

# Fondo Esperanza Chile

Classification by the principal vulnerability dimensions of new clients taking out their first loan in 2015, and of total clients who had a loan with the institution at the end of 2015.

Later in the chapter we examine clients in more detail, what they do and how they have performed. The lines presented are in scale with the percentages.

# 102,141

Total clients

# 46,815

New clients

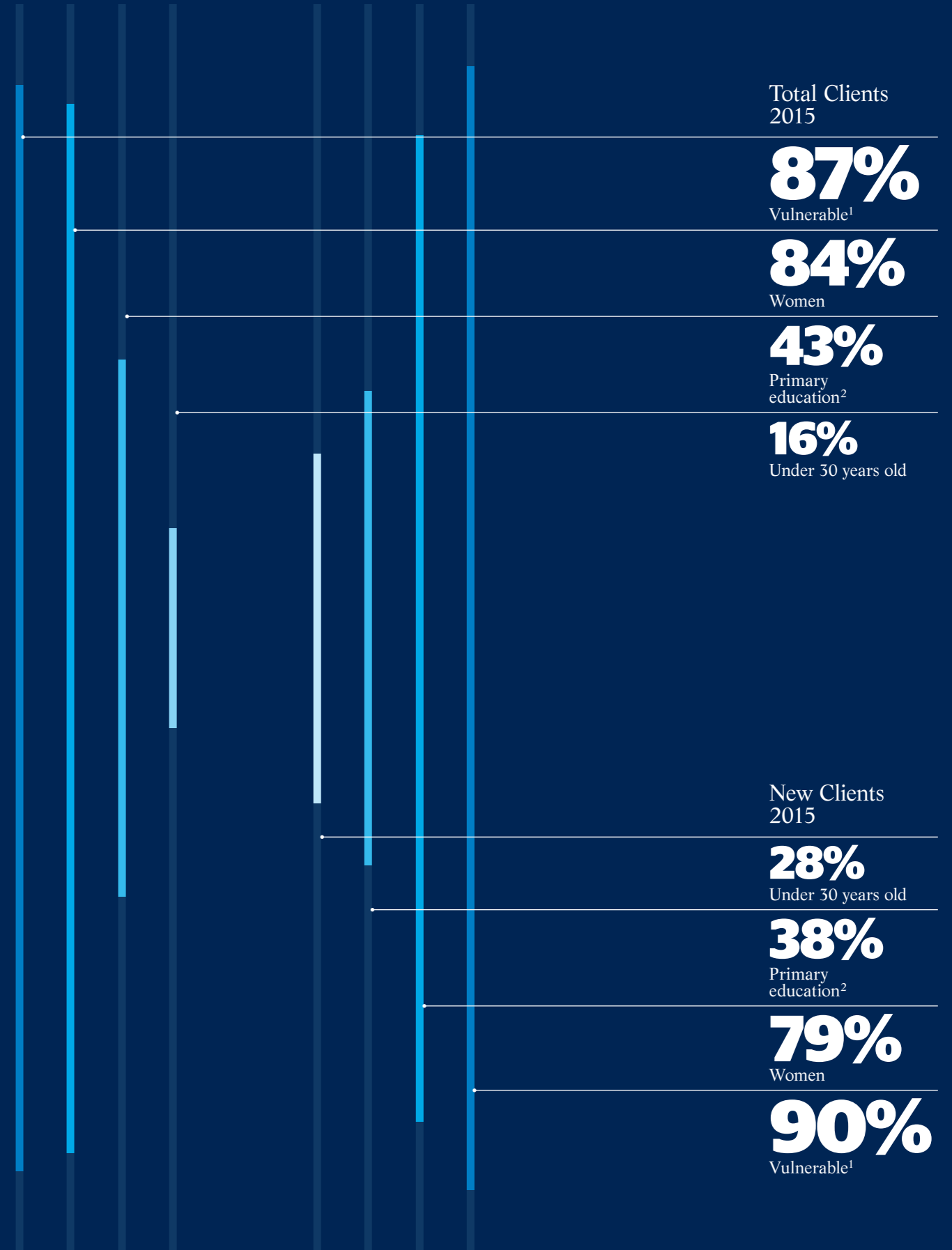
1\_According to Chile's official poverty line (distinguishing between rural and urban environments). Source: Ministry for

Social Development; traditional measuring method. Clients whose per capita net income (i.e. profit obtained from their micro-

enterprise) divided by the number of members in the family unit (per capita) is no more than 3 times the poverty line of

their corresponding country and type of environment (rural/urban).

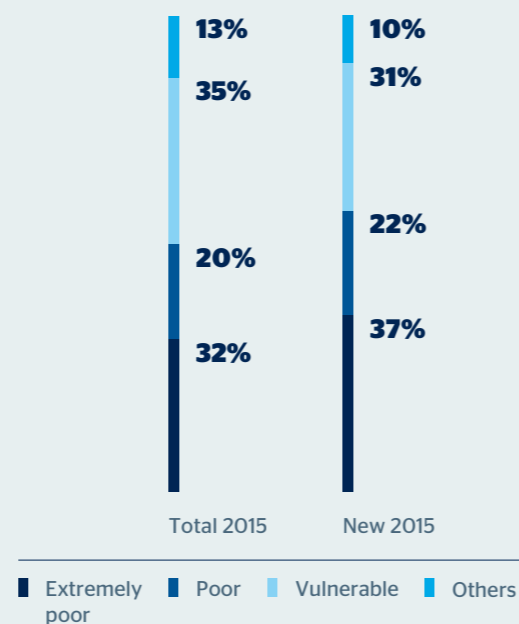
2\_Clients with primary education at best, as proportion of all credit clients.



# Our clients and our scale

Fondo Esperanza **retains its focus on serving low-income entrepreneurs in Chile.** 87% of the institution's clients are financially vulnerable.

### Client economic vulnerability<sup>1</sup>

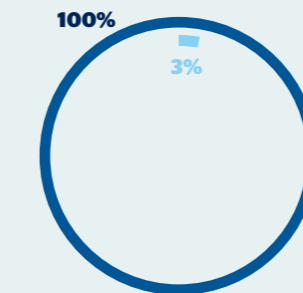


Source: Fondo Esperanza. BBVAMF calculations.

1\_According to Chile's official poverty line (distinguishing between rural and urban environments). Source: Ministry for Social Development; traditional measuring method. Clients whose per capita net income (i.e. profit obtained from their micro-enterprise) divided by the number of members in the family unit (per capita) is no more than 3 times the poverty line of their corresponding country and type of environment (rural/urban)

2\_Takes into account clients who joined during the year (new clients).

### Clients by type of product



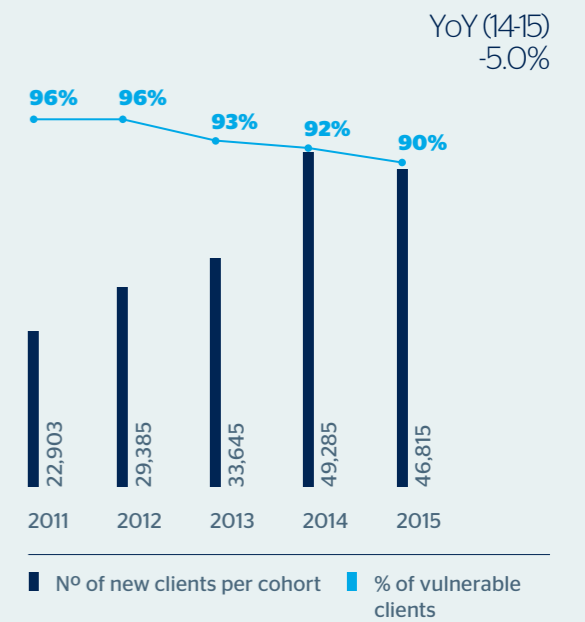
102,141 Credit clients

% of total clients with non-mandatory insurance products

Source: Fondo Esperanza. BBVAMF calculations.

The proportion of **vulnerable clients being acquired has remained at around 90%** of new clients in 2015.

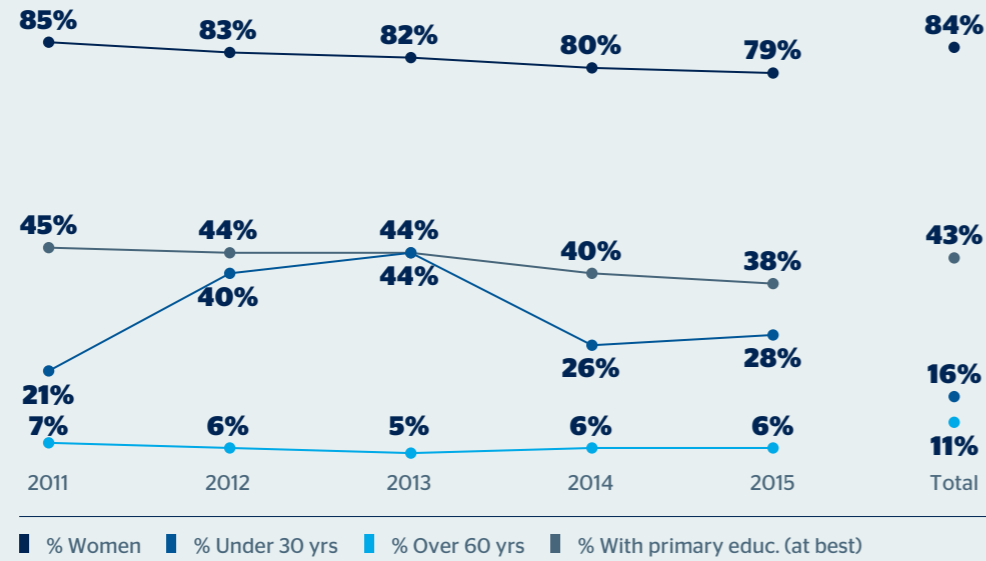
### New credit clients<sup>2</sup>



Source: Fondo Esperanza. BBVAMF calculations.

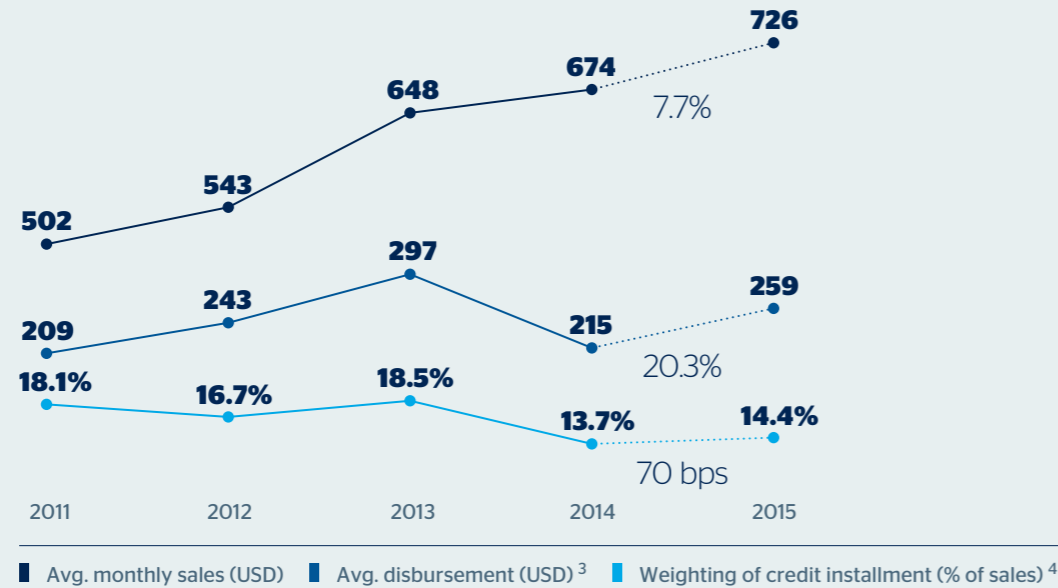
- BBVAMFG's institution with the **highest proportion of women in its portfolio** (84% of current clients) and a high ratio of clients with primary education at best (43% of the portfolio). (see next page)
- The weight of the installment (as a % of monthly sales) has increased slightly for new clients in 2015 compared to those who joined in 2014, but is still lower than in previous years. (see next page)

**Profile of our new credit clients<sup>2</sup>**



Source: Fondo Esperanza. BBVAMF calculations.

**Sales, disbursement & weight of credit installment<sup>2</sup>**



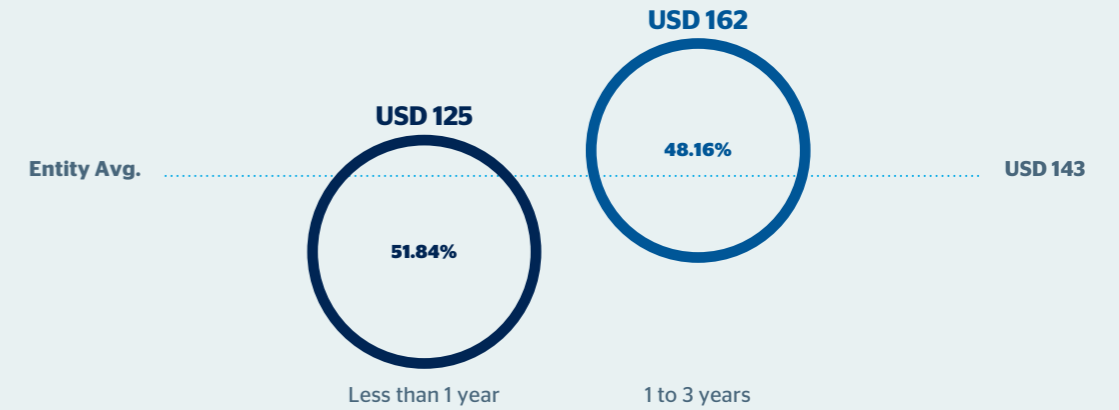
Source: Fondo Esperanza. BBVAMF calculations.

<sup>2</sup> Takes into account clients who joined during the year (new clients).

<sup>3</sup> Average disbursement, calculated as the average first disbursement for new clients each year.

<sup>4</sup> Weight of the installment calculated as a ratio average (installment divided by sales) of each client.

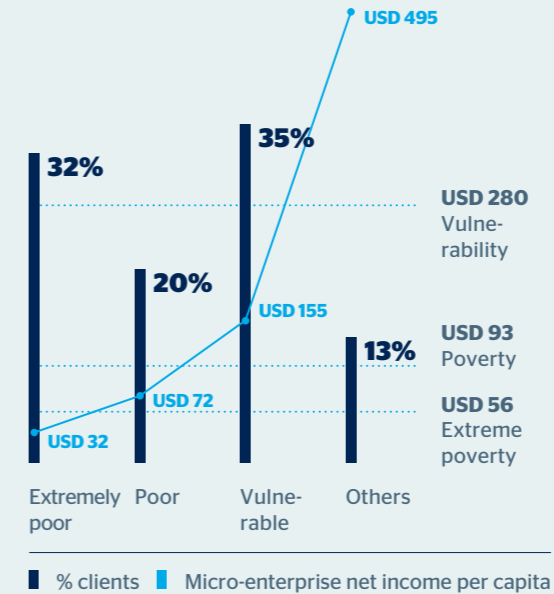
**Average per capita micro-entrepreneurial net income, by client seniority<sup>5</sup>**



Circle area represents the % of total clients

Source: Fondo Esperanza. BBVAMF calculations.

**Average per capita micro-entrepreneurial net income, by client vulnerability<sup>5,6</sup>**



Source: Ministry for Social Development. Fondo Esperanza. BBVAMF calculations.

<sup>5</sup> Data for the current portfolio as of December 31, 2015.

<sup>6</sup> Poverty lines are for the urban environment.

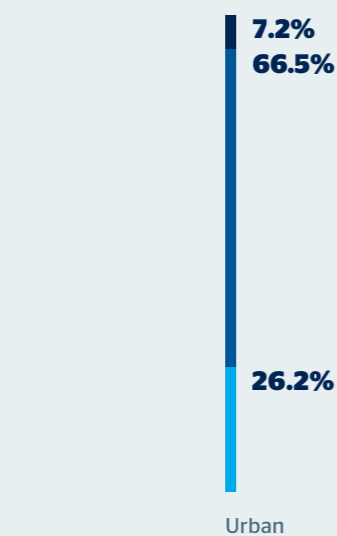
Clients' average per capita monthly net income is **USD 143.**

- Fondo Esperanza has the highest proportion of clients in extreme poverty of all the BBVAMF Group institutions.
- The average per capita net income of 52% of clients, classified as poor or extremely poor, is USD 1.60 a day, and for the 35% classed as vulnerable the average is USD 5.20.

# Our clients' enterprises

- 73.8% of Fondo Esperanza's clients run a business in the tertiary sector and all are in urban areas.
- Vulnerable clients, making up 87% of the total, have average monthly sales of USD 686.

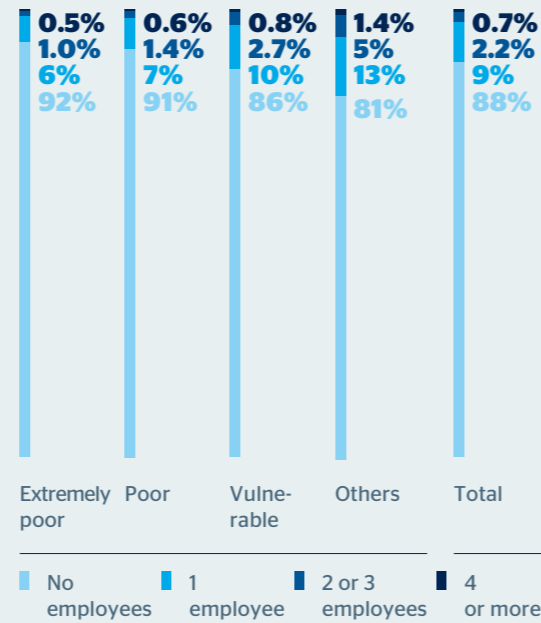
## Economic activity<sup>7</sup>



■ Services ■ Retail & Wholesale Trade  
■ Production/Transformation

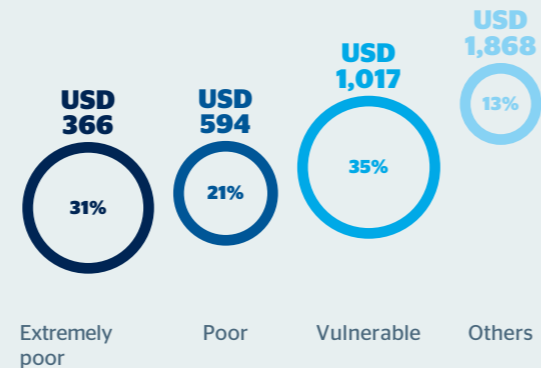
Source: Fondo Esperanza. BBVAMF calculations.

## Micro-enterprises' employee breakdown<sup>7</sup>



Source: Fondo Esperanza. BBVAMF calculations.

## Average monthly sales by vulnerability<sup>7</sup>



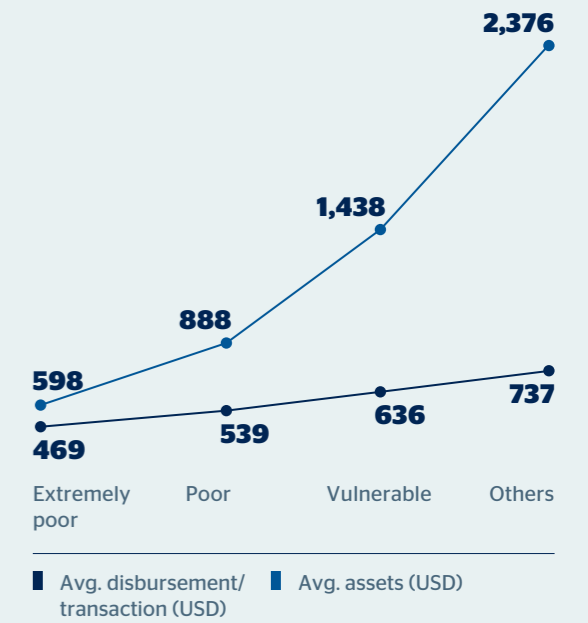
Circle represents % of total clients by vulnerability

Source: Fondo Esperanza. BBVAMF calculations.

In 88% of cases, the client is the only employee in the micro-enterprise.

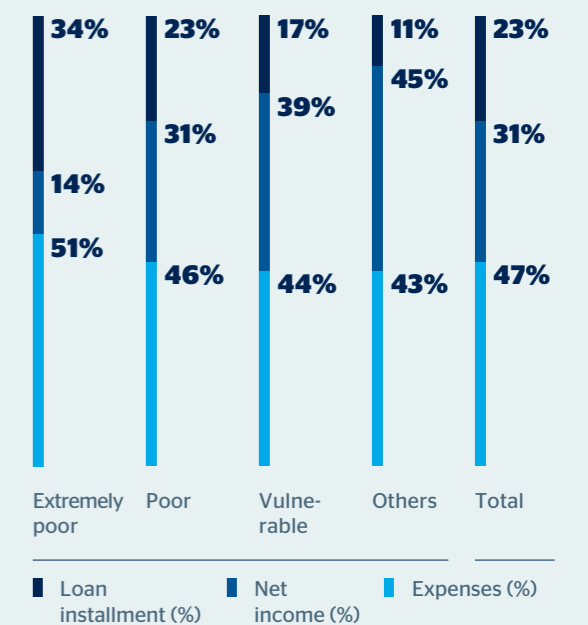
- Average disbursement over assets rises in direct correlation to the client's vulnerability; it represents 78% of average assets for extremely poor clients and 31% in the case of non-vulnerable clients.
- The financial burden of the installment on sales is considerably lighter as clients' incomes rises. On average, it works out at 23%.
- Clients' average gross margin is 54%.

## Assets and average disbursement by vulnerability<sup>8</sup>



Source: Fondo Esperanza. BBVAMF calculations.

## Loan installment, expenses & margins (as % of sales)<sup>9</sup>



Source: Fondo Esperanza. BBVAMF calculations.

7\_Data for the current portfolio as of December 31, 2015.

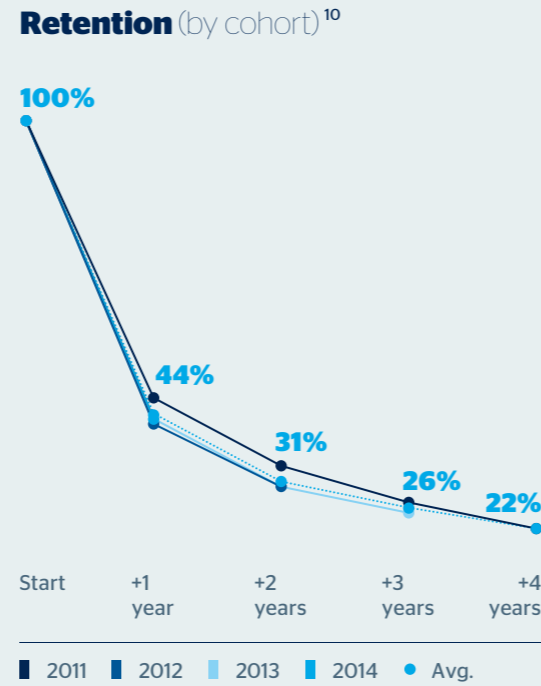
8\_Data of the current portfolio as of December 31, 2015.

9\_Calculations based on those clients reporting expenditures.

# Our clients' development

Since 2012, over 4,500 current clients who were initially classified as poor have risen above the poverty line by the end of 2015. After two years, 36% of clients classified at the outset as poor are above the poverty line.

- Similar client retention performance in the last 4 cohorts analyzed. After one year, the churn rate remains at an average of around 57%.



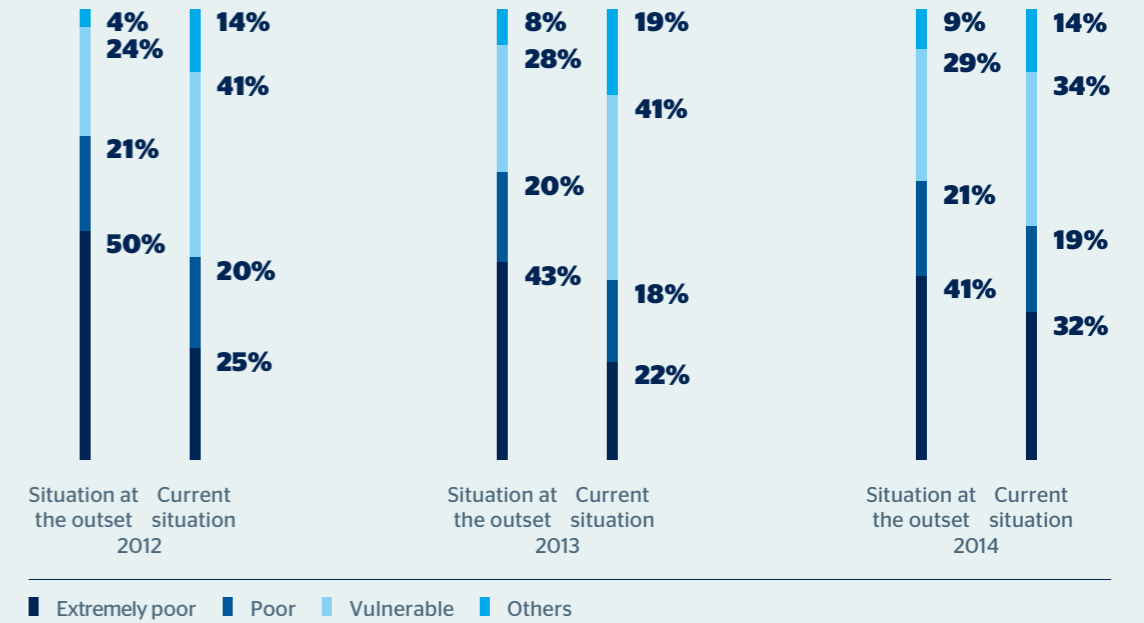
Source: Fondo Esperanza. BBVAMF calculations.

10\_Percentage of clients in each cohort current as of December 31, 2015.

11\_Shows the situation at the outset and the current situation at the end of December 2015 of clients in each cohort still current as of December 31, 2015.

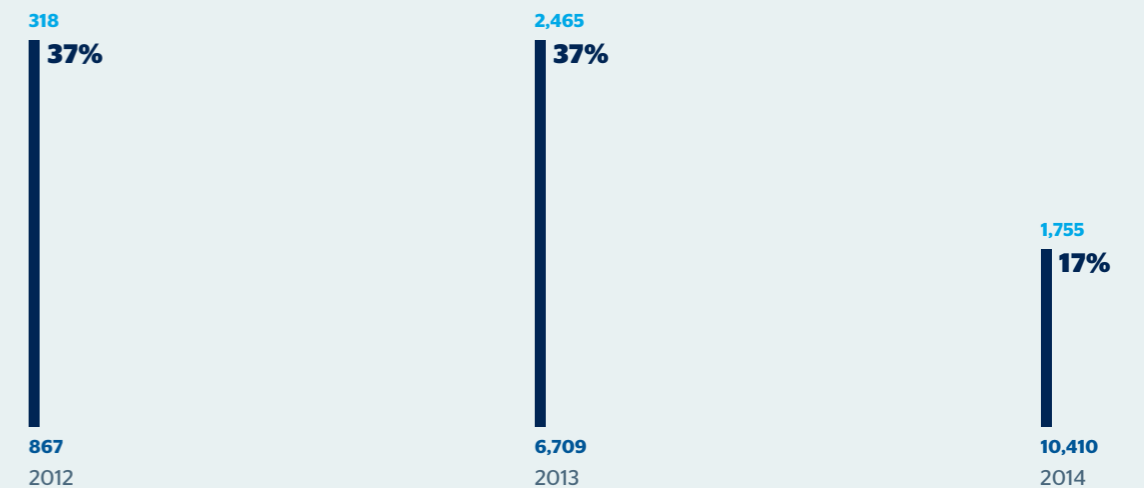
12\_Clients participating in the sample are current clients whose data has been updated in the last 12 months.

### Client economic vulnerability (by cohort)<sup>11,12</sup>



Source: Fondo Esperanza. BBVAMF calculations.

### Clients overcoming poverty (by cohort)<sup>12</sup>



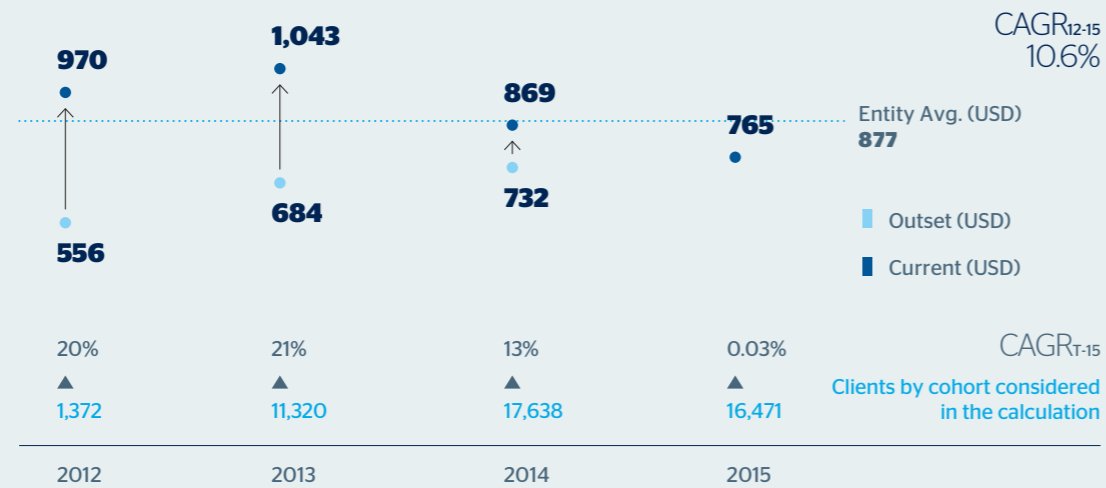
- % of existing clients classified as poor at the outset whose net income as of Dec. 31 exceeds the poverty line
- Nº existing clients classified as poor at the outset and whose net income exceeds the poverty line

Source: Fondo Esperanza. BBVAMF calculations.

Clients report sustained growth in their enterprise sales, net income and assets.

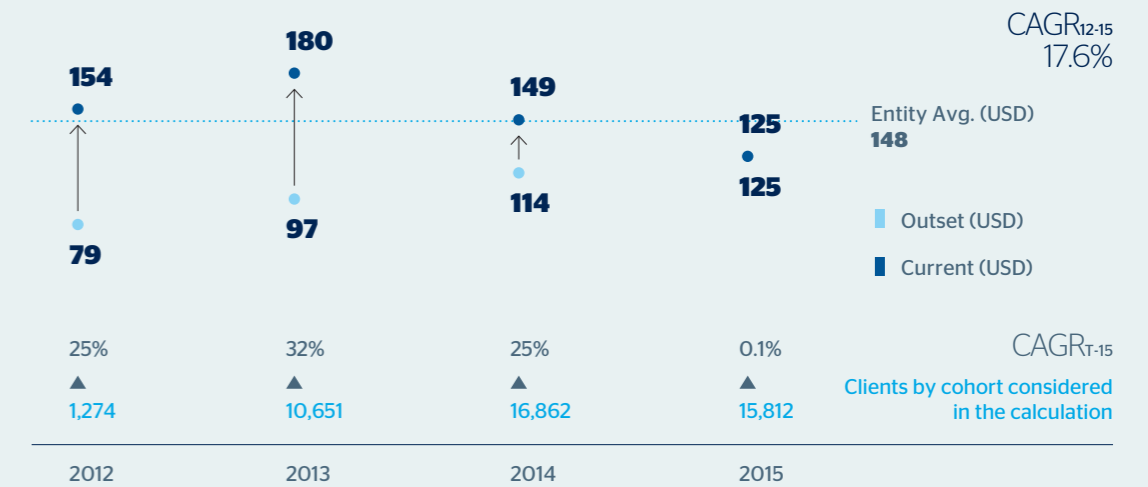
- Faster growth in net income than in sales suggests an efficiency increase on the part of businesses during the course of their relationship with Fondo Esperanza.

**Average monthly sales (by cohort) (USD)<sup>13</sup>**



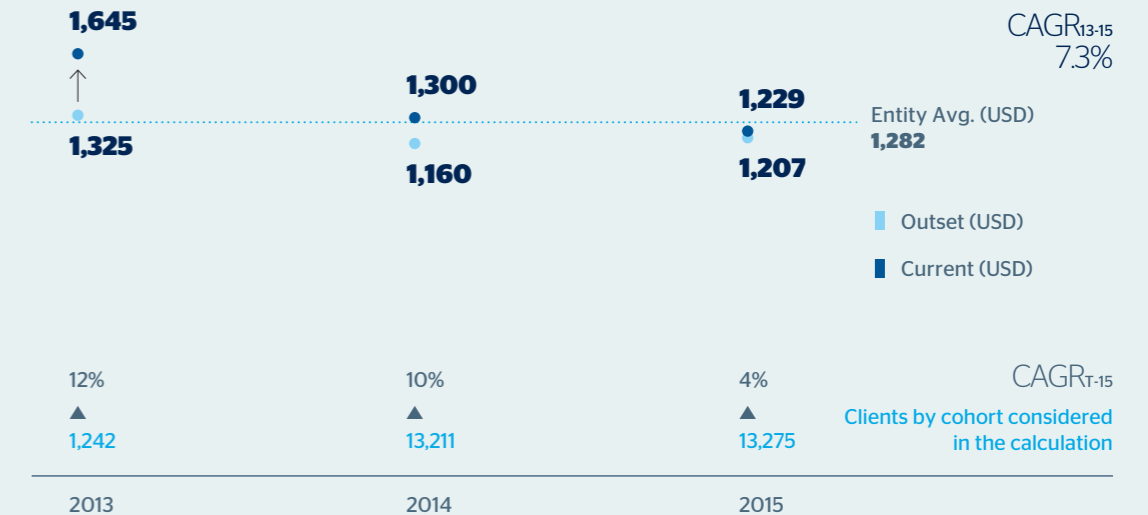
Source: Fondo Esperanza. BBVAMF calculations.

**Average monthly net income (by cohort) (USD)<sup>13</sup>**



Source: Fondo Esperanza. BBVAMF calculations.

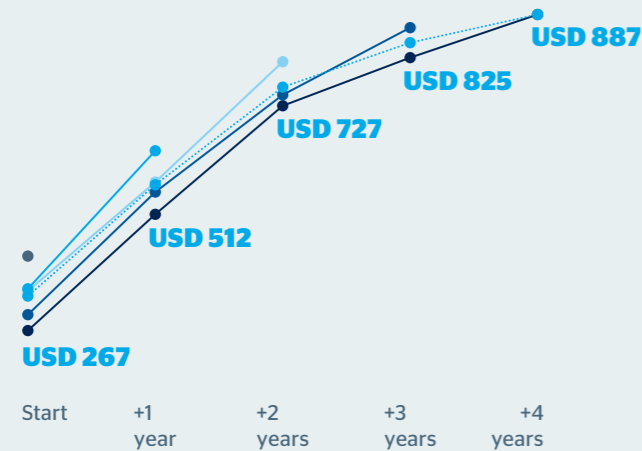
**Average assets (by cohort) (USD)<sup>13</sup>**



Source: Fondo Esperanza. BBVAMF calculations.

<sup>13</sup>Data of current clients as of December 31, 2015, whose data has been updated in the last 12 months. The situation at the outset is shown (data in their cohort year) and their situation at the end of December 2015. The outset is the moment that the first loan was granted.

### Average disbursement per transaction (by cohort)<sup>14</sup>



■ 2011 ■ 2012 ■ 2013 ■ 2014 ■ 2015  
● Avg.

Source: Fondo Esperanza. BBVAMF calculations.

- **Significant increase in the average disbursement:** in four years it quadruples.

<sup>14</sup> Average disbursement, calculated as the total disbursement made in a year divided by the number of transactions by each client participating in the disbursement in said year.

# Activity data

### Summary of activity<sup>15</sup>

	<b>Total</b>
Gross loan portfolio (USD)	51,023,708
Total disbursed in 2015 (USD)	151,339,484
Nº transactions in 2015	245,752
Average disbursement in 2015 (USD)	616
Deposits & other (USD)	NA
Nº Employees	514
Nº Offices	52
Clients receiving financial education	143,467

<sup>15</sup> Data as of December 31, 2015.

Source: Fondo Esperanza. BBVAMF calculations.