

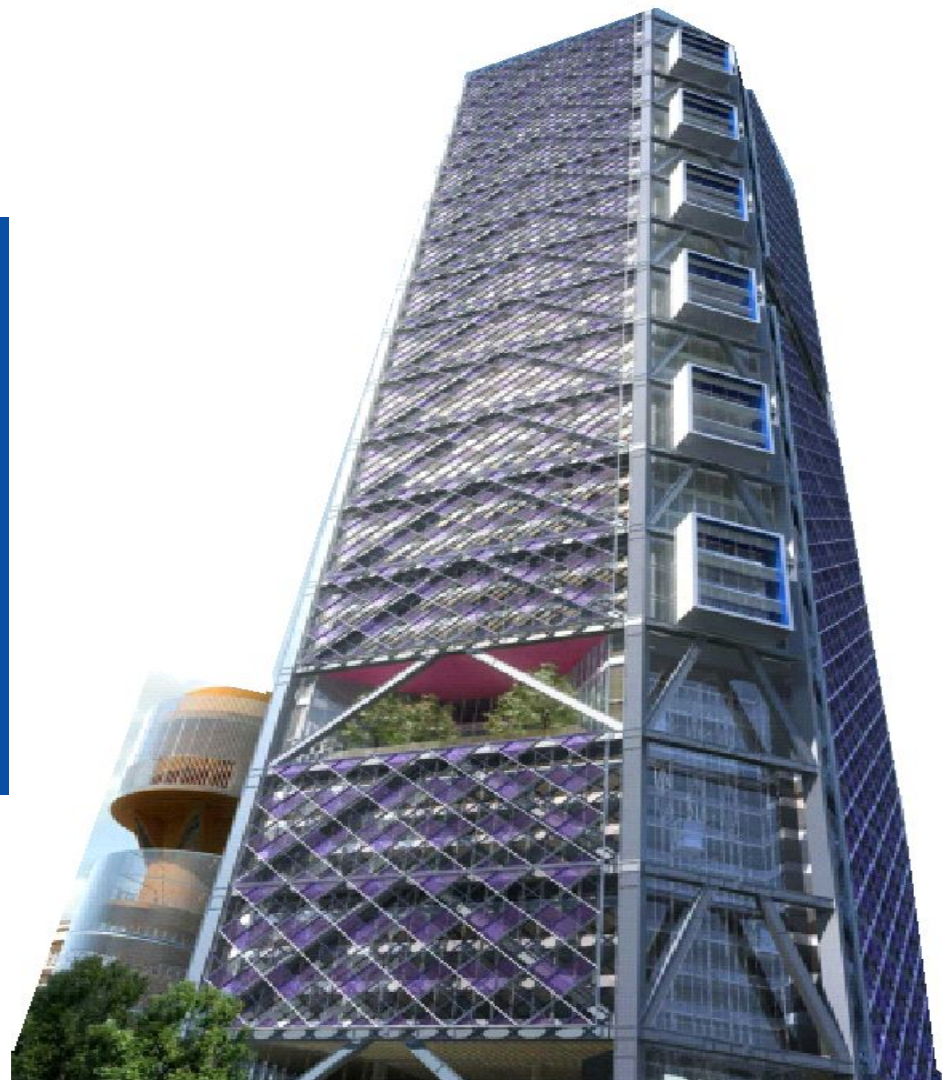


# BBVA Bancomer Leading franchise

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Chief Financial Officer

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Exchange rate used for end-of-period balances (commercial activity) is 20.6347 pesos per euros, and for average balances (income statement) is 20.1694 ppe.

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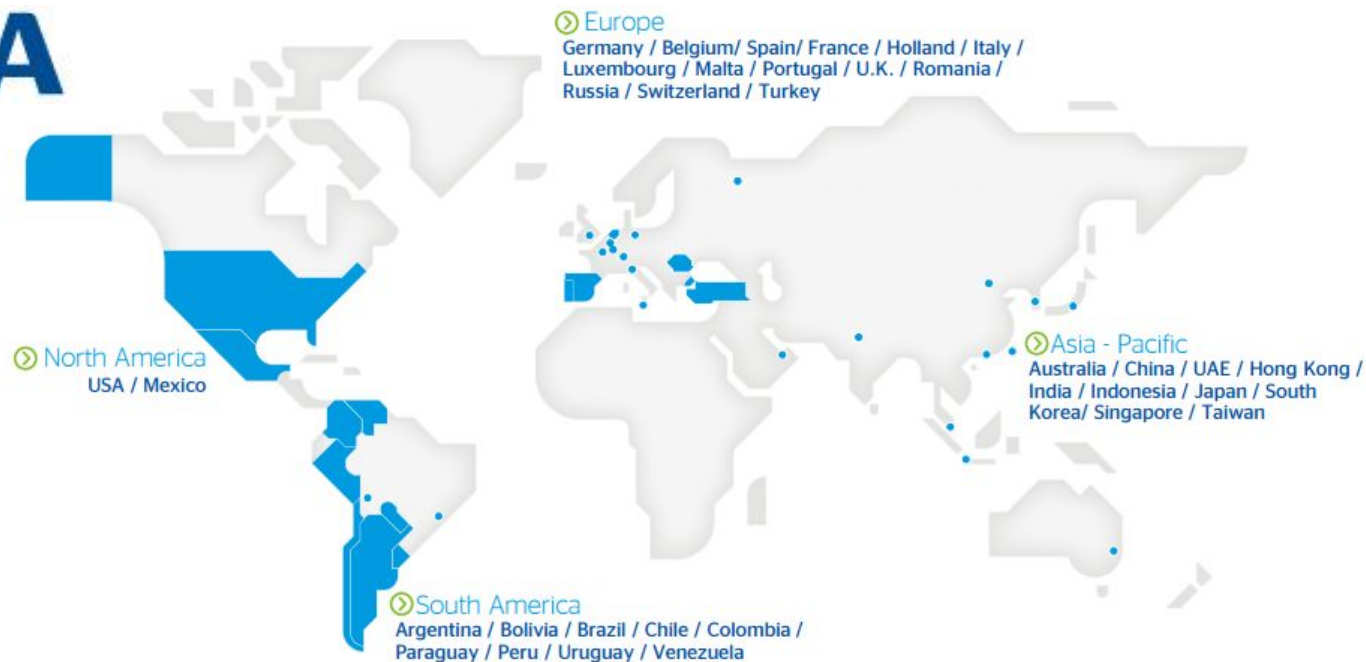
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- 4. Conclusions**

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BBVA Group

## BBVA Bancomer is part of a global financial Group

# BBVA



**€ 746**

billion in total Assets

**67**

million Customers

**35**

Countries

**9,153**

Branches

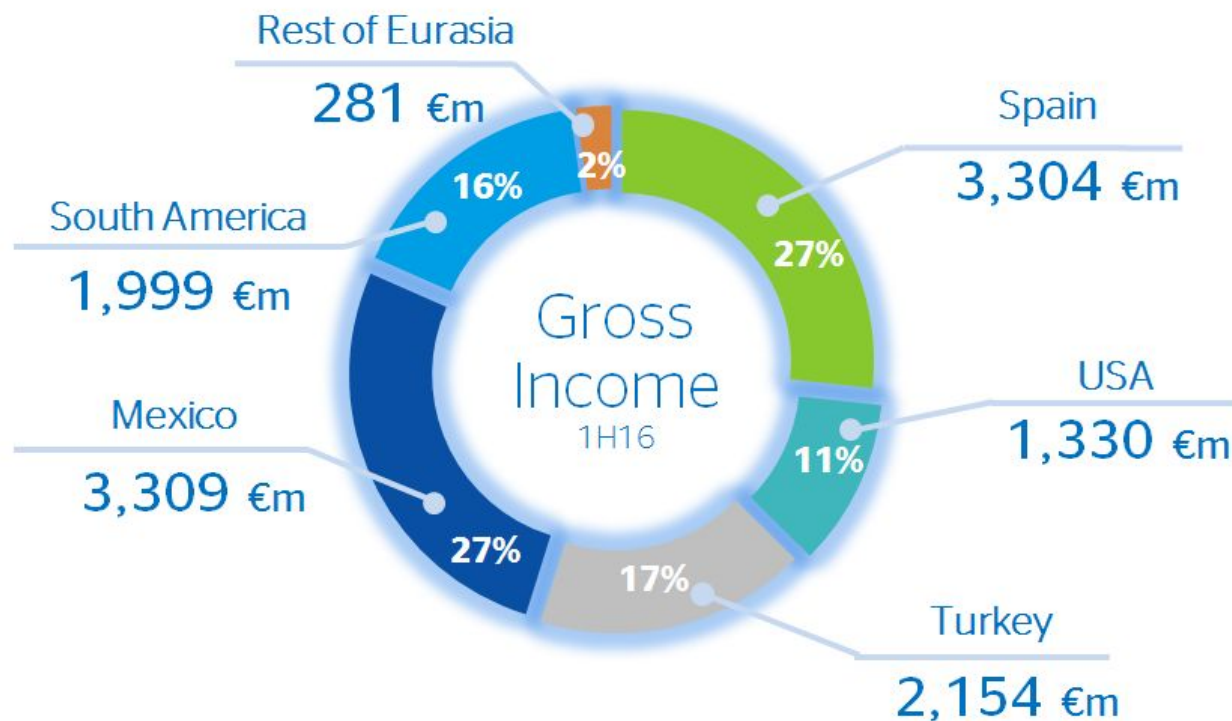
**30,958**

ATMs

**137,310**

employees

## Gross income breakdown

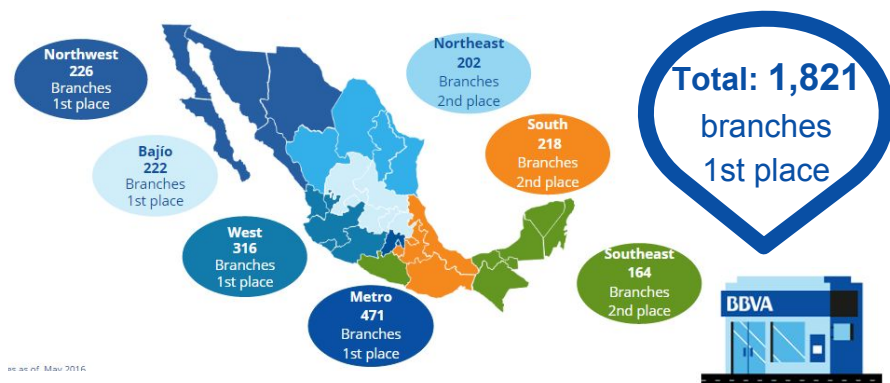


# 2

## BBVA Bancomer: Strategy and activity

## BBVA Bancomer is the leader franchise in Mexico

BBVA Bancomer has **presence** throughout Mexico



### Largest banking infrastructure:

Branches 1,821

Correspondents 30,387

ATMs 11,133

POS Terminals 177,145

Information from CNBV with local accounting standards

### Loans (Mkt Shr as of Jun 2016, %)



### Deposits (Mkt Shr as of Jun 2016, %)



### Net Income (Mkt Shr as of Jun 2016, %)



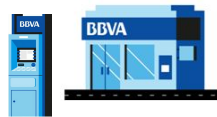


With a constant transformation to keep improving the service and the business performance

**Investment 2013-2016: USD 3.5 bn**

Branches

1,666 remodeled branches, with the most modern ATMs



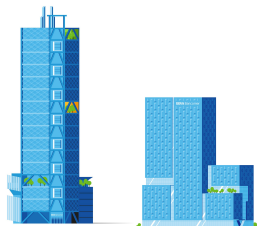
Technology

New apps  
Robust operative and informational platforms



Corporate buildings

Sustainable LEED Certificate buildings

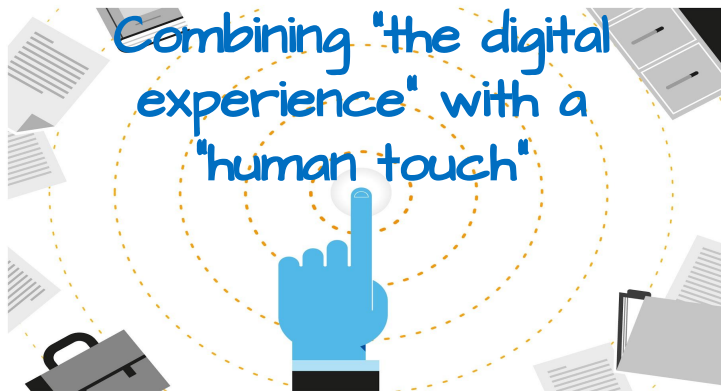


NPS

(Net Promoting Score)

- \* Excellence in customer service
- \* Franchise model in the branches
- \* Specialized executives

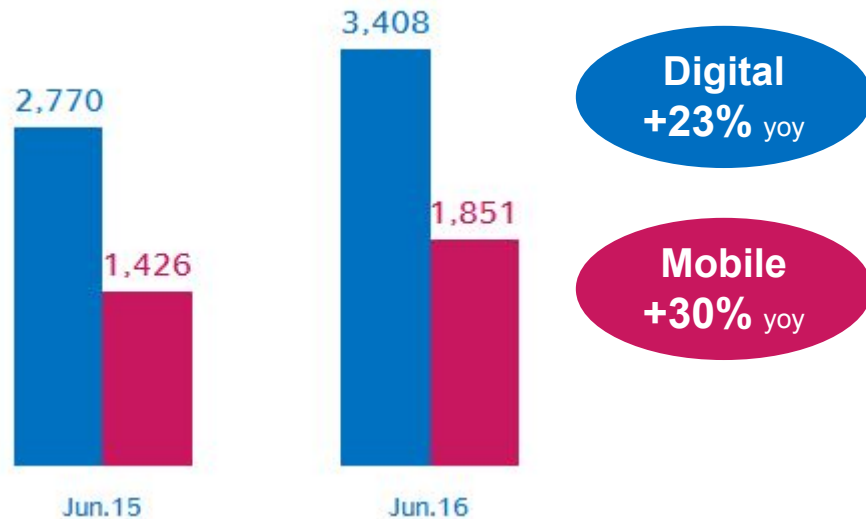
Being the reference in Mexico of digital banking with a business model focused in the customer



Adapting our strategy to the real needs of our customers

### Digital and Mobile Customers

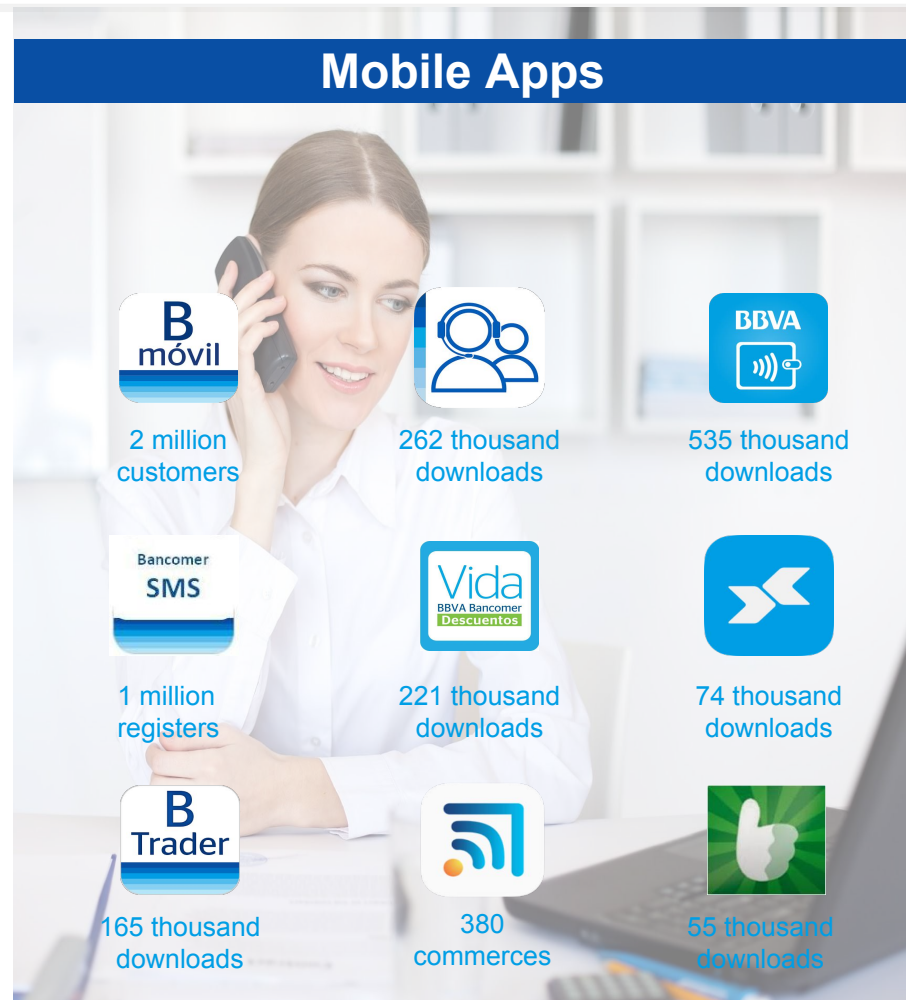
(Data in thousands)



In BBVA Bancomer we have designed easy-to-access products and services

## Some of the benefits of the digital banking are:

- Improve **customer service** → Leaders in customer satisfaction
- **Customized products** to each segment
- **Extended banking service hours** thanks to mobile banking apps (capillarity 24/7)
- **Responsive apps** that offer a simple and efficient user interface



## Our goal is to create a higher value for the customers



Payroll attraction **double** from **11** to **22** thousand per month.



**79%** of total payroll portability, meaning that **8 out of 10 employees** choose *Nómina Bancomer* (BBVA Bancomer payroll).



BBVA Bancomer leads the payroll market with a **34%** of market share (in number of contracts).

As a result of this strategy, we maintain a positive financial performance

## Performing Loans

(End of period in billion euros and annual growth in %)



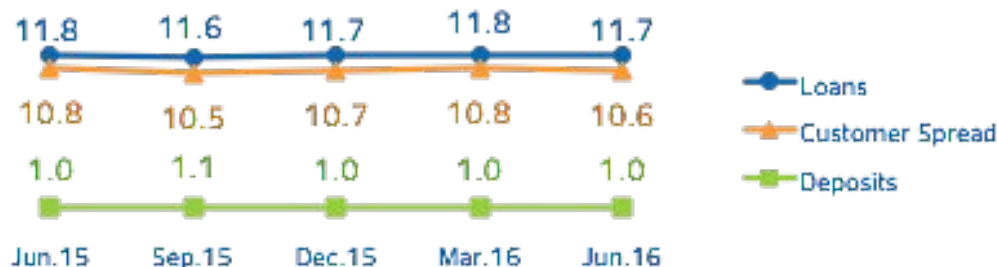
## Bank Deposits

(End of period in billion euros and annual growth in %)



## Rates & Customer Spread

(%)





Retail lending

Wholesale lending

Asset quality

Deposits

## Retail growth driven by consumer lending and SMEs

Using digital channels to boost the segment



**+13%** annual growth in retail portfolio

SME loans: **+27%** yoy

- Specialized products, services and executives
- Support and advisory blog called "YoSoyPyme"

Consumer loans: **+22%** yoy

- 80% pre-approved loans
- 34% of consumer loans granted through digital channels

New mortgage loans:  
**+19%** yoy

Billing with credit card:  
**+17%** yoy

Retail lending

Wholesale lending

Asset quality

Deposits

## Higher dynamism of the wholesale portfolio

Almost all segments increasing at double digit



+17% annual growth in wholesale portfolio

BBVA Bancomer has developed **digital solutions** to cater these segments.

We also have digital products such as:

- ✓ Net Cash (Cash management)
- ✓ BTrader
- ✓ Ecommerce





Retail lending

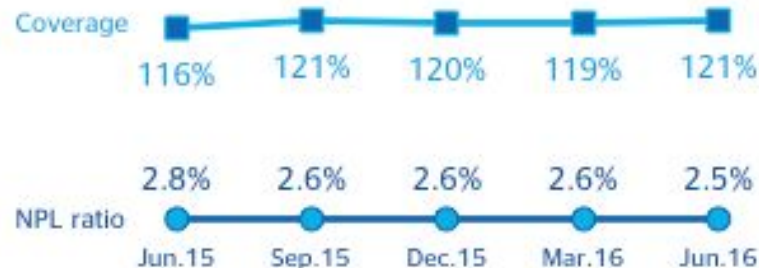
Wholesale lending

Asset quality

Deposits

## Continue improvement in asset quality indicators

### NPL & Coverage Ratio (%)



### Cost of Risk (%)





Retail lending

Wholesale lending

Asset quality

Deposits

## Stable deposit base maintaining a profitable funding mix

High dynamism of low cost deposits



**+18%** annual growth in banking deposits

Demand deposits: **+21%** yoy (81% of banking deposits)

Time deposits: **+8%** yoy (19% of banking deposits)



BBVA Send

**BBVA Send:** mobile app to send and receive money immediately using the phone number in the contacts (without the need to have the account number)

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## BBVA Bancomer: Financial Results

# Good evolution in NII and Fees & Commissions

## Net Interest Income

(million euros)

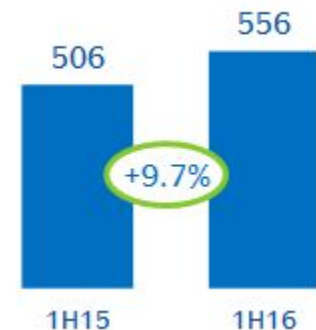
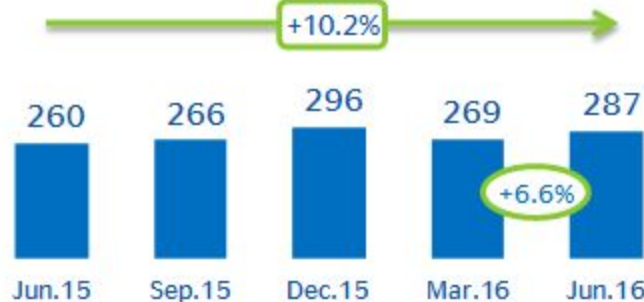
Driven by higher  
loan volumes



## Fees & Commissions

(million euros)

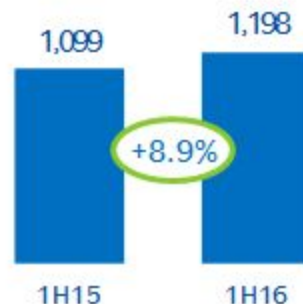
Growth in Credit card fees  
(customer transactions) and  
Electronic banking  
(corporate segment)



# Controlled expenses besides the ambitious investment plan

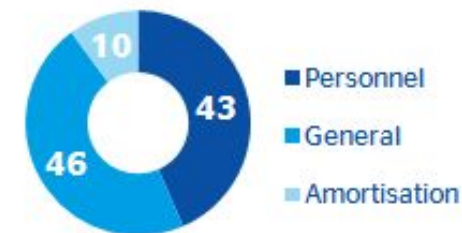
## Expenses

(million euros)

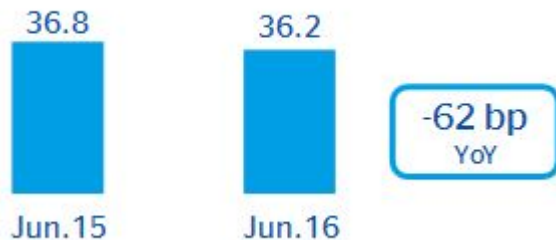


## Expenses Mix

(%)



## Efficiency Ratio (%)



Expenses breakdown (end of period in million euros)	1H16	YoY (% chng)
Personnel	519	6.7%
General	558	6.7%
Amortisation	121	33.7%
<b>Expenses</b>	<b>1,198</b>	<b>8.9%</b>

## Solid set of results

BBVA Mexico (million euros)	2Q16	QoQ % change	YoY % change	1H16	YoY % change
<b>Net Interest Income</b>	<b>1,284</b>	<b>0.9%</b>	<b>9.8%</b>	<b>2,556</b>	<b>11.8%</b>
Fees & Commissions	287	6.6%	10.2%	556	9.7%
Trading Income	54	27.7%	12.5%	97	5.6%
Other Income	52	9.0%	24.4%	101	0.8%
<b>Gross Income</b>	<b>1,678</b>	<b>2.8%</b>	<b>10.4%</b>	<b>3,309</b>	<b>10.9%</b>
Expenses	(606)	2.5%	8.7%	(1,198)	8.9%
<b>Operating Income</b>	<b>1,071</b>	<b>2.9%</b>	<b>11.3%</b>	<b>2,112</b>	<b>12.0%</b>
Impairment on financial assets	(410)	8.3%	13.5%	(788)	10.5%
Provisions and other gains	(5)	-72.9%	-76.9%	(24)	76.7%
<b>Income Before Tax</b>	<b>656</b>	<b>2.1%</b>	<b>13.4%</b>	<b>1,300</b>	<b>12.2%</b>
Taxes	(171)	6.3%	20.2%	(331)	16.9%
<b>Net Attributable Profit</b>	<b>486</b>	<b>0.7%</b>	<b>11.2%</b>	<b>968</b>	<b>10.6%</b>

# Sound capital and liquidity position

## Capital ratio

(%)



Minimum requirement:

12% for Total Capital\*

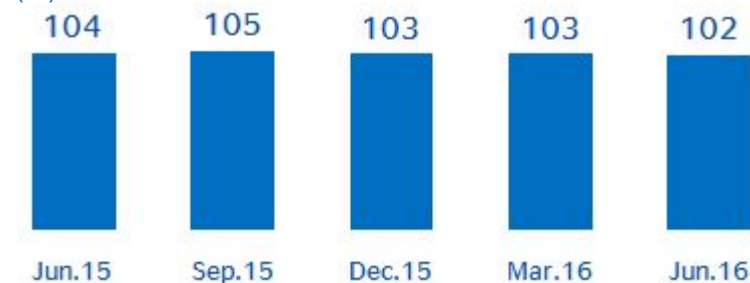
8.5% for Core Capital\*

Minimum requirement:

70% as of 2016

## Loans / Deposits

(%)



## CCL

(Local LCR, %)



\* The additional buffer of 1.5% will be phased in by 25% per year.  
Figures under local accounting standards with BBVA Bancomer data.

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Conclusions

# BBVA Bancomer is the most profitable bank in Mexico

Local information (local accounting standards - Mexican GAAP)

<b>JUNE 2016</b> <i>NIM, ROA, ROE and Efficiency in %</i> <i>Net Income in million euros</i>	<b>NIM</b> (total assets)	<b>ROA</b>	<b>ROE</b>	<b>Efficiency</b>	<b>Net Income</b>
<b>Bancomer</b>	<b>5.7</b>	<b>2.1</b>	<b>22.9</b>	<b>39.0</b>	<b>1,021</b>
Peer 1	5.7	1.6	11.4	52.1	510
Peer 2	4.3	1.5	13.0	45.6	451
Peer 3	3.8	1.2	12.5	42.6	359
Peer 4	4.9	1.6	13.2	59.2	147
Peer 5	4.4	0.7	7.8	66.6	102

Source: Quarterly Financial Groups Reports.  
 Peers: GF Banamex, GF Banorte, GF HSBC, GF Santander and GF Scotiabank

Net Income double the amount of the second competitor





**Ambitious investment plan to boost the business performance supported with a strategic focus in digital banking**

**Solid and high quality results with controlled expenses**

**Constant increase in commercial activity with a conservative approach to risk reflected in positive asset quality indicators**

**High solvency and liquidity levels**

*Leader franchise in Mexico increasing market share and improving profitability*



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