

Ratings

NAVISCB 15	HR AAA (E)
NAVISCB 16	HR AAA (E)
NAVISCB 17	HR AAA (E)

Outlook **Stable**

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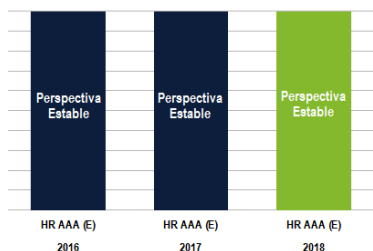
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Evolución de la Calificación



Fuente: HR Ratings.

Definición

The rating determined by HR Ratings for the Trust Certificate issues NAVISCB 15, NAVISCB 16 y NAVISCB 17 is HR AAA (E) with Stable Outlook. The issue with this rating is considered to have the highest credit quality, offering high safety for timely payment of debt obligations. Maintains minimum credit risk.

Characteristics of the Trust Certificates

	NAVISCB 15	NAVISCB 16	NAVISCB 17
Type of Security	NAVISCB 15	NAVISCB 16	NAVISCB 17
Issuer	NAVISCB 15	NAVISCB 16	NAVISCB 17
Issued Amount	P\$616.6m	P\$536.4m	P\$737.0m
Outstanding Amount ¹	P\$106.2m	P\$168.0m	P\$393.3m
Legal Term	62 meses	65 meses	66 meses
Remaining Term ²	27 meses	40 meses	53 meses
Target Principal Payments	36 meses	36 meses	12 meses
Seasoning ³	36 meses	25 meses	12 meses
Debt Service	1.300x	1.305x	1.295x
Current OC Ratio	1.300x	1.305x	1.295x
Minimum OC Ratio	1.300x	1.305x	1.295x
Target OC Ratio	1.300x	1.305x	1.295x
Trust Number	F/2537	F/2844	F/3290
Interest Rate	TIE ₂₈ + 140 pbs	TIE ₂₈ + 155 pbs	TIE ₂₈ + 180 pbs
Settlor & Servicer	Navistar, S.A. de C.V., SOFOM, E.R.		
Trustee	Banco Invex, S.A. Grupo Financiero		
Common Representative	Monex Casa de Bolsa, S.A. de C.V. Monex Grupo		

Source: HR Ratings with information provided by the Settlor & the Structuring Agent.
¹All the end of September, 2018.

HR Ratings confirms the rating HR AAA (E) with Stable Outlook for the issues NAVISCB 15, NAVISCB 16 & NAVISCB 17.

The confirmation of the ratings for the Trust Certificate (CEBURS) issues, ticker symbols NAVISCB 15¹, NAVISCB 16² and NAVISCB 17³, is based on the Maximum Default Rate for each at 25.9%, 30.7% and 31.9%, respectively. This compares with a 5.0% HWADR⁴ for Navistar (vs. 5.8% in the previous analysis), giving a TDR⁵ of 5.2x, 6.1x and 6.4x, respectively. Additionally, adequate performance was observed in the underlying portfolios and the OC Ratio of each Issue, and considering the hedges to mitigate the interest rate risk

The Issue NAVISCB 15 was placed November 10th, 2015 for P\$616.6m on a legal term of 52 months. At the end of September 2018, the outstanding balance on the Issue is P\$106.2m with a remaining term of 38 months. Meanwhile, the Issue NAVISCB 16 was placed September 9th, 2016 for P\$536.4m on a legal term of 65 months. At the end of September 2018, the outstanding balance on the Issue is P\$168.0m with a remaining term of 40 months. Lastly, the Issue NAVISCB 17 was placed October 20th, 2017 for P\$737.0m on a legal term of 65 months. Each Issue's first 36 months have principal payments on target amortization, and the remaining months, accelerated amortization. At the end of September 2018, the outstanding balance on the issue is P\$393.3m with a remaining term of 54 months. Each Issue was placed by a different Issuer Trust, with Navistar Financial⁶ as settlor, Banco Invex⁷ as trustee and Monex⁸ as common representative of the bondholders. The Issues are backed by Collection Rights on loan and leasing portfolios originated and serviced by Navistar Financial, with each Issue backed by a specific portfolio.

Some of the key aspects on which the rating is based are:

- **Strength of the Issues through the underlying Collection Rights and the cash in the trusts.** The non-collection due to delinquency that would affect the issues under a stressed scenario is equal to default on 102 loans for NAVISCB 15, 96 loans for NAVISCB 16 and 213 loans for NAVISCB 17, according to the average ticket amount for each portfolio.
- **Adequate performance of each Issue's OC ratios at 1.30x for NAVISCB 15; 1.305x for NAVISCB 16 and 1.295x for NAVISCB 17.** The OC ratios have remained at adequate levels thanks to the partial amortizations carried out month to month with the resources from collection on the portfolios.
- **Collection flows above our projections under a base scenario.** This is explained primarily by a low level of default and a prepayment rate in excess of that expected by HR Ratings. This has benefited the revenue received into the Trust during the periods observed.
- **Pressure on the NAVISCB 15 delinquency 'buckets', where 16.2% of the portfolio is 61 to 90 days in arrears, although the callable capital is equal to 2.5% of the total portfolio balance.** Meanwhile, 84.8% of these contracts maintain a sustained payment history to date. Similarly, the NAVISCB 16 and NAVISCB 17 issues maintain good quality in their portfolios.
- **Interest rate Caps for each of the Issues, which reduces the interest rate risk associated with a portfolio at fixed rate.** The hedges were contracted with BBVA Bancomer⁹ at 5.0% for NAVISCB 15, 6.0% for NAVISCB 16 and 9.0% for NAVISCB 17. BBVA Bancomer has a local scale rating equivalent to HR AAA.
- **Deposit Fund for the NAVISCB 16 and NAVISCB 17 issues, which reduces the potential impact of customer default by providing cash resources equal to the collateral corresponding.** This explains the higher underlying Maximum Default Rate for these issues compared with the NAVISCB 15 issue.

¹ Trust Certificate (CEBURS) Issue, ticker symbol NAVISCB 15 (NAVISCB 15).

² Trust Certificate (CEBURS) Issue, ticker symbol NAVISCB 16 (NAVISCB 16).

³ Trust Certificate (CEBURS) Issue, ticker symbol NAVISCB 17 (NAVISCB 17), with NAVISCB 15 and NAVISCB 16, the Issues.

⁴ Historical Weighted Average Default Rate (HWADR).

⁵ Times Default Rate (TDR).

⁶ Navistar Financial, S.A. de C.V., SOFOM, E.R. (Navistar Financial and/or the Settlor).

⁷ Banco Invex, S.A. Institución de Banca Múltiple, Invex Grupo Financiero (Banco Invex and/or the Trustee).

⁸ Monex Casa de Bolsa, S.A. de C.V., Monex Grupo Financiero (Monex and/or the Common Representative).

⁹ BBVA Bancomer, S.A. Institución de Banca Múltiple, Bancomer Grupo Financiero (BBVA Bancomer).

Principal Factors Considered

Navistar Financial started operations in 1997 in Mexico City to support the growth and development of the International brand of trucks, as well as its network of dealerships, through financial solutions for both end customers and the dealerships. These solutions are operated through four main products: simple loan, financial leasing, current account loan and pure leasing. These products are adjusted to meet the specific needs of each customer in adherence of the policies set by Navistar. The Company has presence in 32 Mexican states.

There are three active trust certificate (CEBURS) issues as of the date of this rating report, placed by Navistar Financial in 2015, 2016 and 2017. These Issues are closed securitizations with a single portfolio pledge at the start of each transaction. The Issues present similar characteristics in their operation, term and credit enhancements.

The Issues do not have a Revolving Period; therefore amortizations are made on the outstanding principal on each Issue starting the first month. There is a Target Amortization Period for 36 months on each Issue during which partial amortizations are made according to a formula, which is the result of (i) the Principal on the CEBURS less (ii) the Total Balance of the Assets and the Balance in the Reserve Account, divided by the Target OC Ratio.

On the completion of the Target Amortization Period for each Issue, an Accelerated Amortization Period starts, where all the cash resources pledged will be used to pay down the principal on the CEBURS, after covering the servicing fees and the interest payments to the holders.

The Issues have a OC ratio of 1.30x for NAVISCB 15; 1.305x for NAVISCB 16 and 1.295x for NAVISCB 17, calculated as 1 less the result of dividing the outstanding balance of the current assets, plus the cash in the Reserve Account, by the Principal on the CEBURS. An Early Amortization Event occurs when the OC Ratio falls below the Minimum OC Ratio of 1.15x.

The three Issues have a Maintenance Fund, which reserves 1/12 of the annual expenses each month, and a Reserve Fund with a target balance equal to three months interest payments. Lastly, the NAVISCB 15 & 16 Issues have a Deposit Fund that contains cash resources for an amount equal to the collateral posted on the securitized loans, which will be called if the loan falls into default.

As a credit enhancement, each Issue has a CAP, contracted for the whole of the term and with a counterparty with a local scale rating equivalent to HR AAA. The CAPs are contracted at 5.0% for NAVISCB 15, 6.0% for NAVISCB 16 and 9.0% for NAVISCB 17. Specifically, the 2015 and 2016 Issues have significantly benefited from the low levels on these instruments compared with the TIIE in recent months.

Glossary

OC Ratio: (total balance of the assets + balance in the reserve account at close of the last business day of the month corresponding to the calculation date) / (the principal on the CEBURS at close on the last business day of the month corresponding to the calculation date - the amounts that, according to the monthly report, are going to be used to pay down the principal on the CEBURS, on the next payment date).

Maximum Default Rate (DIR): (Pass-Through Flow Due) / (Total Flow + Flow Due).

MDR for the Period: (Non-Collection that month) / (Expected Collection that month).

Total Default: (Non-Collection of principal) / (Expected collection of principal).

Target Amortization Amount: the principal on the CEBURS - ((sum of the total assets + balance in the reserve account) / target loan-to-value ratio)

Historic Weighted Average Default Rate (HWADR): Historic Weighted Average Default Rate

Times Default Rate (TDR): MDR / HWADR.



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The rating assigned by HR Ratings de México, S.A. de C.V. to the entity, issuer and/ or issue is based upon the analysis performed under a base case and stress case scenario, in accordance with the following methodology(es) by the rating agency:

Rating Methodology for Debt Issuances Backed by the Flows Generated by a Group of Financial Assets (Mexico), Aprí 2016

For more information with respect to this (these) methodology(ies), please consult the website <https://www.hrratings.com/methodology/>

Complementary Information

Previous Rating	NAVISCB 15: HR AAA (E) / Stable Outlook
Previous Rating	NAVISCB 16: HR AAA (E) / Stable Outlook
Previous Rating	NAVISCB 17: HR AAA (E) / Stable Outlook
Date of the previous Rating Action	NAVISCB 15: September 25 th , 2017
Date of the previous Rating Action	NAVISCB 16: September 25 th , 2017
Date of the previous Rating Action	NAVISCB 17: December 15 th , 2017
Time period of the financial information used by HR Ratings for the assignment of the current rating.	January 2008 to August 2018
Main sources of information used, including third parties	Financial, legal and vintage information provided by Navistar.
Ratings assigned by other rating agencies that were used by HR Ratings (if so).	Counterparty rating of AAA (mex) with Stable Outlook for BBVA Bancomer by Fitch Ratings on July 23 rd , 2018.
HR Ratings considered, at the moment of assigning or reviewing the rating, the existence of mechanisms designed to align the incentives between the originator, servicer and guarantor and the possible buyers of the rated instrument (where it applies).	Las calificaciones ya incorporan dicho factor de riesgo.

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The rating was solicited by the entity or issuer, or on its behalf, and therefore, HR Ratings has received the corresponding fees for the rating services provided. The following information can be found on our website at www.hrratings.com: (i) The internal procedures for the monitoring and surveillance of our ratings and the periodicity with which they are formally updated, (ii) the criteria used by HR Ratings for the withdrawal or suspension of the maintenance of a rating, (iii) the procedure and process of voting on our Analysis Committee.

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Ratings and/or opinions assigned by HR Ratings are based on an analysis of the creditworthiness of an entity, issue or issuer, and do not necessarily imply a statistical likelihood of default, HR Ratings defines as the inability or unwillingness to satisfy the contractually stipulated payment terms of an obligation, such that creditors and/or bondholders are forced to take action in order to recover their investment or to restructure the debt due to a situation of stress faced by the debtor. Without disregard to the aforementioned point, in order to validate our ratings, our methodologies consider stress scenarios as a complement to the analysis derived from a base case scenario. The rating fee that HR Ratings receives from issuers generally ranges from US\$1,000 to US\$1,000,000 (or the foreign currency equivalent) per issue. In some instances, HR Ratings will rate all or some of the issues of a particular issuer for an annual fee. It is estimated that the annual fees range from US\$5,000 to US\$2,000,00 (or the foreign currency equivalent).