

BBVA Bancomer

Annual Report 2017

Creating Opportunities

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Consolidated Financial Statements

Group Profile

Creation of sustainable value

102-1, 102-2, 102-4, 102-5, 102-6, 102-7, 102-16 and 102-45

Grupo Financiero BBVA Bancomer (GFBB) is a subsidiary of Banco Bilbao Vizcaya Argentaria, one of the leading financial groups in Europe.

GFBB is a private multi-purpose financial institution established under Mexican law. It provides a wide variety of banking products and services, stock exchange brokerage, insurance, mutual fund management and other financial services.

One of the main subsidiaries of GFBB is BBVA Bancomer, the leading bank in the Mexican financial sector in terms of assets, loan portfolio and deposits.

BBVA Bancomer operates throughout the Mexican Republic. It serves its customers through an extensive branch network and other distribution channels such as ATMs, banking correspondents, POS terminals, Internet, cell phones, etc. It also has specialized executives who offer outstanding personalized service to individual customers, businesses and government agencies.

Our Aspiration

- Building stronger customer relations...
- Helping our customers to take the best financial decisions, providing relevant advice.
 - Providing the best solutions which build trust: they are clear, simple, transparent and fair.
 - Through an easy and convenient experience: autonomously (DIY), through digital channels or human interaction.

Redefining our value proposition focused on our customers' real needs.

Our Purpose

"To bring the age of opportunity to everyone"

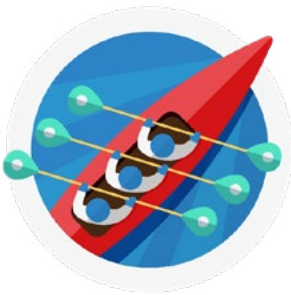
Our Values



Customer comes first



We think big



We are one team

Strategic priorities

- The best customer experience
- Optimizing capital allocation
- Driving digital sales
- Improving the level of efficiency
- New business models
- A first-class workforce
- Social responsibility

Business Model

Grupo Financiero BBVA Bancomer (GFBB) is a world-class group offering a wide range of services ranging from simple loans to international structured products.

GFBB's main subsidiary is the bank (BBVA Bancomer) - a universal bank serving customers in a distinct manner via specialized products and services. The bank is aware that much of its success as a bank depends on customer satisfaction. That is why it is constantly changing in order to offer the best banking services in Mexico and maintain long-term relationships with customers.

The business model is based on serving each customer segment in a special and customized way, through networks of specialized executives so as to be able to offer a high-quality service. The model is also based on an efficient distribution network with extensive coverage, which is essential to providing simple and secure access to financial services. Finally, it is a business model that is firmly committed to technology and major investments in transformation and innovation projects.

This model has underpinned the recurrent nature of BBVA Bancomer's earnings and its strength through outstanding performance characterized by a clear philosophy of risk control with the aim of maintaining long-term profitability.

As a result, BBVA Bancomer has consolidated its leadership in Mexico and is in an ideal position for future growth.

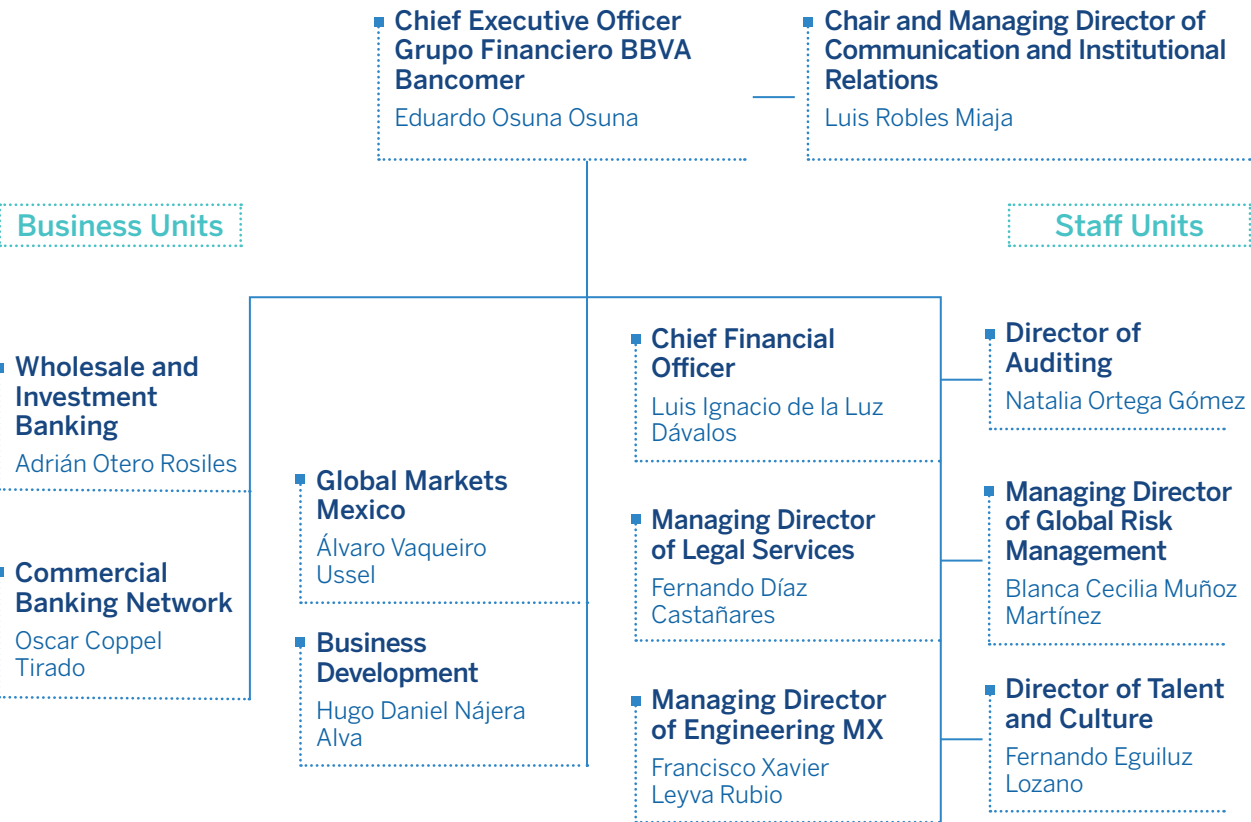
«**BBVA Bancomer's business model** ensures it is able to create opportunities and consolidate its **leading position in Mexico.**

BBVA Bancomer Business Model



Management structure

102-18



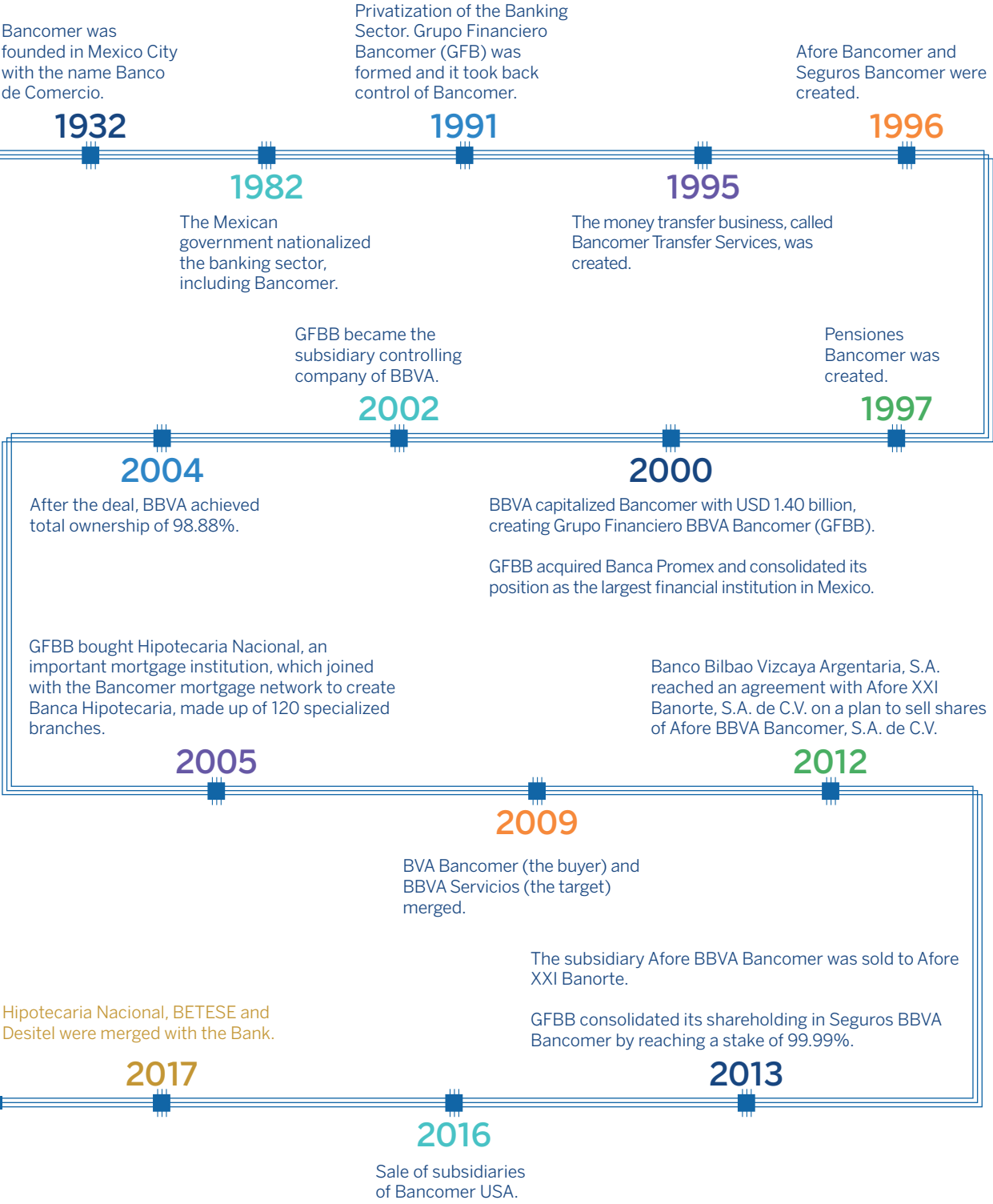
Corporate Structure

At December 31, 2017.

Grupo Financiero BBVA Bancomer, S.A. de C.V.



History

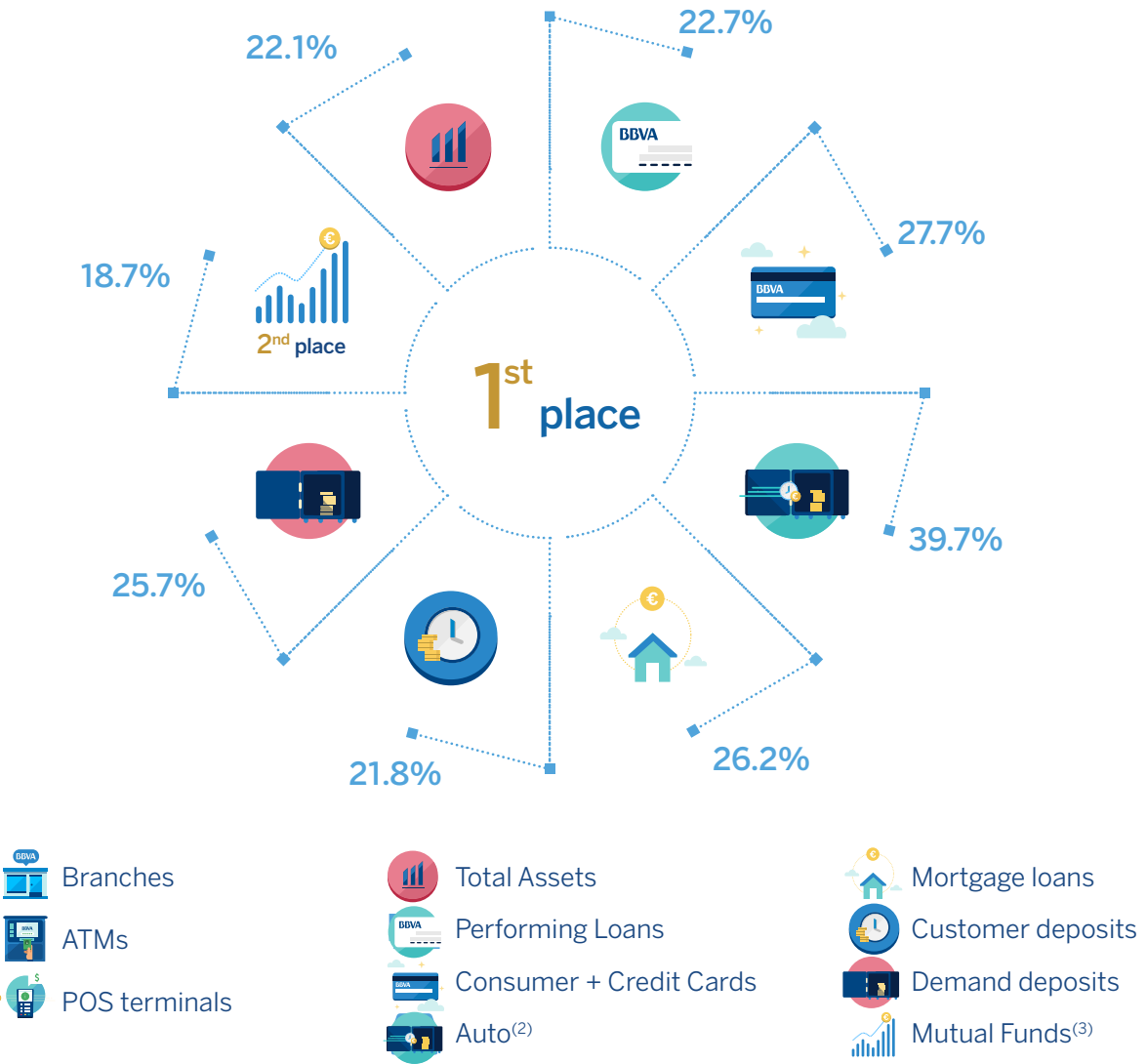


Leadership

Infrastructure⁽¹⁾



Sales activity⁽¹⁾



Sources: CNBV, AMIB, JATO.
 Information as of December 2017.
⁽¹⁾ Percentage of market share.
⁽²⁾ Auto loans: number of new and semi-new loans. Compared with banking companies.
⁽³⁾ Mutual funds: assets under management in investment companies without duplication.

Responsible Banking



**Tenth
Annual Report**

drawn up under the GRI
reporting framework.



**28 disabled
employees**

working permanently in the Bank.



**Torre
BBVA Bancomer:**

Location of the 2017 INcluye Forum



Ranked 3rd

in the "Best Companies to Work
for in Mexico 2017" list (GPTW®).



**MXN180
million donated**

to rebuild schools after
the September earthquakes.



15 local races

which drew over
26,000 runners.



**The BBVA
Bancomer Foundation**

raised and earmarked
MXN438.3 million.



**MXN161.8
million invested**

in employee training.



10 thousand trees

were planted as part of the
fifth Ajusco reforestation drive.



**1,604,090
training hours**

to employees.



172 branches

renovated.



EMPRESA
SOCIALMENTE
RESPONSABLE

**BBVA
Bancomer won**

the "Socially Responsible Company
Award" (SRC) for the seventeenth
consecutive year, while Seguros
Bancomer received the same award
for the ninth year in a row.



**31,848
participants**

received training in
Anti-Money Laundering.

Presence

102-4, 102-7

4.5 million
mobile
customers

5.3 million
digital
customers

Total Assets of
**MXN2,168.84
billion**



**MXN1,058.12
billion**
in performing
loans*

**MXN1,158.7
billion**
in traditional
deposits*

*GFBB data.



**19.0
million**
customers



1,840
branches



11,724
ATMs



263,838
point-of-sale
terminals



33,467
banking
correspondents

State	Branches	ATMs
Aguascalientes	20	134
Baja California	59	388
Baja California Sur	21	113
Campeche	13	108
Chiapas	36	239
Chihuahua	63	389
Mexico City	290	2,251
Coahuila	41	327
Colima	12	73
Durango	20	141
State of Mexico	183	1,269
Guanajuato	85	459
Guerrero	35	201
Hidalgo	34	211
Jalisco	198	959
Michoacán	86	428
Morelos	28	150
Nayarit	22	129
Nuevo León	99	570
Oaxaca	25	168
Puebla	68	421
Querétaro	30	223
Quintana Roo	25	232
San Luis Potosí	32	164
Sinaloa	40	230
Sonora	51	334
Tabasco	33	210
Tamaulipas	47	303
Tlaxcala	11	84
Veracruz	83	551
Yucatán	26	149
Zacatecas	23	116

Information: CNBV
Data as at December 2017

Letter from the Chairman of the Board of Directors

102-14 and 102-15

Dear **Shareholders**,

2017 was a year of critical challenges for the Mexican economy, for banking and for BBVA Bancomer.

The Mexican economy proved to be resilient and our country's institutions were able to ride out the storm which seemed to be brewing at the start of the year. The USA stirred a good deal of uncertainty by threatening to withdraw from the North American Free Trade Agreement (NAFTA), which exerted pressure on exchange rates and made for a very challenging economic scenario in 2017.

However, Mexico met the challenge head on with a negotiating team of outstanding experts. Steady progress continues in NAFTA negotiations with the USA and Canada, despite statements made in the media and social media. The public sector fiscal consolidation strategy has also been maintained, and Mexico achieved the agreed primary surplus. The Bank of Mexico took preventative action via monetary policy and managed to anchor long-term inflation expectations. While companies consistently reported an improving economic situation measured against the preceding year, which helped to sustain jobs growth. At the end of 2017, Mexico set a record of over 800,000 registered jobs in the IMSS (801,831). 80% (644,556) of which were permanent.

2017 was a year in which bank funding stayed dynamic and healthy. By the end of the year, the portfolio of total lending had grown by 9.6% while adequate risk management kept the NPL ratio down to 2.2%. In particular, private sector funding rose by 12.2%, and its NPL ratio stood at 2.4%. By components, housing credit grew by 8.5% and corporate credit by 15.3% year-on-year, with NPL ratios of 2.6% and 1.6%, respectively. All banking institutions properly fulfilled Basel III capitalization rules, putting the banking sector in a very solid and solvent position.

Against this background, in 2017 BBVA Bancomer once again achieved exceptional results. I would like to warmly congratulate Eduardo Osuna, Chief Executive Officer and Vice-President of BBVA Bancomer, the entire Management Committee, and all employees of BBVA Bancomer for the outstanding passion and commitment they have shown in achieving these results, which confirm BBVA Bancomer's leading position in the Mexican financial system.

—
In 2017 BBVA
Bancomer
achieved
exceptional
results.



There is no doubt that the citizens of Mexico showed tremendous solidarity in 2017. The earthquakes in September prompted many Mexicans to offer help and solidarity. BBVA Bancomer immediately rose to the challenge, taking steps to support the victims in the affected areas and also its employees, and confirming its commitment toward the well-being of Mexican society.

Dear friends, at BBVA Bancomer we wish to achieve a positive impact on the lives of people and societies. We are firmly committed to ensuring that people enjoy the best of our services, but we also include the social, environmental and ethical concerns of Mexican citizens in our daily activity.

Sustainability means looking ahead to the future and preventing any problems which could have an impact on our customers and on our business model. That is why since 2003, BBVA Bancomer has been a signatory of the United Nations Global Compact principles, which have been included in this report.

Our commitment to environmental protection with a sustainable perspective is underpinned by the "Global Eco-Efficiency Plan", where we have set out various environmental objectives which will be completed in 2020. For example, we have signed an agreement with Enel Green Power to supply all our facilities with renewable energy while we also aim to bring down our use of water, fuels and raw materials.

« BBVA Bancomer has set itself **the targets of supplying renewable energy to all its facilities, and also bringing down its use of water, fuel and raw materials, by 2020.**

As we are a Socially Responsible Company, we strive toward the personal and professional development of all our employees. In 2017, we invested a total of MXN161.8 million in employee training and 575 grants through Universidad Bancomer (Bancomer University).

Over the course of the year, we continued to promote gender equality through Women's Month and in our daily tasks.

« BBVA Bancomer invested **MXN161.8 million in its employee training and on 575 grants** through Universidad Bancomer (Bancomer University).

Through the BBVA Bancomer Foundation we supported education, culture and new entrepreneurs with social programs, using funds equivalent to MXN438.3 million. We would not have been able to raise this amount without the enthusiastic participation of all our donors, partners and employees.

« **MXN438.3 million donated** by the BBVA Bancomer Foundation **to support education, culture and entrepreneurship.**

At BBVA Bancomer, we are sure that by improving the participation of our employees and inclusion in our community, we will create a more successful and fairer bank, which is more sustainable in the long term. I encourage all of you to support and follow these Corporate Social Responsibility initiatives, which will reinforce the positive impact that BBVA Bancomer has on Mexican society.

Thank you,

Luis Robles Miaja
Chairman of the Board of Directors of
Grupo Financiero BBVA Bancomer

Letter from the Deputy Chairman of the Board of Directors and CEO

102-14 and 102-15

Business in 2017

In early 2017 Mexico faced a challenging scenario. A certain degree of volatility was affecting the main economic indicators, triggered by largely foreign events, and outlook was uncertain.

Nonetheless, fears were allayed by a number of signs which became apparent during the year, and with 2017 year-end figures, BBVA Bancomer achieved an exceptional financial performance. First, the loan book closed the year at MXN1,058 billion, which equaled year-on-year growth of 6%. With this performance, BBVA Bancomer became the market leader with a share of 23% at the end of December 2017, according to data published by the CNBV.

« The progress in **performing loans made** BBVA Bancomer **the market leader with a 23% market share** at 2017 year-end.

In the breakdown by segments, commercial credit reported growth of MXN33.00 billion to close the year at MXN604.81 billion. Business activity (corporate, medium-sized companies, homebuilders and SMEs) also picked up pace and achieved an annual increase of 10%, with BBVA continuously supporting Mexico's productive sector.

— Non-performing loan ratio of **2.1%** at the end of 2017.



Bancomer's support to families was shown through the consumer and credit card portfolio, which increased by 5% yoy to reach MXN259.38 billion. Consumer loans, which includes paycheck, personal and auto loans, was 6% higher than the previous year. The credit card portfolio reached MXN105.27 billion, an annual growth of 2%.

Mortgages stood at MXN193.83 billion at the end of December 2017, 7% above the same period of the previous year. BBVA Bancomer remains the market leader in mortgage funding, granting one out of every four new mortgages in the private sector ⁽¹⁾.

Growth in lending has gone hand in hand with good risk quality indicators. At the end of 2017, the non-performing loans ratio (NPL ratio) had improved by 12 basis points (bp) to 2.1%. The Coverage ratio also improved to finish the year at 139.2%, while the risk premium went from 3.3% in 2016 to 3.2% in 2017.

Traditional deposits in customer funds, which include demand and time deposits, issued credit securities and the global deposit account without movements, amounted to MXN1,158.70 billion, up 12% yoy. Demand deposits (deposits which are immediately available) rose 11% yoy, showing BBVA Bancomer's continued support to customer saving. While time deposits grew by 21% yoy.

Assets under management in mutual funds amounted to MXN388.76 billion, allowing BBVA Bancomer to maintain its position as one of the biggest mutual fund managers on the market, with a market share of 19%, according to information from the Mexican Association of Stock Market Intermediaries (AMIB). This brought total loans to MXN1.5 billion, up 12% year-on-year.

These results have been achieved with a solid capital base. In fact, BBVA Bancomer's ratios are comfortably above regulatory minimums. The total capital ratio at year end was 14.3%, BBVA has continued to actively manage its levels of liquidity to respond to the growth in business.

⁽¹⁾New mortgage loans (amount issued) and market position, according to information from the National Banking and Securities Commission (CNBV) at the end of December 2017.

BBVA Bancomer is able to withstand the complex economic setting because of its solid income statement, driven by its continuous income from banking activity, adequate cost control and containment, its ongoing investments in Mexico, and appropriate risk management.

Net interest income was MXN122.63 billion, equivalent to annual growth of 8.2%, boosted by greater volume of lending and deposits. Fees rose 9.5% year on year, and by the end of the year had reached MXN24.83 billion, mainly the result of higher volume of credit and debit card transactions.

Ongoing cost control limited annual growth in expenses to 4.7%, significantly below inflation recorded in Mexico. GFBB continued to invest and reinforce its banking infrastructure, making it the leading institution on the market in terms of infrastructure. At the end of December 2017, we had 1,840 branches and over 11,700 ATMs to serve the entire customer base.

Due to the strong performance in income and cost control, GFBB has been able to consolidate its position as the most efficient institution in the financial system, with an efficiency ratio - measured as an expense-to-income ratio - of 37.8% at the end of December 2017.

Grupo Financiero BBVA Bancomer's net profit was MXN45.60 billion, 11.8% up on the previous year.

« **MXN45.60 billion, our net profit at the end of 2017, was 11.8% higher than the previous year.**

The strategy which we have adopted in recent years to improve our customers' experience has evidently paid off, as can be seen in these results, which, for the third successive year, makes us the best bank in the Net Promoter Score.

We have also been able to position ourselves as an attractive bank for new customers, which can be seen in our leadership in paycheck portability. Today, 7 out of every 10 customers who decide to change their payroll from one bank to another do so with BBVA Bancomer, and 41% do so digitally, in line with our strategy of offering the best solutions so that customers can use self-service.

Our focus on digital channels has paid off, with many more customers using them. At the end of the year, we had 5.3 million digital customers, 36% more than the previous year, while mobile customers rose 60% during the year to reach 4.5 million customers.

«5.3 million digital customers, 36% more than the previous year.

2017 was also a year of outstanding results, while the focus on implementation was maintained. The bank is constantly being transformed, with more efficient processes, more robust systems, more solid applications and products which are specially designed to meet the needs of each one of our customer segments. We will continue to invest so that we are always at the cutting edge, so as to be able to offer our customers the best services.

We are forging ahead with initiatives in the main areas of the Transformation Plan, such as the progress in the Investment Plan, in which 3.1 billion dollars were invested between 2013 and 2017, accounting for 91% of total investment. We will continue investing to underscore BBVA Bancomer's long-term commitment to Mexico.

« In this regard, **BBVA Bancomer** is a bank which **is always evolving so as to offer the best service to its large customer base.**

BBVA Bancomer is firmly committed to Mexico. As one of the largest private companies in Mexico, it is a responsibility which we take very seriously indeed. Every year we earmark 1% of our net profit for social responsibility initiatives. We have identified education as one of the most effective means of supporting Mexico. Our initiatives include the "Por los que se quedan" (For those left behind) program, seeking to help children aged 11 or over from underprivileged backgrounds to continue their studies. So far, we have helped over 81,000 children and young people to continue their secondary, preparatory and university studies.

« Since 2011, **BBVA Bancomer** has helped over 81,000 children and young people to continue their secondary, preparatory and university studies, and to go on studying, through the "Por los que se quedan" (For those left behind) program.

In 2017, after the earthquakes in September, we made a donation of MXN180 million and then sought more funds through campaigns with employees, customers and associates, to rebuild schools so that as many children as possible could resume their studies.

Before I finish, I would like to take this opportunity to thank all the employees of the Grupo Financiero BBVA Bancomer for their efforts, commitment and profound dedication, because without this institution's magnificent human team, we would not have been able to achieve this result. I would also like to thank our customers for having chosen us, and their loyalty, and also the members of the Board of Directors for their concerted efforts to continue to strengthen our institution.

BBVA Bancomer, Creating Opportunities

Eduardo Osuna Osuna
Deputy Chairman of the Board of Directors and
CEO of BBVA Bancomer

Business Units

A solid structure

102-2

BBVA Bancomer is a bank in a constant state of transformation, focused every day on evolving and improving our customer service and the products offered. One of our main lines of our business model is customer segmentation, so as to be able to offer each customer a specialized service. Business Units have been redesigned and simplified in the following way:



Commercial Network, which serves all retail segments via the Group's branch network. Business Development, including the insurance business. This business is available across the Commercial Network and ensures that BBVA Bancomer remains a leading bank at the forefront of the market. Wholesale and Investment Banking, furnishing business segments with a broad range of investment products. Global Markets, which together with the Brokerage House offers sophisticated products to individuals and businesses alike.

Business Units benefit from the assistance of Staff Units, which enable recurrent business results and integrated management, while also generating synergies to fuel further growth.

Business Units

Commercial Network

This division manages the entire Branch Network, which offers services to individuals segments, beginning with the ultrahigh network, private banking, Affluent banking, personal banking, down to the banking and express segments. The branch network also serves micro and small companies.



At the end of 2017, we had 1,803 branches which offered services to over 16.5 customers (individuals). BBVA Bancomer has also redesigned the structure of its branches, with larger self-service spaces, so as to improve the customer experience in the following ways: to improve flow within branches, promote self-service for low value transactions, increase productivity within branches and so that our customers can use the new ATMs and “practicajas” and with a simple click can obtain consumer loans or make cash deposits or payments. This not only helps to improve sales, but also provides customers with a better service. The result is shown in the Net Promoter Score, which puts us in the number one spot in the open market.



Business Development

This is the transversal area of the Branch Network, and has been designed to develop new businesses, technologies and channels so as to guarantee that BBVA Bancomer will continue to be the market leader, stay at the cutting edge, and be a model bank. The Insurance Business, which is an integral part of the loan portfolio sales circuit, has been placed within this division.

One of the main objectives of this unit is to increase the value of the customer base, building up a stronger engagement which is also reflected in greater customer loyalty. We think this is best gauged by looking at payroll accounts, while in terms of portability BBVA Bancomer is not only viewed positively by existing customers, it also stands as an attractive bank for new customers. In 2017, 76% of the people who decided to change their paycheck from one bank to another did so to BBVA Bancomer, and, more importantly, 41% did so digitally.

Our focus on digital channels has paid off, allowing us to drive sales; it has also been a great support in post-sales. At the end of the year, we had 5.3 million digital customers, 36% more than the previous year.



Wholesale and Investment Banking

This unit ensures that BBVA Bancomer is better prepared to offer an excellent service to institutions through an all-encompassing offer ranging from the most basic to the most sophisticated products. We also offer products and services which are adapted to the specific needs of this segment.

This unit offers services to business segments through a broad range of investment products, which include the following:



Corporate (and investment products)

BBVA Bancomer offers corporate and institutional customers loan products and services, mergers and acquisitions, market transactions (equity and fixed income), cash management, online banking and investment products.

BBVA Bancomer has a customer base of over 460 Groups made up of multinationals located in Mexico and institutional clients. Credit to this segment now represents 20% of the total portfolio; and the segment accounts for 17% of banking deposits.

Day by day, we strive to ensure that customers receive the best possible service by developing new products adapted to their needs. By way of an example, two of the products which BBVA Bancomer offers for this customer segment are:

- Bancomer Net Cash, a global online banking solution which allows users to perform on-line, programmed bank transactions using a single tool. They can connect from anywhere, anytime and every day of the year, efficiently and securely.
- Bancomer Web Trader, a straightforward system which allows investors to carry out their own on-line trading transactions in real time. It also provides market information, analysis, news and technical tools, which can be customized, to help our customers to make their decisions.

Mid-sized companies

BBVA Bancomer offers services to the business banking through a network of 102 branches.

At December 31, 2017, the corporate loan portfolio amounted to MXN224.51 billion, accounting for roughly 37% of the total commercial loans portfolio. We have maintained the quality of this portfolio, and As of December 31, 2017, the NPL ratio stood at 1.2%.

Customers in the business banking segment are also an important source of deposits, as they mainly use saving and cash management products. BBVA Bancomer offers a broad range of products tailor made to meet customers' requirements in terms of cash management and collection solutions. Some of the most popular products are: the Integral Bancomer Treasury, which makes it easier and quicker for customers to carry out their financial transactions by installing high-tech software through our website, and Multipayments, a software which has optimized the collection process.



Housing developers

This segment largely covers the granting of bridge loans for construction purposes. As of December 31, 2017, the housing developer loan portfolio totaled MXN16.55 billion, equivalent to annual growth of 4.5%. In 2017, BBVA Bancomer granted loans to fund the building of 23,624 housing projects.



Consumer Finance

The Consumer Finance unit, which was exclusively created to serve the auto segment and its life cycle, including loans for vehicle distribution and acquisition, is part of Wholesale and Investment Banking. Through this unit, BBVA Bancomer can also meet all the requirements and financial needs of auto dealers (agencies).

In terms of final consumers, at year-end 2017, auto loans totaled MXN43.61 billion, tantamount to annual growth of 11.4%. During the year, 120,930 auto loans were granted.

Government entities

BBVA Bancomer has 31 specialized branches to serve this segment, offering specialized services and products to the Federal Government, the States and Municipalities of Mexico and all Government bodies.



The broad range of products for this segment includes paychecks for government employees, current accounts and tax collection services for States and Municipalities. We also offer products such as "Multi Payments" and "CIE on line" for tax collection. As of December 31, 2017, the government loan portfolio reached MXN73.60 billion, accounting for 12% of the total commercial loans portfolio.



Global Markets

The Global Markets unit, in conjunction with the Casa de Bolsa (brokerage house) offers more sophisticated products and services to both individuals and businesses, such as debt and capital placements and issues, structured financing, and so on. BBVA Bancomer has topped the SHCP and Banco de México Market Makers ranking since July of 2012. We remain committed toward playing an active role in the fixed rate government securities market; and also bid at competitive prices in primary auctions for these securities, listing buy and sell prices on the secondary market to provide liquidity at competitive prices for our customers and the foreign exchange market.

We offer many different securities and derivatives products such as:

- a) Interest rates and foreign currency (FX): Leader on the interest rates and foreign exchange markets. In FX, we are ranked first with 23% of the business with domestic counterparties, in a market which represents about 2.5 billion dollars per annum.
- b) Equity: Primary and secondary placements, derivatives and structured, private placements and trading on portfolios and blocks transactions.
- c) Lending: we provide integrated servicers for the sale, intermediation, analysis and origination to issuers on the main international currencies, in cash and derivatives.

Staff Units

Business Units have been able to realize all their potential and achieve positive performances partly due to the constant assistance from the Staff Units, which enable them to maintain recurrent business results and integral management, providing synergies which fuel further growth.



Internal Audit

This area is responsible for maintaining the integrity which is our distinguishing feature as a financial institution, with continuous support in Internal Control matters. This business unit continuously carries out monitoring, follow-up and prevention activities to ensure an adequate business performance in terms of customer processes and also internal procedures.



Legal Services

In 2017, the Legal Services area provided support so as to maintain transparency and guarantee that the constant changes in banking regulations are clearly understood and strictly complied with. It also acts as the point of contact for customers' complaints and demands to the bank so that both parties can have the best options and be mutually satisfied.



Finance

This area is responsible for various functions, such as monitoring the institution's financial performance, relations with investors, analysts and shareholders, cost control, capital management and liquidity, and many more. At BBVA Bancomer we have kept our capital ratios above the minimum levels required by Mexican laws, and have also maintained comfortable liquidity levels to drive growth. Our total capital ratio stood at 14.3% at year end, while the CCL (Local LCR) (the new short-term liquidity indicator implemented through the new Basel III requirements) was 139.58%⁽¹⁾.

The bank also achieved a rock-solid income statement in 2017 based on recurrent revenue, control of costs and adequate risk management.

⁽¹⁾ The information to integrate the determination of the CCL, presented to Banco de México, was updated with respect to the one that was included (previous figures) in note No. 34 "Risk management and derivative operations (unaudited figures)" of the audited financial statements of Grupo Financiero BBVA Bancomer, SA of C.V. as of December 31, 2017 and for the year ended on that date.

The updated Liquidity Coverage Ratio stood at 139.65%

Risks

Our healthy and stable credit quality indicators are the result of adequate risk management. BBVA Bancomer is famed for being a cautious bank, which has a forward-looking approach to risks. This approach has allowed us to achieve a positive performance in risk ratios: the NPL ratio fell 12 basis points (bp) to 2.1%, while the coverage ratio also improved, rising to 139.2%. Our cost of risk - the cost of lending - was steady at 3.2% at 2017 year-end.



Engineering

The Engineering area provides support in the systems and technological platforms for all the bank's operations which form part of customer services. It plays a key role in maintaining BBVA Bancomer's position as the leader in Digital Banking in Mexico. At the 2017 year end, BBVA Bancomer had 5.3 million customers, 35.6% higher than at the end of 2016. Mobile customers also increased by 60.4% to reach 4.5 million customers.



Talent and Culture

BBVA Bancomer's exceptional results are only possible because of its magnificent team of skilled and motivated employees. In the Talent and Culture area, we are always on the look-out to try and draw, develop and retain employees. Our corporate culture is based on values and on a total balance between professional and personal development.

As a result, BBVA Bancomer employees are able to enjoy very high living standards and also an excellent atmosphere at work. In 2017, we changed our metric to measure employee feedback and started to use Gallup instead of Great Place to Work. We improved on our result for 2016, and on a scale from 1 to 5, we went from 4.24 to 4.32, with an engagement index of 65% (up from 60%).

BBVA Bancomer remains intent on driving transformation to create the finest opportunities on the market.

About this report

Transparency: our conviction

102-46, 102-49, 102-50 and 102-54

This Annual Report covers the economic, social, and environmental activities and results of Grupo Financiero BBVA Bancomer, S.A. de C.V., from January 1 to December 31, 2017. The report can be found at the BBVA Bancomer website: (<https://www.bancomer.com/nuestrom/negocio-responsable.jsp#pane6>)

Coverage

The Annual Report encompasses the following companies that comprise Grupo Financiero BBVA Bancomer:

- BBVA Bancomer, S.A.
- Casa de Bolsa BBVA Bancomer, S.A. de C.V.
- BBVA Bancomer Servicios Administrativos, S.A. de C.V.
- BBVA Bancomer Operadora, S.A. de C.V.
- Hipotecaria Nacional, S.A. de C.V.
- BBVA Bancomer Gestión, S.A. de C.V.
- Seguros BBVA Bancomer, S.A. de C.V.
- BBVA Bancomer Seguros Salud, S.A. de C.V.
- Pensiones BBVA Bancomer, S.A. de C.V.

Contents

To compile and quantify the information from 2017 and targets for 2018, BBVA Bancomer conducted interviews and ran questionnaires with the heads of each area to collect the key 2017 data.

The Investor Relations Department and the Corporate Responsibility and Reputation Department are responsible for preparing the Annual Report.

Standards

This is the tenth Annual Report drawn up pursuant to the Global Reporting Initiative (GRI) reporting framework. *“This report has been compiled in accordance with the comprehensive option of GRI standards”.*

The 2017 Annual Report was also drafted pursuant to the 10 GRI reporting principles:

Principles to determine the content and quality of the Report

Content principles	Quality principles
Inclusion of stakeholders	Accuracy
Sustainability Context	Balance
Materiality	Clarity
Thoroughness	Comparability
	Reliability
	Punctuality

Application of quality principles



Accuracy

The Annual Report includes diagrams, photos, charts and tables related to each specific topic. The above ensures a very precise depiction of BBVA Bancomer’s performance in each of the topics subject to reporting. Likewise, the Annual Report also features complementary information in the form of links to specific websites run by the Bank.



Balance

The Annual Report covers positive aspects at BBVA Bancomer as well as opportunities for improvement, with the aim of presenting accurate and transparent information on the Bank.



Clarity

The Annual Report sets out all relevant information required by the Bank’s stakeholders in a clear and concise manner, including an index and links to official web pages. The information is available to all stakeholders.



Comparability

The information in this Annual Report has been organized in such a way as to support its reading and understanding. Changes against previous years are identified to ensure that the GRI content is conveyed clearly and consistently.



Reliability

An independent expert audited this Annual Report to ensure the accuracy of the reported information.



Punctuality

This Annual Report encompasses the period between January 1 and December 31, 2017, seeking to provide recent and up-to-date information for the benefit of the Bank’s stakeholders.

The set of AA1000 standards from the Institute for Social and Ethical Accountability was also used to ensure that the report upholds the principles of inclusiveness, materiality and responsiveness.

BBVA Bancomer is committed to the Sustainable Development Goals of the United Nations Global Compact, presenting this Annual Report as an advanced Communication on Progress (CoP).

Independent Review

The BBVA Bancomer 2017 Annual Report was independently audited by KPMG. It also benefited from the GRI Content Index service, which is designed to ensure that the GRI Content Index is coherent with GRI Standards.



Economic Impact

Excellence in results

Grupo Financiero BBVA Bancomer is a key driver of Mexico's economic development. For many years GFBB has demonstrated its commitment to supporting Mexican savers, by building customer deposits in a secure and efficient manner and driving their growth, while ensuring that their savings are subject to appropriate oversight. The Bank also offers personalized financing options and solutions to individuals and businesses that seek different forms of funding.

This section contains figures that demonstrate the recurrent nature of BBVA Bancomer's results and the Bank's robustness. This has been secured via outstanding performance, shaped by a well-established philosophy of risk control and sustained long-term profitability.

GFBB recognizes the importance of providing access to financial services. Which is why underlying these financial results is a strategy grounded on the use of digital channels to furnish people with financial products and services that are especially designed to create opportunities and support the well-being of the population.

BBVA Bancomer helps people to make optimal financial decisions and thus have a positive impact on society. It aims to establish itself as a tool to be harnessed to achieve goals rather than be perceived simply as a bank.

Analysis and Discussion of Business Development

Grupo Financiero BBVA Bancomer, key balances in millions of pesos.

Performance in Commercial Activity

At the end of December 2017, the performing loans reached MXN1,058.12 billion, representing annual growth of 5.7%. This positive development not only allows BBVA Bancomer to position itself as market leader with a share of 23% at the end of December 2017, but also - according to the CNBV - it has been the bank with the largest increase in total loans balance during the last twelve months.

« **MXN1,058.12 billion in performing loans** in 2017, representing annual **growth of 5.7%.**

Commercial loans rose by 5.7% year-on-year to MXN604,806 million. Business loans posted the strongest performance within the portfolio (these include lending to corporations, medium-sized enterprise, homebuilders and SMEs), with an increase of 10.4% over the last twelve months.

Additional revenues were recorded at the year-end linked to extraordinary payments, such as bonus earnings. This is reflected in the performance of the consumer lending and credit card portfolio, which showed an annual uptick of 4.8% and reached a total balance of MXN259,38 billion. The largest growth in this portfolio came from consumer finance, which includes payroll, personal and auto loans, and which stood 6.4% higher than the previous year, ending the year with a balance of MXN154.1 billion. The credit card portfolio amounted to MXN105.28 billion at year-end 2017, up 2.5% year-on-year.

— **259,377 million**

pesos in consumer lending and credit card grew at

4.8% in annual terms.



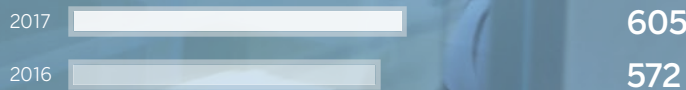
Performing Loans



(billion pesos and annual change %)
+5.7%



Commercial loans*



(billion pesos and annual change %)
+5.7%

*Includes bridge loans
Source: Quarterly Report

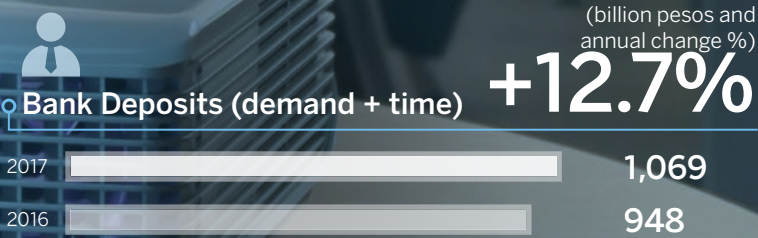
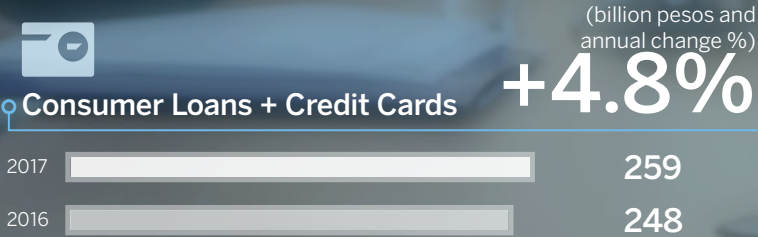
Mortgages were up 6.8% at the end of December 2017 to MXN193.84 billion. BBVA Bancomer is still the leading bank in mortgage loans; according to the CNBV it grants one out of every four new mortgages in the private sector.

«**4.8% annual growth** in consumer and credit card loans, **reaching a balance of MXN259,377 million.**

By December 2017, bank deposits (demand and time) had risen by 12.7% over the year. If we include issued credit securities and the global deposits account without movements, traditional deposits increased to MXN1,158.70 billion, a 12.3% annual increase. Cash surpluses in the last quarter of the year are shown in demand deposits (those which are immediately available), which rose 10.7% per annum, to close December at MXN834.99 billion. Time deposits reported growth of 20.8% against the close of December 2016, allowing BBVA Bancomer to have a profitable funding mix, with a greater relative weight of low cost deposits. Meanwhile, traditional savings also posted a good performance, with annual growth of 12.3%.

Assets managed in mutual funds stood at MXN388.77 billion at the end of December 2017, up 9.3% against the previous year. Thus, BBVA Bancomer remains one of the biggest mutual fund managers on the market, with a market share of 19% according to the Mexican Association of Stock Market Intermediaries as per December 2017. Total deposits amounted to 1.5 trillion pesos, equivalent to annual growth of 11.6%.

It is worth noting that BBVA Bancomer manages a total of **1.8 trillion pesos** in customer deposits.



Source: Quarterly Report

Earnings

Net interest income amounted to MXN122.63 billion in 2017, annual growth of 8.2%. This growth has been driven by higher loan and deposit volumes. Loan loss provisions increase at an annual pace of 5.1%, below growth in lending activity. As a result, net interest income adjusted for credit risks amounted to MXN\$88.55 billion in December 2017, 9.5% up on the figure for the previous year.

This has seen GFBB maintain high profitability indicators, reflected in a net interest margin (NIM) of 5.8% in 12M17, while the NIM adjusted for credit risk stood at 4.5%.

Fees and commissions saw an annual increase of 9.5%, amounting to MXN\$24.83 billion at the end of December 2017. The details show that credit and debit card fees were the most buoyant, due to customers performing a higher number of transactions with these products, as well as mutual funds.

Net trading income rose a sharp 40.5% in the cumulative figure at December 2017, driven by a positive trend from unrealized gains, mainly on security investments.

Other revenues showed a negative trend due to extraordinary revenues posted in the second quarter of the previous year, linked to the extinction of a trust arrangement that included a securitized property portfolio.

Ongoing cost controls kept costs growth curbed at 4.7% year-on-year. Most of the initiatives designed to keep costs under control were centered on administration and operating expenses, with growth of 2.9% measured against the previous year.

Bancomer made further investments to bolster its banking infrastructure, positioning it as the market leader in terms of said infrastructure. At the end of December 2017, we had 1,840 branches and over 11,700 ATMs to serve the entire customer base.

However, proper management of income allows GFBB position itself as one of the most efficient institutions in the financial system, with an efficiency ratio - measured as an expense-to-income ratio - of 37.8% at the end of December 2017.

Net profit amounted to 45.6 billion pesos in 12M17, up 11.8% or 4.82 billion pesos.

Net interest income

+5.8%

as of december 2017.

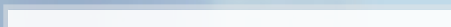


Net interest income

(billion pesos and annual change %)

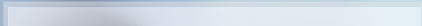
+8.2%

2017



123

2016



113

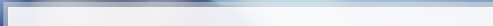


Net Profit

(billion pesos and annual change %)

+11.8%

2017



45,603

2016



40,787

Source: Quarterly Report

Ratios (%)	GFBB	Market*
Return on equity (ROE)	23.6	14.0
Net Interest Margin (NIM)	5.8	5.0
Efficiency Ratio	37.8	48.8
NPL Ratio	2.1	2.1

* Market comprised of 5 groups at December 2017 (Citibanamex, Santander, Banorte, HSBC and Scotiabank).
Source: Financial Groups Quarterly Report

Economic value added

Figures in million pesos

General Indicators for multiple banking in Mexico

	■ Dec-15	■ Dec-16	■ Dec-17
Total multiple banking institutions	44	47	48
Branches	12,234	12,522	12,744
Employees	224,301	230,319	240,667
Total banking assets (million pesos)	7,770,086	8,667,759	9,017,338
Constant GDP (million pesos)	17,287,807	17,791,457	17,945,158
% of GDP	44.9%	48.7%	50.2%
Aggregate gross banking portfolio (million pesos)	3,842,981	4,339,096	4,745,929
% of GDP	22.2%	24.4%	26.4%
Total deposits (million pesos)	4,020,099	4,526,559	5,005,021

Source: CNBV, INEGI

Importance of BBVA Bancomer in the Mexican economy

	■ Dec-15	■ Dec-16	■ Dec-17
Total assets (million pesos)	1,850,465	2,075,106	2,168,837
Share of total assets	23.8%	23.9%	24.1%
Traditional deposits (million pesos)	948,542	1,031,407	1,158,700
Traditional deposits / Total assets	51.3%	49.7%	53.4%

Traditional deposits: demand and time deposits, issued credit securities, and global deposits accounts without movements
Source: Grupo Financiero BBVA Bancomer

Economic Value Added (EVA)

	■ Dec-15	■ Dec-16	■ Dec-17
Personnel expenses	19,637	21,201	22,080
Interest expenses	27,940	34,633	54,361
Administration and operating expenses	15,760	15,622	16,078
Taxes	11,094	13,572	16,568
Contribution to the community: funds allocated	74,431	85,028	109,087

Economic value generated and distributed

Economic value generated	127,332	141,841	154,775
Net interest income	100,997	113,335	122,627
Net fees and commissions	21,280	22,666	24,826
Other ordinary income	5,055	5,840	7,322
Economic value distributed (EVD)	80,612	88,399	104,883
Dividend	21,475	23,531	34,586
General administrative expenses	28,406	30,095	31,649
Taxes	11,094	13,572	16,568
Personnel expenses	19,637	21,201	22,080
Economic Value Retained	46,720	53,442	49,892
Preventive estimates for credit risk	28,482	32,434	34,079
Reserves	18,238	21,008	15,813

Source: Grupo Financiero BBVA Bancomer

To find out more about BBVA Bancomer, go to the investor relations site:
<https://investors.bancomer.com/es/index/>





Stakeholders and materiality analysis

Partnerships that generate value

102-40, 102-41, 102-42, 102-43, 102-44 and 102-47

BBVA Bancomer covers all relevant economic, environmental and social topics in its Annual Report, which are identified based on those aspects that are considered key to the Bank and its stakeholders. A materiality analysis was conducted based on internal and external opinions.

Stakeholders are entities or individuals on which BBVA Bancomer has a bearing via its services or products. The actions of these groups may also affect the Bank's ability to successfully implement its strategies and achieve its objectives.

The GRI standards define materiality as the effects an organization has on the economy, the environment, and/or society and that influence stakeholders' decisions.

The involvement of stakeholders creates a framework for relations between the Bank and said stakeholders, in which they can make joint decisions on any material issues that may have positive or negative impacts.

Below are details of the studies conducted with stakeholders and how the key topics for inclusion in the 2017 Annual Report were identified.

Stakeholders

In 2009 BBVA Bancomer identified its stakeholders based on the following criteria, established under the AA1000 Stakeholder Engagement Standard:

■ **Responsibility**

Groups to whom the organization has, or in future may have, financial and operating responsibilities, including in terms of regulations, contracts, policies or codes of conduct.

■ **Influence**

Groups with influence or decision-making powers.

■ **Proximity**

Groups with which the company interacts most, including internal groups, those engaged in long-term relations, and those on which it depends for its everyday operations.

■ **Dependency**

Groups that are directly or indirectly dependent on the organization in economic and financial terms, well as local or regional infrastructure.

■ **Representation**

Groups that may legitimately claim representation based on regulations, tradition or culture.

■ **Policy and strategy**

Groups at which the organization is aimed directly via its policies and statements, including those that may provide warnings of emerging risks.

For further information, see the BBVA Bancomer 2009 Annual Report: https://www.bancomer.com/fbin/informe-responsabilidad-corporativa-2009_tcm1344-538017.pdf
And the 2010 Annual Report: https://www.bancomer.com/fbin/informe-responsabilidad-corporativa-2010_tcm1344-538018.pdf



The inclusion of stakeholders is a key activity in BBVA Bancomer's strategy.



Stakeholders and channels of dialog

Based on the above criteria, the Bank has identified the following six stakeholders:

Stakeholders	Dialog channels	Area responsible
 Shareholders To create greater sustainable value over time.	<ul style="list-style-type: none">■ Annual General Meeting■ Quarterly Financial Information■ Annual report	Investor information (https://www.bancomer.com/nuestrom/informacion-inversionistas.jsp)
 Customers Seeking the finest solutions to make BBVA Bancomer their first option.	<ul style="list-style-type: none">■ Branches■ Línea Bancomer (https://www.bancomer.com/personas/linea-bancomer.jsp)■ Website (www.bancomer.com)■ Press channels (newspapers, magazines, flyers, direct mails, TV and radio, and others)■ Satisfaction survey■ Social media■ Opinion studies	<ul style="list-style-type: none">• Wholesale and investment banking• Business Development• Commercial Network
 Partners A management style that generates enthusiasm and is conducive to training, motivation and personal and professional development.	<ul style="list-style-type: none">■ We are BBVA Bancomer■ Email (employee whistleblower channel)■ Work Climate Survey■ Internal reputation study	<ul style="list-style-type: none">• Talent and Culture• Corporate responsibility and reputation
 Suppliers Finding in BBVA Bancomer an ally to secure mutual benefits.	<ul style="list-style-type: none">■ Adquiras website (www.suppliers.bbva.com)■ Complaints and suggestions website (noconformidadesproveedoresmexico.mx@bbva.com)■ E-mail address■ Satisfaction survey	<ul style="list-style-type: none">• Purchasing

Stakeholders	Dialog channels	Area responsible
 Regulators To act with integrity and in strict compliance with the law.	<ul style="list-style-type: none">■ Committees■ TD Support■ Meetings■ Messages	<ul style="list-style-type: none">• Talent and Culture• Corporate responsibility and reputation• Risks• Compliance
 Society To actively support the sustainable development of communities within the Group's footprint.	<ul style="list-style-type: none">■ BBVA Bancomer Foundation website www.fundacionbbvabancomer.org■ Social media■ Opinion studies	<ul style="list-style-type: none">• BBVA Bancomer Foundation• Quality• Corporate responsibility and reputation
Frequency <div>■ Daily ■ Weekly ■ Monthly ■ Quarterly ■ Annual ■ Semi-annually ■ Periodic</div>		



Identification of material issues

In 2009 BBVA Bancomer conducted its first materiality study, during which four stakeholder groups were canvassed in an email and online survey. Six relevant issues were identified as a result. A decision was made to conduct an exhaustive materiality analysis every two years as of 2012, as the material issues identified at that time did not significantly change from one year to the next. In the nine years of reporting, the stakeholders most frequently consulted as part of efforts to identify material issues were suppliers, while employees and customers were not consulted as BBVA Bancomer conducts internal studies that serve as an input to determine materiality. As a result, the latest materiality study in 2016 canvassed employees, customers and the industry to identify the key issues that should be covered in this report.

The information that served as an input to update BBVA Bancomer’s material issues was obtained via analysis of the following internal and public studies conducted among stakeholders.

Internal Studies

■ Partners

- 2017 Internal reputation study.
- Results of the 2016 work climate survey.

■ Customers

- Customer Satisfaction Index (Net Promoter Score, NPS).
- Bcom and Bmóvil Customer Satisfaction Index.¹
- Brand strength study conducted by an independent firm in 2017.
- Public opinion study conducted by an independent firm in 2016.
- 2016 Internal reputation risk study.

■ Sector

- Financial sector benchmark conducted by an independent party in 2017.

Public studies

- Study conducted by SASB (Sustainability Accounting Standards Board) “SASB Material Sustainability Topics”.²
- Study conducted by GRI and RobecoSAM³ in 2015 “Defining Materiality: What Matters to Reporters and Investors”.⁴

Methodology

BBVA Bancomer materiality issues were updated pursuant to the following methodology:

- a) Selection of stakeholders used to update material issues in 2016.
- b) Analysis of internal studies conducted by BBVA Bancomer on employees, customers and the industry.
- c) Analysis of public studies conducted by SASB, GRI and RobecoSAM.
- d) Review of material issues for the financial sector.
- e) Validation and review of material issues identified for the 2017 Annual Report.

⁽¹⁾ Bcom: Internet Portal for BBVA Bancomer customers. Bmóvil: App available in iOS and in Android for BBVA Bancomer customers.

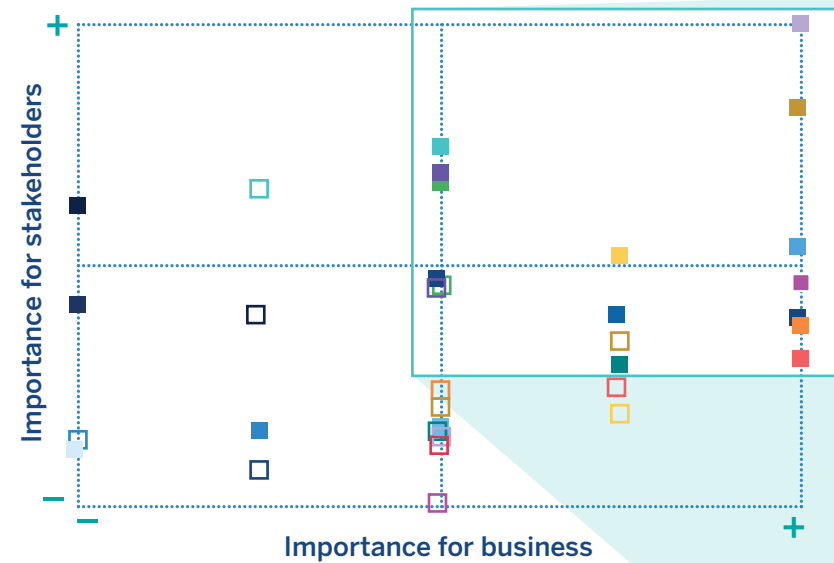
⁽²⁾ To find out more about the study visit <https://materiality.sasb.org/?hsCtaTracking=28ae6e2d-2004-4a52-887f-819b72e9f70a%7C160e7227-a2ed-4f28-af33-dff50a769cf4>

⁽³⁾ Qualifier of the Dow Jones Sustainability Index (DJSI).

⁽⁴⁾ To find out more about the study visit <https://www.globalreporting.org/resource/library/Defining-Materiality-What-Matters-to-Reporters-and-Investors.pdf>

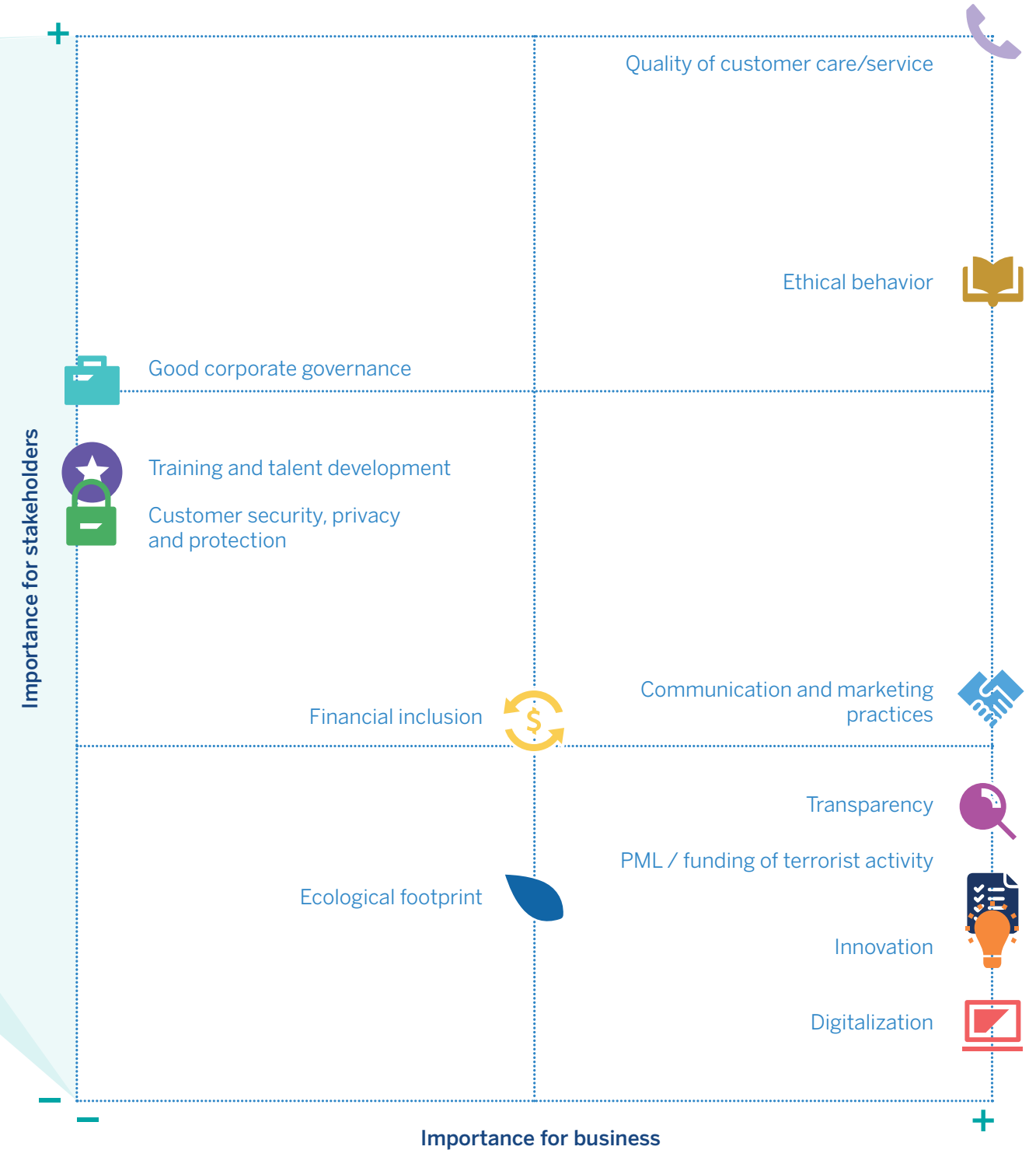


2017 materiality matrix



Top 12 matters of interest

No.	BBVA Bancomer 2017 material issues	GRI-Standard content
1	Quality of customer care/service	Stakeholder engagement (GRI 102-40 to 102-44)
2	Ethical behavior	Ethics and integrity (GRI 102-16 and 102-17)
3	Communication and marketing practices	Marketing and labeling (GRI 417)
4	Financial inclusion	Initiatives to improve access to financial services for disadvantaged people (FS14)
5	Good corporate governance	Governance (GRI 102-18 to 102-39)
6	Training and talent development	Training and education (GRI 404)
7	Customer security, privacy and protection	Customer privacy (GRI 418)
8	Transparency	Marketing and labeling (GRI 417)
9	PML / funding of terrorist activity	Anti-corruption (GRI 205)
10	Innovation	N/A
11	Ecological footprint	Emissions (GRI 305)
12	Digitalization	N/A



Corporate Governance

Strategic and responsible management

102-18, 102-19, 102-20, 102-21, 102-22, 102-26, 102-28, 102-29, 102-30, 102-31, 102-35 and 102-36

The Bank's corporate governance system serves as the linchpin to its corporate integrity and the organization's ethical and efficient functioning. BBVA Bancomer's objectives and goals would be beyond reach without the due oversight and dedication from the organization's senior management. The corporate governance system is comprised of a set of principles, standards, structures and procedures that regulate and frame relations between the company, management, shareholders and other stakeholders.

The Board of Directors is the body entrusted with overseeing the institution. Its members are designated at the Annual General Meeting of Shareholders.

The Annual General Meeting is entrusted with assessing the Board's performance by approving the Board's Annual Report and Financial Statements, as well as ratifying each director's membership of the Board.

Meanwhile, the Board is responsible for approving objectives, guidelines and policies with regard to the origination and administration of credit, which must be coherent and compatible with, as well as complementary to, those established for Integrated Risk Management.

The Board designates to committees and, if applicable, to officials of the institution responsibility for designing the aforementioned objectives, guidelines and policies. Said body is informed of and, if applicable, approves the objectives of the Internal Control System and guidelines for its implementation.

Corporate Governance

Composition of the Board of Directors

- It is comprised of a minimum of 5 and maximum of 15 full members, of whom at least 25% must be independent.
- For each full director an alternate director may be designated.
- They are appointed in a special assembly via a series of actions.

The composition of the Board of Directors, ratified at the Annual General Meeting of February 28, 2017, is as follows:

Full members	Profile	Years of service
Luis Robles Miaja Chairman	Managing Director of Communication and Institutional Relations of Grupo Financiero BBVA Bancomer, S.A. de C.V.	16
Alberto Bailleres González	BAL Group Chairman	26
Alejandro Ramírez Magaña*	Managing Director of Cinépolis de México, S.A. de C.V.	4
Fernando Gerardo Chico Pardo*	Chairman and Managing Director of PROMECAP, S.C.	8
Carlos Salazar Lomelín	Executive Chairman and Managing Director of FEMSA, S. A. de C.V.	12
Francisco González Rodríguez	Chairman of Banco Bilbao Vizcaya Argentaria, S.A.	17
Ricardo Guajardo Touché*	Chairman of the BBVA Bancomer, S.A. Audit Committee and the Audit and Corporate Practices Committee of Grupo Financiero BBVA Bancomer, S.A. de C.V.	26
Carlos Torres Vila	Managing Director of Banco Bilbao Vizcaya Argentaria, S.A.	1
Enrique Medina Fernández*	Founding Partner and Director of Despacho Medina Fernández	4

*Independent Directors

Alternate Directors	Profile	Years of service
Eduardo Osuna Osuna Vice-Chairman	Managing Director of Grupo Financiero BBVA Bancomer, S.A. de C.V.	2
Arturo Manuel Fernández Pérez	Rector of Instituto Tecnológico Autónomo de México (ITAM)	23
José Francisco Gil Díaz	Chairman and Director of Fundación Telefónica Data México, A.C.	7
Andrés Alejandro Aymes Blanchet *	Founding Partner of Aymes y Asociados	17
Vicente María Rodero Rodero	Independent Consultant	5
Fernando Gutiérrez Junquera	Assistant Director to the Chairman of Banco Bilbao Vizcaya Argentaria, S.A.	4
Jaime Serra Puche*	Founding Partner and Director of SAI Consultores, S.C.	10
Jorge Saenz-Azcunaga Carranza	Head of Business Monitoring Banco Bilbao Vizcaya Argentaria, S.A.	1

*Independent Directors

Officials	Profile
José Fernando Pío Díaz Castañares Secretary	Managing Director of Legal Services at Grupo Financiero BBVA Bancomer, S.A. de C.V.
Alfredo Aguirre Cárdenas Deputy Secretary	Director of Institutional Law at Grupo Financiero BBVA Bancomer, S.A. de C.V.



Sessions

The Board meets on a quarterly basis at least and on an extraordinary basis when convened by the Chair or 25% of directors, or by one of the statutory auditors. To be deemed legally convened there must be a minimum of 51% of members in attendance, at least one of whom must be an independent member.

In 2017 the Board of Directors held five sessions in the following months:

- January
 - May
 - July
- September
 - December

Remuneration

As compensation for the performance of their duties — after attending each meeting of the Board — Directors of the Company receive the amount obtained by multiplying the price of two Mexican 50 pesos gold bullion coins (called “Centenario”) by 1.42857.

Audit Committee

Members

Ricardo Guajardo Touché
Chairman
Andrés Alejandro Aymes Blanchet
Jaime Serra Puche

Officials

José Fernando Pío Díaz Castañares
Secretary
Alfredo Aguirre Cárdenas
Deputy Secretary

Functions

To support the Board of Directors when defining and updating the objectives of the internal control system, as well as to evaluate and assist with oversight, both with regard to financial statements and as part of the control function over the institution.

Risk Committee

Members

Andrés Alejandro Aymes Blanchet
Chairman
Eduardo Osuna Osuna
Group MD and Director
Fernando Gerardo Chico Pardo
Director
Arturo Manuel Fernández Pérez
Director
Blanca Cecilia Muñoz Martínez
MD / Head Risks
José Fernando Pío Díaz Castañares
Secretary / MD Legal Affairs

Functions

Oversight of risks to which the institution is exposed, as well as ensuring that all operations comply with the Desired Risk Profile, the framework for Integrated Risk Management and Risk Exposure Limits.

The Risk Committee performs the duties of the Remuneration Committee.

Executive Committee

Members

Luis Robles Miaja
Chairman
Eduardo Osuna Osuna
Alberto Bailleres González
Ricardo Guajardo Touché
Carlos Torres Vila

Functions

Provides support to ensure full compliance in terms of all management functions and how business is conducted by Group companies.

Related Party Transactions Committee

Members

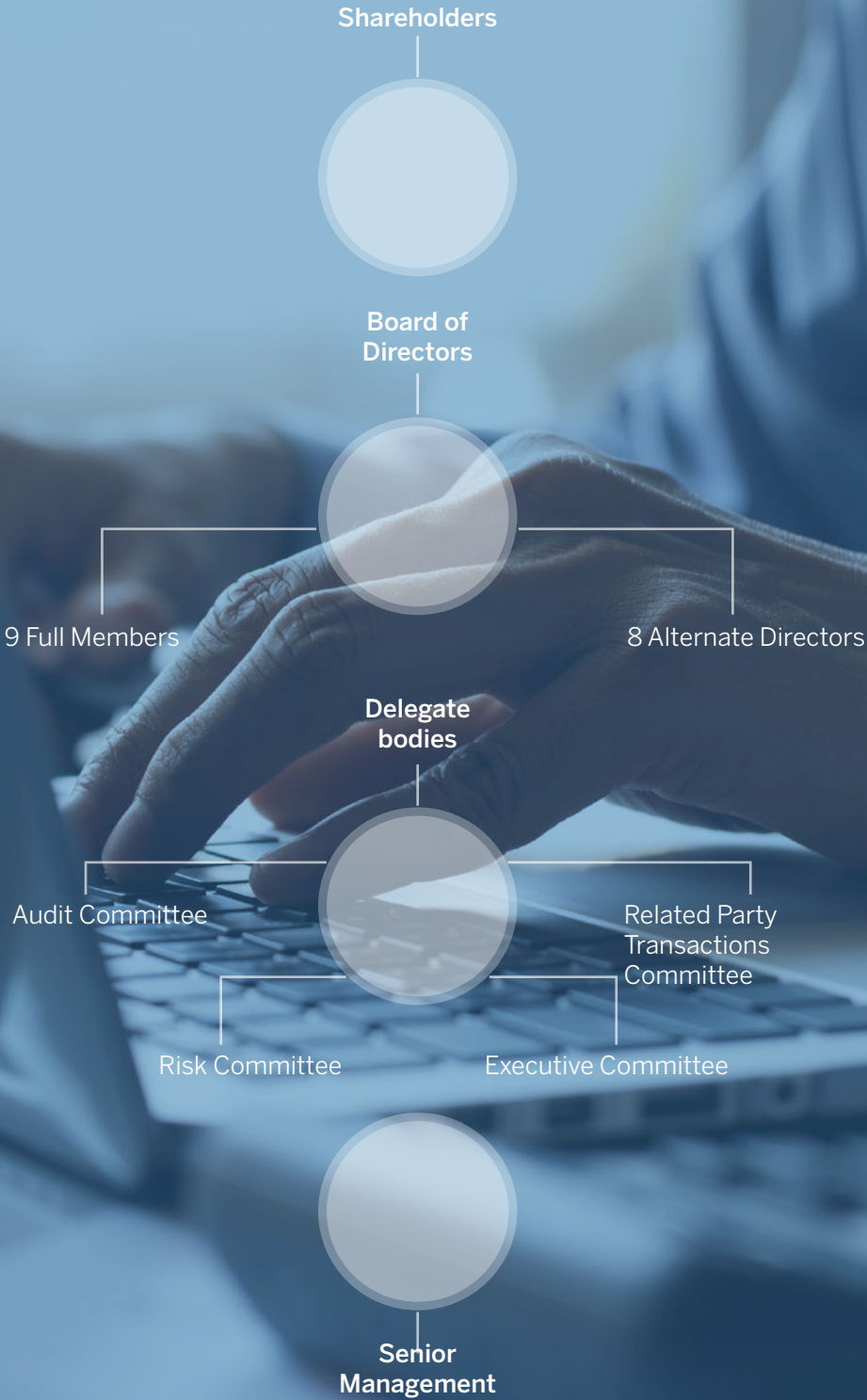
Luis Robles Miaja
Chairman
Andrés Alejandro Aymes Blanchet
Fernando Gerardo Chico Pardo
Arturo Manuel Fernández Pérez
José Fernando Pío Díaz Castañares

Functions

Dedicated exclusively to approving transactions with related parties, provided that amounts do not exceed six million UDIs or 5% of core net capital.

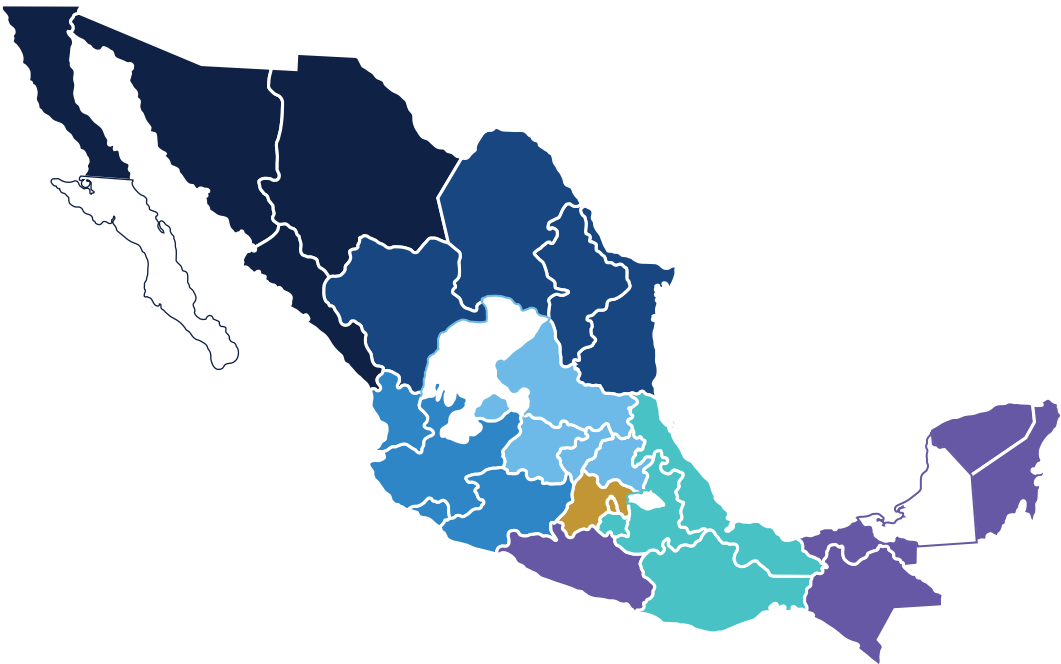


Corporate Governance System



Regional Boards

Grupo Financiero BBVA Bancomer has regional boards across the Mexican Republic, covering seven geographic areas.



Metropolitana Toluca Metropolitana	Noreste Tamaulipas La Laguna Nuevo León	Bajío Guanajuato Aguascalientes San Luis Potosí Querétaro Hidalgo	Noroeste Baja California Chihuahua Ciudad Juárez Sinaloa Sonora
Occidente Colima Jalisco Michoacán Nayarit	Sur Morelos Puebla Oaxaca Veracruz	Sureste Chiapas Peninsular Guerrero Quintana Roo Tabasco	

One of the main purposes of said regional boards is to serve as forums for:

- Feedback on banking activity and service levels.
- Business referencing.
- Providing a link for BBVA Bancomer officials with the community and local authorities.
- Feedback on local business culture.
- Providing a link to and actively working with BBVA Bancomer Foundation.

Likewise, each board is structured as follows:

- They are comprised of a minimum of 10 members and a maximum of 25, depending on the size of the region.
- The Secretary or Coordinator of the board is the BBVA Bancomer official designated to coordinate the Board for each region.
- The Honorary title will only apply to Chairs and Vice-Chairs when they turn 70 years of age.

Senior management corporate responsibility and reputation monitoring sessions

In 2017 the Responsible Business Committee, the body entrusted with decision-making with regard to environmental and social matters, ceased holding meetings with a view to establishing more efficient and specific monitoring meetings between senior management and the Chairman's Office. This change will ensure that the Managing Director is directly involved in the assessment and monitoring of progress and strategies in terms of corporate responsibility initiatives and reputation activities both internal and external to the Bank. These assessments conducted by senior management and the Chairman's Office help Grupo Financiero BBVA Bancomer to identify and manage any economic, environmental and social risks that may emerge.

Some of the projects and activities reviewed during 2017 in said sessions were as follows:

- BBVA Momentum Project
- Reforestation program
- Corporate volunteer work
- Urban improvement
- Merco reputation ranking
- REPTRACK study

The Society section of this Annual Report features more detailed information on the aforementioned projects.

«In 2017 BBVA Bancomer implemented follow-up sessions between Senior Management and the Presidency to Corporate Responsibility and Reputation activities.

Compliance system

The Group's Compliance System constitutes one of the bases upon which BBVA Bancomer consolidates its institutional pledge to conduct all its operations and business in accordance with strict codes of ethical conduct.

In line with the principles set forth by the Bank for International Settlements (BIS) and the EU's Markets in Financial Instruments Directive (MiFID), the Compliance Unit continues to advance policies, procedures, awareness-raising and training in matters of compliance, as well as working to improve the identification, assessment and mitigation of potential compliance risks, which are understood to be those involving the following issues:

- Conduct on the markets
- Dealing with conflicts of interest
- Prevention of money laundering and terrorism financing
- Anti-corruption

Core pillars of the compliance system

- ✓ 1. Appropriate organizational structure
- 🏢 2. Policies and procedures
- 📋 3. Mitigation processes and compliance controls
- 💻 4. Technology infrastructure
- 📖 5. Communication and training mechanisms and policies
- 🔍 6. Monitoring metrics and indicators
- 👤 7. Independent regular review

In 2017 the compliance system consolidated its standing as an efficient means of ensuring the prevention and mitigation of compliance risks in all areas covered: Prevention of Money Laundering and Financing of Terrorist Activities, Securities Market Compliance, Sales Practices, Corporate Ethics, and others.

Integrity Program

102-16, 102-17, 103-1, 103-2, 103-3, 205-1, 205-2 and 205-3

Ethical behavior and code of conduct

The BBVA Bancomer Code of Conduct, approved by the Board of Directors in 2015, enshrines strict principles and standards of ethical conduct for all Bank employees and managers. This represents an explicit guide on optimal conduct to ensure the highest standards of integrity and honesty. The BBVA Bancomer Code of Conduct is coherent with the principles of its corporate governance system, as well as the experience of BBVA and its corporate culture.

It is based on four key ethical values:

- Respect for personal dignity and rights
- Respect for personal equality and diversity
- Strict compliance with legal requirements
- Professional objectivity

The Code of Conduct establishes strict standards of ethical behavior for all employees as a means of understanding and implementing activities at the Group, and underpins its commitment to duly safeguarding the data of its customers and effectively limiting the use of the same pursuant to applicable laws.

Training in the Code of Conduct

The Code of Conduct training strategy was established in 2016 and 2017. It is based on a number of training initiatives both for active personnel and newly recruited staff at the Group.

By November 2017 87% of all employees had completed the course. New training is planned for 2018 in order to shore up employees' proficiency in the Code of Conduct.

Code of Conduct communication initiatives

During 2017 communication strategies were designed to encourage responsible use of social networks and media, with content aimed chiefly at the sizeable population of young people at the Group.

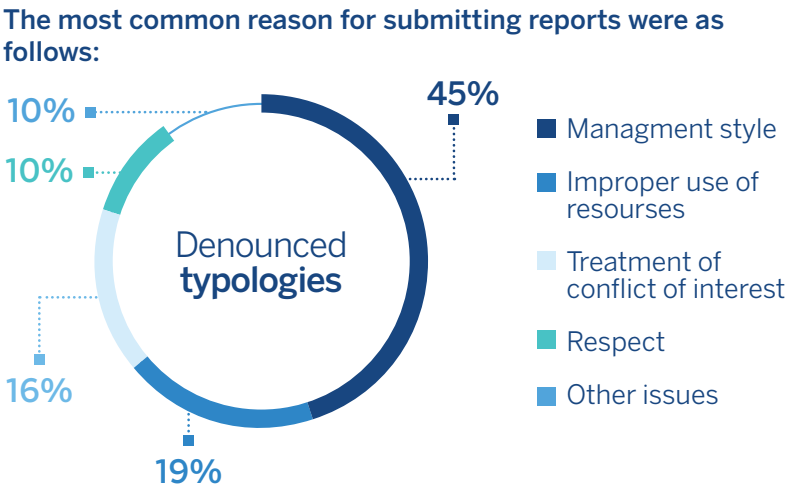
Internal whistleblower channel

The system for reporting incidents, called the "Whistleblower Channel", is a key aspect of the compliance system. These channels effectively allow the reporting of any infringements of the Code of Conduct identified by collaborators, customers, suppliers and colleagues in the course of their activities.

HPD: “Whistleblower Channel”

- Email: canaldenuncia.mexico.mx@bbva.com
- Telephone: (55) 5621-4188 or 01-800-001-0011
- Global email: canaldenuncia@bbva.com
- Global telephone: (34) 9153 77222

There was a 34% change in the number of whistleblower reports in 2017 measured against 2016. This was due to efforts made to secure information transparency and to protect whistleblowers.



Human Rights

BBVA Bancomer, in accordance with BBVA, has a formal commitment in terms of Human Rights and with them the bases and fundamentals of behavior that apply in this matter have been defined. These serve as a guide in the relations with the stakeholders.

Anti-corruption program

Section 4 of the Code of Conduct, which is available at the BBVA website, entitled “Conduct with society”, includes the anti-corruption policy, encompassing the anti-corruption principles and guidelines in place at Grupo Financiero BBVA Bancomer. The same establishes that BBVA Bancomer does not tolerate any form of corruption or bribery in any of the activities in which it is engaged.

“500 companies against corruption” ranking from Expansión magazine

In its edition no. 1222, of November 1, 2017, Expansión magazine, in partnership with Mexicans Against Corruption and Impunity and Transparency Mexico, drew up a ranking evaluating a number of different aspects to score anti-corruption policies at Mexico’s major companies. In said ranking Grupo Financiero BBVA Bancomer held the 17th spot out of 500 companies, with a rating of 78.4. It was the highest rated financial institution of all those included.

For more information on the article go to: <https://expansion.mx/500contralacorrupcion>



Prevention of money laundering / financing of terrorist activity





205-1, 205-2, 205-3, 103-1, 103-2 and 103-3

Anti-money laundering and prevention of terrorist financing (henceforth referred to as AML/PTF) is an ever-present objective that BBVA Bancomer associates with its pledge to promote and uphold the well-being of the different communities within its footprint.

To this end, BBVA Bancomer has publicly pledged to the following commitments.

-  To work actively with government bodies, international organizations, and other institutions in the fight against drug trafficking, terrorist activities, and other forms of organized crime.
-  To establish a set of corporate criteria aimed at preventing its products and services from being used for illegal purposes.
-  To establish a suitable organizational structure with all the required resources to implement this function, with clearly assigned responsibilities.
-  To create a set of regulations that determine all obligations in terms of preventing money laundering, particularly via means of customer identification and insight (KYC - Know Your Customer).
-  To deploy customer monitoring measures, designed to identify potentially suspicious activity and ensure that such conduct is duly reported to the relevant authorities.
-  To execute employee communication and training plans, which are designed by the Mexican Bank Association (ABM) in accordance with each group's level of exposure to the risk of money laundering, seeking to furnish them with the required tools to comply with applicable laws.

Training and awareness-raising programs include the following at least:

-  Raising awareness of customer identification and insight policies (Know Your Customer), as well as user identification, and all necessary criteria, measures and procedures to ensure due compliance with applicable laws.
-  Raising awareness of legal provisions and their amendments.
-  Information on techniques, methods and trends to prevent, detect and report transactions that may be conducive toward, help, support, or provide cooperation for any kind of money-laundering or terrorism financing.
-  Scores are allocated to each employee at the end of the course based on their learning.

The table below shows details regarding the employees that have undergone training in the last three years:

Year	2015	2016	2017
Participants in AML training activities	36,746	32,454	31,848*
Specialists in AML and PTF activities	275	280	270
AML and PTF Department Template	119	136	140

*At year-end 2017, 34,176 employees across the group had undergone national and global AML training. The figure of 31,848 corresponds to Bank employees trained in the national AML course.

« 31,848 participants in training activities in PLD during 2017.

Personal data protection

BBVA Bancomer recognizes the importance of maintaining confidential all information concerning individuals and organizations with which it holds relations. It therefore seeks to guarantee the security and confidentiality of data entrusted to it.

The Personal Data Protection (PDP) Department is responsible for overseeing ARCO rights, as well as helping to evaluate the Bank's products and services with a view to implementing the corresponding personal data protection. Its functions also include the distribution of information and employee training in said matters.

Training Course

In 2017 the area drew up the "Personal Data Protection Training Guidelines" applicable to all Group employees. Said guidelines establish time-frames for enrolling on the course, the validity of the same, sanctions and the responsibilities of each of the areas involved (Training, T&C Management, Labor Relations and PDP) in the training process. This document is in the process of being registered as part of the Bank's regulations.

Awareness-raising campaigns

Two PDP campaigns were run during the year, seeking to raise the profile of personal data protection at the Bank, as well as to prevent any risk situations that may lead to illicit activity.

1. "Data Protection Day at BBVA Bancomer", marking the international Data Privacy Day.
2. #Hazlocorrecto campaign.



Additional to the above, six awareness-raising postcards were published for the branch network, as part of the "Red al día 2017" program.

Personal data protection mailbox

The data protection mailbox is used to address any kind of complaints, comments and or reported situations with regard to data protection, seeking to provide guidance to customers, users and/or employees.

The mailbox address is included in the Privacy Warning and published on the web page <https://www.bancomer.com/personas/arco.jsp#ficha-content-2>

To find out more about the Privacy Warning:
<https://www.bancomer.com/personas/aviso-privacidad.jsp>

✉ Personal data protection mailbox:

protecciondedatospersonales.mx@bbva.com

Customers

BBVA Bancomer Experience

BBVA Bancomer's mission is "to bring the age of opportunity to everyone" - it aims to offer its customers the best banking solutions, helping to take the best financial solutions and to have a positive impact on their lives.

One of the Bank's seven strategic priorities is «The best customer experience». This means offering customers an experience which stands out for its simplicity, transparency and swiftness, in turn empowering our customers and bring them personalized advice.

With a view to advancing said priority on a daily basis, the Bank is working on strengthening its customer service processes, remodeling branches, and driving financial literacy, while safeguarding at all times data security, privacy and protection, as well as data integrity.

Customers

Quality and customer service

417-1, 417-2, 417-3, 103-1, 103-2 and 103-3

Open market benchmark

In 2015 BBVA Bancomer became the first bank to measure customer satisfaction. The aim is to gauge the satisfaction of customers with their banks in terms of general service, products and channels. The interviews are held house-to-house with customers of the five largest banks in Mexico. BBVA Bancomer scored better than its peers in Mexico.

- The following aspects were the main drivers of the Bank's rating:
- The availability of customer funds via any channel (Bmóvil, Bcom and ATMs).
 - Clarity with regard to credit card costs and fees.
 - Consistent availability of ATMs.

In 2018 the study will be conducted monthly instead of every six months, seeking to secure a more frequent open market indicator.

Customer satisfaction index

This aims to measure customers' perception of BBVA Bancomer and the service they receive. Said reading is secured via telephone surveys, electronic surveys and organic surveys (surveys built into applications). They are used to identify that Bank's strengths and opportunities for future improvement in the following areas:

- Channels
- Networks and segments
- Products and services

In 2017 a total of 1,104,635 surveys were conducted, breaking down as follows:

■ Electronic surveys	646,174
■ Organic surveys	458,461
■ Total	1,104,635

Figures as per November 2017

Digital feedback

As part of BBVA Bancomer's new digitization strategy, digital feedback evaluates user experience and any new features of apps, web services and digital channels, seeking to improve the quality and service provided to customers via digital services and products.

« The **digital environment** is one of the many tools that can be harnessed **to improve the service quality** provided by BBVA Bancomer to its customers.

Internal customer satisfaction index

Just as customers evaluate the bank, BBVA Bancomer likewise evaluates its employees. The assessment consists of interviews conducted via email to gauge how Commercial Networks perceive the service that they receive from internal suppliers, to in turn address the needs of their customers.

Link to customer service
<https://www.bancomer.com/serviciocliente/index.jsp>



Specialized Customer Service Unit

418-1

The Specialized Customer Service Unit (UNE) works on an ongoing basis to improve service quality, with the overriding objective of safeguarding the well-being of customers. The Unit has introduced a new management and quality model to ensure that all complaints are addressed at the earliest opportunity, tackling the root of the problem identified by the customer.

Customer complaints and claims provide indispensable information to drive continuous improvement at BBVA Bancomer, helping to identify areas of opportunity, improve the customer experience, and shore up customers' preference for the Group. The bank is committed to ramping up efforts to address any claims, complaints, and dissatisfaction reported by customers.

Customers may submit claims and complaints via:



Branches



Línea Bancomer



Website: claims and complaints section

Once the report has been processed, the customer will be notified of the decision reached by the Bank's clarifications unit. Should the customer be unsatisfied with the resolution, they will be able to contact the BBVA Bancomer Specialized Unit (UNE), which will address their issue electronically or via a call center.

UNE contact details:



Website:

<https://www.bancomer.com/serviciocliente/quejas-reclamos.jsp>



Email: une@bbva.bancomer.com



Call center: 1998 8039

Within Mexico: 01 800 112 2610



Corporate Office: Located at Lago Alberto 320, Col. Anáhuac, C.P. 11320, Del. Miguel Hidalgo, Mexico City. Business Center First Floor.

The average number of days required to resolve a claim stood a 9.

2017 Results

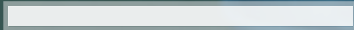
Total number of complaints



Direct customer complaints to the UNE

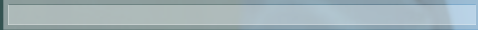
annual
-28.3%

2017



15,832

2016



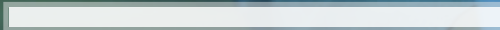
22,080



Complaints made to CONDUSEF

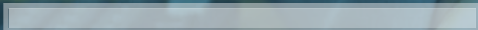
annual
+4.2%

2017



23,135

2016



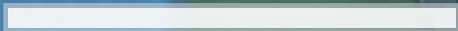
22,197



Total number of complaints

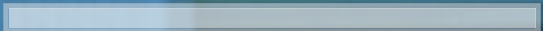
annual
-12.0%

2017



38,967

2016



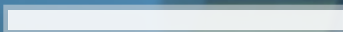
44,277



Resolved in the customer's favor

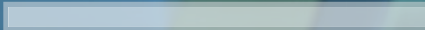
annual
-11.9%

2017



13,321

2016



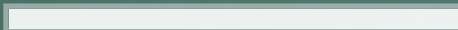
15,115



Resolved in the Bank's favor

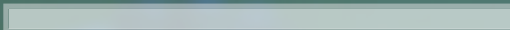
annual
-12.2%

2017



25,307

2016



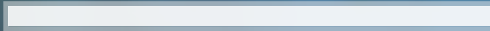
28,820



Average number of days to resolve a claim

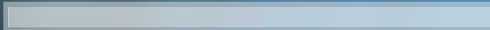
annual
0%

2017



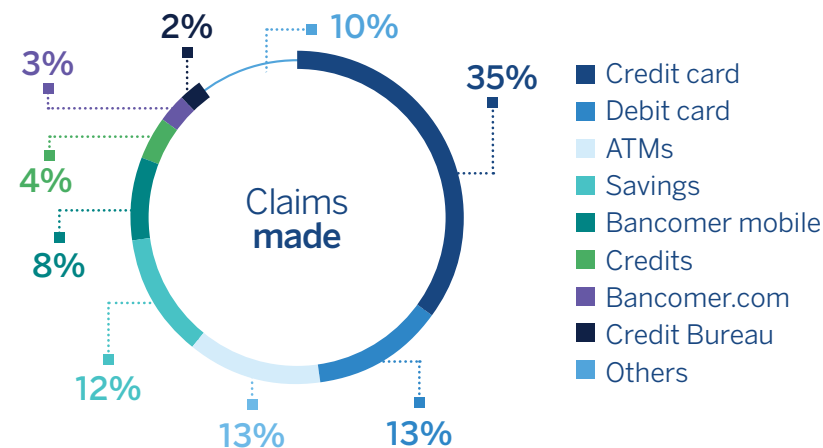
9

2016



9

Total claims by service and product 2017



2017 actions

The following actions were implemented over the course of the year:

- Improving the user service performance rating (IDATU) from CONDUSEF
- Driving down the average number of days required to address complaints.
- A quality team was established to ensure that a coherent response and comprehensive solution is provided to customers, as well as compliance with covenants.
- The department was restructured, strengthening the same via multidisciplinary positions to quickly and efficiently deal with each customer's complaint.
- Personnel training was bolstered, with the UNE included in the approval process for new products and services.

Unique Experience

Since 2013, when BBVA launched its Transformation Plan with the aim of establishing itself as the best bank for its customers, the Unique Experience concept has been a key driver of change, with models de-signed and implemented to enhance and standardize the customer experience, as well as improve inter-nal management and the results-based focus adopted at Bank branches.

The Unique Experience concept was initially implemented at the 1,800 branches of the Commercial Net-work, encompassing approximately 22 thousand employees. There have been evident improvements in the customer experience and brand perception as the model has matured over time, with BBVA Bancom-er standing as the number 1 bank in Mexico in 2017 based on the Net Promoter Score (NPS)⁵.

With a view to enhancing the experience of both internal and external customers, and in line with one of the Bank's strategic values, namely "The customer comes first", in 2017 the Unique Experience concept was rolled out across the Group to encompass other networks, such as: Personal Banking, Equity Banking and Private Banking, UHN, Sinergia, Pensions and Collection. Likewise, there were joint efforts with a number of business units, such as Vitamédica, Bancomer Foundation, Talent and Culture, and several Contact Centers, to plan the rollout of such models in 2018.

Under the auspices of the Unique Experience Division and Management Schemes, there will be further efforts to introduce the Customer Experience concept across the Group's business units in order to estab-lish said concept as an essential aspect of BBVA Bancomer's core DNA.

« The **Unique Experience** concept is written in BBVA Bancomer's DNA, representing a **comprehensive process of improvement**.

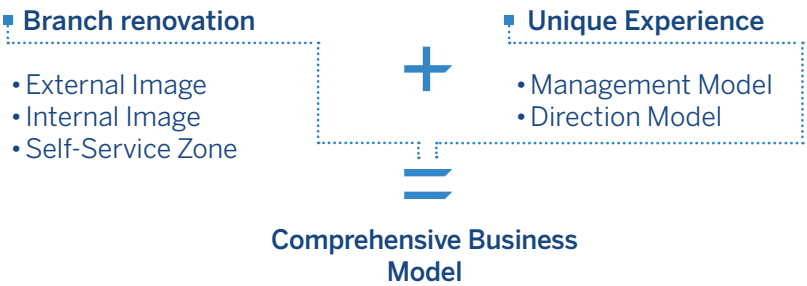
(5) Net Promoter Score: Measures the customer experience and predicts business growth. This metric provides the core measurement for customer experience management programs worldwide.

Renovation of branches

The branch renovation program was set up in 2011 to address four priority requirements for Commercial Network and Wealth Management Network branches, and was subsequently extended to all banking areas and segments:

- 1. To position the BBVA Bancomer branch network as the broadest and most modern in the country.
- 2. To develop el modelo de oficina para el futurothe branch model of the future, placing the focus on self-service, modernity and multi-channel banking.
- 3. Recovering lost ground in terms of infrastructure and maintenance.
- 4. Deploying a business model that offers a distinctive service to value segments.

In conjunction with the Unique Experience concept, the branch renovation program is intended to develop a comprehensive business model:



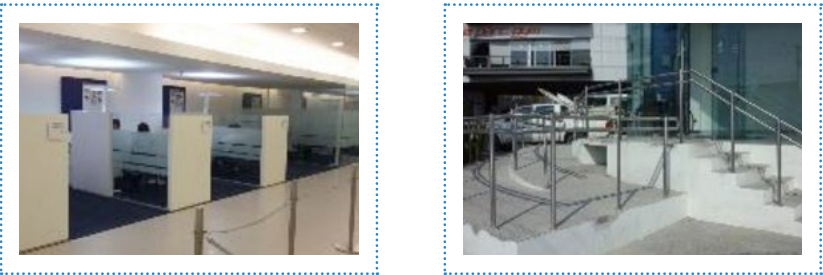
Total number of branches renovated between 2011 and 2017

■ 2011	6	Total 2,003
■ 2012	15	
■ 2013	125	
■ 2014	584	
■ 2015	703	
■ 2016	398	
■ 2017	172	

As well as catching up lost ground in terms of infrastructure, efforts were made to provide distinctive service to value segments. To this end, the Bank has focused on improving the accessibility of its branches to vulnerable groups, mainly people with disabilities.

At year-end the Bank had in place 10 pilot branches for people with disabilities.

- The infrastructure deployed is as follows:
- Restrooms with fittings for employees with disabilities.
 - Employee and customer service workstations suitable for persons with disabilities.
 - Specific service counter for customers with disabilities.
 - Touch guide throughout the premises.
 - Parking spaces for people with disabilities.
 - Access ramp.
 - Support handrails at two heights.



Digital branches

This pilot project got underway 2017. The initiative will see 3 branches featuring digital innovations developed, with said digital elements including the following:

- e-corner: An interactive service where customers can try out the apps available from Grupo BBVA Bancomer.
- Digital poster: A screen that replaces printed posters.
- “Did you know?” wall: A screen conveying messages and allowing customer interaction, used to introduce products and digital applications.
- Cashier screens: Screens above cashiers, showing the cashier number, customer turn number, as well as announcements and promotional messages.
- LED Megasite: Similar to the screens and megasites in branches, designed to screen announcements.

The new elements are all digital, with some being interactive, and help to convey to users what products BBVA Bancomer has to offer. The objective of the pilot program is to test potential new devices and features for new branches.



Payroll portability

Payroll portability is when an employee decides to change the bank to which their payroll is deposited from that initially allocated by their employer. The change can be made free of charge via three channels at BBVA Bancomer:



New payroll accounts in 2017

Channels	New payroll accounts
Branches	59%
Bcom	10%
Bmóvil	31%
Total new payroll accounts	345 thousand

«At year-end 2017 **BBVA Bancomer** accounted for **76%** of the approved portability market.

«In 2017 it secured a **customer satisfaction index score** in portability of **82**.

Benefits of Bancomer Payroll portability

BBVA Bancomer offers the most extensive network of ATMs and branches, ensuring customers access to their funds at any time, including access to Bmóvil 24 hours a day, with preferential conditions on credit (subject to approval of credit and repayment capacity), life insurance, and more.

To find out more about the benefits of Bancomer Payroll, go to: <https://www.bancomer.com/personas/cambia-tu-nomina.jsp>

2018 Goals

- Driving portability, seeking to shore up BBVA Bancomer's position as the number 1 Mexican bank in portability.
- Ramping up the percentage of digital portability implemented via the Bmóvil application.

Customer security, privacy and protection

418-1, 103-1, 103-2 and 103-3

Customer security is a key priority and an area where BBVA Bancomer makes constant efforts to guarantee the protection and peace of mind which our customers deserve. The following priorities were rolled out in 2017:

■ Electronic signature and evolution of Chip + PIN in credit cards

Electronic credit and debit card signatures were introduced to prevent fraud in the event of cards being lost or stolen. According to internal studies, **cases of fraud have been cut by half each year measured against the previous year.**

« In September 2017, 83% of credit cards featured the Chip + PIN combination.

■ Internal branch controls

Branches are equipped with predictive behavioral models for customers, branches and employees, seeking to protect the Bank's accounts. Fingerprint biometrics are also harnessed as an internal control measure, using INE fingerprint validation for cash withdrawals at cashiers and when providing auto loans for customers and non-customers.

As an additional security measure, employees use their digital fingerprints to begin work sessions instead of user credentials, which can be passed on or stolen.

■ ATMs

An ATM protection strategy was rolled out in 2017, seeking to safeguard the Bank's remote ATMs. The strategy was implemented to prevent physical attacks, using a Risk Score to determine which ATMs are at significant risk of physical attack and to take measures such as relocating the ATM, reinforcing its vaults or ground anchors. Several software protection measures were implemented to prevent system attacks.

Additionally, Grupo BBVA Bancomer runs outreach campaigns encouraging customers to protect their information.

■ Communication and awareness raising campaign

The "Never, never, never" communication campaign was run in the second half of 2017, encouraging customers to take security precautions to avoid falling victims to fraud.

« Guaranteeing **customer security** is an **absolute priority** for BBVA Bancomer.

Transparent, Clear and Responsible (TCR) Communication

417-1, 417-2, 417-3, 103-1, 103-2 and 103-3

The TCR project was launched in 2014 to promote transparent, clear and responsible relations between BBVA and its customers.

- Transparency: providing customers with all relevant information at the right time, ensuring a balance between benefits and costs.
- Clarity: meaning easy to understand. The Bank achieves this through language, structure and design.
- Responsibility: meaning looking after the customer's short-, medium- and long-term interests.

The objective is to help customers to make informed decisions, improve customer relations with the Bank, look out for their interests and to establish ourselves as the most transparent bank in any market within our footprint. This in turn sees BBVA attract new customers and encourage existing customers to recommend us to others.

The project is based on three key approaches:

- Implementing TCR to transform the traditional bank
- Implementing TCR at the new bank and driving training
- Fostering a shift toward a TCR culture

BBVA is currently taking a three-pronged approach to securing the desired results.

Project coordination is entrusted to a global team together with a network of local "TCR owners" in the key countries within the Bank's footprint.

« **TCR communication** encourages a **transparent, clear and responsible approach** to BBVA Bancomer's relations with customers.

TCR to transform the traditional bank

TCR product leaflets

TCR leaflets are provided by account managers to customers, furnishing them with full information on specific financial products, detailing their benefits, costs and risks, and allowing customers to make informed decisions.

At year-end a total of 91 leaflets were available, 70 of which were updated and 10 created in 2017.

TCR contracts

This initiative involves reworking current customer contracts and structuring them more intuitively with language that is easy to understand.

In 2017 BBVA Bancomer introduced 1 contract.

TCR indicators

BBVA Bancomer held the top spot in the Net TCR Score indicator (NTRCS). This calculates the degree to which customers perceive the Bank as transparent and clear compared to its competitors.



The Team

Pride and commitment

103-1, 103-2 and 103-3

BBVA Bancomer believes building a diverse and inclusive workforce aligned with the organization's values represents an essential aspect of its business strategy. Just as the Bank is committed to developing an optimal customer experience, it also works to attract, develop, motivate and retain the best possible team.

As a result of the above, one of the Bank's seven strategic priorities is to establish "A first-class workforce". With this in mind, each year it reinforces its training, health and safety, diversity, inclusion, gender equality and working environment programs.

Thus, the Bank consistently drives the professional and personal growth of all employees, creating a fresh working culture that is ready to address the growing needs of its customers.

The Team

Workforce

102-8, 102-41, 401-1 and 401-3

In 2017 the Bank's workforce was made up of 37,667 employees, 53.5% of whom were women. Meanwhile, 75% of BBVA Bancomer's workforce are aged between 25 and 45.

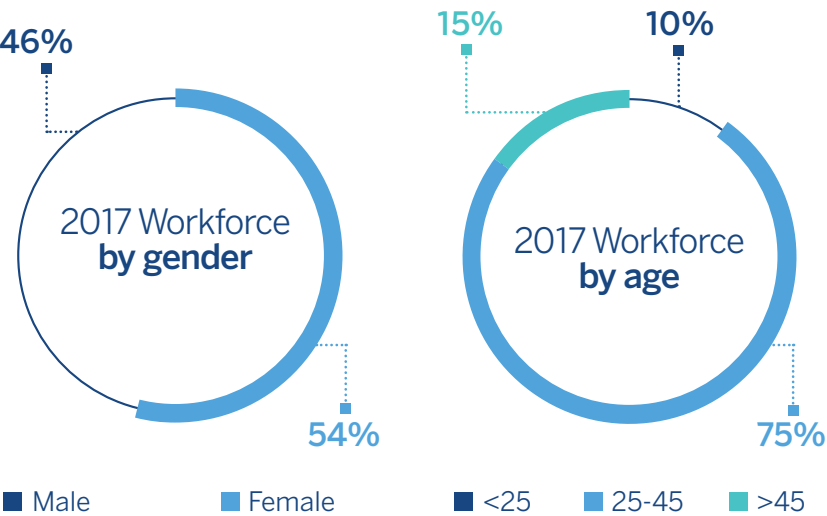


Employee profile

Workforce by age and gender

and gender	2016		2017	
	Gender			
Female	20,433	54%	20,171	54%
Male	17,406	46%	17,496	46%
Total number of employees	37,839		37,667	
	Age			
< 25	4,162	11%	3,882	10%
25-45	28,001	74%	28,089	75%
> 45	5,676	15%	5,696	15%

Scope: BBVA Bancomer Group



	2016		2017	
	Male	Female	Male	Female
Workforce by contract and gender				
Permanent contract	15,798	18,368	15,662	18,409
Temporary contracts	1,744	1,908	1,816	1,747
Workforce by work schedule and gender				
Full time	17,328	19,804	17,306	19,737
Part time	214	472	172	419

Scope: BBVA Bancomer Group

Employee category by gender

Position	2016		2017	
	Male	Female	Male	Female
Management committee and corporate directors	55	5	50	5
Managers	184	35	145	31
Middle management	2,729	1,706	2,838	1,833
Specialists	3,239	2,978	3,329	2,997
Sales force	6,126	6,174	5,937	5,903
Entry-level positions	5,227	9,381	5,197	9,402

Scope: BBVA Bancomer Group

Partners Unionize

	2016	2017
Male	4,186	4,051
Female	7,894	7,863
Total	12,080	11,914

Scope: BBVA Bancomer Group



	2016		2017	
	Male	Female	Male	Female
Employee hires				
< 25	1,828	2,414	1,806	2,149
25-45	2,938	2,786	3,251	2,871
> 45	157	60	225	70
Total		10,182		10,372
Employee departures*				
< 25	1,224	1,709	1,129	1,373
25-45	3,723	3,782	3,493	3,415
> 45	677	453	725	409
Total		11,568		10,544

*Includes internal departures (transfers between areas)
Scope: BBVA Bancomer Group

Turnover by age and gender	2016	2017
Male	9.2%	8.1%
Female	8.1%	9.4%
0-25 years	18.4%	1.8%
25-45 years	8.4%	13.0%
Over 45 years	2.1%	2.6%

Scope: BBVA Bancomer Group

Level of absenteeism	2016	2017
Employees	9,942	9,594
Days	172,449	192,875

Scope: BBVA Bancomer Group

Levels of reinstatement following maternity leave	2016	2017
Maternity leave	1,004	1,023
Number of leaves covered	92	117
Number of women reinstated	856	901

At present the Bank does not have a database monitoring or overseeing absenteeism due to paternity.
Scope: BBVA Bancomer Group

Talent recruitment

New talent recruitment forms part of the transformation ongoing at BBVA Bancomer, aimed at securing all the opportunities offered by the modern era and positioning itself as the country's best digital bank.

The Bank aims to provide close support to young people and their universities, helping them through their training and offering them their first work experience opportunities at BBVA Bancomer. They can thus experience firsthand what it is like to be part of the Group and decide whether it is the best option for their future careers.

Ties with universities

In 2017 several initiatives were run at various universities around the country to establish BBVA Bancomer as an attractive employer for the emerging generations.

Agreements between the Bank and universities saw several programs implemented, including: university chairs, job shadowing (spending a day as a director), ambassadors and recruitment fairs.

As a result of these actions, the bank managed to recruit more than 120 students in its young talent programs (Internships, Jr Trainees, Business Banking Graduates and Trainees).

Young Talent Programs

Internships Program

The program is aimed mainly at students in their final year of studies. It targets young people interested in enhancing their career prospects and acquiring professional experience by taking part in a specific project for six months. The students work 30 hours a week.

«In 2017 a total of **80 students** took part in internships across different business areas around the country.

■ Jr Trainees Program

This is a program for recent graduates. During the program they spend time with various managers and face exacting performance assessments to determine whether they will continue at the Group.

«More than 40 positions were filled during the year.

■ Graduates Program

Aimed at recent master's graduates, the Bank recruits, trains and aims to retain the finest talent, with a view to nurturing the leaders of the future.

«During 2017 more than 20 positions were filled with recent master's graduates.

■ Business Banking Trainees Program

This program is designed to strengthen the business banking team. The Bank recruited 30 trainees, providing training to them for an entire year before allocating them to sales executive positions.

«Incorporation into the business of 30 Trainees for their training before joining as sales executive.

Talent recruitment initiatives

■ UX Laboratory

This is the first competition style talent recruitment initiative run by BBVA Bancomer. It is based on direct observation to assess the skills and expertise of potential talent in real work situations.

■ "Talent Pipeline Engineering and UX"

This project aims to proactively identify potential talent to create short- and medium-term candidate portfolios. The countries involved include the United States, Colombia, Peru, Spain and Mexico. Monthly and quarterly candidate attraction goals are in place.

■ Communities of Experts

Each month BBVA Bancomer takes part in communities of technology experts and also attends events to attract candidates from said niches.

■ Summer Internship

Master's students are offered the chance to take part in a 10-week project at the Bank over the summer to put their learning into practice.

Training and talent development

404-1, 404-2, 404-3, 103-1, 103-2 and 103-3

The Training Unit is entrusted with driving the Bank's strategic lines by maximizing each individual's performance. The team is thus in the process of being transformed into a partner in the Bank's business.

One of the strategic aims of said Unit is to provide strategic, planned and structured training to all employees, covering all of the skills that each individual requires in their function/position:

1. Leadership skills
2. Technical skills (sales, product and regulatory expertise)
3. Cultural skills (the Bank's values)
4. Cross-cutting skills

Meanwhile, the Unit works in close alliance with business units to drive digitization and ensure all employees are duly trained in the new tools that must be harnessed to achieve the Bank's goals (design thinking, agile, etc.).

BBVA Bancomer has developed personalized training that is tailored to the abilities and needs of each employee. There are two key figures involved in this training ecosystem: BBVA Bancomer, which decides what courses each employee should complete based on business requirements and their skills. And the employee, who has the opportunity to play an active role in the process based on their strengths and weaknesses.

In 2017 BBVA Bancomer invested MXN161.8 million in training. Each employee logged an average of 37 training hours during the year, 59% of which were run via the global e-campus platform.

Employees trained	2016	2017
Employees trained	37,312	37,634
Percentage of employees trained	98.6%	97.5%
Total number of courses on e-campus platform	N/A	2,173
Average assessment score	9	8.4
Total investment in training	MXN \$139,747,208	MXN \$161,834,353

Training hours	2016	2017
Hours of classroom training	718,140	650,293
Hours of e-campus training	1,479,780	953,797
Total	2,197,920	1,604,090
Average hours per employee	59	37

The decline in the number of employees trained and training hours from 2016 to 2017 was due to the process of rolling out the Bank's new strategy.

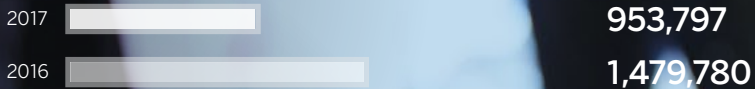
37,634 employees trained in 2017.



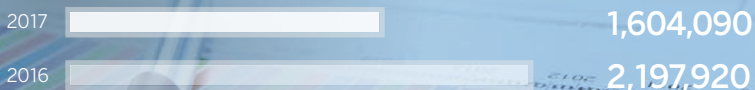
Hours of classroom training



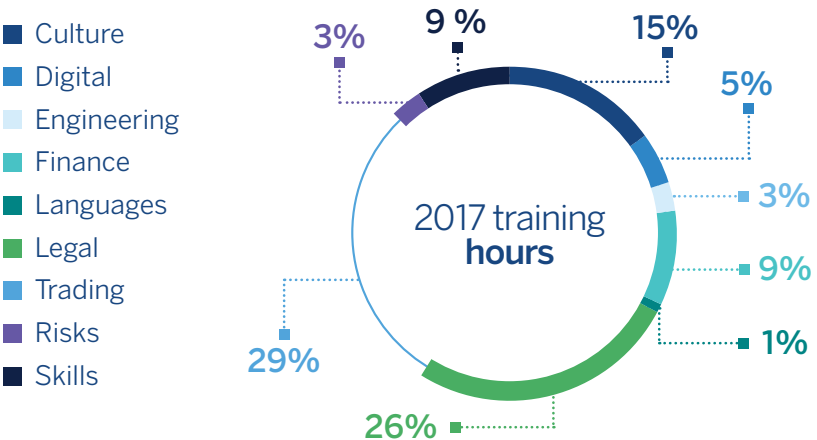
Hours of e-campus training



Total



Training hours by **general categories**



« 1,932 Anti-corruption **training hours** in 2017.

« 4,729 hours of **training** in information security in 2017.

Onboarding

Providing customers with a unique experience represents a key objective for BBVA Bancomer. The onboarding process ensures that all employees have the requisite skills and undergo all necessary training prior to interacting with customers. This represents another key initiative for the Bank.

The onboarding process aims to ensure that employees adapt and integrate quickly within the organization and/or in new positions. The training is provided by leading experts, both in-house and independent professionals, who work to secure optimal performance and productivity from employees in the shortest possible time.

BBVA Bancomer University

The BBVA Bancomer University was set up in October 2013. It aims to drive the development of the Bank's 37,667 employees. The range of learning available includes baccalaureate diplomas, bachelor's degrees, master's degrees and post-graduate studies, all run in partnership with leading institutions.

In 2017 the Bancomer University granted 575 scholarships, with the figures breaking down as follows:

- 45 baccalaureate scholarships
- 257 undergraduate scholarships
- 273 master's scholarships



Initiatives for 2018

Dashboard

Website where employees can view reports on their training and that of their teams.

Campus Wallet

To encourage training and provide support to those with ambitions to benefit from learning in areas outside of their specializations, a platform has been set up in which employees are given tokens that can be invested in training that is not compulsory for their positions.

Collaborative learning

Employees who have expertise in specific areas will be certified and recognized, encouraging them to share their expertise via talks, courses and workshops held with their team and other employees at the Bank.

Leadership model

To ensure sustainable business results, outstanding leaders are required at the Bank. And at BBVA Bancomer, each and every employee is a leader.

As such, work is ongoing to furnish leaders with optimal tools and skills to elicit the best possible results from their teams, establishing a feedback culture to support the development of others and secure a strategic vision; all of which are essential skills for leadership in the era of opportunities.

Global employee mobility

As part of efforts to drive the professional growth of its employees in a globalized world, BBVA Bancomer capitalizes on its standing as an international business to run global mobility programs for employees.

Global employee mobility	2017
Employees transferred to international offices	11
Employees brought in from other countries	7

Performance assessment

The People Assessment process includes an appraisal of cultural, leadership and transverse skills, taking a 360° approach (supervisor/colleagues and customers/team). While leaders assess the potential and qualitative performance of their teams.

Performance assessments	
Female	18,649
Male	15,587



Employee benefits and services

401-2

Benefits














The Bank currently holds 378 agreements classified under 16 categories (e.g. schools, gymnasiums, restaurants, and so on). Said agreements are reviewed on an annual basis, examining eligibility and discount percentages across the Mexican Republic, with a view to benefiting the Group's more than 40 thousand employees.

Memberships

These are special benefits available to BBVA employees when they acquire banking products. These include benefits in credit, savings and investment products, and others such as preferential exchange rates.

Facilities and services at corporate offices

The Bank's corporate offices (Torre BBVA Bancomer, Parques Polanco and DPC) feature a number of added value services that are intended to benefit employees and improve their quality of life, as well as enhance the time spent at corporate offices.

-  Great life spa
-  Well-being center
-  Drugstore
-  Cosmetic and beauty center
-  Bicycle parking
-  Shower area
-  Games area
-  Canteens and private cafeterias
-  General canteens
-  Shoe shine area
-  Shoe repair
-  Laundry
-  Corporate transport

*Not all benefits are available at all corporate offices.

Corporate and sales fairs 2017

A Schools Fair was held in June at Torre BBVA Bancomer, Parques Bancomer and the DPC. The event is designed to inform employees of which schools, nurseries and universities offer some kind of benefits to them and their families.










In November the Property Fair was held at Torre BBVA Bancomer, in alliance with the Mortgage Banking Unit. The event covers the benefits, savings and investment involved in buying a property, as well as raising the profile of guest real estate offices. It is aimed at more than 1,800 people.

Corporate sales events were also held with a number of suppliers to mark Mother's Day, Father's Day and Training Day, featuring a range of products and services (clothes, entertainment, etc.) at exclusive prices, to secure a win-win outcome. Employees are given the opportunity to buy a range of articles at below market prices right from their workstations.



Talent and Culture

Over 2017 BBVA Bancomer ran a range of activities involving employees, seeking to have an impact on aspects such as:

-  Sense of pride in belonging
-  Attraction and brand strengthening
-  Work-life balance
-  Engagement
-  Well-being
-  We are one team
-  Values
-  Behavior
-  Retaining talent

To develop those skills that make our team, the Bancomer team, so outstanding.

**5 GENDER
EQUALITY**



**8 DECENT WORK AND
ECONOMIC GROWTH**



Diversity, inclusion and fairness

At BBVA Bancomer no distinction is drawn between employees. The Bank supports initiatives that encourage equality between men and women. It focuses on the relative value of each position and the performance of the individual holding said position, regardless of their gender, with a view to rewarding the finest talent.

Women's Month

Impact:  

In order to highlight the role played by women at the Group, the first ever Women's Month was held in March 2017, which included six events: inaugural breakfast, four keynote speeches and a closing lunch. Leading women from BBVA and the Mexican business world took part in the initiative.



■ **The first ever Women's Month** was held in **March 2017**.

■ **6 events** were held **during Women's Month**: an inaugural breakfast, **four keynote speeches** and a closing lunch.

Maternity-Paternity Program

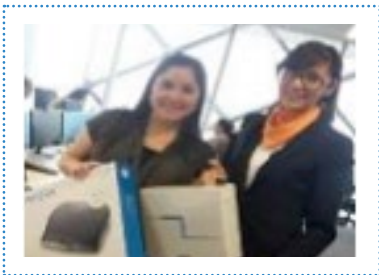
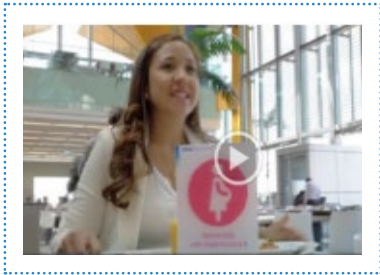
401-3

Impacts:   

With a view to supporting inclusion and equality at the financial group, a pilot Maternity-Paternity Program was launched, highlighting the important role that the Group has to play in the lives of its employees. 289 employees, both men and women, signed up to the pilot program. The participants were sent a maternity kit, maternity guide and leadership guide, providing information that should help support their relationships and ensure a successful return to the world of work, while establishing a healthy work-life balance.



The initiative was a huge success and was subsequently introduced as a permanent program, aimed at supporting employees at this important time in their lives, while encouraging a work-life balance and establishing the required conditions for equality to thrive.



Breast cancer prevention and awareness activities

Impact:   

Two talks were held during October to support breast cancer prevention and awareness. They were run at the corporate office auditoriums. Furthermore, 150 mammograms were performed on employees who requested screenings.



- Launch of the **Maternity-Paternity Program**, with **289 registered employees**.
- **150 mammograms** to help **prevent and treat** breast cancer.

Disabled People (DP)

Impacts:   

There are currently 28 disabled people working at BBVA Bancomer on a permanent basis in different areas (central units and branches, across all national territory). Seeking to support the inclusion of the disabled, 14 people with intellectual disabilities completed three-month internships during May in areas including Group canteens and general services. BBVA Bancomer thus helped people with disabilities trained in specific trades to benefit from work experience. The initiative also built great camaraderie among the Bank's teams, as well as awareness-raising in those areas where the interns were assigned.

Several talks on disability were held over the year, aimed at employees working in services and security, as well as assistants and specific areas of the Real Estate Division, Talent and Culture Managers, as well as the Commercial Network.

To publicly demonstrate the Group’s support for the disabled, on October 17, 2017, the Torre BBVA Bancomer office hosted a meeting of CEOs from a number of companies (including Unilever, Grupo Bimbo, Basf, we work, and Aeromexico) as part of the 2017 INcluye Forum “Diversity and inclusion, a business matter”. During the same a talk was given by Farrah Qureshi, a Pakistani national who strives to drive diversity and inclusion at major organizations and is also the CEO of Global Diversity Practice (GDP).



- **BBVA Bancomer** has **28 permanent disabled employees** working in different areas.
- **CEOs** of various companies **held a meeting at the Torre BBVA Bancomer** within the framework of the **2017 INcluye forum** entitled **“Diversity and inclusion, a business matter”**.

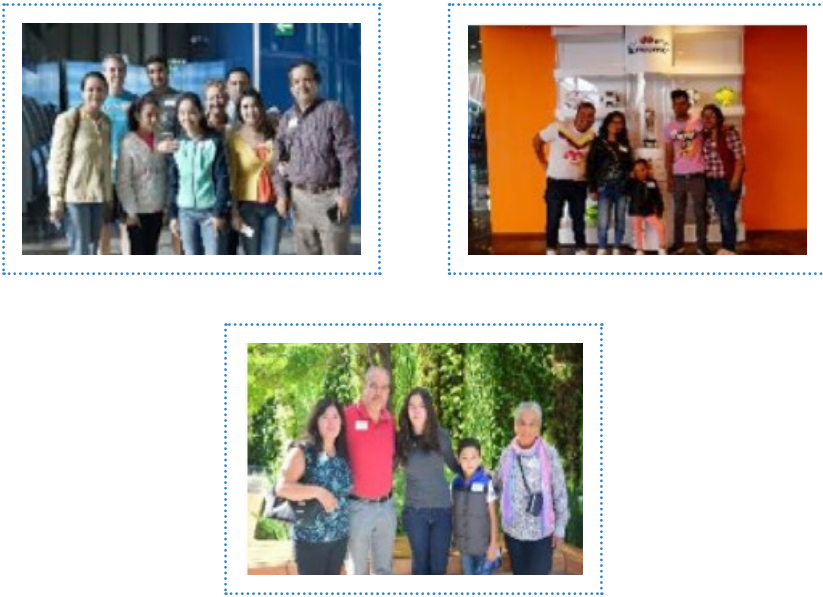
Family integration programs

Friends and family visits

Impacts:

Seeking to bolster the sense of pride in belonging, the Group runs programs aimed at engaging friends and family. These include friends and family visits to corporate offices on weekends during July, at the Torre BBVA Bancomer and Parques BBVA Bancomer premises. The employees themselves guide their guests around the offices and key spaces, showing them all the added value services that make BBVA Bancomer offices such comfortable, safe and efficient working environments, thus encouraging greater commitment to the institution.

A total of 8,977 visitors took part in the initiative during the year.



- **8,977 visitors** took part in the **“Friends and family visits”** initiative at corporate offices.

Summer **entrepreneurs**

Impact: 

Summer entrepreneurs, aimed at the children of employees aged between 17 and 21. This two-week program is run simultaneously in six Mexican cities. The participants visit corporate offices and take part in educational activities run by Tecnológico de Monterrey, while becoming familiar with the spaces where their parents work and encouraging them to feel part of the team. This year 325 children of employees took part in the program.



- **325 children** of employees took part in the “**Summer entrepreneurs**” program.
- The two-week “**Summer entrepreneurs**” program was **run simultaneously** in **6 Mexican cities**.

Come have **lunch with me**

Impacts:  

The “Come have lunch with me” program was run in September, October and November, aimed at children of employees aged between 6 and 16. Every Friday at 3 p.m. the corporate canteens at Torre BBVA Bancomer and Parques Polanco were opened to 750 children, who then had lunch with their parents and enjoyed themselves in the recreational areas, while discovering where their parents work and spending quality time with them.



- **750 children of employees** took part in the “**Come have lunch with me**” program, spending time with their **mothers and fathers** at the **Torre BBVA Bancomer** and **Parques Polanco** offices.



Socio-cultural and sports activities

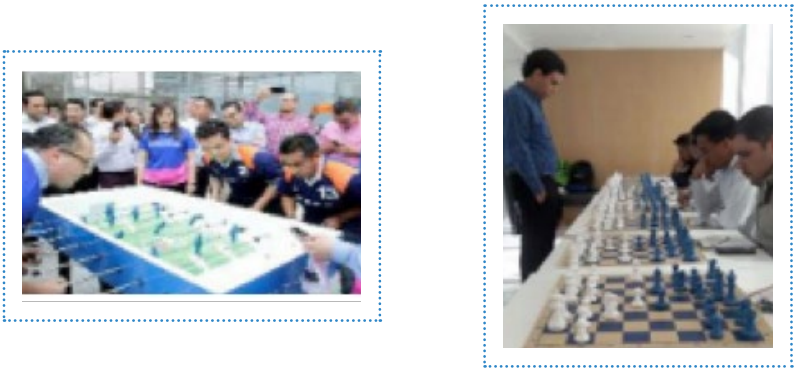
Banking Games

Impacts:    

Sport is a key component of our culture in BBVA Bancomer and as such it appears in many facets of the professional lives of our employees.

Employees can rest their gray cells during the day in the many recreational areas in the corporate offices. The inter-office table soccer tournament and chess exhibitions were organized in 2017, using the recreational areas so they could be enjoyed in full.

Every year, the banking games have been a great challenge, as the banks compete against each other to find the best team in each of the sporting activities in which Bancomer takes part. For the last 10 years, Bancomer has come first in: swimming, athletics, dance, triathlon, bowling, basketball, soccer, to name a few. During the year, the Bank promotes internal tournaments, nationwide competitions, a runners club, incremental consecutive training, and the opportunity to appeal to a greater number of employees through artistic and sporting activities which can be shared with the family at certain points over the year.



- The **inter-office table soccer tournament** and chess exhibitions **were organized** in 2017.
- For **10 successive years**, BBVA Bancomer **has come first** in all the activities of the **Banking Games**.

BBVA Bancomer Race

Impact:    

Every year, BBVA Bancomer carries out different initiatives to promote the well-being of more employees and their families. Accordingly, the traditional BBVA Bancomer Race has now evolved into the Races Circuit. It begins in April and lasts all year long, in order to promote local races, passing through 15 Mexican cities and drawing over 26,000 runners. The winning local runners then go to Mexico City to compete in the final. This way we include other states in a single team: the best...the Bancomer team.

■ The traditional **BBVA Bancomer Race** has **evolved into the Races Circuit**, passing through **15 Mexican cities** and **drawing over 26,000 runners**.

At 2017 year-end, the number of beneficiaries* through socio-cultural and sporting activities was as follows:

- Socio-cultural: 14,109
- Sporting: 9,213

*Beneficiaries include employees, partners and children



Working climate and organizational commitment

Every year the Ministry of Labor and Social Welfare awards the “Family Responsible Company” Prize, and recognizes which organizations establish good practices as part of their professional culture. In June, two work centers were awarded this Prize: the Torre BBVA Bancomer and Parques BBVA Bancomer in Mexico City. BBVA offers its employees many of these good practices, such as the following: breastfeeding rooms, the well-being center, cafeterias, medical service, staggered timetables, alternative transportation, and many more.

With its mind set on ongoing improvement, BBVA Bancomer has moved up the ranking in the annual survey of the Great Place To Work Institute; in 2017, it reached the number 3 spot, having moved up four positions in one year.

«The Torre BBVA Bancomer and Parques Polanco were awarded the “Family Responsible Company” prize by the STPS.

«BBVA Bancomer was named by the Mexico Great Place to Work Institute as one of the best companies to work in, and was ranked third in the corporate category (with over 5,000 employees).

Adequate stress management programs

Firmly committed to enhancing employees’ well-being by bringing down stress levels during the workday, the company organized well-being sessions: physical activities, breathing to reduce stress and directed meditation, lasting 15 minutes twice a week. We measured each participant’s stress levels before beginning the sessions and again after one month. After eight sessions, stress levels had dropped considerably.

Other programs carried out in 2017

Event/Program	Date carried out	Number of beneficiaries 2017	Impact
Children’s day (5 cities)	April	6,300	
Mother’s day (4 cities)	May	2,000	 
Father’s day (4 cities)	June	2,500	
Recognizing experience: 35 and 40 years and 5 to 30 years nationwide	August to December	6,295	 
Artistic and cultural festival	October	300	  



Occupational health and safety

401-2

BBVA Bancomer is committing to ensuring that all its employees are able to work in healthy environments, and improving the quality of life through medical services and an insurance policy for substantial medical expenses, so as to ensure that all its staff is insured. The Bank also offers employees the chance to have medical appointments in its corporate offices.



Torre Bancomer	• 34th Floor.
Parques Polanco	• 14th Floor.
TecnoParque	• Building B, 2nd Floor.
Lago Esmeralda DPC	• First Floor.

In 2017, the company continued with its health promotion and prevention campaigns, appointment programs, training activities, information and awareness-raising activities.

Occupational health and safety campaigns carried out at Torre BBVA Bancomer and Parques Polanco

Campaign	Goal
Respiratory Health	To detect respiratory diseases.
Vascular Health*	To carry out non-invasive diagnosis of blood clots located in veins in the leg, a condition which is commonly called deep venous thrombosis.
Cardio-metabolic	To assess and carry out a timely diagnosis of high levels of lipids, and thus reduce cardiovascular risk and risk of acute complications.
Male urological health	Program to cater to male patients aged 40 or over so as to measure their prostate antigens and so detect prostate diseases in an opportune and timely way.

* Only performed at Torre BBVA Bancomer.

Occupational health and safety programs

PATIA test

Intended for BBVA Bancomer employees and available in Mexico City, Guadalajara and Monterrey. This test identifies if employees have a genetic predisposition to develop diabetes. People at high risk are given advice on how to improve their lifestyle.

5,184 samples taken from employees in 2017.

By your side program

This program assists those who are diagnosed with diabetes through the PATIA test. The aim of the program is to encourage employees to arrange medical appointments to find out about and raise awareness about their health. They are also provided with coaching and we are permanently in contact with the patient and his/her family.

Medical scanner

Used to analyze the human body, to find alterations on a one-off and direct basis, as it measures cellular patterns. Available to all Bank employees at the Torre BBVA Bancomer, free of charge.

Vaccination campaigns

As part of the Bank’s occupational health program, vaccination against flu, osteoporosis and venous insufficiency campaigns were carried out.

Breastfeeding rooms

In 2017, 90 employees used the six breastfeeding rooms implemented by BBVA Bancomer in the corporate buildings:

- 2 at Torre BBVA Bancomer
- 2 at Parques Polanco
- 1 at the DPC
- 1 room with 2 stations at Tecnoparque

Workplace Wellness Council-Mexico (WWPC)

The aim of the Workplace Wellness Council (WWPC) is to provide innovation, best practices and leadership for firms in Mexico to improve employee health.



BBVA Bancomer took part in the Wellness index for the first time as a member of WWPC, and was positioned in the consolidation stage.

To find out more about the WWPC: <http://www.wwpcmex.com/about-us.html>

Civil Defense

BBVA Bancomer is equipped with a Civil Defense area, which is responsible for improving people’s safety in all the company facilities. The area is made up of safety officers in branches and buildings alongside external staff of a total of nine firefighters who work 365 days a year in the Group’s corporate buildings.

	2017
Total number of safety officers in branches	3,954
Total number of safety officers in corporate buildings	1,205
Total safety officers	5,159

«5,159 safety officers in BBVA Bancomer branches and corporate buildings.

Civil Defense has responsibilities across the country, in branches and in the Group. All the Group’s safety officers are qualified as required by the corresponding authorities. To qualify, they have to attend on-site three-hour courses organized by certified bodies on fire prevention and fighting, first aid and evacuations.

«Safety officers received 772 hours of training in 2017.

2017 activities

- 1,460 drills simulating earthquakes and fires carried out in all BBVA Bancomer facilities.
- Dissemination of protection and safety information to all employees through digital portals and bulletins.
- Implementation of face-to-face sessions with employees by the fire prevention and fighting team.
- Creation of the “Safety Protocols” online course intended for all corporate employees. They are shown which safety measures to adopt in emergencies in a five-minute long video.

■ Employees received 8,713 hours of Civil Defense training in 2017.





Society

Contribution to development

Grupo Financiero BBVA Bancomer is aware that through its position in society it has both opportunities and responsibilities, in other words, to do business while complying with national laws and international standards, and also delivering on its values and strategic priorities.

One of the seven priorities is «Social responsibility.» Here the Bank carries out financial projects with high social impact, creating products which promote social programs and financial inclusion in communities, having a positive impact on the communities in which it operates.

With the aim of promoting the development of the financial skills that allow society to make informed decisions to improve its financial well-being and be more aware of existing risks and opportunities, the Bank is constantly working on improving its Financial Literacy strategy.

But for BBVA Bancomer, “Social responsibility” also involves its lending activity and funded projects. That is why in 2004, the BBVA Group signed the Equator Principles, and since then it has used them to manage environmental and social risk in project finance.

Society

Social, environmental and reputational risk

Equator Principles

102-11
The BBVA Group has been a signatory of the Equator Principles (EP) since 2004. They are a set of standards promoted by the World Bank, through its subsidiary, the International Finance Corporation (IFC), to determine, assess and manage social and environmental risks in project finance. All projects financed by BBVA Bancomer are checked by the BBVA Group in Spain, which has signed the Equator Principles.

The following website has more information about companies which have signed the Equator Principles: <http://equator-principles.com/index.php/members-and-reporting>



The energy, transport and social service infrastructures that drive economic development and create jobs can have an impact on the environment and society. BBVA is committed to managing the finance of these projects in order to avoid and reduce negative impact and boost their economic, social and environmental value.

«The Equator Principles have become the benchmark for responsible finance.

In 2017, the Group has contributed to developing and disseminating the EP as a member of the working groups in which it takes part. BBVA was in fact one of the 11 signatories of the letter sent to the Equator Principles Association, urging that measures be taken to reinforce environmental and social due diligence requirements in project finance. During the annual EP meeting, it was decided to begin to draw up the fourth version of the Principles.

Project analysis involves carrying out a process of environmental and social due diligence on each transaction, starting with assigning a category (A, B or C) which reflects the project's level of risk.

The documentation submitted by the customer and the independent advisers is reviewed, allowing the level of compliance with the requirements established in the EP to be graded in accordance with the project category. Finance agreements incorporate the customer's environmental and social obligations, which a specialized sustainable finance and reputational risk team monitors.

Procedure for reviewing projects under the EP



For BBVA, the EP are the basis for applying best practices in responsible finance and the framework for dialog with customers and stakeholders in the projects we finance.

The Group provides public information (<http://bancaresponsable.com/financiacion-responsable-proyectos/>) about the environmental and social management of projects financed and advised by BBVA.

Deals financed under the Equator Principles in Mexico in 2017

Category	Sector of deals	Amount financed by BBVA Bancomer (millions of pesos, MXN)
B	Real estate (2 deals)	\$1,026.41
B	Oil and gas	\$2,023.58
B	Renewable energies	\$240.17
Total	4	\$3,290.16

Volunteer work

Reforestations

Every year, employees eagerly await the BBVA Bancomer Forest reforestation event. In 2017, the fifth Ajusco reforestation drive was carried out. 10,000 trees were planted and on this fifth year, the Bank reached its total goal of 50,000. 850 Bancomer volunteers took part in this activity with their families, friends and members of the community, to preserve the protected natural area around Mexico City.

For the second year in a row, the Bank carried out reforestation activities in inland Mexico, in Xalapa, Querétaro, Morelia and in Mexico State. 3,000 saplings and 3,000 bushes were planted.

- Data Processing Center (CPD-ATA) in Mexico State, with the participation of 126 employees.
- Morelia with 79 employees.
- Querétaro with 72 employees.
- Xalapa with 96 employees.

A new reforestation initiative was the Chapultepec Forest Drive, carried out from August 28 to September 1, very near the Torre BBVA Bancomer, and based on the goal of “being a good neighbor.” 434 employee volunteers planted 5,000 African lilies in an area of 2,600 m2 of flower beds in the space of one week, making a total of 868 hours of corporate voluntary work.



■ **850 people** from Mexico City and its Greater Metropolitan Area **took part in the Reforestation of the BBVA Bancomer Forest.**

■ **In 2017, 4 reforestations** were carried out in inland Mexico: **3,000 tree saplings and 3,000 bush seeds were planted.**

■ **During the Chapultepec Forest Event, corporate volunteers spent 868 hours over the space of one week** working on a surface area of **2,600 m².**

Target 2018

To carry out reforestation drives in four Mexican cities or more to plant at least 7,000 trees.

Investment in social programs

Community Improvements

The BBVA Bancomer Community Improvements program was rolled out five years ago and is a clear example of the Bank's responsible business activities. The object of Community Improvements is to bring about recovery in the social, financial and urban fabric of housing developments which have been abandoned or neglected.

This idea came about because the Bank felt it was clear it had to do something more, in terms of its social responsibility, when faced with rising non-payments of mortgage loans and foreclosures of homes in certain developments, events which caused a downward spiral in three areas: urban degradation, financial deterioration and the breaking down of communities.

When this comprehensive recovery program was launched, the Bank contacted families who were abandoning their homes, offering them a product to resolve the problem with their mortgage, while also rebuilding the social fabric through neighborhood organization, cleaning drives, financial literacy and crime prevention methods, among other actions.



Results

1. Recovery of urban environment: investment in public works on customers' full payment (mortgage, water, property tax and maintenance fee) in developments.
2. Financial recovery: 230 restructuring arrangements using a financial solution which has an excellent credit record over the last three years, write-off of past-due portfolio and halting impairment in the total outstanding portfolio, reduction in foreclosures and significant increase in sales of proprietary homes.
3. Recovery in communities: 20 partners have provided over MXN6 million to repair municipal public services, security, recovery of public spaces and socio-cultural activities.

Establishment of Security Committees in Guard Booths operated by the Department of Municipal Public Security



The Community Improvements Model has now been applied for six years in Mexico, and five programs have been completed in a number of different developments in the city of Tijuana, Baja California, covering 3,463 Bancomer homes, a total of 5,150 homes, from which 15,500 inhabitants have benefited.

■ It is through projects such as **Community Improvements**, which has been a complete success, that **BBVA Bancomer confirms its position as a Socially Responsible Company.**



BBVA Bancomer Foundation

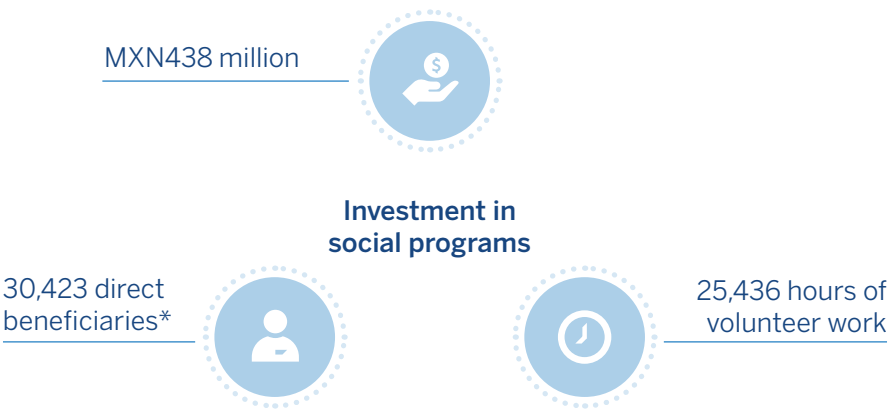
Fundación BBVA Bancomer A.C. is the organization responsible for delivering social action initiatives of the Grupo Financiero BBVA Bancomer. It has developed educational, cultural and entrepreneurship support programs for Mexican society.

The Foundation is committed to education. It helps to transform people's lives through educational scholarships so that young people can continue with their studies, entrepreneurship grants so that people from underprivileged backgrounds can diversify their income options, and artistic grants to help Mexico's cultural development. It also earmarks funds used for educational activities and helps to create research input regarding education and migration.



Investment in social programs in 2017

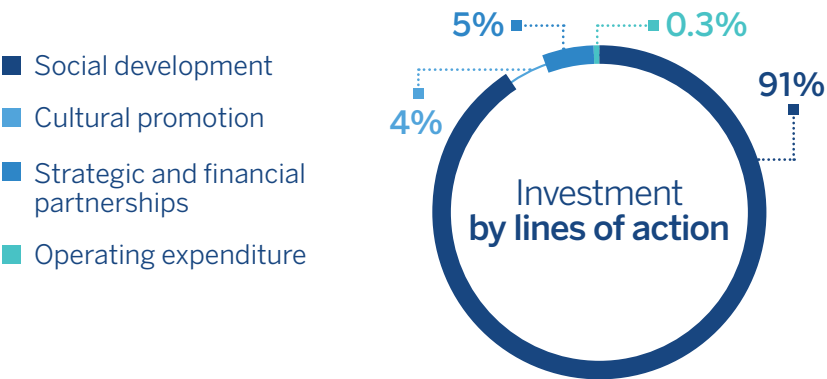
In 2017, with the help of employees, investors, partners, customers and other donors, the Foundation handed over MXN438.3 million to social initiatives and volunteers spent 25,436 hours on social activities.



*30,430 direct beneficiaries in total from the "Por los que se quedan" (For those left behind), Adelante Scholarships, Adelante Con Tu Universidad (Forward with your University) Scholarships, Olimpiadas del Conocimiento Infantil (Children's Knowledge Olympics) program and cultural initiatives.

Investment in social programs by lines of action

Line of action	Domestic currency (million pesos)
Social development	\$396.1
Cultural promotion	\$18.8
Strategic and financial partnerships	\$22.1
Operating expenditure	\$1.3
Total	\$438.3



«MXN438.3 million, the amount invested by the BBVA Bancomer Foundation in social programs.

«25,436 hours of BBVA Bancomer Foundation volunteer work in social activities.

“Por los que se quedan” (For those left behind) Integration Scholarships

The BBVA Bancomer Foundation helps young people in Mexico whose family members have migrated and helps to promote their academic and personal training through the “Por Los Que Se Quedan” (For those left behind) Integration Scholarships. Through this program, the Foundation provides a monthly financial scholarship and the youngsters are supported through a Godmother or Godfather to track their academic and personal development.

No. of direct beneficiaries	2016	2017
“Por los que se quedan” (For those left behind) Integration Scholarships	17,393	16,802

Adelante Scholarships

This program is a continuation of the “Por Los Que Se Quedan” (For those left behind) Scholarships, intended for young people who have already received scholarships from the Foundation. The aim of the program is to ensure that young people continue with their medium-level higher education.

No. of direct beneficiaries	2016	2017
Adelante (Forward) Scholarships	10,509	9,921

Adelante con tu Universidad (Forward with your University)

The Foundation provides economic scholarships, mentoring programs and academic opportunities so that young people who took part in and successfully graduated with the Por los que se quedan (“For those left behind”) and Adelante Scholarships program can forge ahead their university studies.

No. of direct beneficiaries	2016	2017
Adelante con tu Universidad (Forward with your University)	40	637

«637 direct beneficiaries of the “Adelante Con Tu Universidad” (Forward with your university) program; increase of 597 beneficiaries against 2016.

Olimpiada del Conocimiento Infantil (Children’s Knowledge Olympics)

The Foundation rewards high academic performance and, in conjunction with the Department of Education, it grants scholarships to young people who achieve the best results nationwide in the Children’s Knowledge Olympics. They are also mentored by a Godmother or Godfather, who are the managers of the BBVA Bancomer branches.

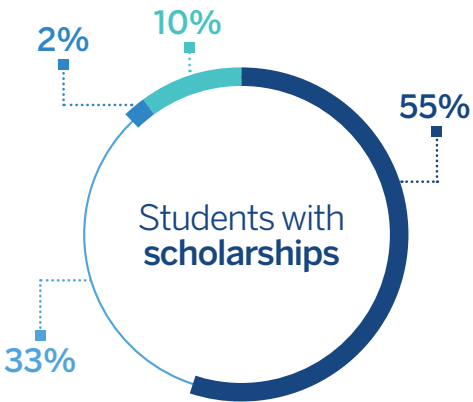
No. of direct beneficiaries	2016	2017
Children’s Knowledge Olympics Scholarships	2,923	3,063

«3,063 direct beneficiaries of the “Olimpiada del Conocimiento Infantil” (Children’s Knowledge Olympics) program; increase of 4.8% in beneficiaries against 2016.

At the end of secondary three, the Department of Education, working in coordination with state governments, organizes an exam to identify the best fifty averages in the generation for them to continue with the scholarship during their preparatory studies. This support is 100% from the BBVA Bancomer Foundation.

Students with scholarships in 2017

- 16,802 “Por los que se quedan” (For those left behind) Scholarships
- 9,921 Adelante (Forward) Scholarships
- 637 Adelante con tu Universidad (Forward with your University)
- 3,063 Olimpiada del Conocimiento Infantil (Children’s Knowledge Olympics)



Cultural promotion

■ Project Bi

After 18 years, the Bancomer Support for the Arts Scholarship (BBAA) has turned into the Project Bi, which is focused on promoting artistic and cultural initiatives and which has a solid track record.

The Bank promoted initiatives on a large scale and with social impact in order to personally accompany its beneficiaries, create a platform for collaboration and exchange of creative capital and help the BBVA Bancomer Foundation to play a more active role.

Project Bi develops an engagement and communication strategy in tandem with public programs of the projects over the space of one year, in order to integrate the processes for the research, production and distribution of initiatives which benefit nationwide.

«Project Bi is creating opportunities and a unique collaboration network for the artistic community in Mexico.

«15 outstanding art initiatives supported through Project Bi in 2017

■ BBVA Bancomer Program-Museo de Arte Carrillo Gil (Carrillo Gil Art Museum)

Over an 18-month period, the BBVA Bancomer Foundation has offered support and individualized mentoring to a group of up to 10 artists aged under 35. The initiative is organized once every two years in collaboration with the Carrillo Gil Art Museum. A national competition is announced, and a jury of international specialists is appointed.

The BBVA Bancomer-Carrillo Gil Art Museum Program is: a training and critic platform with professionals from the world of art, culture and academy; in which tools, materials and techniques are acquired in accordance with each project; management and institutional infrastructure; a network of international connections with professionals from the world of art and culture and also a high-level exhibitions platform.

In the 5th program, artists had the opportunity to travel for research purposes in Mexico and some of them also worked as artists in residence in South Korea, Russia, Germany, United States and Colombia.

«20 artists supported through the Bancomer-Carrillo Gil Art Museum Program over the 2016-2017 period.

■ “Hazlo en Cortometraje” (Do it in a short film) University Competition

The “Hazlo en cortometraje” (Do it in a short film) University Competition, founded in 2007, is an annual competition across Mexico which has promoted and recognized films made by university students and recent graduates for the last 10 years. The film-makers seek solutions to a number of different social problems and the challenges of our time.

Winners have the opportunity to work on the post-production of their short films through experts in the movie business, and can also attend training workshops.

«251 short films, 169 universities and 29 winners of the Make a Short (Hazlo en Cortometraje) University Competition in 2017.

See the website:
www.hazloencortometraje.com

Educational and productive centers

The BBVA Bancomer Foundation supports people in the communities where the Bank operates. It creates entrepreneurship programs or projects aimed at improving their social environments, using social incubators and educational support models.

Educational and productive centers – social incubators	2016	2017
Educational and productive centers in operation	16	13
People assisted	18,634	13,992
Micro-businesses supported	582	334

To find out more about the BBVA Bancomer Foundation, visit its official website.
Official website: <https://www.fundacionbbvabancomer.org/>

BBVA Bancomer

Momentum Project

Bancomer organized the fifth annual Momentum Project. This program is aimed at innovative and sustainable entrepreneurs who attempt to solve social and environmental problems. This initiative is managed in collaboration with New Ventures and the EGADE Business School of the Monterrey Technological University.

In 2017, the program selected 100 social entrepreneurs, for the second time, and 20 of them took part in the BBVA Momentum global program. These 20 beneficiaries received online training from the IE Business School, one of the most prestigious business schools, in collaboration with the EGADE Business School. Over 22 weeks, the entrepreneurs developed capabilities and skills focused on scaling their businesses and having greater impact on social problems faced.

The other 80 social entrepreneurs had access to online training from the Monterrey Technological University, and acceleration programs granted by New Ventures. Only the 20 most outstanding enterprises received specialized live training from the EGADE Business School. 113 mentors from BBVA Bancomer and the New Ventures network took part in the program.

In late 2017, Social Investment Day was carried out at Torre Bancomer in Mexico City. The 20 most outstanding enterprises of the program presented their business plans to Bank officers, special guests and entrepreneurship personalities in Mexico.

«Over MXN40 million approved in funding for the fifth annual BBVA Momentum.

«100 social ventures benefited from the fifth edition of the program, 20 of which formed part of the global program.

For more information, visit the Momentum Project website:
<https://www.momentum.bbva.com/>



Urban improvement

The Bancomer Urban Improvement program redirected its goals, the main focus being on being a good neighbor. The Bank considered acting in cultural, social educational activities and including digital experiences near the corporate offices in Mexico City. The Bank also aims to increase efforts with the participation of civil society organizations, authorities, communities and other companies which wish to help recover and improve urban spaces.

Bancomer Urban Improvement received an award from the Mexican Center for Philanthropy as a best practice under the Inter-Sector Alliances heading.



Actions taken by BBVA Bancomer at the time of the September earthquakes

In view of the damages caused by the earthquakes of September 7 and 19 2017, BBVA Bancomer joined the rest of Mexico in helping its employees, customers and Mexican society as a whole.

Actions taken after the September 7 earthquake


BBVA Bancomer earmarked MXN964,000 pesos for 84 employees who had been affected, as well as basic services such as water, food, hygienic products, and others, for the affected communities.

Actions taken after the September 19 earthquake

 The Bank gave MXN10 million to the Mexican Red Cross.


 No fees were charged for cash withdrawals from ATMs in the affected areas.

 Storage centers received over 1,500 packages with aid from employees.

 The Bank gave out 5,000 of provisions, equivalent to 31 tons of aid, to feed 20,000 people.

 Psychological support to its employees.

 900 members of the BBVA Bancomer team received support from the Bank due to the damages to their homes from the earthquake.

 The Bank handed over a total of MXN11.3 million for rebuilding employees' homes and suspended their loan payments for 3 months.

During this crisis period, one of BBVA Bancomer's priorities was to look after people, give them peace of mind and allow them not to worry about money, and for them to know that they could sort out their personal problems with the Bank to support them.

Social programs and financial literacy

Social programs

Taking part in social programs is an important part of BBVA Bancomer's activity, as it implies offering services to many people who receive resources assigned by the government. In these programs, beneficiaries receive their money through debit cards.

The two groups of people which BBVA Bancomer works with, and who have the highest numbers of users, are the Department of Agriculture, Livestock Farming, Rural Development, Fisheries and Food (SAGARPA) - which is in charge of managing federal resources for rural development in Mexico - and the Ministry of Social Development (SEDESOL) - which is responsible for managing federal support to adults aged over 65.

In 2017, the Bank continued to replace large numbers of direct debit cards due to expiry; it replaced 39,586 cards for SAGARPA beneficiaries and 128,812 cards for SEDESOL beneficiaries, handing the cards over to them in locations frequented by them to avoid them having to go out of their way. In this way, the Bank helped to make beneficiaries more aware of the importance of renewing their means of withdrawing economic support.

Financial literacy capsules

This initiative offers face-to-face advice and information to customers of the Social Programs segment. The Bank aims to give them information to help them to better manage their personal finances and to properly use BBVA Bancomer products and services.



The Bank offers these services to customers who receive their economic support from the Federal Government through:

- SEDESOL, Senior Citizens Program
- SAGARPA, Pro-agro Productive Program

A qualified instructor hands over information in the customer's geographical area, taking no longer than 15 minutes and to groups of no larger than 15 people.

- The following subjects are addressed:
 - Saving
 - Debit card
 - Life insurance
 - Use of digital channels
 - Secure use of digital channels
- 5 capsules in 2017.

«16,978 beneficiaries or customers impacted.

Financial Literacy Programs

Financial Literacy (FL) is one of the strategic priorities in the BBVA Bancomer Responsible Business Plan and it is materialized through our Global Financial Literacy Plan. Our goal in this area is to promote the development of the financial skills that allow society to make informed decisions to improve its financial well-being and be more aware of the existing risks and opportunities.

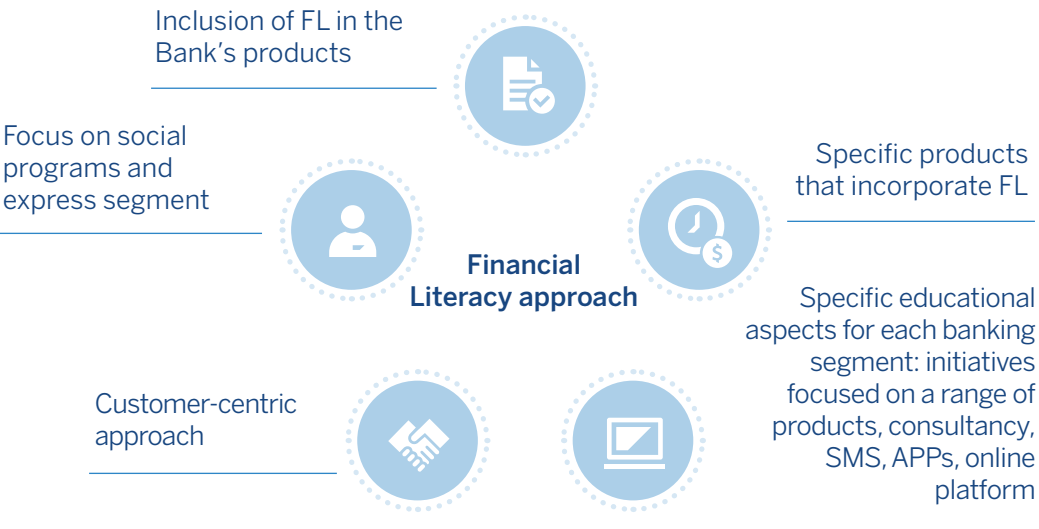
The area works mainly with three segments:

1. Financial culture to prepare children and young people for their future.
2. Financial literacy for adults.
3. Training in finance and business skills for SMEs, which play a key role in developing the economic and entrepreneurial fabric of Mexico.

The Financial Literacy program, which is aligned with the institutional strategy toward digital transformation, focuses its initiatives toward digital evolution, with priority given to developing digital products and contents for financial literacy, having closer ties and involvement with business areas to become one of the most important elements for promoting the use of the digital tools and products developed by the Bank.



In 2017, efforts in the financial literacy project were developed under a new approach, focusing on the following areas:



Adelante con tu futuro (Forward with your future)

"Adelante con tu futuro" (Forward with your future), the Financial Literacy program created in 2008 by BBVA Bancomer, has the largest infrastructure of any Financial Literacy program in Latin America. It has seven permanent classrooms, 15 mobile classrooms, five mobile teams, 41 instructors, 10 coaching advisers, and is focused on the following educational offering:

- Saving for retirement
- Savings and loans
- Digital banking
- Mortgage lending
- Mutual funds
- Stock market education
- Electronic banking media
- Life insurance
- Credit card
- Secure online banking
- SMEs
 - Loans
 - Cash flows
 - Coverage in a loan

"Adelante con tu futuro" (Forward with your future) participants

	2017
Total participants	101,123
Workshops completed	257,411

*Includes participants in Valores de Futuro (Future Values) workshops.

Valores de Futuro (Future Values)

BBVA Bancomer, through its "Adelante con tu futuro" (Forward with your future) Financial Literacy Program, launched the "Valores de Futuro" (Future Values) program, specially designed to raise awareness and offer guidance about Financial Literacy among the new generation of children and young people about values associated with the correct use of money.

Valores de Futuro (Future Values) in Mexico is presented to learners in a number of different formats, designed to suit the children's environment and learning styles:

- 1. Exhibition:** "Sala Valores de futuro" (Future values room) at the Interactive Economics Museum (MIDE) in Mexico City. This space comprises more than 200 square meters, harnessing technology and learning resources to create a play-based learning environment.
- 2. State and private schools:** BBVA Bancomer Financial Literacy provides teachers with training in how to run workshops independently or in combination with other subjects, following the Department of Education plan.
- 3. Corporate volunteering:** with BBVA Bancomer employees giving up time to provide financial literacy training to high school students taking part in the 'Por los que se quedan' (For those left behind) program.
- 4. KidZania:** taking advantage of the experience in this field, promoting financial literacy via play-based activities.

Participants in Valores de Futuro (Future Values)

	2017
Number of students	1,296
Number of workshops	3,624
Number of volunteers	55
Number of schools	8

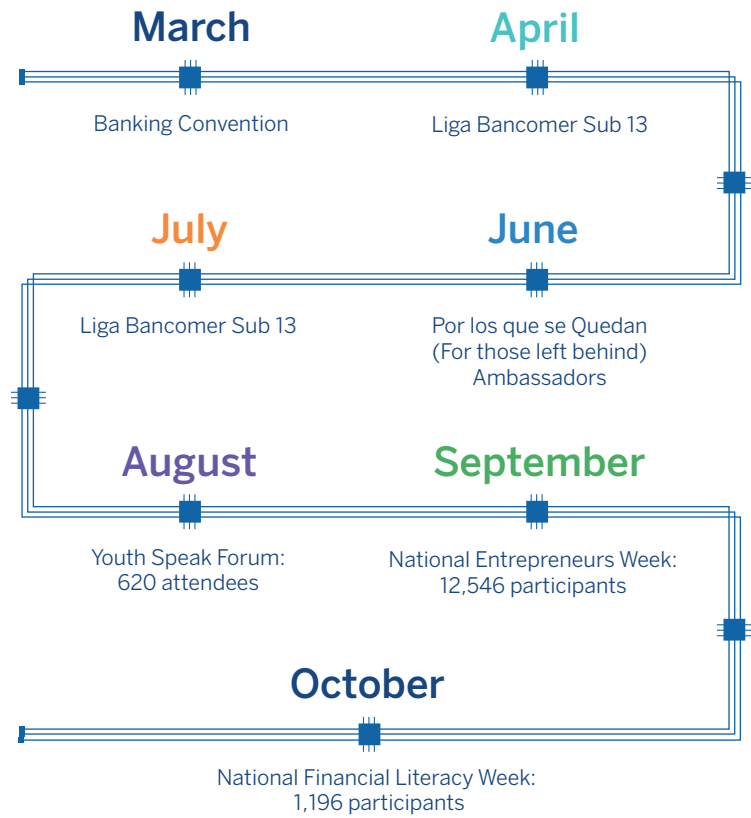
Workshops for SMEs

	2017
Total SME and Mass Market training workshops	25,229
Total SME and Mass Market training participants	14,027
Total SME training participants (Premium)	175

Liga Bancomer Sub 13

The MX League and BBVA Bancomer have promoted financial literacy in the under 13, under 15 and under 17 national teams, showing children and youngsters from all clubs the importance of financial training from an early age, providing them with tools to be consistent savers, responsible credit users and prudent investors. In 2017, the Bancomer League Under 13 team had 1,200 participants and 3,200 activities.

Financial Literacy in 2017



2017 Financial Literacy-EduFin Summit

The BBVA Center for Financial Literacy and Skills carried out its first annual meeting in Mexico. Many different researchers and international public and private authorities in the field of promotion, research and assessment of financial literacy took part based around the principle that promoting and encouraging financial literacy and inclusion are key elements to improve the well-being of the Mexican people.

The Center for Financial Literacy and Skills is an initiative by BBVA which is aimed at promoting the importance of financial knowledge and skills as critical matters that have a direct impact on individual welfare.

The EduFin Summit, which lasted two days, showcased the latest trends and innovations in the sector. The highlights of the EduFin Summit 2017 were:

- Financial literacy and behavioral economics
- Financial literacy success stories in the digital era
- National strategies and measuring impact



To find out more about the program, visit the website: <https://www.bbvaedufin.com/evento/annual-summit/>

2018 Goals

- Transforming two permanent classrooms into the new concept of digital spaces
- Designing high-impact educational strategies focused on customers
- Renewal of three mobile classrooms



Financial Inclusion

FS14, 103-1, 103-2 and 103-3

BBVA has a business model to promote Financial Inclusion, especially in Latin America. In this area, BBVA has over 8 million low-income active customers (*5.6 million in Mexico), approximately 20% of the bank's total customers in Latin America. The Financial Inclusion model is focused on lower-income populations to change the way they use money to use it to improve their lives and to favor access to financial services through alternative solutions to the traditional banking model.

*Customers at November

This model is based on:

- Use of new digital technologies.
- The creation of low-cost digital solutions adapted to the segment's specific needs (e.g. micro-credits and micro-insurance).
- Big data and nontraditional methodologies to assess risks.
- Increased banking coverage with platforms outside bank branches, such as cell phones and correspondent banks or banking agents.

Banking correspondents

Through our correspondent banks, we reached our goal of having over 32,000 working establishments. In November 2017, the Bank had carried out over 46 million transactions during the year, equivalent to over 3.8 million transactions per month.

Express Segment

As of November 2017, the Bank had made approximately 1.4 million loan offers per quarter, and 58 thousand loans were granted. Over 66,000 micro-insurance policies were also opened in the year.

2018 Goals

Migration of transactions to digital channels, which are more efficient for customers, and increasing the placement of loans in the segment.

Social media

In this new digital era, BBVA Bancomer has set itself the task of being an active Bank on many social media used by its customers and potential customers. By using these new platforms, the Bank is able to open a new communication channel, distribute information and services, and also make contact with a sector of users which could be a great opportunity.

- In 2017, BBVA Bancomer has increased its level of activity and postings on its social media. At year-end, the average service level was 85%, i.e. 85 out of every 100 users received the service in under 15 minutes.
- All social media are used to post contents relating to Digital Banking, Financial Literacy, the Bancomer Foundation, Security, Entrepreneurship and Innovation, as well as providing information on marketing campaigns so that all followers can find useful and relevant information, and experience a swift and efficient service channel. Institutional announcements and news items are also posted on these platforms, which also cover all events the Bank takes part in.

All followers broken down by social network

	Facebook https://www.facebook.com/BBVABancomer/	1,227,655	Fans
	Twitter https://twitter.com/BBVABancomer	166,476	Followers
	LinkedIn https://www.linkedin.com/company/70646/	52,045	Followers
	Google+ https://plus.google.com/+BBVABancomer?hl=es	9,630	Followers
	YouTube https://www.youtube.com/user/bbvabancomer	26,967	Subscribers
	Blog https://www.blogdelaspersonasreales.com/	306,000 133,000	Visits Users

Trending topics

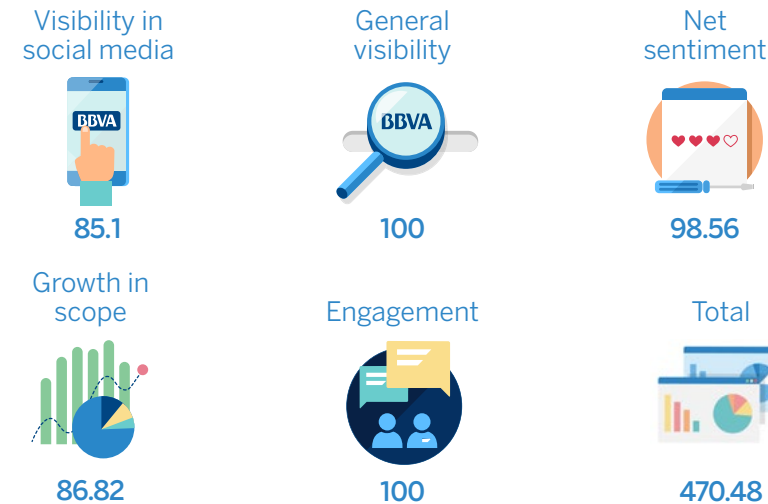
- #BancomerTalks (organic)
- #DateLaOportunidad
- #BBVAWallet
- #Sendear

Brandwatch study

In 2017, Brandwatch, an independent body which carried out a study called "The financial sector in Mexico and social media", named BBVA Bancomer as the leader in social media.

Brandwatch is a leading company in social media monitoring and analysis, which classifies each brand performance based on visibility in social media, general visibility, net sentiment, engagement, contents and growth in scope.

Result



Digitalization

103-1, 103-2 and 103-3

Digitalization plays a key strategic role in the goal which BBVA Bancomer has set of becoming the best digital bank in Mexico. Every year, Bancomer sets itself the target of maintaining the growth in customers who use digital channels and mobile apps.

«BBVA Bancomer has **5.3 million digital customers** and **4.5 million mobile customers**.

Creation of digital products and services for customers is the centerpiece of the BBVA Group's global digital transformation. BBVA estimates that it will reach the level of 50% digital customers worldwide in 2018.

«In 2017, **2.3 million products** were placed digitally, **22% of the total** products placed by Bancomer.

«The Bmóvil, **BBVA Send, Línea Bancomer** and **Wallet** apps can work without using data for Telcel and Movistar.

Digital banking

Bmóvil

Customers can use this BBVA Bancomer app to carry out banking transactions from their cellphones. It has many different functions which cover users' banking needs. Customers can use the App to consult balances and transactions, pay services such as electricity, telephone, gas, and others, associate their cellphone number with their account and even take money out without using their card.

With Bmóvil, someone can become a customer of BBVA Bancomer from their cellphone in less than five minutes and create their digital account.

The Bank is very strict about protecting customers' information. Bmóvil has the following security measures:

- Information is not stored in the cellphone
- Data entered and received by the user are encrypted
- You need a password to open the app
- The app closes automatically
- If you lose the cellphone, you can cancel the service.

«In 2017, **529 digital accounts** were originated.

■ Bmóvil and Bcom functionalities and products

BBVA CheckUp

A Bmóvil functionality used to keep in direct contact with customers, helping them to reach their saving goals to make their dreams a reality. It also covers the minimum requirements customers expect in an app of this kind, such as checking the financial balance and calculating what the customer spends most money on.

The app has two key objectives:

- To offer the customer financial literacy so that they can manage their finances and live within their means.
- To propose solutions to the user to manage their finances. It offers the customer deadlines before becoming past-due portfolio and investment solutions.

«Customers can use **four statements** to have a **clearer overview of their finances**.

«In 2017, **3.1 million CheckUp queries** were made.

Sections

This is a new Bcom and Bmóvil functionality which the Bank's customers can use to control their expenses. Customers who receive their paycheck through the bank can use it to manage their income in a simple and effective way. It is another example of the Bank's transformation and future vision. Customers can personalize these "electronic envelopes" as they wish, either to pay their credit cards, school, rent or to pay for services, or to divide the paycheck into different amounts and cover payments when it is necessary. If the customer wishes to take it out, no matter what time, the date, or their location, they can return immediately the section to their available balance to cover the necessary payment simply by clicking to withdraw.

«Between October and December, **320,000 sections were opened**, which amounts to **MXN1.230 million**.

Advance on salary

Customers who receive their paychecks through BBVA Bancomer can withdraw the money before they receive their paycheck. They can enable this feature in Bmóvil or Bcom. Once this service is activated, users can have extra money available for anything that comes up.

«In 2017, there were **350,000 salary advances**.

Card-free withdrawals

This option is available in Bmóvil and Bcom and can be used to take out cash in BBVA ATMs through a 16-digit security code generated in each transaction; no card is needed.

«In 2017, **15.9 million card-free cash withdrawals** were made.



Excelent



Healthy



Stable



Critical

Digital mortgage

New product available through Bcom where the customer can get a quote, calculate their credit capacity and get a credit certificate for their mortgage.

«**Thirty digital mortgages** were placed in 2017.

Small and Medium Enterprise loans

Customers can use this new functionality to get a quote and ask for a simple credit through Bcom. The SME manager continues with the process and the documentation until the customer receives a notification and can use the credit from their business Bcom.

«**728 loans** were placed **between March and December 2017.**

BBVA Wallet

Customers can use this app to generate a digital code to do secure online shopping, as they are sent a different security code for each acquisition. They can also use it to make payments to the card or activate and/or block it. Its benefits include:

- More secure online purchases
- Can be used to make payments with the cellphone in some establishments
- Special offers, discounts and establishments where you can pay with Bancomer points
- Better control of cards

«**In 2017, 2 million digital card transactions** were carried out, for a total of **MXN1.9 billion.**

BBVA Plan

A BBVA Bancomer app which helps customers to regularly save without realizing they are doing so, allowing them to easily reach their goals in an easy and totally personalized way, and they also receive a saving tip to reach the goal they have set. This makes saving more dynamic.

«**101,159 goals** created in 2017.

«**MXN247 million** saved.

BBVA Send

BBVA Bancomer customers can use this app to request, receive and send money to/from their cellphone contacts without needing to use account or card numbers. They can deposit the money in BBVA accounts, in an account in another bank or take it out in cash at any Bank ATM. All transfers are secure and are available for withdrawal for up to seven days.

«**In 2017, 270,000 transfers** were made for a total of **MXN283 million.**

New digital products

- One Click:
 - Home insurance policy
 - Travel insurance
 - SME relocation
 - Life insurance
 - Car Insurance
 - Home insurance
- Digital mortgage
- Business B App
- Liquid saving
- Sections
- SME business card
- Small and Medium Enterprise loans
- EFI + ILC digital (Immediate Cash + Increase in Credit Line)

Agile

Since 2015, BBVA Bancomer has used what is known as the Agile method. These new agile methodologies can be used to face new challenges without the Bank losing its leading position on the market and in customer service.

The Business Development area is one of the areas which uses the Agile method. Since it was rolled out, the Area has worked with 14 teams (called “scrums”) which work on different Bank businesses, such as lending, investment, account opening, ATMs, mobile apps, and others.

The “scrums” focus on meeting customer requirements by developing products which generate value. Products are also built up in parts. Depending on current business requirements, and when they have been developed to such a point that they are viable, then they are tested in-house with friends and relatives. This feedback is used to improve them and to carry out the necessary corrections as quickly as possible.

One example is BBVA Wallet, which was developed by specialists in programming mobile apps, with the assistance of some people from cross-cutting areas and support areas used to support each team, such as legal affairs, marketing or infrastructure.

There are currently 213 “scrum” teams focused on creating products and quarterly value deliveries called “Product Increments (PI)”. A ceremony is conducted (called PI Planning) in these deliveries, efficiently conveying information to a team, generating face-to-face conversations with the persons taking part in the product developments.

Innovation and entrepreneurship center

103-1, 103-2 and 103-3

Mindful of the importance of maintaining digital leadership in the financial sector, BBVA Bancomer has created an Innovation Center. The cultural transformation the Bank faces today allows us to work with an open and collaborative model which promotes and reinforces interactions with the innovation ecosystem, particularly entrepreneurs, startups and developers.

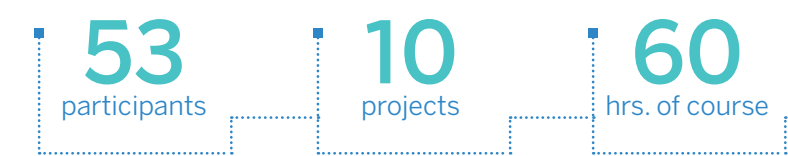
BBVA Bancomer has a special space showcasing our main innovation projects, one which is also used as a test lab for testing new products and services with real users. The Innovation Center offers free workshops, conferences and seminars focused on innovation, allowing BBVA to work closely with entrepreneurs, opinion leaders, institutions and companies.

2017 programs

Mindset Lab 2.0 Solution Builders

An intra-entrepreneurship program which provides the Bank with digital solutions, so as to identify new functionalities in the insurance area.

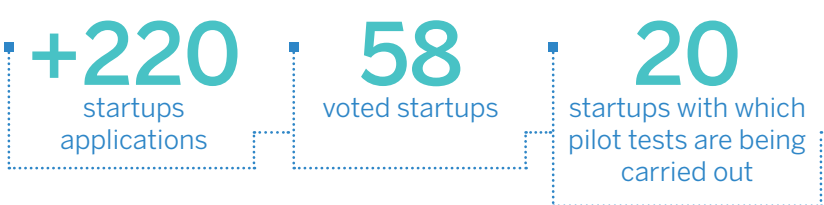
2017 figures:



Open Sandbox and PoCs

Program used by BBVA Bancomer to collaborate with startups in order to test their technology, services and products.

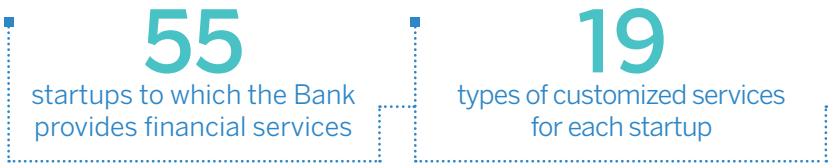
2017 figures:



Startups

Supporting all kinds of startups which interact with the Bank through pilot tests, banking services or alliances.

2017 figures:



Hackathon BBVA Bancomer

The aim of this event is to drive digital transformation by drawing promising talent to develop solutions in an intense and fun programming competition, and draw talent to work with the Bank.

- Achievements:
- 1. Creative solutions for different areas of the Bank.
 - 2. Approaching the community and connecting sponsors with work teams.
 - 3. Synergy with Engineering and Talent and Culture.
 - 4. Positioning as an innovative Bank.

2017 figures:



Opentalk: Fintech University

Interactive dynamic event. It includes a series of top-rate panelists such as CEOs of startups and companies and bank executives, so as to draw talent to the Bank.

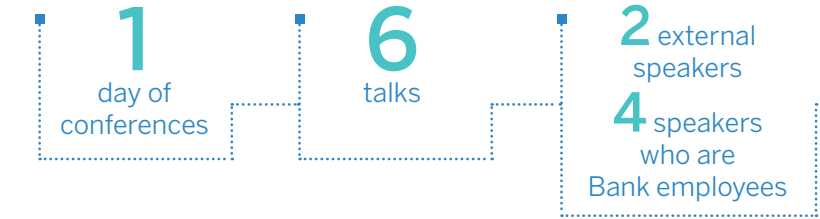
2017 figures:



Bancomer talks

A forum which consists of six presentations which revolve around the subject of “Creating Opportunities,” which address different perspectives through ideas and experiences, leading to a positive change in different situations experienced on a daily basis by the bank’s employees.

2017 figures:



Startups Bus

Annual competition designed to challenge the leading talents for them to get on a bus and to devise, build and launch a startup in 72 hours.

2017 figures:



Ecological Footprint

Commitment to the environment

305-1, 305-2, 305-3, 305-4, 305-5, 103-1, 103-2 and 103-3

Climate change is a significant and complex challenge which can only be addressed through cooperation between individuals, companies and nations. The financial sector has an important role to play in assisting in the transition toward a low carbon economy which is environmentally and socially sustainable.

Mexico and BBVA Bancomer have shown their commitment by launching various initiatives, and making a great effort to meet the Sustainable Development Goals (SDG) by 2030.

The Bank acknowledges the impact it has on the environment directly and indirectly through its operations. As a response and in line with its commitment to its environmental policy, regulations and national standards and international initiatives (e.g. SDG), it has implemented measurement, control and solution strategies to reduce said impact.

Ecological footprint

103-1, 103-2 y 103-3

The BBVA Group is committed to playing an active role by carrying out actions against climate change through its financial operations and activities, and its commitment is set out in:

- Group environmental policy*.
- The United Nations Environment Program Finance Initiative (UNEP FI).
- Equator Principles.
- Principles of Responsible Investment (PRI).
- United Nations Global Compact.
- The Carbon Disclosure Project.

*<http://bancaresponsable.com/wp-content/uploads/2010/10/pol%C2%B0tica-medioambiental-del-grupo-bbva.pdf>

6

CLEAN WATER AND SANITATION



7

AFFORDABLE AND CLEAN ENERGY



12

RESPONSIBLE CONSUMPTION AND PRODUCTION



13

CLIMATE ACTION



Global Eco-Efficiency Plan

The Global Eco-Efficiency Plan (GEP) is a set of objectives which is aimed at bringing down the ecological footprint of the BBVA Group. Since 2016 we have worked on defining a new GEP, focused on ranking BBVA among the world's leading eco-efficiency organizations. The GEP establishes the following core strategic areas and global targets for 2016-2020.



Environmental management and sustainable construction

GEP Target:

- 29% of occupants in environmentally certified buildings.

BBVA has made efforts to bring down its environmental footprint in its facilities. It has been awarded a number of different certifications in its buildings, showing its commitment toward the GEP and to fighting climate change.

Total buildings with environmental certifications

	Building	ISO 14001 certified buildings	LEED certified buildings	Number of employees in building
1	Torre BBVA Bancomer	✓	✓	4,879
2	Parques BBVA Bancomer	✓	✓	4,274
3	DPC	✓	⚠	508
4	Tecnoparque	✓	⚠	576
5	Murano Tower	⚠	✓	3
6	Danhos Tower (Toreo)	⚠	✓	3
	Total	4	4	10,243

Target 2018

To certify corporate headquarters with the new version of the ISO 14001-2015 standard.

Energy and climate change

302-1, 302-2 and 302-3

GEP Goals:

- 3% reduction of electrical consumption per occupant.
- 65% of energy from renewable sources.
- 56% reduction in CO₂ emissions per person.

For all its operations in both branches and corporate buildings, BBVA Bancomer uses electricity supplied by the CFE and energy generated through the three main sources: natural gas, LP gas and gas-oil.

Electricity and fuel use

	2016	2017	Units
Total electricity use	261,238	239,917	MWh
	940,456	863,701	GJ
Electricity use per employee	5.78	5.40	MWh/employee
Total LP gas use	156,722	146,673	Liters
	3,758	3,805	GJ
Total natural gas use	63,892	67,083	m³
	2,690	2,753	GJ
Total diesel use	331,810	200,451	Liters
	12,096	7,086	GJ

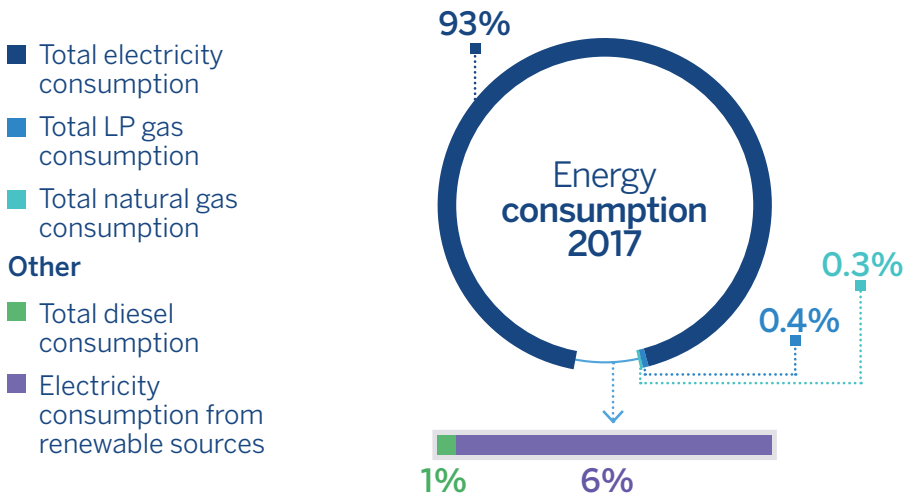
Scope: BBVA Bancomer Group

- 1. Total number of employees is the sum of average employees of the BBVA Bancomer Group plus the average number of external staff of the bank buildings and branches in 2017.
- 2. In 2017, the average number of employees totaled 36,918, plus an average of 7,606 external employees, making a total of 44,524.
- 3. Figures at close of 2017.

During 2017, the agreement continued with “Enel Green Power” to provide wind energy to our network of branches and corporate headquarters. Significant progress is expected to be made in 2018.

Project	2017	Units
Electricity use from renewable sources	14,321	MWh
	51,556	GJ

*Results of electricity use from renewable sources are from the month of September on.



Energy efficiency initiatives
302-4 and 302-5

Corporate Buildings

Energy View:

A tele-management monitoring system for efficient electricity usage and to keep a controlled degree of air conditioning. The system monitors the temperature and controls air conditioning by remote switch-offs and on.

Its purpose is to save energy and maintain an appropriate temperature through a monitoring and management system applied to control Air Conditioning (HVAC) and Lighting.

Project	2017 Developments	Monetary saving	Aug-Nov period energy saving
Energy View	27 buildings*	MXN 1,420,035	1,574,096 kWh

Scope: Corporate buildings

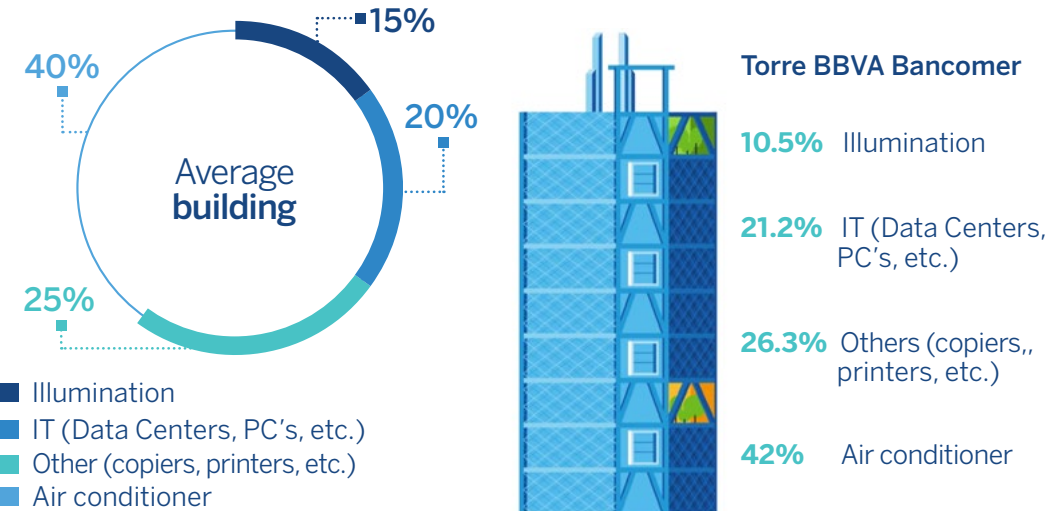
Lighting control:

Torre BBVA Bancomer and Parques Bancomer have a smart lighting system which can be used to regulate wall lighting on every floor of the building depending on the external lighting.

- The lights are switched on at 6:00 hrs and gradually become less intense until they reach 80% of their capacity. In Parques Polanco only on the outside of the building.
- At 21:00 hrs, in both buildings, all the floors are programmed to switch off if no presence is detected for 5 minutes in an area of 50 m². Except floor 12 and parking for Torre BBVA Bancomer and floors 11 and 12 for Parques Polanco.



Distribution of consumption by equipment type



Branches

PACOM:

An automatic system for switching off lights inside branches, which uses a security alarm system. When the branch is closed, and the alarm system is turned on, the PACOM system begins to work, switching off all lights which are not essential.

Project	2017 Developments	Monetary saving	Jul-Dec period energy saving
PACOM	194 branches*	MXN3,196,341	2,239,893 kWh

Information for the period from July-December 2017
Scope: Bank Branches

2018 Goals

- Expansion of PACOM to 1107 branches.
- Implementation of Energy View in 300 branches.

CO₂ Emissions

Climate change affects the natural water cycles, the soil and biodiversity, as well as the ecosystem of services which play a vital role for the entire Bank community. It is essential to meet this challenge to create a sustainable future within and outside BBVA Bancomer, and that is why within its GEP we have undertaken to reduce CO₂ emissions per employee by 56% by 2020, fighting against climate change and reducing the ecological footprint.

Total emissions generated

	2016	2017	Units
Total CO ₂ eq emitted	128,855	122,703	Tons
Direct emissions of CO ₂ eq (scope 1)	1,314	881	Tons
Indirect emissions of CO ₂ eq (scope 2)	117,838	111,223	Tons
Indirect emissions of CO ₂ eq (scope 3)	9,686.15	10,599	Tons
Total CO ₂ per employee	2.87	2.76	Tons/employee

*Total CO₂ emitted is calculated by adding direct emissions (fossil fuels) to indirect emissions (electricity and air travel).

**The conversion factors of the International Energy Agency (IEA) were used to calculate the scope 2 emissions, and those of the Department of Environment, Food and Rural Affairs (DEFRA) were used to calculate the scope 1 and 3 emissions.

Scope: BBVA Bancomer Group

1. Total number of employees is the sum of average employees of the BBVA Bancomer Group plus the average number of external staff of the bank buildings and branches in 2017.
2. In 2017, the average number of employees totaled 36,918, plus an average of 7,606 external employees, making a total of 44,524.
3. Figures at close of 2017

Km traveled by plane:

	2016	2017	Units
Journeys less than 500 km	4,591,489	947,602	km
Journeys between 500 and 1600 km	22,056,761	16,826,091	km
Journeys higher than 1600 km	24,483,086	39,067,562	km
Total	51,131,336	56,841,255	km

Scope: BBVA Bancomer Group
Figures at close of 2017.

Audiovisuals

Help to bring down emissions by having video-conferences and audio-conferences within the corporate offices, so that employees do not have to travel. By this means we take advantage of technological and innovative developments to bring down the Bank's ecological footprint.

	2016	2017
Videoconferences	16,558	17,889
Rooms equipped with video-conferencing equipment	178	165
Audioconferences	21,552	20,656
Telepresence	2	12

Scope: Bank headquarters and offices



Water

GEP Goals:

- 3% reduction in water consumption per person.
- 11% of people in properties with alternative water supply sources.

Water consumption

	2016	2017	Units
Total annual water consumption	624,359	731,840	m ³
Water consumption per employee	13.81	16.44	m ³ /employee

Scope: BBVA Bancomer Group

1. Total number of employees is the sum of average employees of the BBVA Bancomer Group plus the average number of external staff of the bank buildings and branches in 2017.
2. In 2017, the average number of employees totaled 36,918, plus an average of 7,606 external employees, making a total of 44,524.
3. Figures at close of 2017.

Water consumption initiatives

Corporate Buildings

- The new corporate headquarters (Torre Bancomer, Parques Bancomer and DPC) can recycle rainwater and waste water.
- We use the treated water in: WCs, cooling towers, water mirrors and gardening.
- We installed low consumption bathroom fittings and accessories, saving 20% in consumption of treated water.
- In 2017, a total of 52,475 m³ of treated water was generated in the new corporate headquarters.

Branches

- Pure Water / “Cero Garrafrones” (Zero Bottles)
In all branches of BBVA Bancomer, it was decided to change water bottles with filters and help to bring down the use of plastic bottles. Every month, potability tests are carried out and 1,488 water filters have been installed nationwide.



Paper and waste

301-1

GEP Goals:

- 23% reduction in paper consumption per person.
- 29% of people in properties with sorted waste collection.

Paper consumption

To minimize paper consumption and use it responsibly, it has to be managed efficiently and the impact generated by the Bank must be reduced. This is why BBVA Bancomer makes sure its suppliers adopt social responsibility and sustainability practices. Consequently, the Bank acquires the paper which has the least possible impact on the environment.

Paper consumption

	2016	2017	Units
Total paper consumption	1,769,841	2,480,687	kg
Total paper consumption per employee	39.17	55.72	kg/employee

Scope: BBVA Bancomer Group

1. Total number of employees is the sum of average employees of the BBVA Bancomer Group plus the average number of external staff of the bank buildings and branches in 2017.
2. In 2017, the average number of employees totaled 36,918, plus an average of 7,606 external employees, making a total of 44,524.
3. Figures at close of 2017.

Waste

Calculating and managing water and recycling rates are considered to be a priority for the Bank, as part of its commitment to the GEP and making proper use of resources. From all the Bank's operations, paper and electronic waste are the most considerable. The Bank is improving recycling options available within its facilities and raising awareness among its employees.

Waste managed

	2017	Units
Non-hazardous waste	954,115	kg
Hazardous waste	6,085	kg

Scope: BBVA Bancomer Group

- 1. Figures at close of 2017.
- 2. During 2017, electronic and/or electrical equipment was not donated nor disposed of, but reused. All electronic equipment generated in 2017 will be managed in 2018.



Extended commitment

GEP Target:

- Awareness campaigns for employees and suppliers.

In 2017, the Bank created post cards and bulletins, through various communication channels, to raise employees' awareness of matters such as appropriate waste management, saving water, recycling, and others. With the aim of extending the commitment of caring for the environment.

Internal memorandum to raise awareness about water usage and recycling



Internal memorandum on waste separation



Internal memoranda to raise awareness about recycling



Suppliers and responsible procurement

Shared commitment

102-9

Part of being a socially responsible company consists of analyzing and reducing social and environmental impacts of the organization outside its operational sphere. This means making sure that procurement comes from organizations which engage in sustainable practices. Thus, it is vital for large corporations to encourage our suppliers to adopt social responsibility and sustainability practices.

BBVA Bancomer suppliers play a critical role in its business model, so their actions could cause impacts on the Group. Since 2015, it was thus decided that relations with suppliers must be based on:

- The Code of Conduct
- Responsible Procurement policy
- Corporate Rules for the Procurement of Goods and Contracting of Services.

In mid 2017, in conjunction with the Procurement Department, the Code of Conduct was sent to suppliers so as to share the Bank's values and principles which must prevail in our commercial relationship with them.

Suppliers and responsible procurement

Procurement model

The BBVA Group is equipped with a common and homogeneous Global Procurement Processes Model which is applicable in all geographies where it operates.

This Model covers the procurement circuit end-to-end, from the time an approved annual budget is made until invoices are paid to suppliers. And it is supported by a common technology platform for all countries.

8

DECENT WORK AND ECONOMIC GROWTH

12

RESPONSIBLE CONSUMPTION AND PRODUCTION

This sequence of activities comprising the BBVA Group global provisioning process model is set out below:



To find out more the Procurement Model, visit: <https://suppliers.bbva.com/como-compra-bbva/>

In keeping with current best practices of the industry, BBVA has established an electronic communication model with its Suppliers for comprehensive management of the procurement cycle through the “Adquira” platform, which is integrated in the Global Procurement System (GPS) technology.

The use of this portal is key for BBVA to achieve improvements to internal control of expenses, streamlining traceability, operation transparency, flexibility and meeting Supplier payment deadlines.

The Global Procurement System (GPS) supports every stage of the procurement process in the BBVA Group from budgeting to registration and accounting of invoices.

96.9% of active suppliers in 2017 are Mexican, 1.19% are Spanish and the other 1% are from the United States.



Supplier approval

As part of the vision of sustainability based on the entire supply chain, BBVA Bancomer asks its suppliers to adopt social responsibility and sustainability practices. A good deal of companies’ social and environmental impact is not what they do but who they buy from.

BBVA’s relationship with its suppliers is governed by the Group’s new Code of Conduct, by the Suppliers’ Ethical Code, by the Responsible Procurement Policy, and by the Corporate Standard for Procurement of Goods and Contracting Services.

This approval process assesses the productive, technical, financial, legal and commercial capacity required by BBVA Group to ensure compliance with the commitments contracted and checks that suppliers share the same social responsibility criteria as the Group.

Supplier approval is based on segmenting the suppliers according to the following aspects linked to the providers’ criticality in their relationship with the Group.

- 1. The supplier’s level of annual expense using the reference of the billing with the supplier and/or the amount of awards carried out or envisaged.
- 2. The potential impact of services or products supplied by the supplier on the business.
- 3. The new negotiations between suppliers and the Bank, whose relationship will be at least two years.

The following points are checked:

- Legal
- Financial
- Tax
- Labor
- Corporate Social Responsibility (CSR)
- Reputational
- Technical
- Regulatory
- Internal control

In 2017, three certifying entities were used so as to carry out audits on suppliers and verify that they meet the Bank’s approval criteria.

Supplier approval	2015	2016	2017
Number of suppliers who have undergone the approval process	627	658	849
Number of approved suppliers	493	340	579*
Percentage of purchases from suppliers who have taken part in the approval process in 2017	45%	44%	67%**
Number of suppliers who have failed the approval process in 2017	35	108	213
Number of suppliers who ended up without status in the approval process in 2017	N/A	N/A	57
Number of approved suppliers but which have a remediation plan in the 2017 approval process	N/A	N/A	19
All active suppliers at BBVA Bancomer Group level			6,136**

*Includes the number of approved suppliers but which have a remediation plan.
**Figures as of November 2017.

«Increase of 29% in number of suppliers which entered the approval process in relation to 2016.

«Of total suppliers which entered the approval process in 2017, 68% were approved.

- Suppliers portal <https://suppliers.bbva.com/compras-responsables/>
- Code of Conduct <https://storage.googleapis.com/bbva-suppliers.appspot.com/Codigo-de-conducta.pdf>
- Suppliers Ethical Code <https://storage.googleapis.com/bbva-suppliers.appspot.com/Codigo-etico-de-proveedores.pdf>
- Responsible Procurement Policy <https://storage.googleapis.com/bbva-suppliers.appspot.com/Politica-compras-responsable.pdf>
- IPA Principles Relationship with Suppliers <https://storage.googleapis.com/bbva-suppliers.appspot.com/Principios-IPA-relacion-con-proveedores.pdf>

Supplier quality survey

At BBVA Group level, a suppliers survey is carried out every two years to find out their level of supplier satisfaction. This survey was carried out in December 2017, and the results will be available in 2018.

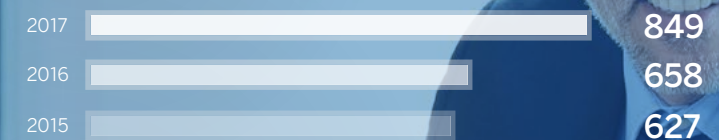
A communication channel was established at local level for suppliers (noconformidadesproveedoresmexico.mx@bbva.com).

— Increase of 70% in number of approved suppliers against 2016.

Supplier approval



Number of suppliers who have undergone the approval process



Number of approved suppliers



Number of suppliers who have failed the approval process in 2017





Appendices

Appendices

Prizes and awards

Reward for value generation

Year after year, BBVA Bancomer has the position of a leading bank in Mexico because its efforts and innovative initiatives are recognized by different organizations, which give the Bank many prizes and awards.

In 2017, the Torre BBVA Bancomer stood out as an innovative structure and a leading building because of its design and state-of-the-art technology. It has been positioned as an architectural model to follow and is part of the landscape of Mexico City.

Prizes and/or awards	Organization which handed over prize or award
Leader in social media	Brandwatch: The financial sector in Mexico and social media
Best bank in Mexico	The Banker: 2017 World Finance Digital Banking Awards
Best bank in Mexico	Euromoney: 2017 edition of Awards for Excellence
Best traditional bank	Consultora 11:FS "22:FS Pulse Best of 2017 Awards"
Ranked 3 rd in the "Best Companies to Work for in Mexico 2017"	Great Place to Work Institute
BBVA Bancomer won the "Socially Responsible Company Award" (SRC) for the seventeenth consecutive year, while Seguros Bancomer received the same award for the ninth year in a row.	Mexican Philanthropy Center (Centro Mexicano para la Filantropía, Cemefi) and the Alliance for Social Corporate Responsibility in Mexico (Alianza por la Responsabilidad Social Empresarial en México, Aliarse)
Family Responsible Company Award for Torre BBVA Bancomer and Parques BBVA Bancomer	Ministry of Labor, Pensions and Benefits
Effie Silver Award for the Payroll area for the "Dale más poder a tu quincena" campaign (2016)	Effie Awards Mexico



Prizes and/or awards	Organization which handed over prize or award
Best Practices for CSR section Intersectorial Alliances for the Bancomer Urban Improvement program	Mexican Center for Philanthropy (Centro Mexicano para la Filantropía, Cemeфи)
Parques Bancomer: IMEI National Intelligent and Sustainable Prize (2016)	Mexican Intelligent and Sustainable Building Association (Asociación Mexicana del Edificio Inteligente y Sustentable A.C.) (IMEI)
Parques Bancomer: Best Corporate Building	Firenze Competition of the Entremuros magazine, of the Reforma Group
Torre BBVA Bancomer: Work of the year in 2017 in the building category	Obras Magazine, publication of Grupo Editorial Expansión
Torre BBVA Bancomer: Noldi Schreck Award 2017 for Corporate Architecture	Glocal Design Magazine
Torre BBVA Bancomer and Legorreta legal firm: Corazón Chilango Award	Perdura Project and National Architecture Meeting, Interior and Industrial Design (Enadii)
Torre BBVA Bancomer: Gold medal in corporate offices-architecture category	The medal was awarded by the Iberoamerican Council of Interior Designers (Consejo Iberoamericano de Diseñadores de Interiores, CIDI), in the 2017-2018 IX CIDI Iberoamerican Interior Design Biennial
Torre BBVA Bancomer: International Architecture Prize for its earthquake-proof system (2016)	"2016 Structural Awards"
Torre BBVA Bancomer: Bronze Medal for its interior design	"American Architecture Prize"

Torre BBVA Bancomer is one of the 62 architectural works from over 29 countries from all over the world which have been selected to compete for the 2018 RIBA International Prize (Royal Institute of British Architects, founded in 1834 in London, England).

To find out more about prizes and awards, visit the following website:
<https://www.bbva.com/es/reconocimientos/>

Global Compact and Sustainable Development Goals



Since 2004, BBVA Bancomer has been a member of the Global Compact, the United Nations international initiative aimed at fostering social responsibility in companies all over the world. The Sustainable Development Goals (SDG), adopted in the UN General Assembly in 2015, chart the course on which governments, companies and society, together, will work on during the next 17 years in order to reach 2030 ambitious goals.

International commitments signed and connection with associations

102-12, 102-13

At BBVA Bancomer we continue to support the following initiatives:

- United Nations Global Compact.
- United Nations Environmental Program Finance Initiative (UNEP FI).*
- Equator Principles.*
- United Nations Principles for Responsible Investment.

We are part of the following associations:

- Mexican Banking Association (ABM)
- Asociación de Desarrolladores Inmobiliarios (Property Development Association) (ADI)
- Asociación Mexicana de AFORES (Mexican Association of AFORES) (AMAFORE)
- Asociación Mexicana de Internet (Mexican Internet Association) (AMIPCI)
- Mexican Association of Stock Market Intermediaries (AMIB)
- Mexican Association of Insurance Institutions (Asociación Mexicana de Instituciones de Seguros) (AMIS)
- Mexican Stock Exchange
- Cámara Nacional de la Industria de la Vivienda (National Chamber of the Housing Industry) (CANADEVI)

*These initiatives are supported at BBVA Group level

GRI Content Index

102-55



GRI Standard	Contents	Description	Section/Direct response	Omissions
GRI 102: Table of Contents General 2016	102-1	Name of the organization	Grupo Financiero BBVA Bancomer	
	102-2	Activities, brands, products, and services	Group Profile and Business Units	
	102-3	Location of headquarters	BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer Torre BBVA Bancomer - Paseo de la Reforma # 510, Col. Juárez, C.P. 06600, Ciudad de México.	
	102-4	Location of operations	Group Profile	
	102-5	Ownership and legal form	Group Profile	
	102-6	Markets served	Group Profile	
	102-7	Organization size	Group Profile and Presence	
	102-8	Information about employees and other workers	Workforce	
	102-9	Supply chain	Suppliers	
	102-10	Significant changes in the organization and its supply chain	There were no significant changes	
	102-11	Precautionary principle and focus	Equator Principles	
	102-12	External initiatives	International commitments signed	
	102-13	Membership of associations	International commitments signed	
	102-14	Statement of senior managers responsible for decision-making	Letter from the Chairman of the Board of Directors Letter from the Deputy Chairman of the Board of Directors and CEO	
	102-15	Key impacts, risks and opportunities	Letter from the Chairman of the Board of Directors Letter from the Deputy Chairman of the Board of Directors and CEO	

GRI Standard	Contents	Description	Section/Direct response	Omissions
GRI 102: Table of Contents General 2016	102-16	Values, principles, standards and rules of conduct	Group Profile and Integrity Program	
	102-17	Advisory mechanisms and ethical concerns	Integrity Program	
	102-18	Governance structure	Corporate Governance and Management Structure	
	102-19	Delegating authority	Corporate Governance	
	102-20	Executive responsibility for economic, environmental and social matters	Corporate Governance	
	102-21	Consultation to stakeholders on economic, environmental and social matters	Corporate Governance	
	102-22	Composition of the highest governance body and its committees	Corporate Governance	
	102-23	Chairman of the highest governance body	The Chairman of the Board of Directors is also the Head of Communication and Institutional Relations	
			The Deputy Chairman of the Board of Directors is also the Chief Executive Officer of the Grupo Financiero BBVA Bancomer	
	102-24	Appointment and selection of the highest governance body	In chapter V, article twenty-five of the BBVA Bancomer Bylaws, the director appointment process is explained.	
	102-25	Conflicts of interest	Article 49 of the Bylaws of BBVA Bancomer sets out in detail the different situations in which conflicts of interest could arise between Directors, their relatives and the entities with which they are related, as well as the financial entities which make up the Group. It describes the procedures to be followed in such cases to prevent any form of conduct arising which would not be in the institution's best interests.	

GRI Standard	Contents	Description	Section/Direct response	Omissions
GRI 102: Table of Contents General 2016	102-26	Function of the highest governance body in selecting objectives, values and strategy	Corporate Governance	
	102-27	Collective knowledge of the highest governance body	In chapter V, article twenty-six of the BBVA Bancomer Bylaws, the requirements to be a director are spelled out.	
	102-28	Performance evaluation of the highest governance body	Corporate Governance	
	102-29	Identification and management of economic, social and environmental impacts	Corporate Governance	
	102-30	Efficacy of risk management processes	Corporate Governance	
	102-31	Assessment of economic, social and environmental impacts	Corporate Governance	
	102-32	Function of highest governance body in preparing sustainability reports	The Division of Investor Relations, Corporate Responsibility and Reputation is responsible for drawing up and validating this Annual Report.	
	102-33	Communication of critical concerns	The Board of Directors of the Company will be able to establish the mechanisms to be followed by the relevant directors, to keep the Company apprised of the financial, administrative, operational and legal position of each of the financial entities and other legal parties controlled by the Company.	
	102-34	Nature and total number of critical concerns	The Investor Relations Website publishes the summaries of the resolutions passed in the General Shareholders Meetings of Grupo Financiero BBVA Bancomer.	
	102-35	Remuneration policies	Corporate Governance	
	102-36	Process to determine remuneration	Corporate Governance	
	102-37	Involvement of stakeholders in remuneration	Stakeholders are not involved in this process.	

GRI Standard	Contents	Description	Section/Direct response	Omissions
GRI 102: Table of Contents General 2016	102-38	Total annual compensation ratio	Confidentiality problems. For security reasons, this information is considered to be confidential.	
	102-39	Total annual compensation percentage increase ratio	Confidentiality problems. For security reasons, this information is considered to be confidential.	
	102-40	List of stakeholders	Stakeholders and materiality analysis	
	102-41	Collective bargaining agreements	Workforce	
	102-42	Identification and selection of stakeholders	Stakeholders and materiality analysis	
	102-43	Focus on participation of stakeholders	Stakeholders and materiality analysis	
	102-44	Key subjects and concerns mentioned	Stakeholders and materiality analysis	
	102-45	Entities included in the consolidated financial statements	Group Profile	
	102-46	Definition of the contents of reports and coverage of subject	About this report	
	102-47	List of material issues	Stakeholders and materiality analysis	
	102-48	Re-expression of information	Due to a change established by CONDUSEF in reporting methodology of claims managed by the UNE, 2016 figures were modified.	
	102-49	Changes in the drawing up of reports	About this report	
	102-50	Period which is the object of the report	About this report	
	102-51	Last report date	The previous Annual Report was published in 2017.	
	102-52	Report preparation cycle	The report preparation cycle is annual	
	102-53	Contact point for questions about the report	Irma B. Acosta Pedregal Head of Corporate Responsibility and Reputation Email: ib.acosta@bbva.com	
GRI 102: Table of Contents General 2016	102-54	Statement that report has been compiled in accordance with the comprehensive option of GRI standards	About this report	
	102-55	GRI Content Index	GRI Content Index	
	102-56	External verification	Independent Review Report	

GRI Standard	Contents	Description	Section/Direct response	Omissions
Material issues				
Communication and commercialization practices, and transparency				
GRI 103 Management Approach 2016	103-1	Explanation of material issue and its Coverage	Quality and customer service and TCR	
	103-2	Management approach and its components	Quality and customer service and TCR	
	103-3	Assessment of management approach	Quality and customer service and TCR	
GRI 417 Marketing and labeling 2016	417-1	Requirements for information and labeling of products and services	Quality and customer service and TCR	
	417-2	Cases of non-compliance relating to the information and labeling of products and services	Quality and customer service and TCR	
	417-3	Breaches relating to marketing communications	Quality and customer service and TCR	
Financial inclusion				
GRI 103 Management Approach 2016	103-1	Explanation of material issue and its Coverage	Financial Inclusion	
	103-2	Management approach and its components	Financial Inclusion	
	103-3	Assessment of management approach	Financial Inclusion	
G4-Financial Services Sector	FS14	Initiatives to improve access to financial services for disadvantaged people	Financial Inclusion	
Employment				
GRI 103 Management Approach 2016	103-1	Explanation of material issue and its Coverage	The Team	
	103-2	Management approach and its components	The Team	
	103-3	Assessment of management approach	The Team	
GRI 401 Employment 2016	401-1	New hiring of employees and staff rotation	Workforce	
	401-2	Benefits for full-time employees not given to part-time or temporary employees	Employee benefits and services Occupational health and safety	
	401-3	Parental permission	Workforce Maternity-Paternity Program	

GRI Standard	Contents	Description	Section/Direct response	Omissions
Training and talent development				
GRI 103 Management Approach 2016	103-1	Explanation of material issue and its Coverage	Training and talent development	
	103-2	Management approach and its components	Training and talent development	
	103-3	Assessment of management approach	Training and talent development	
GRI 404 Training and education 2016	404-1	Training hours per employee per year	Training and talent development	
	404-2	Programs aimed at improving employees' skills and transition help programs	Training and talent development	
	404-3	Percentage of employees who receive regular performance and professional development evaluations	In 2017, 34,236 employees received a performance evaluation, which represents close to 91% of the total workforce at the end of 2017.	
Customer security, privacy and protection				
GRI 103 Management Approach 2016	103-1	Explanation of material issue and its Coverage	Customer security, privacy and protection	
	103-2	Management approach and its components	Customer security, privacy and protection	
	103-3	Assessment of management approach	Customer security, privacy and protection	
GRI 418 Customer privacy 2016	418-1	Substantiated complaints regarding breaches of customer privacy and losses of customer data	Customer security, privacy and protection and Specialized Customer Service Unit	
PML / funding of terrorist activity				
GRI 103 Management Approach 2016	103-1	Explanation of material issue and its Coverage	Prevention of money laundering / financing of terrorist activity Integrity Program	
	103-2	Management approach and its components	Prevention of money laundering / financing of terrorist activity Integrity Program	
	103-3	Assessment of management approach	Prevention of money laundering / financing of terrorist activity Integrity Program	

GRI Standard	Contents	Description	Section/Direct response	Omissions
GRI 205 Anti-corruption 2016	205-1	Operations assessed to corruption-related risks	Prevention of money laundering / financing of terrorist activity Integrity Program	
	205-2	Communication and training on anti-corruption policies and procedures	Prevention of money laundering / financing of terrorist activity Integrity Program	
	205-3	Confirmed cases of corruption and actions taken	Prevention of money laundering / financing of terrorist activity Integrity Program	
Materials				
GRI 103 Management Approach 2016	103-1	Explanation of material issue and its Coverage	Ecological footprint	
	103-2	Management approach and its components	Ecological footprint	
	103-3	Assessment of management approach	Ecological footprint	
GRI 301: Materials 2016	301-1	Materials used by weight or volume	Paper and waste	
	301-2	Recycled materials used		Information unavailable. This information is not included within the scope of the measurement.
	301-3	Products reused and packaging materials		Not applicable. BBVA Bancomer operations do not involve the recovery of products and packaging materials.
Energy				
GRI 103 Management Approach 2016	103-1	Explanation of material issue and its Coverage	Ecological footprint	
	103-2	Management approach and its components	Ecological footprint	
	103-3	Assessment of management approach	Ecological footprint	
GRI 302: Energy 2016	302-1	Energy consumption within the organization	Energy and climate change	
	302-2	Energy consumption outside the organization	Energy and climate change	
	302-3	Energy intensity	Energy and climate change	
	302-4	Reduction in energy consumption	Energy efficiency initiatives	
	302-5	Reduction in energy requirements of products and services	Energy efficiency initiatives	

GRI Standard	Contents	Description	Section/Direct response	Omissions
Ecological footprint				
GRI 103 Management Approach 2016	103-1	Explanation of material issue and its Coverage	Ecological footprint	
	103-2	Management approach and its components	Ecological footprint	
	103-3	Assessment of management approach	Ecological footprint	
GRI 305: Emissions 2016	305-1	Direct greenhouse gas emissions (scope 1)	Ecological footprint	
	305-2	Indirect greenhouse gas emissions on generating energy (scope 2)	Ecological footprint	
	305-3	Other indirect greenhouse gas emissions (scope 3)	Ecological footprint	
	305-4	Intensity of greenhouse gas emissions	Ecological footprint	
	305-5	Reducing greenhouse gas emissions	Ecological footprint	
	305-6	Emissions of ozone-depleting substances		Not applicable: BBVA Bancomer's operations do not generate significant ozone-depleting substances.
	305-7	Nitrogen oxides (NOX), sulfur oxide (SOX) and other significant atmospheric emissions		Not applicable: BBVA Bancomer's operations do not generate significant NOX and SOX emissions.

Independent Review Report

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(Translation from Spanish Language Original)

This letter has been translated from the Spanish language original and for the convenience of foreign/English-speaking readers – in case of discrepancy, Spanish prevails.

Verification Letter

To the readers of this Report:

We have conducted a review of the non-financial information contained in the “2017 Annual Report” of Grupo Financiero BBVA Bancomer (GFBB), hereinafter “BBVA BANCOMER”, for the period January 1 to December 31, 2017 (hereinafter “the Report”). In regards to the financial information contained in such Report, our work was limited to indicate that it comes from the annual Report of BBVA BANCOMER, which has been audited by independent third parties.

BBVA BANCOMER, through its “Corporate Responsibility and Reputation Department” (RRC, by its acronym in Spanish), hereinafter “the Department”, is responsible for the preparation and presentation of the Report in accordance with the “GRI Standards” of the *Global Reporting Initiative* (GRI). BBVA BANCOMER is also responsible for the information and statements contained therein, for the determination of its objectives in relation to the selection and presentation of information over the performance in terms of sustainable development, and for the establishment and maintenance of the performance management processes and control systems from which the information is obtained.

It is our responsibility to conduct a limited review and, based on the work performed, to issue an Assurance Letter which refers exclusively to the information under our scope and for the Report related to the period January 1 to December 31, 2017.

Our work was carried out in accordance with the Standard ISAE 3000, *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, issued by the *International Auditing and Assurance Standard Board* (IAASB) of the *International Federation of Accountants* (IFAC) and, in accordance with the Accountability Assurance Standard AA1000 AS (2008). These standards and our verification methodologies require that we plan and perform our work in such a way that we obtain limited assurance about whether the Report is free from material misstatements and that we comply with ethical requirements, including those of Independence established in the Code of Ethics of the *International Ethics Standards Board for Accountants*.

The scope of the evidence-gathering procedures performed in a limited review engagement is lower than that of a reasonable assurance engagement, and, consequently, so is the level of assurance that it provides. This Report cannot, under any circumstances, be understood as an audit report.

The information reviewed is limited to the contents identified as ‘verified’ in the section entitled “GRI content Index” of the Report, which are indicated below.

102-1	102-12	102-22	102-32	102-46	102-56	305-2 ¹	417-1
102-2	102-13	102-23	102-33	102-47	205-1	305-3 ¹	418-1
102-3	102-14	102-24	102-35	102-48	205-2	305-4 ¹	FS14
102-4	102-15	102-25	102-36	102-49	301-1	305-5 ¹	
102-5	102-16	102-26	102-37	102-50	302-1	401-1	
102-6	102-17	102-27	102-40	102-51	302-2	401-2	
102-7	102-18	102-28	102-42	102-52	302-3	401-3	
102-8	102-19	102-29	102-43	102-53	302-4	404-1	
102-9	102-20	102-30	102-44	102-54	302-5	404-2	
102-11	102-21	102-31	102-45	102-55	305-1 ¹	404-3	

103-1	Management approach in marketing and labeling
103-2	Management approach in the sector disclosure contents
103-3	Management approach in employment
	Management approach in training and education
	Management approach on customer privacy
	Management approach in anti-corruption
	Management approach in materials
	Management approach in energy
	Management approach on emissions

We have applied the following procedures related to gathering evidence for the performance of our work.

- To verify the consistency of the information obtained from the systems and/or internal documentation.
- To analyze sustainability material topics, through both internal and external mechanisms, to identify relevant issues during the exercise covered by the Report.
- To identify the mechanisms of communication and participation of BBVA BANCOMER, with its different stakeholders.
- To interview relevant staff over the implementation of sustainability policies and strategy.
- To interview relevant staff responsible of providing the information contained in the Report.
- To analyze data gathering and internal control processes related to the quantitative data published in the Report.
- To review the implementation of requirements to declare that the report has been prepared in accordance with GRI Standards of the *Global Reporting Initiative* (GRI).
- To perform a sampling review of the information and indicators under scope included in the Report. Such review was centralized and performed at Corporate Offices, reviewing selected samples of supporting documentation managed by BBVA BANCOMER.

Based on the procedures performed as previously described, there is no evidence that leads us to believe that the data compiled in the “2017 Annual Report” of Grupo Financiero BBVA Bancomer (GFBB), for the period of January 1 to December 31, 2017, was not obtained under reliable procedures, that the information is not presented in an adequate manner, or that there are significant deviations or omissions. Furthermore, there is no evidence that the Report was not prepared, in all material aspects, in accordance with the GRI Standards of the *Global Reporting Initiative* (GRI).

As a result of our work, through an internal report, we have provided different findings, observations and suggestions to BBVA BANCOMER.

Without contradiction to the conclusions reached on this document, we briefly summarize the most significant observations and recommendations:

- To perform a review of data collection and reporting processes, aiming to improve their consistency and control mechanisms.
- To improve consolidation processes through complementary control activities, which in case of deviation, ensure alerts and clarification actions prior to definition of the final version of the information.
- To increase the level of control in the emissions of the final data and for different users and groups, through processes of reconciling information between the different sources and their records.
- To improve the definition and information generation scheme to respond to key performance indicators in sustainability.
- To strengthen the definition of objectives and responsible information providers for communication of environmental and social performance in the medium and long term.
- To strengthen the mechanisms of identification, compilation and disclosure of information that responds to the requirements of the GRI contents.

KPMG Cárdenas Dosal, S.C.



Jesús González Arellano
Ciudad de México, México, 8 de marzo
de 2018.



¹ Verified by KPMG Spain

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BBVA Bancomer