

BBVA Bancomer, S.A.

Financial Report

January-September
2019

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Relevant Information

Decree and distribution of dividends

During the third quarter of 2019, *BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer* (BBVA Mexico) decreed the third installment of the dividend payment at the Ordinary General Shareholders' Meeting, at a rate of \$0.519194741697916 for each outstanding share. The dividend was paid on September 11, 2019.

BBVA Mexico issued Subordinated debt in the international markets

On September 2019, BBVA Mexico issued Subordinated Notes for an amount of 750 million dollars (USD) with a 15-year term (15NC10) and a coupon rate of 5.875%.

Repurchase for the cancellation of Subordinated Notes

On September 2019, BBVA Mexico repurchased and cancelled USD 750 M of the subordinated notes: 2020 and 2021 issuances that were reduced by USD 250 million and USD 500 million respectively.

Management and Discussion Analysis

Commercial Activity

Performing Loans

As of September 2019, the loan portfolio reached 1,180,467 million pesos, equivalent to an annual growth of 5.0%.

Analyzing the business segments, the commercial portfolio grew 1.1% annually. Mainly, driven by a greater dynamism of business loans increasing by 2.8% over the previous year.

On the other hand, consumer lending grew 10.4% in the first nine months of the year compared to the same period of 2018. Inside this portfolio, payroll, personal and car loans showed a 14.0% increase closing with a total balance at the end of September 2019 of 186,200 million pesos. The continued implementation of credit card campaigns was reflected in the acceleration of this product, recording a 4.7% increase in its balance compared to the previous year. This, despite the effect of a large customer base that pay the entire debt balance at the end of the month. In addition, the billing continues to show a positive performance increasing 13.6% in annual terms.

Mortgage loans grew 10.5% on an annual basis, with a balance of 226,178 million pesos at the end of September. This evolution allows BBVA Mexico to remain the leader in the mortgage market by granting one out of four new mortgages in the private sector, according to the public information from the National Banking Commission (CNBV) as of August 2019.

Performing Loans	9M	6M	9M	%	
<i>Figures in million pesos</i>	2018	2019	2019	Q-o-Q	Y-o-Y
Businesses	492,217	509,557	505,879	(0.7)	2.8
Financial entities	26,867	25,275	26,452	4.7	(1.5)
Government loans	75,685	76,897	80,459	4.6	6.3
State-owned entities	57,610	53,460	47,021	(12.0)	(18.4)
Government	133,295	130,357	127,480	(2.2)	(4.4)
Commercial loans	652,379	665,189	659,811	(0.8)	1.1
Consumer	266,785	286,707	294,478	2.7	10.4
Mortgage	204,647	221,360	226,178	2.2	10.5
Total Performing Loans	1,123,811	1,173,256	1,180,467	0.6	5.0

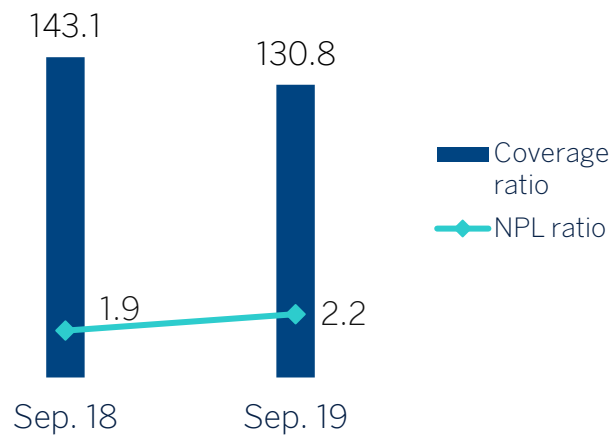
Asset quality

Non-performing loans

Non-performing loans registered an annual increase of 23.1%. As such, the NPL ratio stood at 2.2% as of September 2019.

Non Performing Loans	9M 2018	6M 2019	9M 2019	% Q-o-Q	% Y-o-Y
<i>Figures in million pesos</i>					
Businesses	7,051	8,926	9,629	7.9	36.6
Financial entities	0	0	0	n.a.	n.a.
Government entities	0	0	0	n.a.	n.a.
Commercial loans	7,051	8,926	9,629	7.9	36.6
Consumer	9,035	9,385	9,959	6.1	10.2
Mortgage	5,867	6,291	7,443	18.3	26.9
Total Non Performing Loans	21,953	24,602	27,031	9.9	23.1

NPL ratio and Coverage ratio (%)



Loan Portfolio Credit Quality Classification

Around 80% of the portfolio is classified with the minimum risk level, which means that BBVA Mexico has a sound asset quality.

BBVA México								
Performing Loan Rating								
September 2019								
<i>Figures in million pesos</i>								
Ratings	Commercial Loans		Mortgage		Consumer		Credit Card	
	Balance	Provision	Balance	Provision	Balance	Provision	Balance	Provision
A1	651,761	1,584	188,109	225	56,953	473	48,462	819
A2	39,760	428	8,604	48	15,353	388	15,826	622
B1	10,126	154	1,594	14	52,622	1,746	9,648	554
B2	4,204	88	6,235	77	34,668	1,584	9,006	652
B3	18,955	690	4,202	70	8,009	445	8,082	720
C1	5,246	340	11,531	358	7,138	521	7,598	896
C2	664	80	5,673	404	5,286	531	10,105	2,429
D	5,799	1,929	4,534	1,222	3,129	722	1,717	834
E	7,530	4,351	3,139	1,633	8,385	5,570	2,453	2,157
Additional		0		0		0		0
Total required	744,045	9,644	233,621	4,051	191,543	11,980	112,897	9,683

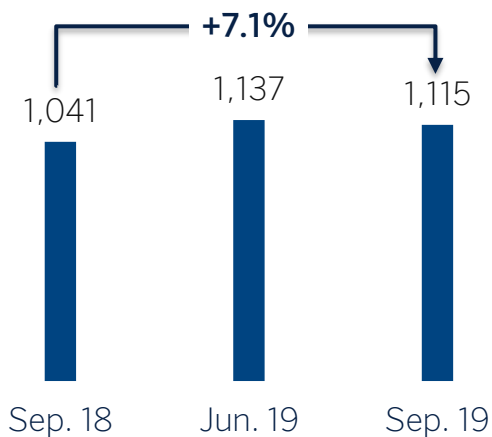
Deposits

Bank deposits (defined as demand and time customer deposits) grew 7.1% on an annual basis. This result is explained by a 3.9% annual growth in demand deposits, while time deposits registered an increase of 10.5% during the same period. However, BBVA Mexico maintains a profitable funding mix with a higher relative weight of low-cost deposits.

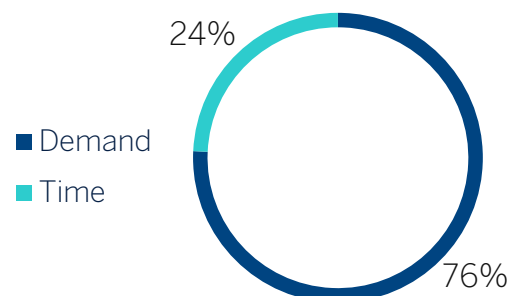
Total deposits exceed 1.2 trillion pesos with an annual growth of 5.4%.

Deposits	9M 2018	6M 2019	9M 2019	% Q-o-Q	% Y-o-Y
<i>Figures in million pesos</i>					
Demand deposits	812,555	885,478	843,948	(4.7)	3.9
Time Deposits	255,503	270,713	282,353	4.3	10.5
Customer Deposits	228,209	251,070	270,553	7.8	18.6
Money Market	27,294	19,643	11,800	(39.9)	(56.8)
Bonds	89,695	98,651	93,437	(5.3)	4.2
Deposits global account without movement	3,473	3,614	3,725	3.1	7.3
Total Deposits	1,161,226	1,258,456	1,223,463	(2.8)	5.4

Bank Deposits (mp)



Bank Deposits Mix (%)

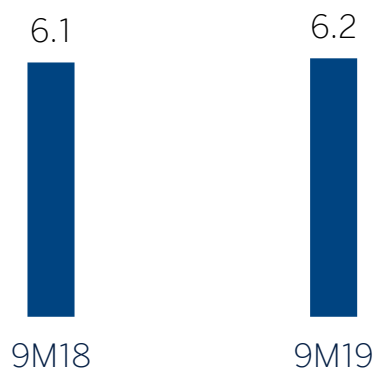


Results

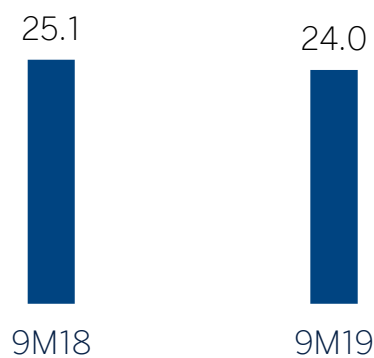
In the first nine months of 2019, BBVA Mexico registered favorable results, reaching a net of 36,341 million pesos, equivalent to an annual growth of 5.6%.

BBVA México Income Statement	3Q 2018	2Q 2019	3Q 2019	Q-o-Q	% Y-o-Y	9M 2018	9M 2019	%
<i>Figures in million pesos</i>								
Net interest income	31,378	32,154	32,374	0.7	3.2	90,885	96,349	6.0
Provisions for loan losses	(7,243)	(9,246)	(9,441)	2.1	30.3	(23,574)	(26,344)	11.8
Net interest income after provisions for loan losses	24,135	22,908	22,933	0.1	(5.0)	67,311	70,005	4.0
Total Fees & Commissions	7,011	7,069	7,352	4.0	4.9	20,778	21,305	2.5
Trading income	(54)	1,418	1,933	36.3	n.a.	3,250	5,117	57.4
Other operating income	(416)	(34)	306	n.a.	n.a.	493	172	(65.1)
Total operating revenues	30,676	31,361	32,524	3.7	6.0	91,832	96,599	5.2
Non-interest expense	(15,128)	(15,606)	(16,023)	2.7	5.9	(44,591)	(46,993)	5.4
Net operating income	15,548	15,755	16,501	4.7	6.1	47,241	49,606	5.0
Share in net income of unconsolidated subsidiaries and affiliates	10	18	6	(66.7)	(40.0)	27	29	7.4
Income before income tax and profit sharing	15,558	15,773	16,507	4.7	6.1	47,268	49,635	5.0
Net Taxes	(4,208)	(4,269)	(4,125)	(3.4)	(2.0)	(12,866)	(13,297)	3.3
Income before discontinued operations	11,350	11,504	12,382	7.6	9.1	34,402	36,338	5.6
Non-controlling interest	0	0	0	n.a.	n.a.	(1)	3	n.a.
Net Income	11,350	11,504	12,382	7.6	9.1	34,401	36,341	5.6

NIM (total assets, %)¹



ROE (%)



¹ Net Interest Margin (NIM) on total assets.

Net Interest Income

Net interest income's (NII) breakdown shows a 5.6% increase on income coming from the banking activity, mainly driven by a greater credit volume of retail segments. When adding financial revenue coming from net repos, the NII grew 6.0% in annual terms.

The 11.7% increase in provisions for loan losses partially derived from the growth of the consumer lending portfolio, which leads to a 4.0% growth in the NII after provisions in the first nine months of the year, compared to the same period of the previous year.

Net Interest Income	3Q 2018	2Q 2019	3Q 2019	Q-o-Q	% Y-o-Y	9M 2018	9M 2019	% Y-o-Y
<i>Figures in million pesos</i>								
Loans and deposits financial revenues	31,018	32,002	31,637	(1.1)	2.0	90,101	95,085	5.5
Margin fees	491	509	553	8.6	12.6	1,451	1,565	7.9
Banking net interest income	31,509	32,511	32,190	(1.0)	2.2	91,552	96,650	5.6
Repos financial revenues	(131)	(357)	184	n.a.	n.a.	(667)	(301)	(54.9)
Net interest income	31,378	32,154	32,374	0.7	3.2	90,885	96,349	6.0
Provisions for loan losses	(7,244)	(9,246)	(9,441)	2.1	30.3	(23,575)	(26,344)	11.7
Net interest income after provisions	24,134	22,908	22,933	0.1	(5.0)	67,310	70,005	4.0

Fees and Commissions

Fees and commissions increased 2.5% in annual terms. This growth was driven by a positive evolution of the commissions coming from credit and debit cards, because of higher transaction volumes.

Fees & Commissions	3Q 2018	2Q 2019	3Q 2019	Q-o-Q	% Y-o-Y	9M 2018	9M 2019	% Y-o-Y
<i>Figures in million pesos</i>								
Bank fees	1,824	1,797	1,822	1.4	(0.1)	5,291	5,383	1.7
Credit and debit card	3,643	3,821	3,811	(0.3)	4.6	10,625	11,414	7.4
Investment funds	987	961	986	2.6	(0.1)	2,907	2,869	(1.3)
Others	557	490	733	49.6	31.6	1,955	1,639	(16.2)
Commissions and fee income	7,011	7,069	7,352	4.0	4.9	20,778	21,305	2.5

Other income (expenses) of the operation

In the first nine months of the year, the amount of other income stood at 172 million pesos which negatively compares with the extraordinary revenue registered last year coming from the sale of real estate sale.

Other Income	3Q	2Q	3Q		%	9M	9M	%
<i>Figures in million pesos</i>	2018	2019	2019	Q-o-Q	Y-o-Y	2018	2019	Y-o-Y
Bank Correspondents	33	35	33	(5.7)	0	93	111	19.4
Sales and recoveries of loan portfolio	181	117	456	n.a.	151.9	438	600	37.0
Interest of loans to employees	177	189	193	2.1	9.0	505	568	12.5
Dividends collected unlisted	0	109	0	n.a.	n.a.	63	109	73.0
Result of operation of foreclosed assets	(255)	127	218	71.7	n.a.	(37)	513	n.a.
Write-offs	(161)	(287)	(252)	(12.2)	56.5	(557)	(785)	40.9
Legal contingencies	(292)	(129)	(88)	(31.8)	(69.9)	(516)	(317)	(38.6)
Donations	(123)	(214)	(91)	(57.5)	(26.0)	(342)	(485)	41.8
Real estate properties sale	0	5	(186)	n.a.	n.a.	800	(177)	n.a.
Other income	21	14	23	64.3	9.5	46	35	(23.9)
Other operating income	(416)	(34)	306	n.a.	n.a.	493	172	(65.1)

Non-Interest Expenses

Strict expenditure management is reflected in an annual growth of 5.4%. It should be noted, that BBVA Mexico continues to strengthen its physical and digital banking infrastructure with 1,848 offices and more than 13,000 ATMs to serve its broad customer base.

The adequate expenditure management has allowed BBVA Mexico to consolidate its position as one of the most efficient institutions in the financial system, with an efficiency ratio (measured as expenses to income) of 38.2% in the first nine months of 2019, improving by 40 basis points (bps) compared to the previous year.

Non-Interest Expenses	3Q	2Q	3Q		%	9M	9M	%
<i>Figures in million pesos</i>	2018	2018	2019	Q-o-Q	Y-o-Y	2018	2019	Y-o-Y
Administrative and operating expenses	9,996	10,179	10,635	4.5	6.4	29,397	30,849	4.9
Manageable expenses	9,996	10,179	10,635	4.5	6.4	29,397	30,849	4.9
Rents	1,318	1,460	1,438	(1.5)	9.1	3,939	4,302	9.2
Depreciation and amortization	1,452	1,481	1,477	(0.3)	1.7	4,245	4,419	4.1
Taxes	1,061	1,150	1,098	(4.5)	3.5	3,147	3,372	7.1
Deposit guarantee fund (IPAB)	1,301	1,336	1,375	2.9	5.7	3,863	4,051	4.9
Non-manageable expenses	5,132	5,427	5,388	(0.7)	5.0	15,194	16,144	6.3
Administrative and promotional expenses	15,128	15,606	16,023	2.7	5.9	44,591	46,993	5.4

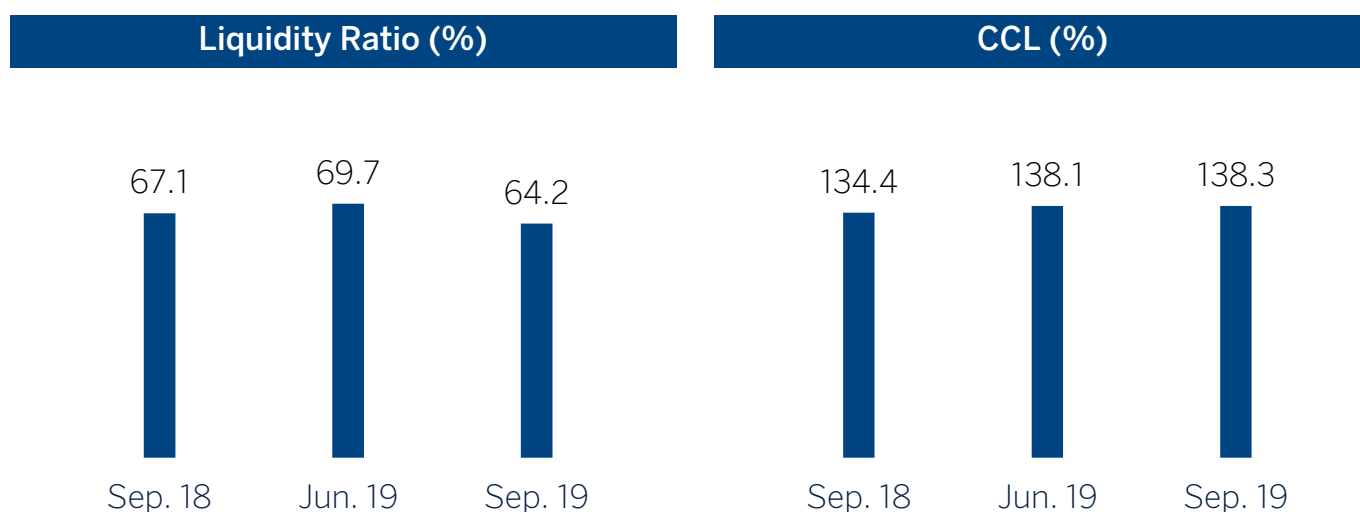
Capital and Liquidity

BBVA Mexico estimated capitalization index stood at 15.2% at the end of September 2019, composed by 12.0% of Tier 1 capital and 3.2% of Tier 2 capital. The increase of 100 bps compared to June 2019 is mainly explained by the issuance of subordinated debt during this quarter.

BBVA Mexico fully covers the minimum capital requirements. By the end of 2019, BBVA Mexico will have a minimum requirement of 12.0% for total capital ratio, derived from the additional allocation of capital after being classified as a domestic systemically important financial institution (Grade IV).

BBVA México Capitalization	September 2018		June 2019		September 2019	
<i>Figures in million pesos</i>						
Tier 1 capital	188,062		196,216		201,553	
Tier 2 capital	42,694		38,254		53,688	
Net capital	230,756		234,470		255,241	
	Credit Risk	Market, Operative & Credit Risk	Credit Risk	Market, Operative & Credit Risk	Credit Risk	Market, Operative & Credit Risk
Risk-weighted assets	1,079,022	1,569,666	1,133,748	1,654,258	1,098,686	1,675,725
Tier 1 as % of risk-weighted assets	17.4%	12.0%	17.3%	11.9%	18.3%	12.0%
Tier 2 as % of risk-weighted assets	4.0%	2.7%	3.4%	2.3%	4.9%	3.2%
Net capital ratio	21.4%	14.7%	20.7%	14.2%	23.2%	15.2%

The regulatory liquidity ratio, defined as Liquid Assets / Liquid Liabilities, stood at 64.2%. The Liquidity Coverage Ratio (Local LCR) stood at 138.25%, with a minimum required of 100%. This allows BBVA Mexico to have comfortable liquidity levels for further growth.



Financial Indicators

BBVA México	3Q 2018	4Q 2018	1Q 2019	2Q 2019	3Q 2020	9M 2018	9M 2019
Infrastructure Indicators (#)							
Branches	1,831	1,833	1,836	1,821	1,848	1,831	1,848
ATMs	12,130	12,610	12,572	12,811	13,005	12,130	13,005
Employees	32,107	32,255	32,929	33,462	33,741	32,107	33,741
Profitability Indicators (%)							
a) NIM adjusted (interest bearing assets)	5.2	5.0	5.1	4.8	4.8	4.9	4.9
b) NIM (total assets)	6.2	6.3	6.2	6.2	6.2	6.1	6.2
c) Operating efficiency	3.0	2.9	3.0	3.0	3.1	3.0	3.0
d) Efficiency (cost to income)	39.9	37.1	38.1	38.4	38.2	38.6	38.2
e) Productivity index	46.3	48.4	44.8	45.3	45.9	46.6	45.3
f) ROE	24.2	24.3	25.3	22.8	24.0	25.1	24.0
g) ROA	2.2	2.3	2.4	2.2	2.4	2.3	2.3
Asset Quality Indicators (%)							
h) NPL ratio	1.9	2.0	2.0	2.1	2.2	1.9	2.2
i) Coverage ratio	143.1	136.7	137.5	138.1	130.8	143.1	130.8
Solvency Indicators (%)							
j) Core equity tier 1 ratio	11.6	12.0	12.0	11.9	12.0	11.6	12.0
k) Total capital ratio	14.7	15.3	14.6	14.2	15.2	14.7	15.2
l) Leverage ratio	9.4	9.3	9.9	9.4	10.0	9.4	10.0
Liquidity Indicators (%)							
m) Liquidity ratio (CNBV requirement)	67.1	71.0	69.1	69.7	64.2	67.1	64.2
n) Liquidity ratio (Loans / Deposits)	104.9	102.5	104.3	101.2	104.5	104.9	104.5
o) Liquidity Coverage Coefficient (Local LCR)	134.42	145.90	149.38	138.12	138.25	134.42	138.25

INFRASTRUCTURE

ATMs: Include those that have activity during the quarter.

PROFITABILITY

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

ASSET QUALITY

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

SOLVENCY

- j) Core Equity Tier 1 Ratio: CET1 Capital / Risk Weighted Assets to credit risk, market and operational (applied in Mexico since January 2013)
- k) Total Capital Ratio: Net Capital / Risk Weighted Assets to credit risk, market and operational (applied in Mexico since January 2013)
- l) Leverage Ratio: Risk Capital / Exposure

LIQUIDITY

- m) Liquidity Ratio: Liquid assets / Liquid liabilities
- n) Liquid Assets: Cash and cash equivalents + Trading (securities) + Available for sale (securities)
- o) Liquid Liabilities: Demand deposits + Interbank loans and loans from other entities payable on demand + Interbank loans and loans from other entities short term
- p) Loans / Deposits: Performing loans / Core deposits (demand + time)
- q) CCL (Local LCR – Liquidity Coverage Ratio): Computable Liquid Assets / 30-day stressed Net Outflows (BBVA Mexico information)

Ratings

BBVA Bancomer, S.A. Ratings	Long Term	Short Term	Outlook
Standard and Poor´s			
Issuer Credit Rating - Foreign Currency	BBB+	A-2	Negative
Issuer Credit Rating - Local Currency	BBB+	A-2	Negative
National Scale	mxAAA	mxA-1+	Stable
Stand Alone Credit Profile (SACP)	a-		
Moody´s			
Bank Deposits - Foreign Currency	A3	P-2	Negative
Bank Deposits - Domestic Currency	A3	P-2	Negative
National Scale Rating Bank Deposits	Aaa.mx	MX-1	
Baseline Credit Assessment (BCA)	baa1		
Fitch			
Issuer Default Rating - Foreign Currency	BBB+	F2	Stable
Issuer Default Rating - Local Currency	BBB+	F2	Stable
National Scale Rating	AAA(mex)	F1+ (mex)	Stable
Viability Rating (VR)	bbb+		

Issuances

BBVA Bancomer, S.A. Issuances										
Instruments	Amount	Original Currency	Issue Date	Due/Call Date	Term (years)	Rate		Ratings		
							S&P	Moody's	Fitch	
Senior Debt										
Bond 3rd Issuance UDIS (2,240) - BACOMER 07U	2,240	UDIS	02-feb-07	09-jul-26	19.4	4.36%		A3/Aaa.mx	AAA(mex)	
Bond 7th Issuance UDIS (1,092) - BACOMER 10U	1,092	UDIS	06-sep-10	24-ago-20	10.0	3.70%		A3/Aaa.mx	AAA(mex)	
Bond 8th Issuance - BACOMER 10	1,078	MXN	06-sep-10	24-ago-20	10.0	7.83%		A3/Aaa.mx	AAA(mex)	
Bond 2nd Issuance 2011 - BACOMER 21145	1,000	MXN	15-abr-11	02-abr-21	10.0	TIIIE28 + 0.80%		A3/Aaa.mx	AAA(mex)	
Bond 4th Issuance 2012 - BACOMER 22224	1,000	MXN	07-jun-12	26-may-22	10.0	TIIIE28 + 0.85%		A3/Aaa.mx	AAA(mex)	
Senior Notes Dlls 2014	750	USD	10-abr-14	10-abr-24	10.0	4.38%		A3	BBB+	
Bond 2nd Issuance 2017 - BACOMER 17	5,142	MXN	26-may-17	26-may-20	3.0	TIIIE28+0.23%		A3/Aaa.mx	AAA(mex)	
Bond 3rd Issuance 2017 - BACOMER 17-2	1,858	MXN	26-may-17	26-may-22	5.0	TIIIE28+0.35%		A3/Aaa.mx	AAA(mex)	
Bond 4th Issuance 2018 - BACOMER 18V	3,500	MXN	27-sep-18	23-sep-21	3.0	TIIIE28+0.1%		A3/Aaa.mx	AAA(mex)	
Bond 5th Issuance 2018 - BACOMER 18	3,500	MXN	27-sep-18	21-sep-21	3.0	TIIIE28+0.19%		A3/Aaa.mx	AAA(mex)	
Bond 6th Issuance 2019 - BACOMER 19	5,000	MXN	19-jun-19	19-jun-22	3.0	TIIIE+0.07%		A3/Aaa.mx	AAA(mex)	
Bond 7th Issuance 2019 - BACOMER 19-2	5,000	MXN	19-jun-19	19-jun-27	8.0	8.49%		A3/Aaa.mx	AAA(mex)	
Subordinated Debentures										
Capital Notes Tier 1 2020	750	USD	22-abr-10	22-abr-20	10.0	7.25%		Baa3	BB	
Subordinated Debentures Tier 2 2021	750	USD	10-mar-11	10-mar-21	10.0	6.50%		Baa2	BB+	
Subordinated Debentures Tier 2 2022	1,500	USD	19-jul-12	30-sep-22	10.2	6.75%		Baa2	BB+	
Subordinated Debentures Tier 2 2029 (15NC10)	200	USD	06-nov-14	06-nov-29	15NC10	5.35%		Baa3	BB+	
Subordinated Debentures Tier 2 2033 (15NC10)	1,000	USD	18-ene-18	18-ene-33	15NC10	5.13%	BB+		BB+	
Subordinated Debentures Tier 2 2034 (15NC10)	750	USD	13-sep-19	19-sep-34	15NC10	5.88%		Baa3	BB+	
Mortgage Securitization										
2nd Issuance - BACOMCB 08	1,114	MXN	14-mar-08	14-jul-28	20.3	8.85%	mxAAA		AAA(mex)	
4th Issuance - BACOMCB 08-2	5,509	MXN	01-dic-08	19-ago-30	21.7	9.91%	mxAAA	A3/Aaa.mx		
5th Issuance Serie 3 - BACOMCB 09-3	3,616	MXN	07-ago-09	24-may-29	19.8	10.48%	mxAAA		AAA(mex)	
1st Issuance - BMERCB 13	4,192	MXN	21-jun-13	07-abr-33	19.8	6.38%	mxAAA		AAA(mex)	

Financial Statements

Balance Sheet (Last 5 quarters)

BBVA Bancomer, S.A.					
Assets	Sep	Dec	Mar	Jun	Sep
<i>Figures in million pesos</i>	2018	2018	2019	2019	2019
CASH AND CASH EQUIVALENTS	136,293	232,851	201,073	222,087	161,091
Margin call accounts	11,501	10,548	10,740	12,912	17,614
SECURITIES	436,757	410,261	417,809	433,963	422,785
Trading	272,340	263,419	249,876	281,339	271,080
Available for sale	141,957	124,201	134,961	119,566	117,973
Held to maturity	22,460	22,641	32,972	33,058	33,732
Debtors from repurchase agreement	60	66	56	157	618
Derivatives	119,668	140,617	110,532	112,162	129,979
Trading	107,868	125,804	96,345	97,222	117,018
Hedging Transactions	11,800	14,813	14,187	14,940	12,961
Valuation adjustments derived from hedges of financial assets	(55)	(518)	102	699	1,384
PERFORMING LOANS	1,123,811	1,140,319	1,143,761	1,173,256	1,180,467
Commercial loans	652,379	658,508	650,223	665,189	659,811
Business or commercial activity	492,217	498,432	496,663	509,557	505,879
Financial entities	26,867	30,898	25,475	25,275	26,452
Government entities	133,295	129,178	128,085	130,357	127,480
Consumer	266,785	273,234	278,611	286,707	294,478
Mortgage	204,647	208,577	214,927	221,360	226,178
Residential Mortgages	193,230	197,825	204,275	211,171	216,540
Social Housing	11,417	10,752	10,652	10,189	9,638
NON PERFORMING LOANS	21,953	23,274	23,719	24,602	27,031
Commercial loans	7,051	8,015	8,765	8,926	9,629
Business or commercial activity	7,051	8,015	8,765	8,926	9,629
Financial entities	0	0	0	0	0
Government entities	0	0	0	0	0
Consumer	9,035	9,034	8,924	9,385	9,959
Mortgage	5,867	6,225	6,030	6,291	7,443
Residential Mortgages	5,243	5,603	5,455	5,734	6,829
Social Housing	624	622	575	557	614
TOTAL LOANS	1,145,764	1,163,593	1,167,480	1,197,858	1,207,498
Allowance for loan losses	(31,418)	(31,811)	(32,609)	(33,981)	(35,358)
TOTAL LOANS, NET	1,114,346	1,131,782	1,134,871	1,163,877	1,172,140
Receivable benefits from securitization transactions	107	87	99	50	40
Other accounts receivable, net	91,277	76,778	74,803	93,423	106,384
Repossessed assets, net	1,907	1,759	1,600	1,489	1,417
Property, furniture and equipment, net	39,185	40,169	39,421	38,989	38,042
Equity investments	907	534	529	556	562
Deferred taxes, net	13,957	16,667	16,160	18,308	18,115
Other assets	8,500	6,658	7,835	7,619	7,639
Deferred charges, prepaid expenses and intangibles	8,500	6,658	7,835	7,619	7,639
Other assets , short and long term	0	0	0	0	0
TOTAL ASSETS	1,974,410	2,068,259	2,015,630	2,106,291	2,077,810

BBVA Bancomer, S.A.					
Liabilities & Stockholders' Equity					
<i>Figures in million pesos</i>					
	Sep 2018	Dec 2018	Mar 2019	Jun 2019	Sep 2019
TOTAL DEPOSITS	1,161,226	1,200,889	1,189,540	1,258,456	1,223,463
Demand deposits	812,555	864,651	839,784	885,478	843,948
Time Deposits	255,503	244,511	252,874	270,713	282,353
Customer deposits	228,209	222,013	230,359	251,070	270,553
Money market	27,294	22,498	22,515	19,643	11,800
Bonds	89,695	88,162	93,316	98,651	93,437
Deposits global account without movements	3,473	3,565	3,566	3,614	3,725
INTER BANK LOANS AND LOANS FROM OTHER ENTITIES	17,061	17,861	16,883	16,034	19,685
Payable on demand	0	0	0	0	5,930
Short- term	8,181	9,425	8,728	8,186	6,815
Long- term	8,880	8,436	8,155	7,848	6,940
Creditors from repurchase agreements	197,992	203,713	234,277	211,923	237,372
Securities creditors	3	1	2	5	2
COLLATERALS SOLD OR DELIVERED IN GUARANTEE	60,732	39,438	46,603	60,788	34,271
Repurchase	0	0	0	0	0
Securities lending	60,732	39,438	46,603	60,788	34,271
DERIVATIVES	120,954	138,077	110,498	113,921	137,865
Trading	111,500	129,005	102,481	106,001	129,505
Hedge transactions	9,454	9,072	8,017	7,920	8,360
Valuation adjustments derived from hedges of financial liabilities	(708)	1,485	2,192	4,054	4,646
OTHER PAYABLES	126,146	166,019	109,747	132,469	105,202
Profit taxes payable	0	519	320	852	1,364
Employee profit sharing (PTU) payable	2	2	1	2	2
Transaction settlement creditors	59,597	101,467	57,785	71,321	59,877
Creditors from collaterals received in cash	19,937	27,302	19,276	15,789	14,646
Accrued liabilities and other	46,610	36,729	32,365	44,505	29,313
Subordinated debt	93,647	99,029	97,904	96,799	98,558
Deferred credits and advanced collections	7,673	7,524	8,016	7,880	7,714
TOTAL LIABILITIES	1,784,726	1,874,036	1,815,662	1,902,329	1,868,778
SUBSCRIBED CAPITAL	40,003	40,003	40,003	40,003	40,003
Paid- in capital	24,143	24,143	24,143	24,143	24,143
Share premium	15,860	15,860	15,860	15,860	15,860
EARNED CAPITAL	149,644	154,182	159,930	163,925	168,994
Capital reserves	6,901	6,901	6,901	6,901	6,901
Results of prior years	112,055	106,475	144,658	136,781	128,904
Unrealized gain on available- for- sale securities	(1,394)	(2,246)	(1,200)	(866)	(464)
Result from valuation of cash flow hedging instruments	(404)	(106)	(121)	(157)	(63)
Accumulated effect by conversion	440	440	440	440	440
Redefined benefits to employees	(2,355)	(3,342)	(3,202)	(3,133)	(3,065)
Net income	34,401	46,060	12,454	23,959	36,341
MAJORITY STOCKHOLDERS' EQUITY	189,647	194,185	199,933	203,928	208,997
Non- controlling interest in consolidated subsidiaries	37	38	35	34	35
TOTAL STOCKHOLDERS EQUITY	189,684	194,223	199,968	203,962	209,032
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	1,974,410	2,068,259	2,015,630	2,106,291	2,077,810

Memorandum accounts

BBVA Bancomer, S.A. Memorandum accounts	Sep 2018	Dec 2018	Mar 2019	Jun 2019	Sep 2019
<i>Figures in million pesos</i>					
Contingent assets and liabilities	607	658	661	615	645
Credit commitments	565,398	588,114	598,409	614,354	627,754
In trusts	433,864	414,525	417,071	419,498	419,128
Under mandate	24,262	24,257	24,262	24,265	24,267
Assets in trust or under mandate	458,126	438,782	441,333	443,763	443,395
Assets in custody or under administration	197,580	183,836	242,903	227,975	233,486
Collaterals received by the institution	66,805	45,946	54,639	92,544	81,521
Collaterals received and sold or pledged as collateral by the institution	62,734	40,437	50,599	87,336	75,249
Investment banking transactions on behalf of third parties, net	1,293,144	1,231,184	1,315,162	1,388,763	1,425,940
Accrued interest on non-performing loans	5,293	6,066	6,483	7,202	7,974
Other record accounts	3,471,319	3,570,501	3,595,697	3,715,254	3,326,863

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

The Board of Directors under the responsibility of the managers who subscribe it approved this consolidated financial statement."

Eduardo Osuna Osuna

CEO

Luis Ignacio De La Luz Dávalos

CFO

Natalia Ortega Gómez

Head of Internal Audit

Ana Luisa Ordorica Amezcua

Head of Accounting

P&L (Last 5 quarters)

BBVA Bancomer, S.A.							
Financial Results						3Q	9M
	3Q	4Q	1Q	2Q	3Q	2018	2019
	2018	2018	2019	2019	2019	2018	2019
<i>Figures in million pesos</i>							
Interest Income	47,881	49,193	48,627	50,599	51,755	139,439	150,981
Interest Expenses	(16,503)	(17,166)	(16,806)	(18,445)	(19,381)	(48,554)	(54,632)
Net interest income	31,378	32,027	31,821	32,154	32,374	90,885	96,349
Provisions for loan losses	(7,243)	(8,725)	(7,657)	(9,246)	(9,441)	(23,574)	(26,344)
Net interest income after provisions for loan losses	24,135	23,302	24,164	22,908	22,933	67,311	70,005
Fees & Commissions received	10,799	11,532	10,894	11,464	11,824	32,037	34,182
Fees & Commissions paid	(3,788)	(4,480)	(4,010)	(4,395)	(4,472)	(11,259)	(12,877)
Total Fees & Commissions	7,011	7,052	6,884	7,069	7,352	20,778	21,305
Trading income	(54)	221	1,766	1,418	1,933	3,250	5,117
Other operating income	(416)	10	(100)	(34)	306	493	172
Total operating revenues	30,676	30,585	32,714	31,361	32,524	91,832	96,599
Non-interest expense	(15,128)	(14,577)	(15,364)	(15,606)	(16,023)	(44,591)	(46,993)
Operating income	15,548	16,008	17,350	15,755	16,501	47,241	49,606
Share in net income of unconsolidated subsidiaries and affiliates	10	9	5	18	6	27	29
Income before tax	15,558	16,017	17,355	15,773	16,507	47,268	49,635
Current income tax and profit sharing	(2,786)	(6,390)	(4,780)	(6,554)	(4,151)	(12,344)	(15,485)
Deferred income tax and profit sharing	(1,422)	2,032	(123)	2,285	26	(522)	2,188
Net taxes	(4,208)	(4,358)	(4,903)	(4,269)	(4,125)	(12,866)	(13,297)
Income before discontinued operations	11,350	11,659	12,452	11,504	12,382	34,402	36,338
Minority Interest	0	(1)	3	0	0	(1)	3
NET INCOME	11,350	11,658	12,455	11,504	12,382	34,401	36,341

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

The Board of Directors under the responsibility of the managers who subscribe it approved this consolidated financial statement."

Eduardo Osuna Osuna

CEO

Luis Ignacio De La Luz Dávalos

CFO

Natalia Ortega Gómez

Head of Internal Audit

Ana Luisa Ordorica Amezcua

Head of Accounting

Cash Flow

BBVA Bancomer, S.A.	
Cash Flow Statement (from January 1st to September 30th 2019)	
<i>Figures in million pesos</i>	
Net income	36,341
Adjustments derived from items not involving cash flow	
Depreciation of property, furniture and fixtures	2,450
Amortization of intangible assets	1,968
Provisions	(481)
Income taxes	13,297
Share in net income of unconsolidated subsidiaries and affiliated companies	(29)
Noncontrolling interest	(3)
Operating activities	
Change in margin call accounts	(7,034)
Change in investments in securities	(9,842)
Change in debtors from repurchase agreement	(552)
Change in derivatives (assets)	8,786
Change in loan portfolio (net)	(39,639)
Change in receivable benefits from securitization transactions	47
Change in repossessed assets	343
Change in other operating assets	(30,734)
Change in deposits	21,826
Change in interbank loans and other loans from other entities	1,818
Change in creditors from repurchase agreements	33,659
Change in securities lending	(5,166)
Change in collaterals sold or delivered in guarantee	499
Change in derivatives (liabilities)	(888)
Change in other operating liabilities	(62,889)
Change in hedging instruments (of hedge items related to operation activities)	2,399
Income taxes payment	(12,545)
Net cash flows used in operating activities	(99,912)
Investment activities	
Proceeds from the disposal of property, furniture and fixtures	666
Payments for the acquisition of property furniture and fixtures	(989)
Proceeds from the disposal of subsidiaries	1
Proceeds from cash dividends	1
Payments for acquisition of intangible assets	(1,765)
Net cash flows used in investment activities	(2,086)
Financing activities	
Cash dividends paid	(23,631)
Net cash flows used in financing activities	(23,631)
Net increase or decrease in cash and cash equivalents	(72,086)
Effects of changes in cash and cash equivalents	326
Cash and cash equivalents at the beginning of the year	232,851
Cash and cash equivalents at the end of the year	161,091

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

The Board of Directors under the responsibility of the managers who subscribe it approved this consolidated financial statement."

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Variation in Stakeholder's Equity

BBVA Bancomer, S.A.	Subscribed Capital		Earned Capital		Unrealized Gain on Available for Sale Securities	Result from Valuation of Cash Flow Hedging Instruments	Result from Conversion of Foreign Subsidiaries	Redefined benefits to employees	Net Income	Majority Stockholder's Equity	Non Controlling Interest in Consolidated Subsidiaries	Total Stockholder's Equity
	Paid in Capital	Share Premium	Capital Reserves	Results of prior years								
<i>Figures in million pesos</i>												
Balances as of December 31st, 2018	24,143	15,860	6,901	106,475	(2,246)	(106)	440	(3,342)	46,060	194,185	38	194,223
HOLDERS' MOVEMENTS IN LINE WITH STOCKHOLDERS												
Transfer from net income to results of prior years				46,060					(46,060)	-		-
Decree of dividends				(23,631)						(23,631)		(23,631)
Total	-	-	-	22,429	-	-	-	-	(46,060)	(23,631)	-	(23,631)
HOLDERS MOVEMENTS IN RECOGNITION TO THE REVENUES												
Net income									36,341	36,341	(3)	36,338
Result from valuation of securities available for sale					1,380					1,782		1,782
Result from valuations of Cash Flow Hedging						(51)				43		43
Redefined benefits to employees								209		277		277
Total	-	-	-	-	1,380	(51)	-	209	36,341	38,443	(3)	38,440
Balances as of September 30th 2019	24,143	15,860	6,901	128,904	(866)	(157)	440	(3,133)	36,341	208,997	35	209,032

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

The Board of Directors under the responsibility of the managers who subscribe it approved this consolidated financial statement."

Eduardo Osuna Osuna

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Ana Luisa Ordorica Amezcua

Director Contabilidad Corporativa

Regulatory accounting pronouncements recently issued

- I. In accordance with the amendments published in the Diario Oficial de la Federación (DOF) of November 15, 2018, the CNBV has modified the following FRS, which had previously been published in DOF of December 27, 2017; this will be effective as of January 1, 2020.

Below is a brief description of the main changes with application on January 1, 2020:

Mexican FRS B-17 “Fair Value Determination”- It defines fair value as the starting price that would be received for selling an asset, or paid to transfer a liability in an orderly transaction between market participants at the valuation date. It is mentioned that the fair value is a market-based determination and not a specific value of an asset or a liability and that, in determining the fair value, the entity must use assumptions that market participants would use when setting the price of an asset or a liability under current market conditions at a certain date, including assumptions about risk. As a result, the entity’s intention to hold an asset or liquidate, or otherwise satisfy a liability, is not relevant in determining fair value.

In the event that the provisions contained in this FRS cause changes in the valuation or disclosure of any element of the financial statements, the Institution must comply with the regulatory provisions of each particular FRS that corresponds prospectively.

Mexican FRS C-3 “Accounts receivable”- Main changes issued for this FRS are shown below:

- It leaves the Bulletin C-3 “Accounts receivable” without effect.
- Specifies that accounts receivable based on a contract represent a financial instrument, while some of the other accounts receivable generated by a legal or fiscal provision may have certain characteristics of a financial instrument, such as generating interest, but they are not financial instruments themselves.
- It establishes that the estimate for uncollectibility for trade accounts receivable is recognized from the moment the income is accrued, based on the expected credit losses.
- It establishes that, from the initial recognition, the value of money over time must be considered, so if the effect of the present value of the account receivable is important in view of its term, it must be adjusted based on its present value. The effect of the present value is relevant when it is agreed to collect the account receivable, in whole or in part, for a term greater than one year, since in these cases there is a financing operation.

The accounting changes that arise must be recognized retrospectively, however, the valuation effects can be recognized prospectively.

Mexican FRS C-9 “Provisions, contingencies and commitments”- It leaves without effect the Bulletin C-9 “Liabilities, provisions, contingent assets and liabilities and commitments”, its scope is reduced by relocating the issue related to the accounting treatment of financial liabilities in FRS C-19 “Financial instruments payable” and it modifies the definition of a liability as “virtually

unavoidable” and including the term “likely”. First time adoption of this Mexican FRS does not generate accounting changes in the financial statements of the entities.

Mexican FRS C-16 “Impairment of financial instruments to be collected (IFC)”- It indicates that, to determine the recognition of the expected loss, the historical experience of the credit loss entity, current conditions and reasonable and sustainable forecasts should be considered for the different quantifiable future events that could affect the amount of future cash flows to be recovered from the financial instruments receivable (IFC).

It also notes that the expected loss should be recognized when, having increased credit risk, it is concluded that a portion of the IFC’s future cash flows shall not be recovered. The accounting changes that arise must be recognized retrospectively.

Mexican FRS C-19 “Financial instruments payable”- The main characteristics issued for this FRS are shown below:

- The possibility of valuing certain financial liabilities at fair value when certain conditions are met is established.
- Value long-term liabilities at fair value at their initial recognition
- By restructuring a liability, without substantially modifying the future cash flows to settle it, the costs and commissions disbursed in this process shall affect the amount of the liability and shall be amortized using a modified effective interest rate, instead of affecting directly the net income or loss.
- It incorporates what is established in IFRIC 19 “Extinction of Financial Liabilities with Capital Instruments”, an issue that was not included in the existing regulations.
- The effect of extinguishing a financial liability must be presented as a financial result in the statement of comprehensive income.
- Enter the concepts of amortized cost to value financial liabilities and the effective interest method, based on the effective interest rate.

The accounting changes that arise must be recognized retrospectively.

Mexican FRS C-20 “Financial instruments receivable”- The main characteristics issued for this FRS are shown below:

- The way of classifying the financial instruments in the asset is modified, since the concept of intention to acquire and hold them to determine their classification is discarded, instead the concept of the business model of the administration is adopted.
- The classification includes financial instruments whose objective is to collect the contractual cash flows and obtain a gain on the contractual interest they generate, having a loan characteristic.
- They include both financial instruments generated by sales of goods or services, financial leases or loans, as well as those acquired in the market.

The accounting changes that arise must be recognized retrospectively.

Mexican FRS D-1 “Revenues from clients’ contracts” - The most significant changes refer to:

- Control transfer, based on the opportunity to recognized income.
- Identification of the obligations to be complied with in an agreement.
- The allocation of the transaction price between the obligations to be complied with based on the independent sales price.
- The introduction of the concept of conditioned account receivable.
- The recognition of rights to collection.
- The valuation of income.

The initial application date is the beginning of the period in which the Institution applies this rule for the first time.

Mexican FRS D-2 “Revenue, costs from agreements with clients” – The main change in this rule is the separation of the regulations related to the recognition of revenue from contracts with customers from the regulations corresponding to the recognition of costs from agreements with clients.

The initial application date is the beginning of the period in which the Institution applies this rule for the first time.

Mexican FRS D-5 “Leasing”- It is effective from January 1, 2019. Early application allowed for those who use FRS D-1 “Revenue from contracts with customers” and FRS D-2 “Costs from contracts with customers”, before the date of initial application of this FRS. It renders the Bulletin D-5 “Leases” void. The application for the first time of this FRS generates accounting changes in the financial statements mainly for the lessee and grants different options for recognition. Among the main changes are the following:

- Eliminates the classification of leases as operational or capitalizable for a lessee, and the latter must recognize a liability for leasing at the present value of the payments and an asset for use rights for that same amount, of all leases with a duration greater than 12 months, unless the underlying asset is of low value.
- An expense for depreciation or amortization of the right-of-use assets and an interest expense on the lease liabilities are recognized.
- It modifies the recognition of the gain or loss when a seller-lessee transfers an asset to another entity and leases that asset on the way back.
- The accounting recognition by the lessor has no changes in relation to the previous Bulletin D-5, and only some disclosure requirements are added.

As of the date of this document, BBVA Mexico is in the process of establishing the effect of the new accounting principles on its financial information.

II. New Financial Reporting Standards issued by the CINIF

The Mexican Financial Reporting Standards Board (Consejo Mexicano de Normas de Información Financiera, A.C.) (CINIF from its Spanish acronym) has issued the Mexican Financial Reporting Standards (Mexican FRS) and Improvements thereto as mentioned below:

Improvements to 2019 Mexican FRS

In December 2018, the CINIF issued a document titled “Improvements to Mexican FRS 2019”, which includes specific amendments to some existing Mexican FRS. The main amendments made to the FRS do not generate accounting changes in the annual financial statements.

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BBVA Bancomer

Financial Report

January-September
2019

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