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The re-launch of the development banks as one of the instruments of public policy in the current administration, added to the dynamism shown by the Mexican export sector and potential offered by the financial reform, have led to an historic 2014 for Bancomext, reflected in the balance achieved in its portfolio, the generation of revenue flows, as well as the number of businesses supported.

The total portfolio balance by the end of 2014 reached record levels of 145.62 billion MXN pesos, an annual increase of 42%. In the business sector, financing was expanded by 45.5% per annum, with double digit growth in each of the strategic sectors that we support, while revenues reached 175.55 billion MXN pesos.

Thus, Bancomext responded to the instructions received from President Enrique Peña Nieto and Dr. Luis Videgaray, Secretary of Finance and Public Credit, to be a more active development bank for the purpose of making more and more competitive credits available.

In the decade of the 80's and the early 90's, Mexico undertook a change toward greater economic openness, with an emphasis on the liberalization of international trade and attraction of investment flows. During this time, major changes were made to the Foreign Investment Law and various Free Trade Agreements were signed with the largest economies in the world. Additionally, public policy measures directed toward providing stability and opportunities for growth were implemented.

As a result of the aforementioned, today the country enjoys an attractive business environment and legal certainty for foreign investment, as well as fully developed economic sectors and a highly competitive cost structure.

The thirteen free trade agreements that Mexico has signed and preferential access to 46 countries have resulted in constant growth of our exports, which represent 35% of the GDP and which closed at a record of nearly 400 billion MXN pesos in 2014. And if we consider both exports and imports, Mexico's foreign trade represents 62% of the GDP, making us one of the most open economies in the world.

The importance of international trade for our economy and the potential it offers to increase the country's growth demand development banks with the experience and flexibility to adapt its policies and systems to the requirements of today's international trade.

Bancomext currently supports 3,705 businesses through Collateral Securities, Funding, Factoring and Corporate Banking programs. Some 9,205 jobs were directly created in 2014 and we helped preserve another 233,595. In addition, Bancomext operates as a development bank within the context of healthy growth, demonstrated by its non-performing loan portfolio of only 0.6% at the close of 2014, one of the lowest in the banking system.

As part of development banks, Bancomext has established itself as a driving force for promoting the country’s strategic projects by complementing and promoting private financing for export companies and those businesses generating foreign currency revenues in priority sectors, thus creating a positive impact on the country’s economy and on the creation of jobs and infrastructure to construct a prosperous Mexico.

Enrique de la Madrid Cordero
Chief Executive Officer
#### BOARD OF DIRECTORS

**SERIES “A” DIRECTORS**

<table>
<thead>
<tr>
<th>OWNERS</th>
<th>ALTERNATES</th>
</tr>
</thead>
</table>
| DR. LUIS VIDEGERAY CASO  
Secretary of Finance and Public Credit  
and Chairman of the Board | DR. LUIS MADRAZO LAJOUS  
Head of the Development Banking Unit  
Ministry of Finance and Public Credit |
| DR. ILDEFONSO GUAJARDO VILLARREAL  
Secretary of the Economy | LIC. MARÍA DEL ROCÍO RUÍZ CHÁVEZ  
Undersecretary of Competitiveness & Standards  
Ministry of Economy |
| LIC. ENRIQUE MARTÍNEZ Y MARTÍNEZ  
Secretary of Agriculture, Livestock, Rural Development, Fisheries and Food | LIC. RICARDO AGUILAR CASTILLO  
Undersecretary of Food & Competitiveness  
Ministry of Agriculture, Livestock, Rural Development, Fisheries and Food |
| DR. JOSÉ ANTONIO MEADE KURIBREÑA  
Secretary of Foreign Affairs | MTRO. JUAN MANUEL VALLE PEREÑA  
Executive Director of the Mexican Agency for International Development Cooperation (AMEXICID) |
| LIC. PEDRO JOAQUÍN COLDWELL  
Secretary of Energy | DR. CÉSAR EMILIO HERNÁNDEZ OCHOA  
Undersecretary of Electricity  
Ministry of Energy |
| DR. FERNANDO APORTELA RODRÍGUEZ  
Undersecretary of Finance & Public Credit  
Ministry of Finance & Public Credit | LIC. ALEJANDRO DÍAZ DE LEÓN CARRILLO  
Head of the Public Credit Unit  
Ministry of Finance & Public Credit |
| LIC. FERNANDO GALINDO FAVELA  
Undersecretary of Expansión  
Ministry of Finance & Public Credit | ACTUARY ALEJANDRO SIBAJA RÍOS  
General Director of Programming and Budget “B”  
Ministry of Finance & Public Credit |
| DR. FRANCISCO DE ROSENZWEIG MENIALDUA  
Undersecretary of Foreign Trade  
Ministry of the Economy | MTRA. ROSAURA CASTAÑEDA RAMÍREZ  
Head of the International Negotiations Unit  
Ministry of the Economy |
| ACTUARY JESÚS ALAN ELIZONDO FLORES  
Director General of Financial System Affairs  
Bank of Mexico | LIC. RAUL JOEL OROZCO LÓPEZ  
Director of Development Intermediaries  
Bank of Mexico |

**SERIES “B” DIRECTORS**

<table>
<thead>
<tr>
<th>OWNERS</th>
<th>ALTERNATES</th>
</tr>
</thead>
</table>
| LIC. GERARDO GUTIÉRREZ CANDIANI  
Chairman of the Business Coordinating Council (CCE) | ACT. JUAN PABLO CASTAÑÓN CASTAÑÓN  
Chairman of the Mexican Employers’ Confederation (COPARMEX) |
| LIC. VALENTÍN DIEZ MORODO  
Chairman of the Mexican Business Council for Foreign Trade, Investment and Technology (COMCE) | LIC. LUIS ROBERTO ABREU MENÉNDEZ  
Chairman of the Mexican National Association of Importers and Exporters (ANERMI) |
| THE HON. FRANCISCO JAVIER FUNTANET MANGE  
Chairman of the Confederation of Industrial Chambers of commerce of the United Mexican States | ING. RODRIGO ALPÍZAR VALLEJO  
Chairman of the Transformation Industry (CANACINTRA) |
| ING. ENRIQUE SOLANA SANTÍRES  
Chairman of the Confederation of National Chambers of Commerce, Services and Tourism | LIC. JUAN GILBERTO MARÍN QUINTERO  
Chairman of Business Promotion for PI MABE, S.A. DE C.V. SOFOM ENR |

**INDEPENDENT SERIES “B” DIRECTORS**

There are only independent director owners

<table>
<thead>
<tr>
<th>OWNERS</th>
<th>ALTERNATES</th>
</tr>
</thead>
</table>
| DR. LUIS FERNANDO DE LA CALLE PARDO  
General Director of De la Calle, Madrazo Mancera, S.C. | DR. CARLOS LEOPOLDO SALES SARRAPY  
General Director of Cuasar Capital, S.C. |
| LIC. MANUEL SOLANO SENTÍES  
Chairman of the Confederation of National Chambers of Commerce, Services and Tourism | LIC. LUIS MIGUEL DOMÍNGUEZ LÓPEZ  
Deputy Director of Public Administration  
Ministry of Public Administration |
| LIC. FIDEL RAMÍREZ ROSALES  
Deputy Director & Public Commissioner Alternate from the Finance Sector  
Ministry of Public Administration | CPA. CARLOS AGUILAR VILLALOBOS  
General Director of Aguilar Villalobos and Associates  
Consulting and Auditing S.C. |
| CPA. ROBERTO MATEOS CÁNDANO  
Partner at Gómez, Mateos, Flores and Associates, S.C. | CPA. CARLOS AGUILAR VILLALOBOS  
General Director of Aguilar Villalobos and Associates  
Consulting and Auditing S.C. |

**COMMISSIONERS**

<table>
<thead>
<tr>
<th>SERIES “A”</th>
<th>SERIES “B”</th>
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</thead>
</table>
| LIC. RAÚL JOEL OROZCO LÓPEZ  
Director of Development Intermediaries  
Bank of Mexico | CPA. ROBERTO MATEOS CÁNDANO  
Partner at Gómez, Mateos, Flores and Associates, S.C. |

**SECRETARIAT OF THE BOARD OF DIRECTORS**

<table>
<thead>
<tr>
<th>OWNERS</th>
<th>ALTERNATES</th>
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</thead>
</table>
| LIC. MARÍA ELSA RAMÍREZ MARTÍNEZ  
Chairman of the Business Coordinating Council (CCE) | LIC. JORGE MAURICIO DI SCIULLO URSINI  
Chairman of the Business Coordinating Council (CCE) |

**SECRETARY**

<table>
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<tr>
<th>OWNERS</th>
<th>ALTERNATES</th>
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</table>
| LIC. MARÍA ELSA RAMÍREZ MARTÍNEZ  
Chairman of the Business Coordinating Council (CCE) | LIC. JORGE MAURICIO DI SCIULLO URSINI  
Chairman of the Business Coordinating Council (CCE) |

**SECRETARY ALTERNATE SECRETARY**

<table>
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<tr>
<th>OWNERS</th>
<th>ALTERNATES</th>
</tr>
</thead>
</table>
| LIC. MARÍA ELSA RAMÍREZ MARTÍNEZ  
Chairman of the Business Coordinating Council (CCE) | LIC. JORGE MAURICIO DI SCIULLO URSINI  
Chairman of the Business Coordinating Council (CCE) |
MAIN OFFICERS

LIC. ENRIQUE DE LA MADRID CORDERO
Chief Executive Officer

LIC. JORGE MAURICIO DI SCIULLO URSINI
Deputy General Manager of Legal and Fiduciary

ING. LEONARDO ARANA DE LA GARZA
Deputy Director General of Corporate Banking

LIC. FERNANDO HOYO OLIVER
Deputy Director General of Development

LIC. MIGUEL SERGIO SILICEO VALDESPINO
Deputy Director General of Financial Resources

LIC. JOSÉ ALFONSO MEDINA Y MEDINA
Deputy Director General of Finances & Administration

LIC. MIGUEL ÁNGEL OCHOA SALAS
Deputy Director General of Credit

LIC. RICARDO ERNESTO OCHOA RODRÍGUEZ
Technical Coordinator of the General Management

C.P. SERGIO SAMUEL CANCINO Y LEÓN
Head of the Internal Supervisory Authority

LIC. MARTHA CECILIA GALICIA ROMERO
Director Inspector’s Office Comptrollership

LIC. VÍCTOR MANUEL JIMÉNEZ GARCÍA
Director Internal Auditing
This report is an overview of Bancomext’s main results during 2014 from its work as a development institution focused on detonating Mexico’s export and foreign currency generation potential.

To put this in context, the report starts with a brief description of the world economic environment in 2014, and of the performance of global trade in that year; it then describes the evolution of Mexico’s foreign trade sector over that same time period.

The report then highlights some of the main exporting sectors in Mexico during 2014, at the same time showing Bancomext’s main results from directly supporting the businesses that participated in those sectors.

The report goes on to present the results of the discount and guaranties programs that were operated jointly with commercial banks and financial intermediaries during 2014.

In addition, it describes the 2014 results from products designed to support exports and imports, such as international factoring, letters of credit and factoring guaranties.
World Economic Environment in 2014

The international economic environment suffered a significant downturn in the second half of 2014, mainly due to the abrupt fall of oil prices and generalized appreciation of the dollar.

Despite the above-mentioned, the world GDP grew by 3.3% in 2014, the same rate of growth as 2013.

The evolution of the US economy during 2014 played a significant role in the growth of world GDP, by compensating for the weak recovery of Japan and Europe and the slowdown of the Chinese economy, as well as the negative impact of emerging economies such as Brazil and Russia due to the drop in prices of raw materials.

Growth of Select Economies over the last 3 years

Growth of GDP in Economic Blocks over the last 3 years

Source: International Monetary Fund
The drop in the international price of crude oil was mainly due to the global increase in supply of hydrocarbons as a consequence of the shale gas revolution in the United States and the OPEC’s decision to not cut back on production levels.

The different rates of growth and the divergence in monetary policy expectations between the main Central Banks of the world have caused a repositioning of capital in favor of the dollar, given the expectation that higher interest rates will be paid in the United States.

The currencies of emerging economies were not free from this phenomenon and suffered a generalized depreciation during 2014.

The appreciation of the dollar is explained by the expectation that the US Federal Reserve is on the point of raising its benchmark interest rate.
The rate of growth of world trade at the global level slowed down slightly, in synchrony with the slow economic growth in emerging economies and the downturn of developed economies like Japan, France and Italy.

According to the International Monetary Fund, the volume of world trade showed a moderate annual growth of 3.4% in 2014, slightly below the 3.5% recorded in 2013.

**PRINCIPLE EXPORTING AND IMPORTING COUNTRIES IN 2014**

Mexico was 14th amongst the world’s main exporting countries in 2014, the same position it held in 2013. After China, Mexico is the largest exporter of manufactured goods amongst developing countries.

With respect to imports, Mexico is 14th amongst importing countries, with the United States and China representing 65% of total imports.

**Main Participants in International Trade in 2014 (Billion USD)**

<table>
<thead>
<tr>
<th>Exporters</th>
<th>Importers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. China</td>
<td>1. United States</td>
</tr>
<tr>
<td>2. United States</td>
<td>2. China</td>
</tr>
<tr>
<td>3. Germany</td>
<td>3. Germany</td>
</tr>
<tr>
<td>4. Japan</td>
<td>4. Japan</td>
</tr>
<tr>
<td>5. South Korea</td>
<td>5. United Kingdom</td>
</tr>
<tr>
<td>6. France</td>
<td>6. France</td>
</tr>
<tr>
<td>7. Netherlands</td>
<td>7. Hong Kong</td>
</tr>
<tr>
<td>8. Hong Kong</td>
<td>8. South Korea</td>
</tr>
<tr>
<td>9. Russia</td>
<td>9. India</td>
</tr>
<tr>
<td>10. United Kingdom</td>
<td>10. Netherlands</td>
</tr>
<tr>
<td>11. Italy</td>
<td>11. Canada</td>
</tr>
<tr>
<td>12. Canada</td>
<td>12. Italy</td>
</tr>
<tr>
<td>15. United Arab Emirates</td>
<td>15. Belgium</td>
</tr>
<tr>
<td>16. Switzerland</td>
<td>16. Spain</td>
</tr>
<tr>
<td>17. Saudi Arabia</td>
<td>17. Switzerland</td>
</tr>
<tr>
<td>18. India</td>
<td>18. Russia</td>
</tr>
<tr>
<td>20. Taiwan</td>
<td>20. United Arab</td>
</tr>
</tbody>
</table>

**Evolution of World Trade in 2014**

<table>
<thead>
<tr>
<th>Year</th>
<th>Exporters</th>
<th>Importers</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>11.0</td>
<td>11.0</td>
</tr>
<tr>
<td>2005</td>
<td>7.6</td>
<td>9.0</td>
</tr>
<tr>
<td>2006</td>
<td>2.9</td>
<td>2.9</td>
</tr>
<tr>
<td>2007</td>
<td>6.9</td>
<td>6.9</td>
</tr>
<tr>
<td>2008</td>
<td>2.7</td>
<td>2.7</td>
</tr>
<tr>
<td>2009</td>
<td>3.5</td>
<td>3.5</td>
</tr>
<tr>
<td>2010</td>
<td>3.4</td>
<td>3.4</td>
</tr>
<tr>
<td>2011</td>
<td>2.7</td>
<td>2.7</td>
</tr>
<tr>
<td>2012</td>
<td>2.9</td>
<td>2.9</td>
</tr>
<tr>
<td>2013</td>
<td>3.0</td>
<td>3.0</td>
</tr>
<tr>
<td>2014</td>
<td>3.4</td>
<td>3.4</td>
</tr>
</tbody>
</table>

**Yearly Growth in Volume of World Trade between 2004 and 2014 (%)**

Source: International Monetary Fund

Fuente: CIA World Factbook
**MACROECONOMIC STABILITY YEAR 2014**

- **3.3% interest rate**
- **3.8% inflation rate**
- **$193 billion USD in international reserves**

**YEAR 1997**

- **19.9% interest rate**
- **20.3% inflation rate**
- **$28 billion USD in international reserves**

**TOTAL EXPORTS**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Exports (billion USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>21</td>
</tr>
<tr>
<td>1990</td>
<td>77</td>
</tr>
<tr>
<td>2000</td>
<td>210</td>
</tr>
<tr>
<td>2010</td>
<td>359</td>
</tr>
<tr>
<td>2014</td>
<td>397</td>
</tr>
</tbody>
</table>

- **1980: 33%**
- **2010: 82%**

**Composition of Mexican exports by sector**

- **1980: 10%**
- **2010: 4%**

**Production & Transformation of Technology**

- **Electrical-Electronic**
- **#1 Exporter of Flat Screen TVs in the World**
- **#1 Destination for Travelers to Latin America from the United States**
- **#1 Exporter in LATAM**
- **4th Largest Exporter of Computers**
- **Less Investment Opportunities**

**Attractive Demographic Bonus**

- **Population Forecast to 2030**
- **Medical Devices**
- **Aerospace**
- **6th Largest Supplier to USA**
- **8th Largest Cell Phone Exporter**

**Time needed to open a business in 2014**

- **Chile:** 5 days
- **Argentina:** 25 days
- **Brazil:** 83 days
- **China:** 31 days
- **Russia:** 11 days
- **India:** 28 days

**Costs of Manufacturing in 2014 Compared to the US**

- **Mexico:** 91.5%
- **Brazil:** 95.6%
- **South Korea:** 87.2%
- **India:** 122.5%

**Production of manufactured goods in Mexico costs almost 10% less than in the United States**

- **Composition of Mexican exports by sector**

<table>
<thead>
<tr>
<th>Year</th>
<th>Cost of Manufacturing</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>China: 95.6%</td>
</tr>
<tr>
<td></td>
<td>Brazil: 95.6%</td>
</tr>
<tr>
<td></td>
<td>South Korea: 87.2%</td>
</tr>
<tr>
<td></td>
<td>India: 122.5%</td>
</tr>
<tr>
<td>2010</td>
<td>Mexico: 91.5%</td>
</tr>
</tbody>
</table>

**INEGI, Banco de México, ProMéxico, Doing Business, FMI, OMC, OCDE, Boston Consulting Group, CONAPO/INEGI US Census Bureau.**
As of the second half of the year, the Mexican economy showed a moderate upswing, resulting in a recovery of foreign demand due to the recovery of the US economy, while consumption and investments showed an improvement over 2013.

Real growth of Mexico’s GDP accelerated to 2.1% per year in 2014, up from the 1.1% recorded in 2013. In addition, investments grew by 2.3% in 2014, contrasting to the -1.8% registered in 2013.

Despite the fall in Mexican oil exports during 2014 due to the drop in international crude oil prices and a reduction in production, the dynamic energy of the industrial export sector was reflected in an expansion of 7.3% throughout the year in non-oil exports, which allowed total exports to reach record figures of nearly 400 billion USD at the close of fiscal 2014, a yearly growth of 4.6%.

The nearly 14% growth in automobile exports to the United States in 2014 was one of the factors that contributed to Mexico’s recovery in foreign trade.

The automobile sector represented 33% of all exports of manufactured goods in 2014.
Main Profits & Losses
As part of the Development Banks, Bancomext seeks to detonate those sectors that are priorities for economic growth in such a way that they can then generate more and better jobs for Mexicans and thus increase the country’s standard of living.

Bearing in mind the importance of the foreign trade sector for Mexico’s economy, Bancomext pursues 5 objectives focused on detonating the export potential of our country.

1. Providing financing to companies that export and generate hard income in foreign currency.

2. Financing imports of capital goods and commodities.

3. Internationalizing Mexican Businesses.

4. Supporting The creation of jobs by foreign investments.

5. Integrating the national content of our exports into the value chain of exporters.

In the pursuit of its 5 objectives, Bancomext and its business areas obtained the following results in 2014:
To the end of 2014, Bancomext’s total portfolio balance was 145.6 billion MXN pesos, equivalent to a 42% increase over 2013.

**Composition of the Total Portfolio (MXN pesos)**

99% Of the total 2014 balance

84% Of the companies benefitted in 2014 were SME’s Exporters

Of the companies benefitted in 2014 were 84%

Non-performing Loans 0.6%

This index was 1.3% in 2013

Total portfolio comprised of 62% USD and 38% MXN pesos.
In order to contribute to economic growth and the creation of quality jobs, Bancomext has established a support strategy for the private sector through a sectorial approach.

Thus, financing provided by Bancomext is intended to support those sectors that are key to the development of the country due to their positive impact on productivity, capacity to connect with the foreign sector and to generate foreign currency revenues, and their potential to grow due to the strengths and comparative advantages enjoyed by our country.
**Participation of Bancomext in strategic sectors of the Mexican economy through First Tier Financing**

In 2014, the balance of the first tier private sector portfolio increased by 40% over the close of 2013. This balance was 11% higher than target.

Income from financial margins and commissions on first tier loans contributed to the financial sustainability of the institution.

The number of businesses benefitted by first tier loans increased by 14.4% over 2013.

During 2014, origination of first tier funds increased by 11.1% over 2013.
Starting in 2010, a growth in manufacturing jobs was observed in the United States as a result of a process of repatriation of investments, called “re-shoring investments.”

In this regard, it is estimated that between 2013 and 2020, more than 120 billion USD in investments that had moved to China looking for better conditions will return to the region of North America.

Mexico’s competitiveness and its growing importance as a world player in the industrial field will make our country one of the preferred destinations for foreign investments.

The development and characteristics of Mexico’s industrial parks are the reason behind the success of the export in-bond industry. Amongst the advantages of the industrial parks in Mexico are the quality of the buildings and their internal infrastructure, and their location near the main trade routes and vendors in the production chain. The availability of value added services like security, maintenance and customer services for occupants, with industrial units available for sale or rent, are additional advantages offered by industrial parks.

A competitive sector

In 2014, our manufacturing exports rose to some 338 billion USD, representing 85% of the total exports of that year.

Our country exports 65% more manufactured goods than all Latin America combined and participates in various sophisticated sectors such as the automotive and electronic sectors. In addition, Mexico is a growing player at the world level in the aerospace sector.

“Cheap and convenient manufacturing in China is a thing of the past...on the contrary, the growing integration of North America brings new, competitive opportunities to these countries.”

Reshoring Mexico 2014, CIDAC

Contributing to job creation

Jobs created by the sector increased by 5.8% to the end of 2014, employing some 2,530,000 people.

Balcomext was the only financial institution in Mexico to participate with the 4 existing REITs with industrial real estate. Furthermore, it has contributed 5.7 billion MXN pesos in 6 syndicated loans earmarked for the in-bond industry, thus favoring diversification of risk and promoting the participation of commercial banks in the sector.

In addition, it awarded funding to businesses with capital from Development Capital Certificates, thereby contributing to the channeling of resources from Retirement Funds (Afores) to productive projects.

Amongst the relevant projects supported by Bancomext during 2014 is the development executed in San José Chiapa, Puebla, an area with a significant level of marginalization. This project will trigger the creation of jobs, increasing the country’s export base and attracting direct foreign investments.

The project includes the construction of the “Just in Sequence” vendors’ park for a luxury vehicle plant mainly for export, a logistics center, an exports consolidation center—that includes products coming from China and India—and a container yard.
During 2014, Bancomext acted as the financial arm of the Federal Government through the Emergency Support Program created for the purpose of channeling resources to the Los Cabos region and to mitigate the effects of Hurricane Odile, which hit the area in September of that same year.

An estimated 3.7 billion MXN pesos were authorized for the region, benefitting tourism groups representing more than 3,000 hotel rooms.

In addition, the area entered new market segments, such as Medical Tourism with the opening of 20 dental clinics and with financing to build the Los Cabos Medical Center Hospital.

The balance in the portfolio at the close of 2014 surpassed the net balance of the first tier portfolio of 14 billion MXN pesos earmarked for the Tourism Cabinet by 26.1%.
Bancomext gives financing to businesses in the automotive and auto parts sectors to support the needs of the terminal assembly industry and its chain of vendors. In this way, Bancomext promotes the integration of more businesses to the supply chain of this important industry, thus creating more and better jobs.

During 2014, Bancomext authorized 25 million USD in first line factoring for vendors of the automotive sector for the purpose of reinforcing the supply chain and increasing the domestic content of our exports.

Additionally, Bancomext participated in a syndicated loan of 120 million USD in 2014, thus complementing the credit offering of commercial banking.

Bancomext together with Erinbank of the United States structured a transaction to export 25 trucks of US+Mexican content to Zambia, Africa.

The automotive industry generates more foreign currency than the oil, remittance and tourism industries combined.

Exports from the automotive sector almost quadrupled those of Brazil and India together.

**Primary Foreign Currency generating sector in Mexico**

The automotive industry generates more foreign currency than the oil, remittance and tourism industries combined.

**Foreign currency revenues, by sector in 2014 (billion USD)**

- Automotive exports: $109.4
- Oil exports: $42.9
- Remittances: $23.9
- Tourism: $16.3

**Direct receiver of foreign investments**

Direct foreign investment in the auto parts industry reached 1.25 billion USD from January to September, 2014, a 57% growth over the same period in the prior year.

Eighty-nine of the world’s 100 largest auto parts companies are present in Mexico.

19 of the most important Original Equipment Manufacturers (OEM) More than 200 first-tier (TIER 1) suppliers.

**Primary foreign currency generating sector in Mexico**

**Player at the world level**

- #1: Automobile exporter to the USA
- #4: Largest exporter of new vehicles
- #5: Largest supplier of auto parts
- #7: Largest vehicle producer

**Production of vehicles in Mexico (Millions of units)**

- 2000: 1.8
- 2005: 1.6
- 2010: 2.3
- 2014: 3.2
- 2020*: 5.1

**Highly productive jobs**

Companies present in Mexico employ directly more than 645,000 workers.

**Source:** AMIA, INA and Proméxico

AMIA’s 2020 estimate

**Balance**

- $12.5 Billion MXN pesos
- Growth of 31% over the balance of 2013.

**Companies benefited**

- 41

**Origination**

- $17.2 Billion MXN pesos

**Financial margin**

- $199.6 Million MXN pesos
There is a trend amongst automotive assembly plants to develop a local supply network as a strategy to guaranty supply of their consumables and to reduce shipping costs and risks. Mexico already has a major supply industry offering many opportunities for Mexican businesses, particularly the small and medium ones, to connect with large exporting companies.

In order to help more businesses participate in the automotive industry’s supply chain, the Federal Government, through the Ministry of the Economy, launched the Integral Automotive Industry Vendor Development Program—PROAUTO INTEGRAL.

Through this program, Bancomext offers specialized financing products to the automotive sector’s network of vendors.

PROAUTO marshals the efforts of the Ministry of Economy, INADEM (the National Institute of Entrepreneurs), ProMéxico and Bancomext.

During 2014, Bancomext was the national banking institute that awarded the largest financing to the automotive industry.
In order to drive competitiveness in Mexico’s productive sector and to take advantage of the energy potential of our country, during 2014 Bancomext supported the development of renewable energy projects and promoted the adoption of technologies aimed at creating savings for the people, mitigating climate change and increasing energy efficiency.

To this end, Bancomext financed the Santa Catarina, Ventika I and Ventika II wind generation projects in the state of Nuevo León, which jointly generated more than 270 MW of clean energy.

In Tabasco, we also financed the Abengoa wind generation project, the Eurus and the Piedra Larga I Wind Farms and the Demex 2 wind generation Project.

Bancomext also financed the Ingenio Wind Farm in Oaxaca. This farm has a 49.5 MW installed capacity and will supply electrical power to a major self-service store chain. The project promises to reduce carbon monoxide emissions by more than 150,000 tons per year.

Bancomext also earmarked funds for the development of an efficient co-generation plant in Tabasco, which operates on natural gas and steam. Most of these transactions include resources from the longterm credit lines from (JBIC) Japan Bank for International Cooperation and (KfW) Kreditanstalt fur Wiederaufbau.
Bancomext participated in the Etileno XXI Project in 2014, which consisted of the development, design, financing, construction, operation and maintenance of an ethane cracker and three polyethylene plants in Coatzacoalcos, Veracruz. Bancomext contributed to the project with a dollar credit line and played a structuring role for a syndicated loan with 17 other Banks. This project represents the largest investment in petrochemicals in North America in the last ten years.

Additionally in 2014, the Chilean government awarded Grupo Abengoa a 30-year concession to build and operate a thermo-solar plant in the Atacama Desert, valued at 1.5 billion USD. The thermo-solar plant requires 10,600 heliostats that will be manufactured by a Mexican company, the purchase of which was financed by Bancomext with a 108.3 million USD loan.
One of Mexico’s main comparative advantages is the abundance of mining resources, as well as the legal and economic framework to foster the development of prospecting, mining and transformation activities. This has turned our country into a major destination for foreign investment in the mining sector.

The development of the mining sector in Mexico drives the country’s competitiveness by providing the raw materials needed for in-bond assembly for export, which demands lower shipping costs, short delivery times for its consumables and certainty in the supply chain.

In response to the mining potential of Mexico and the importance development of this sector has for the country, in 2014 Bancomext participated in financing for companies engaged in the aggregation and dressing of ores and export of mineral concentrates, involving some 100 Mexican mining companies, particularly SMEs.

In addition, in 2014 Bancomext participated in the internationalization of a major steel group through its participation in a syndicated factoring transaction for a subsidiary of that group located in Germany.

Mexico is the:

1. **Investment Destination for Mining Prospecting in America**
2. **Producer of Silver in The World**
3. **Producer of Copper in Latin America**
4. **Producer of Gold in Latin America**
5. **Most attractive country for investing in Mining Projects**

**MINING-METALLURGY**
**Electrical - Electronic**

During the 2014 fiscal year, Bancomext continued to support the growth and competitiveness of businesses participating in the electrical and electronic sectors with manufacturing processes, in-bond assembly, or services that are part of the export chain.

**Mexico is a world leader as an exporter and assembler of electronic products:**

1º Exporter of flat screen televisions

2º Producer of electrical products in Latin America

3º Supplier to the US of power generation and distribution products and equipment

4º In computer exports

5º In cell phones exports in the world

**Export of electronics in 2014:**

- 58.6 billion USD

**Direct foreign investment in the sector between 2009 and 2014:**

- 75.4 billion USD

**Balance**

- $6.57 billion MXN pesos

**Origination**

- $1.78 billion MXN pesos

**Financial margin**

- $50.3 million MXN pesos

**Companies benefited**

- 12
One of the most dynamic sectors within the transportation sector in Mexico is the aerospace sector, which has known how to exploit the competitive advantages of our country to gain ground worldwide.

**The Aerospace Industry Located in Mexico**

<table>
<thead>
<tr>
<th>Main States with Companies</th>
<th>Baja California</th>
<th>Sonora</th>
<th>Querétaro</th>
<th>Chihuahua</th>
<th>Nuevo León</th>
</tr>
</thead>
<tbody>
<tr>
<td>In the Aerospace Sector</td>
<td>70</td>
<td>53</td>
<td>41</td>
<td>36</td>
<td>32</td>
</tr>
</tbody>
</table>

**The Best Place for the Aerospace Industry**

<table>
<thead>
<tr>
<th>Yearly Exports (Billion USD)</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exports from the Mexican Aerospace Sector</td>
<td>2.0</td>
<td>2.7</td>
<td>3.0</td>
<td>2.5</td>
<td>3.2</td>
<td>4.3</td>
<td>5.0</td>
<td>5.4</td>
</tr>
</tbody>
</table>

**Aerospace Companies Established in Mexico**

- **Mexico’s Partners:**
  - The main markets for Mexican aerospace exports (2013)
    - 78.4% in USA
    - 7.87% in Canada
    - 3.99% in Germany
    - 3.56% in France

- **80% of aerospace companies in Mexico are manufacturers**
- **20% offer design & engineering services and maintenance & repair (MRO)**

**Transportation & Logistics**

With a view to modernizing Mexico’s maritime shipping fleet, Bancomext provided up to 85% of the financing required to acquire new “Fast supply” type ships through structured transactions designed to mitigate the risk for the Institution by using avalising bank funds.

Bancomext’s financing reinforced the country’s air connectivity through the acquisition of Airbus A-320 and Boeing 787 Dreamliner planes, considered the latest generation aircraft.

Traffic over one of the world’s most transited borders was promoted thanks to Bancomext’s participation in a project to build a terminal bridge that will connect the Tijuana Airport with San Diego, which will drive development of the region, job creation and faster and safer movement of people.

In addition, financing was granted to build, outfit, expand, and modernize production facilities and warehouses, and to develop a Logistics Center in Manzanillo, Colima.

The project—located on 78 hectares of land with 51 square meters of industrial units, making it one of the largest facilities of this kind in Manzanillo—will provide logistics and warehousing services for copper, zinc, aluminum, lead, iron ore and coal mineral concentrates.
As a development institution focused on driving Mexico’s external sector, Bancomext provides financing to companies from other sectors that are active in exports.

Bancomext financed a meat production and marketing company to build, commission and operate an integral meat processing plant in Nicaragua.

Bancomext likewise provided funding earmarked for the international expansion of one of Mexico’s largest film screening, advertising and food product sales companies.
FIRST TIER LETTERS OF CREDIT

- 428 transactions in 2014
- 35% growth vs. 2013

ISSUANCE
- $5.1 billion MXN pesos

INCOME
- $27.1 billion MXN pesos
- 91%
- 45%

FOREIGN TRADE INVENTORIES (REPOS)

BALANCE
- $192.2 million MXN pesos

ORIGINATION
- 405.8 million MXN pesos
- 35%
- 7

PIPELINE PROJECTS
- $27.1 million MXN pesos
In order to prioritize the needs of the business market, since 2009 Bancomext has undergone a conversion of its focus in awarding financing, prioritizing the private sector and consequently reducing its focus on the public sector.

At the end of FY 2014, the balance in the public sector portfolio was 1.3 billion MXN pesos, which represented a reduction of 61% over 2013.
Development Banking

More of Mexico for the World
Through the Development Division, Bancomext financed small and medium-sized exporting companies (PyMEx) through its Guaranty and Funding programs, in conjunction with bank and non-bank intermediaries.

Furthermore, Bancomext promoted specialized products, such as international factoring and acted as a correspondent international firm for transactions with letters of credit.

At the end of FY 2014, the Development Division recorded a balance of 32.77 billion MXN pesos, exceeding the target for that same year by 32%, with an increase of 67% of the balance in 2013.
During 2014, the Development Division financed 3,705 companies, representing an increase of 70% over 2013.
**Discounts for Financial Intermediaries**

Bancomext continued its strategy of driving financing for foreign trade and the generation of foreign currency revenues through funding of bank and non-bank financial intermediaries in order for them, in turn, to award loans to companies operating in international markets or that generate foreign currency incomes.

There are currently 40 bank and non-bank intermediaries integrated in this Program.

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**Guaranty Program**

Through the Guaranty Program, Bancomext covers part of the risk assumed by commercial banking in awarding loans to SMEs that participate in the foreign sector. In this way, companies can access cheaper loans for longer terms.

This financing is provided through 13 banking institutions.

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**Emergency Financing by Bancomext for Tourism in Baja California Sur**

Due to the natural disaster that occurred in September, 2013 caused by Hurricane Odile in Baja California Sur and the damage it caused to the entire tourism infrastructure in hotels and businesses, a special financial support program was implemented for affected companies in the area.

The program included 40 million MXN pesos in loans through commercial Banks. In addition, a customer service center was set up in Los Cabos to provide direct service to the affected companies.

---

**Launch of the Proauto Program**

For the purpose of supporting development of SMEs involved in the automotive sector’s global export chain, in December of 2014 Bancomext launched the PROAUTO Program as part of an integral strategy. Through this program and the Guaranty Program, financing at preferential rates and terms is provided to the sector’s SMEs.
The International Factoring Program for Imports supports Mexican companies to facilitate the import of products and services from abroad that will strengthen their production capacity and boost their participation in foreign trade, offering the financial counterpart risk coverage for Mexican importers.

Some of the most significant results of this program were the increase in export volumes and the number of countries involved in transactions. In 2012, when the program began, we financed 2,200 invoices and in 2014 there were more than 10,000. The initial operation was limited to transactions between Mexican companies and the United State and Canada, but by 2014 export invoice financing extended to buyers in 10 different countries: the United States, Canada, Germany, Belgium, Colombia, Spain, Puerto Rico, Japan and the Dominican Republic.

This program allows Bancomext to finance those companies that supply large export companies. As a first step, Bancomext is financing the accounts receivable of these vendors from the large export companies; we will continue to promote this product in order to increase the domestic content of exports in the mid-term.

As part of the Program to Support Suppliers in the North American Automotive Industry, Bancomext finances the accounts receivable of the direct Mexican suppliers of two major US assembly plants, by providing a 100% guaranty to a commercial bank in Mexico that is in charge of the transaction.
**Buyer Guaranties**

Through this program, Bancomext gives foreign banks a guaranty to cover the risk of non-performance of loans they give to their clients importing Mexican goods and services.

**Export SME’s Portfolio**

Given the strategy to meet the financing needs of small and medium-sized companies through second-tier loans, we have continued to reduce the first-tier export SME portfolio, managing collection of payments and assuring they are made on time and appropriately, with the subsequent release of guaranties.

**Letters of Credit**

With International Banks

One of the achievements that should be highlighted in the area of letters of credit with international banks during 2014 was the diversification attained in regards to the countries originating these transactions.

We currently operate with 28 international banks in 16 countries. The main transactions are standbys guarantying fulfillment of contractual obligations.
Treasury and Markets
During 2014, the Treasury and Financial Markets generated 1.4 billion MXN pesos in foreign currency revenues as a result of strategies to take advantage of opportunities in market transactions, managing the balance sheet, managing the investment portfolio with profitability criteria, participating in arbitration operations and efficiently using allotted capital within the limits of credit, market and liquidity risks.

Throughout the year, the Treasury’s total revenues equaled 136.47 billion MXN pesos, or 9.23 billion USD.

Long term credit lines signed during 2014:

- Japan Bank for International Cooperation (JBIC) / USD 100 million
- Kreditanstalt fur Wiederaufbau (KfW) / USD 62 million
During 2014, Bancomext signed various international level collaboration agreements with the objective of developing markets for the Mexican export sector, and of increasing its credit offering through contracting international funding credit lines.

**Collaboration Agreements with Foreign Entities Signed by Bancomext During 2014**

- **Italy**
  - SACE S.p.A.
  - Memorandum of Understanding

- **Peru**
  - Corporación Financiera de Desarrollo S.A. (COFIDE)
  - Memorandum of Understanding

- **Japan**
  - Bank of Tokyo Mitsubishi
  - Memorandum of Understanding

- **El Salvador**
  - Banco de Desarrollo de El Salvador (BANDESAL)
  - Memorandum of Understanding

- **France**
  - Compagnie Française d'Assurance pour le Commerce Extérieur (COFACE)
  - Memorandum of Understanding

- **Canada**
  - EDC, Bancomext, Scotiabank, Banorte, Bank of Montreal, BBVA Bancomer, Fondo de Fondos, Banamex y HSBC
  - Master Cooperation Agreement

- **South Africa**
  - Export credit insurance corporation of South Africa (ECIC)
  - Memorandum of Understanding

- **State governments**
  - Nayarit
  - Baja California Sur
  - Durango
  - Zacatecas
  - Veracruz
  - Morelos
  - Jalisco
  - San Luis Potosí
  - Hidalgo
  - Estado de México

- **Business organizations and chambers**
  - National Chamber of the Cosmetics Products Industry
  - Mexican Employers Confederation
  - Mexican Association of the automotive Industry
  - National Auto Parts Industry
  - Automotive Clusters of Nuevo León, Guanajuato, Estado de México and Querétaro
  - Association of Young Mexican Entrepreneurs

- **Federal organizations**
  - Banco Nacional de Obras y Servicios
  - Instituto Nacional de Emprendedores

- **Institutions in the education sector**
  - Instituto Tecnológico de Estudios Superiores de Monterrey
  - Consejo Nacional de Ciencia y Tecnología
Bancomext was present during President Peña Nieto’s international trips to contribute to strengthen Mexico’s trade relations with the world. Within the framework of these state visits, Bancomext also signed some major agreements between Bancomext and foreign financing institutions.

<table>
<thead>
<tr>
<th>Collaboration agreements signed by Bancomext during 2014 with international organizations</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Banco de Desarrollo de América del Norte (BDAN)</strong></td>
</tr>
<tr>
<td><strong>UNEP Finance Initiative</strong></td>
</tr>
<tr>
<td><strong>Portugal</strong></td>
</tr>
<tr>
<td>Compañía de Seguro de Créditos, S.A. Portugal (COSEC)</td>
</tr>
<tr>
<td>Banco Espírito Santo de Inversiones S.A. (“BESF”)</td>
</tr>
<tr>
<td><strong>China</strong></td>
</tr>
<tr>
<td>China Export &amp; Credit Insurance Corporation (SINOSURE)</td>
</tr>
<tr>
<td>China Development Bank Corporation (CDB)</td>
</tr>
<tr>
<td><strong>Spain</strong></td>
</tr>
<tr>
<td>Instituto de Crédito Oficial del Reino de España (ICO)</td>
</tr>
<tr>
<td><strong>Collaboration agreements signed by Bancomext during Presidential Trips in 2014</strong></td>
</tr>
<tr>
<td><strong>Portugal</strong></td>
</tr>
<tr>
<td>Compañía de Seguro de Créditos, S.A. Portugal (COSEC)</td>
</tr>
<tr>
<td>Banco Espírito Santo de Inversiones S.A. (“BESF”)</td>
</tr>
<tr>
<td><strong>China</strong></td>
</tr>
<tr>
<td>China Export &amp; Credit Insurance Corporation (SINOSURE)</td>
</tr>
<tr>
<td>China Development Bank Corporation (CDB)</td>
</tr>
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<td><strong>Spain</strong></td>
</tr>
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<td>Instituto de Crédito Oficial del Reino de España (ICO)</td>
</tr>
</tbody>
</table>
Trips & Agreements signed

More Mexico for the World
## Profit & Loss Statement 2014

**General Balance Sheet as of December 31, 2014**

### General Balance Sheet as of December 31, 2014 (Million MXN pesos)

<table>
<thead>
<tr>
<th>December 2013</th>
<th>December 2014</th>
<th>Variation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td></td>
<td>%</td>
</tr>
<tr>
<td>Deposits &amp; Investments in Securities</td>
<td>38,857</td>
<td>42,725</td>
</tr>
<tr>
<td>Negotiable Instruments Restricted to Repo Transactions</td>
<td>94,254</td>
<td>101,301</td>
</tr>
<tr>
<td>Unsubscribed Stock Portfolio</td>
<td>50</td>
<td>44</td>
</tr>
<tr>
<td>Permanent Stock Investments</td>
<td>855</td>
<td>856</td>
</tr>
<tr>
<td>Equity Investments</td>
<td>905</td>
<td>900</td>
</tr>
<tr>
<td>Private Sector Portfolio</td>
<td>79,490</td>
<td>113,314</td>
</tr>
<tr>
<td>Public Sector Portfolio</td>
<td>3,433</td>
<td>1,407</td>
</tr>
<tr>
<td>Total Credit Portfolio</td>
<td>82,923</td>
<td>114,721</td>
</tr>
<tr>
<td>Total Credit Portfolio</td>
<td>82,923</td>
<td>114,721</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>204,682</td>
<td>245,697</td>
</tr>
<tr>
<td>Stockholder’s Equity</td>
<td>14,402</td>
<td>17,476</td>
</tr>
<tr>
<td>TOTAL LIABILITIES &amp; EQUITY</td>
<td>219,084</td>
<td>263,173</td>
</tr>
</tbody>
</table>

### Profit & Loss Statement 2014 (Million MXN pesos)

<table>
<thead>
<tr>
<th>January - December</th>
<th>Actual Variation 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget</td>
<td>2014</td>
</tr>
<tr>
<td>Markets and Treasury</td>
<td>1,266.8</td>
</tr>
<tr>
<td>Credit</td>
<td>2,162.9</td>
</tr>
<tr>
<td>Guarantees</td>
<td>216.7</td>
</tr>
<tr>
<td>Trust Funds</td>
<td>33.5</td>
</tr>
<tr>
<td>Total Net Income</td>
<td>3,679.9</td>
</tr>
<tr>
<td>Active Staff Expenses</td>
<td>602.0</td>
</tr>
<tr>
<td>Retiree Expenses</td>
<td>352.8</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>555.4</td>
</tr>
<tr>
<td>Operating Expenditures</td>
<td>1,510.2</td>
</tr>
<tr>
<td>Operating Profit (Loss)</td>
<td>2,169.7</td>
</tr>
<tr>
<td>Bad Debt &amp; Write-off Allowances</td>
<td>375.8</td>
</tr>
<tr>
<td>Profit (Loss) before Subsidiaries</td>
<td>1,793.9</td>
</tr>
<tr>
<td>Results from Subsidiaries</td>
<td>16.1</td>
</tr>
<tr>
<td>Profit (Loss) with Subsidiaries</td>
<td>1,810.0</td>
</tr>
<tr>
<td>Net B6 Recovery &amp; Adjusted Sales</td>
<td>284.5</td>
</tr>
<tr>
<td>Other income</td>
<td>92.2</td>
</tr>
<tr>
<td>Profit (Loss) before Taxes</td>
<td>2,186.6</td>
</tr>
<tr>
<td>SHCP Equity</td>
<td>600.0</td>
</tr>
<tr>
<td>Income Tax, Business Tax, Profit-Sharing</td>
<td>506.4</td>
</tr>
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<td>Net Profit (Loss)</td>
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