

Mexico City, December 30th, 2015

PUBLIC FINANCE AND PUBLIC DEBT REPORT AS OF NOVEMBER 2015

In order to comply with transparency provisions in the evolution of public finances, the Ministry of Finance and Public Credit releases the preliminary information of the financial situation and debt of the public sector as of November 2015. The main results are the following:

- **In November 2015, non-oil tax revenues of the public sector were higher by 21% in real terms and oil revenues decreased 22.3% in real terms. Budgetary revenues were higher by 13.5% in real terms to the ones observed during the same month of 2014. In the first eleven months of the year, annual revenues were higher 3.2% in real terms.**
- **Between January and November, net paid expenditure increased by 3.4% in real terms and programmable expenditure by 1.5% in real terms. These figures contrast with the figures of 8.1% and 9% in real terms, respectively, observed during the same period of 2014.**
- **In November 2015, public deficit was Ps. 25.2 billion, Ps. 2.4 billion higher than the deficit observed during the same month of 2014 of Ps. 22.8 billion. For the period January-November it was Ps. 515.8 billion, which is higher than the Ps. 455.8 billion generated during the same period of 2014. This is mainly explained by lower oil revenues, excluding benefits from oil hedges which will be received on December of the current year.**
- **Public Sector Borrowing Requirements as of November 2015 amounted to Ps. 575.1 billion. Along with the deficit, these results are consistent with the annual objectives approved by Congress for 2015.**
- **The stock of the federal public sector's domestic debt increased by Ps. 413.6 billion and the stock of external debt increased by USD 14.7 billion, both with respect to December 2014, a path consistent with the debt ceiling approved by Congress for 2015.**

Evolution of public finances

In January-November 2015, the public balance presented a deficit of Ps. 515.8 billion, compared with a deficit of Ps. 455.8 billion generated during the same period of 2014. This is mainly explained by a lower level of oil revenues excluding benefits from oil hedges which will be received on December of the current year. The balance observed in November 2015 was Ps. 2.4 billion higher with respect to the same month of the previous year.

The primary balance presented a deficit of Ps. 216.8 billion, and the balance excluding productive investment observed a deficit of Ps. 114.5 billion. Public Sector Borrowing Requirements (PSBR) amounted to Ps. 575.1 billion.

The results observed during the first eleven months of 2015 are consistent with the objectives approved by Congress for 2015.

Public sector budgetary revenues

Public sector's budgetary revenues as of November 2015 were Ps. 3,755.3 billion, amount higher by 3.2% in real terms with respect to the one observed during the period January-November 2014, excluding revenues from oil hedges that will be received in December of this year. The evolution of the main elements of budgetary revenues was the following:

- Between January and November 2015, oil revenues amounted to Ps. 724.1 billion, decreasing 36.7% in real terms with respect to the ones observed in the same period. This result is mainly explained by a decrease in the average price of the Mexican oil mix by 49.2%, from 91.5 dollars per barrel (dpb) in 2014 to 46.5 dpb in 2015; a lower oil production by 7.2%, from 2,450 thousand barrels per day in 2014 to 2,273 thousand in 2015; as well as a lower price of natural gas by 33.8%. These effects were partially offset by the depreciation of the exchange rate.
- Non-oil tax revenues amounted to Ps. 2,144.1 billion, increasing 27.5% in real terms with respect to 2014. Collections from the excise tax (IEPS), imports tax, income tax, and value added tax increased 229.9, 27.5, 23.4 and 3.1% in real terms, respectively. These results are mainly explained by the effect of changes to the fiscal framework and new tax measures adopted as a result of the Fiscal Reform. Available data shows that the evolution of tax revenues is partially due to one-time effect measures, such as the elimination of the fiscal consolidation regime and the administrative improvements in the withholding of public

employees' income tax. This implies that a part of these resources of 2015 is non-recurrent.

- Non-tax revenues of the Federal Government amounted to Ps. 282.8 billion and includes resources from Banco de México's operational surplus of Ps. 31.4 billion pesos.
- Revenues from CFE, IMSS and ISSSTE were Ps. 604.3 billion, which represent a decrease of 0.4% in real terms with respect to 2014. This is mainly explained by lower revenues from electricity sales, as a result of lower prices with respect to last year.

Net public sector budgetary expenditures

Between January and November 2015, net paid expenditure amounted to Ps. 4,265.5 billion, which meant a cumulative growth rate of 3.4% in real terms with respect to the same period of 2014. Programmable expenditures increased 1.5% in real terms during the same period. This figures contrast with the 8.1% and 9% in real terms, respectively, observed during the same period of 2014.

The period January-November 2015 registered the following:

- A decrease of 1.7% in real terms of expenditure in personal services with respect to the same period of 2014.
- Pension and retirement expenditure increased 8% in real terms, and subsidies, transfers and contributions, which support the execution of programs that are subject to operation guidelines, increased 6.3% in real terms.
- In the period January-November 2015, resources allocated towards states and municipalities through non-earmarked transfers increased 4.4% in real terms compared to the same period last year.

In November 2015, net paid expenditure amounted to Ps. 422.9 billion, higher by 9.4% with respect to the same month of 2014. Non-earmarked transfers growth was a result of the favorable evolution of tax income and the financial cost of the interest payment in advance of the fixed-rate bonds swap due between December 2015 and 2016 for bonds with maturity between 2017 and 2038. It is worth noting that, during 2015 there have been four debt swaps that have allowed the government to smooth the maturity profile of public debt.

Stock of public debt

The stock of the Federal Government's net domestic debt as of November 2015 was Ps. 4,671.4 billion, amount higher by Ps. 347.3 billion than the one observed at the end of December 2014. The change in the stock is explained by a net indebtedness of Ps. 410.1 billion, upward accounting adjustments of Ps. 28.8 billion and an increase in the Federal Government's financial assets of Ps. 91.6 billion. This evolution is consistent with the debt ceiling approved by Congress for 2015

The stock of the Federal Government's net external debt at the end of November was USD 81.8 billion, amount USD 4.5 billion higher than the one observed at the end of 2014. This result is explained by a net indebtedness of USD 4.5 billion, by downward accounting adjustments of USD 0.8 billion and by a decrease of the Federal Government's financial assets of USD 0.8 billion.

The stock of the federal public sector's net domestic debt (Federal Government, public entities under direct budgetary control and development banks) was Ps. 5,217.8 billion, which implies a Ps. 413.6 billion increase with respect to the stock registered at the end of 2014. This is due to a net domestic indebtedness of Ps. 462.9 billion during the period, upward accounting adjustments of Ps. 29.3 billion and an increase in domestic financial assets of the federal public sector of Ps. 78.6 billion.

The stock of the federal public sector's net external debt was USD 160.3 billion, amount USD 14.7 billion higher than the one registered at the end of 2014. This result is explained by a net indebtedness of USD 15.8 billion, downward accounting adjustments of USD 2.1 billion and by an decrease in the federal public sector's financial assets of USD 1.1 billion.

The Historical Balance of the PSBR amounted to Ps. 8,338 billion, which represents an increase of Ps. 891.9 billion with respect to December 2014. About Ps. 282 billion are explained by fluctuations in the exchange rate.

More details on public finance and public debt statistics can be retrieved from the Ministry of Finance's web page at: <http://bit.ly/1MJmqgZ>

ANNEX 1 PUBLIC SECTOR BALANCE (Million pesos)

Concept	January-November		Real % Growth	Composition %	
	2014	2015 ^{p./}		2014	2015 ^{p./}
PUBLIC BALANCE	-455,779.9	-515,750.0	n.s.		
PUBLIC BALANCE EXCLUDING PRODUCTIVE INVESTMENT^{1./}	-126,250.4	-114,510.8	n.s.		
Budgetary Balance	-472,207.9	-509,783.6	n.s.		
Budgetary Revenue	3,541,915.0	3,755,253.8	3.2	100.0	100.0
Oil ^{2./}	1,113,541.3	724,053.9	-36.7	31.4	19.3
PEMEX	374,371.7	315,446.1	-18.0	10.6	8.4
Federal Government	739,169.6	408,607.8	-46.2	20.9	10.9
Non-oil	2,428,373.6	3,031,199.8	21.5	68.6	80.7
Federal Government	1,837,816.9	2,426,897.2	28.5	51.9	64.6
Tax	1,636,400.4	2,144,102.1	27.5	46.2	57.1
Non-tax	201,416.5	282,795.1	36.6	5.7	7.5
PEDBC	590,556.8	604,302.6	-0.4	16.7	16.1
Net Budgetary Expenditures	4,014,122.9	4,265,037.4	3.4	100.0	100.0
Programmable	3,234,043.5	3,373,966.6	1.5	80.6	79.1
Non programmable	780,079.4	891,070.8	11.1	19.4	20.9
PEIBC	16,428.0	-5,966.3	n.s.		
Primary Balance	-227,996.0	-216,826.1	n.s.		

Note: Figures may not add up due to rounding.

p./ Preliminary figures.

n. s.: Not significant.

1./ PEMEX's and CFE's physical investment and high impact investments of the Federal Government are excluded.

2./ In 2014 includes revenues from PEMEX and rights on hydrocarbons. In 2015 includes revenues from PEMEX, transfers from the Mexican Oil Fund for Stabilization and Development and income tax on contractors and assignees for the extraction of hydrocarbons.

PEDBC_/Public entities under direct budgetary control.

PEIBC_/Public Entities under indirect budgetary control.

Source: Ministry of Finance and Public Credit.

PUBLIC SECTOR BUDGETARY REVENUES (Million pesos)

Concept	January-November		Real % Growth	Composition %	
	2014	2015 ^{p./}		2014	2015 ^{p./}
BUDGETARY REVENUES (I+II)	3,541,915.0	3,755,253.8	3.2	100.0	100.0
I. Oil (a+b) ^{1./}	1,113,541.3	724,053.9	-36.7	31.4	19.3
a) PEMEX	374,371.7	315,446.1	-18.0	10.6	8.4
b) Federal Government	739,169.6	408,607.8	-46.2	20.9	10.9
Mexican Oil Fund	0.0	392,988.4	n.s.	0.0	10.5
Income tax from contractors and assignees	0.0	5,232.0	n.s.	0.0	0.1
Existing rights until 2014	739,169.6	10,387.4	-98.6	20.9	0.3
II. Non-oil (c+d)	2,428,373.6	3,031,199.8	21.5	68.6	80.7
c) Federal Government	1,837,816.9	2,426,897.2	28.5	51.9	64.6
Tax	1,636,400.4	2,144,102.1	27.5	46.2	57.1
Income Tax	869,563.8	1,102,610.7	23.4	24.6	29.4
Value Added Tax	609,447.4	646,090.6	3.1	17.2	17.2
Excise Tax	94,179.6	319,313.7	229.9	2.7	8.5
Import Tax	30,792.3	40,352.7	27.5	0.9	1.1
IAEEH ^{2./}	0.0	3,402.4	n.s.	0.0	0.1
Other ^{3./}	32,417.3	32,331.8	-3.0	0.9	0.9
Non-tax	201,416.5	282,795.1	36.6	5.7	7.5
Rights	43,308.7	46,424.4	4.3	1.2	1.2
Fees	152,989.8	231,431.2	47.2	4.3	6.2
Other	5,118.0	4,939.5	-6.1	0.1	0.1
d) PEDBC ^{4./}	590,556.8	604,302.6	-0.4	16.7	16.1
Memorandum items					
Total tax-related	1,636,400.4	2,149,334.1	27.8	46.2	57.2
Total non-tax related	1,905,514.6	1,605,919.7	-18.0	53.8	42.8

Note: Partial sums and variations may not add up due to rounding.

p./ Preliminary figures.

n. s.: not significant.

1./ In 2014 includes revenues from PEMEX and rights on hydrocarbons. In 2015 includes revenues from PEMEX, transfers from the Mexican Oil Fund for Stabilization and Development and income tax on contractors and assignees for the extraction of hydrocarbons.

2./ Tax on exploration and hydrocarbon extraction activities.

3./ Includes taxes on new vehicles, exports, oil returns and those not included in the aforementioned and accessories.

4./ Excludes Federal Government's transfers to ISSSTE.

Source: Ministry of Finance and Public Credit.

PUBLIC SECTOR NET EXPENDITURES (Million pesos)

Concept	January-November		Real % Growth	Composition %	
	2014	2015 ^{p./}		2014	2015 ^{p./}
TOTAL (I+II)	4,014,122.9	4,265,037.4	3.4	100.0	100.0
I. Primary expenditures (a+b)	3,788,838.9	3,982,413.4	2.3	94.4	93.4
a) Programmable	3,234,043.5	3,373,966.6	1.5	80.6	79.1
Autonomous Branches	73,099.5	83,986.0	11.8	1.8	2.0
Administrative Branches	1,040,444.0	1,109,673.6	3.8	25.9	26.0
General Branches	1,154,233.9	1,245,466.4	5.0	28.8	29.2
PEDBC	620,231.0	664,646.0	4.3	15.5	15.6
IMSS	424,343.0	448,733.5	2.9	10.6	10.5
ISSSTE	195,888.0	215,912.5	7.2	4.9	5.1
State Productive Enterprises	766,927.0	734,424.5	-6.8	19.1	17.2
PEMEX	487,163.9	459,566.8	-8.2	12.1	10.8
CFE	279,763.2	274,857.7	-4.4	7.0	6.4
(-) Compensated operations ^{1/}	420,891.9	464,229.9	7.3	10.5	10.9
b) Non programmable	554,795.4	608,446.8	6.7	13.8	14.3
Non-earmarked transfers	539,014.7	578,337.7	4.4	13.4	13.6
Adefas and other	15,780.7	30,109.0	85.6	0.4	0.7
II. Financial cost ^{2/}	225,284.0	282,624.0	22.1	5.6	6.6

Note: Partial sums and variations may not add up due to rounding.

p./ Preliminary figures.

1./ Refers to transactions that represent revenue for social security institutions and an expenditure for the Federal Government, which are eliminated in order to avoid double accounting of revenues and expenditure.

2./ Includes interests, commissions and other public debt expenditures, as well as expenditures for financial restructuring and to support savers and bank debtors.

Source: Ministry of Finance and Public Credit.

FEDERAL GOVERNMENT DOMESTIC DEBT, NOVEMBER ^{*_J}
(Million pesos)

Concept	Outstanding as of December 2014	Indebtedness			Adjustments ^{1_/_J}	Outstanding as of November 2015 ^{p_/_J}
		Originations	Amort.	Net		
1. Net Debt (3-2)	4,324,120.6					4,671,391.7
2. Assets ^{2_/_J}	222,499.0					314,070.0
3. Gross Domestic Debt	4,546,619.6	2,498,990.4	2,088,938.4	410,052.0	28,790.1	4,985,461.7
Government Securities	4,223,281.4	2,306,725.2	1,891,609.7	415,115.5	22,415.7	4,660,812.6
Cetes	678,684.4	1,553,305.9	1,599,118.9	-45,813.0	0.0	632,871.4
Bondes "D"	232,622.0	89,659.6	35,760.0	53,899.6	0.0	286,521.6
Fixed Rate Bonds	2,295,828.3	516,146.3	256,694.1	259,452.2	3,307.1	2,558,587.6
Udibonos	1,011,075.6	146,639.3	0.0	146,639.3	19,011.7	1,176,726.6
<i>Udibonos udi's</i>	191,841.6	27,675.3	0.0	27,675.3	0.0	219,516.9
Segregated Udibonos	5,071.1	974.1	36.7	937.4	96.9	6,105.4
<i>Segregated Udibonos udi's</i>	962.2	183.6	6.9	176.7	0.0	1,138.9
S.A.R.	98,018.4	189,402.1	182,868.2	6,533.9	2,727.7	107,280.0
Obligations by ISSSTE's Law	161,452.0	34.3	10,368.0	-10,333.7	2,572.7	153,691.0
Others	63,867.8	2,828.8	4,092.5	-1,263.7	1,074.0	63,678.1

Note: Figures may not add up due to rounding.

*_/_J Figures subject to revisions and methodological changes.

p_/_J Preliminary figures.

1_/_J Refers to adjustments for inflation. Fixed Rate Bonds include adjustments due to debt swap operations.

2_/_J Represents the net balance, denominated in pesos, of the General Account of the Federal Treasury.

Source: Ministry of Finance and Public Credit.

FEDERAL GOVERNMENT EXTERNAL DEBT, NOVEMBER ^{*_/}
(Million dollars)

Concept	Outstanding as of December 2014	Indebtedness			Adjustments	Outstanding as of November 2015 ^{p_/}
		Originations	Amort.	Net		
1. Net Debt (3-2)	77,352.4					81,841.6
2. Assets ^{1_/}	1,221.0					382.0
3. Gross Debt	78,573.4	9,531.6	5,051.2	4,480.4	-830.2	82,223.6
Public Bonds	52,926.9	8,365.7	4,325.3	4,040.4	-707.9	56,259.4
International Financial Institutions (IFI's)	23,563.1	1,152.3	621.5	530.8	-1.7	24,092.2
Bilateral	2,083.4	13.6	104.4	-90.8	-120.6	1,872.0

Note: Figures may not add up due to rounding.

*_/ Figures subject to revisions and methodological changes.

p_/ Preliminary figures.

1_/ Considers the net US Dollar denominated balance of the General Account of the Federal Treasury.

Source: Ministry of Finance and Public Credit.

PUBLIC SECTOR DOMESTIC DEBT, NOVEMBER *_/1_/

(Million pesos)

Concept	Outstanding as of December 2014	Indebtedness			Adjustments	Outstanding as of November 2015 ^{p./}
		Originations	Amort.	Net		
1. Net Debt (3-2)	4,804,250.2					5,217,839.3
2. Assets ^{2./}	245,283.1					323,867.3
3. Gross Debt	5,049,533.3	2,937,130.2	2,474,274.5	462,855.7	29,317.6	5,541,706.6
By Term	5,049,533.3	2,937,130.2	2,474,274.5	462,855.7	29,317.6	5,541,706.6
Long-term	4,518,242.5	1,210,068.4	722,113.2	487,955.2	29,317.6	5,035,515.3
Short-term	531,290.8	1,727,061.8	1,752,161.3	-25,099.5	0.0	506,191.3
By User	5,049,533.3	2,937,130.2	2,474,274.5	462,855.7	29,317.6	5,541,706.6
Federal Government	4,546,619.6	2,498,990.4	2,088,938.4	410,052.0	28,790.1	4,985,461.7
Long-term	4,025,828.8	1,096,326.2	646,616.3	449,709.9	28,790.1	4,504,328.8
Short-term	520,790.8	1,402,664.2	1,442,322.1	-39,657.9	0.0	481,132.9
PEDBC's	396,402.7	146,648.9	100,834.0	45,814.9	357.7	442,575.3
Long-term	396,402.7	88,922.3	58,340.8	30,581.5	357.7	427,341.9
Short-term	0.0	57,726.6	42,493.2	15,233.4	0.0	15,233.4
Development Banks	106,511.0	291,490.9	284,502.1	6,988.8	169.8	113,669.6
Long-term	96,011.0	24,819.9	17,156.1	7,663.8	169.8	103,844.6
Short-term	10,500.0	266,671.0	267,346.0	-675.0	0.0	9,825.0
By Financing Source	5,049,533.3	2,937,130.2	2,474,274.5	462,855.7	29,317.6	5,541,706.6
Bonds Placed in Domestic Markets	4,581,547.3	2,425,464.4	1,956,126.7	469,337.7	23,230.4	5,074,115.4
SAR	98,018.4	189,402.1	182,868.2	6,533.9	2,727.7	107,280.0
Commercial Banks	123,929.7	42,003.0	43,479.9	-1,476.9	160.0	122,612.8
ISSSTE's Law obligations	161,452.0	34.3	10,368.0	-10,333.7	2,572.7	153,691.0
Others	84,585.9	280,226.4	281,431.7	-1,205.3	626.8	84,007.4

Note: Figures may not add up due to rounding.

*_/ Figures subject to revisions and methodological changes.

p./ Preliminary figures.

1_/ Includes Federal Government, PEDBC's and Development Banks debt.

2_/ Includes the net balance, denominated in pesos, of the General Account of the Federal Treasury and assets from PEDBC's and Development Banks.

Source: Ministry of Finance and Public Credit.

PUBLIC SECTOR EXTERNAL DEBT, NOVEMBER*₁/₁

(Million dollars)

Concept	Outstanding as of December 2014 ^{p/}	Indebtedness			Adjustments	Outstanding as of November 2015 ^{p/}
		Originations	Amort.	Net		
1. Net Debt (3-2)	145,617.4					160,295.3
2. Financial Assets in Foreign Currency ^{2/}	2,048.4					987.2
3. Gross Debt	147,665.8	43,987.1	28,236.8	15,750.3	-2,133.6	161,282.5
By Term	147,665.8	43,987.1	28,236.8	15,750.3	-2,133.6	161,282.5
Long-term	142,869.2	26,954.6	10,312.6	16,642.0	-1,385.7	158,125.5
Short-term	4,796.6	17,032.5	17,924.2	-891.7	-747.9	3,157.0
By User	147,665.8	43,987.1	28,236.8	15,750.3	-2,133.6	161,282.5
Federal Government	78,573.4	9,531.6	5,051.2	4,480.4	-830.2	82,223.6
Long-term	78,573.4	9,531.6	5,051.2	4,480.4	-830.2	82,223.6
Short-term	0.0	0.0	0.0	0.0	0.0	0.0
PEDBC's	59,563.1	15,799.3	5,234.2	10,565.1	-929.9	69,198.3
Long-term	58,863.1	15,606.1	5,058.1	10,548.0	-229.9	69,181.2
Short-term	700.0	193.2	176.1	17.1	-700.0	17.1
Development Banks	9,529.3	18,656.2	17,951.4	704.8	-373.5	9,860.6
Long-term	5,432.7	1,816.9	203.3	1,613.6	-325.6	6,720.7
Short-term	4,096.6	16,839.3	17,748.1	-908.8	-47.9	3,139.9
By Financing Source	147,665.8	43,987.1	28,236.8	15,750.3	-2,133.6	161,282.5
Public Bonds	100,708.1	19,716.7	4,589.6	15,127.1	-1,746.9	114,088.3
International Financial Institutions (IFI's)	28,186.0	1,338.1	751.5	586.6	-361.8	28,410.8
Bilateral	9,044.7	1,418.2	1,552.3	-134.1	-135.8	8,774.8
Commercial Banks	9,533.8	21,320.9	21,167.3	153.6	1.4	9,688.8
Pidiregas	193.2	193.2	176.1	17.1	109.5	319.8

Note: Figures may not add up due to rounding.

*₁/₁ Figures subject to revisions and methodological changes.

p_₁/₁ Preliminary figures.

1_₁/₁ Includes the federal government, PEDBC's and Development Banks debt.

2_₁/₁ Considers the net US Dollar denominated balance of the federal treasury's General Account and assets held by PEDBC's and Development Banks.

Source: Ministry of Finance and Public Credit.

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