

# FHipo: 4Q22 Results

Positive results with a higher-than-expected financial margin, net profit and quarterly distribution

<b>FHIPO 14</b>	<b>HOLD</b>
Target Price (MXN\$)	\$ 22.00
Current Price (MXN\$)	\$ 16.99
Min / Max (L12M)	\$ 16.11 - 19.70
Expected Dividend (MXN\$)	\$ 2.01
Expected Return	29.5%
Market Cap (MXN\$ Mn)	6,544
CBFI's Outstanding (Mn)	385.2
Float	100.0%
6-month ADTV (MXN\$ Mn)	\$ 0.2

## Opinion and recommendation

FHipo reported positive 4Q22 results that were above our projections in terms of financial margin and net profits, the latter due to a higher-than-expected valuation of receivable benefits in securitization transactions. FHipo expects to distribute P\$0.615/CBFI for 4Q22, also exceeding our expectations. Worth mentioning that 2022 net profits, ROE and the distribution reached historically high levels.

We reiterate our HOLD recommendation, with a MXN\$22.00/CBFI target price, after having updated our projection model with these quarterly results. We find FHipo's valuation attractive as its CBFI's trade at a P/BV of 0.7x and a projected P/E of 8.1x.

## Portfolio / Asset Quality

The total portfolio (on and off-balance sheet) decreased by 8.8% YoY to MXN\$24.7 billion due to the natural maturity process of the INFONAVIT and FOVISSSTE portfolios, which was partially offset by high growth in YAVE. In addition, the trust began co-originating mortgages in partnership with KREDI, a Monterrey-based Fintech.

The NPL ratio was 5.67% based on the current portfolio and 4.70% with respect to the original portfolio balance, which we believe continues to be a very manageable level. These figures compare with 5.30% and 4.51%, respectively.

In this quarter, 75.8% of FHipo's portfolio carried nominal rates, while the remaining 24.2% was at real rates.



February 27<sup>th</sup>, 2023

**Stephanie Aroesti**  
+5253-1403-6659  
stephanie.aroesti@miranda-gr.com

**Martin Lara**  
+5255-6413-8563  
martin.lara@miranda-gr.com

## Financial structure

Leverage (total assets over on-balance sheet equity) remained at 1.66x, practically in line with the 1.67x of 4Q21. Forty-two percent of consolidated debt is at nominal fixed rates, while the remaining 58% is at real fixed rates. Stockholders' equity rose slightly to nearly MXN\$10 billion despite distributions and certificates buy-backs.

## 4Q22 Results

Interest gains increased 4.4% YoY due to a higher contribution from YAVE and KREDI origination, as a result of stricter origination conditions. Interest paid decreased -4.1% due to a better funding mix and debt amortization. Net interest margin rose 12.9% to MXN\$190.4 million. MIN improved to 8.2% in 4Q22 from 3.7% in 4Q21.

The portfolio yield was 11.74% compared to 12.30% in the same period of the previous year. On the other hand, the cost of debt was 9.72%. Therefore, the spread was 2.02 percentage points, which, although lower than the previous year, remains at an attractive level.

FHipo created reserves amounting to MXN\$53 million, a similar level than in 4Q21, which boosted the adjusted financial margin by 18.0% to MXN\$137.4 million (vs. MXN\$116.5 million in 4Q21). In addition, the valuation of securitization benefits was up 185.9% to MXN\$189.1 million due to the inflationary effect on part of the VSM-denominated portfolio. Total revenues advanced 78.7%, ending the quarter at MXN\$326.9 million.

Total expenses, which include commissions paid by INFONAVIT, rose 7.2%. They represented 14.7% of gross revenues, compared to 18.4% a year earlier.

Net profits for the quarter were up 128.5% YoY to MXN\$249.5 million (vs. MXN\$172.1 million YoY). ROE improved to 10.4% in 4Q22 from 4.4% in the same period of the previous year.

## Distributions

Net profits per CBFi was MXN\$0.648, so FHipo estimates that the quarterly distribution will be MXN\$0.615/CBFi based on the current policy. This compares to a MXN\$0.268/CBFi distribution corresponding to 4Q21. Worth mentioning that the estimated distribution for 2022 will be MXN\$2.30/CBFi, the highest in the trust's 8 years of operation and 21% higher than the previous year.

---

(Figures in MXN\$ Mn)	4Q22	4Q22E	Diff.	4Q21	Change
Total interest income	351	333	5.5%	337	4.4%
Interest expenses	-161	-155	3.9%	-168	-4.1%
Financial margin	190	178	6.9%	169	12.9%
(-) Allowance for loan losses	-53	-39	37.2%	-52	1.6%
Financial margin adjusted for credit risks	137	140	-1.5%	116	18.0%
Val. of rec. benefits in sec. transactions	189	65	193.1%	66	185.9%
Total revenues, Net	327	204	60.0%	183	78.7%
Total Expenses	-79	-60	31.2%	-74	7.2%
Profit (Loss) before taxes	248	144	72.1%	109	127.3%
Income tax	2	-0	-670.3%	0	577.1%
Net profit (loss)	250	172	44.9%	109	128.5%
Earnings per CBFi	\$ 0.65	\$ 0.45	45.1%	\$ 0.28	129.8%
Distribution	237	164	44.9%	104	128.0%
Distribution per CBFi	\$ 0.62	\$ 0.42	44.9%	\$ 0.27	130.0%

### Gordon Shapiro Model

(Figures in MXN\$ MN)

<b>Stockholder's Equity 2023E</b>	<b>10,003</b>
LT ROE	10.5%
<b>Cost of Equity</b>	<b>10.8%</b>
Risk Free Rate	9.3%
Market Risk Premium	6.0%
Beta	0.254
<b>Perpetuity Growth Rate</b>	<b>0.5%</b>
Equity Value	9,690
Outstanding CBFi's	385
Target price per CBFi	\$ 25.16
Liquidity discount	13%
<b>Adjusted Target Price</b>	<b>\$ 22.00</b>
Current Price	\$ 16.99
Expected Dividend	\$ 2.01
Total Return	29.5%
Target P/BV	0.7x
Target P/E	10.5x

(Figures in MXN\$ Mn)

Income Statement	2022	2023E	2024E	2025E	2026E	2027E	2028E
Interests on mortgage loans	1,271.1	1,204.5	1,147.0	1,092.6	1,041.0	992.0	945.5
Investment income	118.4	191.5	203.3	215.8	229.0	243.1	258.0
Total interest income	1,389.6	1,396.0	1,350.2	1,308.4	1,270.0	1,235.1	1,203.4
Interest expenses	-600.5	-565.8	-464.4	-413.2	-365.5	-322.0	-282.0
Financial margin	789.0	830.2	885.9	895.1	904.5	913.0	921.5
(-) Allowance for loan losses	124.8	-103.4	-88.8	-75.6	-63.7	-53.0	-43.4
Financial margin adjusted for credit risks	913.8	726.8	797.1	819.5	840.8	860.0	878.0
Val. of rec. benefits in sec. transactions	395.1	385.8	377.2	369.2	361.7	354.9	348.7
Other income	1.5	1.7	1.7	1.7	1.7	1.7	1.7
Total revenues, Net	1,310.4	1,114.3	1,176.0	1,190.4	1,204.2	1,216.6	1,228.4
Management and collection fees	-96.2	-92.7	-87.0	-81.5	-76.4	-71.7	-67.2
Other administrative expenses & Other Expenses	-291.3	-212.5	-200.0	-188.3	-177.2	-166.8	-157.1
Administrative expenses	-387.5	-305.2	-287.0	-269.8	-253.7	-238.5	-224.2
Profit (Loss) before taxes	922.9	809.1	889.1	920.6	950.6	978.1	1,004.2
Income tax	0.4	6.2	6.8	7.0	7.3	7.5	7.7
Net profit (loss)	923.2	815.3	895.9	927.7	957.8	985.6	1,011.9
Other comprehensive income	55.3	-49.5	-49.5	-49.5	-49.5	-49.5	-49.5
Total comprehensive income	978.5	765.8	846.4	878.2	908.4	936.1	962.4
CBFIs	385.2	385.2	385.2	385.2	385.2	385.2	385.2
Earnings per CBFi	2.394	2.117	2.326	2.408	2.487	2.559	2.627
Distribution	877.0	774.5	851.1	881.3	910.0	936.3	961.3
Distribution per CBFi	2.273	2.011	2.210	2.288	2.362	2.431	2.496
Distribution / Net profit	95%	95%	95%	95%	95%	95%	95%
<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>
Cash and cash equivalents	1,921.3	2,039.2	2,164.3	2,297.1	2,438.1	2,587.7	2,746.5
Loans, net	10,477.1	9,973.7	9,500.7	9,051.2	8,624.3	8,219.0	7,834.4
Collection rights, net	104.3	98.2	92.4	87.0	81.9	77.1	72.6
Receivable benefits in securitization transactions	3,773.7	3,537.3	3,316.3	3,109.1	2,914.9	2,732.7	2,562.0
Accounts receivables and other assets	149.9	157.4	165.3	173.6	182.3	191.4	200.9
Equipment, net	6.4	6.4	6.4	6.4	6.4	6.4	6.4
Derivative financial instruments	81.2	81.2	81.2	81.2	81.2	81.2	81.2
Total assets	16,513.9	15,893.4	15,326.6	14,805.6	14,329.0	13,895.5	13,504.0
Accounts payables and accrued expenses	152.0	152.0	152.0	152.0	152.0	152.0	152.0
Notes/securities payable	400.8	400.8	400.8	400.8	400.8	400.8	400.8
Borrowings	5,999.2	5,338.0	4,726.4	4,159.0	3,634.4	3,151.7	2,709.6
Total liabilities	6,551.9	5,890.7	5,279.1	4,711.7	4,187.2	3,704.4	3,262.3
Total debt	6,400.0	5,738.8	5,127.2	4,559.7	4,035.2	3,552.5	3,110.4
Total equity	9,962.0	10,002.7	10,047.5	10,093.9	10,141.8	10,191.1	10,241.7

## **DISCLAIMER**

The current report was prepared by Miranda Global Research ("Miranda GR") for Vector Casa de Bolsa, S.A. de C.V. The information is presented in summarized form and is not meant to be complete. There are no declarations or guarantees, expressed or implicit, in respect to the accuracy, impartiality or integrity of the information.

Miranda GR, in accordance to applicable legislation, has made sure that the presented personalized recommendation is reasonable to the client, as it has verified congruency between the client's profile and the profile of the financial product. Under no circumstance should it be understood that the fulfillment of the previously mentioned recommendation, guarantees the result or the success of the proposed strategies in the presented document.

The information included in this report was obtained from public sources. Projections or previsions included in this report, are a generalized recommendation and are based on subjective assumptions and estimations about events and circumstances that have not yet happened and are subjected to significant variations. Therefore, it is not possible to guarantee that any of the results included in the current report will happen in the future, in other words, it does not guarantee the result or the success of the posed strategies.

This report has been prepared solely with informational purposes. No declarations are made in respects to precision, sufficiency, veracity or accuracy of the information and opinions hereby included. Miranda GR will not answer (either because of negligence or for any other reason) for any damage or detriment derived or related to the use of this report or its content, or any connection to the report. Miranda GR is not responsible for the use or association with this report, including but not limited to, any declaration, expressed or implicit or guarantees or omissions included in this information.

This report is based on facts and/or events that have happened up to this date, consequently any future facts and/or events can impair the conclusions hereby expressed. Miranda GR does not assume any responsibility to update, review, rectify or invalidate this report based on any future occurrence.

The opinions related to this report eventually expressed by Miranda GR, should be considered only as suggestions/recommendations to better operate various topics related to the presentation.

This report and its contents are property of Miranda GR and cannot be reproduced or broadcast in part or in its entirety without the previous written consent of Miranda GR.

Miranda Global Research receives fees from Fideicomiso Hipotecario for independent analyst services. Companies or Fibras under coverage cannot influence the opinions, recommendations, projections and/or target prices that Miranda GR establishes in its research reports.

---