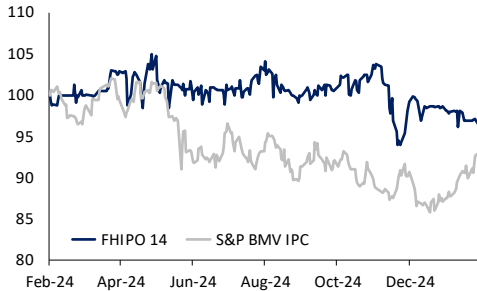


FHipo: 4Q24 Results

Mixed results with favorable performance in the adjusted financial margin but lower net profits

FHIPO 14	HOLD
Target Price (MXN\$)	\$ 20.00
Current Price (MXN\$)	\$ 15.14
Min / Max (L12M)	\$ 14.94 - 17.03
Expected Dividend (MXN\$)	\$ 0.92
Expected Return	32.1%
Market Cap (MXN\$ Mn)	5,653
CBFI's Outstanding (Mn)	373.4
Float	100.0%
6-month ADTV (MXN\$ Mn)	\$ 2.03
P/BV	0.6x
2025E P/E	15.6x



Opinion and recommendation

FHipo reported mixed results for the quarter with a higher-than-expected adjusted financial margin, but net profits below our expectations. The main difference was a decrease in the valuation of benefits receivable on securitization transactions as INFONAVIT updated the VSM-denominated mortgages to a 0% rate.

We reiterate our HOLD recommendation and adjust the target price to MXN\$20.0/CBFI, from MXN\$21.0/CBFI, after these results.

The valuation of FHipo's CBFI's is attractive as they currently trade at 0.6x P/BV and 15.6x estimated P/E based on our updated projections.

Portfolio/Financial Structure

FHipo's total portfolio fell 8.1% YoY and 2.8% QoQ to MXN\$20.96 billion due to the natural amortization of INFONAVIT and FOVISSSTE loans, which was partially offset by significant growth in digital mortgage platforms. The NPL ratio based on total balances was 7.81% in 4Q24, from 6.81% in 4Q23. Based on origination balances, it was 5.55%, vs. 4.94% in 4Q23. FHipo continued to deleverage itself with a 1.51x ratio at the end of 4Q24, from 1.56x in 4Q23.

4Q24 Results

Adjusted financial margin was up 4.9% YoY, supported by lower interest paid, given the deleveraging strategy, and provisions. Adjusted financial margin as a percentage of interest gains improved to 56.06% in 4Q24, from 49.72% in 4Q23. However, FHipo recorded an MXN\$18.2 million decrease in the valuation of benefits receivable on securitization transactions as INFONAVIT updated the VSM-denominated mortgages to a 0% rate.

Martin Lara

+5255-6413-8563

martin.lara@miranda-gr.com

February 25th, 2025

This, in conjunction with higher expenses, resulted in a 73.8% net profit reduction to MXN\$52.3 million. ROE stood at 2.17%, down from 8.36% in 4Q23; in cumulative terms, it stood at 5.33% in 2024. FHipo expects to distribute MXN\$0.133/CBFI corresponding to the quarterly results, in accordance with the current Distribution Policy.

(Figures in MXN\$ Mn)	4Q24	4Q24E	Diff.	4Q23	Change
Total interest income	313	326	-3.8%	337	-7.0%
Interest expenses	-154	-144	7.1%	-164	-6.3%
Financial margin	159	182	-12.4%	172	-7.5%
(-) Allowance for loan losses	16	-36	-145.5%	-5	-425.5%
Financial margin adjusted for credit risks	176	146	20.2%	167	4.9%
Val. of rec. benefits in sec. transactions	-18	108	-116.9%	122	-114.9%
Other income	1	1	41.0%	1	55.5%
Total revenues, Net	158	255	-37.9%	290	-45.5%
Total Expenses	-110	-106	3.7%	-92	19.2%
Profit (Loss) before taxes	48	149	-67.5%	198	-75.5%
Income tax	4	-1	-626.3%	2	143.0%
Net profit (loss)	52	148	-64.7%	200	-73.8%
Earnings per CBFI	\$ 0.14	\$ 0.40	-64.8%	\$ 0.53	-73.6%
Distribution	50	141	-64.8%	190	-73.9%
Distribution per CBFI	\$ 0.133	\$ 0.377	-64.8%	\$ 0.51	-73.7%

Gordon Shapiro Model

(Figures in MXN\$ MN)

Stockholder's Equity 2025E	9,583
LT ROE	12.0%
Cost of Equity	12.3%
Risk Free Rate	10.3%
Market Risk Premium	6.0%
Beta	0.336
Perpetuity Growth Rate	0.5%
Equity Value	9,334
Outstanding CBFI's	373
Target price per CBFI	\$ 25.00
Liquidity discount	20%
Adjusted Target Price	\$ 20.00
Current Price	\$ 15.14
Expected Dividend	\$ 0.92
Total Return	32.1%
Target P/BV	0.8x
Target P/E	17.4x

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

	-10%	-5%	<i>Original</i>	+5%	+10%
St. Equity	8,648	9,104	9,583	10,062	10,565
Target P/BV					
0.3x	6.47	6.81	7.17	7.53	7.90
0.8x	18.05	19.00	20.00	21.00	22.05
1.3x	29.63	31.19	32.83	34.48	36.20
1.8x	41.22	43.38	45.67	47.95	50.35
2.3x	52.80	55.58	58.50	61.43	64.50

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

	-10%	-5%	<i>Original</i>	+5%	+10%
Projected Net Profit	388	408	430	451	474
Target P/E					
14.4x	14.93	15.72	16.55	17.37	18.24
15.4x	15.97	16.81	17.70	18.58	19.51
16.4x	17.01	17.91	18.85	19.79	20.78
17.4x	18.05	19.00	20.00	21.00	22.05
18.4x	19.09	20.09	21.15	22.21	23.32
19.4x	20.13	21.19	22.30	23.42	24.59

(Figures in MXN\$ Mn)

Income Statement	2024	2025E	2026E	2027E	2028E	2029E	2030E
Interests on mortgage loans	1,192.1	1,084.0	1,020.8	960.2	902.1	846.3	792.8
Investment income	118.1	133.7	141.9	150.6	159.8	169.7	180.1
Total interest income	1,310.2	1,217.7	1,162.7	1,110.8	1,061.9	1,015.9	972.8
Interest expenses	-645.1	-541.5	-448.8	-358.6	-287.3	-223.7	-163.9
Financial margin	665.1	676.1	713.9	752.2	774.6	792.3	809.0
(-) Allowance for loan losses	17.6	-137.7	-124.0	-111.6	-100.4	-90.4	-81.4
Financial margin adjusted for credit risks	682.7	538.5	590.0	640.7	674.1	701.9	727.6
Val. of rec. benefits in sec. transactions	257.7	249.9	242.9	236.3	229.9	223.9	218.3
Other income	12.4	3.3	3.3	3.3	3.3	3.3	3.3
Total revenues, Net	952.8	791.7	836.2	880.3	907.4	929.1	949.2
Management and collection fees	-97.3	-85.8	-80.4	-75.4	-70.7	-66.2	-62.1
Other administrative expenses & Other Expenses	-341.9	-336.7	-316.9	-298.3	-280.8	-264.4	-248.8
Administrative expenses	-439.2	-422.4	-397.3	-373.7	-351.5	-330.6	-311.0
Profit (Loss) before taxes	513.6	369.3	438.9	506.6	555.9	598.5	638.2
Income tax	0.2	-7.7	-9.1	-10.5	-11.5	-12.4	-13.2
Net profit (loss)	513.8	361.6	429.8	496.0	544.4	586.1	625.0
Other comprehensive income	-27.0	-2.0	-4.0	-6.0	-8.0	-10.0	-12.0
Total comprehensive income	486.8	359.6	425.8	490.0	536.4	576.1	613.0
CBFIs	373.4	373.4	373.4	373.4	373.4	373.4	373.4
Earnings per CBFI	1.374	0.969	1.151	1.329	1.458	1.570	1.674
Distribution	488.2	343.6	408.3	471.2	517.2	556.8	593.7
Distribution per CBFI	1.305	0.920	1.094	1.262	1.385	1.491	1.590
Distribution / Net profit	95%	95%	95%	95%	95%	95%	95%
Balance Sheet	2024	2025E	2026E	2027E	2028E	2029E	2030E
Cash and cash equivalents	1,235.7	1,311.5	1,392.0	1,477.4	1,568.1	1,664.3	1,766.4
Debt Securities	180.0	180.0	180.0	180.0	180.0	180.0	180.0
Loans, net	9,788.0	9,220.6	8,678.3	8,158.2	7,659.1	7,180.2	6,720.7
Collection rights, net	92.9	87.5	82.3	77.5	72.9	68.7	64.6
Receivable benefits in securitization transactions	2,847.9	2,647.9	2,482.5	2,327.4	2,182.0	2,045.6	1,917.8
Accounts receivables and other assets	251.8	264.4	277.6	291.5	306.0	321.3	337.4
Foreclosed Assets	23.8	23.8	23.8	23.8	23.8	23.8	23.8
Equipment, net	38.7	38.7	38.7	38.7	38.7	38.7	38.7
Derivative financial instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total assets	14,458.7	13,774.3	13,155.2	12,574.3	12,030.5	11,522.6	11,049.4
Accounts payables and accrued expenses	159.7	159.7	159.7	159.7	159.7	159.7	159.7
Notes/securities payable	99.8	99.8	99.8	99.8	99.8	99.8	99.8
Borrowings	4,634.6	3,932.1	3,291.5	2,685.9	2,114.8	1,577.6	1,073.2
Total liabilities	4,894.1	4,191.6	3,551.0	2,945.4	2,374.4	1,837.1	1,332.7
Total debt	4,734.4	4,031.9	3,391.3	2,785.7	2,214.7	1,677.4	1,173.0
Total equity	9,564.6	9,582.7	9,604.1	9,629.0	9,656.2	9,685.5	9,716.7

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 ("FHipo") 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.
