



Press Release

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4Q17

## **BANBAJÍO's NET INCOME ROSE 74.3% AT THE CLOSE OF 2017 TO PS. 3,900 MILLION, WELL ABOVE THE BANKING SYSTEM GROWTH RATE**

**Leon, Guanajuato, January 29, 2018.** - Banco del Bajío, S.A. Institución de Banca Múltiple, (BMV: BBAJIO) announces today its non-audited results for the fourth quarter 2017, ended December 31<sup>st</sup> 2017. All figures are expressed in millions of pesos and the percentage changes are the result of comparing against the same period of the previous year, unless otherwise specified.

BanBajío reached a consolidated **net income** of **Ps. 1,115 million** during the fourth quarter 2017, **75.0%** higher than the same period last year at **Ps. 637 million**. **Accumulated net income** at the close of December 31, 2017 totaled **Ps. 3,900 million**, **74.3%** above the **Ps. 2,237 million** recorded in 2016.

The Return on Capital (**ROE**) for the annualized quarter was **18.84%**, **resulting in an increase of 398 basis points** compared to 4Q16 when it stood at **14.87%**. The ROE at the close of fiscal year 2017 was **18.72%**.

**Financial Margin** before credit risk estimations at the close of 4Q17 was **Ps. 2,493 million**, **31.3%** above the **Ps. 1,898 million** reported for 4Q16.

**Net Interest Margin (NIM)** grew 98 basis points from **4.44%** in 4Q16 to **5.42%** in 4Q17. It is worth noting that the other revenues growth not related to the financial margin rose **35.4%** from 4Q16 at **Ps. 646 million**.

**The efficiency ratio** for the fourth quarter of 2017 was **42.3%**, 716 basis points below the 49.5% recorded in 4Q16, and also below the 42.8% recorded in 3Q17.

**Company loans**, a specialization niche for BanBajío, amounted to **Ps. 119,415 million** at the end of 4Q17, recording a **17.7%** increase from the same period of 2016.

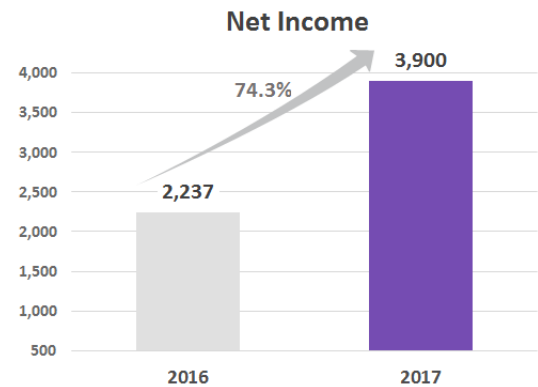
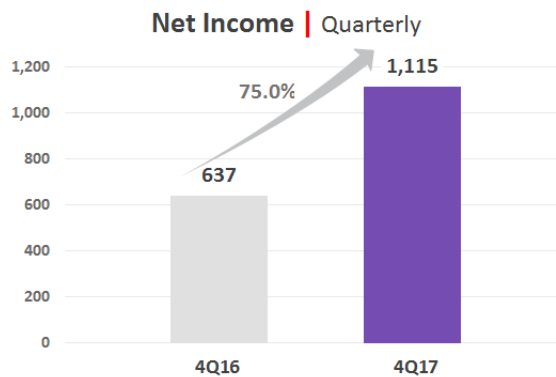
**Non-Performing Loans (NPL)** ratio improved to **0.83%** at the end of 4Q17, decreasing from 0.88% reported in 4Q16, while the **coverage ratio** was **232.23%** (181.19% in 4Q16).

**Customer deposits** were **Ps. 113,405 million** for 4Q17, increasing 12.7% compared to 4Q16.

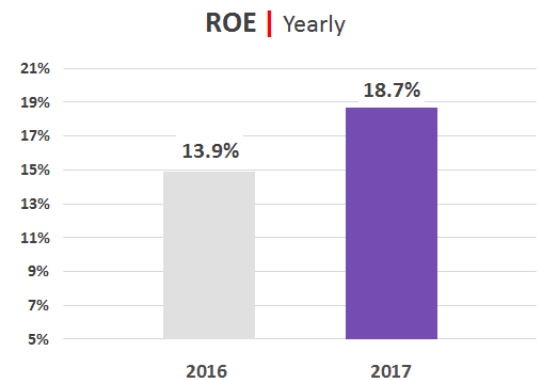
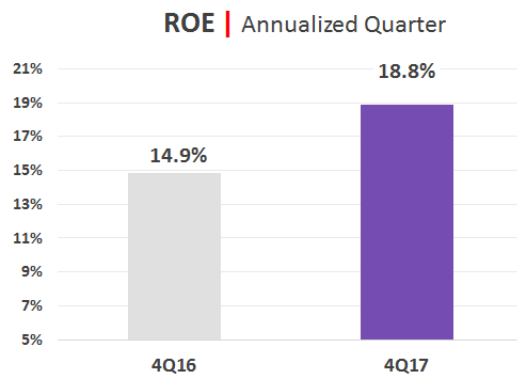
**The capitalization index** was **15.59%\*** for 4Q17, 350 basis points above the 12.09% recorded in 4Q16.

\* Estimate

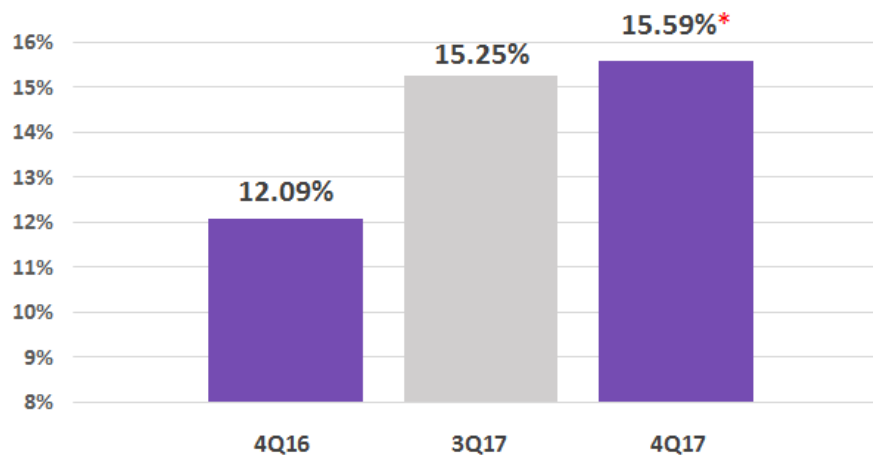
FINANCIAL HIGHLIGHTS	4Q16	3Q17	4Q17	Y o Y	Q o Q
▪ Net Income	637	1,039	1,115	75.0%	7.3%
▪ Financial Margin	1,898	2,430	2,493	31.3%	2.6%
▪ NIM	4.44%	5.44%	5.42%	98 <i>b.p.</i>	(2) <i>b.p.</i>
▪ Loan Portfolio	127,218	141,514	146,168	14.9%	3.3%
▪ Customer Deposits	100,623	115,563	113,405	12.7%	-1.9%
▪ Shareholders Equity	17,450	23,116	24,221	38.8%	4.8%
▪ Efficiency Ratio	49.47%	42.83%	42.31%	(716) <i>b.p.</i>	(53) <i>b.p.</i>
▪ Non-performing Loans	0.88%	0.88%	0.83%	(5) <i>b.p.</i>	(5) <i>b.p.</i>
▪ Coverage Ratio	181.19%	207.74%	232.23%	5,104 <i>b.p.</i>	2,449 <i>b.p.</i>



• Million pesos



### Capitalization Index



\* Estimate

BanBajío's capitalization index (ICAP) strengthened with the inflow of resources from the **Initial Public Offering (IPO)** placed last June, amounting to Ps. 3,395 million net expenses and considering the net income of 2017 of Ps.3,900 million improving from **12.09%** in 4Q16 to **15.59%** at the end of 4Q17.

## RELEVANT EVENTS | 4Q2017

### Credit Ratings

On December 6th, 2017, Moody's México rating agency changed the outlook assigned to BanBajío from Stable to **Positive**. At the same time, it reaffirmed BanBajío's ratings and valuations including its long-term deposits ratings on a global scale, **Baa3** local currency, and its rating of **Aa3.mx** on the Mexican National Scale.

	Moody's	Fitch Ratings	HR Ratings
<b>I. National Scale</b>			
Short-Term	MX-1	F1+(mex)	HR+1
Long-Term	Aa3.mx	AA(mex)	HR AA+
Outlook	Positive	Stable	Stable
<b>I. Global Scale</b> <i>(Local currency &amp; foreigner)</i>			
	<b>Bank Deposits</b>	<b>Issuer Default Rating</b>	
Short-Term	P-3	F3	
Long-Term	Baa3	BBB-	HR BBB+ (G)
Outlook	Positive	Stable	Stable
<b>Counterpart Risk Assessments</b>			
Short-Term	P-2 (cr)		
Long-Term	Baa2 (cr)		
Outlook	Positive		

## Analysts Coverage

To BanBajío's knowledge, the following institutions and analysts have issued opinions and/or analysis regarding the performance of the issuer to date. This does not exclude that there might be some other institution and / or analyst that issues opinions on BanBajío.

INSTITUTION	NAME	E-MAIL	RECOMENDATION
<b>Citi</b>	Carlos Rivera	carlos.riverazermeno@investmentresearch.citi.com	Buy
<b>Morgan Stanley</b>	Jorge Kuri	Jorge.kuri@morganstanley.com	Buy
<b>BBVA Bancomer</b>	Rodrigo Ortega	r.ortega@bbva.com	Outperform
<b>UBS</b>	Frederic de Mariz	frederic.de-mariz@ubs.com	Buy
<b>BTG Pactual</b>	Eduardo Rosman Thiago A. Kapsulskis	eduardo.rosman@btgpactual.com thiago.kapulskis@btgpactual.com	Buy
<b>Santander</b>	Claudia Benavente	cpbenavente@santander.com.mx	Buy
<b>HSBC</b>	Carlos Gómez-Lopez	carlos.gomezlopez@us.hsbc.com	Buy
<b>Actinver</b>	Enrique Mendoza	emendoza@actinver.com.mx	Buy
<b>Interacciones</b>	Manuel González Martin Hernández	mhernandez@interacciones.com	Buy
<b>Scotia Capital</b>	Jason Mollin	Jasson.mollin@scotiabank.com	Hold

**Banbajío will have its conference call for the fourth quarter of 2017, on Tuesday, January 30th, 2018 at 10:00 a.m. Mexico City time (11:00 a.m. ET).**

To participate you must dial: from USA telephone +1-877-407-8133, or from other international locations (outside the US) telephone +1-201-689-8040. There will be a live webcast broadcast available at: <http://www.investorcalendar.com/event/24078>.

The replay of this teleconference will be available until midnight Eastern time on March 1st, 2018. To obtain the replay please dial: from USA +1-877-481-4010 and International (outside the U.S.) +1-919-882-2331, with access code: 24078.

## Investor Relations Contacts:

**Alberto Guajardo**  
 Banco del Bajío  
 Tel: +52 477 7104632  
 Email: aguajardom@bb.com.mx

**Lucia Domville**  
 Grayling  
 Tel: +1 (646) 284 9416  
 Email: lucia.domville@grayling.com

