Navistar Financial, S. A. de C. V.
Sociedad Financiera de Objeto Múltiple,
Regulated Subsidiary Entity

Consolidated Financial Statements

December 31, 2015 and 2014

Navistar Financial, S. A. de C. V.,
Sociedad Financiera de Objeto Múltiple, Regulated Subsidiary Entity

Consolidated Balance Sheets

December 31, 2015 and 2014

(Thousands of pesos)

Assets	**2015**	**2014 (note 4)**
Availabilities (note 6)	$ 359,206	82,030
Security investments (note 7)	19,883	3
Debtors from repurchase (note 8)	1,030,024	623,701
Derivatives with trade purposes (note 9)	6,778	11,790
Current loan portfolio (notes 10a and 17):		
Commercial loan	9,880,296	9,802,943
Non-performing portfolio (note 10a):		
Commercial loan	300,421	199,544
Total loan portfolio	10,180,717	10,002,487
Less:		
Preventive credit risk estimates (note 10b)	(400,102)	(327,310)
Total loan portfolio, net	9,780,615	9,675,177
Other receivables, net (notes 11 and 17)	379,112	388,730
Awarded assets, net (note 13)	64,017	118,379
Transport equipment intended to operating lease net (note 12)	1,442,649	1,188,334
Real property, furniture and equipment, net (note 12)	100,668	51,585
Deferred earning and employee profit sharing tax, net (note 19)	120,056	121,495
Other assets, net	165,203	103,615
	$ 13,468,211	12,364,839

Liabilities and Equity	**2015**	**2014 (note 4)**
Stock liability (note 14)	$ 3,757,372	2,745,018
Bank and other institutions loans (note 15):		
Short term	4,138,419	4,949,666
Long term	2,117,951	1,786,476
	6,256,370	6,736,142
Derivatives with trade purposes (note 9)	-	1,370
Other payables:		
Employee payable-profit sharing	4,257	2,874
Diverse creditors and other payables (notes 16, 17 and 18)	949,751	721,684
	954,008	724,558
Deferred loans (note 10g)	92,003	101,963
Total liabilities	11,059,753	10,309,051
Equity (note 20):		
Contributed equity:		
Corporate equity	283,177	283,177
Premium on subscribed shares	111,961	111,961
	395,138	395,138
Earned equity:		
Reserve of equity:	122,535	122,535
Result from previous years	1,538,104	1,229,331
Net result	352,669	308,773
	2,013,308	1,660,639
Equity - controlling sharing	2,408,446	2,055,777
Non-controlling sharing	12	11
Total equity	2,408,458	2,055,788
Commitments and contingencies (note 28)		
	$ 13,468,211	12,364,839

Suspense accounts

	2015	**2014**
Assets under management (note 10)	$ 50,038	85,219
Notional amounts of derivative financial instruments (note 9)	2,416,550	2,137,985
Accrued not-collected rents derived from operating lease	28,652	7,990
Accrued not collected interests derived from the non-performing portfolio (note 10)	59,390	25,444
Lines of credit granted not used by the distributors	3,742,401	3,225,839
Other received collaterals	12,155,759	9,861,493
Collaterals received for repurchases (note 8)	1,030,024	623,701

See notes attached to the consolidated financial statements.

"The historical corporate equity as of December 31, 2015 and 2014, is $242,503 in both years."

"This consolidated balance sheets were developed in compliance with the accounting criteria for credit institutions and the criteria relative to the basic financial statements for multipurpose regulated financial companies, established by the National Banking and Securities Commission, based on articles 99, 101 and 102 of the Credit Institutions Law, of mandatory and general compliance, consistently applied, being reflected all the transactions carried out by the Company up to the dates mentioned above, which were performed and assessed in adherence to healthy banking practices and the applicable legal and administrative provisions."

"This consolidated balance sheets were approved by the Board of Directors under the responsibility of the directors who subscribe them."

José A. Chacón Pérez Chief Executive Officer	Claudia Isela Montiel Olivares Accounting Manager	Jorge Campos Bedolla Financial Reporting Manager

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I, María Inés Ojeda, expert translator authorized by the Supreme Court of Justice for the Federal District, as published in the Official Gazette dated October 14, 2015, certify that the above translation into English in 2 pages is true and complete to the best of my knowledge.

Mexico City, Federal District, April 29, 2016..

Navistar Financial, S. A. de C. V.,
Sociedad Financiera de Objeto Múltiple, Regulated Subsidiary Entity

Results Consolidated Statements

Years ended on December 31, 2015 and 2104.

(Thousands of pesos)

		2015	2014 (note 4)
Interest income (notes 7, 8, 10, 17 and 21)	$	1,118,114	1,022,753
Interest expenses (notes 14, 15 and 21)		(543,221)	(522,408)
Financial spread		574,893	500,345
Preventive credit risk estimates (note 10b)		(99,167)	(153,454)
Financial spread adjusted by credit risks		475,726	346,891
Collected tariff and fees (note 22)		167,360	155,436
Paid tariff and fees (note 23)		(35,859)	(2,235)
Intermediation results, net (notes 9 and 24)		(17,144)	(27,892)
Operating lease results (note 25)		88,593	92,925
Other operating income (note 26)		52,128	17,588
Management expenses (note 17)		(257,452)	(240,348)
Operation result		473,352	342,365
Incurred earning tax (note 19)		(119,406)	(92,647)
Deferred earning tax, net (note 19)		(1,276)	59,057
Consolidated net result		352,670	308,775
Non-controlling sharing		(1)	(2)
Non-controlling sharing net result	$	352,669	308,773

See notes attached to the consolidated financial statements.

"This consolidated result statements were developed in compliance with the accounting criteria for credit institutions and the criteria relative to the basic financial statements for multipurpose regulated financial companies, established by the National Banking and Securities Commission, based on articles 99, 101 and 102 of the Credit Institutions Law, of mandatory and general compliance, consistently applied, being reflected all the income and expenses derived from the transactions carried out by the Company during the periods mentioned above, which were performed and assessed in adherence to healthy banking practices and the applicable legal and administrative provisions."

"This consolidated result statements were approved by the Board of Directors under the responsibility of the directors who subscribe them."

José A. Chacón Pérez
Chief Executive Officer

Jorge Campos Bedolla
Financial Reporting Manager

Claudia Isela Montiel Olivares
Accounting Manager

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Navistar Financial, S. A. de C. V.,

Sociedad Financiera de Objeto Múltiple, Regulated Subsidiary Entity

Consolidated Equity Variation Statements

Years ended on December 31, 2015 and 2104.

(Thousands of pesos)

		Contributed equity:		Earned equity:					
		Corporate equity	**Premium on share subscription**	**Reserves of equity**	**Result from previous years**	**Net result**	**Controlling sharing**	**non controlling sharing**	**Total equity**
Balance as of December 31, 2013	$	283,177	111,961	95,505	983,993	272,368	1,747,004	9	1,747,013
Movement attached to the shareholders' decisions									
Net result application (20b)		-	-	27,030	245,338	(272,368)	-	-	-
Movement attached to the recognition of the comprehensive earning									
Net result (note 20c)		-	-	-	-	308,773	308,773	2	308,775
Balance as of December 31, 2014		283,177	111,961	122,535	1,229,331	308,773	2,055,777	11	2,055,788
Movement attached to the shareholders' decisions									
Net result application (20b)		-	-	-	308,773	(308,773)	-	-	-
Movement attached to the recognition of the comprehensive earning									
Net result (note 20c)		-	-	-	-	352,669	352,669	1	352,670
Balance as of December 31, 2015	$	283,177	111,961	122,535	1,538,104	352,669	2,408,446	12	2,408,458

See notes attached to the consolidated financial statements.

"This consolidated equity variation statements were developed in compliance with the accounting criteria for credit institutions and the criteria relative to the basic financial statements for multipurpose regulated financial companies,established by the National Banking and Securities Commission, based on articles 99, 101 and 102 of the Credit Institutions Law, of mandatory and general compliance, consistently applied, being reflected all the equity movements derived from the transactions carried out by the Company during the periods mentioned above, which were performed and assessed in adherence to healthy banking practices and the applicable legal and administrative provisions."

"This consolidated equity variation statements were approved by the Board of Directors under the responsibility of the directors who subscribe them."

José A. Chacón Pérez Chief Executive Officer	Claudia Isela Montiel Olivares Accounting Manager	Jorge Campos Bedolla Financial Reporting Manager

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Navistar Financial, S. A. de C. V.,
Sociedad Financiera de Objeto Múltiple, Regulated Subsidiary Entity

Consolidated Statement of Cash Flow

Years ended on December 31, 2015 and 2104.

(Thousands of pesos)

		2015	**2014**
Net result	$	352,669	308,773
Plus (less) items that do not produce (require) cash:			
Depreciation and amortization		232,698	192,181
Provisions		138,102	92,849
Incurred and deferred earning taxes		120,682	33,590
Adjustments to items which do not involve cash flow		844,151	627,393
Assets and liabilities changes in the transaction:			
Security investments change		(19,880)	216,994
Debtors from repurchase change		(406,323)	215,704
Derivatives change (assets)		5,012	20,119
Loan portfolio change, net		(105,438)	(2,054,626)
Awarded assets change		54,362	12,316
Other operating assets change, net		(535,532)	(492,215)
Stock liability change		1,012,354	611,047
Interbank and other institutions change		(479,772)	660,717
Derivatives change (liabilities)		(1,370)	(2,498)
Other operating liabilities change		(38,018)	(117,282)
Cash net flow from operating activities		329,546	(302,331)
Investment activities:			
Payments for real property, furniture and equipment acquisition		(52,359)	(115)
Payments for intangible asset acquisition		(12)	(1,257)
Cash net flow from investment activities		(52,371)	(1,372)
Cash flow from increment funding activities in non-controlling sharing		1	2
Availabilities net increase (decrease)		277,176	(303,701)
Availabilities at the beginning of the period		82,030	385,731
Availabilities at the end of the period	$	359,206	82,030

See notes attached to the consolidated financial statements.

"This consolidated cash flow statements were developed in compliance with the accounting criteria for credit institutions and the criteria relative to the basic financial statements for multipurpose regulated financial companies, established by the National Banking and Securities Commission, based on articles 99, 101 and 102 of the Credit Institutions Law, of mandatory and general compliance, consistently applied, being reflected all the cash origins and applications derived from the transactions carried out by the Company during the periods mentioned above, which were performed and assessed in adherence to healthy banking practices and the applicable legal and administrative provisions."

"This consolidated cash flow statements were approved by the Board of Directors under the responsibility of the directors who subscribe them."

José A. Chacón Pérez Chief Executive Officer	Jorge Campos Bedolla Financial Reporting Manager	Claudia Isela Montiel Olivares Accounting Manager

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Mexico City, Federal District, April 29, 2016..

The accounting criteria establishes that, in the absence of a Commission's specific accounting criteria for credit institutions or in a broader context of the Mexican Financial Reporting Standards (FRS), the supplementary basis anticipated in the FRS A-8 will be applied, and only in case that the International Financial Reporting Standards (IFRS) referred in FRS A-8 do not provide a solution for the accounting recognition, another supplementary standard belonging to any other standard scheme can be applied, as long as this fulfills all the requirements specified in the mentioned FRS, applying the supplementary in the following order: generally accepted accounting principles in the United States of America (US GAAP) and any accounting standard part of the recognized formal standards set, provided that these comply with the requirements established in Commission's criterion A-4.

b) Use of judgments and estimates

The preparation of the consolidated financial statements requires that the Management carries out estimates and assumptions that affect the registered assets and liabilities amount, as well as the disclosure of contingent assets and liabilities up to the date of the financial statements, in addition to the registered income and expenses amounts during the year. The important headings, subject to those estimates and assumptions include preventive credit risk estimates, assets residual value in operating lease, sold assets, asset assessment by profit tax and employees deferred profit sharing, the assessment financial derivative instrument as well as the assets and liabilities relative to employee benefits. The true results can be different from the estimates and assumptions

c) Functional and reporting currency

The consolidated financial statements mentioned before are shown in Mexican pesos reporting currency, which is equal to the registration currency and its functional currency.

For disclosure purposes in the notes to the consolidated financial statements, when referring to pesos or "$", these are thousands of Mexican pesos, and when referring to dollars, these are US dollars.

(Continues)

Public

(Thousands of pesos)

(3) Main accounting policy summary-

The accounting policies displayed below have been applied uniformly when preparing the consolidated financial statements presented, and they have been consistently applied by the Company (see note 4 of the consolidated financial statements, regarding some reclassifications in the financial statements of the fiscal year 2014):

(a) Recognition of the inflationary impact

The attached consolidated financial statements were prepared according to the accounting criteria which, since the Company operates within a non-inflationary economic behavior, include the recognition of the effects of inflation in the financial information as of December 31, 2007, based on the Mexico's Investment Units (UDIS), an accounting unit whose value is determined based on the inflation by the Banco de México (Central Bank).

The percentage of annual and aggregate inflation in the last three years and the UDI values are shown below:

		Inflation	
December 31 of:	**UDI**	**Annual**	**Aggregate**
2015	$ 5.3812	2.10%	10.39%
2014	5.2704	4.18%	12.34%
2013	5.0587	3.78%	11.76%
	=====	=====	======

(b) Consolidation bases-

The consolidated financial statements include the Company's and the subsidiary Servicios Corporativos NFC, S. de R. L. de C. V., of which it owns the 99.97% of the corporate equity. The significant operations and balance between the subsidiary and the Company have been removed in the preparation of the consolidated financial statements.

Public

(c) Availabilities-

These include peso or dollar deposits into bank accounts and foreign exchange trading in spot trades. As of the date of the financial statements, the interests are recognized in the year results as they are accrued.

(d) Security investments-

These are debt securities acquired with the purpose of holding them until maturity; they are registered at their acquisition cost and are assessed at amortized cost, and its performance accrual is based on the effective interest method.

(e) Repurchases-

The repurchase transactions are initially registered at the agreed cost and are valued at their amortized cost by recognizing the reward in the year results, based on the effective interest method; the financial assets received as collateral are registered in the suspense account.

(f) Operations with financial derivative instruments-

In order to mitigate the risks derived from the swings in the interest and exchange rates, the Company selectively uses a financial derivative instrument with trade purposes, such as interest rate swaps, Cross-Currency Swaps (CCS) and interest rate options (CAP).

Such instruments are recognized at fair value; its accountable treatment is described below:

Swaps and CCS–

The flow exchange or asset performance transactions (swaps and cross-currency swaps [CCS]) are registered in the assets and in the liabilities for the rights and obligation derived from the agreement. Both the asset position and the liability position are valued at fair value, reflecting the swap net value in the consolidated balance sheet and earnings or the corresponding lost in the consolidated results within the heading “Intermediation results, net”.

(Continues)

Options-

The rights acquired (earned premium) from options are registered in the consolidated balance sheet at their agreed value and adjusted at their fair value. The value swings are recognized in the consolidated results within the heading “Intermediation results, net”.

(g) Loan portfolio-

It is integrated by the commercial loan amounts granted to individual and legal people, including the funded amount plus the accrued not-collected interests in the current portfolio, which recognized in the consolidated results as they are accrued.

The Company grants term fixed, asset, and unsecured loans, as well as capitalizable lease, especially to acquire International-brand automotive vehicles.

In the case of capitalizable lease, at the beginning of the agreement the leasing portfolio contract value is recognized against the cash outflows and the corresponding financial accrual income, for the difference between the leased property and leasing portfolio value.

Such financial accrual income is registered as a deferred loan, which is recognized according to the leasing portfolio outstanding balance, against the year result, within the heading “Interest income” The receivable is registered as a direct financing, being the receivable the total outstanding net rents from the corresponding accrual interest.

Additionally, the Company classifies its portfolio in wholesale and in retail trade. The wholesale trade portfolio corresponds to those loans granted to authorized distributors for the commercialization of the International-brand vehicles; the retail trade portfolio consists of the loans granted to individuals and legal people different from the authorized distributors.

(Continues)

Public

(h) Overdue loans and interests-

The loan and interest outstanding balance is classified as overdue according to the criteria described below:

Loans with equity and interest unique amortization – When 30 or more days have passed from the maturity date.

Loans whose principal amortization and interest was agreed in periodical partial prepayments – When the equity and interest amortization have not been collected and 90 or more calendar days has passed after maturity.

Loans with equity unique amortization and periodical interest prepayments – When interests have 90 or more calendar days after their maturity date, or the principal has 30 or more days after its maturity date.

Additionally, a loan is classified as overdue when it is known that the debtor filed for bankruptcy.

The interest recognition in the consolidated result statement is suspended upon transferring the loan to the non-performing portfolio, registering it in the suspense accounts.

Those overdue loans in which the outstanding balance (principal and interest, among others) is totally settled or those restructured or renowned loans, in which there is evidence of sustained payment, understood as three consistent and consecutive monthly prepayment of the original payment scheme, are transferred to the current portfolio.

The restructured or renewed non-performing loans will remain in the non-performing portfolio as long as there is no evidence of sustained payment. Upon loan and its interest collection, the accrued interests registered in the suspense account are recognized in the results.

Allocations to preventive estimation are done when the practical recovery impossibility is determined, canceling the non-performing portfolio against the estimation.

(Continues)

Public

(i) Operating lease-

In the case of operating lease transaction loans, the amortization amount which had not been totally settled will be recognized as non-performing at 30 or more calendar days after their maturity date. The recognition of the rents in the consolidated result statement is suspended when these present three overdue monthly payments, registering it upon the fourth rent in suspense accounts.

The assets to be leased are registered at their acquisition cost and represent the assets acquired by the Company which are in the process of signing the corresponding lease agreement.

The depreciation is calculated based on the lease agreement term over the difference between the property acquisition value and its estimated residual value.

(j) Securitization transactions-

The Company performs portfolio securitization transaction in which it assesses whether such transaction complies with the asset transfer requirements, as per the established accounting criteria. If such asset transference does not comply with the requirements to be canceled, the financial assets assigned as guarantee or collateral are presented as restricted assets, the resources obtained by the securitization transaction are recognized within the heading “Availabilities”, and the liabilities associated with this transaction by means of the stock certificate issuance are recognized as liabilities within the heading “Stock liability”.

(k) Preventive credit risk estimates-

The Company determines a preventive credit risk estimate, which, under the Management’ judgment, is enough to cover any loss of the loan portfolio.

The preventive credit risk estimate is determined using methodologies based on an expected loss model, which is described below.

(Continues)

Public

(Thousands of pesos)

In case of loans for legal people and individuals with business activity, with income higher than or equal to the equivalent in national currency of14 million of UDIs, the estimate is integrated according to the general methodology established in the Provisions of the Credit Institutions.

In the case of loans for legal people and individuals with business activity, with income lower than or equal to the equivalent in national currency of 14 million of UDIs, such estimate is integrated according to the internal methodology developed by the Company, following the guidelines established in the Provisions of the Credit Institutions applicable to internal methodologies.

The classification by risk level as of December 31, 2015 and 2014, is assembled as indicated below:

Risk level	Risk level description	Percentage range for preventive allowance
A1	Without risk	0 to0.90%
A2	Minimal risk	0.901 to1.50%
B1	Low risk	1.501 to2.00%
B2	Moderate risk	2.001 to2.50%
B3	Average risk	2.501 to5.00%
C1	Risk with administrative focus	5.001 to 10.00%
C2	Partially potential risk	10.001 to 15.50%
D	Potential risk	15.501 to 45.00%
E	High risk	Higher than 45.00%

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Navistar Financial, S. A. de C. V.
Sociedad Financiera de Objeto Múltiple, Regulated Subsidiary Entity:

Notes on the consolidated financial statements

(Thousands of pesos)

General methodology-

The Company classifies and records a provision, loan by loan, with the numbers corresponding to the last known payment term, as well as the debtor's quantitative and qualitative variables, considering the default probability, the severity of the loss and the exposition to the default of the n-th loan, based on the formula indicated below:

$$R_i = PI_i \times SP_i \times EI_i$$

Where:

Ri= Allowance amount to be integrated for the n-th loan.

PIi= Default probability of the n-th loan.

SPi= Loss severity of the n-th loan.

EIi= Exposition to the n-th loan default.

$$PI_i = \frac{1}{1 + e^{-(500 - Total\ Credit\ Score_i) \times \frac{\ln(2)}{40}}}$$

Internal methodology-

Such internal methodology consists of classifying and recording a provision, loan by loan, with the amount corresponding to the last known payment period, considering the default probability, according to the formula mentioned below:

$$R_i = PI_i \times SP_i \times EI_i$$

Where:

R_i= Allowance amount to be constituted
P_i = Default probability
SPi= Loss severity
EI_i = Exposition to the default.

$$P_i = \frac{1}{1 + e^z}$$

(Continues)

Public

(Thousands of pesos)

(l) Awarded assets-

The awarded assets are registered at their cost or their fair valued calculated from the indispensable expenses and costs paid in their awarding, whichever the lower. The differences, in the case the estimated value is lower than amount to be cancelled in the portfolio, are considered losses, recognizing them in the year consolidated results within the heading “Other (expenses) from the operation, net”. Provisions are monthly integrated to recognize the potential asset value loss because the course of time. The decreases in awarded assets value and in provisions are reduced from the asset value and are recognized as expenses in the year consolidated results.

The past time and the allowance percentage for the movable and real property are shown below:

Movable property

Time since the awarding or foreclosure (months)	Allowance Percentage
Up to 6	0
More than 6 and up to 12	10
More than 12 and up to 18	20
More than 18 and up to 24	45
More than 24 and up to 30	60
More than 30	100

Real property

Time since the awarding or foreclosure (months)	Allowance Percentage
Up to 12	0
More than 12 and up to 24	10
More than 24 and up to 30	15
More than 30 and up to 36	25
More than 36 and up to 42	30
More than 42 and up to 48	35
More than 48 and up to 54	40
More than 54 and up to 60	50
More than 60	100

(Continues)

(m) Real property, furniture and equipment-

The real property, furniture and equipment are registered at their acquisition cost and up to December 31, 2007 were updated by means of factors derived from the National Consumer Price Index. The depreciation is estimated with the updated values with the straight-line method, based on the useful life calculated by the Company Management of the corresponding assets.

The acquisition value of the real property, furniture and equipment includes the initially incurred cost to acquire or develop them, as well as those incurred lately to replace them or increase their potential service. If a furniture and equipment item is integrated by different elements with different calculated useful lives, the important separate elements are depreciated during their individual useful lives.

The annual depreciation rates of the main asset groups are shown below:

	Rate
Real property	2.3%
Furniture	10%
Computing equipment	33%
Transport equipment	25%

The maintenance and repair expenses are registered in the results when incurred.

The furniture and equipment are canceled upon their sale or when no more future economic benefits are expected from their use or sale. Any benefit or lost when canceling the asset (estimated as the difference between net income from the asset sale and its book amount) is included in the result consolidated statement when this asset is canceled.

The Company assesses periodically the book net value of the real property, furniture and owned equipment to determine whether there is any sign that such value exceed its recovery value. The recovery value represents the amount of potential net income fairly expected to be obtained as a consequence of the usage or realization of such assets. If it is determined that the book net value exceeds the recovery value, the Company records the necessary estimates.

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Public

(n) Other assets-

The other assets include debt allocation expenses which are amortized according to its term, it also includes the portfolio management assets, which is amortized during the period established by the corresponding agreements, as well as the costs and expenses associated with the initial loan net awarding of the fees charged for the loan opening, according to the nature of the debt being amortized in straight line during the loan's life span.

(o) Stock liability, as well as bank and other institutions loans

The financial liability from financial debt instrument issuance is registered at the value of the obligation they represent, and the expenses, premium and discounts related to the issuance are amortized during their performing period, based on the issuance outstanding balances and they are presented in the consolidated balance sheet within the heading "Stock liability".

The bank and other institutions loans, both national and foreign, are registered based on the obligation contract value. The charged interests are recognized as they are accrued.

(p) Employee benefits-

The benefits of termination for reasons different from restructuring and retirement to which the employees have right are recognized in each year results, based on the actuarial estimates, according to the projected unitary loan method, by considering the projected salaries. As of December 31, 2015, for benefit recognition purposes, the average remaining working life of employees with right to plan benefits is about 12 years.

The actuarial profit or loss is directly recognized in the period consolidated results as they are accrued, while the labor bond upon retirement are amortized within the employee's average remaining working life.

Additionally, the Company has an identified contribution plan, in which the workers with one-year seniority make voluntary contributions within a range of 2% to 6% of their base salary, according to their age; the Company gives an amount equal to 75% of the contributions.

(Continues)

Public

The employees can make use of the contributions made the first day of the immediate next month after becoming 60 years old or, if the employee has the Company's written consent, since they are 55 years old and as long as they have at least 20 years of active service in the Company.

(q) Earning and employee profit sharing tax-

The earning and employee profit sharing tax incurred during this year are determined according to the current fiscal provisions.

The deferred earning and employee profit sharing taxes are registered according to the asset and liability method, which compares their accounting and fiscal values.

The deferred earning and employee profit sharing (assets and liabilities) tax are recognized by the future fiscal consequences attributable to temporary differences between the values reflected in the financial statements of the existing assets and liabilities and their corresponding fiscal bases and, in the case of earning tax, by the fiscal loss to be amortized and other fiscal loans to be recovered.

The assets and liabilities from deferred earnings and employee profit sharing tax are estimated using the rates established in the corresponding law, rates that will be applied to the taxable earnings in the years the temporary differences are estimated to be reversed. The effect of the fiscal rate changes on the earning and employee profit sharing task is recognized in the period consolidated results in which such changes are approved.

(r) Deferred loans-

It includes the net fees charged for opening loans, from origination costs and expenses and being amortized against the year's results within the heading "Interest income", in the case of fees charged for opening loans, and within the heading "Interest expenses" in the case of associated costs and expenses, using the straight line method during the loan's life span.

(s) Provisions-

The Company recognizes, based on the Management estimates, the liability provisions as those obligations present in which the asset transfer or service provision is virtually unavoidable and it is a consequence of past events.

(Continues)

Public

(t) Income recognition-

The interest income derived from the loan portfolio and the capitalizable lease agreement, as well as from the operating lease rents, is recognized in the consolidated result statement as they are accrued.

The interests from the non-performing portfolio are recognized in the results until they are actually collected.

The income for placement service fees are recognized in the consolidated results statement as the International-brand vehicles sale financed by the Company is executed.

(u) Transactions in foreign currency-

The transactions with foreign currency are recorded at the current exchange rate in the execution or settlement date. The assets and liabilities in foreign currency are translated at the current exchange rate at the date of the consolidated balance sheet. The differences in changes incurred regarding the contracted assets and liabilities in foreign currency are recorded in the year consolidated results.

(v) Contingencies-

The important losses or obligations related to contingencies are recognized when it is likely that their effects are materialized and there are reasonable elements for their quantification. If these reasonable elements do not exist, they are qualitatively included in their disclosure in the financial statement notes. The income, earning and contingent assets are not recognized until the moment in which there is certainty about their realization.

(Continues)

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(4) New provisions regarding the accounting criteria-

Derived from accounting bases change and the criteria relative to the basic financial statement for SOFOMES mentioned in note 2(a), the reclassifications in the consolidated financial statement presentation as of December 31, 2014 and for the year ended on that date were generated and they are described below.

		Originally presented balances	Reclassifications	Reclassified balances
Balance sheet				
Assets:				
Availabilities	$	705,734	(623,704)	82,030
Investments		-	3	3
Debtors by repurchase		-	623,701	623,701
Current loan portfolio:				
Commercial loans		9,828,774	(25,831)	9,802,943
Non-performing loan portfolio:				
Commercial loans		204,147	(4,603)	199,544
Preventive credit risk estimates		(328,322)	1,012	(327,310)
Other receivables, net		359,308	29,422	388,730
		======	======	======
Result statement				
Financial spread				
Operating lease income	$	262,927	(262,927)	-
Other lease benefits		16,413	(16,413)	-
Asset depreciation in operating lease		(170,002)	170,002	-
Operation result				
Paid tariff and fees		-	(2,235)	(2,235)
Operating lease result		-	92,925	92,925
Other operating expenses, net		4,504	13,084	17,588
Management expenses		(245,912)	5,564	(240,348)
		======	=====	======
Cash flows statements				
Operation:				
Loan portfolio change, net	$	(2,059,436)	4,810	(2,054,626)
Other operating assets change, net		218,184	(710,399)	(492,215)
Investments:				
Payments for real property, furniture and equipment acquisition		(705,704)	705,589	(115)
		======	======	===

(Continues)

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(u) Position in foreign currency-

The monetary assets and liabilities, in thousands of dollars, as of December 31, 2015 and 2014 are shown below:

	Dollars	
	2015	**2014**
Assets, loan portfolio mainly	222,675	327,570
Liabilities, bank loans mainly	(219,465)	(307,672)
Active net position.	3,210	19,898
	=======	=======

As of December 31, 2015 and 2014, the Company has contracted financial derivative instruments which protect their exposition to the exchange risk (see note 9).

The dollar exchange rate, as of December 31, 2015 and 2014, was $17.2487 and $14.7414 each dollar, respectively. As of March 15, 2016, the issuing date of the consolidated financial statements, the exchange rate was $17.9260 each dollar.

(6) Availabilities-

The integration of this aspect as of December 31, 2015 and 2014, is shown below:

		2015	**2014**
National bank deposits	$	282,122	71,310
Oversea bank deposits		65,983	3,636
National restricted bank deposits		11,101	7,084
	$	359,206	82,030
		=======	======

(Continues)

(d) Security investments-

As of December 31, 2015 and 2014, the notes for $19,883 and $3 have a 4-day term and a performance rate of 3.19% and 2.01%, respectively.

The interest earned by the investment was $2,254 and $2,624 in 2015 and 2014, respectively.

(8) Repurchase-

As of December 31, 2015 and 2014, the repurchase investment of $1,030,024 (including $750,024 in restricted repurchases) and $623,701 (including $477,677, in restricted purchase), are mainly integrated by investments in government paper (bonds and udibonds) repurchases, at 4-day and 2-day terms, with an interest rate of 2.15% and 3% and of 2.90% to 3.09%, respectively. The restricted repurchases correspond to Irrevocable Trust No. 1455 investment and the Irrevocable Trust 2537 investment (see note 10c).

The interest earned from repurchase investment and restricted repurchases was $500 and $17,594, respectively, in 2015 and of $583 and $17,918, respectively, in 2014, which are included in the consolidated result statement within the heading “Interest income” (see note 21).

(9) Trade purposes derivatives-

As of December 31, 2015 and 2014, The Company has financial derivative instrument contracted of interest rate options, called Interest Rate Cap (IR CAP), referred to the TIIE, which would allow it to receive the difference of the spot rate and agreed rate. The IR CAP are amortized as the principal stock certificate is paid; however, the option cash flow is only exercised when the 28-day TIIE interest rate is above its 6% or 5% limit, as it corresponds.

Moreover, as of December 31, 2014, the Company had contracted financial derivative instruments, which allowed to exchange rate flows and currencies (cross-currency swaps or CSS), or intended to optimize their performance in dollars at short term. The difference between the paid rate and the received rate, as well as the swing in the fair value were registered in the consolidated result period within the heading “Intermediation results”. The CSS allows to receive the Interbank Equilibrium Interest Rate (TIIE) using pesos and to pay the London InterBank Offered Rate (LIBOR) using dollars.

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The total notional amounts and the book value as of December 31, 2015 and 2014 are shown below:

				2015		2014	
Instrument	Underlying	Notional [1]	Premium	Impact on results	Book value	Impact on results	Book value
IR CAP	28-day TIIE	1,000,000	$ 13,496	(5,425)	1,171	(11,210)	6,596
IR CAP	28-day TIIE	800,000	12,150	(4,296)	898	(8,909)	5,194
IR CAP	28-day TIIE	616,550	3,690	1,019	4,709	-	-
			$ 29,336	(8,702)	6,778	(20,119)	11,790
			=====	=====	====	=====	=====

Type of Instrument	Notional Amount [1]	Average Term	Exchange type agreed	Liabilities
2014				
CCS-peso-dollar	$ 337,985	28 days	$ 14.7489	(1,370)
	======		======	=====

(1) The agreement notional amounts are the reference on which the rates and exchange rates agreed in the financial derivative instrument agreements will be applied, rather than the loss or profit associated with the instrument market risk or credit risk. The notional amounts are the amount at which the rate or price is applied to determine the amount of cash flow to be exchanged. Regarding IR CAP, the notional amount is the reference amount to which the agreed interest rate will be applied. For the CSS, the notional amount is that interchanged amount at the agreement expiration together with the accrued interests at the corresponding rates.

For the years ended on December 31, 2015 and 2014, and the (loss) profit from the financial derivative instrument exchange was $(5,261) and $2,499, respectively (see note 24).

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(g) Loan portfolio-

(a) Loan portfolio classification-

The classification of current and non-performing loans at December 31, 2015 and 2014 is shown below:

December 31, 2015	Current portfolio National Currency	Current portfolio Appreciated dollars	Current portfolio Total	Non-performing loan National currency	Non-performing loan Appreciated dollars	Non-performing loan Total	Total current and non-performing
Commercial loans	$2,563,704	3,332,200	5,895,904	73,036	6,554	79,590	5,975,494
Capitalizable lease portfolio	1,384,932	168,556	1,553,488	167,315	-	167,315	1,720,803
Accrual financial income	(237,223)	(17,902)	(255,125)	-	-	-	(255,125)
Financed insurance	95,799	3,195	98,994	32,750	999	33,749	132,743
Restricted-commercial loans [1]	927,167	-	927,167	8,919	-	8,919	936,086
Restricted-capitalizable lease portfolio	1,933,413	-	1,933,413	10,848	-	10,848	1,944,261
Accrual financial income from restricted portfolio	(273,545)	-	(273,545)	-	-	-	(273,545)
	$6,394,247	3,486,049	9,880,296	292,868	7,553	300,421	10,180,717
	=======	=======	=======	======	=====	======	========

December 31, 2014	Current portfolio National currency	Current portfolio Appreciated dollars	Current portfolio Total	Non-performing loan National currency	Non-performing loan Appreciated dollars	Non-performing loan Total	Total current and non-performing
Commercial loans:	$ 1,509,843	4,480,716	5,990,559	51,603	6,993	58,596	6,049,155
Capitalizable lease portfolio	2,009,945	94,241	2,104,186	106,665	89	106,754	2,210,940
Accrual financial income	(384,078)	(10,111)	(394,189)	-	-	-	(394,189)
Financed insurance	103,259	3,718	106,977	27,964	446	28,410	135,387
Restricted-commercial loans [1]	866,857	-	866,857	1,118	-	1,118	867,975
Restricted-capitalizable lease portfolio	1,307,902	-	1,307,902	4,666	-	4,666	1,312,568
Accrual financial income from restricted portfolio [1]	(179,349)	-	(179,349)	-	-	-	(179,349)
	$ 5,234,379	4,568,564	9,802,943	192,016	7,528	199,544	10,002,487
	=======	=======	=======	======	====	======	========

[1] See subsection (c) of this note.

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The average annual performance rates of the loan portfolio in pesos as of December 31, 2015 and 2014, are located in 11.34% and 12.08%, respectively, and those of the loan portfolio in dollars are 8.70% and 6.17%, respectively.

Non-performing portfolio:

A non-performing portfolio classification is presented below, according to their time of existence as of December 31, 2015 and 2014:

		Days			
December 31	**1 to 180**	**181 to 365**	**1 to 2 years**	**More than 2 years**	**Total**
2015	$ 127,863	84,190	55,072	33,296	300,421
2014	26,470	104,478	68,596	-	199,544
	======	======	=====	=====	======

An analysis of the movements in the non-performing portfolio for the years ended as of December 31, 2015 and 2014 is presented below:

	2015	**2014**
Balance at the beginning of the year	$199,544	126,615
Award	(48,415)	(17,681)
Write-offs	(24,179)	(39,112)
Collection	(100,883)	(181,055)
Transfer from current to non-performing loan portfolio	310,899	347,325
Transfer from non-performing to current loan portfolio	(36,545)	(36,548)
Balance at the end of the year	$ 300,421	199,544
	======	======

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The maturities by year of the loan portfolio are analyzed the as follows:

Maturity year	**2015**	**2014**
2015	-	6,678,560
2016	$6,917,414	1,474,240
2017	1,521,889	1,025,860
2018	1,026,084	571,468
2019	562,995	229,598
2020	146,593	13,627
2021	5,742	4,564
2022	-	4,570
	$10,180,717	10,002,487
	========	========

Risk concentration:

As of December 31, 2015 and 2014, de Company's portfolio is integrated by the loans granted to individuals and medium companies, without a debtor with credit risk higher than 10% of the total portfolio.

The concentration of the loan portfolio as of December 31, 2015 and 2014, by geographic zone, is detailed below:

	2015			**2014**		
		Portfolio	**%**		**Portfolio**	**%**
Mexico City and State of Mexico	$	2,765,505	27%	$	1,829,665	18%
Center[1]		685,131	6%		660,556	7%
North [2]		3,136,897	31%		4,029,437	40%
West[3]		2,710,153	27%		2,486,840	25%
South [4]		883,031	9%		995,989	10%
	$	10,180,717	100%	$	10,002,487	100%
		========	====		========	====

(1), (2), (3), (4), see next page.

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(1) It includes the state of Queretaro, Tlaxcala, Puebla, Hidalgo, Morelos and Guerrero.

(2) It includes the state of Sonora, Chihuahua, Baja California, Coahuila, Durango, Nuevo Leon, Sinaloa and Tamaulipas.

(3) It includes the state of Guanajuato, Jalisco, Colima, Aguascalientes, Nayarit, Michoacan, Zacatecas and San Luis Potosi.

(4) It includes the states of Oaxaca, Veracruz, Chiapas, Tabasco, Quintana Roo, Campeche and Yucatan.

(b) Preventive credit risk estimates-

As of December 31, 2015 and 2014, the classification of the assessed portfolio and its preventive estimate are analyzed as shown below:

Assessed portfolio risk level	**Portfolio**		**Preventive credit risk estimates**	
	2015	**2014**	**2015**	**2014**
A-1	$ 5,085,312	3,933,987	36,129	12,769
A-2	2,868,675	1,263,528	31,510	9,421
B-1	260,709	1,392,891	4,595	12,002
B-2	205,133	746,735	4,685	9,704
B-3	527,297	1,332,531	17,276	67,529
C-1	163,531	658,271	11,462	40,913
C-2	511,680	207,624	64,907	29,781
D*	471,525	194,434	152,673	33,543
E*	86,855	272,486	76,865	111,648
Total	$ 10,180,717	10,002,487	400,102	327,310

* Troubled Portfolio.

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An analysis of the movements in the preventive credit risk estimate for the years ended on December 31, 2015 and 2014 is presented below:

		2015	**2014**
Balance at the beginning of the year	$	327,310	256,022
Increase of allowance		298,935	293,188
Release of allowance		(199,768)	(139,734)
Write-offs		(26,375)	(82,166)
Balance at the end of the year	$	400,102	327,310
		======	======

(c) Portfolio securitization-

NAVISCB 13

On April 30, 2013, the Company as trust or and beneficiary in second place and Manager, and Banco Invex, S.A. Multiple Bank Institution, INVEX Financial Group as trustee, signed an agreement to constitute the Irrevocable Trust Agreement 1455 (the Trust), with the purpose of establishing a public issuance and offer program of trustee stock certificates in Mexico. The Trustee will pay the Company a monthly percentage of the administered assets amount.

Such Trustee consisted of the securitization of loans, through the assignment of the loan rights from the financial leasing operations and current term loans for the transport equipment acquisition, denominated in pesos. Such loans are registered in the consolidated balance sheet within the heading “Loan portfolio” as restricted, because it does not comply with the requirements for asset cancelation established in the accounting criteria.

According to the Trustee Agreement, the Company shall keep a minimal appraisal of 1.15. As of December 31, 2015 and 2014, the collection rights given to the Trustee was $1,883,646 and $2,001,194, respectively. Any remaining of the issuance will be delivered to the Company once all stock certificates have been settled.

The first issuance of stock certificates was 10,000,000 certificates with a nominal value of $100 pesos each, under the ticker symbol NAVISCB 13 for $1,000,000, which yield interests during the issuance term (1,835 days) at a TIIE annual rate plus 1.5 percentage points.

Additionally, on November 29, 2013, the Trustee carried out a reopening of the issuance corresponding to 8,000,000 certificates, with a nominal value of $100 pesos each, under the ticker symbol NAVISCB 13 for $800,000, which yield interests during the issuance term (1,628 days) at a TIIE annual rate plus 1.5 percentage points. The issuances have a 36-month revolving period during which there are only interest payments made on the 15th day of each month. During such period, the Company will be able to substitute the loans as long as they comply with the eligibility criteria established in the Trustee agreement. After such period, the equity amortization will be carried out on a monthly basis.

As of December 31, 2015 and 2014, the obligation balance on the NAVISCB13 is $1,800,000 (see note 15). The obligations on such certificates, whose only payment source is the collection right payment, yield interests of $91,871 and $92,660, respectively, which are registered in the consolidated result statement within the heading “Interest expenses” (see note 21).

The rating granted on December 18, 2014, by HR Ratings de México, S.A. de C.V. was “HR AAA(E)”. Similarly, the rating given to the first issuance on April 24, 2013, by Standard & Poors, S. A. de C. V. was “mxAAA(sf)”.

NAVISCB 15

On November 5, 2015, the Company as trustor and beneficiary in second place and Administrator, and Banco Invex, S.A. Multiple Bank Institution, INVEX Financial Group as trustee, signed a contract to constitute the Irrevocable Trust Agreement 2537 (the Trust), intended to establish a public issuance and offer program of trustee stock certificate in Mexico. The Trust will pay the Company a monthly percentage of the administered assets amount.

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Such Trust consisted of the securitization of loans, through the assignment of the loan rights from the financial leasing operations and current term loans for the transport equipment acquisition, denominated in pesos. Such loans are registered in the consolidated balance sheet within the heading "Loan portfolio" as restricted, because it does not comply with the requirements for asset cancelation established in the accounting criteria.

According to the Trust agreement, the Company started with an appraisal of 1.20, which will grow to 1.3 (target appraisal) with the aim of, once the appraisal exceeds the 1.30, the Company has right to the cash flow surplus yielded. As of December 31, 2015, the collection rights given to the Trust were of $722,847. Any remaining of the issuance will be delivered to the Company once all the stock certificates have been settled.

The first issuance of stock certificates was 6,165,500 certificates with a nominal value of $100 pesos each, under the ticker symbol NAVISCB 15 for $616,550, which yield interests during the issuance term (1,893 days) at a TIIE annual rate plus 1.4 percentage points. The issuance pays interests and principle on a monthly basis.

As of December 31, 2015, the obligation balance on the NAVISCB15 is $593,290 (see note 14). The obligations on such certificates, whose only payment source is the payment of collection rights, yield interests of $2,817, which are registered in the consolidated result statement within the heading "Interest expenses" (see note 21).

The rating given on October 26, 2015, by HR Ratings de México, S.A. de C.V. was "HR AAA(E)". Similarly, the rating given on October 21, 2015, to the NAVISCB 15 issuance by Standard & Poors, S. A. de C. V. was "mxAAA(sf)".

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A summary of the Trust financial situation is presented below:

		Trust 1455		Trust 2537
		2015	**2014**	**2015**
Balance sheet				
Cash and cash equivalents	$	726,496	484,761	34,518
Financial derivative instruments		2,069	11,790	4,709
Collection rights, net		1,642,578	1,760,943	712,241
Other receivables		6,018	2,553	1
Total assets	$	2,377,161	2,260,047	751,469
		=======	=======	======
Obligations on stock certificates, net	$	1,784,438	1,775,191	581,034
Payables		140,656	105,946	10,639
Total assets		452,067	378,910	159,796
Total liabilities and assets	$	2,377,161	2,260,047	751,469
		=======	=======	======
Result statement				
Financial income	$	256,348	254,112	14,040
Financial expenses		(87,786)	(91,703)	(4,221)
Impact ofcollection rights impairment		3,510	(24,188)	(8,697)
Other incomes, net		92,473	2,996	(300)
Period results	$	264,545	141,217	822
		======	======	======

(d) Guarantee Trust-

- On January 30, 2015 an irrevocable trust agreement was signed by Navistar Financial as the trustor and beneficiary in second place, Banco Invex, S.A., Multiple Banking Institution, Invex Grupo Financiero (“Invex”) as trustee, and CITIBANK, N.A. as beneficiary in the first place. Such agreement supports the credit line executed with the Banco Nacional de México S.A., member of the BANAMEX Financial Group (“BANAMEX”), and it holds a guarantee at 100% with the Export-Import Bank of the United States (“Exim”). As of December 31, 2015, the trust assets are represented by secured rights covering the loan obligations, which are $367,156.

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- In October, 2014, the Company as trustor and beneficiary in second place signed the irrevocable management and guaranty trust agreement No. F/2251 with Export Development Canada “EDC” as beneficiary in the first place and Banco Invex, S.A, Multiple Banking Institution, Invex Grupo Financiero as trustee; it was intended to support the credit line with corporate purposes in favor of the Company for an amount up to 50 million dollars. As of December 31, 2015and 2014, these trust assets are $1,008,184 and $850,601, respectively.

- In November, 2013, the Company as trustor, beneficiary in second place and commission agent signed a guarantee irrevocable trust agreement with Nacional Financiera, Sociedad Nacional de Crédito, Institución de Banca de Desarrollo and Dirección Fiduciaria as trustee and beneficiary in the first place.

  The aim of this trust is to support the line of credit in current accounts in favor of the Company. As of December 31, 2015 and 2014, these trustee assets were $3,190,145 and $2,974,326, respectively.

- In December, 2010,an irrevocable guaranty trust agreement was signed between the Company in its capacity as trustor and beneficiary in second place, Banco Nacional de México S.A., in its capacity as trustee, and CITIBANK, N.A., in its capacity as beneficiary in first place, for the Company guaranties, by collecting rights of certain loans of Mexican clients, resulting from the vehicle founding, acquisition or lease, the 0compliance of every present and future obligation of the Company, resulting from the signing of a loan agreement up to a total amount equivalent to $94.4 million dollars, signed by the Company as borrower, Banco Nacional de México S.A. as lender, Citibank, N.A. as line of credit agent and Export-Import Bank of the United States, an institution that provides funds warranty to the borrower. This agreement expired on October 30, 2015.

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As of December 31, 2015, the trust assets are represented by the secured collection rights to pay the loan obligations, which are $302,206. The amounts of collection rights mentioned before, according to the accounting provisions applicable to the Company, do not qualify for derecognition and, consequently, they are presented within the heading “Current loan portfolio” in the consolidated balance sheet.

(e) Risk sharing funds-

On October 24, 2008, the Company signed with Nacional Financiera, S. N. C., Institución de Banca de Desarrollo (NAFIN), this later as trustee of the Trust 1148-0 of the Risk Sharing Fund (the Fund), a sharing agreement in the Fund, whose purpose is to recover the amount of the portfolio first losses granted by the Company to small and medium companies registered in the Fund and, consequently, subject to its support. Therefore, the Fund will share up to $20,000, in relation to the first losses of the portfolio subscribed in the Fund.

On November 17, 2010, the Company signed with NAFIN as trustee of the Risk Sharing Fund a similar agreement, this time focused on federal load transport. In this agreement, the Fund will share up to $23,000, in relation to the first losses of the portfolio subscribed in the Fund.

On November 26, 2011, the Company signed again an agreement with NAFIN for the Risk Sharing focused on the federal load transport. In this agreement, the Fund will share up to $40,000, in relation to the first losses of the subscribed loan portfolio, which is $1,000,000

On November 15, 2012, the Company signed another agreement with NAFIN for the Risk Sharing focused on the federal load transport. In this agreement, the Fund will share up to $30,000, in relation to the first losses of the subscribed loan portfolio, which is $750,000, valid since January 11, 2013.

The outstanding balances of the portfolio secured under both schemes as of December 31, 2015 and 2014, was $263,576 and $566,100, respectively.

The premium paid by the hired schemes in 2012 was $2,784, which is amortized in straight line in a 48-month term.

As of December 31, 2015 and 2014, the Company has claimed $87,994 and $49,888, respectively, under the umbrella of such program.

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(f) Restructured and renewed loans-

As of December 31 and 2014, the portfolio restructured and renewed loans are $152,261 and $219,130. Derived from such restructuring during 2015 and 2014, additional guaranties were received for $265,269 and $251,614, respectively.

As of December 31, 2015 and 2014, income from recoveries of the previously written-off portfolio are $265,269 and $17,398, respectively, which are recognized within the heading "Other operating (expenses) incomes, net" in the result consolidated statement.

(g) Fees for granting loans and origination costs fees-

The movements in the balance of the fees for granting loans and origination cost fees for the years ended on December 31, 2015 and 2014.

Fees for granting loans		**2015**	**2014**
Initial balance	$	127,467	112,716
Collected fees		59,790	73,603
Amortization (note 21)		(64,734)	(58,852)
		122,523	127,467
Loans origination costs			
Initial balance		25,504	24,271
Paid costs and expenses		19,923	16,181
Amortization (note 21)		(14,907)	(14,948)
		30,520	25,504
Fee balance and loan origination costs, net	$	92,003	101,963
		=====	======

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As of December 31, 2015, the average amortization term of the net fees for granting loans and origination net costs was 22 months (46 moths as of December 31, 2014).

(h) Policies and procedures to grant loans

The main policies and procedures established to grant, acquire, assign, control and recovery loans, as well as those regarding the assessment and following-up of the loan risk are mentioned below:

– The general policies regulating the Company's credit activity are included in the Loan Brochure.

– The loan process includes promotion, request, assessment, approval, implementation, disposal, follow-up, control, portfolio rating, as well as administrative and legal recovery.

– The loan and risk area official analyzes the common risk of the partner borrowers integrating the business group or the corporation of companies bound each other.

– The official and employees avoid to participate in loan approval when there is a conflict of interests.

– Every provision under the umbrella of a specific line or operation of commercial loan has the authorization of a competent official.

– The signing of any kind of loan is carried out on the legal instruments (contract, agreements or loan instrument) authorized by the Company's legal area.

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(11) Other receivables-

As of December 31, 2015 and 2014, the receivables are integrated as it is shown below:

		2015	2014
Portfolio debtors	$	96,984	68,870
Diverse debtors		61,196	31,166
Refundable taxes		6,906	74,150
Associated companies (note 17)		232,385	229,230
		397,471	403,416
Less doubtful payable estimate		(18,359)	(14,686)
	$	379,112	388,730
		======	======

(12) Real state, furniture and own use equipment, as well as transport equipment intended for operating lease-

As of December 31, 2015 and 2014, the investment in real state, furniture and equipment, as well as equipment intended for operating lease is analyzed as it is shown below:

Real state, furniture and own use equipment		**2015**	**2014**	**Annual depreciation rate**
Real state	$	56,634	39,631	2.30%
Furniture and computing equipment		18,244	17,067	10% and 33%
Transport equipment		2,598	2,222	25%
		77,476	58,920	
Aggregate depreciation		(17,977)	(16,614)	
		59,499	42,306	
Pieces of land		41,169	9,279	
	$	100,668	51,585	
		======	=====	

(Continues)

(Thousands of pesos)

Transport equipment intended to operating lease	**2015**	**2014**	**Annual depreciation rate**
Leased transport equipment	$ 1,825,128	1,470,191	Several
Aggregate depreciation and amortization	(382,479)	(281,857)	
	$ 1,442,649	1,188,334	
	=======	=======	

For the years ended on December 31, 2015 and 2014, the charge for depreciation results of real state, furniture and equipment was $3,276 and $5,214, respectively, and of the equipment intended for operating lease was $219,368 and $170,002, respectively.

(l3) Awarded assets-

As of December 31, 2015 and 2014, the awarded assets are integrated as it is shown below:

	2015	**2014**
Transport equipment	$ 72,180	105,202
Real state	18,280	45,951
	90,460	151,153
Less:		
Reserve of awarded assets	(16,336)	(18,799)
Impairment	(10,107)	(13,975)
	$ 64,017	118,379
	=====	=====

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(Thousands of pesos)

(14) Stock liability-

On November 10, 2015, the Company executed a securitization of loan rights with issuance code NAVISCB 15, whose final expiration date is January 15, 20121 (1,893 days). During 2014, the Company executed a securitization of loan rights at an 1,835-day term with issuance code NAVISCB 13.

As of December 31, 2015 and 2014, short and long term stock liabilities are integrated as it is shown below:

Issuance		2015	Maturity	Rate
Short term:				
NAVISTS00615	$	100,000	3/30/2016	TIIE+2.40%
NAVISTS01715		50,000	3/31/2016	TIIE+2.25%
NAVISTS01215		236,500	5/5/2016	TIIE+2.35%
NAVISTS01515		60,000	2/18/2016	TIIE+2.35%
NAVISTS01815		159,000	4/7/2016	TIIE+2.25%
NAVISTS01915		50,000	4/8/2016	TIIE+2.25%
NAVISTS02015		200,000	4/21/2016	TIIE+2.30%
NAVISTS02115		250,000	4/28/2016	TIIE+2.25%
NAVISTS02215		250,000	3/10/2016	TIIE+2.20%
Accrued interests		3,129		
NAVISCB13*		525,000	5/15/2018	TIIE+1.50%
NAVISCB15*		207,197	1/15/2021	TIIE+1.40%
Accrued interests		5,453		
Subtotal		2,096,279		
Long term:				
NAVISCB13		1,275,000	5/15/2018	TIIE+1.50%
NAVISCB15		386,093	1/15/2021	TIIE+1.40%
Subtotal		1,661,093		
Total stock liability	$	3,757,372		
		=======		

* Current portion of long term stock certificates.

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Issuance		2014	Maturity	Rate
Short term:				
NAVISTS 02114	$	220,000	1/8/2015	TIIE + 2.20%
NAVISTS 02214		80,000	1/15/2015	TIIE + 2.20%
NAVISTS 01514		236,500	6/4/2015	TIIE + 2.40%
NAVISTS 01714		213,500	6/25/2015	TIIE + 2.40%
NAVISTS 02314		188,000	3/5/2015	TIIE + 2.20%
Accrued interests		7,018		
Subtotal		945,018		
Long term:				
NAVISCB 13		1,800,000	5/15/2018	TIIE+1.50%
Total stock liability	$	2,745,018		
		=======		

As of December 31, 2015 and 2014, the unamortized issuance expense balance is $34,595 and $32,172, respectively. The charge for the amortization results of such expenses is $12,636 and $10,779, respectively.

(Continues)

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(Thousands of pesos)

(15) Bank and other institutions loans

As of December 31, 2015 and 2014, short and long term loans from banks and other institutions are integrated as it is shown below:

		2015	2014
Direct loans in dollars, accrued interest at a weighted average rate of 3.13% and 3.12% on LIBOR upon cutoff in December 2015 and 2014, respectively, and a weighted average fixed rate of 2.65% and 2.71% in December, 2015 and 2014, respectively (see subsection "a" of this note).	$	3,687,388	4,426,318
Direct loans in the national currency with accrual interest at a weighted average rate of 2.25% and 2.41% on a 28-day TIIE in December 2015 and 2014, respectively, and a weighted average fixed rate of 6.12% and 6.55% in December, 2015 and 2014, respectively (see subsection "b" of this note).		2,551,740	2,290,244
Accrued interests		17,242	19,580
Total bank and other institutions loans		6,256,370	6,736,142
Less current debt portion		4,138,419	4,949,666
Total long term loans from banks and other institutions	$	2,117,951	1,786,476
		=======	=======

As of December 31, 2015 and 2014, 36% and 40%, respectively, of the bank loan balance previously described are secured by Navistar International Company (holding company) or by Navistar Financial Corporation (affiliate).

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(a) *Bank and other institutions loans in dollars:*

As of December 31, 2015 and 2014, there are lines of credit hired with national and foreign financial institutions for 398 and 403 million dollars, respectively. Such lines include a line of credit denominated in dollars, hired by the Company and by Navistar Financial Corporation to JP Morgan Chase Bank, N.A. The line of credit allows the Company to obtain up to 200 million dollars at variable rate. As of December 31, 2015 and 2014, this line was completely available.

The Company grants short term commercial loans to sell International trucks and buses manufactured in Mexico and exported to Colombia, supported by a line of credit of 95 million dollars from the Banco Nacional de Comercio Exterior, S.N.C. (Bancomext). This line can also be used to finance units placed in Mexico. Additionally, in July 2015, an extension of the discount term for export operation and other countries' inclusion was authorized.

Moreover, the Company has available lines with Navistar International Corporation and Navistar Financial Corporation, which are still operating as warranty of some bank lines and/or as working capital through intercompany loans, intended to the spare parts and new units (floor plan) acquisition, in this latest case, at the cutoff in December, 2015 and 2014, the line was not used.

(b) *Bank loans in national currency*

As of December 31, 2015 and 2014, there are lines of credit denominated in pesos hired by the Company to national financial institution for $4,395,000 and $4,176,346, respectively.

On January 30, 2015, a new line of credit was signed with the Export-Import Bank of the United States' 100% warranty for 41 million dollars, to make use of its equivalent in pesos. As of December 31, 2015 it has an available balance equivalent to 17 million dollars.

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As of December 31, 2015 and 2014, most of the lines of credit in dollars and national currency are secured by the loan portfolio for about $6,349,017 and $7,571,912, respectively.

The lines of credit require the compliance of certain restrictions and financial indexes, which the Company has complied as of December 31 2015 and 2014.

As of December 31, 2015, the bank and other institutions loans maturities are as shown below:

Maturity year		Pesos	Appreciated dollar amount
2016	$	1,304,193	2,834,226
2017		697,927	550,457
2018		463,452	298,036
2019		62,015	8,926
2020		21,255	4,549
2021		10,721	184
2022		429	-
		2,559,992	3,696,378
	$	6,256,370	
		=======	

(Continues)

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(16) Diverse creditors and other payables -

As of December 31, 2015 and 2014, the diverse creditors and other payables are integrated as shown below:

		2015	2014
Diverse creditors	$	15,789	8,955
Guaranty deposits		441,861	262,574
Trust portfolio deposits and collection to be delivered to Trust		27,802	191,721
Payable tax (Income Tax and IVA)		67,395	47,496
Obligation for sharing losses(*)		1,507	1,994
Provisions for different obligations		46,769	9,124
Associated companies (note 17)		87,213	41,808
Employee benefits (note 18)		23,869	21,167
Other taxes		6,307	10,656
Deposits and balance in favor of clients		158,324	83,421
Others		72,915	42,768
	$	949,751	721,684
		======	======

(*) It corresponds to the estimate of the joint loss sharing derived from factoring agreements signed by the Company.

(17) Operations and balance in associated companies-

In the normal course of its operation, the Company carries out transactions with associated companies, such as management services and fees for granting loans.

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The receivable and payable balances with associated companies as of December 31, 3015 and 2014, are integrated as shown below:

		2015	2014
Receivable balances (note 10):			
Loan portfolio			
Navistar México, S. A. de C. V.	$	717,621	1,901,391
Navistar Comercial, S. A. de C. V.		5,011	5,023
Navistar Financial Corporation		4,412	-
International Parts Distribution, S. A. de C. V.		1,913	975
	$	728,957	1,907,389
		======	=======

		2015	2014
Other receivables (note 11):			
Navistar México, S. A. de C. V.	$	228,112	25,554
Navistar Inc.		1,589	202,029
Navistar Comercial, S. A. de C. V.		5	-
Transprotección Agente de Seguros, SA de CV		414	382
Navistar International Corporation		2,213	1,237
International Parts Distribution, S. A. de C. V.		52	28
	$	232,385	229,230
		======	======

		2015	2014
Payable balances (note 16):			
Navistar México, S. A. de C. V.	$	52,758	2,461
International Parts Distribution, S. A. de C. V.		7,848	-
Navistar Financial Corporation		6,614	3,057
Navistar Inc.		1,965	1,607
Navistar International Corporation		417	361
Navistar Comercial, S. A. de C. V.		23	23
Distribuidora de Camiones International, S. de R. L. de C. V.		12,585	12,582
Transprotección Agentes de Seguros, S. A. de C. V.		5,003	21,717
	$	87,213	41,808
		======	=====

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The followings are the transactions carried out with associated companies in the years ended on December 31, 2015 and 2014.

		2015	2014
Incomes:			
Management services:			
Trasproteccion Agentes de Seguros, S. A. de C. V.	$	16,317	13,251
Navistar México S. A. de C. V.		5,637	3,692
Credited accrued interests			
Navistar México, S. A. de C. V.		292,055	171,676
Navistar Financial Corporation		24,372	-
International Parts Distribution, S. A. de C. V.		16,132	11,890
Navistar Comercial, S. A. de C. V.		248	274
Placement service fees:			
Navistar México, S. A. de C. V. (note 22)		88,924	75,092
Portfolio administration fees:			
Navistar Comercial, S. A. de C. V.		69	251
Other incomes:			
International Parts Distribution, S. A. de C. V.		387	381
Navistar México S. A. de C. V.		88	3,072
		=====	=====

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		2015	2014
Expenses:			
Management services:			
Navistar Inc	$	-	(989)
Other fees and service tariffs:			
Navistar Financial Corporation (note 23)		(25,479)	-
Fees for granting guaranties:			
Navistar Financial Corporation		(21,156)	(18,311)
Navistar International Corporation		(2,687)	(2,635)
Technical support and telephone expenses:			
Navistar México, S. A. de C. V.		(3,791)	(11,719)
Other expenses:			
Navistar Financial Corporation (note 23)		(8,493)	-
Navistar Inc.		(52)	(1,030)
Navistar México, S. A. de C. V.		(1,174)	(2,298)
Accrued interests			
Transprotección Agentes de Seguros, S.A de C.V.		(914)	(851)
Distribuidora de Camiones Internacional, S. de R.L de C.V.		(701)	(638)
Navistar México, S. A. de C. V.		(328)	-
Navistar Financial Corporation		-	(8,591)
		=====	====

(18) ***Employee benefits-***

The Company has a plan which covers the staff's labor bonds for seniority premium, separation benefits and compensation upon retirement. The benefits are based on the service years and the employee's compensation amount.

The employees' compensation and seniority premium costs at the termination of the labor relationship different from restructuring, mentioned in note 3(p), were determined based on the estimate prepared by the independent actuaries, as of December 31, 2015 and 2014.

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The net cost components of the years ended on December 31, 2015 and 2014, are mentioned below:

		Benefits					
		Termination		Retirement		Total	
		2015	2014	2015	2014	2015	2014
Period net cost:							
Current service labor cost	$	2,236	2,174	1,347	1,101	3,583	3,275
Financial cost		707	509	814	663	1,521	1,172
Restructuring cost		3,111	-	-	-	3,111	-
Actuarial net profit or loss		(2,912)	2,195	(15)	(82)	(2,927)	2,113
Past liabilities labor cost							
Previous service amortization and plan amendments		-	-	99	85	99	85
Amortization of transitory liability		428	75	-	-	428	75
Period net cost	$	3,570	4,953	2,245	1,767	5,815	6,720

Expenses for, and payments of, employee benefits as of December 31, 2015 and 2014, are shown below:

		2015	2014
Period net cost	$	5,815	6,720
Defined contribution		1,405	1,263
Payments		(3,111)	(3,956)
Total employee benefits	$	4,109	4,027

During the 2015 year, the Company paid compensations that were directly registered in the results statement as $6,157.

The liabilities for labor bonds of defined benefits are analyzed as follows:

		Benefits			
		Termination		Retirement	
		2015	2014	2015	2014
Defined benefits bonds amount (DBB)	$	10,007	9,550	12,665	11,008
Not recognized past service for not acquired benefits.					
Plan amendments		-	-	(1,039)	(674)
Actuarial profits		-	-	2,236	1,283
Projected net liabilities	$	10,007	9,550	13,862	11,617

(Continues)

(Thousands of pesos)

The most important assumptions used in determining the projected net liabilities are shown below:

	Benefits	
	2015	**2014**
Nominal discount rate used to reflect the present value of bonds	7.40%	7.40%
Nominal increase rate in the future salary levels*	5.80%	5.80%
Employees' average remaining working life (applicable to retirement benefits)	12 years	12 years

* It includes the salary history concept.

The FRS D-3 establishes that nominal rates shall be used as long as aggregate inflation for the last three years be less than 26% (FRS D-3 paragraph 77).

(19) Earning tax

The Income Tax Law valid up to December 31, 2015 establishes an income tax rate of 30% for 2015 and later years.

The benefit (expense) per earning tax is integrated as follows:

		2015	**2014**
Earning tax on fiscal base	$	(119,406)	(92,647)
Deferred earning tax		(1,276)	59,057
	$	(120,682)	(33,590)

The Company did not apply the fiscal consolidation with its subsidiary, according to the current fiscal provisions.

The (expense) benefit for employee profit sharing included in the results statements within the heading "Management expenses" is integrated as follows:

Employee profit sharing from subsidiary		**2015**	**2014**
Legal	$	(3,597)	(2,874)
Deferred		(163)	1,000
	$	(3,760)	(1,874)

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The matching between the accounting results and the result for income tax and employee profit sharing effects is summarized below:

	2015		2014	
	Income tax	**Employee profit sharing**	**Income tax**	**Employee profit sharing**
Results before the earning tax	$ 473,352	473,352	342,365	342,365
Results before the taxes from holder	-	(457,799)	-	(324,950)
(Less) plus differences between the accounting result and the fiscal result.				
Inflation fiscal effect, net	(18,145)	(1,136)	(31,295)	(1,252)
Preventive credit risk estimates	99,167	-	153,730	-
Deduction of uncollectible payable accounts	(34,795)	-	(109,127)	-
Difference between accounting depreciation and fiscal depreciation	(173,113)	1,550	(125,319)	1,998
Debt issuance costs and expenses	(5,016)	-	(2,389)	-
Results from fixed asset sale	10,565	-	30,183	-
Provisions	39,906	10,002	1,515	3,509
Other deferred loans, net	(9,274)	-	12,193	-
Non-deductible expenses and expired taxes	4,030	3,673	7,597	5,803
Deferred and legal employee profit sharing	-	2,874	(1,874)	(1,874)
Others	11,344	3,460	12,053	3,141
Fiscal result	398,021	35,976	289,632	28,740
Income tax and employee profit sharing rate	30%	10%	30%	10%
Incurred income tax and employee profit sharing	119,406	3,597	86,889	2,874
Provision insufficiency in 2013	-	-	5,758	-
Incurred income tax and employee profit sharing in results	$ 119,406	3,597	92,647	2,874
	======	====	=====	====

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The effects of the temporary difference taxes that generates important portions of the tax assets and liabilities as well as deferred employee profit sharing as of December 31, 2015 and 2014, are detailed below:

	Assets at December 31		Movement in the year	
	2015	**2014**	**2015**	**2014**
Income tax:				
Preventive credit risk estimate, awarded assets and other receivables	$ 97,008	104,501	(7,493)	18,601
Fixed assets	1,164	(725)	1,889	(9,384)
Diverse provisions	4,268	598	3,670	(5,935)
Deferred charges (loans)				
Portfolio administration assets	(150)	598	(748)	(2,141)
Employee benefit provisions	7,044	6,228	816	(1,480)
Deductible employee profit sharing	(639)	(918)	279	(299)
Other	24,909	2,983	21,926	20,277
	125,791	119,745	6,046	25,484
Assessment allowance	(11,424)	(4,102)	(7,322)	33,573
Total deferred income tax	114,367	115,643	(1,276)	59,057
Employee profit sharing:				
Furniture and equipment	388	1,918	(1,530)	1,860
Employee benefit provisions	2,387	3,000	(613)	431
Liability provisions	1,233	1,160	73	(51)
Other assets and advanced payments	1,681	(226)	1,907	(1,240)
Deferred employee profit sharing	5,689	5,852	(163)	1,000
Deferred assets, net	$ 120,056	121,495	1,439	60,057
	======	=====	=====	=====

The valuation allowance of deferred assets as of December 31, 2015 and 2014, was $11,424 and $4,102, respectively. The valuation allowance net change, for the years ended on December 31, 2015 and 2014, were an (increase) and decrease of$(7,322) and $33,573, respectively. To appraise the deferred asset recovery, the Management considers the chance that a portion or all of them are not recovered. The final realization of the deferred assets depends on generation of taxable earnings during the periods in which the temporary differences are deductible. In performing this appraisal, the Management considers the expected reversion of deferred liabilities, projected taxable earnings and planning strategies.

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In February, 2014, the Company obtained the refunding of credit balance of the added-value tax for $95,911, the resources obtained include the historical balances and the update of such balances. The Company recognized in the consolidated result statement of the year 2014 an income of $2,274, corresponding to such credit balances update.

(20) Equity-

The main equity characteristics are described below:

(a) Corporate equity structure:

The main characteristics of the accounts integrating the equity are described below:

		Thousands of pesos	
	Number of shares [1]	Corporate equity	Share issuance premium
Numbers as of December 31, 2015 and 2014	2,425,035	$ 283,177	111,961

[1] It includes 561,786 shares from series "A", corresponding to the fixed portion, and 1,863,249 from series "B", corresponding to the variable portion, all of them with a nominal value of $100 pesos each.

(b) Equity restrictions-

The year earning is subject to the separation of 10% to constitute the legal allowance, until it represents the fifth part of the corporate equity. The legal allowance as of December 2015 and 2014, is $122,535, an amount which has reached the minimum required.

The corporate equity refunding and the retained earning distributions, as well as other shareholder's equity accounts for which the income tax had already been covered, can be done without any burden. Other refunding and distribution in excess of the amounts intended for fiscal purposes are subject to income tax.

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(c) Comprehensive earnings-

The comprehensive earning, showed in the consolidated statements of variations in equity, represents the result of the Company's total activity during the year and it is integrated by the net earnings.

		2015	**2014**
Net earnings	$	352,669	308,773
Not-controlling share		1	2
Comprehensive earnings	$	352,670	308,775
		======	======

(21) Financial spread-

The components of financial spread as of December 31, 2015 and 2014, are analyzed below:

		2015	**2014**
Interest income:			
From:			
Loan portfolio	$	680,127	566,257
Financial leasing		329,280	338,762
Investment and debtors from repurchase (note 7 and 8)		20,348	21,125
Fees for granting loans (note 10g)		64,734	58,852
Exchange result		23,625	37,757
		1,118,114	1,022,753
Interest expenses:			
Interest expenses from stock certificates (note 10c)		(94,688)	(92,660)
Amortization of debt issuance expenses (note 14)		(12,636)	(10,779)
Bank loan interest expenses		(409,231)	(371,195)
Amortization of origination costs (note 10g)		(14,907)	(14,948)
Exchange result		(11,759)	(32,826)
		(543,221)	(522,408)
Total financial spread	$	574,893	500,345
		======	======

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(Thousands of pesos)

(22) Collected fees and tariffs-

As of December 31, 2015 and 2014, collected fees and tariffs are integrated as indicated below:

		2015	2014
Asset administration	$	69	251
Placement service fees (note 17)		88,924	75,092
Other collected fees and tariffs		78,367	80,093
	$	167,360	155,436
		======	======

(23) Paid fees and tariffs-

As of December 31, 2015 and 2014, paid fees and tariffs are integrated as indicated below:

		2015	2014
Collection service fee and others (note 17)	$	(33,972)	-
Bank fees		(1,887)	(2,235)
	$	(35,859)	(2,235)
		======	======

(24) Intermediation results, net-

As of December 31, 2015 and 2014, the intermediation result is integrated as it is shown below:

		2015	2014
Derivatives with trade purposes (note 9)	$	(8,702)	(20,119)
Derivatives buying and selling (note 9)		(5,261)	2,499
Exchange loss from foreign currency translation		(3,181)	(10,272)
	$	(17,144)	(27,892)
		======	======

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(25) Operating lease result-

As of December 31, 2015 and 2014, the operating lease result is integrated as it is shown below:

		2015	2014
Operating lease income	$	320,726	262,927
Asset depreciation in operating lease		(219,368)	(170,002)
Costs and expenses related to loan granting		(715)	-
allowance for operating lease portfolio		(12,050)	-
	$	88,593	92,925
		=====	=====

The Company operates only the credit segment and the operating lease segment. The operating lease results in 2015 and 2014 are $88,593 and $92,925, respectively, which are displayed in this note. The difference of this result against the consolidated net result corresponds to the credit segment.

(26) Other operating income, net-

As of December 31, 2015 and 2014, other operating net income is integrated as indicated below:

		2015	2014
Other operating (expenses) income, net	$	24,516	12,746
Other lease benefits		20,769	16,413
Loss for awarded assets assessment		6,819	(24,956)
Results in awarded sales		(10,161)	4,455
Loan portfolio recovery		6,715	17,397
Impact on the non-recoverable or difficult collection estimate.		(5,445)	-
Real state, furniture and equipment sale earnings (loss)		8,915	(8,467)
Total of other operating income	$	52,128	17,588
		=====	=====

(Continues)

(Thousands of pesos)

(27) *Financial indicators-*

The main financial indicators as of December 31, 2015 and 2014, are presented below:

	2015	2014
Delinquency rate	2.95%	1.99%
Margin rate of non-performing loan portfolio	133.18%	164.03%
Operational efficiency (*promotion and management expenses/total average assets*)	1.99%	2.08%
ROE (*net earnings/average equity*)	15.8%	16.24%
ROA (*net earnings/total average assets*)	2.73%	2.68%
Liquidity (*liquid assets/liquid liabilities*) *	8.68%	1.66%
Year financial spread adjusted by credit risks/average productive assets **	4.36%	3.51%

* *Liquid assets*– Availabilities, securities to trade and available to sale.
Liquid liabilities– Immediately payable deposits, interbank loans and other immediately payable and short term instruments.

** *Average productive assets*–Availabilities, security investment, security and derivative transactions and current loan portfolio.

(28) Commitments and contingencies-

(a) The Company rents the premises occupied by its administrative offices, according to lease agreements with defined expiration. The total expense for rent was $5,816 in 2015 and $5,300 in 2014.

(b) The Company is involved in several trials and claims derived from the normal course of its operations. From the point of view of the defense attorney is unlikely that such claims can have any impact on the Company results.

(c) As it is mentioned in note 10, there is an obligation from the loss sharing derived from the portfolio sales performed by the Company in previous fiscal years.

(d) According to the current fiscal law, the authorities have the capacity to review up to five previous fiscal years and until the last INCOME TAX returned filed.

(e) According to the Income Tax Law, the companies carrying out operations with associated parties are subject to fiscal limitations and obligations regarding the pricing, since these shall be comparable to those used with or between independent parties in similar operations.

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If the fiscal authorities reviewed the prices and rejected the agreed amounts, they could require, in addition to the corresponding tax and accessories payment (updating and extra charge), fines on the missed contributions, which could be up to 100% of the updated contribution amount.

(f) There is a contingent liability derived from the employee benefits mentioned in note 3(p)

(29) Recently issued regulatory statements-

Dated November 9, 2015, the Banking Commission published in the Official Journal of the Federation, the resolution modifying the general provisions applicable to credit institutions, particularly those regarding the adjustments of the accounting criteria for credit institutions (Exhibit 33) and the modification of the reporting forms applicable to such financial institutions. This resolution will enter into force on January 1, 2016. The main modifications are mentioned below:

B-1 *"Availabilities"-*

The concepts corresponding to restricted or parted availabilities with negative balance are presented within the heading "Other payables"

B-6 *"Loan portfolio"*

It includes new concepts' definitions, as well as details of the standards for the recognition and assessment of restructuring.

C-3 *"Associated parties"-*

Several definitions consistent with what is established in the FRS issued by the CINIF are added and modified.

The Company, in order to comply with the established in fraction I and II of article 72 bis 3 of the General Law of Credit Organizations and Auxiliary Activities, will adopt, since January 1, 2017,in all its agreements the general methodology established in section fourth of Chapter I, and sections first to third and fifth of Chapter V of the Second Title of the Unique Bank Circular, removing the internal methodology applied to credits lower than 14 million of UDIs. No material adjustments to the currently established estimates are expected

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The Consejo Mexicano de Normas de Información Financiera, A. C. (CINIF) (Mexican Financial Reporting Standards Board) has issued the following standards:

FRS C-3 *"Receivables"*-It comes into force in the fiscal years beginning on January 1, 2018, with retrospective effects, allowing its application in advance from January 1, 2016, provided that it is done together with the application of the FRSs relative to financial instruments whose entry into force and potential advanced application are under the same terms as those indicated in this FRS. Some of the main changes are the followings:

- It specifies that the receivables based on an agreement represents a financial instrument, while some of the other receivables, generated by a legal or fiscal provision, despite having some characteristics of a financial instrument, such as the capacity of generating interest, are not actual financial instruments.

- It establishes that the uncollectibility estimation for commercial receivables must be recognized since the time when the income is accrued, based on the expected loan loss, showing the estimation in a separate expense heading in the comprehensive result when significant.

- It establishes that, since the initial recognition, the money value through time must be considered, thus if the receivable present value effect is significant regarding its term, it must be adjusted considering such present value.

- It requires a reconciliation between the initial balance and the final balance of the uncollectibility estimation per each filed period.

FRS C-9 *"Provisions, contingencies and commitments"*-It comes into force for the years beginning on January 1, 2018, allowing its application in advanced, provided that it is done together with the initial application of the FRS C-19"Payable financial instruments". It supersedes the Bulletin C-9 "Liabilities, provision, contingent assets and liabilities and commitments". The first application of this FRS does not produce accounting changes in the financial statements. Some of the main aspects covered by this FRS are shown below.

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- It reduces the scope by relocating the topic relative to the accounting treatment of the financial liabilities in the FRS C-19 “Payable financial instruments”.

- It modifies the definition of “liabilities” by removing the characteristic of “virtually”, “unavoidable” and by including the term “probable”:

- The terminology is updated in the whole standard to make consistent its presentation, according to the other FRSs.

FRS C-19“Payable financial instruments”-It comes into force for the years beginning on January 1, 2018, with retrospective effects, allowing its application in advanced, provided that it is done together with the application of the FRS C-9“Provisions, contingencies and commitments”. Some of its main characteristics are the followings:

- It provides the possibility of assessing, after its initial recognition, certain financial liabilities at their fair value, provided certain conditions.

- To assess the long term liabilities at their present value in their initial recognition.

- In restructuring liabilities, without substantially modifying the future cash flows to settle it, the paid costs and fees in this process will affect the liability amount and it will be amortized on a modified effective interest rate, instead of directly affecting the net profit or loss.

- It integrates the established in IFRIC 19 “Financial liabilities extinction with equity instruments”, a topic which was not included in the previous regulations.

- The effect of extinct a financial liability must be presented as a financial result in the comprehensive result statement.

- It introduces the concepts of amortized cost to assess the financial liabilities and of the effective interest method, based on the effective interest rate.

In December 2015, the CINIF issued the document “Improvements to FRSs 2016”, which contains specific modifications to some of the already existing FRSs. The main improvement that produces accounting changes is shown below:

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FRS C-20 *"Receivables financial instruments"*-It comes into force in the fiscal years beginning on January 1, 2018, with retrospective effects, allowing its application in advance since January 1, 2016, provided that it is done together with the application of the FRSs relative to financial instruments whose entry into force and potential advanced application are under the same terms as those indicated in this FRS. Some of the main aspects covered by it are the followings:

- The classification of financial instruments in the assets. It dismisses the concept of acquisition intent and holding of these to determine their classification. Instead, it is acquired the concept of management's business model in order to rate them according to the corresponding model: whether to obtain a contract performance, to generate a contract performance and sell to accomplish certain strategy aims, or to generate profits from its trade.

- The assessment impact on the financial instrument investment is also focused on the business model.

- It is not allowed the reclassification of the financial instruments within the receivable financial instruments, the receivable and for sale financial instruments and tradable instruments classes, unless the entity's business model is changed.

- The derived implicit instrument modifying the principal and interest flows of the host receivable financial instrument (IDFC) is not separated, instead all the IDFC will be assessed at its fair value as if it was a tradable financial instrument.

FRS D-3 *"Employee benefits"*- It comes into force for the years beginning on January 1, 2016, with retrospective effects, allowing its application in advanced since January 1, 2015, and it supersedes the FRS D-3 existing provisions. Some of its main changes include the followings:

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The Management estimates that the impact of the implementation of this new FRS as of January 1, 2016 will be a debt of $1,039 in the initial balance of the earning retained from the oldest filed period, corresponding to the balance of the plan amendment not yet recognized and a credit of $2,235 for the recognition of the aggregate balance of actuarial profit and losses from the previous years in the initial balance of “Other comprehensive results ”for re-measurements of the oldest filed period. The Company carried out its actuarial estimates considering as discount rate the government rates.

- **Direct benefits-** The short term direct benefit classification was modified and the recognition of the deferred employee profit sharing was confirmed.

- **Termination benefits** –The bases to identify when the job termination actually complies with the post-employment benefit requirements and when these are termination benefits were modified.

- **Post-employment benefits** – Together with others, there were modified the accounting recognition of multi-employer plans, government plans, and of under low common control entity plans; the recognition of defined net benefit liabilities (assets); the basis to determine the actuarial hypotheses in the discount rate; the recognition of the Working Cost of Past Services and the Settlement in Advance of Obligations.

- **Re-measurements-**The stockbroker approach or fluctuation band is removed from the post-employment benefit recognition for the treatment of the profit and losses plan; therefore, they are recognized as they are accrued, and their recognition will be done directly like re-measurements in “Other comprehensive result”, requiring their adjustment in the period net profit or losses under certain conditions.

- **Plan assets cap-** It identifies a plan assets cap specifying which resources provided by the entity does not qualify as such.

- **Result recognition in plan modifications, staff reductions and settlements in advances of obligations-** In the post-employment benefits, the total working cost of the past service of the plan adjustments, the staff reductions as well as the profits or losses from settlements in advanced of obligation sare immediately recognized in the results.

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- **Discount rate-** It establishes that the discount rate of DBB in the defined benefits is based on corporate bond rates of high quality with a deep market and, when not possible, on government bond rates.

- **Termination benefits–** It requires an analysis to determine whether the termination or separation payments qualify as termination benefits or these are rather post-employment benefits, noting that, if this is a non-aggregate benefit without pre-existing granting conditions, this is a termination benefit and, therefore, it establishes that this must be recognized until being present in the event. However, if it has pre-existing conditions, because of agreement, law or payment practices, this is considered an aggregate benefit and must be recognized as a post-employment benefit.

FRS C-7 "Associated investments, joint business and other permanent investments"- It establishes that the investments or contributions in kind must be recognized based on their fair value. This improvement comes into force for the years beginning on January 1, 2016 and the resulting accounting changes must be retrospectively recognized.

The Management considers that the accounting criteria, the new FRSs and the improvements to FRSs will not involve significant effects on the Company's Financial Statements.

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I, María Inés Ojeda, expert translator authorized by the Supreme Court of Justice for the Federal District, as published in the Official Gazette dated October 14, 2015, certify that the above translation into English in 60 pages is true and complete to the best of my knowledge.

Mexico City, Federal District, April 28, 2016

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