

MONTERREY, Mexico--([BUSINESS WIRE](#))--Fitch Ratings has assigned an expected rating of 'BBB+(exp)' to Fondo MIVIVIENDA S.A.'s (FMV) proposed issuance of USD300 million of senior unsecured fixed rate notes. The final rating is contingent upon the receipt of final documents conforming to information already received.

The notes - with a maturity date to be determined- will carry a fixed interest rate to be set at the time of issuance; interest payments will be made semi-annually until maturity; and principal will be payable at maturity. FMV intends to use the net proceeds from the issuance for general corporate purposes.

KEY RATING DRIVERS

The expected rating of the notes is equal to the entity's long-term foreign currency Issuer Default Rating (IDR) ('BBB+'). The ratings of FMV are support driven and reflect Fitch's perception of the high probability of support it would receive from the Republic of Peru (Long Term IDR BBB+/Stable Outlook), should it be required.

FMV is an integral and key part of the government; it has an increasingly important role implementing policies to reduce the housing deficit in Peru. Hence, support from the government should be forthcoming, if needed, which underpins the fact that the entity's IDRs are aligned to the sovereign's. FMV's support rating and support rating floor indicate the direct link between the entity's creditworthiness and that of its shareholder, the Republic of Peru.

FMV was established by the Peruvian Government to promote and finance housing, especially related to social interest. FMV operates as a second-tier bank providing long-term and low-cost funds to its target sectors by lending through Intermediary Financial Institutions (IFIs).

FMV's loans are placed through a trust to IFIs (85% of the total assets). The related cash flows are administered through the trust. Under Peruvian law, assets held in trust are considered to be bankruptcy remote, consequently in the event of a bankruptcy holders of

the rated notes will not have a direct claim to the assets held by the trust.

The notes will be senior unsecured debt but in the event of liquidation will be subordinated to labor claims, tax claims, all the future secured indebtedness, and to other debt and obligations that in case of insolvency are granted preferential treatment under Peruvian law.

RATING SENSITIVITIES

The senior unsecured notes' rating is sensitive to any changes in FMV's IDR. As a state-owned financial institution, deeply integrated within the government's structure, FMV's creditworthiness and IDRs are directly linked to those of the Republic of Peru; hence, its ratings should move in line with any potential change in Peru's sovereign ratings.

Although not a baseline scenario, the senior unsecured notes' rating could be driven by the entity's financial profile, if Fitch perceives a decrease in the strategic importance of FMV to the government or a lower propensity of the sovereign to provide support. In such case, the senior unsecured notes' rating could be lower than FMV's IDR, given the amount of assets pledged through the trust.

Fitch currently rates FMV as follows:

--Foreign Currency Long Term IDR 'BBB+'; Outlook Stable.

--Local Currency Long Term IDR 'A-'; Outlook Stable.

--Foreign Currency Short Term IDR 'F2';

Fitch Expects to Rate Fondo MiVivienda's Upcoming Senior Unsecured Notes 'BBB+(exp)'

Written by Australian Business

--Local Currency Short Term IDR 'F2';

--Support Rating '2'

--Support Rating Floor 'BBB+'

--Senior unsecured debt 'BBB+'

Additional information is available at 'www.fitchratings.com'.

Applicable Criteria and Related Research:

--'Global Financial Institutions Rating Criteria' (Jan 31, 2014).

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Global Financial Institutions Rating Criteria

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=732397

Additional Disclosure

Solicitation Status

http://www.fitchratings.com/gws/en/disclosure/solicitation?pr_id=825169

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