

A QUICK OVERVIEW OF 2016 AND A BRIEF OUTLOOK FOR 2017

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The year 2016 brought a series of unexpected events that impacted importantly the world economy and in your area the economic performance of Latin America. From the unlikely Brexit to the surprising result of the elections in the United States the global economy braced for a potentially protectionist agenda, with decades-long globalization yielding to a more nationalist spirit, and in the political sphere an increased populist tone, which combined with the nationalist approach heightened the geopolitical risks.

In the financial markets, we experienced a divergent trend of interest rates, with Europe and Japan facing a negative interest rate environment, and in the United States the tightening of the monetary policy by the Federal Reserve Bank, while globally the LIBOR base rate continued with steady increases during the year. As a natural consequence, world economic growth and global trade flows growth were sluggish at the very best, and that resulted in business impact for financial institutions business across the board.

In our Region, the continued recession in Brazil, the threat of a possible unwinding of the NAFTA, and the appreciation of the US dollar impacted the local economies with significant devaluation in currencies across the Region. Thus, economic growth and regional trade flows were negatively impacted, and the demand for US dollar financing diminished across the Region. On the other hand, the sluggish economic performance worsened the credit cycle, mainly in Brazil, with several companies resorting to legal protection resulting in a very complex and protracted renegotiation process. The combination of these factors impacted the financial institutions in Latin America, and Bladex was not immune to that.

Notwithstanding the challenges described above during 2016 in Latin America, we see no reason to expect further difficulty when looking ahead into 2017. We view 2017 in a cautiously positive way, as we observed some signs towards the end of 2016 that there was a slight pickup in commodity prices, a modest acceleration of trade flows, faint signals of improvement in the Brazilian economy, and continued growth across South and Central America. Nevertheless, global risks remain and the uncertainty in the developed world paired with a greater focus on nationalist and protectionist policies, may bring about continued disruption that could affect the positive momentum we see in Latin America.

We are alert to the risks impacting our business, and remain committed to delivering superior results to our shareholders and to our clients, providing them with financial solutions of excellence, while we continue to implement our vision of being a leading financial institution in Latin America for companies and investors seeking to do business in the Region.

As always, I am looking forward to hearing from you.

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CORPORATE SOCIAL RESPONSIBILITY



Scholarships awarded to students at the Marie Poussepin Educational Center in Panama

This year, Bladex employees sponsored the tuition fees for a total of 123 students at the Marie Poussepin Educational Center (CEMP) through the Sponsorship Program led by the Volunteer Committee since 2005 to benefit the school.

The CEMP was built by Bladex in partnership with the Ministry of Education and the Dominican Sisters of the Presentation, and is the largest social project undertaken by the Bank in Panama. A total of 700 3- to 18-year-old students from vulnerable areas of the capital city are enrolled at the School, benefitting from a quality values-based education.