

Mexico City, March 30st, 2016

PUBLIC FINANCE AND PUBLIC DEBT REPORT AS OF FEBRUARY 2016

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 February 2016. The main results are the following:

- In February 2016, net paid expenditure year-over-year decreased by 7.5% in real terms and so did programmable expenditure by 5.3% in real terms with respect to the same month last year. During January-February both indicators decreased 9.8% and 11.8%, respectively, in real terms compared with the same period of 2015. It is noteworthy the reduction in real terms of operating expenses of 3.1%, with respect to the same period of 2015.
- In February 2016, budgetary revenues increased by 5.2% in real terms compared to the ones observed during the same month of 2015. For the January- February period, budgetary revenues increased 1.6% in real terms and oil revenues 10.1%, due to temporary factors in collection and the exchange rate, while the non-oil tax revenues of the public sector had a real growth of 3.3%.
- Public deficit accumulated to February was Ps. 70.1 billion, Ps. 78.6 billion less than the deficit observed during the same period of 2015.
- Public Sector Borrowing Requirements as of February 2016 amounted to Ps. 71.5 billion. Along with the public deficit figures, these results are consistent with the annual objectives approved by Congress for 2016.
- The stock of the federal public sector's domestic debt increased by Ps. 61.9 billion and the stock of external debt increased by USD 6.9 billion, both with respect to December 2015. The observed path of the public debt is consistent with the debt ceilings approved by Congress for 2016.

Evolution of public finances

In the January-February 2016 period, the public balance registered a deficit of Ps. 70.1 billion, compared with a deficit of Ps. 148.7 billion generated during the same period of 2015.

The primary balance presented a deficit of Ps. 15.6 billion, and the balance excluding productive investment observed a deficit of Ps. 8.1 billion. Public Sector Borrowing Requirements (PSBR) amounted to Ps. 71.5 billion.

The results observed during the first two months of 2016 are consistent with the objectives approved by Congress for 2016.

Public sector budgetary revenues

Public sector's budgetary revenues as of January-February 2016 period were Ps. 684.5 billion, amount higher by 1.6% in real terms with respect to the one observed in the same period of 2015. The evolution of the main elements of budgetary revenues was the following:

- Between January and February 2016, oil revenues amounted to Ps. 121.9 billion, higher by 10.1% in real terms with respect to the ones observed in the same period of the previous year, due to temporary collection factors and the exchange rate, that is projected to reverse in the upcoming months to reflect the reductions in both oil price and production. As of February, a 44.5% reduction in the average price of the Mexican oil mix is observed, from 47 dollars per barrel (dpb) in 2015 to 26.1 dpb in 2016; a 1.5% decrease in oil production, from 2,302 thousand barrels per day (MBbl/d) in 2015 to 2,267 MBbl/d in 2016; as well as a reduction of 38.0% in the price of natural gas. Nonetheless, by the end of the year, it is expected that revenues from oil price hedges will offset a significant part of lower oil revenues expected for the year.
- Non-oil tax revenues amounted to Ps. 439.9 billion, 3.3% higher in real terms with respect to 2015. In this result, it is worth noting that the income tax system grew by 9.7%, while income from the excise tax (IEPS) decreased by 11.3% in real terms, particularly in gasolines and diesel. Likewise, the value added tax decreased 0.5% in real terms, reflecting non-recurrent payments during the same period last year. This effect is expected to reverse during the course of the year to reflect real growth.
- Non-tax revenues of the Federal Government amounted to Ps. 27.4 billion, amount lower by 20.3% in real terms with respect to 2015.

- Revenues from IMSS and ISSSTE before fiscal support were Ps. 52 billion, amount higher by 5.3% in real terms with respect to 2015.
- Revenues from CFE amounted to Ps. 43.2 billion, which represent a reduction of 18.4% in real terms, as a result of a decrease in revenues from lower electricity rates.

Net public sector budgetary expenditures

Between January and February 2016, net paid expenditure amounted to Ps. 750.7 billion, which is 9.8% lower in real terms with respect to the same period of 2015. Programmable expenditures decreased 11.8% in real terms during the same period.

The period of January-February 2016 registered the following:

- Subsidies, transfers and contributions, which support the execution of social programs, decreased 5.9% in real terms.
- Current expenditure decreased in real terms by 5.6%. Within, operating expenses decreased 15.6%.
- Considering operating expenses, which include personal services and other operating expenses, the annual variation with respect to the same period of 2015 decreased 3.1%.
- Federalized expenditure decreased 2.1% in real terms.
- Pension and retirement expenditure increased 0.5% in real terms.
- Financial costs increased 9.4% in real terms.

Stock of public debt

The stock of the Federal Government's net domestic debt as of February 2016 was Ps. 4,864.4 billion, amount higher by Ps. 50.3 billion than the one observed at the end of December 2015. The change in the stock is explained by a net indebtedness of Ps. 98 billion, upward accounting adjustments of Ps. 15.1 billion, and an increase in the Federal Government's financial assets of Ps. 62.8 billion. This evolution is consistent with the net domestic debt ceiling approved by Congress for 2016.

The stock of the Federal Government's net external debt at the end of February was USD 85.9 billion, amount USD 3.6 billion higher than the one observed at the end of 2015. This result is explained by a net indebtedness of USD 4.9 billion, upward

accounting adjustments of USD 0.1 billion, and an increase of the Federal Government's financial assets of USD 1.3 billion.

The stock of the federal public sector's net domestic debt as of February (Federal Government, State Productive Enterprises, and development banks) was Ps. 5,441.7 billion, which implies a Ps. 61.9 billion increase with respect to the stock registered at the end of 2015. This is due to a net domestic indebtedness of Ps. 98.9 billion during the period, upward accounting adjustments of Ps. 20.9 billion, and an increase in domestic financial assets of the federal public sector of Ps. 58 billion.

The stock of the federal public sector's net external debt was USD 168.5 billion, amount USD 6.9 billion higher than the one registered at the end of 2015. This result is explained by a net indebtedness of USD 10.2 billion, downward accounting adjustments of USD 0.1 billion, and an increase in the federal public sector's financial assets of USD 3.2 billion.

The Historical Balance of the PSBR amounted to Ps. 8,882.8 billion, Ps. 249.3 billion higher with respect to December 2015. From this, about Ps. 156.1 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- February		Real % Growth	Composition %	
	2015 ^{p./}	2016 ^{p./}		2015 ^{p./}	2016 ^{p./}
PUBLIC BALANCE	-148,687.0	-70,096.7	n.s.		
PUBLIC BALANCE EXCLUDING PRODUCTIVE INVESTMENT^{1/}	-53,866.7	-8,128.3	n.s.		
Budgetary Balance	-155,038.2	-66,261.3	n.s.		
Budgetary Revenue	655,484.2	684,457.9	1.6	100.0	100.0
Oil ^{2/}	107,774.9	121,934.8	10.1	16.4	17.8
PEMEX	37,133.1	72,499.5	90.0	5.7	10.6
Federal Government	70,641.8	49,435.3	-31.9	10.8	7.2
Non-oil	547,709.3	562,523.1	0.0	83.6	82.2
Federal Government	448,099.1	467,309.7	1.5	68.4	68.3
Tax	414,610.8	439,887.6	3.3	63.3	64.3
Non-tax	33,488.4	27,422.1	-20.3	5.1	4.0
PEDBC	99,610.2	95,213.5	-7.0	15.2	13.9
Net Budgetary Expenditures	810,522.4	750,719.2	-9.8	100.0	100.0
Programmable	632,313.4	572,911.9	-11.8	78.0	76.3
Non programmable	178,209.1	177,807.3	-2.9	22.0	23.7
PEIBC	6,351.2	-3,835.4	n.s.		
Primary Balance	-111,622.3	-15,607.4	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_/ Includes revenues from PEMEX, transfers from the Mexican Oil Fund for Stabilization and Development, and the 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-February		Real % Growth	Composition %	
	2015 ^{p./}	2016 ^{p./}		2015 ^{p./}	2016 ^{p./}
BUDGETARY REVENUES (I+II)	655,484.2	684,457.9	1.6	100.0	100.0
I. Oil (a+b) ^{1./}	107,774.9	121,934.8	10.1	16.4	17.8
a) PEMEX	37,133.1	72,499.5	90.0	5.7	10.6
b) Federal Government	70,641.8	49,435.3	-31.9	10.8	7.2
Mexican Oil Fund	59,818.6	49,435.3	-19.6	9.1	7.2
Income tax from contractors and assignees	654.0	0.0	n.s.	0.1	0.0
Existing rights until 2014	10,169.2	0.0	n.s.	1.6	0.0
II. Non-oil (c+d)	547,709.3	562,523.1	0.0	83.6	82.2
c) Federal Government	448,099.1	467,309.7	1.5	68.4	68.3
Tax	414,610.8	439,887.6	3.3	63.3	64.3
Income Tax	202,051.7	227,760.6	9.7	30.8	33.3
Value Added Tax	133,524.6	136,505.8	-0.5	20.4	19.9
Excise Tax	67,411.1	61,429.9	-11.3	10.3	9.0
Import Tax	6,374.2	8,036.3	22.7	1.0	1.2
IAEEH ^{2./}	340.2	690.4	97.5	0.1	0.1
Other ^{3./}	4,908.9	5,464.6	8.3	0.7	0.8
Non-tax	33,488.4	27,422.1	-20.3	5.1	4.0
Rights	8,574.8	9,545.5	8.4	1.3	1.4
Fees	23,790.7	14,968.0	-38.8	3.6	2.2
Other	1,122.9	2,908.6	152.1	0.2	0.4
d) PEDBC ^{4./}	48,087.9	52,011.0	5.3	7.3	7.6
e) State Productive Enterprise(CFE)	51,522.3	43,202.5	-18.4	7.9	6.3
Memorandum items					
Total tax-related	415,264.8	439,887.6	3.1	63.4	64.3
Total non-tax related	240,219.5	244,570.3	-0.9	36.6	35.7

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

p./ Preliminary figures.

n. s.: not significant.

1./ Includes revenues from PEMEX, transfers from the Mexican Oil Fund for Stabilization and Development, and the 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, not included in the aforementioned and accessories.

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

PEDBC_/Public Entities under direct budgetary control.

Source: Ministry of Finance and Public Credit.

PUBLIC SECTOR NET EXPENDITURES (Million pesos)

Concept	January-February		Real % Growth	Composition %	
	2015 ^{p./}	2016 ^{p./}		2015 ^{p./}	2016 ^{p./}
TOTAL (I+II)	810,522.4	750,719.2	-9.8	100.0	100.0
I. Primary expenditures (a+b)	771,927.0	707,357.5	-10.8	95.2	94.2
a) Programmable	632,313.4	572,911.9	-11.8	78.0	76.3
Autonomous Branches	13,089.3	15,979.7	18.8	1.6	2.1
Administrative Branches	192,168.4	172,788.3	-12.5	23.7	23.0
General Branches	248,577.8	265,276.0	3.9	30.7	35.3
PEDBC	117,109.2	116,944.8	-2.8	14.4	15.6
IMSS	68,276.5	66,807.5	-4.8	8.4	8.9
ISSSTE	48,832.6	50,137.2	-0.1	6.0	6.7
State Productive Enterprises	164,444.8	115,521.0	-31.6	20.3	15.4
PEMEX	117,858.7	72,256.0	-40.3	14.5	9.6
CFE	46,586.2	43,264.9	-9.6	5.7	5.8
(-) Compensated operations ^{1/}	103,076.2	113,597.8	7.3	12.7	15.1
b) Non programmable	139,613.6	134,445.6	-6.3	17.2	17.9
Non-earmarked transfers	109,278.8	108,982.4	-2.9	13.5	14.5
Adefas and other	30,334.8	25,463.2	-18.3	3.7	3.4
II. Financial cost ^{2/}	38,595.4	43,361.7	9.4	4.8	5.8

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.

PEDBC_/Public Entities under direct budgetary control.

Source: Ministry of Finance and Public Credit.

FEDERAL GOVERNMENT DOMESTIC DEBT, FEBRUARY ^{*_/_} (Million pesos)

Concept	Outstanding as of December 2015 ^{p_/_}	Indebtedness			Adjustments ^{1_/_}	Outstanding as of February 2016 ^{p_/_}
		Originations	Amort.	Net		
1. Net Debt (3-2)	4,814,120.1					4,864,392.7
2. Assets ^{2_/_}	259,903.0					322,731.0
3. Gross Domestic Debt	5,074,023.1	412,930.8	314,887.2	98,043.6	15,057.0	5,187,123.7
Government Securities	4,701,204.9	378,973.0	276,676.3	102,296.7	11,933.8	4,815,435.4
Cetes	655,750.2	263,555.4	271,204.1	-7,648.7	0.0	648,101.5
Bondes "D"	296,521.9	18,000.6	5,472.2	12,528.4	0.0	309,050.3
Fixed Rate Bonds	2,546,242.3	70,393.7	0.0	70,393.7	0.0	2,616,636.0
Udibonos	1,196,598.9	26,873.3	0.0	26,873.3	11,873.3	1,235,345.5
<i>Udibonos udi's</i>	222,367.6	4,967.8	0.0	4,967.8	0.0	227,335.4
Segregated Udibonos	6,091.6	150.0	0.0	150.0	60.5	6,302.1
<i>Segregated Udibonos udi's</i>	1,132.0	27.7	0.0	27.7	0.0	1,159.7
S.A.R.	107,650.7	32,127.7	31,969.8	157.9	1,037.6	108,846.2
Obligations by ISSSTE's Law ^{3_/_}	153,760.2	21.6	5,803.9	-5,782.3	1,483.6	149,461.5
PEMEX Pension Bonds ^{4_/_}	50,000.0	0.0	0.0	0.0	0.0	50,000.0
Others	61,407.3	1,808.5	437.2	1,371.3	602.0	63,380.6

Note: Figures may not add up due to rounding.

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

p_/_ Preliminary figures.

1_/_ Refers to adjustments for inflation.

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

3_/_ Obligations associated with the new ISSSTE law.

4_/_ Obligations assumed by the Federal Government, a proportion of the payment obligations of pensions and retirement by Pemex and its subsidiaries.

Source: Ministry of Finance and Public Credit.

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

Concept	Outstanding as of December 2015 ^{p/_}	Indebtedness			Adjustments	Outstanding as of February 2016 ^{p/_}
		Originations	Amort.	Net		
1. Net Debt (3-2)	82,320.3					85,939.8
2. Assets ^{1/_}	268.0					1,615.0
3. Gross Debt	82,588.3	4,975.1	124.3	4,850.8	115.7	87,554.8
Public Bonds	56,576.8	4,966.8	0.0	4,966.8	115.4	61,659.0
International Financial Institutions (IFI's)	24,149.1	8.3	89.6	-81.3	0.1	24,067.9
Bilateral	1,862.4	0.0	34.7	-34.7	0.2	1,827.9

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, FEBRUARY*_/1_/

(Million pesos)

Concept	Outstanding as of December 2015 ^{p_/}	Indebtedness			Adjustments	Outstanding as of February 2016 ^{p_/}
		Originations	Amort.	Net		
1. Net Debt (3-2)	5,379,857.1					5,441,745.4
2. Assets ^{2_/}	259,646.8					317,622.0
3. Gross Debt	5,639,503.9	504,000.4	405,079.0	98,921.4	20,942.1	5,759,367.4
By Term	5,639,503.9	504,000.4	405,079.0	98,921.4	20,942.1	5,759,367.4
Long-term	5,123,594.6	174,157.7	72,104.6	102,053.1	16,442.1	5,242,089.8
Short-term	515,909.3	329,842.7	332,974.4	-3,131.7	4,500.0	517,277.6
By User	5,639,503.9	504,000.4	405,079.0	98,921.4	20,942.1	5,759,367.4
Federal Government	5,074,023.1	412,930.8	314,887.2	98,043.6	15,057.0	5,187,123.7
Long-term	4,583,421.6	174,156.8	70,904.6	103,252.2	15,057.0	4,701,730.8
Short-term	490,601.5	238,774.0	243,982.6	-5,208.6	0.0	485,392.9
State Productive Enterprises	447,270.9	17,000.7	10,332.8	6,667.9	-819.8	453,119.0
Long-term	440,270.9	0.0	1,200.0	-1,200.0	-819.8	438,251.1
Short-term	7,000.0	17,000.7	9,132.8	7,867.9	0.0	14,867.9
Development Banks	118,209.9	74,068.9	79,859.0	-5,790.1	6,704.9	119,124.7
Long-term	99,902.1	0.9	0.0	0.9	2,204.9	102,107.9
Short-term	18,307.8	74,068.0	79,859.0	-5,791.0	4,500.0	17,016.8
By Financing Source	5,639,503.9	504,000.4	405,079.0	98,921.4	20,942.1	5,759,367.4
Bonds Placed in Domestic Markets	5,103,226.4	378,973.0	276,676.3	102,296.7	14,612.1	5,220,135.2
SAR	107,650.7	32,127.7	31,969.8	157.9	1,037.6	108,846.2
Commercial Banks	141,919.1	7,000.9	8,200.0	-1,199.1	80.5	140,800.5
ISSSTE's Law obligations ^{3_/}	153,760.2	21.6	5,803.9	-5,782.3	1,483.6	149,461.5
PEMEX Pension Bonds ^{4_/}	50,000.0	0.0	0.0	0.0	0.0	50,000.0
Others	82,947.5	85,877.2	82,429.0	3,448.2	3,728.3	90,124.0

Note: Figures may not add up due to rounding.

*_/ Figures subject to revisions and methodological changes.

p_/ Preliminary figures.

1_/ Includes Federal Government, State Productive Enterprises 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.

3_/ Obligations associated with the new ISSSTE law.

4_/ Obligations assumed by the Federal Government, a proportion of the payment obligations of pensions and retirement by Pemex and its subsidiaries.

Source: Ministry of Finance and Public Credit.

PUBLIC SECTOR EXTERNAL DEBT, FEBRUARY*_{1/}
(Million dollars)

Concept	Outstanding as of December 2015 _{p./}	Indebtedness			Adjustments	Outstanding as of February 2016 _{p./}
		Originations	Amort.	Net		
1. Net Debt (3-2)	161,609.5					168,494.2
2. Financial Assets in Foreign Currency _{2/}	600.0					3,801.7
3. Gross Debt	162,209.5	13,705.6	3,483.8	10,221.8	-135.4	172,295.9
By Term	162,209.5	13,705.6	3,483.8	10,221.8	-135.4	172,295.9
Long-term	159,057.2	11,385.4	1,824.4	9,561.0	-136.4	168,481.8
Short-term	3,152.3	2,320.2	1,659.4	660.8	1.0	3,814.1
By User	162,209.5	13,705.6	3,483.8	10,221.8	-135.4	172,295.9
Federal Government	82,588.3	4,975.1	124.3	4,850.8	115.7	87,554.8
Long-term	82,588.3	4,975.1	124.3	4,850.8	115.7	87,554.8
Short-term	0.0	0.0	0.0	0.0	0.0	0.0
State Productive Enterprises	69,621.3	6,713.0	1,677.1	5,035.9	-113.8	74,543.4
Long-term	69,621.3	6,410.3	1,664.6	4,745.7	-113.8	74,253.2
Short-term	0.0	302.7	12.5	290.2	0.0	290.2
Development Banks	9,999.9	2,017.5	1,682.4	335.1	-137.3	10,197.7
Long-term	6,847.6	0.0	35.5	-35.5	-138.3	6,673.8
Short-term	3,152.3	2,017.5	1,646.9	370.6	1.0	3,523.9
By Financing Source	162,209.5	13,705.6	3,483.8	10,221.8	-135.4	172,295.9
Public Bonds	115,202.6	9,966.8	68.8	9,898.0	156.3	125,256.9
International Financial Institutions (IFI's)	28,646.5	8.3	106.6	-98.3	-158.2	28,390.0
Bilateral	8,313.1	119.0	145.6	-26.6	6.8	8,293.3
Commercial Banks	9,744.6	3,308.8	3,150.3	158.5	1.0	9,904.1
Pidiregas	302.7	302.7	12.5	290.2	-141.3	451.6

Note: Figures may not add up due to rounding.

*_/ Figures subject to revisions and methodological changes.

p_/ Preliminary figures.

1_/ Includes the federal government, State Productive Enterprises' and Development Banks debt.

2_/ 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.

--- O ---