Driving growth toward comprehensive solutions of high added-value

2Q20

EARNINGS RELEASE

Message from the Executive Chairman

As it was anticipated, during 2Q20 we focused on preserving the health of our associates and stakeholders, as well as taking care of the cash flow generation and asset quality, through initiatives aimed at reducing non-essential expenses (such as business travels) and deployment of stricter origination standards, amid a challenging context where the implementation of lockdown measures weighed on the economic dynamism in a significant manner.

The above, coupled with the ongoing endeavors conducted to extend our maturity profile (only 9.3% of gross debt is due in 2H20), further diversify our revenue sources (in terms of geographical footprint, business lines, clients and sectors), and bolster our corporate practices, contributed to the reaffirmation of the Company's issuer ratings (in national and global scale) by both S&P and Moody's, during June and July, respectively, thus reflecting the strength of our financial position: a factor of vital importance under the prevailing uncertainty.

In this regard, it is important to remind that Mega outstands in the non-banking financial sector given its high level of transparency, as it is the only major leasing Mexican company to operate as a regulated entity, meaning that it complies with the normativity of the CNBV (Mexican banking watchdog).

In relation of the financial position, the issuance of Senior Notes conducted last quarter, an adequate risk management framework and a positive 1H20, enabled the Company to attain a sound level of solvency. Additionally, it is important to remind our limited exposure to FX fluctuations, as we count on hedging instruments that cover up to 100% of the dollarized debt.

Separately, aware of the difficulties our clients are facing, we launched a relief program, consisting of payment deferral mechanisms ranging from 1 to 6 months (depending on the client's credit profile, and pursuant to the CNBV established standards), aiming to support them before the prevailing situation, to overcome the cycle. And, in the case of the clients of best credit records, we also granted credits to cover up to 3 months of payroll, to avoid them unnecessary layoffs, to have an agile reactivation.

Before this environment, and aligned to our diversification strategy, we set an alliance with the Coordinating Council of Entrepreneur Women ("CCME" for its acronym in Spanish), to originate credits for business women to cope up the crisis generated by the COVID-19 outbreak. With this initiative, Mega joined the 2X Challenge Financing for Women (endeavor pursued by G7 Financial Institutions to collectively mobilize over USD$3 billion in credits for entrepreneur women around the globe, of which roughly USD$1,000 million correspond to Latin America), thus reaffirming, once again, our commitment to the development of Mexico and improvement of social environment.

Another positive development of the quarter was the buyback of a portion of our outstanding Senior Notes, clear proof of the value we see at our Company (as we considered that the market value of these securities did not match that of our estimates). This endeavor, in addition to support the trading price of the Notes for the benefit of our holders (from 59% of nominal value, at the lower end of the trading curve, to around 93% as of quarter-end), also allowed us to post a Ps.147 million gain, due to the pricing differential between Senior Notes' par value and average buyback price.

Winding up, I would like to underscore that, before the transition to the new normal, we continue developing home office tasks and follow staggered schedules, to take care of our associates' health. And, with respect to credit granting, we will remain conservative in origination, focusing on adding high-quality assets to the portfolio. Likewise, we are confident that, after the stabilization of COVID-19 propagation curve in Mexico, we will be able to attain a higher traction in our results, as financial institutions like Mega will be at the forefront of economic recovery.

Guillermo Romo,
Executive Chairman

Message from the CEO

Marked by the underlying effects of the sanitary contingency that derived in a substantial economic downturn, 2Q20 certainly was a challenging period. In this sense, we centered our endeavors in two fronts: i) safeguard the well-being of our associates (our most important asset); and, ii) lessen the impact of the current juncture in our operations and financial position towards a tight control of our resources.

In this context, despite the support provided to certain troubled clients, through deferred payment mechanisms (~11% of our portfolio), interest income posted an annual climb of 81%, from Ps.171 million in 2Q19 to Ps.310 million this quarter, driven by the origination recorded over the LTM, which in turn propelled an annual growth of 25% in the Consolidated Portfolio, that amounted to Ps.10,272 million as of quarter-end.

Here it is worth noting the results attained at our enhanced commercial footprint, outstanding this quarter the contribution of the Mexico City office, as it enabled us to tap on attractive opportunities in origination, from counterparties of solid credit profiles that opted for Mega instead of traditional banking; highlighting the remarkable job performed by our credit committee in the assessment and selection of these assets.

With regards to the portfolio's stability, our NPL Ratio remains at healthy levels, near the 2% mark as of quarter-end (one of the lowest in the industry), proof of our rock-solid management of risks and efficient origination, as we have always privileged asset quality over volume. Thus, before the prevailing challenges, we can rely on a healthy portfolio and a stable operation. Nevertheless, we kept pursuing a proactive approach in terms of asset preservation, thus we are regularly conducting a diligent origination analysis, with well-defined parameters, for the benefit of our financial position.

Turning to the commercial margin, this totaled Ps.171 million in 2Q20, decreasing 22.8% vs. Ps.222 million in 2Q19, mainly due to a high comparison base, driven by the positive effects of the multi-lease agreement signed with the government of Jalisco, which were reflected in 2Q19. Thus, the financial margin for the period amounted to Ps.142 million (-47.3% YoY). Adjusting for the effects of the high comparison base, financial margin would have been ~Ps.42 million (+41.7% YoY).

Furthermore, we are confident that the progressive use of proceeds not yet disposed from our recent issuance of Senior Notes, coupled with the environment of lower interest rates, reflected on the stability of the funding cost that stood at 11.5% (+17 bps. QoQ, as this was the first entire quarter recording full interests from the Senior Notes), will contribute to strengthen the financial margin. These factors will pick up momentum as we move towards the new normal.

Separately, the recording of a Ps.147 million non-recurring gain from the buyback of a portion of our Senior Notes boosted quarterly net income, which totaled Ps.261 million, vs. Ps.167 million in 2Q19. Consequently, YTD net income climbed to Ps.328 million, increasing 4.6% vs. that of 2019 (despite a high base of comparison).

On the liquidity side, despite a partial use of the remainder proceeds obtained from the Senior Notes issuance during the quarter, we still preserve a sound cash balance, following a prudent deployment of resources and an efficient collection strategy, as we have been comprehensively flexible with clients facing difficulties, seeking to preserve all business relations; succeeding, at the time being, as reflected in the stability of the NPL ratio and allowances for loan losses recorded during the quarter.

Wrapping up, we are positive that Mega, drawing from its resilient operations and firm financial grounds, will be able to capitalize on the opportunities emerging from the economic reactivation process (that will follow the decline in the pandemic's propagation curve), since credit will become a key catalyzer to back on the growth track of Mexico.

Ignacio Gonzalez,
CEO

MEGA REPORTS GROWTH RATES OF 25.0% IN TOTAL LOAN PORTFOLIO AND 80.9% IN INTEREST INCOME DURING 2Q20 WITH A 2.1% NPL RATIO

Guadalajara, Jalisco, Mexico, August 6th, 2020. - Operadora de Servicios Mega, S.A. de C.V., SOFOM E.R. ("Mega") a company focused on leasing and credit origination in Mexico and the United States, announced today its financial results for the second quarter 2020 ("2Q20"). The figures presented in this report are expressed in nominal Mexican Pesos, are preliminary and non-audited, prepared in accordance with regulatory accounting standards issued by the National Banking and Securities Commission (CNBV) and may include minor differences due to rounding.

2Q20 Relevant Developments

- **Change of listing to the Institutional Stock Exchange "BIVA".** On April 16, 2020, Mega announced its decision to delist from the Mexican Stock Exchange (*Bolsa Mexicana de Valores* or "BMV") the Company's short-term local notes (*Certificados Bursatiles* or "CEBURES") identified with ticker symbol GFMEGA 00219, GFMEGA 00319, GFMEGA 00419, GFMEGA 00519, GFMEGA 00619, GFMEGA 00719, GFMEGA 00819 and GFMEGA 00120; as well as the initiation of the corresponding procedure to list the aforementioned CEBURES on the Institutional Stock Exchange (*Bolsa Institucional de Valores* or "BIVA"), which was duly completed on April 22, date in which MEGA received a favorable opinion from such exchange, after complying with the requirements established in the applicable legal provisions
- **Senior Notes Buyback.** Between April 8th and May 2nd of 2020, the Company, considering that the market value of its Senior Notes 2025 was below its estimates, carried out the repurchase of a portion of these Notes, for USD$18.7 million (par value), generating a profit from the difference between the purchase price and nominal value of these Notes

2Q20 Operational Highlights

- 2Q20 total loan portfolio amounted to Ps.10,272 million, growing 25.0% when compared to the Ps.8,219 million of 2Q19, driven by the LTM recorded growth in practically all business segments, particularly SMEs (+34.9% YoY, equivalent to +Ps.1,998 million)
- The average loan per client in 2Q20 was Ps.8.6 million (-11.4% YoY)
- During the quarter, origination totaled Ps.1,480 million, 28.5% lower than 2Q19, where the quarterly nil origination registered in the Government segment (vs. Ps.1,231 million recorded in 2Q19) was partially offset by the outstanding performance of SMEs (>100% QoQ and 81.8% YoY)
- In 2Q20, the NPL ratio was 2.1%, a 73-basis-point expansion compared to 1.3% in the same period last year, remaining as one of the lowest in the industry, despite the current backdrop

2Q20 Financial Highlights

- 2Q20 interest income was Ps.310 million, Ps.139 million or 80.9% higher than 2Q19, in line with the incorporation of high-quality assets in the last twelve months
- Financial margin dropped from Ps.270 million in 2Q19 to Ps.142 million in 2Q20, due to a 22.8% decrease (-Ps.51 million) in the commercial margin, given a high base of comparison (resulting from the Jalisco government contract), and, to a lesser extent, the higher interest expenses derived from the recent issuance of Senior Notes for USD$350 million. Excluding the extraordinary benefit of the contract with Jalisco, whose effects positively spread to 2Q19, the financial margin would have increased 41.7% YoY.
- 2Q20 net income amounted to Ps.261 million (+56.4% YoY), benefited by non-recurring items in other income, for Ps.147 million, derived from the Senior Notes buyback (see lines above)
- As of June 30, 2020, gross debt reached Ps.12,254 million (-7.0% QoQ), of which 70% is subscribed at a fixed rate. The average cost of funds slightly rose 17 bps. QoQ, to 11.5%, as this was the first full period recording interest expenses on the Senior Notes due 2025, issued in mid-1Q20

Mega's Response to COVID-19 Pandemic

Health and safety of our people as our top priority

- The split of the staff into three work teams. The first, comprised of staff members belonging to risk groups (~20%), works entirely from home. The remaining two teams alternate between home office and the Company's premises, ensuring that, in the event of a contagion, a significant portion of the staff would be safe of infection
- Suspension of business travels

Support to clients

- Keeping close contact with our clients, to identify and address challenges, providing payment flexibility to the most troubled clients
- Providing payroll loans of up to 3 months for customers with high compliance records, to support them to preserve their staff, for a swift reactivation

Preservation of asset quality

- In-depth analysis of the sectors where we participate, to adjust our exposure accordingly to the perceived risk (Mega is not currently exposed to Oil & Gas, Construction or Airlines industries, which have been affected the most)
- Implementation of stricter origination processes for new clients, with additional stress tests and more stringent criteria; mainly focused on sectors with attractive growth prospects, leveraging on advantageous technological tools for this purpose

Maintain a conservative risk management

- All debt contracted in foreign currency is 100% hedged
- Loan portfolio is adequately provisioned in the allowance for loan losses
- Double checking of backlogs

Key Figures

Financial (MXN million)	2Q20	2Q19	Δ%	1H20	1H19	Δ%
Interest income	**310**	**171**	**80.9%**	**713**	**308**	**>100.0%**
Financial margin	**142**	**270**	**(47.3%)**	**321**	**503**	**(36.2%)**
Net income	**261**	**167**	**56.4%**	**328**	**314**	**4.6%**

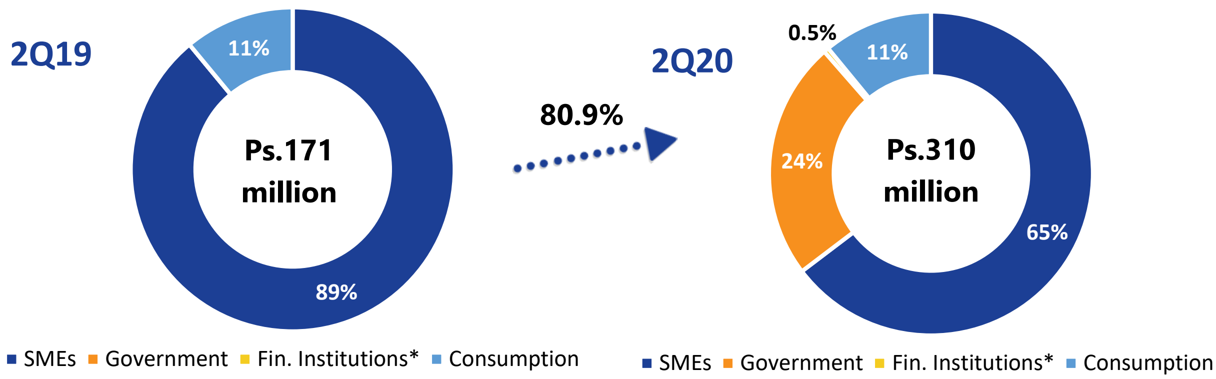
Operational	2Q20	2Q19	Δ%
Total loan portfolio (MXN Million)	**10,272**	**8,219**	**25.0%**
By type of loan:			
SMEs (MXN Million)	7,722	5,724	34.9%
Government (MXN Million)	1,831	2,122	(13.7%)
Fin. Institutions (MXN Million)	106	-	-
Consumer (MXN Million)	613	373	64.2%
NPL ratio	**2.1%**	**1.3%**	**0.7 pp.**
By type of loan:			
SMEs	1.9%	1.9%	0.1 pp.
Government	-	-	-
Fin. Institutions	-	-	-
Consumer	0.9%	1.3%	(0.4 pp.)
Average loan per client (MXN Thousand)	8,582	9,688	(11.4%)
Financial Ratios			
NIM	5.5%	13.1%	(7.6 pp.)
Efficiency Ratio	67.0%	25.9%	41.1 pp.
Average cost of funds	11.5%	11.3%	0.3 pp.
Coverage ratio[1]	90.4%	93.6%	(3.3 pp.)
Total loan portfolio / Gross debt	0.8x	1.3x	(0.5x)
Leverage (Gross debt / Stockholders' equity)	7.0x	4.9x	2.1x
Stockholders' equity / Total assets (net of deposits)[2]	11.8%	14.7%	(2.9 pp.)
Stockholders' equity / Total loan portfolio (net of deposits)[2]	19.5%	17.8%	1.7 pp.
ROAA	4.8%	9.7%	(4.9 pp.)
ROAE	40.4%	64.0%	(23.6 pp.)

[1]Allowance for loan losses as a percentage of non-performing loan.

[2]Deposits in advance received at the beginning of the leasing contract.

Income Statement

Interest income



*These represent the alliances with banks that do not have asset leasing operations, as we provide leasing services to our bank partner's clients. It is worth noting that said banks assume the credit risk of each transaction, while we earn a fee (for each transaction).

2Q20 interest income increased from Ps.171 million in 2Q19 to Ps.310 million in 2Q20, mainly driven by the income growth in SMEs (+31.7% YoY) and Government (Ps.73.5 million vs. nil Government interest income in 2Q19). YTD interest income grew over 100% YoY, totaling Ps.713 million, following annual increases of 89.5% and 54.1% in the SMEs and Consumption, respectively.

In 2Q20, 64.8% of interest income stemmed from SMEs, 23.7% from Government, 10.9% from Consumption and only 0.5% from Financial Institutions. Meanwhile, in 1H20, 72.0% came from SMEs, 19.4% from Government and the remaining 8.5% from Consumption (8.1%) and Financial Institutions (0.4%).

Commercial margin

In 2Q20, the commercial margin amounted to Ps.171 million (-22.8% YoY), reflecting the effects of a high comparison base, resulting from the multi-lease contract signed with the state of Jalisco, which positive effect extended until 2Q19. Excluding for this effect, commercial margin would have surged over 100% YoY (>Ps.118 million). From January to June 2020, the commercial margin decreased 49.0% YoY, to Ps.216 million (under the same quarterly rationale).

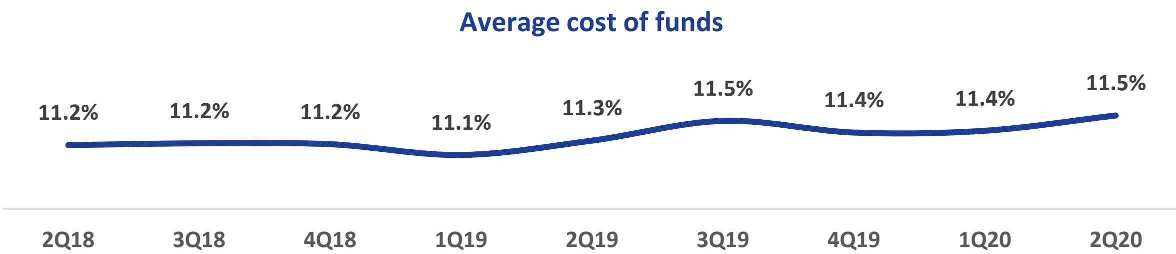
It is important to remember that commercial margin represents the difference between the cost at which Mega acquires an asset and the asset leasing price (the price at which the asset is quoted to customers for purposes of calculating certain lease payments and the purchase price of the asset). This applies for typical lease transactions and those in which Mega serves as commercial distributor.

Interest expense

Interest expense for the quarter totaled Ps.339 million, an increase of Ps.216 million YoY, following a larger indebtedness from the US$350 million Senior Notes issuance in 1Q20. 1H20 interest expenses reached Ps.608 million, vs. Ps.229 million in 1H19 (+Ps.379 million YoY), broadly in line with the rationale of the quarter.

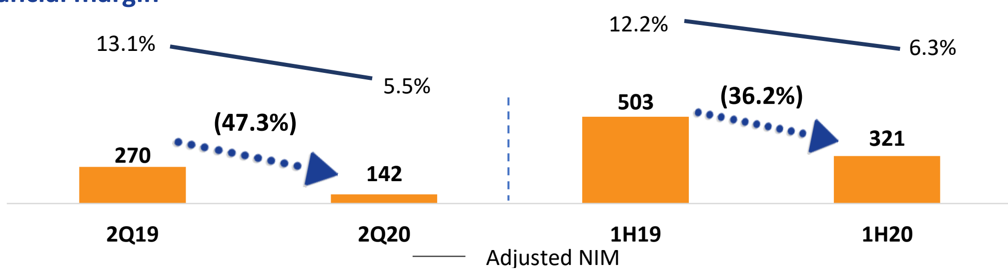
Interest expense (MXN Million)	2Q20	2Q19	Δ%	1H20	1H19	Δ%
Loans from banks and others	**99**	**104**	**(4.8%)**	**256**	**194**	**32.0%**
MXP	50	76	(34.2%)	144	127	13.4%
USD*	49	28	75.0%	112	67	67.2%
Debt securities	**240**	**19**	**>100.0%**	**352**	**35**	**>100.0%**
MXP	16	19	(15.8%)	44	35	25.7%
USD*	224	-	-	308	-	-
Total	**339**	**123**	**>100.0%**	**608**	**229**	**>100.0%**
Average cost of funds	**11.5%**	**11.3%**	**0.3 pp.**	**11.5%**	**11.3%**	**0.3 pp.**

*We used a conversation factor of Ps.22.9715 to USD.



At the end of 2Q20, the average cost of funds was 11.5%, 28 bps. above its annual comparison, largely attributed to higher costs of USD-denominated debt arising from the placement of Senior Notes due 2025, and the MXP devaluation vs. the USD.

Financial margin



The Financial margin decreased 47.3%, from Ps.270 million in 2Q19 to Ps.142 million this quarter, due to the aforementioned factors. Adjusted for the extraordinary gain from the Jalisco government contract, financial margin climbed 41.7% YoY. In 2Q20, NIM was 5.5% (-7.6 pp. YoY). YTD financial margin totaled Ps.321 million, vs. Ps.503 million recorded in the same period last year.

Provision for loan losses

Provision for loan losses by type of loan (MXN million)	2Q20	2Q19	Δ%	1H20	1H19	Δ%
SMEs	20,469	7,007	>100.0%	39,856	10,935	>100.0%
Government	0	2,890	(100.0%)	3,666	5,129	(28.5%)
Fin. Institutions	2,970	0	-	3,064	0	-
Consumer	16,308	6,047	>100.0%	23,155	11,327	>100.0%
Total	**39,746**	**15,944**	**>100.0%**	**69,741**	**27,391**	**>100.0%**

2Q20 provision for loan losses increased over 100% YoY, totaling Ps.40 million, following a larger portfolio, as well as additional provisions created in relation to COVID-19. In this sense, in the first half of the year, provisions for loan losses totaled Ps.70 million, vs. Ps.27 million recorded in the same period 2019.

Adjusted financial margin

2Q20 adjusted financial margin was Ps.102 million, 59.7% lower than the Ps.254 million of 2Q19, given a lower financial margin and higher provisions for loan losses. Likewise, the adjusted financial margin for the first half of 2020 totaled Ps.252 million (-47.2% YoY).

Commission and fee expenses

2Q20 commission and fee expenses totaled Ps.5 million, increasing 24.8% in an annual basis. YTD, commission and fee expenses increased 22.7% YoY, amounting to Ps.9 million.

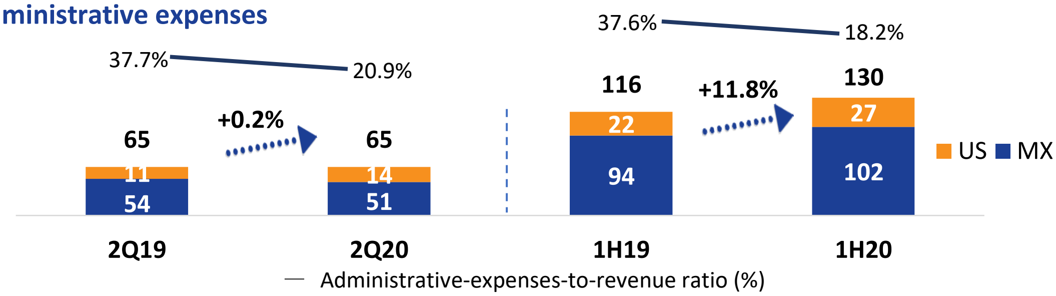
Brokerage expense

Brokerage expenses increased from Ps.1 million in 2Q19 to Ps.26 million this quarter. In 1H20, brokerage expenses totaled Ps.25 million, compared to Ps.5 million in the same period 2019.

Other operating income

2Q20 other operating income reached Ps.153 million, Ps.150 million more than the Ps.3 million recorded in 2Q19, mainly reflecting the gain from the Senior Notes buyback. In the first half of the year, other operating income totaled Ps.153 million, vs. Ps.8 million in the same period 2019.

Administrative expenses



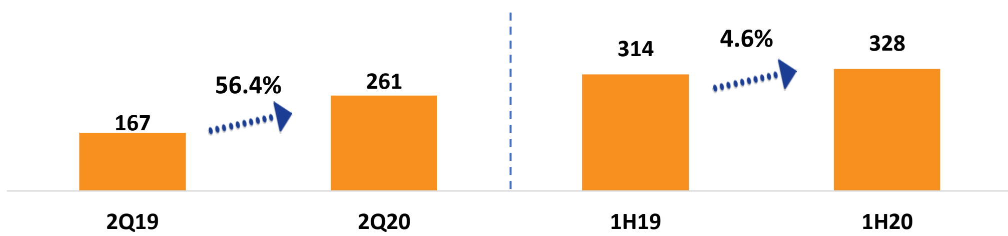
2Q20 administrative expenses remained practically flat when compared to those of 2Q19 and 1Q20, as the higher volume of operations and commercial expansion, from the opening of the Mexico City, Puebla and Cancun branches in the last 12 months, were offset by the savings program launched last March. Consequently, the administrative expenses to interest income ratio contracted 16.8 pp. on an annual basis.

During the 1H20, administrative expenses totaled Ps.130 million, increasing 11.8%, from the Ps.116 million recorded in the same period last year. The administrative expenses to interest income ratio was 18.2% in 1H20 (-19.4 pp. YoY).

Income tax

2Q20 income tax amounted to Ps.5 million, compared to Ps.8 million in 2Q19, a decrease of 29.8%. During the first half of the year, income tax totaled Ps.7 million, 53.0% less than the Ps.14 million recorded for the same period 2019.

Net income

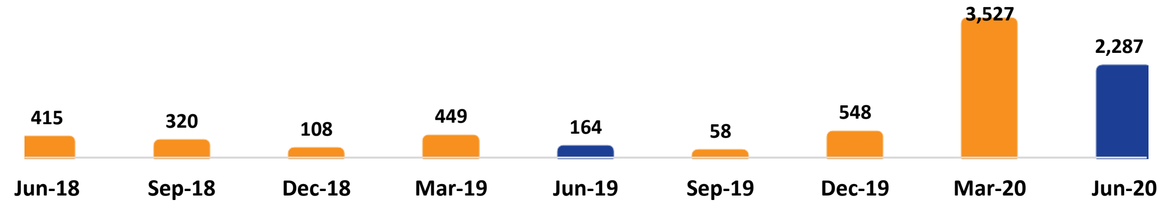


2Q20 net income increased 56.4% year-over-year, to Ps.261 million; driven by the combined effect of higher interest income and other income, which more than offset the high comparison base in commercial margin, as well as a higher interest expense. 2Q20 net margin was 49.3% (+15.4 pp. YoY).

YTD net income reached Ps.328 million, 4.6% higher than that of the same period 2019. 1H20 net margin reached 33.6%.

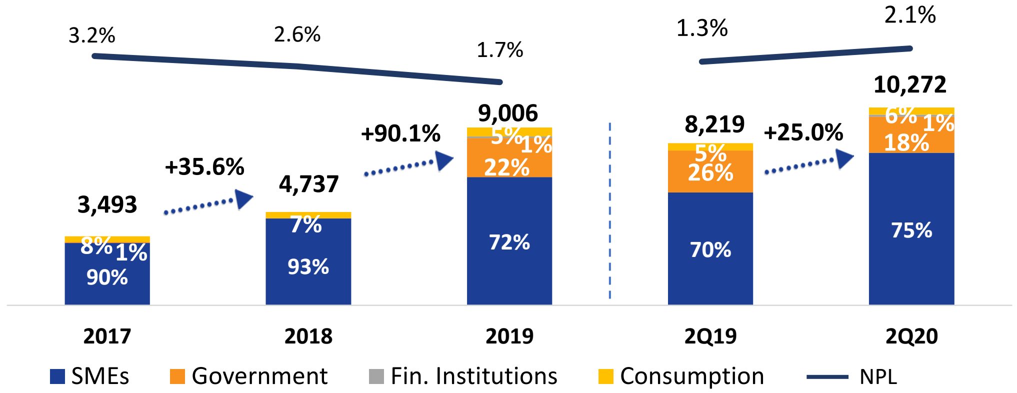
Balance Sheet

Cash



Cash balance climbed from Ps.164 million in 2Q19 to Ps.2,287 million this quarter, an increase of Ps.2,123 million, as a result of the US$350 million Senior Notes issuance conducted early this year. The sequential decrease of 35.2% (equivalent to Ps.1,241 million), corresponds to the scheduled use of these resources and quarterly loan origination activity.

Total loan portfolio



As of June 30, 2020, total loan portfolio reached Ps.10,272 million, 25.0% higher than the Ps.8,219 million recorded as of the same period last year, following the solid origination registered in the LTM.

Despite the annual increase in the NPL (+73 bps.), this metric was only 20 bps. higher than that of the previous quarter, attributable to the selective origination processes deployed since the end of last quarter, as well as relief programs provided to certain customers, to help them weather the challenging economic environment (thereby supporting long-term relationships and payment compliance). At the end of 2Q20, around 11% of the total portfolio requested some relief program.

Non-performing loans (NPL)

NPL by type of loan	NPL			MXN million		
	2Q20	2Q19	Δ	2Q20	2Q19	Δ%
SMEs	1.9%	1.9%	0.1 pp.	208	106	97.0%
Government	-	-	-	-	-	-
Fin. Institutions	-	-	-	-	-	-
Consumer	0.9%	1.3%	(0.4 pp.)	6	5	13.4%
Total	**2.1%**	**1.3%**	**0.7 pp.**	**213**	**110**	**93.3%**

The NPL ratio expanded 73 bps., from 1.3% in 2Q19 to 2.1% in 2Q20. However, on a sequential basis, NPL rose only 20 bps. It is important to highlight that the Company has significantly strengthened its origination processes, to prioritize the asset quality.

Allowance for loan losses

The allowance for loan losses increased from Ps.103 million in 2Q19 to Ps.193 million this quarter, in line with the build-up of allowances under the expected loss methodology of the CNBV. As a result, the coverage ratio (allowance for loan losses as a percentage of non-performing loans) was 90.4%, slightly higher than that of last quarter.

Other accounts receivable, net

At the end of 2Q20, other accounts receivable, net, amounted to Ps.973 million, 37.6% higher than the Ps.707 million recorded in the same period 2019, due to a higher balance in recoverable VAT, following the growth of the total credit portfolio.

Other assets, deferred charges and intangible assets

Other assets, deferred charges and intangible assets increased 7.4%, from Ps.461 million in 2Q19 to Ps.495 million this quarter.

Debt

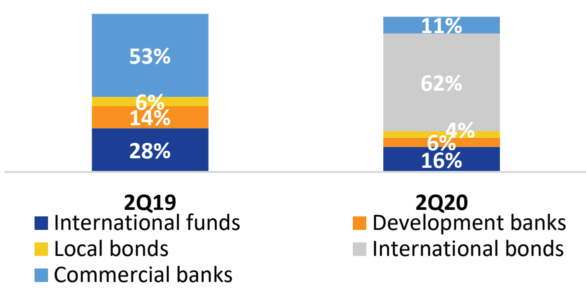
(MXN Million)	2Q20	2Q19	Δ%
Short-term	**1,934**	**1,968**	**(1.7%)**
As a % of gross debt	15.8%	30.9%	(15.1 pp.)
Long-term	**10,320**	**4,411**	**>100.0%**
As a % of gross debt	84.2%	69.1%	15.1 pp.
Total debt	**12,254**	**6,379**	**92.1%**
Net debt	**9,967**	**6,215**	**60.4%**
Leverage (Gross debt / Stockholders' equity)	7.0x	4.9x	2.1x

Gross debt climbed from Ps.6,379 million in 2Q19 to Ps.12,254 million in 2Q20, an increase of Ps.5,875 million (+92.1% YoY), mainly due to the US$350 million debt issuance of last quarter. However, on a sequential basis, gross debt decreased 7.0% to Ps.924 million.

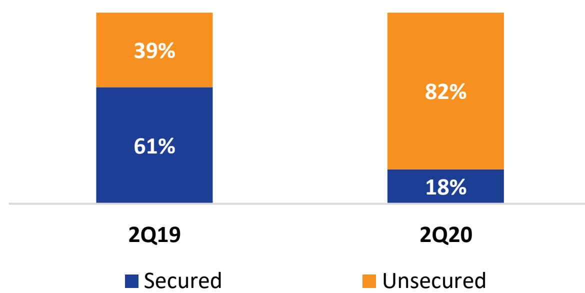
It is also worth noting that only 15.8% of our debt matures in the short term (next 12 months), favorably compared to the 30.9% for the next 12 months recorded over the same period 2019. While the leverage ratio increased from 4.9x in 2Q19 to 7.0x in 2Q20 but decreased 1.9x in a sequential basis.

As of June 30, 2020, net debt totaled Ps.9,967 million, an increase of 60.4% or Ps. 3,752 million vs. 2Q19, due to the issuance of Senior Notes.

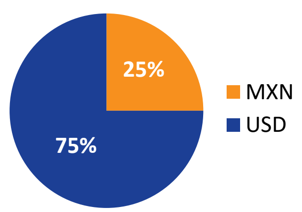
Debt by type of debt



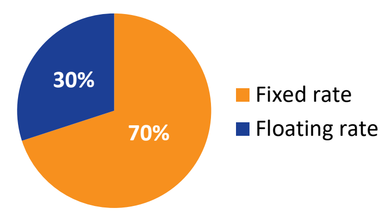
Secured vs. Unsecured



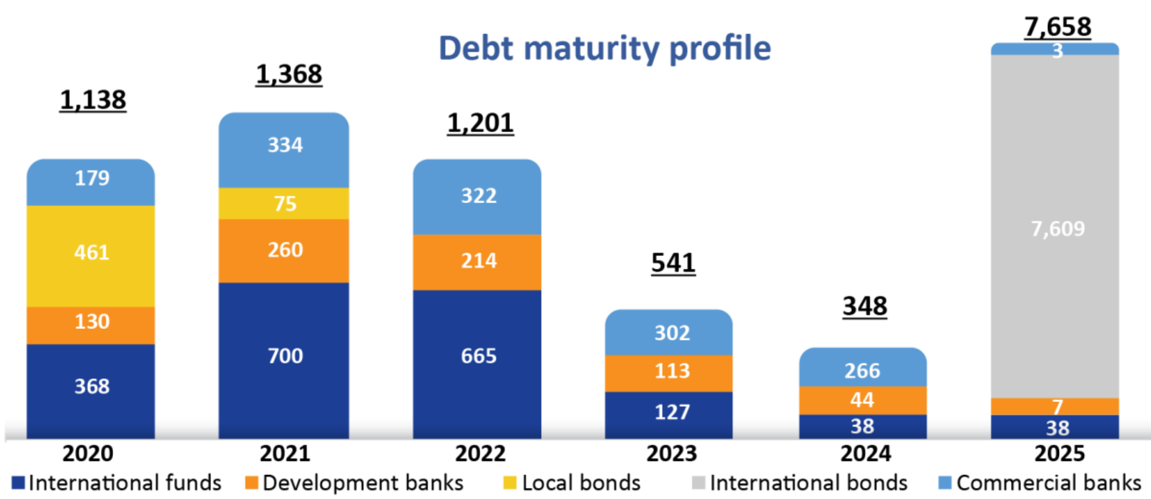
Debt by currency



Debt by rate

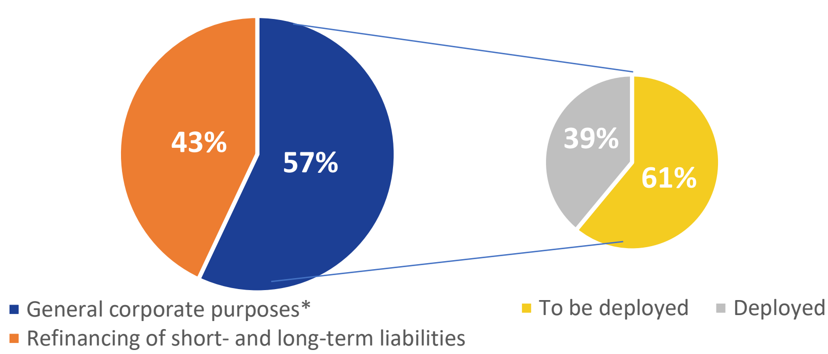


Debt maturity profile



At the end of 2Q20, 9.3% of the debt matures during the second half of 2020, 11.2% in 2021, 9.8% during 2022, 4.4% in 2023, 2.8% in 2024 and the remaining 62.5% in 2025.

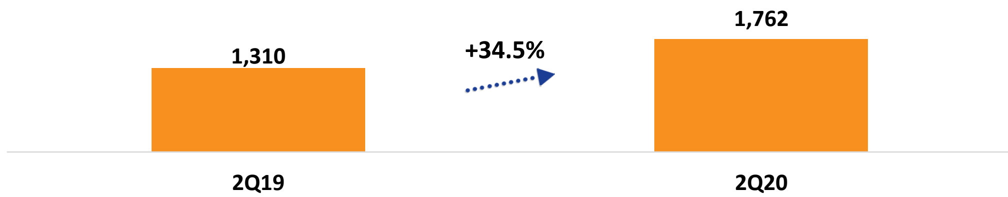
Use of Senior Notes proceeds



*Including working capital, credit origination, among others.

Out of the resources obtained, 43% was used for refinancing liabilities, while the remaining 57% will be gradually used for general corporate purposes. By the end of 2Q20, 61% of the resources intended for general corporate purposes remains available.

Total Stockholders' Equity



Stockholders' equity increased from Ps.1,310 million in 2Q19 to Ps.1,762 million in 2Q20, an increase of 34.5%. As of June 30, 2020, the Company's capital structure was composed of 89.1% liabilities and 10.9% equity; while at the end of 2Q19, it was composed of 86.6% liabilities and 13.4% equity.

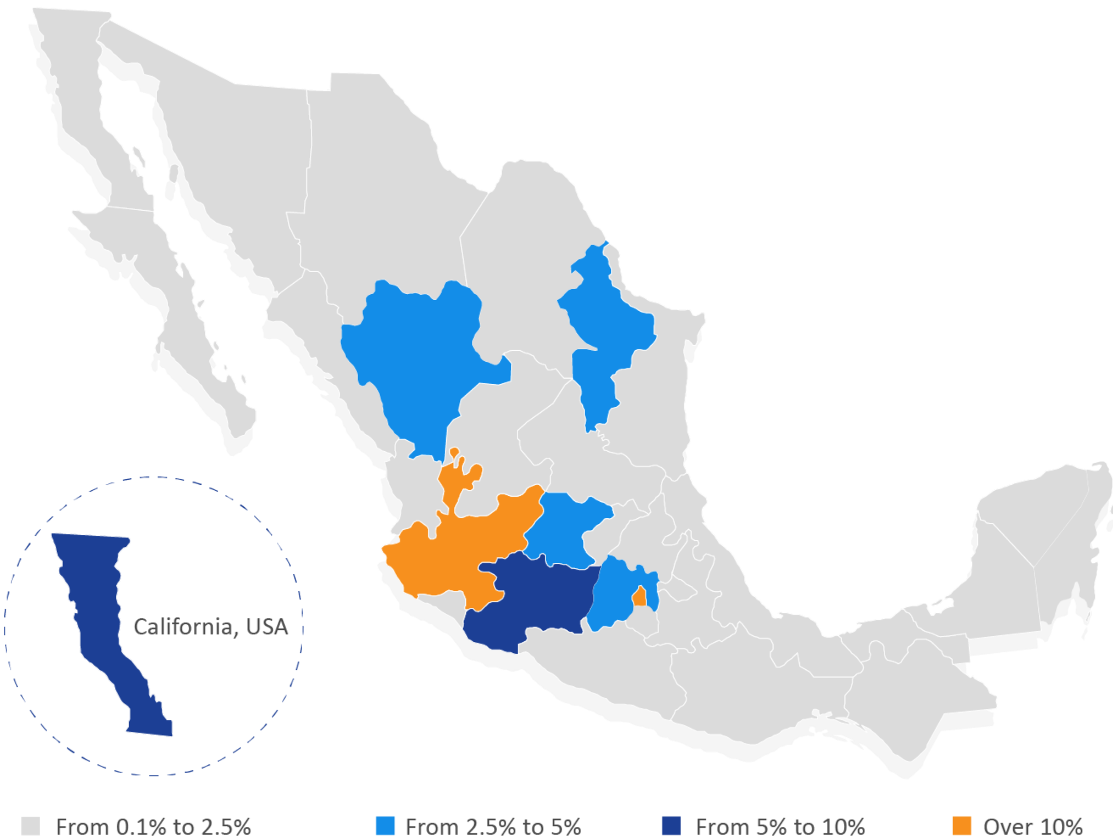
Operational Summary

Key operational figures

Type of loan	2Q20				2Q19				Δ%			
	Portfolio (MXN million)	Customers	NPL ratio	Average loan	Portfolio (MXN million)	Customers	NPL ratio	Average loan	Portfolio (MXN million)	Customers	NPL ratio	Average loan
SMEs	7,722	667	1.9%	7.5	5,724	538	1.9%	8.2	34.9%	24.0%	0.1 pp.	(8.3%)
Government	1,831	2	-	457.8	2,122	2	-	407.9	(13.7%)	0.0%	-	12.2%
Fin. Institutions	106	3	-	10.6	-	-	-	-	-	-	-	-
Consumer	613	2,665	0.9%	0.3	373	2,058	1.3%	0.3	64.2%	29.5%	(0.4 pp.)	(0.5%)
Total	**10,272**	**3,337**	**2.1%**	**8.6**	**8,219**	**2,598**	**1.3%**	**9.7**	**25.0%**	**28.4%**	**0.7 pp.**	**(11.4%)**

Type of loan (MXN million)	Origination									
	2Q20	%	2Q19	%	Δ%	1H20	%	1H19	%	Δ%
SMEs	1,379	93.1%	759	36.6%	81.8%	2,034	91.7%	1,503	39.3%	35.4%
Government	-	0.0%	1,231	59.4%	(100.0%)	-	0.0%	2,158	56.4%	(100.0%)
Fin. Institutions	31	2.1%	10	0.5%	>100.0%	41	1.8%	30	0.8%	35.9%
Consumer	71	4.8%	72	3.5%	(1.1%)	143	6.4%	136	3.5%	5.3%
Total	**1,480**	**100.0%**	**2,071**	**100.0%**	**(28.5%)**	**2,217**	**100.0%**	**3,826**	**100.0%**	**(42.1%)**

Geographical portfolio distribution

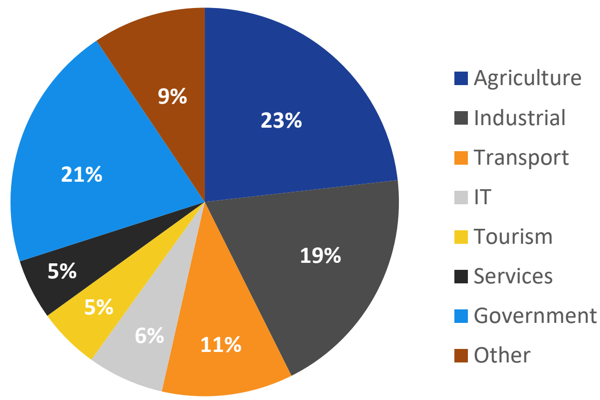


At the end of 2Q20, Mega's loan portfolio was primarily concentrated in Jalisco (41.9% of the total), Mexico City (12.3%), Michoacan (6.9%), California, United States (5.4%) and Durango (4.9%). It is relevant to note that the sequential increase of 3.0 pp. in the participation of Mexico City is linked to the capitalization of attractive origination opportunities, from counterparts that opted for Mega instead of traditional banking.

SMEs

As of June 30, 2020, SMEs loan portfolio totaled Ps.7,722 million, 34.9% higher than the Ps.5,724 million recorded as of the same period last year, driven by the robust origination of Ps.1,379 million (+81.8% YoY) recorded in the quarter. While the NPL ratio stood flat at 1.9% compared to 2Q19, on a sequential basis, this metric decreased by 20 bps.

SMEs by economic sector



Government

The government loan portfolio fell from Ps.2,122 million in 2Q19 to Ps.1,831 million in 2Q20, a 13.7% annual decrease. Since there were no opportunities during the period that met the Company's guidelines, no origination was recorded. On the other hand, the delinquency rate continued to be nil at the end of 2Q20, reflecting the high quality of the assets incorporated into this portfolio, which outstand for their stable and predictable interest revenue stream.

Financial institutions

As of June 30, 2020, financial institutions loan portfolio totaled Ps.106 million, positively compared to 2Q19, where no credits of this segment were recorded. In line with the strict origination standards implemented by our banking counterparts. During 2Q20, the NPL ratio of this segment was nil.

Consumer

Consumer loan portfolio reached Ps.613 million in 2Q20, 64.2% higher than the Ps.373 million in 2Q19. In 2Q20, origination amounted to Ps.71 million, slightly lower than the Ps.72 million of 2Q19. The NPL ratio decreased from 1.3% in 2Q19 to 0.9% this quarter, a decline of 0.4 pp.

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Fixed-income analysts

Institution	Analyst	Credit rating	E-mail
S&P Global Ratings	Rodrigo Cuevas	BB- / mxA-	rodrigo.cuevas@spglobal.com
Moody's	Felipe Carvallo	Ba2	felipe.carvallo@moodys.com

About Mega

Operadora de Servicios Mega, S.A. de C.V., SOFOM E.R. ("Mega") is a company specialized in leasing and credit origination in Mexico and the United States, with more than 15 years of experience, offering financial solutions to companies underserved by traditional banks. Mega's unique portfolio is diversified across regions and sectors, with high growth potential.

Forward-Looking Statements

Certain statements contained in this earnings release constitute forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company to be materially different from those expressed or implied by the forward-looking statements in this earnings release. The reader should understand that the results obtained may differ from the projections contained in this document, as past results in no way offer any guarantee of future performance. For this reason, the Company assumes no responsibility for any indirect factors or elements beyond its control that might occur inside Mexico or abroad and which might affect the outcome of these projections.

2Q20 Earnings Conference Call

Consolidated Financial Statements

Operadora de Servicios Mega, S.A. de C.V., SOFOM, E.R.

Consolidated Income Statement

For the three- and six-month periods ended June 30, 2020 and 2019

(Thousands of Mexican pesos)	2Q20	2Q19	Δ%	2Q20 (Thousands of dollars[1])	1H20	1H19	Δ%	1H20 (Thousands of dollars[1])
Interest income	309,736	171,189	80.9%	13,483	712,705	308,396	>100.0%	31,026
Commercial margin	171,268	221,961	(22.8%)	7,456	216,223	424,099	(49.0%)	9,413
Total income	**481,004**	**393,150**	**22.3%**	**20,939**	**928,928**	**732,495**	**26.8%**	**40,438**
Interest expense	(338,961)	(123,392)	>100.0%	(14,756)	(607,645)	(229,054)	>100.0%	(26,452)
Financial margin	**142,043**	**269,759**	**(47.3%)**	**6,183**	**321,283**	**503,441**	**(36.2%)**	**13,986**
Provision for loan losses	(39,746)	(15,944)	>100.0%	(1,730)	(69,741)	(27,391)	>100.0%	(3,036)
Adjusted financial margin	**102,297**	**253,815**	**(59.7%)**	**4,453**	**251,542**	**476,050**	**(47.2%)**	**10,950**
Commission and fee expenses	(4,750)	(3,805)	24.8%	(207)	(9,047)	(7,372)	22.7%	(394)
Brokerage expense	(25,736)	(1,474)	>100.0%	(1,120)	(24,923)	(4,608)	>100.0%	(1,085)
Other operating income	153,349	3,674	>100.0%	6,676	152,834	7,540	>100.0%	6,653
Administrative expenses	(64,664)	(64,552)	0.2%	(2,815)	(129,630)	(115,939)	11.8%	(5,643)
Income before income taxes	**160,496**	**187,658**	**(14.5%)**	**6,987**	**240,776**	**355,671**	**(32.3%)**	**10,482**
Income tax	(5,432)	(7,739)	(29.8%)	(236)	(6,627)	(14,100)	(53.0%)	(288)
Net income (excluding FX items)	**155,064**	**179,919**	**(13.8%)**	**6,750**	**234,149**	**341,571**	**(31.4%)**	**10,193**
Net margin	**32.2%**	**45.8%**	**(13.5 pp.)**	**32.2%**	**25.2%**	**46.6%**	**(21.4 pp.)**	**25.2%**
FX gain	(206,230)	49,406	(>100.0%)	(8,978)	135,355	97,737	38.5%	5,892
FX loss	312,169	(62,409)	(>100.0%)	13,589	(41,375)	(125,569)	(67.0%)	(1,801)
Net income	**261,003**	**166,916**	**56.4%**	**11,362**	**328,129**	**313,739**	**4.6%**	**14,284**

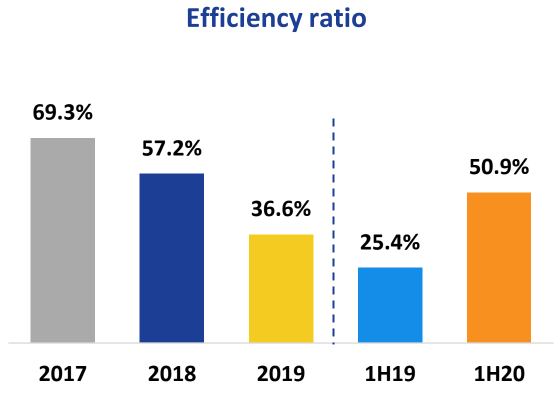
[1] U.S. dollar amounts are translated from pesos into dollars, solely for the convenience of the reader, using an exchange rate of Ps.22.9715 per U.S. dollar, the exchange rate to settle foreign currency obligations on June 30, 2020 determined by the Mexican Central Bank and published in the Official Gazette.

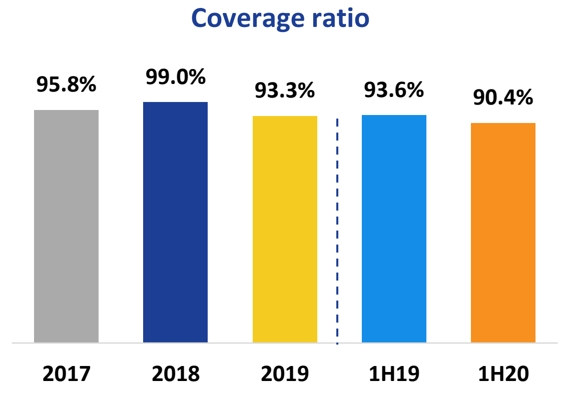
Operadora de Servicios Mega, S.A. de C.V., SOFOM, E.R.
Consolidated Balance Sheet
As of June 30, 2020 and 2019

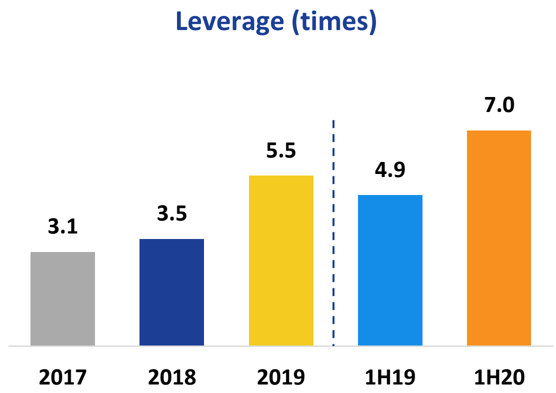
(Thousands of Mexican pesos)	Jun-30 2020	Jun-30 2019	Δ%	Jun-30 2020 (Thousands of Dollars[1])
Assets				
Cash	2,286,574	163,923	>100.0%	99,540
Derivatives held for trading	0	1,351	(>100.0%)	0
Derivatives held for hedging	1,856,194	-	-	80,804
Total performing loan portfolio	10,058,505	8,109,136	24.0%	437,869
Total non-performing loan portfolio	213,365	110,363	93.3%	9,288
Total loan portfolio	**10,271,871**	**8,219,499**	**25.0%**	**447,157**
Allowance for loan losses	(192,777)	(103,348)	86.5%	(8,392)
Total loan portfolio (net)	**10,079,094**	**8,116,151**	**24.2%**	**438,765**
Other accounts receivable, net	973,326	707,353	37.6%	42,371
Foreclosed assets, net	164,076	68,179	>100.0%	7,143
Property, furniture and equipment, net	80,585	68,359	17.9%	3,508
Goodwill	134,265	134,265	-	5,845
Long-lived assets available for sale	60,306	60,306	-	2,625
Other assets, deferred charges and intangible assets	494,662	460,751	7.4%	21,534
Total Assets	**16,129,082**	**9,780,638**	**64.9%**	**702,134**
Liabilities and Stockholders' Equity				
Listed securities	8,144,907	352,600	>100.0%	354,566
Short-term debt	1,398,418	1,615,302	(13.4%)	60,876
Long-term debt	2,710,477	4,410,756	(38.5%)	117,993
Derivatives for trading purposes	44,124	49,390	(10.7%)	1,921
Derivatives held for hedging	112,562	-	-	4,900
Sundry creditors	94,142	839,624	(88.8%)	4,098
Sundry creditors for collateral received cash	1,276,532	959,510	33.0%	55,570
Deferred income taxes	69,669	58,780	18.5%	3,033
Deferred credits and advance collections	515,980	184,396	>100.0%	22,462
Total Liabilities	**14,366,811**	**8,470,358**	**69.6%**	**625,419**
Stockholders' Equity				
Capital stock	418,435	418,405	0.0%	18,215
Additional paid in capital	-	-	-	-
Retained earnings	967,005	556,643	73.7%	42,096
Cumulative foreign translation adjustment	48,703	21,493	>100.0%	2,120
Net income of the period	328,129	313,739	4.6%	14,284
Total Stockholders' Equity	**1,762,271**	**1,310,280**	**34.5%**	**76,716**
Total Liabilities and Stockholders' Equity	**16,129,082**	**9,780,638**	**64.9%**	**702,134**

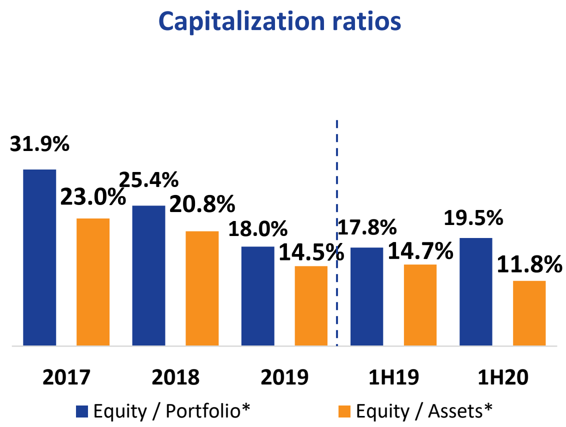
[1] U.S. dollar amounts are translated from pesos into dollars, solely for the convenience of the reader, using an exchange rate of Ps.22.9715 per U.S. dollar, the exchange rate to settle foreign currency obligations on June 30, 2020 determined by the Mexican Central Bank and published in the Official Gazette.

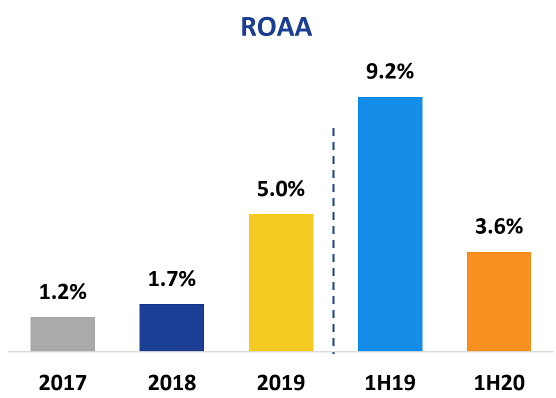
Financial Ratios

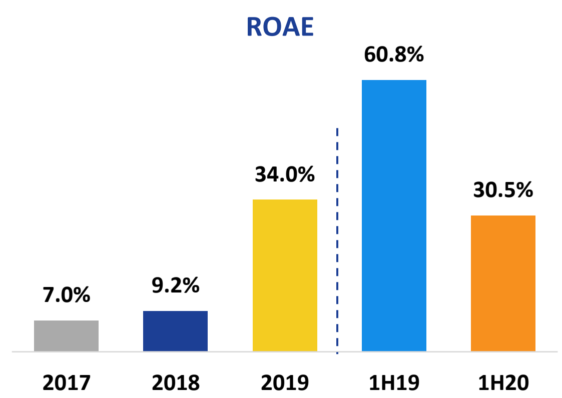












*Net of deposits.

Glossary

Total loan portfolio: Total performing loan portfolio + Total non-performing loan portfolio.

NIM: Financial margin annualized / Total loan portfolio.

Non-performing loan ratio: Past-due leases and loans, calculated as of the first day such leases and loans are more than 90 days in arrears / Total loan portfolio.

Efficiency Ratio: Calculated as the sum of Administrative and Operating Expenses divided by the sum of Financial and Commercial Margins.

Coverage ratio: Allowance for loan losses as a percentage of non-performing loans.

Leverage: Total debt / Stockholders' equity.

Return on Average Assets (ROAA): Net income annualized / Average total assets,

Return on Average Stockholders' Equity (ROAE): Net income annualized / Average stockholders' equity.

Mega L.P.: It is a subsidiary based in San Diego, California, focused on purchasing selected pre-owned personal vehicle loans from local dealerships.

Fin. Institutions: These represent the alliances with banks that do not have asset leasing operations, as we provide leasing services to our bank partner's clients. It is worth noting that said banks assume the credit risk of each transaction, while we earn a fee (for each transaction).