

**SOCIAL
BOND**
REPORT
2024 ISSUE

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SUMMARY



Nacional Financiera (Nafin) is a Mexican development bank established in 1934, with the mission of contributing to the country’s economic development by facilitating access to financing and other business development services for micro, small, and medium-sized enterprises (MSMEs), entrepreneurs, and priority investment projects. Nafin also contributes to the development of financial markets and acts as trustee and financial agent for the Federal Government, aiming to foster innovation, improve productivity and competitiveness, generate employment, and promote regional development. Nafin is headquartered in Mexico City, has regional representation throughout the country, and, as of the publication date, operates a branch in London. Nafin focuses on promoting economic growth by financing productive sectors in each state, particularly in those where the development of priority sectors is still emerging.

Nafin has an Institutional Program for the 2025-2030 period, aligned with the National Development Plan (PND) and the National Development Financing Program (PRONAFIDE) 2025-2030. This program aims to contribute to sustainable economic development by supporting MSMEs, strategic sectors, and regions with limited access to credit. Within this framework, Nafin integrates the “Plan México,” designed to strengthen value chains and priority sectors through competitive financing, guarantees, and technical assistance.



STRATEGIC SECTORS

Under the Nafin Institutional Program 2025 2030, resource allocation is directed toward strengthening strategic sectors defined by the institution, with the goal of driving sustainable economic development and national competitiveness:



Aerospace



Consumer goods



Agro-industrial



Energy



Automotive



Textile and footwear



Semiconductors



Chemical and petrochemical



Pharmaceuticals and medical devices

The strategy seeks to consolidate value chains, foster innovation, and generate high-impact jobs through competitive financing schemes, guarantees, and technical assistance, aligned with Plan México and the principles of austerity, integrity, and anti-corruption.

SUPPORT TO MEXICAN MSMEs

According to the latest figures published by the National Institute of Statistics and Geography (INEGI)¹, as of 2023 there were 5,096,322 MSMEs, representing 99.8% of the country's total economic units.

MSMEs face significant challenges²:

- Low local value chain integration: Only about 12% of MSMEs have access to formal financing, and local supplier participation in value chains is estimated to be limited.
- Competitiveness gap: Evident in low technology adoption, lack of workforce training and managerial skills, and deficiencies in data collection and monitoring systems
- Weak access to financing: Due to limited channels, low financial literacy, high levels of informality, risk aversion among financial institutions, high credit costs, and low institutional trust.

The main sources of financing for MSMEs remain commercial banks, savings cooperatives, informal networks, and moneylenders. In this context, Nafin plays a fundamental role: it supports MSMEs through credit schemes, guarantees, and technical assistance, aiming to increase the proportion of MSMEs with formal financing from 12% to 30% by 2030.

Nafin aligns its strategy with a sectoral and regional vocational model, prioritizing the country's strategic sectors and reinforcing financial inclusion. In this way, it channels resources toward value chains with competitive advantages through competitive financing, guarantees, and technical support.

¹ <https://www.inegi.org.mx/contenidos/saladeprensa/boletines/2024/EDN/EDN2023.pdf>

² Nafin (2025). Institutional Program – Nacional Financiera. Retrieved from https://www.nafin.com/portalfn/files/secciones/sobre-nafin/archivos/Programa_institucional_2025_2030.pdf

SUSTAINABILITY BOND FRAMEWORK

Nafin's Sustainable Bond Framework was developed based on the Sustainable Bond Guidelines (SBG) of the International Capital Market Association (ICMA) 2021 and is aligned with the four core components of the Green Bond Principles (GBP) 2021 and the Social Bond Principles (SBP) 2021³.

The framework identifies four eligible green categories and three eligible social categories aligned with ICMA Principles and best international practices.

ELIGIBLE GREEN



- 1 Clean transportation
- 2 Energy efficiency
- 3 Renewable energy
- 4 Sustainable solid waste management

ELIGIBLE SOCIAL



- 1 Improved access to essential services including education, vocational training and financial services and financing for low-income communities and young entrepreneurs and students.
- 2 Support for MSMEs and programs designed to create jobs, prevent and/or alleviate unemployment caused by socioeconomic crisis or natural disasters.
- 3 Women's empowerment and socioeconomic progress, including their equitable participation and integration into the market and society.

³ NAFIN_Sustainability_Bond_Framework_Second-Party_Opinion_291021.pdf

CEBURES ISSUANCES IN 2024

On February 13, 2024, Nafin completed the placement of a Social Bond in two tranches. The first tranche was a 3.2-year issuance for MXN 4,268 million at a floating rate; the second tranche was a 10-year issuance for MXN 8,122 million at a fixed rate.

BOND LABEL	SOCIAL BOND	
Tranche	NAFR 24S	NAFF 24S
Issuer	Nacional Financiera S.N.C., I.B.D	
Credit rating	AAA (mex) by Fitch; HR AAA by HR Ratings	
Principal	4,271,150,000.00	8,121,714,100.00
Date of issuance	February 13th, 2024	
Maturity	3.2 years	10 years
Coupon/yield	TIIE FONDEO + 25 pbs	Mbono ₃₄ + 41 pbs (9.60%)

On September 6, 2024, Nafin carried out its second placement of the year, issuing a Social Bond in two tranches. The first tranche was a 3.5-year issuance for MXN 4,779 million at a floating rate; the second tranche was a 10.5-year issuance for MXN 6,814 million at a fixed rate.

BOND LABEL	SOCIAL BOND	
Tranche	NAFR 24-2S	NAFF 24-2S
Issuer	Nacional Financiera S.N.C., I.B.D	
Credit rating	AAA (mex) by Fitch; HR AAA by HR Ratings	
Principal	4,779,200,000.00	6,813,897,500.00
Date of issuance	September 6th, 2024	
Maturity	3.5 years	10.5 years
Coupon/yield	TIIE FONDEO + 25 pbs	Mbono ₃₄₋₃₆ + 39 pbs (9.99%)

On November 1, 2024, Nafin reopened the Social Bond NAFR 24S, originally issued in February 2024, at a floating rate. The reopening amounted to an additional MXN 6,760 million with a 2.5-year tenor.

BOND LABEL	SOCIAL BOND
Tranche	NAFR 24S (reopening)
Issuer	Nacional Financiera S..N.C., I.B.D
Credit rating	AAA(mex) by Fitch; HR AAA by HR Ratings
Principal	5,000,000,000.00
Date of issuance	November 1st, 2024
Maturity	2.5 years
Coupon/yield	TIIE Fondeo + 25 pbs

Summary table:

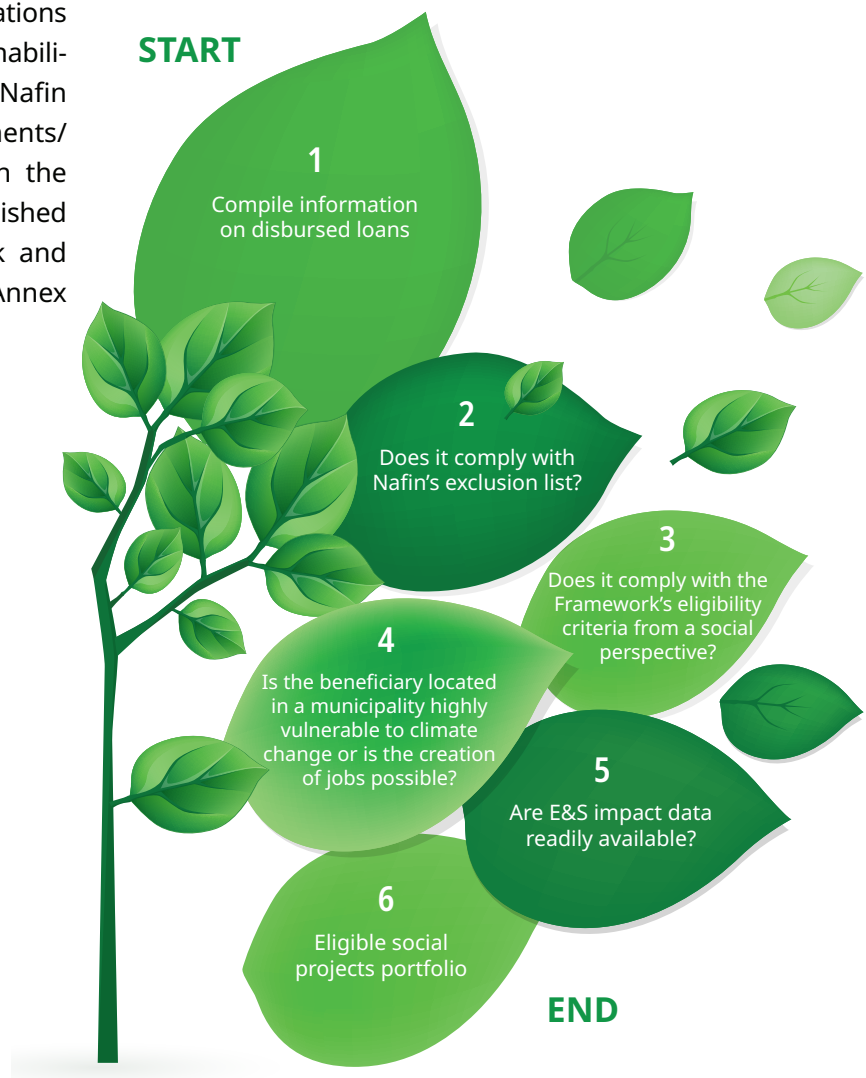
SERIE	TENOR (YEARS)	AMOUNT (MXN)	ISSUE DATE	MATURITY DATE	RATE
NAFR 24S	3.2	9,271,150,000	13/02/2024	04/05/2027	TIIE +0.25
NAFF 24S	10	8,121,714,100	13/02/2024	31/01/2034	9.60%
NAFR 24-2S	3.5	4,779,200,000	06/09/2024	18/02/2028	TIIE +0.25
NAFF 24-2S	10.5	6,813,897,500	06/09/2024	23/02/2035	9.99%
TOTAL		28,985,961,60			



ALLOCATION AND IMPACT REPORTS

PROJECT SELECTION AND GOVERNANCE

According to the regulations included in the Sustainability Bond Framework, Nafin validates that investments/ expenses comply with the eligibility criteria established under the Framework and its exclusion list (see Annex 1). *Figure 1*

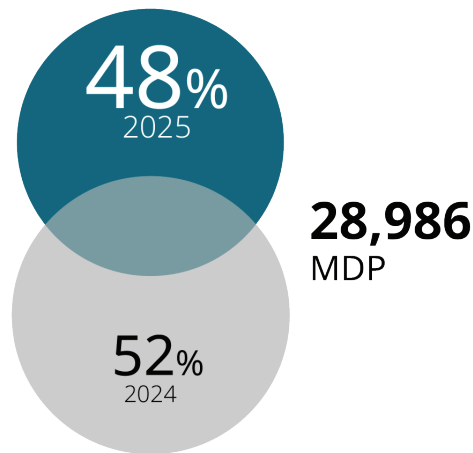


 ALLOCATION REPORT

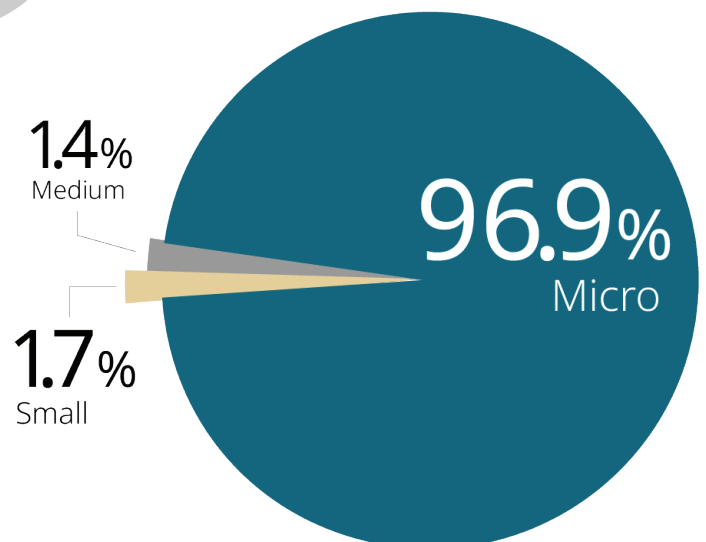
The proceeds from the Social Bonds issued in 2024 amount to MXN 28,985,961,600.00 and were fully allocated on December 1, 2025. Of this amount, 100% was used to refinance eligible expenditures incurred during 2024 and part of 2025.

CATEGORY	NAME OF THE CATEGORY		2024	2025	TOTAL
Social	Support for MSMEs designed to generate employment, prevent and/or alleviate unemployment resulting from socioeconomic crisis, natural disasters and climate change.	Amount (MXN)	15,185,105,433.29	13,800,856,166.71	28,985,961,600.00
		Credits	155,335	110,793	266,128

Allocation of resources by year



Allocation of resources by segment



IMPACT REPORT

As part of the analysis of Nafin’s reviewed portfolio, 100% of the proceeds from the bond issuance were allocated to loans granted in municipalities identified as vulnerable to climate change. This allocation reflects Nafin’s commitment to channel financing toward regions facing higher climate risks, thereby contributing to local resilience and sustainability.

Category	Name of the category	Total credit disbursed to MSMEs	Total number of MSMEs supported	Number of municipalities where MSMEs were financed	Total number of jobs created
Social	Support for MSMEs designed to generate employment, prevent and/or alleviate unemployment resulting from socioeconomic crisis, natural disasters and climate change.	266,128 credits* with a total amount of \$28,985,961,600.00MXN	255,949	1,086 municipalities highly vulnerable to climate change	779

* Through 800 loans to 38 Financial Intermediaries

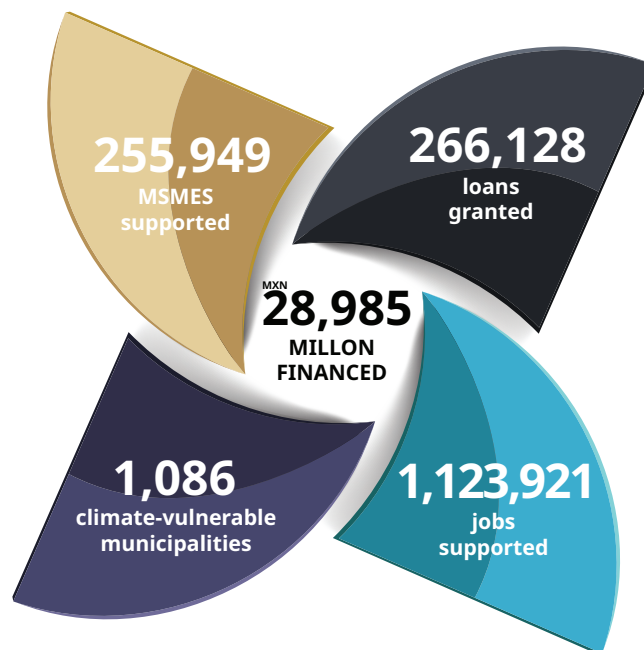
SDG ALIGNMENT



NDC ALIGNMENT

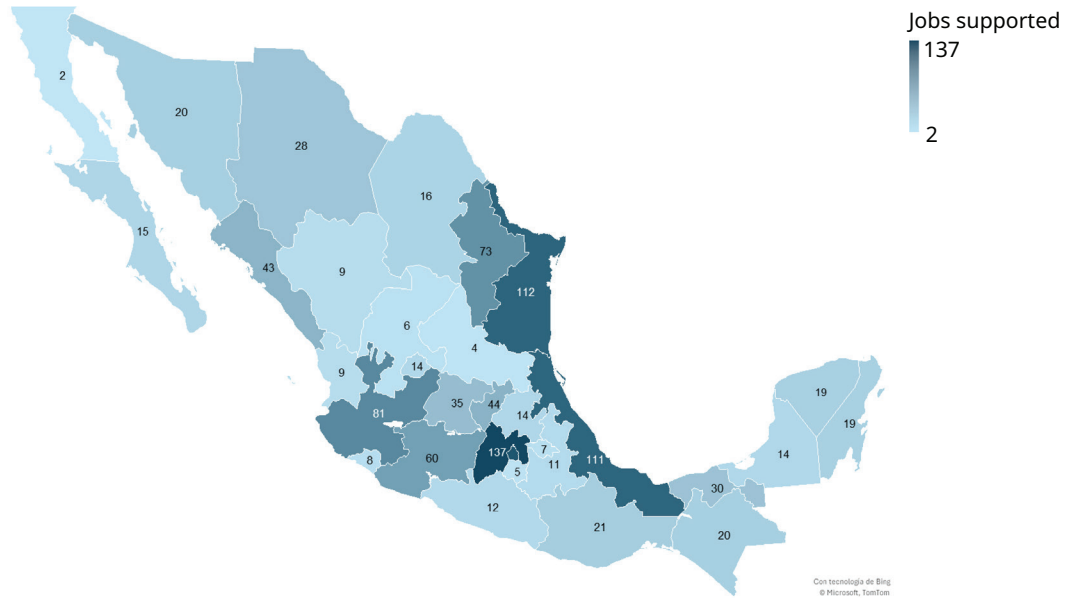
Adaptation component Axis A:

Prevention and management of negative impact on human population and territory.



Jobs supported by state

(thousands)

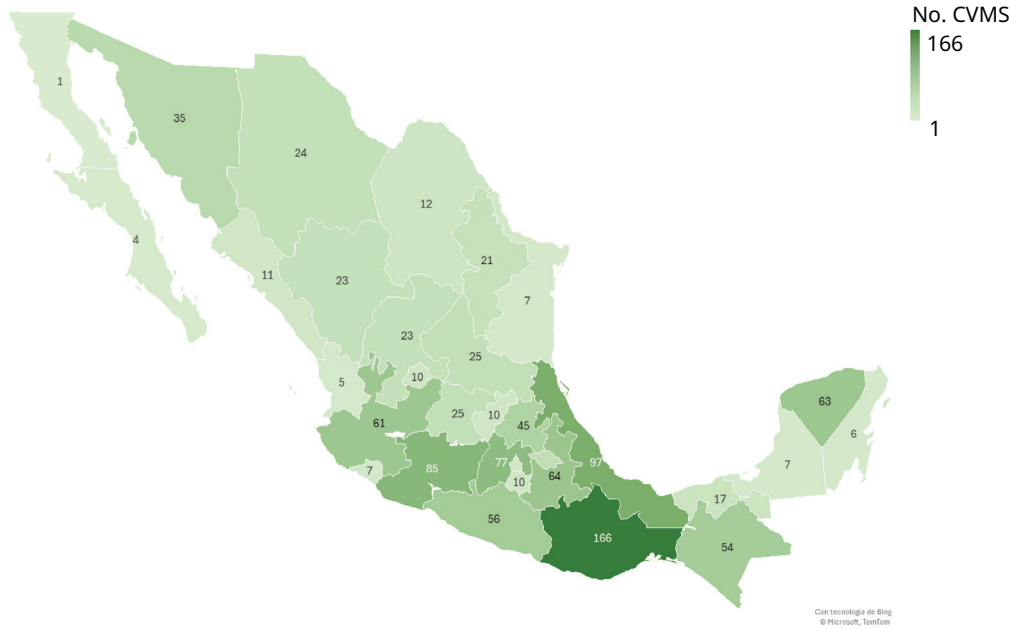


Loans granted by state

(thousands)



Number of climate-vulnerable municipalities supported by state



Amount allocated by state

(billions of pesos)



METHODOLOGY NOTES

INDICATOR	METHODOLOGY AND ASSUMPTIONS
<p>Vulnerability to climate change</p>	<p>Nafin's credit disbursement targeted the most vulnerable to climate change Mexican municipalities with the aim of supporting enterprises and their people to cope with the effects of climate change by providing alternative means of employment and livelihood, for example, reducing dependency on agriculture and other activities vulnerable to the impacts of climate change.</p> <p>The municipalities most vulnerable to climate change are those that meet at least one of the following criteria:</p> <ul style="list-style-type: none"> • High vulnerability to climate change, as defined by the National Atlas of Vulnerability to Climate Change developed by the National Institute of Ecology and Climate Change.⁴ • High risk of droughts, as defined by the North American Drought Monitor:⁵ <ul style="list-style-type: none"> » Severe Drought (D2): Crop or pasture loss likely, fire risk very high, water shortages common, water restrictions imposed. » Extreme drought (D3): Major crop/pasture losses extreme forest fire danger, widespread water shortages or restrictions. » Exceptional drought (D4): Exceptional and widespread crop/pasture losses, exceptional fire risk, shortages of water in reservoirs, streams and wells, creating water emergencies.
<p>Jobs creation</p>	<p>In 2024 the cost of jobs creation reached MXN 37.21 million of Gross Fixed Investment. This value is obtained by dividing the total number of jobs created in 2024 by Mexico's Gross Fixed Investment.</p> <ol style="list-style-type: none"> a. New employment (2024) = 213,993 b. Goss Fixed Investment (2024) = MXN 7,961,999.72 million c. Cost of job creation: (b) / (a) = MXN 37.21 million d. Credit disbursed to MSMEs in cities with high vulnerability to climate change: \$28,986 million <p>Number of jobs created in cities highly vulnerable to climate change: (d) / (c) = 779 new jobs</p>
<p>Micro, Small and Medium-sized Enterprises⁶</p>	<p>Micro, small and medium-sized enterprises are defined according to national standards (<i>Table 1</i>).</p>

⁴ <https://atlasvulnerabilidad.inecc.gob.mx/page/index.html#zoom=undefined&lat=23.5000&lon=-101.9000&layers=1>

⁵ <https://smn.conagua.gob.mx/es/categorias-de-sequia>

⁶ INEGI (2019). Characteristics of business establishments by ownership: Economic Census 2019. Retrieved from https://www.inegi.org.mx/contenidos/productos/prod_serv/contenidos/espanol/bvinegi/productos/nueva_estruc/889463900900.pdf

 TABLE 1. DEFINITION OF MSMEs

STRATIFICATION OF ENTERPRISES	SECTOR	NUMBER OF PERSONS EMPLOYED	ANNUAL SALES AMOUNT RANGE (MMXN)	MAXIMUM CAP*
Microenterprises	All	0 a 10 people	Up to \$4	46
Small enterprises	Commerce	11 a 30 people	From \$4.01 to \$100	93
	Industry and services	11 a 50 people	From \$4.01 to \$100	95
Medium-sized enterprises	All	31 a 100 people	From \$100.01 to \$250	235
	Commerce	De 51 a 100		
	Industry and services	De la 51 a la 250	From \$100.01 to \$250	250

*Maximum cap: (Workers) x 10% + (Annual Sales) x 90%

Source: Ministry of Economy



ANNEX 1: EXCLUSION LIST⁷

1. Non-compliance with the fundamental rights at work and international labor standards⁸.
2. Any product or activity considered illegal under the laws and regulations of the country or under the treaties and international agreements.
3. Manufacturing or trafficking weapons and ammunition.
4. Production or commercialization of alcoholic beverages⁹ (excluding beer, wine and beverages from Mexico that have a designation of origin).
5. Production or commercialization of tobacco¹⁰.
6. Gambling, casinos and similar activities¹¹.
7. Manufacturing or sale of radioactive materials, except for the purchase of medical equipment, quality control equipment (measurement) and any other equipment for which it can be shown that the source of radioactivity is negligible or adequately covered.
8. Production, commercialization or use of non-agglomerated asbestos fibers¹².
9. Production or commercialization of wooden products or other forest products without the corresponding plan for sustainable management.
10. Forestry projects or operations in fragile or environmentally sensitive areas without a forest management plan and an approved environmental permit.
11. Manufacturing or sale of products with Polychlorinated Biphenyls.
12. Production, commercialization, storage or transport of significant volumes of dangerous chemicals that do not comply with Mexican regulations.
13. Cross-border waste trade, except non-hazardous waste for recycling¹³.
14. Production or commerce of pharmaceutical specialties subject to phased withdrawal or international ban¹⁴.
15. Production or commerce of pesticides or herbicides subject to phased withdrawal or international ban and persistent organic pollutants (POP)¹⁵.
16. Production or commerce of substances that deplete the ozone layer subject to phased withdrawal internationally¹⁶.
17. Fishing with gillnets and trammel nets in the marine environment with nets longer than 2,5 km.
18. Production or activities that violate lands property of indigenous people or that were claimed by adjudication, without the full documented consent of said people.

19. Production or commercialization of products or activities considered to be illegal according to local regulations or international conventions and agreements, such as wildlife or products covered by the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)¹⁷.
20. Projects that involve violations of national and international conventions and treaties regarding the indigenous population and native peoples¹⁸.
21. For the purpose of this reference framework, the financing of projects with activities based on fossil fuels is excluded.

⁷NAFIN. Exclusion list. Retrieved from: https://www.nafin.com/portalnff/files/secciones/Acerca_de_Nafin/nafin-saras/pdf/Lista_de_exclusio_769_n_SARAS_NAFIN.pdf

⁸Fundamental Rights at work and International Labor Standards are: i) freedom of association, syndical freedom and effective recognition of the right to collective bargaining; ii) abolition of forced or compulsory labor; iii) abolition of child labor, including but not limited to, prohibiting persons under 18 years of age from working in hazardous conditions (including construction activities), performing night work, and being declared fit to work based on a medical examination; and iv) The elimination of discrimination in employment and occupation, in which discrimination is defined as any difference, exclusion or preference based on race, color, sex, religion, political opinion or national or social origin (International Labor Organization, <http://www.ilo.org>).

⁹This restriction does not apply to enterprises for which operations or activities related to the criteria represent less than 30% of the enterprise's total annual revenue.

¹⁰This restriction does not apply to Project sponsors who do not have a significant involvement in these activities. "not having a significant involvement" means that the activity in question is secondary to the primary activities of the project sponsor.

¹¹This restriction does not apply to Project sponsors who do not have a significant involvement in these activities. "not having a significant involvement" means that the activity in question is secondary to the primary activities of the project sponsor. For example, for the tourism sector, whose main activity is hospitality and among its secondary activities is the marketing of alcoholic beverages.

¹²This restriction does not apply to the purchase or use of fiber cement boards with asbestos content lower than 20%.

¹³Defined by the Basel Convention (<http://www.basel.int>).

¹⁴Pharmaceutical products phased out of the market or banned, according to the United Nations publication "Consolidated List of Products whose Consumption and/or Sale has been Banned, Withdrawn, Severely Restricted or Not Approved by Governments" (last version: March, 2001: <https://www.who.int/publications/item/EDM-QSM-2001.3>).

¹⁵Defined in the International Convention on the Reduction and Elimination of Persistent Organic Pollutants (POP; September 1999); currently includes the pesticides aldrin, chlordane, dieldrin, endrin, heptachlor, mirex and toxaphene, as well as the industrial chemical chlorobenzene (www.pops.int).

¹⁶Ozone depleting substances (ODS) are chemical compounds that react with stratospheric ozone and reduce it, which produces the much mentioned "ozone layer holes". The Montreal Protocol includes a list of these substances and the dates that were established for their reduction and withdrawal from the market. Some of the chemicals regulated by the Montreal Protocol are aerosols, foaming agents, solvents and fire protection agents (<https://ozone.unep.org/treaties/montreal-protocol/montreal-protocol-substances-deplete-ozone-layer>).

¹⁷Convention on International Trade in Endangered Species of Wild Fauna and Flora, <https://cites.org/eng>

¹⁸Supreme Court Judgement or Inter-American Court Judgement.



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