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Under no circumstances shall this document constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. Recipients of this document who intend to subscribe for or purchase the securities are reminded that any subscription or purchase may only be made on the basis of the information contained in the Offering Memorandum.

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US\$450,000,000



Unifin Financiera, S.A.B. de C.V., SOFOM, E.N.R.
(incorporated under the laws of Mexico)
7.000% Senior Notes due 2025
Unconditionally Guaranteed by
Unifin Credit, S.A. de C.V., SOFOM, E.N.R. and
Unifin Autos, S.A. de C.V.

Unifin Financiera, S.A.B. de C.V., SOFOM, E.N.R. is offering US\$450,000,000 aggregate principal amount of 7.000% Senior Notes due 2025 (the “notes”). We will pay interest on the notes at a fixed rate of 7.000% per year, payable semi-annually in arrears on January 15 and July 15 of each year, beginning on July 15, 2017. The notes will mature on January 15, 2025, unless previously redeemed. The notes will be unconditionally guaranteed by certain of our subsidiaries. The notes and the subsidiary guarantees will be our and our subsidiary guarantors’ senior unsecured obligations (subject to certain statutory preferences under Mexican law, such as tax and labor obligations). The notes and the subsidiary guarantees will rank equally with each other and with all of our and our subsidiary guarantors’ respective existing and future senior unsecured indebtedness. The notes will rank effectively junior in right of payment to any of our existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness and structurally junior to debt obligations of our subsidiaries that are not guarantors of the notes. The notes will be issued in registered form in denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof.

We may redeem the notes, in whole or in part, at any time on or after July 15, 2021 at the applicable redemption prices set forth in this offering memorandum, plus any Additional Amounts (as defined under “Description of the Notes”) then due, if any, plus accrued and unpaid interest, if any, to the date of redemption. Prior to July 15, 2021, we may also redeem the notes, in whole or in part, at a redemption price based on a “make-whole” premium plus any Additional Amounts then due, if any, plus accrued and unpaid interest, if any, to the date of redemption. In addition, at any time on or prior to July 15, 2020 we may redeem up to 35% of the notes at a redemption price equal to 107.000% of their principal amount, plus any Additional Amounts then due, if any, plus accrued and unpaid interest, if any, to the date of redemption, using the proceeds of certain equity sales. Furthermore, if tax laws currently in effect are modified and the change results in higher withholding taxes in respect of payments of interest or amounts deemed interest on the notes, we may redeem the notes in whole, but not in part, at 100% of their principal amount, plus any Additional Amounts then due, if any, plus accrued and unpaid interest, if any, to the date of redemption. There is no sinking fund for the notes. See “Description of the Notes—Optional Redemption.” If a change of control as described in this offering memorandum under the heading “Description of the Notes—Change of Control Triggering Event” occurs, we will be required to offer to purchase the notes from the holders.

No public market currently exists for the notes. We intend to apply to have the notes listed on the Official List of the Luxembourg Stock Exchange and to trading on the Euro Multilateral Trading Facility (“EuroMTF”) Market of the Luxembourg Stock Exchange. However, we cannot assure you that such listing application will be approved.

Investing in the notes involves risks, see “Risk Factors” section beginning on page 25 of this offering memorandum.

Offering Price: 99.285% plus accrued interest, if any, from May 15, 2017.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH THE MEXICAN NATIONAL SECURITIES REGISTRY (*REGISTRO NACIONAL DE VALORES*, OR “RNV”) MAINTAINED BY THE MEXICAN NATIONAL BANKING AND SECURITIES COMMISSION (*COMISIÓN NACIONAL BANCARIA Y DE VALORES*, OR “CNBV”), AND, THEREFORE, MAY NOT BE OFFERED OR SOLD PUBLICLY IN MEXICO; THE NOTES MAY BE SOLD TO INVESTORS THAT QUALIFY AS INSTITUTIONAL AND ACCREDITED INVESTORS IN MEXICO, PURSUANT TO THE LAWS OF MEXICO, SOLELY PURSUANT TO THE PRIVATE PLACEMENT EXEMPTION SET FORTH IN ARTICLE 8 OF THE MEXICAN SECURITIES MARKET LAW (*LEY DEL MERCADO DE VALORES*). WE WILL NOTIFY THE CNBV OF THE TERMS AND CONDITIONS OF THIS OFFERING OF THE NOTES OUTSIDE OF MEXICO. SUCH NOTICE WILL BE SUBMITTED TO THE CNBV TO COMPLY WITH ARTICLE 7, SECOND PARAGRAPH, OF THE MEXICAN SECURITIES MARKET LAW AND FOR STATISTICAL AND INFORMATIONAL PURPOSES ONLY. THE DELIVERY TO, AND RECEIPT BY, THE CNBV OF SUCH NOTICE DOES NOT CONSTITUTE OR IMPLY A CERTIFICATION AS TO THE INVESTMENT QUALITY OF THE NOTES, OUR SOLVENCY, LIQUIDITY OR CREDIT QUALITY OR THE ACCURACY OR COMPLETENESS OF THE INFORMATION SET FORTH IN THIS OFFERING MEMORANDUM. THIS OFFERING MEMORANDUM IS SOLELY OUR RESPONSIBILITY AND HAS NOT BEEN REVIEWED OR AUTHORIZED BY THE CNBV.

The notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended, (the “Securities Act”), any state securities laws, or the securities laws of any other jurisdiction and may not be offered or sold in the United States or to U.S. persons (as defined in Regulation S under the Securities Act (“Regulation S”)), except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. Accordingly, the notes are being offered and sold in the United States only to qualified institutional buyers in compliance with Rule 144A under the Securities Act (“Rule 144A”) and to persons other than U.S. persons outside the United States in compliance with Regulation S. Prospective purchasers that are qualified institutional buyers are hereby notified that the seller of the notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of eligible offerees and certain restrictions on transfer of the notes, see “Transfer Restrictions.”

The notes will be ready for delivery to investors in book entry form only through the facilities of The Depository Trust Company (“DTC”) for the accounts of its direct and indirect participants, including Euroclear Bank S.A./N.V., as operator of the Euroclear System (“Euroclear”), and Clearstream Banking, *société anonyme*, Luxembourg (“Clearstream”) on or about May 15, 2017.

Global Coordinator

Citigroup

Joint Book-Running Managers

Citigroup

Barclays

Credit Suisse

The date of this offering memorandum is May 10, 2017.

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In making your investment decision, you should rely only on the information contained in this offering memorandum. Neither we nor the initial purchasers have authorized any other person to provide you with different information, and neither we nor the initial purchasers take any responsibility for any information that others may give to you. If anyone provides you with different or additional information, you should not rely on it. You should assume that the information appearing in this offering memorandum is accurate only as of the date on the front cover of this offering memorandum. Our business, properties, results of operations or financial condition may have changed since that date. Neither the delivery of this offering memorandum nor any sale made hereunder will under any circumstances imply that the information herein is correct as of any date subsequent to the date on the front cover of this offering memorandum. This offering memorandum may only be used where it is legal to sell the notes. Neither we nor any of the initial purchasers is making an offer to sell the notes in any jurisdiction where such an offer or sale is not permitted.

NOTICE TO INVESTORS

Unless otherwise specified or the context requires, references in this offering memorandum to “the Company,” “we,” “us” and “our” refer to Unifin Financiera, S.A.B. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada and its subsidiaries, and references to “Unifin” or “the Issuer” refer to Unifin Financiera, S.A.B. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada.

This offering memorandum is highly confidential and has been prepared by us solely for use in connection with the proposed offering of the notes described in this offering memorandum. This offering memorandum is personal to each offeree and does not constitute an offer to any other person or the public generally to subscribe for or otherwise acquire the notes. Distribution of this offering memorandum to any person other than the offeree and those persons, if any, retained to advise that offeree with respect thereto is unauthorized and any disclosure of any of its contents without our prior written consent is prohibited. Each offeree, by accepting delivery of this offering memorandum, agrees to the foregoing and agrees to make no copies of the offering memorandum.

Neither we nor the initial purchasers are making an offer to sell the notes or are soliciting offers to buy the notes in any jurisdiction except where such an offer or sale is permitted. You must comply with all applicable laws and regulations in force in your jurisdiction and you must obtain any consent, approval or permission required by you for the purchase, offer or sale of the notes under the laws and regulations in force in your jurisdiction to which you are subject or in which you make such purchase, offer or sale, and neither we nor the initial purchasers will have any responsibility therefor.

We are relying upon an exemption from registration under the Securities Act for an offer and sale of securities which do not involve a public offering. We have submitted this offering memorandum solely to a limited number of qualified institutional buyers in the United States and to investors outside the United States and Mexico so they can consider a purchase of the notes. This offering memorandum may be used only for the purposes for which it has been published. By accepting delivery of this offering memorandum, you acknowledge that the use of the information in this offering memorandum for any purpose other than to consider a purchase of the notes is strictly prohibited. These undertakings and prohibitions are for our benefit, and we may enforce them. U.S. federal securities laws restrict trading in our securities while in possession of material non-public information with respect to us. By accepting delivery of this offering memorandum and by purchasing the notes, you will be deemed to have made certain acknowledgments, representations and agreements as set forth under “Transfer Restrictions” in this offering memorandum. The notes are subject to restrictions on transfer and resale and may not be transferred or resold except as permitted under the Securities Act and applicable state securities laws pursuant to registration or exemption therefrom. As a prospective purchaser of the notes, you should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time.

This offering memorandum is based on information provided by us and other sources that we believe to be reliable. Neither we nor the initial purchasers can assure you that this information is accurate or complete. This offering memorandum summarizes certain documents and other information and we refer you to them for a more complete understanding of what we discuss in this offering memorandum.

We accept responsibility for the information contained in this offering memorandum and declare that, having taken all reasonable care to ensure that such is the case, the information contained in this offering memorandum to the best of our knowledge is in accordance with the facts and contains no omission likely to affect its import.

Neither we nor the initial purchasers are making any representation to any purchaser regarding the legality of an investment in the notes by such purchaser under any legal investment or similar laws or regulations. You should not consider any information in this offering memorandum to be legal, financial, business or tax advice. You should consult your own counsel, accountant, business advisor and tax advisor for legal, accounting, business and tax advice regarding any investment in the notes.

We reserve the right to withdraw this offering of notes at any time and we and the initial purchasers reserve the right to reject any commitment to subscribe for the notes in whole or in part and to allot to any prospective investor less than the full amount of notes sought by that investor. The initial purchasers and certain related entities may acquire for their own account a portion of the notes.

The initial purchasers make no representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this offering memorandum. Nothing contained in this offering memorandum is, or shall be relied upon as, a promise or representation by the initial purchasers as to the past or future.

None of the SEC, the CNBV or any state or foreign securities commission or any other regulatory authority has approved or disapproved the offering of the notes nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy, adequacy or completeness of this offering memorandum. Any representation to the contrary is a criminal offense.

In making an investment decision, prospective investors must rely on their own examination of the Company and the terms of the offering, including the merits and risks involved. Prospective investors should not construe anything in this offering memorandum as legal, business or tax advice. Each prospective investor should consult its own advisors as needed to make its investment decision and to determine whether it is legally permitted to purchase the notes under applicable legal, investment or similar laws or regulations.

AVAILABLE INFORMATION

We are not subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). To permit compliance with Rule 144A under the Securities Act in connection with resales of notes, we will be required under the indenture under which the notes are issued (the “Indenture”), upon the request of a holder of Rule 144A notes or Regulation S notes (during the restricted period, as defined in the legend included under “Transfer Restrictions”), to furnish to such holder and any prospective purchaser designated by such holder the information required to be delivered under Rule 144A(d)(4) under the Securities Act, unless we either maintain the exemption from reporting under Rule 12g3-2(b) of the Exchange Act or furnish the information to the SEC in accordance with Section 13 or 15 of the Exchange Act. Any such request may be made to us in writing at our main offices located at Presidente Masaryk 111, 5th Floor, Polanco V Sección, Del. Miguel Hidalgo, 11560, Ciudad de México, México. For so long as our shares are registered with the RNV and listed with the Mexican Stock Exchange (*Bolsa Mexicana de Valores* or “BMV”), we will be required periodically to furnish certain information, including quarterly and annual reports, to the CNBV and to the BMV, which will be available in Spanish for inspection on the BMV’s website at www.bmv.com.mx and on the CNBV’s website at www.cnbv.gob.mx.

The Indenture will further require that we furnish to the Trustee (as defined herein) all notices of meetings of the holders of notes and other reports and communications that are generally made available to holders of the notes. At our request, the Trustee will be required under the Indenture to mail these notices, reports and communications received by it from us to all record holders of the notes promptly upon receipt. See “Description of the Notes.”

We will make available to the holders of the notes, at the corporate trust office of the Trustee at no cost, copies of the Indenture as well as this offering memorandum, including a review of our operations, and copies in English of our annual audited consolidated financial statements and our quarterly unaudited consolidated financial statements. Information will also be available at the office of the Luxembourg Listing Agent (as defined herein).

Application is expected to be made to admit the notes to listing in the Official List of the Luxembourg Stock Exchange and to trading on the EuroMTF Market of the Luxembourg Stock Exchange, in accordance with its rules and regulations. This offering memorandum forms, in all material respects, the listing memorandum for admission to the Luxembourg Stock Exchange. We will be required to comply with any undertakings given by us from time to time to the Luxembourg Stock Exchange in connection with the notes, and to furnish all such information as the rules of the Luxembourg Stock Exchange may require in connection with the listing of the notes.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this offering memorandum relating to our plans, forecasts and expectations regarding future events, strategies and projections are estimates. Examples of such forward-looking statements include, but are not limited to: (i) statements regarding our results of operations and financial position; (ii) statements of plans, objectives or goals, including those related to our operations; and (iii) statements of assumptions underlying such statements. Words such as “may,” “might,” “will,” “would,” “shall,” “should,” “can,” “could,” “believe,” “anticipate,” “continue,” “expect,” “estimate,” “plan,” “intend,” “foresee,” “seeks,” “predict,” “project,” “potential,” or the negative of these terms, and other similar terms are used in this offering memorandum to identify such forward-looking statements. Forward-looking statements included in this offering memorandum are based on our current expectations and projections related to future events and trends which affect or would affect our business.

Forward-looking statements include risks, uncertainties and assumptions, since these refer to future events and, therefore, do not represent any guarantee of future results. Therefore, our financial condition, results of operations, strategies, competitive position and market environment may significantly differ from our estimates, in view of a number of factors, including, but not limited to:

- changes in general economic, business or political or other conditions in Mexico, the United States or elsewhere;
- changes in capital markets in general that may affect policies or attitudes towards investing in Mexico or securities issued by companies in Mexico;
- the ability or willingness of our customers to meet their payment obligations;
- the monetary, foreign exchange and interest rate policies of the Mexican Central Bank (*Banco de México*);
- high levels of inflation or deflation;
- movements in foreign exchange rates;
- any increase in competition, including from new market entrants with substantial resources;
- our ability to access sources of financing on attractive terms or at all;
- any failure or weakness in our operating controls or procedures or in connection with our risk management policies;
- changes in, or failure to comply with, applicable laws and regulations, and the interpretation thereof, or changes in taxes;
- changes in regulations, or interpretations thereof, relating to maximum interest rates and to terms that may be included in our standard agreements with customers;
- any damage to the public’s perception of our brands;
- changes in consumer spending and saving habits;
- changes in the offer of and demand for our products;
- any loss of significant customers;
- our ability to implement our plans for growth or to conduct acquisitions or any consolidations;
- our inability to hedge against certain market risks;

- loss of any key personnel;
- changes in labor relations, including any increases in labor costs or any labor strikes;
- our ability to implement new technologies;
- our ability to freely determine the interest rates and premiums that we charge to our customers in our commercial loans;
- our level of capitalization, reserves and charge-offs in respect of non-performing loans;
- any adverse determinations in respect of the financial services industry or our lending business made by antitrust or financial authorities;
- class action lawsuits initiated by borrowers' groups or Mexican authorities and other potential litigation;
- inability to timely and duly enforce collateral provided by borrowers;
- any adverse administrative or legal proceedings against us;
- possible disruptions to commercial activities due to natural and human-induced disasters, including health epidemics, weather conditions, terrorist activities and armed conflicts;
- other factors or trends affecting our financial condition and results of operation; and
- the factors discussed under "Risk Factors" in this offering memorandum.

Therefore, our actual performance may be adversely affected and may significantly differ from the expectations set forth in these forward-looking statements, which do not represent a guarantee of our future performance. In view of these uncertainties, you must not rely on the estimates and forward-looking statements included in this offering memorandum to make an investment decision.

Additional factors affecting our business may arise periodically and we cannot predict such factors, nor can we assess the impact of all these factors on our business or the extent to which such factors or combination of factors could cause our results to materially differ from those contained in any forward-looking statement. Although we consider the plans, intentions, expectation, and estimates reflected in, or suggested by, forward-looking statements included in this offering memorandum to be reasonable, we cannot provide any assurance that our plans, intentions, expectations and estimates will be achieved. Additionally, historical trends in our statements should not be interpreted as a guarantee that these trends will continue in the future.

Forward-looking statements included herein are made only as of the date of this offering memorandum. Except as required by law, we do not undertake any obligation to update any forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of anticipated or unanticipated events or circumstances.

PRESENTATION OF CERTAIN FINANCIAL AND OTHER INFORMATION

Financial Information

This offering memorandum includes our audited consolidated financial statements as of and for the years ended December 31, 2016, 2015 and 2014, together with the notes thereto (the “Audited Financial Statements”). Our Audited Financial Statements were audited by PricewaterhouseCoopers, S.C., independent accountants, as stated in their audit report appearing herein.

We have also included certain of our unaudited condensed consolidated internal financial information as of March 31, 2017 and for the three-month periods ended March 31, 2017 and 2016, (the “Interim Financial Information”). The Interim Financial Information is incomplete, since it does not include all of the information that would be required for a complete set of interim financial statements. See “Summary—Recent Developments—Interim Financial Information.”

Our Audited Financial Statements and our Interim Financial Information are stated in thousands of Mexican pesos. Our Audited Financial Statements and our Interim Financial Information are collectively referred to herein as our Financial Statements.

Accounting Principles

As a multiple purpose financial entity (*Sofom*) with shares registered with the RNV, we have prepared our Financial Statements under the accounting criteria established by the CNBV (“*Sofom* GAAP”), which are in accordance with Mexican Financial Reporting Standards 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 CNBV it is necessary to apply a different accounting criteria. See Note 3 of the Audited Financial Statements.

Sofom GAAP differs in certain significant respects from accounting principles generally accepted in the United States (“U.S. GAAP”). See “Annex A—Summary of Certain Significant Differences Between *Sofom* GAAP and U.S. GAAP” for a description of certain differences between *Sofom* GAAP and U.S. GAAP as they relate to us. We are not providing any reconciliation to U.S. GAAP of the Financial Statements or other financial information in this offering memorandum. We cannot assure you that such reconciliation would not identify material quantitative differences between the Financial Statements or other financial information as prepared on the basis of *Sofom* GAAP if such information were to be prepared on the basis of U.S. GAAP or any other accounting principles.

Non GAAP Measures

This offering memorandum contains a financial measure that has not been calculated or recognized in accordance with U.S. GAAP or *Sofom* GAAP and is referred to herein as adjusted consolidated net income. Adjusted consolidated net income represents net income determined in accordance with *Sofom* GAAP, adjusted for the following non-recurring items net after tax, the sale by us of 25% of the shares of the capital stock of Unifin, Agente de Seguros y Fianzas, S.A. de C.V. in 2014 (see “Business – Our Business Lines”), gains as a result of the repurchase of US\$33.4 million of our 2019 Senior Notes during the year ended December 31, 2015 and the entering into of derivative financial instruments to hedge our exposure to risks associated with exchange rates.

Our management believes that our adjusted consolidated net income is an objective and comparable measure of our operation results, as this measure excludes items that may not provide consistent information regarding our financial results. Our management team uses this measure as an indicator of our operating results and profitability. However, you should not consider our adjusted consolidated net income as an alternative to consolidated net income as defined by *Sofom* GAAP, since, among other things, our adjusted consolidated net income does not reflect our total profits and total intermediation results.

Although our calculation of adjusted consolidated net income may not be comparable to calculations of similarly titled measures used by other companies, our management believes that disclosure of this selected financial metric can provide useful information to investors in their evaluation of our operating performance, mainly because it shows our results of operations without the effect of the non-recurring items. See “Summary Financial and Other Information” and “Selected Financial and Other Information.”

Currency Information

Unless otherwise specified, references to “US\$,” “U.S. dollars” and “dollars” are to the lawful currency of the United States. References to “Ps.,” “Mexican pesos” and “pesos” are to the lawful currency of Mexico.

This offering memorandum contains translations of various peso amounts into U.S. dollars at specified rates solely for the convenience of the reader. These convenience translations should not be construed as representations that the peso amounts actually represent such U.S. dollar amounts or could be converted into U.S. dollars at the specified rate or at all. Unless otherwise indicated, U.S. dollar amounts provided in this offering memorandum that have been translated from pesos have been so translated at an exchange rate of Ps. 20.7314 per U.S. dollar, the exchange rate published by the *Banco de México* in the Mexican Federal Official Gazette on December 29, 2016.

Rounding Adjustments

We have made rounding adjustments to certain numbers presented in this offering memorandum. As a result, numerical figures presented as totals may not always be the exact arithmetic results of their components, as presented.

Certain Terms Related to our Loan Portfolio

In this offering memorandum, we make reference to the following terms:

- “net total loans” refers to total loans net of the allowances for loans losses;
- “non-performing loans” is defined as past-due loans from our operating leases, financial factoring and auto loans and other lending business lines for which collection became overdue, calculated from the thirty-first day such loans become past-due in conformity with the accounting guidelines established by the CNBV. For more information see Note 3(f), “Loans portfolio” to our Audited Financial Statements;
- “off-balance sheet accounts” is defined as the memorandum accounts that appear in our consolidated balance sheet and are comprised of non-accrued rent payments;
- “performing loans” is defined as the total amount of operating leases, financial factoring and auto loans and other loans that are not past due;
- “total indebtedness” is defined as debt securities (long term and short term portions) and bank borrowings and loans from other entities (long term and short term portions); and
- “total loans” is defined as the performing loans and non-performing loans without the effect of the allowance for loan losses.

Industry and Market Data

Market data and other statistical information (other than in respect of our financial results and performance) used throughout this offering memorandum are based on independent industry publications, government publications, reports by market research firms or other published independent sources, including the Mexican Association of Leasing, Credit and Factoring Institutions (*Asociación Mexicana de Sociedades Financieras de Arrendamiento, Crédito y Factoraje, A.C.*). Although we believe these sources are reliable, we have not independently verified the information and cannot guarantee its accuracy or completeness. Some data is also based on our estimates, which are derived from our review of internal surveys, as well as independent sources. You should not place undue reliance on estimates as they are inherently uncertain.

SUMMARY

This summary highlights information contained elsewhere in this offering memorandum. Because this is only a summary of this offering memorandum, we urge you to read carefully this entire offering memorandum before investing in the notes, including “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our Financial Statements and related notes beginning on page F-1.

Overview

We are a non-regulated Mexican leasing company, operating as a non-banking financial services company, specializing in three main business lines: operating leasing, financial factoring and auto loans and other lending. Through our leasing business line, our core business line, we offer operating leases for all types of machinery and equipment, transportation vehicles (including cars, trucks, helicopters, airplanes and other vessels) and other assets used in a variety of industries. Through our factoring business line, we provide liquidity and financing solutions to our customers by purchasing or discounting their accounts receivable and by providing vendor financing. The auto loans portion of our auto loans and other lending business line is focused on financing the acquisition of new and used vehicles, while the other lending portion of such business line includes financing working capital needs and the acquisition of other capital assets.

We specialize in serving small and medium-sized enterprises (“SMEs”), which we believe are largely underserved by banking institutions despite representing the majority of the economic activity in Mexico. We believe the SME sector will continue expanding and providing an attractive opportunity for our growth.

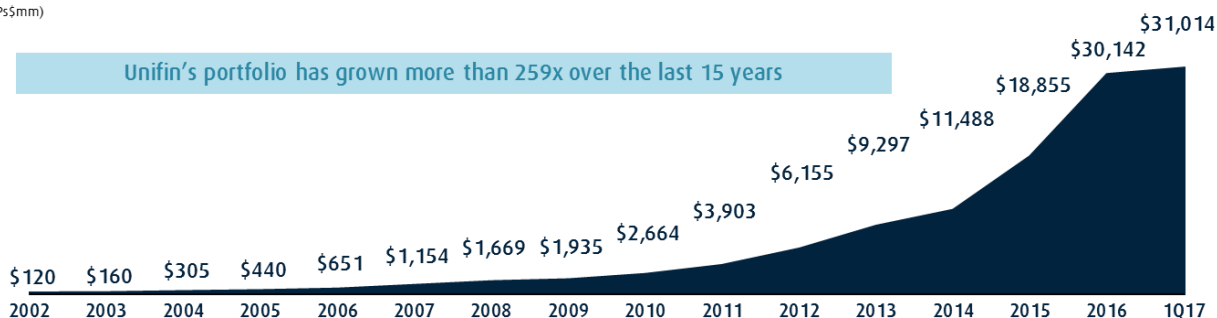
The amount per transaction of our operating leases ranges from Ps. 100,000 to Ps. 150 million, with an average balance of Ps. 1.5 million and with maturities between 12 to 48 months and 35 months on average. The annual fixed interest rates that we charge for our operating lease products range from 18.0% to 25.0%. The amount per transaction of our financial factoring products ranges from Ps. 500,000 to Ps. 150 million, with maturities between 8 to 180 days and 120 days on average, with annual interest rates at the Mexican interbank lending rate (*Tasa de Interés Interbancaria de Equilibrio*, or “TIIIE”) plus 14.5 to 21.0 percentage points. Our auto loans range from Ps. 50,000 to up to 80.0% of the vehicle’s price, with maturities between 12 and 60 months and fixed interest rates between 14.0% and 18.0%.

As of December 31, 2016, our operating leasing, financial factoring and auto loans and other lending business lines represented 73.0%, 9.6% and 17.4%, respectively, of our portfolio (including our off-balance sheet accounts). In recent years, we have experienced a significant level of growth combined with high rates of return and low rates of non-performing loans. Between 2014 and 2016, our loan portfolio, including our off-balance sheet accounts, grew at a compound annual growth rate (“CAGR”) of 62.0%, we had a return on average equity of 30.4% during such period. As of December 31, 2016, our net loan portfolio increased by Ps. 11,286.9 million or 59.9% compared to December 31, 2015. Non-performing loans represented 0.59% of our loan portfolio (including our off-balance sheet accounts) as of December 31, 2016. As of March 31, 2017, our non-performing loans accounted for 0.69% of our total portfolio, including off-balance sheet accounts. We believe our growth is the result of various factors including our geographic coverage and wide distribution network integrated by our headquarters in Mexico City and twelve regional offices, our industry knowledge and know-how, our efforts on development and innovation to meet customers’ needs, our customer’s loyalty resulting from our personalized service and our effective origination and collections processes, as well as risk mitigation.

The chart below shows our loan portfolio growth for each of the periods indicated, including off-balance sheet accounts:

Portfolio evolution

(Ps\$mm)



Source: Company public filings.

We believe that our future growth will be supported by a strong loan portfolio pipeline and clearly identified growth sources:



Source: Company information as of March 31, 2017

As of December 31, 2016, we had total assets of Ps. 41,610.3 million (US\$2,007.1 million). For the years ended December 31, 2014, 2015 and 2016, we had consolidated net income of Ps. 482.4 million (US\$23.3 million), Ps. 1,093.5 million (US\$52.7 million) and Ps. 1,210.3 million (US\$58.4 million), respectively. For the years ended December 31, 2014, 2015, and 2016, we had operating results of Ps. 704.8 million (US\$34.0 million), Ps. 1,423.7 million (US\$68.7 million) and Ps. 1,462.1 million (US\$70.5 million), respectively. As of December 31, 2016, our total loan portfolio had a value of Ps. 30,142.0 million (US\$1,453.9 million). As of December 31, 2016, we had a total stockholders' equity of Ps. 5,500.6 million (US\$265.3 million).

Industry Overview

We believe that the prospects of the Mexican economy represent an attractive opportunity for us to continue to grow our business and to sustain our consistent past performance. We also believe that we are well positioned to take advantage of these opportunities presented by the Mexican economy. Furthermore, the fundamentally sound Mexican financial system and the Mexican government's plan for infrastructure developments in the coming years each further enhance the outlook for our operating leasing, financial factoring and auto loans and other lending business lines.

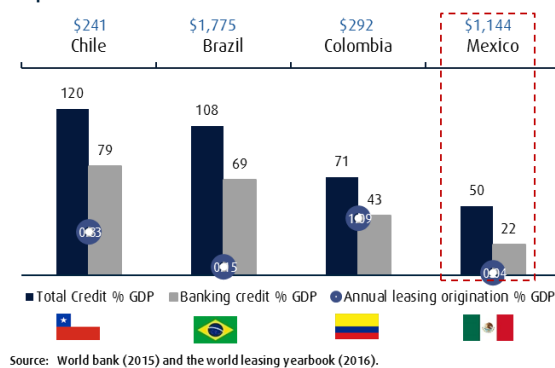
Strong Macroeconomic Environment. Mexico is the second largest market in Latin America in terms of GDP and population. Mexico's GDP is expected to grow 1.6% in 2017 and 2.1% in 2018, according to analyst consensus published by Bloomberg, which compares favorably not only to the region, but also relative to other developed markets. Mexico has maintained its balance of international reserves within a range over the last twelve months of US\$176.5 – US\$176.7 billion. As of December 31, 2016, Mexico's long-term foreign currency rating stands at A3, BBB+ and BBB+, by Moody's Investors Service, Inc., Fitch, Inc. and Standard & Poor's, respectively.

Low National Credit Penetration. Mexico’s capacity for the sustainable growth of the financial services industry is enhanced by the low levels of credit penetration relative to other markets in the region. According to the latest information available from the local regulators, as of December 31, 2016, commercial loans represented 13.3% of Mexico’s GDP, relative to 52.8% in Chile, 23.4% in Brazil, 26.8% in Peru and 29.4% in Colombia. We believe this represents an important growth opportunity for us and the institutions in the financial services industry.

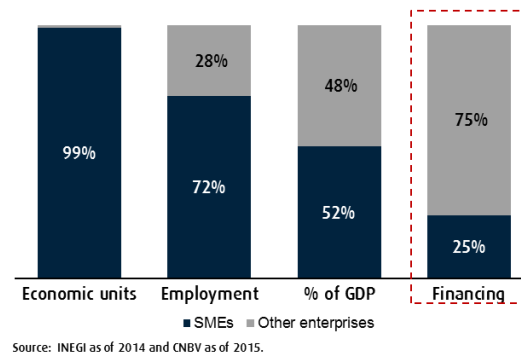
In addition, in terms of operating lease product penetration, Mexico has one of the lowest levels as a percentage of GDP relative to other markets in the region. According to the most recent information available from the World Bank and the World Leasing Yearbook published in 2016, as of December 31, 2014, annual leasing origination represented 0.04% of Mexico’s GDP, relative to 0.83% in Chile, 0.15% in Brazil and 1.09% in Colombia. We believe this represents an important opportunity to expand our offerings of operating lease products, which we believe will provide an important additional financial product to our customers.

Developing SME Sector. Within Mexico’s overall market, SMEs represent a growing share in the market but remain significantly underserved with respect to access to financial services relative to their scale. According to the latest available information published by the Mexican Ministry of Economy (*Secretaría de Economía*), as of December 31, 2014, SMEs represented 99% of all Mexican enterprises, and were responsible for 52% of Mexico’s GDP and employed approximately 72% of Mexico’s formal jobs. Notwithstanding these facts, SMEs only received 25% of the country’s financing as of December 31, 2016, according to the CNBV.

Corporations are still underserved in Mexico...



...driven by the underrepresented SME segment



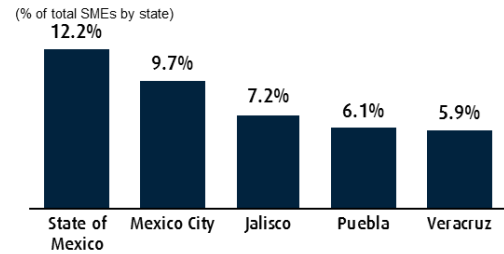
The concentration of these SMEs in selected Mexican states also represents an attractive opportunity to serve these customers with a targeted approach. According to the Mexican Institute of Statistics and Geography (*Instituto Nacional de Estadística y Geografía* or “INEGI”), 57.6% of the SMEs in Mexico are located in regions in which we have a physical presence.

Targeted, growing presence in Mexico's key commercial centers with virtual presence in the whole country



The regions in which Unifin has physical presence represent 63.1% of Mexico's 2014 GDP and 57.6% of the total SMEs...

...additionally, Unifin's presence includes 5 of the top 5 regions in number of SMEs



The Mexican Leasing Market

The Mexican operating lease industry is highly fragmented with only a few sizable players. Our main competition is as follows:

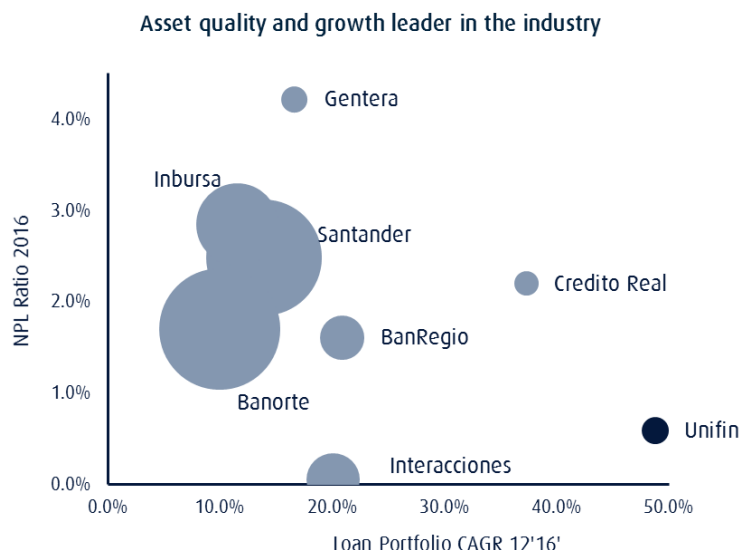
- international players including, among others, CHG-MERIDIAN, Deutsche Computer Leasing AG and CSI Leasing Inc.;
- players related to diversified financial groups including, among others, BBVA Leasing, S.A. de C.V., Arrendadora y Factor Banorte, S.A. de C.V., SOFOM, E.R., Grupo Financiero Banorte, Arrendadora Actinver, S.A. de C.V., AF Banregio, S.A. de C.V., SOFOM, E.R., Banregio Grupo Financiero, Arrendadora Ve por Más, S.A. de C.V., SOFOM, E.R., Grupo Financiero Ve por Más and Invex Arrendadora, S.A. de C.V.;
- players related to specific brands including, among others, Volkswagen Leasing, S.A. de C.V., Caterpillar Crédito, S.A. de C.V., SOFOM, E.N.R., Hewlett Packard Operations México, S. de R.L. de C.V., GM Financiera de México, S.A. de C.V., SOFOM, E.N.R., Paccar Financiera México, S.A. de C.V., SOFOM, E.N.R., Navistar Financiera, S.A. de C.V., SOFOM, E.N.R., Daimler Financial Services, S.A. de C.V., SOFOM, E.N.R. and NR Finance México, S.A. de C.V.; and
- other independent players including, among others, ABC Leasing, S.A. de C.V., Magna Arrendadora, S.A. de C.V., Arrendomóvil de México, S.A. de C.V., Docuformas, S.A.P.I. de C.V., Corporación Financiera Atlas, S.A. de C.V., SOFOM, E.N.R., Financiera Bepensa, S.A. de C.V., SOFOM, E.N.R., Engencap Fin, S.A. de C.V., SOFOM, E.N.R. and TIP de México, S.A.P.I. de C.V.

Our Competitive Strengths

We believe that the following key strengths give us an advantage over our competitors and position us to grow our market share in the Mexican operating leasing, financial factoring and auto loans and other lending industries:

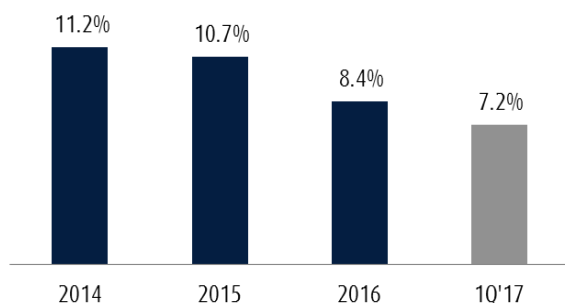
Leader in the Mexican Operating Leasing Industry. Since beginning operations in 1993, we have experienced significant growth and have consolidated our position as a leader in the operating leasing industry with an active participation in the Mexican financial industry. According to the latest report published by The Alta

Group, we continue to be the leading independent (non-banking) leasing company in Latin America as of November 2015. We believe that our growth and market penetration are primarily a result of our unique business model, which focuses primarily on the continuous development and innovation of our products and financial solutions aimed at meeting our customers' needs; our personalized customer service; our ability to generate demand for our products through our sales efforts supported by our marketing strategies targeted at SMEs and individual business owners; and our efficient credit origination and risk management processes reinforced by advanced information technology systems. Based on this business model, from 2014 to 2016, we increased our operating volume from our operating leases, financial factoring and auto loans at a CAGR of 72.6%, 36.3% and 151.5%, respectively. For the same period, we had a return on average equity of 33.2%. In addition, as shown in the charts below, we have consistently outperformed the Mexican banking sector in terms of CAGR, performing loans, efficiency and profitability.

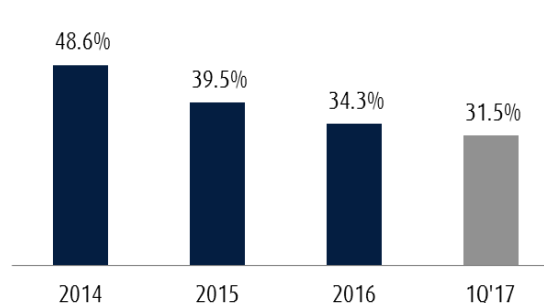


Strong Commercial Structure and an Expanding National Platform. We have a solid commercial structure defined by a highly specialized and capable sales force and an extensive distribution network, comprised of our main office in Mexico City and twelve regional offices located throughout Mexico. Our regional offices are located in the fastest growing geographical areas in Mexico, and our local presence in such markets allows us to obtain detailed knowledge of the specific market needs in order to reach a large number of potential customers. Furthermore, our efficient distribution network affords us a competitive advantage over our competitors by lowering our cost of attracting new customers and improving our profitability through the integration of our business offerings into a single platform. The Mexican states in which we have a physical presence represented in the aggregate 63.1% of Mexico's GDP, according to INEGI's latest available information. We have also developed certain business strategies (including advertising and marketing campaigns, market and industry analysis, historical portfolio analysis and forming industry and product specific sales teams) in order to focus our sales efforts on high potential customers and markets with attractive growth opportunities, as identified by these business strategies. Despite the growth of our commercial structure and sales force, we have been able to maintain high levels of operational efficiency and attractive margins, as shown in the charts below.

(Operating expense / total revenues)



(Efficiency ratio⁽¹⁾)



Source: Unifin.

(1) Calculated as operating expenses divided by the sum of net financial margin before provisions plus net fees.

Streamlined Origination Process Supported by Comprehensive Risk Management Policies. Through our extensive experience and expertise, we have expedited our credit approval process, while maintaining our high credit standards, as is demonstrated by the quality of our portfolio. We have implemented standardized administrative procedures that, together with our solid information technology platform, optimize documentation requirements in connection with leasing and financing requests and renewals. Our origination process is supported by three main pillars: (i) credit rating based on qualitative and quantitative factors, (ii) credit and legal bureau research and (iii) banking and commercial references from our customers. Under our strict credit origination process, a negative result in any of these three categories results in an application's rejection, leading to an average acceptance rate of approximately 38.0% for the year ended December 31, 2016. In addition, our origination process is supported by three specialized credit committees, whose respective responsibilities are based on the amount of the credit analyzed, and who are focused on maintaining credit quality while minimizing response times. We have also implemented a sound risk management system with rigorous policies, processes and procedures, allowing us to efficiently assess credit and operational risks associated with each of our business lines and to respond to potential problems in a timely manner. This risk management system also allows us to comply with internal and legal requirements related to anti-money laundering and personal data protection. In spite of our rapidly growing portfolio and industry leading response times for our customers, our efficient and strict origination process and policies have allowed us to maintain a consistently high quality portfolio with low levels of delinquency.

Effective Collection Process that Results in Low Default Rates. As of December 31, 2016, our non-performing loans accounted for 0.59% of our total portfolio (including our off-balance sheet accounts comprised of non-accrued rent payments) and, during the past five years, our average default rate has been lower than 1.0% (excluding a Ps. 120 million financial factoring account in 2013, which was fully recovered in June 2014). We have developed an efficient collection process that is comprised of both remote and in-person activities, which includes support from an experienced team of collection agents and attorneys allowing us to carefully monitor customer behavior and to take timely and appropriate preventative collection measures. See "Business – Collections" for a detailed description of our collection practices for our operating leasing, financial factoring and auto loans and other lending business lines.

Diversified Customer Portfolio. We offer our products portfolio to a broad and diversified range of customers that operate in different industries, which enables us to effectively manage our exposure to credit risk and market volatility and maintain our rapid portfolio growth. As of December 31, 2016, our top 25 customers accounted for less than 17.0% of our total portfolio, none of which individually accounted for more than 1.2% of our portfolio. Our portfolio is also geographically diversified throughout Mexico.

The following table sets forth the composition of our operating leasing portfolio by economic sector, including off-balance sheet accounts:

Economic activity sector	As of December 31,		
	2014	2015	2016
	(in millions of Ps.)		
Commerce.....	932.7	2,319.5	2,446.1
Construction.....	1,739.1	2,457.2	3,681.5

Government	0.0	0.0	0.0
Transportation.....	2,563.2	2,073.6	3,037.4
Services.....	1,361.9	3,137.4	6,783.2
Other.....	2,183.0	3,678.3	6,062.7
Total.....	8,779.9	13,666.0	22,010.9

The following table sets forth the composition of our financial factoring portfolio by economic sector:

	As of December 31,		
	2014	2015	2016
	(in millions of Ps.)		
Economic activity sector			
Commerce.....	276.2	443.5	490.3
Construction.....	242.2	318.8	540.5
Government	0.0	0.0	0.0
Services.....	531.6	925.2	1,104.5
Transportation.....	65.2	114.4	120.8
Other.....	179.5	324.5	624.4
Total.....	1,294.7	2,126.4	2,880.4

Access to Diversified Sources of Funding. We fund the growth of our operations through lines of credit with Mexican and international banks and governmental development financial institutions, the international and Mexican bond markets and asset-backed securities issued privately and through the BMV. We believe we do not depend significantly on any single financial institution or financing source to fund our operations. As of December 31, 2016, 77.5% of our total indebtedness consisted of long-term debt, of which 42.9% matures between one and three years and 57.1% has a maturity term of four or more years. As of the same date, 64.8% of our total indebtedness was Mexican peso-denominated and 35.2% was U.S. dollar-denominated. As a result of our 2016 international debt issuance of US\$400.0 million, we attained access to an additional source of long-term funding and increased the average maturity of our liabilities and increased our liabilities denominated in U.S. dollars. We have entered into derivative financial transactions to fully hedge potential currency exchange risks in connection with our U.S. dollar-denominated liabilities.

Solid Capital Base to Promote Growth. On May 27, 2015, we completed our initial public equity offering, which consisted of a public offering in Mexico through the BMV, combined with a private share placement with international institutional investors in the U.S. and other locations pursuant to Rule 144A and Regulation S under the Securities Act (the “Initial Public Offering”). The offering consisted of 112,000,000 shares offered at a price of Ps. 28.00 per share, yielding an aggregate value of Ps. 3,136.0 million (US\$151.3 million), plus an additional 16,800,000 shares issued pursuant to the over-allotment option. The Initial Public Offering allowed us to expand our capitalization levels by increasing stockholders’ equity as a percentage of total assets. As of December 31, 2016, our stockholders’ equity was Ps. 5,500.6 million (US\$265.3 million), which represented 13.2% of our total assets. We believe that these capitalization levels will allow us to achieve attractive growth levels in the following years.

Market Knowledge, Experienced Management Team, Board and Shareholder Support. We believe that our 24 years of experience in the leasing, financial factoring and lending industries, together with our management’s experience in these sectors, provide us with extensive knowledge and understanding of the products and services we offer, which has given us a competitive advantage over our competitors. Our board of directors and management team have broad experience in the financial services industry, having held former positions with banking institutions as well as with operating leasing, financial factoring, insurance and other lending institutions. The continuing support of our shareholders has also been a significant factor contributing to our sustained growth. We believe that our management team, board of directors and controlling shareholder and their knowledge, experience and support are key differentiating advantages of the Company. Our controlling shareholder directly or indirectly holds more than 60.0% of our capital stock.

Adherence to Strong Corporate Governance and Industry Best Practices. We have historically issued debt and equity securities through public offerings in Mexico under the supervision of the CNBV, which requires us

to comply with high standards of corporate governance, reporting and other regulations as a publicly traded corporation (*sociedad anónima bursátil*). We believe that this distinguishes us from other non-banking and privately held competitors and fosters a high degree of trust among our customers and investors. Our board of directors is currently comprised of 50% independent directors, and we have established an audit and corporate practices committee, comprised entirely of independent members. We also maintain, among others, credit and risk committees that comply substantially with the standards of the financial industry in Mexico.

Operating Platform that Presents Significant Barriers to Entry for New Market Participants. We believe our operating platform has created unique barriers to entry for potential competitors. These barriers include: (i) experience and expertise – we have obtained a unique understanding of the leasing, financial factoring and lending industries in Mexico and of our customers’ needs, which has allowed us to develop a diversified portfolio; (ii) personalized customer service along with expedite response times – we have created a culture of customer excellence in terms of our service and the quality of our products, as demonstrated by our customers’ loyalty; (iii) capital, access to funding and profitability – in addition to the high capitalization requirements necessary to provide leasing services, we have been successful in sustaining sufficient and diverse financing sources and our profitability profile has allowed us to maintain sustained growth; and (iv) advanced technological systems – we have developed and continue to develop advanced technology systems to support our growth and improve our operational and risk management processes.

Our Business Strategy

Our business strategy is to leverage our competitive strengths and operating efficiency in order to maintain our portfolio growth while increasing our profitability and our product market share. We plan to continue pursuing our business strategy by doing the following:

Maintaining our Leading Position in the Operating Leasing Market and thus Increasing our Participation in the Mexican Financing Market. We believe that the Mexican leasing market offers attractive growth potential. According to the latest information available from the World Bank and the World Leasing Yearbook published in 2016, as of 2014, annual leasing origination represented 0.04% of Mexico’s GDP, relative to 0.83% in Chile, 0.15% in Brazil and 1.09% in Colombia. Furthermore, according to the latest available information published by the INEGI, as of December 31, 2014, SMEs in Mexico generated approximately 72.0% of formal jobs in Mexico, while according to CNBV, as of December 31, 2016 only 25.0% of SMEs had access to bank loans during 2016. In light of the current state of the financial industry in Mexico, we will continue to capitalize on our leading market position in the Mexican leasing sector and on our knowledge and experience in the financial industry and to invest in the development of products and marketing strategies, in order to grow our business. We plan to continue to expand our operating leasing business by increasing our participation in the underserved SME segment by offering financial solutions specifically tailored for such segment. In our financial factoring business line, we intend to increase our market share by expanding our sales force specialized in factoring and by taking advantage of the expected growth of certain economic sectors, such as retail, infrastructure and energy, to provide factoring solutions to service providers, contractors and other participants in such industries. We plan to capture additional market share in our auto loans and other lending business line by strengthening our existing strategic alliances with car dealers and by increasing our sales and marketing efforts regionally through our local offices. We also intend to support the growth of our three business lines by establishing and opening additional regional offices.

Pursuing Cross-Selling Opportunities. We intend to increase our market share and profitability by cross-selling our current products and services to existing and new customers. The loyalty of our customer base, as a result of the quality of our services, as well as our constant monitoring of the financial condition and business projections of our customers, represents an opportunity for us to offer our current customers additional products aiming to meet their growth and capital needs. As of December 31, 2016, only 9.5% of our customers had purchased two or more of our products, which we believe provides us with an opportunity to grow through additional cross-selling of our products and services.

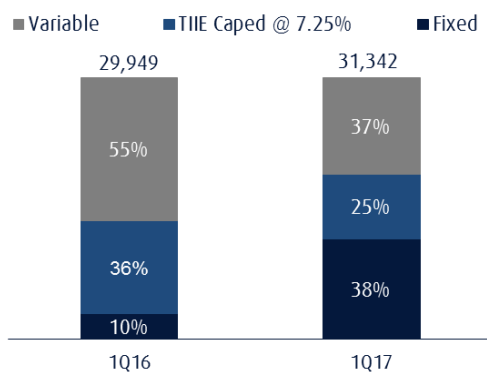
Focusing on Improving Operating Efficiencies. We are committed to maintaining our cost discipline and improving our operating efficiency as we continue to expand our portfolio. We believe that an efficient management of our administrative expenses will allow us to increase our competitiveness and profitability. We continuously analyze and implement technological and business solutions to identify the most efficient means for improving our credit and other internal processes, in order to increase our profitability. Through these initiatives, we intend to continue to increase our operating efficiency and financial condition.

Identifying and Pursuing Business Opportunities in Economic Sectors with High Expected Growth. We have invested significant resources in identifying potential clients and underserved markets and we plan to invest in order to focus our efforts on the economic sectors that are expected to have significant levels of growth, such as medium-sized enterprises and other sectors expected to benefit from the implementation of government-sponsored programs.

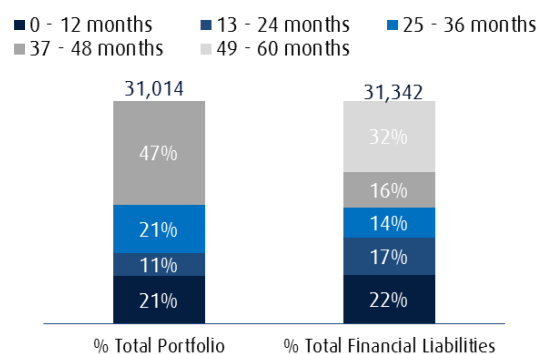
Maintaining Customer Loyalty and Developing New Customer Relationships. We are committed to generating customer loyalty, maintaining high standards of service quality and offering our customers financial solutions that meet their capital requirements. We intend to reach new customers through our existing distribution network and by opening new regional offices while strengthening our sales efforts targeted at potential customers identified by analyzing economic and industry data.

Maintaining a Solid Balance between our Loan Portfolio and our Indebtedness. We intend to continue to maintain a sound balance between the terms of our financial indebtedness, including interest rates, currency and maturity, and those of our loan portfolio, thereby reducing credit risks. Our leases have an average term of 35 months and our factoring operations have an average term of 79 days in comparison to our principal financial liabilities for which the maturity ranges between three and five years with an average term of 38 months. We strive to match the average term of our financial obligations with our portfolio in order to reduce credit risks. Furthermore, we intend to continue to maintain prudent risk management practices by having a sound mix of fixed and variable interest rates in our indebtedness. As of March 31, 2017, 38% of our total debt has fixed interest rate, 25% has a Cap on TIIE and only 37% is variable.

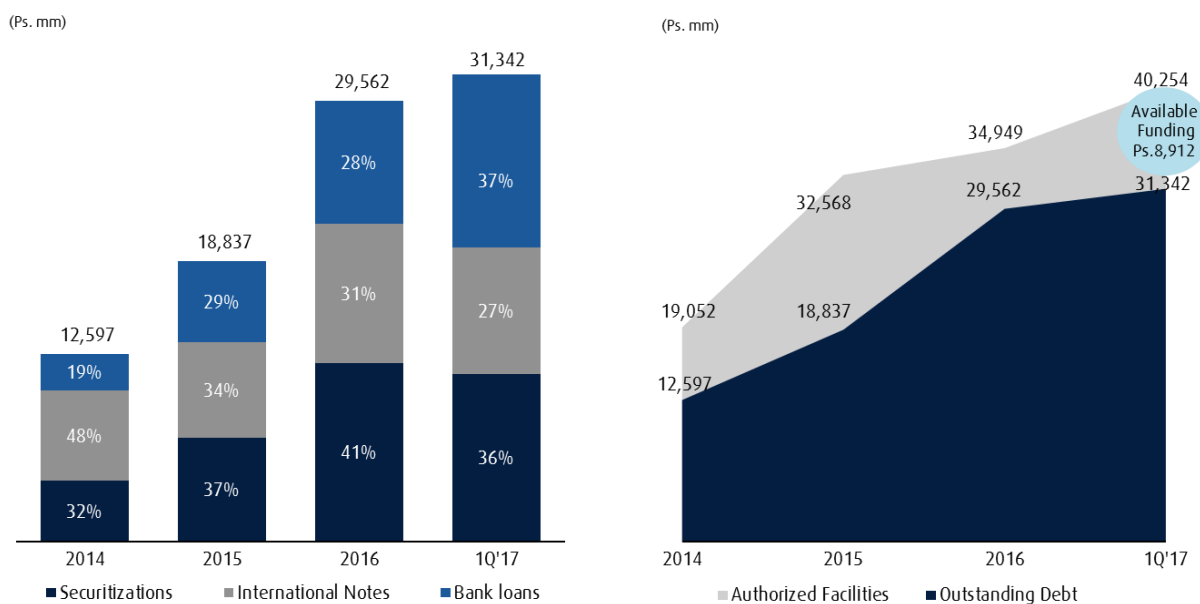
Enhanced debt profile



Maturity profile



Additionally, we will continue to maintain diverse funding sources in order to avoid risks associated with obtaining financing from a limited number of creditors. The chart below shows the maturity profile of our outstanding debt for the periods shown.



Source: Unifin.
(1) Does not include accrued interest

Our available funding in the chart above includes approximately Ps. \$300.0 million related to financing transactions approved by our Board of Directors which are currently under negotiation by the Company.

Recent Developments

Payment of Dividends

By resolution of the Company's shareholders meeting held on March 16, 2017, the Company approved a dividend payment in the amount of Ps. 1.00 per share, which was paid by the Company on April 26, 2017.

Secured Notes under Trust Securitization Programs

On April 10, 2017, the Company, issued trust notes under a securitization program for a total principal amount of Ps. 3,000.0 million, with the following characteristics:

Ticker	Issuing Trust	Number of Certificates	Maturity	Interest Rate (%)	Total Amount Issued (in millions of Ps.)	S&P and HR Ratings	Trustee
UNFINCB17	F/180295	15,000,000	03/28/22	TIE+2.10	\$1,500.0	mxAAA&P/HRAAA	Banamex
UNFINCB17-2	F/180295	15,000,000	03/28/22	9.62	\$1,500.0	mxAAA&P/HRAAA	Banamex

Barclays Unsecured Senior Credit Facility

On April 27, 2017, the Company, as borrower, entered into an unsecured senior credit agreement with Barclays Bank PLC, as Administrative Agent, and the lenders party to the agreement from time to time (the "Barclays Credit Agreement"), for a principal amount of U.S.\$50,000,000.00, with an interest rate of LIBOR plus 4.50%; provided that at any time following the 12-month anniversary of the Barclays Credit Agreement, such additional margin shall be increased by 400 basis points *per annum* if (and only to the extent that) the aggregate principal amount of the under the Barclays Credit Agreement exceeds U.S.\$25,000,000.00.

Interim Financial Information

The following Interim Financial Information has been derived from our unaudited condensed consolidated financial information as of March 31, 2017 and for the three month periods ended March 31, 2017 and 2016, which

we published with the BMV on April 27, 2017. The Interim Financial Information is incomplete, since it does not include all of the information that would be required for a complete set of interim financial statements. The Interim Financial Information was prepared in accordance with *Sofom* GAAP. *Sofom* GAAP differs in certain significant respects from U.S. GAAP. See “Annex A—Summary of Certain Significant Differences between *Sofom* GAAP and U.S. GAAP” for a description of certain differences between *Sofom* GAAP and U.S. GAAP as they relate to us. No reconciliation of any of our Financial Statements to U.S. GAAP has been performed.

	For the Three Months Ended March 31,		Percentage Change
	2016	2017	2017 vs. 2016
Income Statement Data (in millions of Ps., except for percentages)			
Operating lease income.....	1,653	2,326	40.8%
Interest income.....	235	295	25.7%
Other lease benefits.....	75	79	5.9%
Depreciation of assets under operating lease.....	(975)	(1,261)	29.3%
Interest expense	(380)	(756)	98.8%
Other lease expenses.....	(85)	(47)	(45.1)%
Financial margin	522	637	22.1%
Loan loss reserve	(12)	(25)	117.4%
Financial margin adjusted for credit risk	510	612	19.9%
Commissions and fees paid (net).....	(8)	(18)	117.6%
Other operating income (net).....	2	14	491.3%
Financial intermediation results.....	5	-	(100.0)%
Administrative and promotional expenses ...	(190)	(195)	2.4%
	(191)	(199)	4.2%
Operating income.....	319	413	29.3%
Equity in results of other permanent investments.....	0	0	0.0%
Income before income taxes	319	413	29.3%
Income tax expense.....	(65)	(110)	68.4%
Consolidated net income.....	254	303	19.3%

Three-Month Period Ended March 31, 2017 Compared to the Three-Month Period Ended March 31, 2016

Operating Lease Income

Operating lease income, which consists primarily of operating lease rent payments, increased by Ps. 673 million, or 40.8%, to Ps. 2,326 million for the three-month period ended March 31, 2017 from Ps. 1,653 million for the same period in 2016. This increase was primarily due to the growth of our leasing portfolio as a result of increased demand, organic growth and an increase in our distribution network and sales team.

Interest Income

Interest income increased by Ps. 60 million, or 25.7%, to Ps. 295 million for the three-month period ended March 31, 2017 from Ps. 235 million for the same period in 2016. This increase was primarily due to growth in our financial factoring business line during such period.

The table below sets forth a breakdown of our interest income by segment for the periods indicated.

	Three Months Ended March 31,			
	2016	Percent of Interest Income	2017	Percent of Interest Income
(in millions of Ps., except for percentages)				
Operating Leasing.....	50.1	21.3%	38.7	13.1%
Financial Factoring.....	88.1	37.6%	147.6	50.0%
Other Lending.....	96.6	41.1%	108.8	36.9%

Total.....	234.8	100.0%	295.1	100.0%
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Other Lease Benefits

Other lease benefits, which consists primarily of the sale of fixed assets at the end of the lease period, increased by Ps. 4 million, or 5.9%, to Ps. 79 million for the three-month period ended March 31, 2017 from Ps. 75 million for the same period in 2016. This increase is explained by the sale of fixed assets at the end of the lease contracts.

Depreciation of Assets under Operating Lease

Depreciation of assets under operating lease increased by Ps. 286 million, or 29.3%, to Ps. 1,261 million for the three-month period ended March 31, 2017 from Ps. 975 million for the same period in 2016. This increase was directly related to the growth of depreciable assets under operating lease contracts.

Interest Expense

Interest expense increased by Ps. 376 million, or 98.8%, to Ps. 756 million for the three-month period ended March 31, 2017 from Ps. 380 million for the same period in 2016. This increase was due to an increase in financial liabilities incurred to support growth in our operations, and to increases in the reference rates (275 bps), which represented 27.0% of interest expense growth. The increase in the interest expense is directly related to the prudent risk management of the Company in terms of financial liabilities. We have improved the profile of our indebtedness by acquiring fixed-rated debt, which has impacted our short-term funding costs, but has also protected the Company from any eventual volatility in the long term.

The table below sets forth a breakdown of our interest expense by segment for the periods indicated.

	Three Months Ended March 31,			
	2016	Percent of Interest Expense	2017	Percent of Interest Expense
	(in millions of Ps., except for percentages)			
Operating Leasing.....	(361.0)	94.9%	(739.1)	97.7%
Financial Factoring.....	.03	(.01)%	0.0	0.0%
Other Lending.....	(19.8)	5.2%	(17.3)	2.3%
Total.....	(380.5)	100.0%	(756.3)	100.0%

Other Lease Expenses

Other lease expenses, which consist primarily of cost of sales of fixed assets, decreased by Ps. 38 million, or 45.1%, to Ps. 47 million for the three-month period ended March 31, 2017 from Ps. 85 million for the same period in 2016. This decrease was primarily due to the sale of fixed assets upon termination of the lease contracts.

Financial Margin

Financial margin increased by Ps. 115 million, or 22.1% to Ps. 637 million for the three-month period ended March 31, 2017 from Ps. 522 million for the same period in 2016. This increase was primarily due to the growth in total revenues. For the first quarter the financial margin was 23.6%. as a percentage of total revenues.

Financial Margin Adjusted for Credit Risk

Financial margin adjusted for credit risk increased by Ps. 102 million, or 19.9%, to Ps. 612 million for the three-month period ended March 31, 2017 from Ps. 510 million for the same period in 2016. This increase was primarily due to growth in total revenues.

Commissions and Fees Paid – Net

Commissions and fees paid – net increased by Ps. 10 million, or 117.6% to Ps. 18 million for the three-month period ended March 31, 2017 from Ps. 8 million for the same period in 2016. This increase was primarily due to an increase in the commissions we pay in connection with the availability of our credit lines.

Other Operating Income – Net

Other operating income – net, which consists primarily of recovery of insurance expenses, sale of non-operational assets, allowance for impairment value and other income, increased by Ps. 12 million, or 491.3% to Ps. 14 million for the three-month period ended March 31, 2017 from Ps. 2 million for the same period in 2016.

Financial Intermediation Results

Financial intermediation results, which consist primarily of the mark-to-market valuation of our cross-currency swaps and exchange rate valuations of such swaps, decreased by Ps. 5 million, or 100.0% to Ps. 0 million for the three-month period ended March 31, 2017 from Ps. 5 million for the same period in 2016. This decrease was primarily due to classification of our derivative transactions for hedging purposes.

Administrative and Promotional Expenses

Administrative and promotional expenses increased by Ps. 5 million, or 2.4%, to Ps. 195 million for the three-month period ended March 31, 2017 from Ps. 190 million for the same period in 2016. The improvement in administrative and promotional expenses is due to strict spending control policies, which resulted in a more efficient operating structure for the Company.

Operating Income

Operating income increased by Ps. 94 million, or 29.3%, to Ps. 413 million for the three-month period ended March 31, 2017 from Ps. 319 million for the same period in 2016. This increase is explained by the improvement in the operational efficiency of the Company and the increase in revenues.

Income Tax Expense – Net

Income tax expense increase by Ps. 45 million, or 68.4%, to Ps. 110 million for the three-month period ended March 31, 2017 from Ps. 65 million for the same period in 2016. This increase was primarily due to the increase of our operating income.

Consolidated Net Income

Consolidated net income increased by Ps. 49 million, or 19.3%, to Ps. 303 million for the three-month period ended March 31, 2017 from Ps. 254 million for the same period in 2016. This increase was primarily due to the increase in the volume of the Company's operations, as well as the improvements in our operational efficiency.

	For the Three Months Ended		Percentage Change 2017 vs. 2016
	March 31,		
	2016	2017	
	(in millions of Ps., except for percentages)		
Balance Sheet Data			
Cash and cash equivalents	2,049	1,736	(15.3)%
Derivative financial instruments	2,094	2,766	32.1%
Total performing loans portfolio.....	6,120	9,116	48.9%
Total past due loans portfolio	140	213	52.9%
Total loans portfolio	6,260	9,329	49.0%
Less:			
Loan loss reserve	(126)	(221)	75.2%
Loans portfolio (net).....	6,133	9,108	48.5%
Other accounts receivable.....	659	1,321	100.4%
Foreclosed assets (net).....	194	167	(14.0)%
Property, machinery and equipment (net).....	15,349	25,268	64.6%
Permanent investments	16	39	138.1%
Other assets:			
Deferred charges, prepayments and intangible assets.....	684	1,443	110.8%
Deferred tax	823	1,270	54.4%
Other current and long term assets	7	31	351.5%
Total assets	28,009	43,148	54.1%
Liabilities:			
Debt securities:			
Short-term.....	94	110	17.2%
Securitizations	9,500	11,250	18.4%
International Notes	6,319	8,470	34.0%
	15,913	19,830	24.6%
Bank borrowings and loans from other entities:			
Short-term.....	4,937	6,914	40.1%
Long-term.....	202	4,783	2,266.6%
	5,139	11,697	127.6%
Other accounts payable:			
Income tax payable.....	59	165	177.9%
Sundry creditors	2,127	4,949	132.6%
Other accounts payable.....	164	680	315.2%
Deferred credits and advanced collections	258	512	98.8%
Total liabilities.....	23,660	37,832	59.9%
Stockholders' equity:			
Contributed capital			
Capital stock.....	2,898	2,896	(0.1)%
Earned capital:			
Capital reserves	125	186	48.4%
Prior years' income.....	1,051	1,848	75.8%
Result of valuation of financial instruments for hedging cash flows	20	84	317.8%
Net income	254	303	19.3%
Total stockholders' equity	4,349	5,316	22.2%
Total liabilities and stockholders' equity	28,009	43,148	54.1%
Off-balance sheet items:			
Contractual lease rentals to be accrued held in trust.....	11,793	17,710	50.2%
Contractual lease rentals to be accrued	2,513	3,975	58.2%
	14,306	21,685	51.6%

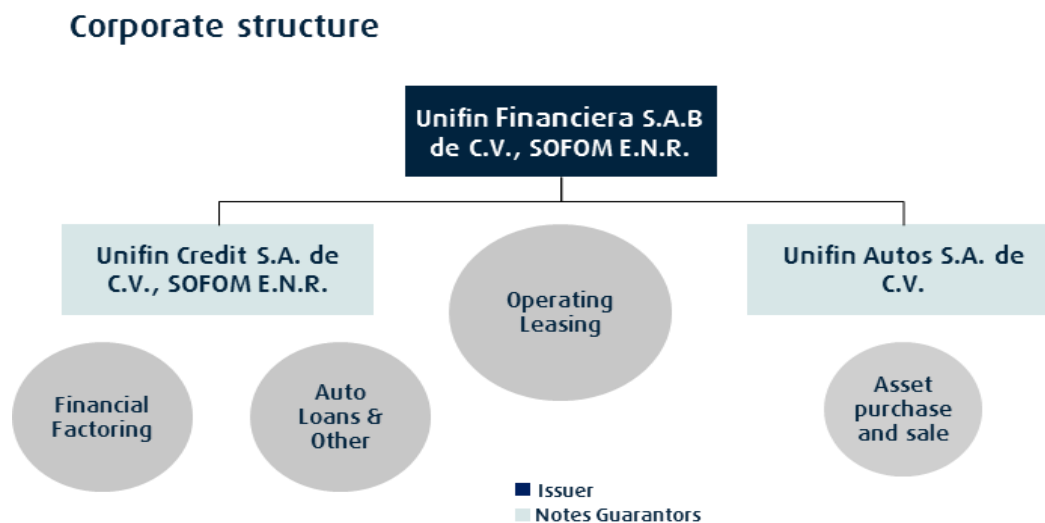
Selected Financial Metrics	Three Months Ended March 31,	
	2016	2017
Return on average assets ⁽¹⁾	4.1%	3.3%
Return on average equity ⁽²⁾	23.4%	24.5%
Total leverage ⁽³⁾	3.2	5.0
Financial leverage ⁽⁴⁾	2.6	3.8

- (1) Calculated as consolidated net income for the previous 12 months divided by the average assets for the previous 12 months.
- (2) Calculated as consolidated net income for the previous 12 months divided by the average total stockholders' equity for the previous 12 months.
- (3) Calculated as total liabilities (excluding securitizations) divided by total stockholders' equity, as of the same date.
- (4) Calculated as total financial debt (excluding securitizations) divided by total stockholders' equity, as of the same date.

Selected Operating Metrics (in millions of Ps.)	Three Months Ended March 31,	
	2016	2017
Total portfolio	20,566.2	31,014.1
Leasing portfolio	15,046.4	22,929.3
Factoring portfolio	2,080.8	2,718.7
Auto and other loans	3,438.9	5,366.1

Our Lines of Business

The following chart summarizes our corporate structure as of the date of this offering memorandum, including our principal subsidiaries and business lines.



Our Principal Offices

Our corporate headquarters are located at Presidente Masaryk 111, 5th Floor, Polanco V Sección, Del. Miguel Hidalgo, 11560, Ciudad de México, México. Our web site address is www.unifin.com.mx. The information on our web site is not a part of, and is not incorporated by reference into, this offering memorandum.

The Offering

The following summary highlights selected information regarding the terms of the notes and is not intended to be complete. It does not contain all the information that may be important to you. For a more complete understanding of the notes, you should read the entire offering memorandum carefully, including "Description of the Notes."

Issuer	Unifin Financiera, S.A.B. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada.
Note Guarantors.....	Unifin Credit, S.A. de C.V., SOFOM, E.N.R. and Unifin Autos, S.A. de C.V.
Notes Offered	US\$450,000,000 aggregate principal amount of 7.000% Senior Notes due 2025.
Offering Price	99.285%, plus accrued interest, if any, from May 15, 2017.
Maturity Date.....	January 15, 2025.
Interest Rate	Interest on the notes will accrue at a rate of 7.000% per year.
Interest Payment Dates	January 15 and July 15 of each year, payable in arrears beginning on July 15, 2017. The first interest period will be a short interest period from May 15, 2017 to but not including July 15, 2017.
Guarantees	The payment of principal, interest, Additional Amounts and premiums, if any, and other amounts on the notes and under the Indenture will be fully and unconditionally guaranteed on a senior unsecured basis by certain of our subsidiaries. See "Description of the Notes—Guarantees."
Ranking.....	The notes will be our senior unsecured obligations, guaranteed by certain of our existing subsidiaries, and they will rank: <ul style="list-style-type: none">• equal in right of payment with all of our and the subsidiary guarantors' existing and future senior unsecured indebtedness (subject to certain labor, tax and social security obligations for which preferential treatment is given under the laws of Mexico, including, but not limited to, Mexican insolvency laws); and• senior to all of our and the subsidiary guarantors' existing and future subordinated indebtedness.

The notes will not have the benefit of any collateral and will effectively rank junior to all of our and the subsidiary guarantors' existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness. The notes will be structurally subordinated to all indebtedness, including trade payables, of any of our subsidiaries (other than the subsidiary guarantors).

As of December 31, 2016, we had total consolidated indebtedness (including accrued interest) of Ps. 29,922.5 million (US\$1,443.3 million), of which Ps. 16,070.8 million (US\$775.2 million) was secured by collateral. Of our Ps. 16,070.8 million of secured indebtedness, Ps. 4,070.8 million related to secured bank debt and

the remainder was in connection with our lease securitization transactions which involve limited recourse to us considering that any claim against us is limited exclusively to the value of the pledged assets and our non-guarantor subsidiaries did not have any indebtedness. After giving pro forma effect to the offer and sale of the notes and the application of the net proceeds from this offering as described under “Use of Proceeds,” as of December 31, 2016 we and our subsidiary guarantors would have had total indebtedness (including accrued interest) of Ps. 32,615.8 million (US\$1,573.3 million) of which Ps. 14,702.9 million (US\$709.2 million) would have been secured by collateral (Ps. 2,842.7 million related to secured bank debt and the remainder in connection with our lease securitization transactions) and our non-guarantor subsidiaries would not have had any indebtedness.

Change of Control Upon the occurrence of a Change of Control Triggering Event (as defined under “Description of the Notes”), we will be required to make an offer to purchase the notes at a purchase price equal to 101% of their principal amount, plus any Additional Amounts (as defined under “Description of the Notes”) then due, if any, plus any accrued and unpaid interest, if any, through the purchase date. See “Description of the Notes—Change of Control Triggering Event.”

Optional Redemption..... Prior to July 15, 2021, we may, at our option, redeem the notes, in whole or in part, at a redemption price equal to 100% of their principal amount, plus a make-whole amount, any Additional Amounts then due, if any, and any accrued and unpaid interest to the date of redemption. See “Description of the Notes—Optional Redemption.”

On or after July 15, 2021, we may, at our option, redeem the notes, in whole or in part, at any time at the redemption prices set forth in “Description of the Notes—Optional Redemption,” plus any Additional Amounts then due, if any, and any accrued and unpaid interest, if any, to the date of redemption.

Optional Redemption upon Equity Sales..... At any time, or from time to time, on or prior to July 15, 2020, we may, at our option, use the net cash proceeds of certain Equity Sales (as defined under “Description of the Notes”) to redeem up to 35% of the aggregate principal amount of the notes at a redemption price equal to 107.000% of their principal amount, plus any Additional Amounts then due, if any, and any accrued and unpaid interest to the date of redemption, provided, that:

- after giving effect to any such redemption at least 65% of the aggregate principal amount of the notes (including any Additional Notes) issued under the Indenture remains outstanding; and
- we make such redemption not more than 90 days after the consummation of such Equity Sale.

See “Description of the Notes—Optional Redemption—Optional Redemption upon Equity Sales.”

Tax Redemption We may redeem the notes, in whole but not in part, at a redemption price equal to 100% of their principal amount, plus any Additional Amounts then due, if any, and any accrued and

unpaid interest, if any, to the date of redemption, if tax laws currently in effect are modified and the change results in our and the subsidiary guarantors becoming obligated to pay Additional Amounts in excess of those attributable to the current Mexican withholding tax rate of 4.9% with respect to interest and interest-like payments on the notes. See “Description of Notes—Optional Redemption—Optional Redemption for Changes in Withholding Taxes.”

Additional Amounts Payments of interest on the notes (and amounts deemed interest, such as any discount on the principal amount of the notes) to investors that are deemed as non-residents of Mexico for tax purposes, will generally be subject to current Mexican withholding taxes at a rate of 4.9%. See “Taxation—Mexican Federal Tax Considerations—Payments of Interest.” Subject to certain specified exceptions, we and the subsidiary guarantors will pay such additional amounts as may be required so that the net amount received by the holders of the notes in respect of principal, interest or other payments on the notes, after any such withholding or deduction, will not be less than the amount each holder of notes would have received if such withholding or deduction had not applied. See “Description of the Notes—Additional Amounts.”

Certain Covenants..... The Indenture governing the notes contains covenants that will limit the creation of liens by us and any subsidiaries of ours, and will permit us and any subsidiaries to consolidate or merge with, or transfer all or substantially all of our assets to, another person only if any such transaction complies with certain requirements.

In addition, the Indenture governing the notes will limit, among other things, our ability and the ability of our restricted subsidiaries to:

- incur additional indebtedness;
- pay dividends or redeem shares representative of our capital stock;
- make restricted payments;
- enter into certain transactions with shareholders and affiliates;
- sell, consolidate, merge or transfer assets;
- secure our indebtedness and the indebtedness of our subsidiaries; and
- guarantee debts.

These covenants are subject to a number of important exceptions and qualifications, including our ability and the ability of our subsidiaries to incur debt and grant liens pursuant to lease securitization transactions. Any secured debt incurred pursuant to lease securitization transactions would be senior to the notes, however such transactions involve limited recourse to us considering that any claim against us is limited exclusively to the value of the pledged assets. See “Description of the Notes—

Certain Covenants.”

Events of Default	The Indenture governing the notes sets forth the events of default applicable to the notes. See “Description of the Notes—Events of Default.”
Further Issuances	Subject to the limitation contained in the Indenture, we may from time to time and without providing notice to or obtaining the consent of the holders of the notes create and issue an unlimited principal amount of Additional Notes of the same series as the notes initially issued in this offering, provided that such Additional Notes do not have, for purposes of U.S. federal income taxation, a greater amount of original issue discount than the outstanding notes have on the date of issue of such Additional Notes.
Use of Proceeds	<p>We estimate that we will receive net proceeds from the offer and sale of the notes, after deducting discounts and commissions and other offering expenses, of approximately US\$440.7 million.</p> <p>We intend to use the net proceeds from this offering (i) to redeem all of our outstanding 2019 Senior Notes and to repay short-term indebtedness under other of our existing credit facilities and (ii) the remainder, if any, for general corporate purposes. See “Use of Proceeds.”</p>
Taxation.....	For a summary of the Mexican federal income tax consequences and the U.S. federal income tax consequences of an investment in the notes, see “Taxation.”
Book-Entry; Delivery and Form.....	The notes will be issued in the form of global notes in registered, global form without interest coupons. The global notes will be exchangeable or transferable, as the case may be, for definitive notes in registered certificated form without interest coupons only in limited circumstances. The notes will be issued in registered form in denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof. See “Book-Entry; Delivery and Form.”
Settlement	The notes will be delivered in book-entry form through the facilities of The Depository Trust Company, or DTC, for the accounts of its direct and indirect participants, including Euroclear Bank.S.A./N.V., as operator of the Euroclear System, and Clearstream Banking, <i>société anonyme</i> , Luxembourg, or Clearstream.
Transfer Restrictions.....	This offering is being made in accordance with Rule 144A and Regulation S under the Securities Act. We have not and will not register the notes under the Securities Act or with any securities regulatory authority of any U.S. state or the securities laws of any other jurisdiction. The notes are subject to restrictions on transfer and may only be offered in transactions exempt from or not subject to the registration requirements of the Securities Act. As required under Article 7 of the Mexican Securities Market Law, we will notify the CNBV of the terms and conditions of this offering of the notes outside of Mexico. The notes have not been and will not be registered with the RNV maintained by the CNBV and may not be offered or sold publicly in Mexico.

The notes may solely be offered privately in Mexico pursuant to the private placement exemption set forth in Article 8 of the Mexican Securities Market Law to investors that qualify as institutional and accredited investors under Mexican law. See “Transfer Restrictions.”

Listing of the Notes	Application is expected to be made to admit the notes to listing on the Official List of the Luxembourg Stock Exchange and to trading on the EuroMTF Market of the Luxembourg Stock Exchange. We cannot assure you that this application will be accepted.
Governing Law	The Indenture, the notes and the guarantees will be governed by, and construed in accordance with, the laws of the State of New York.
Trustee, Registrar, Transfer Agent and Paying Agent.....	The Bank of New York Mellon.
Luxembourg Paying Agent, Transfer Agent and Listing Agent	The Bank of New York Mellon SA/NV, Luxembourg Branch
Risk Factors	Prospective purchasers of notes should consider carefully all of the information included in this offering memorandum and, in particular, the information set forth under “Risk Factors” before making an investment in the notes.

Summary Financial And Other Information

The following tables present certain summary financial information and operating data as of the dates and for each of the periods indicated. You should read the following summary financial data and other information together with “Presentation of Financial and Other Information,” “Selected Financial and Other Information,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our Financial Statements and related notes included elsewhere in this offering memorandum.

For our condensed consolidated internal financial information as of March 31, 2017 and for the three-month periods ended March 31, 2017 and 2016, see “Summary—Recent Developments—Interim Financial Information.” Our Financial Statements were prepared in accordance with *Sofom* GAAP. *Sofom* GAAP differs in certain significant respects from U.S. GAAP. See “Annex A—Summary of Certain Significant Differences between *Sofom* GAAP and U.S. GAAP” for a description of certain differences between *Sofom* GAAP and U.S. GAAP as they relate to us. No reconciliation of any of our Financial Statements to U.S. GAAP has been performed.

	For the Year Ended December 31,			
	2014	2015	2016	2016 ⁽¹⁾
	(in millions of Ps.)			(in millions of US\$)
Income Statement Data				
Operating lease income.....	3,648.6	5,480.7	7,773.1	374.9
Interest income.....	472.9	747.4	1,183.8	57.1
Other lease benefits.....	383.2	317.6	528.7	25.5
Depreciation of assets under operating lease	(2,150.1)	(3,183.6)	(4,537.3)	(218.9)
Interest expense	(839.7)	(1,192.8)	(1,988.9)	(95.9)
Other lease expenses.....	(425.0)	(348.3)	(583.6)	(28.1)
Financial margin	1,089.9	1,820.9	2,375.9	114.6
Loan loss reserve.....	30.0	(27.0)	(81.5)	(3.9)
Financial margin adjusted for credit risk	1,119.9	1,793.9	2,294.4	110.7
Commissions and fees paid (net)	(10.0)	(38.6)	(51.2)	(2.5)
Other operating income (net)	118.7	36.6	16.3	0.8
Financial intermediation results	11.3	335.2	-	-
Administrative and promotional expenses	(535.1)	(703.4)	(797.4)	(38.4)
	(415.2)	(370.2)	(832.3)	(40.1)
Operating income.....	704.8	1,423.7	1,462.1	70.5
Equity in results of other permanent investments ...	-	(1.4)	13.4	0.7
Income before income tax.....	704.8	1,422.3	1,475.5	71.1
Income tax payable	(456.5)	(585.5)	(656.2)	(31.6)
Deferred income taxes	234.2	256.7	391.0	18.9
Income tax expense.....	(222.4)	(328.8)	(265.2)	(12.7)
Consolidated net income.....	482.4	1,093.5	1,210.3	58.4

(1) Translated into U.S. dollars, solely for the convenience of the reader, using an exchange rate of Ps. 20.7314 per U.S. dollar, the exchange rate published in the Mexican Federal Official Gazette on December 29, 2016. These convenience translations should not be construed as representations that the peso amounts actually represent U.S. dollar amounts or could be converted into U.S. dollars at the specified rate or at all. See “Exchange Rates.”

	As of December 31,			
	2014	2015	2016	2016 ⁽¹⁾
	(in millions of Ps.)			(in millions of US\$)
Balance Sheet Data				
Cash and cash equivalents	573.7	1,457.8	1,678.9	81.0

	As of December 31,			
	2014	2015	2016	2016 ⁽¹⁾
	(in millions of Ps.)			(in millions of US\$)
Derivatives financial instruments.....	856.4	2,141.9	3,886.3	187.5
Performing loans portfolio:				
Commercial loans	2,767.6	5,174.0	7,649.0	369.0
Consumer loans	236.7	428.6	1,172.4	56.5
Total performing loans portfolio	3,004.3	5,602.7	8,821.4	425.5
Past due loans portfolio:				
Commercial loans	70.2	110.9	177.6	8.6
Total past due loans portfolio	70.2	110.9	177.6	8.6
Total loans portfolio	3,074.5	5,713.6	8,999.0	434.1
Less:				
Loan loss reserve	(88.1)	(114.2)	(196.4)	(9.5)
Loans portfolio (net).....	2,986.4	5,599.3	8,802.6	424.6
Other accounts receivable	211.9	282.0	1,140.8	55.0
Foreclosed assets (net).....	130.6	197.3	176.5	8.5
Property, machinery and equipment (net).....	9,610.7	14,080.4	23,241.3	1,121.1
Permanent investments	14.9	14.0	36.7	1.8
Other assets:				
Deferred charges, prepayments and intangible assets.....	406.0	451.5	1,457.6	70.3
Deferred tax	545.8	798.7	1,182.6	57.0
Other current and long term assets.....	11.6	6.8	7.0	0.3
Total assets	15,348.1	25,029.7	41,610.3	2,007.1
Liabilities:				
Debt securities				
Short-term.....	166.6	192.3	288.2	13.9
Long-term.....	9,975.8	13,356.8	21,291.7	1,027.0
	10,142.4	13,549.1	21,579.9	1,040.9
Bank borrowings and loans from other entities:				
Short-term.....	2,061.7	4,716.7	6,445.4	310.9
Long-term.....	392.8	780.6	1,897.2	91.5
	2,454.5	5,497.3	8,342.6	402.4
Other accounts payable:				
Income tax payable	100.2	30.7	314.0	15.2
Sundry creditors and other accounts payable	982.3	1,367.5	5,427.5	261.8
	1,082.5	1,398.2	5,741.5	276.9
Deferred credits and advanced collections.....	133.3	238.6	445.7	21.5
Total liabilities.....	13,812.7	20,683.2	36,109.7	1,741.8
Stockholders' equity:				
Contributed capital				
Capital stock	875.0	963.1	960.3	46.3
Share premium.....	125.0	1,935.9	1,935.9	93.4
	1,000.0	2,899.0	2,896.2	139.7
Earned capital:				
Capital reserves.....	46.2	70.4	125.0	6.0
Prior years' income.....	6.8	365.0	1,051.3	50.7
Result of valuation of financial instruments for hedging cash flows	-	(81.3)	217.8	10.5
Net income.....	482.4	1,093.5	1,210.3	58.4
Total stockholders' equity	1,535.4	4,346.6	5,500.6	265.3
Total liabilities and stockholders' equity ...	15,348.1	25,029.7	41,610.3	2,007.1
Off-balance sheet items:				
Contractual lease rentals to be accrued held in trust	6,038.4	10,887.7	16,026.9	773.1
Contractual lease rentals to be accrued	2,375.4	2,253.8	5,116.1	246.8

As of December 31,			
2014	2015	2016	2016 ⁽¹⁾
(in millions of Ps.)			(in millions of US\$)
8,413.8	13,141.5	21,143.0	1,019.9

- (1) Translated into U.S. dollars, solely for the convenience of the reader, using an exchange rate of Ps. 20.7314 per U.S. dollar, the exchange rate published in the Mexican Federal Official Gazette on December 29, 2016. These convenience translations should not be construed as representations that the peso amounts actually represent U.S. dollar amounts or could be converted into U.S. dollars at the specified rate or at all. See “Exchange Rates.”

	As of and for the Year Ended December 31,		
	2014	2015	2016
Selected Financial Metrics			
Total leverage ⁽²⁾	6.3	3.1	4.4
Financial leverage ⁽³⁾	5.5	2.8	3.3
Ratio of non-performing loans ⁽⁴⁾	0.6%	0.59%	0.59%
Coverage ratio ⁽⁵⁾	125.5%	103.0%	110.6%
Efficiency ratio ⁽⁶⁾	48.6%	39.5%	34.3%
Operating margin ⁽⁷⁾	52.7%	57.8%	60.9%
Net margin ⁽⁸⁾	44.3%	60.1%	50.9%
Return on average equity ⁽⁹⁾	36.1%	30.4%	24.8%
Return on average assets ⁽¹⁰⁾	3.7%	5.1%	3.6%
Annualized return on average equity ⁽¹¹⁾	44.5%	44.3%	28.5%
Annualized return on average assets ⁽¹²⁾	4.3%	6.3%	4.3%
Adjusted return on average equity ⁽¹³⁾	36.1%	23.9%	24.8%
Adjusted return on average assets ⁽¹⁴⁾	3.7%	4.0%	3.6%
Total stockholders' equity/total assets	10.0%	17.4%	13.2%
Dividend payout ratio ⁽¹⁵⁾	29.6%	20.7%	32.3%

	As of December 31,			
	2014	2015	2016	2016 ⁽¹⁾
	(in millions of Ps.)			(in millions of US\$)
Adjusted consolidated net income ⁽¹⁶⁾	422.2	857.4	1,210.3	58.4

- (1) Translated into U.S. dollars, solely for the convenience of the reader, using an exchange rate of Ps. 20.7314 per U.S. dollar, the exchange rate published in the Mexican Federal Official Gazette on December 29, 2016. These convenience translations should not be construed as representations that the peso amounts actually represent U.S. dollar amounts or could be converted into U.S. dollars at the specified rate or at all. See “Exchange Rates.”
- (2) Calculated as total liabilities (excluding securitizations) divided by total stockholders’ equity, as of the same date.
- (3) Calculated as total financial debt (excluding securitizations) divided by total stockholders’ equity, as of the same date.
- (4) Calculated as non-performing loan portfolio divided by total portfolio, including off-balance sheet items, as of the same date.
- (5) Calculated as allowance for loan losses divided by non-performing loan portfolio, as of the same date
- (6) Calculated as operating expenses divided by the sum of the financial margin and net commissions.
- (7) Calculated as operating income (excluding other operating income-net and financial intermediation results) divided by the financial margin.
- (8) Calculated as consolidated net income for the period divided by the financial margin.
- (9) Calculated as consolidated net income for the previous 12 months divided by the average total stockholders’ equity for the previous 12 months.
- (10) Calculated as consolidated net income for the previous 12 months divided by the average assets for the previous 12 months.
- (11) Calculated as consolidated net income (multiplied by four in a quarterly period) divided by the average total stockholder’s equity for the previous two year period.
- (12) Calculated as consolidated net income (multiplied by four in a quarterly period) divided by the average assets for the previous two year period.
- (13) Calculated as consolidated net income adjusted for non-recurring items (see note 16 below) divided by the average total stockholders’ equity for the previous two year period.
- (14) Calculated as consolidated net income for the period adjusted for non-recurring items (see note 16 below) divided by the average assets for the previous two year period.
- (15) Calculated as dividends paid in the current period divided by consolidated net income for the previous annual period.
- (16) Adjusted consolidated net income determined in accordance with Sofom GAAP, adjusted for the following non-recurring items net after tax: the sale by us of 25% of the shares of the capital stock of Unifin, Agente de Seguros y Fianzas, S.A. de C.V. in 2014 for a total amount of Ps. 57.5 million (see “Business – Our Business Lines”), earnings as a result of the repurchase of US\$33.4 million of our 2019 Senior Notes during the year ended December 31, 2015 (see “Business – Indebtedness – 2019 Senior Notes”) and the entering into derivative financial instruments to hedge our exposure to risks associated with exchange rates for an amount of Ps. 178 million.

The table below sets forth the calculation of adjusted consolidated net income. Our management uses this measure as an indicator of our operating results and profitability, and believes that disclosure of adjusted consolidated net income can provide useful information to investors in their evaluation of our operating performance, mainly because it excludes the effect on non-recurring items.

	For the Year Ended December 31,			
	2014	2015	2016	2016 ⁽¹⁾
	(in millions of Ps.)			(in millions of US\$)
Consolidated Net Income determined under Sofom GAAP	482.4	1,093.5	1,210.3	58.4
Adjusted for:				
Sale of Unifin, Agente de Seguros y Fianzas.....	(60.2)	-	-	-
Earnings for the repurchase of the 2019 Senior Notes.....	-	(57.5)	-	-
Valuation for the Derivative Financial Instruments	-	(178.6)	-	-
Adjusted consolidated net income	422.2	857.4	1,210.3	58.4

RISK FACTORS

An investment in the notes involves risk. You should carefully consider the risks and uncertainties described below and the other information contained in this offering memorandum before making an investment in the notes. Our business, financial condition or results of operations could be materially and adversely affected by any of these risks. The risks described below are not the only ones facing our Company or investments in Mexico in general. Additional risks and uncertainties not currently known to us or that we currently deem non-material may also impair our business.

Risks Related to Our Business

Our results of operations may be adversely affected by ongoing disruptions and volatility in the global financial markets.

The global economy has recently experienced a period of slowdown and volatility and has been adversely affected by a significant lack of liquidity, loss of confidence in the financial sector, disruptions in the credit markets, reduced business activity, rising unemployment and erosion of consumer confidence. The considerable decline in oil prices since 2014, the United Kingdom's referendum on membership in the European Union, and the U.S. presidential election in 2016 have had a significant impact on the worldwide economy and in Mexico.

The current U.S. governmental policies towards Mexico have created instability, uncertainty and may adversely affect the Mexican economy. The results of such policies, notably the possible renewal and negotiation of the North America Free Trade Agreement (NAFTA) between the U.S., Canada and Mexico, remain highly uncertain at this time. Any amendments to NAFTA in terms less favorable to Mexico with respect to global trade symmetry or which may otherwise undermine the ability to trade or prevent the progress towards a more competitive North America, or even the withdrawal by any party of NAFTA, could significantly affect the Mexican economy and the financial markets in Mexico.

The uncertainty of such policies and/or a worsening of other economic and political conditions worldwide could have the following effects:

- increased regulation of the financial industry, which may increase our costs of capital and limit our ability to pursue business opportunities;
- the inability to estimate losses inherent in credit exposure or to make difficult, subjective and complex judgments, including forecasts of economic conditions and how these economic conditions might impair the ability of our customers to pay their leases and loans; and
- economic downturn or insufficient recovery of the economy generally and the financial markets, which may impact our business, financial condition and results of operations.

The persistence or worsening of the distortion and volatility of the global economy and the financial markets could adversely affect us, including our ability to raise capital and liquidity on favorable terms or at all. The absence of sources of financing through the capital markets or an excessive increase in the cost of such financing may have the effect of increasing our cost of capital and force us to increase the rates we charge our customers. Any such increase in the cost of financing could have a material adverse effect on our margins. In addition, our financial results are exposed to market risks, including interest rate and exchange rate fluctuations, which can have a material adverse effect on our financial condition and results of operations.

Changes in economic conditions in Mexico could materially and adversely affect demand for our financing products and the financial condition of our existing and potential customers.

Demand for our financing products depends on economic conditions, including growth rates, inflation, unemployment, adverse imbalances in international trade, the cost of energy and other necessities, the availability of consumer credit, interest rates, consumer confidence, debt levels, retail trends and foreign currency exchange rates. These economic conditions are beyond our control. In addition, our ability to receive payments on our leases and

loans in full and on time is also heavily dependent on the financial condition of our customers, which is in turn heavily dependent on general economic conditions. Worsening economic conditions in Mexico and globally could negatively impact the financial condition of existing and potential customers, which could in turn increase the share of our existing non-performing leases and loans, thereby reducing our financial margins.

In particular, certain industries in which our customers operate are strongly influenced by macroeconomic conditions in Mexico. Economic contraction in such industries could significantly affect the performance of our portfolio and, as a result, our business, financial condition and results of operations. While we have adopted policies and proceedings to monitor the quality of our portfolio, such policies and proceedings may fail and some customers may face liquidity issues that, in certain cases, may force them to enter into a bankruptcy proceeding, which in turn could affect our financial condition. As a consequence, any consideration received or recovered by us from transactions entered into with customers that are the subject of a bankruptcy petition within a statutory period of time prior to the judgment declaring the insolvency may be the subject of challenges and may be declared null and void. The results of such proceedings, if adverse to us, could have an adverse effect on our business, financial condition and results of operation.

Furthermore, the increase of the cost of goods generally, caused mainly by inflation or global trade conditions, may adversely affect the ability of our customers to acquire or finance such goods, including through lease transactions, which could adversely affect their results of operations and our business may be further negatively affected as a result.

In addition, government forecasts of Mexico's economic growth may affect rating agencies' perception of the country. Furthermore, the Mexican Congress approved a reduction in the Mexican government's budgetary expenditures for year fiscal 2017, which may affect economic activity and investment. Moody's changed the outlook of Mexico's debt to negative and the Mexican government lowered its GDP growth forecast for 2017, which may have a negative effect on Mexico's credit ratings issued by international rating agencies, which may, in turn, adversely affect our business, financial condition and results of operation.

Financial problems faced by our customers could adversely affect us.

Market turmoil, decrease in government spending, increase in interest rates, and economic recession could materially and adversely affect the liquidity, credit ratings, businesses and/or financial conditions of our borrowers, which could in turn increase our non-performing loan ratios, and result in decreased demand for borrowings in general. Any of the conditions described above could have a material adverse effect on our business, financial condition and results of operations.

Competition from other financial institutions may adversely affect our profitability and financial condition.

We face competition from leasing institutions, independent financial institutions, credit providers and their affiliates in each of our business lines. We expect competition will increase as we expand our operations in Mexico. Changes in the financial sector, such as the creation of new multiple purpose financial companies, have led to greater competition. Additionally, the establishment of new leasing companies or financial factoring by commercial banks, financial groups or other financial entities could result in increased competition for us. Our present or future competitors may have significantly greater assets and capital and other resources, and this increased competition in our markets could adversely affect our business, financial condition and results of operations. In addition, future changes to the regulations governing financial institutions may incentivize financial institutions to enter the operating leasing market, which would also increase the competition we face.

We may not be able to effectively control the level of non-performing leases and loans and our allowances for non-performing leases and loans may not be adequate to cover actual losses, which may adversely affect our financial condition.

As a financial services provider, we face the risk of non-performing leases and loans. Whether as a result of the growth of our leases and loan portfolio or other factors beyond our control (such as a weakening of the global or Mexican economy, other macroeconomic and political events affecting Mexico, events affecting specific industries or global trade generally or even natural disasters), we may not be able to effectively control the level of non-performing leases and loans in our total loan portfolio. In addition, in the case of any non-performing loans or leases, we may not be successful in recovering the underlying assets that secure the leases and loans.

In addition, our allowances for loan losses may not be adequate to cover an increase in the amount of non-performing leases and loans or any future impairment in the overall credit quality of our leases and loan portfolio. If the quality of our leases and loan portfolio deteriorates, we may be required to increase our allowances for loan losses, which may adversely affect our financial condition and results of operations. Moreover, there is no precise method for predicting credit losses, and we cannot assure you that our monitoring and risk management procedures will efficiently predict such losses or that our allowances are sufficient to cover actual losses. Our methodology for measuring credit risk and establishing allowances is based, in large part, on historical experience, and therefore these methods may not be able to accurately estimate future risk exposures, which could be significantly greater than indicated by measures based on historical data. If we are unable to control the level of our non-performing leases and loans or the quality of our leases and loans, or are unable to recover the assets securing such loans or leases, our business, financial condition and results of operations could be materially and adversely affected.

We may not be able to obtain the capital we need to fund and expand our business.

We have been funding the growth of our business primarily through internally generated cash from our operations, debt securities, including securitizations, bank borrowings and loans from other entities and, to a lesser extent, capital increases by our shareholders. Adverse financial conditions, including crises or a reduction of credit availability, could limit our access to new or sustained funding. Any decrease in the availability of one or more of our funding sources, or the cancellation of our current credit lines, could have an adverse effect on our business, financial condition and results of operations.

We may also require additional capital in the future in order to grow our operating lease, financial factoring and auto and other loans portfolio, remain competitive or enter into new businesses. In addition, we may need to raise additional capital to maintain or increase our equity base in the event that we experience large, unexpected losses in our lease and loan portfolio. Our ability to obtain additional capital is subject to a variety of uncertainties, including:

- our financial condition, results of operations, and cash flows;
- general market conditions for capital-raising activities by commercial banks and other financial institutions; and
- economic, political, and other conditions in Mexico and worldwide.

We may not be able to obtain additional capital in a timely manner, on acceptable terms or at all, which could have an adverse effect on our business, financial condition and results of operations. Our credit ratings are an important component of our liquidity profile and downgrades in our credit ratings could increase the cost of future borrowings, as well as negatively impact our ability to renew maturing debt. Our future ability to access financial markets in order to obtain required funding on acceptable terms will also depend to a large degree on prevailing capital and financial market conditions over which we have no control, and accordingly we cannot assure you that we will be able to do so. Our failure to generate sufficient cash flows from operations or to obtain external financing could have a material adverse effect on our business, financial condition and results of operations.

Most of our debt agreements contain restrictions that may limit flexibility in operating our business, and in the event of a default, all of our borrowings may become immediately due and payable.

The terms of most of our credit and debt agreements impose, and the terms of our future financial indebtedness, including the notes, may impose, operating and other restrictions on us. The agreements governing our credit facilities and international and local bond issuances contain certain covenants restricting our and our subsidiaries' ability to, among other things, incur additional debt, make certain dividend payments, redeem capital stock and make certain investments, transfer and sell assets, engage in lease securitizations and receivables transactions for less than fair market value, enter into agreements that would limit the ability of subsidiaries to pay dividends or make distributions, create liens, effect a consolidation, merger or sale of assets and enter into transactions with affiliates. Additionally, the agreements governing our credit facilities and local and international bond issuances contain requirements that we comply with a number of restrictive financial covenants, including maintaining certain ratios of interest coverage, total debt (excluding securitizations) to stockholders' equity, total assets to stockholders' equity and total portfolio to stockholders' equity, as well as the maintenance of minimum levels of non-performing loans. Our ability to comply with these ratios may be affected by events beyond our control. These restrictions and financial ratios could limit our ability to plan for or react to market conditions,

otherwise restrict our activities or business plans and could adversely affect our ability to finance ongoing operations or strategic investments or to engage in other business activities that would be in our interest. Also, the unavailability of sources of funds may impact our ability to obtain the funds necessary to service our debt, including the notes.

Certain of our financial indebtedness is also subject to cross default provisions. Our breach of any of these restrictive covenants or our inability to comply with the financial maintenance ratios and other covenants would result in a default under other applicable debt instruments. If any such default occurs, the lenders may elect to declare all outstanding borrowings, together with accrued interest and other fees, to be immediately due and payable, which would impact our financial condition and results of operations. If we are unable to repay outstanding borrowings when due, the lenders will have the right to exercise their rights and remedies against us, and we cannot assure you that our assets would be sufficient to repay in full our obligations.

We have a significant amount of indebtedness, which may adversely affect our operating and financial flexibility and could adversely affect your investment in the notes and our business, financial condition and results of operations.

As of December 31, 2016, we had total outstanding financial indebtedness (including accrued interest) of Ps. 29,922.5 million (US\$1,443.3 million), of which Ps. 19,379.6 million (US\$934.8 million) was denominated in Mexican pesos and Ps. 10,542.9 million (US\$508.5 million) was denominated in U.S. dollars. Of our total indebtedness as of December 31, 2016, Ps. 6,733.6 million (US\$324.8 million), or 22.5%, consisted of indebtedness with maturities of one year or less or indebtedness that otherwise becomes due within one year, which we classify as short-term indebtedness. The remaining Ps. 23,188.9 million (US\$1,118.5 million), or 77.5%, of our total outstanding indebtedness consisted of indebtedness with maturities greater than one year that becomes due more than one year after December 31, 2016, which we classify as long-term indebtedness. Accordingly, our capacity to continue funding our operations will depend on the collection of our lease, factoring and loan portfolios. This capacity will also depend on our ability to refinance or restructure our short-term and long-term indebtedness and the prevailing liquidity conditions of the financial market. Our indebtedness could have important consequences, including the following:

- it may increase our vulnerability to general adverse economic, competitive and industry conditions;
- it may be difficult for us to satisfy our obligations under our existing credit facilities and other indebtedness and commitments;
- it may limit our ability, or increase the cost of, refinancing our indebtedness;
- we may not have sufficient financial resources to repay our short-term and long-term indebtedness as it becomes due or sufficient time to finance the repayment thereof;
- we are required to use a portion of our cash flow from operations to pay interest on our current and future indebtedness, which may require us to reduce funds available for other purposes;
- we may have a limited ability to obtain additional financing, if needed, to fund additional projects, working capital requirements, capital expenditures, debt service, general corporate or other obligations;
- it may expose us to increased interest rates given that certain of our borrowings are at variable rates of interest;
- it may restrict us from making strategic acquisitions or cause us to make non-strategic divestitures;
- it may limit our planning flexibility for, or ability to react to, changes in our business and the industries in which we operate;
- it may impose significant operational and financial restrictions on us, such as our capacity to (i) pay dividends or buy back capital stock, (ii) make investments, (iii) create liens, (iv) enter into transactions with affiliates, (v) sell assets and (vi) consolidate or merge;

- it may limit our ability to enter into hedging transactions by reducing the number of willing counterparties with whom we can enter into such transactions, as well as the volume of those transactions; and
- we may be placed at a competitive disadvantage to our competitors.

If we are unable to comply with the provisions of our credit agreements and debt instruments and are unable to obtain a waiver or amendment of the terms under such agreements and instruments, the indebtedness outstanding under such debt instruments could be accelerated. Acceleration of these debt instruments would have a material adverse effect on our business, financial condition and results of operations.

One of our main sources of financing is the securitization of collection rights of our lease portfolio through the assignment of trust bonds to issuance trusts.

Since 2006, we have obtained financing through securitizations of our collection rights of our lease portfolio through the assignment of such rights to issuance trusts by means of the BMV or private structures. Any collection rights assigned to issuance trusts or other private trusts must comply with certain credit quality and diversification requirements, among others. As of December 31, 2016, we have assigned a total of Ps. 16,026.9 million of collection rights, which represents 53.2% of our total portfolio, including off-balance accounts. As a result, the collection rights related to 53.2% of our total portfolio would not be available for the payment of other obligations, which would be effectively subordinated to the collection rights under such securitizations. Any collection rights assigned to the issuance trusts, for which we act as managers, are subject to the payment of loans executed by the trustees of the respective issuance trust and may not be used by the Company for the payment of any other indebtedness or for any other purpose.

We have granted security interests in certain of the property we provide leases on in the ordinary course of business to certain lenders for which we have assigned the receivables as required by certain of our Trust Certificates and other structured debt.

We have granted security interests on certain of the property we provide leases on in the ordinary course of business in order to secure the obligations to certain of our lenders under the terms and conditions of certain of our Trust Certificates and other structured debt. In the case of a failure of our customers to pay their obligations under such leases secured by such collateral, our creditors could bring an enforcement proceeding with respect to such security interest. If those creditors successfully bring enforcement proceedings on a substantial part of the pledged assets, our financial condition could be adversely affected.

We have a substantial amount of intercompany debt, which could adversely affect our position as a creditor, if a bankruptcy is initiated against our subsidiaries.

As a consequence of the Financial Reforms, certain provisions of the Mexican Bankruptcy Law were amended regarding the priority of creditors pertaining to the same corporate group, among others matters. Pursuant to such amendments, among other things: (i) unsecured indebtedness of persons controlling the debtor will be subordinated to the rights of other third-party creditors; (ii) if the rights of the controlling shareholders in respect of the related party debt represent 25.0% or more of the total amount of indebtedness recognized in the bankruptcy proceeding, such related party creditors would need the consent of at least 50.0% of the third-party creditors in order to approve a reorganization agreement; and (iii) the controlling shareholders of the debtor are prohibited from voting in favor of a bankruptcy trustee (*síndico*) that is unregistered in the Mexican Federal Institute of Insolvency Specialists (*Instituto Federal de Especialistas de Concursos Mercantiles*). As a result, if a bankruptcy proceeding is initiated against our subsidiaries, our creditor rights may be limited or impaired.

Reductions in our credit ratings could increase our cost of funding and negatively impact our ability to raise new funds or renew maturing debt.

Our credit ratings are an important part of our liquidity profile and are based, among other factors, on the financial strength, credit quality and diversification in our loan portfolio; the level and volatility of our earnings; our capital adequacy; the quality of our management; the liquidity of our balance sheet and our ability to access a broad array of funding sources. Adverse changes in our credit ratings could negatively impact our ability to obtain funding at competitive rates, which may in turn have a material adverse effect on our business, financial condition and results of operations.

Servicing our indebtedness, including the notes, will require a significant amount of cash. Our ability to generate cash depends on a variety of factors, many of which are beyond our control.

Our ability to make payments on our indebtedness, including the notes, will depend on our ability to generate cash in the future. This, to a certain extent, is subject to general economic, financial, competitive and other factors that are beyond our control. Our business may not be able to generate sufficient cash flow from operations and future borrowings may not be available to us in an amount sufficient to enable us to pay our indebtedness or to fund our other liquidity needs. As a result, we may need to refinance all or a portion of our indebtedness at or before maturity, and we may not be able to complete such refinancing on commercially reasonable terms or at all. We may also not have sufficient resources to repay our indebtedness as it becomes due or sufficient time to finance the repayment thereof. We are required to use a portion of our cash flow from operations to pay interest on our current and future indebtedness, which may require us to reduce funds available for other purposes, including new loan origination. If we are unable to generate cash to service, repay or refinance our indebtedness, our business, financial condition or results of operations may be materially and adversely affected.

If we are unable to bring an enforcement action on the collateral securing our leases and financial contracts or if the value of collateral under certain of our leases and other financing contracts is inadequate, our results of operations and financial condition could be adversely affected.

We require a lien on assets securing our leases and other financing contracts exceeding five million pesos. If we are unable to bring an enforcement action on collateral on a timely basis or at all, or if proceedings related thereto are delayed, our results of operations and financial condition may be adversely affected. Additionally, the value of such collateral may be adversely affected by a number of conditions such as damage, loss, deterioration, devaluation, oversupply or reduced demand for such asset. There can be no assurance that the value of such collateral will not decline. There can also be no assurance that the assumptions relied on by appraisers assessing the value of such collateral are accurate measures of the market and thus the value of such collateral may be evaluated inaccurately. Consequently, the price at which we are able to sell any collateral in the event of an attachment or foreclosure may be lower than the valuation of such collateral and this may have a material adverse effect on our financial condition and results of operations.

Fluctuations in Mexican exchange rates and interest rates may adversely affect our business, financial condition and results of operations.

We are exposed to exchange rate risk to the extent certain of our U.S. dollar-denominated liabilities are not covered by currency financial derivative instruments and whenever we maintain open positions in currencies other than the Mexican peso. We are exposed to interest rate risk whenever there is a mismatch in the revaluation of interest rates or if interest on our leasing, financial factoring or auto loans and other lending portfolio is calculated based on fixed interest rates. The exchange rates and interest rates in Mexico have been subject to significant fluctuations in the past and to limitations on convertibility. Due to the historic volatility of the peso exchange rate and interest rates in Mexico, exchange rate and interest rate risks may be greater in Mexico than in other countries. Exchange rates and interest rates have experienced considerable volatility globally in recent years due to weak economic conditions. We cannot assure you that we will not experience losses in the future due to exchange rate and interest rate fluctuations, which could have a material adverse effect on our financial condition and results of operations. Without the Company taking any risk-mitigating actions, we estimate that an increase of 50 basis points on the TIIE would have a negative impact of approximately 4.0% on our net income.

In recent years, interest rates in Mexico have remained at historically low levels; however, we cannot assure you that interest rates will remain at such levels in the future. A sustained increase in interest rates would increase our financing costs and may result in a decrease in demand for our financing products. In the event of an increase in interest rates, we may also need to readjust our portfolio of assets and liabilities in order to minimize risks and maintain our profitability. In addition, an increase in interest rates could negatively affect the Mexican economy and the financial condition of our customers and their ability to repay their obligations to us, which could result in a deterioration in the quality of our portfolio. Furthermore, volatility in exchange rates and interest rates could also affect the ability of our customers to repay their obligations to us, which could result in an increase in non-performing leases and loans, and therefore could have a material adverse effect on our business, financial condition and results of operations.

Our business is highly dependent on proper functioning and improvement of information technology systems.

Our business is highly dependent on our ability to timely collect and process a large amount of information related to the existing customer base, including transaction processes that may increase in complexity with increasing volume in our business. The proper functioning of financial control, accounting or other data collection and processing systems is critical to our businesses and to our ability to compete effectively. A partial or complete failure of any of these primary systems or the inappropriate handling of the data stored therein could materially and adversely affect our decision-making process, our risk management and internal control systems, as well as our ability to respond on a timely basis to changing market conditions. Such failures could be caused by, among other things, software bugs, computer virus attacks or conversion errors due to system upgrading. Any security breach caused by unauthorized access to information or systems, intentional malfunctions or loss or corruption of data, software, hardware or other computer equipment, could have a material adverse effect on our business, financial condition and results of operations. In addition, we may experience difficulties in upgrading, developing and expanding our information technology systems quickly enough to accommodate our growing customer base. Our disaster recovery planning may also be insufficient to cover all eventualities, and we may have inadequate insurance coverage or insurance limitations that could prevent us from being fully compensated for losses from a major interruption or other damage to our systems. If we cannot maintain an effective data collection and management system, or if we cannot upgrade that system as necessary to meet the changing circumstances of our business, then our business, financial condition and results of operations could be materially adversely affected.

We may experience operational problems or errors.

We, like all financial institutions, are exposed to many types of operational risks, including the risk of fraud by employees and outsiders, failure to obtain proper authorizations, failure to properly document transactions, equipment failures and errors by employees. Although we maintain a system of operational controls, there can be no assurances that operational problems or errors will not occur and that their occurrence will not have a material adverse impact on our business, financial condition and results of operations.

Any failure to protect our registered trademarks and intellectual property may materially adversely affect us.

We believe that our commercial advertisements, trademarks and other intellectual property are fundamental to our name recognition and the continued success of our business. Any infringement of our intellectual or industrial property rights or any failure to register or maintain these rights in the jurisdictions in which we operate may result in: (i) litigation, requiring that we dedicate substantial time and resources to defend our intellectual and industrial property; and/or (ii) the potential loss of our ability to use our trademarks. The success of our business depends in part upon our continued ability to use our trademarks to increase brand awareness and further develop our brand in both the Mexican and international markets. We cannot assure you that all of the steps that we have taken to protect our trademarks in Mexico and other countries will be adequate to prevent the infringement of our trademarks by others. The unauthorized reproduction of our trademarks could diminish the value of our brand and our market recognition, our competitive advantages or our goodwill, which could adversely affect our business, results of operations, prospects and financial conditions.

We are dependent on key personnel, our ability to retain and hire additional key personnel and the maintenance of good labor relations.

Our operation and growth depend significantly upon the efforts, relationships, reputation and experience of our board of directors, senior management and other key personnel. The loss of their services, or our inability to attract and retain qualified management personnel to replace them, could have a material adverse effect on our business, financial condition and results of operations. In addition, in line with our planned expansion, our future success also depends on our continuing ability to identify, hire, train and retain other qualified sales, marketing, collections and managerial personnel. Competition for such qualified personnel is intense and we may be unable to attract, integrate or retain qualified personnel at levels of experience or compensation that are necessary to maintain our quality and reputation or to sustain or expand our operations.

Our risk management systems and policies may not be effective in mitigating our risk exposure, and we may be exposed to unidentified or unanticipated risks, which may materially and adversely affect our business, financial condition and results of operations.

Our risk management systems, hedging strategies, policies and other risk management techniques may not be effective in mitigating our risk exposure in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Some methods of managing risk are based upon historical market behavior or past events. As a result, these methods may not be able to accurately estimate future risk exposures, which could be significantly greater than indicated by measures based on historical data. Other risk management methods depend upon an evaluation of information regarding markets, customers or other matters. This information in all cases may not be accurate, complete, up-to-date or properly evaluated. Management of operational, legal or regulatory risk requires, among other things, policies and procedures to record properly and verify a large number of transactions and events. Such policies and procedures, including our origination and servicing policies, instituted by us or from time to time modified to respond to changes in the market in which we operate, may not be fully effective. Any failure of our risk management procedures or any failure to identify any applicable risks may have a material adverse effect on our business, financial condition and results of operations.

Risks not contemplated in our insurance policies may affect the assets leased by us.

Although we take actions to ensure that our insurance policies cover most of the risks related with the assets we lease, it is possible that the terms and conditions of the insurance policies we have will not cover a specific event or incident. If any uninsured events occur with respect to a significant portion of our leased assets, such lack of coverage could have a material adverse effect on our financial conditions and results of operations.

Our controls and procedures may fail or be circumvented.

Controls and procedures, particularly those relating to collections and cash management, are important for finance companies. Any system of controls, however well-designed and operated, is based in part on certain assumptions and can provide only reasonable, not absolute, assurances that the objectives of the system are met. Any failure or circumvention of our controls and procedures, or failure to comply with regulations related to controls and procedures, could have a material adverse effect on our business, financial condition and results of operation.

We may not be successful in our plans for growth, development and diversification.

We may not be successful in our plans for growth and diversification of our business, or we may need to incur additional costs in order to carry out these plans, which could have a material adverse effect on our business, financial conditions and results of operations and prospects.

We may be subject to penalties due to our advertising.

Because we are active in financial advertising, we could be subject to penalties based on unfair competition if such advertising includes incorrect or incomplete information, or if such information is considered misleading. Furthermore, we may be subject to penalties if we advertise our products or services to those customers who have expressly requested not to receive such advertising. Such events could adversely affect our business, financial condition and results of operations.

We may not be able to detect money laundering and other illegal or improper activities on a timely basis or at all.

We are required to comply with applicable anti-money laundering, terrorism financing prevention and other laws and regulations. These laws and regulations require us and our subsidiaries, among other things, to adopt and enforce “know your customer” policies and procedures and to report suspicious and large transactions to the applicable authorities. Such regulations have become increasingly complex and detailed over time and require effective control systems and highly qualified personnel for the supervision of and compliance with such rules. In addition, such regulation is subject to increased surveillance by governmental authorities. While we have adopted policies and procedures aimed at detecting and preventing the use of our network for money laundering activities and related activities, we cannot assure you that such policies and procedures will completely eliminate instances where our accounts or technology may be used by other parties to engage in money laundering and other illegal or

improper activities. While we have not been subject to fines or other sanctions as a result of not complying with the applicable regulations related to money laundering activities in the past, to the extent we may fail to fully comply with applicable laws and regulations, the relevant governmental agencies to which we report have the power and authority to impose fines and other penalties on us. Furthermore, although we have not suffered damages to our business or our reputation as a result of money laundering activities in the past, our business and reputation could suffer if customers use us for money laundering or illegal purposes.

We are subject to certain risks associated with derivative financial instruments that we have entered into related to fluctuations in exchange rates and interest rates, which could adversely affect our financial conditions and results of operations.

We are exposed to various risks related to fluctuations in interest rates, currencies and exchange rates. One of the strategies we employ to mitigate the possible negative effects of these risks consists of entering into derivative financial instruments to hedge our exposure to risks associated with our indebtedness, including the 2019 Senior Notes, the 2023 Senior Notes and other debt instruments and lines of credit. The use of such derivative financial instruments could result in losses related to the valuation of the hedging instruments as a result of fluctuations of the peso exchange rate and fluctuations of interest rates in Mexico.

Our swaps are subject to periodic margin calls. We may be required to use a substantial part of our cash to cover such margin calls, which may reduce the resources available for our business operations and capital requirements. As a result, we may incur net losses from our currency swap transactions or may be unable to make our margin calls, any of which could have a material adverse effect on our business, liquidity, financial condition and results of operations.

Our operations are subject to various financial laws and regulations. Any failure by us to comply with the applicable legal requirements could result in the imposition of sanctions or fines, which could result in additional costs that could have a material adverse effect on our financial condition and results of operations.

Our operations are subject to various financial laws and regulations. Any failure by us to comply with the applicable legal requirements or our inability to adjust our processes and operations in accordance with any amendments made to such laws and regulations could result in sanctions or fines or in our being required to implement remedial programs, which could result in significant additional costs for us and which in turn could have a material adverse effect on our financial condition and results of operations and could also disrupt our operations or the implementation of projects or business plans. We cannot predict the effect that future financial laws and regulations may have on our financial condition and results of operations.

Cyber-attacks or other breaches of network or IT security could have an adverse effect on our business.

Our technologies, systems, networks, and those of our business partners may become the target of cyber-attacks or information security breaches that could result in the unauthorized release, misuse or loss of confidential information, or other disruption of our business operations. Cyber-security risks for financial institutions have significantly increased because of the proliferation of new technologies, the use of the Internet and telecommunications technologies to conduct financial transactions, and the increased sophistication and activities of organized crime, hackers, terrorists and other external parties. The Company's business is highly dependent on our technology infrastructure and that of our service providers, and we are not immune to attacks against our or their network or systems. Although we have not experienced any material loss related to cyber-attacks, there can be no assurance that we will not be the target of cyber-attacks in the future that could adversely affect our operations or financial condition. As cyber threats continue to evolve, we may be required to incur additional expenses to enhance our protective measures or to remediate any information security vulnerability.

Risks Related to Our Controlling Shareholder

Our controlling shareholder is able to exercise significant control over us which could result in conflicts of interest.

We are currently controlled by Trust Number 2452 held with Banco Invex, S.A., Institución de Banca Múltiple, Invex Grupo Financiero, Fiduciario (the "Trust"), which has a 62.50% ownership stake in us. Our controlling shareholder, as instructed by the individual beneficiaries of the Trust, is in a position, with certain

limited exceptions, to direct our management and to determine the result of substantially all matters decided by a majority vote of our shareholders, including, among others: (i) the election of a majority of the members of our board of directors and main executive officers, (ii) sales and dispositions of our assets, the amount of debt financing that we incur and the granting of liens, except when there is a conflict of interests, (iii) undertaking investments and acquisition of assets, (iv) commencement or termination of significant legal proceedings, and (v) the determination of the amount of dividends to be distributed by us. As a result, circumstances may occur in which our controlling shareholder's interests could conflict with your interests as note holders.

We often engage in a variety of transactions with related parties which may cause conflicts of interest.

We have engaged and will continue to engage in a variety of transactions with affiliates, such as services and outsourcing agreements and factoring agreements. See "Related Party Transactions." While we intend to continue to transact business with related parties on an arm's-length basis and in compliance with our corporate governance practices, such transactions could be affected by conflicts of interest between such related parties and us. We have agreed to terms governing certain of our indebtedness that limit our ability to engage in transactions with our affiliates.

Risks Related to Mexico

Mexican governmental policies or regulations, including the imposition of an interest rate ceiling, may adversely affect our business, financial condition and results of operations.

We are incorporated in Mexico, and substantially all of our assets and operations are located in Mexico. As a result, we are subject to political, economic, legal and regulatory risks specific to Mexico. The Mexican federal government has exercised, and continues to exercise, significant influence over the Mexican economy. Accordingly, Mexican federal governmental actions and policies concerning the economy, state-owned enterprises and state-controlled or state-funded financial institutions could have a significant impact on private-sector entities in general and on us in particular, and on market conditions, including prices and returns on Mexican securities. Also, the Mexican government may implement significant changes in laws, public policies and/or regulations that could affect political and economic conditions in Mexico, which could adversely affect our business. Our business, financial condition and results of operations, may be adversely affected by changes in policies or regulations involving, among others:

- interest rates;
- exchange rates and controls and restrictions on the movement of capital out of Mexico;
- currency fluctuations;
- inflation;
- liquidity of the domestic capital and lending markets; and
- tax and regulatory policies.

Any legislative or regulatory actions and any required changes to our business operations resulting from such legislation and regulations, including without limitation, those derived from the Financial Reform and related legislation issued pursuant thereto, could result in a loss of revenue, limit our ability to pursue certain business opportunities, increase the level of reserves that we are required to maintain, affect our capital adequacy requirements, affect the value of assets that we hold, require us to increase our prices thereby reducing the demand for our products, impose additional costs on us, require that our standard agreements include or exclude certain provisions, or otherwise adversely affect our businesses. Changes in regulations may also cause us to face increased compliance costs and limitations on our ability to pursue certain business opportunities and provide certain products and services.

Although we are not subject to specific regulation with respect to capitalization ratios, financial structure or otherwise, as other banking institutions are, Mexican law could change and future laws and regulations that regulate operations of leasing and other financial companies, such as ours, could be enacted. If such laws or governmental oversight or other changes in Mexican law were to occur, our business, financial condition and results of operations could be materially and adversely affected. Accordingly, there can be no assurance that future changes in regulations or in their interpretation or application will not adversely affect us.

Political, economic and social conditions in Mexico could materially and adversely affect Mexican economic policy and, in turn, our operations.

Following Enrique Peña Nieto's election as President of Mexico in 2012, the *Congreso de la Unión de los Estados Unidos Mexicanos* ("Mexican Congress") became politically divided, as his political party, the *Partido Revolucionario Institucional* ("PRI"), does not have majority in the Mexican Congress. In 2015, federal elections for the House of Deputies and nine governorships took place, with the PRI winning 207 of the 500 seats, while the *Partido Acción Nacional* and the *Partido de la Revolución Democrática* won 109 and 60 seats, respectively. The lack of alignment between the Mexican Congress and the President could result in deadlock and prevent the timely implementation of political and economic reforms, which in turn could have a material adverse effect on Mexican economic policy. Mexico's next presidential and federal legislative election will be in July 2018. We cannot predict whether potential changes in Mexican governmental and economic policy could adversely affect economic conditions in Mexico or the sector in which we operate and therefore the election could have an adverse effect on us.

We cannot predict the impact that political, economic and social conditions will have on the Mexican economy. Furthermore, we cannot provide any assurances that political, economic or social developments in Mexico, over which we have no control, will not have an adverse effect on our business, financial condition, results of operations and prospects. Mexico has recently experienced periods of violence and crime due to the activities of organized crime. In response, the Mexican government has implemented various measures to increase security and has strengthened its police and military forces. Despite these efforts, organized crime (especially drug-related crime) continues to exist and operate in Mexico. These activities, their possible escalation and the violence associated with them may have a negative impact on the Mexican economy or on our operations in the future. The social and political situation in Mexico could adversely affect the Mexican economy, which in turn could have a material adverse effect on our business, financial condition, results of operations and prospects.

High inflation rates may adversely affect our financial condition and results of operations.

Mexico has a history of high levels of inflation and may experience high inflation in the future. Historically, inflation in Mexico has led to higher interest rates, depreciation of the peso and the imposition of substantial government controls over exchange rates and prices. The annual rate of inflation for the last three years, as measured by changes in the Mexican National Consumer Price Index (*Índice Nacional de Precios al Consumidor*), as provided by the INEGI and as published by *Banco de México*, was 4.1% in 2014, 2.1% in 2015 and 3.4% in 2016.

Although the Mexican government has implemented what we believe to be sound economic policies over the past few years, uncertainty over whether the Mexican government will implement changes in policy or regulation in the future may contribute to economic uncertainty in Mexico and to heightened volatility in the Mexican securities markets and in securities issues abroad by Mexican issuers. These uncertainties and other developments in the Mexican economy may adversely affect us.

In addition, increased inflation generally raises our cost of funding, which we may not be able to fully pass on to our customers through higher interest rates without adversely affecting the volume of our loans. Our financial condition and profitability may be adversely affected by the level of, and fluctuations in, interest rates, which affect our ability to earn a spread between the interest received on our loans or the rentals and fees charged on our leases and the cost of our funding. All of our loans have fixed interest rates, which may not reflect the real return we are receiving in an inflationary environment and may not, as a result, fully compensate us for the risk we are bearing on our loan portfolio. If the rate of inflation increases or becomes uncertain and unpredictable, our business, financial condition and results of operations could be adversely affected.

Fluctuations of the peso relative to the U.S. dollar could result in an increase in our cost of financing and limit our ability to make timely payments on foreign currency-denominated debt.

The peso has been subject to significant devaluations against the U.S. dollar and may be subject to significant fluctuations in the future. In 2016, the peso devalued by 20.5% against the U.S. dollar. Because substantially all of our revenues are, and are expected to continue to be, denominated in pesos, if the value of the peso decreases against the U.S. dollar, as has been the case in the recent past, our cost of financing may increase for U.S. dollar-denominated debt that we may incur or have outstanding, to the extent such obligations are not otherwise hedged with financial instruments. Severe depreciation of the peso may also result in disruption of the international foreign exchange markets. This may limit our ability to transfer or convert pesos into U.S. dollars and other

currencies for the purpose of making timely payments of interest and principal on our non-Mexican peso-denominated securities and any U.S. dollar-denominated debt that we may incur, to the extent such obligations are not otherwise hedged with financial instruments.

Currently, the peso-dollar exchange rate is determined on the basis of the free market float in accordance with the policy set by *Banco de México*. There is no guarantee that *Banco de México* will maintain the current exchange rate regime or that *Banco de México* will not adopt a different monetary policy that may affect the exchange rate itself, including imposing generalized exchange controls. Any change in the monetary policy, the exchange rate regime or in the exchange rate itself, as a result of market conditions over which we have no control, could have a considerable impact, either positive or negative, on our business, financial condition and results of operations.

Developments in other countries could adversely affect the Mexican economy and our business, financial condition and results of operations.

The Mexican economy may be, to varying degrees, affected by economic and market conditions in other countries. Although economic conditions in other countries may differ significantly from economic conditions in Mexico, investors' reactions to adverse developments in other countries may have an adverse effect on the market value of securities of Mexican issuers. In recent years, for example, the prices of both Mexican debt and equity securities decreased substantially as a result of the prolonged decrease in the United States securities markets. Most recently, credit issues in the United States related principally to the sale of sub-prime mortgages have resulted in significant fluctuations in the financial markets.

In addition, in recent years economic conditions in Mexico have become increasingly correlated with economic conditions in the United States as a result of the North American Free Trade Agreement ("NAFTA"), and increased economic activity between the two countries. Therefore, adverse economic conditions in the United States, the termination or re-negotiation of NAFTA or other related events could have a significant adverse effect on the Mexican economy. We cannot assure you that events in other emerging market countries, in the United States or elsewhere will not adversely affect our business, financial condition or results of operations.

We are subject to accounting standards that differ from those applicable to public companies in the United States.

Our Financial Statements were prepared in accordance with *Sofom* GAAP. *Sofom* GAAP differs in certain significant respects from U.S. GAAP. See "Annex A—Summary of Certain Significant Differences Between *Sofom* GAAP and U.S. GAAP" for a description of certain differences between *Sofom* GAAP and U.S. GAAP as they relate to us. We are not providing any reconciliation to U.S. GAAP of the Financial Statements or other financial information in this offering memorandum. We cannot be certain that a reconciliation would not identify material quantitative or qualitative differences in our Financial Statements or other financial information as prepared on the basis of *Sofom* GAAP if such information had been prepared on the basis of U.S. GAAP.

Mexican financial authorities have been given broad authority in certain areas, including in the area of class action lawsuits, as a result of the Financial Reforms.

As part of the Financial Reforms, the Mexican Congress approved changes to the Mexican Law for the Protection and Defense of Financial Services Users, which gives the Mexican National Commission for the Defense of Financial Services Users (*Comisión Nacional para la Defensa de los Usuarios de Servicios Financieros*, or "CONDUSEF") broad authority to oversee financial institutions. Pursuant to such changes, among other things, CONDUSEF: (i) is entitled to initiate class action lawsuits against Mexican financial institutions, like us, in connection with events affecting groups of users of financial services; (ii) shall maintain a new Bureau of Financial Entities (*Buró de Entidades Financieras*), which will set forth any and all information deemed material for users of financial services; (iii) is empowered to order amendments to any of the standard forms of commercial documentation (such as account and loan agreements used by us) used by financial institutions if it considers provisions therein to be detrimental to users; (iv) is permitted to issue resolutions as part of arbitration proceedings, for the benefit of customers, that would permit customers to attach assets of financial institutions prior to the completion of arbitration proceedings; and (v) is given broader authority to fine a financial institution that does not comply with an order issued by CONDUSEF. These new laws grant CONDUSEF, borrowers and other market participants the right to initiate class action lawsuits against us, thereby increasing our exposure to liability. Due to

our lack of experience and the lack of judicial precedents regarding these laws, we cannot predict the possible outcome of any class actions initiated under such laws, including the extent of any liability we may face.

The Mexican Supreme Court of Justice has ruled that Mexican judges are entitled to reduce interest rates considered inequitable, at their sole discretion.

In June 2014, the Mexican Supreme Court of Justice issued a ruling of mandatory application, allowing federal judges to determine *ex officio* if an interest rate agreed in a promissory note is evidently excessive, violating an individual's human rights, and consequently establishing a reduced interest rate. The elements the judge should take into account to determine if an interest rate is evidently excessive are (i) the type of relationship between the parties; (ii) the qualification of the persons intervening in the issuance of the promissory note and if the activity of the creditor is regulated; (iii) the purpose of the loan; (iv) the amount of the loan; (v) the term of the loan; (vi) the existence of guarantees or collateral for the payment of the loan; (vii) the interest rates applied by financial institutions in transactions similar to the one under analysis, as a mere reference; (viii) the variation of the national inflation index during the term of the loan; (ix) market conditions; and (x) other issues that may be relevant for the judge. The mandatory and partly discretionary application of such criteria in the lawsuits affecting our loan portfolio could have a material adverse effect on the interest rates we charge and on our operating results. To date, the Mexican Courts have not issued an order reducing the interest rates on any of our loans.

Risks Related to the Notes

Payments on the notes and the subsidiary guarantees will be effectively junior to any of our and our subsidiary guarantors' secured indebtedness, respectively, and structurally junior to debt obligations of our non-guarantor subsidiaries.

The notes, and the obligations of any future note guarantors, will constitute our and our subsidiary guarantors', and any future note guarantors', senior unsecured obligations and will rank equal in right of payment with all of our other existing and future senior unsecured indebtedness, other than obligations preferred by statute (such as tax and labor claims). Although the holders of the notes will have a direct, but unsecured claim on our assets and property, payment on the notes will be subordinated in right of payment to any of our existing or future secured debt, to the extent of the assets securing such debt. Although the Indenture governing the notes will contain restrictions on the incurrence of additional secured debt and additional liens, these restrictions are subject to important qualifications and exceptions. Among other exceptions, the Indenture will not restrict our ability and the ability of our subsidiaries to incur debt and grant liens pursuant to lease securitization transactions. The amount of secured debt and liens that we may incur in compliance with these restrictions or liens that arise from governmental or creditor action could be substantial. Payment by us in respect of the notes will also be structurally subordinated to the payment of secured and unsecured debt and other creditors of our non-guarantor subsidiaries.

If we or any of the subsidiary guarantors become insolvent or are liquidated, or we or any of the subsidiary guarantors become subject to bankruptcy proceedings, or if payment under any secured debt is accelerated, the relevant lenders and security holders under our lease securitization transactions would be entitled to exercise the remedies available to a secured lender. Accordingly, any proceeds upon a realization of the collateral would be applied first to amounts due under the secured debt obligations before any proceeds would be available to make payments on the notes. After such application of the proceeds from collateral, it is possible that there would be no assets remaining from which claims of the holders of the notes could be satisfied.

The notes are not guaranteed by all of our existing subsidiaries and may not be guaranteed by certain of our future subsidiaries. However, our financial information (including the Financial Statements included herein) is presented on a consolidated basis. Any right that we, the subsidiary guarantors or any future note guarantors will have to receive assets of any of the non-guarantor subsidiaries upon the liquidation or reorganization of those subsidiaries, and the consequent rights of holders of notes to realize proceeds from the sale of any of those subsidiaries' assets, will be effectively subordinated to the claims of that subsidiary's creditors, including trade creditors and holders of debt of that subsidiary.

In addition, under Mexican law, our obligations under the notes and the subsidiary guarantees are subordinated to certain statutory preferences, including claims for salaries, wages, secured obligations (to the extent of the security provided), social security, employee housing fund contributions, taxes and court fees and expenses. In the event of our liquidation, such statutory preferences will have preference over any other claims, including claims by any holder of the notes.

Further, if any assets remain after payment of these lenders, the remaining assets would be available to creditors preferred by statute, such as holders of tax and labor claims, and might be insufficient to satisfy the claims of the holders of the notes and holders of other unsecured debt including trade creditors that rank equal to holders of the notes.

The subsidiary guarantees may not be enforceable.

The notes will be fully and unconditionally guaranteed, jointly and severally, by certain of our subsidiaries. The subsidiary guarantees provide a basis for a direct claim against the subsidiary guarantors; however, it is possible that the subsidiary guarantees may not be enforceable under applicable law.

While Mexican law does not prohibit the giving of subsidiary guarantees and, as a result, it does not prevent the subsidiary guarantees of the notes from being valid, binding and enforceable against the subsidiary guarantors, in the event that a subsidiary guarantor becomes subject to a *concurso mercantil* or to a *quiebra*, its subsidiary guarantee may be deemed to have been a fraudulent transfer and may be declared void based upon the subsidiary guarantor being deemed not to have received fair consideration in exchange for such subsidiary guarantee. If any such event were to occur, the creditworthiness of the notes, and the market value of the notes in the secondary market may be materially and adversely affected.

We and our subsidiaries may incur substantially more debt, which could further exacerbate the risks associated with our indebtedness.

As of December 31, 2016, we had total consolidated financial indebtedness (including accrued interest) of Ps. 29,922.5 million (US\$1,443.3 million), of which Ps. 16,070.8 million (US\$775.2 million) was secured by collateral. Of our Ps. 16,070.8 million of secured indebtedness, Ps. 4,070.8 million related to secured bank debt and the remainder was in connection with our lease securitization transactions which involve limited recourse to us considering that any claim against us is limited exclusively to the value of the pledged assets. After giving pro forma effect to the offer and sale of the notes and the application of the net proceeds from this offering as described under “Use of Proceeds,” as of December 31, 2016 we and our subsidiary guarantors would have had total indebtedness (including accrued interest) of Ps. 32,615.8 million (US\$1,573.3 million), of which Ps. 14,702.9 million (US\$709.2 million) would have been secured by collateral (Ps. 2,842.7 million related to secured bank debt and the remainder in connection with our lease securitization transactions) and our non-guarantor subsidiaries would not have had any indebtedness. We and our subsidiaries will be able to incur substantial additional debt in the future. Although the Indenture governing the notes will contain restrictions on the incurrence of additional debt and additional liens, these restrictions are subject to important qualifications and exceptions. Among other exceptions, the Indenture does not restrict our ability and the ability of our subsidiaries to incur debt and grant liens pursuant to lease securitization transactions. Any secured debt incurred pursuant to lease securitization transactions would be senior to the notes, however such transactions involve limited recourse to us considering that any claim against us is limited exclusively to the value of the pledged assets. Also, these restrictions do not prevent us or our subsidiaries from incurring obligations that do not constitute “indebtedness” as defined in the Indenture. Increases in our level of indebtedness, particularly secured indebtedness, could adversely affect the notes relative to our other indebtedness and have a material adverse effect on the market price of the notes.

Certain of the instruments governing our indebtedness, including the notes offered hereby, contain cross-default provisions that may cause all of the debt issued under such instruments to become immediately due and payable as a result of a default under an unrelated debt instrument.

The Indenture governing the notes contains numerous restrictive covenants. In addition, certain of the instruments governing our other indebtedness also contain certain affirmative and negative covenants and require us and our subsidiaries to meet certain financial ratios and tests. Our failure to comply with the obligations contained in the Indenture or other instruments governing our indebtedness could result in an event of default under the applicable instrument, which could then result in the related debt and the debt issued under other instruments becoming immediately due and payable. In such event, we would need to raise funds from alternative sources, which may not be available to us on favorable terms, on a timely basis or at all. Alternatively, such default could require us to sell our assets and otherwise curtail operations in order to pay our creditors.

The notes are subject to transfer restrictions.

The notes have not been registered under the Securities Act or any state securities laws, and we are not required to and currently do not plan on making any such registration in the immediate future. As a result, the notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Prospective investors should be aware that investors may be required to bear the financial risks of this investment for an indefinite period of time. See “Transfer Restrictions” for a full explanation of such restrictions.

An active trading market for the notes may not develop.

Currently there is no market for the notes. Application is expected to be made to have the notes listed on the Official List of the Luxembourg Stock Exchange and traded on the EuroMTF Market. Even if the notes become listed on this exchange, we may delist the notes. A trading market for the notes may not develop, or if a market for the notes were to develop, the notes may trade at a discount from their initial offering price, depending upon many factors, including prevailing interest rates, the market for similar securities, general economic conditions and our financial condition. The initial purchasers are not under any obligation to make a market with respect to the notes, and we cannot assure you that trading markets will develop or be maintained. Accordingly, we cannot assure you as to the development or liquidity of any trading market for the notes. If an active market for the notes does not develop or is interrupted, the market price and liquidity of the notes may be adversely affected.

Payments claimed in Mexico on the notes, pursuant to a judgment or otherwise, would be in pesos.

In the event that proceedings are brought against us in Mexico, either to enforce a judgment or as a result of an original action brought in Mexico, or if payment is otherwise claimed from us in Mexico, we would not be required to discharge those obligations in a currency other than Mexican currency. Under Article 8 of the Monetary Law of the United Mexican States (*Ley Monetaria de los Estados Unidos Mexicanos*), an obligation, whether resulting from a judgment or by agreement, denominated in a currency other than Mexican currency, which is payable in Mexico, may be satisfied in Mexican currency at the rate of exchange in effect on the date on which payments are made. Such rate is currently determined by *Banco de México* and published every banking day in the Mexican Federal Official Gazette. As a result, you may suffer a U.S. dollar shortfall if you obtain a judgment by a Mexican court or a payment is received in Mexico. You should be aware that no separate action exists or is enforceable in Mexico for compensation for any shortfall.

Our subsidiary guarantors’ and any future note guarantors’ obligations under the notes would be converted in the event of bankruptcy.

Under the Mexican Bankruptcy Law, if we or any of the subsidiary guarantors are declared insolvent, bankrupt or became subject to a reorganization proceeding *concurso mercantil*, our obligations and the obligations of the subsidiary guarantors under the notes (i) would be converted into pesos and then from pesos into inflation-adjusted units (*unidades de inversion*, known as UDIs), (ii) would be satisfied at the time claims of all our creditors are satisfied, (iii) would be subject to the outcome of, and priorities recognized in, the relevant proceedings, which differ from those in other jurisdictions such as the United States, (iv) would cease to accrue interest from the date the *concurso mercantil* is declared, (v) would not be adjusted to take into account any depreciation of the peso against the U.S. dollar occurring after such declaration and (vi) would be subject to certain statutory preferences, including tax, social security and labor claims, and claims of secured creditors (up to the value of the collateral provided to such creditors). There is also limited relevant legal related precedent. For such reasons, the ability of the holders of the notes to effectively collect payments due under the notes may be compromised or subject to delay.

In addition, under Mexican law, it is possible that, in the event we are declared insolvent, bankrupt or become subject to *concurso mercantil*, any amount by which the stated principal amount of the notes exceeds their accreted value may be regarded as not matured and, therefore, claims of holders of the notes may be allowed only to the extent of the accreted value of the notes. At present, there are very few Mexican legal precedents regarding bankruptcy or *concurso mercantil* in Mexico on this point and, accordingly, uncertainty exists as to how a Mexican court would measure the claims of holders of the notes.

We may not be able to make payments in U.S. dollars.

In the past, the Mexican economy has experienced balance of payments deficits and shortages in foreign exchange reserves. While the Mexican government does not currently restrict the ability of Mexican or foreign persons or entities to convert pesos to foreign currencies, including U.S. dollars, it has done so in the past and could do so again in the future. We cannot assure you that the Mexican government will not implement a restrictive exchange control policy in the future. Any such restrictive exchange control policy could prevent or restrict our access to U.S. dollars to meet our U.S. dollar obligations and could also have a material adverse effect on our business, financial condition and results of operations. We cannot predict the impact of any such measures on the Mexican economy.

We may be unable to purchase the notes upon a change of control event, which would result in defaults under the Indenture governing the notes.

The terms of the notes require us to make an offer to repurchase the notes upon the occurrence of a specified change of control event at a purchase price equal to 101% of the principal amount of the notes, plus accrued interest to the date of the purchase. Any financial arrangements we may enter may require repayment of amounts outstanding upon the occurrence of a change of control event and limit our ability to fund the repurchase of your notes in certain circumstances. It is possible that we will not have sufficient funds at the time of any change of control to make the required repurchase of notes or that restrictions on our other financing arrangement will not allow the repurchase of notes or that restrictions in our other financing arrangements will not allow the repurchases. If we fail to repurchase the notes in such circumstances, we would default under the Indenture which may, in turn, trigger cross-default provisions in our other debt instruments. See “Description of the Notes—Change of Control Triggering Event.”

It may be difficult to enforce civil liabilities against us or our directors, executive officers and controlling persons.

All of our directors, executive officers and controlling persons named herein are non-residents of the United States and substantially all of the assets of such non-resident persons and substantially all of our assets are located in Mexico or elsewhere outside the United States. As a result, it may not be possible for investors to effect service of process within the United States, or in any other jurisdiction outside of Mexico, upon such persons or us or our subsidiary guarantors, or to enforce against them, or us or our subsidiary guarantors in courts of any jurisdiction outside of Mexico, judgments predicated upon the laws of any such jurisdiction, including any judgment predicated upon the civil liability provisions of the United States federal and state securities laws. In addition, there is doubt as to the enforceability in original actions in Mexican courts of liabilities predicated, in whole or in part, on U.S. federal securities laws and as to the enforceability in Mexican courts of judgments of U.S. courts obtained in actions predicated on the civil liability provisions of U.S. federal securities laws. No treaty exists between the United States and Mexico for the reciprocal enforcement of foreign judgments.

We cannot assure you that the credit ratings for the notes will not be lowered, suspended or withdrawn by the rating agencies.

The credit ratings of the notes may change after issuance. Such ratings are limited in scope, and do not address all material risks relating to an investment in the notes, but rather reflect only the views of the rating agencies at the time the ratings are issued. An explanation of the significance of such ratings may be obtained from the rating agencies. We cannot assure you that such credit ratings will remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by the rating agencies if, in the judgment of such rating agencies, circumstances so warrant. Any lowering, suspension or withdrawal of such ratings may have an adverse effect on the market price and marketability of the notes.

The Indenture governing the notes will contain periodic reporting requirements that will be different and less burdensome than would be applicable to us if we had agreed to register the notes following the closing of the offering.

We do not presently file periodic reports and other information with the SEC, and the Indenture governing the notes will not require us to file such reports or other information. The Indenture will require us to provide annual and quarterly reports, including English language translations, to the holders of notes and the trustee. The

requirements of the Indenture, however, will be more limited in certain respects than those applicable to public companies under the Exchange Act. See “Description of the Notes—Certain Covenants—Reports to Holders.”

USE OF PROCEEDS

We estimate that the net proceeds from the issuance of the notes will be approximately US\$440.7 million (after deducting the initial purchasers' discounts and commissions and the payment of estimated offering expenses). We intend to use the net proceeds from the sale of the notes (i) to redeem all of our outstanding 2019 Senior Notes and to repay short-term indebtedness under other of our existing credit facilities and (ii) the remainder, if any, for general corporate purposes.

EXCHANGE RATES

Mexico has had a free market for foreign exchange since the end of 1994 and *Banco de México* allows the peso to float freely against the U.S. dollar and other foreign currencies. As a result, policy has evolved toward an inflation targeting regime and *Banco de México* intervenes directly in the foreign exchange market only to reduce excessive short-term volatility. *Banco de México*, as an autonomous authority, recognizes price stability as its fundamental goal and implements monetary policy using a target for the overnight interest rate charged in the interbank market. An interest rate regime became effective on January 21, 2008, and substituted the regime based on daily balances known as the “*corto*.” As part of the interest rate target regime, open market operations (liquidity auctions) aim to provide the incentives for commercial banks to keep their accounts at *Banco de México* with a balance of zero at the daily market closing, in an environment where the overnight rate equals the target rate. *Banco de México* provides or withdraws liquidity as needed to meet its target rate through these operations. Positive balances in the accounts kept by the commercial banks at *Banco de México* are not paid interest, while overdrafts or negative balances are charged twice the overnight interest rate target. An increase in interest rates can make domestic financial assets more attractive to investors than foreign financial assets, which could trigger an appreciation of the nominal exchange rate and vice versa.

There can be no assurance that the Mexican government will maintain its current policies with respect to the peso or that the peso will not depreciate significantly in the future. The Mexican economy has suffered balance of payment deficits and shortages in foreign exchange reserves in the past. While the Mexican government, for more than 15 years, has not restricted the ability of Mexican and foreign individuals or entities to convert pesos to U.S. dollars, we cannot assure you that the Mexican government will not institute restrictive exchange control policies in the future. To the extent that any such restrictive exchange control policies were to be instituted in the future in the event of shortages of foreign currency, our ability to transfer or convert pesos into U.S. dollars and other currencies to service our foreign currency obligations would be adversely affected and foreign currency may not be available without substantial additional cost.

The following table sets forth, for the periods indicated, the low, high, average and period-end exchange rates published by the Mexican Federal Official Gazette, all expressed in nominal pesos per U.S. dollar.

Year Ended December 31,	Low	High	Average	Period End
2012	12.63	14.39	13.17	12.98
2013	11.98	13.44	12.77	13.07
2014	12.84	14.78	13.29	14.73
2015	14.55	17.37	15.87	17.33
2016	17.18	21.05	18.67	20.73
Month Ended				
January 2017	20.62	21.91	21.38	20.76
February 2017	19.70	20.79	20.33	19.83
March 2017.....	18.70	19.99	19.35	18.70
April 2017.....	18.48	19.11	18.78	19.06

This offering memorandum contains translations of certain peso amounts into U.S. dollars at specified rates solely for the convenience of the reader. The convenience translations should not be construed as a representation that the peso amounts actually represent such U.S. dollar amounts or that they could be converted into U.S. dollars at the specified rate or at all. Unless otherwise indicated, U.S. dollar amounts provided in this offering memorandum that have been translated from pesos have been so translated at an exchange rate of Ps 20.7314 per U.S. dollar, the exchange rate published by the *Banco de México* in the Mexican Federal Official Gazette on December 29, 2016.

The exchange rate published in the Mexican Federal Official Gazette by the *Banco de México* on May 2, 2017 was Ps.18.9594 per U.S. dollar.

CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization:

- on an actual basis as of December 31, 2016; and
- as adjusted to give effect to the issuance of the notes and the application of the net proceeds therefrom.

You should read this table in conjunction with the sections entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Selected Financial and Other Information” and our Audited Financial Statements and the related notes included elsewhere in this offering memorandum.

As of December 31, 2016

	Actual	As Adjusted	Actual	As Adjusted
	(in millions of Ps.)		(in millions of US\$) ⁽¹⁾	
Cash and cash equivalents	1,678.9	4,519.8 ⁽²⁾	81.0	218.0 ⁽²⁾
Short-term debt:				
Bank borrowings and loans from other entities	6,445.5	945.5	310.9	45.6
2019 and 2023 Senior Notes	196.1	176.6	9.4	8.5
Trust notes under a revolving securitization program	92.0	92.0	4.5	4.5
Total short-term debt	6,733.6	1,214.1	324.8	58.6
Long-term debt:				
Bank borrowings and loans from other entities.....	1,897.2	1,897.2	91.5	91.5
2019 and 2023 Senior Notes	9,291.7	8,242.1	448.2	397.5
Notes offered hereby.....	-	9,262.4	-	446.8
Trust notes under a revolving securitization program	10,000.0	10,000.0	482.3	482.4
Private trust bonds	2,000.0	2,000.0	96.5	96.5
Total long-term debt	23,188.9	31,401.7	1,118.5	1,514.7
Other Liabilities	6,187.2	6,187.2	298.5	298.5
Total Liabilities	36,109.7	38,803.0	1,741.8	1,871.8
Stockholders’ equity:				
Capital stock	960.3	960.3	46.3	46.3
Share premium.....	1,935.9	1,935.9	93.4	93.4
Capital reserves.....	125.0	125.0	6.0	6.0
Result of valuation of financial instruments for hedging cash flows derivatives	217.8	217.8	10.5	10.5
Retained earnings.....	1,051.3	1,051.3	50.7	50.7
Net income for the year.....	1,210.3	1,210.3	58.4	58.4
Total stockholders’ equity.....	5,500.6	5,500.6	265.3	265.3
Total liabilities and stockholders’ equity.....	41,610.3	44,303.6	2,007.1	2,137.1

(1) Mexican peso amounts have been translated solely for the convenience of the reader into U.S. dollars at an exchange rate of Ps. 20.7314 per US\$1.00, the exchange rate published in the Mexican Federal Official Gazette on December 29, 2016. These convenience translations should not be construed as representations that the peso amounts actually represent U.S. dollar amounts or could be converted into U.S. dollars at the specified rate or at all. See “Exchange Rates.”

(2) A portion of the net cash proceeds of the offering will be used to repay debt that was acquired by the Company after December 31, 2016.

SELECTED FINANCIAL AND OTHER INFORMATION

The following tables present certain summary financial information and operating data as of the dates and for each of the periods indicated. You should read the following summary financial data and other information together with “Presentation of Financial and Other Information,” “Selected Financial and Other Information,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our Financial Statements and related notes included elsewhere in this offering memorandum.

For our condensed consolidated internal financial information as of March 31, 2017 and for the three-month periods ended March 31, 2017 and 2016, see “Summary—Recent Developments—Interim Financial Information.” Our Financial Statements were prepared in accordance with *Sofom* GAAP. *Sofom* GAAP differs in certain significant respects from U.S. GAAP. See “Annex A—Summary of Certain Significant Differences between *Sofom* GAAP and U.S. GAAP” for a description of certain differences between *Sofom* GAAP and U.S. GAAP as they relate to us. No reconciliation of any of our Financial Statements to U.S. GAAP has been performed.

	For the Year Ended December 31,			
	2014	2015	2016	2016 ⁽¹⁾
	(in millions of Ps.)			(in millions of US\$)
Income Statement Data				
Operating lease income.....	3,648.6	5,480.7	7,773.1	374.9
Interest income.....	472.9	747.4	1,183.8	57.1
Other lease benefits.....	383.2	317.6	528.7	25.5
Depreciation of assets under operating lease	(2,150.1)	(3,183.6)	(4,537.4)	(218.9)
Interest expense	(839.7)	(1,192.8)	(1,988.9)	(95.9)
Other lease expenses.....	(425.0)	(348.3)	(583.6)	(28.1)
Financial margin	1,089.9	1,820.9	2,375.9	114.6
Loan loss reserve	30.0	(27.0)	(81.5)	(3.9)
Financial margin adjusted for credit risk	1,119.9	1,793.9	2,294.4	110.7
Commissions and fees paid (net)	(10.0)	(38.6)	(51.2)	(2.5)
Other operating income (net)	118.7	36.6	16.3	0.8
Financial intermediation results	11.3	335.2	-	-
Administrative and promotional expenses	(535.1)	(703.4)	(797.4)	(38.4)
	(415.2)	(370.2)	(832.3)	(40.1)
Operating income.....	704.8	1,423.7	1,462.1	70.5
Equity in results of other permanent investments ...	-	(1.4)	13.4	0.7
Income before income tax.....	704.8	1,422.3	1,475.5	71.1
Income tax payable	(456.5)	(585.5)	(656.2)	(31.6)
Deferred income taxes	234.2	256.7	391.0	18.9
Income tax expense.....	(222.4)	(328.8)	(265.2)	(12.7)
Consolidated net income.....	482.4	1,093.5	1,210.3	58.4

(1) Translated into U.S. dollars, solely for the convenience of the reader, using an exchange rate of Ps. 20.7314 per U.S. dollar, the exchange rate published in the Mexican Federal Official Gazette on December 29, 2016. These convenience translations should not be construed as representations that the peso amounts actually represent U.S. dollar amounts or could be converted into U.S. dollars at the specified rate or at all. See “Exchange Rates.”

	As of December 31,			
	2014	2015	2016	2016 ⁽¹⁾
	(in millions of Ps.)			(in millions of US\$)
Balance Sheet Data				
Cash and cash equivalents	573.7	1,457.8	1,678.9	81.0
Derivative financial instruments	856.4	2,141.9	3,886.3	187.5
Performing loans portfolio:				

	As of December 31,			
	2014	2015	2016	2016 ⁽¹⁾
	(in millions of Ps.)			(in millions of US\$)
Commercial loans	2,767.6	5,174.0	7,649.0	369.0
Consumer loans	236.7	428.6	1,172.4	56.5
Total performing loans portfolio	3,004.3	5,602.7	8,821.4	425.5
Past due loans portfolio:				
Commercial loans	70.2	110.9	177.6	8.6
Total past due loans portfolio	70.2	110.9	177.6	8.6
Total loans portfolio	3,074.5	5,713.6	8,999.0	434.1
Less:				
Loan loss reserve	(88.1)	(114.2)	(196.4)	(9.5)
Loans portfolio (net)	2,986.4	5,599.3	8,802.6	424.6
Other accounts receivable	211.9	282.0	1,140.8	55.0
Foreclosed assets (net)	130.6	197.3	176.5	8.5
Property, machinery and equipment (net)	9,610.7	14,080.4	23,241.3	1,121.1
Permanent investments	14.9	14.0	36.7	1.8
Other assets:				
Deferred charges, prepayments and intangible assets	406.0	451.5	1,457.6	70.3
Deferred tax	545.8	798.7	1,182.6	57.0
Other current and long term assets	11.6	6.8	7.0	0.3
Total assets	15,348.1	25,029.7	41,610.3	2,007.1
Liabilities:				
Debt securities				
Short-term	166.6	192.3	288.2	13.9
Long-term	9,975.8	13,356.8	21,291.7	1,027.0
	10,142.4	13,549.1	21,579.9	1,040.9
Bank borrowings and loans from other entities:				
Short-term	2,061.7	4,716.7	6,445.4	310.9
Long-term	392.8	780.6	1,897.2	91.5
	2,454.5	5,497.3	8,342.6	402.4
Other accounts payable:				
Income tax payable	100.2	30.7	314.0	15.2
Sundry creditors and other accounts payable	982.3	1,367.5	5,427.5	261.8
	1,082.5	1,398.2	5,741.5	276.9
Deferred credits and advanced collections	133.3	238.6	445.7	21.5
Total liabilities	13,812.7	20,683.2	36,109.7	1,741.8
Stockholders' equity:				
Contributed capital				
Capital stock	875.0	963.1	960.3	46.3
Share premium	125.0	1,935.9	1,935.9	93.4
	1,000.0	2,899.0	2,896.2	139.7
Earned capital:				
Capital reserves	46.2	70.4	125.0	6.0
Prior years' income	6.8	365.0	1,051.3	50.7
Result of valuation of financial instruments for hedging cash flows	-	(81.3)	217.8	10.5
Net income	482.4	1,093.5	1,210.3	58.4
Total stockholders' equity	1,535.4	4,346.6	5,500.6	265.3
Total liabilities and stockholders' equity ...	15,348.1	25,029.7	41,610.3	2,007.1
Off-balance sheet items:				
Contractual lease rentals to be accrued held in trust	6,038.4	10,887.7	16,026.9	773.1
Contractual lease rentals to be accrued	2,375.4	2,253.8	5,116.1	246.8
	8,413.8	13,141.5	21,143.0	1,019.9

(1) Translated into U.S. dollars, solely for the convenience of the reader, using an exchange rate of Ps. 20.7314 per U.S. dollar, the exchange rate published in the Mexican Federal Official Gazette on December 29, 2016. These convenience translations should not be construed as representations that the peso amounts actually represent U.S. dollar amounts or could be converted into U.S. dollars at the specified rate or at all. See “Exchange Rates.”

	As of and for the Year Ended December 31,		
	2014	2015	2016
Selected Financial Metrics			
Total leverage ⁽²⁾	6.3	3.1	4.4
Financial leverage ⁽³⁾	5.5	2.8	3.3
Ratio of non-performing loans ⁽⁴⁾	0.6%	0.59%	0.59%
Coverage ratio ⁽⁵⁾	125.5%	103.0%	110.6%
Efficiency ratio ⁽⁶⁾	48.6%	39.5%	34.3%
Operating margin ⁽⁷⁾	52.7%	57.8%	60.9%
Net margin ⁽⁸⁾	44.3%	60.1%	50.9%
Return on average equity ⁽⁹⁾	36.1%	30.4%	24.8%
Return on average assets ⁽¹⁰⁾	3.7%	5.1%	3.6%
Annualized return on average equity ⁽¹¹⁾	44.5%	44.3%	28.5%
Annualized return on average assets ⁽¹²⁾	4.3%	6.3%	4.3%
Adjusted return on average equity ⁽¹³⁾	36.1%	23.9%	24.8%
Adjusted return on average assets ⁽¹⁴⁾	3.7%	4.0%	3.6%
Total stockholders' equity/total assets	10.0%	17.4%	13.2%
Dividend payout ratio ⁽¹⁵⁾	29.6%	20.7%	32.3%

	As of December 31,			
	2014	2015	2016	2016⁽¹⁾
		(in millions of Ps.)		(in millions of US\$)
Adjusted consolidated net income ⁽¹⁶⁾	422.2	857.4	1,210.3	58.4

(1) Translated into U.S. dollars, solely for the convenience of the reader, using an exchange rate of Ps. 20.7314 per U.S. dollar, the exchange rate published in the Mexican Federal Official Gazette on December 29, 2016. These convenience translations should not be construed as representations that the peso amounts actually represent U.S. dollar amounts or could be converted into U.S. dollars at the specified rate or at all. See “Exchange Rates.”

(2) Calculated as total liabilities (excluding securitizations) divided by total stockholders' equity, as of the same date.

(3) Calculated as total financial debt (excluding securitizations) divided by total stockholders' equity, as of the same date.

(4) Calculated as non-performing loan portfolio divided by total portfolio, including off-balance sheet items, as of the same date.

(5) Calculated as allowance for loan losses divided by non-performing loan portfolio, as of the same date

(6) Calculated as operating expenses divided by the sum of the financial margin and net commissions.

(7) Calculated as operating income (excluding other operating income-net and financial intermediation results) divided by the financial margin.

(8) Calculated as consolidated net income for the period divided by the financial margin.

(9) Calculated as consolidated net income for the previous 12 months divided by the average total stockholders' equity for the previous 12 months.

(10) Calculated as consolidated net income for the previous 12 months divided by the average assets for the previous 12 months.

(11) Calculated as consolidated net income (multiplied by four in a quarterly period) divided by the average total stockholder's equity for the previous two year period.

(12) Calculated as consolidated net income (multiplied by four in a quarterly period) divided by the average assets for the previous two year period.

(13) Calculated as consolidated net income adjusted for non-recurring items (see note 16 below) divided by the average total stockholders' equity for the previous two year period.

(14) Calculated as consolidated net income for the period adjusted for non-recurring items (see note 16 below) divided by the average assets for the previous two year period.

(15) Calculated as dividends paid in the current period divided by consolidated net income for the previous annual period.

(16) Adjusted consolidated net income determined in accordance with Sofom GAAP, adjusted for the following non-recurring items net after tax: the sale by us of 25% of the shares of the capital stock of Unifin, Agente de Seguros y Fianzas, S.A. de C.V. in 2014 for a total amount of Ps. 57.5 million (see “Business – Our Business Lines”), earnings as a result of the

repurchase of US\$33.4 million of our 2019 Senior Notes during the year ended December 31, 2015 (see “Business – Indebtedness – 2019 Senior Notes”) and the entering into derivative financial instruments to hedge our exposure to risks associated with exchange rates for an amount of Ps. 178 million.

The table below sets forth the calculation of adjusted consolidated net income. Our management uses this measure as an indicator of our operating results and profitability, and believes that disclosure of adjusted consolidated net income can provide useful information to investors in their evaluation of our operating performance, mainly because it excludes the effect on non-recurring items.

	For the Year Ended December 31,			
	2014	2015	2016	2016⁽¹⁾
	(in millions of Ps.)			(in millions of US\$)
Consolidated Net Income determined under Sofom GAAP	482.4	1,093.5	1,210.3	58.4
Adjusted for:				
Sale of Unifin, Agente de Seguros y Fianzas.....	(60.2)	-	-	-
Earnings for the repurchase of the 2019 Senior Notes.....	-	(57.5)	-	-
Valuation for the Derivative Financial Instruments	-	(178.6)	-	-
Adjusted consolidated net income	422.2	857.4	1,210.3	58.4

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with our Financial Statements and the notes thereto, and the other financial information included elsewhere in this offering memorandum. The financial data presented herein for the years ended December 31, 2014, 2015 and 2016 is stated in Mexican pesos and has been prepared in accordance with Sofom GAAP, which differs in certain respects from U.S. GAAP. See "Annex A—Summary of Certain Significant Differences Between Sofom GAAP and U.S. GAAP" for a description of certain differences between Sofom GAAP and U.S. GAAP as they relate to us. No reconciliation of any of our Financial Statements to U.S. GAAP has been performed.

The following discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including, without limitation, those set forth in "Forward-Looking Statements" and "Risk Factors" and the matters set forth in this offering memorandum.

Overview

We are a non-regulated Mexican leasing company, operating as a non-banking financial services company, specializing in three main business lines: operating leasing, financial factoring and auto loans and other lending. Through our leasing business line, our core business line, we offer operating leases for all types of machinery and equipment, transportation vehicles (including cars, trucks, helicopters, airplanes and other vessels) and other assets used in a variety of industries. Through our factoring business line, we provide liquidity and financing solutions to our customers by purchasing or discounting their accounts receivable and by providing vendor financing. The auto loans portion of our auto loans and other lending business line is focused on financing the acquisition of new and used vehicles, while the other lending portion of such business line includes financing working capital needs and the acquisition of other capital assets.

We specialize in serving small and medium-sized enterprises ("SMEs"), which we believe are largely underserved by banking institutions despite representing the majority of the economic activity in Mexico. We believe the SME sector will continue expanding and providing an attractive opportunity for our growth.

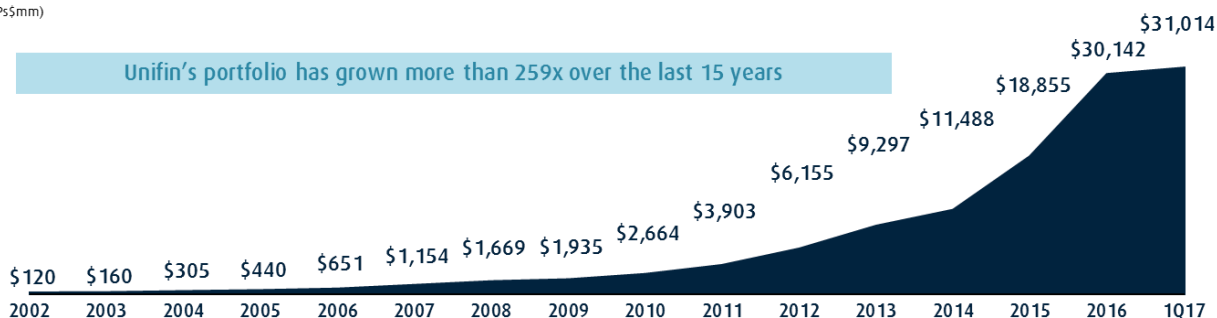
The amount per transaction of our operating leases ranges from Ps. 100,000 to Ps. 150 million, with an average balance of Ps. 1.5 million and with maturities between 12 to 48 months and 35 months on average. The annual fixed interest rates that we charge for our operating lease products range from 18.0% to 25.0%. The amount per transaction of our financial factoring products ranges from Ps. 500,000 to Ps. 150 million, with maturities between 8 to 180 days and 120 days on average, with annual interest rates at the Mexican interbank lending rate (*Tasa de Interés Interbancaria de Equilibrio*, or "TIIE") plus 14.5 to 21.0 percentage points. Our auto loans range from Ps. 50,000 to up to 80.0% of the vehicle's price, with maturities between 12 and 60 months and fixed interest rates between 14.0% and 18.0%.

As of December 31, 2016, our operating leasing, financial factoring and auto loans and other lending business lines represented 73.0%, 9.6% and 17.4%, respectively, of our portfolio (including our off-balance sheet accounts). In recent years, we have experienced a significant level of growth combined with high rates of return and low rates of non-performing loans. Between 2014 and 2016, our loan portfolio, including our off-balance sheet accounts, grew at a compound annual growth rate ("CAGR") of 62.0%, we had a return on average equity of 30.4% during such period. As of December 31, 2016, our net loan portfolio increased by Ps. 11,286.9 million or 59.9% compared to December 31, 2015. Non-performing loans represented 0.59% of our loan portfolio (including our off-balance sheet accounts) as of December 31, 2016. We believe our growth is the result of various factors including our geographic coverage and wide distribution network integrated by our headquarters in Mexico City and twelve regional offices, our industry knowledge and know-how, our efforts on development and innovation to meet customers' needs, our customer's loyalty resulting from our personalized service and our effective origination and collections processes, as well as risk mitigation.

The chart below shows our loan portfolio growth for each of the periods indicated, including off-balance sheet accounts:

Portfolio evolution

(Ps\$mm)



Source: Company public filings.

We believe that our future growth will be supported by a strong loan portfolio pipeline and clearly identified growth sources:



Source: Company information as of March 31, 2017

As of December 31, 2016, we had total assets of Ps. 41,610.3 million (US\$2,007.1 million). For the years ended December 31, 2014, 2015 and 2016, we had consolidated net income of Ps. 482.4 million (US\$23.3 million), Ps. 1,093.5 million (US\$52.7 million) and Ps. 1,210.3 million (US\$58.4 million), respectively. For the years ended December 31, 2014, 2015, and 2016, we had operating results of Ps. 704.8 million (US\$34.0 million), Ps. 1,423.7 million (US\$68.7 million) and Ps. 1,462.1 million (US\$70.5 million), respectively. As of December 31, 2016, our total loan portfolio had a value of Ps. 30,142.0 million (US\$1,453.9 million). As of December 31, 2016, we had a total stockholders' equity of Ps. 5,500.6 million (US\$265.3 million).

Factors Affecting Our Results of Operations

Our results of operations have been influenced and will continue to be influenced by the following factors:

Mexican Economic Environment

Our business is closely tied to the general economic conditions in Mexico. As a result, our economic performance and our ability to implement our business strategies may be affected by changes in national economic conditions, including slower growth rates as recently announced by the Mexican government. Mexico's economy is also impacted by changes in the global economy and international financial markets.

The global economy has recently experienced a period of slowdown and unprecedented volatility and has been adversely affected by a significant lack of liquidity, loss of confidence in the financial sector, disruptions in the credit markets, reduced business activity, reduced demand as a result of a decrease in government spending, rising unemployment and erosion of consumer confidence. Both, the United Kingdom's referendum on membership in the

European Union and the 2016 U.S. presidential election have had an impact on the worldwide economy and in Mexico. The current U.S. governmental policies towards Mexico have created instability, uncertainty and may adversely affect the Mexican economy. The global economic slowdown in general, in addition to the considerable decline in oil prices since 2014, have had, and may continue to have a negative impact on the Mexican economy as well as on our business, financial condition and results of operation.

Effect of Inflation

Under the Mexican Income Tax Law (*Ley del Impuesto sobre la Renta*), the effect of inflation on monetary assets and liabilities are to be considered as a deduction, therefore decreasing the taxable income. The effect of inflation on monetary assets and liabilities is estimated taking into account (i) the annual inflation rate recorded and (ii) the excess of either monetary assets or liabilities. The effect of inflation results in a tax deduction when monetary assets exceed monetary liabilities. Uncollectable accounts that have an unpaid balance of less than 30,000 UDIs and which have not received a payment within the last year are considered a deduction.

Interest Rate Fluctuations

Interest rate fluctuations in Mexico have a significant effect on our business, financial condition and results. The following table provides the average interest rate charged by our operating leasing, financial factoring and auto loans and other lending business lines for the periods indicated:

	As of December 31,		
	2014	2015	2016
Operating Leasing ⁽¹⁾	18.0%	18.0%	18.0%
Financial Factoring ⁽²⁾	TIE + 12.5%	TIE + 12.5%	TIE + 14.5%
Auto Loans and Other Lending ⁽³⁾	13.0%	13.0%	14.0%

(1) Interest rate for our operating leasing business line is calculated by subtracting commissions from the gross interest rate.

(2) Annual average interest rate for our financial factoring products.

(3) Annual average interest rate for our auto loans and other lending products.

Funding Sources

We seek to maintain adequate and diverse sources of funding that will secure funds for our operations. Our sources of funding vary in term, currency and creditor. As of December 31, 2016, our principal sources of funding were international bonds, securitizations and bank debt, which amounted to Ps. 9,291.7 million, Ps. 12,000.0 million and Ps. 8,270.8 million, equivalent to 31.4%, 40.6% and 28.0% of our indebtedness, respectively.

Lease and Loan Portfolio

Our operating income and profitability is largely dependent upon our lease portfolio size and the number of transactions in which we enter. The growth of our total operating lease portfolio is a primary driver of the growth of our net profit. Historically, our operating leasing operations have been the primary source of total loans.

As of December 31, 2014, 2015 and 2016, our operating lease portfolio, including our off-balance sheet accounts, represented 76.4%, 72.4% and 73.0%, respectively, of our total portfolio. As of December 31, 2014, 2015 and, 2016, our financial factoring portfolio comprised 11.3%, 11.3% and 9.6%, of our total portfolio, including our off-balance sheet accounts. As of December 31, 2014, 2015 and 2016, our auto loans and other lending portfolio represented 12.3%, 16.2% and 17.4%, respectively of our total portfolio (including our off-balance sheet accounts).

Loan Quality

We prepare our Financial Statements in accordance with *Sofom* GAAP and assess our past due accounts receivable on an individual basis. Based on our assessment, we set aside provisions for both our performing and non-performing loans. We monitor our non-performing loans closely and record an allowance for loan losses if we

determine there is little likelihood of continued payment. For more information on our policies on loan quality, see “Critical Accounting Policies—Allowances” and “Business—Risk Management.”

The following table sets forth the allowances for our operating leasing, financial factoring and other lending business lines for the periods indicated:

	As of December 31,		
	2014	2015	2016
	(in millions of Ps.)		
Operating Leasing	(64.2)	(95.1)	(3.9)
Financial Factoring	(10.1)	(5.8)	(12.3)
Auto Loans and Other Lending.....	(13.8)	(13.3)	(180.1)
Total.....	<u>(88.1)</u>	<u>(114.2)</u>	<u>(196.4)</u>

Collateral

Increases in the collateral value of assets underlying certain of our operating leases and our ability to recover these underlying assets result in an increase in the underlying loan quality of our portfolio, as both factors increase the probability that, in the event of default, most, if not all, of the asset’s market value can be recovered.

Critical Accounting Policies

A summary of our significant accounting policies is included in Note 3 to our Audited Financial Statements included elsewhere in this offering memorandum. The following policies are the accounting policies that we believe are the most important to the accurate portrayal of our financial condition and results of operations and that require management’s most difficult, subjective or complex judgments.

Derivative financial instruments (“DFI”)

Derivative financial instruments are initially recognized at fair value in the balance sheet as assets and/or liabilities on the date on which the derivative financial instrument agreement was entered into and are subsequently re-measured at their fair value. The fair values of DFI are determined based on recognized market prices and when not traded on a market, they are determined based on valuation techniques accepted in the financial sector.

The method for recognizing the profit or loss of changes in fair value of derivative financial instruments depends on whether or not they are designated as cash flow hedges, and if so, on the nature of the item being hedged. Such instruments are initially recorded at fair value, which is the price agreed for the transaction, and are valued and classified on the basis of their intended use, as established by the Company’s management.

Subsequently, all derivatives, other than those that form part of a hedge relationship, are valued at fair value, without deducting the transaction costs incurred in the sale or other type of disposal, applying said valuation effect to income for the period.

As of December 31, 2016, the Company’s DFI are recorded using hedging-accounting criteria. See Note 6 of our Audited Financial Statements.

Valuation effects are recognized in the in the statement of income under “Financial intermediation results”, except in cases where management designated the instruments as hedging. The portion that qualifies for hedging is temporarily recorded in comprehensive income under stockholders' equity and is reclassified to income when the position covered affects income. The portion that does not qualify for hedging is immediately recorded in intermediation income.

Currently the Company maintains the following FDI transactions:

Option contracts

Options are contracts whereby the purchaser acquires the right, but not the obligation, to buy or sell an underlying asset at a given price on a set date or period. In option contracts involving two parties, the purchaser of the option pays a premium for the acquisition of this right, and the party issuing or selling chooses who receives such premium, and in turn acquires an obligation, not a right.

Swaps

Swaps are contracts between two parties, whereby the bilateral obligation to exchange a series of flows for a given period and pre-established dates are set. Currently, the Company maintains interest rate swaps and foreign exchange swaps.

Interest rate swaps are those that are intended to hedge or mitigate the company's exposure to the potential volatility on floating interest rates that may result from its contracted-for debt. Foreign exchange swaps are those that are intended to hedge or mitigate the company's exposure of a recognized asset or liability set in foreign currency.

Loans portfolio

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. The revenues obtained under operating leases (net of any discounts) are recorded in the statement of income based on the straight-line method over the lease term.

The lease loan portfolio corresponds to rental receivables in accordance in the terms of the agreements.

Lease rentals paid in advance by the borrower (lessee) are recorded in the line item "Deferred credits and advanced collections" in the balance sheet and released to the statement of income as the monthly payments come due.

Commissions collected for the initial granting of operating leases are recorded as a deferred credit, which is recognized based on the accrual of lease payments against income for the year under the line item interest income.

Lease payments received from clients as guarantee deposits are recorded as accounts payable and returned to clients upon maturity of the respective lease agreements.

As of January 1, 2014, the balances of the operating leases loan portfolio are recognized as past due at 31 calendar days of default by the outstanding amount to be received. As of December 31, 2016 the operating leases loan portfolio balance that was more than 31 calendar days past due was Ps. 176.5 million.

When lease payments not collected exceed three lease payments as per the payment schedule, accrual of lease payments past due not collected is suspended. As long as a rental is classified as part of the past due portfolio, control over lease payments is kept in memorandum accounts.

The Company reclassifies to the performing loans portfolio any past due operating lease rentals balances for which unpaid balances are fully recovered (principal and interest, among other payments), or when sustained payments are made on restructured or renovated loan balances.

An operating lease loan is not considered to be restructured when the full amount of lease payments due has been made at the realization date and where any of the following original rental conditions are modified:

- Guarantees: only when they are extended or replaced by others of better quality.
- Interest rate: when the agreed interest rate is improved.
- Currency: provided that the rate corresponding to the new currency is applied.

- Date of payment: only when the change does not involve exceeding or modifying the periodicity of payments. In no case the change in payment date allows parties to omit any payment in a given period.

Costs and expenses associated with the granting of an operating lease are recognized as a deferred charge and are amortized over the lease term and must be recorded in the income statement as the lease income is recognized.

Financial factoring

Financial factoring operations are recorded at nominal value: 90% of the account received as financial factoring is paid in advance and the remaining 10% is considered an amount under guarantee. The maximum term of an account received under financial factoring is 120 days.

The recognition of interest on financial factoring operations with a guarantee is determined based on the value of the portfolio of accounts received less the guarantee, while interest on financial factoring operations with no guarantees is recognized on the total value of the portfolio of accounts received. Such interest is recorded under the line item interest income.

The unpaid balances of the financial factoring portfolio are recorded as a past due portfolio when there is evidence that the borrower has filed for bankruptcy in accordance with the Mexican Bankruptcy Law, or when the installments have not been covered in full at the originally agreed term.

The unpaid past due balance of the financial factoring portfolio for which unpaid balances are fully recovered or where a restructured or renewed portfolio complies with sustained payments, is reclassified to the performing loans portfolio.

Commissions collected on initial granting of factoring transactions and those recognized after a transaction is made are recognized as interest income when they are incurred.

Costs and expenses associated with a financial factoring transaction are recognized as expenses in the same accounting period in which the commission income is recognized.

Auto loans and other lending

Performing or renewed loans represent the amounts actually given to borrowers and the accrued interest, in accordance with the respective loan payment schedule.

Loans are offered based on the analysis of the financial situation of the borrowers, the economic feasibility of investment projects and other general features established in the Company's internal manuals and policies.

In accordance with the Mexican Bankruptcy Law, the unpaid balances of loans are recorded as a past due portfolio when there is evidence that the borrower has filed for bankruptcy. Even if the borrower that has filed for bankruptcy continues to make payments, amounts are considered past due if its installments have not been paid in full pursuant to the original terms agreed to, taken into consideration the following:

- If the pending payments consist of loans whereby the principal and interest are payable in a lump sum at maturity and 30 or more calendar days have elapsed from the payment date.
- If the pending payments relate to loans whereby the principal is to be covered in a lump sum at maturity and interest is payable periodically, and 90 or more calendar days have elapsed since the respective interest payment have not been made, or the payment of principal is 30 calendar days or more past due.
- If pending payment relate to loans with periodic partial payments of principal and interest and those are 90 calendar days or more past due.

Overdue loans that are restructured or renewed remain in the past due portfolio as long as there is no evidence of sustained payment as established in the accounting criteria. Additionally, loans that establish a single payment of the principal at maturity and payment of interest in periodic installments, as well as loans that establish a

single payment of the principal and interest payable at maturity in a lump sum, that are restructured over the term of the loan or that are renewed at any moment, are considered to be part of the past due portfolio.

Loans that are originated as revolving loans, that are restructured or renewed at any given time, are considered to be performing only when the borrower has paid the entirety of interest accrued, the loan records show no past due billing periods, and there are elements that justify the borrower's solvency.

A loan is not considered to be restructured when the full amount of principal and interest payments due has been made at the realization date and where only one or several of the following original loan conditions are modified:

- Guarantees: only when they imply the extension or replacement for others of better quality.
- Interest rate: when the agreed interest rate is improved.
- Currency: provided that the rate corresponding to the new currency is applied.
- Date of payment: only when the change does not imply exceeding or modifying the periodicity of payments. In no case the change in payment date allows parties to omit payment in a given period.

When a loan is considered to be past due, it stops accruing interest, even in the case of loans which, for contractual purposes, capitalize interest on the amount of the debt. As long as the loan is classified as part of the past due portfolio, the records of interest accrued is kept in memorandum accounts. For interest accrued and not collected on such loans, the Company sets up an allowance for an equivalent amount when the loans are transferred to the past due portfolio. The allowance is canceled when there is evidence of sustained payment. If past due interest is collected, it is recognized directly in the income statement of the year.

Past due portfolio balances where unpaid balances are fully recovered (principal and interest, among other balances), or where sustained payments are made on restructured or renewed loan balances, are reclassified to the performing portfolio in accordance with accounting criteria.

Commissions collected when a loan is initially granted are recorded as a deferred charge, and are amortized against income for the year as interest income under the straight line method over the life of the loan, except for commissions arising from revolving loans that must be amortized over a 12-month period. Commissions received after a loan is granted are recognized in the statement of income.

Costs and expenses associated with granting loans are recognized as a deferred credit, which is amortized against net income as an interest expense in the same accounting period in which commissions collected are recognized.

Loan loss reserves

The operating lease, financial factoring and commercial loan portfolio, excluding loans made to federal and municipal entities, is rated based on a general methodology where risk levels are established for each type of loan and applied to individual monthly debit balances, whose balance represents at least an amount equivalent to 4 million investment units ("UDI" by its acronym in Spanish) at the rating date. Loans with balances below that limit at the rating date are allocated with default probabilities in a parametric way, based on the number of defaults observed from the date of the first event of default and up to the rating date.

In order to rate its lease, factoring and straight loan portfolio below 4 million UDI, the Company rates and tracks into its accounting records all preventive loan loss reserves with figures at the last day of each month, in order to consider the probability of default.

The Company periodically evaluates whether a past due loan must remain in the balance sheet or be written off instead. In this case, the balance is written off by canceling the unpaid balance of the loan against the allowance for loan losses. In the event that the loan to be written off exceeds the amount of its allowance, the estimation for the allowance must be increased up to the amount of the difference.

Amounts recovered associated with written-off loans or loans eliminated in the balance sheet are recorded in the income statement for the year.

Pardons, quitclaims, rebates and discounts, either partial or total, are recorded with a charge to the preventive loan loss reserve. In case that the amount of those items exceeds the balance of the respective allowance, the Company sets up an allowance for up to the amount of the difference.

The most recent credit portfolio rating was performed on December 31, 2016 and we consider that the resulting allowance is sufficient to absorb portfolio loan risk losses.

Debt securities

The Company issued long-term debt instruments to generate working capital through Senior Notes and a securitization vehicle that holds the collection rights of the corresponding operating lease loan portfolio, which can be done directly or through a trust. All incurred issuance costs related to debt securities are recorded under the other assets line item as deferred charges, and are recognized in the statement of income as interest expenses using the straight-line method over the term of each instrument.

Securitization

Securitization refers to a transaction whereby certain assets are transferred to a vehicle created for that purpose (usually a trust) to issue debt securities to be placed with public and private investors. The securitizations made by the Company failed to meet the conditions set forth in the accounting criteria to qualify as a transfer of ownership.

Under a financing securitization, the seller records the financing but not the outflow of assets in the balance sheet. Yields generated by financial assets (collection rights over operating lease loan portfolios) under securitization are recorded in income for the period.

Memorandum accounts

The Company maintains memorandum accounts records to control future collection rights associated with the operating lease agreements, classified as lease rentals to be accrued held in trust (collection rights transferred to a trust) and other lease rentals to be accrued (the Company's own portfolio).

Operating Segments

Sofom GAAP requires an entity to report financial and descriptive information about its reportable segments, which are its operating segments or certain aggregations of its operating segments that meet a specified criteria.

For management and financial reporting purposes, as of and for each of the years ended December 31, 2014, 2015 and 2016, we were organized into the following three business segments:

- operating leases;
- financial factoring; and
- other lending.

The following tables show the main revenue and expense items for each of our business segments for the years ended December 31, 2014, 2015 and 2016:

For the Year Ended December 31, 2014				
Operating Leasing	Financial Factoring	Auto Loans and Other Lending	Total	
(in millions of Ps.)				
Operating lease income	3,648.6	-	-	3,648.6
Interest income	265.3	99.3	108.3	472.9
Other lease benefits	383.2	-	-	383.2
Depreciation of assets under operating lease	(2,150.1)	-	-	(2,150.1)
Interest expense	(585.3)	(121.8)	(132.6)	(839.7)
Other lease expenses.....	(425.0)	-	-	(425.0)
Loan loss reserves.....	(10.0)	40.0	-	30.0
Commissions and fees paid - net	(30.0)	-	20.0	(10.0)
Other operating income	128.5	-	(9.8)	118.7
Financial intermediation results.....	11.3	-	-	11.3
	1,236.5	17.5	(14.1)	1,239.9

For the Year Ended December 31, 2015				
Operating Leasing	Financial Factoring	Auto Loans and Other Lending	Total	
(in millions of Ps.)				
Operating lease income	5,480.7	-	-	5,480.6
Interest income	141.2	322.6	283.5	747.4
Other lease benefits	317.6	-	-	317.6
Depreciation of assets under operating lease	(3,183.6)	-	-	(3,183.6)
Interest expense	(864.6)	(134.5)	(193.8)	(1,192.8)
Other lease expenses.....	(348.3)	-	-	(348.3)
Loan loss reserves.....	(27.0)	-	-	(27.0)
Commissions and fees paid - net	(35.6)	-	(3.0)	(38.6)
Other operating income	36.6	-	-	36.6
Financial intermediation results.....	335.2	-	-	335.2
	1,852.2	188.1	86.80	2,127.1

For the year Ended December 31, 2016				
Operating Leasing	Financial Factoring	Auto Loans and Other Lending	Total	
(in millions of Ps.)				
Operating lease income	7,773.1	-	-	7,773.1
Interest income	150.8	497.6	535.4	1,183.8
Other lease benefits	528.7	-	-	528.7
Depreciation of assets under operating lease	(4,537.3)	-	-	(4,537.3)
Interest expense	(1,689.3)	(185.4)	(114.1)	(1,988.8)
Other lease expenses.....	(583.6)	-	-	(583.6)
Loan loss reserves.....	(67.5)	(14.0)	-	(81.5)
Commissions and fees paid - net	(47.1)	-	(4.1)	(51.2)
Other operating income	14.8	0.5	1.1	16.4
Financial intermediation results.....	-	-	-	-
	1,542.6	298.7	418.3	2,259.6

For more information regarding the percentage that each of our business lines represents of our total portfolio and revenue, see “Business – Our Business Lines.”

Results of Operations

The following is a brief description of our results of operation for the periods indicated.

Revenue.

Our revenue includes:

- revenue from operating leasing, which includes: (i) rentals, (ii) commissions earned from a fixed fee charged to our customers per transaction, (iii) other income from insurance covering our leasing transactions and (iv) other leasing benefits;
- revenue from financial factoring, which includes: (i) amounts earned by us resulting from the difference between the face amount and the discount purchase price paid by us for the accounts receivable that we purchase under our financial factoring segment (the price differential), (ii) interest earned as a result of delayed payments by the accounts receivable debtor and (iii) other income from the payment of provisioned loans and expenses incurred in financial factoring transactions which are charged to the customer; and
- revenue from auto loans and other lending, which includes: (i) interest earned, (ii) commissions earned from a fixed fee charged to our customers per transaction and (iii) other income from the payment of provisioned loans and insurance covering our auto financing loans.

Financial margin, adjusted for credit risk.

Our financial margin, adjusted for credit risk, includes:

- financial margin, adjusted for credit risk, from leasing, which includes revenue from leasing less: (i) depreciation, (ii) interest expense, (iii) allowances and (iv) other leasing expenses;
- financial margin, adjusted for credit risk, from financial factoring, which includes revenue from financial factoring less: (i) interest expense and (ii) allowances; and
- financial margin, adjusted for credit risk, from auto loans and other lending, which includes revenue from auto loans and other lending less: (i) interest expense and (ii) allowances.

Administrative and promotional expenses. Our administrative and promotional expenses are primarily composed of staffing agency fees, third party advisor and consulting services, leases and insurance, overhead and other expenses.

Commissions and fees paid, net. Our commissions and fees, net, include: (i) commissions earned from a fixed fee charged to our customers for each financial factoring transaction (including fees charged to open or renew an existing financial factoring credit line) and (ii) commissions paid for banking and other financial facilities.

The following financial information has been derived from our Audited Financial Statements included elsewhere in this offering memorandum.

	For the Year Ended December 31,			Percentage Change	
	2014	2015	2016	2015 vs. 2014	2016 vs. 2015
		(in millions of Ps., except for percentages)			
Operating lease income	3,648.6	5,480.6	7,773.1	50.2%	41.8%
Interest income	472.9	747.4	1,183.8	58.1%	58.4%
Other lease benefits	383.2	317.6	528.7	(17.1)%	66.5%
Depreciation of assets under operating lease	(2,150.1)	(3,183.6)	(4,537.4)	48.1%	42.5%
Interest expense	(839.7)	(1,192.8)	(1,988.8)	42.1%	66.7%
Other lease expenses.....	(425.0)	(348.3)	(583.6)	(18.0)%	67.5%
Financial margin	1,089.9	1,820.9	2,375.9	67.1%	30.5%

Loan loss reserves.....	30.0	(27.0)	(81.5)	(190.0)%	201.9%
Financial margin adjusted for credit risk	1,119.9	1,793.9	2,294.4	60.2%	27.9%
Commissions and fees paid - net	(10.0)	(38.6)	(51.2)	286.0%	32.7%
Other operating income - net	118.7	36.6	16.3	(69.2)%	(55.3%)
Financial intermediation results.....	11.3	335.2	-	2,866.4%	(100.0%)
Administrative and promotional expenses...	(535.1)	(703.4)	(797.4)	31.5%	(13.4%)
	(415.1)	(370.2)	(832.3)	(10.8)%	124.8%
Operating income	704.8	1,423.7	1,462.1	102.0%	2.7%
Permanent investments	-	(1.4)	13.4	100.0%	1,032.3%
Income before income taxes	704.8	1,422.3	1,475.5	101.8%	3.7%
Income tax expense	(222.4)	(328.8)	(265.2)	47.8%	(19.3%)
Consolidated net income for the year	482.5	1,093.5	1,210.3	126.7%	10.7%

Year Ended December 31, 2016 Compared to the Year Ended December 31, 2015

Operating Lease Income

Operating lease income, which consists primarily of operating lease rent payments, increased by Ps. 2,292.4 million, or 41.8%, to Ps. 7,773.1 million for the year ended December 31, 2016 from Ps. 5,480.7 million for the year ended December 31, 2015. This increase was primarily due to the growth of our leasing portfolio as a result of increased demand, organic growth and an increase in our distribution network and sales team.

Interest Income

Interest income increased by Ps. 436.4 million, or 58.4%, to Ps. 1,183.8 million for the year ended December 31, 2016, from Ps. 747.4 million for the year ended December 31, 2015. This increase was primarily due to growth across all of our lines of business.

The table below sets forth a breakdown of our interest income by segment for the periods indicated.

	Year ended December 31,			
	2015	Percent of Interest Income	2016	Percent of Interest Income
	(in millions of Ps., except for percentages)			
Operating Leasing.....	141.3	18.9%	150.8	12.8%
Financial Factoring	322.6	43.2%	497.6	42.0%
Other Lending	283.5	37.9%	535.3	45.2%
Total.....	747.4	100.0%	1,183.8	100.0%

Other Lease Benefits

Other lease benefits, which consists primarily of the sale of fixed assets at the end of the lease period, increased by Ps. 211.1 million, or 66.5%, to Ps. 528.7 million for year ended December 31, 2016 from Ps. 317.6 million for the year ended December 31, 2015. This was primarily due to the expiration of certain leasing agreements in the ordinary course of business.

Depreciation of Assets under Operating Lease

Depreciation of assets under operating lease increased by Ps. 1,353.8 million, or 42.5%, to Ps. 4,537.3 million for the year ended December 31, 2016 from Ps. 3,183.5 million for the year ended December 31, 2015. This increase was directly related to the growth of depreciable assets held as a result of the growth in our leasing operations as discussed above.

Interest Expense

Interest expense increased by Ps. 796.0 million, or 66.7%, to Ps. 1,988.8 million for the year ended December 31, 2016 from Ps. 1,192.8 million for the year ended December 31, 2015. This increase was primarily due to the growth of the Company across its business lines and the offering of the 2023 Senior Notes.

The table below sets forth a breakdown of our interest expense by segment for the periods indicated.

	Year Ended December 31,			
	2015	Percent of Interest Expense	2016	Percent of Interest Expense
	(in millions of Ps., except for percentages)			
Operating Leasing.....	864.6	72.5%	1,689.3	85.0%
Financial Factoring.....	134.5	11.3%	185.4	9.3%
Other Lending.....	193.7	16.2%	114.1	5.7%
Total.....	1,192.8	100.0%	1,988.8	100.0%

Other Lease Expenses

Other lease expenses, which consist primarily of cost of sales of fixed assets, increased by Ps. 235.2 million, or 67.5%, to Ps. 583.6 million for the year December 31, 2016 from Ps. 348.3 million for the year ended December 31, 2015. This increase was primarily due to the growth of our operations.

Financial Margin

Financial margin increased by Ps. 554.9 million, or 30.5%, to Ps. 2,375.9 million for the year ended December 31, 2016 from Ps. 1,820.9 million for the year ended December 31, 2015. This increase was primarily due to the growth of our business lines.

Financial Margin Adjusted for Credit Risk

Financial margin adjusted for credit risk increased by Ps. 500.4 million, or 27.9%, to Ps. 2,294.4 million for the year ended December 31, 2016 from Ps. 1,793.9 million for the year ended December 31, 2015. This increase was primarily due to the growth of our loan portfolio.

Commissions and Fees Paid – Net

Commissions and fees paid – net increased by Ps. 12.6 million, or 32.7%, to Ps. 51.2 million for the year ended December 31, 2016 from Ps. 38.5 million for the year ended December 31, 2015. This increase was primarily due to an increase in the commissions we pay in connection with the availability of our credit lines.

Other Operating Income – Net

Other operating income – net, which consists primarily of recovery of insurance expenses, sale of non-operational assets, allowance for impairment value and other income, decreased by Ps. 20.3 million, or 55.3%, to Ps. 16.4 million for the year ended December 31, 2016 from Ps. 36.6 million for the year ended December 31, 2015. This decrease is due to an income tax refund received by the Company during 2015.

Financial Intermediation Results

Financial intermediation results, which consist primarily of the mark-to-market valuation of our cross-currency swaps and exchange rate valuations of such swaps, decreased by Ps. 335.2 million, or 100.0%, to Ps. 0.0 million for the year ended December 31, 2016 from Ps. 335.2 million for the year ended December 31, 2015. This decrease was primarily due to classification of our derivative transactions for hedging purposes as opposed to the classification for trading purposes used in previous years.

Administrative and Promotional Expenses

Administrative and promotional expenses increased by Ps. 94.0 million, or 13.4%, to Ps. 797.4 million for the year ended December 31, 2016 from Ps. 703.3 million for the year ended December 31, 2015. This increase was primarily due to the growth of our work force and the opening of new regional offices. However, as a percentage of revenue, administrative and promotional expenses decreased by 234 bps from 10.7% for the year ended December 31, 2015.

Operating Income

Operating income increased by Ps. 38.4 million, or 2.7%, to Ps. 1,462.1 million for the year ended December 31, 2016 from Ps. 1,423.7 million for the year ended December 31, 2015. This increase is explained by the factors described above.

Income Tax Expense – Net

Income tax expense decreased by Ps. 63.7 million, or 19.4%, to Ps. 265.2 million for the year ended December 31, 2016 from Ps. 328.8 million for the year ended December 31, 2015. This decrease was primarily due to expenses incurred in the offering of the 2023 Senior Notes, which were fully deducted during such period, thus, reducing the effective tax rate for fiscal year 2016 from 23.3% to 18.0%.

Consolidated Net Income

Consolidated net income increased by Ps. 116.8 million, or 10.7%, to Ps. 1,210.3 million for the year ended December 31, 2016 from Ps. 1,093.5 million for the year ended December 31, 2015. This increase was primarily due to the factors described above.

Year Ended December 31, 2015 Compared to the Year Ended December 31, 2014

Operating Lease Income

Operating lease income, which consists primarily of operating lease rent payments, increased by Ps. 1,832.1 million, or 50.2%, to Ps. 5,480.7 million for the year ended December 31, 2015 from Ps. 3,648.6 million for the year ended December 31, 2014. This increase was primarily due to the growth of our leasing portfolio as a result of increased demand, our organic growth and an increase of our distribution network and sales team.

Interest Income

Interest income increased by Ps. 274.5 million, or 58.1%, to Ps. 747.4 million for the year ended December 31, 2015 from Ps. 472.9 million for the year ended December 31, 2014. This increase was primarily due to the growth of our portfolio, as well as the recognition of an exchange rate gain in connection with the issuance of our 2019 Senior Notes and the execution of related financial derivative hedges with respect to our 2019 Senior Notes.

The table below sets forth a breakdown of our interest income by segment for the years indicated.

	Year Ended December 31,			
	2014	Percent of Interest Income	2015	Percent of Interest Income
		(in millions of Ps., except for percentages)		
Operating Leasing.....	265.3	56.1%	141.3	18.9%
Financial Factoring.....	99.3	21.0%	322.6	43.2%
Other Lending.....	108.3	22.9%	283.5	37.9%
Total.....	472.9	100.0%	747.4	100.0%

Other Lease Benefits

Other lease benefits, which consists primarily of the sale of fixed assets at the end of the lease period, decreased by Ps. 65.6 million, or 17.1%, to Ps. 317.6 million for the year ended December 31, 2015 from Ps. 383.2 million for the year ended December 31, 2014. This was primarily due to an increase in the maturity of our operating leases year over year.

Depreciation of Assets under Operating Lease

Depreciation of assets under operating lease increased by Ps. 1,033.5 million, or 48.1%, to Ps. 3,183.6 million for the year ended December 31, 2015 from Ps. 2,150.1 million for the year ended December 31, 2014. This increase was directly related to the growth of depreciable assets held as a result of the growth in our leasing operations as discussed above.

Interest Expense

Interest expense increased by Ps. 353.1 million, or 42.1%, to Ps. 1,192.8 million for the year ended December 31, 2015 from Ps. 839.7 million for the year ended December 31, 2014. This increase was primarily due to the issuance of our 2019 Senior Notes and the increase in our indebtedness to support our growth.

The table below sets forth a breakdown of our interest expense by segment for the years indicated.

	Year Ended December 31,			
	2014	Percent of Interest Expense	2015	Percent of Interest Expense
	(in millions of Ps., except for percentages)			
Operating Lease	585.3	69.7%	864.6	72.5%
Financial Factoring	121.8	14.5%	134.5	11.3%
Auto Loans and Other Lending	132.6	15.8%	193.7	16.2%
Total.....	839.7	100.0%	1,192.8	100.0%

Other Lease Expenses

Other lease expenses, which consist primarily of cost of sales of fixed assets, decreased by Ps. 76.7 million, or 18.0%, to Ps. 348.3 million for the year ended December 31, 2015 from Ps. 425.0 million for the year ended December 31, 2014. The foregoing is associated with the decrease of our other lease benefits.

Financial Margin

Financial margin increased by Ps. 731.0 million, or 67.1%, to Ps. 1,820.9 million for the year ended December 31, 2015 from Ps. 1,089.9 million for the year ended December 31, 2014. This increase was primarily due to the factors described above.

Loan loss reserves

Loan loss reserves for the year ended December 31, 2015 increased by Ps. 57.0 million as a result of the growth of our portfolio and the adjustment to the loan loss reserves due to the recovery in full of a Ps. 120.0 million financial factoring account in June 2014.

Financial Margin Adjusted for Credit Risk

Financial margin adjusted for credit risk increased by Ps. 674.0 million, or 60.2%, to Ps. 1,793.9 million for the year ended December 31, 2015 from Ps. 1,119.9 million for the year ended December 31, 2014. This increase was primarily due to the factors described above.

Commissions and Fees Paid – Net

Commissions and fees paid – net increased by Ps. 28.6 million, or 286.0%, to Ps. 38.6 million for the year ended December 31, 2015 from Ps. 10.0 million for the year ended December 31, 2014. This increase was primarily due to an increase in the fees we pay in connection with the availability of our lines of credit.

Other Operating Income – Net

Other operating income – net, which consists primarily of recovery of insurance expenses, property sales, allowance for impairment value and other income, decreased by Ps. 82.1 million, or 69.1%, to Ps. 36.6 million for the year ended December 31, 2015 from Ps. 118.7 million for the year ended December 31, 2014. This decrease was primarily due to the sale in 2014 of 25.0% of the capital stock of Unifin, Agente de Seguros y de Fianzas, S.A. de C.V. to an unrelated third party for a total amount of Ps. 88.2 million.

Financial Intermediation Results

Financial intermediation results, which consist primarily of the mark-to-market valuation of our DFI, increased by Ps. 323.9 million, or 2,866.4%, to Ps. 335.2 million for the year ended December 31, 2015 from a Ps. 11.3 million for the year ended December 31, 2014. This increase was primarily due to an increase in the valuation at the end of the period of our interest swap instruments used to hedge our 2019 Senior Notes and options.

Administrative and Promotional Expenses

Administrative and promotional expenses increased by Ps. 168.3 million, or 31.5%, to Ps. 703.4 million for the year ended December 31, 2015 from Ps. 535.1 million for the year ended December 31, 2014. This increase was primarily due to the growth of our labor force and the opening of new regional offices.

Operating Income

Operating income increased by Ps. 718.9 million, or 102.0%, to Ps. 1,423.7 million for the year ended December 31, 2015 from Ps. 704.8 million for the year ended December 31, 2014. This increase was primarily due to the good results posted throughout the year in addition to Financial Intermediation Results.

Income Tax Expense

Income tax expense increased by Ps. 106.4 million, or 47.8%, to Ps. 328.8 million for the year ended December 31, 2015 from Ps. 222.4 million for the year ended December 31, 2014. This increase was primarily due to the growth of our operations and to the effect of deferred taxes resulting mainly from the difference between our tax depreciation rate of 10.0% and our accounting depreciation rate of 20.0% with respect to equipment and machinery. Our effective income tax rate decreased from 31.6% in 2014 to 23.1% in 2015.

Consolidated Net Income for the Year

Consolidated net income for the year increased by Ps. 611.1 million, or 126.7%, to Ps. 1,093.5 million for the year ended December 31, 2015 from Ps. 482.4 million for the year ended December 31, 2014. This increase was primarily due to the factors described above.

Liquidity and Capital Resources

General

Our treasury aims to provide the necessary resources to meet our working capital requirements. Our principal sources of liquidity are:

- operating cash flows (including operating lease income and interest income);
- cash from securitizations of leases; and

- cash from borrowings and financing arrangements including the issuance of bonds on the local and international markets.

Our principal cash requirements or uses have historically been:

- operating activities (or financing of our main business lines);
- servicing our debt;
- capital expenditures, if applicable; and
- payments of dividends.

The main policies of our treasury include (i) investing surpluses daily for maximum periods of one to seven days; (ii) investing surpluses in government treasuries or fixed income funds at banking institutions; and (iii) paying service providers and vendors on a weekly basis. The resources administered by our treasury are denominated in pesos and U.S. dollars, which are recorded at the exchange rate on the date of the transaction and are updated at the close of the relevant period.

Our cash from operations, current financing initiatives and cash and cash equivalents were sufficient to satisfy our operating activities and debt service during the year ended December 31, 2015. We believe that our cash from operations, current financing initiatives (including this offering) and cash and cash equivalents will be sufficient to fund our operating activities and debt service obligations during 2016. See “Summary.”

Loan and Leasing Portfolio

Total loan amounts set forth in this section include the total principal amount of performing and non-performing loans outstanding at the dates presented.

As of December 31, 2014, 2015 and 2016, our total portfolio, including off-balance sheet items, amounted to Ps. 11,488.3 million, Ps. 18,855.1 and Ps. 30,141.0 million, respectively. From 2014 to 2015, our total portfolio grew by 64.1%, primarily due to the growth in our leasing business. From 2015 to 2016, our total portfolio grew by 59.9%, primarily due to the growth in our leasing business during such period.

As of December 31, 2014, 2015 and 2016, our total portfolio, excluding off-balance sheet items, amounted to, Ps. 3,074.5 million, Ps. 5,713.5 and 8,998.9 million, respectively.

The following tables present the total loans, performing loans, non-performing loans, allowances for loan losses and net loans for our leasing, financial factoring and auto loans and other lending business lines for the periods indicated:

As of December 31, 2014

	Total loans	Performing loans	Non-Performing loans	Allowances	Net loans
	(in millions of Ps.)				
Operating Leasing.....	366.1	295.4	70.2	(64.2)	301.9
Financial Factoring	1,294.7	1,294.7	-	(10.1)	1,284.6
Auto Loans and Other Lending	1,413.7	1,413.7	-	(13.8)	1,399.9
Total.....	<u>3,074.5</u>	<u>3,004.3</u>	<u>70.2</u>	<u>(88.1)</u>	<u>2,986.4</u>
Off-balance sheet accounts	8,413.8				

As of December 31, 2015

	Total loans	Performing loans	Non-Performing loans	Allowances	Net loans
	(in millions of Ps.)				
Operating Leasing.....	524.5	413.6	110.9	(95.1)	429.4
Financial Factoring	2,126.4	2,126.4	-	(5.8)	2,120.6
Auto Loans and Other Lending	3,062.7	3,062.7	-	(13.3)	3,049.4
Total.....	<u>5,713.6</u>	<u>5,602.7</u>	<u>110.9</u>	<u>(114.2)</u>	<u>5,599.4</u>
Off-balance sheet accounts	13,141.5				

As of December 31, 2016

	Total loans	Performing loans	Non-Performing loans	Allowances	Net loans
	(in millions of Ps.)				
Operating Leasing.....	867.9	691.4	176.5	(3.9)	864.0
Financial Factoring	2,880.4	2,880.4	-	(12.3)	2,868.1
Auto Loans and Other Lending	5,250.7	5,249.6	1.1	(180.2)	5,070.5
Total.....	<u>8,999.0</u>	<u>8,821.4</u>	<u>177.6</u>	<u>(196.4)</u>	<u>8,802.6</u>
Off-balance sheet accounts	21,143.0				

For additional information on our loan portfolio, see Note 7 to our Audited Financial Statements included elsewhere in this offering memorandum.

Total Loans as of December 31, 2016 Compared to December 31, 2015

Total loans, excluding our off-balance sheet accounts, totaled Ps. 8,999.0 million as of December 31, 2016, reflecting an increase of Ps. 3,285.4 million, or 57.5%, compared to December 31, 2015.

Total operating leases, excluding our off-balance sheet accounts, totaled Ps. 867.9 million as of December 31, 2016, reflecting an increase of Ps. 343.4 million, or 65.5%, compared to December 31, 2015. Operating leases outstanding as a percentage of our total loan portfolio, excluding our off-balance sheet accounts, were 9.6% as of December 31, 2016 and 9.2% as of December 31, 2015.

Our total lease portfolio, including our off-balance sheet accounts, as of December 31, 2016 and December 31, 2015 amounted to Ps. 22,010.9 million and Ps. 13,666.0 million, respectively, or 73.0% and 72.5%, respectively, of our total loan portfolio, including off-balance sheet accounts.

Financial factoring loans totaled Ps. 2,880.4 million as of December 31, 2016, reflecting an increase of Ps. 754.0 million, or 35.5%, compared to December 31, 2015. Financial factoring loans outstanding as a percentage of our total loan portfolio, excluding off-balance sheet accounts, were 32.0% as of December 31, 2016 and 37.2% as of December 31, 2015.

Auto loans and other lending totaled Ps. 5,250.7 million as of December 31, 2016, reflecting an increase of Ps. 2,188.0 million, or 71.4%, compared to December 31, 2015. Auto financing loans and other loans outstanding

as a percentage of our total loan portfolio, excluding off-balance sheet accounts, were 58.3% as of December 31, 2016 and 53.6% as of December 31, 2015.

Total Loans as of December 31, 2015 Compared to December 31, 2014

Total loans, excluding our off-balance sheet accounts, totaled Ps. 5,713.6 million as of December 31, 2015, reflecting an increase of Ps. 2,639.1 million, or 85.8%, compared to December 31, 2014.

Total operating leases, excluding our off-balance sheet accounts, totaled Ps. 524.5 million as of December 31, 2015, reflecting an increase of Ps. 158.4 million, or 43.3%, compared to December 31, 2014. Operating leases outstanding as a percentage of our total loan portfolio were 9.2% as of December 31, 2015 and 11.9% as of December 31, 2014.

Our total lease portfolio, including our off-balance sheet accounts, as of December 31, 2015 and December 31, 2014 amounted to Ps. 13,666 million and Ps. 8,779.9 million, respectively, or 72.4% and 76.4%, respectively, of our total loan portfolio, including off-balance sheet accounts.

Financial factoring loans totaled Ps. 2,126.4 million as of December 31, 2015, reflecting an increase of Ps. 831.7 million, or 65.1%, compared to December 31, 2014. Financial factoring loans outstanding as a percentage of our total loan portfolio, excluding off-balance sheet accounts, were 37.2% as of December 31, 2015 and 42.1% as of December 31, 2014. Financial factoring loans outstanding as a percentage of our total loan portfolio, including our off-balance sheet accounts, were 11.3% as of December 31, 2015 and 11.3% as of December 31, 2014.

Auto loans and other lending totaled Ps. 3,062.7 million as of December 31, 2015, reflecting an increase of Ps. 1,649.0 million, or 116.6%, compared to December 31, 2014. Auto financing loans and other loans outstanding as a percentage of our total loan portfolio, excluding off-balance sheet accounts, were 53.6% as of December 31, 2015 and 46.0% as of December 31, 2014. Auto loans and other lending outstanding as a percentage of our total loan portfolio, including our off-balance sheet accounts, were 16.2% as of December 31, 2015 and 12.3% as of December 31, 2014.

Non-Performing Loan Portfolio as of December 31, 2016 Compared to December 31, 2015

Our total non-performing loans as of December 31, 2016 and December 31, 2015 amounted to Ps. 177.6 million and Ps. 110.9 million, respectively, or 0.6% and 0.6%, respectively, of our total loan portfolio, including off-balance sheet accounts. The total non-performing loans increased by Ps. 66.7 million or 60.2%, as of December 31, 2015.

Non-Performing Loan Portfolio as of December 31, 2015 Compared to December 31, 2014

Our total non-performing loans as of December 31, 2015 and December 31, 2014 amounted to Ps. 110.9 million and Ps. 70.2 million, respectively, or 0.6% and 0.6%, respectively, of our total loan portfolio, including off-balance sheet accounts. This increase of Ps. 26.1 million, or 29.6%, is explained by incremental reserves associated with the growth of our business.

The following table presents the past-due loan portfolios of our operating leasing, financial factoring and auto loans and other lending business lines for the periods indicated:

Operating Leasing Past-due Installments			
As of December 31,			
	Days	2014	2015
(in millions of Ps.)			
Past due	>31	70.2	110.9
			176.5

Financial factoring Past-due Installments			
As of December 31,			
	Days	2014	2015
(in millions of Ps.)			
Past due	>31	-	-
			-

Auto and Other Loans Past-due Installments			
As of December 31,			
	Days	2014	2015
(in millions of Ps.)			
Past due	>31	-	-
			1.1

Maturity Composition of the Loan and Leasing Portfolio

The following table sets forth the maturity profile of our loan portfolio, including off-balance sheet items.

	As of December 31,					
	2014		2015		2016	
	Loan and Leasing Amount	% of Portfolio⁽²⁾	Loan and Leasing Amount	% of Portfolio⁽²⁾	Loan and Leasing Amount	% of Portfolio⁽²⁾
Due within 180 days	4,291.6	37.4%	5,613.4	29.8%	5,783.7	19.2%
Between 181 and 365 days	1,870.9	16.3%	3,497.0	18.5%	7,636.8	25.3%
Over 365 days	5,325.8	46.3%	9,744.7	51.7%	16,721.5	55.5%
Total performing loan portfolio ⁽¹⁾	11,488.3	100.0%	18,855.1	100%	30,142.0	100.0%

(1) Maturity composition is based on the period remaining to the maturity of the loans.

(2) Percentage of portfolio equals the relevant loan amount by period divided by the sum of the total loans for each period.

Loan and Leasing Portfolio Breakdown by Customers

The following table sets forth the number of customers that have loans outstanding under our operating leasing, financial factoring and auto loans and other lending business lines:

	As of December 31,		
	2014	2015	2016
Operating Leasing ⁽¹⁾	1,630	2,111	2,645
Financial Factoring	303	450	767
Auto Loans and Other Lending	1,175	1,489	1,666

(1) Including off - balance sheet accounts.

The classification of the required allowance for loan losses is as follows:

Grade	Provision (%)	As of December 31,		
		2014	2015	2016
		(in millions of Ps.)		
A-1	0 to 0.50	54.8	91.6	149.2
A-2	0.51 to 0.99	13.5	-	-
B-1	1.00 to 4.99	-	-	1.0
B-2	5.00 to 9.99	-	-	-
B-3	10.00 to 19.99	0.6	0.5	0.5
C-1	20.00 to 39.99	-	4.8	-
C-2	40.00 to 59.99	1.3	10.0	23.7
D.....	60.00 to 89.99	-	-	5.5
E.....	90.00 to 100.00	2.4	8.3	1.5
Total.....		72.6	115.2	181.4

The following table shows our allowances for non-performing loans for the periods presented.

	As of and for the year ended December 31,		
	2014	2015	2016
(in millions of Ps.)			
Balance at beginning of year	120.2	88.1	114.2
Additions to provisions	10.0	27.0	81.5
Release of reserves	(40.0)	(0.9)	0.7
Decrease in provisions	(2.1)	-	-
Balance at end of year	88.1	114.2	196.4

Analysis of Cash Flows

The following table summarizes our generation and use of cash for the periods presented:

	For the Year Ended December 31,		
	2014	2015	2016
(in millions of Ps.)			
Net cash flows provided by operating activities	4,562.6	6,420.9	14,292.7
Net cash flows used in investing activities	(5,098.6)	(7,335.8)	(13,716.3)
Net cash flows provided by financing activities	100.0	1,799.0	(355.3)

Cash flows for the year ended December 31, 2016 compared to the year ended December 31, 2015

Taking into account our cash flows from operations, cash flows from financing activities and cash flows from investing activities, we had a net cash inflow of Ps. 221.1 million for the year ended December 31, 2016 compared to a net cash inflow of Ps. 884.0 million for the year ended December 31, 2015.

Operating Activities. Our net cash provided by operating activities increased to Ps. 14,292.7 million for the year ended December 31, 2016 from Ps. 6,420.8 million for the year ended December 31, 2015. This change was primarily due to an increase in the origination across our business lines.

Investing Activities. Our net cash used in investing activities increased for the year ended December 31, 2016 to Ps. 13,716.3 million from 7,335.8 million for the year ended December 31, 2015. This change was primarily due to an increase of the acquisition of assets related to our operating leasing business.

Financing Activities. Our net cash used in financing activities decreased for the year ended December 31, 2016 to Ps. 355.3 million from Ps. 1,799.0 million for the year ended December 31, 2015. This decrease is primarily explained by dividends paid by the Company during 2016.

Cash flows for the year ended December 31, 2015 compared to the year ended December 31, 2014

Taking into account our cash flows from operations, cash flows from financing activities and cash flows from investing activities, we had a net cash inflow of Ps. 884.1 million for the year ended December 31, 2015, compared to a net cash outflow of Ps. 436.0 million for the year ended December 31, 2014.

Operating Activities. Our net cash provided by operating activities increased to Ps. 6,420.9 million for the year ended December 31, 2015 from Ps. 4,562.6 million for the year ended December 31, 2014. This change was primarily due to our organic growth, resulting in a higher net income and the necessary debt acquired for funding this growth.

Investing Activities. Our net cash used in investing activities increased for the year ended December 31, 2015 to Ps. 7,335.8 million from Ps. 5,098.7 million for the year ended December 31, 2014. This change was primarily due to an increase in the acquisition of assets related to operating leases.

Financing Activities. Our net cash provided by financing activities increased for the year ended December 31, 2015 to Ps. 1,799.0 million from Ps. 100.0 million for the year ended December 31, 2014. This increase was primarily due to proceeds from our Initial Public Offering (partially offset by the payment of dividends).

Indebtedness

The following table summarizes our indebtedness for the periods presented:

	As of December 31,		
	2014	2015	2016
	(in millions of Ps.)		
Short-term debt			
2019 and 2023 Senior Notes.....	161.4	178.6	196.1
Securitizations program.....	5.2	13.8	92.0
Bank borrowings and loans from other entities.....	2,061.7	4,716.7	6,445.5
	<u>2,228.3</u>	<u>4,909.1</u>	<u>6,733.6</u>
Long-term debt:			
2019 and 2023 Senior Notes.....	5,887.2	6,356.8	9,291.7
Securitizations program.....	4,088.6	7,000.0	12,000.0
Bank borrowings and loans from other entities.....	392.8	780.6	1,897.2
	<u>10,368.6</u>	<u>14,137.3</u>	<u>23,188.9</u>
Total.....	<u><u>12,596.9</u></u>	<u><u>19,046.4</u></u>	<u><u>29,922.5</u></u>

Our material indebtedness as of December 31, 2016 consisted of the following (excluding interest payable):

Secured Notes under Trust Securitization Programs

As of December 31, 2016, the following issues were outstanding under our trust notes issued under securitization programs (the “Secured Notes Programs”) for a total principal amount of Ps. 10,000.0 million outstanding. In addition, on April 10, 2017, we issued trust notes under a securitization program for a total principal amount of Ps. 3,000.0 million. See “Summary—Recent Developments—Secured Notes under Trust Securitization Programs.” The following table contains a summary of the secured notes issued under our trust securitization programs outstanding as of December 31, 2016:

Ticker	Issuing Trust	Number of Certificates	Maturity	Interest Rate (%)	Total Amount Issued (in millions of Ps.)	S&P and HR Ratings	Trustee
UNFINCB13	F/17293-4	10,000,000	11/22/18	TIIE+1.60	\$1,000.0	mxAAAAS&P/HRAAA	Banamex
UNFINCB15	F/17598-4	20,000,000	02/10/20	TIIE+1.60	\$2,000.0	mxAAAAS&P/HRAAA	Banamex
UFINCB15	F/2539	20,000,000	09/11/20	TIIE+1.60	\$2,000.0	mxAAAAS&P/HRAAA	Invex
UFINCB16	F/2720	25,000,000	02/16/21	TIIE+1.80	\$2,500.0	mxAAAAS&P/HRAAA	Invex
UNFINCB16	F/179866	12,500,000	28/09/21	TIIE+2.20	\$1,250.0	mxAAAAS&P/HRAAA	Banamex
UNFINCB16-2	F/179866	12,500,000	28/09/21	9.47	\$1,250.0	mxAAAAS&P/HRAAA	Banamex

Private Trust Bonds

As of December 31, 2016, we had outstanding private trust bonds for a total principal amount of Ps. 2,000.0 million. The following table contains a summary of the secured notes issued under our private trust bond:

Issuing Trust	Currency	Maturity	Interest Rate (%)	Outstanding Amount (in millions of Ps.)	Type	Trustee
F/1355	MXN	11/21/18	TIIE+1.60	\$2,000.0	Collection Rights	Invex

Bank Debt

As of December 31, 2016, we had the following bank borrowings and loans from other entities:

As of December 31, 2016

	Balance	Denomination	Maturity Date	Interest Rate (%)	Type of Collateral
	(in millions of pesos)				
Short-term debt:					
Nacional Financiera.....	2,500.0	Ps.	Feb/17	TIE + 2.75	Unsecured
CitiBanamex.....	1,500.0	Ps.	Mar/17	TIE (91 days) + 3.00	Unsecured
ScotiaBank	1,343.0	Ps.	Nov/17	TIE + 3.00	Unsecured
Multiva.....	300.0	Ps.	Dec/17	TIE + 3.00	Factoring Portfolio
CIBanco	200.0	Ps.	Nov/17	TIE + 4.00	Unsecured
Bladex USD	172.0	US\$	Dec/17	LIBOR + 4.00	Residual value portfolio
Comerica	141.1	Ps.	Feb/17	LIBOR + 2.75	Unsecured
Bladex	87.5	Ps.	Dec/17	TIE + 3.16	Residual value portfolio
Bancomext	91.1	Ps.	Dec/17	TIE + 2.70	Lease Portfolio
Invex	31.3	Ps.	Feb/17	TIE + 3.85	Residual value portfolio
Banco del Bajío	7.6	Ps.	Nov/17	TIE + 3.20	Lease Portfolio
Accrued interest payable	71.9				
Total short-term debt.....	6,445.4				
Long-term debt:					
Bladex	742.0	US\$	Jun/19	LIBOR + 4.00	Residual value portfolio
Bladex	377.7	Ps.	Jun/19	TIE + 3.16	Residual value portfolio
Scotiabank.....	372.0	Ps.	Jun/20	TIE + 3.60	Lease Portfolio
Bancomext	290.0	Ps.	Nov/20	TIE + 2.70	Lease Portfolio
Banco del Bajío.....	78.8	Ps.	Aug/21	TIE + 3.20	Lease Portfolio
Invex	36.6	Ps.	May/18	TIE + 3.85	Residual value portfolio
Total long-term debt.....	1,897.2				
Total bank and other financial institution debt.....	8,342.6				

(1) Amount converted to pesos.

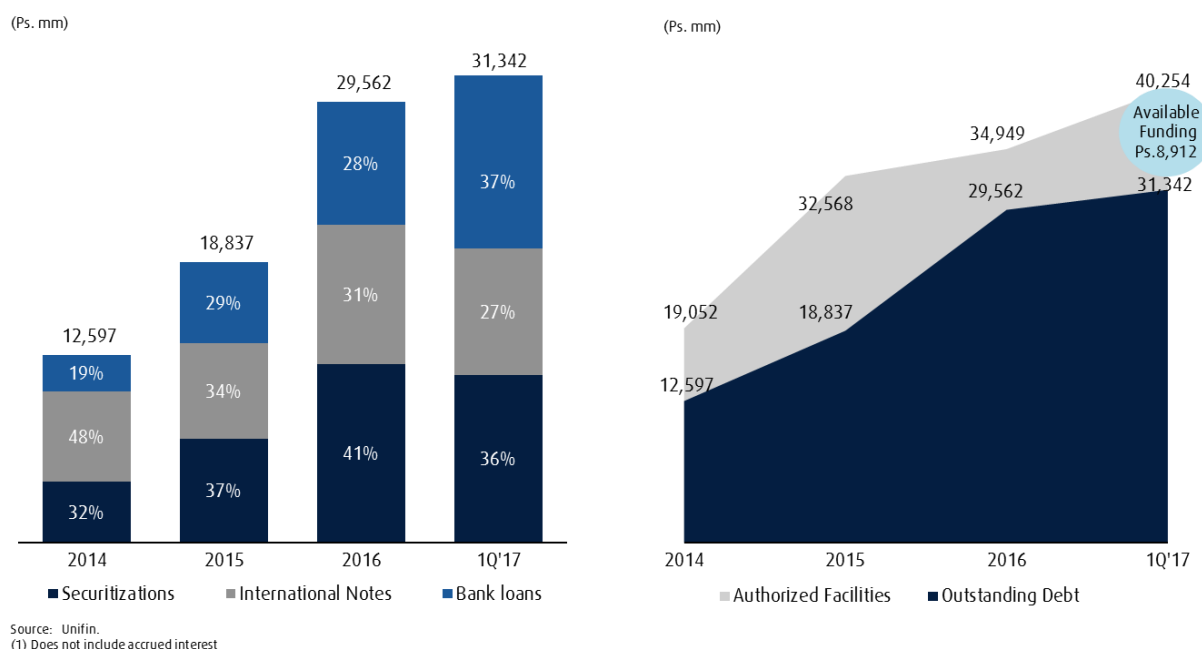
2019 Senior Notes

On July 22, 2014, we issued US\$400 million of 6.250% Senior Notes due 2019 in a Rule144A/Regulation S offering, which are unconditionally guaranteed by Unifin Credit, S.A. de C.V., SOFOM, E.N.R. and Unifin Autos, S.A. de C.V. (the “2019 Senior Notes”). In January 2015, we repurchased in the open market US\$33.4 million of our 2019 Senior Notes, equal to 8.35% of the outstanding principal amount. This repurchase of the 2019 Senior Notes resulted in extraordinary income of Ps. 82.2 million, which was included in the financial intermediation results in our Audited Financial Statements. As a result of this repurchase, we were able to fully hedge our exchange rate risk through the use of financial instruments. In October of 2016, we consummated a tender offer pursuant to which a total of US\$315.9 million of the 2019 Senior Notes were repurchased, or 86.2% of the outstanding amount at that time. As of December 31, 2016, US\$50.6 million in principal amount of the 2019 Senior Notes remains outstanding.

2023 Senior Notes

On September 27, 2016, we issued US\$400 million of 7.250% Senior Notes due 2023 in a Rule144A/Regulation S offering, which are unconditionally guaranteed by Unifin Credit, S.A. de C.V., SOFOM, E.N.R. and Unifin Autos, S.A. de C.V. (the “2023 Senior Notes”).

The charts below summarize our indebtedness and our available funding commitments in millions of pesos, respectively:



Our available funding in the chart above includes approximately Ps. \$300.0 million related to financing transactions approved by our Board of Directors which are currently under negotiation by the Company.

Our subsidiaries do not have any restrictions on transferring funds to us.

Information regarding Issuance Trusts and Private Structured Trusts

We have obtained financing through the securitization of our collection rights of our leasing portfolio by assigning such rights to publicly-traded or private trusts. Such financing structures are non-recourse to the Company. As of December 31, 2016 we had issued publicly-traded trust bonds and private trust structures for a total principal amount of Ps. 12,000.0 million. See “– Secured Notes Programs” and “– Bank Debt.” As of December 31, 2014, 2015 and 2016, we assigned, by means of these public and private structures, a total of Ps. 6,038.5 million, Ps. 10,887.7 and Ps. 16,026.9 million of collection rights, respectively.

As of December 31, 2016, our collection rights assigned to either issuance trusts or private structures represented 53.2% of our total portfolio, including off-balance accounts.

Our issuance trusts through which we have carried out securitizations of our collection rights have allowed us to obtain financing by issuing and placing trust bonds registered with the RNV. Subsequent to each securitization we receive an amount equal to the present value of the collection rights, minus any commissions and fees paid to the trustee, as determined by the technical committee of each trust. The trustee of each issuance trust further pays the trust bonds with amounts paid from the collection rights and according to the priority of payment established in the respective trust agreement.

We also carry out private financing structures with Scotiabank Inverlat, S.A., Institución de Banca Múltiple, Grupo Financiero Scotiabank Inverlat, which operate similar to a securitization program, except that the source of our funding comes from a revolving credit line granted by a financial institution and not through the issuance of trust bonds. Under this private structure, we assign the collection rights of our lease portfolio in favor of the trustee of the respective private structure, which in turn will use the available funds of the credit line granted by Scotiabank Inverlat, S.A., Institución de Banca Múltiple, Grupo Financiero Scotiabank Inverlat to compensate us for the total outstanding amount for the acquisition of such collection rights. Any amounts derived from our collection rights assigned to the trust will be used to pay such credit facility.

Covenants

Our commercial paper, loan agreements and outstanding bonds contain a number of covenants requiring us to comply with certain financial ratios and other tests. As of December 31, 2016, the main restrictive financial covenants under these loan agreements and bonds require us to maintain the following ratios:

- Fixed Charge Coverage Ratio (consolidated cash flow / fixed charges): $\geq 2.00:1.00$
- Capitalization Ratio (total stockholders' equity / total assets): $\geq 9.5\%$
- Capitalization Ratio (total stockholders' equity / total loan portfolio, including off-balance sheet loans): $\geq 10.0\%$
- Indebtedness Leverage Ratio (total financial liabilities, excluding securitizations / total stockholders' equity): ≤ 7 times
- Non-performing Loans (non-performing loans, plus future rentals / total loan portfolio, including off-balance sheet loans): $\leq 9\%$
- Non-performing Loans (non-performing loans / total loan portfolio, including off-balance sheet accounts): $\leq 4\%$
- Non-performing Loan Portfolio Coverage Ratio (loan loss reserves / total non-performing loans portfolio): ≥ 1 time
- Debt Coverage Ratio (cash and cash equivalents plus net loan portfolio / total indebtedness, excluding securitizations): ≤ 7 times

In addition, the instruments governing our debt, including the indenture governing our 2023 Senior Notes, contain covenants restricting our and our subsidiaries' ability to, among other things incur additional debt, make certain dividend payments, redeem capital stock and make certain investments, transfer and sell assets, engage in lease securitizations and receivables transactions for less than fair market value, enter into agreements that would limit the ability of subsidiaries to pay dividends or make distributions, create liens, effect a consolidation, merger or sale of assets and enter into transactions with affiliates. These debt instruments also contain customary events of default.

As of the date of this offering memorandum, we are in compliance with all of the covenants under our loans, debt and commercial paper instruments.

Derivative Financial Instruments

We engage in derivative financial transactions for risk-hedging purposes. As of December 31, 2014, 2015 and 2016 we had outstanding derivative financial instruments with a fair market value of Ps. 856.4 million, Ps. 2,141.9 million and Ps. 3,886.3 million respectively. See Note 6 to our Audited Financial Statements.

Such derivative financial instruments consist mainly of cross-currency swaps to hedge against fluctuations in the currency exchange of our U.S. dollar-denominated liabilities and "CAP" interest rate purchase options, used to hedge against interest rates fluctuations.

The following is qualitative and quantitative information regarding our derivative financial instruments.

Qualitative and Quantitative Information

We use derivative financial instruments for hedging purposes and not for speculation purposes.

We have a designated department in charge of supervising that we maintain adequate coverage reserves for all liabilities contracted by the issuing of stock certificates or through our securities portfolio, which allows us to insure our financial margin. We enter into derivative financial transactions with duly accredited domestic and

foreign institution to hedge against interest rates fluctuations, which eliminates the inherent risks of interest rate increases. This allows us to enter leases with our customers at fixed rates.

Based on the risk variable TIIE, and due to our consistent operating structure and the fact that 100.0% of our contracts are in pesos, we have limited currency exchange risks. We hedge against the currency risk with respect to our U.S. dollar-denominated liabilities.

Derivative Financial Instruments Summary

As of December 31, 2016, the composition of our derivative financial instruments portfolio was as follows:

Cross-Currency Swaps

Hedged Liability	Contracting Date	Maturity Date	Term (days)	Notional Amount (in millions of Ps.)	Interest Rate of Debt (%)	Contractual Interest Rate (%)	Fair Value (in millions of Ps.)
2023 Senior Notes	27/09/16	27/09/23	2,556	1,850.0	7.25%	8.38	777.6
2023 Senior Notes	27/09/16	27/09/23	2,556	1,387.5	7.25%	8.42	580.2
2023 Senior Notes	27/09/16	27/09/23	2,556	1,850.0	7.25%	8.33	813.0
2023 Senior Notes	27/09/16	27/09/23	2,556	1,156.2	7.25%	8.38	488.0
2023 Senior Notes	27/09/16	27/09/23	2,556	1,156.2	7.25%	8.39	506.2
2019 Senior Notes	07/22/14	7/22/19	1,826	718.9	6.25%	5.00	493.7
Bladex	06/07/16	06/07/19	1,095	893.4	Libor+4.0	TIIE+3.72%	78.5
				8,119.8			3,737.3

Options and Forwards

Hedged Liability	Contracting Date	Maturity Date	Term (days)	Underlying Asset	Exercise Price (%)	Notional Amount (in millions of Ps.)	Paid Premium (in millions of Ps.)	Fair Value (in millions of Ps.)
UNFINCB13	22/11/13	22/11/18	1,826	TIIE 28	7.00	1,000.0	17.0	6.5
UNFINCB15	13/02/15	09/02/20	1,822	TIIE 28	7.00	2,000.0	48.5	31.5
UFINCB15	11/09/15	11/09/20	1,827	TIIE 28	7.00	2,000.0	52.5	39.4
Scotiabank	18/03/15	21/02/21	2,167	TIIE 28	7.00	2,000.0	28.3	16.1
UFINCB16	12/02/16	16/02/21	1,831	TIIE 28	7.50	2,500.0	39.0	37.0
UNFINCB16	02/12/16	02/09/21	1,735	TIIE 28	7.50	1,250.0	33.7	18.5
							219.0	149.0

As of December 31, 2015, the composition of our derivative financial instruments portfolio was as follows:

Cross-Currency Swaps

Hedged Liability	Contracting Date	Maturity Date	Term (days)	Notional Amount (in millions of U.S. dollars)	Interest Rate of Debt (%)	Contractual Interest Rate (%)	Fair Value (in millions of Ps.)
2019 Senior Notes	07/22/14	07/22/19	1,826	85.0	6.25%	TIIE+4.20	468.8
2019 Senior Notes	07/22/14	07/22/19	1,826	15.0	6.25%	TIIE+4.19	83.2
2019 Senior Notes	07/22/14	07/22/19	1,826	100.0	6.25%	TIIE+4.19	539.1
2019 Senior Notes	07/22/14	07/22/19	1,826	33.3	6.25%	TIIE+4.19	181.0
2019 Senior Notes	07/22/14	07/22/19	1,826	100.0	6.25%	TIIE+4.19	539.1
2019 Senior Notes	07/22/14	07/22/19	1,826	33.3	6.25%	TIIE+4.18	181.0
				366.6			1,992.2

Interest Rate CAPS Options

Hedged Liability	Contracting Date	Maturity Date	Term (days)	Underlying Asset	Exercise Price (%)	Notional Amount (in millions of Ps.)	Prepaid Premium (in millions of Ps.)	Fair Value (in millions of Ps.)
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UNFINCB13	11/22/13	11/22/18	1,826	TIIE 28	7.00	1,000.0	17.0	9.9
UNFINCB15	02/13/15	02/09/20	1,822	TIIE 28	7.00	2,000.0	48.5	41.2
UFINCB15	09/13/15	09/11/20	1,827	TIIE 28	7.00	2,000.0	52.5	49.9
Private Structure	03/18/15	02/21/21	2,167	TIIE 28	7.00	2,000.0	28.3	37.8
Comerica	12/03/15	03/02/16	90	TC	16.72	83.6	0.0	10.9
						<u>7,083.6</u>	<u>146.3</u>	<u>149.7</u>

Other DFI

The Company has one derivative financial instrument which consists of a Forward for a short-term (three month) loan in the amount of US\$5.0 million. This derivative instrument has been registered for trading purposes. The variations on the market value of this DFI are not material.

As of December 31, 2014, the composition of our derivative financial instruments portfolio was as follows:

Cross-Currency Swaps

Hedged Liability	Contracting Date	Maturity Date	Term (days)	Notional Amount (in millions of Ps.)	Interest Rate of Debt (%)	Contractual Interest Rate (%)	Fair Value (in millions of Ps.)
2019 Senior Notes	07/22/14	07/22/19	1,826	1,102.5	6.25%	TIIE+4.20	74.9
2019 Senior Notes	07/22/14	07/22/19	1,826	194.2	6.25%	TIIE+4.19	225.4
2019 Senior Notes	07/22/14	07/22/19	1,826	1,297.2	6.25%	TIIE+4.192	34.3
2019 Senior Notes	07/22/14	07/22/19	1,826	431.4	6.25%	TIIE+4.19	192.0
2019 Senior Notes	07/22/14	07/22/19	1,826	1,297.2	6.25%	TIIE+4.195	74.9
2019 Senior Notes	07/22/14	07/22/19	1,826	431.4	6.25%	TIIE+4.185	225.7
				<u>4,753.9</u>			<u>827.1</u>

Interest Rate CAPS Options

Hedged Liability	Contracting Date	Maturity Date	Term (days)	Underlying Asset	Exercise Price (%)	Notional Amount (in millions of Ps.)	Prepaid Premium (in millions of Ps.)	Fair Value (in millions of Ps.)
UNIFCB11-2	11/08/10	06/30/15	1,827	TIIE 28	9.00	766.7	8.1	3.1
UNIFCB12	05/04/12	05/04/17	1,826	TIIE 28	9.00	1,000.0	8.9	4.1
UNFINCB13	11/22/13	11/22/18	1,826	TIIE 28	7.00	1,000.0	17.1	13.3
Crédito F/1355	12/10/12	12/10/16	1,461	TIIE 28	7.00	51.3	0.4	0.2
Crédito F/1355	01/22/13	01/22/17	1,461	TIIE 28	7.00	45.8	0.2	0.1
Crédito F/1355	04/11/13	04/11/17	1,461	TIIE 28	7.00	478.2	2.2	1.5
Crédito F/1355	12/23/13	12/23/18	1,826	TIIE 28	7.00	689.3	7.4	5.9
Crédito F/1355	8/11/14	12/23/14	1,515	TIIE 28	7.00	130.2	1.0	0.9
						<u>4,161.5</u>	<u>45.3</u>	<u>29.3</u>

The referenced amount (notional amount) related to the derivative financial instruments reflects the balance of the financial instrument, but does not reflect the risks. The risk amounts are generally limited to profits or losses not reflected by market valuation, which could vary depending on changes in the market value of the respective asset, its volatility and the creditworthiness of the relevant counterparties.

Off-Balance Sheet Liabilities

As of December 31, 2016, we did not have any off-balance sheet liabilities.

Capital Expenditure

During the years ended December 31, 2014, 2015 and 2016, we invested Ps. 5,098.7, Ps. 7,335.8 and Ps. 13,716.3 million, respectively, in capital expenditures (which includes leased and owned assets) mainly to support the growth of our operations as well as the expansion of our regional offices. We do not anticipate any material capital expenditures out of our ordinary course of business in the remainder of 2017.

Tabular Disclosure of Contractual Obligations

The table below is a summary of our contractual obligations and other commitments as of December 31, 2016:

	Payments due in period			Total
	Less than 1 year	1 to 3 years	3 to 5 years	
Obligation:				
		(in millions of Ps.)		
Long term debt obligations.....	-	9,941.2	13,247.8	23,188.9
Short term debt obligations.....	6,733.6	-	-	6,733.6
Other liabilities ⁽¹⁾	6,187.2	-	-	6,187.2
Total ⁽²⁾	12,990.8	9,941.2	13,247.8	36,109.7

(1) Includes taxes payable, commercial paper, other accounts payable and allowances.

(2) Including accrued interest.

The amounts shown in the table above represent existing contractual obligations only. Our actual expenditures for certain of the items and periods are likely to substantially exceed the amounts shown above.

Qualitative and Quantitative Disclosure about Market Risk

Market risk generally represents the risk that losses may occur in the values of financial instruments as a result of movements in interest rates or foreign currency exchange rates. We are exposed to changes in financial market conditions in the normal course of business due to our use of certain financial instruments as well as transactions incurred in foreign currencies. We continually assess our exposure to market risk that arises in connection with our operations and financial activities.

Credit Risk

Credit risk is the possibility of a loss arising from a credit event, such as deterioration in the financial condition of a borrower, which causes an asset to lose value. The purpose of credit risk management is to mitigate and optimize the risk, keeping credit risk exposure within a permissible level relative to capital, to maintain the soundness of assets and to ensure returns commensurate with risk. Our current credit policy sets forth uniform and basic operating concepts, code of conduct and standards for credit operations. By giving our employees extensive credit training, we aim to achieve a high standard of credit risk management and to create a better credit management culture within the Company.

We have developed and refined our own proprietary underwriting standards and credit review system. In addition to relying on quantitative measures, we also rely on qualitative measures that allow us to make use of our knowledge and experience in evaluating credit risk on a case-by-case basis. We believe our risk analysis systems allow us to make better credit decisions when evaluating credit applications from customers with limited credit histories or customers who work in the informal economy. We believe that our business model limits our credit exposure to credit risk.

As part of our ongoing process to monitor risks, we monitor the credit collection process, which is the most important element in our credit process. We analyze, evaluate and monitor every loan. Special attention is paid to non-performing loans, and stricter measures are used to monitor these loans. See “—Policy for Allowances for Loan Losses.”

Exchange Rate Risk

We are exposed to foreign currency exchange rate risk to the extent certain of our U.S. dollar-denominated liabilities are not covered by currency financial derivative instruments and whenever we maintain open positions in currencies other than the peso. These derivative financial instruments allow us to make the interest and principal payments on our U.S. dollar-denominated liabilities at fixed pre-determined exchange rates for the applicable dates. We entered into these swaps to ensure that any future devaluation of the peso against the U.S. dollar during the life of our U.S. dollar-denominated liabilities does not affect our ability to meet our obligations given that all of our income is peso-denominated. Under our derivative agreements, we provide the counterparty with an agreed-upon

amount of pesos at the beginning of the term and receive from the counterparty a previously agreed-upon amount of U.S. dollars at the end of the term. As of December 31, 2016, 100.0% of our U.S. dollar-denominated debt was covered by derivative financial instruments. Pursuant to our risk management policies, we use derivative financial instruments for hedging purposes and not for speculation purposes. See “—Derivative Financial Instruments.”

Interest Rate Risk

We are exposed to interest rate risk since potential movements on the interest rates may rise to a mismatch in our borrowing and lending interest rates at our different lines of business. A sustained increase in interest rates would increase our financing costs and may result in a decrease in demand for our financing products. In the event of an increase in interest rates, we may also need to readjust our portfolio of assets and liabilities in order to minimize the risk of a mismatch and to maintain our profitability. In addition, an increase in interest rates could negatively affect the Mexican economy and the financial condition of our customers and their ability to repay their obligations to us, which could result in a deterioration in the quality of our portfolio. Furthermore, volatility in interest rates could also affect the ability of our customers to repay their obligations to us, which could result in an increase in non-performing leases and loans, and therefore could have a material adverse effect on our business, financial condition and results of operations.

Market Risk

We monitor exposure to market risk by analyzing the impact of potential interest rate movements and foreign exchange rate changes on our financial performance. Our finance committee constantly monitors our exposure to market risk and recommends necessary measures to be taken monthly in order to reduce any risk. We seek to adjust any variation in our liabilities caused by potential interest rate and foreign exchange to be reflected in our assets. We consider economic, political and other business factors that could affect our results. Our management actions strive to reduce our risk profile. Accordingly, we can give no assurance that actual results would not differ materially from the estimated outcomes of any measures taken by our finance committee. Furthermore, such measures do not represent our current view of expected future interest rate movements.

Internal Control Policy

Our operations are supported and regulated by a management system (the “Enterprise Resource Planning” or “ERP”), which monitors and registers our operating income. Our internal control system is based on the segregation of responsibilities and its processes are in accordance with our internal policies, CNBV regulations and applicable law. We have made significant investments in ERP to optimize its processes and guarantee the confidentiality of our data.

In addition, we have developed controls and procedures to ensure that the information that we disclose to our investors and governmental authorities is obtained, processed, summarized and disclosed in a timely manner and in accordance with applicable law. These controls and procedures include several requirements, such as that any information disclosed, is first reviewed and approved by our board of directors, or our audit and corporate practices committee, as applicable.

Our audit and corporate practices committee is responsible for the approval, review and amendment of the general guidelines for our internal controls and internal audit. Our management is responsible for implementing and monitoring our standards of internal control to ensure the integrity, reliability and timeliness of our financial information.

BUSINESS

Overview

We are a non-regulated Mexican leasing company, operating as a non-banking financial services company, specializing in three main business lines: operating leasing, financial factoring and auto loans and other lending. Through our leasing business line, our core business line, we offer operating leases for all types of machinery and equipment, transportation vehicles (including cars, trucks, helicopters, airplanes and other vessels) and other assets used in a variety of industries. Through our factoring business line, we provide liquidity and financing solutions to our customers by purchasing or discounting their accounts receivable and by providing vendor financing. The auto loans portion of our auto loans and other lending business line is focused on financing the acquisition of new and used vehicles, while the other lending portion of such business line includes financing working capital needs and the acquisition of other capital assets.

We specialize in serving small and medium-sized enterprises (“SMEs”), which we believe are largely underserved by banking institutions despite representing the majority of the economic activity in Mexico. We believe the SME sector will continue expanding and providing an attractive opportunity for our growth.

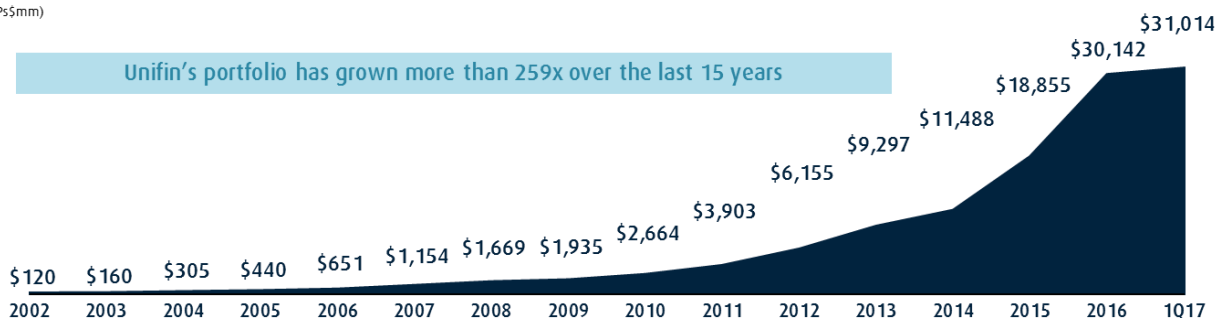
The amount per transaction of our operating leases ranges from Ps. 100,000 to Ps. 150 million, with an average balance of Ps. 1.5 million and with maturities between 12 to 48 months and 35 months on average. The annual fixed interest rates that we charge for our operating lease products range from 18.0% to 25.0%. The amount per transaction of our financial factoring products ranges from Ps. 500,000 to Ps. 150 million, with maturities between 8 to 180 days and 120 days on average, with annual interest rates at the Mexican interbank lending rate (*Tasa de Interés Interbancaria de Equilibrio*, or “TIE”) plus 14.5 to 21.0 percentage points. Our auto loans range from Ps. 50,000 to up to 80.0% of the vehicle’s price, with maturities between 12 and 60 months and fixed interest rates between 14.0% and 18.0%.

As of December 31, 2016, our operating leasing, financial factoring and auto loans and other lending business lines represented 73.0%, 9.6% and 17.4%, respectively, of our portfolio (including our off-balance sheet accounts). In recent years, we have experienced a significant level of growth combined with high rates of return and low rates of non-performing loans. Between 2014 and 2016, our loan portfolio, including our off-balance sheet accounts, grew at a compound annual growth rate (“CAGR”) of 62.0%, we had a return on average equity of 30.4% during such period. As of December 31, 2016, our net loan portfolio increased by Ps. 11,286.9 million or 59.9% compared to December 31, 2015. Non-performing loans represented 0.59% of our loan portfolio (including our off-balance sheet accounts) as of December 31, 2016. We believe our growth is the result of various factors including our geographic coverage and wide distribution network integrated by our headquarters in Mexico City and twelve regional offices, our industry knowledge and know-how, our efforts on development and innovation to meet customers’ needs, our customer’s loyalty resulting from our personalized service and our effective origination and collections processes, as well as risk mitigation.

The chart below shows our loan portfolio growth for each of the periods indicated, including off-balance sheet accounts:

Portfolio evolution

(Ps\$mmm)



Source: Company public filings.

We believe that our future growth will be supported by a strong loan portfolio pipeline and clearly identified growth sources:



Source: Company information as of March 31, 2017

As of December 31, 2016, we had total assets of Ps. 41,610.3 million (US\$2,007.1 million). For the years ended December 31, 2014, 2015 and 2016, we had consolidated net income of Ps. 482.4 million (US\$23.3 million), Ps. 1,093.5 million (US\$52.7 million) and Ps. 1,210.3 million (US\$58.4 million), respectively. For the years ended December 31, 2014, 2015, and 2016, we had operating results of Ps. 704.8 million (US\$34.0 million), Ps. 1,423.7 million (US\$68.7 million) and Ps. 1,462.1 million (US\$70.5 million), respectively. As of December 31, 2016, our total loan portfolio had a value of Ps. 30,142.0 million (US\$1,453.9 million). As of December 31, 2016, we had a total stockholders' equity of Ps. 5,500.6 million (US\$265.3 million).

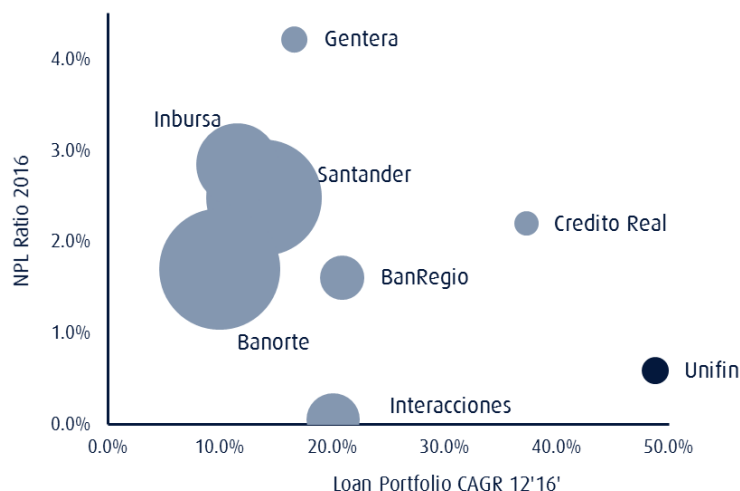
Our Competitive Strengths

We believe that the following key strengths give us an advantage over our competitors and position us to grow our market share in the Mexican operating leasing, financial factoring and auto loans and other lending industries:

Leader in the Mexican Operating Leasing Industry. Since beginning operations in 1993, we have experienced significant growth and have consolidated our position as a leader in the operating leasing industry with an active participation in the Mexican financial industry. According to the latest report published by The Alta Group, we continue to be the leading independent (non-banking) leasing company in Latin America as of November 2015. We believe that our growth and market penetration are primarily a result of our unique business model, which focuses primarily on the continuous development and innovation of our products and financial solutions aimed at meeting our customers' needs; our personalized customer service; our ability to generate demand for our products through our sales efforts supported by our marketing strategies targeted at SMEs and individual business owners; and our efficient credit origination and risk management processes reinforced by advanced information technology

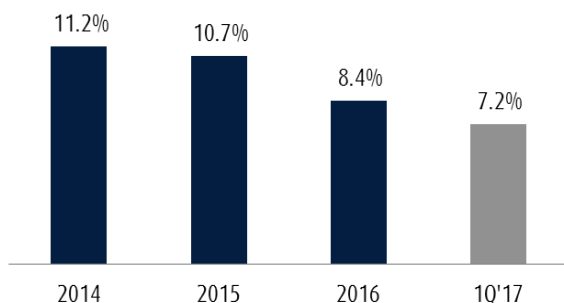
systems. Based on this business model, from 2014 to 2016, we increased our operating volume from our operating leases, financial factoring and auto loans at a CAGR of 72.6%, 36.3% and 151.5%, respectively. For the same period, we had a return on average equity of 33.2%. In addition, as shown in the charts below, we have consistently outperformed the Mexican banking sector in terms of CAGR, performing loans, efficiency and profitability.

Asset quality and growth leader in the industry

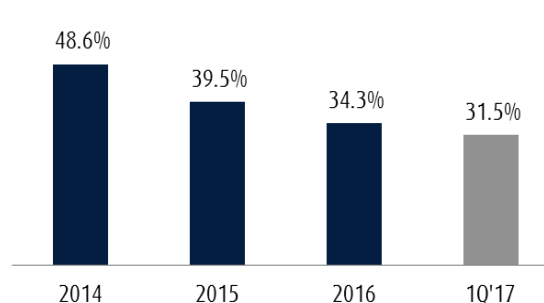


Strong Commercial Structure and an Expanding National Platform. We have a solid commercial structure defined by a highly specialized and capable sales force and an extensive distribution network, comprised of our main office in Mexico City and twelve regional offices located throughout Mexico. Our regional offices are located in the fastest growing geographical areas in Mexico, and our local presence in such markets allows us to obtain detailed knowledge of the specific market needs in order to reach a large number of potential customers. Furthermore, our efficient distribution network affords us a competitive advantage over our competitors by lowering our cost of attracting new customers and improving our profitability through the integration of our business offerings into a single platform. The Mexican states in which we have a physical presence represented in the aggregate 63.1% of Mexico’s GDP, according to INEGI’s latest available information. We have also developed certain business strategies (including advertising and marketing campaigns, market and industry analysis, historical portfolio analysis and forming industry and product specific sales teams) in order to focus our sales efforts on high potential customers and markets with attractive growth opportunities, as identified by these business strategies. Despite the growth of our commercial structure and sales force, we have been able to maintain high levels of operational efficiency and attractive margins, as shown in the charts below.

(Operating expense / total revenues)



(Efficiency ratio⁽¹⁾)



Source: Unifin.

(1) Calculated as operating expenses divided by the sum of net financial margin before provisions plus net fees.

Streamlined Origination Process Supported by Comprehensive Risk Management Policies. Through our extensive experience and expertise, we have expedited our credit approval process, while maintaining our high credit standards, as is demonstrated by the quality of our portfolio. We have implemented standardized administrative procedures that, together with our solid information technology platform, optimize documentation

requirements in connection with leasing and financing requests and renewals. Our origination process is supported by three main pillars: (i) credit rating based on qualitative and quantitative factors, (ii) credit and legal bureau research and (iii) banking and commercial references from our customers. Under our strict credit origination process, a negative result in any of these three categories results in an application's rejection, leading to an average acceptance rate of approximately 38.0% for the year ended December 31, 2016. In addition, our origination process is supported by three specialized credit committees, whose respective responsibilities are based on the amount of the credit analyzed, and who are focused on maintaining credit quality while minimizing response times. We have also implemented a sound risk management system with rigorous policies, processes and procedures, allowing us to efficiently assess credit and operational risks associated with each of our business lines and to respond to potential problems in a timely manner. This risk management system also allows us to comply with internal and legal requirements related to anti-money laundering and personal data protection. In spite of our rapidly growing portfolio and industry leading response times for our customers, our efficient and strict origination process and policies have allowed us to maintain a consistently high quality portfolio with low levels of delinquency.

Effective Collection Process that Results in Low Default Rates. As of December 31, 2016, our non-performing loans accounted for 0.59% of our total portfolio (including our off-balance sheet accounts comprised of non-accrued rent payments) and, during the past five years, our average default rate has been lower than 1.0% (excluding a Ps. 120 million financial factoring account in 2013, which was fully recovered in June 2014). We have developed an efficient collection process that is comprised of both remote and in-person activities, which includes support from an experienced team of collection agents and attorneys allowing us to carefully monitor customer behavior and to take timely and appropriate preventative collection measures. See "Business – Collections" for a detailed description of our collection practices for our operating leasing, financial factoring and auto loans and other lending business lines.

Diversified Customer Portfolio. We offer our products portfolio to a broad and diversified range of customers that operate in different industries, which enables us to effectively manage our exposure to credit risk and market volatility and maintain our rapid portfolio growth. As of December 31, 2016, our top 25 customers accounted for less than 17.0% of our total portfolio, none of which individually accounted for more than 1.2% of our portfolio. Our portfolio is also geographically diversified throughout Mexico.

The following table sets forth the composition of our operating leasing portfolio by economic sector, including off-balance sheet accounts:

	As of December 31,		
	2014	2015	2016
	(in millions of Ps.)		
Economic activity sector			
Commerce.....	932.7	2,319.5	2,446.1
Construction.....	1,739.1	2,457.2	3,681.5
Government	0.0	0.0	0.0
Transportation.....	2,563.2	2,073.6	3,037.4
Services.....	1,361.9	3,137.4	6,783.2
Other	2,183.0	3,678.3	6,062.7
Total.....	8,779.9	13,666.0	22,010.9

The following table sets forth the composition of our financial factoring portfolio by economic sector:

	As of December 31,		
	2014	2015	2016
	(in millions of Ps.)		
Economic activity sector			
Commerce.....	276.2	443.5	490.3
Construction.....	242.2	318.8	540.5
Government	0.0	0.0	0.0
Services.....	531.6	925.2	1,104.5
Transportation.....	65.2	114.4	120.8

Other.....	179.5	324.5	624.4
Total.....	1,294.7	2,126.4	2,880.4

Access to Diversified Sources of Funding. We fund the growth of our operations through lines of credit with Mexican and international banks and governmental development financial institutions, the international and Mexican bond markets and asset-backed securities issued privately and through the BMV. We believe we do not depend significantly on any single financial institution or financing source to fund our operations. As of December 31, 2016, 77.5% of our total indebtedness consisted of long-term debt, of which 57.1% matures between one and three years and 42.9% has a maturity term between three and five years. As of the same date, 64.8% of our total indebtedness was Mexican peso-denominated and 35.2% was U.S. dollar-denominated. As a result of our 2016 international debt issuance of US\$400.0 million, we attained access to an additional source of long-term funding and increased the average maturity of our liabilities and increased our liabilities denominated in U.S. dollars. We have entered into derivative financial transactions to fully hedge potential currency exchange risks in connection with our U.S. dollar-denominated liabilities.

Solid Capital Base to Promote Growth. On May 27, 2015, we completed our initial public equity offering, which consisted of a public offering in Mexico through the BMV, combined with a private share placement with international institutional investors in the U.S. and other locations pursuant to Rule 144A and Regulation S under the Securities Act (the “Initial Public Offering”). The offering consisted of 112,000,000 shares offered at a price of Ps. 28.00 per share, yielding an aggregate value of Ps. 3,136.0 million (US\$151.3 million), plus an additional 16,800,000 shares issued pursuant to the over-allotment option. The Initial Public Offering allowed us to expand our capitalization levels by increasing stockholders’ equity as a percentage of total assets. As of December 31, 2016, our stockholders’ equity was Ps. 5,500.6 million (US\$265.3 million), which represented 13.2% of our total assets. We believe that these capitalization levels will allow us to achieve attractive growth levels in the following years.

Market Knowledge, Experienced Management Team, Board and Shareholder Support. We believe that our 24 years of experience in the leasing, financial factoring and lending industries, together with our management’s experience in these sectors, provide us with extensive knowledge and understanding of the products and services we offer, which has given us a competitive advantage over our competitors. Our board of directors and management team have broad experience in the financial services industry, having held former positions with banking institutions as well as with operating leasing, financial factoring, insurance and other lending institutions. The continuing support of our shareholders has also been a significant factor contributing to our sustained growth. We believe that our management team, board of directors and controlling shareholder and their knowledge, experience and support are key differentiating advantages of the Company. Our controlling shareholder directly or indirectly holds more than 60.0% of our capital stock.

Adherence to Strong Corporate Governance and Industry Best Practices. We have historically issued debt and equity securities through public offerings in Mexico under the supervision of the CNBV, which requires us to comply with high standards of corporate governance, reporting and other regulations as a publicly traded corporation (*sociedad anónima bursátil*). We believe that this distinguishes us from other non-banking and privately held competitors and fosters a high degree of trust among our customers and investors. Our board of directors is currently comprised of 50% independent directors, and we have established an audit and corporate practices committee, comprised entirely of independent members. We also maintain, among others, credit and risk committees that comply substantially with the standards of the financial industry in Mexico.

Operating Platform that Presents Significant Barriers to Entry for New Market Participants. We believe our operating platform has created unique barriers to entry for potential competitors. These barriers include: (i) experience and expertise – we have obtained a unique understanding of the leasing, financial factoring and lending industries in Mexico and of our customers’ needs, which has allowed us to develop a diversified portfolio; (ii) personalized customer service along with expedite response times – we have created a culture of customer excellence in terms of our service and the quality of our products, as demonstrated by our customers’ loyalty; (iii) capital, access to funding and profitability – in addition to the high capitalization requirements necessary to provide leasing services, we have been successful in sustaining sufficient and diverse financing sources and our profitability profile has allowed us to maintain sustained growth; and (iv) advanced technological systems – we have developed and continue to develop advanced technology systems to support our growth and improve our operational and risk management processes.

Our Business Strategy

Our business strategy is to leverage our competitive strengths and operating efficiency in order to maintain our portfolio growth while increasing our profitability and our product market share. We plan to continue pursuing our business strategy by doing the following:

Maintaining our Leading Position in the Operating Leasing Market and thus Increasing our Participation in the Mexican Financing Market. We believe that the Mexican leasing market offers attractive growth potential. According to the latest information available from the World Bank and the World Leasing Yearbook published in 2016, as of 2014, annual leasing origination represented 0.04% of Mexico's GDP, relative to 0.83% in Chile, 0.15% in Brazil and 1.09% in Colombia. Furthermore, according to the latest available information published by the INEGI, as of December 31, 2014, SMEs in Mexico generated approximately 72.0% of formal jobs in Mexico, while according to CNBV, as of December 31, 2016 only 25.0% of SMEs had access to bank loans during 2016. In light of the current state of the financial industry in Mexico, we will continue to capitalize on our leading market position in the Mexican leasing sector and on our knowledge and experience in the financial industry and to invest in the development of products and marketing strategies, in order to grow our business. We plan to continue to expand our operating leasing business by increasing our participation in the underserved SME segment by offering financial solutions specifically tailored for such segment. In our financial factoring business line, we intend to increase our market share by expanding our sales force specialized in factoring and by taking advantage of the expected growth of certain economic sectors, such as retail, infrastructure and energy, to provide factoring solutions to service providers, contractors and other participants in such industries. We plan to capture additional market share in our auto loans and other lending business line by strengthening our existing strategic alliances with car dealers and by increasing our sales and marketing efforts regionally through our local offices. We also intend to support the growth of our three business lines by establishing and opening additional regional offices.

Pursuing Cross-Selling Opportunities. We intend to increase our market share and profitability by cross-selling our current products and services to existing and new customers. The loyalty of our customer base, as a result of the quality of our services, as well as our constant monitoring of the financial condition and business projections of our customers, represents an opportunity for us to offer our current customers additional products aiming to meet their growth and capital needs. As of December 31, 2016, only 9.5% of our customers had purchased two or more of our products, which we believe provides us with an opportunity to grow through additional cross-selling of our products and services.

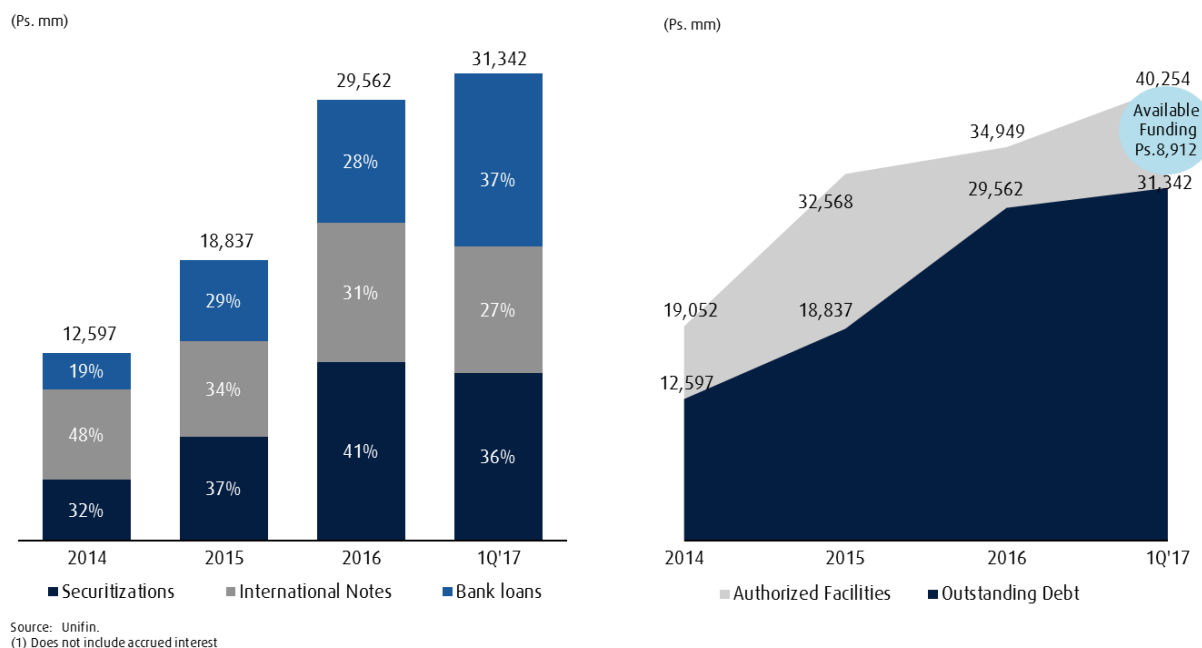
Focusing on Improving Operating Efficiencies. We are committed to maintaining our cost discipline and improving our operating efficiency as we continue to expand our portfolio. We believe that an efficient management of our administrative expenses will allow us to increase our competitiveness and profitability. We continuously analyze and implement technological and business solutions to identify the most efficient means for improving our credit and other internal processes, in order to increase our profitability. Through these initiatives, we intend to continue to increase our operating efficiency and financial condition.

Identifying and Pursuing Business Opportunities in Economic Sectors with High Expected Growth. We have invested significant resources in identifying potential clients and underserved markets and we plan to invest in order to focus our efforts on the economic sectors that are expected to have significant levels of growth, such as medium-sized enterprises and other sectors expected to benefit from the implementation of government-sponsored programs.

Maintaining Customer Loyalty and Developing New Customer Relationships. We are committed to generating customer loyalty, maintaining high standards of service quality and offering our customers financial solutions that meet their capital requirements. We intend to reach new customers through our existing distribution network and by opening new regional offices while strengthening our sales efforts targeted at potential customers identified by analyzing economic and industry data.

Maintaining a Solid Balance between our Loan Portfolio and our Indebtedness. We intend to continue to maintain a sound balance between the terms of our financial indebtedness, including interest rates, currency and maturity, and those of our loan portfolio, thereby reducing credit risks. Our leases have an average term of 35 months and our factoring operations have an average term of 79 days in comparison to our principal financial liabilities for which the maturity ranges between three and five years with an average term of 44 months. We strive

to match the average term of our financial obligations with our portfolio in order to reduce credit risks. Additionally, we will continue to maintain diverse funding sources in order to avoid risks associated with obtaining financing from a limited number of creditors. The chart below shows the maturity profile of our outstanding debt for the periods shown.



Our available funding in the chart above includes approximately Ps. \$300.0 million related to financing transactions approved by our Board of Directors which are currently under negotiation by the Company.

Our History

We are organized as a non-regulated multiple purpose financial company in the form of a publicly traded company with variable capital stock (*sociedad anónima bursátil de capital variable, sociedad financiera de objeto múltiple, entidad no regulada*) under the laws of Mexico. We were incorporated in 1993 under the corporate name Arrendadora Axis, S.A. de C.V. In 1996, we changed our corporate name to Arrendadora Unifin, S.A. de C.V. By resolution of our shareholders adopted on September 27, 2006, we amended our by-laws in order to become organized as a *Sofom Entidad No Regulada*. In 2009, we changed our corporate name again to Unifin Financiera, S.A. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada. By the unanimous resolutions of our shareholders dated October 1, 2009, we became a *sociedad anónima promotora de inversion*, regulated by the applicable provisions of the Mexican Securities Market Law, the Mexican General Corporations Law and the GLACOA. In accordance with the resolutions adopted by our shareholders meetings dated February 26, 2015, April 13, 2015 and the unanimous resolutions adopted by our shareholders on May 7, 2015, we adopted the form of a publicly traded variable capital stock corporation (*sociedad anónima bursátil de capital variable*), amended our by-laws and changed our name to the current name of Unifin Financiera, S.A.B. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada.

In 2000, we initiated a process for the adoption of internal control, operations and corporate governance standards which involved several changes within the Company, including hiring new personnel, changing external auditors, making strong investments in information technology, improving internal processes and adding independent directors with strong expertise in the financial industry to our board of directors. All of these changes permitted us to access new sources of funding through the BMV by issuing debt and asset-backed securities, as well as other financings obtained from international and domestic financial institutions.

On October 3, 2008, we created Fundación Unifin, A.C. (“Fundación Unifin”). Through Fundación Unifin, we donate a portion of our profits to various non-profit organizations in Mexico to support education, health, people with physical and learning disabilities and organizations engaged in improving the Mexican community.

On October 22, 2009, we formed Unifin Factoring, S.A. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada as a wholly owned subsidiary, which is engaged in the factoring and credit businesses. Pursuant to resolutions approved during a shareholders' meeting held on October 18, 2011, Unifin Factoring changed its corporate name to Unifin Credit, S.A. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada, its current corporate name.

On November 3, 2009, we purchased 99.99% of the shares of Unifin Autos, S.A. de C.V., a company incorporated on November 31, 2003, engaged in the purchase and sale of vehicles and other assets ("Unifin Autos").

In 2009, Promecap, S.A. de C.V. and Análisis y Ejecución de Proyectos San Luis, S.A. de C.V. acquired through share subscription 20.0% of our capital stock.

On April 13, 2015, the general extraordinary shareholders meeting of the Issuer approved the merger of Unifin Capital, our controlling shareholder at the time, into the Issuer with the Issuer continuing as the surviving entity. The merger became effective on April 30, 2015. As a result of this merger, the shareholders of Unifin Capital received equity originally owned by Unifin Capital.

On May 27, 2015, we completed our initial public equity offering, which consisted of a primary and secondary public offering in Mexico through the Mexican Stock Exchange, combined with a private share placement with international institutional investors in the U.S. and other locations pursuant to Rule 144A and Regulation S under the Securities Act. The offering consisted of 112,000,000 shares offered at a price of Ps. 28.00 per share, yielding an aggregate value of Ps. 3,136.0 million (US\$151.3 million), plus an additional 16,800,000 shares issued pursuant to the over-allotment option. As a result of the offering, which was oversubscribed by seven times, our shares began trading on the Mexican Stock Exchange under the ticker symbol "UNIFIN." After completion of our initial public offering, Promecap, S.A. de C.V. and Análisis y Ejecución de Proyectos San Luis S.A. de C.V. ceased to be our shareholders.

Industry Overview

We believe that the prospects of the Mexican economy represent an attractive opportunity for us to continue to grow our business and to sustain our consistent past performance. We also believe that we are well positioned to take advantage of these opportunities presented by the Mexican economy. Furthermore, the fundamentally sound Mexican financial system and the Mexican government's plan for infrastructure developments in the coming years each further enhance the outlook for our operating leasing, financial factoring and auto loans and other lending business lines.

Strong Macroeconomic Environment. Mexico is the second largest market in Latin America in terms of GDP and population. Mexico's GDP is expected to grow 1.6% in 2017 and 2.1% in 2018, according to analyst consensus published by Bloomberg, which compares favorably not only to the region, but also relative to other developed markets. Mexico has maintained its balance of international reserves within a range over the last twelve months of US\$176.5 – US\$176.7 billion. As of December 31, 2016, Mexico's long-term foreign currency rating stands at A3, BBB+ and BBB+, by Moody's Investors Service, Inc., Fitch, Inc. and Standard & Poor's, respectively.

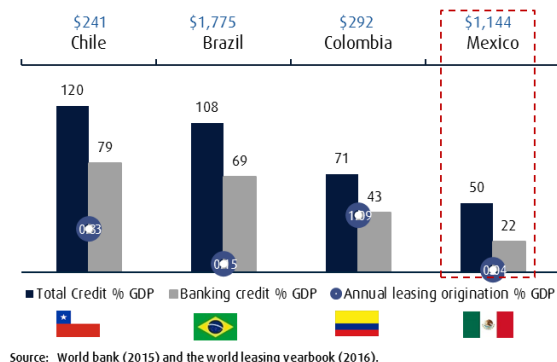
Low National Credit Penetration. Mexico's capacity for the sustainable growth of the financial services industry is enhanced by the low levels of credit penetration relative to other markets in the region. According to the latest information available from the local regulators, as of December 31, 2016, commercial loans represented 13.3% of Mexico's GDP, relative to 52.8% in Chile, 23.4% in Brazil, 26.8% in Peru and 29.4% in Colombia. We believe this represents an important growth opportunity for us and the institutions in the financial services industry.

In addition, in terms of operating lease product penetration, Mexico has one of the lowest levels as a percentage of GDP relative to other markets in the region. According to the most recent information available from the World Bank and the World Leasing Yearbook published in 2016, as of December 31, 2014, annual leasing origination represented 0.04% of Mexico's GDP, relative to 0.83% in Chile, 0.15% in Brazil and 1.09% in Colombia. We believe this represents an important opportunity to expand our offerings of operating lease products, which we believe will provide an important additional financial product to our customers.

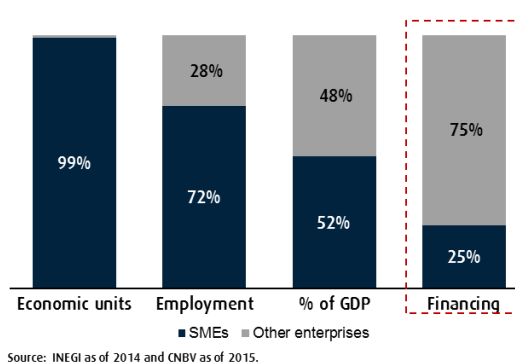
Developing SME Sector. Within Mexico's overall market, SMEs represent a growing share in the market but remain significantly underserved with respect to access to financial services relative to their scale. According to the latest available information published by the Mexican Ministry of Economy (*Secretaría de Economía*), as of

December 31, 2014, SMEs represented 99% of all Mexican enterprises, and were responsible for 52% of Mexico's GDP and employed approximately 72% of Mexico's formal jobs. Notwithstanding these facts, SMEs only received 25% of the country's financing as of December 31, 2016, according to the CNBV.

Corporations are still underserved in Mexico...



...driven by the underrepresented SME segment



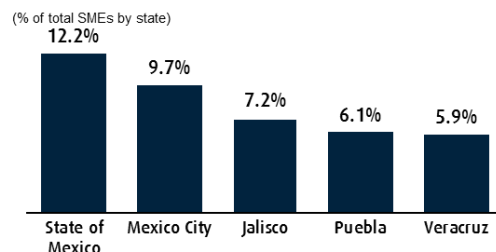
The concentration of these SMEs in selected Mexican states also represents an attractive opportunity to serve these customers with a targeted approach. According to the Mexican Institute of Statistics and Geography (*Instituto Nacional de Estadística y Geografía* or "INEGI"), 57.6% of the SMEs in Mexico are located in regions in which we have a physical presence.

Targeted, growing presence in Mexico's key commercial centers with virtual presence in the whole country



The regions in which Unifin has physical presence represent 63.1% of Mexico's 2014 GDP and 57.6% of the total SMEs...

...additionally, Unifin's presence includes 5 of the top 5 regions in number of SMEs



The Mexican Leasing Market

The Mexican operating lease industry is highly fragmented with only a few sizable players. Our main competition is as follows:






- international players including, among others, CHG-MERIDIAN, Deutsche Computer Leasing AG and CSI Leasing Inc.;
- players related to diversified financial groups including, among others, BBVA Leasing, S.A. de C.V., Arrendadora y Factor Banorte, S.A. de C.V., SOFOM, E.R., Grupo Financiero Banorte, Arrendadora Actinver, S.A. de C.V., AF Banregio, S.A. de C.V., SOFOM, E.R., Banregio Grupo Financiero,

Arrendadora Ve por Más, S.A. de C.V., SOFOM, E.R., Grupo Financiero Ve por Más and Invex Arrendadora, S.A. de C.V.;

- players related to specific brands including, among others, Volkswagen Leasing, S.A. de C.V., Caterpillar Crédito, S.A. de C.V., SOFOM, E.N.R., Hewlett Packard Operations México, S. de R.L. de C.V., GM Financiamiento de México, S.A. de C.V., SOFOM, E.N.R., Paccar Financiamiento México, S.A. de C.V., SOFOM, E.N.R., Navistar Financiamiento, S.A. de C.V., SOFOM, E.N.R., Daimler Financiamiento Services, S.A. de C.V., SOFOM, E.N.R. and NR Finance México, S.A. de C.V.; and
- other independent players including, among others, ABC Leasing, S.A. de C.V., Magna Arrendadora, S.A. de C.V., Arrendomóvil de México, S.A. de C.V., Docuformas, S.A.P.I. de C.V., Corporación Financiera Atlas, S.A. de C.V., SOFOM, E.N.R., Financiera Bepensa, S.A. de C.V., SOFOM, E.N.R., Engencap Fin, S.A. de C.V., SOFOM, E.N.R. and TIP de México, S.A.P.I. de C.V.

We believe that we are the leading independent (non-bank) leasing company in Latin America. The following table presents the market position of the top independent lease providers in Latin America, as published by the last Alta LAR 100 report by The Alta Group in November 2015:

Unifin ranked among the top players in Mexico and LatAm

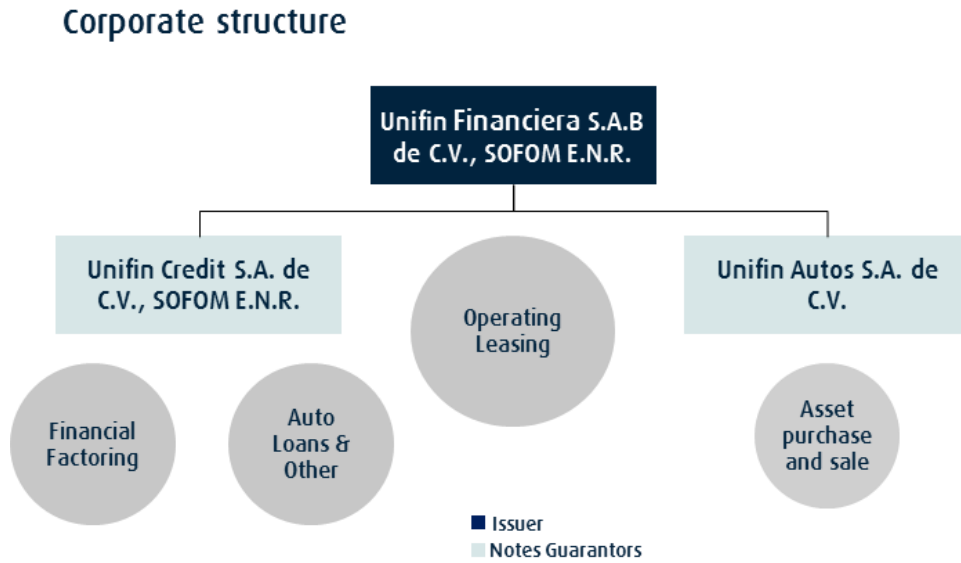
Company	Independent LatAm Rank	Country
Unifin	1	
CHG Meridian México	2	
CSI Leasing de México	3	
ATC Sitios Infra co S.A.S	4	
Operadora Mega S.A. de C.V	5	

Source: The Alta Group, as of 2015.

Our Business Lines

We conduct our operating leasing, auto loans for individuals and other lending operations through Unifin. Our financial factoring business and auto loans to legal entities and credit business are conducted through our subsidiary, Unifin Credit. Unifin Autos retains our auto purchases and sales business.

The following chart summarizes our corporate structure as of the date of this offering memorandum, including our principal subsidiaries and business lines:



Unifin has a minority stake in Unifin, Agente de Seguros y de Fianzas, S.A. de C.V., which is engaged in the insurance brokerage business.

The following table summarizes the main terms by which we operate our three business lines – operating leasing, financial factoring and auto loans and other lending:

	OPERATING LEASING	FINANCIAL FACTORING	AUTO AND OTHER LOANS
PROSPECTIVE CUSTOMERS:	Individuals with business activities and medium-sized businesses	Individuals with business activities and medium-sized businesses	Individuals with business activities and medium-sized businesses
CREDIT TYPES:	Operating leasing	Factoring with direct collection Factoring with assigned collection Vendor factoring	Primarily auto loans
USE OF PROCEEDS:	Equipment, machinery, transportation (including automobiles, trucks, helicopters, planes and ships) and other assets in a variety of industries	Working capital	Vehicles
INTEREST RATE:	Between 18.0% and 25.0% fixed	Min: TIIE + 14.5 % Max: TIIE + 21.0%	Between 14.0% and 18.0% fixed
AMOUNT:	Between Ps. 100,000 and Ps. 150,000,000	Between Ps. 500,000 and Ps. 150,000,000	Between Ps. 50,000 and 80.0% of the value of the vehicle
PERIOD:	12 to 48 months	8 days to 180 days	12 to 60 months
COMMISSION:	Between 1.0% and 3.0% of the loan	0.5%, up to 1.5% of the total amount, per month term	12 to 48 month-loans: 2% 60 month-loans: 3%
COLLATERAL:	Personal and corporate guarantees. Upon credit committee request, in equipment and machinery (except transport equipment) transactions exceeding Ps. 5 million, collateral on real property	Assignment of loan documentation (invoices, receipts, among others), guarantees and, upon credit committee request, collateral on real property	Personal guarantees and collateral

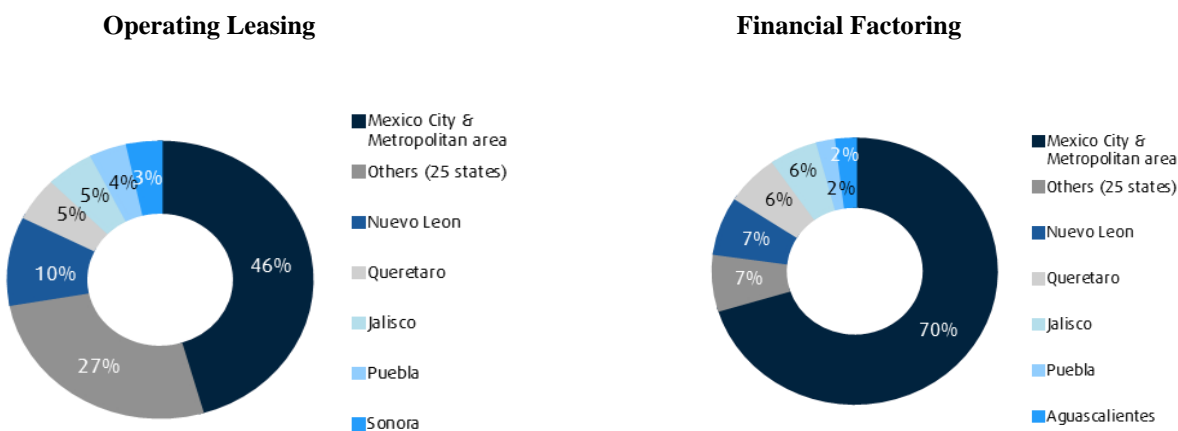
The following charts reflect the size of each of our business lines with respect to our total portfolio and as a percentage of our income as of December 31, 2014, 2015 and 2016:

	As of December 31, 2014		As of December 31, 2015		As of December 31, 2016	
	(in millions of Ps., except for percentages)					
Operating Leasing ⁽¹⁾	8,779.9	76.4%	13,666.0	72.5%	22,010.9	73.0%
Financial Factoring	1,294.7	11.3%	2,126.4	11.3%	2,880.4	9.6%
Auto Loans and Other Lending.....	1,413.7	12.3%	3,062.7	16.2%	5,250.7	17.4%
Total.....	11,488.3	100.0%	18,855.1	100.0%	30,142.0	100%

⁽¹⁾ Including off - balance sheet accounts.

	As of December 31, 2014		As of December 31, 2015		As of December 31, 2016	
	(in millions of Ps., except for percentages)					
Operating Leasing	4,296.6	95.4%	5,939.5	90.8%	8,452.7	89.1%
Financial Factoring	99.6	2.2%	322.6	4.9%	497.6	5.2%
Auto Loans and Other Lending.....	108.4	2.4%	283.6	4.3%	535.3	5.6%
Total.....	4,504.6	100.0%	6,545.7	100.0%	9,485.6	100.0%

The charts below show the geographic distribution of our leasing and financial factoring businesses as of December 31, 2016:



Leasing Business Overview

We are engaged in operating leasing where we, as lessor, allow the temporary use and enjoyment of machinery, equipment, transportation vehicles (including automobiles, trucks, helicopters, planes and ships) and other assets in a variety of industries to individuals and legal entities, as lessees, in return for, among other things, rental payments, guarantee deposits and the lessees' assumption of certain costs and obligations related with the upkeep and maintenance of the leased asset such as insurance and tax payments. We recognize depreciation on the asset and retain the risks of ownership, including obsolescence. In addition, we derive part of our income from lease renewals and the sale of leased equipment at the end of the lease term.

Our customer base is comprised of individuals carrying out business activities in Mexico and medium-sized companies. The term of our lease products ranges from 12 to 48 months with an average maturity of 35 months.

Our leasing business accounted for 73.0% of our total portfolio and 89.1% of our total revenues for the year ended December 31, 2016.

Operating Leases by Industry

The following table sets forth the composition by industry of our leasing customers, including off-balance sheet accounts:

	As of December 31,		
	2014	2015	2016
Economic Sector:	(in millions of Ps.)		
Commerce.....	932.7	2,319.5	2,446.1
Construction.....	1,739.1	2,457.2	3,681.5
Government	0.0	0.0	0.0
Services.....	2,563.2	2,073.6	3,037.4
Transportation.....	1,361.9	3,137.4	6,783.2
Others.....	2,183.0	3,678.3	6,062.7
Total.....	8,779.9	13,666.0	22,010.9

Operating Leases Data

The following table sets forth the number of our operating lease customers, portfolio and average loans for the periods indicated, including off-balance sheet accounts:

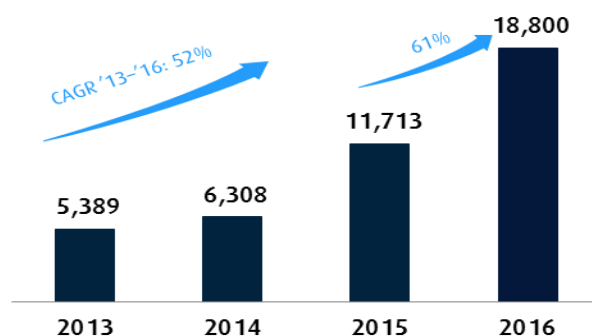
As of	Customers	Portfolio	Average Loans
	(thousands)	(in millions of Ps.)	
December 31, 2014.....	1.6	8,779.9	5.9
December 31, 2015.....	2.1	13,666.0	6.5
December 31, 2016.....	2.6	22,010.9	8.3

Operating Leases by Type of Asset

The following table sets forth our leasing products portfolio by type of asset, for the periods indicated, including off-balance sheet accounts:

	As of December 31,		
	2014	2015	2016
	(in millions of Ps.)		
Boats.....	319.2	555.2	822.2
IT equipment	206.8	216.9	515.9
Medical equipment	72.4	115.0	424.5
Transportation.....	2,445.4	3,495.3	6,297.0
Machinery.....	3,602.6	5,780.5	8,150.2
Others	2,133.5	3,503.1	5,801.1
Total.....	8,779.9	13,666.0	22,010.9

The following chart represents the growth of originations in our operating leasing business line originated from 2013 to 2016, in millions of pesos:



Financial Factoring

Business Overview

Through our financial factoring business line, we acquire accounts receivables from individuals and legal entities, at a discount to their face value. Within our financial factoring line, we offer three products: (i) factoring with direct collection, where we collect the accounts receivables from the debtor; (ii) factoring with delegated collection, where our customer is obligated to collect payments from the relevant debtor and has to further deliver such amounts collected to us in a timely manner; and (iii) vendor factoring, in which we purchase from suppliers our customers' accounts receivable. All of our financial factoring transactions require our customers to remain jointly and severally liable with respect to the debtor's payment obligations. Our financial factoring business accounted for 5.2% of our revenues for the year ended December 31, 2016.

Financial Factoring Operations, Current and Non-Current

The following table sets forth our portfolio balance derived from our financial factoring activities:

	As of December 31,		
	2014	2015	2016
Financial factoring portfolio balance	1,294.7	2,126.4	2,880.4
Allowance for loan losses of factoring transactions	(10.1)	(5.8)	(12.3)
Financial factoring portfolio balance – net	1,284.6	2,120.6	2,868.1

Financial Factoring Loans Data

The following table sets forth our portfolio balance related to our financial factoring loans and the number of financial factoring customers for the periods indicated:

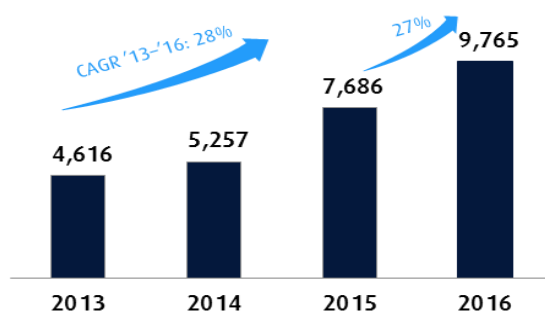
As of	Portfolio Balance	Number of Customers
	(in millions of Ps.)	
December 31, 2014.....	1,294.7	303
December 31, 2015.....	2,126.4	450
December 31, 2016.....	2,880.4	767

Financial Factoring Portfolio by Economic Activity

The following table presents the financial factoring portfolio broken out by economic sector showing our concentration of credit risk:

	As of December 31,		
	2014	2015	2016
Economic sector			
Commerce	276.2	443.5	490.3
Construction	242.2	318.8	540.5
Government.....	0.0	0.0	-
Services	531.6	925.2	1,104.5
Transport	65.2	114.4	120.8
Other	179.5	324.5	624.3
Total	1,294.7	2,126.4	2,880.4

The following chart represents the growth of our financial factoring business volume from 2013 to 2016, for volume traded, in millions of pesos:

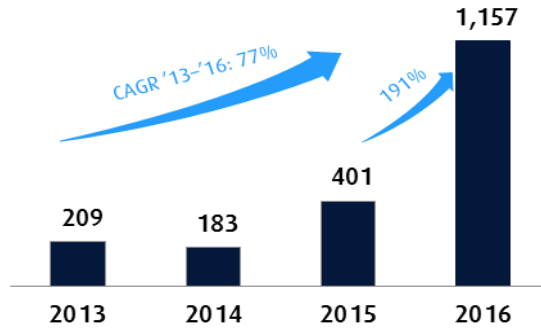


Auto Loans and Other Lending

Business Overview

Our auto and other loans business accounted for 5.6% of our total revenues for the year ended December 31, 2016. We provide auto financing for up to 80.0% of the value of the vehicle for a term of 12 to 60 months. This product is targeted at purchasers of new or used vehicles for personal or commercial use.

The following chart represents the growth of the amount of auto loans originated (excluding other lending) from 2013 to 2016, in millions of pesos:



Distribution Channels

Our corporate headquarters are located in Mexico City and we currently have regional offices in Monterrey, Guadalajara, Cancún, Chihuahua, Puebla, Hermosillo, Querétaro, Mérida, Veracruz, Toluca, San Luis Potosí and León. According to the INEGI, the regions in which we have a physical presence represented 63.1% of Mexico’s GDP and 57.6% of the total number of SMEs, as of 2014.

We provide our leasing and financial factoring products through the following distribution channels:

(i) direct contact with potential and recurrent customers; (ii) customer referrals; and (iii) marketing efforts.

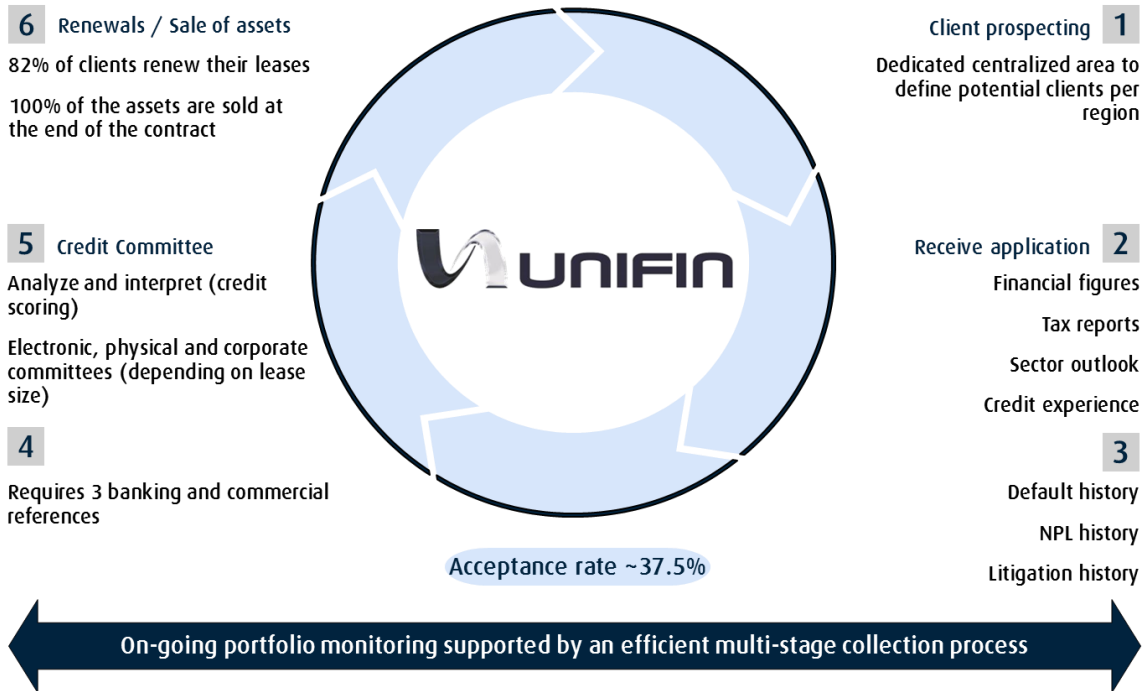
- *Direct Contact with Potential and Recurrent Customers:* We identify potential customers from analyzing economic industry or sector-specific information developed or obtained from various sources including industry chambers, other organizations, data providers and networking events. Our sales representatives contact such potential customers by various means, including in-person visits, telephone calls and direct electronic mailing. Our sales team is also focused on maintaining constant contact with long-term customers, aiming to preserve our business relationship with such customers.
- *Customer Referrals:* We market our services to customers referenced directly by other customers, suppliers or business partners.
- *Marketing Efforts:* We have developed a strong, diversified and targeted marketing strategy, which allows us to market our services to specific customers. Such strategy includes printed advertising (including magazines, newspapers, brochures, fliers, etc.), billboards, radio advertising and trade shows and other events.

Our operating leasing and auto loans and other lending businesses are offered through dealers with whom we maintain strategic business alliances. We currently maintain business relationships with more than 2,200 car dealers, through which we offer our auto financing and leasing services to their respective customers.

Credit Application and Approval Processes

Our application and approval processes have been designed to minimize operating costs and time, as well as to effectively manage risk. These processes leverage an advanced technology platform in which we constantly make significant investments. The following graphic illustrates the efficient process that we use to analyze and approve credit requests:

Streamlined origination process with robust credit risk management practices



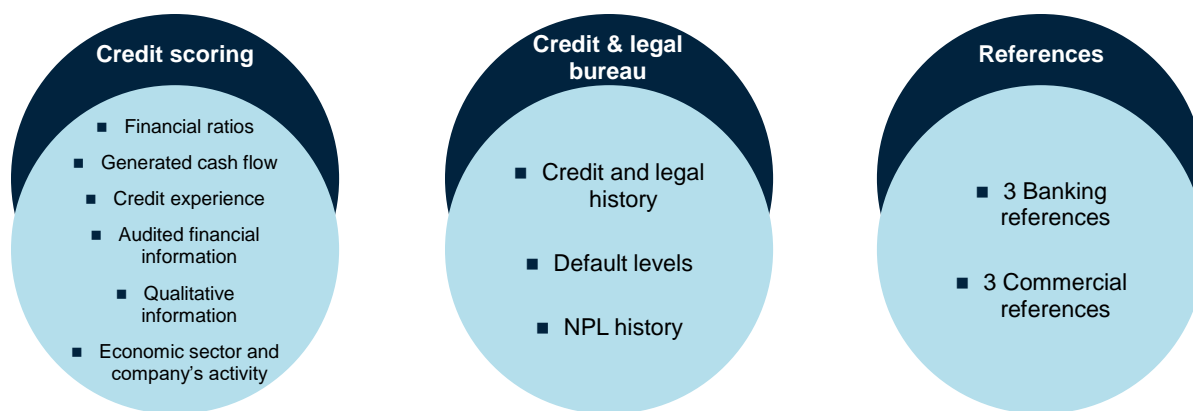
The application and approval processes for the products of our leasing and financial factoring business lines are similar. Applications are evaluated by the credit risk office and, depending on the amount being financed the application may be approved by one or more of our credit committee members through an electronic platform, by our credit committee or by our corporate credit committee. Once financing is approved, our customers must sign a master agreement with our general financing terms and conditions.

The following represents our authorization policy for our leasing and financial factoring business lines:

- Loans of up to Ps. 5.0 million are authorized by one or more of our credit committee members through an e-platform. Such authorizations are granted based on our internal policies on corporate signing and delegation of authorities.
- Loans ranging from Ps. 5.0 million to Ps. 150.0 million need to be authorized by a majority of our credit committee, which meets two times per week.
- Loans exceeding Ps. 150.0 million need to be approved by a majority of our corporate credit committee with previous recommendation from the credit committee.

During the approval process, we employ a scoring system for leasing, financial factoring and credit applications which is evaluated periodically against our credit policies and business objectives. The scoring methodology assigns specific weights to key variables such as financial evaluation and customer productivity, and then converts these variables into a rating, which allows us to approve or reject loan disbursement applications more accurately. All documentation received from an applicant is digitalized and sent to our operations center for uploading into our proprietary computing system. This allows our sales force to focus on their core objective, which is to attract new customers, reducing the time to approve loan disbursement applications and minimizing errors in data inputting.

The following chart summarizes our scoring process, comprised of three key elements: (i) credit scoring; (ii) results of credit and legal bureaus; and (iii) bank and commercial references:



We believe that our origination process and credit policies and procedures have enabled us to maintain historically low default rates on our portfolio.

Collections

We have a sophisticated web-based platform that allows us to constantly monitor our loan portfolio performance both on an aggregate and individual level. We actively monitor performance trends to manage risk and endeavor to take preemptive actions when required. See “—Information Technology.”

We have developed an advanced collection process comprised of both remote and in-person activities, supported by an experienced team of collection agents and attorneys. We act promptly upon a customer default by means of our call center and teams of collectors.

Leasing

The following is a description of our collection method for our operating leasing business:

- We initiate our collecting process for our leases five business days prior to the payment date by sending an automatic electronic reminder to our customers.
- Next, we apply the funds received on the due date and the next business day as a result of the collection process.
- During a period of two to seven days following the maturity date of any lease payment, an initial collection team engages in actions to collect payments, consisting primarily of electronic reminders.
- During a period of eight to 30 days following the maturity date, a second team pursues collection efforts through our call center and through electronic reminders, logging the results.
- During the period of 31 to 60 days following the maturity date, a third team engages in actions to collect payments, including visits to the customer and/or relevant debtor, delivering formal payment requests.
- During the period of 61 to 90 days following the maturity date, a work-out team pursues intensive collection efforts, which include preparing for a possible judicial proceeding. During this stage, the work-out team delivers payment notices to the debtor, guarantor and/or joint obligor and depository before a notary public.
- If the lease remains past due for more than 90 days, we begin judicial proceedings.

With respect to our leasing portfolio, our leasing contracts provide for the appointment of a depository who is responsible for the delivery of the leased assets upon default, which has contributed to the timely collection of accounts.

Allowances for losses are accrued based on the accounting criteria of the CNBV. See “—Allowance for Loan Losses.”

Financial Factoring

We have similar collection processes for the different products offered under our financial factoring business line. When we analyze potential factoring transactions, we compile a file for each customer and their corresponding debtor.

The following is a description of our collection method for our financial factoring business:

- On the first day of each month, we notify each customer via email specifying the accounts receivable that will expire during the month.
- One day before maturity customers receive a second notice regarding the amount due.
- We initiate our collection process upon maturity of the invoices or receivables acquired on any factoring transaction and for a period of 15 days by contacting our customers and/or the relevant debtors by mobile phone text messages, telephone calls, regular mail, or email, and by in-person visits to their home or place of employment.
- In cases where accounts receivables are delinquent for more than 15 days, a second team initiates extrajudicial collection processes, including visits to the customer and/or relevant debtor, delivering formal payment requests.
- If any invoices or receivables remain past due for more than 30 days, we deliver a notice of default, by means of a Mexican notary public, to the customers and/or the relevant debtor, thereby formally requiring payment.
- If any invoices or receivables remain past due for more than 60 days, we may begin judicial proceedings.

Allowances for losses are accrued based on the accounting criteria of the CNBV. See “—Allowance for Loan Losses.”

Loans

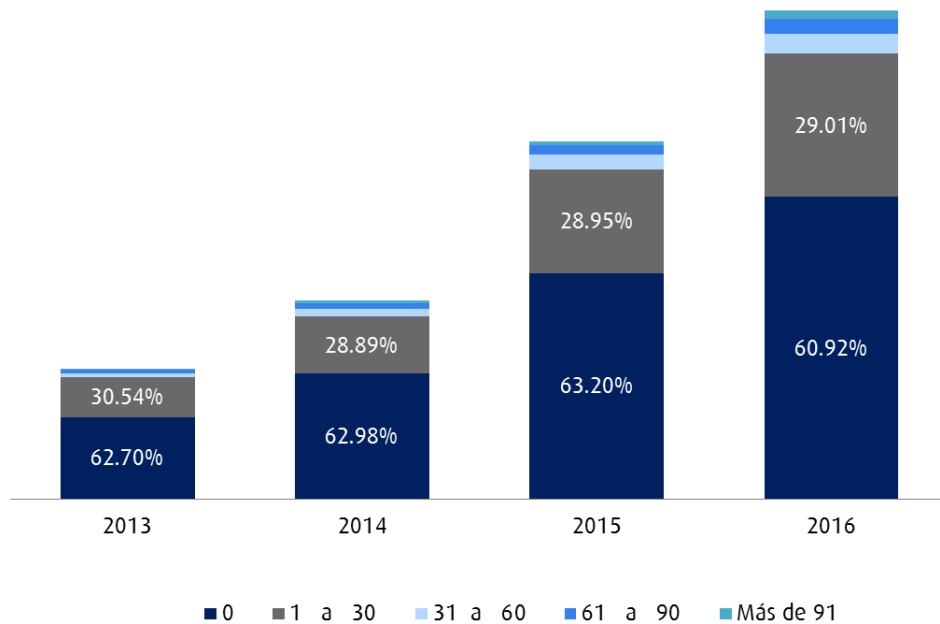
Substantially all of our loans are paid by means of direct debit. If we do not obtain payment by direct debit, we initiate a collection process in the same manner as described for our leasing business.

Portfolio Performance

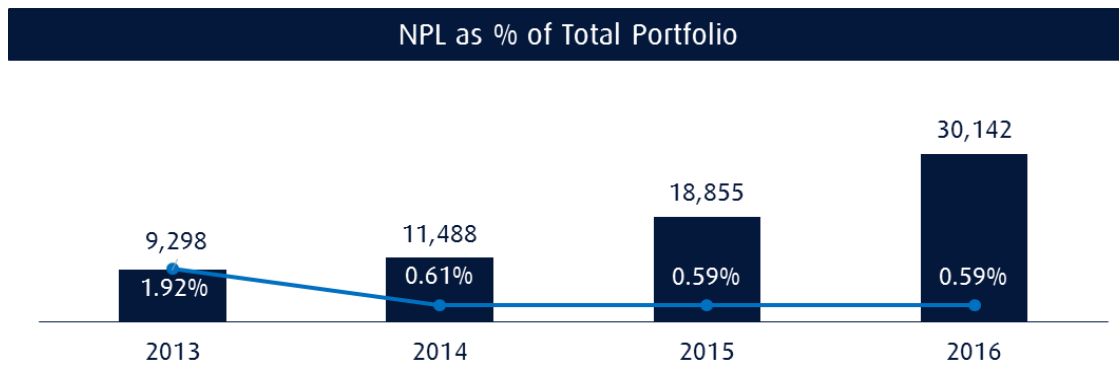
During the past four years, our average delinquency rate has been lower than 1.0%. As of December 31, 2014, 2015 and 2016, our non-performing loans accounted for 0.61%, 0.59% and 0.59%, respectively, of our total loan portfolio, including off-balance sheet accounts. As of March 31, 2017, our non-performing loans accounted for 0.69% of our total portfolio, including off-balance sheet accounts.

The following chart shows our historical non-performing loans ratio as compared to our total portfolio:

Collection History (as a percentage of the lease portfolio)



Non-Performing Loans (as a percentage of the total portfolio)



As shown in the charts above, our non-performing loan rate increased in 2013. This increase was a result of a default by one of our customers, under its factoring and leasing obligations. The recovery in full of this account took place in June 2014.

Risk Management

Credit Risk

Credit risk is the possibility of a loss arising from a credit event, such as deterioration in the financial condition of a borrower, which causes an asset to lose value. The purpose of credit risk management is to mitigate risk, keeping credit risk exposure within a permissible level relative to capital; to maintain the soundness of assets; and to ensure returns commensurate with risk. Our current credit policy sets forth uniform and basic operating concepts, code of conduct and standards for credit operations. By giving our employees extensive credit training,

we aim to achieve a high standard of credit risk management and to create a better credit management culture within the Company.

We have developed and refined our own proprietary underwriting standards and credit review system. In addition to relying on quantitative measures, we also rely on qualitative measures that allow us to make use of our knowledge and experience in evaluating credit risk on a case-by-case basis. We believe our risk analysis systems allow us to make better credit decisions when evaluating credit applications from customers with limited credit histories or customers who work in the informal economy. We believe that our business model limits our credit exposure to credit risk.

As part of our ongoing process to monitor risks, we monitor the credit collection process, which is the most important element in our credit process. We analyze, evaluate and monitor every loan. Special attention is paid to non-performing loans, and stricter measures are used to monitor these loans.

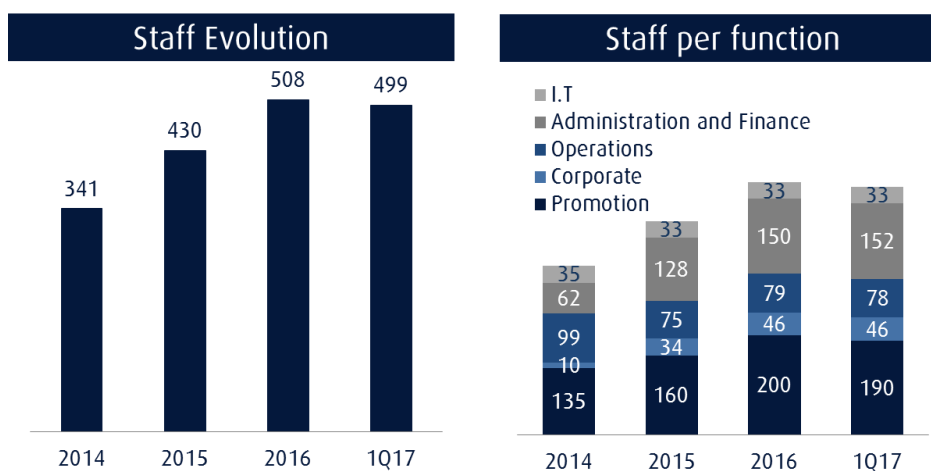
Operational Risk

Operational risk is defined as the possibility of loss caused by internal or external failures due to insufficiencies in processes, people or systems. In order to address the risk type, as well as internal control, we have an internal audit team, which has developed an operating risk management methodology and framework based on Basel II, COSO II (Committee of Sponsoring Organizations of the Treadway Commission) and Enterprise Risk Management (ERM), which allows us to identify, analyze, quantify and prioritize possible loss events. This also allows us to establish the proper actions to mitigate, transfer or assume operating risks, and to monitor, control and register risks in a standardized manner.

Employees and Labor Relations

All of our employees are hired through Unifin Servicios Administrativos, S.A. de C.V. and Unifin Administración Corporativa, S.A. de C.V. with which we have entered into services agreements for purposes of receiving services from our officers and other staff members. The total number of employees of these service companies that provide us with services has increased according to our needs and business strategies. As of March 31, 2017, we had 499 employees, all of whom were non-unionized.

The following charts show: (i) the growth of our work force; and (ii) the breakdown of our personnel by activities, in each case as of the end of each of the periods shown:



As of December 31, 2016, our sales force, which accounted for 39.4% of our total work force, was subject to variable compensation plans, based on sales and other financial benchmarks. We have established a variable compensation policy for account executives, managers and directors. In the case of account executives, a budget is set for each executive and a commission of 12.0% is paid when the amount of originated loans exceeds such budget. With respect to managers, a variable compensation of 5.0% of the total amount originated by such manager and his

or her team is paid with respect to originated loans that exceed 80.0% of the total group budget. Directors receive a commission of 0.10% for loans originated by their respective teams.

Information Technology

We have a unique business intelligence system which provides us online access to a wide range of financial and operational information relating to our loans and our borrowers, including our customers' credit records. This information allows us to efficiently manage and monitor customer contact, payment information, the status of collection processes and a variety of other key metrics and statistics about customers' credit history with us. This system has been developed for the administration and management of information and is used by our managers and sub-managers.

We believe that our information technology system enables us to quickly and efficiently (i) make adjustments to credit policies, (ii) track and analyze the credit behavior of our customers, (iii) make informed decisions about new products to market and develop such products, (iv) optimize loan approval and collection, (v) reduce the cost and time associated with loan approvals, monitoring and collection practices and (vi) identify unusual transactions so that we can comply with our anti-money laundering law reporting obligations. For example, one system that we have developed in the leasing and auto financing business allows us to receive internet loan applications and approve or reject such applications within approximately 72 hours (except for loans exceeding Ps. 5 million). We believe that our operating efficiency, information management and technology systems are more competitive than those found in traditional financial institutions and have differentiated us from our competitors.

Our technology and communications equipment receives preventive maintenance and ongoing upgrades approximately every six months. All equipment that has been in service for more than three years is replaced. During 2016, we invested approximately Ps. 54.8 million in technology and communications equipment.

We have an on-site information management center as well as an off-site data center. Our on-site information management center processes everyday operations and our off-site data center works as a back-up system in the event of a contingency. All of our systems are subject to security and quality control standards that are in line with industry practices. As of the date of this offering memorandum, we have not encountered any contingency.

Properties and Leases

We lease the premises where our executive offices and main operations center is located in Mexico City. We also have eleven regional offices located throughout Mexico, all of which we lease.

Intellectual Property

We own the trademarks, service marks and trade names related to the operation and marketing of our business. Our relevant trademarks include: Unifin®, Unifin Financiera®, Unileasing®, Unifinanciar®, Unifactoring®, Unifactoraje®, Unifin Credit®, Uniautos®, Unidos por un mismo fin® and Soluciones Financieras a tu Medida®, each of which is registered in Mexico and other jurisdictions.

We believe that such trademarks, trade names and service marks are valuable assets to us which successfully differentiate us from our competitors. We actively protect our intellectual property rights.

Insurance

We maintain insurance policies that are customary for companies operating in our industry. In addition to civil liability insurance, we maintain insurance policies covering our fixed assets, equipment and leased assets that protect us in the event of natural disasters or third party injury. We believe that our insurance policies are adequate to meet our needs.

Legal Proceedings

We are, from time to time, involved in certain legal proceedings that are incidental to our business. As of the date of this offering memorandum, we do not believe that we are involved in any legal proceedings the outcome of which, if decided adversely to us, would have a material adverse effect on our business, financial condition, cash flows or results of operations.

MANAGEMENT

Board of Directors

We are managed by our board of directors which, in accordance with our by-laws, may consist of up to 21 directors, of which at least 25.0% must be independent according to the Mexican Securities Markets Law. Each director may have an alternate, and the alternate directors of independent directors also must be independent.

Currently, our board of directors consists of 10 directors and their respective alternates, elected or ratified by our shareholders' meeting on March 16, 2017, each of whose tenure is for one year but who will continue after that period for up to 30 days in the absence of a designation of the individuals that would substitute them. The following are the current members of the board of directors, their titles and their ages:

Name	Title	Age	Year of appointment
Rodrigo Lebois Mateos	Chairman of the Board	53	1993
Luis Gerardo Barroso González	Director	53	2001
Rodrigo Balli Thiele	Director	42	2015
Almudena Lebois Ocejo	Director	28	2015
Rodrigo Lebois Ocejo	Director	26	2016
Federico Chávez Peón Mijares	Director ⁽¹⁾	50	2003
José Luis Llamas Figueroa	Director ⁽¹⁾	53	2007
José Luis Fernández Fernández	Director ⁽¹⁾	57	2012
Juan Marco Gutiérrez Wanless	Director ⁽¹⁾	57	2015
Enrique Luis Castillo Sánchez Mejorada	Director ⁽¹⁾	60	2015
Juan José Trevilla Rivadeneyra	Secretary	64	2012
Fernando Manuel Rangel Zorrilla	Undersecretary	42	2012

(1) Independent Director.

The following biographies provide certain information about the members of our board of directors:

Rodrigo Lebois Mateos. Mr. Lebois is the Chairman of our Board of Directors, Chairman of the Executive Committee and one of our principal shareholders. Prior to creating Unifin, Mr. Rodrigo Lebois participated in the car dealership industry, holding management and Board positions at several car dealer companies and associations in Mexico, including the National Association of Nissan Car Dealers. Mr. Lebois was also member of the Board of Banco Mexicano, S.A. He is currently President of Fundación Unifin, S.A. and Chairman of the Board of the group companies Unifin Credit, Unifin Autos and Unifin Agente de Seguros y Finanzas, S.A. de C.V. Mr. Lebois is also Chairman of Aralpa Capital, S.A. de C.V., member of the Board of Directors of Maxcom Telecomunicaciones, S.A.B. de C.V., Organización Sahuayo, S.A. de C.V., Impulsora Sahuayo, S.A. de C.V., Fracsa Alloys Querétaro, S.A.P.I de C.V., Grupo INTER, S.A.P.I. de C.V., and member of the investment committee of Terrafondo I. Mr. Lebois completed studies in Business Administration from Universidad Anáhuac and several executive administration programs.

Luis Gerardo Barroso González. Mr. Barroso is our Chief Executive Officer and has served on our Board of Directors since 2001. Prior to joining us, Mr. Barroso held several positions at Arrendadora Somex, S.A. de C.V., including Management and New Products Executive Director, and he also had several executive positions at Multivalores Arrendadora, S.A. de C.V. and he was part of its Board of Directors up to 2001. He was also a member of the Board of Directors of the Mexican Financial Leasing Companies Association (*Asociación Mexicana de Arrendadoras Financieras, A.C.*) and Multicapitales. Currently he is a member of the Board of the following entities: Unifin Autos, Unifin Credit, Unifin, Agente de Seguros y Fianzas, S.A. de C.V., Unifin Administración Corporativa, S.A. de C.V., and Unifin Servicios Administrativos, S.A. de C.V. He has a degree in Business Administration from Universidad Anáhuac and studies in Finance at the Instituto Mexicano de Valores.

Rodrigo Balli Thiele. Mr. Balli is our Chief Operations Officer since 2005. Prior to joining us, he held several positions in the administrative and sales areas of Bryco Control de Plagas, S.A. de C.V. He acted as the General Evaluation Director of Risk Projects at Home Care, and was the Derivative Deputy Director and Promoter of Debt Securities at Enlace Int. S.A. de C.V. and Prebon Yamane Inc. He has also collaborated with the Fairmont

Hotels as Project Manager for the development of a series of touristic projects. Mr. Balli holds a degree in Economics from the Instituto Tecnológico Autónomo de México (ITAM).

Almudena Lebois Ocejo. Ms. Almudena Lebois Ocejo is Managing Director of Aralpa Capital, S.A. de C.V., a private investment fund. Prior to joining Aralpa Capital, S.A. de C.V. she was our Deputy Credit Manager. In 2012 she worked as Treasury Analyst of Navix de México, S.A. de C.V., SOFOM E.N.R. and in the consulting area of Deloitte. She is a member of the Board of Directors and the Investment Committee at Anteris Capital, S.A.P.I. de C.V. Ms. Lebois holds a dual degree in Finance and Accounting from Universidad Anáhuac and graduated with honors from the Banking and Financial Markets master's degree from the same university. She has a variety of credit and risk analysis certifications offered by Moody's Analytics New York.

Rodrigo Lebois Ocejo. Mr. Lebois Ocejo is founder, General Director, and administrator of EQ Credit, S.A. de C.V. and of ROMU Promotores, S.A. de C.V. Prior to this he held different positions at Unifin, including as head of the strategic alliance with Ford Motor Company and sales manager in the leasing department. Previously, he collaborated with Banorte-Ixe, S.A., Institución de Banca Múltiple, as a corporate banking analyst. Mr. Lebois Ocejo holds a B.A. in Administration from the Universidad del Valle de México and various courses in Administration from West London College.

Federico Chávez Peón Mijares. Mr. Chavez Peón has been a member of our Board of Directors since 2003. Currently he is a Partner and the General Manager of Promecap, S.A. de C.V. He is or has been member of the Board of Directors of several companies, including Carrix, Inc., Grupo Aeroportuario del Sureste, S.A.B. de C.V., Inversiones y Técnicas Aeroportuarias, S.A.P.I. de C.V., Grupo Famsa, S.A.B. de C.V., Industrias Innopack, S.A. de C.V., Maxcom Telecomunicaciones, S.A.B. de C.V. and Organización Cultiva, S.A.B. de C.V.

José Luis Llamas Figueroa. Mr. Llamas has been a member of our Board of Directors since 2007. Currently he is the General Manager of Quattro Wealth Management. He was Co-Head of Asset and Wealth Management for Latin America at Deutsche Bank New York and a member of the Executive Committee of the Americas in the same institution. Previously, he was a representative of Deutsche Bank AG Mexico. He was also a founding partner of Fortum in Mexico City. Mr. Llamas has a Degree in Business Administration and an MBA from Universidad Anáhuac.

José Luis Fernández Fernández. Mr. Fernández has been a member of our Board of Directors since 2012. Mr. Fernández has been a partner at the tax and accounting firm Chevez Ruiz Zamarripa, S.C. and is a member of the Colegio de Contadores Públicos de México, A.C., of the Instituto Mexicano de Contadores Públicos, A.C., and the Instituto Mexicano de Ejecutivos de Finanzas. He has given conferences regarding tax matters in national forums, and has written several articles on taxation and accounting. He participates as Board Member of the audit committees of several companies, including Grupo Televisa, S.A.B., Controladora Vuela Compañía de Aviación, S.A.P.I. de C.V., Grupo Financiero Banamex, S.A. de C.V., Banco Nacional de Mexico, S.A. and Arca Continental, S.A.B. de C.V.

Juan Marco Gutiérrez Wanless. Mr. Gutiérrez is a member of our Board of Directors since 2015, he is Founder and Managing Partner of Anteris Capital S.A.P.I. de C.V. since May 2015, and has held several executive positions, including CEO of Grupo KUO, S.A.B. de C.V., Desc Corporativo, S.A. de C.V. and Pegaso, S.A. de C.V., as well as Deputy General Manager of Telefónica Móviles, S.A. and Managing Director of Promecap, S.A. de C.V. Currently he is a member of the Board of Directors of Quálitas Controladora, S.A.B. de C.V. and of Quálitas Compañía de Seguros, S.A.B. de C.V., and member of the Investment Committee of Quálitas Compañía de Seguros, S.A.B. de C.V., and member of the Board to the School of Engineering of Universidad Anáhuac. He holds an Industrial Engineering degree from Universidad Anáhuac and an MBA studies from ITAM.

Enrique Luis Castillo Sánchez Mejorada. Mr. Castillo has been a member of our Board of Directors since 2015. He holds a Business Administration Degree from Universidad Anáhuac and has more than 34 years of experience in the financial sector. He currently serves as the Chairman of the Board of Directors of Maxcom Telecomunicaciones, Chairman of the Board of Banco Nacional de México (whereas of lately was named Director) and is member of the Board of Directors of Grupo Herdez, S.A.B. de C.V., Grupo Alfa S.A. B. de C.V., Southern Copper Corporation, and Médica Sur S.A.B. de C.V. Mr. Castillo served as Chairman of the Board of Ixe Financial Group and as Vicepresident and later as President of the Mexican Bank Association. He also held several executive positions in Nacional Financiera, Casa de Bolsa Inverlat, S.A. Seguros América, S.A., Banco Mexicano, S.A. and Credit Suisse México.

Juan José Trevilla Rivadeneyra. Since 2012 Mr. Trevilla has been the Board Secretary and a non-voting member of our Board of Directors. He is the Board's Secretary of several public and private companies, as well as an active founding member of Larena, Trevilla, Fernández y Fábregas. He is a legal consultant for companies in the tourist, construction, infrastructure development, service delivery, contractors and concessionaires of public services industries. Mr. Trevilla holds a Law Degree from UNAM.

Fernando Manuel Rangel Zorrilla. Mr. Rangel is our General Counsel and has been the Alternate Secretary non-voting member of our Board of Directors since 2012. Previously, he held management positions within the legal division of Grupo Financiero Santander, S.A.B. de C.V. particularly working in the fields of corporate and financial affairs. He holds a Law Degree from Universidad Tecnológica de México.

Executive Officers

Our executive officers are appointed by our board of directors and hold office at the discretion of the board of directors. The following are our current executive officers:

Name	Position	Age	Years of Experience	Years at Unifin
Luis Gerardo Barroso González	Chief Executive Officer	53	33	15
Rodrigo Balli Thiele	Chief Operations Officer	42	19	11
Gerardo Tietzsch Rodríguez Peña	Chief Business Officer	39	17	1
Sergio José Camacho Carmona	Chief Financial Officer	41	20	-

Certain biographical information with respect to the members of our senior management that has not been disclosed above in "Board of Directors" is set forth below:

Gerardo Tietzsch Rodríguez Peña. Mr. Tietzsch is our Chief Business Development Officer. Prior to joining us in 2015, he was the Investment Banking and Capital Markets Deputy Managing Director at Casa de Bolsa Banorte Ixe, S.A. de C.V. Grupo Financiero Banorte. Prior to this, he was Director of Corporate Finance and Investment Banking at Ixe Casa de Bolsa S.A.B. de C.V. and worked at Venture Capital Privado (Private Capital Fund). Mr. Tietzsch holds an engineering degree from Universidad Iberoamericana and an MBA from ITAM.

Sergio José Camacho Carmona. Mr. Camacho is our Chief Financial Officer. He has more than 19 years of experience in various companies such as Kimberly Clark de México S.A.B. de C.V. and Fermaca Global. He holds a degree in Economics and a Master's in Business Administration with a specialization in Finance from the Instituto Tecnológico Autónomo de México (ITAM), as well as a degree in Global Management Program from Harvard Business School and has currently attended the Emerging CFO: Strategic Financial Leadership Program imparted by the Stanford Graduate School of Business.

Relationship between Directors and Executive Officers

Enrique Luis Castillo Sánchez Mejorada, a member of our board of directors, and Eduardo Alejandro Castillo Sánchez Mejorada, our Regional Director, are brothers.

Audit and Corporate Practices Committee

We maintain an audit and corporate practices committee, which is comprised of three members (all independent directors). Our audit and corporate practices committee meets once every quarter.

The responsibilities and duties of the audit and corporate practices committee are outlined in the Mexican Securities Market Law and our by-laws. Our audit and corporate practices committee's responsibilities include (i) appointing and removing our external auditor, (ii) supervising Pricewaterhouse Coopers, S.C. as our external auditors and analyzing their reports, (iii) analyzing and supervising the preparation of our Financial Statements, (iv) informing our board of directors of our internal controls and their adequacy, (v) requesting reports from our

board of directors and executive officers whenever it deems appropriate, (vi) informing our board of directors of any irregularities that it may encounter, (vii) investigating potential irregularities with our operations, rules and policies, internal control systems and internal audit and accounting practices; (viii) receiving and analyzing recommendations and observations made by our shareholders, members of our board of directors, executive officers, our external auditors or any third party and taking the necessary actions, (ix) calling shareholders' meetings, (x) supervising the activities of our Chief Executive Officer, (xi) evaluating the performance of and the documentation prepared by our external auditor, (xii) providing an annual report to the board, (xiii) rendering its opinion to our board of directors in connection with the performance of our key officers, (xiv) reviewing transactions with related parties, (xv) supporting our board of directors in assessing internal control, which includes the supervision of related party transactions and compensation plans and the reports delivered by both external and internal auditors and (xvi) receiving communications and recommendations from Mexican regulatory entities and recommending measures to be taken by management in its response to such communications and recommendations.

The audit and corporate practices committee is further responsible for providing its opinion to the board of directors regarding the performance of our officers, the compensation of the Chief Financial Officer and other relevant officers and transactions with related parties. Also, the committee may obtain opinions from independent third party experts, call shareholders' meetings and assist the board of directors in the preparation of reports.

Under the Mexican Securities Market Law and to our by-laws, all the members of our audit committee must be independent and at least one of them must qualify as a financial expert. Currently José Luis Fernández Fernández is the Chairman and José Luis Llamas Figueroa and Juan Marco Gutiérrez Wanless are members of our audit and corporate practices committee.

Executive Committee

Pursuant to our by-laws, we have formed an executive committee, which is responsible for evaluating finance issues, general planning, strategic and organizational issues and any other issues related to the development of our business and our operations. Rodrigo Lebois Mateos is the Chairman and Luis Gerardo Barroso González, Rodrigo Balli Thiele, Gerardo Erwin Tietzsch Rodríguez Peña and Sergio José Camacho Carmona are members of the executive committee.

Finance and Planning Committee

We maintain a finance and planning committee, which is comprised of three members. Our finance and planning committee is in charge of our macroeconomic and our financial strategy and capital structure strategy. The current members of the finance and planning committee are Luis Gerardo Barroso González, Sergio José Camacho Carmona and Jose Luis Llamas Figueroa.

Credit Committee

We maintain a credit committee, which is comprised of eleven members. Our credit committee reviews and approves credit transactions and operating leasing, financial factoring or auto loans and other lending transactions between Ps. 7.5 million and Ps. 150 million. The current members of the credit committee are Rodrigo Lebois Mateos, Luis Gerardo Barroso González, Gerardo Mier y Terán Suárez, Rodrigo Balli Thiele, Michael Salvador Goeters Arbide, Diego Tomás Aspe Poniatowski, Almudena Lebois Ocejo, Gerardo Erwin Tietzsch Rodríguez Peña, Eduardo Alejandro Castillo Sánchez Mejorada, Sergio José Camacho Carmona and María de Lourdes Campos Toca. Mr. Fernando Manuel Rangel Zorrilla acts as Secretary of this Committee with no vote.

Corporate Credit Committee

We maintain a corporate credit committee, which is comprised of five members. Our corporate credit committee reviews and approves credit transactions exceeding Ps. 150 million. The current members of the corporate credit committee are Rodrigo Lebois Mateos, Luis Gerardo Barroso González, Rodrigo Balli Thiele, Gerardo Mier y Terán Suárez and Gerardo Erwin Tietzsch Rodríguez Peña. Mr. Fernando Manuel Rangel Zorrilla acts as Secretary of this Committee with no vote.

Information Technology Committee

We maintain an information technology committee, which is comprised of nine members. Our information technology committee oversees our IT systems and continuously reviews new alternatives to update our systems, equipment and platform. The current members of the information technology committee are Luis Gerardo Barroso González, Juan José del Cueto Martínez, Gerardo Mier y Terán Suárez, Gerardo Erwin Tietzsch Rodríguez Peña, Rodrigo Balli Thiele, Joaquín Riba Fernández del Valle, Robert Nathan Amper Spitz, Ricardo Legorreta Hernandez and Jorge Brandt Loya. Jorge Brandt and Ricardo Legorreta are independent members.

Communication and Control (Anti-Money Laundering) Committee

We, together with Unifin Credit, maintain a communication and control (anti-money laundering) committee, which is comprised of eight members. Our communication and control (anti-money laundering) committee assures compliance with our obligations in terms of anti-money laundering. The current members of the communication and control (anti-money laundering) committee are Luis Gerardo Barroso González, Juan José del Cueto Martínez, María Esther Talavera Medina (Compliance Officer), , Diego Tomás Aspe Poniatowski, Michael Salvador Goeters Arbide, Rodrigo Balli Thiele and Eduardo Alejandro Castillo Sánchez Mejorada. The members of the communication and control (anti-money laundering) committee of Unifin Credit are Diego Tomás Aspe Poniatowski, Juan José del Cueto Martínez, María José Alonso Rodríguez, María Esther Talavera Medina, Gerardo Mier y Terán Suarez, Michael Salvador Goeters Arbide and Rodrigo Balli Thiele. Ms. Rubicelia Zamora Pastrana is the Compliance Officer of Unifin Credit.

Marketing Committee

We maintain a marketing committee, which is comprised of eight members. Our marketing committee reviews our marketing and promotion strategies. The current members of the marketing committee are Rodrigo Lebois Mateos, Gerardo Erwin Tietzsch Rodríguez Peña, Rodrigo Lebois Ocejo, Rodrigo Balli Thiele, Felipe Arana, Martín Orbea Oyhanarte, Eduardo Villalobos Pani and Yocelyn Terán Cerrillo. Martín Orbea, Felipe Arana, Eduardo Villalobos and Rodrigo Lebois Ocejo are independent members.

Compensation

For the years ended December 31, 2015 and 2016, we paid wages and benefits to our executive officers through outsourcing companies in the amount of Ps. 96.0 and Ps. 101.3 million respectively, comprised of fixed and variable compensation and any corresponding statutory labor costs. See “Business – Employees and Labor Relations” for a description of our variable compensation.

Our board of directors approves, based on the favorable opinion of our corporate practices committee, the compensation of the Chief Executive Officer. Also, our corporate practices committee issues recommendations regarding the compensation of the other relevant officers.

Our directors’ compensation for their services rendered in such capacity is determined by our shareholders. The shareholders’ meeting held on March 16, 2017 approved the following directors’ compensation: (i) Ps. 30,000 to the independent directors and the secretary non-member of our board for each meeting of the board that they attend; (ii) Ps. 50,000 to the Chairman of the audit and corporate practices committee for each session of the committee that the Chairman attends; and (iii) Ps. 25,000 to the members of these committees for each session of the committee that they attend.

Employee Stock Incentive Plan

The shareholders approved, in an ordinary and extraordinary shareholders’ meeting held on February 26, 2015, the implementation of an officers’ and employee incentive plan for an amount equal to 4.0% of our outstanding share capital (the “Stock Incentive Plan”). The shareholders delegated authority to the board of directors to structure, implement, administer and modify (with certain exceptions) our Stock Incentive Plan and establish the criteria and policies applicable for the determination of the officers and employees that will participate in this plan and the amount of the shares that they may receive or acquire under the same.

We created Administration Trust Number 2405 with Banco Invex, S.A., Institución de Banca Múltiple, Invex Grupo Financiero, for purposes of the implementation and management of the Stock Incentive Plan (the “Administration Trust”). The Administration Trust will hold shares of our capital stock to be sold to employees pursuant to the terms and subject to the conditions of the Stock Incentive Plan.

Duties of Directors and Executive Officers

Our directors and executive officers are subject to the duties of care and loyalty and other obligations arising from their positions under the Mexican Securities Market Act, the Issuers Circular (*Circular Única de Emisoras*) and other applicable regulations on insider trading and transactions in securities issued by us, among others. See “The Mexican Securities Market.”

Share Ownership

See “Principal Shareholders” for a description of the current ownership of our common stock by our directors.

SUPERVISION AND REGULATION OF THE MEXICAN FINANCIAL INDUSTRY

General

Mexico's financial industry is currently comprised of commercial banks, national development banks, broker-dealers and other non-banking financial institutions, such as insurance and reinsurance companies, bonding companies, credit unions, savings and loans companies, foreign exchange houses, factoring companies, bonded warehouses, financial and operating leasing companies, mutual fund companies, pension fund management companies and *Sofomes*. On January 10, 2014, a new Financial Groups Law (*Ley para Regular las Agrupaciones Financieras*) was published as part of the Financial Reforms. The new Financial Groups Law aims to improve the regulations and controls applicable to financial services companies that operate under a single financial group holding company. Most major Mexican financial institutions are members of financial groups.

The principal financial authorities that regulate financial institutions are the Ministry of Finance and Public Credit (*Secretaría de Hacienda y Crédito Público*, or "SHCP"), the *Banco de México*, the CNBV, the National Commission of the System for Retirement Savings (*Comisión Nacional del Sistema de Ahorro para el Retiro*, or "CONSAR"), the National Insurance and Bonding Commission (*Comisión Nacional de Seguros y Fianzas*, or "CNSF"), the Bank Savings Protection Institute (*Instituto para la Protección al Ahorro Bancario*, or "IPAB") and the CONDUSEF.

Our operations are primarily regulated by the General Law of Auxiliary Credit Organizations and Credit Activities, certain regulations of the *Banco de México*, the Mexican Law for the Protection and Defense of Financial Services Users, the Law for the Transparency and Ordering of Financial Services, the Law for the Identification and Prevention of Transactions with Illegal Funds (*Ley Federal para la Prevención e Identificación de Operaciones con Recursos de Procedencia Ilícita*, or the "Identification of Illegal Funds Law"), the Anti-Money Laundering Provisions, its regulations and general rules, the regulations issued by CONDUSEF and *Sofom* GAAP, and other regulations issued by the CNBV.

Under the provisions of GLACOA, *Sofomes* are entitled to conduct money lending transactions, engage in financial and operating leasing activities (*arrendamiento financiero y operativo*) and perform factoring (*factoraje financiero*) transactions. Such activities do not require a license from any Mexican governmental authority. In order to operate as a *Sofom*, all *Sofomes*, including non-regulated *Sofomes*, are required to register in a registry managed by CONDUSEF. *Sofomes* are considered financial entities.

Under the provisions of the amended GLACOA, published as part of the Financial Reforms, *Sofomes* are regulated and supervised by the CNBV if (i) they have a financial connection (*vínculo patrimonial*) with, among other financial institutions, Mexican banks, (ii) they issue debt securities registered with the RNV or (iii) they voluntarily adopt such regime.

Sofomes are deemed to have a financial connection (*vínculo patrimonial*) if (i) among other financial institutions, a Mexican bank holds an interest equal to or greater than 20.0% of the capital stock or the *Sofom* holds such interest in the Mexican bank, (ii) the holding company of a financial group, which includes a banking institution, holds an interest of at least 51.0% in such *Sofom*, or (iii) the *Sofom* has common shareholders with, among other financial institutions, a Mexican bank, pursuant to the terms more specifically described in the GLACOA.

Regulated *Sofomes*, as a result of a financial connection (*vínculo patrimonial*) with, among other financial institutions, Mexican banks, are also subject to several provisions of, among others, the Mexican Banking Law and other rules and regulations applicable to financial institutions, which can include capital adequacy requirements, grading of loan portfolio requirements, reserve requirements, requirements of creating provisions for loan losses, related party transactions rules, complying with requirements related to money laundering, write-offs and assignment provisions, as well as periodic reporting obligations.

Regulated *Sofomes* as a result of the issuance of debt securities registered with the RNV, as well as those *Sofomes* that voluntarily adopt the regulated regime, will be subject to the general provisions issued by the CNBV with respect to the following: (i) qualification of the loan portfolio and establishing allowances for credit losses; (ii) disclosure and presentation of financial information and external auditors; (iii) accounting; and (iv) prevention of business with funds that may be from illegal sources. In the past, we have issued local bonds registered with the RNV under various programs authorized by the CNBV. As of the date of this offering memorandum, we do not

have bonds registered with the RNV nor have we applied to voluntarily adopt the form of a regulated multiple purpose financial company. However, in the event that in the future we issue local debt securities registered with the RNV or we voluntarily elect to become a regulated entity, we will become a regulated multiple purpose financial company in accordance with GLACOA and will be required to adopt the necessary measures to adjust our operations and internal policies to comply with the legal requirements applicable to regulated *Sofomes*. Any other *Sofom* is categorized as a non-regulated *Sofom* (*sociedad financiera de objeto múltiple, entidad no regulada*) and is not subject to the supervision of the CNBV, except with respect to provisions related to money laundering.

Law for the Protection and Defense of Financial Services Users

The Mexican Law for the Protection and Defense of Financial Services Users became effective in April 1999 and was modified pursuant to the Financial Reforms. The purpose of this law is to protect and defend the rights and interests of users of financial services. This law created and now regulates the CONDUSEF, an autonomous governmental entity that protects the interests of users of financial services. CONDUSEF acts as a mediator and/or arbitrator with respect to disputes submitted to its jurisdiction and seeks to promote better relationships among users of financial services and the financial institutions. As a *Sofom*, we must submit to CONDUSEF's jurisdiction in all customer administrative proceedings and may choose to submit to CONDUSEF's jurisdiction in all arbitration proceedings that may be brought before it by customers. We may be required to provide reserves against contingencies which could arise from proceedings pending before CONDUSEF. In case of a claim by a customer where the parties fail to reach a settlement and there is no submission to arbitration, CONDUSEF is authorized to issue a resolution which may result in the attachment of our assets for the benefit of our customers. We are also subject to certain required amendments by the CONDUSEF regarding our standard agreements or information used to provide our services. We may be subject to coercive measures or sanctions imposed by CONDUSEF.

The Law for the Protection and Defense of Financial Services Users requires *Sofomes*, such as us, to maintain an internal unit (*unidad especializada*) designated to resolve any and all controversies submitted by our customers. We maintain such a unit. CONDUSEF also maintains a Registry of Financial Services Providers (*Registro de Prestadores de Servicios Financieros*), in which all providers of financial services must be registered, that assists CONDUSEF in the performance of its activities. CONDUSEF is required to publicly disclose the products and services offered by financial service providers, including interest rates. To satisfy this duty, CONDUSEF has wide authority to request any and all necessary information from financial institutions. All *Sofomes*, including non-regulated *Sofomes*, are required to register their standard form of agreements (*contratos de adhesión*) in the Registry for Standard Form Agreements (*Registro de Contratos de Adhesión*), which is managed by CONDUSEF, provided that the registration does not constitute a certification as to compliance of the laws and regulations for protection and defense of financial users and therefore, CONDUSEF may, at any moment, order a financial institution to modify its standard form of agreement for purposes of complying with the laws and regulations for protection and defense of financial users. All of our standard form agreements have been registered before CONDUSEF. Pursuant to the Financial Reforms, all *Sofomes*, including non-regulated *Sofomes*, are required to register or renew their existing registration in a registry managed by CONDUSEF to operate as such. We currently hold registration in the CONDUSEF as a *Sociedad Financiera de Objeto Múltiple, Entidad No Regulada* and we are in the process of renovating our registration before the CONDUSEF pursuant to the General Provisions for the Registry of Financial Services Providers (*Disposiciones de Carácter General para el Registro de Prestadores de Servicios Financieros*).

As a result of the Financial Reforms, CONDUSEF was recently empowered to initiate class action lawsuits related to financial services institutions, including *Sofomes*.

Law for the Transparency and Ordering of Financial Services

The Law for the Transparency and Ordering of Financial Services became effective in June 2007 and was recently modified pursuant to the Financial Reforms. In an effort to make financial services more transparent and to protect the interests of the users of such services, the law regulates: (1) the fees charged to customers of financial institutions for the use and/or acceptance of means of payment, as with debit cards, credit cards, checks and orders for the transfer of funds as means to ensure competition, free access, non-discrimination and the protection of customer interests; (2) the fees that financial institutions charge to each other for the use of any payment system; (3) the interest rates that may be charged to customers; and (4) other aspects related to financial services. This law grants the *Banco de México* the authority to regulate these fees and establish general guidelines and requirements relating to payment devices and credit card account statements and grants to CONDUSEF the authority to regulate

the requirements that need to be satisfied by the standard forms of agreement used by financial entities, the statements of account that are delivered by financial entities to their customers and the advertisement conducted by financial entities. Further, the *Banco de México* has the authority to specify the basis upon which financial institutions must calculate their aggregate annual cost (*costo anual total*), which comprises interest rates and fees, on an aggregate basis, charged in respect of loans and other services.

As part of the amendments to the Law for the Transparency and Ordering of Financial Services enacted in connection with the Financial Reforms, the *Banco de México* may issue temporary regulations applicable to interest rates and fees, if it or the Federal Competition Commission (*Comisión Federal de Competencia Económica*, or “COFECE”) determine that no reasonable competitive conditions exist among financial institutions.

Rules on Interest Rates

The rules of the Law for the Transparency and Ordering of Financial Services issued by CONDUSEF applicable to *Sofomes* provide that the standard form agreements are required to include provisions that provide that (1) the applicable ordinary and default interest rates are expressed in annual terms and contain the applicable methodology for purposes of calculating such interest rates; (2) if interest accrues based on a reference rate, the standard form agreement must include at least one replacement reference rate, which will only be applicable if the original reference rate is discontinued; and (3) interest may not be charged by financial entities in advance and may only be charged after the corresponding interest period has elapsed.

Mexican law does not currently impose any limit on the interest rate or fees that a non-regulated *Sofom*, such as us, may charge its customers. However, the possibility of imposing such limits has been and continues to be debated by the Mexican Congress and Mexican regulation authorities.

The Law for the Transparency and Ordering of Financial Services grants the *Banco de México* the authority to specify the basis upon which each financial institution must calculate its aggregate annual cost (*costo anual total*), which comprises interest rates and fees, on an aggregate basis, charged in respect of loans and other services. The aggregate annual cost must be publicly included by a *Sofom* in its standard form agreements and disclosed in their statements of account and advertisements. We regularly publish our aggregate annual cost pursuant to this law.

Fees

Under *Banco de México* regulations, Mexican banks, and *Sofomes* may not, in respect of loans, deposits or other forms of funding and services with their respective customers, (1) charge fees that are not included in their respective, publicly disclosed, aggregate annual cost (*costo anual total*), (2) charge alternative fees, except if the fee charged is the lower fee or (3) charge fees for the cancellation of credit cards issued. Additionally, the Law for the Transparency and Ordering of Financial Services provides that, among other restrictions, *Sofomes* (1) may only charge fees related to services provided to customers, (2) may not charge more than one fee for a single act or event, (3) may not charge fees that are intended to prevent or hinder the mobility or migration of customers from one financial institution to another and (4) may not charge fees for payments received from customers or users in relation to loans granted by other financial entities.

The *Banco de México*, on its own initiative or as per request from CONDUSEF, banks, or *Sofomes*, may assess whether reasonable competitive conditions exist in connection with fees charged by banks, or *Sofomes* in performing financial operations. The *Banco de México* must obtain the COFECE’s opinion to carry out this assessment. The *Banco de México* may take measures to address these issues.

Law for the Protection of Personal Data held by Private Parties

On July 5, 2010, the new Federal Law for Protection of Personal Data held by Private Persons (*Ley Federal de Protección de Datos Personales en Posesión de los Particulares*, or “LFPDP”), was published in the Mexican Federal Official Gazette and it became effective on the next day. The purpose of the LFPDP is to protect personal data collected, held or provided by individuals, and to enforce controlled and informed processing of personal data in order to ensure data subjects’ privacy and the right to consent with respect to the use or deletion of protected information.

The LFPDP requires companies to inform data subjects about the information being collected, used, disclosed or stored and the purpose of such collection, use, disclosure or storage via a privacy notice and provides

special requirements for processing sensitive personal data (which is defined as data relating to race, physical condition, religious, moral or political affiliation, and sexual preferences). The LFPDP gives data subjects the right to: (1) access their data; (2) have inaccuracies in their data corrected or completed; (3) deny transfers of their data; and (4) oppose use of their data or have it deleted from a company's system (other than in certain circumstances expressly set forth in the LFPDP, such as the exercise of a right or holding information required under applicable law). The LFPDP requires that, if disclosure of data is permitted, the transferee agrees to the same restrictions as those set forth in the documentation permitting the original receipt and subsequent disclosure of information. The LFPDP also provides that data may be disclosed without the consent of the data subject in certain limited circumstances: (1) a law requires or permits disclosure; (2) disclosure is required in connection with medical treatment; or (3) disclosure is required for public policy reasons or in connection with a legal action. The LFPDP requires immediate notice to a data subject, of any security breach that significantly affects his/her property or moral rights.

The recently created National Institute for Transparency, Access to Information and Personal Data Protection (*Instituto Nacional de Transparencia, Acceso a la Información y Protección de Datos Personales*, or "Institute"), will be authorized to monitor and enforce compliance with the LFPDP by private entities processing personal data. Such entities will be held liable for interfering with a data subjects' exercise of their rights under the LFPDP and for failing to safeguard their personal data. Data subjects who believe that a company is not processing their personal data in accordance with the LFPDP may request an investigation by the Institute. Following an investigation, the Institute may: (i) dismiss the data subject's claim or (ii) affirm, reject, or modify a company's answer to a data subject's claim. Penalties for violating the LFPDP's provisions include a fine up to the equivalent of Ps. 19.1 million (approximately US\$1.1 million) a prison sentence of up to five years, or double the applicable fine or sentence for violations related to sensitive personal data.

Anti-Money Laundering Provisions

On March 17, 2011, the General Provisions Applicable to *Sofomes* Relating to Money Laundering (*Disposiciones de Carácter General a que se refieren los artículos 115 de la Ley de Instituciones de Crédito, en relación con el 87-D de la Ley General de Organizaciones y Actividades del Crédito 95-Bis de este último ordenamiento, aplicables a las sociedades financieras de objeto múltiple*, or "General Provisions"), issued by the SHCP, were published in the Mexican Federal Official Gazette. On December 23, 2011, December 31, 2014 and March 9, 2017 a series of amendments to such General Provisions were also published on the Mexican Federal Official Gazette. The purposes of such General Provisions, which have been published and become effective is to establish anti-money laundering rules and guidelines.

The General Provisions require *Sofomes* to (1) establish identification ("know-your-customer") policies and guidelines similar to those imposed on Mexican banks and other regulated financial entities, subject to strict identification methods and controls on customers and users of the *Sofomes* services; (2) recording and keeping information on customers and on money transfer and exchange transaction; and (3) reporting to authorities on relevant, unusual and suspicious transactions, among other obligations.

On July 17, 2013, the Identification of Illegal Funds Law became effective, after approval from the Mexican Congress. Under the Identification of Illegal Funds Law, the SHCP is given broad authority to obtain information about unlawful activities, coordinate activities with foreign authorities and present claims related to unlawful activities. The Identification of Illegal Funds Law also grants authority to the Federal Attorney General of the Republic (*Procuraduría General de la República*) to investigate and prosecute illegal activities, in coordination with the SHCP. To secure full effectiveness of the Identification of Illegal Funds Law, the Mexican President and the Minister of Finance and Public Credit (*Secretario de Hacienda y Crédito Público*) issued regulations and general rules on August 16, 2013, which have become effective.

Pursuant to the Identification of Illegal Funds Law, we are required to establish procedures to monitor and detect unlawful activities regulated by this law and to report any suspect activities to the SHCP.

Improvement of Creditors' Rights and Remedies

Mexico has enacted legislation to improve creditors' rights and remedies. These laws include collateral pledge mechanisms and the promulgation of the Mexican Bankruptcy Law.

Collateral Mechanisms

Laws regarding the granting and enforcement of security interests contemplate pledging assets without transferring possession (*prenda sin transmisión de posesión*), as well as a security arrangement known in Mexico as the security trust (*fideicomiso de garantía*). The purpose of these changes is to provide an improved legal framework for secured lending and to encourage banks to increase their lending activities. The pledging of personal property being used in a debtor's main business activity by making only a generic description of such property is a structure now frequently used. Provisions regulating security trusts are similar to those governing pledges of personal property except they provide that title to the collateral must be held by the trustee. Security trusts permit enforcement through an extra-judicial proceeding, which is an alternative that has enhanced lending activities and expedited restructurings and foreclosures.

Bankruptcy Law

The Mexican Bankruptcy Law was enacted on May 12, 2000 and has been frequently used as a means to conclude complex insolvency situations affecting Mexican companies, by providing expedited and clear procedures, while at the same time granting creditors and other participants the certainty of an in-court solution. The Mexican Bankruptcy Law provides for a single insolvency proceeding encompassing two successive phases: a conciliatory phase of mediation between creditors and debtor and bankruptcy.

The Mexican Bankruptcy Law establishes precise rules that determine when a debtor is in general default on its payment obligations. The principal indications are failure by a debtor to comply with its payment obligations in respect of two or more creditors, and the existence of the following two conditions: (1) 35.0% or more of a debtor's outstanding liabilities are 30 days past-due; and (2) the debtor fails to have certain specifically defined liquid assets and receivables to support at least 80.0% of its obligations which are due and payable. The Mexican Bankruptcy Law was recently amended to include the ability of a debtor to request the initiation of insolvency proceedings prior to being generally in default with respect to its payment obligations, when such situation is expected to occur inevitably within the following 90 days. Furthermore, the Mexican Bankruptcy Law now allows the consolidation of insolvency proceedings of companies that are part of the same corporate group.

The Mexican Bankruptcy Law provides for the use and training of experts in the field of insolvency and the creation of an entity to coordinate their efforts. Such experts include the intervenor (*interventor*), conciliator (*conciliador*) and receiver (*síndico*).

On the date that the insolvency judgment is entered, all peso-denominated obligations are converted into UDIs, and foreign currency-denominated obligations are converted into pesos at the exchange rate for that date and then converted into UDIs. Only creditors with a perfected security interest (*i.e.*, mortgage, pledge or security trust) continue to accrue interest on their loans. The Mexican Bankruptcy Law mandates the netting of derivative transactions upon the declaration of insolvency.

The Mexican Bankruptcy Law provides for a general rule as to the period when transactions may be scrutinized by the judge in order to determine if they were entered into for fraudulent purposes, which is set at 270 calendar days prior to the judgment declaring insolvency. This period is referred to as the retroactive period. Nevertheless, upon the reasoned request of the conciliator, the intervenors (who may be appointed by the creditors to oversee the process) or any creditor, the judge may determine that a longer retroactive period may apply. As a result of recent reforms, the retroactive period was lengthened to 540 calendar days with respect to transactions entered into with inter-company creditors.

A restructuring agreement must be subscribed to by the debtor, as well as recognized creditors representing more than 50.0% of (i) the sum of the total recognized amount corresponding to common creditors and (ii) the total recognized amount corresponding to secured or privileged creditors subscribing to the agreement. Any such agreement, when confirmed by the court, becomes binding on all creditors, and the insolvency proceeding is then considered to be concluded. If an agreement is not reached, the debtor is declared bankrupt.

The Mexican Bankruptcy Law incorporates provisions relating to pre-agreed procedures, frequently used in jurisdictions outside Mexico, that permit debtors and creditors to agree upon the terms of a restructuring and thereafter file, as a means to obtain the judicial recognition of a restructuring reached on an out-of-court basis. This also provides protection against dissident minority creditors.

The Mexican Bankruptcy Law was recently amended to expressly recognize subordinated creditors, including inter-company creditors in accordance with certain rules, and sets forth that such inter-company creditors will not be allowed to vote for the approval of the debt restructuring agreement when such inter-company creditors represent 25.0% or more of the aggregate amount of recognized claims, unless such inter-company creditors consent to the agreement adopted by the rest of the recognized creditors.

PRINCIPAL SHAREHOLDERS

Principal Shareholders

The table below sets forth certain information regarding the ownership of our capital structure as of December 31, 2016:

Shareholders	Number of Shares of Common Stock	Percentage Beneficial Ownership
Trust 2452 held with Banco Invex, S.A., Institución de Banca Múltiple, Invex Grupo Financiero, Fiduciario ...	220,500,000	62.50%
Public Float.....	126,908,000	35.97%
Employee Stock Incentive Plan Trust 2405.....	5,392,000	1.53%
Total.....	352,800,000	100.00%

The Trust 2452 is our controlling shareholder and, directly or indirectly, owns more than 60.0% of our shares. Mr. Rodrigo Lebois Mateos and members of his immediate family and Mr. Luis Gerardo Barroso González are the main ultimate beneficiaries of the Trust and, individually (or as a group of shareholders) and indirectly, each of them owns more than 10.0% of our outstanding capital stock. Mr. Rodrigo Lebois Mateos exercises indirect control over our capital stock. Pursuant to the Trust, all Shares that have been transferred to the Trust will vote as a block and its beneficiaries have certain transfer and encumbrance restrictions.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

From time to time, we may enter into transactions with parties that have relationships with us, our officers, directors or entities in which we have an ownership interest. It is our policy to conduct all of these transactions on an arm's-length basis.

Amounts from transactions with related parties during the years ended December 31, 2014, 2015 and 2016, which were carried out at an arm's-length basis, were as follows:

	For the Year Ended December 31,		
	2014	2015	2016
	(in millions of Ps.)		
Income			
Interest income.....	0.1	-	-
Auto rentals.....	4.1	2.0	-
Other income.....	-	1.3	-
Auto sales.....	-	15.8	21.1
Administrative services.....	3.9	-	-
Expense			
Administrative services.....	299.3	455.4	508.2
Reimbursement of expenses.....	-	-	-
Donations or gift.....	2.0	4.4	8.8
Other services.....	-	-	-

As of December 31, 2014, 2015 and 2016, the balances with related parties were as follows:

	As of December 31,		
	2014	2015	2016
	(in millions of Ps.)		
Receivables			
Administradora Brios, S.A. de C.V. ⁽¹⁾	48.8	75.7	236.8
Administración de Flotillas, S.A. de C.V.	0.6	0.1	-
Aralpa Capital, S.A. de C.V.	0.6	1.2	-
The Company's Officers.....	-	12.0	-
Unifin Capital, S.A. de C.V.....	0.2	-	-
Unifin Administración Corporativa, S.A. de C.V.....	2.2	17.6	17.6
Unifin Servicios Administrativos, S.A. de C.V.....	-	-	12.0
Others.....	-	-	0.7
Payables			
Unifin Administración Corporativa, S.A. de C.V. ⁽²⁾	0.2	0.0	13.5
Unifin Servicios Administrativos, S.A. de C.V. ⁽³⁾	-	-	7.4
Administradora Brios, S.A. de C.V.	2.3	2.3	2.3
Unifin Capital, S.A. de C.V. (formerly Unifin Corporativo, S.A. de C.V.).....	0.1	-	-
Others.....	-	-	2.3

(1) Related to credit agreements entered into between us as creditor and Administradora Brios, S.A. de C.V. as debtor.

(2) Employee outsourcing agency.

(3) Employee outsourcing agency.

In November 2014, Unifin acquired 100% of Unifin, Agente de Seguros y de Fianzas, S.A. de C.V. from Unifin Capital, its parent company at the time, at Unifin Capital's nominal value.

DESCRIPTION OF THE NOTES

We will issue the notes under an Indenture, to be dated the Issue Date, between us and Unifin Credit, S.A. de C.V., SOFOM, E.N.R. and Unifin Autos, S.A. de C.V., as subsidiary guarantors, The Bank of New York Mellon, as trustee, paying agent, registrar and transfer agent (the “Trustee”), and The Bank of New York Mellon SA/NV, Luxembourg Branch, as Luxembourg transfer agent and Luxembourg paying agent. We summarize below certain provisions of the Indenture, but do not restate the Indenture in its entirety. We urge you to read the Indenture because it, and not this description, defines your rights. You can obtain a copy of the Indenture in the manner described under “Available Information,” and, for so long as the notes are admitted to listing on the Official List of the Luxembourg Stock Exchange and to trading on the EuroMTF Market of the Luxembourg Stock Exchange, at the office of the paying agent in Luxembourg.

You can find the definition of capitalized terms used in this section under “— Certain Definitions.” When we refer to:

- the Company in this section, we mean Unifin Financiera, S.A.B. de C.V., SOFOM, E.N.R., and not any of its subsidiaries; and
- “notes” in this section, we mean the notes originally issued on the Issue Date and Additional Notes.

General

The notes will:

- be general unsecured obligations of the Company;
- rank equal in right of payment with all other existing and future Senior Indebtedness of the Company (subject to certain labor, tax and social security obligations for which preferential treatment is given under Mexican insolvency law);
- rank senior in right of payment to all existing and future Subordinated Indebtedness of the Company, if any;
- be effectively subordinated to all existing and future Secured Indebtedness of the Company to the extent of the value of the assets securing such Indebtedness; and
- be structurally subordinated to all existing and future Indebtedness and trade payables of the Company’s Subsidiaries that are not Guarantors.

As of December 31, 2016, we had total consolidated Indebtedness (including accrued interest) of Ps. 22,922.5 million (US\$1,433.3 million), of which Ps. 16,070.8 million (US\$775.2 million) was secured by collateral. Of our Ps. 16,070.8 million of secured indebtedness, Ps. 4,070.8 million related to secured bank debt and the remainder was in connection with our lease securitization transactions which involve limited recourse to us considering that any claim against us is limited exclusively to the value of the pledged assets. As of December 31, 2016, after giving pro forma effect to the offer and sale of the notes and the application of the net proceeds from this offering as described under “Use of Proceeds”:

- we and the Guarantors would have had total Indebtedness (including accrued interest) of Ps. 32,615.8 million (US\$1,573.3 million) of which Ps. 14,702.9 million (US\$709.2 million) would have been secured by collateral (Ps. 2,842.7 million related to secured bank debt and the remainder in connection with our lease securitization transactions);
- our non-Guarantor subsidiaries would not have had any Indebtedness.

Additional Notes

Subject to the limitations set forth under “— Certain Covenants — Limitation on Incurrence of Additional Indebtedness,” the Company and its Subsidiaries may incur additional Indebtedness. At the Company’s option, this additional Indebtedness may consist of additional notes (“Additional Notes”) issued by the Company in one or more

transactions, which have identical terms (other than issue date and issue price) as the notes issued on the Issue Date; *provided* that any Additional Notes do not have, for purposes of U.S. federal income taxation, after taking the “qualified reopening” rules into account, a greater amount of original issue discount than the notes have on the date of issue of such Additional Notes, unless the Additional Notes are issued with a CUSIP or ISIN different from that of the Original Notes. Holders of Additional Notes would have the right to vote together with holders of notes issued on the Issue Date as one class.

Principal, Maturity and Interest

The Company will issue notes in denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof. The notes will mature on January 15, 2025, at which time the principal amount of the notes outstanding on such date will become due and payable. The redemption price of the notes outstanding on such date will be 100.0%, plus accrued and unpaid interest; however, the Company may redeem the notes, at its option, in whole or in part, prior to such date. See “— Optional Redemption” below. The notes will not be entitled to the benefit of any mandatory sinking fund.

Interest on the notes will accrue at the rate of 7.000% per annum and will be payable semi-annually in arrears on each January 15 and July 15, commencing on July 15, 2017. The first interest period will be a short interest period from May 15, 2017 to but not including July 15, 2017. Payments will be made to the persons who are registered holders at the close of business on December 31 and June 30, respectively, immediately preceding the applicable interest payment date. The final payment on any registered note, however, will be made only upon presentation and surrender of such note at the office of the Trustee or any Paying Agent (excluding the Luxembourg Paying Agent).

Interest on the notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from and including the Issue Date. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months. The redemption of notes with unpaid and accrued interest to the date of redemption will not affect the right of holders of record on a record date to receive interest due on an interest payment date.

Initially, the Trustee will act as Paying Agent and Registrar for the notes. The Company may change the Paying Agent and Registrar without notice to holders. Except as required by the practices and procedures of DTC as depositary, payments on the notes will be made at the office or agency of the Paying Agent and Registrar in New York City. Application is expected to be made to admit the notes to listing on the Official List of the Luxembourg Stock Exchange and to trading on the EuroMTF Market of the Luxembourg Stock Exchange. As long as the notes are listed on this market, the Company will also maintain a Paying Agent and a transfer agent in Luxembourg.

Subject to any applicable abandoned property law, the Trustee and the Paying Agent shall pay to the Company upon written request any money held by them for the payment of principal or of interest on the notes that remains unclaimed for two years, and, thereafter, holders entitled to any such money must look to the Company for payment as general creditors.

Guarantees

The Guarantors will, subject to applicable law, fully and unconditionally guarantee the full and punctual payment of principal, premiums, if any, interest, Additional Amounts and any other amounts that may become due and payable by the Company in respect of the notes and under the Indenture (a “Note Guarantee”). The Note Guarantees will provide that the Guarantors will immediately pay any amount that the Company fails to punctually pay but is required to pay pursuant to the terms of the notes and/or the Indenture.

Not all of our existing or future Restricted Subsidiaries will guarantee the notes. Only Eligible Subsidiaries will guarantee the notes. The Note Guarantees will not be secured by any of the assets or properties of the Guarantors. As a result, if the Guarantors are required to pay under the Note Guarantees, holders of the notes would be unsecured creditors of the Guarantors. The Note Guarantees will not be subordinated to any of the Company’s or the Guarantors’ other unsecured debt obligations. In the event of a bankruptcy, *concurso mercantil*, *quiebra*, liquidation or reorganization of non-guarantor Subsidiaries, these non-guarantor Subsidiaries will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to us. In addition, holders of minority equity interests in Subsidiaries may receive distributions prior to or *pro rata* with the Company depending on the terms of the equity interests.

Each Note Guarantee will be limited to the maximum amount that would not render the Guarantor's obligations subject to avoidance under applicable fraudulent conveyance provisions. By virtue of this limitation, a Guarantor's obligation under its Note Guarantee could be significantly less than amounts payable with respect to the notes, or a Guarantor may have effectively no obligation under its Note Guarantee. The above limitation may not protect the Note Guarantees from fraudulent transfer challenges or, if it does, the remaining amount due and collectible under the Note Guarantees may not suffice, if necessary, to pay the notes in full when due. See "Risk Factors—Risks Related to the Notes."

If after the date of the Indenture, the Company or any of its present or future Restricted Subsidiaries acquires or creates a Restricted Subsidiary that is an Eligible Subsidiary after giving effect to that transaction or an existing Subsidiary becomes an Eligible Subsidiary, the Company will cause such Eligible Subsidiary to provide a Note Guarantee.

The Note Guarantee of a Guarantor will terminate upon:

- (1) a sale or other disposition (including by way of consolidation or merger) of the Guarantor or the sale or disposition of all or substantially all the assets of the Guarantor (other than to the Company or a Restricted Subsidiary) otherwise permitted by the Indenture,
- (2) if the Note Guarantee was required pursuant to the terms of the Indenture, the cessation of the circumstances requiring the Note Guarantee,
- (3) the designation in accordance with the Indenture of the Guarantor as an Unrestricted Subsidiary, or
- (4) defeasance or discharge of the notes, as provided in "— Legal Defeasance and Covenant Defeasance" and "— Satisfaction and Discharge."

Additional Amounts

We are required by Mexican law to deduct Mexican withholding taxes, and pay such taxes to the Mexican tax authorities, from payments of interest and other amounts on the notes (and amounts deemed interest, such as any discount on the principal amount of the notes) made to investors who are not residents of Mexico for tax purposes, and will pay additional amounts on those payments to the extent described in this subsection.

The Company and the Guarantors will pay to holders of the notes all additional amounts ("Additional Amounts") that may be necessary so that every net payment of interest, any premium paid upon redemption of the notes or principal to holders of the notes will not be less than the amount provided for in the notes. By net payment, we mean the amount we or our paying agent pay the holder after deducting or withholding an amount for or on account of any present or future taxes, duties, assessments or other governmental charges imposed with respect to that payment by a Mexican taxing authority or any taxing authority in any other jurisdiction in which the Company is organized or resident for tax purposes or through which payment on the notes or the Note Guarantees is made (a "Relevant Jurisdiction"), or any political subdivision or taxing authority thereof or therein ("Taxes").

Our obligation to pay Additional Amounts is subject to several important exceptions, however. The Company and the Guarantors will not pay Additional Amounts to any holder for or solely on account of any of the following:

- any Taxes imposed solely because at any time there is or was a connection between the holder or beneficial owner of the note and the Relevant Jurisdiction (or any political subdivision or taxing authority thereof or therein), including such holder or beneficial owner (i) being or having been a citizen or resident thereof for tax purposes, (ii) maintaining or having maintained an office, permanent establishment, or branch, in all cases subject to taxation therein, or (iii) being or having been present or engaged in a trade or business therein (other than the receipt of payments or the ownership or holding of a note),
- any estate, inheritance, gift, transfer or similar tax, assessment or other governmental charge imposed with respect to the notes,
- any Taxes imposed solely because the holder or any other person having a beneficial interest in the notes fails to comply with any information, documentation or other reporting requirement concerning the

nationality, residence for tax purposes or identity of the holder or any beneficial owner of the note, if compliance is required by statute, rule, regulation, officially published administrative practice of the taxing jurisdiction or by an applicable income tax treaty, which is in effect, to which Mexico or any other Relevant Jurisdiction is a party, as a precondition to exemption from, or reduction in the rate of, the tax or other governmental charge and we (or the relevant Guarantor, if applicable) have given the holders at least 60 days' notice that holders will be required to provide any such information, documentation or reporting requirement,

- any Taxes payable otherwise than by deduction or withholding from payments on the notes,
- any Taxes with respect to such note presented for payment more than 30 days after the date on which the payment became due and payable or the date on which payment thereof is duly provided for and notice thereof given to holders, whichever occurs later, except to the extent that the holders of such note would have been entitled to such Additional Amounts on presenting such note for payment on any date during such 30 day period, and
- any payment on the note to a holder that is a fiduciary or partnership or a person other than the sole beneficial owner of any such payment, to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such a partnership or the beneficial owner of the payment would not have been entitled to the Additional Amounts had the beneficiary, settlor, member or beneficial owner been the holder of the note.

The limitations on our obligations to pay Additional Amounts stated in the third bullet point above will not apply if (a) the provision of information, documentation or other evidence described in such third bullet point would be materially more onerous, in form, in procedure or in the substance of information disclosed, to a holder or beneficial owner of a note, taking into account any relevant differences between U.S. and Mexican law, rule, regulation or administrative practice, than comparable information or other reporting requirements imposed under U.S. tax law (including the United States-Mexico income tax treaty), regulation and published administrative practice, or (b) with respect to taxes imposed by Mexico or any political subdivision or taxing authority thereof or therein, Article 166, Section II, Subsection (a) of the Mexican income tax law (or a substantially similar successor of such Article) is in effect, unless the provision of the information, documentation or other evidence described in the third bullet is expressly required by statute, rule or regulation in order to apply Article 166, Section II, Subsection (a) of the Mexican income tax law (or a substantially similar successor of such Article), the Company, or the relevant Guarantor, cannot obtain such information, documentation or other evidence on its own through reasonable diligence and the Company otherwise would meet the requirements for application of Article 166, Section II, Subsection (a) of the Mexican income tax law (or such successor of such Article).

In addition, such third bullet point does not require, and should not be construed as requiring, that any person, including any non-Mexican pension fund, retirement fund or financial institution, of any nature, register with, or provide information to, the Ministry of Finance and Public Credit or Tax Administration Service to establish eligibility for an exemption from, or a reduction of, Mexican withholding tax.

The Company and the Guarantors will provide the Trustee with documentation satisfactory to the Trustee evidencing the payment of Mexican taxes in respect of which we have paid any Additional Amount. We will make copies of such documentation available to the holders of the notes or the paying agent upon request.

Any reference in this section, the Indenture, or the notes to principal, premium, interest or any other amount payable in respect of the notes by us will be deemed also to refer to any Additional Amount that may be payable with respect to that amount under the obligations referred to in this subsection.

In the event that Additional Amounts actually paid with respect to the notes pursuant to the preceding paragraphs are based on rates of deduction or withholding of withholding taxes in excess of the appropriate rate applicable to the holder of such notes, and as a result thereof such holder is entitled to make a claim for a refund or credit of such excess from the authority imposing such withholding tax, then such holder shall, by accepting such notes, be deemed to have assigned and transferred all right, title and interest to any such claim for a refund or credit of such excess to us. However, by making such assignment, the holder makes no representation or warranty that we will be entitled to receive such claim for a refund or credit and incurs no other obligation with respect thereto, including taking any action for such refund to be repaid.

In the event of any merger or other transaction described and permitted under “— Certain Covenants — Limitation on Merger, Consolidation and Sale of Assets,” then all references to Mexico, Mexican law or regulations, and Mexican taxing authorities under this section (other than the fourth and fifth paragraphs above) and under “— Optional Redemption — Optional Redemption for Changes in Withholding Taxes” shall be deemed to also include the relevant Qualified Merger Jurisdiction, the law or regulations of the relevant Qualified Merger Jurisdiction, and any taxing authority of the relevant Qualified Merger Jurisdiction, respectively.

Optional Redemption

Except as stated below, the Company may not redeem the notes prior to July 15, 2021. The Company may redeem the notes, at its option, in whole at any time or in part from time to time, on and after July 15, 2021, at the following redemption prices, expressed as percentages of the principal amount thereof, if redeemed during the twelve-month period commencing on July 15 of any year set forth below, plus any Additional Amounts then due, if any, plus accrued and unpaid interest to the date of the redemption:

<u>Year</u>	<u>Percentage</u>
2021	103.500%
2022	101.750%
2023 and thereafter	100.000%

Prior to July 15, 2021, the Company will have the right, at its option, to redeem any of the notes, in whole or in part, on at least 30 days’ but not more than 60 days’ notice to holders, at a redemption price equal to 100.0% of the principal amount of such notes, *plus* the Make-Whole Amount and accrued and unpaid interest to the date of redemption, *plus* Additional Amounts, if any.

“Make-Whole Amount” means, with respect to any note on any redemption date, the excess of:

- (a) the present value at such redemption date of (x) the redemption price of the notes to be redeemed at July 15, 2021 (such redemption price being set forth in the table appearing above), *plus* (y) all required interest payments that would otherwise be due to be paid on such note during the period between the redemption date and July 15, 2021 (excluding accrued but unpaid interest), in each case discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate *plus* 50 basis points; over
- (b) 100% of the principal amount of the note.

“Treasury Rate” means, with respect to any redemption date, the rate per annum, as determined by an Independent Investment Banker, equal to the semi-annual equivalent yield to maturity or interpolated maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

“Comparable Treasury Issue” means the United States Treasury security or securities selected by the Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a comparable maturity to the remaining term of such notes.

“Independent Investment Banker” means one of the Reference Treasury Dealers appointed by the Company.

“Comparable Treasury Price” means, with respect to any redemption date (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotation or (2) if the Independent Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

“Reference Treasury Dealer” means each of Citigroup Global Markets Inc., Barclays Capital Inc. and Credit Suisse Securities (USA) LLC or its affiliates which are primary United States government securities dealers and not less than two other leading primary United States government securities dealers in New York City reasonably designated by the Company; *provided, however*, that if any of the foregoing shall cease to be a primary

United States government securities dealer in New York City (a “Primary Treasury Dealer”), the Company will substitute therefor another Primary Treasury Dealer.

“Reference Treasury Dealer Quotation” means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked price for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by such Reference Treasury Dealer at 3:30 p.m. New York time on the third Business Day preceding such redemption date.

Optional Redemption upon Equity Sales

At any time, or from time to time, on or prior to July 15, 2020, the Company may, at its option, use the net cash proceeds of one or more Equity Sales to redeem up to 35% of the aggregate principal amount of the notes (including any Additional Notes) issued under the Indenture at a redemption price equal to 107.000% of the principal amount thereof, plus accrued and unpaid interest to the date of redemption, plus Additional Amounts, if any; *provided*, that:

- (1) after giving effect to any such redemption at least 65% of the aggregate principal amount of the notes (including any Additional Notes) issued under the Indenture remains outstanding; and
- (2) the Company shall make such redemption not more than 90 days after the consummation of such Equity Sale.

“Equity Sale” means an underwritten primary public offering for cash, after the Issue Date, of Qualified Capital Stock of the Company or of any direct or indirect parent of the Company (to the extent the proceeds thereof are contributed to the common equity of the Company).

Optional Redemption for Changes in Withholding Taxes

If, as a result of any amendment to, or change in, the laws (or any rules or regulations thereunder) of a Relevant Jurisdiction, or any political subdivision or taxing authority or other instrumentality thereof or therein affecting taxation, or any amendment to or change in an official interpretation or application of such laws, rules or regulations, which amendment to or change of such laws, rules or regulations becomes effective on or after the date on which the notes we are offering are issued and, if applicable, after the date such Relevant Jurisdiction becomes a Relevant Jurisdiction (which, in the case of a merger, consolidation or other transaction permitted and described under “— Certain Covenants — Limitation on Merger, Consolidation and Sale of Assets,” shall be treated for this purpose as the date of such transaction), we have become obligated, or will become obligated, in each case after taking all reasonable measures to avoid this requirement, to pay Additional Amounts in excess of those attributable to a Mexican withholding tax rate of 4.9% with respect to interest and interest-like payments under the notes (see “— Additional Amounts” and “Taxation — Mexican Taxation”), then, at our option, all, but not less than all, of the notes may be redeemed at any time on giving not less than 60 nor more than 90 days’ notice, at a redemption price equal to 100% of the outstanding principal amount, plus accrued and unpaid interest and any Additional Amounts due thereon up to but not including the date of redemption; *provided, however*, that (1) no notice of redemption for tax reasons may be given earlier than 90 days prior to the earliest date on which we would be obligated to pay these Additional Amounts if a payment on the notes were then due and (2) at the time such notice of redemption is given such obligation to pay such Additional Amounts remains in effect.

Prior to the publication of any notice of redemption pursuant to this provision, we will deliver to the Trustee:

- a certificate signed by one of our duly authorized representatives stating that we are entitled to effect the redemption and setting forth a statement of facts showing that the conditions precedent to our right to redeem have occurred, and
- an opinion of legal counsel (which may be our counsel) of recognized standing to the effect that we have or will become obligated to pay such Additional Amounts as a result of such change or amendment.

This notice, once delivered by us to the Trustee, will be irrevocable.

We will give notice to DTC pursuant to the provisions described under “— Notices” of any redemption we propose to make at least 30 days (but not more than 60 days) before the redemption date.

Optional Redemption Procedures

In the event that less than all of the notes are to be redeemed at any time, selection of notes for redemption will be made by the Trustee in compliance with the requirements of the principal securities exchange or market, if any, on which notes are listed or, if the notes are not then listed on a securities exchange or market, on a *pro rata* basis or by any other method as may be required by DTC in accordance with its applicable procedures. No notes of a principal amount of US\$200,000 or less may be redeemed in part and notes of a principal amount in excess of US\$200,000 may be redeemed in multiples of US\$1,000 only.

Notice of any redemption will be mailed by first-class mail, postage prepaid, at least 30 but not more than 60 days before the redemption date to each holder of notes to be redeemed at its registered address. If notes are to be redeemed in part only, the notice of redemption will state the portion of the principal amount thereof to be redeemed. For so long as the notes are admitted to listing on the Official List of the Luxembourg Stock Exchange and to trading on the EuroMTF Market of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, the Company will cause notices of redemption also to be published as provided under “— Certain Covenants — Notices.” A new note in a principal amount equal to the unredeemed portion thereof (if any) will be issued in the name of the holder thereof and mailed to such holder upon cancellation of the original note (or appropriate adjustments to the amount and beneficial interests in a Global Note will be made, as appropriate).

The Company will pay the redemption price for any note together with accrued and unpaid interest thereon through the date of redemption. On and after the redemption date, interest will cease to accrue on notes or portions thereof called for redemption as long as the Company has deposited with the Paying Agent funds in satisfaction of the applicable redemption price pursuant to the Indenture. Upon redemption of any notes by the Company, such redeemed notes will be cancelled.

Notwithstanding the foregoing provisions of this “— Optional Redemption” section, the Company and its Subsidiaries are not prohibited from acquiring the notes by means other than a redemption, whether pursuant to a tender offer, open market purchase or otherwise.

If the redemption date falls after a record date but on, or prior to, the corresponding interest payment date, we will pay accrued interest to the holder of record on the corresponding record date, which may or may not be the person who will receive payment of the redemption price (which will exclude such accrued interest).

Change of Control Triggering Event

Upon the occurrence of a Change of Control Triggering Event, each holder will have the right to require that the Company purchase all or a portion (in minimum principal amounts of US\$200,000 and integral multiples of US\$1,000 in excess thereof) of the holder’s notes at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest thereon and any Additional Amounts, if any, through the date of purchase (the “Change of Control Triggering Event Payment”).

Within 30 days following the date upon which the Change of Control Triggering Event occurred, the Company must send, by first-class mail, a notice to each holder, with a copy to the Trustee, offering to purchase the notes as described above (a “Change of Control Triggering Event Offer”) and, so long as the rules of the Luxembourg Stock Exchange so require, publish the Change of Control Triggering Event Offer in a newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*). The Change of Control Triggering Event Offer shall state, among other things, the purchase date, which must be no earlier than 30 days nor later than 60 days from the date the notice is mailed, other than as may be required by law (the “Change of Control Triggering Event Payment Date”).

On or before 12:00 p.m. noon New York time on the Business Day immediately preceding the Change of Control Triggering Event Payment Date, the Company shall deposit with the Trustee or a Paying Agent funds in an amount equal to the Change of Control Triggering Event Payment in respect of all notes or portions thereof so tendered.

On the Change of Control Triggering Event Payment Date, the Company will, to the extent lawful:

- (1) accept for payment all notes or portions thereof properly tendered and not withdrawn pursuant to the Change of Control Triggering Event Offer; and
- (2) deliver or cause to be delivered to the Trustee the notes so accepted together with an Officers' Certificate stating the aggregate principal amount of notes or portions thereof being purchased by the Company.

If only a portion of a note is purchased pursuant to a Change of Control Triggering Event Offer, a new note in a principal amount equal to the portion thereof not purchased will be issued in the name of the holder thereof upon cancellation of the original note (or appropriate adjustments to the amount and beneficial interests in a Global Note will be made, as appropriate).

The Company will not be required to make a Change of Control Triggering Event Offer upon a Change of Control Triggering Event if (1) a third party makes the Change of Control Triggering Event Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Triggering Event Offer made by the Company and purchases all notes properly tendered and not withdrawn under the Change of Control Triggering Event Offer, or (2) notice of redemption has been given pursuant to the Indenture as described above under the caption "— Optional Redemption," unless and until there is a default in payment of the applicable redemption price.

A Change of Control Triggering Event Offer may be made in advance of a Change of Control Triggering Event, and conditioned upon the occurrence of such Change of Control Triggering Event, if a definitive agreement is in place for the Change of Control at the time of making the Change of Control Triggering Event Offer. Notes repurchased by the Company pursuant to a Change of Control Triggering Event Offer will have the status of notes issued but not outstanding or will be retired and canceled, at the option of the Company. Notes purchased by a third party pursuant to the preceding paragraph will have the status of notes issued and outstanding.

In the event that holders of not less than 95% of the aggregate principal amount of the outstanding notes accept a Change of Control Triggering Event Offer and the Company or a third party purchases all of the notes held by such holders, the Company will have the right, on not less than 30 nor more than 60 days' prior notice to holders, given not more than 30 days following the purchase pursuant to the Change of Control Triggering Event Offer described above, to redeem all of the notes that remain outstanding following such purchase at a purchase price equal to the Change of Control Triggering Event Payment plus, to the extent not included in the Change of Control Triggering Event Payment, accrued and unpaid interest, if any, on the notes that remain outstanding, to the date of redemption (subject to the right of holders on the relevant record date to receive interest due on the relevant interest payment date).

Other existing and future Indebtedness of the Company may contain prohibitions on the occurrence of events that would constitute a Change of Control or require that Indebtedness be repurchased upon a Change of Control. Moreover, the exercise by the holders of their right to require the Company to repurchase the notes upon a Change of Control Triggering Event would cause a default under such Indebtedness even if the Change of Control itself does not.

If a Change of Control Triggering Event Offer occurs, there can be no assurance that the Company will have available funds sufficient to make the Change of Control Triggering Event Payment for all the notes that might be delivered by holders seeking to accept the Change of Control Triggering Event Offer. In the event the Company is required to purchase outstanding notes pursuant to a Change of Control Triggering Event Offer, the Company expects that it would seek third-party financing to the extent it does not have available funds to meet its purchase obligations and any other obligations in respect of Senior Indebtedness. However, there can be no assurance that the Company would be able to obtain necessary financing.

The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other applicable securities laws and regulations in connection with the purchase of notes in connection with a Change of Control Triggering Event Offer. To the extent that the provisions of any securities laws or regulations conflict with the "Change of Control Triggering Event" provisions of the Indenture, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by doing so.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of “all or substantially all” of the properties or assets of the Company and its Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase “substantially all,” there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder to require the Company to repurchase its notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of the Company and its Subsidiaries taken as a whole to another Person or group may be uncertain.

Suspension of Covenants

During any period of time that (i) the notes have Investment Grade Ratings from both Rating Agencies and (ii) no Default or Event of Default has occurred and is continuing (the occurrence of the events described in the foregoing clauses (i) and (ii) being collectively referred to as a “Covenant Suspension Event,” and the date on which such Covenant Suspension Event occurs being referred to as a “Suspension Date”), the Company and its Restricted Subsidiaries will not be subject to the provisions of the Indenture described under:

- “— Limitation on Incurrence of Additional Indebtedness;”
- “— Limitation on Guarantees;”
- “— Limitation on Restricted Payments;”
- “— Limitation on Asset Sales and Sales of Subsidiary Stock;”
- “— Limitation on Lease Securitizations and Receivables Transactions;”
- “— Limitation on Designation of Unrestricted Subsidiaries;”
- “— Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries;”
- “— Limitation on Layered Indebtedness;”
- clause (b) of “— Limitation on Merger, Consolidation or Sale of Assets;” and
- “— Conduct of Business;”

(collectively, the “Suspended Covenants”).

In the event that the Company and its Restricted Subsidiaries are not subject to the Suspended Covenants for any period of time as a result of the foregoing, and on any subsequent date (the “Reversion Date”) one of the Rating Agencies withdraws its Investment Grade Rating or downgrades its rating assigned to the notes below an Investment Grade Rating, then the Company and its Restricted Subsidiaries will thereafter again be subject to the Suspended Covenants. The period of time between the Suspension Date and the Reversion Date is referred to as the “Suspension Period.” Notwithstanding that the Suspended Covenants may be reinstated, no Default or Event of Default will be deemed to have occurred as a result of a failure to comply with the Suspended Covenants during the Suspension Period (or upon termination of the Suspension Period or after that time based solely on events that occurred during the Suspension Period).

On the Reversion Date, all Indebtedness incurred during the Suspension Period will be classified as having been incurred pursuant to clause (1) of “— Limitation on Incurrence of Additional Indebtedness” below or one of the clauses set forth in clause (2) of “— Limitation on Incurrence of Additional Indebtedness” below (to the extent such Indebtedness would be permitted to be incurred thereunder as of the Reversion Date and after giving effect to Indebtedness incurred prior to the Suspension Period and outstanding on the Reversion Date). To the extent such Indebtedness would not be so permitted to be incurred pursuant to the first or second clauses of “— Limitation on Incurrence of Additional Indebtedness,” such Indebtedness will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under clause 2(c) of “— Limitation on Incurrence of Additional Indebtedness.” Calculations made after the Reversion Date of the amount available to be made as Restricted Payments under “— Limitation on Restricted Payments” will be made as though the covenant described under “— Limitation on Restricted Payments” had been in effect since the Issue Date and throughout the Suspension Period. The Company will notify the Trustee of the occurrence of any Suspension Date or Reversion Date within ten

(10) Business Days of its occurrence. After any such notice of the occurrence of a Reversion Date, the Trustee shall assume the Suspended Covenants apply and are in full force and effect.

Certain Covenants

For so long as any note is outstanding, the Company will, and to the extent specified below will cause its Restricted Subsidiaries to, comply with the terms of the following covenants:

Limitation on Incurrence of Additional Indebtedness

(1) The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, Incur any Indebtedness, including Acquired Indebtedness, except that the Company may Incur Indebtedness, including Acquired Indebtedness, if, at the time of and immediately after giving *pro forma* effect to the Incurrence thereof and the application of the proceeds therefrom the Fixed Charge Coverage Ratio of the Company and its Restricted Subsidiaries is at least 2.00:1.00.

(2) Notwithstanding clause (1) above, the Company and its Restricted Subsidiaries, as applicable, may Incur the following Indebtedness (“Permitted Indebtedness”):

(a) Indebtedness in respect of the notes, excluding Additional Notes or guarantees thereof;

(b) Guarantees by any Restricted Subsidiary of Indebtedness of the Company Incurred in accordance with this covenant, which Guarantee is permitted under “— Limitation on Guarantees” below; *provided* that (i) if such Guarantee is of Subordinated Indebtedness then the Note Guarantee of such Guarantor shall be senior to such Guarantor’s Guarantee of Subordinated Indebtedness and (ii) if such Restricted Subsidiary is not a Guarantor it shall simultaneously provide a Note Guarantee and become a Guarantor;

(c) Hedging Obligations entered into by the Company and its Restricted Subsidiaries in the ordinary course of business and not for speculative purposes, including, without limitation, Hedging Obligations in respect of the notes;

(d) intercompany Indebtedness between the Company and any Restricted Subsidiary or between any Restricted Subsidiaries; *provided* that:

(1) if the Company or any Guarantor is the obligor on any such Indebtedness owed to a Restricted Subsidiary that is not a Guarantor, such Indebtedness must be expressly subordinated to the prior payment in full of all obligations under the notes and the Indenture, in the case of the Company, or such Guarantor’s Note Guarantee, in the case of any such Guarantor; *provided* that the Company, its parent companies (if any) and any Guarantor shall agree to vote such Indebtedness, or provide their consents in connection with such Indebtedness, in any Mexican Restructuring, in a manner that is consistent with the vote of, or the consents provided by, the holders of the notes and other unaffiliated creditors of the same class as the notes, and

(2) in the event that at any time any such Indebtedness ceases to be held by the Company or a Restricted Subsidiary, such Indebtedness shall be deemed to be Incurred and not permitted by this clause (d) at the time such event occurs;

(e) Indebtedness of the Company or any of its Restricted Subsidiaries arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently (including daylight overdrafts paid in full by the close of business on the day such overdraft was Incurred) drawn against insufficient funds in the ordinary course of business; *provided*, that such Indebtedness is extinguished within five Business Days of Incurrence;

(f) Indebtedness of the Company or any of its Restricted Subsidiaries represented by letters of credit for the account of the Company or any Restricted Subsidiary, as the case may be, in order to provide for judicial deposits required in connection with any judicial or administrative proceeding, provide security for workers’ compensation claims, payment obligations in connection with self-insurance or similar requirements in the ordinary course of business;

(g) Indebtedness in respect of bid, performance, surety bonds or *fianzas* in the ordinary course of business for the account of the Company or any of its Restricted Subsidiaries, including Guarantees or obligations of the Company or any Restricted Subsidiary with respect to letters of credit and/or *fianzas* supporting such bid, performance or surety obligations (in each case other than for the payment of borrowed money);

(h) Refinancing Indebtedness in respect of:

(1) Indebtedness (other than Indebtedness owed to the Company or any Subsidiary of the Company) Incurred pursuant to clause (1) of this covenant (it being understood that no Indebtedness outstanding on the Issue Date is Incurred pursuant to such clause (1)), or

(2) Indebtedness of the Company and its Restricted Subsidiaries outstanding on the Issue Date and Indebtedness Incurred pursuant to clause (a) of this definition of Permitted Indebtedness or this clause (h);

(i) Capitalized Lease Obligations and Purchase Money Indebtedness of the Company or any Restricted Subsidiary at any one time outstanding in an aggregate principal amount not to exceed the greater of (x) US\$60 million (or the equivalent in other currencies) and (y) 5% of Consolidated Tangible Assets;

(j) Permitted Acquisition Indebtedness;

(k) Capital Securities;

(l) indemnification, adjustment of purchase price, earn-out or similar obligations, in each case, incurred or assumed in connection with the acquisition or disposition of any business or assets of the Company or any Restricted Subsidiary or Capital Stock of a Restricted Subsidiary, other than guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business, assets or equity interests for the purposes of financing or in contemplation of any such acquisition; *provided* that (1) any amount of such obligations included on the face of the balance sheet of the Company or any Restricted Subsidiary shall not be permitted under this clause (1) and (2) in the case of a disposition, the maximum aggregate liability in respect of all such obligations outstanding under this clause (1) shall at no time exceed the gross proceeds actually received by the Company and the Restricted Subsidiaries in connection with such disposition;

(m) Indebtedness incurred pursuant to a Lease Securitization; and

(n) additional Indebtedness of the Company or any Restricted Subsidiary at any time outstanding in an aggregate principal amount not to exceed the greater of (x) US\$75 million and (y) 7.5% of Consolidated Tangible Assets.

(3) For purposes of determining compliance with, and the outstanding principal amount of, any particular Indebtedness Incurred pursuant to and in compliance with this covenant, (i) the outstanding principal amount of any item of Indebtedness will be counted only once, (ii) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined in accordance with GAAP, and (iii) Guarantees of, or obligations in respect of letters of credit or similar instruments relating to, Indebtedness which is otherwise included in the determination of any particular amount of Indebtedness will not be included. Accrual of interest, the accretion or amortization of original issue discount, the payment of regularly scheduled interest in the form of additional Indebtedness of the same instrument or the payment of regularly scheduled dividends on Disqualified Capital Stock in the form of additional Disqualified Capital Stock with the same terms will not be deemed to be an Incurrence of Indebtedness for purposes of this covenant; *provided* that any such outstanding additional Indebtedness or Disqualified Capital Stock paid in respect of Indebtedness Incurred pursuant to any provision of clause (2) of this covenant will be counted as Indebtedness outstanding thereunder for purposes of any future Incurrence under such provision. For purposes of determining compliance with this "Limitation on Incurrence of Additional Indebtedness" covenant, in the event that an item of proposed Indebtedness meets the criteria of more than one of the categories of Permitted Indebtedness described in clauses (2)(a) through (2)(m) above, or is entitled to be incurred pursuant to clause (1) of this covenant, the Company will be permitted to classify such item of Indebtedness on the date of its incurrence and will only be required to include the amount and type of such Indebtedness in one of the above clauses, although the Company may divide and classify an item of

Indebtedness in one or more of the types of Indebtedness and may later re-divide or reclassify all or a portion of such item of Indebtedness in any manner that complies with this covenant. Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Company or any Restricted Subsidiary may incur pursuant to this covenant shall not be deemed to be exceeded as a result solely of fluctuations in exchange rates or currency values.

(4) For purposes of determining compliance with any U.S. dollar denominated restriction on the Incurrence of Indebtedness where the Indebtedness Incurred is denominated in a different currency, the amount of such Indebtedness will be the U.S. Dollar Equivalent determined on the date of the Incurrence of such Indebtedness; *provided, however*, that if any such Indebtedness denominated in a different currency is subject to a Currency Agreement with respect to U.S. dollars covering all principal, premium, if any, and interest payable on such Indebtedness, the amount of such Indebtedness expressed in U.S. dollars will be as provided in such Currency Agreement. The principal amount of any Refinancing Indebtedness Incurred in the same currency as the Indebtedness being Refinanced will be the U.S. Dollar Equivalent of the Indebtedness Refinanced, except to the extent that (x) such U.S. Dollar Equivalent was determined based on a Currency Agreement, in which case the Refinancing Indebtedness will be determined in accordance with the preceding sentence, and (y) the principal amount of the Refinancing Indebtedness exceeds the principal amount of the Indebtedness being Refinanced, in which case the U.S. Dollar Equivalent of such excess will be determined on the date such Refinancing Indebtedness is Incurred.

Limitation on Guarantees

Except to the extent that the limitations set forth below expressly contravene, or result in a violation of, Mexican law, the Company will not permit any Restricted Subsidiary of the Company (other than a Guarantor), to Guarantee any Indebtedness of the Company unless contemporaneously therewith (or prior thereto) effective provision is made to Guarantee all obligations under the notes and the Indenture on an equal and ratable basis with such Guarantee for so long as such Guarantee remains effective, and in an amount equal to the amount of Indebtedness so Guaranteed.

In the event that any Restricted Subsidiary is required to Guarantee the notes in accordance with the preceding paragraph, such Restricted Subsidiary will be released and relieved of its obligations under such Guarantee in the event:

- (1) there is a Legal Defeasance or a Covenant Defeasance of the notes;
- (2) there is a sale or other disposition of Capital Stock of such Restricted Subsidiary following which such Restricted Subsidiary is no longer a direct or indirect Subsidiary of the Company; or
- (3) such Restricted Subsidiary is designated as an Unrestricted Subsidiary;

provided, that, in each case, such transactions are carried out pursuant to and in accordance with all applicable covenants and provisions of the Indenture.

Limitation on Restricted Payments

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, take any of the following actions (each, a “Restricted Payment”):

(a) declare or pay any dividend or return of capital or make any distribution on or in respect of shares of Capital Stock of the Company or any Restricted Subsidiary to holders of such Capital Stock, other than:

- dividends or distributions payable in Qualified Capital Stock of the Company,
- dividends or distributions payable to the Company and/or a Restricted Subsidiary, or
- dividends, distributions or returns of capital made on a *pro rata* basis to the Company and its Restricted Subsidiaries, on the one hand, and minority holders of Capital Stock of a

Restricted Subsidiary, on the other hand (or on a less than *pro rata* basis to any minority holder);

(b) purchase, redeem or otherwise acquire or retire for value:

- any Capital Stock of the Company, or
- any Capital Stock of any Restricted Subsidiary held by an Affiliate of the Company (other than a Restricted Subsidiary) or any Preferred Stock of a Restricted Subsidiary, except for Capital Stock held by the Company or a Restricted Subsidiary or purchases, redemptions, acquisitions or retirements for value of Capital Stock on a *pro rata* basis from the Company and/or any Restricted Subsidiaries, on the one hand, and minority holders of Capital Stock of a Restricted Subsidiary, on the other hand, according to their respective percentage ownership of the Capital Stock of such Restricted Subsidiary;

(c) make any principal payment on, purchase, defease, redeem, prepay, decrease or otherwise acquire or retire for value, prior to any scheduled final maturity, scheduled repayment or scheduled sinking fund payment, as the case may be, any Subordinated Indebtedness or any Capital Securities (excluding (x) any intercompany Indebtedness owed to the Company and/or any Guarantor, (y) any intercompany Indebtedness between Restricted Subsidiaries that are not Guarantors, or (z) the purchase, repurchase or other acquisition of Indebtedness that is contractually subordinate or otherwise junior in right of payment to the notes, purchased in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case within one year of such date of purchase, repurchase or acquisition); or

(d) make any Investment (other than Permitted Investments);

if at the time of the Restricted Payment and immediately after giving effect thereto:

(1) a Default or an Event of Default shall have occurred and be continuing;

(2) the Company is not able to Incur at least US\$1.00 of additional Indebtedness pursuant to clause (1) of “— Limitation on Incurrence of Additional Indebtedness;” or

(3) the aggregate amount (the amount expended for these purposes, if other than in cash, being the Fair Market Value of the relevant property) of the proposed Restricted Payment and all other Restricted Payments made subsequent to the Issue Date up to the date thereof, shall exceed the sum of:

(A) 50.0% of cumulative Consolidated Net Income of the Company or, if such cumulative Consolidated Net Income of the Company is a loss, minus 100.0% of the loss, accrued during the period, treated as one accounting period, beginning on January 1, 2016 to the end of the most recent fiscal quarter for which consolidated financial information of the Company is available; *plus*

(B) 100.0% of the aggregate net proceeds, including cash and the Fair Market Value of property used in a Permitted Business (other than cash and securities), received by the Company from any Person from any:

- contribution to the equity capital of the Company not representing an interest in Disqualified Capital Stock or issuance and sale of Qualified Capital Stock of the Company, in each case, subsequent to January 1, 2016,
- issuance and sale subsequent to the Issue Date (and, in the case of Indebtedness of a Restricted Subsidiary, at such time as it was a Restricted Subsidiary) of any Indebtedness of the Company or any Restricted Subsidiary that has been converted into or exchanged for Qualified Capital Stock of the Company, or
- issuance and sale subsequent to the Issue Date of any Capital Securities,

excluding, in each case, any net proceeds:

(x) received from a Restricted Subsidiary of the Company; or

(y) applied in accordance with clause (2) or (3) of the second paragraph of this covenant below; *plus*

(C) any Investment Return; *plus*

(D) an amount not to exceed US\$10 million in the aggregate since the Issue Date.

As of March 31, 2017, we estimate that the amount available for Restricted Payments pursuant to this clause (3) would have been approximately US\$12.8 million (calculated using the exchange rate of Ps. 18.8092 published in the Mexican Federal Official Gazette by the Banco de México on March 31, 2017).

Notwithstanding the preceding paragraph, this covenant does not prohibit:

(1) the payment of any dividend or distribution or the consummation of any irrevocable redemption of Subordinated Indebtedness within 60 days after the date of declaration of such dividend or distribution or giving of the redemption notice, as the case may be, if the dividend, distribution or redemption would have been permitted on the date of declaration or notice pursuant to the preceding paragraph; *provided* that such redemption shall be included (without duplication for the declaration) in the calculation of the amount of Restricted Payments;

(2) the making of any Restricted Payment,

(x) in the form of Qualified Capital Stock of the Company,

(y) through the application of the net proceeds received by the Company from a substantially concurrent sale of Qualified Capital Stock of the Company or a contribution to the equity capital of the Company not representing an interest in Disqualified Capital Stock, in each case not received from a Subsidiary of the Company, or

(z) through the application of the net proceeds received by the Company from a substantially concurrent issuance or sale of Capital Securities;

provided that the value of any such Qualified Capital Stock or Capital Securities used or the net proceeds of which are used to make a Restricted Payment pursuant to this clause (2) shall be excluded from clause (3)(B) of the first paragraph of this covenant;

(3) the voluntary prepayment, purchase, defeasance, redemption or other acquisition or retirement for value of any Subordinated Indebtedness solely in exchange for, or through the application of net proceeds of a substantially concurrent sale, other than to a Subsidiary of the Company, of Refinancing Indebtedness for such Subordinated Indebtedness;

(4) repurchases by the Company of Common Stock of the Company or options, warrants or other securities exercisable or convertible into Common Stock of the Company from any current or former employees, officers, directors or consultants of the Company or any of its Subsidiaries or their authorized representatives upon the death, disability or termination of employment or directorship of such employees, officers or directors, or the termination of retention of any such consultants, in an amount not to exceed US\$2 million in any calendar year (with unused amounts in any calendar year being permitted to be carried over into succeeding calendar years up to a maximum of US\$2 million) plus the cash proceeds of key man life insurance policies received by the Company and its Restricted Subsidiaries;

(5) the repurchase of Capital Stock deemed to occur upon the exercise of stock options or warrants to the extent such Capital Stock represents a portion of the exercise price of those stock options or warrants;

(6) if no Default or Event of Default shall have occurred and be continuing, the declaration and payment of regularly scheduled or accrued dividends or distributions to holders of any class or series of Disqualified Capital Stock of the Company or any Restricted Subsidiary issued on or after the Issue Date in accordance with the covenant “— Limitation on Incurrence of Additional Indebtedness;”

(7) the repurchase, redemption or other acquisition or retirement for value of any Subordinated Indebtedness of the Company pursuant to and in accordance with the terms of a “change of control”

covenant set forth in the Indenture or other agreement pursuant to which such Subordinated Indebtedness is issued and such “change of control” covenant is substantially similar to the Change of Control Triggering Event provision included in the Indenture; *provided* that the Company (or another Person) has repurchased all notes required to be repurchased by the Company under the caption “Change of Control Triggering Event” prior to the purchase, redemption or other acquisition or retirement for value of such Subordinated Indebtedness pursuant to the applicable “change of control” covenant;

(8) if no Default or Event of Default shall have occurred and be continuing, the purchase by the Company of fractional shares arising out of stock dividends, splits or combinations or business combinations; *provided*, that such purchases are not made for the purposes of circumventing the provisions of this covenant; and

(9) if no Default or Event of Default shall have occurred and be continuing, other Restricted Payments in an aggregate amount not to exceed US\$10 million in any fiscal year.

In determining the aggregate amount of Restricted Payments made subsequent to the Issue Date, amounts expended pursuant to clauses (1) (without duplication for the declaration of the relevant dividend), (4), (6) and (8) above shall be included in such calculation and amounts expended pursuant to clauses (2), (3), (5), (7) and (9) above shall not be included in such calculation.

Limitation on Asset Sales and Sales of Subsidiary Stock

The Company will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless:

(a) the Company or the applicable Restricted Subsidiary, as the case may be, receives consideration at the time of such Asset Sale at least equal to the Fair Market Value of the assets or Capital Stock sold or otherwise disposed of, and

(b) at least 75% of the consideration received for the assets or Capital Stock sold by the Company or the Restricted Subsidiary, as the case may be, in such Asset Sale shall be in the form of cash or Cash Equivalents received at the time of such Asset Sale.

For purposes of the immediately preceding clause (b), each of the following will be deemed to be cash:

(1) any liabilities that are included on the balance sheet of the Company or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the notes) that are assumed by the transferee of any such assets and as a result of which the Company or such Restricted Subsidiary, as the case may be, are fully and unconditionally released from any further liability in connection therewith;

(2) any securities, notes or other obligations or assets received by the Company or any such Restricted Subsidiary from such transferee that are converted by the Company or such Restricted Subsidiary into cash or Cash Equivalents within 180 days of the receipt thereof (subject to ordinary settlement periods), to the extent of the cash or Cash Equivalents received in that conversion;

(3) the Fair Market Value of any Capital Stock of a Person engaged in a Permitted Business that will become, upon purchase, a Restricted Subsidiary or assets (other than current assets as determined in accordance with GAAP or Capital Stock) to be used by the Company or any Restricted Subsidiary in a Permitted Business; and

(4) any Designated Non-cash Consideration received by the Company or any of its Restricted Subsidiaries in such Asset Sale; *provided* that the aggregate Fair Market Value of such Designated Non-cash Consideration, taken together with the Fair Market Value at the time of receipt of all other Designated Non-cash Consideration received pursuant to this clause (4) less the amount of Net Proceeds previously realized in cash or Cash Equivalents from the sale of prior Designated Non-cash Consideration is less than the greater of (x) 4.0% of Consolidated Tangible Assets at the time of the receipt of such Designated Non-cash Consideration and (y) US\$25 million, in each case with the Fair Market Value of each item of Designated Non-cash Consideration being measured at the time received and without giving effect to subsequent changes in value;

provided that amounts received pursuant to clauses (1), (3) and (4) shall not be deemed to constitute Net Cash Proceeds for purposes of making an Asset Sale Offer.

The Company or such Restricted Subsidiary, as the case may be, may apply the Net Cash Proceeds of any such Asset Sale within 365 days thereof to:

(a) repay any Senior Indebtedness of the Company, any Indebtedness secured by the assets subject to such Asset Sale or Indebtedness of any Restricted Subsidiary (in each case owing to a Person other than the Company or any Restricted Subsidiary and including, in each case without limitation, Capitalized Lease Obligations),

(b) make capital expenditures in a Permitted Business, and/or

(c) purchase

(1) assets (other than current assets as determined in accordance with GAAP or Capital Stock) to be used by the Company or any Guarantor in a Permitted Business,

(2) all or substantially all of the assets of, or any Capital Stock of, a Person engaged in a Permitted Business if, after giving effect to any such acquisition, such Person is or becomes or such assets are contributed to a Guarantor, or

(3) enter into a binding commitment with a Person, other than the Company or any of its Restricted Subsidiaries, to apply such Net Cash Proceeds pursuant to clause (b) and/or (c) above, *provided* that such binding commitment shall be subject only to customary conditions and the applicable purchase shall be consummated within 180 days following the expiration of the aforementioned 365-day period.

To the extent all or a portion of the Net Cash Proceeds of any Asset Sale are not applied within the 365 days of the Asset Sale as described in clause (a), (b) and/or (c) of the immediately preceding paragraph, the Company will make an offer to purchase notes (the "Asset Sale Offer"), at a purchase price equal to 100.0% of the principal amount of the notes to be purchased, plus accrued and unpaid interest thereon, to the date of purchase (the "Asset Sale Offer Amount"). The Company will purchase pursuant to an Asset Sale Offer from all tendering holders on a *pro rata* basis, and, at the Company's option, on a *pro rata* basis with the holders of any other Senior Indebtedness with similar provisions requiring the Company to offer to purchase the other Senior Indebtedness with the proceeds of Asset Sales, that principal amount (or accreted value in the case of Indebtedness issued with original issue discount) of notes and the other Senior Indebtedness to be purchased equal to such unapplied Net Cash Proceeds. The Company may satisfy its obligations under this covenant with respect to the Net Cash Proceeds of an Asset Sale by making an Asset Sale Offer prior to the expiration of the relevant 365-day period.

The purchase of notes pursuant to an Asset Sale Offer will occur not less than 20 Business Days following the date thereof, or any longer period as may be required by law, nor more than 45 days following the 365th day following the Asset Sale. The Company may, however, defer an Asset Sale Offer until there is an aggregate amount of unapplied Net Cash Proceeds from one or more Asset Sales equal to or in excess of US\$20 million. At that time, the entire amount of unapplied Net Cash Proceeds, and not just the amount in excess of US\$20 million, will be applied as required pursuant to this covenant. Pending application in accordance with this covenant, Net Cash Proceeds may be applied to temporarily reduce revolving credit borrowings or Invested in Cash Equivalents.

Each notice of an Asset Sale Offer will be mailed first class, postage prepaid, to the record holders as shown on the register of holders within 20 days following such 365th day, with a copy to the Trustee, offering to purchase the notes as described above. Each notice of an Asset Sale Offer will state, among other things, the purchase date, which must be no earlier than 30 days nor later than 60 days from the date the notice is mailed, other than as may be required by law (the "Asset Sale Offer Payment Date"). Upon receiving notice of an Asset Sale Offer, holders may elect to tender their notes in whole or in part in minimum principal amounts of US\$200,000 and integral multiples of US\$1,000 in excess thereof in exchange for cash.

On or before 12:00 p.m. noon New York time on the Business Day immediately prior to the Asset Sale Offer Payment Date, the Company shall deposit with the Trustee or any Paying Agent funds in an amount equal to the Asset Sale Offer Amount in respect of all notes or portions thereof so tendered.

On the Asset Sale Offer Payment Date, the Company will, to the extent lawful:

(1) accept for payment all notes or portions thereof properly tendered pursuant to the Asset Sale Offer; and

(2) deliver or cause to be delivered to the Trustee the notes so accepted together with an Officers' Certificate stating the aggregate principal amount of notes or portions thereof being purchased by the Company.

To the extent holders of notes and holders of other Senior Indebtedness, if any, which are the subject of an Asset Sale Offer properly tender and do not withdraw notes or the other Senior Indebtedness in an aggregate amount exceeding the amount of unapplied Net Cash Proceeds, the Company will purchase the notes and the other Senior Indebtedness on a *pro rata* basis (based on amounts tendered). If only a portion of a note is purchased pursuant to an Asset Sale Offer, a new note in a principal amount equal to the portion thereof not purchased will be issued in the name of the holder thereof upon cancellation of the original note (or appropriate adjustments to the amount and beneficial interests in a global note will be made, as appropriate). Notes (or portions thereof) purchased pursuant to an Asset Sale Offer will be cancelled and cannot be reissued.

The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other applicable securities laws in connection with the purchase of notes pursuant to an Asset Sale Offer. To the extent that the provisions of any applicable securities laws or regulations conflict with the "Asset Sale" provisions of the Indenture, the Company will comply with these laws and regulations and will not be deemed to have breached its obligations under the "Asset Sale" provisions of the Indenture by doing so.

Upon completion of an Asset Sale Offer, the amount of Net Cash Proceeds will be reset at zero. Accordingly, to the extent that the aggregate amount of notes and other Indebtedness tendered pursuant to an Asset Sale Offer is less than the aggregate amount of unapplied Net Cash Proceeds, the Company and its Restricted Subsidiaries may use any remaining Net Cash Proceeds for any purpose not otherwise prohibited by the Indenture.

Limitation on Lease Securitizations and Receivables Transactions

The Company and its Restricted Subsidiaries may sell, transfer or otherwise dispose of accounts receivable to another Person or Securitization Vehicle; *provided* that:

(1) the sale, transfer or other disposition is in connection with a Lease Securitization or a Receivables Transaction; and

(2) the aggregate consideration received in each such sale, transfer or other disposition is at least equal to the Fair Market Value of the receivables sold.

Limitation on Designation of Unrestricted Subsidiaries

Except to the extent that the limitations set forth below expressly contravene, or result in a violation of, Mexican law, the Company may designate after the Issue Date any Subsidiary of the Company as an "Unrestricted Subsidiary" under the Indenture (a "Designation") only if:

(1) no Default or Event of Default shall have occurred and be continuing at the time of or immediately after giving effect to such Designation and any transactions between the Company or any of its Restricted Subsidiaries and such Unrestricted Subsidiary are in compliance with "— Limitation on Transactions with Affiliates;"

(2) at the time of and after giving effect to such Designation, the Company could Incur US\$1.00 of additional Indebtedness pursuant to clause (1) of "— Limitation on Incurrence of Additional Indebtedness;" and

(3) the Company would be permitted to make an Investment at the time of Designation (assuming the effectiveness of such Designation and treating such Designation as an Investment at the time of Designation) as a Restricted Payment pursuant to the first paragraph of "— Limitation on Restricted

Payments” or as a Permitted Investment in an amount (the “Designation Amount”) equal to the amount of the Company’s Investment in such Subsidiary on such date; and

At the time of such Designation, neither the Company nor any Restricted Subsidiary will:

(1) provide credit support for, subject any of its property or assets (other than the Capital Stock of any Unrestricted Subsidiary) to the satisfaction of, or Guarantee, any Indebtedness of such Subsidiary (including any undertaking, agreement or instrument evidencing such Indebtedness);

(2) be directly or indirectly liable for any Indebtedness of such Subsidiary; or

(3) be directly or indirectly liable for any Indebtedness which provides that the holder thereof may (upon notice, lapse of time or both) declare a default thereon or cause the payment thereof to be accelerated or payable prior to its final scheduled maturity upon the occurrence of a default with respect to any Indebtedness of such Subsidiary, except for any non-recourse Guarantee given solely to support the pledge by the Company or any Restricted Subsidiary of the Capital Stock of such Subsidiary.

The Company may revoke any Designation of a Subsidiary as an Unrestricted Subsidiary (a “Revocation”) only if:

(1) no Default or Event of Default shall have occurred and be continuing at the time of and after giving effect to such Revocation; and

(2) all Liens and Indebtedness of such Unrestricted Subsidiary outstanding immediately following such Revocation would, if Incurred at such time, have been permitted to be Incurred for all purposes of the Indenture.

The Designation of a Subsidiary of the Company as an Unrestricted Subsidiary shall be deemed to include the Designation of all of the Subsidiaries of such Subsidiary. All Designations and Revocations must be evidenced by a certificate of the Chief Financial Officer of the Company, delivered to the Trustee certifying compliance with the preceding provisions.

Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

(a) Except as provided in paragraph (b) below, the Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create or otherwise cause or permit to exist or become effective any encumbrance or restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on or in respect of its Capital Stock to the Company or any other Restricted Subsidiary or pay any Indebtedness owed to the Company or any other Restricted Subsidiary;

(2) make loans or advances to, or Guarantee any Indebtedness or other obligations of, or make any Investment in, the Company or any other Restricted Subsidiary; or

(3) transfer any of its property or assets to the Company or any other Restricted Subsidiary.

(b) Paragraph (a) above will not apply to encumbrances or restrictions existing under or by reason of:

(1) applicable law, rule, regulation or order;

(2) the Indenture or the notes;

(3) the terms of any Indebtedness outstanding on the Issue Date, and any amendment, modification, restatement, renewal, restructuring, replacement or refinancing thereof; *provided* that any amendment, modification, restatement, renewal, restructuring, replacement or refinancing is not materially more restrictive, taken as a whole, with respect to such encumbrances or restrictions than those in existence on the Issue Date;

(4) customary non-assignment provisions of any contract and customary provisions restricting assignment or subletting in any lease governing a leasehold interest of any Restricted Subsidiary, or any customary restriction on the ability of a Restricted Subsidiary to dividend, distribute or otherwise transfer any asset which secures Indebtedness secured by a Lien, in each case permitted to be Incurred under the Indenture;

(5) any instrument governing Acquired Indebtedness not Incurred in connection with, or in anticipation or contemplation of, the relevant acquisition, merger or consolidation, which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person or the properties or assets of the Person so acquired;

(6) customary restrictions with respect to a Restricted Subsidiary of the Company imposed pursuant to a binding agreement which has been entered into for the sale or disposition of Capital Stock or assets of such Restricted Subsidiary; *provided* that such restrictions apply solely to the Capital Stock or assets of such Restricted Subsidiary being sold;

(7) customary restrictions imposed on the transfer of copyrighted or patented materials;

(8) an agreement governing Indebtedness of the Company or any Restricted Subsidiaries permitted to be Incurred subsequent to the date of the Indenture in accordance with the covenant described above under the caption “— Limitation on Incurrence of Additional Indebtedness;” *provided* that the provisions relating to such encumbrance or restriction contained in such agreement are no more restrictive, taken as a whole, than those contained in the agreement referred to in clause (3) of this paragraph;

(9) purchase money obligations for property (including Capital Stock) acquired in the ordinary course of business and Capitalized Lease Obligations that impose restrictions on the property purchased or leased of the nature described in paragraph (a)(3) of this covenant;

(10) Liens permitted to be incurred under the provisions of the covenant described below under the caption “— Limitation on Liens” that limits the right of the debtor to dispose of the assets securing such Indebtedness;

(11) provisions limiting the payment of dividends or the disposition or distribution of assets or property or transfer of Capital Stock in joint venture agreements, sale-leaseback agreements, limited liability company organizational documents and other similar agreements entered into in accordance with the terms of the Indenture and (a) in the ordinary course of business consistent with past practice or (b) with the approval of the Company’s Board of Directors, which limitation is applicable only to the assets, property or Capital Stock that are the subject of such agreements;

(12) restrictions on cash, Cash Equivalents, Marketable Securities or other deposits or net worth imposed by customers or lessors under contracts or leases entered into in the ordinary course of business consistent with past practice to secure trade payable obligations; and

(13) restrictions customarily granted in connection with any Lease Securitizations.

Limitation on Layered Indebtedness

The Company will not, and will not permit any Guarantor to, directly or indirectly, Incur any Indebtedness that is subordinate in right of payment to any other Senior Indebtedness, unless such Indebtedness is expressly subordinate in right of payment to the notes, or the Note Guarantee, as the case may be, to the same extent and on the same terms as such Indebtedness is subordinate to such other Senior Indebtedness; *provided* that the foregoing limitation shall not apply to distinctions between categories of Senior Indebtedness that exist by reason of any Liens arising or created in respect of some but not all such Senior Indebtedness.

Limitation on Liens

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, Incur any Liens of any kind (except for Permitted Liens) against or upon any of their respective properties or assets, whether owned on the Issue Date or acquired after the Issue Date, or any proceeds therefrom, to secure any Indebtedness or trade payables unless contemporaneously therewith effective provision is made to secure the notes

and all other amounts due under the Indenture, equally and ratably with such Indebtedness or other obligation (or, in the event that such Indebtedness is subordinated in right of payment to the notes, prior to such Indebtedness or other obligation) with a Lien on the same properties and assets securing such Indebtedness or other obligation for so long as such Indebtedness or other obligation is secured by such Lien.

Limitation on Merger, Consolidation and Sale of Assets

The Company will not, in a single transaction or series of related transactions, consolidate or merge with or into any Person (whether or not the Company is the surviving or continuing Person), or sell, assign, transfer, lease, convey or otherwise dispose of (or cause or permit any Restricted Subsidiary to sell, assign, transfer, lease, convey or otherwise dispose of) all or substantially all of the Company's properties and assets (determined on a consolidated basis for the Company and its Restricted Subsidiaries), to any Person unless:

(a) either:

(1) the Company shall be the surviving or continuing Person, or

(2) the Person (if other than the Company) formed by such consolidation or into which the Company is merged or the Person which acquires by sale, assignment, transfer, lease, conveyance or other disposition the properties and assets of the Company and of the Company's Restricted Subsidiaries substantially as an entirety (the "Surviving Entity"):

(A) shall be a Person organized or formed and validly existing under the laws of Mexico or a Qualified Merger Jurisdiction, and

(B) shall expressly assume, by supplemental indenture (in form satisfactory to the Trustee), executed and delivered to the Trustee, the due and punctual payment of the principal of, and premiums, if any, and interest on all of the notes and the performance and observance of every covenant of the notes and the Indenture on the part of the Company to be performed or observed and shall cause each Guarantor (including Persons that become Guarantors as a result of the transaction) to confirm by supplemental indenture that its Note Guarantee will apply for the Obligations of the Surviving Entity in respect of the Indenture and the notes;

(b) immediately after giving effect to such transaction and the assumption contemplated by clause (a)(2)(B) above (including giving effect on a *pro forma* basis to any Indebtedness, including any Acquired Indebtedness, Incurred in connection with or in respect of such transaction), the Company or such Surviving Entity, as the case may be:

(1) will be able to Incur at least US\$1.00 of additional Indebtedness pursuant to clause (1) of "— Limitation on Incurrence of Additional Indebtedness," or

(2) will have a Fixed Charge Coverage Ratio of not less than the Fixed Charge Coverage Ratio of the Company and its Restricted Subsidiaries immediately prior to such transaction;

(c) immediately before and immediately after giving effect to such transaction and the assumption contemplated by clause (a)(2)(B) above (including, without limitation, giving effect on a *pro forma* basis to any Indebtedness, including any Acquired Indebtedness, Incurred and any Lien granted in connection with or in respect of the transaction), no Default or Event of Default shall have occurred or be continuing;

(d) if the Company is organized under Mexican law and merges with a corporation, or the Surviving Entity is, organized under the laws of a Qualified Merger Jurisdiction or the Company is organized under the laws of a Qualified Merger Jurisdiction and merges with a Person, or the Surviving Entity is, organized under the laws of Mexico, the Company or the Surviving Entity will have delivered to the Trustee an Opinion of Counsel from each of Mexico and the relevant Qualified Merger Jurisdiction to the effect that, as applicable:

(i) the holders of the notes will not recognize income, gain or loss for income tax purposes under the laws of the relevant Qualified Merger Jurisdiction or Mexico as a result of the transaction and will be taxed in the holder's home jurisdiction in the same manner and on the same amounts (assuming solely for

this purpose that no Additional Amounts are required to be paid on the notes) and at the same times as would have been the case if the transaction had not occurred,

(ii) any payment of interest or principal under or relating to the notes will be paid in compliance with any requirements under the section “— Additional Amounts,” and

(iii) no other taxes on income, including capital gains, will be payable by holders of the notes under the laws of Mexico or the relevant Qualified Merger Jurisdiction relating to the acquisition, ownership or disposition of the notes, including the receipt of interest or principal thereon; *provided* that the holder does not use or hold, and is not deemed to use or hold the notes in carrying on a business in Mexico or the relevant Qualified Merger Jurisdiction, and

(e) the Company or the Surviving Entity has delivered to the Trustee an Officers’ Certificate and an Opinion of Counsel, each stating that the consolidation, merger, sale, assignment, transfer, lease, conveyance or other disposition and, if required in connection with such transaction, the supplemental indenture, comply with the applicable provisions of the Indenture and that all conditions precedent in the Indenture relating to the transaction have been satisfied.

For purposes of this covenant, the transfer (by lease, assignment, sale or otherwise, in a single transaction or series of transactions) of all or substantially all of the properties or assets of one or more Restricted Subsidiaries of the Company, the Capital Stock of which constitutes all or substantially all of the properties and assets of the Company (determined on a consolidated basis for the Company and its Restricted Subsidiaries), will be deemed to be the transfer of all or substantially all of the properties and assets of the Company.

The provisions of clause (b) above will not apply to:

- (1) any transfer of the properties or assets of a Restricted Subsidiary to the Company;
- (2) any merger of a Restricted Subsidiary into the Company; or
- (3) any merger of the Company into a Wholly-Owned Subsidiary of the Company created for the purpose of holding the Capital Stock of the Company.

Upon any consolidation, combination or merger or any transfer of all or substantially all of the properties and assets of the Company and its Restricted Subsidiaries in accordance with this covenant, in which the Company is not the continuing corporation, the Surviving Entity formed by such consolidation or into which the Company is merged or to which such conveyance, lease or transfer is made will succeed to, and be substituted for, and may exercise every right and power of, the Company under the Indenture and the notes with the same effect as if such Surviving Entity had been named as such. For the avoidance of doubt, compliance with this covenant will not affect the obligations of the Company (including a Surviving Entity, if applicable) under “— Change of Control Triggering Event,” if applicable.

Each Guarantor will not, and the Company will not cause or permit any Guarantor to, consolidate with or merge into, or sell or dispose of all or substantially all of its assets to, any Person (other than the Company) that is not a Guarantor unless:

(a) such Person (if such Person is the surviving entity) assumes all of the obligations of such Guarantor in respect of its Note Guarantee by executing a supplemental indenture and providing the Trustee with an Officers’ Certificate and Opinion of Counsel, and such transaction is otherwise in compliance with the Indenture;

(b) such Note Guarantee is to be released as provided under “—Note Guarantees;” or

(c) such sale or other disposition of substantially all of such Guarantor’s assets is made in accordance with “—Limitation on Asset Sales and Sales of Subsidiary Stock.”

Limitation on Transactions with Affiliates

(1) The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into any transaction or series of related transactions (including, without limitation, the purchase, sale, lease or

exchange of any property or the rendering of any service) with, or for the benefit of, any of its Affiliates (each an “Affiliate Transaction”), unless:

(a) the terms of such Affiliate Transaction are not materially less favorable than those that could reasonably be expected to be obtained in a comparable transaction at such time on an arm’s-length basis from a Person that is not an Affiliate of the Company;

(b) in the event that such Affiliate Transaction involves aggregate payments, or transfers of property or services with a Fair Market Value, in excess of US\$15 million, the terms of such Affiliate Transaction will be approved by a majority of the members of the Board of Directors of the Company (including a majority of the disinterested members thereof), the approval to be evidenced by a Board Resolution stating that the Board of Directors has determined that such transaction complies with the preceding provisions; and

(c) in the event that such Affiliate Transaction involves aggregate payments, or transfers of property or services with a Fair Market Value, in excess of US\$25 million, the Company must in addition obtain and deliver to the Trustee a favorable written opinion from an internationally recognized investment banking or accounting firm as to the fairness of the transaction to the Company and its Restricted Subsidiaries from a financial point of view.

(2) Paragraph (1) above will not apply to:

(a) Affiliate Transactions with or among the Company and any Restricted Subsidiary or between or among Restricted Subsidiaries;

(b) reasonable fees and compensation paid to, and any indemnity provided on behalf of, officers, directors, employees, consultants or agents of the Company or any Restricted Subsidiary as determined in good faith by the Company’s Board of Directors or senior management of the Company;

(c) Affiliate Transactions undertaken pursuant to any contractual obligations or rights in existence on the Issue Date and any amendment, modification or replacement of such agreement (so long as such amendment, modification or replacement is not materially more disadvantageous to the Company and its Restricted Subsidiaries or the holders of the notes, taken as a whole, than the original agreement as in effect on the Issue Date);

(d) any Restricted Payments made in compliance with “— Limitation on Restricted Payments” or any Permitted Investments;

(e) loans and advances to officers, directors and employees of the Company or any Restricted Subsidiary for travel, entertainment, moving and other relocation expenses, in each case made in the ordinary course of business and not exceeding US\$2 million outstanding at any one time;

(f) any employment agreement, employee benefit plan, contracts with third parties in respect of the outsourcing of service providers (including any payments thereunder), officer or director indemnification agreement or any similar arrangement entered into by the Company or any of its Restricted Subsidiaries in the ordinary course of business or consistent with past practice and payments pursuant thereto;

(g) any issuance of Capital Stock (other than Disqualified Stock) of the Company to Affiliates of the Company or to any director, officer, employee or consultant of the Company, and the granting and performance of registration rights;

(h) transactions between the Company or any of its Restricted Subsidiaries and any Securitization Vehicle in the ordinary course of business in connection with Lease Securitizations; and

(i) transactions with customers, clients, suppliers or purchasers or sellers of goods or services, in each case in the ordinary course of business and otherwise in compliance with the terms of the Indenture, which are fair to the Company or its Restricted Subsidiaries (as applicable), or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated party.

Conduct of Business

The Company and its Restricted Subsidiaries will not engage in any business other than a Permitted Business.

Reports to Holders

So long as any notes are outstanding, the Company will furnish to the Trustee:

(a) Within 120 days following the end of each of the Company's fiscal years, information (presented in the English language) including sections titled "Consolidated Financial Information and Other Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and with scope and content substantially similar to the corresponding sections in this offering memorandum (after taking into consideration any changes to the business and operations of the Company after the Issue Date), consolidated audited income statements, balance sheets and cash flow statements and the related notes thereto for the Company for the two most recent fiscal years in accordance with GAAP, which need not, however, contain any reconciliation to U.S. GAAP or otherwise comply with Regulation S-X of the U.S. Securities and Exchange Commission, together with an audit report thereon by the Company's independent auditors; and

(b) Within 60 days following the end of each of the first three fiscal quarters in each of the Company's fiscal years (beginning with the fiscal quarter ended June 30, 2017), quarterly reports containing unaudited balance sheets, statements of income, statements of shareholders equity and statements of cash flows and the related notes thereto for the Company and the Restricted Subsidiaries on a consolidated basis, in each case for the quarterly period then ended and the corresponding quarterly period in the prior fiscal year and prepared in accordance with GAAP, which need not, however, contain any reconciliation to U.S. GAAP or otherwise comply with Regulation S-X of the U.S. Securities and Exchange Commission, together with a "Management's Discussion and Analysis of Financial Condition and Results of Operations" section for such quarterly period and condensed footnote disclosure (in each case, presented in the English language).

None of the information provided pursuant to the preceding paragraph shall be required to comply with Regulation S-K as promulgated by the U.S. Securities and Exchange Commission. In addition, the Company shall furnish to the holders of the notes and to prospective investors, upon the requests of such holders, any information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act so long as the notes are not freely transferable under the Securities Act by Persons who are not "affiliates" under the Securities Act.

In addition, if and so long as the notes are admitted to listing on the Official List of the Luxembourg Stock Exchange and to trading on the EuroMTF Market of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, copies of such reports furnished to the Trustee will also be made available at the specified office of the paying agent in Luxembourg.

Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt thereof shall not constitute constructive or actual notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of the their respective covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officers' Certificates).

Listing

Application will be made to list the notes on the Official List of the Luxembourg Stock Exchange and to trade the notes on the EuroMTF Market of the Luxembourg Stock Exchange; however, the notes are not yet listed and the Company cannot assure the holders of the notes that they will be accepted for listing. Following the issuance of the notes, the Company will use its commercially reasonable efforts to obtain and maintain such admission to listing and trading; *provided* that if the Company is unable to list the notes on the Official List of the Luxembourg Stock Exchange and/or the notes do not trade on the EuroMTF Market of the Luxembourg Stock Exchange, or if as a result of any applicable rule, requirement or legislation, the Company would be required to publish financial information either more regularly than it otherwise would be required to or according to accounting principles which are materially different from the accounting principles which the Company would otherwise use to prepare its published financial information, the Company may delist the notes in accordance with the rules of the Luxembourg Stock Exchange and it will use its commercially reasonable efforts to list and maintain a listing of the notes on a different section of the Luxembourg Stock Exchange or on such other listing authority, stock exchange and/or

quotation system inside or outside the European Union and recognized by the U.S. Securities and Exchange Commission as the Company may decide.

Notices

For so long as notes in global form are outstanding, notices to be given to holders will be given to the depositary in accordance with its applicable policies in effect from time to time. If notes are issued in individual definitive form, notices to be given to holders will be deemed to have been given upon the mailing by first class mail of such notices to holders of the notes at their registered addresses as they appear in the registrar's records.

From and after the date the notes are admitted to listing on the Official List of the Luxembourg Stock Exchange and to trading on the EuroMTF Market of the Luxembourg Stock Exchange and so long as it is required by the rules of such exchange, all notices to holders of notes will be published in English:

(1) in a leading newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*);

(2) if such Luxembourg publication is not practicable, in one other leading English language newspaper being published on each day in morning editions, whether or not it shall be published in Saturday, Sunday or holiday editions; or

(3) on the website of the Luxembourg Stock Exchange, *www.bourse.lu*.

Notices shall be deemed to have been given on the date of publication as aforesaid or, if published on different dates, on the date of the first such publication. In addition, notices will be mailed to holders of notes at their registered addresses.

Events of Default

The following are "Events of Default":

(1) default in the payment when due of the principal of or premium, if any, on any notes, including the failure to make a required payment to purchase notes tendered pursuant to an optional redemption, Change of Control Triggering Event Offer or an Asset Sale Offer;

(2) default for 30 days or more in the payment when due of interest or Additional Amounts, if any, on any notes;

(3) the failure to perform or comply with any of the provisions described under "Certain Covenants — Merger, Consolidation and Sale of Assets;"

(4) the failure by the Company or any Restricted Subsidiary to comply with any other covenant or agreement contained in the Indenture or in the notes for 30 days or more after written notice to the Company from the Trustee or the holders of at least 25% in aggregate principal amount of the outstanding notes;

(5) default by the Company or any Restricted Subsidiary that is a Significant Subsidiary under any Indebtedness which:

(a) is caused by a failure to pay principal or premium, if any, or interest on such Indebtedness prior to the expiration of any applicable grace period provided in the instrument governing such Indebtedness on the date of such default; or

(b) results in the acceleration of such Indebtedness prior to its stated maturity;

and, in each case, the principal or accreted amount of Indebtedness at the relevant time, aggregates US\$20 million or more;

(6) failure by the Company or any Restricted Subsidiary that is a Significant Subsidiary to pay one or more non-appealable final judgments against any of them, aggregating US\$20 million or more, which judgment(s) are not paid, discharged or stayed for a period of 60 days or more;

(7) certain events of bankruptcy affecting the Company or any of its Restricted Subsidiaries that are Significant Subsidiaries, including the declaration of their *concurso mercantil* or *quiebra*; or

(8) any Note Guarantee ceases to be in full force and effect, other than in accordance the terms of the Indenture, or a Guarantor denies or disaffirms its obligations under its Note Guarantee.

If an Event of Default (other than an Event of Default specified in clause (7) above with respect to the Company) shall occur and be continuing, the Trustee or the holders of at least 25% in principal amount of outstanding notes may declare the unpaid principal of (and premium, if any) and accrued and unpaid interest on all the notes to be immediately due and payable by notice in writing to the Company and a Responsible Officer of the Trustee, in case of notice from holders of at least 25% in principal amount of outstanding notes, specifying the Event of Default and that it is a “notice of acceleration.” If an Event of Default specified in clause (7) above occurs with respect to the Company, then the unpaid principal of (and premium, if any) and accrued and unpaid interest on all the notes will become immediately due and payable without any declaration or other act on the part of the Trustee or any holder.

At any time after a declaration of acceleration with respect to the notes as described in the preceding paragraph, the holders of a majority in principal amount of the notes may rescind and cancel such declaration and its consequences:

(1) if the rescission would not conflict with any judgment or decree;

(2) if all existing Events of Default have been cured or waived, except nonpayment of principal or interest that has become due solely because of the acceleration;

(3) to the extent the payment of such interest is lawful, interest on overdue installments of interest and overdue principal, which has become due otherwise than by such declaration of acceleration, has been paid; and

(4) if the Company has paid the Trustee its reasonable compensation and reimbursed and/or indemnified the Trustee for its reasonable expenses (including the fees and expenses of its counsel), disbursements, losses and advances.

No rescission will affect any subsequent Default or impair any rights relating thereto.

The holders of a majority in principal amount of the notes may waive any existing Default or Event of Default under the Indenture, and its consequences, except a default in the payment of the principal of, premiums, if any, Additional Amounts or interest on any notes or any amounts due and owing to the Trustee.

In the event of any Event of Default specified in clause (5) of the first paragraph above, such Event of Default and all consequences thereof (excluding, however, any resulting payment default) will be annulled, waived and rescinded, automatically and without any action by the Trustee or the holders, if within 30 days after such Event of Default arose the Company delivers an Officers’ Certificate to the Trustee stating that (x) the Indebtedness or Guarantee that is the basis for such Event of Default has been discharged, or (y) the holders thereof have rescinded or waived the acceleration, notice or action (as the case may be) giving rise to such Event of Default, or (z) the default that is the basis for such Event of Default has been cured, it being understood that in no event shall an acceleration of the principal amount of the notes as described above be annulled, waived or rescinded upon the happening of any such events.

Subject to the provisions of the Indenture relating to the duties of the Trustee, the Trustee is under no obligation to exercise any of its rights or powers under the Indenture at the request, order or direction of any of the holders, unless such holders have offered to the Trustee indemnity satisfactory to the Trustee. Subject to all provisions of the Indenture and applicable law, the holders of a majority in aggregate principal amount of the then outstanding notes have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee.

No holder of any notes will have any right to institute any proceeding with respect to the Indenture or for any remedy thereunder, unless:

- (1) such holder gives to a Responsible Officer of the Trustee written notice of a continuing Event of Default;
- (2) holders of at least 25% in principal amount of the then outstanding notes make a written request to pursue the remedy;
- (3) such holders of the notes provide to the Trustee satisfactory indemnity;
- (4) the Trustee does not comply within 60 days; and
- (5) during such 60 day period the holders of a majority in principal amount of the outstanding notes do not give the Trustee a written direction which, in the opinion of the Trustee, is inconsistent with the request;

provided, that a holder of a note may institute suit for enforcement of payment of the principal of and premium, if any, or interest on such note on or after the respective due dates expressed in such note.

Upon becoming aware of any Default or Event of Default, the Company is required to deliver to a Responsible Officer of the Trustee written notice of events which would constitute such Defaults or Events of Default, their status and what action the Company is taking or proposes to take in respect thereof. In addition, the Company is required to deliver to a Responsible Officer of the Trustee, within 105 days after the end of each fiscal year, an Officers' Certificate indicating whether the signers thereof know of any Default or Event of Default that occurred during the previous fiscal year. The Indenture provides that if a Default or Event of Default occurs, is continuing and is actually known to a Responsible Officer of the Trustee, the Trustee must mail to each holder notice of the Default or Event of Default within 90 days after the occurrence thereof. Except in the case of a Default or Event of Default in the payment of principal of, premiums, if any, or interest on any note, the Trustee may withhold notice if and so long as its trust officer in good faith determines that withholding notice is in the interests of the holders.

Legal Defeasance and Covenant Defeasance

The Company may, at its option and at any time, elect to have its obligations with respect to outstanding notes discharged ("Legal Defeasance"). Such Legal Defeasance means that the Company will be deemed to have paid and discharged the entire indebtedness represented by the outstanding notes after the deposit specified in clause (1) of the second following paragraph, except for:

- (1) the rights of holders to receive payments in respect of the principal of, premiums, if any, and interest on the notes when such payments are due;
- (2) the Company's obligations with respect to the notes concerning issuing temporary notes, registration of notes, mutilated, destroyed, lost or stolen notes and the maintenance of an office or agency for payments;
- (3) the rights, powers, trust, duties and immunities of the Trustee and the Company's obligations in connection therewith; and
- (4) the Legal Defeasance provisions of the Indenture.

In addition, the Company may, at its option and at any time, elect to have its obligations released with respect to certain covenants (including, without limitation, obligations to make Change of Control Triggering Event Offers, Asset Sale Offers, the obligations described under "— Certain Covenants" and the cross-acceleration provisions and judgment default provisions described under "Events of Default") that are described in the Indenture ("Covenant Defeasance") and thereafter any omission to comply with such obligations will not constitute a Default or Event of Default with respect to the notes. In the event Covenant Defeasance occurs, certain events (not including nonpayment, bankruptcy, receivership, reorganization and insolvency events) described under "Events of Default" will no longer constitute an Event of Default with respect to the notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(1) the Company must irrevocably deposit with the Trustee, in trust for the benefit of the holders, cash in U.S. dollars, certain direct non-callable obligations of, or guaranteed by, the United States, or a combination thereof, in such amounts as will be sufficient without reinvestment, in the opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants delivered to the Trustee, to pay the principal of, premium, if any, and interest (including Additional Amounts) on the notes on the stated date for payment thereof or on the applicable redemption date, as the case may be;

(2) in the case of Legal Defeasance, the Company has delivered to the Trustee an Opinion of Counsel from counsel of recognized standing in the United States and independent of the Company to the effect that (subject to customary exceptions and exclusions):

(a) the Company has received from, or there has been published by, the U.S. Internal Revenue Service a ruling; or

(b) since the Issue Date, there has been a change in the applicable U.S. federal income tax law,

in either case to the effect that, and based thereon such Opinion of Counsel shall state that, the holders will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, the Company has delivered to the Trustee an Opinion of Counsel of recognized standing in the United States to the effect that (subject to customary exceptions and exclusions) the holders will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) in the case of Legal Defeasance or Covenant Defeasance, the Company has delivered to the Trustee:

(a) an Opinion of Counsel from Mexican legal counsel of recognized standing and independent of the Company to the effect that (subject to customary exceptions and exclusions), based upon Mexican law then in effect, holders will not recognize income, gain or loss for Mexican tax purposes, including withholding tax except for withholding tax then payable on interest payments due, as a result of Legal Defeasance or Covenant Defeasance, as the case may be, and will be subject to Mexican taxes on the same amounts and in the same manner and at the same time as would have been the case if such Legal Defeasance or Covenant Defeasance, as the case may be, had not occurred, or

(b) a ruling directed to the Trustee received from the tax authorities of Mexico to the same effect as the Opinion of Counsel described in clause (a) above;

(5) no Default or Event of Default shall have occurred and be continuing on the date of the deposit pursuant to clause (1) of this paragraph (except any Default or Event of Default resulting from the failure to comply with “— Certain Covenants — Limitation on Incurrence of Additional Indebtedness” as a result of the borrowing of the funds required to effect such deposit);

(6) the Company has delivered to a Responsible Officer of the Trustee an Officers’ Certificate stating that such Legal Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under the Indenture or any other material agreement or instrument to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound;

(7) the Company has delivered to the Trustee an Officers’ Certificate stating that the deposit was not made by the Company with the intent of preferring the holders over any other creditors of the Company or any Subsidiary of the Company or with the intent of defeating, hindering, delaying or defrauding any other creditors of the Company or others;

(8) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel from counsel of recognized standing and independent of the Company, each stating that (subject to customary exceptions and exclusions) all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance have been complied with; and

(9) the Company has delivered to the Trustee an Opinion of Counsel from counsel of recognized standing and independent of the Company to the effect that the trust funds will not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect (except as to surviving rights or registration of transfer or exchange of the notes, as expressly provided for in the Indenture) as to all outstanding notes when:

(1) either:

(a) all the notes theretofore authenticated and delivered (except lost, stolen or destroyed notes which have been replaced or paid and notes for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust) have been delivered to the Trustee for cancellation; or

(b) all notes not theretofore delivered to the Trustee for cancellation have become due and payable, and the Company has irrevocably deposited or caused to be deposited with the Trustee funds or certain direct, non-callable obligations of, or guaranteed by, the United States sufficient without reinvestment to pay and discharge the entire Indebtedness on the notes not theretofore delivered to the Trustee for cancellation, for principal of, premium, if any, and interest on the notes to the date of deposit, together with irrevocable instructions from the Company directing the Trustee to apply such funds to the payment;

(2) the Company has paid all other sums payable under the Indenture and the notes by it; and

(3) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel each stating that all conditions precedent under the Indenture relating to the satisfaction and discharge of the Indenture have been complied with.

Modification of the Indenture or the Notes

From time to time, the Company and the Trustee, without the consent of the holders, may amend the Indenture or the notes for certain specified purposes, including curing ambiguities, omissions, defects or inconsistencies; to provide for uncertificated notes in addition to or in place of certificated notes; to provide for the assumption of the Company's obligations to holders of notes in the case of a merger or consolidation or sale of all or substantially all of the Company's assets, as applicable; to make any change that would provide any additional rights or benefits to the holders or that does not adversely affect the legal rights under the Indenture of any such holder; to comply with applicable requirements of the U.S. Securities and Exchange Commission; to conform the text of the Indenture or the notes to any provision of this Description of Notes to the extent that such provision in this Description of Notes was intended to be a verbatim recitation of a provision of the Indenture or the notes; to comply with the requirements of any applicable securities depositary; to provide for a successor Trustee in accordance with the terms of the Indenture; to otherwise comply with any requirement of the Indenture; to issue Additional Notes; and make any other changes which do not adversely affect the rights of any of the holders in any material respect. In formulating its opinion on such matters, the Trustee will be entitled to rely on such evidence as it deems appropriate, including solely on an Opinion of Counsel and Officers' Certificate, and shall have no liability whatsoever in reliance upon the foregoing.

Other modifications and amendments of the Indenture or the notes may be made with the consent of the holders of a majority in principal amount of the then outstanding notes issued under the Indenture, except that, without the consent of each holder affected thereby, no amendment may (with respect to any notes held by a non-consenting holder):

- (1) reduce the principal amount of notes whose holders must consent to an amendment, supplement or waiver;
- (2) reduce the rate of or change or have the effect of changing the time for payment of interest, including defaulted interest, on any notes;
- (3) reduce the principal of or change or have the effect of changing the fixed maturity of any notes, or change the date on which any notes may be subject to redemption, or reduce the redemption price therefor;
- (4) make any notes payable in currency other than that stated in the notes;
- (5) make any change in provisions of the Indenture entitling each holder to receive payment of principal of, premium, if any, and interest on such note on or after the due date thereof or to bring suit to enforce such payment, or permitting holders of a majority in principal amount of notes to waive Defaults or Events of Default;
- (6) amend, change or modify in any material respect any obligation of the Company to make and consummate a Change of Control Triggering Event Offer in respect of a Change of Control Triggering Event that has occurred, or make and consummate an Asset Sale Offer with respect to any Asset Sale that has been consummated;
- (7) make any change in the provisions of the Indenture described under “— Additional Amounts” that adversely affects the rights of any holder or amend the terms of the notes in a way that would result in a loss of exemption from Taxes;
- (8) make any change to the provisions of the Indenture or the notes that adversely affects the ranking of the notes; and
- (9) eliminate or modify in any manner a Guarantor’s obligation with respect to its Note Guarantee which adversely affects the holders of the notes in any material respect, except as contemplated in the Indenture.

Governing Law; Jurisdiction

The Indenture and the notes will be governed by, and construed in accordance with, the law of the State of New York. The Company and the Guarantors will consent to the jurisdiction of the Federal and State courts located in the City of New York, Borough of Manhattan and will appoint an agent for service of process with respect to any actions brought in these courts arising out of or based on the Indenture or the notes.

The Trustee

Except during the continuance of an Event of Default, the Trustee will perform only such duties as are specifically set forth in the Indenture. During the existence of an Event of Default, the Trustee will exercise such rights and powers vested in it by the Indenture, and use the same degree of care and skill in its exercise as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

No Personal Liability

An incorporator, director, officer, employee, stockholder or controlling person, as such, of the Company or any Guarantor shall not have any liability for any obligations of the Company or any Guarantor under the notes or the Indenture or for any claims based on, in respect of or by reason of such obligations or their creation. By accepting a note, each holder waives and releases all such liability.

Currency Indemnity

The Company and the Guarantors will pay all sums payable under the Indenture or the notes solely in U.S. Dollars. Any amount that the Trustee or a holder receives or recovers in a currency other than U.S. Dollars in respect of any sum expressed to be due to the Trustee or such holder from the Company or any Guarantors will only constitute a discharge to us, to the greatest extent permitted under applicable law, to the extent of the U.S. Dollar

amount which the Trustee or such holder is able to purchase with the amount received or recovered in that other currency on the date of the receipt or recovery or, if it is not practicable to make the purchase on that date, on the first date on which the Trustee or such holder is able to do so. If the U.S. Dollar amount is less than the U.S. Dollar amount expressed to be due to the Trustee or such holder under the Indenture or any note, to the greatest extent permitted under applicable law, the Company and the Guarantors will indemnify the Trustee or such holder against any loss such holder may sustain as a result. In any event, the Company and the Guarantors will indemnify the Trustee or any such holder against the cost of making any purchase of U.S. Dollars. For the purposes of this paragraph, it will be sufficient for the Trustee or such holder to certify in a reasonably satisfactory manner that the Trustee or such holder would have suffered a loss had an actual purchase of U.S. Dollars been made with the amount received in that other currency on the date of receipt or recovery or, if it was not practicable to make the purchase on that date, on the first date on which the Trustee or such holder was able to do so. In addition, any such holder will also be required to certify in a reasonably satisfactory manner the need for a change of the purchase date.

The indemnities described above:

- constitute a separate and independent obligation from the other obligations of the Company and the Guarantors;
- will give rise to a separate and independent cause of action;
- will apply irrespective of any indulgence granted by the Trustee or any holder; and
- will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any note.

Certain Definitions

Set forth below is a summary of certain of the defined terms used in the Indenture. Reference is made to the Indenture for a full definition of all such terms, as well as any other terms used herein for which no definition is provided.

“Acquired Indebtedness” means Indebtedness of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary or at the time it merges, consolidates or amalgamates with the Company or any of its Restricted Subsidiaries or is assumed in connection with the acquisition of assets from such Person; provided that such Indebtedness is not incurred in connection with, or in anticipation or contemplation of such merger, consolidation, amalgamation or acquisition. Such Indebtedness will be deemed to have been Incurred at the time such Person becomes a Restricted Subsidiary or at the time it merges, consolidates or amalgamates with the Company or a Restricted Subsidiary or at the time such Indebtedness is assumed in connection with the acquisition of assets from such Person.

“Additional Amounts” has the meaning set forth under “— Additional Amounts” above.

“Additional Notes” has the meaning set forth under “— Payment of Additional Notes” above.

“Affiliate” means, with respect to any specified Person, any other Person who directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such specified Person. The term “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise. For purposes of this definition, the terms “controlling,” “controlled by” and “under common control with” have correlative meanings.

“Affiliate Transaction” has the meaning set forth under “— Certain Covenants — Limitation on Transactions with Affiliates” above.

“Asset Acquisition” means:

- (1) an Investment by the Company or any Restricted Subsidiary in any other Person pursuant to which such Person will become a Restricted Subsidiary, or will be merged with or into the Company or any Restricted Subsidiary;

(2) the acquisition by the Company or any Restricted Subsidiary of the assets of any Person (other than a Subsidiary of the Company) which constitute all or substantially all of the assets of such Person or comprises any division or line of business of such Person or any other properties or assets of such Person other than in the ordinary course of business; or

(3) any Revocation with respect to an Unrestricted Subsidiary.

“*Asset Sale*” means any direct or indirect sale, disposition, issuance, conveyance, transfer, lease, assignment or other transfer, including a Sale and Leaseback Transaction (each, a “disposition”), by the Company or any Restricted Subsidiary of:

(a) any Capital Stock of any Restricted Subsidiary (but not Capital Stock of the Company); or

(b) any property or assets (other than cash or Cash Equivalents or Capital Stock of the Company) of the Company or any Restricted Subsidiary.

Notwithstanding the preceding, the following items will not be deemed to be Asset Sales:

(1) the disposition of all or substantially all of the assets of the Company and its Restricted Subsidiaries as permitted under “— Certain Covenants — Merger, Consolidation and Sale of Assets;”

(2) for purposes of “— Certain Covenants — Limitation on Asset Sales and Sales of Subsidiary Stock” only, the making of a Restricted Payment permitted under “— Certain Covenants — Limitation on Restricted Payments” or any Permitted Investment;

(3) a disposition to the Company or a Guarantor, including a Person that is or will become a Guarantor immediately after the disposition;

(4) transactions that involve assets or Capital Stock of a Restricted Subsidiary having a Fair Market Value of less than US\$20 million (or the equivalent in other currencies) during the life of the notes;

(5) a transfer of assets between or among the Company and any Guarantor;

(6) an issuance or sale of Capital Stock by a Restricted Subsidiary of the Company to the Company or any Restricted Subsidiary;

(7) the disposition of accounts receivable as permitted under “— Certain Covenants — Limitation on Lease Securitizations and Receivables Transactions;”

(8) any sale or other disposition of inventory, goods, equipment or other assets in the ordinary course of business in the Company’s leasing operations;

(9) the sale of delinquent loans to unaffiliated third parties;

(10) any sale or other disposition of damaged, worn-out, obsolete or no longer useful assets or properties in the ordinary course of business;

(11) the sale of assets received by the Company or any of its Restricted Subsidiaries upon the foreclosure of a Lien in the ordinary course of business;

(12) the granting of Liens permitted under “Certain Covenants — Limitation on Liens;”

(13) the good faith surrender or waiver of contract rights or settlement, release or surrender of contract, tort or other claims or statutory rights in connection with a settlement in the ordinary course of business consistent with past practice; and

(14) a disposition to a Restricted Subsidiary that is not a Guarantor from another Restricted Subsidiary that is not a Guarantor.

“*Asset Sale Offer*” has the meaning set forth under “— Certain Covenants — Limitation on Asset Sales and Sales of Subsidiary Stock.”

“*Asset Sale Transaction*” means any Asset Sale and, whether or not constituting an Asset Sale, (1) any sale or other disposition of Capital Stock, (2) any Designation with respect to an Unrestricted Subsidiary and (3) any sale or other disposition of property or assets excluded from the definition of Asset Sale by clause (4) of that definition.

“*Attributable Debt*” in respect of a Sale and Leaseback Transaction means, at the time of determination, the present value of the obligation of the lessee for net rental payments during the remaining term of the lease included in such Sale and Leaseback Transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; *provided, however*, that if such Sale and Leaseback Transaction results in a Capitalized Lease Obligation, the amount of Indebtedness represented thereby will be determined in accordance with the definition of “Capitalized Lease Obligation.”

“*Board of Directors*” means, as to any Person, the board of directors, management committee or similar governing body of such Person or any duly authorized committee thereof.

“*Board Resolution*” means, with respect to any Person, a copy of a resolution certified by the Secretary or an Assistant Secretary of such Person to have been duly adopted by the Board of Directors of such Person and to be in full force and effect on the date of such certification, and delivered to the Trustee.

“*Business Day*” means a day other than a Saturday, Sunday or any day on which banking institutions are authorized or required by law to close in New York City, United States or in Mexico City, Mexico.

“*Capital Securities*” means, with respect to the Company, any bonds, debentures, notes or other similar instruments of the Company (i) which are expressly subordinated in right of payment and in insolvency to the prior payment in full of any note and any other Senior Indebtedness, (ii) which have a scheduled maturity date of at least 10 years after the Issue Date, (iii) the first principal payment in respect of which (pursuant to any redemption provision, amortization schedule or otherwise) may not occur until at least 12 months after the last scheduled principal payment of any note and any other Senior Indebtedness, (iv) the principal of which may not be accelerated so long as any note remains outstanding (except pursuant to a customary bankruptcy event of default with respect to the Company), (v) are senior only to Capital Stock of the Company, (vi) in respect of which interest may be deferred and cancelled and (vii) which, prior to their issuance, are provided equity-like treatment by at least two Rating Agencies pursuant to their respective rating criteria.

“*Capital Stock*” means:

(1) with respect to any Person that is a corporation, any and all shares, interests, participations or other equivalents (however designated and whether or not voting) of corporate stock, including each class of Common Stock and Preferred Stock of such Person;

(2) with respect to any Person that is not a corporation, any and all partnership or other equity or ownership interests of such Person; and

(3) any warrants, rights or options to purchase any of the instruments or interests referred to in clause (1) or (2) above.

“*Capitalized Lease Obligations*” means, as to any Person, the obligations of such Person under a lease that are required to be classified and accounted for as capital lease obligations under GAAP. For purposes of this definition, the amount of such obligations at any date will be the capitalized amount of such obligations at such date, determined in accordance with GAAP.

“*Cash Equivalents*” means:

(1) marketable direct obligations issued by, or unconditionally guaranteed by, the United States government or issued by any agency thereof and backed by the full faith and credit of the United States, in each case maturing within one year from the date of acquisition thereof;

(2) *Certificados de la Tesorería de la Federación (Cetes)* or *Bonos de Desarrollo del Gobierno Federal (Bondes)*, in each case, issued by the government of Mexico and maturing not later than one year after the acquisition thereof;

(3) marketable direct obligations issued by any state of the United States of America or any political subdivision of any such state or any public instrumentality thereof maturing within one year from the date of acquisition thereof and, at the time of acquisition, having one of the two highest ratings obtainable from either S&P or Moody's or any successor thereto;

(4) commercial paper maturing no more than one year from the date of creation thereof and, at the time of acquisition, having a rating of at least A-2 from S&P or at least P-2 from Moody's;

(5) demand deposits, certificates of deposit, time deposits or bankers' acceptances maturing within one year from the date of acquisition thereof issued by (a) any bank organized under the laws of the United States of America or any state thereof or the District of Columbia, (b) any U.S. branch of a non-U.S. bank having at the date of acquisition thereof combined capital and surplus of not less than US\$500.0 million, or (c) in the case of Mexican peso deposits, any of the five top-rated banks (as evaluated by an internationally recognized rating agency) organized under the laws of Mexico;

(6) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clause (1) above entered into with any bank meeting the qualifications specified in clause (5) above;

(7) any other debt instruments having a rating of at least A-1 or AAA from S&P or P-1 or Aaa from Moody's with maturities of one year or less from the date of acquisition; and

(8) investments in money market funds, which invest substantially all of their assets in securities of the types described in clauses (1) through (7) above.

“*Change of Control*” means the occurrence of one or more of the following events:

(1) any Person or a Group other than the Permitted Holders is or becomes the beneficial owner, directly or indirectly, in the aggregate of 35.0% or more of the total voting power of the Voting Stock of the Company; *provided* that the Permitted Holders beneficially own, directly or indirectly, in the aggregate a lesser percentage of the total voting power of the Voting Stock of the Company (or its successor by merger, consolidation or purchase of all or substantially all of its assets) than such other Person or Group and do not have the right or ability by voting power, contract or otherwise to elect or designate for election a majority of the Board of Directors of the Company or such successor (for the purposes of this clause, such other Person or Group shall be deemed to beneficially own any Voting Stock of a specified entity held by a parent entity, if such other Person or Group “beneficially owns” directly or indirectly, more than 35.0% of the voting power of the Voting Stock of such parent entity and the Permitted Holders “beneficially own” directly or indirectly, in the aggregate a lesser percentage of the voting power of the Voting Stock of such parent entity and do not have the right or ability by voting power, contract or otherwise to elect or designate for election a majority of the Board of Directors of such parent entity);

(2) the Company consolidates with, or merges with or into, another Person, or the Company sells, conveys, assigns, transfers, leases or otherwise disposes of all or substantially all of the assets of the Company, determined on a consolidated basis, to any Person, other than a transaction where the Person or Persons that, immediately prior to such transaction “beneficially own” the outstanding Voting Stock of the Company are, by virtue of such prior ownership, or Permitted Holders are, the “beneficial owners” in the aggregate of a majority of the total voting power of the then outstanding Voting Stock of the surviving or transferee person (or if such surviving or transferee Person is a direct or indirect wholly-owned subsidiary of another Person, such Person who is the ultimate parent entity), in each case whether or not such transaction is otherwise in compliance with the Indenture;

(3) individuals who on the Issue Date constituted the Board of Directors of the Company, together with any new directors whose election by the Board of Directors or whose nomination for election by the stockholders of the Company was voted upon favorably by the Permitted Holders, cease for any reason to constitute a majority of the Board of Directors of the Company then in office; or

(4) the approval by the holders of Capital Stock of the Company of any plan or proposal for the liquidation or dissolution of the Company, whether or not otherwise in compliance with the provisions of the Indenture.

For purposes of this definition:

(a) “beneficial owner” will have the meaning specified in Rules 13d-3 and 13d-5 under the Exchange Act, except that any Person or Group will be deemed to have “beneficial ownership” of all securities that such Person or Group has the right to acquire, whether such right is exercisable immediately, only after the passage of time or, except in the case of the Permitted Holders, upon the occurrence of a subsequent condition.

(b) “Person” and “Group” will have the meanings for “person” and “group” as used in Sections 13(d) and 14(d) of the Exchange Act; and

(c) the Permitted Holders or any other Person or Group will be deemed to beneficially own any Voting Stock of a corporation held by any other corporation (the “parent corporation”) so long as the Permitted Holders or such other Person or Group, as the case may be, beneficially own, directly or indirectly, in the aggregate at least 50.0% of the voting power of the Voting Stock of the parent corporation and no other Person or Group beneficially owns an equal or greater amount of the Voting Stock of the parent corporation.

“*Change of Control Triggering Event*” means the occurrence of a Change of Control; *provided* that, at any time during a Suspension Period, a “Change of Control Triggering Event” shall mean the occurrence of both a Change of Control and a Rating Downgrade Event.

“*Change of Control Triggering Event Offer*” has the meaning set forth under “— Change of Control Triggering Event.”

“*Change of Control Triggering Event Payment*” has the meaning set forth under “— Change of Control Triggering Event.”

“*Change of Control Triggering Event Payment Date*” has the meaning set forth under “— Change of Control Triggering Event.”

“*Common Stock*” of any Person means any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person’s common equity interests, whether outstanding on the Issue Date or issued after the Issue Date, and includes, without limitation, all series and classes of such common equity interests.

“*Consolidated Cash Flow*” means, for any Person for any period, Consolidated Net Income for such Person for such period, plus or minus, as the case may be, the following, without duplication, to the extent deducted or added, as the case may be, in calculating such Consolidated Net Income:

- (1) Consolidated Income Tax Expense for such Person for such period;
- (2) Consolidated Interest Expense for such Person for such period net of consolidated interest income for such period;
- (3) Consolidated Non-cash Charges for such Person for such period;
- (4) the amount of any nonrecurring restructuring charge or reserve deducted in such period in computing Consolidated Net Income;
- (5) the net effect on income or loss in respect of Hedging Obligations or other derivative instruments, which shall include, for the avoidance of doubt, all amounts not excluded from Consolidated Net Income pursuant to the proviso in clause (7) thereof; and
- (6) the net income of such Person attributable to minority interests in Subsidiaries of such Person.

less (x) all non-cash credits and gains increasing Consolidated Net Income for such Person for such period and (y) all cash payments made by such Person and its Restricted Subsidiaries during such period relating to Consolidated Non-cash Charges that were added back in determining Consolidated Cash Flow in any prior period.

“*Consolidated Income Tax Expense*” means, with respect to any Person for any period, the provision for federal, state and local income and asset taxes payable, including current and deferred taxes, by such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) for such period as determined on a consolidated basis in accordance with GAAP.

“*Consolidated Interest Expense*” means, for any Person for any period, the sum of, without duplication determined on a consolidated basis in accordance with GAAP:

(1) the aggregate of cash and non-cash interest expense of such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) for such period determined on a consolidated basis in accordance with GAAP, including, without limitation the following for such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) whether or not interest expense in accordance with GAAP:

- (a) any amortization or accretion of debt discount or any interest paid on Indebtedness of such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) in the form of additional Indebtedness,
- (b) any amortization of deferred financing costs; *provided* that any such amortization resulting from costs incurred prior to the Issue Date shall be excluded for the calculation of Consolidated Interest Expense,
- (c) the net costs under Hedging Obligations relating to Indebtedness (including amortization of fees but excluding foreign exchange adjustments on the notional amounts of the Hedging Obligations),
- (d) all capitalized interest,
- (e) the interest portion of any deferred payment obligation,
- (f) commissions, discounts and other fees and charges Incurred in respect of letters of credit or bankers’ acceptances or in connection with sales or other dispositions of accounts receivable and related assets,
- (g) any interest expense on Indebtedness of another Person that is Guaranteed by such Person or one of its Subsidiaries (Restricted Subsidiary in the case of the Company) or secured by a Lien on the assets of such Person or one of its Subsidiaries (Restricted Subsidiaries in the case of the Company), whether or not such Guarantee or Lien is called upon, and
- (h) any interest accrued in respect of Indebtedness without a maturity date; and

(2) the interest component of Capitalized Lease Obligations paid, accrued and/or scheduled to be paid or accrued by such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) during such period.

“*Consolidated Net Income*” means, with respect to any Person for any period, the aggregate net income (or loss) of such Person and its Subsidiaries (after deducting (or adding) the portion of such net income (or loss) attributable to minority interests in Subsidiaries of such Person) for such period on a consolidated basis, determined in accordance with GAAP; provided, that there shall be excluded therefrom to the extent reflected in such aggregate net income (loss):

(1) net after-tax gains or losses from Asset Sale Transactions or abandonments or reserves relating thereto;

(2) net after-tax items classified as extraordinary gains or losses;

(3) the net income (but not loss) of any Person, other than such Person and any Subsidiary of such Person (Restricted Subsidiary in the case of the Company); except that, solely for purposes of calculating Consolidated Net Income pursuant to clause (3) of the first paragraph of “Certain Covenants — Limitation

on Restricted Payments” only, Consolidated Net Income of the Company will include the Company’s proportionate share of the net income of:

(a) any Person acquired in a “pooling of interests” transaction accrued prior to the date it becomes a Restricted Subsidiary or is merged or consolidated with the Company or any Restricted Subsidiary; or

(b) a Surviving Entity prior to assuming the Company’s obligations under the Indenture and the notes pursuant to “Certain Covenants — Limitation on Merger, Consolidation and Sales of Assets;”

(4) the net income (but not loss) of any Subsidiary of such Person (Restricted Subsidiary in the case of the Company) to the extent that (and only so long as) a corresponding amount could not be distributed to such Person at the date of determination as a result of any restriction pursuant to the constituent documents of such Subsidiary (Restricted Subsidiary in the case of the Company) or any law, regulation, agreement or judgment applicable to any such distribution;

(5) any increase (but not decrease) in net income attributable to minority interests in any Subsidiary (Restricted Subsidiary in the case of the Company);

(6) any gain (or loss) from foreign exchange translation or change in net monetary position;

(7) any gains or losses (less all fees and expenses or charges relating thereto) attributable to the early extinguishment of Indebtedness and Hedging Obligations; and

(8) the cumulative effect of changes in accounting principles.

“*Consolidated Non-cash Charges*” means, for any Person for any period, the aggregate depreciation, amortization (including amortization of goodwill and other Intangible Assets) and other non-cash expenses or losses of such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) for such period, determined on a consolidated basis in accordance with GAAP (excluding any such charge which constitutes an accrual of or a reserve for cash charges for any future period or the amortization of a prepaid cash expense paid in a prior period).

“*Consolidated Tangible Assets*” means, for any Person at any time, the total consolidated assets of such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) as set forth on the consolidated balance sheet as of the most recent fiscal quarter of such Person, prepared in accordance with GAAP, less Intangible Assets.

“*Covenant Defeasance*” has the meaning set forth under “— Legal Defeasance and Covenant Defeasance.”

“*Currency Agreement*” means, in respect of any Person, any foreign exchange contract, currency swap agreement or other similar agreement as to which such Person is a party designed to hedge foreign currency risk of such Person.

“*Default*” means an event or condition the occurrence of which is, or with the lapse of time or the giving of notice or both would be, an Event of Default.

“*Designated Non-cash Consideration*” means the Fair Market Value of non-cash consideration used in a Permitted Business (other than securities) received by the Company or any of its Restricted Subsidiaries in connection with an Asset Sale that is so designated as Designated Non-cash Consideration pursuant to an officers’ certificate, setting forth the basis of such valuation, executed by the Chief Executive Officer or the Chief Financial Officer of the Company and delivered to the Trustee, less the amount of cash or Cash Equivalents received in connection with a sale of such Designated Non-cash Consideration.

“*Designation*” and “*Designation Amount*” have the meanings set forth under “— Certain Covenants — Limitation on Designation of Unrestricted Subsidiaries” above.

“*Disqualified Capital Stock*” means that portion of any Capital Stock which, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable at the option of the holder thereof), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or

otherwise, or is redeemable at the sole option of the holder thereof, in any case, on or prior to the final maturity date of the notes; *provided, however*, that any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to purchase or redeem such Capital Stock upon the occurrence of an “asset sale” or “change of control” occurring prior to the final maturity of the notes shall not constitute Disqualified Stock if:

(1) the “asset sale” or “change of control” provisions applicable to such Capital Stock are not materially more favorable to the holders of such Capital Stock than the terms applicable to the notes and described under “— Certain Covenants — Limitation on Sales of Assets and Subsidiary Stock” and “— Change of Control Triggering Event;” and

(2) any such requirement only becomes operative after compliance with such terms applicable to the notes, including the purchase of any notes tendered pursuant thereto.

The amount of any Disqualified Capital Stock shall be equal to the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price, but excluding accrued dividends, if any. The amount of any Disqualified Stock that does not have a fixed redemption, repayment or repurchase price will be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were redeemed, repaid or repurchased on any date on which the amount of such Disqualified Stock is to be determined pursuant to the Indenture; *provided, however*, that if such Disqualified Stock could not be required to be redeemed, repaid or repurchased at the time of such determination, the redemption, repayment or repurchase price will be the book value of such Disqualified Stock as reflected in the most recent financial statements of such Person.

“*DTC*” means The Depository Trust Company, its nominees and their respective successors and assigns, or such other depository institution hereinafter appointed by the Company that is a clearing agency registered under the Exchange Act.

“*Eligible Subsidiary*” means a Restricted Subsidiary that is a Wholly-Owned Subsidiary of the Company or of a Guarantor that constitutes a “Significant Subsidiary” within the meaning of Rule 1-02(w) of Regulation S-X under the Securities Act but excluding any Subsidiary that is contractually restricted from acting as a Guarantor of the notes pursuant to an agreement in effect on the Issue Date; *provided* that the aggregate amount of tangible assets of Restricted Subsidiaries that are not Eligible Subsidiaries must not exceed 15% of the Consolidated Tangible Assets of the Company and its Subsidiaries.

“*Event of Default*” has the meaning set forth under “Events of Default.”

“*Exchange Act*” means the U.S. Securities Exchange Act of 1934, as amended, or any successor statute or statutes thereto.

“*Fair Market Value*” means, with respect to any asset (including, without limitation, accounts receivable), the price (after deducting any liabilities relating to such assets) which could be negotiated in an arm’s-length free market transaction, for cash, between a willing seller and a willing and able buyer, neither of which is under any compulsion to complete the transaction; *provided*, that the Fair Market Value of any such asset (including, without limitation, accounts receivable) will be determined conclusively by the senior management of the Company acting in good faith.

“*Fixed Charge Coverage Ratio*” means, for any Person as of any date of determination, the ratio of the aggregate amount of Consolidated Cash Flow of such Person for the four most recent full fiscal quarters for which financial statements are available ending prior to the date of such determination (the “Four Quarter Period”) to Fixed Charges for such Person for such Four Quarter Period. For purposes of this definition, “Consolidated Cash Flow” and “Fixed Charges” will be calculated after giving effect on a *pro forma* basis as determined in the good faith judgment of the Company’s Chief Financial Officer for the period of such calculation to:

(1) the Incurrence or repayment or redemption of any Indebtedness (including Acquired Indebtedness) of such Person or any of its Subsidiaries (Restricted Subsidiaries in the case of the Company), and the application of the proceeds thereof, including the Incurrence of any Indebtedness (including Acquired Indebtedness), and the application of the proceeds thereof, giving rise to the need to make such determination, occurring during such Four Quarter Period or at any time subsequent to the last day of such Four Quarter Period and on or prior to such date of determination, to the extent, in the case of

an Incurrence, such Indebtedness is outstanding on the date of determination, as if such Incurrence and the application of the proceeds thereof, repayment or redemption occurred on the first day of such Four Quarter Period; and

(2) any Asset Sale, Investment or acquisition of assets or property by such Person or any of its Subsidiaries (Restricted Subsidiaries, in the case of the Company), including any Asset Sale giving rise to the need to make such determination occurring during the Four Quarter Period or at any time subsequent to the last day of the Four Quarter Period and on or prior to such date of determination, as if such Asset Sale, Investment or acquisition of assets or property occurred on the first day of the Four Quarter Period.

of: “Fixed Charges” means, with respect to any specified Person for any period, the sum, without duplication,

(1) the consolidated interest expense of such Person and its Restricted Subsidiaries for such period, whether paid or accrued (and whether or not capitalized), including, without limitation, amortization of debt issuance costs and original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capitalized Lease Obligations, imputed interest with respect to Attributable Debt, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers’ acceptance financings, and net of the effect of all payments made or received pursuant to Hedging Obligations; plus

(2) the consolidated interest expense of such Person and its Restricted Subsidiaries that was capitalized during such period; plus

(3) any interest expense on Indebtedness of another Person that is guaranteed by such Person or one of its Restricted Subsidiaries or secured by a Lien on assets of such Person or one of its Restricted Subsidiaries, whether or not such Guarantee or Lien is called upon; plus

(4) the product of (a) all dividends, whether paid or accrued and whether or not in cash, on any series of preferred stock or Disqualified Capital Stock of such Person or any of its Restricted Subsidiaries, other than dividends on equity interests payable or accruing solely in equity interests of the Company (other than Disqualified Capital Stock) or to the Company or a Restricted Subsidiary of the Company, times (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined federal, state and local statutory tax rate of such Person, expressed as a decimal, in each case, determined on a consolidated basis and in accordance with GAAP.

“GAAP” means, as applicable, either (i) the accounting criteria established by the Mexican National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores*, or the CNBV) applicable to the Company, (ii) the Mexican Financial Reporting Standards (*Normas de Información Financiera*) issued by the Mexican Board for Financial Information Standards (*Consejo Mexicano de Normas de Información Financiera*) or (iii) the International Financial Reporting Standards, in each case as in effect from time to time.

“Guarantee” means any obligation, contingent or otherwise, including an *aval*, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person:

(1) to purchase or pay, or advance or supply funds for the purchase or payment of, such Indebtedness of such other Person, whether arising by virtue of partnership arrangements, or by agreement to keep well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise, or

(2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof, in whole or in part,

provided, that “Guarantee” will not include endorsements for collection or deposit in the ordinary course of business. “Guarantee” used as a verb has a corresponding meaning.

“Guarantor” means Unifin Credit, S.A. de C.V., SOFOM, E.N.R. and Unifin Autos, S.A. de C.V., any successor obligor pursuant to provisions of the section titled “— Certain Covenants — Merger, Consolidation and Sale of Assets” and any Eligible Subsidiary that provides a Note Guarantee pursuant to the Indenture unless and until such Guarantor is released from its Note Guarantee pursuant to the Indenture.

“*Hedging Obligations*” means the obligations of any Person pursuant to any Interest Rate Agreement or Currency Agreement.

“*Incur*” means, with respect to any Indebtedness or other obligation of any Person, to create, issue, incur (including by conversion, exchange or otherwise), assume, Guarantee or otherwise become liable in respect of such Indebtedness or other obligation on the balance sheet of such Person (and “*Incurrence*,” “*Incurred*” and “*Incurring*” will have meanings correlative to the preceding).

“*Indebtedness*” means with respect to any Person, without duplication:

- (1) the principal amount (or, if less, the accreted value) of all obligations of such Person for borrowed money;
- (2) the principal amount (or, if less, the accreted value) of all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (3) all Capitalized Lease Obligations of such Person;
- (4) all obligations of such Person issued or assumed as the deferred purchase price of property, all conditional sale obligations and all obligations under any title retention agreement (but excluding trade accounts payable and other accrued liabilities arising in the ordinary course of business that are not overdue by 180 days or more or are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted);
- (5) all letters of credit, banker’s acceptances or similar credit transactions, including reimbursement obligations in respect thereof;
- (6) Guarantees and other contingent obligations of such Person in respect of Indebtedness referred to in clauses (1) through (5) above and clauses (8) through (10) below;
- (7) all Indebtedness of any other Person of the type referred to in clauses (1) through (6) which is secured by any Lien on any property or asset of such Person, the amount of such Indebtedness being deemed to be the lesser of the Fair Market Value of such property or asset or the amount of the Indebtedness so secured;
- (8) all obligations under Hedging Obligations of such Person;
- (9) to the extent not otherwise included in this definition, all liabilities required to be recorded on the consolidated balance sheet of such Person in accordance with GAAP in connection with a sale or other disposition of securitized receivables or other accounts receivables and related assets, including, without limitation, in connection with any Lease Securitization or Receivables Transaction; and
- (10) all Disqualified Capital Stock issued by such Person.

“*Intangible Assets*” means with respect to any Person all unamortized debt discount and expense, unamortized deferred charges, goodwill, patents, trademarks, service marks, trade names, copyrights and all other items which would be treated as intangibles on the consolidated balance sheet of such Person prepared in accordance with GAAP.

“*Interest Rate Agreement*” of any Person means any interest rate protection agreement (including, without limitation, interest rate swaps, caps, floors, collars, derivative instruments and similar agreements) and/or other types of hedging agreements designed to hedge interest rate risk of such Person.

“*Investment*” means, with respect to any Person, any:

- (1) direct or indirect loan, advance or other extension of credit (including, without limitation, a Guarantee) to any other Person,
- (2) capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others) any other Person, or

(3) any purchase or acquisition by such Person of any Capital Stock, bonds, notes, debentures or other securities or evidences of Indebtedness issued by, any other Person.

“*Investment*” will exclude accounts receivable, loans, operating leases, factoring or deposits arising in the ordinary course of business in connection with the Company’s leasing, factoring and lending operations. “Invest,” “Investing” and “Invested” will have corresponding meanings.

For purposes of the “Limitation on Restricted Payments” covenant, the Company will be deemed to have made an “Investment” in an Unrestricted Subsidiary at the time of its Designation, which will be valued at the Fair Market Value of the sum of the net assets of such Unrestricted Subsidiary at the time of its Designation and the amount of any Indebtedness of such Unrestricted Subsidiary or owed to the Company or any Restricted Subsidiary immediately following such Designation. Any property transferred to or from an Unrestricted Subsidiary will be valued at its Fair Market Value at the time of such transfer. If the Company or any Restricted Subsidiary sells or otherwise disposes of any Capital Stock of a Restricted Subsidiary (including any issuance and sale of Capital Stock by a Restricted Subsidiary) such that, after giving effect to any such sale or disposition, such Restricted Subsidiary would cease to be a Subsidiary of the Company, the Company will be deemed to have made an Investment on the date of any such sale or disposition equal to sum of the Fair Market Value of the Capital Stock of such former Restricted Subsidiary held by the Company or any Restricted Subsidiary immediately following such sale or other disposition and the amount of any Indebtedness of such former Restricted Subsidiary Guaranteed by the Company or any Restricted Subsidiary or owed to the Company or any other Restricted Subsidiary immediately following such sale or other disposition.

“*Investment Grade Rating*” means a rating equal to or higher than (i) Baa3 (or the equivalent) by Moody’s or (ii) BBB- (or the equivalent) by S&P, or, if either such entity ceases to rate the notes for reasons outside of the control of the Company, the equivalent investment grade credit rating from any other Rating Agency.

“*Investment Return*” means, in respect of any Investment (other than a Permitted Investment) made after the Issue Date by the Company or any Restricted Subsidiary:

(1) (x) the proceeds in cash and the Fair Market Value of property other than cash received by the Company or any Restricted Subsidiary upon the sale, liquidation or repayment of such Investment or, in the case of a Guarantee, the amount of the Guarantee upon the unconditional release of the Company and its Restricted Subsidiaries in full, less any payments previously made by the Company or any Restricted Subsidiary in respect of such Guarantee and (y) any dividends or distributions received by the Company or any Restricted Subsidiary from an Unrestricted Subsidiary, to the extent such amounts were not otherwise included in Consolidated Net Income;

(2) in the case of the Revocation of the Designation of an Unrestricted Subsidiary, an amount equal to the lesser of:

(a) the Company’s Investment in such Unrestricted Subsidiary at the time of such Revocation;

(b) that portion of the Fair Market Value of the net assets of such Unrestricted Subsidiary at the time of Revocation that is proportionate to the Company’s equity interest in such Unrestricted Subsidiary at the time of Revocation; and

(c) the Designation Amount with respect to such Unrestricted Subsidiary upon its Designation which was treated as a Restricted Payment; and

(3) in the event the Company or any Restricted Subsidiary makes any Investment in a Person that, as a result of or in connection with such Investment, becomes a Restricted Subsidiary, the Fair Market Value of the Investment of the Company and its Restricted Subsidiaries in such Person,

in the case of each of (1), (2) and (3), up to the amount of such Investment that was treated as a Restricted Payment under “Certain Covenants — Limitation on Restricted Payments” less the amount of any previous Investment Return in respect of such Investment.

“*Issue Date*” means May 15, 2017.

“*Lease Securitization*” means any securitization, factoring, discounting or similar financing transaction or series of transactions entered into by the Company or any of its Restricted Subsidiaries pursuant to which the Company or any of its Restricted Subsidiaries directly or indirectly through a Securitization Vehicle securitizes a pool of specified Receivables, Residual Interests, net interest margin securities or similar or related assets of the Company or any Restricted Subsidiary on terms that the Board of Directors has concluded are customary and market terms fair to the Company and its Restricted Subsidiaries and the proceeds of which are used to repay any Senior Indebtedness of the Company, make capital expenditures in a Permitted Business, fund working capital needs of a Permitted Business and/or purchase assets (other than current assets as determined in accordance with GAAP or Capital Stock) to be used by the Company or any Restricted Subsidiary in a Permitted Business.

“*Legal Defeasance*” has the meaning set forth under “Legal Defeasance and Covenant Defeasance.”

“*Lien*” means any lien, mortgage, deed of trust, pledge, security interest, charge or encumbrance of any kind (including any conditional sale or other title retention agreement, any lease in the nature thereof and any agreement to give any security interest); *provided* that the lessee in respect of a Capitalized Lease Obligation or Sale and Leaseback Transaction will be deemed to have Incurred a Lien on the property leased thereunder.

“*Marketable Securities*” has the meaning ascribed to such term under GAAP.

“*Mexican Restructuring*” means any case or other proceeding against the Company or any Subsidiary with respect to it or its debts under any bankruptcy, *concurso mercantil*, *quiebra*, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, *conciliador*, liquidator, custodian or other similar official of it or any substantial part of its property.

“*Moody’s*” means Moody’s Investors Service, Inc. and its successors and assigns.

“*Net Cash Proceeds*” means, with respect to any Asset Sale, the proceeds in the form of cash or Cash Equivalents, including payments in respect of deferred payment obligations when received in the form of cash or Cash Equivalents received by the Company or any of its Restricted Subsidiaries from such Asset Sale, net of:

(1) reasonable out-of-pocket expenses and fees relating to such Asset Sale (including, without limitation, legal, accounting and investment banking fees and sales commissions);

(2) taxes paid or payable in respect of such Asset Sale after taking into account any reduction in consolidated tax liability due to available tax credits or deductions and any tax sharing arrangements;

(3) repayment of Indebtedness secured by a Lien permitted under the Indenture that is required to be repaid in connection with such Asset Sale; and

(4) appropriate amounts to be provided by the Company or any Restricted Subsidiary, as the case may be, as a reserve, in accordance with GAAP, against any liabilities associated with such Asset Sale and retained by the Company or any Restricted Subsidiary, as the case may be, after such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, but excluding any reserves with respect to Indebtedness.

“*Net Loan Portfolio*” means, as of any date of determination, the net loan portfolio of the Company and its Restricted Subsidiaries as set forth on the consolidated balance sheet as of the most recent fiscal quarter of the Company, prepared in accordance with GAAP.

“*Obligations*” means, with respect to any Indebtedness, any principal, premium, interest (including, without limitation, Post-Petition Interest), Additional Amounts, penalties, fees, indemnifications, reimbursements, damages, and other liabilities payable under the documentation governing such Indebtedness, including in the case of the notes, the Indenture.

“*Officer*” means, when used in connection with any action to be taken by the Company, the Chairman of the Board, the Chief Executive Officer, the President, the Chief Financial Officer, any Vice President, the Treasurer, the General Counsel, the Controller or the Secretary of the Company.

“*Officers’ Certificate*” means, when used in connection with any action to be taken by the Company, a certificate signed by two Officers or by an Officer and either an Assistant Treasurer or an Assistant Secretary of the Company and delivered to the Trustee.

“*Opinion of Counsel*” means a written opinion of counsel, who may be an employee of or counsel for the Company (except as otherwise provided in the Indenture) and which opinion shall be reasonably acceptable to the Trustee.

“*Permitted Acquisition Indebtedness*” means Indebtedness of the Company to the extent such Indebtedness was (i) Indebtedness of a Subsidiary prior to the date on which such Subsidiary became a Restricted Subsidiary, (ii) Indebtedness of a Person that was merged, consolidated or amalgamated into the Company or (iii) assumed in connection with the acquisition of assets from a Person; *provided* that on the date such Subsidiary became a Restricted Subsidiary or the date such Person was merged, consolidated or amalgamated into the Company or assumed in connection with an Asset Acquisition, as applicable, after giving *pro forma* effect thereto, (a) the Company would be permitted to incur at least US\$1.00 of additional Indebtedness pursuant to clause (1) under “— Certain Covenants — Limitation on Incurrence of Additional Indebtedness,” or (b) the Fixed Charge Coverage Ratio of the Company and its Restricted Subsidiaries would be equal to or greater than the Fixed Charge Coverage Ratio of the Company and its Restricted Subsidiaries immediately prior to such transaction.

“*Permitted Business*” means the business or businesses conducted by the Company and its Restricted Subsidiaries as of the Issue Date, and any business related, ancillary or complementary thereto or otherwise arising out of those activities, including, without limitation, any activities relating to durable goods lending, auto loans, loans to small- and medium-enterprises (SMEs) and individuals, the extension of group loans and other consumer goods and receivables financing services.

“*Permitted Holders*” means (i) Rodrigo Lebois Mateos, (ii) Luis Gerardo Barroso González, (iii) a parent, brother or sister of an individual named in clauses (i) and (ii), (iv) the spouse or a former spouse of any individual named in clauses (i), (ii) or (iii), (v) the lineal descendants of any person named in clauses (i), (ii), (iii) and (iv), (vi) the estate or any guardian, custodian or other legal representative of any individual named in clauses (i), (ii) and (iii) through (v), (vii) any trust or other vehicle established principally for the benefit of any one or more of the individuals named in clauses (i), (ii) and (iii) through (vi), and (viii) any Person, including investment funds, in which a majority of the Voting Stock is owned or controlled, directly or indirectly, by any one or more of the Persons named in clauses (i) through (vii).

“*Permitted Indebtedness*” has the meaning set forth under clause (2) of “Certain Covenants — Limitation on Incurrence of Additional Indebtedness.”

“*Permitted Investments*” means:

(1) Investments by the Company or any Restricted Subsidiary in any Person that is, or that result in any Person becoming, immediately after such Investment, a Restricted Subsidiary or constituting a merger or consolidation of such Person into the Company or with or into a Restricted Subsidiary, except for a Guarantee of Indebtedness of a Restricted Subsidiary;

(2) Investments by the Company, or any Restricted Subsidiary, in the Company;

(3) Investments in cash and Cash Equivalents;

(4) any extension, modification or renewal of any Investments existing as of the Issue Date (but not Investments involving additional advances, contributions or other investments of cash or property or other increases thereof, other than as a result of the accrual or accretion of interest or original issue discount or payment-in-kind pursuant to the terms of such Investment as of the Issue Date);

(5) Investments permitted pursuant to clause (2)(b), (c) or (e) of “Certain Covenants — Limitation on Transactions with Affiliates;”

(6) Investments received as a result of the bankruptcy or reorganization of any Person, or taken in settlement of or other resolution of claims or disputes, and, in each case, extensions, modifications and renewals thereof;

(7) Investments made by the Company or its Restricted Subsidiaries as a result of non-cash consideration permitted to be received in connection with an Asset Sale made in compliance with the covenant described under “Certain Covenants-Limitation on Asset Sales and Sales of Subsidiary Stock;”

(8) Investments in the form of Hedging Obligations permitted under clause 2(d) of “Certain Covenants Limitation on Incurrence of Additional Indebtedness;”

(9) Investments in a Person engaged in a Permitted Business, *provided* that any such Investment, taken together with all Investments made in reliance on this clause (9) since the Issue Date, shall not exceed (a) 2.5% of the Consolidated Tangible Assets of the Company *plus* (b) US\$15 million, *plus* (c) returns received from Investments made under this clause (9), *provided, however*, that these returns (i) are not included in the Consolidated Net Income of the Company, (ii) are in the form of cash and (iii) do not exceed the amount of Investments in such Person made after the Issue Date in reliance on this clause (9). For the avoidance of doubt, Investments in Restricted Subsidiaries shall not be affected by this clause (9);

(10) receivables owing to the Company or any Restricted Subsidiary if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms;

(11) payroll, travel, entertainment, relocation and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(12) loans or advances to employees in the ordinary course of business consistent with past practices of the Company or such Restricted Subsidiary;

(13) Investments in any Person to the extent such Investments consist of prepaid expenses, negotiable instruments held for collection and lease, utility and workers’ compensation, performance and other similar deposits made in the ordinary course of business by the Company or any Restricted Subsidiary;

(14) payroll loans, durable goods loans, small business loans, group loans, used car loans and other loans (including loan portfolios) made or acquired by the Company in the ordinary course of business, including, without limitation, the acquisition of loans or loan portfolios from third parties; and

(15) Investments in any Person in connection with a Lease Securitization or Receivables Transaction; *provided* that such Investment in any such Person is in the form of a receivables financing facility, net interest margin securities or similar or related assets of the Company or any Restricted Subsidiary and transferred to such Person in connection with a Lease Securitization or Receivables Transaction (including by way of transfers of receivables to any Person or Securitization Vehicle);

provided, however, that with respect to any Investment, the Company may, in its sole discretion, allocate all or any portion of any Investment and later re-allocate all or any portion of any Investment to, one or more of the above clauses (1) through (15) so that the entire Investment would be a Permitted Investment.

“*Permitted Liens*” means any of the following:

(1) statutory Liens of landlords and Liens of carriers, warehousemen, mechanics, suppliers, materialmen, repairmen and other Liens imposed by law incurred in the ordinary course of business for sums not yet delinquent or being contested in good faith;

(2) Liens Incurred or deposits made in the ordinary course of business (x) in connection with workers’ compensation, unemployment insurance and other types of social security, including any Lien securing letters of credit issued in the ordinary course of business consistent with past practice in connection therewith, or (y) to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, government performance and return-of-money bonds and other similar obligations (exclusive of obligations for the payment of borrowed money);

(3) Liens Incurred on accounts receivable and/or related assets securing obligations under Receivables Transactions, in an aggregate amount not to exceed 10.0% of Consolidated Tangible Assets;

(4) Liens securing reimbursement obligations with respect to commercial letters of credit which encumber documents and other property relating to such letters of credit and products and proceeds thereof;

(5) Liens encumbering deposits made to secure obligations arising from statutory, regulatory, contractual, or warranty requirements of the Company or a Restricted Subsidiary, including rights of offset and set-off;

(6) Liens securing Hedging Obligations that relate to Indebtedness that is Incurred in accordance with “— Certain Covenants — Limitation on Incurrence of Additional Indebtedness” and that are secured by the same assets as secure such Hedging Obligations;

(7) Liens existing on the Issue Date and Liens to secure any Refinancing Indebtedness which is Incurred to Refinance any Indebtedness which has been secured by a Lien permitted under the covenant described under “— Certain Covenants — Limitation on Liens” not incurred pursuant to clauses (8) and (9) of this definition of “Permitted Liens” and which Indebtedness has been Incurred in accordance with “— Certain Covenants — Limitation on Incurrence of Additional Indebtedness;” *provided*, that such new Liens:

(a) are no less favorable to the holders of notes and are not more favorable to the lienholders with respect to such Liens than the Liens in respect of the Indebtedness being Refinanced, and

(b) do not extend to any property or assets other than the property or assets securing the Indebtedness Refinanced by such Refinancing Indebtedness;

(8) Liens securing Acquired Indebtedness Incurred in accordance with “— Certain Covenants — Limitation on Incurrence of Additional Indebtedness” not incurred in connection with, or in anticipation or contemplation of, the relevant acquisition, merger or consolidation; *provided*, that

(a) such Liens secured such Acquired Indebtedness at the time of and prior to the Incurrence of such Acquired Indebtedness by the Company or a Restricted Subsidiary and were not granted in connection with, or in anticipation of the Incurrence of such Acquired Indebtedness by the Company or a Restricted Subsidiary, and

(b) such Liens do not extend to or cover any property of the Company or any Restricted Subsidiary other than the property that secured the Acquired Indebtedness prior to the time such Indebtedness became Acquired Indebtedness of the Company or a Restricted Subsidiary and are no more favorable to the lienholders than the Liens securing the Acquired Indebtedness prior to the Incurrence of such Acquired Indebtedness by the Company or a Restricted Subsidiary;

(9) purchase money Liens securing Purchase Money Indebtedness or Capitalized Lease Obligations Incurred to finance the acquisition or leasing of property of the Company or a Restricted Subsidiary used in a Permitted Business; *provided*, that:

(a) the related Purchase Money Indebtedness does not exceed the cost of such property and shall not be secured by any property of the Company or any Restricted Subsidiary other than the property so acquired, and

(b) the Lien securing such Indebtedness will be created within 365 days of such acquisition;

(10) any pledge or deposit of cash or property in conjunction with obtaining surety and performance bonds and letters of credit required to engage in constructing on-site and off-site improvements required by municipalities or other governmental authorities in the ordinary course of business;

(11) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;

(12) Liens encumbering customary initial deposits and margin deposits, and other Liens that are customary in the industry and incurred in the ordinary course of business securing Indebtedness under

Hedging Obligations and forward contracts, options, futures contracts, futures options or similar agreements or arrangements designed to protect the Company and its Restricted Subsidiaries from fluctuations in interest rates;

(13) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded; *provided* that any reserve or other appropriate provision as is required in conformity with GAAP has been made therefor;

(14) licenses of intellectual property in the ordinary course of business;

(15) Liens to secure a defeasance trust to the extent such defeasance is otherwise permitted pursuant to the terms of the Indenture;

(16) easements, rights-of-way, zoning and similar restrictions, reservations, restrictions or encumbrances in respect of real property or title defects that were not incurred in connection with Indebtedness and that do not in the aggregate materially adversely affect the value of said properties (as such properties are used by the Company or its Restricted Subsidiaries) or materially impair their use in the operation of the business of the Company and its Restricted Subsidiaries;

(17) judgment Liens not giving rise to an Event of Default so long as any appropriate legal proceedings that may have been duly initiated for the review of such judgment shall not have been finally terminated or the period within which such legal proceedings may be initiated shall not have expired;

(18) Liens on Capital Stock of an Unrestricted Subsidiary that secure Indebtedness or other obligations of such Unrestricted Subsidiary;

(19) Liens Incurred on accounts receivable and/or related assets securing obligations under Lease Securitizations;

(20) Liens on any property, assets, rights, accounts receivable or proceeds therefrom that are not required to be recorded as assets on the consolidated balance sheet of the Company or a Restricted Subsidiary in accordance with GAAP, in an aggregate amount not to exceed 10.0% of Consolidated Tangible Assets; or

(21) other Liens at any time outstanding securing obligations, including obligations under credit facilities, in an aggregate amount not to exceed 10.0% of Consolidated Tangible Assets.

“*Person*” means an individual, partnership, limited partnership, corporation, company, limited liability company, unincorporated organization, trust or joint venture, or a governmental agency or political subdivision thereof.

“*Post-Petition Interest*” means all interest accrued or accruing after the commencement of any insolvency or liquidation proceeding (and interest that would accrue but for the commencement of any insolvency or liquidation proceeding) in accordance with and at the contract rate (including, without limitation, any rate applicable upon default) specified in the agreement or instrument creating, evidencing or governing any Indebtedness, whether or not, pursuant to applicable law or otherwise, the claim for such interest is allowed as a claim in such insolvency or liquidation proceeding.

“*Preferred Stock*” of any Person means any Capital Stock of such Person that has preferential rights over any other Capital Stock of such Person with respect to dividends, distributions or redemptions or upon liquidation.

“*Purchase Money Indebtedness*” means Indebtedness Incurred for the purpose of financing all or any part of the purchase price, or other cost of construction or improvement of any property; *provided* that the aggregate principal amount of such Indebtedness does not exceed the lesser of the Fair Market Value of such property or such purchase price or cost, including any Refinancing of such Indebtedness that does not increase the aggregate principal amount (or accreted amount, if less) thereof as of the date of Refinancing.

“*Qualified Capital Stock*” means any Capital Stock that is not Disqualified Capital Stock and any warrants, rights or options to purchase or acquire Capital Stock that is not Disqualified Capital Stock that are not convertible into or exchangeable into Disqualified Capital Stock.

“*Qualified Merger Jurisdiction*” means (i) the United States, any State thereof or the District of Columbia; (ii) any member state of the European Union; or (iii) any other nation that has a sovereign debt rating from two Rating Agencies that is equal to or higher than the sovereign debt rating assigned to Mexico by such Rating Agencies.

“*Rating Agencies*” means (i) S&P and (ii) Moody’s or (iii) if S&P or Moody’s or both shall not make a rating of the notes publicly available, a nationally recognized United States securities rating agency or agencies, as the case may be, selected by the Company, which shall be substituted for S&P or Moody’s or both, as the case may be.

“*Rating Downgrade Event*” means that one of the Rating Agencies withdraws its Investment Grade Rating or downgrades its rating assigned to the notes below an Investment Grade Rating on any date during the period (the “*Trigger Period*”) commencing on the date of the first public announcement of any Change of Control and ending 90 days following consummation of such Change of Control (which Trigger Period will be extended following consummation of a Change of Control for so long as any of the Rating Agencies has publicly announced prior to the end of the Trigger Period that it is considering a possible ratings change). In no event shall the Trustee be charged with knowledge of the rating of the notes or the Company, nor shall it be charged with monitoring such rating.

“*Receivables*” means loans, other loan-related receivables, factoring and factoring-related receivables, leases and other lease-related receivables purchased or originated by the Company or any Restricted Subsidiary; *provided, however*, that for purposes of determining the amount of a Receivable at any time, such amount shall be determined in accordance with GAAP, consistently applied, as of the most recent practicable date.

“*Receivables Transaction*” means any securitization, factoring, discounting or similar financing transaction or series of transactions, including any debt facility, bridge loan (warehousing) or line of credit, entered into by the Company or any of its Restricted Subsidiaries (other than a Lease Securitization) pursuant to which the Company or any of its Restricted Subsidiaries may, sell, convey, assign or otherwise transfer to any Person, or may grant a security interest in, any specified Receivables, Residual Interests, net interest margin securities or similar or related assets of the Company or any Restricted Subsidiary.

“*Refinance*” means, in respect of any Indebtedness, to issue any Indebtedness in exchange for or to refinance, replace, defease or refund such Indebtedness in whole or in part. “*Refinanced*” and “*Refinancing*” will have correlative meanings.

“*Refinancing Indebtedness*” means Indebtedness of the Company or any Restricted Subsidiary issued to Refinance any other Indebtedness of the Company or a Restricted Subsidiary so long as:

(1) the aggregate principal amount (or initial accreted value, if applicable) of such new Indebtedness as of the date of such proposed Refinancing does not exceed the aggregate principal amount (or initial accreted value, if applicable) of the Indebtedness being Refinanced (plus the amount of any premium required to be paid under the terms of the instrument governing such Indebtedness and the amount of reasonable expenses incurred by the Company in connection with such Refinancing);

(2) such new Indebtedness has:

(a) a Weighted Average Life to Maturity that is equal to or greater than the Weighted Average Life to Maturity of the Indebtedness being Refinanced, and

(b) a final maturity that is equal to or later than the final maturity of the Indebtedness being Refinanced; and

(3) if the Indebtedness being Refinanced is:

(a) Indebtedness of the Company, then such Refinancing Indebtedness will be Indebtedness of the Company,

(b) Indebtedness of a Guarantor, then such Refinancing Indebtedness will be Indebtedness of the Company and/or such Guarantor, and

(c) Subordinated Indebtedness, then such Refinancing Indebtedness shall be subordinate to the notes, at least to the same extent and in the same manner as the Indebtedness being Refinanced.

“*Residual Interests*” means (i) any residual interests in Lease Securitizations, Receivables Transactions, Securitization Securities or any other interests in Securitization Vehicles or (ii) the residual value of any assets that are financed through Indebtedness Incurred in connection with a Lease Securitization or Receivables Transactions, regardless of whether required to appear on the face of the consolidated financial statements of such Person and its Subsidiaries in accordance with GAAP.

“*Responsible Officer*” means, when used with respect to the Trustee, any officer within the corporate trust department of the Trustee, including the vice president, assistant vice president, assistant treasurer, trust officer or other officer of the Trustee who customarily performs functions similar to those performed by the persons who at the time are such officers, respectively, or to whom any corporate trust matter is referred because of such person’s knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of the Indenture.

“*Restricted Payment*” has the meaning set forth under “Certain Covenants — Limitation on Restricted Payments.”

“*Restricted Subsidiary*” means any Subsidiary of the Company, which at the time of determination is not an Unrestricted Subsidiary.

“*Revocation*” has the meaning set forth under “— Certain Covenants — Limitation on Designation of Unrestricted Subsidiaries.”

“*S&P*” means Standard & Poor’s Ratings Services and its successors and assigns.

“*Sale and Leaseback Transaction*” means any direct or indirect arrangement with any Person or to which any such Person is a party providing for the leasing to the Company or a Restricted Subsidiary of any property, whether owned by the Company or any Restricted Subsidiary at the Issue Date or later acquired, which has been or is to be sold or transferred by the Company or such Restricted Subsidiary to such Person or to any other Person by whom funds have been or are to be advanced on the security of such Property.

“*Secured Indebtedness*” means any Indebtedness secured by a Lien upon the property or assets of the Company and/or its Restricted Subsidiaries.

“*Securitization Securities*” has the meaning set forth in the definition of “Securitization Vehicle.”

“*Securitization Vehicle*” means (i) any Person (whether or not a Restricted Subsidiary of the Company) established for the purpose of issuing asset-backed securities of any kind or issuing any other Indebtedness (whether or not in the form of securities) backed by Receivables or Residual Interests (“Securitization Securities”) and (ii) any special purpose, bankruptcy remote Restricted Subsidiary of the Company or any of its Restricted Subsidiaries established in connection with the issuance of Securitization Securities and any other entity (or several entities) that serves as an intermediate entity between a Restricted Subsidiary, as the case may be, that initially purchases or originates Receivables or Residual Interests and an entity referred to in clause (i) regardless of whether such Restricted Subsidiary is an issuer of Securitization Securities; *provided* that in each case, such entity is an entity:

(1) that does not engage in, and whose charter prohibits it from engaging in, any activities other than Lease Securitizations and any activity necessary, incidental or related thereto,

(2) no portion of the Debt or any other obligation, contingent or otherwise, of which

(A) is Guaranteed by the Company or any Restricted Subsidiary of the Company,

(B) is recourse to or obligates the Company or any Restricted Subsidiary of the Company in any way (other than in respect of a Lien on any assets under operating leases, the Receivables of which are subject to a Lease Securitization), or

(C) subjects any property or asset of the Company or any Restricted Subsidiary of the Company, directly or indirectly, contingently or otherwise, to the satisfaction thereof (other than in respect of a Lien on any assets under operating leases, the Receivables of which are subject to a Lease Securitization),

(3) with respect to which neither the Company nor any Restricted Subsidiary of the Company (other than an Unrestricted Subsidiary) has any obligation to maintain or preserve its financial condition or cause it to achieve certain levels of operating results

other than, in respect of clauses (2) and (3), (x) pursuant to customary representations, warranties, covenants and indemnities entered into in connection with a Lease Securitization, and (y) any Guarantees by the Company or a Restricted Subsidiary of any Indebtedness of a Securitization Vehicle that would constitute Permitted Indebtedness or which would be permitted under “— Limitation on Incurrence of Additional Indebtedness.”

“*Senior Indebtedness*” means the notes (and any Note Guarantee thereof) and any other Indebtedness of the Company or a Guarantor that is not, pursuant to the instrument evidencing such Indebtedness, expressly subordinated in right of payment to the notes, or the relevant Note Guarantee.

“*Significant Subsidiary*” means a Subsidiary of the Company constituting a “Significant Subsidiary” of the Company in accordance with Rule 1-02(w) of Regulation S-X under the Securities Act in effect on the date hereof.

“*Subordinated Indebtedness*” means, with respect to the Company or a Guarantor, any Indebtedness of the Company or a Guarantor that is, pursuant to the instrument evidencing such Indebtedness, expressly subordinated in right of payment to the notes, the relevant Note Guarantee or any other Senior Indebtedness, as the case may be.

“*Subsidiary*” means, with respect to any Person, any other Person (i) of which such Person owns, directly or indirectly, more than 50.0% of the voting power of the other Person’s outstanding Voting Stock, and (ii) that is required to be included in such Person’s consolidated financial statements in accordance with GAAP.

“*Surviving Entity*” has the meaning set forth under “— Certain Covenants — Limitation on Merger, Consolidation and Sale of Assets.”

“*U.S. Dollar Equivalent*” means with respect to any monetary amount in a currency other than U.S. dollars, at any time for determination thereof, the amount of U.S. dollars obtained by converting such foreign currency involved in such computation into U.S. dollars at the spot rate for the purchase of U.S. dollars with the applicable foreign currency as published in *The Wall Street Journal* in the “Exchange Rates” column under the heading “Currency Trading” on the date two Business Days prior to such determination.

Except as described under “— Certain Covenants — Limitation on Incurrence of Additional Indebtedness,” whenever it is necessary to determine whether the Company has complied with any covenant in the Indenture or a Default has occurred and an amount is expressed in a currency other than U.S. dollars, such amount will be treated as the U.S. Dollar Equivalent determined as of the date such amount is initially determined in such currency.

“*Unrestricted Subsidiary*” means any Subsidiary of the Company Designated as an Unrestricted Subsidiary pursuant to “Certain Covenants — Limitation on Designation of Unrestricted Subsidiaries.” Any such Designation may be revoked by a certificate of the Chief Financial Officer of the Company, subject to the provisions of such covenant.

“*Voting Stock*” with respect to any Person, means securities of any class of Capital Stock of such Person entitling the holders thereof (whether at all times or only so long as no senior class of stock has voting power by reason of any contingency) to vote in the election of members of the Board of Directors (or equivalent governing body) of such Person.

“*Weighted Average Life to Maturity*” means, when applied to any Indebtedness at any date, the number of years (calculated to the nearest one-twelfth) obtained by dividing:

(1) the then outstanding aggregate principal amount or liquidation preference, as the case may be, of such Indebtedness into

(2) the sum of the products obtained by multiplying:

(a) the amount of each then remaining installment, sinking fund, serial maturity or other required payment of principal or liquidation preference, as the case may be, including payment at final maturity, in respect thereof, by

(b) the number of years (calculated to the nearest one-twelfth) which will elapse between such date and the making of such payment.

“*Wholly-Owned Subsidiary*” means, for any Person, any Subsidiary (Restricted Subsidiary in the case of the Company) of which all the outstanding Capital Stock (other than, in the case of a Subsidiary not organized in the United States, directors’ qualifying shares or an immaterial amount of shares required to be owned by other Persons pursuant to applicable law) is owned by such Person and/or one or more Persons that satisfy this definition in respect of such Person (or a combination thereof).

BOOK-ENTRY, DELIVERY AND FORM

The notes are being offered and sold to qualified institutional buyers in reliance on Rule 144A (“Rule 144A notes”). Notes also may be offered and sold in offshore transactions in reliance on Regulation S (“Regulation S notes”). Notes will be issued at the closing of this offering only against payment in immediately available funds.

Rule 144A notes initially will be represented by one or more notes in registered, global form without interest coupons (collectively, the “Rule 144A global notes”). Regulation S notes initially will be represented by one or more notes in registered, global form without interest coupons (collectively, the “Regulation S global notes” and, together with the Rule 144A global notes, the “global notes”).

The global notes will be deposited upon issuance with the Trustee as custodian for DTC, in New York, New York, and registered in the name of DTC or its nominee, in each case, for credit to an account of a direct or indirect participant in DTC as described below. Through and including the 40th day after the later of the commencement of this offering and the closing of this offering (such period through and including such 40th day, the “restricted period”), beneficial interests in the Regulation S global notes may be transferred to a U.S. person only in accordance with the certification requirements described below. Beneficial interests in the Rule 144A global notes may not be exchanged for beneficial interests in the Regulation S global notes at any time except in the limited circumstances described below. See “—Exchanges Between Regulation S Notes and Rule 144A Notes.”

Except as set forth below, the global notes may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee. Beneficial interests in the global notes may not be exchanged for notes in certificated form except in the limited circumstances described below. See “—Exchange of Global Notes for Certificated Notes.” Except in the limited circumstances described below, owners of beneficial interests in the global notes will not be entitled to receive physical delivery of notes in certificated form.

Rule 144A notes (including beneficial interests in the Rule 144A global notes) will be subject to certain restrictions on transfer and will bear a restrictive legend as described under “Transfer Restrictions.” Regulation S notes will also bear the legend as described under “Transfer Restrictions.” In addition, transfers of beneficial interests in the global notes will be subject to the applicable rules and procedures of DTC and its direct or indirect participants (including, if applicable, those of Euroclear and Clearstream), which may change from time to time.

Depository Procedures

The following description of the operations and procedures of DTC, Euroclear and Clearstream is provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them. We take no responsibility for these operations and procedures and urge investors to contact the system or their participants directly to discuss these matters.

DTC has advised us that DTC is a limited purpose trust company created to hold securities for its participating organizations (collectively, the “participants”) and to facilitate the clearance and settlement of transactions in those securities between participants through electronic book entry changes in accounts of its participants. The participants include securities brokers and dealers (including the initial purchasers), banks, trust companies, clearing corporations and certain other organizations. Access to DTC’s system is also available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain custodial relationship with a participant, either directly or indirectly (collectively, the “indirect participants”). Persons who are not participants may beneficially own securities held by or on behalf of DTC only through the participants or the indirect participants. The ownership interests in, and transfers of ownership interests in, each security held by or on behalf of DTC are recorded on the records of the participants and indirect participants.

DTC has also advised us that, pursuant to procedures established by it:

- (1) upon deposit of the global notes, DTC will credit the accounts of participants designated by the initial purchasers with portions of the principal amount of the global notes; and
- (2) ownership of these interests in the global notes will be shown on, and the transfer of ownership of these interests will be effected only through, records maintained by DTC (with respect to the participants) or by the participants and the indirect participants (with respect to other owners of beneficial interests in the global notes).

Investors in the global notes who are participants in DTC's system may hold their interests therein directly through DTC. Investors in the global notes who are not participants may hold their interests therein indirectly through organizations (including Euroclear and Clearstream) which are participants in such system. Euroclear and Clearstream will hold interests in the global notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositories, which are Euroclear Bank S.A./N.V., as operator of Euroclear, and Citibank, N.A., as operator of Clearstream. All interests in a global note, including those held through Euroclear or Clearstream, may be subject to the procedures and requirements of DTC. Those interests held through Euroclear or Clearstream may also be subject to the procedures and requirements of such systems. The laws of some states require that certain persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer beneficial interests in a global note to such persons will be limited to that extent. Because DTC can act only on behalf of participants, which in turn act on behalf of indirect participants, the ability of a person having beneficial interests in a global note to pledge such interests to persons that do not participate in the DTC system, or otherwise take actions in respect of such interests may be affected by the lack of a physical certificate evidencing such interests.

Except as described below, owners of interests in the global notes will not have notes registered in their names, will not receive physical delivery of notes in certificated form and will not be considered the registered owners or "holders" thereof under the Indenture for any purpose.

Payments in respect of the principal of, and interest and premium and additional interest, if any, on a global note registered in the name of DTC or its nominee will be payable to DTC in its capacity as the registered holder under the Indenture. Under the terms of the Indenture, the Issuer and the Trustee will treat the persons in whose names the notes, including the global notes, are registered as the owners of the notes for the purpose of receiving payments and for all other purposes. Consequently, neither the Issuer, the Trustee, the transfer agent, registrar, the paying agent nor any agent of the Issuer or the Trustee has or will have any responsibility or liability for:

- (1) any aspect of DTC's records or any participant's or indirect participant's records relating to or payments made on account of beneficial ownership interest in the global notes or for maintaining, supervising or reviewing any of DTC's records or any participant's or indirect participant's records relating to the beneficial ownership interests in the global notes; or
- (2) any other matter relating to the actions and practices of DTC or any of its participants or indirect participants.

DTC has advised us that its current practice, upon receipt of any payment in respect of securities such as the notes (including principal and interest) is to credit the accounts of the relevant participants with the payment on the payment date unless DTC has reason to believe it will not receive payment on such payment date. Each relevant participant is credited with an amount proportionate to its beneficial ownership of an interest in the principal amount of the relevant security as shown on the records of DTC. Payments by the participants and the indirect participants to the beneficial owners of notes will be governed by standing instructions and customary practices and will be the responsibility of the participants or the indirect participants and will not be our responsibility or that of DTC, the Trustee or any paying agent. Neither the Issuer nor the Trustee nor any of their respective agents will be liable for any delay by DTC or any of its participants in identifying the beneficial owners of the notes, and the Issuer and the Trustee and each such agent may conclusively rely on and will be protected in relying on instructions from DTC or its nominee for all purposes.

Subject to the transfer restrictions set forth under "Transfer Restrictions," transfers between participants in DTC will be effected in accordance with DTC's procedures, and will be settled in same-day funds, and transfers between participants in Euroclear and Clearstream will be effected in accordance with their respective rules and operating procedures.

Subject to compliance with the transfer restrictions applicable to the notes described herein, cross-market transfers between the participants in DTC, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected through DTC in accordance with DTC's rules on behalf of Euroclear or Clearstream, as the case may be, by its respective depository; however, such cross market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counter-party in such system in accordance with the rules and procedures and within the established deadlines (Brussels time) of such system. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depository to take action to effect final settlement on its behalf of delivering or receiving interests in the

relevant global note in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the depositories for Euroclear or Clearstream.

DTC has advised us that it will take any action permitted to be taken by a holder of notes only at the direction of one or more participants to whose account DTC has credited the interests in the global notes and only in respect of such portion of the aggregate principal amount of the notes as to which such participant or participants has or have given such direction. However, if there is an event of default under the notes, DTC reserves the right to exchange the global notes for legended notes in certificated form, and to distribute such notes to its participants.

Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures to facilitate transfers of interests in the Rule 144A global notes and the Regulation S global notes among participants in DTC, Euroclear and Clearstream, they are under no obligation to perform or to continue to perform such procedures, and may discontinue such procedures at any time. Neither the Issuer nor the Trustee nor any of their respective agents will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Exchange of Global Notes for Certificated Notes

A global note is exchangeable for definitive notes in registered certificated form (“certificated notes”) if:

- (1) DTC (a) notifies the Issuer that it is unwilling or unable to continue as depository for the global notes and DTC fails to appoint a successor depository or (b) has ceased to be a clearing agency registered under the Exchange Act;
- (2) The Issuer, at its option, notifies the Trustee in writing that it has elected to cause the issuance of the certificated notes; or
- (3) there has occurred and is continuing a Default or Event of Default with respect to the notes.

In all cases, certificated notes delivered in exchange for any global note or beneficial interests in global notes will be registered in the names, and issued in any approved denominations, requested by or on behalf of the depository (in accordance with its customary procedures) and will bear the applicable restrictive legend referred to in “Transfer Restrictions,” unless that legend is not required by applicable law.

Exchanges Between Regulation S Notes and Rule 144A Notes

During the restricted period, beneficial interests in the Regulation S global notes may be exchanged for beneficial interests in the Rule 144A global notes only if:

- (a) such exchange occurs in connection with a transfer of the notes pursuant to Rule 144A (as evidenced by the certificate referred to in clause (b) below); and
- (b) the transferor first delivers to us and the Trustee a written certificate (in the form provided in the Indenture) to the effect that the notes are being transferred to a person:
 - (A) who the transferor reasonably believes to be a qualified institutional buyer within the meaning of Rule 144A;
 - (B) purchasing for its own account or the account of a qualified institutional buyer in a transaction meeting the requirements of Rule 144A; and
 - (C) in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

Beneficial interest in a Rule 144A global note may be transferred to a person who takes delivery in the form of an interest in the Regulation S global note, whether before or after the expiration of the restricted period,

only if the transferor first delivers to us and the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Rule 903 or 904 of Regulation S.

Transfers involving exchanges of beneficial interests between the Regulation S global notes and the Rule 144A global notes will be effected in DTC by means of an instruction originated by the DTC participant and approved by the Trustee through the DTC Deposit/Withdraw at Custodian system. Accordingly, in connection with any such transfer, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S global note and a corresponding increase in the principal amount of the Rule 144A global note or vice versa, as applicable. Any beneficial interest in one of the global notes that is transferred to a person who takes delivery in the form of an interest in the other global note will, upon transfer, cease to be an interest in such global note and will become an interest in the other global note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interest in such other global note for so long as it remains such an interest. Transfers between Regulation S and Rule 144A notes will need to be done on a delivery free of payment basis and separate arrangements will need to be made outside of DTC for payment.

TAXATION

General

The following summary contains a description of the material U.S. and Mexican federal income tax consequences of the purchase, ownership and disposition of the notes, by holders and beneficial owners that are non-residents of Mexico for tax purposes.

This summary is based upon the federal tax laws of the United States and Mexico as in effect on the date of this offering memorandum, including the provisions of the income tax treaty between the United States and Mexico, which we refer to in this offering memorandum as the Tax Treaty and the tax treaties applicable to the non-Mexican Holders. This summary does not purport to be a comprehensive description of all the U.S. or Mexican federal tax considerations that may be relevant to a decision to purchase, hold or dispose of the notes. The summary does not address any tax consequences under the laws of any state, municipality or locality of Mexico or the United States or the laws of any taxing jurisdiction other than the federal laws of Mexico and the United States.

Prospective investors should consult their own tax advisors as to the Mexican and U.S. tax consequences of the purchase, ownership and disposition of notes, including, in particular, the effect of any foreign (non-Mexican and non-U.S.), state, municipal or local tax laws.

Mexico has also entered into or is negotiating several double taxation treaties with various countries that may have an impact on the tax treatment of the purchase, ownership or disposition of notes. Prospective purchasers of notes should consult their own tax advisors as to the tax consequences, if any, of the application of any such treaties.

Mexican Federal Tax Considerations

General

The following is a general summary of the principal Mexican federal income tax consequences of the purchase, ownership and disposition of the notes, by non-Mexican Holders, for Mexican federal income tax purposes, and that do not hold such notes through a permanent establishment for tax purposes in Mexico, to which income under the notes is attributable; for purposes of this summary, each such holder is referred to as a non-resident holder.

This summary is based on the Mexican Income Tax Law (*Ley del Impuesto sobre la Renta*) and the Mexican Federal Tax Code (*Código Fiscal de la Federación*) and regulations in effect on the date of this offering memorandum, all of which are subject to change, possibly with retroactive effect, or to new or different interpretations, which could affect the continued validity of this general summary.

This summary does not constitute tax advice, does not address all of the Mexican tax consequences that may be applicable to specific holders of the notes and does not purport to be a comprehensive description of all the Mexican tax considerations that may be relevant to a decision to purchase, hold or dispose of the notes. In particular, this summary does not describe any tax consequences (i) arising under the laws of any taxing jurisdiction other than Mexico, (ii) arising under the laws other than the federal tax laws of Mexico (excluding the laws of any state or municipality within Mexico) or (iii) that are applicable to a resident of Mexico for tax purposes that may purchase, hold or dispose of the notes.

Potential purchasers of the notes should consult with their own tax advisors regarding the particular consequences of the purchase, ownership or disposition of the notes under the laws of Mexico, including federal, state and municipal laws, or the laws of any other jurisdiction, or under any applicable double taxation treaty to which Mexico is a party, which is in effect.

For purposes of Mexican taxation, an individual or corporation that does not satisfy the requirements to be considered as a resident of Mexico for tax purposes, as specified below, is deemed as a non-resident of Mexico for tax purposes and a non-Mexican Holder for purposes of this summary.

Tax residency is a highly technical definition that involves the application of a number of factors that are described in the Mexican Federal Tax Code and the tax treaties applicable to non-Mexican Holders. Individuals are residents of Mexico for tax purposes, if they have established their home in Mexico or if they have established their principal place of residence outside Mexico, if their core of vital interests (*centro de intereses vitales*) is located in Mexican territory. This will be deemed to occur if (i) at least 50.0% of their aggregate annual income derives from Mexican sources or (ii) the main center of their professional activities is located in Mexico. Mexican nationals who filed a change of tax residence to a country or jurisdiction that does not have a comprehensive exchange of information agreement with Mexico, in which their income is subject to a preferred tax regime pursuant to the provisions of the Mexican Income Tax Law, will be considered Mexican residents for tax purposes during the fiscal year of the filing of notice of such residence change and during the following three fiscal years.

Unless otherwise proven, a Mexican national is deemed a resident of Mexico for tax purposes. An individual will also be considered a resident of Mexico for tax purposes, if such individual is a Mexican federal government employee, regardless of the location of the individual's core of vital interests.

A legal entity is a resident of Mexico for tax purposes if it maintains the principal administration of its business or the effective location of its management in Mexico.

If a legal entity or an individual is deemed to have a permanent establishment in Mexico for Mexican tax purposes or is deemed a resident of Mexico for tax purposes, any and all income attributable to that permanent establishment of such resident will be subject to Mexican income taxes, in accordance with applicable tax Mexican laws.

Mexico has entered into, and is negotiating, several double taxation treaties with various countries, that may affect the Mexican withholding tax liabilities applicable to Non-Mexican Holders. Prospective purchasers of the notes should consult their own tax advisers as to the tax consequences, if any, of such treaties.

Payments of Interest

Under the Mexican Income Tax Law, payments of interest on the notes (including payments of principal in excess of the issue price of the notes, if any, which, under Mexican law, are deemed to be interest) made by us or the subsidiary guarantors non-Mexican Holders that have a source of wealth in Mexico and should be subject to Mexican withholding tax assessed at a rate of 4.9%, if, as expected, the following requirements are met (which we plan to meet):

- the issuance of the notes (including the principal characteristics of the notes) is notified to the CNBV pursuant to Article 7 of the Mexican Securities Market Law and Articles 24 Bis and 24 Bis 1 of the general regulations applicable to issuers and other market participants issued by the CNBV;
- the notes, as expected, are placed outside of Mexico through banks or brokerage houses, in a country with which Mexico has entered into a tax treaty for the avoidance of double taxation which is in effect (which currently includes the United States); and
- we timely comply with the documentation and information requirements specified from time to time by the Mexican tax authorities under their general rules, including, after completion of the transaction described in this offering memorandum, the filing with the Mexican Tax Administration Service (*Servicio de Administración Tributaria*, or "SAT") of certain information regarding the issuance of the notes and this offering memorandum.

If any of the above mentioned requirements is not met, Mexican withholding taxes, as applicable to interest payments or amounts deemed interest paid to foreign holders in respect of the notes, could be 10.0% and up to 35% or a higher rate (up to 40%) could be applicable under certain circumstances.

We have agreed to pay additional amounts, that we will deem as interest, so that non-Mexican Holders receive the net amount each of them would have received, had no withholding taxes been imposed.

If the effective beneficiaries, whether acting directly or indirectly, individually or jointly with related parties, that receive more than 5% of the interest paid under the notes (i) are persons who own, directly or indirectly,

individually or with related parties, 10% of our voting stock or (ii) are corporations or other entities, of which 20% or more of the voting stock is owned, directly or indirectly, jointly or severally, by persons related to us, then the Mexican withholding tax rate applicable to payments of interest under our notes will increase to the maximum applicable rate according to the Mexican Income Tax Law (currently 30%). For these purposes, persons will be related if:

- one person holds an interest in the business of the other person;
- both persons have common interests; or
- a third party has an interest in the business or assets of both persons.

Payments of interest on the notes made by us or the subsidiary guarantors to non-Mexican pension and retirement funds will be exempt from Mexican withholding tax provided that:

- the applicable fund is duly incorporated pursuant to the laws of its country of residence and is the effective beneficiary of the interest payment;
- such income is exempt from taxes in its country of residence; and
- such fund provides information to SAT, through us, in accordance with rules issued by SAT for these purposes.

Holders or beneficial owners of the notes may be requested by us or on our behalf, subject to specified exceptions and limitations, to provide certain information or documentation necessary to enable us to determine the appropriate Mexican withholding tax rate on interest payments under the notes, made by us or any subsidiary guarantor to holders of the notes that are not residents of Mexico. Additionally, the Mexican Income Tax Law provides that, in order for a non-resident of Mexico holder of the notes to be entitled to the benefits under the effective treaties for the avoidance of double taxation entered into by Mexico, it is necessary for the non-resident holder to meet the procedural requirements set forth in such Law. In the event that the specified information or documentation concerning the holder or beneficial owner, if requested, is not provided to us, or on our behalf, on a complete or timely basis our obligation to pay Additional Amounts may be limited as described under “Description of the Notes—Additional Amounts.”

Payments of Principal

Under Mexican Income Tax Law, payments of principal on the notes made by us or any subsidiary guarantor to holders of the notes that are not residents of Mexico will not be subject to any Mexican withholding or similar tax.

Taxation of Capital Gains

Under the Mexican Income Tax Law, capital gains resulting from the sale or other disposition of the notes by a holder of the notes that is not resident of Mexico to another holder of the notes that is not a resident of Mexico, will not be subject to Mexican withholding taxes. However, gains resulting from the sale of the notes by a holder of the notes that is not resident of Mexico to a Mexican resident for tax purposes or to a foreign holder deemed to have a permanent establishment in Mexico for tax purposes, will be subject to the Mexican withholding taxes pursuant to the rules described above applicable to interest payments, in respect of the difference between the nominal value (or the face value) or the acquisition price of the notes and the price obtained upon sale by the seller, and any such withholding taxes will not benefit from our obligations to pay Additional Amounts, except in the case of a redemption by us.

Taxation of Make-Whole Amount

Under the Mexican Income Tax Law, the payment of the Make-Whole Amount as a result of the optional redemption of the notes, as provided in “Description of the Notes—Redemption—Optional make-whole redemption,” will be subject to the Mexican taxes pursuant to the rules described above with respect to interest payments, as a Make-Whole Amount will be deemed as interest under Mexican law.

Other Mexican Taxes

Under current Mexican tax laws, generally there are no estate, inheritance, succession or gift taxes applicable to the purchase, ownership or disposition of the notes by a holder of the notes that is not resident of Mexico. Gratuitous transfers of the notes in certain circumstances may result in the imposition of a Mexican federal tax upon the recipient. There are no Mexican stamp, issuer registration or similar taxes or duties payable by foreign holders of the notes with respect to the notes.

U.S. Federal Income Tax Considerations

The following summary addresses certain U.S. federal income tax consequences of the ownership and disposition of the notes. This discussion deals only with a note held as a “capital asset” within the meaning of section 1221 of the Internal Revenue Code of 1986, as amended (the “Code”) by a U.S. Holder (as defined below) who purchases the note upon its original issuance at its original offering price and does not address tax consequences to taxpayers that may be subject to special tax rules, such as (i) banks, thrifts, or certain other financial institutions, (ii) pension funds, (iii) tax-exempt organizations, (iv) retirement plans, (v) regulated investment companies, (vi) real estate investment trusts, (vii) partnerships or other pass-through entities for U.S. federal income tax purposes, (viii) persons who hold notes through a partnership or other pass-through entity, (ix) controlled foreign corporations, (x) passive foreign investment companies, (xi) small business investment companies, (xii) insurance companies, (xiii) broker/dealers, (xiv) dealers in securities, (xv) traders in securities or commodities that elects mark-to-market treatment, (xvi) holders who hold notes as part of a hedge, straddle, synthetic security, conversion transaction, other risk reduction transaction, or who have entered into a “constructive sale” with respect to a note, (xvii) U.S. Holders (as defined below) whose “functional currency” is not the U.S. dollar, (xviii) former citizens or residents of the United States, (xix) taxpayers subject to the alternative minimum tax, or (xx) a nonresident alien individual present in the United States for more than 182 days in a taxable year. In addition, this discussion does not describe the application of the Medicare net investment income tax, or any tax consequences arising out of the tax laws of any state, local or foreign jurisdiction, or any possible applicability of U.S. federal gift or estate tax.

This discussion is for general information only and is based on the provisions of the Code, the Treasury regulations promulgated or proposed thereunder, judicial authority, published administrative positions of the Internal Revenue Service (“IRS”) and other applicable authorities, all as in effect on the date of this offering memorandum, and all of which are subject to change or differing interpretations, possibly on a retroactive basis. We have not sought any ruling from the IRS with respect to the tax consequences discussed herein, and there can be no assurance that the IRS or a court will agree with our statements and conclusions.

The term “U.S. Holder” means any beneficial owner of a note that is, for U.S. federal income tax purposes, a citizen or resident of the United States or a domestic corporation or that otherwise is subject to U.S. federal income taxation on a net income basis in respect of the note.

If you are considering the purchase of notes, you should consult your own tax advisors concerning the particular U.S. federal income tax consequences to you regarding ownership of the notes, as well as the consequences to you arising under the laws of any other taxing jurisdiction.

Stated Interest

The amount of stated interest payments on a note will generally be taxable to you as ordinary interest income at the time it is accrued or received in accordance with your method of accounting for tax purposes. While it is not anticipated that the notes will be issued with more than *de minimis* original issue discount (“OID”), if the notes are issued with OID in excess of a *de minimis* amount, a U.S. Holder will be required to include the OID in ordinary income during the term of the notes on a constant accrual basis, regardless of the U.S. Holder’s method of accounting. The remainder of this discussion assumes that the notes are not issued with OID in excess of a *de minimis* amount.

In addition to interest on the notes, you will be required to include in income any Additional Amounts and any tax withheld from (i) the interest payments and (ii) Additional Amounts. You may be entitled to deduct or credit this tax, subject to certain limitations (including that the election to deduct or credit foreign taxes applies to all of your foreign taxes for a particular tax year). Interest income (including Mexican taxes withheld from the interest payments and any Additional Amounts) on a note generally will be considered foreign source income and generally should constitute “passive category income.” You may be denied a foreign tax credit for foreign taxes imposed with

respect to the notes where you are entitled to a refund of the tax but do not seek to obtain the refund. The rules governing the foreign tax credit are complex. You are urged to consult your tax advisors regarding the availability of the foreign tax credit under your particular circumstances.

Sale, Exchange, Retirement or Other Disposition of Notes

A U.S. Holder will generally recognize gain or loss upon the sale, exchange, retirement or other disposition of a note in an amount equal to the difference between the amount realized (less amounts received attributable to accrued interest, which will be taxed as such) and the U.S. Holder's adjusted tax basis in the note at the time of such disposition. A U.S. Holder's adjusted tax basis in a note generally will be the cost of the note to the holder. Any gain or loss recognized on a disposition of a note generally will be capital gain or loss, and such capital gain or loss will generally be long-term capital gain or loss if the U.S. Holder has held the note for more than one year at the time of disposition. Certain non-corporate U.S. Holders are eligible for preferential rates of U.S. federal income taxation in respect of long-term capital gains. The deductibility of capital losses is subject to limitations.

If a Mexican income tax is withheld on the sale or other disposition of our notes, the amount of cash considered received will include the gross amount of the proceeds of that sale or other disposition before deduction of the Mexican income tax. Capital gain or loss, if any, realized by a U.S. Holder on the sale, exchange or other taxable disposition of our notes generally will be treated as U.S. source gain or loss for U.S. foreign tax credit purposes. Consequently, in the case of gain from the disposition of our notes that is subject to Mexican income tax, a U.S. Holder may not be able to benefit from the foreign tax credit for that Mexican income tax (because the gain from the disposition would be United States source), unless the U.S. Holder can apply the credit (subject to applicable limitations) against U.S. federal income tax payable on other income from foreign sources or is entitled to treat such gain as Mexican source under the Tax Treaty because the U.S. Holder is considered a resident of the United States for purposes of, and otherwise meets the requirements of, the Tax Treaty. Alternatively, a U.S. Holder may take a deduction for the Mexican income tax if the U.S. Holder does not take a credit for any foreign taxes paid or accrued during the taxable year. The foreign tax credit rules are complex, and U.S. Holders should consult their own tax advisors regarding the foreign tax credit implications of the sale, exchange, retirement or other disposition of the notes.

Specified Foreign Financial Assets

Individual U.S. Holders that own "specified foreign financial assets" with an aggregate value in excess of \$50,000 are generally required to file an information statement along with their tax returns, currently on Form 8938, with respect to such assets. "Specified foreign financial assets" include any financial accounts held at a non-U.S. financial institution, as well as securities issued by a non-U.S. issuer (which may include notes issued in certificated form) that are not held in accounts maintained by financial institutions. Higher reporting thresholds apply to certain individuals living abroad and to certain married individuals. Regulations extend this reporting requirement to certain entities that are treated as formed or availed of to hold direct or indirect interests in specified foreign financial assets based on certain objective criteria. The understatement of income attributable to "specified foreign financial assets" in excess of \$5,000 extends the statute of limitations with respect to the tax return to six years after the return was filed. U.S. Holders who fail to report the required information could be subject to substantial penalties. You should consult your own tax advisors concerning the application of these rules to your investment in the notes, including the application of the rules to your particular circumstances.

Backup Withholding and Information Reporting

Information reporting requirements will generally apply to the payments on the notes made to, and the proceeds of dispositions of notes effected by, certain U.S. Holders. In addition, backup withholding may apply to such payments to a U.S. Holder unless such U.S. Holder (a) falls within certain exempt categories and demonstrates this fact when required or (b) provides an IRS Form W-9 containing such U.S. Holder's correct taxpayer identification number and otherwise complies with the applicable backup withholding rules.

A holder that is not a U.S. Holder may be required to comply with applicable certification procedures to establish that the holder is not a U.S. taxpayer in order to avoid the application of such information reporting requirements and backup withholding.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment made to a holder generally may be claimed as a refund or credit against such holder's U.S. federal income tax liability provided the required information is timely furnished to the IRS.

PLAN OF DISTRIBUTION

Citigroup Global Markets Inc., Barclays Capital Inc. and Credit Suisse Securities (USA) LLC are acting as initial purchasers.

Subject to the terms and conditions set forth in a purchase agreement dated the date of this offering memorandum among us and the initial purchasers, each initial purchaser named below has severally and not jointly agreed to purchase, and we have agreed to sell, the principal amount of the notes opposite such initial purchaser's name.

Initial Purchasers	Principal Amount of Notes
Citigroup Global Markets Inc.	US\$180,000,000
Barclays Capital Inc.	US\$135,000,000
Credit Suisse Securities (USA)	US\$135,000,000
Total	US\$450,000,000

Subject to the terms and conditions set forth in the purchase agreement, the initial purchasers have agreed, severally and not jointly, to purchase all of the notes sold under the purchase agreement if any notes are purchased. The initial purchasers may offer and sell notes through certain of their affiliates.

If an initial purchaser defaults, the purchase agreement provides that the purchase commitments of the non-defaulting initial purchasers may be increased, the commitments of the defaulting initial purchaser may be assumed by other persons satisfactory to us or the purchase agreement may be terminated.

We have agreed to indemnify the several initial purchasers and their controlling persons against certain liabilities in connection with this offering, including liabilities under the Securities Act, or to contribute to payments the initial purchasers may be required to make in respect of those liabilities.

The initial purchasers are offering the notes, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the notes, and other conditions contained in the purchase agreement, such as the receipt by the initial purchasers of officer's certificates and legal opinions. The initial purchasers reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

Commissions and Discounts

The initial purchasers have advised us that they propose initially to offer the notes at the offering price set forth on the cover page of this offering memorandum and to certain dealers at that price less a selling concession. After the initial offering, the offering price, concession or any other term of the offering may be changed.

The Notes Are Not Being Registered

The notes have not been, and will not be, registered under the Securities Act or the securities law of any other jurisdiction, and they may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. In connection with sales outside of the United States, each of the initial purchasers has agreed that it will not offer, sell or deliver the notes to, or for the account of, U.S. persons (unless in reliance on Rule 144A) (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the closing date, and that it will send to each dealer to whom it sells such notes during such period a confirmation or other notice setting forth the restrictions on offers and sales of the notes within the United States or to, or for the account or benefit of, U.S. persons. Resales of the notes are restricted as described below under "Transfer Restrictions."

In addition, until 40 days after the commencement of this offering, an offer or sale of the notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act unless the dealer makes the offer or sale in compliance with Rule 144A or another exemption from

registration under the Securities Act. Each purchaser of the notes will be deemed to have made acknowledgments, representations and agreements as described under “Transfer Restrictions.”

New Issue of Notes

The notes will constitute a new issue of securities with no established trading market. We do not intend to apply for listing of the notes on any U.S. national securities exchange. Application is expected to be made to admit the notes to listing on the Official List of the Luxembourg Stock Exchange and to trading on the EuroMTF Market of the Luxembourg Stock Exchange. However, we cannot assure you that the listing application will be approved. We have been advised by each initial purchaser that it presently intends to make a market in the notes after completion of the offering. However, it is under no obligation to do so and may discontinue any market-making activities at its own discretion at any time without any notice. We cannot assure the liquidity of the trading market for the notes. If an active trading market for the notes does not develop, the market price and liquidity of the notes may be adversely affected. If the notes are traded, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, our operating performance and financial condition, general economic conditions and other factors.

No Sales of Similar Securities

We and our subsidiary guarantors have agreed that we and our subsidiary guarantors will not, for a period of 30 days after the date of this offering memorandum, without first obtaining the prior written consent of each initial purchaser, directly or indirectly, (i) offer, sell, issue, contract to sell, pledge or otherwise dispose, (ii) grant any option, right or warrant to purchase, (iii) enter into any swap, hedge or any other agreement that transfers, in whole or in part, the economic consequences of ownership, (iv) establish or increase a put equivalent position or liquidate or decrease a call equivalent position, or (v) file with the SEC a registration statement under the Securities Act, in each case in respect of any U.S. dollar-denominated debt securities having a maturity of more than one year from the date of issue or securities exchangeable for, or convertible into, such securities issued or guaranteed by us and sold in the international capital markets, except for certain customary exceptions, including the notes sold to the initial purchasers pursuant to the purchase agreement.

Short Positions

In connection with the offering, the initial purchasers may purchase and sell the notes in the open market. These transactions may include short sales and purchases on the open market to cover positions created by short sales. Short sales involve the sale by the initial purchasers of a greater principal amount of notes than they are required to purchase in the offering. The initial purchasers must close out any short position by purchasing notes in the open market. A short position is more likely to be created if the initial purchasers are concerned that there may be downward pressure on the price of the notes in the open market after pricing that could adversely affect investors who purchase in the offering.

Similar to other purchase transactions, purchases by the initial purchasers to cover the syndicate short sales may have the effect of raising or maintaining the market price of the notes or preventing or retarding a decline in the market price of the notes. As a result, the price of the notes may be higher than the price that might otherwise exist in the open market.

Neither we nor the initial purchasers make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the notes. In addition, neither we nor the initial purchasers make any representation that the initial purchasers will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Other Relationships

Some of the initial purchasers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions. In particular, certain of the initial purchasers or their affiliates are lenders under certain of our credit facilities, including bilateral credit facilities and facilities through lease securitizations and receivables transactions, and may receive a portion of the net proceeds from this offering. See “Management’s Discussion and Analysis of Financial Condition and Results

of Operations—Liquidity and Capital Resources.” In addition, certain of the initial purchasers or their affiliates are counterparties to several of our derivative transactions.

In addition, in the ordinary course of their business activities, the initial purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. Certain of the initial purchasers or their affiliates that have a lending relationship with us routinely hedge their credit exposure to us consistent with their customary risk management policies. Typically, such initial purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the notes offered hereby. Any such short positions could adversely affect future trading prices of the notes offered hereby.

The initial purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to customers that they acquire, long and/or short positions in such securities and instruments.

Sales Outside of the United States

Neither we nor the initial purchasers are making an offer to sell, or seeking offers to buy, the notes in any jurisdiction where the offer and sale is not permitted. You must comply with all applicable laws and regulations in effect in any jurisdiction in which you purchase, offer or sell the notes or possess or distribute this offering memorandum, and you must obtain any consent, approval or permission required for your purchase, offer or sale of the notes under the laws and regulations in effect in any jurisdiction to which you are subject or in which you make such purchases, offers or sales. Neither we nor the initial purchasers will have any responsibility therefor.

Notice to Prospective Investors in Mexico

The notes have not been and will not be registered with the RNV maintained by the CNBV, and, therefore, may not be offered or sold publicly in Mexico or otherwise be subject to brokerage activities in Mexico, except that the notes may be sold to Mexican institutional and accredited investors solely pursuant to the private placement exemption set forth in Article 8 of the Mexican Securities Market Law. We will notify the CNBV of the terms and conditions of this offering of the notes outside of Mexico. Such notice will be submitted to the CNBV to comply with Article 7 of the Mexican Securities Market Law and Articles 24 Bis and 24 Bis 1 of the General Regulations Applicable to Issuers and Other Market Participants, and for informational and statistical purposes only. The delivery to, and the receipt by, the CNBV of such notice is not a requirement for the notes' validity and does not constitute or imply any certification as to the investment quality of the notes, our solvency, liquidity or credit quality or the accuracy or completeness of the information set forth in this offering memorandum. This offering memorandum is solely our responsibility and has not been reviewed or authorized by the CNBV. The acquisition of the notes by an investor who is a resident of Mexico will be made under its own responsibility.

Notice to Prospective Investors in the European Economic Area

In relation to each Member State of the European Economic Area that has implemented the Prospectus Directive (each, a “Relevant Member State”), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “Relevant Implementation Date”) an offer to the public of any notes which are the subject of the offering contemplated by this offering memorandum may not be made in that Relevant Member State (the “Securities”), except that an offer to the public in that Relevant Member State may be made at any time under the following exemptions under the Prospectus Directive:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant dealer or dealers nominated by the us for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of Securities shall result in a requirement for the publication by us, the initial purchasers or any representative of a prospectus pursuant to Article 3 of the Prospectus Directive.

Any person making or intending to make any offer of notes within the EEA should only do so in circumstances in which no obligation arises for us or the initial purchasers to produce a prospectus for such offer. Neither we nor the initial purchasers have authorized, nor do they authorize, the making of any offer of notes through any financial intermediary, other than offers made by the initial purchasers which constitute the final offering of notes contemplated in this offering memorandum.

For the purposes of this provision, and your representation below, the expression an “offer to the public” in relation to any Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any notes to be offered so as to enable an investor to decide to purchase any Securities, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, and the expression “Prospectus Directive” means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) and includes any relevant implementing measure in each Relevant Member State.

Each person in a Relevant Member State who receives any communication in respect of, or who acquires any notes under, the offer of notes contemplated by this offering memorandum will be deemed to have represented, warranted and agreed to and with us and the initial purchasers that:

- (a) it is a “qualified investor” within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive; and
- (b) in the case of any notes acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (1) the notes acquired by it in the offering have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than “qualified investors” (as defined in the Prospectus Directive), or in circumstances in which the prior consent of the initial purchasers has been given to the offer or resale; or (2) where notes have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those notes to it is not treated under the Prospectus Directive as having been made to such persons.

Notice to Prospective Investors in the United Kingdom

Each of the initial purchasers has:

- (1) only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the United Kingdom Financial Services and Markets Act of 2000 (the “FSMA”)) received by it in connection with the issue or sale of any notes in circumstances in which Section 21(1) of the FSMA does not, or would not, apply to us; and
- (2) complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the notes in, from or otherwise involving the United Kingdom.

Notice to Prospective Investors in Canada

The notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus supplement (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* (“NI 33-105”), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Notice to Prospective Investors in Switzerland

This offering memorandum, as well as any other material relating to the notes which are the subject of the offering contemplated by this offering memorandum, do not constitute an issue prospectus pursuant to Article 652a of the Swiss Code of Obligations. The notes will not be listed on the SWX Swiss Exchange and, therefore, the documents relating to the notes, including, but not limited to, this offering memorandum, do not claim to comply with the disclosure standards of the listing rules of the SWX Swiss Exchange and corresponding prospectus schemes annexed to the listing rules of the SWX Swiss Exchange. The notes are being offered in Switzerland by way of a private placement, (i.e., to a small number of selected investors only, without any public offer and only to investors who do not purchase the notes with the intention to distribute them to the public). The investors will be individually approached by the initial purchasers from time to time. This offering memorandum, as well as any other material relating to the notes, is personal and confidential and do not constitute an offer to any other person. This offering memorandum may only be used by those investors to whom it has been provided in connection with the offering described herein and may neither directly nor indirectly be distributed or made available to other persons without our express consent. It may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in (or from) Switzerland.

Notice to Prospective Investors in Hong Kong

The notes may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a “prospectus” within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Notice to Prospective Investors in Japan

The notes offered in this offering memorandum have not been and will not be registered under the Financial Instruments and Exchange Law of Japan. The notes have not been offered or sold and will not be offered or sold, directly or indirectly, in Japan or to or for the account of any resident of Japan (including any corporation or other entity organized under the laws of Japan), except (i) pursuant to an exemption from the registration requirements of the Financial Instruments and Exchange Law and (ii) in compliance with any other applicable requirements of Japanese law.

Notice to Prospective Investors in Singapore

This offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this offering memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the notes may not be circulated or distributed, nor may the notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore, or the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to compliance with conditions set forth in the SFA.

Where the notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the notes pursuant to an offer made under Section 275 of the SFA except:
- to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than \$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;
- where no consideration is or will be given for the transfer; or
- where the transfer is by operation of law.

Notice to Prospective Investors in Chile

Pursuant to Law No. 18,045 of Chile (the securities market law of Chile) and Rule (*Norma de Carácter General*) No. 336, dated June 27, 2012, issued by the Superintendency of Securities and Insurance of Chile (*Superintendencia de Valores y Seguros de Chile* or "SVS"), the notes may be privately offered in Chile to certain "qualified investors" identified as such by Rule 336 (which in turn are further described in rule No. 216, dated June 12, 2008, of the SVS).

Rule 336 requires the following information to be provided to prospective investors in Chile:

- (1) Date of commencement of the offer: May 3, 2017. The offer of the notes is subject to Rule (*Norma de Carácter General*) No. 336, dated June 27, 2012, issued by the SVS;
- (2) The notes and the offering memorandum are not registered with the Securities Registry (*Registro de Valores*) of the SVS, nor with the foreign securities registry (*Registro de Valores Extranjeros*) of the SVS and as such as not subject to the oversight of the SVS;
- (3) Since the notes are not registered in Chile, there is no obligation by the issuer to make publicly available information about the notes in Chile; and
- (4) The notes shall not be subject to a public offering in Chile unless registered with the relevant Securities Registry of the SVS.

Notice to Prospective Investors in Peru

The notes have not been and will not be approved by or registered with the Peruvian securities regulatory authority, the National Supervisory Commission of Companies and Securities (*Comisión Nacional Supervisora de Empresas y Valores*). However, application will be made to register the notes with the Superintendency of Banking, Insurance and Private Pension Funds (*Superintendencia de Bancos, Seguros y Administradoras Privadas de Fondos de Pensiones*) in order to be offered or sold in private placement transactions addressed to Peruvian institutional investors such as Peruvian private pension funds.

TRANSFER RESTRICTIONS

The notes have not been and will not be registered under the Securities Act or any U.S. state securities laws, and the notes may not be offered or sold except pursuant to an effective registration statement or in transactions exempt from, or not subject to, registration under the Securities Act and the securities laws of any other jurisdiction. Accordingly, the notes are being offered and sold only:

- in the United States, to qualified institutional buyers (as defined in Rule 144A) pursuant to Rule 144A under the Securities Act; and
- outside of the United States, to certain persons other than U.S. persons (“non-U.S. purchasers,” which term shall include dealers or other professional fiduciaries in the United States acting on a discretionary basis for non-U.S. beneficial owners (other than an estate or trust)), in offshore transactions meeting the requirements of Rule 903 of Regulation S under the Securities Act.

As used herein, the terms “offshore transaction,” “United States” and “U.S. person” have the respective meanings given to them in Regulation S under the Securities Act.

Purchasers’ Representations and Restrictions on Resale and Transfer

Each purchaser of notes (other than the initial purchasers in connection with the initial issuance and sale of notes) and each owner of any beneficial interest therein will be deemed, by its acceptance or purchase thereof, to have represented and agreed as follows:

1. it is purchasing the notes for its own account or an account with respect to which it exercises sole investment discretion and it and any such account is either (a) a qualified institutional buyer and is aware that the sale to it is being made pursuant to Rule 144A or (b) a non-U.S. person that is outside of the United States (or a non-U.S. purchaser that is a dealer or other fiduciary as referred to above);
2. it acknowledges that the notes have not been registered under the Securities Act or with any securities regulatory authority of any U.S. state, that the notes are being offered in a transaction that does not involve any public offering in the United States within the meaning of the Securities Act and that the notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;
3. it understands and agrees that notes initially offered in the United States to qualified institutional buyers will be represented by a global note and that notes offered outside the United States pursuant to Regulation S will also be represented by a global note;
4. it will not resell or otherwise transfer any of such notes except (a) to us, (b) within the United States to a qualified institutional buyer in a transaction complying with Rule 144A under the Securities Act, (c) outside the United States in compliance with Rule 903 or 904 of Regulation S under the Securities Act, (d) pursuant to another exemption from registration under the Securities Act (if available) or (e) pursuant to an effective registration statement under the Securities Act;
5. it agrees that it will give to each person to whom it transfers the notes notice of any restrictions on transfer of such notes;
6. it acknowledges that prior to any proposed transfer of notes (other than pursuant to an effective registration statement or in respect of notes sold or transferred either pursuant to (a) Rule 144A or (b) Regulation S), the holder of such notes may be required to provide certifications relating to the manner of such transfer as provided in the Indenture;
7. it acknowledges that the trustee, registrar or transfer agent for the notes will not be required to accept for registration of transfer any notes acquired by it, except upon presentation of evidence satisfactory to us and the trustee, registrar or transfer agent that the restrictions set forth herein have been complied with;

8. it acknowledges that we will not be required to accept for registration of transfer any notes acquired by us, except upon presentation of evidence satisfactory to us that the restrictions set forth herein in this section have been complied with;
9. if it is a non-U.S. purchaser acquiring a beneficial interest in a Regulation S global note offered pursuant to this offering memorandum, it acknowledges and agrees that, until the expiration of the 40 day “distribution compliance period” within the meaning of Regulation S, any offer, sale, pledge or other transfer shall not be made by it in the United States or to, or for the account or benefit of, a U.S. person, except pursuant to Rule 144A to a QIB taking delivery thereof in the form of a beneficial interest in a U.S. global note;
10. it acknowledges that we, the initial purchasers and other persons will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of the acknowledgements, representations and agreements deemed to have been made by its purchase of the notes are no longer accurate, it will promptly notify us and the initial purchasers; and
11. if it is acquiring the notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each account.

Legends

The following is the form of restrictive legend which will appear on the face of the Rule 144A Global Note, and which will be used to notify transferees of the foregoing restrictions on transfer:

“THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY STATE OR OTHER SECURITIES LAWS, AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT IT, AND ANY ACCOUNT FOR WHICH IT IS ACTING, (A) IS A “QUALIFIED INSTITUTIONAL BUYER” (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT) OR (B) IS NOT A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN “OFFSHORE TRANSACTION” PURSUANT TO RULE 903 OR 904 OF REGULATION S AND, WITH RESPECT TO (A) AND (B), EXERCISES SOLE INVESTMENT DISCRETION WITH RESPECT TO SUCH ACCOUNT, (2) AGREES FOR THE BENEFIT OF THE COMPANY THAT IT WILL NOT OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER THIS SECURITY OR ANY BENEFICIAL INTEREST HEREIN, EXCEPT (A) (I) TO THE COMPANY OR ANY SUBSIDIARY THEREOF, (II) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BECOME EFFECTIVE UNDER THE SECURITIES ACT, (III) TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (IV) IN AN OFFSHORE TRANSACTION COMPLYING WITH THE REQUIREMENTS OF RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (V) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (IF AVAILABLE), AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND OTHER JURISDICTIONS, AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. AS USED HEREIN, THE TERMS “OFFSHORE TRANSACTION,” “UNITED

STATES” AND “U.S. PERSON” HAVE THE RESPECTIVE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT.

PRIOR TO THE REGISTRATION OF ANY TRANSFER IN ACCORDANCE WITH PARAGRAPH 2A(V) ABOVE, THE COMPANY RESERVES THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS, OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT THE PROPOSED TRANSFER IS BEING MADE IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF ANY EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THIS LEGEND SHALL ONLY BE REMOVED AT THE OPTION OF THE ISSUER.”

The following is the form of restrictive legend which will appear on the face of the Regulation S Global Note and which will be used to notify transferees of the foregoing restrictions on transfer:

“THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY STATE OR OTHER SECURITIES LAWS. PRIOR TO EXPIRATION OF THE 40-DAY DISTRIBUTION COMPLIANCE PERIOD (AS DEFINED IN REGULATION S (“REGULATION S”) UNDER THE SECURITIES ACT, THIS SECURITY MAY NOT BE REOFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES (AS DEFINED IN REGULATION S) OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON (AS DEFINED IN REGULATION S), EXCEPT TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT IN A TRANSACTION MEETING THE REQUIREMENTS OF THE INDENTURE REFERRED TO HEREIN.”

For further discussion of the requirements (including the presentation of transfer certificates) under the Indenture to effect exchanges or transfers of interest in global notes and certificated notes, see “Description of the Notes.”

Other Jurisdictions

The distribution of this offering memorandum and the offer and sale or resale of the notes may be restricted by law in certain jurisdictions. Persons into whose possession this offering memorandum comes are required by us and the initial purchasers to inform themselves about and to observe any such restrictions.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

We are organized as a non-regulated multiple purpose financial company in the form of a publicly traded company with variable capital stock (*sociedad anónima bursátil de capital variable, sociedad financiera de objeto múltiple, entidad no regulada*) under the laws of Mexico. All of our directors, executive officers and controlling persons named herein are non-residents of the United States and substantially all of the assets of such non-resident persons and substantially all of our assets are located in Mexico or elsewhere outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon such persons or us or to enforce against them or us in courts of any jurisdiction outside Mexico, judgments predicated upon the laws of any such jurisdiction, including any judgment predicated substantially upon the civil liability provisions of United States federal and state securities laws.

No treaty exists between the United States and Mexico for the reciprocal enforcement of foreign judgments. Generally, Mexican courts would enforce final judgments rendered in the United States if certain requirements were met, including the review in Mexico of the U.S. judgment to ascertain compliance with certain basic principles of due process and the non-violation of Mexican law or public policy, provided that U.S. courts would grant reciprocal treatment to Mexican judgments. Additionally, there is doubt as to the enforceability, in original actions in Mexican courts, of liabilities predicated, in whole or in part, on U.S. federal securities laws and as to the enforceability in Mexican courts of judgments of U.S. courts obtained in actions predicated on the civil liability provisions of U.S. federal securities laws.

In the event that proceedings are brought in Mexico seeking to enforce our obligations in respect of the notes, we would not be required to discharge such obligations in a currency other than Mexican pesos. Pursuant to Mexican law, an obligation in a currency other than Mexican pesos, which is payable in Mexico, may be satisfied in Mexican currency at the rate of exchange in effect on the date on which payment is made. Such rate of exchange is currently determined by Banco de México each business day in Mexico and published the following banking-business day in the Mexican Federal Official Gazette.

LISTING AND GENERAL INFORMATION

1. The notes have been accepted for clearance and settlement through DTC, Euroclear and Clearstream. The CUSIP and ISIN numbers for the notes are as follows:

	<u>Restricted Global Note</u>	<u>Regulation S Global Note</u>
CUSIP.....	90470T AB4	P94461 AC7
ISIN.....	US90470TAB44	USP94461AC79

2. Copies of our Audited Financial Statements at and for the years ended December 31, 2014, 2015 and 2016, our Interim Financial Information as of March 31, 2017 and for the three-month periods ended March 31, 2017 and 2016, our future Audited Financial Statements, and our future unaudited consolidated quarterly financial statements, if any, and copies of our and our subsidiary guarantors' *estatutos*, or by-laws, as well as the Indenture (including forms of notes), will be available free of charge at the offices of the principal paying agent and any other paying agent, including the Luxembourg listing agent. Our subsidiary guarantors do not publish separate, non-consolidated financial statements. Their financial statements are consolidated with ours when we publish financial statements and we do not publish unconsolidated financial statements.
3. Except as disclosed in this offering memorandum, there has been no material adverse change in our financial position since December 31, 2016, the date of the latest Financial Statements included in this offering memorandum.
4. Except as disclosed in this offering memorandum, we are not involved in any litigation or arbitration proceedings relating to claims or amounts that are material in the context of this offering, nor so far as we are aware is any such litigation or arbitration threatened.
5. We have applied to list the notes on the Official List of the Luxembourg Stock Exchange and to trade the notes on the Euro MTF Market. We will maintain a paying agent in Luxembourg for so long as any of the notes are listed on the Luxembourg Stock Exchange.
6. A shareholders' meeting of the Company will be held on May 4, 2017 in order to approve the issuance of the notes. Subject to the resolutions of our shareholders to be adopted in said shareholders' meeting and authorization of our board of directors, the issuance of the notes will be duly authorized by May 4, 2017 and on such date we will have all necessary consents, approvals and authorizations in connection with the issuance or performance of the notes.
7. PricewaterhouseCoopers, S.C. has agreed to the inclusion of its report in this offering memorandum in the form and context in which it is included.
8. The notes will be guaranteed by the following subsidiaries of the issuer: (i) Unifin Credit, S.A. de C.V., SOFOM, E.N.R.; and (ii) Unifin Autos, S.A. de C.V. The address of the subsidiary guarantors is Presidente Masaryk No. 111, 5th Floor, Polanco V Sección, C.P. 11560, Ciudad de México, México.

LEGAL MATTERS

The validity of the notes and the guarantees will be passed upon for us by Cleary Gottlieb Steen & Hamilton LLP, our United States counsel, and for the initial purchasers by Paul Hastings LLP, United States counsel to the initial purchasers. Certain matters of Mexican law relating to the notes and the guarantees will be passed upon for us by Mancera, S.C., our Mexican counsel, and Ritch, Mueller, Heather y Nicolau, S.C., Mexican counsel to the initial purchasers.

INDEPENDENT ACCOUNTANTS

The Audited Financial Statements as of December 31, 2016, 2015 and 2014 and for the three years ended December 31, 2016, included in this offering memorandum, have been audited by PricewaterhouseCoopers, S.C., independent accountants as stated in their report appearing herein

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Unifin Financiera, S.A.B. de C.V., SOFOM, E.N.R.

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***Unifin Financiera, S. A. B. de C. V., Sociedad
Financiera de Objeto Múltiple, Entidad No
Regulada and subsidiaries***

Audited Consolidated Financial Statements
December 31, 2016, 2015 and 2014

Report of Independent Auditors

To the Shareholders of
Unifin Financiera, S. A. B. de C. V., Sociedad Financiera de Objeto Múltiple, Entidad no Regulada

Opinion

We have audited the consolidated financial statements of Unifin Financiera, S. A. B. de C. V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada and its subsidiaries (Company), which comprise the consolidated balance sheets as of December, 31, 2016, 2015 and 2014 and the related consolidated statements of income, of changes in stockholders' equity and of cash flows for the years then ended and the notes to the consolidated financial statements, which include a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Company as at December 31, 2016, 2015 and 2014 and for the years ended, are prepared, in all material respects, in accordance with the accounting standards applicable to multiple purpose financial entities regulated in Mexico, issued by the National Banking and Securities Commission (CNBV, by its initials in Spanish).

Basis for opinion

We conducted our audits in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Company in accordance with the Ethics Standards of Mexican Institute of Public accountants, together with other requirements applicable to our audit in Mexico. We have fulfilled our other ethical responsibilities in accordance with those requirements and standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

Allowance for credit risk

As mentioned in Notes 3.g and 7, the allowance for credit risk of Ps196 million is based on an expected loss model for the following twelve months and is determined according to the Company's internal methodology that is based on the regulations for classification and credit rating defined by CNBV for lending institutions. This methodology involves identifying the probability of default, the severity of loss and the default exposure of each type of loan. For the aforementioned identification, these regulations establish a method for rating and classifying the different types of loan portfolios, including a number of qualitative and quantitative factors, such as: i) in relation to consumer loans (car loans), the possibility of default, potential losses, credit risk and guarantees received and ii) in relation to commercial loans, the regulations focus on the assessment of the debtor's capacity to repay the loan (including country, financial and industry risk and payment experience), as well as the assessment of the respective guarantees.

We have focused on this caption in our audit due to the significance of the book value of the loan portfolio and the related allowance for credit risk, and because the process for determining the allowance for credit risk involves different input data, as described in the preceding paragraph.

In particular, we focused our audit effort on: i) the integrity and accuracy of key input data used in the models, such as: payment experience, days of arrears, amounts due, guarantees, credit historical information, quitclaims, penalties, restructurings, and financial information, among others, and ii) the compliance with the applicable methodology.

How our audit addressed the issue

Our audit also included the following procedures:

- We evaluated and considered the design and operating effectiveness of the controls related to the process for classifying and rating the loan portfolio, mainly considering those related to the model and accuracy and integrity of key input data used to determine the allowance and the data transferred from source systems to the general ledger.
- We tested on a sample basis key input data as follows:
 - Amount due and days of arrears, were compared with the portfolio system.
 - Credit historical information, quitclaims, penalties and restructurings with other financial institutions were compared with credit bureau report.
 - Fair value of the guarantees granted to the Company by borrowers was compared with the valuation obtained by Management from an independent third party.
 - Recent borrower financial information was compared against the financial statements used at the rating date.
 - Own quitclaims, penalties and restructurings were compared with agreements with clients indicating the new credit conditions approved by corresponding levels of authorization.
 - With the assistance of our experts, we independently reperformed the calculation of the allowance considering the Company's internal methodology and the aforementioned input data.

Other information

Management is responsible for the other information. The other information comprises in the offering memorandum presented to the initial purchases outside United States, but does not include the financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated and issue the report on offering memorandum. If, based on the work we have performed, we conclude that there is a material misstatement on this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and of those charged with Governance for the consolidated financial statements

Management is responsible for the preparation of the consolidated financial statements in accordance with accounting standards applicable to multiple purpose financial entities regulated in Mexico issued by CNBV and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of the accounting policies used and the reasonableness of the accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company and subsidiaries audit. We remain solely responsible for our audit opinion.

We communicate with those charged with Governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with Governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with those charged with Governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Nicolás Germán Ramírez.

PricewaterhouseCoopers, S. C.

A handwritten signature in black ink, appearing to read 'Nicolás Germán Ramírez', written over a horizontal line.

Nicolás Germán Ramírez
Audit Partner

Mexico City, May 3, 2017

Unifin Financiera, S. A. B. de C. V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada and subsidiaries

Consolidated Balance Sheets

(Notes 1, 2, 3, 4 and 21)

Thousands of Mexican pesos

	December 31,			December 31,	
Assets	2016	2015	Liabilities and Stockholders' Equity	2016	2015
Cash and cash equivalents (Note 5)	Ps 1,678,896	Ps 1,457,795	Liabilities:		
Derivatives held for trade (Note 6)	3,886,319	2,141,926	Debt securities (Note 12)	Ps 288,173	Ps 192,328
Performing loans portfolio (Note 7):			Short-term	<u>21,291,700</u>	<u>13,356,771</u>
Commercial loans	7,649,047	5,174,059	Long-term		
Consumer loans	<u>1,172,361</u>	<u>428,628</u>		<u>21,579,873</u>	<u>13,549,099</u>
Total performing loans portfolio	<u>8,821,408</u>	<u>5,602,687</u>	Bank borrowings and loans from other entities (Note 13):		
Past due loans portfolio (Note 7):			Short term	6,445,413	4,716,730
Commercial loans	<u>177,583</u>	<u>110,867</u>	Long term	<u>1,897,236</u>	<u>780,559</u>
Total past due loans portfolio	<u>177,583</u>	<u>110,867</u>	Other accounts payable:		
Total loans portfolio	8,998,991	5,713,554	Income tax payable (Note 16)	313,996	30,679
Less:			Sundry creditors and other accounts payable (Note 14)	<u>5,427,506</u>	<u>1,367,513</u>
Loan loss reserve (Note 7)	<u>(196,374)</u>	<u>(114,237)</u>		<u>5,741,502</u>	<u>1,398,192</u>
Loans portfolio - Net	<u>8,802,617</u>	<u>5,599,317</u>	Deferred credits and advance collections (Note 3f.)	<u>445,688</u>	<u>238,596</u>
Other accounts receivable - Net (Note 8)	1,140,811	282,041	Total liabilities	<u>36,109,712</u>	<u>20,683,176</u>
Foreclosed assets - Net (Note 9)	176,541	197,284	Stockholders' equity (Note 15):		
Property, machinery and equipment - Net (Note 10)	23,241,275	14,080,375	Contributed capital		
Permanent investments (Note 11)	36,717	13,951	Capital stock	960,341	963,111
Deferred tax (Note 16)	<u>1,182,608</u>	<u>798,740</u>	Share premium	<u>1,935,900</u>	<u>1,935,900</u>
Other assets:			Earned capital:		
Deferred charges, prepayments and intangible assets	1,457,580	451,546	Capital reserves	125,009	70,335
Other current and long-term assets	<u>6,981</u>	<u>6,767</u>	Prior years' income	1,051,296	365,002
	<u>1,464,561</u>	<u>458,313</u>	Result of valuation of financial instruments for hedging cash flows	217,738	(81,259)
			Net income	<u>1,210,349</u>	<u>1,093,477</u>
Total assets	Ps <u>41,610,345</u>	Ps <u>25,029,742</u>		<u>2,604,392</u>	<u>1,447,555</u>
			Shareholders' investment:		
			Controlling interest	5,500,633	4,346,566
			Non-controlling interest	-	-
			Total stockholders' equity	<u>5,500,633</u>	<u>4,346,566</u>
			Total liabilities and stockholders' equity	Ps <u>41,610,345</u>	Ps <u>25,029,742</u>

Memorandum accounts (Note 20)

	2016	2015
Other recording accounts	Ps <u>21,142,980</u>	Ps <u>13,141,504</u>

The accompanying twenty one notes are an integral part of these consolidated financial statements, which were authorized for issuance on April 25, 2017 by the undersigned officers.

Unifin Financiera, S. A. B. de C. V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada and subsidiaries

Consolidated Statements of Income
(Notes 1, 2, 3, 17, 18, 19 and 21)

Thousands of Mexican pesos, except for profit per share

	<u>Year ended December 31,</u>		
	<u>2016</u>	<u>2015</u>	<u>2014</u>
Operating lease income	\$ 7,773,136	\$ 5,480,661	\$ 3,648,586
Interest income	1,183,770	747,407	472,889
Other lease benefits	528,719	317,591	383,189
Depreciation of assets under operating lease (Note 10)	(4,537,348)	(3,183,590)	(2,150,092)
Interest expense	(1,988,852)	(1,192,823)	(839,655)
Other lease expenses	<u>(583,567)</u>	<u>(348,338)</u>	<u>(424,978)</u>
Financial margin	2,375,858	1,820,908	1,089,939
Loan loss reserve (Note 7)	<u>81,500</u>	<u>27,000</u>	<u>(30,000)</u>
Financial margin adjusted for credit risk	2,294,358	1,793,908	1,119,939
Commissions and fees paid	(51,214)	(38,586)	(10,019)
Intermediation results	-	335,162	11,274
Other operating income - Net	16,357	36,624	118,674
Administration and promotion expenses	<u>(797,408)</u>	<u>(703,380)</u>	<u>(535,095)</u>
	(832,265)	(370,180)	(415,166)
Operating income	1,462,093	1,423,728	704,773
Equity in results of other permanent investments (Note 11)	<u>13,417</u>	<u>(1,439)</u>	<u>-</u>
Income before income taxes	1,475,510	1,422,289	704,773
Income taxes payable (Note 16)	(656,117)	(585,485)	(456,515)
Deferred income taxes (Note 16)	<u>390,956</u>	<u>256,673</u>	<u>234,150</u>
Income taxes	<u>(265,161)</u>	<u>(328,812)</u>	<u>(222,365)</u>
Consolidated net income	<u>\$ 1,210,349</u>	<u>\$ 1,093,477</u>	<u>\$ 482,408</u>
Net income attributable to:			
Controlling interest	\$ 1,210,349	\$ 1,093,477	\$ 482,398
Non-controlling interest	<u>-</u>	<u>-</u>	<u>10</u>
Consolidated net income	<u>\$ 1,210,349</u>	<u>\$ 1,093,477</u>	<u>\$ 482,408</u>

The accompanying twenty one notes are an integral part of these consolidated financial statements, which were authorized for issuance on April 25, 2017 by the undersigned officers.

Unifin Financiera, S. A. B. de C. V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada and subsidiaries

Consolidated Statements of Changes in Stockholders' Equity

(Note 15)

	Thousand of Mexican pesos									
	Contributed capital				Earned capital					
	Capital Stock	Share premium	Capital reserves	Prior years' results	Valuation of instruments hedging cash flows	Result for Income (loss) for the period	Total controlling interest	Non-controlling interest	Total stockholder's equity	
Balances at January 1, 2014	Ps 275,000	Ps 125,000	Ps 29,317	Ps 185,665	Ps -	Ps 337,957	Ps 952,939	Ps 14	Ps 952,953	
Changes arising from decisions made by stockholders:										
Transfer of consolidated net income to prior years' results	-	-	-	337,957	-	(337,957)	-	-	-	
Creation of reserves	-	-	16,898	(16,898)	-	-	-	-	-	
Dividend payments	-	-	-	(100,000)	-	-	(100,000)	-	(100,000)	
Transfer of consolidated net income to prior years' results	600,000	-	-	(400,000)	-	-	200,000	-	200,000	
Total	600,000	-	16,898	(178,941)	-	(337,957)	100,000	-	100,000	
Changes arising from recognition of comprehensive income:										
Consolidated net income	-	-	-	-	-	482,398	482,398	10	482,408	
	-	-	-	-	-	482,398	482,398	10	482,408	
Balances at December 31, 2014	875,000	125,000	46,215	6,724	-	482,398	1,535,337	24	1,535,361	
Changes arising from decisions made by stockholders:										
Transfer of consolidated net income to prior years' results	-	-	-	482,398	-	(482,398)	-	-	-	
Creation of reserves	-	-	24,120	(24,120)	-	-	-	(24)	(24)	
Dividend payments	-	-	-	(100,000)	-	-	(100,000)	-	(100,000)	
Share issue and placement	227,500	1,810,900	-	-	-	-	2,038,400	-	2,038,400	
Share issue expenses	(139,389)	-	-	-	-	-	(139,389)	-	(139,389)	
Total	88,111	1,810,900	24,120	358,278	-	(482,398)	1,799,011	(24)	1,798,987	
Changes arising from recognition of comprehensive income:										
Result of valuation of hedge instruments	-	-	-	-	(81,259)	-	(81,259)	-	(81,259)	
Consolidated net income	-	-	-	-	-	1,093,477	1,093,477	-	1,093,477	
Total	-	-	-	-	(81,259)	1,093,477	1,012,218	-	1,012,218	
Balances at December 31, 2015	963,111	1,935,900	70,335	365,002	(81,259)	1,093,477	4,346,566	-	4,346,566	
Changes arising from decisions made by stockholders:										
Transfer of consolidated net income to prior years' results	-	-	-	1,093,477	-	(1,093,477)	-	-	-	
Creation of reserves	-	-	54,674	(54,674)	-	-	-	-	-	
Dividend payments	-	-	-	(352,509)	-	-	(352,509)	-	(352,509)	
Share issue expenses	(2,770)	-	-	-	-	-	(2,770)	-	(2,770)	
Total	(2,770)	-	54,674	686,294	-	(1,093,477)	(355,279)	-	(355,279)	
Changes arising from recognition of comprehensive income:										
Result from valuation of hedge instruments	-	-	-	-	298,997	-	298,997	-	298,997	
Consolidated net income	-	-	-	-	-	1,210,349	1,210,349	-	1,210,349	
Total	-	-	-	-	298,997	1,210,349	1,509,346	-	1,509,346	
Balances at December 31, 2016	Ps 960,341	Ps 1,935,900	Ps 125,009	Ps 1,051,296	Ps 217,738	Ps 1,210,349	Ps 5,500,633	Ps -	Ps 5,500,633	

The accompanying twenty one notes are an integral part of these consolidated financial statements, which were authorized for issuance on April 25, 2017 by the undersigned officers.

Unifin Financiera, S. A. B. de C. V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada and subsidiaries

Consolidated Statements of Cash Flows

Thousands of Mexican pesos

	<u>Year ended December 31,</u>		
	<u>2016</u>	<u>2015</u>	<u>2014</u>
Net income	Ps1,210,349	Ps1,093,477	Ps 482,408
Adjustments for items not involving cash flows:			
Loan loss reserve	81,500	27,000	(30,000)
Depreciation and amortization	4,572,039	3,195,458	2,176,972
Income taxes current and deferred	265,161	(328,812)	(222,365)
Valuation of other permanent investments	<u>(13,417)</u>	<u>1,439</u>	<u>-</u>
	6,115,632	3,988,562	2,407,015
Operating activities			
Change in derivatives	(1,445,396)	(1,366,759)	(814,216)
Change in loan portfolio	(3,284,800)	(2,639,982)	(737,523)
Change in foreclosed assets	(984)	(66,673)	(117,907)
Change in other accounts receivable	(858,771)	(71,091)	(23,077)
Change in other operating assets	(1,003,380)	(293,623)	(381,016)
Change in debt securities	8,030,774	3,406,742	3,453,586
Change in bank borrowings and loans from other entities	2,845,361	3,042,791	128,068
Change in deferred commissions	207,091	105,250	37,460
Change in other operating liabilities	<u>3,687,191</u>	<u>315,651</u>	<u>610,251</u>
Net cash flows provided by operating activities	<u>14,292,718</u>	<u>6,420,868</u>	<u>4,562,641</u>
Investing activities			
Payment for acquisition of property, machinery and equipment - Net	(13,706,989)	(7,335,816)	(5,098,656)
Payment for acquisition of other permanent investments	<u>(9,349)</u>	<u>-</u>	<u>-</u>
Net cash flows used in investing activities	<u>(13,716,338)</u>	<u>(7,335,816)</u>	<u>(5,098,656)</u>
Financing activities			
Increase in capital stock for issuance and in cash	(2,770)	1,899,011	200,000
Dividend payments in cash	<u>(352,509)</u>	<u>(100,000)</u>	<u>(100,000)</u>
Net cash flows provided by financing activities	<u>(355,279)</u>	<u>1,799,011</u>	<u>100,000</u>
Net increase (decrease) in cash and cash equivalents	221,101	884,063	(436,015)
Cash and cash equivalents at beginning of year	<u>1,457,795</u>	<u>573,732</u>	<u>1,009,747</u>
Cash and cash equivalents at end of year	<u>Ps1,678,896</u>	<u>Ps1,457,795</u>	<u>Ps 573,732</u>

The accompanying twenty one notes are an integral part of these consolidated financial statements, which were authorized for issuance on April 25, 2017 by the undersigned officers.

Unifin Financiera, S. A. B. de C. V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada and subsidiaries

Consolidated Statements of Cash Flows

Thousands of Mexican pesos [Ps] (Note 2), except foreign currency, exchange rates, nominal value, number of titles, shares and price per share

Note 1 - Company operations:

Unifin Financiera, S. A. B. de C. V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada (Company) was incorporated on February 3, 1993 in accordance with Mexican laws.

The Company is mainly engaged in providing operating leases for automotive vehicles, machinery and equipment, among other lease arrangements, and in granting loans, carrying out financial factoring operations, acting as administrator for guarantee trusts, obtaining loans, guaranteeing obligations through different means, and issuing, subscribing, accepting, endorsing, selling, discounting and pledging all kinds of credit.

The Company is an unregulated non-bank financial entity or Sofom E. N. R., as specified in article 87-B of General Law of Credit Organizations and Auxiliary Activities (LGOAAC, by its initials in Spanish).

The Company has no employees, and all legal, accounting and administrative services are provided by related party.

At the Extraordinary General Stockholders' Meeting of April 13, 2015, the stockholders agreed to merge the Company and Unifin Capital, with the Company as the surviving company. According to the Corporations Law and the terms and conditions established in the merger agreement, the Company assumes all Unifin Capital rights and obligations as of that date. The merger was carried out on the basis of Company and Unifin unaudited financial information at March 31, 2015.

On May 22, 2015, the Company issued its Initial Public Bid on the Mexican Stock Exchange (BMV, for its initials in Spanish), and for international purposes it made the issue under rule 144 A/Reg S for a total of \$3,606,400, comprised of 50% primary shares and 50% of secondary shares. The amount includes the overallotment option, which comprised 15% of the total offer. On May 22, 2015, the Company started trading its shares on the BMV. As a result of the foregoing, it changed its business name to Sociedad Anónima Bursátil (S. A. B.).

The purpose of the aforementioned Public Bid was to strengthen the Company's capital stock structure and support the projected growth.

On September 22, 2016, the Company concluded a private offering and placement of debt securities in the form of senior notes in the US and other foreign markets, further to rule 144 A and Regulation S of the US Securities Act of 1933 and the regulations applicable in the countries in which the offering was made.

The accompanying consolidated financial statements are prepared specifically to be included in the offering memorandum under rule 144a of the U. S. Securities Act of 1933.

These consolidated financial statements include the figures of the Company and its subsidiaries as of December 31, 2016 and 2015 in which the Company has control, as mentioned in the following page:

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Consolidated Statements of Cash Flows

<u>Entity</u>	<u>Business activity</u>	<u>Ownership (%)</u>	
		<u>2016</u>	<u>2015</u>
Unifin Credit, S. A. de C. V. SOFOM, E. N. R. (Unifin Credit)	Financial factoring	99.99	99.99
Unifin Autos, S. A. de C. V. (Unifin Autos)	Purchase and sale of cars	99.99	99.99

Note 2 - Basis for preparation of the financial information:

Preparation of the financial statements

In accordance with the provisions of the Sole Circular for Issuers of Securities issued by the Mexican National Banking and Securities Commission (Commission), Non-Bank Financial Entities whose debt securities are listed in the Mexican Stock Exchange must prepare their financial statements in compliance with the rules and accounting practices established by the Commission in the “accounting criteria for regulated non-bank financial entities” contained in the “General provisions applicable to regulated non-bank financial entities” (Accounting Criteria).

On the basis of the foregoing, the enclosed consolidated financial statements at December 31, 2016 and 2015, have been prepared in accordance with the Accounting Criteria established by the Commission, which observe the accounting guidelines of the Mexican Financial Reporting Standards (MFRS), except when the Commission consider it is necessary to apply a specific accounting standard or criterion. For that purpose, the Company has prepared its financial statements in accordance with the Commission’s presentation requirements, the purpose of which it is to present information on the entity’s operation, as well as other economic occurrences affecting it, which do not necessarily result from the decisions or transactions of the entity’s shareholders over a specific period.

According to accounting criteria, in the absence of a specific accounting rule issued by the Commission, the Company must apply supplementary criteria, as established in MFRS A-8 “Supplementation” in the following order: MFRS, International Financial Reporting Standards, approved and issued by the International Accounting Standards Board, Generally Accepted Accounting Principles applicable in the United States, or otherwise any accounting standard that forms part of a group of formal and accepted standards.

Accounting criteria effective in 2016

In 2015, the Commission issued new Accounting Criteria applicable to lending institutions, which came into force as of January 1, 2016 and had not significant effects on the financial information presented by the Company.

2016 MFRS

In 2015 the Mexican Financial Reporting Standards Board (CINIF) issued the following MFRS revisions effective as of 2016. Those MFRS are not expected to significantly affect the financial information presented by the Company.

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Consolidated Statements of Cash Flows

2016 MFRS revisions

MFRS C-1 “Cash and cash equivalents”. Establishes that initial and subsequent recognition of cash must be valued at fair value; indicates that cash equivalents are held to comply with short-term obligations and modifies the term “Investments available for sale” to be replaced by “Highly-liquid financial instruments”, which may not exceed three months and must be valued by applying the respective MFRS for financial instruments.

Statement C-9 “Liabilities, provisions, contingent assets and liabilities and commitments”. Incorporates the concept of “Transaction costs” and defines them as the costs incurred in order to generate a financial asset or to assume a financial liability, which would not have been incurred had said financial asset or liability not been recognized.

MFRS C-7 “Investments in associated companies, joint businesses and other permanent investments”. Specifies that the contributions in kind made by a holding company or joint business must be recorded at fair value, unless they arise from the capitalization of debt.

Financial statements authorization

The accompanying consolidated financial statements and the notes thereto as of December 31, 2016 and for the year then ended were authorized for their issuance on April 25, 2017, by Mr. Luis G. Barroso González, Chief Executive Officer, Mr. Sergio José Camacho Carmona, Chief Financial Officer, and Mr. Sergio Cancino Rodríguez, Corporate Controller.

Note 3 - Summary of significant accounting policies:

The most significant accounting policies are summarized as follows, which have been consistently applied in the reporting years, unless otherwise indicated.

The accounting criteria require the use of some critical accounting estimates in the preparation of the financial statements. They also require Management’s judgment in the process of defining and applying the Company’s accounting policies.

a. Consolidation

Subsidiaries

Subsidiaries are all entities over which the Company has control to direct its relevant activities, has the right (and is exposed) to variable returns from its interest and has the ability to affect those returns through its power. In assessing whether the Company controls an entity, the existence and effect of potential voting rights that are currently exercisable or convertible were considered. Subsidiaries are consolidated as from the date they are controlled by the Company and are no longer consolidated when the control is lost.

Transactions, balances and unrealized gains or losses arising from transactions between the consolidated companies have been eliminated. The accounting policies applied by the subsidiaries have been modified to ensure consistency with the accounting policies adopted by the Company when its necessary.

Unifin Financiera, S. A. B. de C. V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada and subsidiaries

Consolidated Statements of Cash Flows

The consolidation was performed based on the financial statements of the subsidiaries.

Other permanent investments

The other permanent investments are represented by investments in shares of other entities where the Company has no control or the ability to have significant influence. The other permanent investments are initially measured at historical cost and subsequently at equity method.

b. Recording, functional and reporting currency

Items included in the financial statements of each of the Company subsidiaries are measured using the currency of the primary economic environment in which the entity operates, i.e. the “Functional currency”. The consolidated financial statements are presented in Mexican pesos, which is the Company reporting, recording and functional currency.

According to the provisions of MFRS B-15, the Company has identified the following currencies:

<u>Entity</u>	<u>Currency</u>		
	<u>Recording</u>	<u>Functional</u>	<u>Reporting</u>
Unifin Credit	Peso	Peso	Peso
Unifin Autos	Peso	Peso	Peso

There were no changes when identifying these currencies in the preceding period.

c. Inflation effects on the financial information

According to the MFRS B-10 “Inflation effects”, the Mexican economy is not in an inflationary environment, since cumulative inflation for the last three years is below 26% (maximum limit for an economy to be considered non-inflationary under MFRS). Therefore, as of January 1, 2008, the entity discontinued recognition of the effects of inflation on the financial information. Consequently, the figures at December 31, 2016 and 2015 shown in the accompanying consolidated financial statements are expressed in historical pesos, modified by the effects of inflation on the financial information recognized until December 31, 2007.

Following are the percentages of inflation in Mexico:

	<u>December 31,</u>		
	<u>2016</u> (%)	<u>2015</u> (%)	<u>2014</u> (%)
For the year	3.36	2.13	4.08
Cumulative in the last three years	9.57	10.18	12.06

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Consolidated Statements of Cash Flows

d. Cash and cash equivalents

Cash and cash equivalents are recorded at nominal value, and cash and cash equivalents in foreign currencies are valued at the exchange rate published by the Banco de México (Banxico) at the date of the consolidated financial statements. Yields arising from cash and cash equivalents are recorded in the statement of income as they accrue. They consist mainly of bank deposits in checking accounts and highly liquid short-term investments, readily convertible into cash.

e. Derivative Financial Instruments (DFI)

DFI are initially recognized at fair value in the balance sheet as assets and/or liabilities on the date on which the respective derivative financial instrument agreement is entered into, and they are subsequently re-measured at their fair value. The fair values of DFI are determined based on recognized market prices and when not traded on a market, they are determined based on valuation techniques accepted in the financial sector.

The method for recognizing the profit or loss of changes in fair value of derivative financial instruments depends on whether or not they are designated as cash flow hedges, and if so, on the nature of the item being hedged. Those instruments are initially recorded at fair value, which is the price agreed for the operation, and are valued and classified on the basis of their intended use, as established by the Company's Management.

Subsequently, all derivatives, other than those that form part of a hedge relationship, are valued at fair value, without deducting the transaction costs incurred in the sale or other type of disposal, applying said valuation effect to income for the period. See Note 6.

Valuation effects are recognized in the statement of income under "Financial intermediation results", except in cases where Management designated the instruments as hedging. The effective portion is temporarily recorded in comprehensive income under stockholders' equity and is reclassified to income when the position covered affects income. The ineffective portion is immediately recorded in intermediation income.

Additionally, the "Intermediation results" caption shows the result of the purchase-sale generated at the time of sale of a DFI, and the impairment loss of financial assets derived from the rights set forth in the DFI and, where applicable, the effect of reversal.

The Company currently carries out the following DFI transactions:

Option

Options are contracts whereby the purchaser acquires the right, but not the obligation, to buy or sell an underlying asset at a given price known as the exercise price, on a set date or period. Option contracts involve two parties: the party purchasing the option pays a premium for the acquisition thereof and in exchange obtains a right, but not an obligation, and the party issuing or selling the option receives a premium in exchange, and in turn acquires an obligation, not a right.

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Swaps

Swaps are contracts between two parties, whereby the bilateral obligation to exchange a series of flows for a given period and pre-established dates is set. Currently, the Company holds interest rate swaps and foreign exchange swaps.

Interest rate swaps are designed to hedge or mitigate the Company's exposure to the potential volatility of variable interest rates that may result from its contracted debt.

Foreign exchange swaps are used to hedge or mitigate the Company's exposure related to a recognized asset or liability set in a foreign currency.

f. Loan portfolio

Operating leases

Leases in which a significant portion of the risks and rewards of ownership retained by the lessor are classified as operating leases. The revenues obtained under operating leases are recorded in income based on the straight-line method over the lease term.

The lease loan portfolio corresponds to rental receivables in accordance with the terms of the agreements.

Lease payments paid in advance by the lessee are recorded under deferred credits and advance collections and are applied to the loan portfolio as the monthly payments come due.

Commissions collected for the initial granting of operating leases are recorded as a deferred credit, which is recognized based on the accrual of lease payments against income for the year under interest income.

Lease payments received from clients as guarantee deposits are recorded as other accounts payable and returned to clients upon maturity of the respective lease agreements.

Operating lease loan portfolio balances are recognized as outstanding by the amount of the payment not paid in full at the latest 31 calendar days past the due date.

When lease payments not collected exceed three lease payments as per the payment schedule, billing of lease payments past due not collected is suspended. As long as a rental is classified as part of the past due portfolio, control over lease payments is kept in memorandum accounts.

The Company reclassifies to the performing loans portfolio any past due operating lease balances for which unpaid balances are fully recovered (principal and interest, among other payments), or when sustained payments are made on renovated loan balances.

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An operating lease loan is not considered to be restructured when the full amount of lease payments due has been made at the realization date and where any of the following original rental conditions are modified:

- i. Guarantees: only when they are extended or replaced by others of better quality.
- ii. Interest rate: when the agreed interest rate is improved.
- iii. Currency: provided that the rate corresponding to the new currency is applied.
- iv. Date of payment: only when the change does not involve exceeding or modifying the periodicity of payments. In no case does the change in payment date allow parties to omit payment in a given period.

Costs and expenses associated with granting an operating lease are recognized as a deferred charge and are amortized over the lease term and must be recorded in income as lease income is recognized.

Financial factoring

Factoring operations are recorded at nominal value: 90% of the account received as factoring is paid in advance and the remaining 10% is considered an amount under guarantee. The maximum term of an account received under factoring is 120 days.

Recognition of interest on factoring operations under a guarantee is determined based on the differences arising between the values of the portfolio of accounts received less the guarantee, while interest on factoring operations with no guarantees is recognized on the total value of the portfolio of accounts received. Such interest is recorded in income for the period under interest income.

The unpaid balances of the financial factoring portfolio are recorded as a past due portfolio when there is evidence that the borrower has filed for bankruptcy in accordance with the Mexican Bankruptcy Law, or when the installments have not been covered in full at the originally agreed term.

The unpaid past due balance of the financial factoring portfolio for which unpaid balances are fully recovered or where a restructured or renewed portfolio complies with sustained payments, is reclassified to the performing loans portfolio.

Commissions collected when a loan is initially granted and those that become known after the loan is granted are recorded as interest income on the date they accrue.

Costs and expenses associated with the initial granting of loans are recognized as expenses in the same accounting period in which commissions collected are recognized.

Straight loans

Loans and commercial notes, both current and renewed, represent the amount actually delivered to borrowers, plus interest as it arises, as per the loan payment schedule.

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Loans are made after analyzing the financial situation of the borrower, the economic feasibility of investment projects and other general factors established in the Company's internal manuals and policies.

Unpaid loan balances are recorded as past due portfolio when it is known that the borrower has been declared bankrupt in accordance with the Bankruptcy Law. Irrespectively of whether a borrower that has filed for bankruptcy continues making loan payments, outstanding balances of loans granted are recorded as past-due portfolio when payments thereon have not been settled in their entirety in the terms originally agreed upon, considering the following:

- If the pending payments consist of loans whereby the principal and interest are payable in a lump sum at maturity and 30 or more calendar days have elapsed from the payment date.
- If pending payments relate to a lump sum payment of the principal and periodic partial payments of interest and the latter are 90 calendar days or more past due, or otherwise 30 calendar days or more after the principal matures.
- If the amounts owed consist of loans payable in periodic instalments of principal and interest and they are 90 or more calendar days past due.

Overdue loans that are restructured or renewed remain in the past due portfolio as long as there is no evidence of sustained payment as established in the accounting criteria. Additionally, loans that establish a lump sum payment of the principal at maturity and payment of interest in periodic installments, as well as loans that establish a lump sum payment of the principal and interest payable at maturity, that are restructured over the term of the loan or that are renewed at any moment, are considered to be part of the past due portfolio.

Loans that are originated as revolving loans, and that are restructured or renewed at any given time, are considered to be performing only when the borrower has paid the entirety of interest accrued, the loan records show no past due billing periods, and there are elements that justify the borrowers solvency, i.e., that there is a high probability that the borrower will make the respective payments.

A loan is not considered to be restructured when the full amount of principal and interest payments due has been met at the realization date and where only one or several of the following original loan conditions are modified:

- i. Guarantees: only when they imply the extension or replacement for others of better quality.
- ii. Interest rate: when the agreed interest rate is improved.
- iii. Currency: provided that the rate for the new currency is applied.
- iv. Date of payment: only when the change does not imply exceeding or modifying the periodicity of payments. In no case does the change in payment date allow parties to omit payment in a given period.

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When a loan is considered to be past due, it stops accruing interest, even in the case of loans which, for contractual purposes, capitalize interest on the amount of the debt. As long as the loan is classified as part of the past due portfolio, the records of interest accrued is kept in memorandum accounts. For interest accrued and not collected on such loans, the Company sets up an allowance for an equivalent amount when the loans are transferred to the past due portfolio. The allowance is canceled when there is evidence of sustained payment. If past due interest is collected, it is recognized directly in income for the year.

Past due portfolio balances where unpaid balances are fully recovered (principal and interest, among other balances), or where sustained payments are made on restructured or renewed loan balances, are reclassified to the performing portfolio in accordance with accounting criteria.

Commissions charged on the initial granting of loans are recorded as a deferred credit, and are amortized against income for the year under the straight-line method over the life of the loan, except for commissions arising from revolving loans that must be amortized over a 12-month period. Commissions received after a loan is granted are recognized in income for the period.

Costs and expenses associated with the initial granting of the loan are recorded as a deferred charge, which is amortized against income for the period as interest expense over the same accounting period in which the respective commission income collected is recorded.

g. Preventive loan loss reserve

The preventive loan loss reserve is determined based on the Company's internal methodology taking into consideration the rules for classifying and rating loan portfolios, as follows:

The operating lease, factoring and commercial loan portfolio is rated based on a general methodology where risk levels are established for each type of loan and applied to individual monthly debit balances, whose balance represents at least an amount equivalent to 4,000,000 Investment Units (UDI, by its initials in Spanish) at the rating date. Loans with balances below that limit at the rating date are rated allocating default probabilities on parametric bases, depending on the number of defaults observed from the date of the first event of default up to the rating date.

In order to rate its lease, factoring and straight loan portfolio below 4,000,000 UDIs, the Company rates and tracks in its accounting records all preventive loan loss reserves with figures at the last day of each month, considering the probability of default.

The Company periodically evaluates whether a past due loan must remain in the balance sheet or be written off instead. In this case, the balance is written off by canceling the unpaid balance of the loan against the preventive loan loss reserve. In the event that the loan to be written off exceeds the amount of its allowance, before writing the respective amount off, the estimation for the allowance must be increased up to the amount of the difference.

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Amounts recovered associated with written off or eliminated loans in the balance sheet are recorded in income for the year.

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Pardons, quitclaims, rebates and discounts, either partial or total, are recorded with a charge to the preventive loan loss reserve. In the event that the amount of those items exceeds the balance of the respective allowance, the Company sets up an allowance for up to the amount of the difference.

The most recent credit portfolio rating was performed at December 31, 2016; Management considers that the resulting allowance is sufficient to absorb portfolio loan risk losses.

h. Foreclosed assets

Foreclosed assets are recorded at the date on which the approval of the auction resulting in the award of assets enters into effect, and assets received as a result of payment in kind are recorded at the date on which the payment in kind is signed, or when transfer of ownership over the assets is formalized.

The initial value at which the foreclosed assets are recorded is the lower of the cost or the net realization value at the award date less the resulting strictly indispensable costs and expenses incurred. On the date on which foreclosed assets are recorded, the total value of the assets giving rise to the award, and the allowance, if any, are removed from the balance sheet. Also, if the portion corresponding to payments accrued or past due is only covered by a partial payment in kind, it is removed as well.

The amount of the allowance that recognizes potential value losses due to the aging of the foreclosed assets is determined based on the value of the foreclosed asset or giving in payment (hereinafter foreclosed assets), following the procedures established in the applicable provisions.

Foreclosed assets are valued to recognize potential losses in accordance with the type of assets, and the effect of the valuation is recorded in the statement of income under other operating income (expenses). This valuation is determined by applying the following percentages to each foreclosed asset:

<u>Time elapsed as from the date the award is made (months)</u>	<u>Percentage of reserve (%)</u>
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

The amount of the estimate that recognizes the potential loss of value over time of foreclosed assets is determined on the value of the award based on the procedures established by the applicable provisions.

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At the time of sale, the difference between the sales price and the book value of the respective foreclosed assets, net of allowances, is recognized in income for the period under other operating income (expenses).

j. Property, machinery and equipment

Property, machinery and equipment for own use and for assigning under operating leases are expressed as follows: i) acquisitions made as from January 1, 2008 at historical cost, and ii) acquisitions made until December 31, 2007, restated by applying National Consumer Price Index (NCPI) factors to their acquisitions costs. Consequently, they are expressed at modified historical cost, less accumulated depreciation and, when applicable, impairment loss.

The acquisition cost of property, machinery and equipment, is depreciated systematically using the straight-line method based on the estimated useful lives of components of property, machinery and equipment.

Property, machinery and equipment are subject to annual impairment tests only when there is indication of impairment. At December 31, 2016 and 2015, there were no signs of impairment, and accordingly no impairment tests were performed.

k. Prepayments

Prepayments represent expenditures made by the Company where the risks and benefits of the goods to be acquired or services to be received have not been transferred. Prepayments are recorded at their cost and presented in the balance sheet as current or non-current assets, depending on the item under which they are to be recorded. Prepayments in foreign currencies are recognized at the exchange rate in effect at the transaction date, without changes for subsequent fluctuations between currencies. Once the goods and/or services related to prepayments are received, they must be recognized as an asset or an expense in the statement of income for the period, depending on their respective nature.

l. Debt securities

Debt security liabilities relate to long-term debt issued to generate working capital (international notes and debt securities), which are recorded at the contractual value of the obligations, recognizing interest in income as it accrues.

All incurred issuance costs related to debt securities are recorded under other assets as deferred charges, and are recognized in the statement of income as interest expenses by the straight-line method over the term of each instrument. These costs are shown in income as part of interest paid.

Securitization

Securitization refers to a transaction whereby certain assets are transferred to a vehicle created for that purpose (usually a trust), in order for the latter to issue debt securities to be placed with public and private investors. Securitizations made by the Company failed to meet the conditions set forth in the accounting criteria to qualify as a transfer of ownership.

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Under a financing securitization, the seller records the financing but not the outflow of assets in the balance sheet. Yields generated by financial assets (collection rights over operating lease loan portfolios) under securitization are recorded in income for the period.

m. Bank loans and loans from other entities

Bank loans and loans from other entities refer to credit lines and other loans obtained from financial institutions that are recorded at the contractual value of the obligation, recognizing interest expenses in income as they accrue.

n. Provisions

Liability provisions represent current obligations for past events where the outflow of economic resources is possible (more likely than not). These accruals have been recorded based on Management's best estimation.

o. Current and deferred income tax

Current and deferred taxes are applied to income for the period as an expense, except when arising from a transaction or event recognized outside income for the period as other comprehensive income or an item recognized directly in stockholders' equity.

Deferred income tax is recorded based on the comprehensive asset-and-liability method, which consists of recognizing deferred tax on all temporary differences between the accounting and tax values of assets and liabilities that will be materialized in the future, at rates enacted in effective tax provisions at financial statement date.

The Company recognized deferred income tax whenever the financial and tax projections prepared by the Company show that it will be required to pay income tax in the future.

p. Stockholders' equity

The capital stock, share premium, capital reserve and prior years' income are expressed as follows: i) movements made after January 1, 2008 at historical cost, and ii) movements made before January 1, 2008 at restated values determined by applying NCPI factors to their historical values. Consequently, the different stockholders' equity items are expressed at their modified historical cost.

The share premium represents the surplus between the payment for subscribed shares and the value of \$3.1250 per share.

q. Memorandum accounts

The Company keeps memorandum account records to control future collection rights associated to operating lease agreements, classified as lease fees to be accrued held in trust (collection rights transferred to a trust) and other lease fees to be accrued (Company's own portfolio).

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r. Revenue recognition

Operating lease income is recognized by the straight-line method over the lease period.

Interest on the loan portfolio is recognized as it accrues, except for interest on the overdue portfolio, which is recorded when the respective amounts are actually collected. Commissions collected on the initial granting of operating leasing and loans are recorded as a deferred credit, which is amortized against income for the year on a straight line basis over the life of the lease arrangements and loans.

Income arising from management of trusts and income arising from administration or custodial services is recorded in income as it accrues.

Income from the sale of property, machinery and equipment is recorded in income when all of the following requirements are met: a) the risks and benefits associated to the goods are transferred to the purchaser and no significant control over such property is kept by the seller; b) income and costs incurred or to be incurred are determined reliably, and c) it is probable that the Company will receive the economic benefits associated to the sale.

s. Earnings per share

Basic earnings per share are calculated by dividing the net income for the year by the weighted average number of outstanding shares issued during the year.

There are no effects arising from potentially dilutive shares.

t. Related parties

The Company carries out transactions with related parties in the regular course of business. Related party transactions are understood to be transactions where related parties owe amounts payable to the Company in relation to debt, trading, other deposit or loan or credit operations, or revocable or irrevocable discounts granted, and documented through credit titles or agreements, or restructurings, renewals or amendments to existing loans contracted with the Company.

u. Exchange differences

Transactions in foreign currencies are initially recorded at the exchange rates prevailing on the dates they are entered into and/or settled. Assets and liabilities denominated in such currencies are translated at the exchange rate prevailing at the balance sheet date. Exchange differences arising from fluctuations in the exchange rates between the transactions and settlement dates, or the valuation at the period closing date, are recognized in interest income (losses) according to their respective nature.

v. Financial information by segment

The accounting criteria establish that in identifying the different operating segments, the Company must segregate its activities based on its credit operations. Additionally, given the importance of this matter, the Company may identify additional operating segments or sub segments in the future.

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Note 4 - Foreign currency position:

At December 31, 2016 and 2015, the Company held the following US dollar (Dlls.) position:

	<u>2016</u>	<u>2015</u>
Assets	Dlls.508,822,442	Dlls.360,457,279
Liabilities	<u>(504,848,970)</u>	<u>(374,495,586)</u>
Net short position	<u>Dlls. 3,973,472</u>	<u>(Dlls. 14,038,307)</u>

At December 31, 2016 and 2015, the exchange rates used by the Company to measure its foreign currency assets and liabilities were Ps20.7314 and Ps17.2065, per dollar, respectively. At April 25, 2017, date of issue of these financial statements, the exchange rate was Ps19.8322 per US dollar.

Note 5 - Cash and cash equivalents:

This item is comprised as follows:

	<u>Local currency</u>		<u>Valued foreign currency</u>		<u>December 31,</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Cash on hand	Ps -	Ps 80	Ps -	Ps -	Ps -	Ps 80
Local and foreign banks	428,220	235,184	115,980	14,566	544,200	249,750
Promissory notes with yields payable at maturity (PRLV)	97,700	565,786	-	-	97,700	565,786
Federal development bonds (Bondes)	<u>1,036,996</u>	<u>642,179</u>	<u>-</u>	<u>-</u>	<u>1,036,996</u>	<u>642,179</u>
	<u>Ps 1,562,916</u>	<u>Ps 1,443,229</u>	<u>Ps 115,980</u>	<u>Ps 14,566</u>	<u>Ps 1,678,896</u>	<u>Ps 1,457,795</u>

At December 31, 2016 and 2015, cash and cash equivalents include balances (bonds) of Ps1,036,996 and Ps642,179, respectively, which correspond to cash flows assigned to the Company's securitization trusts.

PRLVs and Bondes accrue daily interest at the rate of 3.92 and 3.08% per year, respectively. The weighted average maturity term is approximately 1.5 days in 2016 and 2015.

Balances in foreign currencies total Dlls. 5,594,442 and Dlls. 847,703, converted at the exchange rate of Ps 20.7314 in 2016 and Ps17.2065 in 2015.

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Note 6 - Operations with DFI:

At December 31, 2016, the Company has contracted cross-currency swaps held for hedging, as follows:

Hedged liability	Contracting date	Maturity date	Term (days)	Notional amount*	Debt rate (%)	Contracted rate (%)	Fair value
International Notes	Sep- 27-16	Sep- 27-23	2,556	Ps 1,850,000	7.25	8.38	Ps 777,621
International Notes	Sep- 27-16	Sep- 27-23	2,556	1,387,500	7.25	8.42	580,240
International Notes	Sep- 27-16	Sep- 27-23	2,556	1,850,000	7.25	8.33	812,988
International Notes	Sep- 27-16	Sep- 27-23	2,556	1,156,250	7.25	8.38	488,047
International Notes	Sep- 27-16	Sep- 27-23	2,556	1,156,250	7.25	8.39	506,212
International Notes	Jul-22-14	Jul-22-19	1,826	718,931	6.25	5.00	493,673
Bank loans	Jun-07-16	Jun-07-19	1,095	<u>893,418</u>	Libor+4.00	TIIE + 3.72	<u>78,479</u>
							<u>Ps3,737,260</u>

At December 31, 2016, the Company has contracted the following options and forwards:

Hedged liability	Contracting date	Maturity date	Term (days)	Underlying asset	Exercise price (%)	Notional amount*	Paid premium	Fair value
UNFINCB13	Nov-22-13	Nov-22-18	1,826	TIIE 28	7.00	Ps1,000,000	Ps 17,050	Ps 6,536
UNFINCB15	Feb-13-15	Feb-09-20	1,822	TIIE 28	7.00	2,000,000	48,500	31,525
UFINCB15	Sep-11-15	Sep-11-20	1,827	TIIE 28	7.00	2,000,000	52,500	39,375
Private structure	Mar-18-15	Feb-21-21	2,167	TIIE 28	7.00	2,000,000	28,294	16,051
UFIN CB16	Feb-12-16	Feb-16-21	1,831	TIIE 28	7.50	2,500,000	38,985	37,047
UNFIN CB16	Dec-02-16	Sep-02-21	1,735	TIIE 28	7.50	<u>1,250,000</u>	<u>33,720</u>	<u>18,525</u>
							<u>Ps219,049</u>	<u>Ps 149,059</u>

At December 31, 2015, the Company has contracted the following cross currency swaps held for trade:

Hedged liability	Contracting date	Maturity date	Term (days)	National amount (*)	Debt rate (%)	Contracted rate (%)	Fair value
International Notes	July-22-14	July-22-19	1,826	Ps 1,102,450	6.25	TIIE+4.20	Ps 468,744
International Notes	July-22-14	July-22-19	1,826	194,160	6.25	TIIE+4.19	83,241
International Notes	July-22-14	July-22-19	1,826	1,297,200	6.25	TIIE+4.192	539,105
International Notes	July-22-14	July-22-19	1,826	431,467	6.25	TIIE+4.19	181,007
International Notes	July-22-14	July-22-19	1,826	1,297,200	6.25	TIIE+4.195	539,109
International Notes	July-22-14	July-22-19	1,826	<u>431,383</u>	6.25	TIIE+4.185	<u>181,004</u>
							<u>Ps 1,992,210</u>

At December 31, 2015, the Company has contracted the following "CAP" options:

Hedged liability	Contracting date	Maturity date	Term (days)	Underlying asset	Exercise price (%)	Notional amount*	Paid premium	Fair value
UNFINCB13	22-nov-13	22-nov-18	1,826	TIIE 28	7.00	Ps1,000,000	Ps 17,050	Ps 9,946
UNFINCB15	13-feb-15	09-feb-20	1,822	TIIE 28	7.00	2,000,000	48,500	41,225
UFINCB15	11-sep-15	11-sep-20	1,827	TIIE 28	7.00	2,000,000	52,500	49,875
Private structure	18-mar-15	21-feb-21	2,167	TIIE 28	7.00	2,000,000	28,294	37,821
Comerica Bank	03-dec-15	02-mar-16	90	TC	16.72	<u>83,597</u>	<u>0</u>	<u>10,849</u>
							<u>Ps146,344</u>	<u>Ps 149,716</u>

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* Notional amounts related to DFI reflect the reference volume contracted; however, they do not reflect the amounts at risk as concerns future flows.

The net profit (losses) on financial assets and liabilities related to DFI held for trade in 2016 and 2015 total Pso and Ps254,867, respectively. In September 2015, the Company recorded DFI (*Cross Currency-Swap*) for hedging, as they complied with all mandatory requirements. The effect of valuation of said instruments when they qualified as held for trade represented a credit to income of Ps335,162. In 2016 and 2015, the effect of DFI held for hedging was recorded as “Result of valuing hedge financial instruments” under stockholder’s equity, with a credit of Ps298,997 and a debit of Ps81,259, respectively.

On September 22, 2016, the Company negotiated new terms for its hedging financial instruments as a result of the private offering and placement of debt securities totaling Dlls.400,000,000. The amount of principal and interest payments of the 2023 Notes is covered from the date of issue to maturity at the new average fixed rate of 8.30% and the exchange rate of Ps18.50 to the US dollar. The purpose behind those terms is to reduce the effect of macroeconomic volatility of rate increases in the UNIFIN margins, improve the Company’s financial conditions and increase the market depth of the 2023 Notes, in line with the Company’s conservative approach to risk management.

Note 7 - Loan portfolio:

The classification of performing and past due loans at December 31, 2016 and 2015 is as follows:

<u>Performing portfolio</u>	<u>2016</u>	<u>2015</u>
Commercial loans:		
Operating leases	Ps 691,372	Ps 413,596
Financial factoring*	2,880,409	2,126,397
Straight loan*	<u>4,077,266</u>	<u>2,634,066</u>
	<u>7,649,047</u>	<u>5,174,059</u>
Consumer loans:		
Car loans	<u>1,172,361</u>	<u>428,628</u>
	<u>8,821,408</u>	<u>5,602,687</u>
<u>Past due portfolio</u>		
Commercial loans:		
Operating leases	176,536	110,867
Car loans	<u>1,047</u>	<u>-</u>
	<u>177,583</u>	<u>110,867</u>
Total loan portfolio	<u>Ps8,998,991</u>	<u>Ps5,713,554</u>

* Includes balances with related parties.

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At December 31, 2016 and 2015, the maturity of the total past due portfolio is as shown below:

Type of portfolio	Past-due portfolio in days					
	2016			2015		
	1 to 180	181 onwards	Total	1 to 180	181 onwards	Total
Operating leases	Ps 69,506	Ps107,030	Ps176,536	Ps 73,231	Ps 37,636	\$ 110,867
Car loans	<u>1,047</u>	-	<u>1,047</u>	-	-	-
Total past due portfolio	<u>Ps 70,553</u>	<u>Ps107,030</u>	<u>Ps177,583</u>	<u>Ps 73,231</u>	<u>\$ 37,636</u>	<u>\$ 110,867</u>

Income from interest, operating leases and commissions for the periods ended in 2016 and 2015 per type of loan is as follows:

Performing portfolio	2016			
	Interest	Lease fees	Commissions	Total
Operating leases	Ps -	Ps 7,773,136	Ps 139,219	Ps 7,912,355
Financial factoring	390,750	-	106,132	496,882
Other lending	465,299	-	7,992	473,291
Car loans	<u>95,475</u>	-	<u>18,229</u>	<u>113,704</u>
	<u>Ps 951,524</u>	<u>Ps 7,773,136</u>	<u>Ps 271,572</u>	<u>Ps 8,996,232</u>
Performing portfolio	2015			
	Interest	Lease fees	Commissions	Total
Operating leases	Ps -	Ps 5,480,661	Ps 104,264	Ps 5,584,925
Financial factoring	256,725	-	65,747	322,472
Other lending	248,566	-	11,073	259,639
Car loans	<u>41,875</u>	-	<u>5,365</u>	<u>47,240</u>
	<u>Ps 547,166</u>	<u>Ps 5,480,661</u>	<u>Ps 186,449</u>	<u>Ps 6,214,276</u>

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At December 31, 2016 and 2015, the portfolio rating, including the contractual collection rights due in future periods recorded in memorandum accounts, and the preventive loan loss reserve, are as follows:

Risk	Loan portfolio				Global loan loss reserve		
	%		Amount		Allowance (%)	Amount	
	2016	2015	2016	2015		2016	2015
A-1	99.40	99.43	Ps 8,821,409	Ps 5,602,687	0 a 0.50	Ps 43,480	Ps 25,430
A-2	-	-	-	-	0.51 to 0.99	-	-
B-1	0.33	0.27	99,482	51,453	1.00 to 4.99	995	515
B-2	-	-	-	-	5.00 to 9.99	-	-
B-3	0.02	0.02	5,390	4,636	10.00 to 19.99	539	464
C-1	-	0.08	-	16,015	20.00 to 39.99	-	4,804
C-2	0.20	0.13	59,269	24,957	40.00 to 49.99	23,707	9,983
D	0.04	-	10,959	-	50.00 to 59.99	5,480	-
E	0.01	0.07	2,482	13,806	60.00 to 100.00	1,489	8,283
	<u>100.00</u>	<u>100.00</u>	8,998,991	5,713,554		75,690	49,479
Memorandum accounts			<u>21,142,980</u>	<u>13,141,504</u>	0.50	<u>105,715</u>	<u>65,708</u>
			<u>Ps30,141,971</u>	<u>Ps18,855,058</u>		<u>Ps 181,405</u>	<u>Ps115,187</u>

The composition of portfolio classified by type of loan at December 31, 2016 and 2015 is shown below:

Risk grade	December 31, 2016				December 31, 2015
	Operating lease	Financial factoring	Straight loans	Total	Total
A-1	Ps 691,373	Ps 2,880,409	Ps 4,077,266	Ps 7,649,048	Ps 5,174,058
A-2	-	-	-	-	-
B-1	124,389	-	-	124,389	51,453
B-2	-	-	-	-	-
B-3	5,390	-	-	5,390	4,636
C-1	-	-	-	-	16,015
C-2	33,315	-	-	33,315	24,957
D	10,959	-	-	10,959	-
E	2,482	-	-	2,482	13,806
Total loan portfolio	<u>Ps 867,908</u>	<u>Ps 2,880,409</u>	<u>Ps 4,077,266</u>	<u>Ps 7,825,583</u>	<u>Ps 5,284,925</u>

The composition of the consumer loan portfolio (straight loans and car loans), per type of risk, is as follows:

Risk grade	December 31,	
	2016	2015
A-1	Ps 1,172,361	Ps 428,628
B-1	<u>1,048</u>	<u>-</u>
Total	<u>Ps 1,173,409</u>	<u>Ps 428,628</u>

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The loan loss reserve per type of loan is comprised as shown below:

Risk grade	December 31, 2016					December 31, 2015
	Operating lease	Financial factoring	Straight loans	Car loans	Total	Total
A-1	Ps102,664	Ps 24,031	Ps 17,614	Ps 4,886	Ps 149,195	Ps 91,138
A-2	-	-	-	-	-	-
B-1	995	-	-	-	995	515
B-2	-	-	-	-	-	-
B-3	539	-	-	-	539	464
C-1	-	-	-	-	-	4,804
C-2	23,707	-	-	-	23,707	9,983
D	5,480	-	-	-	5,480	-
E	1,489	-	-	-	1,489	8,283
Total portfolio	<u>Ps134,874</u>	<u>Ps 24,031</u>	<u>Ps 17,614</u>	<u>Ps 4,886</u>	<u>Ps 181,405</u>	<u>Ps115,187</u>

The movements in the preventive loan loss reserve are as follows:

	December 31,	
	2016	2015
Balances at the beginning of the year	Ps 114,237	Ps 88,122
Increases	81,500	27,000
Reserves	<u>637</u>	<u>(885)</u>
Balances at year end	<u>Ps 196,374</u>	<u>Ps 114,237</u>

The behavior of the loan loss reserve hedge is shown below:

	December 31,	
	2016	2015
Recorded loan loss reserve	Ps 196,374	Ps 114,237
Required loan loss reserve	<u>181,405</u>	<u>115,187</u>
Excess (deficit) in loan loss reserve	<u>14,969</u>	<u>(950)</u>
Total past due portfolio hedge	<u>110.58%</u>	<u>103.04%</u>

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At December 31, 2016, total future minimum lease payments under operating leases relate to the following maturities:

	<u>Amount</u>
Up to one year	Ps 6,855,546
Two years	6,612,627
Three years	4,987,552
Four years	2,621,283
Five years	<u>65,972</u>
Total	<u>Ps 21,142,980</u>

The terms and conditions of operating leases agreed by the Company at December 31, 2016 are as follows:

The parties agree to the master agreement in order to establish the bases and general parameters that apply to the legal relationship between the parties, noting that the master agreement will govern multiple leases that will be documented in lease contracts known as “Amending agreements”, which must include the following information:

1. Description of goods: brand, type, serial number, engine number, etc.
2. Term lease.
3. Date of the first and second payment.
4. Initial payment date.
5. Where applicable, the customer will pay the first rent in advance.
6. Monthly rent.
7. Guarantee deposit.
8. Origination fee.
9. Moratorium interest rate.
10. On vehicles, the mileage authorized.
11. Rental type, fixed or variable.
12. Legal representative’s data.
13. Where applicable, joint obligor and/or joint guarantor.
14. Designation of the depositary of the leased goods.
15. Where appropriate, constitution of further guarantees or obligations.
16. Signatures of the parties.

Use of leased property

The lessee may only use the good(s) leased within the territory of Mexico and they may be used by people or employees at its service or by persons authorized by the lessee as the solely liable party.

The lessee may only use the good(s) leased for use in accordance with agreed or the nature and purpose thereof.

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The lessee must not sublet or lease in any way the goods to third parties, or assign, in whole or in part, the rights and obligations under the master agreement, without the prior written consent of the lessor. Conversely, the lessor may assign, transfer or otherwise encumber all or part of its rights under the master agreement and exhibits contract alone will be sufficient to notify the lessee.

The lessee is solely liable for all expenses directly or indirectly related to the conservation, functionality, safety and maintenance of (the) good(s) leased.

Insurance

The lessor must contract one or more insurance policies with reputable insurers, whereby Company it is designated as the first beneficiary of any sums payable in the event of an incident.

Cases of termination

The master agreement may be cancelled or terminated in advance without liability to the lessor in the following cases, among others:

- a. Any breach in relation to the principal and accessory obligations of the lessee or any of (the) joint obligor(s) and/or (the) joint guarantor(s) under the master agreement or the contract amendments.
- b. If the lessee is an individual, a business entity or a commercial entity and it files for bankruptcy or is declared bankrupt, either voluntarily or at the request of any of its creditors.
- c. If the good(s) leased (is) are subject to foreclosure, preventive attachment, limiting domain or any other similar charge.
- d. If the lessee is subject to dissolution or a liquidation procedure by agreement of the partners or shareholders; by the authorities or any third party.
- e. If the lessee makes a transfer of property or rights to the detriment of its creditors.
- f. If the shares or equity participation units of the lessee are foreclosed or in any way affected.
- g. If the lessee is a commercial entity and it merges or its merged into another company or companies.
- h. If the lessee is an individual, business entity or commercial entity and it is subjected to processing procedures by their partners or shareholders.
- i. If one of the joint obligor(s) and/or joint guarantor(s) dies, except when the lessor assigns a new person as joint obligor(s) and/or joint guarantor(s).
- j. If the designated depositary in all or any of the agreements, including the exhibits thereto, fails to meet its obligations assumed or presumed or, if there is an event that threatens the availability of the goods in their favor.

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- k. If the lessee in any form transfers or sells a substantial part of its property, assets or rights placed under temporary or permanent state of insolvency.
- l. If the collateral or additional requirements that relate to the last paragraph of clause twenty of the master agreement are not met.
- m. If the lessee and/or any of (the) joint obligor(s) and/or joint guarantor(s) is (are) a business entity or an individual making dividend payments, reducing its capital stock or making payments for liabilities to related parties without the prior written consent of the lessor.

In the event that any of the aforementioned grounds for termination materializes, a contractual penalty is set at the rate of seven monthly rent payments if the cause for expiration takes place during the first year of the master agreement, and of five rent payments if the cause for monthly expiration takes place in years subsequent to the master agreement.

Promissory notes

The lessee undertakes to subscribe, at the request of the lessor, one or more debt securities (notes) to document the amounts of agreed monthly rent payments.

In any case, the credits must be signed by (the) joint obligor(s) and/or (the) joint guarantor(s) as guarantor(s) of the lessee. The lessor reserves the right to request the lessee to establish additional collateral for all obligations stipulated in the master agreement and the respective addendums or for specific agreement without thereby decreasing or releasing the lessee from the obligations that the joint obligor(s) and/or (the) joint guarantor(s) assume under the master agreement and its respective addenda.

Policies for granting loans

The main policies and procedures in place to grant, control and recover loans, as well as those for evaluation and follow up on credit risk, are shown below:

Criteria for acceptance

Loan applicants must comply with the following requirements:

- 1. The entity must not be in a state of bankruptcy.
- 2. The amount of the funding must not be excessive in light of the level of sales and/or stockholders' equity.
- 3. The total liability/total stockholders' equity leveraging financial ratio must not be above 2.0, depending on the entity's line of business.
- 4. The applicant's entity must not be a newly created company, unless it is an investment project that can attest to having a proper level of experience or that has successfully completed two projects similar to the project in question.

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5. It must not be or have been in a state of suspension of payments.
6. The rating of the requesting party's payment history issued by other banks through the credit bureau report must be A1, A2 or B at the lowest.
7. It must not be involved in any type of lawsuits or preventive attachments.
8. It must not have reported losses in the most recent two-year period, unless the most recent financial statements of the applicant can show that the loss trend has been reversed and that profits are being generated.

Loan management policies:

1. Creation and maintenance of a loan file for the purpose of following up on a borrower and on the loans granted.
2. All documentation supporting loan transactions must be kept in the operations file, which must be safeguarded by the factoring operations deputy director's office.
3. Compulsory quarterly reviews of the rating issued for the total loan client portfolio.
4. Semiannually visual reviews and reports of such visits to the company or business.
5. Client payment behavior must be monitored through semiannual consultations with the credit bureau, which will also issue a portfolio rating.
6. Recording of preventive loan loss reserves derived from the loan rating process.

Collection policies

1. Management of a loan ends when the capital, interest and any surcharges are fully collected on each factoring operation processed with a client.
2. Collection can be made in one of three forms:
 - a. Regular.
 - b. Administrative.
 - c. Through litigation or contentious procedures.
3. Policies for loan restructuring or loans under observation.

The heads of the collection and business departments are in charge of monitoring problem loans where the probability of default is very high.

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Policies for credit risk concentrations

Amounts to be granted to each of the principal economic sectors and subsectors, determining the maximum amount to be granted in terms of a percentage of the Company's net capital, both for individuals and for business entities, establishing the desired concentrations according to the types of loans, terms and currency, that will allow locating and concentrating the effects of the rating of the portfolio from which they stem, at the levels demanding fewer preventive loan loss reserve-related requirements.

Portfolio concentration goals and quarterly follow up thereon is established, in order to properly diversify the loan portfolio based on the Company's target market.

Note 8 - Other accounts receivable - Net:

Other accounts receivable as of December 31, 2016 and 2015 are comprised as follows:

	<u>December 31,</u>	
	<u>2016</u>	<u>2015</u>
Creditable Value Added Tax (VAT)	Ps 865,438	Ps 193,155
Sundry debtors	15,522	3,839
Recoverable income tax	3,672	882
Recoverable flat tax	564	564
Creditable tax on cash deposits	244	244
Advances to vendors	<u>255,371</u>	<u>83,357</u>
	<u>Ps1,140,811</u>	<u>Ps 282,041</u>

Note 9 - Foreclosed assets:

At December 31, 2016 and 2015, foreclosed assets or ratios in payment are comprised as follows:

	<u>2016</u>	<u>2015</u>
Foreclosed assets	Ps212,416	Ps211,752
Allowance for impairment	<u>(35,875)</u>	<u>(14,468)</u>
	<u>Ps176,541</u>	<u>Ps197,284</u>

In the years ended on December 31, 2016 and 2015, the Company recognized increases in the foreclosed asset reserve of Ps21,407 and Ps8,946, respectively, in accordance with the policy explained in Note 3h. Additionally, there were no cancellations the reserve in those years.

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Note 10 - Property, machinery and equipment for own use and offered on lease:

At December 31, 2016 and 2015, property, machinery and equipment were comprised as follows:

Components subject to depreciation or amortization	2016			Useful life (years)
	Own	Leased	Total	
Building	Ps 34,640	Ps -	Ps 34,640	20
Transportation equipment	119,042	7,321,894	7,440,936	5
Aircraft/Ships	-	1,765,088	1,765,088	5
Computer equipment	75,308	691,495	766,803	3.3
Machinery and equipment	561	16,650,004	16,650,565	5
Office furniture and equipment	46,052	383,668	429,720	10
Medical equipment	-	217,730	217,730	5
Satellite equipment	-	130,006	130,006	5
Luminaries	-	617,944	617,944	5
Telecommunication	-	506,026	506,026	5
Other	15,164	3,285,486	3,300,650	5
	290,767	31,569,341	31,860,108	
Less:				
Accumulated depreciation	(111,078)	(9,156,078)	(9,267,156)	
	179,689	22,413,263	22,592,952	
Installation expenses	105,350	-	105,350	
Accumulated amortization	(17,324)	-	(17,324)	
	88,026	-	88,026	20
Total components subject to depreciation or amortization	267,715	22,413,263	22,680,978	
Components not subject to depreciation or amortization				
Land	560,297	-	560,297	
Total property, machinery and equipment	Ps 828,012	Ps 22,413,263	Ps 23,241,275	

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Components subject to depreciation or amortization	2015			Useful life (years)
	Own	Leased	Total	
Building	Ps 38,421	Ps -	Ps 38,421	20
Transportation equipment	92,954	4,688,236	4,781,190	5
Aircraft/Ships	-	1,284,248	1,284,248	5
Computer equipment	26,123	344,456	370,579	3.3
Machinery and equipment	561	11,201,890	11,202,451	5
Office furniture and equipment	33,171	343,434	376,605	10
Medical equipment	-	73,106	73,106	5
Satellite equipment	-	236,508	236,508	5
Luminaries	-	24,937	24,937	5
Telecommunication	-	597,033	597,033	5
Other	29,107	883,744	912,851	5
	220,337	19,677,592	19,897,929	
Less:				
Accumulated depreciation	(88,282)	(6,208,884)	(6,297,166)	
	132,055	13,468,708	13,600,763	
Installation expenses	67,410	-	67,410	20
Accumulated amortization	(15,622)	-	(15,622)	
	51,788	-	51,788	
Total components subject to depreciation or amortization	183,843	13,468,708	13,652,551	
Components not subject to depreciation or amortization				
Land	427,824	-	427,824	
Total of property, machinery and equipment	Ps 611,667	Ps 13,468,708	Ps 14,080,375	

Depreciation and amortization recorded in income for 2016 and 2015 amounted to Ps4,572,039 (Ps4,437,348 from straight leases) and Ps3,195,458 (Ps3,183,590 from straight leases), respectively.

At December 31, 2016 and 2015, transportation equipment offered on lease and other leased assets amounting to Ps18,325,866 and Ps11,139,406, respectively, were pledged to guarantee the payment of each of the collection rights under trusts.

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Note 11 - Other permanent investments:

Other permanent investments at December 31, 2016 and 2015, over which there is no significant influence, are comprised as follows:

<u>Companies</u>	<u>Interest in stockholders' equity (%)</u>		<u>Value at December 31,</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Operadora de Arrendamiento Puro, S. A. de C. V.	.01	.01	Ps 668	Ps 668
Bosque Real, S. A. de C. V.	.01	.01	1,408	1,408
Club de Empresarios Bosques, S. A. de C. V.	.01	.01	305	305
Unión de Crédito para la Contaduría Pública, S. A. de C. V.	.01	.01	1,299	1,299
Unifin Agente	49.00	49.00	13,452	34
Other			<u>19,585</u>	<u>10,237</u>
Total			<u>Ps 36,717</u>	<u>Ps13,951</u>

Note 12- Debt securities:

Debt securities as of December 31, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Short term:		
International notes (accrued interest)	Ps 196,148	Ps 178,563
Debt certificate program:		
Stock structure (accrued interest)	41,531	11,622
Private stock structure (accrued interest)	<u>50,494</u>	<u>2,143</u>
	<u>288,173</u>	<u>192,328</u>
Long term:		
International notes	9,291,700	6,356,771
Debt certificate program:		
Stock structure	10,000,000	5,000,000
Private stock structure	<u>2,000,000</u>	<u>2,000,000</u>
	<u>21,291,700</u>	<u>13,356,771</u>
	<u>Ps21,579,873</u>	<u>Ps13,549,099</u>

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International notes

On September 14, 2016, the Company repurchased the equivalent of 86.2% of the international notes issued in July 2014 for a total of Dlls.315.9 million, of which Dlls.311.9 million were acquired at the unit price of Dlls.105 and Dlls.4.1 million were acquired at the unit price of Dlls.102.

On September 22, 2016, the Company concluded a private offering and placement of debt securities in the form of senior notes in the US and other foreign markets, further to rule 144 A and Regulation S of the US Securities Act of 1933 and the regulations applicable in the countries in which the offering was made.

The main features of the international notes issued are as follows:

- a. Amount issued: Dlls. 400,000,000.
- b. Annual agreed rate: 7.25%.
- c. Payable at maturity: 7 years (maturing in September 2023).
- d. Interest payable semi-annually during the term of the Notes.
- e. Place of issuance of the bond listing: Luxemburg Stock Exchange.
- f. Granted Ratings: BB / BB (Standard & Poor's and Fitch Ratings).
- g. Guarantors: Unifin Credit and Unifin Autos.

In July 2014, the Company issued a number of international notes through a private offering, in accordance with rule 144 A and Regulation S of the US Securities Act of 1933 and the regulations applicable in the countries in which the offering was made. Following are the main features of the international notes issued:

- a. Amount issued Dlls.400,000,000.
- b. Agreed annual rate: 6.25%.
- c. Payable at maturity: 5 years (maturing in July 2019).
- d. Interest payable in six-month periods over the term of the Bond.
- e. Place of issuance of the bond listing: Luxemburg Stock Exchange.
- f. Ratings granted: BB- / BB- (Standard & Poor's and Fitch Ratings).
- g. Guarantors: Unifin Credit and Unifin Autos.

The resources obtained from this issue were used to pay current and long-term financial liabilities.

In January 2015, the Company repurchased 33,400 titles of the international notes comprising 8.35% of the securities issued on July 22, 2014. The transactions took place between the Company and an independent entity located in the United States.

Commitments

The international notes debt impose certain provisions to the Company that limit its ability to incur in additional debt; create liens; pay dividends; make certain investments; reduce its share capital, among others. It also establishes that the Company and its subsidiaries may partially or totally merge or dispose of their assets if the respective transaction meets certain requirements; establishes minimum requirements for carrying out portfolio securitizations and limit the Company's ability to enter into transactions with related parties.

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Trust notes under a securitization program (share structure)

The share structure is set of operations whereby the Company transfers certain rights over certain financial assets to a securitization vehicle created for that specific purpose (usually a trust), in order for that vehicle to issue securities to be placed among the general investing public and for the Company to diversify its funds and increase its operating capacity. The Company entered into an administration, commercial commission and deposit agreement in order for those rights to be transferred back to the Company for management purposes.

Additionally, a pledge agreement has been signed by the Company (collateral guarantor) and the trustee (Pledgee) whereby the Company pledges in first order of preference for payment, each of the leased assets from which the aforementioned collection rights are derived on behalf of the Pledgee to guarantee timely and full payment of all amounts payable by each of the Company clients, in accordance with the lease agreements of which these clients participate.

On February 12, 2016, December 2, 2016, November 19, 2015, September 8, 2015, November 19, 2013, May 2, 2012, February 16 and November 1, 2011, the Commission issued rulings number 153/5726/2015, 153/7644/2013, 153/5727/2015, 153/5047/2015, 153/7676/2013, 153/8359/2012, 153/30501/2011 and 153/31580/2011, respectively, authorizing the revolving trust bonds programs (Trustee programs), under ticker symbols UFINCB16, UNFINCB16, UNFINCB16-2, UNFINCB15, UFINCB15, UNIFCB13, UNIFCB12, UNIFCB11 and UNIFCB11-2, for an amount up to Ps10,000,000, Ps7,000,000 Ps7,000,000, Ps7,000,000, Ps7,000,000, Ps5,000,000 and Ps3,500,000, respectively. The Company has conducted issuances under such Trust programs, entering into trust agreements whereby it acts as trustor of the Trust; as trustees, Banco Nacional de México, S. A., Institución de Banca Múltiple, Grupo Financiero Banamex División Fiduciaria (Banamex), INVEX Banco, Institución de Banca Múltiple, Invex Grupo Financiero, Fiduciario and HSBC México, S. A., Institución de Banca Múltiple, Grupo Financiero HSBC, División Fiduciaria(HSBC), and Monex Casa de Bolsa, S. A. de C. V., Grupo Financiero Monex as common representative; and the holders of the stock certificates and the Company as first and second place trustees, respectively.

According to the supplements to the Trustee Programs, the Company and the issuing trustee are not responsible for paying amounts due under these debt certificates in the event that the equity of the issuing trust is insufficient to pay in full the amounts owed under the notes, and the holders of those notes are not entitled to claim from the trustor nor the trustee payment thereof. The trustor and trustee are responsible for ensuring that the Trust equity is sufficient to cover amounts owed.

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The secured notes of trust programs as of December 31, 2016 are described below:

<u>Ticker symbol</u>	<u>Issuing trust</u>	<u>Number of titles*</u>	<u>Maturity</u>	<u>Rate (%)</u>	<u>Total amount of issue</u>	<u>Rating S&P</u>	<u>Trustee</u>
UNFINCB13	F/17293-4 Banamex	10,000,000	Nov 2018	TIIE + 1.60	Ps1,000,000	mxAAA S&P/HR	AAA
UNFINCB15	F/17598-4 Banamex	20,000,000	Feb 2020	TIIE + 1.60	2,000,000	mxAAA S&P/HR	AAA
UFINCB15	F/2539 INVEX	20,000,000	Sep 2020	TIIE + 1.60	2,000,000	mxAAA S&P/HR	AAA
UFINCB16	F/2720 INVEX	25,000,000	Feb 2021	TIIE + 1.60	2,500,000	mxAAA S&P/HR	AAA
UNFINCB16	F/179866 Banamex	12,500,000	Sep 2021	TIIE + 2.20	1,250,000	mxAAA S&P/HR	AAA
UNFINCB16-2	F/179866 Banamex	12,500,000	Sep 2021	9.47	<u>1,250,000</u>	mxAAA S&P/HR	AAA
Total					10,000,000		
Interest accrued in the short-term					<u>41,531</u>		
					<u>Ps10,041,531</u>		

The secured notes program issues as of December 31, 2015 are described below:

<u>Ticker symbol</u>	<u>Issuing trust</u>	<u>Number of titles*</u>	<u>Maturity</u>	<u>Rate (%)</u>	<u>Total amount of issue</u>	<u>Rating S&P</u>	<u>Trustee</u>
UNFINCB13	F/17293-4 Banamex	10,000,000	Nov 2018	TIIE + 1.60	Ps1,000,000	mxAAA S&P/HR	AAA
UNFINCB15	F/17598-4 Banamex	20,000,000	Feb 2020	TIIE + 1.60	2,000,000	mxAAA S&P/HR	AAA
UFINCB15	F/2539 INVEX	20,000,000	Sep 2020	TIIE + 1.60	<u>2,000,000</u>	mxAAA S&P/HR	AAA
Total					<u>5,000,000</u>		
Interest accrued in the short-term					<u>11,622</u>		
					<u>Ps5,011,622</u>		

At December 31, 2016 and 2015, income earned relating to trust management services amount to Ps62,998 and Ps51,401, respectively.

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At December 31, 2016 and 2015, issue expenses are as follows:

Ticker symbol	Issuance costs						
	Opening balance 2015	Increase	Decrease	Ending balance 2015	Increase	Decrease	Ending balance 2016
UNIFCB11-2	Ps 12,450	Ps 13,506	Ps 25,956	Ps -	Ps -	Ps -	Ps -
UNIFCB12	17,047	3,210	20,257	-	-	-	-
UNFINCB13	23,517	12,041	8,307	27,251	-	9,107	18,144
UNFINCB15	-	101,304	-	101,304	-	24,101	77,203
UFINCB15	-	81,879	-	81,879	1,174	18,914	64,139
International notes 2019	166,828	-	70,193	96,635	75,566	24,387	147,814
International notes 2023	-	-	-	-	533,608	16,115	517,493
UFIN CB16	-	-	-	-	102,071	10,202	91,869
UNFIN CB16	-	-	-	-	22,359	1,118	21,241
UNFIN CB16-2	-	-	-	-	1,401	-	1,401
Total	<u>Ps 219,842</u>	<u>Ps 211,940</u>	<u>Ps 124,713</u>	<u>Ps 307,069</u>	<u>Ps 736,179</u>	<u>Ps 103,944</u>	<u>939,304</u>

Private trust bonds

On November 30, 2012, the Company in its capacity as Trustor and Second Beneficiary, entered into Irrevocable Transfer of Ownership Trust agreement “F/1355” (Trust), with Banco Invex, S. A., Institución de Banca Múltiple, Invex Grupo Financiero as Trustee (Invex) and Scotiabank Inverlat, S. A., Institución de Banca Múltiple, Grupo Financiero Scotiabank Inverlat (Scotiabank) as first Beneficiary, whereby the collection rights (Trust equity) are assigned to secure the payment of cash withdrawals from the revolving credit line of Ps1,500,000 contracted by Invex with Scotiabank on that same date.

At December 31, 2016 and 2015, private trust bonds were as follows:

	<u>Outstanding amount</u>					
	<u>2016</u>	<u>2015</u>	<u>Currency</u>	<u>Maturity</u>	<u>Rate</u>	<u>Type</u>
Invex	Ps 2,000,000	Ps 2,000,000	MXN	11/06/12 to 11/21/18	TIIIE+1.60	Collection rights
Interest accrued	<u>50,494</u>	<u>2,143</u>				
	<u>Ps 2,050,494</u>	<u>Ps 2,002,143</u>				

At December 31, 2016 and 2015, collection rights assignments amount to Ps6,322,999 and Ps4,959,971, and costs incurred amount to Ps1,403 and Ps24,211, respectively.

The Company and Invex entered into an agreement for administration, commercial commission and deposit services for the purpose of managing collection rights.

Some of the Company’s issues establish obligations to do and not to do, which have been covered at December 31, 2016 and 2015.

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Note 13 - Bank borrowings and loans from other entities:

At December 31, 2016 and 2015, bank borrowings and loans from other entities were as follows:

2016					
<u>Short-term</u>	<u>Outstanding amount</u>	<u>Currency</u>	<u>Maturity</u>	<u>Rate</u>	<u>Guarantee</u>
Nafinsa	Ps 2,500,000	MXN	Feb/17	TIIE+2.75	Unsecured
Citibanamex	1,500,000	MXN	May/17	TIIE (91d)+3.00	Unsecured
Scotiabank	1,343,024	MXN	Nov/17	TIIE+3.00	Unsecured
Multivalores	300,000	MXN	Dec/17	TIIE+3.00	Factoring portfolio
CIBanco	200,000	MXN	Nov/17	TIIE+4.00	Unsecured
Bladex USD	171,939	USD	Dec/17	TIIE+3.72	Residual values
Comerica Bank	141,134	MXN	Feb/17	TIIE+2.75	Residual values
Bladex	87,525	MXN	Dec/17	TIIE+3.16	Residual values
Bancomext	91,080	MXN	Dec/17	TIIE+2.70	Leasing portfolio
Invex	31,280	MXN	Feb/17	TIIE+3.85	Residual values
Banco del Bajío	<u>7,569</u>	MXN	Nov/17	TIIE+3.20	Leasing portfolio
Subtotal	6,373,551				
Accrued interest payable	<u>71,862</u>				
Total short-term	<u>6,445,413</u>				
<u>Long term</u>					
Bladex USD	742,009	USD	Jun/19	TIIE+3.72	Residual values
Bladex	377,717	MXN	Jun/19	TIIE+3.16	Residual values
Scotiabank	372,030	MXN	Jun/20	TIIE+3.60	Leasing portfolio
Bancomext	290,016	MXN	Nov/20	TIIE+2.70	Leasing portfolio
Banco del Bajío	78,822	MXN	Aug/21	TIIE+3.20	Leasing portfolio
Invex	<u>36,642</u>	MXN	May/18	TIIE+3.85	Residual values
Total long-term	<u>1,897,236</u>				
Total short and long-term	<u>Ps 8,342,649</u>				
2015					
<u>Long-term</u>	<u>Outstanding amount</u>	<u>Currency</u>	<u>Maturity</u>	<u>Rate</u>	<u>Guarantee</u>
Nafinsa	Ps 2,352,061	MXN	Mar/16	TIIE+2.75	Unsecured
Banamex	1,000,000	MXN	Jan/16	TIIE (91d)+3.00	Unsecured
IXE	532,000	MXN	Feb/16	TIIE+3.50	Leasing portfolio
Scotiabank	442,235	MXN	Dec/16	TIIE+3.60	Unsecured
CIBanco	200,000	MXN	Feb/16	TIIE+3.50	Unsecured
Comerica Bank	170,298	MXN	Mar/16	LIBOR+3.50	Residual values
Fideicomiso fondo minero	<u>3,129</u>	MXN	Apr/16	TIIE+1.95	Leasing portfolio
Subtotal	4,699,723				
Accrued interest payable	<u>17,007</u>				
Total short-term	<u>4,716,730</u>				
<u>Long-term</u>					
Bladex	250,000	MXN	Oct/17	TIIE+3.085	Residual values
Scotiabank	247,583	MXN	Jul/18	TIIE+3.60	Unsecured
Bancomext	208,912	MXN	Aug/19	TIIE+2.70	Leasing portfolio
Invex	60,347	MXN	Feb/17	TIIE+3.85	Residual values
EXIM Bank	9,387	MXN	Jun/17	3.13	Leasing portfolio
Fideicomiso fondo minero	<u>4,330</u>	MXN	Feb/17	TIIE+1.95	Leasing portfolio
Total long-term	<u>780,559</u>				
Total short and long-term	<u>Ps 5,497,289</u>				

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The unused amounts of the lines of credit received by the Company are as follows:

	<u>2016</u>	<u>2015</u>
Ixe Banco	Ps 649,000	Ps 117,000
Santander	550,000	-
Scotiabank	533,898	560,183
Bancomext	121,228	291,088
Banco del Bajío, S. A.	13,609	-
Multiva	-	100,000
FIFOMI	-	107,750
Interacciones	-	150,000
CI Banco	-	100,000
Corporación Interamericana de Inversiones	-	50,000
Unión de Crédito para la Contaduría Pública	-	50,000
Nafinsa	-	147,939
	<u>Ps 1,867,735</u>	<u>Ps1,673,960</u>

As of December 31, 2016 and 2015, the Company is in compliance with all restrictive financial covenants to do and not do.

Note 14 - Sundry creditors and other accounts payable:

At December 31, 2016 and 2015, this balance is made up as follows:

	<u>2016</u>	<u>2015</u>
Liabilities relating to acquisition of fixed assets	Ps4,880,578	Ps 1,241,800
Sundry creditors	371,773	34,086
Income tax and VAT withholdings	12,389	7,654
Guarantee deposits	<u>162,766</u>	<u>83,973</u>
	<u>Ps5,427,506</u>	<u>Ps 1,367,513</u>

Note 15 - Stockholders' equity:

On May 22, 2015, the Company issued its Initial Public Offering on the BMV, and for international purposes it issued it under rule 144/Reg S, for a total of Ps3,606,400, comprised of 50%primary shares and 50% secondary shares. The amount includes the over-allotment option, which comprised 15% of the total offering.

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The capital stock at December 31, 2016 and 2015 is comprised as follows:

<u>Number of shares</u> *		<u>Description</u>	<u>Amount</u>	
<u>2016</u>	<u>2015</u>		<u>2016</u>	<u>2015</u>
		Series "A" fixed portion of capital	Ps 1,000	Ps 1,000
<u>352,800,000</u>	<u>352,800,000</u>	Series "A" variable portion of capital with voting rights	<u>1,101,500</u>	<u>1,101,500</u>
<u>352,800,000</u>	<u>352,800,000</u>	Capital stock at December 31, 2016 and 2015	<u>Ps 1,102,500</u>	<u>Ps1,102,500</u>

* Common, nominal shares with no par value, fully subscribed and paid in.

The profit for the year is subject to the legal provision requiring that at least 5% of the profit be set aside to increase the legal reserve until it reaches an amount equivalent to one fifth of the capital stock.

The profit per share at the 2016, 2015 and 2014 year-end closing was Ps3.43, Ps4.88 and Ps81.91 (pesos), respectively.

Dividends are free from income tax if paid out from the After-Tax Earnings Account (CUFIN). Dividends in excess of the CUFIN and Reinvested CUFIN are subject to 42.86% tax if paid in 2017. Tax incurred is payable by the Company and may be credited against income tax for the current period or for the following two periods. Dividends paid from previously taxed profits are not subject to tax withholding or additional tax payments.

As of 2014, the Income Tax Law (ITL) establishes an additional 10% tax on earnings generated as from 2014 from dividends paid to parties' resident abroad and to Mexican individuals.

Additionally, the ITL grants a tax incentive to individuals resident in Mexico that are subject to payment of additional 10% tax on dividends or profits distributed.

The incentive is applicable provided that those dividends or profits arise in 2014, 2015 and 2016 and that they are reinvested in the same business entity from which they arose. The incentive consists of a tax credit equivalent to the amount resulting from applying the percentage in effect for the year of distribution to the dividend or profits distributed, as follows:

<u>Year of distribution of dividend or profit</u>	<u>Percentage applicable to the amount of the dividend or profit distributed (%)</u>
2017	1
2018	2
2019 onward	5

The tax credit determined is creditable only against the additional 10% income tax that the business entity is required to withhold and pay over.

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Business entities distributing dividends or profits with regard to shares placed among the large investing public must inform the brokerage firm, credit institutions, investment operating companies, persons in charge of distributing the shares of investment entities, or any other securities market intermediary, of the periods in which said dividends arise, in order for said intermediaries to withhold the respective tax. In the periods ended on December 31, 2016 and 2015, the Company generated profits in the amount of Ps1,210,349 and Ps1,093,477, which could be subject to that incentive.

At the March 9, 2016 and February 20, 2015 Extraordinary General Meetings, the shareholders agreed to pay dividends of Ps352,507 and Ps100,000, respectively, arising from prior years' income.

In the event of a capital reduction, any excess of stockholders' equity over capital contributions, the latter restated in accordance with the provisions of the ITL, is accorded the same tax treatment as dividends.

At December 31, 2016 and 2015, the Company's stockholders' equity includes Ps298,997 and (Ps81,259), respectively, corresponding to the effect of valuation of derivative financial instruments, the accounting effects of which arise from asset valuations not necessarily realized, which could possibly represent a restriction for reimbursement to stockholders, as this could be considered to give rise to future liquidity problems for the Company.

In 2016 and 2015, the Company incurred Ps2,770 and Ps139,389, respectively, for issue, placement and listing of shares, which was applied to stockholders' equity and is shown under capital stock.

Note 16 - Income tax:

Income tax is determined on the basis of the individual tax results of the Company and its subsidiaries. At December 31, 2016, 2015 and 2014, the Company determined taxable income of Ps2,166,662, Ps1,951,617 and Ps1,521,716, respectively. The tax result differs from the accounting result mainly due to items accrued over time and deducted differently for accounting and tax purposes, to recognition of the effects of inflation for tax purposes, and to items only affecting the book or tax result.

The ITL establishes that income tax applicable in 2014 and subsequent periods is 30% of taxable profit.

The income tax provision is as follows:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Income tax payable	(Ps 656,117)	(Ps 585,485)	(Ps 456,515)
Deferred income tax asset	<u>390,956</u>	<u>256,673</u>	<u>234,150</u>
	<u>(Ps 265,161)</u>	<u>(Ps 328,812)</u>	<u>(Ps 222,365)</u>

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The reconciliation between the incurred and effective income tax rates is shown below:

	<u>2016</u>		<u>2015</u>		<u>2014</u>	
Income before income taxes	Ps	1,475,510	Ps	1,422,289	Ps	704,773
Income tax payable rate		<u>30%</u>		<u>30%</u>		<u>30%</u>
Income tax at statutory rate		442,653		426,687		211,432
Plus (less) effect of the following permanent items on the income tax:						
Nondeductible expenses		578		2,189		599
Annual inflation adjustment		181,019		76,595		98,436
Own and leased machinery and equipment		(226,850)		(84,319)		(84,172)
Deferred commissions		(62,127)		(31,575)		-
Bad debt reserve		(8,782)		(2,735)		-
Liability provisions		(1,155)		(1,406)		-
Deferred charges		(42,432)		(59,195)		-
Prepayments		(17,091)		2,623		-
Other assets		<u>(652)</u>		<u>(52)</u>		<u>(3,930)</u>
Income tax recorded in income	Ps	<u>265,161</u>	Ps	<u>328,812</u>	Ps	<u>222,365</u>
Effective income tax rate		<u>17.97%</u>		<u>23.25%</u>		<u>31.55%</u>

The main temporary differences on which deferred income tax is recognized are shown below:

	<u>December 31,</u>					
	<u>2016</u>		<u>2015</u>		<u>2014</u>	
Own and leased machinery and equipment	Ps	3,947,751	Ps	2,458,892	Ps	1,726,357
Deferred commissions		445,688		238,597		133,346
Bad debt reserve		171,283		103,147		88,122
Liability provisions		8,536		4,685		2,231
Deferred charges		(640,151)		(153,410)		(104,543)
Other assets		8,977		10,591		(26,041)
Prepayments		<u>(57)</u>		<u>(33)</u>		<u>-</u>
		3,942,027		2,662,469		1,819,472
Applicable income tax rate		<u>30%</u>		<u>30%</u>		<u>30%</u>
Deferred income tax asset	Ps	<u>1,182,608</u>	Ps	<u>798,740</u>	Ps	<u>545,842</u>

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Note 17 - Financial information by segment:

Following are the main assets and liabilities per Company segment:

	December 31, 2016			
<u>Assets</u>	Operating leasing	Financial factoring	Other loans	<u>Total</u>
Cash and cash equivalents	Ps 1,350,513	Ps 93,194	Ps 235,189	Ps 1,678,896
DFI	3,886,319	-	-	3,886,319
Loan portfolio	867,908	2,880,409	5,250,674	8,998,991
Preventive loan loss reserve	(3,926)	(12,319)	(180,129)	(196,374)
Property, machinery and equipment	22,903,392	-	337,883	23,241,275
Foreclosed assets	126,085	50,456	-	176,541
Other assets	<u>3,655,819</u>	<u>16,581</u>	<u>152,297</u>	<u>3,824,697</u>
	<u>Ps32,786,110</u>	<u>Ps3,028,321</u>	<u>Ps5,795,914</u>	<u>Ps41,610,345</u>
<u>Liabilities</u>				
Debt securities	Ps15,758,495	Ps2,062,204	Ps3,759,174	Ps21,579,873
Bank loans and other entities' loans	6,092,139	797,236	1,453,274	8,342,649
Deferred commissions	445,688	-	-	445,688
Other liabilities	<u>5,179,863</u>	<u>13,789</u>	<u>547,850</u>	<u>5,741,502</u>
	<u>Ps27,476,185</u>	<u>Ps2,873,229</u>	<u>Ps5,760,298</u>	<u>Ps36,109,712</u>

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	December 31, 2015			
<u>Assets</u>	<u>Operating leasing</u>	<u>Financial factoring</u>	<u>Other loans</u>	<u>Total</u>
Cash and cash equivalents	Ps 1,330,433	Ps 9,399	Ps 117,963	Ps 1,457,795
DFI	2,141,926	-	-	2,141,926
Loan portfolio	524,499	2,126,397	3,062,659	5,713,555
Preventive loan loss reserve	(95,128)	(5,828)	(13,281)	(114,237)
Property, machinery and equipment	13,756,113	-	324,262	14,080,375
Foreclosed assets	197,284	-	-	197,284
Other assets	<u>1,491,983</u>	<u>14,549</u>	<u>46,512</u>	<u>1,553,044</u>
	<u>Ps19,347,110</u>	<u>Ps2,144,517</u>	<u>Ps3,538,115</u>	<u>Ps25,029,742</u>
<u>Liabilities</u>				
Debt securities	Ps 9,820,277	Ps 1,528,015	Ps 2,200,807	Ps 13,549,099
Bank loans and other entities' loans	3,984,390	619,964	892,935	5,497,289
Deferred commissions	238,597	-	-	238,597
Other liabilities	<u>1,393,928</u>	<u>4,263</u>	<u>-</u>	<u>1,398,191</u>
	<u>Ps15,437,192</u>	<u>Ps2,152,242</u>	<u>Ps3,093,742</u>	<u>Ps20,683,176</u>

Given that management considers that the useful information for stakeholders is the Adjusted Financial Margin, in 2016, 2015 and 2014 the respective information is as follows:

	Year ended December 31, 2016			
	<u>Operating leasing</u>	<u>Financial factoring</u>	<u>Other lending</u>	<u>Total</u>
Operating lease income	Ps 7,773,136	Ps -	Ps -	Ps 7,773,136
Interest income	150,828	497,611	535,332	1,183,771
Other leasing benefits	528,719	-	-	528,719
Depreciation of goods under operating leases	(4,537,348)	-	-	(4,537,348)
Interest expenses	(1,689,340)	(185,425)	(114,087)	(1,988,852)
Other leasing expenses	(583,569)	-	-	(583,569)
Preventive loan loss reserve	<u>(67,500)</u>	<u>(14,000)</u>	<u>-</u>	<u>(81,500)</u>
Adjusted Financial Margin	<u>Ps 1,574,926</u>	<u>Ps 298,186</u>	<u>Ps 421,245</u>	<u>Ps 2,294,357</u>

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	Year ended on December 31, 2015			
	Operating leasing	Financial factoring	Other loans	Total
Operating lease income	Ps5,480,661	Ps -	Ps -	Ps5,480,661
Interest income	141,245	322,625	283,537	747,407
Other leasing benefits	317,591	-	-	317,591
Depreciation of goods under operating leases	(3,183,590)	-	-	(3,183,590)
Interest expenses	(864,548)	(134,522)	(193,753)	(1,192,823)
Other leasing expenses	(348,338)	-	-	(348,338)
Preventive loan loss reserve	(27,000)	-	-	(27,000)
Adjusted Financial Margin	<u>Ps 1,516,021</u>	<u>Ps 188,103</u>	<u>Ps 89,784</u>	<u>Ps 1,793,908</u>

	Year ended on December 31, 2014			
	Operating leasing	Financial factoring	Other loans	Total
Operating lease income	Ps 3,648,586	Ps -	Ps -	Ps 3,648,586
Interest income	264,855	99,646	108,388	472,889
Other leasing benefits	383,189	-	-	383,189
Depreciation of goods under operating leases	(2,150,092)	-	-	(2,150,092)
Interest expenses	(585,307)	(121,588)	(132,760)	(839,655)
Other leasing expenses	(424,978)	-	-	(424,978)
Preventive loan loss reserve	(10,000)	40,000	-	30,000
Adjusted Financial Margin	<u>Ps 1,126,253</u>	<u>Ps 18,058</u>	<u>(Ps 24,372)</u>	<u>Ps 1,119,939</u>

Note 18 - Related parties:

The main balances with related parties at December 31, 2016 and 2015 are shown below:

<u>Receivable:</u>	<u>2016</u>	<u>2015</u>
Administradora Bríos, S. A. de C. V.	Ps236,824	Ps 75,667
Unifin Administración Corporativa, S. A. de C. V.	17,590	17,590
Unifin Servicios Administrativos, S. A. de C. V.	12,000	12,000
Other	<u>746</u>	<u>1,928</u>
Total	<u>Ps267,160</u>	<u>Ps 107,185</u>

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<u>Payable:</u>	<u>2016</u>	<u>2015</u>
Unifin Administración Corporativa, S. A. de C. V.	Ps 13,495	Ps 175
Unifin Servicios Administrativos, S. A. de C. V.	7,363	-
Other	<u>2,300</u>	<u>2,300</u>
Total	<u>Ps 23,158</u>	<u>2,475</u>

In the years ended on December 31, 2016, 2015 and 2014, the following operations were carried out with related parties in addition to the related loans:

	<u>Year ended December 31,</u>		
<u>Income</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Car leases	Ps -	Ps 1,997	Ps 4,275
Other income	40	1,263	-
Car sales	21,054	15,768	-
Administrative services	<u>-</u>	<u>-</u>	<u>3,885</u>
	<u>Ps 21,094</u>	<u>Ps 19,028</u>	<u>Ps 8,160</u>
<u>Expenses</u>			
Administrative services	Ps 508,174	Ps 455,409	Ps 299,324
Donations	<u>8,784</u>	<u>4,435</u>	<u>2,010</u>
	<u>Ps 516,958</u>	<u>Ps 459,844</u>	<u>Ps 301,334</u>

Note 19 - Breakdown of the main items of the statement of income:

Following is the breakdown of the main items of the statement of income for the years ended on December 31, 2016, 2015 and 2014:

Financial margin

a. Operating lease income

	<u>Year ended December 31,</u>		
	<u>2016</u>	<u>2015</u>	<u>2014</u>
Leases	Ps 7,749,581	Ps 5,495,766	Ps 3,659,940
Returns and rebates	<u>23,555</u>	<u>(15,105)</u>	<u>(11,354)</u>
Total operating lease income	<u>Ps 7,773,136</u>	<u>Ps 5,480,661</u>	<u>Ps 3,648,586</u>

b. Interest income

Cash and cash equivalents	Ps 52,527	Ps 27,539	Ps 21,648
Loan portfolio	898,997	521,549	337,409
Commissions for opening line of credit	271,572	186,449	113,832
Valuation (loss) gain - Net	<u>(39,326)</u>	<u>11,870</u>	<u>-</u>
Total interest income	<u>Ps 1,183,770</u>	<u>Ps 747,407</u>	<u>Ps 472,889</u>

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	<u>Year ended December 31,</u>		
	<u>2016</u>	<u>2015</u>	<u>2014</u>
c. Other lease benefits			
Sale of fixed assets	Ps 524,643	Ps 305,084	Ps 383,071
Other lease benefits	<u>4,076</u>	<u>12,507</u>	<u>118</u>
Total other lease benefits	<u>Ps 528,719</u>	<u>Ps 317,591</u>	<u>Ps 383,189</u>
d. Depreciation of assets under operating lease			
Depreciation of assets under operating lease	<u>Ps 4,537,348</u>	<u>Ps 3,183,590</u>	<u>Ps 2,150,092</u>
e. Interest expense			
Debt securities	Ps 1,019,146	Ps 582,564	Ps 383,991
Issuance costs	264,550	229,414	105,694
Interbank loans and other entities' loans	575,129	298,429	210,778
Costs and expenses incurred in granting loans	<u>130,027</u>	<u>82,416</u>	<u>139,192</u>
Total interest expenses	<u>Ps 1,988,852</u>	<u>Ps 1,192,823</u>	<u>Ps 839,655</u>
f. Other lease expenses			
Cost of sale of fixed assets	Ps 523,826	Ps 305,084	Ps 383,071
Fixed asset insurance	<u>59,743</u>	<u>43,254</u>	<u>41,907</u>
Total other lease expenses	<u>Ps 583,569</u>	<u>Ps 348,338</u>	<u>Ps 424,978</u>
<u>Operating income</u>			
g. Commissions and rates charged and paid			
Commission for trust management paid	<u>(Ps 51,214)</u>	<u>(Ps 38,586)</u>	<u>(Ps 10,019)</u>
Total commissions and rates charged - Net	<u>(Ps 51,214)</u>	<u>(Ps -38,586)</u>	<u>(Ps 10,019)</u>
h. Other income and expenses			
Recovery of insurance expenses	Ps 9,560	Ps 17,162	Ps 35,103
Other income	16,032	12,376	85,921
Recovered taxes	-	11,577	-
Other expenses	<u>(9,235)</u>	<u>(4,491)</u>	<u>(2,350)</u>
Total other income and expenses - Net	<u>Ps 16,357</u>	<u>Ps 36,624</u>	<u>Ps 118,674</u>
i. Administrative and promotion expenses			
Personnel management	Ps 401,659	Ps 413,400	Ps 266,578
Administrative expenses	144,784	111,115	104,557
Advertising expenses	38,501	17,425	51,955
Depreciation and amortization	34,691	13,425	20,257
Other expenses	109,531	89,278	50,410
Communications	6,950	4,469	8,554
Leasing	48,809	42,588	17,650
Insurance	11,107	11,154	7,712
Electric power	<u>1,376</u>	<u>526</u>	<u>7,422</u>
Total administration and promotion expenses	<u>Ps 797,408</u>	<u>Ps 703,380</u>	<u>Ps 535,095</u>

Note 20 - Memorandum accounts:

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Following is the breakdown of memorandum accounts for the years ended on December 31, 2016 and 2015:

	Year ended December 31,	
	2016	2015
Accounts receivable under trust	Ps 16,026,862	Ps 10,887,655
Own lease fees receivable	<u>5,116,118</u>	<u>2,253,849</u>
Other recording accounts	<u>Ps 21,142,980</u>	<u>Ps 13,141,504</u>

Note 21 - New accounting pronouncements:

Accounting criteria

On January 6, 2017, the Official Gazette published the ruling amending the General Provisions applicable to Lending Institutions, whereby the methodology for estimating preventive reserves and rating loan portfolios is amended so as to properly hedge consumer loan portfolios. This ruling is effective as of June 1, 2017. Those amendments are not expected to significantly affect the financial information presented by the Company.

Following are the MFRS issued by the CINIF in December 2013, 2014 and 2015, which come into force in 2018. Those MFRS are not expected to significantly affect the financial information presented by the Company.

2018

MFRS C-3 “Accounts receivable”. Establishes the valuation, presentation and disclosure standards for initial and subsequent recognition of trade accounts receivable and other accounts receivable in the financial statements. Specifies that contract-based accounts receivable qualify as financial instruments.

MFRS C-9 “Provisions, contingencies and commitments”. Establishes the standards for book recognition of provisions in the financial statements of entities, as well as the standards to disclose contingent assets, contingent liabilities and commitments in those financial statements. Reduces its scope by reallocating the accounting treatment of financial liabilities to MFRS C-19 “Financial instruments payable”. It additionally updated the terminology used throughout the regulatory wording.

ANNEX A:

SUMMARY OF CERTAIN SIGNIFICANT DIFFERENCES BETWEEN *SOFOM* GAAP AND U.S. GAAP

Our Financial Statements are prepared and presented in accordance with *Sofom* GAAP as prescribed by the CNBV. See Note 2 to our Financial Statements. Certain differences exist between *Sofom* GAAP and accounting principles generally accepted in the United States of America, or U.S. GAAP, which would be material to the financial information contained herein if reported under U.S. GAAP. The matters described below summarize those differences. We have not prepared a reconciliation of our Financial Statements and related footnote disclosures, appearing in the offering memorandum, from *Sofom* GAAP to U.S. GAAP and we have not quantified those differences. Accordingly, no assurance is provided that the following summary of differences is complete. In making an investment decision, investors must rely upon their own examination of us, the terms of the offering and the financial information. Potential investors should consult their own professional advisors for an understanding of the differences between *Sofom* GAAP and U.S. GAAP, and how those differences might affect the financial information herein.

Accounting for the Inflation Effects

Mexico

Through December 31, 2007, *Sofom* GAAP required that the comprehensive effects of inflation be recorded in the financial information and that such Financial Statements be restated to present constant pesos as of the latest balance sheet date presented. Beginning January 1, 2008, *Sofom* GAAP modified the accounting for inflationary effects and defines two economic environments: an “inflationary environment” and a “non-inflationary environment.” An “inflationary environment” is one in which the cumulative inflation of the three preceding years is 26.0% or more, in which case the comprehensive effects of inflation should be recognized in financial information; a “non-inflationary environment” is one in which the cumulative inflation of the three preceding years is less than 26%, in which case, no inflationary effects should be recognized in financial information. Since 2008, Mexico is considered to be a non-inflationary economy.

United States

Under U.S. GAAP, companies are generally required to prepare financial statements on a historical cost basis. Specific rules and regulations established by the SEC allow for companies to maintain the effects of inflations in its reconciliation from local GAAP to U.S. GAAP for companies registering securities with the SEC for sale in the United States, when, for local purposes, such company prepares comprehensive price-level adjusted financial statements, as required or permitted by their home-country GAAP. This is because the SEC recognizes that presentation of price-level adjusted financial information in inflationary economies is more meaningful than historical-cost based financial reporting.

Preoperating Costs

Mexico

Through December 31, 2002, under *Sofom* GAAP, preoperating costs incurred were permitted to be capitalized and amortized by us over the period of time estimated to generate the income necessary to recover such costs. Beginning January 1, 2003, only preoperating costs incurred during the development stage are capitalized and all other preoperating costs are expensed as incurred; previously capitalized amounts are permitted to continue to be amortized through December 31, 2008. Beginning January 1, 2009, any remaining unamortized preoperating costs must be written off against retained earnings.

United States

Under U.S. GAAP, preoperating costs should be treated as period expenses and are not capitalized.

Labor Obligations

Mexico

Under *Sofom* GAAP, with respect to recognition of liabilities for post-retirement benefits, entities are permitted to defer the recognition of unrecognized items (such as variations in actuarial assumptions, prior service costs and plan amendments and transition assets or liabilities) and amortize such amounts into the liability over a specified period of time.

United States

Under U.S. GAAP, the accounting for defined benefit post-retirement benefit plans, which include seniority premiums within Mexico, was amended in 2006 such that an employer is required to recognize the overfunded or underfunded status of a defined benefit postretirement plan (other than a multi-employer plan). Accordingly, the related asset or liability should be equal to the projected net liability less any plan assets, such that all unrecognized items are recognized as part of the liability, with an offsetting charge or credit through other comprehensive income.

Deferred Income Tax and Statutory Employee Profit Sharing

Mexico

Sofom GAAP is similar to U.S. GAAP with respect to accounting for deferred income taxes in that an asset and liability approach is required. Under *Sofom* GAAP, deferred tax assets must be reduced by a valuation allowance if it is “highly probable” that all or a portion of the deferred tax assets will not be realized. The determination of the need for a valuation allowance must consider future taxable income and the reversal of temporary taxable differences. Net deferred income tax assets or liabilities are presented within long-term assets or liabilities.

Through 2013, Mexican entities were subject to a dual tax system which included the regular income tax, or ISR, and the Flat Tax. For *Sofom* GAAP purposes, companies must determine whether they are principally subject to regular income tax or Flat Tax in the future and recognize deferred taxes accordingly. If a company determines, based on projections of future taxable income, that it will be both subject to Flat Tax and ISR in the future, the company is required to schedule out the reversal of temporary differences under each tax regime and record the amount that represents the larger liability or the smaller benefit. As a result of the repeal of the Flat Tax tax enacted during 2013, companies are required to eliminate all existing Flat Tax deferred taxes and record deferred taxes arising from ISR with the net effect recognized to earnings.

Under *Sofom* GAAP, through 2007, deferred employee profit sharing is recognized only for timing differences arising from the reconciliation between accounting and taxable income for employee profit sharing purposes, for which it may be reasonably estimated that a future liability or benefit will arise and there is no indication that the liability will not be paid or the benefits will not be realized. Effective January 1, 2008, *Sofom* GAAP was modified such that it now requires a balance sheet methodology for determining deferred employee profit sharing, similar to that used for deferred income taxes.

Sofom GAAP allows the recognition of a net statutory employee profit sharing asset.

United States

Under U.S. GAAP, deferred income taxes are also accounted for using the asset and liability approach. A valuation allowance is recognized to reduce the value of deferred tax assets to the amount that, based on the weight of all positive and negative available evidence, is “more likely than not” to be realized. In order to make this determination, entities must consider future reversals of taxable temporary differences, future taxable income, taxable income in prior carryback years and tax planning strategies. Additionally, if a company has experienced recurring losses, little weight, if any, may be placed on future taxable income as objective evidence to support the recoverability of a deferred income tax asset. Deferred tax assets and liabilities must be classified as current or long-term under U.S. GAAP depending on the classification of the asset or liability to which the deferred relates.

Under U.S. GAAP, through 2012, companies must determine whether they will be principally subject to regular income tax or Flat Tax and recognize deferred taxes accordingly. However, companies that are unable to conclude whether they will be principally subject to Flat Tax and ISR in the future may be required to apply a hybrid approach in which deferred taxes arising from both regular income tax and Flat Tax are recognized. Similar to *Sofom* GAAP, companies replaced all existing Flat Tax deferred taxes with ISR deferred taxes during 2013 in connection with the repeal of the Flat Tax.

U.S. GAAP also requires the use of the balance sheet methodology when calculating deferred employee profit and requires that a related liability be recorded for all temporary differences. U.S. GAAP does not allow the recognition of net deferred employee profit sharing assets.

Impairment of Long-Lived Assets in Use

Mexico

Under *Sofom* GAAP, long-lived assets with definite lives, such as property, machinery and equipment, are evaluated periodically in order to determine if a potential impairment indicator exists. The calculation of impairment losses requires the determination of the recoverable value of the assets. Recoverable value is defined as the greater of the net selling price of a cash generating unit and its value in use. Value in use is the present value of discounted future net cash flows.

In addition, under certain limited circumstances, the reversal of previously recognized impairment losses is permitted. Any recorded impairment losses are presented as non-ordinary expenses.

United States

U.S. GAAP requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The carrying amount of an asset is not recoverable when the estimated future undiscounted cash flows expected to result from the use of the asset are less than the carrying value of the asset. Impairment losses are measured as the difference between the carrying value of the asset and its fair value. Any impairment loss recorded for an asset to be held and used establishes a new cost basis and, therefore, cannot be reversed in the future. Impairment losses are classified within operating expenses in the statement of income.

Fair Value of Financial Instruments

Mexico

Sofom GAAP defines fair value as the amount an interested and informed market participant would be willing to exchange for the purchase or sale of an asset or to assume or settle a liability in a free market. This definition can consider either an entry or an exit price.

United States

U.S. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This definition only considers an exit price. Consideration must be given to the principal and most advantageous market and the highest and best use of the asset.

Furthermore, U.S. GAAP establishes a three-level hierarchy to be used when measuring and disclosing fair value in a company's financial statements. Categorization within the fair value hierarchy is based on the lowest level of significant input to its valuation. The following is a description of the three hierarchy levels:

- Level 1 — Quoted prices for identical instruments in active markets.
- Level 2 — Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.

- Level 3 — Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

Allowance for Loan Losses

Mexico

Sofom GAAP requires a specific methodology to determine the allowance for loan losses, which takes into account specific criteria for the financial sector defined by the CNBV, that takes into consideration the value of the loan, the credit rating of the borrower (including country, financial and industry risk and payment experience) and any credit enhancements. Based on these factors, the CNBV prescribes a range of loss percentages that are to be applied to the value of the loan in order to determine the amount of the loan loss to be provisioned. Loan loss percentages are calculated by the CNBV based on either an expected loss model or an incurred loss model depending on the classification of the loan.

United States

U.S. GAAP establishes that for larger, non-homogeneous loans, once an entity determines that a loan is impaired (meaning that it is probable that the entity will be unable to collect all amounts due (both principal and interest) according to the contractual terms of the loan agreement), the entity shall measure impairment based on the present value of expected future cash flows discounted at the loan's effective interest rate. The estimates surrounding credit losses for U.S. GAAP purposes are based on an incurred loss model. For practical purposes, entities may also measure impairment based on a loan's observable market price, or the fair value of the collateral if the loan is collateral dependent. Fair value of the collateral must be used when foreclosure is deemed probable.

For smaller-balance homogeneous loans, entities should collectively evaluate the loans for impairment, using a formula based on various factors to estimate an allowance for loan losses, including past loss experience, recent economic events and current conditions, geographical concentrations and portfolio delinquency rates.

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