



2011 RESULTS & INSTITUTIONAL OUTLOOK

MEXICAN HOUSING DAY



INSTITUTO DEL FONDO NACIONAL DE LA VIVIENDA PARA LOS TRABAJADORES



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- Introduction
- 2011 Results
- 2012 & Beyond
- Conclusions

Introduction

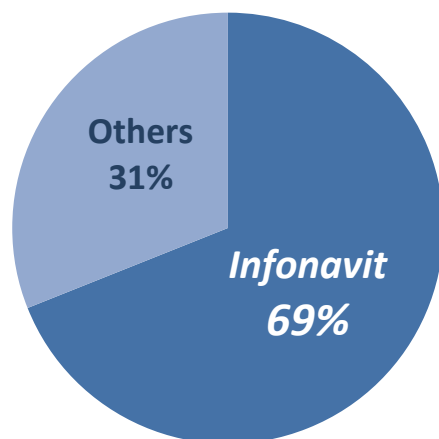


- In 2011, Infonavit experienced its most successful year in history
 - More than 500,000 loans originated loans
 - The approval of the *reform* to its law generating new areas of opportunity
 - The development of an institutional strategic agenda focused on sustainability and quality of life
- In 2012, Infonavit will concentrate efforts to implement the *reform* and continue consolidating its initiatives to achieve a greater social impact

Introduction: Scale of Operations

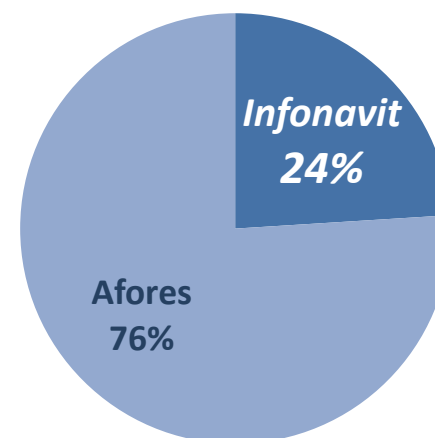


Mortgage Originations in Mexico Market share



Source: CONAVI, data as of November 2011

Retirement Savings in Mexico Market Share



Source: CONSAR, data as of December 2011

Rank	Bank	Loans Originated¹
--	INFONAVIT	475,072
1	Wells Fargo & Co	361,645
2	Bank of America	283,762
3	Chase	143,282

¹ Excludes refinancings and wholesales. Includes correspondent mortgages.
Source: INFONAVIT press release; National Mortgage News

Rank	Bank	Loans Serviced
1	Bank of America	12,561,148
2	Wells Fargo & Co	11,844,878
3	Chase	8,439,876
--	INFONAVIT	4,730,908
4	CitiMortgage, Inc	4,123,243

Source: INFONAVIT Servicing Metrics data; National Mortgage News statistics;
Lender Processing Services Inc. delinquency data

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2011 Results: Operating Performance



Its historic record was achieved by originating more than 500,000 loans

		2010	2011	Var (%)
NUMBER OF LOANS	Mortgage Loans	475,072	501,292	5.50%
	“Renueva tu hogar” Program	-	53,292	
	Co-financing Loans	93,724	157,824	68%
MILLIONS OF MXP\$	Investment	113,271	117,156	3%

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2011 Results: Financial Performance



Financial results have demonstrated a consistent growth, increasing income and strengthening solvency.

Millions of MXP		2010	2011 Projected	Variation
TOTAL INCOME ¹	Cash flow	127,191	136,720	7.50%
RETURN	Net Income	10,255	12,181	18.80%
	Equity / Assets	10.52%	11.19%	+0.67bps
SOLVENCY	Reserves / Non-performing loans	245%	261%	+16bps
	Equity	69,940	82,121	17.40%
	Default Rate	5.10%	5.15%	+0.05bps
	Housing Savings Account (SCV) Nominal Return	7.47%	5.14%	-2.33bps

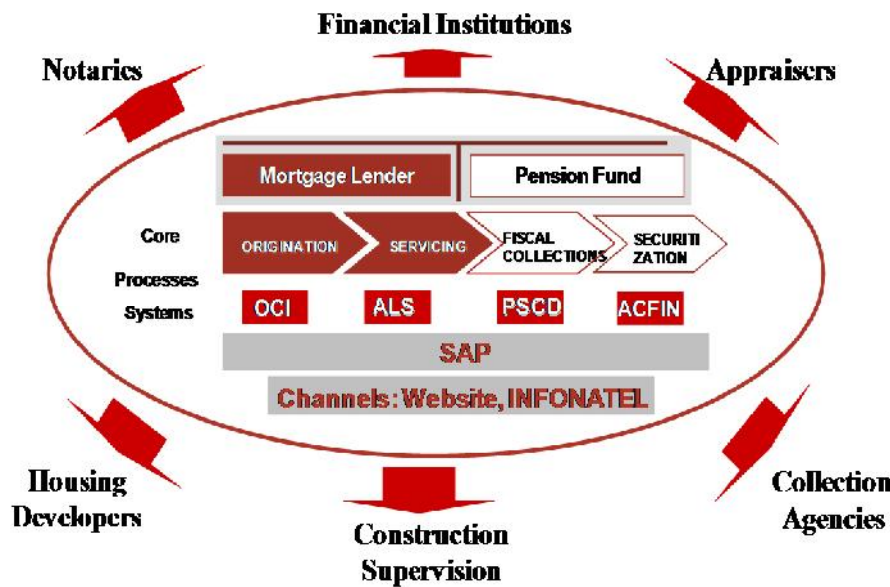
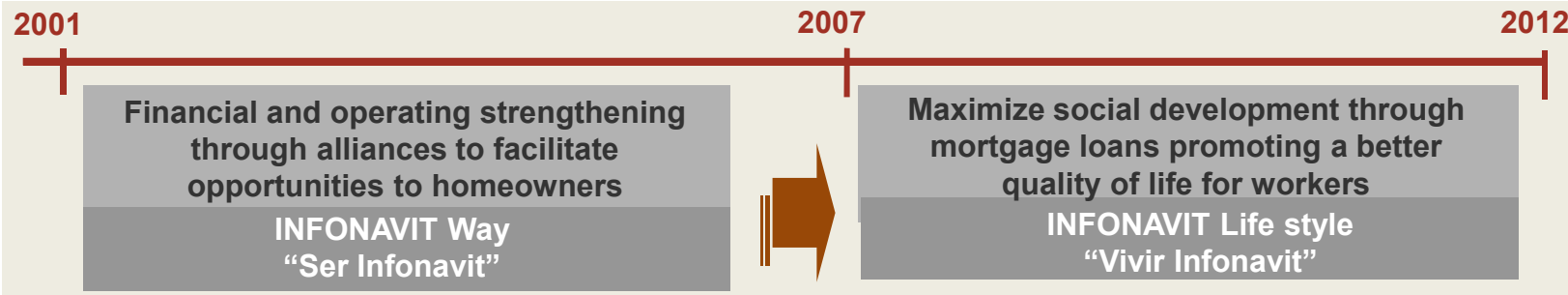
Financial strength as a means to achieve social goals

¹ Includes market funding
bps. Basis Points

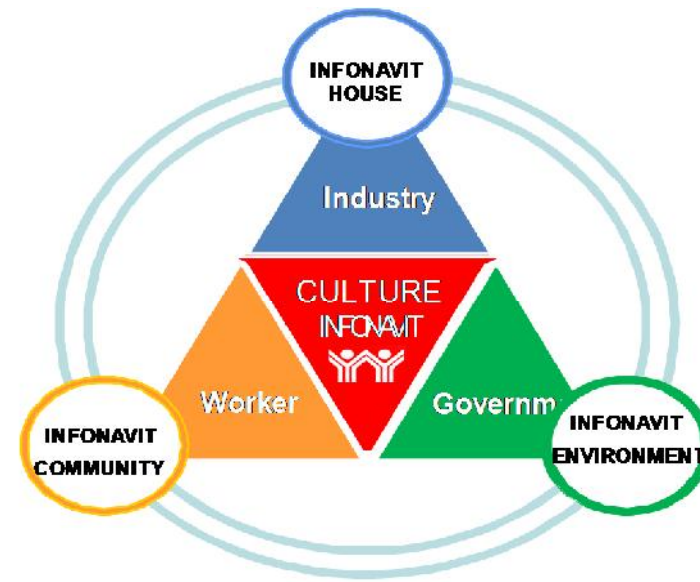
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2011 Results:

Reminder: Strategic Focus on Quality of Life



YESTERDAY'S SUCCESS:
Originating an increasing number of loans



TODAY'S SUCCESS:
Addressing core housing needs and promoting a better quality of life

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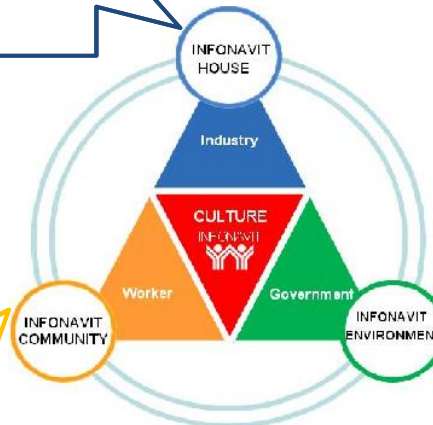
2011 Results: Social Performance



Infonavit consolidated its initiatives
in social sustainability

Housing

- Green Mortgages: 376,815 loans
- Mortgage with services: utilities collection, 6 municipalities participating
- Personalized Guidance (API)
- Home & Computer Program



Community

- Professional Neighborhood Developer: 533 certificates
- Community Centers: 40 operating
- “Mis Vecinos y mi Comunidad” Program: 16,375 rehabilitated homes
- “Saber para Decidir” Workshops: assist workers with their decision to apply for a loan

Urban Environment

- Municipality Competitiveness Program for Advancing Initiatives in Housing (PCMV)
- Municipality Competitiveness Index (INCOMUV)
402 municipalities evaluated

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2011 Results:

Amendments to Infonavit's Law



- 1. Once their first loan is paid in full, workers can request a second loan through co-financing with financial institutions**
 - Expands the demand for credit
 - Encourages housing mobility and the secondary market
- 2. The outstanding balance of the housing account savings is delivered to affiliated pensioners in one single lump sum**
 - Infonavit has started processing applications and strengthening its service capacity
- 3. Workers can request loans in Mexican pesos at a nominal rate**
 - Provides certainty to workers through fixed level payments and no balance indexation
 - Enhances LTV and willingness to pay
- 4. Furnishes Infonavit with a long term investment regime of excess funds**
 - Improves the return on the housing savings account (SCV)
 - Allows the diversification of investment strategies

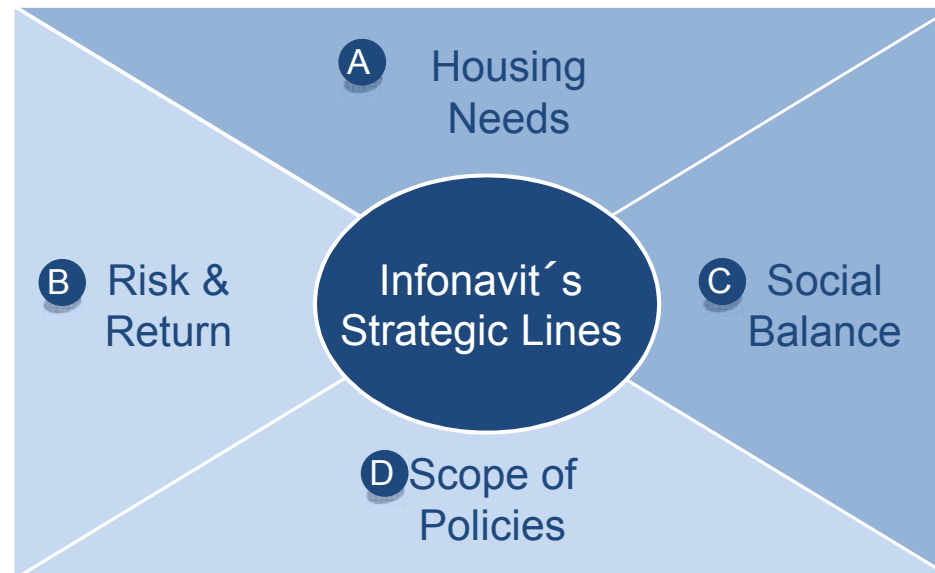
2012 & Beyond: Analytical Framework for Strategy Development



The strategy that Infonavit could implement during the next ten years for the achievement of its dual mission should respond to definitions in several fronts:

- What is the volume of housing needs that we should address?
- What is our impact from the addressing of the most basic housing needs?
- How well aligned is the supply with the housing needs?

- What is Infonavit's financial strength?
- What are the main risks that impact Infonavit's financial position?
- How can it be improved?



- What is the impact of our programs on the...?
 - Affiliate's quality of life
 - Affiliate's net worth

- What scope must Infonavit policies have?
 - Social Housing Model
 - Housing Finance System
 - Pension Savings System

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2012 & Beyond: Housing Needs – Quantitative Terms



The 2010 census reported ~4 million population counts more than previously anticipated (explained by migration & birth rates); this might represent variations of +15% in the number of dwellings by 2030.

- Estimated long-term demand adjustment is softer: 310,000 in 2016 vs. 380,000 in 2018

Additionally, the second loan in co-financing with financial institutions might drive an increase in demand of one million loans in the next 20 years.

- This could imply an additional estimated demand of approximately 50,000 loans per year

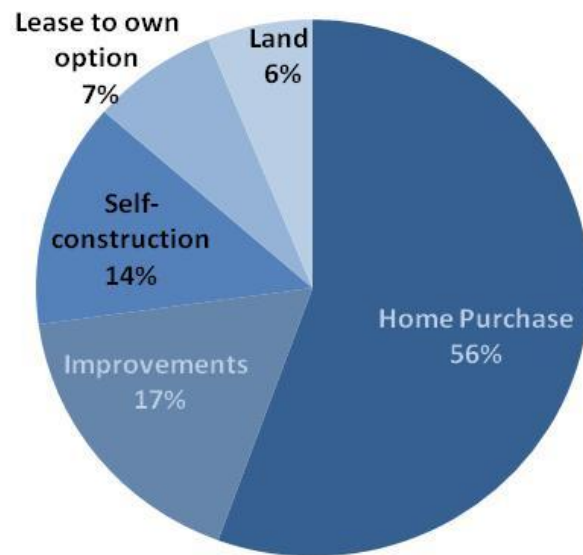


2012 & Beyond: Housing Needs – Qualitative Terms



Infonavit provides credit alternatives to serve different housing needs and preferences; more than half of the affiliates that are trying to address their housing needs, prefer to buy a home.

Preferences of qualified affiliates



* Excludes those who expressed preference for savings

**Crédito
Infonavit**

Cofinavit

InfonavitTotal

**Renueva
tu hogar**



2012 & Beyond: Risk & Return



Infonavit has a solid understanding of the behavior and risks of its credit portfolio:

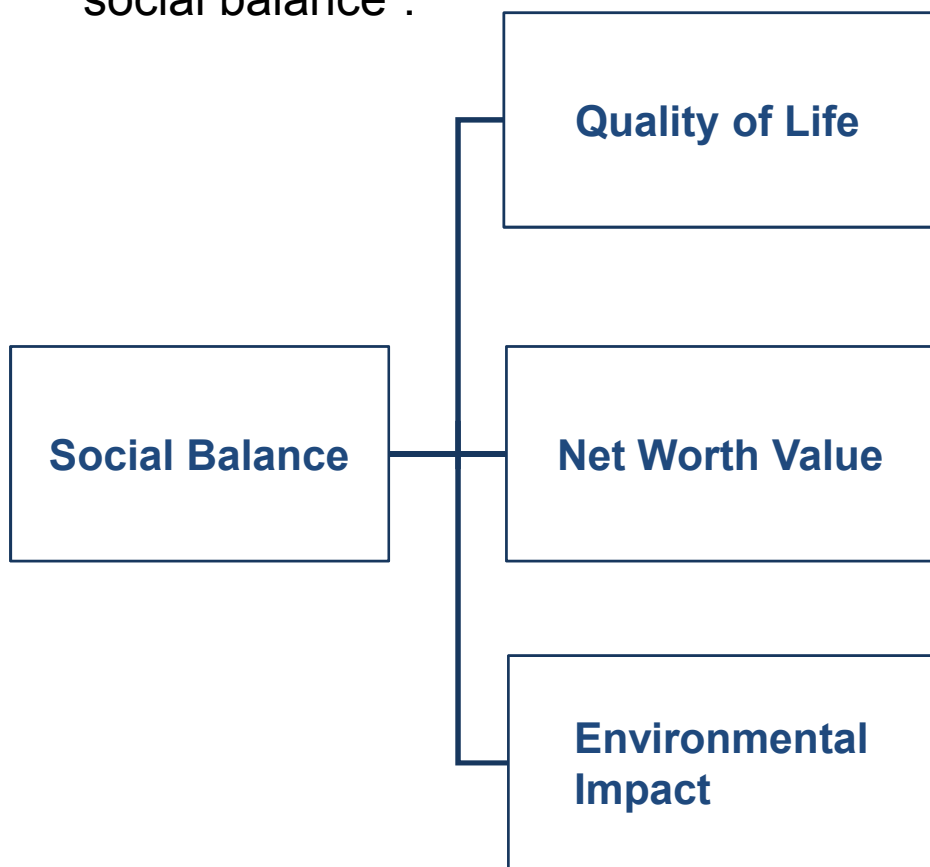
- Two different portfolios must be managed based on income level
 - 4 or more TMW (“market” model): profitability
 - Less than 4 TMW (“social” model): subsidy
 - Cross-subsidy between both portfolios
- Given the labor-mobility and risk-level of the segment of workers with less than 4 TMW, new initiatives have been implemented:
 - “Road to solutions”
 - Mobile management (Blue messaging)
- Prepayment of loans: higher income borrowers tend to prepay their loans (15 vs. 30 years)
 - Long-term portfolio mix
 - Redesign of the credit product

Balance sheet’s strategic management to fulfill its social mission and maintain its strength

2012 & Beyond: Social Balance



Infonavit measures the affiliate's wellbeing through three sub-components of a “social balance”.



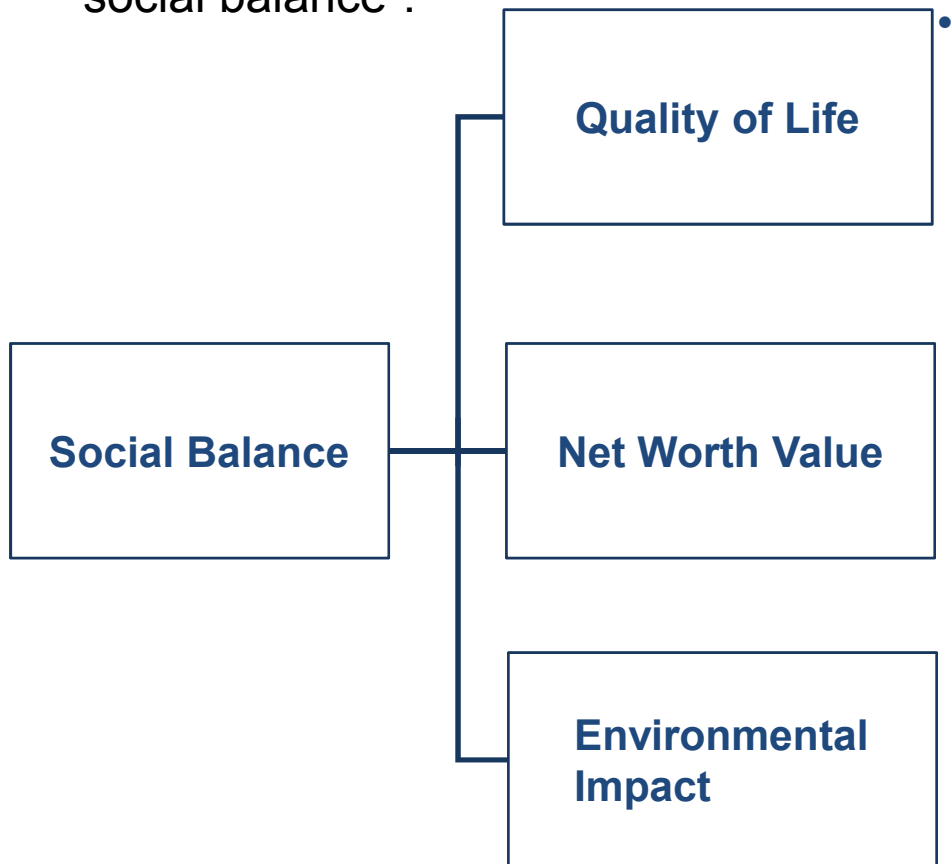
- **Quality of Life to Housing Index (ICVV)**
 - Greater positive impact on affiliates with core housing need; low impact on existing homeowners
 - Areas of opportunity :
 - Infrastructure
 - Services
 - Location
- **Replacement Rate**
 - Greater impact when an affiliate buys and resides/stays in the property; unwanted results when they don't stay
- **Water savings in m³** : 9% of the national domestic consumption
- **CO₂Tons** = carbon bonds represent economic savings of \$2 billion



2012 & Beyond: Social Balance



Infonavit measures the affiliate's wellbeing through three sub-components of a “social balance”.



• Quality of Life to Housing Index (ICVV)

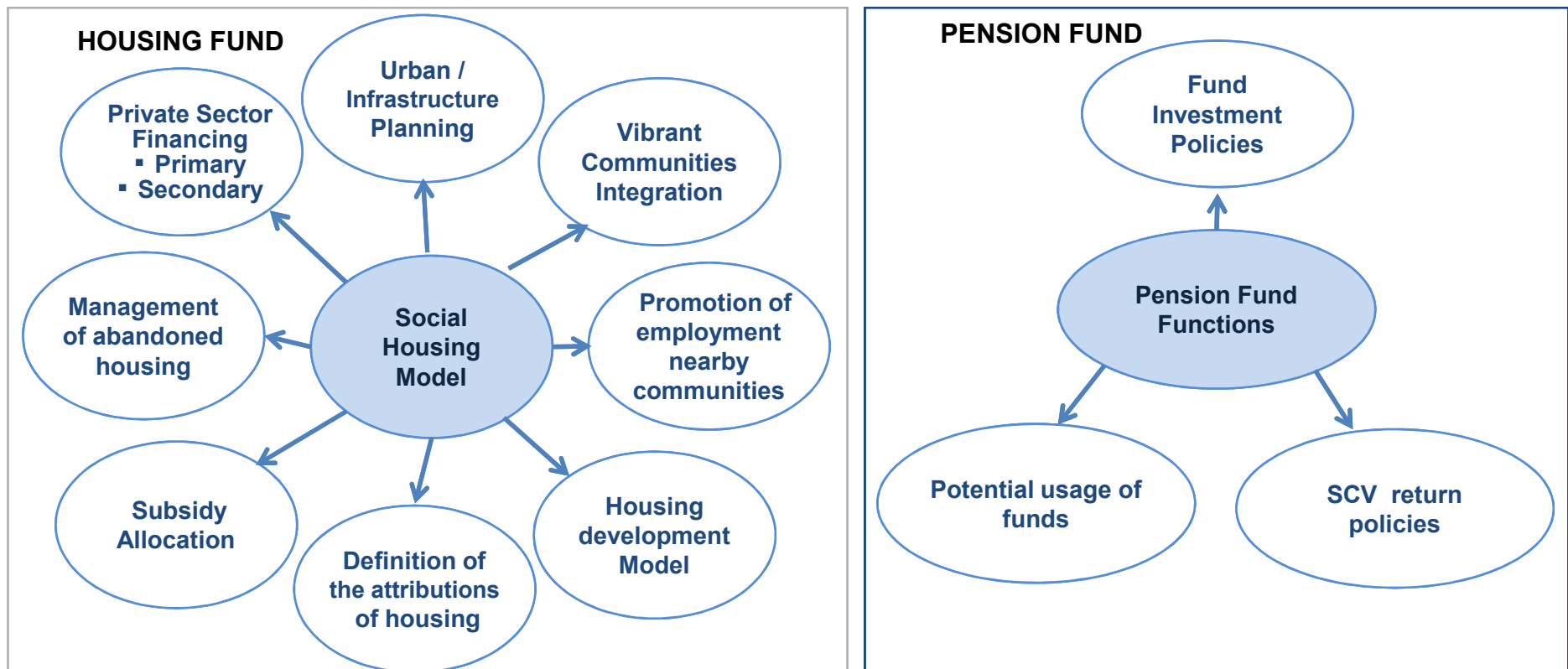
- Greater positive impact on affiliates with core housing need; low impact on existing homeowners
- Areas of Opportunity:
 - Infrastructure and services
 - Location



2012 & Beyond: Housing Fund & Savings Fund Policies



Infonavit's policies can be modified to achieve favorable results acknowledging other entities' attributions



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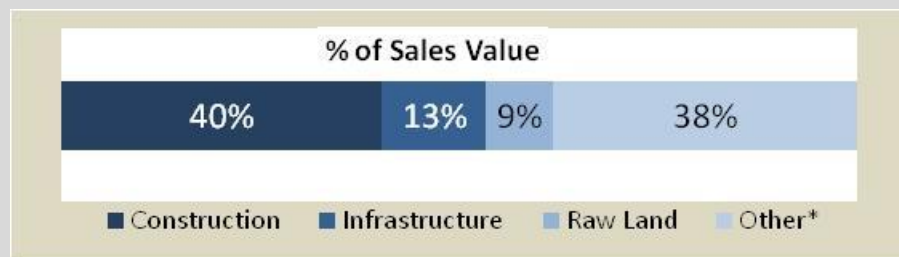


2012 & Beyond: Housing Fund – Vertical Housing



Vertical Housing Economic Model

- Improves cost structure:
 - Lower construction cost
 - Lower urbanization cost
 - Land use optimization



- Improves quality at a lower cost
- Expands the market size with subsidies
- Capital requirement stabilizes during the second cycle

*Other: Margin, unforeseen events, financial costs, administration

Vertical Housing Program Incentives in Centric Zones:

- Interest rate reduction between 35 and 50 bps depending on income levels
- Reduction of loan application fees to 3% of the outstanding balance
- Early loan disposal: 50% advance of the total loan amount at 75% construction progress reaching 100% in a 2-month maximum period

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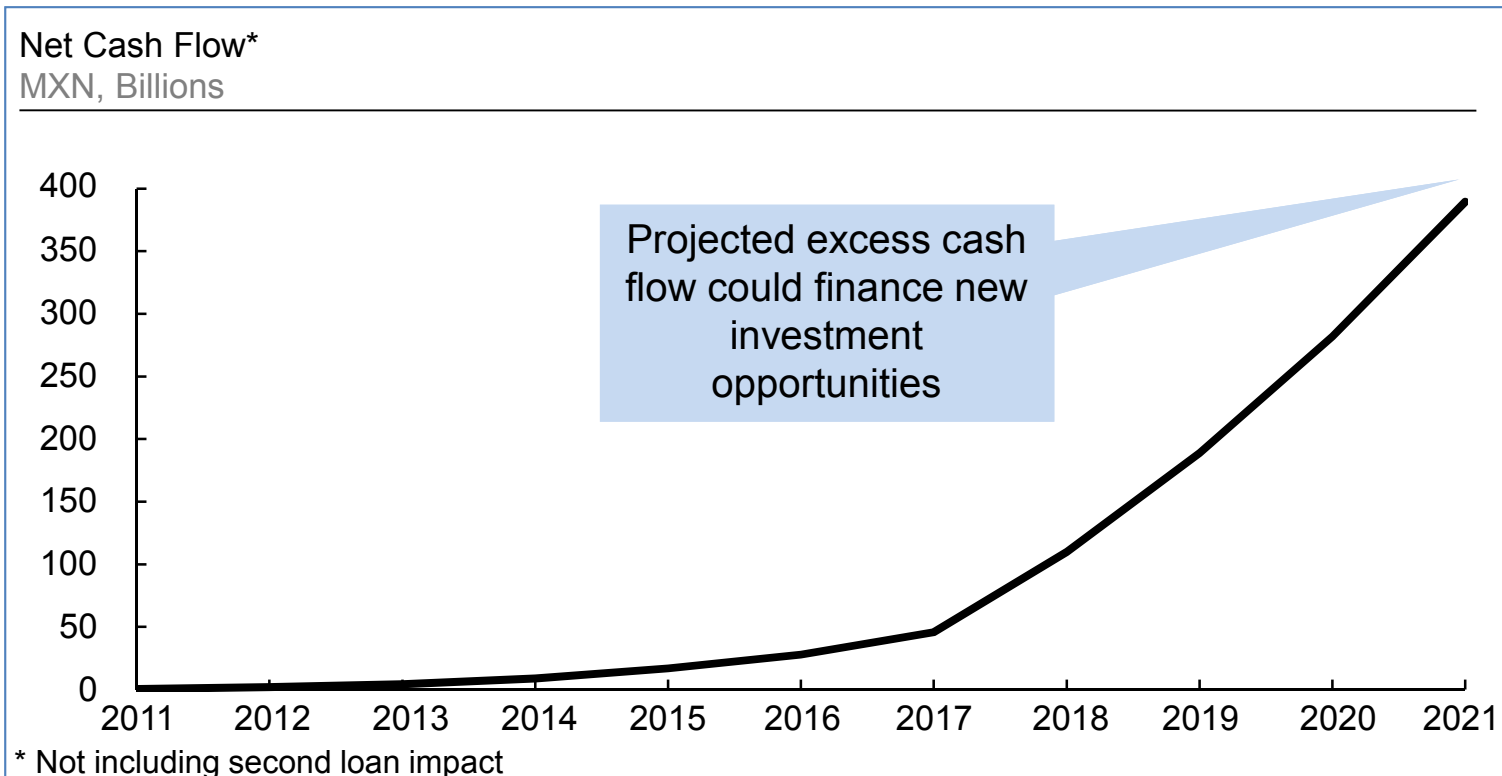


2012 & Beyond: Savings Fund



The expected excess cash flow generates the opportunity to manage an investment regime in the future.

- It will be necessary to set up an asset management group to manage long term investments

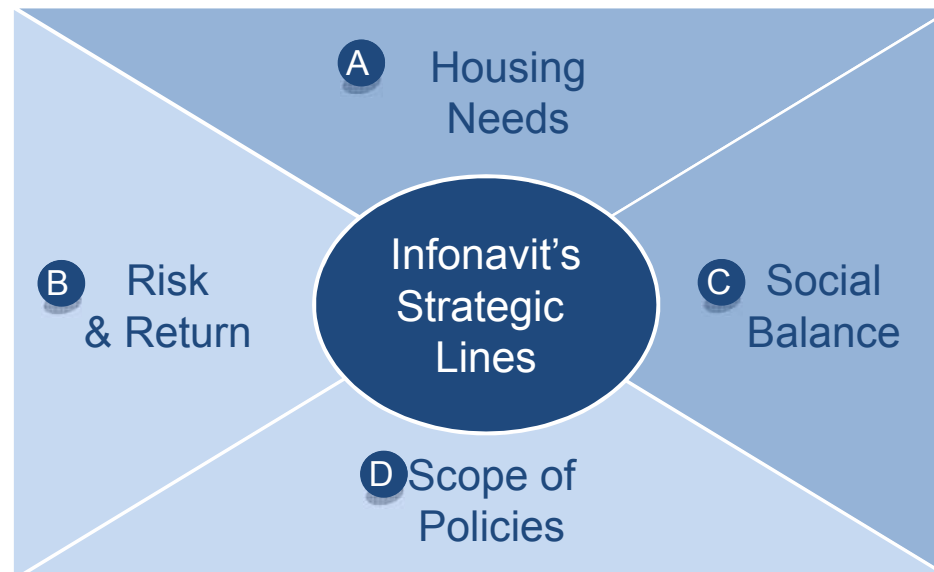


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2012 & Beyond: Institutional Strategic Agenda: Opportunities



- Innovative credit products
- Core housing needs reduction
- New segments



- Preserve programs' continuity
- Contributes to net worth build up by paying equal benefits to workers

- Improves communities' quality of life
- Ensures quality of housing

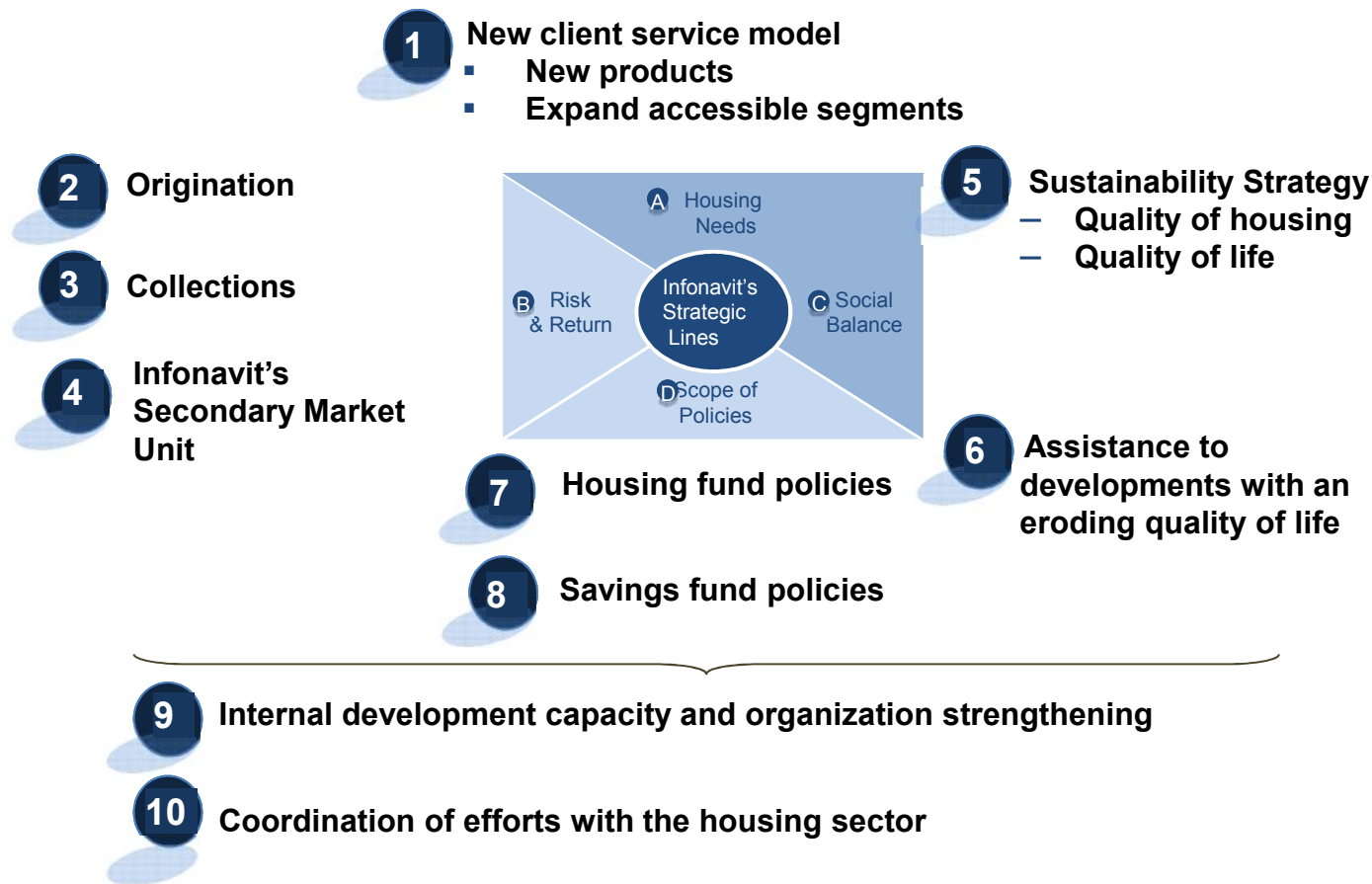
- Be a catalyst for private sector investment and urban development
- Creates a savings fund to manage Infonavit's liquidity and to maximize the SCV's return

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2012 & Beyond: Infonavit Institutional Strategic Agenda: 10 Programs



Infonavit has drawn a clear strategic direction to follow in the coming years

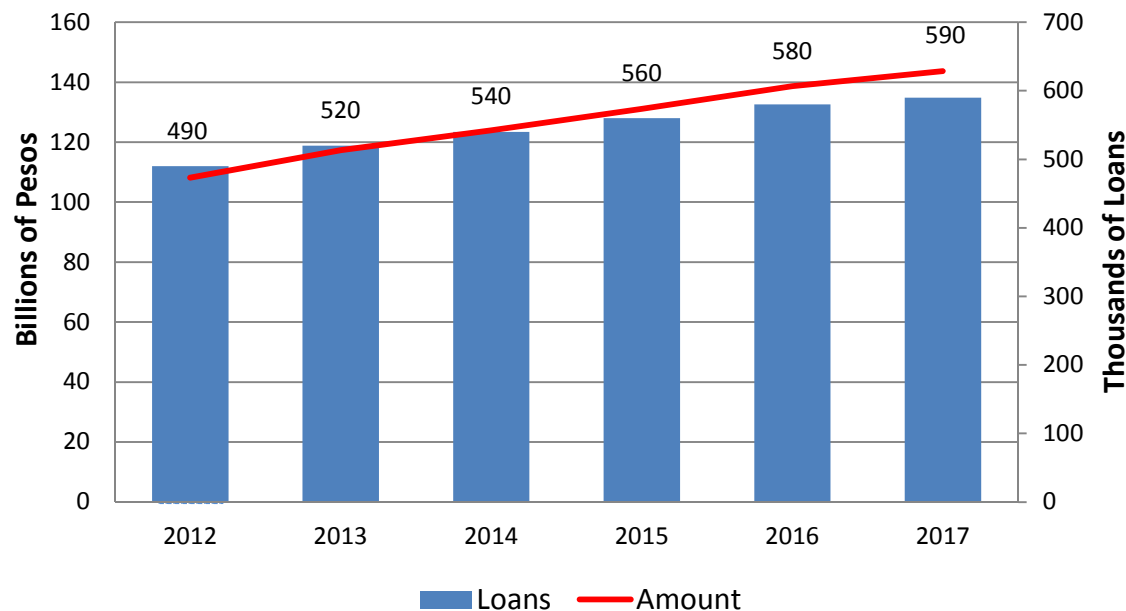


2012 & Beyond: Lending Program



In 2012, Infonavit expects to originate 490,000 loans which represent an approximate investment of MX \$108 billion.

**2012 – 2017 PROJECTIONS
AMOUNTS & LOANS**



2012 PROGRAM	LOANS
Less than 4 TMW	244,000
4 to 11 TMW	136,000
More than 11 TMW	60,000
Renueva Tu Hogar	50,000
TOTAL	490,000

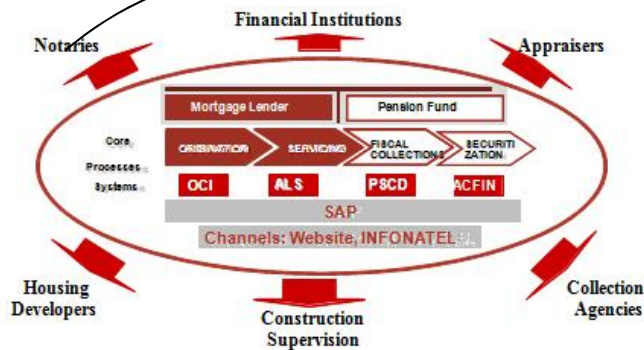
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Conclusions

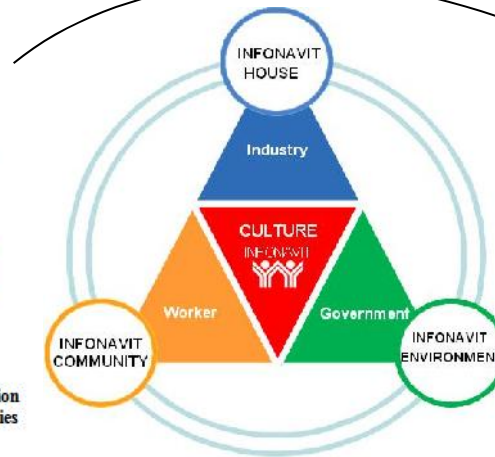
Infonavit's Strategic Evolution



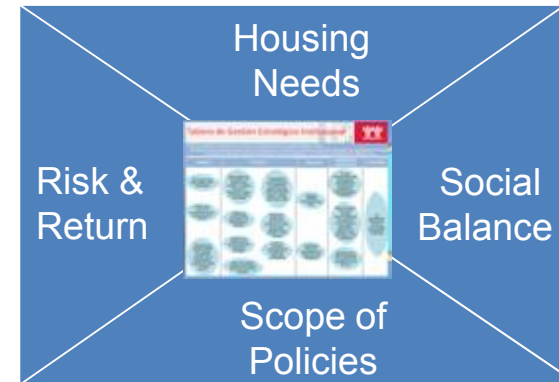
2001-2006



2007-2012



2013-2020



Infonavit as an agent for social change in Mexico

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