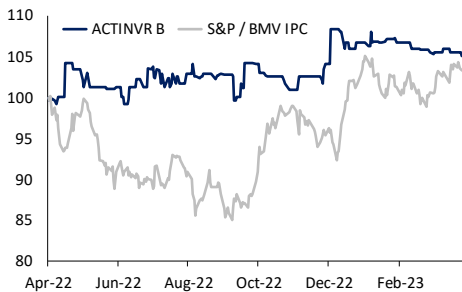


# ACTINVER: 1Q23 Results

Net profits up 144% due to a stronger-than-expected financial margin, trading results and “other revenues”; Positive

ACTINVR B	BUY
Target Price (MXN\$)	\$ 19.50
Current Price (MXN\$)	\$ 12.98
Min / Max (L12M)	\$11.67 - 13.00
Expected Dividend (MXN\$)	\$ 0.35
Expected Return	52.9%
Market Cap (MXN\$ Mn)	6,931
Oustanding Shares (Mn)	534.0
Float	34.2%
6-month ADTV (MXN\$ Mn)	\$ 1.1



## Opinion and recommendation

ACTINVER reported an outstanding quarter with a 144% increase in net profits to MXN\$405 million mainly due to the favorable impact of rising interest rates that boosted the financial margin by 41%, as well as a stronger-than-expected performance in trading and in “other revenues”. This was accompanied by a strict cost control.

We reiterate our BUY recommendation and are slightly raising our target price to MXN\$19.50/share, from MXN\$19.00/share. The valuation of ACTINVER shares seems very attractive to us with a P/BV of 0.8x and an estimated P/E of 5.0x.

## Assets under management / Portfolio

Assets in custody reached MXN\$596 billion at the end of the quarter. ACTINVER registered 18,400 new clients in the period, closing with 352,000, with a significant digital contribution from Actinver Patrimonial and Digital Channels.

Assets under management stood at MXN\$190 billion, with an 1.5% annual growth. During the quarter, ACTINVER’s funds increased by around MXN\$7.4 billion, with which the company remained the country’s fifth largest asset manager with a 6.4% market share.

The credit and leasing portfolio rose 8.0% to MXN\$28.8 billion. The bank's NPL ratio improved to 2.23% in 1Q23, from 2.26% in 1Q22. The capitalization ratio was up 128 bps to 16.3%.

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## Results

Net operating income increased 25% to MXN\$1.7 billion. The main drivers were:

- A 41% rise in the financial margin to MXN\$524 million, which benefited from higher interest rates, as well as the growth of the leasing portfolio. Interest gains grew 96% while interest paid 113%. The company created reserves amounting to MXN\$30 million, which resulted in a 28% increase in the adjusted financial margin to MXN\$494 million;
- A 42% rise in trading income, supported by the FX market and derivatives;
- The company registered “other income” of MXN\$141 million, compared to a MXN\$8 million loss from the previous year;
- Stability in net fees and commissions, since higher asset management, trustee, and special portfolio commissions were partially offset by lower investment banking, equity, and special portfolios revenues.

Despite ACTINVER's expansion and the significant investments in digitization and automation, administration and promotion expenses only grew 2%, below our expectations. We estimate that the efficiency ratio decreased to 66.4%, from 81.3%.

The operating result advanced 124% to MXN\$585 million. The margin expanded to 34%, from 19%.

Quarterly net profits were 144% higher, reaching MXN\$405 million. ROE improved 223 bps to 15.4% in the quarter.

## Funding sources

ACTINVER continued to diversify its funding sources. Traditional deposits rose 13%, driven mainly by deposits from the general public and the issuance of credit titles, while interbank loans and loans from other organizations grew 482%.

## ESG

ACTINVER implemented the Diversity, Equity and Inclusion Committee in order to align itself with the Sustainable Development Goals. It also launched the Corporate University (UCA) with an initial focus on its Advisory Banks.

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(Figures in MXN\$ Mn)	1Q23	1Q23E	Diff.	1Q22	Change
Interest Income	3,023	2,596	16.5%	1,544	95.7%
Interest Expense	-2,499	-2,143	16.6%	-1,174	112.9%
Financial Margin	524	453	15.7%	371	41.5%
Provisions	-30	15	-303.0%	14	-313.1%
Adjusted Financial Margin	494	468	5.6%	385	28.5%
Commissions and Fees Charged	892	955	-6.6%	912	-2.2%
Commissions and Fees Paid	-82	-107	-23.5%	-102	-19.7%
Trading Results	297	219	35.8%	208	42.6%
Other Operating Income (Expenses)	141	60	135.1%	-8	-1783.5%
Administration and Promotion Expenses	-1,158	-1,242	-6.8%	-1,134	2.0%
Operating Result	585	353	65.9%	261	124.6%
Participation in Associate Results	1	-4	-129.7%	-4	-131.2%
Pre-Tax profit	586	349	68.1%	257	128.3%
Taxes	-178	-129	38.1%	-89	99.3%
Net Profit Before Minorities	409	220	85.6%	168	143.7%
Minority Participation	-3	-3	6.9%	-1	125.3%
Net Profit	405	217	86.7%	166	143.9%

### Gordon Shapiro Model

(Figures in MXN\$ Mn)

<b>Stockholder's Equity 2023E</b>	<b>9,099</b>
Long-Term ROE	18.5%
Cost of Equity	16.7%
Risk-Free Rate	8.8%
Market Risk Premium	6.0%
Beta	1.314
<b>Perpetuity Growth Rate</b>	<b>3.9%</b>
Equity Value	10,411
Outstanding Shares	534
<b>Target Price / Share</b>	<b>\$ 19.50</b>
Current Price / Share	\$ 12.98
Expected Dividend	\$ 0.37
Total Return inc/ Dividend	53.0%
Target P/BV	1.1x
Target P/E (Forward)	6.6x

(Figures in Millions of Pesos)

<b>INCOME STATEMENT</b>	<b>2022</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>
Interest Income	7,958	12,847	13,019	13,075	13,354	14,012	14,715
Interest Expense	- 6,305 -	- 10,677 -	- 10,630 -	- 10,420 -	- 10,357 -	- 10,779 -	- 11,234
Financial Margin	1,653	2,170	2,388	2,655	2,996	3,233	3,481
Provisions	- 177 -	- 169 -	- 178 -	- 186 -	- 196 -	- 206 -	- 216
Adjusted Financial Margin	1,475	2,001	2,211	2,468	2,800	3,027	3,265
Commissions and Fees Charged	3,563	3,733	4,247	4,775	5,307	5,837	6,358
Commissions and Fees Paid	- 353 -	- 346 -	- 363 -	- 381 -	- 401 -	- 421 -	- 442
Trading Results	1,227	1,167	1,225	1,287	1,351	1,418	1,489
Other Operating Income (Expenses)	108	300	252	264	276	288	300
Administration and Promotion Expenses	- 4,651 -	- 4,850 -	- 5,310 -	- 5,788 -	- 6,251 -	- 6,751 -	- 7,224
Operating Result	1,369	2,006	2,261	2,625	3,083	3,399	3,746
Participation in Associate Results	- 7 -	- 2 -	- 2 -	- 3 -	- 3 -	- 3 -	- 3
Pre-Tax profit	1,362	2,004	2,259	2,622	3,080	3,396	3,743
Taxes	- 398 -	- 603 -	- 678 -	- 787 -	- 924 -	- 1,019 -	- 1,123
Net Profit Before Minorities	963	1,401	1,581	1,835	2,156	2,377	2,620
Minority Participation	- 9 -	- 12 -	- 13 -	- 15 -	- 18 -	- 20 -	- 22
Net Profit	954	1,389	1,568	1,820	2,138	2,357	2,599
Total Income	12,857	18,047	18,743	19,401	20,287	21,555	22,861
Operating Income	6,020	6,856	7,572	8,413	9,334	10,150	10,970
<b>BALANCE SHEET</b>	<b>2022</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>
TOTAL ASSETS	102,755	138,961	145,682	152,768	160,253	168,175	176,573
Total Loan Portfolio (Net)	28,060	30,866	33,953	37,348	41,083	45,191	49,710
TOTAL LIABILITIES	94,839	129,863	135,342	140,944	146,638	152,874	159,401
Traditional Deposits	47,465	50,788	53,327	55,993	58,793	61,733	64,819
Stockholders' Equity	7,916	9,099	10,341	11,825	13,616	15,301	17,172

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