CONSOLIDATION

annual report 2016

CONTENTS

For more than 23 years, we have been known for supporting our clients with top-quality financial services.

We are recognized for the solidity and dedication of our lasting alliances with clients.

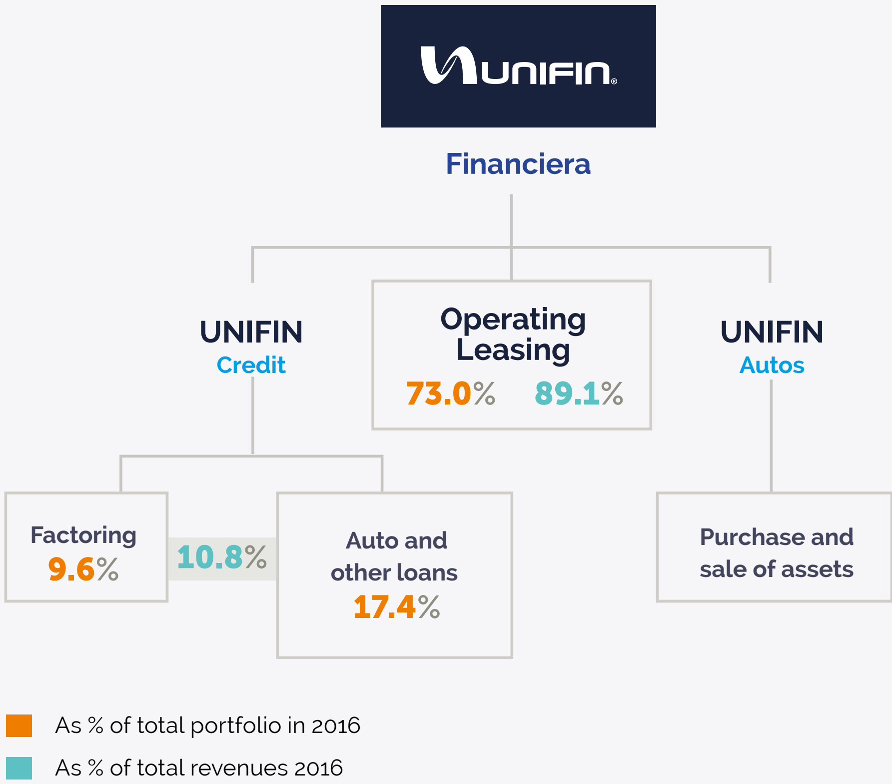
Our goal is to be the leading Company in our market by helping companies grow and building a stronger Mexico.


Together we have surpassed goals, while always foreseeing new challenges.
CONSOLIDATION
We are committed to supporting Mexico's SME talent, reaching unique strength in the market.

Company **PROFILE**

UNIFIN is an independent Company that leads the operating lease industry in Mexico. Its main business lines are operating leasing, factoring, auto loans and other loans. Through our main business line, operating leasing, we lease all types of machinery and equipment, transportation vehicles (cars, trucks, helicopters, airplanes and ships) and other assets for a variety of industries. Through our factoring business, we provide financial and liquidity solutions, purchasing or separating out our clients' receivables or, when necessary, our clients' suppliers' receivables. UNIFIN's auto loan activities involve loans for the acquisition of new or pre-owned vehicles.

Corporate Structure



- #1[1] independent leasing Company in Latin America (23 years of operations)
- Loan portfolio and net earnings have grown at a CAGR[2] of 48% and 53% from 2013 to 2016 respectively
- High profitability, with an ROAE[3] of 24.8% and ROAA[4] of 3.6%, in the past three years
- Solid asset portfolio, with a non-performing loan rate[5] historically under 1%
- Focused on the SME segment

Source: Public Company reports
1 Source: Alta Group, 2015 Report
2 CAGR: Compound annual growth rate
3 ROAE: Return on average equity
4 ROAA: Return on average assets
5 Non-performing loans starting at 31 days late payment

business **LINES**

Operating Leasing

Financial facility for cars, fleets, machinery or productive capital goods, for which a specific term and leasing payments are established. At the end of the contract, the client can sign another contract for new equipment, acquire the property at a given preferred price, or renew the contract for an additional period.

Percentage of portfolio:

16 73.0%

2,645
clients

Financial Factoring

A short-term financing mechanism that enables clients to access resources from their receivables in advance, by assigning the collection rights of these accounts receivable. We have three types of factoring: direct collection, delegated collection or collection from suppliers.

Percentage of portfolio:

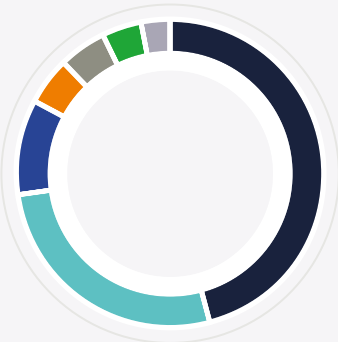
16 9.6%

767
clients

Auto Loans

Credit for SMEs and individuals to acquire both new and pre-owned vehicles.

1,666
clients



46% Mexico City and Metropolitan Area

27% Others (25 states)

10% Nuevo Leon

5% Queretaro

5% Jalisco

4% Puebla

3% Sonora

Geographical distribution
Main market:
SMEs and individuals

30% Services

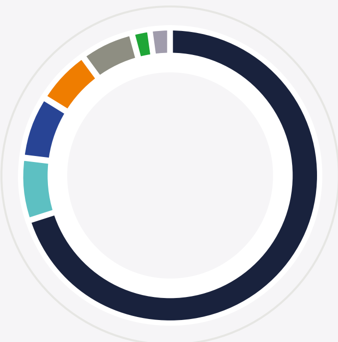
28% Industry and manufacturing

17% Construction

11% Business

14% Transport

Economic sector
Use of credit:
Machinery, sundry equipment and transportation



70% Mexico City and Metropolitan Area

7% Others (25 states)

7% Nuevo Leon

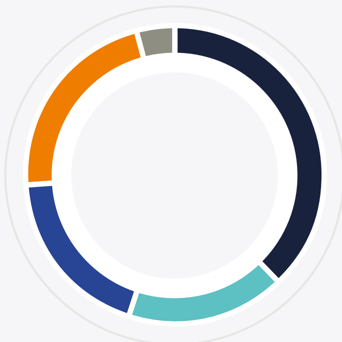
6% Queretaro

6% Jalisco

2% Puebla

2% Aguascalientes

Geographical distribution
Main market:
SMEs and individuals



38% Services

17% Business

19% Construction

22% Industry and manufacturing

4% Transport

Economic sector
Use of credit: working capital

Percentage of portfolio:

16 **3.9%***

** Other loans not included*

Main market:
SMEs and individuals

Use of credit:
Automobiles

SOLID financial position

Our financial health is grounded in our prudent loan origination process, portfolio management, pursuit of diverse funding sources and risk management. Today, we have an unrivalled level of financial and operating strength in the market.

Total portfolio

Ps. 30,142
million

financial **CERTAINTY**

UNIFIN is recognized by its clients, suppliers and investors for the trust it has earned over more than 23 years of sustained, orderly growth, and its unwavering commitment to financial health. One of the factors behind this financial certainty is our broad-based risk diversification across numerous economic sectors and regions. For instance, our largest client accounts for less than 1.2% of our total portfolio. Furthermore, more than 83% of our clients have approved credit lines of less than Ps. 7.5 million.

We have achieved global visibility and an unbeatable relationship with major banks and institutional investors, both local and foreign. Although we have complete confidence in the Company's capacity and scope, we are also highly prudent in our risk appetite, and completely open in our communication with clients and investors. Furthermore, we are continually incorporating, refining and adjusting new mechanisms for comprehensive risk management through tools such as internal audit areas, asset valuation, and collegiate bodies for risk approval.

Our largest client accounts for less than 1.2% of our total portfolio, and more than 83% of our clients have approved credit lines of less than Ps. 7.5 million.

Another of UNIFIN's strengths is our solid corporate governance. Fifty percent of our board members are independent, and all have proven know-how and experience in areas such as finance, law or business management. We also have control bodies and several specialized committees such as anti-money-laundering, all of them headed by members whom are independent from Company operations in order to ensure security and transparency.

PRUDENT
risk management

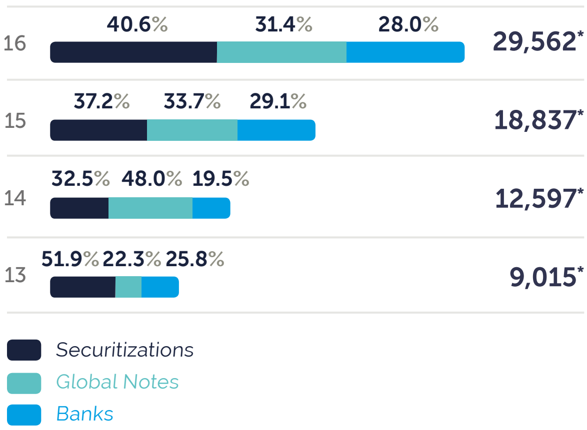
We seek funding sources to support our growth, but always on very conservative terms. This responsible risk management is a cornerstone of UNIFIN's activities today and in the future.

We are always pro-active, even in times of uncertainty, therefore we anticipate possible adverse scenarios and act in advance. For example, we used the US$400 million in proceeds from our September Senior Notes issuance to roll over short-term debt, substantially improving the Company's debt maturity profile. In addition, this transaction helped us enhance the market conditions of our debt. Instead of accruing an extraordinary operating profit by cashing in on hedging gains from outstanding hedges, our operating prudence prompted us to reinvest those gains into new hedges under enhanced conditions, switching to fixed rates, eliminating the risk of rising rates, and hedged our foreign-currency-denominated debt to also suppress the risk of currency fluctuation in scenarios of global economic uncertainty.

With the other two events of the year—two securitizations of Ps. 2,500 million each, the second a milestone in leasing securitizations as it was structured in two tranches, one at fixed-interest rate and another at a floating rate, UNIFIN continues to lower its exposure to floating-rate debt through the increase of fixed-rate funding. Today, 43% of our debt is fixed, 29% is hedged with CAPS on TIIE with an exercise price at 7%, and only 28% remains variable, all of which is short-term debt. This represents a tremendous strength for the Company and for our clients.

Breakdown of financial liabilities

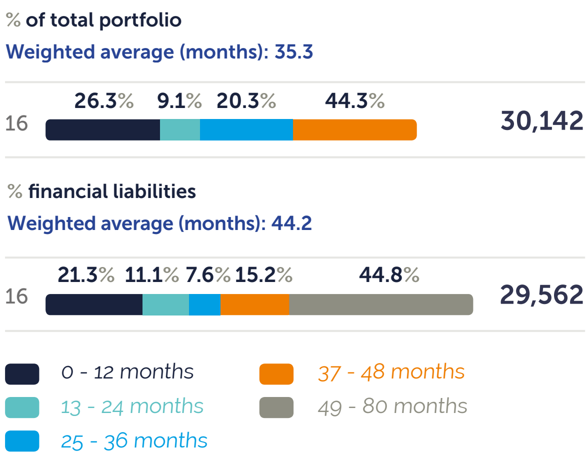
Ps. million



* Does not include interest income

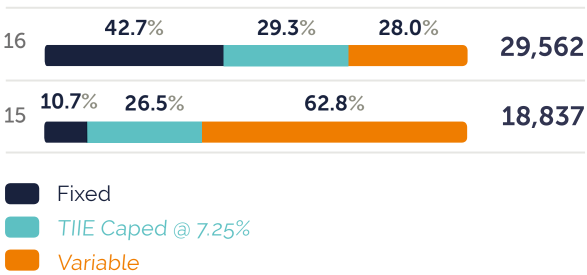
Loan portfolio vs. financial liabilities

Ps. million



Enhanced debt profile

Ps. million



EFFICIENT
loan origination process

Through strict macroeconomic analysis and close observation of trends in the various economic sectors, we are able to adjust our loan origination criteria and continue growing at a steady pace, while maintaining high profitability levels and sound financial health.

This custom-made credit analysis, which consists of 16 flexible scorecards with variables that can be adjusted according to the degree of prudence required, allows for highly conservative loan origination with appropriate risk measures. These scorecards are complemented by three specialized loan committees that operate very efficiently—the first analyzes loans under Ps. 7.5 million (83% of our clients), and the other two deal with higher levels of exposure. The result is an average acceptance rate of less than 40% in applications generated organically by our sales force and our business intelligence area.

Although we serve every sector of the economy, most of our demand is focused on two leasing categories: transportation equipment—cars, trucks, ships, etc.—and industrial machinery, as well as construction equipment, among other various asset types.

Although we serve every sector of the economy, our demand is focused on two leasing categories: transportation equipment and industrial machinery, as well as construction equipment, among other various assets.

In the future, we are looking forward to opportunities in various sectors of the economy, primarily where financial services to small and mid-sized enterprises—our target market and the core focus of UNIFIN's business mode—are still highly underserved.

Our three business lines—leasing, factoring and auto loans—all saw strong growth during the year. The blended origination of these products grew 50.1%, once again exceeding our expectations. Although our aim is to bring commercial opportunities to all economic sectors, we are selective about origination. Additionally, we have no concentration in any one client, sector or geographic zone, which gives us great strength and low levels of assumed risk.

Loan origination process

Collection process

Collection is simpler because UNIFIN maintains ownership of the property. Collections are handled by various teams specializing in each phase of the process.

Thanks to this strategic decision to diversify UNIFIN's presence through operating consolidation, this year we succeeded in originating 35% of our loans through regional offices, proving the success of our strategy and keeping our portfolio thoroughly diversified. Likewise, it demonstrates UNIFIN's commitment to small and mid-sized businesses throughout Mexico.

Our three business lines all saw strong growth during the year, with a 50.1% growth in combined origination, once again exceeding our expectations.

A fourth business line is insurance, where we are expanding our coverage beyond the assets we finance for our clients. Through UNIFIN Agente de Seguros, in an alliance with Interprotección, Latin America's largest insurance broker, we can now offer our clients added value with coverage tailored to their needs. We also offer expedited decisions on insurance authorization and policy writing.

EXPERT portfolio management

In addition to a robust, conservative, origination process, UNIFIN has a highly structured system for managing collections, consisting of various phases. We remain in close communication with our clients, not just through this highly effective collection process but through personalized advice for the duration of their contract. We remain a person-to-person business, dedicated to being the best option for our clients and creating long-term relations of quality service—obviously quite a challenge considering our rapid pace of growth. This attitude has kept our non-performing loan rate to below 1% over the years.

We also have an area that specializes in analyzing and appraising all of our assets, primarily second-hand assets, in order to reduce the risk of erroneous appraisals and to identify potential secondary markets for our assets.

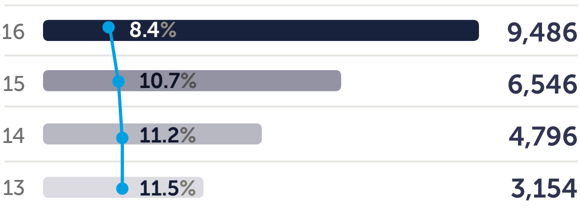
A vital factor in achieving these results is our more than 500 employees. Today, we have what we consider to be the best management team and sales force, with experienced collection personnel, solid capacities in origination, handling, negotiation and follow-up, with clear goals and metrics, giving our people increasing decision-making power, which means better results. And a fundamental support for our talent is our structure and solid technological capacities, which we make sure are always a step ahead of the size of the Company we plan to be. During 2016, we invested a significant amount in the Company's technological capabilities by implementing CRM and diverse information systems.

Likewise, we began developing a new technological platform for loan management that will allow the Company to face potential growth. This new platform will be implemented through 2017.

We remain a person-to-person Company, dedicated to being the best choice for our clients and creating long-term relations with quality service.

Total income and OPEX margin

Ps. million



CONSISTENT performance

As a local Company doing business in Mexico, we, at UNIFIN, are well aware of our opportunities and capacities, thus our response to uncertainty is to build closer ties with our clients and learn more about their needs. This is a policy that has historically proven its effectiveness, having earned us a significant client recurrence rate.

We are more active in the leasing segment than any other financial institution in Mexico, including banks, foreign and brand-name firms, and independents—with an average operating volume of Ps. 2,000 million a month. In leasing, we originated Ps. 18,800 million this year, compared to Ps. 11,713 million in 2015. In factoring we surpassed the Ps. 9,700 million mark, meeting our goal of lowering the average ticket and raising the operating volume. Auto loans saw the strongest growth in percentage terms, the result of a clear focus by the commercial area: instead of originating directly with the distributor, which is an area already well-covered by banks and other finance firms, we deal personally with the client.

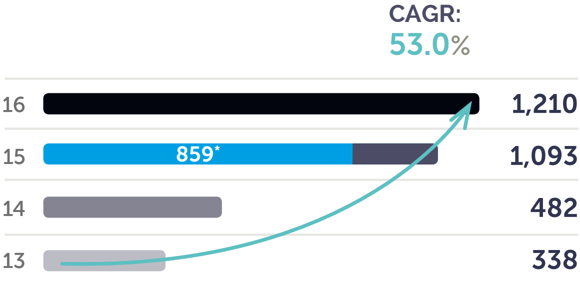
Operating results were **34.3%** higher than in 2015, an increase of Ps. **374** million.

A robust operating structure, with ample financial flexibility and high operating efficiency resulted in a portfolio growth of 59.9% in 2016, along with a 66.2% increase in total assets. Net income grew by more than 40.9% and net financial margin by 30.5%, with an ROAA of 3.6% and an ROAE above 24.8%.

These figures reflect the solidity and profitability of UNIFIN's business model, which in 2016 resulted in 40.9% growth in net income.

Net income

Ps. million



** Recurring net income*

operative CONSOLIDATION

We have achieved operative consolidation, and will continue on the path towards a new business dynamic, adjusting our structure and driving innovation throughout our internal processes in preparation for the future.

Total assets
Ps. 41,610
million

ATTRACTIVE potential market

There are approximately 5 million companies in Mexico, 99% of which are SMEs. These account for around 72% of the country's employment and contributed with 52% of its GDP. This gives us an idea of the market's potential, and also explains the steady double-digit growth UNIFIN has enjoyed in the past. Nevertheless, attracting clients in this industry, considering that only a very small part of the population uses banking services in the country, is a complex process.

Despite this, we have become one of Mexico's prime business partners in the SME sector, a segment that is misunderstood and underserved by traditional lenders. For our clients, access to medium-term credit lines with fixed payment guarantees them a shield from financial turbulence and represents a valuable opportunity. For UNIFIN, these clients have proven to be extraordinary customers in terms of on-time repayment and low loan default rates.

We have become one of Mexico's prime business partners with the SME sector.

Furthermore, given our operating volume, we can access excellent pricing and service conditions with our suppliers.

geographic **EXPANSION**

We have been gradually expanding our regional footprint with offices throughout various parts of Mexico. By opening these regional offices—a process we began two years ago—we have extended our business network to the local level, offering customers a one-on-one relationship and a swifter response to their needs. Today we have 12 regional offices—the most recent of which are Toluca and San Luis Potosí—in addition to our

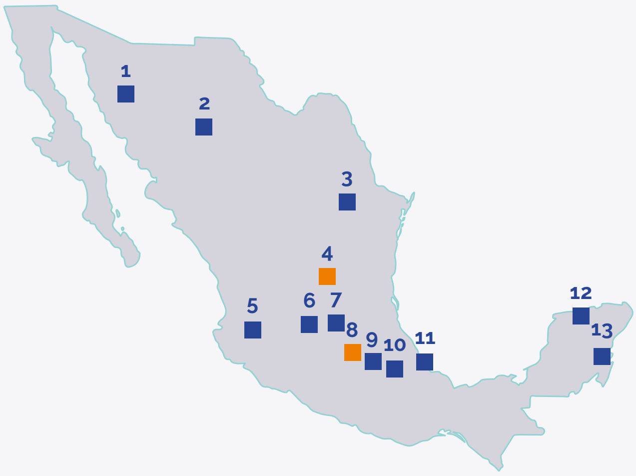
headquarters in Mexico City. Our regional offices accounted for 35% of total loan origination in 2016.

The regions where we are physically present make up 63.1% of Mexico's GDP and account for 57.6% of its SMEs, covering the five areas of the country that are home to most of these businesses, including Mexico City and its Metropolitan Area, the State of Mexico, Monterrey and Guadalajara.

Our regional offices accounted for 35% of total loan origination in 2016.

Geographical presence

1. Hermosillo
2. Chihuahua
3. Monterrey
4. **San Luis Potosi***
5. Guadalajara
6. Leon
7. Queretaro
8. **Toluca***
9. Mexico City
10. Puebla
11. Veracruz
12. Merida
13. Cancun

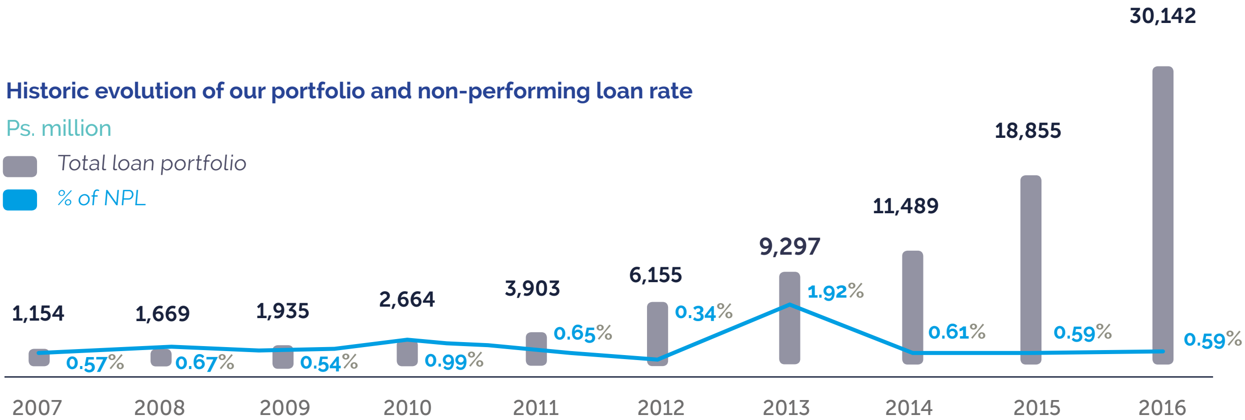


* *New offices*

UNIFIN's loan portfolio has grown 26x over the past 10 years.

Historic evolution of our portfolio and non-performing loan rate

Ps. million



We have strong and clear objectives in origination, with efficient methodologies; each representative sets their own goals, knowing exactly how many calls, prospects, meetings and files they must attend, in order to achieve their goal. In addition to direct prospecting, we have a business intelligence area that provides information to our commercial client data base.

A total of 24,500 hours of training were given to our employees in 2016.

HIGH operating efficiency

Having a highly committed, well-trained team has clearly been a decisive factor in our growth. Convinced that our relationship with our employees must be mutually beneficial, we are constantly analyzing ways to incentivize and encourage them to perform their jobs with excellence.

We have also designed a career plan for all our employees to make them aware of what they can reach with their own efforts and work, and that the Company stands behind them in their growth. In the business area, we have performance metrics for various staff levels, in addition to open, precise communication so that each team member knows what is expected of them. We support the development of our employees from the moment they are hired, with a robust orientation course given by senior management. Through another recently-created initiative, UNIFIN University, we offer classroom and online courses about internal and operating topics relating to the various areas.

We also offer scholarships for Master's degrees to courses in specific areas. All in all, we gave a total of 24,500 hours of training in 2016. We also have alliances with higher educational institutions in Mexico and the United States—ITAM, Tecnológico de Monterrey, The Wharton School—for various certification courses.

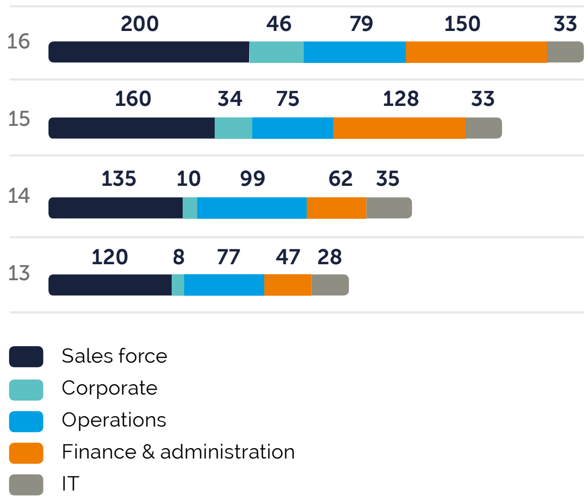
This solid base of training is complemented by benefits designed to attract and retain the best talent.

- A spacious, well-equipped employee dining room.
- An attractive vacation plan for all employees.
- Begining last year, all employees who have been with the Company for over five years participate in the employee stock option plan regardless of staff level.

These inclusive, labor committed practices not only encourage a spirit of teamwork and harmonious co-existence, but have earned us recognitions like the "Great Place to Work" distinction, where we rose in the ranking from 90 in 2015 to 56 in 2016, and the Socially Responsible Company award for second year in a row.

> **Aware of our responsibility to build a better Mexico, we support a number of causes focused on communities, particularly children, since we know they are the future of our country.**

Employees by area



CLEAR
social responsibility

Aware of our responsibility to build a better Mexico, we support a number of causes focused on communities, particularly children, because we know that they are the future of this country. To work toward these objectives, we have two channels of action:

- UNIFIN Foundation, whose social goal is to support disadvantaged children. This year, the causes we supported included specialized hospital transport for six children injured in the explosions at the Tultepec fireworks factory, an action that saved their lives.
- UNIFIN "For a Smile." A comprehensive institutional program in which the Company doubles employees' biweekly donations to the cause, and employees also donate their time to help the institutions we support.

Our goal is to create an increasingly robust volunteer program and increase the amount of donations raised. Our employees evaluate the institutions we support based on indicators that measure the impact of our actions.

MESSAGE to shareholders

2016 was a year of daunting challenges, with ups and downs on both the domestic and international fronts, which had varying effects on the markets. Despite this, UNIFIN succeeded in further strengthening its position as a leader in the Mexican SME financing market. It was not an easy task, but, we met our goals thanks to our ability to foresee, to continually transform ourselves, and to swiftly adjusting to situations and changes in the market.

Today, we are a consolidated Company in all the businesses we operate. We exceeded our projections for loan portfolio origination, kept non-performing loan rate to healthy levels and met our goals for both profits and margins. In leasing—our main business—we originated Ps. 18,800 million; Ps. 9,765 million in factoring, and Ps. 1,157 million in auto loans in 2016.

Although we are a growing business, we are also conservative by nature and prudent about taking risk, which is why our NPL rate remains below 1%. Furthermore, mindful of a complex short- and medium-term outlook, we enhanced our debt profile.

In this regard, there were two key events during the year. In September, we launched a tender offer for our global bond expiring in 2019, and issued a new global bond for US$400 million, which was oversubscribed almost three times. In late November, we issued a new Ps. 2,500 million securitization through which we continued to diversify our funding sources. Significantly, this was the first issuance after the U.S. elections, and also UNIFIN's first fixed-rate issuance in that market. Today, thanks to our excellent track record, we have open doors to all the major national and international banks and financial groups in Mexico and abroad.

In leasing—our main product—we originated

Ps. 18,800 million.

Rodrigo Lebois Mateos
Chairman of the Board of Directors

Luis Barroso González
Chief Executive Officer

Committed to being a sustainable Company, we have focused not only in meeting but in exceeding the expectations of our shareholders and society at large regarding our corporate governance, with inclusive and responsible labor practices, and our support for social causes focused primarily on children, in the hopes of building a better country.

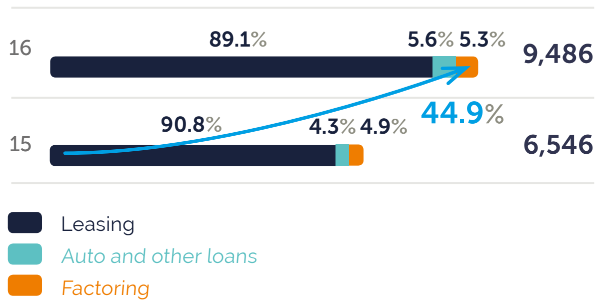
We know we still have a long way to go, and that the challenges for a constantly-growing Company are not negligible. That is why we continue to advance on solid foundations, and will continue to act with prudence and consecuently maintaining the premise of sound financial health, through well-established criteria and objectives.

We look ahead to 2017 as a complex year, marked by uncertainty and volatility in our markets, but by keeping our sights firmly on our pillars—sound financial health, profitability and prudence—we will continue supporting an area of the economy that has tremendous potential in Mexico, and respond fully to its trust.

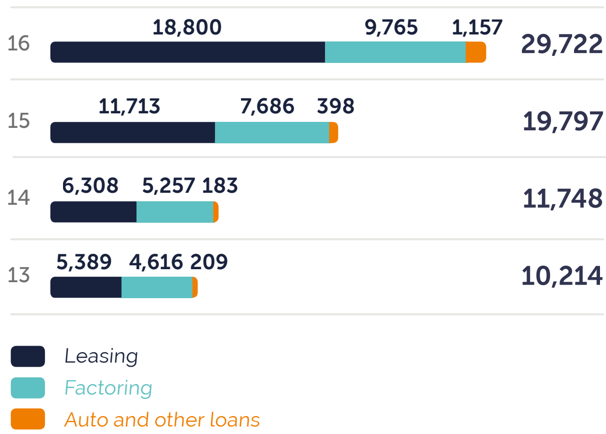
Rodrigo Lebois Mateos
Chairman of the Board of Directors

Luis Barroso González
Chief Executive Officer

Breakdown of revenues
Ps. million



Origination
Ps. million



KEY financial data

Financial metrics (Ps. million)	**2016**	**2015**	**Var. %**
Total revenues	9,486	6,546	44.9%
Operating lease income	7,773	5,481	41.8%
Nominal financial margin	1,184	747	58.4%
Other leasing gains	529	318	66.5%
Interest expense, depreciation and other expenses	(7,110)	(4,725)	50.5%
Interest expense	(1,989)	(1,193)	66.7%
Depreciation	(4,537)	(3,184)	42.5%
Other leasing expenses	(584)	(348)	67.5%
Nominal financial margin	2,376	1,821	30.5%
% of total revenues	25.0%	27.8%	
Operating expense	(832)	(370)	324.8%
Operating and promotional expense	(797)	(703)	13.4%
Operating expense (% of total revenues)[1]	8.4%	10.7%	
Efficiency index	34.3%	39.5%	
Operating income[2]	1,462	1,089	34.3%
Net income[2]	1,210	859	40.9%
Net margin[3]	12.8%	13.1%	

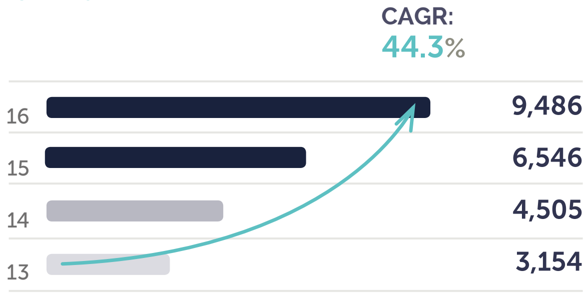
Operating metrics (Ps. million)	**2016**	**2015**	**Var. %**
Cash and derivatives	5,565	3,600	54.6%
Total portfolio	30,142	18,855	59.9%
Leasing portfolio	22,011	13,666	61.1%
Factoring portfolio	2,880	2,126	35.5%
Auto & other loans portfolio	5,251	3,063	71.4%
Total assets	41,610	25,030	66.2%
Financial liabilities	29,923	19,046	57.1%
Short term interest	288	192	49.8%
International notes	9,292	6,357	46.2%
Securitizations (ABS)	12,000	7,000	71.4%
Bank debt	8,343	5,497	51.8%
Total liabilities	36,110	20,683	74.6%
Shareholders' equity	5,501	4,347	26.6%
NPL ratio	0.59%	0.59%	

Return / Leverage	**2016**	**2015**
ROAA	3.6%	5.1%
ROAE	24.8%	30.4%
Capitalization (equity / assets)	13.2%	17.4%
Total liabilities (excluding ABS)	4.4	3.1
Financial liabilities (excluding ABS)	3.3	2.8

1 Calculated as administration and promotion expenses to total revenues
2 Extraordinary revenues recognized in 2015
3 Net income to total revenues

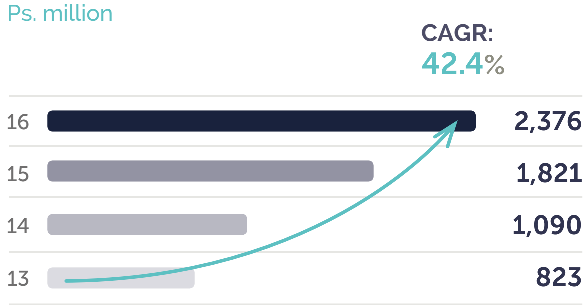
Total revenues

Ps. million



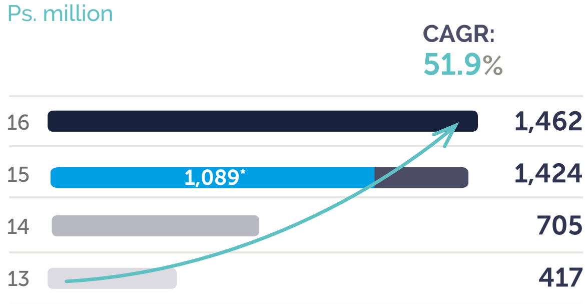
Nominal financial margin

Ps. million



Operating income

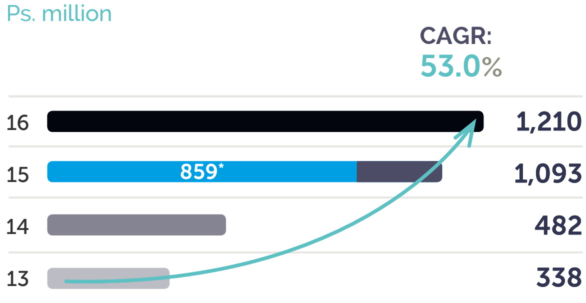
Ps. million



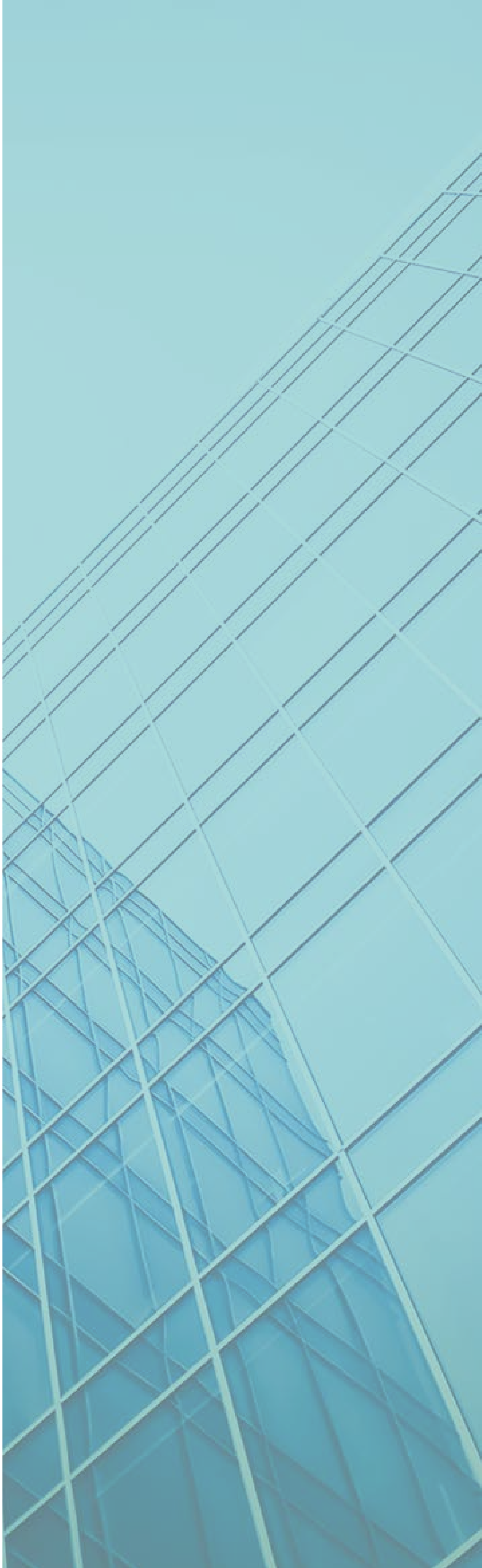
** Recurring operating income*

Net income

Ps. million



** Recurring net income*



financial
DISCUSSION and ANALYSIS

Total revenue consists of i) operating lease income, ii) interest income, primarily derived from factoring and auto loans, and iii) other lease benefits, mainly generated from asset sales at the conclusion of the leasing contract, insurance fees and commissions.

For 2016, operating lease income reached Ps. 7,773 million, an increase of 41.8% year over year. Interest income was Ps. 1,184 million, 58.4% higher compared to the figure reported at the close of 2015. The increase presented in the annual results for 2016 were due to significantly higher operating volume of our three business lines.

Other lease benefits reached Ps. 529 million, a 66.5% increase. The increase is explained by the scheduled asset transfers to the lessees at the expiration of the leasing contracts during the period.

During 2016, depreciation increased 42.5% to Ps. 4.537 million, year-over-year. This increase was directly related to leasing portfolio growth.

Interest expenses reached Ps. 1,989 million, a 66.7% increase versus 2015. These increases were due to higher financial liabilities that supported operating volume growth, as well as increases observed in the reference rates during the period, which impacted funding costs.

During 2016, TIIE rose by over 250 basis points, which directly affected the Company's debt costs.

Other lease expenses increased 67.5% to Ps. 584 million compared to 2015.

Nominal financial margin, calculated as total revenue minus depreciation of assets under operating lease, interest and other expenses, reached a 30.5% nominal increase year-over-year. This increase was due to the growth in total revenues. For 2016, the financial margin as a percentage of total revenues was 25.0%.

Administrative and promotional expenses (OPEX) in 2016 improved as a percentage of total revenues, from 10.7% to 8.4%. This, was the result of a strict control policy, which resulted in a more efficient operating structure for the Company.

In 2016 operating income increased 34.3% to Ps. 1,462 million when compared to Ps. 1,089 million in 2015.

Consolidated net income increased 40.9%, reaching Ps. 1,210 million compared to Ps. 859 million in 2015; excluding non-recurring income.

Financial Ratios

Return on average assets (ROAA) at the close of 2016 was 3.6%. Return on average equity (ROAE) was 24.8% for 2016.

UNIFIN's capitalization ratio (shareholders' equity/total assets) was 13.2% at the close of 2016, compared to 17.4% at the close of 2015. These variations are mainly attributed to the growth of the Company's assets that are directly related to its operation.

Financial leverage ratio (financial liabilities excluding securitizations/shareholders' equity) increased to 3.3x at the close of 2016, compared to 2.8x at the close of 2015. The Company's total leverage ratio (total liabilities excluding securitizations/shareholders' equity) at the close of 2016 was 4.4x.

corporate GOVERNANCE

One of UNIFIN's greatest strengths is its corporate governance. We have a solid corporate governance that meets all the information disclosure requirements and other regulations that apply to publicly-traded corporations in Mexico. Following best industry practices gives us the capacity to respond to all of our stakeholders, fosters the trust of our clients and investors, and gives us an advantage over independent competitors.

Our corporate governance ensures that our governance bodies function effectively and efficiently, and this is reflected in transparent decision-making. The Company's Board of Directors, 50% of which is made up of independent members, is supported by an Audit and Corporate Practices Committee, whose members are in their majority independent of the Company. We also have committees in charge of Credit, Finance and Planning, Communication and Control, and others, all of them in strict accordance with Mexican financial industry standards. These committees meet regularly, with the frequency required to perform their duties, ranging from every quarter to every 24 hours, as is the case of the e-Credit Committee.

UNIFIN also has a Code of Ethics grounded in the corporate values of quality, service, commitment and honesty, and all employees learn about and commit to this code, which is furthermore made available to clients, suppliers and other stakeholders. The Internal Control area is in charge of ensuring this code is strictly applied at all times, and is informed immediately of any breach. The code covers, among other issues, professional ethics, conflict management, information management, relationships with authorities and regulators, rules of conduct to prevent coercion, and prevent and detect money laundering, as well as conflicts of interest and confidentiality. We also have a Code of Best Corporate Practices consistent with the requirements of the Mexican Stock Exchange.

One of UNIFIN's greatest strengths is a solid corporate governance, integrated by 50% independent members, which meets all the regulations that apply to publicy-traded corporations in Mexico.

Committee	Frequency
Board of Directors	Quarterly
Audit and Corporate Practices	Quarterly
Finance and Planning	Monthly
Systems (IT)	Monthly
Communication and Control (PLD)	Monthly
Marketing	Monthly
E-Credit	24 hours
Credit	Twice weekly
Corporate Credit	Monthly
Portfolio Management	Weekly

BOARD of directors

Name	Title	Age	Year of appointment
Rodrigo Lebois Mateos	Chairman of the Board	53	1993
Luis Barroso González	Related	53	2001
Rodrigo Balli Thiele	Related	42	2015
Almudena Lebois Ocejo	Related	27	2015
Rodrigo Lebois Ocejo	Related	26	2016
Federico Chávez Peón	Independent	50	2003
José Luis Llamas Figueroa	Independent	53	2007
José Luis Fernández Fernández	Independent	57	2012
Juan Marco Gutiérrez Wanless	Independent	57	2015
Enrique Castillo Sánchez Mejorada	Independent	60	2015
Juan José Trevilla Rivadeneyra	Secretary	64	2012
Fernando Rangel Zorrilla	Alternate Secretary	42	2012

Rodrigo Lebois Mateos

Mr. Lebois is the Chairman of our Board of Directors, Chairman of the Executive Committee and one of our main shareholders. Prior to creating UNIFIN in 1993, he held several positions in car dealership companies, including General Manager and member of the Board of Directors of Grupo Ford Satélite. He also served as President of the National Association of Nissan Car Dealers, and Director of Sistema de Crédito Automotriz, S.A. de C.V. (SICREA) and Arrendadora Nimex. He is currently President of Fundación UNIFIN, A.C. and Chairman of the Board of UNIFIN Credit, UNIFIN Autos, UNIFIN, Agente de Seguros y Fianzas, S.A. de C.V. and Aralpa Capital, S.A. de C.V. He is a member of the Board of Directors at Maxcom Telecomunicaciones, S.A.B. de C.V. Organización Sahuayo, S.A. de C.V., Grupo Terraforma, Fracsa Alloys, and Grupo INTERprotección. Mr. Lebois completed studies in Business Administration from Universidad Anáhuac and several executive administration programs.

Luis 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; he also held several executive positions at Multivalores Arrendadora, S.A. de C.V. and was part of its Board of Directors until 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 UNIFIN, 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 y Amane 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 the 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 UNIFIN´s 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 has 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 Financiera, S.A.B. de C.V., SOFOM, E.N.R., including being responsible for signing an agreement with Ford Motor Company, and also was in the Leasing department. Previously he collaborated with Banorte-Ixe, S.A., Institución de Banca Múltiple, as a corporate analyst Mr. Lebois Ocejo holds a B.A. in managment from the Universidad del Valle de México and various courses in Managment 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 Aeropuertario del Sureste, S.A.B. de C.V., Inversiones y Técnicas Aeropuertarias, 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 Cultiba, 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 Verax 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. He has been a partner at the tax and accounting firm Chevez Ruiz Zamarripa, S.C. since 1989 and is a member of the Colegio de Contadores Públicos de México, 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., Genomma Lab Internacional, S.A.B. de C.V., Controladora Vuela Compañia de Aviación, S.A.B. de C.V., Mexichem, S.A.B. de C.V., Sport City Universidad, S.A. de C.V., 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 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 Promecap, S.A. de C.V and Telefónica Móviles, 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., as well as member of the Board of Directors of Office Depot de México, S.A. de C.V. and advisor to the School of Engineering of Universidad Anáhuac. He holds an Industrial Engineering degree and an MBA from Universidad Anáhuac.

Enrique 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 has held several executive positions in the financial sector, including Casa de Bolsa Inverlat, Seguros América, Grupo Financiero InverMéxico, Ixe Grupo Financiero, S.A.B. de C.V., and Banco Mercantil del Norte, S.A. His international experience includes the Managing position of the office of Credit Suisse First Boston Bank in Mexico. He participates in different Board of Directors including Grupo Financiero Banamex, S.A., Grupo Casa Saba, S.A. de C.V., Grupo Aeropuertario del Pacífico, S.A.B. de C.V., Alfa, S.A.B. de C.V., Grupo Herdez, S.A.B. de C.V., and Médica Sur, S.A.B. de C.V. among others.

Juan José Trevilla Rivadeneyra

Since 2012, Mr. Trevilla has been the Secretary non-member of our Board of Directors. He is Board Secretary for 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, infrastructure development, service delivery, contractors and concessionaires of public services industries. Mr. Trevilla holds a Law Degree from UNAM.

Fernando Rangel Zorrilla

Mr. Rangel is our General Counsel and has been the Alternate Secretary non-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. particularity working in the fields of corporate and financial affairs. He holds a Law Degree from Universidad Tecnológica de México.

TOP management

Luis Barroso González

Chief Executive Officer

Mr. Barroso is our Chief Executive Officer and has served on our Board of Directors since 2001. Prior to joining UNIFIN, Mr. Barroso held several positions at Arrendadora Somex, S.A. de C.V., including Management and New Products Executive Director, and he also held several executive positions at Multivalores Arrendadora, S.A. de C.V. and he was part of its Board of Directors until 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.

Sergio Camacho Carmona

Chief Financial Officer

Mr. Camacho is our Chief Financial Officer. He has over 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.

José María Muñiz Liedo

Institutional Financial Relations Officer

Mr. Muñiz is our Institutional Financial Relations Officer since 2009 and served on our Board of Directors from 2001 to 2015. Prior to joining UNIFIN, he held several executive positions at Banco Nacional de México, S.A including the Direction of Corporate Banking and Executive Director of Metropolitan Banking in Grupo Financiero Serfin, S.A. He serves as Chairman of the Board of Directors of Muñiz Hermanos, S.A. de C.V. and as a member of the Board of Directors of COFASE Seguro de Crédito México, S.A. de C.V. He holds a degree in Industrial Engineering from Universidad Anáhuac and an MBA from San Diego State University.

Rodrigo Balli Thiele

Chief Operations Officer

Mr. Balli is our Chief Operations Officer since 2005. Prior to joining UNIFIN, 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 y Amane 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).

Gerardo Tietzsch Rodríguez Peña

Chief Business Development Officer

Mr. Tietzsch is our Chief Business Development Officer. Prior to joining UNIFIN in 2015, he was the Investment Banking and Capital Markets Deputy Managing Director at Casa de Bolsa Banorte Ixe, S.A. de C.V. 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 Industrial Engineering degree from Universidad Iberoamericana and an MBA from ITAM.

We have an experienced management team made up of professionals with extensive knowledge in various sectors of administration and business.

Consolidated
FINANCIAL STATEMENTS

Contents

Independent Auditors' Report

To the Stockholders of Unifin Financiera, S. A. B. de C. V., Sociedad Financiera de Objeto Múltiple, Entidad no Regulada

Opinion

We have audited the accompanying consolidated financial statements of Unifin Financiera, S. A. B. de C. V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada and subsidiaries (Company), which comprise the consolidated balance sheet as of December, 31, 2016 and the consolidated statements of income, of changes in stockholders' equity and of cash flows for the year then ended, as well as a summary of significant accounting policies and other explanatory information.

In our opinion, the enclosed consolidated financial statements at December 31, 2016 and for the year ended on that date have been prepared in accordance with the accounting criteria 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 our opinion

We have conducted our audit in accordance with International Standards on Auditing (IAS). 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 from the Company as required by the Code of Professional Ethics of the Mexican Institute of Public Accountants (MIPA), together with other requirements applicable to our audits of the consolidated financial statements in Mexico, and we have complied with the rest of our ethics responsibilities in accordance with the Code. We consider that the audit evidence obtained provides a proper basis to support our opinion.

Key audit matters

The key audit matters identified are issues that we considered to be the most important during our audit of the consolidated financial statements for the current period. Those matters have been taken into consideration in the context of our audit of the consolidated financial statements taken as a whole and in generating an opinion thereon, and therefore we express no separate opinion on those matters.

Key audit matter

Preventive loan loss reserve

As mentioned in Notes 3.g and 7, the preventive loan loss reserve of Ps196 million is based on an expected loss model for the following twelve months and it is determined as per the Company's internal methodology based on rules established by the CNBV for lending institutions for the purpose of classifying and rating loan por-tfolios, which require identifying the probability of default, the severity of the losses and the exposure to default of each type of loan. In identifying the foregoing, the methodology in question establishes a method for rating and classifying different types of loan portfolios that includes 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, if any; and ii) in relation to commercial loans, the rules focus on the assessment of the debtor's capacity to repay the loan (including financial risk, industry risk and payment history), as well as the assessment of the respective guarantees.

Our work mainly focused on this caption due to the significance of the book value of the loan portfolio and the related preventive loan loss reserve, and because the process for determining the preventive loan loss reserve involves different input data, as described in the preceding paragraph.

We specifically focused our work on: i) the integrity and accuracy of key input data used in the models, such as: payment experience, late-payment days, amounts payable, guarantees, credit history, quitclaims, write-offs, reorganizations, and financial information, among others, and ii) compliance with the applicable methodology.

How our audit addressed the issue

Our audit also included the following procedures:

- We evaluated the design and operating effectiveness of the control over the process for classifying and rating the loan portfolio in relation to credit risk per type of loan, mainly as regards the model and accuracy and integrity of key input data used to determine the preventive loan loss reserve and the transfer of data from the source systems in which the reserve is calculated to the accounting records.

Through selective testing, we evaluated the key input data as follows:

- Amount due and late-payment days matched to the portfolio system.
- The credit history, quitclaims, write-offs and reorganizations agreed by the borrower and other financial institutions were matched against the credit bureau report.
- The fair value of the guarantees offered to the Company by borrowers was matched against the appraisal requested from management, which was prepared by an independent third party.
- Recent borrower financial information was matched against the financial statements used at the rating date.
- Quitclaims, write-offs and reorganizations were matched against specific evidence, such as arrangements made with the client establishing the new features of the loan, which were approved by high-ranking officers.
- In preparing a sample of the loan portfolio, our experts reprocessed the respective calculation considering the Company's internal methodology and the aforementioned input data.

Additional information

The Company's Management is responsible for all additional information presented. Said additional information covers the Annual Report submitted to the CNBV and the Annual Stockholders' Report, which will be issued after the date of this report.

That additional information is not included in our opinion on the consolidated financial statements and we express no audit opinion on same.

However, as concerns our audit of the Company's consolidated financial statements, our responsibility is to read that additional information when available and determine whether it is materially inconsistent with the consolidated financial statements or with the knowledge acquired during the course of our audit, or appears to contain material errors due to other circumstances.

Once we read the additional information that has not been supplied to us yet, we must issue the formal statement on the Annual Report required by the CNBV, and if we identify any material errors therein, we must report the matter to those charged with the Company's corporate governance.

Responsibilities of Management and of those charged with the Company's Governance regarding the Consolidated Financial Statements

Company´s Management is responsible for the fair preparation of the consolidated financial statements in accordance with the accounting criteria applicable to Lending institutions in Mexico issued by the CNBV and for the internal control deemed necessary to enable preparation of consolidated financial statements that are free from material error, either due to fraud or error.

When preparing the consolidated financial statements, Management is responsible for determining the Company's capacity to continue in existence as a going concern, disclosing any going-concern issues and using the going-concern basis of accounting, unless Management intends to liquidate the Company or discontinue operations, or if there is no other realistic option than to do so.

Those charged with the Company's government are responsible for supervising the Company's financial reporting process.

Responsibilities of the auditor for the audit of the consolidated financial statements

Our objective is to obtain reasonable assurance that the financial statements taken as a whole are free from material error arising from fraud or error, and to issue our audit report, which will include our opinion. Reasonable assurance is a high level of certainty, but does not a guarantee that an audit conducted as per IAS will detect any existing material error without exception. Errors can be due to fraud or error and are considered to material if, either individually or in the aggregate, it can be reasonably concluded that they will influence the economic decisions made by users based on the consolidated financial statements.

When conducting an audit in accordance with IAS, we exercise our professional judgment and apply our professional skepticism. We also:

- Identify and evaluate risks of material error in the consolidated financial statements arising from fraud or error, we design and implement audit procedures in response to those risks, and we obtain sufficient and adequate audit evidence to support our opinion. The risk of failing to detect a material error arising from fraud is higher than that arising from an unintentional error, because fraud may involve collusion, falsification, intentional omissions, alterations or evasion of internal controls.
- We obtain an understanding of internal controls 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.
- We evaluate the correctness of the accounting policies applied and the reasonableness of the accounting estimations and of the respective information disclosed by management.
- We determine whether it is appropriate for Management to use the going concern basis when preparing the consolidated financial statements, and whether, based on the audit evidence obtained, there is material uncertainty as to events or conditions giving rise to significant doubt regarding the Company's capacity to continue in operation as a going concern. If we conclude that there is material uncertainty, it is necessary for us to draw attention in our audit report to the respective information disclosed in the consolidated financial statements, or, if said disclosures are not appropriate, that we express a modified opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future facts or conditions may cause the Company to cease functioning as a going concern.
- We evaluate the overall presentation, structure and contents of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events, thus achieving a reasonable presentation.

- We obtain sufficient and adequate audit evidence in relation to the financial information of the entities or business operations comprising the economic group to express an opinion on the consolidated financial statements. We are responsible for directing, supervising and conducting the audit of the consolidated financial statements. We are solely responsible for our audit opinion.

We inform those charged with the Company's governance, among other matters, of the scope, timing and significant findings of the audit, as well as any significant internal control deficiency noted during the course of the audit.

We also provide those charged with corporate governance with a statement declaring that we have complied with relevant ethics requirements concerning independence and advise them of all the relationships and other matters that could reasonably influence our independence, as well as any safeguards applied.

From the matters reported to those charged with the Company's corporate governance, we determined those considered to be the most significant during the audit of the consolidated financial statements for the present period and which are therefore the key audit issues. We provide a description of those matters in our audit report, unless the legal or regulatory provisions prohibit us from disclosing them publicly or, in extremely rare circumstances, we determine that a matter should not be disclosed in our report because the expected adverse consequences of doing so would exceed the public interest benefits.

The name of the audit partner assigned to conduct the Company's audit is Nicolás Germán Ramírez.

PricewaterhouseCoopers, S. C.

Nicolás Germán Ramírez

Audit Partner

Mexico City, March 1, 2017

Consolidated Balance Sheets

Unifin Financiera, S. A. B. de C. V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada and subsidiaries
(Notes 1, 2, 3, 4 and 21)
Thousands of Mexican pesos

	December 31,	
	2016	**2015**
Assets		
Cash and cash equivalents (Note 5)	Ps 1,678,896	Ps 1,457,795
Derivatives held for trade (Note 6)	3,886,319	2,141,926
Performing loans portfolio (Note 7)		
Commercial loans	7,649,047	5,174,059
Consumer loans	1,172,361	428,628
Total performing loans portfolio	8,821,408	5,602,687
Past due loans portfolio (Note 7)		
Commercial loans	177,583	110,867
Total past due loans portfolio	177,583	110,867
Total loans portfolio	8,998,991	5,713,554
Less:		
Loan loss reserve (Note 7)	(196,374)	(114,237)
Loans portfolio - Net	8,802,617	5,599,317
Other accounts receivable - Net (Note 8)	1,140,811	282,041
Foreclosed assets - Net (Note 9)	176,541	197,284
Property, machinery and equipment - Net (Note 10)	23,241,275	14,080,375
Permanent investments (Note 11)	36,717	13,951
Deferred tax (Note 16)	1,182,608	798,740
Other assets:		
Deferred charges, prepayments and intangible assets	1,457,580	451,546
Other current and long-term assets	6,981	6,767
	1,464,561	458,313
Total assets	Ps 41,610,345	Ps 25,029,742

Memorandum

Other recording accounts	

The accompanying twenty one notes are an integral part of these consolidated financial statements, which were authorized for issuance on February 28, 2017 by the undersigned officers.

Mr. Luis G. Barroso González
Chief Executive Officer

Mr. Sergio José Camacho Carmona
Chief Financial Officer

Mr. Sergio Cancino Rodríguez
Corporate Controller

	December 31,	
	2016	**2015**
Liabilities and Stockholders' Equity		
Liabilities:		
Debt securities (Note 12)		
Short-term	Ps 288,173	Ps 192,328
Long-term	21,291,700	13,356,771
	21,579,873	13,549,099
Bank borrowings and loans from other entities (Note 13)		
Short term	6,445,413	4,716,730
Long term	1,897,236	780,559
	8,342,649	5,497,289
Other accounts payable:		
Income tax payable (Note 16)	313,996	30,679
Sundry creditors and other accounts payable (Note 14)	5,427,506	1,367,513
	5,741,502	1,398,192
Deferred credits and advance collections (Note 3f.)	445,688	238,596
Total liabilities	36,109,712	20,683,176
Stockholders' equity (Note 15):		
Contributed capital		
Capital stock	960,341	963,111
Share premium	1,935,900	1,935,900
	2,896,241	2,899,011
Earned capital:		
Capital reserves	125,009	70,335
Prior years' income	1,051,296	365,002
Result of valuation of financial instruments for hedging cash flows	217,738	(81,259)
Net income	1,210,349	1,093,477
	2,604,392	1,447,555
Shareholders' investment:		
Controlling interest	5,500,633	4,346,566
Non-controlling interest	-	-
Total stockholders' equity	5,500,633	4,346,566
Total liabilities and stockholders' equity	Ps 41,610,345	Ps 25,029,742

accounts (Note 20.)

2016	2015
Ps 21,142,980	Ps 13,141,504

Consolidated Statements of Income

Unifin Financiera, S. A. B. de C. V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada and subsidiaries
(Notes 1, 2, 3, 17, 18, 19 and 21)
Thousands of Mexican pesos, except for profit per share

	Year ended December 31,			
		2016		**2015**
Operating lease income	Ps	7,773,136	Ps	5,480,661
Interest income		1,183,770		747,407
Other lease benefits		528,719		317,591
Depreciation of assets under operating lease (Note 10)		(4,537,348)		(3,183,590)
Interest expense		(1,988,852)		(1,192,823)
Other lease expenses		(583,567)		(348,338)
Financial margin		2,375,858		1,820,908
Loan loss reserve (Note 7)		81,500		27,000
Financial margin adjusted for credit risk		2,294,358		1,793,908
Commissions and fees paid		(51,214)		(38,586)
Intermediation results		-		335,162
Other operating income - Net		16,357		36,624
Administration and promotion expenses		(797,408)		(703,380)
		(832,265)		(370,180)
Operating income		1,462,093		1,423,728
Equity in results of other permanent investments (Note 11)		13,417		(1,439)
Income before income taxes		1,475,510		1,422,289
Income taxes payable (Note 16)		(656,117)		(585,485)
Deferred income taxes (Note 16)		390,956		256,673
Income taxes		(265,161)		(328,812)
Consolidated net income	Ps	1,210,349	Ps	1,093,477
Net income attributable to:				
Controlling interest	Ps	1,210,349	Ps	1,093,477
Non-controlling interest		-		-
Consolidated net income	Ps	1,210,349	Ps	1,093,477

The accompanying twenty one notes are an integral part of these consolidated financial statements, which were authorized for issuance on February 28, 2017 by the undersigned officers.

Mr. Luis G. Barroso González
Chief Executive Officer

Mr. Sergio José Camacho Carmona
Chief Financial Officer

Mr. Sergio Cancino Rodríguez
Corporate Controller

THIS SHEET WAS LEFT INTENTIONALLY BLANK

Consolidated Statements of Changes in Stockholders' Equity

Unifin Financiera, S. A. B. de C. V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada and subsidiaries
(Note 15)
Thousands of Mexican pesos

	Contributed capital		
	Capital stock	**Share premium**	**Capital reserves**
Balances at January 1, 2015	Ps 875,000	Ps 125,000	Ps 46,215
Changes arising from decisions made by stockholders:			
Transfer of consolidated net income to prior years' results	-	-	-
Creation of reserves	-	-	24,120
Dividend payments	-	-	-
Share issue and placement	227,500	1,810,900	-
Share issue expenses	(139,389)	-	-
Total	88,111	1,810,900	24,120
Changes arising from recognition of comprehensive income:			
Result of valuation of hedging instruments	-	-	-
Consolidated net income	-	-	-
Total	-	-	-
Balances at December 31, 2015	963,111	1,935,900	70,335
Changes arising from decisions made by stockholders:			
Transfer of consolidated net income to prior years' results	-	-	-
Creation of reserves	-	-	54,674
Dividend payments	-	-	-
Share issue expenses	(2,770)	-	-
Total	(2,770)	-	54,674
Changes arising from recognition of comprehensive income:			
Result from valuation of hedge instruments	-	-	-
Consolidated net income	-	-	-
Total	-	-	-
Balances at December 31, 2016	Ps 960,341	Ps 1,935,900	Ps 125,009

The accompanying twenty one notes are an integral part of these consolidated financial statements, which were authorized for issuance on February 28, 2017 by the undersigned officers.

Mr. Luis G. Barroso González
Chief Executive Officer

Mr. Sergio José Camacho Carmona
Chief Financial Officer

Mr. Sergio Cancino Rodríguez
Corporate Controller

Earned capital					
Prior years' results	Result for valuation of instruments hedging cash flows	Income (loss) for the period	Total controlling interest	Non-controlling interest	Total stockholder's equity
Ps 6,724	Ps -	Ps 482,398	Ps 1,535,337	Ps 24	Ps 1,535,361
482,398	-	(482,398)	-	-	-
(24,120)	-	-	-	(24)	(24)
(100,000)	-	-	(100,000)	-	(100,000)
-	-	-	2,038,400	-	2,038,400
-	-	-	(139,389)	-	(139,389)
(358,278)	-	(482,298)	1,799,011	(24)	1,798,987
-	(81,259)	-	(81,259)	-	(81,259)
-	-	1,093,477	1,093,477	-	1,093,477
-	(81,259)	1,093,477	1,012,218	-	1,012,218
365,002	(81,259)	1,093,477	4,346,566	-	4,346,566
1,093,477	-	(1,093,477)	-	-	-
(54,674)	-	-	-	-	-
(352,509)	-	-	(352,509)	-	(352,509)
-	-	-	(2,770)	-	(2,770)
686,294	-	(1,93,477)	(355,279)	-	(355,279)
-	298,997	-	298,997	-	298,997
-	-	1,210,349	1,210,349	-	1,210,349
-	298,997	1,210,349	1,509,346	-	1,509,346
Ps 1,051,296	Ps 217,738	Ps 1,210,349	Ps 5,500,633	Ps -	Ps 5,500,633

Consolidated Statements of Cash Flows

Unifin Financiera, S. A. B. de C. V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada and subsidiaries
Thousands of Mexican pesos

	Year ended December 31, 2016	2015
Net income	Ps 1,210,349	Ps 1,093,477
Adjustments for items not involving cash flows:		
Loan loss reserve	81,500	27,000
Depreciation and amortization	4,572,039	3,195,458
Income taxes current and deferred	265,161	(328,812)
Valuation of other permanent investments	(13,417)	1,439
	6,115,632	3,988,562
Operating activities		
Change in derivatives	(1,445,396)	(1,366,759)
Change in loan portfolio	(3,284,800)	(2,639,982)
Change in foreclosed assets	(984)	(66,673)
Change in other accounts receivable	(858,771)	(71,091)
Change in other operating assets	(1,003,380)	(293,623)
Change in debt securities	8,030,774	3,406,742
Change in bank borrowings and loans from other entities	2,845,361	3,042,791
Change in deferred commissions	207,091	105,250
Change in other operating liabilities	3,687,191	315,651
Net cash flows provided by operating activities	14,292,718	6,420,868
Investing activities		
Payment for acquisition of property, machinery and equipment - Net	(13,706,989)	(7,335,816)
Payment for acquisition of other permanent investments	(9,349)	-
Net cash flows used in investing activities	(13,716,338)	(7,335,816)
Financing activities		
Increase in capital stock for issuance and in cash	(2,770)	1,899,011
Dividend payments in cash	(352,509)	(100,000)
Net cash flows provided by financing activities	(355,279)	1,799,011
Net increase (decrease) in cash and cash equivalents	221,101	884,063
Cash and cash equivalents at beginning of year	1,457,795	573,732
Cash and cash equivalents at end of year	Ps 1,678,896	Ps 1,457,795

The accompanying twenty one notes are an integral part of these consolidated financial statements, which were authorized for issuance on February 28, 2017 by the undersigned officers.

Mr. Luis G. Barroso González
Chief Executive Officer

Mr. Sergio José Camacho Carmona
Chief Financial Officer

Mr. Sergio Cancino Rodríguez
Corporate Controller

Notes to the Consolidated Financial Statements

Unifin Financiera, S. A. B. de C. V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada and subsidiaries
December 31, 2016 and 2015
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 de 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 acronym 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.

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:

Entity	Business activity	Ownership (%) 2016	2015
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 (IASB), 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 prese¬nted by the Company.

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 valu-ed 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 February 28, 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 necessary.

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:

	Currency		
Entity	**Recording**	**Functional**	**Reporting**
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:

	December 31,	
	2016 (%)	**2015 (%)**
For the year	3.36	2.13
Cumulative in the last three years	9.57	10.18

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.

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.

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 delive¬red to borrowers, plus interest as it arises, as per the loan payment schedule.

Loans are made after analyzing the financial situation of the bor¬rower, 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.

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 dat. 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.

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

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:

Time elapsed as from the date the award is made (months)	Percentage of reserve (%)
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.

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.

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 (the Company's own portfolio).

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.

Note 4 - Foreign currency position:

At December 31, 2016 and 2015, the Company held the following US dollar (Dlls.) position:

	2016	2015
Assets	Dlls 508,822,442	Dlls 360,457,279
Liabilities	(504,848,970)	(374,495,586)
Net short position	Dlls 3,973,472	Dlls (14,038,307)

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 February 28, 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:

	Local currency		Valued foreign currency		December 31,	
	2016	2015	2016	2015	2016	2015
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)	1,036,996	642,179	-	-	1,036,996	642,179
	Ps 1,562,916	Ps 1,443,229	Ps 115,980	Ps 10,596	Ps 1,678,896	Ps1,457,795

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.

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		893,418	Libor+4.00	TIIE + 3.72		78,479
								Ps	3,737,260

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	Ps	1,000,000	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		1,250,000		33,720		18,525
								Ps	219,049	Ps	149,059

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		431,383	6.25	TIIE+4.185		181,004
								Ps	1,992,210

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	Ps	1,000,000	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		83,597		0		10,849
								Ps	146,344	Ps	149,716

* 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 Ps0 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,o000. The amount of pri¬ncipal 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:

Performing portfolio	**2016**	**2015**
Commercial loans:		
Operating leases	Ps 691,372	Ps 413,596
Financial factoring*	2,880,409	2,126,397
Straight loan*	4,077,266	2,634,066
	7,649,047	5,174,059
Consumer loans:		
Car loans	1,172,361	428,628
	8,821,408	5,602,687
Past due portfolio		
Commercial loans:		
Operating leases	176,536	110,867
Car loans	1,047	-
	177,583	110,867
Total loan portfolio	Ps 8,998,991	Ps 5,713,554

* Includes balances with related parties.

At December 31, 2016 and 2015, the maturity of the total past due portfolio is as shown below:

	Past-due portfolio in days					
	2016			2015		
Type of portfolio	**1 to 180**	**181 onwards**	**Total**	**1 to 180**	**181 onwards**	**Total**
Operating leases	Ps 69,506	Ps 107,030	Ps 176,536	Ps 73,231	Ps 37,636	Ps 110,867
Car loans	1,047	-	1,047	-	-	-
Total past due portfolio	Ps 70,553	Ps 107,030	Ps 177,583	Ps 73,231	Ps 37,636	Ps 110,867

Income from interest, operating leases and commissions for the periods ended in 2016 and 2015 per type of loan is as follows:

	2016			
Performing portfolio	**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	95,475	-	18,229	113,704
	Ps 951,524	Ps 7,773,136	Ps 271,572	Ps8,996,232

	2015			
Performing portfolio	**Interest**	**Lease fees**	**Commissions**	**Total**
Operating leases	Ps -	Ps 5,480,661	Ps 104,264	Ps5,584,925
Financial factoring	256,725	-	65,747	322,472
Other lending	248,566	-	11,073	259,639
Car loans	41,875	-	5,365	47,240
	Ps 547,166	Ps 5,480,661	Ps 186,449	Ps6,214,276

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:

	Loan portfolio					Global loan loss reserve	
	%		Amount			Amount	
Risk	2016	2015	2016	2015	Allowance (%)	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
	100.00	100.00	8,998,991	5,713,554		75,690	49,479
Memorandum accounts			21,142,980	13,141,504	0.50	105,715	65,708
			Ps 30,141,971	Ps 18,855,058		Ps 181,405	Ps 115,187

The composition of portfolio classified by type of loan at December 31, 2016 and 2015 is shown below:

	December 31, 2016				December 31, 2015
Risk grade	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	Ps 867,908	Ps 2,880,409	Ps 4,077,266	Ps 7,825,583	Ps 5,284,925

The composition of the consumer loan portfolio (straight loans and car loans), per type of risk, is as follows:

	December 31,	
Risk grade	2016	2015
A-1	Ps 1,172,361	Ps 428,628
B-1	1,048	-
Total	Ps 1,173,409	Ps 428,628

The loan loss reserve per type of loan is comprised as shown below:

	December 31, 2016					December 31, 2015
Risk grade	Operating lease	Financial factoring	Straight loans	Car loans	Total	Total
A-1	Ps 102,664	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	Ps 134,874	Ps 24,031	Ps 17,614	Ps 4,886	Ps 181,405	Ps 115,187

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	87,500	27,000
Reserves	637	(885)
Balances at year end	Ps 196,374	Ps 114,237

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	181,405	115,187
Excess (deficit) in loan loss reserve	14,969	(950)
Total past due portfolio hedge	110.58%	103.04%

At December 31, 2016, total future minimum lease payments under operating leases relate to the following maturities:

	Amount
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	65,972
Total	Ps 21,142,980

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.

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.

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 wells 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 entitys 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.
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.

   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 indivi¬duals 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:

	December 31,	
	2016	2015
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	255,371	83,357
	Ps 1,140,811	Ps 282,041

Note 9 - Foreclosed assets:

At December 31, 2016 and 2015, foreclosed assets or ration in payment are comprised as follows:

	2016	2015
Foreclosed assets	Ps 212,416	Ps 211,752
Allowance for impairment	(35,875)	(14,468)
	Ps 176,541	Ps 197,284

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.

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:

	2016			
Components subject to depreciation or amortization	**Own**	**Leased**	**Total**	**Useful life (years)**
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)	(9,297,156)	
	179,689	22,413,263	22,592,952	
Installation expenses	105,350	-	105,350	20
Accumulated amortization	(17,324)	-	(17,324)	
	88,026	-	88,026	
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	

Components subject to depreciation or amortization	2015 Own	Leased	Total	Useful life (years)
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	376,695	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.

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:

Companies	Interest in stockholders' equity (%) 2016	2015	Value at al December 31, 2016	2015
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			19,585	10,237
Total			Ps 36,717	13,951

Note 12- Debt securities:

Debt securities as of December 31, 2016 and 2015 are as follows:

	2016	2015
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)	50,494	2,143
	288,173	192,328
Long term:		
International notes	9,291,700	6,356,771
Debt certificate program:		
Stock structure	10,000,000	5,000,000
Private stock structure	2,000,000	2,000,000
	21,291,700	13,356,771
	Ps 21,579,873	Ps 13,549,099

International notes

On September 14, 2016, the Company repurch¬ased 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 USD105 and USD4.1 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.

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 Mexico, 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.

The secured notes of trust programs as of December 31, 2016 are described below:

Ticker symbol	Issuing trust	Number of titles*	Maturity	Rate (%)	Total amount of issue	Rating S&P	Trustee
UNFINCB13	F/17293-4 Banamex	10,000,000	Nov 2018	TIIE + 1.60	Ps 1,000,000	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	1,250,000	mxAAA S&P/HR	AAA
Total					10,000,000		
Innterest accrued in the short-term					41,531		
					Ps 10,041,531		

The secured notes program issues as of December 31, 2015 are described below:

Ticker symbol	Issuing trust	Number of titles*	Rate Maturity	Total amount of (%)	Rating issue	S&P	Trustee
UNFINCB13	F/17293-4 Banamex	10,000,000	Nov 2018	TIIE + 1.60	Ps 1,000,000	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
Total					5,000,000		
Interest accrued in the short term					11,622		
					Ps 5,011,622		

At December 31, 2016 and 2015, income earned relating to trust management services amount to Ps62,998 and Ps51,401, respectively.

At December 31, 2016 and 2015, issue expenses are as follows:

	Issuance costs						
Ticker symbol	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	Ps 219,842	Ps 211,940	Ps 124,713	Ps 307,069	Ps 736,179	Ps 103,944	939,304

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:

	Outstanding amount					
	2016	2015	Currency	Maturity	Rate	Type
Invex	Ps 2,000,000	Ps 2,000,000	MXN	11/06/12 to 11/21/18	TIIE+1.60	Collection rights
Interest accrued	50,494	2,143				
	Ps 2,050,494	Ps 2,002,143				

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.

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				
Short term:	**Outstanding amount**	**Currency**	**Maturity**	**Rate**	**Guarantee**
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 Bajio	7,569	MXN	Nov/17	TIIE+3.20	Leasing portfolio
Subtotal	6,373,551				
Accrued interest payable	71,862				
Total short term	6,445,413				
Long term					
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	36,642	MXN	May/18	TIIE+3.85	Residual values
Total long term	1,897,236				
Total short and long term	Ps 8,342,649				

	2015				
Long term	**Outstanding amount**	**Currency**	**Maturity**	**Rate**	**Guarantee**
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	3,129	MXN	Apr/16	TIIE+1.95	Leasing portfolio
Subtotal	4,699,723				
Accrued interest payable	17,007				
Total short term	4,716,730				
Long term					
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	4,330	MXN	Feb/17	TIIE+1.95	Leasing portfolio
Total long term	780,559				
Total short and long term	Ps 5,497,289				

The unused amounts of the lines of credit received by the Company are as follows:

		2016		2015
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
	Ps	1,867,735		1,673,960

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:

		2016		2015
Liabilities relating to acquisition of fixed assets	Ps	4,880,578	Ps	1,241,800
Sundry creditors		371,773		34,086
Income tax and VAT withholdings		12,389		7,654
Guarantee deposits		162,766		83,973
	Ps	5,427,506	Ps	1,367,513

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.

The capital stock at December 31, 2016 and 2015 is comprised as follows:

Number of shares *		Description	Amount			
2016	2015			2016		2015
		Series "A" fixed portion of capital	Ps	1,000	Ps	1,000
352,800,000	352,800,000	Series "A" variable portion of capital with voting rights		1,101,500		1,101,500
352,800,000	352,800,000	Capital stock at December 31, 2016 and 2015	Ps	1,102,500	Ps	1,102,500

* 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 and 2015 year-end closing was Ps3.43 and Ps4.88 (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 CUFINRE 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 previo¬usly taxed profits are not subject to tax withholding or additional tax payments.

As of 2014, the Income Tax Law (IT) 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:

Year of distribution of dividend or profit	Percentage applicable to the amount of the dividend or profit distributed (%)
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.

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:

IT

Income tax is determined on the basis of the individual tax results of the Company and its subsidiaries. At December 31, 2016 and 2015, the Company determined taxable income of Ps2,166,662 and Ps1,951,617 , 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:

		2016		2015
Income tax payable	Ps	(656,117)	Ps	(585,485)
Deferred income tax asset		390,956		256,673
	Ps	(265,161)	Ps	(328,812)

The reconciliation between the incurred and effective income tax rates is shown below:

		2016		2015
Income before income taxes	Ps	1,475,510	Ps	1,422,289
Income tax payable rate		30%		30%
Income tax at statutory rate		442,653		426,687
Plus (less) effect of the following permanent items on the income tax:				
Nondeductible expenses		578		2,189
Annual inflation adjustment		181,019		76,595
Own and leased machinery and equipment		(226,850)		(84,319)
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		(652)		(52)
Income tax recorded in income	Ps	265,161	Ps	328,812
Effective income tax rate		17.97%		23.25%

The main temporary differences on which deferred income tax is recognized are shown below:

	December 31,			
		2016		2015
Own and leased machinery and equipment	Ps	3,947,751	Ps	2,458,892
Deferred commissions		445,688		238,597
Bad debt reserve		171,283		103,147
Liability provisions		8,536		4,685
Deferred charges		(640,151)		(153,410)
Other assets		8,977		10,591
Prepayments		(57)		(33)
		3,942,027		2,662,469
Applicable income tax rate		30%		30%
Deferred income tax asset	Ps	1,182,608	Ps	798,740

Note 17 - Financial information by segment:

Following are the main assets and liabilities per Company segment:

	December 31, 2016			
	Operating leasing	Financial factoring	Other loans	Total
Assets				
Cash and cash equivalents	Ps 1,350,513	Ps 93,194	Ps 235,189	Ps1,678,896
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	3,655,819	16,581	152,297	3,824,697
	Ps 32,786,110	Ps 3,028,321	Ps 5,795,914	Ps41,610,345
Liabilities				
Debt securities	Ps 15,758,495	Ps 2,062,204	Ps 3,759,174	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	5,179,863	13,789	547,850	5,741,502
	Ps 27,476,185	Ps 2,873,229	Ps 5,760,298	Ps36,109,712

	December 31, 2015			
	Operating leasing	Financial factoring	Other loans	Total
Assets				
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	1,491,983	14,549	46,512	1,553,044
	Ps 19,347,110	Ps 2,144,517	Ps 3,538,115	Ps25,029,742
Liabilities				
Debt securities	Ps 9,820,277	Ps 1,528,015	Ps 2,200,807	Ps13,549,099
Bank loans and other entities' loans	3,984,390	619,964	892,935	5,497,289
Deferred commissions	238,597	-	-	238,597
Other liabilities	1,393,928	4,263	-	1,398,191
	Ps 15,437,192	Ps 2,152,242	Ps 3,093,742	Ps20,683,176

Given that management considers that the useful information for stakeholders is the Adjusted Financial Margin, in 2016 and 2015 the respective information is as follows:

	Year ended December 31, 2016			
	Operating leasing	Financial factoring	Other loans	Total
Operating lease income	Ps 7,773,136	Ps -	Ps -	Ps 7,773,136
Interest income	150,828	497,611	535,332	1,183,770
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)	(193,753)	(1,988,852)
Other leasing expenses	(583,569)	-	-	(583,569)
Preventive loan loss reserve	(67,500)	(14,000)	-	(81,500)
Adjusted Financial Margin	Ps 1,574,926	Ps 298,186	Ps 421,245	Ps2,294,357

	December 31, 2015			
	Operating leasing	Financial factoring	Other loans	Total
Operating lease income	Ps 5,480,661	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	Ps 1,516,021	Ps 188,103	Ps 89,784	Ps1,793,908

Note 18 - Related parties:

The main balances with related parties at December 31, 2016 and 2015 are shown below:

	2016	2015
Receivable:		
Administradora Bríos, S. A. de C. V.	Ps 236,824	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	746	1,928
Total	Ps 267,160	Ps 107,185
Payable:		
Unifin Administración Corporativa, S. A. de C. V..	Ps 13,495	Ps 175
Unifin Servicios Administrativos, S. A. de C. V..	7,363	-
Other	2,300	2,300
Total	Ps 23,158	2,475

In the years ended on December 31, 2016 and 2015, the following operations were carried out with related parties in addition to the related loans:

	Year ended December 31,	
Income	2016	2015
Car leases	Ps -	Ps 1,997
Other income	40	1,263
Car sales	21,054	15,768
	Ps 21,094	Ps 19,028
Expenses		
Administrative services	Ps 508,174	Ps 455,409
Donations	8,784	4,435
	Ps 516,958	Ps 459,844

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 and 2015:

Financial margin

a. Operating lease income

		2016		2015
Leases	Ps	7,749,581	Ps	5,495,766
Returns and rebates		23,555		(15,105)
Total operating lease income	Ps	7,773,136	Ps	5,480,661

b. Interest income

Cash and cash equivalents	Ps	52,527	Ps	21,539
Loan portfolio		898,997		521,549
Commissions for opening line of credit		271,572		186,449
Valuation (loss) gain - Net		(39,326)		11,780.
Total interest income	Ps	1,183,770	Ps	747,407

c. Other lease benefits

Sale of fixed assets	Ps	524,643	Ps	305,084
Other lease benefits		4,076		12,507
Total other lease benefits	Ps	528,719	Ps	317,591

d. Depreciation of assets under operating lease

Depreciation of assets under operating lease	Ps	4,537,348	Ps	3,183,590

e. Interest expense

Debt securities	Ps	1,019,146	Ps	582,564
Issuance costs		264,550		229,414
Interbank loans and other entities' loans		575,129		298,429
Costs and expenses incurred in granting loans		130,027		82,416
Total interest expenses	Ps	1,988,852	Ps	1,192,823

f. Other lease expenses

Cost of sale of fixed assets	Ps	523,826	Ps	305,084
Fixed asset insurance		59,743		43,254
Total other lease expenses	Ps	583,569	Ps	348,338

Operating income

g. Commissions and rates charged and paid

Commission for trust management paid	Ps	(51,214)	Ps	(38,586)
Total commissions and rates charged - Net	Ps	(51,214)	Ps	(38,586)

h. Other income and expenses

Recovery of insurance expenses	Ps	9,560	Ps	17,162
Other income		16,032		12,376
Recovered taxes				11,577
Other expenses		(9,235)		(4,491)
Total other income and expenses - Net	Ps	16,357	Ps	36,624

i. Administrative and promotion expenses

		2016		2015
Personnel management	Ps	401,659	Ps	413,400
Administrative expenses		144,784		111,115
Advertising expenses		38,501		17,425
Depreciation and amortization		34,691		13,425
Other expenses		109,531		89,278
Communications		6,950		4,469
Leasing		48,809		42,588
Insurance		11,107		11,154
Electric power		1,376		526
Total administration and promotion expenses	Ps	797,408	Ps	703,380

Note 20 - Memorandum accounts:

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	5,116,118	2,253,849
Other recording accounts	Ps 21,142,980	Ps 13,141,504

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.

Mr. Luis G. Barroso González
Chief Executive Officer

Mr. Sergio José Camacho Carmona
Chief Financial Officer

Mr. Sergio Cancino Rodríguez
Corporate Controller

Sergio Camacho
Chief Financial Officer
+52 (55) 5249 5806
scamacho@unifin.com.mx

David Pernas
Investor Relations Officer
+52 (55) 4162. 8270
david.pernas@unifin.com.mx

unifin.ri@unifin.com.mx
Presidente Masaryk 111 Polanco,
11560 Ciudad de México, México

www.unifin.com.mx

Design: www.signi.com.mx

UNIFIN®

www.unifin.com.mx