

# 2022 Activity Report

# Contents



## Who we are

BBVA Microfinance Foundation  
Management team and Board  
of Trustees

3



## Our journey

15 years of sustained growth  
Good governance. BBVAMF and its institutions  
Focused on the client, with special attention to women  
Digitalization and appropriate levels of service  
Effective management: financial, risk, the environment & people  
Our sustainability vision

7



## Our Activity in 2022

Our purpose  
Business development  
Financial health  
Welfare

29



## Institutional Activity Acknowledgments

57



# Who we are

BBVA Microfinance Foundation 4

Management team and Board of Trustees 6

# BBVA Microfinance Foundation

BBVA created the BBVA Microfinance Foundation (Foundation or BBVAMF) in 2007 as part of its corporate social responsibility mission, with the aim of driving the economic and social development of vulnerable people who were developing productive activities. (See [‘Our Purpose’](#)).

Throughout this 15-year period, BBVAMF has been driving sustainable and inclusive progress in numerous vulnerable households in Latin America, working towards reducing poverty and inequality, generating opportunities, and narrowing gaps, strengthening small business development, and improving the financial health of vulnerable households and their multidimensional welfare.

In short, BBVAMF endeavors to:

- **Reduce poverty**, fostering inclusion;
- Broaden **opportunities** through gender equality; and
- Create the conditions for **sustainable** economic, social and **environmental** for all.



BBVAMF | Management team and Board of Trustees

BBVAMF’s entities are present in Colombia, Peru, Dominican Republic, Chile and Panama, where over eight thousand people work with us, providing a wide range of financial products and services to three million entrepreneurs to whom it also facilitates financial education, together with business and digital training.

In 2022, the Foundation’s institutions disbursed USD 1.534 billion in loans to vulnerable entrepreneurs. In fact, since it started out, 15 years ago, disbursements have totalled USD 18.071 billion to more than six million clients. This has enabled us to narrow the income gap between poor and non-poor entrepreneurs by 40% among those entrepreneurs who have been banking with us for five years.

BBVAMF has been recognized by the OECD for three years in a row as the biggest contributing foundation to development in Latin America.

**In 2022, our institutions have offered a broad range of financial products and services to 3 million entrepreneurs**



HEADLINE FIGURES

**2.858.166** CLIENTS +3% CAGR

15% Dominican Republic  
**442,609** +8%

1% Panama  
**18,302** +3%

55% Colombia  
**1,574,824** +5%

24% Peru  
**699,958** -4%

4% Chile  
**121,036** +11%




GROSS PORTFOLIO  
**USD 1.227 B** +7%

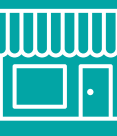
CLIENT RESOURCES  
**USD 639 B** -3%

AMOUNT DISBURSED  
**USD 1.534 B** +21%

AVERAGE LOAN  
**USD 1.259 B** +17%

 **8,028**  
Employees

 **557**  
Offices & express service points

 **2,820**  
Own correspondents

 **105,244**  
Transaction points



# Management team and board of trustees

## Management team

### Chief Executive Officer

Javier M. Flores Moreno

### Finance & Corporate Expansion

Alejandro Lorca Salañer

### Risks

José Luis Blanco Beneit

### Communication & External Relations

María Oña Hernández

### Innovation & Inclusive Growth

María Gabriela Eguidazu Villota

### Impact Assessment & Strategic Development

Stephanie García Van Gool

### Analysis & Research

Giovanni Di Placido Rosato

### Secretary & Board of Trustees Secretary

María José Gómez García

### Legal Advisory

Ernesto Antón Azcoiti

### Talent & Culture

José Martín Huelves

### Compliance

Ana María Nogueras Ochoa

### Internal Audit

Joaquín Cortés Hernández

## Board of Trustees

### Chair

Anna Escobedo Cabral

### Trustee

Tomás Alfaro Drake

### Trustee

José Barreiro Hernández

### Trustee

Nancy M. Barry

### Trustee

Claudio González Vega

### Trustee

Ana Revenga Shanklin

### Trustee

María Begoña Susana  
Rodríguez Vidarte

### Trustee

Cristina de Parias Halcón

### CEO, non-voting trustee

Javier M. Flores Moreno

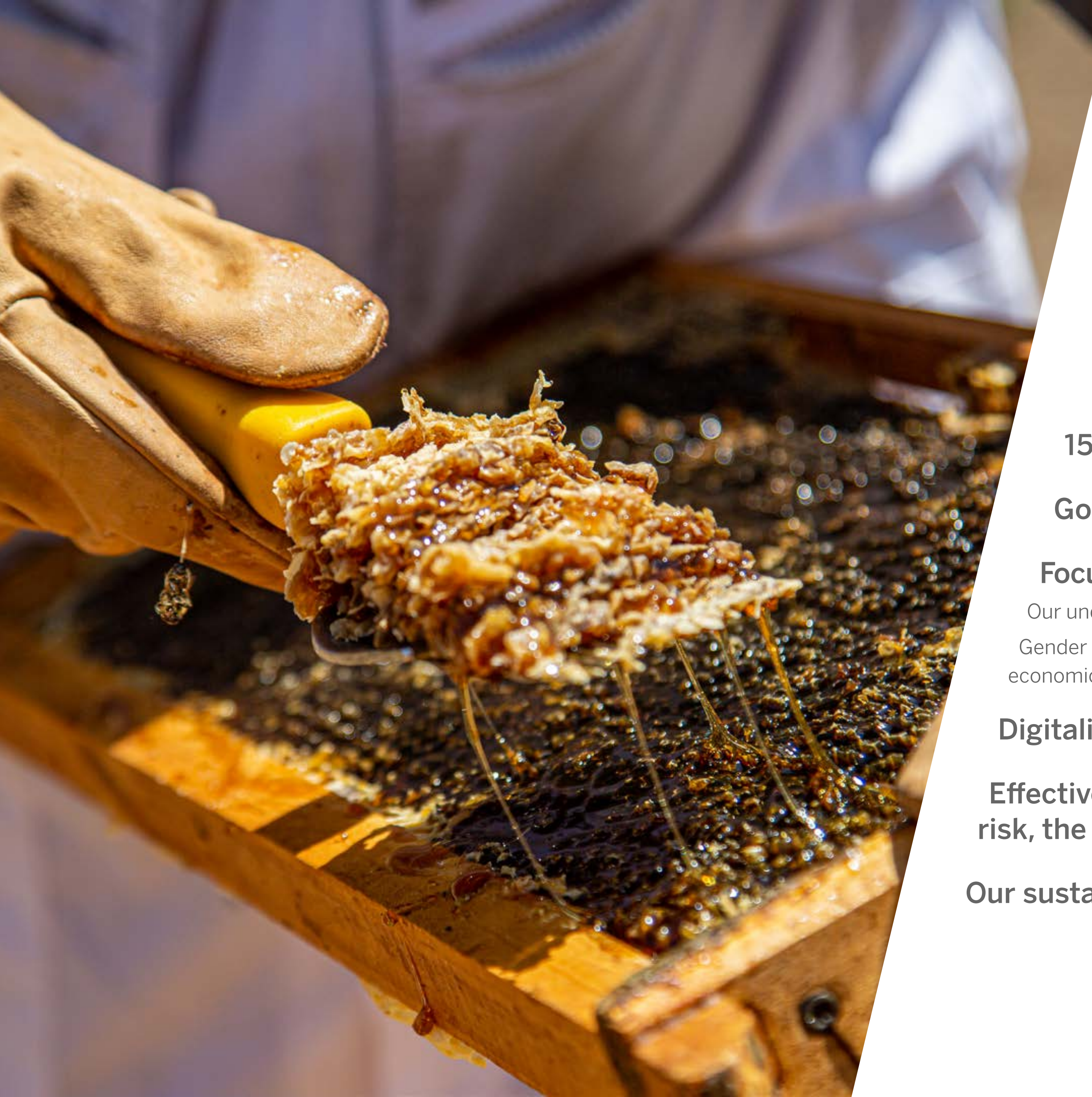
### Secretary, non-voting trustee

María José Gómez García



From left to right,

Tomás Alfaro Drake, Ana Revenga Shanklin, José Barreiro Hernández, María Begoña Susana Rodríguez Vidarte, Javier M. Flores Moreno, Anna Escobedo Cabral, Claudio González Vega, Nancy M. Barry, Cristina de Parias Halcón and María José Gómez García.



# Our journey

**15 years of sustained growth** 8

**Good governance. BBVAMF and its institutions** 13

**Focused on the client, with special attention to women** 15

Our understanding of the entrepreneur 16

Gender equality: our push for women's  
economic independence and all-round welfare 20

**Digitalization and appropriate levels of service** 21

**Effective management: financial,  
risk, the environment & people** 23

**Our sustainability vision** 27

# 15 years of sustained growth

15 years ago, the need for financial inclusion was huge. According to the Foundation's own estimates, around 80% of the global adult population that was in poverty or vulnerability was excluded from the formal financial system, that is, around 3 billion adults.

Today, more than 1.5 billion adults previously outside the reach of the financial system have accessed it. However, another major challenge remains. In 2022, 140 million adults in Latin America still didn't have an account in a financial institution<sup>1</sup>, of whom 35 million live in our footprint (37%), and 212 million people in the region were living in monetary poverty.<sup>2</sup> Most of the people in economically and socially vulnerable segments are impeded by any number of obstacles from improving their living conditions. Regrettably, the pandemic has been responsible for a major reversal on the road towards financial inclusion and poverty reduction.

In the Foundation we have witnessed both this situation and the reversal, and that is why we continue to invest in inclusive and sustainable growth, bringing the opportunities of this new era within reach for all.



1. Global Findex 2021.

2. CEPAL 2021, 32% of the total population of 664,997,000 people.



15 years of growth | Government | Focused on the client | Service model | Integral management | Sustainability



**BBVA Microfinance Foundation's unique model is designed to generate social, environmental, and financial performance that is positive and measurable.**



We designed a model that combines the experience and local knowhow of the non-profits that set up the microfinance institutions, with the knowledge, innovation and global financial experience of BBVAMF, stemming from its founder, BBVA. This meant that our group of institutions has been acknowledged throughout these 15 years for their adherence and commitment to our founding purpose: to promote economic and social development among those who have the least. But the group is also recognized for its professional management and solid financial performance which, together with our focus on innovation and the synergies between countries, has enabled us to consolidate a leadership position in the region.

At the beginning of our journey, we discovered that only 17% of adults in the region were savers in formal financial institutions. At that time, microfinance was basically a single product focusing on microcredits. Real financial inclusion encompasses a wider range of products that must be marketed in a responsible and sustainable fashion over time by formal financial institutions and should also be used by clients on a regular, recurring basis.

What is more, women were the group most negatively impacted by the lack of access to financial services. Only 30% of women in developing countries had bank accounts, compared to 42% of men. The gap was even greater among poor segments. Women in this situation were 30% less likely than men to have a bank account. The size of the disparities facing this segment meant that they needed special treatment.

Therefore, it was not only a question of providing access to financial products, but rather one of using them appropriately so that they had a decisive impact on people's lives.

15 years of growth | Government | Focused on the client | Service model | Integral management | Sustainability



When a loan is disbursed for an entrepreneur’s business, the aim is to raise the revenues from a pre-existing business or to provide a source of income that wasn’t there before, which enables them to generate and accumulate surpluses. This in turn is an opportunity to improve their patterns of consumption, increase their investments and manage their risk. Access to financing, together with the entrepreneur’s capacities and skills, plus their personal qualities (perseverance, hard work, self-discipline, creativity, passion, etc.) are key factors in achieving success. The likelihood of success increases if the multiple dimensions affecting this performance are taken into account, if there is mentoring for skills, financial literacy and digital training, and if, in addition, a favorable environment for it to develop can be fostered.

Most of these entrepreneurs live and work in the informal economy, from necessity, not by choice. Their households and their small, self-owned companies often operate as a single unit, meaning that the consumption and production decisions of home and enterprise are linked to one another. In other words, the traditional distinction between consumers’ financial needs and those of their companies is imprecise and bound up with one another. As a result, moving forward —as a household and as a business— in this segment goes hand in hand. The goal is to raise standards of living, reduce domestic contingencies, and for them to manage their finances appropriately so that they can create and keep their assets, reducing the social and economic gap.

The combination of a broad spectrum of financial products and services, a favorable environment and their own efforts enables low-income people to transform their personal economic circumstances and raise their standard of living, investing in their welfare. This is why **the Foundation’s mission has always been to reduce gaps by creating opportunities.**

**Entrepreneurs’ households and their small, self-owned companies often operate as a single unit, meaning that their consumption and production decisions are linked to one another**



**INCOME GAP**



All households, whatever country they are in, should have **disposable income** that covers their basic needs.

**Business development**

**SOCIAL GAP**



All households should have access to **basic goods and services** — healthcare, education, housing, connectivity and digital skills— and **be empowered to achieve equal opportunities.**

**Welfare**

**UNFORESEEN EVENTS**

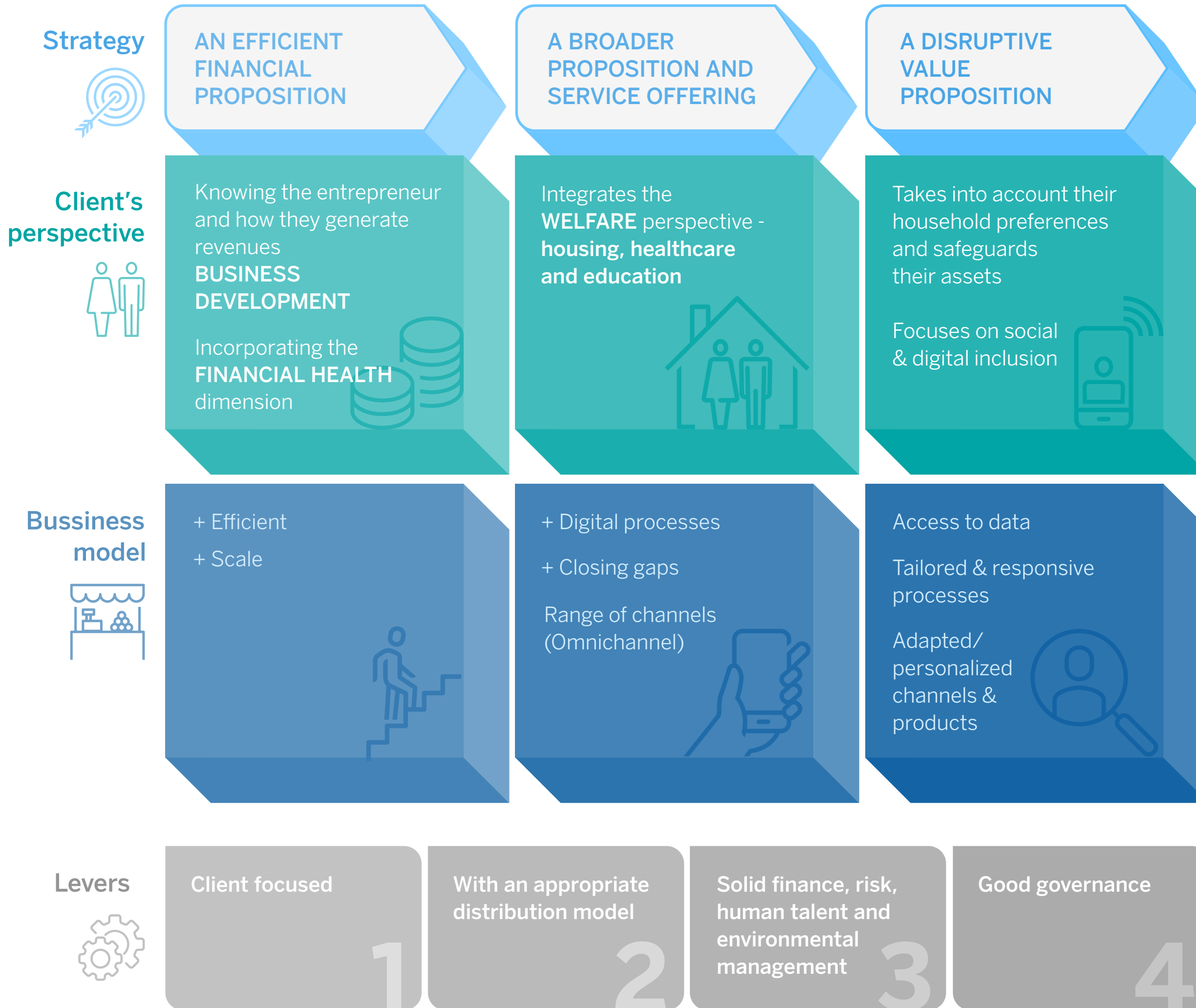
All households should be able to manage their domestic budgets so as to conserve or increase their assets. (Overcoming emergencies and reaching short, medium and long-term goals).



**Financial health**

15 years of growth | Government | Focused on the client | Service model | Integral management | Sustainability

Our strategy and where we are today



Our model was designed from the outset to last, by working to build long-term relationships with vulnerable entrepreneurs. To be successful in this segment, we have to understand their preferences, needs and surroundings, helping to overcome the barriers that some of them face by means of specialized and personalized mentoring. That is why we started by generating a strategy of consolidation and efficiency rooted in granting loans to microentrepreneurs for productive ends. As we dug deeper into the complexity of the inclusion challenge, we extended our proposition, offering saving and insurance products to reinforce their resilience and that of their business in the face of unexpected shocks. Finally, we have diversified out value offering in order to safeguard the welfare of their households, that is, we focused on understanding entrepreneurs and their households (upgrades to their housing, domestic sanitation, healthcare, education, digitalization, etc.). In short, an integrated, tailored offering.

This strategy has four differentiating features:

1. Putting the entrepreneur in the center, adjusting our value proposition to their needs and their progress over time.
2. Reducing entry costs and improving the distribution of financial services. This was the seed that grew into our digital transformation, providing a responsive, high-touch service to the entrepreneur.
3. Building management —financial, risk, of people and environmental— that is sustainable with a view to a long-term future.
4. Finally, to do all this within a structure of solid corporate governance that strives for excellence and remains focused on its purpose.



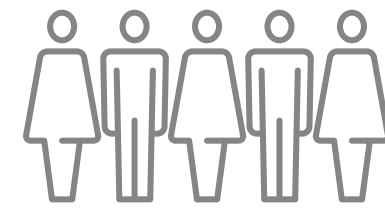
15 years of growth | Government | Focused on the client | Service model | Integral management | Sustainability



Since our beginnings we have served more than six million clients and disbursed USD 18.071 billion. This has shrunk the segment of poor clients by 60%, demonstrating the effectiveness of our model. What is more, we have been targeting our services more towards specific collectives, such as women, migrants and the internally displaced. We boost development through **productive finance** (see 'Productive Finance', for further details) that helps to break down the barriers conditioning this segment. This model allows us to support our clients with finance so that they generate economic surpluses that are sustainable over time, enabling them to improve their welfare, as well as that of their families and communities.

The reasons explained above have led the Foundation to push harder than ever for an understanding of sustainability in its broadest sense (beyond financial sustainability) throughout the Group. That is, one that considers all our stakeholders, that looks after the environment and the social dimension to ensure sustained growth. All under the oversight of good governance which never takes its eyes off its principal focus: the entrepreneurs and their families (see [ESG in the Social Performance Report –SPR 2022](#)).

### Since we launched



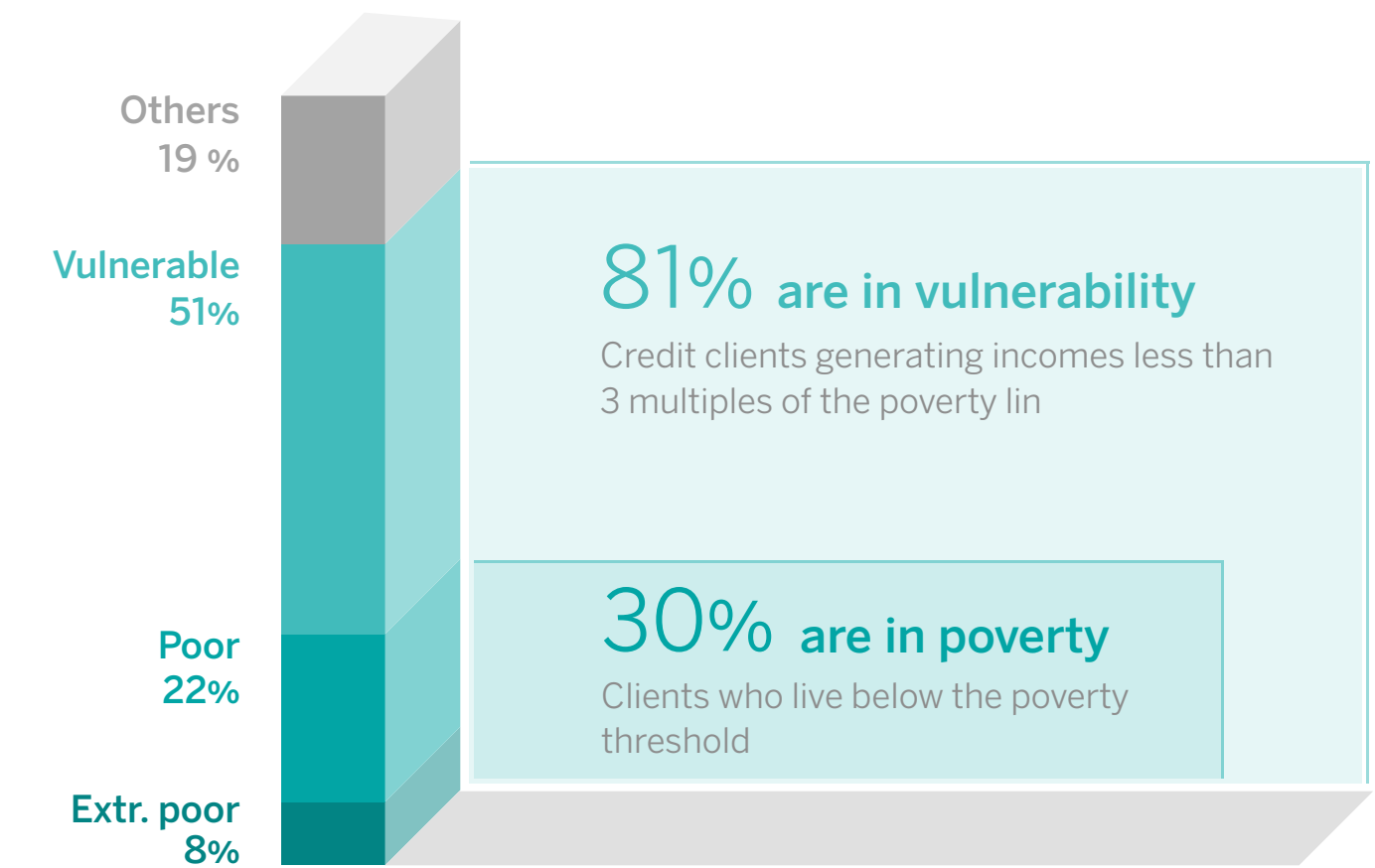
**6,000,000**  
clients served



**USD 18.071 B**  
disbursement to entrepreneurs

### Economic development (2022)

Total n° clients 2022



### Foundation Development

Since our beginnings we have served more than six million clients and disbursed USD 18.071 billion, reducing the segment of poor clients by 60%

	Employees	Offices & express service points	Own correspondents	Transaction points
Outset	5,587	231	-	-
Year-end 2022	8,028	557	2,820	105,244

# Good governance. BBVAMF and its institutions

The microfinance sector has changed hugely. 30 years ago, around 565 institutions operated in Latin America, serving just eight million people. 90% of this market was led by entities with weak or non-existent corporate governance structures. The vast majority were unregulated or financially unsustainable, dependent largely on donations and public subsidies

When it started on its journey in the microfinance sector, BBVAMF invested in creating, consolidating, and administering a group of microfinance entities in Latin America that combined:

- The specific knowhow in microfinance methodology, together with their proximity to the poverty segment, of the local NGOs who had set up the microfinance institutions in each country
- BBVA's global knowledge and banking experience, channeled through the BBVA Microfinance Foundation.



15 years of growth | **Government** | Focused on the client | Service model | Integral management | Sustainability



Since it began operating, the Foundation has always attached great importance to having institutions with solid standards of corporate governance. It drives a clear organizational structure, with well-defined lines of accountability that are transparent and consistent, and has efficient procedures for identifying, managing, controlling, and communicating the risks to which its entities are, or could be, exposed. This is to safeguard its customers, its stakeholders, and the wider societies in which it operates.

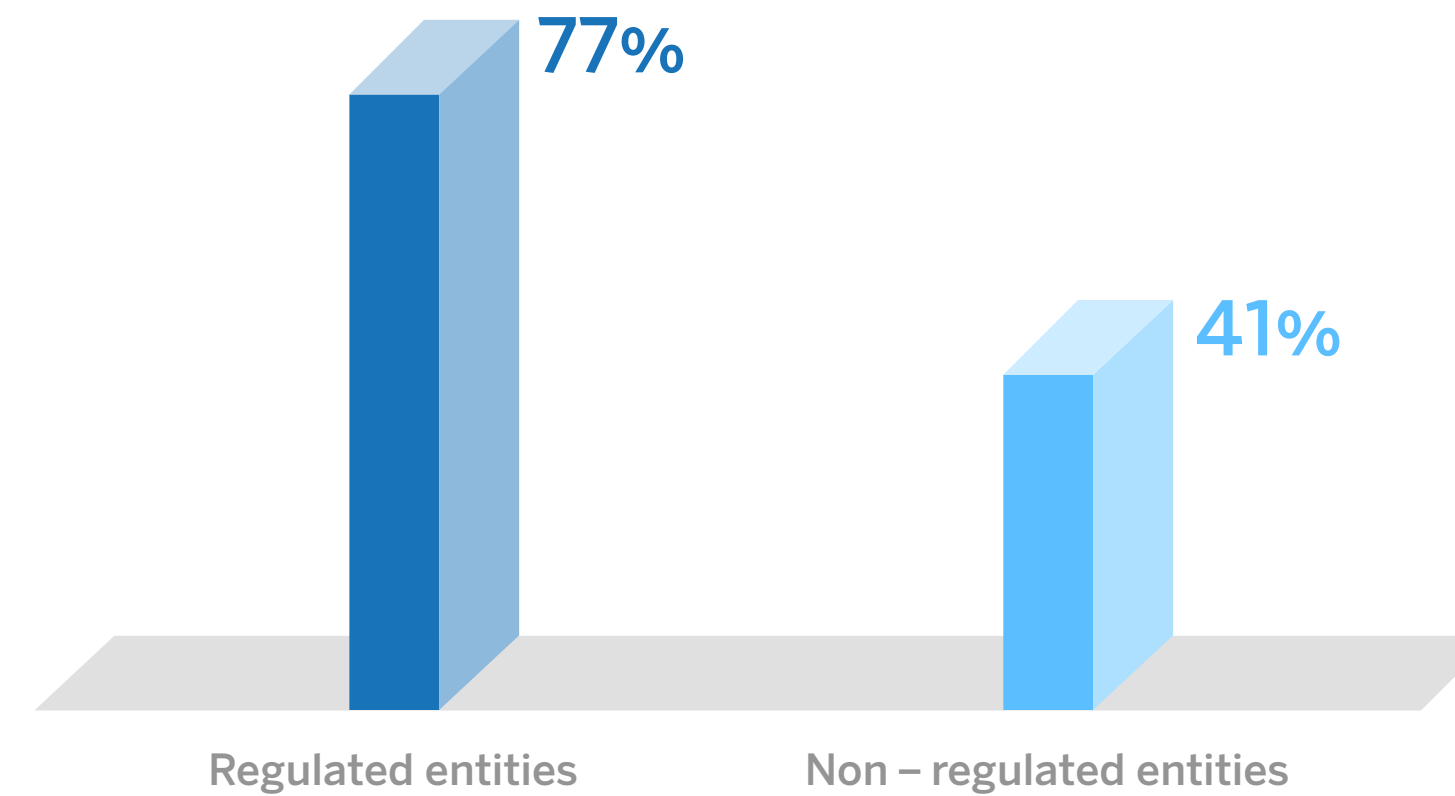
The Group currently operates within a modern governance structure that complies with the highest standards, both domestic and global. In many cases its entities have pioneered the implementation of good governance practices before they were required to do so by law or regulation.

We can point here, for example, to the fact that 43% of the people comprising the boards in our regulated entities in Colombia, Peru and Dominican Republic are women. This ratio is higher than the rate currently being considered in Europe, that a third of the individuals in the administrative bodies governing listed institutions must be female. In the case of the group's non-regulated entities in Chile and Panama, the ratio is 21%.

We should also highlight the diversity of professional profiles in terms of their qualifications, not only in technical expertise and experience, but in their freedom of action in carrying out the range of tasks and duties incumbent on their roles as board directors

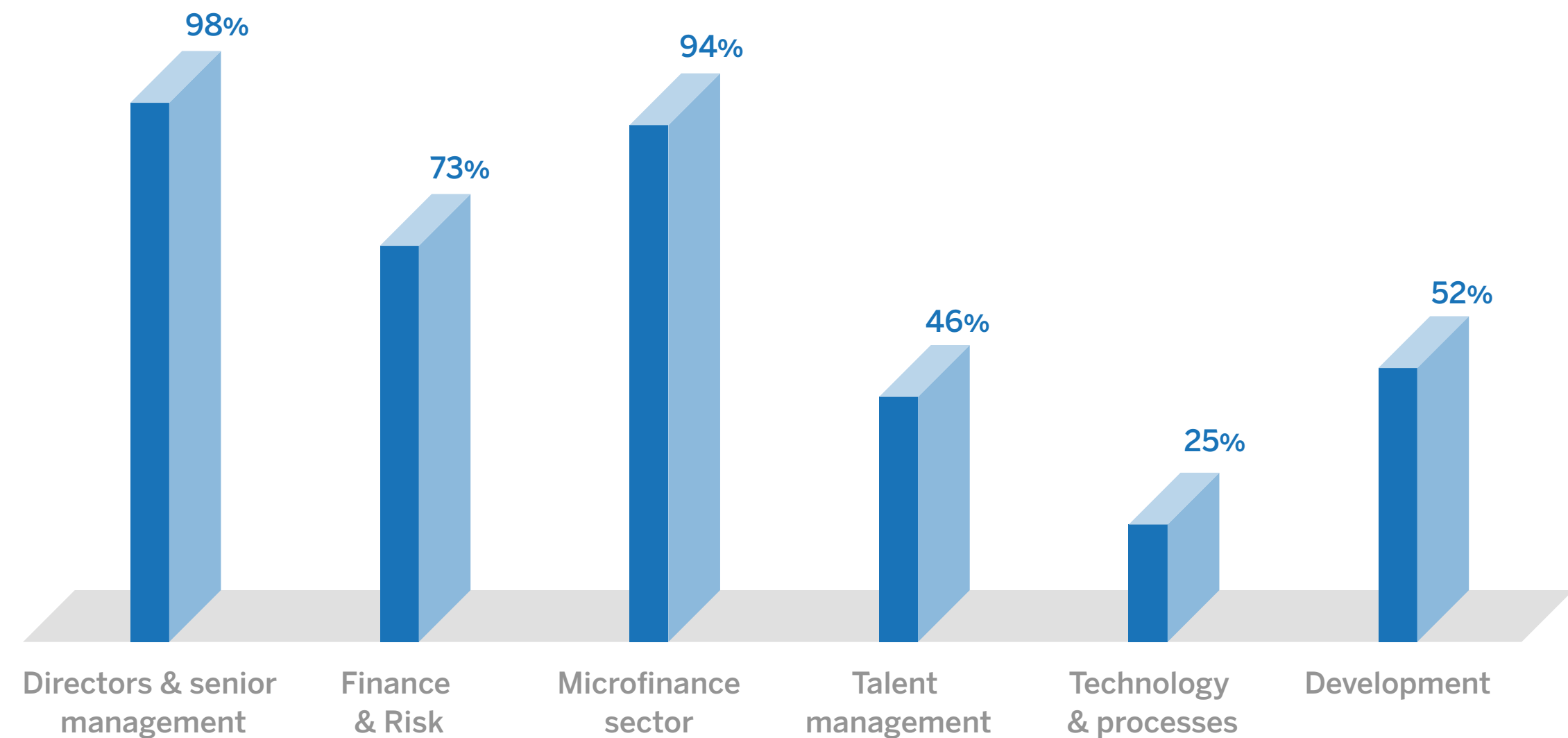
In short, the Group's corporate governance framework enables us to transfer the general principles of good governance to standards of action that guide us to follow strategic directives, improve our economic efficiency, ensure long-term sustainability, reinforce our stakeholders' confidence, and promote a culture of accountability and ethical, transparent behavior.

### Independent Board Directors



**On the boards of directors of regulated entities in Colombia, Peru and the Dominican Republic, 43% are women**

### Diversity of board director profiles



# Focused on the client, with particular focus on women

The role of microfinance has evolved since its beginnings. Institutions began to provide microloans to entrepreneurs who had neither collateral nor credit history, and no access to formal financial services.<sup>3</sup> Later on, alternatives were designed so that they could save<sup>4</sup>. Instead of depending on family members, friends, or loan sharks,<sup>5</sup> people were offered insurance policies and transfer services. With time, microfinance assumed this multiproduct approach, acknowledging the complexity of the relationship with the entrepreneur, moving to products that combined a tangible benefit (e.g. housing loans, education) at the same time as increasingly specialist training. As additional products and services were brought on board, microfinance itself has gradually adapted.

The Foundation has been a part of this process, that starts with better understanding of the entrepreneur, their business, and their household. They can be identified by their continuous ability to adapt and reinvent themselves. Their businesses, most often trading operations, require low capital investment and allow them to ensure a minimum income for their families. By better understanding the performance of their businesses, our perspective has broadened to encompass their households, given that the two are intrinsically linked.

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3. Kurmanalieva et al., 2003.

4. Islam et al., 2015.

5. Tsai 2004, Lange et al., 2007.





## Our understanding of the entrepreneur

### **Continuous growth of their business is the reward for every entrepreneur's hard work**

We have observed that on repeated occasions, after three credit cycles, our entrepreneurs manage to escape poverty. That is why we have made an effort to maintain long-term relationships that continue beyond 3 credit cycles, to encourage income creation in their households as well.

### **Income instability: the main barrier to sustainable progress**

We also noted that their business performance is anything but lineal, which means that they fall in and out of poverty on several occasions over time (volatility). Indeed, we realized that the level of household vulnerability and overcoming poverty are closely linked to asset ownership and the ability to mobilize these assets to raise welfare levels or get through adversities or contingencies. What is more, the relationship between assets and surpluses is reciprocal: higher income levels foster asset accumulation, and vice versa. To amortize the shocks triggered by adverse scenarios and contingencies dips, we have made a concerted effort to support financial health.

### **Looking toward welfare: multidimensional poverty**

If we want to generate greater progress for entrepreneurs at a more structural level, we must analyze the household in the widest sense, assessing its deprivations and weaknesses along dimensions such as education, healthcare, and connectivity. We have confirmed that those households with fewer deprivations along these dimensions have fewer unexpected contingencies and, as such, a greater likelihood of getting ahead. Therefore, helping to improve welfare is one of the Foundation's key priorities. That is why our 2021 social performance report measured households' multidimensional poverty for the first time (see our [Social Performance Report, The need for a multidimensional perspective](#)) that puts the spotlight on raising welfare and standards of living in entrepreneurs' households.

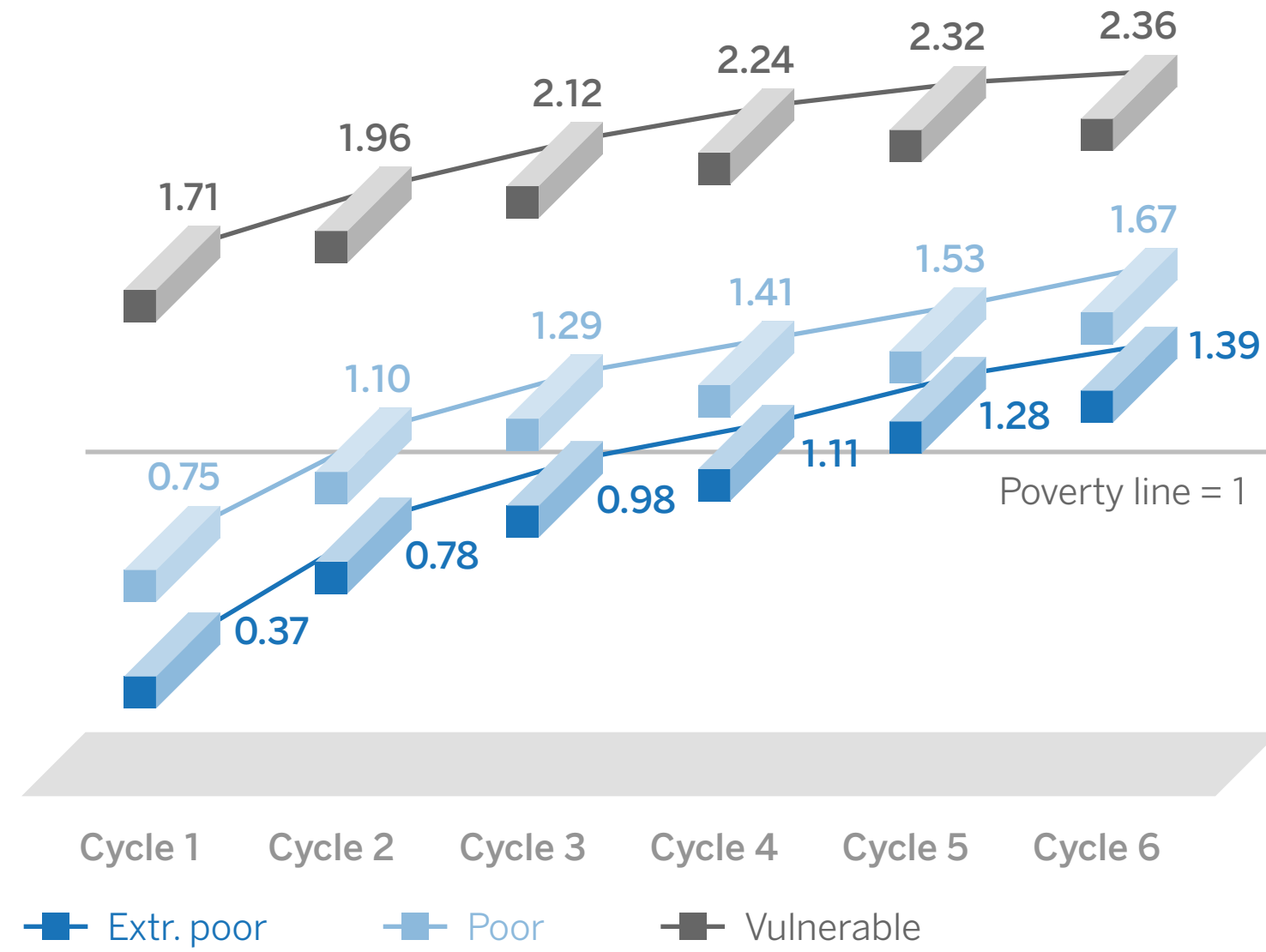


15 years of growth | Government | Focused on the client | **Service model** | Integral management | Sustainability



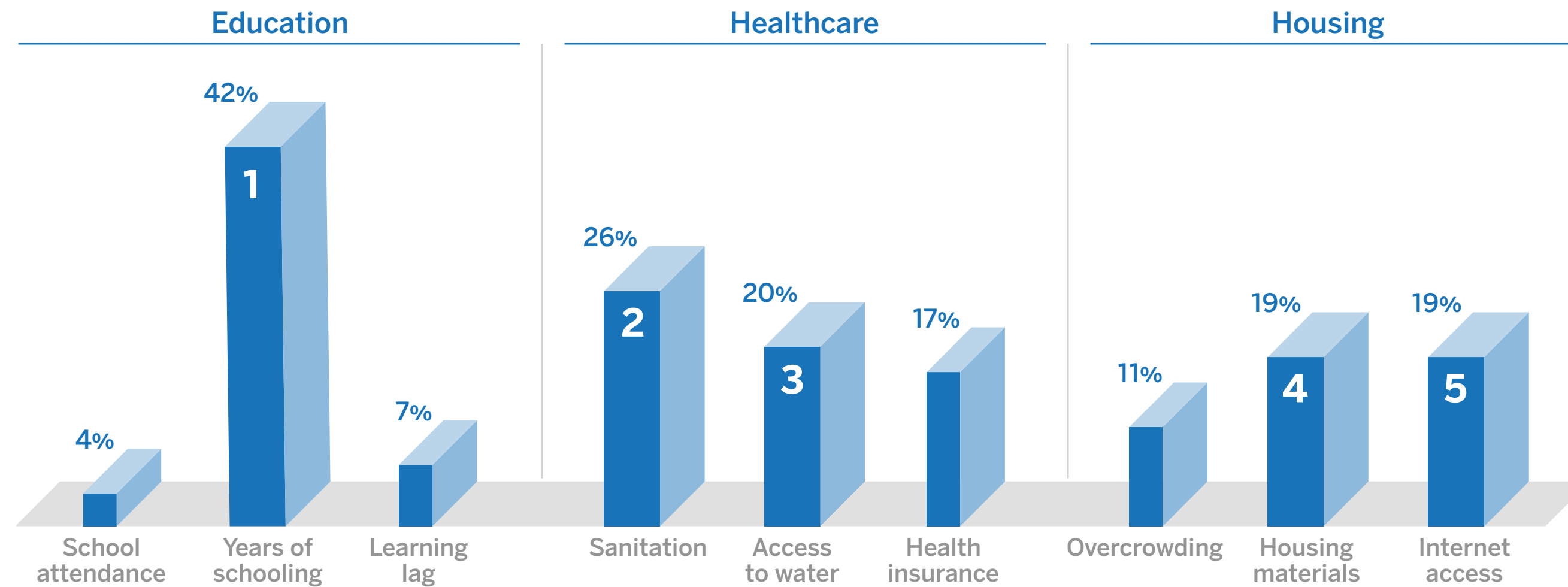
### Rise in relative income \*

Entrepreneurs receiving a loan in 2022



### Deprivation rate \*\*

Total households surveyed in 2021 with deprivations, by dimension



In short, the challenge we are facing is complex and specific actions need to be put in place. The starting point is different with each entrepreneur, given that the deprivations at the outset —economic and social— are multiple and feed off one another. In light of these multiple dimensions, we know that we must tackle them all at the same time. That is why we have started by quantifying and prioritizing the main dimensions that determine each household’s performance.

**The multidimensional poverty level of households is already being incorporated into our daily lives, because at the end of the day, it is all about improving well-being and quality of life in the homes of entrepreneurs**

\* For the sample of clients served in 2022 – classified by their situation on receiving their first individual loan – the per capita surplus at each credit cycle is shown, relative to their country’s official poverty line (in the year of the credit disbursement). Relative per capita surplus (income) takes the value of 1 when it is the same as the poverty line.

\*\* Total of 8,736 households surveyed from our institutions’ client databases, with a representative sample of the whole portfolio and a 3%-5% margin of error and confidence level of 95%-99% (depending on the country). For more details, see [‘Multidimensional Poverty, SPR 2021’](#).



Nowadays, we acknowledge that our intervention requires not only a commitment to learn and understand the reality and needs of entrepreneurs and their households, but also that we must create a value offering and environment that maximizes their potential, their creativity, and the possibility for them to choose continuous improvement in their domestic welfare. No factor takes precedence over another; on the contrary, they are all equally important to bring small enterprises to a positive outcome.

Thus, we have adapted our value proposition using these learnings and extending it to a multi-product, multi-service offering. Even today, when asked to identify the best help we can provide, 37% of those surveyed answer that a bigger loan would help them to improve the management of their business. But it is becoming increasingly important to accompany them over time with other inclusive products that protect and ensure their welfare.

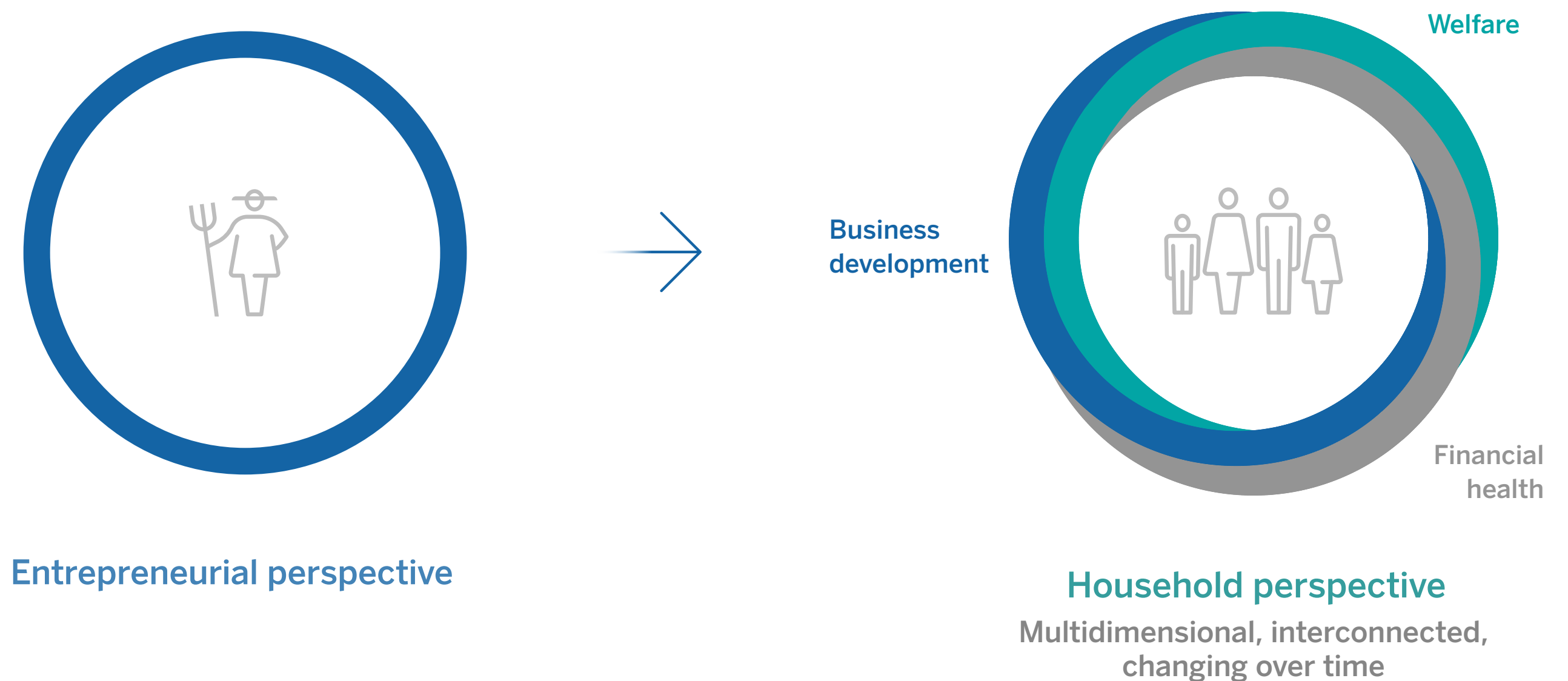
**Our intervention requires us to learn and understand the reality and needs of entrepreneurs, and to create a value offering and environment that maximizes their potential**

Two overarching factors become clear from this approach:

- 1. The need to mitigate or anticipate the impact of adverse events.** Insofar as it is possible to reduce the quantity and frequency of the shocks faced by vulnerable households, the probability of their escaping poverty increases. It is a matter of reducing the health risks, their exposure to climate change, anticipating unforeseen expenses, etc.
- 2. Creating a context that empowers the entrepreneur's performance, fomenting their access to and use of finance.** To strengthen their entrepreneurial abilities—or put them in a position where they can choose whether to strengthen them or not—personalization and financial infrastructure that is

easy in all senses of the word are determining factors. In other words, we must provide a service that is straightforward, responsive, and high-touch, together with a non-financial value proposition. Only thus will we be able to encourage entrepreneurial initiative and rational decision-making that ensure long-term asset accumulation. The goal is to reduce the obstacles they face when making financial decisions and to broaden their portfolio of skills so that they can make progress both in their business and in the welfare of their households.

The Foundation's institutions currently provide a wide range of solutions, the key one being business development.



15 years of growth | Government | Focused on the client | **Service model** | Integral management | Sustainability



VALUE PROPOSITION	Business development	Financial health	Welfare
DRIVING PROGRESS	<p><b>Micro loans</b>  <b>918,900 clients</b>                      (USD 1,227 M)                      All countries</p>	<p><b>Saving products</b>  <b>2,624,500 clients</b>                      With deposits or <i>ad-hoc</i> savings products                      13,251 clients are migrants &amp;/or displaced</p>	<p><b>Housing loans</b>                      Housing upgrades  <b>35,710 clients</b>                      (USD 120 M)                      Colombia, Peru, Dominican Rep. &amp; Panama</p>
	<p><b>Inclusion loans</b>  <b>95,809 clients</b>                      (USD 115 M)                      To migrants, the displaced, refugees in Colombia, Peru, Chile &amp; Panama</p>	<p><b>Training</b>  <b>696,450 people</b>                      Have received financial advice or training in digital skills and empowerment or other subjects</p>	<p><b>Educational loans</b>                      For their children  <b>3,306 clients</b>                      (USD 1.6 M)                      Colombia, Perú y Rep. Dominicana</p>
	<p><b>Green loans</b>  <b>4.038 clients</b>                      (USD 2.99 M)                      Colombia &amp; Dominican Rep.</p>		<p><b>Digital connectivity</b>  <b>70 correspondents</b>                      provide digital connectivity in isolated regions of Colombia &amp; Peru</p>
MITIGATING SHOCKS	<p><b>Climate insurance</b>  <b>19,426 insured parties</b>                      19,934 policies                      Colombia</p>	<p><b>Damages, funerals, life insurance*</b>  <b>613,184 insured parties</b>                      Colombia, Peru, Dominican Rep., Panama</p>	<p><b>Healthcare insurance &amp; care</b>  <b>211,715 policyholders</b>                      Colombia &amp; Panama</p>

\* Includes health insurance

## Gender equality: Our push for women's economic independence and all-round welfare

To be consistent with our purpose, BBVAMF places particular emphasis on the most vulnerable groups, among them women. Driving their economic independence has played, and continues to play, a very important role in all the institutions that comprise the BBVAMF Group. In the last 15 years, women have accounted for 57% of all our clients. The integrated support we provide is cross-disciplinary:

- 1. Developing their business:** : As well as providing products for women in poverty (community or group banking) who have gone digital in 2022, we have developed individual credit products with digital financial literacy, products for rural women that do not require land ownership as a prerequisite, and for victims of gender violence. We complement these with a non-financial value proposition designed especially to strengthen other skills, particularly digital confidence. Finally, we also have gendered training material on educational platforms in Bancamía and Fondo Esperanza. With the aim of including highly vulnerable profiles (migrant, indigenous and rural women) we take part in numerous studies of financial inclusion studies that enable us to design new products and tailor the existing ones to their needs. For further detail, see ['Products for women'](#)).
- 2. Welfare:** We are promoting "women's" cancer microinsurance, protected motherhood policies for the lactation period and specific healthcare coverage (mammograms and health checks, psychological and legal consultations, pediatric and geriatric advice, etc., (see ['Healthcare'](#))).



**We pay particular attention to the most vulnerable groups, especially women. In the last 15 years, women have accounted for 57% of all our clients**



# Digitalization and appropriate levels of service

Our clients are careful about managing their household finances: only 8% self-report that their expenses were materially higher than their income in the previous year; around 70% of clients declare that they have not fallen behind during the same period with their payments of utilities such as water, electricity, etc. Nevertheless, only 50% acknowledge that they draw up an annual budget.<sup>6</sup> As such the main difficulty lies in managing contingencies, especially in the medium term. In surroundings that are precarious, timely and convenient access to financial products is necessary. To manage their financial planning appropriately, every client has different needs: they want to monitor their finances frequently, almost daily, to set specific goals, and to have instant liquidity. In other words, they need a responsive, simple service that adapts to their changing needs as their household progresses.

On the other hand, the entrepreneurs we serve tend to live in peri-urban areas, away from town centers, or else in remote rural zones. Having to put a hold on their activities and the time required to travel to traditional branch offices to carry out financial transactions has a high opportunity cost. This, and the small size of their transactions, means that our client service model has to be high-touch and convenient, as well as entailing lower costs.



**Our client service model has to be high-touch and convenient, as well as entailing the lowest costs**



6. Financial health survey conducted in 2018 with 1,157 clients in Colombia and Dominican Republic, together with Innovation for Poverty Action. More details in our [2018 SPR](#).



## Digitalization & connectivity



**70 correspondents**

provide connectivity in remote areas of Colombia & Peru

**613,813 clients**

clients use digital channels

**7.64%** digital monetary transactions

When we set out 15 years ago, our services were paper-based, face-to-face, and provided in branch offices. Now our processes are digital, attention can be face-to-face or self-service and available in their homes or workplaces (thus avoiding unnecessary travel).

We have brought greater sophistication to our distribution channels and modes of service, incorporating a range of channels, processes and digital tools that improve the client experience, reduce their access cost, and encourage them to take decisions leading to their welfare.

We have worked on four key areas:

- 1. Digital processes:** Digitalizing processes (digital credit), automating reporting flow (document filing) and continuous improvement of the Advisor app give us the tools to serve clients anywhere.
- 2. A homogeneous banking core** across countries: A robust, standardized banking system in all countries that enables us to connect different channels swiftly, as well as to adapt the offering, replicating it easily which thus allows us to copy successful cases without impediment. This gives us flexibility, and enormous synergies.
- 3. Broadening and diversifying channels:** the ability to access financial services anywhere easily brings our business closer to clients, reaching remote areas as well.
- 4. Self-service using the client app:** Self-service is a key tool for accessing financial products or services at no cost and at any time.

In order to develop more efficient and responsive processes, in a context where personal relationships are key, we have been immersed in digital transformation for years. We

want our services to be more straightforward, quicker, flexible, and less costly for the client. An example of how this transformation has materialized is the high capillarity of institutions in their respective national territories and the speed in the delivery of state subsidies to vulnerable groups during the pandemic. For more information, see [‘Service that is high-touch, responsive, straightforward and flexible’](#).

**In a context where personal relationships are key, we have been immersed in digital transformation for years so that our services become more straightforward, quicker, flexible, and less costly for the client**



# Effective management: financial, risk, the environment, and people

For the way we work to be inclusive (serving excluded profiles that have difficulty in accessing the financial system) and to impact as many people as possible (reach), the business must be sustainable and efficiently managed. Four factors must converge to achieve this: (i) solid financial performance; (ii) control of risk; (iii) respect for natural assets, including the reduction of our carbon footprint and, of course, (iv) our duty of care over our teams.

**From the financial perspective**, all the Foundation's entities have reached sufficient financial and commercial maturity to enable them to be leaders in client numbers, in the case of both Colombia and Dominican Republic. In Peru, Chile and Panama, our entities share with others a top-ranking position in terms of client numbers. Furthermore, in Colombia, Chile, and Panama we are recognized for the high proportion of entrepreneurial women we serve (> 50% of the total portfolio).

Over this entire period, meanwhile, we have retained our solid capital position, even when activity was put on hold during the pandemic. Our liquidity ratios have historically been above the sector average in each entity's respective country.

Each institution has access to funding from both domestic and international money and capital markets. Within the regulated perimeter, they take deposits from the public and from both public and private institutions. All of the above has enabled all our institutions to maintain, and even upgrade, their credit ratings.

Finally, we should point out that Bancamía was one of the first entities to issue gendered bonds in Colombia (2020, approx. USD 20 M), as was Fondo Esperanza to issue social bonds in Chile (2021, USD 10 M).

See ratings on the next page.



**Our institutions are leaders in client numbers in Colombia and Dominican Republic, while in Peru, Chile, and Panama they share with others a top-ranking position** ””

7. Municipal public entities in Peru are not included in this benchmark.

8. Bancamía (Colombia), Financiera Confianza (Peru) and Banco Adopem (Dominican Rep.) are regulated and can therefore offer deposits to the public.

## Ratings agencies by country

### BANCAMIA RATING



Colombia

### FINANCIERA CONFIANZA RATING



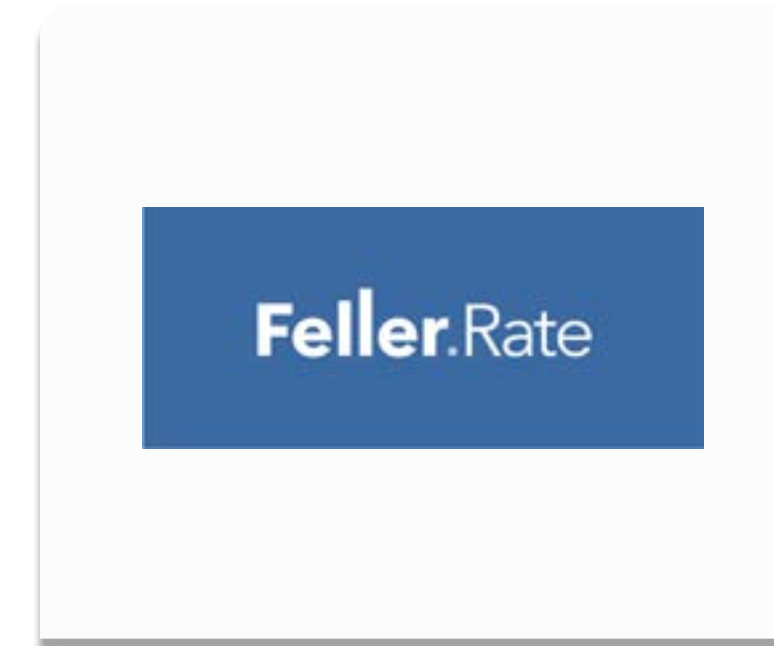
Peru

### BANCO ADOPEM RATING



Dominican Republic

### FONDO ESPERANZA RATING



Chile

### MICROSERFIN RATING



Panama

In terms of **risk control**, over this 15-year period, risk management of the institutions in the Foundation has been marked by its dynamism and forward thinking, with the goal of ensuring that our mission can be pursued without endangering operational sustainability.

Our institutions now work within an integrated risk management framework that allows us to respond appropriately to the instability factors that periodically affect our operations (climate events, the pandemic, social and political instability, economic crises, etc.), to the new, fundamentally non-financial, risks we are facing and to the greater complexity of financial risks.

Against this backdrop, incorporating analytical and statistical skills and tools, digitalization and automating processes have all contributed to better and more responsive decision-taking around risk.

Our dynamism in risk management is apparent in the permanent and continuous adaptation of our lending policies to variations in the surroundings and changes in people's businesses, guaranteeing orderly growth to continue gaining in scale and reach. Because of automation and digitalization, these adaptations are immediately transferred to our origination process (the process of assessing, formalizing, and disbursing the loan).

The progressive incorporation of scoring tools in managing credit risk has contributed, among other things, to:

- Better decision-taking in resolving credit applications;
- Greater efficiency in the collections and recovery processes by defining strategies personalized according to the client's risk profile,
- A more responsive, adapted value offering by applying pre-approved lending campaigns for our best clients.



15 years of growth | Government | Focused on the client | Service model | **Integral management** | Sustainability



Data analysis introduced into our risk monitoring processes has enabled us to identify and prioritize potential risk sources and anticipate the action needed to mitigate them.

The dynamic nature of our businesses, digitalization, and automation, and the changes in the surroundings themselves have entailed new sources of potential risk that have required us to strengthen our identification and mitigation systems. We have robust processes for analyzing and approving new products and for managing the change that, together with the processes for business continuity, ensure that our transactions have an appropriate risk profile and are sustainable over time.

Turning to our teams, since the Foundation was set up, one of our core priorities has been, and continues to be, **human capital and the welfare of our over 8,000 employees**. We place particular emphasis on maximizing their professional development throughout their careers in the Group.

All our institutions have promotion and category enhancement procedures that recognize the acquisition of knowhow and skills, as well as performance. To support our staff's professional development, we have made an extensive training suite available to them, covering subjects such as banking, regulation, technology, and sustainability. In 2022, we provided 579,000 hours of training, which computes as an average of 70 hours per person. We can highlight programs such as SHE, designed to overcome unconscious bias, in which all the Group entities took part, and the Leaders Academy, which has the goal of consolidating the management capabilities of those with this kind of responsibility. Furthermore, a significant tranche of our budget was spent on grants for university studies and specializations.

We are also pushing to promote female talent within our entities. Proof of this is that three of our five microfinance institutions, in fact the regulated and largest ones, are headed up by women: Bancamía (Colombia), Banco Adopem (Dominican Republic) and Financiera Confianza (Peru).

**To support our staff's professional development, we have made an extensive training suite available, covering banking, regulation, technology, sustainability, etc. In 2022, we provided 579,000 hours of training**



15 years of growth | Government | Focused on the client | Service model | **Integral management** | Sustainability



But we have not restricted ourselves to the professional development of our staff; we also want them to improve their lives. We do this through benefits that provide peace of mind for both them and their families. We invest between 15% and 20% of payroll in specific benefits programs, which include vehicle financing; health, life, and funeral insurance; grants for our colleagues' children, etc. These measures help to reinforce their commitment and motivation.

Finally, BBVA Microfinance Foundation is **committed to environmental sustainability** and since 2019 has considered it a strategic priority. To that end we have implemented actions internally to rationalize our own resource use and consumption. Firstly, by reducing our carbon footprint and later by actively managing our energy use and our traveling, as well as recycling plastic and paper according to the infrastructure that exists in each country.

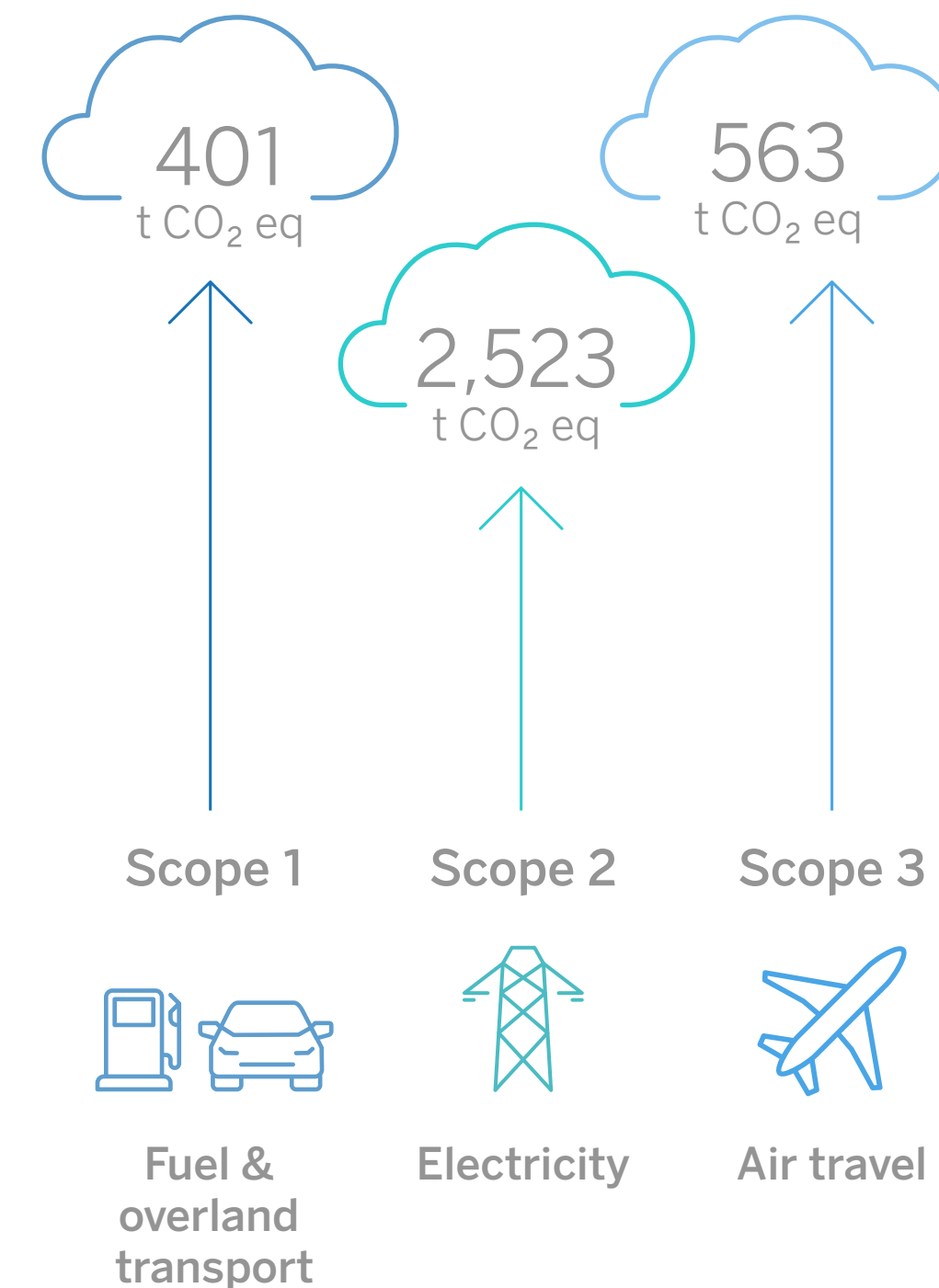
In the Foundation we offset our carbon footprint by buying carbon credits, while in Colombia we are looking to offset our footprint through voluntary work and reforestation

We can point to the opening in 2021 of a pilot office in Molina, Colombia, that operates using solar energy. Given its successful performance, the project was extended in 2022 to the Arauca and Centro Medellín offices

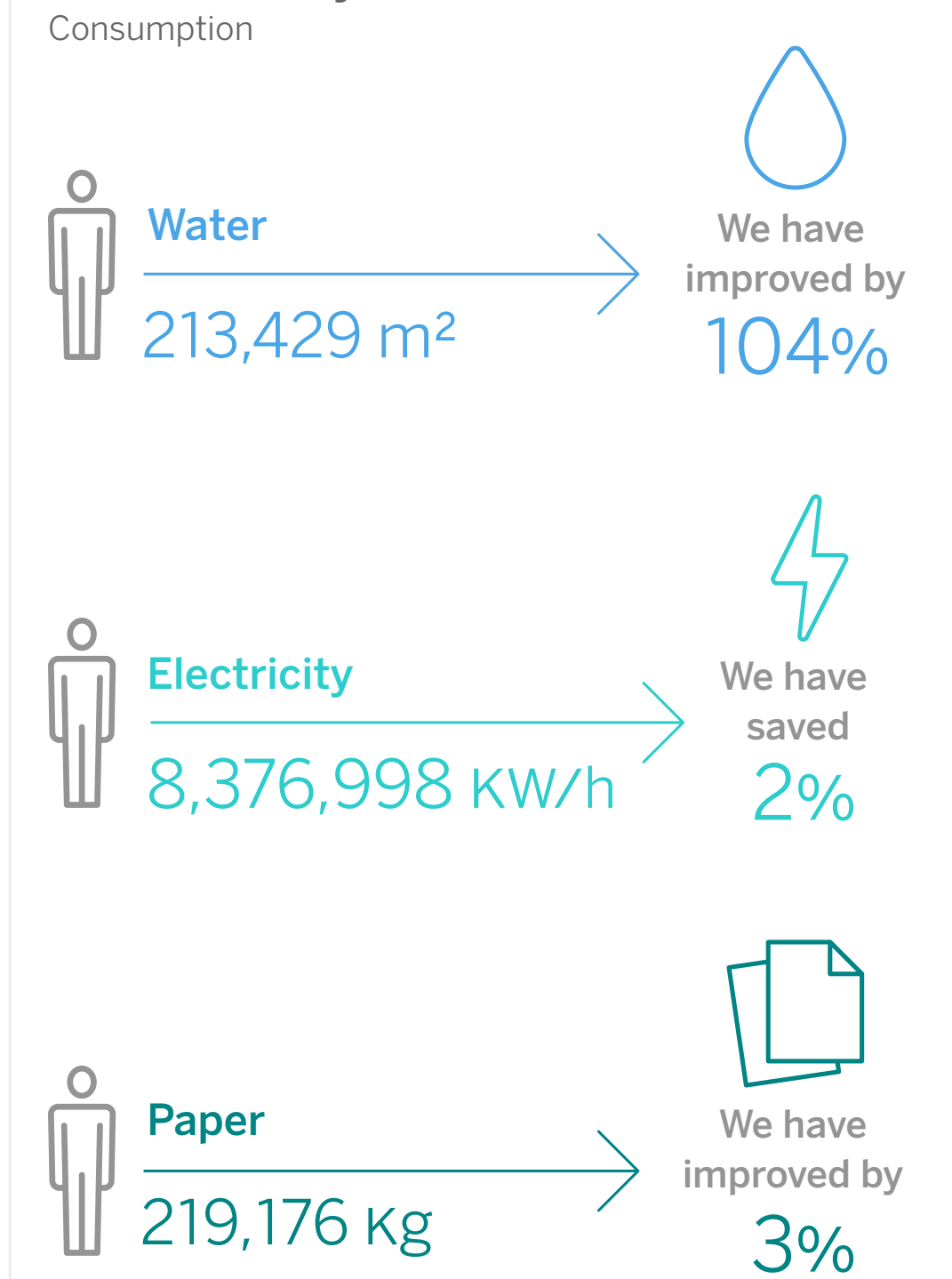
We have also shown our commitment with our adherence to the *United Nations' Principles for Responsible Banking*, that define the financial sector's commitment and duties in contributing to a sustainable future. These are aligned with the SDGs, the United Nations' Framework Convention on Climate Change (UNFCCC) and the Paris Agreement on climate change, that set worldwide standards for responsible financial institutions.

For more information, see [Environmental progress \(SPR 2022, ESG section\)](#).

### Carbon footprint



### Ecoefficiency



**BBVAMF's commitment to environmental stability is now considered a strategic priority; we have implemented actions internally to rationalize our use and consumption of resources**



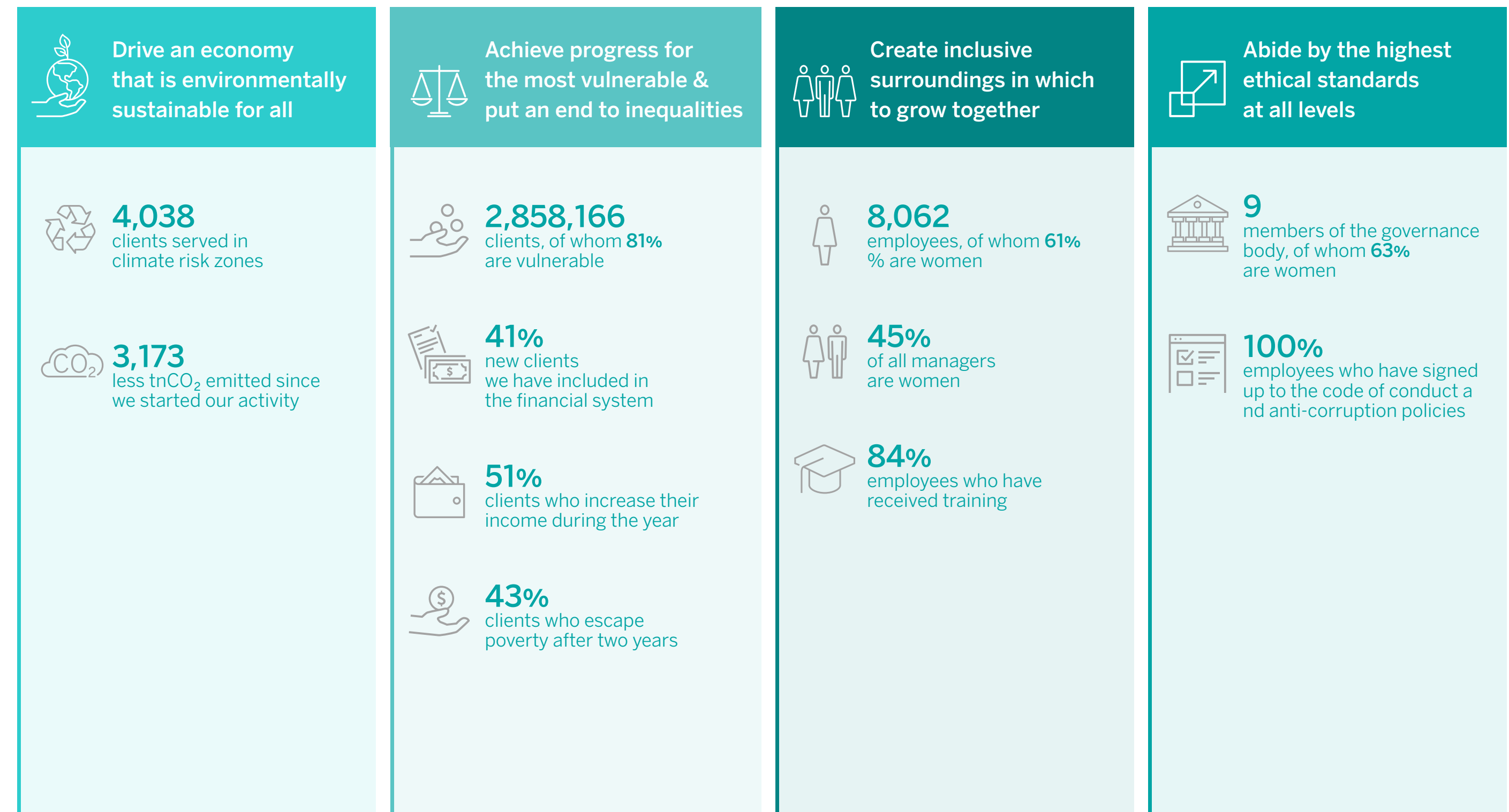
# Our sustainability vision

The challenge in the coming years encompasses the social and environmental dimensions jointly. Despite the improvement in welfare levels achieved in recent years, intolerable levels of poverty remain, which have become more acute since the pandemic, with tensions in many geographical areas, that require us to forge a path towards a growth model that is even more inclusive and sustainable.

In conjunction with our entities, we have built an indicator model that integrates environmental, social and governance (ESG) factors. Vulnerable entrepreneurs have very low incomes, limited or no access to the financial system and are, in addition, very exposed to climate change impacts. For this reason, BBVAMF has placed greater emphasis on the social dimension, something that stands at the heart of our mission.

Our work aims to mitigate the factors leading to financial and social exclusion, as well as to provide entrepreneurs with a set of products and services to enable them to be more resilient to climate change, improve their interaction with the environment and raise their standards of living. This is contained within a governance framework that safeguards compliance with our mission, ethical principles, and appropriate behavior, producing the lowest possible carbon footprint, and one that fosters diversity, equality, and best working practice.

## The key ESG indicators are:



15 years of growth | Government | Focused on the client | Service model | Integral management | **Sustainability**



Our vision of sustainability goes further. We acknowledge the importance of aligning the strategic goals that enable us to generate greater impact on all our stakeholders along one ESG model. We do not limit ourselves to considering non-financial indicators and the impact that our work has on clients; we also endeavor to mitigate risks and generate more opportunities by taking a holistic perspective.

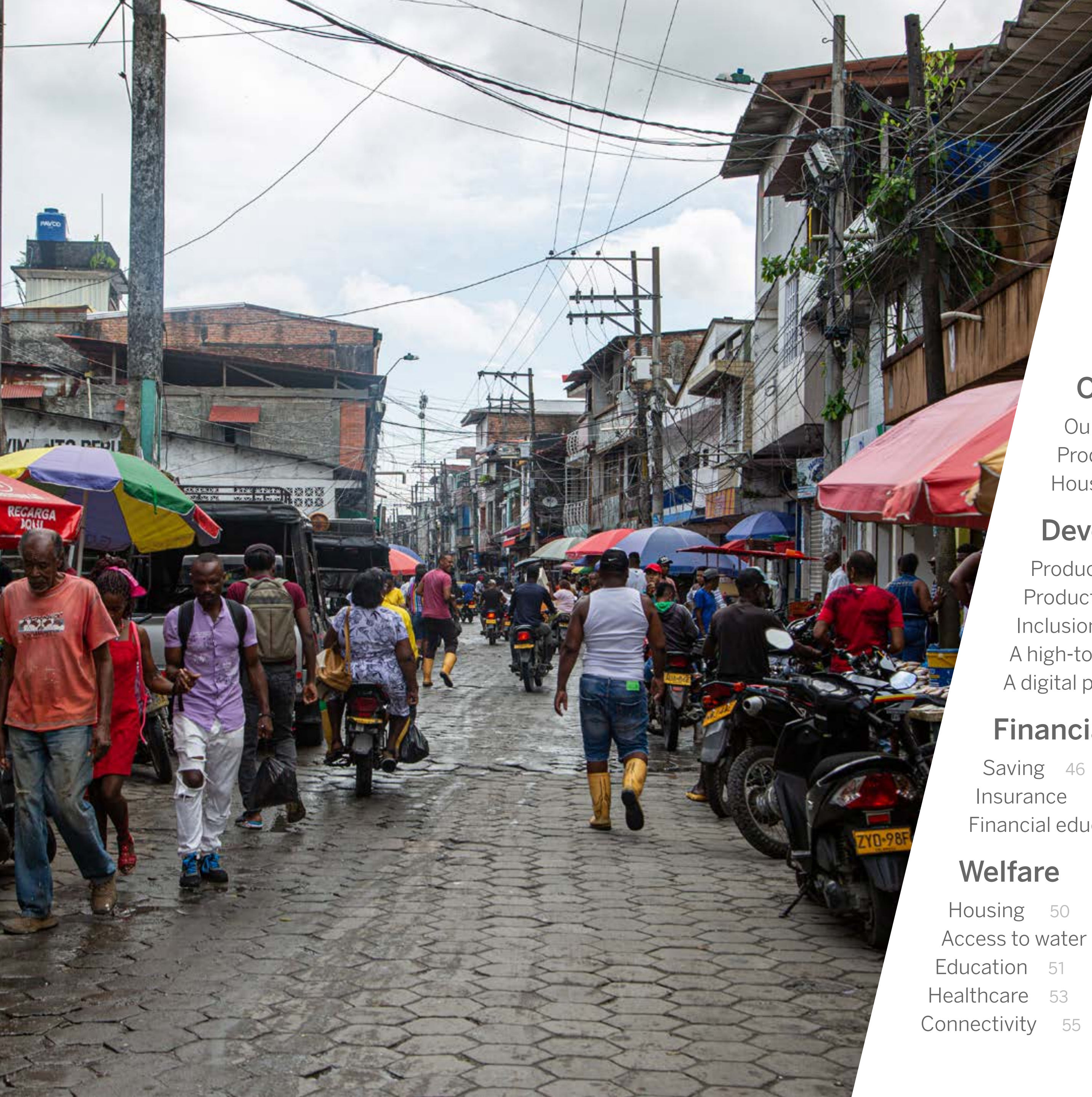
Making progress in the medium and long term in this direction requires serious commitment and careful coordination between the various levels and agents, together with buy-in from the public and private sectors.

This model enables us to move ahead towards achieving the Sustainable Development Goals (SDG) that have been set for 2030. If all actors, public and private, work hard towards these, they will act as a catalyst that will drive creativity and innovation, thus accelerating inclusive progress.

For more details, see [Our ESG model \(SPR 2022\)](#).

**For this reason, BBVAMF has placed greater emphasis on the social dimension, given that vulnerable entrepreneurs have very low incomes, limited or no access to the financial system and are, in addition, very exposed to the impacts of climate change**





# Our activity in 2022

## Our purpose 30

Our raison d'être 30

Productive Finance 32

Households in situations of vulnerability 33

## Developing businesses 34

Productivity and environmental resilience 37

Products for women 38

Inclusion loans for migrants and the displaced 41

A high-touch, responsive, simple and flexible service 42

A digital process for greater agility 44

## Financial health 46

Saving 46

Insurance 47

Financial education 48

## Welfare 49

Housing 50

Access to water a 51

Education 51

Healthcare 53

Connectivity 55

# Our purpose

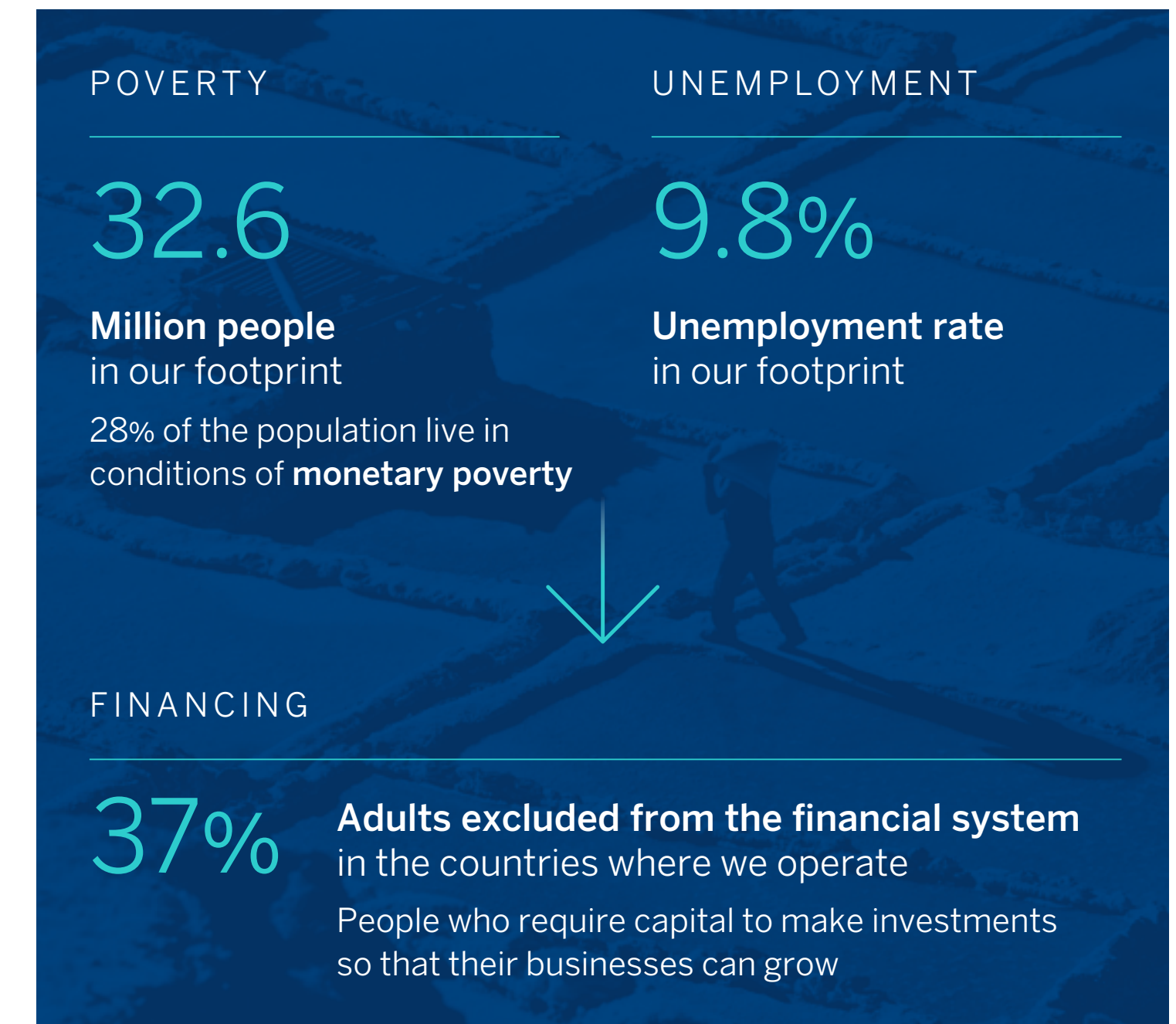
## Our raison d'être

People in vulnerability tend to have received less formal education. This makes it more difficult for them to find employment and, if they do get into the labor market, it is frequently under precarious conditions. Around 22% of people in work in Latin America are in poverty, 7% are in extreme poverty and six out of ten are employed in the informal economy.

This is all reflected in the low labor participation rate, which stands at 65%,<sup>9</sup> with a 23-percentage point disparity between men and women: the overall percentage breaks down as 74% and 51% respectively. This difference in participation indicates that women face greater obstacles to accessing the labor market, above all in the most vulnerable segments. These difficulties are sometimes particularly tough because of the high direct costs they have to bear, as it is the women who take on the costs of the unpaid work associated with their households.

Women are more affected than men by this phenomenon in low- and medium-low income countries; frequently they are in greater vulnerability than men.

Because of their lack of opportunities and discouraged by the impossibility of accessing the labor market in conditions that allow them to escape their poverty, many people opt to carry out self-employed activities with small enterprises that enable them to escape this predicament



9. In our footprint. BBVAMF's own calculations.

Source: BBVAMF estimates & calculations, based on the 2017 Global Findex Database, World Bank Group.



Many of those in these segments are excluded from the formal financial system or do not make full use of it, with a high proportion eventually leaving it. Financial inclusion is useful when it can help these segments to improve their lives and stimulate economic activity.

Many of these people have no collateral or anything to provide as a guarantee, making it more difficult for them to apply for a loan against their future incomes, as they tend not to maintain a stable, or easily predictable, income flow. In the long term, this conditions their capacity to access working capital, a further obstacle to developing their activities which reduces their likelihood of success.

Most live and work in the informal economy, out of necessity rather than choice. They are at one and the same time small enterprises and households, with the result that their consumption and production decisions are linked to one another. In other words, the traditional distinction between the financial needs of consumers and those of the company are blurred. As a consequence, they need a broad range of financial services to create and maintain their means of subsistence, accumulate assets, manage risks and smooth consumption.

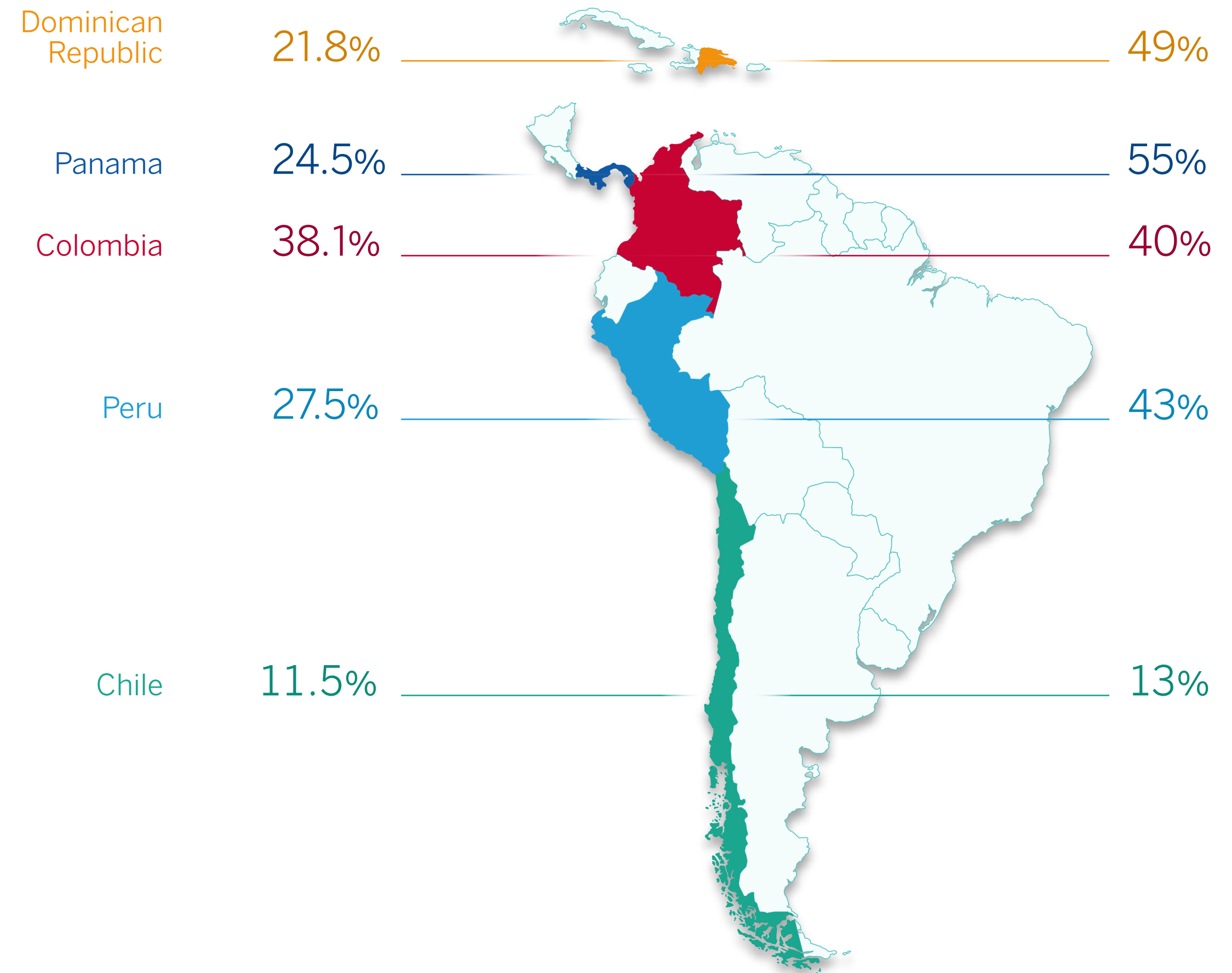
**Entrepreneurs need a broad range of financial services to subsist, accumulate assets, manage risks and smooth consumption.**

**Monetary poverty**

% of the population in each country

**Financial exclusion**

% of the population in each country



Source: Official bodies in each country (DANE, Colombia; INEI, Peru; Chile's Social Development Ministry; Dominican Republic's Finance Ministry, Panama's Finance Ministry. All data on poverty from 2021, except Panama (2019). 2021 Global Findex Database, World Bank Group.

# Productive Finance

Understanding the reality of vulnerable people’s lives and the labor market to which they have access is an essential prerequisite for building a product and service model that increases their likelihood of succeeding, making it possible for their financial inclusion to become permanent. For inclusion to be responsible and sustainable, an efficient, responsive model designed to foster permanence is needed.

The Foundation uses the Productive Finance model, which provides a full range of financial products and services; the model also encompasses mentoring of microentrepreneurs, to stimulate the development of their productive activities, mitigate risks and improve standards of living for their families sustainably and with a proposition that is appropriate to their specific circumstances, both financial and social.

Our starting point is getting to know the individual client, their environment, and the reality of their life, taking into account their profile and vulnerability characteristics. We use this as the basis for supporting them as they generate economic surpluses that are sustainable over time.

The key lies in recognizing their potential, whether it manifests itself through more traditional tangible attributes (eg. income), or through intangible attributes such as imagination, commitment, willingness to pay, perseverance, empowerment, sense of personal responsibility, etc. Once these have been identified, they are assessed.

Innovation has been a key lever that has enabled us to achieve greater scale and reach with lower operational costs, together with surprising levels of efficiency compared to the sector’s usual benchmarks, enabling us to operate on interest rates that converge with those applied in conventional retail banking.

## Our model: Productive Finance

### 1. Inclusion of vulnerable people

### 2. Progress through entrepreneurship, striving for the family’s welfare



#### Business development

#### Financial healthcare

#### Welfare

- Healthcare
- Housing upgrades
- Education
- Empowerment
- Networks



### 3. With a proposition that is tailored to each household



### 4. With a business model that is efficient and sustainable





# Households in situations of vulnerability

“Someone is vulnerable when there is a high risk that their circumstances and achievements are going to be impaired in the future” (UNDP). So it is imperative to build up a holistic vision of that vulnerability. The Foundation has defined four types:

That is, it is important not only to measure and monitor a household’s minimum disposable income (economic poverty), but also necessary to analyze a wider set of deprivations and shortfalls that may affect the lives of the people in that household. The Foundation measures entrepreneurs’ **pobreza monetaria** as well as their **multidimensional poverty**, ie. their shortfalls in terms of healthcare, education and housing.

Furthermore, the accelerated process of digitalization occurring across the board in society in accessing basic goods and services behooves us to pay special attention to people’s digital usage and skills, which is why we also measure **digital poverty**. These factors come on top of other risks, such as exposure to disasters and the impact of the climate emergency. This is known as **climate vulnerability**.

We have observed that when vulnerable people have access to formal financial services – including training in this field, and use these services in several interactions, they start building up financial abilities. Of the new entrepreneurs served, 28% have been banked through one of the Foundation’s institutions (they have joined the formal financial system for the first time thanks to that institution).

Financial inclusion not only permits many people without resources to develop businesses—and as such to generate a source of income for their household—, but also enables them to save or to take out an insurance policy against weather events and illnesses, or to smooth their consumption to offset the volatility of their incomes. In other words, financial tools are an opportunity to help entrepreneurs to reduce their vulnerability or their exposure to it.

## Dimensions of vulnerability

### 1 Economic vulnerability

Focusing on the financial resources available to their household, i.e. how the business contributes to domestic income.

**30% of entrepreneurs are income-poor**

### 4 Climate vulnerability

Takes into account the area in which the entrepreneur lives and works, as this may be affected by contingencies caused by climate change.

Ongoing study

1

2

### 2 Multidimensional/ social

Analyzes the multiple deprivations of a household in terms of education, housing & healthcare (Based on the OPHI-Oxford multidimensional poverty indicator).

**24% of households are in multidimensional poverty**

3

### 3 Digital vulnerability

Tackles the very low penetration of ICT usage & consumption, as well as the income levels needed to acquire these kinds of product.

Ongoing study



**Measuring and monitoring a household's minimum disposable income is as important as analyzing a broader set of deprivations and deprivations that may affect its quality of life.**



# Developing businesses

In 2022, after the harsh blow of the pandemic that paralyzed entrepreneurial activity, we noted that activity normalized. 794,000 entrepreneurs received a loan through one or other of the BBVAMF group's institutions (12% more than in 2021), of whom over 290,000 were new entrepreneurs.<sup>10</sup>

Results achieved in 2022 showcase excellent business performance with annual growth rates in sales and surpluses of 25% and 26% respectively. This equates to one in two entrepreneurs served in 2022 growing in both variables at the same time.<sup>11</sup> This resilience is partly due to the changes they made in their businesses:

- They raised their online sales to reach more clients;
- They cut their overheads and improved their management of variable expenses by reviewing their supplier relationships; and
- They diversified the business to mitigate risks.

## Growth in sales and surpluses

Entrepreneurs who have renewed a loan every year



Entrepreneurs who have had at least one loan renewal every month. The financial information is compared with the previous period. Compound annual growth rates calculated for each client. The top 5% and the bottom 1% outliers have been excluded.

10. Clients to whom the institutions disbursed credits for the first time.

11. Proportion of entrepreneurs served during the year whose sales and surpluses grew.

12. Entrepreneurs who have had at least one loan renewal every month. The financial information is compared with the previous period. Compound annual growth rates calculated for each client. The top 5% and the bottom 1% outliers have been excluded.

These results have passed through into a higher disposable income and a greater proportion of households enjoying an increase (52% of entrepreneurs raised their relative income, compared to 51% in 2021). These revenue levels mean that after two years banking with one of our institutions, one in four entrepreneurs generates enough income to escape poverty. This is particularly significant, given that 55% of the entrepreneurs served said that their business was their household's main source of income, while for a further 18% their business income was the same as their revenue from other sources.<sup>12</sup>

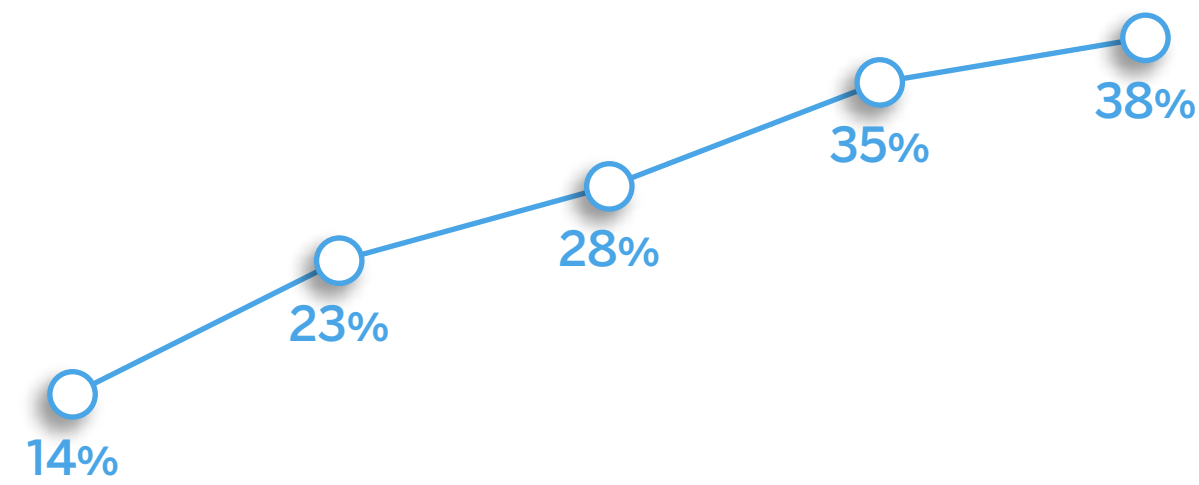
**In 2022, 794,000 entrepreneurs received a loan through one of the BBVAMF group's institutions (12% more than in 2021), of whom over 290,000 were new entrepreneurs**



### Changes in the poverty segment

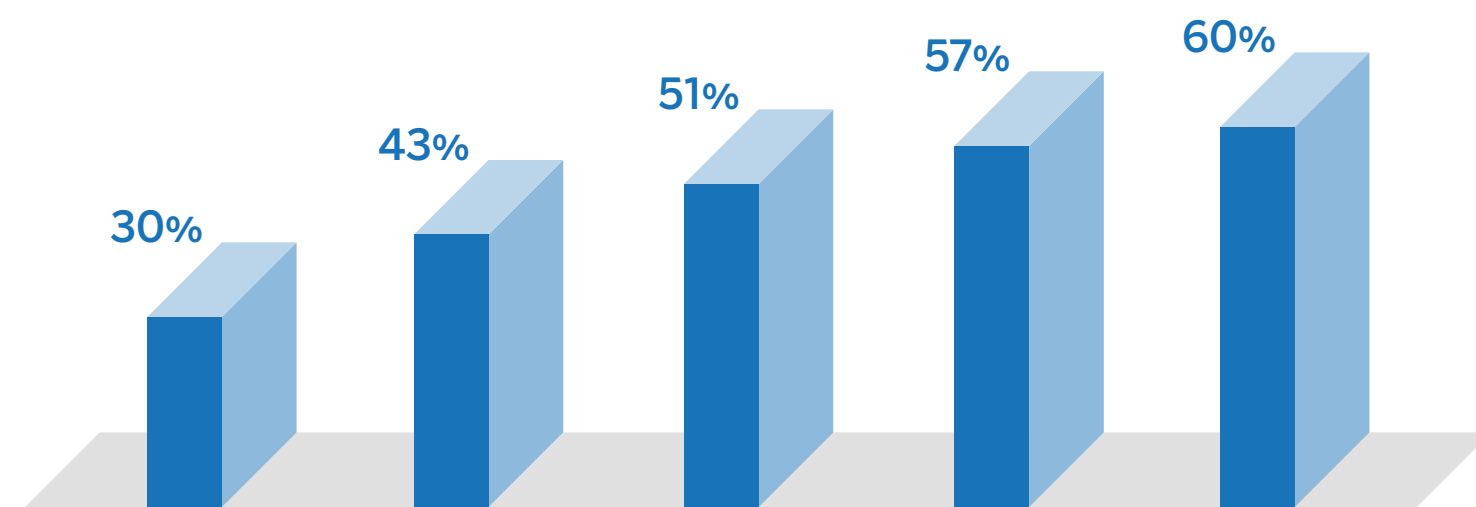
Entrepreneurs renewing a loan

#### Net reduction



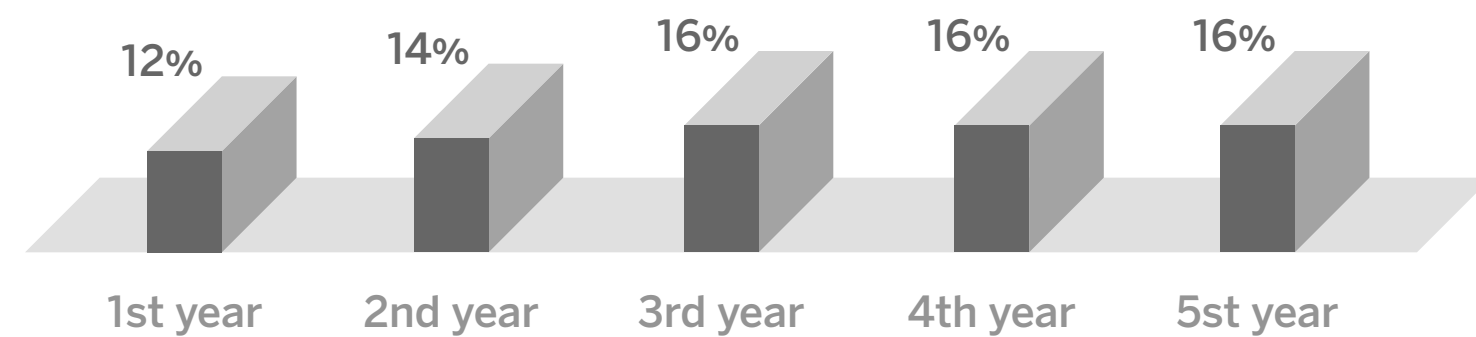
#### Escape from poverty

Poor clients who escape poverty



#### Fall into poverty

Non-poor clients who fall into poverty



In the case of entrepreneurs who have been banking with our institutions for over five years, giving us the opportunity to make a more structural analysis, we see that the crisis has slowed down the long-term improvement, but only a little. An extremely poor client escapes poverty after their third credit, compared to two years ago, pre-pandemic, when they escaped it after only two credits.

So we see that recovering revenue has had a clear consequence: stopping investment in welfare, thus delaying the progress being made in households. Several factors have caused this situation: high inflation (especially in food, which has hit the lowest-income segments particularly hard); difficulties in adjusting to an increasingly digital environment and having to cope with contingencies from the reduction in their savings, and in the social support expected from the State (shortfalls in healthcare, housing, natural disasters, etc.). To alleviate this situation, BBVAMF has set up several initiatives that are aligned with our key strategic drivers:

#### Productivity and environmental resilience.

The development of entrepreneurs affected by climate change needs to be combined with improvements to their productivity using more efficient production methods. That is why we have designed a proposition to improve climate resilience and farming sustainability (the most representative segment in rural areas). The aim is to protect these businesses while managing climate risk at the same time.

Products for women. Acknowledging the barriers facing women, we pay particular attention to them when designing an offering that meets their needs.

Including displaced persons. Displacements between countries continue to be an important aspect of social reality in the regions where the Foundation works, particularly the rise in migration from Venezuela. Migrants, the displaced and refugees are groups facing major challenges, so it is of paramount importance that they can benefit from a formal loan.

Clients renewing a loan in 2022.

- Escape from poverty: Clients in poverty at the outset of their relationship with the institution (classified as extremely poor or poor) who have generated income taking them over the poverty line.
- Fall into poverty: Clients not in poverty at the outset of their relationship with the institution (classified as vulnerable or others) who have generated income below the poverty line.
- Net reduction: Escape from poverty minus Fall into poverty (taking the segment of clients who were poor at the outset).

### Service that is high-touch, responsive, and flexible.

The context in which an entrepreneur lives, with insufficient infrastructure and high travel costs, together with the complex outlook facing them to keep their business going and cover their financial obligations, all require us to focus and adapt, as much as we can, to their surroundings and their needs. That is why we seek to build a relationship banking model that provides:

- A broad network of channels to ensure high-touch service, avoiding travel costs and their having to shutter their business;
- With tools that are responsive and flexible (such as the mobile banking app and geolocation), so that they can receive face-to-face or digital service in situ, that meets their needs.
- Designed, adapted, and constantly being upgraded, to offer them a better service.

We are building a model that is adapted to each household's needs, that combines face-to-face and digital channels (a hybrid model), and where the loan origination is increasingly digital. This will allow us to serve both digital natives and those who are not so comfortable—or not at all—in this medium who need personal advice.



# Productivity and environmental resilience

In 2022 we continued to make progress in defining environmentally sound financial products and services to enable vulnerable people to raise the productivity of their economic activities in order to get better returns without triggering environmental impacts, whilst also mitigating the negative effects of climate change on their businesses.

## Green products



### Green loans

Colombia and Dominican Republic

**4,038** clients

USD 2.99 M



### Climate insurance

Colombia

**19,426** policyholders

**80% growth** between 2021/2022

In the area of **environmental productivity**, by the end of 2022 over 4,000 clients had signed up for green loans. The goals vary: improved energy efficiency (Ecocrédito in Colombia); sustainable infrastructure (Ecovivienda and Crediverde for energy [Colombia]); and farming sustainability (Crediverde Adaptación [Colombia and Dominican Republic], Ganadería Familiar Sostenible, Agromujer and Macadamia [Dominican Republic]).

Turning to **environmental resilience**, we provide tools to analyze and manage the risks linked to climate change, so that they can tackle the effects of adverse environmental phenomena on their businesses. We have launched two initiatives in this area: :

- **Climate resilience:** In 2022 a pilot phase of the environmental and social risk assessment system (SARAS in the Spanish acronym) was rolled out. Its aim was to identify, assess, mitigate, and monitor these risks in the economic activity portfolio of Bancamía entrepreneurs to find out which had the greatest impact on the environment and to help them to decarbonize using our financial products and services offering.

- **Climate vulnerability:** This tool identifies entrepreneurs' exposure to the climate change phenomenon (droughts, floods, cyclones, and rising temperatures) that can affect their productive activities, their sensitivity to climate change and their capacity to adapt. Preparing for this allows us to put together a financial package that is tailored to the realities of each climate (ie. a protocol and emergency loans for earthquakes in Chile). In Bancamía, as required by that country's banking authority, and in compliance with the TCFD (Task Force on Climate-Related Financial Disclosures) model, climate vulnerability heat maps were drawn up based on statistics from a variety of meteorological and climate sources. The clients most exposed to climate risks were identified on these maps using geolocation. This formed the basis of our **climate insurances** policies. These cover losses caused by one-off climate phenomena (*Mi Siembra Protegida* and *Mi Inversión Protegida* (Colombia)).

Banco Adopem has created an indicator, as part of the MEBA (Microfinance for Ecosystem-based Adaptation) project, that measures clients' capacity to adapt to climate changes using good practices and technologies across 17 dimensions.<sup>13</sup>

13. According to the answers to 57 questions covering 17 dimensions, the tool generates a figure between 0 and 5 that is the basis for comparing the client's current situation and progress in their gradual adaptation to ecosystem-based climate change. The calculation for the indicator generates one of the following outcomes: From 0.01 to 2.00 = very little adaptive capacity / From 2.01 to 3.00 = little adaptive capacity / From 3.01 to 4.00 = middling adaptive capacity / From 4.01 to 5.00 = high adaptive capacity.



# Products for women

We continued driving financial products and services in 2022 with a gendered approach, strengthening women's businesses using a range of digitalization interventions. New technologies and internet access are undeniably fundamental to the success of any enterprise. However, in Latin America and the Caribbean there are still 70 million women who use neither internet nor a mobile phone,<sup>14</sup> representing a clear digital divide by gender.

BBVAMF promotes the use of new technologies among women entrepreneurs who are frequently frightened to use them, often do not have the right devices or the necessary skills to get connected, or who cannot afford expensive mobile data plans.

We are also taking part in financial inclusion studies with a gendered and intersectional approach (indigenous, migrant, and rural women).

## Products with a difference

### Peru: 22,000 women in *Emprendiendo Mujer*

A pioneering and innovative credit product in Peru focused on reinforcing its women's self-confidence and entrepreneurial spirit. It was designed in 2021 in partnership with the Ignite project run by CARE Peru and the Mastercard Center for Inclusive Growth to provide an improved proposition to female group lending clients (*Palabra de Mujer*). These women can also access the training programs in financial literacy on the *Lista Express Perú* app. By November 2022, more than 22,000 women had benefited from this product.

## Training

### 770 entrepreneurs in Colombia. Empowerment skills: *Facilitamos su Progreso* platform

Once we understood the importance of using a gendered approach in our clients' financial education, we started to include training material in the empowerment skills module on Bancamía's *Facilitamos su Progreso* platform. Some of these materials, such as "Gender, negotiation and role playing" and "Diversity, equity and inclusion to enjoy a shared world", contribute to narrowing gender gaps.

### [Pilot] *Entrepreneurs in Colombia. Women's leadership*

Bancamía has developed the *Journey Mujer* to formulate a training program that strengthens soft skills and leadership to help women entrepreneurs in their decision-making process and make accessing the financial system less daunting. This program acknowledges women's roles, giving them a new meaning from a productive and entrepreneurial perspective, showing them daily financial realities that involve them in generating wealth and in contributing to society.

14. GSMA data. Mobile Gender Gap Report 2021.

## 75 women clients in Chile. *Despega Mujer* - *Luksic Foundation*

A further 25 women partners of Fondo Esperanza from several townships in the Ñuble region have joined in 2022, bringing the total of those benefiting up to 75. Operating for the third year in a row, the *Despega Mujer* program encompasses upskilling, one-to-one mentoring, and funding of up to USD 2,200. The upskilling sessions include subjects around women and empowerment, techniques to make their business grow, digital tools and marketing, leadership, joining the formal economy, innovation, products and services, applying for public funds and enterprise management.

## TIGO-Microserfin Partnership pilot program

In 2022 Microserfin consolidated its strategic partnership with the telecoms multinational TIGO. Its purpose is to strengthen the productive development of the women microentrepreneurs it serves in urban and rural settings so that they can access skills and training on how to use technology and apply it in their businesses. The pilot program will be rolled out in 2023 with 30 women. Plans are being made to organize training days, sessions on specific subjects and workshops to bring people to digital literacy, strengthen their skills and make the most of technology tools.

**A tu Selección de Confianza,  
¡nadie las para!**

**Crédito Palabra de Mujer**

Convoca a 10 o más amigas emprendedoras como tú,  
obtengan su crédito y juntas alcancen el éxito.  
Contarán con charlas en educación financiera

Infórmate más en [confianza.pe](https://www.confianza.pe)

Financiera **confianza** | Fundación BBVA Microfinanzas

Crédito sujeto a evaluación. Información sobre costos de nuestros productos y servicios, disponible en nuestras oficinas de atención al público, a través de nuestro tarifario, y/o página web [www.confianza.pe](https://www.confianza.pe). La empresa tiene la obligación de difundir información de conformidad con la Ley 28597 y el Reglamento de Gestión de Conducta de Mercado Res. SBS 3274-2017

## Digitalizing a women-only product: *Palabra de Mujer (PDM)*

In 2022, this individual loan with group guarantees was reinforced using the digital *Banca Grupal* app to digitalize the entire credit process, from application, through assessment and finally disbursement. The improvements include electronic purchasing of the product, plus enabling clients to make withdrawals from their place of work or their homes. The self-service function in the *Financiera Confianza* app also went live, meaning that clients can self-evaluate, create their own groups, and invite other women friends to join. This was supported by an advertising campaign raffling off 200 mobile phones. By November 2022, 51,000 disbursements had already been effected across the country.

### 150 Women clients through the Emprendedoras Conectadas hub - Kodea Foundation-Google

The Kodea Foundation has for four years (2019-2022) run the *Emprendedoras Conectadas* program, generating an impact among more than 600 women in Santiago, thanks to support from Google Chile. Of all the women taking part, 70% finished the program and succeeded in setting up their own online store. Results from the subsequent monitoring show that incorporating cross-sector digital skills in their businesses has helped them to increase sales.

In view of the positive results so far, Google.org, Google's philanthropic arm, was approached and the idea of developing the *Emprendedoras Conectadas* hub was pitched to it. This aims to multiply and strengthen the impact of having acquired digital skills to reach 1,500 entrepreneurial women through a program to teach the trainers in social organizations. In addition, since November 2022, a more comprehensive program of face-to-face training has been set in motion for 150 women from Temuco and Concepción. Seed capital will be granted to 400 women entrepreneurs who complete the course: first to the 150 who take part in the training and later to the 250 who join in the next stage.

### Research

In 2021 Bancamía received an award from CAF, (Development Bank of Latin America) for funding *Women's Financial Inclusion and Closing the Gender Gaps in Colombia* research, beating 39 other candidates. Since then, it has been making this *Journey 360 Mujer* research even more robust by including new archetypes of vulnerable and diverse women such as indigenous, Afro descendants, Raizal women (native islanders), and settlers of rural territories, who are the ones facing the greatest challenges to financial inclusion in this country.

Bancamía has also participated in FUNDES-USAID research on gender biases when women entrepreneurs access funding. Its goal is to identify and reduce the gender gap produced by unconscious bias in the credit prospection, selection, assessment, and approval processes. The aim is for a protocol to help to increase the placing of financing products and the amounts disbursed into the hands of women microentrepreneurs, for which purpose surveys have been conducted, with both the supply and demand being analyzed.



Likewise, Microserfin participates in the Plan for the Economic Empowerment of Indigenous Women led by the Panamanian government, the Advisory Committee of Panama's Indigenous Women (CAMIP) and the IDB. This is the country's first public policy for the economic empowerment of indigenous women and represents an innovative proposal for the region. Its goal is for indigenous Panamanian women to enjoy full inclusion and to exercise their socioeconomic rights throughout the country within the next four years. For more information, see <https://www.mingob.gob.pa/plan-de-empoderamiento-economico-de-las-mujeres-indigenas-de-panama-pemip-2025/>



# Inclusion loans for migrants and the displaced

BBVAMF serves migrants as a way of contributing to the country's development with an integrated approach to the social impact, diversity, and inclusion of the most vulnerable groups.

Over the course of 2022, major internal migratory flows and displacements between countries continued to be an important part of the social reality in the areas where the Foundation works. The increase in Venezuelan migration and the resulting refugee crisis\* were particularly strong features. Over six million Venezuelans have emigrated to other Latin American countries, with Colombia the main reception country, at 2.3 million.

Many of these people live in precarious, unsafe working conditions in their host countries, with low wages and no social security. The pandemic has hit them particularly hard, exacerbating their vulnerability further. It is increasingly necessary to identify and empower these segments—frequently invisible to the State—to help them get ahead.

A large proportion of these migrants already had financial experience in their home country. However, when they were forced to migrate, they no longer had access to formal financial services and found it difficult to access them in the host country, often due to the absence of identity

documents or residence permits. However, despite being a group with significant potential for income generation due to their high personal and labor stability and their education and experience, they are currently underserved: only 18% of adult migrants in Colombia have a financial product or service (compared to 88% of the Colombian population<sup>15</sup>).

BBVAMF pays special attention to these groups, supporting them through financial inclusion and productive finance and thus promoting their development and welfare.

During the course of 2022, Bancamía (Colombia), Financiera Confianza (Peru), Fondo Esperanza (Chile) and Microserfin (Panama) served more than 161,381 displaced persons, migrants and refugees through specialized initiatives and programs such as Empropaz (Colombia) and the UNHCR program (Panama). In addition, in the same year, Bancamía and Financiera Confianza conducted supply and demand studies to determine the state of financial inclusion of the migrant population.

## **Financial inclusion strategy for the migrant, displaced and refugee population with a gendered approach - IFC (Financiera Confianza and Bancamía).**

In order to improve the financial services offered to refugees and migrants, in 2022 studies were developed in conjunction with the International Finance Corporation (IFC) of the World Bank. Deploying focus groups, surveys of the migrant population and analysis of the financial sector supply, the aim was to gauge their access to the financial market and understand what they want, together with the barriers and the business opportunities.

Among the challenges identified are the barriers to verifying their identity due to lack of papers; the absence of a credit history; the non-acceptance of alternative identity documents by insurers (which restricts them from obtaining credit, since they require credit insurance); financial institutions that have not adapted their technology or internal processes; and biases against this group (which are often present among commercial teams when dealing with migrants). Thanks to this study, adjustments have been made to be able to offer loans to this segment.

15. 2022 IFC data. Study of the migrant market in Colombia. Executive summary.

16. Clients current at December 2022, with credit and savings products.

# A high-touch, responsive, simple and flexible service

## A digital process for greater agility

If there is one process par excellence in our institutions, it is that of granting credit, which is why all BBVAMF Group institutions are committed to digitalization. Although priority has been given to this service, our business processes are also on the road to digitization.

Different stages of the credit approval procedure are available in a “self-service” format for our Bancamía clients (Colombia). When clients access their mobile banking facility, they can consult and accept the pre-approved loan offer.

In Peru, during their visits to entrepreneurs, the loan officer can start the paperwork and send it to the signatories —on the Advisor app— so that they can sign it digitally and securely without having to travel to a branch office. Furthermore, the credit application can also be made with mobile banking, to coincide with the round of visits made by the loan officer if the result of the pre-assessment function integrated in the app is positive.

Since 2022 a chatbot has made it possible to make personalized pre-approved credit proposals, bringing down the waiting period between the proposal and the acceptance from the previous average of four months to under two days.

In Dominican Republic the expansion of the document filing (the tool that digitalizes all the documents associated with the loan) to Adopem’s 70 branch offices is expected to be complete in the first few months of 2023, a crucial step for starting to turn the digital lending processes into a model. In FE (Chile), 100% of the applications are already online and over 88% of signatures are electronic.

All the institutions will continue working next year to implement the complete approval process. Including non-clients will be very important to achieve the goals set around increasing the number of clients and of disbursements.

Finally, by using geolocation, vulnerable people have been able to open a digital account in their place of residence and receive monthly grants or other financial products to which they did not have access previously. This tool is key, not only to locate the client very precisely in non-urbanized areas (which are sometimes even invisible to the State), but also for our entities to have high capillarity throughout the country and increase the speed with which products are distributed. During the pandemic it was fundamental for unblocking the delivery of subsidies. It is used now to activate the climate vulnerability maps.

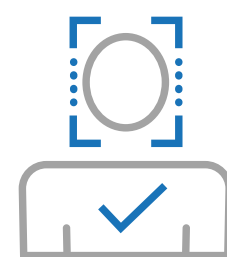
## Our digital service

2021		2022
392,000	Digital users	613,813 ↑
29,624	Digital products	104,847 ↑
669	N° onboarded using biometrics	14,994 ↑
€ 85,8 M	Transactions in mobile banking and web channels	€ 112,95 M ↑
4.38%	Digital money transactions	7.64% ↑

8.028 employees	557 offices & express service points	2.820 own correspondents	105.244 transaction points
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## Notable progress in 2022

### Facial biometrics



Clients can log into digital channels using secure identification and upload their documents:

- Financiera Confianza extended this facility to its entire client base during 2022.
- Bancamía was finalizing this development for roll-out in 2023.
- Adopem introduced this in July 2022. Furthermore, the inclusion of biometrics in other critical processes such as voice log-in, change of device and closing accounts is at the final stage of development.

### Electronic signature



This has been incorporated into processes, thus automating the secure mailing of documents to clients so that they can sign them on their own mobile phones.

- The pilot programs tested in 2021 in Financiera Confianza and Fondo Esperanza have evolved into core institutional processes.
- Bancamía clients, thanks to their digital signatures, can receive in their accounts the sum previously pre-approved in one click.
- Microserfin began the pilot phase both for contracts with clients and for internal processes.

### Digital sales



We are working towards having our products and services available in digital format so that clients can sign up for them on their own (“self-service”).

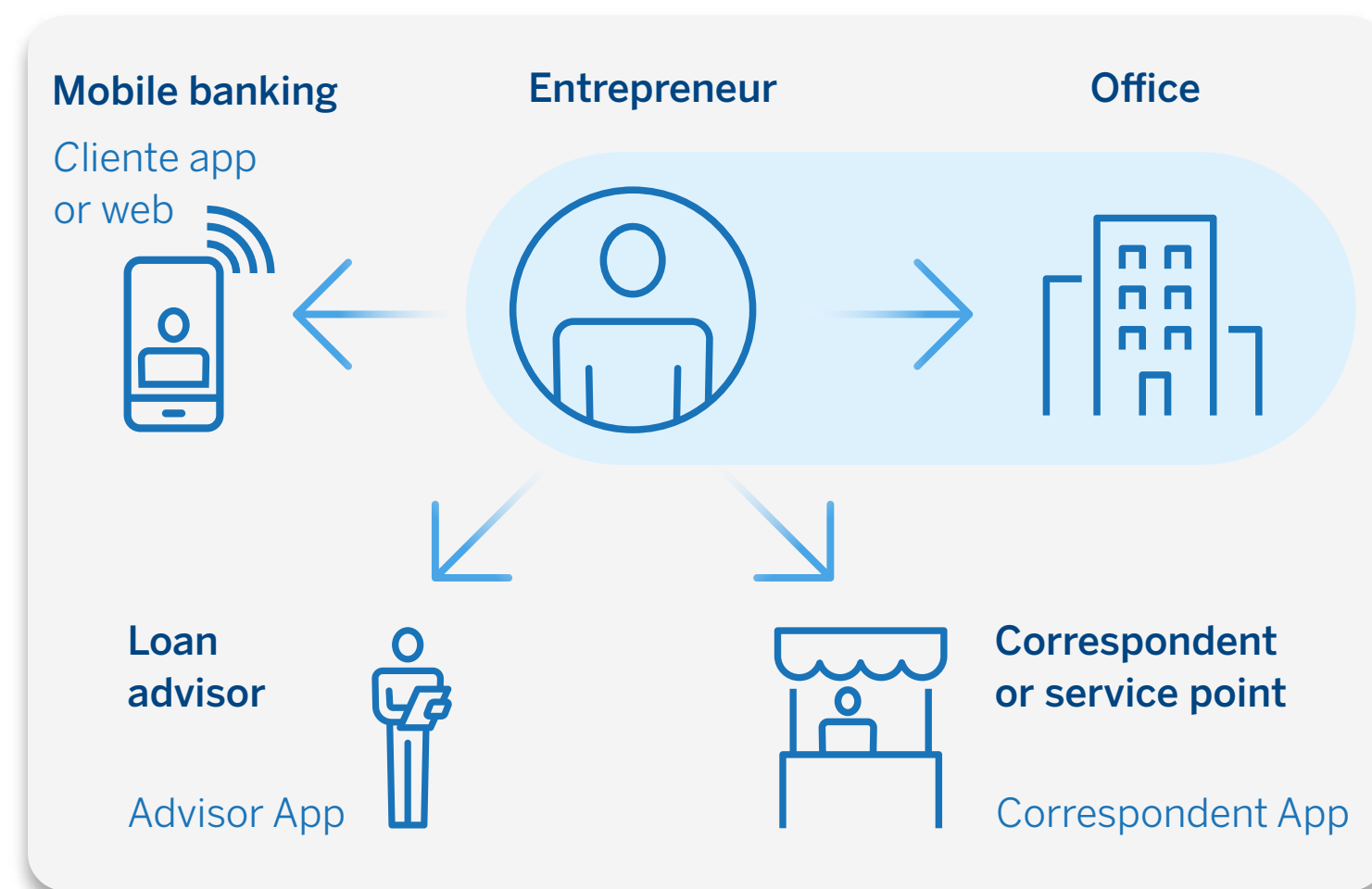
- Insurance policies (BA & AD) and savings accounts with “piggy bank” or “vault” functions (FC) were added to the digital offering in 2022. For more details, see [‘Financial health’](#).



# A multichannel model to be closer to our clients

As well as the above upgrades, there is now a broader network of channels to get even closer and make all the institution's products and services available to our clients, reducing or eliminating their traveling costs. A series of channels have been developed in all the countries in our footprint which range from traditional branch offices and banking agents to mobile banking.

## A broader relationship model



From **1** to **+5** new channels

- **Advisor app:** This has been designed so that officers can provide a service to entrepreneurs in the management of any commercial operation to do with their business, giving them the confidence to know that they can continue with their companies and productive activities without interruptions.
- **Correspondent app:** This app is for correspondent agents (microentrepreneurs who manage a business of reference in the community) so that they can make cash in/cash out operations accessible to entrepreneurs. They can use it as a more convenient way of paying their installments, withdrawing, or paying in funds. It is extremely important to make these kinds of transactions easier for clients since the use of cash continues to be very common among the vulnerable population.
- **Client app and website:** This self-service solution enables them to conduct all their transactions from their devices, thus avoiding the need to travel. It also keeps them informed about their products and services in real time.

## Highlights of progress made in 2022

### Client app

- **Dominican Rep. (AD):** Significant broadening of capabilities in payment of services, as well as purchasing and consultations about insurance.
- **Panama (MS):** Launch of the corporate app and website. The pilot project went live in five offices in November and by December 2022 was available to all clients. It also included a new function for digital payment of quotas thanks to its integration in the *Yappy* platform.
- **Peru (FC):** Functionalities added: reprogramming, credit applications, creating of the Palabra de Mujer (PDM) groups, account closures and the possibility to make referrals.<sup>17</sup>

**To be closer to the client and eliminate their travel costs, all the countries where we operate have developed a series of channels that range from traditional branch offices and banking agents to mobile banking**



<sup>17</sup>. Refer a client from another group.

## Next steps

We need to go further and find innovative ways of making digitalization more palatable to entrepreneurs so that they can improve their business productivity. In fact, it has been shown that those who used digital tools expanded their businesses by 30% and that more than 60% of users believed that these improvements were at least partly due to the digital products they employed.<sup>18</sup> For example, the use of digital currency is still limited and uptake of digital trading platforms, which certainly increased during the pandemic, fell after an initial uptick at the beginning of that period. Over time, many microbusinesses returned to their traditional *modus operandi* (sales by telephone, from their bricks-and-mortar premises, at fairs) once the restrictions on movement were lifted.

BBVAMF's institutions are permanently on the look-out for ways to support their clients, and are already working on several initiatives:

- **The entrepreneurial community:** A proposal for a digital ecosystem for 5,000 female Dominican entrepreneurs has been developed in the Dominican Republic that will be co-financed by IDB Lab over the next three years. This project includes the creation of digital training content on empowerment and leadership, business management and

digital skills, learning how to use digital store displays by practicing with simulators and a social network that boosts female entrepreneurs' networking. This virtual educational platform has been developed with Moodle and ran an initial pilot with over 100 women entrepreneurs to test the sign-up and general operational functions.

- **P2P payment initiatives:** Another mobile banking option is to send money through instant transfers, identifying the recipient by their mobile phone number. *Financiera Confianza* offers this service in Peru, with clients using their PIN, while *Bancamía* has teamed up with *Transfiyá* to provide it in Colombia.
- **Digital support:** Programs such as *Financiera Confianza's* *Esquina Digital* [Digital Corner] kickstart the take-up of digitalization by our clients, helping them to migrate from physical to digital channels. This program guides and teaches them how to use the app and home banking in their own agencies. The aim is two-fold: to prevent bottlenecks in agencies and to improve the service, with a target of reducing in-agency service by 20%.

- **Digitalization of payment systems:** Traceability of payments will enable clients to have better information and greater control over their incomes and expenditures, giving them more mechanisms to improve their financial health. The payment services industry is transforming itself to make processes easier and more convenient. This is being achieved by means of:

- Payment through mobile devices.
- Interoperable payment systems that break ecosystems and enable users to carry out transactions in a simple way between different entities.
- Immediate compensation systems (transfers) that avoid credit cards use and are thus less costly, as these need not be used.

18. *The impact of digital transformation on underserved microbusinesses* (Nov. 2022, CFI).

# Financial health

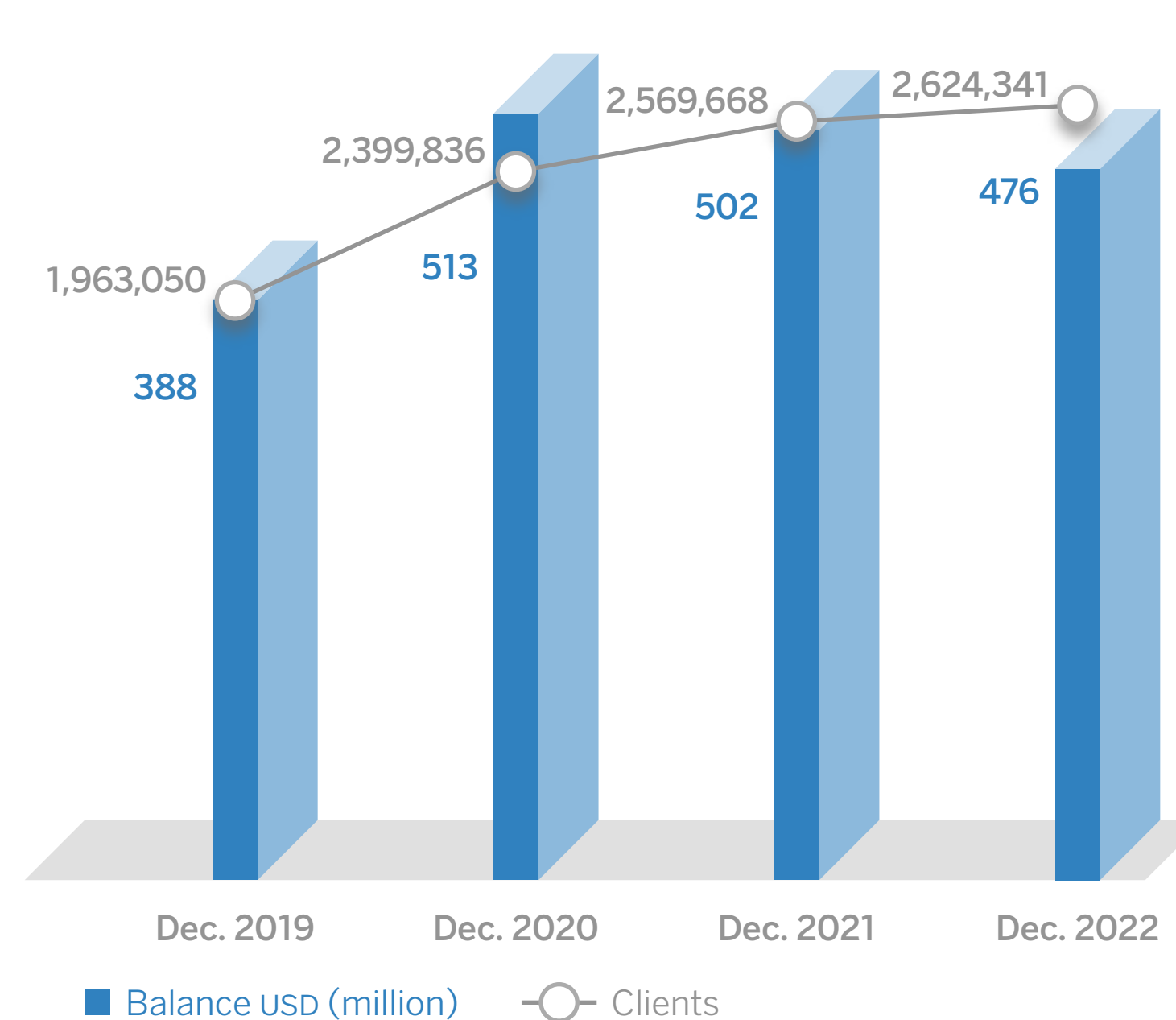
Turning to vulnerable entrepreneurs, it is particularly important to work in depth around their capacity to tackle potential financial shocks and to recover from them with their own funds. We need to understand how they handle their finances (management), how they prepare themselves to deal with future scenarios (planning) and what tools they have to do so (access and use).

## Saving

Insufficient income is the main barrier facing entrepreneurs (35%), followed by incapacity to save (one in five, 22%, don't succeed in doing so). Moreover, the drop in sales caused by the pandemic has had negative repercussions on entrepreneurs' capacity to save and on the amount they can save (for more information, see our [2022 Social Performance Report](#)). Despite this, the number of savings clients in the Group has risen slightly to 2.6 million. The takeaway from this is that fostering this habit among entrepreneurs continues to be a challenge.

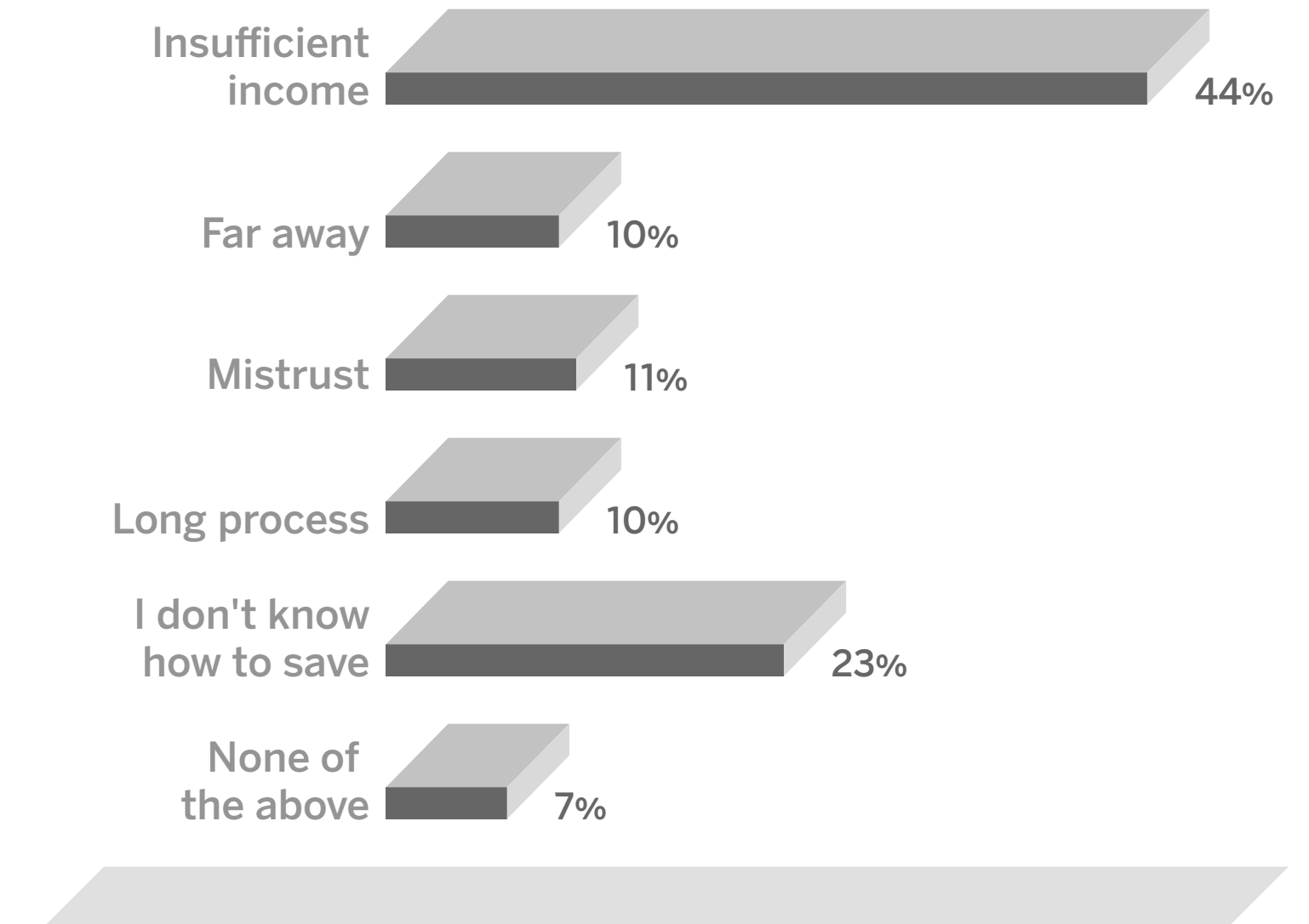
### Clients with accounts &/or savings products each year

Total Balance & clients with savings & deposits. Excluding institutional clients



### Savings difficulties

Total entrepreneurs surveyed in 2022, multiple answers permitted



**The main barrier facing entrepreneurs is their lack of income (35%), followed by their inability to save (22%), so we have an enormous opportunity to foster the savings habit**



## Insurance

For these reasons we have continued to push forward with products that encourage savings habits by setting goals and concrete targets. In 2022, after several pilot programs, Financiera Confianza has launched a savings app with a “piggy bank” or “vault” (savings sections) function. With this product clients can create savings products within their account on a one-off or scheduled basis, which helps entrepreneurs to:

1. Organize their balances; and
2. Separate their income, as they might have already been doing in an “offline” fashion, into separate vaults; and
3. Define longer term goals so that they can visualize how their vaults are growing and understand clearly what they are separating off and achieving. The aim is to simplify the information so that they can take decisions.

Furthermore, work is progressing with digitalizing the processes involved in purchasing, checking balances and operations, enabling clients who are digitally adept to operate without moving from their homes or place of business.

Functionality will go live in Colombia and Dominican Republic in the first few months of 2023.



Insurance is another tool for improving financial health since it helps to safeguard clients against unfavorable events and avoid unexpected expenses that could endanger the sustainability of their household incomes. For example, a health setback (whether the entrepreneur’s own or that of a family member) can destabilize business revenues.

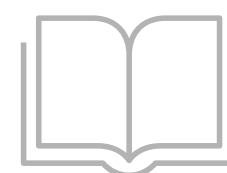
Our institutions have a broad insurance portfolio that they develop and improve, year after year. Of particular interest are the policies for covering damages that their business or harvest (in the farming sector) might suffer, and health and life insurance policies focused on mitigating any negative, health-related scenario (see [‘Health’](#)).

In 2022 we continued to adapt our insurance proposition for entrepreneurs. In Colombia, BA is working on defining a specific product for storeowners that protects their business, and which makes their *Mi bolso protegido* product [My Pocketbook Protected] more inclusive. In Panama, where there was nothing available for these entrepreneurs, MS has launched this service, which has been a real landmark for them. Life, sickness (cancer) and accident insurance have all been very popular. In 2023 the goal is to expand cancer insurance in Peru (FC) and coverage for women in Chile (FE).

# Financial education

In 2022 we continued supporting training and upskilling for entrepreneurs across several platforms, digital and face-to-face channels.

## Training



**696,450** people trained  
financial literacy and/or mentoring

**90,803**  
People formed in **digital skills**

**3,257** users  
of the online education platform



**Face-to-face**  
**63%**



**Virtual**  
**18%**



**Hybrid**  
**19%**



**Financial education**  
**76%** of training actions

Throughout the year, nearly 700,000 people have received financial advice, training or have attended virtual upskilling sessions in one or other of the BBVAMF institutions across the region, representing a year-on-year increase of 17% over 2021. Of these people, over 440,000 people were given face-to-face advice by Bancamía via its financial literacy program *Echemos Números* [Let's do the numbers], that is used during visits to entrepreneurs. Bancamía has received the Quality Seal for this program in the Level 1 Financial Literacy Skills Management category, awarded by Colombia's financial oversight authority, making it the first bank in the country to obtain this kind of acknowledgment.

91% of this education is imparted directly by our institutions. As far as the format of the training is concerned, the number of people trained online has increased by 123,806 (18% of the total), of whom 92,843 have joined Fondo Esperanza's virtual training sessions (principally through the School for Entrepreneurs). The hybrid format (face-to-face + virtual) was used by 450,000 people, most of them with Financiera Confianza's monthly course for PdM women clients (*Aprendiendo Confianza*). The majority were women (68%).

73% of the content is financial education, while 23% covers digital skills. 80% of entrepreneurs receiving this training are Group clients.

Bancamía advises the highest number of people, at 65% of the total (457,045 people), followed by Fondo Esperanza with 14% (98,740), Financiera Confianza with 12% (84,800), Banco Adopem with 5% (34,520) and Microserfin with 3% (21,330).

**Throughout the year, nearly 700,000 people have received financial advice, training, or virtual upskilling sessions in one or other of the BBVAMF institutions across the region, representing a year-on-year increase of 17% over 2021**





# Welfare

When we began our journey, we only looked at the entrepreneurs, at the clients who were working hard to try and bring up their families. With time we started looking at the household in the round, and we have become increasingly more aware of the multiple dimensions of vulnerability. If we can help so that households can attain a basic standard of living, we can reduce their contingencies and as a result improve their opportunities to progress. And to help them more, we need to know them better. That is why in 2021 we conducted some surveys on multidimensional poverty whose results showed that 23% of households found themselves in this position of vulnerability.

As a consequence, in 2022 we have made progress in two priority areas:



## Development offering

We are designing a value offering that covers our entrepreneurs' shortfalls and raises the welfare of their homes, whether directly (with an in-house product/service), or by linking up with third parties (eg. healthcare insurance).



## Multidimensional poverty data

The goal is to measure the shortfalls affecting all of the clients we serve to build an Internal Multidimensional Poverty Index (IMPI). The methodology is based on the 2021 Alkire-Foster advanced international method, with minor adjustments

The information collated will be available in 2023.

# Housing

Of the approximately 600 million inhabitants of Latin America and the Caribbean, around 120 million live in settlements of informal and unsuitable housing.<sup>19</sup>

## Housing improvement loans



Colombia, Peru,  
Dominican Republic & Panama

**35,710 clients**  
USD 120 M

As part of its efforts to raise its clients' overall welfare, the Foundation has several products and initiatives to help them upgrade their homes, such as Banco Adopem's *Ecovivienda* credit, Financiera Confianza's *Construyendo Confianza*, Bancamía's *Crédito de Desarrollo* and Microserfin's *Casafin*.

The credits are designed to finance upgrades in the entrepreneur's home, whether because of the housing's intrinsic shortcomings or to differentiate the living from the working quarters.

A financial adviser mentors clients throughout the process, providing information about how to execute the upgrades, and how to deal with contingencies at a reasonable cost. This advisor visits clients' homes to analyze the loan, validates with entrepreneurs the upgrades they want to carry out and takes photographs of the home before and after the credit, as a way of verifying the outcomes. The advisor can also give their opinion about other potential improvements detected that the home may need and that had not been previously identified or given priority.

In Panama, Microserfin's product *Casafin* was significantly improved in 2022. It was launched in 2008 as the outcome of a technical cooperation agreement with the Interamerican Development Bank (IDB) that was subsequently adapted to local needs. Some of the uses to which this kind of funding are put are:

- **Upgrades to infrastructure:** construction of walls, roofs, and sanitation, installing water deposits and septic tanks, installing solar panels.
- **Enlargements:** construction of extra rooms, enlargements of the living room, kitchen or terrace.

## Virtual analysis of the property



### Create need or anticipate upgrades



Home visit



Conversation



Acknowledge improvement



Before & after photo

- **New construction:** of a second home on the client's land or premises for their business.
- **Land title:** legalization of the credit holder's property where they live and/or conduct their commercial activity.

19. For drinking water.

## Access to water

Due to the shortcomings of Colombian households in this dimension, Bancamía carried out market research to design a “Water & Sanitation” product that will be implemented in 2023. The aim is to provide the necessary funding to provide access to a pipeline<sup>20</sup> and sewage system and, subsequently, to other sanitation services such as toilets, wells, rainwater, filters, etc. To do this, ten municipalities with deficient basic sanitation have been identified in areas where Bancamía has a presence. This project is part of a joint scheme with local governments in several regions.



20. For drinking water.

21. The financing covers the matriculation fee, living expenses, and materials, as well as supporting study equipment. It can be given in a number of formats, such as partial payments and grace periods

## Education



**24 university grants for the children of entrepreneurs**

Colombia & Peru

**Educational loans for children**  
**3,306 clients**

USD 1.6 M

Colombia, Peru & Dominican Republic

### Credits to support education

42% of our clients live in households where at least one adult has not completed the obligatory basic schooling for their age cohort. We are aware of this reality and are reinforcing our educational loan offering to encourage training for any member of our entrepreneurs’ households, both in Dominican Republic and in Peru.

- **Dominican Republic:** Funding has been designed to cover a broad range<sup>21</sup> to encourage higher education among low-income young people. Between 2015 and 2022, we financed over 660 students in different contexts. More than 80% of those who completed their studies have found a job. Meanwhile, to reinforce educational loans, we formalized a partnership with Opportunity International to execute a project to train staff in the colleges served by Banco Adopem. Financing also covered the matriculation fee, the year’s tuition, educational materials, and equipment.

- **Peru:** Financiera Confianza continued to support its educational loan. Its product, Crédito Educativo, was created in 2018 to make it easier for clients and their families to access higher technical and undergraduate college education and training in the trades. It also covers ancillary expenses inherent to a good education, such as electronic devices and language classes. Upgrades were made to the product throughout the year so that the educational loan could also be used to finance elementary education, the associated school costs or to modify the amounts and payment terms of study cycles. By the end of 2022, more than 3,000 clients across the country had benefited.

## Grants for entrepreneurs' children

We delivered 14 new grants in 2022 so that the children of our entrepreneurs could go to university, one way of showing our commitment to education for the most vulnerable.

BBVA Colombia and Bancamía have doubled to 10 the number of new university grants, that it awards to the children of microentrepreneurs served by BA in a new edition of the “*Transformando Realidades*” [Transforming Realities] grant. Around 1,300 resúmenes of entrepreneurs and their children from 325 municipalities were received, 30% more applications than the previous year. 72% of the candidates were entrepreneurial women; 84% were in economic vulnerability; 36% lived in rural areas and 38% had primary education at best.

There were four winners of the Peruvian version of this grant program, under the slogan “*Nuestra Confianza en el futuro de tus hijos*” launched by Financiera Confianza for the first time this year. 341 children of entrepreneurs from 82 locations in the country applied, with the dream of becoming university students.

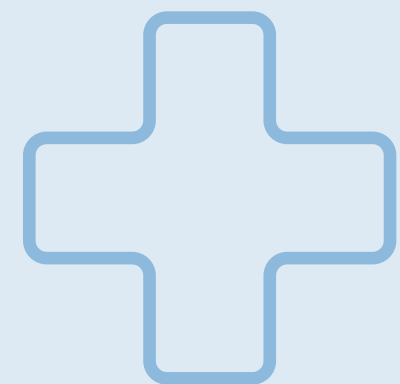


**Access to university, a door that is opening  
for low-income young people in Colombia  
and Peru**



# Healthcare

One of our entrepreneurs' shared features is the lack of basic care and health cover they suffer because of the region's precarious social protection systems, mainly for those people finding themselves in informal circumstances. 17% of our clients live in a household where at least one of its members has no health insurance (either public or private).<sup>22</sup> Expenditure on health emergencies is also one of the reasons that thousands of vulnerable people become more impoverished.



## Healthcare & care insurance

Colombia & Panama

**211,715** policyholders

Cognizant of the needs and shortcomings in healthcare, the Foundation's institutions have launched microinsurance policies with a range of covers and plans. These include the following types:

- **Insurance with healthcare visits:** These are products that include medical coverage, such as general, pediatric, and geriatric checkups, whether over the telephone or face-to-face, analyses, mammograms, ambulances, etc. Offered by our entities in Colombia, Chile and Panama, they cost between USD 0.30 and USD 1.60 a month depending on the cover taken out.
- **Cancer insurance:** These cover the loan payment in the event of a positive diagnosis of breast, uterine or prostate cancer among others. In some cases, they include payment of a sum for the basic food basket. These products take a gendered approach and are available in Colombia, Panama, and Peru.
- **Healthcare and serious illness insurance:** Developed by Bancamía (BA) in Colombia, these provide indemnity in the event of illnesses such as Alzheimer, Parkinson, paralysis, heart attacks, COVID-19, etc. They cost between USD 1 and USD 4 a month.



**17% of our clients live in a household where at least one of its members has no health insurance, a sign of the region's precarious social protection systems**



22. IMPI results-2021. See [2021 SPR](#).

Persevering with our efforts to protect the health of our entrepreneurs, in December 2021 BA launched its *Asistencia para tu Salud* [Care for your Health] policy. Among other benefits, it provides care for COVID-19 cases, daily compensation for hospitalization due to an accident, medical, psychological, and nutritional advice over the telephone, medical land transportation, appointments with general practitioners or specialists in their practice and telephone references by specialists. The cover includes preferential rates, medical examinations (analyses), home visits by the doctor and dental services. This policy costs between USD 3 and USD 4 per month depending on the policy terms.

Meanwhile, in March 2022, Microserfin launched its cancer microinsurance policy in Panama, which protects and supports beneficiaries with immediate financial resources in the event they are diagnosed for the first time with any kind of cancer. The different policies cost between USD 0.65 and USD 3.30 a month. Clients between 18 and 70



years old can apply for this insurance, as can any member of their immediate family (partner and children). No prior medical examination is required and, furthermore, financial help for plastic surgery is offered in the case of post-cancer reconstruction.

This microinsurance was acknowledged with an honorable mention in the Women's Empowerment category in the second edition of the SDG Certificates, promoted in Panama by the government and the United Nations System.

In Chile, Fondo Esperanza has conducted qualitative research with its entrepreneurs with a view to developing a cancer insurance policy for women. The aim is to offer a product which covers diagnosis and reconstructive surgery, as well as including psychological support if necessary and preventive examinations, among other services, both highly appreciated by the women who took part in the focus groups. The product launch is expected for the first half of 2023.

# Connectivity

A third of the world's population (2.7 billion people) still don't have an internet connection.<sup>23</sup> The lack of connectivity in certain territories, the difficulties in accessing devices, its high cost or the lack of knowledge about how to use it are the main barriers that aggravate this digital divide and affect the most vulnerable above all.

One of the BBVAMF Group's commitments is to help to narrow the digital divide, promoting financial and non-financial inclusion among the most vulnerable population. That is why we have been working for years now on three core areas that, in our understanding, comprise this divide: 1) Infrastructure accessibility and tools with approach (satellite connection, TVWS<sup>24</sup>), connection prices and equipment (mobile devices, tablets, etc.); 2) Availability of digital ecosystem to the client (apps, marketplace, digital economy, education platform); and 3) Digital literacy, with particular emphasis on disadvantaged social groups (indigenous peoples), the elderly and women.

## Digital connectivity



**70 correspondents provide connectivity in remote areas of Colombia & Peru**

Financiera Confianza and Bancamía started the pilot program *Conectividad Remota* [Remote Connectivity] in 2021 to get satellite connections for remote and rural areas that had not had internet access up to that point. These areas were mostly rural communities with high levels of poverty and limited access to financial services.

In 2022 more work was done on this initiative. Bancamía has continued to sign up proprietary correspondent agents in new parts of Colombia, using satellite internet or other types of connection best suited to the conditions in the area. By year-end, agreements had been reached with 20 correspondents with an internet connection, four of whom have satellite internet and the remaining 16 local internet. As a result, over 3,450 transactions have taken place and around 140 people have benefited from internet this year.

Financiera Confianza has set itself the goal of installing 40 satellite antennas across 20 regions in Peru in zones where internet access is nil or intermittent. This will enable the institution to carry on expanding its value proposition of products, services, channels, training and, above all, to continue, exploring the possibilities created by internet access. This year 50 satellite antennas have been installed. 11,960 transactions have been completed during 2022 and 1,609 people have benefited from having an internet connection.

**One of the Group's commitments is to help to narrow the digital divide, promoting financial and non-financial inclusion among the most vulnerable**



23. <https://www.itu.int/itu-d/reports/statistics/2022/11/24/ff22-internet-use/>

24. TV White Space.



### Neida Buendía's testimony:

*"My name is Nélide Buendía Gutiérrez. I have had a very positive experience as an agent. I am happy about it. Clients are already adapting to the digital voucher. The local community and the children benefit the most from having internet because they can access information online and also virtual classes. They save money by operating with an agent because traveling to the agency's office is very expensive.*

*Since I have been an agent my business and my sales have increased, so my income is higher. Financiera Confianza supported me with the loan to increase my amount disbursed so that I can serve a higher number of clients.*

*The advantages Financiera Confianza gives me are good and it is another source of income for me to grow my business"*





# Institutional Activity 2022

Inclusion & social impact 58

Women's empowerment 62

Digitalization 64

Environment 67

Partnerships 68

15th anniversary event 70

## Acknowledgments

BBVAMF 71

Bancamía · Colombia 71

Financiera Confianza · Peru 72

Banco Adopem · Dominican Republic 72

Fondo Esperanza · Chile 72

Microserfin · Panama 72

## Inclusion & social impact



Madrid, 1 February  
**XXI CODESPA Awards ceremony**  
 Recognition of Bancamía In the *Social Innovation for Inclusive Businesses* category

Panama City, 2-4 March  
**Microserfin internal event**  
 Strategic planning 2022: *Together we make it possible*

Lima, 4 March  
**World Savings Week. OECD & SBS**  
 SME entrepreneurs' financing needs in the *post-COVID 19* context

Paris, 28 March  
**OECD netFWD 2022 Annual Meeting**  
*Shifting paradigms? Unveiling foundations' new thinking to address global challenges. Shifting the Centre of Gravity*

Madrid, 5 May  
**Internal Comms Day 2022**  
*Mesa People & Transformation*



Madrid, 9 may  
**BBVAMF event**  
 DIME scholarships

Lisboa, 18-20 May  
**ASTP Annual Conference**  
**The Many Faces of Knowledge Transfer**  
 Social Innovation – why (and how) we should connect research institutions and sustainability

Colombia, 19 May  
**The Trust for the Americas – OAS**  
*Digital Momentum* closing event



Madrid, 8 June  
**COFIDES. Investors' Day 2022**  
*VII Internationalization & Development Awards ceremony*





Inclusion & social impact



Madrid, 4 July  
**BBVAMF internal event**  
*10 life stories that transform realities*

Madrid, 6 July  
**Audience in the Embassy of Colombia**  
*Transforming Realities scholarship holders*

Madrid, 12 July  
**BBVAMF internal event**  
*Coffee with Jessica Hernández, Bancamía entrepreneur*



**BBVAMF events:** Presentation of the 2021 BBVAMF report

• Bogota, 19 July. Presentation in Colombia



• Lima, 21 July. Presentation in Peru



• Santo Domingo, 26 July. Presentation in Dominican Republic



• Panama City, 27 July. Presentation in Panama



Cartagena de Indias, 17-19 August  
**56th Colombian Banking Convention**  
*Going deeper into SME lending*  
**Asobancaria**

**Inclusion & social impact**

New York, 18 September  
 UN Transforming Education  
**High-level Philanthropy event**  
 OECD netFWD, IIEG, GPE, UNESCO & NORRAG



Geneva, 11 October  
**73rd UNHCR Executive Committee**  
*Private Sector Engagement and Forced Displacement: Beyond CSR*

New York, 11 October  
**ECOSOC**  
**Third committee meeting**

Madrid, 25 October  
**Senior International HR**  
**New roles & HR Multi-country positions**



Paris, 28-29 September  
**SPTF Annual Meeting**  
*Outcomes: Exploring the connection between social & environmental performance management investment and better client outcomes*

Madrid, 29 September  
**EduFin 2022**  
*Inclusive growth as the cornerstone of sustainable development*  
 BBVA's Center for Education & Financial Capacities

Paris, 10 October  
**Education Philanthropy Community after Transforming Education Summit**  
 OECD netFWD, IIEG, GPE, UNESCO & NORRAG



Madrid, 25 October  
**Aprendemos Juntos (We learn together)**



Inclusion & social impact

Barcelona, 15 November  
**XIII Corresponsables Awards gala event**

Medellín, 23 & 24 November  
**Article in *El Mundo***  
'The Microfinance children'



Lima, 30 November  
**BBVAMF & Financiera Confianza event**  
*We put our trust in your children's future*  
scholarship award ceremony



Bogota, 1 December  
**BBVAMF, Bancamía & BBVA event**  
*Transforming Realities* scholarship award ceremony

## Women's empowerment

Madrid, 25 January

### European Parliament

Meeting with the Deputy chair of the Committee on Women's Rights & Gender Equality

Santiago, 26 January

### 62nd General Committee meeting

of the Regional Conference on Women in Latin America & the Caribbean

Paris, 23 February

### netFWD Gender equality working group, OCDE

Pioneering advocacy for gender equality: Philanthropy at the frontline of policy and social norms change

Bogota, 7-11 March

### Bancamía event. II Equity Week

- Women & Sustainability: the role of green microfinance
- A shared world

New York, 14-25 March

### UN CSW66

### Climate change, environment and disaster risk reduction

Harnessing COVID-19 recovery for gender equality and a sustainable future

San Francisco, 15-17 March

### Gender Equity + Financial Inclusion Forum

State of the Market: Gender equity and lessons learned from COVID

### USAID & Kiva

21 March

### UN Generation Equality Forum

Action Coalitions Private Sector and Philanthropy Global Meeting

Madrid, 14 June

### International Development Masters session

Role of the private sector & philanthropy in gender equality

### IE & UN System Staff College

Istanbul, 29-30 June

### 24th MFC Annual Conference

Microfinance Investing Through Uncertainty  
Fair Finance for Women: how to Invest with Gender Lens?

New York, 21 September

### UN Women Generation Equality

Action Coalition on Technology and Innovation  
A year of action: Building more equal and inclusive digital societies through multi-stakeholder partnerships

Madrid, 11 October

### IICA, AECID & EFE

Rural women in America: safeguarding food security & rural development



Santo Domingo, 26 October

### Spain-Dominican Republic Business Meeting

Session on Women & companies in Dominican Republic: business competitiveness & development

### ICEX

**Women's empowerment**

Madrid, 2 November

**XI Edition program Reinforcing the Public Function in America**

Inequality challenges in America, women & poverty  
**Orellana Circle**



Luxemburg, 17 November  
**Ministry of Foreign & European Affairs, Luxemburg, e-MFP, InFiNe.lu & EIB**  
**European Microfinance Awards ceremony**



Madrid, 18 November  
**El tiempo de la mujeres (Women's Time)**  
Sustainability round table  
**El Mundo | Yo Dona magazine**

Panama City, 23 & 24 November  
**UN Women**  
Regional consultations  
Global strategy development for private sector relationships



Panama City, 22 November  
**Microserfin, BBVAMF & UN Women event**  
*Speeding up economic independence & digital inclusion for women entrepreneurs*



Geneva, 8 December  
**EQUALS in Tech Awards ceremony**  
Keynote speech

## Digitalization

16 February

**WEF EDISON Alliance**

**Financial Inclusion Focus Area group**

Geneva, 4 April

**EQUALS Global Partnership for Gender Equality in the Digital Age**

Members meeting

5 April

**FinDev (CGAP)**

Digitization in Microfinance: Case Studies of Pathways to Success

25 April

**EQUALS Global Partnership for Gender Equality in the Digital Age**

Access Coalition 1<sup>st</sup> Quarterly Meeting

9 May

**WEF EDISON Alliance**

**Champions Deputies & Executive Network meeting**

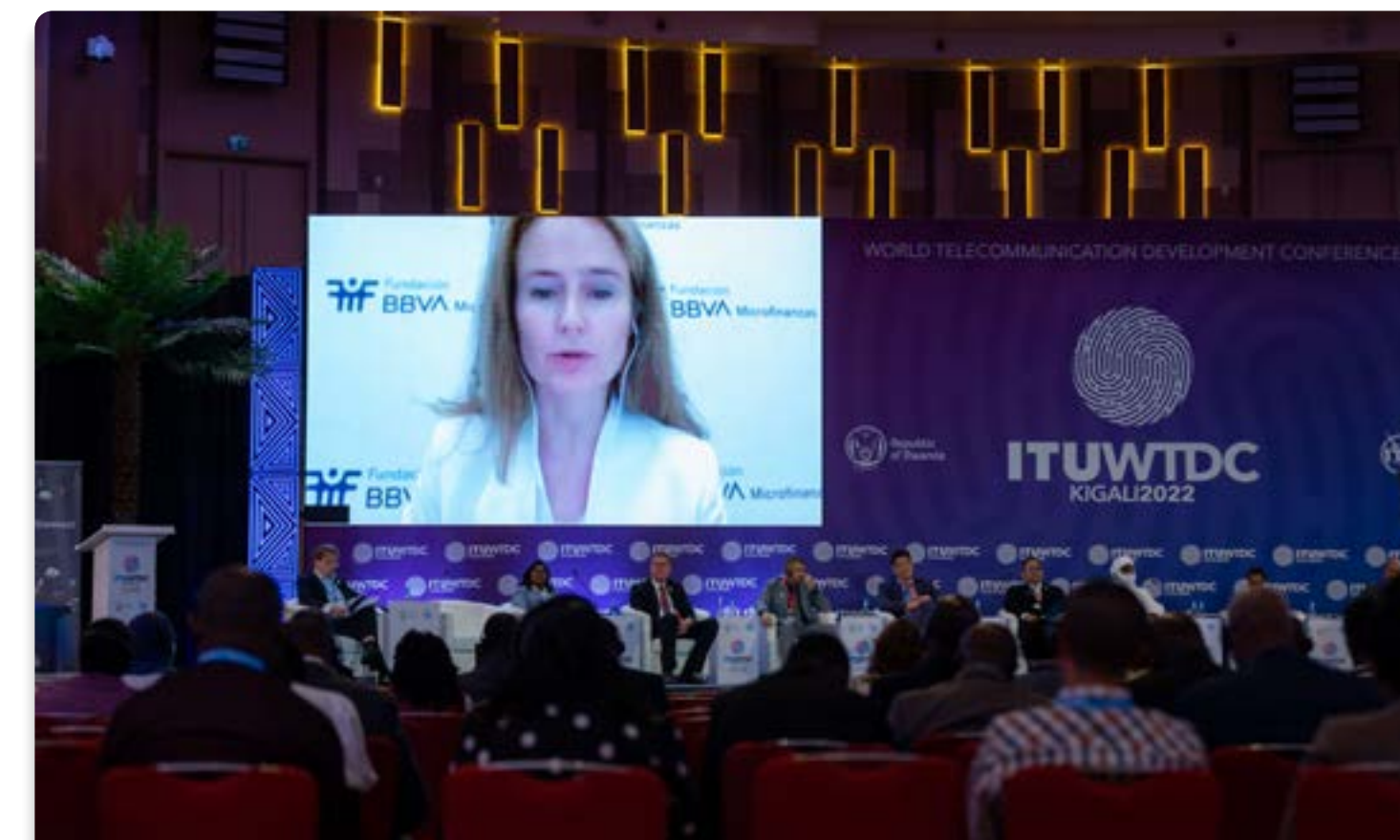


Davos, 23 May

**WEF EDISON Alliance**

**Champions meeting**

**World Economic Forum**



Kigali, 6-16 June

**World Telecommunications Development Conference**

Partner2Connect Digital Development Roundtable.  
**International Telecommunications Union (UN)**

Antigua, 7-8 July

**Forum on Strengthening Digital Transformation in Latin America**

**International Telecommunications Union Unión (UN)**

14 July

**Boulder Institute of Microfinance**

*Digital Transformation of Microfinance Institutions program. Managing a Hi tech - Hi touch microfinance model*



## Digitalization



New York, 17 September

### **EQUALS Annual Partners Meeting**

*A year of commitments from the EQUALS Global Partnership*

New York, 18 September

### **Digital Coalition Partner2Connect meeting during the United Nations General Assembly**

*Forging paths to digital transformation and inclusive digital societies*



New York, 16 September

### **EQUALS Coalition Meetings**

Skills coalition

New York, 21 September

### **WEF Edison Alliance Members' meeting during the General Assembly of the United Nations**



## Digitalization

4 November

**WEF Edison Alliance  
Champions Deputies & Executive  
Network meeting**

Madrid, 29 November

**20 Learnings from transformation  
Both people & Comms**



Geneva, 8 December

**Annual Partner2Connect meeting, UN**

Reporting session: *Implementation of P2C pledges*

Santo Domingo, 13 December

**Partner2Connect, UN**

Preparatory meeting for the 2023 National  
Planning Council

## Environment

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Quito, 28 March-1 de April

### FAO LARC37

*Latin America & the Caribbean Regional Conference*

- 37th session period

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Luxemburgo, 7 April

### European Microfinance Platform

**Green Inclusive and Climate Smart Finance Action**

**Group meeting**

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Luxemburgo, 2 June

### European Microfinance Platform

**Green Inclusive and Climate Smart Finance Action**

**Group meeting**

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3 June

**BBVAMF** becomes a member of:

- **Philanthropy for the Climate**

International Philanthropic Commitment to fight Climate Change

- **Spanish Foundations Association**

Spanish Foundations sign a pact for the climate

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Luxemburg, 30 June

### 10 years of green inclusive finance assessment

*What the data says, how the sector evolved, where do we stand and where do we want to go*

**Green Inclusive and Climate Smart Finance Action**

**Group - European Microfinance Platform**

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Luxemburg, 13 July

### European Microfinance Platform

**Green Inclusive and Climate Smart Finance Action**

**Group meeting**

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Luxemburg, 16-18 November

### European Microfinance Platform

**European Microfinance Week**

*Action Group on Green Inclusive and Climate Smart*

*Finance Working Session*

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## Partnerships

Madrid, 13 January

**AGCID**

**Visit from the director of the Chilean International Cooperation for Development Agency,**

Cristián Jara

New York, 2 February

**ECOSOC Partnership Forum 2022**

*Building back better from the coronavirus disease (COVID-19) while advancing the full implementation of the 2030 Agenda for Sustainable Development*

Madrid, 16 February

**AECID**

Spanish Agency for International Development Cooperation

**Visit from the FONPRODE General Manager,**

Carlos Jiménez

Madrid, 5 April

**WEF**

**Visit to BBVAMF's HQ by the Lead for the ICT industry,**

Isabelle Mauro

Madrid, 12 May

**Corporate Foundations Meeting  
Spanish Foundations Association**



Madrid, 23 de mayo

**UN Women**

**Visit by the Regional Director, Americas & the Caribbean,** María Noel Vaeza

Davos, 23 May

**WEF**

**BBVAMF signs up to the EDISON Alliance**

Kigali, 9 June

**UN**

**BBVAMF becomes a signatory to the Partner2Connect digital coalition**

Bogota, 23 June

**BBVAMF Board of Trustees**

Meets with **USAID** in its Colombian head office

Madrid, 29 June

**BCIE**

**Visit to BBVAMF's HQ by the European representative of the Central American Bank for Economic Integration's Social Support Foundation,**

Enrique Manzanares



Madrid, 7 July

**Ministry for Women, Dominican Republic**

**Visit to the HQ of BBVAMF by the Minister,** Mayra Jiménez

## Partnerships

Washington, 7 July

**OAS**

**Meeting with the CEO of Trust for the Americas**

New York, 18 September

**Meeting with Partner2Connect**

New York, 19 September

**OEA**

**Meeting with the CEO of Trust for the Americas**

New York, 20 September

**President of Chile's reception during  
the United Nations General Assembly**



Madrid, 26 September

**BBVAMF & Embassy of the Dominican Republic event**

BBVAMF met the Ambassadors of the countries in the  
Central American Integration (SICA)

Madrid, 3 November

**Director General del IICA**

**Meeting with the private sector**

Madrid, 23 November

**Meeting with the Vice-president of Colombia  
Council of Spain & Colombia Foundation**

Madrid, 20 December  
**BBVAMF event**  
Celebration of BBVAMF's 15<sup>o</sup> anniversary,  
chaired by HM the Queen



## Acknowledgments

### BBVAMF

#### OCDE, Development Aid Committee:

Top philanthropic institution in its development contribution in Latin America and 2nd worldwide

#### COFIDES, VII Edition of the Internationalization & Development Awards.

"Impact Investing" category

**Corresponsables award** for the best corporate video

**I Edition of the Radio Intereconomía awards.** Finalist

#### Acknowledged as a case study in the CITI GPS report

*Eliminating Poverty: The Importance of a Multidimensional Approach in Tackling SDG 1*, compiled by SOPHIA Oxford, University of Oxford

### Bancamía · Colombia

**XXI CODESPA Awards** in the *Social Innovation for Inclusive Businesses* category

**Aequales Ranking Prize** for the *Best Communication piece* for the video 'Portfolio of insurance policies for women'

First bank in Colombia to be granted the **Financial Education Certificate** awarded by the **Financial Authority**

**Interaction Awards 2022** in the *Best Strategy in Customer Experience*

**Asobancaria Award** *Bringing banking to Colombians* for its Productive Enterprises for Peace program (Empropaz)

**XIII Corresponsables Awards.** Finalist in the *Best corporate video & Best Coronavirus communication campaign* categories

**European Microfinance Award. (Ministry of Foreign & European Affairs of Luxemburg, e-MFP & InFiNe.lu).**

Finalist

**Portafolio Award.** Finalist in the CSR category for Empropaz

#### **FINAGRO Recognition of Financial Intermediaries.**

For its service to rural women, smallholder producers, working in municipalities affected by violence and poverty, and for the biggest expansion of loans to farming entrepreneurs

## Acknowledgments

### Financiera Confianza · Peru

**Award for Excellence 2022. World MBA Association.**  
*Palabra de Mujer Academy, gold medalist for the Best Culture, Diversity & Inclusion Initiative*

**Fintech Americas Awards.** Gold prize to Peru in *Social Impact Innovation (ESG)* for its 'Satellite Agents'

**World Savings Week Award 2022.** Finalist in the *Integrated Financial education* category

**European Microfinance Award 2022.**  
**Ministry of Foreign & European Affairs, Luxemburg, e-MFP & InFiNe.lu.** Semifinalist

**Inclusive Lima Award.** Lima municipality.  
*Migrant Loan Officer program*

### Adopem · Dominican Republic

**MicroRate** Five-star classification

**MicroRate** Customer Protection Certification

**Acknowledgment from the Vice-president of the Dominican Republic** for its work to improve the financial inclusion of the country's microentrepreneurs

**REDCAMIF (Central American & Caribbean Microfinance network). Certificate of Transparency 2021** for achieving A+ rating

**BCIE Awards,** 4 winning entrepreneurs

### Fondo Esperanza · Chile

**Anti-Fraud Validation, CAF International**

**XIII Corresponsables Awards.** Finalist

### Microserfin · Panama

**Award Whole Planet Foundation** for the *best field officers in Latin America & the Caribbean*

**Corresponsables Award** for the *Best in-house awareness Campaign* and finalist in the *Best Opinion piece category*

**Certification Award Panamanian Government & UN SDG Certification Award** in the *Employment & Entrepreneurship and Digital Transformation* categories. Honorable mention in the *Women's Empowerment* category