BBVA Bancomer
Leading franchise

Javier Malagon
Chief Financial Officer

Barclays Global Financial Services Conference
New York, September 14th 2016
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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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2. BBVA Bancomer: Strategy and activity

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1 BBVA Group
BBVA Bancomer is part of a global financial Group

- Europe
  - Germany / Belgium / Spain / France / Holland / Italy / Luxembourg / Malta / Portugal / U.K. / Romania / Russia / Switzerland / Turkey

- North America
  - USA / Mexico

- South America
  - Argentina / Bolivia / Brazil / Chile / Colombia / Paraguay / Peru / Uruguay / Venezuela

- Asia-Pacific
  - Australia / China / UAE / Hong Kong / India / Indonesia / Japan / South Korea / Singapore / Taiwan

- Europe
  - Germany / Belgium / Spain / France / Holland / Italy / Luxembourg / Malta / Portugal / U.K. / Romania / Russia / Switzerland / Turkey

As of June 2016:

- €746 billion in total Assets
- 67 million Customers
- 35 Countries
- 9,153 Branches
- 30,958 ATMs
- 137,310 employees
Gross income breakdown

- Mexico: 3,309 €m (27%)
- Spain: 3,304 €m (27%)
- USA: 1,330 €m (11%)
- Turkey: 2,154 €m (17%)
- South America: 1,999 €m (16%)
- Rest of Eurasia: 281 €m (2%)

Note: Figures exclude Corporate Center
2 BBVA Bancomer: Strategy and activity
BBVA Bancomer is the leader franchise in Mexico

BBVA Bancomer has presence throughout Mexico

Total: 1,821 branches

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, %)
- BBVA Bancomer: 23.9
- Peer 1: 14.4
- Peer 2: 14.1
- Peer 3: 13.1
- Peer 4: 6.5
- Peer 5: 5.6

**Deposits** (Mkt Shr as of Jun 2016, %)
- BBVA Bancomer: 23.5
- Peer 1: 16.4
- Peer 2: 13.7
- Peer 3: 14.0
- Peer 4: 7.3
- Peer 5: 5.3

**Net Income** (Mkt Shr as of Jun 2016, %)
- BBVA Bancomer: 33.3
- Peer 1: 16.6
- Peer 2: 14.7
- Peer 3: 11.7
- Peer 4: 4.4
- Peer 5: 3.3

Source: CNBV with total banks as of June 2016. POS: Active POS, this information can differ from public information from CNBV (Total POS=253,520)
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

Combining "the digital experience" with a "human touch"

Adapting our strategy to the real needs of our customers

Digital and Mobile Customers
(Data in thousands)

Digital
+23% yoy

Mobile
+30% yoy

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).

Source: BBVA Bancomer with figures of Cecoban and CNBV.
As a result of this strategy, we maintain a positive financial performance

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

- Jun.15: 40
- Sep.15: 42
- Dec.15: 43
- Mar.16: 44
- Jun.16: 46

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

- Jun.15: 36
- Sep.15: 38
- Dec.15: 40
- Mar.16: 41
- Jun.16: 43

**Rates & Customer Spread**
(%)

- Loans:
  - Jun.15: 11.8
  - Sep.15: 10.8
  - Dec.15: 10.5
  - Mar.16: 10.7
  - Jun.16: 11.7

- Customer Spread:
  - Jun.15: 1.0
  - Sep.15: 1.1
  - Dec.15: 1.0
  - Mar.16: 1.0
  - Jun.16: 1.0

- Deposits:
  - Jun.15: 10.8
  - Sep.15: 10.5
  - Dec.15: 10.7
  - Mar.16: 10.8
  - Jun.16: 10.6

Figure under consolidated vision for BBVA businesses in Mexico.
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
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
Continue improvement in asset quality indicators

**NPL & Coverage Ratio (%)**

- Coverage: 116%, 121%, 120%, 119%, 121%

- NPL ratio: 2.8%, 2.6%, 2.6%, 2.6%, 2.5%

**Cost of Risk (%)**

- June 2015: 3.4%
- September 2015: 3.4%
- December 2015: 3.3%
- March 2016: 3.2%
- June 2016: 3.3%

Figures under consolidated vision for BBVA businesses in Mexico.
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: mobile app to send and receive money immediately using the phone number in the contacts (without the need to have the account number)
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

<table>
<thead>
<tr>
<th>(million euros)</th>
<th>1H15</th>
<th>1H16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>519</td>
<td>606</td>
</tr>
<tr>
<td>General</td>
<td>558</td>
<td>604</td>
</tr>
<tr>
<td>Amortisation</td>
<td>121</td>
<td>606</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td><strong>1,099</strong></td>
<td><strong>1,198</strong></td>
</tr>
</tbody>
</table>

+8.7% YoY

### Expenses Mix

- Personnel: 46%
- General: 10%
- Amortisation: 43%

### Efficiency Ratio (%)

<table>
<thead>
<tr>
<th></th>
<th>Jun.15</th>
<th>Jun.16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Efficiency Ratio (%)</td>
<td>36.8</td>
<td>36.2</td>
</tr>
</tbody>
</table>

-62 bp YoY

### Expenses breakdown

<table>
<thead>
<tr>
<th>(end of period in million euros)</th>
<th>1H16</th>
<th>YoY (% chng)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>519</td>
<td>6.7%</td>
</tr>
<tr>
<td>General</td>
<td>558</td>
<td>6.7%</td>
</tr>
<tr>
<td>Amortisation</td>
<td>121</td>
<td>33.7%</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td><strong>1,198</strong></td>
<td><strong>8.9%</strong></td>
</tr>
</tbody>
</table>

Figures under consolidated vision for BBVA businesses in Mexico.
### Solid set of results

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

Figures under consolidated vision for BBVA businesses in Mexico.
Sound capital and liquidity position

**Capital ratio (%)**

<table>
<thead>
<tr>
<th></th>
<th>Jun.15</th>
<th>Sep.15</th>
<th>Dec.15</th>
<th>Mar.16</th>
<th>Jun.16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 2</td>
<td>10.7</td>
<td>10.7</td>
<td>11.0</td>
<td>10.7</td>
<td>10.8</td>
</tr>
<tr>
<td>Tier 1</td>
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</tbody>
</table>

Minimum requirement: 12% for Total Capital*
8.5% for Core Capital*

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

**Loans / Deposits (%)**

<table>
<thead>
<tr>
<th></th>
<th>Jun.15</th>
<th>Sep.15</th>
<th>Dec.15</th>
<th>Mar.16</th>
<th>Jun.16</th>
</tr>
</thead>
<tbody>
<tr>
<td>104</td>
<td></td>
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<tr>
<td>105</td>
<td></td>
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<tr>
<td>103</td>
<td></td>
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<tr>
<td>103</td>
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<td></td>
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<tr>
<td>102</td>
<td></td>
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<td></td>
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<td></td>
</tr>
</tbody>
</table>

**CCL (Local LCR, %)**

<table>
<thead>
<tr>
<th></th>
<th>Jun.15</th>
<th>Sep.15</th>
<th>Dec.15</th>
<th>Mar.16</th>
<th>Jun.16</th>
</tr>
</thead>
<tbody>
<tr>
<td>109.36</td>
<td></td>
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<td></td>
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<tr>
<td>108.84</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>118.25</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>118.72</td>
<td></td>
<td></td>
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<tr>
<td>121.78</td>
<td></td>
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</tr>
</tbody>
</table>

Minimum requirement: 70% as of 2016
4 Conclusions
BBVA Bancomer is the most profitable bank in Mexico

Local information (local accounting standards - Mexican GAAP)

<table>
<thead>
<tr>
<th></th>
<th>NIM</th>
<th>ROA</th>
<th>ROE</th>
<th>Efficiency</th>
<th>Net Income</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Bancomer</strong></td>
<td>5.7</td>
<td>2.1</td>
<td>22.9</td>
<td>39.0</td>
<td>1,021</td>
</tr>
<tr>
<td>Peer 1</td>
<td>5.7</td>
<td>1.6</td>
<td>11.4</td>
<td>52.1</td>
<td>510</td>
</tr>
<tr>
<td>Peer 2</td>
<td>4.3</td>
<td>1.5</td>
<td>13.0</td>
<td>45.6</td>
<td>451</td>
</tr>
<tr>
<td>Peer 3</td>
<td>3.8</td>
<td>1.2</td>
<td>12.5</td>
<td>42.6</td>
<td>359</td>
</tr>
<tr>
<td>Peer 4</td>
<td>4.9</td>
<td>1.6</td>
<td>13.2</td>
<td>59.2</td>
<td>147</td>
</tr>
<tr>
<td>Peer 5</td>
<td>4.4</td>
<td>0.7</td>
<td>7.8</td>
<td>66.6</td>
<td>102</td>
</tr>
</tbody>
</table>

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
BBVA Bancomer
Leading franchise

Javier Malagon
Chief Financial Officer

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