



BANCO LATINOAMERICANO DE COMERCIO EXTERIOR, S.A.

MESSAGE TO SHAREHOLDERS

MIGUEL HERAS CASTRO
CHAIRMAN OF THE BOARD

APRIL 27, 2022

Although major parts of the world managed to control the spread of the COVID-19 virus and economies began to reopen, 2021 continued to bring significant changes for everyone. The pandemic has clearly continued to shape people's daily lives, forcing businesses and governments to adapt accordingly as the levels of concern about the emergence of new COVID-19 variants has the potential to induce renewed economic disruptions.

According to the IMF, the Latin American and Caribbean region grew by an estimated 6.8% in 2021, driven by favorable external conditions and the easing of pandemic related shut down and restrictions. Strong demand in key export destinations like the United States and China, high commodity prices, and continued high volumes of remittances to Central American and Caribbean countries were supportive of strong economic growth in 2021. Latin American trade flows increased by 31% last year, according to the Economist Intelligence Unit - EIU.

Fiscal support was reduced in most Latin American countries in 2021. Some countries started to strengthen their budget positions, but further fiscal consolidation is needed in others to ensure debt sustainability. Several economies, however, introduced additional substantial new expansionary measures in 2021. These included a third round of pension withdrawals allowed in Chile and the extension of emergency payments to households until 2022 in Colombia.

Inflation increased throughout the Region, and in most cases, it exceeded the targets set by central banks. This increase is attributed to the consolidation of demand associated with the economic reopening, the increase in food and energy prices, and in some countries, the depreciation of the currency and the strong increases in the money supply.

Given the Region's history of high inflation, central banks reacted quickly and decisively to the sharp rise in consumer prices. The speed of monetary policy tightening differed across countries depending on their position in the economic cycle, and the degree and scope of price pressures and central bank credibility. In Brazil, Chile, Colombia, Mexico and Peru, policy rates rose between 1.25 and 7.25 percentage points over the course of 2021. In some cases, these increases were combined with forward guidance that signaled further rate increases in the coming months.

Against this backdrop, Bladex managed to close the year 2021 on a very positive note, after consecutive quarters of continued growth, both in terms of income and loan portfolio, achieving earnings of US\$62.7 million in 2021. The Bank's commercial portfolio stood at US\$6.5 billion, composed of US\$5.7 billion in loans and US\$805 million in letters of credit and other off-balance sheet exposures.

As of December 31, 2021, Bladex's commercial portfolio remained well diversified and focused on high quality exposures, with 43% in investment grade countries, 48% with financial institutions and 17% with sovereign and state-owned corporations. In addition, the Bank's investment portfolio, increased to US\$825 million dollars, composed of US\$631 million in bonds, related to investment management activities aimed to complement the Bank's commercial portfolio and US\$194 million of corporate debt securities classified as high-quality liquid assets.

Reviewing the balance sheet, the year closed with a total of US\$47.1 million in allowance for credit losses or 0.6% of the total Credit Portfolio, while the impaired portfolio stood at 0.2% of total loans, which highlights the strengths of our business model and the soundness of our loan portfolio.

Bladex's financial position remains solid, with a healthy and well-diversified asset composition, and a strong funding structure with increased tenors and diversification. Total assets increased to US\$8 billion, or 28% with respect to

2020, surpassing 2019 pre-Covid levels, on the back of the rebuilding of loan portfolio balances close to pre-pandemic levels, coupled with the constitution of the investment portfolio, denoting resilient level of deposits and diversified funding with ample access to capital markets, showcased by new successful bond issuances in Mexican capital markets, as well as several private placements among investors in Europe, Asia, the Americas and Africa.

The continued growth in the Bank's deposit base also denotes the growth of its new Yankee CD program, through which the Bank has been able to attract a new investor pool to further enhance the diversification of its financial resources, coupled with the steady support from the Bank's Class A shareholders.

The Bank maintained a solid Basel III Tier 1 capital ratio of 19.1%, after having kept the annual dividend at US\$1 per share and the successful completion of its open market stock repurchase program in a total amount of US\$60 million, under which 3.6 million shares were repurchased since its launch in mid-May of 2021.

Bladex's strong financial position and performance in 2021, with its solid capitalization, sound asset quality and diversification and prudent risk management, as well as its adequate liquidity management and diversified and stable funding base, have also been recognized by the relevant rating agencies. We are very pleased to inform you that all three main rating agencies ratified the Bank's international investment grade ratings and improved its outlook to stable from negative in the midst of the COVID-19 pandemic, as was affirmed by S&P in April 2021, followed by Fitch's rating action in September 2021. Moody's had already done it in 2020.

Senior Management at Bladex also experienced important changes in 2021 with the arrival of two seasoned professionals like Samuel Canineu, as the new Chief Commercial Officer, and Olazhir Ledezma, in charge of the Strategic Planning Office.

In 2021, the Board also laid the foundation for further growth by reinforcing the Strategic Planning Office and approving other relevant changes to the Bank's organizational structure and management incentive plans, aiming to boost its ability to process a larger number of transactions and offer more

structured trade solutions to better serve our customers' needs throughout the Region.

The Bank is mindful of the need to conduct its business and generate value for our stockholders in a sustainable manner. The Board and Senior Management recognize that strong governance, environmental stewardship, and social responsibility are critical to building long-term business success. We are committed to sustainable business practices and to implementing oversight and processes throughout our operations to effectively manage Environmental, Social, and Governance (ESG) matters relevant to our business over time. Through various initiatives, we aim to make a positive impact in our communities, embed social and environmental considerations in our businesses and investment decisions, provide a supportive and inclusive workplace environment, and act in environmentally conscious ways.

As an overseer of risk and a steward of long-term shareholder value, the Board has the ultimate responsibility for the oversight of the ESG-related risks and opportunities that may impact our business. Beginning this year, the Compliance and Anti-Money Laundering Committee will provide primary oversight of our ESG initiatives and programs. This Committee is best positioned to oversee ESG due to the expertise and make up of its directors, and the existing strong focus on governance and compliance topics that are critical to our business. Other Committees will also play a relevant role and receive regular updates on ESG progress and goals.

Also, in keeping with the Board's commitment to gender diversity in leadership and representation, as a result of an extensive and thorough selection process carried out by the Board's Compensation Committee, and following its recommendation, the Board has nominated Ms. Lorenza Martinez Trigueros, to be elected at this Annual Shareholder's meeting, as one of three candidates to represent our Class E shareholders at the Board. If elected, she will become the third female Director of the Bank and we are confident that her professional experience in the Financial Sector, public and private, coupled with her knowledge in the fields of fintech and digital transformation, will be of significant value to the Bank.

On the corporate social responsibility front, the work carried out 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 partnership with nonprofit organizations, the Foundation has continued to promote community development and employee engagement through its corporate volunteering. These efforts have been primarily focused on education initiatives, including financial education and inclusion, scholarships for higher education, infrastructure of destroyed schools due to hurricanes, internet and remote learning for students during the COVID-19 pandemic, furniture and supplies for underprivileged schools.

At Bladex, Human Capital is the backbone for all the Bank's business activities and, as such, employees' wellbeing is one of the keys for meeting the Bank's objectives. The Bank's Human Development Department takes a holistic approach that evaluates the full employee experience, from recruitment and selection, to benefits, to training and professional development, to engagement and volunteering. We want Bladex to be a great place to work and build a career, providing opportunities of professional growth for all our employees. In adapting to the new reality resulting from the pandemic, the Bank ensures compliance with health and bio-safety standards to provide a safe working environment as employees returned to the office.

Before concluding these remarks, I would like to share a few thoughts regarding the impacts of the Russian invasion to Ukraine in our Region.

Even though Latin America is geographically far from the epicenter of the conflict and does not have particularly deep trade or financial and bank linkages with Russia, Belarus and Ukraine, the Region is bound to feel the ripple effects of the conflict; but not all effects are negative.

Except for Central America and most of the Caribbean who are net commodities importers, all other major Latin America economies are major commodity exporters, though the commodities export book varies significantly across countries. Commodities trade balance surpluses are sizeable and a major source of foreign exchange, and in most places also a relevant source of fiscal revenue. Hence, rallying commodity prices lead to stronger terms of trade and stronger local currency fundamentals inasmuch as they support growth, and lead to stronger fiscal and current account balances.

While commodity price increases are a favorable development for net commodity exporters in Latin America, lower growth and higher inflation are not. In our Region, growth forecasts have been revised down, inflation has risen and official interest rates are now expected to move further into restrictive territory.

We will continue to closely monitor the situation and assess the risks and opportunities related thereto accordingly.

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 supporting trade and regional integration across Latin America.

I take this opportunity to express our gratitude, on behalf of the Board of Directors and the Bank, to Herminio Blanco and Joao Pecego for all the hard work and dedication during their tenure as Directors of Bladex, representing Class E and Class A shareholders, respectively. Their outstanding contributions and stewardship throughout the many years they served, both as Directors and Chairs of key committees, have played a crucial role in the success of the Bank in many aspects. Herminio and Joao, thank you for all that you have done for Bladex and this Board.

Thank you very much.