



regional
Press Release
2Q21



Regional, S.A.B. de C.V. presents, for informative purposes only, the internal financial statements for the period ended June 30, 2021. Also, and considering that the public company participated in a corporate restructuring through a merger in which it acted as a merging company with Banregio Grupo Financiero S.A.B. de C.V., who served as a merged and currently defunct company, discloses additional information regarding the financial statements of Banregio Grupo Financiero S.A.B. of CV, for the period ended March 31, 2018, in order to maintain continuity in the disclosure of financial information and for comparative and analytical purposes, as well as the pro forma financial statements in which the financial situation and the results of Regional, S.A.B. de C.V. are presented, as if the corporate restructuring referred to above had taken effect in the same quarter of the previous year



EXECUTIVE SUMMARY

Growth

- The commercial portfolio, which includes loans for small and medium businesses registered \$92,751 million pesos during 2Q21, showing a 1% decrease compared with 2Q20.
- On the other hand, Preferred Banking portfolio, which includes mortgages, auto credits and consumer credits such as credit cards, lay up \$16,956 million pesos, representing a 8% annualized gain.
- Core deposits, formed by demand deposits and savings accounts as time deposits, reached \$106,264 million pesos during the second quarter of 2021, presenting a 7% increase compared to the previous quarter. Demand deposits had a 31% growth compared with 2Q20.
- Core deposits costs in national currency cost is 2.4% at the end of 2Q21.

Risks and Strengths

- Non-performing loans ratio was 1.6% at the end of 2Q21, 6 basis points more than the same quarter last year.
- Regional has credit provisions that cover 1.4 times its non-performing loan portfolio.
- Banco Regional's capitalization ratio as of May 2021 is 15.1%.

Profitability

- The financial margin at the end of 2Q21 was \$1,841 million pesos, decreasing 1% versus 2Q20.
- Net Income was \$959 at the close of 2Q21, 23% more than 2Q20.
- The Efficiency Index¹ at the end of 2Q21 was 47.2%

Company Description

Regional, S.A.B de C.V. (Regional) is a Mexican public company, which principal subsidiaries, Banregio Grupo Financiero, S.A. de C.V. (BanregioGF), Banco Regional S.A. IBM (Banregio) and Start Banregio, SOFOM (Start), grant credits and leases to medium and small businesses as well to individuals as their main activity.

Banregio is present in 22 federal entities through a 156 branches network, located in: Aguascalientes, Baja California, Baja California Sur, Chihuahua, Coahuila, Ciudad de México, Durango, Estado de México, Guanajuato, Jalisco, Michoacán, Nuevo León, Puebla, Querétaro, Quintana Roo, San Luis Potosí, Sinaloa, Sonora, Tamaulipas, Veracruz, Yucatán and Zacatecas.

Regional is a public traded company (R), its main subsidiary Banco Regional was founded in 1994.

¹Last 12 months



San Pedro Garza Garcia, N.L. July 26th, 2021. Regional, S.A.B. de C.V. (BMV: R.A) announced today its consolidated financial and operational results corresponding to 2Q21. The figures are in current million pesos and the percentage variations are compared with the same period of the previous year, unless otherwise specified.

Results

Regional, S.A.B. de C.V. generated at the end of 2Q21 a net income of \$959 million pesos, achieving a 13.8% ROAE.

Financial Margin

At the end of 2Q21 the financial margin registered \$1,841 million pesos, showing a 1% decrease compared to the same quarter last year.

Non-Interest Income

Non-Interest Income at the end of the Second Quarter 2021 amounted \$803 million pesos. Net Income by Pure Leasing stand out registering \$276 million pesos during the quarter.

Operating Income

The operating income reached \$1,332 million pesos, increasing 23% compared to the same period last year.

The net income at the end of 2Q21:

Net Income (Million pesos)	2Q20	1Q21	2Q21	2Q21 vs		6M20	6M21	6M21 vs 6M20
				2Q20	1Q21			
Financial Margin	1,856	1,818	1,841	(1%)	1%	3,819	3,659	(4%)
Total operating income	2,236	2,278	2,464	10%	8%	4,626	4,742	3%
Non interest expenses	(1,156)	(1,180)	(1,132)	(2%)	(4%)	(2,308)	(2,312)	0%
Operating Income	1,080	1,098	1,332	23%	21%	2,318	2,430	5%
Net income	777	804	959	23%	19%	1,664	1,763	6%

Loan Portfolio

The performing loan portfolio reached a balance of \$112,633 million pesos at the end of 2Q21, increasing 3% compared to 2Q20. It stands out the growth in consumer loans increasing 21%.

The non-performing loan ratio was 1.6% at the end of 2Q21, 6 basis points higher than that of 2Q20, and Regional has a coverage ratio of provisions for credit loan losses of 1.4 times the non-performing loan portfolio.

Deposits

Core deposits reached \$106,264 million pesos at the end of 2Q21, Demand deposits stand out with a 31% increase compared to the second quarter in 2020.

Capitalization

The capitalization ratio to total risky assets of Banco Regional, S.A. stood at 15.1% by May 2021.



Net Income by Subsidiary

During the Second Quarter of 2021, Banco Regional, S.A. generated 74% of Regional's total Net Income, Start Banregio, S.A. de C.V. which is a subsidiary of Banco Regional, generated 24% and other subsidiaries contributed 2% of the Regional's net income.

Financial Indicators

The following chart shows information in a 12 month horizon in order to prevent distortions caused by seasonality.

Financial ratios Last Twelve Months (LTM)	2Q20	3Q20	4Q20	1Q21	2Q21	2Q21 vs	
						2Q20	1Q21
Net Interest Margin (NIM) ⁽¹⁾	6.0%	5.8%	5.7%	5.5%	5.4%	(61) b.p.	(10) b.p.
Total Loans NIM LTM ⁽²⁾	6.3%	6.1%	5.9%	5.8%	5.8%	(50) b.p.	(3) b.p.
Return on Equity (ROAE) ⁽³⁾	18.4%	16.5%	14.0%	13.2%	13.8%	(465) b.p.	58 b.p.
Return on Assets (ROAA) ⁽⁴⁾	2.5%	2.3%	2.0%	1.9%	2.0%	(51) b.p.	9 b.p.
Return on Assets (ROAA) of Total Loans ⁽⁵⁾	2.6%	2.4%	2.0%	2.0%	2.1%	(50) b.p.	15 b.p.
Efficiency Ratio ⁽⁶⁾	44.0%	45.2%	47.8%	48.4%	47.2%	318 b.p.	(114) b.p.
Loans to deposits ⁽⁷⁾	112.6%	113.9%	110.6%	110.8%	107.7%	(487) b.p.	(312) b.p.

1. Net Interest Margin NIM: Financial Margin of last 4 quarters / Average productive assets of the last 12 months.
2. Total Loans NIM LTM: (Financial margin of last 4 quarters (-) income by repos of last 4 quarters) / (Average productive assets of last 12 months (-) average balance of repos LTM).
3. Return on Average Equity (ROAE): Net income of last 4 quarters / Average stockholders' equity of last 4 quarters.
4. Return on Average Assets (ROAA): Net income of last 4 quarters / Average total assets of last 4 quarters.
5. Return on Average Assets (ROAA) of total Loans: (Net income of last 4 quarters / (Average total assets of last 4 quarters (-) average balance of repos or last 4 quarters)).
6. Efficiency Ratio: Administration and promotion expenses of last 4 quarters / (Financial Margin + Commissions + Trading + Other Income) of last 4 quarters.
7. Loans to deposits: Loan portfolio at the end of the quarter / Core deposits at the end of the quarter.



Disclaimer

Press releases, as well as other printed materials from Regional; S.A.B de C.V. may contain certain predictions regarding expected future events and financial results. Such statements are subjected to risk and uncertainty. We hereby warn you that a number of important factors may cause results to differ materially from the plans, objectives, expectations and intentions expressed in such predictions. These factors include economic and political conditions, as well policies taken by the government of Mexico or those of other countries, such as inflation rates, exchange rates, regulatory changes, fluctuations in demand and competition.

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