



**BBVA Bancomer**

# **January - June 2016**

**Financial Report  
BBVA Bancomer**

BBVA Bancomer

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## Relevant Events

### Decree and distribution of dividends of BBVA Bancomer

During the second quarter of 2016, BBVA Bancomer S.A. Commercial Banking Institution realized the second partial payment of dividends declared in the Shareholders Board Meeting for the year 2016 at \$ 0.398261375427546 per share.

### Issuance of Bonds

BBVA Bancomer successfully issued bank bonds with ticker BACOMER 16, for an amount of 4 billion pesos with a 3 years term (due date: June 27th, 2019). The issue was placed with a spread of 23 basis points over the local funding reference rate (28 days), being the first coupon of 4.34%.

The transaction was oversubscribed 1.28 times, showing the interest and confidence of the investors in BBVA Bancomer. The investor base was diversified among Mutual Funds, Money Market Tables, Private and Affluent Banking Units, Insurances and Pension Funds.

This bond is the first one of the program authorized by the CNBV on April 26th, 2016. The rating agencies, Fitch and Moody have assigned a 'AAA' global scale rate to this issuance and the underwriters were Casa de Bolsa BBVA Bancomer and Bank of America Merrill Lynch.

### Moody's review the ratings of BBVA Bancomer

Moody's confirmed the international ratings of BBVA Bancomer in 'A3' with 'Negative' outlook. The 'Negative' outlook of this rate follows the change in the sovereign rating of Mexico which downgrade from 'Stable' to 'Negative'.

By this means, the rating agency downgrade the Baseline Credit Assessment (BCA) rating of BBVA Bancomer one notch, going from 'baa1' to 'baa2'. This is the consequence of the downgrade in the 'Macro Profile' of Mexico, which went from 'Strong-' to 'Moderate+'.

It should be noted that these actions are related, mainly, to methodological factors rather than deterioration in the fundamentals of the bank, which remains solid.

### Sale of Subsidiary (Bancomer USA)

In June 2016 the subsidiaries of Bancomer USA were sold for an amount of 1.25 billion pesos, generating a net income of 209 million pesos.

### Trust extinction No. 781 (Bursa 3)

During April some bank bonds were early liquidated from the mortgage securitization through Trust No. 781. The value of the net mortgage portfolio was incorporated into the bank balances for an amount of 2.09 billion pesos, equivalent to a total of 3,975 mortgage loans.

The effect of this transaction was recognized in the bank's results with an additional revenue of 1.31 billion pesos.

## 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 CNBV 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:

- Establish 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.
- These 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, the decrease in the performing loans would have been of 30.7 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 15.9 million pesos, approximately. The NPL and Capital Index wouldn't have had impact.

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

Type of Credit	Accounts	Balance	Differed Amount
Commercial	4	31	0.0
SMEs	4	2	0.2
Mortgages	17	16	0.5
<i>Banking CC</i>	0	0	0.0
<i>Finanzia CC</i>	0	0	0.0
Total CC	0	0	0.0
<i>Banking Consumer</i>	1	0.1	0.0
<i>Finanzia Consumer</i>	0	0	0.0
Total Consumer	1	0.1	0.0
<b>TOTAL</b>	<b>27</b>	<b>49.1</b>	<b>0.7</b>

**Management and Discussion Analysis**  
**BBVA Bancomer**
**Results**

During the first semester of 2016, BBVA Bancomer registered solid results based on recurrent revenues and good expense control. Net income reached 18,059 million pesos (mp), which represents an annual increase of 26.2%.

The net interest income is driven by higher volumes in loans and deposits, allowing it to grow at 13.9% y-o-y to reach 50,866 million pesos at the end of June 2016. The adequate asset quality management is reflected in the provisions growing less than the loan portfolio. Fees and commissions supported the ones coming from credit cards, due to a larger volume of transactions, as well as the remittance transfers.

Regarding the evolution of the expenses, there has been an adequate control reflected in an annual increase of 7.4%, despite the continuous investment that BBVA Bancomer has been carrying out since 2013. However, BBVA Bancomer remains one of the most efficient institutions in the system with an efficiency ratio, measured as expenses / revenues, of 40.9%. As a result of the investment plan, BBVA Bancomer has remodeled 1,666 branches and has increased the number of ATMs, closing the second quarter with 11,133 units.

BBVA Bancomer Financial Results <i>Million pesos</i>	2Q	1Q	2Q	%		6M	6M	%
	2015	2016	2016	QoQ	YoY	2015	2016	YoY
<b>Net interest income</b>	<b>22,800</b>	<b>25,893</b>	<b>24,973</b>	<b>-3.6%</b>	<b>9.5%</b>	<b>44,667</b>	<b>50,866</b>	<b>13.9%</b>
Provisions for loan losses	(6,664)	(7,370)	(8,492)	15.2%	27.4%	(14,061)	(15,862)	12.8%
<b>Net interest income after provisions for loan losses</b>	<b>16,136</b>	<b>18,523</b>	<b>16,481</b>	<b>-11.0%</b>	<b>2.1%</b>	<b>30,606</b>	<b>35,004</b>	<b>14.4%</b>
Total Fees	5,241	5,748	5,742	-0.1%	9.6%	10,422	11,490	10.2%
Trading income	705	687	627	-8.7%	-11.1%	1,743	1,314	-24.6%
Other operating income	149	20	1,677	n.a.	n.a.	731	1,697	132.1%
<b>Total operating revenues</b>	<b>22,231</b>	<b>24,978</b>	<b>24,527</b>	<b>-1.8%</b>	<b>10.3%</b>	<b>43,502</b>	<b>49,505</b>	<b>13.8%</b>
Non-interest expense	(12,911)	(13,299)	(13,424)	0.9%	4.0%	(24,873)	(26,723)	7.4%
<b>Operating income</b>	<b>9,320</b>	<b>11,679</b>	<b>11,103</b>	<b>-4.9%</b>	<b>19.1%</b>	<b>18,629</b>	<b>22,782</b>	<b>22.3%</b>
Share in net income of unconsolidated subsidiaries and affiliates	26	2	166	n.a.	n.a.	54	168	211.1%
<b>Income before income tax and profit sharing</b>	<b>9,346</b>	<b>11,681</b>	<b>11,269</b>	<b>-3.5%</b>	<b>20.6%</b>	<b>18,683</b>	<b>22,950</b>	<b>22.8%</b>
Net Taxes	(2,241)	(2,913)	(2,316)	-20.5%	3.3%	(4,377)	(5,229)	19.5%
<b>Income before discontinued operations</b>	<b>7,105</b>	<b>8,768</b>	<b>8,953</b>	<b>2.1%</b>	<b>26.0%</b>	<b>14,306</b>	<b>17,721</b>	<b>23.9%</b>
<b>Net income</b>	<b>7,105</b>	<b>8,899</b>	<b>9,160</b>	<b>2.9%</b>	<b>28.9%</b>	<b>14,305</b>	<b>18,059</b>	<b>26.2%</b>

## Commercial Activity

### Performing Loans

BBVA Bancomer maintains a positive evolution of the commercial activity with double digit annual growth both the lending portfolio and the deposits.

As of June 2016, the loan portfolio reached a balance of 948,102 million pesos, equivalent to an annual growth of 15.9%. The higher dynamism was shown in the commercial portfolio (including corporate, medium enterprises, developers and SMEs) that registered an increase of 21.8% in annual terms.

Consumer loans showed an annual increase of 16.3%, the driver within this portfolio is in the payroll, personal and car loans, with a balance of 136,315 million pesos at the end of June 2016, equivalent to an annual growth of 24.4%. Nevertheless, the credit card portfolio begins to improve the growth trend to end the first half of the year with an annual increase of 6.4%, reaching a balance of 96,588 million pesos.

The mortgage loans stood at 175,447 million pesos at the end of June 2016, growing 7.5% over the same period of the previous year. This growth has been supported by the early repayment of a mortgage securitization that totaled 1,991 million pesos to the housing balances.

The growth portfolio has been accompanied by an adequate asset quality, which can be reflected in a clear improvement in the nonperforming loans that decrease 0.8% over the last twelve months. Given this, the NPL ratio improved up to 2.3% at the end of June 2016.

BBVA Bancomer Total Loans <i>Million pesos</i>	Jun 2015	Mar 2016	Jun 2016	%	
				Q-o-Q	Y-o-Y
<b>Commercial loans</b>	<b>454,285</b>	<b>515,817</b>	<b>539,753</b>	<b>4.6%</b>	<b>18.8%</b>
Business or commercial activity	312,173	362,189	380,193	5.0%	21.8%
Financial entities	11,640	17,180	20,317	18.3%	74.5%
Government entities	130,472	136,448	139,243	2.0%	6.7%
<b>Consumer</b>	<b>200,321</b>	<b>225,063</b>	<b>232,903</b>	<b>3.5%</b>	<b>16.3%</b>
Mortgage	163,246	170,361	175,446	3.0%	7.5%
<b>PERFORMING LOANS</b>	<b>817,852</b>	<b>911,241</b>	<b>948,102</b>	<b>4.0%</b>	<b>15.9%</b>
<b>Commercial loans</b>	<b>6,191</b>	<b>5,978</b>	<b>6,203</b>	<b>3.8%</b>	<b>0.2%</b>
Business or commercial activity	5,651	5,654	5,881	4.0%	4.1%
Financial entities	539	323	321	-0.6%	-40.4%
Government entities	1	1	1	0.0%	0.0%
<b>Consumer</b>	<b>7,597</b>	<b>7,622</b>	<b>7,791</b>	<b>2.2%</b>	<b>2.6%</b>
Mortgage	9,170	8,689	8,786	1.1%	-4.2%
<b>NON PERFORMING LOANS</b>	<b>22,959</b>	<b>22,289</b>	<b>22,780</b>	<b>2.2%</b>	<b>-0.8%</b>
<b>TOTAL LOANS</b>	<b>840,811</b>	<b>933,530</b>	<b>970,882</b>	<b>4.0%</b>	<b>15.5%</b>

## Deposits

On the side of the customer funds, bank deposits, defined as demand and time deposits, showed an annual growth of 18.8%, reaching a balance of 931,180 million pesos. Demand deposits continuously increased to end the quarter with 715,336 million pesos, equivalent to an annual growth of 21.1%. While time deposits grew 11.9% over the last twelve months. This evolution allows BBVA Bancomer to maintain a profitable funding mix with a higher relative weight of low-cost deposits.

Total deposits also recorded a strong performance with an annual growth of 16.9%. Adding up all the resources, BBVA Bancomer manages 1.6 trillion pesos of customer funds.

BBVA Bancomer Deposits	Jun 2015	Mar 2016	Jun 2016	%	
				Q-o-Q	Y-o-Y
<i>Million pesos</i>					
<b>Demand deposits</b>	<b>590,875</b>	<b>694,226</b>	<b>715,336</b>	<b>3.0%</b>	<b>21.1%</b>
The general public	163,789	161,781	175,128	8.3%	6.9%
Money market	29,094	28,711	40,716	41.8%	39.9%
<b>Time Deposits</b>	<b>192,883</b>	<b>190,492</b>	<b>215,844</b>	<b>13.3%</b>	<b>11.9%</b>
<b>Demand and time deposits</b>	<b>783,758</b>	<b>884,718</b>	<b>931,180</b>	<b>5.3%</b>	<b>18.8%</b>
Bonds	83,280	76,691	82,837	8.0%	-0.5%
Global account of deposits w/o movements	2,620	3,126	2,935	-6.1%	12.0%
<b>TOTAL DEPOSITS</b>	<b>869,659</b>	<b>964,535</b>	<b>1,016,952</b>	<b>5.4%</b>	<b>16.9%</b>



## Financial Indicator

BBVA Bancomer	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	6M 2015	6M 2016
<b>Infrastructure Indicators (#)</b>							
Branches	1,822	1,824	1,818	1,825	1,821	1,822	1,821
ATMs	9,714	10,169	10,772	10,991	11,133	9,714	11,133
Employees	29,822	30,100	30,403	30,070	30,182	29,822	30,182
<b>Profitability Indicators (%)</b>							
NIM adjusted (interest bearing assets)	4.4	4.2	4.2	4.7	4.0	4.2	4.3
NIM (total assets)	5.7	5.6	5.6	6.0	5.6	5.7	5.8
Operating efficiency	3.2	3.2	3.2	3.1	3.0	3.2	3.0
Efficiency	44.7	44.4	45.5	41.1	40.7	43.2	40.9
Productivity index	40.6	41.5	42.9	43.2	42.8	41.9	43.0
ROE	20.4	20.4	19.7	24.6	24.5	20.9	24.2
ROA	1.8	1.7	1.7	2.1	2.0	1.8	2.0
<b>Asset Quality Indicators (%)</b>							
NPL ratio	2.7	2.5	2.4	2.4	2.3	2.7	2.3
Commercial NPL ratio	1.3	1.3	1.1	1.1	1.1	1.3	1.1
Middle-market NPL ratio	1.8	1.7	1.5	1.5	1.5	1.8	1.5
Consumer NPL ratio	3.7	3.5	3.3	3.3	3.2	3.7	3.2
Mortgages NPL ratio	5.3	4.9	4.7	4.9	4.8	5.3	4.8
Coverage ratio	118.2	122.8	127.9	127.4	129.3	118.2	129.3
Cost of risk	3.19	3.32	3.23	3.21	3.57	3.19	3.57
<b>Solvency Indicators (%)</b>							
Core equity tier 1 ratio	10.7	10.7	11.0	10.7	10.8	10.7	10.8
Tier 1 ratio	11.6	11.6	11.8	11.4	11.5	11.6	11.5
Tier 2 ratio	3.1	3.0	3.1	2.6	2.5	3.1	2.5
Total capital ratio	14.7	14.6	14.9	14.0	14.0	14.7	14.0
<b>Liquidity Indicators (%)</b>							
Liquidity ratio (CNBV requirement)	88.5	87.9	78.9	74.8	75.6	88.5	75.6
Liquidity ratio (Loans / Deposits)	104.4	104.9	102.8	103.0	101.8	104.4	101.8
Liquidity ratio (Loans / Deposits) with issues	86.9	87.0	85.9	87.7	86.4	86.9	86.4
Liquidity Coverage Ratio (Local LCR)	109.36	108.84	118.25	118.72	121.78	109.36	121.78

- a) **Net Interest Margin adjusted (NIM adjusted):** Financial margin after provision 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 asset
- 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
- h) **NPL ratio:** Past due loans / total gross portfolio
- i) **Coverage Ratio:** Allowance for loan losses / portfolio overdue
- j) **Fundamental Ratio:** Fundamental Capital / Risk Weighted Assets to credit risk, market and operational (applied in Mexico from January 2013)
- k) **Tier 1 Capital Ratio:** Tier 1 Capital / Risk Weighted Assets to credit risk, market and operational (applied in Mexico from January 2013)
- l) **Total Capital Ratio:** Total Capital / Risk Weighted Assets to credit risk, market and operational (applied in Mexico from January 2013)
- 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 (Coeficiente de Cobertura de Liquidez - Local LCR - Liquidity Coverage Ratio):** Computable Liquid Assets / Outputs - Inputs

## Financial Statements

### Balance Sheets (Last 5 quarters)

**BBVA Bancomer**
**Assets**
*Million pesos*

	Jun 2015	Sep 2015	Dec 2015	Mar 2016	Jun 2016
<b>CASH AND CASH EQUIVALENTS</b>	<b>131,795</b>	<b>121,434</b>	<b>150,102</b>	<b>167,219</b>	<b>130,262</b>
Margin call accounts	3,363	2,122	2,774	2,426	3,005
<b>SECURITIES</b>	<b>421,975</b>	<b>475,696</b>	<b>414,285</b>	<b>394,931</b>	<b>440,054</b>
Trading	230,224	278,156	249,462	239,933	274,523
Available for sale	175,129	180,792	147,947	138,006	148,409
Held to maturity	16,622	16,748	16,877	16,992	17,122
Debtors from repurchase agreement	116	470	11,230	1,476	96
<b>Derivatives</b>	<b>96,975</b>	<b>120,111</b>	<b>109,133</b>	<b>122,169</b>	<b>141,545</b>
Trading	87,683	106,497	95,854	106,920	122,576
Hedging Transactions	9,292	13,614	13,279	15,249	18,969
Valuation adjustments derived from hedges of financial assets	2,201	2,172	2,137	2,463	2,378
<b>PERFORMING LOANS</b>	<b>817,852</b>	<b>865,299</b>	<b>883,163</b>	<b>911,241</b>	<b>948,102</b>
<b>Commercial loans</b>	<b>454,285</b>	<b>490,830</b>	<b>497,339</b>	<b>515,817</b>	<b>539,753</b>
Business or commercial activity	312,173	336,756	343,955	362,189	380,193
Financial entities	11,640	12,373	15,869	17,180	20,317
Government entities	130,472	141,701	137,515	136,448	139,243
<b>Consumer</b>	<b>200,321</b>	<b>209,183</b>	<b>217,982</b>	<b>225,063</b>	<b>232,903</b>
<b>Mortgage</b>	<b>163,246</b>	<b>165,286</b>	<b>167,842</b>	<b>170,361</b>	<b>175,446</b>
Residential Mortgages	144,798	147,594	150,959	153,843	159,367
Social Housing	18,448	17,692	16,883	16,518	16,079
<b>NON PERFORMING LOANS</b>	<b>22,959</b>	<b>22,383</b>	<b>21,405</b>	<b>22,289</b>	<b>22,780</b>
<b>Commercial loans</b>	<b>6,191</b>	<b>6,297</b>	<b>5,660</b>	<b>5,978</b>	<b>6,203</b>
Business or commercial activity	5,651	5,757	5,159	5,654	5,881
Financial entities	539	539	499	323	321
Government entities	1	1	1	1	1
<b>Consumer</b>	<b>7,597</b>	<b>7,619</b>	<b>7,433</b>	<b>7,622</b>	<b>7,791</b>
<b>Mortgage</b>	<b>9,170</b>	<b>8,467</b>	<b>8,313</b>	<b>8,689</b>	<b>8,786</b>
Residential Mortgages	7,913	7,305	7,208	7,575	7,777
Social Housing	1,258	1,162	1,105	1,114	1,009
<b>TOTAL LOANS</b>	<b>840,811</b>	<b>887,682</b>	<b>904,568</b>	<b>933,530</b>	<b>970,882</b>
Allowance for loan losses	(27,131)	(27,492)	(27,386)	(28,396)	(29,451)
<b>TOTAL LOANS, NET</b>	<b>813,680</b>	<b>860,190</b>	<b>877,182</b>	<b>905,134</b>	<b>941,431</b>
Receivable benefits from securitization transactions	1,148	1,142	1,136	1,123	223
Other accounts receivable, net	47,981	102,279	61,072	90,639	100,561
Reposessed assets, net	6,429	6,100	5,662	5,337	5,099
Property, furniture and equipment, net	32,570	35,338	39,641	39,955	40,851
Equity investments	1,355	1,499	1,518	1,223	1,223
Long-Term assets available for sale	0	0	0	0	12
Deferred taxes, net	6,693	6,359	12,309	11,636	13,390
Other assets	11,768	12,954	7,951	12,251	14,308
Deferred charges, prepaid expenses and intangibles	10,289	11,447	6,941	11,218	13,254
Other assets, short and long term	1,479	1,507	1,010	1,033	1,054
<b>TOTAL ASSETS</b>	<b>1,578,049</b>	<b>1,747,866</b>	<b>1,696,133</b>	<b>1,757,982</b>	<b>1,834,393</b>

**BBVA Bancomer**
**Liabilities & Stockholders' Equity**
*Million pesos*

	Jun 2015	Sep 2015	Dec 2015	Mar 2016	Jun 2016
<b>DEPOSITS</b>	<b>869,659</b>	<b>918,726</b>	<b>952,801</b>	<b>964,535</b>	<b>1,016,952</b>
Demand deposits	590,875	633,342	679,254	694,226	715,336
Time Deposits	192,883	191,297	179,826	190,492	215,844
The general public	163,789	156,952	150,935	161,781	175,128
Money market	29,094	34,345	28,892	28,711	40,716
Bonds	83,280	91,509	91,220	76,691	82,837
Deposits global account without movements	2,620	2,578	2,501	3,126	2,935
<b>INTER BANK LOANS AND LOANS FROM OTHER ENTITIES</b>	<b>21,713</b>	<b>32,706</b>	<b>20,838</b>	<b>42,375</b>	<b>25,002</b>
Payable on demand	9,628	704	1,571	24,262	10,757
Short- term	6,122	26,098	12,903	10,395	5,972
Long- term	5,962	5,904	6,364	7,718	8,273
<b>Creditors from repurchase agreements</b>	<b>227,049</b>	<b>288,807</b>	<b>244,431</b>	<b>257,906</b>	<b>229,169</b>
<b>Securities creditors</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>COLLATERALS SOLD OR DELIVERED IN GUARANTEE</b>	<b>33,434</b>	<b>34,920</b>	<b>36,898</b>	<b>24,313</b>	<b>33,221</b>
Securities lending	33,424	34,920	36,898	24,313	33,221
<b>DERIVATIVES</b>	<b>99,760</b>	<b>121,270</b>	<b>108,097</b>	<b>119,560</b>	<b>139,737</b>
Trading	94,228	113,456	100,229	109,361	128,074
Hedge transactions	5,532	7,814	7,868	10,199	11,663
<b>Valuation adjustments derived from hedges of financial liabilities</b>	<b>3,361</b>	<b>5,870</b>	<b>4,536</b>	<b>7,016</b>	<b>8,397</b>
<b>OTHER PAYABLES</b>	<b>101,551</b>	<b>115,902</b>	<b>97,889</b>	<b>112,013</b>	<b>136,622</b>
Profit taxes payable	0	0	1,999	0	0
Employee profit sharing (PTU) payable	1	2	3	2	2
Transaction settlement creditors	58,803	65,294	39,742	49,022	74,782
Creditors from collaterals received in cash	19,230	25,675	26,599	28,321	33,137
Accrued liabilities and other	23,516	24,931	29,546	34,668	28,701
<b>Subordinated debt</b>	<b>73,755</b>	<b>78,979</b>	<b>77,958</b>	<b>77,607</b>	<b>83,454</b>
<b>Deferred credits and advanced collections</b>	<b>7,757</b>	<b>7,655</b>	<b>7,507</b>	<b>8,031</b>	<b>7,951</b>
<b>TOTAL LIABILITIES</b>	<b>1,438,039</b>	<b>1,604,836</b>	<b>1,550,956</b>	<b>1,613,357</b>	<b>1,680,506</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>100,109</b>	<b>103,129</b>	<b>105,276</b>	<b>104,724</b>	<b>113,986</b>
Capital reserves	6,881	6,881	6,881	6,881	6,881
Results of prior years	77,735	74,009	69,583	89,016	89,016
Unrealized gain on available- for- sale securities	355	(153)	(692)	(788)	(750)
Result from valuation of cash flow hedging instruments	577	565	550	358	362
Accumulated effect by conversion	256	322	341	358	419
Redefined benefits to employees	0	0	0	0	(1)
Net income	14,305	21,505	28,613	8,899	18,059
<b>MAJORITY STOCKHOLDERS' EQUITY</b>	<b>139,973</b>	<b>142,993</b>	<b>145,140</b>	<b>144,588</b>	<b>153,850</b>
Non- controlling interest in consolidated subsidiaries	37	37	37	37	37
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>140,010</b>	<b>143,030</b>	<b>145,177</b>	<b>144,625</b>	<b>153,887</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>1,578,049</b>	<b>1,747,866</b>	<b>1,696,133</b>	<b>1,757,982</b>	<b>1,834,393</b>

**BBVA Bancomer**
**Memorandum accounts**
*Million pesos*

	Jun 2015	Sep 2015	Dec 2015	Mar 2016	Jun 2016
Contingent assets and liabilities	18	41	403	376	397
Credit commitments	415,831	427,140	458,700	480,834	493,165
In trust	362,054	368,852	372,612	371,067	380,625
Under mandate	653,280	8,167,589	9,779,404	106,299	24,231
<b>Assets in trust or under mandate</b>	<b>1,015,334</b>	<b>8,536,441</b>	<b>10,152,016</b>	<b>477,366</b>	<b>404,856</b>
Assets in custody or under administration	171,962	191,153	193,529	198,315	186,626
Collaterals received by the institution	58,998	74,154	115,402	34,904	35,713
Collaterals received and sold or pledged as collateral by the institution	58,968	74,153	104,440	33,519	35,673
Investment banking transactions on behalf of third parties, net	59,698	59,660	62,129	898,668	1,140,703
Accrued interest on non- performing loans	10,470	10,465	11,335	12,325	13,123
Other record accounts	2,100,997	2,579,520	2,682,535	2,753,280	2,977,923

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CEO

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JOSE HOMERO CAL Y MAYOR GARCÍA  
HEAD OF ACCOUNTING

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

BBVA Bancomer Financial Results	2Q	3Q	4Q	1Q	2Q	6M	6M
<i>million pesos</i>	2015	2015	2015	2016	2016	2015	2016
Interest Income	29,510	30,513	31,762	33,929	32,653	57,556	66,582
Interest Expenses	(6,710)	(7,367)	(7,766)	(8,036)	(7,680)	(12,889)	(15,716)
<b>Net interest income</b>	<b>22,800</b>	<b>23,146</b>	<b>23,996</b>	<b>25,893</b>	<b>24,973</b>	<b>44,667</b>	<b>50,866</b>
Provisions for loan losses	(6,664)	(7,183)	(7,238)	(7,370)	(8,492)	(14,061)	(15,862)
<b>Net interest income after provisions for loan losses</b>	<b>16,136</b>	<b>15,963</b>	<b>16,758</b>	<b>18,523</b>	<b>16,481</b>	<b>30,606</b>	<b>35,004</b>
<b>Total Fees</b>	<b>5,241</b>	<b>5,470</b>	<b>5,959</b>	<b>5,748</b>	<b>5,742</b>	<b>10,422</b>	<b>11,490</b>
Trading income	705	855	664	687	627	1,743	1,314
Other operating income	149	212	(89)	20	1,677	731	1,697
Non-interest expense	(12,911)	(13,185)	(13,902)	(13,299)	(13,424)	(24,873)	(26,723)
<b>Operating income</b>	<b>9,320</b>	<b>9,315</b>	<b>9,390</b>	<b>11,679</b>	<b>11,103</b>	<b>18,629</b>	<b>22,782</b>
Share in net income of unconsolidated subsidiaries and affiliates	26	27	19	2	166	54	168
<b>Income before tax</b>	<b>9,346</b>	<b>9,342</b>	<b>9,409</b>	<b>11,681</b>	<b>11,269</b>	<b>18,683</b>	<b>22,950</b>
Current income tax and profit sharing	(2,310)	(1,584)	(8,028)	(2,172)	(4,114)	(3,904)	(6,286)
Deferred income tax and profit sharing	69	(559)	5,727	(741)	1,798	(473)	1,057
<b>Income before discontinued operations</b>	<b>7,105</b>	<b>7,199</b>	<b>7,108</b>	<b>8,768</b>	<b>8,953</b>	<b>14,306</b>	<b>17,721</b>
Discontinued operations	0	0	0	131	207	0	338
<b>Income before non controlling interest</b>	<b>7,105</b>	<b>7,199</b>	<b>7,108</b>	<b>8,899</b>	<b>9,160</b>	<b>14,306</b>	<b>18,059</b>
Minority Interest	0	1	0	0	0	(1)	0
<b>Net income</b>	<b>7,105</b>	<b>7,200</b>	<b>7,108</b>	<b>8,899</b>	<b>9,160</b>	<b>14,305</b>	<b>18,059</b>

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**JOSE HOMERO CAL Y MAYOR GARCÍA**  
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## Cash Flows

**BBVA Bancomer**
**Cash Flow Statement (from January 1st to June 30th, 2016)**
*Million pesos*

Net income	18,059
<hr/>	
Adjustments derived from items not involving cash flow	
Profit or loss derived from the valuation of investment and financing activities	78
Depreciation of property, furniture and fixtures	1,587
Amortization of intangible assets	837
Provisions	374
Income taxes	5,229
Share in net income of unconsolidated subsidiaries and affiliated companies	(168)
Noncontrolling interest	0
<hr/>	
Operating activities	
Change in margin call accounts	(231)
Change in investments in securities	(25,885)
Change in debtors from repurchase agreement	11,135
Change in derivatives (assets)	(26,722)
Change in loan portfolio (net)	(64,341)
Change in receivable benefits from securitization transactions	913
Change in repossessed assets	562
Change in other operating assets	(41,508)
Change in deposits	64,248
Change in interbank loans and other loans from other entities	4,165
Change in creditors from repurchase agreements	(15,262)
Change in collaterals sold or delivered in guarantee	(3,677)
Change in derivatives (liabilities)	27,845
Change in subordinated debt	5,548
Change in other operating liabilities	40,825
Change in hedging instruments (of hedge items related to operation activities)	1,654
Income taxes payment	(13,085)
<b>Net cash flows used in operating activities</b>	<b>(33,816)</b>
<hr/>	
Investment activities	
Proceeds from the disposal of property, furniture and fixtures	5
Payments for the acquisition of property furniture and fixtures	(2,803)
Proceeds from the acquisition of subsidiaries and affiliates	410
Proceeds from cash dividends	40
Payments for acquisition of intangible assets	(451)
<b>Net cash flows used in investment activities</b>	<b>(2,799)</b>
<hr/>	
Financing activities	
Cash dividends paid	(9,180)
<b>Net cash flows used in financing activities</b>	<b>(9,180)</b>
<hr/>	
Net increase or decrease in cash and cash equivalents	(19,799)
Effects of changes in cash and cash equivalents	(41)
Cash and cash equivalents at the beginning of the year	150,102
Cash and cash equivalents at the end of the year	130,262

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**Variation in Stakeholders' Equity**

BBVA Bancomer <i>Million pesos</i>	Suscribed 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	Cummulative effect by conversion	Redefined benefits to employees	Net Income			
<b>Balances as of December 31th, 2015</b>	24,138	15,726	6,881	69,583	(692)	550	341	-	28,613	145,140	37	145,177
HOLDERS' MOVEMENTS IN LINE WITH STOCKHOLDERS												
Transfer from net income to results of prior years				28,613					(28,613)			
Payment in cash				(9,180)						(9,180)		(9,180)
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>19,433</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-28,613</b>	<b>-9,180</b>	<b>0</b>	<b>-9,180</b>
HOLDERS' MOVEMENTS IN RECOGNITION TO THE REVENUES												
Net Income									18,059	18,059	-	18,059
Result from valuation of securities available for sale					(58)					(58)		(58)
Results from valuation of Cash Flow Hedging Instruments						(188)				(188)		(188)
Cummulative effect by conversion							78			78		78
Redefined benefits to employees								(1)		(1)		(1)
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-58</b>	<b>-188</b>	<b>78</b>	<b>-1</b>	<b>18,059</b>	<b>17,890</b>	<b>0</b>	<b>17,890</b>
<b>Balances as of June 30th, 2016</b>	<b>24,138</b>	<b>15,726</b>	<b>6,881</b>	<b>89,016</b>	<b>-750</b>	<b>362</b>	<b>419</b>	<b>-1</b>	<b>18,059</b>	<b>153,850</b>	<b>37</b>	<b>153,887</b>

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## Capital Ratio

BBVA Bancomer Capitalization (estimate)	June 2015		March 2016		June 2016	
<i>Million pesos</i>						
Tier 1		141,385		142,313		151,779
Tier 2		37,401		32,447		32,433
<b>Net Capital</b>		<b>178,786</b>		<b>174,760</b>		<b>184,212</b>
<b>Risk Weighted Assets</b>	<b>775,570</b>	<b>1,215,169</b>	<b>882,922</b>	<b>1,244,709</b>	<b>924,725</b>	<b>1,320,346</b>
	Credit Risk	Credit, Market & Operational Risk	Credit Risk	Credit, Market & Operational Risk	Credit Risk	Credit, Market & Operational Risk
Tier 1 % Risk Weighted Assets	18.2%	11.6%	16.1%	11.4%	16.4%	11.5%
Tier 2 % Risk Weighted Assets	4.8%	3.1%	3.7%	2.6%	3.5%	2.5%
<b>Capitalization Index (estimate)</b>	<b>23.1%</b>	<b>14.7%</b>	<b>19.8%</b>	<b>14.0%</b>	<b>19.9%</b>	<b>14.0%</b>



**Loan Portfolio Credit Quality Classification**

BBVA Bancomer Performing Loan Rating June 2016		Commercial Loans		Mortgage		Consumer		Credit Card	
		Balance	Reserve	Balance	Reserve	Balance	Reserve	Balance	Reserve
<i>Million pesos</i>									
<b>Ratings</b>									
A1		477,532	1,203	115,273	234	39,875	477	36,248	790
A2		60,959	654	35,506	217	27,531	682	14,986	590
B1		17,327	186	9,983	84	27,313	958	9,125	521
B2		5,940	124	3,166	39	20,459	911	8,170	591
B3		14,580	291	1,588	28	10,391	557	8,582	772
C1		1,779	102	5,065	163	3,114	213	8,468	1,004
C2		651	68	2,708	208	4,245	454	10,926	2,527
D		4,561	1,319	7,470	1,756	3,343	776	1,962	953
E		4,233	2,347	6,140	1,784	5,608	3,365	1,777	1,553
Additional			0		993		42		0
<b>Total Required</b>		<b>587,562</b>	<b>6,294</b>	<b>186,899</b>	<b>5,506</b>	<b>141,879</b>	<b>8,435</b>	<b>100,244</b>	<b>9,301</b>

## Ratings

### BBVA Bancomer Ratings

	Long Term	Short Term	Outlook
<b>Standard and Poor's</b>			
Issuer Credit Rating - Foreign Currency	BBB+	A-2	Stable
Issuer Credit Rating - Local Currency	BBB+	A-2	Stable
National Scale	mxAAA	mxA-1+	Stable
Stand Alone Credit Profile (SACP)	a-		
<b>Moody's</b>			
Bank Deposits - Foreign Currency	A3	P-2	Negative
Bank Deposits - Domestic Currency	A3	P-2	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	Stable
Issuer Default Rating - Local Currency	A-	F1	Stable
National Scale Rating	AAA(mex)	F1 + (mex)	Stable
Viability Rating (VR)	a-		

## Issuances

## BBVA Bancomer

## Issuances

Instrument issuances	Amount - Original Cy	Issue Date	Due/Call Date	Term (years)	Rate	Ratings		
						S&P	Moody's	Fitch
<b>Senior Debt</b>								
Bond 2nd Issuance - BCM0001	\$2,500	10-nov-06	27-oct-16	10.0	8.60%		A3/Aaa.mx	AAA(mex)
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	TIIIE28 + 0.80%		A3/Aaa.mx	AAA(mex)
Bond 4th issuance 2012 - BACOMER 22224	\$1,000	07-jun-12	26-may-22	10.0	TIIIE28 + 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	TIIIE28 + 0.14%		A3/Aaa.mx	AAA(mex)
Bond 1st issuance 2015 - BACOMER 16	\$4,000	30-jun-16	27-jun-19	3.0	TIIIE28 + 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)
3rd Issuance Serie A2 UDIS - BACOMCB 08-2U	598	08-ago-08	31-ene-33	24.5	5.53%	mxAAA	A3/Aaa.mx	
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)

# January - June 2016

## Financial Report BBVA Bancomer

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