

May 4th, 2023

GENERERA

Quarterly Report

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Dynamics aligned to expectations

- **Genera's main indicators confirmed favorable dynamics in its operations. Portfolio increased 10.1% y/y, NIM improved to 32.0%, and NPL ratio remained almost stable y/y at 3.6%**
- **Net income grew 32% y/y, above our estimate, explained by 'other income'. The high interest rate scenario will continue to favor figures, but growth should moderate**

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Compartamos Banco's performance in Mexico continues to stand out.

Genera's results confirmed another positive quarter. At net level, the company generated earnings of MXN 1.3 billion, representing growth of 31.9% y/y, and above our estimates. The main difference is explained by higher-than-expected 'other income' related to *CrediTienda*, *ConCrédito's* online platform. Operating performance was fully in line with our expectations. In detail, loan portfolio advanced 10.1% y/y to MXN 54.3 billion, as a result of: (1) 12.8% growth in *Compartamos Banco's* portfolio; (2) 4.7% y/y recovery at *Financiera Perú*; and (3) 15.8% y/y increase in *ConCrédito*, although its contribution is barely ~7% of the total. Thus, financial revenues increased 14.2% y/y, being very similar to our forecast. Interest expense rose 90.7% y/y, due to the implementation of IFRS-9, which now includes costs derived from loan origination and interest related to leasing contracts -formerly as operating expenses-, although cost of funding increased due to the higher interest rate backdrop. As a result, Financial Margin grew 6.2% y/y, similar to our estimates. Provisions increased 23.0%, which is attributable to portfolio growth, and current levels of delinquency vs. 1Q22. As a result, NIM stood at 32.0% (vs. 31.8% in 1Q22 and 30.3% in 4Q22). NPLs remained almost stable at 3.6% vs. 3.5% in 4Q22, more normalized levels in line with the risk profile of the business and aligned with the company's objective. **The outlook is positive, although growth rates should moderate.** With results, P/E multiple decreased from 7.2x to 6.6x, while P/BV is at 1.3x with a ROE of 19.8%. We reiterate our HOLD recommendation.

HOLD	
Current Price	\$19.83
PT	\$21.00
Estimated dividend	\$0.58
Dividend (%)e	2.9%
Upside Potential	8.8%
Max – Min LTM (\$)	24.00-13.82
Market Cap (US\$m)	1,734.8
Shares Outstanding (m)	1,587.6
Float	64.1%
Daily Turnover (\$m)	73.5
Valuation metrics LTM	
P/BV	1.3x
P/E	6.6x
MSCI ESG Rating*	N.A.

Relative performance to MEXBOL
LTM



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Document for distribution among public

Financial Statements

	2021	2022	2023E	2024E
Interest Income	22,443	28,039	31,545	34,761
Financial Margin	20,478	24,590	26,539	28,959
Allowance for loan losses	3,882	5,320	6,260	6,208
Operating Income	3,814	6,313	6,807	7,494
Net Income	2,625	4,658	4,809	5,293
Net Margin	11.7%	16.6%	15.2%	15.2%
Total Assets	70,272	74,954	80,528	87,293
Performing Loan Portfolio	44,935	51,829	58,201	65,130
Non-performing Loan Portfolio	1,303	1,856	2,142	2,400
Total Liability	45,438	49,442	55,245	62,066
Common Equity	24,834	25,512	25,283	25,227

Source: Banorte

Valuation and financial metrics

	2021	2022	2023E	2024E
P/E	11.9x	7.2x	6.5x	5.9x
P/BV	1.5x	1.3x	1.3x	1.4x
ROE	10.6%	18.3%	19.0%	21.0%
ROA	3.7%	6.2%	6.0%	6.1%
NIM	28.5%	31.2%	31.7%	32.0%
NPL	2.8%	3.5%	3.5%	3.6%
Prov/TL	11.0%	8.5%	8.4%	8.4%

GENTERA – Results 1Q23

MXN, million

Concept	1Q22	1Q23	Var%	1Q23e	Diff % vs. Estim.
Interest Income	6,551	7,483	14.2%	7,473	0.1%
Financial Margin	5,928	6,296	6.2%	6,283	0.2%
Operating Income	1,540	1,857	20.6%	1,647	12.7%
Net Income	1,005	1,326	31.9%	1,189	11.5%
Margins					
ROE	13.5%	19.8%	6.3pp	10.6%	9.2pp
NIM	31.8%	32.0%	0.2pp	28.8%	3.2pp
NPL	2.6%	3.6%	1.0pp	3.0%	0.6pp
Provisions/TL	281.2%	229.5%	-51.7pp	267.1%	-37.6pp

Balance Sheet (Million)

Year	2022	2023	2023	Change	Change
Quarter	1	4	1	% y/y	% q/q
Total Assets	73,499.3	74,955.5	73,746.8	0.3%	-1.6%
Cash and cash equivalents	11,959.1	10,345.2	8,554.5	-28.5%	-17.3%
Loan Portfolio (Net)	45,867.4	49,327.8	50,042.4	9.1%	1.4%
Allowance for loan losses	-3,551.8	-4,533.6	-4,486.8	26.3%	-1.0%
Performing Loan Portfolio	48,057.9	51,828.7	52,363.0	9.0%	1.0%
Non-performing Loan Portfolio	1,263.2	1,856.5	1,955.2	54.8%	5.3%
Other Accounts Receivables	2,787.5	2,598.5	2,506.1	-10.1%	-3.6%
Property, furniture & fixtures	550.5	577.0	520.9	-5.4%	-9.7%
Long Term Investments	111.9	119.4	123.3	0.1%	3.3%
Taxes	1,941.9	2,194.1	2,254.9	16.1%	2.8%
Other Assets	8,758.2	8,057.1	8,280.5	-5.5%	2.8%
Total Liabilities	48,133.4	49,443.3	47,288.8	-1.8%	-4.4%
Notes Payables	25,758.6	27,189.8	26,623.2	3.4%	-2.1%
Bank Loans	14,282.7	14,866.3	13,349.5	-6.5%	-10.2%
Other accounts payable	3,589.6	3,255.7	3,260.8	-9.2%	0.2%
Stockholders' Equity	25,365.9	25,512.1	26,458.1	4.3%	3.7%
Minority Interest	3,161.0	1,927.6	1,923.1	-39.2%	-0.2%
Majority Interest	22,204.9	23,584.5	24,534.9	10.5%	4.0%

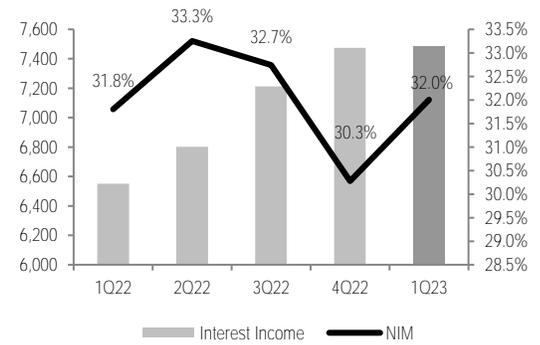
Income Statement (Million)

Interest Income	6,550.6	7,475.2	7,483.3	14.2%	0.1%
Interest Expense	622.6	1,121.5	1,187.1	90.7%	5.8%
Financial Margin	5,927.9	6,353.7	6,296.2	6.2%	-0.9%
Provision for Loan Losses	1,155.7	1,647.6	1,422.0	23.0%	-13.7%
Adjusted Financial Margin	4,772.2	4,706.1	4,874.2	2.1%	3.6%
Net Commissions	315.1	582.6	699.5	122.0%	20.1%
Intermediation Income	(2.3)	(5.0)	(3.6)	58.0%	-27.8%
Other operating income/expense	257.0	119.0	(213.0)	N.A.	N.A.
Administrative & Promotion Expenses	3,662.7	3,865.0	3,988.4	8.9%	3.2%
Operating Income	1,539.8	1,204.0	1,856.7	20.6%	54.2%
Taxes	533.6	372.0	531.0	-0.5%	42.7%
Subsidiaries	(1.0)	(3.0)	N.A.	N.A.	N.A.
Consolidated Net Income	1,005.2	829.0	1,325.7	31.9%	59.9%
Minorities	27.8	(8.7)	46.2	66.2%	N.A.
Discontinued operations		(1.0)	N.A.	N.A.	N.A.
Majority Net Income	977.4	837.7	1,279.5	30.9%	52.7%

Source: Banorte, MSE

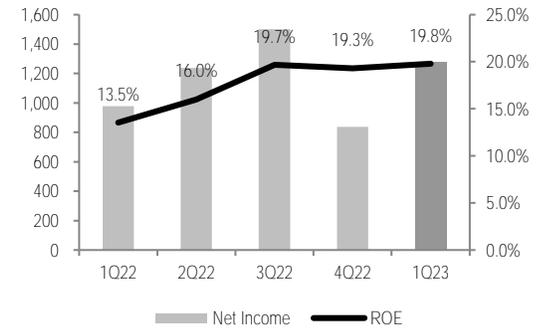
Interest Income & NIM

MXN, Million

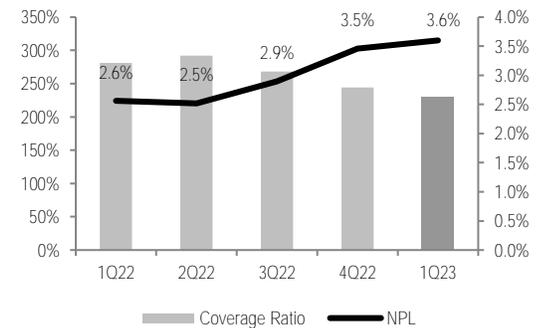


Net Income & ROE

MXN, Million



Coverage Ratio & NPL



Certification of Analysts.

We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Manuel Jiménez Zaldívar, Marissa Garza Ostos, Katia Celina Goya Ostos, Francisco José Flores Serrano, José Luis García Casales, Víctor Hugo Cortes Castro, José Itzamna Espitia Hernández, Carlos Hernández García, Leslie Thalía Orozco Vélez, Hugo Armando Gómez Solís, Yazmín Selene Pérez Enríquez, Cintia Gisela Nava Roa, Miguel Alejandro Calvo Domínguez, José De Jesús Ramírez Martínez, Gerardo Daniel Valle Trujillo, Luis Leopoldo López Salinas, Isaías Rodríguez Sobrino, Paola Soto Leal, Daniel Sebastián Sosa Aguilar and Andrea Muñoz Sánchez, certify that the points of view expressed in this document are a faithful reflection of our personal opinion on the company (s) or firm (s) within this report, along with its affiliates and/or securities issued. Moreover, we also state that we have not received, nor receive, or will receive compensation other than that of Grupo Financiero Banorte S.A.B. of C.V for the provision of our services.

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	Reference
BUY	When the share expected performance is greater than the MEXBOL estimated performance.
HOLD	When the share expected performance is similar to the MEXBOL estimated performance.
SELL	When the share expected performance is lower than the MEXBOL estimated performance.

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History of PT and Ratings

Stock	Date	Rating	PT
GENTERA	02/22/2022	HOLD	\$21.00
GENTERA	07/27/2022	BUY	\$21.00
GENTERA	10/27/2021	BUY	\$16.50

MSCI ESG Rating scale

CCC	B	BB	BBB	A	AA	AAA
LAGGARD			AVERAGE		LEADER	

*The MSCI ESG Rating is an indicator that evaluates companies in Environment, Society and Governance (ESG) metrics.

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