



Fourth Quarter 2019

Conference Call Presentation

January | 2020

▶ Executive Summary

RELEVANT RESULTS |

12M19 vs.12M18

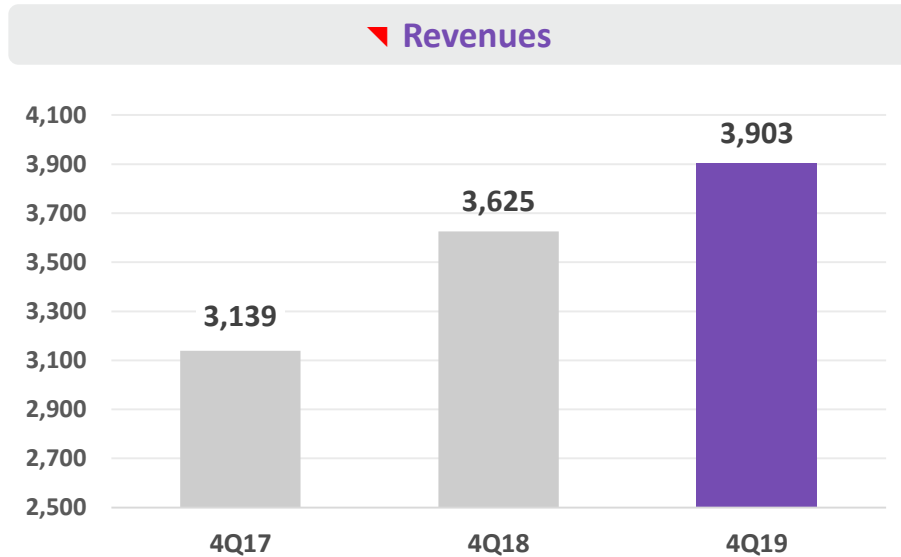
4Q19 vs.4Q18

▪ Net Income	<i>growth</i>	10.6%	2.5%
▪ Revenues	<i>growth</i>	10.8%	7.7%
▪ Financial Margin	<i>growth</i>	8.7%	3.1%
▪ ROAE		18.6%	18.1%
▪ ROAA		2.4%	2.3%
▪ NIM		5.6%	5.6%
▪ Efficiency Ratio		43.3%	43.7%
▪ Total Loan Portfolio	<i>growth</i>	5.8%	
▪ Company Loans Portfolio	<i>growth</i>	7.4%	
▪ Total Deposits	<i>growth</i>	11.1%	
▪ NPL Ratio		0.94%	
▪ Coverage Ratio		155.1%	

▶ Continuous upward trend in Revenues

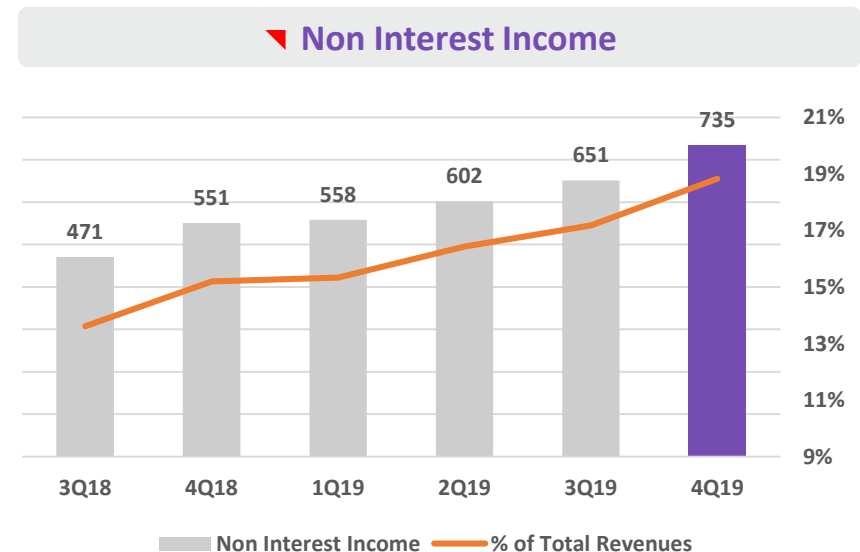
- **Revenues** increased **7.7%** in **4Q19** YoY and **10.8%** in **12M19**.
- **Strong performance** in the **Non Interest Income** as well as **Net Interest Income** despite the reduction in the reference rate.

• Million Pesos



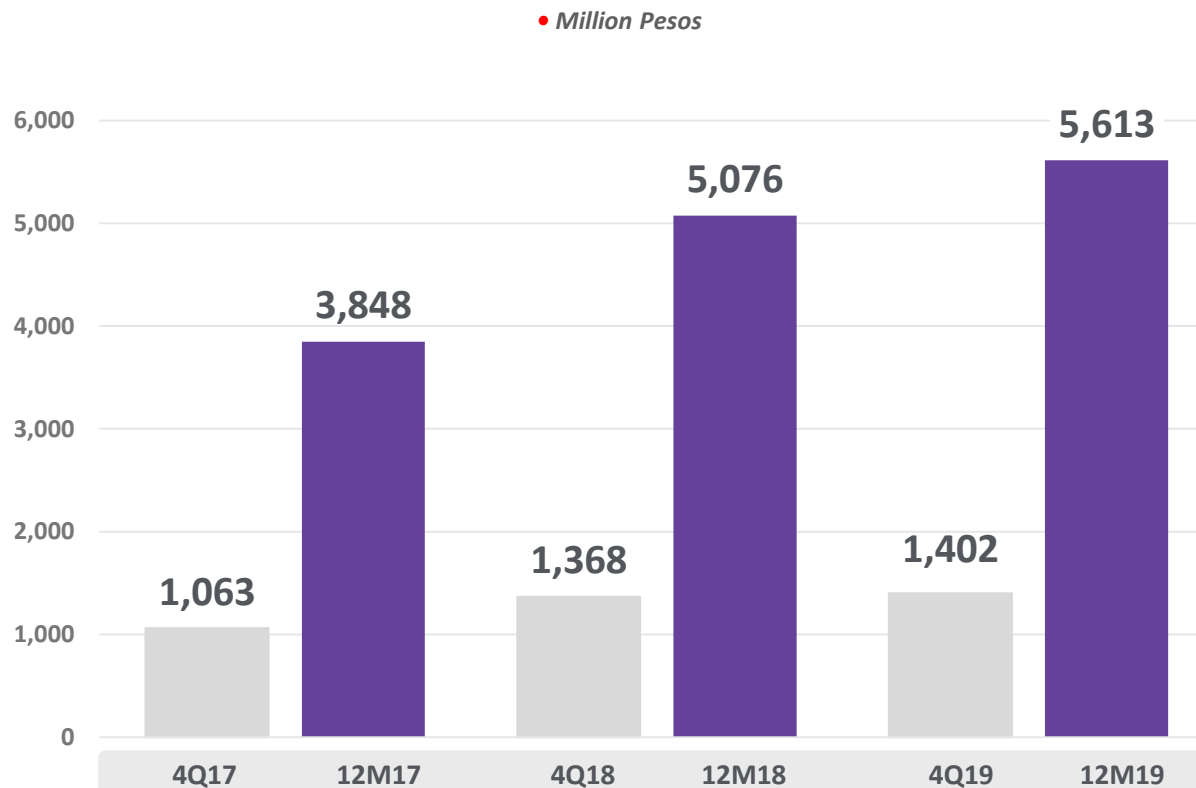
	4Q19	YoY	12M19	YoY
▪ Net Interest Income	3,168	3.1 %	12,452	8.7 %
▪ Non Interest Income	735	33.4 %	2,546	22.0 %
▪ <i>Net Fees & Commissions</i>	517	17.2 %	1,803	7.5 %
▪ <i>Trading Income</i>	128	156.0 %	502	127.1 %
▪ <i>Other Operating Income</i>	90	50.0 %	241	27.5 %
TOTAL REVENUES	3,903	7.7 %	14,998	10.8 %

• Million Pesos



▶ Net Income Performance

- **Net Income was Ps. 1,402 million in 4Q19, 2.5% higher than 4Q18, despite a higher effective tax rate due to a lower level of inflation. For the 12M19 period, Net Income totaled Ps. 5,613 million, 10.6% higher than 12M18.**

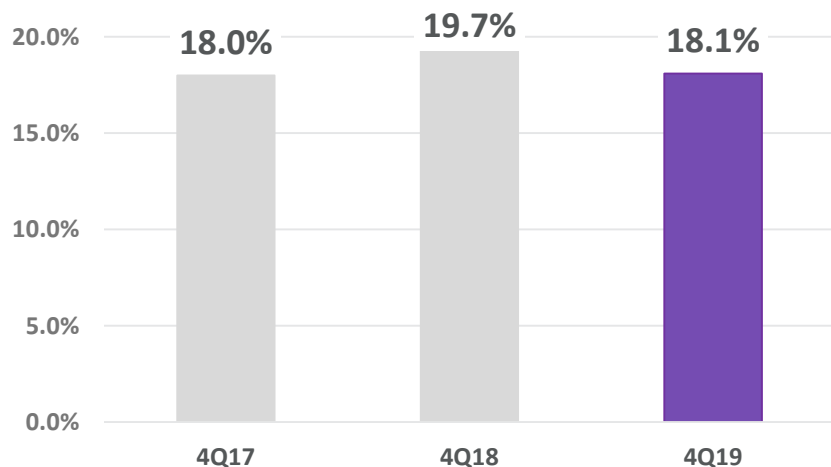


▶ Returns and EPS in line with our guidance

- We continue to post an above 18% level of ROAE since the IPO.
- Continuous growth in Earnings, resulted in a 87.8% increase in EPS since the IPO, and 10.6% YoY.

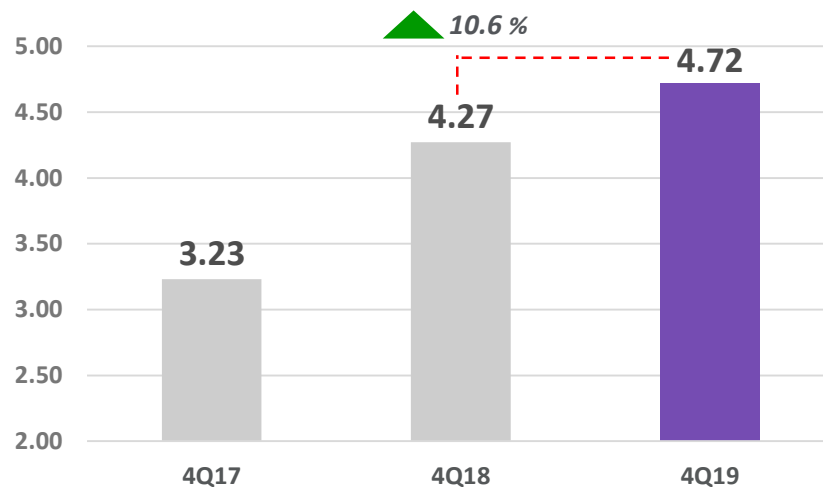
ROAE

• Annualized quarter



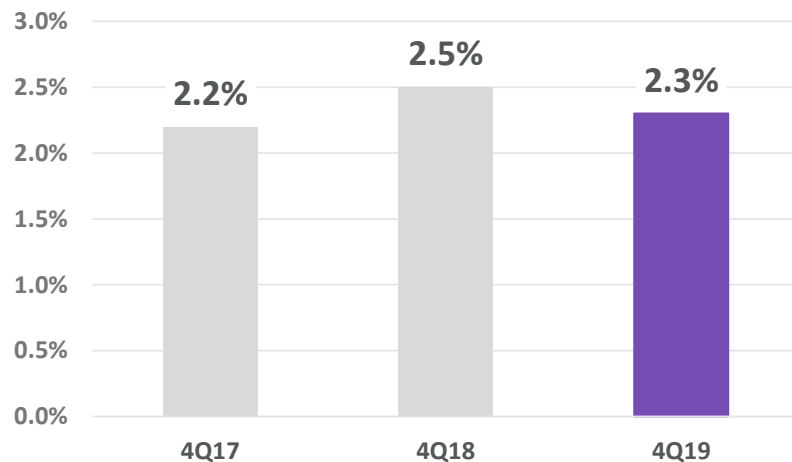
EPS

• Pesos



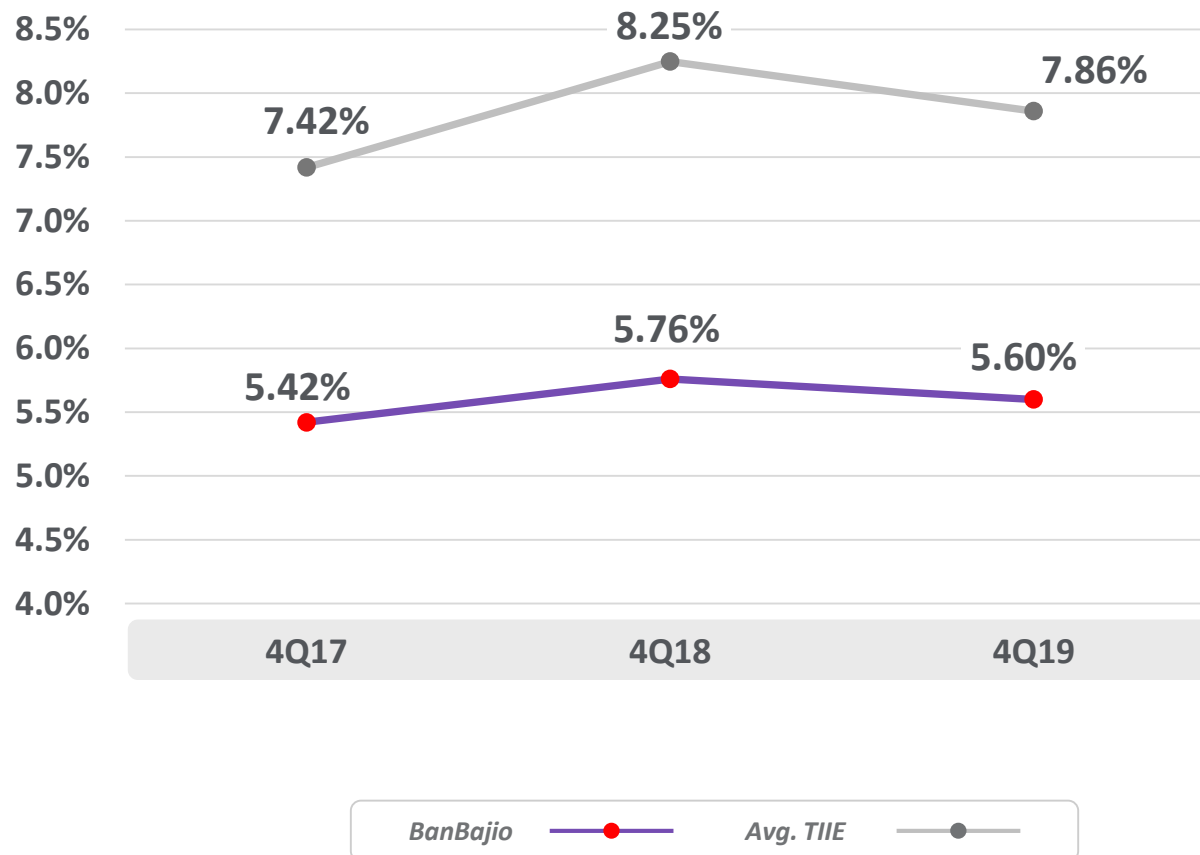
ROAA

• Annualized quarter



▶ Net Interest Margin

- **NIM contracted 16 bps in 4Q19 YoY**, as a result of the reduction in the reference rate and the dividend payment that took place in May 2019.

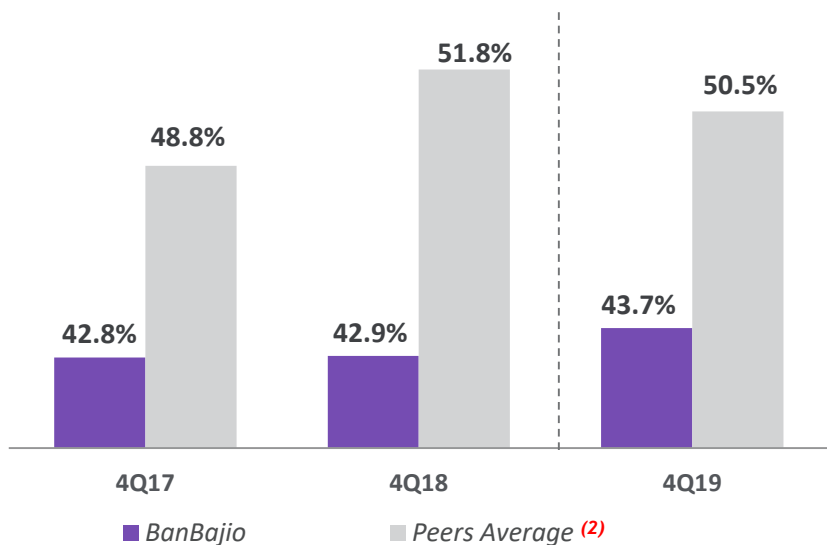


▶ Efficiency Ratio

- Efficiency Ratio for 12M19 remains stable at 43.3% and for 4T19 was 43.7%.

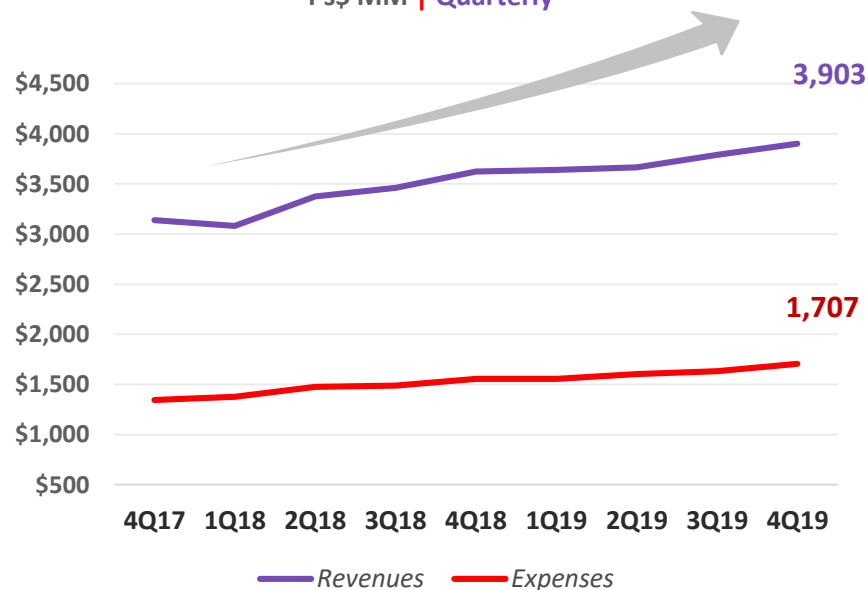
▼ Efficiency Ratio Evolution vs. Peers

Operating Expenses/Total Revenues ⁽¹⁾ | %



▼ Total Revenues and Expenses ⁽¹⁾

Ps\$ MM | Quarterly



Source Company information

Notes:

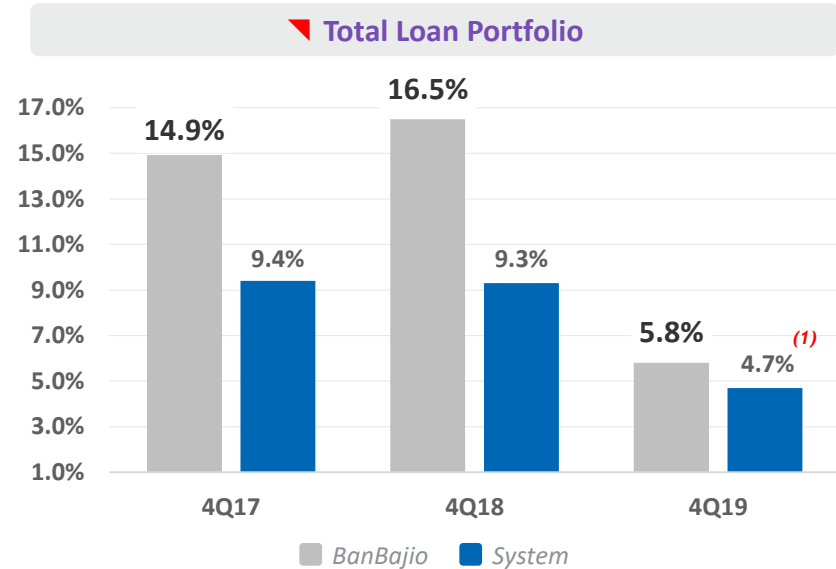
⁽¹⁾ Total Revenues (excluding Loan Loss Provisions).

⁽²⁾ Peers Include: Banorte, Banregio, BBVA Bancomer, Citibanamex, HSBC, Santander and Scotiabank consolidated figures; last available information for the Oct-Nov 19 period.

▶ Loan Portfolio Growth YoY

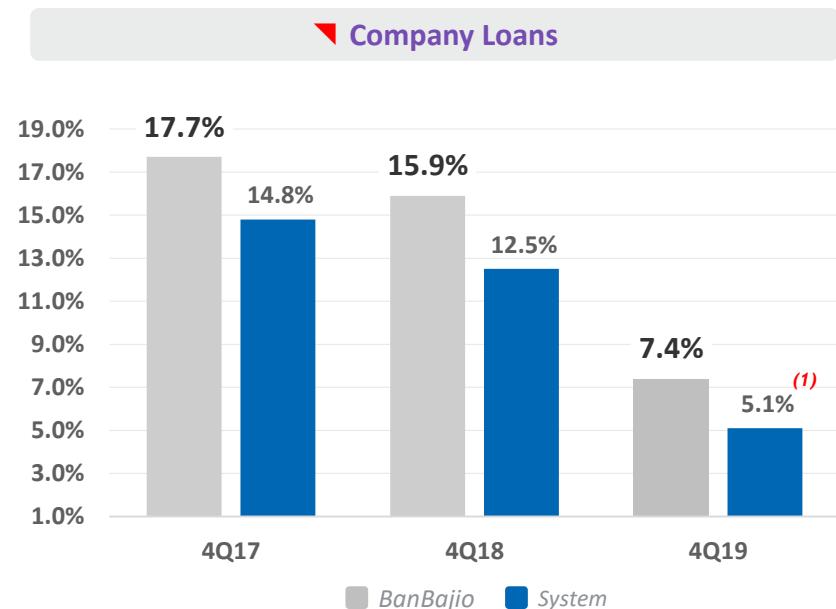
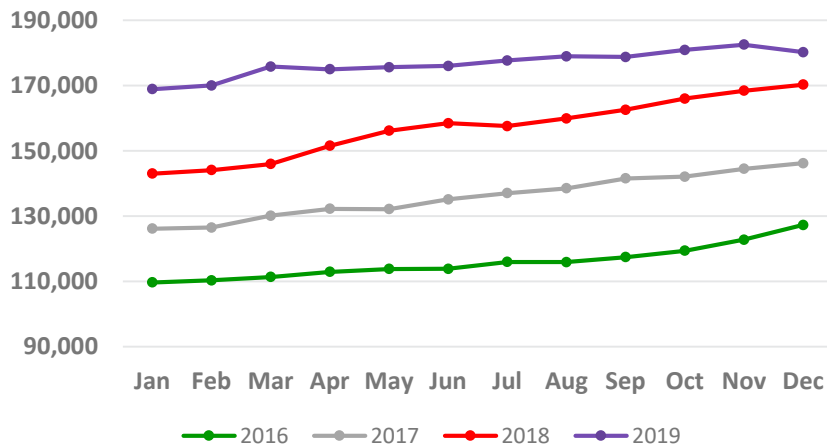
- **Total Loan Portfolio** grew **5.8%** in **4Q19**, above the 4.7% of the system as of Nov 2019.
- **Company Loans**, which represents our core business, increased **7.4 %**.

	YoY
Company Loans	7.4 %
Financial Institutions	-11.3 %
Government	3.1 %
Consumer	42.1 %
Mortgage	-2.0 %



Total Loan Portfolio | MILLION PESOS

CAGR '16 -'4Q19: 13.5% System⁽¹⁾ 9.1%

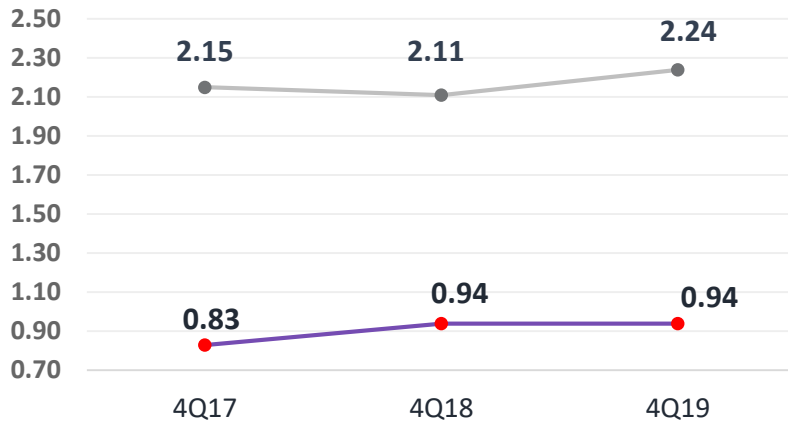


1. Total Banca Multiple consolidated figures Nov19.

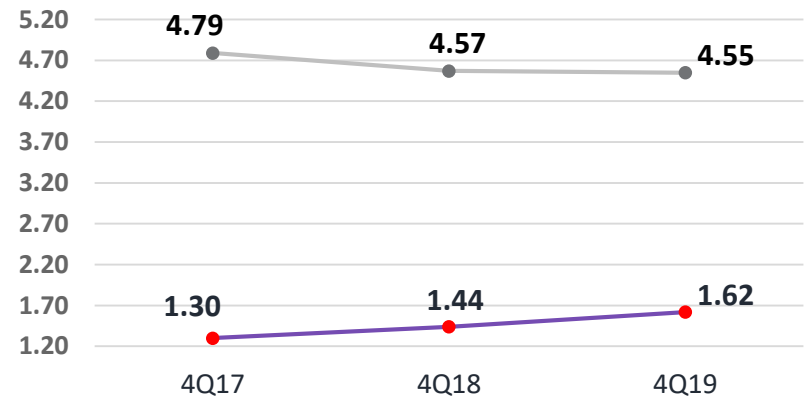
▶ Asset Quality

▪ High asset quality and outstanding risk profile

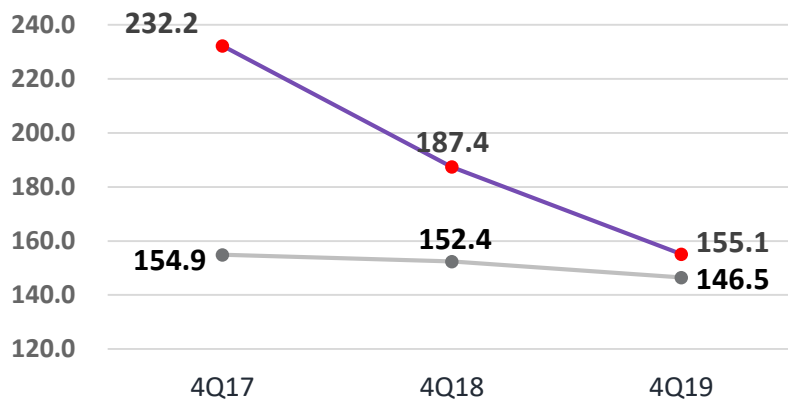
▼ NPL Ratio | %



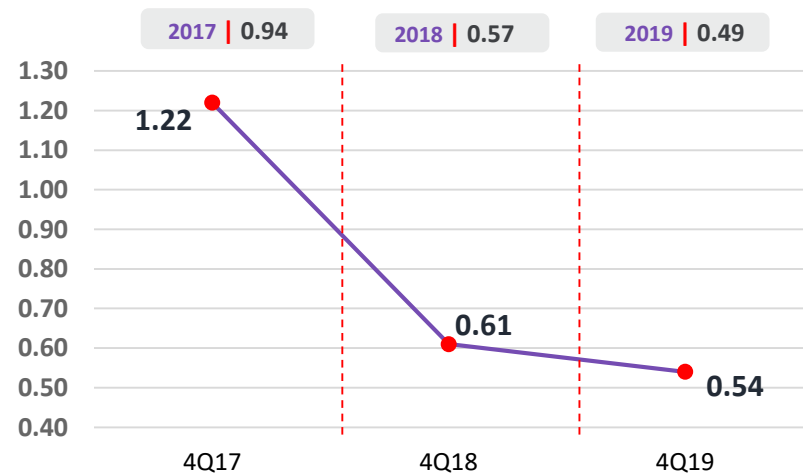
▼ NPL Ratio adjusted | %



▼ Coverage Ratio | %



▼ Cost of Risk¹ | %



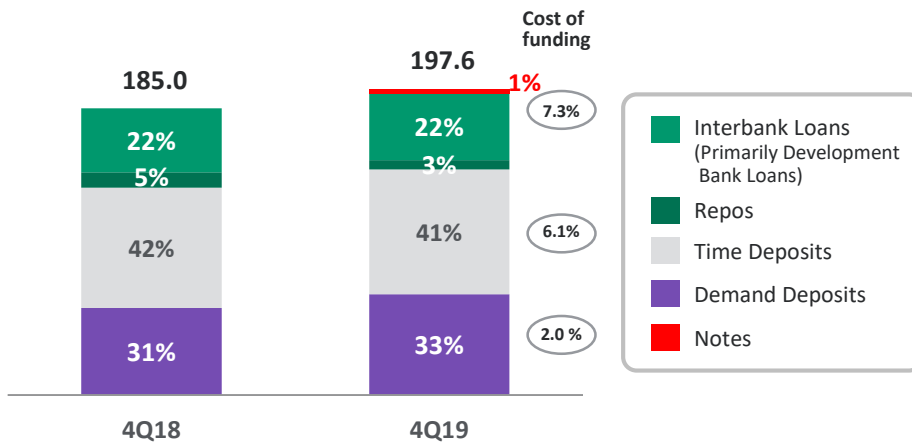
BanBajio —●— System —●—

¹ Annualized quarter

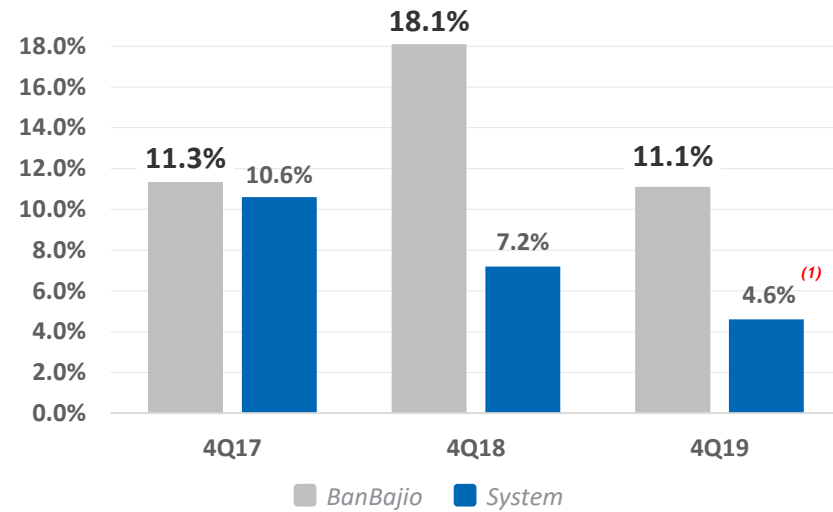
* System Last Available Information Nov 2019, CNBV.

Strong growth in Total Deposits

Funding Breakdown | Ps\$ Bn

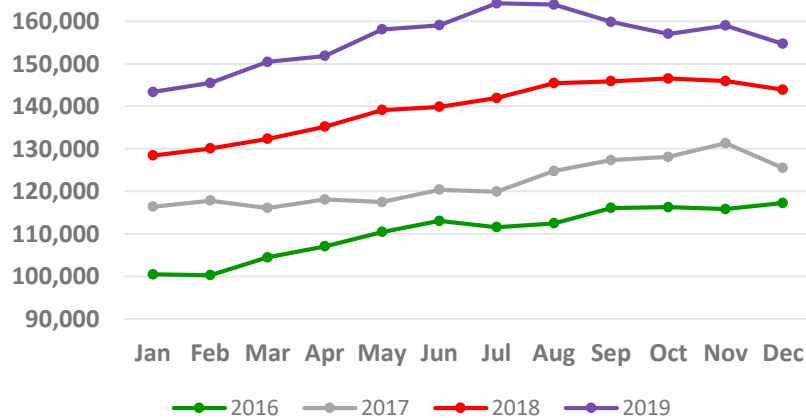


Total Deposits Growth (Demand + Time)



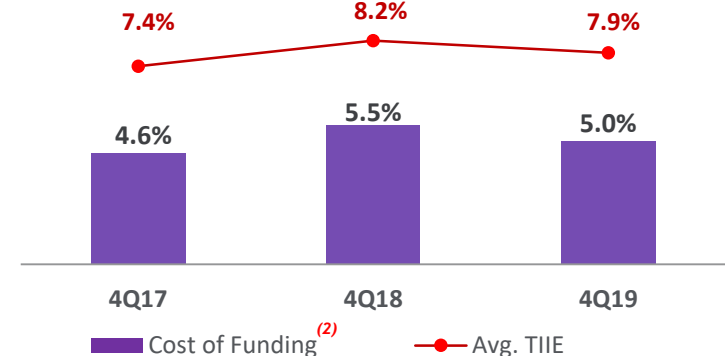
Total Deposits * | Million Pesos

CAGR '16 -'4Q19: 11.2% System⁽¹⁾ 7.0%



Cost of Total Funding | %

Nov19: System⁽¹⁾⁽³⁾ 4.9%⁽⁴⁾



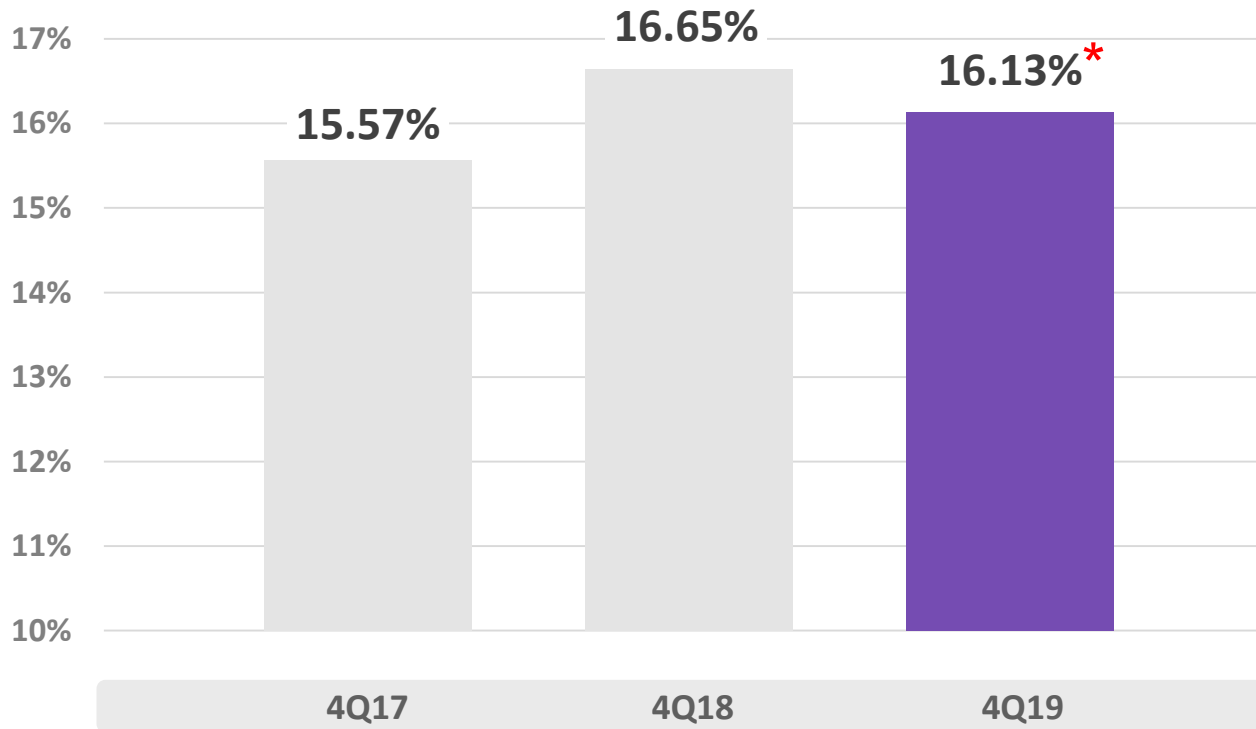
Notes:

1. Total Banca Multiple consolidated figures Nov19.
2. Interest expense divided by total funding (deposits, interbank loans, repos).
3. Includes repos, derivatives, and changes in adjustment to financial asset hedging valuation.
4. Oct-Nov 19 period annualized.

Source: Company information, CNBV
* Includes Repos.

▶ Capital Adequacy Ratio

- **Solid capitalization** ratio with **99.9% TIER 1**



* ICAP December 2019 preliminary

▶ Results vs. Guidance

	GUIDANCE 2019	AS OF DECEMBER 2019
▪ Loan Growth	8% - 10%	5.8%
▪ Deposits Growth	14% - 16%	11.1%
▪ NIM	5.5% - 5.6%	5.6%
▪ Revenues, Net of Reserves	12% - 13%	12.0%
▪ Expenses Growth	11% - 12%	10.2%
▪ Efficiency	Below 45%	43.3%
▪ Cost of Risk	Below 1%	0.49%
▪ Tax Rate	24.0% - 26.0%	26.7%
▪ Net Income	\$5,500 - \$5,700	\$5,613
Growth	8.1% - 12.0%	10.6%
▪ ROAE	18.1% - 18.7%	18.6%
▪ NPL Ratio	Below 1.2%	0.94%
▪ Coverage Ratio	Above 160%	155.1%
▪ Capitalization Ratio	16.3% - 16.7%	16.13%

	2020
▪ Loan Growth	8% - 11%
▪ Deposits Growth	9% - 12%
▪ NIM	5.2% - 5.3%
▪ Net Interest Income Growth	0% - (1%)
▪ Non Interest Income Growth	20% - 25%
▪ Expenses Growth	9.5% - 10.5%
▪ Efficiency	Below 47%
▪ Cost of Risk	0.6% - 0.7%
▪ Tax Rate	25% - 26%
▪ Net Income	\$5,275 - \$5,700
Growth	(6.0%) - 1.0%
▪ ROAE	16.7% - 18.0%
▪ NPL Ratio	Below 1.2%
▪ Coverage Ratio	150%
▪ Capitalization Ratio	14.0% - 15.0%

► Income Statement

Ps\$ MM				Var.	
	4Q18	3Q19	4Q19	Y o Y	Q o Q
▪ Interest Income	\$5,623	\$5,943	\$5,681	1.0 %	-4.4 %
▪ Interest Expense	(2,549)	(2,804)	(2,513)	-1.4 %	-10.4 %
Financial Margin	\$3,074	\$3,139	\$3,168	3.1 %	0.9 %
▪ Net Fees & Commissions	441	456	517	17.2 %	13.4 %
▪ Trading Income	50	155	128	156.0 %	-17.4 %
▪ Other Operating Income / (Expense)	60	40	90	50.0 %	125.0 %
Non Interest Income	551	651	735	33.4 %	12.9 %
Total Revenues	\$3,625	\$3,790	\$3,903	7.7 %	3.0 %
▪ Allowance for Loan Losses	(255)	(269)	(243)	-4.7 %	-9.7 %
▪ Administrative and Advertising Expenses	(1,554)	(1,631)	(1,707)	9.8 %	4.7 %
▪ Equity in income of unconsolidated subsidiaries	1	1	7	600 %	600.0 %
Income Before Taxes	\$1,817	\$1,891	\$1,960	7.9 %	3.6 %
▪ Taxes	(449)	(502)	(558)	24.3 %	11.2 %
Net Income	\$1,368	\$1,389	\$1,402	2.5 %	0.9 %
▪ Effective Tax Rate	24.7 %	26.5 %	28.5 %		

▶ Income Statement

Ps\$ MM	Var.		
	12M 18	12M 19	Y o Y
▪ Interest Income	\$20,062	\$23,027	14.8 %
▪ Interest Expense	(8,607)	(10,575)	22.9 %
Net Interest Income	\$11,455	\$12,452	8.7 %
▪ Net Fees & Commissions	1,677	1,803	7.5 %
▪ Trading Income	221	502	127.1 %
▪ Other Operating Income / (Expense)	189	241	27.5 %
Non Interest Income	2,087	2,546	22.0 %
Total Revenues	\$13,542	\$14,998	10.8 %
▪ Allowance for Loan Losses	(906)	(851)	-6.1 %
▪ Administrative and Advertising Expenses	(5,897)	(6,500)	10.2 %
▪ Equity in income of unconsolidated subsidiaries	3	7	133.3 %
Income Before Tax	\$6,742	\$7,654	13.5 %
▪ Tax	(1,666)	(2,041)	22.5 %
Net Income	\$5,076	\$5,613	10.6 %
▪ Effective Tax Rate	24.7 %	26.7%	

► Balance Sheet

Ps\$ MM				Var.	
	4Q18	3Q19	4Q19	Y o Y	Q o Q
▪ Cash & Cash Equivalents	\$20,976	\$26,120	\$33,417	59.3 %	27.9 %
▪ Investment in Securities	18,121	10,695	9,219	-49.1 %	-13.8 %
▪ Cash & Investments	\$39,097	\$36,815	\$42,636	9.1 %	15.8 %
▪ Performing Loan Portfolio	168,655	176,990	178,506	5.8 %	0.9 %
▪ Non-performing Loan Portfolio	1,600	1,729	1,702	6.4 %	-1.6 %
▪ Gross Loan Portfolio	\$170,255	\$178,719	\$180,208	5.8 %	0.8 %
▪ Loan Loss Provisions	(2,998)	(2,708)	(2,640)	-11.9 %	-2.5 %
Net Loan Portfolio	\$167,257	\$176,011	\$177,568	6.2 %	0.9 %
▪ Repos	8,242	10,502	7,001	-15.1 %	-33.3 %
▪ Other Assets	9,354	17,669	10,630	13.6 %	-39.8 %
Total Assets	\$223,950	\$240,997	\$237,835	6.2 %	-1.3 %
▪ Demand Deposits	56,184	66,579	65,109	15.9 %	-2.2 %
▪ Time Deposits	77,712	84,230	80,614	3.7 %	-4.3 %
▪ Notes	0	0	3,003	ABS	-ABS
Total Deposits	\$133,896	\$150,809	\$148,726	11.1 %	-1.4 %
▪ Repos	9,981	9,060	5,983	-40.1 %	-34.0 %
Funding Including Repos	\$143,877	\$159,869	\$154,709	7.5 %	-3.2 %
▪ Interbank Loans *	41,167	38,776	42,850	4.1 %	10.5 %
▪ Other Liabilities	10,356	11,977	8,607	-16.9 %	-28.1 %
Total Liabilities	\$195,400	\$210,622	\$206,166	5.5 %	-2.1 %
Shareholder's Equity	\$28,550	\$30,375	\$31,669	10.9 %	4.3 %

* Mostly development banks funding.