

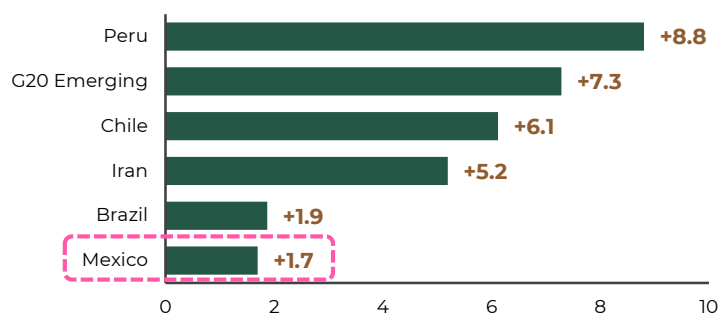
2022 Financial Outlook

Mexico's commitment to prudent fiscal and macro policies has reduced the debt burden in 2021 and will support macroeconomic and financial stability in 2022 and beyond.

Mexico's sound financial position relative to its peers

Prudent management of public finances has allowed debt to reach low levels compared to other emerging market economies. Mexico's solid financial position relative to its peers is not a short-term coincidence, it is expected to remain over the medium term. This has been coupled with an innovative liability management strategy that has improved the profile of the debt portfolio.

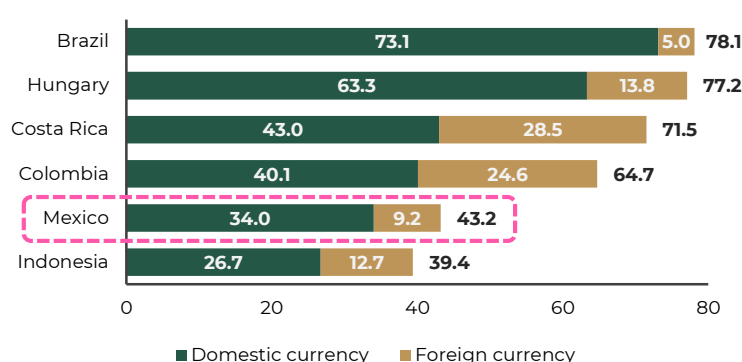
Change in General Government Gross Debt (2026-21)
(percentage points of GDP)



Source: IMF

Notes: The labels refer to the estimated percentage point change in the level of debt as a percentage of GDP between 2021 and 2026.

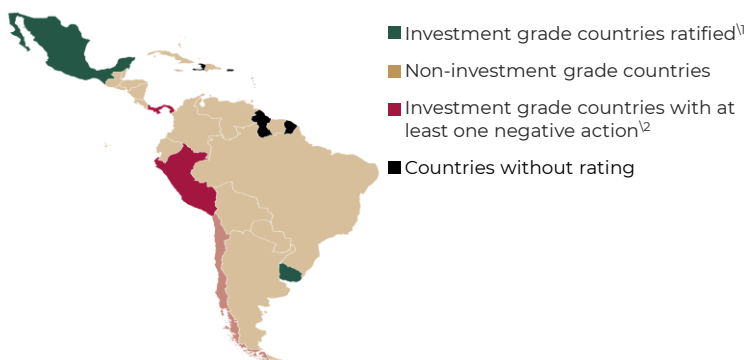
General Government Gross Debt (as of 2Q2021)
(as % of GDP)



Source: World Bank

Robust macroeconomic policies have been recognized by rating agencies

Credit actions of the three main rating agencies in 2021



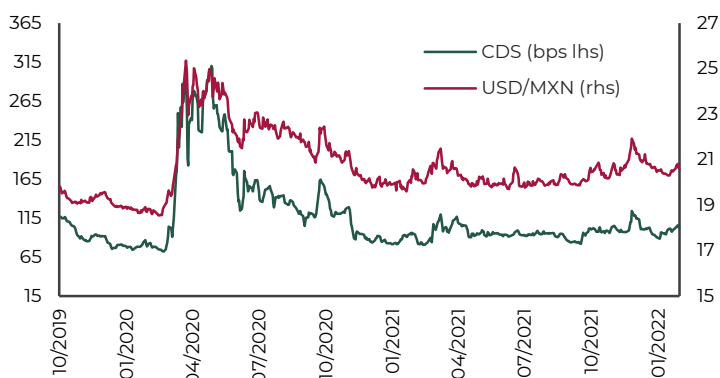
Source: Bloomberg

Last year was challenging for Latin American sovereign ratings.

- In 2021, LATAM countries suffered from 12 sovereign rating downgrades by one of the three main agencies.
- In this challenging context, Mexico managed to be ratified within the investment grade category by the eight agencies that evaluate it³.
- Among the investment grade economies in the region, only Mexico and Uruguay's sovereign ratings were affirmed during the year.

Financial markets performance

Exchange rate and country risk



Source: Bloomberg

Risk perception in Mexico has improved significantly.

- While in April 2020 the risk premium, measured by the Credit Default Swap (CDS), reached levels not seen since the global financial crisis, in 2021 it averaged its lowest level since 2014.

The Mexican peso remains resilient.

- The average exchange rate during 2021 was 5.6% lower than that observed in 2020.
- Despite the volatility of the first days of the year, the Mexican peso has been resilient with a depreciation of only 0.3%

¹Only countries with the investment grade category in the three main agencies are considered.

²Red is more intense for countries with negative actions by more rating agencies and less intense for countries in which only one agency carried out a negative action.

³S&P, Moody's, Fitch, HR Ratings, DBRS Morningstar, KBRA, JCR and R&I.