
Loss on valuation	176	39	137
	<u>37,382</u>	<u>37,270</u>	<u>112</u>
<b>Total interest expense</b>	<u>37,382</u>	<u>37,270</u>	<u>112</u>
<b>Financial Margin</b>	<u>\$ 6,250</u>	<u>\$ 4,024</u>	<u>\$ 2,226</u>

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**Commissions and fees collected and paid**

For years ended December 31, 2024 and 2023, commissions and fees collected and paid, are analyzed as follows:

<u>2024</u>	<u>Total</u>	<u>Local currency</u>	<u>Foreign currency</u>
Commissions and fees collected:			
Loan transactions	\$ 275	\$ 275	\$ -
Trust activities	486	486	-
Assets under custody or administration	13	13	-
Other (a)	4,351	4,345	6
	<u>5,125</u>	<u>\$ 5,119</u>	<u>\$ 6</u>
Commissions and fees paid:			
Loans obtained	\$ 12	\$ -	\$ 12
Debt placement	1	1	-
Other (services)	166	165	1
	<u>\$ 179</u>	<u>\$ 166</u>	<u>\$ 13</u>

(a) As of December 31, 2024, the Other concept mainly includes the income from commissions of the subsidiaries for \$4,344, of which; \$4,064 correspond to the Risk Participation Fund, \$211 to the Fund Operator and \$69 to the Mexican Capital Investment Corporation.

<u>2023</u>	<u>Total</u>	<u>Local currency</u>	<u>Foreign currency</u>
Commissions and fees collected:			
Loan transactions	\$ -	\$ 84	\$ -
Trust activities	49	49	-
Assets under custody or administration	10	10	-
Other (b)	440	440	-
	<u>4,386</u>	<u>4,372</u>	<u>14</u>
	<u>4,885</u>	<u>4,871</u>	<u>14</u>

<u>2023</u>	<u>Total</u>	<u>Local currency</u>	<u>Foreign currency</u>
Commissions and fees paid:			
Loans obtained	22	-	22
Debt placement	1	1	-
Other (services)	165	162	3
	<u>\$ 188</u>	<u>\$ 163</u>	<u>\$ 25</u>

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- (b) As of December 31, 2023, the Other concept mainly includes the income from commissions of the subsidiaries for \$4,372, of which; \$4,147 correspond to the Risk Participation Fund, \$171 to the Fund Operator and \$54 to the Mexican Capital Investment Corporation.

**Financial intermediation result**

For years ended December 31, 2024 and 2023, Financial intermediation result is comprised as follows:

<u>2024</u>	<u>Total</u>	<u>Local currency</u>	<u>Foreign currency</u>
<b>Financial intermediation result:</b>			
Result from valuation of financial instruments at fair value:			
Negotiable financial instruments	\$ 1,207	\$ 1,207	\$ -
Derivative financial instruments for trading purposes	17	17	-
Derivative financial instruments for hedging purposes	(55)	732	(787)
Allowance for expected losses on financial instruments	3	3	-
	<u>1,172</u>	<u>1,959</u>	<u>(787)</u>
Gain (loss) on trading and disposal of financial instruments and derivatives			
Trading financial instruments	(33)	(33)	-
Financial instruments for collecting and selling	72	72	-
Financial instruments for collecting principal and interest (securities)	20	20	-
Derivative financial instruments for trading purposes	(7)	(7)	-
	<u>52</u>	<u>52</u>	<u>-</u>
Gain (loss) from purchase/sale of foreign currencies	142	-	142
Intermediation result	\$ <u>1,366</u>	\$ <u>2,011</u>	\$ <u>(645)</u>

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2023	Total	Local currency	Foreign currency
<b>Financial intermediation result:</b>			
Result from valuation of financial instruments at fair value:			
Trading financial instruments	\$ (1,103)	\$ (1,103)	\$ -
Derivative financial instruments for trading purposes	42	42	-
Derivative financial instruments for hedging purposes	31	1,490	(1,459)
Allowance for expected losses on financial instruments	120	120	-
	<u>(910)</u>	<u>549</u>	<u>(1,459)</u>
Gain (loss) on trading and disposal of financial instruments and derivatives			
Trading financial instruments	63	63	-
Financial instruments for collecting and selling	(39)	1	(40)
Financial instruments for collecting principal and interest (securities)	9	9	-
Derivative financial instruments for trading purposes	107	107	-
	<u>140</u>	<u>180</u>	<u>(40)</u>
Gain (loss) from purchase/sale of foreign currencies	236	-	236
Intermediation result	\$ <u>(534)</u>	\$ <u>729</u>	\$ <u>(1,263)</u>

**Other operating income (expenses)**

For years ended December 31, 2024 and 2023, line item other operating income (expenses) are analyzed as follows:

2024	Total	Local currency	Foreign currency
<b>Other operating income (expenses):</b>			
Other recoveries	\$ 61	\$ 61	\$ -
Impact on allowance for expected credit risks	(2,611)	(2,611)	-
Income from personal loans	36	36	-
Lease income	33	33	-
Other items of operating income	1,430	1,424	6
Other items of operating expenses (a)	(12,281)	(12,281)	-
	\$ <u>(13,332)</u>	\$ <u>(13,338)</u>	\$ <u>6</u>

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2023	Total	Local currency	Foreign currency
<b>Other operating income (expenses):</b>			
Other recoveries	\$ 96	\$ 96	-
Impact on allowance for expected credit risks	(1,761)	(1,761)	-
Result on sale of foreclosed assets	1	1	-
Allowance on impairment of foreclosed assets	(144)	(144)	-
Income from personal loans	35	35	-
Lease income	33	33	-
Other items of operating income	2,628	2,627	1
Other items of operating expenses (b)	(11,660)	(11,660)	-
	<u>\$ (10,772)</u>	<u>\$ (10,773)</u>	<u>\$ 1</u>

- a) On December 13, 2024, the Institution made the full payment of \$12,029, in accordance with the provisions of official letter number 368.-128/2024 dated December 11, 2024, issued by the Undersecretariat of Finance and Public Credit, through which the Federal Government instructs the Institution to make said entire under the legal nature of use for the granting of the sovereign guarantee of the Federal Government.
- b) On December 15, 2023, the Institution made the entire amount of \$11,004, in accordance with the provisions of official letter number 368.-C.-032/2023 dated December 11, 2023, issued by the Undersecretariat of Finance and Public Credit, through which the Federal Government instructs the Institution to make said entire under the legal nature of use for the granting of the sovereign guarantee of the Federal Government.

**Administration and promotional expenses**

For years ended December 31, 2024 and 2023, administration and promotional expenses, is comprised as follows:

2024	Total	Local currency	Foreign currency
Administrative and promotional expenses	\$ 4,098	\$ 4,098	-
Unidentified deposits	-	-	-
	<u>\$ 4,098</u>	<u>\$ 4,098</u>	<u>\$ -</u>
2023	Total	Local currency	Foreign currency
Administrative and promotional expenses	\$ 3,848	\$ 3,848	-
Unidentified deposits	-	-	-
	<u>\$ 3,848</u>	<u>\$ 3,848</u>	<u>\$ -</u>

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**Financial ratios (unaudited)**

The main quarterly financial ratios of the Institution for years ended December 31, 2024 and 2023, are as follows:

2024	First	Second	Third	Fourth
Delinquency rate	1.82	1.72	2.01	1.89
Past-due loan portfolio coverage ratio	483.73	489.00	442.72	466.59
Operating efficiency (administrative and promotional total average)	0.69	0.67	0.68	0.65
ROE (annualized quarterly net income/average stockholders' equity)	(21.76)	(18.05)	(14.16)	(16.26)
ROA (annualized quarterly net income/average total assets)	(1.39)	(1.14)	(0.89)	(1.02)
Net capital/assets subject to credit risk	28.52	28.62	28.97	29.88
Net capital/assets subject to credit, market and operational risk	20.05	20.00	20.44	20.94
Liquidity (liquid assets/liquid liabilities)	4.92	2.36	4.72	3.09
Financial margin for the year adjusted for credit risks	1.19	1.30	1.35	1.31
Average productive assets	1.06	1.07	1.07	1.06

- (a) The indicator for the fourth quarter is preliminary.  
(b) The indicator for the fourth quarter is preliminary.

2023	First	Second	Third	Fourth
Delinquency rate	2.82	2.38	2.00	1.79
Past-due loan portfolio coverage ratio	278.27	351.61	430.85	469.51
Operating efficiency (administrative and promotional total average)	0.76	0.77	0.78	0.60
ROE (annualized quarterly net income/average stockholders' equity)	13.98	2.17	6.21	(109.42)
ROA (annualized quarterly net income/average total assets)	0.95	0.15	0.42	(7.17)
Net capital/assets subject to credit risk	24.87	27.25	27.20	26.21
Net capital/assets subject to credit, market and operational risk	16.57	17.84	19.49	18.37
Liquidity (liquid assets/liquid liabilities)	204.86	209.33	188.39	356.44
Financial margin for the year adjusted for credit risks/average productive assets	6.37	1.75	1.42	4.03

**25. COMMITMENTS AND CONTINGENCIES**

**Lease**

Leases provide periodic rental adjustments, based on changes in various economic factors. The Institution has commitments for non-cancellable leases. Total rental expense for years ended December 31, 2024 and 2023, amounted to \$4 and \$4, respectively.

**Lawsuits and litigation**

In the normal course of operations, the Institution has been subject to some lawsuits and claims, which are not expected to have a material adverse effect on the financial position and results of its future operations. In such cases that represent a probable loss or where a cash outflow is estimated, the necessary provisions have been set aside. It is worth mentioning that to date there are no litigations on tax matters.

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As of December 31, 2024 and 2023, amounts claimed in lawsuits for recovery of loan portfolio amounts to \$5,278 and \$5,093, respectively, whereas lawsuits and claims brought against the Institution related to banking and/or trust transactions, for the same periods, amount to \$479 and \$457, respectively. Likewise, as of December 31, 2024 and 2023, there are labor lawsuits for \$ 120 and \$123, respectively.

According to the current procedural status of such lawsuits, Management considers that final resolution of the claims and lawsuits previously described will not have a significant effect on the financial position of the Institution.

## **26. RISK MANAGEMENT (unaudited information)**

Local and international regulations on risk management have seen an unprecedented evolution in recent years, incorporating a preventive approach in the financial processes carried out by Credit Institutions, as well as the obligation to issue internal guidelines to establish controls in order to prevent or mitigate potential economic losses resulting from the materialization of risks, whether discretionary, non-discretionary or even non-quantifiable.

To keep up with the implementation of the requirements from the various provisions of a prudential nature in matters of risk management, credit and internal control, applicable to Credit Institutions, as well as with what is indicated by regulatory bodies in Mexico for the prevention of money laundering, the Institution has sought to implement international standards from a systematic and comprehensive perspective within its controls and processes (unaudited numbers).

### **Discretionary quantifiable risks**

#### **1. Market risk**

The Institution uses the VaR methodology to calculate the market risk of its trading and financial instruments for collecting and selling portfolios. In general, the methodology being applied is the historical simulation.

The VaR analysis has the purpose of estimating potential losses arising from changes to the risk factors that influence the valuation or the expected results of active transactions, such as interest rates, exchange rates, price indexes.

From the aforementioned methodology, the following general principles, stand out:

- The confidence interval that is being applied in the VaR calculation is 97.5% (considering the extreme left of the profit and loss distribution).
- The base time horizon considered is 1 day.
- A year of historical information on the risk factors is considered.

The following risk factors are considered: domestic and foreign interest rates, spreads, exchange rates, share prices and indexes.

In addition to the VaR information, sensitivity measures are calculated, and stress tests are carried out.

Backtesting is performed monthly to statistically validate that the market risk measurement model provides reliable results within the parameters chosen by the Institution.

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Currently, the following limits are monitored on a daily basis:

- **Value at risk:** based on the capital allocated to market risks.
- **Regulatory capital:** based on the rules for the capitalization requirements of the full-service banking, the domestic Credit Institutions, and the development banking institutions.
- **Notional values:** in reference to the maximum nominal values that can be held in position.
- **Maximum loss measure:** a limit of maximum losses is established in the face of unfavorable market trends.
- The amount of the average VaR for the period between January to December 2023 is of 49.72, representing 0.13% of net capital at the end of December 2023.

Markets	
VaR amount \$49.72	
<b>Trading</b>	<b>Treasury</b>
VaR \$12.18	Var \$37.54

- Regarding the sensitivity analysis, the results of considering the variation of 1 bp and 25 bp in the risk factors for each of the portfolios is summarized as follows.

Portfolio	Market Value	Market Value PV01	Value Market PV25
Money	307,543	307,502	306,526
Trading	Derivatives	54	54
	Changes	86	108
	Capital	0	0
Treasury	57,257	57,254	57,185

## 2. Assets and liability management

Asset and liability management refers to the handling of risks that affect the Institution's balance sheet. It involves the management techniques and tools necessary to identify, measure, monitor, control and manage financial risks (liquidity and interest-rate) to which such balance sheet is exposed and is intended to maximize its risk-adjusted performance and thus optimize the use of the Institution's capital.

## 3. Liquidity risk

The liquidity risk that affects a banking institution is classified, in general, into three categories:

- **Market liquidity risk:** It is the possibility of economic loss due to the difficulty in disposing or covering assets without a significant reduction in its price. This kind of risk, as a result of drastic interest rate movements, is incurred when large positions are taken in any instruments or when investments are made in markets or instruments for which there is not a wide supply and demand in the market.

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- **Funding liquidity risk:** It represents the difficulty of an institution obtaining the necessary results to settle its liabilities, through revenue from its assets or through acquisition of new liabilities. This kind of crisis is usually caused by a sudden and drastic deterioration in the quality of assets that causes an extreme difficulty to turn them into liquid resources.
- **Liquidity risk by mismatch in cash flows:** the inability to meet the present and future needs of cash flows affecting daily operations or financial conditions of the institution, as well as the potential loss from the structure of the balance sheet of the Institution because of the time difference between assets and liabilities.

The Institution, in compliance with the Provisions for Comprehensive Risk Management, developed a Contingency Financing Plan and stress liquidity scenarios, which set forth various measures to monitor, quantify and follow up the risks listed above, as well as an action plan at the institutional level, in case of potential liquidity problems.

#### 4. Maturity profile in local and foreign currency

In order to manage liquidity risk, currently, Nafin uses the *maturity gap model*, which measures the gap between assets value and liabilities value with common maturity for a given time period. Such model considers the following methodology:

- **Transactions at fixed and floating rate:** The number of days between the analysis date and the maturity date is considered. If there are partial repayments of the principal, each one of them will be located in the corresponding band, according to its payment date.
- Interest will be in the band corresponding to the term in which it is expected to be collected or paid, and only the next known coupon will be considered.
- Once the classification of items in the statement of financial position and the establishment of bands (time periods) have been carried out, cash flows are generated by band.

Such model is run both for the Institution's assets and liabilities denominated in local currency, as well as for those in foreign currencies.

#### 5. Estimated gain or loss from advanced sale

To comply with the Provisions of Article 81 of Section I, subparagraph (b) of the Provisions, below, is the estimate of the gain or loss from advance sales of assets under normal and extreme scenarios.

At the end of December 2024, considering the crisis scenarios in the portfolio of corporate trading and investment to maturity, if a situation similar to that of November 9, 2016 were to occur, it would lead to a loss of \$373.18, equivalent to 2.53% of the position value.

Portfolio local currency	Position	Advanced sale	Crisis scenarios (millions of pesos)							
			Dec-21-94	Aug-25-98	Sep-11-01	Sep-19-02	Apr-28-04	Oct-16-08	Nov-09-16	Mar-11-20
Corporate	5,989.41	(79.95)	53.65	(96.41)	(97.19)	(41.67)	(36.11)	(23.70)	(79.95)	(73.09)
Investment to maturity	8,735.62	(293.23)	(68.88)	(87.12)	1.25	(39.14)	(115.69)	(65.26)	(293.23)	(153.80)

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At the end of December 2024, considering the abovementioned crisis scenarios in the London portfolio of investment to maturity, the greatest loss would be observed in the event of a situation like that in November 2016, generating a loss of \$339.3, equivalent to 4.09% of the position value.

Portfolio FC	Position	Advance Sale	Crisis scenarios							
			Sep-11-2001	Sep-19-2001	Apr-28-2004	Dec-21-1994	Aug-25-1998	Oct-16-2008	Nov-11-2016	Mar-11-2020
Financial instruments to collect or sell	(7,882.94))	(309.28)	(31.59)	(189.58)	(220.45)	(89.24)	(75.70)	(66.36)	(309.28)	(139.07)
Financial instruments to collect principal and interest	(413.62)	(30.06)	(9.81)	(3.61)	(0.14)	(94.08)	(9.86)	(12.28)	(30.06)	(.26)

## 6. Credit risk

Credit risk is defined as the possibility that a counterparty or borrower fails to comply in time and form with its credit obligations; it also refers to the impairment of an investment determined by the change in the credit quality of some counterparty or borrower, without necessarily resulting in nonpayment.

### Expected Loss

The expected loss of the credit portfolio is obtained using the portfolio rating methodology established in Chapter V of the Provisions.

Based on the reserve obtained under this methodology, the following assumptions are established:

- The portfolio of former employees is excluded, to directly measure the effect of expected losses on the portfolio with private and public sector risk.
- Counterparties that have contingent lines are considered.
- The position corresponding to the Guarantee Program is not considered, as the management of this risk is carried out separately, for example, through FISO 1148-0.
- The reserves constituted by the contingent lines are considered
- Additional bookings are not included.
- It is not considered the financial agent portfolio as it is a risk-free portfolio.
- The portfolio is considered **stage 3**, since, according to the expected loss-based portfolio rating methodology, the materialization of a default event does not imply that the expected loss is reserved at 100%.

Under these assumptions, at the end of December 2024, the rated portfolio stands at 260,161, while the expected loss of the credit portfolio amounts to 6,106, equivalent to 2.4% of the rated portfolio or total portfolio.

Estimating Expected Losses			
Portfolio	Portfolio balance	Expected Loss	% Expected Loss
<b>Excepted</b>			
A	251,255	1,065	0.4%
B	2,850	50	1.8%
C	-	-	0%
D	1,157	360	31.1%
E	4,899	4,631	94.5%
<b>Qualified</b>	<b>260,161</b>	<b>6,106</b>	<b>2.4%</b>
<b>Total</b>	<b>260,161</b>	<b>6,106</b>	<b>2.4%</b>

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## **7. Unexpected loss**

The unexpected loss represents the impact that the Institution's capital could have derived from unusual losses in the credit portfolio; The level of coverage of this loss, either by the capital and reserves of an institution, is an indicator of its risk-adjusted solvency.

Since December 2005, the Institution has been estimating the unexpected loss of the operations of the loan portfolio, using analytical and Monte Carlo simulation methodologies. Since that date, the stability of these measurements and their behavior in the face of various changes in the environment have been observed in order to determine which of them should be used as a measure of the risk of the Institution's credit portfolio.

In November 2007, CAIR concluded that, of the methodologies proposed for estimating the unexpected loss of the loan portfolio, the methodology with an economic focus is the one that best aligns with the basic Basel II method based on internal ratings, based on:

- The similarity of existing concepts between the proposed economic methodology and the capital requirement for credit risk estimated from the basic Basel II approach. This approach allows institutions to estimate with internal methods the capital requirement necessary to bear their risk.
- The high levels of correlation and similarity in the average capital requirement observed during one year of internal application of the proposed methodologies of unexpected loss of the credit portfolio.

Likewise, it was considered that the unexpected loss of the loan portfolio should continue to be estimated monthly through the valuation and Monte Carlo methodologies in order to have additional information in the event of future changes in the banking standard in which the market valuation of the portfolio is requested. These methodologies are applied over a one-year horizon and with a confidence level of 95%.

At the end of December 2024, the estimate of unexpected loss under the economic approach amounts to 23,021; on the other hand and represents 96% of the risk-weighted portfolio.

## **8. Counterparty risk and diversification**

The Institution exercises comprehensive risk control by counterparty, applying the established credit exposure limits; These limits consider operations along the entire balance sheet, i.e. both in the financial markets and in the credit portfolio. The methodology used is consistent with the General Rules for Risk Diversification in the Execution of Active and Passive Operations Applicable to Credit Institutions.

At the end of December 2024, all economic groups concentrated credit risk in accordance with the maximum financing limits established in Article 54 of the Dispositions. Likewise, the Commission is authorized to apply a time limit under Article 59 for an amount of 39,338, for a period of up to 4 years, during which particular control measures will be followed focused on the identification, measurement, monitoring and mitigation of the risk of the corresponding Common Risk group.

The regulations define Large Exposures as the sum of the values of the exposures that the Institution maintains with a person or a group of persons representing Common Risk, when such sum is equal to or greater than 10% of the applicable Basic Capital (September 2024). At the end of December 2024, there are a total of 26 counterparties.

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At the end of December, 26 large exposures were registered, exceeding 10% of core capital:

No. Major Exhibitions	Total Amount	Percentage of Equity
26	448,893	1397.8%

The amount of financing held with the four largest exposures based on Article 54 of the Provisions amounts to 18,743. Market positions with the Federal Government stand out, which, according to Article 56, will not be obliged to be subject to the established limits.

**9. Operational risk and non-quantifiable risks**

The risks to which a financial institution is exposed are classified into two broad categories: quantifiable and non-quantifiable. Non-quantifiable risks are in turn divided into three types.

The non-discretionary risks are those resulting from the operation of the business, but not the result of taking a risk position. These risks are defined below:

- Operational risk: potential losses arising from failures or deficiencies of internal controls, due to errors in the processing and storage of transactions.
- Technological risk: potential losses arising from damages, interruption, alteration or failures resulting from the use or reliance on hardware, software, systems, applications, networks and any other information distribution channel in the provision of banking services with customers of the Institution that result in errors in the processing and storage of transactions or in the transmission of information.
- Legal risk: potential losses arising from non-compliance with applicable legal and administrative provision, the issuance of unfavorable administrative and judicial resolutions and the application of sanctions, in relation to the transactions carried out by the institutions.

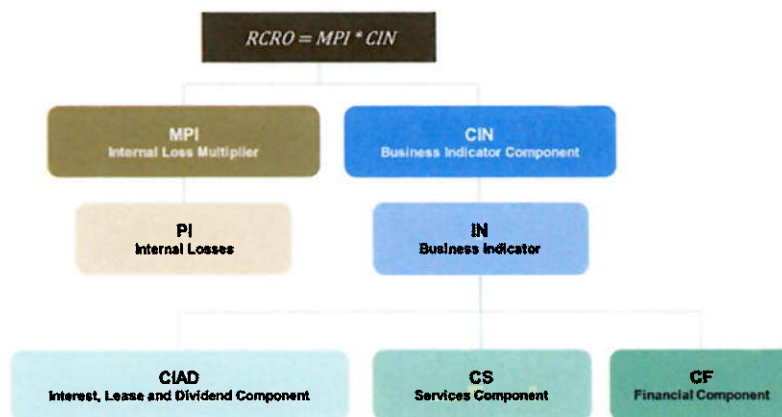
Non-quantifiable risks are unforeseen events for which no statistical basis can be formed to measure potential losses, among which are the following:

- Strategic risk: potential losses due to failures or deficiencies in the decision-making process, in the implementation of procedures and actions to carry out the business model and strategies of the Institution, as well as the lack of knowledge about the risks to which it is exposed by the development of its business activity and that affect expected results to achieve the objectives agreed upon by the Institution in its strategic plan.
- Business risk: potential losses attributable to the inherent characteristics of the business and changes in the economic cycle or environment in which the Institution operates.
- Reputational risk: potential losses in the carrying out the activity of the Institution caused by the impairment in perception that the different parties have, both internal and external, on its solvency and feasibility.

The purpose of operational risk and non-quantifiable risks management is to formally establish the rules and policies necessary to systematically and efficiently perform the identification, measurement, monitoring, limitation, control, information and disclosure of non-discretionary and non-quantifiable risks. Another purpose is to ensure the timely identification of the capital and resources requirements arising from such risks.

**Methodologies, limits and tolerance levels**

**Method to determine the capital requirement for operational risk**



The Institution, for the purpose obtaining the Capital Requirement for Operational Risk applies the Business Indicator Method provided by the Banking Commission under the General Provisions Applicable to Credit Institutions, performs the calculation taking into account the following formula:

**Non-discretionary risks: Operational Risk**

The qualitative analysis for the identification of operational risk concentrations is part of the management of processes under the ISO 9001-2015 Standard for the Quality Management System implemented in the Institution.

One of the methodologies used for operational risk management (qualitative) consists of the Institutional Methodology of Operational Risk, based on a self-assessment or scorecard that considers six risk factors: regulatory framework, transaction, person, technological, relationship (between customers and suppliers) and information security.

Additionally, potential risks of each process are identified, classified and rated based on the methodology defined by the Banking Commission and the result is forwarded in a regulatory annual report called “Estimating Operational Risk Levels”. For residual risks located in quadrant nine actions and/or controls for their management are defined with those responsible for the process to which they belong. And tolerance levels are set down for operational risks identified in the processes.

Through the application of methodologies, the business areas and those responsible for the processes identify and assess operational risks associated with their processes, obtaining the following ratings:

- Inherent risk rating. Corresponds to the risk involved in the process before applying controls.
- Residual risk rating. Corresponds to the remaining risk once controls are applied over the process.
- Nature risk index. This is a rating inherent for own activities and before applying controls over the process.
- Operating efficiency risk index. This is the rating once controls are applied over the process.

The quantitative analysis is performed for economic loss events due to operational risk occurring within the Institution, whose information is furnished by the owners of the processes involved. These events are classified in accordance with the methodology defined by the Banking Commission.

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**Non-discretionary risks: Technological Risk**

The technological risk methodology for identifying, quantifying, and managing this risk is carried out through computer processes and it is based on five indicators:

1. % Security level for access to Nafin network.
2. % Detection and blocking of viruses to Nafin network.
3. % Level of availability for critical application services.
4. % Level of availability for non-critical application services.
5. % Recovery of critical services under disaster contingency drill (drill DRP action plan).

For indicators 1, 2, 3 and 4 their periodicity is monthly and for 5 it is annual; the monitoring of these is carried out by comparing the results obtained for each indicator and the fulfillment of the established goal, and based on the results obtained, and in case of not meeting the established goal, areas of opportunity are identified that allow the Institution to take action on the findings.

**Legal risk**

There is an internal methodology for estimating the recording of potential losses in terms of legal risk, based on success or failure expectations and on the procedural stage in which lawsuit is found in five bands:

- Insufficient information
- High
- Moderate
- Considerable
- Low

The application of the methodology is carried out by the Litigation and Credit Legal Department; the staff identifies, quantifies and manages the legal risk. As a control of risk monitoring, the CAIR is informed at least quarterly.

As a monitoring control of risks and the result of potential losses, the CAIR is informed at least quarterly by type of lawsuit:

- Labor nature
- Litigation portfolio
- Trust
- Commercial
- Treasury and stock exchange transactions

**Risks on the assets of the Institution:**

Are those resulting from claims or unforeseen external events that cannot be associated with a probability of occurrence and economic losses may be transferred to external risk-taking entities.

Type of Risk	Definition	Example
<b>Claim</b>	Risk of loss for catastrophic natural events that may interrupt the operation or affect the property assets of the Institution.	Fire, volcanic eruption, earthquake, hurricane, among other.
<b>External</b>	Risk of loss caused by external entities to the Institution.	Vandalism protesters' sit-ins, etc.

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For this type of risk, follow-up is carried out considering the following criteria:

Type of Asset	Definition	Example
Property Assets	Institutional Program for Property Assets Insurance	Payment of premiums
Foreclosed Assets		Deductible in the event of materialization

**Unquantifiable risks**

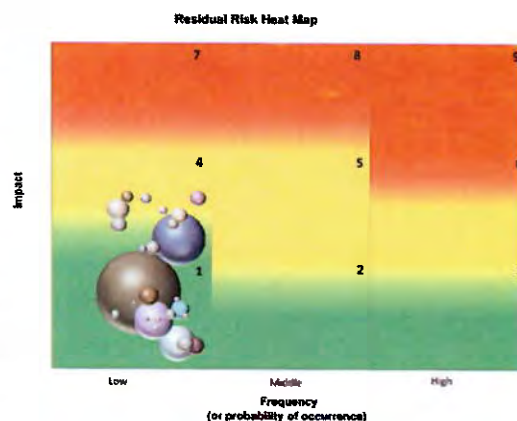
The methodologies implemented are in accordance with the Provisions. A brief description is provided below:

- **Strategic risk:** At the Institution, the Risk Management Office manages the Institution's strategic risk through the Desired Risk Profile by measuring, monitoring and controlling the different types of risk to which it is exposed securing robust risk measures which allow to define the Institution's risk appetite, aligned with the Institutional Strategic Plan.
- **Business risk:** in the Institution, monitoring is carried out in a comprehensive manner, through the analysis of variations and trends in the different aspects that contribute to the performance of the Institution's business, in line with the Institutional Strategic Plan, as well as the fulfillment of its mandate.
- **Reputational risk:** for the management of this risk, an Institutional Communication Plan (Plan) was defined. This Plan considers the attention to the minimum requirements issued by the Commission in the Provisions on reputational risk. The Directorate of Institutional Communication follows up on events that could affect the perception of the Institution internally, and the Directorate of Marketing and Institutional Business Positioning follows up on events that could affect the perception of the Institution externally. To control this risk, the CAIR is informed at least quarterly of the monitoring findings.

**Assessments of Operational Risk**

As of the closing of year 2024, the operational risk ratings at the Institution based on the Standard Operational Risk Methodology of the Banking Commission (R28), are the following:

Type of Operational Risk	Risk Interest	Residual Risk	# Risks	%
Errors in receiving, executing, and maintaining operations	5	1	572	43.2%
Losses arising from non-compliance	5	4	227	17.1%
Errors in tracking, reporting, or reporting	2	1	105	7.9%
System failures (Software)	5	1	120	9.1%
Deficiencies in the process of accepting customers, documentation and contracting	4	1	32	2.4%
Deficiencies in the management of industrial relations	5	4	41	3.1%
System failures (interruption or incidents in supply)	4	1	28	2.1%
Errors in customer account management	4	4	12	0.9%
Failures of counterparties other than customers	5	1	25	1.9%
Theft and internal fraud	5	4	22	1.7%
Systems Security Events (External Fraud)	8	4	20	1.5%
Other	-	-	120	9.1%
			1324	100.0%



\* The diameter of the spheres on the map, as well as the % of the table, is determined by the recurrence of the type of operational risk between the different processes.

According to the CNBV's methodology, at the end of the year, there was no residual operational risk in the red zone, i.e. quadrant nine (high frequency and impact), so the risks are within the established tolerance levels.

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At the end of the fiscal year, the continuous procedure for updating and, where appropriate, identifying operational risks in the Institution's processes is ongoing, which is carried out through the updating of operational risk analyses in accordance with the institutional criteria for risk management established in the comprehensive framework of risk management in the Institution.

**Operational Risk Economic Loss Events**

During year 2024, economic losses were reported with a total economic impact of \$7.14 \*.

Type of Risk	Type of economic loss	# Incidents	Amount of economic loss	Notes
Operational Risk *	Expected	18	7.14	Accumulated economic losses with consumption of the Operational Risk Reserve of operational incidents recorded in 2024, as well as in previous years.
	Unexpected	0	0	During the 2024 financial year, there have been no unexpected losses.
		18	7.14	

\*Preliminary information with figures in millions of pesos, some amounts in \$0.00 may represent figures divided into one million become very small, reason for which they are not visible in the table.

During 2024, 18 events were recorded in the institutional accounts with a cumulative impact of 7.14, which represents an increase in the number of events and a decrease in the accumulated amount of economic losses due to operational risk in the Institution compared to the 2023 fiscal year

**Indicators of Technological Risk**

During year 2024, all technological risk indicators complied with the goal set.

Periodicity	Description of Indicator T.R.	Goal
Monthly	% Security level for access to Nafin network	100 %
	% Detection and blocking of viruses to Nafin network	100 %
	% Level of availability for critical application services	95 %
	% Level of availability for non-critical application services	95 %
Annual	% Recovery of critical services under disaster contingency drill (drill DRP action plan)	85 %

Source: Office of Information Technology

**Result of Legal Risk**

At the closing of December 2024, the status of the recording of potential legal risk losses in the Institution's accounting records is as follows:

Recording Potential Legal Risk Losses			
Type of Trial	Contingency	Provision	Results
Labor Character	68.20	28.79	11.46
Contentious Portfolio	11.07	9.84	0.07
Trusts	207.99	74.30	0.00
Treasury and Stock Market Operations	0.00	0.00	0.00
<b>Total</b>	<b>287.26</b>	<b>112.94</b>	<b>11.52</b>

\* Figures in millions of pesos, valued at an exchange rate for USD of: 20.8829

Source: SIF-Data Warehouse

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The status as of the end of the year is as follows:

- A contingency for 287.26, which presents an increase of 3.46% (9.61) with respect to the previous year.
- A provision for 112.94, which presents an increase of 6.89% (-8.35) with respect to the previous year.
- An effect on results for 11.52 million pesos, which presents an increase of 75.39% (-35.3) with respect to the previous year.

The movement in the contingency, provision and results arises mainly from the updating in the success expectations of some lawsuits and, in some cases, of the amounts claimed according to the law, mainly in labor lawsuits, and the fluctuation in the exchange rate with respect to the previous year, as well as the status of each lawsuit.

**Unquantifiable Risks**

**Result of the impact to property assets of the Institution**

In year 2024, there were no claims affecting the property assets of the Institution.

**Strategic Risk**

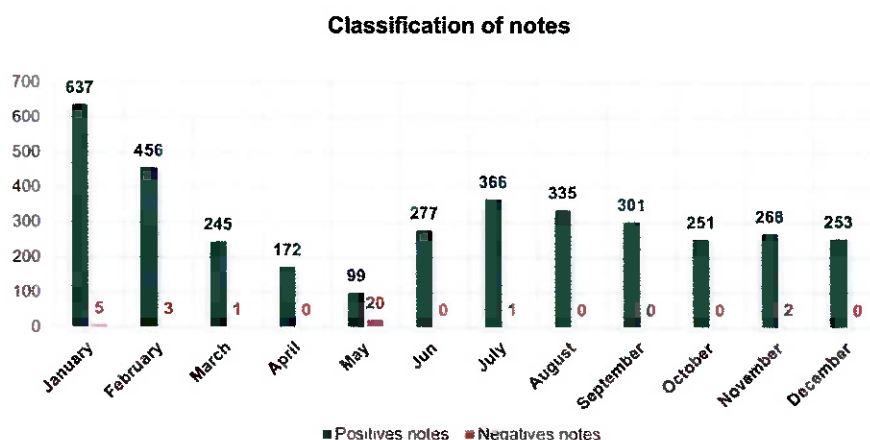
During fiscal year 2024, the Institution's Strategic Risk was managed through the Desired Risk Profile, by measuring, monitoring and controlling the different types of risk to which it is exposed, ensuring solid risk measures that allow limiting the Institution's risk appetite aligned with the Institutional Strategic Plan.

**Business Risk**

During the 2024 fiscal year, monitoring was carried out in a comprehensive manner, through the analysis of variations and trends in the different aspects that contribute to the performance of the Institution's business, in line with the Institutional Strategic Plan, as well as the fulfillment of its mandate.

**Reputation Risk**

During the fiscal year 2024, the Marketing and Business Positioning Department monitored events that could affect the perception of the Institution both internally and externally on a monthly basis, analyzing positive and negative notes through printed communication channels, electronic media, internet portals, and state information. The results obtained from this monitoring is summarized as follows:



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During the exercise, it is observed that in all months the number of positive notes exceeded the number of negative ones, even not observing negative notes during the months of April, June, August, September, October and December, highlighting that in the 2024 financial year it was observed that 99% of the notes were positive.

### Leverage ratio

The information regarding leverage is disclosed with figures as of December 2024, in compliance with the General Provisions applicable to credit institutions, Article 2 Bis 120, Articles 180, 181 and Annex 1-O Bis:

TABLE I.1  
STANDARDIZED DISCLOSURE FORMAT FOR LEVERAGE RATIO

REFERENCE	ITEM	MATTER
<b>On-balance sheet exposures</b>		
1	Balance sheet items (excluding derivative financial instruments and repo and securities lending (SFT) transactions, but including collateral received as collateral and recorded on the balance sheet)	657,896
2	(Amounts of assets deducted to determine Basel III Tier 1 capital)	- 5,179
3	<b>On-balance sheet exposures (Net) (excluding derivative financial instruments and SFTs, sum of lines 1 and 2)</b>	<b>652,717</b>
<b>Exposures to derivative financial instruments</b>		
4	Present replacement cost associated with all transactions in derivative financial instruments (net of the variation margin in eligible cash)	-
5	Amounts of additional factors for potential future exposure, associated with all transactions in derivative financial instruments	1,465
6	Increase for Collateral contributed in transactions with derivative financial instruments when such collateral is derecognized from the balance sheet in accordance with the operational accounting framework	N.A.
7	(Deductions from accounts receivable for margin of change in cash contributed in transactions with derivative financial instruments)	-
8	(Exposure for transactions in derivative financial instruments on behalf of clients, in which the settlement partner does not provide its guarantee in the event of non-compliance with the obligations of the Central Counterparty)	N.A.
9	Adjusted effective notional amount of the credit derivative financial instruments subscribed	N.A.
10	(Offsets made to the adjusted effective notional of the credit derivative financial instruments subscribed and deductions of the additional factors for the credit derivative financial instruments subscribed)	N.A.
11	<b>Total exposures to derivative financial instruments (sum of lines 4 to 10)</b>	<b>1,465</b>
<b>Securities financing exposures</b>		
12	Gross SFT assets (without clearing recognition), after accounting transaction adjustments for sales	108,586
13	(SFT Accounts Payable and Receivable Cleared)	-
14	SFT Counterparty Risk Exposure	396
15	Exposures by SFT acting on behalf of third parties	-
16	<b>Total exposures from securities financing transactions (sum of lines 12 to 15)</b>	<b>108,983</b>
<b>Other off-balance sheet exposures</b>		
17	Off-balance sheet exposure (gross notional)	290,348
18	(Adjustments for conversion to credit equivalents)	- 261,313
19	<b>Off-balance sheet items (sum of lines 17 and 18)</b>	<b>29,035</b>
<b>Total Capital and Exposures</b>		
20	Tier 1 Capital	36,133
21	<b>Total exposures (sum of lines 3, 11, 16 and 19)</b>	<b>792,200</b>
<b>Leverage ratio</b>		
22	Basel III leverage ratio	4.56%

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**TABLE II.1**  
**COMPARISON OF TOTAL ASSETS AND ADJUSTED ASSETS**

REFERENCE	DESCRIPTION	MATTER
1	Total assets	772,091
2	Adjustment for investments in the capital of banking, financial, insurance or commercial entities that are consolidated for accounting purposes, but are outside the scope of regulatory consolidation	- 5,179
3	Adjustment for trust assets recognized on the balance sheet in accordance with the accounting framework, but excluded from the leverage ratio exposure measure	N.A.
4	Adjustment for derivative financial instruments	- 4,144
5	Adjustment for repo and securities lending transactions	396
6	Adjustment for Recognized Line Items in Memorandum Accounts	29,035
7	Other settings	-
8	<b>Exposure of the leverage ratio</b>	<b>792,200</b>

**TABLE III.1**  
**RECONCILIATION BETWEEN TOTAL ASSETS AND ON-BALANCE SHEET EXPOSURE**

REFERENCE	CONCEPT	MATTER
1	Total assets	772,091
2	Transactions in derivative financial instruments	- 5,609
3	Repo transactions and securities loans	- 108,586
4	Trust assets recognized on the balance sheet in accordance with the accounting framework, but excluded from the leverage ratio exposure measure	N.A.
5	<b>Exhibitions within the Balance Sheet</b>	<b>657,896</b>

**TABLE IV.1**  
**MAIN CAUSES OF THE MOST IMPORTANT VARIATIONS IN THE ELEMENTS**  
**(NUMERATOR AND DENOMINATOR) OF THE LEVERAGE RATIO**

CONCEPT/TRIMESTER	Sep 24	Dec 24	VARIACION (%)
Basic Capital	32,115	36,133	12.5%
Adjusted Assets	648,805	792,200	22.1%
<b>Leverage Ratio</b>	<b>4.95%</b>	<b>4.56%</b>	<b>-7.9%</b>

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**27. RECENT PRONOUNCEMENTS ISSUED BY THE MEXICAN FINANCIAL REPORTING STANDARDS BOARD (CINIF)**

**New accounting pronouncements for 2025 and subsequent years that take effect on the dates mentioned below:**

***Improvements that generate accounting changes***

NIF A-1, *Conceptual Framework of Financial Reporting Standards* – Important Accounting Policies – Disclosure Standards. The standard requires the disclosure of significant accounting policies in order for institutions to make more effective disclosure of them.

The disclosure of important accounting policies is necessary so that users can understand information about transactions and other events recognized or disclosed in the financial statements, considering not only the size of the transaction but also its nature.

Disclosure of accounting policies is most useful to the user when it includes entity-specific information rather than just standardized information or information that duplicates or summarizes the content of the requirements of particular IFRS.

NIF B-2, *Statement of Cash Flows* – Financing Agreements for Payment to Suppliers. NIF B-2 requires the entity to disclose information that helps to understand its financial situation and liquidity in different situations; however, users of the financial statements have highlighted the need for additional information on financing agreements for payment to suppliers (agreements), also known as *reverse factoring*.

As a result of the above, general disclosure standards were added to NIF B-2, i.e., applicable to Public Interest Entities (EIPs) and Non-Public Interest Entities (ENIPs); to provide information on supplier financing agreements to help users of the financial statements understand the nature and effects of these arrangements on the financial statements.

NIF B-15, *Foreign Currency Conversion* – Currency Interchangeability. NIF B-15 does not establish what an entity must do when on the date of conversion of foreign currencies it is determined that a certain currency is not interchangeable, therefore, applicable guidance is included to converge with the recent amendments made to IAS 21, Effects of Changes in Foreign Currency Exchange Rates.

The amendment includes disclosure requirements which correspond to general disclosures, i.e., applicable to both Public Interest Entities (EIPs) and Non-Public Interest Entities (NPEs).

NIF C-6, *Property, plant and equipment* – Depreciation methods. NIF C-6 mentions that there are various methods of depreciation of fixed assets, including the special depreciation method; however, currently, after several years of having issued this NIF, it was concluded that this method should not be considered as a depreciation method but only a practical way of applying any other of the methods mentioned in the NIF, so it was eliminated; However, considering that this methodology is based on using average rates of depreciation on a group of minor assets, an entity may continue to apply these weighted average rates, provided that the concept of materiality is taken into account. In addition, the description of each of the depreciation methods is included in the NIF.

The modifications to these improvements to the NIF come into force for financial years beginning on or after 1 January 2025, and their early application is allowed.

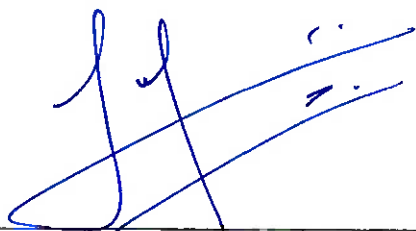
NIF C-19, *Financial instruments payable* – Cancellation of financial liabilities. In convergence with the modifications made to International Financial Reporting Standard (IFRS) 9, *Financial Instruments*, certain requirements are added to derecognize a financial liability when the liability is settled in cash through an electronic payment system.

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The modifications to this improvement come into force for financial years beginning on or after 1 January 2026, and their early application is allowed.

The Institution considers that the adoption of the improvements, mentioned above, taking into account the current financial structure and the operations it carries out, could cause certain changes in terms of the valuation, classification and/or presentation of its financial statements and the disclosures in its notes. The administration is in the process of analyzing them to determine, if any, the effects that they will have on its financial information at the time of its adoption.



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LUIS ANTONIO RAMÍREZ PINEDA  
CHIEF EXECUTIVE OFFICER




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MARÍA FERNANDA RUIZ PADILLA  
HEAD OF ADMINISTRATION AND  
FINANCE UNIT



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RAÚL MARTÍNEZ MORÁN  
ACCOUNTING AND BUDGET DIRECTOR



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MANUEL ANAYA VALLEJO  
INTERNAL AUDIT DIRECTOR

# ANNEX C

## DIRECTORY OF REGIONAL AND OVERSEAS OFFICES

### CENTRAL REGIONAL DIRECTORATE

#### Position

Central Regional Director

**Eduardo Gonzalo Herrera Galicia**

egherrera@nafin.gob.mx

Tel: 55 5325 6000 Ext. 6132

Insurgentes Sur No. 1971, Building 4,  
11<sup>th</sup> Floor, Guadalupe Inn, 01020,  
Álvaro Obregón, Mexico City

### WESTERN REGIONAL DIRECTORATE

#### Position

Western Regional Director

**Martín Maisterra Vaca**

mmaisterra@nafin.gob.mx

Tel: 55 5325 6000 Ext. 5501

Real de Acueducto 335, 12<sup>th</sup> floor,  
Real Acueducto, 45116,  
Zapopan, Jal.

### NORTHEAST REGIONAL DIRECTORATE

#### Position

Northeast Regional Director

**Rafael Reyes Pérez Ocaña**

rrperez@nafin.gob.mx

Tel: 55 5325 6000 Ext. 1201

Av. Roble 300, Torre Alta, P.B.,  
Valle del Campestre, 66265,  
San Pedro Garza García, N.L.

### SOUTH REGIONAL DIRECTORATE

#### Position

South Regional Director

**Roberto Capitaine Carlín**

rcapitaine@nafin.gob.mx

Tel: 55 5325 6000 Ext. 2201

Tiburón 514-401, Costa de Oro  
Second Section, 94299,  
Boca del Río, Veracruz

### NORTHWEST REGIONAL DIRECTORATE

#### Position

Northwest Regional Director

**Fernando de la Rosa Medina**

fdelarosa@nafin.gob.mx

Tel: 55 5325 6000 Ext. 1411

Av. Valle Escondido 5500, Building 2 - 105,  
Valle del Ángel, 31115,  
Chihuahua, Chih.

### LONDON BRANCH

#### Position

London Branch General Manager

**Jorge Eduardo Rodríguez Treviño**

jrodriguez@nafin.gob.mx

Tel: +44 (0) 2038 679778 Ext. 4008

London Branch  
19<sup>th</sup> Floor, 100 Bishopsgate,  
London EC2M 1GT

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# ANNUAL REPORT 2024

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