



Third Quarter 2020

Conference Call Presentation

October | 2020

1. Main Drivers under COVID

- ▶ Asset Quality, Liquidity, ICAP, Profitability, Additional Allowance
-

2. Results vs. Guidance

3. Relief Program Update

4. Loan growth portfolio and Deposits

5. Cost of Funding and Liquidity

6. Efficiency Ratio

▶ Main Drivers under COVID

	3Q20	
	BANBAJIO	SYSTEM *
▶ Asset Quality		
NPL Ratio	0.87 %	2.06 %
NPL Adjusted Ratio	1.71 %	4.76 %
Coverage Ratio	235.63 %	173.44 %
Cost of Risk	1.78 %	2.50 %
▶ Liquidity		
CCL – Liquidity Coverage Coefficient as of September 30 th (Minimum Regulatory 100%)	142.56 %	
▶ Capitalization		
ICAP September 2020 (preliminary)	16.43 %	17.16 %
TIER I	16.40 %	15.47 %
▶ Profitability**		
Total Revenues	-12.7 %	-5.2 %
Operating Expenses	-5.9 %	1.8 %
Efficiency Ratio	46.93 %	55.64 %
Change vs 3Q19	341 bps	382 bps
ROAE	9.0 %	11.8 %
▶ Additional Allowance for Loan Losses 3Q20	\$ 511.79	

Created during **3Q20** (Million Pesos)

* Last available information for the system **August 2020**.

** System includes last available information of **July and August 20** period.

▶ Results vs. Guidance

	GUIDANCE 2020	AS OF SEPTEMBER 2020
▪ Loan Growth	4% - 7%	7.0%
▪ Deposits Growth	10% - 12%	15.3%
▪ NIM	4.4% - 4.5%	4.75%
▪ Net Interest Income Change	(10.5%) – (11.7%)	(7.3%)
▪ Non Interest Income Growth	2.5% – 3.0%	1.7%
▪ Expenses Growth	0% - 2%	(0.1%)
▪ Efficiency Ratio	Below 50%	46.4%
▪ Cost of Risk	Below 1.6%	1.51%
▪ Net Income (Million Pesos)	\$2,800 - \$3,200	\$2,702
▪ ROAE	8.0% - 10.0%	11.0%
▪ NPL Ratio	Below 1.6%	0.87%
▪ Coverage Ratio	180% - 200%	235.6%
▪ Capitalization Ratio*	Above 15.0%	16.4%

▶ **Additional Allowance for Loan Losses 2020**

\$ 1,129.25

Created during **2020** (Million Pesos)

• Consider Banxico Interest Rate of 4.5%

* Preliminary for September 2020, in revision by CNBV and BANXICO.

▶ Relief Program Update

▪ Status of Relief Program as of September 30th

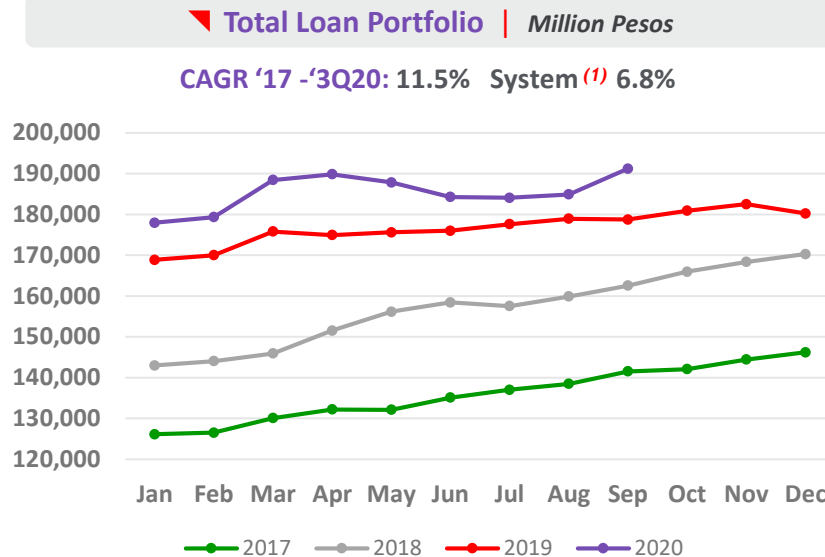
	Balance as of Sept 30 th *	Adhered Loans *	% of adhered loans
Company Loans and Financial Entities	163,895	42,459	25.9 %
Consumer	2,503	755	30.2 %
Mortgages	6,772	3,902	57.6 %
▶ Eligible Loan Portfolio	173,170	47,116	27.2 %
Government	18,025	-	-
▶ Total Loan Portfolio	191,195	47,116	24.6 %

* Million Pesos

▶ Loan Growth Portfolio and Deposits

- Total Loan Portfolio grew 7.0% in 3Q20 Y o Y.
- Company Loans, which represents our core business, increased 3.6 %.

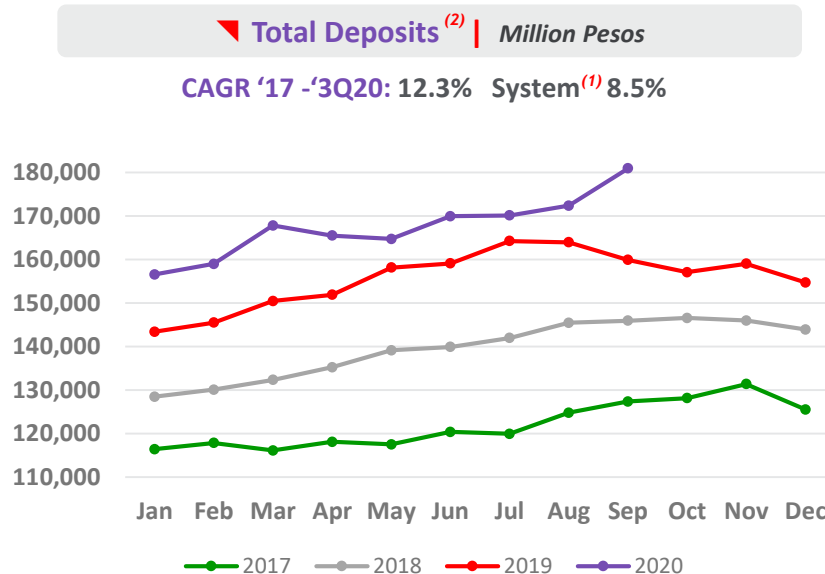
	Y o Y	Yield	
		3Q19	3Q20
Company Loans*	3.6 %	11.36 %	8.39 %
Government	54.2 %		
Consumer	22.7 %		-2.97 %
Mortgage	-1.2 %		



- Total Deposits (TD) grew 15.3% in 3Q20.

	Y o Y	Cost	
		3Q19	3Q20
TD	Demand Deposits	19.8 %	5.64 %
	Time Deposits	8.2 %	3.72 %
	Notes	100.0 %	-1.92 %
	Repos	-22.5 %	
	Interbank Loans**	17.7 %	

TIIE average: 3Q19 8.35 % }
 3Q20 4.98 % } -3.37 %



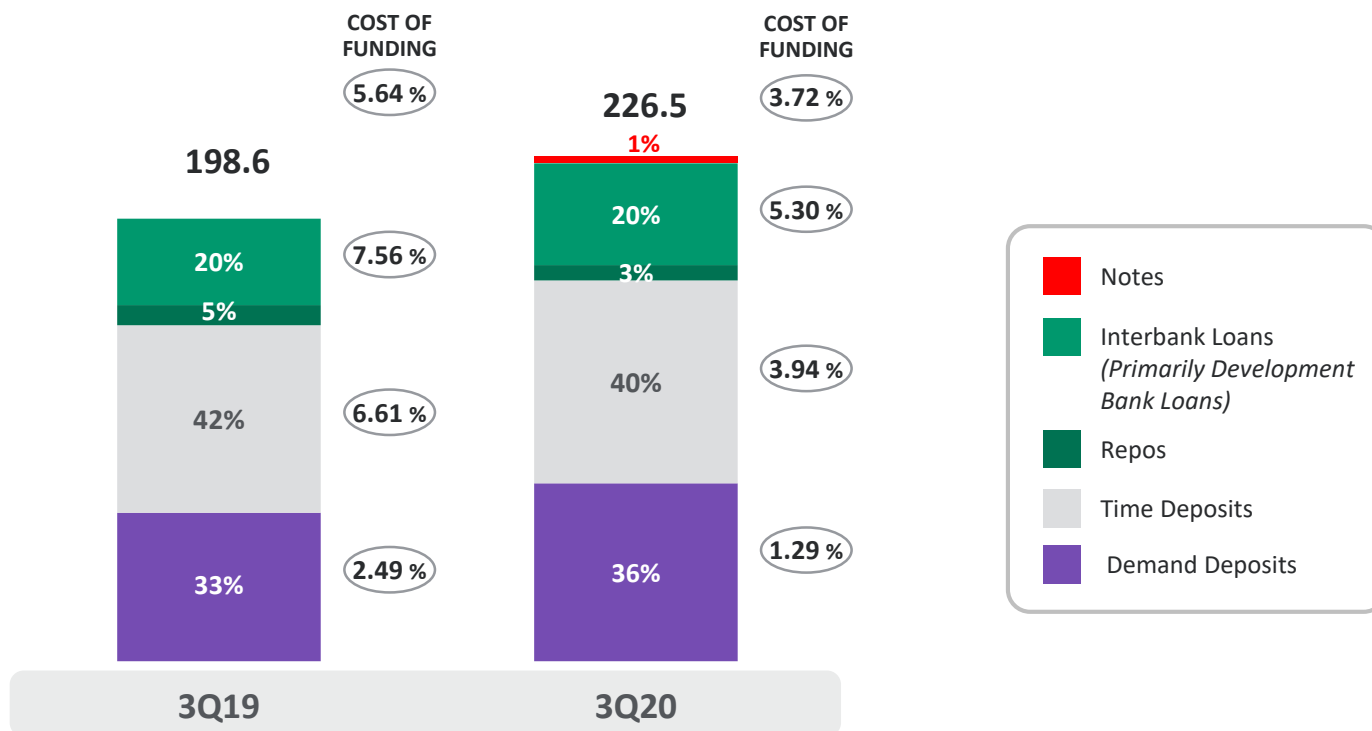
* Includes financial entities.
 ** Mostly development banks.

1. Total Banca Multiple consolidated figures August 20.

2. Includes Repos.

▶ Cost of Funding and Liquidity

▪ Funding Breakdown | Ps\$ Bn



▪ Cash and Investments Growth | Includes Repos

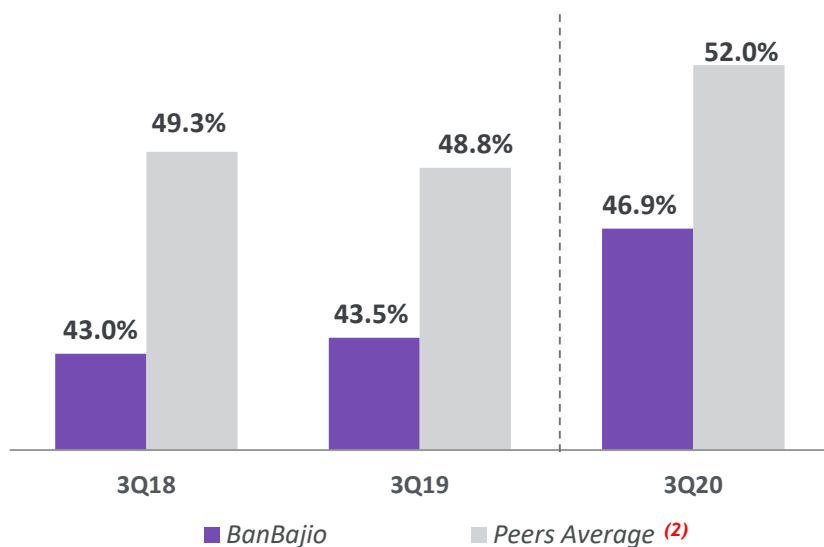
Strong deposits growth, allowed us to increase total amount of liquid assets by Ps. 20,478 million, **42.8%**.

▶ Efficiency Ratio

- Efficiency Ratio for 3Q20 stood at 46.9% and 46.4% for 9M20, System 53.0%.

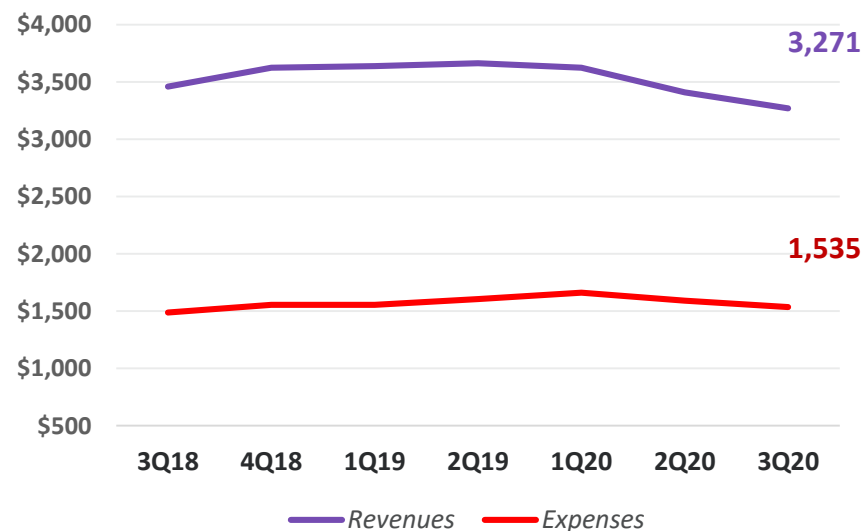
▼ Efficiency Ratio Evolution vs. Peers

Operating Expenses/Total Revenues ⁽¹⁾ | %



▼ Total Revenues and Expenses ⁽¹⁾

Ps\$ MM | Quarterly



Source: Company information

Notes:

⁽¹⁾ Total Revenues (excluding Loan Loss Provisions).

⁽²⁾ Peers Include: Banorte, Banregio, BBVA Bancomer, Citibanamex, HSBC, Santander and Scotiabank consolidated figures; last available information for the July and August 2020 period.

▶ Income Statement

Ps\$ MM				Var.	
	3Q19	2Q20	3Q20	Y o Y	Q o Q
▪ Interest Income	\$5,943	\$5,124	\$4,692	-21.0%	-8.4%
▪ Interest Expense	(\$2,804)	(\$2,239)	(\$2,061)	-26.5%	-7.9%
Financial Margin	\$3,139	\$2,885	\$2,631	-16.2%	-8.8%
▪ Net Fees & Commissions	\$456	\$443	\$480	5.3%	8.4%
▪ Trading Income	\$155	\$60	\$148	-4.5%	146.7%
▪ Other Operating Income / (Expense) *	(\$2)	\$22	\$12	-700.0%	-45.5%
Non Interest Income	\$609	\$525	\$640	5.1%	21.9%
Total Revenues	\$3,748	\$3,410	\$3,271	-12.7%	-4.1%
▪ Allowance for Loan Losses*	(\$227)	(\$963)	(\$835)	267.8%	-13.3%
▪ Operating Expenses	(\$1,631)	(\$1,591)	(\$1,535)	-5.9%	-3.5%
▪ Equity in income of unconsolidated subsidiaries	\$1	\$9	-	-100.0%	-100.0%
Income Before Taxes	\$1,891	\$865	\$901	-52.4%	4.2%
▪ Taxes	(\$502)	(\$160)	(\$142)	-71.7%	-11.3%
Net Income	\$1,389	\$705	\$759	-45.4%	7.7%
▪ Effective Tax Rate	26.5%	18.5%	15.8%		

* Adjustment in 3Q19 in accordance with an accounting principle effective January 2020, where recoveries are net of allowance for loans losses

▶ Income Statement

Ps\$ MM			Var.
	9M 19	9M 20	Y o Y
▪ Interest Income	\$17,346	\$15,248	-12.1%
▪ Interest Expense	(\$8,062)	(\$6,641)	-17.6%
Net Interest Income	\$9,284	\$8,607	-7.3%
▪ Net Fees & Commissions	\$1,286	\$1,380	7.3%
▪ Trading Income	\$374	\$270	-27.8%
▪ Other Operating Income / (Expense) *	\$12	\$50	316.7%
Non Interest Income	\$1,672	\$1,700	1.7%
Total Revenues	\$10,956	\$10,307	-5.9%
▪ Allowance for Loan Losses *	(\$469)	(\$2,108)	349.5%
▪ Operating Expenses	(\$4,793)	(\$4,786)	-0.1%
▪ Equity in income of unconsolidated subsidiaries	-	\$10	-
Income Before Tax	\$5,694	\$3,423	-39.9%
▪ Tax	(\$1,483)	(\$721)	-51.4%
Net Income	\$4,211	\$2,702	-35.8%
▪ Effective Tax Rate	26.0%	21.1%	

* Adjustment in 9M19 in accordance with an accounting principle effective January 2020, where recoveries are net of allowance for loans losses

▶ Balance Sheet

Ps\$ MM				Var.	
	3Q19	2Q20	3Q20	Y o Y	Q o Q
▪ Cash & Cash Equivalents	\$26,120	\$27,184	\$31,619	21.1%	16.3%
▪ Investment in Securities	\$10,695	\$11,168	\$11,639	8.8%	4.2%
▪ Cash & Investments	\$36,815	\$38,352	\$43,258	17.5%	12.8%
▪ Performing Loan Portfolio	\$176,990	\$182,386	\$189,528	7.1%	3.9%
▪ Non-performing Loan Portfolio	\$1,729	\$1,890	\$1,667	-3.6%	-11.8%
▪ Gross Loan Portfolio	\$178,719	\$184,276	\$191,195	7.0%	3.8%
▪ Loan Loss Provisions	(\$2,708)	(\$3,501)	(\$3,928)	45.1%	12.2%
Net Loan Portfolio	\$176,011	\$180,775	\$187,267	6.4%	3.6%
▪ Repos	\$10,502	\$23,003	\$22,553	114.7%	-2.0%
▪ Other Assets	\$17,669	\$17,113	\$16,443	-6.9%	-3.9%
Total Assets	\$240,997	\$259,243	\$269,521	11.8%	4.0%
▪ Demand Deposits	\$66,579	\$69,266	\$79,765	19.8%	15.2%
▪ Time Deposits	\$84,230	\$91,406	\$91,098	8.2%	-0.3%
▪ Notes	-	\$3,009	\$3,011	-	0.1%
Total Deposits	\$150,809	\$163,681	\$173,874	15.3%	6.2%
▪ Repos	\$9,060	\$6,233	\$7,020	-22.5%	12.6%
Funding Including Repos	\$159,869	\$169,914	\$180,894	13.2%	6.5%
▪ Interbank Loans *	\$38,776	\$46,432	\$45,648	17.7%	-1.7%
▪ Other Liabilities	\$11,977	\$9,668	\$8,912	-25.6%	-7.8%
Total Liabilities	\$210,622	\$226,014	\$235,454	11.8%	4.2%
Shareholder's Equity	\$30,375	\$33,229	\$34,067	12.2%	2.5%

* Mostly development banks.