



# **GFNORTE**

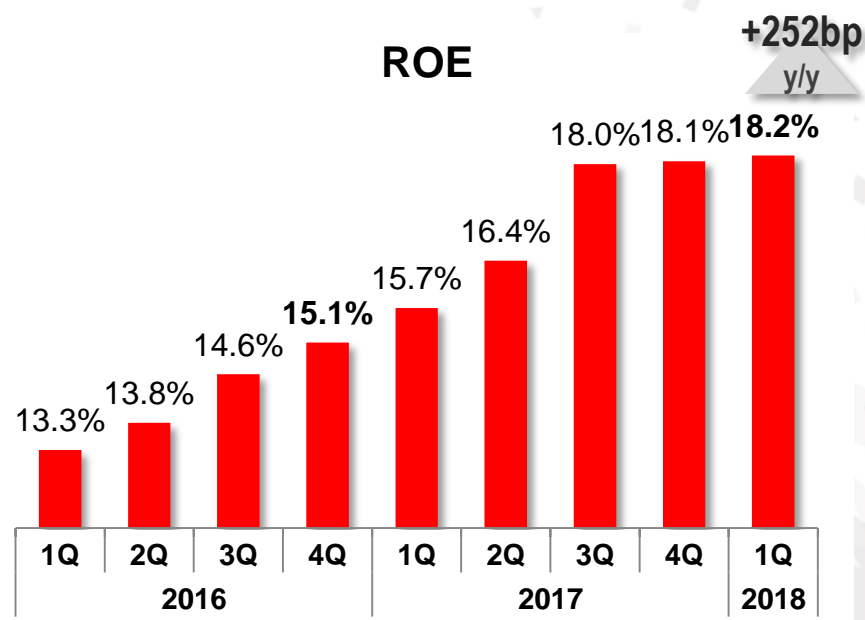
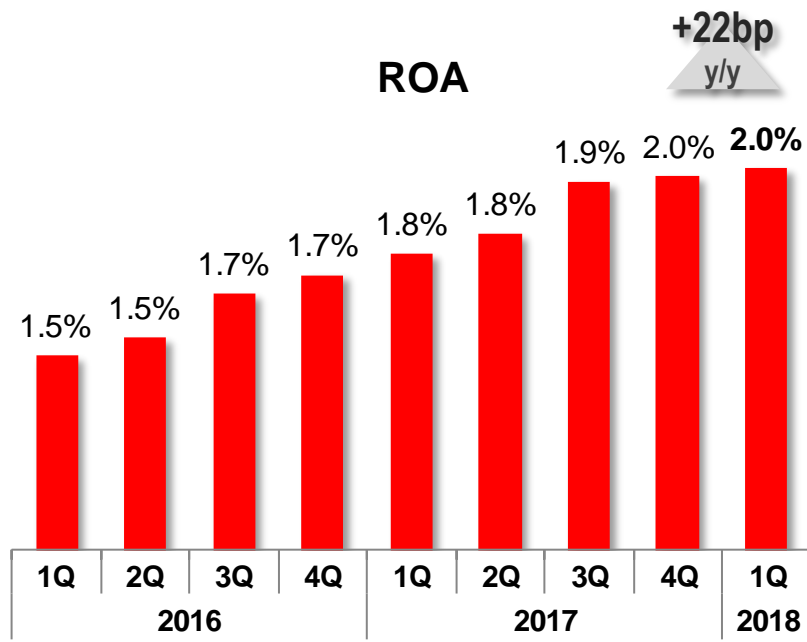
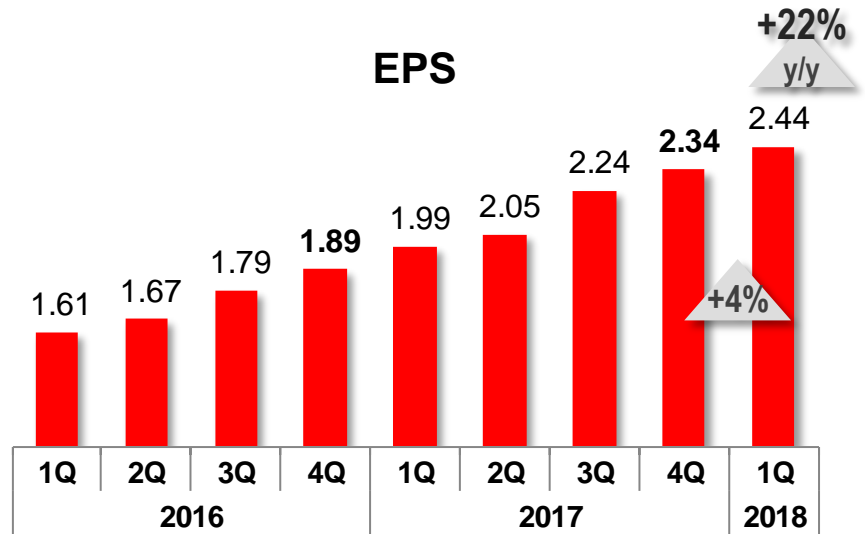
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## **Conference Call: 1Q18 Results**

**April 27, 2018**

# Earnings and Returns acceleration

	4Q17	q/q	1Q18	y/y
NII	16,640	10%	18,305	18%
Net Income	5,527	4%	6,768	22%
NIM	5.5%	34bp	5.9%	38bp
ROE	15.7%	10bp	18.2%	252bp
ROA	1.8%	2bp	2.0%	22bp



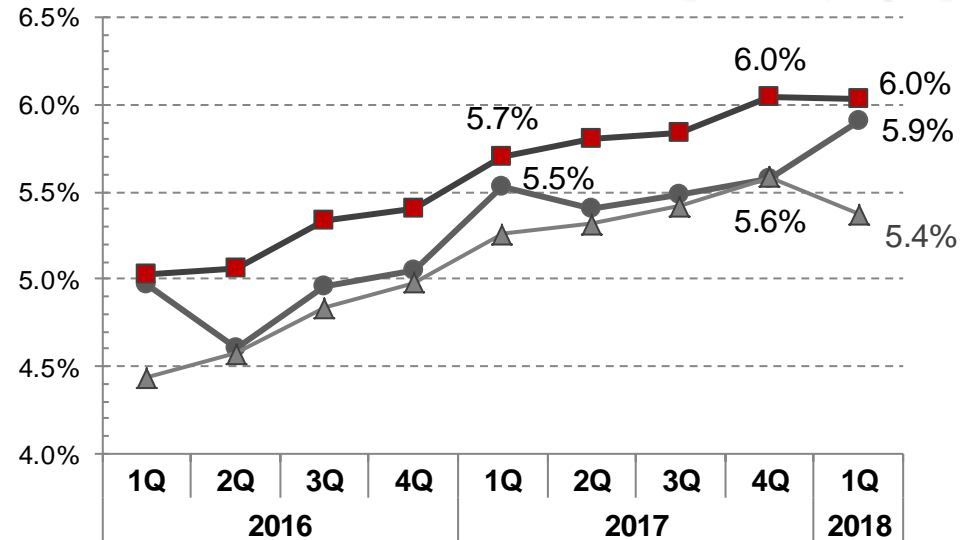
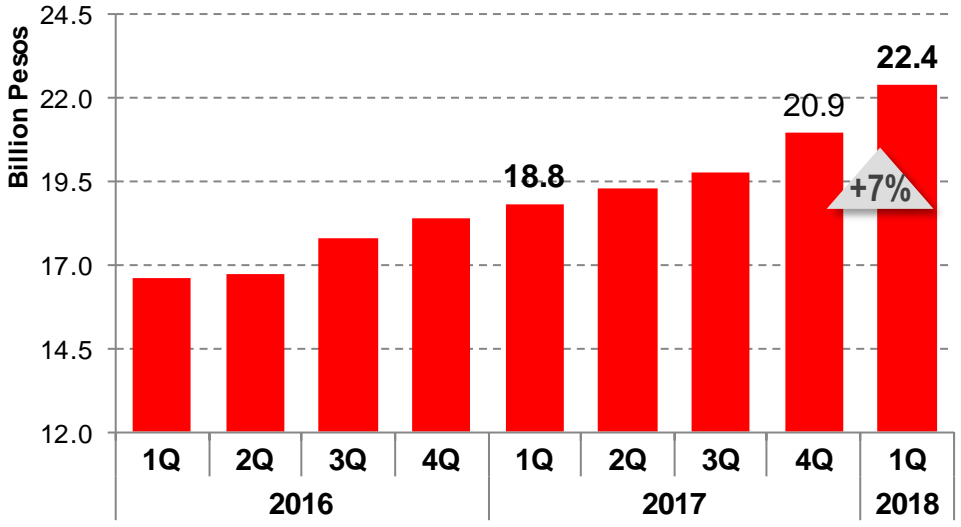
# Historical Record in Revenues

- Total NIM expansion of +38bp y/y
- NIM of Bank up +33bp y/y, improved by rates & better cost of deposits.
- Quarterly NII positively impacted by insurance great first quarter.
- Insurance business also impacted but negatively to Net Fees, as seasonal fees were paid.

Million pesos	1Q18	q/q	y/y
NII Loans	13,415	1%	12%
NII Repos	1,836	1%	-2%
NII Valorization Adjust*	-114	NA	NA
NII Insurance & Annuities	3,144	118%	59%
<b>NII</b>	<b>18,282</b>	<b>10%</b>	<b>18%</b>
Net Service Fees	2,607	-20%	4%
Trading Income	866	161%	17%
Other Income	607	-13%	1734%
<b>Total Revenues</b>	<b>22,385</b>	<b>7%</b>	<b>19%</b>

## Total Revenues

+19%  
y/y

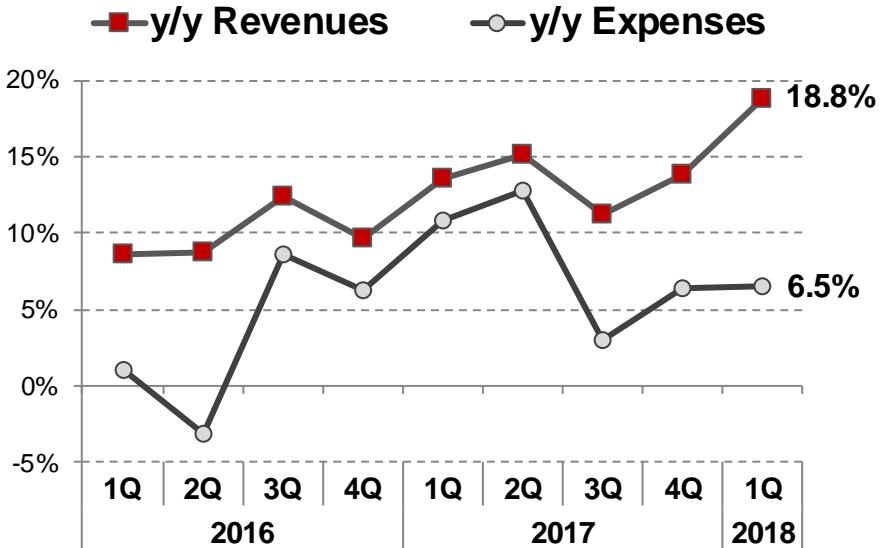
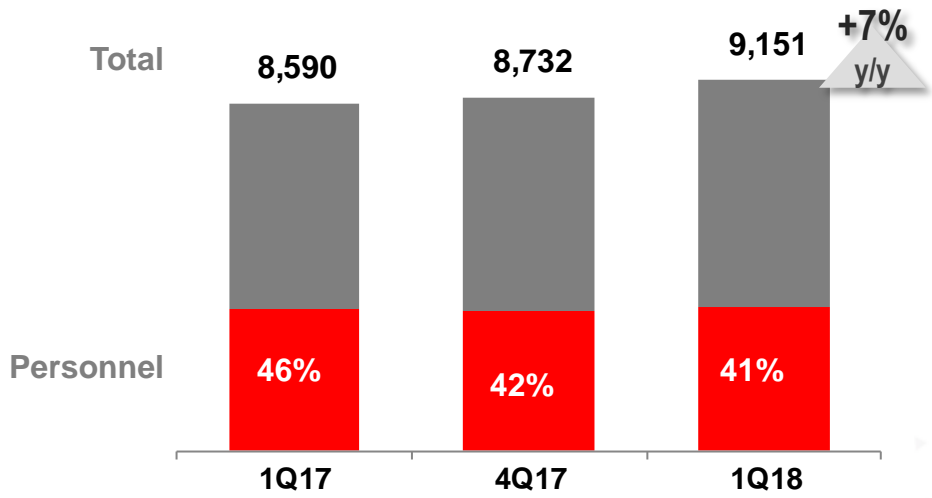


● NIM    ■ NIM of Bank    ▲ NIM ex-Insurance & Annuities

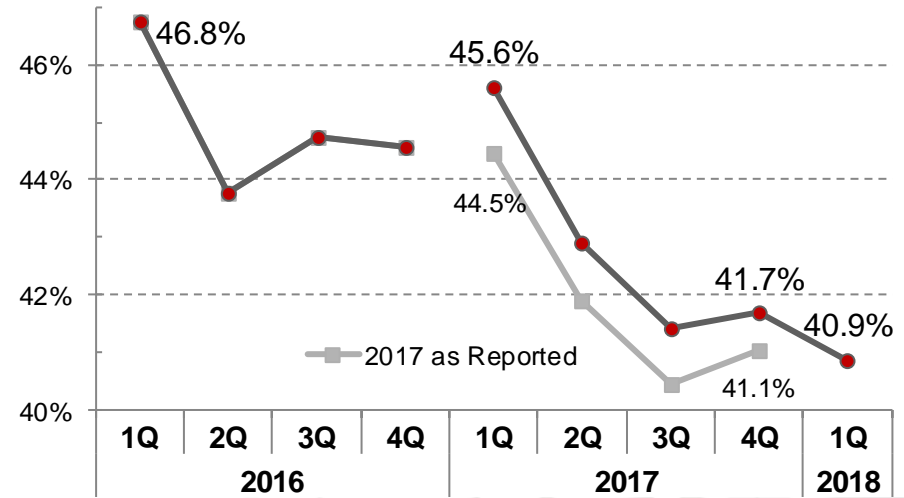
# Improving Efficiency

- Cost to Income for 1T18 was 40.9%, -472bp y/y.
- Ongoing positive operating leverage.
- Cost to Income Ratio accounting effect on new recoveries treatment .

## Non-Interest Expense



## Cost to Income Ratio



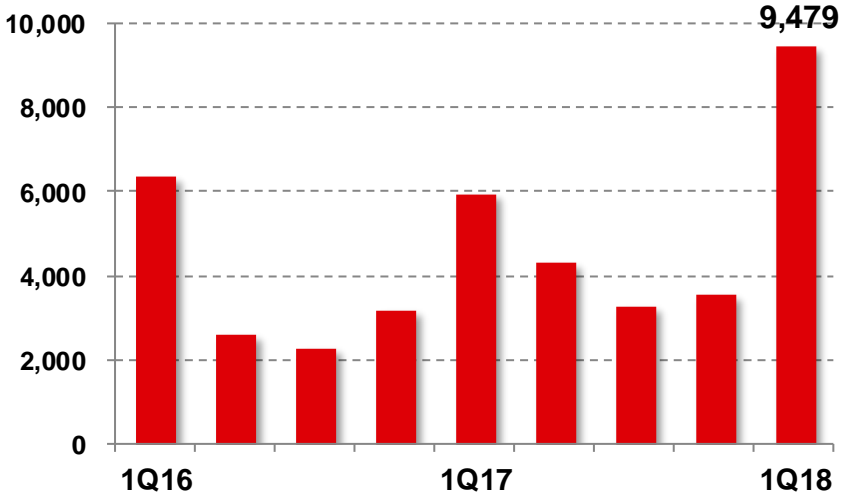
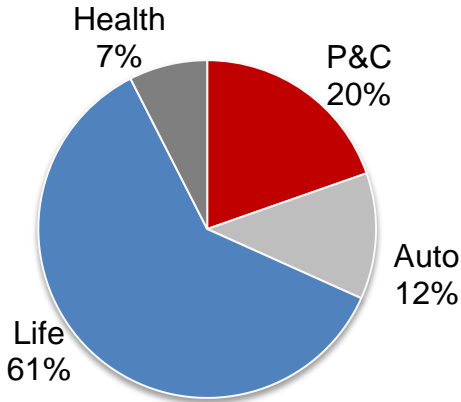
# Long Term Savings (BAP)

- Insurance company posted a strong quarter, retained premiums +58% y/y.
- Solid growth on Annuities, +21% y/y.
- Right track to deliver 2018 targets.

## Net Income

Million pesos	1Q18	q/q	y/y
Insurance	1,348	123%	52%
Annuities	210	(38%)	21%
Afore XXI Banorte	329	6%	(9%)
BAP (Holding)	7	771%	NA
Long Term Savings	1,894	51%	33%

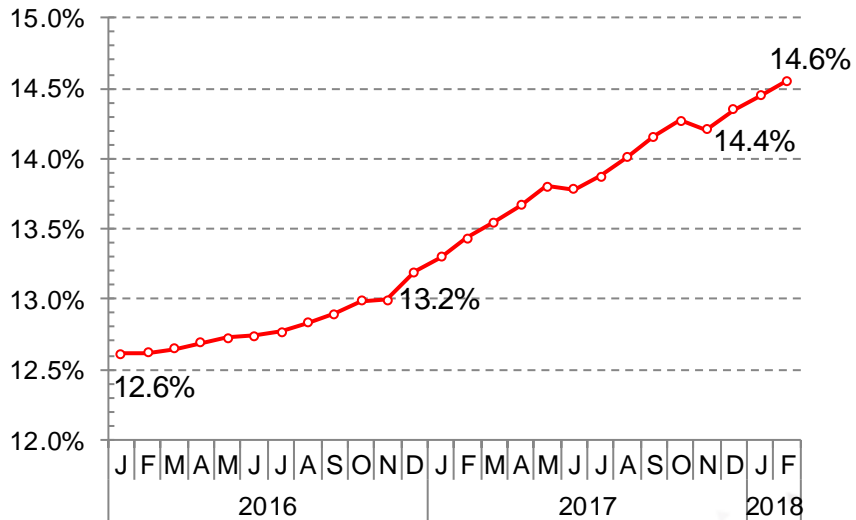
## Insurance Premiums



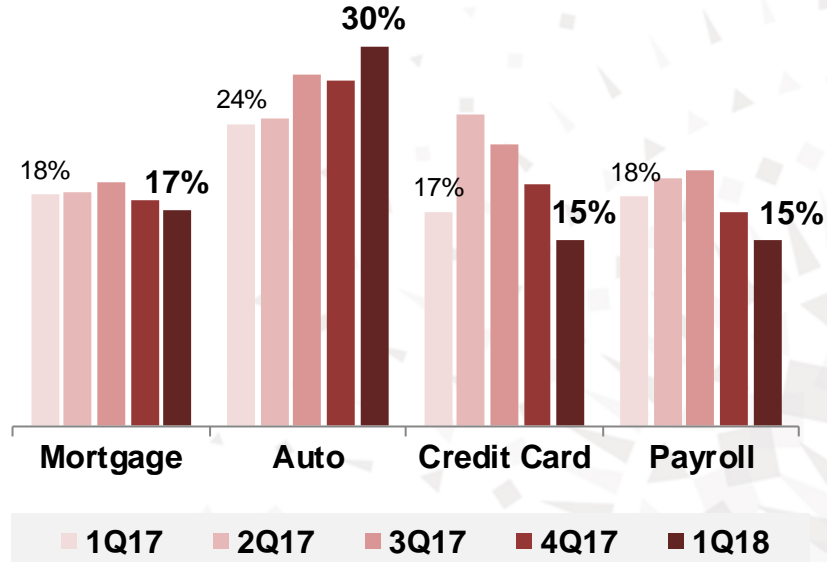
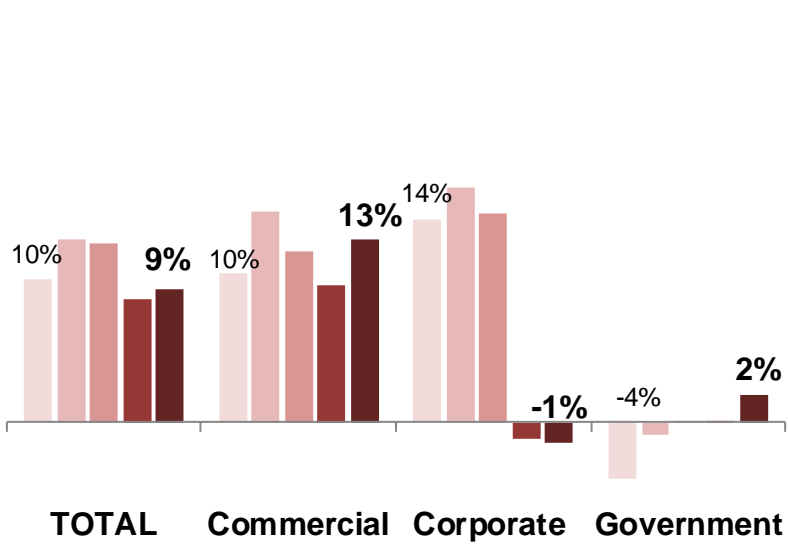
# Loan Growth

- Strategic deceleration on Consumer but market share continuously growing.
- Commercial growth accelerating on line with the market.
- Corporate loans decreasing -1% y/y due to pre-payments.

## Consumer Market Share



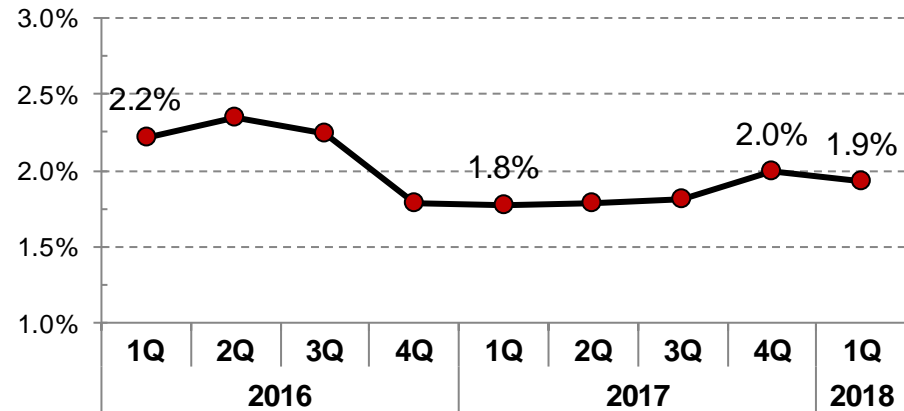
## Loan Portfolio y/y Growth



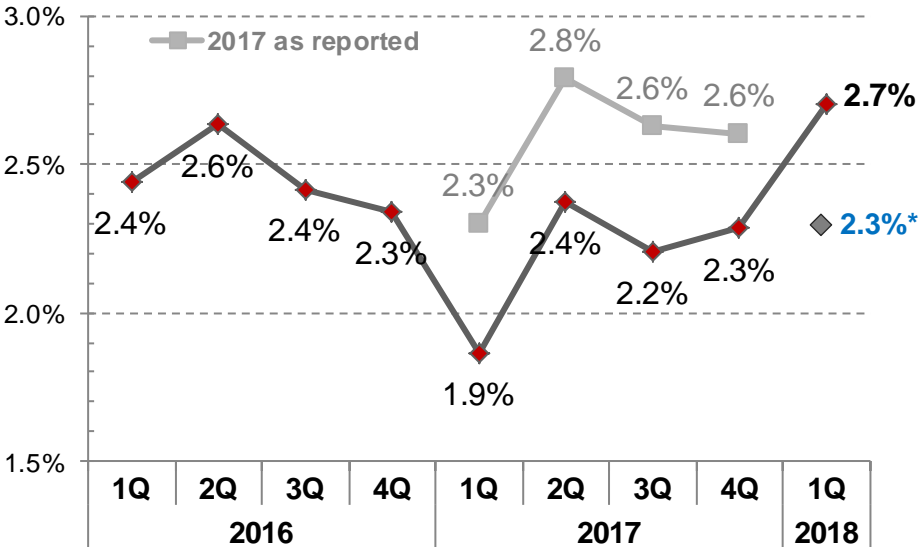
# Asset Quality

- Reducing NPL ratio.
- Without extraordinary provisions Cost of Risk remains at previous levels.
- Small increase in Charge-offs.

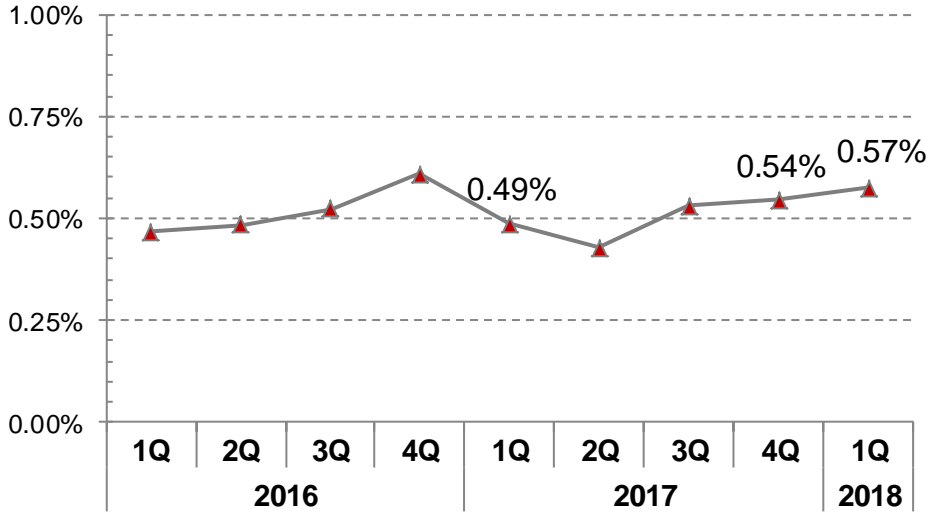
### NPL Ratio



### Cost of Risk



### Charge-Off Rate





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