Ratings

Senior Notes	HR BBB- (G)
Outlook	Stable

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Rule 17g-7 Information Disclosure Form

The Rating Action Commentary (RAC) associated with this disclosure form is an integral part of the form.

1. **Symbol, Number, or Score in the Rating Scale used by HR Ratings as required by Paragraph (a)(1)(ii)(A) of Rule 17g-7:**

Entity/Instrument	Rating Action	Rating Type	Rating Code
Senior Notes (the Issuance) issued by UNIFIN Financiera (the Issuer / the Company) for an amount of US$450.0m	Assigned	Long-Term Rating	HR BBB- (G) / Stable Outlook

2. **Version of the Procedure or Methodology used to determine the credit rating as required by Paragraph (a)(1)(ii)(B) of Rule 17g-7:**

The rating assigned by HR Ratings to the entity is based in accordance with the following methodologies established by the rating agency:

- Rating Methodology for Non-Bank Financial Institutions, May 2009
  https://www.hrratings.com/docs/metodologia/3.2.3.%20Non%20Bank.pdf

- ADDENDUM – Rating Methodology for Financial Leasing Agents and Pure Leasing Agents, January 2010
  https://www.hrratings.com/docs/metodologia/3.2.5.%20Leasing%20Agents.pdf

- General Methodological Criteria, March 2019
  https://www.hrratings.com/docs/metodologia/GMC%20March%202019.pdf

- Rating Methodology for Sovereign Debt, May 2017
  https://www.hrratings.com/docs/metodologia/0Sovereign%20Debt%20Methodology.pdf

3. **Main assumptions and principles used in constructing the procedures and methodologies to determine the credit rating as required by Paragraph (a)(1)(ii)(C) of Rule 17g-7:**

The objective of the Rating Methodology for Non-Bank Financial Institutions is to evaluate the financial institution's ability and willingness to pay its debt through the relevant parameters that specifically affects these conditions. Also, HR Ratings evaluates the institution's capacity to maintain a certain level of capitalization. For this, the applicable Methodology identifies the main risk indicators within each credit risk category that affect the Non-Bank Financial Institution assessed; both those that are specific to the entity and those from external factors. Regarding the ability to pay, the major sources of risk that could cause delay or default on the settlement of any liability are determined.

To evaluate all the relevant risks that affect the Non-Bank Financial Institution credit quality, HR Ratings classifies them into qualitative risks and quantitative risks. The division of categories is fundamental to differentiate between the numerically measurable factors and based on the financial model (quantitative risks) of the factors that are sensitive to the management of the institution and which are unrelated to the financial model (qualitative risks).

The qualitative risks category includes risk factors such as: 1) Industry risk, 2) Assesment of management and operational risks and 3) Accounting, regulatory and competitive risks. Given the nature of the category, HR

The qualitative risks category includes risk factors such as: 1) Industry risk, 2) Assesment of management and operational risks and 3) Accounting, regulatory and competitive risks. Given the nature of the category, HR Ratings assigns a rating to each of these risks. This category includes factors not only related to the management of the business, but also with growth expectations of the rated institution.

The Financial projections for Non-Bank Financial Institutions represents the structural basis for the quantitative risks category. These projections incorporate historical financial information that the institution delivers to HR Ratings and with which forecasts are prepared minimum for the next 8 quarters. The information required by HR Ratings includes quarterly reports of Income Statements, Balance Sheets, and Cash Flow Statements for the last five years; however, in the event the institution has a shorter financial record, it will be considered from earliest information available.

For the financial projections, the analyst focuses on the capacity of the institution to maintain a capital adequacy ratio and its ability to generate cash flow, even under a high stress scenario. Both factors are fundamental so that the entity can reliably meet its financing needs. The factors the analyst takes into consideration for the projections and to present a reliable scenario include economic environment, industry growth expectations, competition, business plan, business cycle, business financial situation, concentration risks of the portfolio and funding structure, among others. With the historically financial information and with the projection we calculate the key financial ratios for the quantitative analysis. The financial ratios taken into consideration are the profitability level, the operating efficiency, portfolio quality, market risk, solvency ratios and liquidity risk. The final rating represents the sum of the rating assessment given by the qualitative risks analysis and in the quantitative risk analysis.

4. Potential limitations of the credit rating as required by Paragraph (a)(1)(ii)(D) of Rule 17g-7

- HR Ratings does not validate, guarantee or certify the accuracy, correctness or completeness of any information and is not responsible for any errors or omissions or for results obtained from the use of such information.
- Ratings and/or opinions assigned by HR Ratings are based on an analysis of the creditworthiness of an entity, issue or issuer, and do not necessarily imply a statistical likelihood of default.
- The credit ratings do not opine on the liquidity of the issuer's securities or stock.
- The credit ratings do not consider the possible loss severity on an obligation default.
- The credit ratings are not an opinion of the market value of any issuer's securities or stock, or the possibility that this value suffer a deterioration.

5. Information on the uncertainty of the credit rating as required by Paragraph (a)(1)(ii)(E) of Rule 17g-7

The Analysis Committee noted no material limitations on the reliability, accuracy and quality on the data relied on in determining the credit rating.

The Analysis Committee noted no material limitations on the scope of historical data or on the accessibility to certain documents or other information that would have better informed any credit rating listed in this disclosure form. It should be noted that a Technical Note was incorporated for the Issuer's rating, regarding it's Perpetual Bond Issuance and the impact it has on solvency metrics such as the capitalization ratio and the leverage ratio.

The ratings and/or opinions assigned are issued on behalf of HR Ratings, not of its management or technical staff, and do not constitute an investment recommendation to buy, sell, or hold any instrument nor to perform any business, investment or other operation. The assigned ratings and/or opinions issued may be subject to updates at any time, in accordance with HR Ratings' methodologies.

6. Use of third party due diligence services as required by Paragraph (a)(1)(ii)(F) of Rule 17g-7

HR Ratings did not use third party due diligence services for this rating.

7. Use of servicer or remittance reports to conduct surveillance of the credit rating as required by Paragraph (a)(1)(ii)(G) of Rule 17g-7

HR Ratings does not use Servicer or Remittance Reports to conduct surveillance of this rating.

8. Description of types of data about any obligor, issue, security or money market instrument relied upon for determining credit rating as required by Paragraph (a)(1)(ii)(H) of Rule 17g-7

Among the main information used for the rating is:

- Annual Audited reports obtained from public record, regulatory filings and from the Company.
- Inter-annual financial statements and operational results.
- Projections, budget and guidelines provided by the Company.
- Presentations provided by the Company.
- Credit Loan and Leasing Portfolio.
- Funding Structure.
- Liquidity Positions.
- Derivatives Position.
- Corporate Governance.
- Accounting Policies.

9. Overall assessment of quality of information available and considered in determining credit rating as required by Paragraph (a)(1)(ii)(I) of Rule 17g-7

The quality of the information provided by the entity is considered to be consistent with the quality observed within the asset class.

10. Information relating to conflicts of interest as required by Paragraph (a)(1)(ii)(J) of Rule 17g-7

The rating was solicited by the entity or issuer, or on its behalf, and therefore, HR Ratings has received the corresponding fees for the rating services provided. The following information can be found on our website at www.hrratings.com: (i) The internal procedures for the monitoring and surveillance of our ratings and the periodicity with which they are formally updated, (ii) the criteria used by HR Ratings for the withdrawal or suspension of the maintenance of a rating, and (iii) the procedure and process of voting on our Analysis Committee. The Analysis has been performed with complete independence from the received fees or any other business relation with the entity and in absolute concordance with the applicable methodologies.

The ratings and/or opinions assigned are issued on behalf of HR Ratings, not of its management or technical staff, and do not constitute an investment recommendation to buy, sell, or hold any instrument nor to perform any business, investment or other operation. The assigned ratings and/or opinions issued may be subject to updates at any time, in accordance with HR Ratings' methodologies.

11. Explanation or measure of potential volatility to the credit rating as required by Paragraph (a)(1)(ii)(K) of Rule17g-7

The main factors that could lead to the volatility of the rating are:

- An increase in non-performing loans due to the aggressive growth plan that has been maintained for the past twelve months, especially due to the incorporation of new regional markets into the operation of the Company.
- An increase in competition in the leasing industry that would limit the Issuer's ability to increase its portfolio rate as planned for the coming quarters.
- A sharp increase in operative expenses due to the expected increase in the leasing portfolio volume and the opening of regional offices in Mexico.
- Conditions of market volatility that would limit the Issuer's ability to carry out its funding and capitalization strategy as planned, given that Unifin is a recurring issuer of fiduciary and unsecured bonds in local and international markets.
- Solvency deterioration due to the increase of risky assets and the negative impact on capital from the net losses forecasted for 2019 in the stress scenario.
- Possible inorganic growth through company mergers and acquisitions.
- Changes in the Mexican financial regulation, which might negatively impact the expected growth and current business plan of the company.
- Changes in Mexico's sovereign rating by HR Ratings, which would imply deteriorated macroeconomic conditions and a stressed performance of the country's financial sector.

12. Historical performance and expected probability of default and expected loss in event of default as required by Paragraph (a)(1)(ii)(L) of Rule 17g-7

For historical performance of each rating listed in the disclosure form, click on the link in the ratings table presented on the first page.

Our credit ratings need to be understood as rankings of the relative creditworthiness of different entities or credits. Creditworthiness takes into consideration both the ability and willingness to meet debt obligations in the manner prescribed in the relevant documentation. Default refers to the noncompliance of previously agreed obligations. As our ratings measure relative creditworthiness they do not necessarily reflect any specific statistical probability of default. In order to make more valid rankings of creditworthiness our different methodologies Will apply stress case scenarios to complement our base case analysis.

13. Assumptions made by HR Ratings in determining announced credit ratings and examples of how assumptions impact the rating as required by Paragraph (a)(1)(ii)(M) of Rule 17g-7

- Adequate evolution of solvency metrics despite the pressure over the main indicators due to the accelerated growth in risky assets. Adjusted capitalization ratio and adjusted leverage ratio observed at 1Q19 in levels of 13.9% y 4.8x (vs. 16.4% & 4.7x at 1Q18).
- High credit quality of their portfolio performing with a delinquency ratio of 3.6% at 1Q19 (vs. 3.4% at 1Q18) due to the high emphasis of Unifin on followup activities and debt collection.
- Recurrent profit generation, which has strengthened shareholders equity, and ROAA and ROAE performing at 3.2% and 19.3% at 1Q19 (vs. 3.3% & 23.3% at 1Q18). Nonetheless, profitability decreased compared to last year due to an increase of administrative and advertising expenses.
- High flexibility of funding tools, with an authorized additional amount during the 1Q19 of P$6,525m. The Company's funding strategy involves debt issuance in local and international markets, warehousing lines and commercial and development bank loans.
- Adequate portfolio diversification, which main client holds among 3.4% of the outstanding loan balance and the main 25 add 22.7% of it at 1Q19 (v. 1.5% & 18.0% at 1Q18). In addition, 82.0% of their clients renew their loan with Unifin, which provides sound stability to their financial situation.

14. Representations, warranties and enforcement mechanisms available to investors as required by Paragraph (a)(1)(ii)(N) of Rule 17g-7

The reporting of representations, warranties, and enforcement mechanisms does not apply to the credit rating listed in the disclosure form as it is not assigned to an asset-backed security.

Credit Rating Attestation

I, Fernando Sandoval, Financials / ABS Executive Director, have the responsibility for this rating action and, to the best of my knowledge:

- No part of the credit rating was influenced by any other business activities;
- The credit rating was based solely upon the merits of the obligor, security, or money market instrument being rated; and
- The credit rating was an independent evaluation of the credit risk of the obligor, security, or money market instrument

Mexico City, July 11th, 2019

/s/ Fernando Sandoval Oseguera
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*HR Ratings de México, S.A. de C.V. (HR Ratings), is a Credit Rating Agency registered by the Securities and Exchange Commission (SEC) of the United States as an NRSRO for this type of rating. HR Ratings' recognition as an NRSRO is limited to government securities, corporates and financial institutions, described in clause (v) of section 3(a)(62)(A) of the US Securities Exchange Act of 1934.

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