

FHipo: 1Q25 Results

Positive results with higher-than-expected sequential net income growth and MXN\$0.352/CBFI distribution

FHIPO 14	HOLD
Target Price (MXN\$)	\$ 19.00
Current Price (MXN\$)	\$ 14.35
Min / Max (L12M)	\$ 14.94 - 17.03
Expected Dividend (MXN\$)	\$ 1.02
Expected Return	32.4%
Market Cap (MXN\$ Mn)	5,358
CBFI's Outstanding (Mn)	373.4
Float	100.0%
6-month ADTV (MXN\$ Mn)	\$ 2.38
P/BV	0.6x
2025E P/E	14.7x

Opinion and recommendation

FHipo reported net income above our expectations due to stronger-than-expected performance in total revenues and expenses. It recorded a positive figure in the valuation of receivable benefits in securitization transactions, thus reversing the 4Q24 negative figure, and will distribute a higher-than-expected amount of MXN\$0.352/CBFI corresponding to these quarterly results.

We reiterate our HOLD recommendation and are slightly adjusting our target price to MXN\$19.0/CBFI, from MXN\$20.0/CBFI, after updating our model. We find FHipo's current valuation attractive, with a P/BV of 0.6x and an estimated P/E of 14.7x.

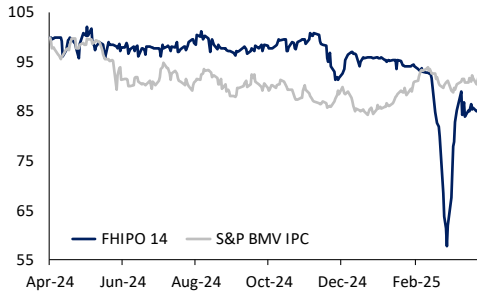
Portfolio / Asset Quality / Financial Structure

The total capital balance of the consolidated portfolio closed at MXN\$20.2 billion, reflecting a 10.2% annual decline due to the natural amortization of INFONAVIT and FOVISSSTE mortgage portfolios, partially offset by strong 30% growth in the Digital Mortgage Platforms portfolio. The NPL ratio stood at 8.52% based on the current portfolio balance and 6.0% based on the original balance. The expected loss coverage ratio was 1.43x, with a 0.69x coverage index.

Although the debt-to-equity ratio remained virtually unchanged at 0.56x, it was significantly lower than the 1.7x reported at the end of 2018, as FHipo has followed a gradual deleveraging strategy over the years. Meanwhile, cash reached MXN\$2.23 billion at the end of the quarter, the highest level in several years.

1Q25 Results

The financial margin was up 0.8% YoY to MXN\$162 million, while the financial margin as a percentage of interest gains increased by approximately 3.0 percentage points to 52.1%. Provisions rose by MXN\$8 million, reflecting stricter reserve requirements.



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The valuation of receivable benefits in securitization transactions declined 28.8% YoY but improved significantly compared to the 4Q24 negative figure. Total expenses advanced 8.1% YoY to MXN\$101.5 million, but fell 7.5% QoQ, from MXN\$109.7 million in 4Q24. FHipo reported stronger-than-expected net profits of MXN\$96 million, down 32.6% YoY, but up 84.0% sequentially.

Distribution

FHipo plans to distribute MXN\$0.352/CBFI in accordance with the “Current Distribution Policy,” with a 10.6% annualized yield. The distribution will account for 95% of the net income for the period plus FHipo’s available cash, as the trust leverages its historical earnings generation and strong liquidity position. Worth noting that FHipo will have distributed MXN\$6.95 billion since its IPO, including the 1Q25 distribution.

(Figures in MXN\$ Mn)	1Q25	1Q25E	Diff.	1Q24	Change
Total interest income	311	310	0.2%	327	-5.0%
Interest expenses	-149	-144	3.6%	-166	-10.6%
Financial margin	162	166	-2.6%	161	0.8%
(-) Allowance for loan losses	-23	-36	-34.6%	-15	51.8%
Financial margin adjusted for credit risks	138	130	6.1%	145	-4.6%
Val. of rec. benefits in sec. transactions	59	64	-7.5%	83	-28.8%
Other income	1	1	-1.6%	10	-92.1%
Total revenues, Net	198	195	1.6%	238	-16.8%
Total Expenses	-101	-108	-6.1%	-94	8.1%
Profit (Loss) before taxes	97	87	11.3%	144	-33.1%
Income tax	-0	-2	-80.8%	-1	-75.4%
Net profit (loss)	96	85	13.2%	143	-32.6%
Earnings per CBFI	\$ 0.26	\$ 0.23	13.2%	\$ 0.38	-32.2%
Distribution	131	81	62.8%	136	-3.2%
Distribution per CBFI	\$ 0.352	\$ 0.216	62.8%	\$ 0.361	-2.5%

Gordon Shapiro Model

(Figures in MXN\$ MN)

Stockholder's Equity 2025E	9,604
LT ROE	11.0%
Cost of Equity	11.3%
Risk Free Rate	9.3%
Market Risk Premium	6.0%
Beta	0.336
Perpetuity Growth Rate	0.5%
Equity Value	9,308
Outstanding CBFIs	373
Target price per CBFi	\$ 24.93
Liquidity discount	24%
Adjusted Target Price	\$ 19.00
Current Price	\$ 14.18
Expected Dividend	\$ 1.02
Total Return	32.4%
Target P/BV	0.7x
Target P/E	17.5x

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

	-10%	-5%	<i>Original</i>	+5%	+10%
St. Equity	8,667	9,124	9,604	10,084	10,588
Target P/BV					
0.2x	5.54	5.83	6.14	6.44	6.76
0.7x	17.14	18.05	19.00	19.95	20.94
1.2x	28.75	30.27	31.86	33.45	35.12
1.7x	40.36	42.48	44.72	46.96	49.30
2.2x	51.97	54.70	57.58	60.46	63.48

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

	-10%	-5%	<i>Original</i>	+5%	+10%
Projected Net Profit	365	384	404	424	446
Target P/E					
14.5x	14.21	14.96	15.75	16.54	17.36
15.5x	15.19	15.99	16.83	17.67	18.56
16.5x	16.17	17.02	17.91	18.81	19.75
17.5x	17.14	18.05	19.00	19.95	20.94
18.5x	18.12	19.08	20.08	21.08	22.14
19.5x	19.10	20.10	21.16	22.22	23.33

(Figures in MXN\$ Mn)

Income Statement	2024	2025E	2026E	2027E	2028E	2029E	2030E
Interests on mortgage loans	1,192.1	1,046.3	985.9	933.2	882.9	834.8	788.9
Investment income	118.1	196.7	220.5	234.1	248.4	263.7	279.9
Total interest income	1,310.2	1,243.1	1,206.5	1,167.3	1,131.4	1,098.5	1,068.8
Interest expenses	-645.1	-598.4	-537.4	-468.2	-418.9	-374.0	-333.3
Financial margin	665.1	644.6	669.1	699.1	712.5	724.5	735.4
(-) Allowance for loan losses	17.6	-122.3	-120.4	-108.6	-97.8	-88.2	-79.5
Financial margin adjusted for credit risks	682.7	522.3	548.6	590.6	614.6	636.4	655.9
Val. of rec. benefits in sec. transactions	257.7	231.4	226.9	222.8	219.0	215.6	212.5
Other income	12.4	3.3	3.3	3.3	3.3	3.3	3.3
Total revenues, Net	952.8	757.0	778.8	816.6	836.9	855.2	871.7
Management and collection fees	-97.3	-80.7	-75.7	-71.0	-66.5	-62.4	-58.5
Other administrative expenses & Other Expenses	-341.9	-316.0	-297.5	-280.0	-263.6	-248.1	-233.6
Administrative expenses	-439.2	-396.7	-373.1	-351.0	-330.1	-310.5	-292.0
Profit (Loss) before taxes	513.6	360.3	405.7	465.6	506.8	544.7	579.7
Income tax	0.2	-1.3	-1.4	-1.7	-1.8	-1.9	-2.1
Net profit (loss)	513.8	359.0	404.2	464.0	505.0	542.8	577.6
Other comprehensive income	-27.0	0.0	-2.0	-4.0	-6.0	-8.0	-10.0
Total comprehensive income	486.8	359.0	402.2	460.0	499.0	534.8	567.6
CBFIs	373.4	373.4	373.4	373.4	373.4	373.4	373.4
Earnings per CBFi	1.374	0.962	1.083	1.243	1.353	1.454	1.547
Distribution	488.2	381.1	384.0	440.8	479.7	515.6	548.8
Distribution per CBFi	1.305	1.021	1.029	1.181	1.285	1.381	1.470
Distribution / Net profit	95%	106%	95%	95%	95%	95%	95%
Balance Sheet	2024	2025E	2026E	2027E	2028E	2029E	2030E
Cash and cash equivalents	1,235.7	2,334.3	2,477.5	2,629.5	2,790.9	2,962.2	3,143.9
Debt Securities	180.0	170.7	170.7	170.7	170.7	170.7	170.7
Loans, net	9,788.0	8,928.6	8,453.6	7,999.8	7,566.3	7,152.3	6,756.8
Collection rights, net	92.9	88.1	82.9	78.0	73.4	69.1	65.1
Receivable benefits in securitization transactions	2,847.9	2,649.9	2,484.4	2,329.1	2,183.6	2,047.2	1,919.3
Accounts receivables and other assets	251.8	561.5	589.6	619.1	650.0	682.5	716.7
Foreclosed Assets	23.8	23.8	23.8	23.8	23.8	23.8	23.8
Equipment, net	38.7	44.0	44.0	44.0	44.0	44.0	44.0
Derivative financial instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total assets	14,458.7	14,800.9	14,326.5	13,894.1	13,502.8	13,151.8	12,840.2
Accounts payables and accrued expenses	159.7	340.3	340.3	340.3	340.3	340.3	340.3
Notes/securities payable	99.8	100.2	100.2	100.2	100.2	100.2	100.2
Borrowings	4,634.6	4,756.5	4,261.9	3,806.3	3,389.8	3,011.6	2,671.2
Total liabilities	4,894.1	5,197.1	4,702.5	4,246.9	3,830.4	3,452.2	3,111.8
Total debt	4,734.4	4,856.8	4,362.1	3,906.6	3,490.0	3,111.8	2,771.4
Total equity	9,564.6	9,603.8	9,624.0	9,647.2	9,672.5	9,699.6	9,728.5

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