

BBVA Bancomer, S.A.

Financial Report

January-September
2019

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Relevant Information

Decree and distribution of dividends

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

BBVA Mexico issued Subordinated debt in the international markets

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

Repurchase for the cancellation of Subordinated Notes

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

Management and Discussion Analysis

Commercial Activity

Performing Loans

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

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

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

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

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

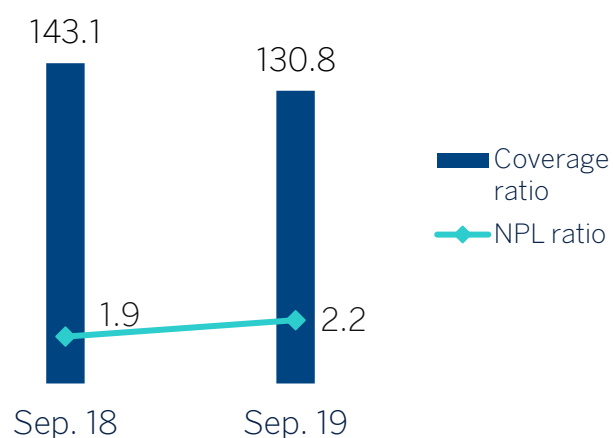
Asset quality

Non-performing loans

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

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

NPL ratio and Coverage ratio (%)



Loan Portfolio Credit Quality Classification

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

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

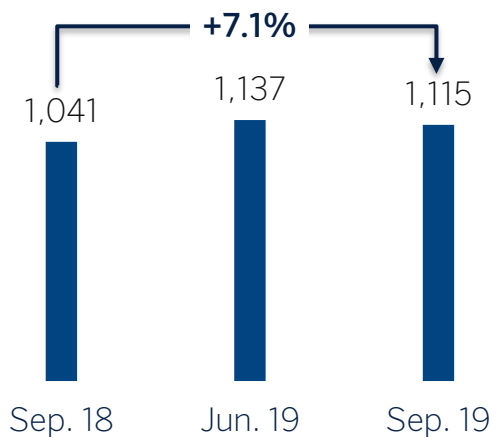
Deposits

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

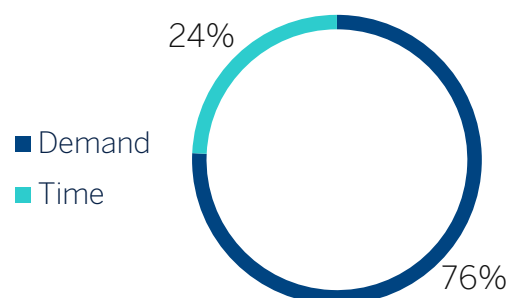
Total deposits exceed 1.2 trillion pesos with an annual growth of 5.4%.

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

Bank Deposits (mp)



Bank Deposits Mix (%)

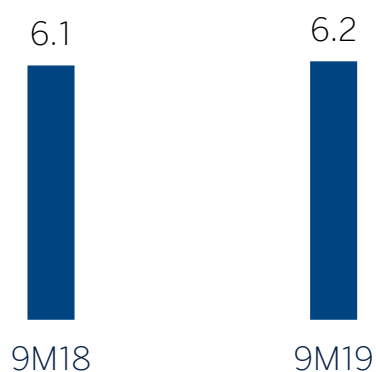


Results

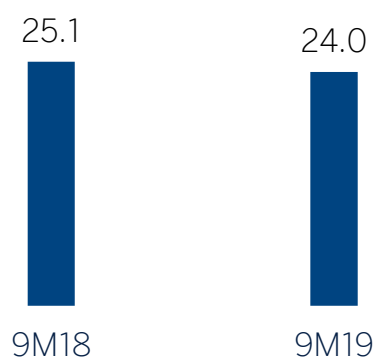
In the first nine months of 2019, BBVA Mexico registered favorable results, reaching a net of 36,341 million pesos, equivalent to an annual growth of 5.6%.

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

NIM (total assets, %)¹



ROE (%)



¹ Net Interest Margin (NIM) on total assets.

Net Interest Income

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

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

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

Fees and Commissions

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

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

Other income (expenses) of the operation

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

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

Non-Interest Expenses

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

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

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

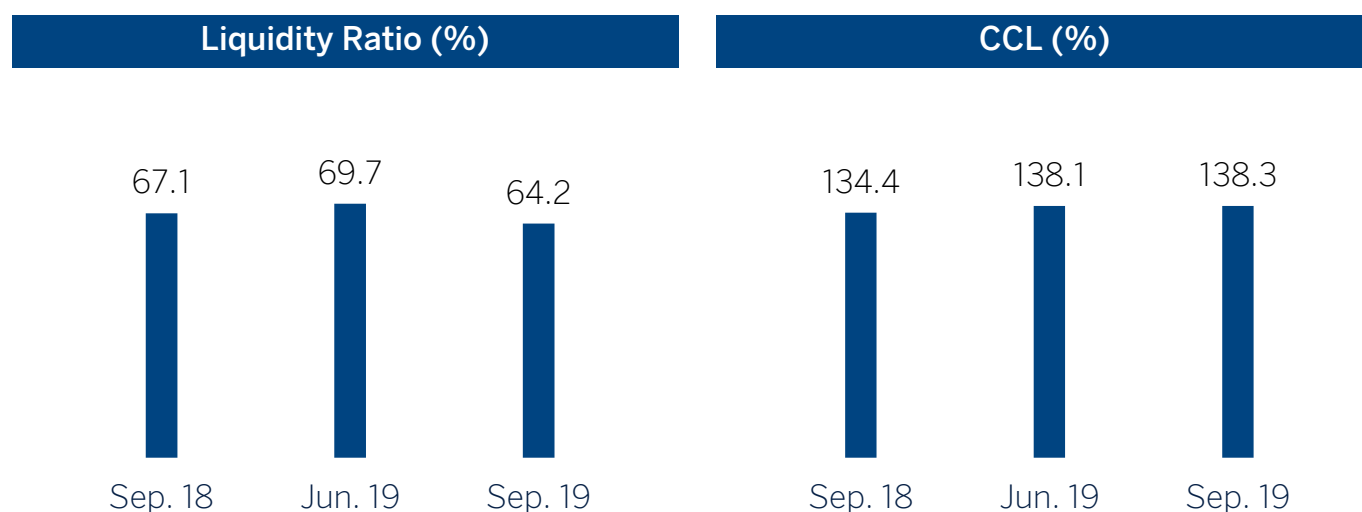
Capital and Liquidity

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

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

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

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



Financial Indicators

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

INFRASTRUCTURE

ATMs: Include those that have activity during the quarter.

PROFITABILITY

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

ASSET QUALITY

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

SOLVENCY

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

LIQUIDITY

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

Ratings

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

Issuances

| BBVA Bancomer, S.A. Issuances | | | | | | | | | |
|--|--------|-------------------|------------|---------------|--------------|----------------|-------|-----------|----------|
| Instruments | Amount | Original Currency | Issue Date | Due/Call Date | Term (years) | Rate | | Ratings | |
| Senior Debt | | | | | | | S&P | Moody's | Fitch |
| Bond 3rd Issuance UDIS (2,240) - BACOMER 07U | 2,240 | UDIS | 02-feb-07 | 09-jul-26 | 19.4 | 4.36% | | A3/Aaa.mx | AAA(mex) |
| Bond 7th Issuance UDIS (1,092) - BACOMER 10U | 1,092 | UDIS | 06-sep-10 | 24-ago-20 | 10.0 | 3.70% | | A3/Aaa.mx | AAA(mex) |
| Bond 8th Issuance - BACOMER 10 | 1,078 | MXN | 06-sep-10 | 24-ago-20 | 10.0 | 7.83% | | A3/Aaa.mx | AAA(mex) |
| Bond 2nd Issuance 2011 - BACOMER 21145 | 1,000 | MXN | 15-abr-11 | 02-abr-21 | 10.0 | TIIE28 + 0.80% | | A3/Aaa.mx | AAA(mex) |
| Bond 4th Issuance 2012 - BACOMER 22224 | 1,000 | MXN | 07-jun-12 | 26-may-22 | 10.0 | TIIE28 + 0.85% | | A3/Aaa.mx | AAA(mex) |
| Senior Notes Dlls 2014 | 750 | USD | 10-abr-14 | 10-abr-24 | 10.0 | 4.38% | | A3 | BBB+ |
| Bond 2nd Issuance 2017 - BACOMER 17 | 5,142 | MXN | 26-may-17 | 26-may-20 | 3.0 | TIIE28+0.23% | | A3/Aaa.mx | AAA(mex) |
| Bond 3rd Issuance 2017 - BACOMER 17-2 | 1,858 | MXN | 26-may-17 | 26-may-22 | 5.0 | TIIE28+0.35% | | A3/Aaa.mx | AAA(mex) |
| Bond 4th Issuance 2018 - BACOMER 18V | 3,500 | MXN | 27-sep-18 | 23-sep-21 | 3.0 | TIIE28+0.1% | | A3/Aaa.mx | AAA(mex) |
| Bond 5th Issuance 2018 - BACOMER 18 | 3,500 | MXN | 27-sep-18 | 21-sep-21 | 3.0 | TIIE28+0.19% | | A3/Aaa.mx | AAA(mex) |
| Bond 6th Issuance 2019 - BACOMER 19 | 5,000 | MXN | 19-jun-19 | 19-jun-22 | 3.0 | TIIE+0.07% | | A3/Aaa.mx | AAA(mex) |
| Bond 7th Issuance 2019 - BACOMER 19-2 | 5,000 | MXN | 19-jun-19 | 19-jun-27 | 8.0 | 8.49% | | A3/Aaa.mx | AAA(mex) |
| Subordinated Debentures | | | | | | | | | |
| Capital Notes Tier 1 2020 | 750 | USD | 22-abr-10 | 22-abr-20 | 10.0 | 7.25% | | Baa3 | BB |
| Subordinated Debentures Tier 2 2021 | 750 | USD | 10-mar-11 | 10-mar-21 | 10.0 | 6.50% | | Baa2 | BB+ |
| Subordinated Debentures Tier 2 2022 | 1,500 | USD | 19-jul-12 | 30-sep-22 | 10.2 | 6.75% | | Baa2 | BB+ |
| Subordinated Debentures Tier 2 2029 (15NC10) | 200 | USD | 06-nov-14 | 06-nov-29 | 15NC10 | 5.35% | | Baa3 | BB+ |
| Subordinated Debentures Tier 2 2033 (15NC10) | 1,000 | USD | 18-ene-18 | 18-ene-33 | 15NC10 | 5.13% | BB+ | | BB+ |
| Subordinated Debentures Tier 2 2034 (15NC10) | 750 | USD | 13-sep-19 | 19-sep-34 | 15NC10 | 5.88% | | Baa3 | BB+ |
| Mortgage Securitization | | | | | | | | | |
| 2nd Issuance - BACOMCB 08 | 1,114 | MXN | 14-mar-08 | 14-jul-28 | 20.3 | 8.85% | mxAAA | | AAA(mex) |
| 4th Issuance - BACOMCB 08-2 | 5,509 | MXN | 01-dic-08 | 19-ago-30 | 21.7 | 9.91% | mxAAA | A3/Aaa.mx | |
| 5th Issuance Serie 3 - BACOMCB 09-3 | 3,616 | MXN | 07-ago-09 | 24-may-29 | 19.8 | 10.48% | mxAAA | | AAA(mex) |
| 1st Issuance - BMERCB 13 | 4,192 | MXN | 21-jun-13 | 07-abr-33 | 19.8 | 6.38% | mxAAA | | AAA(mex) |

Financial Statements

Balance Sheet (Last 5 quarters)

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

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

Memorandum accounts

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

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

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

Eduardo Osuna Osuna

Luis Ignacio De La Luz Dávalos

Natalia Ortega Gómez

Ana Luisa Ordorica Amezcua

CEO

CFO

Head of Internal Audit

Head of Accounting

P&L (Last 5 quarters)

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

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

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

Eduardo Osuna Osuna

Luis Ignacio De La Luz Dávalos

Natalia Ortega Gómez

Ana Luisa Ordorica Amezcua

CEO

CFO

Head of Internal Audit

Head of Accounting

Cash Flow

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

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

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Head of Internal Audit

Ana Luisa Ordorica Amezcua

Head of Accounting

Variation in Stakeholder's Equity

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

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

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

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CEO

CFO

Head of Internal Audit

Director Contabilidad Corporativa

Regulatory accounting pronouncements recently issued

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

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

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

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

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

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

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

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

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

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

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

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

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

The accounting changes that arise must be recognized retrospectively.

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

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

The accounting changes that arise must be recognized retrospectively.

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

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

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

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

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

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

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

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

II. New Financial Reporting Standards issued by the CINIF

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

Improvements to 2019 Mexican FRS

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

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BBVA Bancomer

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