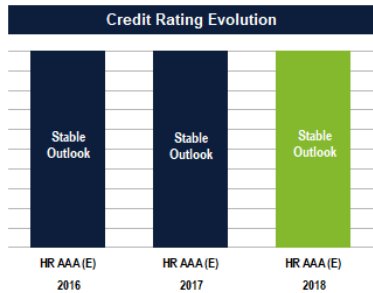


Calificación

NAVISCB 16
NAVISCB 17

HR AAA (E)
HR AAA (E)

Outlook Stable



Source: HR Ratings.

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HR Ratings affirms the rating of HR AAA (E) with Stable Outlook for the offerings NAVISCB 16 and NAVISCB 17

The affirmation of the rating for the trust certificate (CEBURS) offerings NAVISCB 16¹ and NAVISCB 17² is based on a Maximum Default Rate of 31.9% and 29.9%, respectively, which each would support under a stressed scenario and still be able to cover their obligations (vs. 30.7% and 31.9% in the previous analysis). This compares to the Average Vintage of 5.2%, calculated from the last three mature vintages for the portfolio pledged into trust, the TDR³ is then 6.1x and 5.8x (vs. 6.3%, 5.1x and 4.9x in the previous analysis). Also, the performance of the O.C. Ratio is considered adequate, remaining at the target level through recent months for both Offerings.

Cash Flow and Performance Observed vs. Projections

- **Strength of the offerings through the portfolios pledged to each Trust.** The non-collection due to default for NAVISCB 16 would be equal to default by 56 clients and for NAVISCB 17, it would be equal to 132 clients, taking into consideration the average balance of the portfolios.
- **Adequate performance of the O.C. Ratio at 1.305x for NAVISCB 16 and 1.295x for NAVISCB 17, remaining above the minimum O.C. Ratio of 1.15x.** An anticipated amortization event would be activated if the ratio were to fall below this level during two periods. The target O.C. Ratios have been maintained with the monthly fulfillment of the target amortizations while the outstanding balance of the pledged portfolios has decreased.
- **Observed collection inflows are above the levels expected under a base scenario for both Offerings, at 19.9% and 25.5% above our projections.** This is explained primarily by the portfolio prepayments observed for both offerings, as well as the insurance revenue which HR Ratings had not considered in its scenarios.
- **Observed amortizations are higher than our projections under a base scenario.** The target amortizations have been consistently higher due to increased collection resources being received into the Trusts. With this, the outstanding balance at August 2019 was P\$73.1m and P\$217.8m (vs. P\$63.4m and P\$209.1m projected under a base scenario).

Additional Factors Considered

- **Interest rate hedge (CAP) for the 28-day TIIE at 6.0% and 9.0% for NAVISCB 16 and NAVISCB 17, contracted with BBVA Bancomer⁴, which has a credit rating equivalent to HR AAA.** The Offering NAVISCB 16 has benefited from the hedge as the 28-day TIIE has exceeded the coverage level, mitigating the risks associated with constant rate increases.
- **Low client concentration of the portfolio pledged to the Trusts.** The eligibility criteria are met with the principal client in the NAVISCB 16 portfolio representing 2.4% of the total balance, while for NAVISCB 17 the client with the highest concentration represents 2.2%.

¹ Trust Certificate offering (CEBURS), ticker symbol NAVISCB 16 (NAVISCB 16).

² Trust Certificate offering (CEBURS), ticker symbol NAVISCB 17 (NAVISCB 17), with NAVISCB 16, the Offerings.

³ Times Default Rate (TDR).

⁴ BBVA Bancomer, S.A., Institución de Banca Múltiple, BBVA Bancomer Financial Group.

- **Absence of a Master Servicer.** Therefore, there is no third-party reporting of the Trust performance.
- **Deposit Fund for both offerings.** This fund would reduce the impact of client default by providing cash resources equal to the payment-in-advance of the clients' loans.

Factors that could lower the rating

- **Considerable increase in the portfolio losses observed in the Vintage Analysis.** The TDR would be reduced to below 4.5x if the Average Vintage for NAVISCB 16 and NAVISCB 17 were to be impaired to 7.1% and 6.7%, or more, which could result in a downgrade to the rating.
- **Reduced O.C. Ratio for the Offerings.** The target O.C. Ratio ratio is set at 1.305x for NAVISCB 16 and 1.295x for NAVISCB 17. The rating could be impacted if these levels were to drop.
- **Impaired collection and portfolio servicing capacity on the part of the Settlor.**

Characteristics of the Offerings

The Offering NAVISCB 16 was released September 9, 2016 for P\$536.4m on a 65-month term, the first 36 of which are paid on target amortization and the remaining months, accelerated amortization. The Offering has a target O.C. Ratio of 1.305x. Meanwhile, the Offering NAVISCB 17 was released October 20, 2017 for P\$737.0m on a 65-month term, the first 36 of which are paid on target amortization and the remaining months, accelerated amortization; with a target O.C. Ratio of 1.295x. The minimum O.C. Ratio for both offerings is 1.15x, which is calculated as the outstanding balance on the current assets plus the cash in the Reserve Account divided by the Outstanding Principal on the Trust Certificates (CEBURS).

As there is no Revolving Period, amortizations are made on the outstanding principal on each Offering starting the first month. Each Offering has a 36-month Target Amortization Period, following which 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.

Each Offering was placed by a different Issuer Trust, with Navistar Financial⁵ as settlor, Banco Invex⁶ as trustee and Monex⁷ as indenture trustee. The Offerings are backed by Collection Rights on loan portfolios and leasing originated and serviced by Navistar Financial, with each Offering backed by a specific portfolio.

⁵ Navistar Financial, S.A. de C.V., SOFOM, E.R. (Navistar Financial and/or the Settlor).

⁶ Banco Invex, S.A., Institución de Banca Múltiple, Invex Financial Group (Banco Invex and/or the Trustee).

⁷ Monex Casa de Bolsa, S.A. de C.V., Monex Financial Group (Monex and/or the Indenture Trustee).



Glossary

O.C. 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 trust certificates 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 trust certificates on the next payment date)

Total Default: (Non-Collection of Principal / Expected Collection of Principal)

Target Amortization Amount: the principal on the trust certificates - ((sum of the total assets + balance in the reserve account) / target O.C. Ratio)

Maximum Default for the Period: Non-Collection during the month / Expected collection during the month

Historic Default Rate (HDR). Average Default of the Mature Vintages Weighted by the Origination of Each Vintage

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

Times Default Rate (TDR): DIR / HWADR.



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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

Methodology to Assess Debt Backed by Flows Generated by a Set of Financial Assets (México), Mayo 2019

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	NAVISCB 16: HR AAA (E) / Stable Outlook NAVISCB 17: HR AAA (E) / Stable Outlook
Date of last rating action	NAVISCB 16: November 15 th , 2018 NAVISCB 17: November 15 th , 2018
Period for the financial information HR Ratings used to assign this rating	January 2011 – August 2019
Information sources used, including those provided by third parties	Financial, legal and vintage information provided by the Settlor and the Trustee.
Ratings given by other rating agencies that were used by HR Ratings (where applicable)	Counterparty rating of AAA (mex) with Stable Outlook to BBVA Bancomer given by Fitch Ratings on August 27th, 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)	Las calificaciones ya incorporan dicho factor de riesgo.

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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.

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