



# Fourth Quarter 2022

Conference Call Presentation

January | 2023

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## RELEVANT RESULTS

4Q22 vs. 4Q21

▪ <b>Net Income</b>	<i>growth</i>	<b>67.5 %</b>
▪ <b>Revenues <sup>(1)</sup></b>	<i>growth</i>	<b>60.4 %</b>
▪ <b>NII</b>	<i>growth</i>	<b>61.0 %</b>
▪ <b>ROAE</b>	▲	<b>29.2 %</b>
▪ <b>ROAA</b>	▲	<b>3.4 %</b>
▪ <b>NIM</b>	▲	<b>6.8 %</b>
▪ <b>Efficiency Ratio</b>	▼	<b>32.4 %</b>
▪ <b>Total Loan Portfolio</b>	<i>growth</i>	<b>12.6 %</b>
▪ <b>Company Loans Portfolio</b>	<i>growth</i>	<b>14.1 %</b>
▪ <b>Total Deposits</b>	<i>growth</i>	<b>12.7 %</b>
▪ <b>NPL Ratio</b>	▲	<b>1.2 %</b>
▪ <b>Coverage Ratio</b>	▼	<b>187.4 %</b>
▪ <b>ICAP <sup>*</sup></b>		<b>14.7 %</b>

<sup>(1)</sup> To facilitate the comparison, we have adjusted 4Q21 figures with IPAB's fee reclassification.

\* ICAP December 2022.

## ▶ Results vs. Guidance

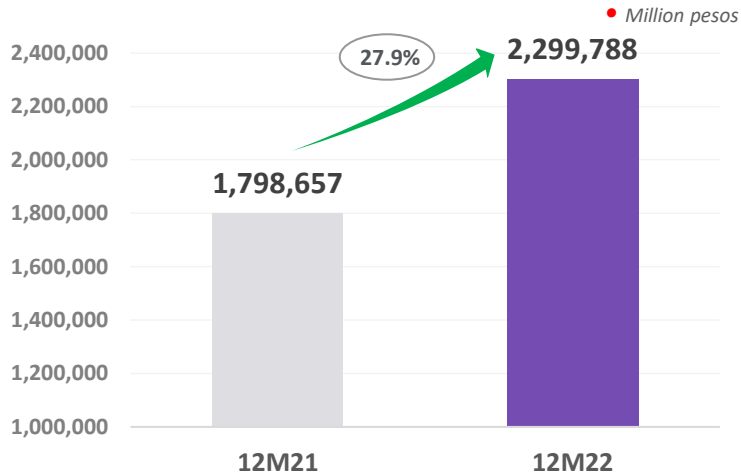
	GUIDANCE 2022	AS OF DECEMBER 2022	
▪ Loan Growth	6% - 8%	<b>12.6%</b>	✓
▪ Deposits Growth	8% - 10%	<b>12.7%</b>	✓
▪ NIM	5.9%	<b>5.8%</b>	✓
▪ Net Interest Income Growth	44.0% - 45.0%	<b>45.3%</b>	✓
▪ Total Revenues <sup>(1)</sup>	37.0% - 39.0%	<b>41.3%</b>	✓
▪ Expenses Growth <sup>(1)</sup>	17.0% - 18.0%	<b>14.4%</b>	✓
▪ Efficiency	Below 40%	<b>37.6%</b>	✓
▪ Cost of Risk	0.4% - 0.5%	<b>0.5%</b>	✓
▪ Net Income (Million Pesos)	\$7,700 - \$7,850	<b>\$8,041</b>	✓
▪ ROAE	20.0% - 21.0%	<b>21.5%</b>	✓
▪ ROAA	2.7%	<b>2.7%</b>	✓
▪ NPL Ratio	Below 1.5%	<b>1.2%</b>	✓
▪ Coverage Ratio	Above 150%	<b>187.4%</b>	✓
▪ Capitalization Ratio	Above 15.0%	<b>14.7%*</b>	✓

<sup>(1)</sup> To facilitate the comparison, we have adjusted 4Q21 figures with IPAB's fee reclassification.

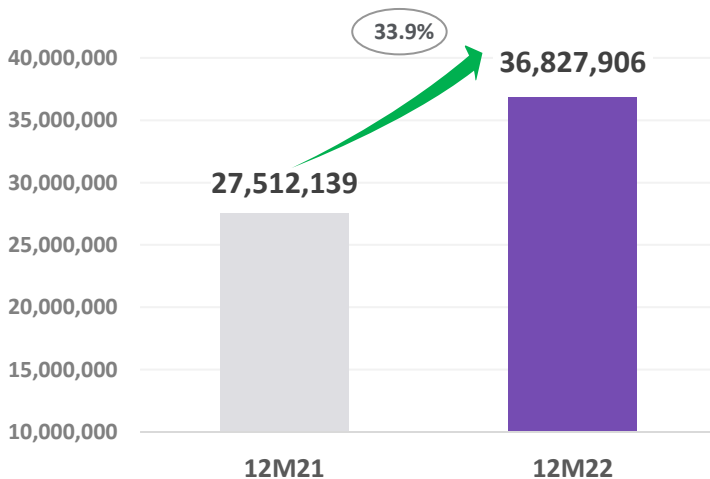
\* ICAP December 2022 preliminary.

# ▶ Digital Transformation- KPI's

## Transactions Amount



## Total Digital Channel Transactions



## Digital Transactions at BanBajío

By year end 2022 approximately **73%** of the money volume and the number of transactions are done through self-service channels (Digital and ATM's).

### Clients

Clients with digital transactions grew **26.5% Y/Y**. We highlight the growth of individual of **36.0%**.

### Mobile

Transactions in the mobile channel got an astonishing growth of **60.8%**. Transactions from individual through this channel grew by **50.7%**. In terms of money volume, the growth was **68.6%**.

### Total

Total transactions amount registered an increase of **27.9%** and number of transactions a **33.9%**.

# ▶ Loan Portfolio Growth

- Total **Loan Portfolio** stood at **\$225.1 bn**, a **growth of 12.6% YoY** in **4Q22**. while the system increased 12.0% in November 2022 YoY.
- Company Loans**, which represents **our core business**, increased **14.1 %**.

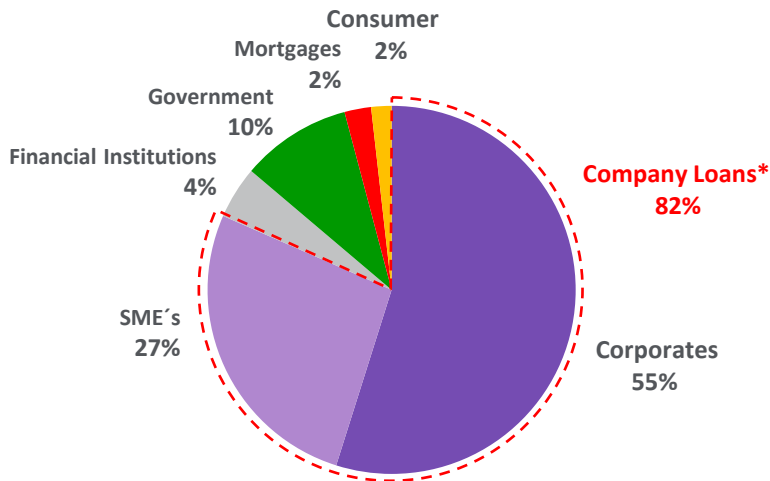
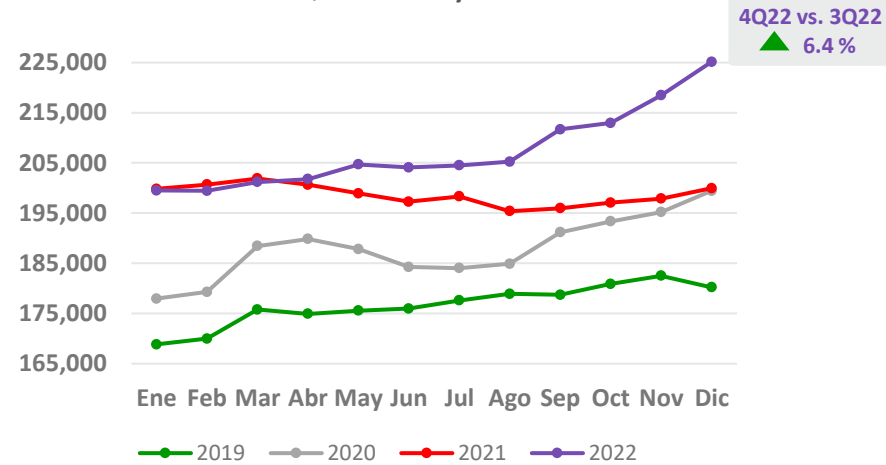
	Bn. \$	Q o Q	Y o Y
Company Loans*	183.7	7.7%	14.1 %
Government	21.8	-7.9%	-5.7 %
Financial Institutions	10.4	24.2%	44.4 %
Consumer	4.0	9.4%	38.2 %
Mortgage	5.3	-2.6%	-9.5 %

**Yield**

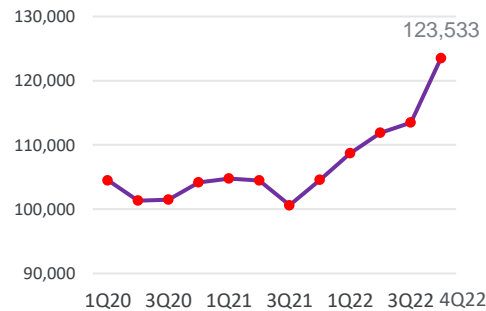
<b>4Q21</b>	<b>4Q22</b>
8.23 %	12.09 %
386 bp	

## ▼ Total Loan Portfolio | Million pesos

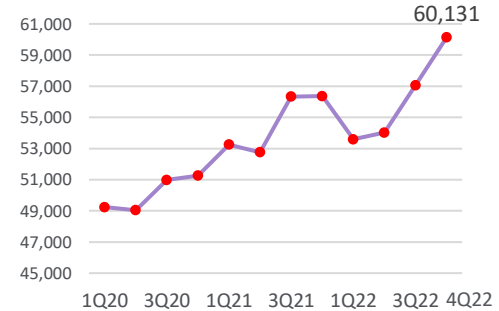
CAGR '19 -'4Q22: 7.2% System<sup>(1)</sup> 4.6%



## ▼ Corporates



## ▼ SME's<sup>(2)</sup>



1. Total Banca Multiple consolidated figures November 2022.

2. SME's definition according to CNBV criteria of companies with revenues of less than UDIS 14 Millions. 1 UDI= 7.67 MXN.

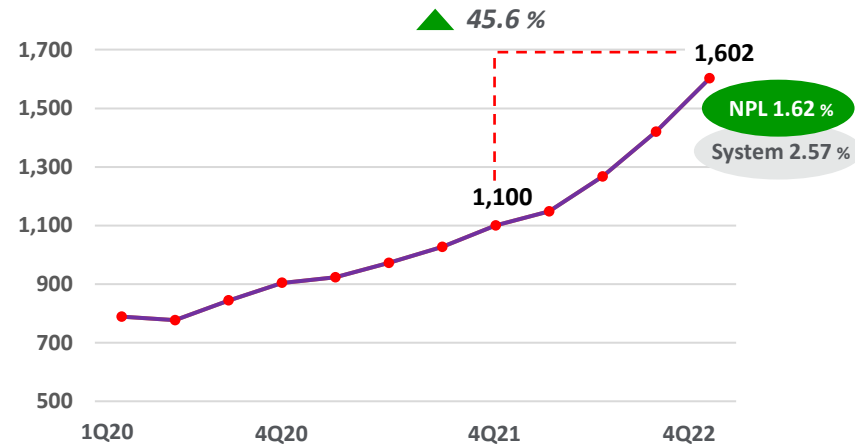
\* Includes Corporates and SMEs

# ▶ Consumer Loan Growth

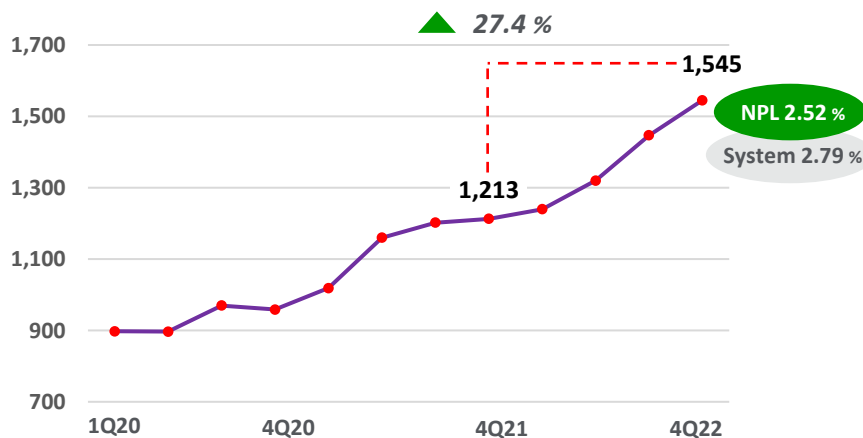
- As of **December 2022** the **Consumer Loan Portfolio** grew **38.2% YoY** and **9.4% QoQ**. The **NPL Ratio** was **1.81%**. While the System was 2.89%
- We highlight the **growth of 45.6% in Credit Card**, **27.4% in Payroll Loans** and **211.4% in Personal Loans**.

	Bn. \$	QoQ	YoY
<b>Consumer</b>	<b>4.0</b>	<b>9.4%</b>	<b>38.2%</b>
▪ Credit Card	1.6	12.8%	45.6%
▪ Payrolls	1.5	6.8%	27.4%
▪ Personal	0.5	20.6%	211.4%
▪ Auto + ABCD	0.4	-4.6%	-12.4%

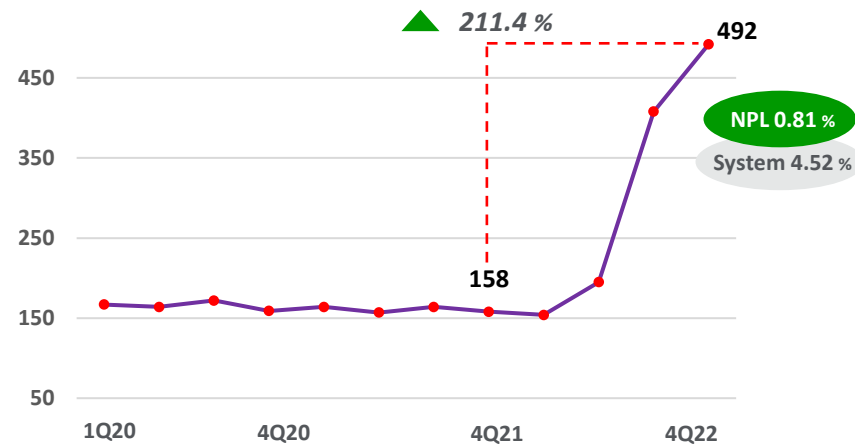
## ▼ Credit Card



## ▼ Payrolls



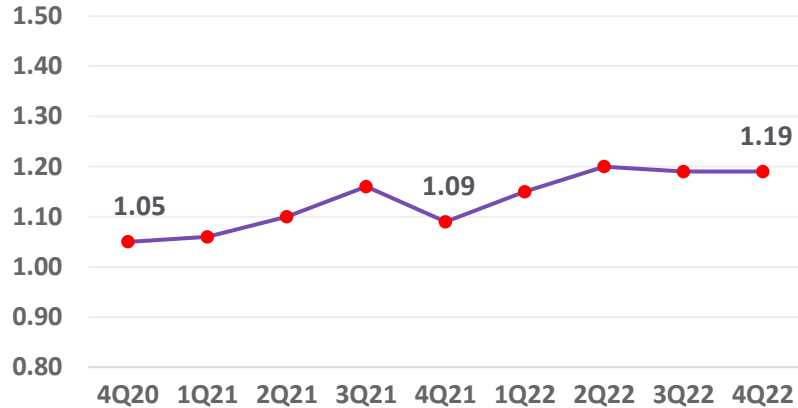
## ▼ Personal



# ▶ Sound Asset Quality and Outstanding Risk Profile

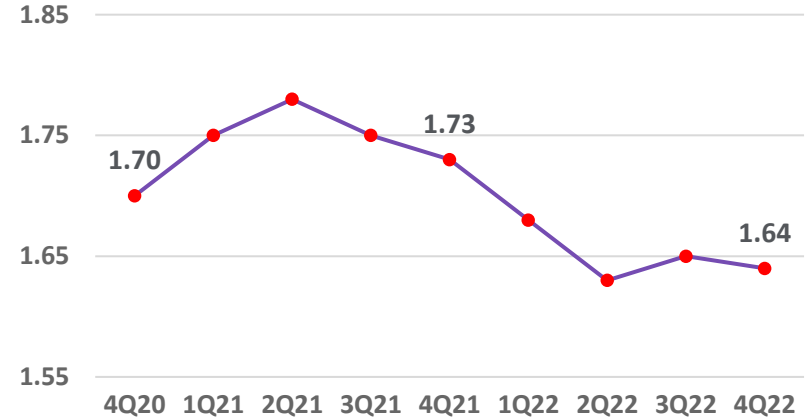
## ▼ NPL Ratio | %

Nov 22: System 2.11%



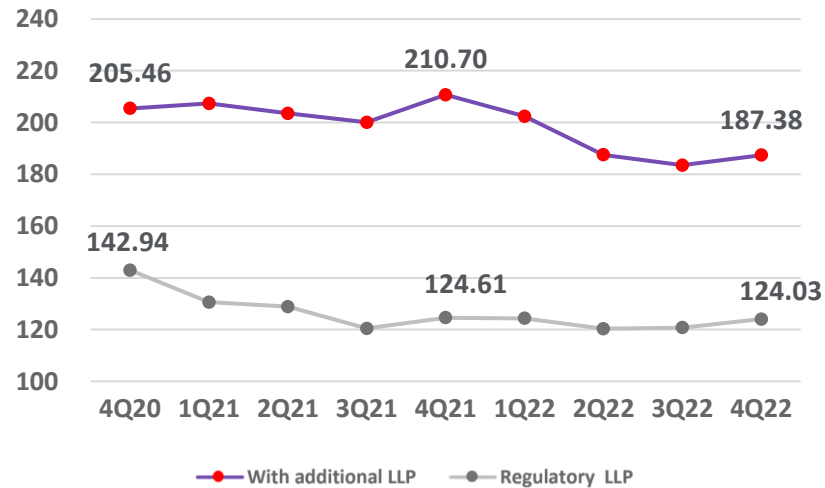
## ▼ NPL Ratio adjusted | %

Nov 22: System 3.79% <sup>(1)</sup>



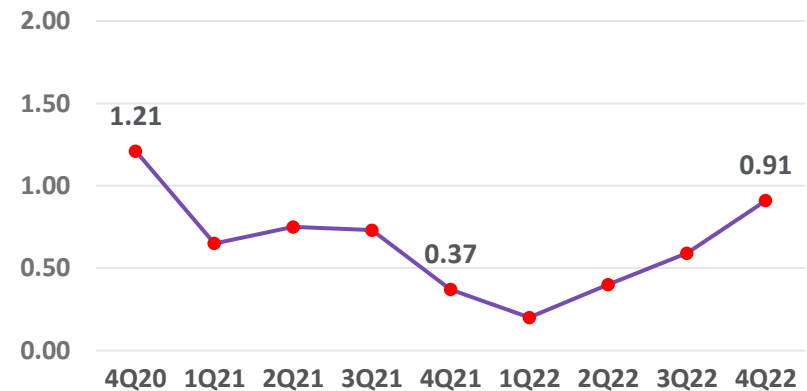
## ▼ Coverage Ratio | %

Nov 22: System 156.94%



## ▼ Cost of Risk | %

Oct - Nov 22: System 2.80%



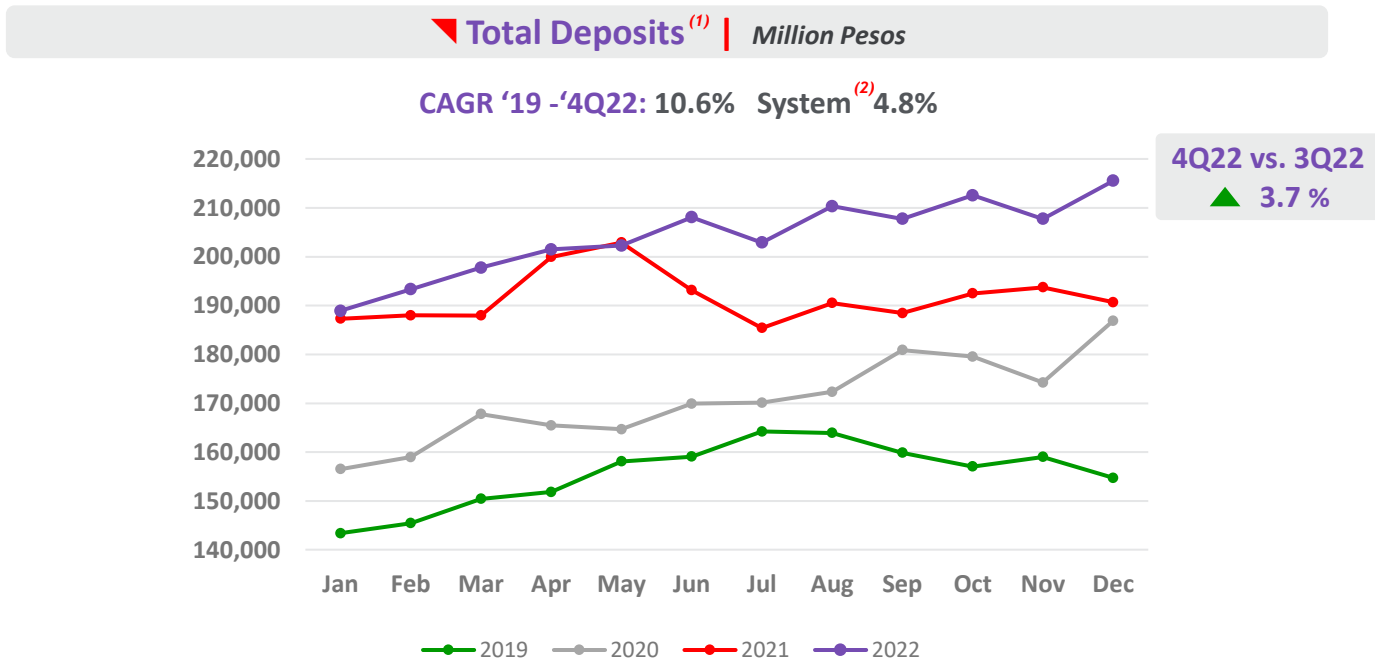
\* System Last Available Information November 2022, CNBV.

<sup>(1)</sup> CNBV, Total Banca Multiple not consolidated figures.



# ▶ Strong growth in Total Deposits

- Total Deposits (DD+TD) grew **12.7%**, reaching **\$208.4 billion** in **4Q22 YoY**.



	Y o Y	Cost		
Demand Deposits (DD)	<b>17.7 %</b>	<b>4Q21</b>	<b>4Q22</b>	TIIE average: <b>4Q21</b> 5.19 % <b>4Q22</b> 10.03 % } 484 bp
Time Deposits (TD)	<b>8.3 %</b>	3.17%	5.31 %	
Repos	<b>23.3 %</b>	214 bp		
Interbank Loans *	<b>15.0 %</b>			

**Notes:**

1. Includes Repos.

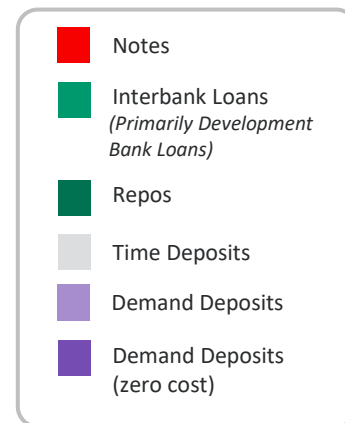
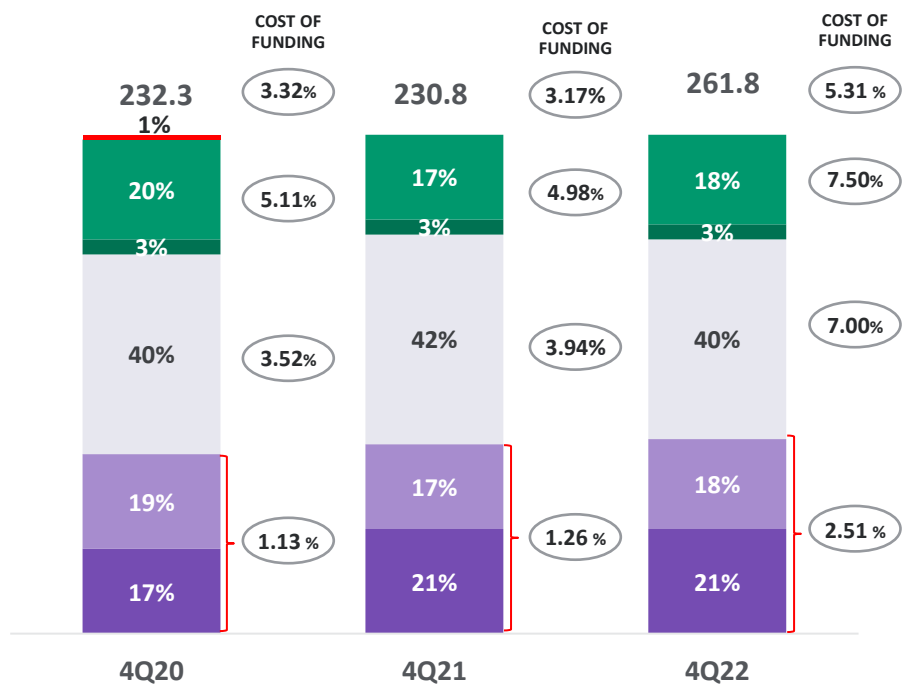
2. Total Banca Multiple consolidated figures November 22.

\* Mostly development banks.

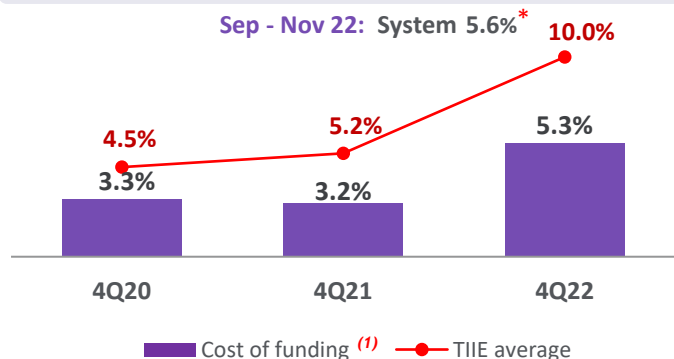
# ► Cost of Funding and Liquidity

## ■ Funding Breakdown | Ps\$ Bn

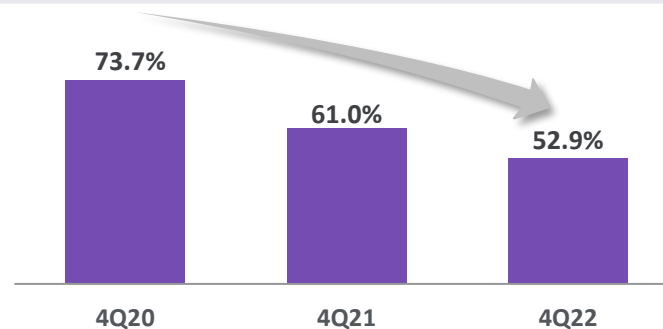
**ZERO-COST DEMAND DEPOSITS** grew 17.9%, bolstered by the growth in **CUENTA CONECTA** of 20.4% YoY



### ▼ Cost of Funding



### ▼ Cost of Funding as of % of TIIE



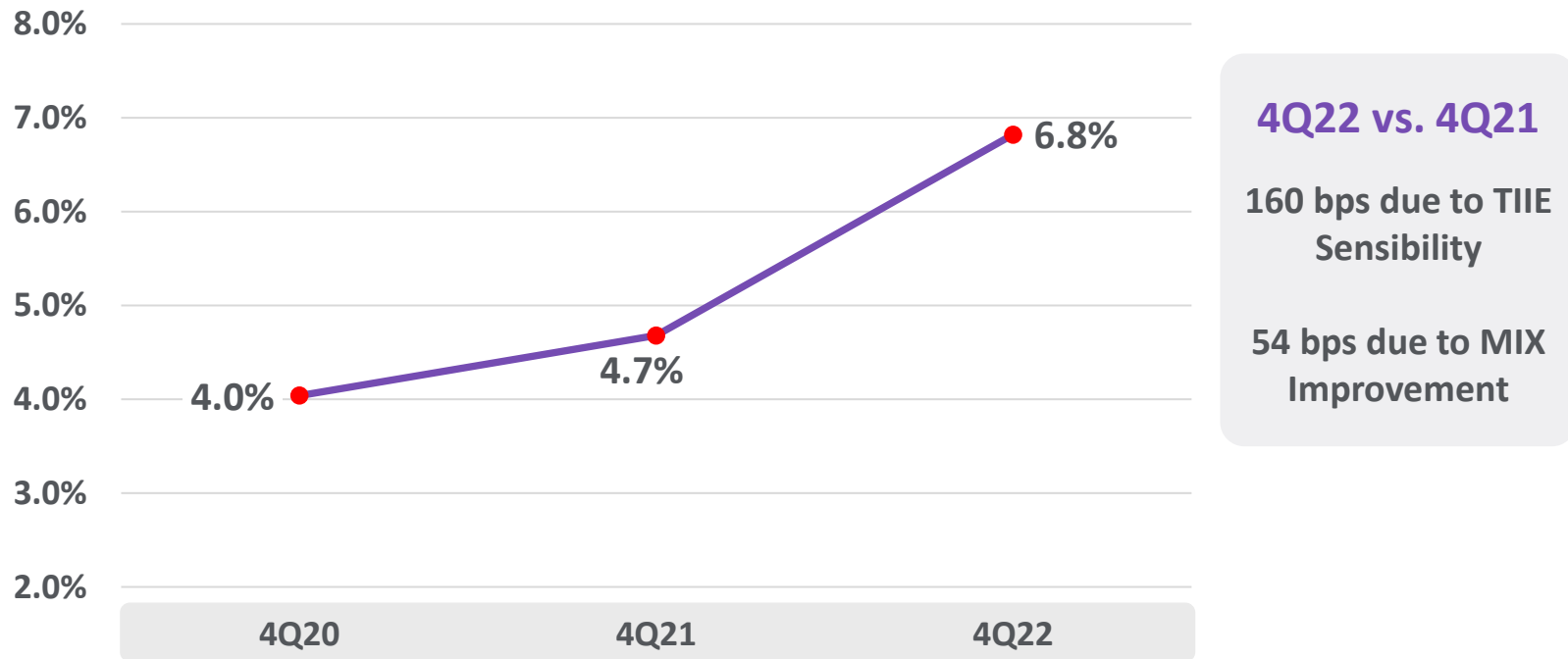
**Notes:**

1. Quarterly interest expense annualized, divided by average total funding (deposits, interbank loans, and repos; we have only included these funding sources for the system for comparison purposes)

\* System last available information November 2022.

## ▶ Net Interest Margin

- **NIM expanded 214bps in 4Q22 YoY**, as a result of better funding mix and higher interest rates.



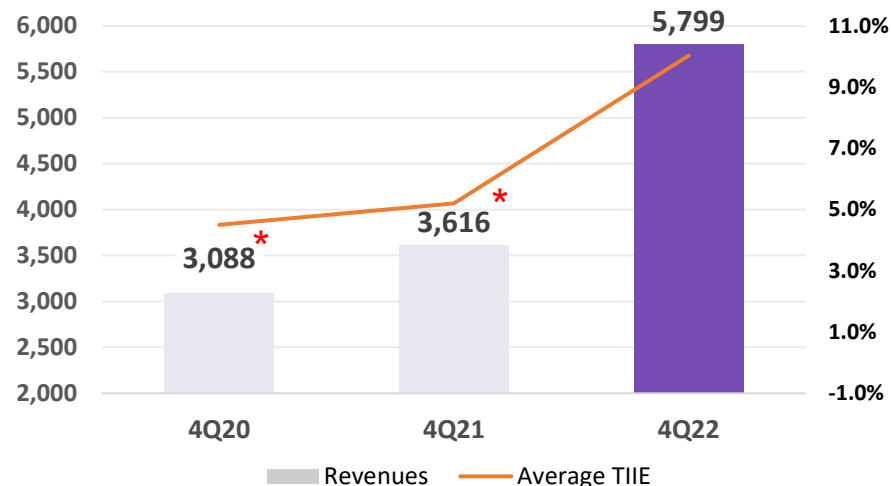
- As of December, **NIM sensitivity** is **34 bps** for each 100 basis points of change in the TIIE rate, equivalent to **960 million pesos of Revenues** and **604 million pesos of Net Income** for a full year.

# ▶ Revenues' Performance

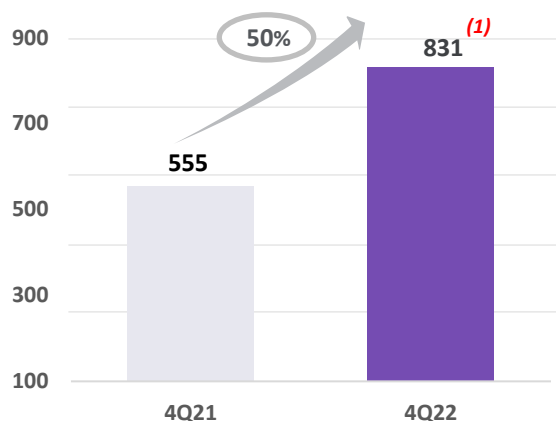
- Revenues increased **60.4% YoY** in **4Q22**, adjusted by IPAB Fee reclassification.
- In **Non Interest Income, Proforma Credit Commissions** grew **140.1%** as credit demand improved. Other **Commissions** not related to the Portfolio such as:
  - POS and Interchanges, Transfer and Electronic Banking Fees** grew **26.0%**, **24.1%** and **20.4%** respectively.
- In **Trading Income** the largest component, which is **FX Trading Income**, is growing by **14.0%**.
- Other Operating Income** was **positively impacted** by **Mxn 220m** due to the sale of foreclosed assets (Non Recurrent).

• Million Pesos

## ▼ Total Revenues



## ▼ Non Interest Income Proforma



<sup>(1)</sup> 831= 871 as reported + 180 IFRS adjustment -220 Non Recurrent Assets Sale.

	4Q21	4Q22	Var. YoY	IFRS Effects 4Q22
Net Interest Income	3,061	4,928	61.0%	94
Non Interest Income*	555	871 <sup>(1)</sup>	57.0%	(180)
Net Fees & Commissions	573	578	0.9%	(184)
Trading Income	192	215	12.0%	4
Other Operating Income*	(210)	78	-	
<b>TOTAL REVENUES</b>	<b>3,616</b>	<b>5,799</b>	<b>60.4%</b>	<b>(86)</b>

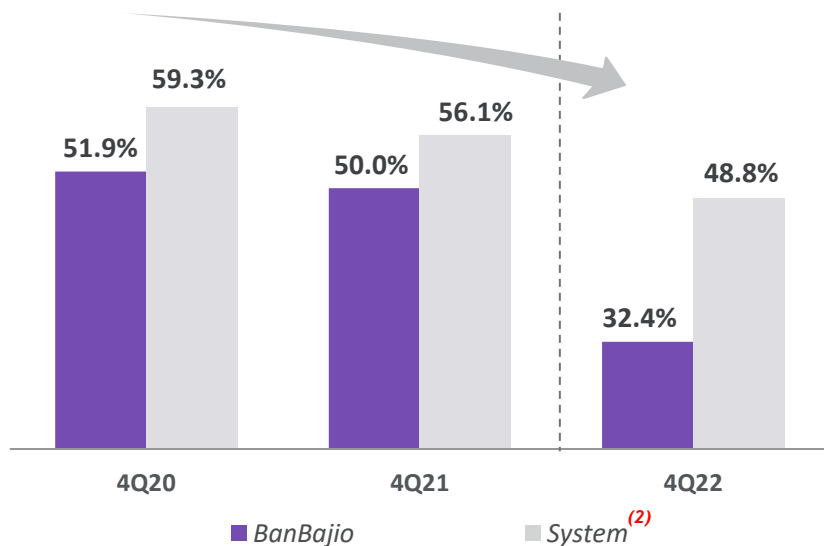
\* Figures before 4Q22 account for IPAB's fee reclassification.

# ▶ Efficiency Ratio

- **Efficiency Ratio** for 4Q22 stood at **32.4%**, System **48.8%**.

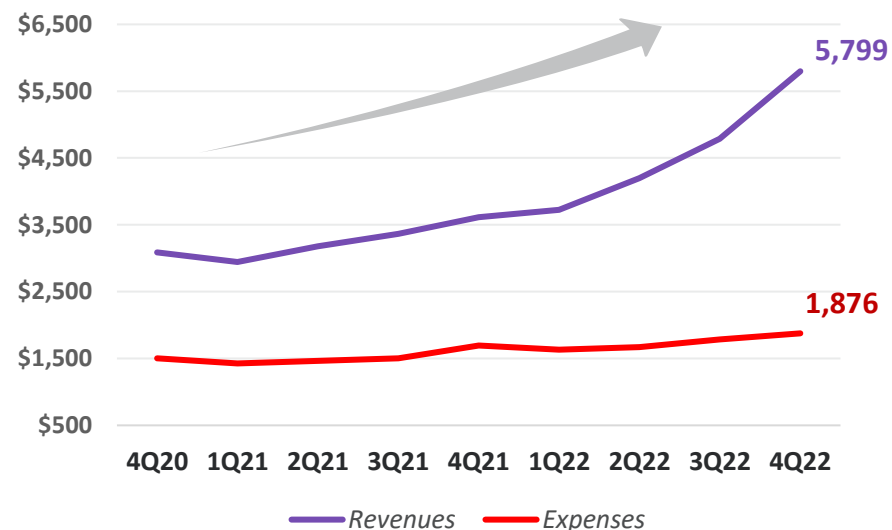
## ▼ Efficiency Ratio Evolution vs. System

Operating Expenses/Total Revenues <sup>(1)</sup> | %



## ▼ Total Revenues and Expenses \*

Ps\$ MM | Quarterly



Source: Company information

**Notes:**

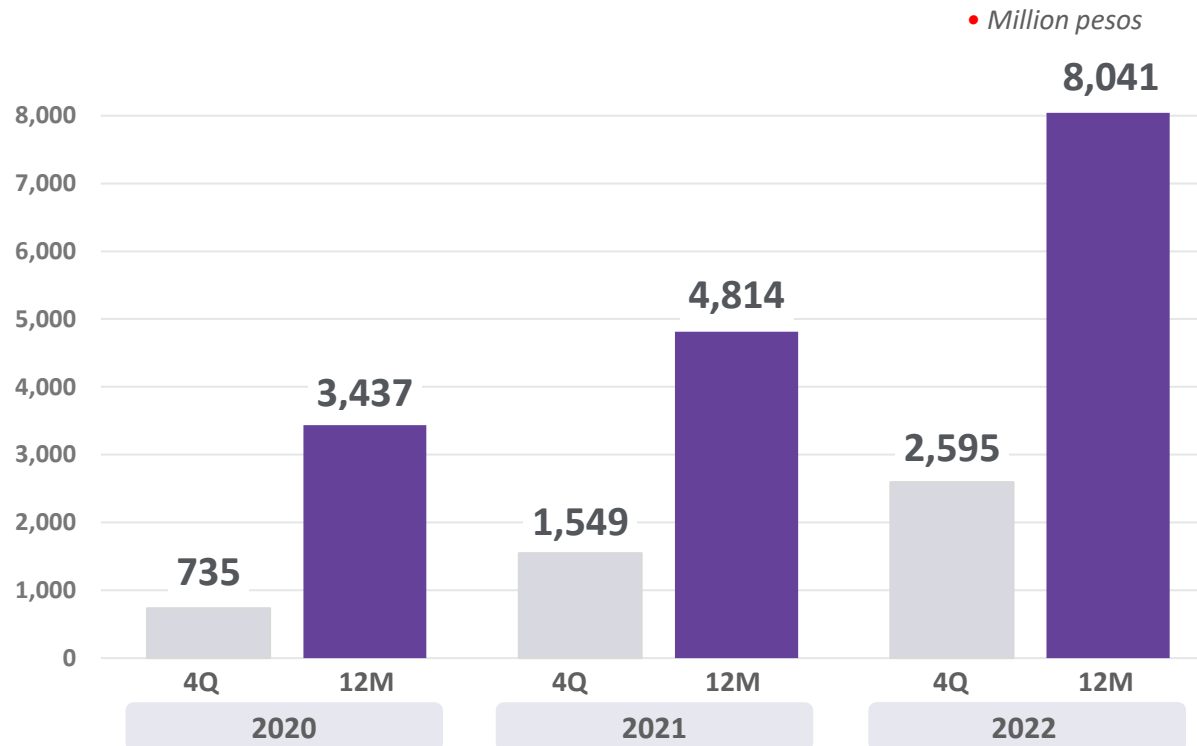
<sup>(1)</sup> Total Revenues (excluding Loan Loss Provisions), as reported.

<sup>(2)</sup> System last available information November 2022.

\* Figures before 4Q22 account for IPAB's fee reclassification.

## ▶ Historical Net Income Performance

- **Net Income was Ps. 2,595 million in 4Q22, a record high figure for BanBajío, 67.5% higher than 4Q21. For the 12M22 period, Net Income totaled Ps. 8,041 million, 67.0% higher than 12M21.**

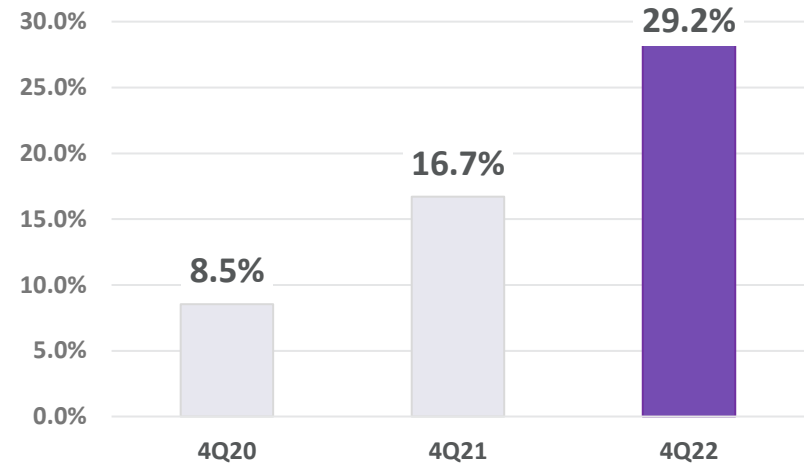


# ▶ Strong Results boosted Returns and EPS

- **4Q22** annualized **ROAE** and **ROAA** were **29.2%** and **3.4%** respectively.
- **12M22** **ROAE** was **21.5%** and **ROAA** **2.7%**.
- **4Q22** **EPS** stood at Ps. 2.18, **67.5%** higher than 4Q21, the **Earnings Yield** was **15%**.

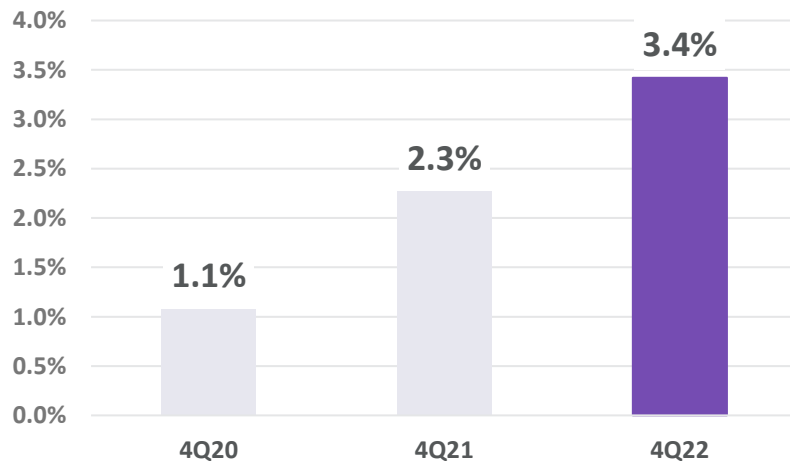
## ▼ ROAE

• Annualized quarter



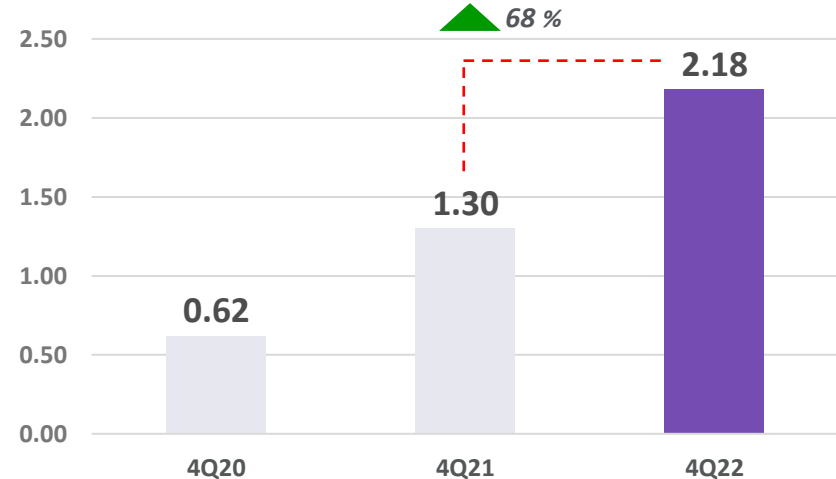
## ▼ ROAA

• Annualized quarter



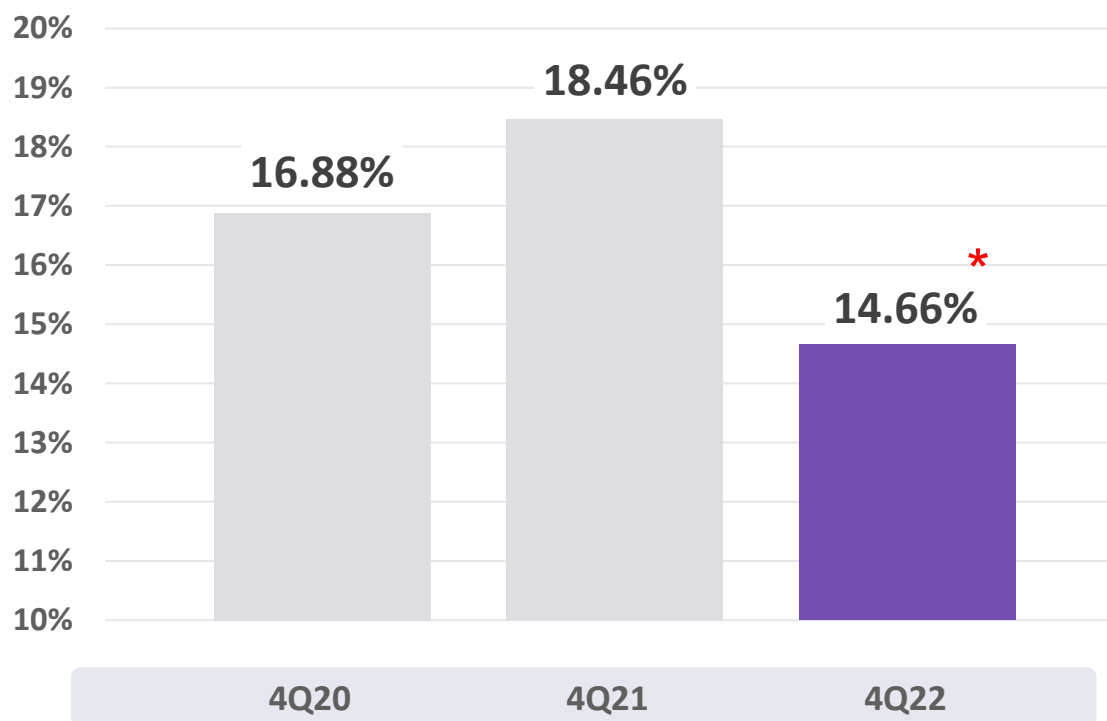
## ▼ EPS

• Pesos



## ▶ Capital Adequacy Ratio

- **Solid Capitalization Ratio** with **99.98% TIER 1**; a decrease YoY as a result of: the **dividend payments** and **strong portfolio growth**.



\* ICAP December 2022 preliminary



	2023
▪ Loan Growth	6% - 8%
▪ Deposits Growth	8% - 10%
▪ NIM	7.0% - 7.4%
▪ Net Interest Income Growth	32% - 35%
▪ Fees + Trading Income	16% - 20%
▪ Expenses Growth	17% - 18%
▪ Efficiency	Below 35%
▪ Cost of Risk	0.6% - 0.8%
▪ Net Income (Million Pesos)	\$10,400 - \$10,600
▪ ROAE	24.0% - 26.0%
▪ NPL Ratio	Below 1.50%
▪ Coverage Ratio	Above 150%
▪ Capitalization Ratio	14.0 - 15.0%

# ▶ Income Statement

Ps\$ MM				Var.	
	4Q21	3Q22	4Q22	Y o Y	Q o Q
▪Interest Income	\$ 4,872	\$ 7,139	\$ 8,363	71.7%	17.1%
▪Interest Expense	(1,811)	(2,842)	(3,435)	89.7%	20.9%
<b>Net Interest Income</b>	<b>\$ 3,061</b>	<b>\$ 4,297</b>	<b>\$ 4,928</b>	<b>61.0%</b>	<b>14.7%</b>
▪Net Fees & Commissions	573	507	578	0.9%	14.0%
▪Trading Income	192	201	215	12.0%	7.0%
▪Other Operating Income / (Expense) <sup>(1)</sup>	(210)	(217)	78	-137.1%	-135.9%
<b>Non Interest Income</b>	<b>\$ 555</b>	<b>\$ 491</b>	<b>\$ 871</b>	<b>56.9%</b>	<b>77.4%</b>
<b>Total Revenues</b>	<b>\$ 3,616</b>	<b>\$ 4,788</b>	<b>\$ 5,799</b>	<b>60.4%</b>	<b>21.1%</b>
▪Allowance for Loan Losses	(182)	(305)	(497)	173.1%	63.0%
▪Operating Expenses <sup>(1)</sup>	(1,696)	(1,783)	(1,876)	10.6%	5.2%
▪Equity in income of unconsolidated subsidiaries	(1)	-	3	-400.0%	
<b>Income Before Taxes</b>	<b>\$ 1,737</b>	<b>\$ 2,700</b>	<b>\$ 3,429</b>	<b>97.4%</b>	<b>27.0%</b>
▪Taxes	(188)	(591)	(834)	343.6%	41.1%
<b>Net Income</b>	<b>\$ 1,549</b>	<b>\$ 2,109</b>	<b>\$ 2,595</b>	<b>67.5%</b>	<b>23.0%</b>
▪Effective Tax Rate	10.8%	21.9%	24.3%		

<sup>(1)</sup> To facilitate the comparison, we have adjusted 4Q21 figures with IPAB's fee reclassification.

# ▶ Income Statement

Ps\$ MM			Var.
	12M 21	12M 22	Y o Y
▪Interest Income	\$ 18,156	\$ 26,800	47.6%
▪Interest Expense	(7,038)	(10,640)	51.2%
<b>Net Interest Income</b>	<b>\$ 11,118</b>	<b>\$ 16,160</b>	<b>45.3%</b>
▪Net Fees & Commissions	2,135	1,993	-6.7%
▪Trading Income	751	834	11.1%
▪Other Operating Income / (Expense) <sup>(1)</sup>	(906)	(479)	-47.1%
<b>Non Interest Income</b>	<b>\$ 1,980</b>	<b>\$ 2,348</b>	<b>18.6%</b>
<b>Total Revenues</b>	<b>\$ 13,098</b>	<b>\$ 18,508</b>	<b>41.3%</b>
▪Allowance for Loan Losses	(1,243)	(1,104)	-11.2%
▪Operating Expenses <sup>(1)</sup>	(6,084)	(6,961)	14.4%
▪Equity in income of unconsolidated subsidiaries	1	2	100.0%
<b>Income Before Taxes</b>	<b>\$ 5,772</b>	<b>\$ 10,445</b>	<b>81.0%</b>
▪Taxes	(958)	(2,404)	150.9%
<b>Net Income</b>	<b>\$ 4,814</b>	<b>\$ 8,041</b>	<b>67.0%</b>
▪Effective Tax Rate	16.6%	23.0%	

<sup>(1)</sup> To facilitate the comparison, we have adjusted 4Q21 figures with IPAB's fee reclassification.

# ▶ Balance Sheet

Ps\$ MM				Var.	
	4Q21	3Q22	4Q22	YoY	QoQ
▪Cash & Cash Equivalents	21,461	20,208	30,270	41.0%	49.8%
▪Investment in Securities	9,127	11,473	12,067	32.2%	5.2%
▪ <b>Cash &amp; Investments</b>	<b>\$ 30,588</b>	<b>\$ 31,681</b>	<b>\$ 42,337</b>	38.4%	33.6%
▪Performing Loan Portfolio Stage 1	197,782	207,010	220,730	11.6%	6.6%
▪Performing Loan Portfolio Stage 2	-	2,141	1,717		-19.8%
▪Non-performing Loan Portfolio	2,178	2,513	2,686	23.3%	6.9%
▪ <b>Gross Loan Portfolio</b>	<b>\$ 199,960</b>	<b>\$ 211,664</b>	<b>\$ 225,133</b>	<b>12.6%</b>	<b>6.4%</b>
▪Loan Loss Provisions	(4,589)	(4,611)	(5,033)	9.7%	9.2%
▪Deferred Accounts	-	(782)	(995)		27.2%
<b>Net Loan Portfolio</b>	<b>\$ 195,371</b>	<b>\$ 206,271</b>	<b>\$ 219,105</b>	<b>12.1%</b>	<b>6.2%</b>
▪Repos	36,281	41,211	31,018	-14.5%	-24.7%
▪Other Assets	13,287	16,622	18,119	36.4%	9.0%
<b>Total Assets</b>	<b>\$ 275,527</b>	<b>\$ 295,785</b>	<b>\$ 310,579</b>	<b>12.7%</b>	<b>5.0%</b>
▪Demand Deposits	87,699	100,606	103,194	17.7%	2.6%
▪Time Deposits	97,138	100,413	105,163	8.3%	4.7%
<b>Total Deposits</b>	<b>\$ 184,837</b>	<b>\$ 201,019</b>	<b>\$ 208,357</b>	<b>12.7%</b>	<b>3.7%</b>
▪Repos	5,841	6,745	7,204	23.3%	6.8%
<b>Funding Including Repos</b>	<b>\$ 190,678</b>	<b>\$ 207,764</b>	<b>\$ 215,561</b>	<b>13.0%</b>	<b>3.8%</b>
▪Interbank Loans *	40,171	42,285	46,195	15.0%	9.2%
▪Other Liabilities	6,748	11,516	12,021	78.1%	4.4%
<b>Total Liabilities</b>	<b>\$ 237,597</b>	<b>\$ 261,565</b>	<b>\$ 273,777</b>	<b>15.2%</b>	<b>4.7%</b>
<b>Shareholder's Equity</b>	<b>\$ 37,930</b>	<b>\$ 34,220</b>	<b>\$ 36,802</b>	<b>-3.0%</b>	<b>7.5%</b>

\* Mostly development banks.