

BBVA Bancomer, S.A.

Financial Report

January-March 2020



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Relevant Information

Decree and distribution of dividends

During the first quarter of 2020, *BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer* ("BBVA México" or the "Bank") decreed the first installment of the dividend payment at the Ordinary General Shareholders' Meeting, corresponding to the net profit for the year 2019, at a rate of \$0.677299061172885 for each outstanding share. The dividend was paid on March 24, 2020.

On March 31st 2020, the National Banking and Securities Commission (CNBV, for its acronym in spanish) issued a statement with the number 017/2020 in which the CNBV recommends all banking institutions to restrain from: (a) dividend payments to shareholders, and/or any other mechanism or act that implies the distribution of equity benefits or assumes a commitment on paying these for the fiscal years 2019 and 2020, including the distribution of reserves. In case the financial institution is part of a financial group, the measure will also apply to the holding entity, as well as other subsidiaries that form part of the group, and (b) stock repurchase or any other mechanism aimed on benefitting shareholders.

In this context, BBVA Mexico considers important to maintain an appropriate functioning of banking institutions in a complex environment, as the current one; as such, it has decided to follow the recommendation of CNBV mentioned above.

Issuance of Bank Stock Certificates

On February 2020, BBVA Mexico issued Stock Certificates for a total of 15,000 million pesos (mp) as follows:

- BACOMER 20 for 7,123 mp with a 3-year term and a coupon rate of TIE 28 + 5 basis points (bps).
- BACOMER 20-2 for 6,000 mp with a 5-year term and a coupon rate of TIE 28 + 15 bps.
- BACOMER 20-D for 100 million dollars (USD) with a 3-year term and a coupon rate of Libor 3M + 49 pbs.

BBVA Mexico announces support program for all its clients

For BBVA Mexico, the priority will always be the health of its clients, collaborators and society in general. For this reason, it launches a support program to the clients that request it, four months of grace in capital and interest for auto loans, mortgages, payroll loans, personal loans, credit cards, SMEs and credit cards for businesses.

Additionally, it will help support expenses in hospitals, clinics and pharmacies with six months without interest, when paying with credit cards. Likewise, it will suspend the commissions

coming from low billing in Points of Sale Terminals (POS) as a support for small businesses. For further detail on this subject, please refer to the Regulatory Accounting Pronouncements chapter at the end of this document.

BBVA Mexico committed to the country to join efforts to save lives

BBVA Mexico announced on March 31, 2020 a Social Responsibility Action Plan to join the initiatives of the government and private organizations to face the COVID-19 pandemic with an initial contribution of 470 million pesos, which it is expected to be doubled with the voluntary contributions of the society.

These resources will be immediately used in the following actions: i) Purchase and donation of approximately 1,000 equipment to help the breathing process for patients in need of intensive care in public sector health institutions. ii) Protective material and equipment for doctors and other workers in the health sector, through alliances with health institutions for the donation and delivery of such hospital equipment. iii) Donation of two campaign hospitals to the Red Cross and *Doctors without Borders* with a value of more than 20 million pesos each for preventive actions in the spread of COVID-19 and equipment for its paramedics and brigades. iv) Delivery of food pantries available to the Ministry of National Defense (SEDENA) to support affected communities as soon as Plan DN-III is activated.

BBVA Mexico formalizes the first sustainable loan in 2020

On April 23rd, 2020, BBVA Mexico acted as the unique sustainable agent and formalized the first sustainable loan in the year for an amount of 2,200 million pesos and a 5-year term to *Cooperativa La Cruz Azul* (a company with more than 90 year experience in the production of cement). This will be the first sustainable loan to the concrete industry in Mexico and the first for 2020.

The margin of the loan is linked to the annual use of energy measured by KWh/clinker ton, the main product of cement. Cruz Azul will use these resources to update its production plants in Hidalgo and Oaxaca, by reducing energy and water consumption thus increasing the efficiency of its production. This strengthens its commitment with the environment.

The future of banking is to **finance the future**
and at BBVA Mexico we do it:

CLIENTS

Helping our **clients** in their lives and in their business, by offering various digital solutions, and at BBVA Mexico we do it:

21.6 million clients

50% of our clients are users of our digital channels

Boosting sales through digital channels:
58% (of total sales)

INVESTORS AND SHAREHOLDERS

Transparency in information, maintaining a solid institution with **strong fundamentals** and **high profitability**.

Net Income

6,444 MP

Profitability

NIM **5.7%**

EMPLOYEES

Count with engaged **employees** with strong values.

N° employees
34,118

We live our values



Customer comes first



We think big



We are one team

SOCIETY

Promote a more sustainable and inclusive **society**.

19 consecutive years recognized as a socially responsible company (ESR).

Contribution of **2% of profits** to the BBVA Mexico Foundation.

315 thousand becas awarded since 2002, with an investment of **6,000** MP

And we assume this responsibility with **our Purpose**:

“To bring the **age opportunity** in this **new era**”

Analysis and Discussion of Results

Executive Summary

- Despite a complex macroeconomic environment in the world, derived from the COVID-19 pandemic, at BBVA Mexico we reaffirm our commitment to the country and to our clients, thus promoting banking and financial inclusion, by growing the loan portfolio 14.7% annually totaling 1,311,920 mp.
- Derived from prudent risk management, we achieved favorable levels in Non-Performing Loans (NPL) ratio, which stood at 2.2% at the end of the first quarter.
- The evolution in bank deposits (demand deposits and time customer deposits) reflects the promotion of savings among our clients; in the first quarter of the year, we closed with a balance of 1,268,075 mp, equivalent to an annual increase of 18.5%.
- BBVA Mexico's first quarter net profit decreased 48.3% to 6,444 mp, resenting the current complex macroeconomic environment, which has led to an increase in credit provisions to face this event.
- BBVA Mexico's estimated capitalization ratio was 15.1% at the end of March 2020, which is composed by 11.5% of Tier 1 capital and 3.6% of Tier 2 capital. These levels are above minimum requirement by authorities of a total capitalization ratio of 12%.

Main Magnitudes

Information as of March 2020

BBVA México						%				%
Main Magnitudes	1Q	2Q	3Q	4Q	1Q		3M	3M		
<i>Figures in million pesos</i>	2019	2019	2019	2019	2020	Q-o-Q	2019	2020	Y-o-Y	
Balance Sheet										
Assets	2,015,630	2,106,291	2,077,810	2,130,588	2,544,942	19.4	2,015,630	2,544,942	26.3	
Performing Loans	1,143,761	1,173,256	1,180,467	1,216,024	1,311,920	7.9	1,143,761	1,311,920	14.7	
Liabilities	1,815,662	1,902,329	1,868,778	1,915,724	2,336,475	22.0	1,815,662	2,336,475	28.7	
Bank Deposits (demand + time)*	1,070,143	1,136,548	1,114,501	1,159,454	1,268,075	9.4	1,070,143	1,268,075	18.5	
Equity	199,968	203,962	209,032	214,864	208,467	(3.0)	199,968	208,467	4.3	
Results										
Net Interest Income	31,821	32,154	32,374	33,153	33,044	(0.3)	31,821	33,044	3.8	
Total Operating Income	40,371	40,607	41,965	42,734	42,368	(0.9)	40,371	42,368	4.9	
Expenses	(10,035)	(10,179)	(10,635)	(10,822)	(11,160)	3.1	(15,364)	(16,581)	7.9	
Income Before Tax	17,355	15,773	16,507	17,110	9,569	(44.1)	17,355	9,569	(44.9)	
Net Income	12,454	11,505	12,382	12,913	6,444	(50.1)	12,454	6,444	(48.3)	
Indicators in %										
	1Q	2Q	3Q	4Q	1Q		3M	3M		
	2019	2019	2019	2019	2020	QoQ (bp)	2019	2020	YoY (bp)	
Profitability and Asset Quality										
ROE	25.3	22.8	24.0	24.4	12.2	(1,219)	25.3	12.2	(1,310)	
Efficiency	38.1	38.4	38.2	38.0	39.1	109	38.1	39.1	108	
NPL ratio	2.0	2.1	2.2	2.2	2.2	(4)	2.0	2.2	14	
Coverage ratio	137.5	138.1	130.8	129.0	148.2	1,920	137.5	148.2	1,070	
Solvencia y Liquidez										
Total Capital Ratio	14.6	14.2	15.2	15.6	15.1	(52)	14.6	15.1	45	
Core Equity Tier 1 Ratio	12.0	11.9	12.0	12.5	11.5	(98)	12.0	11.5	(45)	
CCL	149.38	138.12	138.25	145.67	141.88	(379)	149.38	141.88	(750)	
Leverage Ratio	9.9	9.4	10.0	10.0	8.6	(137)	9.9	8.6	(132)	
Figures in units (#)										
	1Q	2Q	3Q	4Q	1Q		3M	3M		
	2019	2019	2019	2019	2020	QoQ (bp)	2019	2020	YoY (bp)	
Infraestructure										
Employees	32,929	33,462	33,741	33,705	34,118	413	32,929	34,118	1,189	
Branches	1,836	1,821	1,848	1,860	1,864	4	1,836	1,864	28	
ATMs	12,572	12,811	13,005	13,170	13,066	(104)	12,572	13,066	494	

* Customer deposits.

Commercial Activity

Performing Loans

During the first quarter of 2020, a complex macroeconomic environment was observed, characterized by great uncertainty and volatility in financial markets as a result of the Covid-19 pandemic. Despite this, at BBVA Mexico, we affirm our commitment to the country and to our clients, promoting banking and financial inclusion, growing the loan portfolio by 14.7% annually, part of this growth is explained by the Mexican Peso depreciation against the US Dollar.

The growth of 20.1% in the commercial loans stands out in the quarter, reaching a balance of 780,692 mp. This was mainly driven by a 19.5% increase in loans to the country's productive sector.

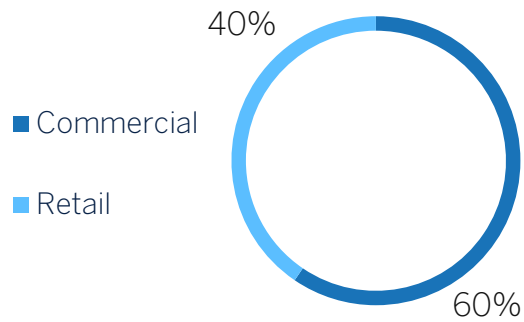
We maintain a continuous focus on “creating opportunities” for our clients, through a wide offer of traditional and digital products and services. With this, we continue to promote consumer lending, growing by 6.5% in the year, highlighting growth in payroll and auto loans with 11.7% and 12.7% per year, respectively. On the other hand, the credit card balance registered a growth of 2.9% compared to the previous year, due to a broad base of clients that pay their entire debt at the end of the month. However, the billing with this product was 6.5% higher than the previous year.

In the mortgage segment, we maintain our leadership and continue to promote housing by granting one in four new mortgages within the private sector¹.

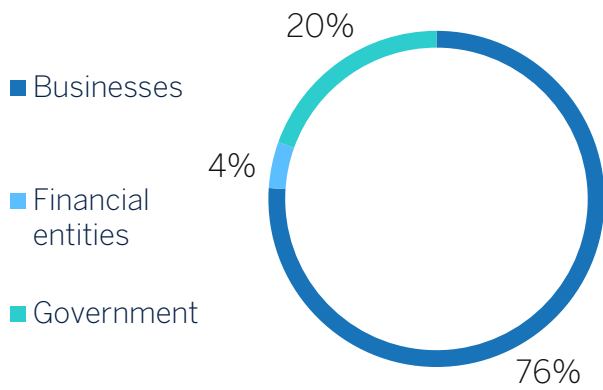
Performing Loans	3M	12M	3M	%	
<i>Figures in million pesos</i>	2019	2019	2020	Q-o-Q	Y-o-Y
Businesses	496,663	507,622	593,575	16.9	19.5
Financial entities	25,475	33,162	34,830	5.0	36.7
Government loans	77,144	90,866	93,207	2.6	20.8
State-owned entities	51,181	52,859	59,080	11.8	15.4
Government	128,085	143,725	152,287	6.0	18.9
Commercial loans	650,223	684,509	780,692	14.1	20.1
Consumer	278,611	300,302	296,794	(1.2)	6.5
Mortgage	214,927	231,213	234,434	1.4	9.1
Total Performing Loans	1,143,761	1,216,024	1,311,920	7.9	14.7

¹ Source: Banking institution's public information published by the CNBV

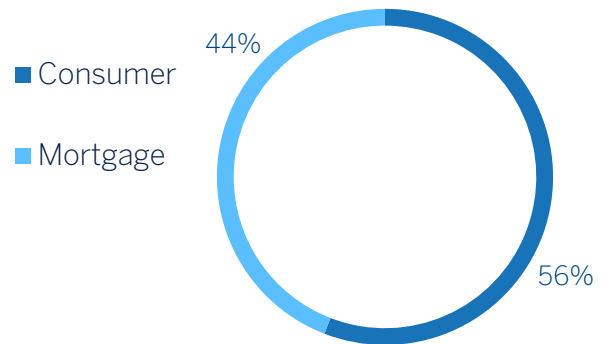
Performing Loans mix (%)



Commercial Loans mix (%)



Retail Lending mix (%)



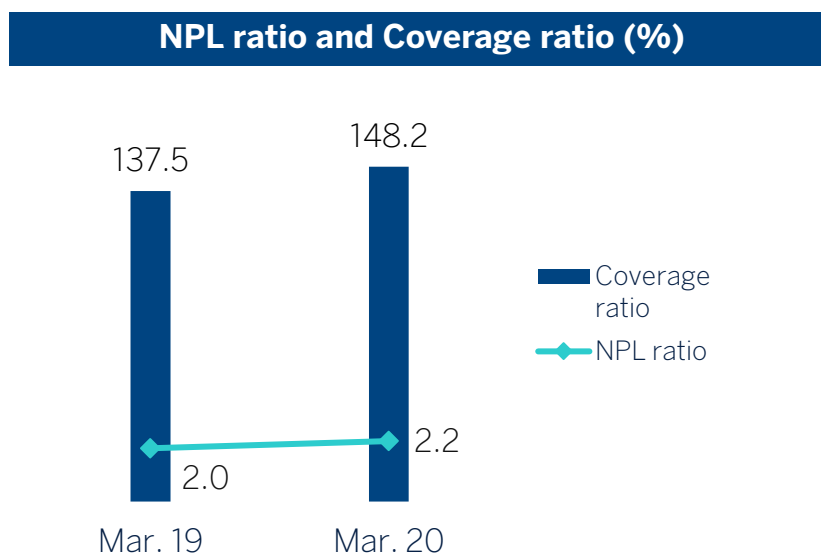
Asset quality

Non-Performing Loans

At BBVA Mexico, we have a prudent risk management policy that, through advanced models and trying to anticipate the impact of possible adverse macroeconomic scenarios, allows us to anticipate risks and increase credit while maintaining adequate levels of asset quality.

The past due loan portfolio registered a growth of 25.1% with respect to March 2019, mainly derived from a change in accounting criteria in the calculation of said item. With this, the delinquency rate registers an increase of 14 bps compared to the previous year.

Non Performing Loans	3M	12M	3M	%	
<i>Figures in million pesos</i>	2019	2019	2020	Q-o-Q	Y-o-Y
Businesses	8,765	9,518	10,082	5.9	15.0
Financial entities	0	0	0	n.a.	n.a.
Government entities	0	0	0	n.a.	n.a.
Commercial loans	8,765	9,518	10,082	5.9	15.0
Consumer	8,924	10,342	10,843	4.8	21.5
Mortgage	6,030	7,595	8,191	7.8	35.8
Total Non Performing Loans	23,719	27,455	29,116	6.0	22.8



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								
March 2020								
<i>Figures in million pesos</i>								
	Commercial Loans		Mortgage		Consumer		Credit Card	
	Balance	Provision	Balance	Provision	Balance	Provision	Balance	Provision
Ratings								
A1	752,411	1,604	194,628	230	59,435	490	48,553	816
A2	62,918	721	10,505	59	14,364	362	15,147	594
B1	15,054	226	1,519	13	53,783	1,785	9,311	535
B2	7,843	170	6,407	79	35,196	1,598	8,678	629
B3	18,402	504	4,130	68	8,203	456	7,627	680
C1	2,772	179	11,061	342	7,664	559	7,327	869
C2	833	100	6,060	433	5,295	531	10,831	2,614
D	7,364	2,256	4,882	1,306	2,922	677	1,887	933
E	7,261	4,231	3,553	1,852	9,324	6,267	2,153	1,833
Additional		3,494		492		1,007		1,551
Total required	874,858	13,485	242,745	4,874	196,186	13,732	111,514	11,054

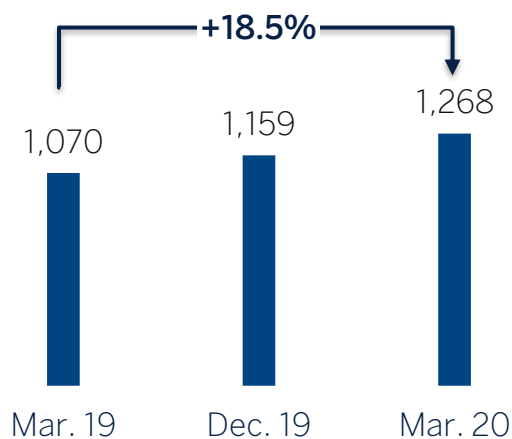
Deposits

We recognize the importance of promoting a saving culture among our clients, as such, bank deposits (defined as demand and time customer deposits) reached a balance of 1,268,075 mp, 18.5% higher than the previous year. This result is explained by an annual growth of 20.8% in the year in demand deposits, while time customer deposits registered a 10.0% increase in its balance compared to the previous year. With this, BBVA Mexico maintains a profitable funding mix with greater relative weight of low-cost deposits.

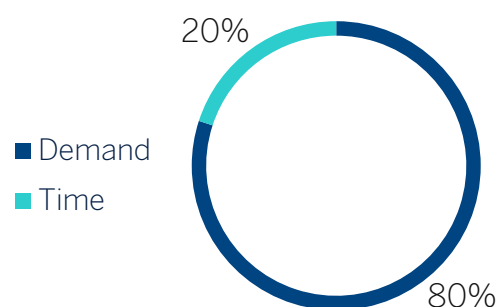
By including the rest of customer resources, total deposits reached 1,400,658 million pesos, an annual growth of 17.7%.

Deposits	3M 2019	12M 2019	3M 2020	% Q-o-Q	% Y-o-Y
<i>Figures in million pesos</i>					
Demand deposits	839,784	923,191	1,014,683	9.9	20.8
Time Deposits	252,874	254,070	279,495	10.0	10.5
Customer Deposits	230,359	236,263	253,392	7.2	10.0
Money Market	22,515	17,807	26,103	46.6	15.9
Bonds	93,316	85,852	101,903	18.7	9.2
Deposits global account without movements	3,566	4,507	4,577	1.6	28.4
Total Deposits	1,189,540	1,267,620	1,400,658	10.5	17.7

Bank Deposits (mp)



Bank Deposits Mix (%)

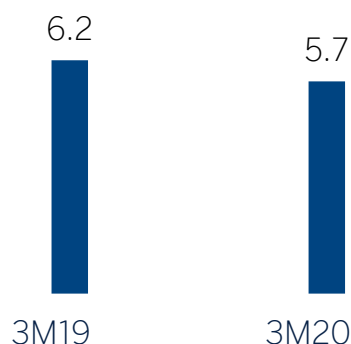


Results

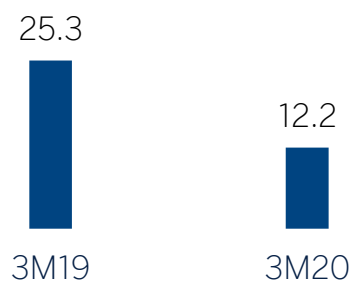
In the first three months of 2020, BBVA Mexico recorded a net income of 6,444 mp, equivalent to an annual decrease of 48.3%. Given the current context, we decided to create additional reserves in all portfolios to face possible impacts derived from the adverse macroeconomic environment, which had a negative impact on the results.

BBVA México							
Income Statement	1Q	4Q	1Q	%	3M	3M	%
<i>Figures in million pesos</i>	2019	2019	2020	Q-o-Q	2019	2020	Y-o-Y
Net interest income	31,821	33,153	33,044	(0.3)	31,821	33,044	3.8
Provisions for loan losses	(7,657)	(9,369)	(16,237)	73.3	(7,657)	(16,237)	112.1
Net interest income after provisions for loan losses	24,164	23,784	16,807	(29.3)	24,164	16,807	(30.4)
Total Fees & Commissions	6,884	7,583	6,928	(8.6)	6,884	6,928	0.6
Trading income	1,766	1,286	2,327	80.9	1,766	2,327	31.8
Other operating income	(100)	712	69	(90.3)	(100)	69	n.a.
Total operating revenues	32,714	33,365	26,131	(21.7)	32,714	26,131	(20.1)
Non-interest expense	(15,364)	(16,257)	(16,581)	2.0	(15,364)	(16,581)	7.9
Net operating income	17,350	17,108	9,550	(44.2)	17,350	9,550	(45.0)
Income before income tax and profit sharing	17,355	17,110	9,569	(44.1)	17,355	9,569	(44.9)
Income before discontinued operations	12,452	12,916	6,442	(50.1)	12,452	6,442	(48.3)
Net Income	12,454	12,913	6,444	(50.1)	12,454	6,444	(48.3)

NIM (total assets, %)²



ROE (%)



² Net Interest Margin (MIN) on total assets.

Net Interest Income

Net interest income's (NII) breakdown shows an annual growth of 7.4% on income coming from the banking activity, mainly driven by a greater credit volume. When adding the financial revenue coming from net repos, the growth of NII is 3.8% in annual terms.

For its part, the NII after provisions registered a drop of 30.4% in the first quarter of the year. The foregoing, as provisions for loan losses were 112.1% higher than the previous year due to the creation of additional reserves mentioned above.

Net Interest Income	1Q	4Q	1Q	%	3M	3M	%
<i>Figures in million pesos</i>	2019	2019	2020	Q-o-Q	2019	2020	Y-o-Y
Loans and deposits financial revenues	31,446	32,453	33,789	4.1	31,446	33,789	7.5
Margin fees	503	541	523	(3.3)	503	523	4.0
Banking net interest income	31,949	32,994	34,312	4.0	31,949	34,312	7.4
Repos financial revenues	(128)	159	(1,268)	n.a.	(128)	(1,268)	n.a.
Net interest income	31,821	33,153	33,044	(0.3)	31,821	33,044	3.8
Provisions for loan losses	(7,657)	(9,369)	(16,237)	73.3	(7,657)	(16,237)	112.1
Net interest income after provisions	24,164	23,784	16,807	(29.3)	24,164	16,807	(30.4)

Fees and Commissions

In support of our customers, we have promoted our products and services through our digital channels. This has been reflected in a low growth of net commissions, which are only 0.6% higher than the previous year.

Fees & Commissions	1Q	4Q	1Q	%	3M	3M	%
<i>Figures in million pesos</i>	2019	2019	2020	Q-o-Q	2019	2020	Y-o-Y
Bank fees	1,764	1,862	1,772	(4.8)	1,764	1,772	0.5
Credit and debit card	3,782	4,036	3,679	(8.8)	3,782	3,679	(2.7)
Investment funds	922	1,049	1,089	3.8	922	1,089	18.1
Others	416	636	388	(39.0)	416	388	(6.7)
Commissions and fee income	6,884	7,583	6,928	(8.6)	6,884	6,928	0.6

Trading income

This item registers an annual increase of 31.8% as it benefits from a favorable result from the trading of derivative instruments.

Trading income	1Q	4Q	1Q	%	3M	3M	%
<i>Figures in million pesos</i>	2019	2019	2020	Q-o-Q	2019	2020	Y-o-Y
Variable income	230	57	(76)	n.a.	230	(76)	(133.0)
Fixed income and repos	(3,227)	201	(2,942)	n.a.	(3,227)	(2,942)	(8.8)
Securities	(2,997)	258	(3,018)	n.a.	(2,997)	(3,018)	0.7
FX	(964)	10,112	(9,022)	n.a.	(964)	(9,022)	835.9
Derivatives	555	(10,246)	(5,444)	(46.9)	555	(5,444)	n.a.
Results from valuation	(3,406)	124	(17,484)	n.a.	(3,406)	(17,484)	413.3
Variable income	87	(89)	(1,429)	n.a.	87	(1,429)	n.a.
Fixed income and repos	3,882	(249)	2,248	n.a.	3,882	2,248	(42.1)
Securities	3,969	(338)	819	n.a.	3,969	819	(79.4)
FX	1,394	1,472	1,457	(1.0)	1,394	1,457	4.5
Derivatives	(191)	28	17,535	n.a.	(191)	17,535	n.a.
Results from trading	5,172	1,162	19,811	n.a.	5,172	19,811	283.0
Trading income	1,766	1,286	2,327	80.9	1,766	2,327	31.8

Other income (expenses) of the operation

In March 2020 there was a favorable result in other income/expenses from the operation for 68 mp compared to a loss of 101 mp in 1Q19, this is mainly explained by lower write-offs.

Other Income	1Q 2019	4Q 2019	1Q 2020	% Q-o-Q	3M 2019	3M 2020	% Y-o-Y
<i>Figures in million pesos</i>							
Bank Correspondents	0	38	25	(34.2)	0	25	n.a.
Sales and recoveries of loan portfolio	26	146	19	(87.0)	26	19	(26.9)
Interest of loans to employees	186	203	204	0.5	186	204	9.7
Result of operation of foreclosed assets	168	372	184	(50.5)	168	184	9.5
Write-offs	(245)	(81)	(164)	102.5	(245)	(164)	(33.1)
Legal contingencies	(100)	51	(97)	n.a.	(100)	(97)	(3.0)
Donations	(180)	(187)	(219)	17.1	(180)	(219)	21.7
Real estate properties sale	0	223	2	(99.1)	0	2	n.a.
Brand change	0	(219)	0	n.a.	0	0	n.a.
Other income	44	166	114	(31.3)	44	114	159.1
Other operating income	(101)	712	68	(90.4)	(101)	68	n.a.

Non-Interest Expenses

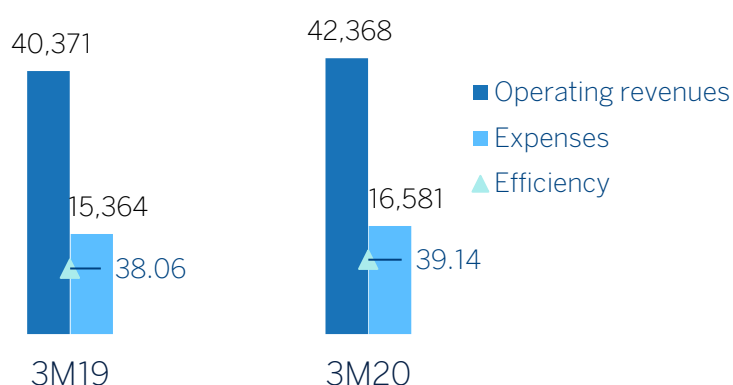
For BBVA Mexico, the priority will always be the health of our clients, employees and society in general. In this sense, during the first three months of 2020, a large quantity of antibacterial gel and hygienic supplies were purchased due to the health contingency caused by Covid-19.

The increase in administration and promotion expenses in 1Q20 is mainly explained by an increase in the workforce. The efficiency index (measured as expenses divided by income) was 39.1% at the end of March 2020, higher by 108 bps compared to the previous year, impacted by a lower growth in income.

It should be noted that at BBVA Mexico we have a clear focus on the continuous improvement of the experience and service to our clients. In this sense, at the end of March 2020, we continued to strengthen the physical and digital banking infrastructure with 1,864 branches and 13,066 ATMs, in addition to the wide range of digital applications and services to serve our broad customer base.

Non-Interest Expenses	1Q	4Q	1Q	%	3M	3M	%
<i>Figures in million pesos</i>	2019	2019	2020	Q-o-Q	2019	2020	Y-o-Y
Administrative and operating expenses	10,035	10,822	11,160	3.1	10,035	11,160	11.2
Rents	1,404	1,406	1,527	8.6	1,404	1,527	8.8
Depreciation and amortization	1,461	1,447	1,453	0.4	1,461	1,453	(0.5)
Taxes	1,124	1,203	1,025	(14.8)	1,124	1,025	(8.8)
Deposit guarantee fund (IPAB)	1,340	1,379	1,416	2.7	1,340	1,416	5.7
Administrative and promotional expenses	15,364	16,257	16,581	2.0	15,364	16,581	7.9

Operating revenues, expenses and efficiency (%)



Capital and Liquidity

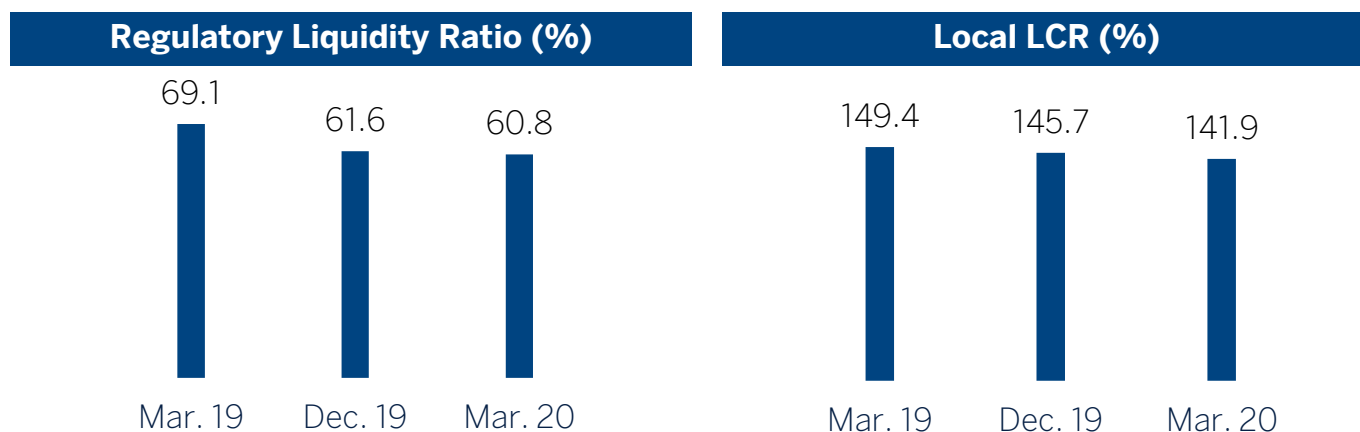
BBVA Mexico estimated capitalization index stood at 15.1% at the end of March 2020, composed by 11.5% of Tier 1 capital and 3.6% of Tier 2 capital. Recurrence of income is observed in the constant generation of organic capital, which allows the institution to register an increase of 45 bps compared to 14.6% in March 2019.

BBVA Mexico fully covers the minimum capital requirements. By the end of 2020, BBVA Mexico has 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 Mexico estimated capitalization index

BBVA México Capitalization <i>Figures in million pesos</i>	March 2019		December 2019		March 2020	
Tier 1 capital	196,606		207,988		197,354	
Tier 2 capital	38,449		51,995		62,544	
Net capital	235,055		259,983		259,898	
	Credit Risk	Market, Operative & Credit Risk	Credit Risk	Market, Operative & Credit Risk	Credit Risk	Market, Operative & Credit Risk
Risk-weighted assets	1,087,132	1,605,476	1,100,878	1,665,915	1,184,457	1,721,841
Tier 1 as % of risk-weighted assets	18.1%	12.2%	18.9%	12.5%	16.7%	11.46%
Tier 2 as % of risk-weighted assets	3.5%	2.4%	4.7%	3.1%	5.3%	3.6%
Total capital ratio	21.6%	14.6%	23.6%	15.6%	21.9%	15.09%

The regulatory liquidity ratio, defined as Liquid assets / Liquid liabilities, stood at 60.8%. The Liquidity Coverage Ratio (Local LCR) stood at 141.9%. The foregoing allows us to have comfortable liquidity levels to continue growing.



Financial Indicators

BBVA México	1Q 2019	2Q 2019	3Q 2019	4Q 2019	1Q 2020	3M 2019	3M 2020
Infrastructure Indicators (#)							
Branches	1,836	1,821	1,848	1,860	1,864	1,836	1,864
ATMs	12,572	12,811	13,005	13,170	13,066	12,572	13,066
Employees	32,929	33,462	33,741	33,705	34,118	32,929	34,118
Profitability Indicators (%)							
a) NIM adjusted (interest bearing assets)	5.1	4.8	4.8	4.9	3.1	5.1	3.1
b) NIM (total assets)	6.2	6.2	6.2	6.3	5.7	6.2	5.7
c) Operating efficiency	3.0	3.0	3.1	3.1	2.8	3.0	2.8
d) Efficiency (cost to income)	38.1	38.4	38.2	38.0	39.1	38.1	39.1
e) Productivity index	44.8	45.3	45.9	46.6	41.8	44.8	41.8
f) ROE	25.3	22.8	24.0	24.4	12.2	25.3	12.2
g) ROA	2.4	2.2	2.4	2.5	1.1	2.4	1.1
Asset Quality Indicators (%)							
h) NPL ratio	2.0	2.1	2.2	2.2	2.2	2.0	2.2
i) Coverage ratio	137.5	138.1	130.8	129.0	148.2	137.5	148.2
Solvency Indicators (%)							
j) Core equity tier 1 ratio	12.0	11.9	12.0	12.5	11.5	12.0	11.5
k) Tier 1 ratio	12.2	11.9	12.0	12.5	11.5	12.2	11.5
l) Total capital ratio	14.6	14.2	15.2	15.6	15.1	14.6	15.1
m) Leverage ratio	9.9	9.4	10.0	10.0	8.6	9.9	8.6
Liquidity Indicators (%)							
n) Liquidity ratio (CNBV requirement)	69.1	69.7	64.2	61.6	60.8	69.1	60.8
o) Liquidity ratio (Loans / Deposits)	104.3	101.2	104.5	102.9	101.0	104.3	101.0
p) Liquidity Coverage Coefficient (Local LCR)	149.38	138.12	138.25	145.67	141.88	149.38	141.88

INFRASTRUCTURE

ATMs: Include those that have activity during the quarter.

PROFITABILITY

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

g) Return on assets (ROA): Net income (annualized) / Average total assets

ASSET QUALITY

h) NPL ratio: Past due loans / Total gross portfolio

i) Coverage Ratio: Allowance for loan losses / Portfolio overdue

SOLVENCY

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

k) Tier 1 Ratio: Tier 1 Capital / Risk Weighted Assets to credit risk, market and operational (applied in Mexico since January 2013)

l) Total Capital Ratio: Net Capital / Risk Weighted Assets to credit risk, market and operational (applied in Mexico since January 2013)

m) Leverage Ratio: Risk Capital / Exposure

LIQUIDITY

n) Liquidity Ratio: Liquid assets / Liquid liabilities

Liquid Assets: Cash and cash equivalents + Trading (securities) + Available for sale (securities)

Liquid Liabilities: Demand deposits + Interbank loans and loans from other entities payable on demand + Interbank loans and loans from other entities short term

o) Loans / Deposits: Performing loans / Core deposits (demand + time)

p) Liquidity Coverage Ratio (Local LCR): Computable Liquid Assets / 30-day stressed Net Outflows (BBVA Mexico information)

Ratings

BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer 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	Baa1	P-2	Negative
Bank Deposits - Domestic Currency	Baa1	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	Watch Negative
Issuer Default Rating - Local Currency	BBB+	F2	Watch Negative
National Scale Rating	AAA(mex)	F1+ (mex)	Stable
Viability Rating (VR)	bbb		

Issuances

BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer 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%		Baa1/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%		Baa1/Aaa.mx	AAA(mex)	
Bond 8th Issuance - BACOMER 10	1,078	MXN	06-sep-10	24-ago-20	10.0	7.83%		Baa1/Aaa.mx	AAA(mex)	
Bond 2nd Issuance - BACOMER 21145	1,000	MXN	15-abr-11	02-abr-21	10.0	TIIIE28 + 0.80%		Baa1/Aaa.mx	AAA(mex)	
Bond 4th Issuance - BACOMER 22224	1,000	MXN	07-jun-12	26-may-22	10.0	TIIIE28 + 0.85%		Baa1/Aaa.mx	AAA(mex)	
Senior Notes Dlls 2014	750	USD	10-abr-14	10-abr-24	10.0	4.38%		Baa1	BBB+	
Bond 2nd Issuance - BACOMER 17	5,142	MXN	26-may-17	26-may-20	3.0	TIIIE28+0.23%		Baa1/Aaa.mx	AAA(mex)	
Bond 3rd Issuance - BACOMER 17-2	1,858	MXN	26-may-17	26-may-22	5.0	TIIIE28+0.35%		Baa1/Aaa.mx	AAA(mex)	
Bond 4th Issuance - BACOMER 18V	3,500	MXN	27-sep-18	23-sep-21	3.0	TIIIE28+0.1%		Baa1/Aaa.mx	AAA(mex)	
Bond 5th Issuance - BACOMER 18	3,500	MXN	27-sep-18	21-sep-21	3.0	TIIIE28+0.19%		Baa1/Aaa.mx	AAA(mex)	
Bond 6th Issuance - BACOMER 19	5,000	MXN	19-jun-19	17-jun-22	3.0	TIIIE+0.07%		Baa1/Aaa.mx	AAA(mex)	
Bond 7th Issuance - BACOMER 19-2	5,000	MXN	19-jun-19	11-jun-27	8.0	8.49%		Baa1/Aaa.mx	AAA(mex)	
Bond 8th Issuance - BACOMER 20	7,123	MXN	10-feb-20	08-feb-23	3.0	TIIIE28 + 5		Baa1/Aaa.mx	AAA(mex)	
Bond 9th Issuance - BACOMER 20-2	6,000	MXN	10-feb-20	05-feb-25	5.0	TIIIE28 + 15		Baa1/Aaa.mx	AAA(mex)	
Bond 10th Issuance - BACOMER 20D	100	USD	10-feb-20	27-ene-23	3.0	Libor3M + 49		Baa1/Aaa.mx	AAA(mex)	
Subordinated Debentures										
Capital Notes Tier 1 2020	750	USD	15-abr-10	22-abr-20	10.0	7.25%		Baa3	BB	
Subordinated Debentures Tier 2 2021	750	USD	03-mar-11	10-mar-21	10.0	6.50%		Baa2	BB+	
Subordinated Debentures Tier 2 2022	1,500	USD	12-jul-12	30-sep-22	10.2	6.75%		Baa2	BB+	
Subordinated Debentures Tier 2 2029 (15NC10)	200	USD	06-nov-14	12-nov-29	15NC10	5.35%		Baa3	BB+	
Subordinated Debentures Tier 2 2033 (15NC10)	1,000	USD	11-ene-18	18-ene-33	15NC10	5.13%	BB+		BB+	
Subordinated Debentures Tier 2 2034 (15NC10)	750	USD	05-sep-19	13-sep-34	15NC10	5.88%		Baa3	BB+	
Mortgage Securitization										
4th Issuance - BACOMCB 08-2	5,509	MXN	01-dic-08	19-ago-30	21.7	9.91%	mxAAA	Baa1/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

BBVA México					
Assets	Mar	Jun	Sep	Dec	Mar
<i>Figures in million pesos</i>	2019	2019	2019	2019	2020
CASH AND CASH EQUIVALENTS	201,073	222,087	161,091	148,372	156,817
Margin call accounts	10,740	12,912	17,614	18,329	20,919
SECURITIES	417,809	433,963	422,785	463,467	509,820
Trading	249,876	281,339	271,080	281,899	286,335
Available for sale	134,961	119,566	117,973	147,741	178,663
Held to maturity	32,972	33,058	33,732	33,827	44,822
Debtors from repurchase agreement	56	157	618	8,044	13,802
Derivatives	110,532	112,162	129,979	120,309	339,543
Trading	96,345	97,222	117,018	109,377	314,102
Hedging Transactions	14,187	14,940	12,961	10,932	25,441
Valuation adjustments derived from hedges of financial assets	102	699	1,384	1,310	1,194
PERFORMING LOANS	1,143,761	1,173,256	1,180,467	1,216,024	1,311,920
Commercial loans	650,223	665,189	659,811	684,509	780,692
Business or commercial activity	496,663	509,557	505,879	507,622	593,575
Financial entities	25,475	25,275	26,452	33,162	34,830
Government entities	128,085	130,357	127,480	143,725	152,287
Consumer	278,611	286,707	294,478	300,302	296,794
Mortgage	214,927	221,360	226,178	231,213	234,434
Residential Mortgages	204,275	211,171	216,540	222,023	225,554
Social Housing	10,652	10,189	9,638	9,190	8,880
NON PERFORMING LOANS	23,719	24,602	27,031	27,455	29,116
Commercial loans	8,765	8,926	9,629	9,518	10,082
Business or commercial activity	8,765	8,926	9,629	9,518	10,082
Financial entities	0	0	0	0	0
Government entities	0	0	0	0	0
Consumer	8,924	9,385	9,959	10,342	10,843
Mortgage	6,030	6,291	7,443	7,595	8,191
Residential Mortgages	5,455	5,734	6,829	7,033	7,611
Social Housing	575	557	614	562	580
TOTAL LOANS	1,167,480	1,197,858	1,207,498	1,243,479	1,341,036
Allowance for loan losses	(32,609)	(33,981)	(35,358)	(35,411)	(43,145)
TOTAL LOANS, NET	1,134,871	1,163,877	1,172,140	1,208,068	1,297,891
Receivable benefits from securitization transactions	99	50	40	25	18
Other accounts receivable, net	74,803	93,423	106,384	94,054	132,234
Repossessed assets, net	1,600	1,489	1,417	1,438	1,378
Property, furniture and equipment, net	39,421	38,989	38,042	38,459	37,553
Equity investments	529	556	562	815	835
Deferred taxes, net	16,160	18,308	18,115	20,992	24,125
Other assets	7,835	7,619	7,639	6,906	8,813
Deferred charges, prepaid expenses and intangibles	7,835	7,619	7,639	6,906	8,813
Other assets, short and long term	0	0	0	0	0
TOTAL ASSETS	2,015,630	2,106,291	2,077,810	2,130,588	2,544,942

BBVA México					
Liabilities & Stockholders' Equity					
	Mar	Jun	Sep	Dec	Mar
	2019	2019	2019	2019	2020
<i>Figures in million pesos</i>					
TOTAL DEPOSITS	1,189,540	1,258,456	1,223,463	1,267,620	1,400,658
Demand deposits	839,784	885,478	843,948	923,191	1,014,683
Time Deposits	252,874	270,713	282,353	254,070	279,495
Customer deposits	230,359	251,070	270,553	236,263	253,392
Money market	22,515	19,643	11,800	17,807	26,103
Bonds	93,316	98,651	93,437	85,852	101,903
Deposits global account without movements	3,566	3,614	3,725	4,507	4,577
INTER BANK LOANS AND LOANS FROM OTHER ENTITIES	16,883	16,034	19,685	22,018	18,026
Payable on demand	0	0	5,930	7,414	2,349
Short- term	8,728	8,186	6,815	7,040	6,374
Long- term	8,155	7,848	6,940	7,564	9,303
Creditors from repurchase agreements	234,277	211,923	237,372	226,861	221,662
Securities creditors	2	5	2	1	1
COLLATERALS SOLD OR DELIVERED IN GUARANTEE	46,603	60,788	34,271	47,577	55,304
Repurchase	0	0	0	0	0
Securities lending	46,603	60,788	34,271	47,577	55,304
DERIVATIVES	110,498	113,921	137,865	136,301	370,224
Trading	102,481	106,001	129,505	127,913	353,793
Hedge transactions	8,017	7,920	8,360	8,388	16,431
Valuation adjustments derived from hedges of financial liabilities	2,192	4,054	4,646	3,042	10,133
OTHER PAYABLES	109,747	132,469	105,202	109,489	135,311
Profit taxes payable	320	852	1,364	3,765	0
Employee profit sharing (PTU) payable	1	2	2	2	2
Transaction settlement creditors	57,785	71,321	59,877	67,358	81,859
Creditors from collaterals received in cash	19,276	15,789	14,646	10,318	26,385
Accrued liabilities and other	32,365	44,505	29,313	28,046	27,065
Subordinated debt	97,904	96,799	98,558	95,061	117,287
Deferred credits and advanced collections	8,016	7,880	7,714	7,754	7,869
TOTAL LIABILITIES	1,815,662	1,902,329	1,868,778	1,915,724	2,336,475
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	159,930	163,925	168,994	174,823	168,428
Capital reserves	6,901	6,901	6,901	6,901	6,901
Results of prior years	144,658	136,781	128,904	121,028	160,008
Unrealized gain on available- for- sale securities	(1,200)	(866)	(464)	(84)	(3,055)
Result from valuation of cash flow hedging instruments	(121)	(157)	(63)	(113)	291
Accumulated effect by conversion	440	440	440	440	440
Redefined benefits to employees	(3,202)	(3,133)	(3,065)	(2,603)	(2,601)
Net income	12,454	23,959	36,341	49,254	6,444
MAJORITY STOCKHOLDERS' EQUITY	199,933	203,928	208,997	214,826	208,431
Non- controlling interest in consolidated subsidiaries	35	34	35	38	36
TOTAL STOCKHOLDERS EQUITY	199,968	203,962	209,032	214,864	208,467
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	2,015,630	2,106,291	2,077,810	2,130,588	2,544,942

Memorandum accounts

BBVA México					
Memorandum accounts	Mar	Jun	Sep	Dec	Mar
<i>Figures in million pesos</i>	2019	2019	2019	2019	2020
Contingent assets and liabilities	661	615	645	730	751
Credit commitments	598,409	614,354	627,754	632,810	650,132
In trusts	417,071	419,498	419,128	426,149	433,119
Under mandate	24,262	24,265	24,267	24,269	24,261
Assets in trust or under mandate	441,333	443,763	443,395	450,418	457,380
Assets in custody or under administration	242,903	227,975	233,486	208,960	199,635
Collaterals received by the institution	54,639	92,544	81,521	67,642	87,963
Collaterals received and sold or pledged as collateral by the institution	50,599	87,336	75,249	54,283	63,323
Investment banking transactions on behalf of third parties, net	1,315,162	1,388,763	1,425,940	1,380,485	1,375,714
Accrued interest on non- performing loans	6,483	7,202	7,974	8,432	9,301
Other record accounts	3,595,697	3,715,254	3,326,863	3,243,969	3,546,720

"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

Adolfo Arcos González

Head of Internal Audit

Ana Luisa Ordorica Amezcua

Head of Accounting

P&L (Last 5 quarters)

BBVA México							
Financial Results	1Q	2Q	3Q	4Q	1Q	3M	3M
	2019	2019	2019	2019	2020	2019	2020
<i>Figures in million pesos</i>							
Interest Income	48,627	50,599	51,755	50,577	50,673	48,627	50,673
Interest Expenses	(16,806)	(18,445)	(19,381)	(17,424)	(17,629)	(16,806)	(17,629)
Net interest income	31,821	32,154	32,374	33,153	33,044	31,821	33,044
Provisions for loan losses	(7,657)	(9,246)	(9,441)	(9,369)	(16,237)	(7,657)	(16,237)
Net interest income after provisions for loan losses	24,164	22,908	22,933	23,784	16,807	24,164	16,807
Fees & Commissions received	10,894	11,464	11,824	12,581	11,488	10,894	11,488
Fees & Commissions paid	(4,010)	(4,395)	(4,472)	(4,998)	(4,560)	(4,010)	(4,560)
Total Fees & Commissions	6,884	7,069	7,352	7,583	6,928	6,884	6,928
Trading income	1,766	1,418	1,933	1,286	2,327	1,766	2,327
Other operating income	(100)	(34)	306	712	69	(100)	69
Total operating revenues	32,714	31,361	32,524	33,365	26,131	32,714	26,131
Non-interest expense	(15,364)	(15,606)	(16,023)	(16,257)	(16,581)	(15,364)	(16,581)
Operating income	17,350	15,755	16,501	17,108	9,550	17,350	9,550
Share in net income of unconsolidated subsidiaries and affiliates	5	18	6	2	19	5	19
Income before tax	17,355	15,773	16,507	17,110	9,569	17,355	9,569
Current income tax and profit sharing	(4,780)	(6,555)	(4,150)	(7,294)	(5,220)	(4,780)	(5,220)
Deferred income tax and profit sharing	(123)	2,285	26	3,100	2,093	(123)	2,093
Net taxes	(4,903)	(4,270)	(4,124)	(4,194)	(3,127)	(4,903)	(3,127)
Income before discontinued operations	12,452	11,503	12,383	12,916	6,442	12,452	6,442
Minority Interest	2	2	(1)	(3)	2	2	2
NET INCOME	12,454	11,505	12,382	12,913	6,444	12,454	6,444

"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

Adolfo Arcos González

Head of Internal Audit

Ana Luisa Ordorica Amezcua

Head of Accounting

Cash Flow Statement

BBVA México	
Cash Flow Statement (from January 1st to March 31st 2020)	
<i>Figures in million pesos</i>	
Net income	6,444
Adjustments derived from items not involving cash flow	
Depreciation of property, furniture and fixtures	772
Amortization of intangible assets	681
Provisions	(2,221)
Income taxes	3,127
Share in net income of unconsolidated subsidiaries and affiliated companies	(19)
Noncontrolling interest	(2)
	<u>2,338</u>
	<u>8,782</u>
Operating activities	
Change in margin call accounts	(562)
Change in investments in securities	(42,738)
Change in debtors from repurchase agreement	(5,759)
Change in derivatives (assets)	(204,725)
Change in loan portfolio (net)	(48,953)
Change in receivable benefits from securitization transactions	7
Change in repossessed assets	60
Change in other operating assets	(36,345)
Change in deposits	91,269
Change in interbank loans and other loans from other entities	(4,340)
Change in creditors from repurchase agreements	(5,199)
Change in collaterals sold or delivered in guarantee	7,727
Change in derivatives (liabilities)	225,880
Change in subordinated obligations with liability characteristics	(850)
Change in other operating liabilities	26,964
Change in hedging instruments (of hedge items related to operation activities)	370
Income taxes payment	(8,411)
Net cash flows used in operating activities	<u>(5,605)</u>
Investment activities	
Proceeds from the disposal of property, furniture and fixtures	134
Payments for acquisition of intangible assets	(615)
Net cash flows used in investment activities	<u>(481)</u>
Financing activities	
Cash dividends paid	(10,275)
Net cash flows used in financing activities	<u>(10,275)</u>
Net increase or decrease in cash and cash equivalents	(7,579)
Effects of changes in cash and cash equivalents	16,024
Cash and cash equivalents at the beginning of the year	148,372
Cash and cash equivalents at the end of the year	<u>156,817</u>

"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 México	Subscribed Capital		Earned Capital		Results of prior years	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
Figures in million pesos	Paid in Capital	Share Premium	Capital Reserves	Capital Ganado							Capital contable mayoritario	Participación no controladora	Total Capital Contable
Balances as of December 31st, 2019	24,143	15,860	6,901	121,029	(84)	(113)	440	(2,602)	49,254	214,828	38	214,866	
HOLDERS' MOVEMENTS IN LINE WITH STOCKHOLDERS													
Transfer from net income to results of prior years				49,254					(49,254)				
Decree of dividends				(10,275)							(10,275)		(10,275)
Total	-	-	-	38,979	-	-	-	-	(49,254)	-	(10,275)	-	(10,275)
HOLDERS MOVEMENTS IN RECOGNITION TO THE REVENUES													
Net income									6,444	6,444	(2)	6,442	
Result from valuation of securities available for sale					(2,971)					(2,971)		(2,971)	
Result from valuations of Cash Flow Hedging						404				404		404	
Redefined benefits to employees								1		1		1	
Total	-	-	-	-	(2,971)	404	-	1	6,444	3,878	(2)	3,876	
Balances as of March 31st, 2020	24,143	15,860	6,901	160,008	(3,055)	291	440	(2,601)	6,444	208,431	36	208,467	

"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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Regulatory accounting pronouncements recently issued

I. Adoption of international standard

- a. On March 13, 2020, the Resolution amending the General Provisions applicable to Credit Institutions was published on the *Diario Oficial de la Federación* ("DOF"), which refers to the implementation of the International Financial Reporting Standard ("IFRS 9") and the recalibration of the commercial credit portfolio, whose mandatory application will be from January 1, 2022 and that initially was expected to be effective on January 1, 2021, according to what is indicated in the subsection b and c of this section.
- b. In accordance with the aforementioned resolution, the CNBV has resolved to adopt the IFRS 9, for which it is necessary to update the accounting criteria applicable to credit institutions, to make them consistent with the IFRS contained in this resolution, which will allow having transparent and comparable financial information with other countries, with its entry into force on January 1, 2021.

The Bank's administration is in a process of determining the effects of the adoption of these modifications to the accounting criteria applicable to credit institutions.

- c. In accordance with the amendments published in the *Diario Oficial de la Federación* ("DOF") on November 4, 2019, the CNBV has resolved to modify the following Financial Reporting Standards (FRS), which published previously in the DOF of December 27, 2017; and this will be effective as of January 1, 2021 rather than on January 1st, 2019.

Below is a brief description of the main changes with application as of January 1, 2021:

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 determined 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 or liquidate an asset, 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:

- a. It leaves the Bulletin C-3 "Accounts receivable" without effect.

- b. 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 considered as a financial instrument.
- c. It establishes that the provisions for loan losses for commercial accounts payable is recognized from the moment the income is accrued, based on expected credit losses.
- d. 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 the payment of the account receivable is agreed, in whole or in part, for a term greater than one year, since in these cases a financing operation exists.

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 that the entity has in credit losses should be considered; as well as, current conditions; as well as, reasonable and sustainable forecasts for the different measurable 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 will 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 is established when certain conditions are met.
- 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 comprehensive income statement.
- Introduces 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 as assets is modified, since the concept of intention to acquire and hold them to determine their classification is discarded, instead the adoption of the concept business model of the administration.

- 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 characteristics of a loan.
- 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 recognize income.
- Identify the obligations to be complied with in a contractual agreement.
- The allocation of the transaction price among the complied obligations based on the independent sales price.
- The introduction of the concept of conditioned account receivable.
- The recognition of rights to collect.
- 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 clients 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”- 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 leaves without effect the Bulletin D-5 “Leases”. 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 of rights for the 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 presentation of related cash flows, as cash outflows from operating activities are reduced, with an increase in cash flow outflows from financing activities.
- 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.

d. New Standard Pronouncements issued by CINIF

El Consejo Mexicano de Normas de Información Financiera, A. C. (CINIF) issued the following improvements:

Improvements to 2020 Mexican FRS

In December 2019, the CINIF issued a document titled “Improvements to Mexican FRS 2020”, 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.

The Bank’s Management is in the process of determining the effects of adopting the new Financial Reporting Standards (FRS) and the improvement to the FRS in the financial statements.

II. Support for the contingency derived from COVID-19

Through Official Letter No. P-285/2020 dated March 26, 2020, the CNBV authorized banking institutions to apply special accounting criteria in order to support clients impacted by the pandemic caused by the virus COVID-19 and the measures being taken to prevent its spread. Given that, imminent difficulties will arise for companies and individuals to meet their credit commitments.

The support program consists of granting borrowers a partial or total deferment of principal and / or interest payments for up to 4 months and with the possibility of extending it for an additional 2 months, resulting in a total grace period of up to 6 months. It will be 18 months in the case of credits granted to the primary agricultural, livestock, forestry and fishing sectors, and to the industrial, commercial and services sectors that comprise the aforementioned primary sectors.

This will be applicable to credit institutions with respect to the following types of credit and for clients who are classified as having performing loans as of February 28, 2020 and who must adhere to the program at the request of each borrower within 120 days:

- ✓ Credits for housing construction
- ✓ Individuals with home equity
- ✓ Revolving and non-revolving credits, aimed at individuals (automotive, personal, payroll, credit cards and microcredits)
- ✓ Commercial credits for legal entities and individuals with business activity.
- ✓ Trusts as debtors of the bank.

In the case of individual or group microcredits, they may be applied in those cases that are classified as performing loans as of March 31, 2020.

The special accounting criteria for credit institutions not to consider these modifications as restructuring / renewals and to be considered as a performing loans portfolio are the following:

1. Credits with "one-time payment of principal at maturity and periodic payments of interest, as well as credits with one-time payment of principal and interest at maturity", that are restructured or renewed, shall not be considered as non-performing loans in terms of the provisions of Paragraph 79 of the B-6 Credit Portfolio contained in Annex 33 of the *Circular Única de Bancos* (CUB). This as long as the borrowers are classified as a performing loan portfolio as of February 28, 2020 (2), according to paragraph 12 of the B-6.
2. For credits with "periodic payments of principal and interest", which are restructured or renewed, may be considered as in force at the time said act is carried out, without the provisions of Paragraphs 82 and 84 of B- being applicable. 6. This as long as the borrowers are classified as a current portfolio as of February 28, 2020 (2), according to paragraph 12 of the B-6.

3. The credits that from the beginning are stipulated as revolving, that are restructured or renewed, will not be considered as past due loans in terms of what is established in Paragraph 80 and 81 of B-6. This as long as the borrowers are classified as a current portfolio as of February 28, 2020 (2), according to paragraph 12 of the B-6.
4. In relation to the credits mentioned in the preceding paragraphs, these will not be considered as restructured in accordance with the provisions of Paragraph 40 of Criterion B-6.
5. In case of including deductions, forgiveness or discounts on the credit balance to support the borrowers, the Institutions may defer the constitution of EPRC. When the amount of withdrawals, cancellations, bonuses or discounts is greater than the EPRC, a reserve will be constituted for the difference in a period that does not exceed the exercise of 2020.

In all cases, the expiration date that may be granted in the case, may not be longer than 6 months or 18 months for borrowers in the primary sector, from the date it has expired.

The Bank's Management is in a process of determining the application of the effects of these special accounting criteria, which will be recorded, reported and disclosed as of the following quarterly report and in the notes to the annual financial statements.

III. Additional reservation

As of March 31, 2020, the Institution has established additional preventive estimates for credit risks, to cover risks that are not foreseen in the different methodologies established or authorized by the CNBV, in order to recognize possible economic impacts in credit losses for the pandemic caused by the COVID-19 virus, for an amount that totals to 6,544 million pesos.

* * *

BBVA Bancomer, S.A.

Financial Report

January-March 2020

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