

BBVA

Creando Oportunidades

BBVA Mexico

Eduardo Osuna Osuna

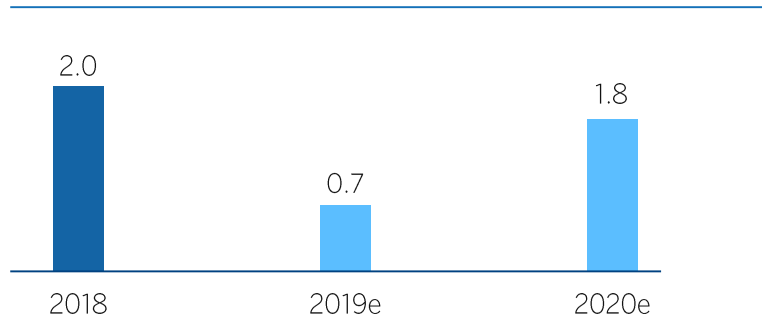
September 2019



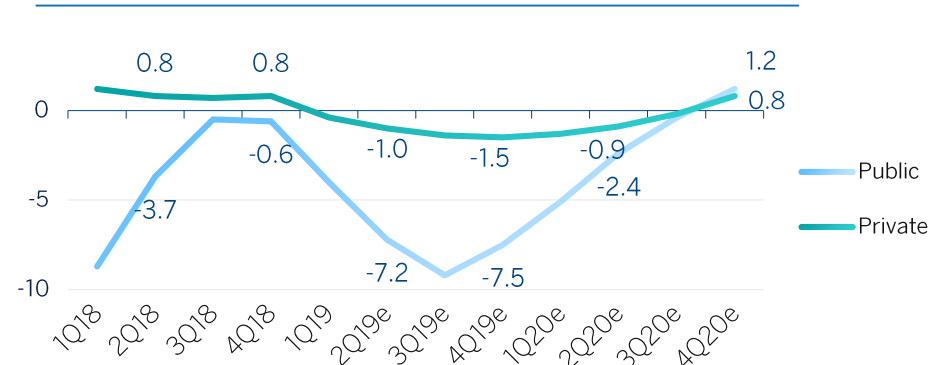
Macro Overview

Challenging macro enviroment

GDP GROWTH (YoY, %)



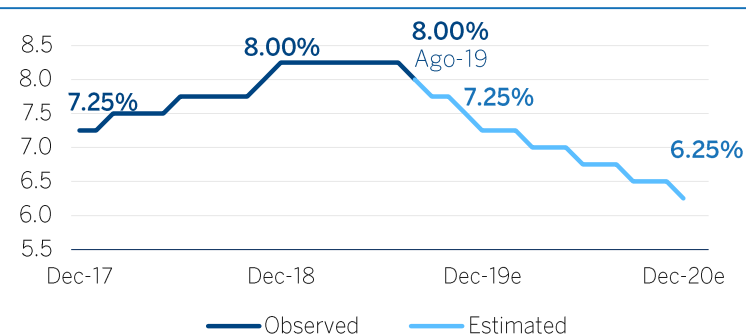
PUBLIC AND PRIVATE INVESTMENT (YoY, %)



INFLATION (YoY, %)



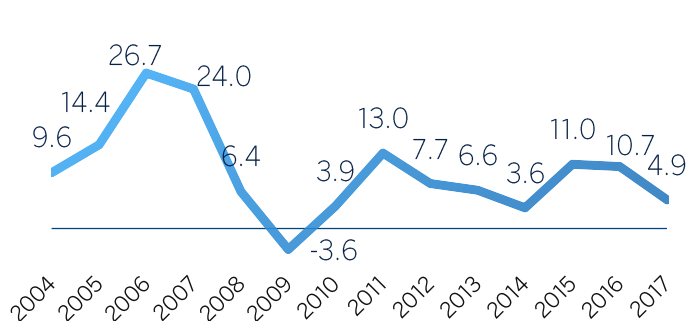
MONETARY POLICY INTEREST RATE (%)



But a positive outlook for banking

BANKING SYSTEM LOAN GROWTH

(YoY, % in real terms)



Source: Banxico / BBVA Research

2004-2017

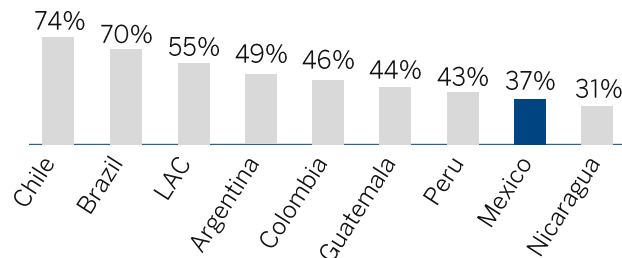
GDP average growth 2.5%

Banking system average loan growth 9.9%

4X GDP

BANKING PENETRATION

(% of >15Y old population with checking account in 2017)



Source: World Bank

LAC: Latin American and the Caribbean

OPPORTUNITIES

- **Government** making efforts to **boost formalization / cashless economy**
- **CoDi** expected to **increase bancarization**, enhancing financial inclusion and reducing the use of cash
- **Strictly regulated** and highly monitored financial system
- **Population bonus:** 1.05% CAGR estimated for period 2018-2030¹
- **Young population:** 27 years old average

(1) Source: CONAPO and INEGI



Creando Oportunidades

1S 2019 Results

OUR PURPOSE

“ To bring the age of opportunity to everyone ”

BBVA's Coverage in Mexico



BBVA MEXICO INSIGHTS 6M 2019

ACTIVITY

Solid growth

+4.9%
Loans
vs. Jun-18

+5.1%
Client Deposits
vs. Jun-18

COST OF RISK

Best historical levels

2.98%
Cost of Risk
6M19

148%
Coverage Ratio
Jun-19

RESULTS

In line with expectations

+5.6%
Gross Margin
vs. 6M18

+4.7%
Expenses
vs. 6M18

+0.6%
Net Profit
vs. 6M18

+4.3%
excl. one-offs*

Figures under consolidated vision for BBVA businesses in Mexico.

(*) Excl. gains from Real Estate sales in 1S18

As of Jun-19

INFRASTRUCTURE



1,821
Branches



12,811
ATMs



20 M
Clients

SOCIAL FOOTPRINT



37.3 k
Employees

INNOVATION



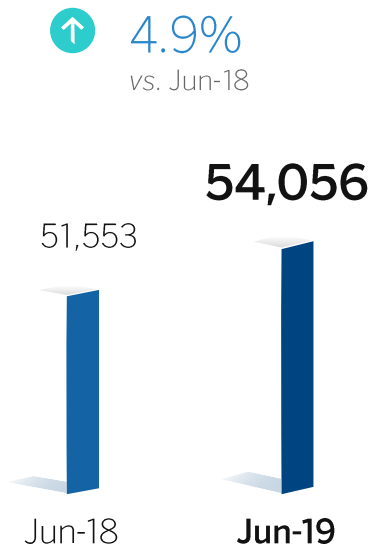
8.4 M
Digital Clients



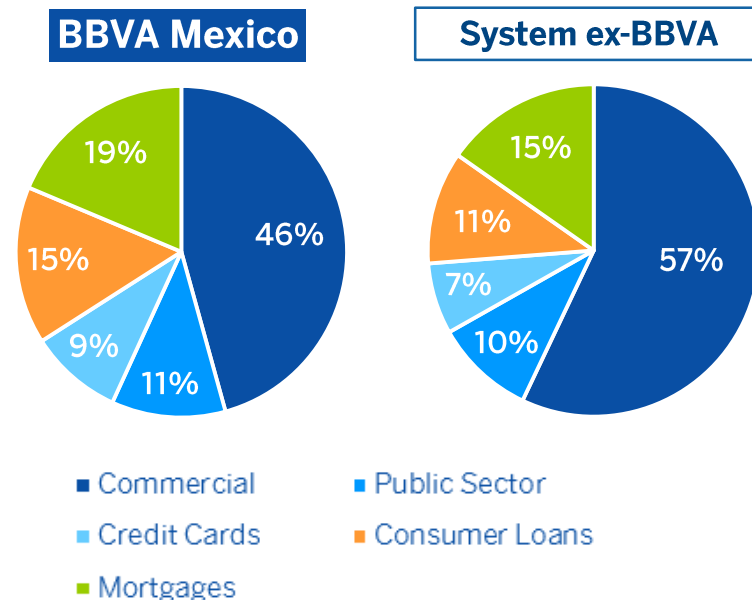
55%
Digital sales /
Total sales (in units)

Loan growth supported by retail

PERFORMING LOANS (Million euros constant)

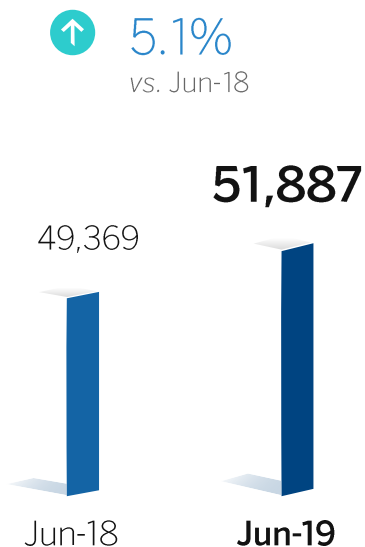


LOAN PORTFOLIO MIX



With a profitable funding mix

CUSTOMER DEPOSITS (Million euros constant)



Demand Deposits

40,388 M€

↑ 2.9%
vs. Jun-18

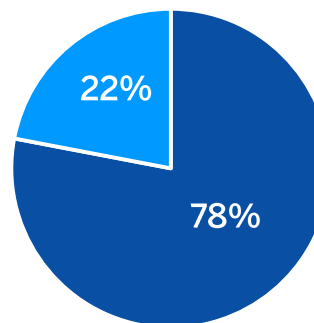
Time Deposits

11,498 M€

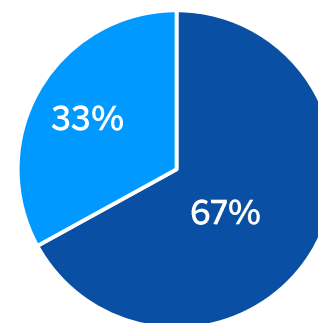
↑ 13.6%
vs. Jun-18

CUSTOMER DEPOSIT MIX

BBVA Mexico



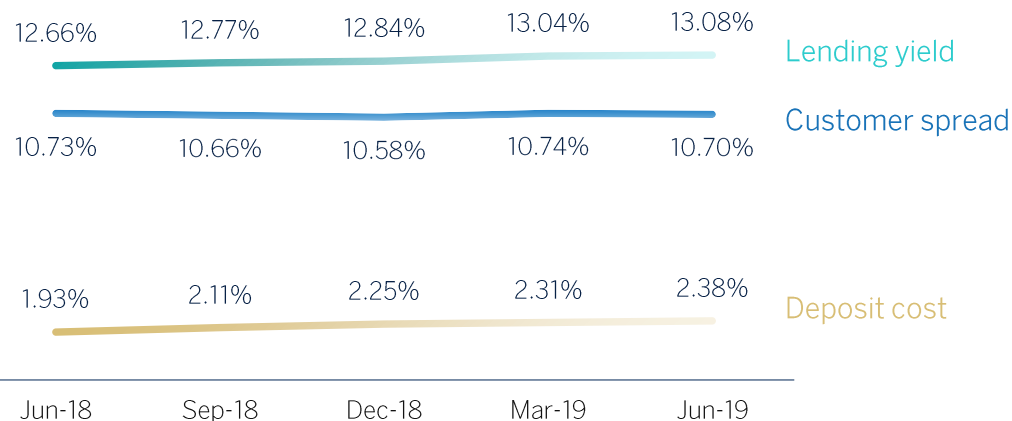
System ex-BBVA



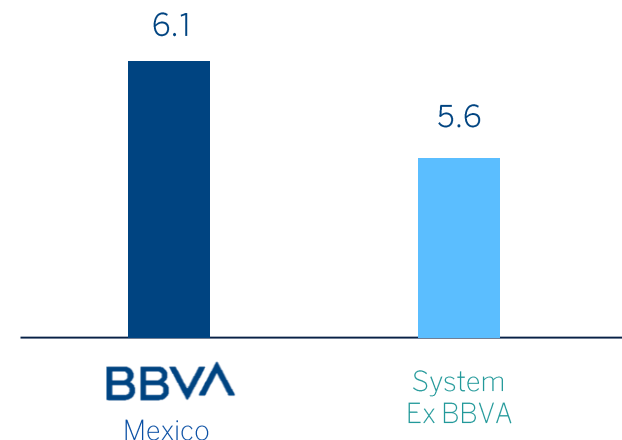
■ Demand Deposits ■ Time Deposits

BBVA Mexico loan and funding mix reflected in higher NIM vs peers

CUSTOMER SPREADS



BBVA MEXICO NIM (1S19, %)

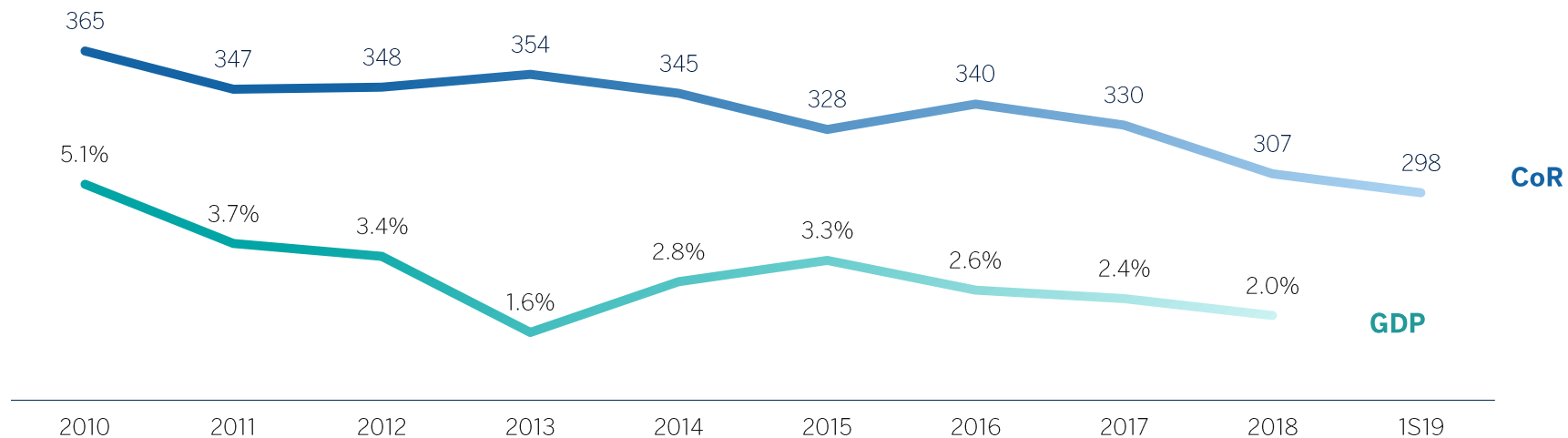


Source CNBV

Cost of risk at historically low level

BBVA MEXICO COST OF RISK VS REAL GDP GROWTH

(CoR in bps, GDP % YoY)



BBVA Mexico P&L evolution

P&L 6M19 (M€)

	6M19 (M€)	6M18 (M€)	Δ constant € vs 6M18 (%)	Δ current € vs 6M18 (%)
Net Interest Income	3,042	2,823	+7.8	+14.9
Fees & Commissions	621	628	-1.0	+5.5
Trading Income	135	154	-11.8	-6.0
Other Income and expenses	102	89	+14.0	+21.6
Gross Income	3,901	3,693	+5.6	+12.6
Operating expenses	(1,290)	(1,232)	+4.7	+11.6
Operating Income	2,611	2,461	+6.1	+13.1
Impairment on financial assets	(818)	(755)	+8.4	+15.5
Provisions and other gains and losses	(10)	57	n.s.	n.s.
Income Before Tax	1,783	1,764	+1.1	+7.8
Taxes	(496)	(484)	+2.5	+9.2
Net Attributable Profit	1,287	1,279	+0.6	+7.2
Efficiency ratio	33.1%	33.4%		

+ 4.3%
Excl. one-offs*

+ 11.3%
Excl. one-offs*

Figures under consolidated vision for BBVA businesses in Mexico.

(*) Excl. gains from Real Estate sales in 1S18

Strong leadership positioning in Mexico

LOANS



BBVA	22.3%
Peer 1	14.3%
Peer 2	13.1%
Peer 3	12.7%

CUSTOMER DEPOSITS



BBVA	23.4%
Peer 1	14.3%
Peer 2	13.7%
Peer 3	13.6%

NET PROFIT



BBVA	29.1%
Peer 1	16.9%
Peer 2	13.3%
Peer 3	11.0%

NPS



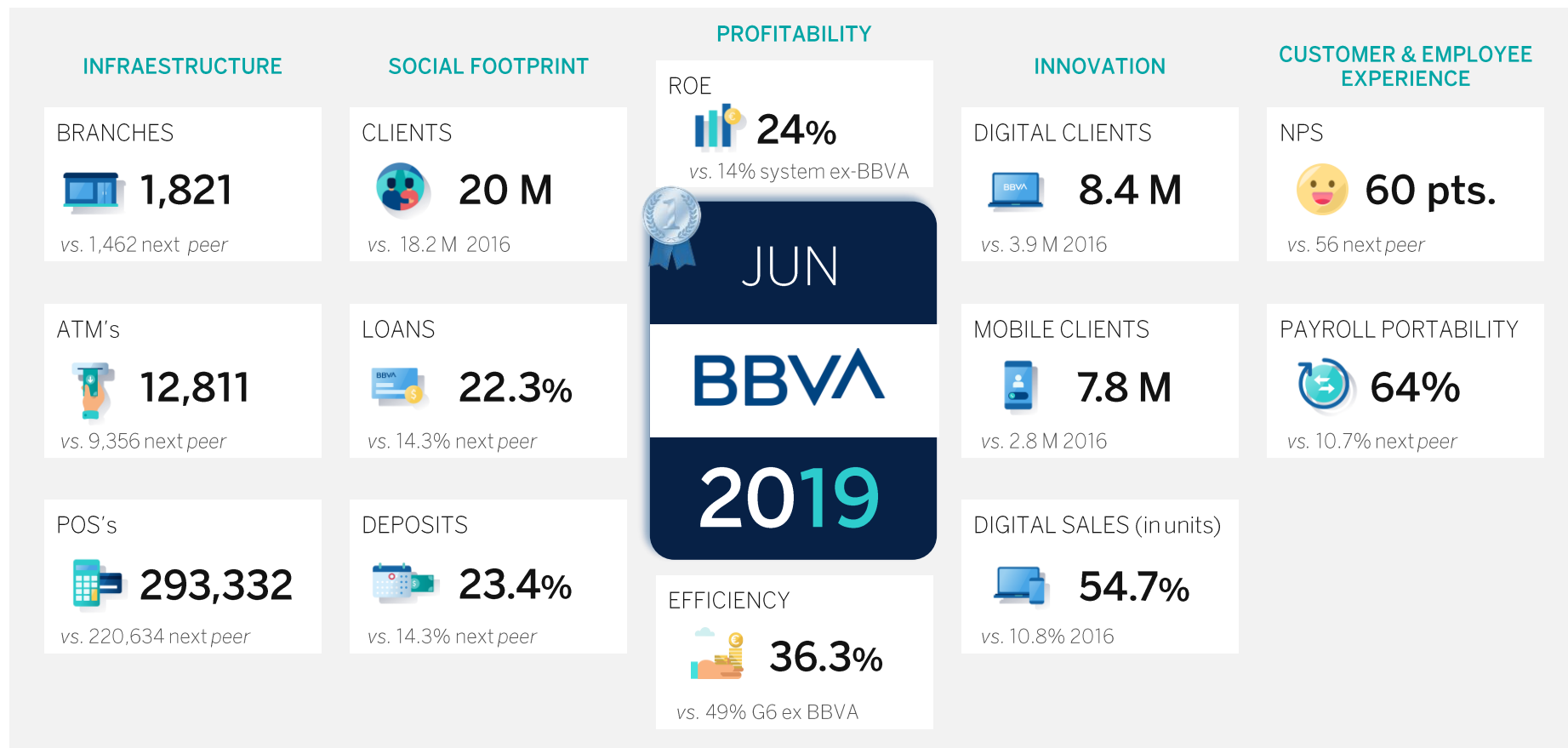
BBVA	60
Peer 1	56
Peer 2	51
Peer 3	44



Creando Oportunidades

BBVA Mexico's Evolution

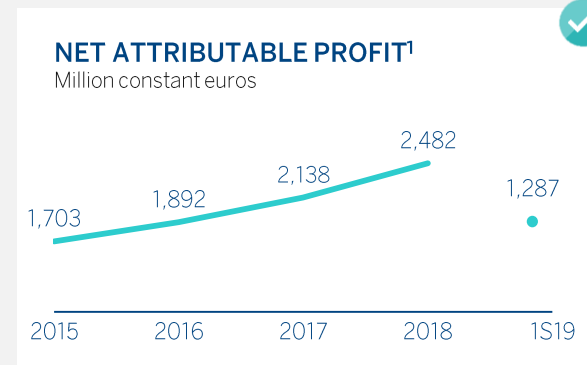
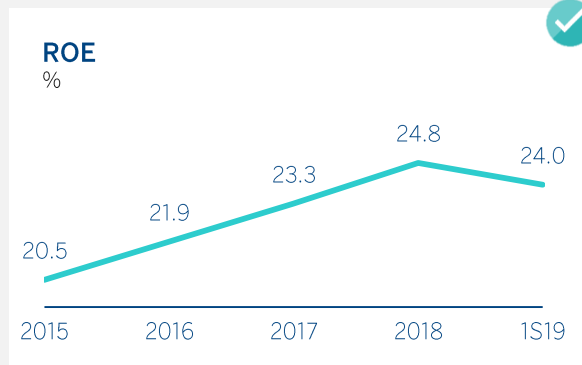
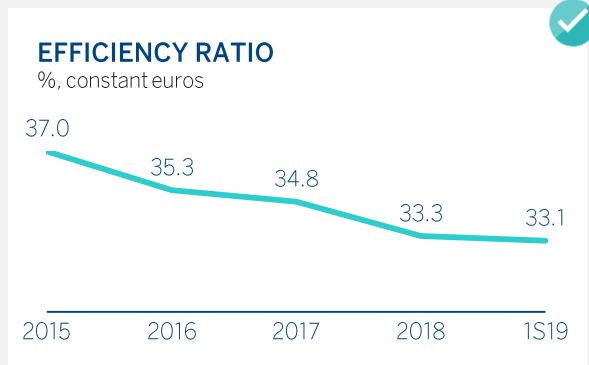
We have achieved a transversal leadership



ROE and Efficiency according to local numbers

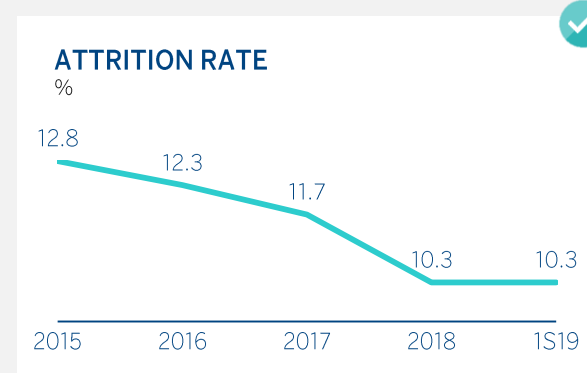
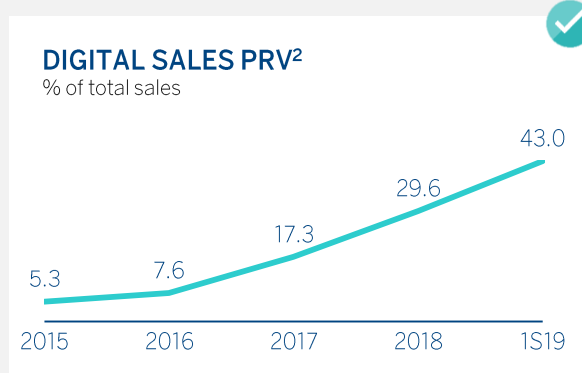
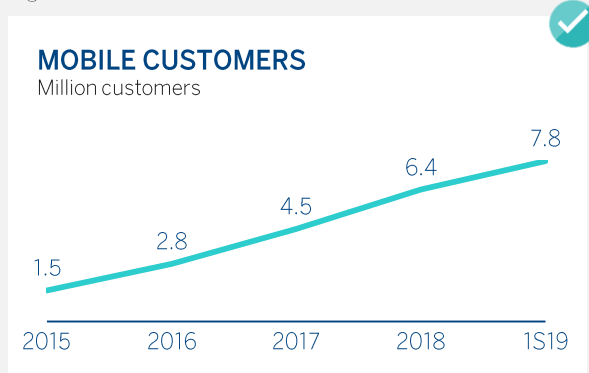
G6 ex BBVA: Banorte, Santander, Citibanamex, HSBC and Scotiabank

Positive evolution of Financial and Non-Financial KPIs



Figures under consolidated vision for BBVA businesses in Mexico

Local numbers

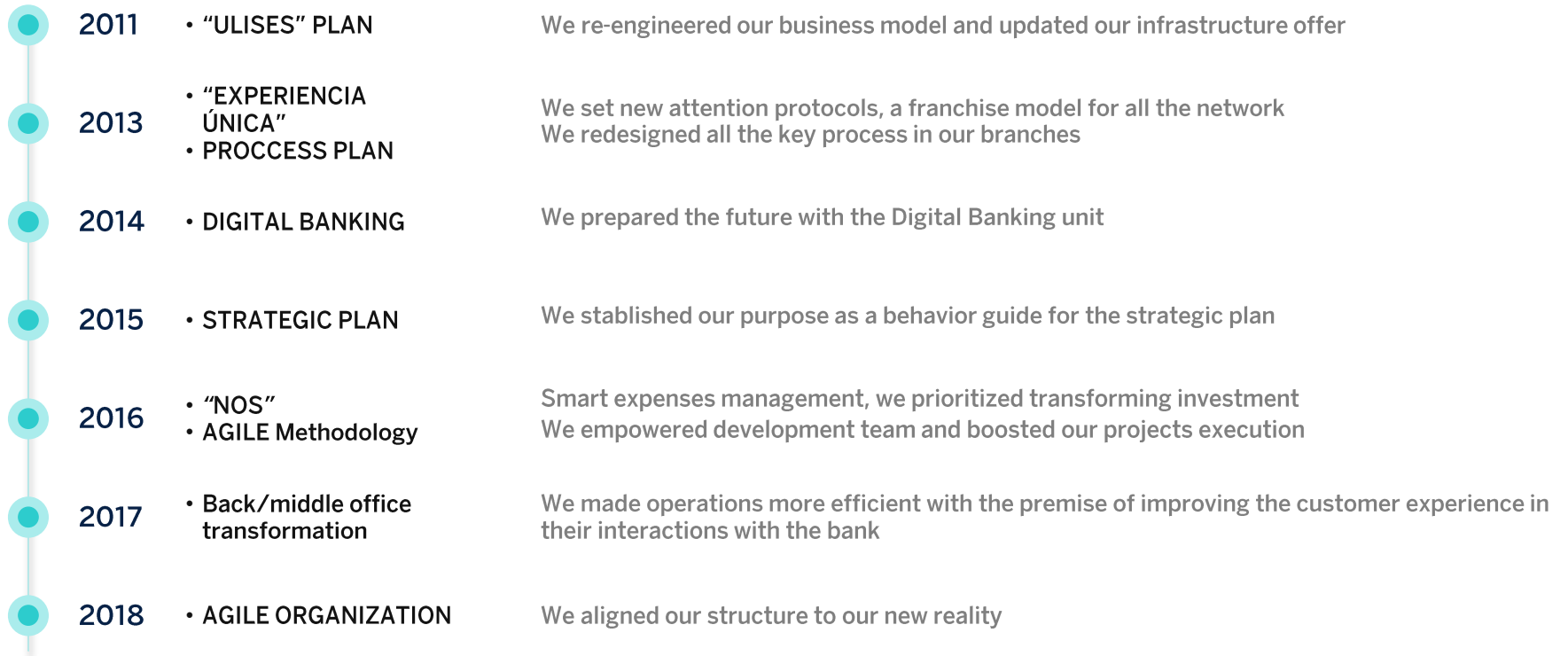


(1) Constant Euros calculated with a FX of 21.81 MXN/EUR

(2) PRV: Product Relative Value. Proxy for economic value of units sold

... However, **it was not
always this way**

In 2010 BBVA Mexico started a transformation process



Infrastructure investments have been a key lever on BBVA's strategy

Growing the business while maintaining infrastructure



BRANCHES

Number

Municipalities with a banking branch: 39%
Municipalities w/BBVA presence: 23%

IRR
29%

1,819 → 1,835 ◀ +1% vs. 2015

Market Share

BBVA
Next Peer

Mar.15 → Mar.19
14.4 → 14.3 (-10 pb)
12.2 → 11.4

Penetrating commercial businesses faster than others



POS

Thousands

192 → 290 ◀ +51% vs. 2015
159 ● 224 ●

Market Share

BBVA
Next Peer

Mar.15 → Mar.19
25.8 → 27.5 (+167 pb)
21.4 → 21.2 New Next Peer

Evolving into smart ATMs



ATM'S

Number

Mix Devices
ATM 86% → 65%
Smart ATM 14% → 35%
+230% in number
9,284 → 12,640 ◀ +36% vs. 2015

Market Share

BBVA
Next Peer

Mar.15 → Mar.19
21.6 → 23.4 (+180 pb)
16.7 → 17.3

Getting closer to clients through correspondents



CORRESPONDENTS - MERCHANTS

Thousands

26 → 35 ◀ +32% vs. 2015
19 ● 29 ●

Market Share

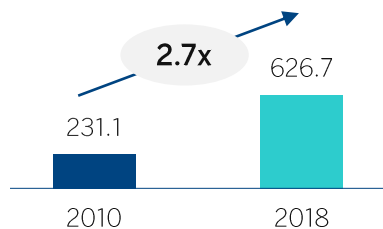
BBVA
Next Peer

Mar.15 → Mar.19
19.0 → 12.7 (-628 pb)
13.8 → 10.4 New Next Peer

Transactional growth through efficient channels, with no employee growth and greater customer satisfaction

MONTHLY AVERAGE TRANSACTIONS

Million of Transactions Financial and Non-Financial



- Improving operations in traditional channels and **strengthening the most efficient channels**

Monthly average transactions (millions)

2010

2018



Tellers

28.1

16.6

-41% ↓



ATM's

65.3

87.6

+34% ↑



Mobile App

0.3

251.5

+743% ↑

Others¹

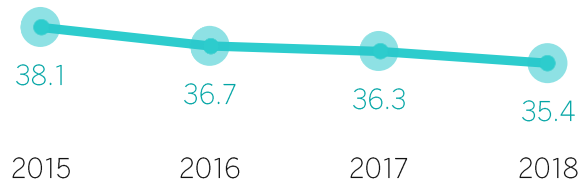
137.4

271.0

+97% ↑

EMPLOYEE EVOLUTION

Grupo Financiero BBVA Bancomer, Thousands



NPS SURVEY

Dec 2015

Dec 2018

52 pts.

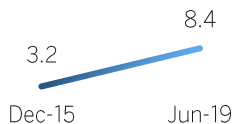
60 pts.

¹ Includes POS, correspondents, digital, call center and direct debits

Digital activity growing consistently

DIGITAL CUSTOMERS

Millions

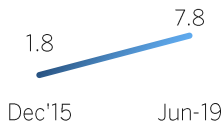


CAGR
2015 - 2018
+32%

Var. J19 – D15
+163%

MOBILE CUSTOMERS

Millions

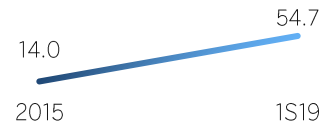


CAGR
2015 - 2018
+52%

Var. J19 – D15
+333%

DIGITAL SALES (in units)

% over total sales



BBVA Mexico in 6M 2019

BBVA MEXICO SALES



1.5 millions
Digital Loans

- CC
- Personal
- Consumer Finance
- Mortgages
- SME



794 k
Digital accounts

- "Libretón"
- "Link Card"



816 k
Digital Insurance

- Car
- Life
- Home

SERVICING



1,850 million
Mobile App transactions

- 308 M txns avg. per month in 2019



431 k
Mobile money transfers (*Send App*)

- Accounts BBVA
- Other Banks accounts



27 million
Withdrawals w/
mobile phone

- 40 billions pesos
- 6.8 M Clients

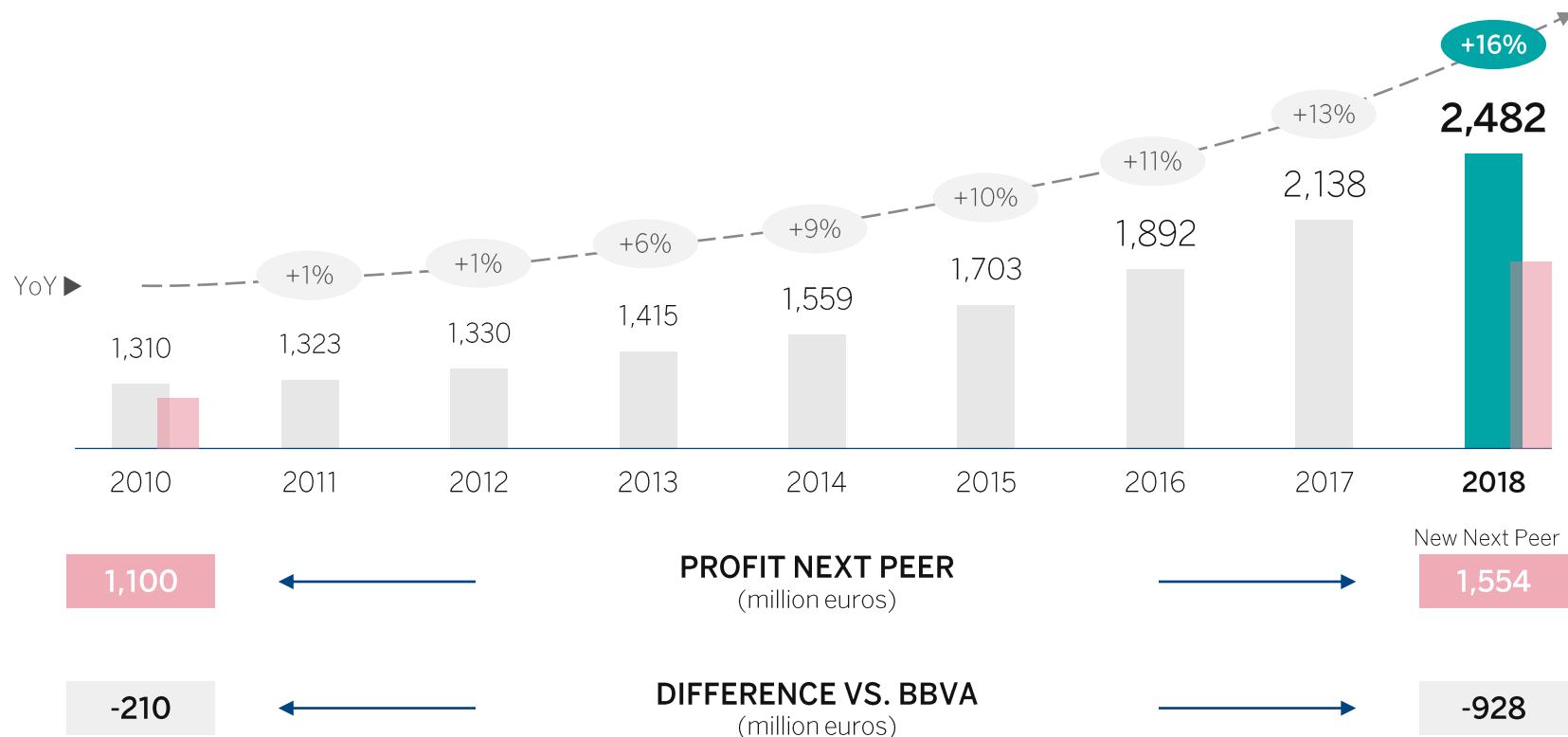
1.6 million new digital clients in 1S19



Transformation boosting net attributable profit

BBVA Mexico NET ATTRIBUTABLE PROFIT EVOLUTION

Million constant euros ⁽¹⁾



(1) Constant Euros calculated with a FX of 21.81 MXN/EUR

Social Responsibility

Committed with Mexico



Socially Responsible Company Award (SRC)

BBVA Bank : **19** years
BBVA Insurance: **11** years
BBVA Pension fund: **3** years



1st place in Corporate Social Responsibility

- * Improvement of the environment and the community
- * Impact in the country
- * Involvement of suppliers, consumers and employees



1st private bank in Mexico to issue a green bond

aligned with the 2025 commitment of BBVA Group,
an initiative to combat climate change



Nation-wide scholarship program

- **6k students** per year (150 k applicants)
- **+235k scholarships** (since 2002)



OCI Agreement

- **1k students** per year
- **43k scholarships** awarded (since 2002)



Shared scholarship agreements with universities



25 schools rebuilt after sep'17 earthquakes

- **16k** student benefited

Committed to Mexico through the promotion of education

BBVA

Creando Oportunidades

BBVA Mexico

Eduardo Osuna Osuna

September 2019

