



Second Quarter 2021

Conference Call Presentation

July | 2021

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▶ Main Drivers looking ahead

	2Q21	
	BANBAJIO	SYSTEM *
▶ Asset Quality		
NPL Ratio	1.10 %	2.52 %
NPL Adjusted Ratio	1.78 %	5.14 %
Coverage Ratio	203.50 %	149.51 %
Cost of Risk	0.75 %	1.54 %
▶ Growth		
Loan Portfolio	7.06%	-7.09%
Deposits	14.15 %	-0.21%
▶ Capitalization		
ICAP June 2021 (preliminary)	17.54 %	18.38 %
TIER I	17.54 %	16.78 %

Net Income for the **2nd quarter of 2021** stood at **1,070 million pesos**, an increase of **51.8% Y/Y** and **13.2%** when compared to 1Q21.

ROAE for the **2Q21** was **12.0%**

DIGITAL TRANSFORMATION

- By the end of **June 2021** the **Monthly Active Users “MAUs” of our digital channels** grew **51%** year-over-year.
- We have seen the **growth of digital transactions at 83% for individuals and 22% for companies**. This is explained by the fact that we managed to transition 100% of our **individual clients to the new digital platform** and the adoption has been remarkable.
- The transactions amount done through digital channels grew **41%** and the number of transactions by **40% YoY**.

ACHIEVEMENTS IN CONSUMER BANKING AND SME'S STRATEGY:

- By the end of 2Q21 we are already working with **on-the-spot decision algos** for the origination of credit card and payroll loans, by year end we are going include personal loans (3Q), SMEs and mortgages (4Q).
- The first half of 2021 we have originated in **payroll loans, personal loans, and credit cards** the equivalent of **96%, 77% and 60%** of the total amount allocated in 2020 respectively. It is worth mentioning that **59%** of consumer loans originated at BanBajío are done through **cross-sell strategies**.

▶ Loan Portfolio and Deposits Growth

- **Total Loan Portfolio** stood at \$197.3 bn, a growth of **7.1% YoY** in 2Q21, while the system decreased -7.1% in May 2021 YoY.
- **Company Loans**, which represents our core business, increased **4.6 %**.

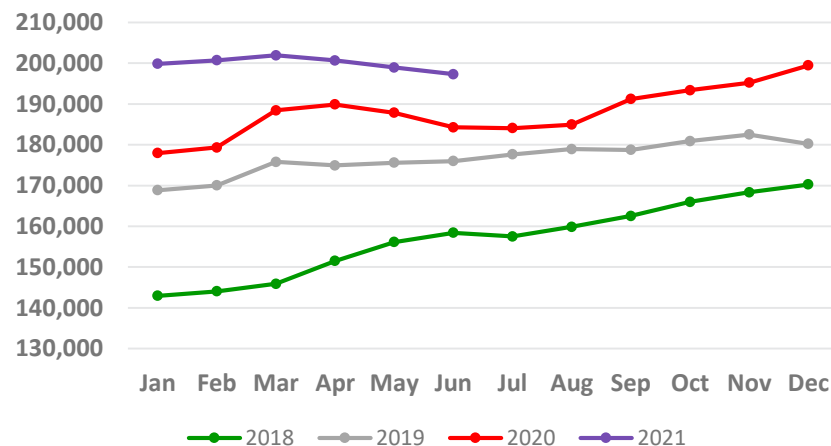
	Y o Y	Yield	
		2Q20	2Q21
Company Loans*	4.6 %		
Government	69.6 %	9.48 %	7.53 %
Financial Institutions	-25.9 %		-1.95 %
Consumer	17.1 %		
Mortgage	-9.2 %		

- **Total Deposits (TD)** grew **14.1%**, reaching **\$186.8 billion** in 2Q21 YoY, while the system decreased -0.2% as of May 2021 YoY.

	Y o Y	Cost	
		2Q20	2Q21
TD	Demand Deposits	34.2 %	
	Time Deposits	2.7 %	4.19 %
	Notes	-100.0 %	
	Repos	1.5%	-1.11 %
	Interbank Loans**	-10.8%	
TIIE average:		2Q20 6.05 %	-1.75 %
		2Q21 4.30 %	

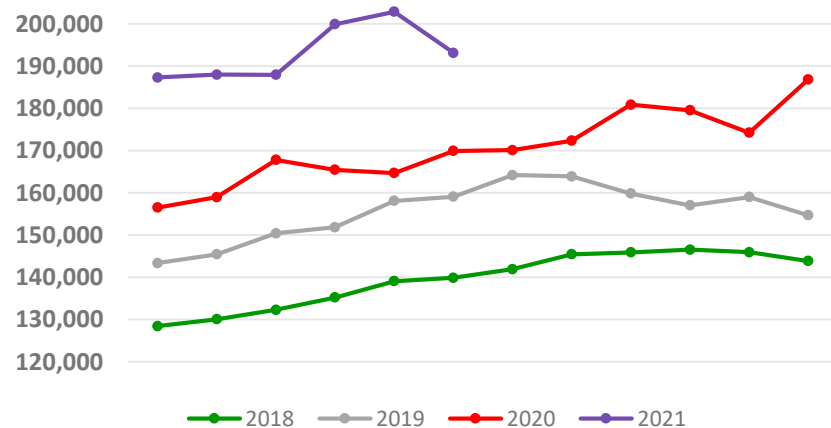
▼ Total Loan Portfolio | Million Pesos

CAGR '18 -'2Q21: 8.9% System ⁽¹⁾ 3.5%



▼ Total Deposits ⁽²⁾ | Million Pesos

CAGR '18 -'2Q21: 13.1% System ⁽¹⁾ 6.1%



* Includes Corporates and SMEs

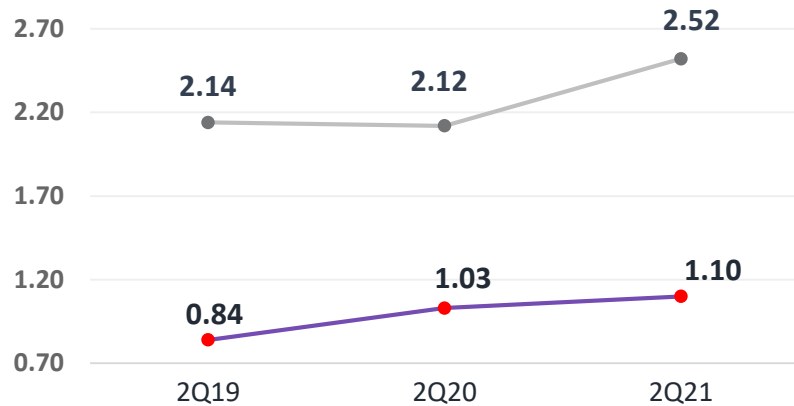
** Mostly development banks.

1. Total Banca Multiple consolidated figures May 21.

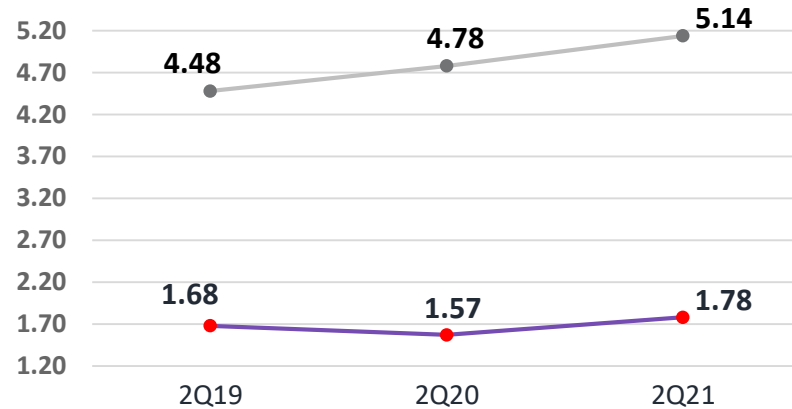
2. Includes Repos.

▶ High Asset Quality and outstanding Risk Profile

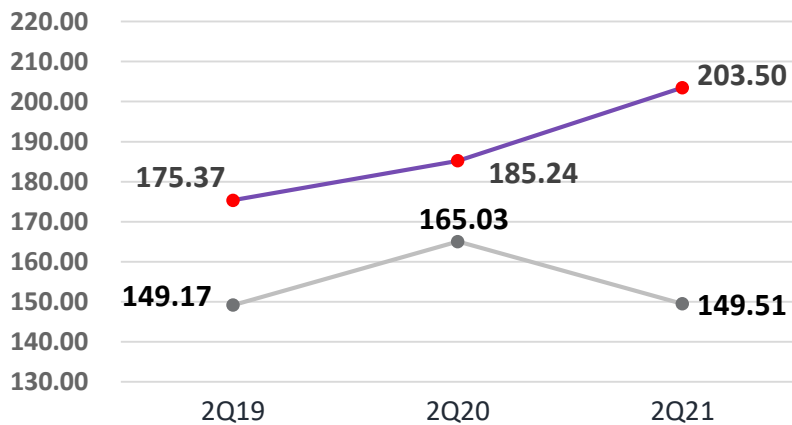
▼ NPL Ratio | %



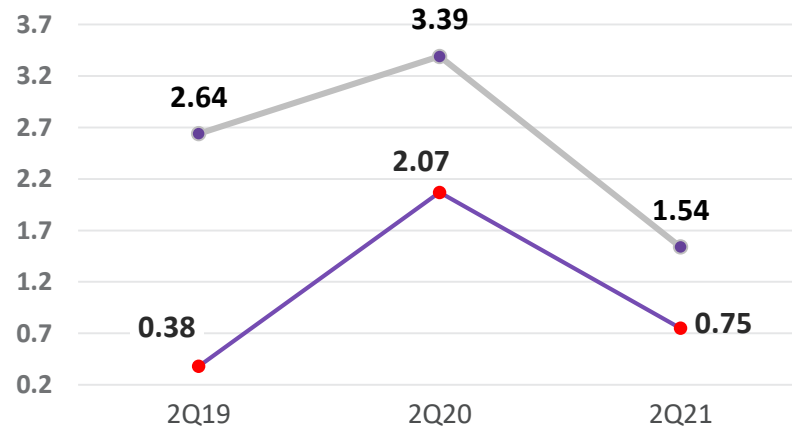
▼ NPL Ratio adjusted | %



▼ Coverage Ratio | %



▼ Cost of Risk | %

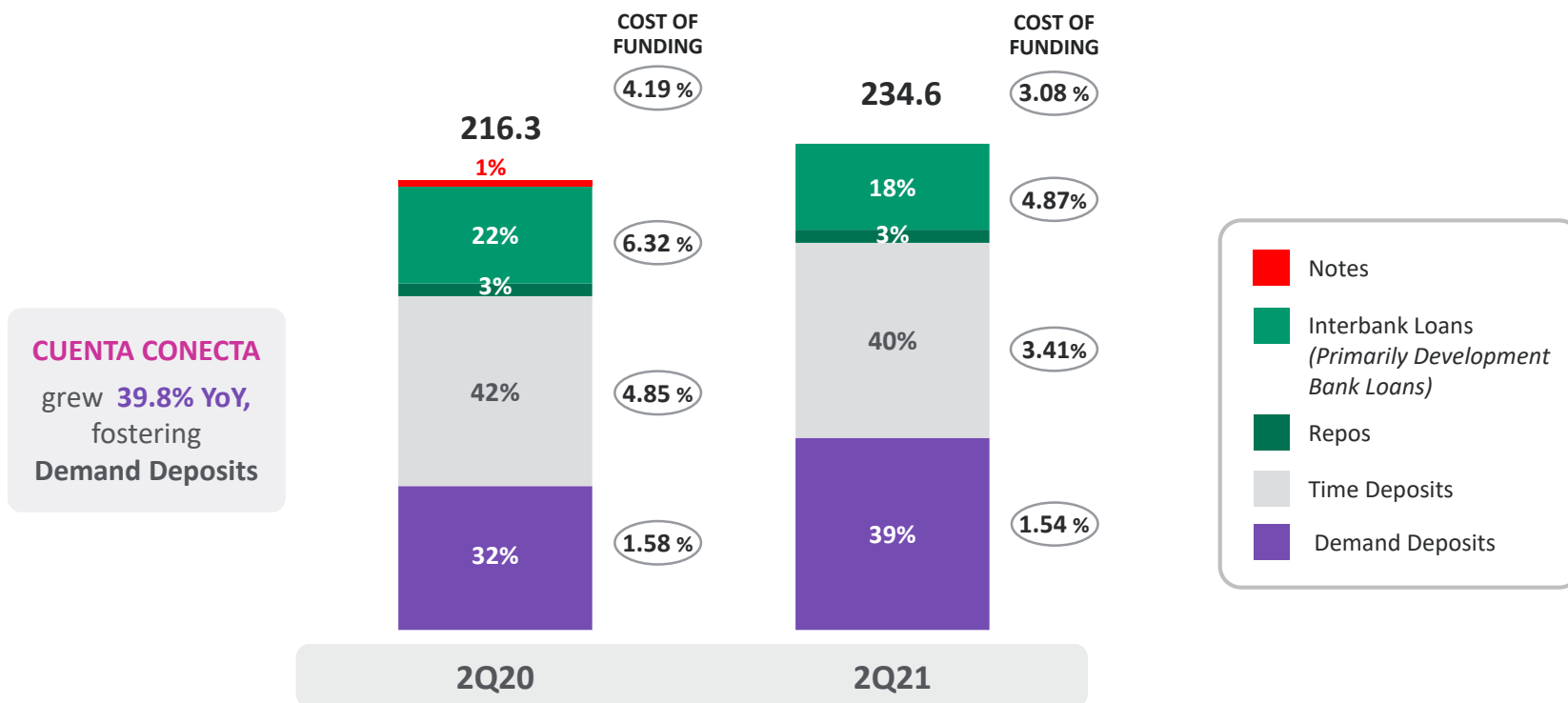


BanBajjo —●— System —●—

* System Last Available Information May 2021, CNBV.

► Cost of Funding and Liquidity

■ Funding Breakdown | Ps\$ Bn

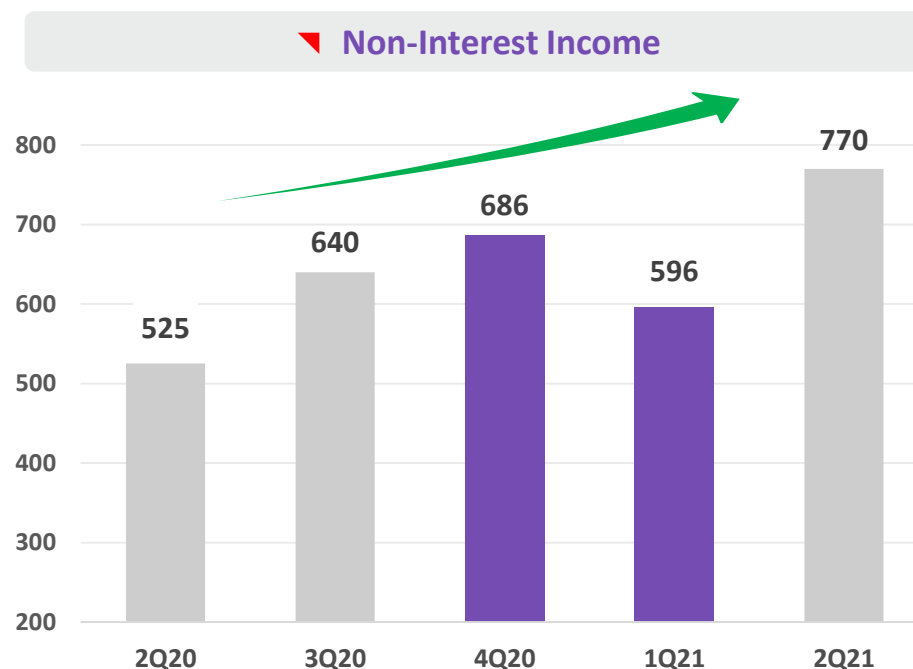


- The sound performance of **Demand Deposit Growth** has allowed us to optimized the **cost of funding**, and therefore improve our **Net Interest Margin**.
- These **funding strategies** already executed will show most of **their benefits** from next quarter onward.

▶ Non Interest Income Growth

• Million Pesos

- **Non interest income** grew **46.7%** in **2Q21 Y/Y**.
- **Net commissions** grew **19% Y/Y**, given the good performance of the **acquiring business “POs”**, which increased **75%** and **transfer fees** that increased **111%**.
- **In trading income** is worth noting the performance of the **FX business**, which grew **41% Y/Y**.



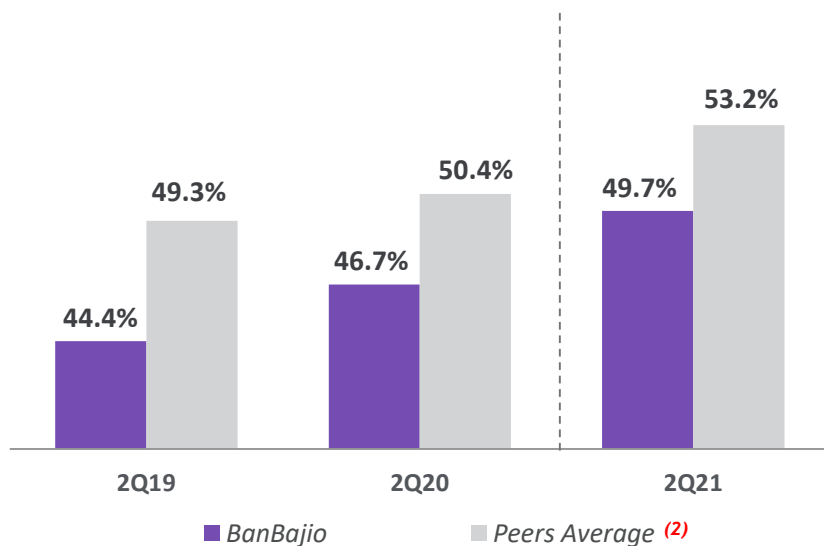
	2Q21	Y/Y
▪ Non Interest Income	770	46.7 %
▪ Net commissions	527	19.0 %
▪ Trading income	219	265.0 %
▪ Other operating income	24	9.1 %

▶ Efficiency Ratio

- **Efficiency Ratio** for 2Q21 stood at **49.7%**, System **56.8%**.

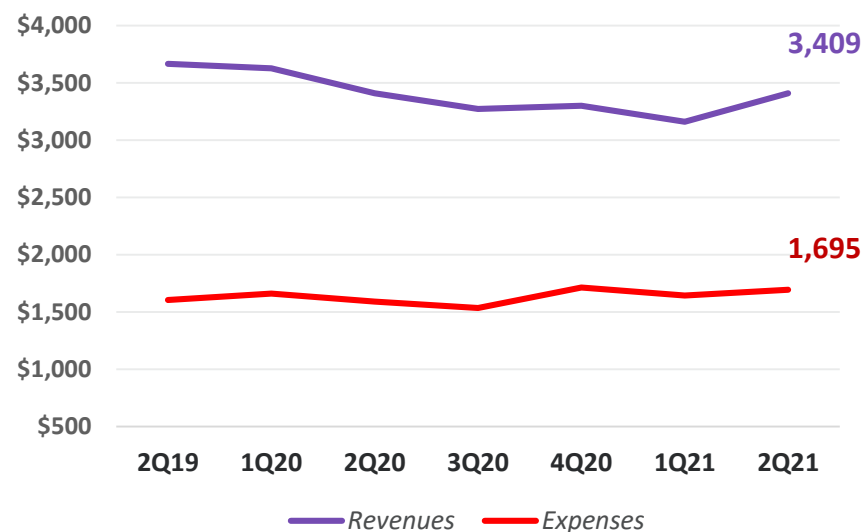
▼ Efficiency Ratio Evolution vs. Peers

Operating Expenses/Total Revenues ⁽¹⁾ | %



▼ Total Revenues and Expenses ⁽¹⁾

Ps\$ MM | Quarterly



Source: Company information

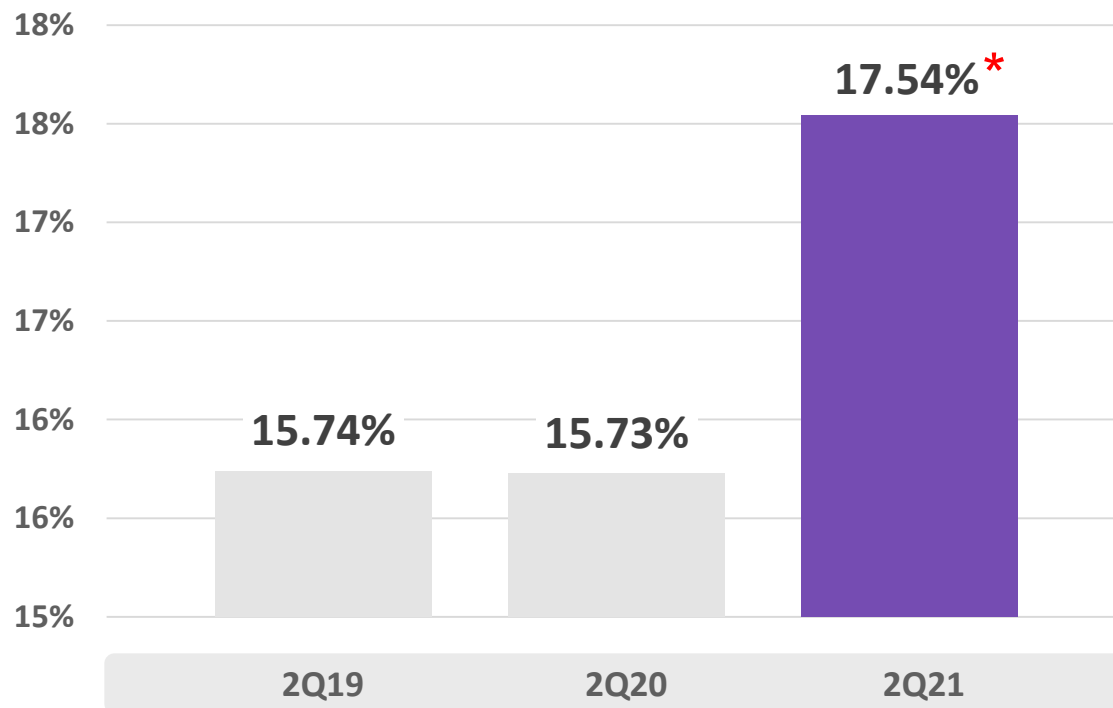
Notes:

⁽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 April and May 2021 period.

▶ Capital Adequacy Ratio

- **Solid capitalization** ratio with **99.98% TIER 1**



In May 10th of the current year we distributed a **dividend payment** that accounted for **25%** of the **net income from 2019-2020**.

* ICAP June 2021 preliminary

▶ Guidance

	2021 Original	2021 Revised	
▪ Loan Growth	6% - 8%	3% - 5%	✘
▪ Deposits Growth	7% - 10%	7% - 10%	≡
▪ NIM	3.9% - 4.0%	4.0% - 4.1%	✓
▪ Net Interest Income Change	(4.4%) - (5.4%)	(3.7%) - (4.2%)	✓
▪ Non Interest Income Growth	12% - 15%	16% - 19%	✓
▪ Expenses Growth	6.2% - 7.6%	6.2% - 7.6%	≡
▪ Efficiency	Below 52%	Below 52%	≡
▪ Cost of Risk	0.6% - 0.8%	0.5% - 0.7%	✓
▪ Net Income (Million Pesos)	\$3,650 - \$3,800	\$4,200 - \$4,400	✓
▪ ROAE	9.9% - 10.5%	11.5% - 12.2%	✓
▪ NPL Ratio	Below 1.8%	Below 1.6%	✓
▪ Coverage Ratio	Above 120%	Above 140%	✓
▪ Capitalization Ratio	Above 16.0%	Above 17.0%	✓

- The guidance does not consider additional rate hikes nor dividend payments on the second half of 2021. Our sensitivity to 100 bps change in the interest rates is: 31 bps of NIM, or 506 million pesos to net income yearly.

▶ Income Statement

Ps\$ MM				Var.	
	2Q20	1Q21	2Q21	Y o Y	Q o Q
▪ Interest Income	\$5,124	\$4,327	\$4,437	-13.4 %	2.5 %
▪ Interest Expense	(\$2,239)	(\$1,762)	(\$1,798)	-19.7 %	2.0 %
Financial Margin	\$2,885	\$2,565	\$2,639	-8.5 %	2.9 %
▪ Net Fees & Commissions	\$443	\$500	\$527	19.0 %	5.4 %
▪ Trading Income	\$60	\$180	\$219	265.0 %	21.7 %
▪ Other Operating Income / (Expense)	\$22	(\$84)	\$24	9.1 %	-128.6 %
Non Interest Income	\$525	\$596	\$770	46.7 %	29.2 %
Total Revenues	\$3,410	\$3,161	\$3,409	0.0 %	7.8 %
▪ Allowance for Loan Losses	(\$963)	(\$325)	(\$375)	-61.1 %	15.4 %
▪ Operating Expenses	(\$1,591)	(\$1,643)	(\$1,695)	6.5 %	3.2 %
▪ Equity in income of unconsolidated subsidiaries	\$9	\$0	\$0	-100.0 %	-
Income Before Taxes	\$865	\$1,193	\$1,339	54.8 %	12.2 %
▪ Taxes	(\$160)	(\$248)	(\$269)	68.1 %	8.5 %
Net Income	\$705	\$945	\$1,070	51.8 %	13.2 %
▪ Effective Tax Rate	18.5 %	20.8%	20.1 %		

▶ Balance Sheet

Ps\$ MM				Var.	
	2Q20	1Q21	2Q21	Y o Y	Q o Q
▪ Cash & Cash Equivalents	\$27,184	\$32,316	\$29,067	6.9 %	-10.1%
▪ Investment in Securities	11,168	\$10,100	9,334	-16.4 %	-7.6 %
▪ Cash & Investments	\$38,352	\$42,416	\$38,401	0.1 %	-9.5 %
▪ Performing Loan Portfolio	182,386	\$199,761	195,110	7.0 %	-2.3 %
▪ Non-performing Loan Portfolio	1,890	\$2,135	2,170	14.8 %	1.6 %
▪ Gross Loan Portfolio	\$184,276	\$201,896	\$197,280	7.1 %	-2.3 %
▪ Loan Loss Provisions	(3,501)	(\$4,427)	(4,416)	26.1 %	-0.2 %
Net Loan Portfolio	\$180,775	\$197,469	\$192,864	6.7 %	-2.3 %
▪ Repos	23,003	\$22,553	32,224	40.1 %	42.9 %
▪ Other Assets	17,113	\$14,117	11,910	-30.4 %	-15.6 %
Total Assets	\$259,243	\$276,555	\$275,399	6.2 %	-0.4 %
▪ Demand Deposits	69,266	\$87,571	92,949	34.2 %	6.1 %
▪ Time Deposits	91,406	\$90,169	93,889	2.7 %	4.1 %
▪ Notes	3,009	\$3,005	0	-100.0 %	-100.0 %
Total Deposits	\$163,681	\$180,745	\$186,838	14.1 %	3.4 %
▪ Repos	6,233	\$7,231	6,324	1.5 %	-12.5 %
Funding Including Repos	\$169,914	\$187,976	\$193,162	13.7 %	2.8 %
▪ Interbank Loans *	46,432	\$44,949	41,400	-10.8 %	-7.9 %
▪ Other Liabilities	9,668	\$7,518	5,874	-39.2 %	-21.9 %
Total Liabilities	\$226,014	\$240,443	\$240,436	6.4 %	0.0 %
Shareholder's Equity	\$33,229	\$36,112	\$34,963	5.2 %	-3.2 %

* Mostly development banks.