



Fifth Annual Mexican Housing Day

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Chief Executive Officer FOVISSSTE

February 8th, 2008



What moves us, is what we are doing and where we are going...

1. In order to better serve the growing potential demand and to make of FOVISSSTE world class institution, we are currently experiencing a stage of deep structural transformation
2. At the same time, we have initiated an intensive operational program which has allowed us to diversify our loan products into six different product lines
3. The vision of the current Mexican Government administration is to accelerate the rate at which demand is satisfied, via the efficient use of contributions and optimizing the demand from the capital markets
4. We are heading towards a possible concurrence of FOVISSSTE to access the debt capital markets, through MBS, during the current Mexican Government administration



1. Deep Structural Transformation of FOVISSSTE into an Efficient, World-Class Institution



Transparency and accountability are the major premises upon which our new administrative model is based:

- a. Exposure to a strict, third-party supervision, control, and evaluation (CNBV, rating agencies, other governmental agencies such as SFP and ASF, and others)
- b. Intensive usage of world-class technologies to support all of our operations
- c. New focus on the training of our personnel and associates at all levels of the organization
- d. Undertaking of technical and political requirements for our access to the capital markets (rating agencies, board of directors, workers' unions, etc)

In 2007, FOVISSSTE incorporated new and external world wide class supervisors

	Organization	Function	
1	Secretary of the Public Function (SFP)	<ul style="list-style-type: none"> ✓ Internal control body (ICB), <i>in situ</i> permanent controller ✓ SFP Delegate and Commissioner ✓ SFP central authorities 	*
2	Federal Superior Auditor (ASF)	Agency of the Federal Congress that practices its evaluation by analyzing the accounts of the Finance Ministry and its agencies	*
3	National Banking and Securities Commission (CNBV)	Permanent organization of supervision, oversight and control	*
4	Vigilance Commission for the ISSSTE	Commission within congress mandated to oversee the application of the ISSSTE law	*
5	PriceWaterhouseCoopers	External auditor retained by FOVISSSTE to review our financial statements starting in the 2007 fiscal year	**
6	Standard & Poor's	Rating agency in charge of the evaluation of our business as the servicer of financial assets, as well as of the quality of our assets	**
7	Moody's	Rating agency hired for the evaluation of our assets	**
8	QS MEXIKO AG	Firm recently retained by FOVISSSTE to achieve the ISO certification in our main processes	**

* Mandatory ** Voluntaryarial



The McGraw-Hill Companies

**STANDARD
& POOR'S**

Ratings

FOVISSSTE Assigned ABOVE AVERAGE Residential Loan Servicer Ranking

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FOVISSSTE Assigned ABOVE AVERAGE Residential Loan Servicer Ranking

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We modernize ourselves to better serve our clients
...in only one year (2007), we have achieved the technical
conditions for the efficient management of our business:

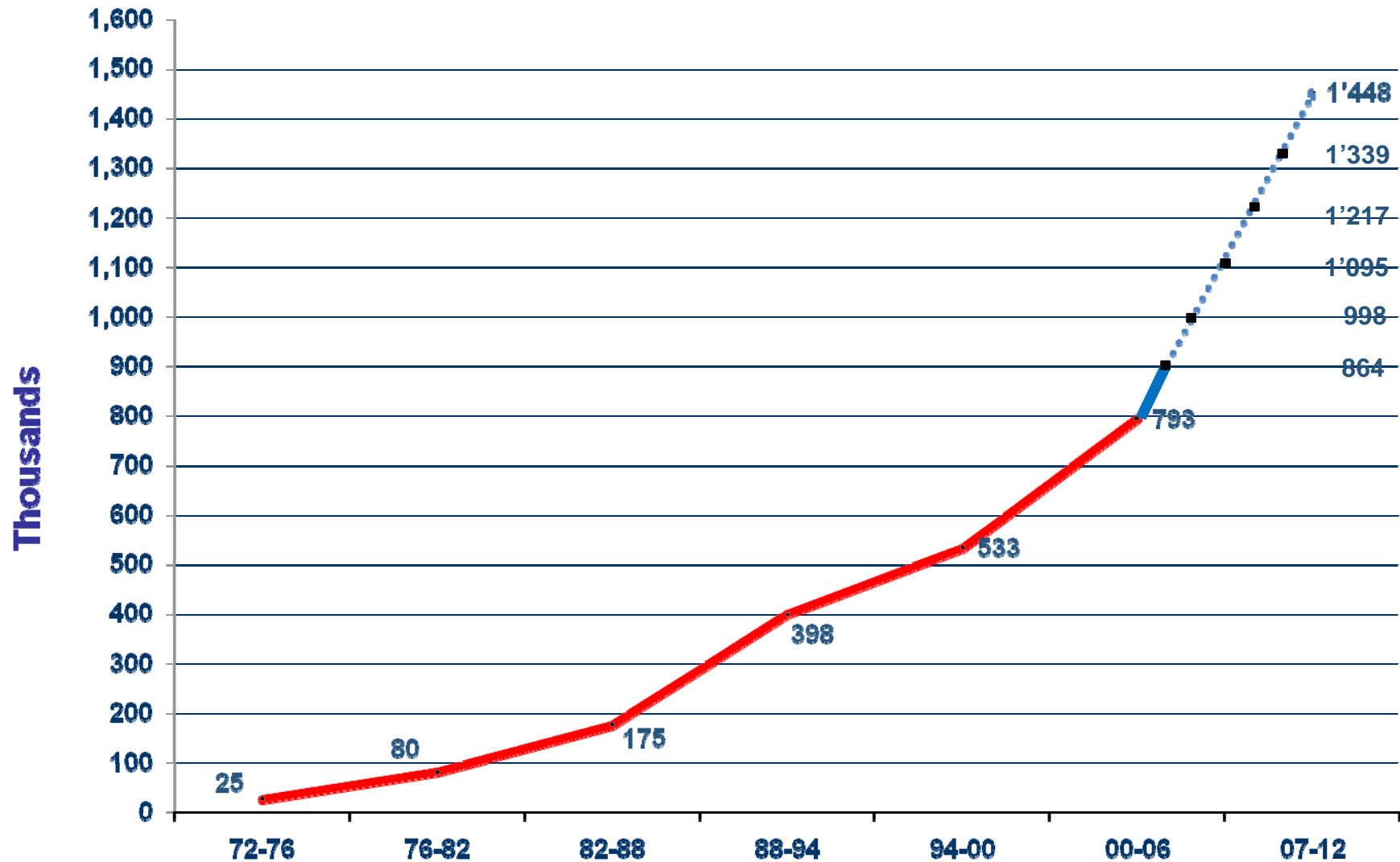
- ✓ 850,000 loans, 16 million amortization payments and 2.7 million contributions to the SAR per annum
- ✓ A data base that handles more than 500 million registries
- ✓ World-class technology base (Web-based, Oracle, Microsoft)
- ✓ Transactional applications in real time & on the Web
- ✓ A Tier IV data center (99.999% of availability in all aspects)
- ✓ 1.5 million online clients inquiries/year (account statements, payments, corrections & business transactions)
- ✓ Almost 1 million of online accesses/year by our financial and developer associates

...Our infrastructure is currently at world-class levels guaranteeing the trustworthiness and security of our processes

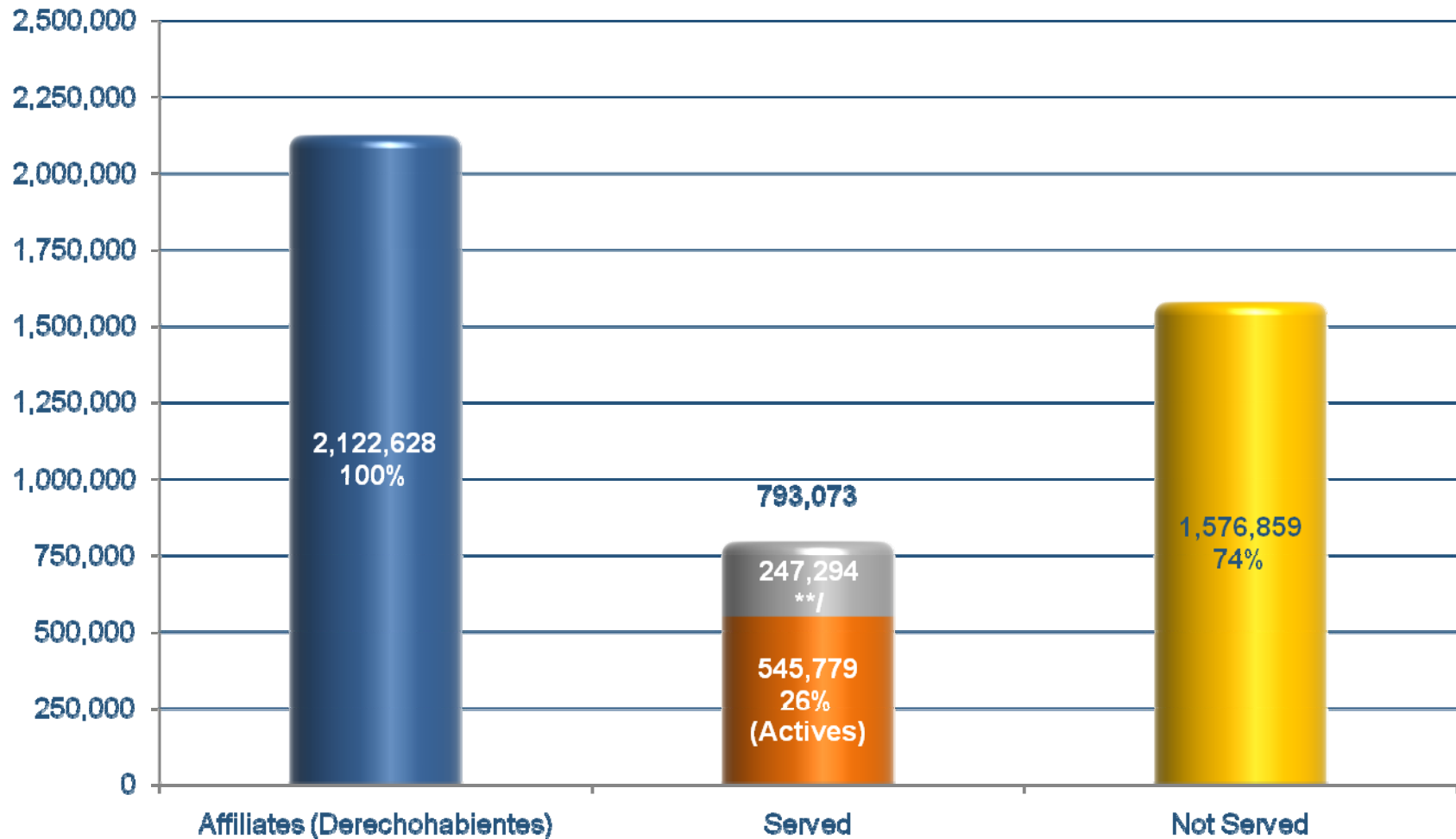


2. Aggressive operating program, to diversify our Loan Products into six different product lines

Our History ...and where we would like to be



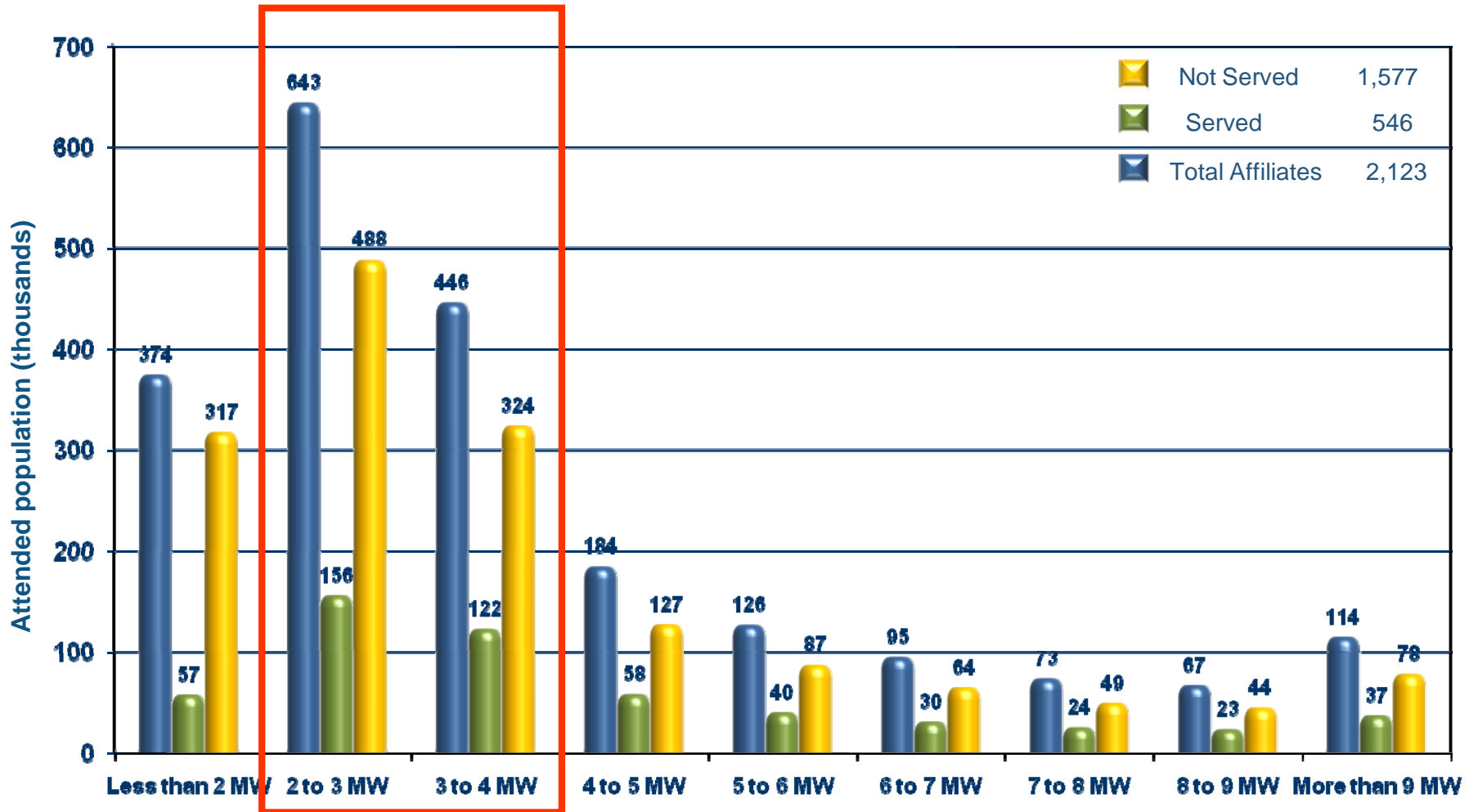
Historical Demand & Delay (as of Year-End 2006)



Source: AVC ISSSTE

**/ Active workers with no attention by the system (247,294)

Historical Vector of Served Demand (Thousands of Applicants and Income in Multiples of Minimum Salary)

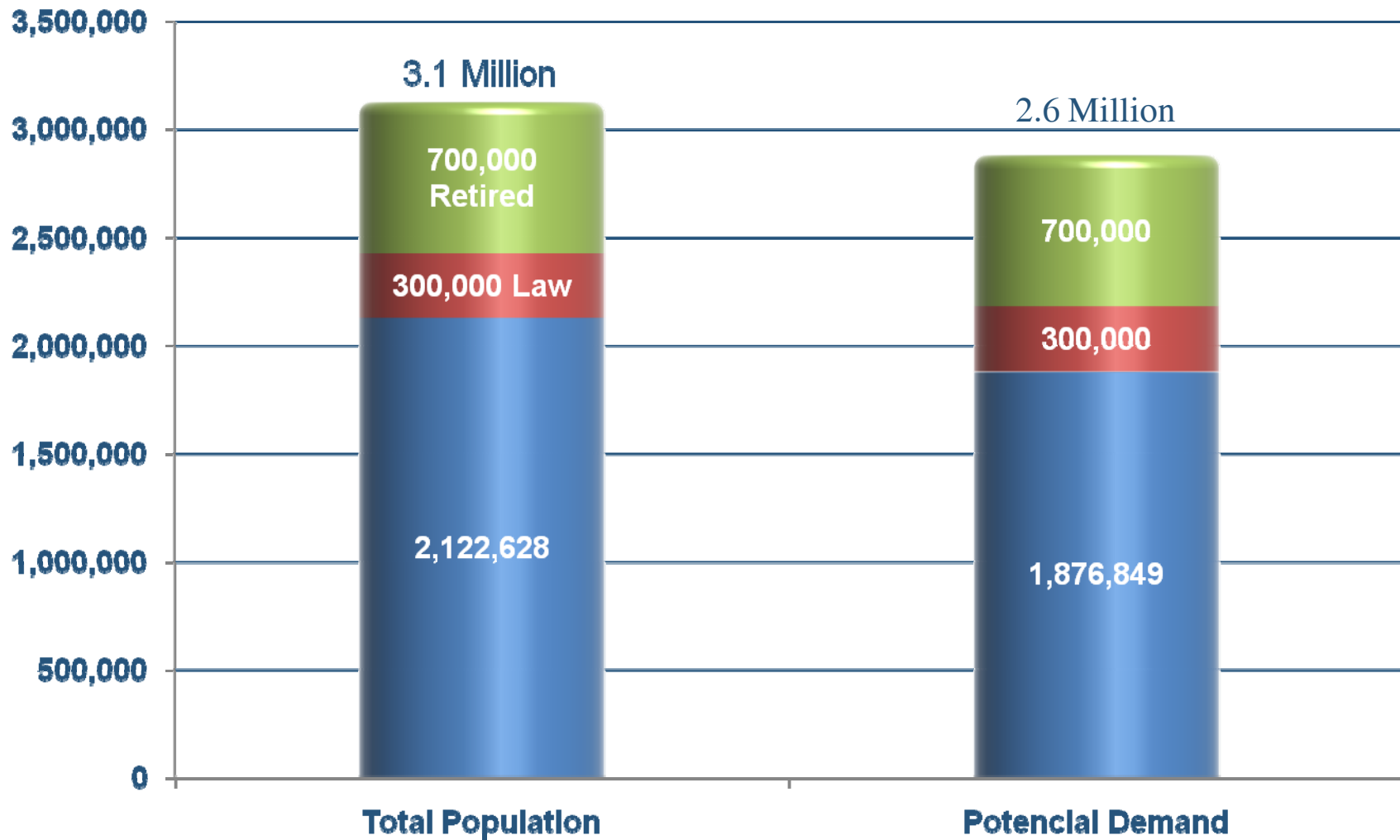


As of December 2006, Source: AVC ISSSTE

**/ Minimum Salary = Salario Mínimo Mensual General Vigente en el Distrito Federal (Monthly Minimum Salary for the Federal District)

 Zone of greatest historical attention

Historical Demand & Delay (six-year projection 2007-2012)





In 2008, six different products ...since 2007, loans for everyone

Num	Line of Credit	Offer	Dispersion (\$MM)		
			TOTAL	FOVISSSTE	Others
1	Traditional	66,000 ⁽¹⁾	23,562	23,562	0
2	With Subsidy	7,700	1,494	1,379	115
3	Retired	7,000	2,149	1,762	387
4	Conjugal	3,000	1,762	1,071 ⁽²⁾	691 ⁽²⁾
5	Alia2	29,000	11,774	3,892	7,882
6	Respalda2	1,000	1,004	88	916
TOTAL		113,700	41,745	31,755	9,990

1) Authorized for 2008, lottery 75,000 assigned by lottery

2) Average of the loans paid in 2007

FOVISSSTE 2006-2008

...and the indicators are a reflection of the change

No	Product	Mortgages			Growth	
		2008 ⁽²⁾	2007 ⁽¹⁾	2006 ⁽¹⁾	2007/06	2008/07
1	Traditional	66,000	60,674	46,000	32%	9%
2	With Subsidy	7,700	683		NA	11 times
3	Retired	7,000	648		NA	11 times
4	Conjugal	3,000	18		NA	166 times
5	Alia2	29,000	9,063	331	27 times	3.2 times
6	Respalda2	1,000	124	0	NA	8 times
TOTAL		113,700	71, 210	46,331	54	60

1) Loans from the annual lottery paid by FOVISSSTE

2) Projected



Our origination channels multiply in an alliance with the private sector

Associated Financial Intermediaries	2006		2007-2008	
	Intermediary	Booths	Intermediary	Sucs
I. SOFOLS /SOFOMS	1. Hipotecaria Nacional	104	1. Hipotecaria Nacional	104
	2. Crédito y Casa	116	2. Crédito y Casa	116
	3. Su Casita	64	3. Su Casita	64
	4. Vértice	6	4. Vértice	6
	5. Casa Mexicana	9	5. Casa Mexicana	9
	6. Crédito Inmobiliario	47	6. Crédito Inmobiliario	47
	7. Fincasa	2	7. Fincasa	2
	8. ING Comercial América	14	8. ING Comercial América	14
	9. Patrimonio	15	9. Patrimonio	15
	10. Finpatria	4	10. Finpatria	4
	11. Corporación Hipotecaria	13	11. Corporación Hipotecaria	13
	12. Independiente	6	12. Independiente	6
				13. Condesa
			14. Metrofinanciera	47
			15. Hipotecaria México	16
Subtotal	12	400	15	473
II. BANKS			1. BANCOMER	1,798
			2. BANAMEX	1,570
			3. SCOTIABANK	529
			4. BANORTE	1,079
			5. SANTANDER	1,653
			6. BAJIO	133
			7. GE MONEY	2
			8. HSBC (soon)	-
Subtotal	0	0	7	6,764
TOTAL	12	400	22	7,237 *

* Additionally, FOVISSSTE has 35 regional offices across the country



3. The Vision of the Current Administration: To Accelerate the Level of Demand Satisfaction and to Consolidate the Achievement of Efficiencies



Decide for the future
...with the people in mind

Steady State Scenario (2000-2006):

We projected for the long-term based on the number of loans granted by lottery during the last fiscal year of the prior administration

Under this assumptions, 80% of workers would not have access to mortgage loans during their working life (from the total number of current retirees, 93% retired *without obtaining one single loan*)

The statement above is difficult to grasp taking into account that the fund has experienced accounting and financial surplus for years. These funds were not utilized for the basic objective of the fund, this situation cannot continue in the future



Decide for the future
...with the people in mind

Assumed Scenario:

Under this scenario, we assumed rapid advancement in the attention of the unsatisfied demand, utilizing both our current financial resources, as well as access to the capital markets to complement them

The goal of the current Mexican Government administration is to double the amount of loans originated by the prior administration from three to six million loans

FOVISSSTE will try to achieve an even higher growth rate, equivalent to 137% in number of loans and 161% in value



4. Towards a Potential Debut by FOVISSSTE in the Debt Capital Markets to Achieve our Loan Origination Goals



We are preparing ourselves for a possible issuance in the debt capital markets...

Five concrete actions:

1. S&P servicer rating residential mortgage loans: **“Above Average” (Nov. 2007)**
2. Year-end 2007 financial information : Under Mexican GAAP (*Normas de Información Financiera*)
3. Green light from our Board to come to the capital markets **(Aug. 2007)**
4. Financial statements 2007 audited by PwC **(Mar. 2008)**
5. Portfolio credit rating by S&P and Moody’s **(Apr.–May 2008)**



5. Conclusions



What makes us strong ... eight realities that we plan to take advantage of:

1. Unsatisfied, captive and growing demand
2. Payroll deduction loans
3. Low rotation of government employees
4. The fund has no indebtedness or other financial liabilities
5. Pool of assets in excess of MXN 100 billion
6. Good nationwide coverage by our partners
7. Advanced IT
8. High international credit ratings



Two conclusions:

1. Despite the instability of external conditions and the estimated reduction in the growth of Mexican GDP for 2008, the current administration's project is viable because it is based on the strengths and the relative inelastic demand that define our market
2. Our main challenge in the short and medium term is to diversify and to strengthen our funding sources



Thank You