

**FOVISSSTE**



**GOBIERNO  
FEDERAL**

# President Calderon's FOVISSSTE (2007-2010 and 2011)

**FOVISSSTE**



**GOBIERNO  
FEDERAL**

# What is FOVISSSTE?

**FOVISSSTE**

# What is FOVISSSTE?



- I. FOVISSSTE is the Mexican government agency created in 1972 to meet the demand for housing credit for most of the country's public workers
- II. Founding objective:
  1. Provide mortgage loans to 2.3 million public workers from the federal, state and municipal governments, as well as public universities and local agencies, and
  2. Preserve the inflation-adjusted value of housing savings of those workers who have not received a loan
- III. How is it funded?
  1. Contributions of 5% of the basic monthly salary of each worker,
  2. Loan collection
  3. The investment income from seasonal excess cash
  4. Resources obtained from the capital markets by issuing TFOVI's

## ... What is FOVISSSTE?



### IV. Strengths:

1. In Mexico, public workers register retention rates of 98% over their 30 years of service,
2. Loan collection through fortnightly direct payroll deductions of 30% of base salary
3. When payments are already made by an employee, and are not reported by the employer, FOVISSSTE charges it through a direct budget discount ,
4. 2.3 million workers are distributed in 32 federative entities,

# ... What is FOVISSSTE?



## ... IV. Strengths:

5. By December 31, 2010 in only 18 months, FOVISSSTE had obtained **35** «AAA» ratings, due to its 2009-2010 issuances. These rates were given by S&P, Moody's, Fitch Ratings and HR Ratings, the four authorized agencies to operate in Mexico,
6. S&P gave to FOVISSSTE an «Above Average» note as «**Residential Assets Administrator**», as well as one in the highest national scale as «**Counterparty**»,
7. Since 2008, FOVISSSTE obtained ISO 9001:2008 and ISO 27001:2005 certifications for its main operating processes as well ESR (Socially responsible company) and MEG (gender equity model) certifications

FOVISSSTE's guiding philosophy, is that in order to adequately fulfill its social mission, it is required to comply with the highest standards of efficiency, quality and rendering of accounts

**President Calderon's  
FOVISSSTE  
(2007-2010)**

# President Calderon's FOVISSSTE



- 4 years ago, in the early days of the present government, President Calderon expressed his firm decision to **transform FOVISSSTE**.
- This transformation would be based upon a strategy with **two parallel courses of action**:
  - - 1) Solve the vast problems accumulated over more than three decades and
    - 2) Modernize, grow, and make more efficient and transparent the life of the institution
- Convinced of achieving such a transformation, we projected an expansion that would lead to a period of six years of loan origination that will result in making 75% of the number of loans granted in the 34-years of FOVISSSTE history and 3.4 times the amount lent over that prior period



# Four years of hard work... five main results:

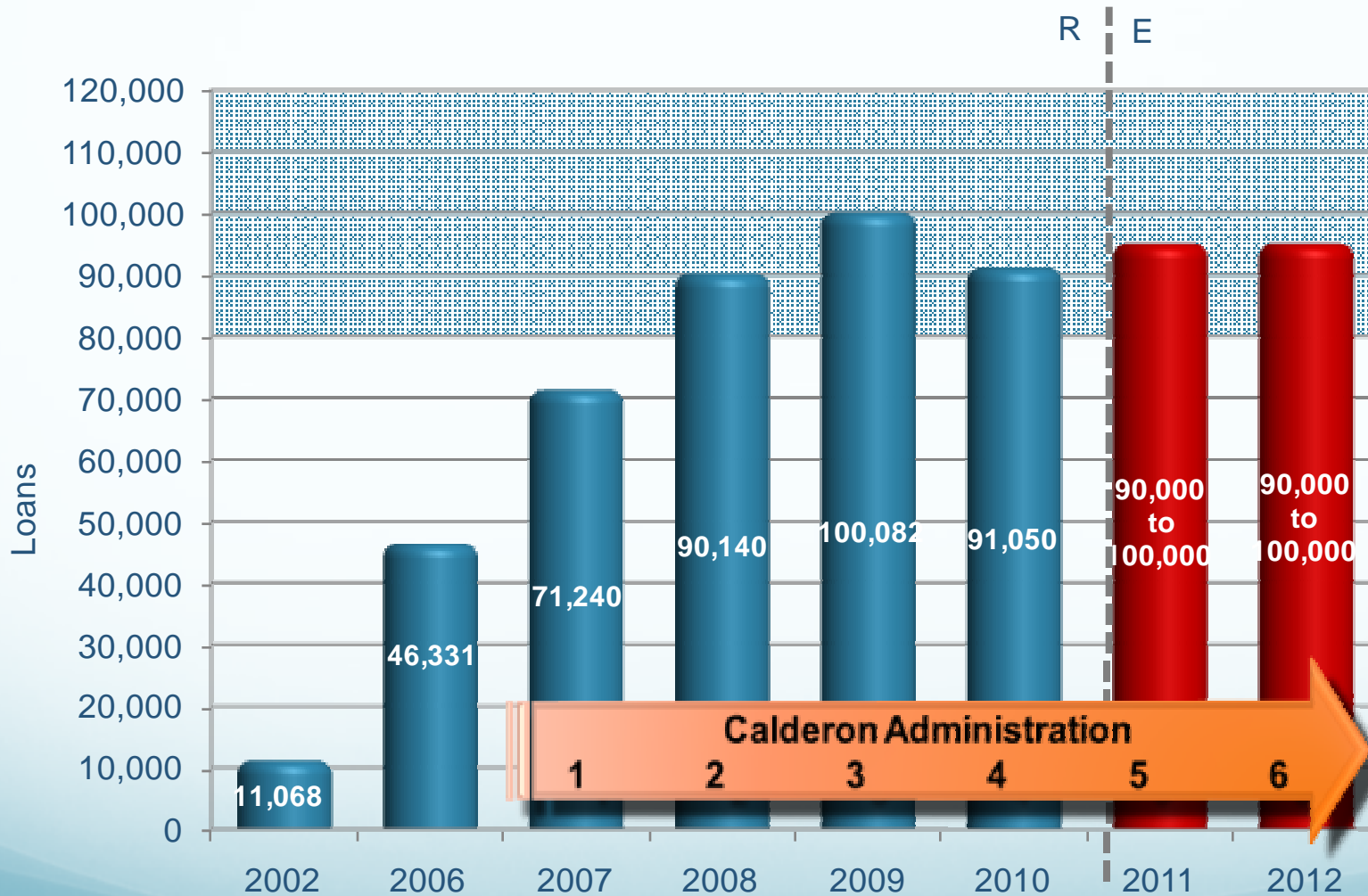


1. We have solved 620,000 out of 655,000 problems inherited from the past that affected many working families along the country
2. The Fund has been successfully and deeply modernized
3. In only 4 years, we granted 352,000 loans -USD 12.3 billions-; that means 1.34 times the 2000-2006 timeframe and it is higher than the figures of the first 20 years of the Fund
4. The value of our portfolio moved from USD 6.8 billions to almost USD 16.2 billions, but now it is made up with well originated and delivered loans
5. In 2010 FOVISSSTE was consolidated as the most important mortgage-backed securities issuer from the Mexican market

# President Calderon's FOVISSSTE

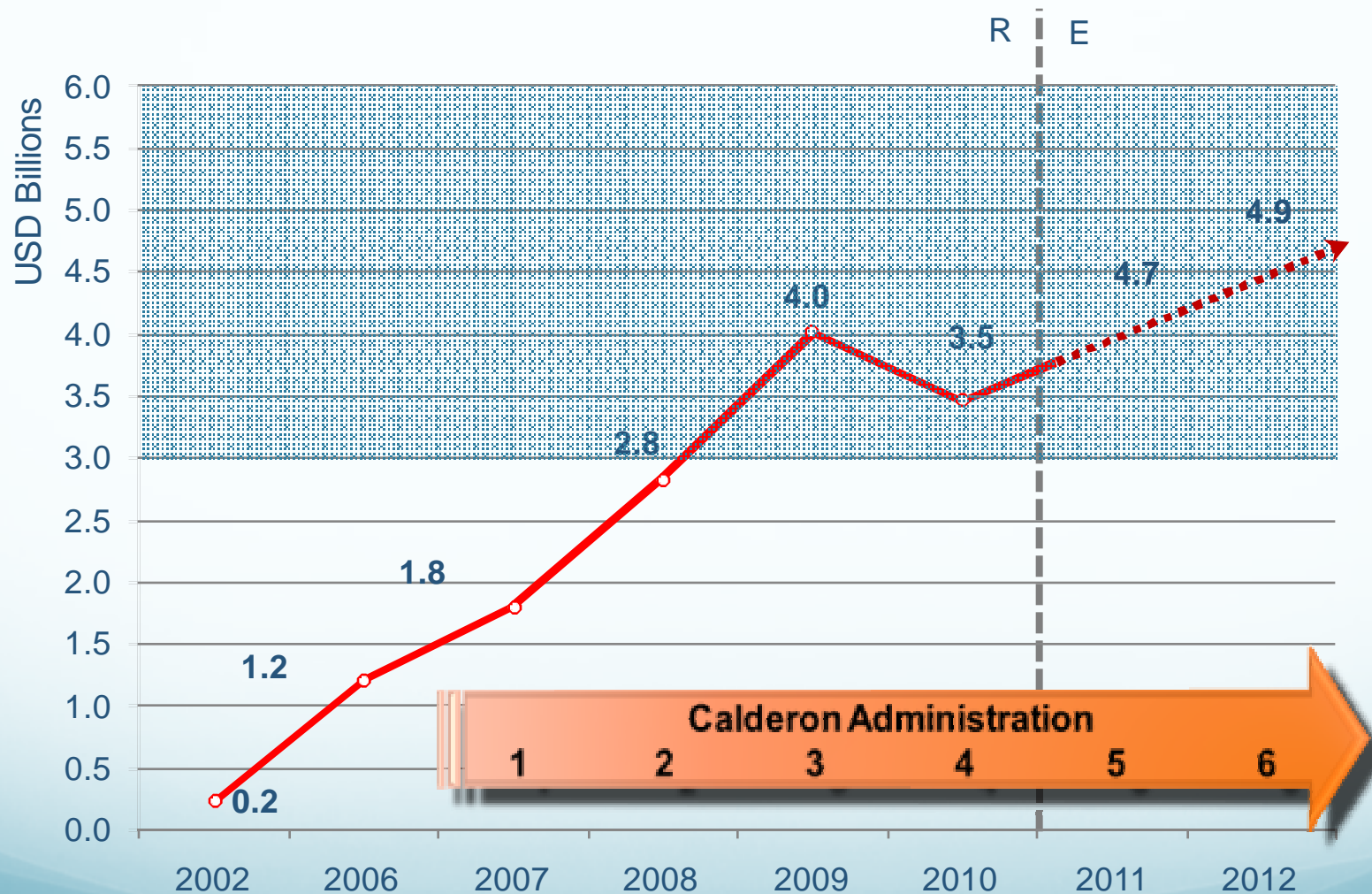
Growth Management

Loan origination



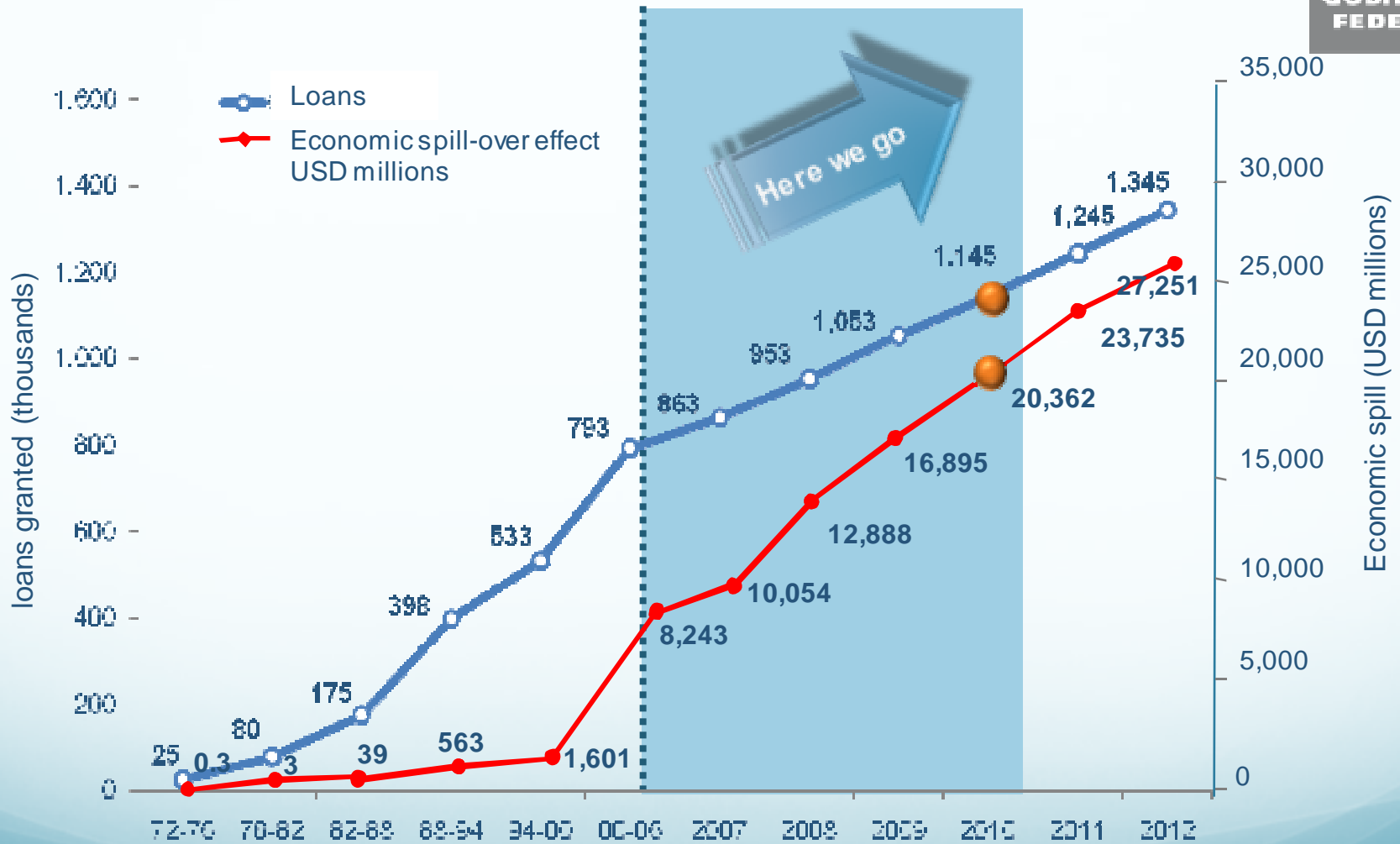
# President Calderon's FOVISSSTE

Economic spill-over effect incentive to firms, growth and employment



# President Calderón's FOVISSSTE

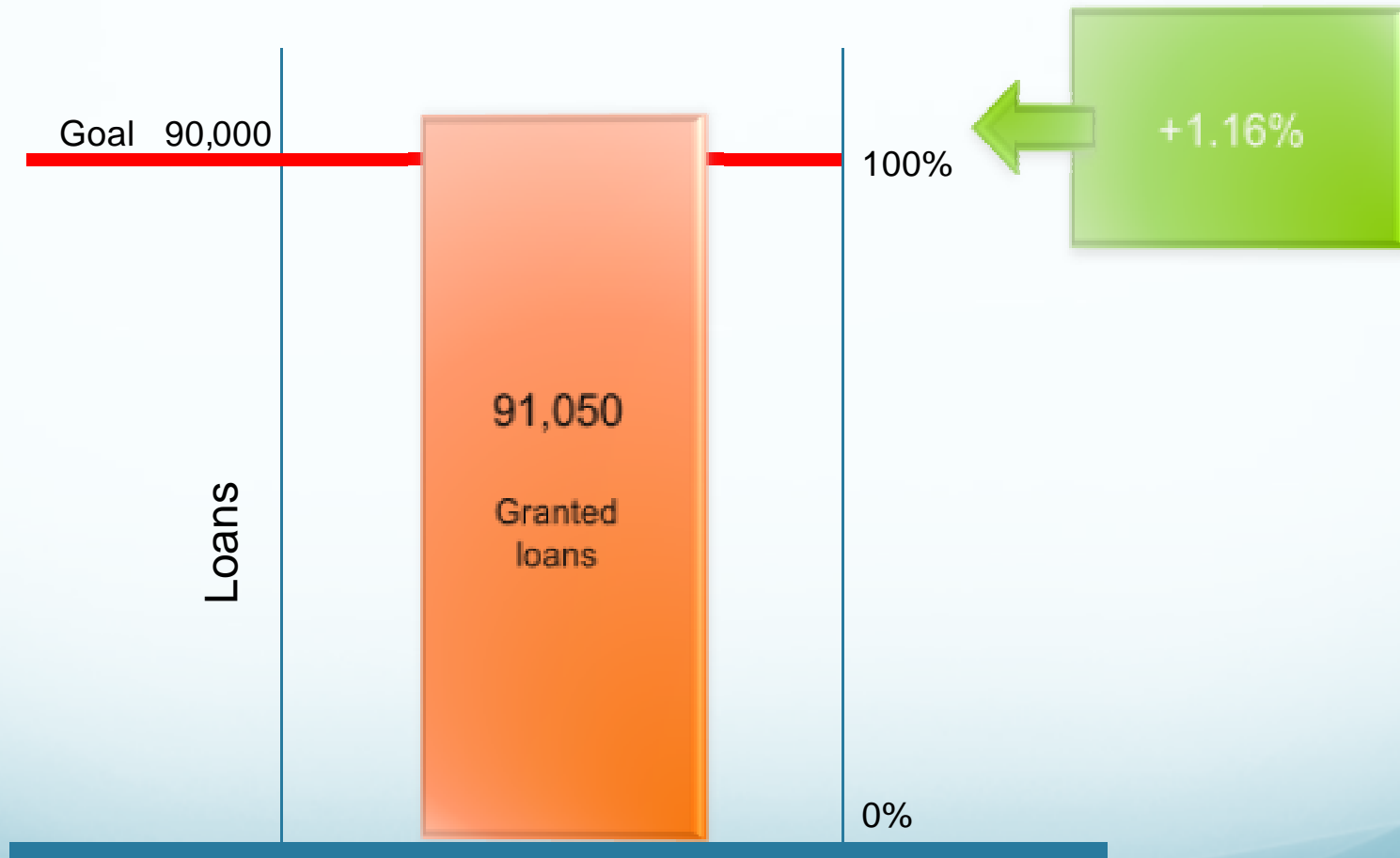
## Growth Path



# President Calderon's FOVISSSTE

Growth Management

Goal 2010: overcome

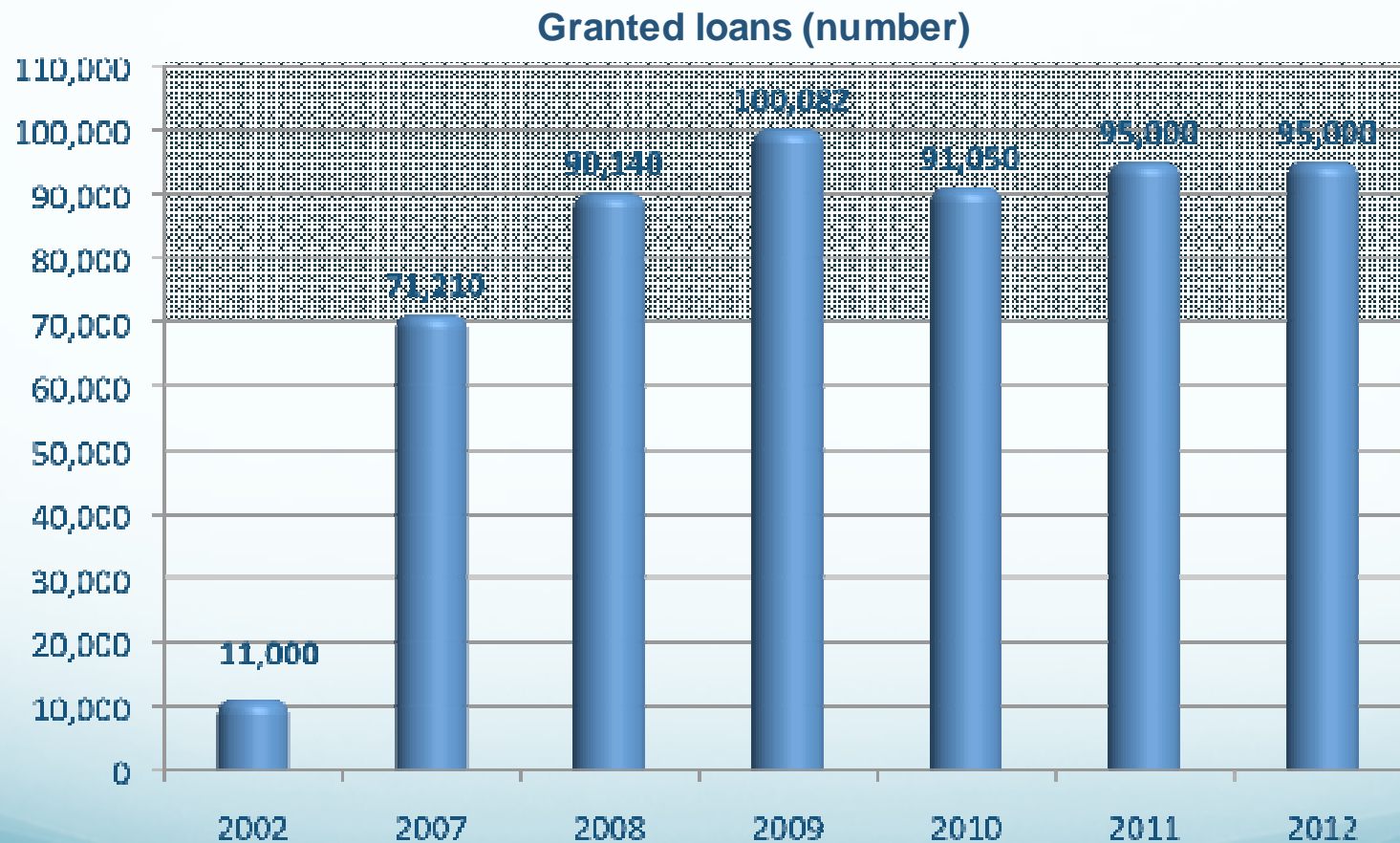


**A modernization that  
benefits workers**

# President Calderon's FOVISSSTE

Growth management

Since 2007, a modernization that benefits the worker



**FOVISSSTE**

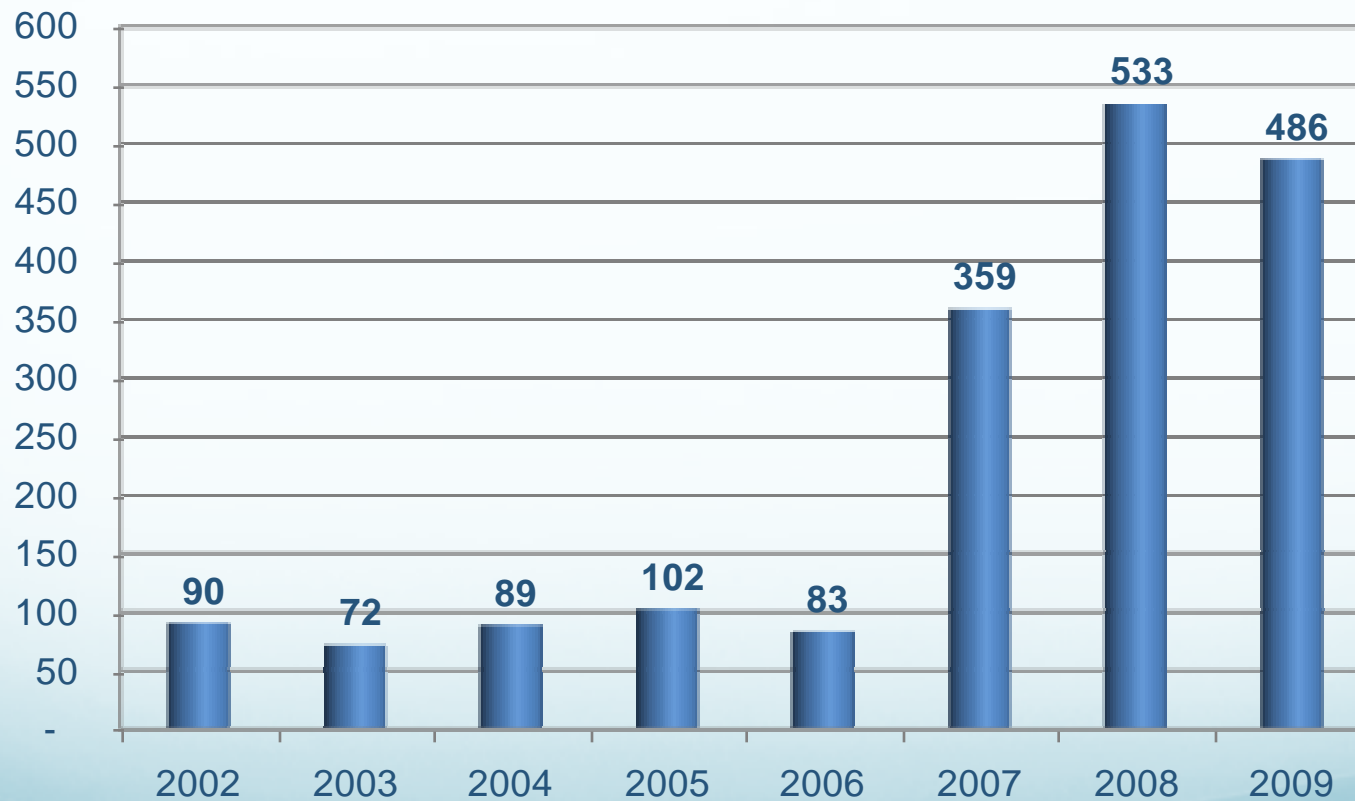
# President Calderon's FOVISSSTE

Growth management

Since 2007, a modernization that benefits the worker



Dividends paid to workers (USD millions)





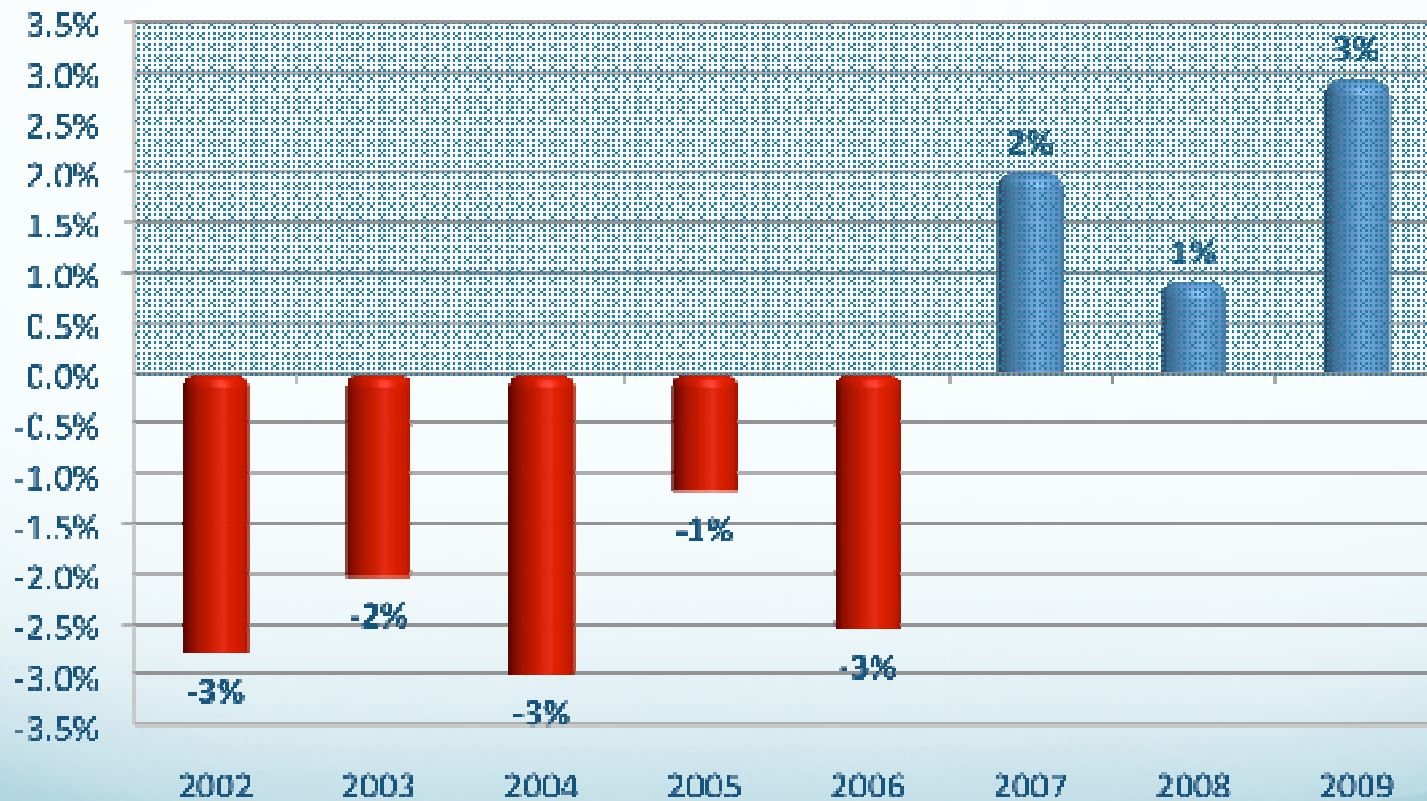
# President Calderon's FOVISSSTE

Growth Management

Since 2007, a modernization that benefits the worker



Performance vs Inflation



# President Calderon's FOVISSSTE

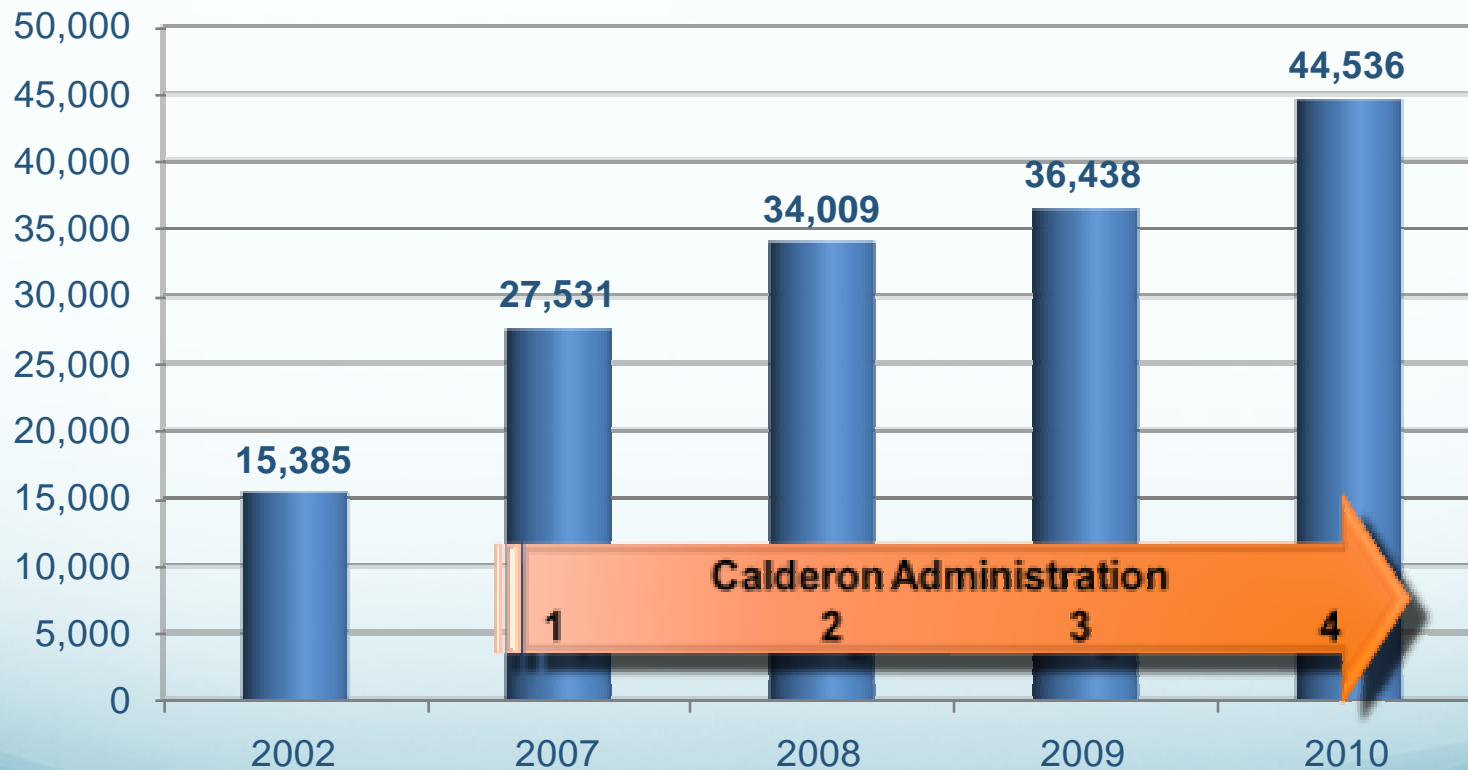
Growth Management

Since 2007, a modernization that benefits the worker



GOBIERNO FEDERAL

Granted loans (average amount USD)



**In spite of the rapid  
expansion during 2007-  
2010, still challenges  
ahead**

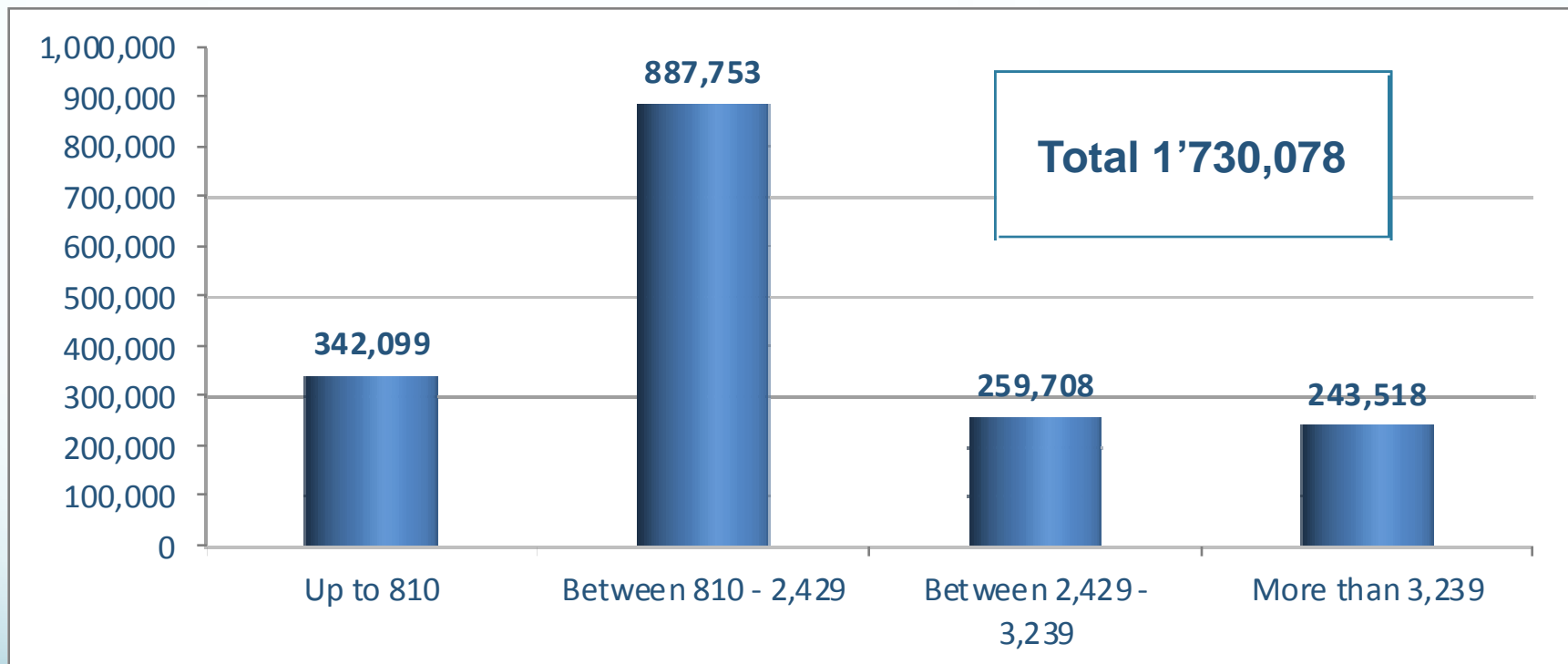
# President Calderon's FOVISSSTE

Potential demand

In spite of the expansion, still challenges ahead



Potential demand per basic salary range (USD)



Source: information from the National Database of SAR confronted with database processes.

**FOVISSSTE**

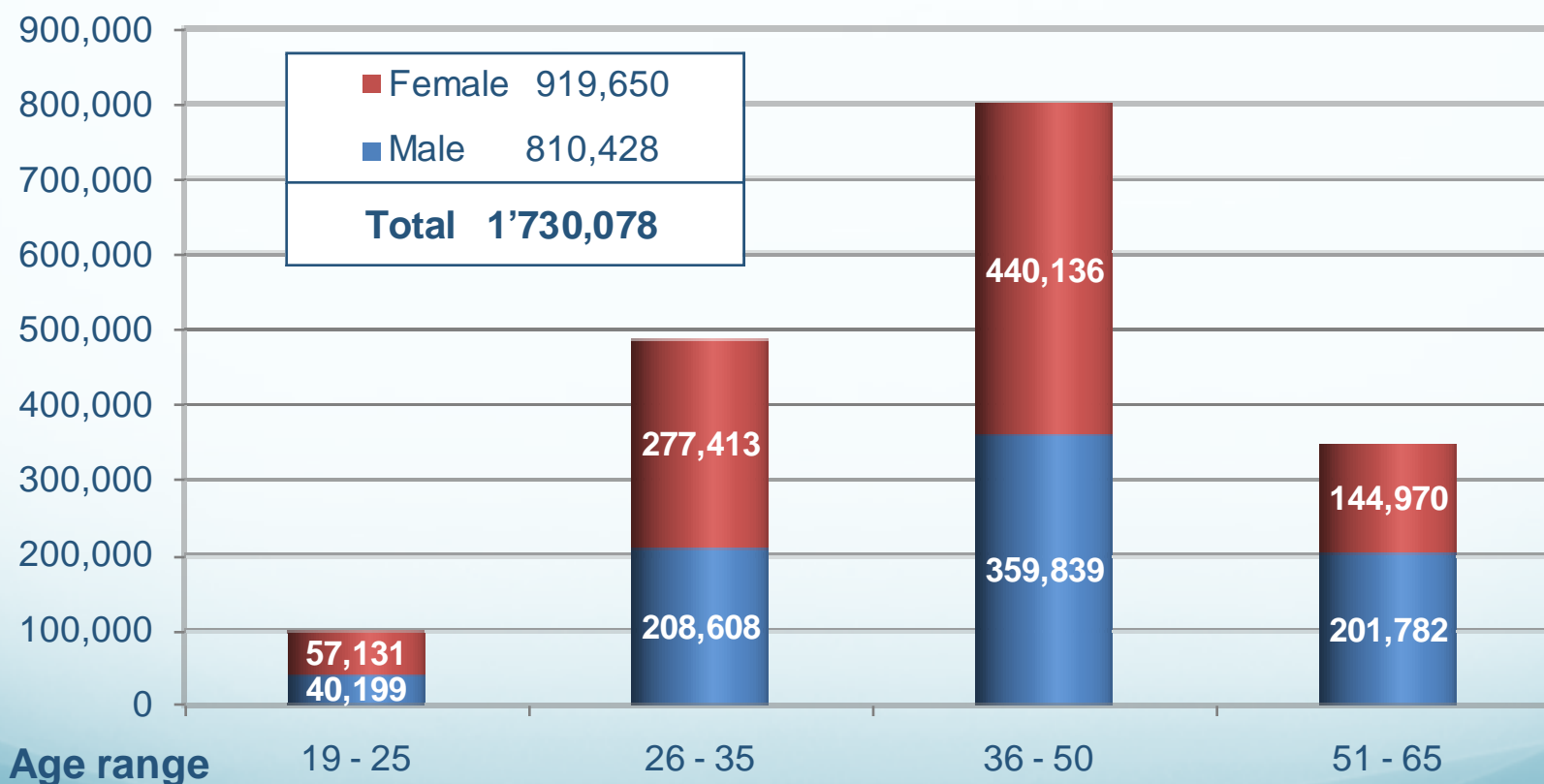
# President Calderon's FOVISSSTE

Potential demand

In spite of the expansion, still challenges ahead



### Potential demand per gender and age



Source: SAR National Database compared with PROCESAR Database.

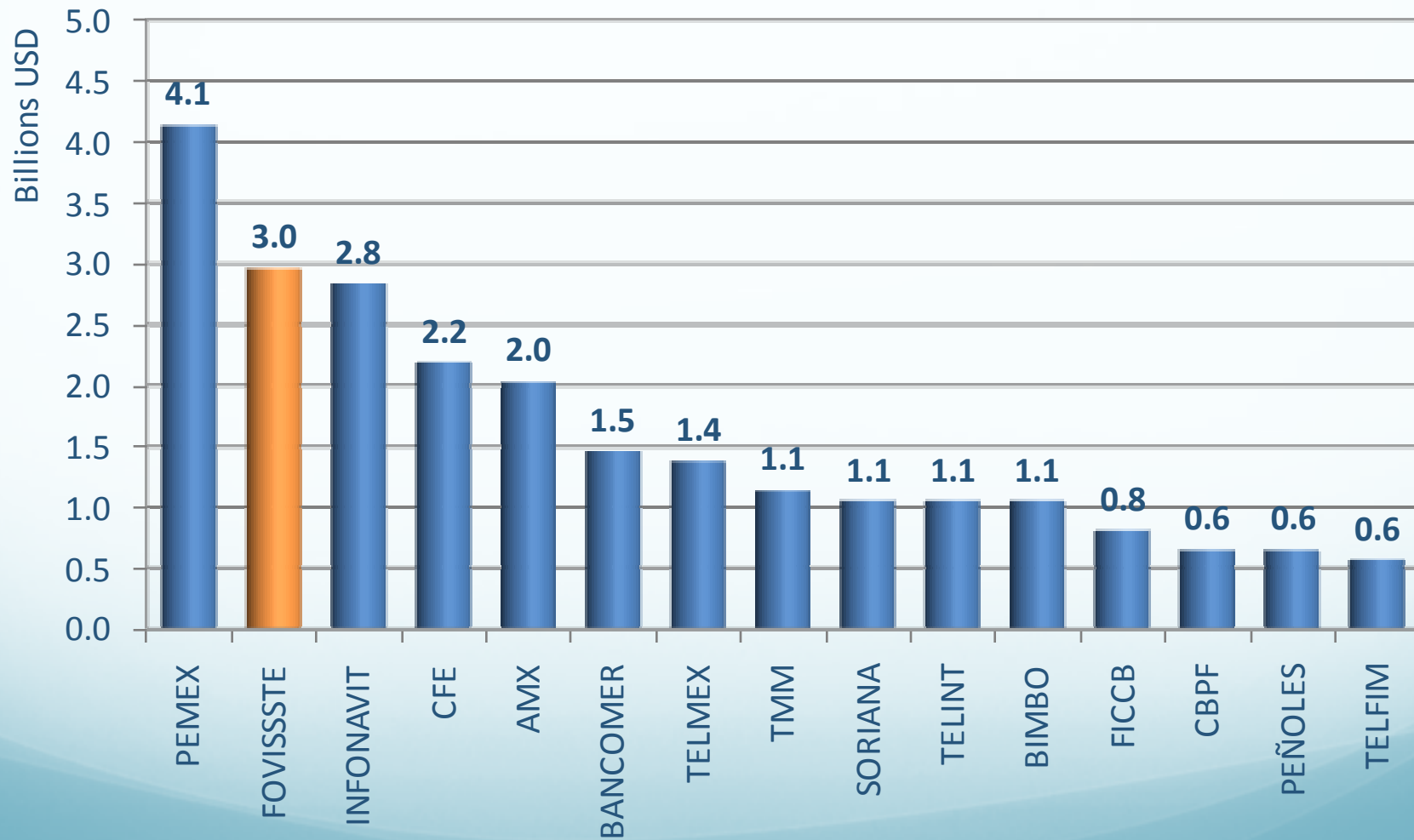
**FOVISSSTE**

# **FOVISSSTE currently in the capital markets**

# President Calderón's FOVISSSTE

Presence in the capital markets

2009-2010: 9 issuances

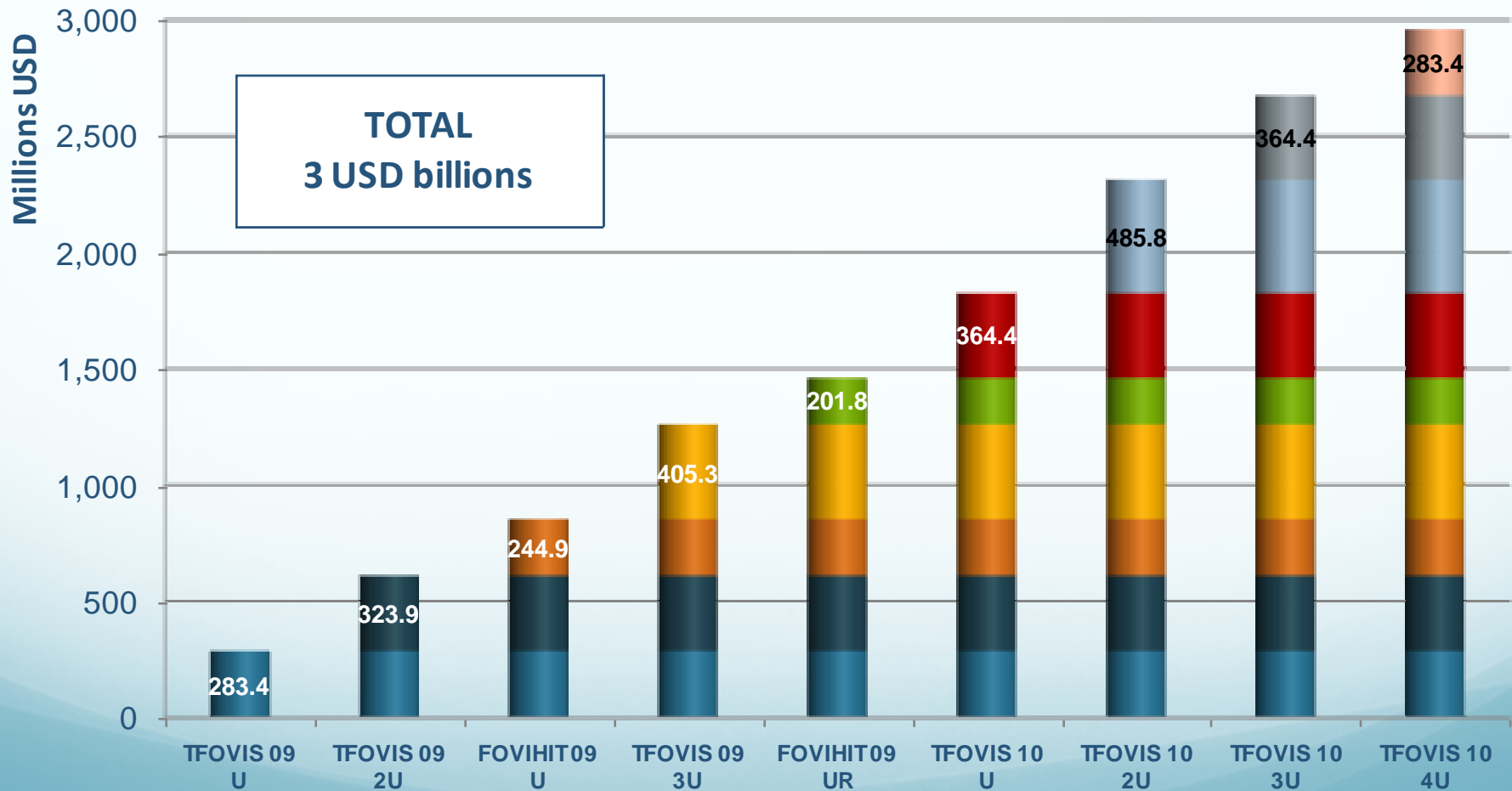


**FOVISSSTE**

# President Calderón's FOVISSSTE

Presence in the capital markets

2009-2010: 9 issuances



**FOVISSSTE**



**2011, key year for the  
transformation**

## In 2011, *eight main objectives:*



1. Consolidate the transformation begun in 2007 and achieve 90,000 to 100,000 new loans
2. Produce an economic spill-over effect of around USD 4.7 billion, which could be increased by the amount of loans co-financed between FOVISSSTE and other lenders grows with respect to the ones co-financed in 2009 and 2010
3. Contribute with half a million jobs in all regions of the country
4. Reduce the waiting time to fulfill the current unmet demand, from 190 years at the pace previous to 2007, to only 20

## ... In 2011, *eight main objectives:*



5. Start a new phase of the institution, in which all of our house financing is directed to homes that comply with sustainability requirements
6. Regarding our administration, build a new network of **“FOVISSSTE Regional Offices”** to providing added value services, and become attached to the "Citizen Contact Area”
7. Consolidate our status as financial institution, recognized and appreciated in the capital markets and
8. Overall, to be recognized as a major factor that boosts the construction industry, through the full compliance of our founding objectives



**Thank you**  
**so much**