



# **GFNORTE**

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## **Conference Call: 4Q19 Results**

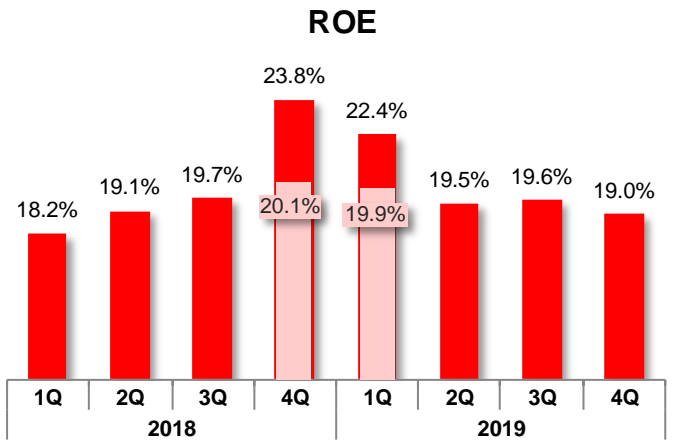
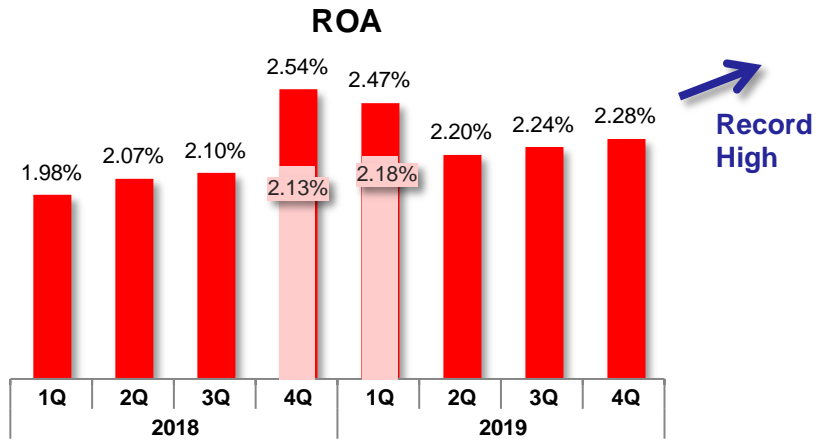
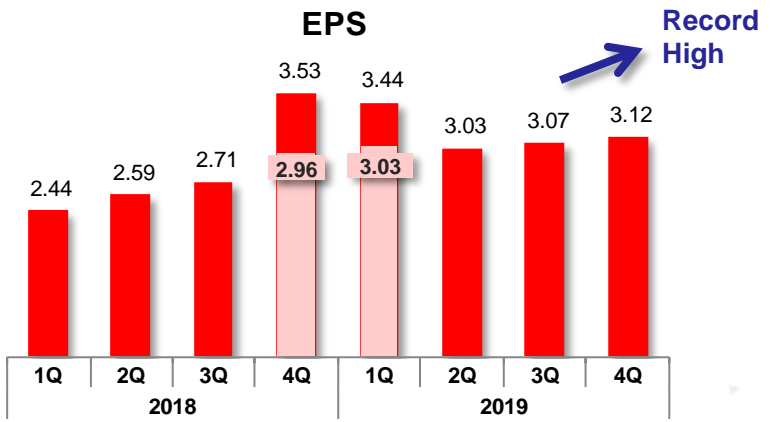
January 24th, 2020

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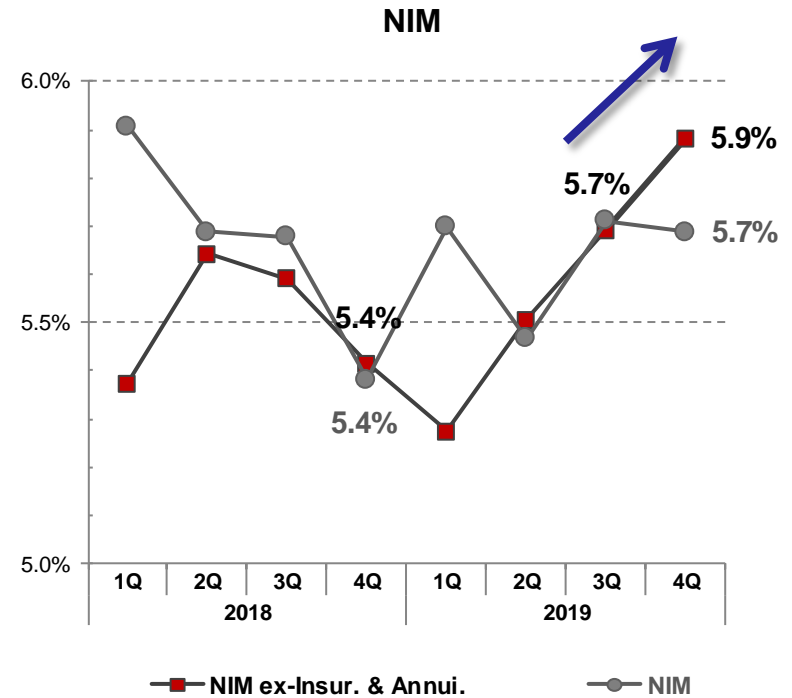
# Profitability Remains Resilient

	4Q19	q/q	y/y	2019	y/y
<b>Net Income</b>	9,010	2%	-12%	36,528	14%
<i>Recurring</i>			6%	35,345	17%
<b>EPS</b>	3.12	2%	-12%	12.67	14%
<i>Recurring</i>			6%	12.26	17%
<b>ROE</b>	19.0%	(59)bp	(483)bp	20.1%	(21)bp
<i>Recurring</i>			(95)Bp	19.6%	28bp
<b>ROA</b>	2.28%	5bp	(26)bp	2.30%	12bp
<i>Recurring</i>			15bp	2.22%	16bp



# Results supported on Core Business

Million pesos	4Q19	q/q	y/y	2019	y/y
NII Loans	16,403	4%	7%	62,885	10%
NII Repos	2,132	4%	(11%)	8,401	(2%)
NII Val. Adjust	69	36%	(62%)	180	(9%)
NII Insurance & Annuities	1,584	(28%)	(10%)	9,112	5%
<b>NII</b>	<b>20,188</b>	<b>0%</b>	<b>3%</b>	<b>80,577</b>	<b>8%</b>
Net Service Fees	4,230	33%	13%	14,011	7%
Trading Income	872	(62%)	(31%)	5,289	25%
Other Income	746	3%	(73%)	4,264	1%
<i>Recurring</i>			96%	2,603	43%
<b>Total Revenues</b>	<b>26,035</b>	<b>(1%)</b>	<b>(5%)</b>	<b>104,141</b>	<b>8%</b>
<i>Recurring</i>			4%	102,480	9%
<b>Non-Interest Expense</b>	<b>10,572</b>	<b>0%</b>	<b>6%</b>	<b>40,678</b>	<b>8%</b>
<b>Cost to Income Ratio</b>	<b>40.6%</b>	<b>42pb</b>	<b>40pb</b>	<b>39.1%</b>	<b>1pb</b>

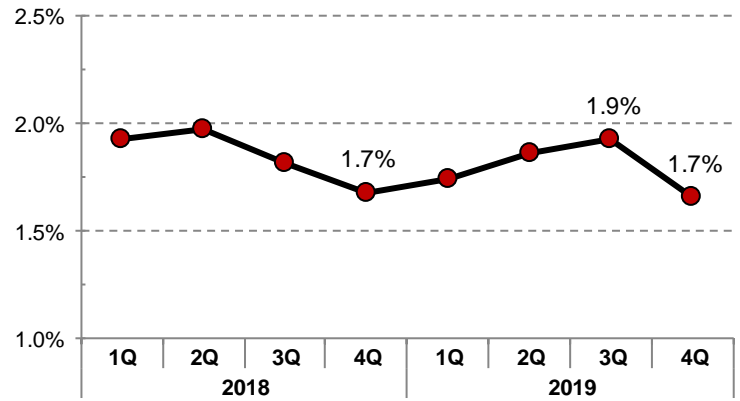


# Loan Growth with Quality

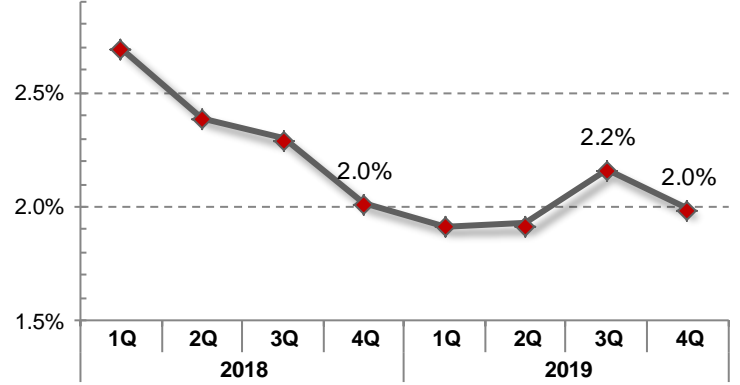
- Excellent quarter for Commercial, Corporates and Government, with 6% sequential growth.
- Consumer books remains with positive growth momentum.
- Remarkable credit quality.

	4Q19	q/q	y/y
Commercial	172,729	3%	-1%
Corporate	128,159	4%	-6%
Government	173,988	10%	-12%
Mortgages	170,086	2%	9%
Car Loans	26,669	3%	11%
Credit Card	39,700	2%	8%
Payroll	51,311	(2%)	(3%)
Consumer Loans	287,766	2%	7%
<b>Total</b>	<b>762,642</b>	<b>4%</b>	<b>(2%)</b>
Total ex-Government	588,654	2%	2%

### NPL Ratio



### Cost of Risk

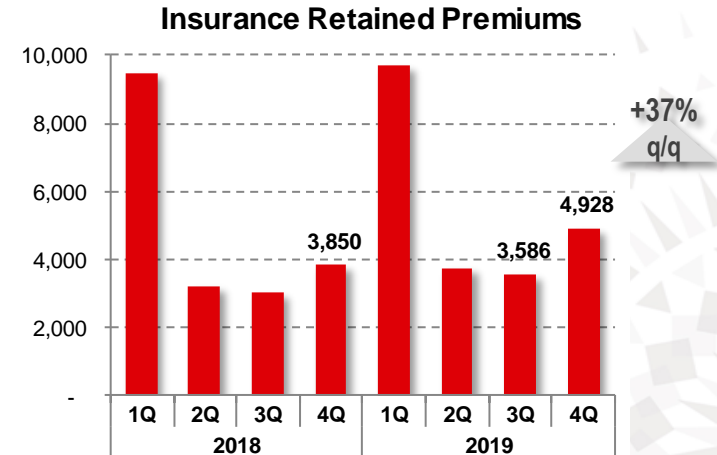


# Subsidiaries Growing Earnings Double Digit

- Bank Net Income +2% q/q, +14% recurring y/y.
- Insurance retained premiums up +37% in the quarter.
- Afore Net Income +28% y/y.

## Participation in Net Income of GFNorte

Million pesos	4Q19	q/q	y/y	2019	y/y
Bank	6,729	2%	(22%)	26,994	11%
<i>Recurring</i>			(4%)	25,811	14%
Insurance	744	1%	15%	3,918	14%
Annuities	272	4%	44%	1,030	26%
Afore	360	(13%)	62%	1,609	28%
Broker	377	9%	24%	1,260	5%
Leasing & Factoring	236	(17%)	16%	957	11%



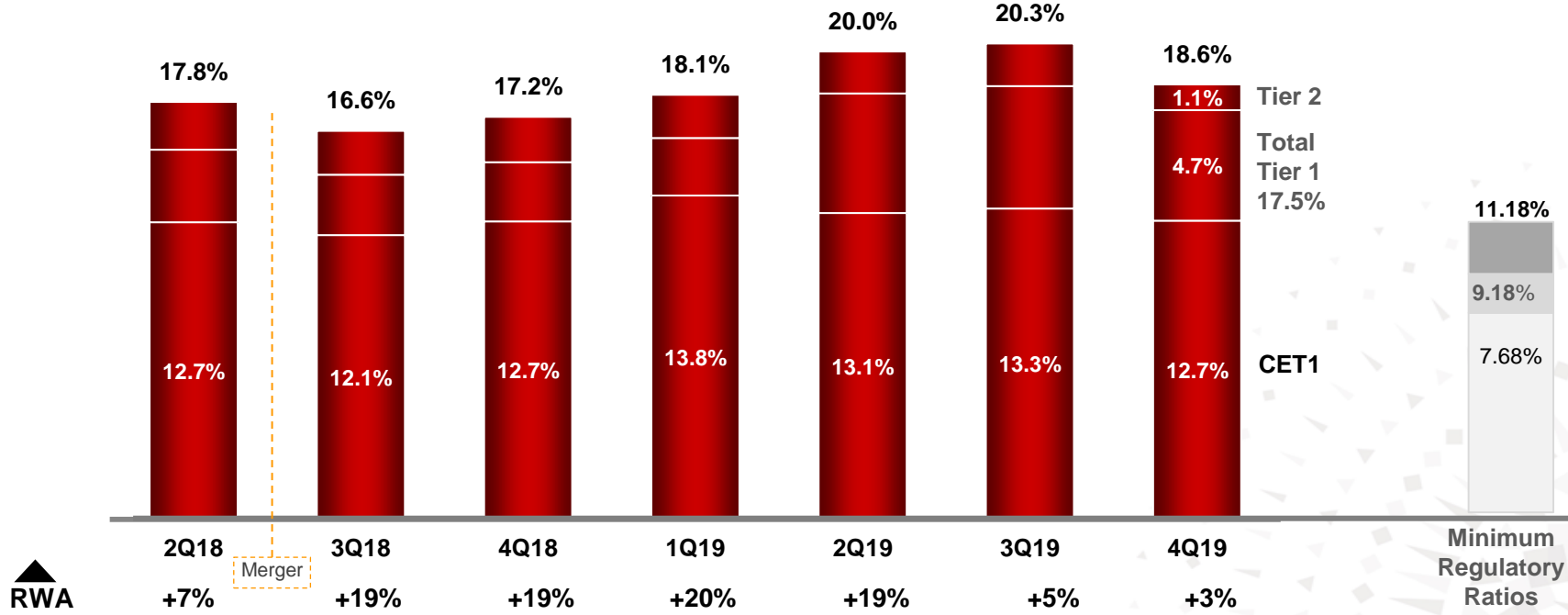
# 2019 on Target

	2019 Goals	Actual	
Loan Growth (ex-Gov)	4% – 5%	2%	↓
NIM Expansion	15 –20bp	1bp annual 31pb 4Q	✓
Expense Growth	7% – 9%	8%	✓
Efficiency	37.5% – 38.5%	39.1%	→
Cost of Risk	2.0% – 2.3%	2.0%	✓
Tax Rate	26% – 28%	26%	✓
Net Income	36.0 – 36.8	36.5	✓
ROE	19.9% – 20.3%	20.1%	✓

# Bank Regulatory Capital Ratio

## Capital Adequacy Ratio (CAR)

Basel III

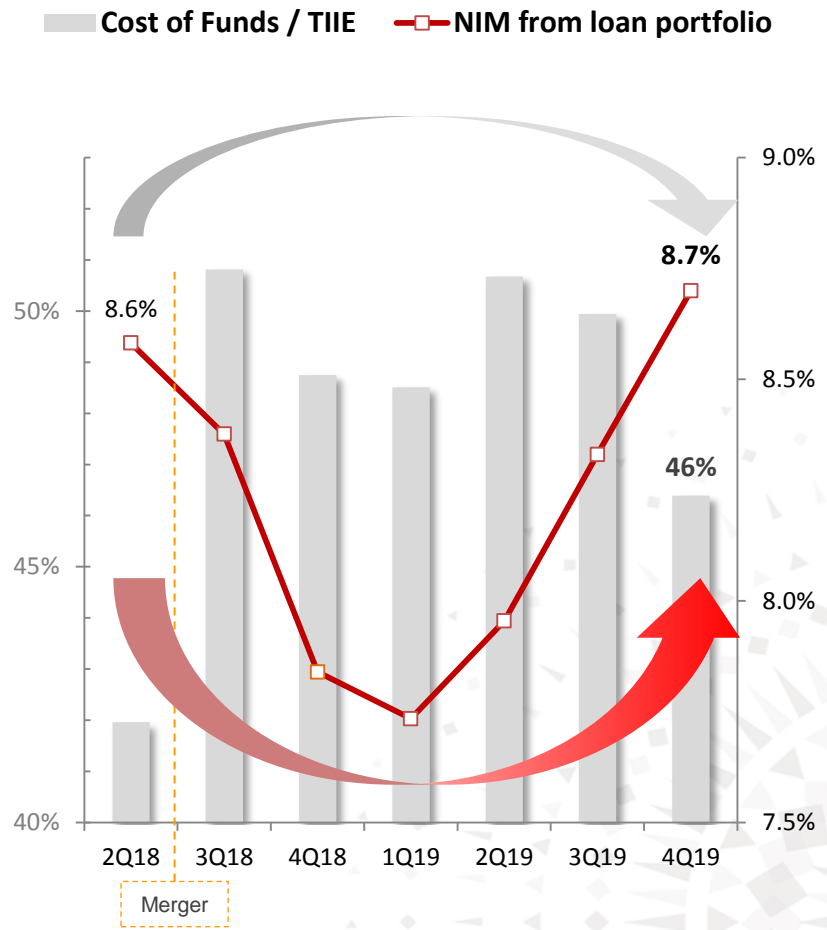
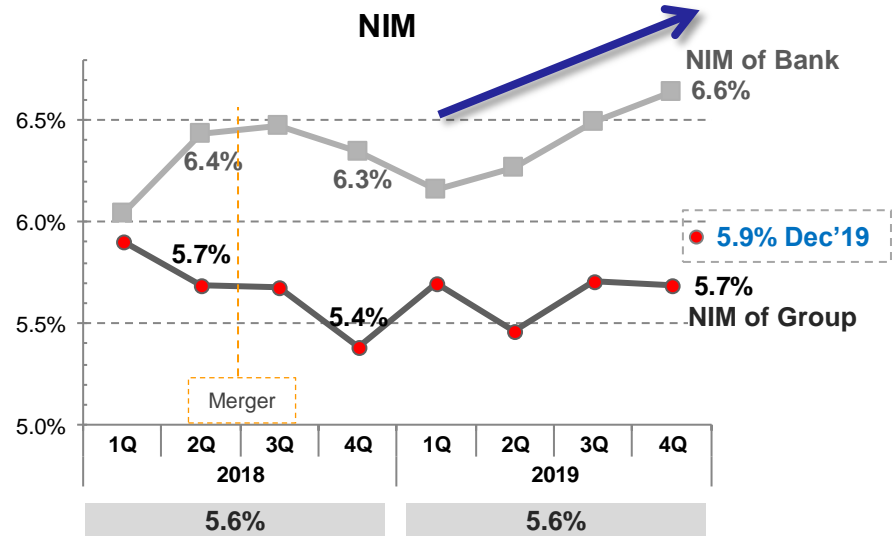


\*RWA= Risk Weighted Assets annual growth



# Lower Funding Cost → Higher NIM

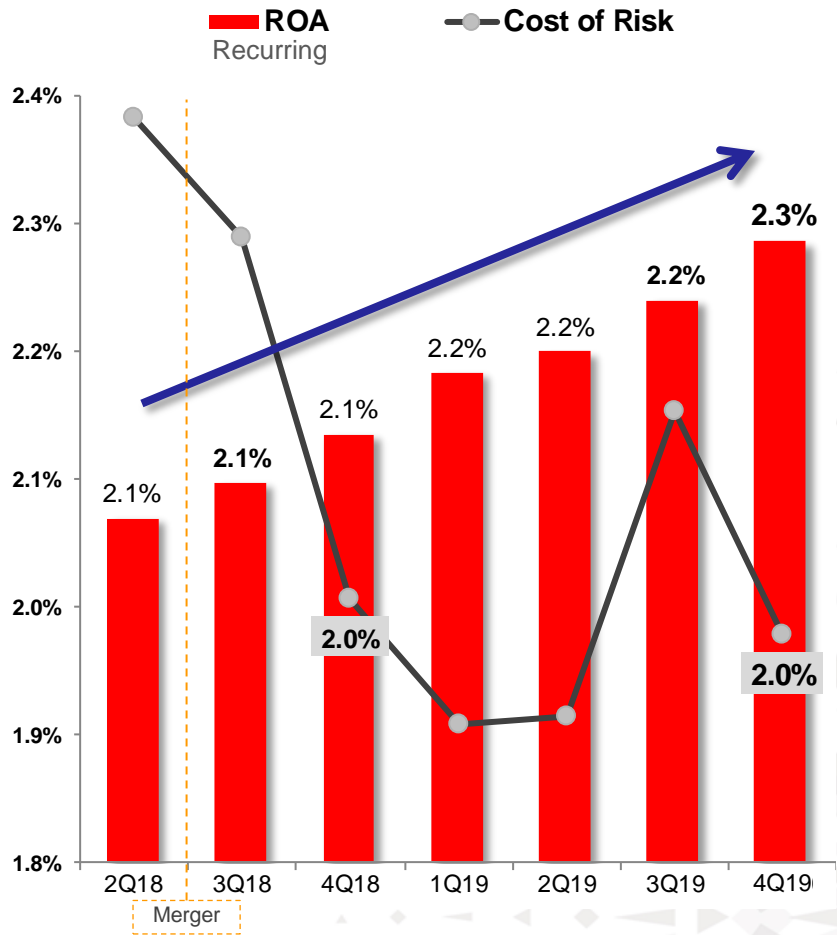
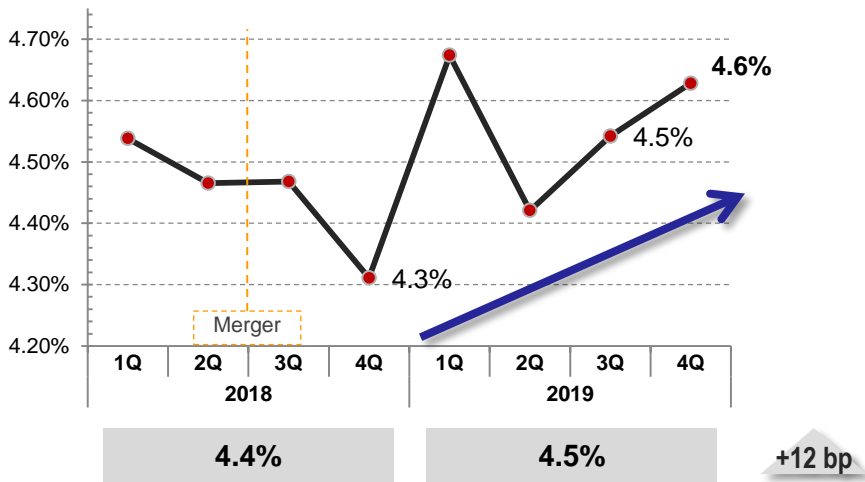
- Funding cost improvement is a competitive advantage in 2020.
- NIM reach 5.9% in Dec19 from 5.4% in Dec18.



# Controlled Cost of Risk

- Continuous growth on ROA supported on record high Risk Adjusted NIM

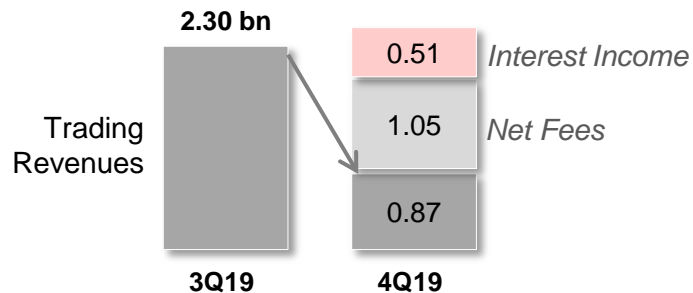
NIM after Provisions



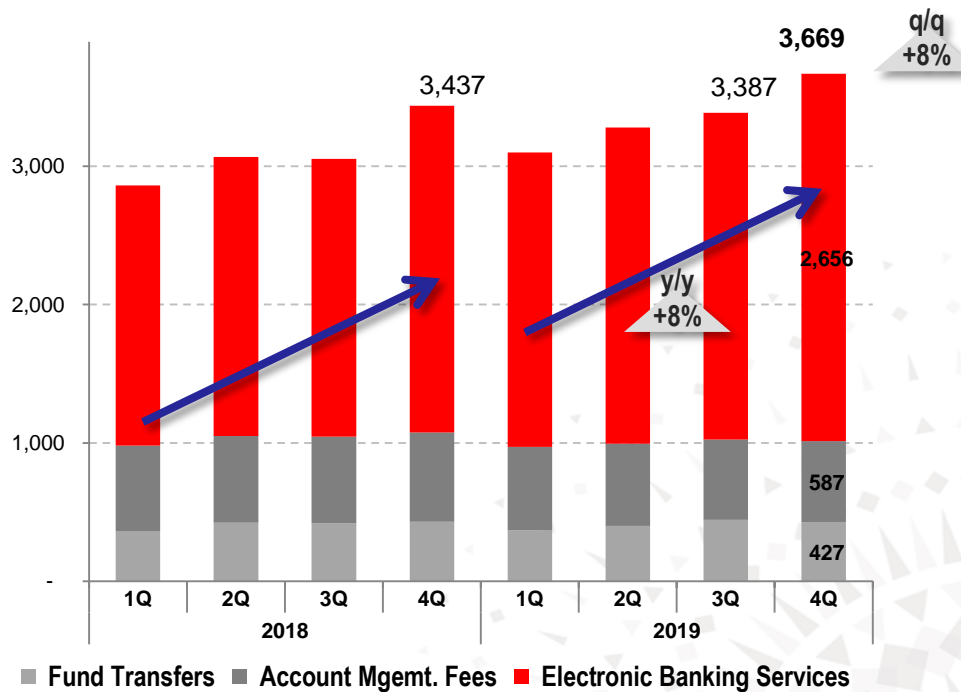
# Recurring Revenues Expansion

- Core Banking Fees growth of 8% q/q.
- Trading revenue compensated with Interest Income & Fees.

## Trading Revenues Compensated with Net Fees and Interest Income



## Core Banking Fees



	<b>Guidance 2020</b>
Loan Growth	6% – 8%
NIM Expansion	5 – 15bp
Expense Growth	5% – 5.5%
Efficiency	38.0 – 39.0%
Cost of Risk	1.9% – 2.2%
Tax Rate	26% – 27%
Net Income	37.5 – 38.8
ROE	19.6% – 20.1%

<b>Macro Estimates</b>	<b>2020</b>
GDP	0.8%
Inflation	3.5%
Reference Rate	6.50%



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