

**BBVA Bancomer**

# **January - December 2016**

## **Financial Report BBVA Bancomer**





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# Relevant Events

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## Decree and distribution of dividends

During the fourth quarter of 2016, BBVA Bancomer S.A. Commercial Banking Institution realized the third partial payment of dividends declared in the Shareholders Board Meeting for the year 2016 at \$0.162670139259139 per share.

## Credit support to PEMEX

Official Letter No. P021/2016 dated May 2, 2016, attending a systemic situation as a consequence of the budget cuts that have affected Pemex, declares that the National Banking and Securities Commission (CNBV, according to its acronym in Spanish) considers this to be a temporary situation, authorized the application of special accounting criteria regarding the following portfolios:

- Consumer and Mortgages.
- Commercial:
  - Granted to individuals and corporations with annual sales in 2015 < 250 million pesos.
  - With annual sales in 2015 < 250 million pesos and whose income comes primarily from the Mexican oil sector.
- Have their permanent residence in Campeche, Chiapas, Tabasco, Tamaulipas and Veracruz.

All cases should be classified for accounting purposes as performing at the moment of the time extension or grating of a grace period.

The implementation of the support programs to the credit owners consist in:

- Establishing support programs to defer payments not more than 12 months from the original deadline. The implementation of the programs should not exceed December 31st, 2016.
- The operations under this Official Letter, will not be considered as restructures or renovations.
- That the credits eligible to participate in the program are classified for accounting purposes as performing on the date of its execution, according to the provisions of the Paragraph 12 of the Criterion B-6 "Loan Portfolio" of the dispositions of CNBV.

Special accounting criteria applicable to BBVA Bancomer, by the type of credit, are the following:

- Loans with a "single payment of principal and periodic interest payments, as well as the loans with single payment of principal and interests at maturity", that are restructured or renewed shall not be considered nonperforming loans in terms of the Paragraph 79 of the B-6.
- For credits with "periodic payments of principal and interests" that are restructured or renewed, could be considered performing at the time such an act is carried out, without Paragraphs 82 and 84 of B-6 being applicable.

- The loans granted under a credit line, revolving or not, that are restructured or renewed, will not be considered nonperforming loans in terms of the Paragraphs 80 and 81 of the B-6.
- In relation to the loans mentioned in the previous bullets, these will not be considered as restructured according to Paragraph 40 of the Criterion B-6.

Therefore, up to December 31<sup>th</sup>, 2016, the decrease in the performing loans would have been of 981.5 million pesos (mp); as loan balances that received the support would have been registered as nonperforming loans if the deferral hadn't been applied. The impact in the bank's results of the creation of the provisions would have been of 430.1million pesos, approximately. The NPL would have an impact of 10 basis points and Capital Index almost had no impact.

The following table shows, the loan portfolio, the amount subject to deferral and the total balance of the loans:

Tipo de cartera	Accounts	Balance (mp)
Commercial	4	32.3
Mortgages	1,635	934.5
Total CC	273	14.4
Total Consumer	3,828	438.7
SMEs	171	148.2
<b>Total</b>	<b>5,911</b>	<b>1,568.0</b>

# Management and Discussion Analysis

## Commercial Activity

### Performing Loans

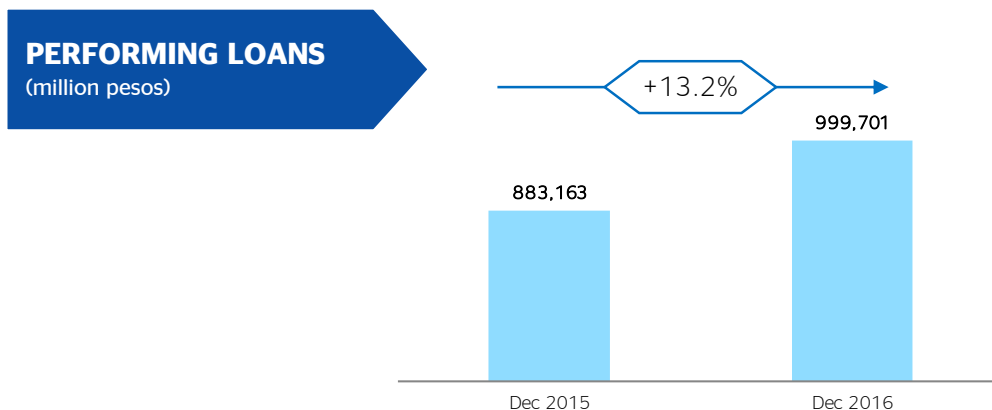
BBVA Bancomer maintains a positive evolution of the commercial activity with double digit annual growth. As of December 2016, the loan portfolio reached a balance of 999,701 million pesos, equivalent to an annual growth of 13.2%.

The higher dynamism was shown in the commercial lending and inside this portfolio, the credit to business or commercial activity (that includes corporate, medium enterprises, developers and SMEs) registered an increase of 19.2% in annual terms.

Consumer loans showed an annual increase of 12.8%, the driver within this portfolio is in the payroll, personal and car loans, with a balance of 143,253 million pesos at the end of December 2016, equivalent to an annual growth of 16.7%. On the other side, the credit card portfolio begins to improve the growth trend to end the first half of the year with an annual increase of 7.8%, reaching a balance of 102,712 million pesos.

The mortgage loans increased 8.1% over the same period of the previous year. Furthermore, BBVA Bancomer remains leader in the mortgage market by granting 1 out of every 4 new mortgages in the private sector according to the public information of the CNBV as of November 2016.

BBVA Bancomer Performing Loans <i>Million pesos</i>	Dec 2015	Sep 2016	Dec 2016	% Q-o-Q	% Y-o-Y
<b>Commercial loans</b>	<b>497,339</b>	<b>548,698</b>	<b>572,221</b>	<b>4.3%</b>	<b>15.1%</b>
Business or commercial activity	343,955	392,330	409,974	4.5%	19.2%
Financial entities	15,869	21,165	19,606	-7.4%	23.5%
Government entities	137,515	135,203	142,641	5.5%	3.7%
<b>Consumer</b>	<b>217,982</b>	<b>240,799</b>	<b>245,965</b>	<b>2.1%</b>	<b>12.8%</b>
Mortgage	167,842	177,877	181,515	2.0%	8.1%
<b>PERFORMING LOANS</b>	<b>883,163</b>	<b>967,374</b>	<b>999,701</b>	<b>3.3%</b>	<b>13.2%</b>



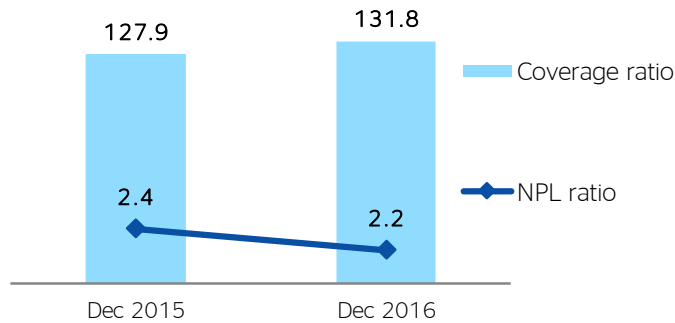
Asset quality

Non-performing Loans

The growth of the portfolio has been accompanied by an adequate asset quality. The NPL ratio shows an improvement of 14 basis points and stood at 2.2% at the end of December 2016.

BBVA Bancomer Non Performing Loans <i>Million pesos</i>	Dec 2015	Sep 2016	Dec 2016	Q-o-Q %	Y-o-Y
<b>Commercial loans</b>	<b>5,660</b>	<b>6,403</b>	<b>6,323</b>	<b>-1.2%</b>	<b>11.7%</b>
Business or commercial activity	5,159	6,078	6,000	-1.3%	16.3%
Financial entities	499	324	322	-0.6%	-35.5%
Government entities	1	1	1	0.0%	0.0%
<b>Consumer</b>	<b>7,433</b>	<b>8,675</b>	<b>8,755</b>	<b>0.9%</b>	<b>17.8%</b>
Mortgage	8,313	8,108	7,681	-5.3%	-7.6%
<b>NON PERFORMING LOANS</b>	<b>21,405</b>	<b>23,186</b>	<b>22,759</b>	<b>-1.8%</b>	<b>6.3%</b>

**COVERAGE RATIO VS  
NPL RATIO**



### Loan Portfolio Credit Quality Classification

More than 80% of the portfolio is classified with the minimum risk level, which means that BBVA Bancomer has an adequate asset quality.

BBVA Bancomer Performing Loan Rating December 2016 <i>Million pesos</i>	Commercial Loans		Mortgage		Consumer		Credit Card	
	Balance	Provision	Balance	Provision	Balance	Provision	Balance	Provision
<b>Ratings</b>								
A1	532,817	1,337	130,290	271	45,535	565	38,654	843
A2	53,687	561	27,529	166	33,934	850	15,897	626
B1	18,729	161	6,293	53	25,700	897	9,848	563
B2	8,981	178	4,017	48	19,269	857	8,819	638
B3	7,274	217	1,677	29	7,937	425	9,219	829
C1	2,094	119	4,910	160	2,868	196	9,225	1,093
C2	703	77	4,071	312	4,483	479	10,848	2,486
D	4,712	1,379	7,916	1,742	3,347	776	1,844	879
E	3,835	2,595	2,495	1,298	6,420	3,896	2,275	1,987
Additional		0		454		14		0
<b>TOTAL REQUIRED</b>	<b>632,832</b>	<b>6,624</b>	<b>189,198</b>	<b>4,533</b>	<b>149,493</b>	<b>8,955</b>	<b>106,629</b>	<b>9,944</b>

## Deposits

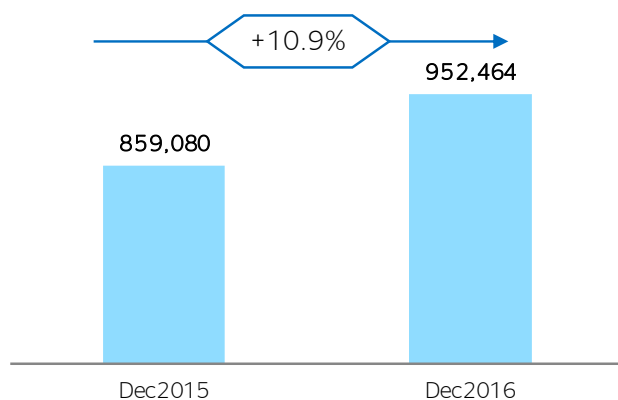
Bank deposits (defined as demand and time deposits) showed an annual growth of 10.9%. Demand deposits had a constant growth and closed the year with a balance of 754,858 million pesos, equivalent to an annual growth of 11.1%. While time deposits increased 9.9% in the last 12 months. This evolution allows BBVA Bancomer to maintain a very profitable funding mix with a higher relative weight of low-cost deposits.

BBVA Bancomer consolidates its market leader position in terms of bank deposits with a 23% market share.

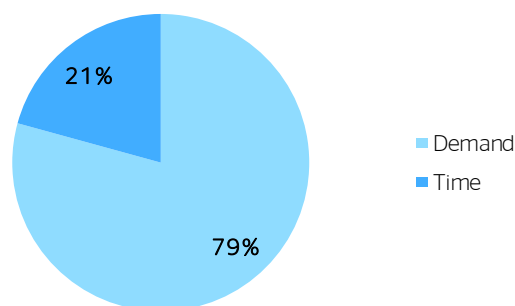
Total deposits also recorded a strong performance with an annual growth of 8.7%. Summing up all customer resources or funds, BBVA Bancomer manages 1.7 trillion pesos.

BBVA Bancomer Deposits <i>Million pesos</i>	Dec 2015	Sep 2016	Dec 2016	Q-o-Q %	Y-o-Y %
<b>Demand deposits</b>	<b>679,254</b>	<b>721,918</b>	<b>754,858</b>	<b>4.6%</b>	<b>11.1%</b>
Customer deposits	150,935	181,343	173,800	-4.2%	15.1%
Money market	28,892	26,840	23,806	-11.3%	-17.6%
<b>Time deposits</b>	<b>179,826</b>	<b>208,183</b>	<b>197,606</b>	<b>-5.1%</b>	<b>9.9%</b>
<b>Banking Deposits</b>	<b>859,080</b>	<b>930,101</b>	<b>952,464</b>	<b>2.4%</b>	<b>10.9%</b>
Bonds	91,220	83,962	79,990	-4.7%	-12.3%
Global account of deposits w/o movement:	2,501	3,293	3,170	-3.7%	26.7%
<b>TOTAL DEPOSITS</b>	<b>952,801</b>	<b>1,017,356</b>	<b>1,035,624</b>	<b>1.8%</b>	<b>8.7%</b>

Total Banking Deposits (mp)



Banking Deposits Composition (%)



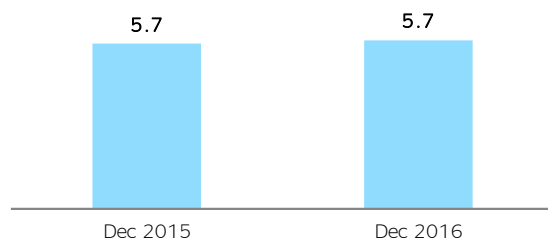


## Results

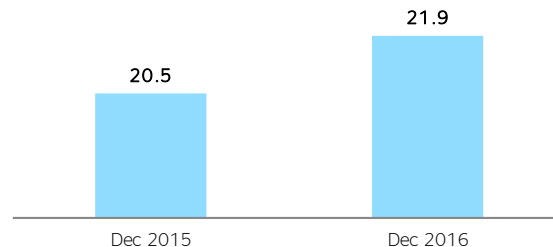
During the year 2016, BBVA Bancomer registered solid results. The positive evolution and growth is based on the recurrent revenues, strict risk management and controlled expenses. Net income reached 33,311 million pesos (mp), which represents an annual increase of 16.4%.

BBVA Bancomer Income Statement	4Q 2015	3Q 2016	4Q 2016	% QoQ	% YoY	12M 2015	12M 2016	% YoY
<i>Million pesos</i>								
<b>Net Interest Income</b>	<b>23,996</b>	<b>25,599</b>	<b>26,639</b>	<b>4.1%</b>	<b>11.0%</b>	<b>91,809</b>	<b>103,104</b>	<b>12.3%</b>
Provisions for loan losses	(7,238)	(8,539)	(7,982)	-6.5%	10.3%	(28,482)	(32,383)	13.7%
<b>Net interest income after provisions for loan lo</b>	<b>16,758</b>	<b>17,060</b>	<b>18,657</b>	<b>9.4%</b>	<b>11.3%</b>	<b>63,327</b>	<b>70,721</b>	<b>11.7%</b>
Total Fees & Commission	5,959	6,151	6,560	6.6%	10.1%	21,851	24,201	10.8%
Trading income	664	1,178	1,070	-9.2%	61.1%	3,262	3,562	9.2%
Other operating income	(89)	16	(162)	n.a.	n.a.	854	1,551	81.6%
<b>Total operating revenues</b>	<b>23,292</b>	<b>24,405</b>	<b>26,125</b>	<b>7.0%</b>	<b>12.2%</b>	<b>89,294</b>	<b>100,035</b>	<b>12.0%</b>
Non-interest expense	(13,902)	(13,820)	(17,201)	24.5%	23.7%	(51,960)	(57,744)	11.1%
<b>Net operating income</b>	<b>9,390</b>	<b>10,585</b>	<b>8,924</b>	<b>-15.7%</b>	<b>-5.0%</b>	<b>37,334</b>	<b>42,291</b>	<b>13.3%</b>
Share in net income of unconsolidated subsidiaries and affiliates	19	(148)	(4)	n.a.	n.a.	100	16	-84.0%
<b>Income before income tax and profit sharing</b>	<b>9,409</b>	<b>10,437</b>	<b>8,920</b>	<b>-14.5%</b>	<b>-5.2%</b>	<b>37,434</b>	<b>42,307</b>	<b>13.0%</b>
Net Taxes	(2,301)	(2,739)	(1,900)	-30.6%	-17.4%	(8,821)	(9,868)	11.9%
<b>NET INCOME</b>	<b>7,108</b>	<b>8,232</b>	<b>7,020</b>	<b>-14.7%</b>	<b>-1.2%</b>	<b>28,613</b>	<b>33,311</b>	<b>16.4%</b>

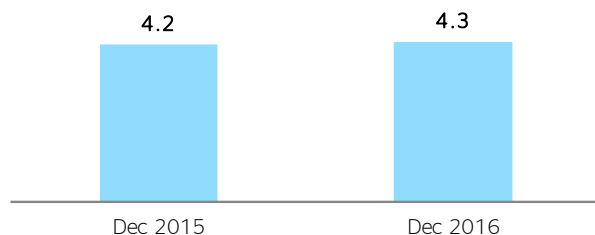
NIM (total assets, %)<sup>1</sup>



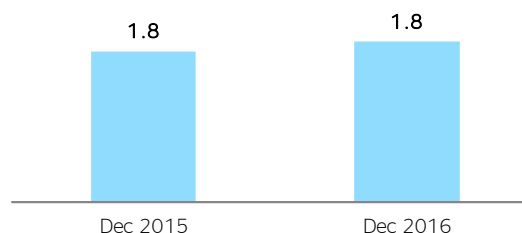
ROE (%)



NIM Adjusted (interest bearing assets, %)<sup>2</sup>



ROA (%)



<sup>1</sup> Net Interest Margin (NIM) on total assets.

<sup>2</sup> NIM adjusted after provisions for loan losses on productive assets.

## Net Interest Income

Net interest income is driven by higher volumes in loans and deposits, allowing the net interest income to grow at 12.3% compared with the same period of 2015. Meanwhile, the net interest income after provisions registers an increase of 11.7% compared with December 2015.

BBVA Bancomer								
Net Interest Income	4Q	3Q	4Q	% YoY		12M	12M	%
<i>Million pesos</i>	2015	2016	2016	QoQ	YoY	2015	2016	YoY
Loans and deposits financial revenues	22,753	24,964	25,947	3.9	14.0	86,918	99,051	14.0
Margin fees	359	385	422	9.6	17.5	1,367	1,492	9.1
<b>Banking net interest income</b>	<b>23,112</b>	<b>25,349</b>	<b>26,369</b>	<b>4.0</b>	<b>14.1</b>	<b>88,285</b>	<b>100,543</b>	<b>13.9</b>
Repos financial revenues	884	250	270	8.0	(69.5)	3,524	2,561	(27.3)
<b>Net interest income</b>	<b>23,996</b>	<b>25,599</b>	<b>26,639</b>	<b>4.1</b>	<b>11.0</b>	<b>91,809</b>	<b>103,104</b>	<b>12.3</b>
Provisions for loan losses	(7,238)	(8,539)	(7,982)	(6.5)	10.3	(28,482)	(32,383)	13.7
<b>Net interest income after provisions</b>	<b>16,758</b>	<b>17,060</b>	<b>18,657</b>	<b>9.4</b>	<b>11.3</b>	<b>63,327</b>	<b>70,721</b>	<b>11.7</b>

## Fees and Commissions

Commissions increased at 10.8% in annual terms, due to a higher transaction volume of customer with credit and debit cards.

BBVA Bancomer								
Fees & Commissions	4Q	3Q	4Q	% YoY		12M	12M	%
<i>Million pesos</i>	2015	2016	2016	QoQ	YoY	2015	2016	YoY
Bank fees	1,841	1,634	1,620	-0.9	(12.0)	6,615	6,443	(2.6)
Credit and debit card	2,775	3,201	3,384	5.7	21.9	10,251	12,444	21.4
Investment funds	605	689	707	2.6	16.9	2,426	2,699	11.3
Others	738	628	848	35.0	14.9	2,559	2,615	2.2
<b>Commissions and fee income</b>	<b>5,959</b>	<b>6,152</b>	<b>6,559</b>	<b>6.6</b>	<b>10.1</b>	<b>21,851</b>	<b>24,201</b>	<b>10.8</b>

## Other income (expenses) of the operation

In December 2016, other operating income increased by more than 80%

BBVA Bancomer Other operating income <i>Million pesos</i>	4Q 2015	3Q 2016	4Q 2016	% QoQ	% YoY	12M 2015	12M 2016	% YoY
Extinction Trust 781 - Securitization	0	0	0	n.a.	n.a.	0	1,307	100.0
Portfolio sale and recovery	414	259	323	24.6	(21.9)	1,107	1,098	(0.9)
Interest lending employees	139	142	147	3.3	5.7	524	566	8.0
Dividends collected unlisted	46	31	25	(19.6)	(46.5)	224	221	(1.5)
Results of operations awarded	14	(82)	113	n.a.	n.a.	(343)	92	n.a.
Write-offs	(147)	(270)	(129)	(52.2)	(12.1)	(296)	(650)	119.2
Legal contingencies	(32)	(21)	(82)	285.1	154.2	(232)	(342)	47.4
Pension plans	(526)	0	0	n.a.	n.a.	(526)	0	n.a.
Donations	(106)	(98)	(111)	12.8	4.4	(340)	(357)	4.9
Sale of fixed assets	64	4	(373)	n.a.	n.a.	518	(370)	n.a.
Otros ingresos	46	52	(75)	n.a.	n.a.	218	(15)	n.a.
<b>Other operating income</b>	<b>(89)</b>	<b>16</b>	<b>(162)</b>	<b>n.a.</b>	<b>82.0</b>	<b>854</b>	<b>1,551</b>	<b>81.7</b>

## Non-Interest Expenses

The expenses register a higher growth derived from the actuarial adjustment of the pension funds, as well as the employees' compensation to make a simpler and closer organization (paid to companies that operate personnel).

On the other hand, BBVA Bancomer continues the investment, which has been reflected in the development of new digital channels and the remodeling of 1,831 branches, in which the self-service patios have been expanded, reaching 11,434 total ATMs at the end of the year.

Furthermore, BBVA Bancomer remains one of the most efficient institutions in the system by registering a cost to income ratio of 43.6%.

BBVA Bancomer Non-Interest Expenses <i>Million pesos</i>	4Q 2015	3Q 2016	4Q 2016	% QoQ	% YoY	12M 2015	12M 2016	% YoY
Administrative and operating expenses	9,597	9,268	12,777	37.9	33.1	35,685	39,990	12.1
Rent, depreciation and amortization	2,089	2,517	2,328	(7.5)	11.4	8,424	9,630	14.3
Taxes	1,092	879	899	2.3	(17.7)	3,612	3,501	(3.1)
Deposit guarantee fund (IPAB)	1,083	1,156	1,197	3.5	10.5	4,049	4,585	13.2
<b>Administrative and promotional expenses</b>	<b>13,902</b>	<b>13,820</b>	<b>17,201</b>	<b>24.5</b>	<b>23.7</b>	<b>51,960</b>	<b>57,744</b>	<b>11.1</b>

# Financial Indicators

BBVA Bancomer	4Q 2015	1Q 2016	2Q 2016	3Q 2016	4Q 2016	12M 2015	12M 2016
<b>Infrastructure Indicators (#)</b>							
Branches	1,818	1,825	1,821	1,833	1,836	1,818	1,836
ATMs	10,772	10,991	11,133	11,319	11,434	10,772	11,434
Employees	30,403	30,070	30,182	30,922	31,083	30,403	31,083
<b>Profitability Indicators (%)</b>							
NIM adjusted (interest bearing assets)	4.2	4.7	4.0	4.1	4.4	4.2	4.3
NIM (total assets)	5.6	6.0	5.6	5.6	5.7	5.7	5.7
Operating efficiency	3.2	3.1	3.0	3.0	3.7	3.2	3.2
Efficiency (cost to income)	45.5	41.1	40.7	41.9	50.4	44.1	43.6
Productivity index	42.9	43.2	42.8	44.5	38.1	42.1	41.9
ROE	19.7	24.6	24.5	21.1	17.7	20.5	21.9
ROA	1.7	2.1	2.0	1.8	1.5	1.8	1.8
<b>Asset Quality Indicators (%)</b>							
NPL ratio	2.4	2.4	2.3	2.3	2.2	2.4	2.2
Coverage ratio	127.9	127.4	129.3	131.1	131.8	127.9	131.8
<b>Solvency Indicators (%)</b>							
Core equity tier 1 ratio	11.0	10.7	10.8	10.7	10.7	11.0	10.7
Total capital ratio	14.9	14.0	14.0	13.8	13.7	14.9	13.7
Leverage ratio	6.6	6.5	6.8	7.0	6.7	6.6	6.7
<b>Liquidity Indicators (%)</b>							
Liquidity ratio (CNBV requirement)	78.9	74.8	75.6	73.8	74.9	78.9	74.9
Liquidity ratio (Loans / Deposits)	102.8	103.0	101.8	104.0	105.0	102.8	105.0
Liquidity Coverage Coefficient (Local LCR)	118.25	118.72	121.78	120.57	124.46	118.25	124.46

## PROFITABILITY

- a) *Net Interest Margin adjusted (NIM adjusted): Financial margin after provisions for loan losses (annualized) / Average productive assets*  
Average productive assets: Cash + Securities + Repo debtors + securities lending + derivatives + performing loans + Receivable benefits from securitization transactions + Valuation adjustments derived from hedges of financial assets
- b) *Net Interest Margin (NIM): Net interest income (annualized) / Average total assets*
- c) *Operating efficiency: Expenses (annualized) / Average total assets*
- d) *Efficiency index: Administrative and promotional expenses / Net interest income + fees and commissions, net interest income + net income + other income (expense) of the operation*
- e) *Productivity Index: Commissions and fees, net / Promotion and administrative expenses*
- f) *Return on equity (ROE): Net income (annualized) / Average capital*
- g) *Return on assets (ROA): Net income (annualized) / Average total assets*

## ASSET QUALITY

- h) *NPL ratio: Past due loans / Total gross portfolio*
- i) *Coverage Ratio: Allowance for loan losses / Portfolio overdue*

## SOLVENCY

- j) *Fundamental Ratio: Fundamental Capital / Risk Weighted Assets to credit risk, market and operational (applied in Mexico from January 2013)*



- k) Tier1 Capital Ratio: Tier1 Capital / Risk Weighted Assets to credit risk, market and operational (applied in Mexico from January 2013)*
- l) Leverage Ratio: Risk Capital / Exposure*

**LIQUIDITY**

- m) Liquidity Ratio: Liquid assets / Liquid liabilities*  
*Liquid Assets: Cash and cash equivalents + Trading (securities) + Available for sale (securities)*  
*Liquid Liabilities: Demand deposits + Interbank loans and loans from other entities payable on demand + Interbank loans and loans from other entities short term*
- n) Loans / Deposits: Performing loans / Core deposits (demand + time)*
- o) CCL (Local LCR - Liquidity Coverage Ratio): Computable Liquid Assets / Outputs - Inputs*

# Capital and Liquidity

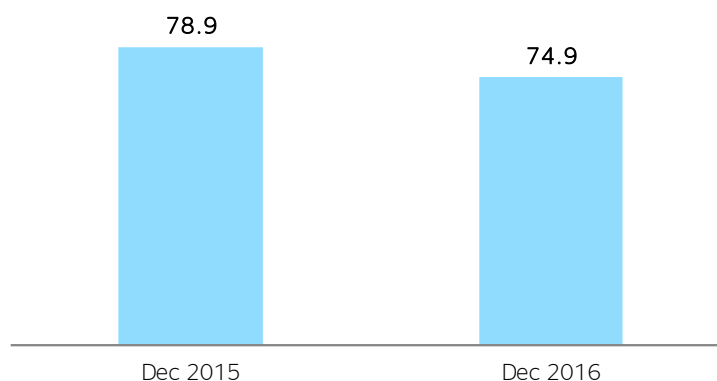
Total capital ratio of BBVA Bancomer stood at 13.7% at the end of December 2016, which is composed by 11.4% of Tier 1 capital and 2.3% of Tier 2 capital.

BBVA Bancomer fully covers the minimum capital requirements. For this year 2016, derived from the additional allocation of capital for being classified as domestic systemically important entity (Grade IV), BBVA Bancomer has a minimum requirement of 10.875% for the capital ratio.

BBVA Bancomer Capitalization (estimate) <i>Million pesos</i>	December 2015		September 2016		December 2016	
Tier 1 capital	144,463		156,621		158,728	
Tier 2 capital	37,458		32,454		32,406	
<b>Net capital</b>	<b>181,921</b>		<b>189,075</b>		<b>191,134</b>	
<b>Risk-weighted assets</b>	<b>863,921</b>	<b>1,219,410</b>	<b>956,915</b>	<b>1,371,945</b>	<b>967,882</b>	<b>1,392,051</b>
	Credit market, Operative Risk & Credit Risk		Credit market, Operative Risk & Credit Risk		Credit market, Operative Risk & Credit Risk	
Tier 1 as % of risk-weighted assets	16.7%	11.8%	16.4%	11.4%	16.4%	11.4%
Tier 2 as % of risk-weighted assets	4.3%	3.1%	3.4%	2.4%	3.3%	2.3%
<b>Net capital ratio</b>	<b>21.1%</b>	<b>14.9%</b>	<b>19.8%</b>	<b>13.8%</b>	<b>19.7%</b>	<b>13.7%</b>

The regulatory liquidity ratio, defined as Liquid Assets / Liquid Liabilities, stood at 74.9%. The Liquidity Coverage Ratio (Local LCR) stood at 124.46%, with a required minimum of 70%, this allows BBVA Bancomer to have comfortable levels for further growth.

## LIQUIDITY RATIO (regulatory, %)



# Ratings

BBVA Bancomer Ratings				
	Long Term	Short Term		Outlook
<b>Standard and Poor's</b>				
Issuer Credit Rating - Foreign Currency	BBB+	A-2	Negativa	Negative
Issuer Credit Rating - Local Currency	BBB+	A-2	Negativa	Negative
National Scale	mxAAA	mxA-1+	Estable	Stable
Stand Alone Credit Profile (SACP)	a-			
<b>Moody's</b>				
Bank Deposits - Foreign Currency	A3	P-2	Negativa	Negative
Bank Deposits - Domestic Currency	A3	P-2	Negativa	Negative
National Scale Rating Bank Deposits	Aaa.mx	MX-1		
Baseline Credit Assessment (BCA)	baa2			
<b>Fitch</b>				
Issuer Default Rating - Foreign Currency	A-	F1	Negativa	Negative
Issuer Default Rating - Local Currency	A-	F1	Negativa	Negative
National Scale Rating	AAA(mex)	F1 + (mex)	Estable	Stable
Viability Rating (VR)	a-			

# Issuances

**BBVA Bancomer**
**Issuances**

Instruments	Amount - Original Cy	Issue Date	Due/Call Date	Term (years)	Rate		Ratings	
						<b>S&amp;P</b>	<b>Moody's</b>	<b>Fitch</b>
<b>Senior Debt</b>								
Bond 3rd Issuance UDIS (2,240) - BACOMER 07U	2,240 UDIS	02-feb-07	09-jul-26	19.4	4.36%		A3/Aaa.mx	AAA(mex)
Bond 7th Issuance UDIS (1,092) - BACOMER 10U	1,092 UDIS	06-sep-10	24-ago-20	10.0	3.70%		A3/Aaa.mx	AAA(mex)
Bond 8th Issuance - BACOMER 10	\$1,078	06-sep-10	24-ago-20	10.0	7.83%		A3/Aaa.mx	AAA(mex)
Bond 2nd Issuance 2011 - BACOMER 21145	\$1,000	15-abr-11	02-abr-21	10.0	TIIE28 + 0.80%		A3/Aaa.mx	AAA(mex)
Bond 4th Issuance 2012 - BACOMER 22224	\$1,000	07-jun-12	26-may-22	10.0	TIIE28 + 0.85%		A3/Aaa.mx	AAA(mex)
Senior Notes Dlls 2014	US\$750	10-abr-14	10-abr-24	10.0	4.38%		A3	A-
Bond 4th Issuance 2015 - BACOMER 15	\$5,000	27-mar-15	23-mar-18	3.0	TIIE28 + 0.14%		A3/Aaa.mx	AAA(mex)
Bond 1st Issuance 2015 - BACOMER 16	\$4,000	30-jun-16	27-jun-19	3.0	TIIE28 + 0.23%		A3/Aaa.mx	AAA(mex)
<b>Subordinated Debentures</b>								
Capital Notes Tier 1 2017 (15NC10)	US\$500	17-may-07	17-may-17	15NC10	6.008%		Ba1	BB+
Capital Notes Tier 1 2020	US\$1000	22-abr-10	22-abr-20	10.0	0.0725		Ba1	BB+
Subordinated Debentures Tier 2 2021	US\$1,250	10-mar-11	10-mar-21	10.0	6.500%		Baa3	BBB-
Subordinated Debentures Tier 2 2022	US\$1,500	19-jul-12	30-sep-22	10.2	6.75%		Baa3	BBB-
Subordinated Debentures Tier 2 2029 (15NC10)	US\$200	06-nov-14	06-nov-24	15NC10	5.35%		Ba1	BBB-
<b>Mortgage Securitization</b>								
1st Issuance - BACOMCB 07	\$2,540	21-dic-07	13-mar-28	20.2	9.05%	mxAAA	A3/Aaa.mx	AAA(mex)
2nd Issuance - BACOMCB 08	\$1,114	14-mar-08	14-jul-28	20.3	8.85%	mxAAA		AAA(mex)
4th Issuance - BACOMCB 08-2	\$5,509	01-dic-08	19-ago-30	21.7	9.91%	mxAAA	A3/Aaa.mx	
5th Issuance Serie 3 - BACOMCB 09-3	\$3,616	07-ago-09	24-may-29	19.8	10.48%	mxAAA		AAA(mex)
1st Issuance - BMERCB 13	\$4,192	21-jun-13	07-abr-33	19.8	6.38%	mxAAA		AAA(mex)



# Financial Statements

## Balance Sheets (Last 5 quarters)

BBVA Bancomer					
Assets	Dec	Mar	Jun	Sep	Dec
<i>Million pesos</i>	2015	2016	2016	2016	2016
<b>CASH AND CASH EQUIVALENTS</b>	<b>150,102</b>	<b>167,219</b>	<b>130,262</b>	<b>158,524</b>	<b>186,749</b>
Margin call accounts	2,774	2,426	3,005	7,816	8,998
<b>SECURITIES</b>	<b>414,285</b>	<b>394,931</b>	<b>440,054</b>	<b>399,234</b>	<b>401,350</b>
Trading	249,462	239,933	274,523	225,691	235,030
Available for sale	147,947	138,006	148,409	156,246	150,664
Held to maturity	16,877	16,992	17,122	17,297	15,656
Debtors from repurchase agreement	11,230	1,476	96	150	289
<b>Derivatives</b>	<b>109,133</b>	<b>122,169</b>	<b>141,545</b>	<b>144,285</b>	<b>167,891</b>
Trading	95,854	106,920	122,576	124,309	148,957
Hedging Transactions	13,279	15,249	18,969	19,976	18,934
Valuation adjustments derived from hedges of financial	2,137	2,463	2,378	2,044	262
<b>PERFORMING LOANS</b>	<b>883,163</b>	<b>911,241</b>	<b>948,102</b>	<b>967,374</b>	<b>999,701</b>
<b>Commercial loans</b>	<b>497,339</b>	<b>515,817</b>	<b>539,753</b>	<b>548,698</b>	<b>572,221</b>
Business or commercial activity	343,955	362,189	380,193	392,330	409,974
Financial entities	15,869	17,180	20,317	21,165	19,606
Government entities	137,515	136,448	139,243	135,203	142,641
<b>Consumer</b>	<b>217,982</b>	<b>225,063</b>	<b>232,903</b>	<b>240,799</b>	<b>245,965</b>
<b>Mortgage</b>	<b>167,842</b>	<b>170,361</b>	<b>175,446</b>	<b>177,877</b>	<b>181,515</b>
Residential Mortgages	150,959	153,843	159,367	162,524	166,694
Social Housing	16,883	16,518	16,079	15,353	14,821
<b>NON PERFORMING LOANS</b>	<b>21,405</b>	<b>22,289</b>	<b>22,780</b>	<b>23,186</b>	<b>22,759</b>
<b>Commercial loans</b>	<b>5,660</b>	<b>5,978</b>	<b>6,203</b>	<b>6,403</b>	<b>6,323</b>
Business or commercial activity	5,159	5,654	5,881	6,078	6,000
Financial entities	499	323	321	324	322
Government entities	1	1	1	1	1
<b>Consumer</b>	<b>7,433</b>	<b>7,622</b>	<b>7,791</b>	<b>8,675</b>	<b>8,755</b>
<b>Mortgage</b>	<b>8,313</b>	<b>8,689</b>	<b>8,786</b>	<b>8,108</b>	<b>7,681</b>
Residential Mortgages	7,208	7,575	7,777	7,207	6,828
Social Housing	1,105	1,114	1,009	901	853
<b>TOTAL LOANS</b>	<b>904,568</b>	<b>933,530</b>	<b>970,882</b>	<b>990,560</b>	<b>1,022,460</b>
Allowance for loan losses	(27,386)	(28,396)	(29,451)	(30,390)	(30,005)
<b>TOTAL LOANS, NET</b>	<b>877,182</b>	<b>905,134</b>	<b>941,431</b>	<b>960,170</b>	<b>992,455</b>
Receivable benefits from securitization transactions	1,136	1,123	223	210	197
Other accounts receivable, net	61,072	90,639	100,561	91,567	80,807
Reposessed assets, net	5,662	5,337	5,099	4,552	3,866
Property, furniture and equipment, net	39,641	39,955	40,851	41,550	42,563
Equity investments	1,518	1,223	1,223	1,211	1,207
Long- Term assets available for sale	0	0	12	0	0
Deferred taxes, net	12,309	11,636	13,390	11,874	14,998
Other assets	7,951	12,251	14,308	8,869	7,049
Deferred charges, prepaid expenses and intangibles	6,941	11,218	13,254	7,794	6,293
Other assets , short and long term	1,010	1,033	1,054	1,075	756
<b>TOTAL ASSETS</b>	<b>1,696,133</b>	<b>1,757,982</b>	<b>1,834,393</b>	<b>1,832,056</b>	<b>1,908,681</b>

BBVA Bancomer Liabilities & Stockholders' Equity <i>Million pesos</i>	Dec 2015	Mar 2016	Jun 2016	Sep 2016	Dec 2016
<b>TOTAL DEPOSITS</b>	<b>952,801</b>	<b>964,535</b>	<b>1,016,952</b>	<b>1,017,356</b>	<b>1,035,624</b>
Demand deposits	679,254	694,226	715,336	721,918	754,858
Time Deposits	179,826	190,492	215,844	208,183	197,606
Customer deposits	150,935	161,781	175,128	181,343	173,800
Money market	28,892	28,711	40,716	26,840	23,806
Bonds	91,220	76,691	82,837	83,962	79,990
Deposits global account without movements	2,501	3,126	2,935	3,293	3,170
<b>INTER BANK LOANS AND LOANS FROM OTHER ENTITIES</b>	<b>20,838</b>	<b>42,375</b>	<b>25,002</b>	<b>18,511</b>	<b>19,204</b>
Payable on demand	1,571	24,262	10,757	3,430	413
Short- term	12,903	10,395	5,972	6,530	8,619
Long- term	6,364	7,718	8,273	8,551	10,172
<b>Creditors from repurchase agreements</b>	<b>244,431</b>	<b>257,906</b>	<b>229,169</b>	<b>234,898</b>	<b>264,485</b>
Securities creditors	1	1	1	1	1
<b>COLLATERALS SOLD OR DELIVERED IN GUARANTEE</b>	<b>36,898</b>	<b>24,313</b>	<b>33,221</b>	<b>37,949</b>	<b>34,416</b>
Repurchase	108,097	119,560	139,737	142,694	159,036
Securities lending	36,898	24,313	33,221	37,949	34,416
<b>DERIVATIVES</b>	<b>108,097</b>	<b>119,560</b>	<b>139,737</b>	<b>142,694</b>	<b>159,036</b>
Trading	100,229	109,361	128,074	129,138	148,027
Hedge transactions	7,868	10,199	11,663	13,556	11,009
<b>Valuation adjustments derived from hedges of financial liabilities</b>	<b>4,536</b>	<b>7,016</b>	<b>8,397</b>	<b>8,623</b>	<b>5,095</b>
<b>OTHER PAYABLES</b>	<b>97,889</b>	<b>112,013</b>	<b>136,622</b>	<b>119,380</b>	<b>130,922</b>
Profit taxes payable	1,999	0	0	0	1,005
Employee profit sharing (PTU) payable	3	2	2	4	2
Transaction settlement creditors	39,742	49,022	74,782	61,880	59,192
Creditors from collaterals received in cash	26,599	28,321	33,137	30,572	36,271
Accrued liabilities and other	29,546	34,668	28,701	26,924	34,452
<b>Subordinated debt</b>	<b>77,958</b>	<b>77,607</b>	<b>83,454</b>	<b>87,245</b>	<b>93,185</b>
Deferred credits and advanced collections	7,507	8,031	7,951	7,860	7,731
<b>TOTAL LIABILITIES</b>	<b>1,550,956</b>	<b>1,613,357</b>	<b>1,680,506</b>	<b>1,674,517</b>	<b>1,749,699</b>
<b>SUBSCRIBED CAPITAL</b>	<b>39,864</b>	<b>39,864</b>	<b>39,864</b>	<b>39,864</b>	<b>39,864</b>
Paid- in capital	24,138	24,138	24,138	24,138	24,138
Share premium	15,726	15,726	15,726	15,726	15,726
<b>EARNED CAPITAL</b>	<b>105,276</b>	<b>104,724</b>	<b>113,986</b>	<b>117,638</b>	<b>119,081</b>
Capital reserves	6,881	6,881	6,881	6,881	6,881
Results of prior years	69,583	89,016	89,016	85,211	82,742
Unrealized gain on available- for- sale securities	(692)	(788)	(750)	(1486)	(3967)
Result from valuation of cash flow hedging instruments	550	358	362	302	141
Accumulated effect by conversion	341	358	419	440	440
Redefined benefits to employees	0	0	-1	-1	-467
Net income	28,613	8,899	18,059	26,291	33,311
<b>MAJORITY STOCKHOLDERS' EQUITY</b>	<b>145,140</b>	<b>144,588</b>	<b>153,850</b>	<b>157,502</b>	<b>158,945</b>
Non- controlling interest in consolidated subsidiaries	37	37	37	37	37
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>145,177</b>	<b>144,625</b>	<b>153,887</b>	<b>157,539</b>	<b>158,982</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>1,696,133</b>	<b>1,757,982</b>	<b>1,834,393</b>	<b>1,832,056</b>	<b>1,908,681</b>

## Memorandum accounts

BBVA Bancomer Memorandum accounts <i>Million pesos</i>	Dec 2015	Mar 2016	Jun 2016	Sep 2016	Dec 2016
Contingent assets and liabilities	403	376	397	343	394
Credit commitments	458,700	480,834	493,165	532,941	553,195
In trusts	372,612	371,067	380,625	423,132	438,732
Under mandate	9,779,404	106,299	24,231	24,217	24,206
Assets in trust or under mandate	10,152,016	477,366	404,856	447,350	462,938
Assets in custody or under administration	193,529	198,315	186,626	186,853	181,474
Collaterals received by the institution	115,402	34,904	35,713	43,496	44,789
Collaterals received and sold or pledged as collateral by the institution	104,440	33,519	35,673	43,461	44,752
Investment banking transactions on behalf of third parties, net	62,129	898,668	1,140,703	916,030	889,097
Accrued interest on non- performing loans	11,335	12,325	13,123	10,559	7,762
Other record accounts	2,682,535	2,753,280	2,977,923	3,126,558	3,189,623

This consolidated balance sheet is prepared in accordance with the Accounting Criteria for Credit Institutions issued by the National Banking and Securities Commission, based on the Articles 99, 101 and 102 of the Mexican Credit Institutions Law, of general and compulsory observance, consistently applied, reflecting the operations conducted by the Bank up to the above date, which were realized and valued in accordance with sound banking practices and applicable legal and administrative disposals.

This consolidated financial statement was approved by the Board of Directors under the responsibility of the managers who subscribe it.

EDUARDO OSUNA OSUNA  
CEO

LUIS IGNACIO DE LA LUZ DAVALOS  
CFO

NATALIA ORTEGA GOMEZ  
HEAD OF INTERNAL AUDIT

JOSE HOMERO CAL Y MAYOR GARCÍA  
HEAD OF ACCOUNTING

**P&L (Last 5 quarters)**

BBVA Bancomer							
Financial Results	4Q	1Q	2Q	3Q	4Q	12M	12M
<i>Million pesos</i>	2015	2016	2016	2016	2016	2015	2016
Interest Income	31,762	33,929	32,653	34,325	36,972	119,831	137,879
Interest Expenses	(7,766)	(8,036)	(7,680)	(8,726)	(10,333)	(28,022)	(34,775)
<b>Net Interest Income</b>	<b>23,996</b>	<b>25,893</b>	<b>24,973</b>	<b>25,599</b>	<b>26,639</b>	<b>91,809</b>	<b>103,104</b>
Provisions for loan losses	(7,238)	(7,370)	(8,492)	(8,539)	(7,982)	(28,482)	(32,383)
<b>Net interest income after provisions for loan losses</b>	<b>16,758</b>	<b>18,523</b>	<b>16,481</b>	<b>17,060</b>	<b>18,657</b>	<b>63,327</b>	<b>70,721</b>
Total Fees & Commissions	5,959	5,748	5,742	6,151	6,560	21,851	24,201
Trading income	664	687	627	1,178	1,070	3,262	3,562
Other operating income	(89)	20	1,677	16	(162)	854	1,551
Non-interest expense	(13,902)	(13,299)	(13,424)	(13,820)	(17,201)	(51,960)	(57,744)
<b>Operating Income</b>	<b>9,390</b>	<b>11,679</b>	<b>11,103</b>	<b>10,585</b>	<b>8,924</b>	<b>37,334</b>	<b>42,291</b>
Share in net income of unconsolidated subsidiaries and affiliates	19	2	166	(148)	(4)	100	16
<b>Income before tax</b>	<b>9,409</b>	<b>11,681</b>	<b>11,269</b>	<b>10,437</b>	<b>8,920</b>	<b>37,434</b>	<b>42,307</b>
Current income tax and profit sharing	(8,028)	(2,172)	(4,114)	(885)	(3,803)	(13,516)	(10,974)
Deferred income tax and profit sharing	5,727	(741)	1,798	(1,854)	1,903	4,695	1,106
<b>Income before discontinued operations</b>	<b>7,108</b>	<b>8,768</b>	<b>8,953</b>	<b>7,698</b>	<b>7,020</b>	<b>28,613</b>	<b>32,439</b>
Discontinued operations	0	131	207	534	0	0	872
<b>NET INCOME</b>	<b>7,108</b>	<b>8,899</b>	<b>9,160</b>	<b>8,232</b>	<b>7,020</b>	<b>28,613</b>	<b>33,311</b>

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## Cash Flows

<b>BBVA Bancomer</b> <b>Cash Flow Statement (from January 1st to December 31th, 2016)</b> <i>Million pesos</i>	
Net income	33,311
<b>Adjustments derived from items not involving cash flow</b>	
Profit or loss derived from the valuation of investment and financing activities	100
Depreciation of property, furniture and fixtures	3,192
Amortization of intangible assets	1,879
Provisions	1,008
Income taxes	9,868
Share in net income of unconsolidated subsidiaries and affiliated companies	(16)
Noncontrolling interest	0
<b>Operating activities</b>	
Change in margin call accounts	(5,925)
Change in investments in securities	15,860
Change in debtors from repurchase agreement	10,942
Change in derivatives (assets)	(53,103)
Change in loan portfolio (net)	(90,099)
Change in receivable benefits from securitization transactions	939
Change in repossessed assets	1,796
Change in other operating assets	(18,137)
Change in deposits	54,849
Change in interbank loans and other loans from other entities	(1,916)
Change in creditors from repurchase agreements	20,055
Change in collaterals sold or delivered in guarantee	(2,482)
Change in derivatives (liabilities)	47,798
Change in subordinated debt	(7)
Change in other operating liabilities	28,807
Change in hedging instruments (of hedge items related to operation activities)	(1,725)
Income taxes payment	(11,968)
<b>Net cash flows used in operating activities</b>	<b>(4,316)</b>
<b>Investment activities</b>	
Proceeds from the disposal of property, furniture and fixtures	172
Payments for the acquisition of property furniture and fixtures	(6,286)
Proceeds from the acquisition of subsidiaries and affiliates	259
Proceeds from cash dividends	68
Payments for acquisition of intangible assets	(2,050)
<b>Net cash flows used in investment activities</b>	<b>(7,837)</b>
<b>Financing activities</b>	
Cash dividends paid	(17,411)
<b>Net cash flows used in financing activities</b>	<b>(17,411)</b>
Net increase or decrease in cash and cash equivalents	19,778
Effects of changes in cash and cash equivalents	16,869
Cash and cash equivalents at the beginning of the year	150,102
Cash and cash equivalents at the end of the year	186,749

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HEAD OF ACCOUNTING

## Variation in Stakeholders' Equity

BBVA Bancomer <i>Million pesos</i>	Subscribed Capital			Earned Capital						Majority Stockholder's Equity	Non Controlling Interest In Consolidated Subsidiaries	Total Stockholder's Equity
	Paid in Capital	Share Premium	Capital Reserves	Results of prior years	Unrealized Gain on Available for Sale Securities	Result from Valuation of Cash Flow Hedging Instruments	Redefined benefits to employees	Result from Conversion of Foreign Subsidiaries	Net Income			
<b>Balances as of December 31th, 2015</b>	24,138	15,726	6,881	69,584	(692)	550	340	-	28,613	145,140	37	145,177
<b>HOLDERS' MOVEMENTS IN LINE WITH STOCKHOLDERS</b>												
Transfer from net income to results of prior years				28,613					(28,613)	-		-
Payment of cash dividends				(15,450)						(15,450)		(15,450)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,163</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(28,613)</b>	<b>(15,450)</b>	<b>-</b>	<b>(15,450)</b>
<b>HOLDERS MOVEMENTS IN RECOGNITION TO THE REVENUES</b>												
Net income									33,311	33,311	-	33,311
Result from valuation of securities available for sale					(3,275)					(3,275)		(3,275)
Result from valuations of Cash Flow Hedging							(409)			(409)		(409)
Cummulative effect by conversion				(5)						(5)		(5)
Redefined benefits to employees							100			100		100
									(467)	(467)		(467)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5)</b>	<b>(3,275)</b>	<b>(409)</b>	<b>100</b>	<b>(467)</b>	<b>33,311</b>	<b>29,255</b>	<b>-</b>	<b>29,255</b>
<b>Balances as of December 31th, 2016</b>	<b>24,138</b>	<b>15,726</b>	<b>6,881</b>	<b>82,742</b>	<b>(3,967)</b>	<b>141</b>	<b>440</b>	<b>(467)</b>	<b>33,311</b>	<b>158,945</b>	<b>37</b>	<b>158,982</b>

This consolidated balance sheet is prepared in accordance with the Accounting Criteria for Credit Institutions issued by the National Banking and Securities Commission, based on the Articles 99, 101 and 102 of the Mexican Credit Institutions Law, of general and compulsory observance, consistently applied, reflecting the operations conducted by the Bank up to the above date, which were realized and valued in accordance with sound banking practices and applicable legal and administrative disposals.

This consolidated financial statement was approved by the Board of Directors under the responsibility of the managers who subscribe it.

EDUARDO OSUNA OSUNA  
CEO

LUIS IGNACIO DE LA LUZ DAVALOS  
CFO

NATALIA ORTEGA GOMEZ  
HEAD OF INTERNAL AUDIT

JOSE HOMERO CAL Y MAYOR GARCÍA  
HEAD OF ACCOUNTING

# January - December 2016

## Financial Report BBVA Bancomer

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