

BBVA Bancomer, S.A.

Quarterly Report

January-december 2020

Contact Investor Relations

Tel. (52 55) 5621-2555

investorrelations.mx@bbva.com

<https://investors.bbva.mx/>



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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 the possibility to extend 2 more months. The referred program will be 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 December 31st the total loan portfolio supported corresponds to 278,483 million pesos (mp); 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	4Q		
	# Supported contracts	Deferred balance	Total Supported Balance
Commercial Activity	14,155	13,530	62,362
SME	39,319	8,934	41,027
Mortgages	122,531	4,111	100,536
Auto	125,414	2,844	16,072
Payroll	287,404	3,598	18,573
Personal	142,733	2,043	10,597
CC	830,454	6,631	29,316
Total	1,562,010	41,691	278,483

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 December 31st, the non-performing loan portfolio supported corresponds to 18,438 mp, which represents 6.62% of the total supported balance. This represents an impact of 148 basis points (bp) in the Non-Performing Loan ratio (NPL).

As of December 31st, 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 7,332 mp.

As of December 31st, the effect on solvency from applying the SAS represented a decrease of 32 bp in the capitalization ratio (ICAP).

Decree and distribution of dividends

During the fourth 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.

Our SME Banking was recognized by the Global Finance Forum for SMEs 2020 as one of the best in the world

These awards celebrate the outstanding achievements of financial institutions and fintech companies in delivering value-added products and services that help their SMEs customers grow. In turn, they recognize and reward innovation in small business loans by enabling them to improve their financing and helping them grow and create jobs. The Global Finance Awards for SMEs are organized by the IFC, a member of the World Bank Group, and the Global Finance Forum for SMEs. In addition, they are supported by the G20's Global Alliance for Financial Inclusion (GPII).

For BBVA Mexico, the SME segment is very important since they are the economic agents that contribute the most to job creation, which is why all capacities have been oriented to be the bank for SMEs in the country, through a differentiated offer and competitive business, with products and services designed for your needs.

SUSTAINABLE BANKING

Sustainable credit with Grupo Hotelero Valentin

BBVA Mexico formalized a loan for 51 million dollars with Grupo Hotelero Valentin, a client in the tourism sector that has a presence in the Riviera Maya. This financing will help to create a path for a more sustainable economy by mitigating environmental risks.

Through this sustainable credit, the client agrees to reduce electricity consumption, properly manage water, reduce the use of products with polyethylene terephthalate (PET) and caring for and protecting the sea turtle in the Riviera Maya. With this operation, BBVA Mexico manages to boost three Sustainable Development Goals (SDG) promoted by the UN: 7th, Affordable and clean energy; the 13th, Climate action; and the 14th, Life below water.

Green credit to Grupo Altex

We granted a green credit that will allocate at least 80% of the resource to finance sustainable activities. Grupo Altex, one of the largest agro-industrial groups in Mexico, has committed to investing in projects with water treatment and purification systems, energy projects where compressors and diffusers will be replaced by freezing air curtains. Lastly, a dryer for organic waste and biomass boilers will be implemented, as well as the installation of thermal savers for steam boilers.

With this financing, BBVA Mexico is able to promote four of the United Nations Sustainable Development Goals (SDG): 6th: Clean water and sanitation, 7th Affordable and clean energy, 9th Industry, innovation and infrastructure, and 13th Climate action.

BBVA Mexico places Fibra Prologis green bond

We acted as Underwriter in the green bond issuance of Fibra Prologis, one of the leading real estate investment trusts in the investment and management of class A industrial real estate in Mexico, for the amount of 375 million dollars. The transaction consisted of a 12-year fixed rate bond (fixed coupons of 4.12%), denominated in dollars. The operation was very well received by the investment community as important institutional investors participated, achieving a total demand of 1.9 times the target amount of the transaction.

Underwriter for the first gender social bond in Mexico

BBVA Mexico accompanied a Mexican Agriculture Trusts (Fideicomisos Instituidos en Relación con la Agricultura, FIRA), through the Special Fund for Agricultural Financing Trust (FEFA), as a placement intermediary in the issuance of the first gender social bond in the country. The amount of the issue was 3,000 million pesos with a three-year term. The use of the bond resources will be aimed to finance new or existing loans for groups of producers that must be made up exclusively of women.

Partnership with Saeko to drive financial inclusion

BBVA Mexico create a partnership with Saeko, an educational platform, aimed to increase banking inclusion to 20 thousand students, mainly young people who currently do not have access to financial services and who require tuition payments, courses, enrollments, among others. The partnership allows the individual creation of payment plans or models to maintain efficient control.

Digital Development

We have adapted to the changing environment in a fast and agile way, leveraging our **differentiating digital offer** in the market.

In 2020 we made improvements to our mobile application “App BBVA”, integrating new services and products such as: turning the cards off and on when you need it, clarifying some unrecognized movements, buy and sell mutual funds, pay credit card operations with points or send it to fixed payments, calculation of payable interests per operation, among others.

We also launched “App BBVA Empresas (enterprises)” aimed at businesses from small and medium-sized companies to large corporations, this app allows the clients to assess and manage their business from their cell phone and offer a wide variety of digital services and offers. Some services available are: payment to suppliers, money transfers, download account statements, report of sales made by point of sale terminal, summary of operations and commissions collected and paid from the business and receive Digital Collection (CoDi) charges. You can also withdraw cash, take out an advance loan, and contact BBVA advisors to receive financial advice.

On the other hand, to improve the customer experience and strengthen the financial institution's current offer of virtual assistants, BBVA Mexico adds to the capabilities of the Google assistant by integrating functionalities of its banking application. Thus, through this incorporation and with a voice command, users will be able to make transactions intuitively, safely and easily. This service is already available to the nearly 10 million customers of BBVA MX appwho use the Android platform.

App BBVA:

The reference in **means of payment and financing**



+2.4 M mobile customers (jan-dec 2020)

App BBVA Empresas:

DIY approach and best service for Companies and SMEs



+130 thousand digital customers (jun-dec 2020)

In the current context, the Purpose, Values and Strategy of BBVA Mexico are more relevant than ever



We face the challenges of this context from a **solid capital and liquidity position**

LCR*

190.49%

Total Capital Ratio

17.51%



We live our values and we help **society** to protect health and well-being



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

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.

We have **committed employees** with strong values



Customer comes first



We think big



We are one team



We continue to promote financial inclusion through digital channels and support our customers to manage their finances



We continue to promote financial inclusion through digital channels and support our customers to manage their finances



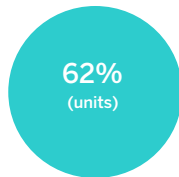
We grant loans to companies and support them in their debt issues



Our clients obtain benefits in their loans related to renewable assets



Digital Customers



Digital Sales

*Average level of 4Q20. Preliminary figure

“We all create opportunities”

Responsible Banking

The BBVA Group has defined and promoted that all geographies in which it operates have a clear sustainability strategy. This has been demonstrated since 2018, when the 2025 Commitment was presented, which aims to contribute to the achievement of the United Nations Sustainable Development Goals (SDG) and the challenges derived from the Paris Climate Agreement. At a global level, we have internalized the sustainable development strategy that today forms part of one of the strategic pillars that represent us: Helping our clients towards the transition to a sustainable future.

For its part, BBVA Mexico is a socially responsible company and the focus on sustainability is of vital importance in our strategy. Proof of this is the fact that for tenth consecutive years we have produced our Integrated Annual Report with Finance and Corporate Responsible information using the Global Reporting Initiative (GRI) standards for its preparation and during the last years we also get GRI's certification.

BBVA Mexico's Responsible Banking model is applied to all the Institution's business and support areas aimed of seeking a profitability adjusted to principles, strict compliance with the law, good practices and long-term value creation. The model has four strategic pillars: i) Balanced relationships with its clients, based on transparency, clarity and responsibility. ii) Sustainable finance to combat climate change, respect human rights and achieve the SDGs. iii) Responsible practices with employees, suppliers and other stakeholders. iv) Investment in the community, to promote social change and create opportunities for all.

During 2020, the Board of Directors approved the Group's Sustainability Policy, which defines and establishes the general principles and management objectives that all the Group's geographies must follow in terms of sustainable development. Likewise, seeking to promote the development of sustainable solutions, identify opportunities and offer advice for private clients and companies, at BBVA Mexico we have developed sustainable credit products that provide benefits to our clients, which throughout the year they have registered an important advance that is detailed below:

Credit products

Individuals: financing for the acquisition of hybrid and electric cars, financing for solar panels and green mortgages, among others. **At the end of 2020, this portfolio close at 1,433 mp.**

Companies: green financing for companies, letters of credit, leases and green bonds, among others. **At the end of 2020, this portfolio close at 12,000 mp.**

Insurance: we are initiating the green insurance offering starting with hybrid and electric cars.

Within the range of credit products, some of them have attractive benefits for clients such as preferential rates. The above with the aim of making these products more attractive in the market.

Sustainable bonds for 18,300 mp



3,000 mp
First social bond
with gender equity



375 million USD
First green bond of a REIT in
Mexico



7,500 mp
Development bank
stock certificates



10.6 million USD
Liquid credit in which at least
80% will be used to finance
sustainable activities

Beyond just promoting sustainable financing, at BBVA Mexico we promote a new model of sustainable banking. For this reason, we have actively participated in numerous initiatives and we are always in close collaboration with all interest groups such as the industry itself, regulators and supervisors, investors and civil society organizations to continue advancing on the issue and promoting a world towards sustainable development.

Analysis and Discussion of Results

Executive Summary

- The year 2020 has been impacted by an adverse macroeconomic environment derived from the COVID-19 pandemic, which implied facing new challenges to keep our clients and employees healthy. At the same time, we continue to provide our service as it is an essential economic activity. Considering the above and the impact that the slowdown in economic activity had on credit demand, **BBVA Mexico's current loan portfolio closed with a balance of 1,209,449 million pesos (mp)**, mainly the same level of 2019 with a slight decline of -0.5%.
- In 2020 we were able to consolidate our leadership position in the performing loans portfolio with an **increase in our market share of 68 bp** closing November with a share of 23.6% according to figures from the CNBV.
- **The most dynamic portfolios in the year** has been the mortgage portfolio, which registered an annual growth of 7.7%, while loans to the government grew 22.9% compared to 2019.
- As a result of the end of the customers portfolio that were in the support programs, the **Non-Performing Loan ratio (NPL) in 2020 stood at 3.0%**, explained partially by the restructuring that we have offered to our clients to support their financial health.
- We continue to promote savings and financial inclusion reflected in an **annual increase of 151,251 mp in bank deposits** to close 2020 with a balance of 1,333,019 mp.
- As in the lending portfolio, we consolidated our leadership position **in bank deposits with a market share of 23.2%** according to CNBV figures as of November 2020, showing an annual increase of 88 bp.
- BBVA Mexico's net income at the end of 2020 was **36,167 mp**.
- **We have high solvency and liquidity levels, above the minimum required** by the financial authorities, with a local LCR of 190.49% and a total Capital Ratio of 17.51% in the 4Q20.

Main Magnitudes

Information as of December 2020

BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer						%			%
Main Magnitudes	4Q	1Q	2Q	3Q	4Q		12M	12M	
<i>Million pesos</i>	2019	2020	2020	2020	2020	Q-o-Q	2019	2020	Y-o-Y
Balance Sheet									
Assets	2,130,588	2,544,942	2,463,250	2,452,564	2,442,870	(0.4)	2,130,588	2,442,870	14.7
Performing Loans	1,216,024	1,311,920	1,279,245	1,250,968	1,209,449	(3.3)	1,216,024	1,209,449	(0.5)
Liabilities	1,915,722	2,336,475	2,242,454	2,218,878	2,200,636	(0.8)	1,915,722	2,200,636	14.9
Bank Deposits*	1,181,768	1,298,755	1,304,727	1,331,636	1,333,019	0.1	1,181,768	1,333,019	12.8
Equity	214,866	208,467	220,796	233,686	242,234	3.7	214,866	242,234	12.7
Results									
Net Interest Income	33,153	33,044	27,684	31,965	32,835	2.7	129,502	125,528	(3.1)
Total Operating Income	42,734	42,368	35,615	41,376	43,168	4.3	165,677	162,527	(1.9)
Expenses	(16,257)	(16,581)	(15,849)	(15,969)	(16,638)	4.2	(63,250)	(65,037)	2.8
Income Before Tax	17,110	9,569	12,142	18,438	10,290	(44.2)	66,745	50,439	(24.4)
Net Income	12,913	6,444	9,473	12,663	7,587	(40.1)	49,254	36,167	(26.6)
Indicators in %									
	4Q	1Q	2Q	3Q	4Q		12M	12M	
	2019	2020	2020	2020	2020	QoQ (bp)	2019	2020	YoY (bp)
Profitability and Asset Quality									
ROE	24.4	12.2	17.7	22.3	12.8	(954)	24.1	15.8	(826)
Efficiency	38.0	39.1	44.5	38.6	38.5	(5)	38.2	40.0	184
NPL ratio	2.2	2.2	1.9	2.0	3.0	97	2.2	3.0	80
Coverage ratio	129.0	148.2	167.3	159.8	128.7	(3,116)	129.0	128.7	(29)
Solvencia y Liquidez									
Total Capital Ratio	15.6	15.1	16.0	16.8	17.5	71	15.6	17.5	192
Core Equity Tier 1 Ratio	12.5	11.5	12.4	13.5	14.4	93	12.5	14.4	192
CCL**	145.67	141.88	159.07	185.24	190.49	525	145.67	190.49	4,482
Leverage Ratio	10.0	8.6	9.4	9.8	10.3	48	10.0	10.3	34
Figures in units (#)									
	4Q	1Q	2Q	3Q	4Q		12M	12M	
	2019	2020	2020	2020	2020	QoQ (#)	2019	2020	YoY (#)
Infraestructure									
Employees	33,705	34,118	33,707	33,347	33,313	(34)	33,705	33,313	(392)
Branches	1,860	1,864	1,866	1,814	1,746	(68)	1,860	1,746	(114)
ATMs	13,170	13,066	13,115	12,923	12,950	27	13,170	12,950	(220)

* Demand + time + deposits global account without movements.

** LCR level quarterly average. Preliminary figure

Commercial Activity

Performing Loans

The year 2020 has been impacted by an adverse macroeconomic environment derived from the COVID-19 pandemic, which implied facing great challenges to keep our customers and employees healthy. At the same time, we continue to provide our service as it is an essential economic activity. With this, BBVA Mexico's performing loan portfolio closed with a balance of 1,209,449 million pesos (mp), relatively at the same levels of the previous year with a marginal decline of -0.5%.

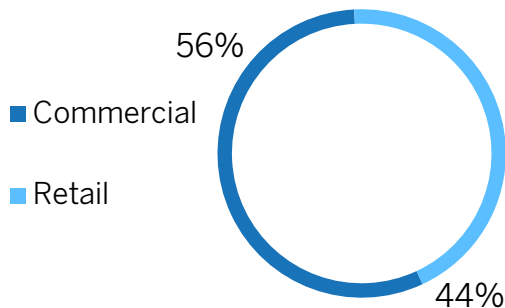
In that sense, we were able to consolidate our leadership position in the lending portfolio with an increase of 68 bp to close with a market share of 23.6% as of November 2020, according to public figures from the CNBV.

The commercial portfolio decreased -0.9% in 2020 compared to the previous year, impacted by businesses and corporate prepayments in the fourth quarter of 2020, due to the high liquidity levels in the market and reverting the credit lines disposals observed during the first half of the year. It is worth noting a 12.4% increase in loans to the government, derived from our strategy of actively participating in auctions with faster proposals and competitive conditions.

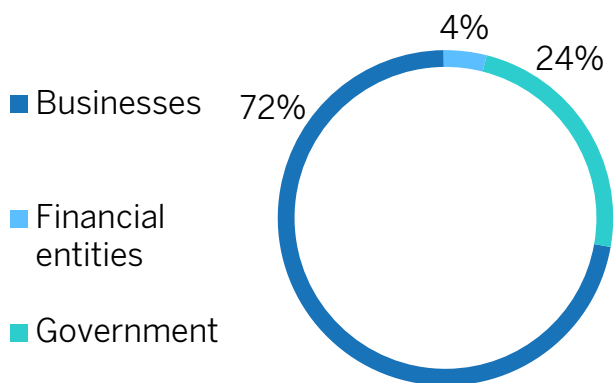
Loans to individuals continue to show a deceleration in the growth trend, impacted by the adverse macroeconomic environment, registering an annual decrease of -0.1%. In detail, those most impacted by the pandemic have been consumer loans and credit cards, which, together, registered a decline of -6.1% in annual terms. Housing financing stands out, which continues to show a solid performance with a balance 7.7% higher than in 2019.

BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer					
Performing Loans	12M 2019	9M 2020	12M 2020	% Q-o-Q	Y-o-Y
<i>Million pesos</i>					
Businesses	507,622	534,926	488,878	(8.6)	(3.7)
Financial entities	33,162	26,762	28,079	4.9	(15.3)
Government loans	90,866	100,179	111,651	11.5	22.9
State-owned entities	52,859	55,774	49,964	(10.4)	(5.5)
Government	143,725	155,953	161,615	3.6	12.4
Commercial loans	684,509	717,641	678,572	(5.4)	(0.9)
Consumer	300,302	288,427	281,968	(2.2)	(6.1)
Mortgage	231,213	244,900	248,909	1.6	7.7
Total Performing Loans	1,216,024	1,250,968	1,209,449	(3.3)	(0.5)

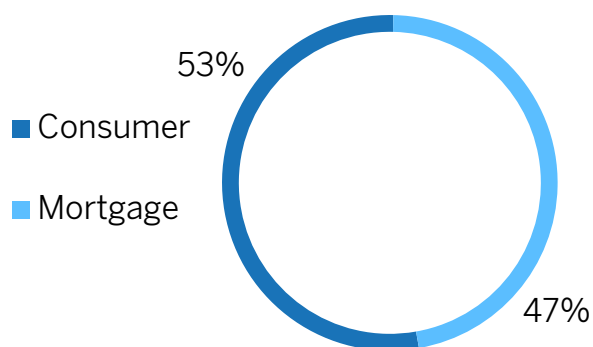
Performing Loans mix (%)



Commercial Loans mix (%)



Retail Lending mix (%)



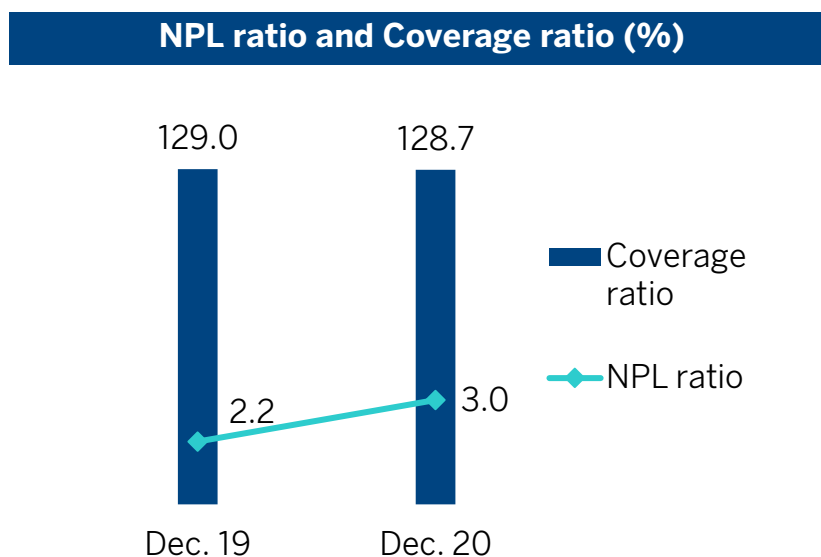
Asset quality

Non-Performing Loans

There is an increase in non-performing loans of 36.5% compared to the previous year. This is mainly the result of the conclusion of the relief programs, offering, in some of the cases, restructures according to their financial possibilities. In this sense, there is an annual increase of 80 bp in the non-performing loan ratio compared to 2019, reaching levels of 3.0%.

Coverage ratio was stable in the annual comparison, closing 2020 at 128.7%.

BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer					
Non Performing Loans	12M 2019	9M 2020	12M 2020	% Q-o-Q	% Y-o-Y
<i>Million pesos</i>					
Businesses	9,518	9,932	11,983	20.7	25.9
Financial entities	0	0	0	n.a.	n.a.
Government entities	0	0	0	n.a.	n.a.
Commercial loans	9,518	9,932	11,983	20.7	25.9
Consumer	10,342	7,778	16,147	107.6	56.1
Mortgage	7,595	8,230	9,354	13.7	23.2
Total Non Performing Loans	27,455	25,940	37,484	44.5	36.5



Loan Portfolio Credit Quality Classification

Around 79% of the portfolio was classified with the minimum risk level, which implies a sound asset quality.

BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer										
Performing Loan Rating December 2020	Commercial		Mortgage		Consumer		Credit Card		Credit Card	
	Balance	Provision	Balance	Provision	Balance	Provision	Balance	Provision	Balance	Provision
<i>Million pesos</i>										
Risk Level										
A1	627,923	1,569	215,436	250	55,268	466	49,141	828	947,768	3113
A2	74,349	738	2,229	14	12,548	316	13,985	548	103,111	1,616
B1	16,835	286	7,016	63	51,856	1,725	8,385	482	84,092	2,556
B2	5,528	120	10,270	125	30,926	1,416	7,777	564	54,501	2,225
B3	20,997	708	2,709	43	7,907	441	7,697	685	39,310	1,877
C1	6,015	401	7,096	218	6,559	481	8,340	995	28,010	2,095
C2	1,704	112	3,972	289	4,849	486	10,998	2,641	21,523	3,528
D	4,355	1,416	5,659	1,322	2,983	704	1,952	1,085	14,949	4,527
E	10,564	5,840	3,878	1,987	12,064	8,204	4,874	4,124	31,380	20,155
Additional										6,544
Total required	768,270	11,190	258,265	4,311	184,960	14,239	113,149	11,952	1,324,644	48,236

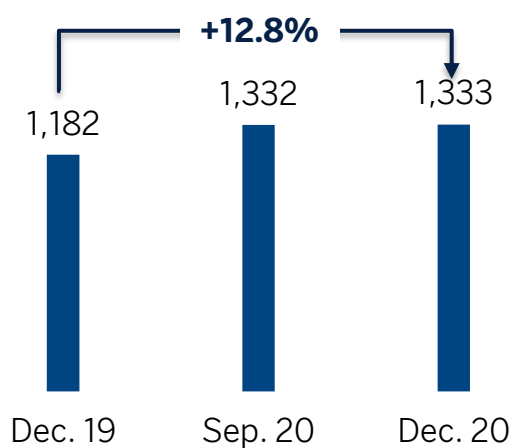
Deposits

Our continuous strategy of financial inclusion and a saving culture among our clients is reflected in the 12.8% annual increase in bank deposits¹. An annual increase of 161,036 mp in demand deposits stands out. With this, the funding mix maintains a greater relative weight of low-cost resources with 82% coming from demand deposits.

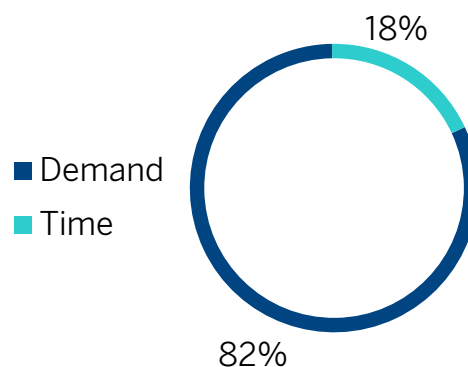
The aforementioned allows BBVA Mexico to consolidate its leadership position by registering a market share in bank deposits of 23.2%, according to the CNBV public figures at the end of November 2020.

BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer					
Deposits	12M	9M	12M	%	
<i>Million pesos</i>	2019	2020	2020	Q-o-Q	Y-o-Y
Demand deposits	923,191	1,047,863	1,084,227	3.5	17.4
Time Deposits	254,070	278,844	243,836	(12.6)	(4.0)
Customer Deposits	236,263	258,218	229,974	(10.9)	(2.7)
Money Market	17,807	20,626	13,862	(32.8)	(22.2)
Bonds	85,852	89,006	84,052	(5.6)	(2.1)
Deposits global account without movements	4,507	4,929	4,956	0.5	10.0
Total Deposits	1,267,620	1,420,642	1,417,071	(0.3)	11.8

Bank Deposits (mp)



Bank Deposits Mix (%)

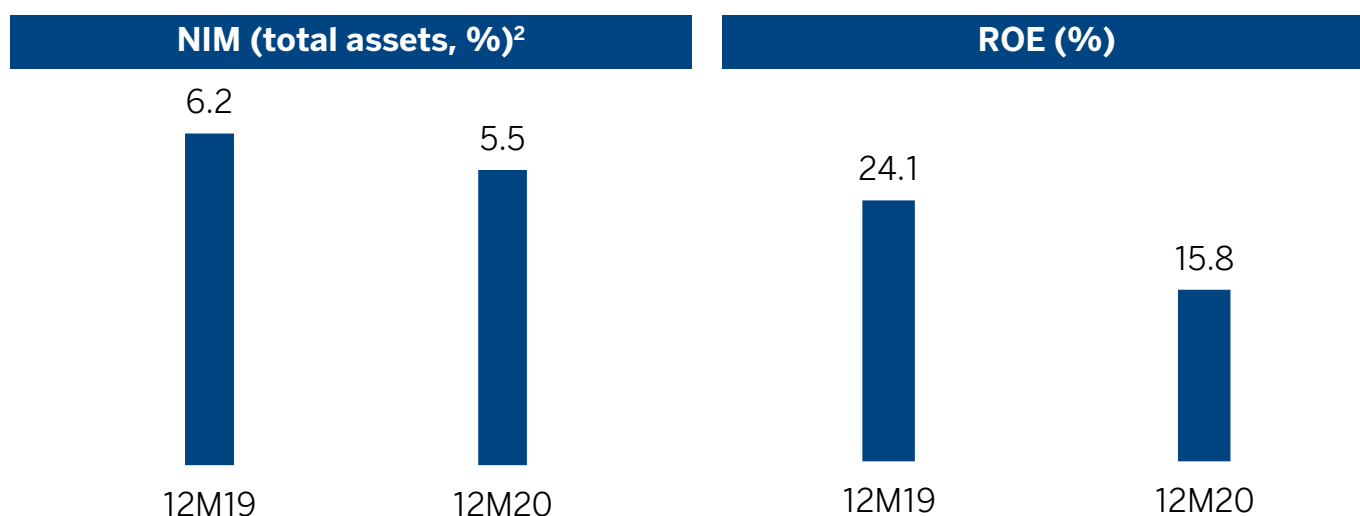


¹ Bank deposits = Demand + Time + deposits global account without movements.

Results

At the end of the year we generate a net income of 36,167 million pesos, equivalent to a decrease of 26.6% compared to 2019. This is mainly explained by lower income related to the application of the support programs and to the creation of additional reserves to cover the possible deterioration of the portfolio. This was partially offset by our strategy of maintaining strict control in spending to mitigate the impact of lower revenues.

BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer							
Income Statement	4Q	3Q	4Q	%	12M	12M	%
<i>Million pesos</i>	2019	2020	2020	Q-o-Q	2019	2020	Y-o-Y
Net interest income	33,153	31,965	32,835	2.7	129,502	125,528	(3.1)
Provisions for loan losses	(9,369)	(6,987)	(16,257)	132.7	(35,713)	(47,090)	31.9
Net interest income after provisions for loan losses	23,784	24,978	16,578	(33.6)	93,789	78,438	(16.4)
Total Fees & Commissions	7,583	6,906	7,790	12.8	28,888	27,503	(4.8)
Trading income	1,286	1,898	1,740	(8.3)	6,403	8,433	31.7
Other operating income	712	607	803	32.3	884	1,063	20.2
Total operating revenues	33,365	34,389	26,911	(21.7)	129,964	115,437	(11.2)
Non-interest expense	(16,257)	(15,969)	(16,638)	4.2	(63,250)	(65,037)	2.8
Net operating income	17,108	18,420	10,273	(44.2)	66,714	50,400	(24.5)
Income before income tax and profit sharing	17,110	18,438	10,290	(44.2)	66,745	50,439	(24.4)
Net Income	12,913	12,663	7,587	(40.1)	49,254	36,167	(26.6)



² Net Interest Margin (NIM) on total assets.

Net Interest Income

The financial margin in the year shows a fall of -3.1% compared to the previous year, explained by the change in the portfolio mix with a higher weight towards wholesale segments; the 300 bp reduction of the Mexican reference rate in the last twelve months and; finally, the application of the customer support programs.

Derived from the creation of prudential reserves to face the current crisis, the financial margin adjusted for provisions shows a decline of -16.4% compared to 2019.

BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer						%		
Net Interest Income	4Q	3Q	4Q	%		12M	12M	%
<i>Million pesos</i>	2019	2020	2020	Q-o-Q	Y-o-Y	2019	2020	Y-o-Y
Interest Income	50,036	43,559	43,007	(1.3)	(14.0)	199,452	179,179	(10.2)
Interest Expenses	(17,425)	(12,071)	(10,688)	(11.5)	(38.7)	(72,057)	(55,648)	(22.8)
Margin Fees	541	477	516	8.2	(4.6)	2,106	1,997	(5.2)
Net Interest Income	33,152	31,965	32,835	2.7	(1.0)	129,501	125,528	(3.1)
Provisions for loan losses	(9,368)	(6,987)	(16,257)	132.7	73.5	(35,712)	(47,090)	31.9
Net interest income after provisions	23,784	24,978	16,578	(33.6)	(30.3)	93,789	78,438	(16.4)

Fees and Commissions

Fees and commissions decreased -4.8% in the year, mainly due to lower commissions generated by a decrease in the level of credit card transactions. Additionally, there was an increase in mobile channel transactions by customers in which we don't charge a commission for the use of this service.

BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer						%		
Fees & Commissions	4Q	3Q	4Q	%		12M	12M	%
<i>Million pesos</i>	2019	2020	2020	Q-o-Q	Y-o-Y	2019	2020	Y-o-Y
Bank fees	1,862	1,758	1,994	13.4	7.1	7,245	7,067	(2.5)
Credit and debit card	4,036	3,483	4,205	20.7	4.2	15,450	14,171	(8.3)
Investment funds	1,049	1,161	1,146	(1.3)	9.2	3,918	4,527	15.5
Others	636	504	445	(11.7)	(30.0)	2,275	1,738	(23.6)
Commissions and fee income	7,583	6,906	7,790	12.8	2.7	28,888	27,503	(4.8)

Trading income

This item shows an increase of 31.7% in 2020 compared to the previous year, driven by an adequate management of the Global Markets area, coupled with the constant placement of foreign currency operations and a positive performance of the securities portfolio.

BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer								
Trading income	4Q	3Q	4Q	%		12M	12M	%
Million pesos	2019	2020	2020	Q-o-Q	Y-o-Y	2019	2020	Y-o-Y
Variable income	57	15	250	1,566.7	338.6	228	238	4.4
Fixed income and repos	201	(1,439)	110	(107.6)	(45.3)	(1,228)	(1,316)	7.2
Securities	258	(1,424)	360	(125.3)	39.5	(1,000)	(1,078)	7.8
FX	10,112	6,881	(4,155)	(160.4)	(141.1)	9,072	(6,293)	(169.4)
Derivatives	(10,246)	(7,803)	3,574	(145.8)	(134.9)	(13,956)	(814)	(94.2)
Results from valuation	124	(2,346)	(221)	(90.6)	(278.2)	(5,884)	(8,185)	39.1
Variable income	(89)	221	88	(60.2)	(198.9)	(134)	(723)	439.6
Fixed income and repos	(249)	1,963	270	(86.2)	(208.4)	2,986	3,421	14.6
Securities	(338)	2,184	358	(83.6)	(205.9)	2,852	2,698	(5.4)
FX	1,472	1,507	1,460	(3.1)	(0.8)	5,631	6,024	7.0
Derivatives	28	553	143	(74.1)	410.7	3,804	7,896	107.6
Results from trading	1,162	4,244	1,961	(53.8)	68.8	12,287	16,618	35.2
Trading income	1,286	1,898	1,740	(8.3)	35.3	6,403	8,433	31.7

Other income (expenses) of the operation

This item registers a positive evolution due to a favorable result of foreclosed assets and the sale and recovery of portfolio.

BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer								
Other Income (Expenses)	4Q	3Q	4Q	%		12M	12M	%
Million pesos	2019	2020	2020	Q-o-Q	Y-o-Y	2019	2020	Y-o-Y
Bank Correspondents	38	38	31	(18.4)	(18.4)	149	125	(16.1)
Sales and recoveries of loan portfolio	314	123	481	291.1	53.2	375	647	72.6
Interest of loans to employees	203	207	207	0.0	2.0	771	821	6.5
Recovery of warranty payments	(168)	56	36	(35.7)	(121.4)	371	237	(36.1)
Result of operation of foreclosed assets	372	475	514	8.2	38.2	885	1,344	51.9
Write-offs	(81)	(42)	(156)	271.4	92.6	(866)	(482)	(44.3)
Donations	(187)	(131)	(300)	129.0	60.4	(672)	(891)	32.5
Reorganization plan	0	(589)	0	n.a.	n.a.	0	(589)	n.a.
Dividends collected from associates	(1)	(31)	0	n.a.	n.a.	108	106	(1.9)
Other income	222	501	(10)	n.a.	n.a.	(237)	(256)	8.0
Other operating income	712	607	803	n.a.	12.8	884	1,063	20.3

Non-Interest Expenses

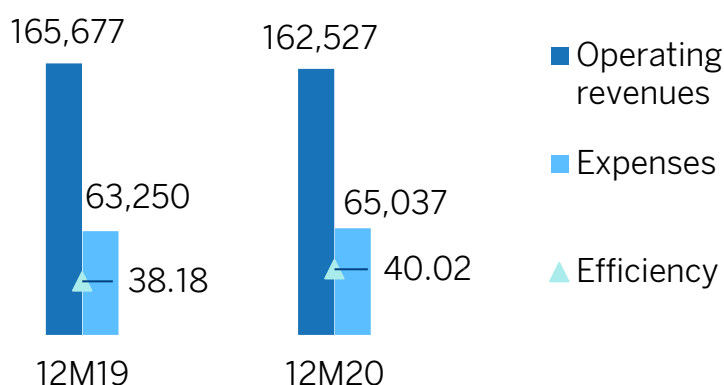
For BBVA Mexico, the main priority continues to be the health of our clients, employees and society in general. In this sense, in 2020 we invested significant resources in the purchase of antibacterial gel and hygienic supplies to maintain the safety and health of employees and customers, while we continue to provide service.

Despite the above, we continue to focus on maintaining strict control of expenses during the year, showing a growth of 2.8%, which is below inflation. The efficiency ratio (measured as expenses divided by income) was 40.0% at the end of December 2020, higher by 184 bp compared to the previous year, impacted by a lower growth in income.

We maintain a strong physical infrastructure of 1,746 branches and 12,950 ATMs, in addition to the wide range of digital applications and services to cater the current and future needs of our broad customer base.

BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer						%		
Non-Interest Expenses	4Q 2019	3Q 2020	4Q 2020	Q-o-Q	Y-o-Y	12M 2019	12M 2020	% Y-o-Y
<i>Million pesos</i>								
Administrative and operating expenses	10,822	10,310	10,851	5.2	0.3	41,671	42,173	1.2
Rents	1,406	1,494	1,686	12.9	19.9	5,708	6,236	9.3
Depreciation and amortization	1,447	1,467	1,450	(1.2)	0.2	5,866	5,831	(0.6)
Taxes	1,203	1,107	1,044	(5.7)	(13.2)	4,575	4,494	(1.8)
Deposit guarantee fund (IPAB)	1,379	1,591	1,607	1.0	16.5	5,430	6,303	16.1
Administrative and promotional expenses	16,257	15,969	16,638	4.2	2.3	63,250	65,037	2.8

Operating revenues, expenses and efficiency (%)



Capital and Liquidity

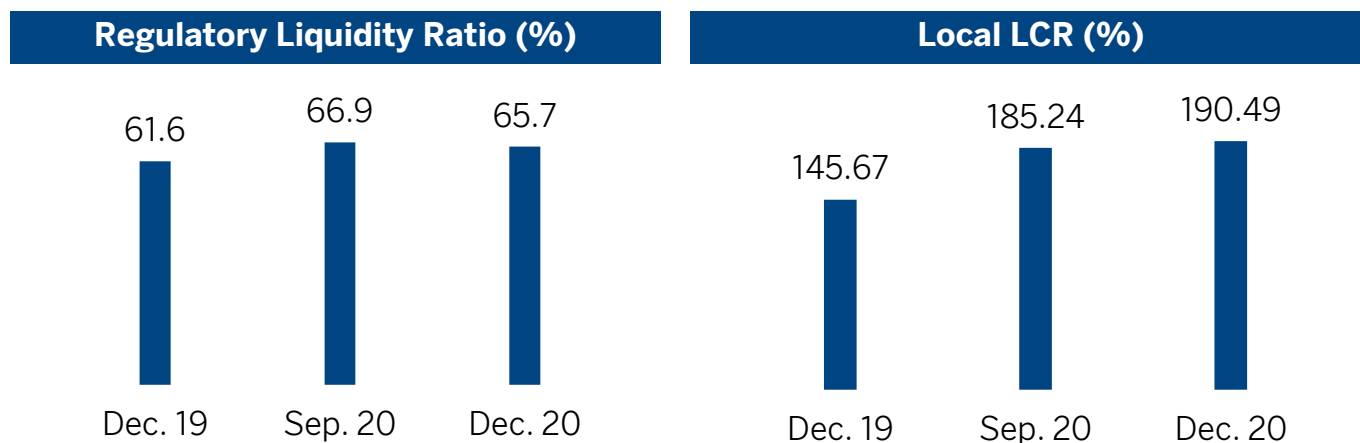
BBVA Mexico estimated capitalization index stood at 17.51% at the end of December 2020, composed by 14.40% of Tier 1 capital and 3.11% of Tier 2 capital. Recurrence of income is observed in the constant generation of organic capital, which allows BBVA Mexico to increase 191 bp compared to 15.60% registered on December 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	December 2019		September 2020		December 2020	
<i>Million pesos</i>						
Tier 1 capital		207,988		225,935		235,404
Tier 2 capital		51,995		56,086		50,909
Net capital		259,983		282,021		286,313
		Credit Market, Operative Risk & Credit Risk	Credit Market, Operative Risk & Credit Risk	Credit Market, Operative Risk & Credit Risk	Credit Market, Operative Risk & Credit Risk	Credit Market, Operative Risk & Credit Risk
Risk-weighted assets	1,100,878	1,665,915	1,142,508	1,677,328	1,081,916	1,634,683
Tier 1 as % of risk-weighted assets	18.89%	12.48%	19.78%	13.47%	21.76%	14.40%
Tier 2 as % of risk-weighted assets	4.72%	3.12%	4.91%	3.34%	4.71%	3.11%
Total capital ratio	23.62%	15.60%	24.68%	16.81%	26.47%	17.51%

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 65.7%. The Liquidity Coverage Ratio (Local LCR) stood at 190.49%.



Financial Indicators

BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer							
	4Q 2019	1Q 2020	2Q 2020	3Q 2020	4Q 2020	12M 2019	12M 2020
Infrastructure Indicators (#)							
Branches	1,860	1,864	1,866	1,814	1,746	1,860	1,746
ATMs	13,170	13,066	13,115	12,923	12,950	13,170	12,950
Employees	33,705	34,118	33,707	33,347	33,313	33,705	33,313
Profitability Indicators (%)							
a) NIM adjusted (interest bearing assets)	4.9	3.1	3.5	4.4	2.9	4.8	3.7
b) NIM (total assets)	6.3	5.7	4.4	5.2	5.4	6.2	5.5
c) Operating efficiency	3.1	2.8	2.5	2.6	2.7	3.0	2.8
d) Efficiency (cost to income)	38.0	39.1	44.5	38.6	38.5	38.2	40.0
e) Productivity index	46.6	41.8	37.1	43.2	46.8	45.7	42.3
f) ROE	24.4	12.2	17.7	22.3	12.8	24.1	15.8
g) ROA	2.5	1.1	1.5	2.1	1.2	2.3	1.6
Asset Quality Indicators (%)							
h) NPL ratio	2.2	2.2	1.9	2.0	3.0	2.2	3.0
i) Coverage ratio	129.0	148.2	167.3	159.8	128.7	129.0	128.7
Solvency Indicators (%)							
j) Core equity tier 1 ratio	12.5	11.5	12.4	13.5	14.4	12.5	14.4
k) Tier 1 ratio	12.5	11.5	12.4	13.5	14.4	12.5	14.4
l) Total capital ratio	15.6	15.1	16.0	16.8	17.5	15.6	17.5
m) Leverage ratio	10.0	8.6	9.4	9.8	10.3	10.0	10.3
Liquidity Indicators (%)							
n) Liquidity ratio (CNBV requirement)	61.6	60.8	59.8	66.9	65.7	61.6	65.7
o) Liquidity ratio (Loans / Deposits)	102.9	101.0	98.0	93.9	90.7	102.9	90.7
p) Liquidity Coverage Coefficient (Local LCR)	145.67	141.88	159.07	185.24	190.49	145.67	190.49

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.

- 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: 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). Quarterly average. Preliminary figure

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

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	TIIIE28 + 80		Baa1/Aaa.mx	AAA(mex)
Bond 4th Issuance - BACOMER 22224	1,000	MXN	07-jun-12	26-may-22	10.0	TIIIE28 + 85		Baa1/Aaa.mx	AAA(mex)
Senior Notes DIs 2024	750	USD	10-abr-14	10-abr-24	10.0	4.375%		Baa1	BBB
Senior Notes DIs 2025	500	USD	15-sep-20	18-sep-25	5.0	1.875%		Baa1	BBB
Bond 3rd Issuance - BACOMER 17-2	1,858	MXN	26-may-17	26-may-22	5.0	TIIIE28 + 35		Baa1/Aaa.mx	AAA(mex)
Bond 4th Issuance - BACOMER 18V	3,500	MXN	27-sep-18	23-sep-21	3.0	TIIIE28 + 10		Baa1/Aaa.mx	AAA(mex)
Bond 5th Issuance - BACOMER 18	3,500	MXN	27-sep-18	21-sep-23	5.0	TIIIE28 + 19		Baa1/Aaa.mx	AAA(mex)
Bond 6th Issuance - BACOMER 19	5,000	MXN	21-jun-19	17-jun-22	3.0	TIIIE + 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	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									
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	5.125%	BB		BB
Subordinated Debentures Tier 2 2034 (15NC10)	750	USD	05-sep-19	13-sep-34	15NC10	5.875%		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 Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer					
Assets	Dec 2019	Mar 2020	Jun 2020	Sep 2020	Dec 2020
<i>Million pesos</i>					
CASH AND CASH EQUIVALENTS	148,372	156,817	181,520	217,933	223,219
Margin call accounts	18,329	20,919	25,838	26,005	32,261
SECURITIES	463,467	509,820	513,803	569,595	574,938
Trading	281,899	286,335	263,438	295,390	281,920
Available for sale	147,741	178,663	169,268	192,538	211,788
Held to maturity	33,827	44,822	81,097	81,667	81,230
Debtors from repurchase agreement	8,044	13,802	7,366	3,060	15,123
Derivatives	120,309	339,543	290,139	228,687	213,927
Trading	109,377	314,102	266,614	208,343	197,606
Hedging Transactions	10,932	25,441	23,525	20,344	16,321
Valuation adjustments derived from hedges of financial assets	1,310	1,194	2,401	2,129	2,488
PERFORMING LOANS	1,216,024	1,311,920	1,279,245	1,250,968	1,209,449
Commercial loans	684,509	780,692	749,098	717,641	678,572
Business or commercial activity	507,622	593,575	570,758	534,926	488,878
Financial entities	33,162	34,830	28,600	26,762	28,079
Government entities	143,725	152,287	149,740	155,953	161,615
Consumer	300,302	296,794	287,781	288,427	281,968
Mortgage	231,213	234,434	242,366	244,900	248,909
Residential Mortgages	222,023	225,554	233,339	237,505	241,968
Social Housing	9,190	8,880	9,027	7,395	6,941
NON PERFORMING LOANS	27,455	29,116	25,017	25,940	37,484
Commercial loans	9,518	10,082	10,243	9,932	11,983
Business or commercial activity	9,518	10,082	10,243	9,932	11,983
Consumer	10,342	10,843	8,317	7,778	16,147
Mortgage	7,595	8,191	6,457	8,230	9,354
Residential Mortgages	7,033	7,611	5,992	7,729	8,824
Social Housing	562	580	465	501	530
TOTAL LOANS	1,243,479	1,341,036	1,304,262	1,276,908	1,246,933
Allowance for loan losses	(35,411)	(43,145)	(41,843)	(41,463)	(48,236)
TOTAL LOANS, NET	1,208,068	1,297,891	1,262,419	1,235,445	1,198,697
Receivable benefits from securitization transactions	25	18	0	0	0
Other accounts receivable, net	94,054	132,234	106,742	97,219	106,527
Repossessed assets, net	1,438	1,378	1,334	1,415	1,317
Property, furniture and equipment, net	38,459	37,553	36,833	36,170	36,293
Equity investments	815	835	818	1,121	1,135
Deferred taxes, net	20,992	24,125	19,964	21,352	22,416
Other assets	6,906	8,813	14,073	12,433	14,529
Deferred charges, prepaid expenses and intangibles	6,906	8,813	14,073	12,433	14,529
Other assets, short and long term	0	0	0	0	0
TOTAL ASSETS	2,130,588	2,544,942	2,463,250	2,452,564	2,442,870

Liabilities & Stockholders' Equity

BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer					
Liabilities & Stockholders' Equity	Dec 2019	Mar 2020	Jun 2020	Sep 2020	Dec 2020
<i>Million pesos</i>					
TOTAL DEPOSITS	1,267,620	1,400,658	1,394,654	1,420,642	1,417,071
Demand deposits	923,191	1,014,683	1,017,143	1,047,863	1,084,227
Time Deposits	254,070	279,495	282,803	278,844	243,836
Customer deposits	236,263	253,392	254,682	258,218	229,974
Money market	17,807	26,103	28,121	20,626	13,862
Bonds	85,852	101,903	89,927	89,006	84,052
Deposits global account without movements	4,507	4,577	4,781	4,929	4,956
INTER BANK LOANS AND LOANS FROM OTHER ENTITIES	22,018	18,026	20,358	19,374	17,861
Payable on demand	7,414	2,349	0	0	0
Short- term	7,040	6,374	9,604	7,757	6,985
Long- term	7,564	9,303	10,754	11,617	10,876
Creditors from repurchase agreements	226,861	221,662	220,121	246,458	263,716
Securities creditors	1	1	2	1	5
COLLATERALS SOLD OR DELIVERED IN GUARANTEE	47,577	55,304	55,877	49,932	63,841
Securities lending	47,577	55,304	55,877	49,932	63,841
DERIVATIVES	136,301	370,224	302,932	244,304	223,841
Trading	127,913	353,793	285,789	229,061	210,971
Hedge transactions	8,388	16,431	17,143	15,243	12,870
Valuation adjustments derived from hedges of financial liabilities	3,042	10,133	10,770	9,659	7,915
OTHER PAYABLES	109,489	135,311	131,535	127,689	113,665
Profit taxes payable	3,765	0	0	0	0
Employee profit sharing (PTU) payable	2	2	2	2	59
Transaction settlement creditors	67,358	81,859	77,516	78,298	55,312
Creditors from margin call accounts	0	0	0	0	1,179
Creditors from collaterals received in cash	10,318	26,385	26,875	24,937	19,762
Accrued liabilities and other	28,044	27,065	27,142	24,452	37,353
Subordinated debt	95,061	117,287	98,793	93,446	85,181
Deferred credits and advanced collections	7,754	7,869	7,412	7,373	7,540
TOTAL LIABILITIES	1,915,722	2,336,475	2,242,454	2,218,878	2,200,636
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	174,825	168,428	180,756	193,645	202,194
Capital reserves	6,901	6,901	6,901	6,901	6,901
Results of prior years	121,029	160,008	160,008	160,008	160,008
Unrealized gain on available- for- sale securities	(84)	(3,055)	457	707	2,820
Result from valuation of cash flow hedging instruments	(113)	291	389	283	(96)
Accumulated effect by conversion	440	440	440	440	440
Redefined benefits to employees	(2,602)	(2,601)	(3,356)	(3,274)	(4,046)
Net income	49,254	6,444	15,917	28,580	36,167
MAJORITY STOCKHOLDERS' EQUITY	214,828	208,431	220,759	233,648	242,197
Non- controlling interest in consolidated subsidiaries	38	36	37	38	37
TOTAL STOCKHOLDERS EQUITY	214,866	208,467	220,796	233,686	242,234
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	2,130,588	2,544,942	2,463,250	2,452,564	2,442,870

Memorandum accounts

BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer					
Memorandum accounts	Dec 2019	Mar 2020	Jun 2020	Sep 2020	Dec 2020
<i>Million pesos</i>					
Contingent assets and liabilities	730	751	758	771	805
Credit commitments	632,810	650,132	644,124	642,252	638,851
In trusts	426,149	433,119	439,274	434,569	429,883
Under mandate	24,269	24,261	211	212	223
Assets in trust or under mandate	450,418	457,380	439,485	434,781	430,106
Assets in custody or under administration	208,960	199,635	196,164	212,083	203,467
Collaterals received by the institution	67,642	87,963	124,208	79,341	131,586
Collaterals received and sold or pledged as collateral by the institution	54,283	63,323	105,378	67,135	106,906
Investment banking transactions on behalf of third parties, net	1,380,485	1,375,714	1,495,033	1,528,642	1,604,841
Accrued interest on non-performing loans	8,432	9,301	7,935	3,344	3,524
Other record accounts	3,243,969	3,546,720	3,510,908	3,436,271	3,336,242

"The historical balance of the capital stock as of December 31, 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 Miriam Ordorica Amezcua

Head of Accounting

P&L (Last 5 quarters)

BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer							
Income Statement	4Q	1Q	2Q	3Q	4Q	12M	12M
<i>Million pesos</i>	2019	2020	2020	2020	2020	2019	2020
Interest Income	50,577	50,673	42,944	44,036	43,523	201,558	181,176
Interest Expenses	(17,424)	(17,629)	(15,260)	(12,071)	(10,688)	(72,056)	(55,648)
Net interest income	33,153	33,044	27,684	31,965	32,835	129,502	125,528
Provisions for loan losses	(9,369)	(16,237)	(7,609)	(6,987)	(16,257)	(35,713)	(47,090)
Net interest income after provisions for loan losses	23,784	16,807	20,075	24,978	16,578	93,789	78,438
Fees & Commissions received	12,581	11,488	9,328	10,847	12,433	46,763	44,096
Fees & Commissions paid	(4,998)	(4,560)	(3,449)	(3,941)	(4,643)	(17,875)	(16,593)
Total Fees & Commissions	7,583	6,928	5,879	6,906	7,790	28,888	27,503
Trading income	1,286	2,327	2,468	1,898	1,740	6,403	8,433
Other operating income	712	69	(416)	607	803	884	1,063
Total operating revenues	33,365	26,131	28,006	34,389	26,911	129,964	115,437
Non-interest expense	(16,257)	(16,581)	(15,849)	(15,969)	(16,638)	(63,250)	(65,037)
Net operating income	17,108	9,550	12,157	18,420	10,273	66,714	50,400
Share in net income of unconsolidated subsidiaries and affiliates	2	19	(15)	18	17	31	39
Income before income tax and profit sharing	17,110	9,569	12,142	18,438	10,290	66,745	50,439
Current income tax and profit sharing	(7,294)	(5,220)	82	(7,255)	(4,384)	(22,779)	(16,777)
Deferred income tax and profit sharing	3,100	2,093	(2,750)	1,481	1,680	5,288	2,504
Net Taxes	(4,194)	(3,127)	(2,668)	(5,774)	(2,704)	(17,491)	(14,273)
Income before non-controlling interest	12,916	6,442	9,474	12,664	7,586	49,254	36,166
Non-controlling interest	(3)	2	(1)	(1)	1	0	1
NET INCOME	12,913	6,444	9,473	12,663	7,587	49,254	36,167

"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 Miriam 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 December 31st 2020)	
<i>Million pesos</i>	
Net income	36,167
Adjustments derived from items not involving cash flow	
Impairment losses or reversal effect associated with investment and financing activities	
Depreciation of property, furniture and fixtures	
Amortization of installation expenses	
Amortization of intangible assets	
Provisions	
Income taxes	
Share in net income of unconsolidated subsidiaries and affiliated companies	
Noncontrolling interest	18,092
	<u>54,259</u>
Operating activities	
Change in margin call accounts	(13,441)
Change in investments in securities	(105,547)
Change in debtors from repurchase agreement	(7,080)
Change in derivatives (assets)	(88,229)
Change in loan portfolio (net)	17,494
Change in receivable benefits from securitization transactions	25
Change in repossessed assets	122
Change in other operating assets	(11,681)
Change in deposits	139,949
Change in interbank loans and other loans from other entities	(4,236)
Change in creditors from repurchase agreements	36,855
Change in securities lending	4
Change in collaterals sold or delivered in guarantee	16,264
Change in derivatives (liabilities)	83,058
Change in subordinated obligations with liability characteristics	(14,349)
Change in other operating liabilities	8,194
Change in hedging instruments (of hedge items related to operation activities)	2,606
Income taxes payment	(29,008)
Net cash flows used in operating activities	<u>31,000</u>
Investment activities	
Proceeds from the disposal of property, furniture and fixtures	27
Payments for the acquisition of property furniture and fixtures	(2,361)
Payments from the acquisition of subsidiaries	3
Proceeds from cash dividends	1
Payments for acquisition of intangible assets	(1,603)
Net cash flows used in investment activities	<u>(4,195)</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	70,789
Effects of changes in cash and cash equivalents	4,058
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>223,219</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 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								
<i>Million pesos</i> 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									36,167	36,167	(1)	36,167
Result from valuation of securities available for sale					2,904					2,904		2,904
Result from valuations of Cash Flow Hedging						17				17		17
Redefined benefits to employees								(1,444)		(1,444)		(1,444)
Total	0	0	0	0	2,904	17	0	(1,444)	36,167	37,644	(1)	37,643
Balances as of December 31st, 2020	24,143	15,860	6,901	160,008	2,820	(96)	440	(4,046)	36,167	242,197	37	242,234

"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."

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Head of Accounting

Regulatory accounting pronouncements recently issued

I. Adoption of international standard

- a. According to the Resolution that modifies the general provisions applicable to credit institutions, published in the *Diario Oficial de la Federación* (DOF) on December 4, 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, 2022.

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

- b. In accordance with the amendments that modifies the general provisions applicable to credit institutions, published in the DOF on December 4, 2020, 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, 2022 rather than on January 1st, 2019.

The following is a brief description of the main changes with application as of January 1, 2022:

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, 2022. 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.

c. New Standard Pronouncements issued by CINIF

In December 2020, the CINIF issued a document titled “Improvements to Mexican FRS 2021”, which contains specific amendments to some existing Mexican FRS. The main amendments that generate accounting changes are the following:

Mexican FRS B-1 “Accounting changes and error corrections”- To converge with FRS 8 of IFRS, prospective application is incorporated when it is impractical to determine the accumulated effects of an accounting change or the correction of an error. In those cases, the entity should recognize the effects of the change in the error correction in the current accounting period.

The amendment to this FRS comes into force for the years beginning on January 1, 2021; allowing its early application for fiscal year 2020. The accounting changes that arise must be recognized through prospective application.

Mexican FRS B-3 “Accounting changes and error corrections”- It incorporates that the gains or losses due to the recognition of liabilities and the effects of renegotiation of a financial instrument to collect principal and interest must be presented as part of the results of the operation.

The amendment to this FRS comes into force for the years beginning on January 1, 2021; allowing its early application for fiscal year 2020. The accounting changes that arise must be recognized based on the provisions of NIF B-1.

Mexican FRS C-2 “Investment in financial instruments”- It incorporates the precision that the effect of the renegotiation of an IFCV, in the net profit or loss must be broken down into a separate item in the statement of comprehensive income or in a relative note. , within the results related to operating activities.

The amendment to this FRS comes into force for the years beginning on January 1, 2021; allowing its early application for fiscal year 2020. The accounting changes that arise must be recognized based on the provisions of FRS B-1.

Mexican FRS C-19 “Financial instruments payable” - Establishes that now the proceeds from forgiveness received or granted should be presented within the results related to operating activities, instead of being presented in comprehensive income.

The amendment to this FRS comes into force for the years beginning on January 1, 2021; allowing its early application for fiscal year 2020. The accounting changes that arise must be recognized based on the provisions of FRS B-1.

Mexican FRS C-20 “Financial instruments to collect principal and interest” - Establishes that now the effects of the renegotiation of an IFCPI must be presented within the results related to operating activities, instead of being presented in comprehensive income.

The amendment to this FRS comes into force for the years beginning on January 1, 2021; allowing its early application for fiscal year 2020. The accounting changes that arise must be recognized based on the provisions of FRS B-1.

Mexican FRS D-5 “Leasing” - 1) establishes that the mandatory disclosures of the expense related to short-term and low-value leases for which the right-of-use asset has not been recognized, separately. 2) It incorporates the method to determine the proportion that corresponds to the rights of use retained by the seller-lessee, as well as their accounting recognition

The amendment to this FRS comes into force for the years beginning on January 1, 2021; allowing its early application for fiscal year 2020. The accounting changes that arise must be recognized based on the provisions of FRS B-1.

The Institution's Management is in the process of determining the effects of adopting the new Financial Reporting Standards and the improvements to the FRS in the financial statements.

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BBVA Bancomer, S.A.

Quarterly Report

January-december 2020

Contact Investor Relations

Tel. (52 55) 5621-2555

investorrelations.mx@bbva.com

<https://investors.bbva.mx/>