



# Third Quarter Presentation

October | 2017

## ▶ Board of Directors Composition

- **On April 27th 2017**, in an Extraordinary Shareholder Meeting, **Fernando de Ovando** was named independent member effective August 1st.
  - ▼ Lawyer with extensive experience in cross-border M&A, joint ventures, strategic alliances, reorganizations and general corporate counseling
- **On October 18th 2017**, in an Ordinary Shareholder Meeting, **Dan Ostrosky** was named independent member effective on that date.
  - ▼ Engineer expert in Cyber Security and Information Technology
- **Total number of Directors are 13**
  - ▼ 7 Independent | **54%**
  - ▼ 6 Proprietary | **46%**

## ► Guidance

	2017 Actual	2017 Revised	
▪ Loan Growth	10.5% - 13.8%	13.8% - 15.0%	↑
▪ NIM Expansion	5.35% - 5.38%	5.35% - 5.38%	
▪ Expenses Growth	12% - 15.6%	12% - 15%	↓
▪ Efficiency	45% - 48%	45% - 46%	↓
▪ Cost of Risk	0.8% - 0.9%	0.8% - 0.9%	
▪ Tax Rate	25% - 27%	23% - 25%	↓
▪ Net Income	\$3,500 - \$3,650	\$3,700 - \$3,800	↑
▪ ROAE*	16.5% - 17.5%	17.5% - 18.1%	↑
▪ NPL Ratio	1.0% - 1.1%	1.0% - 1.1%	
▪ Coverage Ratio	1.6% - 1.8%	1.6% - 1.8%	
▪ Capitalization Ratio	14.5% - 15.0%	15.0% - 15.2%	↑

\* Considering the full impact of IPO proceeds.

# ▶ Executive Summary

P s\$ MM	3Q16	2Q17	3Q17	Y o Y	Q o Q
<b>PROFITABILITY</b>					
▪ Net Income	606	940	1,039	71.4 %	10.5 %
▪ ROAE <sup>1</sup>	14.7 %	18.7 %	18.4 %	371 b.p.	(26) b.p.
▪ ROAA <sup>1</sup>	1.4 %	2.1 %	2.2 %	83 b.p.	16 b.p.
▪ NIM <sup>1</sup>	3.97 %	5.14 %	5.44 %	147 b.p.	30 b.p.
▪ Efficiency Ratio	52.7 %	45.2 %	42.8 %	(987) b.p.	(238) b.p.
<b>GROWTH</b>					
▪ Gross Loans Portfolio	117,368	135,080	141,514	20.6 %	4.8 %
▪ Customer Deposits	98,840	107,857	115,563	16.9 %	7.1 %
▪ Customers	669,592	745,670	776,160	15.9 %	4.1 %
▪ Shareholders Equity	16,821	22,092	23,116	37.4 %	4.6 %
▪ Capitalization Ratio	12.45 %	15.03 %	15.24 %	279 b.p.	21 b.p.
<b>RISK</b>					
▪ NPL Ratio	1.31 %	0.89 %	0.88 %	(43) b.p.	(1) b.p.
▪ Coverage Ratio	142.62 %	191.14 %	207.74 %	6,512 b.p.	1,660 b.p.
▪ Cost of Risk <sup>1</sup>	0.76 %	0.90 %	1.03 %	27 b.p.	13 b.p.

<sup>1</sup> Annualized quarter

## ▶ Executive Summary

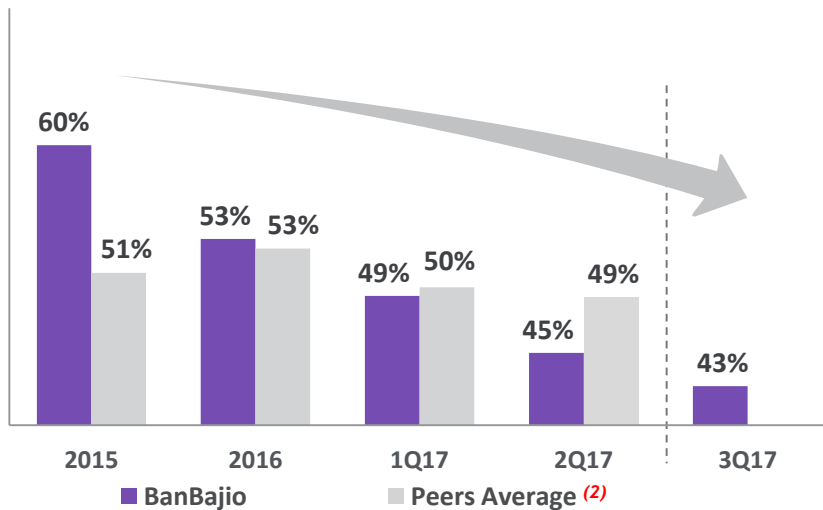
Ps\$ MM	3Q16	2Q17	3Q17	Y o Y	Q o Q
▪ Financial Margin	1,656	2,221	<b>2,430</b>	46.7 %	9.4 %
▪ Non Interest Income	476	493	<b>528</b>	10.9 %	7.1 %
▪ Total Revenues	2,132	2,714	<b>2,958</b>	38.7 %	9.0 %
▪ Administrative and Advertising Expenses	(1,125)	(1,227)	<b>(1,267)</b>	12.6 %	3.3 %
▪ Company Loans Portfolio	93,337	108,346	<b>113,912</b>	22.0 %	5.1 %
▪ Corporates	62,931	74,046	<b>75,465</b>	19.9 %	1.9 %
▪ SME's	30,406	34,300	<b>38,447</b>	26.4 %	12.1 %
▪ Demand Deposits	48,249	51,825	<b>54,409</b>	12.8 %	5.0 %
▪ Time Deposits	50,591	56,032	<b>61,154</b>	20.9 %	9.1 %

# ► Efficiency Ratio

- A **permanent** cost control program together with the increase in revenues, resulted in an improvement in the **efficiency ratio**.

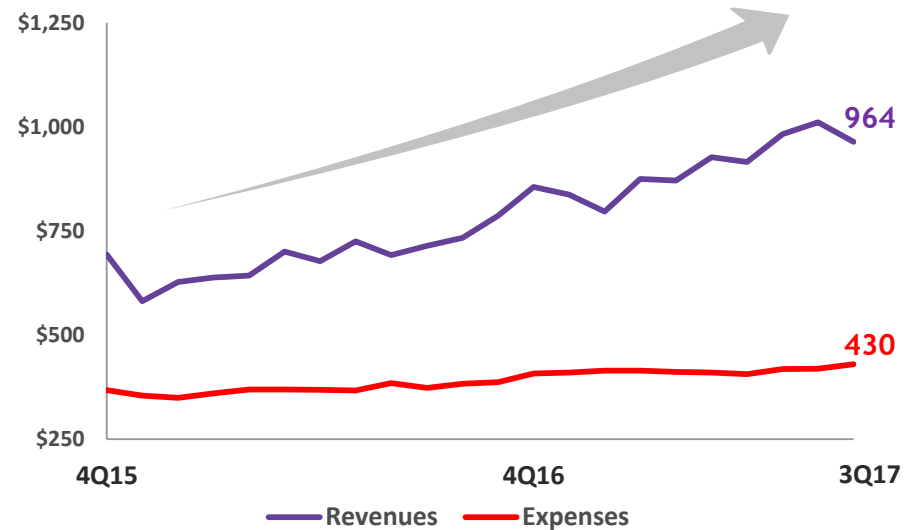
## ▼ Efficiency Ratio Evolution vs. Peers

Operating Expenses/Total Revenues <sup>(1)</sup> | %



## ▼ Total Revenues and Expenses <sup>(1)</sup>

Pes\$ MM | Monthly



Source Company information

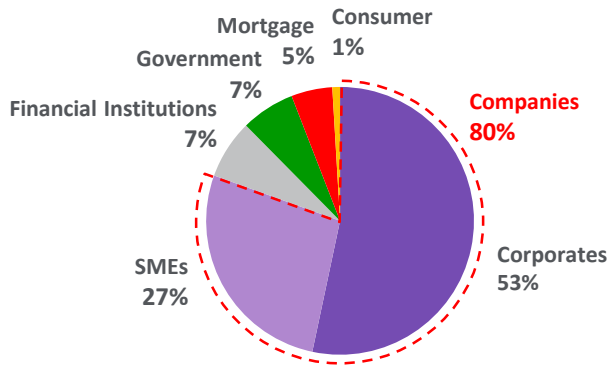
### Notes

1. Total Revenues (excluding Loan Loss Provisions).
2. Peers Include: Banorte, Banregio, BBVA Bancomer, Citibanamex, HSBC, Santander and Scotiabank consolidated figures; last available information in CNBV as of 2Q17.

# ▶ Loan Portfolio

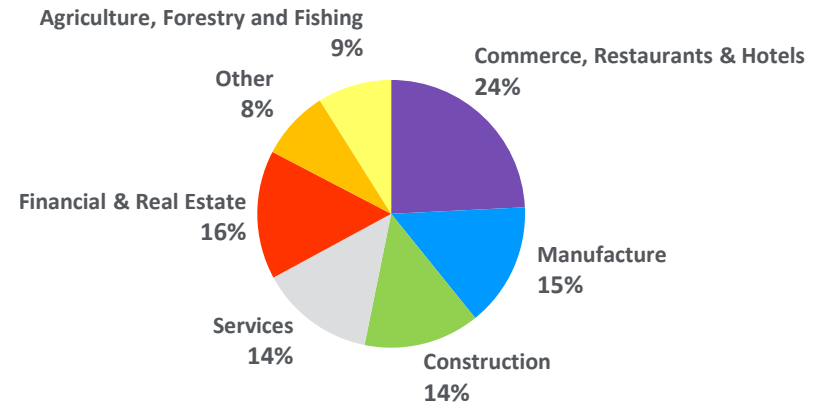
## Loan Portfolio Breakdown | By Type

3Q17 | %

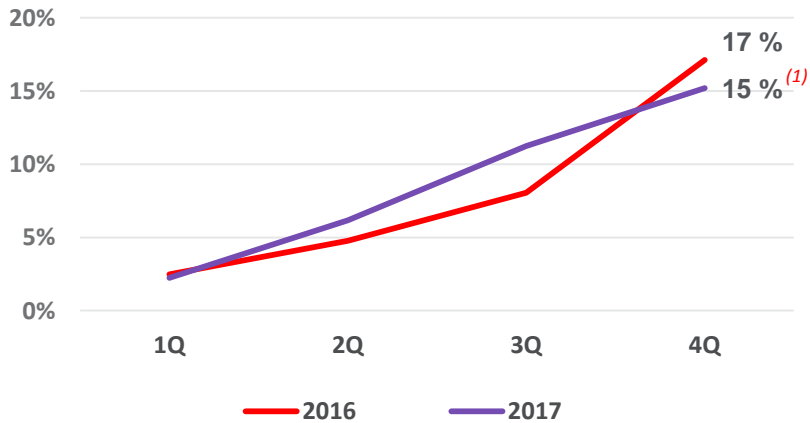


## Company Loans Portfolio Breakdown | By Economic Sector

3Q17 | %

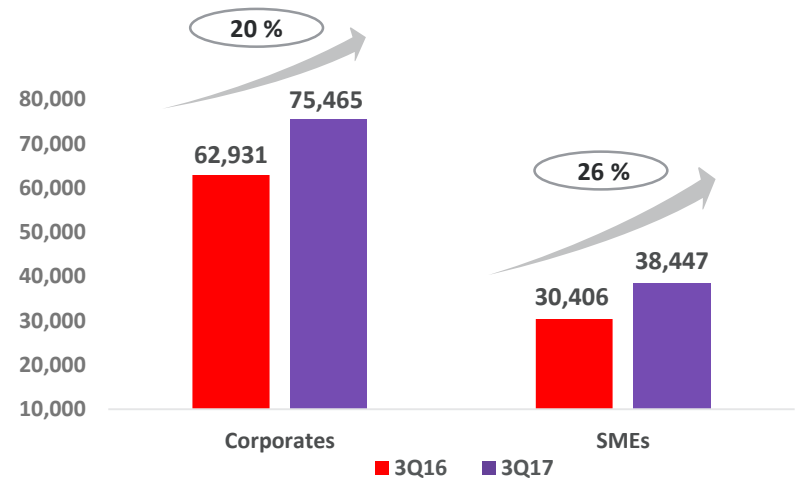


## Gross Loan Portfolio Growth



<sup>(1)</sup> 4Q17 loan growth is estimate

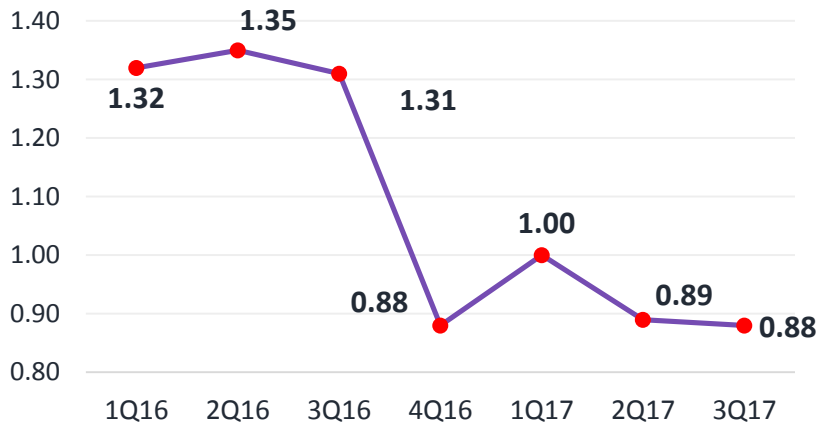
## Corporate and SMEs growth | Ps\$ MM



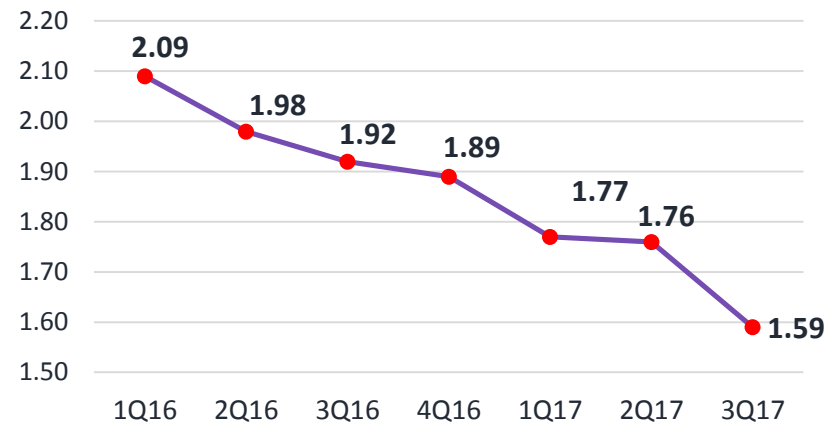
# ▶ Asset Quality

- Best in class of asset quality and risk profile.

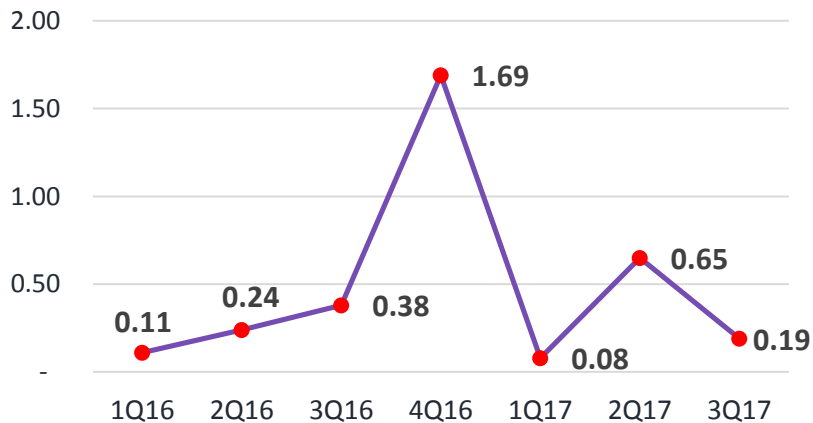
▼ NPL Ratio | %



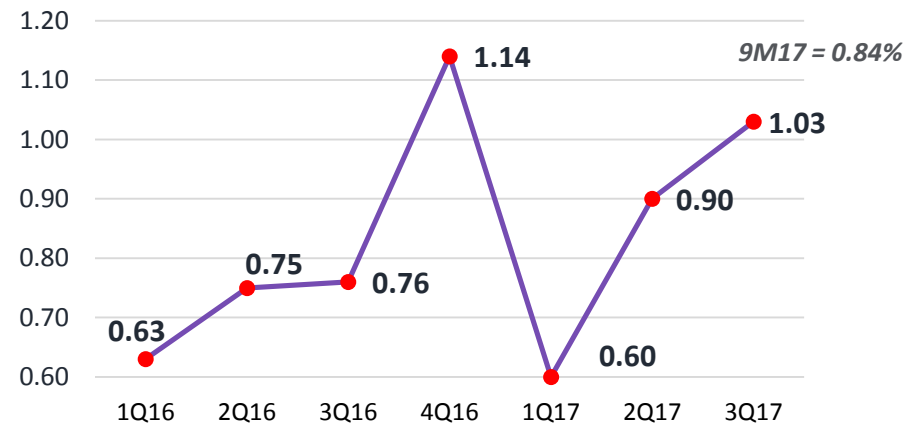
▼ NPL Ratio adjusted | %



▼ Charge-off Rate<sup>1</sup> | %



▼ Cost of Risk<sup>1</sup> | %

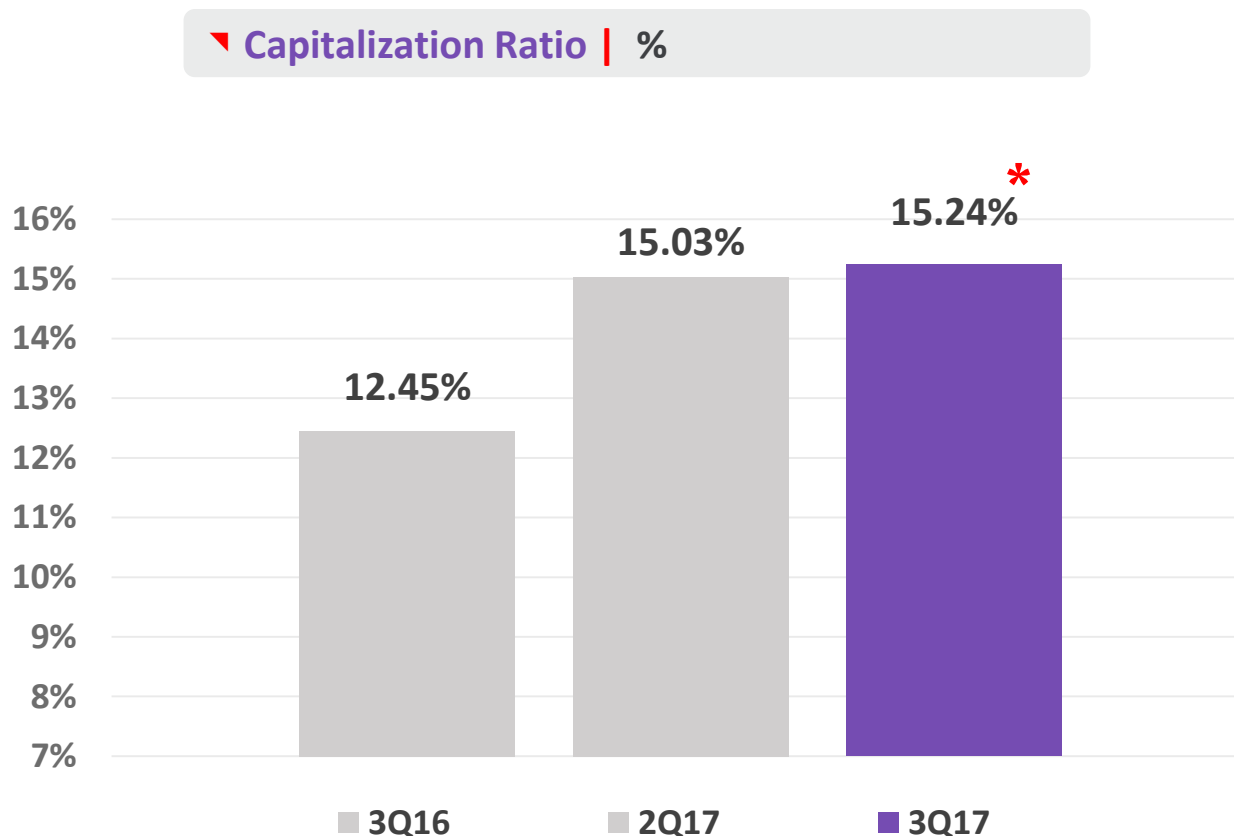


<sup>1</sup> Annualized quarter



# ▶ Capital Adequacy Ratio

- Our capitalization ratio increased 279 basis points as a result of:
  - ▾ Net income amounted to **Ps. 3,422 million (LTM)**
  - ▾ IPO in June by **Ps. 3,395 million** net of expenses
  - ▾ Dividend payment **Ps. 445 million** in May 2017 which was 20% of the net income.

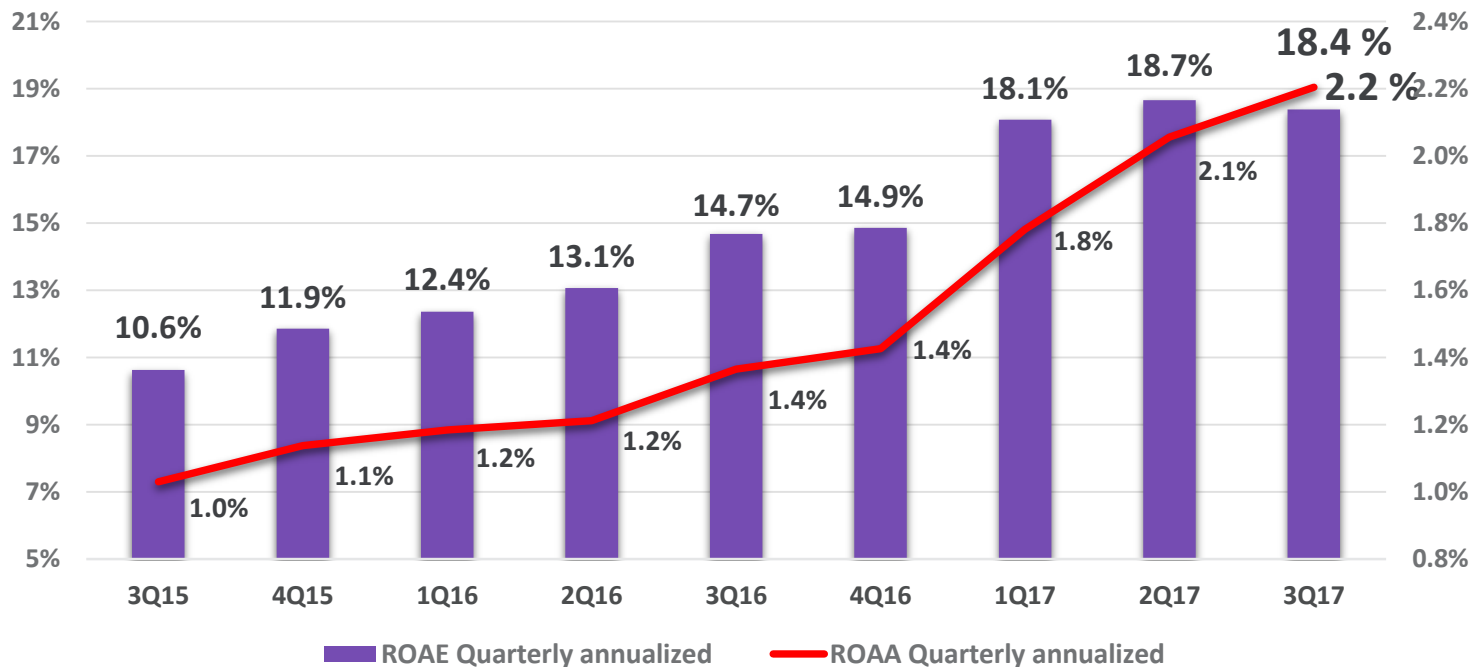


\* ICAP 3Q17 is preliminary.

## ▶ Quarterly ROAE y ROAA

- **8 quarters of increased profitability on ROAE**, despite the recent capital increase of Ps. 3,395 million net of expenses, ROAE is still above 18%, reaching **18.4%** as of **3Q17**.

▼ Quarterly ROAE and ROAA annualized | %



# ► Balance Sheet

Ps\$ MM				Var.	
	3Q16	2Q17	3Q17	Y o Y	Q o Q
▪ Cash & Cash Equivalents	\$14,469	\$16,865	\$17,405	20 %	3 %
▪ Investment in Securities	22,943	17,540	16,681	-27 %	-5 %
▪ <b>Cash &amp; Investments</b>	<b>\$37,412</b>	<b>\$34,405</b>	<b>\$34,086</b>	<b>-9 %</b>	<b>-1 %</b>
▪ Performing Loan Portfolio	115,832	133,884	140,274	21 %	5 %
▪ Non-performing Loan Portfolio	1,536	1,196	1,240	-19 %	4 %
▪ <b>Gross Loan Portfolio</b>	<b>\$117,368</b>	<b>\$135,080</b>	<b>\$141,514</b>	<b>21 %</b>	<b>5 %</b>
▪ Loan Loss Provisions	(2,190)	(2,286)	(2,576)	18 %	13 %
<b>Net Loan Portfolio</b>	<b>\$115,178</b>	<b>\$132,794</b>	<b>\$138,938</b>	<b>21 %</b>	<b>5 %</b>
▪ Repos	13,252	7,001	7,501	-43 %	7 %
▪ Other Assets	9,284	11,747	10,646	15 %	-9 %
<b>Total Assets</b>	<b>\$175,126</b>	<b>\$185,947</b>	<b>\$191,171</b>	<b>9 %</b>	<b>3 %</b>
▪ Demand Deposits	48,249	51,825	54,409	13 %	5 %
▪ Time Deposits	50,591	56,032	61,154	21 %	9 %
<b>Customer Deposits</b>	<b>\$98,840</b>	<b>\$107,857</b>	<b>\$115,563</b>	<b>17 %</b>	<b>7 %</b>
▪ Repos	17,223	12,494	11,780	-32 %	-6 %
▪ Notes	1,221	1,296	1,322	8 %	2 %
<b>Funding Including Repos</b>	<b>\$117,283</b>	<b>\$121,647</b>	<b>\$128,665</b>	<b>10 %</b>	<b>6 %</b>
▪ Interbank Loans *	34,724	33,099	32,500	-6 %	-2 %
▪ Other Liabilities	6,298	9,109	6,890	9 %	-24 %
<b>Total Liabilities</b>	<b>\$158,305</b>	<b>\$163,855</b>	<b>\$168,055</b>	<b>6 %</b>	<b>3 %</b>
<b>Shareholders' Equity</b>	<b>\$16,821</b>	<b>\$22,092</b>	<b>\$23,116</b>	<b>37 %</b>	<b>5 %</b>

\* Mostly development banks funding.

# ▶ Income Statement

Ps\$ MM				Var.	
	3Q16	2Q17	3Q17	Y o Y	Q o Q
▪ Interest Income	\$2,834	\$3,875	\$4,179	47 %	8 %
▪ Interest Expense	(1,178)	(1,654)	(1,749)	48 %	6 %
<b>Net Interest Income</b>	<b>\$1,656</b>	<b>\$2,221</b>	<b>\$2,430</b>	<b>47 %</b>	<b>9 %</b>
▪ Net Fees & Commissions	367	367	380	3 %	4 %
▪ Trading Income	65	77	90	39 %	17 %
▪ Other Operating Income / (Expense)	44	49	58	33 %	18 %
<b>Non Interest Income</b>	<b>476</b>	<b>493</b>	<b>528</b>	<b>11 %</b>	<b>7 %</b>
<b>Total Revenues</b>	<b>\$2,132</b>	<b>\$2,714</b>	<b>\$2,958</b>	<b>39 %</b>	<b>9 %</b>
▪ Allowance for Loan Losses	(220)	(297)	(357)	62 %	20 %
▪ Administrative and Advertising Expenses	(1,125)	(1,227)	(1,267)	13 %	3 %
▪ Other Income / (Expense)	2	2	2	0 %	0 %
<b>Income Before Tax</b>	<b>\$789</b>	<b>\$1,192</b>	<b>\$1,336</b>	<b>69 %</b>	<b>12 %</b>
▪ Tax	(183)	(252)	(297)	62 %	18 %
<b>Net Income</b>	<b>\$606</b>	<b>\$940</b>	<b>\$1,039</b>	<b>71 %</b>	<b>11 %</b>
▪ Effective Tax Rate	<b>23.2%</b>	<b>21.1%</b>	<b>22.2%</b>	(94) b.p.	109 b.p.