



# **GFNORTE**

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## **Conference Call: 3Q19 Results**

October 25th, 2019

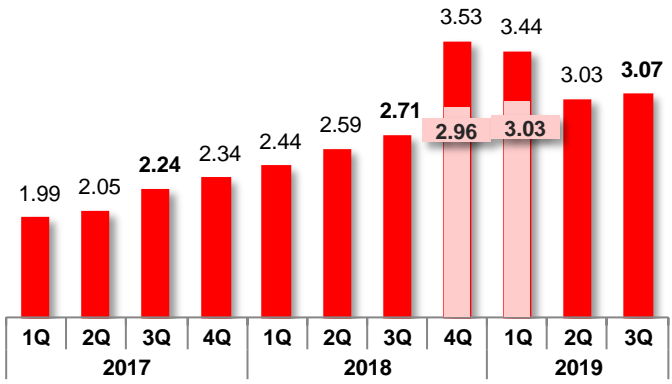
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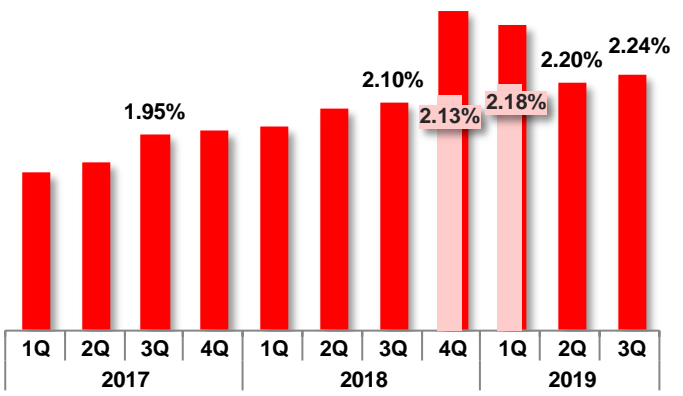
# Resilient Quarter on Earnings & Returns

	3Q19	q/q	y/y	9M19	y/y
<b>Net Income</b>	8,858	1%	13%	27,518	26%
<i>Recurring</i>				26,335	21%
<b>EPS</b>	3.07	1%	13%	9.54	26%
<i>Recurring</i>				9.13	21%
<b>ROE</b>	19.6%	15bp	(7)bp	20.5%	162bp
<i>Recurring</i>				19.7%	88bp
<b>ROA</b>	2.24%	4bp	14bp	2.30%	27bp
<i>Recurring</i>				2.20%	17bp

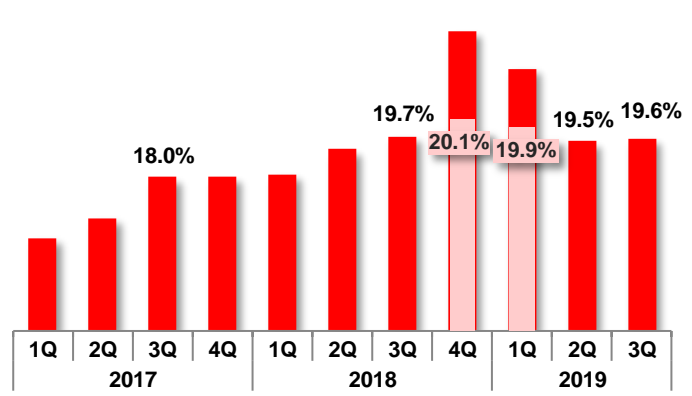
EPS



ROA



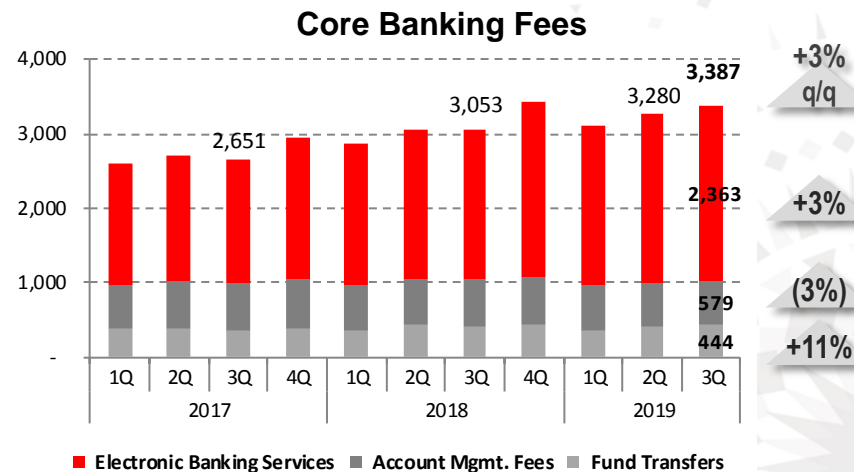
ROE



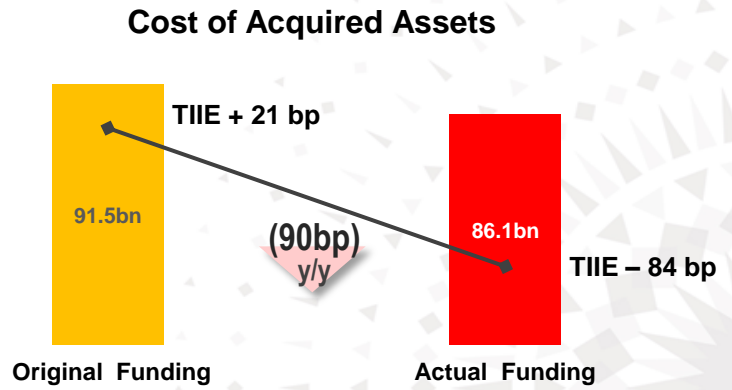
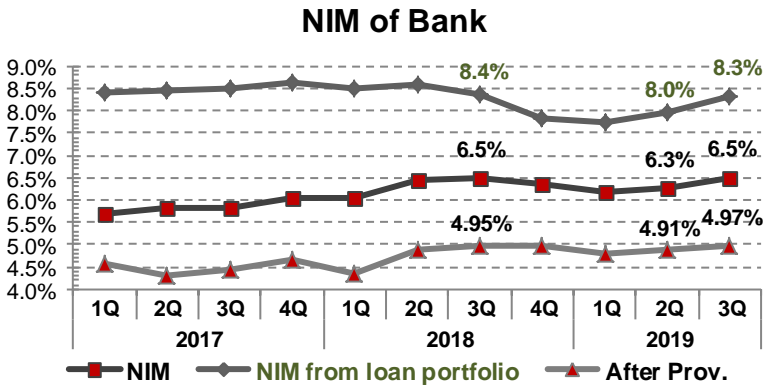
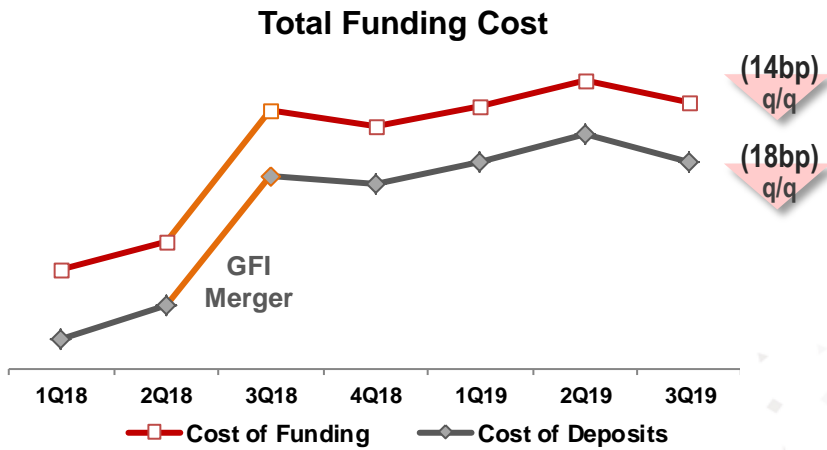
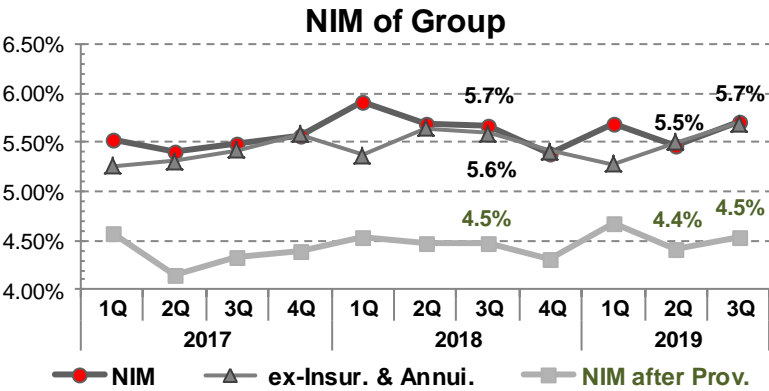
# Core Business Performance on Track

- NII on Loans +2% q/q, 10% y/y.
- NII on Insurance & Annuities +16% q/q, 9% y/y.
- 3Q Total NIM recovering +25bp q/q.
- Net Service Fees (12%) q/q, on a 2Q high base comparison. 9M19 +5% y/y.
- Core Banking Fees +3% q/q

Million pesos	3Q19	q/q	y/y	9M19	y/y
NII Loans	15,827	2%	6%	46,482	10%
NII Repos	2,045	(3%)	(7%)	6,269	1%
NII Val. Adjust	51	98%	(235%)	111	502%
NII Insurance & Annuities	2,191	16%	8%	7,528	9%
<b>NII</b>	<b>20,114</b>	<b>3%</b>	<b>6%</b>	<b>60,390</b>	<b>9%</b>
Net Service Fees	3,183	(12%)	(8%)	9,781	5%
Trading Income	2,303	139%	162%	4,417	49%
Other Income	15,827	2%	6%	46,482	10%
<i>Recurring</i>				1,857	29%
<b>Total Revenues</b>	<b>26,322</b>	<b>6%</b>	<b>10%</b>	<b>78,106</b>	<b>13%</b>
<i>Recurring</i>				76,445	11%

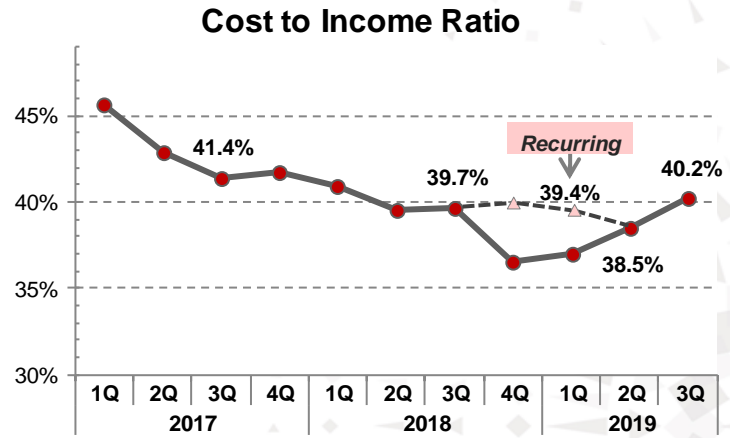
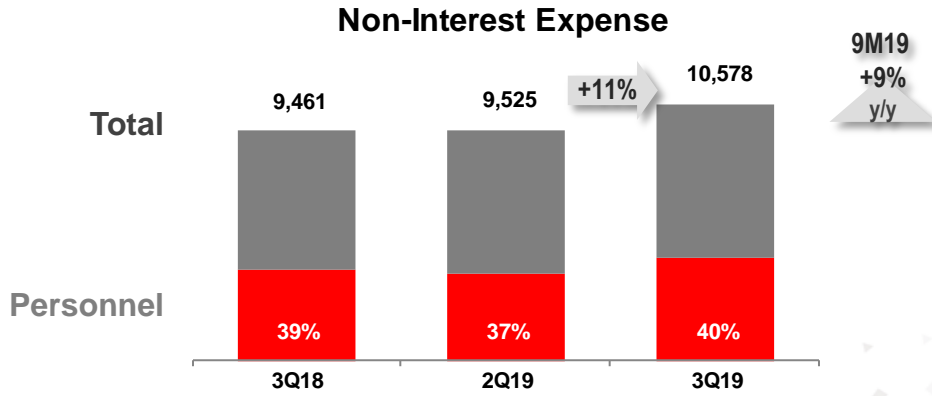
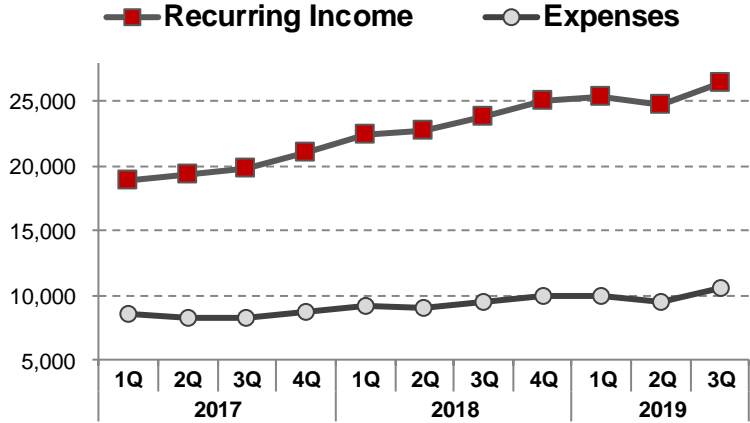


# Evolution of Net Interest Margin



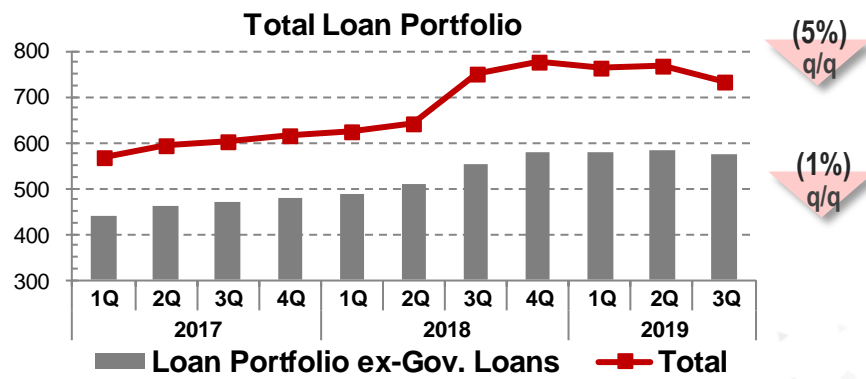
# Efficiency Under Control

- Annual expense growth at 9% in line with guidance.
- Annual efficiency ratio of 38.5% aligned to guidance target.

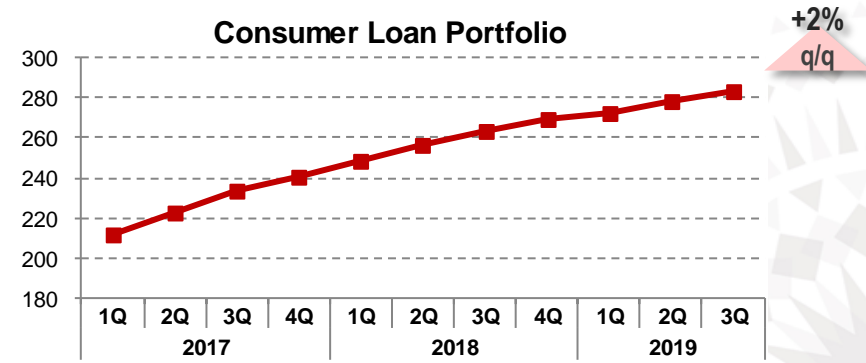


# Credit and Loan Activity

- Corporates refinancing resulting in high loan prepayments.
- Consumer books remains with positive growth momentum.



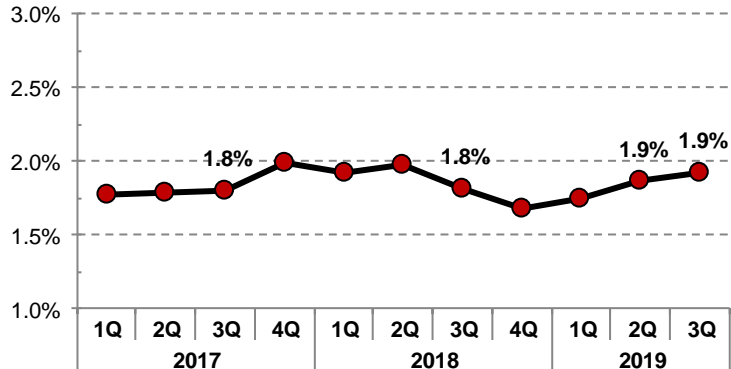
	3Q19	q/q	y/y
Commercial	167,839	(2%)	3%
Corporate	123,767	(6%)	(3%)
Government	157,821	(16%)	(20%)
Mortgages	166,286	2%	10%
Car Loans	25,889	2%	11%
Credit Card	39,028	3%	10%
Payroll	52,096	(1%)	(4%)
Consumer Loans	283,298	2%	8%
<b>Total</b>	<b>732,726</b>	<b>(5%)</b>	<b>(3%)</b>
Total ex-Government	574,905	(1%)	4%



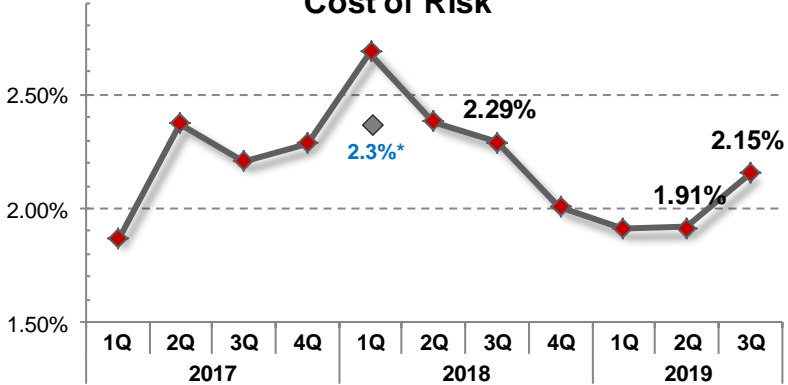
# Credit Quality

- Stable NPL ratio.  
Declining delinquencies.
- Higher cost of risk in the quarter as anticipated.
- Isolated case draws write-off rate up.

NPL Ratio

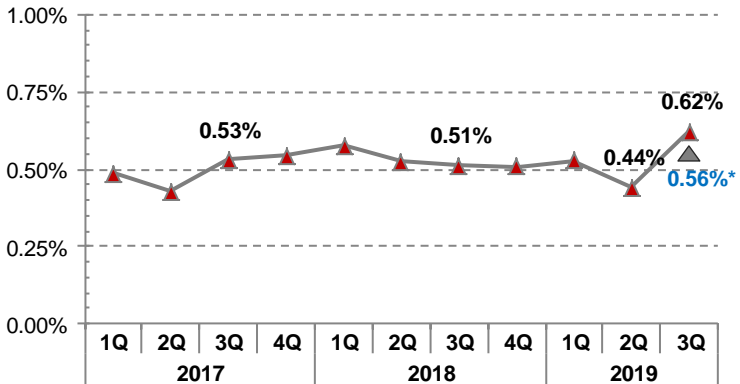


Cost of Risk



\* Excluding extraordinary Provisions on Corporate exposure

Write-Off Rate



\* Excluding extraordinary Charge-off on Corporate exposure



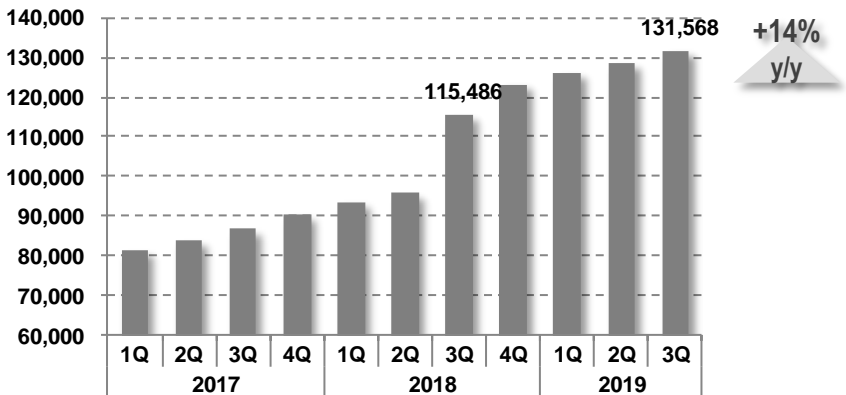
# Relevant Subsidiaries

- Bank Net Income +3% q/q, +21% recurring y/y.
- Insurance with retained premiums 9M19 growth of +8%. Net income 9M19 +14%.
- Afore Net Income +21% y/y.
- Annuities Assets growth +14% y/y. Net income 9M19 +20%.

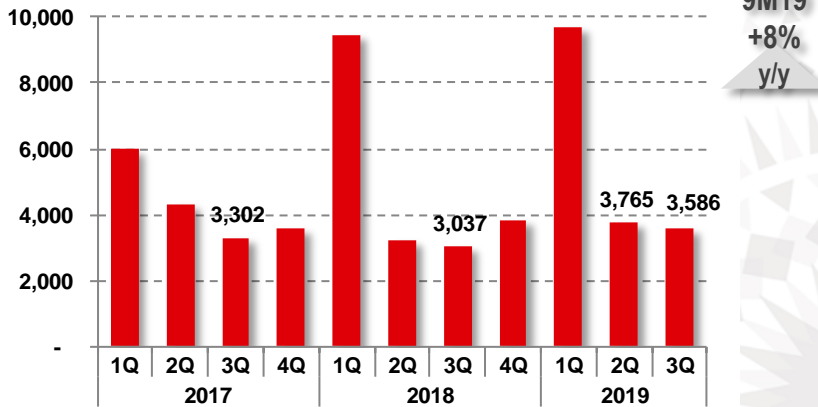
## Participation in Net Income of GFNorte

Million pesos	3Q19	q/q	y/y	9M19	y/y
Bank	6,613	3%	12%	20,265	29%
<i>Recurring</i>				19,082	21%
Broker	345	48%	3%	883	(1%)
Insurance	739	(10%)	7%	3,174	14%
Annuities	263	18%	14%	758	20%
Afore	415	(2%)	21%	1,249	21%
Leasing & Factoring	285	36%	61%	721	10%

**Annuities Assets**



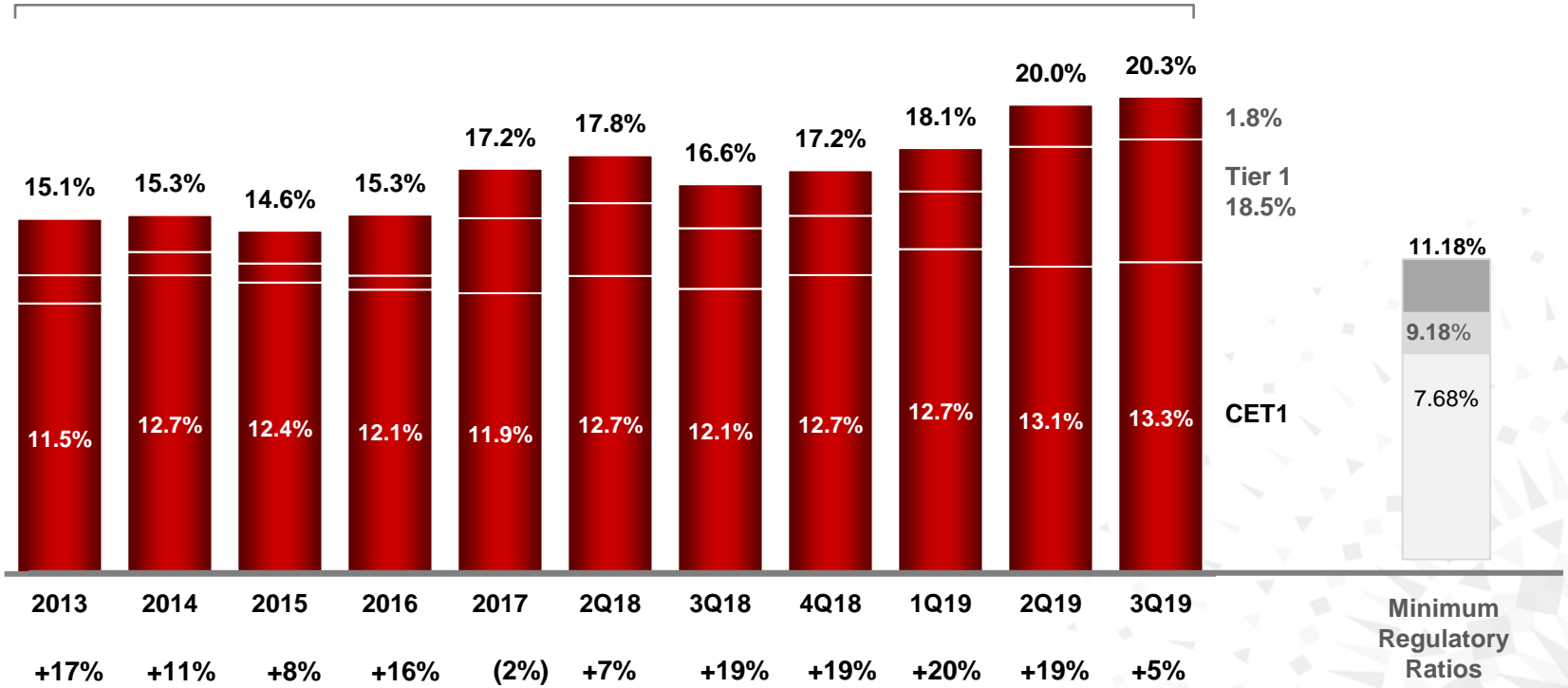
**Insurance Retained Premiums**



# Bank Regulatory Capital Ratio

## Capital Adequacy Ratio (CAR)

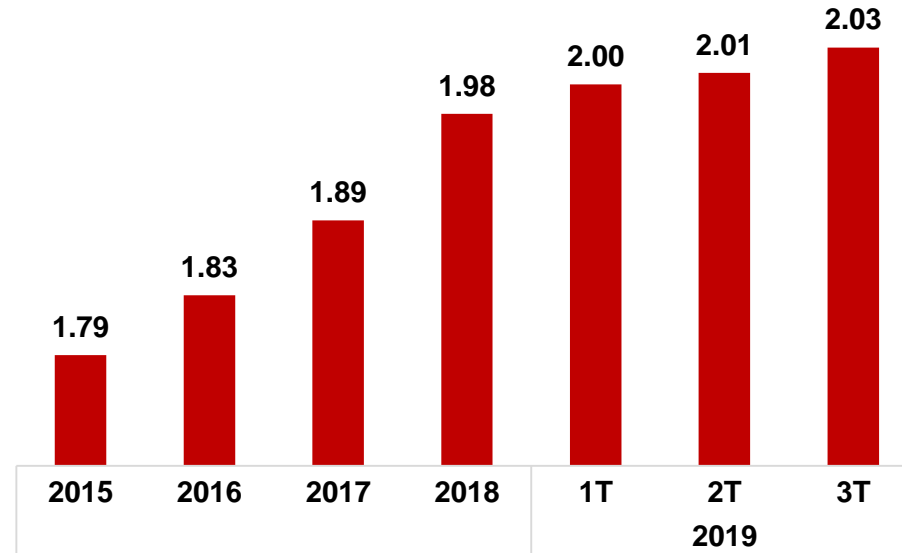
Basel III



▲  
RWA

\*RWA= Risk Weighted Assets annual growth

## Products per Client



# GFNorte Guidance 2019 and Estimates for 2020

	Previous Guidance 2019	New Guidance 2019
Loan Growth (ex-Gov)	7% – 9%	<b>4% – 5%</b>
NIM Expansion	15 – 20bp	15 – 20bp
Expense Growth	7% – 9%	7% – 9%
Efficiency	37.5% – 38.5%	37.5% – 38.5%
Cost of Risk	2.0% – 2.3%	2.0% – 2.3%
Tax Rate	26% – 28%	26% – 28%
Net Income	36.0 – 36.8	36.0 – 36.8
ROE	19.9% – 20.3%	19.9% – 20.3%

Economic Estimates	2019	2020
GDP Growth	0.3%	1.4%
Inflation	3.3%	3.0% – 3.5%
Banxico Reference Rate	7.25%	6.0% – 6.5%



# **GFNORTE**

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**Conference Call: 3Q19 Results**

October 25th, 2019