UNIFIN FINANCIERA S.A.B. DE C.V. | unifin.com.mx

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1Q19 Earnings Conference Call

Date: Friday, April 12, 2019

Time: 11:00 a.m. Eastern Time / 10:00 a.m. Mexico City time

Presenting for UNIFIN:

Mr. Sergio Camacho - Chief Executive Officer

Mr. Sergio Cancino - Chief Financial Officer

Mr. David Pernas - Director, IR & Corporate Finance

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UNIFIN

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UNIFIN reports an increase of 26.6% in Interest Income, reaching Ps. 2,418 million in 1Q19; Financial Margin grew 40.8% during the quarter

Mexico City, April 11, 2019 – UNIFIN Financiera, S.A.B. de C.V. ("UNIFIN" or "the Company") (BMV: UNIFINA), announces its results for the first quarter 2019 ("1Q19"). The Financial Statements have been prepared in accordance with the accounting criteria of the Mexican National Banking and Securities Commission ("CNBV") and filed with the Mexican Stock Exchange ("BMV").

On March 21, 2019, the Extraordinary Annual Shareholders' meeting approved, among others, the amendment of the Company's bylaws from a SOFOM (NBFI) to a SAB de CV. Consequently, starting in 1Q19, the Company has ceased reporting under the Mexican Financial Information Standards ("NIF") and has adopted International Financial Reporting Standards ("IFRS"). For further details of the main accounting changes, refer to Annex 1 of this document.

Highlights from 1Q19

- Interest income increased by 26.6% to Ps. 2,418 million in 1Q19, compared to Ps. 1,910 million in 1Q18.
- Financial margin increased by 40.8% to Ps. 854 million during 1Q19, compared to Ps. 607 million in 1Q18. Consequently, the net interest margin ("NIM") improved to 7.6% in 1Q19 from 6.2% in 1Q18.
- Operating expenses represented 15.5% of total revenue in 1Q19. OpEx as a % of sales ended in 14.1% during the quarter.
- Operating income closed at Ps. 429 million, an increase of 24.2% vs. 1Q18.
- Comprehensive financing result was Ps. 144 million at the end of 1Q19.
- In 1Q19 net income increased by 19.7% to Ps. 469 million compared to Ps. 392 million in 1Q18.
- As of March 31, 2019, the total portfolio - net reached Ps. 45,237 million, an increase of 26.1%.
- The NPL ratio was 3.6% of the loan portfolio at the end of 1Q19.
- Total assets increased by 25.1% year-over-year, at the end of 1Q19, reaching Ps. 61,915 million.
- Funding cost for the quarter reached 10.1%, which represents an increase of 20 bps vs. 9.9% in 1Q18. During the quarter, new financing facilities equivalent to Ps. 6,525 million were obtained.
- In 1Q19, the Company continued with its share repurchase program acquiring 5.1 million shares in the quarter (refer to Annex 5 for more details).

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Financial Summary

Financial metrics	1Q19	1Q18	Var.%
Interest income	**2,418**	**1,910**	**26.6%**
Interest expense	1,538	1,228	25.2%
Financial margin	**854**	**607**	**40.8%**
Financial margin (as % of income)	**35.3%**	**31.8%**	
Loan loss reserves	50	45	11.1%
Adjusted financial margin	**804**	**562**	**43.2%**
Admin. Expenses	340	266	27.6%
Operating income	**429**	**346**	**24.2%**
Operating income margin	**17.8%**	**18.1%**	
Comprehensive financing result	144	179	(19.6%)
Net income before tax	**573**	**524**	**9.3%**
Net income	**469**	**392**	**19.7%**
Net income margin	**19.4%**	**20.5%**	
Operating metrics			
Total portfolio – net	**45,237**	**35,866**	**26.1%**
Leasing	34,722	27,920	24.4%
Factoring	2,705	2,158	25.3%
Auto loans & others	7,811	5,788	34.9%
NPL ratio	**3.6%**	**3.6%**	
Key Financial Indicators			
Net Interest Margin (NIM)	7.6%	6.2%	
ROAA	3.1%	3.2%	
ROA	3.0%	3.2%	
ROAE	18.7%	22.7%	
ROE	19.7%	18.9%	
Adjusted ROAE (excl. Perpetual effect)	24.6%	32.0%	
Capitalization (equity / assets)	15.3%	16.7%	
Capitalization (excl. MTM)	16.8%	19.0%	
Financial leverage (excl. ABS)	3.7	2.7	

Message to Investors

During 1Q19, international markets recovered as investors sentiment improved. In Mexico, financial assets also rallied, in line with other emerging markets. The FX exchange rate appreciated, the Mexican Stock Exchange Index (IPC) rose, while the yields on sovereign bonds declined sharply. Nonetheless, uncertainty over future economic policies, high interest rates, slowing economic growth, and concerns over Pemex's financial situation, limited risk appetite. Economic growth could improve in upcoming months with the approval of the USMCA, less restrictive monetary policies from the Bank of Mexico, as well as increased government spending on social programs and infrastructure projects.

As we previously announced, the Shareholders' Meeting approved the reform of the Company's bylaws to cease being a SOFOM and change from MEX GAAP to IFRS. This new accounting affords the market greater transparency with respect to the Company's results, driven by disclosure of additional financial information. Moreover, reporting results in IFRS provides more comparable information with our peers in the financial sector that use the same accounting methodology. By adopting these international standards, we look to provide better, clearer and more transparent information to the market, and to our investors.

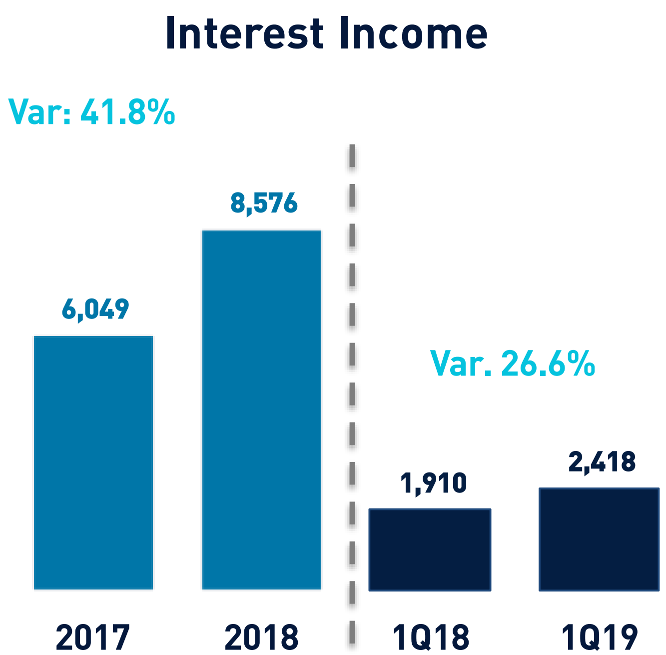
The earnings of UNIFIN underlie the strengths of our business model. Although during the first two months of the year we faced some slowdown in originations due to our clients' uncertainty, we managed to close the first quarter with interest income growth of 26.6%, 40.8% increase in financial margin and 19.7% in net income, compared to 1Q18. Looking forward, we continue expecting a recovery in originations supported by the implementation of the Company's strategic initiatives, and thus reaching of our main objective; improved profitability.

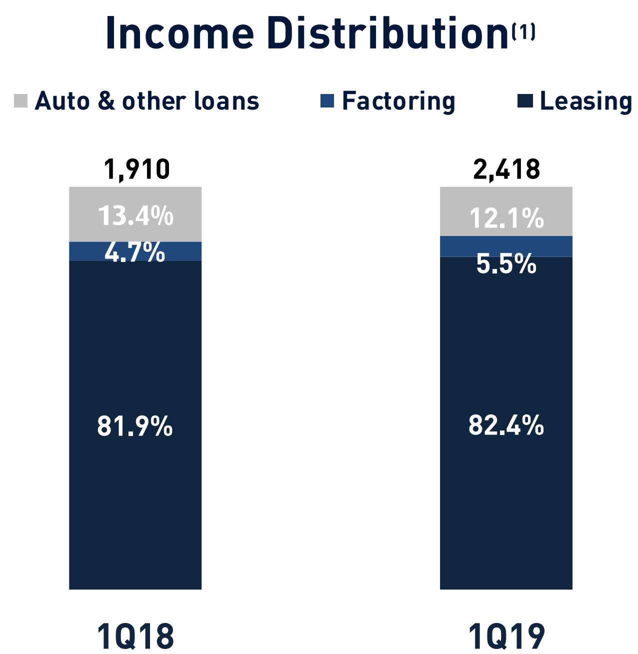
As we announced earlier, in October we began to implement an important transformation for UNIFIN: the change from promoter to advisor. Likewise, we implemented the certification of our advisors by Tecnologico de Monterrey, we generated new technological tools, and we created new support areas, such as economic studies. But the change does not stop there. During the quarter we launched the largest campaign in the history of UNIFIN: "Receive the call". It is an advertising campaign in mass media where the goal is to reach more than 240,000 companies and turn them into customers. To achieve this goal, we strengthened a key area in the company: the client prospecting center, which today has more than 80 telephone consultants to reach all the selected companies and receive our advisors.

At UNIFIN, we are convinced that these changes will help us capture the opportunities to come, whilst preserving our financial strength. With this, we reaffirm our commitment to our bondholders and shareholders.

Sergio Camacho
Chief Executive Officer

Income Statement





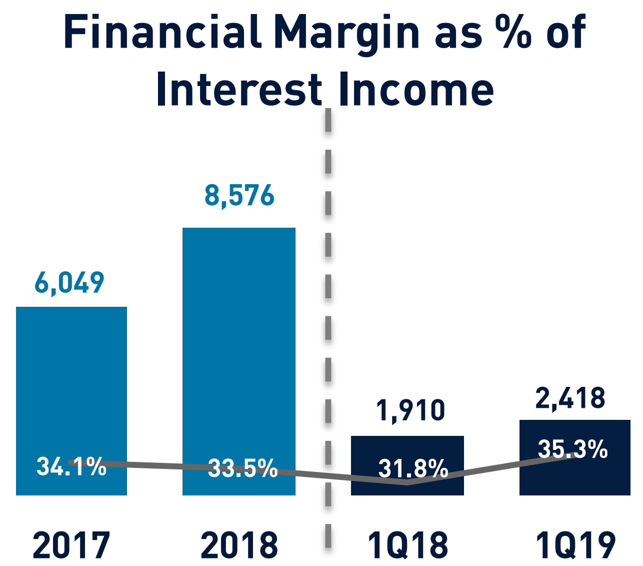
[1] The income distribution excludes the commissions & others (Ps. 167 million)

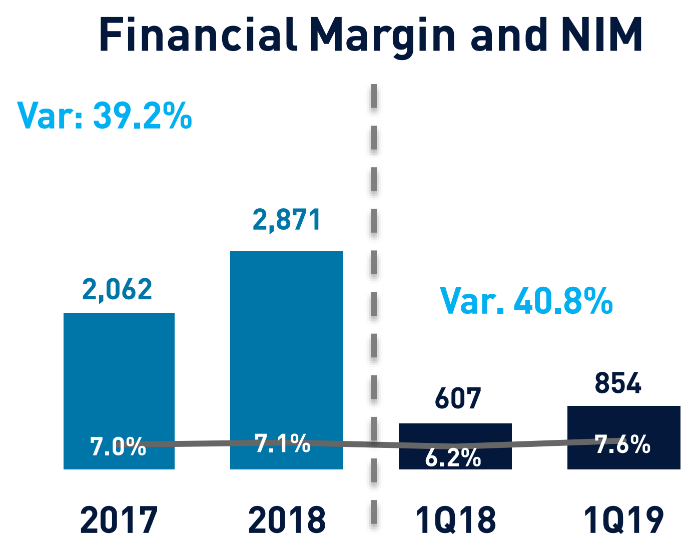
In 1Q19, interest income increased 26.6% compared to the same period of the previous year, reaching Ps. 2,418 million. This variation was mainly driven by the growth recorded in our portfolio in our different business lines. Lease interest increased 28.9% to Ps. 1,854 million. Factoring interest reached Ps. 123 million, while auto & other loans interest accounted for Ps. 273 million in 1Q19. Interest income includes commissions from our different business lines which accounted Ps. 72 million, in addition to Ps. 95 million from our insurance brokerage business.

Interest expense increased by 25.2%, to Ps. 1,538 million, due to incremental financial cost that supported the growth of the Company's operations. During 1Q19, the weighted average funding cost was 10.1%.

Cost of funding and interest expense	1Q19	1Q18	Var.
Cost of funding	**10.09%**	**9.89%**	**20 bps**
Breakdown:			
Interest rate growth			2 bps
Increase due to increase in our debt			18 bps
Interest cost	**1,538**	**1,228**	**310**
Breakdown:			
Interest rate growth			30
Increase due to incremental debt			280

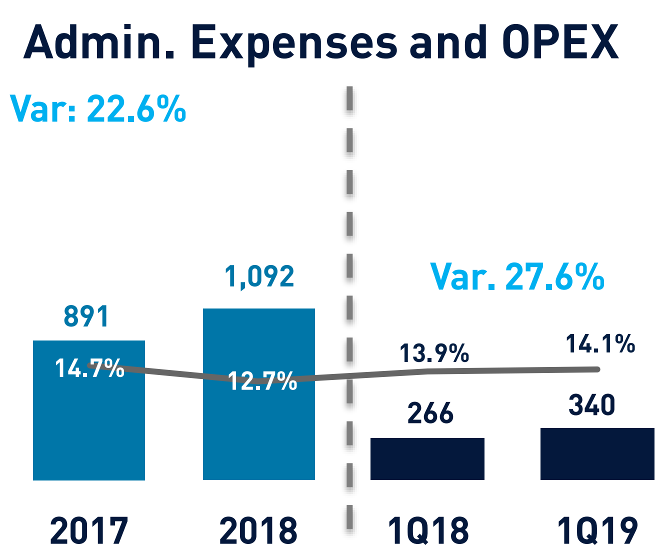
Financial margin increased 40.8% during the period, reaching Ps. 854 million. The improvement is related to constant repricing efforts on our implicit yields and commissions, in addition to a strict analysis on financial cost efficiencies and an opportunistic approach to the markets. As a result, the NIM improved to 7.6% from 6.2% in 1Q18.

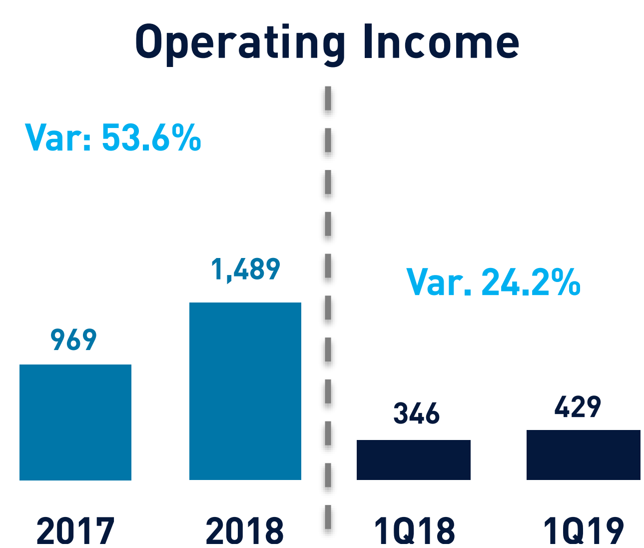




Administrative expenses increased 27.6% compared to the same period of the previous year, reaching Ps. 340 million. Although OpEx as a % of sales remained at a healthy 14.1% vs. 13.9% reported in 1Q18; the nominal increase is explained by a growth in our headcount, training efforts to our staff, and the launching of our most important marketing campaign to date; "Receive the call".

Operating income increased 24.2% in 1Q19 to reach Ps. 429 million during the period compared to Ps. 346 million in 1Q18.

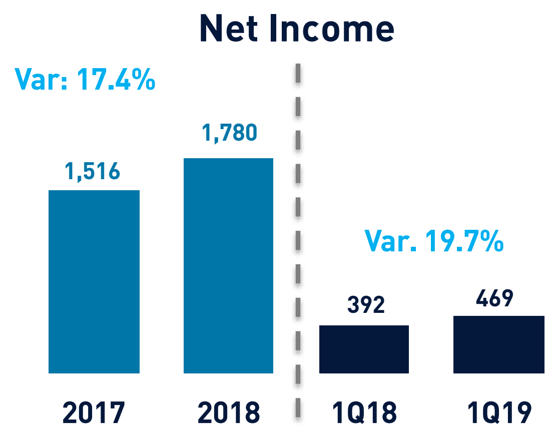




The comprehensive financing result consists of gains related to our foreign currency, cash assets and liabilities, in addition to profits related to our insurance brokerage business and facilities. The financing result decreased 19.6% in 1Q19 to Ps. 144 million during the period.

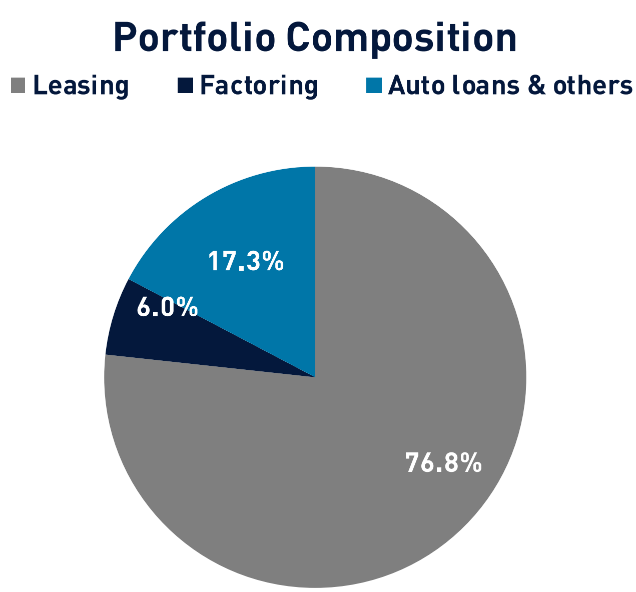
Comprehensive Financing Result	1Q19	1Q18	Var.%
Exchange income (loss) – net	54	61	(11.6%)
Other income (expenses) – net	90	118	(23.7%)
Comprehensive financing result	**144**	**179**	**(19.6%)**

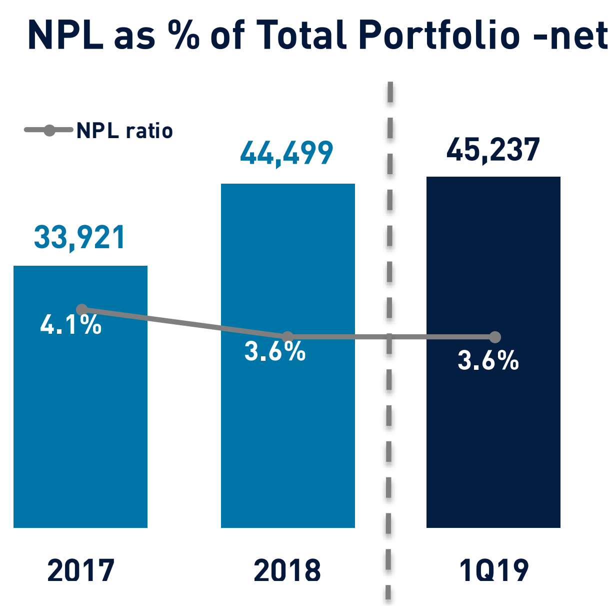
The consolidated net income grew 19.7% during the quarter, to Ps. 469 million when compared to Ps. 392 million in 1Q19. The increase is a result of improvements in our implicit yields and a higher portfolio origination.



Balance Sheet

Financial Assets





The total portfolio of the company was Ps. 46,195 million in 1Q19, a growth of 26.3% when compared to 1Q18. This is calculated as total portfolio plus NPL. The total loan portfolio – net reached Ps. 45,237 million pesos in 1Q19, an increase of 26.1% compared to the portfolio of Ps. 35,866 million reported in 1Q18, thanks to the growth in total origination in the past 12 months.

Leasing	1Q19	1Q18	Var. %
Short-term portfolio - net	10,034	7,902	27.0%
Long-term portfolio - net	24,688	20,018	23.3%
Non-performing loans	1,479	1,204	22.8%
Loan loss reserve	(779)	(671)	16.1%
Factoring			
Short-term portfolio - net	2,705	2,158	25.3%
Non-performing loans	141	18	676.2%
Loan loss reserve	(141)	(18)	676.2%
Auto & other loans			
Short-term portfolio - net	4,390	3,654	20.1%
Long-term portfolio - net	3,420	2,134	60.3%
Non-performing loans	37	12	200.7%
Loan loss reserve	(37)	(12)	200.7%

Total loan portfolio	1Q19	1Q18	Var.%
Total loan portfolio - net	45,237	35,866	26.1%
Total non-performing loans	1,657	1,235	34.2%
Loan loss reserves	(957)	(702)	36.4%

Non-performing loans as a percentage of the total loan portfolio represented 3.6% in 1Q19, reaching Ps. 1,656 million. For factoring and auto & other loans, the NPL starts at 31 days past due and considers the full amount of the net present value, plus accrued interest. The lease portfolio NPL starts at 91 days past due, and mainly considers the full amount of the NPV, as shown in the table below.

Aging balances (days)	Leasing	Factoring	Auto & other loans	Total	% Total
Current	27,194	2,534	6,337	36,065	78.1%
1 - 30	2,093	30	1,437	3,560	7.7%
31 - 60	3,107	31	6	3,144	6.8%
61 - 90	1,805	2	2	1,810	3.9%
>90	1,479	107	29	1,616	3.5%
Total Portfolio	**35,679**	**2,705**	**7,811**	**46,195**	**100.0%**
Loan loss reserve	(779)	(141)	(37)	(957)	

Loans loss reserves are based on an expected loss methodology, which consists of provisioning the full amount of factoring, auto & other loans NPL.

At the end of 1Q19, loan loss reserves stood at Ps. 957 million, representing 57.7% of the total past due loan portfolio. Of which; Leasing stood at Ps. 779 million, factoring was Ps. 141 million, auto & other loans Ps. 37 million.

As to the leasing portfolio, the expected loss provision is determined based upon historic payment behavior, the current environment and a reasonable provision for future payments. The commercial value of the leased assets, aged with more than 90 days past-due, was Ps. 1,725 million in 1Q19. The estimated break-even value of the leased assets was 40.6% as of 1Q19; as shown in the below table.

% Recovery	Est. Recovery value	NPL +90	Gain (loss)	Potential charge-off
100.0%	1,725	1,479	246	0
75.0%	1,294	1,479	(185)	0
50.0%	863	1,479	(617)	0
40.6%	**700**	**1,479**	**(779)**	**0**
Reserve	**(779)**			

Historically, the Company has sold its repossessed assets at approximately 80% of commercial value.

Total assets as of March 31, 2019 reached Ps. 61,915 million, an increase of 25.1% compared to the same quarter last year, of which 38.5% is active in the short term and 61.5% is long term.

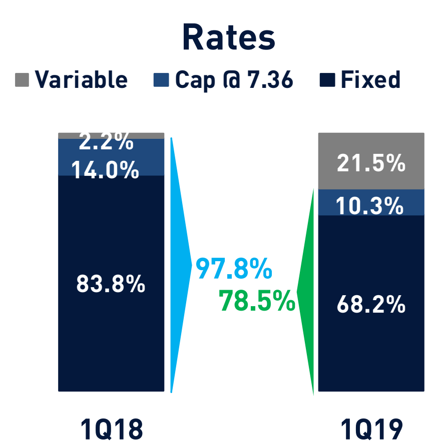
Financial Liabilities

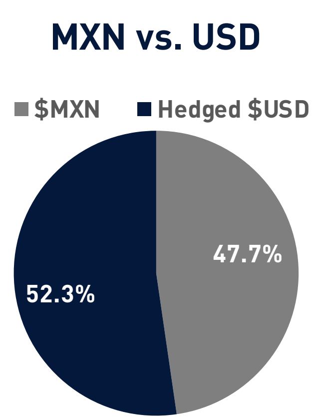
Financial liabilities at the end of March 2019 were Ps. 49,755 million, an increase of 32.3% compared to Ps. 37,610 million in 1Q18, attributed mainly to the growth of the portfolio. The weighted average term of the liabilities is 43 months, vs 35 months for the total portfolio.

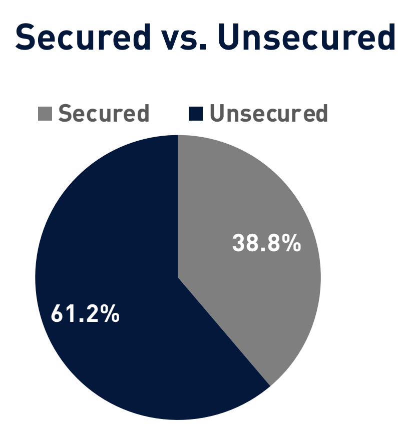
Financial Liabilities[1]	1Q19	% Total	1Q18	% Total	Var.%
International Notes	22,286	42.2%	21,108	51.5%	5.6%
Banks	15,553	29.4%	4,140	10.1%	275.7%
Securitizations	15,000	28.4%	15,739	38.4%	(4.7%)
Total Financial Liabilities	**52,839**	**100.0%**	**40,986**	**28.9%**	**28.9%**

[1] Financial liabilities reflect the nominal value of the debt without considering accrued interest and deferred charges

In 1Q19, the debt at a fixed rate accounted for 78.5% of the total debt, with the remaining 21.5% at variable rate.



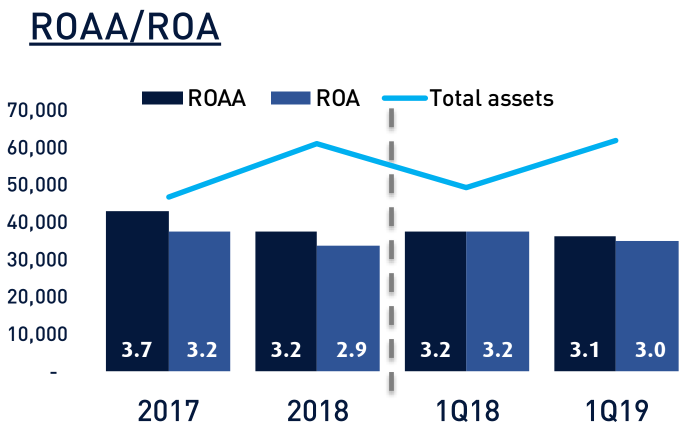


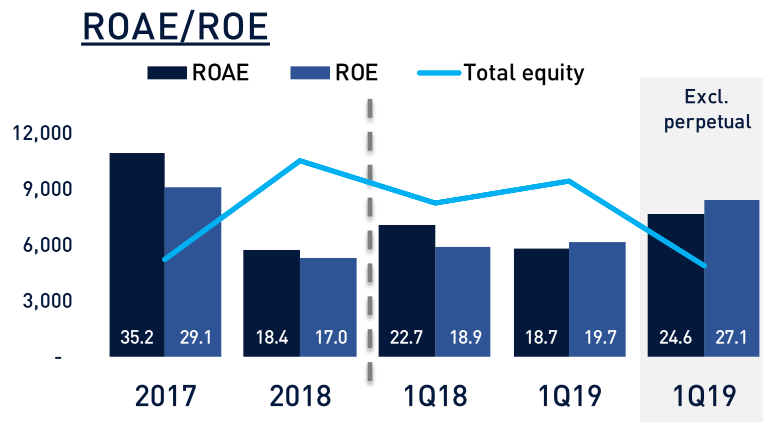


Stockholders' equity increased to Ps. 9,448 million, a growth of 14.2% compared with Ps. 8,274 million in 1Q18.

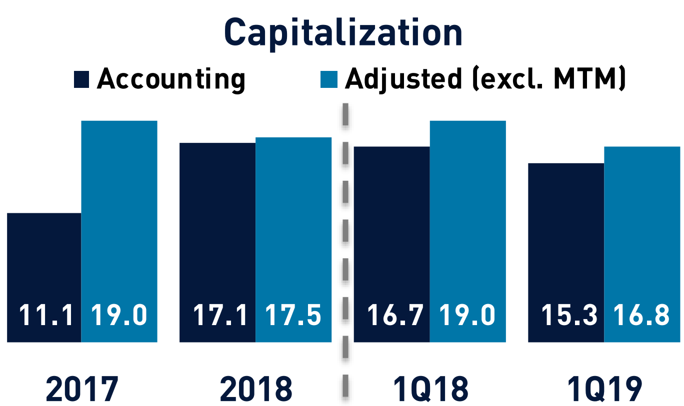
Financial Ratios

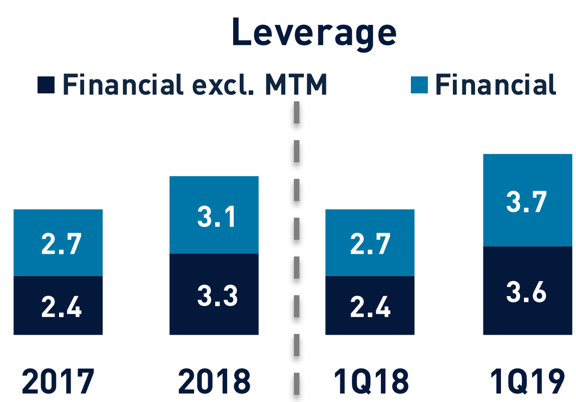
At the end of 1Q19, the ROAA ended at 3.1x. The ROAE ended at 18.7%; excluding the effect of the perpetual bond effect issued in 1Q18, the ROAE ended at 24.6%





Capitalization ratio (excl. MTM) for the period represented 16.8%; while the financial leverage ratio was 3.7x at the end of 1Q19.





Operational Summary

In 1Q19, the total origination volume of the Company ended at Ps. 8,587 million, a drop of 5.5%. The fall is mainly due to our leasing business, which reported a decrease of 29.5% compared to the previous year. Recall that, in 1Q18, customers rushed to close their financing lines in advance of the presidential elections that took place at the beginning of July 2018.

By Business Line

Leasing	1Q19	1Q18	Var.%
Origination volume (Ps. million)	4,751	6,740	(29.5%)
Portfolio balance – net (Ps. million)	34,722	27,920	24.4%
WAVG (months)	38		
Number of clients	4,643		
Average ticket (Ps. million)	7.5		
Factoring			
Origination volume (Ps. million)	2,982	2,028	47.0%
Portfolio balance- net (Ps. million)	2,705	2,158	25.3%
WAVG (months)	109		
Number of clients	1,235		
Average ticket (Ps. million)	2.2		
Auto loans & other			
Origination volume (Ps. million)	854	319	167.7%
Portfolio balance - net (Ps. million)	7,811	5,788	34.9%
WAVG (months)	34		
Number of clients	1,608		
Average ticket (Ps. million)	4.9		

By Geographic Zone

Leasing	
Mexico City & metro	52.5%
Nuevo Leon	9.8%
Queretaro	4.9%
Tamaulipas	3.8%
Jalisco	3.3%
Puebla	3.2%
Others	22.5%
	100.0%

Factoring	
Mexico City & metro	74.6%
Jalisco	7.5%
Nuevo Leon	5.5%
Aguascalientes	2.8%
Veracruz	2.1%
Tabasco	1.7%
Others	5.8%
	100.0%

Auto loans	
Mexico City & metro	85.9%
Guanajuato	3.5%
Queretaro	1.9%
Coahuila	1.5%
Hidalgo	1.2%
Nuevo Leon	0.8%
Others	5.2%
	100.0%

By Economic Sector

Leasing	
Industry & mfg.	31.5%
Services	32.9%
Commerce	15.4%
Construction	10.8%
Transportation	9.4%
	100.0%

Factoring	
Services	48.5%
Commerce	25.6%
Industry & mfg.	14.8%
Construction	4.4%
Transportation	6.7%
	100.0%

Auto loans	
Services	56.4%
Transportation	33.0%
Commerce	8.3%
Industry & mfg.	1.7%
Construction	0.6%
	100.0%

By Type of Asset

Leasing	
Machinery	38.6%
Transportation	20.4%
Others	41.0%
	100.0%

Other Relevant Events

February 28, 2019 – UNIFIN informs that the Board of Directors approved to modify the Company's bylaws to cease being a Multiple Purpose Financial Company (SOFOM) and, consequently, adopt the International Financial Reporting Standards (IFRS), for the preparation and audit of its financial statements.

March 5, 2019 – UNIFIN notifies the market about actions taken by S&P Global ratings, as result of the change of perspective in the sovereign rating of Mexico on March 1st, 2019.

March 22, 2019 – UNIFIN informs that by agreement of the Ordinary and Extraordinary Annual Shareholders' Meeting held on March 21, 2019, it was approved, among other matters, to reform the Company's bylaws in their entirety.

Analyst Coverage

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About UNIFIN

UNIFIN is the leading independent Mexican leasing company, operating as a non-banking financial services company, specializing in three main business lines: operating leasing, factoring and auto and other lending. Through UNIFIN's leasing business line, its core business line, the Company offers operating leases for all types of equipment and machinery, various types of transportation vehicles (including cars, trucks, helicopters, airplanes and other vessels) and other assets in a variety of industries. Through its factoring business line, UNIFIN provides liquidity and financing solutions to its customers by purchasing or discounting accounts receivable and by providing vendor financing. UNIFIN's auto loans business line is focused on financing the acquisition of new and used vehicles.

This document may contain certain forward-looking statements. These statements are non-historical facts, and they are based on the current vision of the Management of UNIFIN Financiera, S.A.B. de C.V., for future economic circumstances, the conditions of the industry, the performance of the Company and its financial results. The terms "anticipated", "believe", "estimate", "expect", "plan" and other similar terms related to the Company, are solely intended to identify estimates or predictions. The statements relating to the declaration or the payment of dividends, the implementation of the main operational and financial strategies and plans of investment of equity, the direction of future operations and the factors or trends that affect the financial condition, the liquidity or the operating results of the Company are examples of such statements. Such statements reflect the current expectations of the management and are subject to various risks and uncertainties. There is no guarantee that the expected events, trends or results will occur. The statements are based on several suppositions and factors, including economic general conditions and market conditions, industry conditions and various factors of operation. Any change in such suppositions or factors may cause the actual results to differ from expectations.

Income Statement

Figures in Ps. million	1Q19	1Q18	Var.%
Leasing interest	1,854	1,439	28.9%
Auto& other loans interest	273	236	15.5%
Factoring interest	123	82	50.8%
Commissions & others	167	153	9.5%
Interest income	**2,418**	**1,910**	**26.6%**
Interest expense	1,538	1,228	25.2%
Commissions & others	26	75	(65.6%)
Total costs	**1,564**	**1,303**	**20.0%**
Financial margin	**854**	**607**	**40.8%**
Loan losses reserve	50	45	11.1%
Adjusted financial margin	**804**	**562**	**43.2%**
Admin. Expenses	340	266	27.6%
Depreciation of owned assets	15	15	5.2%
Expenses (income) from the sale of fixed assets	19	(65)	(129.8%)
Operating income	**429**	**346**	**24.2%**
Exchange income (loss), net	54	61	(11.6%)
Other income (expenses), net	90	118	(23.7%)
Comprehensive financing result	144	179	(19.6%)
Income before tax expense	**573**	**524**	**9.3%**
Current income tax	229	121	88.8%
Deferred income tax	(115)	10	(1,258.3%)
Income tax expense	115	131	(12.7%)
Equity methods/subsidiaries	11	(1)	(945.8%)
Net income	**469**	**392**	**19.7%**

PODER PARA TU NEGOCIO

Balance Sheet

Figures in Ps. million	1Q19	1Q18	Var.%
Assets			
Cash & cash equivalents	292	624	(53.2%)
Investments in securities	4,054	4,628	(12.4%)
Advanced payments to suppliers	1,322	790	67.3%
Advanced payments	650	422	54.1%
Favorable tax balance	414	685	(39.5%)
Leasing portfolio – net	10,034	7,902	27.0%
Factoring portfolio – net	2,705	2,158	25.3%
Auto loans & other portfolio – net	4,390	3,654	20.1%
Current assets	**23,861**	**20,864**	**14.4%**
Property, machinery & equipment - owned	1,210	1,310	(7.6%)
Derivatives with hedging purposes	3,799	1,114	241.1%
Foreclosed assets	917	595	54.1%
Other permanent investments	86	103	(16.1%)
Deferred charges	427	364	17.2%
Other long-term assets	6	39	(86.0%)
Deferred income taxes	3,501	2,953	18.6%
Leasing portfolio – net	24,688	20,018	23.3%
Auto loans & other portfolio – net	3,420	2,134	60.3%
Non-current assets	**38,054**	**28,629**	**32.9%**
Total assets	**61,915**	**49,493**	**25.1%**
Liabilities and stockholders' equity			
Short-term interest	234	364	(35.7%)
Short-term borrowings	11,594	1,437	706.7%
Income tax payable	314	370	(15.1%)
Sundry creditors	1,346	2,199	(38.8%)
Other accounts payable	819	675	21.2%
Current liabilities	**14,307**	**5,046**	**183.5%**
Long-term borrowings	3,892	2,652	46.8%
Long-term securitizations	14,341	15,257	(6.0%)
International notes	19,926	18,264	9.1%
Non-current liabilities	**38,160**	**36,173**	**5.5%**
Total liabilities	**52,467**	**41,219**	**27.3%**
Capital stock	2,870	2,894	(0.8%)
Capital reserves	(38)	(150)	(74.8%)
Valuation of hedging derivatives	(314)	(924)	(66.0%)
Retained earnings	1,929	1,531	26.0%
Net income for the year	469	392	19.7%
Subordinated obligations	4,531	4,531	(0.0%)
Total stockholders' equity	**9,448**	**8,274**	**14.2%**
Total liabilities & stockholders' equity	**61,915**	**49,493**	**25.1%**

Annexes

Annex 1 – Detailed explanation of the change from MEX GAAP to IFRS

Background

On March 22, 2019, the Company informed that in accordance with the resolutions adopted by the Annual General Ordinary and Extraordinary Shareholders' Meeting held on March 21, 2019, it was approved, among other matters, to amend the Company's bylaws by virtue of the modification of the Company's regime from a non-regulated multiple purpose financial company in the form of a publicly traded company (Sociedad Anónima Bursátil de Capital Variable, Sociedad Financiera de Objeto Múltiple, Entidad No Regulada) to a publicly traded corporation (Sociedad Anónima Bursátil de Capital Variable).

Consequently, with the previous approval of its Board of Directors and the favorable opinion of its Audit and Practices Committee, the Company adopted International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board for the preparation and audit of its financial statements, in terms of the applicable legal provisions. This change in regime and accounting standards will allow the Company to achieve greater transparency and comparability in its financial information, considering the nature of its business.

Transition to IFRS

The audited financial statements of the Company for the year ended December 31, 2018 are our last financial statements prepared under the accounting criteria established by the Mexican National Banking and Securities Commission ("Sofom GAAP") which are in accordance with Mexican Financial Reporting Standards (normas de información financiera, or "MFRS") established by the Mexican Board for Financial Information Standards (Consejo Mexicano de Normas de Información Financiera, A.C. or "CINIF"), except where based on the judgment of the Mexican National Banking and Securities Commission it is necessary to apply a different accounting criteria. Therefore, the financial statements of the Company for the year ending on December 31, 2019 will be our first financial statements prepared under IFRS. Unifin has applied IFRS 1 "First-time Adoption of International Financial Reporting Standards" in the preparation of its financial information.

The unaudited reconciliations and descriptions of the effects and / or impacts of such transition from Sofom GAAP to IFRS in our financial statements, are explained in Schedule "A" hereto "Main accounting impacts in the transition to IFRS". In the opinion of the Company's management, this document describes the material adjustments that are necessary for a comparable presentation of our financial information

Main accounting impacts of the transition to IFRS

Long-term leasing accounts receivable

The leases granted by the Company, in its capacity as lessor, are recorded under IFRS 16, and will be treated as capitalized lease agreements, regardless of its operating lease nature.

Under the capitalized lease treatment, the amount receivable from the lessees is recognized as an account receivable equivalent to the net present value of the amount of the net investment of the Company in the leases, excluding the applicable Value Added Tax.

The income from capitalized leases is recognized as interest that is distributed over the accounting periods in order to reflect a constant and periodic rate of return on the Company's net investment with respect to leases.

Impairment of financial instruments
In accordance with IFRS 9, an allowance for expected credit losses must be recognized for financial assets measured at amortized cost, such as credit portfolios, factoring operations and accounts receivable for capitalized leases.

The amount of expected credit losses is updated on each reporting date to reflect changes in credit risk since its initial recognition. The effects are recognized in the income statement.

Property, machinery and equipment (fixed assets)
Only the Company's own fixed assets are presented in the balance sheet. The fixed assets leased under operating lease agreements and its corresponding depreciation, are no longer included in the Balance Sheet and the Income Statement and alternatively, an account receivable for long-term leases was recorded in its place.

Interest income
Interest income relative to lease agreements is recognized in the income statement based on the effective interest method.

Other lease benefits
Other lease benefits will be recognized when the client continues to use an asset upon the expiration of a lease agreement.

Deferred income tax - Determination
The adjustments under IFRS had an effect on the determination of deferred income tax in accordance with the requirements established by IAS 12, "income taxes", mainly due to changes in accounting bases.

Financial liabilities
Financial liabilities related to the underwriting or issuance of financial debt instruments are initially recognized at the fair value of the obligation they represent and will subsequently be revaluated under the accrued amortized cost method through the effective interest rate, where the transaction costs (deferred credits) related to the issue are amortized through the effective interest rate and are presented in the Balance Sheet, being discounted from the financial liabilities fair value.

Foreclosed assets - Valuation
The recorded value of foreclosed assets or assets received as payment in kind, is the fair value deducted from the strictly necessary costs and expenses incurred during the foreclosure process, without considering estimated potential losses due to the passage of time established in Sofom GAAP accounting criteria.

Adoption of IFRS 16 as lessee/tenant
Contracts that grant the Company control over an identified asset, are recognized as a lease liability and an asset for right of use. The lease liability is initially reported at the present value of the minimum lease payments as established in IFRS 16.

The lease payments are distributed among financial expenses and the reduction of lease obligations to reach a constant base on the remaining balance of the liability.

Financial expenses are directly charged to income, unless they can be directly attributable to qualifying assets, in which case, they are capitalized in accordance to the Company's accounting policy for borrowing costs. Variable lease payments are recognized in the income statement through the periods in which they are incurred. Indexed lease increases will be considered to make a recalculation of the lease liability.

The right-of-use asset is initially calculated at cost and is subsequently measured at cost minus accrued depreciation and impairment losses.

Consolidated Balance Sheet

Ps. Million	31-Dec-18			01-Jan-18			
	Accounting Criteria	Adjustment	IFRS	Accounting Criteria	Adjustment	IFRS	
ASSETS							
Cash & cash equivalents, Investments in securities	3,907	(335)	3,571	2,435	(335)	2,100	(E)
Derivatives with hedging purposes	5,103		5,103	4,598		4,598	
Accounts Receivables	8,624	36,782	45,406	5,482	29,131	34,613	(B)
Allowance for loan losses	(200)	(707)	(907)	(39)	(653)	(692)	(A) (I)
Accounts Receivables - Net	8,424	36,075	44,499	5,443	28,478	33,921	
Property, machinery & equipment - Net	40,680	(39,451)	1,229	32,729	(31,734)	995	(C)
Deferred charges	2,276	(1,848)	428	2,067	(1,724)	343	(D)
Deferred income taxes	2,329	1,058	3,387	1,719	1,244	2,963	(E)
Other assets	5,071	(2,109)	2,961	5,624	(3,622)	2,002	(F)
Total Assets	**67,790**	(6,611)	**61,179**	**54,615**	(7,693)	**46,922**	
LIABILITIES AND STOCKHOLDERS' EQUITY							
Total debt securities	38,346	(2,990)	35,356	35,029	(3,253)	31,776	(D)
Total bank borrowings & loans short and long term	12,473	(155)	12,318	8,139	(77)	8,062	(D)
Other accounts payable	3,980	(956)	3,024	3,863	(1,996)	1,867	(G)
Total liabilities	**54,799**	(4,100)	**50,699**	**47,031**	(5,326)	**41,705**	
Capital stock	2,894	(24)	2,870	2,894	(0)	2,894	(E)
Subordinated obligations	4,531		4,531	0	0	0	
Capital reserves	277	(315)	(38)	188	(338)	(150)	(E)
Valuation of hedging derivatives	670		670	881	0	881	
Retained earnings	2,695	(2,030)	666	1,850	(1,775)	75	(E)
Net income for the year	1,924	(144)	1,780	1,771	(254)	1,516	(E)
Total stockholders' equity	**12,992**	(2,512)	**10,480**	**7,584**	(2,368)	**5,217**	
Total liabilities & stockholders' equity	**67,790**	(6,612)	**61,179**	**54,615**	(7,693)	**46,922**	

(A) NIIF (IFRS): Additional allowances created under the Expected losses methodology.
(B) SOFOM Accounting Criteria: The total portfolio only included factoring, auto loans and other credits. IFRS: Under the new criteria, the net present value of the total account receivable is recorded. (including leasing, factoring, auto and other loans)
(C) SOFOM Accounting Criteria: Net value of total assets (owned and leased). IFRS only accounts for assets owned by the Company.
(D) The expenses of each issuance are netted against each financial liability that originated such expenses and are presented as amortized cost.
(E) Various adjustments and reclassification due to IFRS format
(F) SOFOM Accounting Criteria: leasing accounts receivables were registered in Other accounts receivables. (IFRS): Leasing accounts receivables are registered in Accounts Receivables and presented using the net present value of those accounts. Additional adjustment on Fixed Assets, eliminating the allowance for loan losses in that account that was used in according to the past SOFOM Accounting Criteria.
(G) Corresponds to a reclassification done in the deferred credits account vs. other accounts receivables as well as a reclassification done in the advances to suppliers' vs the sundry creditors account.
(H) Income acknowledgement (operating lease vs capital lease) and a change in the allowance for loan losses account. (expected loss)

Consolidated Income Statement

Ps. Million

	31-Dec-18					
	Accounting Criteria		Adjustment	(IFRS)		
	$	%	$	$	%	
Operating lease income	14,761	77.9%	(14,761)		0.0%	(A)
Interest income	2,588	13.7%	5,798	8,385	96.4%	(A) (D)
Other lease benefits	1,596	8.4%	(1,285)	311	3.6%	(C)
Total revenue	**18,944**	**100.0%**	(10,248)	**8,696**	**100.0%**	
Depreciation of assets under operating lease	8,005	42.3%	(8,005)			(B)
Interest expense	5,515	29.1%	(21)	5,494	63.2%	(E)
Commisions		0.0%	43	43	0.5%	(E)
Other lease expenses	1,619	8.5%	(1,451)	168	1.9%	(C)
Total expenses	**15,139**	**79.9%**	(9,434)	**5,705**	**65.6%**	
Nominal financial margin or Gross Profit (NIIF)	**3,805**	**20.1%**	(815)	**2,991**	**34.4%**	
Allowance for loan losses	**251**	**1.3%**	0	**251**	**2.9%**	
Financial margin adjusted for credit risk	**3,555**	**18.8%**	(815)	**2,740**	**31.5%**	
Admin. Expenses	1,092	5.8%	0	1,092	12.6%	
Commissions and fees paid	43	0.2%	(43)			(E)
Other operating income - Net	(26)	-0.1%	26			(E)
Depreciation of owned assets			34	34	0.4%	(E)
Expenses (income) from the sale of fixed assets			6	6	0.1%	(E)
Total Operating Expenses	**1,109**	**5.9%**		**1,131**	**13.0%**	
Operating income (loss)	**2,446**	**12.9%**	(837)	**1,609**	**18.5%**	
Equity methods/subsidiaries	**36**	**0.2%**	(0)	**36**	**0.4%**	
Exchange Profit (loss) net				231	2.7%	
Otros income (expense)				361	4.1%	
Total Comprehensive financing result				**592**	**6.8%**	(D)
Income (loss) before tax expense	**2,482**	**13.1%**	(281)	**2,201**	**25.3%**	
Current income tax	1,168	6.2%	(288)	880	10.1%	(E)
Deferred income tax	(610)	-3.2%	186	(424)	-4.9%	(E)
Income tax expense	**558**	**2.9%**	(102)	**457**	**5.3%**	
Net income (loss)	**1,924**	**10.2%**	(144)	**1,780**	**20.5%**	

(I) SOFOM Accounting Criteria: The allowances for loan losses only considered the factoring and auto and other loans businesses. (IFRS) The allowances for loan losses considers all the products.
(A) SOFOM Accounting Criteria: Considered income for leasing rents accrued in the period. (IFRS) Registers the interest income from leasing contracts, using the effective interest method.
(B) (IFRS): Considering that the net fixed assets account is no longer presented, the depreciation of those assets is removed from the P&L.
(C) Reclassification effect after presenting the net income proceeding the sale of the fixed assets and its corresponding expense to the initial commission.
(D) Adjustment to the presentation of FX fluctuations and interest derived from investments
(E) Diverse adjustments to the presentation of assets, income acknowledgement and reclassifications

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Consolidated Income Statement

Ps. Million

	IFRS									
	1Q18		2Q18		3Q18		4Q18		2018	
	$	%	$	%	$	%	$	%	$	%
Leasing Interest	1,439	75.3%	1,521	71.4%	1,729	77.1%	1,900	78.8%	6,589	75.8%
Auto loan interest	74	3.9%	79	3.7%	77	3.4%	79	3.3%	309	3.6%
Factoring interest	82	4.3%	106	5.0%	104	4.6%	122	5.1%	414	4.8%
Other credits interest	162	8.5%	241	11.3%	169	7.5%	207	8.6%	779	9.0%
Commsions	103	5.4%	75	3.5%	58	2.6%	57	2.4%	294	3.4%
Others	50	2.6%	109	5.1%	106	4.7%	46	1.9%	311	3.6%
Total income	**1,910**	**100.0%**	**2,130**	**100.0%**	**2,244**	**100.0%**	**2,412**	**100.0%**	**8,696**	**100.0%**
Interest expense	1,228	64.3%	1,277	59.9%	1,436	64.0%	1,553	64.4%	5,494	63.2%
Commissions	16	0.8%	10	0.5%	9	0.4%	8	0.3%	43	0.5%
Others	60	3.1%	42	2.0%	42	1.9%	25	1.0%	168	1.9%
Total Expenses	**1,303**	**68.2%**	**1,329**	**62.4%**	**1,487**	**66.3%**	**1,586**	**65.7%**	**5,705**	**65.6%**
Gross Profit	**607**	**31.8%**	**801**	**37.6%**	**757**	**33.7%**	**826**	**34.3%**	**2,991**	**34.4%**
Allowance for loan losses	**45**	**2.4%**	**90**	**4.2%**	**56**	**2.5%**	**60**	**2.5%**	**251**	**2.9%**
Adjusted Gross Profit	**562**	**29.4%**	**711**	**33.4%**	**701**	**31.2%**	**766**	**31.8%**	**2,740**	**31.5%**
Admin. Expenses	266	13.9%	280	13.1%	291	13.0%	255	10.6%	1,092	12.6%
Depreciation of owned assets	15	0.8%	19	0.9%	0	0.0%	0	0.0%	34	0.4%
Expenses (income) from the sale of fixed assets	(65)	-3.4%	(27)	-1.3%	(1)	0.0%	99	4.1%	6	0.1%
Total Operating Expenses	**216**	**11.3%**	**271**	**12.7%**	**291**	**13.0%**	**354**	**14.7%**	**1,131**	**13.0%**
Operating income (loss)	**346**	**18.1%**	**440**	**20.7%**	**411**	**18.3%**	**412**	**17.1%**	**1,609**	**18.5%**
Exchange Profit (loss) net	61	3.2%	(34)	-1.6%	97	4.3%	107	4.4%	231	2.7%
Otros income (expense)	118	6.2%	52	2.5%	64	2.9%	127	5.2%	361	4.1%
Total Comprehensive financing result	**179**	**9.4%**	**19**	**0.9%**	**161**	**7.2%**	**233**	**9.7%**	**592**	**6.8%**
Income (loss) before tax expense	**524**	**27.5%**	**459**	**21.5%**	**572**	**25.5%**	**646**	**26.8%**	**2,201**	**25.3%**
Current income tax	121	6.4%	272	12.8%	229	10.2%	258	10.7%	880	10.1%
Deferred income tax	10	0.5%	(199)	-9.3%	(110)	-4.9%	(124)	-5.2%	(424)	-4.9%
Income tax expense	**131**	**6.9%**	**73**	**3.4%**	**119**	**5.3%**	**134**	**5.6%**	**457**	**5.3%**
Equity methods/subsidiaries	**(1)**	**-0.1%**	**11**	**0.5%**	**9**	**0.4%**	**18**	**0.7%**	**36**	**0.4%**
Net income (loss)	**392**	**20.5%**	**397**	**18.7%**	**462**	**20.6%**	**529**	**21.9%**	**1,780**	**20.5%**

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Annex 2 – Historical financial information

Historical Income Statement under IFRS accounting

Figures in Ps. million	1Q18	2Q18	3Q18	4Q18	1Q19	2017	2018	Var.%
Leasing interest	1,439	1,521	1,729	1,900	1,854	4,269	6,589	54.3%
Auto & other loans interest	236	320	246	286	273	914	1,089	19.1%
Factoring interest	82	106	104	122	123	346	414	19.6%
Commissions & others	153	184	164	103	167	520	604	16.2%
Interest income	**1,910**	**2,130**	**2,244**	**2,412**	**2,418**	**6,049**	**8,696**	**43.8%**
Interest expense	1,228	1,277	1,436	1,553	1,538	3,822	5,494	43.7%
Commissions & others	75	52	51	33	26	166	211	27.7%
Total costs	**1,303**	**1,329**	**1,487**	**1,586**	**1,564**	**3,987**	**5,705**	**43.1%**
Financial margin	**607**	**801**	**757**	**826**	**854**	**2,062**	**2,991**	**45.1%**
Loan losses reserve	45	90	56	60	50	115	251	117.9%
Adjusted financial margin	**562**	**711**	**701**	**766**	**804**	**1,947**	**2,740**	**40.8%**
Admin. Expenses	266	280	291	255	340	891	1,092	22.6%
Depreciation of owned assets	15	19	0	0	15	87	34	(61.1%)
Expenses (income) from the sale of fixed assets	(65)	(27)	(1)	99	19	0	6	NA
Operating income	**346**	**440**	**411**	**412**	**429**	**969**	**1,609**	**66.0%**
Exchange income (loss) - net	61	(34)	97	107	54	105	231	119.6%
Other income (expenses) - net	118	52	64	127	90	817	361	(55.8%)
Comprehensive financing result	179	19	161	233	144	922	592	(35.8%)
Income before tax expense	**524**	**459**	**572**	**646**	**573**	**1,891**	**2,201**	**16.4%**
Current income tax	121	272	229	258	229	1,097	880	(19.8%)
Deferred income tax	10	(199)	(110)	(124)	(115)	(690)	(424)	(38.6%)
Income tax expense	131	73	119	134	115	407	457	12.3%
Equity methods/subsidiaries	(1)	11	9	18	11	32	36	13.6%
Net income	**392**	**397**	**462**	**529**	**469**	**1,516**	**1,780**	**17.4%**

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Historical Balance Sheet under IFRS accounting

Figures in Ps. million	2016	2017	1Q18	2Q18	3Q18	4Q18	1Q19
Assets							
Cash & cash equivalents	273	197	624	906	354	376	292
Investments in securities	1,070	1,903	4,628	6,511	2,189	3,195	4,054
Advanced payments to suppliers	255	544	790	594	832	1,229	1,322
Advanced payments	136	322	422	685	451	435	650
Favorable tax balance	870	487	685	513	678	414	414
Leasing portfolio - net	5,325	7,878	7,902	8,871	10,064	11,304	10,034
Factoring portfolio - net	2,896	2,525	2,158	2,626	2,268	2,746	2,705
Auto loans & other portfolio - net	2,422	2,756	3,654	4,896	4,452	4,778	4,390
Current assets	**13,247**	**16,612**	**20,864**	**25,602**	**21,289**	**24,478**	**23,861**
Property, machinery & equipment - owned	828	995	1,310	1,303	1,299	1,229	1,210
Derivatives with hedging purposes	3,886	4,598	1,114	5,624	3,022	5,103	3,799
Foreclosed assets	212	591	595	619	637	802	917
Other permanent investments	37	50	103	59	68	76	86
Deferred charges	262	343	364	386	426	428	427
Other long-term assets	26	9	39	85	25	6	6
Deferred income taxes	2,272	2,963	2,953	3,152	2,961	3,387	3,501
Factoring portfolio - net	11,788	18,397	20,018	21,362	22,115	23,168	24,688
Auto loans & other portfolio - net	2,142	2,365	2,134	1,883	2,515	2,502	3,420
Non-current assets	**21,454**	**30,310**	**28,629**	**34,473**	**33,070**	**36,701**	**38,054**
Total assets	**34,701**	**46,922**	**49,493**	**60,075**	**54,360**	**61,179**	**61,915**
Liabilities and stockholders' equity							
Short-term interest	288	534	364	811	373	757	234
Short-term borrowings	6,445	4,228	1,437	7,410	3,740	8,300	11,594
Income tax payable	314	252	370	199	271	327	314
Sundry creditors	3,168	1,245	2,199	2,612	2,213	2,195	1,346
Other accounts payable	547	370	675	589	424	502	819
Current liabilities	**10,763**	**6,629**	**5,046**	**11,622**	**7,021**	**12,081**	**14,307**
Long-term borrowings	1,897	3,834	2,652	2,882	3,536	4,019	3,892
Long-term securitizations	12,000	17,286	15,257	15,216	15,174	14,834	14,341
International notes	6,654	13,956	18,264	20,085	19,028	19,765	19,926
Non-current liabilities	**20,551**	**35,076**	**36,173**	**38,183**	**37,738**	**38,618**	**38,160**
Total liabilities	**31,314**	**41,705**	**41,219**	**49,805**	**44,758**	**50,699**	**52,467**
Capital stock	2,896	2,894	2,894	2,886	2,886	2,871	2,870
Capital reserves	(210)	(150)	(150)	(53)	(53)	(38)	(38)
Valuation of hedging derivatives	218	881	(924)	1,189	189	670	(314)
Retained earnings	(727)	75	1,531	929	797	666	1,929
Net income for the year	1,210	1,516	392	789	1,251	1,780	469
Subordinated obligations	0	0	4,531	4,531	4,531	4,531	4,531
Total stockholders' equity	**3,387**	**5,217**	**8,274**	**10,271**	**9,601**	**10,480**	**9,448**
Total liabilities & stockholders' equity	**34,701**	**46,922**	**49,493**	**60,075**	**54,360**	**61,179**	**61,915**

Annex 3 – Glossary of Metrics

1. Net interest margin (NIM) - Calculated as LTM of nominal financial margin / average total portfolio
2. OpEx - Calculated as administrative expenses / total revenues
3. NPL ratio - Calculated as total past-due loan portfolio (leasing, factoring & auto) / total portfolio
4. Coverage ratio - Calculated as total past-due loan portfolio / total allowances for loan losses
5. ROAA - Calculated as LTM net income / average LTM total assets
6. ROA - Calculated as LTM net income / total assets
7. ROAE - Calculated as LTM net income / average LTM equity
8. ROE - Calculated as LTM net income / total equity
9. Capitalization - Calculated as equity / total assets
10. Financial leverage - Calculated as financial liabilities (excl. securitizations) / equity
11. Total leverage - Calculated as total liabilities (excl. securitizations) / equity

Annex 4 – Financial Liabilities (Ps. Million)

International notes	Outstanding[1]	Maturity	Rate	Currency	Rating[2] S&P/Fitch/HR
UNIFIN 2023	400	Sep-23	Fixed	USD[1]	BB / BB / BBB-
UNIFIN 2025	450	Jan-25	Fixed	USD[1]	BB / BB / BBB-
UNIFIN 2026	300	Feb-26	Fixed	USD[1]	BB / BB / BBB-
Total	**1,150**				

Securitization	Outstanding[1]	Maturity	Rate	Currency	Rating[3] S&P/HR
Private securitization	2,250	Mar-23	Variable[3]	MXN	mxAAAS&P / HRAAA
UFINCB15	1,387	Sep-20	Variable[3]	MXN	mxAAAS&P / HRAAA
UFINCB16	2,363	Feb-21	Variable[3]	MXN	mxAAAS&P / HRAAA
UNFINCB16	1,250	Sep-21	Variable[3]	MXN	mxAAAS&P / HRAAA
UNFINCB16-2	1,250	Sep-21	Fixed	MXN	mxAAAS&P / HRAAA
UNFINCB17	1,500	Mar-22	Variable[3]	MXN	mxAAAS&P / HRAAA
UNFINCB17-2	1,500	Mar-22	Fixed	MXN	mxAAAS&P / HRAAA
UNFINCB17-3	2,500	Sep-22	Variable[3]	MXN	mxAAAS&P / HRAAA
UNFINCB17-4	1,000	Sep-22	Fixed	MXN	mxAAAS&P / HRAAA
Total	**15,000**				

Bank Credit Lines	Outstanding[1]	Available
Total	**15,553**	**2,212**

[1] Excludes accrued interest and deferred charges
[2] International rating
[3] Hedged to FX & floating rates
[4] Local rating

Annex 5 – Share Repurchase Program

Share repurchase program	Shares
Initial balance of the repurchase program as of 01/01/2019	**16,317,238**
Total acquired shares 2019	**5,057,681**
1Q19	5,057,681
Total sold shares 2019	**0**
Cancelled shares	**5,000,000**
Final balance of the repurchase program as of 31/03/2019	**16,374,919**

Annex 6 – Company Capital Structure and EPS

Number of Shares	Shares As of Mar 2019
Current float	**126,051,515**
Repurchased shares held in Treasury	21,374,919
Cancelled shares	5,000,000
Number of total shares held in Treasury	**16,374,919**
Total Outstanding Shares	352,800,000
Cancelled Shares	7,500,000
Net Outstanding shares	**345,300,000**

Earnings per Shares (EPS)	1Q19
EPS last 12 months	5.38
EPS (annualized 1Q19)	5.43