

Mexico's New FOVISSSTE

MHD 2012

March, 2012

FOVISSSTE
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Mexican Housing Day 2012

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What is FOVISSSTE?

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- I. FOVISSSTE was created in 1972 to meet housing credit demand for government employees
- II. Mission:
 1. To provide mortgages to 2.3 million public workers from the federal, state and municipal governments, as well as public universities and local agencies, and
 2. To preserve the value of workers' savings who have not received a mortgage
- III. How is Fovissste funded?
 1. 5% contribution of the base salary
 2. Loan portfolio collections
 3. Liquidity investment income
 4. Mortgage-Backed Securities (TFOVIs)

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2011 Results

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- In 2011, Fovissste originated **75,163** mortgages; an economic spillover of **MX\$34.4 bn**, 14% higher than the stated goal
- “Alia2plus” co-financed mortgages grew almost **70%** with an average loan of **MX\$800,000**



Mexico's New FOVISSSTE

2007-2011 Highlights

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Five years of hard work...

With 10 great accomplishments:

1. From a single mortgage product to an array of 6 different types of loans to support our "*Credit for Everyone*" strategy
2. Granted as many mortgages as those originated during the first 26 years of the Institution
3. Generated twice the economic spillover as compared to historic origination
4. As of 2011, 647,700 of 655,000 legacy problems have been resolved

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2007-2011 Highlights

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Five years of hard work...

With 10 great accomplishments:

5. CNBV supervised as of 2007 in our capacity as a financial institution
6. All four credit rating agencies (Standard & Poor's, Moody's, Fitch Ratings and HR Ratings) have awarded 47 "AAA" ratings between 2009 and 2011
7. Successful participation in financial markets since 2009, with over 30 MBS (TFOVIs) placements in excess of MX\$53.8 bn, all with "AAA" ratings

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2007-2011 Highlights

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Five years of hard work...

With 10 great accomplishments:

8. First international TFOVIS placement of almost MX\$7 bn in August 2011
9. After many years of negative yield, from 2007 to 2011 distributions to individual workers' accounts reached MX\$30 bn implying 2.2% real return
10. Operating costs dropped from 0.77% of assets on average during 2001-2006 to only 0.45% in 2011, despite organizational growth

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2012, key year for consolidation

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Eight main objectives for 2012:

1. In accordance with the sexennial financial program, Fovissste plans to originate around **75,000 mortgages** with an estimated spillover effect of **MX\$57.5 bn**; **MX\$28.2 bn** sourced internally
2. TFOVIs issued in local and international markets should reach **MX19.2 bn**
3. Legacy problems accumulated over the preceding 34 years of operations should be fully resolved
4. Distributable earnings should grow in line with previous years

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2012, key year for consolidation

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...Eight main objectives for 2012

5. A new “Citizen Advice Model” stemming from regional offices should improve service in terms of quality, efficiency and transparency
6. Corporate governance and full accountability should be consolidated
7. Basel III Committee rules should be adopted in 2012 financial statements, and
8. Efficiency cost operating indicators should be maintained, absorbing likely increased spending with efficiency gains

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2012, key year for consolidation

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Credit Financing Program 2012



Investment
range
between:
\$26.3 TO
\$28.2 billion
pesos

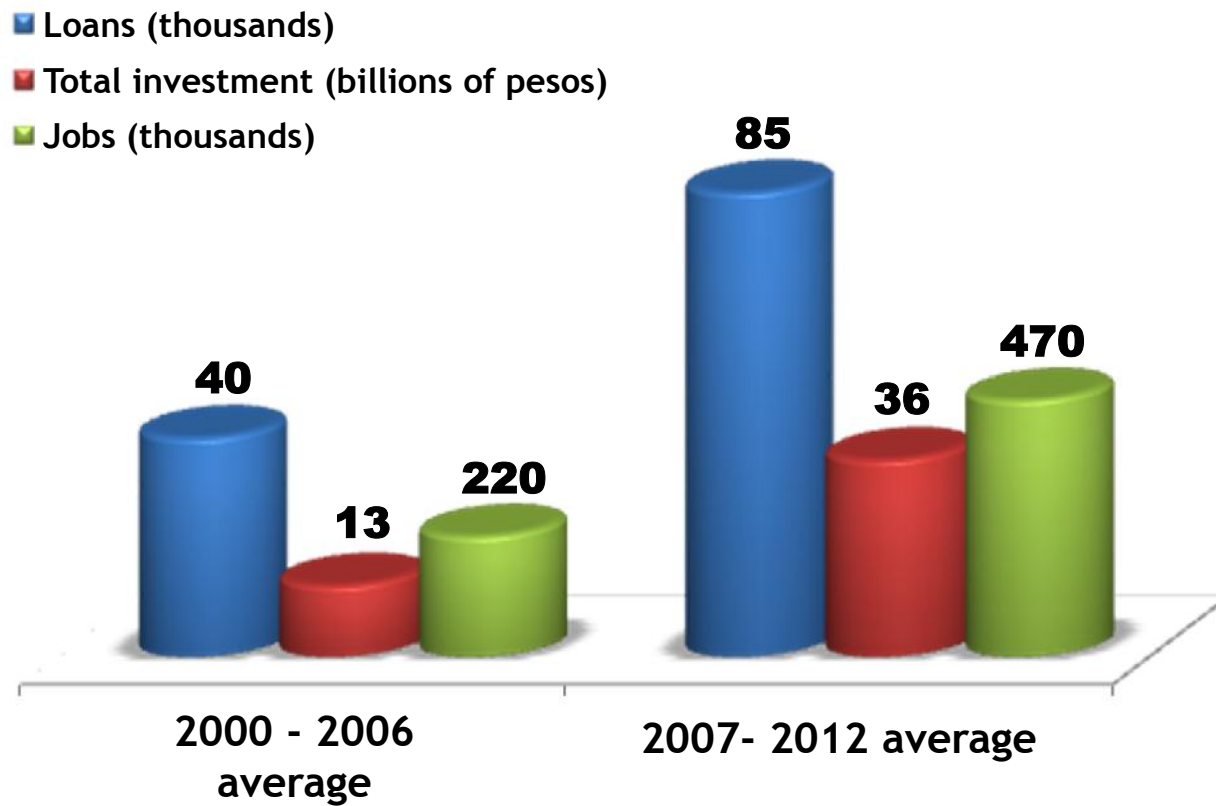
Multiple financing schemes

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Sexennial Results

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FOVISSSTE 2000-2012 growth

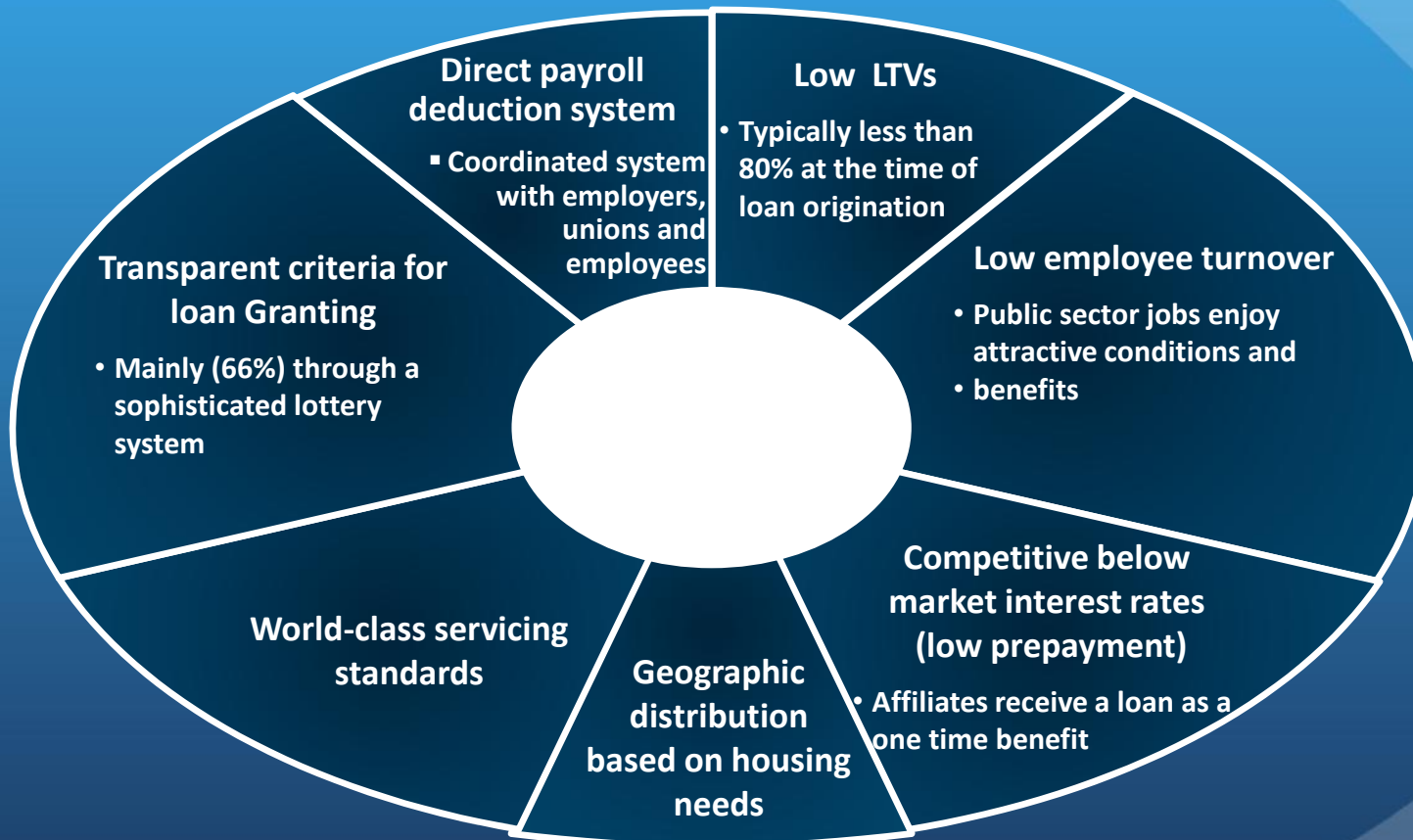


Mexico's New FOVISSSTE

Sexennial Results

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Securitization: Main Portfolio Characteristics

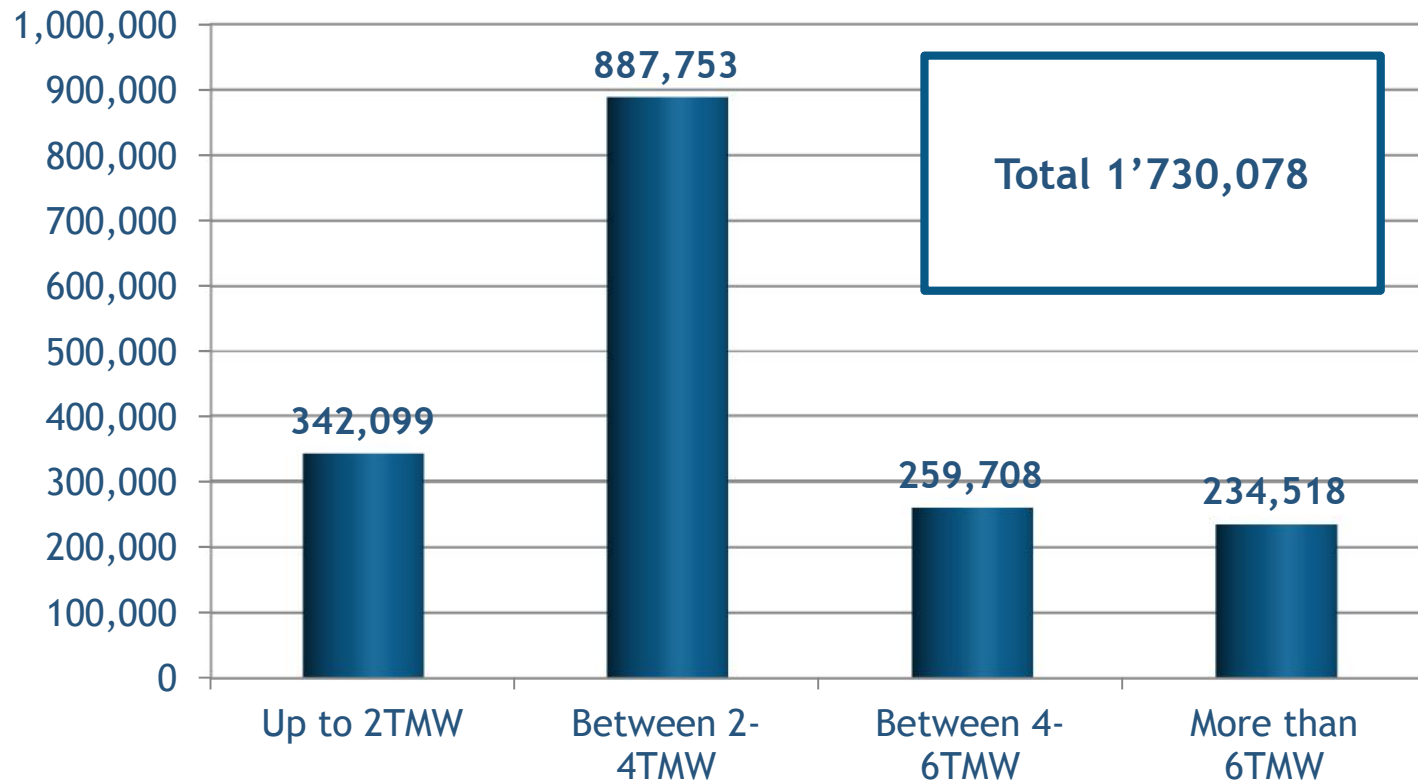


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Market Outlook

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Potencial demand per basic salary range (TMW)



An average of 85 thousand loans per year over the next 20 years

Final Remarks

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1. The current Calderón Administration's focus produced a renewed FOVISSSTE:
 - **Effective, strong, efficient, and transparent**
 - **With a very solid operating and financial structure**
 - **Able to undertake the industry's new stage of sustainable growth**
 - **With a global and long-term perspective**
 - **For the sake of its affiliate base and benefiting the local economy**
2. FOVISSSTE is ready to support future housing demand under a new culture of building advanced cities with high quality homes and services supported by urban and sustainable development

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Thank
You