



BANBAJIO



Press Release

3Q17

BANBAJIO ANNOUNCES RESULTS FOR THE THIRD QUARTER OF 2017

"It has been a very special year for BanBajío that is full of important achievements. We recorded positive financial performance and improvement in our profitability, liquidity and efficiency ratios as a result of executing our sound business strategy and retaining the preference and trust of our clients. We have consolidated into one of the most important banks in Mexico."

Carlos De la Cerda Serrano, CEO of BanBajío.

León, Guanajuato October 18th 2017 – Banco del Bajío, S.A. Institución de Banca Múltiple, (BMV: BBAJIO) ("BanBajío" or "the Company"), announced today its unaudited results for the third quarter ("3Q17"). All figures are expressed in millions of pesos and the percentage variations are the result of comparing with the same period of the previous year, unless otherwise specified.

BanBajío, reached a consolidated **net income** of **\$1,039 million** during the third quarter 2017, the highest income recorded in the bank's history during a quarter and **71.4%** higher than the same period last year at **\$606 million**. **Accumulated net income** at the close of September 30, 2017 totaled \$2,785 million, 74.1% higher than the \$1,600 million recorded during the same 2016 period.

Return on Capital (ROE) annualized for the quarter was **18.39%**, including the full recognition of the **\$3.4 billion primary capital increase raised through the IPO in June 2017**. As a result, the increase represented **371 basis points** increase from 3Q16 when it reached **14.68%**. The annualized ROE at the close of September 30, 2017, was **18.31%**.

Financial Margin before credit risk estimations at the close of 3Q17 was **\$2,430 million**, **46.7%** above the **\$1,656 million** reported for 3Q16.

Net Interest Margin (NIM) grew from **3.97%** in 3Q16 to **5.44%** in 3Q17.

The efficiency ratio for the third quarter of 2017 was **42.8%**, 987 basis points below the 52.7% recorded in 3Q16, and below the 45.2% recorded in 2Q17.

The business or commercial portfolio, a specialization niche for BanBajío amounted to **\$113,912 million** at the close of 3Q17, recording a **22.0%** increase from the same period of 2016.

Funding in the quarter rose **16.9% to \$115,563 million** from 3Q16, while demand deposits **increased 12.8% to \$54,409 million** from the same 2016 period. Time deposits rose **20.9%** to **\$61,154 million** in the period.

The capitalization index was **15.24%** for 3Q17, 279 basis points above the 12.45% recorded in 3Q16.

The Non-Performing Loans (NPL) ratio improved to **0.88%** at the end of 3Q17, decreasing from **1.31%** reported in 3Q16, while the **coverage ratio** was **207.74%** (142.62% in 3Q16).

FINANCIAL HIGHLIGHTS	3Q16	2Q17	3Q17	Y o Y	Q o Q
▪ Net Income	606	940	1,039	71.4%	10.5%
▪ Financial Margin	1,656	2,221	2,430	46.7%	9.4%
▪ NIM	3.97%	5.14%	5.44%	147 b.p.	30 b.p.
▪ Loan Portfolio	117,368	135,080	141,514	20.6%	4.8%
▪ Customer Deposits	98,840	107,857	115,563	16.9%	7.1%
▪ Shareholders Equity	16,821	22,092	23,116	37.4%	4.6%
▪ Efficiency Ratio	52.70%	45.21%	42.83%	(987) b.p.	(238) b.p.
▪ Non-performing Loans	1.31%	0.89%	0.88%	(43) b.p.	(1) b.p.
▪ Coverage Ratio	142.62%	191.14%	207.74%	6,513 b.p.	1,660 b.p.

The maturity of the business model has led BanBajío to have nine consecutive quarters of net income growth, which at the close of 3Q17 amounted to \$1,039 million, 71.4% higher than the same period 2016, which was \$606 million. The quarterly annualized Return on Capital (ROE) grew from 14.68% in 3Q16 to 18.39% in 3Q17, while the quarterly annualized Return on Assets (ROA) was 2.20% in 3Q17, above the 1.37% recorded in 3Q16.

Quarterly Annualized ROE & ROA



Net Interest Margin (NIM) increased from 3.97% in 3Q16 to 5.44% in 3Q17.

The most important asset of BanBajío is the credit portfolio, which as a result of our strategy is of very high quality and has a well-diversified risk profile. At the close of 3Q17, the total loan portfolio was \$141,514 million, 20.6% higher than in 3Q16. The current loan portfolio amounted to \$140,274 million compared to \$115,832 million at the close of September 30, 2016, representing an increase of 21.1%. This increase was mainly related to the business portfolio growth of 22.0%.

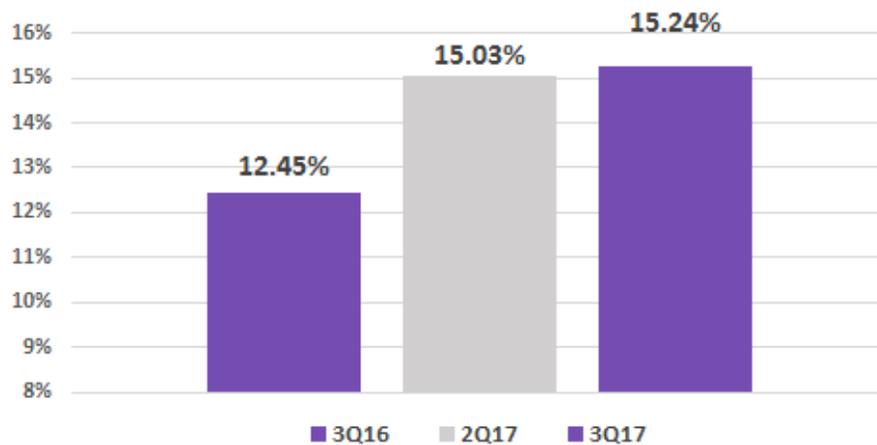
Total current portfolio accounted for 73.4% of total assets at the end of 3Q17, while it represented 66.1% of total assets at the close of 3Q16.

At the close of 3Q17, the current business or commercial portfolio accounted for 80.7% of the total current portfolio; current loans to financial institutions accounted for 7.2%; housing loans were 4.7%; current consumer loans were 0.9%; and current government loans accounted for 6.5%.

At the end of 3Q17, we achieved improvements in asset quality, the non-performance loans (NPL) ratio stood at 0.88%, decreasing from 1.31% in 3Q16. The coverage ratio increased significantly from 142.6% in 3Q16 to 207.7% in 3Q17.

Total demand deposits were \$54,409 million at the close of 3Q17 compared to \$48,249 million at the close of 3Q16, representing an increase of \$6,160 million or 12.8%.

Capitalization Index



BanBajío's capitalization index (ICAP) strengthened with the inflow of resources from the Initial Public Offering (IPO) placed last June, amounting to \$3,395 million net of expenses and the net income for the Last Twelve Months amounting \$3,422 million, while improving from 12.45% in 3Q16 to 15.24% at the end of 3Q17.

RELEVANT EVENTS | 3Q2017

Market Maker

In July 2017, BanBajío hired UBS Casa de Bolsa, S.A. de C.V., UBS Grupo Financiero (UBS), as its market maker to launch operations starting July 17 during a 12-month period. UBS, as the market maker, will trade series "O" shares of Banco del Bajío listed on the BMV with the goal of improving its liquidity, along with proving a reference price and contributing to the stabilization of the prices as established by the laws and applicable norms.

This strategy aims to strengthen the liquidity of the shares, while promoting stability and price continuity.

Credit Ratings

On August 17, 2017, the credit rating agency HR Ratings increased BanBajío's rating in the national rating scale for the long term to HR AA+ from HR AA. The short-term ratings in the national scale were ratified at HR+1. Similarly, the rating in the global scale increased (Issuer Default Ratings or IDRs) the long term local and foreign currency to HR BBB+ (G) from HR BBB (G) for Banco del Bajío.

The long-term outlook in both scales is **Stable**.

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

Analysts Coverage

To BanBajío's knowledge, the following institutions and analysts have issued opinions and/or analysis about the performance of the issuer to date. This do not exclude that any other institution and/or analyst could have also issued opinions about BanBajío.

INSTITUTION	NAME	E-MAIL	RECOMENDATION
Citi	Carlos Rivera	carlos.riverazermeno@investmentresearch.citi.com	Buy
Morgan Stanley	Jorge Kuri	Jorge.kuri@morganstanley.com	Buy
BBVA Bancomer	Rodrigo Ortega	r.ortega@bbva.com	Outperform
UBS	Frederic de Mariz	frederic.de-mariz@ubs.com	Buy
BTG Pactual	Eduardo Rosman Thiago A. Kapsulskis	eduardo.rosman@btgpactual.com thiago.kapulskis@btgpactual.com	Buy

Santander	Claudia Benavente	cpbenavente@santander.com.mx	Buy
HSBC	Carlos Gómez-Lopez	carlos.gomezlopez@us.hsbc.com	Buy
Actinver	Enrique Mendoza	emendoza@actinver.com.mx	Buy

About BanBajío

Headquartered in the city of León, Guanajuato, we are a financial institution that offers the full range of financial and banking products and services to companies and individuals, with a highly specialized human capital, with vocation of service and personalized attention.

Over 22 years of experience have consolidated us as one of the most important banks in Mexico, servicing strategic markets like business and government, agricultural, small/medium enterprises, offshore, trust management, real estate, factoring and online banking, being the 8th largest bank in the system (as measured by funds acquired and allocated); 7th in credit for businesses, as well as being awarded twice with the National Agricultural Foods Award for outstanding participation in the development of the agricultural food industry, placing us as leaders in endorsement for agricultural endeavors, supported by trust funds set up related to this purpose.

We are adhered to the UN World Pact and we have, for the fourth consecutive year, the Socially Responsible Company of the Mexican Centre for Philanthropy.

Our philosophy is based in understanding the needs of our customers, and thus provide them the best service and quality of services.

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