



**Driving growth toward
comprehensive solutions of high
added-value**

4Q20

EARNINGS RELEASE

Message from the Executive Chairman

Thanks to comprehensive risk management practices, diligent market analysis and a proactive client-focused service, during 4Q20, Mega performed under a remarkable operational resilience (effectively weathering the prolonged effects of the pandemic) while counted on the required momentum to achieve its 2020 Guidance. In this regard, as of year-end, total loan portfolio reached Ps.11,438 million, up 27.0% YoY (2020 Guidance: double-digit growth); and net income climbed 46.3% YoY (2020 Guidance: positive growth), posting a new record-high for this P&L item in our history.

Against this background, one of the main drivers of our performance lies in the close communication and support provided to our clients (it has been maintained since the beginning of the sanitary contingency), for the purpose of help them before the current backdrop, to preserve as many business relationships as possible. Among these efforts, especially outstanding were the pre-approval of credit lines and payroll loans for high-profile customers, as well as the advisory services rendered on credit settlements for those clients affected the most by the pandemic. We believe these measures have contributed to the stability of the NPL ratio that stands at 2.2% (one of the lowest in the industry).

Moving on the most significant developments of 2020, we find: i) the contribution of our broadened business network, particularly from the Mexico City branch; ii) the partnership with the Coordinating Council of Women Entrepreneurs (*Consejo Coordinador de Mujeres Empresarias*, CCME for its Spanish acronym), which allowed us to arise as one of the best positioned non-bank financial institutions to support women-led SMEs in Mexico; and, iii) our first Senior Notes issuance in the international markets, for US\$350 million (same that we successfully reopened in March 2021, with an additional placement of US\$150 million).

The proceeds obtained from our Senior Notes were instrumental for 2020 origination, as despite the adoption of tighter credit standards to preserve asset quality, we were able to meet our forecasts, thanks to the addition of new customers with solid credit scores (mainly in Mexico City) who opted for our value proposal over banking solutions.

Moreover, we continued striving to consolidate our corporate governance, effort that was crystalized last November, with the Prime Certification (a recognition promoted by the BMV, BIVA, AMIB, Nafin and Bancomext, for the institutionalization and strengthening of corporate governance in Mexican companies), where our strong adherence to best practices allowed us to receive this certification in a record time (1.5 months, vs. 6-12 months of standard participating companies).

The foregoing, together with our deep social and environmental commitment, also contributed to the rank of Vigeo Eiris (a Moody's subsidiary that evaluates the integration of social, environmental and governance factors into the strategy, operation, and management of companies) on Mega, placing us among the top-scoring companies along the non-bank financial institution sector in Mexico and Latin America.

To conclude, in 2021, we will keep boosting our operational platform towards the deployment of comprehensive initiatives oriented to consolidate our financial position, considering as a key element for this end, a close collaboration with development banks, as well as a renewed commitment to transparency and sustainability. All these endeavors aim to contribute with the economic recovery of Mexico, drawing on our offer of competitive and differentiated financing solutions.

Guillermo Romo,
Executive Chairman

Message from the CEO

I am pleased to share our 4Q and FY2020 results, which posted a stable NPL ratio of 2.2%, below than our year-end estimate, thanks to the comprehensive implementation of selective origination policies (aimed at preserving the asset quality); achievement of utmost significance when realize the effects of the health contingency. And, despite a strict risk management, the yearly origination also stood out, close to our pre-pandemic estimates and beating the 2020 Guidance.

Likewise, the consolidated portfolio increased 27.0% YoY at the end of 2020, amounting to Ps.11,438 million, driven by the greater commercial penetration provided by the strengthening of our branch network and the partnership closed with the Coordinating Council of Women Entrepreneurs. 2020 net income climbed 46.3% YoY to become the highest profit in our history.

Interest income was up 28.8% YoY, from Ps.280 million in 4Q19 to Ps.361 million this quarter. For full-year 2020, interest income reached Ps.1,401 million, a 57.8% annual growth vs. the Ps.888 million recorded in 2019.

Similarly, 4Q20 commercial margin was up 76.2% YoY, totaling Ps.199 million. While 2020 commercial margin decreased 19.1%, amounting to Ps.484 million due to the combined effect of a high comparison base (explained by the multi-lease contract signed with Jalisco in 2019) and, to a lesser extent, the strategic decision to focus on resilient sectors such as agriculture, which, after a thorough assessment, revealed to be the least affected by the pandemic, but with low yields.

4Q20 Financial margin was Ps.329 million, surging more than 100% vs. 4Q19, propelled by the joint effect of higher total income and a slight fall in interest expense. On the other hand, 2020 financial margin dropped 17.5% YoY to Ps.735 million as the negative carry related to the cash balance held during most of the year (in line with a prudent origination policy) led to an annual increase in the interest expenses of the period.

Separately, 4Q20 net income was Ps.280 million (>100.0% YoY); as a bolstered total income (+42.4% YoY) and the recognition of a tax benefit for Ps.268 million (vs. Ps.0.3 million in 4Q19), more than offset the net FX loss of Ps.91 million recorded in the quarter (vs. the FX gain of Ps.41 million in 4Q19).

Turning to our financial position, although nearly all remaining proceeds of our Senior Notes issuance were deployed over the quarter, an efficient cash management and stable collection, allowed us to maintain a sound level of liquidity. Here it is worth highlighting the confidence that the market has placed upon the Company, as we recently conducted the reopening of our Senior Notes, issuing an additional placement of US\$150 million (resources that will allow us to pursue an incremental generation of value).

Regarding leverage (measured as gross debt over stockholders' equity), although it was up 1.8 times YoY, to 7.3x at the end of 4Q20 (mainly due to the Senior Notes issuance), it also decreased by 1.6 times vs. the 8.9x recorded in 1Q20 (first period reflecting the effect of the Senior Notes issuance on leverage); showing its ongoing normalization.

To conclude, it is relevant to emphasize that, aware of the challenges ahead over 2021, we will continue striving to prioritize our financial stability and asset quality, while boosting efforts to capitalize on arising opportunities from the economic reactivation drive by COVID-19 vaccination progress. Therefore, we set these estimates at our 2021 Guidance: i) a portfolio growth of ~19%; and, ii) maintain our NPL ratio at levels close to 2.5%.

Ignacio Gonzalez,
CEO

MEGA MEETS ITS 2020 GUIDANCE, REPORTING A 27.4% INCREASE IN TOTAL PORTFOLIO AND 46.3% IN NET INCOME

Guadalajara, Jalisco, Mexico, May 3, 2021. - 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 fourth quarter and full-year 2020. The figures presented in this report are expressed in millions of nominal Mexican Pesos (unless otherwise stated), are audited and have been prepared in accordance with regulatory accounting standards issued by the National Banking and Securities Commission (CNBV). The figures may include minor differences due to rounding.

Post 4Q20 Relevant Developments

- **Mega further strengthened its corporate governance.** Last November, the Company obtained the Prime Certification, a distinction that reflects its high compliance with best corporate governance practices, which, together with its solid social and environmental commitment, positioned it as one of the companies with the highest ESG ratings in Latin America, according to evaluations made by Vigeo Eiris (a Moody's subsidiary)
- **Completion of Mega's Senior Notes reopening.** Mega concluded the reopening of its Senior Notes (initially issued in February 2020) for an additional US\$150 million, at a rate of 8.25%, due 2025 and pursuant to Rule 144A and Regulation S. These Senior Notes were received ratings of 'Ba2' and 'BB-', by Moody's and S&P, respectively, and proceeds will be allocated to corporate general purposes

4Q20 Operational Highlights

- Total loan portfolio ended 2020 at Ps.11,438 million, Ps.2,432 million, or 27.0%, higher than that recorded as of December 31, 2019, widely beating the estimates of the 2020 Guidance (double-digit growth). This result was largely driven by a 38.0% annual growth (+Ps.2,469 million) achieved at the SMEs segment
- Average loan per client in 4Q20 stood at Ps.9.3 million, 8.1% below the Ps.10.2 million in 4Q19.
- 4Q20 origination amounted to Ps.1,402 million, up 25.6% over the Ps.1,117 million recorded in the same period last year, supported by the outstanding performance of SMEs, which contributed 93.1% of that figure (Ps.1,306 million vs. Ps.1,302 million in 4Q19, +26.6%)
- At the end of 4Q20, the NPL ratio remained unchanged on a sequential basis, at 2.2%. This metric increased 50 pbs. year-over-year, an outcome that we consider positive given the prevailing economic backdrop, thus showing the effectiveness of our origination policies

4Q20 Financial Highlights

- 4Q20 interest income increased 28.8% YoY, to Ps.361 million, in line with the portfolio growth. Following the same dynamics, 2020 interest income increased 57.8% YoY, to Ps.1,401 million
- 4Q20 financial margin was Ps.329 million, representing an annual increase of over 100%, primarily fueled by the 42.4% YoY growth in total income. In contrast, FY2020 financial margin declined 17.5% on an annual basis, to Ps.735 million, attributable to a higher interest expense that offset the total revenue growth
- 4Q20 net income surged over 100% YoY, to Ps.280 million, mainly boosted by the combination of a hike in total revenue (+42.4% YoY) and the recognition of a tax benefit of Ps.268 million, vs. Ps.269 thousand in 4Q19. Similarly, 2020 net income was up 46.3% YoY, beating Mega's record-high figure in this P&L item and the 2020 Guidance target (positive growth)
- As of December 31, 2020, gross debt totaled Ps.10,945 million (70% at a fixed rate), decreasing 7.3% versus 3Q20. While average cost of funds slightly climbed 10 bps. QoQ, to 11.7%.

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 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 arising challenges, providing payment flexibility to the most troubled ones
- Consultancy services on the sale of leased asset for certain clients, thus enabling them to settle their loans

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 that have been affected the most)
- Implementation of stricter origination standards for new clients, with additional stress tests and more stringent criteria; mainly focused on sectors with attractive growth prospects, leveraging on our cutting-edge technological tools

Maintain a conservative risk management

- All debt contracted in foreign currency is 100% hedged
- Loan portfolio is adequately provisioned with allowances for loan losses, which are calculated under the expected loss methodology outlined by the CNBV (the Mexican banking watchdog)
- Double-check of backlogs

2021 Guidance

	Expectation
Total loan portfolio	~19% growth
NPL ratio	~2.5%
*Origination will continue to focus on preserving asset quality	
*Initiatives aimed at boosting efficiency and addressing COVID will remain in place	

*The high uncertainty that follows the COVID-19 effects, certainly, disables the possibility of providing a conventional forecast range.

Key Figures

Financial (MXN million)	4Q20	4Q19	Δ%	2020	2019	Δ%
Interest income	361	280	28.8%	1,401	888	57.8%
Financial margin	329	158	>100.0%	735	891	(17.5%)
Net income	280	47	>100.0%	600	410	46.3%

Operational	4Q20	4Q19	Δ%
Total loan portfolio (MXN Million)	11,438	9,006	27.0%
By type of loan:			
SMEs (MXN Million)	8,966	6,497	38.0%
Government (MXN Million)	1,669	1,982	(15.8%)
Fin. Institutions (MXN Million)	142	76	86.5%
Consumption (MXN Million)	661	451	46.6%
NPL ratio	2.2%	1.7%	0.5 pp.
By type of loan:			
SMEs	2.8%	2.3%	0.5 pp.
Government	-	-	-
Fin. Institutions	-	-	-
Consumption	1.4%	1.0%	0.4 pp.
Average loan per client (MXN Thousand)	9,332	10,157	(8.1%)
Financial Ratios			
NIM	6.6%	8.9%	(2.3 pp.)
Efficiency Ratio	37.9%	36.6%	1.3 pp.
Average cost of funds	11.7%	11.4%	0.3 pp.
Coverage ratio ^{1,3}	93.1%	93.3%	(0.2 pp.)
Total loan portfolio / Gross debt	1.0x	1.2x	(0.2x)
Leverage (Gross debt / Stockholders' equity)	7.3x	5.5x	1.8x
Stockholders' equity / Total assets (net of deposits) ²	11.2%	14.5%	(3.3 pp.)
Stockholders' equity / Total portfolio (net of deposits) ²	14.5%	18.0%	(3.5 pp.)
ROAA ³	4.7%	5.0%	(0.3 pp.)
ROAE ³	41.3%	34.0%	7.3 pp.

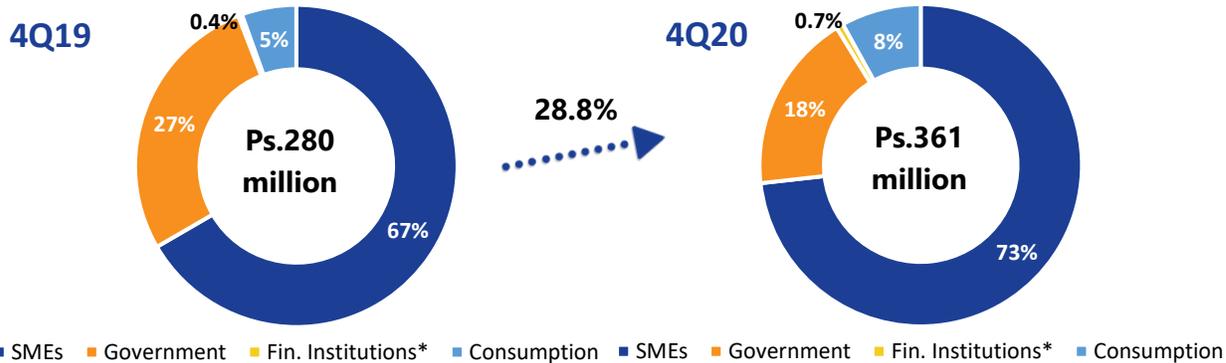
¹Allowance for loan losses as a percentage of non-performing loan.

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

³Using YTD figures as of December 31, 2020.

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).

Interest income increased from Ps.280 million in 4Q19 to Ps.361 million in 4Q20, a 28.8% growth. This result was largely driven by the SMEs segment performance, whose interest income climbed 39.3%, to Ps.263 million (73% of the total). In this sense, Government contributed with 18.0% (Ps.65 million, -13.1% YoY), Consumption with 8.4% (Ps.30 million, +96.8% YoY) and Financial Institutions with the remaining 0.7% (Ps.2 million, >100%).

FY2020 interest income followed practically the same quarterly dynamics, growing 57.8% YoY, to Ps.1,401 million. Broken down by segment, SMEs grew 69.3% YoY (reaching Ps.1,011 million), Government 32.8% (Ps.271 million), Consumption 35.3% (Ps.112 million), and Financial Institutions 79.9% (Ps.7 million). The participation of these segments were 72.2%, 19.4%, 8.0% and 0.5%, respectively.

Commercial margin

The 4Q20 commercial margin posted an annual growth of 76.2%, amounting to Ps.199 million. In contrast FY2020 commercial margin was down 19.1% YoY, reaching Ps.484 million, reflecting a high comparison base from the positive multi-lease contract signed with Jalisco in 2019, as well as the strategic decision of gearing efforts towards the less affected sectors by the pandemic (of lower yields).

It is worth noting that the commercial margin represents the difference between the cost at which Mega acquires an asset and the asset leasing price. This applies for typical lease transactions and those in which Mega serves as commercial distributor.

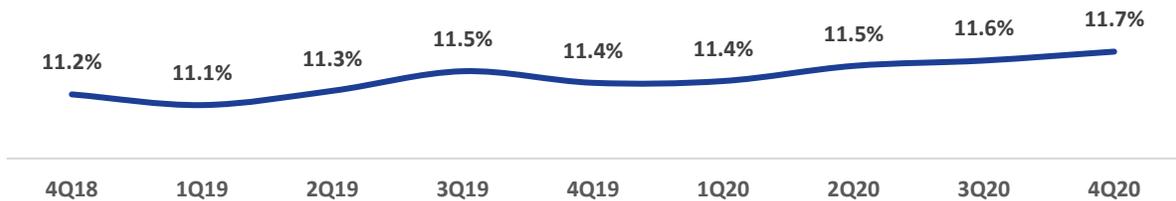
Interest expense

Interest expense increased from Ps.235 million in 4Q19 to Ps.231 million in 4Q20, a decrease of 1.9% YoY. In contrast, given the Company's higher outstanding debt derived from the Senior Notes issuance in early 2020, interest expense of the full year, amounting to Ps.1,149 million, vs. Ps.595 million of 2019 (+93.1%).

Interest expense (MXN Million)	4Q20	4Q19	Δ%	2020	2019	Δ%
Loans from banks and others	11	215	(94.9%)	362	531	(31.8%)
MXN	(15)	166	(>100.0%)	193	394	(51.0%)
USD*	26	49	(46.7%)	169	137	23.5%
Debt securities	219	21	>100.0%	787	65	>100.0%
MXN	3	21	(85.4%)	54	65	(16.3%)
USD*	216	-	-	733	-	-
Total (MXN)	231	235	(1.9%)	1,149	595	93.1%
Average cost of funds	11.7%	11.4%	0.3 pp.	11.7%	11.4%	0.3 pp.

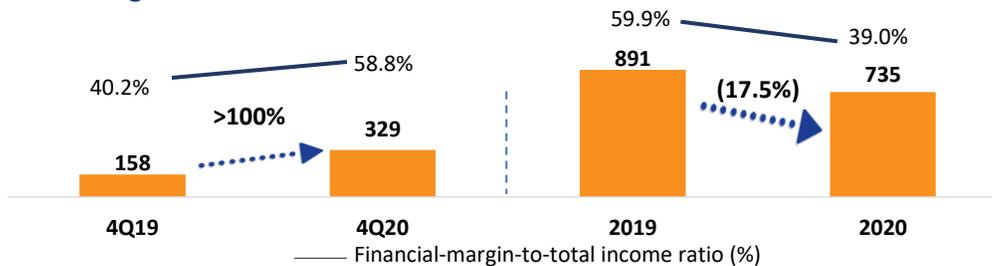
*We used an exchange rate of Ps.19.9487 per USD.

Average cost of funds



Average cost of funds increased 30 bps., from 11.4% in 4Q19 to 11.7% in 4Q20, as the combined effect of the placement of Senior Bonds for US\$350 million in 1Q20 and the MXN depreciation vs. the USD that led to a higher cost of USD-denominated debt.

Financial margin



4Q20 financial margin surged over 100% in an annual basis, totaling Ps.329 million, due to the combined effect of higher revenues and a slight decrease of the interest expense. Separately, the FY2020 financial margin was Ps.735 million, 17.5% below than the Ps.891 million of 2019, as the positive effect of an incremental income was offset by the increase in the interest expense line. 4Q20 and FY2020 rates of financial margin to total income were 58.8% and 39.0%, respectively.

Provision for loan losses

Provision for loan losses by type of loan (MXN million)	4Q20	4Q19	Δ%	2020	2019	Δ%
SMEs	13	20	(35.1%)	79	47	68.9%
Government	(1)	(0.3)	79.3%	2	5	(47.6%)
Fin. Institutions	1	-	-	1	1	49.9%
Consumption	7	7	0.6%	47	27	73.7%
Total	21	27	(23.9%)	130	80	63.4%

The provision for loan losses was Ps.21 million in 4Q20, 23.9% lower than the Ps.27 million posted in 4Q19. Nevertheless, FY2020 provision for loan losses reached Ps.130 million, a 63.4% increase when compared to the Ps.80 million of 2019, in line with the provisions booked throughout the year to cope up with the effects of the pandemic.

Adjusted financial margin

The adjusted financial margin surged over a 100%, from Ps.131 million in 4Q19 to Ps.309 million in 4Q20, due to growth registered in the financial margin and lower provision for loan losses. During 2020, adjusted financial margin totaled Ps.605 million, down 25.4% over 2019.

Commission and fee expenses

4Q20 Commission and fee expenses were Ps.14 million, an increase of more than 100% when compared to Ps.4 million in 4Q19. Consequently, 2020 commission and fee expenses grew 77.2% YoY, totaling Ps.28 million.

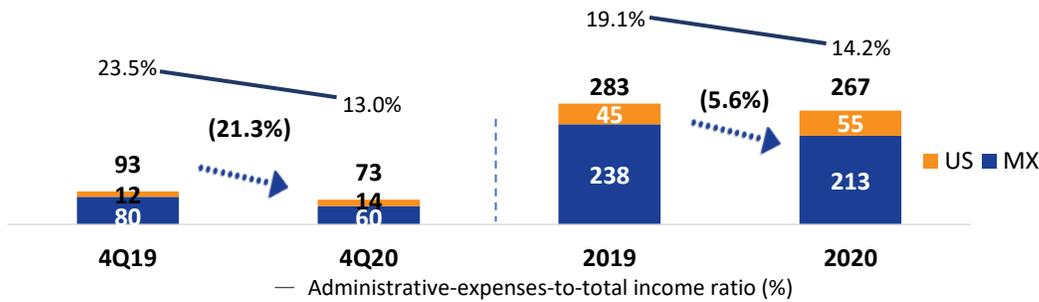
Brokerage expense

During 4Q20, the Company recorded a positive balance of Ps.6 million in this P&L item, compared to Ps.10 thousand expenses in 4Q19. FY2020 brokerage expenses increased 81.9% YoY, totaling Ps.11 million.

Other operating income

In 4Q20, other operating income amounted to -Ps.124 million, compared to the negative Ps.28 million recorded in 4Q19. In contrast, boosted by the gain resulting from the buyback of a portion of our Senior Notes at a discounted price in 2Q20, FY2020 other operating income reached Ps.36 million, compared to negative Ps.7 million in 2019.

Administrative expenses



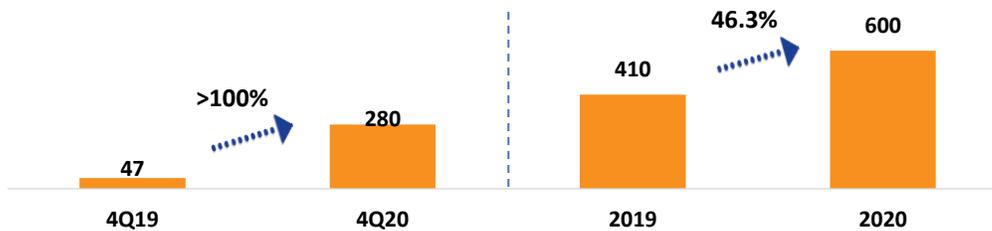
Administrative expenses decreased from Ps.93 million in 4Q19 to Ps.73 million in 4Q20, down 21.3%, attributed to the strict expense management implemented since last March. As a result, in 4Q20, the administrative expenses to total income ratio dropped 10.5 pp. YoY, standing at 13.0%.

Furthermore, during 2020, administrative expenses decreased 5.6%, from Ps.283 million in 2019 to Ps.267 million, with an administrative expense to total income ratio of 14.2% (-4.9 pp. YoY).

Income tax

In 4Q20, the Company recorded a tax benefit of Ps.268 million, compared to a Ps.0.3 million tax benefit in 4Q19. For the full year, a tax benefit of Ps.262 million was registered, vs. the Ps.18 million tax payable in 2019.

Net income



Net income increased from Ps.47 million in 4Q19 to Ps.280 million this quarter, surging over a 100%, as the solid incomes increase (+42.4% YoY) and the tax benefit of Ps.268 million (vs. Ps.0.3 million in 4Q19) more than offset the Ps.91 million FX loss of the quarter (vs. Ps.41 million in 4Q19). It is important to note that, even excluding the tax benefit and FX items, 4Q20 net income still reaches over a 100% growth.

FY2020 net income totaled Ps.600 million, 46.3% higher than that of 2019, arising as the new record-high of Mega and beating the 2020 Guidance estimate.

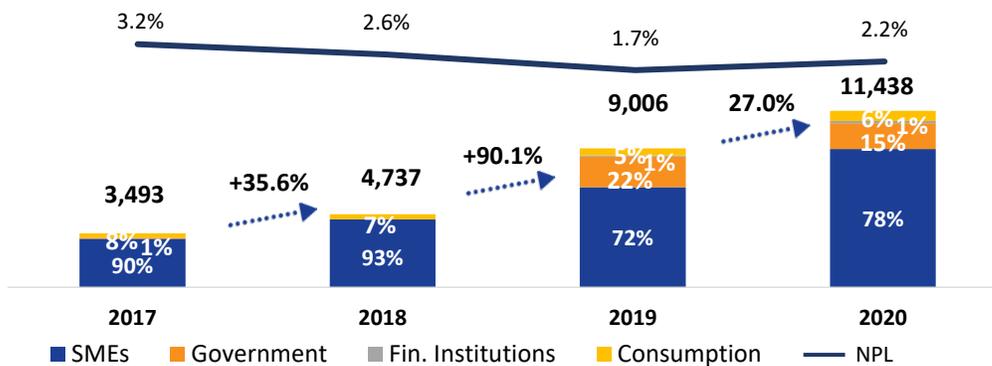
Balance Sheet

Cash



Resulting from the Senior Notes issuance carried out in 1Q20 and the cash generation inherent to a resilient operation, as of December 31, 2020, the cash balance climbed 69.1% over the Ps.548 million recorded in the same period 2019, amounting to Ps.927 million. It is important to note that the decrease in the cash balance during the last three quarters results from the scheduled use of such resources and the origination conducted.

Total loan portfolio



As of December 31, 2020, the consolidated loan portfolio amounted to Ps.11,438 million, increasing 27.0% when compared to the Ps.9,006 million recorded at the end of 2019; as, despite the deployment of more stringent credit origination policies, 2020 origination grew 29.7% YoY (excluding the government segment, for a comparable analysis).

In this sense, thanks to the initiatives undertaken to preserve asset quality, 4Q20 NPL ratio remained fairly stable, standing at 2.2% (below pandemic forecasts), just increasing 50 bps. vs. 4Q19.

Non-performing loans (NPL)

NPL by type of loan	NPL			MXN million		
	4Q20	4Q19	Δ	4Q20	4Q19	Δ%
SMEs	2.8%	2.3%	0.5 pp.	243	147	65.6%
Government	-	-	-	-	-	-
Fin. Institutions	-	-	-	-	-	-
Consumption	1.4%	1.0%	0.4 pp.	9	5	>100.0%
Total	2.2%	1.7%	0.5 pp.	253	151	66.8%

Allowance for loan losses

The allowance for loan losses climbed 66.5%, from Ps.141 million, at year-end 2019, to Ps.235 million as of quarter-end, following the higher provisions booked (given the effects of the pandemic and loan portfolio growth), in accordance with the expected loss methodology used by the CNBV. Thus, in 4Q20, the coverage ratio (allowance for loan losses as a percentage of non-performing loans) was 93.1%, practically flat vs. 4Q19 (-0.2 pp.).

Other accounts receivable, net

At the end of 2020, other accounts receivables, net, were Ps.764 million, 0.3% more than the Ps.762 million recorded in the same period 2019 (due to the higher recoverable VAT resulting from the expansion of the total loan portfolio).

Other assets, deferred charges, and intangible assets

Other assets, deferred charges, and intangible assets increased from Ps.264 million in 4Q19 to Ps.557 million in 4Q20 (+>100%).

Debt

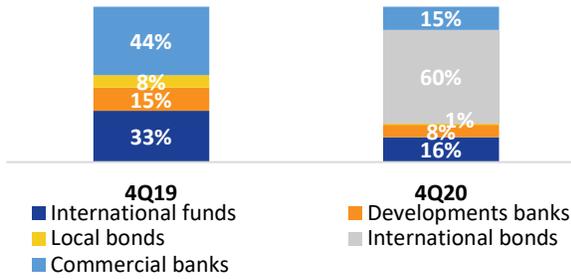
(MXN Million)	4Q20	4Q19	Δ%
Short-term	1,834	5,223	(64.9%)
<i>As a % of gross debt</i>	16.8%	67.1%	(50.3 pp.)
Long-term	9,111	2,565	>100.0%
<i>As a % of gross debt</i>	83.2%	32.9%	50.3 pp.
Gross debt	10,945	7,788	40.5%
Net debt	10,019	7,240	38.4%
Leverage (Gross debt / Stockholders' equity)	7.3x	5.5x	1.8x

Gross debt increased from Ps.7,788 million in 4Q19 to Ps.10,945 million this quarter (+40.5%), mainly due to the Senior Notes issuance. Nevertheless, on a sequential basis, it fell 7.3% (-Ps.866 million).

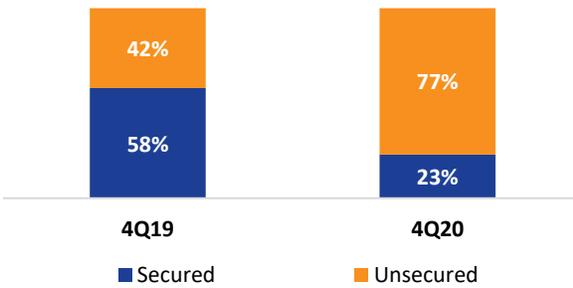
Moreover, only 16.8% of gross debt matures in the short term, favorably compared to the 67.1% recorded in the same period 2019. Although the leverage ratio increased 1.8x YoY, it contracted 1.6x vs. 1Q20.

As of December 31, 2020, net debt amounted to Ps.10,019 million, growing at a lower rate than gross debt (+38.4% YoY), due to a higher cash level.

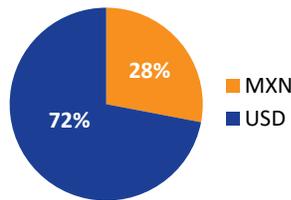
Debt Breakdown by Source



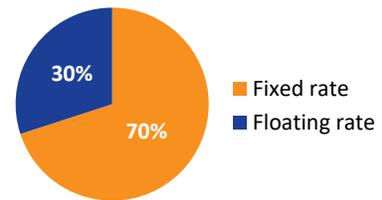
Secured vs. Unsecured



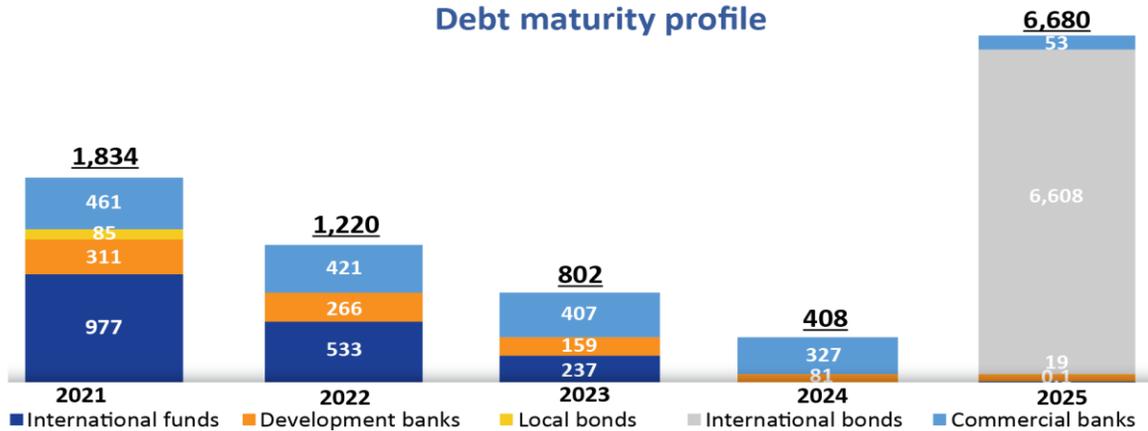
Debt by currency



Debt by rate

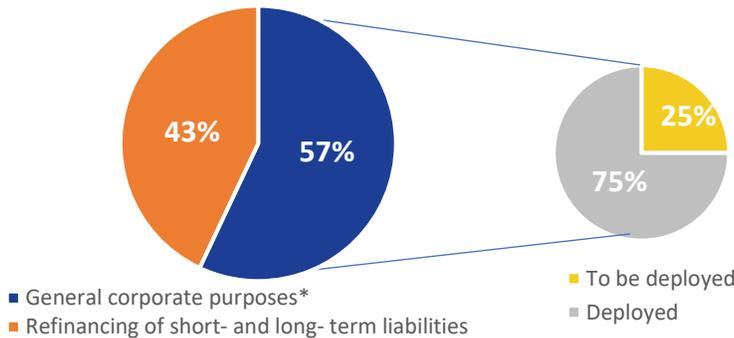


Debt maturity profile



As of December 31, 2020, 16.8% of the debt matures in 2021, 11.1% during 2022, 7.3% in 2023, 3.7% during 2024 and 61.0% through 2025.

Use of Senior Notes proceeds



*Including working capital, credit origination, among others.

Of the proceeds raised, 43% were used to refinance liabilities, while the remaining 57% are for general corporate purposes. In this regard, as of December 31, 2020, 75% of the resources intended for general corporate purposes have been already used.

Total Stockholders' Equity



As of December 31, 2020, stockholders' equity totaled Ps.1,496 million, up 6.2% vs. Ps.1,408 million at the end of 2019, driven by the Ps.600 million net income recorded this year (the highest in Mega's history). Thus, the capital structure, at the end of 4Q20, was comprised of 89.6% liabilities and 10.4% equity; while at the end of 2019, it was comprised of 87.1% liabilities and 12.9% equity.

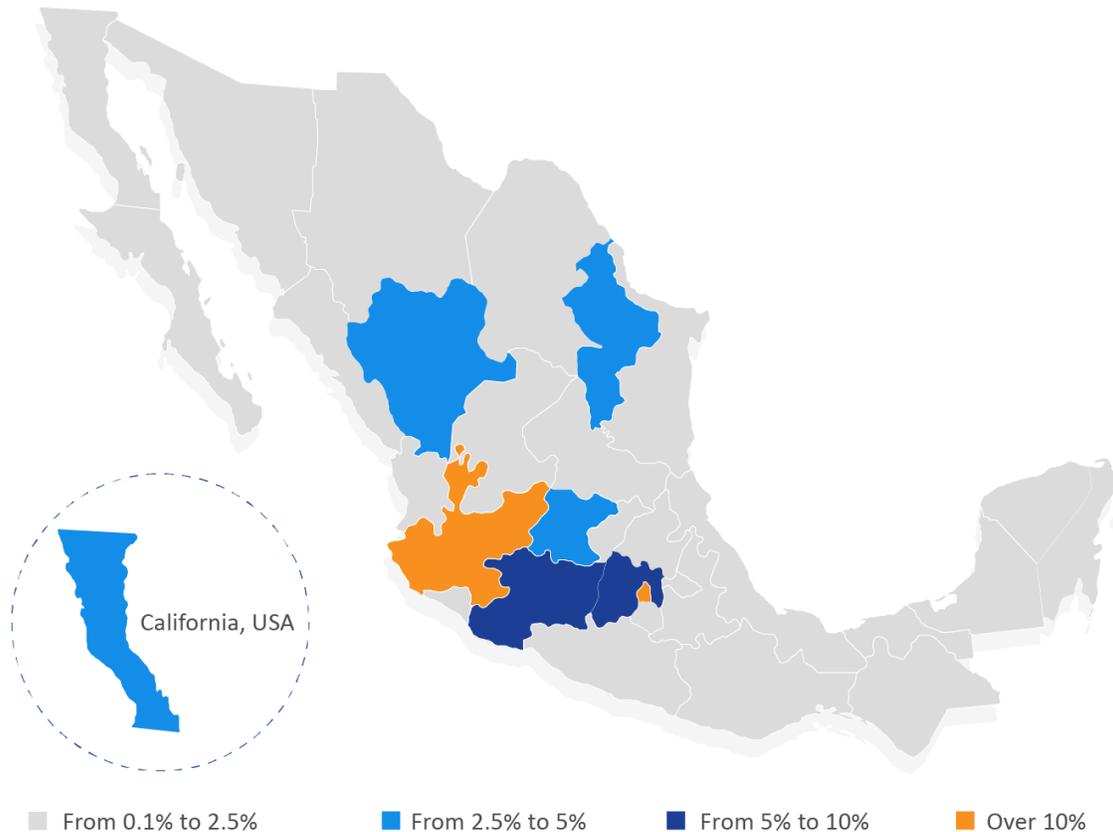
Operational Summary

Key operational figures

Type of loan	4Q20				4Q19				Δ%			
	Portfolio (MXN million)	Customers	NPL ratio	Average loan	Portfolio (MXN million)	Customers	NPL ratio	Average loan	Portfolio	Customers	NPL ratio	Average loan
SMEs	8,966	657	2.8%	13.6	6,497	516	2.3%	12.6	38.0%	27.3%	0.5 pp.	8.4%
Government	1,669	2	-	834.5	1,982	2	-	991.0	(15.8%)	-	-	(15.8%)
Fin. Institutions	142	3	-	47.3	76	2	-	38.1	86.5%	50.0%	-	24.3%
Consumption	661	2,873	1.4%	0.2	451	2,448	1.0%	0.2	46.6%	17.4%	0.4 pp.	24.9%
Total	11,438	3,535	2.2%	9.3	9,006	2,968	1.7%	10.2	27.0%	19.1%	0.5 pp.	(8.1%)

Type of loan (MXN million)	Origination									
	4Q20	%	4Q19	%	Δ%	2020	%	2019	%	Δ%
SMEs	1,306	93.1%	1,032	92.4%	26.6%	3,909	91.1%	2,994	54.8%	30.6%
Government	-	-	-	-	-	-	-	2,157	39.5%	(100.0%)
Fin. Institutions	30	2.1%	0.2	-	>100.0%	81	1.9%	30	0.5%	>100.0%
Consumption	67	4.8%	85	7.6%	(21.4%)	300	7.0%	282	5.2%	6.3%
Total	1,402	100.0%	1,117	100.0%	25.6%	4,289	100.0%	5,463	100.0%	(21.5%)

Geographical portfolio distribution

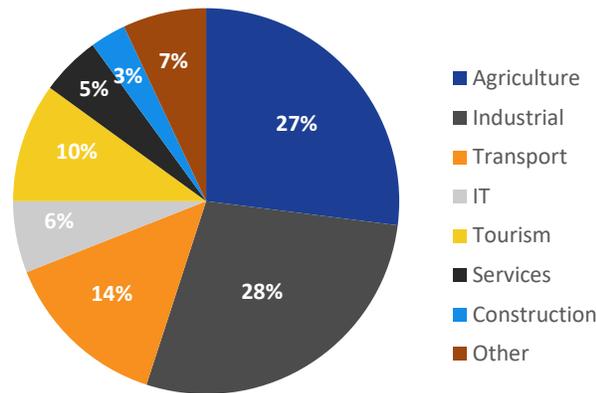


Mega's Loan Portfolio, at the end of 2020, was mainly concentrated in Jalisco (41.8%), Mexico City (15.1%), Michoacan (7.4%), State of Mexico (5.7%) and California, United States (4.9%). It is worth mentioning that the 5.8 pp. annual growth recorded in Mexico City's market share derives from the greater commercial penetration achieved by the opening of branches in this market (in early 2020); providing Mega with a solid position to tap into attractive origination opportunities, despite the challenges of the pandemic.

SMEs

The SME loan portfolio amounted to Ps.8,966 million at the end of 2020, 38.0% higher than the Ps.6,497 million recorded as of December 31, 2019, driven by a higher origination attained during the year, which amounted to Ps.3,909 million (+30.6% YoY). In 4Q20, origination totaled Ps.1,306 million, increasing 26.6% YoY, paired with a NPL ratio of 2.8% (+53 bps. YoY).

SMEs by economic sector



Government

The loan portfolio decreased 15.8%, from Ps.1,982 million at the end of 2019 to Ps.1,669 million as of December 31, 2020, as no origination was recorded in the segment during 2020, following Mega's approach to capitalize on opportunities in other segments (mainly SMEs), as well as the challenge posed by the current economic backdrop (marked, among other things, by austerity measures of the Mexican government). Nevertheless, 4Q20 NPL ratio continued to be nil, given the sound creditworthiness that features the customers of this portfolio, as despite the health contingency they have duly met all the schedule of payments.

Financial institutions

The financial institutions loan portfolio was Ps.142 million at the end of 2020, recording an 86.5% growth (+Ps.66 million) when compared to Ps.76 million in the same period 2019, attributed to an outstanding origination during the quarter and full year. In line with the stringent origination standards deployed by our banking counterparts, the NPL ratio remained at 0.0%.

Consumption

As of December 31, 2020, the consumption loan portfolio increased 46.6% YoY, amounting to Ps.661 million; as, although 4Q20 origination decreased 21.4% YoY, FY2020 origination climbed 6.3% YoY, reaching Ps.300 million. The NPL ratio stood at 1.4% at the end of 2020 (+0.4 pp. YoY).

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
Verum	Jonathan Felix	'A/M' / '1/M'	jonathan.felix@verum.mx

2020 Guidance

	Outlook*	2020 Results
Total loan portfolio	Double-digit growth	+27.0%
Net income	Positive growth	+46.3%
<ul style="list-style-type: none"> Comprehensive origination processes will be improved to preserve asset quality Mega will execute initiatives to push forward efficiency, to cope up with COVID 		

2021 Guidance

	Expectation
Total loan portfolio	~19% growth
NPL ratio	~2.5%
*Origination will continue to focus on preserving asset quality	
*Initiatives aimed at boosting efficiency and addressing COVID will remain in place	

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.

ANNEX / Vigeo Eiris – MEGA’S ESG Profile Assessment

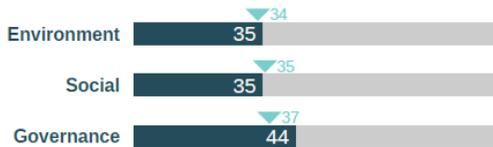
During January, Vigeo Eiris (a Moody’s subsidiary that evaluates the integration of social, environmental and governance factors into the strategy, operation and management of companies), issued its opinion on Mega’s ESG performance, assigning a rating among the top 30% of best ranked companies of its sector, in LatAm, and overall of the universe of companies rated by Vigeo.

ESG OVERALL SCORE



Rank in Sector	26/91
Rank in Region	172/846
Rank in Universe	1426/4894
Company Reporting Rate	66%
Sector Average Reporting Rate	71%
High severity controversies	No

ESG PERFORMANCE (/100)

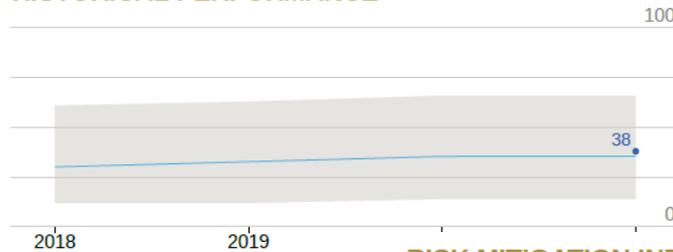


In this regard, Mega obtained ratings equal or higher than its sector’s average, highlighting the corporate governance component, where it recorded a rating of 44 points, vs. an average of 37 points, in

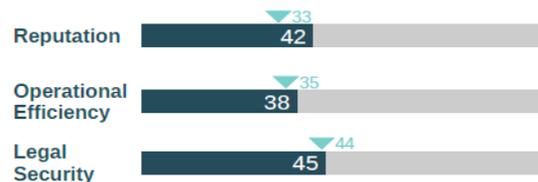
line with its strong adherence to best corporate practices, which in November 2020 allowed it to achieve the Prime Certification (a distinction awarded by the BMV, BIVA, AMIB, Nafin and Bancomext, to promote the institutionalization and strengthening of corporate governance of Mexican companies).

As shown below, Mega’s overall rating is above industry over the past 4 years.

HISTORICAL PERFORMANCE



RISK MITIGATION INDEX (/100)



Finally, according to Vigeo Eiris, Mega is on a strong footing in terms of reputational, operational and legal risk mitigation, with ratings above the average of its peers.



Consolidated Financial Statements

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

Consolidated Income Statement

For the three-and-twelve-month periods ended December 31, 2020 and 2019

(Thousands of Mexican pesos)	4Q20	4Q19	Δ%	4Q20 (Thousands of dollars ¹)	2020	2019	Δ%	2020 (Thousands of dollars ¹)
Interest income	360,968	280,228	28.8%	18,095	1,400,791	887,874	57.8%	70,220
Commercial margin	199,052	112,942	76.2%	9,978	483,895	598,022	(19.1%)	24,257
Total income	560,021	393,170	42.4%	28,073	1,884,686	1,485,896	26.8%	94,477
Interest expense	(230,664)	(235,051)	(1.9%)	(11,563)	(1,149,415)	(595,101)	93.1%	-57,619
Financial margin	329,356	158,119	>100.0%	16,510	735,271	890,794	(17.5%)	36,858
Provision for loan losses	(20,736)	(27,263)	(23.9%)	(1,039)	(129,919)	(79,508)	63.4%	(6,513)
Adjusted financial margin	308,621	130,856	>100.0%	15,471	605,352	811,286	(25.4%)	30,345
Commission and fee expenses	(14,481)	(4,302)	>100.0%	(726)	(28,342)	(15,990)	77.2%	(1,421)
Brokerage expenses	5,603	(10)	(>100.0%)	281	(10,785)	(5,930)	81.9%	(541)
Other operating income	(123,919)	(27,930)	>100.0%	(6,212)	35,818	(7,367)	(>100.0%)	1,796
Administrative expenses	(72,807)	(92,528)	(21.3%)	(3,650)	(267,286)	(283,120)	(5.6%)	(13,399)
Income before income taxes	103,017	6,086	>100.0%	5,164	334,757	498,879	(32.9%)	16,781
Income tax	267,705	269	>100.0%	13,420	261,642	(18,362)	(>100.0%)	13,116
Net income (excluding FX items)	370,722	6,355	>100.0%	18,584	596,399	480,517	24.1%	29,897
Net margin	66.2%	1.6%	64.6 pp.	66.2%	31.6%	32.3%	(0.7 pp.)	31.6%
FX gain	433	104,015	(99.6%)	22	154,866	215,577	(28.2%)	7,763
FX loss	(91,653)	(62,970)	45.5%	(4,594)	(151,045)	(285,732)	(47.1%)	(7,572)
Net income	279,503	47,400	>100.0%	14,011	600,220	410,362	46.3%	30,088

¹U.S. dollar amounts are translated from pesos into dollars, solely for the convenience of the reader, using an exchange rate of Ps.19.9487 per U.S. dollar, the exchange rate to settle foreign currency obligations on December 31, 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.

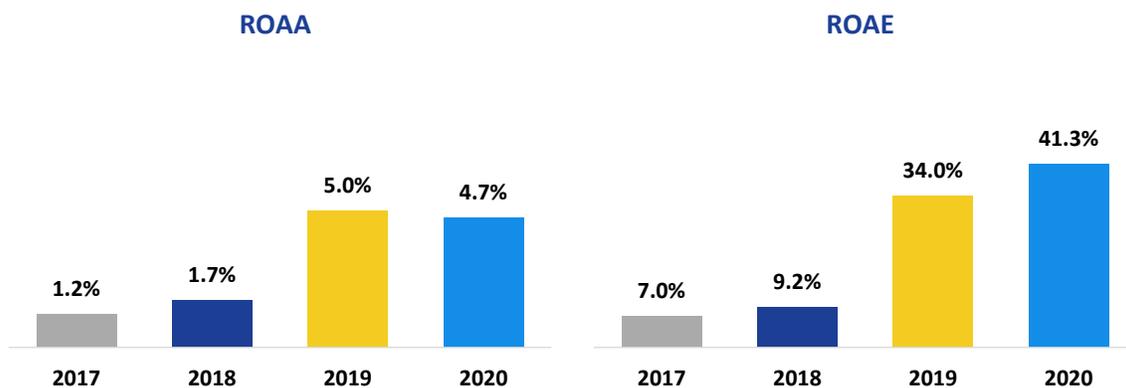
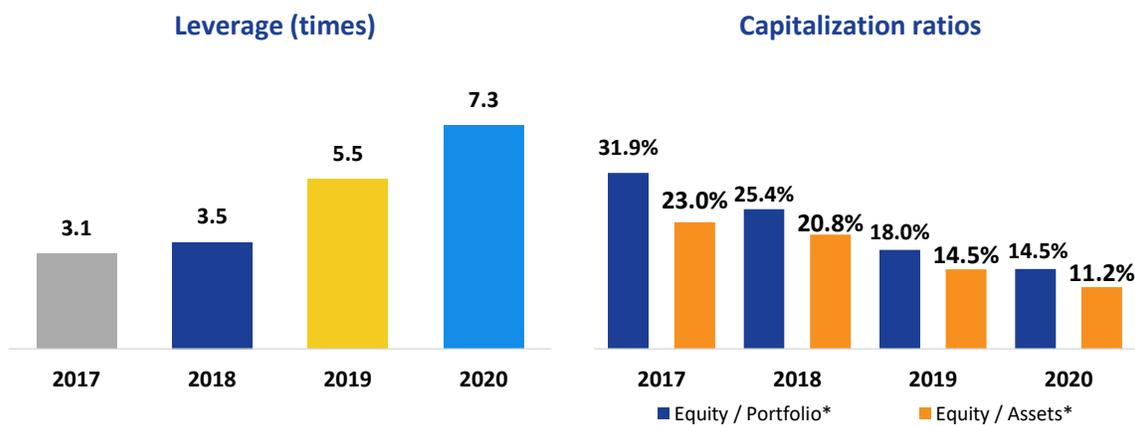
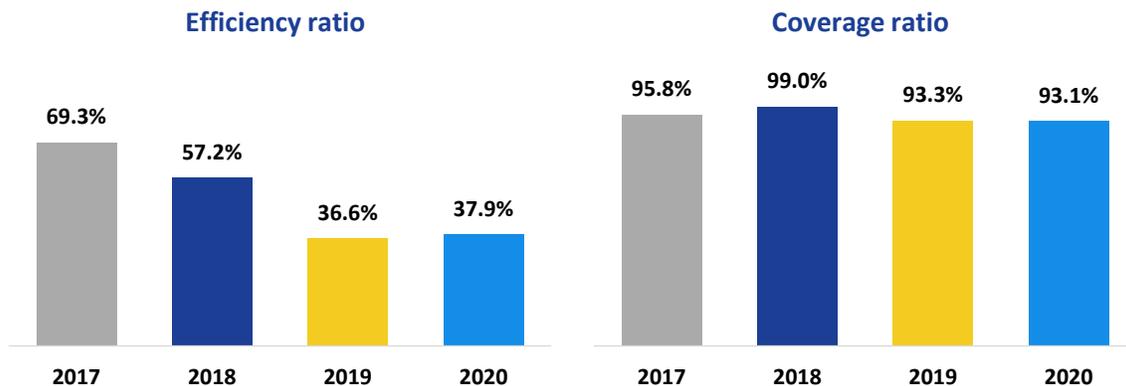
Consolidated Balance Sheet

As of December 31, 2020 and 2019

(Thousands of Mexican pesos)	Dec-31 2020	Dec-31 2019	Δ%	Dec-31 2020 (Thousands of dollars ¹)
Assets				
Cash	926,977	548,141	69.1%	46,468
Derivatives held for trading	153,746	29	>100.0%	7,707
Total performing loan portfolio	11,185,869	8,854,769	26.3%	560,732
Total non-performing loan portfolio	252,578	151,388	66.8%	12,661
Total loan portfolio	11,438,447	9,006,157	27.0%	573,393
Allowance for loan losses	(235,270)	(141,311)	66.5%	(11,794)
Total loan portfolio (net)	11,203,177	8,864,846	26.4%	561,599
Other accounts receivable, net	764,108	762,126	0.3%	38,304
Foreclosed assets, net	138,355	183,577	(24.6%)	6,936
Property, furniture and equipment, net	76,893	72,592	5.9%	3,855
Deferred income taxes	407,206	-	-	20,413
Right of use asset	17,364	23,152	(25.0%)	870
Goodwill	134,265	134,265	-	6,731
Long-lived assets available for sale	60,306	60,306	-	3,023
Other assets, deferred charges and intangible assets	556,754	263,833	>100.0%	27,909
Total Assets	14,439,151	10,912,867	32.3%	723,814
Liabilities and Stockholders' Equity				
Listed securities	6,692,672	659,152	>100.0%	335,494
Short-term debt	1,749,770	4,563,433	(61.7%)	87,713
Long-term debt	2,503,050	2,565,073	(2.4%)	125,474
Liability for leased assets	17,364	23,152	(25.0%)	870
Derivatives for trading purposes	29,986	83,297	(64.0%)	1,503
Derivatives held for hedging	382,037	-	-	19,151
Sundry creditors	261,955	179,080	46.3%	13,131
Sundry creditors for collateral received cash	1,109,794	1,176,443	(5.7%)	55,632
Deferred income taxes	-	63,042	(100.0%)	0
Deferred credits and advance collections	196,871	192,245	2.4%	9,869
Total Liabilities	12,943,499	9,504,917	36.2%	648,839
Stockholders' Equity				
Capital stock	226,140	226,140	-	11,336
Additional paid in capital	192,295	192,295	-	9,639
Retained earnings	967,004	556,642	73.7%	48,475
Cumulative foreign translation adjustment	(3,257)	22,511	(>100.0%)	(163)
Result of valuation of cash flow hedging instruments	(486,750)	-	-	(24,400)
Net income of the period	600,220	410,362	46.3%	30,088
Total Stockholders' Equity	1,495,652	1,407,950	6.2%	74,975
Total Liabilities and Stockholders' Equity	14,439,151	10,912,867	32.3%	723,814

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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 (NPL): 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 Brokerage Expenses plus the profit or loss from trading divided by the sum of Other Operating Income and the subtraction between Interest Income and Interest Expense.

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 preowned 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).