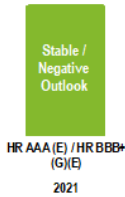


Rating

Series 2020-1 local Outlook HR AAA (E) Stable

Series 2020-1 global Outlook HR BBB+ (G)(E) Negative

Credit Rating Evolution



Source: HR Ratings.

Contacts

José Luis Cano
Executive Director Corporates / ABS
Responsible Analyst
joseluis.cano@hrratings.com

Luis Miranda
Sr. Executive Director Corporates/ABS
luis.miranda@hrratings.com

HR Ratings assigned the local scale rating of HR AAA (E) with Stable Outlook and global scale rating of HR BBB+ (G)(E) with Negative Outlook for the Series 2020-1 Notes of Nueva Elektra del Milenio

The assignment of the rating is based on the Annualized Stress Rate (ASR) levels the structure supports of 20.8%, as well as the rating of Nueva Elektra del Milenio (NEM) of HR AA+ with Stable Outlook in local scale and HR BBB (G) with Negative Outlook in global scale. The ASR means that the structure supports a reduction of 69.0% of the accumulated collections in the Stress Scenario and continues to cover its financial and legal obligations. Our base scenario contemplates average monthly collections of US\$ 902.8m with a projected CAGR of 6.5% for the period between 2019 and 2027 (vs. -14.0% in the stress scenario). In the Stress Scenario, the structure has a DSCR (collections divided by debt obligations in the amortization period) of 19.7x. The Stress Scenario could not be further stressed because is limited by the DSCR and a covenant which establish that collections in last twelve months cannot be lower than 60.0% from the collections of the prior year.

The Series 2020-1 Notes will be for an amount of US\$500m and will be listed in the Luxembourg Stock Exchange, with a maturity of 7 years, paying interest quarterly at a fixed rate to be defined. The Notes will not pay principal and only interest for an estimated period of two years. NEM will have the option to prepay all or a portion of the Series balance covering the corresponding Optional Prepayment Premium. The Notes will be paid with the proceeds of the collections of Purchasable Receivables from Remittances.

Series 2020-1 Notes main characteristics

| | |
|--|--|
| Originator | Nueva Elektra del Milenio, S.A. de C.V. |
| Issuer | Mexico Remittances Funding Fiduciary Estate (the "Issuer" or the "SPV") |
| Issued Amount | US\$500 million |
| Coupon Rate | Fixed annual interest rate to be define payable every quarter |
| Principal Amortization | The principal of the notes will be paid in 20 quarterly periods |
| Securities Resgistration | Luxembourg Stock Exchange |
| Form and Delivery | Notes offered in the United States will be under Rule 144A and outside the United States but to non-U.S. persons in reliance to Regulation S |
| Guarantor of Default Payment and Additional Amounts | Grupo Elektra, S.A.B. de C.V., the parent of the Originator. |
| Trustee, Paying Agent, Collateral Agent | Citibank, N.A. |
| Use of the resources | General corporate purposes |

Source: HR Ratings based on legal documents.

Historical Performance

- **Growth of Monthly Reimbursements Flows.** In the Last Twelve Months (LTM) as of September 2020 the Reimbursements to be transferred to the Fiduciary Estate (SPV) increased 20.1% y/y with an amount of US\$8,497.0m (vs. US\$7,077.3m prior year) compared to the 8.1% y/y of the total Remittances market. The Company grew at a faster pace than the market mainly due to an expansion of stores, increasing from 1,124 as of 3Q19 to 1,141 points of sale as of 3Q20.
- **Healthy nonperforming accounts levels.** Most of the accounts are recovered when the balance with the Remitters is cleared.
- **Money transfers grow during COVID 19 Pandemic.** The volume of remittances transfers grew 5.2% y/y for LTM as of 3Q20, since Mexican Migrants in the US increased their money transfers to Mexico. The remittances' volume was also favored by the exchange rate.

Future Assumptions

- **The Structure supports a maximum reduction in our Stress Scenario of 69.1% in the Collections transferred to the Fiduciary Estate in comparison with the Base Scenario, resulting in an ASR of 20.8%.** This reflects the high level of DSCR that the structure has of 60.9x even in the Stress Scenario.
- **The covenant that establishes that the collections for LTM must be higher than 60% of prior year, limits a further stress in the structure.** Despite the high levels of DSCR that the structure has, even in the stress scenario, if the aggregated amount of collections in the last twelve months is less than 60.0% of such flows in the prior year, an early amortization event could be triggered.
- **Our base scenario considers that the observed growing trend of the Purchase Receivables will continue, but at a slower pace.** Since 2018 the remittances have shown a double-digit increase. This positive trend was also observed in LTM as of 3Q20. However, we believe the remittances could be negatively impacted by the worldwide economic slowdown after COVID 19 and unemployment in US, which has not yet returned to pre-pandemic levels. Therefore, we assumed a 6.5% CAGR in collections for projected period below 7.8% CAGR observed between 2015 and 2019.

Additional Factors Considered

- **The Structure has a Reserve account equivalent to the maximum quarterly coupon of interests and principal.** The Reserve account is used if at any scheduled payment date, the amounts in the Series Account are insufficient to make the quarterly debt payments.
- **NEM credit ratings.** The transaction is considered a dependent structure; hence, its credit rating is subject to the credit risk of NEM which is HR AA+ with Stable Outlook in local scale and HR BBB (G) with Negative Outlook in global scale.
- **Largest paying Agent in Mexico.** NEM processed a significant portion of the international electronic money transfers into Mexico based on its more than 1,141 points of sales, robust systems and long-standing relationships with top US money transfer remitters: Western Union, BTS and Transnetwork.

Factors that could downgrade the rating

- **Any change to NEM's credit rating will directly impact the structure rating.** Since NEM is the entity that originates and administrates the future flows for the payment of the debt, any change to NEM's credit rating will affect the Series' rating.
- **Deterioration of ASR below 6.0%.** If the ASR drops because of a reduction higher than 30.0% of the accumulated collections considered in our Base Scenario, the assigned rating could be negatively impacted.

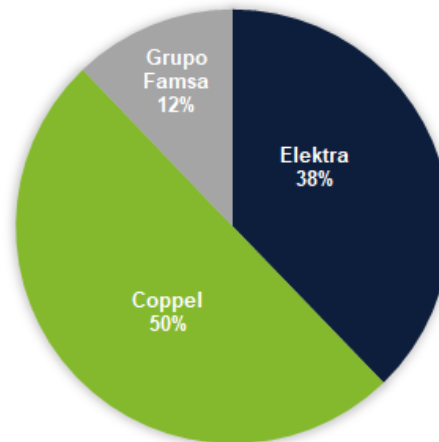
Legal Opinion

The legal opinions for the structure were given by the external counsels Mayer Brown, Maples and Chavez Vargas Minutti indicating that the legal documents constitute a legal, valid and binding obligation of the Fiduciary Estate or SPV under Luxembourg law, State of New York law, Federal laws of the United States (US) and Mexican law. Also, the Fiduciary Estate will be considered as absolute owner of the receivables and related collections transferred by NEM to the SPV and is fully enforceable against the originator in the terms of the contribution agreement to fiduciary estate. The receivables will be registered in the Unique Registry of Movable Assets (RUG) hence, the receivables will not constitute assets of the originator under the Mexican law in the event of a bankrupt, insolvency, dissolution or liquidation procedure of the originator.

Originator Profile

Nueva Elektra del Milenio (NEM) is the administrator and operator of Grupo Elektra's retail stores in Mexico, Central and South America. NEM's revenues represented approximately 90.0% of Grupo Elektra's commercial business and 43.0% of Grupo Elektra consolidated income for LTM as of 3Q20¹. The stores offering includes consumer electronics, household appliances, home furniture, mobile phones, personal computers, and motorcycles, among other products. NEM also operates Grupo Elektra's money transfer service, mainly from the United States (US) to Mexico.

Figure 1. Retail Stores in Mexico*



Source: HR Rating based on Company's information, BMV and El Financiero.

* Elektra as of 3Q20, Famsa BMV as of 2Q20 and El Financiero, September 2020.

The retail market in Mexico is highly fragmented and the retailers offer a wide variety of formats to cover the customer requirements. Some of the most common formats are retail chains, department stores, independent retail stores, informal outlets, such as street vendors, and markets. NEM faces big competitors in the variety stores such as Almacenes Coppel and Grupo Famsa. The economic problems that Grupo Famsa is facing represents an opportunity to increase NEM's market share and its sales.

Revenues from money transfers operations accounted for 3.3% of Grupo Elektra's consolidated revenues. These revenues represent the commissions paid by several of the most significant money transfer operators and aggregators in the US in which NEM acts as their money transmitter payor partner in Mexico, mainly for the delivery of the transferred funds in Mexican pesos to the beneficiary in Mexico. NEM's international money transfer business processes a significant portion of the international electronic money transfers into Mexico² through 1,141 points of sales and 192 in Latin America. To

¹ The estimate does not consider intercompany eliminations.

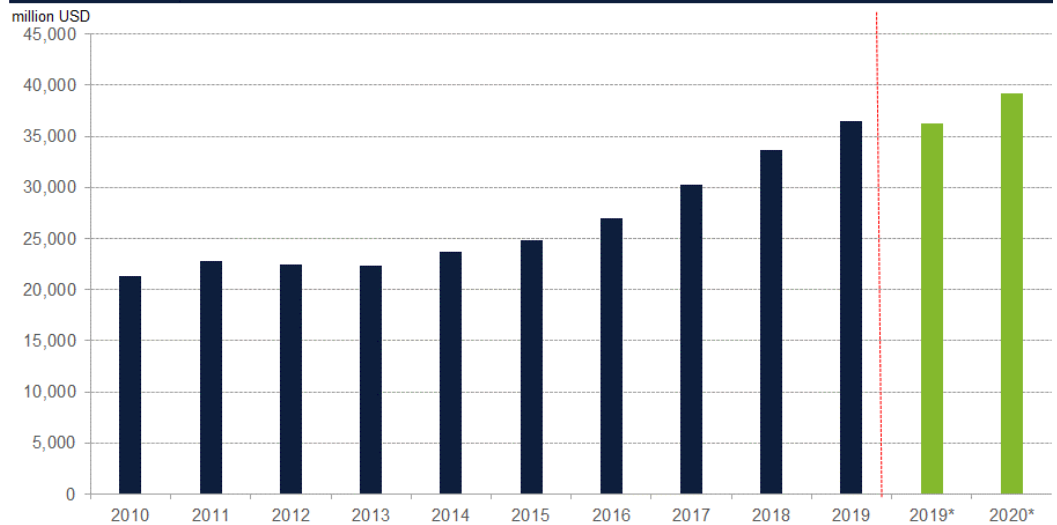
² Source: NEM's market analysis based on public information reported by the Mexican Central Bank.

support this leading position, NEM has a long-standing relationship with 10 investment-grade Money Transfer Operators and Aggregators (“MTOs”) in the US and an experience of more than 25 years in the US-Mexico remittance services.

Remittances

NEM processes the operations with Remitters through reimbursement and pre-funding. In reimbursement (approx. 60% of the flows), NEM pays out all transactions to beneficiaries with its own funds, so an account receivable is created. On the next business day, the Remitters transfer the total amount of the payouts in MXN. In pre-funding (approx. 40% of the flows), Remitters transfer the estimated funds in MXN to Elektra accounts in advance to have the amounts necessary to comply with Remitters instructions and pay transactions.

Figure 2. Remittances in Mexico



Source: HR Ratings based on Banxico's information

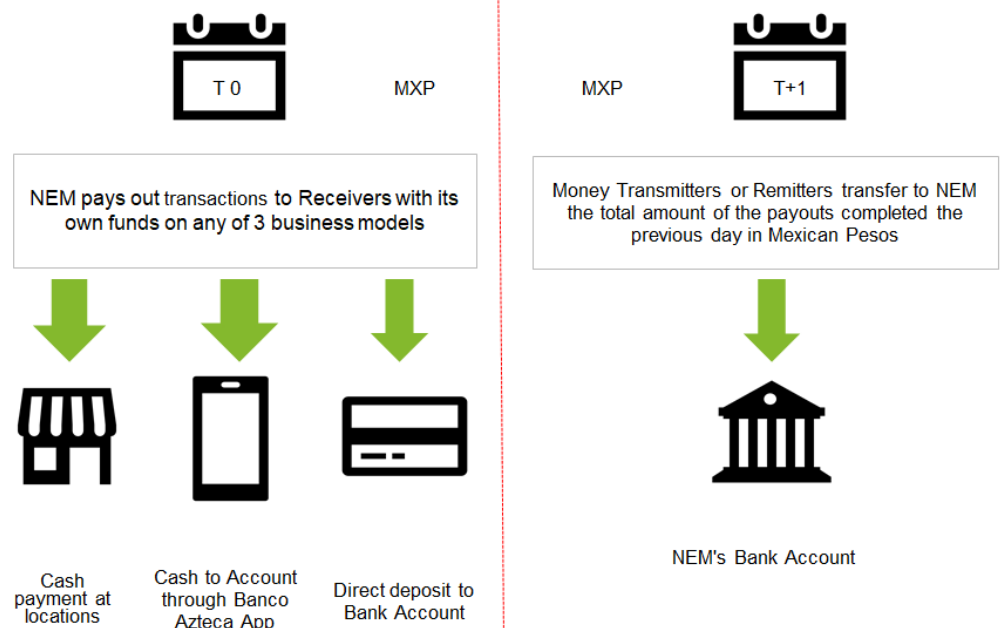
* LTM as of 3Q20.

During LTM as of 3Q20, Mexico received US\$39,163 million (m) in remittances (+8.1% y/y according to Banco de México). In addition, the average remittance was US\$336 dollars, growing +2.8% y/y. Therefore, an important portion of the growth was due to a higher number of transactions which increased 5.2% y/y as of LTM 3Q20. In 2019, remittances achieved a historic high of US\$36,439m, 8.2% more than in 2018. NEM paid a significant portion of the international remittances to Mexico. NEM advanced further than the market in remittances, increasing its Share of Market, based on an extensive network of more than 1,800 points of contact, including 1,141 Elektra's stores in Mexico, the trust that they have built over the time and the investment NEM has made in systems to enhance availability and security at each point of sale.

Transaction Structure

The transaction is sourced with the cash flow secured by a collection of Purchased Receivables owed by Remitters to the Originator (NEM). The Purchased Receivables are related with the settlement of Pesos-denominated Payment Orders paid out by the Originator under any reimbursement remittance transaction. According to the reimbursement agreements, NEM pays the remittance amount in Mexican pesos using its own funds and is reimbursed by Remitters the following day. NEM has as a credit back-up line granted by Banco Azteca to ensure it has enough funds to pay remittance amounts. Currently, NEM has never used it.

Figure 3. Money Transfer Payment Process



Source: HR Ratings based on information of the legal documents of the Series.

The Purchased Receivables will be transferred to the fiduciary estate through a Contribution Agreement. All the Eligible Receivables existing on the date of the issue of the notes or generated after that date will be transferred to the fiduciary state until the maturity date of the notes. The transferred Receivables are subject to NEM's reversion or reacquisition; hence, the contribution and transferee of the Receivables is not considered as a transfer for tax purposes.

Eligible Receivables

The receivables will only be eligible if they arose under any remittance program and exists on the closing date or are generated at any time thereafter through, but excluding, the transfer termination date. Those purchased receivables shall not include:



1. Any commissions, fees or other consideration payable to the Originator by a Remitter in connection with a Payment Order.
2. Any Receivables generated under a Pre-Funded Remittance Agreement.
3. Reimbursement Receivables which are:
 - a. Prohibited by or in violation of any law, rule or regulation applicable to the Originator or the SPV³.
 - b. Would result in a breach of the terms, provisions or conditions of, or constitute a default under, the Remittance Agreement.
 - c. Given to any other party the right to terminate its obligations.

Transaction Waterfall

The daily cashflow received in the Pass-through account will be deposited by the Collateral agent into the Collections account and from there distributed to the Program Payment Account, or the account of each Series or retained in the Collection Account in the following order:

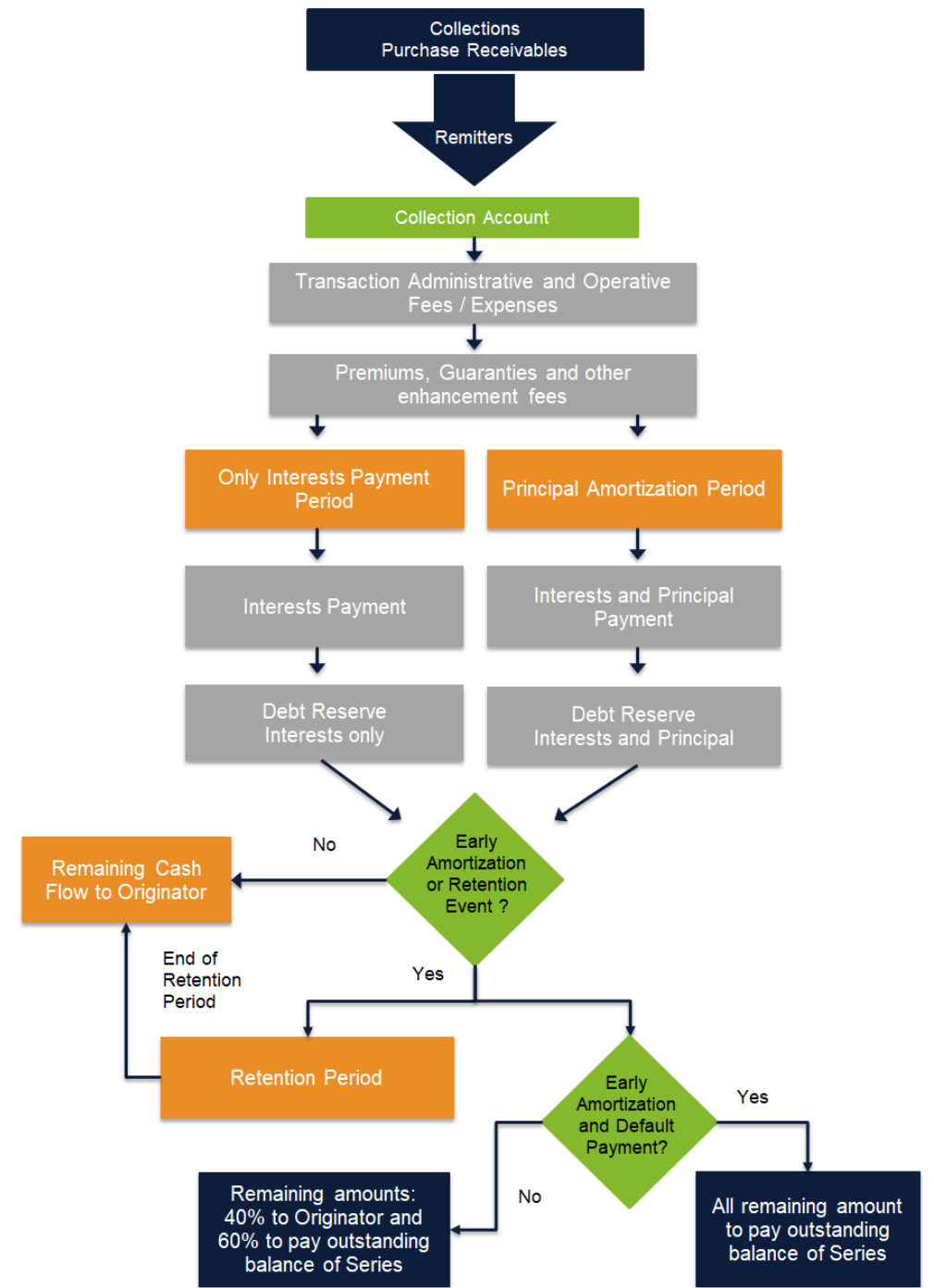
1. Pay the Collateral Agent the less amount between the agent expenses payable on or before the applicable scheduled payment date or the fixed amount of US\$62,500. The payment to the Collateral Agent will be converted into dollars and transferred to the Program Payment Account to be paid to the Agent on the due date.
2. Pro rata to (i) cover all the fees related to premiums, guaranties or any other enhancement of each Series. These fees are payable to the SPV before the due date of the payment of the fee. The amount will be converted into dollars and deposited into the Series account⁴; (ii) reimburse any interest amount resulted from disbursements under any premium, guarantee or any other enhancement of the Series; (iii) interests to the Series due on the coupon periodic payment date and (iv) any additional amount payable or unpaid.
3. Pro rata to (i) pay quarterly amortization amounts to be paid on the next scheduled date and any quarterly amortization amounts which has not been paid any previous scheduled payment date and (ii) fund the Reserve account with an amount equal to each Serie's Reserve account required balance and (iii) reimburse in dollars any amount paid by the Enhancer (premium, guaranty, hedge, etc.) on any previous day.. Following the Series closing date, as an alternative, the amounts required to be deposited in the Reserve account may be replaced with a stand-by letter of credit (LC) issued by an eligible bank. Upon the receipt of the LC, the Collateral agent shall transfer any amount deposited in the Reserve account to the originator.
4. If an Early Amortization period exists but no a Default Payment, then 40.0% of all remaining amounts will be sent to the Originator, and 60.0% of the remaining amounts will be used to pay all outstanding principal amounts of such Series.
5. If an Early Amortization period exists and a Default Payment is payable: all remaining amounts will be used to pay the outstanding balance of the Series and any related premium.
6. If a Retention period exists, after conversion to Dollars, all remaining amounts in the Collection account will be deposited in the Series account.

³ SPV: The Offered Notes will be issued by Mexico Remittances Funding Fiduciary Estate a special purpose fund, in the form of a fiduciary, organized under the laws of Luxembourg.

⁴ From priority 2 to 7 of the waterfall all the amounts will be converted into dollars and deposited into the Series account.

- If no Retention Period and no Early Amortization Period exists: all remaining amounts in excess of the Minimum Series Account Balance shall be converted by the Collateral Agent into Pesos and transferred to the originator.

Figure 4. Waterfall



Source: HR Ratings based on legal documents.

Reserve Account

The Reserve account should maintain a balance for an amount equal to the maximum quarterly debt service for the Series. The Reserve will be used if at any scheduled payment date the amounts on deposit in the Series account are insufficient to make the quarterly debt payments of the Serie, then the Collateral Agent must use funds from the Series Reserve account and transfer them to the Series account.

Within one business day of the withdrawal of funds from the Series Reserve Account, the Collateral Agent shall give notice to the Bank. Upon receipt of such notice, the Originator may elect to make a cash deposit to the Series Reserve Account such that the amount in deposit in or credited to the Series Reserve Account, is equal to the Series Reserve Account Required Balance.

Retention Events

A mandatory Retention period is triggered when the breach of the Debt Service Coverage Test for the Series resulted in an Early Amortization Event, but the Controlling Party decided not to trigger an Early Amortization Period of the Series. The Retention period will continue until:

1. The Monthly and Quarterly DSCR ratios are equal or greater than 10.0x and 15.0x, respectively, for a period of not less than three consecutive calendar months following the monthly or quarterly reporting period.
2. The date the Series balance is no longer outstanding, and
3. A written notice, sent by the Controlling Party to the Collateral Agent, indicates the termination of such Retention Period.
4. A Retention period has existed for ten business days or more and the Originator triggered an Early Amortization period and requested the Collateral Agent to use the amounts retained in the Series account to pay the Noteholders. Thereafter such mandatory Retention event shall no longer exist ending the Retention period.

The legal documents also contemplate a Voluntary Retention option. The Originator has the option to trigger a Retention period on any DSCR breach date provided that the DSCR is at least 1.0x. After the Originator request the Retention period shall commence and continue until the amounts deposited in the Series Account equal, or exceed, the Retention Release ratio on the next payment date. But if the retained amounts do not equal, or exceed, the Retention Release ratio an Early Amortization Event will be deemed to have occurred. This option can be executed by the Originator one time during any consecutive twelve months period and not more than three times during the life of the Series.

Early Amortization Events

An Early Amortization may occur with any of the following events:

1. The aggregated amount of Collections in the last twelve months is less than 60.0% of such flows in the prior year and either the Debt Service Coverage Ratio (DSCR) for the most recent quarterly reported period is less than 18.0x or the DSCR of the most recent monthly reporting period is less than 15.0x.

2. The balance of the Reserve Account is less than the required quarterly debt service for the Series.
3. HR Ratings or Fitch Ratings withdraw its rating on the Offered Notes or downgraded it to BB- or below.
4. Fitch Ratings lowers its rating on the Originator to B+ or below or the Originator is not rated by this rating agency.
5. The Originator exercises its right to elect a Voluntary Retention option but fails to satisfy the Series debt coverage tests.
6. SPV will have failed to make any payment, monetary transfer or deposit required by the transaction documents except respect to payments of principal or Interest. Such failure will have continued for at least two business days.
7. Any warranty made by the SPV in any transaction document is untrue or incorrect and it has a material adverse effect.
8. Any court, governmental authority or arbitrator has a non-payment judgment, decree, order or tax claim, final or no discharged within 60 days after entry, against the SPV for an amount that exceeds US\$250,000.
9. A material designated Remitter files for bankruptcy, insolvency, reorganization, suspension of payments or relief of debtors under any applicable law or jurisdiction or seeks appointment of a liquidator or any similar official for any substantial part of its property.
10. A designated Remitter fails to make payments of any eligible account receivable to the Collateral agent or a direct deposit to the Collection account and the aggregate amount of the outstanding payments exceed the amount of US\$15.0m and 2.5% of the collections received by the Originator during the prior twelve consecutive month. And, such failure has continued unremedied for at least 30 calendar days.
11. The Remittance agreement with a material designated Remitter is terminated or expired and is not replaced by a new agreement with an eligible Remitter.
12. Banco Azteca's capital liquidity ratio falls below the level required by the Mexican governmental authority.

An Early Amortization Period will continue until the outstanding balance of the Series (principal and interests) and all other debited amounts (amounts payable to any Enhancer) has been paid in full. The Controlling party of the Series always have the right to exercise any remedies or waive any default or Early Amortization Event.

Defaults

The occurrence of any of the following events will trigger a default:

1. The Originator does not pay the principal, premium or interest on any credit different to the Notes and such nonpayment exceeds the established grace period. Those credits should have an outstanding balance of at least US\$12.5m.
2. The Guarantor or any of its Subsidiaries (other than the Originator) do not pay the principal, premium or interest of any credit with an outstanding balance higher than US\$75.0m and such nonpayment exceeds the established grace period.
3. The Originator gets into any litigation, suit or arbitration process from any court or governmental authority that has or can reasonably be expected to have a material adverse effect.
4. Any decision of a court or tax claim against the Originator for an accumulated amount above US\$12.5m, which is not discharged within 45 days after entry.

5. The Originator failed to comply with its obligations arising under applicable law with respect to a blocked person and such failure has an adverse effect on the legality of any beneficiary to participate in the transaction.
6. The shareholders of the Originator or Guarantor lost management control.

Debt Service Coverage Ratio (DSCR)

The Series should comply with a Debt Service Coverage (DSCR) every month and quarter to avoid a Retention and Early Amortization Event. For any monthly reporting period the DSCR must be equal or greater than 10.0x and for any quarterly reporting period the DSCR should be equal or above 15.0x. Also, if a Voluntary Retention has been elected the amounts deposited in the Series Account must equal or exceed the Retention Release ratio on the next payment date. A Retention Period will not finish until the Monthly and Quarterly DSCR ratios are equal or greater than 10.0x and 15.0x, respectively, for a period of not less than three consecutive calendar months following the monthly or quarterly reporting periods. An Early Amortization will be triggered if the DSCR for the most recent quarterly and monthly reported periods is (i) less than 18.0x and 15.0x, respectively, and (ii) the aggregate amount of Eligible Collections is less than 60% of such flows for the same four calendar quarters in the 12-month period immediately preceding such four consecutive calendar quarters.

Monthly DSCR is the collections received during the reporting period divided by the Quarterly Debt Service multiplied by the Monthly Factor. The Monthly Factor is the ratio obtained by dividing the number of calendar days in the reporting period by the number of calendar days in the month multiplied by 3.0.

Quarterly DSCR is ratio of the collections received during the quarterly reporting period divided by the quarterly debt service.

Retention Release ratio is calculated by the Quarterly Debt Service multiplied by 7.5 added to the amounts retained in the Series account during the retention period.

Figure 5. Debt Coverage ratios (DSCR) and Retention Release ratio

$$\begin{aligned} \text{Monthly DSCR} &= \frac{\text{Collections of the reported period}}{(\text{Quarterly Debt Service} \times \text{Monthly Factor})} \\ \text{Monthly Factor} &= \frac{\text{Calendar days for the reporting period}}{\text{Calendar days of the month} \times 3} \\ \text{Quarterly DSCR} &= \frac{\text{Collections of the reported quarter}}{\text{Quarterly Debt Service}} \\ \text{Retention Release ratio} &= \frac{(\text{Quarterly Debt Service} \times 7.5) + \text{Amount retained during the retention period}}{\text{Quarterly Debt Service}} \end{aligned}$$

Source: HR Ratings based on information of the legal documents of the Series.

Historical Cashflow Analysis

Mexico is the third largest recipient of remittances worldwide after China and India. Mexico's remittances have grown from US\$6,573m in 2000 to US\$39,163m (twelve-month period ended September 30, 2020). In 2019, they represented 3% of Mexican GDP and 94% came from the United States.

According to the World Bank's Data on Remittance Inflows, Mexico is among the top beneficiaries of remittances worldwide. Numerous Mexican citizens live and work outside of Mexico, to send money to family members. According to the Mexican Central Bank, US remittances to Mexico reached US\$39,163m for the LTM ended September 2020 a growth of 8.1% year-over-year.

Figure 6. Growth in Remittances, Transactions and Amount per Transaction

| | Remittances in USD* | Growth | Number of Transactions** | Growth | Amount per Transaction*** | Growth |
|----------|------------------------|--------|-----------------------------|--------|------------------------------|--------|
| 2011 | 22,803 | 7.0% | 69,861 | 3.4% | 326 | 3.5% |
| 2012 | 22,438 | -1.6% | 71,611 | 2.5% | 313 | -4.0% |
| 2013 | 22,303 | -0.6% | 76,752 | 7.2% | 291 | -7.3% |
| 2014 | 23,647 | 6.0% | 80,529 | 4.9% | 294 | 1.1% |
| 2015 | 24,785 | 4.8% | 84,719 | 5.2% | 293 | -0.4% |
| 2016 | 26,993 | 8.9% | 91,557 | 8.1% | 295 | 0.8% |
| 2017 | 30,291 | 12.2% | 98,085 | 7.1% | 309 | 4.7% |
| 2018 | 33,677 | 11.2% | 104,559 | 6.6% | 322 | 4.3% |
| 2019 | 36,439 | 8.2% | 111,742 | 6.9% | 326 | 1.2% |
| LTM 3Q19 | 36,213 | 10.6% | 110,877 | 7.8% | 327 | 2.6% |
| LTM 3Q20 | 39,163 | 8.1% | 116,602 | 5.2% | 336 | 2.8% |

Source: HR Ratings based on legal documents of the transaction. *** US dollars.

*millions of US dollars. ** Thousands of Transactions.

Factors which drive remittances from the U.S. to Mexico:

- Generous U.S. income levels relative to Latin America,
- Highly competitive P\$ / USD exchange rate,
- Deep contraction of economic activity in Mexico, and
- Higher unemployment rates in Mexico than in the U.S.

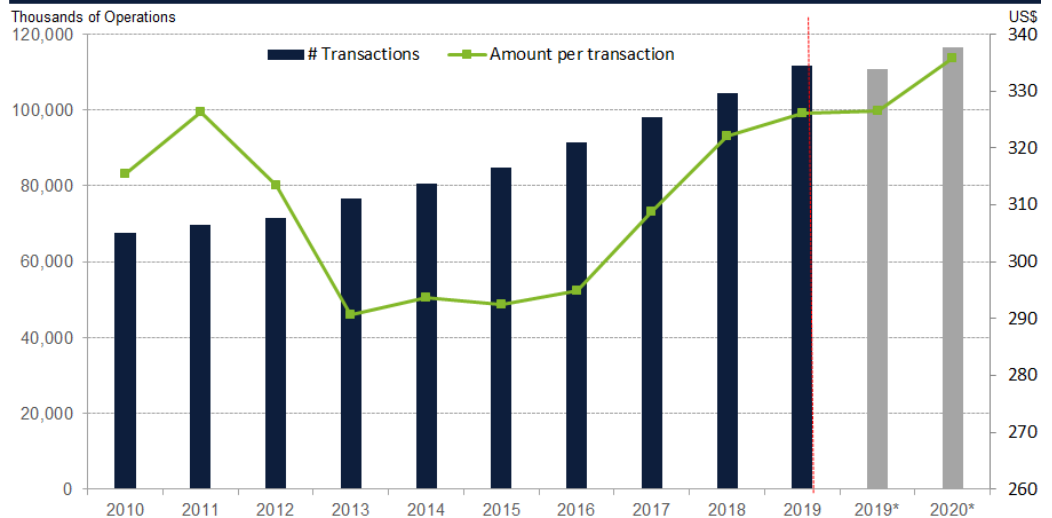
A sluggish Mexican economy would result in either an increase in:

- Unemployment and decline in income levels or
- Migration to the U.S. in search of better opportunities.

Both above-mentioned factors could increase the supply of remittances from the U.S. to Mexico.

Mexican migrants to United States represented 11.3% of the total US population and 61.5% of the Hispanic population of the total U.S.⁵ population in 2019. The increase in remittances has been impacted by an increment of remittances funds to Mexico in number and amount. In 2006, 50% Mexican migrants sent money increasing to 66% in 2016. This situation might suggest that migrants have stayed longer and have moved from California to Florida, New York and Georgia increasing the amount sent by 20%.

Figure 7. Remittances: Number of Transactions vs. Amount per Transaction



Source: HR Ratings based on Banxico's information
* LTM as of 3Q20.

The Hispanic population in US is now the second fastest growing population segment since 2000, representing 18.4% of the total population in 2019 and is expected to increase to 21.1% by 2024 according to Geoscape AMDS 2019

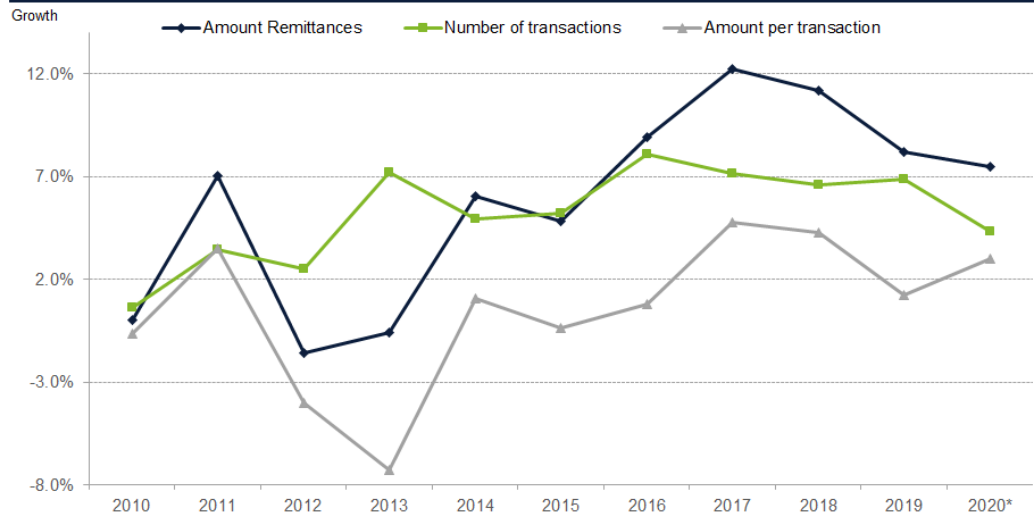
The key factors which have driven the growth of remittances from Unites States include:

1. Salaries and family incomes higher than in Mexico
2. Mexican peso devaluation to the U.S. dollar
3. Deep contraction of Mexican activity
4. High level of unemployment in Mexico

Even though the family remittances to Mexico increased in 2019, the increase rate decreased from previous years. The data shows that since 2013, the remittances amount had annually increased but the increased percentage had decreased since 2017. The LTM as of 3Q20 continue with the growing trend with an increase of 8.1% y/y. However, with the COVID-19 pandemic and the potential economic, health, and political impact it might have on migration patterns, this trend can't be assured to continue.

⁵ Source: US Census Bureau 2019

Figure 8. Remittances Growth in Mexico



Source: HR Ratings based on Banxico's information

* LTM as of 3Q20.

NEM's Money Transfer Business

NEM offers money transfer services to individuals through approximately 1,800 points-of-contact locations across Mexico and has over 25 years of experience in the international money transfer business. NEM has over 40.0% market share of money transfer paid out in Mexico based on public information released by Mexican Central Bank. From 2011 to September 2020, NEM's market share in terms of number transfers paid increased from approximately 15.7% to more than 40.0%.

NEM is one of the most important money transmitter payers in Mexico and conducts its money transfer business through a strong network with the most important MTO's worldwide. Since 2012, NEM has expanded its relationships to 10 signed agreements in the US market, including digital money transfer operators and aggregators. In 2017, NEM added Transnetwork's partnership which enables its clients to connect under one standard technology to a diverse network of financial and commercial institutions in US. This has resulted in an increase of NEM's market share and total remittances flow.

During the COVID-19 pandemic, NEM's points of contact remained open as they were essential services in accordance with the Mexican COVID-19 guidelines. Essential U.S. industries, such as construction and agriculture, have contributed to strength remittances flows and increased volumes during the COVID-19 pandemic.

In response to COVID-19 pandemic, NEM has implemented several actions to mitigate the effects on its international money transfer business, focused on three principal areas:

1. Ensuring the continuity of the business by focusing on keeping its points of contact open by adapting its operations to the current COVID-19 pandemic environment, to the extent permitted by the Mexican government and municipalities, and seeking to maintain a value offering at all times;
2. Migrating customers to self-service channels by promoting the use of digital channels and deposit accounts to complete money transfer transactions; and

3. Short-term business plans with its money transfer operator partners to encourage use of the Elektra channel during the COVID-19 pandemic.

Under its agreement with U.S. money transfer operators, NEM processes international money transfers mainly from the United States to Mexico through two formats:

Reimbursement Model

NEM makes the amount available to the beneficiary in Mexico, in Mexican pesos in accordance with a money transfer instruction received upon such beneficiary's request. NEM is reimbursed by the money transfer operators for the amount delivered to the beneficiary on the next business day. Money transfers under the reimbursement agreements accounted for approximately 58% of the volume of transfers into Mexico of NEM's money transfer business in 2019. NEM has entered into agreements with some of the most significant money transfer operators worldwide, to act on a non-exclusive basis as their money transmitter payer partner in Mexico for the delivery of the transferred funds in Mexican pesos to the beneficiary in Mexico.

Pre- Funding Model

The money transfer operator transfers the estimated funds in Mexican pesos to NEM's accounts in advance (could be the same business day as the beneficiary request payment or before) in order for NEM to have the Mexican pesos amount necessary to comply with the money transfer instructions and pay the transactions in full to the beneficiaries. NEM does not have an obligation to pay the beneficiary until it has received the estimated funds from the money transfer operator. Money transfers under the pre-funding agreements accounted for approximately 42% of the volume of transfers into Mexico of NEM's money transfer business in 2019.

Scenarios Analysis

HR Ratings uses Base and Stress Scenario to analyze the projected evolution of the structure. The Base Scenario is linked to our projections in our Corporate Credit Rating for NEM, due to the dependence that we consider the structure has from the Originator. The Stress Scenario is the maximum stress that the structure supports without activating a Retention or Early Amortization event and paying in time all its financial obligations.

Figure 9. Main Assumptions*

| | Base Scenario | Stress Scenario |
|---------------------------------------|---------------|-----------------|
| Average monthly collections | \$902.8 | \$220.0 |
| Collections Annual average growth | 6.5% | -15.9% |
| Annual interest rate | 4.1% | 5.1% |
| Principal and Interest reserve months | 3 | 3 |

Results

| | | |
|--|----------|----------|
| Average reserve balance | \$19 | \$20 |
| Average Monthly DSCR (payment period) | 110.4 | 19.7 |
| Average Quarterly DSCR (payment period) | 110.3 | 20.2 |
| Minimal Coverage of LTM Collection to prior year | 101.5% | 56.2% |
| Primary debt coverage with reserves | 1.0 x | 1.0 x |
| Remittances to Originator | \$83,559 | \$25,497 |

Source: HR Ratings based on information shared by the Company.

* Figures in millions of USD.

For the scenarios HR Ratings considered that NEM's points of contact will be kept open despite any possible new outbreak of the Pandemic assuming that the money transfer will continue to be considered an essential service in accordance with the Mexican COVID-19 guidelines. Furthermore, US industries, such as construction and agriculture, where most of the migrants' work, will continue operating even if the COVID-19 pandemic generates more disruption.

Base Scenario

According to the data provided by NEM, HR Ratings projected that remittances to Mexico will have a 6.5% CAGR (2019-2027) in the base scenario, mainly as a result of a higher number of transactions since our projections estimates only a 2% growth in the amount per transactions for the projected period.

The Base Scenario main assumptions are:

- A. Amount to be issued of US\$500m.
- B. Fixed Annual interest rate estimated by HR Ratings of 4.1%.
- C. Monthly DSCR Minimal of 70.8x and Average of 110.4x during the principal amortization period vs. the limit of 15.0x to avoid an Early Amortization Event.
- D. Quarterly DSCR Minimal of 77.1x and Average of 110.3x in the principal payment period vs. the limit of 18.0x.
- E. Grace period of only interest payments of 2 years.
- F. 20 quarterly amortization period after the grace period, paying each quarter 5% of the issued amount.

- G. Maintenance and Administrative fees will growth annually at a 2% rate
- H. One quarterly period of Reserve and initial Reserve will be constituted with the proceeds of the issuance.
- I. Collections CAGR of 6.5%, with a double-digit growth in 2020 of 17.0% (vs.20.1% in LTM as of 3Q20 y/y) and single digit for the period 2022-2027 with an annual average of 3.8%.

In the base scenario, HR Ratings estimated an increase in the purchased receivables due to the expansion strategy (including a higher use of self-service and digital channels) and no changes are expected in the purchased receivables distributions toward total collections between the two formats even when the purchased receivables needs may increase with the amortization calendar. The scenario considered stable transferred collections due to historical behavior, with an average monthly collection of US\$902.8m and an initial monthly flow of US\$587.2m, reaching an average of US\$815.0m during the first months of the payment period.

Figure 10. Projected Cash Flow Base Scenario (USD Millions)

| | | |
|---|------------|---------------|
| Collections assigned to Fiduciary Estate | \$ | 84,165 |
| Earned Interest | \$ | 0 |
| Administration fees | \$ | 11 |
| Reserves Cash Flow | \$ | 500 |
| Paid Interests | \$ | 95 |
| Amortization of Principal | \$ | 0 |
| Remains to Originator | \$ | 83,559 |
| In and Out Flows | -\$ | 0 |

Source: HR Ratings based on information shared by the Company.

Due the Purchased Receivables projections, a release of US\$83,559m is expected between 2020 and 2027 considering that any flow received after the preferent payment order (including interest payments and amortization will be given to the Originator). An average Monthly DSCR of 210.9x is expected. In this scenario, no relevant event is expected, nor anticipated amortization or default.

| Figure 11. Annual Cash Flow Base Scenario* | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | Total |
|---|-----------------|-----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Collections assigned to Fiduciary Estate | \$ 8,556 | \$ 9,262 | \$ 10,241 | \$ 10,775 | \$ 11,098 | \$ 11,431 | \$ 11,774 | \$ 11,029 | \$ 84,165 |
| Earned Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Administration fees | 10 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 11 |
| Reserves Cash Flow | 5 | - | 25 | 99 | 99 | 99 | 99 | 74 | 500 |
| Paid Interests | 3 | 21 | 21 | 18 | 14 | 10 | 6 | 2 | 95 |
| Operation Expenses | - | - | - | - | - | - | - | - | - |
| Amortization of Principal | - | - | - | - | - | - | - | - | 0 |
| Remains to Originator | 8,537 | 9,241 | 10,196 | 10,657 | 10,985 | 11,322 | 11,669 | 10,953 | 83,559 |
| In and Out Flows | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Monthly DSCR (times) | 410.8 | 451.8 | 462.0 | 91.2 | 97.3 | 103.9 | 111.2 | 118.0 | 210.9 |
| Quarterly DSCR (times) | 565.2 | 435.0 | 453.1 | 90.4 | 96.8 | 103.4 | 110.6 | 118.0 | 210.6 |
| Coverage of LTM collection vs. prior year | 118% | 108% | 111% | 108% | 104% | 103% | 103% | 103% | 107% |

Source: HR Ratings based on information shared by the Company.

* Figures in millions of USD.

Stress Scenario

To define the notes payment capacity under a stressed scenario, HR Ratings considered the lowest level that the structure can support without triggering an amortization event or default. The lowest level that the collections can be reduced was limited by the DSCR and the covenant which established that collections in the last twelve months must be higher than 60% of collections reported in the same period of the prior year. Therefore, the Stress Scenario supports an average reduction of 15.9% of the collections during the projected period.

The main assumptions considered for the scenario were:

- A. Amount to be issued of US\$500m.
- B. Fixed Annual interest rate assumed by HR Ratings of 5.1%.
- C. Monthly DSCR Minimal of 13.8x and Average of 19.7x during the principal payment period vs. the limit of 10.0x to avoid a Retention Event.
- D. Quarterly DSCR Minimal of 15.0x and Average of 20.2x in the principal amortization period vs. the limit of 15.0x to trigger a Retention Event.
- E. Grace period of only interest payments of 2 years.
- F. 20 quarterly amortization period after the grace period, paying each quarter 5% of the issued amount.
- G. Maintenance and Administrative fees will grow annually at a 2% rate
- H. One quarterly period of Reserve and initial Reserve will be constituted with the proceeds of the issuance.
- I. Collections CAGR of -15.9%, with a fall from the very beginning of the projected period (vs. a CAGR of 6.5% in the Base Scenario) with a double digit reduction during 2021-2024 with an average of -27.5% and single digit for the period 2025-2027 with an annual average of -4.7%.

Figure 12. Projected Cash Flow Stress Scenario (USD Millions)

| | | |
|---|------------|---------------|
| Collections assigned to Fiduciary Estate | \$ | 26,125 |
| Earned Interest | \$ | 1 |
| Administration fees | \$ | 11 |
| Reserves Cash Flow | \$ | 500 |
| Paid Interests | \$ | 118 |
| Amortization of Principal | \$ | 0 |
| Remains to Originator | \$ | 25,497 |
| In and Out Flows | -\$ | 0 |

Source: HR Ratings based on information shared by the Company.

In the stress scenario, HR Ratings estimated total collection for US\$26,125m vs US\$84,165m in the Base Scenario a drop of 69.0% vs base scenario, with an initial flow of US\$397.5m reaching an average of US\$183.4m at the beginning of the principal amortization period. Due to the estimated DSCRs and the restriction of the collections that cannot be below the 60% of the prior year, the Stress Scenario considers that the Originator receives remains for a total amount during the projected period of US\$25,497m a reduction of 69.5% compared to the amount received by the originator in the Base Scenario.

| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | Total |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|
| Collections assigned to Fiduciary Estate | \$ 8,190 | \$ 4,962 | \$ 3,070 | \$ 2,194 | \$ 2,106 | \$ 2,022 | \$ 1,921 | \$ 1,660 | \$ 26,125 |
| Earned Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| Administration fees | 10 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 11 |
| Reserves Cash Flow | 6 | - | 25 | 99 | 99 | 99 | 99 | 74 | 500 |
| Paid Interests | 4 | 26 | 26 | 23 | 18 | 13 | 7 | 2 | 118 |
| Operation Expenses | - | - | - | - | - | - | - | - | - |
| Amortization of Principal | - | - | - | - | - | - | - | - | 0 |
| Remains to Originator | 8,169 | 4,936 | 3,020 | 2,073 | 1,990 | 1,911 | 1,815 | 1,584 | 25,497 |
| In and Out Flows | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Monthly DSCR (times) | 223.6 | 194.6 | 111.7 | 17.9 | 17.9 | 18.0 | 17.9 | 17.7 | 60.9 |
| Quarterly DSCR (times) | 440.6 | 197.7 | 124.1 | 19.1 | 18.0 | 18.1 | 18.1 | 17.9 | 68.5 |
| Coverage of LTM collection vs. prior year | 114% | 78% | 64% | 66% | 83% | 96% | 95% | 95% | 87% |

Source: HR Ratings based on information shared by the Company.

* Figures in millions of USD.

Our analysis considered a technical note to establish the number of notches or levels that a Dependence Future Flows Structure can separate from its base (the Corporate Credit Rating) according to the estimated Annualized Stress Rate (ASR). As the difference between the base and the stress scenarios grows bigger is assumed that the structure has a lower sensitivity to lower incomes as time approaches to the maturity date of the structured debt under the assumption of a lower outstanding balance due to the programmed amortizations. The additional notches above the credit rating of the Originator is based on established ranges which are included in the technical note.

Appendix – Baseline Scenario

Figure 14. Evolution of Cash Flow (Base Scenario - USD Thousands)

| Period | Purchases Receivables | Earned Interest | Administration Fees | Reserves Cash Flow | Annual Interest rate | Interests | Amortization of Principal | Remainers retention | Remainers to Originator | Outstanding Balance | DSCR |
|--------|-----------------------|-----------------|---------------------|--------------------|----------------------|-----------|---------------------------|---------------------|-------------------------|---------------------|-------|
| 1 | 544,356 | 0 | 10,147 | 5,125 | 4.10% | 1,708 | - | - | 527,376 | 500,000 | 478.0 |
| 2 | 587,195 | 0 | 9 | - | 4.10% | 1,708 | - | - | 585,478 | 500,000 | 343.7 |
| 3 | 613,433 | 0 | 6 | - | 4.10% | 1,708 | - | - | 611,719 | 500,000 | 359.1 |
| 4 | 617,846 | 0 | 6 | - | 4.10% | 1,708 | - | - | 616,132 | 500,000 | 361.7 |
| 5 | 755,445 | 0 | 6 | - | 4.10% | 1,708 | - | - | 753,731 | 500,000 | 442.2 |
| 6 | 742,876 | 0 | 6 | - | 4.10% | 1,708 | - | - | 741,162 | 500,000 | 434.9 |
| 7 | 840,197 | 0 | 6 | - | 4.10% | 1,708 | - | - | 838,483 | 500,000 | 491.8 |
| 8 | 827,487 | 0 | 6 | - | 4.10% | 1,708 | - | - | 825,773 | 500,000 | 484.4 |
| 9 | 820,667 | 0 | 6 | - | 4.10% | 1,708 | - | - | 818,954 | 500,000 | 480.4 |
| 10 | 866,395 | 0 | 6 | - | 4.10% | 1,708 | - | - | 864,681 | 500,000 | 507.2 |
| 11 | 799,674 | 0 | 6 | - | 4.10% | 1,708 | - | - | 797,960 | 500,000 | 468.1 |
| 12 | 813,820 | 1 | 50 | - | 4.10% | 1,708 | - | - | 812,062 | 500,000 | 476.4 |
| 13 | 783,041 | 1 | 6 | - | 4.10% | 1,708 | - | - | 781,328 | 500,000 | 458.4 |
| 14 | 780,760 | 1 | 6 | - | 4.10% | 1,708 | - | - | 779,047 | 500,000 | 457.0 |
| 15 | 673,680 | 1 | 6 | - | 4.10% | 1,708 | - | - | 671,966 | 500,000 | 394.3 |
| 16 | 678,527 | 0 | 6 | - | 4.10% | 1,708 | - | - | 676,813 | 500,000 | 397.2 |
| 17 | 829,640 | 1 | 6 | - | 4.10% | 1,708 | - | - | 827,926 | 500,000 | 485.6 |
| 18 | 815,836 | 1 | 6 | - | 4.10% | 1,708 | - | - | 814,122 | 500,000 | 477.6 |
| 19 | 922,716 | 1 | 6 | - | 4.10% | 1,708 | - | - | 921,002 | 500,000 | 540.1 |
| 20 | 908,757 | 1 | 6 | - | 4.10% | 1,708 | - | - | 907,043 | 500,000 | 532.0 |
| 21 | 901,268 | 1 | 6 | - | 4.10% | 1,708 | - | - | 899,554 | 500,000 | 527.6 |
| 22 | 951,486 | 1 | 6 | - | 4.10% | 1,708 | - | - | 949,773 | 500,000 | 557.0 |
| 23 | 878,212 | 1 | 6 | - | 4.10% | 1,708 | - | - | 876,498 | 500,000 | 514.1 |
| 24 | 893,747 | 1 | 51 | - | 4.10% | 1,708 | - | - | 891,989 | 500,000 | 523.2 |
| 25 | 859,946 | 1 | 6 | 25,000 | 4.10% | 1,708 | - | - | 833,233 | 500,000 | 503.4 |
| 26 | 927,621 | 1 | 6 | (85) | 4.10% | 1,708 | - | - | 925,993 | 500,000 | 92.4 |
| 27 | 708,760 | 3 | 6 | (85) | 4.10% | 1,708 | - | - | 707,134 | 500,000 | 70.8 |
| 28 | 713,859 | 3 | 6 | 24,915 | 4.10% | 1,623 | 25,000 | - | 687,319 | 475,000 | 71.5 |
| 29 | 872,841 | 3 | 6 | (85) | 4.10% | 1,623 | - | - | 871,301 | 475,000 | 87.7 |
| 30 | 858,319 | 3 | 6 | (85) | 4.10% | 1,623 | - | - | 856,778 | 475,000 | 86.5 |
| 31 | 970,764 | 3 | 6 | 24,915 | 4.10% | 1,538 | 25,000 | - | 944,309 | 450,000 | 98.1 |
| 32 | 956,078 | 3 | 6 | (85) | 4.10% | 1,538 | - | - | 954,623 | 450,000 | 96.9 |
| 33 | 948,199 | 3 | 6 | (85) | 4.10% | 1,538 | - | - | 946,744 | 450,000 | 96.3 |
| 34 | 1,001,033 | 3 | 6 | 24,915 | 4.10% | 1,452 | 25,000 | - | 974,663 | 425,000 | 102.0 |
| 35 | 923,943 | 3 | 6 | (85) | 4.10% | 1,452 | - | - | 922,573 | 425,000 | 94.4 |
| 36 | 940,287 | 3 | 52 | (85) | 4.10% | 1,452 | - | - | 938,872 | 425,000 | 96.4 |
| 37 | 904,726 | 3 | 6 | 24,915 | 4.10% | 1,367 | 25,000 | - | 878,442 | 400,000 | 93.0 |
| 38 | 975,925 | 3 | 6 | (85) | 4.10% | 1,367 | - | - | 974,641 | 400,000 | 100.6 |
| 39 | 730,023 | 3 | 6 | (85) | 4.10% | 1,367 | - | - | 728,739 | 400,000 | 75.5 |
| 40 | 735,275 | 3 | 6 | 24,915 | 4.10% | 1,281 | 25,000 | - | 709,076 | 375,000 | 76.2 |
| 41 | 899,026 | 4 | 6 | (85) | 4.10% | 1,281 | - | - | 897,828 | 375,000 | 93.5 |
| 42 | 884,068 | 4 | 6 | (85) | 4.10% | 1,281 | - | - | 882,870 | 375,000 | 92.2 |
| 43 | 999,887 | 4 | 6 | 24,915 | 4.10% | 1,196 | 25,000 | - | 973,775 | 350,000 | 104.6 |
| 44 | 984,761 | 4 | 6 | (85) | 4.10% | 1,196 | - | - | 983,649 | 350,000 | 103.3 |
| 45 | 976,645 | 5 | 6 | (85) | 4.10% | 1,196 | - | - | 975,533 | 350,000 | 102.8 |
| 46 | 1,031,064 | 5 | 6 | 24,915 | 4.10% | 1,110 | 25,000 | - | 1,005,038 | 325,000 | 108.9 |
| 47 | 951,661 | 5 | 6 | (85) | 4.10% | 1,110 | - | - | 950,635 | 325,000 | 100.8 |
| 48 | 968,496 | 6 | 53 | (85) | 4.10% | 1,110 | - | - | 967,424 | 325,000 | 102.9 |
| 49 | 931,868 | 6 | 6 | 24,915 | 4.10% | 1,025 | 25,000 | - | 905,928 | 300,000 | 99.3 |



Credit
Rating
Agency

Nueva Elektra del Milenio

HR AAA (E)

Series 2020-1 Notes

Nueva Elektra del Milenio S.A. de C.V.

Corporates
January 5, 2021

| | | | | | | | | | | | |
|----|-----------|----|----|--------|-------|-------|--------|---|-----------|---------|-------|
| 50 | 1,005,203 | 6 | 6 | (85) | 4.10% | 1,025 | - | - | 1,004,263 | 300,000 | 107.4 |
| 51 | 751,924 | 7 | 6 | (85) | 4.10% | 1,025 | - | - | 750,985 | 300,000 | 80.6 |
| 52 | 757,333 | 7 | 6 | 24,915 | 4.10% | 940 | 25,000 | - | 731,480 | 275,000 | 81.4 |
| 53 | 925,997 | 8 | 6 | (85) | 4.10% | 940 | - | - | 925,145 | 275,000 | 99.9 |
| 54 | 910,590 | 9 | 6 | (85) | 4.10% | 940 | - | - | 909,738 | 275,000 | 98.5 |
| 55 | 1,029,883 | 10 | 6 | 24,915 | 4.10% | 854 | 25,000 | - | 1,004,118 | 250,000 | 111.7 |
| 56 | 1,014,304 | 10 | 6 | (85) | 4.10% | 854 | - | - | 1,013,539 | 250,000 | 110.4 |
| 57 | 1,005,944 | 11 | 6 | (85) | 4.10% | 854 | - | - | 1,005,181 | 250,000 | 109.8 |
| 58 | 1,061,996 | 12 | 6 | 24,915 | 4.10% | 769 | 25,000 | - | 1,036,318 | 225,000 | 116.3 |
| 59 | 980,211 | 12 | 6 | (85) | 4.10% | 769 | - | - | 979,534 | 225,000 | 107.7 |
| 60 | 997,551 | 13 | 54 | (85) | 4.10% | 769 | - | - | 996,827 | 225,000 | 109.9 |
| 61 | 959,824 | 14 | 6 | 24,915 | 4.10% | 683 | 25,000 | - | 934,233 | 200,000 | 106.1 |
| 62 | 1,035,359 | 1 | 6 | (85) | 4.10% | 683 | - | - | 1,034,755 | 200,000 | 114.8 |
| 63 | 774,481 | 12 | 6 | (85) | 4.10% | 683 | - | - | 773,889 | 200,000 | 86.2 |
| 64 | 780,053 | 10 | 6 | 24,915 | 4.10% | 598 | 25,000 | - | 754,545 | 175,000 | 87.1 |
| 65 | 953,777 | 12 | 6 | (85) | 4.10% | 598 | - | - | 953,270 | 175,000 | 106.8 |
| 66 | 937,908 | 11 | 6 | (85) | 4.10% | 598 | - | - | 937,400 | 175,000 | 105.4 |
| 67 | 1,060,780 | 11 | 6 | 24,915 | 4.10% | 513 | 25,000 | - | 1,035,358 | 150,000 | 119.5 |
| 68 | 1,044,733 | 11 | 6 | (85) | 4.10% | 513 | - | - | 1,044,310 | 150,000 | 118.1 |
| 69 | 1,036,123 | 11 | 6 | (85) | 4.10% | 513 | - | - | 1,035,701 | 150,000 | 117.5 |
| 70 | 1,093,856 | 11 | 6 | 24,915 | 4.10% | 427 | 25,000 | - | 1,068,519 | 125,000 | 124.5 |
| 71 | 1,009,617 | 11 | 6 | (85) | 4.10% | 427 | - | - | 1,009,280 | 125,000 | 115.2 |
| 72 | 1,027,477 | 11 | 55 | (85) | 4.10% | 427 | - | - | 1,027,092 | 125,000 | 117.7 |
| 73 | 988,618 | 11 | 6 | 24,915 | 4.10% | 342 | 25,000 | - | 963,367 | 100,000 | 113.6 |
| 74 | 1,066,419 | 11 | 1 | (85) | 4.10% | 342 | - | - | 1,066,174 | 100,000 | 122.9 |
| 75 | 797,716 | 11 | 1 | (85) | 4.10% | 342 | - | - | 797,470 | 100,000 | 92.3 |
| 76 | 803,455 | 10 | 1 | 24,915 | 4.10% | 256 | 25,000 | - | 778,293 | 75,000 | 93.2 |
| 77 | 982,390 | 11 | 1 | (85) | 4.10% | 256 | - | - | 982,230 | 75,000 | 114.4 |
| 78 | 966,045 | 11 | 1 | (85) | 4.10% | 256 | - | - | 965,884 | 75,000 | 112.8 |
| 79 | 1,092,603 | 11 | 1 | 24,915 | 4.10% | 171 | 25,000 | - | 1,067,528 | 50,000 | 128.0 |
| 80 | 1,076,075 | 11 | 1 | (85) | 4.10% | 171 | - | - | 1,075,999 | 50,000 | 126.5 |
| 81 | 1,067,206 | 11 | 1 | (85) | 4.10% | 171 | - | - | 1,067,131 | 50,000 | 125.9 |
| 82 | 1,126,671 | 11 | 1 | 24,915 | 4.10% | 85 | 25,000 | - | 1,101,681 | 25,000 | 133.4 |
| 83 | 1,039,906 | 11 | 1 | (85) | 4.10% | 85 | - | - | 1,039,916 | 25,000 | 123.5 |
| 84 | 1,058,302 | 11 | 50 | (85) | 4.10% | 85 | - | - | 1,058,262 | 25,000 | 126.1 |
| 85 | 1,018,277 | 10 | 0 | (85) | 4.10% | - | 25,000 | - | 1,018,372 | - | 121.8 |

Source: HR Ratings.

Appendix – Stress Scenario

Figure 15. Evolution of Cash Flow (Stress Scenario - USD Thousands)

| Period | Purchases Receivables | Earned Interest | Administration Fees | Reserves Cash Flow | Annual Interest rate | Interests | Amortization of Principal | Remainers retention | Remainers to Originator | Outstanding Balance | DSCR |
|--------|--------------------------|--------------------|------------------------|-----------------------|-------------------------|-----------|------------------------------|------------------------|----------------------------|------------------------|-------|
| 1 | 368,466 | 0 | 10,147 | 6,375 | 5.10% | 2,125 | - | - | 349,819 | 500,000 | 260.1 |
| 2 | 397,463 | 2 | 9 | - | 5.10% | 2,125 | - | - | 395,331 | 500,000 | 187.0 |
| 3 | 328,626 | 2 | 6 | - | 5.10% | 2,125 | - | - | 326,497 | 500,000 | 154.6 |
| 4 | 330,991 | 1 | 6 | - | 5.10% | 2,125 | - | - | 328,861 | 500,000 | 155.8 |
| 5 | 404,705 | 1 | 6 | - | 5.10% | 2,125 | - | - | 402,575 | 500,000 | 190.4 |
| 6 | 397,971 | 1 | 6 | - | 5.10% | 2,125 | - | - | 395,842 | 500,000 | 187.3 |
| 7 | 450,108 | 1 | 6 | - | 5.10% | 2,125 | - | - | 447,979 | 500,000 | 211.8 |
| 8 | 443,299 | 1 | 6 | - | 5.10% | 2,125 | - | - | 441,169 | 500,000 | 208.6 |
| 9 | 439,646 | 1 | 6 | - | 5.10% | 2,125 | - | - | 437,516 | 500,000 | 206.9 |
| 10 | 464,143 | 1 | 6 | - | 5.10% | 2,125 | - | - | 462,013 | 500,000 | 218.4 |
| 11 | 428,399 | 1 | 6 | - | 5.10% | 2,125 | - | - | 426,269 | 500,000 | 201.6 |
| 12 | 435,977 | 1 | 50 | - | 5.10% | 2,125 | - | - | 433,804 | 500,000 | 205.2 |
| 13 | 419,489 | 1 | 6 | - | 5.10% | 2,125 | - | - | 417,359 | 500,000 | 197.4 |
| 14 | 418,267 | 1 | 6 | - | 5.10% | 2,125 | - | - | 416,137 | 500,000 | 196.8 |
| 15 | 201,973 | 1 | 6 | - | 5.10% | 2,125 | - | - | 199,843 | 500,000 | 95.0 |
| 16 | 203,426 | 1 | 6 | - | 5.10% | 2,125 | - | - | 201,296 | 500,000 | 95.7 |
| 17 | 248,730 | 1 | 6 | - | 5.10% | 2,125 | - | - | 246,600 | 500,000 | 117.0 |
| 18 | 244,592 | 1 | 6 | - | 5.10% | 2,125 | - | - | 242,462 | 500,000 | 115.1 |
| 19 | 276,635 | 1 | 6 | - | 5.10% | 2,125 | - | - | 274,505 | 500,000 | 130.2 |
| 20 | 272,450 | 1 | 6 | - | 5.10% | 2,125 | - | - | 270,320 | 500,000 | 128.2 |
| 21 | 270,205 | 1 | 6 | - | 5.10% | 2,125 | - | - | 268,075 | 500,000 | 127.2 |
| 22 | 285,260 | 1 | 6 | - | 5.10% | 2,125 | - | - | 283,131 | 500,000 | 134.2 |
| 23 | 263,292 | 1 | 6 | - | 5.10% | 2,125 | - | - | 261,163 | 500,000 | 123.9 |
| 24 | 267,950 | 1 | 51 | - | 5.10% | 2,125 | - | - | 265,776 | 500,000 | 126.1 |
| 25 | 257,816 | 1 | 6 | 25,000 | 5.10% | 2,125 | - | - | 230,687 | 500,000 | 121.3 |
| 26 | 278,105 | 1 | 6 | (106) | 5.10% | 2,125 | - | - | 276,082 | 500,000 | 26.6 |
| 27 | 144,333 | 7 | 6 | (106) | 5.10% | 2,125 | - | - | 142,315 | 500,000 | 13.8 |
| 28 | 145,371 | 6 | 6 | 24,894 | 5.10% | 2,019 | 25,000 | - | 118,459 | 475,000 | 14.0 |
| 29 | 177,746 | 7 | 6 | (106) | 5.10% | 2,019 | - | - | 175,835 | 475,000 | 17.2 |
| 30 | 174,789 | 7 | 6 | (106) | 5.10% | 2,019 | - | - | 172,877 | 475,000 | 16.9 |
| 31 | 197,687 | 7 | 6 | 24,894 | 5.10% | 1,913 | 25,000 | - | 170,882 | 450,000 | 19.2 |
| 32 | 194,697 | 7 | 6 | (106) | 5.10% | 1,913 | - | - | 192,892 | 450,000 | 19.0 |
| 33 | 193,092 | 8 | 6 | (106) | 5.10% | 1,913 | - | - | 191,288 | 450,000 | 18.9 |
| 34 | 203,851 | 8 | 6 | 24,894 | 5.10% | 1,806 | 25,000 | - | 177,153 | 425,000 | 20.0 |
| 35 | 188,153 | 8 | 6 | (106) | 5.10% | 1,806 | - | - | 186,454 | 425,000 | 18.6 |
| 36 | 191,481 | 8 | 52 | (106) | 5.10% | 1,806 | - | - | 189,737 | 425,000 | 19.0 |
| 37 | 184,239 | 8 | 6 | 24,894 | 5.10% | 1,700 | 25,000 | - | 157,648 | 400,000 | 18.3 |
| 38 | 198,738 | 8 | 6 | (106) | 5.10% | 1,700 | - | - | 197,147 | 400,000 | 19.8 |
| 39 | 138,559 | 9 | 6 | (106) | 5.10% | 1,700 | - | - | 136,968 | 400,000 | 13.9 |
| 40 | 139,556 | 9 | 6 | 24,894 | 5.10% | 1,594 | 25,000 | - | 113,071 | 375,000 | 14.0 |
| 41 | 170,636 | 10 | 6 | (106) | 5.10% | 1,594 | - | - | 169,152 | 375,000 | 17.2 |
| 42 | 167,797 | 10 | 6 | (106) | 5.10% | 1,594 | - | - | 166,313 | 375,000 | 17.0 |
| 43 | 189,780 | 10 | 6 | 24,894 | 5.10% | 1,488 | 25,000 | - | 163,403 | 350,000 | 19.3 |
| 44 | 186,909 | 10 | 6 | (106) | 5.10% | 1,488 | - | - | 185,532 | 350,000 | 19.0 |
| 45 | 185,369 | 11 | 6 | (106) | 5.10% | 1,488 | - | - | 183,992 | 350,000 | 18.9 |
| 46 | 195,697 | 12 | 6 | 24,894 | 5.10% | 1,381 | 25,000 | - | 169,428 | 325,000 | 20.1 |
| 47 | 180,627 | 12 | 6 | (106) | 5.10% | 1,381 | - | - | 179,357 | 325,000 | 18.6 |
| 48 | 183,822 | 13 | 53 | (106) | 5.10% | 1,381 | - | - | 182,507 | 325,000 | 19.0 |
| 49 | 176,870 | 13 | 6 | 24,894 | 5.10% | 1,275 | 25,000 | - | 150,708 | 300,000 | 18.3 |



Credit
Rating
Agency

Nueva Elektra del Milenio

HR AAA (E)

Series 2020-1 Notes

Nueva Elektra del Milenio S.A. de C.V.

Corporates
January 5, 2021

| | | | | | | | | | | | |
|----|---------|----|----|--------|-------|-------|--------|---|---------|---------|------|
| 50 | 190,789 | 14 | 6 | (106) | 5.10% | 1,275 | - | - | 189,628 | 300,000 | 19.9 |
| 51 | 133,017 | 14 | 6 | (106) | 5.10% | 1,275 | - | - | 131,856 | 300,000 | 13.9 |
| 52 | 133,974 | 9 | 6 | 24,894 | 5.10% | 1,169 | 25,000 | - | 107,914 | 275,000 | 14.0 |
| 53 | 163,811 | 10 | 6 | (106) | 5.10% | 1,169 | - | - | 162,752 | 275,000 | 17.2 |
| 54 | 161,085 | 9 | 6 | (106) | 5.10% | 1,169 | - | - | 160,026 | 275,000 | 17.0 |
| 55 | 182,189 | 10 | 6 | 24,894 | 5.10% | 1,063 | 25,000 | - | 156,236 | 250,000 | 19.3 |
| 56 | 179,433 | 9 | 6 | (106) | 5.10% | 1,063 | - | - | 178,480 | 250,000 | 19.1 |
| 57 | 177,954 | 10 | 6 | (106) | 5.10% | 1,063 | - | - | 177,001 | 250,000 | 19.0 |
| 58 | 187,869 | 10 | 6 | 24,894 | 5.10% | 956 | 25,000 | - | 162,023 | 225,000 | 20.1 |
| 59 | 173,402 | 9 | 6 | (106) | 5.10% | 956 | - | - | 172,555 | 225,000 | 18.7 |
| 60 | 176,469 | 10 | 54 | (106) | 5.10% | 956 | - | - | 175,575 | 225,000 | 19.1 |
| 61 | 169,795 | 9 | 6 | 24,894 | 5.10% | 850 | 25,000 | - | 144,054 | 200,000 | 18.4 |
| 62 | 183,157 | 9 | 6 | (106) | 5.10% | 850 | - | - | 182,417 | 200,000 | 19.9 |
| 63 | 126,366 | 9 | 6 | (106) | 5.10% | 850 | - | - | 125,626 | 200,000 | 13.8 |
| 64 | 127,275 | 9 | 6 | 24,894 | 5.10% | 744 | 25,000 | - | 101,640 | 175,000 | 14.0 |
| 65 | 155,620 | 9 | 6 | (106) | 5.10% | 744 | - | - | 154,986 | 175,000 | 17.1 |
| 66 | 153,031 | 9 | 6 | (106) | 5.10% | 744 | - | - | 152,396 | 175,000 | 16.9 |
| 67 | 173,079 | 9 | 6 | 24,894 | 5.10% | 638 | 25,000 | - | 147,551 | 150,000 | 19.2 |
| 68 | 170,461 | 9 | 6 | (106) | 5.10% | 638 | - | - | 169,932 | 150,000 | 19.0 |
| 69 | 169,056 | 9 | 6 | (106) | 5.10% | 638 | - | - | 168,528 | 150,000 | 18.9 |
| 70 | 178,476 | 9 | 6 | 24,894 | 5.10% | 531 | 25,000 | - | 153,054 | 125,000 | 20.1 |
| 71 | 164,732 | 9 | 6 | (106) | 5.10% | 531 | - | - | 164,309 | 125,000 | 18.6 |
| 72 | 167,646 | 9 | 55 | (106) | 5.10% | 531 | - | - | 167,175 | 125,000 | 19.0 |
| 73 | 161,305 | 9 | 6 | 24,894 | 5.10% | 425 | 25,000 | - | 135,989 | 100,000 | 18.3 |
| 74 | 173,999 | 9 | 1 | (106) | 5.10% | 425 | - | - | 173,689 | 100,000 | 19.9 |
| 75 | 120,048 | 9 | 1 | (106) | 5.10% | 425 | - | - | 119,737 | 100,000 | 13.8 |
| 76 | 120,912 | 8 | 1 | 24,894 | 5.10% | 319 | 25,000 | - | 95,706 | 75,000 | 13.9 |
| 77 | 147,839 | 9 | 1 | (106) | 5.10% | 319 | - | - | 147,635 | 75,000 | 17.1 |
| 78 | 145,380 | 9 | 1 | (106) | 5.10% | 319 | - | - | 145,175 | 75,000 | 16.9 |
| 79 | 164,425 | 9 | 1 | 24,894 | 5.10% | 213 | 25,000 | - | 139,327 | 50,000 | 19.2 |
| 80 | 161,938 | 9 | 1 | (106) | 5.10% | 213 | - | - | 161,839 | 50,000 | 18.9 |
| 81 | 160,603 | 9 | 1 | (106) | 5.10% | 213 | - | - | 160,505 | 50,000 | 18.9 |
| 82 | 169,552 | 9 | 1 | 24,894 | 5.10% | 106 | 25,000 | - | 144,560 | 25,000 | 20.0 |
| 83 | 156,495 | 8 | 1 | (106) | 5.10% | 106 | - | - | 156,503 | 25,000 | 18.5 |
| 84 | 159,263 | 9 | 50 | (106) | 5.10% | 106 | - | - | 159,222 | 25,000 | 19.0 |
| 85 | 153,240 | 8 | 0 | (106) | 5.10% | - | 25,000 | - | 153,354 | - | 18.3 |

Source: HR Ratings.

Glossary

- **Monthly Debt Coverage Ratio (DSCR):** Collections received during the reporting period divided by the Quarterly Debt Service multiplied by the Monthly Factor.
- **Monthly Factor:** Ratio obtained by dividing the number of calendar days in the reporting period by the number of calendar days in the month multiplied by 3.0.
- **Quarterly DSCR:** Collections received during the quarterly reporting period divided by the quarterly debt service.
- **Retention Release ratio:** Quarterly Debt Service multiplied by 7.5 added to the amounts retained in the Series account during the retention period.
- **Account Receivables:** Amounts owed or to be owed by a Remitter to NEM in relation with the settlement of Peso denominated payment orders originated by a remittance transaction.
- **Remittances:** Electronic money transferred from Remitters in other country to NEM in relation to funds send by a person in a foreign country to a recipient in Mexico.
- **Remittance Agreement:** Money transfer agreement between NEM and a Remitter.
- **Remitter:** Third-party money transfer operator under a remittance agreement.
- **SPV:** Special purpose vehicle, in the form of a fiduciary, organized under the laws of Luxembourg.
- **Reimbursement Model:** NEM pays out all transactions to beneficiaries with its own funds, so an account receivable is created. On the next business day, the Remitters transfer to NEM the total amount of the payouts in Mexican pesos.
- **Pre-Funding Model:** The money transfer operator transfers the estimated funds in Mexican pesos to NEM`s accounts in advance (could be the same business day as the beneficiary request payment or before) in order for NEM to have the Mexican pesos amount necessary to comply with the money transfer instructions and pay the transactions in full to the beneficiaries.
- **Pass-Through account:** Peso denominated account held by the Collateral Agent used by Remitters to deposit the collections owed to the Originator.
- **Collection account:** Peso denominated account held by the Collateral Agent sourced by the Pass-through account and used to distribute the eligible collections into the Program and Series accounts as defined in the waterfall.
- **Reserve account:** an amount equal to the maximum quarterly debt service for the Series.
- **ASR:** Annualized Stress Rate, difference between the base and stressed scenarios. The stressed scenario represents the maximum level of stress that the structure supports. The base scenario takes into consideration the most probable behavior of the economic and financial variables and follows the historical trend of the collateral and incorporates the assumptions provided by the entity.
- **Unemployment Rate:** Percent of the labor force that is jobless. It generally rises or falls in the wake of changing economic conditions.
- **GDP: Gross Domestic Product** - The market value of goods and services produced by labor and property in a Country.



HR Ratings Management Contacts

Management

Chairman of the Board of Directors

Alberto I. Ramos +52 55 1500 3130
alberto.ramos@hrratings.com

Chief Executive Officer

Fernando Montes de Oca +52 55 1500 3130
fernando.montesdeoca@hrratings.com

Vice President of the Board of Directors

Anibal Habeica +52 55 1500 3130
anibal.habeica@hrratings.com

Analysis

Chief Credit Officer

Pedro Latapí +52 55 8647 3845
pedro.latapi@hrratings.com

Unsecured Public Finance / Sovereigns

Ricardo Gallegos +52 55 1500 3139
ricardo.gallegos@hrratings.com

Álvaro Rodríguez

+52 55 1500 3147
alvaro.rodriguez@hrratings.com

Financial Institutions / ABS

Angel García +52 55 1253 6549
angel.garcia@hrratings.com

Methodologies

Alfonso Sales +52 55 1253 3140
alfonso.sales@hrratings.com

Chief Officer of Economic Analysis

Felix Boni +52 55 1500 3133
felix.boni@hrratings.com

Secured Public Finance / Infrastructure

Roberto Ballinez +52 55 1500 3143
roberto.ballinez@hrratings.com

Roberto Soto

+52 55 1500 3148
roberto.soto@hrratings.com

Corporates / ABS

Luis Miranda +52 55 1500 3146
luis.miranda@hrratings.com

José Luis Cano

+52 55 1500 0763
joseluis.cano@hrratings.com

Regulation

Chief Risk Officer

Rogelio Argüelles +52 181 8187 9309
rogelio.arguelles@hrratings.com

Head Compliance Officer

Alejandra Medina +52 55 1500 0761
alejandra.medina@hrratings.com

Business Development

Business Development

Francisco Valle +52 55 1500 3134
francisco.valle@hrratings.com



Mexico: Guillermo González Camarena No. 1200, Piso 10, Colonia Centro de Ciudad Santa Fe, Del. Álvaro Obregón, C.P. 01210, Ciudad de México. Tel 52 (55) 1500 3130.
United States: One World Trade Center, Suite 8500, New York, New York, ZIP Code 10007, Tel +1 (212) 220 5735.

The rating assigned by HR Ratings de México to the entity, issuer and/or issue is based upon the analysis performed under a base case and stress case scenario, in accordance with the following methodology(ies) established by the rating agency:

Rating Methodology for Future Flows, August 2016
General Methodological Criteria, October 2020
Future Flows Technical Note, April 2019

For more information with respect to this (these) methodology(ies), please consult the website:
www.hrratings.com/en/methodology

Complementary information

| | |
|---|--|
| Previous Rating. | Initial |
| Date of the last Rating Action. | Initial |
| Period of the financial information used by HR Ratings for the assignment of the current rating. | From January 2015 to September 2020 |
| Main sources of information used, including third parties. | Information provided by the Company, legal documents of the transaction and information reported by Mexico's Central Bank (Banxico). |
| Ratings assigned by other rating agencies that were used by HR Ratings (if so). | NA |
| HR Ratings considered at the moment of assigning or reviewing the rating, the existence of mechanisms designed to align the incentives between the originator, servicer and guarantor and the possible buyers of the rated instrument (where it applies). | NA |

HR Ratings de México, S.A. de C.V. (HR Ratings), is a rating agency authorized by the Mexican Banking and Securities Commission (Comisión Nacional Bancaria y de Valores) (CNBV) and registered with the U.S. Securities and Exchange Commission (SEC) as a NRSRO for government securities, corporates and financial institutions, as described in clause (v), section 3(a)(62)(A) of the U.S. Securities Exchange Act of 1934, and certified as a Credit Rating Agency (CRA) by the European Securities and Markets Authority (ESMA).

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, (iii) the procedure and process of voting on our Analysis Committee, and (iv) the rating scales and their definitions.

The ratings and/or opinions of HR Ratings de México S.A. de C.V. (HR Ratings) are opinions regarding the credit quality and/or the asset management capacity, or relative to the performance of the tasks aimed at the fulfillment of the corporate purpose, by issuing companies and other entities or sectors, and are based on exclusively in the characteristics of the entity, issue and/or operation, regardless of any business activity between HR Ratings and the entity or issuer. The ratings and/or opinions granted are issued on behalf of HR Ratings and not of its management or technical personnel and do not constitute recommendations to buy, sell or maintain any instrument, or to carry out any type of business, investment or operation, and may be subject to updates at any time, in accordance with the HR Ratings classification methodologies, in terms of the provisions of article 7, section II and/or III, as appropriate, of the "General provisions applicable to the issuers of securities and other participants in the stock market".

HR Ratings bases its ratings and/or opinions on information obtained from sources that are believed to be accurate and reliable. HR Ratings, however, 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. Most issuers of debt securities rated by HR Ratings have paid a fee for the credit rating based on the amount and type of debt issued. The degree of creditworthiness of an issue or issuer, opinions regarding asset manager quality or ratings related to an entity's performance of its business purpose are subject to change, which can produce a rating upgrade or downgrade, without implying any responsibility for HR Ratings. The ratings issued by HR Ratings are assigned in an ethical manner, in accordance with healthy market practices and in compliance with applicable regulations found on the www.hrratings.com rating agency webpage. There Code of Conduct, HR Ratings' rating methodologies, rating criteria and current ratings can also be found on the website.

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, HR Ratings defines as the inability or unwillingness to satisfy the contractually stipulated payment terms of an obligation, such that creditors and/or bondholders are forced to take action in order to recover their investment or to restructure the debt due to a situation of stress faced by the debtor. Without disregard to the aforementioned point, in order to validate our ratings, our methodologies consider stress scenarios as a complement to the analysis derived from a base case scenario. The rating fee that HR Ratings receives from issuers generally ranges from US\$1,000 to US\$1,000,000 (or the foreign currency equivalent) per issue. In some instances, HR Ratings will rate all or some of the issues of a particular issuer for an annual fee. It is estimated that the annual fees range from US\$5,000 to US\$2,000,00 (or the foreign currency equivalent).