



# **GFNORTE**

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## **Conference Call: 4Q18 Results**

January 25th, 2019

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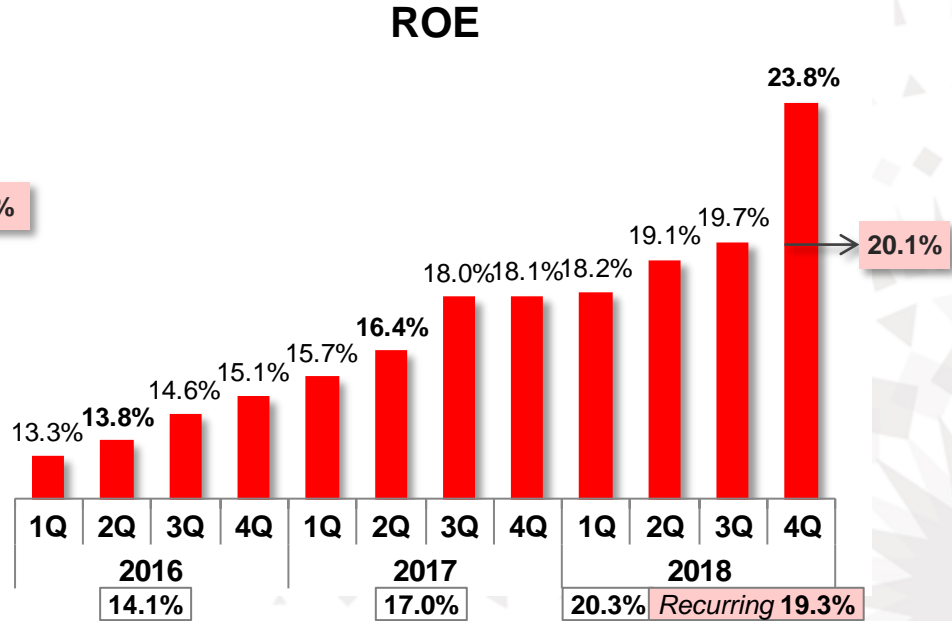
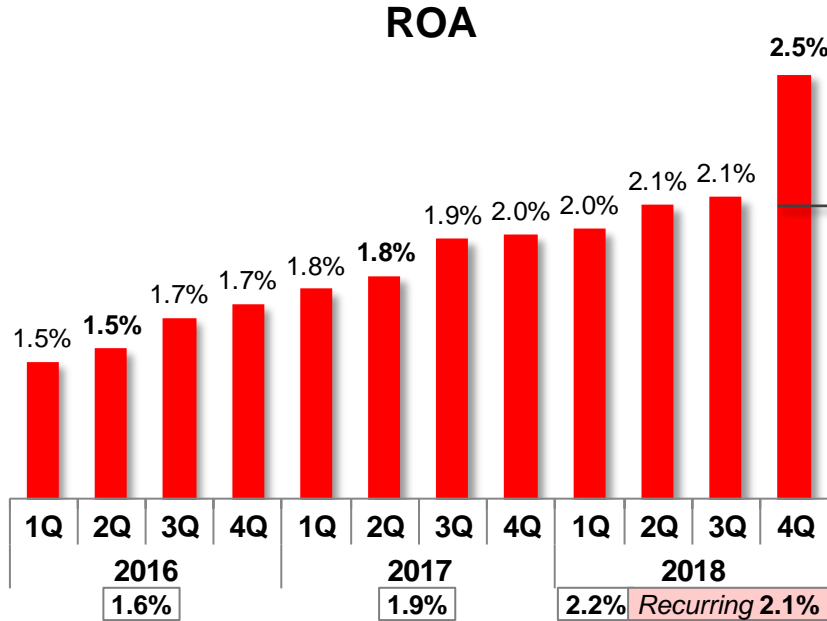
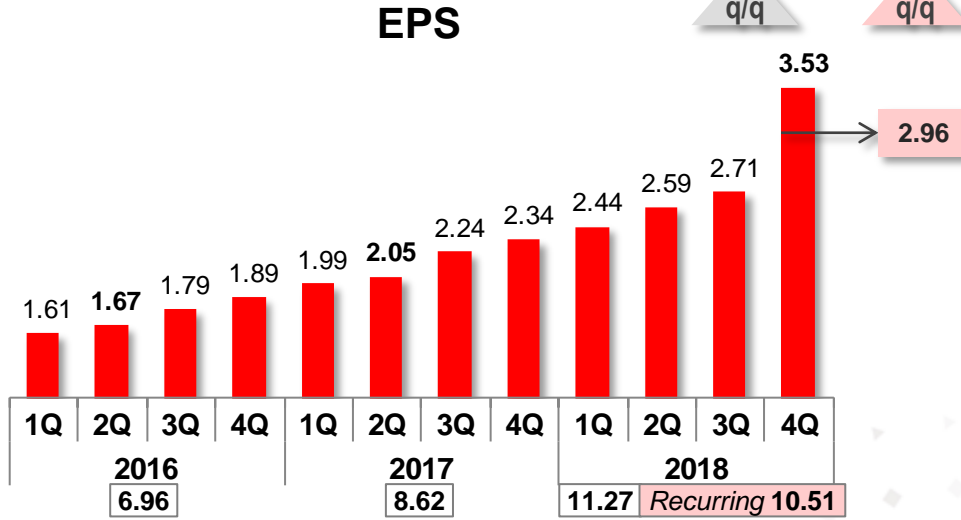
# Strong Quarter on Earnings and Returns

Recurring

+30%  
q/q

+9%  
q/q

	4Q18	q/q	2018	y/y
<b>Net Income</b>	10,182	30%	31,958	34%
<i>Recurring</i>	8,535	9%	30,311	27%
<b>EPS</b>	3.53	30%	11.08	29%
<i>Recurring</i>	2.96	9%	10.51	22%
<b>ROE</b>	23.8%	416bp	20.3%	330bp
<i>Recurring</i>	20.1%	41pb	19.3%	230bp
<b>ROA</b>	2.5%	45bp	2.2%	32bp
<i>Recurring</i>	2.1%	4pb	2.1%	20pb

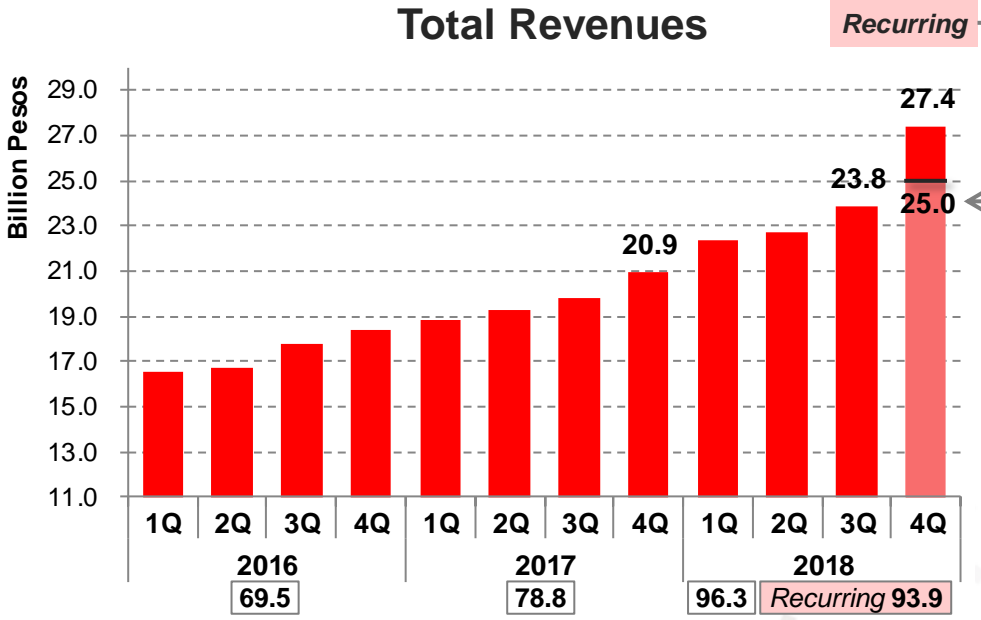


# Historical Record in Revenues

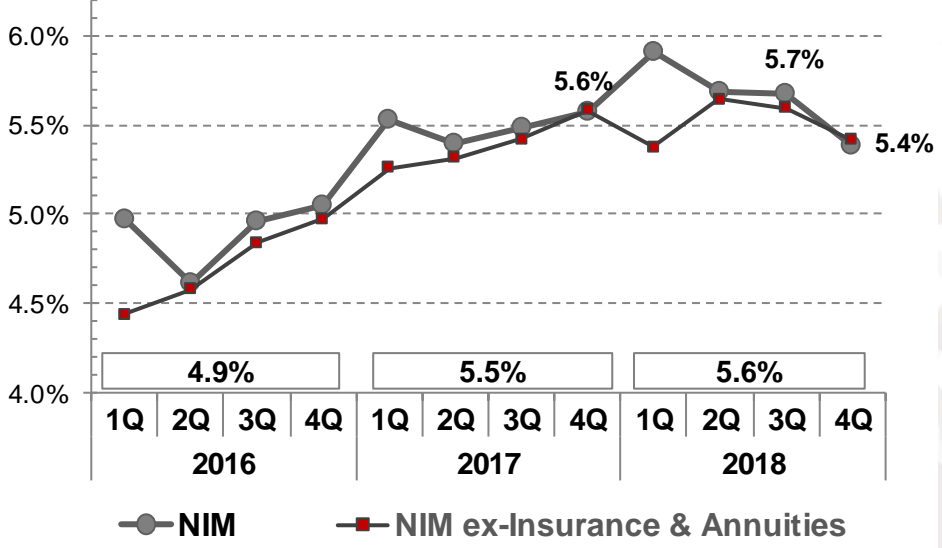
- Quarterly NII +3%.
- 4Q NIM decreased 30 bp due to the total impact of the assets acquired.
- Net Service Fees +8% q/q.
- Excellent results in trading driven by derivatives transactions with clients.

Million pesos	4Q18	q/q	2018	y/y
NII Loans	15,261	3%	57,350	14%
NII Repos	2,403	9%	8,612	30%
NII Valorization Adjust	180	N.A.	199	n.a.
NII Insurance & Annuities	1,756	(13%)	8,665	33%
<b>NII</b>	<b>19,600</b>	<b>3%</b>	<b>74,825</b>	<b>18%</b>
Net Service Fees	3,730	8%	13,041	11%
Trading Income	1,263	44%	4,228	59%
Other Income	2,795	518%	4,259	N.A.
<i>Recurring</i>	385	(15%)	1,849	72%
<b>Total Revenues</b>	<b>27,387</b>	<b>15%</b>	<b>96,354</b>	<b>22%</b>
<i>Recurring</i>	<b>24,977</b>	<b>5%</b>	<b>93,944</b>	<b>19%</b>

## Total Revenues



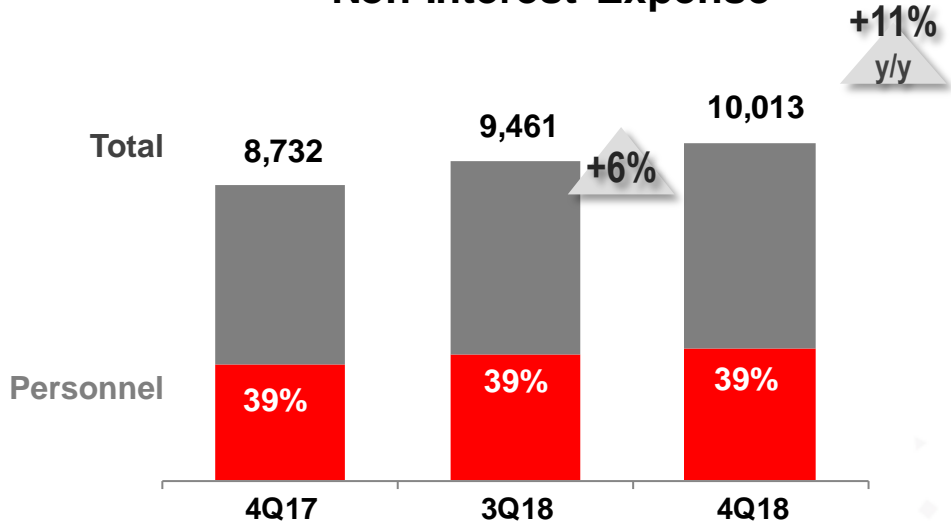
## NIM



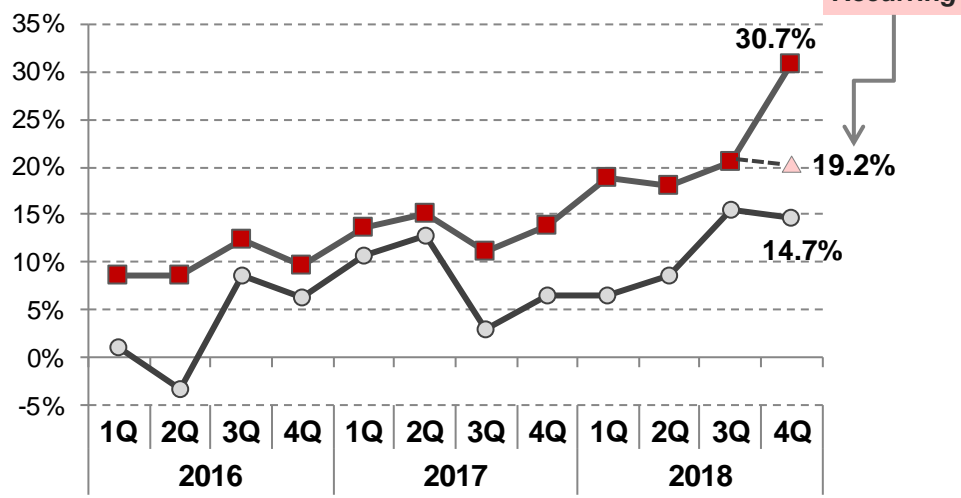
# Improving Efficiency

- Non-interest Expenses +6% q/q; Full year 2018 +10% y/y, in line with guidance,
- Cost to Income for 4Q18 was 36.6%; recurring, 40.0% 4Q and 2018.
- Ongoing positive operating leverage.

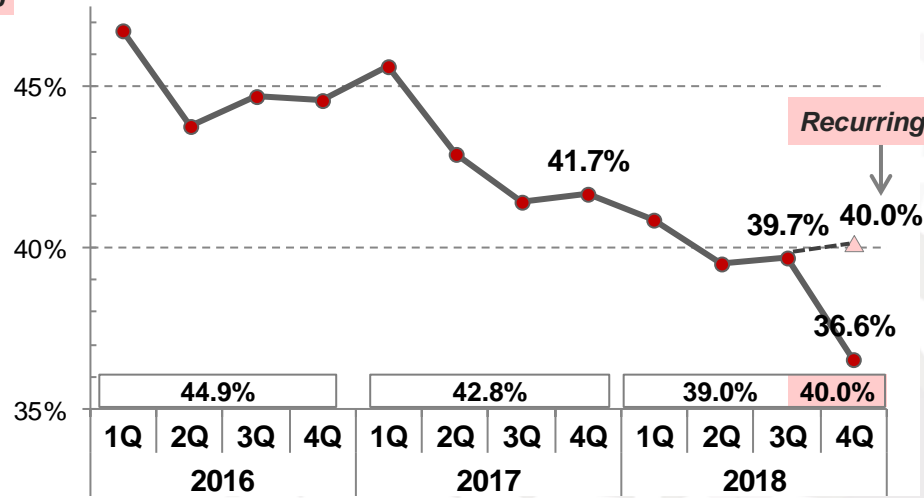
## Non-Interest Expense



■ y/y Revenues    ● y/y Expenses    *Recurring*



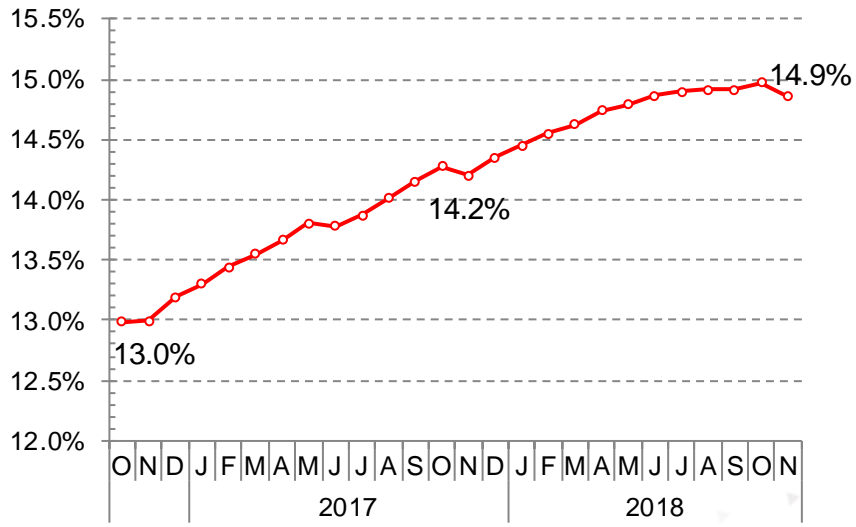
## Cost to Income Ratio



# Loan Growth

- Strategic deceleration in unsecured consumer but market share improving.
- Leading the growth in auto, mortgages and credit cards.
- Good quarter in Commercial and Corporates with 7% q/q.

## Consumer Market Share



## Loan Portfolio y/y Growth

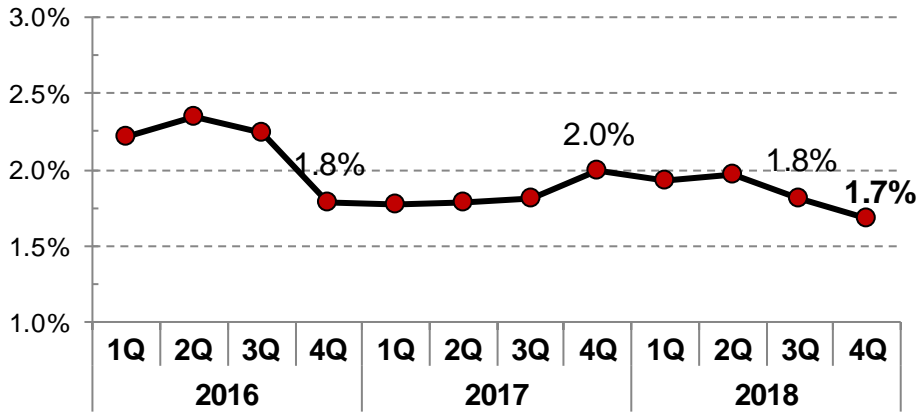
Performing Loans (Million Pesos)	4Q18	Growth	
		q/q	y/y
Mortgages	155,748	4%	15%
Auto Loans	24,131	4%	26%
Credit Card	36,657	3%	8%
Payroll	52,653	(3%)	0%
<b>Consumer</b>	<b>269,187</b>	<b>2%</b>	<b>12%</b>
<b>Commercial</b>	<b>173,941</b>	<b>7%</b>	<b>27%</b>
<b>Corporate</b>	<b>136,639</b>	<b>7%</b>	<b>34%</b>
<b>Government</b>	<b>197,373</b>	<b>(0%)</b>	<b>46%</b>
<b>Total*</b>	<b>777,192</b>	<b>3%</b>	<b>26%</b>

\* Includes \$52 millions on Recovery Bank portfolio

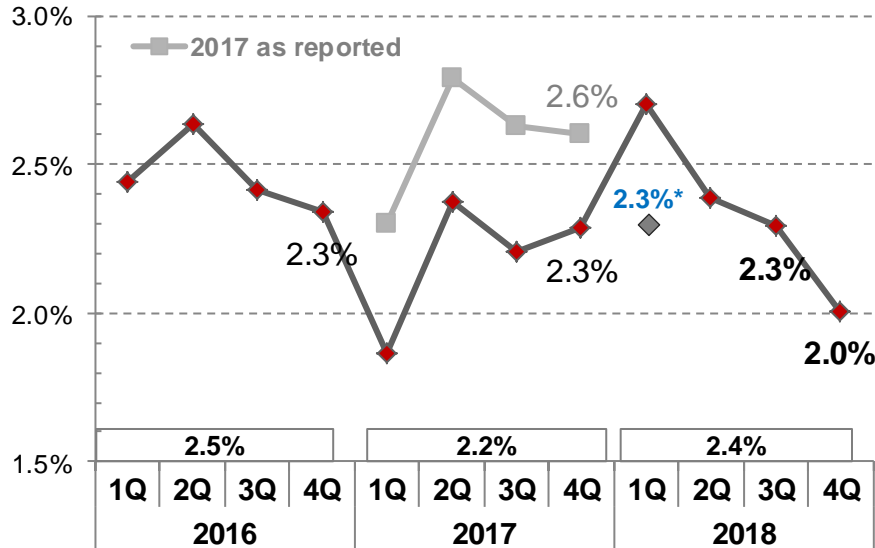
# Credit Quality

- Lowest NPL ratio level in more than five years.
- Improving cost of risk.
- Stable charge-off rate.

### NPL Ratio

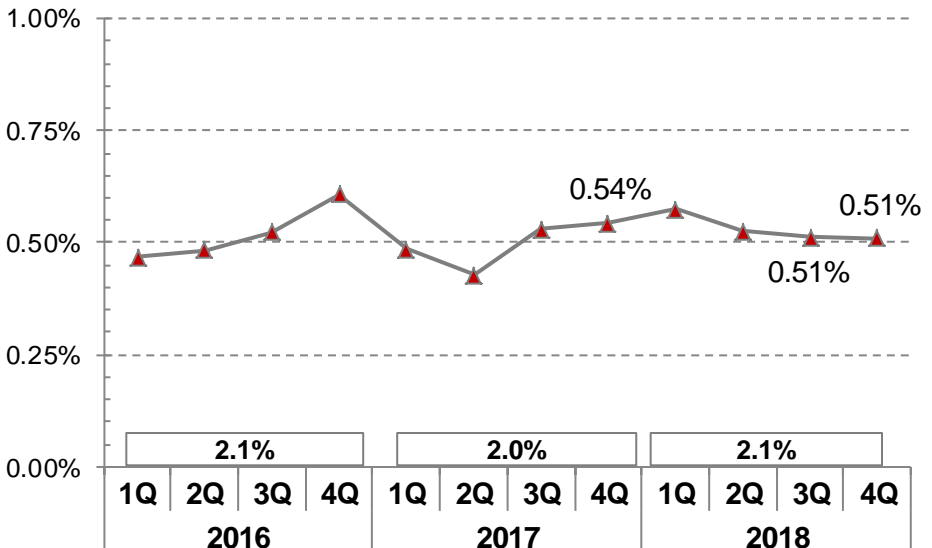


### Cost of Risk



\* Excluding extraordinary Provisions on Corporate exposure

### Charge-Off Rate



# 2018 Results

Million pesos

	2018	y/y
Loans	777,192	26%
Core Deposits	636,758	8%
Total Deposits	759,235	17%
Insurance Premiums	19,596	14%
Annuities Assets	123,177	36%

Revenues	2018	y/y
NII Loans	57,350	14%
NII Repos	8,612	30%
NII Valorization Adjust	199	n.a.
NII Insurance & Annuities	8,665	33%
<b>NII</b>	<b>74,825</b>	<b>18%</b>
Net Service Fees	13,041	11%
Trading Income	4,228	59%
Other Income	4,259	N.A.
<b>Total Revenues</b>	<b>96,354</b>	<b>22%</b>
<i>Recurring</i>	<b>93,944</b>	<b>19%</b>

	2018	y/y
<b>Net Income</b>	31,958	34%
<i>Recurring</i>	30,311	27%
<b>EPS</b>	11.08	29%
<i>Recurring</i>	10.51	22%
<b>ROE</b>	20.3%	330bp
<i>Recurring</i>	19.3%	230bp
<b>ROA</b>	2.2%	32bp
<i>Recurring</i>	2.1%	20pb

Non-Interest Expense	2018	y/y
Personnel	15,022	12%
Professional Fees	3,330	14%
Administrative and Promotional	7,954	5%
Rents, Depreciation & Amortization	5,625	11%
Taxes other than income tax	2,075	17%
Contributions to IPAB	3,149	20%
Employee Profit Sharing (PTU)	455	16%
<b>Total Non-Interest Expense</b>	<b>37,610</b>	<b>11%</b>



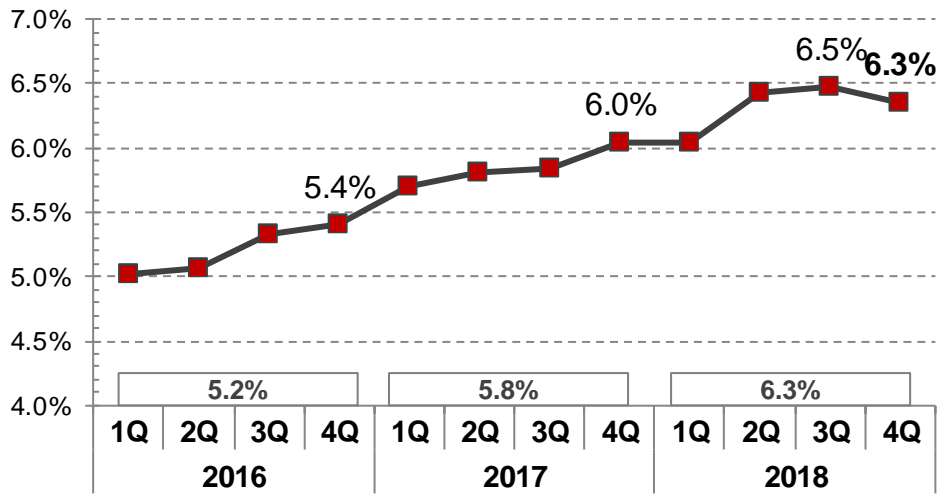
# Relevant Subsidiaries

- NIM of Bank up +46bp y/y, improved by mix on loans, funding cost & rates.
- Bank recurring Net Income +19% q/q.
- Cyclical behavior in Insurance but annual premium growth of +14% y/y.
- Annuities results with a low comparison due to the purchase of annuities portfolios for \$286 million.

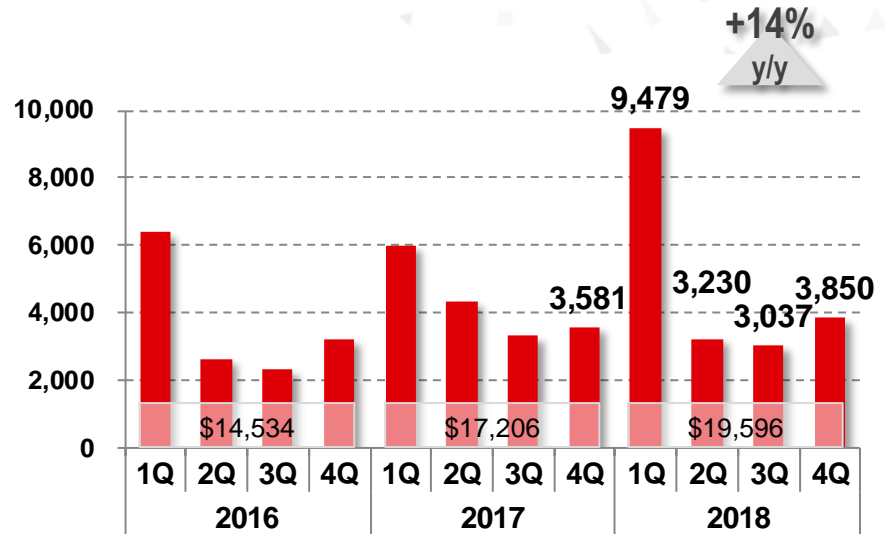
## Net Income

Million pesos	4Q18	q/q	2018	y/y
Bank	8,645	47%	24,377	35%
<i>Recurring</i>	6,999	19%	22,731	26%
Brokerage Sector	303	(9%)	1,198	23%
Insurance	645	(6%)	3,434	24%
Annuities	189	(18%)	818	(7%)
Afore	222	(35%)	1,256	(2%)
Leasing & Factoring	203	15%	861	12%

## NIM of Bank

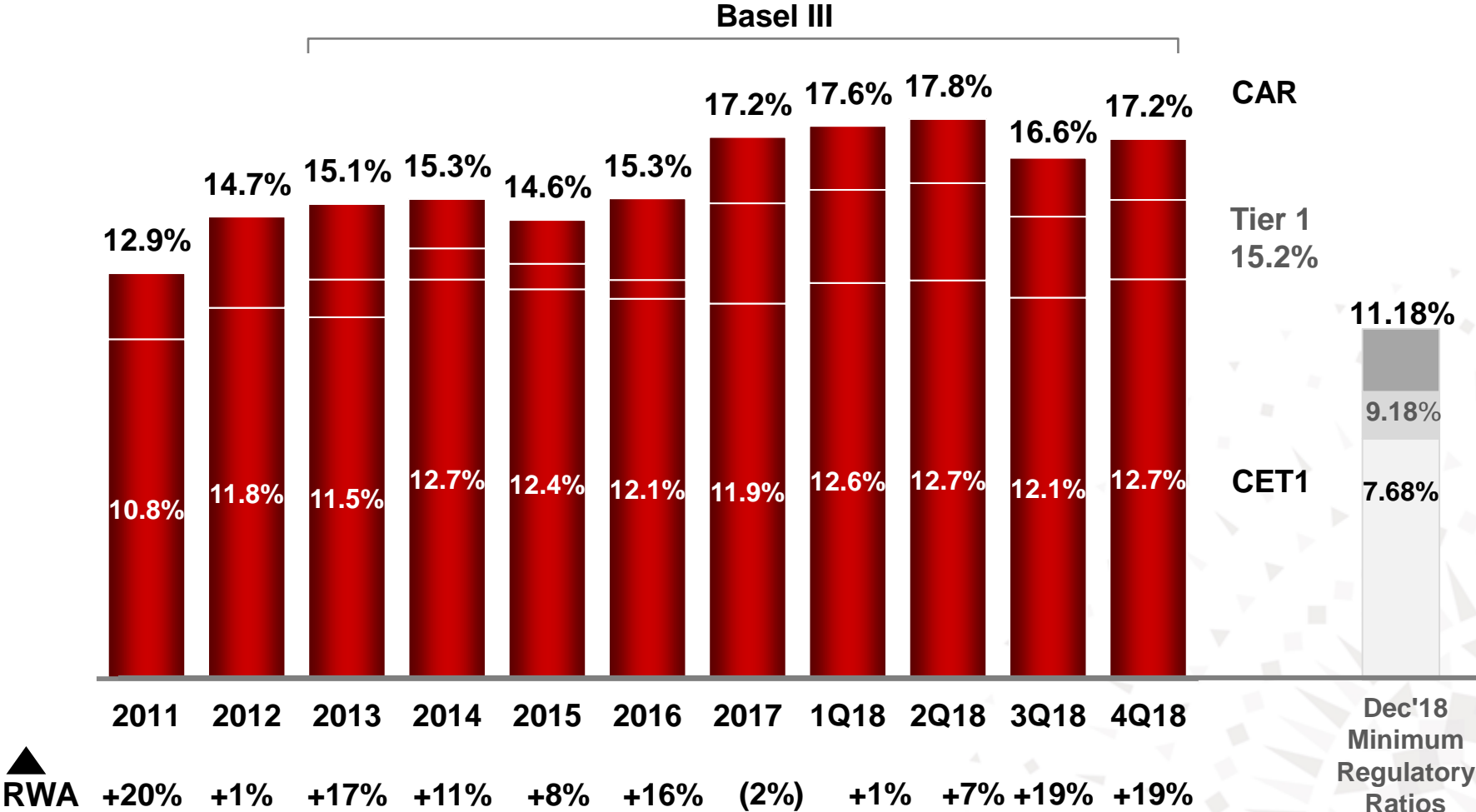


## Insurance Premiums



# Regulatory Capital Ratios

## Capital Adequacy Ratio (CAR)



\*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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