



BBVA

BBVA Bancomer
S.A.
**Financial Results and
Achievements**
January-march 2021

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Relevant Information

Decree and distribution of dividends

The National Banking and Securities Commission (CNBV, by its acronym in Spanish), through official letter No. P286 / 2020 dated March 30th, 2020, recommended that credit institutions refrain from paying dividends to shareholders, as well as any mechanism or act that implies a transfer of capital gains to them or assume the commitment to pay them for the fiscal years 2019 and 2020, including the distribution of reserves.

On April 16, 2021, the CNBV issued, through official letter No. P083 / 2021, a recommendation regarding the payment of dividends, repurchase of shares and any other mechanism or act that implies a transfer of capital benefits to shareholders (or the assumption of the commitment to pay them), leaving without effect the one dated March 30th, 2020. The new official letter recommend that, derived from the health contingency due to the Covid-19 pandemic in Mexico, the banking institutions can realize dividend payment to shareholders from fiscal years 2019 and 2020, up to 25% of the amount (net, if applicable) of the sum of the results of those years, with a series of conditions to meet.

In any case, during the first quarter of 2021, no decree or payment was made of the dividends approved for distribution by the Ordinary General Shareholders' Meeting held on February 26, 2021, corresponding to the profits for the year 2020.

Subordinated Note Maturity

During March 2021, the subordinated note TIERII 2021 was settled and matured, its issuance date was in March 2011 for an amount of \$750 million dollars (USD).

Use of facility 8 announced by the Mexican Central Bank (Banxico)

In order to promote financing in banking institutions, Banxico decided to temporarily guaranteed with loans to qualified corporations (conditioned to use resources to micro, small and medium-sized companies).

BBVA Mexico participated in this program by receiving a simple loan for 13,500 million pesos, an amount guaranteed with eligible assets placed in trust with the National Development Bank, Nacional Financiera. The aforementioned operation was recognized under the balance sheet inside the Interbank loans and other entities line. As of March 31st, 2021, the amount of the loans placed in guarantee reached 14,877 million pesos and they are considered to be restricted in the accounting until the completion of the agreement with Banxico.

BBVA Mexico underwriter of the Initial Public Offering of Fibra SOMA in BIVA

The total amount of the placement was 6,768 million pesos in the Bolsa Institucional de Valores (BIVA). This operation is the first issuance in the Mexican stock exchange market in 2021 after a long time without issuance of this type of fibers specialized in premium shopping centers in our country.

Digital Development

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

We continue to do 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 many others.

“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.

App BBVA:

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



+2.6 M mobile customers (mar2020-mar 2021)

App BBVA Empresas:

DIY approach and best service for Companies and SMEs



+170 thousand digital customers (jun 2020-mar 2021)

Transactions through our Apps, financial transactions carried out by our clients in the first quarter of the year totaled 230 million, an increase of 86% compared to the same quarter of the previous year.

The continuous implementation of our digital strategy among our clients has led us to 55% of our total clients use our Apps. This is reflected in the percentage of financial transactions carried out in the Apps, which went from 28% in 1Q20 to 47% in 1Q21. This allows our customers to access our services and products more easily and reduce waiting time.

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*

203.12%

Total Capital Ratio

17.66%



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:



Protect our people



Support our clients

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 support our **customers** towards the **transition** to a **sustainable future**



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



Our clients obtain benefits in their loans related to renewable assets

55%
(of total customers)

Digital Customers

67%
(units)

Digital Sales

*Average level of 1Q21. Preliminary figure

“We all create opportunities”

Responsible Banking

PROMOTE SUSTAINABILITY

BBVA Mexico places the first social bond of the Inter-American Development Bank (IDB) Invest

BBVA Mexico participated as an underwriter for IDB Invest in the issuance of its first Social Gender Bond, in order to promote gender equality in the Mexican Stock Exchange, Bolsa Institucional de Valores (BIVA). The amount of the issuance was 2,500 million pesos with a three-year term. The multilateral organization chose Mexico as the first local market in which to issue this thematic bond, being the second of this nature in the Mexican market. Resources from the bond will be used to finance projects in favor of women under the sustainable debt framework of IDB Invest.

BBVA Mexico has participated as a placement agent in 46% of the ESG (Environmental, Social and Governance) issues executed in the local market. With this, we are the leading bank in equity financing in this segment. The bank will continue to offer its corporate clients an offer of differentiated and sustainable services supported by the global strengths of the Group, to accompany them in the development and growth of their companies and institutions.

SUSTAINABILITY AS A STRATEGIC PRIORITY

Sustainability is one of the strategic pillars of the BBVA Group on a global scale, seeking to help clients in the transition towards a sustainable future, with a focus on climate change and inclusive and sustainable social development. For this reason, BBVA Mexico has defined two main lines of action attached to this strategy and to global and local standards to contribute to the generation of green products and services. One of them is to support initiatives in favor of the environment, and the second refers to inclusive growth through infrastructure, support for entrepreneurship and financial inclusion that improves the financial well-being of the population. For them, we have established cooperative alliances and links with the most important organizations in the field of sustainability.

One of them with the International Finance Corporation (IFC), an entity of the World Bank Group, is the main international development institution dedicated exclusively to the private sector in emerging countries and has been an important ally in various projects, highlighting its important participation in the 2019 and 2020 editions of the BBVA Hackathon as sponsor of the "green challenge. Through IFC-GBAC (Green Banking Academy), a knowledge and training initiative to accelerate the transformation to green banking, IFC has provided workshops in different areas such as risks, treasury and business.

Another of BBVA Mexico's allies in this area is the German Cooperation for Sustainable Development (GIZ), an organization that works for the German Federal Ministry for Economic Cooperation and Development and is dedicated to technical cooperation worldwide, always coordinated with their counterparts from the public, private, academic and citizen sectors. In Mexico, GIZ promotes the increase of renewable energies and energy efficiency to improve the framework conditions and its social, environmental and economic benefits in the country. It also promotes sustainable urban development, as well as better services and green spaces for cities.

BBVA Mexico has also established relationships with the Mario Molina Center, a benchmark in Mexico and the world on sustainable issues. The purpose of the Center is to find practical, realistic and in-depth solutions to problems related to environmental protection, energy usage and prevention of climate change, in order to promote sustainable development.

SUSTAINABLE FINANCING

Credit products

Individuals: financing for the acquisition of hybrid and electric cars, financing for solar panels and green mortgages, among others.
From January to March 2021, we granted loans for 612 mp.

Companies: green financing for companies, letters of credit, leases and green bonds, among others.
During the first months of the year, we granted loans for 371 mp*

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

**Preliminary figure*

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.

Issuance of social bonds in the Mexican market during 1Q21

Social Gender Bond of IDB invest issued in March 2021 for 2,500 mp

Analysis and Discussion of Results

Executive Summary

- **BBVA Mexico** consolidates its leadership position on performing loans **with an increase in its market share of 22 basis points (bp)** to close the month of March of 2021 at 23.5% according to CNBV figures. The **performing loan portfolio closed the 1Q21 with a balance of 1,226,893 mp**, a unfavorable comparison with the previous year (-6.5% YoY), explained by a higher base driven by the credit lines disposal of the enterprises and corporates during 1Q20.
- **The most dynamic portfolios in the 1Q21** has been the mortgage portfolio, which registered an annual growth of 7.9%, while loans to government grew 13.9% compared to 1Q20.
- It should be noted that there is **a sequential improvement in loans to individuals**, mainly in payroll and mortgages, which increased 2.1% and 1.7%, respectively vs. 4Q20.
- We continue to promote savings and financial inclusion reflected in an **annual increase of 65,960 mp in bank deposits** to close 1Q21 with a balance of 1,364,715 mp.
- As in the lending portfolio, we consolidated our leadership position **in bank deposits with a market share of 22.9%** according to CNBV figures as of March 2021, showing an annual increase of 11 bp.
- BBVA Mexico's net income stood at 9,702 mp with an annual increase of 50.6%. However, when excluding the creation of 6,544 mp in additional reserves during 1Q20 to cover a possible deterioration of the portfolio, the net income would register a drop of -12.8%.
- **We have high solvency and liquidity levels above the minimum requirements, which allows us to keep growing in 2021.** The local LCR stood at 203.12% and the total Capital Ratio at 17.66% in the 1Q21.
- **As of March 31, 2021, BBVA Mexico had available 13,500 million pesos from facility 8 established by Banxico**, which encourages financing to multiple banking institutions guaranteed with loans to corporations, for the granting of loans to micro, small and medium companies.

Main Magnitudes

Information as of March 2021

BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer						%	%
Main Magnitudes	1Q	2Q	3Q	4Q	1Q		
<i>Million pesos</i>	2020	2020	2020	2020	2021	Q-o-Q	Y-o-Y
Balance Sheet							
Assets	2,544,942	2,463,250	2,452,564	2,442,870	2,413,308	(1.2)	(5.2)
Performing Loans	1,311,920	1,279,245	1,250,968	1,209,449	1,226,893	1.4	(6.5)
Liabilities	2,336,475	2,242,454	2,218,878	2,200,636	2,166,430	(1.6)	(7.3)
Bank Deposits*	1,298,755	1,304,727	1,331,636	1,333,019	1,364,715	2.4	5.1
Equity	208,467	220,796	233,686	242,234	246,878	1.9	18.4
Results							
Net Interest Income	33,044	27,684	31,965	32,835	32,498	(1.0)	(1.7)
Total Operating Income	42,368	35,615	41,376	43,168	40,853	(5.4)	(3.6)
Expenses	(16,581)	(15,849)	(15,969)	(16,638)	(17,135)	3.0	3.3
Income Before Tax	9,569	12,142	18,438	10,290	13,291	29.2	38.9
Net Income	6,444	9,473	12,663	7,587	9,702	27.9	50.6
Indicators in %							
	1Q	2Q	3Q	4Q	1Q		
	2020	2020	2020	2020	2021	QoQ (bp)	YoY (bp)
Profitability and Asset Quality							
ROE	12.2	17.7	22.3	12.8	15.9	312	463
Efficiency	39.1	44.5	38.6	38.5	41.9	340	281
NPL ratio	2.2	1.9	2.0	3.0	2.6	(39)	45
Coverage ratio	148.2	167.3	159.8	128.7	137.4	867	(1,082)
Solvencia y Liquidez							
Total Capital Ratio	15.1	16.0	16.8	17.5	17.7	14	257
Core Equity Tier 1 Ratio	11.5	12.4	13.5	14.4	14.6	15	305
CCL**	141.88	159.07	185.24	190.49	203.12	1,263	6,124
Leverage Ratio	8.6	9.4	9.8	10.3	10.3	5	176
Figures in units (#)							
	1Q	2Q	3Q	4Q	1Q		
	2020	2020	2020	2020	2021	QoQ (#)	YoY (#)
Infraestructure							
Employees	34,118	33,707	33,347	33,313	33,759	446	(359)
Branches	1,864	1,866	1,814	1,746	1,728	(18)	(136)
ATMs	13,066	13,115	12,923	12,950	12,957	7	(109)

* Demand + time + deposits global account without movements.

** LCR level quarterly average. Preliminary figure

Commercial Activity

Performing Loans

BBVA Mexico consolidates its leadership position in performing loans with an increase of 22 bp in its market share to close the month of March at 23.5% according to public figures from the CNBV. The above despite a decrease of -6.5% in the current loan portfolio in 1Q21 that closed with a balance of 1,226,893 million pesos, having an atypical comparison in 1Q20, derived from the use of credit lines by medium-sized companies and corporate, as well as the impact of the exchange rate. However, given our commitment to continue promoting economic growth, we maintain a continuous loan granting that is reflected in the 1.4% growth of the current portfolio compared to 4Q20.

The commercial portfolio fell 11.0% in 1Q21 compared to the previous year, impacted by businesses and corporate prepayments and the volatility of the exchange rate. It is worth noting a 13.49% increase in loans to the government, as a strategy of our integral solutions.

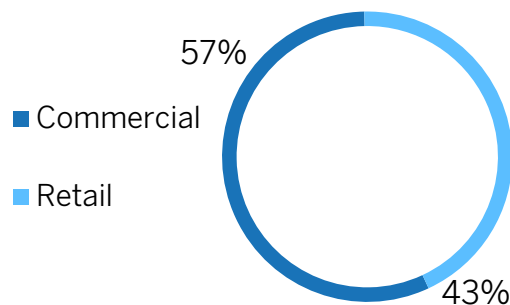
Loans to individuals increased marginally by 0.2% compared to the first quarter of 2020, driven by higher financing for housing, which continues to show a solid performance with a balance 7.9% higher than that of 1Q20. Consumer loans were impacted during the year by the adverse macroeconomic environment, with an annual decrease of -7.0%. In detail, those most impacted by the pandemic have been consumer loans and credit cards, which, together, registered a decline of -5.9% in annual terms.

It is worth mentioning that we continue to observe a sequential improvement with respect to the immediately previous quarter in loans to individuals, mainly in payroll and mortgages that increased 2.1% and 1.7%, respectively compared to 4Q20.

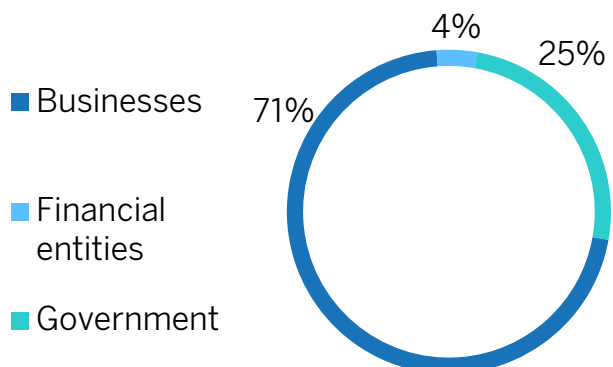
As of March 31st, 2021, BBVA Mexico disposed of 13,500 million pesos from facility 8 established by Banxico, which encourages financing to multiple banking institutions for the granting of credit to micro, small and medium enterprises.

BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer					
Performing Loans	3M	12M	3M	%	
<i>Million pesos</i>	2020	2020	2021	Q-o-Q	Y-o-Y
Businesses	593,575	488,878	496,702	1.6	(16.3)
Restricted	0	0	14,877	n.a.	n.a.
Without restrictions	593,575	488,878	481,825	(1.4)	(18.8)
Financial entities	34,830	28,079	24,558	(12.5)	(29.5)
Government	152,287	161,615	173,419	7.3	13.9
Government loans	93,207	111,651	111,257	(0.4)	19.4
State-owned entities	59,080	49,964	62,162	24.4	5.2
Commercial loans	780,692	678,572	694,679	2.4	(11.0)
Consumer	296,794	281,968	279,195	(1.0)	(5.9)
Mortgage	234,434	248,909	253,019	1.7	7.9
Total Performing Loans	1,311,920	1,209,449	1,226,893	1.4	(6.5)

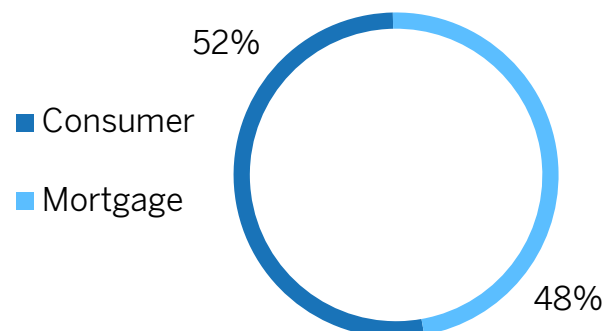
Performing Loans mix (%)



Commercial Loans mix (%)



Retail Lending mix (%)



Asset quality

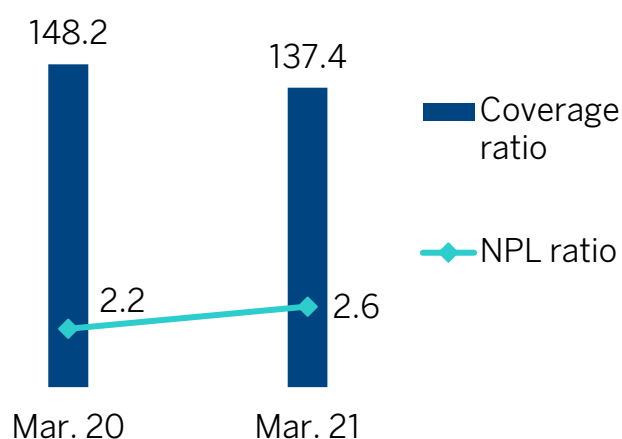
Non-Performing Loans

There is an increase in non-performing loans of 13.3% 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 45 bp in non-performing loan ratio compared to the first quarter of 2020, reaching levels of 2.62%.

Coverage ratio stood in 1Q21 at 137.4%.

BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer					
Non Performing Loans	3M 2020	12M 2020	3M 2021	% Q-o-Q	Y-o-Y
<i>Million pesos</i>					
Businesses	10,082	11,983	12,131	1.2	20.3
Financial entities	0	0	0	0	0
Government entities	0	0	0	0	0
Commercial loans	10,082	11,983	12,131	1.2	20.3
Consumer	10,843	16,147	11,614	(28.1)	7.1
Mortgage	8,191	9,354	9,235	(1.3)	12.7
Total Non Performing Loans	29,116	37,484	32,980	(12.0)	13.3

NPL ratio and Coverage ratio (%)



Non-Performing Loans Movements

BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer	Businesses and financial entities	Mortgages	Consumer	Total
Non-Performing Loans movements				
<i>Million pesos</i>				
Final Balance (December 2020)	11,983	9,354	16,147	37,484
Inputs:	2,054	2,362	9,418	13,834
Transfer to current loans and restructured	2,054	2,362	9,418	13,834
Outputs:	(1,906)	(2,481)	(13,951)	(18,338)
Transfer to current loans	(312)	(1,729)	(1,218)	(3,259)
Cash settlements	(265)	(142)	(928)	(1,335)
Restructured (Cash settlements)	(164)	(14)	(29)	(207)
Settlement and/or adjudication	(118)	(18)	0	(136)
Write-offs	(349)	(48)	(744)	(1,141)
Financial penalties	(698)	(530)	(11,032)	(12,260)
Final Balance (March 2021)	12,131	9,235	11,614	32,980

Loan Portfolio Credit Quality Classification

Around 80% 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 March 2021	Commercial		Mortgage		Consumer		Credit Card		Total	
	Balance	Provision	Balance	Provision	Balance	Provision	Balance	Provision	Balance	Provision
<i>Million pesos</i>										
Risk Level										
A1	662,217	1,711	218,279	252	56,083	495	49,196	851	985,775	3309
A2	59,727	699	1,832	12	12,494	316	13,716	537	87,769	1,564
B1	13,461	231	6,472	58	53,780	1,786	8,093	465	81,806	2,540
B2	10,175	223	11,400	136	30,813	1,399	7,263	527	59,651	2,285
B3	15,714	540	2,458	39	8,081	448	7,164	638	33,417	1,665
C1	4,732	325	8,174	253	6,094	445	7,746	925	26,746	1,948
C2	2,140	148	4,267	311	4,128	416	10,050	2,417	20,585	3,292
D	3,953	1,364	5,912	1,537	2,508	584	1,562	813	13,935	4,298
E	12,147	7,294	3,460	1,819	9,685	6,813	2,283	1,930	27,575	17,856
Additional										6,544
Total required	784,266	12,535	262,254	4,417	183,666	12,702	107,073	9,103	1,337,259	45,301

Credit Card for Businesses and letters of credit are included in commercial.

In mortgage, the securitization consolidated by BACOMCB 09 is considered.

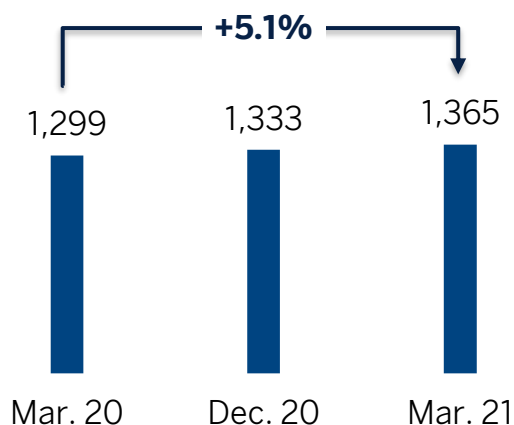
Deposits

Our continuous strategy of financial inclusion and a saving culture among our clients is reflected in the annual increase of 65,960 mp in bank deposits¹ to close 1Q21 with a balance of 1,364,715 mp.

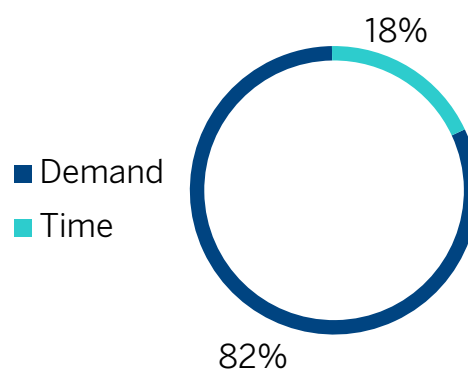
The aforementioned allows BBVA Mexico to consolidate its leadership position by registering a market share in bank deposits of 22.9%, according to the CNBV public figures at the end of March 2021, showing an annual increase of 11 bp.

BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer					
Deposits	3M	12M	3M	%	
<i>Million pesos</i>	2020	2020	2021	Q-o-Q	Y-o-Y
Demand deposits	1,014,683	1,084,227	1,116,008	2.9	10.0
Time Deposits	279,495	243,836	243,672	(0.1)	(12.8)
Customer Deposits	253,392	229,974	237,622	3.3	(6.2)
Money Market	26,103	13,862	6,050	(56.4)	(76.8)
Bonds	101,903	84,052	85,296	1.5	(16.3)
Deposits global account without movements	4,577	4,956	5,035	1.6	10.0
Total Deposits	1,400,658	1,417,071	1,450,011	2.3	3.5

Bank Deposits (mp)



Bank Deposits Mix (%)



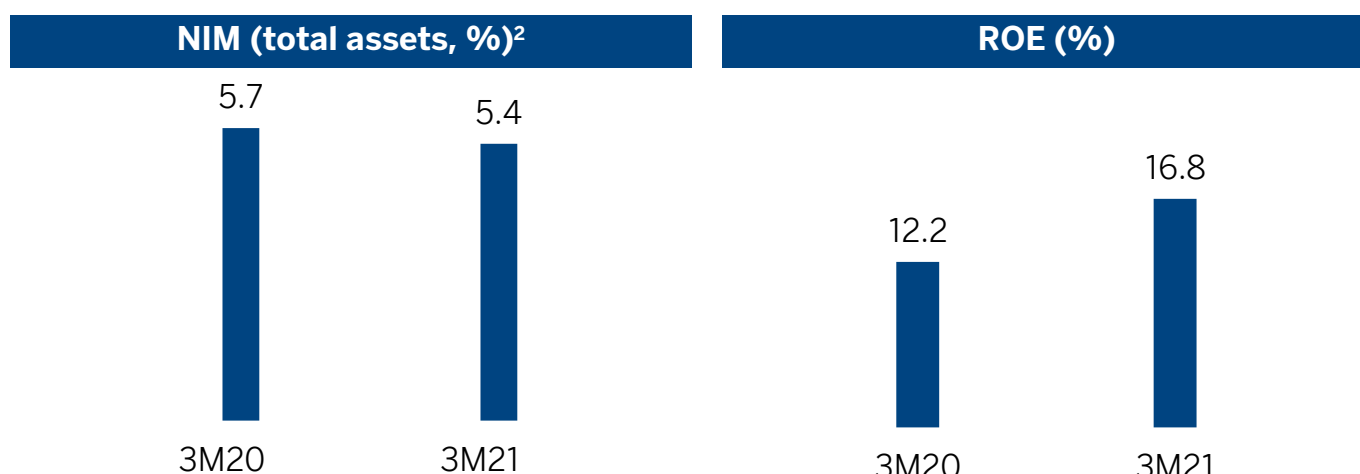
¹ Bank deposits = Demand deposits + time deposits + deposits global account without movements.

Results

During the quarter we generated a net profit of 9,702 million pesos, the annual comparison benefited from a 35.7% decrease in provision for loan losses. During the first quarter of 2020, 6,544 million pesos were created in additional reserves to face a possible deterioration of the loan portfolio derived from the expectation of an adverse environment, which negatively impacted profits of last quarter.

Regarding revenues, the financial margin decreased due to lower credit volumes and the reduction in the reference interest rate. On the other hand, volatility in financial markets during the quarter, reduced trading income.

BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer					
Income Statement	1Q	4Q	1Q	%	%
<i>Million pesos</i>	2020	2020	2021	Q-o-Q	Y-o-Y
Net interest income	33,044	32,835	32,498	(1.0)	(1.7)
Provisions for loan losses	(16,237)	(16,257)	(10,445)	(35.8)	(35.7)
Net interest income after provisions for loan losses	16,807	16,578	22,053	33.0	31.2
Total Fees & Commissions	6,928	7,790	7,225	(7.3)	4.3
Trading income	2,327	1,740	848	(51.3)	(63.6)
Other operating income	69	803	282	(64.9)	308.7
Total operating revenues	26,131	26,911	30,408	13.0	16.4
Non-interest expense	(16,581)	(16,638)	(17,135)	3.0	3.3
Net operating income	9,550	10,273	13,273	29.2	39.0
Income before income tax and profit sharing	9,569	10,290	13,291	29.2	38.9
Net Income	6,444	7,587	9,702	27.9	50.6



² Net Interest Margin (NIM) on total assets.

Net Interest Income

The financial margin decreased -1.7% compared to the previous year, explained by a slowdown in the demand for credit and the reduction in the reference rate.

Derived from the creation of prudential reserves to face the current crisis in 1Q20, the financial margin adjusted for provisions shows an increase of 31.2% compared to 2020, driven by the lower creation of provisions for loan losses in 1Q21.

BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA				%	
Net Interest Income	1Q	4Q	1Q	Q-o-Q	Y-o-Y
<i>Million pesos</i>	2020	2020	2021		
Interest Income	50,150	43,007	42,183	(1.9)	(15.9)
Interest Expenses	(17,629)	(10,688)	(10,224)	(4.3)	(42.0)
Margin fees	523	516	539	4.5	3.1
Net Interest Income	33,044	32,835	32,498	(1.0)	(1.7)
Provisions for loan losses	(16,237)	(16,257)	(10,445)	(35.8)	(35.7)
Net Interest Income after provisions	16,807	16,578	22,053	33.0	31.2

Fees and Commissions

Fees and commissions increased 4.3% in annual terms, mainly due to an increase in the level of transactions with credit and debit cards. Additionally, we showed an increase in investment fund commissions.

BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer				%	
Fees & Commissions	1Q	4Q	1Q	Q-o-Q	Y-o-Y
<i>Million pesos</i>	2020	2020	2021		
Bank fees	1,772	1,994	1,647	(17.4)	(7.1)
Credit and debit card	3,679	4,205	3,799	(9.7)	3.3
Investment funds	1,089	1,146	1,138	(0.7)	4.5
Others	388	445	641	44.0	65.2
Commissions and fee income	6,928	7,790	7,225	(7.3)	4.3

Trading income

This item shows a decrease of -63.6% in the quarter compared to the previous year due to the volatility observed in the financial markets during the quarter, causing losses in the valuation of investments in securities and in the purchase and sale of derivatives.

BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer					
Trading income	1Q	4Q	1Q	%	
<i>Million pesos</i>	2020	2020	2021	Q-o-Q	Y-o-Y
Variable income	(76)	250	(36)	(114.4)	(52.6)
Fixed income and repos	(2,942)	110	(1,599)	(1,553.6)	(45.6)
Securities	(3,018)	360	(1,635)	(554.2)	(45.8)
FX	(9,022)	(4,155)	(3,198)	(23.0)	(64.6)
Derivatives	(5,444)	3,574	7,872	120.3	(244.6)
Results from valuation	(17,484)	(221)	3,039	(1,475.1)	(117.4)
Variable income	(1,429)	88	103	17.0	(107.2)
Fixed income and repos	2,248	270	2,048	658.5	(8.9)
Securities	819	358	2,151	500.8	162.6
FX	1,457	1,460	1,428	(2.2)	(2.0)
Derivatives	17,535	143	(5,770)	(4,135.0)	(132.9)
Results from trading	19,811	1,961	(2,191)	(211.7)	(111.1)
Trading income	2,327	1,740	848	(51.3)	(63.6)

Other income (expenses) of the operation

This item registers a positive evolution due to lower write-offs in the 1Q21.

BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer					
Other Income (Expenses)	1Q	4Q	1Q	%	
<i>Million pesos</i>	2020	2020	2021	Q-o-Q	Y-o-Y
Bank Correspondents	25	31	51	64.5	104.0
Sales and recoveries of loan portfolio	19	481	0	(100.0)	(100.0)
Interest of loans to employees	204	207	207	0.0	1.5
Recovery of warranty payments	100	36	14	(61.1)	(86.0)
Result of operation of foreclosed assets	184	514	171	(66.7)	(7.1)
Write-offs	(164)	(185)	(16)	(91.4)	(90.3)
Donations	(219)	(300)	(173)	(42.3)	(20.9)
Other income	(80)	19	28	47.4	n.a.
Other operating income	69	803	282	(64.9)	309.0

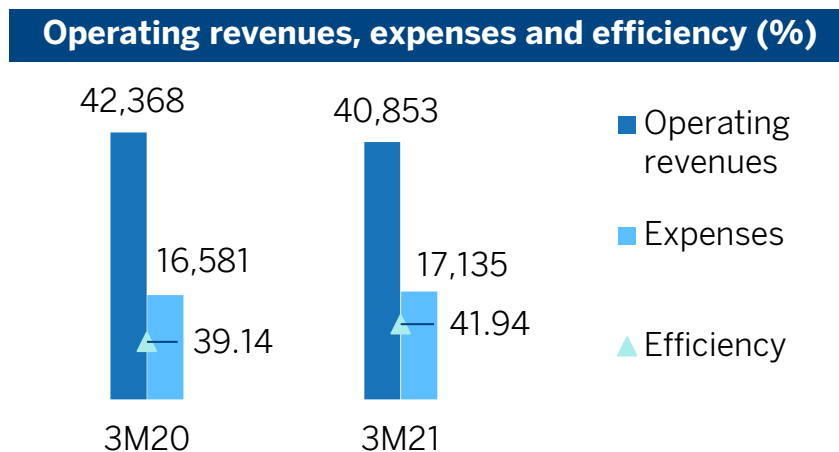
Non-Interest Expenses

We continue to focus on maintaining adequate and strict cost control, which is reflected in the 3.3% annual growth.

The efficiency ratio (measured as expenses between revenues) was 41.94% at the end of March 2021, 281 bp higher than the previous year, impacted by lower revenue growth.

We maintain a strong physical banking infrastructure with 1,728 branches and 12,957 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	1Q 2020	4Q 2020	1Q 2021	Q-o-Q	Y-o-Y
<i>Million pesos</i>					
Administrative and operating expenses	11,160	10,851	11,153	2.8	(0.1)
Rents	1,527	1,686	1,699	0.8	11.3
Depreciation and amortization	1,453	1,450	1,454	0.3	0.1
Taxes	1,025	1,044	1,265	21.2	23.4
Deposit guarantee fund (IPAB)	1,416	1,607	1,564	(2.7)	10.5
Administrative and promotional expenses	16,581	16,638	17,135	3.0	3.3



Capital and Liquidity

BBVA Mexico estimated capitalization index stood at 17.66% at the end of March 2021, composed by 14.55% 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 257 bp compared to 15.09% registered on March 2020.

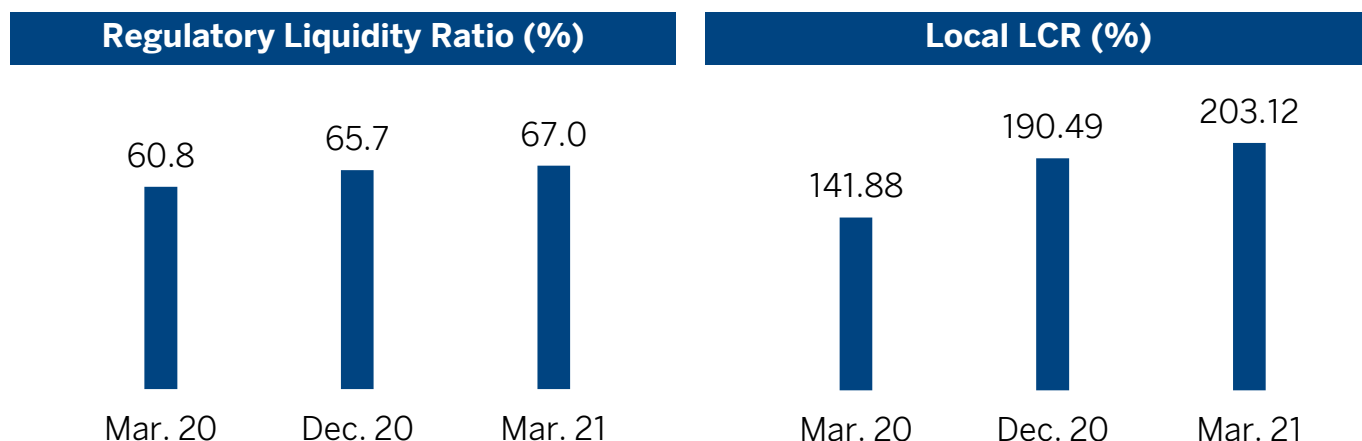
BBVA Mexico fully covers the minimum capital requirements. Derived from the additional allocation of capital after being classified as a domestic systemically important financial institution (Grade IV), it is necessary to cover with an additional buffer of 1.5%, which implies maintaining a minimum requirement 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	March 2020		December 2020		March* 2021	
<i>Million pesos</i>						
Tier 1 capital	197,354		235,404		238,420	
Tier 2 capital	62,544		50,909		50,940	
Net capital	259,898		286,313		289,360	
	Credit market, Operative Risk & Credit Risk		Credit Market, Operative Risk & Credit Risk		Credit Market, Operative Risk & Credit Risk	
Risk-weighted assets	1,184,457	1,721,841	1,081,916	1,634,683	1,070,751	1,638,636
Tier 1 as % of risk-weighted assets	16.66%	11.46%	21.76%	14.40%	22.27%	14.55%
Tier 2 as % of risk-weighted assets	5.28%	3.63%	4.71%	3.11%	4.76%	3.11%
Total capital ratio	21.94%	15.09%	26.47%	17.51%	27.02%	17.66%

*Preliminary information. The figures are under review by authorities.

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 67.0%. The Liquidity Coverage Ratio (Local LCR) stood at 203.12%.



Financial Indicators

BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer					
	1Q 2020	2Q 2020	3Q 2020	4Q 2020	1Q 2021
Infrastructure Indicators (#)					
Branches	1,864	1,866	1,814	1,746	1,728
ATMs	13,066	13,115	12,923	12,950	12,957
Employees	34,118	33,707	33,347	33,313	33,759
Profitability Indicators (%)					
a) NIM adjusted (interest bearing assets)	3.1	3.5	4.4	2.9	4.0
b) NIM (total assets)	5.7	4.4	5.2	5.4	5.4
c) Operating efficiency	2.8	2.5	2.6	2.7	2.8
d) Efficiency (cost to income)	39.1	44.5	38.6	38.5	41.9
e) Productivity index	41.8	37.1	43.2	46.8	42.2
f) ROE	12.2	17.7	22.3	12.8	15.9
g) ROA	1.1	1.5	2.1	1.24	1.60
Asset Quality Indicators (%)					
h) NPL ratio	2.2	1.9	2.0	3.0	2.6
i) Coverage ratio	148.2	167.3	159.8	128.7	137.4
Solvency Indicators (%)					
j) Core equity tier 1 ratio	11.5	12.4	13.5	14.4	14.6
k) Tier 1 ratio	11.5	12.4	13.5	14.4	14.6
l) Total capital ratio	15.1	16.0	16.8	17.5	17.7
m) Leverage ratio	8.6	9.4	9.8	10.3	10.3
Liquidity Indicators (%)					
n) Liquidity ratio (CNBV requirement)	60.8	59.8	66.9	65.7	67.0
o) Liquidity ratio (Loans / Deposits)	101.0	98.0	93.9	90.7	89.9
p) Liquidity Coverage Coefficient (Local LCR)	141.88	159.07	185.24	190.49	203.12

INFRASTRUCTURE

ATMs: Include those that have activity during the quarter.

PROFITABILITY

- a) Net Interest Margin adjusted (NIM adjusted): Financial margin after provisions for loan losses (annualized) / Average productive assets
Average productive assets: Cash + Securities + Repo debtors + securities lending + derivatives + performing loans + Receivable benefits from securitization transactions + Valuation adjustments derived from hedges of financial assets.
- b) Net Interest Margin (NIM): Net interest income (annualized) / Average total assets.

- c) Operating efficiency: Expenses (annualized) / Average total assets.
- d) Efficiency index: Administrative and promotional expenses / Net interest income + commissions and fee income + trading income + other operating income (expense).
- e) Productivity Index: Commissions and fees, net / Promotion and administrative expenses.
- f) Return on equity (ROE): Net income (annualized) / Average capital.
- g) Return on assets (ROA): Net income (annualized) / Average total assets.

ASSET QUALITY

- h) NPL ratio: 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

BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer									
Issuances									
Instruments	Amount	Original Currency	Issue Date	Due Date	Term (years)	Rate	Ratings		
							S&P	Moody's	Fitch
Senior Debt									
BACOMER 07U	2,240	UDIS	02-feb-07	09-jul-26	19.4	4.36%		Aaa.mx	AAA(mex)
BACOMER 21145	1,000	MXN	15-abr-11	02-abr-21	10.0	TIE28 + 80		Aaa.mx	AAA(mex)
BACOMER 22224	1,000	MXN	07-jun-12	26-may-22	10.0	TIE28 + 85		Aaa.mx	AAA(mex)
Senior Notes Dlls 2024	750	USD	10-abr-14	10-abr-24	10.0	4.375%		Baa1	BBB
Senior Notes Dlls 2025	500	USD	15-sep-20	18-sep-25	5.0	1.875%		Baa1	BBB
BACOMER 17-2	1,858	MXN	26-may-17	26-may-22	5.0	TIE28 + 35		Aaa.mx	AAA(mex)
BACOMER 18V	3,500	MXN	27-sep-18	23-sep-21	3.0	TIE28 + 10		Aaa.mx	AAA(mex)
BACOMER 18	3,500	MXN	27-sep-18	21-sep-23	5.0	TIE28 + 19		Aaa.mx	AAA(mex)
BACOMER 19	5,000	MXN	21-jun-19	17-jun-22	3.0	TIE + 7		Aaa.mx	AAA(mex)
BACOMER 19-2	5,000	MXN	21-jun-19	11-jun-27	8.0	8.49%		Aaa.mx	AAA(mex)
BACOMER 20	7,123	MXN	10-feb-20	08-feb-23	3.0	TIE28 + 5		Aaa.mx	AAA(mex)
BACOMER 20-2	6,000	MXN	10-feb-20	05-feb-25	5.0	TIE28 + 15		Aaa.mx	AAA(mex)
BACOMER 20D	100	USD	10-feb-20	27-ene-23	3.0	Libor3M + 49		Aaa.mx	AAA(mex)
Subordinated Debt									
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									
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	Mar	Jun	Sep	Dec	Mar
<i>Million pesos</i>	2020	2020	2020	2020	2021
CASH AND CASH EQUIVALENTS	156,817	181,520	217,933	223,219	255,662
Margin call accounts	20,919	25,838	26,005	32,261	19,360
SECURITIES	509,820	513,803	569,595	574,938	578,229
Trading	286,335	263,438	295,390	281,920	267,039
Available for sale	178,663	169,268	192,538	211,788	229,436
Held to maturity	44,822	81,097	81,667	81,230	81,754
Debtors from repurchase agreement	13,802	7,366	3,060	15,123	44
Derivatives	339,543	290,139	228,687	213,927	156,947
Trading	314,102	266,614	208,343	197,606	143,297
Hedging Transactions	25,441	23,525	20,344	16,321	13,650
Valuation adjustments derived from hedges of financial assets	1,194	2,401	2,129	2,488	1,097
PERFORMING LOANS	1,311,920	1,279,245	1,250,968	1,209,449	1,226,893
Commercial loans	780,692	749,098	717,641	678,572	694,679
Business or commercial activity	593,575	570,758	534,926	488,878	496,702
Financial entities	34,830	28,600	26,762	28,079	24,558
Government entities	152,287	149,740	155,953	161,615	173,419
Consumer	296,794	287,781	288,427	281,968	279,195
Mortgage	234,434	242,366	244,900	248,909	253,019
Residential Mortgages	225,554	233,339	237,505	241,968	246,255
Social Housing	8,880	9,027	7,395	6,941	6,764
NON PERFORMING LOANS	29,116	25,017	25,940	37,484	32,980
Commercial loans	10,082	10,243	9,932	11,983	12,131
Business or commercial activity	10,082	10,243	9,932	11,983	12,131
Consumer	10,843	8,317	7,778	16,147	11,614
Mortgage	8,191	6,457	8,230	9,354	9,235
Residential Mortgages	7,611	5,992	7,729	8,824	8,747
Social Housing	580	465	501	530	488
TOTAL LOANS	1,341,036	1,304,262	1,276,908	1,246,933	1,259,873
Allowance for loan losses	(43,145)	(41,843)	(41,463)	(48,236)	(45,301)
TOTAL LOANS, NET	1,297,891	1,262,419	1,235,445	1,198,697	1,214,572
Receivable benefits from securitization transactions	18	0	0	0	0
Other accounts receivable, net	132,234	106,742	97,219	106,527	118,277
Repossessed assets, net	1,378	1,334	1,415	1,317	1,241
Property, furniture and equipment, net	37,553	36,833	36,170	36,293	35,556
Equity investments	835	818	1,121	1,135	1,153
Deferred taxes, net	24,125	19,964	21,352	22,416	23,609
Other assets	8,813	14,073	12,433	14,529	7,561
Deferred charges, prepaid expenses and intangibles	8,813	14,073	12,433	14,529	7,561
TOTAL ASSETS	2,544,942	2,463,250	2,452,564	2,442,870	2,413,308

Liabilities & Stockholders' Equity

BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer					
Liabilities & Stockholders' Equity	Mar 2020	Jun 2020	Sep 2020	Dec 2020	Mar 2021
<i>Million pesos</i>					
TOTAL DEPOSITS	1,400,658	1,394,654	1,420,642	1,417,071	1,450,011
Demand deposits	1,014,683	1,017,143	1,047,863	1,084,227	1,116,008
Time Deposits	279,495	282,803	278,844	243,836	243,672
Customer deposits	253,392	254,682	258,218	229,974	237,622
Money market	26,103	28,121	20,626	13,862	6,050
Bonds	101,903	89,927	89,006	84,052	85,296
Deposits global account without movements	4,577	4,781	4,929	4,956	5,035
INTER BANK LOANS AND LOANS FROM OTHER ENTITIES	18,026	20,358	19,374	17,861	30,885
Payable on demand	2,349	0	0	0	0
Short- term	6,374	9,604	7,757	6,985	6,070
Long- term	9,303	10,754	11,617	10,876	24,815
Creditors from repurchase agreements	221,662	220,121	246,458	263,716	256,581
Securities creditors	1	2	1	5	3
COLLATERALS SOLD OR DELIVERED IN GUARANTEE	55,304	55,877	49,932	63,841	64,413
Repurchase	0	0	0	0	19,963
Securities lending	55,304	55,877	49,932	63,841	44,450
DERIVATIVES	370,224	302,932	244,304	223,841	162,609
Trading	353,793	285,789	229,061	210,971	155,273
Hedge transactions	16,431	17,143	15,243	12,870	7,336
Valuation adjustments derived from hedges of financial liabilities	10,133	10,770	9,659	7,915	4,796
OTHER PAYABLES	135,311	131,535	127,689	113,665	118,659
Employee profit sharing (PTU) payable	2	2	2	59	57
Transaction settlement creditors	81,859	77,516	78,298	55,312	62,515
Creditors for margin calls	0	0	0	1,179	348
Creditors from collaterals received in cash	26,385	26,875	24,937	19,762	21,444
Accrued liabilities and other	27,065	27,142	24,452	37,353	34,295
Subordinated debt	117,287	98,793	93,446	85,181	70,869
Deferred credits and advanced collections	7,869	7,412	7,373	7,540	7,604
TOTAL LIABILITIES	2,336,475	2,242,454	2,218,878	2,200,636	2,166,430
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	168,428	180,756	193,645	202,194	206,837
Capital reserves	6,901	6,901	6,901	6,901	6,901
Results of prior years	160,008	160,008	160,008	160,008	196,175
Unrealized gain on available- for- sale securities	(3,055)	457	707	2,820	(1,998)
Result from valuation of cash flow hedging instruments	291	389	283	(96)	(430)
Accumulated effect by conversion	440	440	440	440	440
Redefined benefits to employees	(2,601)	(3,356)	(3,274)	(4,046)	(3,953)
Net income	6,444	15,917	28,580	36,167	9,702
MAJORITY STOCKHOLDERS' EQUITY	208,431	220,759	233,648	242,196	246,840
Non- controlling interest in consolidated subsidiaries	36	37	38	37	38
TOTAL STOCKHOLDERS EQUITY	208,467	220,796	233,686	242,234	246,878
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	2,544,942	2,463,250	2,452,564	2,442,870	2,413,308

Memorandum accounts

BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer					
Memorandum accounts	Mar 2020	Jun 2020	Sep 2020	Dec 2020	Mar 2021
<i>Million pesos</i>					
Contingent assets and liabilities	751	758	771	805	904
Credit commitments	650,132	644,124	642,252	638,851	626,480
In trusts	433,119	439,274	434,569	429,883	426,344
Under mandate	24,261	211	212	223	227
Assets in trust or under mandate	457,380	439,485	434,781	430,106	426,571
Assets in custody or under administration	199,635	196,164	212,083	203,467	196,519
Collaterals received by the institution	87,963	124,208	79,341	131,586	110,591
Collaterals received and sold or pledged as collateral by the institution	63,323	105,378	67,135	106,906	91,892
Investment banking transactions on behalf of third parties, net	1,375,714	1,495,033	1,528,642	1,604,841	1,695,175
Accrued interest on non-performing loans	9,301	7,935	3,344	3,524	3,312
Other record accounts	3,546,720	3,510,908	3,436,271	3,336,242	3,423,140

"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	1Q	2Q	3Q	4Q	1Q
Million pesos	2020	2020	2020	2020	2021
Interest Income	50,673	42,944	44,036	43,523	42,722
Interest expenses	(17,629)	(15,260)	(12,071)	(10,688)	(10,224)
Net interest income	33,044	27,684	31,965	32,835	32,498
Provisions for loan losses	(16,237)	(7,609)	(6,987)	(16,257)	(10,445)
Net interest income after provisions for loan losses	16,807	20,075	24,978	16,578	22,053
Fees & Commissions received	11,488	9,328	10,847	12,433	11,568
Fees & Commissions paid	(4,560)	(3,449)	(3,941)	(4,643)	(4,343)
Total Fees & Commissions	6,928	5,879	6,906	7,790	7,225
Trading income	2,327	2,468	1,898	1,740	848
Other operating income	69	(416)	607	803	282
Total operating revenues	26,131	28,006	34,389	26,911	30,408
Non-interest expense	(16,581)	(15,849)	(15,969)	(16,638)	(17,135)
Net operating income	9,550	12,157	18,420	10,273	13,273
Share in net income of unconsolidated subsidiaries and affiliates	19	(15)	18	17	18
Income before income tax and profit sharing	9,569	12,142	18,438	10,290	13,291
Current income tax and profit sharing	(5,220)	82	(7,255)	(4,384)	(2,591)
Deferred income tax and profit sharing	2,093	(2,750)	1,481	1,680	(997)
Net Taxes	(3,127)	(2,668)	(5,774)	(2,704)	(3,588)
Income before non-controlling interest	6,442	9,474	12,664	7,586	9,703
Non-controlling interest	2	(1)	(1)	1	(1)
Net Income	6,444	9,473	12,663	7,587	9,702

"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 March 31st 2021)	
Million pesos	
Net income	9,702
Adjustments derived from items not involving cash flow	
Depreciation of property, furniture and fixtures	587
Amortization of installation expenses	450
Amortization of intangible assets	417
Provisions	281
Income taxes	3,588
Share in net income of unconsolidated subsidiaries and affiliated companies	(18)
Noncontrolling interest	1
	<u>5,306</u>
	<u>15,008</u>
Operating activities	
Change in margin call accounts	13,129
Change in investments in securities	(9,114)
Change in debtors from repurchase agreement	15,080
Change in derivatives (assets)	54,309
Change in loan portfolio (net)	(11,743)
Change in repossessed assets	75
Change in other operating assets	(2,902)
Change in deposits	26,954
Change in interbank loans and other loans from other entities	12,938
Change in creditors from repurchase agreements	(7,136)
Change in securities lending	(2)
Change in collaterals sold or delivered in guarantee	572
Change in derivatives (liabilities)	(55,698)
Change in subordinated obligations with liability characteristics	(16,155)
Change in other operating liabilities	4,156
Change in hedging instruments (of hedge items related to operation activities)	(5,194)
Income taxes payment	(4,574)
Net cash flows used in operating activities	<u>14,695</u>
Investment activities	
Proceeds from the disposal of property, furniture and fixtures	19
Payments for the acquisition of property furniture and fixtures	(320)
Proceeds from cash dividends	1
Payments for acquisition of intangible assets	(192)
Net cash flows used in investment activities	<u>(492)</u>
Financing activities	
Cash dividends paid	0
Net cash flows used in financing activities	<u>0</u>
Net increase or decrease in cash and cash equivalents	29,211
Effects of changes in cash and cash equivalents	3,232
Cash and cash equivalents at the beginning of the year	<u>223,219</u>
Cash and cash equivalents at the end of the year	<u>255,662</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, 2020	24,143	15,860	6,901	160,008	2,820	(96)	440	(4,046)	36,167	242,197	37	242,234
HOLDERS' MOVEMENTS IN LINE WITH STOCKHOLDERS												
Transfer from net income to results of prior years				36,167					(36,167)			0
Total	0	0	0	36,167	0	0	0	0	(36,167)	0	0	0
HOLDERS MOVEMENTS IN RECOGNITION TO THE REVENUES												
Net income									9,702	9,702	1	9,703
Result from valuation of securities available for sale					(4,818)					(4,818)		(4,818)
Result from valuations of Cash Flow Hedging						(334)				(334)		(334)
Redefined benefits to employees								93		93		93
Total	0	0	0	0	(4,818)	(334)	0	93	9,702	4,643	1	4,644
Balances as of March 31st, 2021	24,143	15,860	6,901	196,175	(1,998)	(430)	440	(3,953)	9,702	246,840	38	246,878

"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

CEO

Luis Ignacio De La Luz Dávalos

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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.

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

- It leaves the Bulletin C-3 "Accounts receivable" without effect.
- Specifies that accounts receivable based on a contract represent a financial instrument, while some of the other accounts receivable generated by a legal or fiscal provision may have certain characteristics of a financial instrument, such as generating interest, but they are not considered as a financial instrument.
- 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.

- 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.

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.

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.

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 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 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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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). 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, the amount would approximately be 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).

As of March 31st, 2021 given that all the support programs had already concluded, no additional impacts were recorded.



BBVA Bancomer
S.A.
**Financial Results and
Achievements**
January-march 2021

**Contact
Investor Relations**

Tel. (52 55) 5621-2555

investorrelations.mx@bbva.com

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