

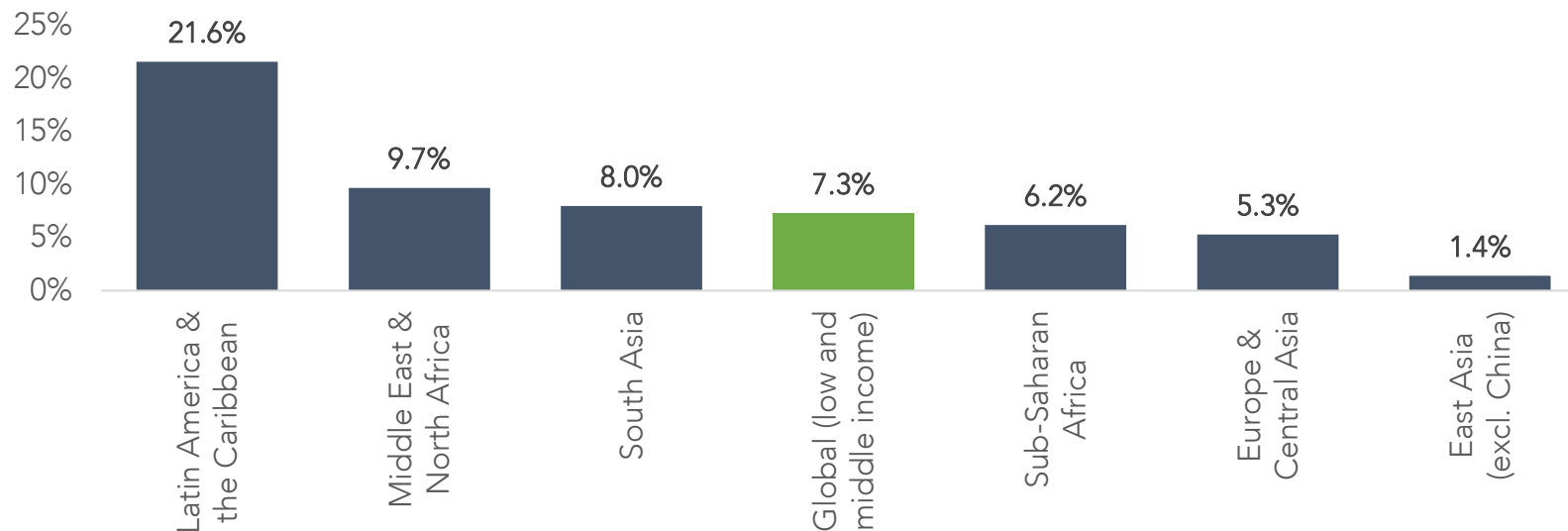
Remittances to Mexico and Latam in 2021



March 2022

1. Global remittances growth

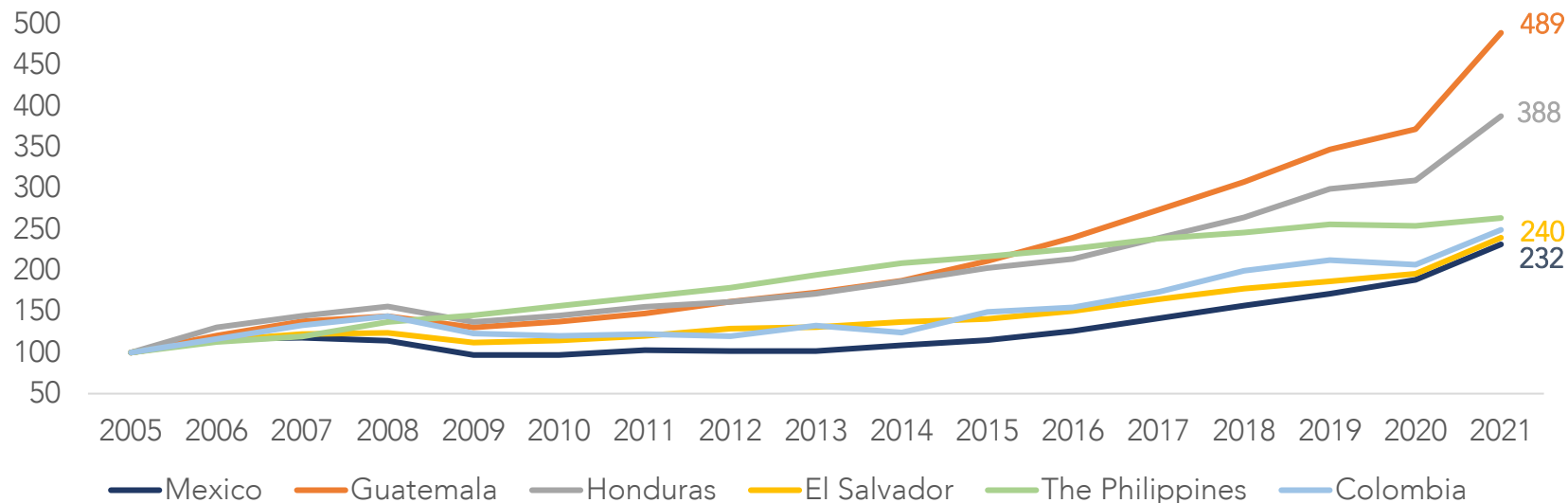
2021 year-on-year growth in remittances received by region (measured in USD \$ million)¹



- The World Bank estimates that remittances received by low- and middle-income countries (excluding China) grew 7.3% in 2021, reaching a total of USD \$589 bn
 - Latin America & the Caribbean stands out as a region, with a 21.6% growth in 2021
 - The Middle East & North Africa follows with a 9.7% growth, then South Asia with an 8.0% growth
- The World Bank's report argues that the growth in Latin America was exceptional in 2021 due mainly to:
 - A strong economic recovery in the U.S., driven in part by the fiscal stimulus the country implemented
 - The strong adverse effects of the pandemic pushed migrants to send home more resources
 - The migrants' response to hurricanes Grace and Ida, which affected Mexico and Central America
 - Remittances sent to migrants while in transit (received mainly in Mexico by non-Mexicans)

2. International comparison: Mexico and Central America

Annual remittances received by Mexico and selected countries (Index: 2005 = 100)¹



- The graph above displays an index showing the relative growth of remittances since 2005 (the base year)
 - For Mexico, remittances received in 2021 were 2.32x those received in 2005 (a 5.4% CAGR)
 - Guatemala is the country in Central America's "Northern Triangle" that showed the highest growth: its remittances in 2021 were 4.89x those received back in 2005 (a 10.4% CAGR)
 - Honduras and El Salvador also showed considerable growth with 3.88x and 2.40x, respectively
 - For comparison, the Philippines experienced a 2.64x growth, while Colombia grew 2.49x since 2005
- Furthermore, growth in remittances in the region has been particularly strong during the last 5 years, with the 2016-2021 CAGR being 15.3% for Guatemala, 12.9% for Mexico, 12.6% for Honduras and 9.7% for El Salvador. As comparison, this CAGR for Colombia was 10.0% while it was 3.1% for the Philippines

1. Source: World Bank. EOY 2021 figures are estimates.

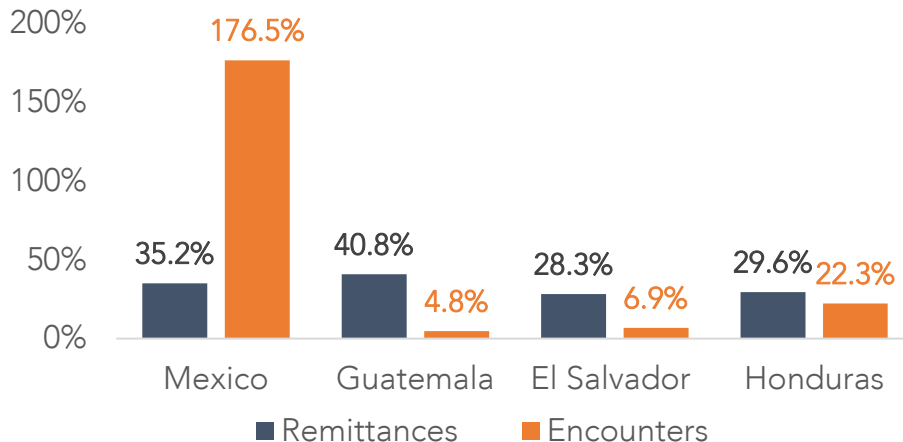
3. International comparison: relationship with migration

Number of "encounters" in the Mexico-U.S. border and country of origin¹

	Fiscal 2019		Fiscal 2020		Fiscal 2021	
	#	%	#	%	#	%
Mexico	237,078	24.3%	297,711	65.0%	655,594	37.8%
Guatemala	270,198	27.6%	48,054	10.5%	283,035	16.3%
El Salvador	92,351	9.4%	17,165	3.7%	98,690	5.7%
Honduras	261,122	26.7%	41,543	9.1%	319,324	18.4%
Other	116,760	11.9%	53,615	11.7%	378,043	21.8%
Total	977,509	100.0%	458,088	100.0%	1,734,686	100.0%

- The number of "encounters" of Mexican nationals in the U.S. border grew 25.6% in fiscal 2020 and 120.2% in fiscal 2021
- In addition, from representing 24.3% of total encounters in fiscal 2019, Mexican nationals were 65.0% and 37.8% of total encounters in fiscal 2020 and 2021, respectively

2019-2021 cumulative growth: remittances and encounters in the Mexico-U.S. border²

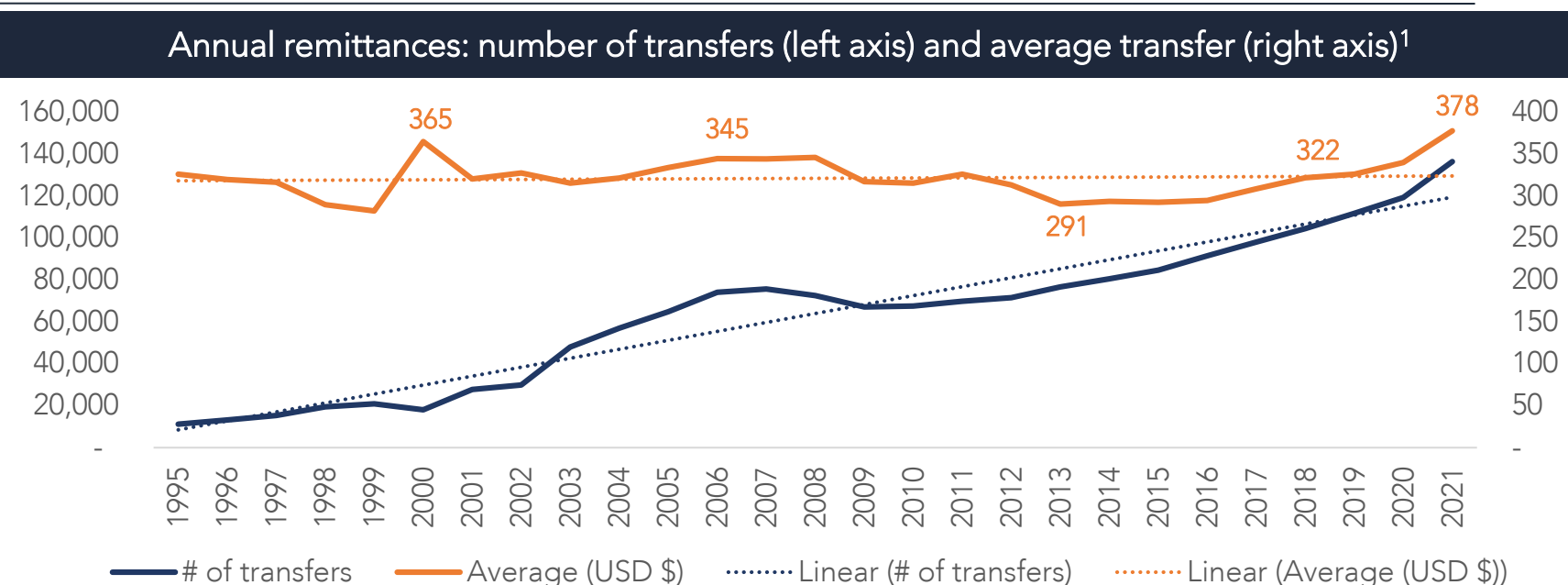


- Considering their growth in the past 2 years, remittances to Mexico increased a cumulative 35.2%, while encounters grew 176.5%
- In the case of Guatemala, remittances grew 40.8% while encounters did so by only 4.8%
- In the case of both Honduras and El Salvador, remittances grew faster than encounters

The data shown suggests that, although migration flows play a key role in the level of remittances in general, the most recent accelerated growth in remittances received by Guatemala, Honduras and El Salvador cannot be solely explained by a larger migration to the U.S. (relative to migration from Mexico to the U.S.)

1. Source: U.S. Customs and Border Protection. Includes those reported by the U.S. Border Patrol and by the Office of Field Operations. Strictly Confidential
 2. Source: World Bank. EOY 2021 figures are estimates. 4

4. Detailed data for Mexico (from Banco de Mexico)



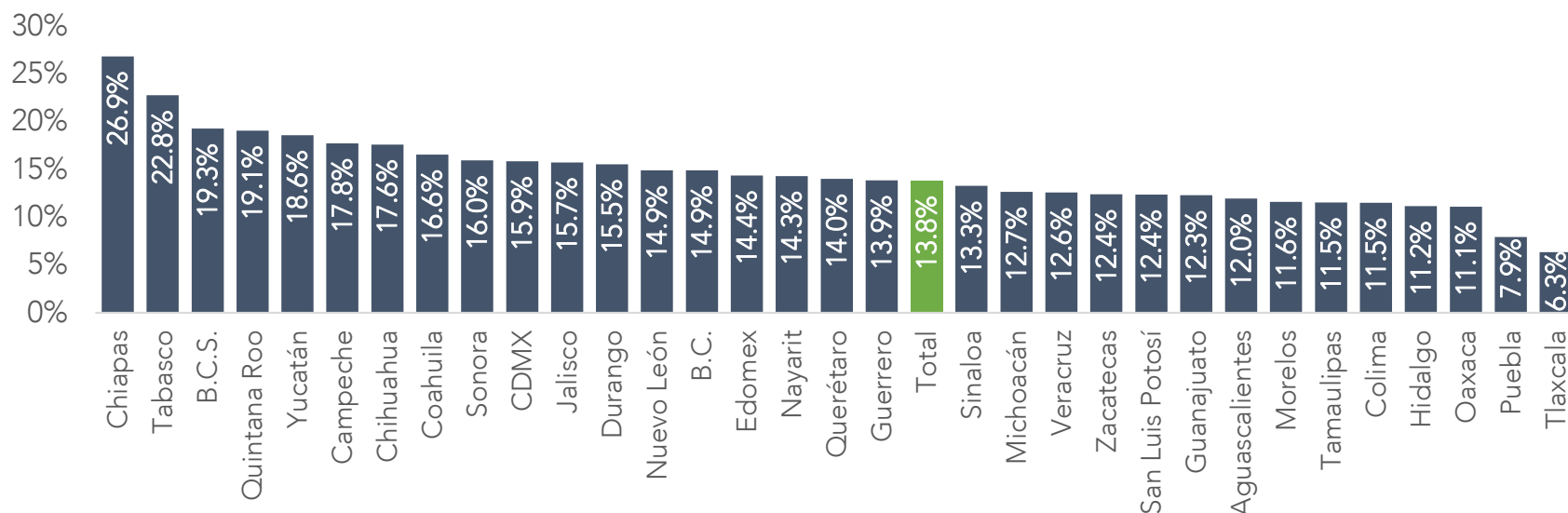
- Remittances received by Mexico reached USD \$51.6 bn in 2021, only second globally to India's USD \$87.0bn and to China's USD \$53.0bn². This level represents a 27.1% increase relative to 2020 and is 91.1% above 2016
- The graph above shows that since 1995 the number of transfers has a clearly positive trend, while for the average size of each transfer the trend is "flat" (basically no change in the shown period)
 - Nevertheless, in 2021 an 11.1% growth on the average transfer amount took place, reaching its historical maximum of USD \$378. This figure is clearly above its long-term trend

Except for 2021, the observed values are on or fairly close to their long-term trend. As the World Bank argues, there are several concurring reasons that explain why figures in 2021 are above their trend

1. Source: Banco de Mexico.
 2. Source: World Bank, press release dated November 17, 2021. EOY 2021 figures are estimates.

5. Growth in remittances by Federal State in Mexico

2016-2021 CAGR of remittances received by Mexican Federal State¹



- The Federal States that experienced the highest growth in the last 5 years were Chiapas, Tabasco, B.C.S., Quintana Roo, Yucatan and Campeche. It is relevant to highlight that 5 of these States are in the south and south-east of Mexico, including the only two with a CAGR above 20%
- Federal States that typically receive relevant amounts of remittances in absolute terms like Guerrero, Michoacan, Zacatecas and Guanajuato grew either at the same level or below the national average
- As a final note, the largest relative growth in remittances in 2021 was experienced by Chiapas (65.7%) and Tabasco (53.9%), which is in-line with the World Bank's argument that a relevant portion of the remittances received in Mexico in 2021 were sent to Central American migrants that were in transit in Mexico²

1. Source: Banco de Mexico.

2. Source: World Bank, press release dated November 17, 2021.