



# **GFNORTE**

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## **Conference Call: 1Q19 Results**

April 30th, 2019

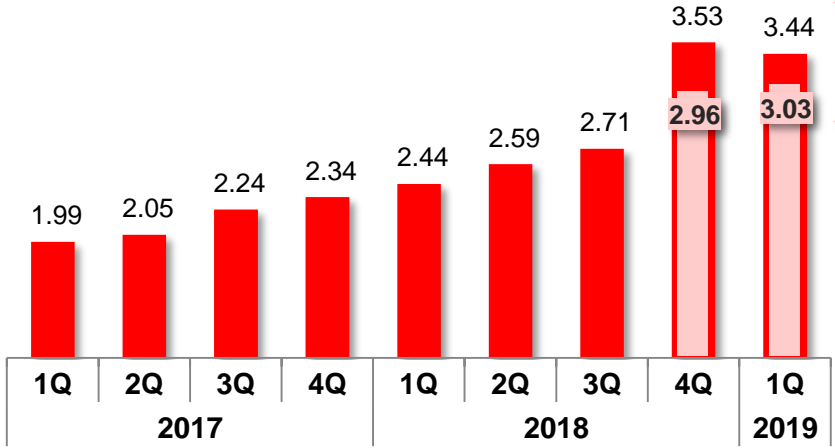
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# Strong Quarter on Earnings and Returns

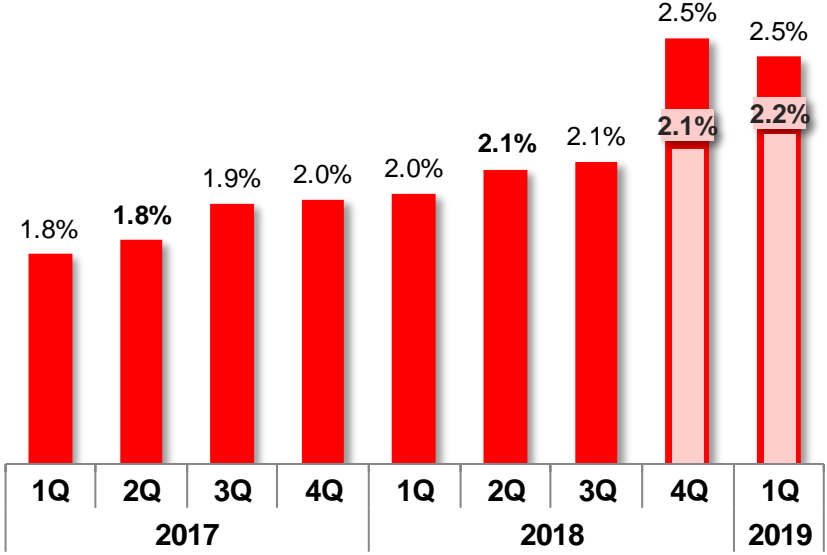
	1Q19	q/q	y/y
<b>Net Income</b>	9,932	(2%)	47%
<i>Recurring</i>	8,748	2%	29%
<b>EPS</b>	3.44	(2%)	41%
<i>Recurring</i>	3.03	2%	24%
<b>ROE</b>	22.4%	(146)bp	420bp
<i>Recurring</i>	19.9%	(21)bp	169bp
<b>ROA</b>	2.5%	(7)bp	49bp
<i>Recurring</i>	2.2%	5bp	20bp

## EPS

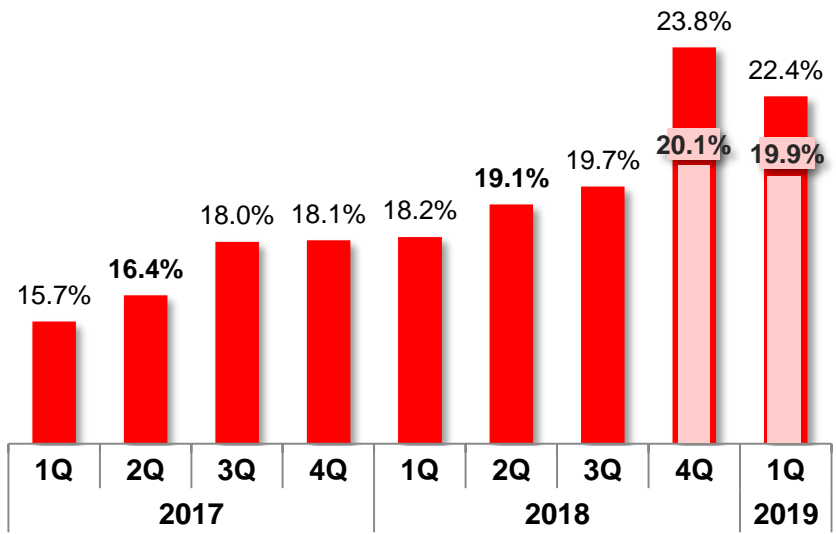


Recurring 10.51

## ROA



## ROE

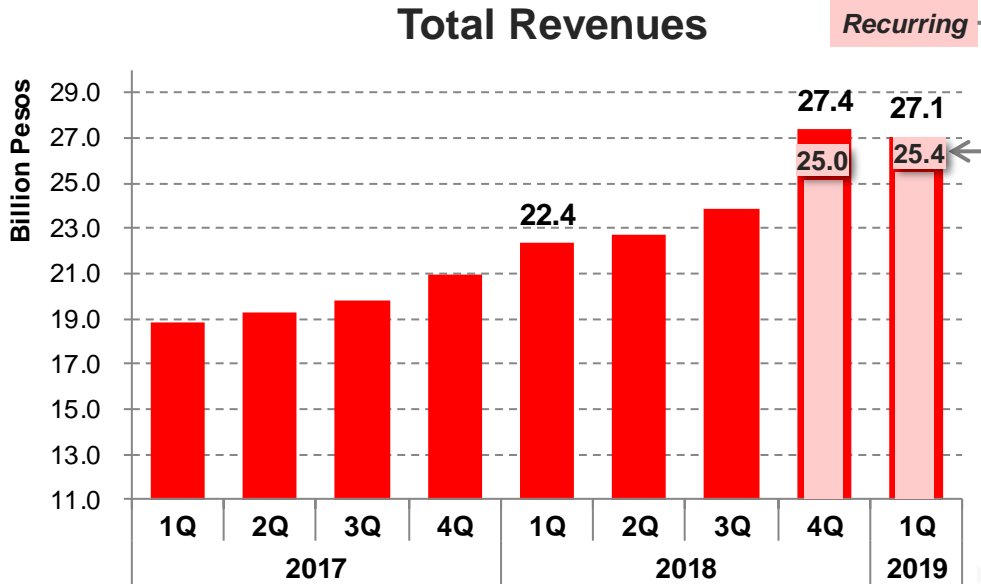


# Strong Performance in Revenues

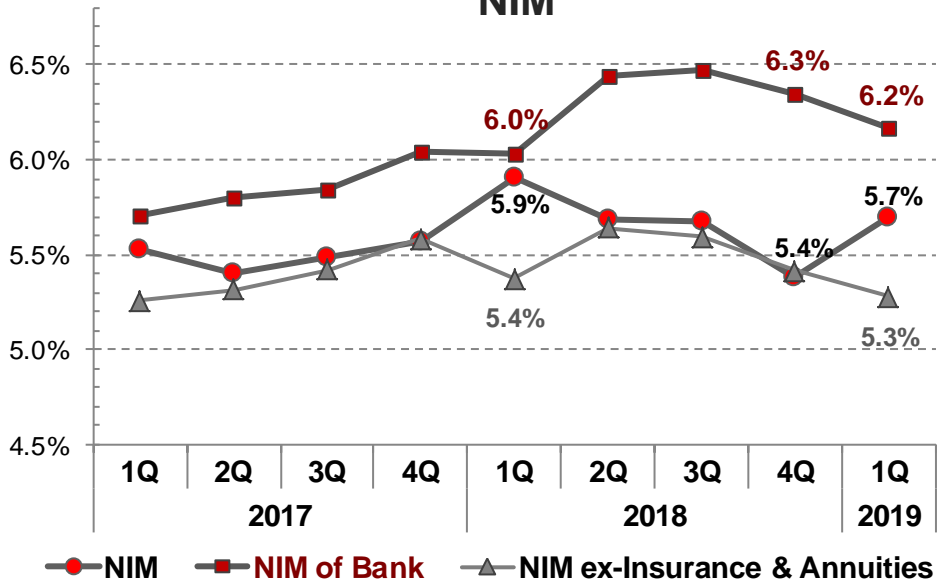
- Quarterly NII +6%.
- 1Q NIM increased 32 bp due to the insurance seasonality.
- Net Service Fees +14% y/y.

Million pesos	1Q19	q/q	y/y
NII Loans	15,185	(0%)	13%
NII Repos	2,112	(12%)	15%
NII Valorization Adjust	35	(81%)	(138%)
NII Insurance & Annuities	3,452	97%	10%
<b>NII</b>	<b>20,784</b>	<b>6%</b>	<b>14%</b>
Net Service Fees	2,967	(20%)	14%
Trading Income	1,152	(9%)	33%
Other Income	2,168	(22%)	255%
<i>Recurring</i>	507	32%	(17%)
<b>Total Revenues</b>	<b>27,071</b>	<b>(1%)</b>	<b>21%</b>
<i>Recurring</i>	25,410	2%	14%

## Total Revenues



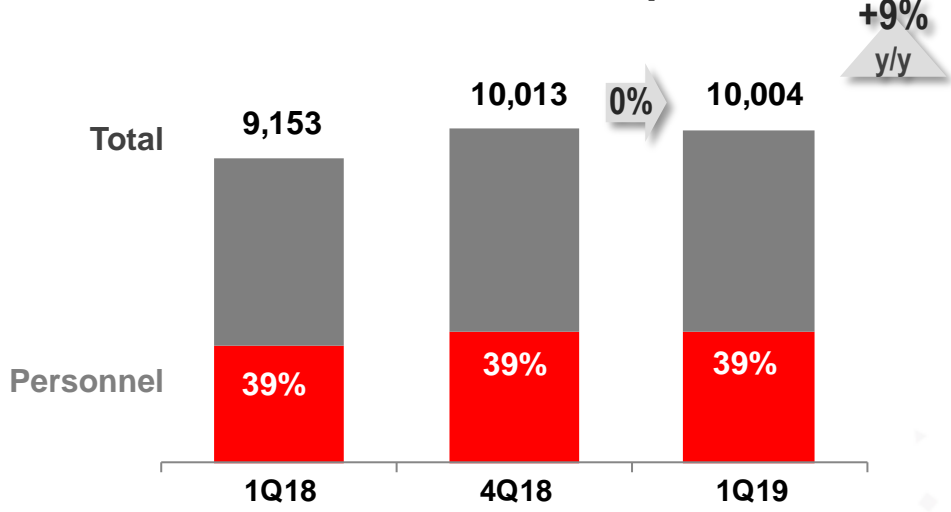
## NIM



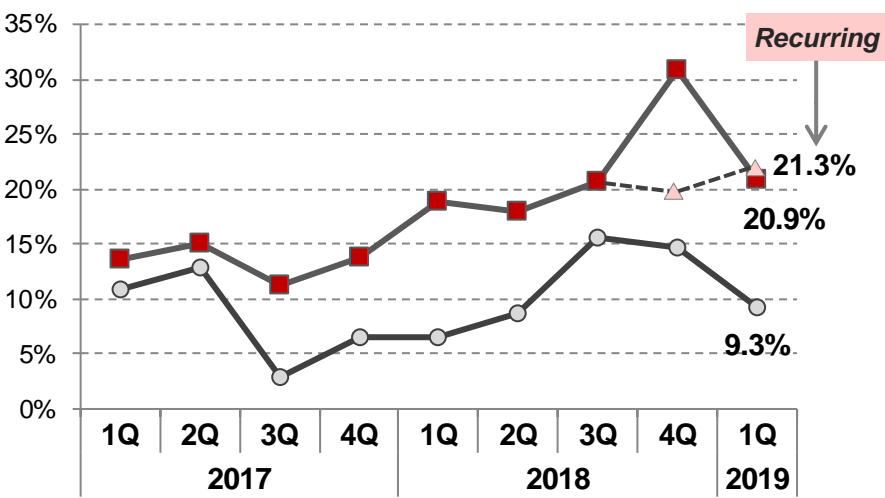
# Improving Efficiency

- Cost control: 0% q/q; +9% y/y.
- Cost to Income for 1Q19 was 37.0%; recurring 39.4%.
- Strong positive operating leverage.

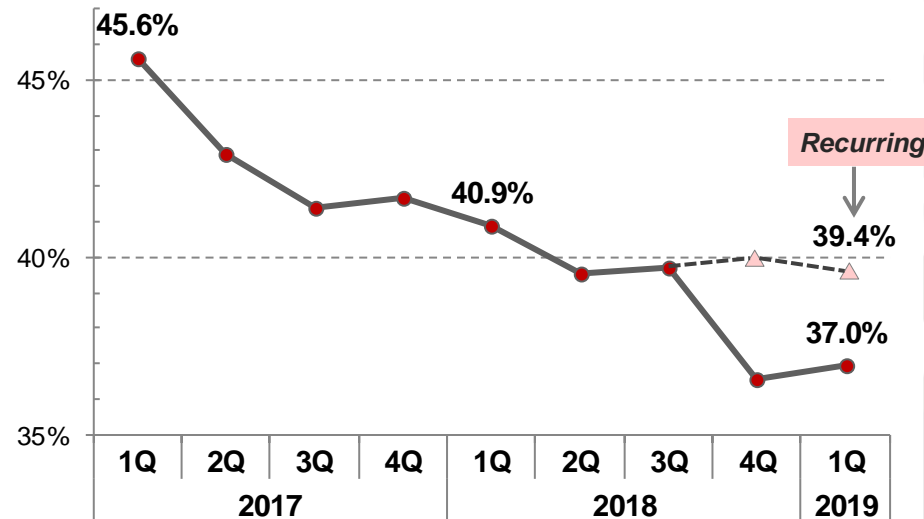
## Non-Interest Expense



■ y/y Revenues    ○ y/y Expenses



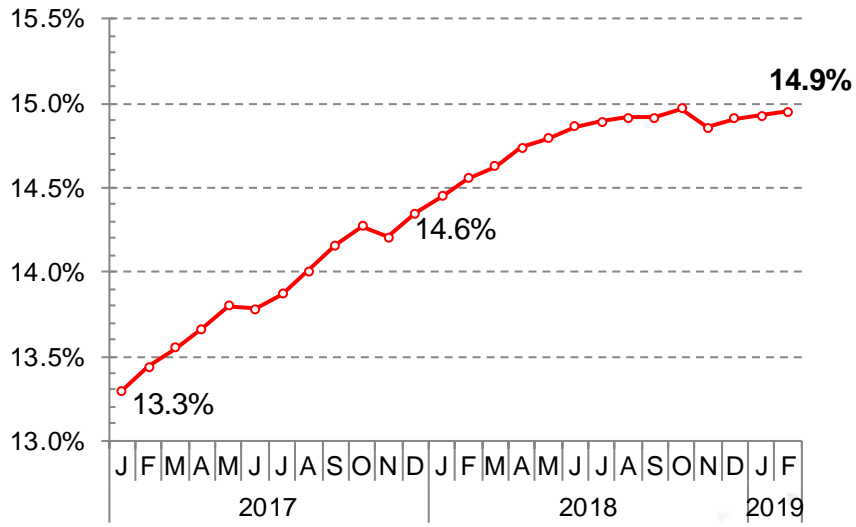
## Cost to Income Ratio



# Loan Growth

- Market share improving in consumer, even with strategic deceleration in riskier portfolios.
- Leading the growth in auto, mortgages and credit cards.
- Reduction in Government book related to greater competition.

## Consumer Market Share



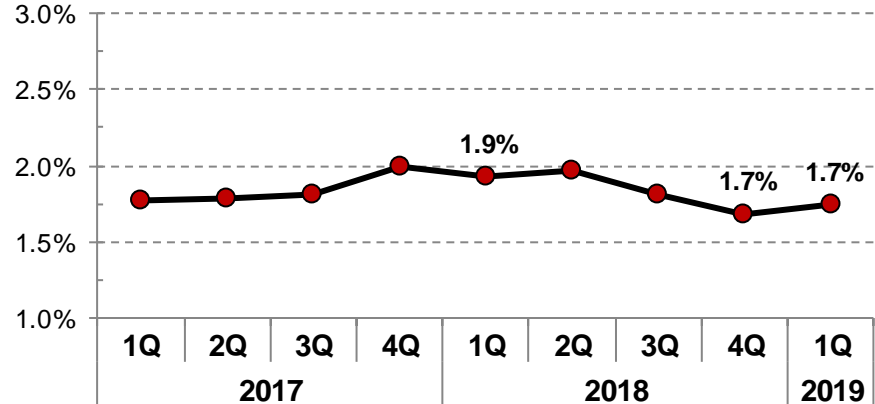
## Loan Portfolio y/y Growth

Performing Loans (Million Pesos)	1Q19	Growth	
		q/q	y/y
Mortgages	158,605	2%	13%
Auto Loans	24,811	3%	20%
Credit Card	36,543	(0%)	8%
Payroll	52,732	0%	(2%)
<b>Consumer</b>	<b>272,691</b>	<b>1%</b>	<b>10%</b>
<b>Commercial</b>	<b>173,173</b>	<b>(0%)</b>	<b>24%</b>
<b>Corporate</b>	<b>134,772</b>	<b>(1%)</b>	<b>34%</b>
<b>Government</b>	<b>181,470</b>	<b>(8%)</b>	<b>35%</b>
<b>Total</b>	<b>762,105</b>	<b>(2%)</b>	<b>22%</b>

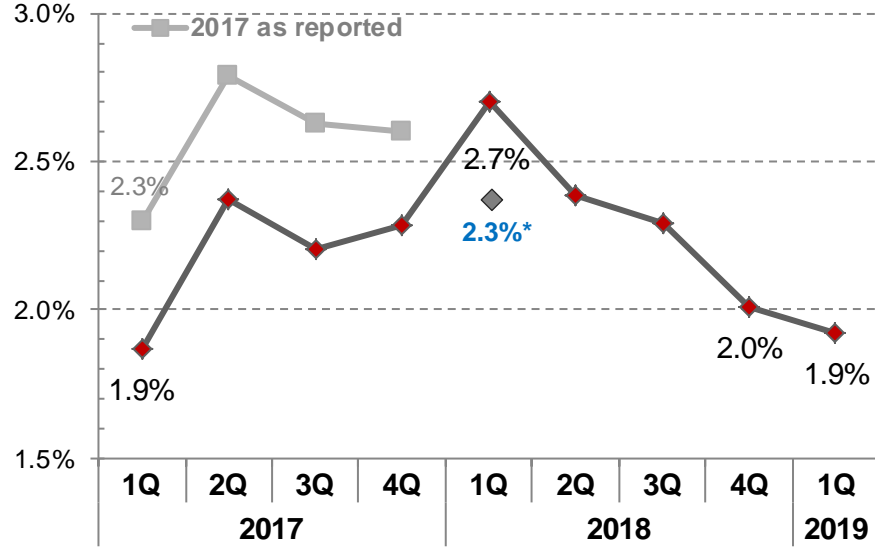
# Credit Quality

- Stable performance in NPL ratio.
- As a result, cost of risk is improving.
- Stable charge-off rate.

### NPL Ratio

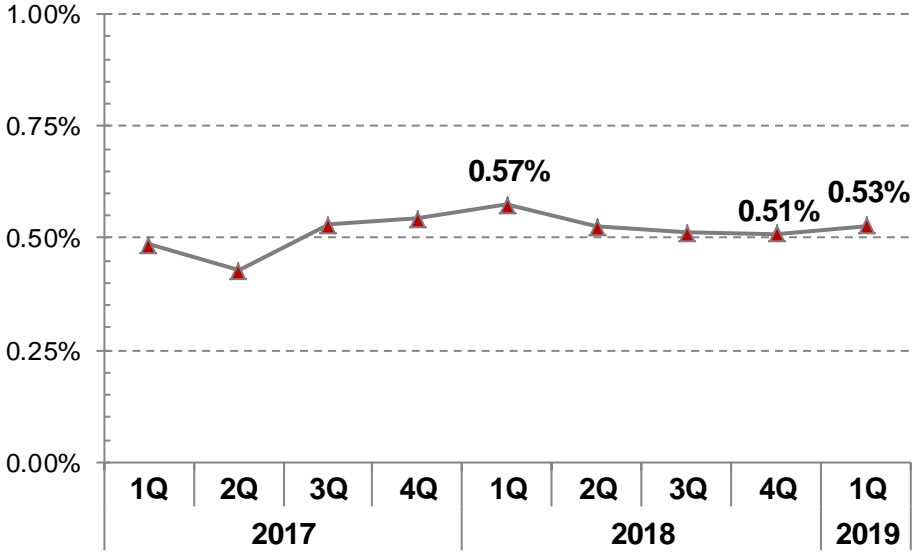


### Cost of Risk



\* Excluding extraordinary Provisions on Corporate exposure

### Charge-Off Rate



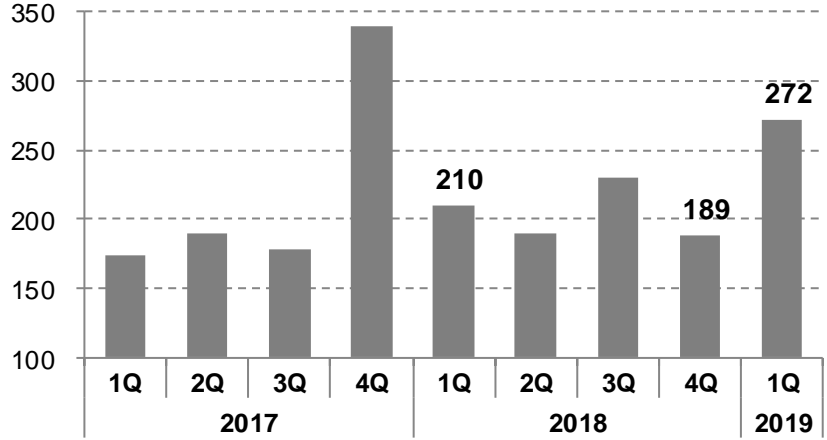
# Relevant Subsidiaries

- Seasonal behavior in Insurance with premiums growth of +2% y/y, but +20% in net income.
- Annuities growth +30% y/y, reflects the purchase of two annuities portfolios in 2018 and lower inflation.

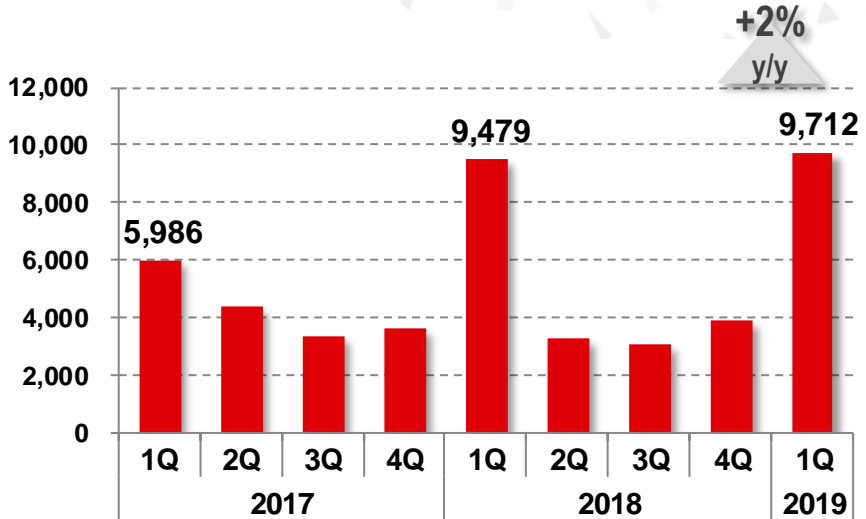
## Net Income

Million pesos	1Q19	q/q	y/y
Bank	7,223	(16%)	59%
<i>Recurring</i>	6,040	(14%)	33%
Brokerage Sector	305	75%	30%
Insurance	1,610	150%	20%
Annuities	272	44%	30%
Afore	408	84%	24%
Leasing & Factoring	226	11%	18%

## Annuities Net Income



## Insurance Retained Premiums

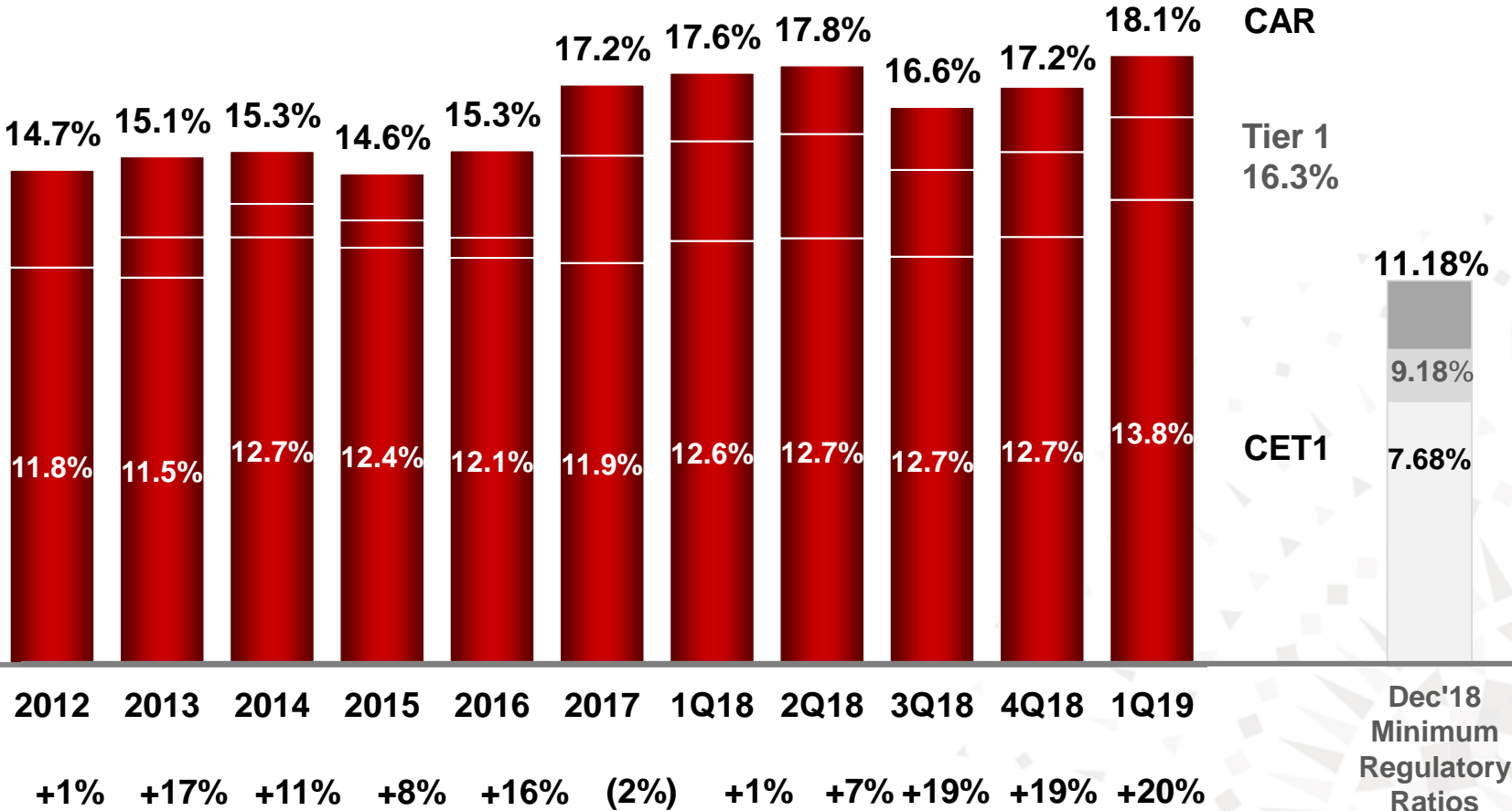




# Regulatory Capital Ratios

## Capital Adequacy Ratio (CAR)

Basel III



\*RWA= Risk Weighted Assets annual growth

	Guidance 2019
Loan Growth	7% – 9%
NIM Expansion	10 – 15bp
Expense Growth	7% – 9%
Efficiency	37.5% – 38.5%
Cost of Risk	2.0% – 2.3%
Tax Rate	27% – 29%
<b>Net Income</b>	<b>35.8 – 36.8</b>
Accretion	8.5% – 10.5%
ROE	19.8% – 20.3%



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