

UNIFIN Financiera, S.A.B. de C.V. announces measures in response to COVID-19

Mexico City, Mexico, March 25, 2020 – In the past couple of weeks, as COVID-19 has spread further across regions, concerns on the overall economic cost of the measures to combat the virus have deepened globally. While at the outset the impact was considered largely limited to the 1Q20 and to certain regions and industries, today’s outlook has significantly deteriorated. Most financial analysts already foresee a global recession deeper than that seen in the 2009 crisis. However, monetary and fiscal stimuli from developed countries could help mitigate the economic impact.

In Mexico it is premature to quantify the damage that the COVID-19 will cause to the economy. The extent of the impact will depend largely on the external environment and, within Mexico, on the measures taken by the government and private companies to prevent a deeper outbreak of COVID-19, as well as how long such measures will last. The companies that might face the greatest damage will likely be those related to tourism, restaurants, passenger transport, discretionary consumption, energy and some manufacturing sectors. Followed, to a lower degree, by services, consumer staples, and telecommunications. Also, as long as volatility persists in the financial markets, most companies and consumers will be affected by the expected sharp decline in GDP, depreciation of the exchange rate and the disruption in credit markets.

At UNIFIN we are adjusting our business plan and operating procedures in light of this new and negative situation.

First, and most important, the health, safety and wellbeing of our employees, customers and the broader community, remains our top priority. We have implemented our Corporate Business Continuity Plan (BCP), which allows us to operate with as little disruption as possible and protect the health of our employees and customers via remote working, among other measures. To this date, since implementing these measures, we have seen no material impact on our operations, nor systems.

Second, we are taking strong measures to protect our leasing portfolio and mitigate possible risks, while maintaining support and credit for our clients. We have decreased new originations and will be supporting existing clients through working capital facilities that will have cross-default provisions. We are implementing precautionary measures to monitor the quality of the portfolio. Our commercial force is in continuous contact with our clients and is working alongside them to understand their situation and needs. We have also redefined a rigorous risk scorecard, where we consider the sectors that could suffer a greater impact from the COVID-19. Throughout this, we shall remain an important source of liquidity for SMEs in Mexico.

Third, we are working closely with different local, foreign, and development banks to expand our credit lines. With these measures, we are securing liquidity and business continuity. Management will not jeopardize the health of the business for growth under any circumstances.

UNIFIN is well positioned to withstand the current challenging environment. The liquidity gap between assets and liabilities, in addition to the new credit lines, shall be sufficient to meet our liquidity needs for the year and pay off outstanding amortizations. Moreover, our outstanding dollar denominated debt is hedged into pesos, following our prudent risk management approach.



Our senior leadership remains vigilant and is monitoring the situation in real time and responding rapidly as conditions evolve. The Company's priority is guaranteeing cashflow to secure the continuity of business, while taking care of our stakeholders' interests. The Company remains steadfast in serving our clients through these complex times.

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