





Asociación Hipotecaria Mexicana

Mortgage Lending in Mexico

Mexican Housing Day

2013

Agenda

- The Mexican Mortgage Association
- Macroeconomic overview
- Mortgage industry
- Financing
- Housing production
- Public policy
- Final remarks

Mexican Mortgage Association

- The Mexican Mortgage Association is the **nation wide trade organization representing the mortgage industry**
- Blue chip corporate **members** ranging from **commercial banks, financial intermediaries and housing institutes**. The membership also **includes top industry vendors and suppliers**
- Our partners represent **98% mortgage market share**
- AHM is focused on ensuring the continued growth of the Mexican mortgage market through a variety of capacities; **advocacy, networking, outreach and knowledge**
- The association **benefits from the time and service** of more than **200 mortgage bankers and industry providers** to develop the best practices

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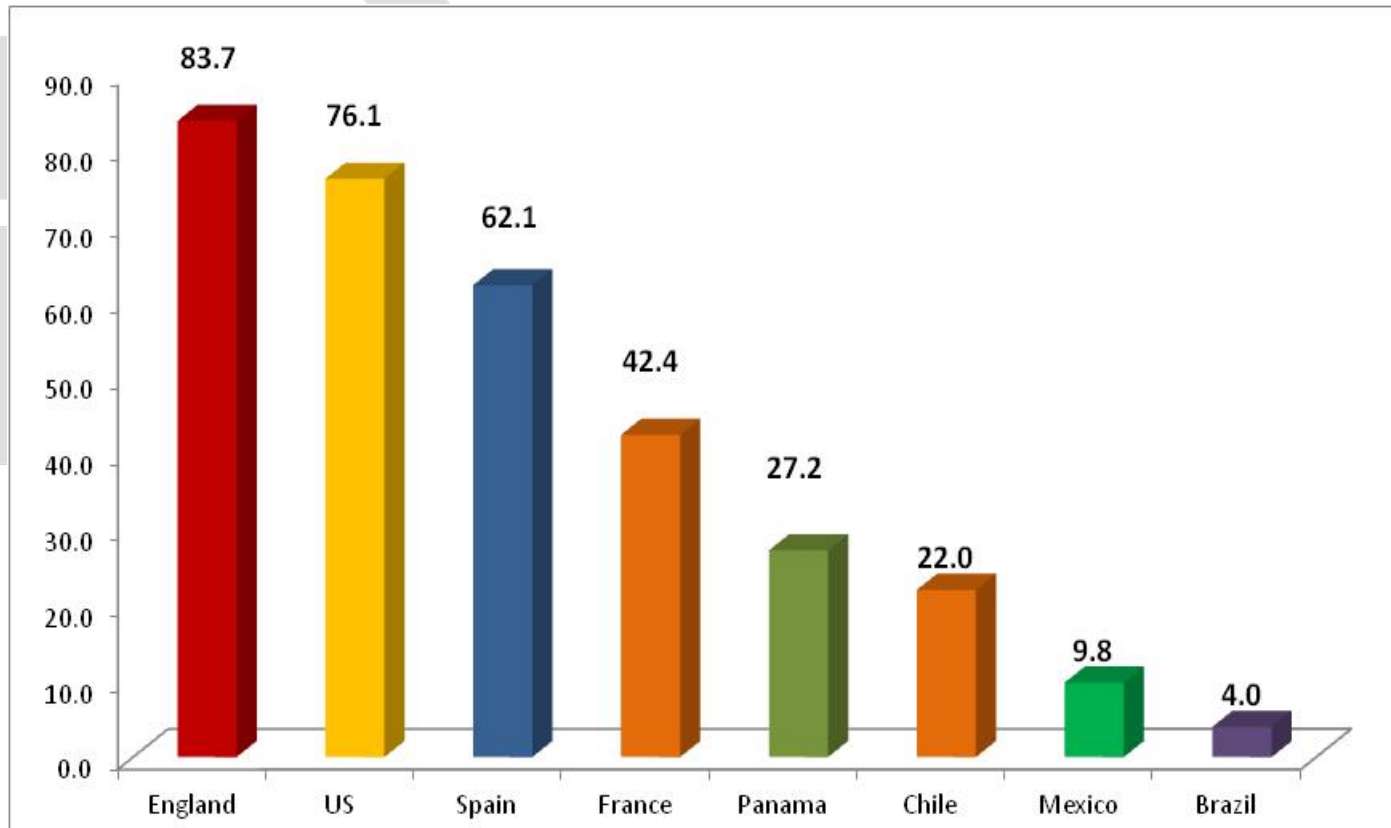
Macroeconomic Overview

- Economy solid growth, strong fundamentals
- 2013 GDP is anticipated to grow at a rate between 3 – 3.5%
- 2013 Inflation forecast 3-4%
- 2013 Exchange rate forecast 12.50 – 12.60

Mortgage Industry

- Double digit growth on banks mortgage loans portfolio for the last two years
- Delinquency rate is 5.5%
- Infonavit and Fovissste financial results have demonstrated consistent growth, increasing income and solvency
- Mortgage portfolio represents 10% of GDP

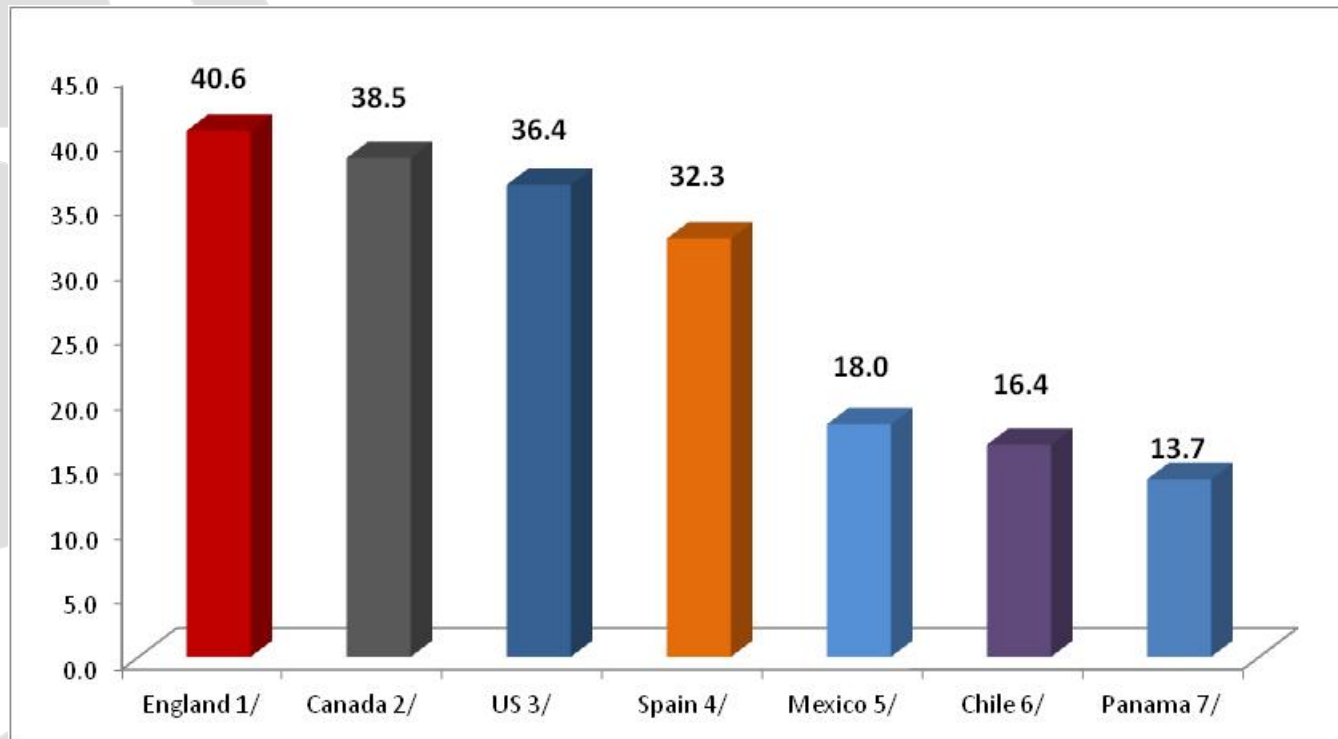
Mortgage Loans Portfolio and GDP (%)



% Homes and Mortgages

Country	Home	Mortgage	%
England	27,580	11,200	40.6
Canada	15,449	5,950	38.5
USA	131,705	48,000	36.4
Mexico	28,159	5,057	18.0
Chile	4,685	768	16.4
Panama	918	126	13.7

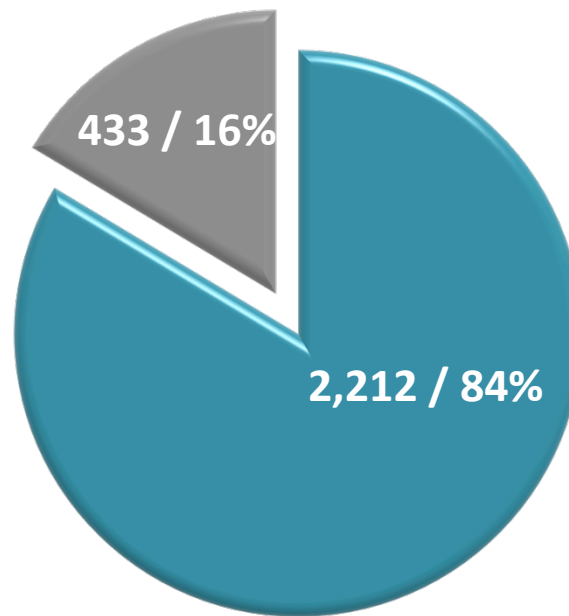
% Home and Mortgages



Financing

Total Loans Portfolio vs. Mortgage Loans Portfolio Banks

- Total Bank Portfolio
- Mortgage Loans Portfolio Banks



Thousand of Loans / %

Open Market

EAP

Currently have **Housing Social Security**

Had HSS

Pay taxes

Fixed
Income

Do not
have HSS

Never had
HSS

Do not pay
taxes

Variable
Income

Open Market

Financing

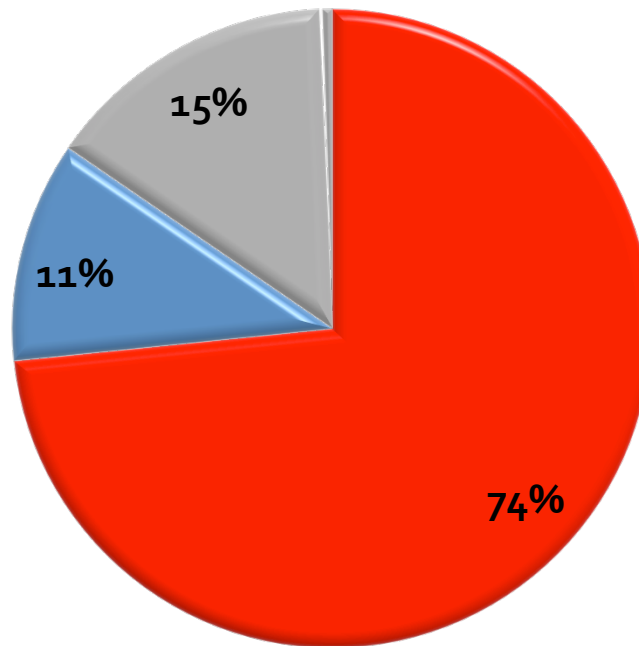
- 2012 final data and 2013 forecast (Thousand of Loans)

MORTGAGE LOANS QUANTITY			
Institution	2012	2013 Forecast	Var %
Housing Institutes	489	534	9.2
Infonavit	422	455	7.8
Fovissste	64	75	16.6
SHF	2.6	4	53.8
Private	86	101	17.6
Banks	85	98	16.0
Financial Institutions	1.3	3	124.7
Total	575	635	10.4

Financing

2012 Mortgage Loans

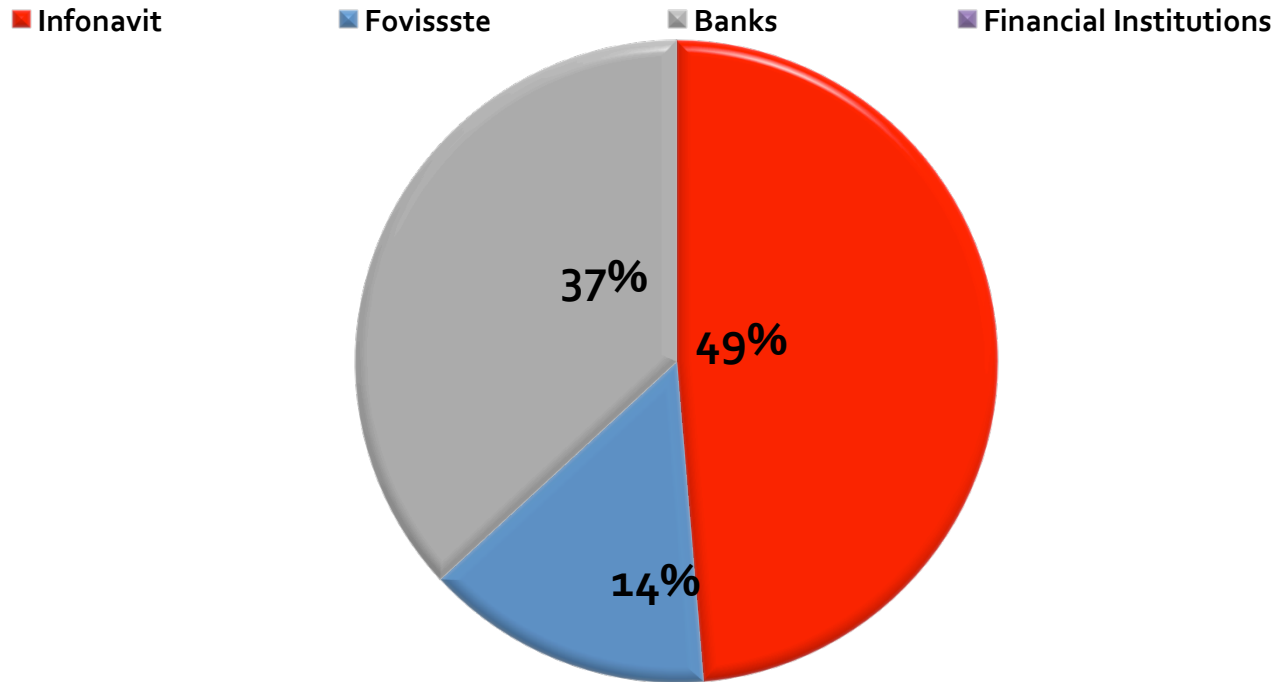
■ Infonavit ■ Fovissste ■ Banks ■ Financial Institutions ■ SHF



Total 575,000 loans

Financing

2012 Mortgage Loans Amount Billion

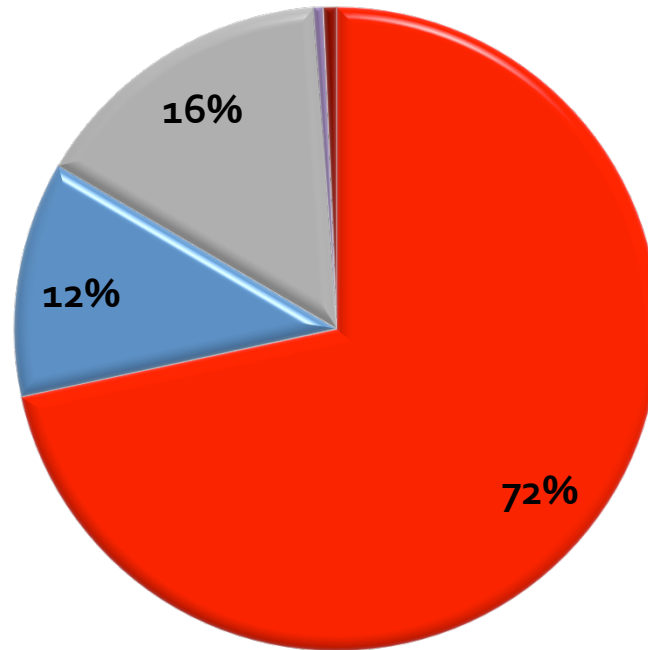


Total 224 billion

Financing

2013 Mortgage Loans Forecast

■ Infonavit ■ Fovissste ■ Banks ■ Financial Institutions ■ SHF

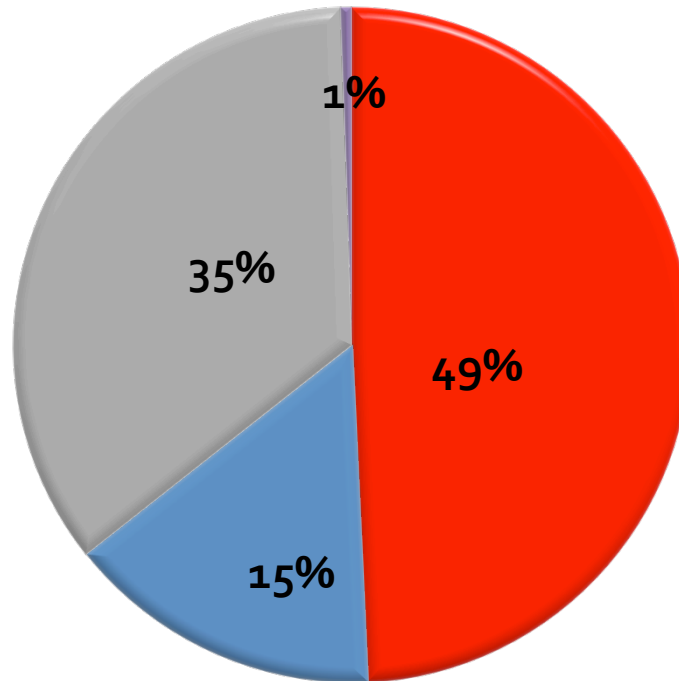


Total 632,000 Loans

Financing

2013 Mortgage Loans Forecast Amount (Billion)

■ Infonavit ■ Fovissste ■ Banks ■ Financial Institutions



Total 250 billion

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Financing

Construction Financing 2013 (Approx.)

	*Resources distribution (%)	Billion of pesos
Total	100	135
Capital	30.3	41
Banks Financing	51.5	70
-Construction Loans	34.2	46
-Unsecured Loans	3.9	5
-Other	13.5	18
Pre-sale	2	3
Debt	11.1	15
-Pesos	2.7	4
-US Dollars	8.4	11
Other	5.3	7

Housing Production

- Home builders construction financing availability
 - Specialized financing
 - Construction loans
 - Debt, securities
 - Suppliers
- Market reconfiguration
 - Home builders market consolidation
 - Business growth for big and medium size home builders
 - Business diversification
 - Big and medium size home builders will increase their business in big cities

Housing Policy

- The new government administration acknowledges the role of **the housing industry as a strategic sector for the country's economic growth**
- **The National Housing Policy provides certainty** on key issues such as urban development and financing
- Provides **one agency to understand, agree and coordinate** housing institutes activities
- **Construction financing and subsidies** will perform as strategic tools to foster urban planning, sustainability and social balance
 - Improves collateral value and quality
- The **two year footprint** for the industry transformation is a positive sign. **AHM plays a key role fostering outreach between housing institutes and the private sector**

Housing Policy / Four Strategies

STRATEGY

- Improve coordination between government agencies and housing institutes
- Urban development based on sustainability and social balance
- Responsibly reduce the housing deficit
- Quality homes

BENEFITS

- Provides one space to understand, share and agree on industry key issues
- Improves collateral value and quality
- Opportunity to develop new markets and products
- Improves the home market value
- Social balance

We expect year round news on housing policy operation rules

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Final remarks

- **Housing institutes strategic direction based on coordination, sustainability and social balance**
- **On-going mortgage credit availability in 2013** from housing institutes and banks
- **Dynamic market, public and private funding available for construction and infrastructure loans**
- **Construction financing and subsidies will perform as strategic tools to foster urban planning, sustainability and social balance**
- **Improves collateral value and quality**
- **Positive demographic trends** drive the market housing demand
- **Big opportunity in the Open Market segment**