

F O V I S S S T E
FONDO DE VIVIENDA DEL ISSSTE



Manuel Pérez Cárdenas

FOVISSSTE, Chief Executive Officer

FOURTH ANNUAL MEXICAN HOUSING DAY



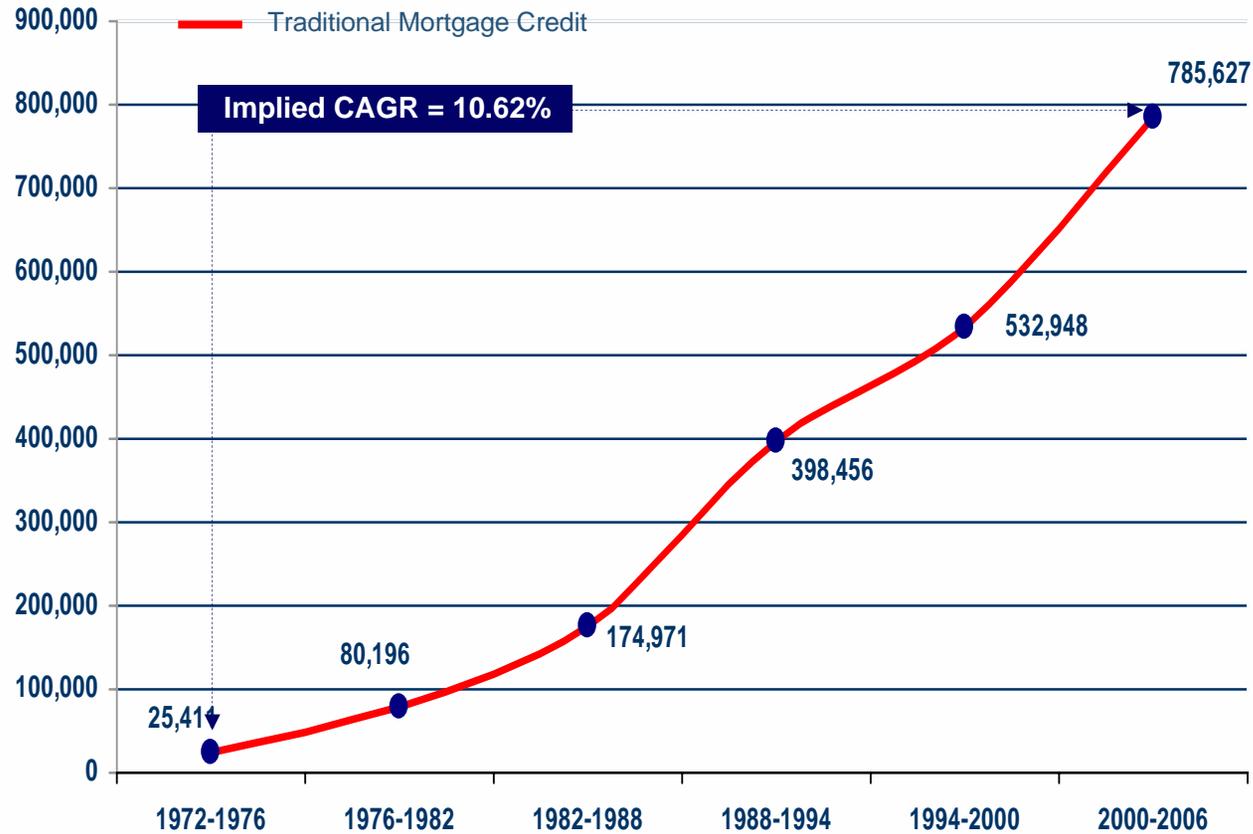
HOUSING IN MEXICO: CURRENT ISSUES FACED BY FOVISSSTE

AGENDA

- I. FOVISSSTE: 1972-2006
- II. Housing Industry Structure
- III. Fundamentals
- IV. Outlook – Strategy 2007 - 2012
- V. Conclusion



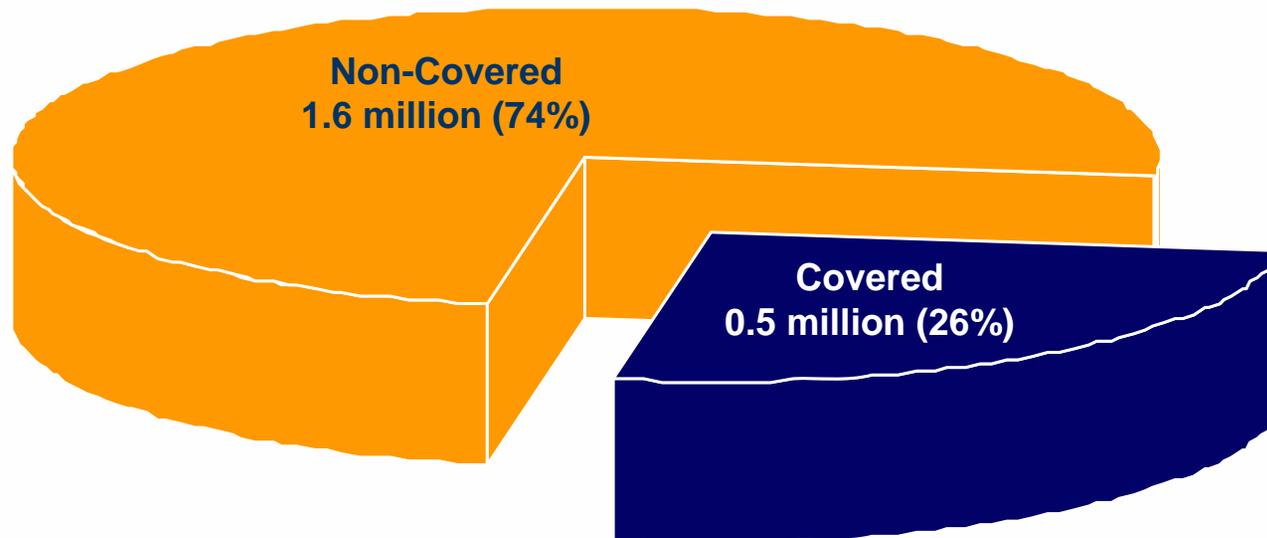
CREDIT EVOLUTION 1972-2006





FOVISSSTE's POTENTIAL DEMAND

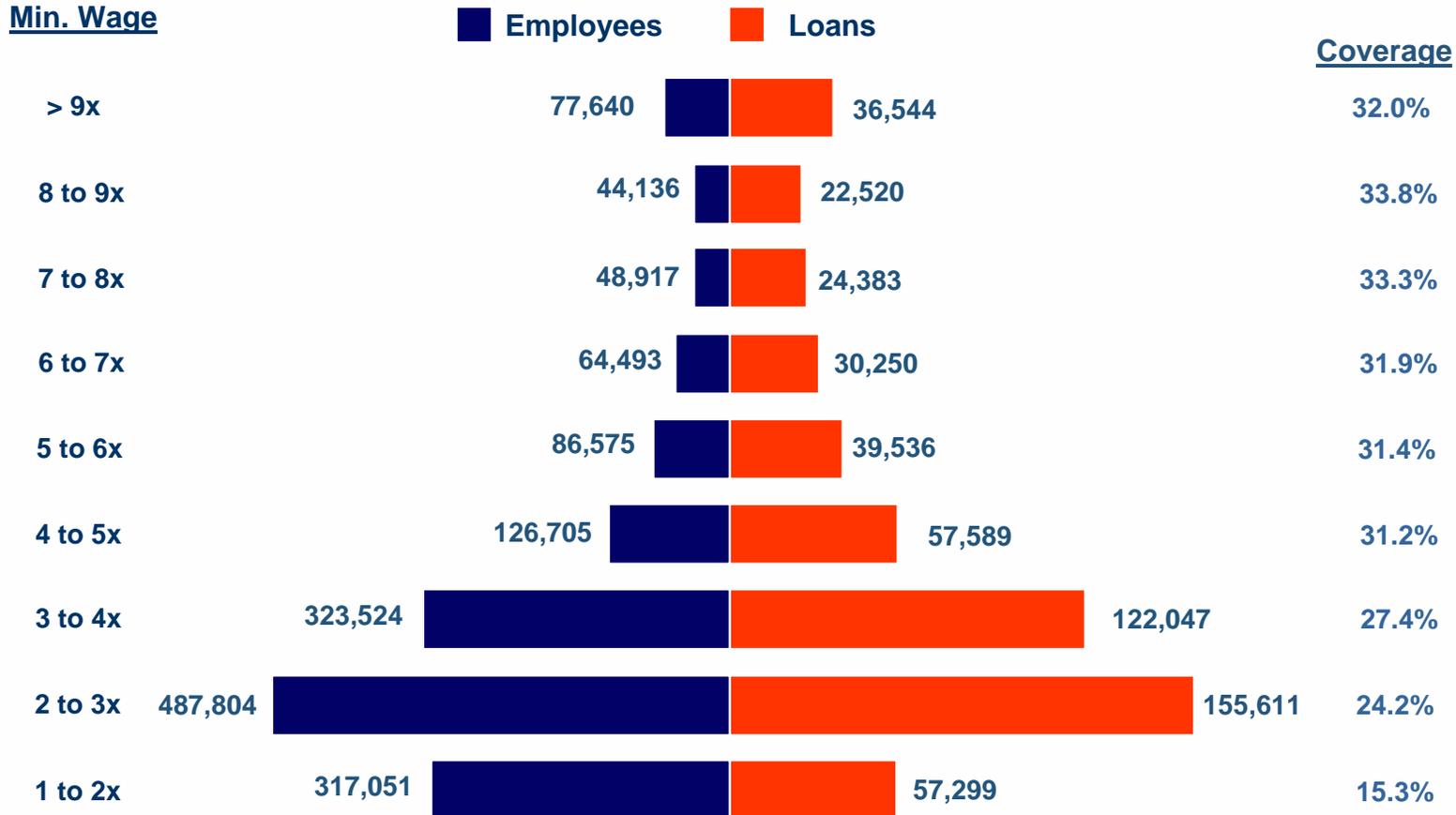
Total = 2.1 million active public employees



Source: AVC ISSSTE

POTENTIAL DEMAND vs. LOANS PROVIDED

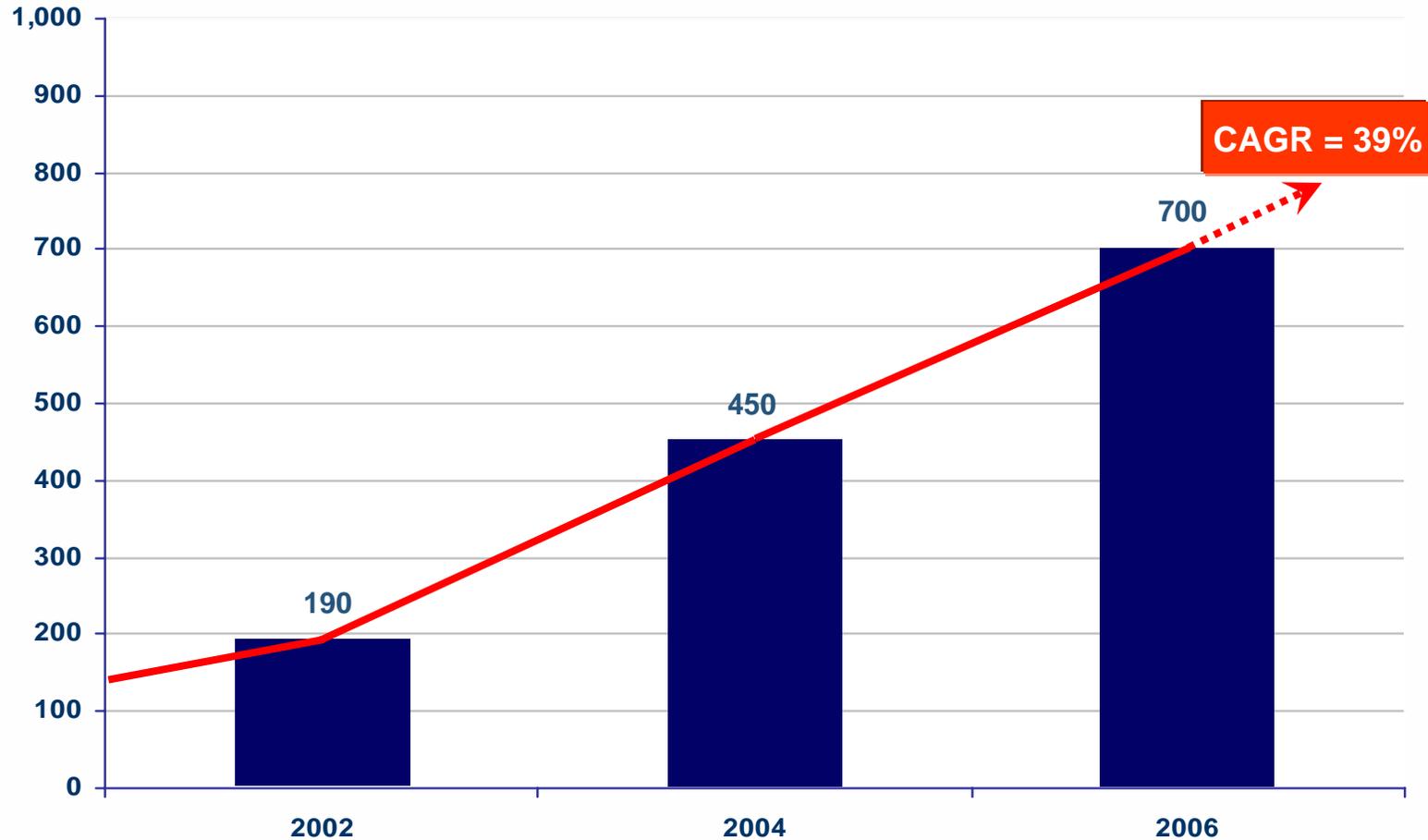
As measured by minimum wage range



Source: AVC ISSSTE



FOVISSSTE-REGISTERED HOMEBUILDERS

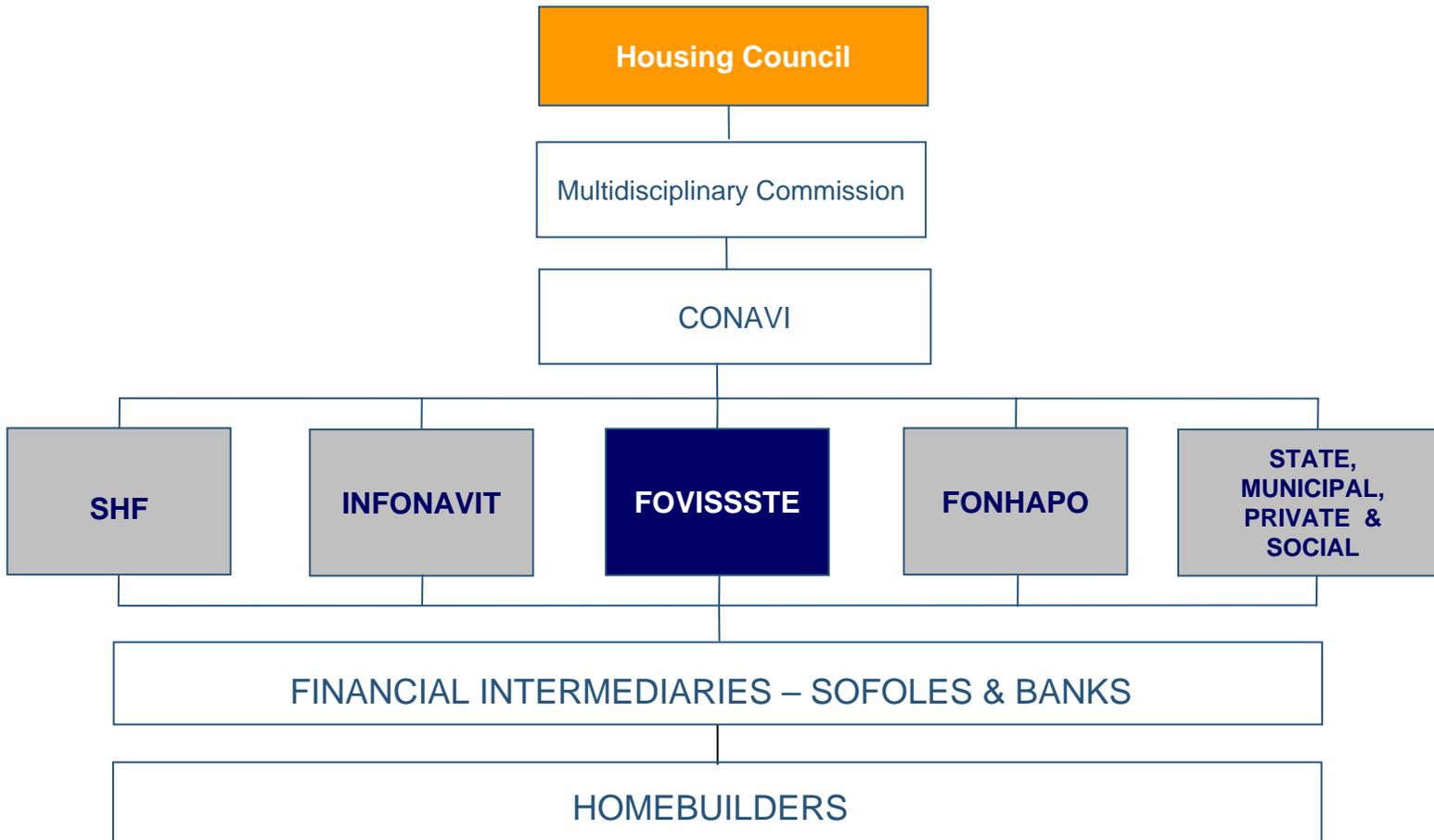


AGENDA

- I. FOVISSSTE: 1972-2006
- II. Housing Industry Structure
- III. Fundamentals
- IV. Outlook – Strategy 2007 - 2012
- V. Conclusion



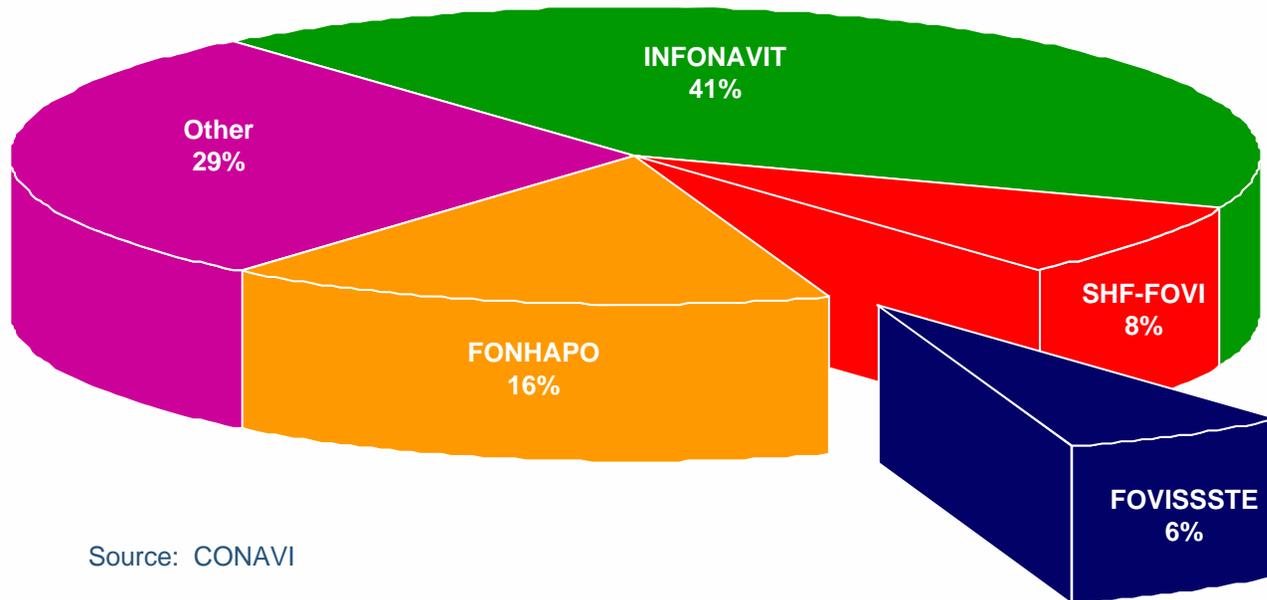
MEXICAN HOUSING SYSTEM





MORTGAGE LOANS 2001-2005

BREAKDOWN BY INSTITUTION: 3'485,162



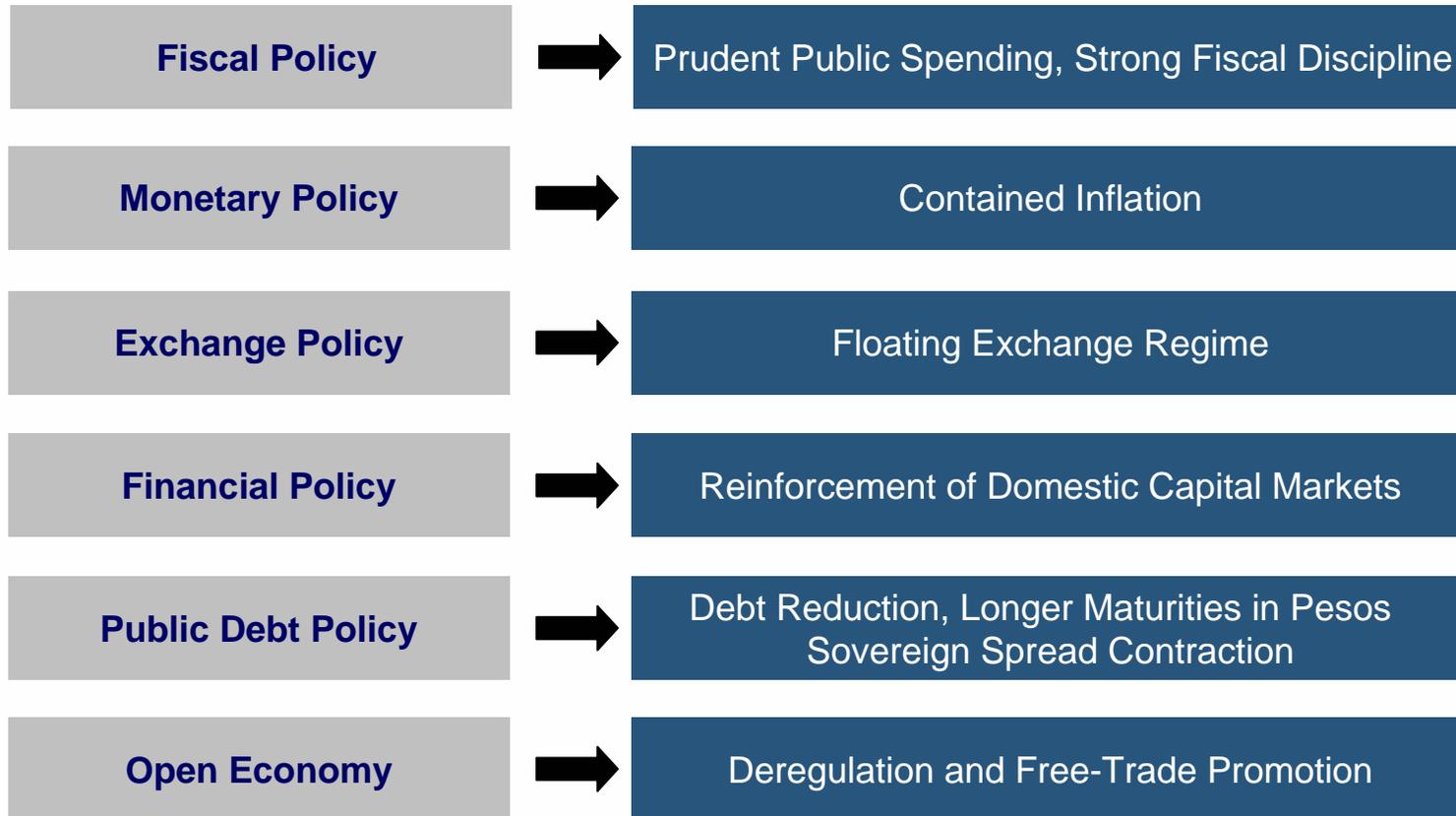
Source: CONAVI

AGENDA

- I. FOVISSSTE: 1972-2006
- II. Housing Industry Structure
- III. Fundamentals
- IV. Outlook – Strategy 2007 - 2012
- V. Conclusion

MACROECONOMIC STABILITY

The Mexican Government has initiated programs and implemented effective economic policies to catalyze economic development



AGENDA

- I. FOVISSSTE: 1972-2006
- II. Housing Industry Structure
- III. Fundamentals
- IV. Outlook – Strategy 2007 - 2012
- V. Conclusion

CHALLENGES 2007-2012

For the period of 2007-2012, FOVISSSTE's initiatives will transform the affordable-housing dynamics by following a three-stage strategic approach:

FIRST STAGE – YEAR 1

- Redefine the composition of our portfolio, primarily rebalancing our existing non-performing loans portion
- Deliver 26,000 housing units through our core program: ***“Terminemos Tu Casa . . . con la suma de todos”***
- Optimization of our day-to-day business operations to meet the increasingly demanding needs of our customers
- Allocate more than 110,000 mortgages in 2007 for the following programs: ***1) Traditional; 2) Co-financing; and, 3) Subsidized***

CHALLENGES 2007-2012

- Team up with Homebuilders to facilitate mortgage-loans for workers in the low-end range of the income curve (Minimum wage < 3 times)
- Strengthen FOVISSSTE's financial condition to further expand its institutional lending capabilities

SECOND STAGE – YEARS 2 AND 3

- Tap Global Capital Markets. Securitise a portion of our existing loans portfolio tentatively through a 2-tranche US\$ 750 million placement
- Continuously improve institutional procedures – corporate governance

CHALLENGES 2007-2012

- Launch financial products that are consistent with the needs of Mexico's public employees coupled with the offering by both homebuilders and mortgage providers

THIRD STAGE – YEARS 4, 5 AND 6

- Originate innovative financial solutions
- Deploy our infrastructure efficiently to capture greater market share
- Achieve our six-year government objectives

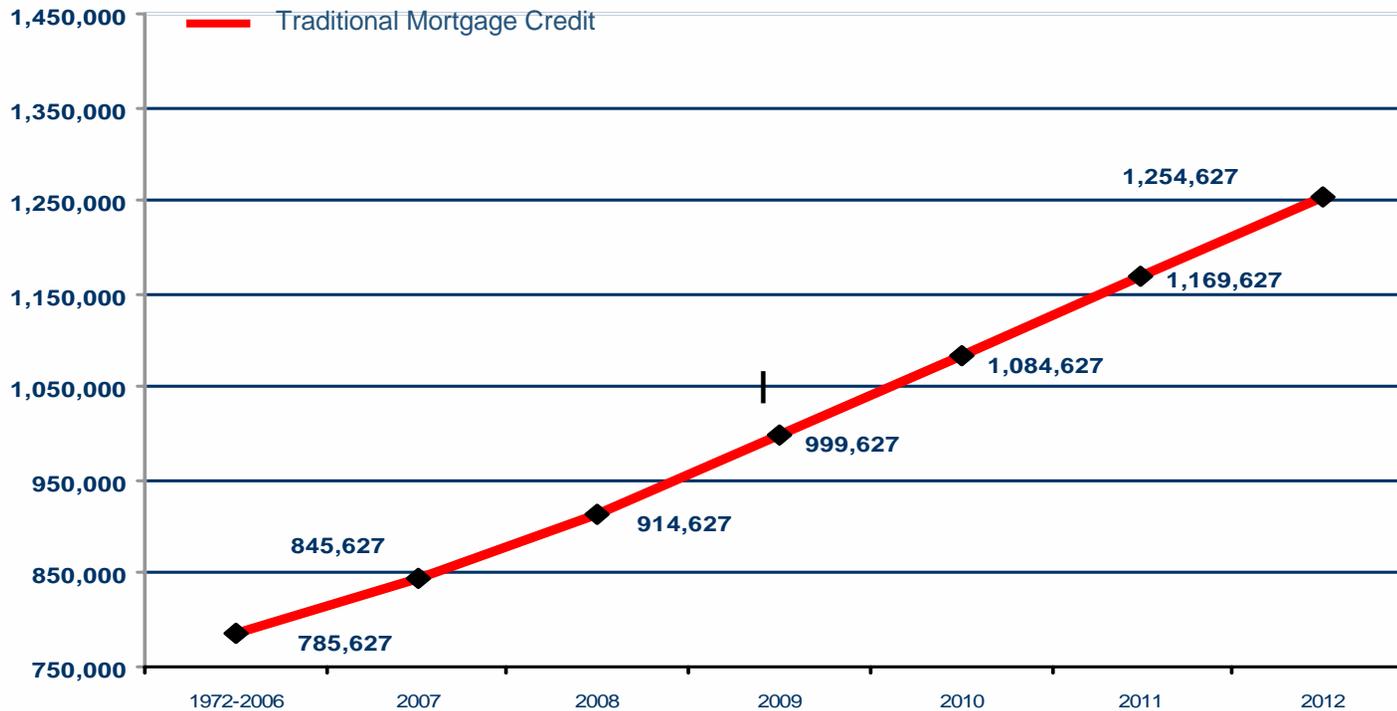
MORTGAGE CREDIT PLAN

(PRELIMINARY PROJECTIONS 2007 – 2012)

Year	Traditional A	Co-financing B	Subsidized C	Innovation D	Total
2007	60,000	30,000	21,000	0	111,000
2008	69,000	30,000	21,000	0	120,000
2009	85,000	30,000	21,000	0	136,000
2010	85,000	30,000	21,000	3,000	139,000
2011	85,000	30,000	21,000	3,000	139,000
2012	85,000	16,000	21,000	3,000	125,000
	469,000	166,000	126,000	9,000	770,000

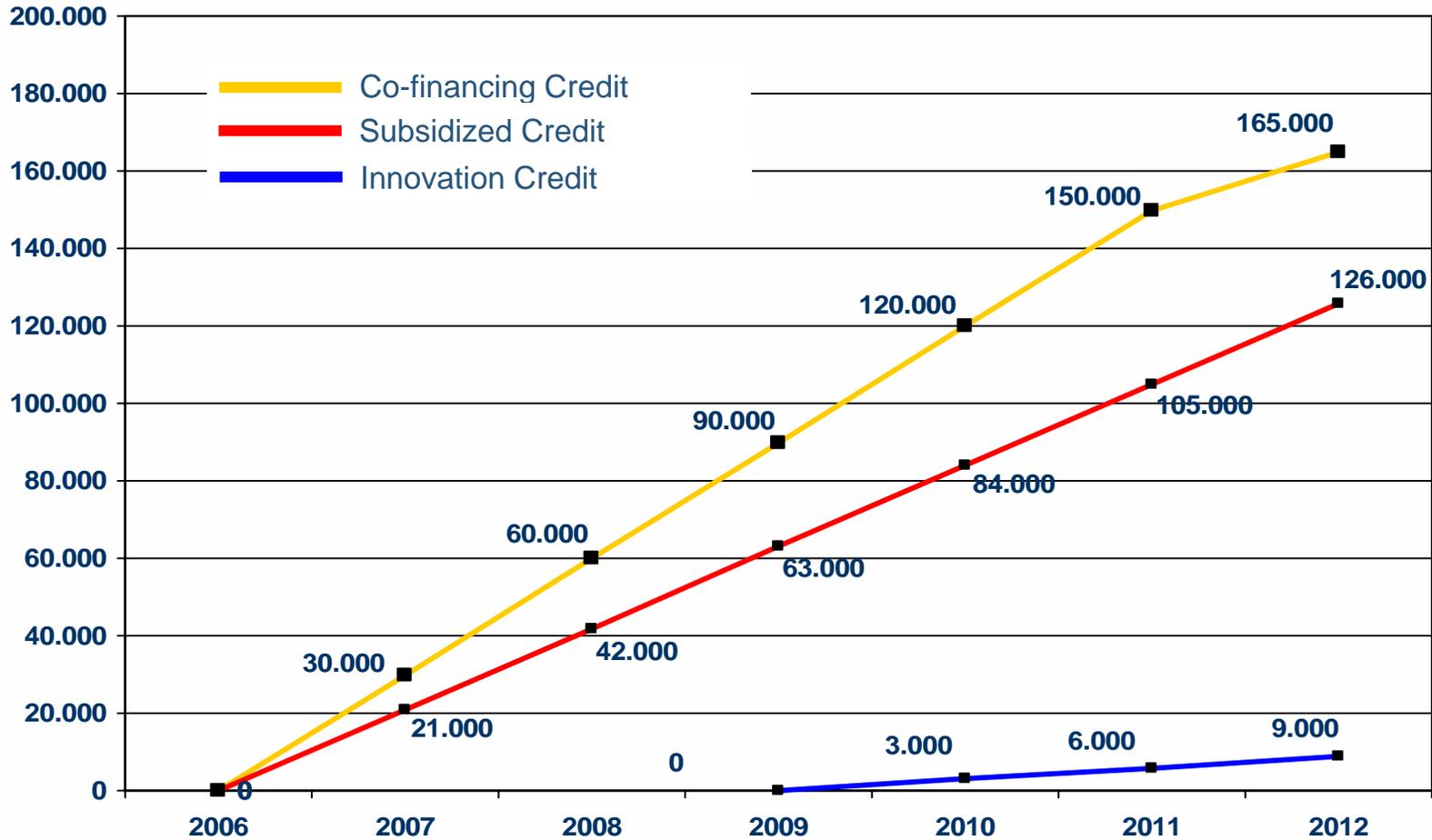
CUMULATIVE LOAN ALLOCATION

(PRELIMINARY PROJECTIONS 2007 – 2012)



CREDIT COMPOSITION

(PRELIMINARY PROJECTIONS 2007 – 2012)



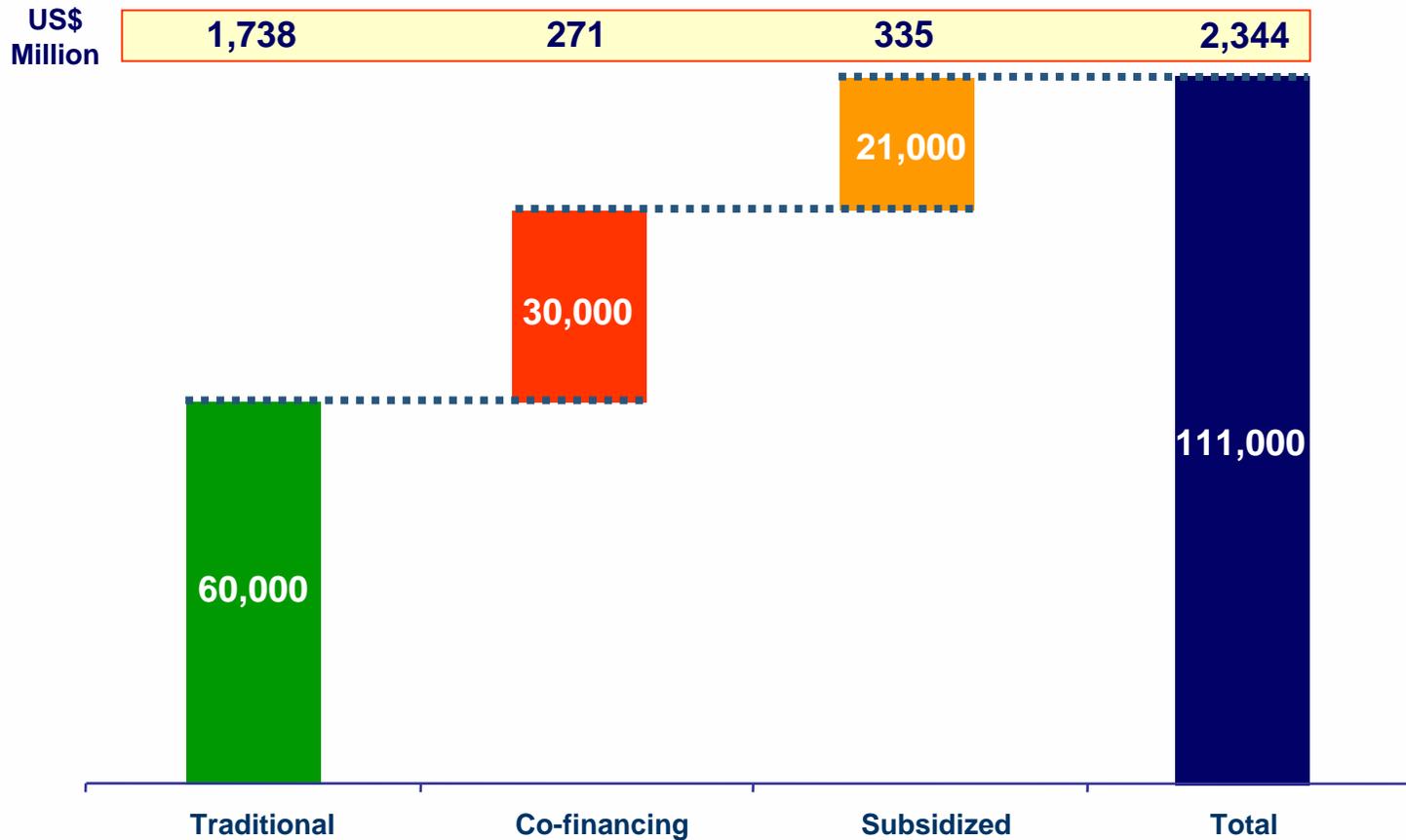
FOURTH ANNUAL MEXICAN HOUSING DAY

FEBRUARY 9 / 12 / 2007



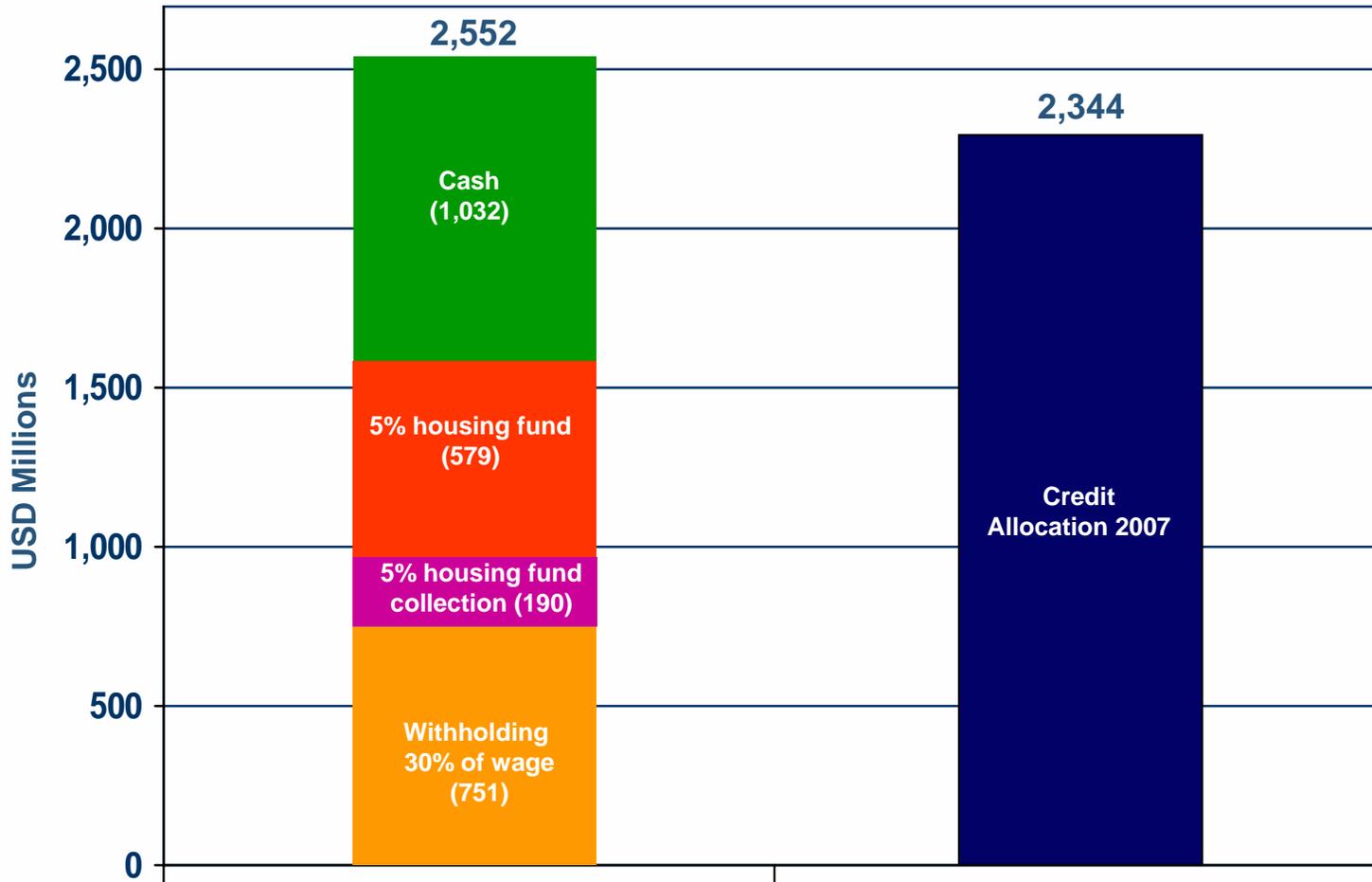
MORTGAGE CREDIT PLAN

(PRELIMINARY 2007)

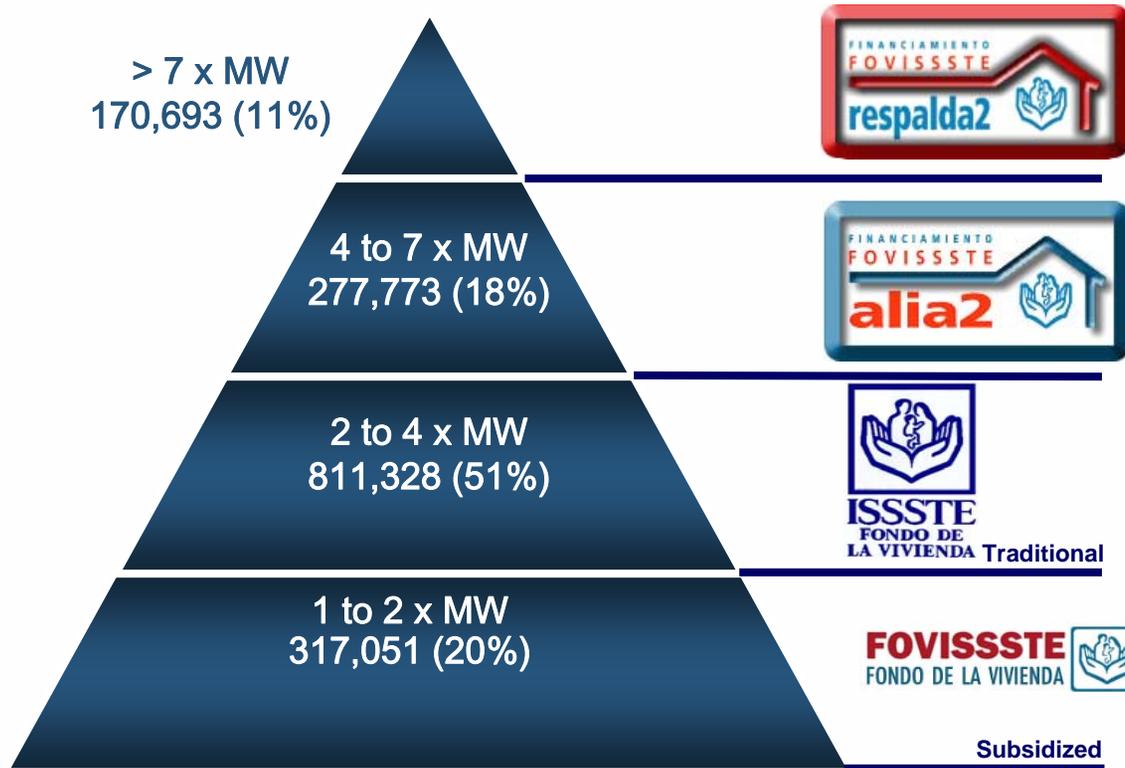




FINANCING TYPE 2007

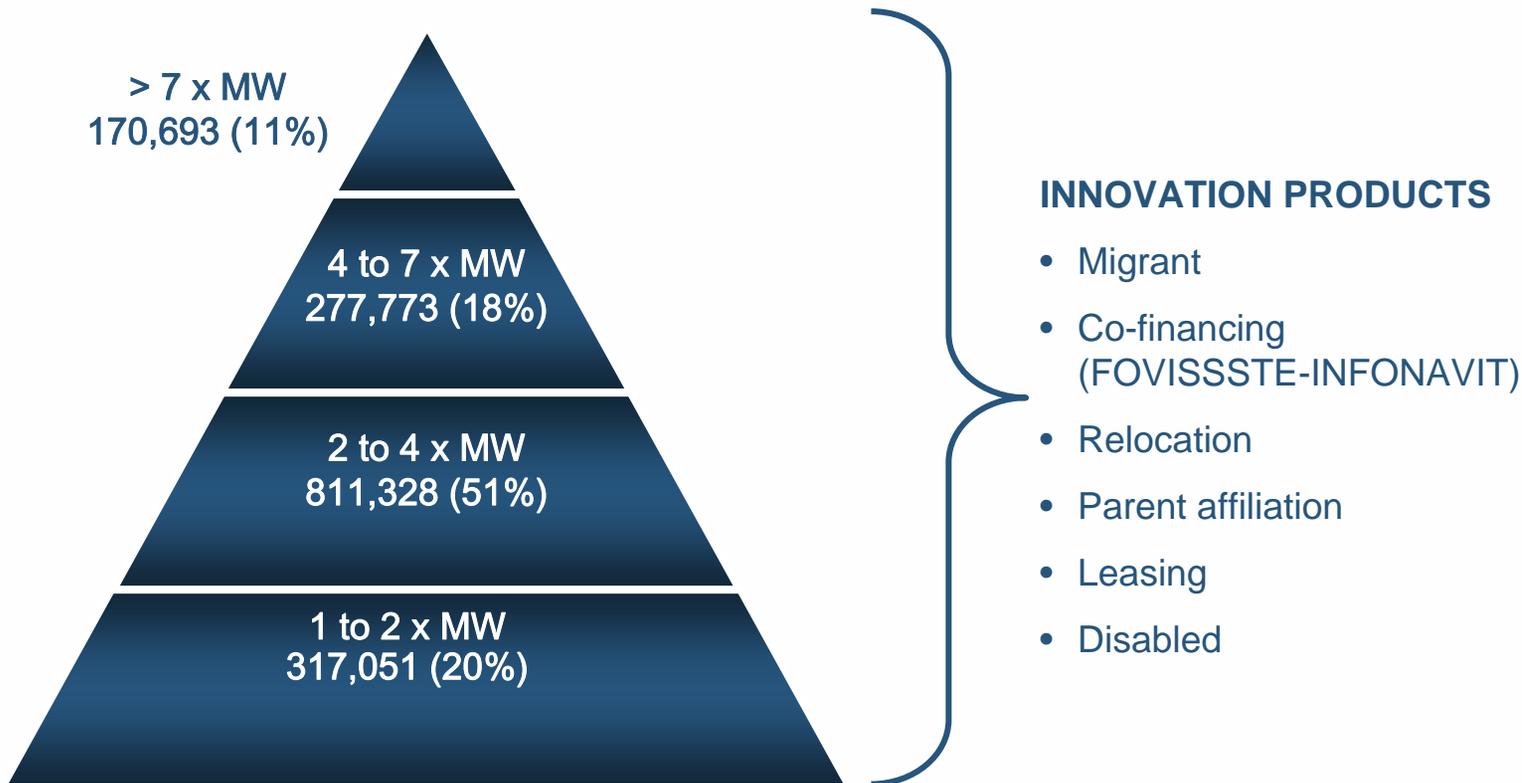


CREDIT PRODUCTS MIX 2007-2012





CREDIT PRODUCTS MIX 2007-2012





FOVISSSTE – MORTGAGE FINANCING PROVIDERS



EVOLVING FROM A SINGLE TO A MULTI-OFFERING

1972-2006 (Single)

- Traditional

2007-2012 (Multiple)

- Traditional
- Co-financing
 - Banks
 - INFONAVIT
- Subsidized Credit
- Migrant
- Spouse
- Retired

AGENDA

- I. FOVISSSTE: 1972-2006
- II. Housing Industry Structure
- III. Fundamentals
- IV. Outlook – Strategy 2007 - 2012
- V. Conclusion

CONCLUSION

GOAL 2007-2012

ALLOCATE 770,000 NEW LOANS

Our objectives will be delivered . . .

- Mexico's new President: Felipe Calderon, is fully committed to promote a substantial contribution by FOVISSSTE
- Current portfolio offers excellent conditions to launch additional financing alternatives (e.g. residential mortgage-backed securitizations)
- Implementation of cutting-edge technology to keep up pace with the current demands of clients
- Structural changes fully aligned with Mexico's National Economic Plan 2007 - 2012



THANK YOU