



BANBAJIO

Second Quarter Presentation

July | 2017

► Guidance

	2017 Actual	2017 Revised	
▪ Loan Growth	9.5% - 11.2%	10.5% - 13.8%	↑
▪ NIM Expansion	70 - 100 bp	80 - 120 bp	↑
▪ Expense Growth	12% - 15.6%	12% - 15.6%	
▪ Efficiency	47% - 49%	45% - 48%	↓
▪ Provisions to Average Loans	0.8% - 0.9%	0.8% - 0.9%	
▪ Tax Rate	25% - 27%	25% - 27%	
▪ Net Income	\$3,300 - \$3,500	\$3,500 - \$3,650	↑
▪ ROAE*	16.0% - 16.5%	16.5% - 17.5%	↑
▪ NPL Ratio	1.0% - 1.1%	1.0% - 1.1%	
▪ Coverage Ratio	1.6% - 1.8%	1.6% - 1.8%	
▪ Capitalization Ratio	14.0% - 14.5%	14.5% - 15.0%	↑

* Considering the full impact of IPO proceeds.

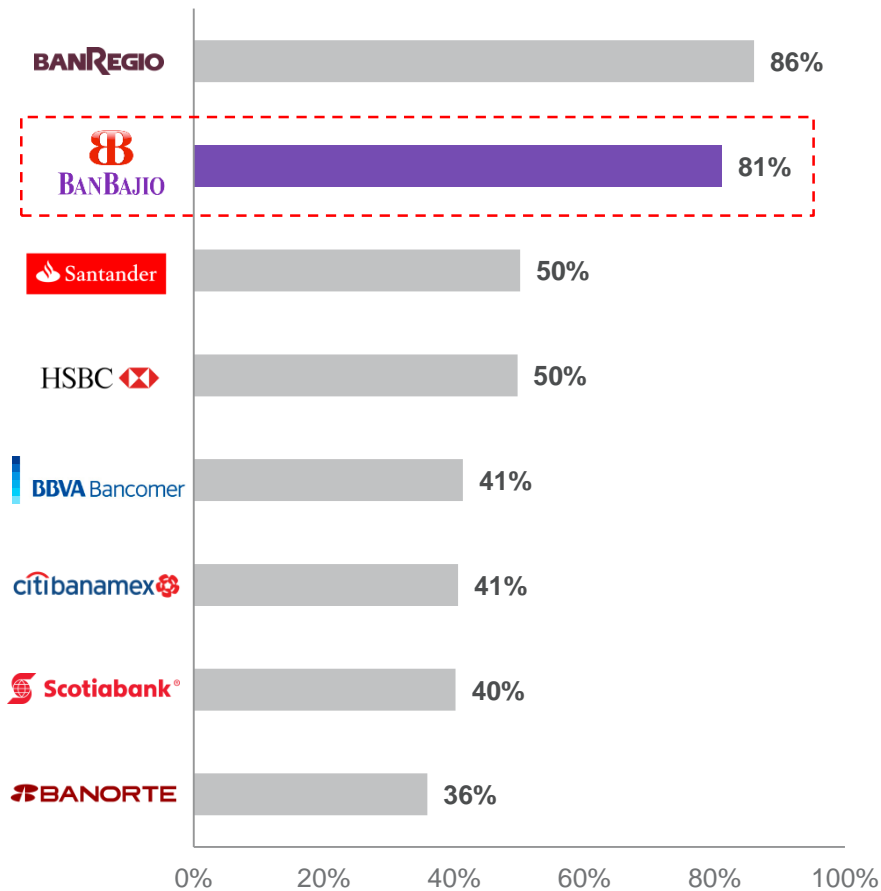
BanBajío | From localized player to national leader.

- **3rd largest*** locally-controlled bank in Mexico, with **Ps. 185.9 billion in total assets** as of 2Q17.
- **8th largest*** bank in the country by loans & deposits and **7th largest*** in terms of company- sector loans.
- **Profitability focused**, low-risk and high-growth corporate and SME loan segments.
- **8 consecutive quarters of ROAE growth** reaching **18.7%** in 2Q17.
- **Best** in class of **asset quality and risk profile**.
- On May 19th, we opened a new branch in Silao Guanajuato. We are present today with **296** branches nationwide, 28 of the 32 states and in 78 of the largest cities in the country.
- Well-capitalized with **diversified funding**.
- On June 7th we **launched a successful IPO** and raised **Ps. 8.8 billion**. in which 25% corresponded to a freefloat.

▶ Introduction

▼ BanBajío is Highly Specialized on SME and Corporate Loans

Company Loans as % of Total Loans | 1Q17



Source: CNBV (Total Banca Multiple consolidated figures)

▼ BanBajío's Unique Access and Capabilities o Better Serve Companies

1

Deep and technical
knowledge of our
customers and their
businesses

2

Client-centric business
model with specialized
relationship executives
delivering close and
personalized customer
attention

3

Efficient and agile/local
decision making
process in credit
origination

▶ Executive Summary

	2Q16	1Q17	2Q17	Y o Y	Q o Q
▪ Financial Margin	1,570	2,070	2,221	41.5 %	7.3 %
▪ Company Loans Portfolio	89,876	105,507	108,346	20.6 %	2.7 %
▪ Demand Deposits	45,120	50,799	51,825	14.9 %	2.0 %
▪ Capitalization Ratio	12.49 %	12.30 %	15.03 %	254 b.p.	273 b.p.
▪ Efficiency Ratio	54.7 %	49.3 %	45.2 %	(953) b.p.	(413) b.p.

▶ Executive Summary

	2Q16	1Q17	2Q17	Y o Y	Q o Q
PROFITABILITY					
▪ Net Income	521	806	940	80.3 %	16.6 %
▪ ROAE ¹	13.1 %	18.1 %	18.7 %	559 b.p.	58 b.p.
▪ ROAA ¹	1.2 %	1.8 %	2.1 %	84 b.p.	27 b.p.
▪ NIM ¹	3.96 %	4.78 %	5.14 %	118 b.p.	36 b.p.
▪ Efficiency Ratio	54.7 %	49.3 %	45.2 %	(953) b.p.	(413) b.p.
GROWTH					
▪ Gross Loans Portfolio	113,808	130,059	135,080	18.7 %	3.9 %
▪ Customer Deposits	103,742	100,314	107,857	4.0 %	7.5 %
▪ Shareholders Equity	16,215	18,219	22,092	36.2 %	21.3 %
RISK					
▪ NPL Ratio	1.35 %	1.00 %	0.89 %	(46) b.p.	(11) b.p.
▪ Coverage Ratio	134.8 %	168.9 %	191.1 %	5,631 b.p.	2,216 b.p.

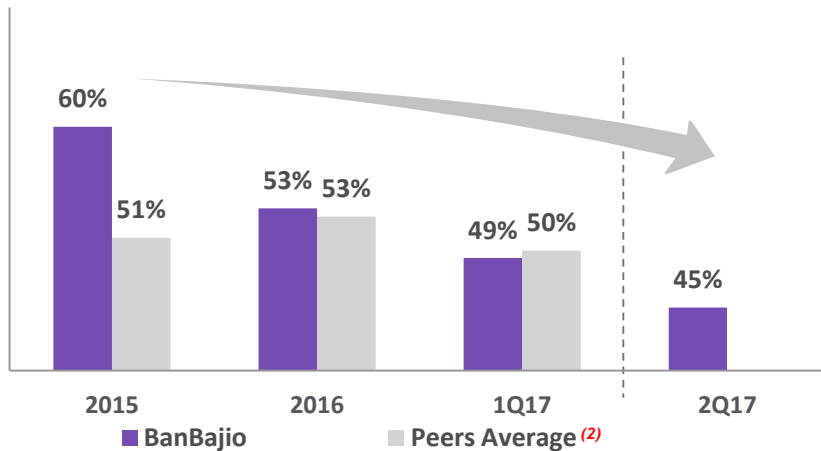
¹ Annualized quarter

▶ Efficiency Ratio

- **Recently** deployed investments have detonated **revenue growth**, improving efficiency.

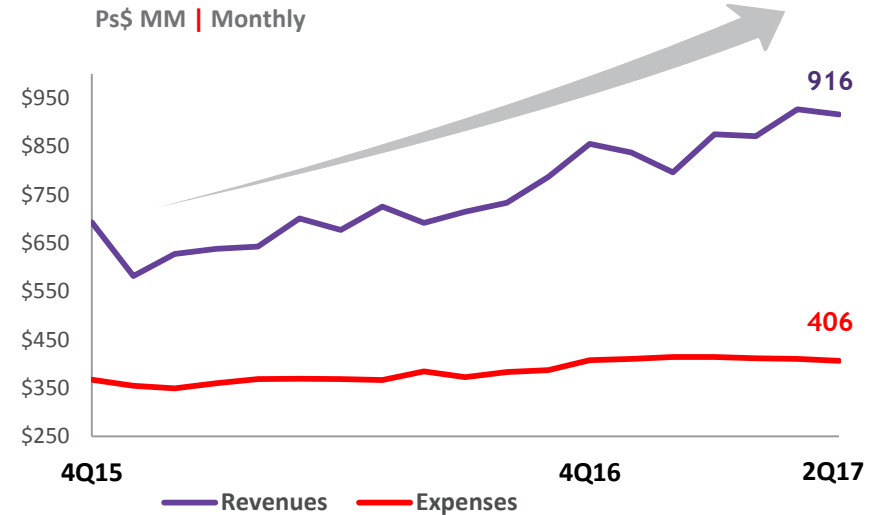
▼ Efficiency Ratio Evolution vs. Peers

Operating Expenses/Total Revenues⁽¹⁾ | %



▼ Total Revenues and Expenses⁽¹⁾

Ps\$ MM | Monthly



Source Company information

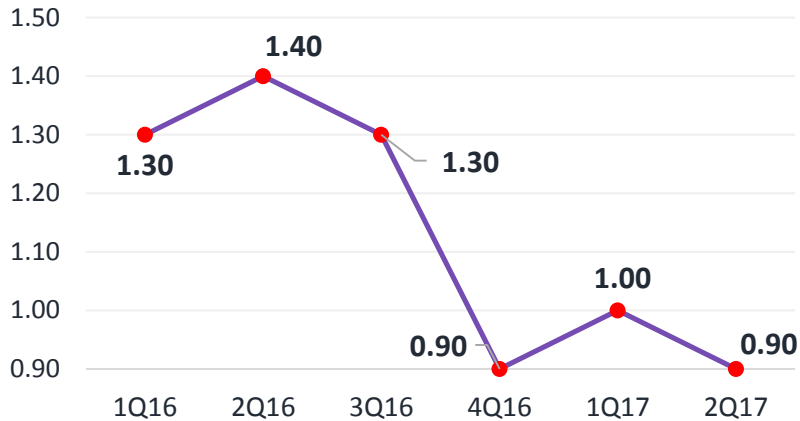
Notes

1. Total Revenues (excluding Loan Loss Provisions).
2. Peers Include: Banorte, Banregio, BBVA Bancomer, Citibanamex, HSBC, Santander and Scotiabank consolidated figures 1Q17.

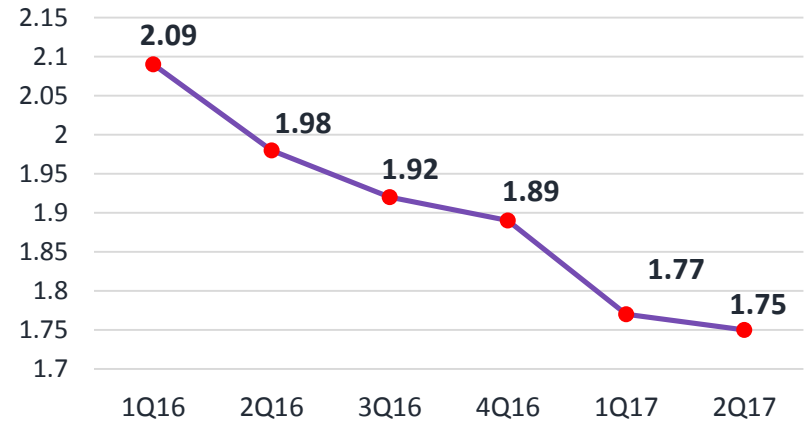
▶ Asset Quality

- Best in class of asset quality and risk profile.

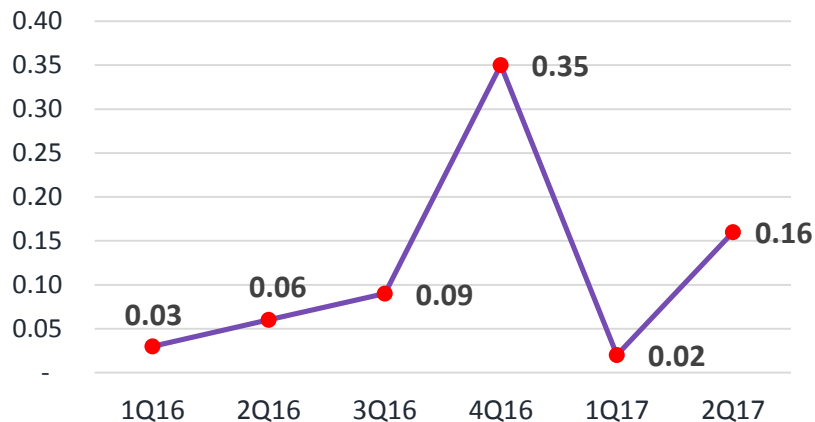
▼ NPL Ratio | %



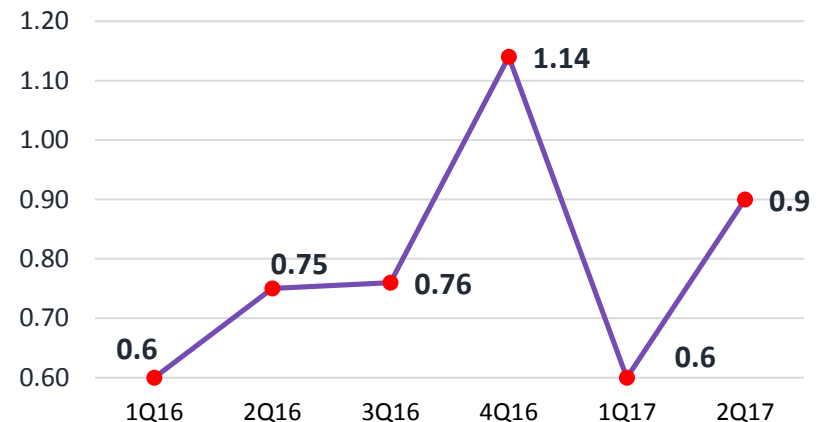
▼ NPL Ratio adjusted | %



▼ Charge-off Rate | %

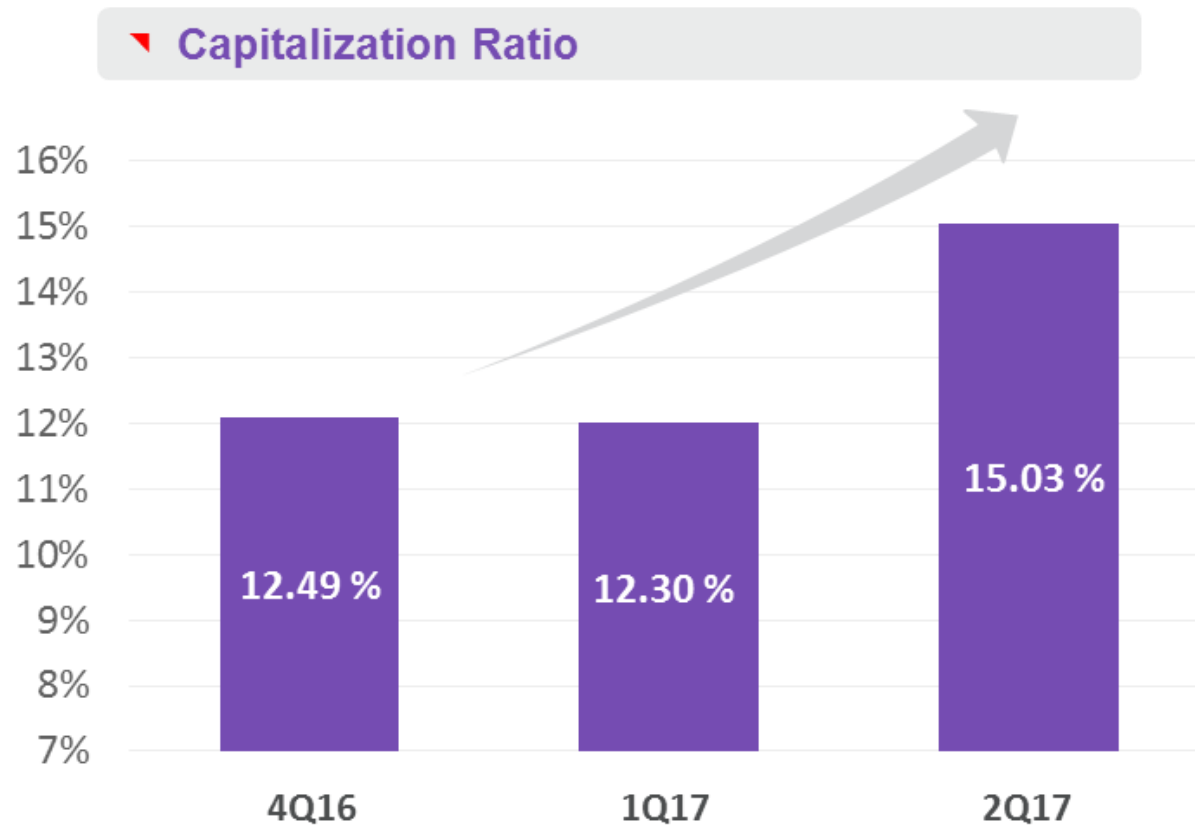


▼ Cost of Risk | %



▶ Capital Adequacy Ratio

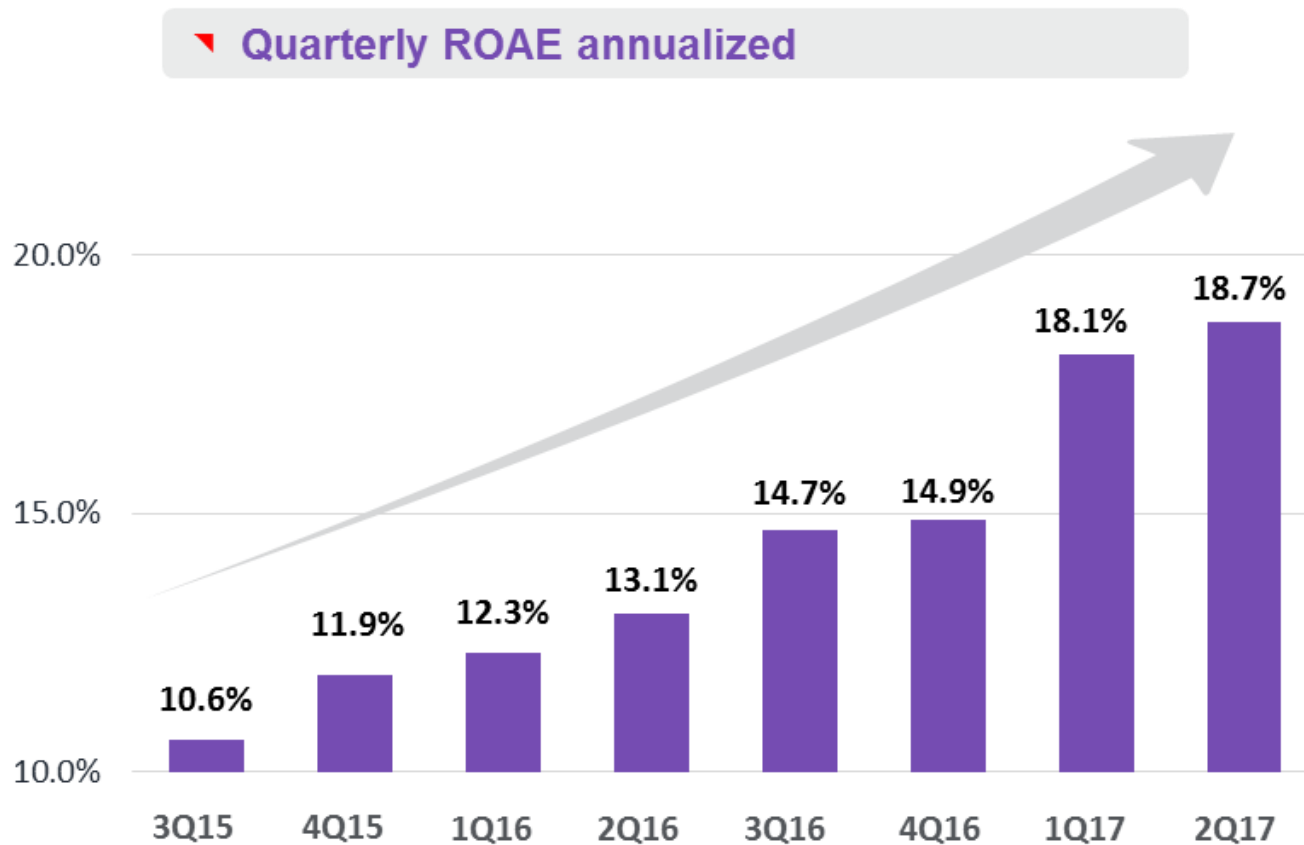
- Dividend payment **Ps. 445 million** in May 2017 which was 20% of the net income.
- Our capitalization rose in June by **Ps. 3,395 million** net of expenses due to **IPO**.
- Net income amounted to **Ps. 940 million**.
- The combined effect of these points increased the equity **21.31%** in the 2Q17.



▶ Quarterly ROAE

- **8 quarters of increased profitability on ROAE** reaching **18.7%** as of 2Q17.

We expect net income to grow in 3Q17 and 4Q17, but the recent capital increase will impact ROAE, and will be close to 17%.



▶ Balance Sheet

Ps\$ MM				Var.	
	2Q16	1Q17	2Q17	Y o Y	Q o Q
▪ Cash & Cash Equivalents	\$16,031	\$16,989	\$16,865	5 %	-1 %
▪ Investment in Securities	18,268	19,291	17,540	-4 %	-9 %
▪ Cash & Investments	\$34,299	\$36,280	\$34,405	0 %	-5 %
▪ Performing Loan Portfolio	112,266	128,763	133,884	19 %	4 %
▪ Non-performing Loan Portfolio	1,541	1,296	1,196	-22 %	-8 %
▪ Gross Loan Portfolio	\$113,808	\$130,059	\$135,080	19 %	4 %
▪ Loan Loss Reserves	(2,078)	(2,190)	(2,286)	10 %	4 %
Net Loan Portfolio	\$111,730	\$127,869	\$132,794	19 %	4 %
▪ Repos	20,226	5,501	7,001	-65 %	27 %
▪ Other Assets	13,866	10,205	11,747	-15 %	15 %
Total Assets	\$180,121	\$179,855	\$185,947	3 %	3 %
▪ Demand Deposits	45,120	50,799	51,825	15 %	2 %
▪ Time Deposits	58,622	49,515	56,032	-4 %	13 %
Customer Deposits	\$103,742	\$100,314	\$107,857	4 %	8 %
▪ Repos	9,289	15,775	12,494	35 %	-21 %
▪ Notes	1,197	1,270	1,296	8 %	2 %
Funding Including Repos	114,227	117,359	121,647	6 %	4 %
▪ Interbank Loans	35,888	37,156	33,099	-8 %	-11 %
▪ Other Liabilities	13,792	7,121	9,109	-34 %	28 %
Total Liabilities	\$163,906	\$161,636	\$163,855	0 %	1 %
Shareholders' Equity	\$16,215	\$18,219	\$22,092	36 %	21 %

► Income Statement

Ps\$ MM				Var.	
	2Q16	1Q17	2Q17	Y o Y	Q o Q
▪ Interest Income	\$2,608	\$3,530	\$3,875	49 %	10 %
▪ Interest Expense	(1,038)	(1,460)	(1,654)	59 %	13 %
Net Interest Income	\$1,570	\$2,070	\$2,221	41 %	7 %
▪ Net Fees & Commissions	325	349	367	13 %	5 %
▪ Trading Income	68	47	77	13 %	64 %
▪ Other Operating Income / (Expense)	57	43	49	-14 %	14 %
Non Interest Income	450	439	493	9 %	12.3 %
Total Revenues	\$2,020	\$2,509	\$2,714	34 %	8 %
▪ Allowance for Loan Losses	(212)	(194)	(297)	40 %	53 %
▪ Administrative and Advertising Expenses	(1,106)	(1,238)	(1,227)	11 %	-1 %
▪ Other Income / (Expense)	1	0	2	40 %	
Income Before Tax	704	1,077	1,192	69 %	11 %
▪ Tax	183	271	252	38 %	-0.1 %
Net Income	\$521	\$806	\$940	80 %	17 %