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

HR BBB+
HR2

Financial Institutions
November 30, 2020

Rating

Navistar Financial LP	HR BBB+
Navistar Financial CP	HR2
CP's CEBURS Program	HR2
Outlook	Positive

Credit Rating Evolution

Source: HR Ratings

Contacts

Akira Hirata
Deputy
Financial Institutions Officer / ABS
Responsible Analyst
akira.hirata@hrratings.com

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

Angel García
Financial Institutions Officer / ABS
angel.garcia@hrratings.com

HR Ratings affirmed the Navistar's HRBBB+ rating and change its Stable Outlook to a Positive Outlook. It also affirmed the CP's HR2 rating and its CEBURS Program

The affirmation of the Navistar's rating[1] is based on the rating of its parent company, Navistar International Corporation[2], which is granted by other rating agencies and it is equivalent to HR B (G). This outlook modification arises from the recent announcement of the agreement of the acquisition of its Parent Company by Traton SE, subject to the completion of the due diligence process. Since Traton SE has a rating equivalent to HR BBB+ (G), after completing this transaction and, consequently, affecting the Navistar International Corporation's rating, the Navistar Financial's rating might also be affected. On the other hand, the Company maintains its solvency situation within sound levels and a suitable profitability, compensating the decreasing of its operations, as well as a moderate pressure on its portfolio quality, which is the result of the current health crisis. The main assumptions and results are:

Assumptions and Results: Navistar	Quarterly		Annually		Base Scenario			Stress Scenario		
Figures in million Pesos	3Q19	3Q20	2018	2019	2020P*	2021P	2022P	2020P*	2021P	2022P
Total Portfolio	14,712	13,664	14,965	14,168	12,837	14,034	15,822	12,674	13,540	14,926
Administrative Expenses	214	200	281	286	269	289	316	275	345	379
Net Income	350	285	549	516	408	507	576	112	(2,434)	(561)
Delinquency Rate	3.6%	3.5%	2.8%	3.8%	4.0%	4.3%	4.4%	6.5%	26.2%	25.7%
Adjusted Delinquency Rate	4.6%	5.5%	3.8%	4.4%	6.1%	5.7%	5.4%	8.4%	30.2%	29.7%
Hedge Ratio	1.1	1.2	1.2	1.1	1.2	1.1	1.1	1.2	1.0	1.0
Adjusted NIM	4.6%	5.2%	4.6%	4.9%	5.0%	5.1%	5.2%	2.8%	-15.0%	-1.9%
Efficiency Ratio	24.8%	26.5%	27.2%	26.6%	25.1%	24.7%	24.4%	27.5%	42.4%	46.3%
Operation Efficiency Ratio	1.7%	1.7%	1.8%	1.8%	1.8%	1.9%	2.0%	1.8%	2.4%	2.5%
Average ROA	3.8%	2.9%	3.5%	3.2%	2.7%	3.4%	3.6%	0.7%	-18.7%	-4.4%
Average ROE	16.1%	10.3%	15.9%	12.8%	9.1%	10.2%	10.5%	2.5%	-76.3%	-32.9%
Capitalization Rate	28.8%	33.6%	25.7%	31.2%	36.7%	37.7%	37.5%	35.7%	18.4%	12.0%
Adjusted Capitalization Rate	29.5%	33.9%	26.9%	31.7%	38.2%	37.7%	37.5%	35.7%	18.4%	12.0%
Leverage Rate	3.2	2.6	3.5	3.0	2.4	2.0	1.9	2.4	3.1	6.5
Adjusted Leverage Rate	3.2	2.5	3.4	3.0	2.4	2.0	1.9	2.4	3.1	6.5
Current Portfolio / Net Debt	1.9	1.7	1.4	1.7	1.8	1.8	1.8	1.8	1.4	1.3
Loan Rate	14.3%	14.5%	14.8%	14.3%	14.3%	13.9%	13.9%	14.1%	13.0%	12.9%
Debit Rate	10.2%	8.7%	9.4%	10.2%	8.6%	8.3%	8.3%	9.0%	9.3%	9.2%
Rate Spread	4.2%	5.8%	5.4%	4.2%	5.6%	5.6%	5.6%	5.2%	3.7%	3.8%

Source: HR Ratings based on company's information.
*Projections from 4Q20 under a base scenario and a stress scenario.

Historical / Comparative Performance vs. Projections

- **Sound solvency profile with a 33.6% capitalization rate and a 2.6x leverage rate, estimated using 12m average figures, as of the third quarter of 2020 (3Q20) (vs. 28.8% and 3.2x as of 3Q19).** This is the result of a continued positive net income in the last periods, and a decrease in the assets subject to risk, due to a decreased portfolio placement.
- **Pressure on asset quality reflected in a 5.5% adjusted delinquency rate (vs. 4.6% as of 3Q19 and 4.9% in base scenario).** A portfolio loss was implemented in response to the current health contingency, but mainly because a client is in process of insolvency, respect of which a 100% allowance had already been made. As for the delinquency rate, it decreased because a client changed from non-performing portfolio to current portfolio, in the amount of P$91m.
- **Profitability at good levels with a 12m Average ROA of 2.9% and a 12m Average ROE of 10.3% (vs. 3.8% and 16.1% as of 3Q19 ; 1.7% and 5.0% in base scenario).** Despite of the deviation from the base scenario —which did not consider the impact of a pandemic—, based on the decrease in the financial margin, the higher estimates, as well as the decrease in net fees and other income, it is deemed that the indicators are maintained at appropriate levels.

[1]Navistar Financial, S.A. de C.V., SOFOM, E.R. (Navistar and/or the Company).
[2]Navistar International Corporation (NIC and/or Parent Company).

Expectations for Future Periods

- **Reduction of the total portfolio as of the end of 2020 with improvement in the next years.** According to the economic expectations in the country and the behavior observed in the last periods, it could be expected a decrease in the portfolio respect of the prior year. However, once the pandemic effects diminish, the operations would be expected to be reactivated.
- **Lower profitability as of the end of 2020.** It resulted from a reduced placement and higher delinquency. It would be expected that the increasing resumption of the economic activity has a positive impact on the Average ROE and ROA as of 2021 and 2022.

Additional Factors to Be Considered

- **Announcement of the agreement of acquisition of NIC by Traton SE. If this transaction is completed, it might impact the Parent Company's rating and, consequently, the Company's rating, since they are aligned due to their operation relationship.**
- **Reduction of the concentration maintained in the Company's top ten clients, which represents 22.1% of the portfolio and 0.7x the shareholder's equity (vs. 30.3% and 1.1x as of 3Q19).** This was a consequence of some changes made in the type of clients. Previously, the company's clients were dealers, who reduced their balance because of the economic environment. Although there is less sensitivity respect of the top clients as of 3Q20, the percentage might come back to historical levels, depending on the dealer's stock management.
- **Fifty five percent (55.0%) of the total loan portfolio entered into deferral programs, based on CNBV's support programs, due to the COVID-19 contingency.** The balance of the loans subject to these support programs as of the end of the third quarter of 2020 amounts P$4,643m. Additionally, a program targeted to the operating lease product was implemented, which was applied to 54.0% of the portfolio. Taking into account these programs, the liquidity gaps are maintained at appropriate levels with an asset-liability-weighted breach of 50.8% and a capital-weighted breach of 22.6%.
- **Funding diversification with a 51.1% availability (vs. 51.7% as of 3Q19).** The company has liabilities of multipurpose banks and development banks, and a bond program that allows it flexibility to carry out its transactions.

Factors that Might Rise the Rating

- **Navistar International Corporation's Rating Rise by at least two credit rating agencies.** If an acquisition were effectively completed by a higher credit rated company, this would raise the Parent Company's credit rating.

Factors that Might Lower the Rating

- **Navistar International Corporation's Rating Reduction by at least two credit rating agencies.**
- **Delinquency Increase.** If an impairment in the asset quality that may affect the Company's profitability and liquidity were observed, a reduction in the Company's credit rating would be considered.

Rating Profile

This rating follow-up report is focused on the analysis and assessment of any relevant events occurred during the last months, affecting the Navistar Financial's credit quality. For more details on the initial ratings awarded by HR Ratings to Navistar Financial, you may review the initial report prepared by HR Ratings on December 15, 2017, and other two subsequent reports. These reports may be consulted on the website: http://www.hrratings.com.

Company Profile

Navistar Financial is the financial arm in Mexico of the truck company International and its dealer network, which purpose is to foster the sales of tractor-trailers, passenger buses, as well as heavy-duty and light-duty trucks. The offer of Navistar products includes simple loan, financial lease and operating lease of trucks, for small-sized and medium-sized companies and persons with business activities dedicated to the transport business. Additionally, the Company offers a floor plan product to brand's dealers.

Relevant Events

Acquisition of Navistar International Corporation

In October of this year, an agreement was announced between TRATON SE and Navistar International Corporation, where TRATON SE agreed to acquire Navistar International Corporation for USD$44.5 per share, after several months of negotiations. TRATON SE is the Volkswagen AG's cargo truck division and, prior to this agreement, it already had 16.8% of the NIC's shares; after this acquisition, it would become the holder of the total shares. The transaction is subject to completion of the due diligence process to perform the merge agreement. HR Ratings will monitor for any effect on the NIC's and Company's rating when such transaction is completed. Traton's rating is equivalent to HR BBB+ (G) and HR BBB (B), as granted by two credit rating agencies; therefore, if the acquisition were completed, NIC would be positively affected, benefiting Navistar.

Support Programs due to COVID-19

In order to avoid impairments in the portfolio quality, and in order to support its clients during the health contingency, the Company offered two programs: The first program, intended for loan portfolio and financial lease portfolio, followed the programs and accounting principles provided by CNBV[3], by means of which payments were able to be deferred up to six months, postponing the amortization table and with the obligation to resume payments at the end of such term. This program was implemented in 55.0% of the total portfolio, where only 80.0% of the clients requested the grace period of principal, but they continued to pay interest. The balance of the loans subject to this support program as of the end of the third quarter of 2020 amounts P$4,643m. The

[3]National Banking and Securities Commission of Mexico Comisión Nacional Bancaria y de

second program was intended for operating lease clients, where agreements were restructured, and payments were deferred, or final payments were increased. In order to implement this program, each case was assessed. The program applied to 54.0% of the portfolio. HR Ratings considers that the portfolio percentage requesting a support program is at a high level, so HR Ratings will monitor the behavior of this portfolio as the clients return to normal their payment behavior.

Additionally, the Company has implemented, as a strategy, the prioritization of liquidity by means of its lines of credit and with more cash. The Company has decided to maintain at least 40% of availabilities in its funding and to have a line of credit provided by the Parent Company for USD$100m, if required, and it will continue negotiations with multipurpose banks and development banks, in order to increase the access to lines of credit. Additionally, some changes are in process in the business area, in order to be more efficient in the response time and client follow-up and, consequently, to have deeper penetration in the market and better collection.

Results Observed vs. Results Projected

Below there is an historical analysis of the financial position of Navistar Financial for the last 12 months, compared to the financial situation expected by HR Ratings, both in base scenario and stress scenario, as projected in the ratings dated October 31, 2019.

Figure 1.Navistar Assumptions and Results	Results Observed		Rating Projections 2019	
	3Q19	3Q20	3Q20 Base*	3Q20 Stress*
Current Portfolio	14,281	13,271	16,799	16,120
Non-performing Portfolio	430	393	519	2,970
12m Preventive Credit Risk Estimates	139	163	221	3,021
12m Adjusted Financial Margin	733	804	1.079	-1,699
12m Total Operating Income	987	858	1,351	-1,465
12m Administrative Expenses	279	271	317	625
12m Net Income	621	452	768	-1.989
Delinquency Rate	3.6%	3.5%	3.8%	22.2%
Adjusted Delinquency Rate	4.6%	5.5%	4.5%	24.9%
Hedge Ratio	1.1	1.2	1.1	1.0
Adjusted NIM	4.6%	5.2%	6.1%	-5.7%
Efficiency Ratio	24.8%	26.5%	20.2%	37.6%
Operation Efficiency Ratio	1.7%	1.7%	1.8%	2.9%
Average ROA	3.8%	2.9%	4.3%	-7.7%
Average ROE	16.1%	10.3%	16.8%	-48.1%
Capitalization Rate	28.8%	33.6%	30.2%	15.3%
Leverage Rate	3.2	2 6	2.9	5.2
Current Portfolio / Net Debt	1.9	1.7	2.2	1.7
Loan Rate	14.3%	14.5%	14.9%	14.1%
Debit Rate	10.2%	8.7%	9.5%	10.2%
Rate Spread	4.2%	5.8%	5.4%	3.9%

Source: HR Ratings based on company's information.

*Projections made in the annual rating report dated October 31, 2019.
**Figures in million Pesos

Loan Portfolio Evolution

The Navistar's total portfolio showed a reduction in the last 12m, reaching a balance of P$13,664m as of September 2020, obtaining an annual growth rate of -7.1%, which is below the expectations in the base scenario (vs. P$14,627m and -4.0% as of 3Q19; P$17,318m and 17.7% in base scenario). Such decrease was observed in the loan portfolio and the financial lease portfolio, and in the operating lease portfolio. This is a consequence of the current health crisis, which worsened the demand fall already observed in prior periods, particularly in the dealer's business, as well as due to a more conservative position of the Company in the last year, when it changed some loan-approval parameters, and to a higher level of lease termination.

As for the asset quality, the non-performing portfolio amounted P$393m, representing a delinquency rate of 3.5%, while the adjusted delinquency rate reached 5.5% (vs. 3.6% and 4.5% as of 3Q19; 4.1% and 4.9% in base scenario). Consequently, the adjusted delinquency showed pressures against the prior year and, marginally, against estimates, mainly because of a smaller volume of the total portfolio, due to a decreased placement in the last 12m. It is worth to mention that the Company has performed 12m write-offs which amount P$232.5m in aggregate (vs. P$113.8m as of 3Q19), due mainly to a client who filed for insolvency proceedings. On the other hand, the decreasing movement in the non-performing portfolio is attributable mainly to a client who changed from non-performing portfolio to current portfolio, in the amount of P$91m, during the quarter.

Company's Hedge

Navistar Financial follows the expected loss methodology to make the preventive estimates. As of the close of September 2020, the estimates closed in P$393m, resulting in a hedge ratio of 1.2x (vs. P$431m and 1.1x as 3Q19; P$591.2m and 1.1x in base scenario). This indicator showed an increase, in comparison to the prior year, derived from the decrease in the non-performing portfolio, and it is placed at levels deemed sound.

Income and Expenses

The 12m aggregate financial margin is placed at P$967, which is lower than the levels projected in the base scenario, reflecting a smaller volume of assets in comparison to our expectations. However, the financial margin shows a 10.8% growth, in comparison to prior year (vs. P$873m and 0.9% as of 3Q19; P$1,468m and 68.2% in base scenario; P$1,323m and 36.7% in stress scenario). This growth is due to lower interest expenses because of a lower funding cost, derived from the decrease in the reference rate and the reduction of bond-related expenses, since such bonds were fully amortized, and due to a lower leverage. This behavior was able to counteract the decreased interest income due to a smaller total portfolio.

The 12m preventive estimates amounted $163m as of September 2020 (vs. P$139m as of 3Q19 and P$218m in base scenario). Because of that, the adjusted financial margin resulted in P$804m, showing a slight annual growth, which, however, is below the projections in a base scenario (vs. P$733m as of 3Q19 and P$1,250m in base scenario). This is reflected in an Adjusted NIM of 5.2%, exceeding the expectations of 4.5% and the figures of the prior year, derived mainly from the improvement in the rate spread due to the funding cost (vs. 4.6% as of 3Q19).

As for the 12m total operating income, it amounted P$858m as of September 2020, representing an annual reduction of -13.0% (vs. P$987m as of 3Q19 and P$1,351m in base scenario). This income includes the adjusted financial margin, net fees, intermediation income, lease income and other operating income. The 12m net fees amounted P$125m, showing amounts lower than those observed in prior periods (vs. P$222m as of 3Q19 and P$263m in base scenario). This decreasing behavior is due to less fees collected which, in turn, is derived from the reduction of the floor plan funding and the reduced origination in the retail trade portfolio. Additionally, higher paid bank fees were observed, due to fees for prepayment of certain bank fundings that the Company had to cover.

As for the 12m intermediation income, it showed improvements with -P$39m (vs. -P$81m as of 3Q19 and -P$98m in base scenario). This change results from a derivative assessment less negative than the assessment observed in prior periods for the movements in the interest rates, in addition to a smaller loss for trade of derivative instruments. On the other hand, the 12m other operating expenses amounted -P$31m, which is lower than the P$112 income obtained the prior year (vs. P$100m in base scenario). This variation is due to the effect of a lower insurance income and because of the loss in the sale of awarded assets. This latter is the result of a Company's strategy to reduce prices in order to achieve sales of awarded vehicles within shorter term.

On the other hand, the 12m administrative expenses experienced an annual decrease of -2.8%, amounting P$271m as of September 2020, which represents lower levels than those in the base scenario, where an organic growth respect of the performing assets was projected (vs. P$279m as of 3Q19 and P$303m in base scenario). Regarding the behavior observed, the decrease in comparison to the previous year is the result of less provisions for payment of employee bonuses based on the achievement of corporate goals, and of less operating expenses due to less activity because of the health crisis. Despite the expense reduction and the decrease of operating income, a better rhythm was observed, and the efficiency ratio reached 26.5%, while the operation efficiency ratio remains at 1.7% (vs. 24.8% and 1.7% as of 3Q19 ; 17.5% and 1.7% in base scenario).

The net tax payment increased compared to the previous year, because it changed from P$86m to P$136m, between 3Q19 to 3Q20 (vs. P$266m in base scenario), since the Company had previously benefited from tax deductions corresponding to uncollectible accounts receivable, debt issue costs, advance payment provisions, among other concepts, and now, these deductions were lower. Furthermore, previously, there had been positive variations in deferred taxes due to a greater volume of fixed assets, client's payment in advance and charging off of provisions.

Profitability and Solvency

In spite of the annual increase in the 12m adjusted financial margin and the decrease in administrative expenses, the reduced fees collected, the negative intermediation income and the reduced amount in other operating income leaded to a lower yield of 12m net earnings, in comparison to those observed the previous years and those estimated in the base model, amounting P$452m as of September 2020 (vs. P$621m as of 3Q19 and P$900m in base scenario). This behavior leaded to pressure the profitability with a 12m Average ROA of 2.9% and a 12m Average ROE of 10.3% (vs.

3.8% and 16.1% as of 3Q19 ; 5.0% and 19.5% in base scenario). However, profitability is deemed to continue at good levels.

Regarding the solvency profile, the capitalization rate, estimated using the average figures of the last 12 months, closed at 33.6%, exceeding the expectations and showing levels higher than those of 3Q19, due to fewer operations which require less use of capital, and because it was strengthened by the earnings of the last four quarters. 28.8% as of 3Q19 and 30.2% in base scenario). On the other hand, the 12m average leverage rate showed a 2.6x level thanks to the amortization of stock liabilities and the low need for external funding (vs. 3.2x as of 3Q19 and 2.9x in base scenario). Finally, the ratio corresponding to current portfolio/net debt showed a decrease, reaching a 1.7x level, derived from fewer accounts receivable and because some creditors were replaced by bank debts (vs. 1.9x as of 3Q19 and 2.4x in base scenario).

Analysis of Performing Assets and Funding

Portfolio Analysis

Portfolio Evolution

The Navistar's portfolio has showed reductions in different periods because of different reasons: i) lower demand of short-term commercial loans to sale trucks and buses manufactured in Mexico and exported to Colombia, ii) decrease in the floor plan portfolio and, iii) decrease in the portfolio of loans granted to export trucks to the United States. Although in 1Q20 an upturn was observed in the placement, this behavior started to revert as of 2Q20 due to the consequences in the transport industry of the current health crisis. Similarly, the Company has reduced its approval rate since it changed its indicators related to the credit bureau, as well as its payment quality index, in order to employ more-conservative origination criteria. For the following period, the Company is planning to focus on maintaining the portfolio's quality instead on the portfolio growth, where the support will come from the regional commercial strength mainly.

Delinquency Buckets

As of 3Q20, the portfolio with zero days of default represents the 82.2%, reflecting a reduction against the situation observed as of 3Q19, which is mainly because the1-30-day portfolio closed with 8.2% of the total (vs. 84.5% and 5.7% as of 3Q19). The 31-60-day and 61-90-day delinquency buckets experienced lower levels respect of the portfolio with 2.8% and 3.3% (vs. 4.1% and 2.1% as of 3Q19). In this sense, the portfolio with more than 90 days in default represents 3.5% of the total, reflecting a moderate delinquency in the commercial loan portfolio. HR Ratings deems that there is an increase in the percentage of the portfolio with 61-90 days in default, which might lead to an increase in the delinquency rate in case of higher delinquency.

Figure 2. Delinquency Buckets

Days in Default	Amount*	Total Portfolio %	Amount as of 3Q19	vs. 3Q19 %
0	9,135	82.2%	9.990	84.5%
1 -30	908	8.2%	669	5.7%
31 -60	308	2.8%	481	4.1%
61 -90	370	3.3%	252	2.1%
more than 90	393	3.5%	430	3.6%
TOTAL	**11,113**	**100.0%**	**11,823**	**100.0%**

Source: HR Ratings based on company's internal information as of 3Q20.
*Figures in million Pesos

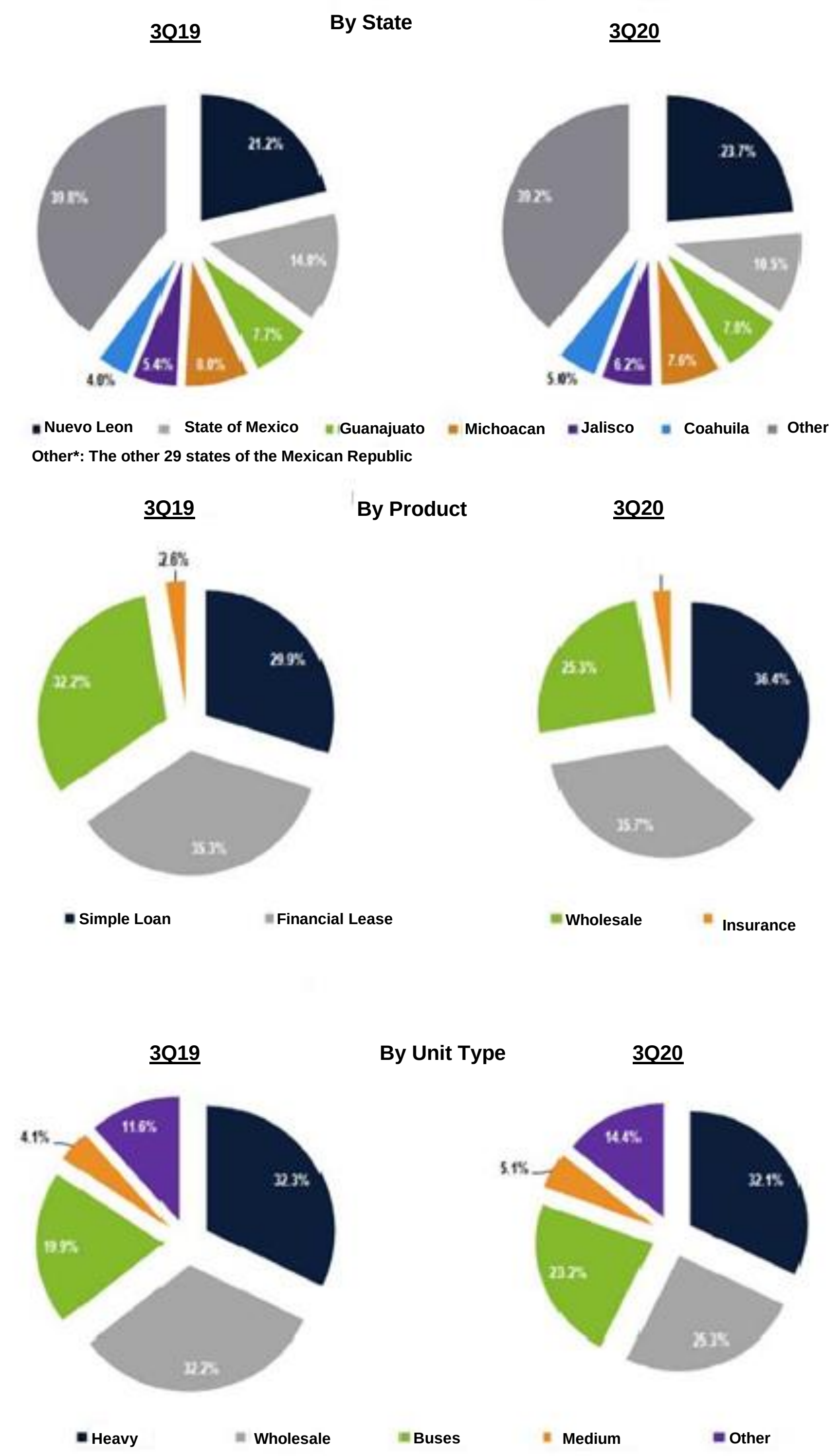
Distribution of Total Portfolio

As of 3Q20, the entity with the highest concentration is Nuevo Leon, representing 23.7%. Nuevo Leon is the Navimex's operation base (vs. 21.2% as of 3Q19). The State of Mexico, which follows in importance, showed a slight reduction, changing from 14.0% to 10.5%. Guanajuato is next, maintaining its 7.8% (vs. 7.7% as of 3Q19). The remaining portfolio represents 58.1%, which is distributed among the other 29 states of the Mexican Republic (vs. 57.1% as of 3Q19). Therefore, HR Ratings believes that the Navistar's portfolio shows an appropriate diversification, since the main state represents less than 25.0% of the portfolio and because the two main states are sites with high economic activity.

As for the product distribution, a relevant change is observed, because simple loan increased its contribution, from 29.9% to 36.4%, between 3Q19 and 3Q20, and became the main product. This change is a consequence of the reduction in the Floor Plan inventory maintained by the dealers, which leaded to a reduction in the contribution of this product, from 32.2% to 25.3%, between 3Q19 and 3Q20. Regarding the financial lease, it is maintained at 35.7% of the total portfolio (vs. 35.3% as of 3Q19).

Finally, as for the distribution depending on the type of unit, the heavy duty trucks are in the first place, with 32.1%, maintaining its prior year contribution (vs. 32.3% as of 3Q19); however, the units financed with a wholesale-trade plan decreased, representing 25.3%, consistent with the above mentioned situation (vs. 32.2% as of 3Q19). Additionally, buses represented the 23.2% (vs. 19.9% as of 3Q19). The other types of units altogether represent 19.4% (vs. 15.7% as of 3Q19). HR Ratings believes that the distribution considering the type of unit is at good levels, since it is consistent with the Navimex's business model.

Figure 3. Distribution of Total Portfolio



Other*: severe, light duty, insurances
Source: HR Ratings based on company's internal information.

Top Clients of Common-Risk Group

The portfolio's top ten clients reached a P$3,026m balance, experiencing an absolute and relative annual reduction (vs. P$4,451m as of 3Q19). These clients represent 22.1% of the total portfolio and 0.7x the shareholder's equity (vs. 30.3% and 1.1x as of 3Q19). Three of these 10 clients have been already among the top clients in the previous year and, as of the end of September 2020, all of them presented a balance below the balance observed previously, since they did not purchase more units in this period. The change in the other top clients is because these clients were dealers and a lower leverage was observed to maintain the cash flow, by clearing inventories. HR Ratings sees as a positive factor the lower concentrations obtained from the reduction of the sensitivity of the capital due to exits or payment defaults of a borrower. However, being this behavior related to the dealer's business cycle, an increase may be observed again once the sector activity is recovered.

Figure 4. Main Common-Risk Groups

Client	Balance*	Portfolio %	x Capital
Client 1	1,423	10.4%	0.3x
Client 2	384	2.8%	0.1x
Client 3	200	1.5%	0.0x
Client 4	189	1.4%	0.0x
Client 6	177	1.3%	0.0x
Client 6	158	1.2%	0.0x
Client 7	149	1.1%	0.0x
Client 8	127	0.9%	0.0x
Client 9	110	0.8%	0.0x
Client 10	110	0.8%	0.0x
TOTAL	3,026		22.1%
vs. 3Q19	4,451		30.3%

Source: HR Ratings based on company's internal information as of 3Q20.
*Figures in million Pesos

Funding Tools

As of September 2020, the Company has an authorized a funding amount of P$18,491m obtained from lines of credit granted by institutions classified as development banks and commercial banks and from the CEBURS Program (vs. P$18,072m as of 3Q19). When compared to September 2019, the Company has a new line of credit offered by a new commercial bank, as well as an increment in 6 existing lines of credits, which superseded 4 lines of credits amounting P$633m, which was not employed. Additionally, for the last 12m, the Company reduced up to zero its exposition to stock market funding, where the structured debt issues were completely amortized as of 2Q20, and the CP's CEBURS were gradually amortized, according to the portfolio decrease. The resources availability changed from 51.7% to 51.1% of the total authorized amount, which HR Ratings considers a solid level for future operation and to face a contingency.

Figure 5. Funding Tools

Institution	Amount*	Balance*	% Available	Maturity	Currency
Development Bank 1	3,400	2,511	26.2%	Non-defined	Dollars/Pesos
Development Bank 2	3,280	1,596	51.3%	Sep -2025	Dollars/Pesos
	1,417	1,417	0.0%		
	5	5	0.0%		Dollars
Development Bank 3	2,436	2,091	14.2%	Aug-2021	Dollars/Pesos
Development Bank 4	2,214	0	100.0%	May -2024	Dollars
Commercial Bank 1	664	0	100.0%	Non-defined	Dollars/Pesos
Commercial Bank 2	500	378	24.5%	Mar-2023	Pesos
Commercial Bank 3	443	221	50.0%	Nov-2020	Dollars/Pesos
Commercial Bank 4	300	300	0.0%	Oct -2020	Pesos
Commercial Bank 5	300	300	0.0%	Jun -2021	Pesos
Commercial Bank 6	260	0	100.0%	Apr-2021	Pesos
Commercial Bank 7	175	100	42.9%	Jun -2021	Pesos
Commercial Bank 8	117	117	0.0%	Sep -2022	Pesos
Commercial Bank 9	100	0	100.0%	Aug-2021	Pesos
CPs CEBURS Program	3,000	0	100.0%	Feb-2021	Pesos
TOTAL CURRENT	**18,491**	**9,036**	**51.1%**		
vs. 3Q19	**18,072**	**8,733**	**51.7%**		

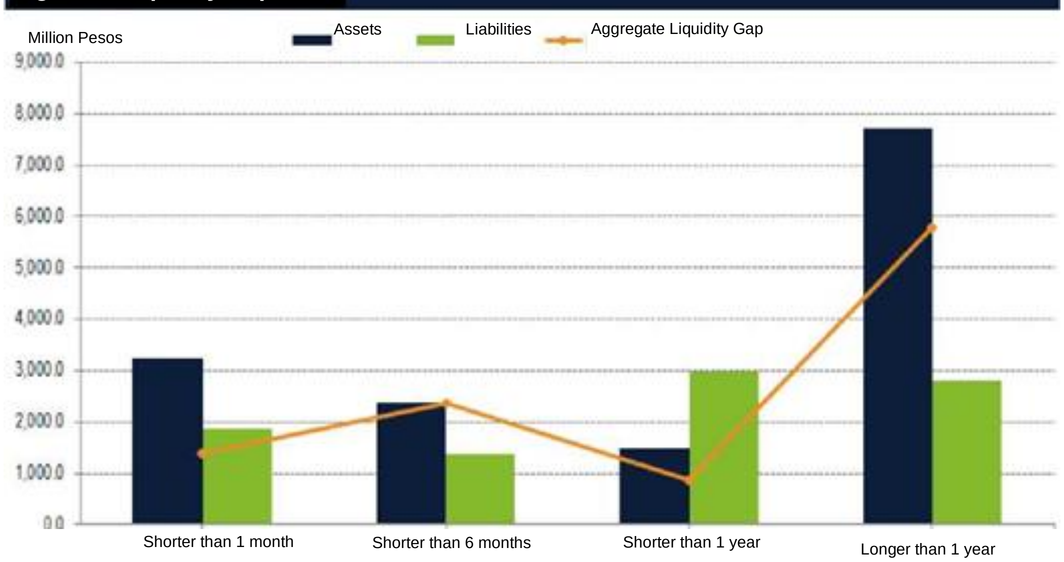
Source: HR Ratings based on company's internal information as of 3Q20.

*Figures in million Pesos

Liquidity Gaps

Respect of the maturity profile, an appropriate matching between performing assets and cost-bearing liabilities with costs at different terms is observed, maintaining a positive aggregate liquidity gap. As of September 2020, the Company reported an assets-liability-weighted gap of 50.8% and a capital-weighted gap of 22.6% (vs. 62.5% and 31.9% as of 3Q19). The reduction respect of the prior year is because there is a relevant maturity corresponding to a liability with a development bank within a term shorter than one year, although the aggregate gap continues at positive levels. HR Ratings believes that the Company has an appropriate liquidity to comply with its financial obligations, by means of the administration of asset and liability maturities.

Figure 6. Liquidity Gaps



Source: HR Ratings based on company's internal information as of 2Q20

Rate Risk and Exchange-Rate Risk

The Navistar's total portfolio is 98.5% at a fixed rate, and the remaining 1.5% is at a variable rate. As for liabilities, 50.2% is at a fixed rate and 49.8% is at a variable rate. The Company, in order to mitigate risks due to movements in the rates, has hired hedging instrument amounting a notional aggregate amount of P$2,666m. Consequently, there is an exposed amount of P$1,626.9m, which is deemed a moderate exposure level; however, the Company is believed to have the necessary resources to be able to cover it. On the other side, 86.2% of the portfolio is in Mexican Pesos and the remaining percentage is in US Dollars; while 81.8% of liabilities are in Mexican Pesos and 18.2% thereof are in US Dollars. This represents an appropriate matching between liabilities and assets and, in spite of having no exchange rate hedge, the exposure to this risk is minimum.

Figure 7. Exchange-Rate and Interest-Rate Risk

Interest-Rate Risk*		Exchange-Rate Risk*	
Fixed-Rate Portfolio	13,459.0	Portfolio in Mexican Pesos	11,781.0
Variable-Rate Portfolio	205.0	Portfolio in US Dollars	1,882.6
Fixed-Rate Liabilities	4,538.2	Liabilities in Mexican Pesos	7,416.5
Variable-Rate Liabilities	4,497.8	Liabilities in US Dollars	1,645.2
Hedging Instruments	2,666.0	Hedging Instruments	0.0
Exposed Amount	1,626.9	Exposed Amount	0.0

Source: HR Ratings based on company's internal information as of 3Q20.
*Figures in million Pesos.

Derivative Instruments

Navistar hired five financial derivative instruments, which all are CAP interest rate options. The reference rate for these derivative instruments is TIIE. If TIIE is higher than the agreed rate at the corresponding moment, the other party, which in this case is BBVA Bancomer, will cover the difference. The strike price in the different derivative instruments ranges from 6.0% to 9.0%; while the notional price ranges from P$375m to P$820m, summing up to P$2,666m, with an average weighted strike of 8.1%. By means of the derivative instruments, the Company manages the risks, according to the type of rate, up to 2022, when the last agreement expires.

Figure 8. Financial derivative instruments

Instrument**	Underlying	Notional	Maturity	Premium	Strike	Impact on Income	vs. 3Q19
IR CAP	28-day TIIE	536.4	2020	4.6	6.0%	-0.2	-2.7
IR CAP		374.6	2021	1.2	8.3%	0.0	-1.0
IR CAP		819.6	2021	11.6	8.5%	-0.2	-15.2
IR CAP		225.8	2021	3.2	8.5%	-0.4	-5.0
IR CAP		709.5	2022	3.2	9.0%	-0.1	-1.9
TOTAL		2,666		23.8	8.1%	-0.9	-25.8

Source: HR Ratings based on Company's internal information as of 3Q20.
*Figures in million Pesos
**Interest Rate CAP (IR CAP)

Scenario Analysis

The quantitative risk analysis carried out by HR Ratings includes the analysis of financial metrics and Company's cash availability, in order to determine the Company's creditworthiness. For the analysis of Navistar's creditworthiness, HR Ratings performed a financial analysis under base economic scenario and under high stress economic scenario. Both scenarios determine the Company's creditworthiness and its capacity to comply with its credit obligations timely. The assumptions and results obtained in the base scenario and stress scenario are presented below:

Figure 9. Navistar Assumptions and Results Figures in Million Pesos	Quarterly		Annually		Base Scenario			Stress Scenario		
	3Q19	3Q20	2018	2019	2020P*	2021P	2022P	2020P*	2021P	2022P
Total Portfolio (% Change)	-4.0%	-7.1%	6.2%	-5.3%	-9.3%	9.3%	12.5%	-9.6%	7.7%	3.8%
Administrative expenses	214	200	281	286	270	248	277	276	282	312
Net Income	350	285	549	516	419	438	461	204	(569)	(47)
Delinquency Rate	3.6%	3.5%	2.8%	3.8%	4.0%	4.3%	4.8%	6.1%	12.3%	11.7%
Adjusted Delinquency Rate	4.6%	5.5%	3.8%	4.4%	5.9%	5.7%	5.9%	8.0%	15.1%	15.6%
Hedge Ratio	1.1	1.2	1.2	1.1	1.2	1.1	1.1	1.2	1.1	1.1
Capitalization Rate	28.8%	33.6%	25.7%	31.2%	36.7%	36.5%	35.5%	35.9%	30.5%	28.9%
Loan Rate	14.3%	14.5%	14.8%	14.3%	14.3%	11.7%	11.6%	14.2%	11.1%	11.1%
Debit Rate	10.2%	8.7%	9.4%	10.2%	8.6%	6.0%	5.9%	8.9%	6.5%	6.5%
Rate Spread	4.2%	5.8%	5.4%	4.2%	5.6%	5.6%	5.7%	5.3%	4.6%	4.6%

Source: HR Ratings based on company's information.
*Projections from 4Q20 under a base scenario and a stress scenario.

Base Scenario

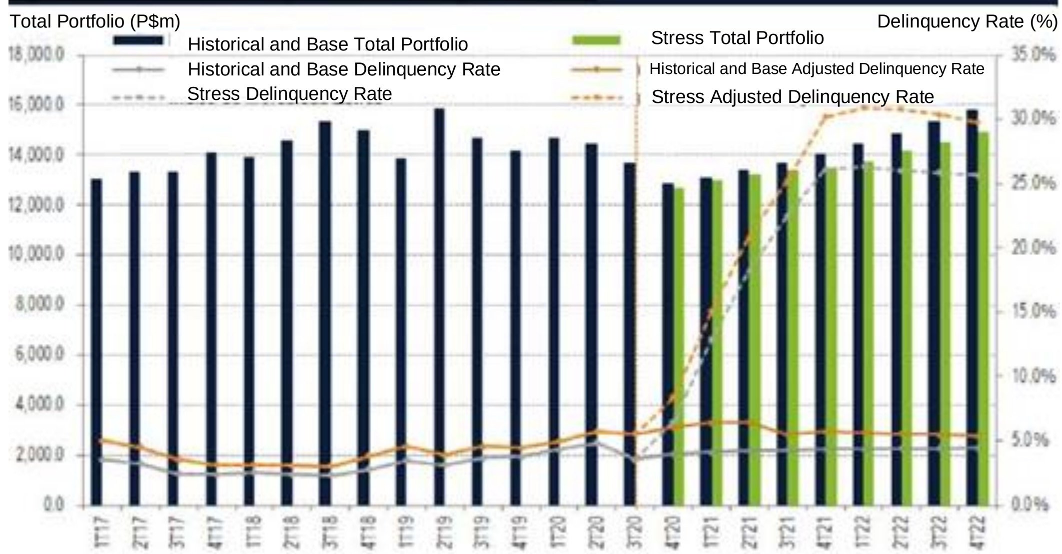
Portfolio Evolution

In the base scenario performed by HR Ratings, an economic environment with low dynamism is expected at the end of 2020 and at the beginning of 2021, with a subsequent recovery as growth is regained. On this basis, it would be expected the portfolio to continue a decreasing behavior by the end of 2020, as a consequence of a lower placement in both the loan portfolio and the operating lease portfolio; hence, the portfolio would amount P$12,837m. Afterwards, the beginning of a recovery would be expected. In this way, the portfolio would increase to P$14,034m and P$15,822m, as of 2021 and 2022.

Regarding the asset quality, the pressure on the non-performing portfolio is expected to continue as of the end of 2020, consistent with the economic expectations, resulting in a 4.0% delinquency and a 6.1% adjusted delinquency. For 2021, pressures are expected to continue because of the portfolio benefiting from the support programs, whose payments must start to return to normal with an adjusted delinquency of 5.7%, while for 2022, some recovery would be expected with an adjusted delinquency rate of 5.4%. Regarding the hedge, an average hedge ratio of 1.1x is expected for the following three years, according to the previous periods observations, under the assumption of certain stability in the application of the methodology to perform the preventive estimates.

.

Figure 10. Total Portfolio (Historical, Base and Stress)



Source: HR Ratings with quarterly and annual, internal, audited (KPMG Cárdenas Dosal, S.C.) information provided by the Company.
* Projections made from 4Q20, under base scenario and stress scenario.

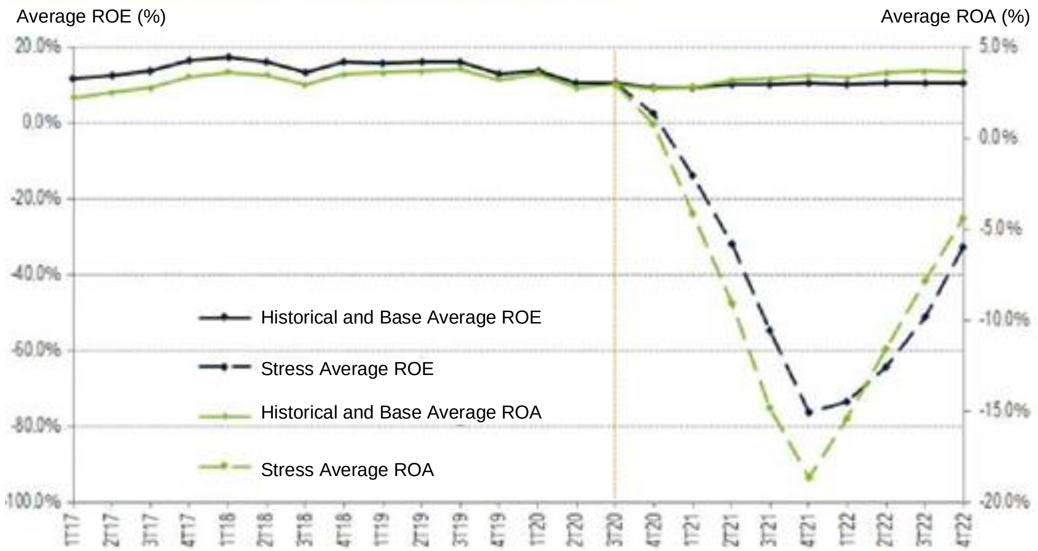
Income and Expenses

As for the income and expenses, it is expected that the Company will show a marginal reduction in the rate spread, according to the observations in 3Q20, due to the reduction of its loan rate, consistent with our expectations respect of the reference rate movements, considering that half of the Company's assets are at a variable rate. This behavior in deposit rate is believed to continue, and this same behavior is expected in the loan rate, according to the demand within a decreasing-rate environment. Additionally, an increment is expected in the estimates, due to the pressure on delinquency and the 1.1x hedge level. In this way, an Adjusted NIM of 5.2% is expected as of 2022.

The net fees and rates would close below the figures observed in 2019, due to the decrease in the loan placement; however, an improvement is expected in the subsequent periods, as the operations are reactivated. Respect of other operating income, levels similar to those previously observed are expected for 2021 and 2021, by means of the sale of awarded assets and portfolio recoveries. Regarding the administrative expenses, these are projected in such a manner that the efficiency ratio and operation efficiency ratio show slight decreases, as observed in the last three years, so these indicators would be at 24.4% and 2.0% as of 2022.

After tax payment, a net profit of P$408m is expected as of 2020, which is lower than those figures obtained in 2019, due to the lower placement and the higher delinquency. For the next years, income is expected to increase due to the economic reactivation, the asset quality control and the expense control. Thus, the net income for 2021 and 2022 would amount P$507m and P$576m, respectively. This behavior would allow to maintain the profitability at good levels with a 12m Average ROA of 3.6% and a 12m Average ROE of 10.5% as of 2022.

Figure 11. Average ROE/ROA (Historical, Base and Stress)



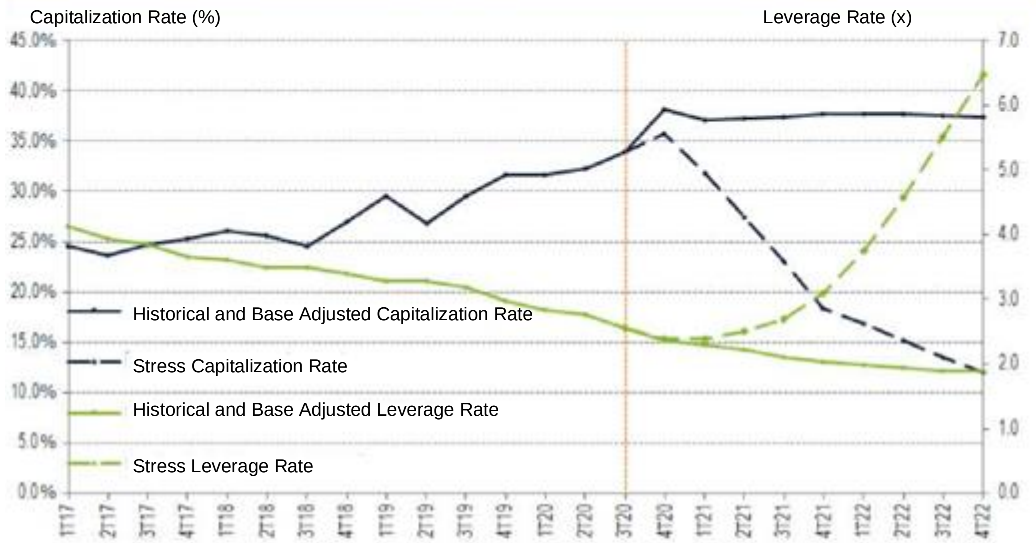
Source: HR Ratings with quarterly and annual, internal, audited (KPMG Cárdenas Dosal, S.C.) information provided by the Company.
* Projections made from 4Q20, under base scenario and stress scenario.

Capitalization and Leverage Rate

The solvency profile would be expected to be maintained at sound levels by means of the continued yielding of profits and low growth of assets subject to risk, which would lead to a 12m average capitalization rate of 37.5% as of 2022. Meanwhile, the 12m average leverage rate is expected to have a decreasing tendency, up to a 1.9x level as of 2022. Finally, the current portfolio/net debt would be maintained at sound levels of 1.8x as of the end of 2022.

A NRSRO Rating*

Figure 12. Capitalization Rate vs. 12 m Average Leverage Rate (Historical, Base and Stress)



Source: HR Ratings with quarterly and annual, internal, audited (KPMG Cárdenas Dosal, S.C.) information provided by the Company.
* Projections made from 4Q20, under base scenario and stress scenario.

Stress Scenario

The stress scenario performed by HR Ratings assumes an unfavorable economic scenario that would impact the Navistar's financial situation, leading to a considerable reduction in the Navistar's solvency profile for the next two years, with a recovery towards an equilibrium point in the third year of our scenario. The main assumptions and results in the stress scenario are the following:

- Because of a pressured economic scenario, the portfolio would have an increase lower than the one expected in a base economic scenario, amounting P$14,926m as of 2022 (vs. P$15,822m in the base scenario).
- The economic slowdown would affect the client's creditworthiness, leading to pressures in delinquency and adjusted delinquency, reaching maximum levels of 26.2% and 30.2% as of 2021, and reducing the next year.
- The spread rates would show levels lower than those of the base scenario due to a lower reduction in the funding cost, and to the need of the Company to reduce its placement rates because of the increased competition. These movements, together with an accelerated rhythm in the generation of estimates, would result in an Adjusted NIM of -1.9% as of 2022.
- The administrative expenses would increase in order to perform portfolio collection and recovery, leading to an efficiency ratio of 46.3% and an operation efficiency ratio of 2.5% as of 2022 (vs. 24.4% and 2.0% in base scenario).
- The pressure on adjusted financial margin, as well as the reduced placement fees and decreased income arising from awarded-assets sales, together with increased operating expenses, would result in a net income of P$112m as of 2020, losses of -P$2,434m as of 2021, and the recoveries will be observed in 2022 with -P$561m.
- The adjusted capitalization rate would reach 12.2% since the loss would be absorbed in the profit.

*

Exhibit - Base Scenario

Balance Sheet: Navistar (Million Pesos) Base Scenario	Annually							
	2017	2018	2019	2020P*	2021P	2022P	3Q19	3Q20
Assets	**15,198**	**16,017**	**15,369**	**14,535**	**15,196**	**16,785**	**16,585**	**15,300**
Availabilities	**554**	**566**	**917**	**1,233**	**858**	**760**	**1,409**	**1,203**
Repurchase Debtors, Derivative Instruments	**385**	**271**	**197**	**498**	**327**	**255**	**211**	**514**
Total Net Loan Portfolio	**11,669**	**12,073**	**10,904**	**9,914**	**10,906**	**12,344**	**11,356**	**10,655**
Total Loan Portfolio	**12,052**	**12,478**	**11,371**	**10,399**	**11,424**	**12,946**	**11,823**	**11,113**
Current Loan Portfolio	11,764	12,128	10,941	9,984	10,931	12,372	11,393	10,720
Non-performing Loan Portfolio	287	350	430	415	493	574	430	393
Preventive Credit Risk Estimates	(383)	(405)	(467)	(485)	(518)	(603)	(467)	(459)
Other Assets	**2,590**	**3,107**	**3,351**	**2,889**	**3,105**	**3,427**	**3,610**	**2,929**
Other Accounts Receivable[1]	229	376	265	179	217	264	449	170
Awarded Assets	107	76	155	99	91	84	137	101
Real Property, Movable Property and Equipment	2,122	2,550	2,859	2,565	2,747	3,027	2,951	2,612
Deferred Taxes (Creditable)	7	0	4	4	4	4	0	4
Other Misc. Assets[2]	125	104	69	42	45	48	74	42
LIABILITIES	**11,961**	**12,226**	**11,063**	**9,821**	**9,974**	**10,987**	**12,445**	**10,709**
Bank loans and loans from other institutions	**10,451**	**10,711**	**8,988**	**8,166**	**8,289**	**9,271**	**8,733**	**9,062**
Short-Term Loans	4,079	4,349	2,816	5,384	4,825	4,838	2,312	6,245
Long-Term Loans	3,429	4,612	4,785	2,782	2,964	3,433	4,539	2,817
Stock Liabilities	2,942	1,750	1,387	0	500	1,000	1,882	0
Short-Term Stock Liabilities	1,754	1,198	1,346	0	500	1,000	1,814	0
Long-Term Senior Trust Bonds	1,189	553	41	0	0	0	68	0
Other Accounts Payable	**1,377**	**1,378**	**1,930**	**1,532**	**1,563**	**1,594**	**3,519**	**1,525**
Income Tax Payable	4	2	148	25	25	25	130	25
Sundry Creditors and Other Accounts Payable [3]	1,373	1,376	1,782	1,507	1,537	1,568	3,389	1,499
Deferred Taxes (Payable)	**0**	**6**	**0**	**0**	**0**	**0**	**6**	**0**
Deferred Loans and Advanced Collections	**132**	**132**	**145**	**123**	**123**	**123**	**188**	**123**
Shareholders' Equity:	**3,236**	**3,790**	**4,306**	**4,714**	**5,222**	**5,798**	**4,140**	**4,591**
Majority Equity	**3,236**	**3,790**	**4,306**	**4,714**	**5,222**	**5,798**	**4,140**	**4,591**
Contributed Capital	395	395	395	395	395	395	395	395
Corporate Equity	283	283	283	283	283	283	283	283
Increase Due to Premium Restatement in Share Sale	112	112	112	112	112	112	112	112
Earned Capital	**2,841**	**3,395**	**3,911**	**4,319**	**4,827**	**5,403**	**3,745**	**4,196**
Capital Allowance	123	123	123	123	123	123	123	123
Previous Years Income	2,236	2,720	3,269	3,785	4,193	4,701	3,269	3,785
Other Items of Comprehensive Income, Aggregate	(1)	4	3	3	3	3	4	3
Net Income for the Year	483	549	516	408	507	576	350	285
Net Debt	**9,897**	**10,145**	**8,071**	**6,933**	**7,431**	**8,511**	**9,529**	**10,064**
Total Portfolio (Loan + Fin. Lease + Op. Lease)	**14,089**	**14,965**	**14,168**	**12,837**	**14,034**	**15,822**	**14,712**	**13,664**

Source: HR Ratings with quarterly and annual, internal, audited (KPMG Cárdenas Dosal, S.C.) information provided by the Company.

*Projections from 4Q20 under a base scenario.

1. Other Accounts Receivable: sundry debtors, refundable taxes, settlement of foreign currency transactions, operating lease estimates, portfolio debtors and related companies.
2. Other Misc. Assets: Fees paid in advance, security-issue expenses, intangible, payments in advance (security deposits) and insurances.
3. Sundry Creditors and Other Accounts Payable: Employee benefits, settlement of foreign currency transactions, related company, among others.

Income Statement: Navistar (In Million Pesos)			Annually				Aggregate	
Base Scenario	**2017**	**2018**	**2019**	**2020P***	**2021P**	**2022P**	**3Q19**	**3Q20**
Interest Income	2,025	2,254	2,286	2,175	2,095	2,223	1.704	1,667
Interest Expenses and Other Financial Expenses	983	1.000	935	780	695	725	707	566
Leased Property Depreciation	345	391	462	413	423	462	340	366
Financial Margin	697	863	888	983	977	1,037	657	736
Preventive Credit Risk Estimates	117	163	110	223	202	210	123	177
Credit-Risk-Adjusted Financial Margin	580	701	779	759	774	827	534	559
Collected Fees and Rates	246	226	217	166	201	243	172	122
Paid Fees and Rates	13	20	24	34	30	36	8	25
Intermediation Income	(15)	(100)	(68)	(41)	(30)	(18)	(63)	(35)
Other Operating Income (Expenses)[1]	129	60	61	2	55	69	79	(14)
Total Operating Income (Expenses)	929	867	965	851	970	1,084	713	606
Administrative Expenses	302	281	286	269	289	316	214	200
Income before ISR and PTU	**627**	**586**	**680**	**582**	**681**	**768**	**499**	**407**
Incurred ISR and PTU	99	27	172	173	174	192	149	121
Deferred ISR and PTU	(44)	(11)	9	0	0	0	0	0
Net Income	**483**	**549**	**516**	**408**	**507**	**576**	**350**	**285**

Source: HR Ratings with quarterly and annual, internal, audited (KPMG Cárdenas Dosal, S.C.) information provided by the Company.

*Projections from 4Q20 under a base scenario.

*Other income: other lease benefits, impact of estimates and deterioration of awarded assets, awarded sale income, portfolio recovery, impact of the estimate for non-recoverable expenses, insurance income, other income.

Financial Ratios: Navistar	2017	2018	2019	2020P*	2021P	2022P	3Q19	3Q20
Delinquency Rate	2.4%	2.8%	3.8%	4.0%	4.3%	4.4%	3.6%	3.5%
Adjusted Delinquency Rate	3.1%	3.8%	4.4%	6.1%	5.7%	5.4%	4.6%	5.5%
Hedge Ratio	1.3	1.2	1.1	1.2	1.1	1.1	1.1	1.2
Adjusted NIM	4.1%	4.6%	4.9%	5.0%	5.1%	5.2%	4.6%	5.2%
Efficiency Ratio	28.9%	27.2%	26.6%	25.1%	24.7%	24.4%	24.8%	26.5%
Operation efficiency Ratio	2.1%	1.8%	1.8%	1.8%	1.9%	2.0%	1.7%	1.7%
Average ROA	3.4%	3.5%	3.2%	2.7%	3.4%	3.6%	3.8%	2.9%
Average ROE	16.4%	15.9%	12.8%	9.1%	10.2%	10.5%	16.1%	10.3%
Capitalization Rate	23.0%	25.7%	31.2%	36.7%	37.7%	37.5%	28.8%	33.6%
Leverage Rate	3.9	3.5	3.0	2.4	2.0	1.9	3.2	2.6
Current Portfolio / Net Debt	1.4	1.4	1.7	1.8	1.8	1.8	1.9	1.7
Loan Rate	14.4%	14.8%	14.3%	14.3%	13.9%	13.9%	14.3%	14.5%
Debit Rate	9.6%	9.4%	10.2%	8.6%	8.3%	8.3%	10.2%	8.7%
Rate Spread	4.7%	5.4%	4.2%	5.6%	5.6%	5.6%	4.2%	5.8%

Source: HR Ratings with quarterly and annual, internal, audited (KPMG Cárdenas Dosal, S.C.) information provided by the Company. ‘

*Adjusted Leverage Rate: (12m Average Total Liabilities - 12m Average Structured Issues)/

**Adjusted Capitalization Rate: (Assets Subject to Risk - Restricted Portfolio) / Shareholder's Equity

Cash Flow: Navistar (In Million Pesos) Base Scenario	2017	2018	2019	Annually 2020P'	2021P	2022P	Aggregate 3Q19	3Q20
Net income (loss)	**483**	**549**	**516**	**408**	**507**	**576**	**350**	**285**
Items without impact on the Cash	**185**	**193**	**171**	**223**	**202**	**210**	**123**	**177**
Year Provisions	67	15	33	0	0	0	0	0
Preventive Credit Risk Estimate	117	163	110	223	202	210	123	177
Other Items except Credit Risk Estimates	2	16	29	0	0	0	0	0
Items Related to Investment Activities:	**345**	**396**	**467**	**416**	**423**	**462**	**343**	**369**
Depreciation and Amortization	345	396	467	416	423	462	343	369
Items Related to Funding Activities:	**44**	**11**	**(9)**	**0**	**0**	**0**	**0**	**0**
Deferred Income Tax	44	11	(9)	0	0	0	0	0
Flow derived from Net Income	**1,057**	**1,149**	**1,146**	**1,047**	**1,133**	**1,248**	**816**	**831**
Flows Generated or Used in Operation	**(151)**	**(574)**	**1,701**	**213**	(1,026)	**(1,587)**	**2,748**	(497)
Decrease (Increase) in Security Investment	(0)	(0)	0	0	0	0	0	0
Decrease (Increase) in Accounts Receivable	569	123	48	(302)	169	69	60	(317)
Decrease (Increase) in Derivative Instruments	3	(16)	0	0	0	0	0	0
Decrease (Increase) in Loan Portfolio	(1,305)	(567)	1,058	767	(1,194)	(1,647)	594	73
Increase (Decrease) in Operating Assets	249	(97)	316	113	(38)	(47)	(42)	122
Increase (Decrease) in Awarded Assets	(48)	31	(78)	55	8	7	(61)	53
Increase (Decrease) Other Operating Assets	381	(48)	357	(420)	30	31	2,197	(428)
Net Cash Flows from Operating Activities	**907**	**575**	**2,847**	**1,261**	**107**	**(339)**	**3,565**	**334**
Net Cash Flows from Investment Activities	**(573)**	**(823)**	**(773)**	**(122)**	(606)	**(741)**	**(744)**	**(122)**
Movable Property and Equipment Acquisition	(569)	(822)	(774)	(122)	(606)	(741)	(744)	(122)
Intangible Assets Acquisition	(4)	(1)	1	0	0	0	0	0
Exceeding Cash (required) to be Applied in Finan. Activity	**334**	**(248)**	**2,074**	**1,138**	**(498)**	**(1,080)**	**2,821**	**212**
Net Cash Flows from Funding Activities	**(521)**	**260**	(1,723)	**(822)**	**123**	**982**	(1,978)	**74**
Bank Funding	(486)	1,452	(1,360)	2,361	**9,350**	9,950	(2,110)	1,461
Stock Funding	(34)	(1,192)	(363)	(1,387)	500	**1,000**	132	(1,387)
Bank Amortization	0	0	0	(1,796)	(9,727)	(9,468)	0	0
Stock Amortization	0	0	0	0	0	(500)	0	0
Net Cash Increase (Decrease)	(187)	**12**	**351**	**316**	**(375)**	(98)	843	286
Difference in Exchanges	0	0	0	0	0	0	1	1
Cash and Cash Equivalent at the beginning of the Period	741	554	566	917	1,233	858	566	917
Cash and Cash Equivalent at the End of the Period	**554**	**566**	**917**	**1,233**	**858**	**760**	**1,409**	**1,203**
Free Cash Flow	**822**	**948**	**984**	**790**	**935**	**1,093**	**747**	**606**

Source: HR Ratings with quarterly and annual, internal, audited (KPMG Cárdenas Dosal, S.C.) information provided by the Company.

*Projections from 4Q20 under a base scenario.
**FCF= Flows derived from net income + Preventive Estimates + Depreciation - Write-Offs+ Changes in the Work Capital

Free Cash Flow (FCF)	2017	2018	2019	2020P*	2021P	2022P	3Q19	3Q20
Net Income	483.4	548.9	516.3	408.4	507.5	576.3	349.9	285.2
+ Preventive Credit Risk Estimate	116.7	162.6	109.8	223.4	202.2	**209.9**	123.5	177.1
+ Depreciation and Amortization	344.7	396.2	466.9	415.6	423.3	461.7	343.1	368.6
- Write-offs	92.2	129.4	79.0	**228.8**	169.3	125.6	43.7	199.8
+ Changes in Working Capital*	(31)	(30)	(30)	(29)	(29)	(29)	(26)	(26)
FCF	**821.6**	**948.2**	**984.1**	**789.7**	**934.8**	**1,093.4**	**747.3**	**605.6**

*Average change in working capital includes other operating liabilities and other operating assets, excluding the effect of settlement of foreign exchange transactions

Exhibit - Stress Scenario

Balance Sheet: Navistar (In Million Pesos) Stress Scenario	2017	2018	2019	2020P*	2021P	2022P	3Q19	2Q20
	Annually							
Assets	**15,198**	**16,017**	**15,369**	**14,024**	**12,104**	**13,123**	**16,585**	**15,655**
Availabilities	**554**	**566**	**917**	**1,190**	**796**	**699**	**1,409**	**1,221**
Repurchase Debtors, Derivative Instruments, Security Investments	**385**	**271**	**197**	468	**280**	**238**	**211**	**165**
Total Net Loan Portfolio	**11,669**	**12,073**	**10,904**	**9,486**	**8,102**	**9,087**	**11,356**	**11,255**
Total Loan Portfolio	**12,052**	**12,478**	**11,371**	**10,261**	**11,130**	**12,393**	**11,823**	**11,835**
Current Loan Portfolio	11,764	12,128	10,941	9,593	8,218	9,214	11,393	11,259
Non-performing Loan Portfolio	287	350	430	669	2,912	3,179	430	576
Preventive Credit Risk Estimates	(383)	(405)	(467)	(776)	(3,028)	(3,306)	(467)	(580)
Other Assets	**2,590**	**3,107**	**3,351**	**2,880**	**2,925**	**3,099**	**3,610**	**3,014**
Other Accounts Receivable	229	376	265	196	238	289	449	188
Awarded Assets	107	76	155	99	103	95	137	106
Real Property Movable Property and Equipment	2,122	2,550	2,859	2,539	2,537	2,666	2,951	2,665
Deferred Taxes (Creditable)	7	0	4	4	4	4	0	4
Other Misc. Assets[2]	125	104	69	42	43	45	74	51
LIABILITIES	**11,961**	**12,226**	**11,063**	**9,606**	**10,119**	**11,700**	**12,445**	**11,187**
Bank loans and loans from other institutions	**10,451**	**10,711**	**8,988**	**7,966**	**8,477**	**10,046**	**8,733**	**9,300**
Short-Term Loans	4,079	4,349	2,816	5,134	5,475	6,400	2,312	4,116
Long-Term Loans	3,429	4,612	4,785	2,832	3,002	3,646	4,539	5,085
Stock Liabilities	2,942	1,750	1,387	0	0	0	1,882	99
Short-Term Stock Liabilities	1,754	1,198	1,346	0	0	0	1,814	0
Long-Term Senior Trust Bonds	1,189	553	41	0	0	0	68	98
Other Accounts Payable	**1,377**	**1,378**	**1,930**	**1,517**	**1,520**	**1,532**	**3,519**	**1,761**
Income Tax Payable	4	2	148	25	25	25	130	5
Sundry Creditors and Other Accounts Payable[3]	1,373	1,376	1,782	1,492	1,495	1,507	3,389	1,756
Deferred Taxes (Payable)	**0**	**6**	**0**	**0**	**0**	**0**	**6**	**0**
Deferred loans and advanced collections	**132**	**132**	**145**	**123**	**123**	**123**	**188**	**126**
Shareholders' Equity:	**3,236**	**3,790**	**4,306**	**4,418**	**1,984**	**1,423**	**4,140**	**4,469**
Majority Equity	**3,236**	**3,790**	**4,306**	**4,418**	**1,984**	**1,423**	**4,140**	**4,469**
Contributed Capital	**395**	**395**	**395**	**395**	**395**	**395**	**395**	**395**
Corporate Equity	283	283	283	283	283	283	283	283
Increase Due to Premium Restatement in Share Sale	112	112	112	112	112	112	112	112
Earned capital	**2,841**	**3,395**	**3,911**	**4,023**	**1,589**	**1,028**	**3,745**	**4,074**
Capital Allowance	123	123	123	123	123	123	123	123
Previous Years Income	2,236	2,720	3,269	3,785	3,897	1,463	3,269	**3,785**
Other items of comprehensive income, aggregate	(1)	4	3	3	3	3	4	3
Net Income for the Year	483	549	516	112	(2,434)	(561)	350	163
Net Debt	**9,897**	**10,145**	**8,071**	**6,776**	**7,680**	**9,347**	**9,529**	**10,283**
Total Portfolio (Loan + Fin. Lease + Op. Lease)	**14,089**	**14,965**	**14,168**	**12,674**	**13,540**	**14,926**	**14,712**	**14,438**

Source: HR Ratings with quarterly and annual, internal, audited (KPMG Cárdenas Dosal, S.C.) information provided by the Company.

* Projections performed from 4Q20

1. Other Accounts Receivable: sundry debtors, refundable taxes, settlement of foreign currency transactions, operating lease estimates, portfolio debtors and related companies.
2. Other Misc. Assets: Fees paid in advance, security-issue expenses, intangible, payments in advance (security deposits) and insurances.
3. Sundry Creditors and Other Accounts Payable: Employee benefits, settlement of foreign currency transactions, related company, among others.

Income Statement: Navistar (In Million Pesos)			Annually				Aggregate	
Stress Scenario	**2017**	**2018**	**2019**	**2020P***	**2021P**	**2022P**	**3Q19**	**3Q20**
Interest Income	2,025	2,254	2,286	2,146	1,896	1,996	1,704	1,667
Interest Expenses and Other Financial Expenses	983	1,000	935	806	765	863	707	566
Leased Property Depreciation	345	391	462	413	408	419	340	366
Financial Margin	**697**	**863**	**888**	**926**	**723**	**713**	**657**	**736**
Preventive Credit Risk Estimates	117	163	110	494	2,901	1,000	123	177
Credit-Risk-Adjusted Financial Margin	**580**	**701**	**779**	**432**	**(2,178)**	**(287)**	**534**	**559**
Collected Fees and Rates	246	226	217	155	174	167	172	122
Paid Fees and Rates	13	20	24	34	38	37	8	25
Intermediation Income	(15)	(100)	(68)	(44)	(57)	(40)	(63)	(35)
Other Operating Income (expenses)[1]	129	60	61	(1)	11	14	79	(14)
Total Operating Income (Expenses)	**929**	**867**	**965**	**509**	**(2,089)**	**(182)**	**713**	**606**
Administrative expenses	302	281	286	275	346	379	214	200
Income before ISR and PTU	**627**	**586**	**680**	**233**	**(2,434)**	**(561)**	**499**	**407**
Incurred ISR and PTU	99	27	172	121	0	0	149	121
Deferred ISR and PTU	(44)	(11)	9	0	0	0	0	0
Net Income	**483**	**549**	**516**	**112**	**(2,434)**	**(561)**	**350**	**285**

Source: HR Ratings with quarterly and annual, internal, audited (KPMG Cárdenas Dosal, S.C.) information provided by the Company.

* Projections performed from 4Q20

[1]Other income: other lease benefits, impact of estimates and deterioration of awarded assets, awarded sale income, portfolio recovery, impact of the estimate for non-recoverable expenses, insurance income, other income.

Financial Ratios: Navistar	2017	2018	2019	2020P*	2021P	2022P	3Q19	3Q20
Delinquency Rate	2.4%	2.8%	3.8%	6.5%	26.2%	25.7%	3.6%	3.5%
Adjusted Delinquency Rate	3.1%	3.8%	4.4%	8.4%	30.2%	29.7%	4.6%	5.5%
Hedge Ratio	1.3	1.2	1.1	1.2	1.0	1.0	1.1	1.2
Adjusted NIM	4.1%	4.6%	4.9%	2.8%	-15.0%	-1.9%	4.6%	5.2%
Efficiency Ratio	28.9%	27.2%	26.6%	27.5%	42.4%	46.3%	24.8%	26.5%
Operation Efficiency Ratio	2.1%	1.8%	1.8%	1.8%	2.4%	2.5%	1.7%	1.7%
Average ROA	3.4%	3.5%	3.2%	0.7%	-18.7%	4.4%	3.8%	2.9%
Average ROE	16.4%	15.9%	12.8%	2.5%	-76.3%	-32.9%	16.1%	10.3%
Capitalization Rate	23.0%	25.7%	31.2%	35.7%	18.4%	12.0%	28.8%	33.6%
Leverage Rate	3.9	3.5	3.0	2.4	3.1	6.5	3.2	2.6
Current Portfolio / Net Debt	1.4	1.4	1.7	1.8	1.4	1.3	1.9	1.7
Loan Rate	14.4%	14.8%	14.3%	14.1%	13.0%	12.9%	14.3%	14.5%
Debit Rate	9.6%	9.4%	10.2%	9.0%	9.3%	9.2%	10.2%	8.7%
Rate Spread	4.7%	5.4%	4.2%	5.2%	3.7%	3.8%	4.2%	5.8%

Source: HR Ratings with quarterly and annual, internal, audited (KPMG Cárdenas Dosal, S.C.) information provided by the Company.

*Adjusted Leverage Rate: (12m Average Total Liabilities - 12m Average Structured Issues)/

**Adjusted Capitalization Rate: (Assets Subject to Risk - Restricted Portfolio) / Shareholder's Equity

*A NRSRO Rating**

Cash Flow: Navistar (In Million Pesos) Stress Scenario	2017	2018	2019	2020P*	2021P	2022P	3Q19	3Q20
	Annually						Aggregate	
Net income (loss)	**483**	**549**	**516**	**112**	**(2,434)**	**(561)**	**350**	**285**
Items without impact on the Cash	**185**	**193**	**171**	**494**	**2,901**	**1,000**	**123**	**177**
Year Provisions	67	15	33	0	0	0	0	0
Preventive Credit Risk Estimate	117	163	110	494	2,901	1,000	123	177
Other Items except Credit Risk Estimates	2	16	29	0	0	0	0	0
Items Related to Investment Activities:	**345**	**396**	**467**	**416**	**408**	**419**	**343**	**369**
Depreciation and Amortization	345	396	467	416	408	419	343	369
Items Related to Funding Activities:	**44**	**11**	**(9)**	**0**	**0**	**0**	**0**	**0**
Deferred Income Tax	44	11	(9)	0	0	0	0	0
Flow derived from Net Income	**1,057**	**1,149**	**1,146**	**1,022**	**876**	**857**	**816**	**831**
Flows Generated or Used in Operation	**(151)**	**(574)**	**1,701**	**370**	**(1,374)**	**(1,976)**	**2,748**	**(497)**
Decrease (Increase) in Security Investment	(0)	(0)	0	0	0	0	0	0
Decrease (Increase) in Accounts Receivable	569	123	48	(271)	186	41	60	(317)
Decrease (Increase) in Derivative Instruments	3	(16)	0	0	0	0	0	0
Decrease (Increase) in Loan Portfolio	(1,305)	(567)	1.058	924	(1,517)	(1.985)	594	73
Increase (Decrease) in Operating Assets	249	(97)	316	96	(42)	(51)	(42)	122
Increase (Decrease) in Awarded Assets	(48)	31	(78)	55	(4)	8	(61)	53
Increase (Decrease) Other Operating Assets	381	(48)	357	(435)	3	12	2,197	(428)
Net Cash Flows from Operating Activities	**907**	**575**	**2,847**	**1,392**	**(498)**	**(1,119)**	**3,565**	**334**
Net Cash Flows of Investment Activities	**(573)**	**(823)**	**(773)**	**(96)**	**(406)**	**(548)**	**(744)**	**(122)**
Acquisition of Movable Property and Equipment	(569)	(822)	(774)	(96)	(408)	(548)	(744)	(122)
Acquisition of Intangible Assets	(4)	(1)	1	0	0	0	0	0
Exceeding Cash (required) to be Applied in Finan. Activity	**334**	**(248)**	**2,074**	**1,295**	**(904)**	**(1,667)**	**2,821**	**212**
Net Cash Flows from Funding Activities	**(521)**	**260**	**(1,723)**	**(1,022)**	**511**	**1,569**	**(1,978)**	**74**
Bank Funding	(486)	1,452	(1,360)	2,161	9,950	12,700	(2,110)	1,461
Stock Funding	(34)	(1,192)	(363)	(1,387)	0	0	132	(1.387)
Bank Amortization	0	0	0	(1,796)	(9.439)	(11,131)	0	0
Stock Amortization	0	0	0	0	0	0	0	0
Net Cash Increase (Decrease)	**(187)**	**12**	**351**	**273**	**(394)**	**(97)**	**843**	**286**
Difference in Exchanges	0	0	0	0	0	0	1	1
Cash and Cash Equivalent at the beginning of the Period	741	554	566	917	1,190	796	566	917
Cash and Cash Equivalent at the End of the Period	**554**	**566**	**917**	**1,190**	**796**	**699**	**1,409**	**1,203**
Free Cash Flow	**822**	**948**	**984**	**784**	**198**	**106**	**747**	**606**

Source: HR Ratings with quarterly and annual, internal, audited (KPMG Cárdenas Dosal, S.C.) information provided by the Company.
* Projections performed from 4Q20
**FCF= Flows derived from net income + Preventive Estimates + Depreciation - Write-Offs + Changes in the Work Capital

Free Cash Flow (FCF)	2017	2018	2019	2020P'	2021P	2022P	3Q19	3Q20
Net Income	483.4	548.9	516.3	111.8	(2,434)	(561)	349.9	285.2
+ Preventive Credit Risk Estimate	116.7	162.6	109.8	494.3	2,901 2	1,000.0	123.5	177.1
+ Depreciation and Amortization	344.7	396.2	466.9	415.6	408.2	418.8	343.1	368.6
- Write-offs	92.2	129.4	79.0	209.1	648.5	722.0	43.7	199.8
+ Changes in Working Capital*	(31)	(30)	(30)	(29)	(29)	(29)	(26)	(26)
FCF	**821.6**	**948.2**	**984.1**	**783.6**	**198.3**	**106.4**	**747.3**	**605.6**

*Average change in working capital includes other operating liabilities and other operating assets, excluding the effect of settlement of foreign exchange transactions

NBFI Glossary

Performing Assets. Availabilities + Security Investments + Derivative Instruments + Total Net Loan Portfolio - Preventive Estimates + Leased Equipment

Assets Subject to Risk. Security Investments + Total Net Loan Portfolio + Leased Equipment + Derivative Instruments.

A/L-Weighted Gap Weighted sum of the difference between assets and liabilities in each period / Weighted sum of the liability amounts in each period.

Capital-Weighted Gap. Weighted sum of the difference between assets and liabilities in each period / Shareholder's Equity as of the end of the assessed period.

Total Portfolio. Current Loan Portfolio + Non-performing Loan portfolio

Current Portfolio / Net Debt. Current Portfolio / (Cost-Bearing Liabilities - Security Investment - Availabilities).

Net Debt. Bank Loans - Stock Liabilities – Availabilities - Security Investments

Free Cash Flow. Net Income + Preventive Estimates – Write-Offs + Depreciation and Amortization + Other Accounts Payable + Other Accounts Receivable.

Capitalization Rate. Shareholder's Equity / Total Assets Subject to Risk.

Hedge Ratio. Preventive Credit-Risk Estimates / Non-performing Portfolio.

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

Operation Efficiency Ratio. 12m Administrative Expenses / 12m Total Operation Assets.

Delinquency Rate. Non-performing Portfolio / Total Portfolio.

Adjusted Delinquency Rate. (Non-performing Portfolio + 12m Write-Offs) / (Total Portfolio + 12m Write-Offs).

Adjusted NIM. (12m Credit-Risk-Adjusted Financial Margin / 12m Average Performing Assets)

Cost-Bearing Liabilities. Bank Loans + Stock Liability

Leverage Rate. 12m Average Total Liabilities / 12m Average Shareholder's Equity

Average ROA. 12m Net Profit / 12 m Average Total Assets

Average ROE. 12m Net Profit / 12 m Average Shareholder's Equity

Rate Spread. Loan Rate - Deposit Rate.

Loan Rate. 12m Interest income / 12m Average Total Performing Assets

Debit Rate. 12m Interest Expenses / 12m Average Cost-Bearing Liabilities.

HR Rating Management Contacts

Chair of the Board of Directors and CEO

Chairperson of the Board of Directors

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

Vice-Chairperson of the Board of Directors

Anibal 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 Analysis Officer

Pedro Latapi — +52 55 8647 3845 — pedro.latapi@hrratings.com

Chief Economic-Analysis Officer

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

Unsecured Public Finance/ Sovereign

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

Alvaro Rodriguez — +52 55 1500 3147 — alvaro.rodriguez@hrratings.com

Structured Public Finance / Infrastructure

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

Roberto Soto — +52 55 1500 3148 — roberto.soto@hrratings.com

Financial Institutions Officer / ABS

Angel García — +52 55 1253 6549 — angel.garcia@hrratings.com

Methodologies

Alfonso Sales — +52 55 1253 3140 — alfonso.sales@hrratings.com

Corporate Debt / ABS

Luis Miranda — +52 55 1500 3146 — luis.miranda@hrratings.com

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

Regulations

Chief Risk Officer

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

Chief Compliance Officer

Alejandra Medina — +52 55 1500 0761 — alejandra.medina@hrratings.com

Business

Chief Business-Development Officer

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

Mexico: Guillermo Gonzalez Camarena No. 1200, Piso 10, Colonia Centro de Ciudad Santa Fe, Del. Alvaro Obregon, C.P. 01210, Mexico City. Tel 52 (55) 1500 3130.
United States: One World Trade Center, Suite 8500, New York, New York, ZIP Code 10007, Tel +1 (212) 220 5735.

The rating awarded by HR Ratings de Mexico, S.A. de C.V. to the entity, issuer and/or issue is based on the analysis performed in a base scenario and a stress scenario, according to the following methodologies, as set forth by the credit rating agency:

General Methodological Criteria (Mexico), October 2020
Rating Methodology for Non-bank Financial Institutions (Mexico), May 2009
ADDENDUM – Rating Methodology for Financial Leasing Companies and Operating Leasing Companies (Mexico), January 2010

For more information on these methodologies, please, visit **www.hrratings.com/methodology/**

Complementary information in compliance with fraction V, part A), Exhibit I of the General Provisions Applicable to Credit Rating Institutions.

Previous Rating	Counterparty: HR BBB+ / Stable Outlook / HR2 CP's CEBURS Program: HR2
Date of last rating action	October 31, 2019
Period covered by the financial information employed by HR Ratings in the awarding of this rating.	1Q12- 3Q20
List of references used, including those provided by third parties	Quarterly and annual, internal information audited KPMG Cárdenas Dosal, S.C. and provided by the Company.
Ratings awarded by other credit rating agencies and used by HR Ratings (when applicable).	Navistar International Corporation's rating B-(G) with Negative Perspective awarded by Fitch Ratings in August 2020. Navistar International Corporation's rating B-(G) with Negative Perspective awarded by Fitch Ratings in August 2020. Navistar International Corporation's rating B-(G) with Negative Perspective awarded by Moody's in April 2020.
In the awarding or monitoring of the rating, HR Ratings took into account the existence of mechanisms to align the incentives between the originator, servicer and guarantor, as well as any possible buyers of the rated instruments (when applicable).	N/A

HR Ratings de Mexico, S.A. de C.V. (HR Ratings) is a credit rating agency authorized by the Mexican National Banking and Securities Commission (CNBV), approved by the U.S. Securities and Exchange Commission (SEC) as a Nationally Recognized Statistical Rating Organization (NRSRO) for public-finance assets, corporate assets, and financial institutions assets, according to the provisions in clause (v) of Section 3(a)(62)(A) of U.S. Securities Exchange Act de 1934 , and it is authorized as a Credit Rating Agency (CRA) by the European Securities and Markets Authority (ESMA).

The rating described above was requested by the entity or issuer, or on the behalf thereof; therefore, HR Ratings has received its corresponding fees for the rating services provided. The following information can be found in our website www.hrratings.com: (i) the internal procedure to follow up our ratings and our review periodicity; (ii) the criteria of this credit rating agency for the withdrawal or suspension of a rating, (iii) our Analysis Committee's voting structure and process, and (iv) the rating scales and rating definitions.

The ratings and/or opinions issued by HR Ratings de México S.A. de C.V. (HR Ratings) are opinions on the credit quality and/or the assets management capacity, or on the performance of the tasks targeted to accomplish the business purpose of the issuing companies and other entities or sectors, and these ratings are based exclusively on the characteristics of the entity, issue and/or operation, regardless any business activity between HR Ratings and the issuer. The ratings and/or opinions granted are awarded on behalf of HR Ratings and not on behalf of its management and technical personnel and these rantings/opinions do not constitute recommendations to buy, sell or maintain any instruments or to perform any type of business, investment or transaction, and they may be subject to update from time to time, according to the HR Rating's rating methodologies, as per the provisions set forth in Article 7, fraction II and/or III, as applicable, of the "General provisions applicable to securities issuers and other participants in the stock market."

HR Ratings bases its ratings and/or opinions on information obtained from sources deemed accurate and reliable; however, HR Ratings does not authenticate, guarantee or certify the accuracy, correctness or completeness of any information and it is not responsible for any error or omission or for the results obtained from the use of such information. Most of the debt instrument issuers rated by HR Ratings have paid a fee for the issue of its credit rating, based on the amount and type of issue. The goodness of the instrument or the solvency of the issuer. When applicable, the opinion on the entity's capacity regarding its asset management and business purpose accomplishment may be modified, which may rise or low its ratings, without HR Ratings' liability. HR Ratings awards its ratings and/or issues its opinions in an ethical manner, following the health practices in the market, and as per the applicable regulations, which can be found in the rating agency's website, www.hrratings.com. In this website, other documents, such as the Code of Conduct, rating methodologies or criteria, and updated ratings, may also be consulted.

The ratings and/or opinions issued by HR Ratings take into account the creditworthiness of certain entity, issuer and/or issue; therefore, it does not necessarily reflect a statistical probability of payment default, understanding this as the lack of capacity or unwillingness of an entity or issuer to comply with its contractual obligations and, consequently, forcing its creditors and/or debt holders to take actions in order to recover their investment, or to restructure the debt, as a result of a stress situation experienced by the debtor. Notwithstanding the foregoing, in order to improve the acceptability of our opinions on credit quality, our methodology considers stress scenarios as complementary to the analysis prepared on a base scenario. The compensation that HR Ratings receives from issuers usually range from US$1,000 to US$1,000,000 (or the equivalent in another currency) per issue. In some cases, HR Ratings will rate all or some issues of a specific issuer for an annual payment. It is estimated that the annual fees vary between US$5,000 and US$2,000,000 (or the equivalent in another currency).