

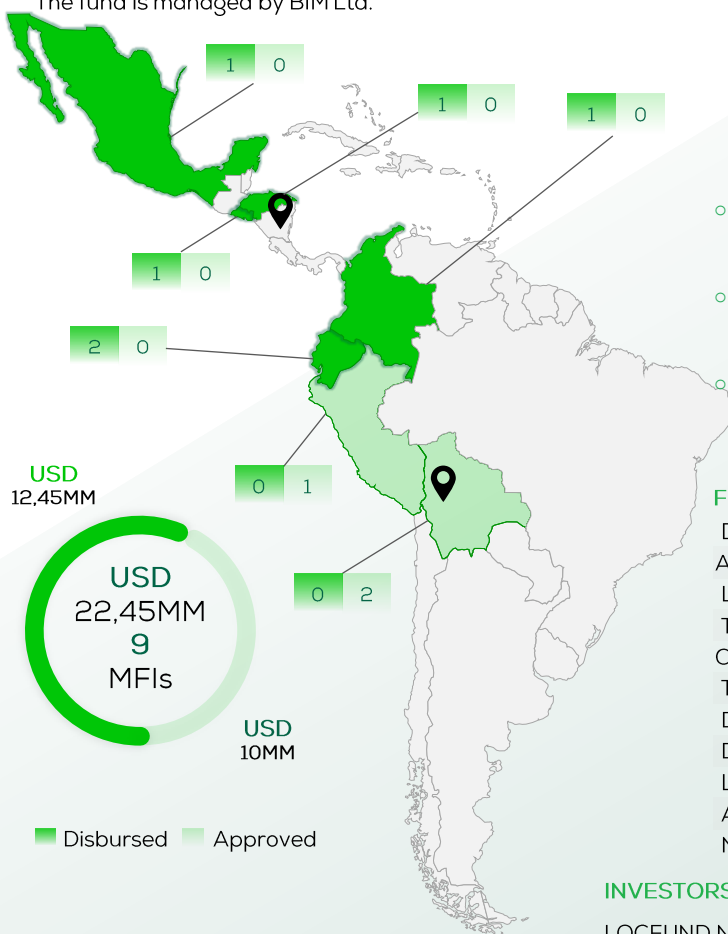
QUARTERLY REPORT - December 2020

ABOUT THE FUND

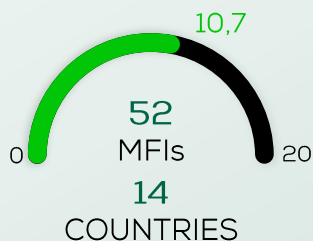
Locfund Next's multi-product strategy seeks to serve Microfinance Institutions by offering Local Currency Loans, Subordinated Loans, Credit Line in Hard and Local Currency, Bonds Issued in Local Capital Markets, Underwriting for Capital Markets, Market Maker Services for Fixed Income Instruments and Technical Support mainly focused on Digital Transformation of MFIs.

Upon the success of Locfund I and Locfund II, Locfund Next, L.P. continues the challenge of narrowing the gap of financial inclusion in Latin America and The Caribbean combining all the experience gained since 2007.

The fund is managed by BIM Ltd.



DIGITAL TRANSFORMATION DIAGNOSIS



QUARTER IN REVIEW

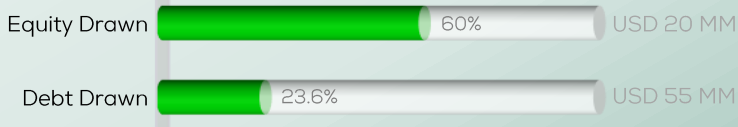
- In spite of the current situation around the world caused by the rapid expansion of COVID-19, Locfund Next was capable of allocating resources to MFIs in order to start building its portfolio with the strongest institutions. This way, the fund is serving the needs micro and small entrepreneurs are facing due to the results of the pandemic.
- Debt agreements were achieved with SIFEM, BIO, IDB Lab, FMO, DFC, and Google totaling USD 62,6MM (Google to be signed early 2021)
- A much rigorous investment process was implemented, assuring the foundation of the fund is build with a quality portfolio. Due to the traveling restrictions, Locfund Next realized a hybrid due diligence process. Making use of its large microfinance network, investment officers work virtually along a local consultants to perform the due diligence and at the same time having an expert on site, resulting in the approval of USD 22,45MM in 9 MFIs. These MFIs reach and support 300 thousand end clients.
- A digital transformation diagnostic was made since October 2020 to understand the current stage of 52 MFIs in their respective digitization.
- Since the first due diligence, detailed analysis on ESG compliances were done, implementing international metric tools such as SPI4-Allinus.
- As of December, the fund has a total of USD 75 MM in committed assets, composed by USD 20 in equity from 6 investors and USD 55 MM in debt form 5 investors out of which 3 are equity investors.

FUND FACTS

Date of Inception	08/2020
Approved + Disbursed Loans	\$22,5MM
Loan Disbursements to MFIs	\$12,5MM
Total Assets	\$24,5MM
Committed Capital	\$20,0MM
Total Equity	\$11,6MM
Debt Commitments	\$55,0MM
Debt Contributions	\$13,0MM
Loan Disbursements to MFIs	\$12,5MM
Avg. Disbursement	\$2,1MM
Number of MFIs served	6

INVESTORS

LOCFUND Next, L.P. has seven Equity Investors which are: Norfund, BIO, SIFEM, FUNDA-PRO, IDB Lab, BIM Ltd, and BIM Microfinance Next.



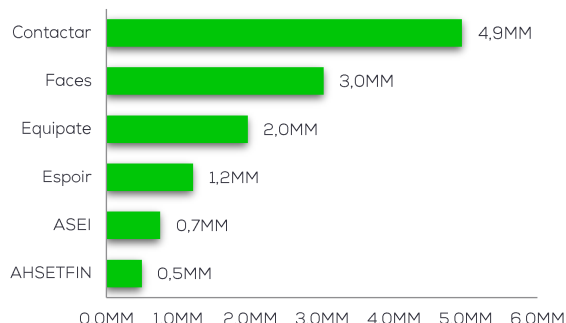
SDGS



QUARTERLY REPORT - December 2020

BALANCE SHEET USD	Dec-20	PROFIT/ LOSS USD	Dec-20	Jan-Dec 20
Cash & Equivalents	12.078.835	Portfolio Interest	49.344	88.844
Total Portfolio	12.398.121	Total Income	56.251	102.211
Portfolio	12.398.121	Management Fees	(118.391)	(299.635)
Reserve for Loan Loss	-	Senior Loan interest	(46.875)	(63.259)
Others	-	Other	(74.517)	(213.926)
Total Assets	24.476.956	Total Expenses	(239.783)	(576.820)
Senior Debt	12.809.593	Profit before Bad Loans P.	(183.532)	(474.610)
Other Liabilities	112.106	Bad Loans Provisions	-	-
Total Liabilities	12.921.698	Profit before FX	(183.532)	(474.610)
Shareholders Equity	11.555.258	FX result	(20.133)	(20.133)
Reserve for Currency Loss	-	Profit / Loss	(203.664)	(494.742)

MFI DISTRIBUTION (USD)



- High liquidity figures are a consequence of temporary delays in allocations, nonetheless, USD 10MM are considered committed funds since the operation has been already approved by the credit committee.
- As of December 2020, the currencies that mainly explained the FX result are COP (USD 8k) and MXN (USD 11k).

TECHNICAL SUPPORT FACILITY

As digital transformation becomes synonymous of financial inclusion, the use of technology and the digitization of financial services are aimed to improve and simplify the institution's processes to provide a better service to MFIs' end clients. The TSF of Locfund Next is focused on cooperating MFIs in their respective digital transformation journeys, through a 3-step strategy/process: Diagnostic, Strategic Development and Financing. In order to help MFIs in the current context due to COVID-19, the digital transformation component is focused on critical areas, such as: Transactions. Internal Processes and HR, Client Engagement Digitization, and Others. It aims to benefit women through digitization, implement solutions focused on transactions, automatize different processes from MFIs, and incorporate new clients through digital channels.

DIGITAL TRANSFORMATION COMPONENT

The TSF of Locfund Next has signed a technical cooperation agreement for USD 500,00 with the IDB Lab of the Inter-American Development Bank to execute the financial inclusion and digital transformation project in Latin America and the Caribbean. It has a duration of 36 months and a scope of at least 17 countries. The component has made a Digital Transformation Diagnostic of 52 MFIs (www.imfdigital.com), and results will be available in February 2021. Two activities focused on an App and RPAs (Robot Process Automation) have already started with an MFI in Ecuador. This cooperation will be concluded in the following months.

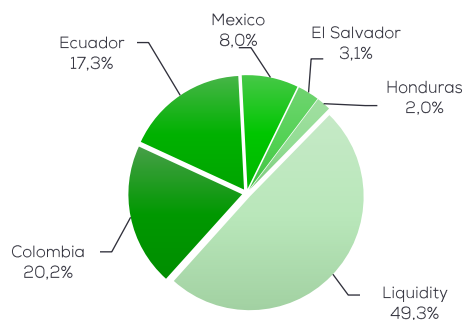
SOCIAL INDICATORS

Total Number of Clients	297.133
Female Clients	54,3%
Clients in Rural Areas	43,8%
Avg. Loan Size	879

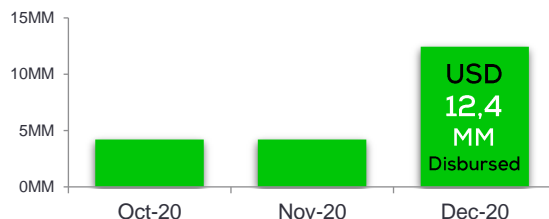
CONTACT INFORMATION

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COUNTRY EXPOSURE



ACCUMULATED DISBURSEMENTS



PORTFOLIO PERFORMANCE INDICATORS

Return / Avg. Portfolio*	10,85%
FX Result / Avg. Portfolio**	-0,48%
Return on Equity**	-5,72%
Return on Assets**	-4,43%
Financial Spread	5,11%
Total Number of Loans	6

* Accumulated since portfolio inception

** Accumulated result



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SOCIAL HIGHLIGHTS

(Social highlights pertain exclusively to MFIs in fund's portfolio)

During the pandemic, MFIs had to make significant adjustments to their internal operations and cost reduction in order to increase efficiency. However, they have not lost the client focus, and we would like to highlight some remarkable measures with three emphasis (staff members, clients and community): i) appointing of a senior, fully dedicated person (part of the Board in some cases) focused on response to the Covid-19, ii) Develop a specific response plan (e.g. Contactor, Ahsetfin), iii) taking a customer-centric approach to keep in touch, support them and teach them to deal with the sanitary crisis (e.g. Espoir, Insotec, Diaconia, Contactor), iv) Educate clients about alternative digital channels to reduce social contact (e.g. Espoir, Pro Mujer Bol, and v) Enable staff to work remotely (e.g. Contactor, Pro Mujer Bol, Diaconia).

SOCIAL PERFORMANCE

(Social Performance Data corresponds exclusively to MFIs in fund's portfolio)
(Most recent Social Indicators available, as of December 2020)

MFI	Country	Data as of	Loan Portfolio (USD MM)	Number of clients	Female clients (%)	Rural clients (%)	Average loan (USD)	Average loan/GDP per Capita	Write-offs (%)	SPI4 audit	Endorsed to the CPP	Certified in CPP	PPI Users (a)	Social Rating	Social Rating Report Year
Contactor	Colombia	Nov-20	101.51	107,108	47%	84%	948	6%	2.19%	Yes	Yes	No	Yes	Yes	2018
Faces	Ecuador	Nov-20	43.97	19,667	54%	54%	2,236	20%	0.41%	Yes	Yes	Yes	Yes	Yes	2018
Espoir	Ecuador	Nov-20	54.60	46,478	75%	76%	1,175	10%	0.87%	Yes	Yes	Yes	Yes	Yes	2019
ASEI	El Salvador	Nov-20	11.34	23,208	82%	12%	489	6%	0.61%	Yes	Yes	No	Yes	Yes	2018
Ahsetfin	Honduras	Nov-20	6.82	10,227	68%	37%	667	12%	0.00%	Yes	Yes	No	No	No	-
Equipate	Mexico	Oct-20	42.81	90,445	0%	0%	473	2%	4.84%	Yes	Yes	No	No	No	-

POVERTY AND INCOME INDICATORS

(Social Performance Data corresponds exclusively to MFIs in fund's portfolio)
(Most recent Social Indicators available, as of December 2020)

LOCFUND NEXT COUNTRY EXPOSURE	LOCFUND NEXT PORTFOLIO (d)	GDP USD (e)	HDI (f)	% NPL (g)	Gini Coefficient (h)
Colombia	4,949,858	14,731	0.761	28.0	50.4
Ecuador	4,235,558	11,375	0.758	21.5	45.4
El Salvador	748,246	8,776	0.667	32.7	38.6
Honduras	494,772	5,728	0.623	29.6	52.1
Mexico	1,969,687	19,746	0.767	46.2	45.4
	12,398,121				

(a) PPI: Progress out of Poverty Index. As reported by the MFI to the PPI (<http://www.progressoutofpoverty.org/ppi-users>).

(b) In accordance to the document elaborated by MIF/IDB in Nov 2014 named "Financial Inclusion Latin America and the Caribbean", the microfinance average of loan in the region is USD 1800.

(c) At Least 50% of Locfund II's clients will have an average loan size to final clients of less than 40% of GDP per capita.

(d) Principal + Interest as of December 2020.

(e) GDP: Gross domestic product per capita, GDP per capita, PPP (constant 2017 international \$), source: <https://data.worldbank.org/indicator/NY.GDP.PCAP.PP.KD>
<https://www.imf.org/en/Publications/WEO/weo-database/2020/April/select-country-group>

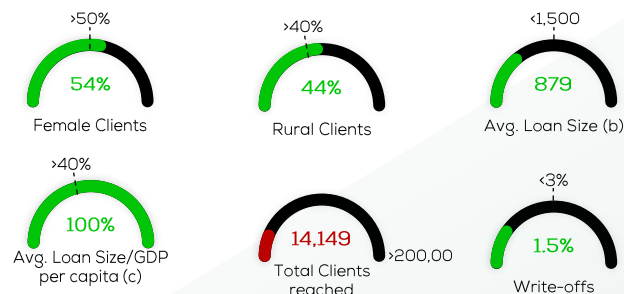
(f) HDI (Human Development Index). Source: 2019 Report, data compiled from official web site <http://hdr.undp.org/en/data#>

(g) Population below national poverty line (NPL). Source: <https://www.cia.gov/library/publications/the-world-factbook/>

(h) Gini Coefficient: Measure of the deviation of the distribution of income among individuals or households within a country from a perfectly equal distribution. A value of 0 represents absolute equality, a value of 100 absolute inequality. Source: <https://data.worldbank.org/indicator/SI.POV.GINI>
N/A Not Available.

DEVELOPMENTAL GOALS

(Below Data corresponds exclusively to MFIs in fund's portfolio)
(Most recent Social Indicators available, as of December 2020)
(All goals must be met by year 6 of operations)



OTHER COUNTRIES	GDP USD (e)	HDI (f)	% NPL (g)	Gini Coefficient (h)
1 Argentina	22,034	0.83	26	41
2 Barbados	15,639	0.81	32	n/a
3 Belize	7,005	0.72	41	n/a
4 Bolivia	8,724	0.70	39	42
5 Brazil	14,652	0.76	4	54
6 Costa Rica	19,642	0.79	22	48
7 Chile	24,226	0.85	14	44
8 Dominican Rep.	18,419	0.75	31	44
9 Guatemala	8,638	0.65	59	48
10 Haiti	1,729	0.50	59	41
11 Jamaica	9,761	0.73	17	n/a
12 Nicaragua	5,407	0.65	30	46
13 Panama	31,459	0.80	23	49
14 Paraguay	12,685	0.72	22	46
15 Peru	12,848	0.76	23	43
16 Suriname	16,329	0.72	70	n/a
17 Trinidad & Tob.	26,176	0.80	20	n/a
18 Uruguay	21,561	0.81	10	40
19 Venezuela	n/a	0.73	20	n/a

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FINANCIAL STATEMENTS

BALANCE SHEET 2020 (USD)	August	September	October	November	December	%
ASSETS						
Cash and cash equivalent	3.881.810	3.882.001	7.554.829	7.444.553	12.078.835	49,35%
BCP Miami	3.881.810	3.882.001	5.954.829	5.839.819	4.469.193	18,26%
BCP Miami - Committed Funds	-	-	-	-	6.000.000	24,51%
Panamerican Securities S.A.	-	-	1.600.000	1.604.735	1.609.641	6,58%
Total Portfolio	-	-	4.162.613	4.198.488	12.398.121	50,65%
Management Fee paid in advance	32.869	-	111.303	43.016	-	0,00%
Deferred financing costs	-	-	-	99.616	-	0,00%
TOTAL ASSETS	3.914.679	3.882.001	11.828.744	11.785.672	24.476.956	100,00%

LIABILITIES

Short Term Liabilities

Accounts Payable	-	4.112	6.000	26.750	112.106	0,46%
External Auditors	-	-	-	10.000	14.900	0,06%
Credit Committee Meetings Costs	-	-	-	2.000	-	0,00%
Advisory Committee Meetings Costs	-	-	-	3.750	-	0,00%
Commitment Fees	-	833	6.000	11.000	20.556	0,08%
Legal Services	-	-	-	-	1.275	0,01%
Management Fee	-	3.279	-	-	75.375	0,31%

Long Term Liabilities

Senior Loans	-	-	-	-	12.809.593	52,33%
SIFEM	-	-	-	-	5.012.444	20,48%
Principal	-	-	-	-	5.000.000	20,43%
Accrued Interests	-	-	-	-	12.444	0,05%
BIO	-	-	-	-	5.015.556	20,49%
Principal	-	-	-	-	5.000.000	20,43%
Accrued Interests	-	-	-	-	15.556	0,06%
BID LAB	-	-	-	-	3.004.200	12,27%
Principal	-	-	-	-	3.000.000	12,26%
Accrued Interests	-	-	-	-	4.200	0,02%
Deferred financing costs	-	-	-	-	(222.607)	-0,91%
TOTAL LIABILITIES	-	4.112	6.000	26.750	12.921.698	52,79%

EQUITY

Capital	4.050.000	4.050.000	12.050.000	12.050.000	12.050.000	49,23%
NORFUND	1.200.000	1.200.000	3.600.000	3.600.000	3.600.000	14,71%
BIO S.A.	800.000	800.000	2.400.000	2.400.000	2.400.000	9,81%
SIFEM AG	800.000	800.000	2.400.000	2.400.000	2.400.000	9,81%
FUNDA-PRO	800.000	800.000	2.400.000	2.400.000	2.400.000	9,81%
IDB (Lab)	200.000	200.000	600.000	600.000	600.000	2,45%
BIM Ltd.	200.000	200.000	600.000	600.000	600.000	2,45%
BIM Microfinance Next LLC	50.000	50.000	50.000	50.000	50.000	0,20%
Period Profit/Loss	(135.321)	(172.111)	(227.256)	(291.078)	(494.742)	-2,02%
TOTAL EQUITY	3.914.679	3.877.889	11.822.744	11.758.922	11.555.258	47,21%
TOTAL LIABILITIES AND EQUITY	3.914.679	3.882.001	11.828.744	11.785.672	24.476.956	100,00%

MONTHLY PROFIT/LOSS 2019 (USD)

INCOME	August	September	October	November	December	Accumulated
Interest Income	-	-	4.500	35.000	49.344	88.844
Disbursement Fee	-	-	113	875	1.423	2.410
Other Income	62	191	192	5.027	5.485	10.957
TOTAL INCOME	62	191	4.805	40.902	56.251	102.211

EXPENSES

Management Fees	(26.986)	(36.148)	(49.822)	(68.288)	(118.391)	(299.635)
Senior Loans Interests	-	-	-	-	(35.311)	(35.311)
Senior Loans Fees	-	(833)	(5.167)	(10.384)	(11.564)	(27.948)
Organizational Expenses	(108.092)	-	-	-	-	(108.092)
Legal Expenses	-	-	(4.785)	(10.227)	(65.758)	(80.771)
Bank and Account Charges	(305)	-	(175)	(75)	(600)	(1.155)
Credit Committee Meetings Costs	-	-	-	(2.000)	(750)	(2.750)
Advisory Committee Meeting Costs	-	-	-	(3.750)	3.750	-
External Audit and Report Expenses	-	-	-	(10.000)	(9.800)	(19.800)
Others	-	-	-	-	(1.359)	(1.359)
TOTAL EXPENSES	(135.383)	(36.981)	(59.949)	(104.724)	(239.783)	(576.820)

PROFIT / LOSS before provisions	(135.321)	(36.789)	(55.145)	(63.822)	(183.532)	(474.610)
Bad Loans Provisions	-	-	-	-	-	-
PROFIT / LOSS after provisions	(135.321)	(36.789)	(55.145)	(63.822)	(183.532)	(474.610)
Exchange Rate Difference	-	-	-	-	(20.133)	(20.133)
PROFIT / LOSS after FX	(135.321)	(36.789)	(55.145)	(63.822)	(203.664)	(494.742)

Locfund Next Covenants

	August	September	October	November	December	Compliance
Portfolio at Risk Ratio + Writte offs < 6%	0,00%	0,00%	0,00%	0,00%	0,00%	Yes
Leverage Ratio < 3x	0,00	0,00	0,00	0,00	1,12	Yes

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COUNTRY ANALYSIS

COUNTRY	ENTITY	OPERATIONS	PRINCIPAL	ACCRUED INTERESTS	DISBURSEMENT FEE	TOTAL
Colombia		1	4,991,945	7,543	-49,630	4,949,858
	Contactar	1	4,991,945	7,543	-49,630	4,949,858
Ecuador		2	4,200,000	75,667	-40,108	4,235,558
	Espoir	1	1,200,000	20,667	-11,483	1,209,183
	Faces	1	3,000,000	55,000	-28,625	3,026,375
El Salvador		1	750,000	4,125	-5,879	748,246
	ASEI	1	750,000	4,125	-5,879	748,246
Honduras		1	499,772	0	-5,000	494,772
	AHSETFIN	1	499,772	0	-5,000	494,772
Mexico		1	1,988,172	1,488	-19,972	1,969,687
	Equipate	1	1,988,172	1,488	-19,972	1,969,687
TOTAL		6	12,429,888	88,823	-120,590	12,398,121