



BANCO LATINOAMERICANO DE COMERCIO EXTERIOR, S.A.

MESSAGE TO SHAREHOLDERS

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CHAIRMAN OF THE BOARD
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2020 was without a doubt an extremely difficult year for everyone on the planet. The effects of the COVID-19 pandemic have gone beyond what most could have anticipated and have become the catalyst for one of the greatest transformations of our lifetime. How we go about our daily lives, where and how we work, exercise, shop, learn, communicate and, of course, how we do business, will be changed forever.

The impact of this pandemic has also forced governments to implement harsh and unprecedented measures to contain the spread of the virus which triggered a major contraction in international trade, high volatility in financial markets throughout the world and major fluctuations in commodity prices. The nature of the health crisis, and the scale of the economic damage, varies widely from country to country. Some countries have largely reopened their economies, while others are still in the thick of the battle against the virus, and others reverting to closures in the wake of subsequent waves.

The world economy entered a strong recession in 2020, registering a 3.6% decrease in world output, according to IMF estimates, to become the largest contraction in world production since 1946, caused by a general decline in economic activity in both developed and emerging economies. Latin America registered a GDP contraction of -7.4% in 2020. The worst performance since the great depression of the 1930s.

However, some hope is foreseen as prospects for a quick recovery in world trade have improved as merchandise trade expanded more rapidly than

expected in the second half of 2020. According to the latest estimates from the World Trade Organization (“WTO”), the volume of world trade is expected to increase by 8.0% in 2021 after having fallen 5.3% in 2020, continuing its rebound from the pandemic-induced collapse that bottomed out in the second quarter of last year.

Nevertheless, the WTO states that such improvement is marred by regional disparities, continued weakness in services trade, and lagging vaccination timetables, particularly in emerging countries across the Globe and in Latin America. Short-term risks to the forecast are firmly on the downside and centered on pandemic-related factors as COVID-19 continues to pose the greatest threat to the outlook for trade, as new waves of infection could easily undermine any hoped-for recovery. Over the medium-to-long term, public debt and deficits could also weigh on economic growth and trade, particularly in highly indebted developing countries in our region.

In this difficult economic environment, with, Jorge Salas, who took office on March 9th of last year, at the onset of the pandemic, at the helm, Bladex managed to disburse over US\$10 billion in short- and medium-term financing, our commercial portfolio reached US\$5.6 billion dollars for the year,

remaining well diversified and focused on high quality exposures, with 59% deployment in investment grade countries, 54% with financial institutions and 16% with sovereign and state-owned corporations. In addition, exposure to higher risk sectors has been downsized since the onset of COVID-19, such as sugar and airlines, now representing only 1% and 0.9% of the total portfolio, respectively.

Bladex’s unique business model – characterized by its short-term trade nature and high-quality borrower base – proved to be a fundamental and comparative advantage throughout the year, allowing us to swiftly recompose the risk in our portfolio, while working closely and attending our clients’ needs under tighter credit underwriting standards, as we also strengthen our liquidity levels, supported by broad access to debt capital markets and the continued support of deposits from our Class A shareholders.

Bladex achieved earnings of US\$63.6 million in 2020, or US\$1.60 per share, compared to US\$86.1 million in 2019, or US\$2.17 per share, representing a Return on Average Equity (ROAE) of 6.2% denoting sustainable results as Bladex's unique business model represents a key advantage in a year deeply impacted by COVID-19 pandemic and prevailing market uncertainty.

Reviewing the balance sheet, the year closed with a total of \$44.6 million in allowance for credit losses or 0.75% of the total Credit Portfolio, while the impaired portfolio stood at 0.22% of total loans, which highlights the strengths of our business model and the soundness of our loan portfolio.

By the end of the year, the Bank reduced its liquidity position, which stood at 1 billion dollars at December 31, representing 17% of total assets, while its funding was well distributed among various regions, terms and sources, including ample and constant access to interbank and debt capital markets, 60% of which was a deposit base that totaled US\$3.1 billion. The continued growth in the Bank's deposit base denotes the growth of its new Yankee CD program which complements the short-term funding structure, and the steady support from the Bank's Class A shareholders, which represented 50% of total deposits at the end of 2020.

The Bank also maintained a solid Basel III Tier 1 capital ratio of 26%, after having kept the annual dividend at US\$1 per share.

Bladex's solid financial position remains intact, despite all the challenges faced throughout a very complex economic year and is underlined by the Bank's ability to deliver sustainable and quality results, with a healthier and well-diversified asset composition, and a stronger funding structure with increased tenors and diversification.

Because of the volatile nature of the Latin American Region in which we operate, the Bank has historically maintained a solid capitalization which, in this context, becomes a unique strength, enabling us to keep serving our clients' needs in difficult times like these.

Capital management decisions will be subject to the financial condition of the bank and the economic repercussions of the unprecedented COVID-19 crisis. Capital and liquidity preservation are of paramount importance to the Board and Management of the Bank at this juncture.

As I indicated to you last year, in keeping with the Board's commitment to gender diversity in leadership and representation, Isela Costantini and Alexandra Aguirre were appointed as new Directors representing the shareholders of All Classes, in July 2019 and February 2020, respectively as a result of an extensive and thorough selection process carried out by the Board's Compensation Committee. We are extremely lucky to have two board members of their professional experience with robust credentials and the fact that the Compensation Committee of the Bank has decided to nominate these great professionals to be elected in representation of shareholders of All Classes at this Annual Shareholder's meeting is a testament to that commitment.

On the corporate social responsibility front, the work carried during the year by the Fundación Crece Latinoamérica-Gonzalo Menéndez Duque, reaffirms the commitment of our Organization to directly support the sustained development of the communities where we are privileged to operate. In 2020 we continued to invest in projects and programs focused mainly on providing educational and personal growth opportunities to children and young people from the most vulnerable sectors, but also contributed to different initiatives aimed at helping those suffering the effects of the pandemic.

Our Human Development Department put in place a wellbeing program, which included mental health support, close monitoring of all employees and their families, as well as carrying out many activities aimed at fostering connectivity, communication and engagement amongst our collaborators.

During a crisis, the true meaning of pulling together is revealed. On behalf of the entire Board, I would like to cordially thank all our employees, as they have been at the heart of our success in navigating through the storm. I'm very proud of what they have accomplished. We stepped up to support each other so that they could have the ability to support our clients, transitioning well to working in a remote environment without disruption of services to our customers.

It is true that from any vantage point and by any measure 2020 was an unparalleled year. Yet, for all its unique challenges, the year also inspired exceptional levels of resilience, collaboration and determination. Through it all Bladex adapted and adjusted to ensure we continue to deliver on our commitments.

To conclude, I would like to offer my appreciation not only to the Bank's Directors, administration and workforce, but to our customers, and to all our stakeholders. Importantly, I would like to thank our stockholders, once again, for the support and trust they have placed in Bladex and its Board of Directors.

We remain faithful to our corporate values and our commitment to ensure that Bladex continues playing an increasingly important role in the betterment and development of our beloved Latin America.

Thank you.