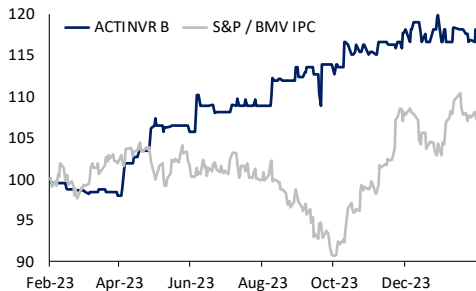


ACTINVER: 4Q23 Results

Higher-than-expected operating revenues, adjusted financial margin and net profits; announces the appointment of a new CEO

ACTINVR B	BUY
Target Price (MXN\$)	\$ 22.00
Current Price (MXN\$)	\$ 14.84
Min / Max (L12M)	\$12.00 - 15.66
Expected Dividend (MXN\$)	\$ 0.45
Expected Return	51.3%
Market Cap (MXN\$ Mn)	7,925
Oustanding Shares (Mn)	534.0
Float	34.2%
6-month ADTV (MXN\$ Mn)	\$ 1.0



Opinion and recommendation

ACTINVER reported a positive quarter with operating revenues, adjusted financial margin, and net profits that were above our expectations. We reiterate BUY recommendation and are raising the target price to MXN\$22.00/share, from MXN\$19.50/share. The valuation of ACTINVER shares continues to be attractive with a P/BV of 0.9x and a projected P/E of 5.9x, below its international peers.

On the other hand, the company announced the appointments of Héctor Madero Rivero as Executive President of the Board of Directors and Luis Hernández Rangel as CEO from May 1st. Mr. Hernández previously was the company's Executive Director of Finance and Operations for the last two years and has 25 years of experience in the sector in executive positions in domestic and international financial institutions.

4Q23 Results

ACTINVER's operating revenues were up 5% YoY to MXN\$1.89 billion, above our MXN\$1.6 billion projection, due to stronger-than-expected adjusted financial margin and trading result.

The adjusted financial margin rose 20% YoY to MXN\$545 million (vs. MXN\$408 million E) driven by higher interest rates, a 4.7% loan portfolio growth and lower provisions. In addition, net commissions increased 11%, mainly in asset management, investment banking, client and fiduciary commissions. For its part, trading results, which were much higher than in 3Q23, fell 12% annually due to the high comparison base.

Administrative expenses increased 9% due to the digitalization process, payroll and other general expenses, with which the efficiency ratio rose to 73.7% in the quarter, from 70.5%. This generated a 9% YoY reduction in 4Q23 net profits to MXN\$365 million (vs. MXN\$209 million E). However, the accumulated net profit for the year rose 19% to MXN\$1.13 billion, while the ROE improved 122 bps to 13.30%.

Clients / AUM's / Portfolio

ACTINVER's digitalization strategy continued to yield favorable results since total clients reached 399 thousand at the end of 4Q23, with 65 thousand new clients for the year, of which 66% were in digital platforms such as DINN and Bursanet.

The asset manager continued to grow healthily with AUM's of MXN\$211 billion (+15% YoY), which included new MXN\$28 billion in new funds of which 60% were organic and the rest due to valuation. ACTINVER recently announced a partnership with JP Morgan Asset Management to complement its product offering.

The net portfolio grew 4.7% YoY, mainly in the commercial segment. Asset quality remained high with a 2.84% NPL in 4Q23, from 2.56% in 4Q22. The capitalization ratio was 18.73%. In the fiduciary business, assets under management exceeded one billion pesos.

(Figures in MXN\$ Mn)	4Q23	4Q23E	Diff.	4Q22	Change
Operating Income	1,890	1,817	4.0%	1,805	4.7%
Interest Income	3,349	3,229	3.7%	2,593	29.1%
Interest Expense	-2,765	-2,760	0.2%	-2,095	32.0%
Financial Margin	584	468	24.6%	498	17.3%
Provisions	-39	-60	-36.2%	-45	-13.9%
Adjusted Financial Margin	545	408	33.6%	453	20.4%
Commissions and Fees Charged	1,009	998	1.1%	913	10.6%
Commissions and Fees Paid	-84	-86	-2.2%	-81	2.7%
Trading Results	449	257	74.8%	512	-12.2%
Other Operating Income (Expenses)	-30	23	-231.4%	9	-421.1%
Administration and Promotion Expenses	-1,394	-1,298	7.3%	-1,273	9.5%
Operating Result	496	302	64.2%	533	-6.8%
Participation in Associate Results	6	4	n.a.	4	n.a.
Pre-Tax profit	502	307	63.8%	537	-6.4%
Taxes	-133	-92	44.7%	-130	2.1%
Net Profit Before Minorities	369	215	71.9%	406	-9.1%
Minority Participation	-4	-6	-21.4%	-4	3.6%
Net Profit	365	209	74.5%	402	-9.3%

Gordon Shapiro Model

(Figures in MXN\$ Mn)

Stockholder's Equity 2024E	9,933
Long-Term ROE	19.5%
Cost of Equity	17.1%
Risk-Free Rate	9.2%
Market Risk Premium	6.0%
Beta	1.314
Perpetuity Growth Rate	3.9%
Equity Value	11,746
Oustanding Shares	534
Target Price / Share	\$ 22.00
Current Price / Share	\$ 14.84
Expected Dividend	\$ 0.45
Total Return inc/ Dividend	51.3%
Target P/BV	1.2x
Target P/E (Forward)	7.5x

Sensitivity Analysis of the Target Price, P/BV vs. Book Value

	-10%	-5%	<i>Original</i>	+5%	+10%
St. Equity	8,965	9,437	9,933	10,430	10,952
Target P/BV					
0.6x	9.78	10.29	10.83	11.38	11.95
0.8x	13.14	13.83	14.56	15.28	16.05
1.0x	16.49	17.36	18.28	19.19	20.15
1.2x	19.85	20.90	22.00	23.10	24.25
1.4x	23.21	24.43	25.72	27.00	28.35
1.6x	26.57	27.97	29.44	30.91	32.45

Sensitivity Analysis of the Target Price, P/E vs. Net Profit

	-10%	-5%	<i>Original</i>	+5%	+10%
Projected Net Profit	1,405	1,479	1,557	1,635	1,716
Target P/E					
4.5x	11.96	12.59	13.25	13.91	14.61
5.5x	14.59	15.36	16.17	16.97	17.82
6.5x	17.22	18.13	19.08	20.03	21.04
7.5x	19.85	20.90	22.00	23.10	24.25
8.5x	22.48	23.67	24.91	26.16	27.47
9.5x	25.11	26.44	27.83	29.22	30.68

(Figures in Millions of Pesos)

INCOME STATEMENT	2023	2024E	2025E	2026E	2027E	2028E	2029E
Interest Income	12,771	13,900	14,590	15,289	15,794	16,573	17,404
Interest Expense	- 10,638	- 11,329	- 11,661	- 11,969	- 12,098	- 12,650	- 13,231
Financial Margin	2,133	2,571	2,929	3,320	3,696	3,923	4,173
Provisions	- 201	- 229	- 241	- 253	- 266	- 279	- 293
Adjusted Financial Margin	1,932	2,341	2,688	3,067	3,430	3,644	3,880
Commissions and Fees Charged	3,844	4,249	4,706	5,176	5,644	6,102	6,581
Commissions and Fees Paid	- 325	- 342	- 359	- 377	- 396	- 415	- 436
Trading Results	1,198	1,296	1,361	1,429	1,500	1,575	1,654
Other Operating Income (Expenses)	90	92	104	116	128	140	140
Administration and Promotion Expenses	- 5,124	- 5,688	- 6,257	- 6,851	- 7,468	- 8,024	- 8,586
Operating Result	1,614	1,949	2,243	2,560	2,839	3,022	3,233
Participation in Associate Results	7	7	8	8	9	9	10
Pre-Tax profit	1,621	1,956	2,251	2,569	2,848	3,031	3,243
Taxes	- 473	- 587	- 675	- 771	- 854	- 909	- 973
Net Profit Before Minorities	1,149	1,369	1,576	1,798	1,993	2,122	2,270
Minority Participation	- 15	- 16	- 19	- 21	- 24	- 25	- 27
Net Profit	1,134	1,353	1,557	1,777	1,970	2,096	2,243
Total Income	17,903	19,537	20,761	22,010	23,066	24,391	25,779
Operating Income	6,738	7,637	8,500	9,411	10,307	11,046	11,819
BALANCE SHEET	2023	2024E	2025E	2026E	2027E	2028E	2029E
TOTAL ASSETS	129,662	141,481	148,603	156,113	164,046	172,440	181,338
Total Loan Portfolio (Net)	29,370	30,839	33,922	37,315	41,046	45,151	49,666
TOTAL LIABILITIES	120,868	131,547	137,337	143,306	149,916	156,874	164,201
Traditional Deposits	45,099	47,354	49,722	52,208	54,818	57,559	60,437
Stockholders' Equity	8,794	9,933	11,266	12,807	14,129	15,566	17,136
OTHER INDICATORS / FINANCIAL RATIOS	2023	2024E	2025E	2026E	2027E	2028E	2029E
Assets Under Management (MXN\$ Bn)	211	235	259	283	307	331	355
Total Assets Under Custody (MXN\$ Bn)	661	725	803	881	959	1,035	1,116

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