

Mexico City, May 6th, 2022

Kroll Bond Rating Agency (KBRA) improved Mexico's credit outlook and, in line with DBRS, reaffirmed the country's credit rating.

- **Both rating agencies ratified Mexico's long-term foreign currency sovereign rate at BBB, above the investment grade. Also, KBRA upgraded the outlook from negative to stable.**
- **The rating agencies pointed out the Government's commitment to maintain sustainable public finances and solid macroeconomic fundamentals.**
- **With this announcement, three rating agencies already improved Mexico's credit outlook, and four ratified the rating during 2022.**

KBRA released its credit report today, in which the agency upgraded the outlook from negative to stable for Mexico's sovereign debt and ratified its credit rating at BBB for long- and short-term external debt.

The agency emphasized that the ratification of the rating is due to good management of the economy, solid fiscal metrics, a flexible exchange rate, as well as an independent central bank, items that support the strength of the external and financial sector of the economy.

On the other hand, the DBRS Morningstar agency reaffirmed the credit rating at BBB for long and short-term foreign currency debt, with a stable outlook.

The rating agency highlighted the commitment of the Federal Government to maintain sustainable public finances that will contribute to macroeconomic stability in a global context of economic deceleration.

For both rating agencies, the country's macroeconomic stability is also owed to an adequate composition in the debt portfolio that allows mitigating the volatility of global markets. In addition, there are appropriate levels of international reserves in the Bank of Mexico and a renewed 50 billion dollar IMF Flexible Credit Line, things that guarantee sound access to financial markets.

The rating agencies emphasized the inflationary pressures, the global economic slowdown, and the levels of investment in Mexico. Nonetheless, the agencies highlighted the support provided by the USMCA and the new investment opportunities coming along with the *nearshoring* effect, in which more companies transfer their production processes to Mexico.

The improvement in the outlook and the ratifications of the sovereign rating, reinforce the commitment to maintain stable fiscal metrics and a sound macroeconomic framework which guarantees access to international financial markets.

In the following links you can find the complete rating agencies' documents:

KBRA: <https://www.kbra.com/documents/press-release/53056/kbra-affirms-bbb-k2-ratings-for-mexico-outlook-revised-to-stable>

DBRS: <https://www.dbrsmorningstar.com/research/396520/dbrs-morningstar-confirms-mexico-at-bbb-stable>
