

# UNIFIN | PODER PARA TU NEGOCIO

UNIFIN FINANCIERA S.A.B. DE C.V. | [unifin.com.mx](http://unifin.com.mx)

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## 2020 Earnings Conference Call

**Date: Thursday, July 24, 2020**

**Time: 12:00 p.m. Eastern Time / 11:00 p.m. Mexico City time**

**Presenting for UNIFIN:**

**Mr. Sergio Camacho - Chief Executive Officer**

**Mr. Sergio Cancino - Chief Financial Officer**

**Mr. David Pernas - Director, IR & Corporate Finance**

**Webcast invitation click here: [UNIFIN 2020](#)**

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**FTSE BIVA**

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## UNIFIN reports a 7.4% increase in Interest Income, reaching Ps. 2,804 million in 2Q20; Financial Margin grew 16.6% during the quarter

Mexico City, July 23<sup>rd</sup>, 2020 – UNIFIN Financiera, S.A.B. de C.V. (“UNIFIN” or “the Company”) (BMV: UNIFINA), announces its results for the second quarter of 2020 (“2Q20”). The Financial Statements have been prepared based on International Financial Reporting Standards (“IFRS”), in accordance with the accounting criteria of the Mexican National Banking and Securities Commission (“CNBV”) and filed with the Mexican Stock Exchange (“BMV”).

### 2Q20 Highlights

- The Company has signed three new credit facilities; 1) the increase of our Nafin/Bancomext credit facility for a total amount of 6.2 billion pesos, of which 2.7 billion is incremental capacity, 2) a new credit line with a local commercial bank amounting to 5 billion pesos and 3) successfully refinance 70 million dollar facility with Barclays Bank. We are also in the process of closing the refinancing of 300 million dollars related to market securitizations that are currently under an amortizing schedule.
- The Company successfully renewed all the revolving lines maturing during the quarter.
- During 2020 the company repurchased the equivalent of USD 26 million in face value bonds, generating a one-off gain of Ps. 134 million
- As a consequence, the Company’s credit ratings, including those related to lease securitizations, were reaffirmed by S&P and Fitch.
- **Interest income** in 2Q20 rose by 7.4% vs. 2Q19 to Ps. 2,804 million, mainly driven by income from the leasing and auto loans businesses.
- The **weighted average funding cost** decreased to 9.9% in 2Q20 from 10.1% in 2Q19
- **Financial margin** in 2Q20 ended at Ps. 1,068 million, a 16.6% increase compared to 2Q19, reflecting the Company’s ability to control interest costs throughout the quarter.
- The **loan loss reserve** for 2Q20 was Ps. 628 million, an increase of 20x vs. 2Q19.
- **OPEX** as percentage of sales improved by 20 bp to 13.3% in 2Q20 from 13.5% in 2Q19.
- **Net income** for 2Q20 closed at Ps. 261 million compared to Ps. 453 million in 2Q19.
- The **total loan portfolio** amounted to Ps. 63,826 million in 2Q20, while NPL ratio stood at 5.7% and our loan loss reserve coverage was 50.8%.
- **Capitalization ratio** excluding MTM was 20.4%.



## Financial Summary

Figures in Million Pesos

Financial Metrics	2020	2019	Var. %	6M20	6M19	Var. %
<b>Interest income</b>	<b>2,804</b>	<b>2,611</b>	7.4%	<b>5,730</b>	<b>5,011</b>	14.4%
Interest cost	1,736	1,696	2.4%	3,538	3,225	9.7%
<b>Financial margin</b>	<b>1,068</b>	<b>915</b>	16.6%	<b>2,192</b>	<b>1,786</b>	22.8%
<b>Financial margin (as % of income)</b>	<b>38.1%</b>	<b>35.0%</b>		<b>38.3%</b>	<b>35.6%</b>	
Loan loss reserves	628	30	1993.2%	755	89	747.3%
<b>Adjusted financial margin</b>	<b>440</b>	<b>885</b>	(50.3%)	<b>1,438</b>	<b>1,697</b>	(15.3%)
Admin. expenses	372	352	5.5%	744	677	10.0%
<b>Operating income</b>	<b>8</b>	<b>490</b>	(98.3%)	<b>579</b>	<b>930</b>	(37.8%)
<b>Operating income margin</b>	<b>0.3%</b>	<b>18.8%</b>		<b>10.1%</b>	<b>18.6%</b>	
Comprehensive financing result	373	115	225.4%	252	185	35.6%
<b>Net income before tax</b>	<b>323</b>	<b>547</b>	(40.8%)	<b>844</b>	<b>1,135</b>	(25.6%)
<b>Net income</b>	<b>261</b>	<b>453</b>	(42.3%)	<b>674</b>	<b>926</b>	(27.3%)
<b>Net income margin</b>	<b>9.3%</b>	<b>17.3%</b>		<b>11.8%</b>	<b>18.5%</b>	
<b>Operating Metrics</b>						
<b>Total portfolio</b>				<b>63,826</b>	<b>50,386</b>	<b>26.7%</b>
Leasing				47,717	38,557	23.8%
Factoring				2,282	2,863	(20.3%)
Auto loans				2,927	2,851	2.6%
Structured leasing & other loans				10,900	6,115	78.3%
<b>NPL ratio</b>				<b>5.7%</b>	<b>3.8%</b>	
<b>Key Financial Indicators</b>						
<b>Net Interest Margin (NIM)</b>				7.1%	7.9%	
<b>Efficiency ratio</b>				40.4%	42.4%	
<b>ROAA</b>				2.2%	3.4%	
<b>ROAE</b>				17.1%	22.2%	
<b>ROAE (excl. Perpetual Bond)</b>				29.0%	42.5%	
<b>Capitalization (equity / net loan portfolio)</b>				18.0%	19.7%	
<b>Capitalization (excl. MTM)</b>				20.4%	21.4%	
<b>Equity / total assets</b>				12.5%	14.6%	
<b>Financial leverage (excl. ABS)</b>				5.5x	3.8x	
<b>Financial leverage (excl. ABS and MTM)</b>				4.9x	3.5x	
<b>Total leverage (excl. ABS)</b>				5.8x	4.1x	

## Message from the CEO

During the second quarter of 2020, governments worldwide struggled with the complex decision to go under a full lockdown, despite the devastating economic effects of such measure. Thus, policymakers launched unprecedented fiscal and monetary measures to mitigate the economic impact of the pandemic and prevent a liquidity and financial crunch. The prompt and effective response of governments and Central Banks, prevented a major meltdown of the global economy and financial markets, allowing a faster recovery than the one that would have been observed without the implementation of such policies. Nonetheless, the economic damage has been severe, the International Monetary Fund (IMF) foresees a 4.9% contraction of the global economy, the greatest since the 1929 Great Depression. However, the key differentiating factor within this crisis is that it was self-induced by lockdown policies, therefore the path back should be faster than in previous episodes. Moreover, key data after the reopening of activities in Asia, Europe and the United States, has shown an economic upturn, especially in the labor sector. In this regard, the positive data and the expansionary measures, in addition to the medical advances in the development of a vaccine and treatments against COVID-19, have created a moderate optimism amongst investors. During the second quarter, the Morgan Stanley Capital International Index (MSCI) recovered nearly 75% from the decline observed between February and March. Likewise, sovereign bond rates decreased, the US dollar index depreciated, stock markets surged, and the price of commodities rebounded substantially, particularly in the energy sector.

In Mexico, the dynamics were similar to those observed abroad. Mbonos rates decreased around 160 basis points (b.p.), the exchange rate appreciated by almost 3%, while the IPC (for its acronym in Spanish) grew by 9%. Similar to central banks around the globe, Banco de México (Banxico) implemented easing monetary policies. During the second quarter, Banxico made additional cuts to its reference rate by 150 b.p., and announced several measures to promote the well-functioning of financial markets, provide liquidity to the financial system, and avoid a credit crunch. However, fiscal stimulus in Mexico has significantly lagged its G-20 counterparties.

Moreover, the economic impact of lockdown policies has been deeper in Mexico, due to the high exposure of workers to the informal sector, the limited fiscal support from the government, the uncertainty in policies regarding the energy sector, as well as the high dependence of the country to the already depressed US economy. Therefore, the IMF estimates a 10.5% GDP contraction in 2020. However, in the upcoming months, and once the health contingency has passed, a rebound in economic activity is anticipated, driven mainly by three factors: the rebound in the US economy, the start of the USMCA, and the easing monetary policies. Thus, the IMF estimates an increase of the Mexican economy of 3.3% in 2021, higher than previously anticipated.

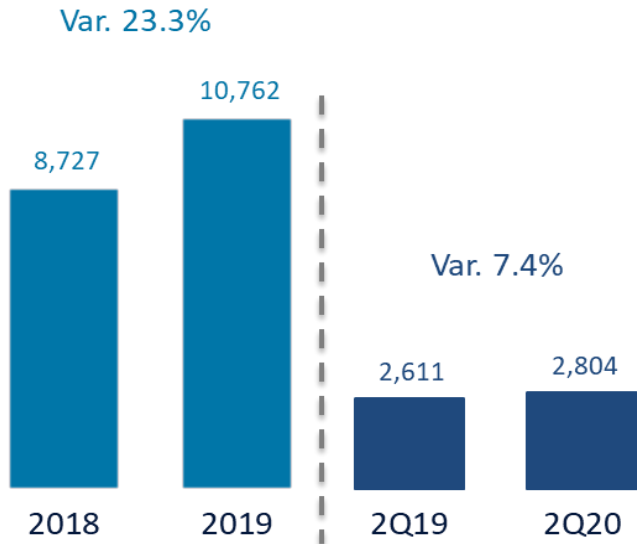
In the face of this situation, in Unifin we are focused on managing the fallout from the economic recession and positioning us for the recovery. I am pleased to report that in the second quarter, we kept our non-performing loans below 6%, we were able to refinance maturing credit lines, keep liquidity levels high and positive profit. In order to position our business for the recovery, Uniclick and new cross selling initiatives should help cut customer acquisition costs and improve efficiency.

Despite the extremely complex environment, we remain confident that Unifin will emerge stronger and better able to serve credit-constrained Mexico's SMEs.

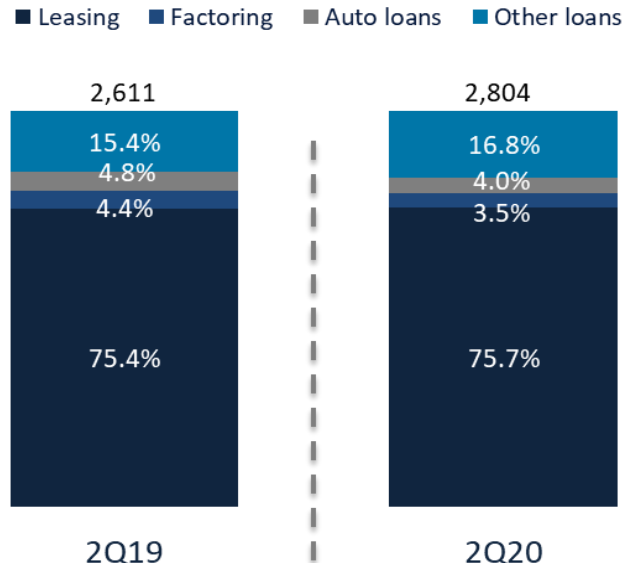
**Sergio Camacho**



## Interest Income



## Income Distribution



In 2Q20, **interest income** increased by 7.4% compared to the same period of the last year, reaching Ps. 2,804 million. The variation was mainly driven by portfolio growth in our leasing business. **Leasing interest** increased by 7.8% to Ps. 2,122 million. **Factoring interest** increased by 14.4% reaching Ps. 99 million, while **auto loans interest** grew by 10.4%, accounting for Ps. 113 million in 2Q20. **Interest income and commissions from other loans** accounted for Ps. 470 million a 17.1% increased versus the previous year, which includes the income from our business line structured leasing and working capital credit loans business lines.

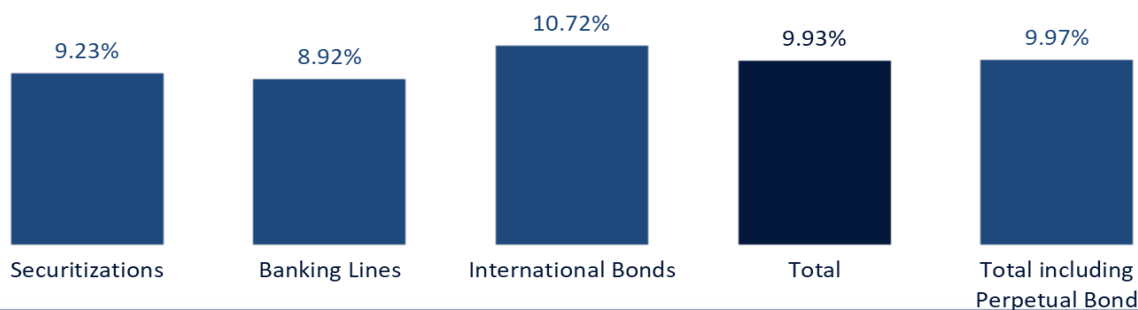
**Interest costs** for 2Q20 increased by 2.4%, to Ps. 1,736 million, explained by a strict control in debt incurrence in addition to the repurchase of USD 26 million in face value of our bonds. This resulted in a positive impact of Ps. 134 million reported under interest costs.

During the quarter, the weighted average funding cost decreased to 9.9% due to quantitative easing policies and strategic financing activities conducted over the last 12 months. Interest costs have been falling on a sequential basis since the second half of 2019 due to lower costs associated with new funding agreements and Banxico's easing cycle.

Cost of funding	2020	2019	Var. %
<b>Cost of funding</b>	<b>9.93%</b>	<b>10.10%</b>	<b>-17 bps</b>

Breakdown:

Interest rate	-17 bps
Increase due to increase in our debt	0 bps

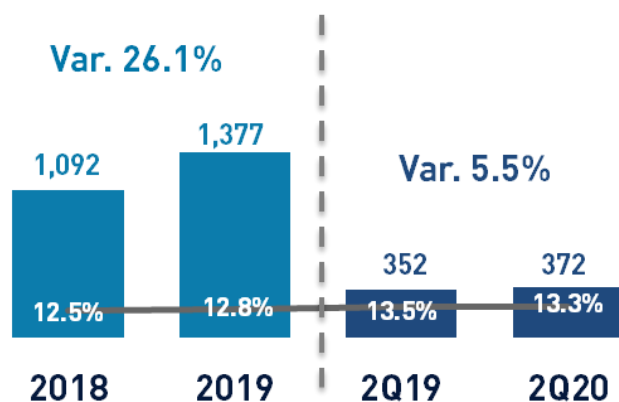


The **financial margin** for the quarter increased by 16.6%, compared to 2Q19, reaching Ps. 1,608 million pesos. This improvement comes from higher interest income from our different business lines and limiting our interest costs during the quarter. As a result, the financial margin as a percentage of sales was 38.1% in 2Q20. However, the annualized **NIM** contracted 70 basis points to 7.1% in 2Q20 vs. 2Q19, explained by the deceleration of our business due to current economic conditions.

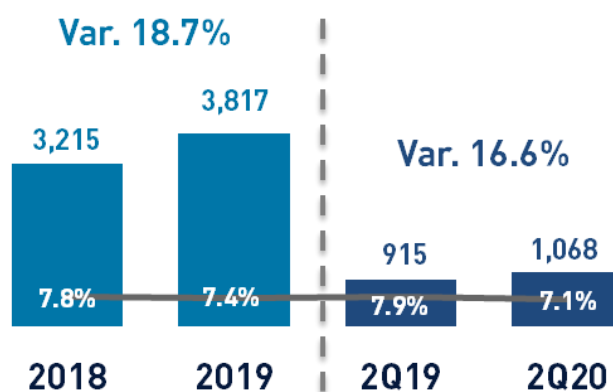
The **loan loss provision portfolio** for 2Q20 increased by 20x to 628 million, consistent with the current economic conditions and the Company's strategy for the COVID-19 pandemic. As a result, the **adjusted financial margin** closed at 440 million, a decrease of 50.3% compared to the same quarter of last year.

**Administrative expenses** consisting of investments in marketing and promotion, administrative services, legal, and professional fees, increased by 5.5% compared to 2Q19, reaching Ps. 372 million. This increase is mainly attributable to the Company's substantial efforts related to our business intelligence and Uniclick business branches. However, **OPEX's** percentage of sales improved by 20 basis points in 2Q20 to 13.3% vs. 13.5% in 2Q19.

## Admin. Expenses and OPEX



## Financial Margin and NIM

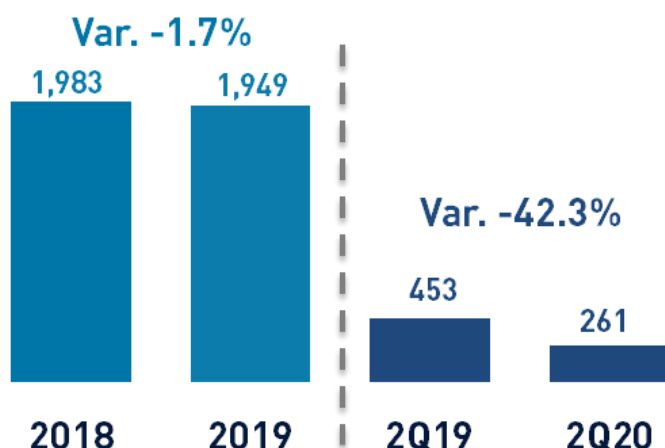


Expenses	2020	2019	Var. %
Administrative services	190	191	(1.0%)
Legal and professional fees	56	51	11.5%
Other administrative expenses	126	110	13.9%
<b>Administrative Expenses</b>	<b>372</b>	<b>352</b>	<b>5.5%</b>
Depreciation of own equipment	53	29	82.1%
Loss (profit) on sale of fixed assets	6	13	(52.6%)
<b>Other Expenses</b>	<b>60</b>	<b>43</b>	<b>39.8%</b>
<b>Total Expenses</b>	<b>431</b>	<b>395</b>	<b>9.2%</b>

The **financing result** for the quarter reported a net gain of Ps. 307 million, mainly explained by two factors, 1) unwinds related to the repurchase and cancellation of notes in face value amount of USD 26.1 million, and 2) adjustments made to some of our hedging derivatives by taking advantage of the positive MTM valuation due to FX and rates variations throughout the year.

The **consolidated net income** for the quarter fell by 42.3%, closing at Ps. 261 million, compared to Ps. 453 million in 2Q19, primarily attributed to the creation of loan loss reserves, as a result of implementing risk-related strategies in response to the current global situation and lower origination volumes across our business lines.

## Net Income



## Balance Sheet

### Financial Assets

The **total loan portfolio** reached Ps. 63,826 million in 2Q20, an increase of 26.7% compared to the portfolio of Ps. 50,386 million reported in 2Q19, due to new originations over the past 12 months.

Leasing	6M20	6M19	Var. %
Net loan portfolio	46,305	37,789	22.5%
Non-performing loans	3,243	1,739	86.5%
Loan loss reserve	(1,412)	(768)	83.8%
<b>Total loan portfolio</b>	<b>47,717</b>	<b>38,557</b>	<b>23.8%</b>
Factoring	6M20	6M19	Var. %
Net loan portfolio	2,034	2,741	(25.8%)
Non-performing loans	248	122	103.3%
Loan loss reserve	(248)	(122)	103.3%
<b>Total loan portfolio</b>	<b>2,282</b>	<b>2,863</b>	<b>-20.3%</b>
Auto, Structured Leasing & Other loans	6M20	6M19	Var. %
Net loan portfolio	13,627	8,894	53.2%
Non-performing loans	166	72	132.3%
Loan loss reserve	(199)	(72)	177.9%
<b>Total loan portfolio</b>	<b>13,826</b>	<b>8,966</b>	<b>54.2%</b>
Total Loan Portfolio	6M20	6M19	Var. %
Net loan portfolio	61,967	49,424	25.4%
Total non-performing loans	3,657	1,933	89.2%
Loan loss reserves	(1,859)	(962)	93.3%
<b>Total loan portfolio</b>	<b>63,826</b>	<b>50,386</b>	<b>26.7%</b>

**Non-performing loans** as a percentage of the total loan portfolio represented 5.7% in 2Q20 versus 4.3% in 1Q20, reaching Ps. 3,657 million. The NPL coverage ratio was 50.8% for 2Q20.





Aging balances (days)	Leasing	Factoring	Auto & other loans	Total	% Total
0 - 30	38,076	2,034	13,660	53,770	84.2%
31 - 60	2,810	13	45	2,868	4.5%
61 - 90	3,588	43	22	3,653	5.7%
>90	3,243	193	100	3,535	5.5%
<b>Total Portfolio</b>	<b>47,717</b>	<b>2,282</b>	<b>13,826</b>	<b>63,826</b>	<b>100%</b>
Loan loss reserve	(1,412)	(248)	(199)	(1,859)	

The **loan loss reserve** for 2Q20 ended at Ps. 1,859 million, an increase of 93.3% compared to Ps. 962 million in 2Q19. These provisions are created according to our loan loss reserve policy attached to the guidelines defined by IFRS on an expected loss basis. For the leasing portfolio, the expected loss provision is based on historic payment behavior, the current environment and a reasonable provision for future payments. The recovery value of leased assets, which were more than 90 days past-due, was Ps. 2,918 million in 2Q20. The estimated break-even value of these assets was 62.7% as of 2Q20; as shown in the table below. It is relevant to highlight that UNIFIN's current loan loss reserve contains sufficient capital to account for potential loan losses in the short and long-term.

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

% Recovery	Est. Recovery value	NPL +90	Gain (loss)	Potential charge-off
100.0%	2,918	3,243	(324)	1,088
90.0%	2,627	3,243	(616)	796
80.0%	2,335	3,243	(908)	504
75.0%	2,189	3,243	(1,054)	358
<b>62.7%</b>	<b>1,831</b>	<b>3,243</b>	<b>(1,412)</b>	<b>0</b>
<b>Reserve</b>	<b>(1,412)</b>			

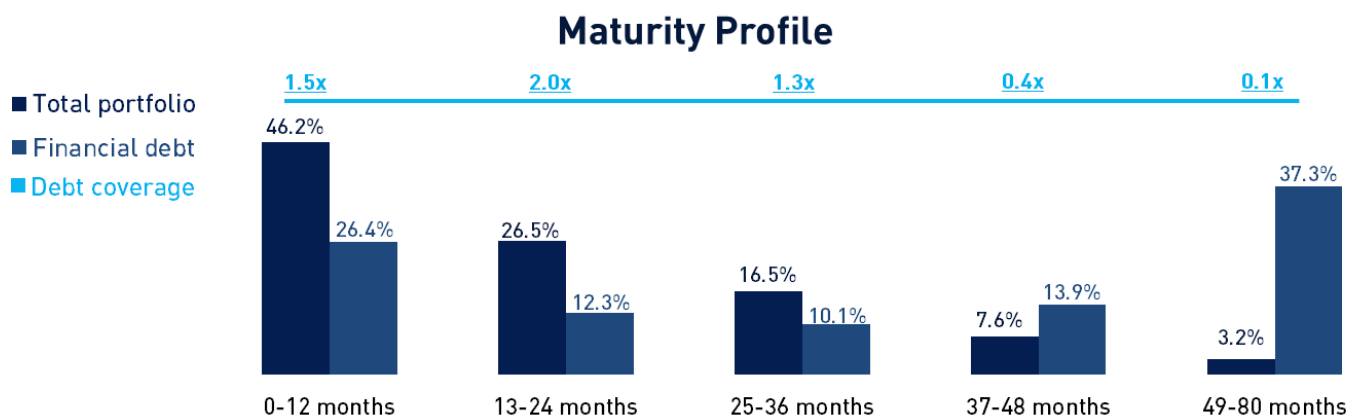
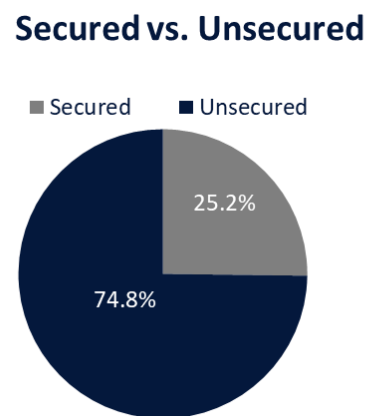
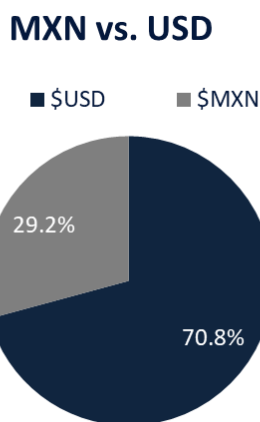
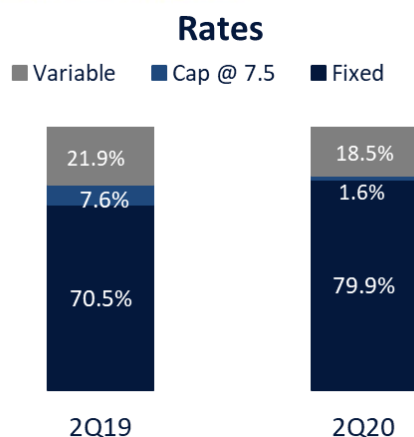
## Financial Liabilities

**Financial liabilities** at the end of June, 2020 were Ps. 74,394 million, an increase of 37.9% compared to Ps. 53,949 million in 2Q19, attributed mainly to depreciation of the Mexican peso and portfolio growth. The weighted average term of the liabilities was 43 months vs. 30 months for the total portfolio. During the 2Q20 the Company repurchased and canceled USD 26 million of our outstanding international notes.

Financial Liabilities	6M20	% total	6M19	% total	Var.%
International Notes	41,119	55.3%	21,411	39.7%	92.0%
Revolving lines	8,115	10.9%	7,951	14.7%	2.1%
Term loans	12,587	16.9%	7,804	14.5%	61.3%
Securitized assets	12,573	16.9%	16,782	31.1%	(25.1%)
<b>Total Financial Liabilities</b>	<b>74,394</b>	<b>100.0%</b>	<b>53,949</b>	<b>100.0%</b>	<b>37.9%</b>

In 2Q20, fixed rate **debt** accounted for 80% of the total debt, with the remaining 20% at a variable rate.





The short term financial debt of Ps. 19,667 million (or 18.7% of total financial debt) maturing in the next 12 months is composed as follows: 1) banking lines account for Ps. 13,948 million; 2) securitizations represent Ps. 4,643 million; and 3) international notes account for Ps. 1,076 million corresponding to the payment of interest coupons for the next 12 months. Regarding the revolving lines we have successfully renewed Ps. 12,737 million during 2020.

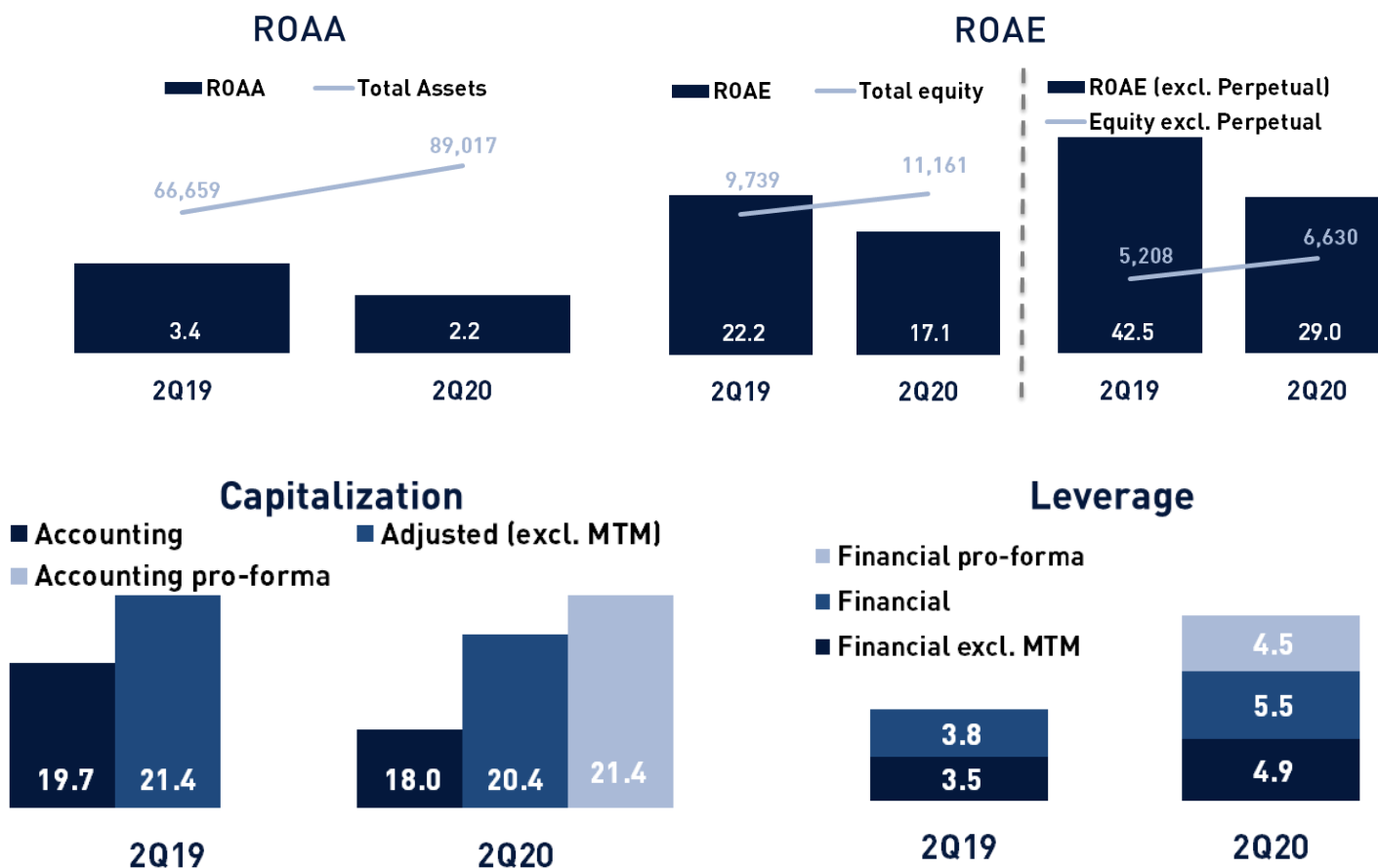
**Stockholders' equity** closed at Ps. 11,161 million, an increase of 14.6% compared to Ps. 9,739 million in 2Q19, driven mainly by higher retained earnings and other capital accounts, which refers to the difference between the fair value (or market value) and the acquisition cost of the operating asset.

## Financial Ratios

At the end of 2Q20, **ROAA** stood at 2.2%. The **ROAE** was 17.1% and excluding the perpetual bond closed at 29.0%.

The **capitalization ratio** for the period was 18.0%, while the financial leverage ratio was 5.5x affected by the high volatility of the Mexican peso at quarter-end. Excluding MTM valuations from our capitalization and leverage ratios, Capitalization for the quarter was 20.4%, while the leverage ratio stood at 4.9 times. This is significant because given accounting criteria, our financial assets and liabilities denominated in USD present variations as rates and the FX move, hence virtually offsetting our accounting capital position in our capitalization and leverage metrics).





\*Pro-forma: capitalization for Ps. 2,520 million

## Operational Summary

In the first half of the year, the Company's **total origination volume** ended at Ps. 10,375 million, a decrease of 36.7% vs 6M19. The lower origination volume is mainly a consequence of the slowdown in our leasing and auto loans business, as a result of implementing selective origination standards and a redefinition in our risk scorecard to manage the current global situation as a result for the COVID-19 pandemic. Given that we renegotiated credits with many of our clients the deferral of payments resulting in slowing origination in order to prioritize the liquidity of the Company.

### By Business Line

Leasing	6M20	6M19	Var.%
Origination volume (in Ps. million)	5,703	9,508	(40.0%)
Total Portfolio balance (in Ps. million)	47,717	38,557	23.8%
WAVG (months)	31		
Number of clients	5,193		
Average ticket (in Ps. million)	11.5		
Factoring	6M20	6M19	Var.%
Origination volume (in Ps. million)	4,572	6,011	(23.9%)
Total Portfolio balance (in Ps. million)	2,282	2,863	(20.3%)
WAVG (days)	97		
Number of clients	899		
Average ticket (in Ps. million)	3.1		



<b>Auto loans</b>	<b>6M20</b>	<b>6M19</b>	<b>Var.%</b>
Origination volume (in Ps. million)	602	870	(30.8%)
Total Portfolio balance (in Ps. million)	2,927	2,851	2.6%
WAVG (months)	33		
Number of clients	1,243		
Average ticket (in Ps. million)	2.4		

### By Geographic Zone

<b>Leasing</b>		<b>Factoring</b>		<b>Auto loans</b>	
Mexico City & metro	60.4%	Mexico City & metro	85.1%	Mexico City & metro	95.6%
Nuevo Leon	8.3%	Nuevo Leon	4.8%	Guanajuato	2.5%
Coahuila	5.3%	Jalisco	3.8%	Queretaro	0.3%
Veracruz	3.0%	Veracruz	2.7%	Nuevo Leon	0.2%
Sonora	2.4%	Durango	0.9%	Nayarit	0.2%
Jalisco	2.4%	Puebla	0.7%	Colima	0.2%
Others	18.2%	Others	2.0%	Others	1.0%
	100.0%		100.0%		100.0%

### By Economic Sector

<b>Leasing</b>		<b>Factoring</b>		<b>Auto loans</b>	
Services	44.8%	Services	46.4%	Services	65.9%
Industry & mfg.	33.5%	Industry & mfg.	25.2%	Transportation	29.0%
Commerce	9.8%	Commerce	24.0%	Commerce	3.3%
Construction	7.0%	Transportation	3.5%	Industry & mfg.	1.4%
Transportation	4.9%	Construction	0.9%	Construction	0.4%
	100.0%		100.0%		100.0%

### By Type of Asset

<b>Leasing</b>	
Transportation	31.6%
Machinery	31.7%
Others	36.7%
	100.0%

## Other Relevant Events

**April 7, 2020** – UNIFIN informs of the actions taken by HR Ratings as a result of the downgrade in the sovereign rating of Mexico on April 1, 2020.

**April 14, 2020** – UNIFIN postpones Ordinary Annual General Shareholders Meeting due to COVID-19.

**May 21, 2020** – UNIFIN announces Proposal to Carry Out a Capital Increase.

**June 5, 2020** – Board of directors approves Capital Increase.

**June 16, 2020** – UNIFIN announces the resubmission of its annual report for the fiscal year ended December 31<sup>st</sup> 2018. This resubmission includes observations made by the National Banking and Securities Commission no significant changes with respect to the information previously reported.



## Analyst Coverage

### Equity

Institution	Analyst	e-mail
Actinver	Enrique Mendoza	emendoza@actinver.com.mx
Barclays	Gilberto Garcia	gilberto.garcia@barclays.com
Credit Suisse	Marcelo Telles	marcelo.telles@credit-suisse.com
Scotiabank	Jason Mollin	jason.mollin@scotiabank.com

### Fixed Income

Institution	Analyst	e-mail
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## About UNIFIN

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

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

## Income Statement

Figures in Ps. million	2020	2019	Var. %	6M20	6M19	Var. %
Int income from leasing	2,122	1,968	7.8%	4,362	3,812	14.4%
Int income from factoring	99	115	(14.4%)	248	239	3.8%
Int income from auto loans	113	126	(10.5%)	241	208	16.2%
Int income and commissions from other loans	470	402	17.1%	879	752	16.8%
<b>Interest income</b>	<b>2,804</b>	<b>2,611</b>	<b>7.4%</b>	<b>5,730</b>	<b>5,011</b>	<b>14.4%</b>
Interest cost	1,736	1,696	2.4%	3,538	3,225	9.7%
<b>Financial margin</b>	<b>1,068</b>	<b>915</b>	<b>16.6%</b>	<b>2,192</b>	<b>1,786</b>	<b>22.8%</b>
Loan loss reserve portfolio	628	30	1993.2%	755	89	747.3%
<b>Adjusted financial margin</b>	<b>440</b>	<b>885</b>	<b>(50.3%)</b>	<b>1,438</b>	<b>1,697</b>	<b>(15.3%)</b>
Administrative services	190	191	(1.0%)	383	389	(1.5%)
Legal and professional fees	56	51	11.5%	119	103	16.1%
Other administrative expenses	126	110	13.9%	242	186	30.6%
Depreciation of own equipment	53	29	82.1%	110	58	89.5%
Loss (profit) on sale of fixed assets	6	13	(52.6%)	5	32	(84.6%)
<b>Operating income</b>	<b>8</b>	<b>490</b>	<b>(98.3%)</b>	<b>579</b>	<b>930</b>	<b>(37.8%)</b>
Foreign exchange loss, net	267	(34)	(894.6%)	132	24	451.6%
Other income (expenses) products	(1)	(10)	(92.2%)	(3)	(17)	(84.1%)
Interest on investments	67	77	(13.4%)	147	144	1.8%
Other income (expenses) products	(26)	14	(286.0%)	(24)	35	(169.9%)
<b>Profit (loss) before results of associated companies</b>	<b>315</b>	<b>538</b>	<b>(41.3%)</b>	<b>830</b>	<b>1,115</b>	<b>(25.6%)</b>
Results of associated companies	8	9	(10.9%)	14	20	(28.5%)
Income tax	62	94	(33.7%)	170	209	(18.4%)
<b>Net income</b>	<b>261</b>	<b>453</b>	<b>(42.3%)</b>	<b>674</b>	<b>926</b>	<b>(27.3%)</b>

## Balance Sheet

Figures in Ps. million	6M20	6M19	Var. %
<b>Assets</b>			
Cash & cash equivalents	3,511	4,765	(26.3%)
Net loan portfolio	27,621	19,889	38.9%
Financial derivative instruments	739	31	2282.7%
Other current assets	1,325	756	75.2%
<b>Current assets</b>	<b>33,196</b>	<b>25,441</b>	<b>30.5%</b>
Non-current assets held for sale	1,571	1,019	54.1%
Net loan portfolio	34,345	29,535	16.3%
Property, furniture and equipment - net	6,135	835	634.6%
Investment properties	250	168	48.7%
Intangible assets	121	121	0.1%
Financial derivative instruments	9,682	4,057	138.6%
Deferred taxes	3,658	5,435	(32.7%)
Other non-current assets	58	46	26.0%
<b>Non-current assets</b>	<b>54,250</b>	<b>40,198</b>	<b>35.0%</b>
<b>Total assets</b>	<b>89,017</b>	<b>66,659</b>	<b>33.5%</b>
<b>Liabilities and stockholders' equity</b>			
Bank loans	13,948	11,633	19.9%
Debt securities	4,643	3,489	33.1%
Senior notes	1,076	588	83.1%
Sundry creditors	446	570	(21.7%)
Tax payable	164	159	3.6%
Financial derivative instruments	1,068	474	125.1%
Other accounts payable	1,029	1,604	(35.8%)
<b>Current liabilities</b>	<b>22,375</b>	<b>18,516</b>	<b>20.8%</b>
Bank loans	6,755	4,122	63.9%
Debt securities	7,929	13,294	(40.4%)
Senior notes	40,043	20,823	92.3%
Financial derivative instruments	754	164	358.9%
<b>Non-current liabilities</b>	<b>55,481</b>	<b>38,403</b>	<b>44.5%</b>
<b>Total liabilities</b>	<b>77,855</b>	<b>56,920</b>	<b>36.8%</b>
Stockholders' equity	2,582	2,894	(10.8%)
Equity reserve	274	274	0.0%
Retained earnings	3,224	1,971	63.6%
Net income	674	926	(27.3%)
Subordinated perpetual notes	4,531	4,531	0.0%
Other accumulated comprehensive income	(1490)	(857)	73.9%
Other capital accounts	1,366	0	100.0%
<b>Total stockholders' equity</b>	<b>11,161</b>	<b>9,739</b>	<b>14.6%</b>
<b>Total liabilities &amp; stockholders' equity</b>	<b>89,017</b>	<b>66,659</b>	<b>33.5%</b>



## Appendix

### Appendix 1 – Glossary of Metrics

1. **Net interest margin (NIM)** - Calculated as LTM of financial margin / average net portfolio
2. **OpEx** - Calculated as administrative services, legal and professional fees and other administrative expenses divided by total income.
3. **Efficiency ratio** - Calculated as administrative services, legal and professional fees, depreciation and other administrative expenses divided by the sum of gross margin, bank commissions and fees.
4. **NPL ratio** - Calculated as total past-due loan portfolio (leasing, factoring & auto) / total portfolio
5. **Coverage ratio** - Calculated as total past-due loan portfolio / total allowances for loan losses
6. **ROA** - Calculated as consolidated net income / total assets.
7. **ROAA** - Calculated as consolidated net income / average assets for the previous 12 months
8. **ROE** - Calculated as consolidated net income / total stockholders' equity.
9. **ROAE** - Calculated as consolidated annualized net income / average total stockholders' equity for the previous 12 months.
10. **Capitalization** - Calculated as equity / total net loan portfolio
11. **Financial leverage** - Calculated as financial liabilities (excl. securitizations) / equity
12. **Total leverage** - Calculated as total liabilities (excl. securitizations) / equity
13. **EPS** - Calculated as consolidated net income / net outstanding shares

### Appendix 2 – Financial Liabilities

International notes	Outstanding <sup>1</sup>	Maturity	Rate	Currency	Rating <sup>2</sup> S&P/Fitch/HR
UNIFIN 2022	200	Jul-22	Fixed	USD	BB- / BB / BB+
UNIFIN 2023	398*	Sep-23	Fixed	USD	BB- / BB / BB+
UNIFIN 2025	446*	Jan-25	Fixed	USD	BB- / BB / BB+
UNIFIN 2026	297*	Feb-26	Fixed	USD	BB- / BB / BB+
UNIFIN 2028	433*	Jan-28	Fixed	USD	BB- / BB / BB+
<b>Total</b>	<b>1,774</b>				

Securitization	Outstanding <sup>1</sup>	Maturity	Rate	Currency	Rating <sup>3</sup>
Private securitization	2,500	jun-25	Variable	MXN	mxAAAS&P / HRAAA
Private securitization	2,500	mar-25	Variable	MXN	Fitch AAA
UFINCB16	585	feb-21	Variable	MXN	mxAAAS&P / HRAAA
UNFINCB16	609	sep-21	Variable	MXN	mxAAAS&P / HRAAA
UNFINCB16-2	609	sep-21	Fija	MXN	mxAAAS&P / HRAAA
UNFINCB17	1,218	mar-22	Variable	MXN	mxAAAS&P / HRAAA
UNFINCB17-2	1,218	mar-22	Fija	MXN	mxAAAS&P / HRAAA
UNFINCB17-3	2,500	sep-22	Variable	MXN	mxAAAS&P / HRAAA
UNFINCB17-4	1,000	sep-22	Fija	MXN	mxAAAS&P / HRAAA
<b>Total</b>	<b>12,739</b>				

<sup>(1)</sup> Excludes accrued interest and deferred charges

<sup>(2)</sup> International rating

<sup>(3)</sup> Local rating

\*Repurchased bond





Bank Credit Lines	Outstanding <sup>1</sup>	Maturity	Rate
<b>Bank Credit Lines in USD (outstanding amount denominated in MXN)</b>			
Bladex / Nomura	5,104	dec-21	Libor / 4.75
Barclays	1,573	aug-21	Libor / 3.75
Barclays	1,619	jul-21	Libor / 4.25
Deutsche Bank	1,157	sept-20	Libor / 3.75
ResponsAbility	810	oct-22	Libor / 4.50
Blue Orchard	763	feb-24	Libor / 4.30
Banamex	463	Revolving	Libor / 4.50
<b>Bank Credit Lines in MXN</b>			
Nafin	2,500	Revolving	TIIIE / 2.60
Banamex	2,000	Revolving	TIIIE / 2.90
Santander	1,000	Revolving	TIIIE / 3.50
Scotiabank	1,000	Revolving	TIIIE / 2.50
Bancomext	984	Revolving	TIIIE / 2.70
Scotiabank Bilateral	619	Revolving	TIIIE / 3.00
Scotiabank Warehouse	500	Revolving	TIIIE / 2.50
Banamex	500	Revolving	TIIIE / 3.00
<b>Total</b>	<b>20,592</b>		

<sup>(1)</sup> Excludes accrued interest and deferred charges

### Appendix 3 – Company Capital Structure

Shares Structure	Shares As of Jun 2020
Control trust	200,145,886
Employee Trust	12,998,085
Current float	98,001,247
Total shares held in Treasury	34,154,782
<b>Total outstanding shares</b>	<b>345,300,000</b>