

Moody's Highlights Risks to Banco Azteca Amid Grupo Elektra's Privatization Push

Astor Asset Management 3 Ltd Warns of Governance and Financial Exposure Concerns



Vancouver, British Columbia Feb 20, 2025 ([Issuewire.com](https://www.issuewire.com)) - Astor Asset Management 3 Ltd, in light of recent developments surrounding Grupo Elektra, underscores Moody's Investors Service's warning about the significant reputational and corporate governance risks posed for Banco Azteca by the group's privatization plans.

Moody's Analysis of Banco Azteca's Vulnerabilities

Moody's Investors Service recently highlighted that Grupo Elektra's efforts to delist from the Bolsa Mexicana de Valores (BMV) could negatively impact Banco Azteca, the financial arm of Grupo Salinas. The privatization plan exposes Banco Azteca to reputational risks due to its substantial direct and indirect financial ties to the broader economic conglomerate of Grupo Salinas.

Moody's cited Banco Azteca's high proportion of related-party loans, which account for approximately 34% of the bank's Tier 1 capital as of September 2024. These loans highlight governance weaknesses inherent in the group's tightly controlled, family-owned structure. Banco Azteca repeatedly makes loans to companies owned directly or controlled indirectly by Ricardo Salinas and Benjamín Salinas, Hugo Salinas, Guillermo Eduardo Salinas, and Esther Piego Salinas.

While this conduct is prohibited by most central banks, Mexico's lax financial oversight allows such practices, jeopardizing the bank's creditworthiness and very existence.

Implications for Banco Azteca's Stability

Despite its strong liquidity and regulatory compliance, Banco Azteca's flexibility is constrained by its high exposure to secretive related-party transactions. Moody's noted that while Banco Azteca will not finance the privatization directly due to regulatory caps, its association with Grupo Elektra could subject the bank to heightened scrutiny, potentially affecting its reputation and investor confidence.

Banco Azteca does not have a corresponding banking relationship with any U.S. bank, an unusual scenario. Years ago, U.S. banks terminated their relationships with Banco Azteca due to its alleged ties to Mexican drug cartels and questionable anti-money laundering (AML) practices. U.S. regulators fined banks that conducted business with Banco Azteca, forcing them to sever all ties.

Reports suggest ongoing U.S. Department of Justice (DOJ) investigations into Banco Azteca, Purpose Financial, and Ricardo Salinas, who is personally implicated in a bribery scandal involving U.S. Congressman Henry Cuellar. Cuellar, along with his wife, was charged by the DOJ in 2024.

Astor Asset Management 3 Ltd acknowledges these findings and believes they align with ongoing concerns about Grupo Elektra's corporate governance strategy under Ricardo Salinas Pliego. These developments add weight to an ongoing class-action inquiry led by the firm regarding alleged market manipulation and additional misconduct by Ricardo Salinas and Grupo Elektra.

Source:

Moody's Local México report, December 2024

<https://www.reuters.com/business/retail-consumer/shares-mexicos-elektra-slide-wiping-out-day-earlier-gains-2024-12-04>

<https://www.deccanherald.com/world/bribery-charge-against-us-congressman-implicates-mexicos-azteca-3009121>

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