

PROJECT ABSTRACT

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| Country: | Mexico |
| Sector: | Financial Markets |
| Project Name: | Mexican Mortgage Trust Financing Partnership |
| Project Number: | ME-L1179 |
| Borrower: | Fideicomiso Hipotecario (FHIPO) número F/2061, a trust organized under the laws of Mexico. |
| Trustee: | Banco Invex, S.A., Institución de Banca Múltiple, Invex Grupo Financiero |
| Trust Manager: | <i>Concentradora Hipotecaria S.A.P.I. de C.V.</i> |
| Proposed A Loan: | US\$ 30 million |
| Proposed Co-Loan: | US\$ 15 million |

PROJECT OVERVIEW

The main objective of the project is to contribute to the consolidation of the first Mexican Residential Mortgage Investment Trust (FHIPO) as a new asset class in the Mexican capital markets that would increase liquidity of residential mortgage originators.

PROJECT DESCRIPTION

The project consists of an A Loan of up to thirty million United States dollars (US\$30,000,000) to be funded by the IDB and a Co-Loan of approximately fifteen million United States dollars (US\$15,000,000) to be funded by IDB as administrator of the China Co-Financing Fund for Latin America and the Caribbean.

DEVELOPMENT IMPACT

IDB's support will enable FHIPO to expand the scale of its investments, increasing the amount of residential mortgage portfolios acquired by the trust. This in turn will benefit residential mortgage originators that sell residential mortgages to FHIPO (obtaining access to liquidity and funding diversification to increase their operations) and, consequently, the families that have greater availability to mortgage financing. Finally, investors will also benefit from this project, since it will contribute to a wider availability of impact investment opportunities in the domestic capital markets.

IDB'S ADDITIONALITY

IDB's support will provide FHIPO with stability of funding, which is crucial to its ability to continue acquiring residential mortgage portfolios. In addition, potentially, IDB will mobilize resources from the China Co-Financing Fund, thus providing more competitively and diversified funding.

PROJECT CONTRIBUTION TO IDB OBJECTIVES

The project is aligned with strategic priorities and objectives in the Ninth General Capital Increase of the IDB (GCI-9); specifically, fostering the “Poverty Reduction and Equity Enhancement priority”, based on the housing sector classification. In addition, the project is aligned with IDB’s Country Strategy with Mexico (2013-2018), as it increases the resources channeled into promoting access to finance, whether to purchase new homes or improve existing ones, with a view to meeting demand for mortgage loans. Finally, the project contributes to the Structured and Corporate Finance Department’s (SCF’s) vision targets for improving the living standards of people. Finally, it supports the accessBanking (access2People line of financial products) pillar of the Financial Markets Division’s (FMK’s) beyondBanking program.