

ACTINVER: 3Q24 Results

Strong quarter with a higher-than-expected 140% increase in net profits; raising target price to MXN\$23.0/share

| ACTINVR B | BUY |
|---------------------------|-----------------|
| Target Price (MXN\$) | \$ 23.00 |
| Current Price (MXN\$) | \$ 16.50 |
| Min / Max (L12M) | \$14.80 - 17.50 |
| Expected Dividend (MXN\$) | \$ 0.54 |
| Expected Return | 42.7% |
| Market Cap (MXN\$ Mn) | 8,745 |
| Outstanding Shares (Mn) | 530.0 |
| Float | 34.2% |
| 6-month ADTV (MXN\$ Mn) | \$ 0.9 |

Opinion and recommendation

ACTINVER reported positive results with strong increases in its main operating indicators, albeit with higher expenses, which generated a 140% net profit growth, exceeding our projections. We raised our target price to MXN\$23.0/share, from MXN\$22.00/share, after having updated our projections.

We consider ACTINVER's fundamentals to be favorable, including its growth potential with a 12% net profit CAGR during the 2024-2029 period, its solid position in several businesses in the financial sector, and the digitalization process it is carrying out.

In addition, the valuation of its shares remains attractive with a P/BV of 1.0x and a 2025E P/E of 5.3x based on our updated projections.

Portfolio/AUM/Digitalization

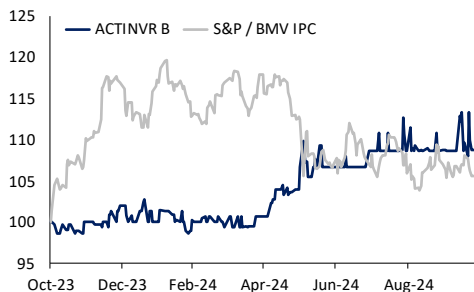
The loan portfolio increased 9% YoY, accelerating slightly against +8% in 2Q24 and +6.5% in 1Q24. Prudent credit placement translated into a 3.34% NPL in 3Q24, from 3.43% in 2Q24 and 3.00% in 3Q23.

The expansion of the asset management business also accelerated with a 29% increase (vs. +19% estimated), which included inflows of MXN\$59 billion during the last twelve months.

Digitalization process. The company had more than 11 thousand new clients in the quarter, of which 57% was through digital channels.

3Q24 Results

Adjusted financial margin increased 42%, driven by the loan portfolio growth, higher interest rates and a slight reduction in funding costs. In addition, provisions were much lower both on an annual and sequential basis.



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October 30th, 2024

Net commissions and fees rose 17%, supported by the expansion of the asset management business, in addition to higher commissions in traditional banking, insurance and fiduciary businesses.

Trading revenues were 280% higher as a result of volatility in the FX, money market and derivatives markets.

However, administrative expenses were up a higher-than-expected 32% due to the digitalization process and investments in human capital that the company is carrying out.

These factors resulted in a 140% net profit growth to MXN\$329 million, thus exceeding our MXN\$285 million projection. However, ROE remained at 14.1%.

| (Figures in MXN\$ Mn) | 3Q24 | 3Q24E | Diff. | 3Q23 | Change |
|---------------------------------------|--------|--------|---------|--------|---------|
| Operating Income | 2,116 | 1,861 | 13.7% | 1,450 | 45.9% |
| Financial Margin | 701 | 664 | 5.6% | 560 | 25.1% |
| Provisions | -35 | -55 | -37.1% | -91 | -62.1% |
| Adjusted Financial Margin | 666 | 609 | 9.4% | 469 | 42.0% |
| Commissions and Fees Charged | 1,139 | 1,191 | -4.4% | 970 | 17.4% |
| Commissions and Fees Paid | -98 | -85 | 16.1% | -80 | 23.1% |
| Trading Results | 374 | 189 | 97.7% | 98 | 279.6% |
| Other Operating Income (Expenses) | 36 | -43 | -183.3% | -8 | -547.5% |
| Administration and Promotion Expenses | -1,644 | -1,461 | 12.5% | -1,249 | 31.6% |
| Operating Result | 472 | 400 | 18.0% | 201 | 134.8% |
| Net Profit | 329 | 285 | 15.5% | 137 | 140.1% |

Gordon Shapiro Model

(Figures in MXN\$ Mn)

| | |
|-----------------------------------|-----------------|
| Stockholder's Equity 2024E | 9,727 |
| Long-Term ROE | 19.9% |
| Cost of Equity | 16.7% |
| Risk-Free Rate | 10.4% |
| Market Risk Premium | 6.0% |
| Beta | 1.051 |
| Perpetuity Growth Rate | 4.2% |
| Equity Value | 12,191 |
| Oustanding Shares | 530 |
| Target Price / Share | \$ 23.00 |
| Current Price / Share | \$ 16.50 |
| Expected Dividend | \$ 0.54 |
| Total Return inc/ Dividend | 42.7% |
| Target P/BV | 1.3x |
| Target P/E (Forward) | 7.3x |

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

| | -10% | -5% | <i>Original</i> | +5% | +10% |
|--------------------|--------------|--------------|-----------------|---------------|---------------|
| St. Equity | 8,779 | 9,241 | 9,727 | 10,214 | 10,724 |
| Target P/BV | | | | | |
| 0.7x | 10.82 | 11.39 | 11.99 | 12.59 | 13.22 |
| 0.9x | 14.13 | 14.88 | 15.66 | 16.44 | 17.27 |
| 1.1x | 17.45 | 18.36 | 19.33 | 20.30 | 21.31 |
| 1.3x | 20.76 | 21.85 | 23.00 | 24.15 | 25.36 |
| 1.5x | 24.07 | 25.34 | 26.67 | 28.01 | 29.41 |
| 1.7x | 27.38 | 28.83 | 30.34 | 31.86 | 33.45 |

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

| | -10% | -5% | <i>Original</i> | +5% | +10% |
|-----------------------------|--------------|--------------|-----------------|--------------|--------------|
| Projected Net Profit | 1,501 | 1,580 | 1,663 | 1,746 | 1,833 |
| Target P/E | | | | | |
| 4.3x | 12.26 | 12.91 | 13.59 | 14.27 | 14.98 |
| 5.3x | 15.10 | 15.89 | 16.73 | 17.56 | 18.44 |
| 6.3x | 17.93 | 18.87 | 19.86 | 20.86 | 21.90 |
| 7.3x | 20.76 | 21.85 | 23.00 | 24.15 | 25.36 |
| 8.3x | 23.59 | 24.83 | 26.14 | 27.45 | 28.82 |
| 9.3x | 26.42 | 27.81 | 29.28 | 30.74 | 32.28 |

(Figures in Millions of Pesos)

| INCOME STATEMENT | 2023 | 2024E | 2025E | 2026E | 2027E | 2028E | 2029E |
|--|-------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Interest Income | 12,771 | 13,839 | 14,850 | 15,459 | 16,096 | 16,762 | 17,461 |
| Interest Expense | - 10,635 - | - 10,974 - | - 11,629 - | - 11,967 - | - 12,310 - | - 12,660 - | - 13,138 |
| Financial Margin | 2,136 | 2,865 | 3,221 | 3,492 | 3,786 | 4,102 | 4,323 |
| Provisions | - 201 - | - 328 - | - 325 - | - 341 - | - 358 - | - 376 - | - 394 |
| Adjusted Financial Margin | 1,935 | 2,536 | 2,897 | 3,151 | 3,428 | 3,727 | 3,928 |
| Commissions and Fees Charged | 3,844 | 4,488 | 5,033 | 5,517 | 5,998 | 6,469 | 6,963 |
| Commissions and Fees Paid | - 326 - | - 349 - | - 367 - | - 385 - | - 404 - | - 425 - | - 446 |
| Trading Results | 1,202 | 1,205 | 1,266 | 1,329 | 1,396 | 1,465 | 1,539 |
| Other Operating Income (Expenses) | 88 | 85 | 180 | 184 | 190 | 196 | 202 |
| Administration and Promotion Expenses | - 5,125 - | - 6,134 - | - 6,618 - | - 7,155 - | - 7,744 - | - 8,364 - | - 8,950 |
| Operating Result | 1,618 | 1,831 | 2,391 | 2,641 | 2,862 | 3,069 | 3,236 |
| Participation in Associate Results | 7 | 22 | 24 | 25 | 26 | 27 | 29 |
| Pre-Tax profit | 1,626 | 1,853 | 2,414 | 2,666 | 2,888 | 3,096 | 3,265 |
| Taxes | - 476 - | - 557 - | - 724 - | - 800 - | - 867 - | - 929 - | - 979 |
| Net Profit Before Minorities | 1,149 | 1,296 | 1,690 | 1,866 | 2,022 | 2,167 | 2,285 |
| Minority Participation | - 15 - | - 21 - | - 27 - | - 30 - | - 33 - | - 35 - | - 37 |
| Net Profit | 1,135 | 1,276 | 1,663 | 1,836 | 1,989 | 2,132 | 2,248 |
| Operating Income | 6,743 | 7,965 | 9,008 | 9,796 | 10,607 | 11,433 | 12,186 |
| BALANCE SHEET | 2023 | 2024E | 2025E | 2026E | 2027E | 2028E | 2029E |
| TOTAL ASSETS | 129,662 | 153,644 | 160,673 | 168,014 | 175,688 | 183,721 | 192,137 |
| Total Loan Portfolio (Net) | 29,370 | 32,013 | 34,574 | 37,340 | 40,328 | 43,554 | 47,038 |
| TOTAL LIABILITIES | 120,868 | 143,916 | 149,569 | 155,375 | 161,376 | 167,607 | 174,123 |
| Traditional Deposits | 45,099 | 45,550 | 49,649 | 52,132 | 54,739 | 57,475 | 60,349 |
| Stockholders' Equity | 8,794 | 9,727 | 11,104 | 12,639 | 14,313 | 16,114 | 18,014 |
| OTHER INDICATORS / FINANCIAL RATIOS | 2023 | 2024E | 2025E | 2026E | 2027E | 2028E | 2029E |
| Assets Under Management (MXN\$ Bn) | 211 | 268 | 292 | 316 | 340 | 364 | 388 |
| Total Assets Under Custody (MXN\$ Bn) | 669 | 828 | 913 | 1,000 | 1,085 | 1,169 | 1,257 |

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