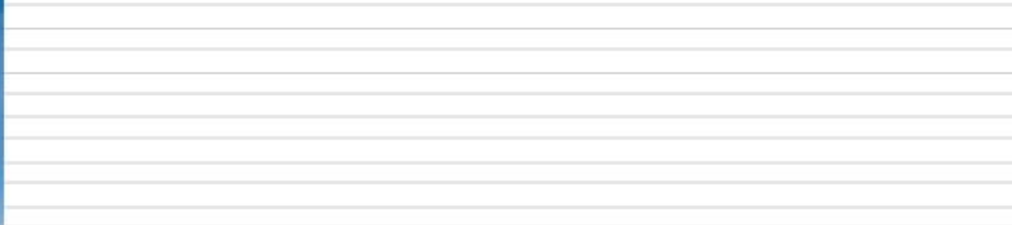




INFONAVIT

Alejandro Murat Hinojosa



INSTITUTO DEL FONDO NACIONAL DE LA VIVIENDA PARA LOS TRABAJADORES



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1. Institutional strength

- Human capital, financial soundness, operating model, strategic vision and corporate governance

2. Certainty in the Institution's mandate

- Continuity in the lending program and offering competitive pension returns

3. Future opportunities

- Evolution to a comprehensive attention model including new solutions and segments, with enhanced institutional coordination towards building competitive cities

AGENDA



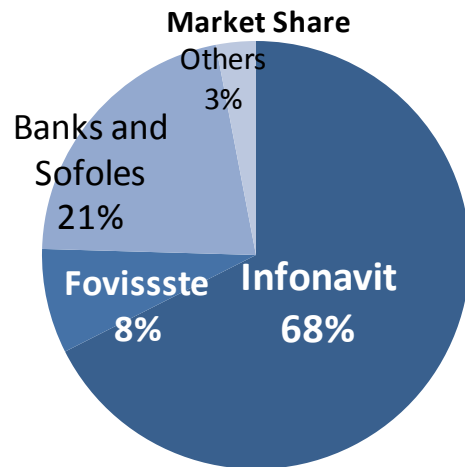
1. INFONAVIT Overview
2. INFONAVIT's performance 2012
3. Financial Plan 2013-2017
4. 2013 Results
5. INFONAVIT within the National Housing Policy:
Strategic Agenda and 2013 Initiatives
6. 2020 Outlook
7. Policy perspectives

INFONAVIT Overview



- Founded in 1972 by law to enforce a constitutional mandate
- Autonomous institution in which the corporate government includes equal representation of: **the labor sector, the employer sector and the Federal Government**
- Granted **with Fiscal authority** for loan and employer contribution collections
- Dual nature in the Balance sheet: as a Social Mortgage lender (assets) and as a Pension Fund (liabilities)

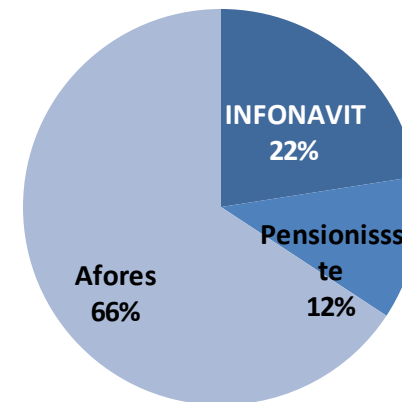
Mortgage origination in Mexico



Source: INFONAVIT with CONAVI data as of November 2012

Facilitate homeownership opportunities to formal, mainly low income workers.

Retirement Savings in Mexico



Source: INFONAVIT with CONSAR data as of October 2012

Receives employers' contributions on behalf of workers and pays competitive returns

INFONAVIT Performance 2012



On the operating side, INFONAVIT surpassed its lending goal by 18%

Relevant performance in low income brackets, exceeded the goal by 36%

Total Investment: MXP 159 billion, including financial institutions

Income level	2012 Program	Achieved	vs. program
Less than 4 TMW	270,000	367,519	136.1
From 4 to 11 TMW	154,000	148,085	96.2
More than 11 TMW	66,000	62,792	95.1
Total	490,000	578,396	118.0



Home improvement program

**152,771 loans
(26.4% of total lending)**



**Green mortgage:
399,016 loans
(69% of total lending)**

INFONAVIT Performance 2012



Million pesos	Dec 2012 Preliminar	Dec 2011	Var	2013 Program
TOTAL INCOME¹	144,060	136,660	+5.41%	155,072
Equity / Assets	12.13%	11.19%	+94 bps	12.50%
FINANCIAL RATIOS				
Reserves / Non-performing loans	297.70%	261.00%	+37 pp	297.50%
Default Rate	4.94%	5.15%	-21 bps	5.00%
Housing Savings Account (SCV) Nominal Return	5.76%	5.14%	+62 bps	6.08%
MARKET FUNDING				
Private bank investment (co-financing)	49,603	41,744	+18.83%	53,380
LIQUIDITY				
Cash balance	9,570	7,440	+28.63%	N.A.

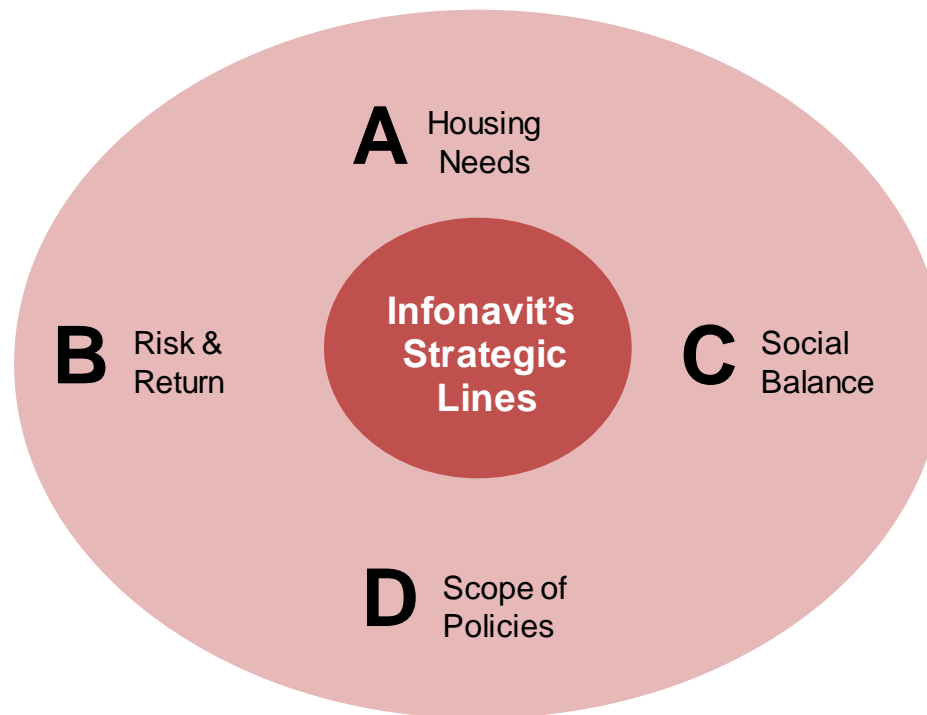
¹ Includes market funding
pbps. Basis points
pp. Percentage points

INFONAVIT's Strategic Agenda



An INFONAVIT that provides funding to Mexican workers and that guarantees housing solutions that enhance their welfare

An effective and financially strong INFONAVIT...



An INFONAVIT in favor of housing quality and sustainability that promotes urban planning with an employment growth focus.

An INFONAVIT that dignifies Mexican workers wealth.

....better connected with all housing institutions, coordinating its programs and policies in accordance with the strategic sector guidelines.

INFONAVIT's Financial Plan evolution



- The focus of INFONAVIT's financing programs has evolved to offer alternatives that allow it to satisfy affiliate's housing needs and preferences.

Financial Plan	Focus
2007 - 2011	Vibrant and livable communities
2008 - 2012	Evolving housing needs of affiliates
2009 - 2013	Change in market dynamics and the structure of mortgage financing. Projections decrease.
2010 - 2014	Housing solutions aligned with needs identified by CONAVI: 60% new housing/ 40% others (Improvement and expansion)
2011 - 2015 2012 - 2016 2013 - 2017	Providing solutions to all loan applicants, understanding the need of new urban housing for INFONAVIT's affiliates: 300 - 310 thousand new houses.

- Institutional strategy will continue to focus on financing housing solutions demanded by affiliates, looking to improve the quality of life through housing.

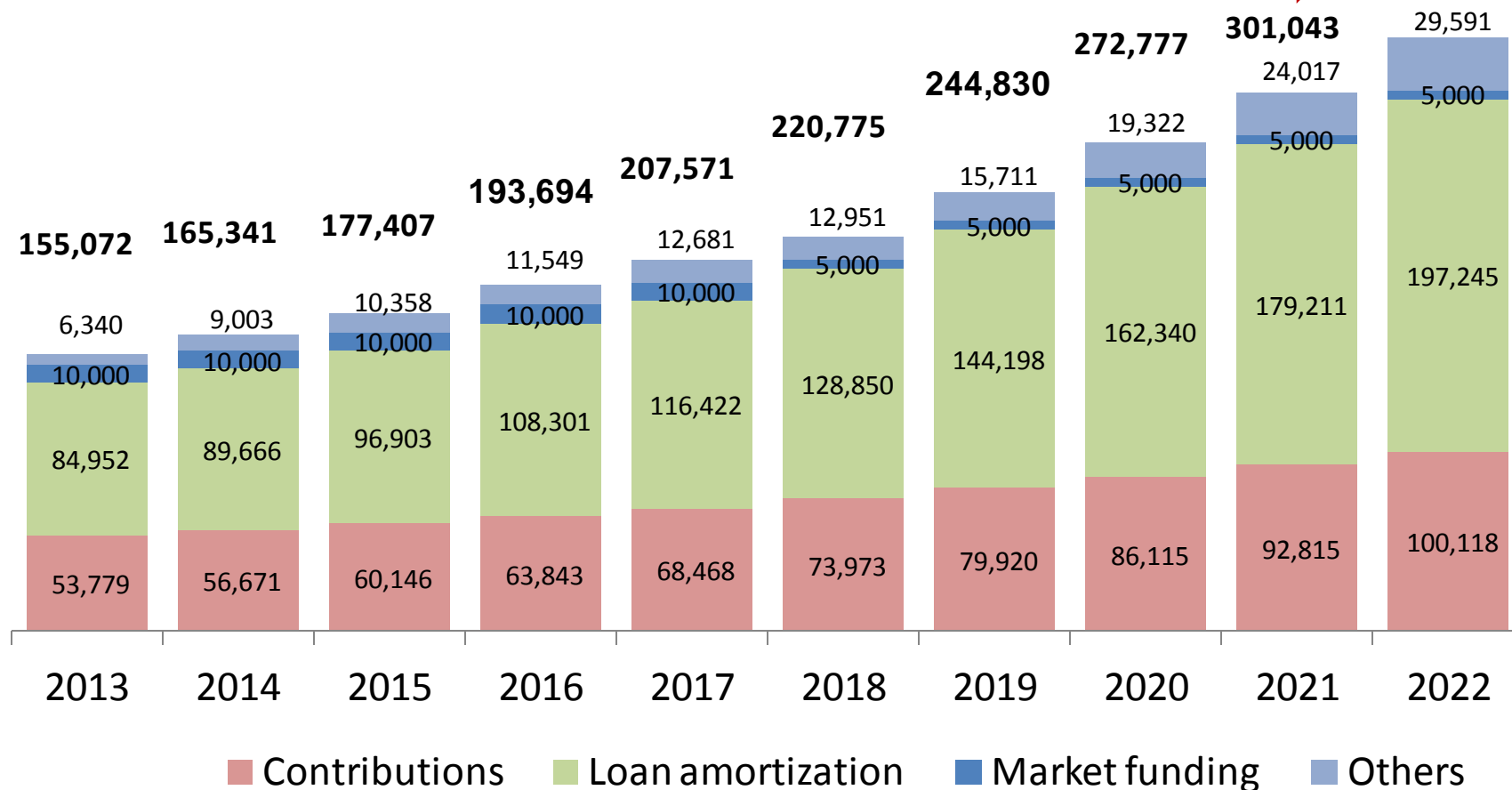
Financial Plan 2013-2017



Total Cash-flow 2013-2022 (million MXP)

CAGR = 8.82%

331,955



CAGR: Constant Annual Grow Rate

Financial Plan 2013-2017



**2013 Program:
545,000 loans**

**More than 11 TMW
(>USD 1,668)**

12%

**4 to 11 TMW
(>606 USD)**

31%

**Less than 4 TMW
(<USD 606)**

57%

- CAGR 2013-2017 investment = 6.36%
- CAGR 2013-2017 loans = 3.07%
- Projections under the current lending program do not incorporate the effect of 2013 initiatives.

Financial Plan estimations (not including 2013 initiatives):

- New houses = 310,000
- Used houses = 145,000
- Improvement = 90,000

INFONAVIT Performance 2013: a strong start in the lending program



As of February, INFONAVIT achieved 16% of its annual goal with a historical origination figure for the first two months, lending **+21% vs. 2012**

Income level	2013 Program	Achieved	vs. program
Less than 4 TMW	309,020	61,540	20%
From 4 to 11 TMW	169,490	19,431	11%
More than 11 TMW	66,490	7,984	12%
Total	545,000	88,955	16%

J-F 2011	J-F 2012	J-F 2013	2013 vs. 2012
49,981	73,776	88,955	+21%

New homes **40,187 loans (45%)**

Used homes **14,385 loans (16%)**

Home improvement program



34,383 loans (39%)

Housing Policy: Strategic guidelines



Infonavit will design and use all the tools at hand to achieve the goals set out by the National Housing Policy coordinated by SEDATU.

- 1. Advance enhanced coordination of urban planning and housing institutions*
- 2. Evolve towards sound and sustainable urban development models*
- 3. Supply housing shortages sensibly*
- 4. Procure appropriate and value preserving housing solutions*

Housing Policy: INFONAVIT's contribution



Enhanced institutional coordination

Financing based on directives determined by the Ministry of Rural, Territorial and Urban Development

1. Location/ mobility
2. Re-densification/ verticality
3. Services /surrounding/ community
4. Environmental improvement
5. Information technology access

Sustainable Urban Development Quality in surroundings & housing

- Ensure greater financing through incentives for housing with access to affordable transportation, competitive communities, with basic infrastructure as well as with information technology

Housing Deficit Reduction A wider scope attention model

- **Generate options for workers without access to social security:**
 - Municipal and state employees
 - Small businesses
 - Other segments

Assure adequate housing Incremental property value

- **Ensure worker's property value and quality through:**
 - Housing improvements and additions
 - Recovery of housing units and social tissue
 - Support affiliates through social collections

2013 Initiatives:

New housing solutions and institutional consolidation



One of the main efforts during 2013 will be **institutional consolidation**, strengthening INFONAVIT's core processes, such as fiscal collections, loan origination, loan collections and sustainability.

INFONAVIT's **human capital** is one its main strengths, therefore the focus will be on its **continuity and long-term development**.

2013 initiatives will seek, in accordance with the National Housing Policy, to **expand the range of housing solutions** and support other segments.

1  **Housing improvement & expansion**



2  **Housing rental schemes**

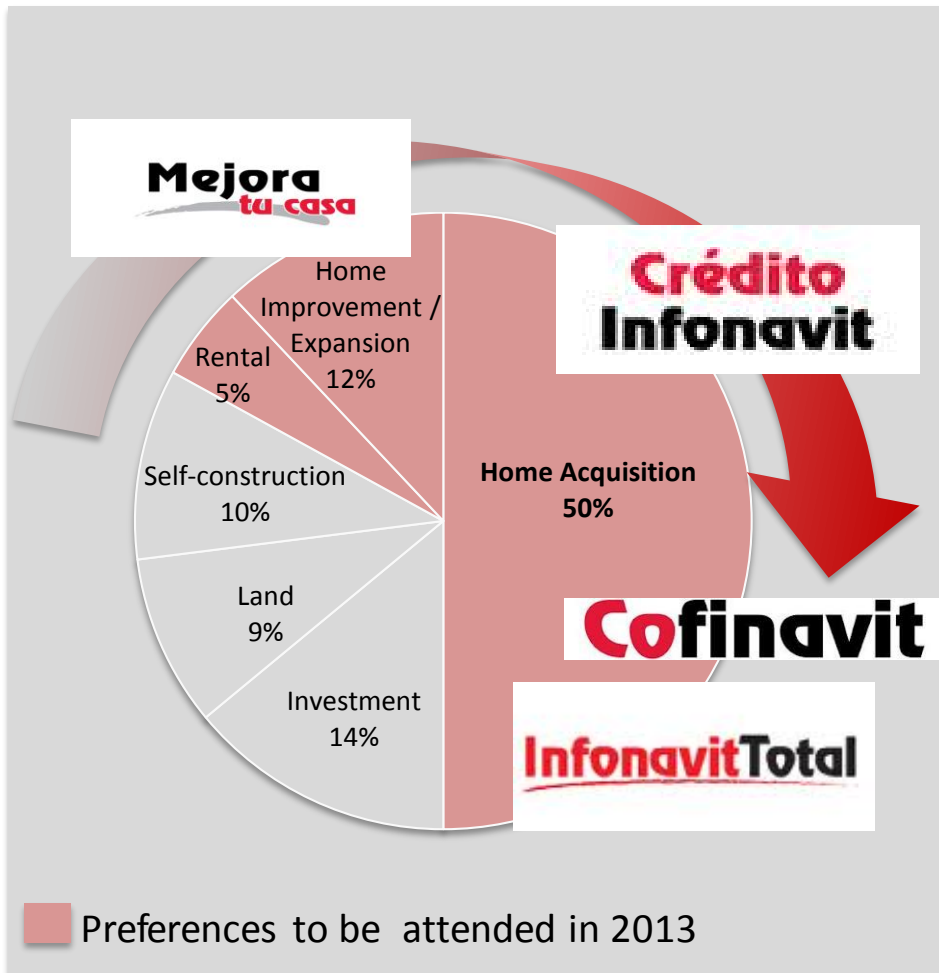
3  **Home acquisition platform for formal workers without housing social security**

2013 Initiatives: Housing solutions

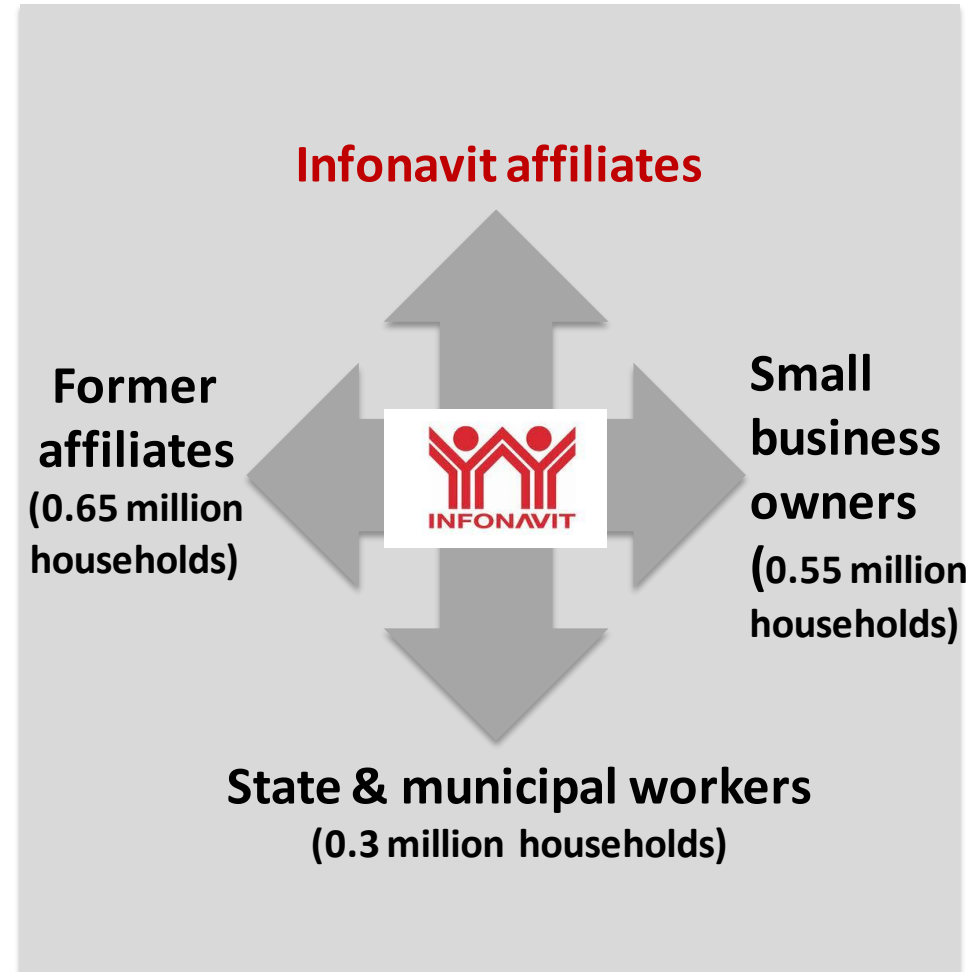
A more comprehensive attention model



Develop a comprehensive range of solutions to attend affiliates' housing preferences



Develop a housing solution platform for formal workers without housing social security (1.5 mill households)



2013 Initiatives: Institutional consolidation

Strengthening loan origination



1 Improve the **origination process** in accordance to housing needs

- Provide information **to improve the decision-making process of the employee.**
- Advice for **matching the housing need with the housing solution**

2 Improve **alignment between product supply and housing demand**

- Promote a **higher density urban development**
- Match **product supply with housing demand**

3 Enhance **loan selection requirements**

- **Loan origination score**, risk index and continuous evaluation
- Approach Credit Information companies to **outline borrowers' potential risk.**

2013 Initiatives: Institutional consolidation

Strengthening loan collections



1. Strengthen the Social Collections model

Garantía Infonavit: solution alternatives to facilitate continuous payment
“As long as there is willingness to pay, workers will find a solution”

2. Improve the collection process

Standardize servicing, ensuring quality of service and adherence to Infonavit’s best practices

3. Collections’ management supported on advanced technologies

Using technologies such as mobile devices and collection platforms in order to speed the online execution and increase the efficiency of the collection process.

4. INFONAVIT’s Rating as mortgage servicer by Moody’s SQ1- (highest in Latin America)

The rating was based on:

- Highly competitive collection models
- Different options to recover assets
- Foreclosed assets management through a specialized team
- Introduction of a new generation technology platform

2020 Outlook:

INFONAVIT as a social change agent



- ✓ **Developing and offering new housing solutions that match housing demand (subsequent loans, rent to own, home improvement and expansion loans, secondary market)**
- ✓ **Meeting workers needs and promoting the quality of life throughout their life cycle:**
 - House quality in competitive communities and housing mobility for wealth creation
 - Competitive pension (better housing account return)
- ✓ **Attending new segments of the population**, building operational capabilities to provide universal housing benefits
- ✓ **Promoting INFONAVIT's modernization**, as an active participant in financial markets and providing an operational platform to the sector
- ✓ **Having an active impact in housing public policy**, in coordination with public and private agents

Positive policy perspectives in 2013



- The objective of the National Housing Policy is to transform the housing sector into one of the most competitive sectors in Mexico with a significant social and economic impact
- Infonavit has already aligned its strategy towards the goals set out in the National Housing Policy
- Infonavit has proven operational capacity to carry out the National Housing Policy guidelines and the public policy initiatives for 2013
- It is undeniable that the industry faces many challenges, but at the same time many opportunities, as stated in the National Housing Policy, that can be seized by which ever moves first and has the capacity to tackle them.



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