



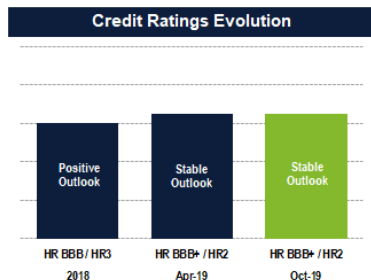
**Credit
Rating
Agency**

A NRSRO Rating*

Calificación

Navistar Financial LP HR BBB+
Navistar Financial CP HR2

Perspectiva Estable



Source: HR Ratings.

Contacts

Akira Hirata
Sr. Associate
akira.hirata@hrratings.com

Yunuen Coria
Sr. Analyst
yunuen.coria@hrratings.com

Fernando Sandoval
Executive Director of Financial Institutions /
ABS
fernando.sandoval@hrratings.com

Navistar Financial

S.A. de C.V., SOFOM, E.R.

**HR BBB+
HR2**

Financial Institutions
October 31st, 2019

HR Ratings affirms the ratings of HR BBB+ with Stable Outlook and HR2 for Navistar

The affirmation of the Navistar¹ ratings is based on the HR B (G) equivalent rating held by its parent company, Navistar International Corporation². This is due to the Company's operation being aligned with its parent company, therefore it could request a capital injection in case of economic stress, although this has historically not been necessary. In turn, the rating for the Parents Company considers improvements in their financial performance, increased market share and improved generation of UCF, as well as reduced leverage in recent periods. It is important to note that the Company's rating reflects its financial strength and leadership position in the Mexican market, as well as its good liquidity position. The principal assumptions and results are given following:

Navistar: Assumptions and Results	Semi-Annual		Annual		Base Scenario			Stress Scenario		
Million Pesos	1H18	1H19	2017	2018	2019P*	2020P	2021P	2019P*	2020P	2021P
Total Portfolio	14,590	15,265	14,068	14,901	16,103	17,411	19,019	15,856	16,452	17,846
Operating Expenses	138	142	302	279	299	321	333	408	481	493
Net Results	194	236	483	549	597	659	691	(1,240)	(790)	4
Delinquency Ratio	2.4%	3.1%	2.4%	2.8%	3.4%	3.8%	4.1%	16.7%	23.3%	21.3%
Adjusted Delinquency Ratio	3.1%	3.8%	3.1%	3.8%	4.0%	4.4%	4.8%	17.7%	26.1%	24.3%
Coverage Ratio	1.4	1.1	1.3	1.2	1.1	1.1	1.1	1.0	1.0	1.0
Adjusted NIM	5.2%	4.5%	4.1%	4.6%	5.1%	5.2%	4.9%	-6.1%	-3.3%	1.3%
Efficiency Ratio	28.1%	26.0%	28.9%	27.2%	22.8%	22.6%	22.9%	35.1%	41.1%	45.9%
Operating Efficiency Ratio	2.1%	1.8%	2.1%	1.8%	1.8%	1.8%	1.7%	2.5%	2.8%	2.8%
ROAA	3.4%	3.6%	3.4%	3.5%	3.5%	3.7%	3.6%	-7.6%	-5.2%	0.0%
ROAE	16.0%	15.8%	16.4%	15.9%	14.7%	13.9%	12.8%	-35.5%	-35.8%	0.2%
Capitalization Ratio	23.8%	26.1%	23.0%	25.7%	27.9%	29.8%	31.0%	18.5%	13.1%	11.9%
Adjusted Capitalization Ratio	26.1%	26.5%	26.1%	27.4%	28.4%	30.3%	31.7%	18.9%	13.5%	12.3%
Leverage Ratio	3.7	3.4	3.9	3.5	3.2	2.8	2.6	3.7	5.8	7.5
Adjusted Leverage Ratio	3.5	3.3	3.7	3.4	3.1	2.7	2.6	3.6	5.8	7.5
Current Portfolio to Net Debt Ratio	1.4	1.6	1.4	1.4	2.1	2.1	2.1	1.9	1.7	1.5
Active Interest Rate	15.0%	14.5%	14.4%	14.8%	14.3%	13.9%	13.1%	14.2%	13.1%	12.5%
Passive Interest Rate	9.3%	10.0%	9.6%	9.4%	9.8%	9.3%	8.5%	10.5%	9.9%	9.5%
Interest Rate Spread	5.7%	4.5%	4.7%	5.4%	4.5%	4.6%	4.6%	3.7%	3.2%	3.0%

Source: HR Ratings with financial statements provided by the Company and audited by KPMG Cárdenas Dosal, S.C.

*Forecast made from 3Q19 under a base case and a stress case scenario.

Historic Performance

- **Improved solvency with an adjusted capitalization rate of 26.5% and an adjusted leverage ratio of 3.3x at 2Q19 (vs. 26.1% and 3.5x at 2Q18).** This comes as a result of the strengthened equity through an adequate generation of earnings, as well as low growth in the total portfolio, translating in an adequate payment capacity.
- **Adequate profitability with ROAA of 3.6% and ROAA of 15.8% at 2Q19 (vs. 3.4% and 16.0% at 2Q18).** The lower margin is offset by improved operating cost control and lower loan loss provisions, resulting in a growth in the 12m net earnings.
- **Increased delinquency rates at 2Q19, at 3.1% and the adjusted at 3.8% (vs. 2.4% and 3.1% at 2Q18)** Due to default by small transport companies because of lower dynamism in the transportation sector, coupled with the default by a corporate client.

¹ Navistar Financial, S.A. de C.V., SOFOM, E.R. (Navistar or the Company).

² Navistar International Corporation (NIC or the Parent Company).

Future Outlook

- **Lower annual growth of the portfolio, compared with previous years, with an annual growth rate of 8.5% for the next three years.** There has been a decrease in demand for loans among small transport companies, which are being covered by fleets, therefore the growth would be expected to come from corporate or business loans and operating leasing.
- **Increased delinquency on par with the performance of the portfolio, reaching a default rate of 3.4% and an adjusted default rate of 4.0% at 2019 close.** The recovery and collection processes would be expected to mitigate the impairment in the asset quality.

Additional Factors Considered

- **Close financial link to the Parent Company, which maintains an average global rating of HR B (G) equivalent, given by other rating agencies.**
- **Improved liquidity profile with a Asset-Weighted Liquidity Gap of 62.5% and a Equity-Weighted Liquidity Gap of 31.9% at 2Q19 (vs. 37.0% and 26.9% at 2Q18).** This is the result of refinancing short-term liabilities with new longer-term liabilities, eliminating the mismatches previously observed in terms under one year.
- **Diversified funding tools, to close 2Q19 with P\$15.071bn authorized and an availability of 39.3% (vs. P\$13.077bn and 26.2% at 2Q18).** Coming from the development banks, commercial banks, commercial paper and securitizations. This gives greater flexibility to control funding costs and the availability is considered adequate to carry out the business plans.

Factors that could raise the Rating

- **Upgraded rating for Navistar International Corporation given by at least two rating agencies.**

Factors that could lower the Rating

- **Downgraded rating for the Parent Company given by at least two rating agencies.**
- **Continued pressure on the asset quality.** The rating could be impacted if the default rate were to exceed the levels projected under a base scenario, which would request larger loss provisions.
- **Reduced profitability.** The rating may be downgraded if profitability is reduced, due to increased loss provisions, decreased collection of commissions and fees, loss in the brokerage income, among others, which would affect the net earnings and, by extension, the profitability.



**Credit
Rating
Agency**

Navistar Financial

S.A. de C.V., SOFOM, E.R.

HR BBB+
HR2

Financial Institutions
October 31st, 2019

A NRSRO Rating*

Exhibit – Base Scenario

Balance Sheet: Navistar (Millions of Pesos)			Annual					
Base Scenario	2016	2017	2018	2019P*	2020P	2021P	1H18	1H19
ASSETS	14,659	15,198	16,017	18,149	18,678	20,155	15,776	18,032
Cash and Equivalents	741	554	566	1,629	915	806	492	1,798
Repurchase Agreements, Financial Investments and Derivatives	1,060	385	271	124	139	157	265	117
Net Loan Portfolio	10,331	11,669	12,073	12,835	13,622	14,670	11,958	12,712
Total Loan Portfolio	10,752	12,052	12,478	13,336	14,236	15,362	12,376	13,177
Current Loan Portfolio	10,355	11,764	12,128	12,880	13,698	14,727	12,078	12,768
Non-Performing Portfolio	396	287	350	456	538	635	298	409
Allowance for Loan Losses	(421)	(383)	(405)	(501)	(614)	(692)	(418)	(465)
Other Assets	2,527	2,590	3,107	3,561	4,001	4,521	3,060	3,405
Other Accounts Receivable ¹	225	229	376	417	434	452	580	409
Foreclosed Assets	60	107	76	149	138	127	84	155
Premises and Equipment	2,038	2,122	2,550	2,912	3,342	3,850	2,283	2,761
Deferred Taxes	49	7	0	0	0	0	5	0
Other Assets ²	156	125	104	82	87	93	108	80
LIABILITIES	11,905	11,961	12,226	13,762	13,632	14,417	12,346	14,006
Loans from Banks and Other Entities and Public Debt	10,972	10,451	10,711	9,092	8,872	9,566	10,821	9,152
Short-Term Loans	2,876	4,079	4,349	3,199	3,038	3,075	4,911	3,399
Long-Term Loans	5,120	3,429	4,612	4,456	4,473	4,960	3,444	4,312
Public Debt	2,977	2,942	1,750	1,436	1,362	1,530	2,466	1,442
Short-Term Notes	1,616	1,754	1,198	1,203	1,300	1,530	1,649	1,103
Structured Debt	1,361	1,189	553	233	62	0	817	338
Other Accounts Payable	818	1,377	1,378	4,533	4,623	4,714	1,397	4,717
Deferred Taxes	32	4	2	83	83	83	37	83
Other Accounts Payable & Suppliers ³	786	1,373	1,376	4,450	4,540	4,631	1,360	4,634
Stockholder's Equity	2,754	3,236	3,790	4,387	5,046	5,737	3,431	4,026
Equity	395	395	395	395	395	395	395	395
Capital Stock	283	283	283	283	283	283	283	283
Paid-In Capital	112	112	112	112	112	112	112	112
Gained Equity	2,359	2,841	3,395	3,992	4,651	5,342	3,036	3,631
Capital Reserves	123	123	123	123	123	123	123	123
Accumulated Results	1,891	2,236	2,720	3,269	3,866	4,525	2,720	3,269
Net Results	346	483	549	597	659	691	194	236
Net Debt	10,231	9,897	10,145	7,462	7,957	8,760	10,329	9,559
Total Portfolio (Credit + Financial Leasing + Pure Leasing)	12,687	14,068	14,901	16,103	17,411	19,019	14,590	15,265

Source: HR Ratings with financial statements provided by the Company and audited by KPMG Cárdenas Dosal, S.C.

*Forecast made from 3Q19 under a base case scenario.

1. Other Accounts Receivable. Debtors, Collectable Taxes, FX Operations Receivable, Allowances for Pure Leasing, Related Companies.

2. Other Assets. Anticipated Fees Paid, Deferred Expenses, Advance Payments, Insurances and Intangibles.

3. Other Accounts Payable and Suppliers. Benefits to Employees, FX Operations Payable, Related Companies.



**Credit
Rating
Agency**

Navistar Financial

S.A. de C.V., SOFOM, E.R.

HR BBB+
HR2

Financial Institutions
October 31st, 2019

A NRSRO Rating*

Income Statement: Navistar (Millions of Pesos)							Annual		Semi-Annual	
Base Scenario	2016	2017	2018	2019P*	2020P	2021P	1H18	1H19		
Financial Income	1,783	2,025	2,254	2,403	2,468	2,516	1,078	1,121		
Financial Expenses	716	983	1,000	911	790	779	473	473		
Depreciation of Leased Assets	281	345	391	437	540	607	189	224		
Financial Margin	785	697	863	1,055	1,139	1,131	416	423		
Provision for Loan Losses	229	117	163	196	210	188	90	92		
Adjusted Financial Margin	556	580	701	860	929	943	326	332		
Commissions and Fees Collected	243	246	226	277	299	329	98	130		
Commissions and Fees Paid	12	13	20	23	27	30	9	6		
Gain from Financial Investments	(58)	(15)	(100)	(92)	(91)	(85)	(34)	(39)		
Other Operating Income ¹	60	129	58	96	101	110	38	62		
Total Operating Income (Expenses)	790	929	866	1,118	1,211	1,268	418	479		
Operating Expenses	243	302	279	299	321	333	138	142		
Income Before Taxes	546	627	586	818	890	934	279	337		
Income Taxes Paid	129	99	27	221	232	243	84	101		
Income Taxes Deferred	(72)	(44)	(11)	0	0	0	(1)	0		
Net Result	346	483	549	597	659	691	194	236		

Source: HR Ratings with financial statements provided by the Company and audited by KPMG Cárdenas Dosal, S.C.

*Forecast made from 3Q19 under a base case scenario.

Financial Ratios: Navistar	2016	2017	2018	2019P*	2020P	2021P	1H18	1H19
Delinquency Ratio	3.7%	2.4%	2.8%	3.4%	3.8%	4.1%	2.4%	3.1%
Adjusted Delinquency Ratio	5.3%	3.1%	3.8%	4.0%	4.4%	4.8%	3.1%	3.8%
Coverage Ratio	1.1	1.3	1.2	1.1	1.1	1.1	1.4	1.1
Adjusted NIM	4.1%	4.1%	4.6%	5.1%	5.2%	4.9%	5.2%	4.5%
Efficiency Ratio	23.9%	28.9%	27.2%	22.8%	22.6%	22.9%	28.1%	26.0%
Operating Efficiency Ratio	1.8%	2.1%	1.8%	1.8%	1.8%	1.7%	2.1%	1.8%
ROAA	2.5%	3.4%	3.5%	3.5%	3.7%	3.6%	3.4%	3.6%
ROAE	13.4%	16.4%	15.9%	14.7%	13.9%	12.8%	16.0%	15.8%
Capitalization Ratio	20.7%	23.0%	25.7%	27.9%	29.8%	31.0%	23.8%	26.1%
Adjusted Capitalization Ratio	26.7%	26.1%	27.4%	28.4%	30.3%	31.7%	26.1%	26.5%
Leverage Ratio	4.4	3.9	3.5	3.2	2.8	2.6	3.7	3.4
Adjusted Leverage Ratio	4.1	3.7	3.4	3.1	2.7	2.6	3.5	3.3
Current Portfolio to Net Debt Ratio	1.2	1.4	1.4	2.1	2.1	2.1	1.4	1.6
Active Interest Rate	13.2%	14.4%	14.8%	14.3%	13.9%	13.1%	15.0%	14.5%
Passive Interest Rate	7.0%	9.6%	9.4%	9.8%	9.3%	8.5%	9.3%	10.0%
Interest Rate Spread	6.2%	4.7%	5.4%	4.5%	4.6%	4.6%	5.7%	4.5%



**Credit
Rating
Agency**

Navistar Financial

S.A. de C.V., SOFOM, E.R.

HR BBB+

HR2

Financial Institutions
October 31st, 2019

A NRSRO Rating*

Cash Flow: Navistar (Millions of Pesos)							Annual		Semi-Annual	
Base Scenario	2016	2017	2018	2019P*	2020P	2021P	1H18	1H19		
Net Income (Loss)	346	483	549	597	659	691	194	236		
Non-Cash Related Operation	326	185	186	610	210	188	290	505		
Reserves	96	67	15	413	0	0	200	413		
Provision for Loan Losses	229	117	163	196	210	188	90	92		
Other Non-Cash Movements	1	2	8	1	0	0	0	1		
Investment-Related Activities	291	345	396	439	540	607	187	226		
Depreciation and Amortization	291	345	396	439	540	607	187	226		
Financing Activities	72	44	11	0	0	0	1	0		
Deferred Taxes	72	44	11	0	0	0	1	0		
Adjusted Net Income	1,035	1,057	1,141	1,646	1,409	1,486	672	967		
Flows Generated (Used) in the Operation	(836)	(151)	(566)	1,835	(934)	(1,174)	(699)	2,257		
Decrease (Increase) in Financial Investments	20	(0)	(0)	0	0	0	(0)	0		
Decrease (Increase) in Other Accounts Receivable	0	569	123	121	(21)	(23)	113	131		
Decrease (Increase) in Derivatives	(29)	3	(16)	0	0	0	(1)	0		
Decrease (Increase) in Loan Portfolio	(779)	(1,305)	(567)	(958)	(997)	(1,236)	(406)	(731)		
Decrease (Increase) in Other Assets	310	249	(128)	4	(17)	(18)	(242)	12		
Decrease (Increase) in Foreclosed Assets	4	(48)	31	(73)	12	11	23	(79)		
Increase (Decrease) in Other Accounts Payable	(362)	381	(10)	2,740	90	91	(186)	2,924		
Cash Flows Net of Operating Activities	199	907	575	3,481	475	312	(27)	3,224		
Flows Generated (Used) in Investment Activities	(775)	(573)	(823)	(798)	(970)	(1,114)	(1)	(434)		
Sale (Purchase) of Premises and Equipment	(774)	(569)	(822)	(799)	(970)	(1,114)	(1)	(436)		
Decrease (Increase) of Intangible Assets	(1)	(4)	(1)	1	0	0	(0)	1		
Cash Remaining (Required) for Financing Activities	(577)	334	(248)	2,683	(495)	(803)	(29)	2,790		
Flows Generated (Used) for Financing Activities	958	(521)	260	(1,619)	(219)	694	370	(1,558)		
Bank Loans	1,739	(486)	1,452	1,350	6,350	7,900	846	(1,250)		
Public Debt Issuances	(780)	(34)	(1,192)	(209)	1,300	1,530	(476)	(309)		
Payment of Bank Loans	0	0	0	(2,656)	(6,495)	(7,375)	0	0		
Public Debt Amortization	0	0	0	(105)	(1,374)	(1,361)	0	0		
Net Increase (Decrease) in Cash	382	(187)	12	1,064	(714)	(109)	341	1,231		
FX Effects	0	0	0	0	0	0	0	1		
Cash and Cash Equivalent at the Beginning of the Period	359	741	554	566	1,629	915	554	566		
Cash and Cash Equivalent at the End of the Period	741	554	566	1,629	915	806	895	1,797		
Unrestricted Cash Flow	645	822	948	1,121	1,282	1,347	397	515		

Source: HR Ratings with financial statements provided by the Company and audited by KPMG Cárdenas Dosal, S.C.

*Forecast made from 3Q19 under a base case scenario.

Unrestricted Cash Flow	2016	2017	2018	2019P*	2020P	2021P	1H18	1H19
Net Income (Loss)	345.7	483.4	548.9	596.9	658.9	691.3	194.4	235.9
+ Provision for Loan Losses	229.0	116.7	162.6	195.6	209.8	187.7	90.3	91.6
+ Depreciation and Amortization	291.1	344.7	396.2	439.1	540.1	606.6	186.6	226.5
- Write-offs	188.6	92.2	129.4	80.5	97.5	109.6	49.0	13.1
+ Changes in Working Capital*	(32)	(31)	(30)	(30)	(29)	(29)	(26)	(26)
UCF	645.2	821.6	948.2	1,121.2	1,282.2	1,346.9	396.8	515.3

*Excluding effects from FX Transactions.



**Credit
Rating
Agency**

Navistar Financial

S.A. de C.V., SOFOM, E.R.

HR BBB+

HR2

Financial Institutions
October 31st, 2019

A NRSRO Rating*

Exhibit – Stress Scenario

Balance Sheet: Navistar (Millions of Pesos)			Annual					
Stress Scenario	2016	2017	2018	2019P*	2020P	2021P	1H18	1H19
ASSETS	14,659	15,198	16,017	15,942	14,641	15,874	15,776	18,032
Cash and Equivalents	741	554	566	1,447	523	332	492	1,798
Repurchase Agreements, Financial Investments and Derivat	1,060	385	271	124	139	157	265	117
Net Loan Portfolio	10,331	11,669	12,073	11,077	10,495	11,675	11,958	12,712
Total Loan Portfolio	10,752	12,052	12,478	13,301	13,675	14,829	12,376	13,177
Current Loan Portfolio	10,355	11,764	12,128	11,077	10,495	11,675	12,078	12,768
Non-Performing Portfolio	396	287	350	2,223	3,180	3,154	298	409
Allowance for Loan Losses	(421)	(383)	(405)	(2,223)	(3,180)	(3,154)	(418)	(465)
Other Assets	2,527	2,590	3,107	3,294	3,483	3,711	3,060	3,405
Other Accounts Receivable ¹	225	229	376	369	327	302	580	409
Foreclosed Assets	60	107	76	152	146	140	84	155
Premises and Equipment	2,038	2,122	2,550	2,690	2,923	3,176	2,283	2,761
Deferred Taxes	49	7	0	0	0	0	5	0
Other Assets ²	156	125	104	82	87	93	108	80
LIABILITIES	11,905	11,961	12,226	13,391	12,880	14,109	12,346	14,006
Loans from Banks and Other Entities and Public Debt	10,972	10,451	10,711	8,721	8,555	10,103	10,821	9,152
Short-Term Loans	2,876	4,079	4,349	2,924	2,888	3,413	4,911	3,399
Long-Term Loans	5,120	3,429	4,612	4,360	4,306	5,160	3,444	4,312
Public Debt	2,977	2,942	1,750	1,436	1,362	1,530	2,466	1,442
Short-Term Notes	1,616	1,754	1,198	1,203	1,300	1,530	1,649	1,103
Structured Debt	1,361	1,189	553	233	62	0	817	338
Other Accounts Payable	818	1,377	1,378	4,533	4,188	3,869	1,397	4,717
Deferred Taxes	32	4	2	83	83	83	37	83
Other Accounts Payable & Suppliers ³	786	1,373	1,376	4,450	4,105	3,786	1,360	4,634
Stockholder's Equity	2,754	3,236	3,790	2,551	1,761	1,765	3,431	4,026
Equity	395	395	395	395	395	395	395	395
Capital Stock	283	283	283	283	283	283	283	283
Paid-In Capital	112	112	112	112	112	112	112	112
Gained Equity	2,359	2,841	3,395	2,156	1,366	1,370	3,036	3,631
Capital Reserves	123	123	123	123	123	123	123	123
Accumulated Results	1,891	2,236	2,720	3,269	2,029	1,240	2,720	3,269
Net Results	346	483	549	(1,240)	(790)	4	194	236
Net Debt	10,231	9,897	10,145	7,274	8,032	9,772	10,329	9,559
Total Portfolio (Credit + Financial Leasing + Pure Leasing)	12,687	14,068	14,901	15,856	16,452	17,846	14,590	15,265

Source: HR Ratings with financial statements provided by the Company and audited by KPMG Cárdenas Dosal, S.C.

*Forecast made from 3Q19 under a stress case scenario.

1. Other Accounts Receivable. Debtors, Collectable Taxes, FX Operations Receivable, Allowances for Pure Leasing, Related Companies.

2. Other Assets. Anticipated Fees Paid, Deferred Expenses, Advance Payments, Insurances and Intangibles.

3. Other Accounts Payable and Suppliers. Benefits to Employees, FX Operations Payable, Related Companies.



**Credit
Rating
Agency**

Navistar Financial

S.A. de C.V., SOFOM, E.R.

HR BBB+
HR2

Financial Institutions
October 31st, 2019

A NRSRO Rating*

Income Statement: Navistar (Millions of Pesos)							Annual		Semi-Annual	
Stress Scenario	2016	2017	2018	2019P*	2020P	2021P	1H18	1H19		
Financial Income	1,783	2,025	2,254	2,371	2,240	2,215	1,078	1,121		
Financial Expenses	716	983	1,000	965	830	880	473	473		
Depreciation of Leased Assets	281	345	391	433	489	531	189	224		
Financial Margin	785	697	863	973	922	804	416	423		
Provision for Loan Losses	229	117	163	1,994	1,478	578	90	92		
Adjusted Financial Margins	556	580	701	(1,020)	(557)	227	326	332		
Commissions and Fees Collected	243	246	226	239	283	290	98	130		
Commissions and Fees Paid	12	13	20	19	26	27	9	6		
Gain from Financial Investments	(58)	(15)	(100)	(126)	(111)	(99)	(34)	(39)		
Other Operating Income ¹	60	129	58	96	101	106	38	62		
Total Operating Income (Expenses)	790	929	866	(831)	(308)	497	418	479		
Operating Expenses	243	302	279	408	481	493	138	142		
Income Before Taxes	546	627	586	(1,239)	(790)	4	279	337		
Income Taxes Paid	129	99	27	0	0	0	84	101		
Income Taxes Deferred	(72)	(44)	(11)	0	0	0	(1)	0		
Net Result	346	483	549	(1,240)	(790)	4	194	236		

Source: HR Ratings with financial statements provided by the Company and audited by KPMG Cárdenas Dosal, S.C.

*Forecast made from 3Q19 under a stress case scenario.

Financial Ratios: Navistar	2016	2017	2018	2019P*	2020P	2021P	1H18	1H19
Delinquency Ratio	3.7%	2.4%	2.8%	16.7%	23.3%	21.3%	2.4%	3.1%
Adjusted Delinquency Ratio	5.3%	3.1%	3.8%	17.7%	26.1%	24.3%	3.1%	3.8%
Coverage Ratio	1.1	1.3	1.2	1.0	1.0	1.0	1.4	1.1
Adjusted NIM	4.1%	4.1%	4.6%	-6.1%	-3.3%	1.3%	5.2%	4.5%
Efficiency Ratio	23.9%	28.9%	27.2%	35.1%	41.1%	45.9%	28.1%	26.0%
Operating Efficiency Ratio	1.8%	2.1%	1.8%	2.5%	2.8%	2.8%	2.1%	1.8%
ROAA	2.5%	3.4%	3.5%	-7.6%	-5.2%	0.0%	3.4%	3.6%
ROAE	13.4%	16.4%	15.9%	-35.5%	-35.8%	0.2%	16.0%	15.8%
Capitalization Ratio	20.7%	23.0%	25.7%	18.5%	13.1%	11.9%	23.8%	26.1%
Adjusted Capitalization Ratio	26.7%	26.1%	27.4%	18.9%	13.5%	12.3%	26.1%	26.5%
Leverage Ratio	4.4	3.9	3.5	3.7	5.8	7.5	3.7	3.4
Adjusted Leverage Ratio	4.1	3.7	3.4	3.6	5.8	7.5	3.5	3.3
Current Portfolio to Net Debt Ratio	1.2	1.4	1.4	1.9	1.7	1.5	1.4	1.6
Active Interest Rate	13.2%	14.4%	14.8%	14.2%	13.1%	12.5%	15.0%	14.5%
Passive Interest Rate	7.0%	9.6%	9.4%	10.5%	9.9%	9.5%	9.3%	10.0%
Interest Rate Spread	6.2%	4.7%	5.4%	3.7%	3.2%	3.0%	5.7%	4.5%

Source: HR Ratings with financial statements provided by the Company and audited by KPMG Cárdenas Dosal, S.C.

*Adjusted Leverage Ratio: (Average Liabilities 12m - Average Structured Debt Outstanding 12m) / Average Stockholder's Equity 12m.

**Capitalization Ratio: (Risk Weighted Assets - Portfolio in Trusts) / Stockholder's Equity.



**Credit
Rating
Agency**

Navistar Financial

S.A. de C.V., SOFOM, E.R.

HR BBB+
HR2

Financial Institutions
October 31st, 2019

A NRSRO Rating*

Cash Flow: Navistar (Millions of Pesos)							Annual		Semi-Annual	
Stress Scenario	2016	2017	2018	2019P*	2020P	2021P	1H18	1H19		
Net Income (Loss)	346	483	549	(1,240)	(790)	4	194	236		
Non-Cash Related Operation	326	185	186	2,408	1,478	578	290	505		
Reserves	96	67	15	413	0	0	200	413		
Provision for Loan Losses	229	117	163	1,994	1,478	578	90	92		
Other Non-Cash Movements	1	2	8	1	0	0	0	1		
Investment-Related Activities	291	345	396	435	489	531	189	226		
Depreciation and Amortization	291	345	396	435	489	531	189	226		
Financing Activities	72	44	11	0	0	0	1	0		
Deferred Taxes	72	44	11	0	0	0	1	0		
Adjusted Net Income	1,035	1,057	1,141	1,603	1,177	1,113	674	967		
Flows Generated (Used) in the Operation	(836)	(151)	(566)	1,840	(1,214)	(2,068)	(724)	2,257		
Decrease (Increase) in Financial Investments	20	(0)	(0)	0	0	0	(0)	0		
Decrease (Increase) in Other Accounts Receivable	0	569	123	121	(21)	(23)	113	131		
Decrease (Increase) in Derivatives	(29)	3	(16)	0	0	0	7	0		
Decrease (Increase) in Loan Portfolio	(779)	(1,305)	(567)	(998)	(896)	(1,758)	(380)	(731)		
Decrease (Increase) in Other Assets	310	249	(128)	52	42	25	(218)	12		
Decrease (Increase) in Foreclosed Assets	4	(48)	31	(76)	6	6	23	(79)		
Increase (Decrease) in Other Accounts Payable	(362)	381	(10)	2,740	(345)	(319)	(269)	2,924		
Cash Flows Net of Operating Activities	199	907	575	3,443	(36)	(955)	(50)	3,224		
Flows Generated (Used) in Investment Activities	(775)	(573)	(823)	(572)	(722)	(784)	(349)	(434)		
Sale (Purchase) of Premises and Equipment	(774)	(569)	(822)	(573)	(722)	(784)	(348)	(436)		
Decrease (Increase) of Intangible Assets	(1)	(4)	(1)	1	0	0	(0)	1		
Adquisición de otras inversiones permanentes	0	0	0	0	0	0	0	0		
Cash Remaining (Required) for Financing Activities	(577)	334	(248)	2,871	(758)	(1,740)	(399)	2,790		
Flows Generated (Used) for Financing Activities	958	(521)	260	(1,990)	(165)	1,548	370	(1,558)		
Bank Loans	1,739	(486)	1,452	950	6,250	8,850	846	(1,250)		
Public Debt Issuances	(780)	(34)	(1,192)	(209)	1,300	1,530	(476)	(309)		
Payment of Bank Loans	0	0	0	(2,626)	(6,341)	(7,471)	0	0		
Public Debt Amortization	0	0	0	(105)	(1,374)	(1,361)	0	0		
Net Increase (Decrease) in Cash	382	(187)	12	881	(923)	(192)	(29)	1,231		
FX Effects	0	0	0	0	0	0	0	1		
Cash and Cash Equivalent at the Beginning of the Period	359	741	554	566	1,447	523	554	566		
Cash and Cash Equivalent at the End of the Period	741	554	566	1,447	523	332	525	1,797		
Unrestricted Cash Flow	645	822	948	1,002	627	480	399	515		

Source: HR Ratings with financial statements provided by the Company and audited by KPMG Cárdenas Dosal, S.C.

*Forecast made from 3Q19 under a base case scenario.

Unrestricted Cash Flow	2016	2017	2018	2019P*	2020P	2021P	1H18	1H19
Net Income (Loss)	345.7	483.4	548.9	-1,239.6	-789.5	4.0	194.4	235.9
+ Provision for Loan Losses	229.0	116.7	162.6	1,993.6	1,478.4	577.8	90.3	91.6
+ Depreciation and Amortization	291.1	344.7	396.2	434.9	488.5	530.9	188.9	226.5
- Write-offs	188.6	92.2	129.4	156.6	521.6	603.9	49.0	13.1
+ Changes in Working Capital*	(32)	(31)	(30)	(30)	(29)	(29)	(26)	(26)
UCF	645.2	821.6	948.2	1,002.3	626.8	479.7	399.1	515.3

*Excluding effects from FX Transactions.

Non-Bank Financials Glossary

Active Interest Rate. Interest Income 12m / Average Productive Assets 12m.

Adjusted Capitalization Ratio. Stockholder's Equity / (Risk-Weighted Assets – Portfolio in Trusts).

Adjusted Delinquency Ratio. (Non-Performing Ratio + Write-Offs 12m) / (Total Loan Portfolio + Write-Offs 12m).

Adjusted Leverage Ratio. (Average Liabilities 12m – Average Structured Debt 12m) / Average Stockholder's Equity 12m.

Adjusted NIM. Adjusted Financial Margin 12m / Average Productive Assets 12m.

Asset-Weighted Liquidity Gap. Weighted Sum of Liquidity Gaps / Weighted Sum of Liabilities.

Capitalization Ratio. Stockholder's Equity / Risk-Weighted Assets.

Coverage Ratio. Allowance for Loan Losses / Non-Performing Portfolio.

Current Portfolio to Net Debt Ratio. (Current Loan Portfolio + Current Leasing Portfolio) / (Debt with Cost - Financial Investment – Cash and Equivalents).

Debt with Cost. Bank Loans + Short-Term Notes + Structured Debt.

Delinquency Ratio. Non-Performing Loans / Total Portfolio.

Efficiency Ratio. Operating Expenses 12m / Total Operating Income 12m.

Equity-Weighted Liquidity Gap. Weighted Sum of Liquidity Gaps / Weighted Sum of Stockholder's Equity.

Interest Rate Spread. Active Interest Rate – Passive Interest Rate.

Leverage Ratio. Average Liabilities 12m / Average Stockholder's Equity 12m.

Operating Efficiency Ratio. Operating Expenses 12m / Average Assets 12m.

Passive Interest Rate. Financial Expenses 12m / Average Debt with Cost 12m.

Productive Assets / Risk-Weighted Assets. Financial Investments + Total Loan Portfolio + Pure Leasing Portfolio.

ROAA. Net Income 12m / Average Assets 12m.

ROAE. Net Income 12m / Average Stockholder's Equity 12m.

Total Portfolio. Current Loan Portfolio + Non-Performing Loans + Pure Leasing Portfolio.

Unrestricted Cash Flow. Net Income (Loss) + Provision for Loan Losses + Depreciation and Amortization – Write-Offs + Changes in Working Capital.



Credit
Rating
Agency

Navistar Financial

S.A. de C.V., SOFOM, E.R.

HR BBB+

HR2

Financial Institutions
October 31st, 2019

A NRSRO Rating*

HR Ratings Senior Management

Management

Chairman of the Board

Alberto I. Ramos +52 55 1500 3130
alberto.ramos@hrratings.com

Vice-President

Aníbal Habeica +52 55 1500 3130
anibal.habeica@hrratings.com

Chief Executive Officer

Fernando Montes de Oca +52 55 1500 3130
fernando.montesdeoca@hrratings.com

Analysis

Chief Credit Officer

Felix Boni +52 55 1500 3133
felix.boni@hrratings.com

Deputy Chief Credit Office

Pedro Latapí +52 55 8647 3845
alvaro.rangel@hrratings.com

Public Finance / Infrastructure

Ricardo Gallegos +52 55 1500 3139
ricardo.gallegos@hrratings.com

Financial Institutions / ABS

Fernando Sandoval +52 55 1253 6546
fernando.sandoval@hrratings.com

Roberto Ballinez +52 55 1500 3143
roberto.ballinez@hrratings.com

Corporates / ABS

Hatsutaro Takahashi +52 55 1500 3146
Hatsutaro.takahashi@hrratings.com

Methodologies

Alfonso Sales +52 55 1500 3140
alfonso.sales@hrratings.com

José Luis Cano +52 55 1500 0763
joseluis.cano@hrratings.com

Regulation

Chief Risk Officer

Rogelio Argüelles +52 181 8187 9309
rogelio.arguelles@hrratings.com

Head Compliance Officer

Rafael Colado +52 55 1500 3817
rafael.colado@hrratings.com

Business Development

Business Development

Francisco Valle +52 55 1500 3134
francisco.valle@hrratings.com



**Credit
Rating
Agency**

Navistar Financial

S.A. de C.V., SOFOM, E.R.

HR BBB+ HR2

Financial Institutions
October 31st, 2019

A NRSRO Rating*

México: Avenida Prolongación Paseo de la Reforma #1015 torre A, piso 3, Col. Santa Fe, México, D.F., CP 01210, Tel 52 (55) 1500 3130.
Estados Unidos: One World Trade Center, Suite 8500, New York, New York, ZIP Code 10007, Tel +1 (212) 220 5735.

The rating given by HR Ratings de México, S.A. de C.V. to this entity, issuer and/or offering is supported by the analysis conducted using base and stressed scenarios in accordance with the following methodology/methodologies developed by the rating agency:

General Methodological Criteria (Mexico), March 2019

Rating Methodology for Non-Bank Financial Institutions (Mexico), Mayo 2009

ADDENDUM – Rating Methodology for Financial Leasing Agents and Pure Leasing Agents (Mexico), January 2010

For more information on this methodology, visit <https://www.hrratings.com/methodology/>

Complementary information in compliance with section V, subsection (A), of Appendix 1 to the General provisions applicable to securities rating agencies.

Previous rating	HR BBB+ / Stable Outlook / HR2
Date of last rating action	April 10th, 2019
Period for the financial information HR Ratings used to assign this rating	1T12 – 2T19
Information sources used, including those provided by third parties	Quarterly and audited financial statements by KPMG Cárdenas Dosal, S.C., provided by the Company
Ratings given by other rating agencies that were used by HR Ratings (where applicable)	Credit rating to Navistar International Corporation of B(G) with Stable Outlook by Fitch Ratings on March 2019 Credit rating to Navistar International Corporation en B(G) with Stable Outlook by S&P on January 2019. Credit rating to Navistar International Corporation en B(G) with Stable Outlook by Moody's on April 2019.
On assigning or monitoring the rating, HR Ratings considered the existence of mechanisms to align the incentives between the originator, servicer, and guarantor, and potential buyers of the Securities (where it applies)	N/A

HR Ratings de México, S.A. de C.V. (HR Ratings), is a securities rating agency authorized by the Mexican Banking and Securities Commission (Comisión Nacional Bancaria y de Valores (CNBV)), registered with the U.S. Securities and Exchange Commission (SEC) as a Nationally Recognized Statistical Rating Organization (NRSRO) for public finance assets, corporates and financial institutions, as described in Section 3(a)(62)(A) article (v) of the U.S. Securities Exchange Act of 1934, and certified as a Credit Rating Agency (CRA) by the European Securities and Markets Authority (ESMA).

The above rating was requested by the entity or issuer, or on their behalf, and therefore HR Ratings has received the fees corresponding for the rating services provided. The following information is available on our website www.hrratings.com: (i) HR Ratings' procedure for monitoring our ratings and the frequency of reviews; (ii) the criteria applied by this rating agency to withdraw or suspend a rating, and (iii) the structure and voting process of our Credit Analysis Committee and (iv) the rating scales and definitions.

The ratings and/or opinions of HR Ratings de México S.A. de C.V. (HR Ratings) are opinions on credit quality and/or asset management, or refer to performance in terms of the corporate purpose for issuer companies and other entities or sectors, and are based solely on the characteristics of the entity, offering, and/or transaction, independent of any business activity between HR Ratings and the entity or issuer. The ratings and/or opinions given or issued are not recommendations to buy, sell, or hold any instrument or to conduct any type of business, investment, or operation, and may be subject to adjustment at any time, according to the rating methodologies of HR Ratings and the terms of article 7, section II and/or III, accordingly, of the "General provisions applicable to securities issuers and other participants in the securities market".

HR Ratings bases its ratings and/or opinions on information gathered from sources it considers accurate and reliable. HR Ratings, however, does not guarantee or vouch for the accuracy, precision, or completeness of any information and is not responsible for any error or omissions or for results obtained from the use of this information. Most issuers of debt instruments rated by HR Ratings have paid a credit rating fee based on the quantity and type of offering. The goodwill of the security or the solvency of the issuer, and, accordingly, the opinion given on the capacity of an entity in terms of asset management and performance on its corporate purpose may change, which may improve or lower the rating, without this implying any liability for HR Ratings. HR Ratings gives its ratings and/or opinions ethically and in adherence of healthy market practices and in compliance with applicable regulations, which can be found on the company website at www.hrratings.com, where documents such as the Code of Conduct, methodologies or criteria for rating, and current ratings are available.

The ratings and/or opinions given by HR Ratings include a credit quality analysis for an entity, issuer, and/or offering, therefore they do not necessarily reflect a statistical probability of default on payment, this being understood as the impossibility or lack of willingness of an entity or issuer to settle its contractual obligations of payment, in which case creditors and/or holders are forced to take measures to recover their investment, including restructuring the debt due to the debtor facing a situation of stress. However, to give our opinions on credit quality greater validity, our methodology considers stressed scenarios as a



Credit
Rating
Agency

Navistar Financial

S.A. de C.V., SOFOM, E.R.

HR BBB+
HR2

Financial Institutions
October 31st, 2019

A NRSRO Rating*

complement to the analysis prepared on a base scenario. The fees HR Ratings receives from issuers generally range from US\$1,000 to US\$1,000,000 (or the equivalent in another currency) per rating. In some cases, HR Ratings will rate some or all the offerings of a particular issuer for an annual fee. Annual fees vary between US\$5,000 and US\$2,000,000 (or the equivalent in another currency).