

LATIBEX FORUM INAUGURATION



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Good afternoon to all,

Authorities

It is a pleasure to welcome you to the twenty-fourth edition of the Latibex Forum. During this three-day period, more than 200 meetings will be held between the 45 companies and 100 investors registered for this event, which for yet another year will be the main meeting point between companies and the investment community on both sides of the Atlantic.

Before speaking briefly about the schedule for this Forum, I would like to share with you some key points regarding the current state of the Latin American economy: growth, resilience, deleveraging, sustainability, investment, digitalisation and profitability.

Growth. Last year at this same inaugural act, we were hopeful that the Covid-19 situation would improve and allow economies to recover from the shock, yet few of us could have imagined that today there would be other dark clouds on the horizon. In particular, the terrible war in Ukraine, which is having a profound impact on the entire world. In spite of everything, there are reasons to be somewhat optimistic in Latin America. Recently, the IMF improved its growth forecasts for the region by five-tenths of a percentage point this year. The region is displaying a great deal of resilience thanks to the increase in raw materials prices, still stable external financing conditions, and a return to normal activity for many industries in the service sector with the lifting of the Covid-19 containment measures.

Resilience. Another relevant aspect is the resilience of Latin American currencies against the dollar, due to the determination of central banks to raise rates to contain inflation and greater confidence from international investors. Latin American countries have learned from past crises and have seen their financial markets and economic institutions mature. Nevertheless, if the situation of rising prices persists, the impact on people's purchasing power and the effects on public accounts may cause budgetary imbalances and ultimately create instability in local currencies.

Deleveraging. It is also worth noting the foreign debt deleveraging process that has been occurring over the last 15 years in Latin America, as opposed to the dependency of past times. Almost all of the countries in the region have managed to reduce the

percentage of debt denominated in dollars or other international currencies compared to their debt issued in local currencies.

Sustainability. Latin America has also become a benchmark region in the digital and sustainable economy of the future since it has many of the key natural resources. For example, to increase the production of electric cars, greater amounts of lithium will be needed, and 85% of the reserves of this mineral are found in the region. Not to mention that it is also home to 40% of the planet's diversity and 33% of the world's fresh water, key elements for the development of sustainable agriculture and greener economies.

Digitalisation. In addition, the Latin American FinTech industry has doubled between 2018 and 2021 and now accounts for 22.6% of all FinTech platforms globally. This tremendous growth has been fuelled by: increasing demand for services not offered by the traditional financial sector, the pandemic and regulatory changes that improve transparency and security.

Profitability. In this context, the Latin American stock indices stand out from the global trend and have registered better performance so far this year. The greater weight of sectors such as banking, raw materials and utilities bolster the region's stock exchanges. The BME FTSE Latibex Top index, for example, increased its value by more than 10%, a very significant rise given how difficult it has been to obtain a return on investments this year.

Investment. In global terms, Foreign Direct Investment in Latin America and the Caribbean has recovered to 2020 levels and grew 56% last year, driven by a record number of green projects and an increase in mergers and acquisitions. South America realised the greatest increase, 74%, partly thanks to the greater attractiveness of businesses linked to raw materials. Spain has contributed EUR 12 billion per year over the last decade and remains the second largest investor in the region, behind only the US.

It is paradoxical that the massive direct investment in the region by European countries led by Spain does not correlate to substantial portfolio investment by fund managers. European investors, in general, are unfamiliar with Latin American securities, which results in a lower position than expected given the size of the region. This is despite the fact that over the course of its lengthy history, 40 companies from 10 different countries have been listed on Latibex, which thus made them more approachable for European

investors as well as enabling them to participate in the forums and other publicity activities and to be priced in euro on a daily basis. Developing stock markets is not just a matter of implementing technology and selling financial services. Introducing European investors to the reality of Latin American economies has been the most intense task in the last two decades and continues to be our greatest challenge.

In view of the returns that the Latibex market has been offering, it is an opportunity that deserves more attention. In the last five years, the FTSE Latibex Top index has risen 33% and Latibex Brasil 38%, while the Eurostoxx 50 has barely gained 3% over the same period.

The Latibex market gives European investors access to around 20 large companies from Brazil, Mexico, Argentina and Peru through a single trading and settlement system, with the highest standards of transparency and security. This reduces the costs and complexity of investing, making it possible for small or medium-sized investors to be direct shareholders of these companies, which would otherwise be prohibitively expensive.

In June of this year, Latibex welcomed Brazilian company Neoenergia, which is part of the Iberdrola group. Together with EDP Brasil, who is joining us today in this session, it is one of the leaders in the electricity sector in Brazil and in all of Latin America, with a presence in the areas of generation, transmission, distribution and commercialisation. It serves more than 15 million customers and has 4 GW of installed generation capacity, 88% from renewable sources, and 2,300 km of lines in operation. All this plus its promotion of sustainable development through its socio-environmental efforts, thereby contributing to improving the quality of life of the communities where it operates.

We will talk about all of this in the meetings and panels at this Latibex Forum. As always, in preparing the panel discussions, we focused on the most current issues affecting the region. There will be panels discussing its economic resilience and political risks, the outlook for the energy sector, impact investing, digitalisation and the importance of investment going from Latin America to Spain. To put it in context, the companies of the region represent the fourth largest foreign investor in our country.

I am sure that we will all learn a great deal during this event, as we take the pulse of a region with which BME maintains a far-reaching and rock-solid commitment. We want to continue investing in the modernisation and growth of the economy and the financial

sector in Latin America, contributing our experience and collaborating on projects in different fields. As an example, just a couple of months ago we signed an agreement in the area of financial education with Bolsa Mexicana de Valores. With this alliance, we are reaffirming our interest in the region where we have been investing for more than two decades, a region that we continue to believe in as we have since day one.

The presence of BME in the region is channelled through our office in Bogotá and can be seen in Market Data services throughout the region, Wealth Tech products in Mexico, Costa Rica, Colombia and Chile, or technological infrastructure services in Mexico, Colombia, Bolivia and Venezuela, in addition to other projects.

Lastly, I would like to thank Santander, the main sponsor of the Latibex Forum, and the rest of the sponsors (Morningstar, ICEX, Invest in Madrid, Economatica, World Television, HR Ratings, Euroland IR and CMi2i) and partners (Instituto BME, IEAF, Atribus and CFA Spain).

Since not everything relates to the Stock Market or economy, I am going to give you another piece of information about Latin America: three countries in the region have won the World Cup. One of them, as our Brazilian friends are well aware, has won it five times. We will see who prevails this year in the tournament, which has just started. For now, at this Latibex Forum I am convinced that the winners will be investors and companies on both sides of the Atlantic. As for the World Cup, may the best team win!

Thank you.