

BBVA

Creating Opportunities

BBVA Bancomer, S.A.

Financial Report

January-september 2020

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Relevant Information

COVID credit support

Through Official Notice No. P-285/2020 dated on March 26, 2020 and Official statement No. 026/2020 dated April 15, 2020, the local authority, *Comisión Nacional Bancaria y de Valores* (CNBV), authorized credit institutions to apply Special Accounting Standards (SAS) in order to support the clients impacted by the pandemic caused by the SARS-CoV2 virus (COVID-19) and the measures taken to prevent its spread.

The support program consisted in granting borrowers a partial or total deferral of principal and / or interest payments for up to 4 months, and with the possibility of an additional 2 months. The referred program will be of up to 18 months in the case of credits granted to the primary agricultural sectors, such as livestock, forestry and fishing and to the industrial, commercial and service sectors integrated into the aforementioned primary sectors.

This will be applicable to credit institutions with respect to the following types of credits and for clients whose loans are classified as performing for accounting purposes as of February 28, 2020 and that at the request of each borrower are required to be adhered to the program within the following 120 days:

- ✓ Credits for housing construction.
- ✓ Individual loans with a mortgage guarantee.
- ✓ Revolving and non-revolving loans, aimed at individuals (auto, personal, payroll, credit card (CC) and microcredits).
- ✓ Commercial loans for legal entities and individuals with business activity.
- ✓ Trusts of the bank considered as debtors.

In all cases, the restructuring/renewal process must not exceed 120 days from February 28 and the expiration period may be granted, if any, may not exceed 6 months, from the date on which it would have expired.

The SAS applicable to BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer (BBVA Mexico or the Institution or the Bank), by type of credit, are as follows:

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", which are restructured or renewed, will not be considered as non performing loans in terms of provisions of paragraph 79 of the B-6 Credit Portfolio contained in the Annex 33 of the General Provisions applicable to Credit Institutions (CUB). This as long as the borrowers loans are classified as a performing loans of February 28, 2020, in accordance with 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 performing loans, without applying what is established in paragraphs 82 and 84 of the B-6. This as long as, the borrowers are classified as a performing loan as of February 28, 2020, according to paragraph 12 of the B-6.

3. Credits that are established as revolving from their start, which are restructured or renewed, are not considered to be past due in terms of what is established in paragraphs 80 and 81 of the B-6. This as long as the borrowers are classified as a performing loan as of February 28, 2020, in accordance to paragraph 12 of the B-6.

At BBVA Mexico, in accordance with the SAS previously, the support programs by portfolio type consist of the following:

- ✓ Commercial (Enterprises and SMEs).- Grace period between 4 and 6 months for capital and/or interest. According with each borrower's negotiations, the deferred monthly payments will be required at the expiration of the contract, with the extension of the expiration of the contract or at the end of the deferral period.
- ✓ Mortgages.- Deferral of up to 4 monthly installments that are required upon the maturity of the loan.
- ✓ Payroll, Auto and Personal.- Grace period of 4 months (or 8 fortnights) of capital and/or interest are granted, with an extension of the term.
- ✓ CC.- Consists of deferring the payment enforceability for 4 months.

In all cases, the collection of default interest or charges for collection expenses do not apply and there will not affect the credit bureau.

Extension of debtor support facilities. Through Official Notice No. P-325/2020 dated June 23, 2020, the CNBV has communicated the extension of the term to conclude the process of restructuring or renewal of the Official Support Program COVID to July 31st and generally applicable to customers who have been affected and that were accounted as performing as of March 31st.

As a result of the adhesion of the borrowers to the support programs, as of September 30th and June 30th, the total loan portfolio supported corresponds to 313,748 million pesos (mp) and 324,306 mp, respectively; of which, the number of cases and the deferred amount by type of credit as of the date mentioned above are detailed below:

Figures in mp

Portfolio	2Q 2020			3Q 2020		
	# Supported contracts	Deferred balance	Total Supported Balance	# Supported contracts	Deferred balance	Total Supported Balance
Commercial Activity	9,098	8,035	83,097	14,134	12,321	76,866
SME	37,697	5,808	51,904	39,319	8,871	50,441
Mortgages	120,079	3,292	104,158	122,531	4,107	103,932
Auto	121,706	1,889	18,190	125,414	2,838	17,839
Payroll	281,017	2,391	22,240	287,404	3,592	21,489
Personal	139,053	1,449	12,461	142,733	2,040	12,012
CC	783,763	5,198	32,256	830,454	6,592	31,170
Total	1,492,413	28,063	324,306	1,561,989	40,361	313,748

*The deferred amount of CC and SME as of June is corrected in this report due to the details in the application of the SAS notices, which were estimated at the time.

Considering that these supports were granted by BBVA Mexico starting on April, and as the majority of the portfolio adhered to the program were classified as performing in the referred month, as of September 30th and June 30th, the non-performing loan portfolio supported

corresponds to 5,501 mp and 16.8 mp, respectively, which represents 1.75% and 0.01% of the total supported balance. As of September 30th and June 30th, this represents an impact of 43 basis points (bp) and less than 1 bp in the Non-Performing Loan ratio (NPL), respectively.

As of September 30th and June 30th, accrued interest that would have been recognized in the financial margin of the Income Statement, if the support program had not been granted, would amount to approximately 7,231 mp and 5,001 mp, respectively.

Given the retroactive application of the support plan to certain performing loans as of February 28, that were in payment default at the time of the request, a release in the Provisions for Loan Losses (PLL) for 1,066 million pesos would have been generated. In order to maintain the consistency of the financial information and given the nature of the potential release, the decision was to maintain them.

As of September 30th, as part of the monitoring and management of the supported portfolio as of its exit from the support, it is observed that of the borrowers of which the additional reserves were maintained have impairment and present defaults in their payments, elements that are considered as part of the parameters of the portfolio rating models. Therefore, the additional reserves mentioned in the previous paragraph have been released and constituted as part of the reserve requirements in the PLL line of the financial statement.

According to the disclosure in the financial information of the 1Q 2020, as of March 31st, 2020, the Bank established additional preventive provisions for credit risks that are not foreseen in the different methodologies established or authorized by the CNBV, in order to recognize the possible credit losses due to the economic impact of the pandemic caused by the COVID-19 virus, for an amount of 6,544 mp.

The creation of the aforementioned additional preventive provisions generated a decrease in the net result that was offset by the integration of the additional estimates to the complementary part of the net capital, which represented 38 bps, the foregoing based on the Article 2 Bis 7, section III of the local banking rules.

As of September 30th and June 30th, the effect on solvency from applying the SAS represented a decrease of 29 bp and 14 bp in the capitalization ratio (ICAP), respectively. This decrease is explained by the net effect of the lower generation of financial margin, as well as by the containment of risk-weighted assets of the credit portfolio.

Decree and distribution of dividends

During the third quarter of 2020, no dividend payments or dividend decreed were approved for distribution in the Ordinary General Shareholders' Meeting, corresponding to the profits for 2019 fiscal year.

The foregoing pursuant with the recommendation issued by the CNBV for credit institutions to refrain from agreeing to pay dividends to shareholders, as well as any mechanism or act that implies a transfer of capital benefits to them, or assume the irrevocable commitment to pay them for the fiscal years of 2019 and 2020, including the distribution of reserves.

Issuance of senior note and maturity of bank bonds

In September 2020, BBVA Mexico, which is the largest subsidiary of Grupo Financiero BBVA Bancomer, S.A. de C.V. (Grupo Financiero BBVA Mexico or GFBB or the Group) issued a Senior Note for the amount of 500 million dollars maturing on September 2025. Investor confidence in the Bank has been reflected in the additional demand of approximately 6 times the initial book with a broad diversification of global investors (United States, Europe, Asia and Latin America) an indication of the strength, solvency and liquidity of the Institution. This issuance is the second under the Global Medium Term Note Program (GMTN), which has a value of up to 10 billion dollars. The issue was rated by Moody's Investor Services with a Baa1 rating and by Fitch Ratings with a BBB rating.

Likewise, in August 2020 there were two maturities, one derived from the Bank Bond (CB Bancomer_10) for an amount of 1,078 mp, dated September 2010, as well as the Bank Bond (CB Bancomer_10U) for an amount of 1,092 million UDIS, with issue date September 2010.

Second Annual Monitoring Report of BBVA Mexico's green bond

During October, the second annual monitoring report of the green bond issued by BBVA Mexico on September 2018 for an amount of 3,500 mp was published in the Institution's website. The objective of the report is to reveal the use of the resources obtained from the issuance, for more information consult the complete document in the following link: <https://investors.bbva.mx/wp-content/uploads/2020/10/Second-Follow-up-Report-of-the-Green-Bond-of-BBVA-M%C3%A9xico.pdf>

BBVA Mexico, the bank with the best reputation in the country, for the fourth consecutive year

The Business Monitor of Corporate Reputation (MERCOR) recognized BBVA Mexico, for the fourth consecutive time, as the bank with the best reputation in the country. BBVA Mexico also obtained the sixth place in the general classification. Furthermore, the Vice President and General Director of BBVA Mexico, Eduardo Osuna Osuna, was recognized in sixth place on the list of "The 100 executives with the best reputation in Mexico", released by the same consulting firm.

For BBVA Mexico, the attention and care of its reputation is one of the key axes in the business and not only reputation, but also Corporate Responsibility with clear and transparent information, addressing and internalizing the care of the Environment, Social issues and with an adequate Governance (ESG, for its acronym in English).

BBVA Mexico is convinced that its daily actions must strengthen to be a responsible business to benefit society, employees, clients and shareholders.

BBVA Mexico's mobile banking app launches new features

In August, new functionalities were made available to customers who use the Bank's mobile application. Within the BBVA Mexico application, customers can now view their digital cards and dynamic CVV for purchases over the internet without having to open another application. In addition, the possibility of buying and selling mutual funds, already was integrated, as well as contracting and making subsequent purchases of Promissory Notes.

The minimum transaction amount is three titles and operates for the full BBVA Mexico's offer (shelf). Some characteristics of this functionality are speed, clarity and simplicity for the client when performing an operation.

With BBVA, the customer is the boss. With the new features, the BBVA app also becomes a financial advisor, allowing clients to manage their finances in a personalized way, calculating the amount of interest paid that best suits their needs.

In face of COVID-19, BBVA Mexico is part of the solution:

At BBVA Mexico we have stepped up

Society



We live our values and we help **society**

We launched an action plan focused on three pillars:



Protect our people



Support our clients



Help Mexico: 470 million pesos as seed capital plus contributions from allies, advisors and collaborators.

Employees



We rely on committed **employees** with strong values

Working remotely has been promoted both in central services and in branch networks.

We are strong bank. We have the best team:



Customer comes first



We think big



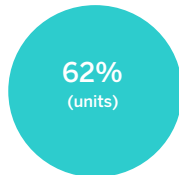
We are one team



We help our customers in their lives and in their businesses



Digital Customers



Digital Sales



We addressed the challenges faced by banks with a **sound capital and liquidity position**

LCR

185.24%

Total Capital Ratio

16.81%

Customers

Shareholders

“The **health** and well being of all is the first and foremost **priority**”

Analysis and Discussion of Results

Executive Summary

- BBVA Mexico reiterates its commitment to continue contributing to the economic development of the country, by maintaining business continuity even in the current complex operating environment. Therefore, it continues to offer its services and products aimed at the needs of its clients. **The foregoing is seen in a 70 billion pesos growth in performing loans** during the last twelve months.
- This favorable evolution, combined with a better performance of the institution compared to the market, has allowed **BBVA Mexico** to consolidate its leadership position with an **increase in its market share of 59 bp** closing August with 23.2% according to figures from the CNBV.
- The favorable dynamism of the loan portfolio is explained by **greater financing for businesses and the government**, leading the commercial portfolio to grow 8.8% compared to the end of September 2019.
- **To face the complex situation we are going through BBVA Mexico has supported its clients** by granting grace periods with deferred principal and interest.
- We continue to promote savings and financial inclusion, which can be seen in an **annual increase of 191,580 mp in bank deposits** to close the first nine months of the year with a balance of 1,306,081 mp. Consolidating the leadership position with a **market share of bank deposits at 23.7%** according to CNBV figures as of August 2020, showing an annual increase of 4 bp.
- Despite the current weak macroeconomic environment, BBVA Mexico was able to generate a **net income of 28,580 mp** in the first nine months of the year.
- **We have high levels of solvency and liquidity, above the minimum required** by the financial authorities, with a LCR of 185.24% and a total ICAP of 16.81% in the 3Q20.

Main Magnitudes

Information as of September 2020

BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer						%			%
Main Magnitudes	3Q	4Q	1Q	2Q	3Q		9M	9M	
<i>Million pesos</i>	2019	2019	2020	2020	2020	Q-o-Q	2019	2020	Y-o-Y
Balance Sheet									
Assets	2,077,810	2,130,588	2,544,942	2,463,250	2,452,564	(0.4)	2,077,810	2,452,564	18.0
Performing Loans	1,180,467	1,216,024	1,311,920	1,279,245	1,250,968	(2.2)	1,180,467	1,250,968	6.0
Liabilities	1,868,778	1,915,722	2,336,475	2,242,454	2,218,878	(1.1)	1,868,778	2,218,878	18.7
Bank Deposits (demand + time)*	1,114,501	1,159,454	1,268,075	1,271,825	1,306,081	2.7	1,114,501	1,306,081	17.2
Equity	209,032	214,866	208,467	220,796	233,686	5.8	209,032	233,686	11.8
Results									
Net Interest Income	32,374	33,153	33,044	27,684	31,965	15.5	96,349	92,693	(3.8)
Total Operating Income	41,965	42,734	42,368	35,615	41,376	16.2	122,943	119,359	(2.9)
Expenses	(16,023)	(16,257)	(16,581)	(15,849)	(15,969)	0.8	(46,993)	(48,399)	3.0
Income Before Tax	16,507	17,110	9,569	12,142	18,438	51.9	49,635	40,149	(19.1)
Net Income	12,382	12,913	6,444	9,473	12,663	33.7	36,341	28,580	(21.4)
Indicators in %									
	3Q	4Q	1Q	2Q	3Q		9M	9M	
	2019	2019	2020	2020	2020	QoQ (bp)	2019	2020	YoY (bp)
Profitability and Asset Quality									
ROE	24.0	24.4	12.2	17.7	22.3	464	24.0	17.0	(704)
Efficiency	38.2	38.0	39.1	44.5	38.6	(591)	38.2	40.5	233
NPL ratio	2.2	2.2	2.2	1.9	2.0	11	2.2	2.0	(21)
Coverage ratio	130.8	129.0	148.2	167.3	159.8	(742)	130.8	159.8	2,904
Solvencia y Liquidez									
Total Capital Ratio	15.2	15.6	15.1	16.0	16.8	80	15.2	16.8	158
Core Equity Tier 1 Ratio	12.0	12.5	11.5	12.4	13.5	105	12.0	13.5	144
CCL	138.25	145.67	141.88	159.07	185.24	2,617	138.25	185.24	4,699
Leverage Ratio	10.0	10.0	8.6	9.4	9.8	41	10.0	9.8	(14)
Figures in units (#)									
	3Q	4Q	1Q	2Q	3Q		9M	9M	
	2019	2019	2020	2020	2020	QoQ (#)	2019	2020	YoY (#)
Infraestructure									
Employees	33,741	33,705	34,118	33,707	33,347	(360)	33,741	33,347	(394)
Branches	1,848	1,860	1,864	1,866	1,814	(52)	1,848	1,814	(34)
ATMs	13,005	13,170	13,066	13,115	12,923	(192)	13,005	12,923	(82)

* Customer deposits.

Commercial Activity

Performing Loans

The current complex macroeconomic environment, derived from the closure of activities to prevent the spread of the COVID-19 pandemic, has generated a significant slowdown in the country's economic activity. The financial sector is considered an essential economic activity, and as such, we reiterate our commitment to the country, by continuing to provide products and services to our clients, which is observed in an annual growth of 6.0% in the performing loan portfolio, to close the first nine months of the year with a balance of 1,250,968 mp.

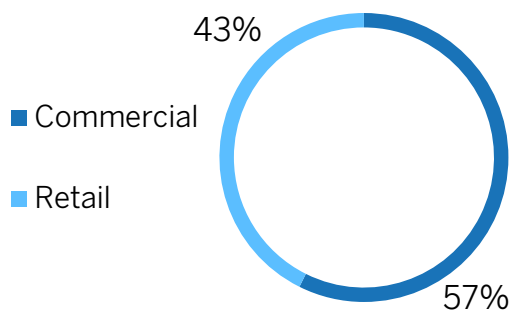
This evolution has allowed the Institution to consolidate its leadership position with a market share of 23.2% as of August 2020, equivalent to an annual growth of 59 bp, according to public figures from the CNBV.

It is worth mentioning that the growth of the performing loans has been driven by greater financing for businesses and the country (through government loans), leading the commercial portfolio to grow by 57,830 mp or 8.8% compared to the previous year.

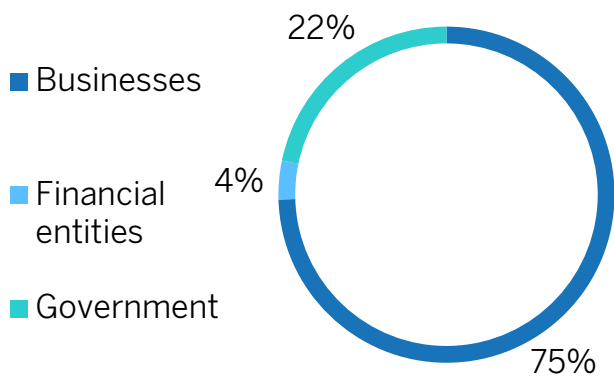
For their part, loans to individuals, registered an annual increase of 2.4%, showing a slowdown in their growth tendency. In detail, the most impacted by the pandemic have been consumer loans and credit cards, which register a decline of 2.1% in annual terms. While mortgage has managed to maintain a positive trend, with a balance 8.3% higher than that of September 2019.

BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer					
Performing Loans	9M	6M	9M	%	
<i>Million pesos</i>	2019	2020	2020	Q-o-Q	Y-o-Y
Businesses	505,879	570,758	534,926	(6.3)	5.7
Financial entities	26,452	28,600	26,762	(6.4)	1.2
Government loans	80,459	93,771	100,179	6.8	24.5
State-owned entities	47,021	55,969	55,774	(0.3)	18.6
Government	127,480	149,740	155,953	4.1	22.3
Commercial loans	659,811	749,098	717,641	(4.2)	8.8
Consumer	294,478	287,781	288,427	0.2	(2.1)
Mortgage	226,178	242,366	244,900	1.0	8.3
Total Performing Loans	1,180,467	1,279,245	1,250,968	(2.2)	6.0

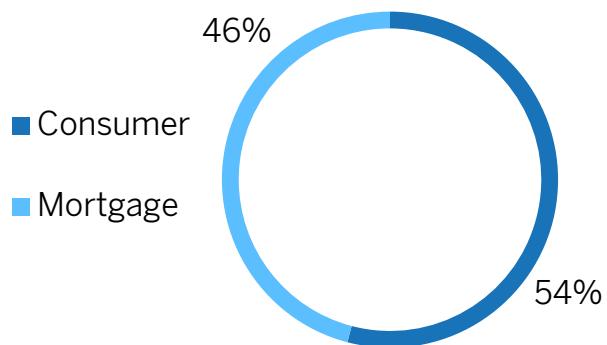
Performing Loans mix (%)



Commercial Loans mix (%)



Retail Lending mix (%)



Asset quality

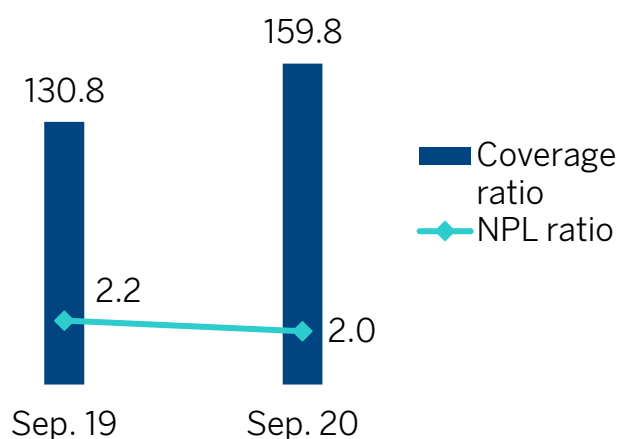
Non-Performing Loans

BBVA Mexico has managed to contain the deterioration of the non-performing loans despite the difficult economic and operating environment in the country. There is an annual decrease of 4.0% in non-performing loans; the NPL ratio has remained at favorable levels of 2.0%.

Additionally, there is an increase in the coverage ratio, mainly due to the change in lending mix as well as the effect of the additional reserves created in a prudential way during the first months of the year.

BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer					
Non Performing Loans	9M 2019	6M 2020	9M 2020	% Q-o-Q	Y-o-Y
<i>Million pesos</i>					
Businesses	9,629	10,243	9,932	(3.0)	3.1
Financial entities	0	0	0	n.a.	n.a.
Government entities	0	0	0	n.a.	n.a.
Commercial loans	9,629	10,243	9,932	(3.0)	3.1
Consumer	9,959	8,317	7,778	(6.5)	(21.9)
Mortgage	7,443	6,457	8,230	27.5	10.6
Total Non Performing Loans	27,031	25,017	25,940	3.7	(4.0)

NPL ratio and Coverage ratio (%)



Loan Portfolio Credit Quality Classification

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

BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer										
Performing Loan Rating September 2020	Commercial		Mortgage		Consumer		Credit Card		Total	
	Balance	Provision	Balance	Provision	Balance	Provision	Balance	Provision	Balance	Provision
<i>Million pesos</i>										
Risk Level										
A1	686,225	1,648	211,728	245	58,276	504	49,329	822	1,005,558	3219
A2	46,396	464	2,525	16	13,790	347	14,727	578	77,438	1,405
B1	20,060	352	7,677	69	50,682	1,684	8,677	498	87,096	2,603
B2	12,689	264	7,110	92	31,596	1,444	6,989	505	58,384	2,305
B3	19,060	614	2,982	48	8,203	457	5,890	525	36,135	1,644
C1	5,755	348	8,859	271	7,616	554	8,078	982	30,308	2,155
C2	3,056	217	3,891	283	5,654	579	12,006	2,647	24,607	3,726
D	5,414	1,823	4,589	1,180	4,423	1,037	1,489	681	15,915	4,721
E	10,070	5,379	3,768	1,941	7,569	4,743	1,214	1,078	22,621	13,141
Additional										6,544
Total required	808,725	11,109	253,129	4,145	187,809	11,349	108,399	8,316	1,358,062	41,463

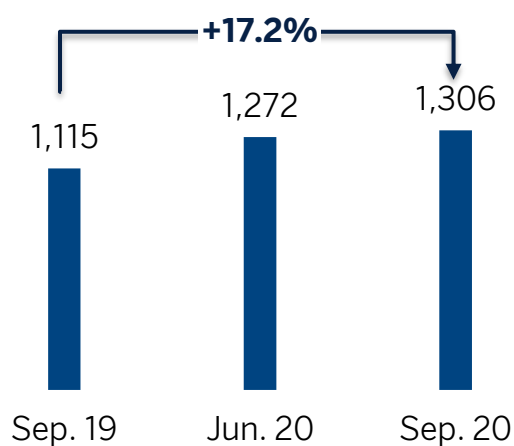
Deposits

The strategy of promoting financial inclusion and a saving culture among our clients is reflected in the 17.2% annual increase in bank deposits (defined as demand and customer time deposits). It is important to note an annual increase of 203,915 mp in demand deposits. With this, the funding mix maintains a greater relative weight in low-cost resources with 80% coming from demand deposits.

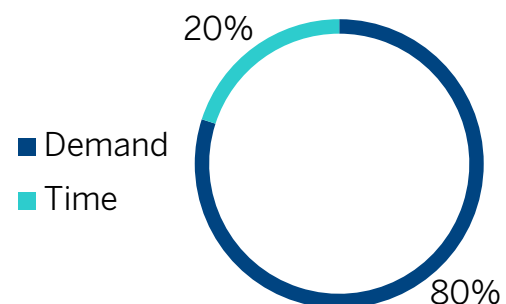
The aforementioned allows BBVA Mexico to consolidate its leadership position by registering a market share in bank deposits of 23.7%, according to the CNBV public figures at the end of August 2020.

BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer					
Deposits	9M 2019	6M 2020	9M 2020	% Q-o-Q	% Y-o-Y
<i>Million pesos</i>					
Demand deposits	843,948	1,017,143	1,047,863	3.0	24.2
Time Deposits	282,353	282,803	278,844	(1.4)	(1.2)
Customer Deposits	270,553	254,682	258,218	1.4	(4.6)
Money Market	11,800	28,121	20,626	(26.7)	74.8
Bonds	93,437	89,927	89,006	(1.0)	(4.7)
Deposits global account without movements	3,725	4,781	4,929	3.1	32.3
Total Deposits	1,223,463	1,394,654	1,420,642	1.9	16.1

Bank Deposits (mp)



Bank Deposits Mix (%)

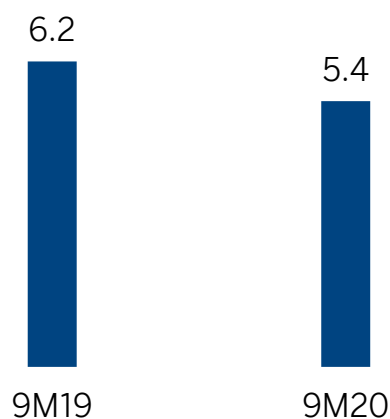


Results

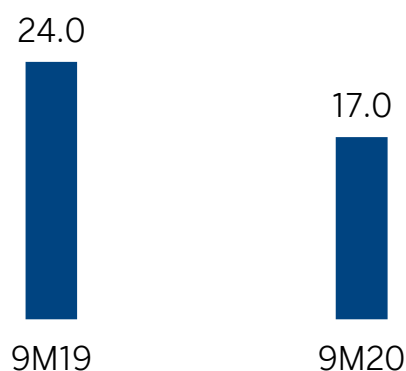
During the first nine months of the year and despite the complex macroeconomic environment derived from the pandemic, BBVA Mexico recorded a net income of 25,580 mp, 21.4% less than the result obtained in the same period of 2019. The above is explained by the creation of prudential reserves in the first months of the year to face the possible deterioration of the performing loans portfolio in the coming months given the implementation of support programs for its clients.

BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer							
Income Statement	3Q	2Q	3Q	%	9M	9M	%
<i>Million pesos</i>	2019	2020	2020	Q-o-Q	2019	2020	Y-o-Y
Net interest income	32,374	27,684	31,965	15.5	96,349	92,693	(3.8)
Provisions for loan losses	(9,441)	(7,609)	(6,987)	(8.2)	(26,344)	(30,833)	17.0
Net interest income after provisions for loan losses	22,933	20,075	24,978	24.4	70,005	61,860	(11.6)
Total Fees & Commissions	7,352	5,879	6,906	17.5	21,305	19,713	(7.5)
Trading income	1,933	2,468	1,898	(23.1)	5,117	6,693	30.8
Other operating income	306	(416)	607	n.a.	172	260	51.2
Total operating revenues	32,524	28,006	34,389	22.8	96,599	88,526	(8.4)
Non-interest expense	(16,023)	(15,849)	(15,969)	0.8	(46,993)	(48,399)	3.0
Net operating income	16,501	12,157	18,420	51.5	49,606	40,127	(19.1)
Income before income tax and profit sharing	16,507	12,142	18,438	51.9	49,635	40,149	(19.1)
Net Income	12,382	9,473	12,663	33.7	36,341	28,580	(21.4)

NIM (total assets, %)¹



ROE (%)



¹ Net Interest Margin (NIM) on total assets.

Net Interest Income

Net interest income in the first nine months of the year declined 3.8% compared to the previous year, this explained by the change in the mix of the portfolio towards wholesale, a 300 bp cut in the Mexican reference rate in the last twelve months, and finally the application of the customer support program that allows the deferral in the payment of principal and interest on their loans, to help them face the complex situation that we currently live.

Derived from the creation of prudential reserves to face the current crisis, the net interest income after provisions shows a decline of 11.6% compared to the first nine months of 2019.

Net Interest Income	3Q 2019	2Q 2020	3Q 2020	%		9M 2019	9M 2020	%
				Q-o-Q	Y-o-Y			
<i>Million pesos</i>								
Interest Income	51,202	42,463	43,559	2.6	(14.9)	149,416	136,172	(8.9)
Interest Expenses	(19,381)	(15,260)	(12,071)	(20.9)	(37.7)	(54,632)	(44,960)	(17.7)
Margin fees	553	481	477	(0.8)	(13.7)	1,565	1,481	(5.4)
Net interest income	32,374	27,684	31,965	15.5	(1.3)	96,349	92,693	(3.8)
Provisions for loan losses	(9,441)	(7,609)	(6,987)	(8.2)	(26.0)	(26,344)	(30,833)	17.0
Net interest income after provisions	22,933	20,075	24,978	24.4	8.9	70,005	61,860	(11.6)

Fees and Commissions

Fees and commissions decreased in the first nine months of the year due to lower commissions generated by lower levels of credit card transactions. Additionally, there is an increase in digital channel transactions by our clients, in which we don't charge commission for the use of these services.

BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer								
Fees & Commissions	3Q 2019	2Q 2020	3Q 2020	%		9M 2019	9M 2020	%
				Q-o-Q	Y-o-Y			
<i>Million pesos</i>								
Bank fees	1,822	1,543	1,758	13.9	(3.5)	5,383	5,073	(5.8)
Credit and debit card	3,811	2,804	3,483	24.2	(8.6)	11,414	9,966	(12.7)
Investment funds	986	1,131	1,161	2.7	17.7	2,869	3,381	17.8
Others	733	401	504	25.7	(31.2)	1,639	1,293	(21.1)
Commissions and fee income	7,352	5,879	6,906	17.5	(6.1)	21,305	19,713	(7.5)

Trading income

A positive performance is seen in trading income derived from the proper management of the Global Markets unit, coupled with a greater placement of foreign exchange operations by the banking segments.

BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer								
Trading income								
<i>Million pesos</i>								
	3T	2Q	3Q	%		9M	9M	%
	2019	2020	2020	Q-o-Q	Y-o-Y	2019	2020	Y-o-Y
Variable income	13	49	15	(69.4)	15.4	171	(12)	n.a.
Fixed income and repos	518	2,955	(1,439)	n.a.	n.a.	(1,429)	(1,426)	(0.2)
Securities	531	3,004	(1,424)	n.a.	n.a.	(1,258)	(1,438)	14.3
FX	(2,185)	3	6,881	n.a.	n.a.	(1,040)	(2,138)	105.6
Derivatives	421	8,859	(7,803)	n.a.	n.a.	(3,710)	(4,388)	18.3
Results from valuation	(1,233)	11,866	(2,346)	(119.8)	90.3	(6,008)	(7,964)	32.6
Variable income	(94)	397	221	(44.3)	n.a.	(45)	(811)	1,702.2
Fixed income and repos	744	(1,060)	1,963	n.a.	163.8	3,235	3,151	(2.6)
Securities	650	(663)	2,184	n.a.	236.0	3,190	2,340	(26.6)
FX	1,372	1,600	1,507	(5.8)	9.8	4,159	4,564	9.7
Derivatives	1,144	(10,335)	553	n.a.	(51.7)	3,776	7,753	105.3
Results from trading	3,166	(9,398)	4,244	n.a.	34.0	11,125	14,657	31.7
Trading income	1,933	2,468	1,898	(23.1)	(1.8)	5,117	6,693	30.8

Other income (expenses) of the operation

This item registers a positive evolution due to the increase derived from the result of foreclosed assets and from the sales and recoveries of the loan portfolio.

BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer								
Other Income								
<i>Million pesos</i>								
	3Q	2Q	3Q	%		9M	9M	%
	2019	2020	2020	Q-o-Q	Y-o-Y	2019	2020	Y-o-Y
Bank Correspondents	33	32	38	16.8	13.9	33	95	187.1
Sales and recoveries of loan portfolio	61	24	123	405.5	101.1	61	166	172.1
Interest of loans to employees	193	203	207	1.6	7.0	568	614	8.1
Recovery of warranty payments	395	45	56	25.3	(85.7)	539	201	(62.6)
Result of operation of foreclosed assets	218	171	475	177.2	117.8	513	830	61.8
Write-offs	(252)	(120)	(42)	(65.2)	(83.5)	(785)	(325)	(58.5)
Legal contingencies	(88)	(42)	(99)	136.9	12.5	(317)	(238)	(25.0)
Donations	(91)	(241)	(131)	(45.7)	43.7	(485)	(590)	21.7
Branch reorganization plan	0	0	(589)	n.a.	n.a.	0	(589)	n.a.
Dividends collected from associates	0	137	(31)	n.a.	n.a.	109	106	(3.1)
Other income	(163)	(627)	601	n.a.	n.a.	(64)	(9)	(86.0)
Other operating income	306	(416)	607	n.a.	98.5	172	260	51.2

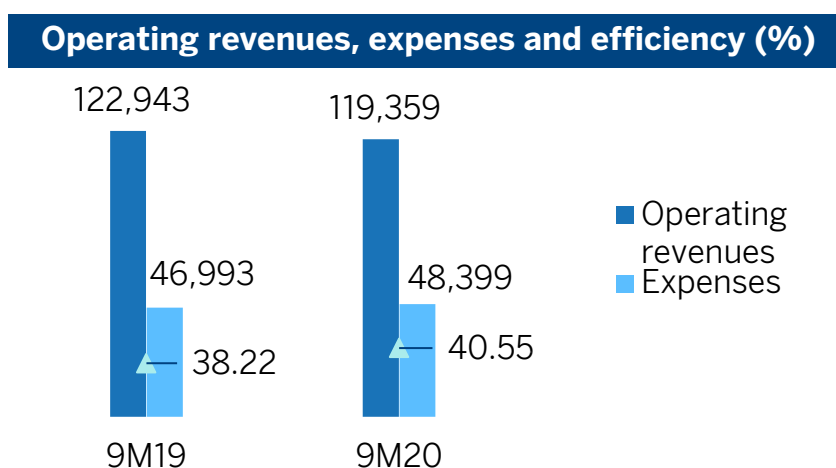
Non-Interest Expenses

For BBVA Mexico, the priority will always be the health of our clients, employees and society in general. In this sense, during the first nine months of 2020, there has been an important investment of resources in the purchase of antibacterial gel and hygienic supplies to maintain the safety and health of employees and customers, while we continue to provide service.

Despite the above, there is a contained increase in administration and promotion expenses in the first half of the year. The efficiency index (measured as expenses divided by income) was 40.55% at the end of September 2020, higher by 233 bp compared to the previous year, impacted by a lower growth in income.

It should be noted, that BBVA Mexico has a clear focus on the continuous improvement of the experience and service to its clients. In this sense, at the end of September 2020, the Institution had a physical infrastructure of 1,814 branches and 12,923 ATMs, in addition to the wide range of digital applications and services to serve the current and future needs of its broad customer base.

BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer								
Non-Interest Expenses	3Q 2019	2Q 2020	3Q 2020	%		9M 2019	9M 2020	%
<i>Million pesos</i>				Q-o-Q	Y-o-Y			Y-o-Y
Administrative and operating expenses	10,635	9,852	10,310	4.6	(3.1)	30,849	31,322	1.5
Rents	1,438	1,529	1,494	(2.3)	3.9	4,302	4,550	5.8
Depreciation and amortization	1,477	1,461	1,467	0.4	(0.7)	4,419	4,381	(0.9)
Taxes	1,098	1,318	1,107	(16.0)	0.8	3,372	3,450	2.3
Deposit guarantee fund (IPAB)	1,375	1,689	1,591	(5.8)	15.7	4,051	4,696	15.9
Administrative and promotional expenses	16,023	15,849	15,969	0.8	(0.3)	46,993	48,399	3.0



Taxes

BBVA Mexico reached an agreement with local tax authorities (Servicio de Administración Tributaria, SAT), through which the Bank has paid 3,213 mp (with two payments, one for 2,278 mp in March 2020 and another for 935 mp in September 2020) and at the same time, during the third quarter of the year, it decided to finalize the procedures, agreements and other adjustments that it had initiated regarding the various issues for the payment of income tax.

The resources paid refer to complementary amounts different from the obligations corresponding to the fiscal years 2006 to 2008 and from 2012 to 2015, with the aim of closing and ending the differences in criteria regarding income tax, seeking to expedite the collection of tax resources by the SAT just at a time when the country requires tax resources due to the difficult economic situation we are going through.

BBVA Mexico will continue to be a responsible and transparent taxpayer as it has been up to now.

Capital and Liquidity

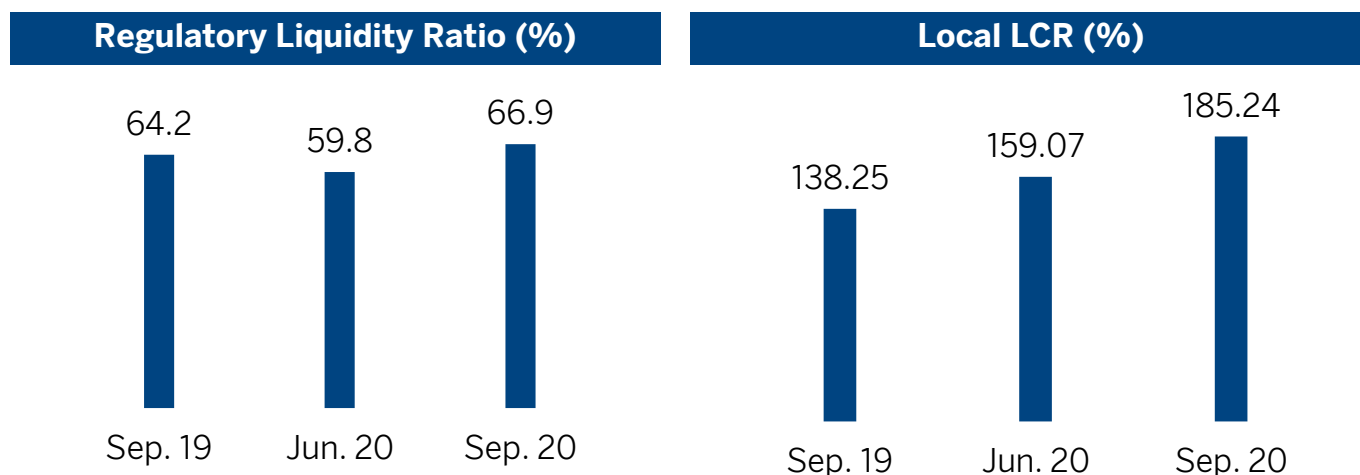
BBVA Mexico estimated capitalization index stood at 16.81% at the end of September 2020, composed by 13.47% of Tier 1 capital and 3.34% of Tier 2 capital. Recurrence of income is observed in the constant generation of organic capital, which allows BBVA Mexico to increase 158 bp compared to 15.23% registered on September 2019.

BBVA Mexico fully covers the minimum capital requirements. Derived from the additional allocation of capital after being classified as a domestic systemically important financial institution (Grade IV), it is necessary to cover with an additional buffer of 1.5%, which implies maintaining a minimum requirement of 12.0% for the total capital ratio.

BBVA Mexico estimated capitalization index

BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer							
Capitalization	September		June		September		
Million pesos	2019		2020		2019		
Tier 1 capital		201,553		212,394		225,935	
Tier 2 capital		53,688		61,477		56,086	
Net capital		255,241		273,871		282,021	
	Credit Risk	Market, Operative & Credit Risk	Credit Risk	Market, Operative & Credit Risk	Credit Risk	Market, Operative & Credit Risk	
Risk-weighted assets	1,098,686	1,675,725	1,147,420	1,710,196	1,142,508	1,677,328	
Tier 1 as % of risk-weighted assets	18.34%	12.03%	18.51%	12.42%	19.78%	13.47%	
Tier 2 as % of risk-weighted assets	4.89%	3.20%	5.36%	3.59%	4.91%	3.34%	
Total capital ratio	23.23%	15.23%	23.87%	16.01%	24.68%	16.81%	

Despite the complex environment, BBVA Mexico maintains favorable liquidity levels to continue growing. The regulatory liquidity ratio, defined as Liquid assets / Liquid liabilities, stood at 66.9%. The Liquidity Coverage Ratio (Local LCR) stood at 185.24%.



Financial Indicators

BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer	3Q	4Q	1Q	2Q	3Q	9M	9M
	2019	2019	2020	2020	2020		
Infrastructure Indicators (#)							
Branches	1,848	1,860	1,864	1,866	1,814	1,848	1,814
ATMs	13,005	13,170	13,066	13,115	12,923	13,005	12,923
Employees	33,741	33,705	34,118	33,707	33,347	33,741	33,347
Profitability Indicators (%)							
a) NIM adjusted (interest bearing assets)	4.8	4.9	3.1	3.5	4.4	4.9	3.9
b) NIM (total assets)	6.2	6.3	5.7	4.4	5.2	6.2	5.4
c) Operating efficiency	3.1	3.1	2.8	2.5	2.6	3.0	2.8
d) Efficiency (cost to income)	38.2	38.0	39.1	44.5	38.6	38.2	40.5
e) Productivity index	45.9	46.6	41.8	37.1	43.2	45.3	40.7
f) ROE	24.0	24.4	12.2	17.7	22.3	24.0	17.0
g) ROA	2.4	2.5	1.1	1.5	2.1	2.3	1.7
Asset Quality Indicators (%)							
h) NPL ratio	2.2	2.2	2.2	1.9	2.0	2.2	2.0
i) Coverage ratio	130.8	129.0	148.2	167.3	159.8	130.8	159.8
Solvency Indicators (%)							
j) Core equity tier 1 ratio	12.0	12.5	11.5	12.4	13.5	12.0	13.5
k) Tier 1 ratio	12.0	12.5	11.5	12.4	13.5	12.0	13.5
l) Total capital ratio	15.2	15.6	15.1	16.0	16.8	15.2	16.8
m) Leverage ratio	10.0	10.0	8.6	9.4	9.8	10.0	9.8
Liquidity Indicators (%)							
n) Liquidity ratio (CNBV requirement)	64.2	61.6	60.8	59.8	66.9	64.2	66.9
o) Liquidity ratio (Loans / Deposits)	104.5	102.9	101.0	98.0	93.9	104.5	93.9
p) Liquidity Coverage Coefficient (Local LCR)	138.25	145.67	141.88	159.07	185.24	138.25	185.24

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: Non performing loans / Total loan portfolio.
- i) Coverage Ratio: Allowance for loan losses / Non performing loans.

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)	bbb+		
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	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., 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 2nd Issuance - BACOMER 21145	1,000	MXN	15-abr-11	02-abr-21	10.0	TIIE28 + 80	Baa1/Aaa.mx	AAA(mex)	
Bond 4th Issuance - BACOMER 22224	1,000	MXN	07-jun-12	26-may-22	10.0	TIIE28 + 85	Baa1/Aaa.mx	AAA(mex)	
Senior Notes Dlls 2024	750	USD	10-abr-14	10-abr-24	10.0	4.38%	Baa1	BBB	
Senior Notes Dlls 2025	500	USD	15-sep-20	18-sep-25	5.0	1.88%	Baa1	BBB	
Bond 3rd Issuance - BACOMER 17-2	1,858	MXN	26-may-17	26-may-22	5.0	TIIE28 + 35	Baa1/Aaa.mx	AAA(mex)	
Bond 4th Issuance - BACOMER 18V	3,500	MXN	27-sep-18	23-sep-21	3.0	TIIE28 + 10	Baa1/Aaa.mx	AAA(mex)	
Bond 5th Issuance - BACOMER 18	3,500	MXN	27-sep-18	21-sep-23	5.0	TIIE28 + 19	Baa1/Aaa.mx	AAA(mex)	
Bond 6th Issuance - BACOMER 19	5,000	MXN	21-jun-19	17-jun-22	3.0	TIIE + 7	Baa1/Aaa.mx	AAA(mex)	
Bond 7th Issuance - BACOMER 19-2	5,000	MXN	21-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	TIIE28 + 5	Baa1/Aaa.mx	AAA(mex)	
Bond 9th Issuance - BACOMER 20-2	6,000	MXN	10-feb-20	05-feb-25	5.0	TIIE28 + 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									
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	12-nov-29	15NC10	5.35%	BB	Baa3	BB
Subordinated Debentures Tier 2 2033 (15NC10)	1,000	USD	17-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									
5th Issuance Serie 3 - BACOMCB 09-3	3,616	MXN	07-ago-09	24-may-29	19.8	10.48%	mxAAA		AAA(mex)

Financial Statements

Balance Sheet

Assets

BBVA Mexico Assets	Sep 2019	Dec 2019	Mar 2020	Jun 2020	Sep 2020
<i>Million pesos</i>					
CASH AND CASH EQUIVALENTS	161,091	148,372	156,817	181,520	217,933
Margin call accounts	17,614	18,329	20,919	25,838	26,005
SECURITIES	422,785	463,467	509,820	513,803	569,595
Trading	271,080	281,899	286,335	263,438	295,390
Available for sale	117,973	147,741	178,663	169,268	192,538
Held to maturity	33,732	33,827	44,822	81,097	81,667
Debtors from repurchase agreement	618	8,044	13,802	7,366	3,060
Derivatives	129,979	120,309	339,543	290,139	228,687
Trading	117,018	109,377	314,102	266,614	208,343
Hedging Transactions	12,961	10,932	25,441	23,525	20,344
Valuation adjustments derived from hedges of financial assets	1,384	1,310	1,194	2,401	2,129
PERFORMING LOANS	1,180,467	1,216,024	1,311,920	1,279,245	1,250,968
Commercial loans	659,811	684,509	780,692	749,098	717,641
Business or commercial activity	505,879	507,622	593,575	570,758	534,926
Financial entities	26,452	33,162	34,830	28,600	26,762
Government entities	127,480	143,725	152,287	149,740	155,953
Consumer	294,478	300,302	296,794	287,781	288,427
Mortgage	226,178	231,213	234,434	242,366	244,900
Residential Mortgages	216,540	222,023	225,554	233,339	237,505
Social Housing	9,638	9,190	8,880	9,027	7,395
NON PERFORMING LOANS	27,031	27,455	29,116	25,017	25,940
Commercial loans	9,629	9,518	10,082	10,243	9,932
Business or commercial activity	9,629	9,518	10,082	10,243	9,932
Consumer	9,959	10,342	10,843	8,317	7,778
Mortgage	7,443	7,595	8,191	6,457	8,230
Residential Mortgages	6,829	7,033	7,611	5,992	7,729
Social Housing	614	562	580	465	501
TOTAL LOANS	1,207,498	1,243,479	1,341,036	1,304,262	1,276,908
Allowance for loan losses	(35,358)	(35,411)	(43,145)	(41,843)	(41,463)
TOTAL LOANS, NET	1,172,140	1,208,068	1,297,891	1,262,419	1,235,445
Receivable benefits from securitization transactions	40	25	18	0	0
Other accounts receivable, net	106,384	94,054	132,234	106,742	97,219
Repossessed assets, net	1,417	1,438	1,378	1,334	1,415
Property, furniture and equipment, net	38,042	38,459	37,553	36,833	36,170
Equity investments	562	815	835	818	1,121
Deferred taxes, net	18,115	20,992	24,125	19,964	21,352
Other assets	7,639	6,906	8,813	14,073	12,433
Deferred charges, prepaid expenses and intangibles	7,639	6,906	8,813	14,073	12,433
Other assets, short and long term	0	0	0	0	0
TOTAL ASSETS	2,077,810	2,130,588	2,544,942	2,463,250	2,452,564

Liabilities & Stockholders' Equity

BBVA Mexico Liabilities & Stockholders' Equity <i>Million pesos</i>	Sep 2019	Dec 2019	Mar 2020	Jun 2020	Sep 2020
TOTAL DEPOSITS	1,223,463	1,267,620	1,400,658	1,394,654	1,420,642
Demand deposits	843,948	923,191	1,014,683	1,017,143	1,047,863
Time Deposits	282,353	254,070	279,495	282,803	278,844
Customer deposits	270,553	236,263	253,392	254,682	258,218
Money market	11,800	17,807	26,103	28,121	20,626
Bonds	93,437	85,852	101,903	89,927	89,006
Deposits global account without movements	3,725	4,507	4,577	4,781	4,929
INTER BANK LOANS AND LOANS FROM OTHER ENTITIES	19,685	22,018	18,026	20,358	19,374
Payable on demand	5,930	7,414	2,349	0	0
Short- term	6,815	7,040	6,374	9,604	7,757
Long- term	6,940	7,564	9,303	10,754	11,617
Creditors from repurchase agreements	237,372	226,861	221,662	220,121	246,458
Securities creditors	2	1	1	2	1
COLLATERALS SOLD OR DELIVERED IN GUARANTEE	34,271	47,577	55,304	55,877	49,932
Securities lending	34,271	47,577	55,304	55,877	49,932
DERIVATIVES	137,865	136,301	370,224	302,932	244,304
Trading	129,505	127,913	353,793	285,789	229,061
Hedge transactions	8,360	8,388	16,431	17,143	15,243
Valuation adjustments derived from hedges of financial liabilities	4,646	3,042	10,133	10,770	9,659
OTHER PAYABLES	105,202	109,489	135,311	131,535	127,689
Profit taxes payable	1,364	3,765	0	0	0
Employee profit sharing (PTU) payable	2	2	2	2	2
Transaction settlement creditors	59,877	67,358	81,859	77,516	78,298
Creditors from collaterals received in cash	14,646	10,318	26,385	26,875	24,937
Accrued liabilities and other	29,313	28,044	27,065	27,142	24,452
Subordinated debt	98,558	95,061	117,287	98,793	93,446
Deferred credits and advanced collections	7,714	7,754	7,869	7,412	7,373
TOTAL LIABILITIES	1,868,778	1,915,722	2,336,475	2,242,454	2,218,878
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	168,994	174,825	168,428	180,756	193,645
Capital reserves	6,901	6,901	6,901	6,901	6,901
Results of prior years	128,904	121,029	160,008	160,008	160,008
Unrealized gain on available- for- sale securities	(464)	(84)	(3,055)	457	707
Result from valuation of cash flow hedging instruments	(63)	(113)	291	389	283
Accumulated effect by conversion	440	440	440	440	440
Redefined benefits to employees	(3,065)	(2,602)	(2,601)	(3,356)	(3,274)
Net income	36,341	49,254	6,444	15,917	28,580
MAJORITY STOCKHOLDERS' EQUITY	208,997	214,828	208,431	220,759	233,648
Non- controlling interest in consolidated subsidiaries	35	38	36	37	38
TOTAL STOCKHOLDERS EQUITY	209,032	214,866	208,467	220,796	233,686
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	2,077,810	2,130,588	2,544,942	2,463,250	2,452,564

Memorandum accounts

BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer					
Memorandum accounts	Sep	Dec	Mar	Jun	Sep
Million pesos	2019	2019	2020	2020	2020
Contingent assets and liabilities	645	730	751	758	771
Credit commitments	627,754	632,810	650,132	644,124	642,252
In trusts	419,128	426,149	433,119	439,274	434,569
Under mandate	24,267	24,269	24,261	211	212
Assets in trust or under mandate	443,395	450,418	457,380	439,485	434,781
Assets in custody or under administration	233,486	208,960	199,635	196,164	212,083
Collaterals received by the institution	81,521	67,642	87,963	124,208	79,341
Collaterals received and sold or pledged as collateral by the institution	75,249	54,283	63,323	105,378	67,135
Investment banking transactions on behalf of third parties, net	1,425,940	1,380,485	1,375,714	1,495,033	1,528,642
Accrued interest on non-performing loans	7,974	8,432	9,301	7,935	3,344
Other record accounts	3,326,863	3,243,969	3,546,720	3,510,908	3,436,271

"The historical balance of the capital stock as of September 30, 2020 is 4,248 million pesos.

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 Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer							
Income Statement							
	3Q	4Q	1Q	2Q	3Q	9M	9M
Million pesos	2019	2019	2020	2020	2020	2019	2020
Interest Income	51,755	50,577	50,673	42,944	44,036	150,981	137,653
Interest Expense	(19,381)	(17,424)	(17,629)	(15,260)	(12,071)	(54,632)	(44,960)
Net interest income	32,374	33,153	33,044	27,684	31,965	96,349	92,693
Provisions for loan losses	(9,441)	(9,369)	(16,237)	(7,609)	(6,987)	(26,344)	(30,833)
Net interest income after provisions for loan losses	22,933	23,784	16,807	20,075	24,978	70,005	61,860
Fees & Commissions received	11,824	12,581	11,488	9,328	10,847	34,182	31,663
Fees & Commissions paid	(4,472)	(4,998)	(4,560)	(3,449)	(3,941)	(12,877)	(11,950)
Total Fees & Commissions	7,352	7,583	6,928	5,879	6,906	21,305	19,713
Trading income	1,933	1,286	2,327	2,468	1,898	5,117	6,693
Other operating income	306	712	69	(416)	607	172	260
Total operating revenues	32,524	33,365	26,131	28,006	34,389	96,599	88,526
Non-interest expense	(16,023)	(16,257)	(16,581)	(15,849)	(15,969)	(46,993)	(48,399)
Net operating income	16,501	17,108	9,550	12,157	18,420	49,606	40,127
Share in net income of unconsolidated subsidiaries and affiliates	6	2	19	(15)	18	29	22
Income before income tax and profit sharing	16,507	17,110	9,569	12,142	18,438	49,635	40,149
Current income tax and profit sharing	(4,151)	(7,294)	(5,220)	82	(7,255)	(15,485)	(12,393)
Deferred income tax and profit sharing	26	3,100	2,093	(2,750)	1,481	2,188	824
Net Taxes	(4,125)	(4,194)	(3,127)	(2,668)	(5,774)	(13,297)	(11,569)
Income before discontinued operations	12,382	12,916	6,442	9,474	12,664	36,338	28,580
Non-controlling interest	0	(3)	2	(1)	(1)	3	0
Net Income	12,382	12,913	6,444	9,473	12,663	36,341	28,580

"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 Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer	
Cash Flow Statement (from January 1st to September 30th 2020)	
<i>Million pesos</i>	
Net income	28,580
Adjustments derived from items not involving cash flow	
Impairment losses or reversal effect associated with investment and financing activities	189
Depreciation of property, furniture and fixtures	1,764
Amortization of installation expenses	1,368
Amortization of intangible assets	1,249
Provisions	(790)
Income taxes	11,569
Share in net income of unconsolidated subsidiaries and affiliated companies	(22)
	<u>15,327</u>
	<u>43,907</u>
Operating activities	
Change in margin call accounts	(6,132)
Change in investments in securities	(99,420)
Change in debtors from repurchase agreement	4,983
Change in derivatives (assets)	(98,965)
Change in loan portfolio (net)	1,632
Change in receivable benefits from securitization transactions	25
Change in repossessed assets	23
Change in other operating assets	(2,046)
Change in deposits	123,189
Change in interbank loans and other loans from other entities	(2,892)
Change in creditors from repurchase agreements	19,597
Change in collaterals sold or delivered in guarantee	2,355
Change in derivatives (liabilities)	101,148
Change in subordinated obligations with liability characteristics	(15,455)
Change in other operating liabilities	20,030
Change in hedging instruments (of hedge items related to operation activities)	3,119
Income taxes payment	(21,549)
Net cash flows used in operating activities	<u>29,642</u>
Investment activities	
Proceeds from the disposal of property, furniture and fixtures	14
Payments for the acquisition of property furniture and fixtures	(1,058)
Payments from the acquisition of subsidiaries	(262)
Proceeds from cash dividends	1
Payments for acquisition of intangible assets	(1,179)
Net cash flows used in investment activities	<u>(2,484)</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	60,790
Effects of changes in cash and cash equivalents	8,771
Cash and cash equivalents at the beginning of the year	<u>148,372</u>
Cash and cash equivalents at the end of the year	<u>217,933</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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Head of Accounting

Variation in Stakeholder's Equity

BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer	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								
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)		0	0
Decree of dividends				(10,275)							(10,275)	(10,275)
Total	0	0	0	38,979	0	0	0	0	(49,254)	(10,275)	0	(10,275)
HOLDERS MOVEMENTS IN RECOGNITION TO THE REVENUES												
Net income									28,580	28,580	0	28,580
Result from valuation of securities available for sale					791					791		791
Result from valuations of Cash Flow Hedging						396				396		396
Redefined benefits to employees								(672)		(672)		(672)
Total	0	0	0	0	791	396	0	(672)	28,580	29,095	0	29,095
Balances as of September 30th, 2020	24,143	15,860	6,901	160,008	707	283	440	(3,274)	28,580	233,648	38	233,686

"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

Head of Accounting

Regulatory accounting pronouncements recently issued

I. Adoption of international standard

- a. According to press release No. 022/2020 dated April 8, 2020, the CNBV announced that “the entry into force of the Resolution published on the *Diario Oficial de la Federación* (“DOF”) on March 13, 2020, referring to the implementation of the International Financial Reporting Standard (“IFRS 9”) and the recalibration of the commercial credit portfolio, will be on January 1, 2022, which was originally scheduled for January 1, 2021”, according to what is indicated in subsection b and c of this section.
- b. According to the Resolution that modifies the general provisions applicable to credit institutions, published in the DOF on March 13, 2020, 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 financial and international reporting standards 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.

BBVA Mexico’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 that modifies the general provisions applicable to credit institutions, published in the DOF on November 4, 2019, the CNBV has resolved to modify the following Financial Reporting Standards (FRS), which had previously been published in the DOF of December 27, 2017; and this will be effective as of January 1, 2021 rather than on January 1st, 2019.

The following 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 exit 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 fair value is a market-based determination and not on a specific value of an asset or a liability and that, when determining the fair value, the entity should use assumptions that market participants would use when setting the price of an asset or a liability under current market conditions as of a specific 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 Receivable (FIR)”- 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 FIR.

It also notes that the expected loss should be recognized when, having increased credit risk, it is concluded that a portion of the FIR future cash flows will not be recovered. Any accounting changes that arise should 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 their fair value is established when certain conditions are met.
- Value long-term liabilities at their present value at initial recognition.
- When restructuring a liability, without substantially modifying the future cash flows to settle it, the costs and commissions disbursed in this process will affect the amount of

the liability and will be amortized using a modified effective interest rate, instead of directly affecting the net income or loss.

- It incorporates the provisions 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.
- It introduces the concepts of amortized cost to value financial liabilities and the effective interest method, based on the effective interest rate.

Any accounting changes that arise must be recognized retrospectively.

Mexican FRS C-20 “Financial instruments to collect principal and interest”- 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.

Any accounting changes that arise should be recognized retrospectively.

Mexican FRS D-1 “Revenues from clients’ contracts” - The main changes issued for this FRS are shown below:

- 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 collection rights.
- The valuation of income.

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

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

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

Mexican FRS D-5 “Leasing”- Effective from January 1, 2019. Its early application is allowed for those who use FRS D-1 “Revenue from contracts with clients” and FRS D-2 “Costs from contracts with clients”, 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 outflows of cash flows 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 in return.
- 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) has issued the improvements mentioned below:

Improvements to 2020 Mexican FRS

In December 2019, the CINIF issued a document titled “Improvements to Mexican FRS 2020”, which contains specific amendments to some existing Mexican FRS. The main amendments made to the FRS do not generate accounting changes in the annual financial statements.

BBVA Mexico’s Management is in the process of determining the effects of adopting the new FRS and the improvement to the FRS in the financial statements.

* * *

BBVA

Creating Opportunities

BBVA Bancomer, S.A.

Financial Report

January-september 2020

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BBVA BBVA