



Measuring what really matters

An inclusive and sustainable future

SOCIAL PERFORMANCE REPORT 2020

Executive summary

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Impact on entrepreneurs

Our response to COVID-19

Speeding up digitalization

Women's empowerment

Environment

Displaced people & migrants

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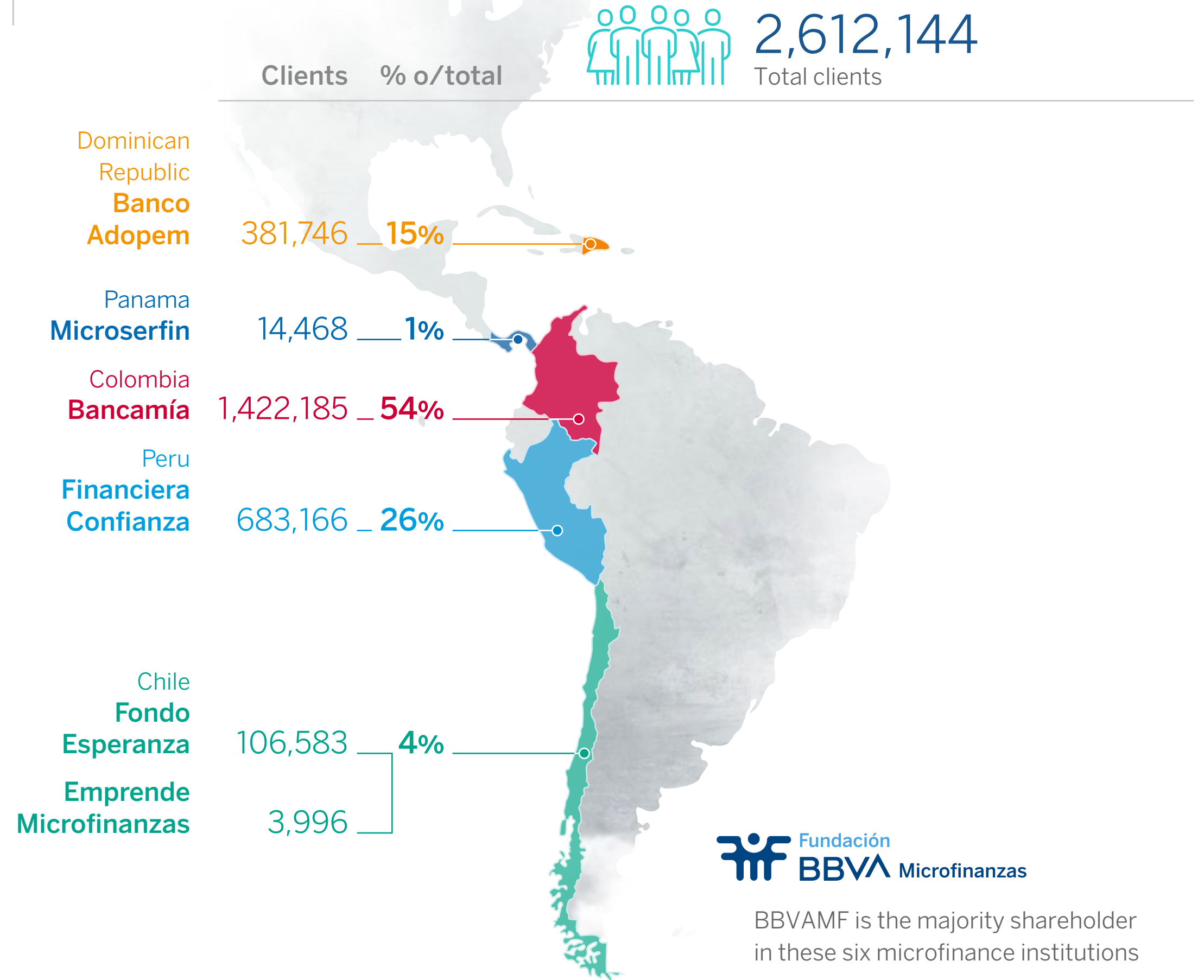
Executive summary

BBVA Microfinance Foundation (BBVAMF or the Foundation) —a non-profit institution created within the corporate social responsibility framework of Banco Bilbao Vizcaya Argentaria, S.A. (BBVA)— is the majority shareholder of six microfinance institutions across five countries.

They are united by a shared purpose: the sustainable development of vulnerable entrepreneurs through productive finance. Their methodology is based on knowledge of individual microentrepreneurs and their needs. This enables them to support their clients financially so that they generate sustainable economic surpluses over time, enabling them to improve their financial health and wellbeing, as well as that of their families and communities.

The commitment to the client's optimal (financial) lifecycle is reinforced by the social impact produced. The impact measuring system is transversal, so proposals can be looped back and the Group's activity aligned to the maximum with its mission to promote the sustainable economic and social progress of vulnerable entrepreneurs.

Scale and reach



BBVAMF is the majority shareholder in these six microfinance institutions

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Including vulnerable populations financially

Serving vulnerable entrepreneurs

In the economic sphere



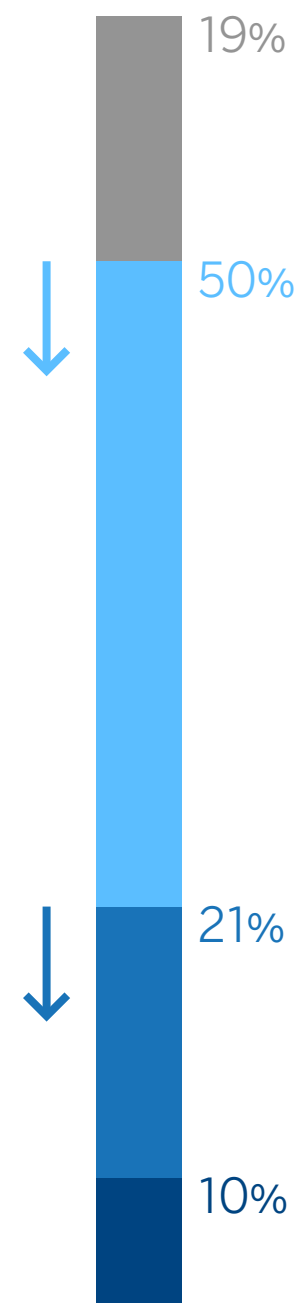
81%

Vulnerable + poor: Total clients generating incomes less than 3 x their country's monetary poverty line



31%

Clients generating income below the poverty line



■ Ext. poor ■ Poor ■ Vulnerable ■ Others

In the social sphere



60%

Women



32%

Rural



13%

Older (> 60 y.o.)



20%

Young (< 30 y.o.)



38%

Primary education at best

Encouraging inclusion



Banked in 2020

33%

entrepreneurs



Migrants & refugees

44,144

entrepreneurs

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Towards sustainable multidimensional development

Protecting their financial health

Savings clients

2,399,909 clients
+22% from 2019

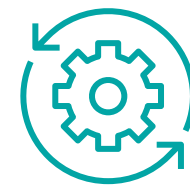
N° people receiving
financial education

401,648

Tracking their progress



52% of entrepreneurs
raise their income



64% of entrepreneurs
take out more than 3 loans



16% of entrepreneurs
employ others in
their businesses

Backing welfare and the environment



48,536 clients
take out products to upgrade
their homes & sanitation



82,069 clients
take out healthcare &
medical attention insurance



2,993 clients
take out educational loans
for their children



2,023 clients
take out green loans

4,473 clients
have climate-change insurance

With solvent and responsible microfinance institutions

Robust financial figures

Gross portfolio
€ 980 M +3%

Total disbursal
€ 944 M -30%

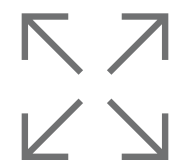
Average loan
€ 1,235 +10%

Client funds
€ 635 M +25%

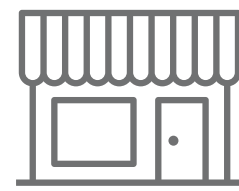
Diverse alternative channels

 **583** branches & express offices

Non-indep.



49,185 transaction points



643 own banking agents

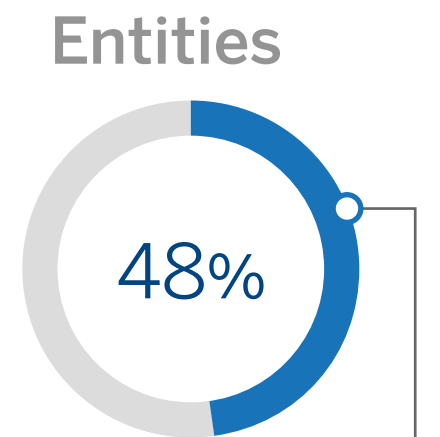
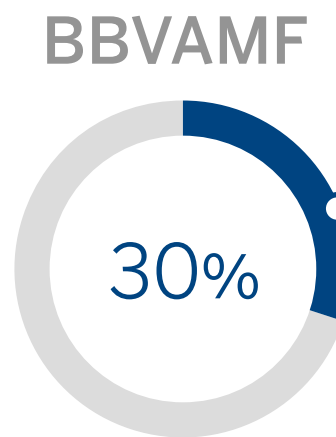


189,835 registered users on the mobile app

Diverse employee base

 **7,609** employees

 **Female directors**



Caring for the environment

Carbon footprint

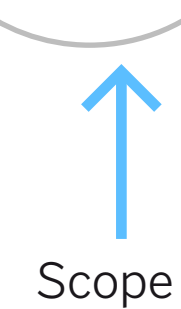
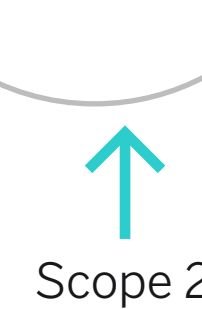
201 t CO₂ eq
-62% AAR


2,462 t CO₂ eq
-19% AAR

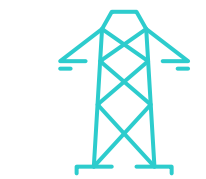
96 t CO₂ eq
-90% AAR


Total
2,759 t CO₂ eq

0.34 t CO₂ eq per employee



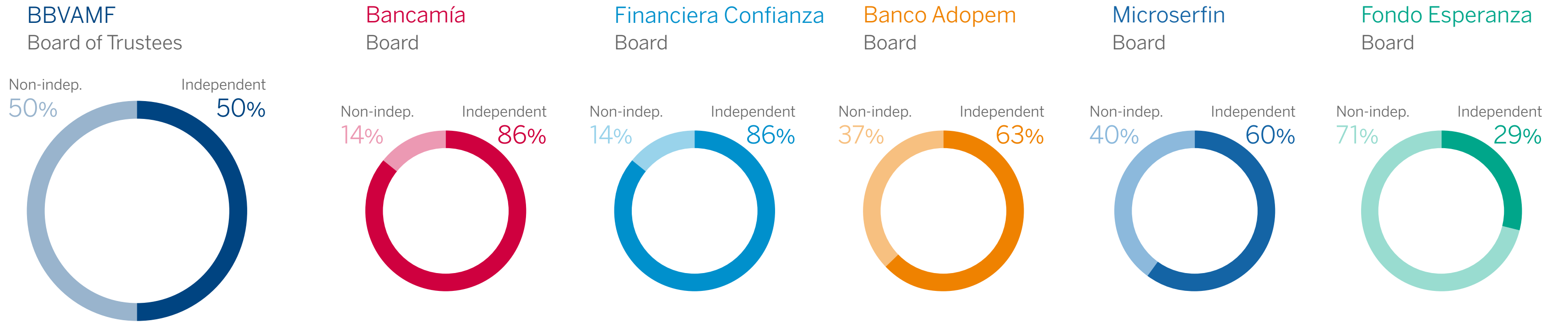

Land-based fuel & transport


Electrical energy

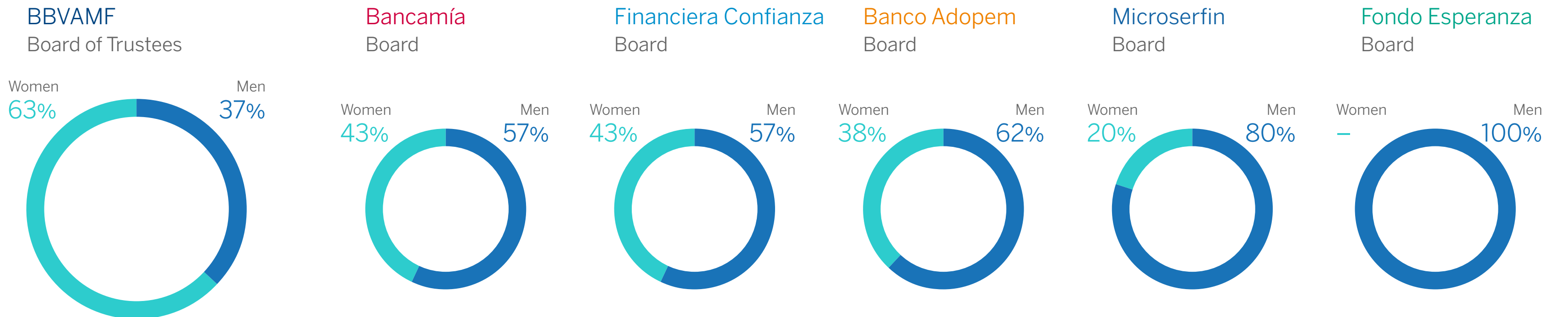

Air travel

With independent & equitable corporate governance

Independence



Diversity



An unprecedented economic and social reverse

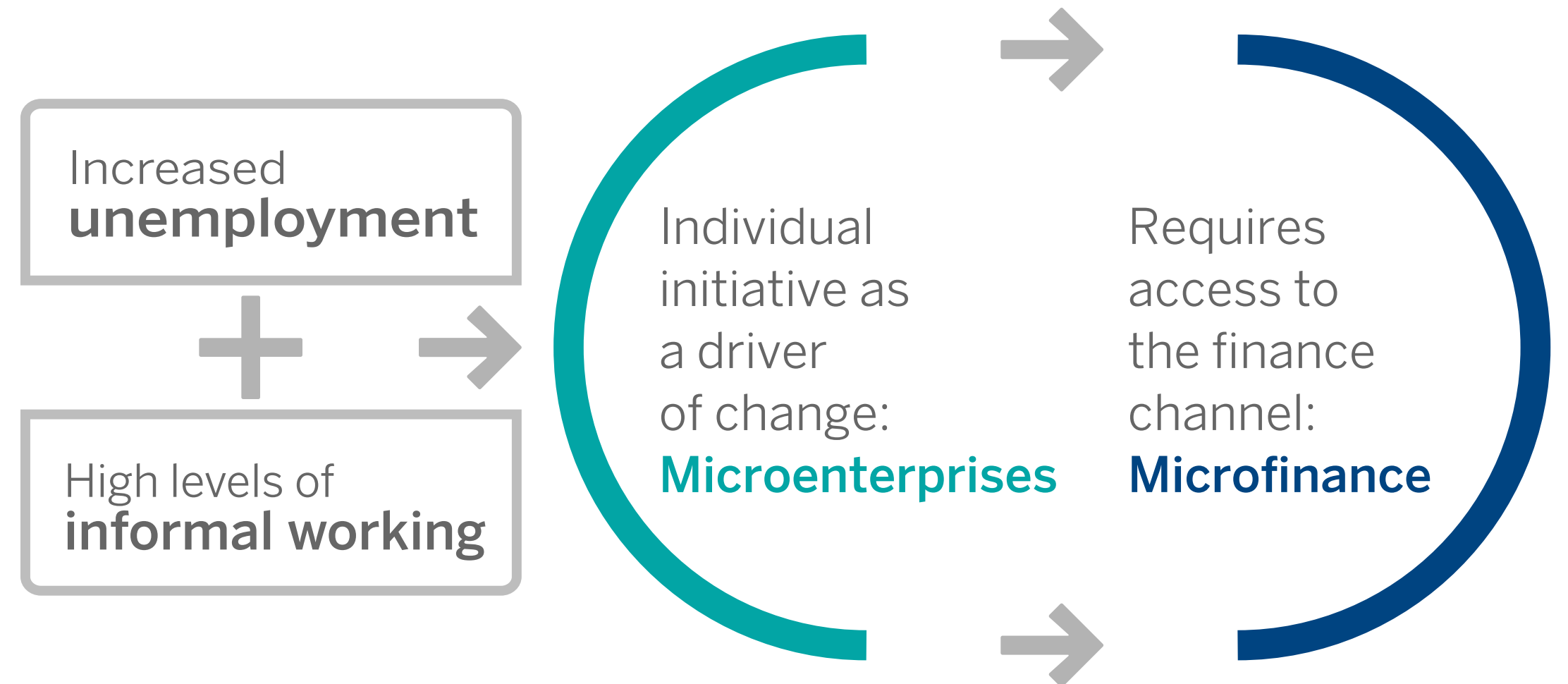
In 2020, the COVID-19 pandemic affected the entire planet, accounting for around 10,500 cases and 225 deaths for every million people.

This has posed huge challenges for healthcare systems, in both developed countries and emerging economies. To tackle the virus and minimize the speed of its spread, mobility restrictions were adopted, and a multitude of economic activities were locked down, which had a seriously prejudicial effect on the earnings capacity of many low-income people and those in vulnerability across the world.

The countries where we operate have been at the epicenter of the epidemic. It has manifested itself in the harshest terms, revealing the vulnerability suffered by most of the population in our footprint. It is hard to control mobility in surroundings where urban settlements live in precarious conditions, with high population densities and informal employment. This has been a catalyst in spreading infection, causing greater stoppages to economic activity, which not only has not succeeded in slowing the virus, but has increased poverty levels and inequality, widening the gender gap, since it has had more impact on activities traditionally done by women.

The immediate response to the pandemic, both in scale and reach, was unprecedented. Governments adopted a series of monetary and fiscal measures to mitigate this deep impact, while the private sector has also set in place a range of actions with the same purpose. Even so, these countries as a whole have suffered their sharpest fall in economic activity and the greatest reverse in welfare in recent history.

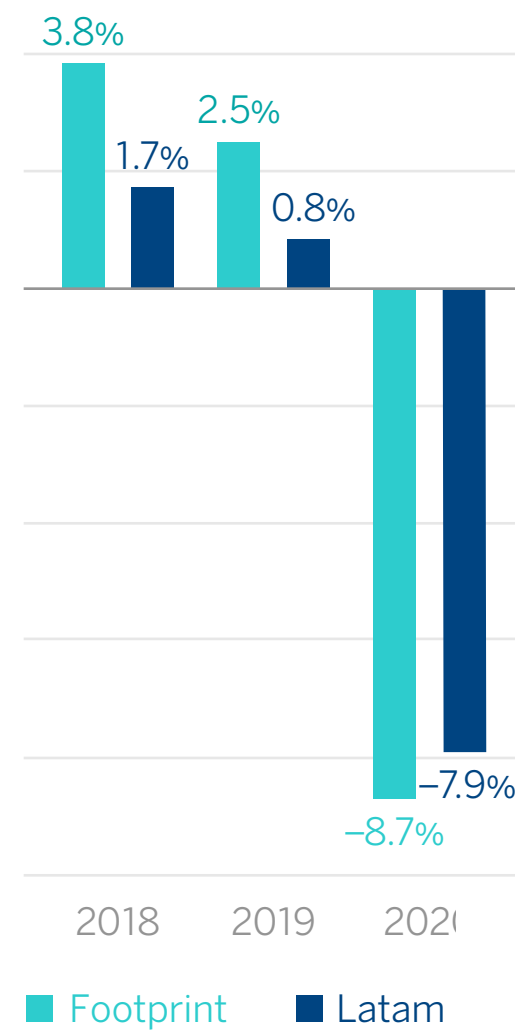
To tackle the fall in activity and the backward steps in wellbeing, the creation of small enterprises, in which access to finance is key, was seen as a potential solution



Impact of COVID-19 on the economy of our footprint

Real GDP growth

Variation

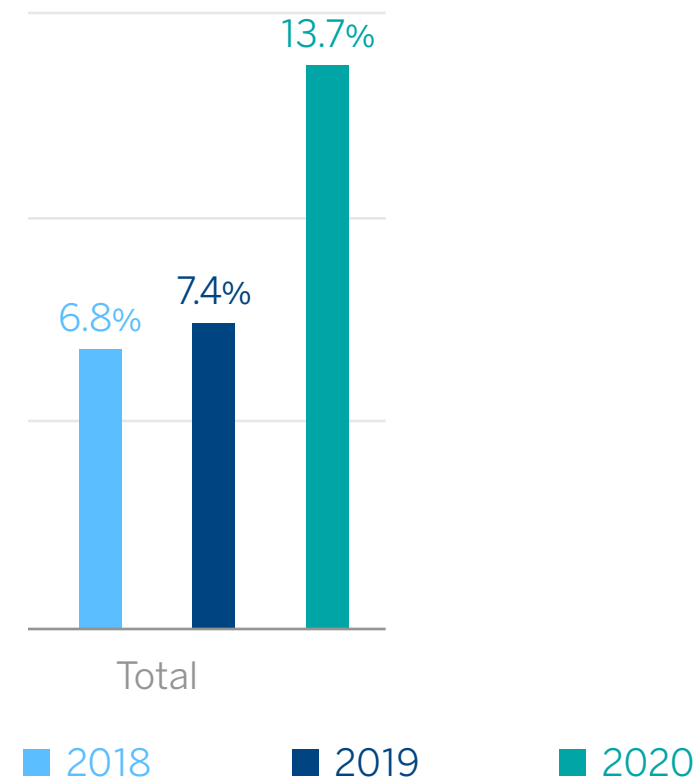


The slump in **activity** has been so extreme that incomes per person have fallen to their levels of 7 years ago

When the restrictions on mobility disappear and the currently hidden **unemployment** becomes apparent, the informal sector may return to being the labor market's shock absorber

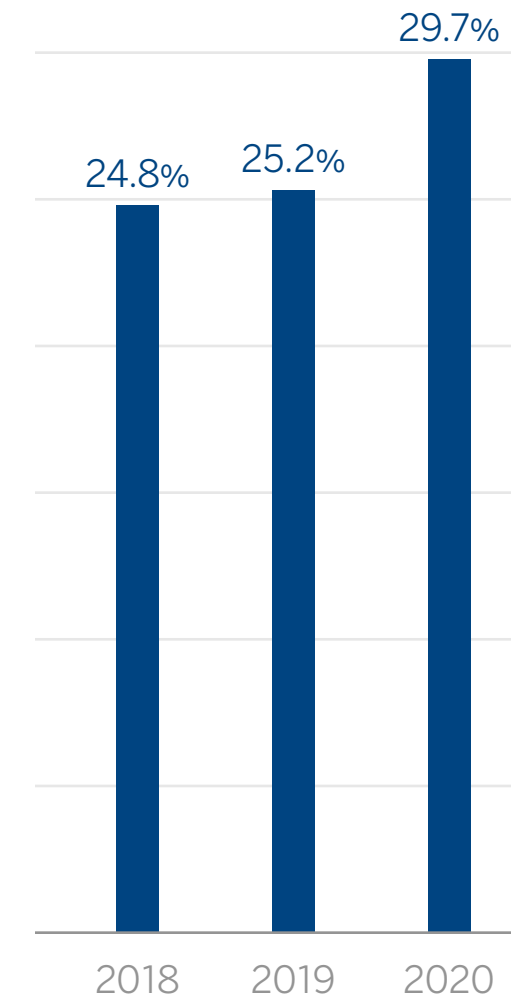
Unemployment

% of the economically active population



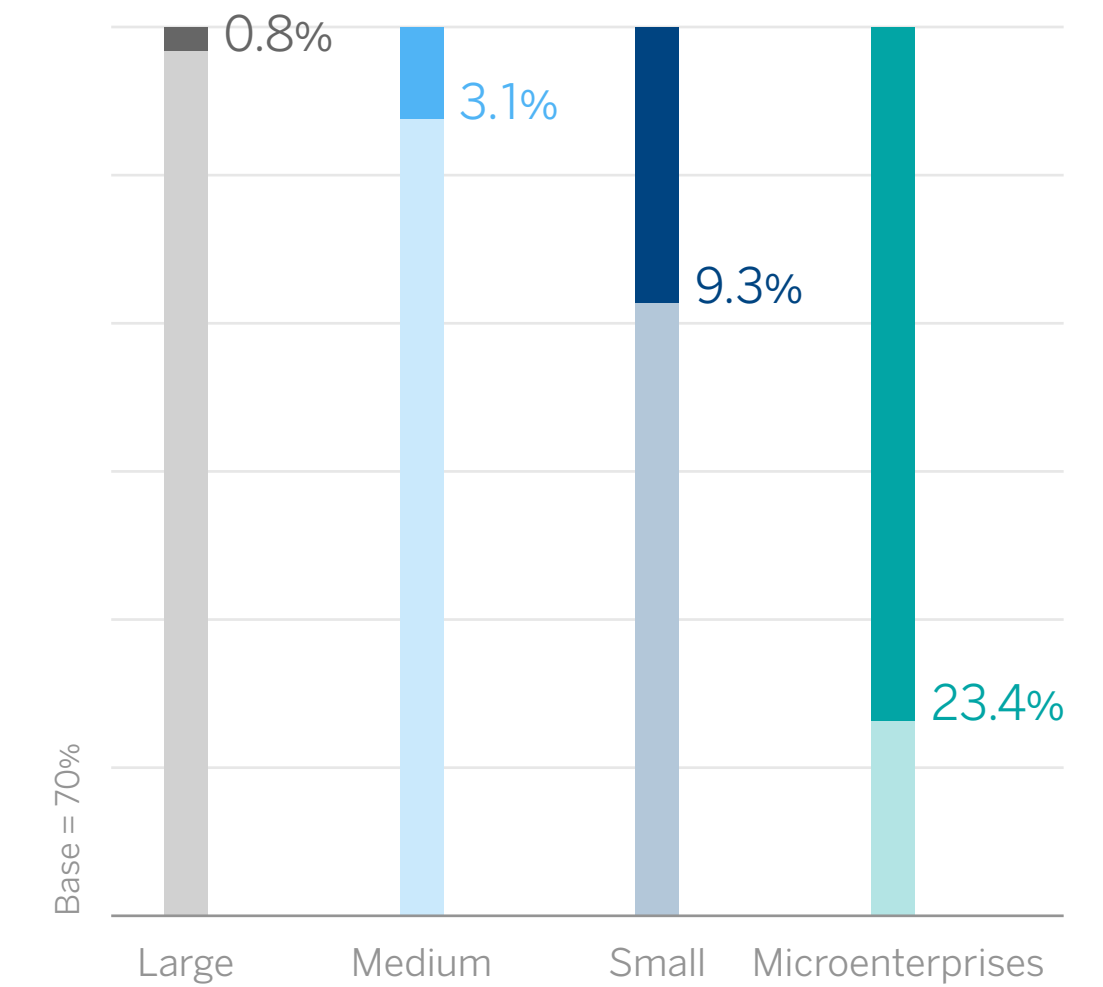
Monetary poverty

Variation



5.7 M people **fell into poverty** in 2020. Due to the combined effect of the measures adopted, a further 4.9 M avoided doing so, in the short term

% of companies at risk of closing permanently due to the crisis

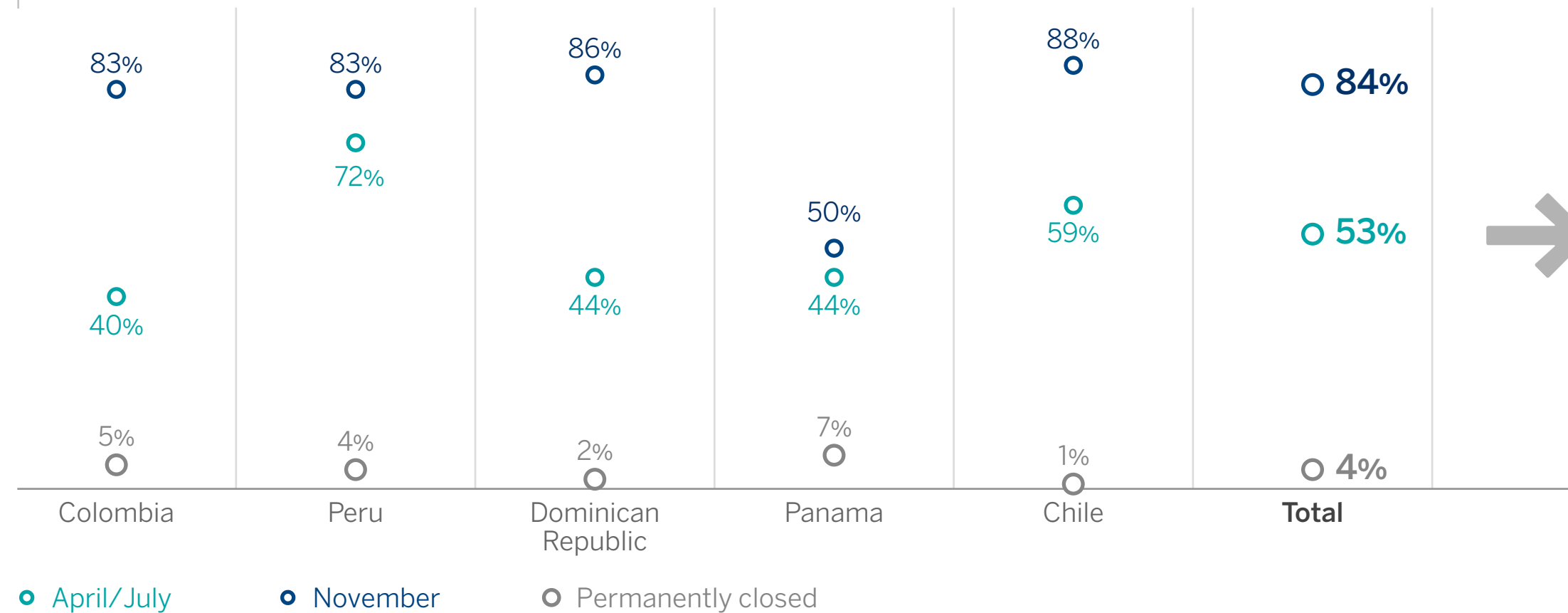


Microenterprises have suffered the most, experiencing greater difficulties with remote working and in adapting & implementing health protection measures

Impact of COVID-19 among our microentrepreneurs

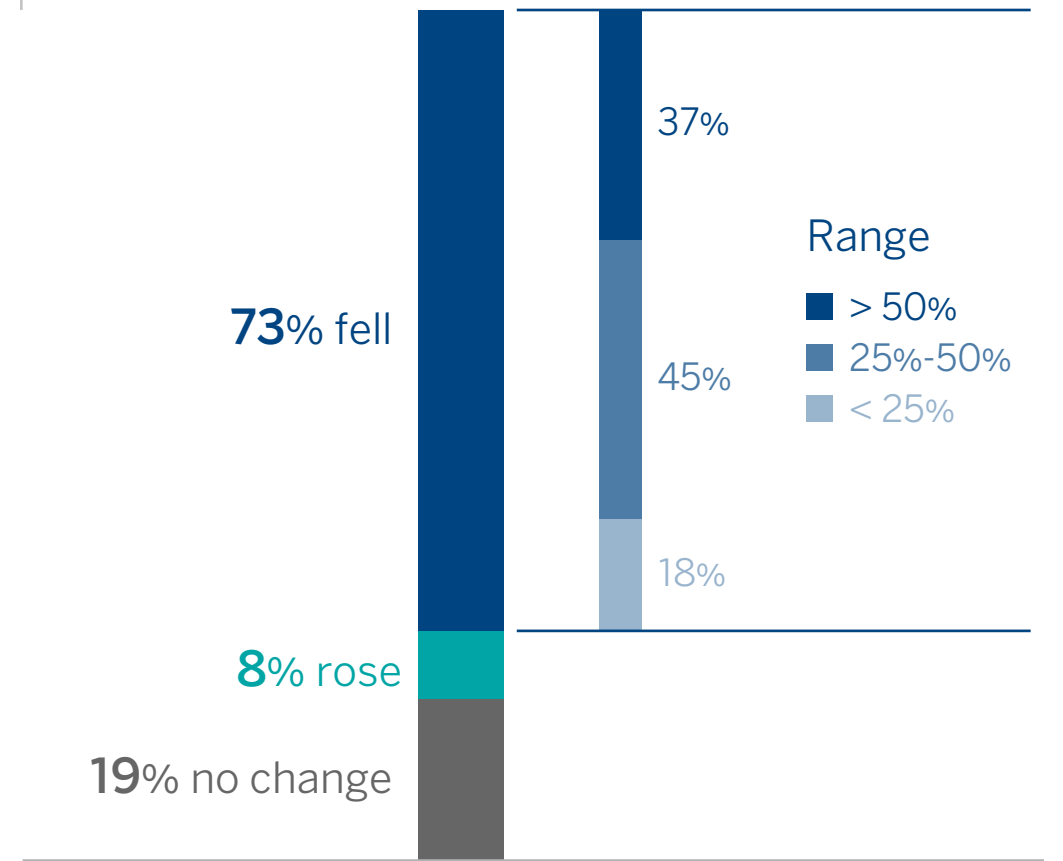
Entrepreneurs with active businesses

April-November 2020



Reduced sales

Mar-Nov 2020 period



The impact of the crisis has been significant, both for microenterprises and in their households, which has confirmed their financial fragility. The situation has been particularly difficult in Colombia, Dominican Republic and Panama while less so in Peru and Chile.

In terms of businesses, 73% of clients have seen their incomes shrink, while for 37%, these have been cut to less than half, compared to an overall fall of GDP across our footprint of 8.7% in 2020.

Half of our clients' households have been left unable to save at all, although this effect softened from July to November (in Peru it improved by 15 p.p. and in Dominican Republic by 12 p.p.). These figures reveal the sharp impact of the pandemic on household economies, since the client base is essentially a saver profile (90% have a saver profile).

One in three clients has lost over four months of income in the accumulated period since the start of the pandemic

Nevertheless, this impact only measures entrepreneurs and their households, without bearing in mind the greater informality and more precarious conditions of those who, having had to close their business, are looking for a job, or the indirect impact, which has triggered much destruction of employment in Colombia and Panama. The results not only suggest that the damage in these segments is more extensive, but that it will be greater if the pandemic lasts many more months.

Despite all this, entrepreneurs' capacity to recover is worthy of note: one in three has bounced back after eight months. Progress is heterogeneous, depending on profile and country.

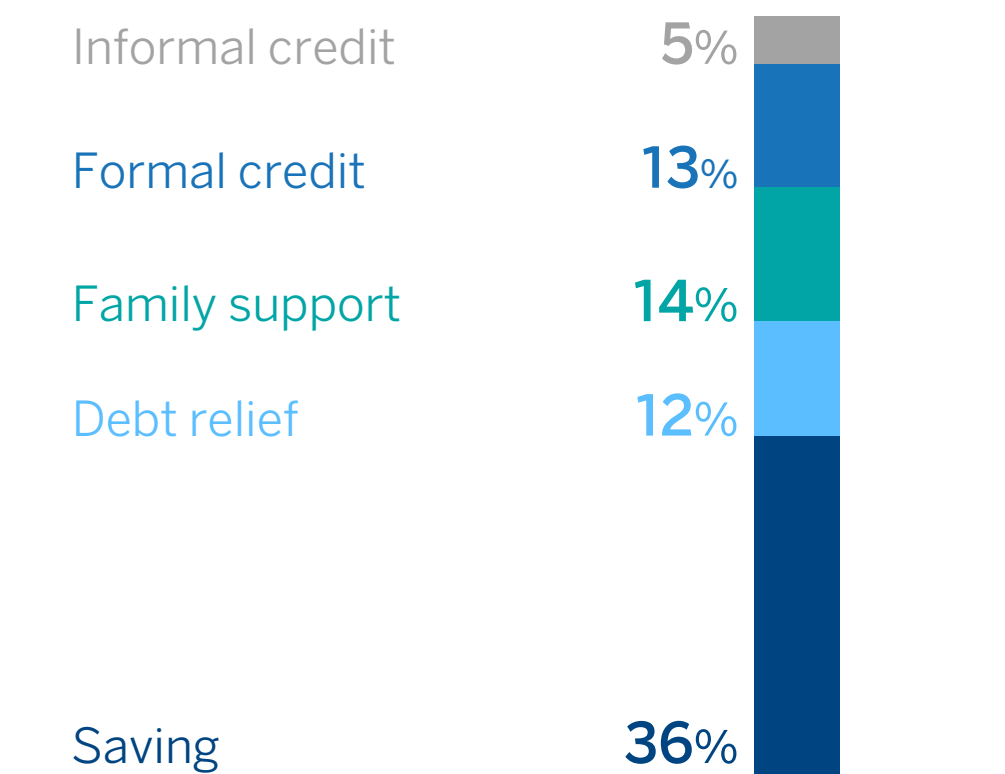
Entrepreneurs' response to COVID-19

Our entrepreneurs have taken effective measures to cope with the pandemic

- **In their businesses:** They have changed their business activity, they have diversified or opted for home delivery, thus demonstrating their capacity to adapt. Digitalization measures (using WhatsApp or selling online, through apps and social media) were underused. Use of these measures increased as the crisis went on, suggesting that entrepreneurs were quick to respond to the new environment.
- **In their finances:** Although they generally use their savings as the main instrument of financial management, we have seen that they have reduced their dependence on savings, having recourse to other financial mechanisms, such as applying for a loan from a financial institution (13% applied for a loan, 12% found another financial solution) or seeking family support (14% of cases), which suggests that their own savings had been exhausted. Even so, household financial management was rational: family support when they are going through a bad patch; formal loans when they have income.

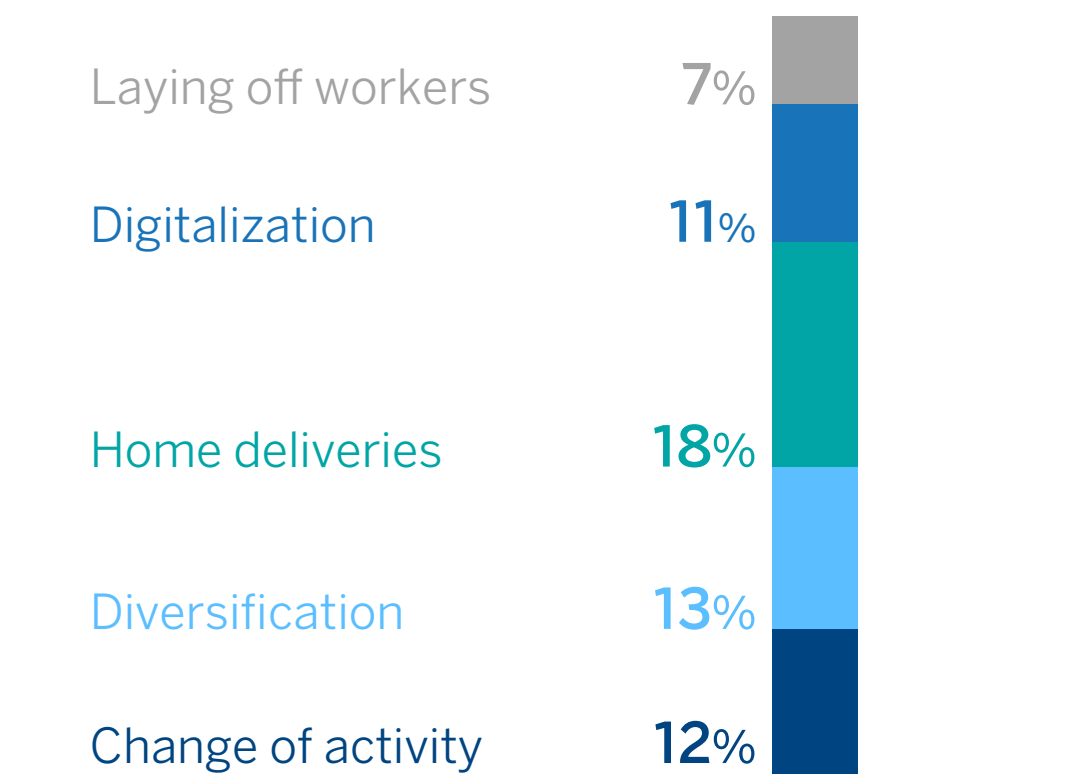
In their finances

7 out of 10 take financial measures



In their businesses

4 out of 10 adapt their businesses



There is huge opportunity for digitalization, moving forward, since the use of digital channels to reactivate businesses has proven to be efficient in increasing incomes

Tailored finance for inclusive development

Our clients have seen the added value in the financial solutions we offer

57% have benefited from financial solutions and 39% consider that these have enabled them to carry on operating or to meet their household expenses. The businesses most affected have received a higher number of these solutions.

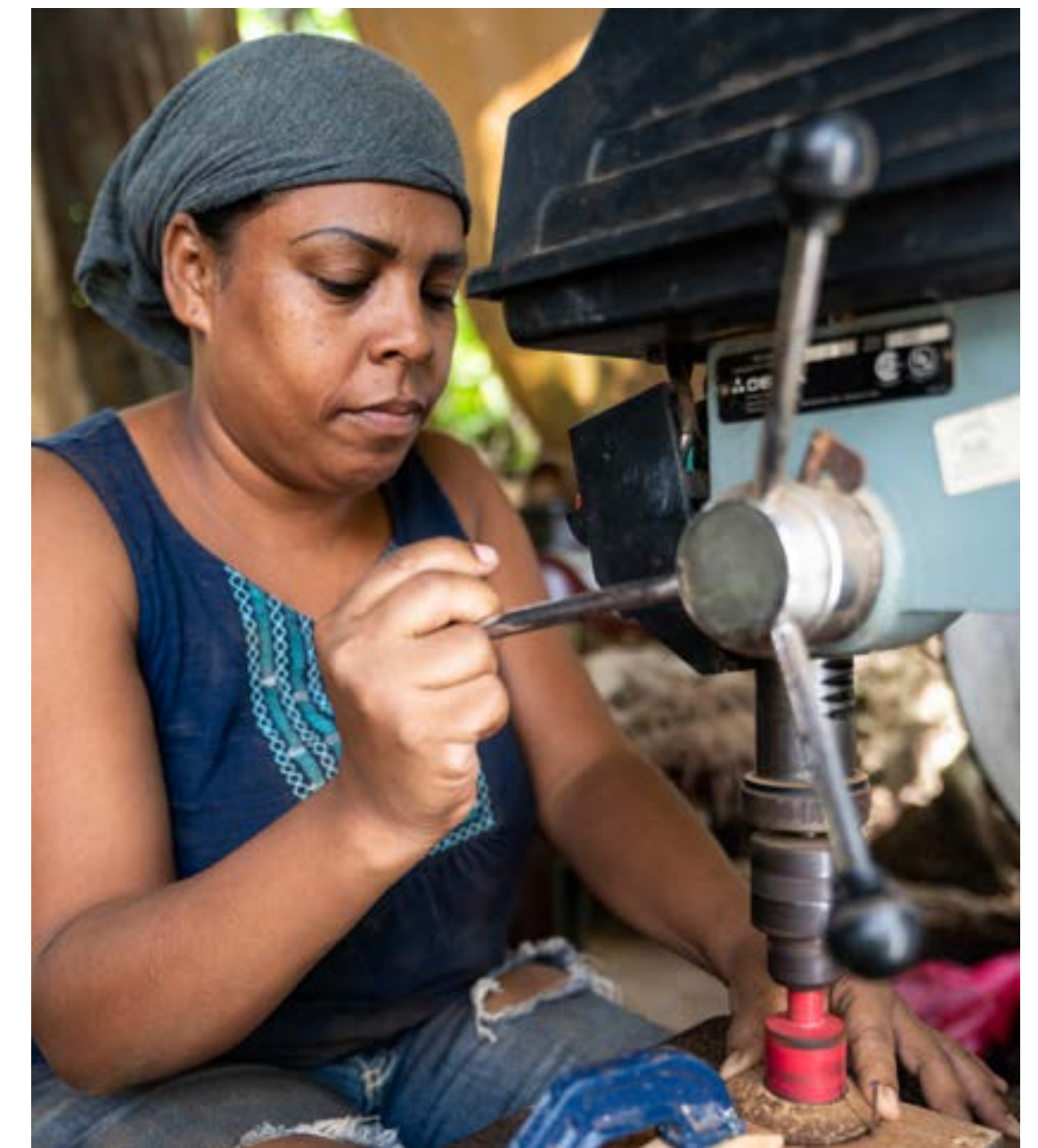
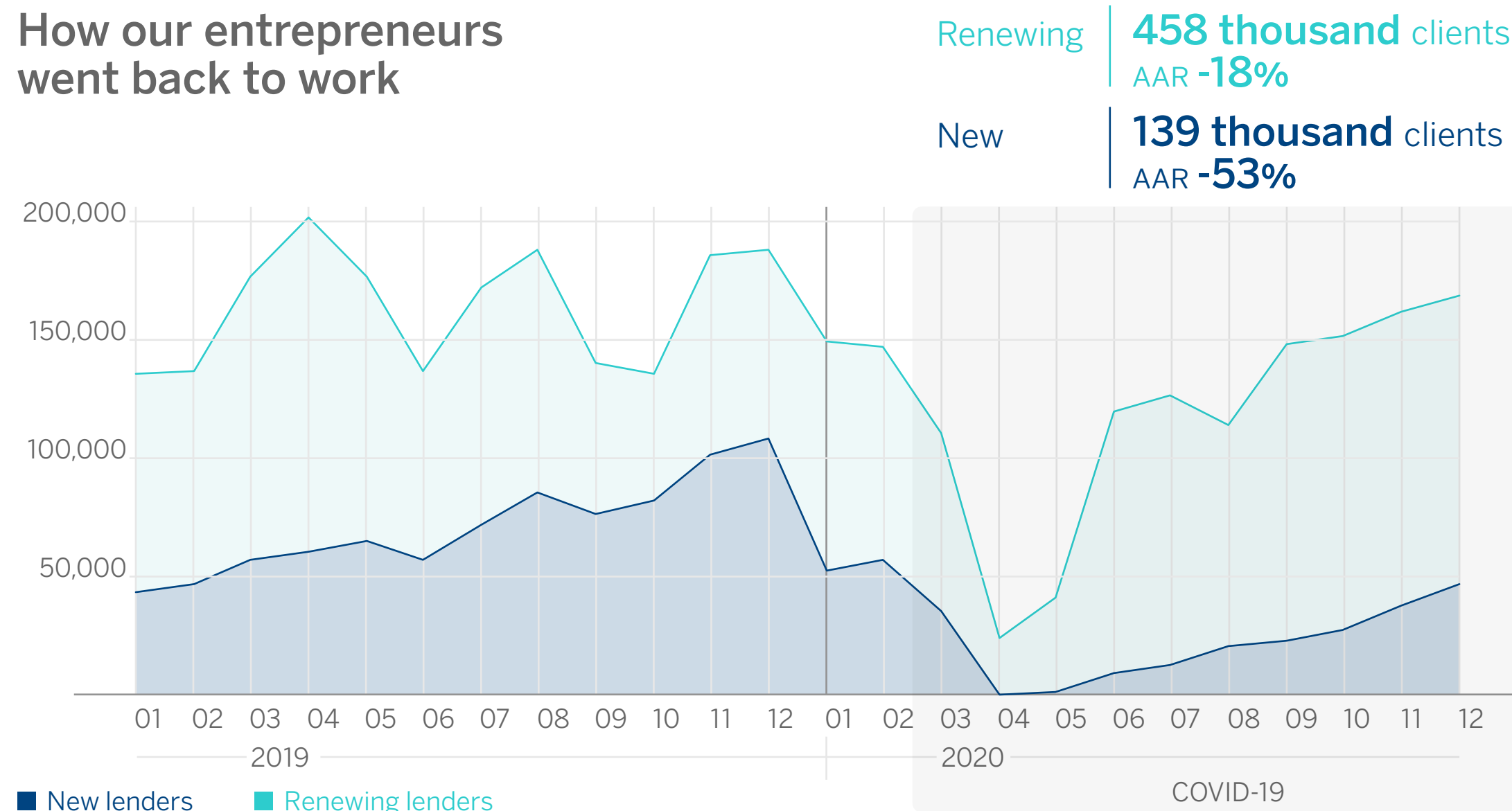
From the outset of the pandemic, new funding was granted to entrepreneurs as working capital

In 2020 over 458 thousand entrepreneurs renewed their loan, while 139 thousand new clients joined our institutions. Most of them were in Peru (the country which recovered fastest), followed by Colombians (with a higher proportion of farming entrepreneurs) and Chileans, who also sprang back swiftly.

Reactivation has varied between countries, both in terms of client profile and in timings, with traders of essential goods (e.g. grocery stores) and the farming sector —mainly rural and male— predominating. The latter started to get back to normal in the last quarter of 2020.

Now more than ever, capital is needed for private initiative: loans to invest, savings to plan, insurance to protect and more work on financial education so that entrepreneurs know how to use our offerings to their advantage. Meanwhile, more and more entrepreneurs are using our digital tools so that they can operate under these difficult conditions.

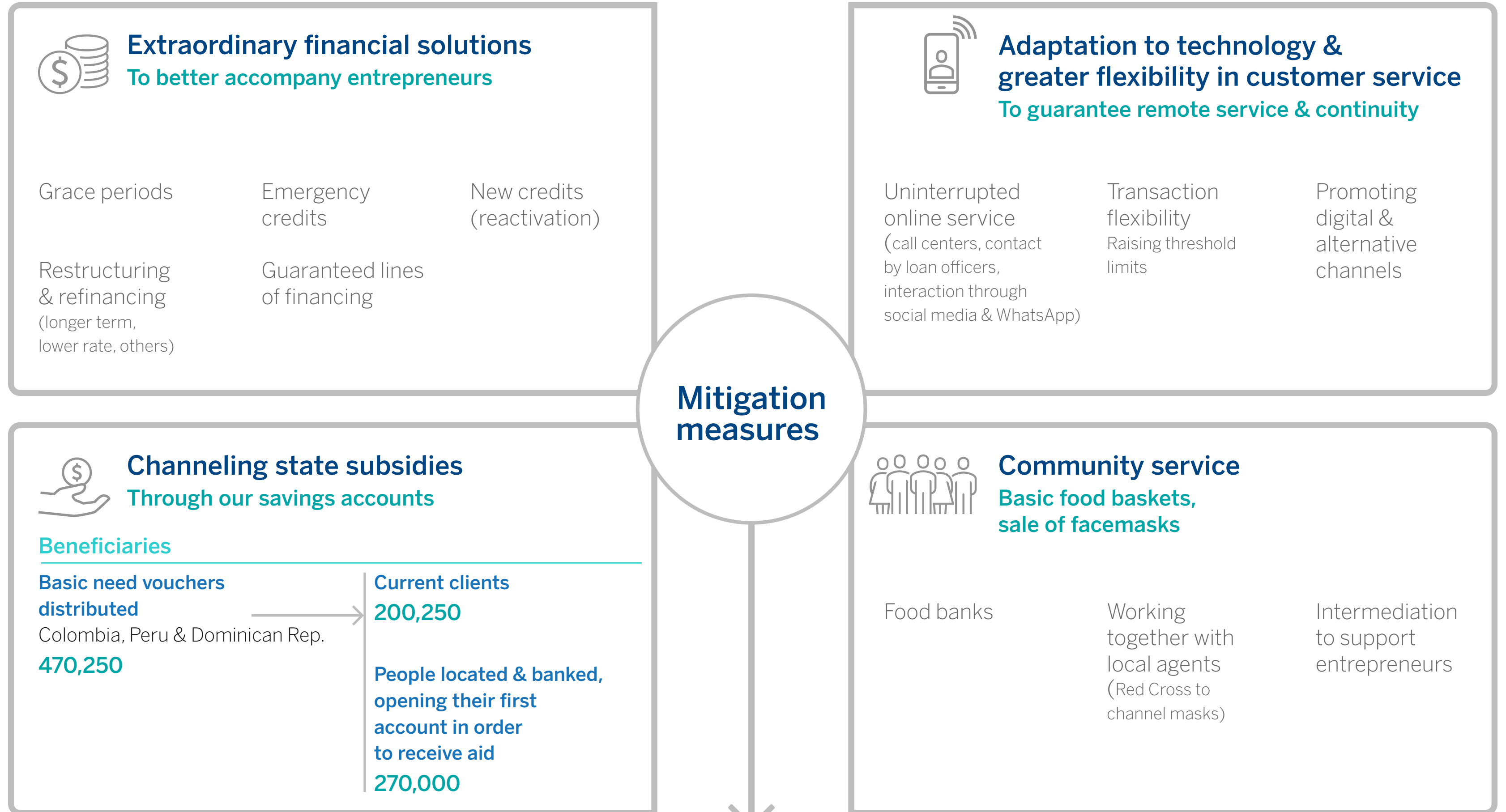
How our entrepreneurs went back to work



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- Speeding up digitalization
- Women's empowerment
- Environment
- Displaced people & migrants

Our response to COVID-19



Our purpose, more important than ever



Digitalization & connectivity

- Digital solutions for clients
- Digital onboarding
- Biometrics
- Geolocation
- Data
- Connectivity solutions for remote communities
- Access to mobile devices
- Training in digital skills

Measuring social impact

- Poverty & vulnerability
- Performance of their businesses
- Financial health
- Wellbeing: health, education, housing, environment

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Impact measurement model in BBVAMF

Integrated into management, it feeds back into strategy



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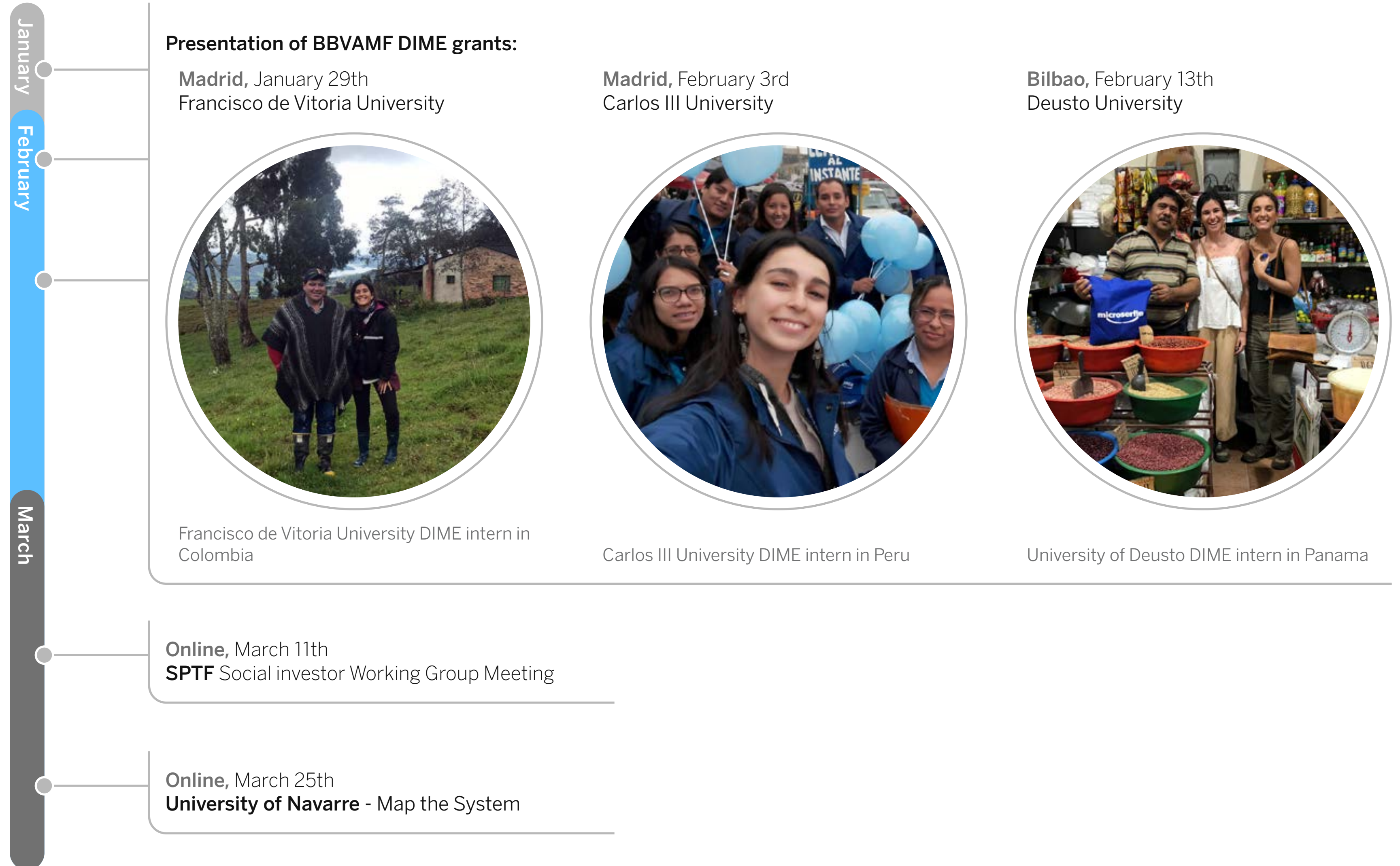
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Institutional activity. **Social impact**



Francisco de Vitoria University DIME intern in Colombia



Carlos III University DIME intern in Peru



University of Deusto DIME intern in Panama

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Institutional activity. Social impact

April

Online, April 14th
Foro Impacto- Spain Nab: Best practices in impact measurement

May

Online, 19th & 20th
CGAP Thought Forum: Toward a shared learning agenda for financial inclusion

Online, May 5th
BBVAMF videoconference with **H.M. the Queen of Spain**



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Institutional activity. **Social impact**

October

Oviedo, October 6th
ASICOM-University of Oviedo
2020 Ibero-American Award ceremony



November

Online, November 19th
OECD Virtual roundtable with foundations:
Building back smarter - Trusted data for COVID-19 recovery

Online, November 19th
COFIDES, AECID & European Commission:
Launch of the Huruma Fund
Impact investment during a pandemic



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Institutional activity. Women's empowerment

January

Chile, January 22-31st
XIV Regional Conference on Women in Latin America and the Caribbean:
Promoting a sustainable model for the financial sector: engagement with equality within the 2030 Agenda



February

Madrid, February 20th
 Go! SDG Awards ceremony.
UN Global Compact Spain network



March

Online, March 11th
BBVA NY: Women in Leadership

April

Online, April 16th
FinEquity CGAP: What are we doing to promote women's financial inclusion in LAC?
 New strategies against COVID-19

May

Online, May 29th
UN Women in the framework of the Win-Win program. Meeting of the Gender Lens Innovative Financing & Investing Initiative group of experts

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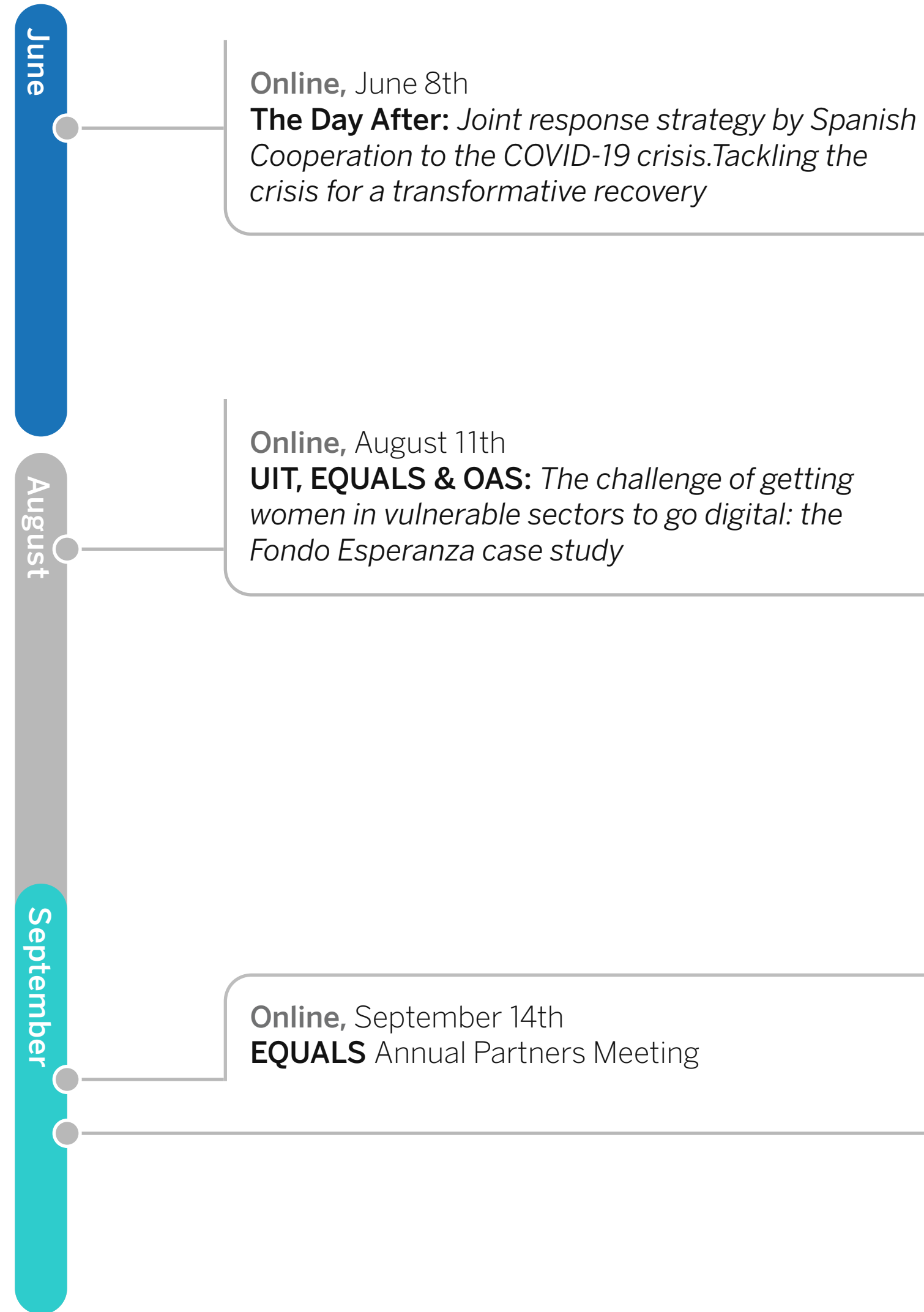
Speeding up digitalization

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Institutional activity. Women's empowerment



Online, September 17th
EQUALS Access Learning Sessions: Advancing women's digital financial inclusion: Best practices and challenges of 5 leading MFIs in Latin America



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September

Institutional activity. Women's empowerment

Madrid, September 28th
BBVAMF Event: "Unstoppable women: challenges and achievements to reinvent in times of crisis", with H.M. the Queen of Spain



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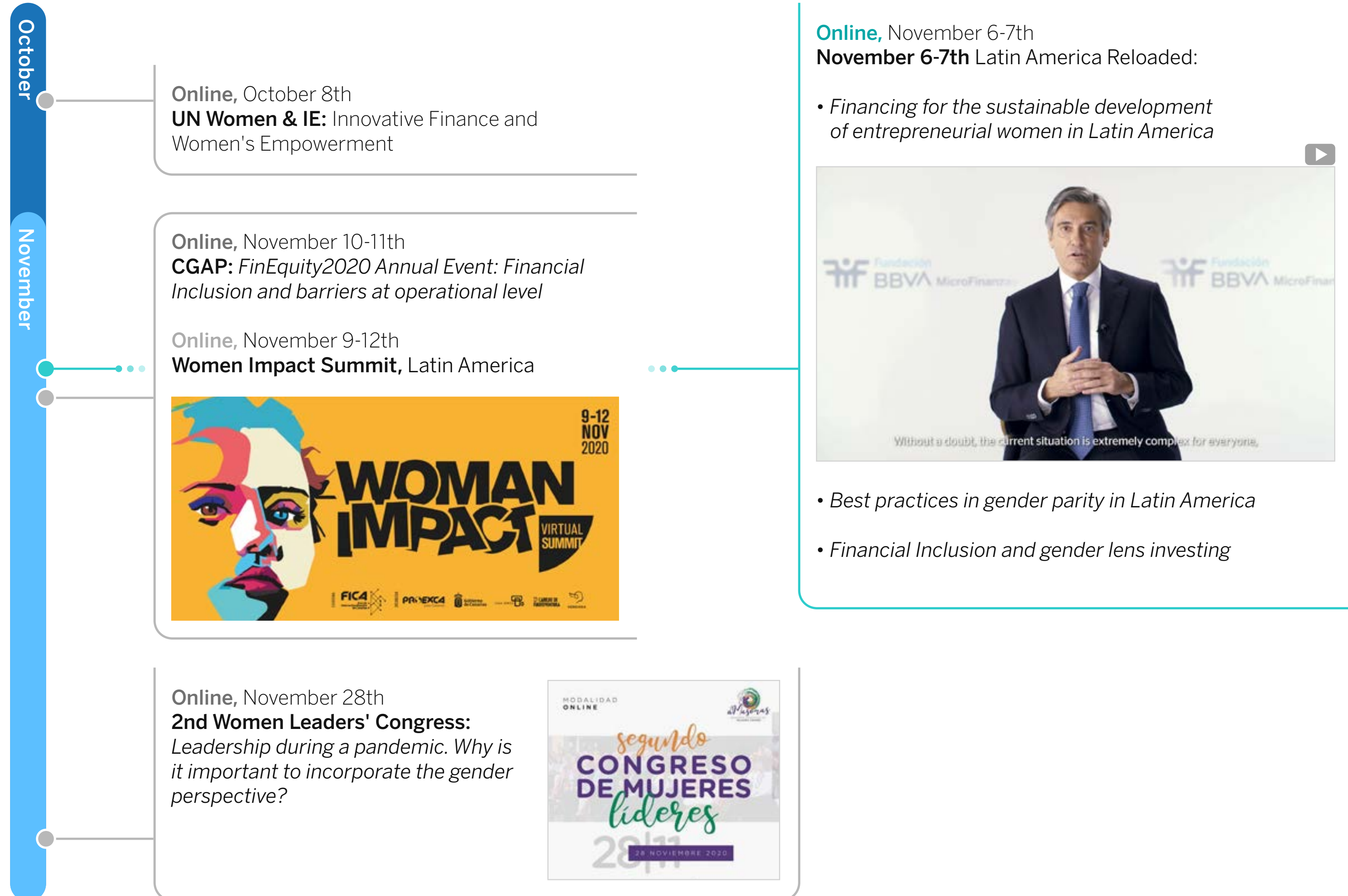
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Institutional activity. Environmental sustainability

March

Paris, March 5 & 6th
2020 OECD Global Forum on Environment:
Biodiversity, agriculture, fisheries: Changing economic opportunities for women and men

Madrid, March 3rd
Global BBVA Momentum: Entrepreneurs and sustainability



July

Online, July 14th
Business Fights Poverty Online 2020
Rebuild Better: Opportunity: How can we help workers, SMEs and farmers thrive?



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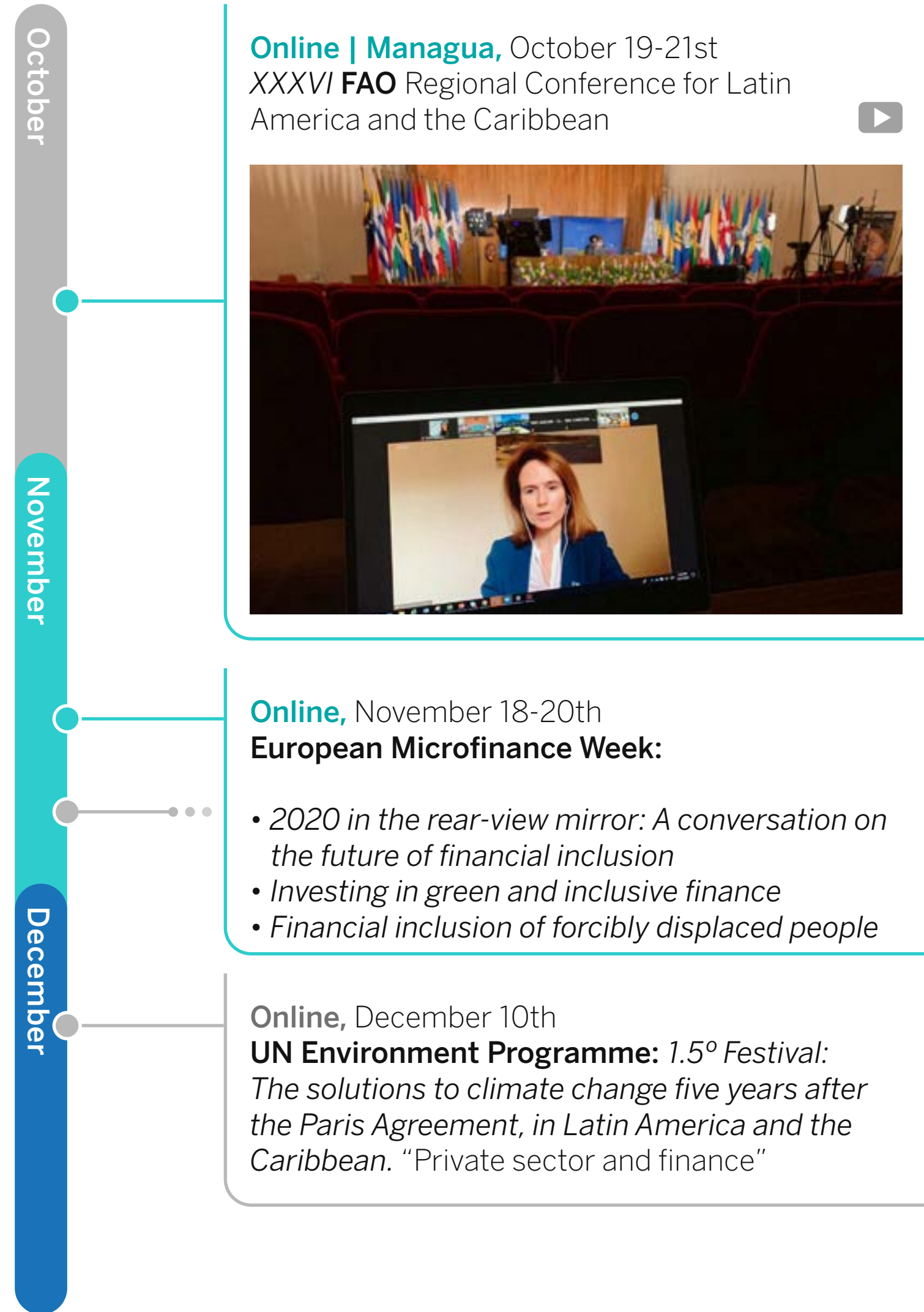
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Institutional activity. Environmental sustainability



Online | Managua, October 19-21st
 XXXVI **FAO** Regional Conference for Latin America and the Caribbean



Online, November 18-20th
European Microfinance Week:

- *2020 in the rear-view mirror: A conversation on the future of financial inclusion*
- *Investing in green and inclusive finance*
- *Financial inclusion of forcibly displaced people*

Online, December 10th
UN Environment Programme: 1.5° Festival:
The solutions to climate change five years after the Paris Agreement, in Latin America and the Caribbean. "Private sector and finance"

Online, November 25th
 Launch of **OECD Centre on Well-being, Inclusiveness, Sustainability and Equal Opportunity (WISE)**. Roundtable with foundations



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January

Madrid, January 28th
International HR Meeting: From Ulrich to Agile: new organizational models in multi-country contexts

February

Rome, February 6 & 7th
Microfinance Summit 2020: Optimizing synergies between digital finance and financial inclusion



July

Online, July 14th
SCM-EPICOM 1st European Internal Communications Conference: The 'new normal' of internal comms



Online, July 16th
Prensa Ibérica & Zeta Group: Table of experts Innovation for Development



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Institutional activity. Digitalization

September

Madrid, September 29th
Talent Day 2020
Are you ready for transformation?



October

Online, October 26th
YBI. Thinking on your feet. Innovation Workshop

November

Online, November 19th
Observatory of Communication and Corporate Responsibility Action awards ceremony

Online, November 19th
CGAP: Is digital the future of microfinance in Latin America and the Caribbean?

December

Online, December 1st
SCM-EPICOM 2nd European Internal Communications Conference.
 Digital Internal Communications. *Best practice: Digital communications, the new normal*



Online, December 7-11th
Singapore Fintech Festival:
Creating opportunities by building bridges and breaking borders



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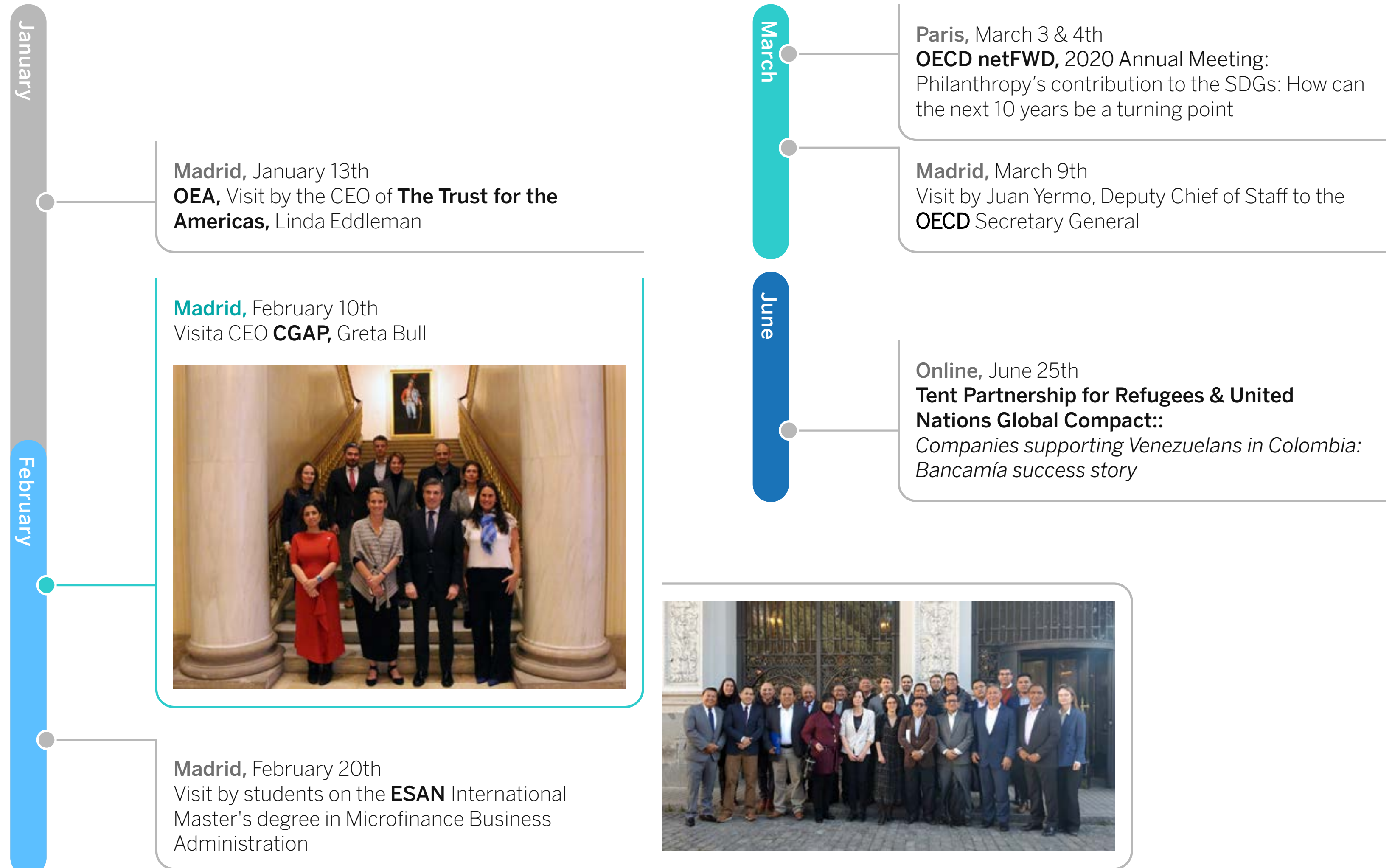
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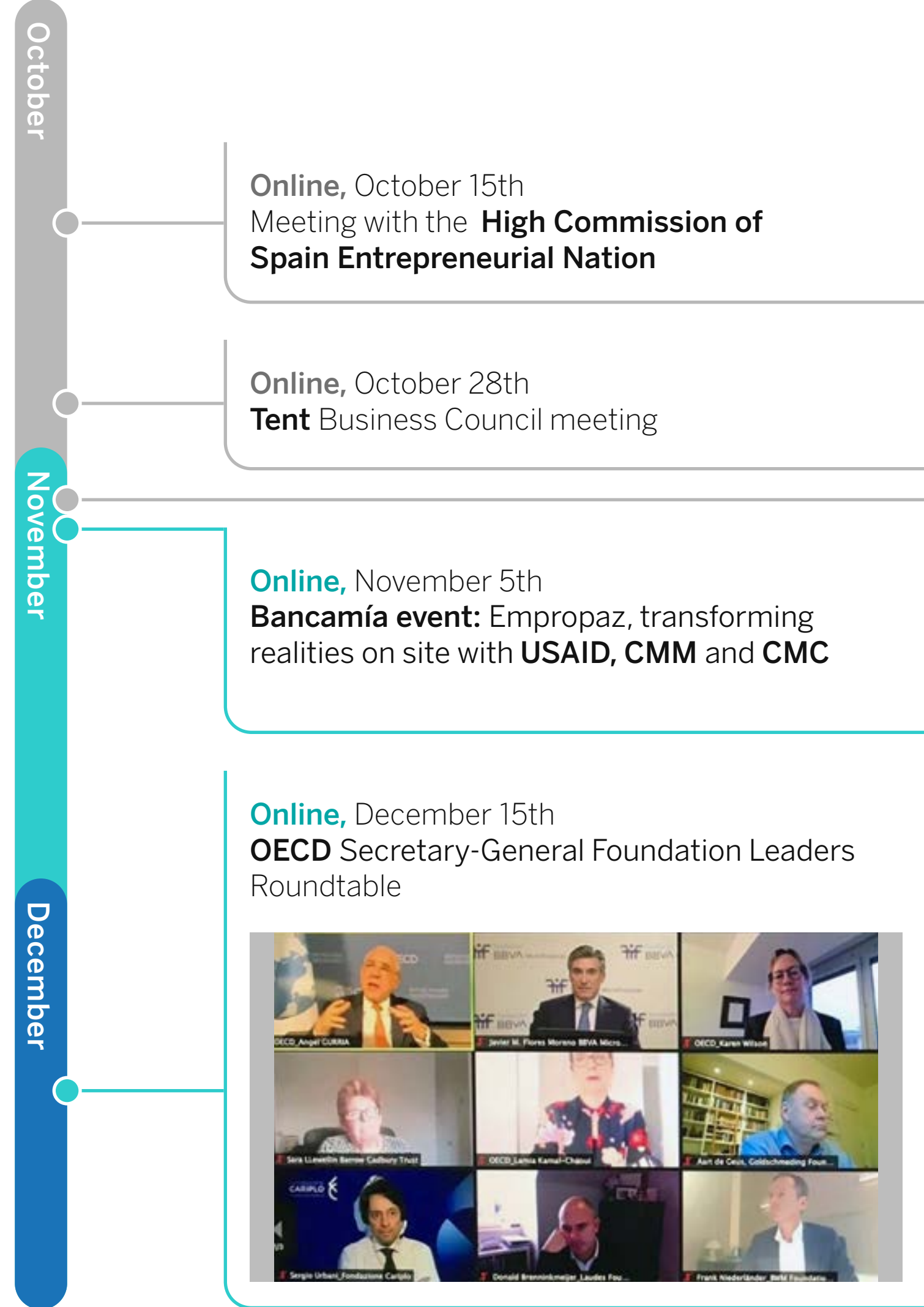
Institutional activity. Partnerships



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Institutional activity. **Partnerships**



Madrid, November 4th
Audience of the Business Observatory for Inclusive Growth with **H.M. the King of Spain**



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Acknowledgements 2019-2020

BBVAMF

Ibero-American Award 2020 ASICOM - University of Oviedo



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Acknowledgements 2019-2020

BBVAMF

Euromoney Awards for Excellence

2020: BBVA Best bank for sustainable finance Latin America
 2019: BBVA World's best bank for financial inclusion

**Internal Communication Observatory:
 IE Business School, Wolters Kluwer y Atrevia**

Best Internal Communication Strategy for managing change.
 Category: Gaming strategy employed with Heroes and Amigotchi

CEGOS Awards with Equipos&Talento

Global and category award: Best practice for the Foundation's gaming strategy

**Observatory of Communication and Corporate
 Responsibility Action Awards**

2020: Finalist for *Seguimos contigo*
 2019: Honorary mention for the campaign presenting the Social Performance Report

Corresponsable Awards for Responsible Communication

Finalist: Best opinion article

2020 **go! SDG Awards** by the Spanish network of the **UN Global Compact**
 Category: SDG 5 for BBVAMF's women's empowerment strategy



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Acknowledgements 2019-2020

Institutions

Bancamía · COLOMBIA

Women Economic Forum

"Iconic Companies Creating a Better World for All" award

Portfolio Award

Customer service

PAR ranking

First prize for the best communications action

CEMEX-TEC 2020 Award

Category: Collaborative Action

Andesco 2020 Award for Sustainability

in the Environment

Fintech Americas

2019: Most innovative banker

2020: Channel innovation

Member of the **Presidential Advisory Board of Colombian businesswomen**

UN Global Compact Colombia network

Category: Good practice in sustainable development

Asobancaria

2019: Environmental Sustainability

2020: *Bancamía Digital*: social dimension

Bogotá Chamber of Commerce.

Shared Values Award

Category: New products and services

CITI Microentrepreneurship Awards

Category: Outstanding loan officer in Colombia:

Yuly Astrid Londoño

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Acknowledgements 2019-2020

Institutions

Financiera Confianza · PERU

CITI Microentrepreneurship Awards

Category: Responsible financial inclusion

PAR Gender equality ranking

Category: Best innovative practice with a gendered approach for *Palabra de Mujer*

Banco Adopem · DOMINICAN REPUBLIC

CODESPA Foundation Awards

Finalist: Social innovation

REDCAMIF

Transparency certification

Wholeplanet 2020 Awards

Best field officer finalist: Gerónimo Reyes

Fondo Esperanza and Emprende Microfinanzas · CHILE

Green Latin America Awards

Finalist: Human development

Microserfin · PANAMA

Agricultural Development Ministry

Category: Support for Panamanian producers

Panamanian Credit Association (APC Intelidat)

Categories: Satisfaction, data plus and Prize for Team of the Year

Wholeplanet 2020 awards

Best field officer: Juana Flores

REDCAMIF

Certificate of transparency

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Looking out for people

The extraordinary situation to which the pandemic has given rise has triggered action plans affecting all aspects of the organization and human capital is certainly no exception to this general rule. We have been working on three lines of action in this area: COVID-19 protocols to protect the health and wellbeing of our coworkers and clients, an overhaul of our training, and adjustments to the grants program.

Protecting people's health and wellbeing

The health of entrepreneurs and our employees has been the overriding criterion we have followed at all times when taking decisions about managing the pandemic. A crisis committee was set up in both the Foundation and in each institution to coordinate actions around protection, prevention, hygiene, etc.

One of the measures agreed was to define an action and follow-up protocol for both face-to-face staff and remote workers, aligned at all times with the instructions received from health authorities about how to follow up confirmed or suspected cases. Guidelines were established on how to organize the isolation, quarantine and disinfection of all the work centers. Safety protocols were defined for the 429 offices that remained open (72% of the total), classified by the authorities as providers of an essential service.

These measures included clear indications of the maximum number of people allowed per establishment, simple-to-follow protocols in the case of suspected cases (immediate closure, substitution by another nearby branch office, monitoring of colleagues and contact tracing, testing), provisioning of biosecurity materials (masks, gloves, face screens), personal protection kits (medicinal alcohol, hand wipes, antibacterial gel, no-contact keys), additional protective features at work stations (thermometers, anti-bacterial floor mats, acrylic shields) and providing masks to those clients without one.

In central services and part of the sales network, measures such as remote working were applied (depending on each country's circumstances) and flexible working hours, also conditional on staff's personal and family situations. 53% of all staff across the BBVAMF Group have been working remotely, a proportion that rises to practically 100% in central services. In addition, all trips, meetings,



events, and face-to-face training were canceled, while daily questionnaires to track symptoms were rolled out. Some institutions took on support health staff and set up medical commissions to evaluate the cases reported to them.

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Looking out for people

Our internal communications struck a tone of empathy and trust to nurture the links between people, coupled with information transparency about the progress of the illness and its impact on the Group's activity. This activity consisted of frequent videoconferences and communication generally on the part of managers and country managers with their teams, management calls and individual assistance to find out how coworkers were doing, encouraging virtual communities (eg. Google) and other discussion groups, website information on the virus and measures to be taken, print material with information and instructions, etc. Several permanent hotlines were activated so that staff could ask all sorts of questions, particularly those relating to COVID-19.

53% of all staff across the BBVAMF Group have been working remotely, a proportion that rises to practically 100% in central services.

In terms of our coworkers' welfare, efforts have been made to mitigate the financial effects of the pandemic on families, such as payroll advances (partial or total), and greater flexibility over vacation periods. Agreements have also been signed with insurance companies to extend provisions, offer preferential service and lower costs in healthcare coverage, psychological support, funeral costs, etc.

Adapting training

To continue achieving high-quality training during the complex scenario created by the pandemic, we have made adjustments so that our co-workers can continue to acquire new skills and generate higher value for our clients.

For this reason, almost all training activity has gone on-line. That is why the Microfinance Campus LMS platform has been radically changed to improve its virtual training capabilities, both synchronous (eg. virtual classrooms) and in terms of the user experience.

In the area of contents, course material has been added to increase understanding of COVID-19, its effects, prevention measures and protocols for client interactions. Leadership programs have been added too, to reinforce appropriate action and management on the part of team leaders.

Given that over half of the Group's employees have worked remotely at some point, we have published training courses and guidelines with recommendations about productivity when working from home, together with other contents to get the most out of tools and working spaces in the cloud (eg. Google suite).

In addition, the habit of continuous learning on the part of employees has been encouraged, boosting individual responsibility so that they can acquire new skills and take on new roles, particularly new technical capabilities that are starting to be viewed as essential in the labor market (eg. data science and user experience).

During the pandemic we have stayed in constant touch with our managers and staff, providing information, support and training online

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Looking out for people

Adjustments to the grants program

The BBVA Microfinance Foundation and the institutions that form part of the group remain firmly committed to the training and the employability of young people in the countries where we operate.

Our grants program includes the BBVAMF DIME grants (Development, Inclusion, Microfinance and Entrepreneurship), a program that began in 2018 and which 21 students have already taken. This initiative enables students from Spanish and Latin American universities to experience the reality of microfinance in person, with particular emphasis on the work of loan officers in the field.

For four weeks students have the opportunity to understand our work in the first person, visiting our entrepreneurs to see the social impact of our mission. Through this experience we are opening up to them the possibility of choosing a purpose-driven job in the future. As such, in this program the main aim is not what students bring to the table in terms of their knowledge and time during their stay, but rather the human, vocational and professional learnings they take away from this unique experience.

The first two internships were a success, with participants giving their experience general satisfaction scores of 9.4 out of 10. The third internship, to have taken place between July and August 2020, would have had the biggest number of participants to date.

With the purpose of making the BBVA Microfinance Foundation DIME grants the benchmark for university grants focusing on development, we convened the selection process at the beginning of the year. 700 candidates applied for the 15 places available to Spanish students, a very significant increase on earlier years. Unfortunately, a few days after selecting the successful 15 (a very diverse representation of candidates from ten different universities, more than ten academic fields, from eight provinces and aged between 22 and 28), the pandemic erupted.

Because of the importance of this project for us and the commitment we took on with the students selected, we have kept the 15 places awarded (and the 5 on the back-up list) until we can restart the internships.

We are determined that BBVAMF's DIME grants should become the benchmark for university grants focusing on development



Executive summary

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Macroeconomic context

Impact on entrepreneurs

Our response
to COVID-19

Speeding up digitalization

Women's empowerment

Environment

Displaced people & migrants

Client training

Education, together with entrepreneurship, is one of the most influential factors in the development and progress of people and societies.

Financial education and business management skills in particular have always been one of the keys to BBVA Microfinance Foundation (BBVAMF)'s productive finance model. The pandemic has accelerated the processes of productive transformation and of the labor market in general, and for this reason training vulnerable people has taken on an even more crucial role in our non-financial value proposal.

In the first quarter of 2020, BBVAMF continued supporting the educational programs that it was running for clients across all the group's entities. However, as coronavirus spread, training was taken online. All our institutions have made efforts to digitalize their training sessions by using SMS, WhatsApp, social media, and virtual classrooms. This challenge has made apparent the digital divide suffered by the vulnerable populations we are targeting. In a context in which the catalog of educational content is by necessity virtual, internet access is essential, as is the acquisition of digital skills.

To this end, we are rolling out an open digital platform (in the Moodle environment) to teach both clients and non-clients. The idea is to provide personalized materials, adapted to each user's learning needs and matched with the development stage of their business. The content offering has been divided into four categories: financial education, digital education, empowerment skills and business support.

401,648 entrepreneurs were taught contents during 2020, both on-site and online. A further 5,500+ people have been trained through third parties, mainly in Colombia, Peru, and Chile.

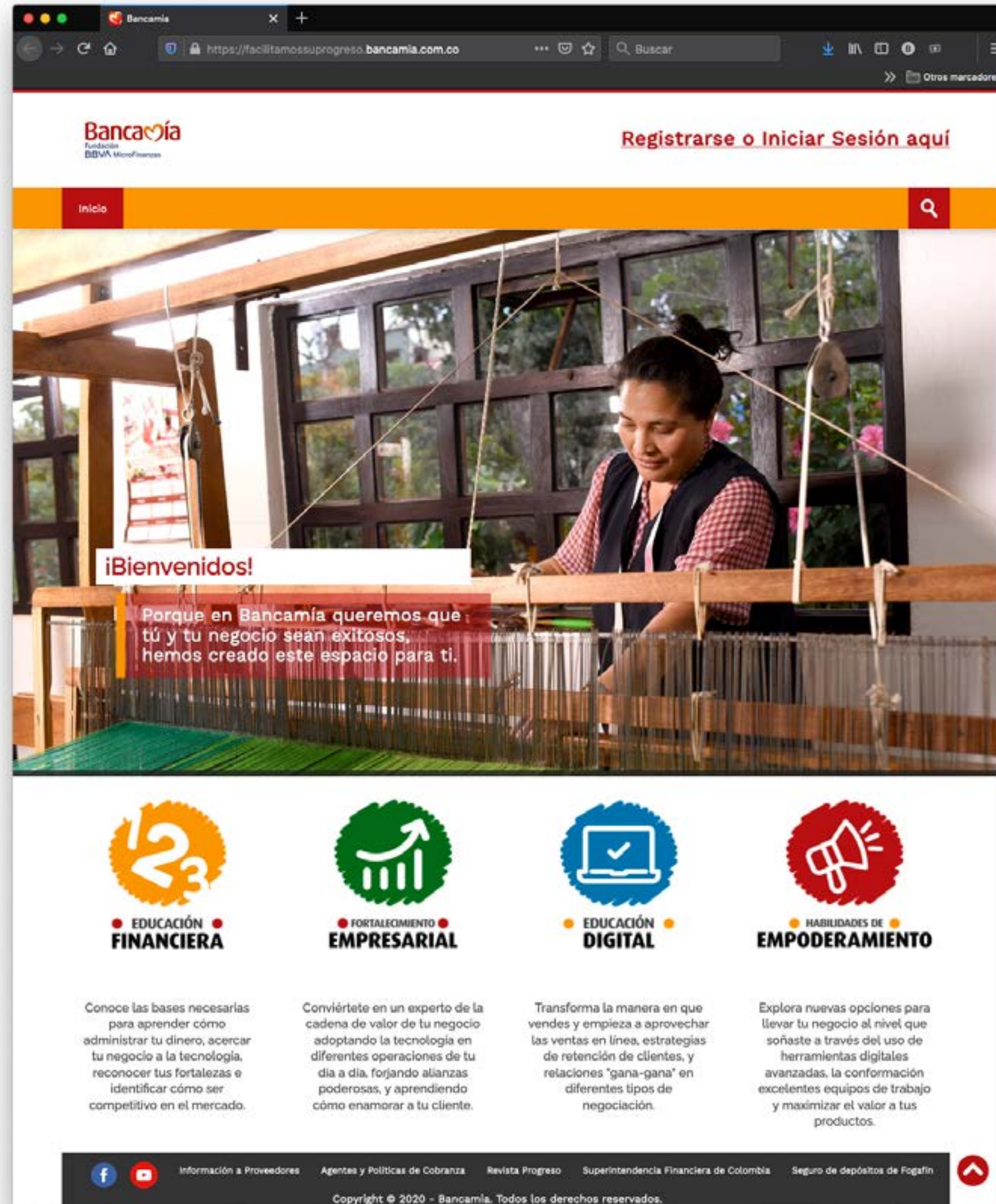
Throughout 2020, Bancamía continued its key mentoring program "Echemos números" [Let's do the numbers], in which advisors provided financial education to nearly 250 thousand entrepreneurs during their visits, on subjects such as the importance of saving, managing debts and drawing up budgets.

In addition, throughout the year, Bancamía has developed its new online education platform Facilitamos tu progreso [We make your progress easier]. The platform, currently running as a pilot, has learning programs that are adapted to participants' levels and to the degree of their enterprises' development.

We are rolling out an open digital platform to teach both clients and non-clients

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Client training

Bancamía's virtual training platform:
"We make your progress easier"

In the same period, the Colombian institution continued working intensively on its (*Empropaz* [*Productive Enterprises for Peace*]) program, in partnership with USAID (United States Agency for International Development), Corporación Mundial de la Mujer [Women's World Corporation] Colombia and Corporación Mundial de la Mujer [Women's World Corporation] Medellín in 76 municipalities affected by violence and poverty (18 of which were added in 2020 to serve Venezuelan migrants, returning Colombians and reception communities). With the aim of raising the possibilities of success for the most vulnerable entrepreneurs and microentrepreneurs, Bancamía has provided an integrated value offering that includes specialized courses for entrepreneurship and strengthening businesses, as well as access to financial services and financial education, among other services. Within this framework, in 2020 financial education was made available to 37,679 people, bringing the accumulated total since Empropaz was launched to 70,169.

The specialized upskilling required for enterprise and business strengthening is taught in modules and separated into training or mentoring pathways. These cover areas such as: the capacity to reinvent oneself, personal & family budgeting, the business environment & value chains, basic company functions, service & client retention strategies, and strategic planning of the organization, among others.

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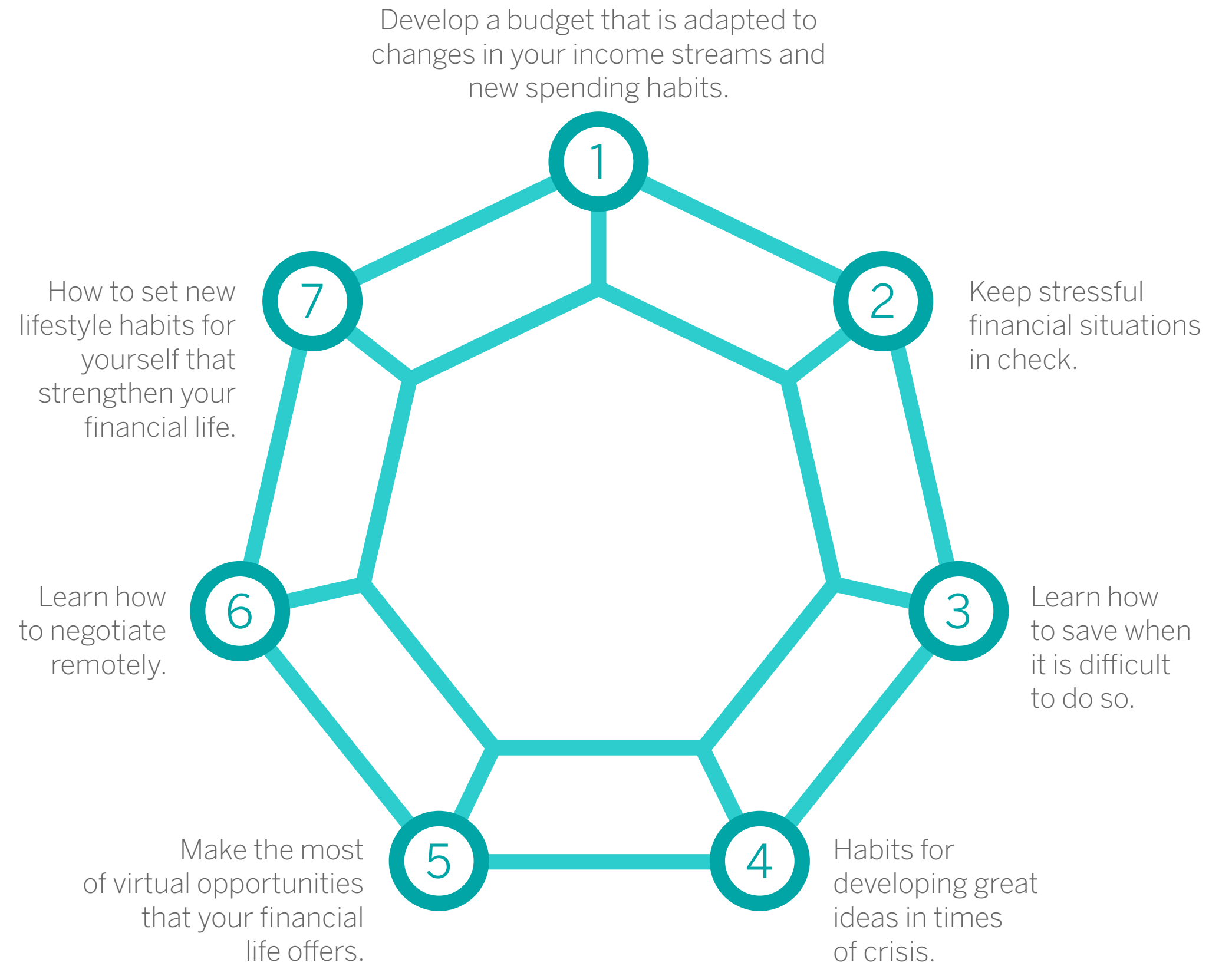
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Client training

Both training pathways are taught by Corporación Mundial de la Mujer (CMM) Colombia and CMM Medellín; they include a diagnosis to identify knowledge gaps and opportunities for adaptation according to each participant's individual needs. Before the pandemic, initiatives such as "Empropaz online" were rolled out. This prototype of online upskilling has enabled its beneficiaries to continue developing their training plan on a study platform, supported by advisers to ensure an effective and enjoyable transition from presential to virtual.

By the end of 2020, 997 entrepreneurs had participated in the specialized entrepreneurship upskilling program run by *Empropaz*, which was backed up by financial inclusion processes and access to seed loans on favorable terms to start their productive units. Of this number, 247 were Venezuelan migrants, returning Colombians and reception communities. Around 1,200 microentrepreneurs have taken the business strengthening course, enabling them to also access financial products on special terms to take their businesses to the next level.

Financial Education capsules, complete cycle



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Client training

In response to the pandemic, Financiera Confianza adapted its educational services for its women clients to the new context as part of the value offering of its Palabra de Mujer [Woman’s Word] product; it relaunched the “Aprendiendo en Confianza” [Learning in Confianza] product online, using social media. The entity also included an upskilling and coaching component for the *Palabra de Mujer* team, with guidelines, manuals, and teaching plans, to ensure that skills are transmitted. The six-point program - personal finance, business management, digital literacy, healthcare tips, household wellbeing and gender – was studied by 45,870 women in 2020.

The entity also started its “Academia de Confianza” [Confianza Academy], a virtual training program to upskill business management so that businesses can reactivate, and to provide financial education. This program consisted of a series of workshops open to the public in partnership with Peru’s Banking, Insurance & Pension Plan Authority, the Production Ministry MSME support program *Tu Empresa* [Your Company] and the NGO *Acción Emprendedora* [Entrepreneurial Action]. In 2020, 408 people, 60% of whom were women, took part in this program.

Furthermore, financial consultations were given to 30 *Palabra de Mujer* clients using *Aprenda*. These are shared learning spaces for personal empowerment, financial independence, and leadership. Issues such as good financial organization as a way of increasing sales and bringing one’s business into the formal economy were tackled.

Learning in *Confianza* program, *Financial and Non-Financial Education, using Woman’s Word methodology*

The image displays six educational infographics from the 'Confianza' program, arranged in a 2x3 grid. Each infographic is titled and contains several key points:

- Planificando las finanzas de mi hogar con el ahorro:** Focuses on saving for home needs, including tips on budgeting and emergency funds.
- Fortaleciendo mi autoestima para sentirme más segura como mujer emprendedora:** Discusses self-esteem, recognizing one's strengths, and setting goals.
- ¿Qué herramientas digitales puedo usar para potenciar mi negocio?:** Lists social media platforms like Instagram, Facebook, Messenger, YouTube, and WhatsApp, explaining their uses for business.
- ¿Cómo aprovecho la tecnología para reinventar mi negocio?:** Covers digital marketing, distribution, and payment methods.

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Client training

Similarly, in 2020, Financiera Confianza continued to take part in the CARE Peru initiative and Fundación Capital's Conéctate [Get connected]. Through attendance-based workshops, the Lista app, and sending SMS, over 3,500 women entrepreneurs in rural and peri-urban areas were trained in basic financial concepts, how to prepare a budget, savings, and other products. This type of upskilling also has the aim of enabling these women to overcome their reticence about using technology.

Over in the Dominican Republic, Banco Adopem has leveraged various programs and strategies to impart a rich and varied training syllabus to strengthen the capacities of over 56,708 entrepreneurs, who are also supported by Adopem NGO's Training Center. Their upskilling methodologies in **financial education** are adapted to the entrepreneurs' socio-economic profiles, in both urban and rural areas, and are based on research conducted by experts. In 2020, 124 education workshops were run for nearly three thousand Banco Adopem clients, **community gatherings** were organized with 237 clients in the first months of the year, and, in the framework of the Nestlé microfinance project, 7 virtual workshops were attended by 135 people. Likewise, 2,360 Banco Adopem clients took part in Prosoli's financial education programs. On the other hand, as part of its social programs, Banco Adopem provided online financial education pills covering different subjects and in real time on social media using Instagram, masterclasses with *More Latinoamérica* and webinars over digital platforms.

Training for entrepreneurs has always been one of Fondo Esperanza's core service offerings, especially in subjects that contribute towards their personal and business development. The *School for Entrepreneurs* is an integrated, high-quality, educational proposal that offers two-year courses. It encompasses 18 educational modules, focused on empowerment, family welfare, business development and social capital. This training, which since its launch has always been attendance-

based, has been adapted to carry on through remote sessions on social media, with over 39,800 women taking part. Furthermore, in 2020, the YouTube channel *#AprendoyEmprendo* [I Learn & work for myself] has continued to post training pills on various subjects, such as: how to create an attractive Facebook page, inventories, explanation of the SPIN method, five-step problem solving for your business, and challenging gender roles. These pills have received over 71,700 views.



YouTube channel
"Fondo Esperanza's I
learn & work for myself"
program

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Client training

Likewise, Fondo Esperanza (FE) has carried out several digital training initiatives with public and private institutions such as:

- **PRODEMU.** This state-owned Foundation promotes and develops the position of women in Chile. 200 Fondo Esperanza members joined its *Ruta Digital Emprendedoras* [Digital pathway for Women Entrepreneurs] plan. This program gives every participant a mobile phone with free internet connection for 18 months. It also provides educational sessions so that people learn the basics of digitalization until they know enough to use online tools to take their businesses forward.
- **Fundación Kodea-“Emprendedoras Conectadas”.** [Connecting Women Entrepreneurs]. This initiative digitally empowers 20 women so that they identify new opportunities and sales channels in addition to their traditional activities, helping them to strengthen and expand their businesses in the context of the digital economy.

- **AIEP (Universidad Andrés Bello).** Offers advice and training to women members about taxation, in response to their growing interest in moving their businesses into the formal economy. In all, 97 members took part, with their main concerns relating to starting up an economic activity.
- **Universidad Central.** The entrepreneur-services office provided group classes to teach people about the business model Canvas. For members who needed it, individual sessions were held as well, to identify specific areas for improvement in their business. These classes were offered in all areas where FE has a footprint, with participation by around 200 members

Microserfin opted to train its sales network officers online in financial education issues so that they in turn could transfer this knowledge to nearly 6 thousand clients, on their visits to homes and businesses. The program modules covered subjects such as debt administration, saving, financial budgeting and negotiating.

Training initiative in Fondo Esperanza



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Our contribution to the Sustainable Development Goals

The private sector's contribution to the United Nations' Sustainable Development Goals (SDG) is increasingly important. Corporate foundations are leading global players in the race to make a better world by 2030. Financial inclusion is more essential than ever to achieve the 2030 Agenda.

Against the backdrop of the current pandemic, COVID-19 revealed the crude reality in some countries. In our footprint, most of the population operates in the informal sector and, regrettably, social mobility is limited. It is precisely this segment that is targeted by the Foundation's work, to provide opportunities for those who leave or cannot be absorbed into the labor market. These people see individual endeavor as a self-employment option or else a chance to develop a set of abilities they already possess and give them value.

Mentoring the vulnerable population during this reset process is more important than ever, as we are going through a time of greater exclusion and greater needs. Access to credit and to a range of services that can be swiftly implemented to support people is necessary. A player who is on the ground is required, one who understands the local situation and can channel and distribute public-sector grants, an institution that is there for the long haul. The Foundation has all these elements needed to support vulnerable entrepreneurs, and to offer them the opportunity of inclusion, and not only financial inclusion.

This lies at the heart of its mission and is the reason for which it was created. The Agenda 2030 defines the priorities of sustainable development worldwide, with the aim of eradicating poverty and working for a decent life, with opportunities for all. The microfinance sector, as a driver of financial inclusion and promotor of access to basic services (healthcare, food security, education, clean energy, and housing), plays an important role in poverty reduction and in economic and social development. Access to financial services, across sectors and particularly for women, is intrinsic to development and to the SDG. Furthermore, technology innovation is an essential tool to create more impact and do so sustainably.

The financial sector is a catalyst for integral, inclusive development, especially for the most vulnerable, and contributes to achieving the SDG

The Foundation contributes to achieving 13 of the 17 Sustainable Development Goals in the United Nations' Agenda 2030



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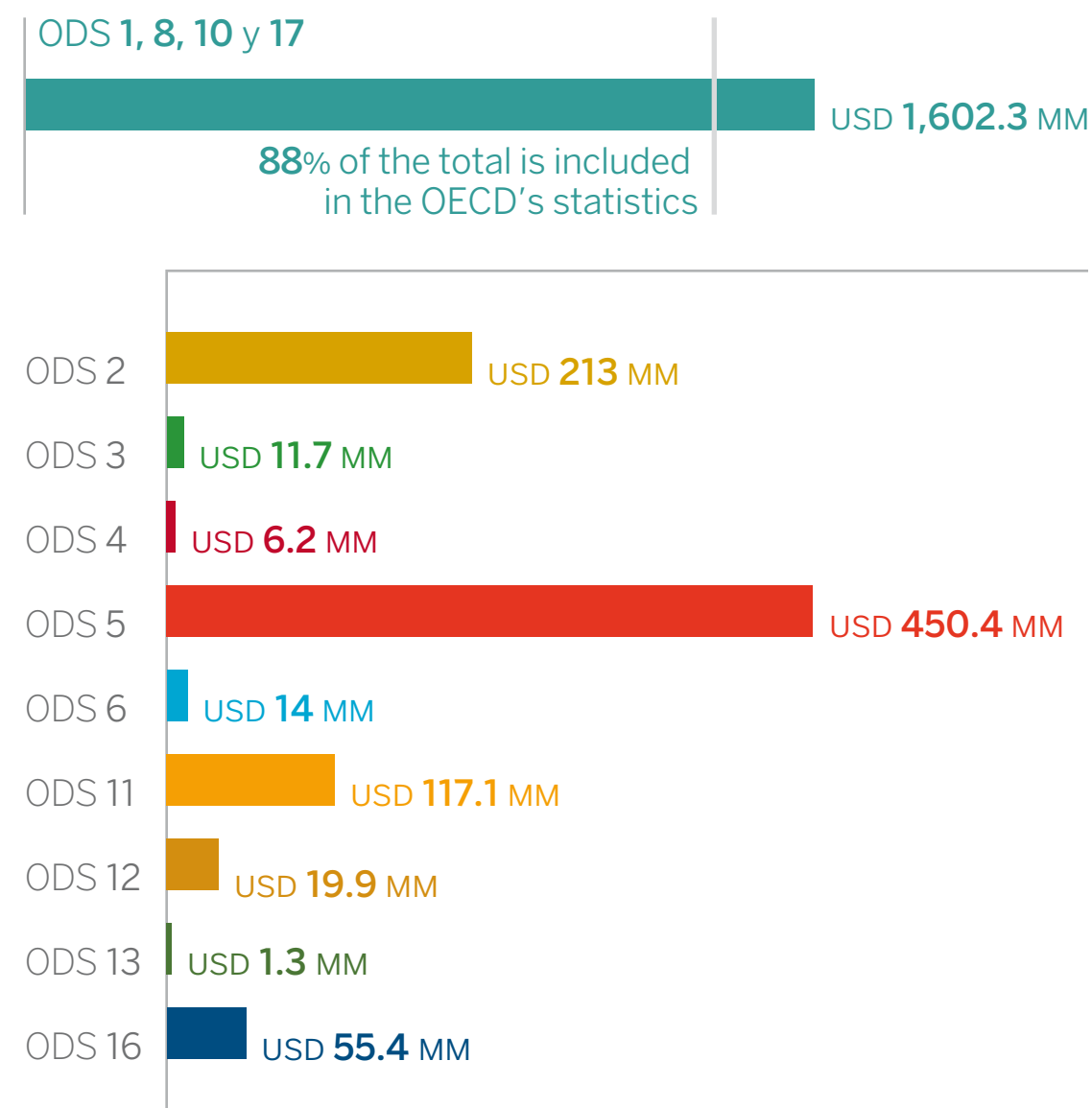
Our contribution to the Sustainable Development Goals

Financial inclusion is, thus, a means to achieve an end, while financial services can enable several SDGs to be realized. There are also initiatives and specific projects that facilitate access to education, housing upgrades and climate change resilience, among others.

During 2020, the BBVA Microfinance Foundation's microfinance model, focusing on entrepreneurial progress, has been a critical tool in supporting its entrepreneurs in their recovery, after the crisis triggered by COVID-19.

Our contribution in 2020 to the Sustainable Development Goals

Amount disbursed in 2020 (USD M)*



* Credits disbursed in 2020, by SDG.

** Weighting of the amount of credit disbursed in countries featured on the list published by the OECD's DAC with partners eligible for Official Development Assistance (→Colombia, Peru, Dominican Republic, and Panama).

Since 2015, a set of indicators has existed that tracks our contribution to the SDG. Some are transversal to our work (SDG 1, 8, 10 and 17) and others are tackled through specific initiatives. Furthermore, the profile of the entrepreneurs we finance is associated with each SDG towards which we are working. This allows us to identify gaps and areas for improvement in our contribution to more widespread wellbeing.

This year in particular, this mentoring, constant and local, is more important than ever



The Organization for Economic Cooperation and Development (OECD), plays an important role in raising awareness, both in terms of the challenges posed in the labor market and private enterprise in the post-Covid era, and in creating the underlying conditions and the regulatory framework to make financial inclusion a driver in this process.

As shown by the latest figures published by the OECD, which documents the work done on the ground by nearly 40 of the largest foundations from the member countries of the Development Assistance Committee (DAC), BBVA Microfinance Foundation (BBVAMF) is once again the **biggest contributor to development in Latin America and the second in the world, after the Bill & Melinda Gates Foundation.**

Together with other Foundations, BBVAMF works to find answers to these development challenges. The OECD provides a forum in which governments work with philanthropic and multilateral organizations, together with other key stakeholders to share experiences and look for solutions.

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Our contribution to the Sustainable Development Goals



SDG 1 • No poverty

We give the vulnerable population access to financial services

Our strategy consists of promoting the entrenchment of financial services to a wide number of people, despite mobility restrictions. In the second half of 2020, as economies began to get moving again, over 458 thousand credits were disbursed. Thus, since 2015 we have granted loans to over 2.5 million clients in vulnerability (more than 80% of all recipients). Since the beginning of the pandemic, there has been more demand for credit by entrepreneurs who work in areas offering essential goSDG, especially involving the food chain; by the end of the year more diversification was visible, with the recovery of a profile type (urban retail trading).



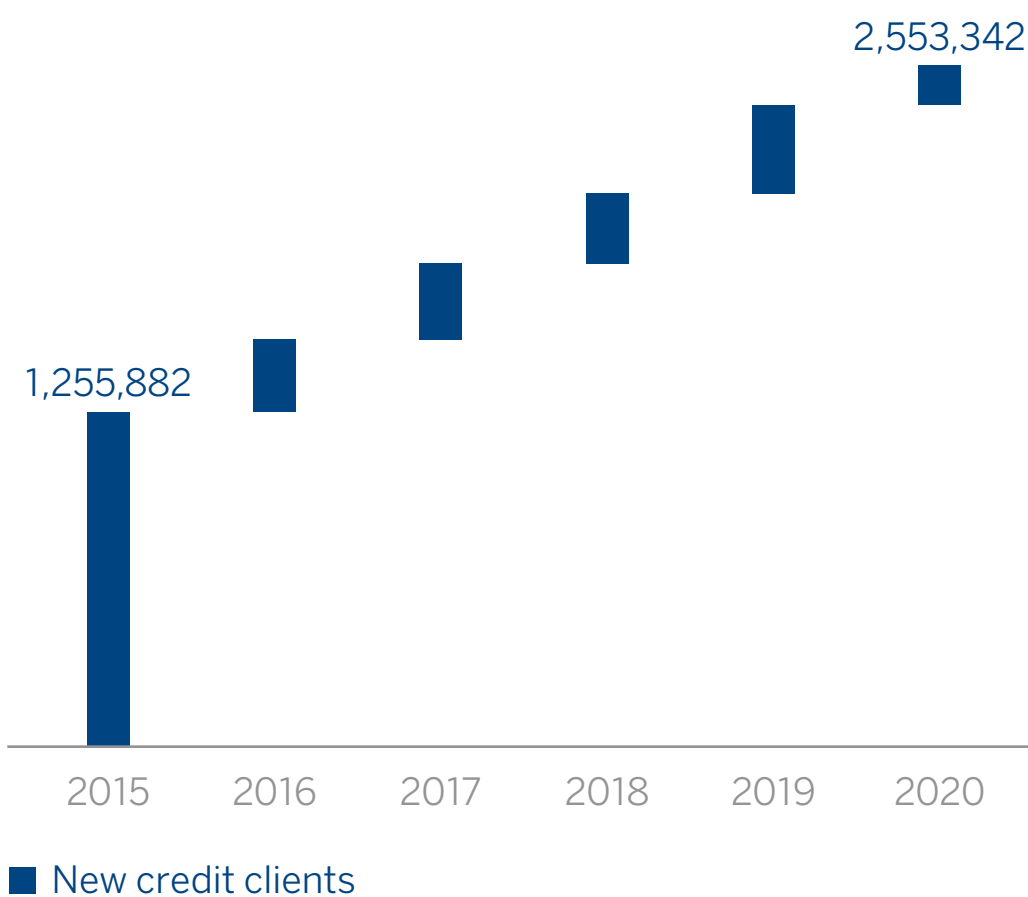
596,771 entrepreneurs benefited* in 2020

USD **1,055** M disbursed in 2020

* Clients to whom a loan was disbursed during 2020.

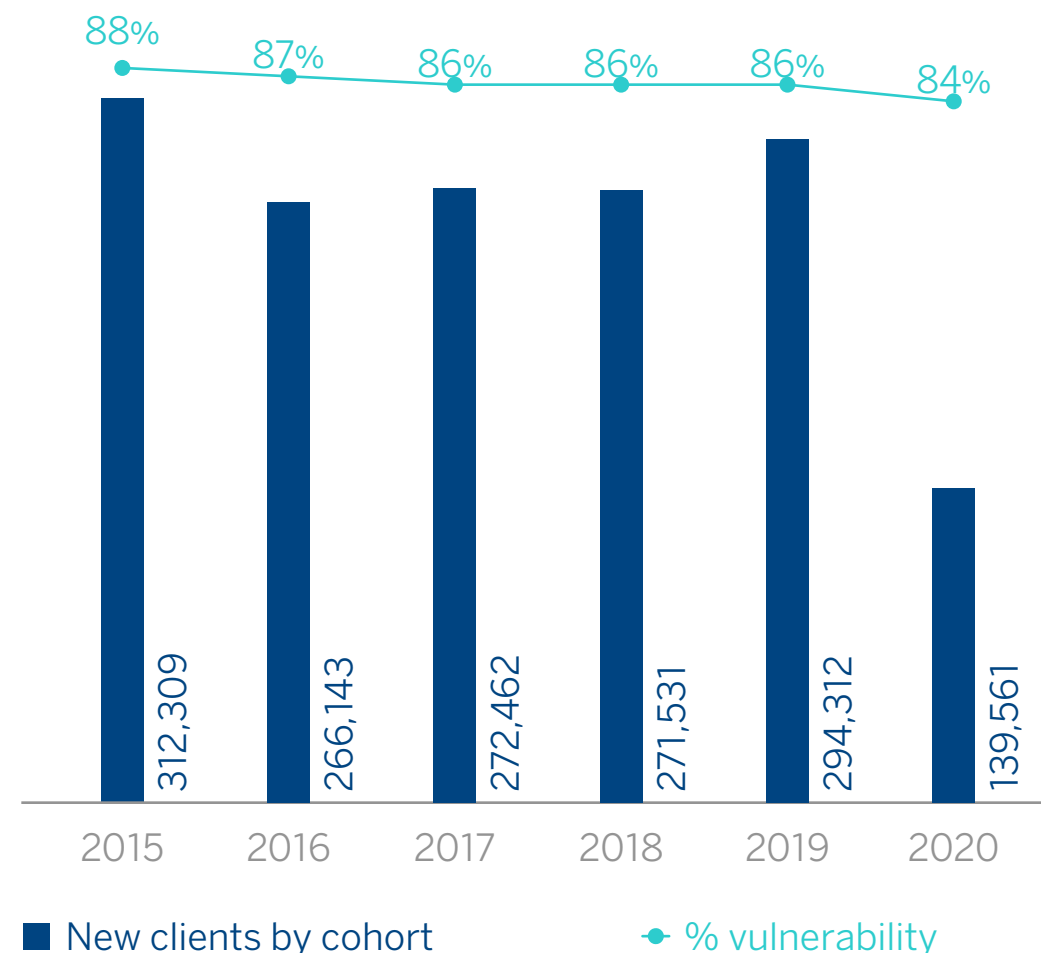
All clients served

Credit clients served since 2015, aggregates



Clients' initial vulnerability

Credit clients served since 2015.



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Our contribution to the Sustainable Development Goals



SDG 2 • Zero hunger

We direct financial resources towards small-scale food producers

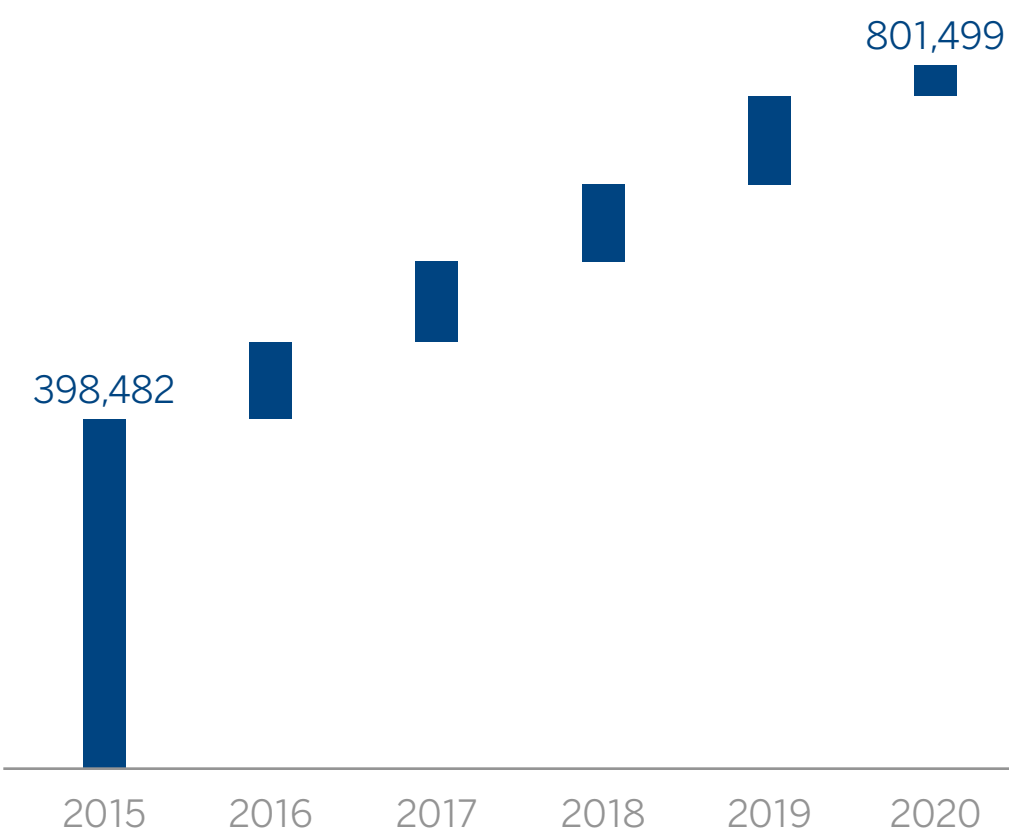


Reaching the most distant populations still represents a challenge, even today, and a particularly important one during the pandemic. The greatest levels of poverty and financial exclusion are found in rural areas, especially in the farming sector, because of the difficulty of access, so these are where most support was needed during the crisis, particularly for credit.

With the help of our microcredits, the entrepreneurs who live in rural areas manage to drive their businesses forward and see these grow, particularly farming businesses. Covering this distance and supporting small-scale farmers is a priority in order to achieve SDG 2.

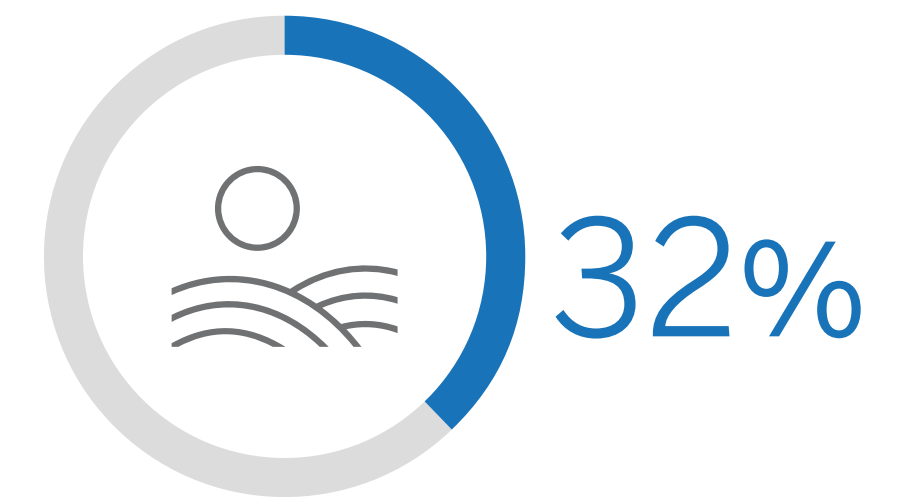
Total rural clients served

Credit clients served since 2015, in aggregate.



Percentage of rural clients

Current clients in 2020



129,121 entrepreneurs benefited* in 2020

USD **235 M** total amount disbursed in 2020

* Clients to whom a loan has been disbursed during 2020 and whose productive activity is in the farming sector, or the food processing and transformation industry.

■ New credit clients

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Our contribution to the Sustainable Development Goals



SDG 3 • Healthcare and well-being

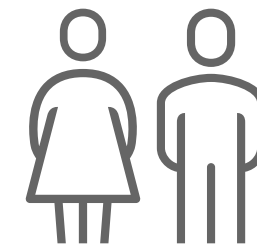
We assist households with health insurance

If we are to achieve the Sustainable Development Goals, it is fundamentally important that we ensure healthy lifestyles and promote universal welfare. We serve entrepreneurs whose work relates to medical care or the manufacture and sale of pharmaceutical products, among others.

Furthermore, the number of healthcare visits or services carried out comes to 82,268 in 2020. This includes access to health check-ups, clinical analyses, transfers by ambulance, as well as appointments with doctors, legal experts, and psychologists, both face-to-face and over the telephone. Other services provided include help with school homework and, in rural areas, health fairs, telephone advice about pest control, and tips on crops and animal husbandry.

Healthcare insurance

Clients current at 12.31.2020



82,069
clients



SDG 3 activity	% clients
Pharmacies	52%
Healthcare activities	22%
Wholesale trading of pharmacy products	10%
Doctors & dentists	7%
Residential medical care	6%

6,544 entrepreneurs benefited* in 2020

USD **12** M disbursed in 2020

* Clients granted a credit during 2020 whose activity relates to human healthcare or the trade of pharmaceutical and medical products

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Our contribution to the Sustainable Development Goals



SDG 4 • Quality education

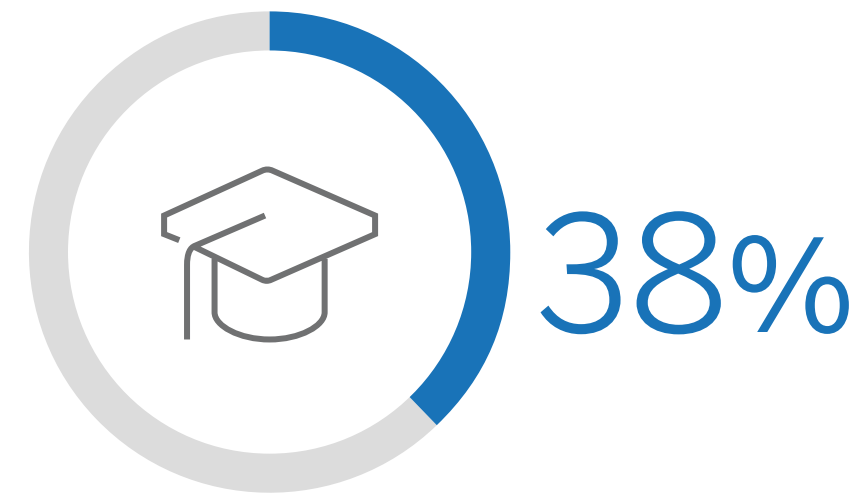
We empower clients with financial education

The lack of financial education is a barrier to people's economic and social development, which is why we push for access to skills that improve their decision making and enable them to develop their businesses. During the pandemic, all the course subjects remained available, with teaching being carried out online.

For further details, see *Education for clients*.

Clients with primary education at best

Credit clients current as of 12.31.2020



People receiving financial education. Clients & non-clients

	2015	2016	2017	2018	2019	2020
N. of people	37,562	359,450	426,907	557,680	665,944	401,648

2,790,191 training actions

6,127 entrepreneurs benefited* in 2020

USD **6** M disbursed in 2020

* Clients receiving a loan for education during 2020. Clients who work in the education sector are also included.

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Our contribution to the Sustainable Development Goals



SDG 5 • Gender equality

We promote equality between men and women

Gender gaps still exist. Women are over-represented in the poorest segments and, because of the sectors in which they work, disproportionately affected by the pandemic.

That is why one of BBVAMF's strategies is women's development and empowerment. By offering them financial resources, we help to empower them and contribute to their economic and social development. Although fewer loans have been originated this past year, 62% of people in poor segments served by BBVAMF entities were women.

For more details, see *Women's empowerment*.

371,172 entrepreneurs benefited* in 2020

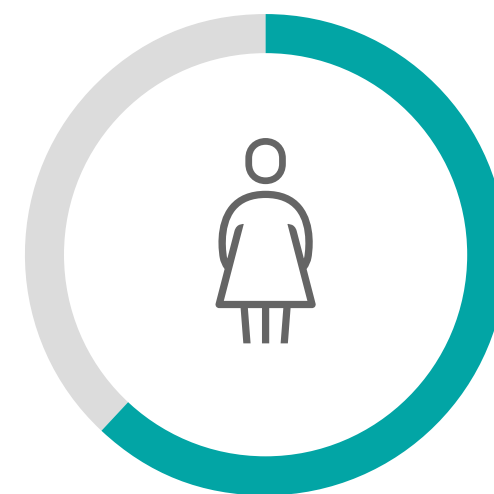
USD **553** M disbursed in 2020

* Female clients granted a loan in 2020, including programs created specifically to train women entrepreneurs.



Women served

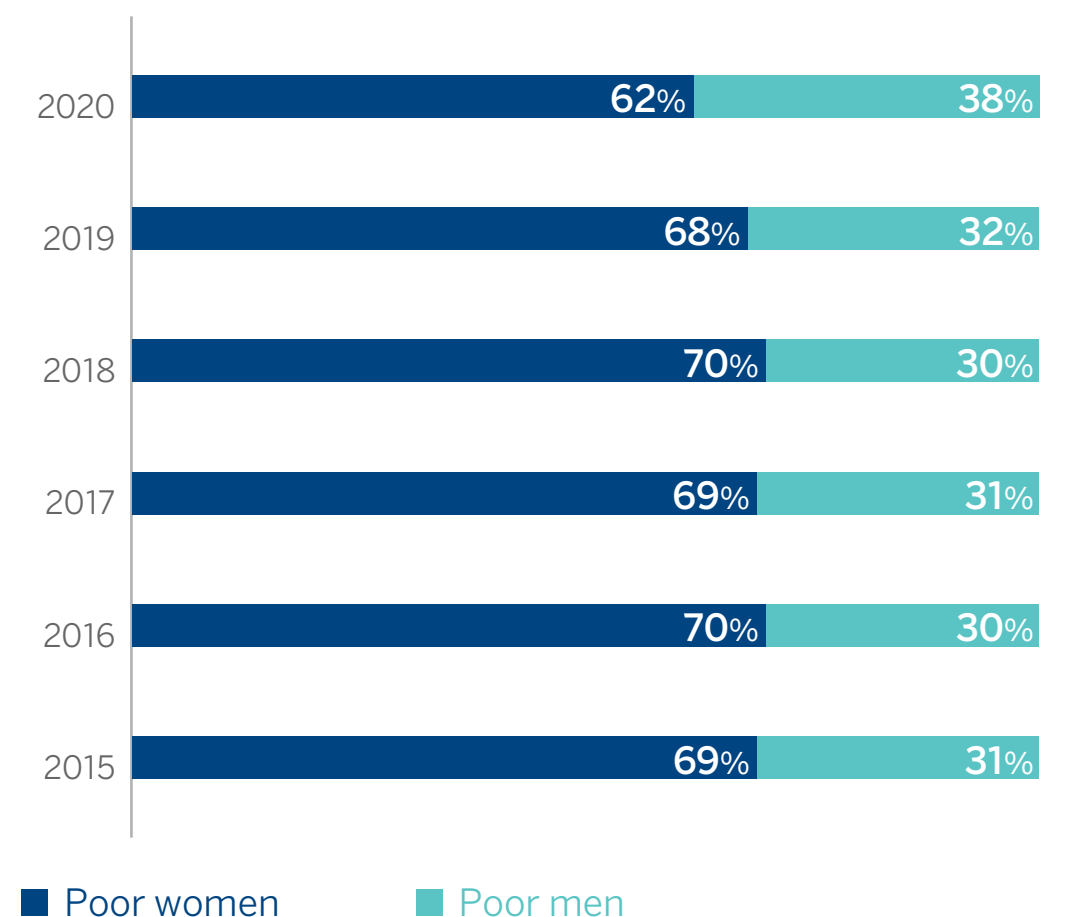
Current credit clients at 12.31.2020



62%
of clients served
in 2020 were women

Poverty by gender

New credit clients in poverty, by year they began banking with us



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SDG 6 • Clean water and sanitation

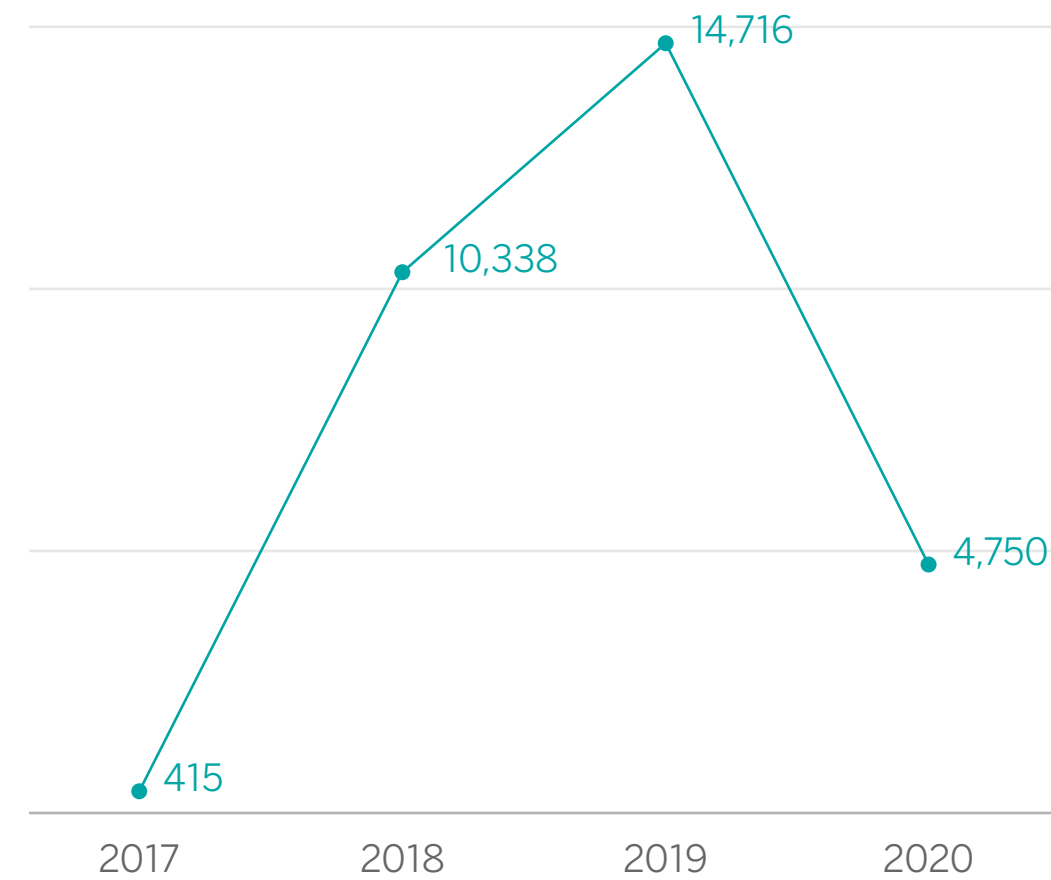
We are improving the sanitary conditions of our entrepreneurs' homes



Although products to pay for sanitation upgrades were not promoted in 2020, they are expected to be important in 2021, given the greater investments in housing resulting from the pandemic. The partnership with Water.org, to make it easier for the low-income entrepreneurs we serve to get access to water and sanitation, is expected to satisfy this need. Thus, we will contribute to raising living standards for them and their families and to reducing risks to their health and degradation to the environment.

Water.org clients**

Clients served



5,008 entrepreneurs benefited* in 2020

USD **14** M disbursed in 2020

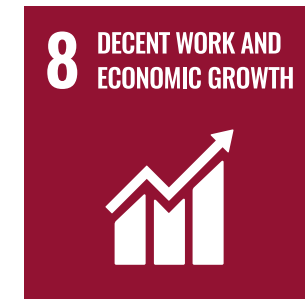
* 4,750 clients to whom a loan was granted in 2020 to finance improvements to their home's hygiene and sanitation arrangements. The remainder are clients financed to develop an activity linked to water treatment, purification or distribution, or wastewater disposal.

** 4,750 clients financed so that they can upgrade hygiene and sanitation in their homes with the help of water.org

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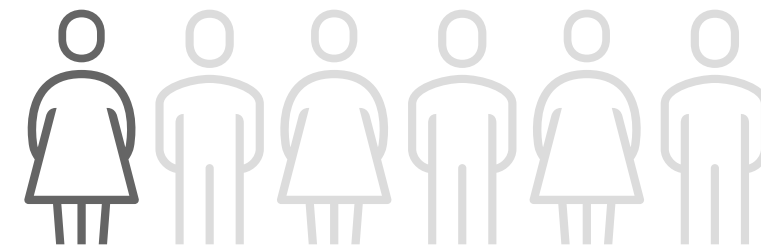


SDG 8 • We provide services that promote their economic growth

Les ofrecemos servicios que promueven su crecimiento económico

We put entrepreneurs at the heart of our work and stay with them, offering them financial products and services, advice, and training to create the conditions for their progress to be sustained over time. Job layoffs have been a business adaptation measure to cope with the crisis. Nevertheless, 1 in 6 entrepreneurs employs other people.

The profits from their businesses enable them to bring up their families and drive development in their communities.



1 in every 6 clients

Employs other people from their community in their business



596,771 entrepreneurs benefited* in 2020

USD **1,055** M disbursed in 2020

* Clients to whom a loan was disbursed during 2020.

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SDG 10 • Reduced inequalities

We help our clients to escape poverty and to continue to grow their finances

Guaranteeing equal opportunities is a priority for the Foundation, which brings the financial system to vulnerable people who had previously been excluded from the formal banking system, making use of technology and innovation to be able to offer them services that are tailored to their needs.

We are close to them: mobile banking, express offices, industry agreements with other institutions and our branch network all form an ecosystem, when banking agents are included, that brings finance to all population segments. Furthermore, loan officers take digital technology straight to entrepreneurs in the form of their tablets, so that they can carry out all the transactions and become familiar with new technologies, closing the digital divide, over time.

Because of the 2020 crisis, our efforts have focused on funneling government aid packages: state subsidies have been delivered to almost 500 thousand homes, for a total of USD 119M.

For more details, see *Our response to COVID-19*.



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USD 1,055 M disbursed in 2020

* Clients to whom a loan was disbursed during 2020.

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SDG 11 • Make cities and population centers inclusive, safe, resilient, and sustainable

We help people to upgrade their home and their basic services, contributing to a higher standard of living



Access to basic services, insufficient in many countries, is a first, essential step to reducing vulnerability although this has not been a priority in 2020, because of the pandemic. Economic recovery and the new needs it entails are likely to increase demand for these services. We are implementing innovative financing mechanisms so that clients can upgrade their homes and businesses.

24,916 clients improved their housing conditions

768 clients improved their home sanitation arrangements only

13,940 entrepreneurs work in SDG11-related activities

SDG 11 activity	% clients
Construction	58%
Transport & deliveries	16%
Social services & medical care	11%
Water, energy & sanitation utilities	9%
Others	7%

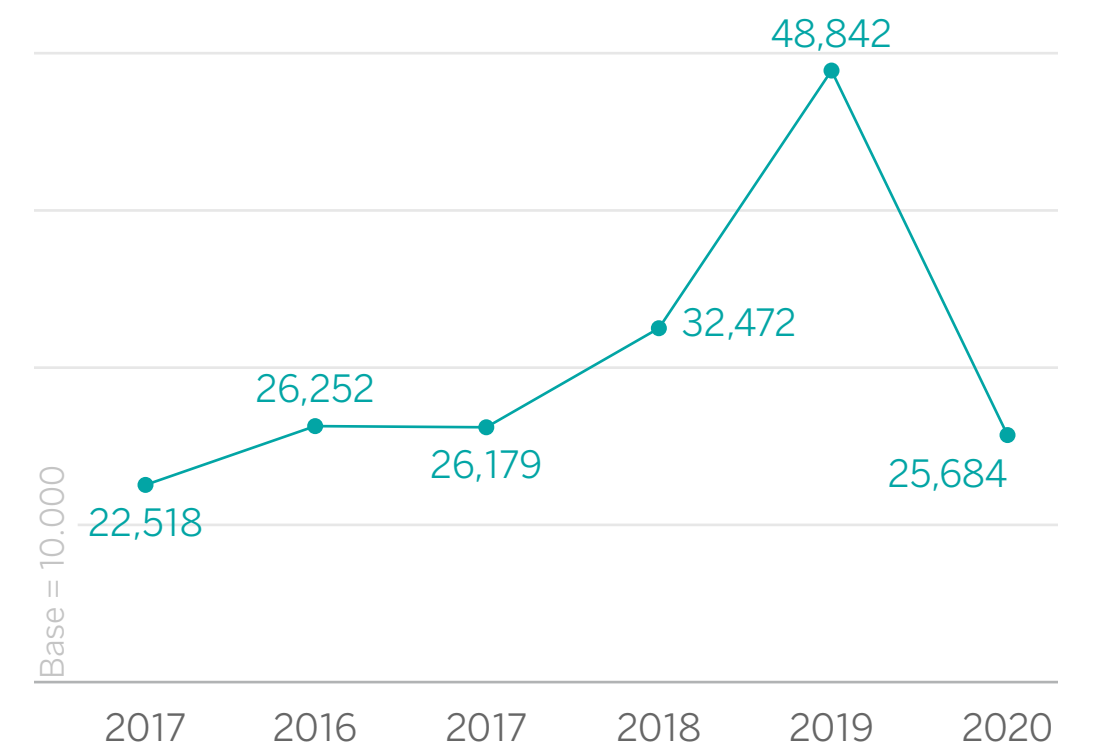
39,282 entrepreneurs benefited* in 2020

USD **117** M disbursed in 2020

* Clientes a los que se les ha concedido un crédito en 2020 para financiar mejoras en la condiciones de su vivienda. Se incluyen también clientes con actividades relacionadas con el acceso a transporte público, zonas verdes, espacios públicos seguros, etc.

Housing solutions

Clients with credits disbursed, by year



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SDG 12 • Responsible production and consumption

We guarantee sustainable modes of production and consumption

We are driving an ecoefficiency credit line. To this end we have set up internal actions to rationalize our own use and consumption of resources. With the aim of reducing our environmental impact, we first measured the carbon footprint of our own activity.



Carbon footprint

tCO ₂ eq emissions	2019	2020	Difference 2019–2020
Scope 1	526.01	201.21	-61.75%
Scope 2 <i>Market-base</i>	3,049.79	2,461.80	-19.28%
Scope 3	961.22	95.51	-90.06%

11,208 entrepreneurs benefited* in 2020

USD **20** M disbursed in 2020

* Clients granted a loan in 2020, whose productive activity is related to repairs, waste management or recycling.

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SDG 13 • Climate action

We have adopted urgent measures to combat climate change and its effects

We offer loans that have been adapted to environmental needs. These include advice and technical help so that entrepreneurs can build or renovate their businesses and/or homes sustainably. This enables them to better withstand adverse climate shocks.

We train, upskill, and create awareness among our clients, employees, and society at large, using a range of methSDG:

1) On-site training for small-scale producers at our Show Farm. There we provide technical assistance about climate change mitigation and adaptation measures.

2) Digital training. We have created a knowledge community, sustainable events and webinars focusing on sustainability.

1,447 entrepreneurs benefited* in 2020

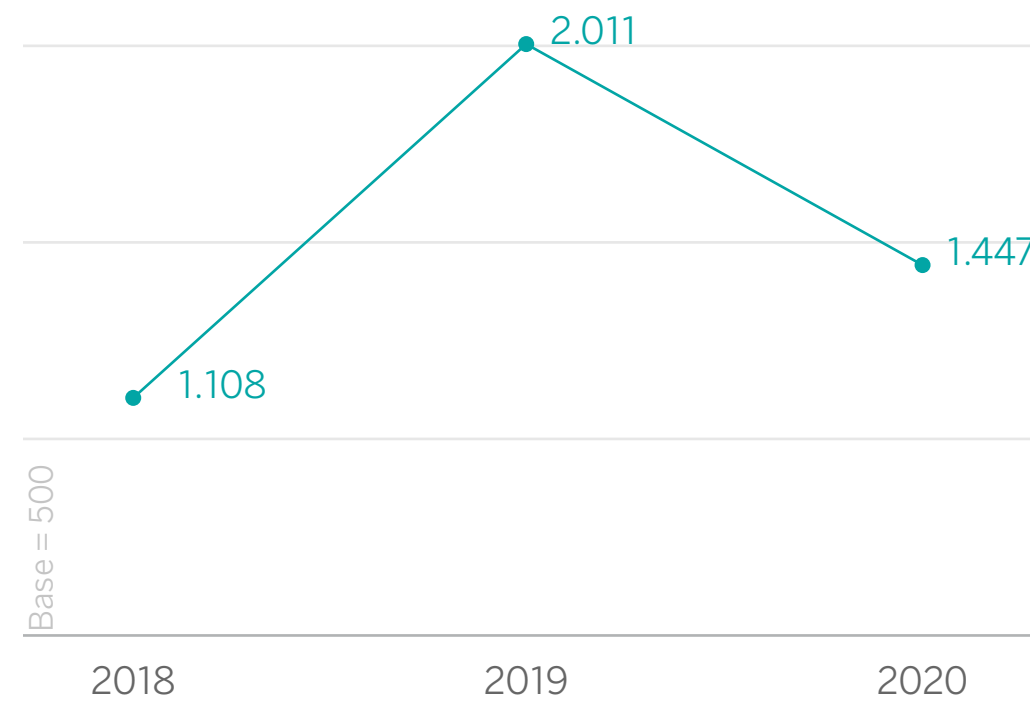
USD 1 M disbursed in 2020

* Clients granted a loan during 2020 to finance the adaptation of businesses and homes to the use of eco-efficient energies that mitigate climate change.



MEbA and FRA clients

Number of clients to whom credits are disbursed, by year



814 MEbA clients (Colombia)

633 FRA clients (Dominican Republic)

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SDG 16 • Promoting just, peaceful and inclusive societies

We support displaced people and refugees with specific programs

We offer service to people in vulnerability, affected by violence, conflict, persecution and/or poverty. The COVID-19 pandemic has exacerbated the vulnerability facing these populations: from the loss of their jobs to the lack of access to governmental subsidies, among other negative effects. The BBVA Microfinance Foundation pays special attention to these segments. For more details, see *Displaced people & migrants*.

Colombia

The mission of **Empropaz** is to contribute to peace in Colombia in partnership with USAID, CMM (*) Colombia and CMM Medellín. After its implementation in 2018, significant progress was made in the inclusion model and all the targets set are being met.

Progreso Sin Fronteras

Since the end of 2019 an alliance has been running with The Tent Partnership for Refugees (Tent), a well-known international organization that mobilizes the private sector to improve the lives of migrants. It will be supported by financial services and training for Venezuelans so that they can start again from zero through entrepreneurship.

33,409 entrepreneurs benefited* in 2020

USD **56** M disbursed in 2020

Panama

UNHCR, Red Cross and Microserfin renewed their cooperation agreement for integrating refugees.

Chile

In support of integrated inclusion for migrants, and as part of its group lending model, Fondo Esperanza has been working on several projects in 2020 with the Chilean Jesuit Service for Migrants (SJM Chile). In the first place, in January 2020, FE set up the group lending bank *Grandes Emprendedores Migrantes de Linares* [Linares Great Migrant Entrepreneurs], consisting entirely of migrants.



FE's commitment has entailed giving food parcels to 532 migrants, together with three months' supplies of food and basic hygiene products for 105 families.

Migrants, refugees & displaced people • Served in 2020

Institution	Initiative	Clients	Amount disbursed USD
Bancamía	Empropaz · Productive Finance	58,852	55,373,876
	Empropaz · Credit	32,471	55,373,876
	Empropaz · Saving	38,206	—
	Venezuelans, pilot scheme*	23	13,677
	Total Bancamía	58,856	55,378,239
Fondo Esperanza	Foreigners	918	1,146,099
Microserfin	UNHCR	16	16,727
BBVAMF		59,790	56,541,065

* Of the 23 Venezuelan clients in the pilot program, 19 are within the Empropaz perimeter.

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Our contribution to the Sustainable Development Goals**SDG 17 • Recharging the Global Alliance for Sustainable Development**

We push ahead making strategic partnerships to achieve the goals

Ending poverty and financial inclusion are such huge challenges that they must be tackled, as the SDG17 proposes, by a global alliance for sustainable development. To do that, we work both with local and global actors based on shared principles, values, and goals. With our partners, shareholders in our institutions who bring their skills and experience in each of the regions in our footprint, we innovate and transform the sector to contribute to sustainable development.

**Financial inclusion**• **IDB**

In October 2007 we signed a memorandum of understanding with the Interamerican Development Bank to drive access to microfinance services in Latin America through projects in areas such as good corporate governance and human capital.

• **UNHCR**

The UN High Commission for Refugees and the Red Cross have been working with our institution in Panama since 2007 to create opportunities for refugees.

• **World Bank - IFC**

An MoU was signed in May 2008 formalizing the strategic cooperation in Latin American microfinance. In late 2016 the Foundation committed itself to giving over 2.3 million disadvantaged people access to a bank account, as part of the Universal Financial Access 2020 initiative.

• **Cooperación Española**

The partnership with the Spanish Government's Office of the Secretary of State for International Cooperation and for Ibero-america was signed in September 2014, to carry out joint microfinance and financial inclusion activities. This Alliance was strengthened in June 2015 with the signing of an agreement with *España Global* (then *Marca España*).

• **UN ECOSOC**

In 2016, United Nations awarded the BBVA Microfinance Foundation special consultative status on its Economic & Social Council (ECOSOC).

596,771 entrepreneurs benefited* in 2020

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**SDG 17 • Recharging the Global Alliance for Sustainable Development**

We push ahead making strategic partnerships to achieve the goals

- **CAF**

Since it was set up, the Foundation has worked with the Development Bank of Latin America and this solid relationship was formalized with an MoU in 2017.

- **USAID**

The United States Agency for International Development is a key ally in the Productive Enterprises for Peace program (Empropaz) that has been working since December 2018 in the municipalities prioritized in Colombia's peace process.

- **ICEX EExport & Inward Investment Spain**

A cooperation agreement was signed in July 2019 as part of the IMPACT+ program to drive social development in Latin America.

- **Tent Partnership for Refugees**

A partnership that is a call to action to the private sector worldwide to improve the living standards of the millions of people who have been forced to leave their countries of origin. A pilot program began in September 2019 to help Venezuelan migrants in Colombia.

**Digitalization**

- **Microsoft**

In April 2018, BBVAMF signed an agreement to transform vulnerable communities.

- **EQUALS Global Partnership**

Since April 2020, the Foundation has been a member of this global partnership that brings together worldwide players from public and private sectors and works to reduce the digital divide between genders.

**Women's empowerment**

- **UN Women**

The Foundation formalized the partnership with UN Women in 2015 to work towards the development and inclusion of entrepreneurial women in Latin America with scarce resources.

- **FinEquity**

Since 2017, BBVAMF has been an active member of FinEquity, a CGAP-enabled platform that brings together organizations from around the world to work towards financial inclusion and supports women's empowerment.

- **Mastercard Center for Inclusive Growth**

The January 2020 agreement with the Mastercard Center for Inclusive Growth to work in the field of financial inclusion (women, training, digitalization, payments, and more) is being rolled out with a project to support women entrepreneurs in Peru.

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**Environmental Sustainability**

- **United Nations Environment Program**

An initial MoU was signed with UN Environment in 2013. Since then, activities have gone ahead as part of the Microfinance for Ecosystem-based Adaptation (MEbA) program.

- **Habitat for Humanity**

Cooperation to enable access to more habitable housing for vulnerable people in Latin America was formalized with an overarching agreement in 2016. In 2019 progress was made in accessing sustainable and safe homes, with the help of the Terwilliger Center for Innovation in Shelter.

- **Water.org**

An initial MoU was signed in 2017 to cooperate in Peru, subsequently reinforced by another in July 2019 that extends the partnership for access to water and sanitation in the homes of vulnerable populations across the entire region.

- **IICA Inter-American Institute for Cooperation on Agriculture**

The partnership was formalized with a cooperation agreement signed in November 2019 to support rural development in Latin America through smart, technology-led agriculture.

PARTNERS**Founding NGOs****Shareholders in Microfinance Institutions****Corporación Mundial de la Mujer Colombia**

A non-profit institution operating since 1989 to improve the living standards of vulnerable people, especially women, with programs and projects driving their human and productive development.

Corporación Mundial de la Mujer Medellín

Set up in 1985 to develop and reinforce women microentrepreneurs. It provides tools and services to create, consolidate and sustainably expand microenterprises, while protecting the families that are economically dependent on these occupations.

Adopem ONG

A non-profit organization set up in 1982 to promote and strengthen entrepreneurship, together with the social and human development of its clients and their families by providing training advice, research, and project execution in several areas. This generates greater integration and involvement in client development and a positive impact on their business growth and living standards.

ONG SEPAR (Educational services, promotion and rural support)

A non-profit association created in 1987 that promotes sustainable development in Peru, particularly in the central region, with development programs and projects.

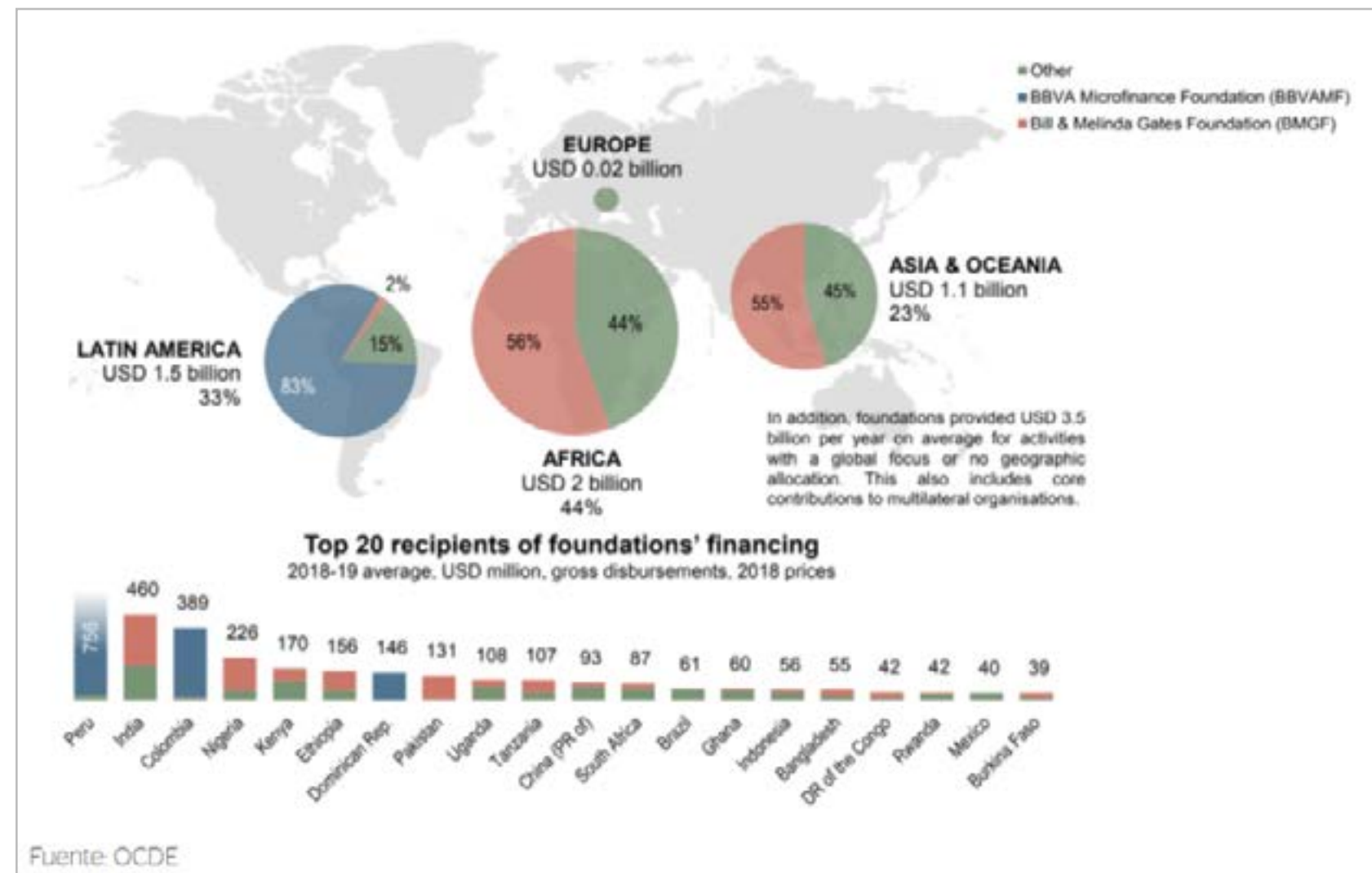
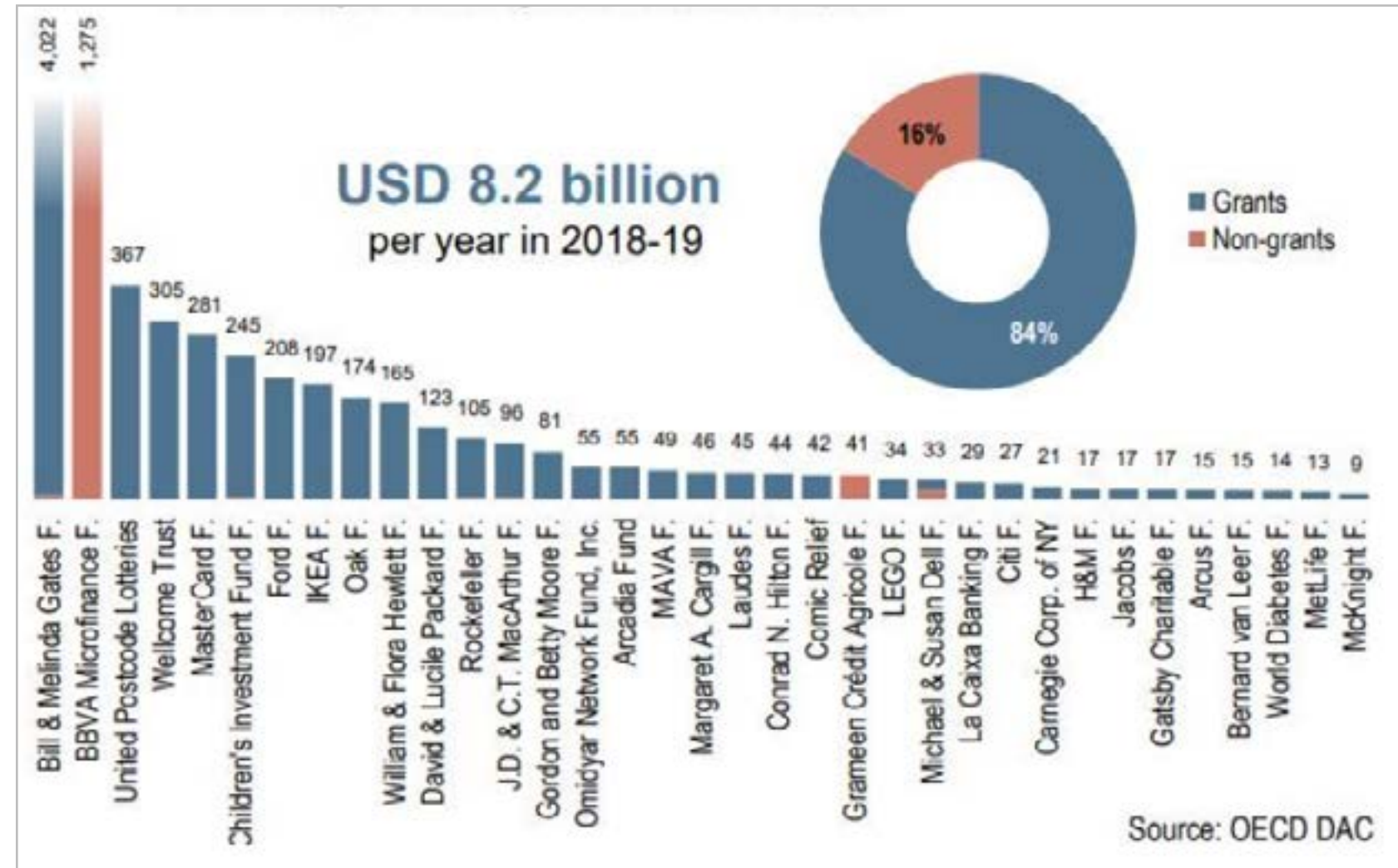
Hogar de Cristo

Charitable institution set up in 1944 in Chile that helps "the poorest of the poor" and those who are excluded from society. Its goal is to help them broaden their opportunities for better lives.

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[Link to the OECD website](#)

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ESG: A sustainable and inclusive path towards 2030

The COVID-19 pandemic has caused the greatest fall in global economic activity since records began. Furthermore, the impact has been synchronized across all the main economies in the world, with the exception of China. Against this backdrop of extraordinary paralysis, both of activity and mobility, CO₂ emissions fell drastically in the first part of the year. However, this was only temporary; they began to rise in the second half, finally returning to pre-crisis levels.

This shows how complicated it is to bring global emissions in line with the targets set in the 2015 Paris climate agreement. **The feat of moving towards decarbonized societies with inclusive growth is truly immense.**

Over the next 10 years, this challenge not only has an environmental dimension, but also includes the social perspective. This is summarized in the Sustainable Development 2030 Agenda, which sets out an ambitious plan for prosperity, sustainability, and peace. Its 17 interconnected goals have the aim of leaving nobody behind.

The challenge of moving towards decarbonized societies and of inclusive growth is immense

To achieve these goals, an estimated six trillion dollars annually across all sectors will have to be invested. Current investment falls way short of the scale needed, so as well as state intervention, the contribution made by the private sector and investors is critical.

The huge importance of mobilizing the resources of financial intermediaries to close this gap is obvious. World financial assets are estimated at around USD 200 trillion, which indicates that financing is available. Nevertheless, until now most of these resources were not being directed towards sustainable development at the scale and speed required.

However, institutional investors have begun to change their approach, encouraging long-term horizons on the financial markets and supporting the efforts to integrate environmental, social and governance (ESG)¹ factors in their business models. Likewise, they are promoting the dissemination of their investee companies' sustainability profile, thus driving changes in the way in which companies are being managed.

ESG factors indicate whether a company is sustainable and operating responsibly, thereby creating value for society

ESG factors indicate that a company is sustainable and operating responsibly, thus bringing value to society. Academic evidence also shows that ESG factors contribute to efficiency, productivity, better operating conditions and risk management in the long term. Investment to reach the goals associated with ESG provides value to its investors, going beyond traditional results.

Traditionally, ESG factors have been non-financial and are often difficult to measure quantitatively. They generally have a medium- to long-term horizon and are subject to changes in regulations and policies. It is a term that is often used indiscriminately in place of sustainable investment or socially responsible investment.

The scope of ESG factors can vary a great deal depending on the industry. So, industries that depend to a large extent on natural resources may have different ESG factors or attach more importance to certain factors than service industries do.

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ESG: A sustainable and inclusive path towards 2030

Investment in ESG covers three key issues:

- **Environmental factors.** Companies may be responsible for negative external effects from the intensity of their carbon footprint, from their management of waste and from their part in exhausting natural resources, resulting from their activities of producing goods and services. These impacts may be prejudicial for ecosystems, the climate and human health, among others. Investment that respects these environmental factors means that risks to the environment can be avoided and/or minimized, and efforts aligned to conserve natural resources.

Some examples are the reduction of greenhouse gas emissions, lower carbon footprint, protection of biodiversity and of water resources, and a considerable reduction of deforestation. Compliance with pollution regulation and agreements, conservation and management of resources such as water and waste management, and energy saving practices are all key in monitoring the impact of companies and of environmental investments.

- **Social factors.** The social reach of investment in ESG refers to the positive impact and opportunities that a company can create for itself by being associated with its social surroundings, as well as managing any social risk. These factors affect the way in which they use their influence to benefit society and how society in turn perceives the company and its reputation.

These factors can be applied more specifically to different social issues within the company, such as the labor relations between the firm and its employees, implementing practices and standards to protect their safety, diversity, and equality in the workplace. These values should be visible in the company's values and include the assessment of their impact on society.

Finally, although no less important, are those investments that encourage the inclusion of segments of society that are excluded in terms of goods and services such as: finance, healthcare, connectivity, digitalization, and so on. The key lies in creating timely and accessible market solutions that are sustainable over time and really help these excluded segments.

- **Governance factors.** These include a process and procedural system for the proper administration of an organization. These factors encourage a clear organizational structure, with well-defined, transparent, and consistent lines of reporting, and one that has efficient procedures for identifying, managing, controlling, and reporting risks.

Nowadays it is vital for any company to comply with a series of sustainable parameters:

E Environmental

To protect and minimize risk to the environment and to align efforts to conserve natural resources.

S Social

A range of a company's social aspects, such as its relationship with its employees, and whether this encourages diversity and equality; as well as the inclusion of vulnerable segments.

G Governance

System of processes and procedures that enable an organization to be properly administered.

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ESG: A sustainable and inclusive path towards 2030

They also serve as a guide for abiding by standards and regulations (in-house and external); acting in accordance with strategic guidelines, mission, vision, and values; financial efficiency; guaranteeing long-term sustainability; reinforcing the trust of stakeholders and promoting a culture of accountability, ethical and transparent behavior; and independent management.

They also constitute a governance factor over ESG initiatives that are developed in companies, encouraging these to take place.

These environmental, social and governance practices are becoming a crucial issue for society, its political representatives, regulators, and academics. Encouraging sustainable and socially responsible investment is a priority on the agenda of companies and long-term investors, narrowing the gap between the needs set out in the 2030 Sustainable Development Agenda and reality.

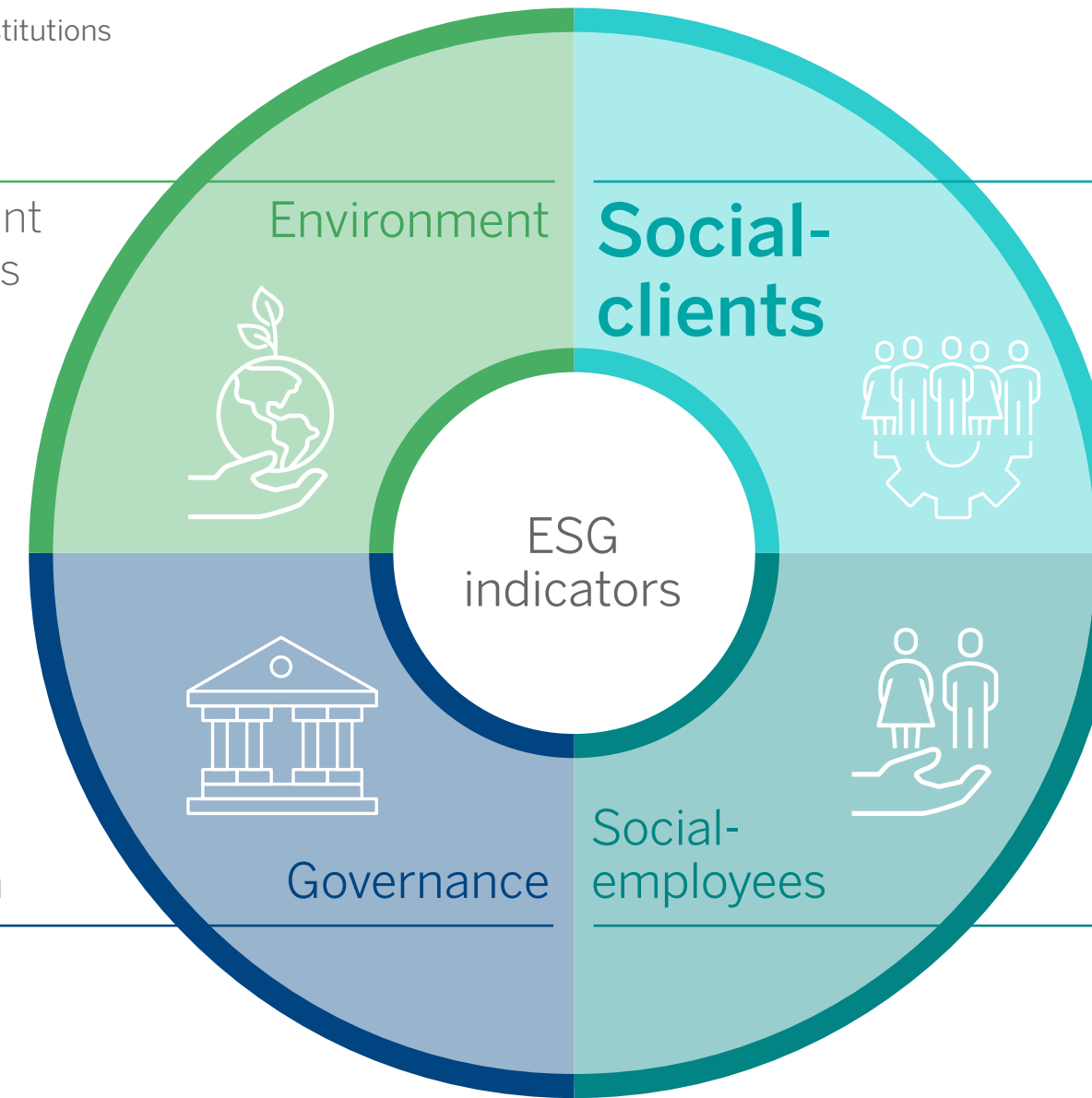
In the case of BBVA Microfinance Foundation and our institutions, the social dimension lies at the heart of our purpose and our actions. This is in line with our mission: to drive the sustainable and inclusive economic and social development of the most disadvantaged. Our clients and target audience have low incomes and limited or no access to the financial system. Furthermore, they are more exposed to the impacts of climate change that threatens to have devastating consequences on their lives.

Aligned with ESG indicators

In BBVAMF and its institutions

Carbon footprint
Green products

Governance
Diversity
Independence
Job dedication



Scale
Vulnerability
Financial health
Multidimensionality
Channeling state vouchers

Diversity
Turnover
Mobility

We work to mitigate the factors of financial and social exclusion, as well as to provide this segment of the population with a set of products that enable them to increase their resilience to climate change, improve their interaction with the environment and raise their standards of living. We carry out our tasks within a governance framework that oversees compliance with our mission and ethical principles, that establishes appropriate behaviors to foster diversity, equality and best labor practices, while leaving the smallest carbon footprint possible.

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Macroeconomic context

Impact on entrepreneurs

Our response to COVID-19

Speeding up digitalization

Women's empowerment

Environment

Displaced people & migrants

ESG: A sustainable and inclusive path towards 2030



Inclusion



Banked

33%
new entrepreneurs

who take out a loan for the first time in the formal financial system (excl. Chile)



Displaced persons

Migrants & refugees
44,144

Total clients at 12.31.2020 in Colombia & Panama

Financial health



Savings

2,399,909
clients

with savings products at 12.31.2020



Training

401,648
people

receive training -41% vs. 2019

Development



Business growth

52%
raise their income

% of entrepreneurs served in 2020 who improve their income

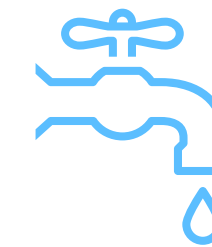


Jobs

171,883
people taken on

16% of our entrepreneurs hire at least one employee

Multidimensionality



Housing & sanitation

48,536
clients

have home improvement & sanitation products in Colombia, Peru, Dominican Rep. & Panama at 12.31.2020



Healthcare

82,268
clients

receive healthcare insurance & medical attention in Colombia, Peru, Chile & Panama

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ESG: A sustainable and inclusive path towards 2030

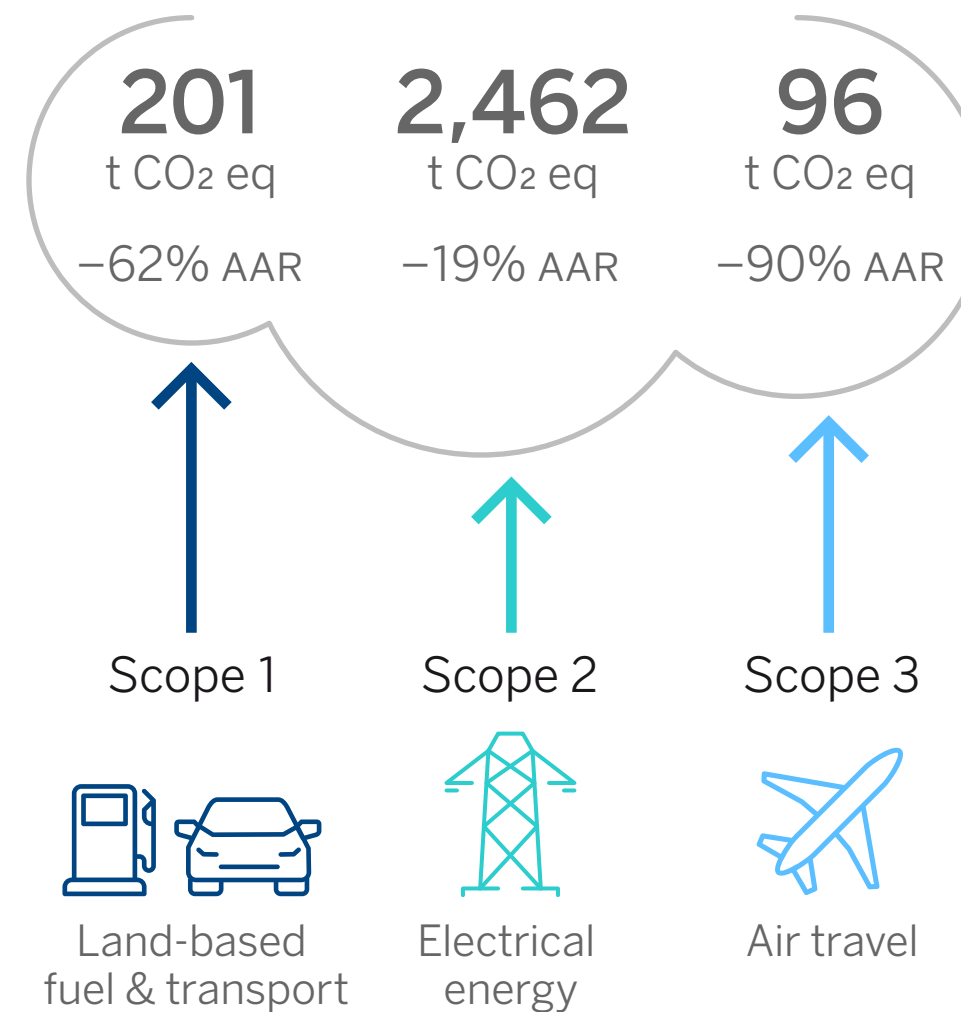


Environment

Carbon footprint

0.36 t CO₂ eq per employee

	2018	2019	2020
Total t CO ₂ eq	5,002	4,537 -9% AAR	2,759 -39% AAR



The calculation of the carbon footprint includes:

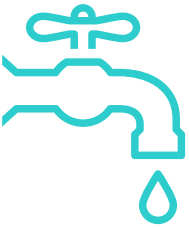
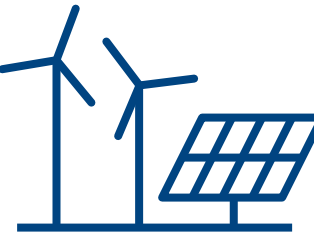

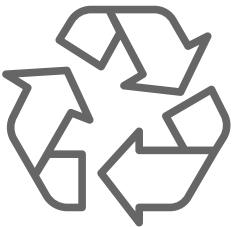

Scope 1: Includes direct emissions resulting from activities by BBVAMF Group entities.

Scope 2: Indirect emissions generated by power stations supplying energy to BBVAMF Group entities.

Scope 3: Remaining indirect emissions deriving from activities occurring at sources neither owned by Group entities nor controlled by the group, e.g. air travel.

Green products

14,544 Clients

-  Water & sanitation
-  Energy efficiency
-  Sustainable infrastructure
-  Recycling
-  Farming sustainability

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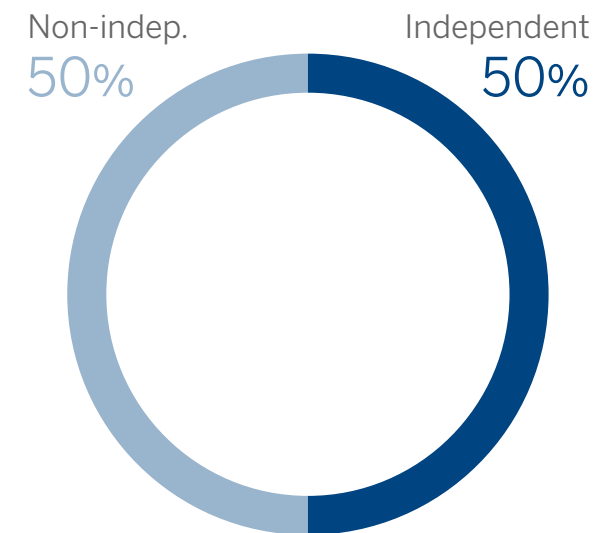


Governance

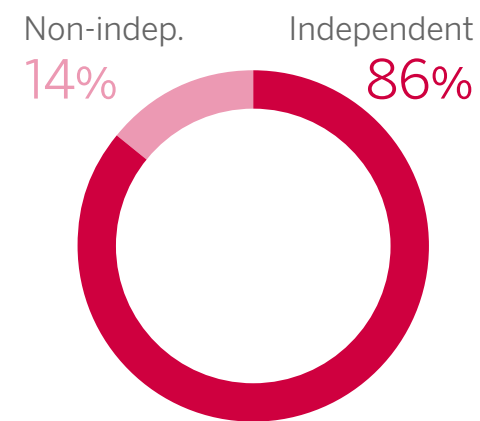
Independence

Separation
President | CEO
Applies to all countries' Board of Directors

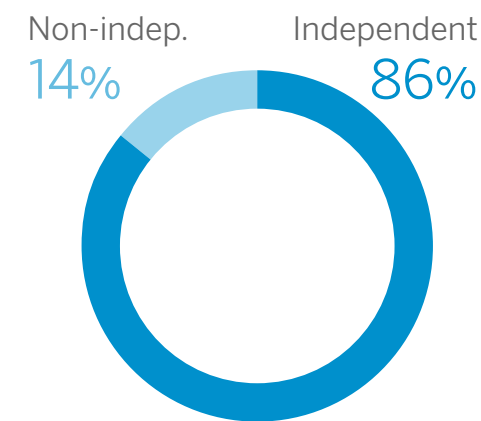
BBVAMF Board of Trustees



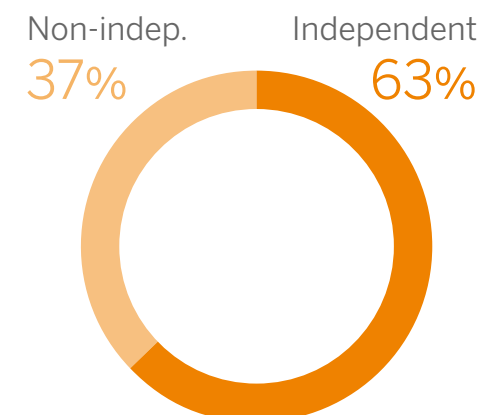
Bancamía Board of Dir.



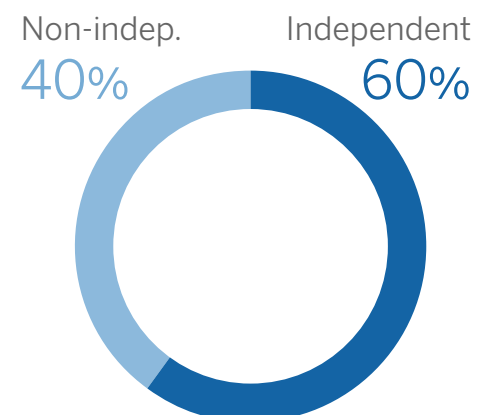
Financiera Confianza Board of Dir.



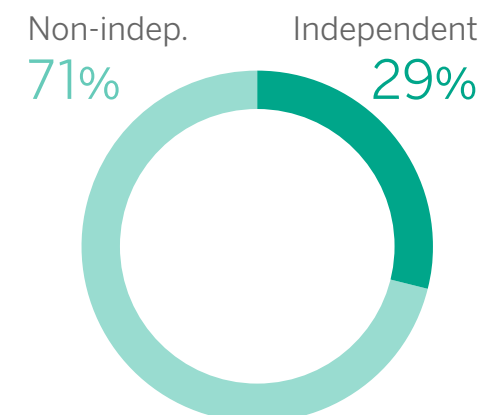
Banco Adopem Board of Dir.



Microserfin Board of Dir.



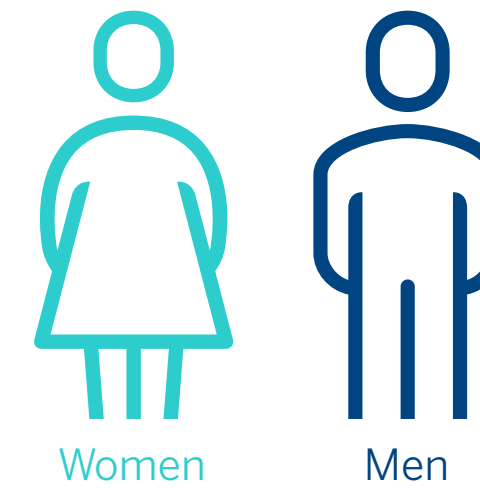
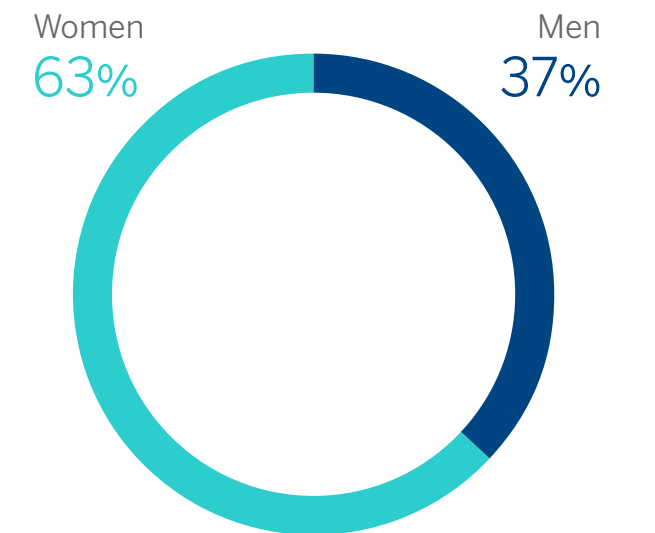
Fondo Esperanza Board of Dir.



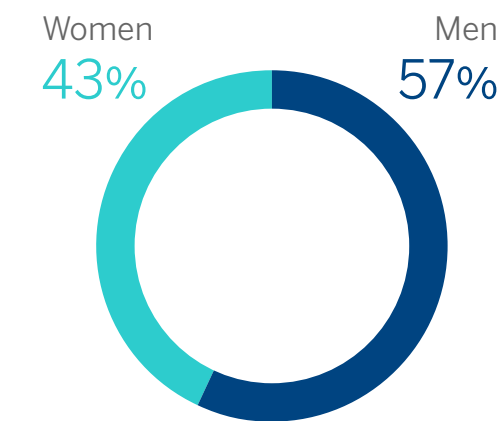
Diversity

An average of
3 nationalities
on each Board of Directors/ Trustees

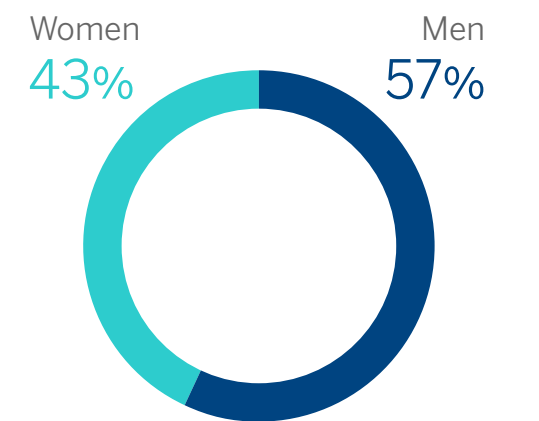
BBVAMF Board of Trustees



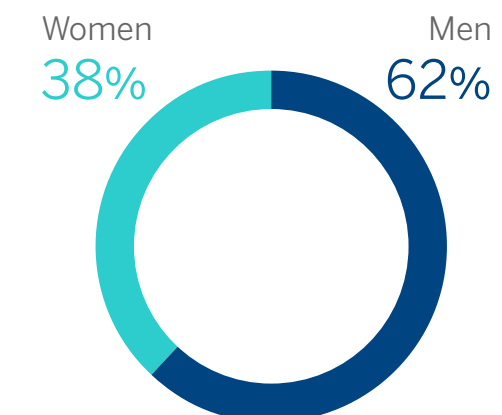
Bancamía Board of Dir.



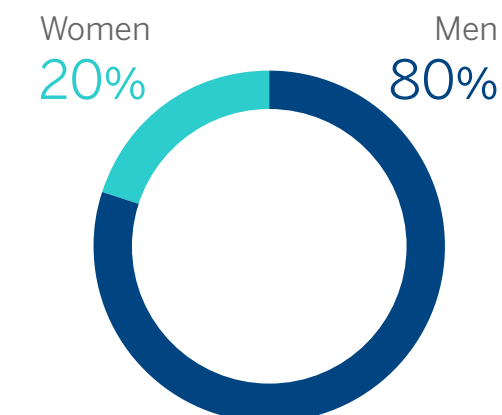
Financiera Confianza Board of Dir.



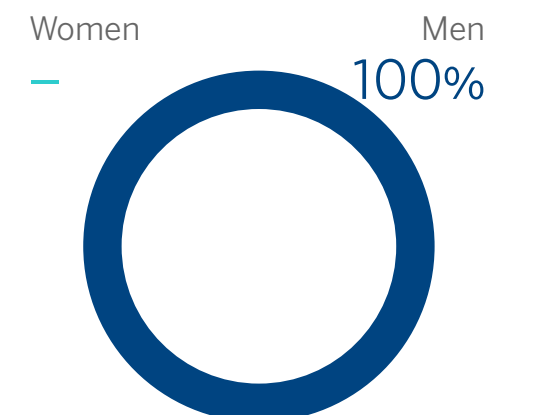
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Microserfin Board of Dir.



Fondo Esperanza Board of Dir.



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ESG: A sustainable and inclusive path towards 2030



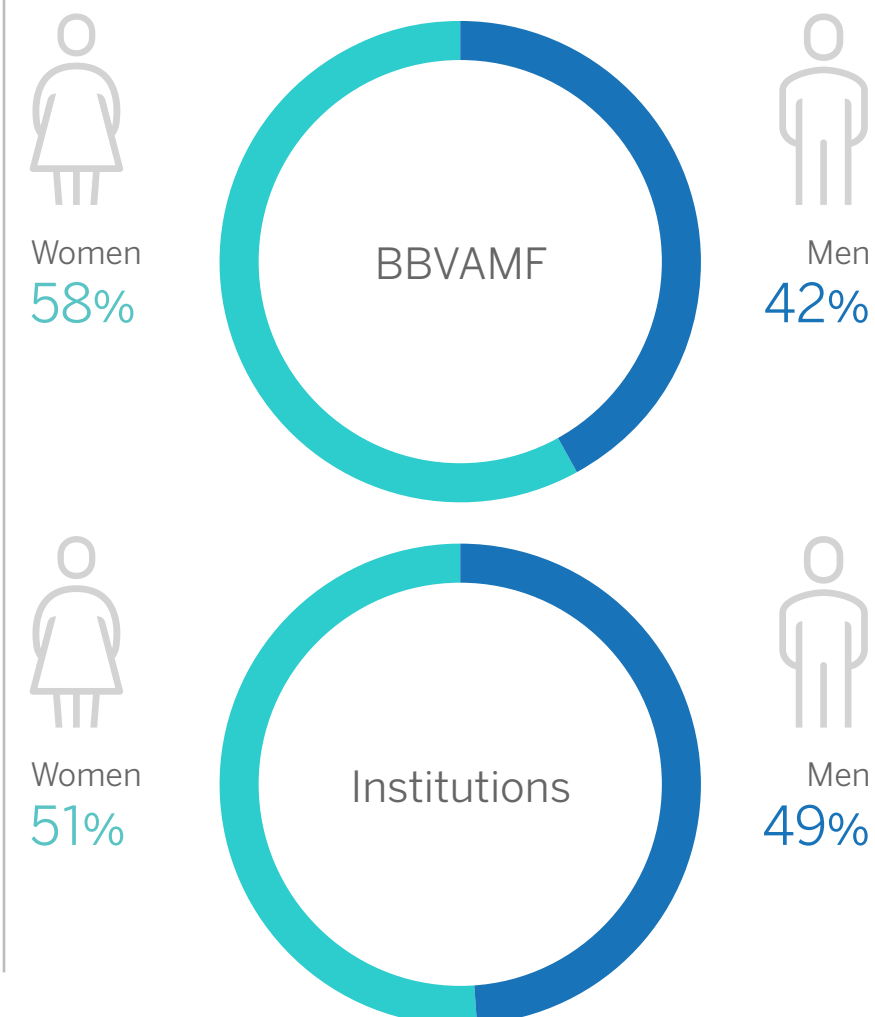
Social–Employees

Diversity

Age/Nationalities

	BBVAMF	Institutions
Average age	43 y.o.	34 y.o.
Nationalities	12	17

Gender

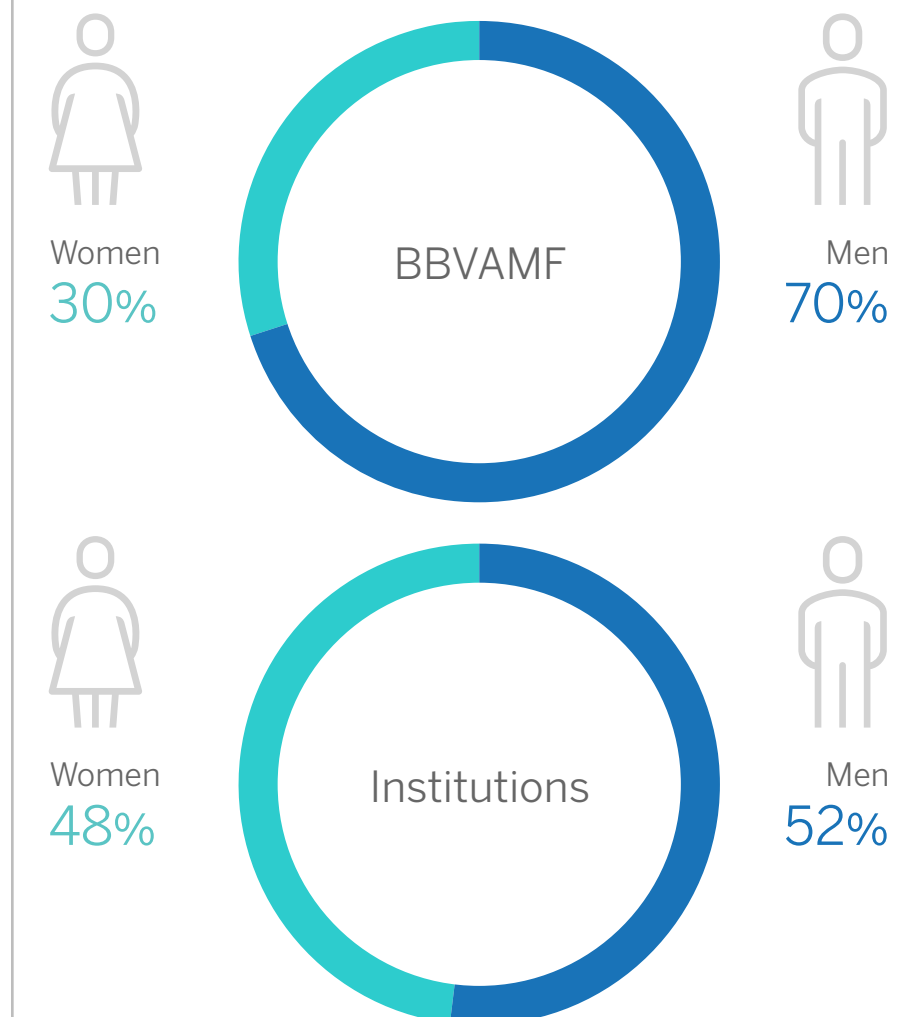


Others

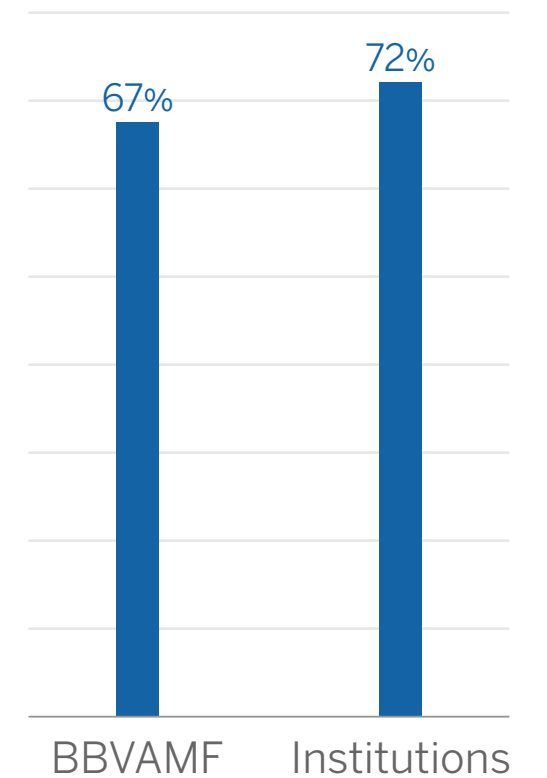
N° employees/Turnover

	BBVAMF	Institutions
N° employees	48	7,609
Turnover	-4%	-9%

Women managers



Training



ESG: A sustainable and inclusive path towards 2030

ESG indicators · 2020

(E) Environment

Measures	BBVAMF	Aggregate	Bancamía	Financiera Confianza	Banco Adopem	Microserfin	Fondo Esperanza	Emprende Microfinanzas	
Carbon footprint									
CO ₂ Emissions (Scope 1)	T CO ₂ e	4.31	196.90	2.01	70.14	110.43	0.55	13.77	—
CO ₂ Emissions (Scope 2 – market based)	T CO ₂ e	17.27	2,461.80	681.10	431.19	1,224.53	52.15	72.82	—
CO ₂ Emissions (Scope 3)	T CO ₂ e	31.83	63.68%	12.61	19.44	4.83	19.96	6.84	—
Total footprint	T CO ₂ e	36.14	2,722.38	695.72	520.78	1,339.79	72.66	93.43	—
CO ₂ Emission by employee	T CO ₂ e/per capita	0.75	0.36	0.22	0.23	1.05	0.34	0.17	—
Green products									
Nº clients with green loans	% s/total		10,116	1,162	8,093	861	—	—	—
Nº clients with climate insurance	Nº		4,428	4,428	—	—	—	—	—

(S) Socials - Employees

Measures	BBVAMF	Aggregate	Bancamía	Financiera Confianza	Banco Adopem	Microserfin	Fondo Esperanza	Emprende Microfinanzas	
Employees									
Nº employees	FTE	48	7,609	3,195	2,302	1,280	216	544	72
% employees with training	%	67%	72%	97%	92%	2%	96%	5%	1%
Diversity									
Female	%	58%	51%	52%	46%	43%	57%	83%	68%
Avg. age	y.o.	43	34	33	33	36	33	34	39
Avg. seniority	y.o.	7	6	6	5	7	5	5	8
Nationalities	Nº	12	17	6	3	3	5	6	2
Work mobility									
Total directors/Total employees	%	20.8%	0.8%	0.3%	0.4%	1.6%	4.6%	1.3%	5.6%
Female directors/Total Female	%	10.7%	0.7%	0.2%	0.4%	2.0%	3.2%	0.9%	4.1%
Male directors/Total Male	%	35.0%	0.9%	0.3%	0.5%	1.4%	6.5%	3.2%	8.7%
Employee turnover*	%	-4%	-9%	-9%	-5%	-14%	-19%	-12%	-26%
Women directors	%	30%	48%	44%	40%	52%	40%	57%	50%
Code of conduct		✓	✓	✓	✓	✓	✓	✓	✓
Whistleblowing channel		✓	✓	✓	✓	✓	✓	✓	✓

* Incoming - outgoing (employee averages 2019 & 2020).

ESG: A sustainable and inclusive path towards 2030

ESG indicators · 2020

(S) Socials - Clients*

	BBVAMF	Aggregate	Bancamía	Financiera Confianza	Banco Adopem	Microserfin	Fondo Esperanza	Emprende Microfinanzas
Scale								
N° clients		2,612,144	1,422,185	683,166	381,746	14,468	106,583	3,996
Vulnerability								
N° clients with a loan		837,947	295,908	253,489	163,503	14,468	106,583	3,996
% newly banked clients		33%	29%	29%	72%	19%	—	—
% economically poor entrepreneurs		31%	32%	29%	19%	19%	54%	—
% economically vulnerable entrepreneurs		81%	84%	72%	81%	82%	91%	—
% women		60%	54%	54%	67%	43%	80%	—
% rural		32%	44%	20%	41%	44%	11%	—
% primary education, at best		38%	47%	16%	48%	32%	31%	—
% migrants & displaced persons		44,144	44,116	—	—	28	—	—
Financial health								
N° clients with saving products		2,399,909	1,409,287	616,448	374,174	—	—	—
People with training		401,648	248,809	49,808	56,708	5,988	40,335	—
Business growth								
% entrepreneurs that increase their income		52%	61%	42%	51%	—	—	—
% clients with over 3 loans		64%	59%	55%	74%	54%	83%	—
Welfare								
N° clients with housing products		40,443	2,449	26,486	10,631	877	—	—
N° clients with educational loans		2,993	8	2,543	442	—	—	—
N° clients with health insurance		82,268	26,479	45,279	—	4,311	6,199	—
% clients who employ people		15%	16%	15%	20%	30%	6%	—
Government subsidies								
N° beneficiaries		470,250	270,000	196,736	3,514	—	—	—
% banked		57%	100%	—	—	—	—	—
Disbursed amount (USD '000)		119,614	76,060	41,258	2,296	—	—	—

* Data on clients current at 12.31.2020, excluding banked clients. These are clients newly banked during the year, who enter the formal financial system for the first time.

In vulnerability, percentages are for credit clients. The % of people who generate employment is also from clients with credit.

ESG: A sustainable and inclusive path towards 2030

ESG indicators · 2020

(G) Governance

	BBVAMF	Aggregate	Bancamía	Financiera Confianza	Banco Adopem	Microserfin	Fondo Esperanza	Emprende Microfinanzas
Governance								
Corporate governance code	✓	✓	✓	✓	✓	✓	✓	✓
Operational rules for Boards of Trustees/ Directors & committees	✓	✓	✓	✓	✓	✓	✓	✓
Annual training	—	✓	✓	✓	✓	✓	✓	✓
Annual activity report & appraisal	—	✓	✓	✓	✓	✓	✓	✓
Board of directors diversity								
Members (nº)	8		7	7	8	5	7	4
Nationalities	3		3	4	2	3	2	2
Female	63%		43%	43%	38%	20%	0%	0%
Chairwoman	100%	33%						
CEO		20%						
CFO		67%						
Age range								
< 50 years old	—		—	—	13%	20%	14%	—
51-60 years old	25%		29%	29%	38%	60%	43%	50%
61-70 years old	50%		71%	57%	38%	20%	43%	50%
> 70 years old	25%		—	14%	13%	—	—	—
Profile								
Business administration & executive management	88%		100%	100%	100%	100%	86%	100%
Finance and risk	88%		86%	71%	75%	80%	57%	75%
Microfinance sector	63%		100%	86%	88%	100%	100%	100%
Human resources	75%		43%	71%	38%	40%	43%	50%
Technology & procedures	38%		29%	43%	13%	40%	14%	50%
Sustainability & inclusive development	75%		29%	57%	25%	60%	57%	50%

ESG: A sustainable and inclusive path towards 2030

ESG indicators · 2020

Governance (cont.)

	BBVAMF	Aggregate	Bancamía	Financiera Confianza	Banco Adopem	Microserfin	Fondo Esperanza	Emprende Microfinanzas
Independence								
Separation between President & CEO	✓	✓	✓	✓	✓	✓	✓	✓
% Independent Members / Trustees	50%		86%	86%	63%	60%	29%	0%
Independent Presidents on Committees	—		100%	100%	100%	75%	33%	0%
Tenure								
< 5 years	37%		57%	14%	25%	80%	0%	25%
6-10 years	13%		29%	57%	75%	20%	100%	25%
> 10 years	50%		14%	29%	0%	0%	0%	50%
Fulfillment of job responsibilities								
Attendance	100%		99%	99%	100%	88%	93%	95%
Remuneration for attendance at board/ trustee meetings (USD)	—		600	600	1.500	400	350	350
Remuneration for attendance at committee meetings (USD)	—		300	300	750	200	200	200

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Environment

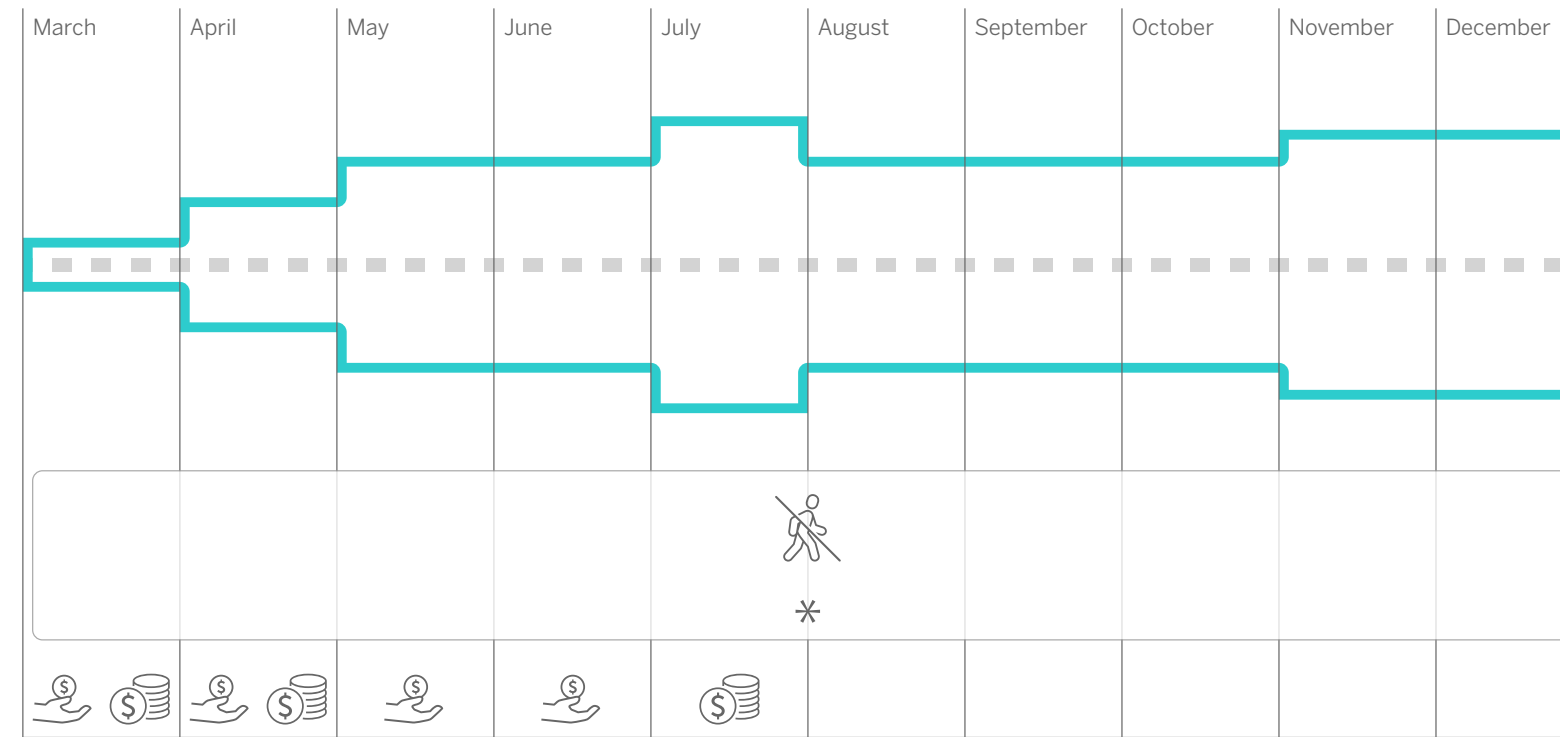
Displaced people & migrants

Summary of COVID measures adopted in our footprint countries*

Colombia

State of Health Emergency declared, extended and in force to date

State of Economic, Social & Environmental Emergency declared in March, extended until May



Name of subsidy and financial award
During 2020

Solidarity pay-out



USD 70

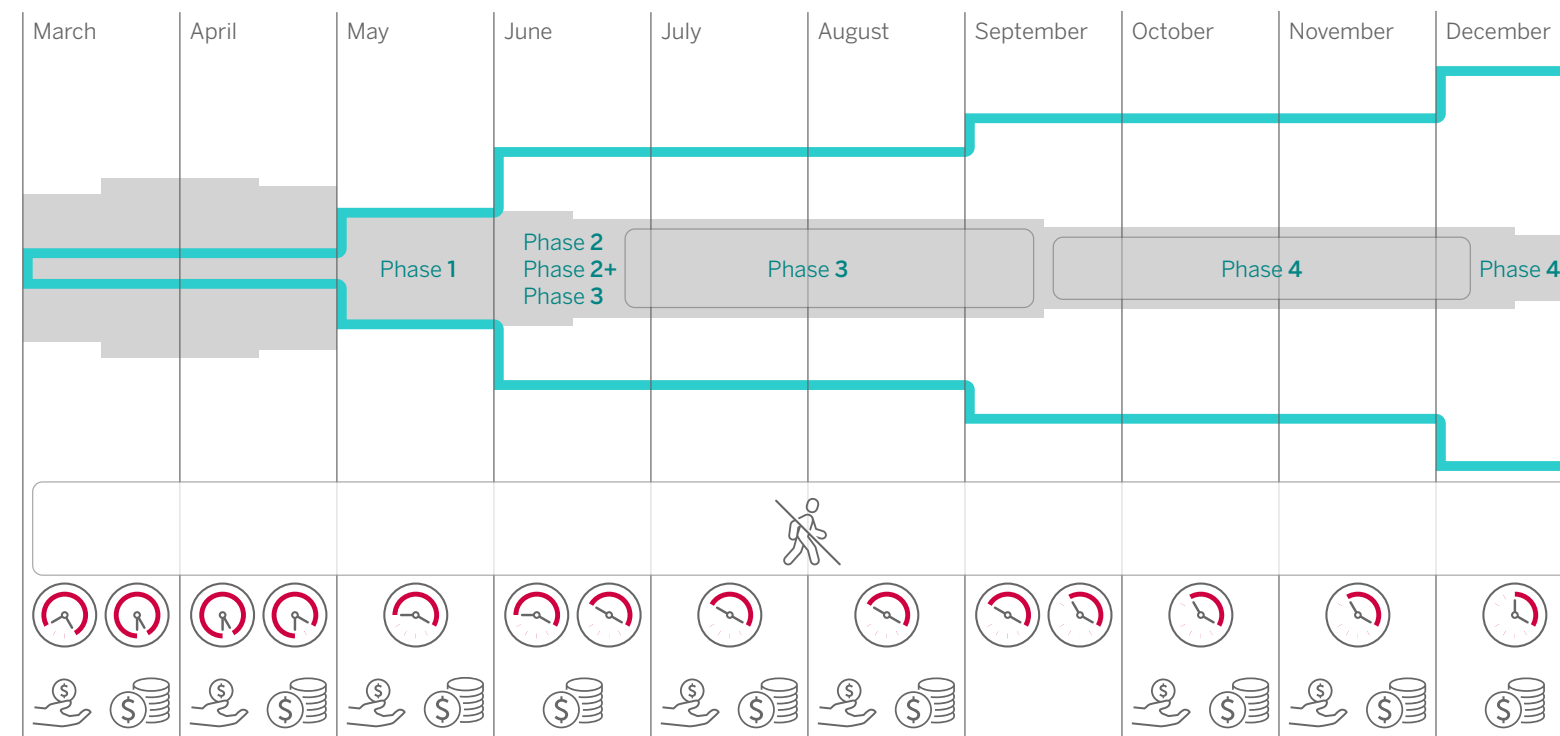
Average income of USD 70
Nearly **twice** the basic cost of food



Peru

National Health Emergency declared, with quarterly extensions to date

Declaration of national state of emergency, with monthly extensions to date



Name of subsidy and financial award
During 2020

I'm staying home



USD 210

Independent voucher



USD 210

Rural voucher



USD 210

Universal family bonus



USD 210

Average income of USD 210
Nearly **four times** the basic cost of food



* This information is presented in compliance with the regulation published between March 1st and December 31st, 2020.

- ▬ Mobility restrictions (from + to -)
- ⚡ Mobility restrictions during this period
- * Measures adopted by administrative areas & regions
- 🕒 Curfew times & days affected

- ⚡ Restrictions on economic activity (from + to -)
- 👤 Subsidies for vulnerable people
- 💰 Financial mitigation measures

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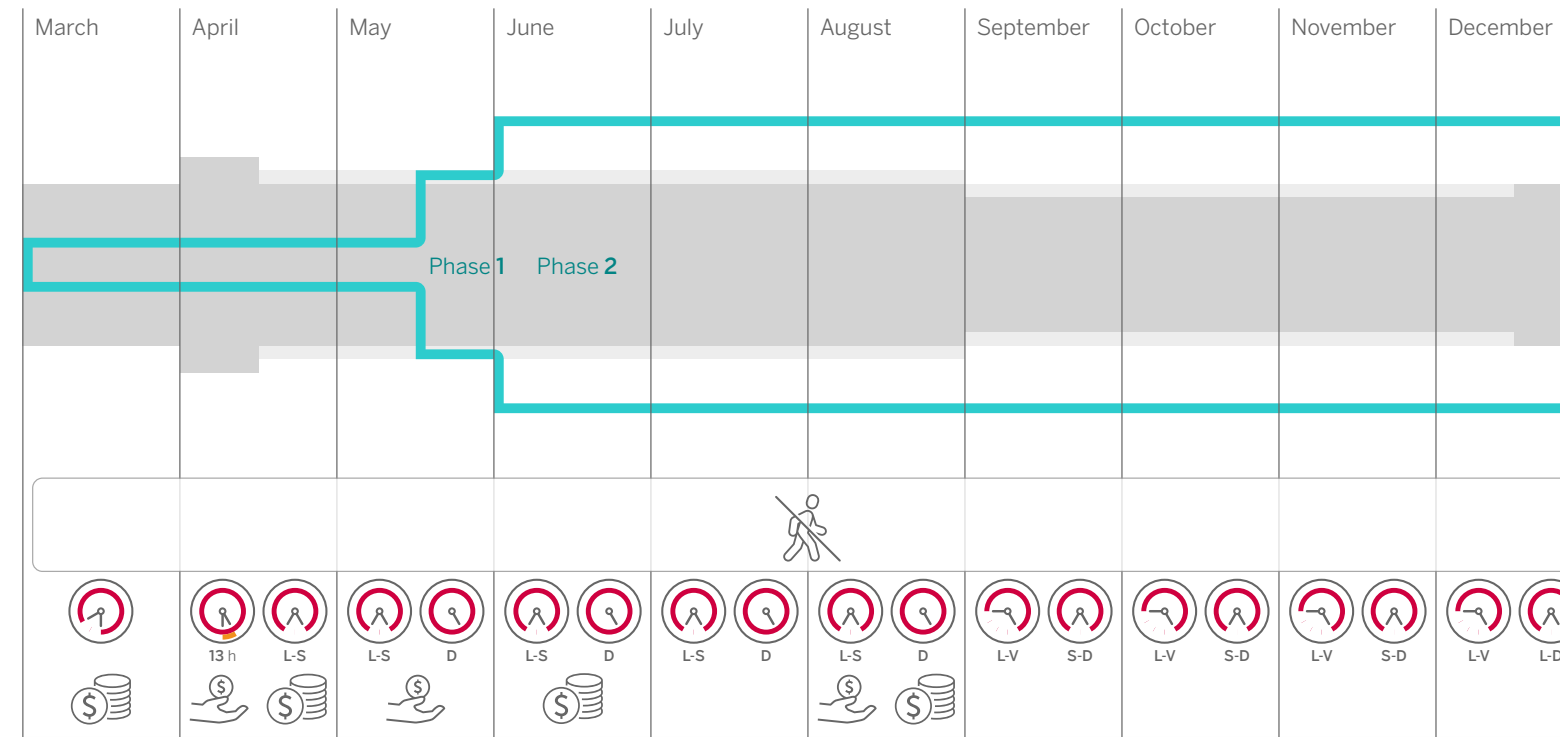
Environment

Displaced people & migrants

Summary of COVID measures adopted in our footprint countries*

Dominican Republic


State of Emergency declared, lifted for 20 days in July, in force to date



Name of subsidy and financial award

During 2020


Stay at home  USD 120/month
USD 86/month


Help for Independent Workers program (Pa'Ti)  USD 86/month


Employees Solidarity Fund (Phase II)  USD 86/month


Average income of USD 86
two times
the basic cost of food 


* This information is presented in compliance with the regulation published between March 1st and December 31st, 2020.


 Mobility restrictions (from + to -)

 Mobility restrictions during this period

 Curfew times & days affected

 Restrictions on economic activity (from + to -)

 Subsidies for vulnerable people

 Financial mitigation measures

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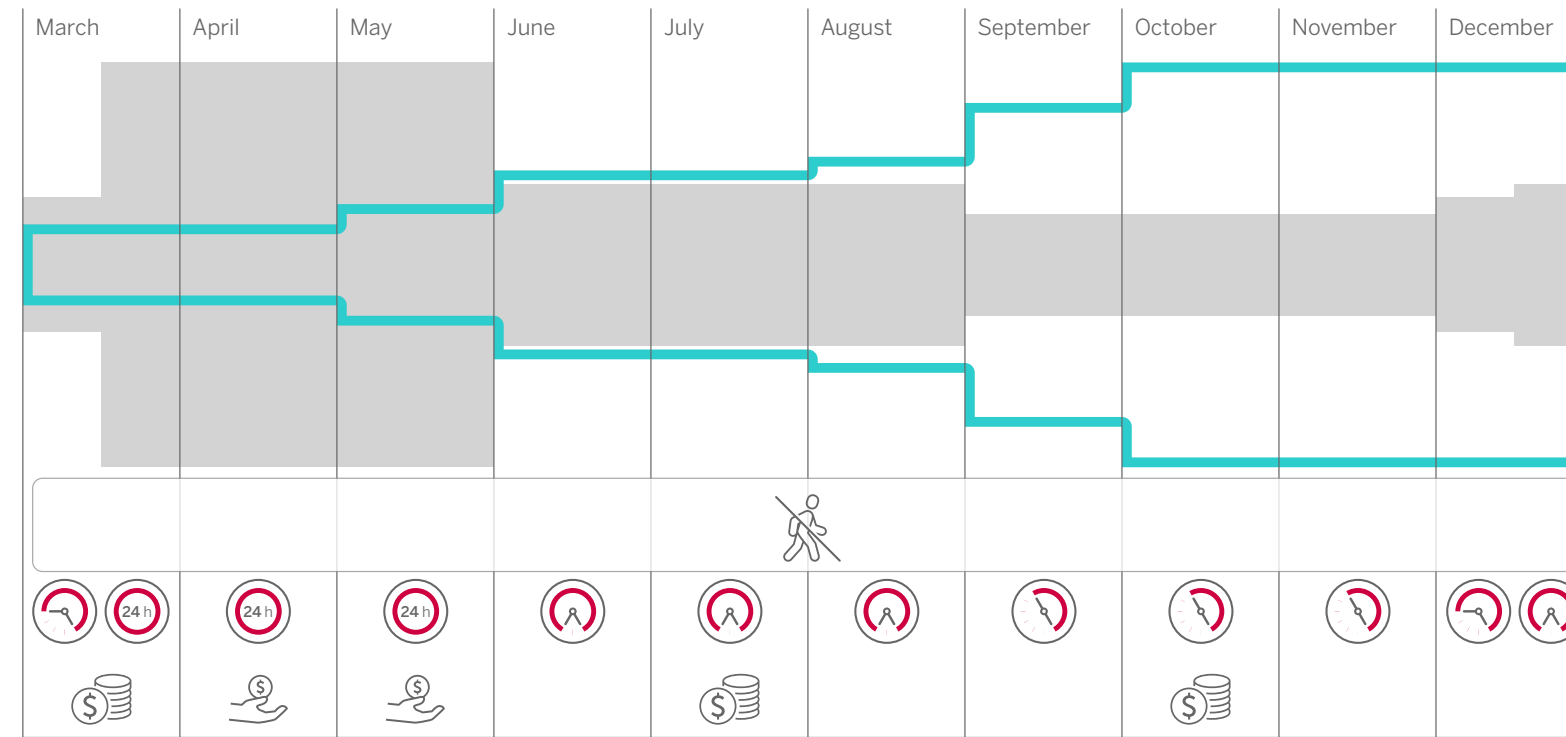
Displaced people & migrants

Summary of COVID measures adopted in our footprint countries*

Panama

National Health Emergency declared, extended and in force to date

National state of Emergency declared in force to date

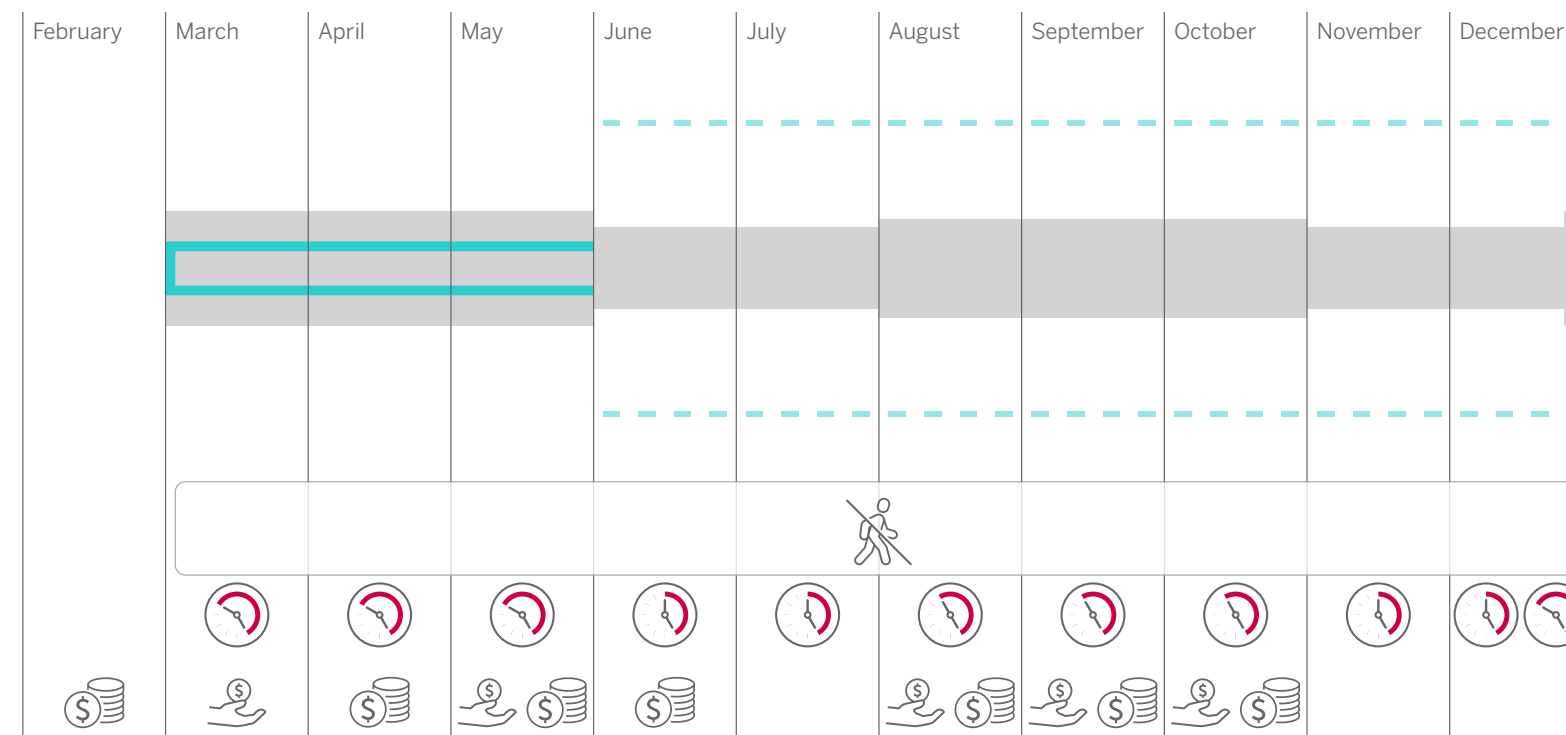


Panama solidarity plan: delivery of support measures (food parcels, solidarity voucher & digital coupon) to those affected by the pandemic to cover some of their basic food needs, hygiene products and medication.

Chile

Health Emergency declared for a one-year period

Declaration of catastrophic state of constitutional emergency, extended every quarter and in force to date



Since June the restrictions on mobility and economic activity have been different in every region, according to the provisions in the Step-by-Step plan.

Name of subsidy and financial award During 2020

COVID voucher USD 70

Emergency pay-out USD 352

Protection for independent workers Act USD 141

Average income of USD 188
 Nearly **three times** the basic cost of food

* This information is presented in compliance with the regulation published between March 1st and December 31st, 2020.

- Mobility restrictions (from + to -)
- Mobility restrictions during this period
- Curfew times & days affected

- Restrictions on economic activity (from + to -)
- Subsidies for vulnerable people
- Financial mitigation measures



Macroeconomic context.

Latin America: a historic crash

Pandemic²

Latin America has been one of the regions of the world most affected by coronavirus, both in terms of case numbers and mortality. In the countries where institutions belonging to the BBVA Microfinance Foundation (hereinafter our footprint³) operate, there were around 3,684,460 recorded cases in 2020.⁴ In other words, 23.7% of all cases recorded in Latin America, a proportion of 31,189 cases per million inhabitants.

Although only 1.5% of the world's population lives in this footprint, to December 2020, 4.4% of the world's accumulated COVID-19 infections, and 5.8% of the deaths caused by the illness were concentrated here, equivalent to 20.5% of all the fatalities in Latin America. The data give a ratio of 879 deaths per million inhabitants, similar to the rates in Europe and in the United States.

However, even though the region has better demographics to fight the pandemic —younger populations, lower obesity rates and trained immunity— these advantages did not transfer to lower mortality rates; on the contrary, the weakness of the region's health systems became all too clear.

While in OECD countries there were 506 hospital beds for every 100,000 inhabitants at the beginning of the pandemic, the ratio in the countries in our footprint was 174 beds. This disparity becomes more critical as health problems become more complex. In OECD countries there are 16 ICUs (intensive care units) for every 100,000 inhabitants, compared to 7 per 100,000 in our footprint countries.

Although only 1.5% of the world's population lives in this footprint, to December 2020, 20.5% of COVID deaths in Latin America were concentrated here

OECD countries

506
hospital beds

16
ICU beds

Footprint countries

174
hospital beds

7
ICU beds

for every 100,000 inhabitants

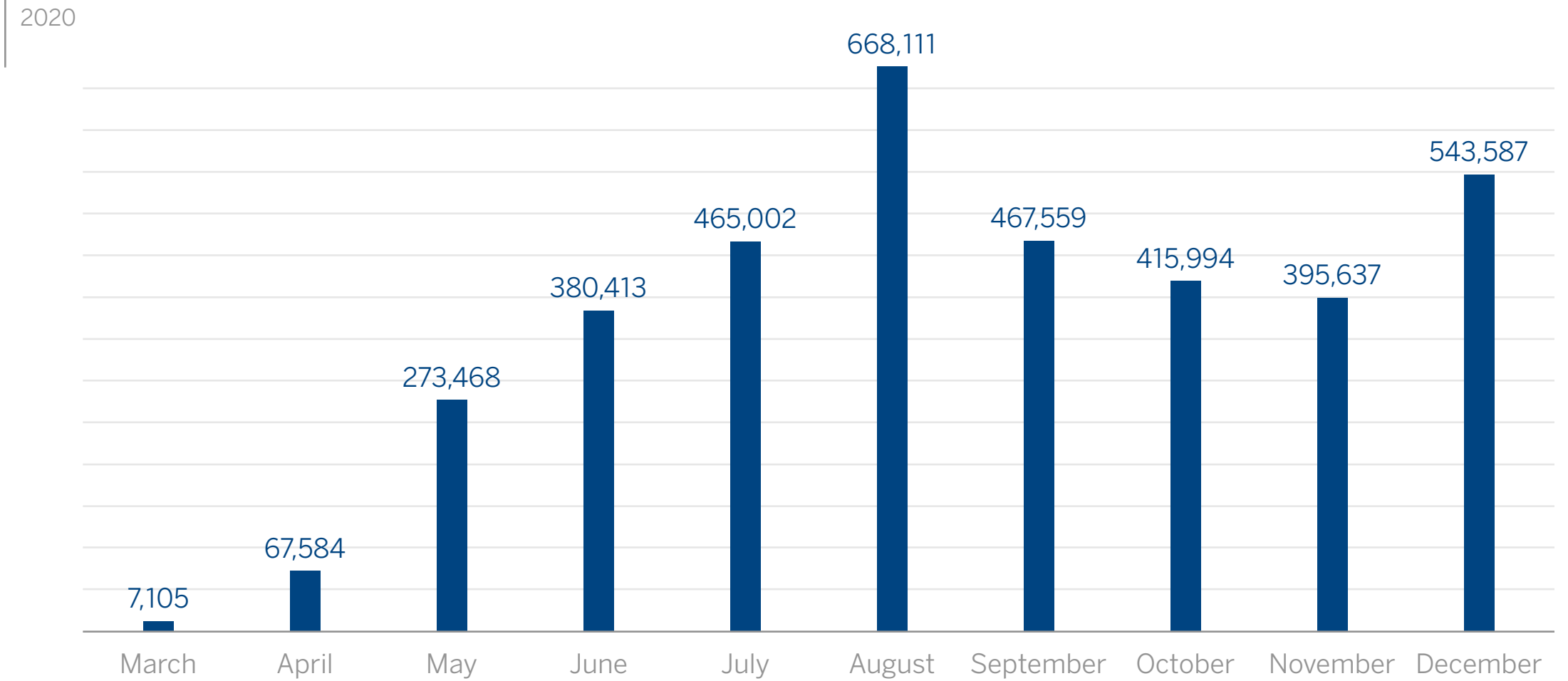
Macroeconomic context. Latin America: a historic crash

The first confirmed case of COVID-19 in the footprint was recorded on March 1, 2020 in the Dominican Republic; over the next few days others began to be reported in the other countries. As the caseload rose, and following the measures implemented in several European countries and China, restrictions began to be applied, with declarations of States of Emergency, starting with cordons sanitaires around the affected areas which were subsequently extended to entire countries.

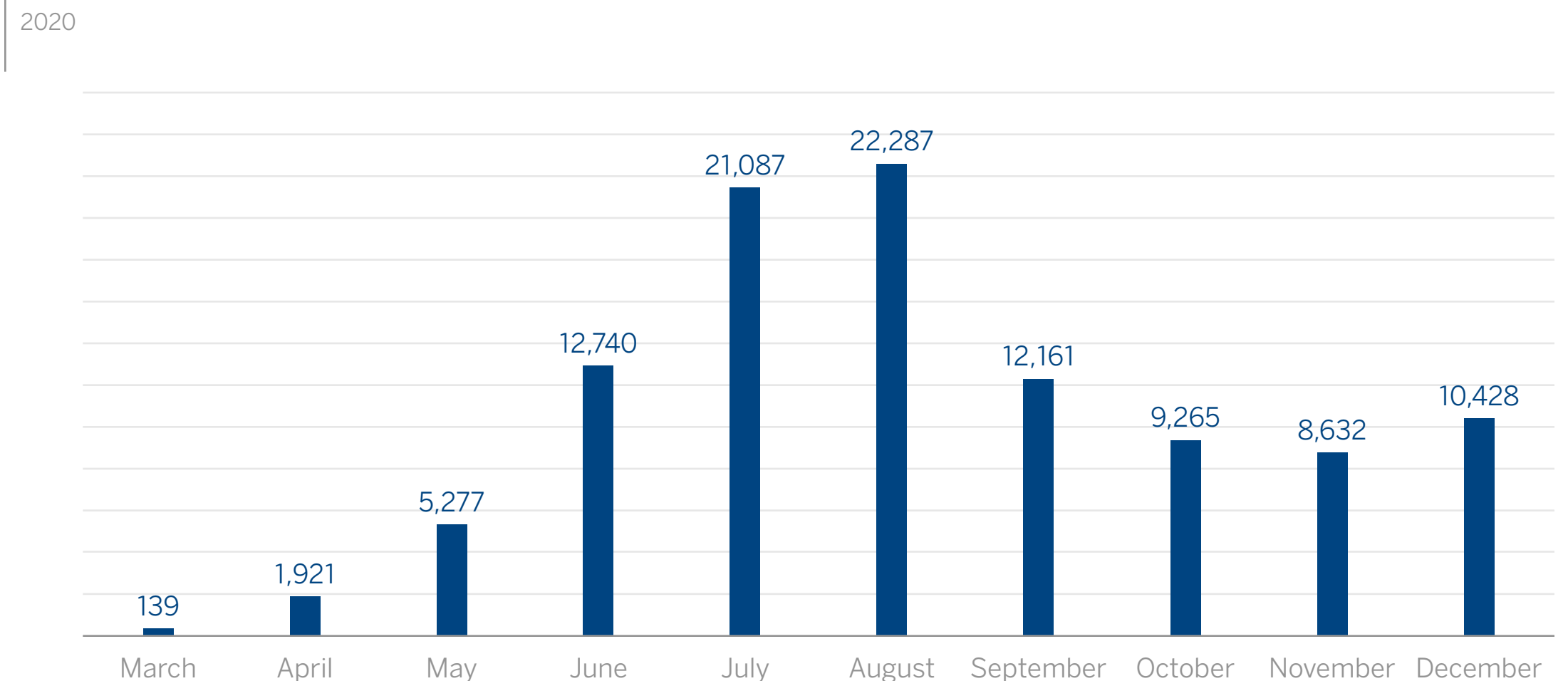
In our footprint as a whole, the shutdown of activities and lockdown on people's movements in the second half of March affected around 56% of activities and movements; by April it was 63%. Despite social distancing rules put in place to contain the speed of contagion, and measures designed to reinforce health systems, the latter were put under huge pressure.

Pre-existing conditions of a high degree of informality in the labor market and high demographic density in the areas where most of the vulnerable population live, as well as the lack of a coordinated strategy for diagnostic tests and tracking of positive cases, contributed to the failure to contain the spread of the virus in the first wave and to health systems becoming overwhelmed.

Positive cases by month in the footprint*



Monthly deaths from COVID-19 in our footprint*



* Source: National Health Ministries.

Macroeconomic context. Latin America: a historic crash

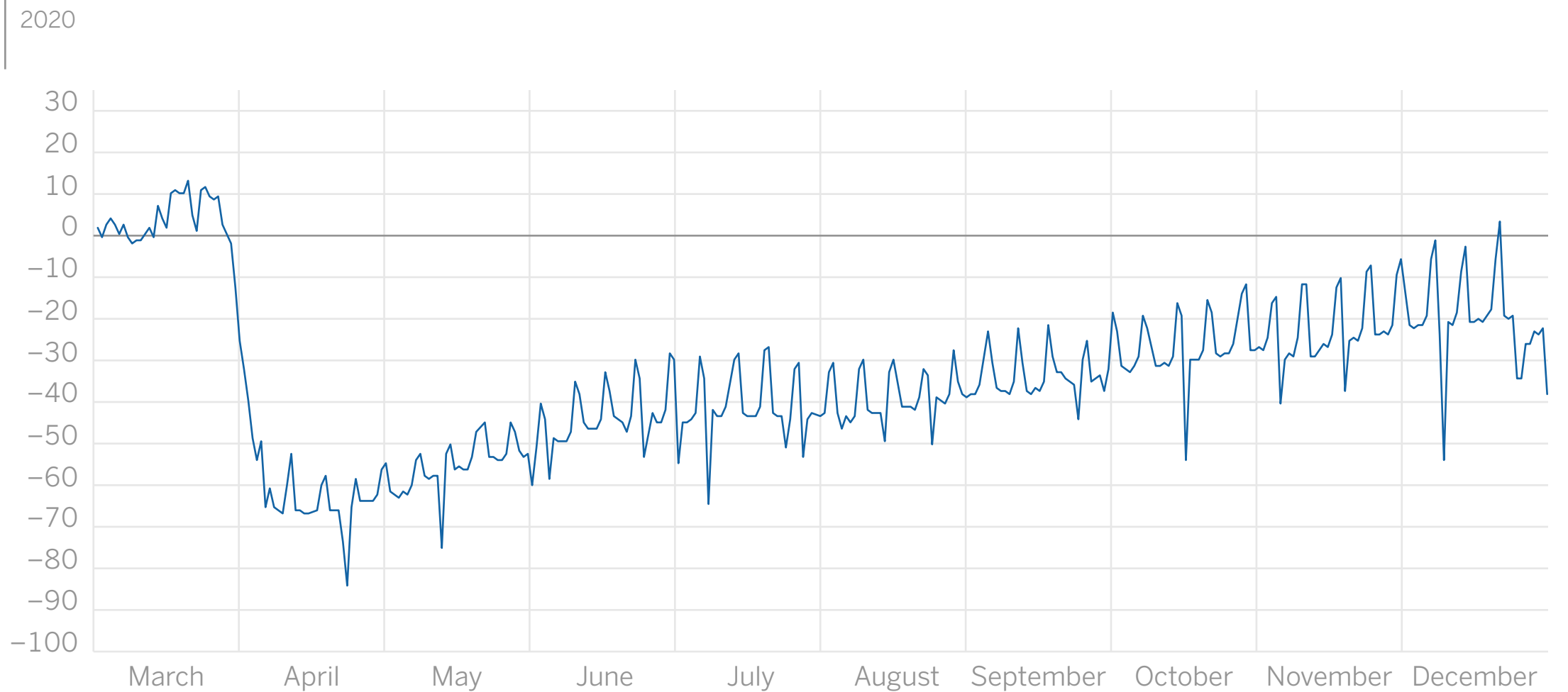
In an initial phase, the economic support measures implemented were too timid for some countries and introduced late in most of them, meaning that the measures to restrict mobility were less effective because of the urgent need to generate income on the part of the population groups mentioned. In this phase, on average, there was 20% more mobility compared to European countries.

Nevertheless, as policies became increasingly more restrictive and control over citizens' actions became more exhaustive, there were two effects: the shutdown of activity and as a result a profound impact on the economy and jobs, both in terms of goods and services production and in demand.

As occurred in other regions, the epidemic has come back in several waves, depending on whether mobility was restricted or not, and on the opening up or restriction of activities.

When the restrictions to mobility are lifted and a good part of the underlying unemployment becomes visible, the informal sector could go back to being the labor market's shock absorber —See Employment section

Mobility in the footprint*



Economy⁵

2020 will go down in history as one of the worst years for the economy in a hundred years, one in which the entire region not only suffered an unprecedented health crisis, entailing serious restrictions on mobility, but also the shutting down of economic activity to slow down infections. This affected the normal functioning of productive enterprises, generating a sharp fall in the economy's growth rate, with social and productive impacts that will last in the medium term.

As the pandemic expanded across the region, risk aversion rose sharply on international financial markets, causing investor portfolios to flee to safe-haven assets. Subsequently, this aversion was partly mitigated after the coordinated global response by major central banks to the pandemic.

The region's central banks called in unison for a reduction in interest rates. Some of them accompanied this call with asset-buying measures, credit support and liquidity supply, both in dollars and local currency on national financial markets.

* Source: Google Community Mobility Reports. BBVAMF calculation.

Macroeconomic context. Latin America: a historic crash

To compensate the significant depreciation of the region's currencies at the start of the year, central banks have also adopted measures to stabilize exchange rates.

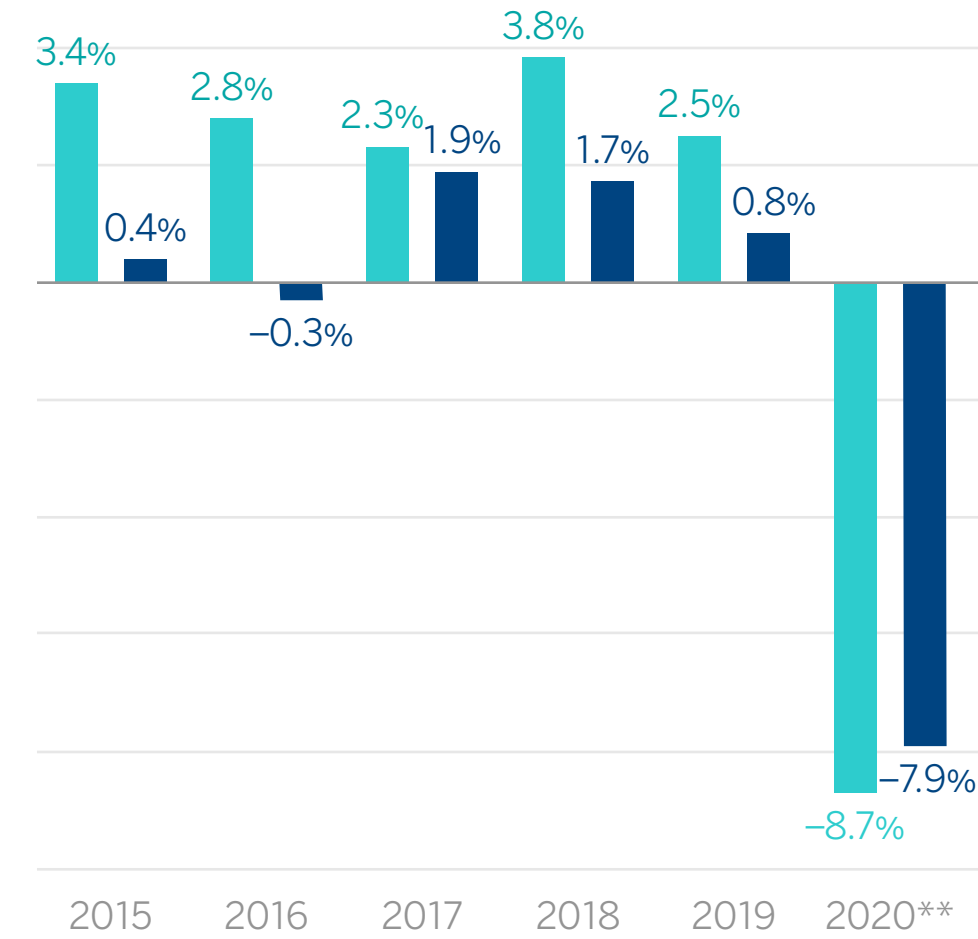
In this framework, the region's GDP⁶ fell by 7.9% in the year. The global, synchronized nature of the pandemic and shutdowns of activity, the sharp contraction in international trade and the tightening of financial conditions triggered a collapse across the board of economic activity.

After an extreme contraction in March and April, activity began to recover gradually as lockdowns were eased. As companies and consumers adapted to social distancing habits, major support policies were introduced and global activity began to strengthen, starting to recover in month-on-month terms. This is not a normal recession; to a large extent it has been self-imposed in order to slow the spread of the virus.

The economies in the countries in our footprint were impacted by the same factors as those operating in the rest of the region, with the concomitant fall in activity amounting to 8.7%.⁷

Real GDP growth*

Variation



■ Footprint ■ Latam***

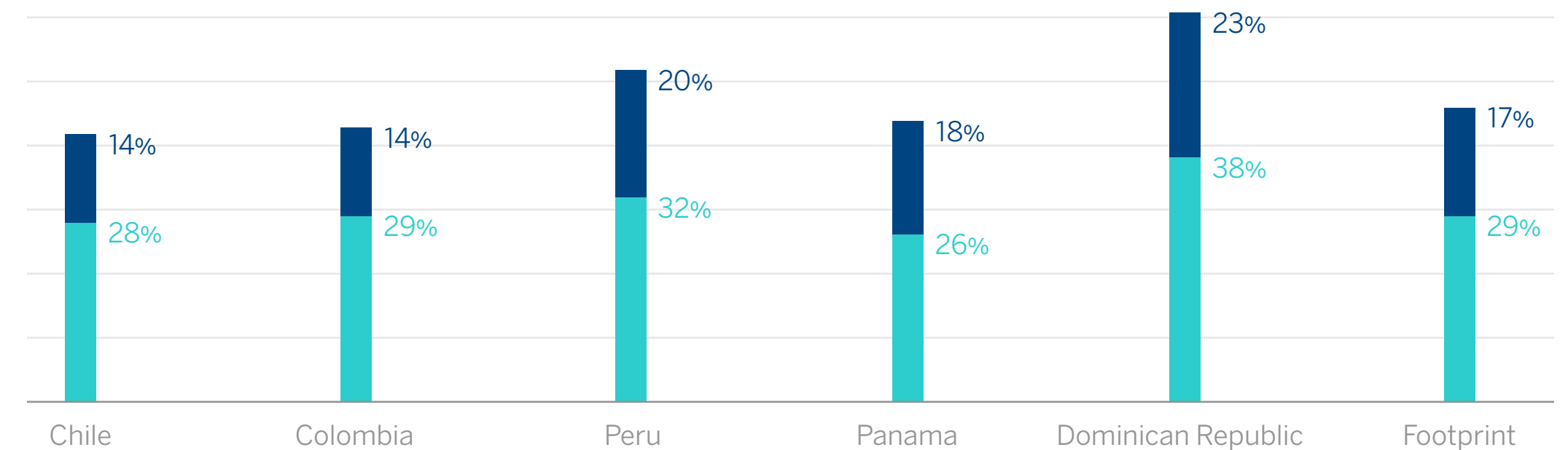
The shutdown of activities left a deeper imprint on sectors that have intensive contact, such as wholesale and retail trade, transport and storage, hospitality and restaurant services, education, the arts and entertainment.

In our footprint, average direct industry exposure, because of intensive contact,⁸ whether direct or indirect, accounts for 46% of sectors.

Although activity in the last three quarters stood on average 10.9% below the same period the previous year, the quarter-on-quarter momentum showed that recovery was positively correlated with the gradual lifting of health control measures, economic support programs for household incomes and the disbursement of part of the social welfare funds.

Weight of sectors with social contact

Exposure by direct contact



■ Direct exposure ■ Indirect exposure

* National sources. BBVAMF calculations.

** BBVAMF estimate.

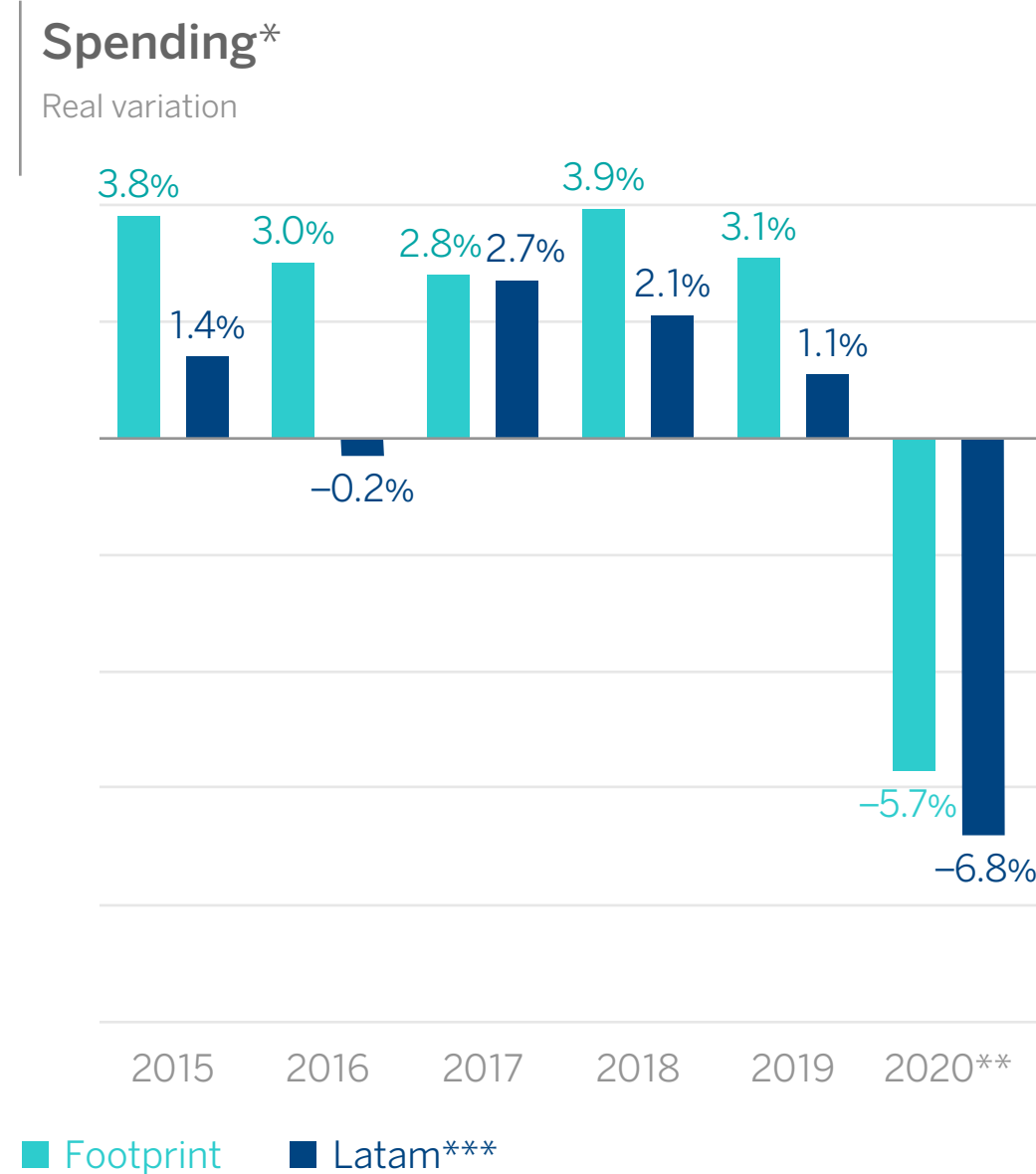
*** Excluding Venezuela.

Macroeconomic context. Latin America: a historic crash

In the second quarter activity shrank, in quarter-on-quarter and seasonally adjusted terms, by 11%, while the third and fourth quarters posted recoveries of 7.5% and 6.1% respectively.

The health crisis also had negative effects on supply, since public health measures entailed the total or partial closure of numerous companies. The outcome was a 10.8% contraction in the trade sector and a 32.3% drop in the restaurant and hospitality industries. Manufacturing, meanwhile, contracted by 12.7% and construction by 17.6%. These last two sectors were affected by the restrictions suffered by supply chains and by mobility difficulties.

Worsening terms of trade,⁹ furthermore, have had serious impacts on economies' revenues because of their dependence on exports. The contraction in world demand, particularly in China, one of the largest consumers and importers of commodities, played a major role in the reduction of prices in the first half of the year.



Due to the fall in international demand and the interruption of supply chains, export volumes of goods and services fell by 13%. However, the drop in domestic activity meant that imports fell by 18%, improving the balance of trade.

The collapse of economic activity is so great that, at the end of 2020, per capita GDP in our footprint was similar to that of 2013. In other words, there was a seven-year reverse in income per person, unparalleled in recent history.

Turning to demand, the lack or reduction of workers' incomes, whose circumstances prevented them from working normally, and the rise in unemployment, affected consumption. Private spending shrank by 5.7%. The reduction in enterprises' cash flow, together with the rise in uncertainty, was visible in a sharp reduction in investment, with private investment crashing by 18.2%.

The combination of these two effects caused lower domestic demand, an effect that was partly offset by net exports. Economies' domestic demand, which had already been weak in 2019, contracted significantly, by 10.9%.

The collapse of economic activity in 2020 was so great that, at the end of the year, income per person had gone back to where it was 7 years ago

* National sources. BBVAMF calculations.

** BBVAMF estimate.

*** Excluding Venezuela.



Macroeconomic context. Latin America: a historic crash

All components of domestic demand fell. Household spending diminished, accounted for by lower spending in goods and services. Investment also fell due to the fall in gross fixed capital formation (GFCF), mainly in construction and other works and, to a lesser degree, in machinery and equipment.

Fiscal and monetary policies played a crucial role in the region's reactivation in the second half of the year. The first was executed by means of transfers, subsidies and guarantees for lending programs. Monetary policy, meanwhile, became very expansionary, with incentives for private credit thanks to a speedy reduction—to historic lows—of benchmark interest rates and to a wide range of guarantee measures and injections of liquidity.

The slump in activity during the year revealed a significant negative output gap.¹⁰ A negative output gap happens when effective output is lower than what the economy is capable of producing at full capacity. Low demand and, in consequence, lower prices, denote idle capacity¹¹ in the economy.

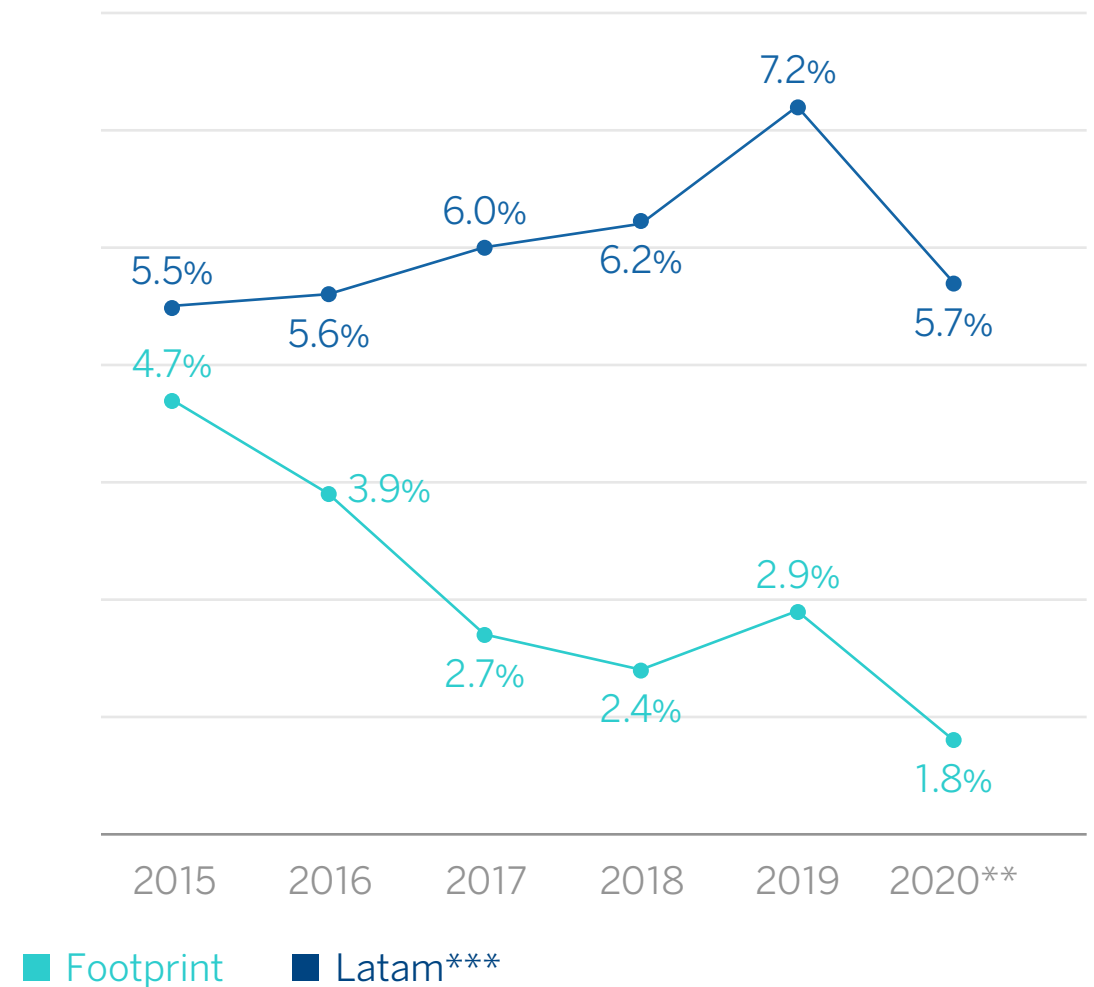
Given the idle capacity of the economy, inflation fell and, in many countries, posted below the target set for 2020. The wider impact of the deflationary forces associated with depressed activity and with the moderation in commodities prices offset the inflationary pressure of the supply shock and the currency depreciations experienced in the major economies.

Against this backdrop, in 2020, average inflation in Latin America¹² fell by 1.5% from 2019, closing the year at 5.7%. In our footprint, inflation stood at 1.8%, the lowest in our data history, with sharp falls in all countries except for the Dominican Republic, where it rose. As a result, monetary policy rates fell to historic lows in all countries, a consequence of a great deal of slack in the output gap.

In our footprint, inflation fell sharply in all countries apart from the Dominican Republic to an average of 1.8%, the lowest since data collection began

Inflation*

Variation



* National sources. BBVAMF calculations.

** BBVAMF estimate.

*** Excluding Venezuela.



Macroeconomic context. Latin America: a historic crash

Employment¹³

In Latin America the average rate of unemployment rose from 7.9% in 2019 to 11.6% in 2020.¹⁴ This was attenuated by the significant number of people who left the work force, i.e. stopped looking for a job. This has meant that the unemployment rate is actually underestimated, because of the drop in both the participation rates and occupation.

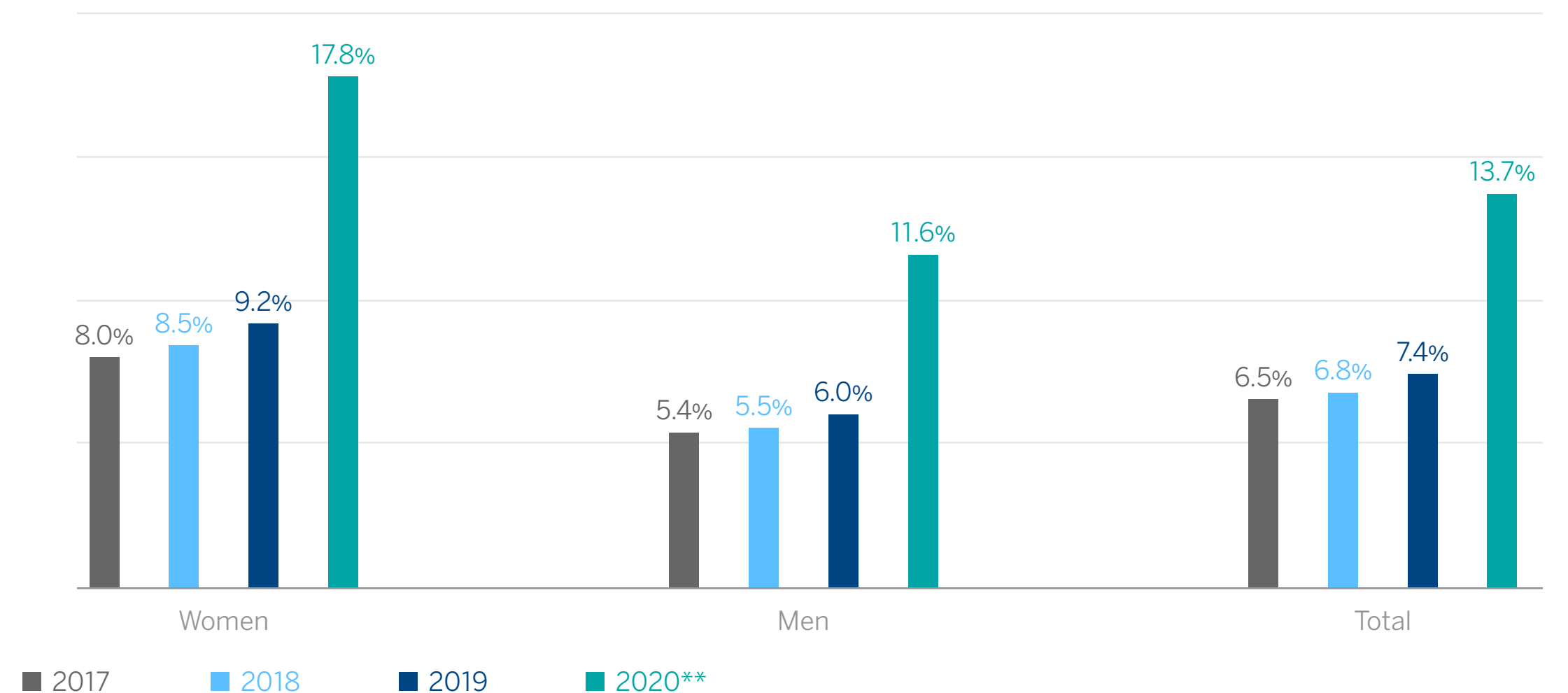
A large number of people chose to become inactive instead of looking for non-existent jobs that the pandemic had eliminated, and this contributed to moderating the effect on the unemployment rate.

The participation rate fell by 5.4%, while occupation was down by 6.1%. This implies that around 12% of jobs in the region were lost, excluding large numbers of people from the labor force.

One factor that has prevented an even greater loss of jobs in the short term has been keeping labor links alive. This was achieved by setting up work furloughs, compensated by some kind of financial provision or subsidy.

Unemployment*

% of labor force



If this group of people leaving the work force had not been furloughed, and if policies designed to support jobs and incomes had not been put in place, the unemployment rate would have been as high as 21.2%.

The same factors were present in our footprint; even so, the unemployment rate rose by 6.3%, posting at 13.7% in 2020. This is the result of impairment in the labor market in all countries, particularly in Panama, Colombia and Peru, and to a lesser degree in the Dominican Republic and Chile.

All countries have shown that they are vulnerable to the shock of COVID-19, due to the small proportion of workers employed in activities which can be done remotely.

If policies designed to support jobs and incomes had not been put in place from the beginning of the pandemic, the unemployment rate would have been as high as 21.2%

* National sources. BBVAMF calculations.

** BBVAMF estimate.



Macroeconomic context. Latin America: a historic crash

At the end of the first semester, 5.4 million more people had become unemployed. Nevertheless, the exit of 4.7 million members of the active population because of the fall in the participation rate, the gradual recovery of activity in the second semester, and the measures adopted to maintain employment, meant that the year closed with 3.5 million newly unemployed, of a total of 7.3 million people without an occupation. If the 2019 participation rate had been maintained, the unemployment rate would have been 22.6% (compared to the actual 11.6%).

The global participation rate fell by 5.3%, dropping from 65.9% to 60.6%. Similarly, there was a gender gap of 23.6% between men and women, with participation at 72.7% and 49.1% respectively, that is, a slight widening of the gap since 2019. Although the reduction in the participation rate has been similar among men and women, in relative terms it has hit women harder because of their previous lower participation rate.

The number of women engaged in jobs that require more personal interaction, such as retail trade, restaurants, caring for people and tourism, is much higher than men, and these jobs lend themselves much less, or not at all, to remote working, so they are more prone to becoming unemployed.

Women's employment in the sectors where there is greater physical contact, and as such a greater risk of catching the virus, is over-represented, accounting for around 65% of women's employment.

Women tend to do more unpaid domestic work than men, a reality which has only intensified during the pandemic. During this period, unpaid care work has increased: children are not at school and need more help in keeping up with their school activities.

This greater dedication to unpaid work explains to a large degree the slow rate of recovery of women's jobs. The situation is particularly acute when the woman is the secondary source of the family's income, because of the high direct costs to households of paying for third parties to look after their children and the difficulties caused by the pandemic in these parties being able to do so, leading to many women staying at home to look after their families.

Women's unemployment posted at 17.8%, while for men it was 11.6%. Although women only account for 43% of employment in our footprint, they have suffered 58% of total job losses.

Sectors with higher physical contact, and thus more affected by social distancing, not only employ a greater proportion of women but in many cases do so in the informal sector, where both the remuneration and qualifications required are lower. Most women in these sectors are self-employed or own microenterprises.

Although women only account for 43% of employment in our footprint, they have suffered 58% of total job losses



Macroeconomic context. Latin America: a historic crash

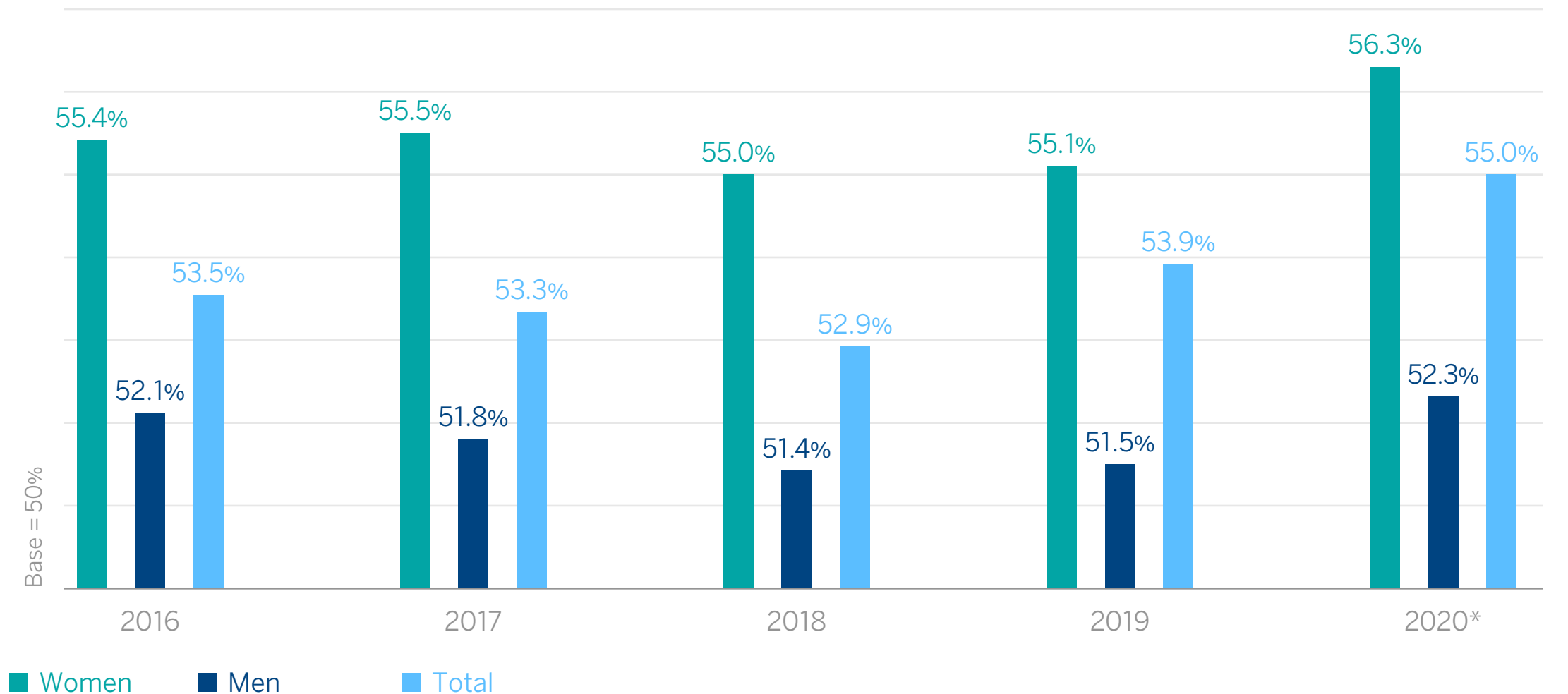
Job losses have been widespread in both the formal and informal sectors. Unlike other crises where informal employment in the event of losing a formal job enabled people to earn some kind of living, on this occasion the physical distancing and mobility restrictions have limited the role of the informal economy as a temporary compensation mechanism.

In the first part of the year the drop in informal employment was even more brusque than in the formal sector, with the resulting fall in the rate of jobs in the informal economy. As the lockdown measures and mobility restrictions began to ease, informal employment began to return and self-employed jobs grew. At year-end, this could be seen in the 1.1% rise in the rate of informality. 52.2% of men's and 56.3% of women's employment was informal in 2020.

When mobility restrictions are lifted and a good part of the unemployment, suppressed until then by job conservation and support policies adopted in 2020, surfaces, the informal sector may return to being the labor market's shock absorber, helping to prevent the increase in unemployment. The labor informality rate will tend to increase in 2021, which will have a negative impact on employment conditions.

Informal employment*

Variation



Unlike other crises, where informal employment facilitated income generation to partially replace formal jobs, on this occasion physical distancing policies and mobility restrictions have limited the role of informal employment as a temporary compensatory mechanism

* BBVAMF estimate.



Macroeconomic context. Latin America: a historic crash

Poverty and inequality¹⁵

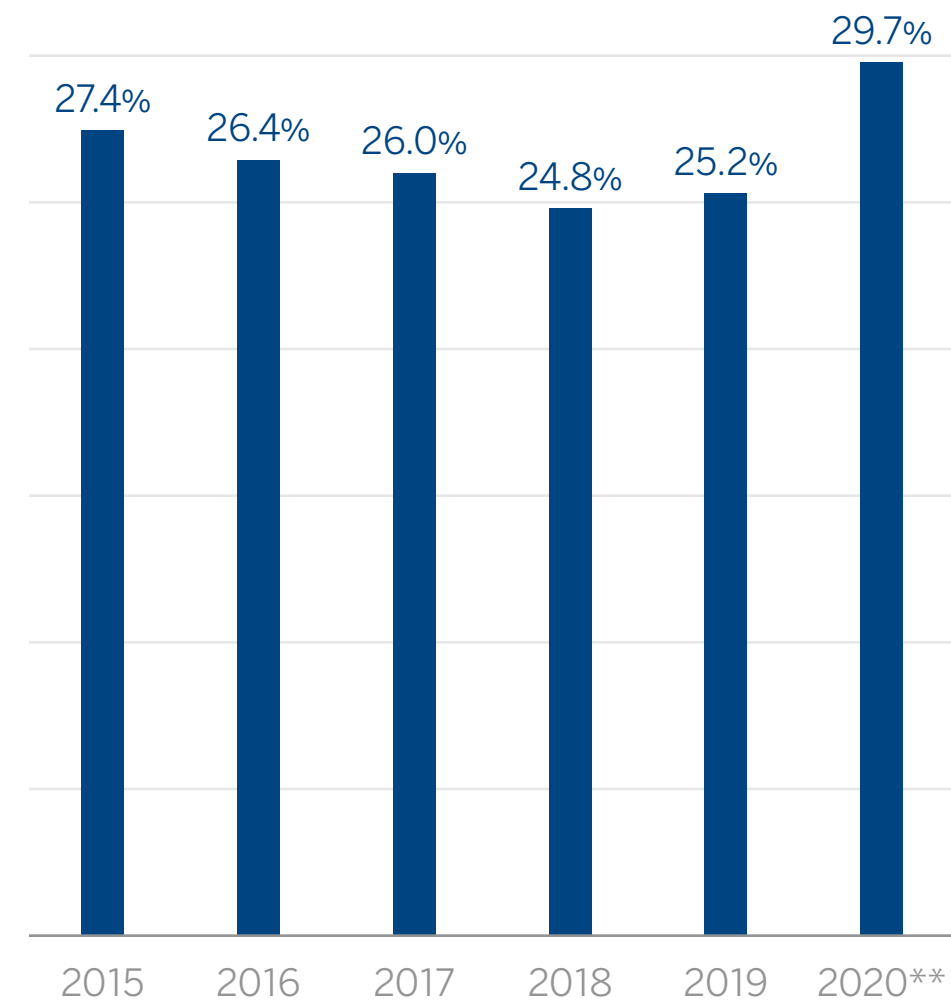
In 2020 monetary poverty in our footprint stood at 29.9%, which implies that around 34.7 million people were in poverty at the end of the year. This represents an increase of 4.5% over 2019, meaning that the ratio has reverted to 2013 levels.

In the last year, around 5.7 million people entered poverty, whereas 4.9 million avoided it in the short term. This is due to a series of measures that were adopted: new transfers, in money or in kind, increased cover, bigger sums in the case of existing monetary transfers and job support policies, among others.

Social spending increased in response to the pandemic, with most of it executed in the second quarter due to the urgent need to protect the income and spending of affected families. This spending represented, on average, 1.75% of GDP in 2020. Without these policies and cash transfers, the proportion of people in poverty would have been 33.9%.

Monetary poverty*

Variation



When quantifying the contributions to the variations in poverty, each component has been broken down based on the variations recorded in household income per capita and the changes in distribution to income per capita.

When these are divided into components, the fall in employment and wage losses from fewer hours worked increased poverty by 8.7% from 2019 because of the income effect. The redistributive effect of the policies adopted to protect wages and of social spending, meanwhile, have reduced this percentage by 4.2%, resulting in a net increase in poverty of 4.5% in 2020.

A further part of the impact is reflected in the composition of poverty. Approximately 8.9% of the population is in extreme poverty, that is, 10.4 million people. Nevertheless, the policies adopted have prevented the shock from being even greater in this segment.

Around 5.7 million people entered poverty over the course of the year, Thanks to mitigating measures adopted, 4.9 million managed to avoid it in the short term

* National sources. BBVAMF calculations.

** BBVAMF estimate.

Macroeconomic context. Latin America: a historic crash

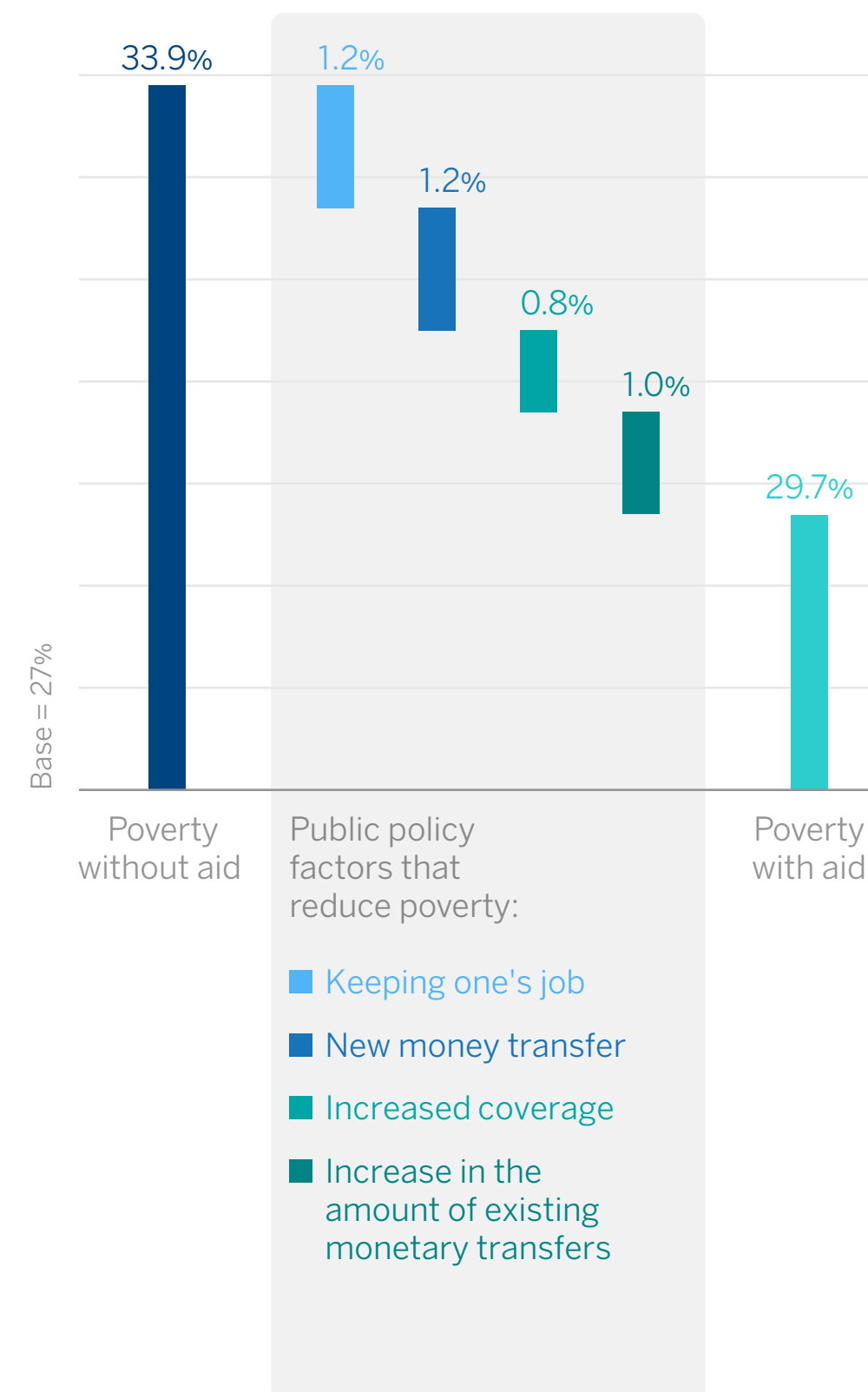
By gender, the greater effect of the pandemic on women is reflected in an unequal impact on poverty. While the 2019 poverty rate was 12.7% higher for women of working age than men of the same segment, this gap widened to 15.8% in 2020; the estimated number of women in poverty in 2020 for every 100 men is 115.8. This gap is even wider in extreme poverty, where the indicator is 119.3 women for every 100 men.

In geographical terms, although the social distancing measures have had a greater impact on urban zones, the poverty gap between rural and urban areas continues to be an important one, with a 16.5% difference between the two, and a poverty rate in rural areas in our footprint of 40.3%.

When we look at the scars the pandemic has left on households, it is helpful to see how the distribution changes. The greatest impact on employment destruction is in the poorest segments, with an even greater loss of income in this segment compared to less poor segments. The gap between both segments is 32%.

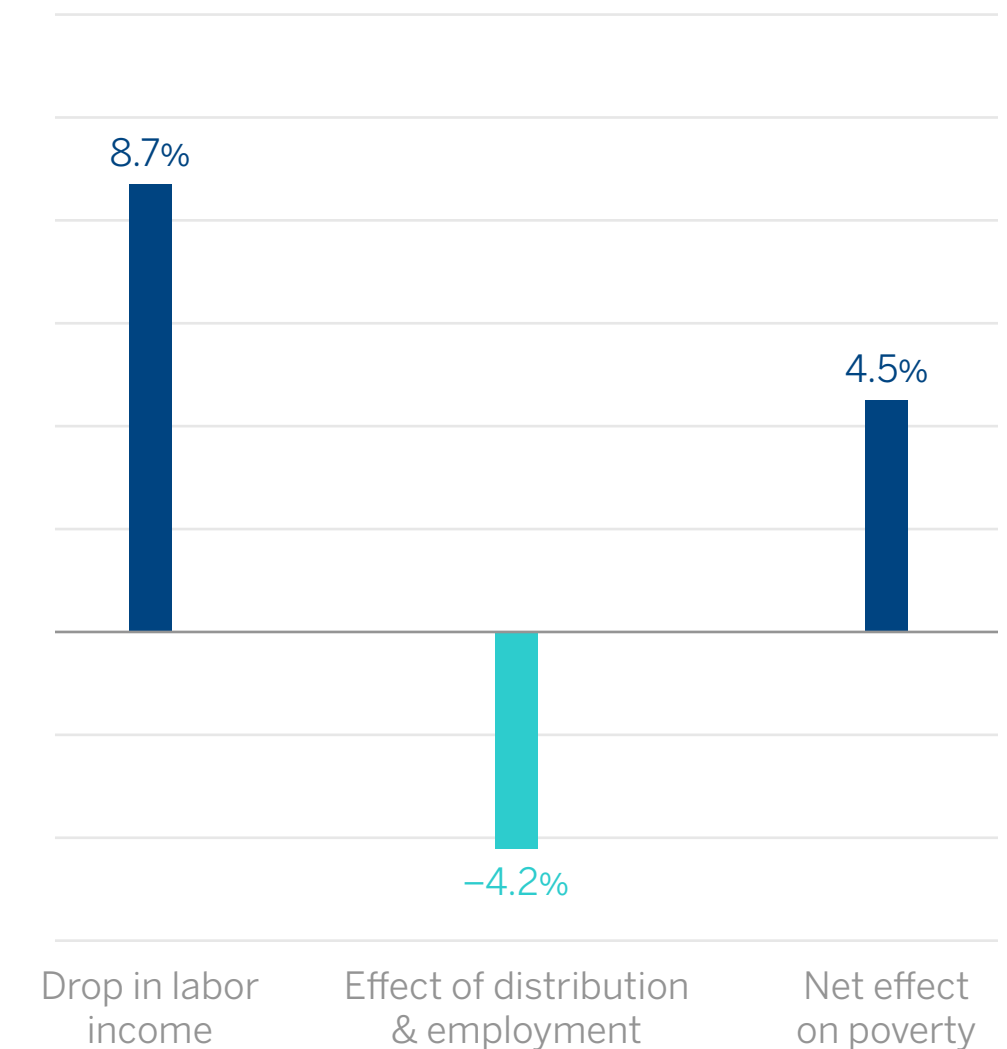
Poverty in the footprint and contribution to poverty reduction

By aid policy in 2020



Variation in poverty

2019-2020



So, we can see that income distribution has become even more unequal: in 2020 the Gini¹⁶ Index went up to 0.503 in our footprint, from 0.478 in 2019.

It is important to point out that this increase in inequality has occurred because the cash transfer programs to mitigate the impairment of household incomes resulting from the pandemic were insufficient to counteract its greater impact on segments with lower incomes.

Rise in inequality in our footprint

Gini Index



Macroeconomic context. Latin America: a historic crash

Impact on microenterprises

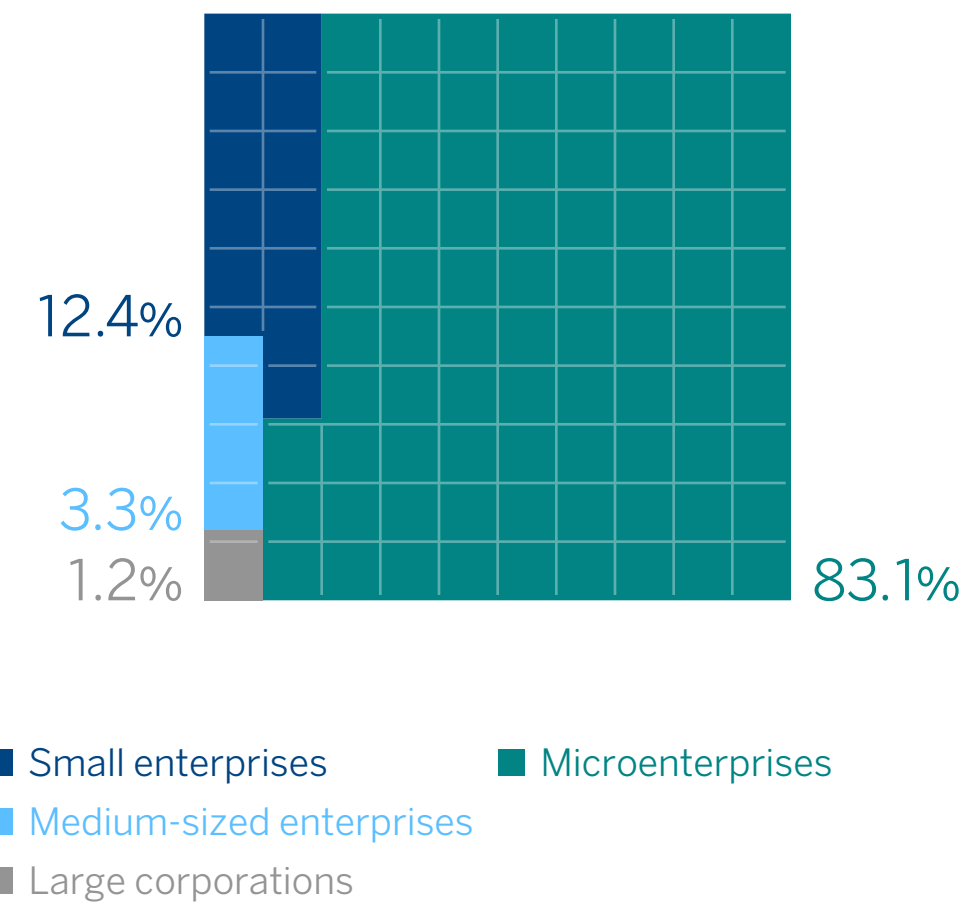
The pandemic has shaken the productive and business structure in our footprint, countries where that business structure is very diverse.

Large corporations make up only 1.2% of all enterprises, concentrated in a few production activities and commodities processing, such as copper, oil and fishing, together with some capital-intensive services, mainly electricity, telecommunications and institutions in the financial system. However, these large companies account for 35.5% of all employment.

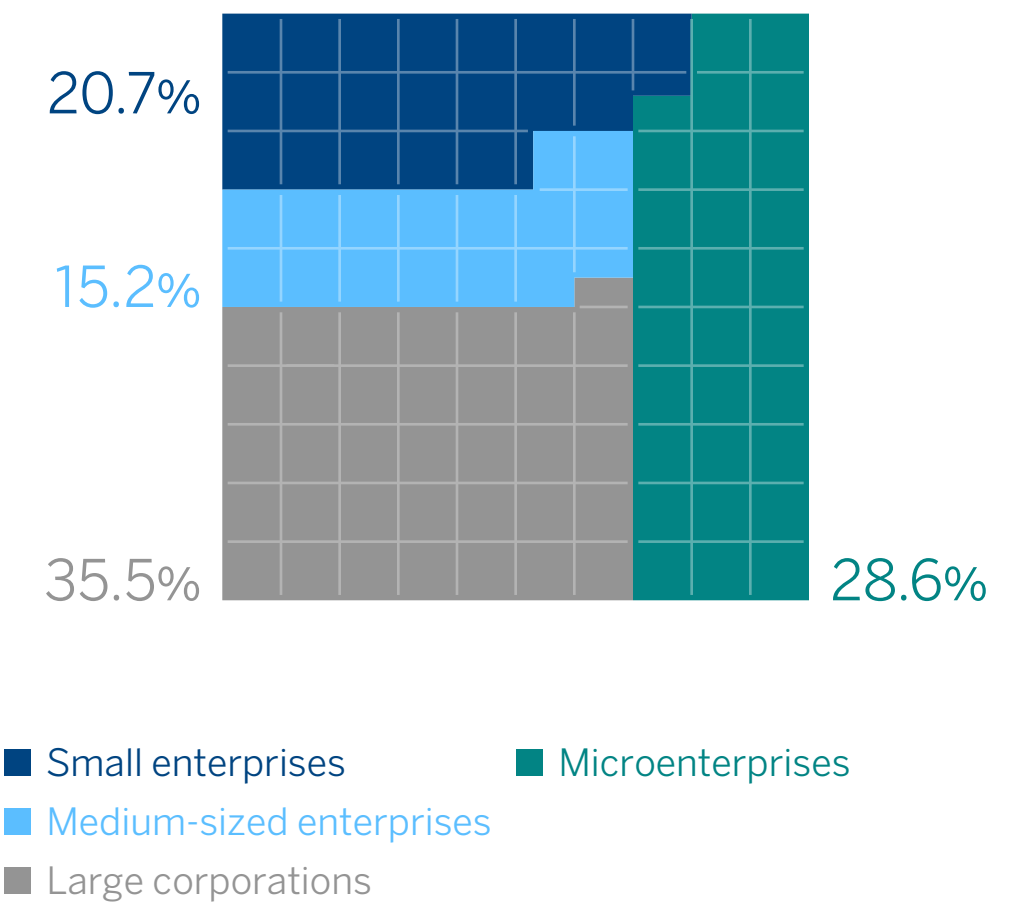
Small and medium enterprises make up 15.7% of the total, employing 35.9% of workers, while microenterprises represent 83.1% of all undertakings and 28.6% of employment.

These two categories —SMEs and microenterprises— account for 98.8% of the productive infrastructure and generate 64.7% of the jobs. Microenterprises tend to work in sectors requiring greater physical contact and their productivity is lower than that of large corporations. This means that it is they who have suffered most from the shutdown of activities, experiencing greater difficulties in working remotely and limitations in their capacity to adapt and implement health protection measures.

Structure of enterprise in the footprint



Structure of employment in the footprint



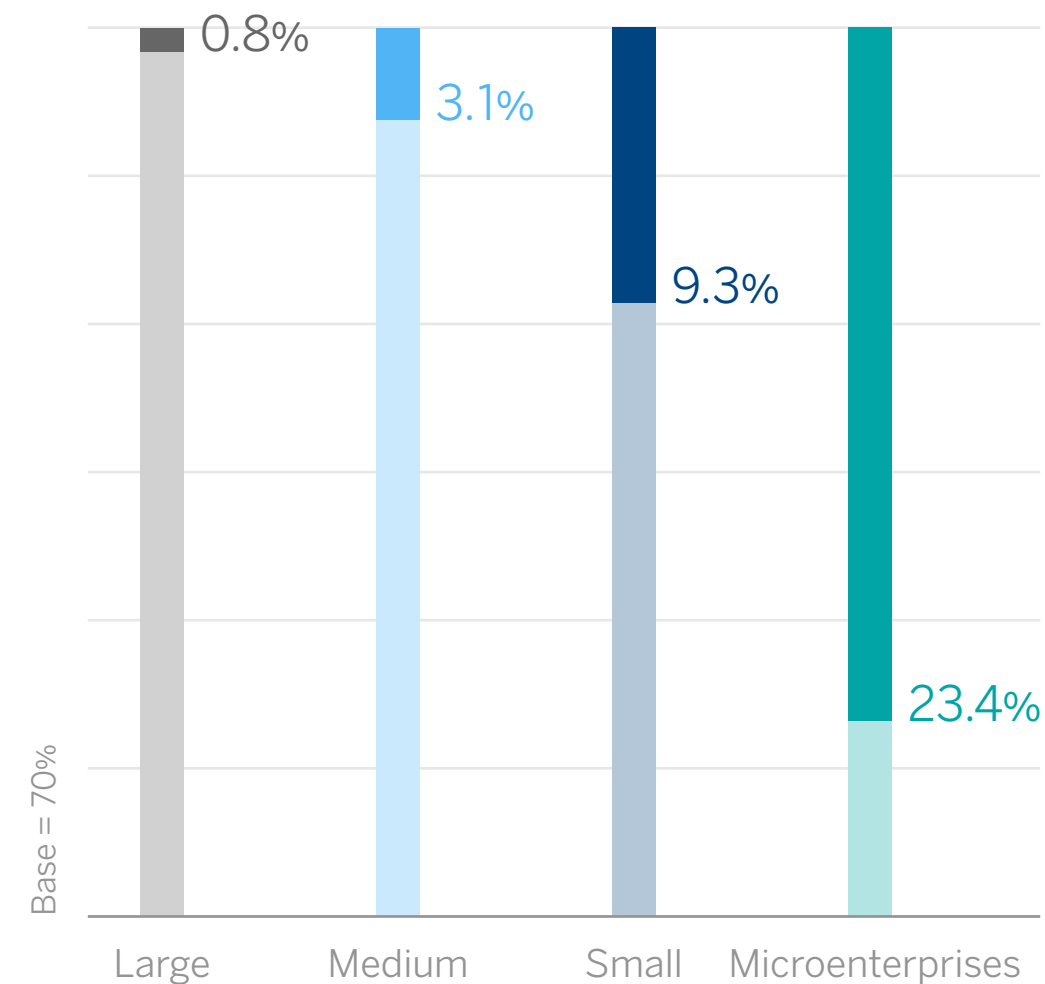
Macroeconomic context. Latin America: a historic crash

All of the foregoing leads to a greater likelihood that they have to stop their operations temporarily or permanently. 23.4% of microenterprises could close for ever as a result of the pandemic, while 12.4% of SMEs might be permanently affected. Meanwhile, large corporations are not greatly affected, because of their nature and industry activity.

Almost all countries announced support measures and special credit facilities to finance working capital to avoid the shutdown of activities and prevent the resulting full impact on jobs. In the case of financing, facilities of different types, payment terms and grace periods have been made available. These programs have been designed to safeguard jobs and as support measures to give companies liquidity and prevent interruptions to the flow of payments.

These policies have succeeded in softening the potential impacts in these different areas. However, most of them last for less than a year. This means that because the pandemic is going on longer than initially expected, the negative impact could deepen, mainly in the segments at the base of the productive structure pyramid.

% of companies that might close due to the crisis



Microenterprises have suffered most, finding it more difficult to work remotely and to adapt and implement health protection measures

Financial Inclusion

It is likely that the pandemic has provided a window of opportunity to go further with financial inclusion. This is despite the impact that it has had on "traditional" financial inclusion due to the effect of shutting down activities and curfews, including closing bank branches and preventing a significant proportion of banking correspondents from executing transactions, in compliance with the restrictions.

According to the BBVAMF Group's own estimates, based on World Bank data,¹⁷ in 2020, financial inclusion grew in the countries in our footprint. 39.5% of adults were excluded from the financial system by not possessing an account or any financial products. However, this ratio has improved by 9.7% since 2017, with 1.4% of that occurring in 2020. What is more, this inclusion has been formalized even more: 98% of those with an account have it in a regulated financial institution.

The widespread use of cashless payment methods to reduce the risk of spreading the virus has created the need to adopt financial services in order to use digital payment systems.

Macroeconomic context. Latin America: a historic crash

This acquired vital significance when channeling the cash which all countries transferred to lower income segments, the poorest 40% of households, who also account for 65% of unbanked adults.

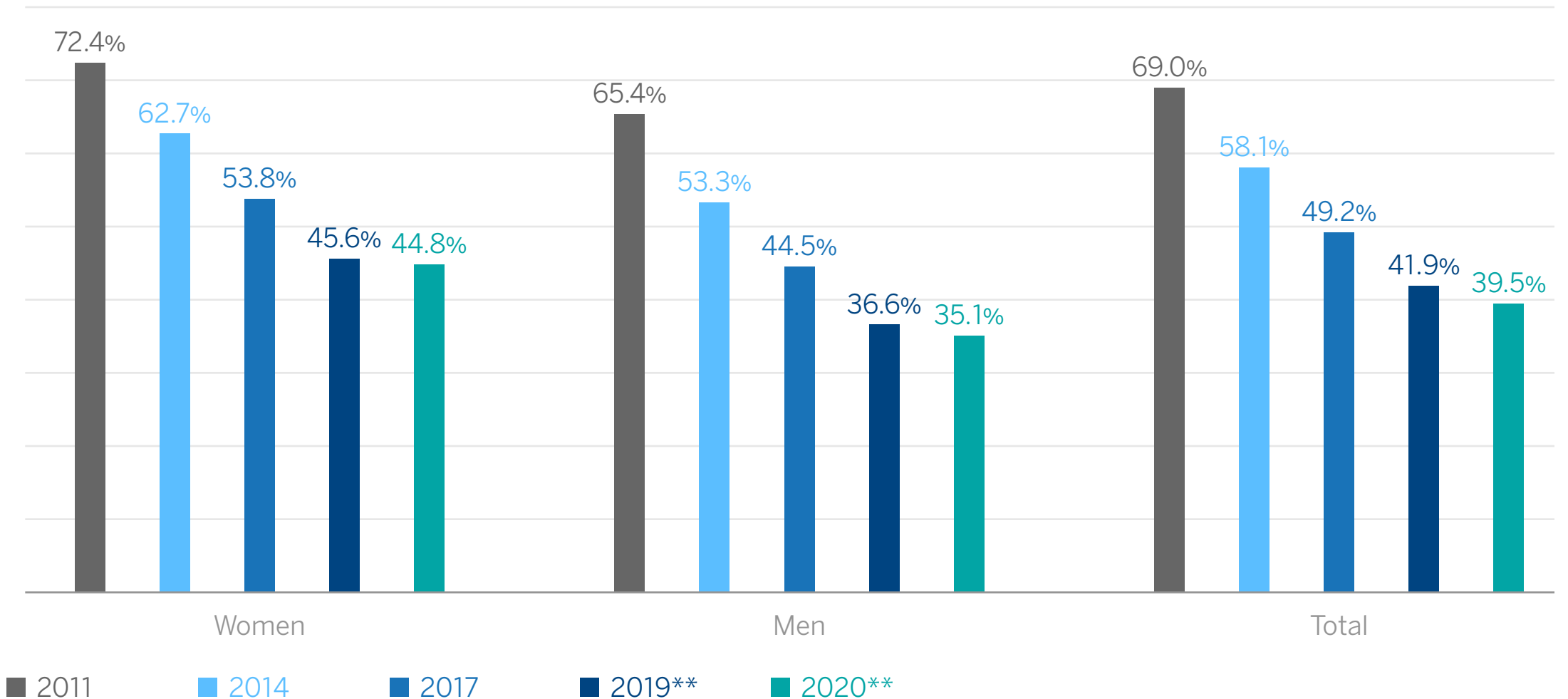
A good part of this segment was included in the financial system for the first time when they opened savings accounts in order to receive these subsidies. The role of the financial system, and microfinance in particular, in helping to route resources to these segments, was crucial.

These policies have also had the effect of governments fast-tracking the development and adoption of digital financial solutions to minimize human interactions and limit the spread of the virus, making regulations more flexible so that bank accounts and mobile accounts can be opened more easily, increasing the number of contactless financial transactions and boosting the take-up of digital payments.

This progress and jump-starts triggered by the pandemic have created the conditions for financial inclusion to move forward faster in the next few years.

Unbanked adults*

% of total +15 years old



It is likely that the pandemic, despite the impact of shutting down activities and curfews, has provided a window of opportunity to go further with financial inclusion

* World Bank Global Findex.

** BBVAMF Research estimate. Calculation BBVAMF.

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Severity of the shock on businesses



Household strategies



Measures taken and financial solutions offered



Considerations and learnings



Customer service in 2020

Resumen de actividad		Grupo FMBBVA
Datos financieros		
Cartera bruta (usd)		1.202.427,88
Monto desembolsado en 2020 (usd)		1.054.995,67
Número de desembolsos en 2020		764,6
Desembolso medio en 2020 (usd)		9,1
Desembolsos por segmento de clientes		635.431,1

Aggregate data & Notes on methodology

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The magnitude of the shock – both economic and social – generated by COVID-19 is unquestionable. Back in early March 2020, despite the difficulty of estimating the impact of the pandemic on vulnerable households but anticipating the restrictions and measures that would be taken to mitigate this impact, the Foundation rolled out several initiatives to underpin the work of our microfinance institutions in this process (see [Our response to COVID-19](#) for more information).

Around 17 thousand surveys were conducted with entrepreneurs from Colombia (Bancamía, BA), Peru (Financiera Confianza, FC), Dominican Republic (Banco Adopem, AD), Panama (Microserfin, MS) and Chile (Fondo Esperanza, FE) to analyze:¹⁸

- The impact of the COVID-19 crisis on their businesses and homes
- The measures they have taken to overcome this crisis;
- Their level of satisfaction with the financial solutions offered by the BBVAMF Group institutions; and
- Their capacity to recover

Once two rounds of surveys per country had been completed – between April 2020 and February 2021 –, we noted that the impact and measures taken by entrepreneurs lasted until well after the reopening of the economies in our footprint. Businesses were decapitalized and the savings ran out.

Entrepreneurs faced more limitations in accessing capital. The business adaptations they put in place do not appear to have been medium-term investments, but rather temporary stopgaps, and the search for other sources of income, and even for work, have been an escape valve that has entailed greater informality. In short, there has been a reverse to their progress. For most clients, their financial situation has weakened, putting their resilience to the test more than ever.

Our institutions have made available – in many countries on a massive scale– three or four-month grace periods at the beginning of the pandemic in order to smooth financial stress.¹⁹ After this period, assessments were made on a case-by-case basis as to whether to opt for restructuring, another grace period or another solution that would be the right fit for each client. These measures have been positively received.

The surveys have enabled us to build up more perspective on the situation facing entrepreneurs, which is different to the perception from the credit relationship. Payment behavior does not necessarily reflect the financial reality of the client and their household, a disparity which has been made more visible by the pandemic. During this crisis we have seen clients who, from their wish to pay, have tried to honor their obligations in spite of their financial situation. We have also seen that, due to the climate of uncertainty, entrepreneurs who were in a position to pay have not done so in order to generate a buffer that would enable them to survive if the situation got even worse. Understanding the reality of each client has been critical.

Once two rounds of surveys per country had been completed, we noted that the impact and measures taken by entrepreneurs lasted until well after the reopening of the economies

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This knowledge has enabled institutions to adapt policies, review priorities with different business areas (sales, risks), as well as rolling out simple measures (e.g. logging more than one set of contact data for each client to make our remote services more agile).

This has also helped us to continue with the adjustments that are being made to certain products and services because of the pandemic (e.g. reinforcing digital training and encouraging regular saving). Likewise, it has made it easier to identify specific initiatives, with the help of third parties, for supporting entrepreneurs (e.g. solidarity supply chains, where the distribution of food through clients who are storekeepers was coordinated²⁰) to help them adapt to the new circumstances and even to take on promotional activities under the institution's name (e.g. encouraging the sale of masks in Colombia and Chile, etc).

Our entrepreneurs are taking some time to get back on their feet in some countries (Colombia, Dominican Republic and Panama), doing so quickly in others (Peru and, to a lesser degree, Chile), but it is heterogeneous by sector. **The depth and duration of the crisis will determine whether the measures – both those taken by clients, and those taken by financial institutions and governments– have enabled vulnerable households to recover quickly and come out stronger or whether, on the contrary, they are more financially stressed and have greater difficulties in overcoming it. This would mean a step backward in the progress achieved in recent years.**

Given the scope and length of this pandemic, the resilience of entrepreneurs – their capacity to overcome a shock of this magnitude by taking measures to mitigate it– will depend to a large extent on the sustainability of the actions taken, and on external support.

Knowledge about the impact on clients has enabled institutions to adapt policies, review priorities and roll out simple measures



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More on the COVID-19 surveys

We carried out 16,881 surveys²¹ at two different times, and with different objectives. Between April and August 2020, the goal was to discover the degree to which people had been impacted, whereas between November 2020 and February 2021 we collected data about their recovery.

The surveys (two per country) were conducted with entrepreneurs in the five countries where BBVAMF institutions have a footprint.

Due to the situation generated by the crisis and the difficulties entailed in contacting clients, the first survey used different methodologies depending on the country. The second was homogeneous and coordinated centrally by BBVAMF, which made it possible to ensure quality standards and obtain results that can be compared across different geographies and segments. Wherever viable, we have noted comparisons between the first and the second surveys.

The samples have, in nearly all cases, been representative of the total client base. The results are presented by country or in aggregate form (weighted average). If the analysis is not presented for a particular country, this is generally due to the lack of quality in the responses or because the sample is unrepresentative.

	Bancamía Colombia	Financiera Confianza Peru	Banco Adopem Dominican Rep.	Microserfin Panama	Fondo Esperanza Chile
COVID Survey 1: Impact on clients					
Nº surveys	914	3,118 ²²	999	143	297
Launch date/end	Apr 1-30	July 13/ Aug 10	July 23/ Sept 1	July 3-15	July 27/ Aug 10
COVID Survey 2: Recovery					
Nº surveys	4,434	4,683	1,005	546	500
Launch date/end	Nov 12-30	Nov 10-21	Nov 10 / Dec 31	Dec 10-22	Jan 7 -Feb 12, 2021

For further detail, see Methodology Note.

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Degree of impact on businesses and recovery

Mobility restrictions and the different measures adopted by local governments have affected the incomes of most people, particularly in the vulnerable segments that depend on informal businesses to make a living.

Severity of the shock on their businesses

Opening

At several moments during the crisis, many businesses could not continue operating: when the first survey was conducted, only 53% of our entrepreneurs were active, but by November, 84% were working, denoting an economic reactivation. Another 4% had closed down permanently. There are some interesting differences by country:

- In Colombia, Dominican Republic, and Chile there was a definite reactivation after the first survey was conducted; in Colombia, the first survey was in April, at the high point of the crisis, in Chile and Dominican Republic, the first survey was in July.
- In Peru, by July many of the mobility restrictions had been lifted, and only 28% of businesses were closed, although this could also be an outcome of the high level of informality among these entrepreneurs.²³
- In Panama, in November the economy still showed no signs of reactivation; it has been particularly slow due to the impact and magnitude of the crisis across the nation



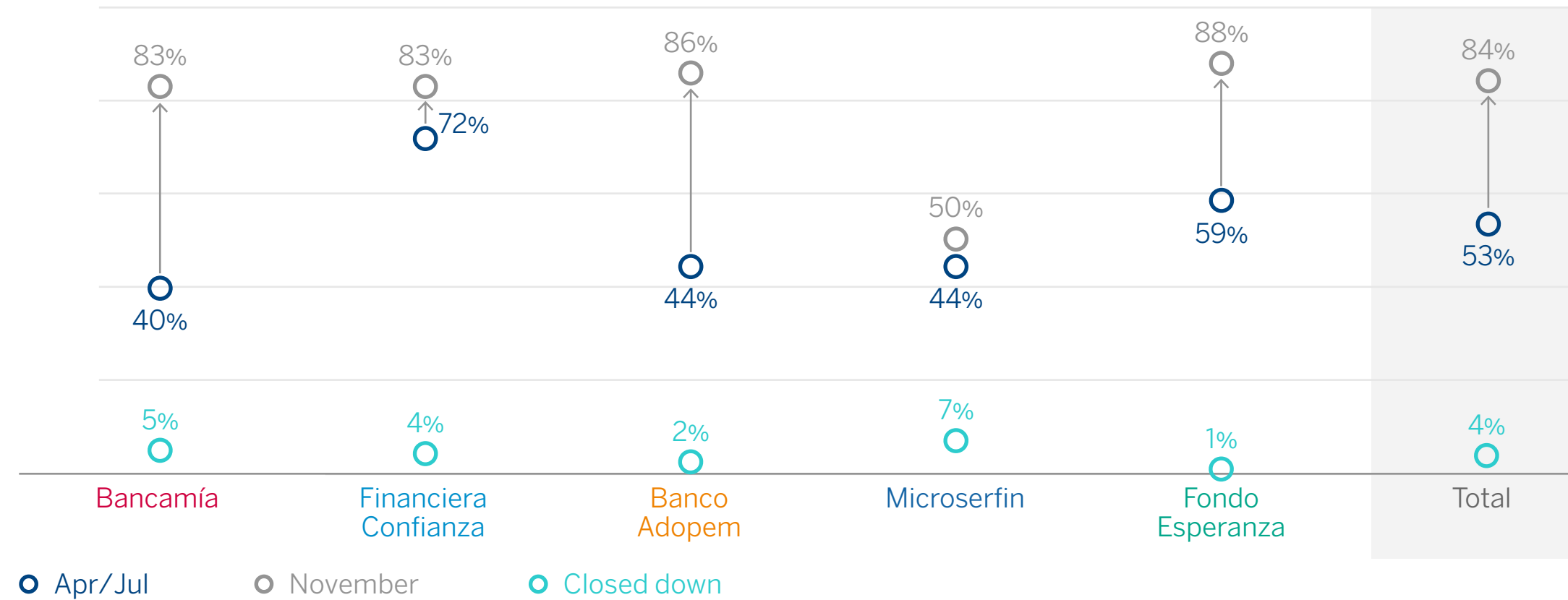
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Degree of impact on businesses and recovery

1 Opening up of businesses

All clients surveyed



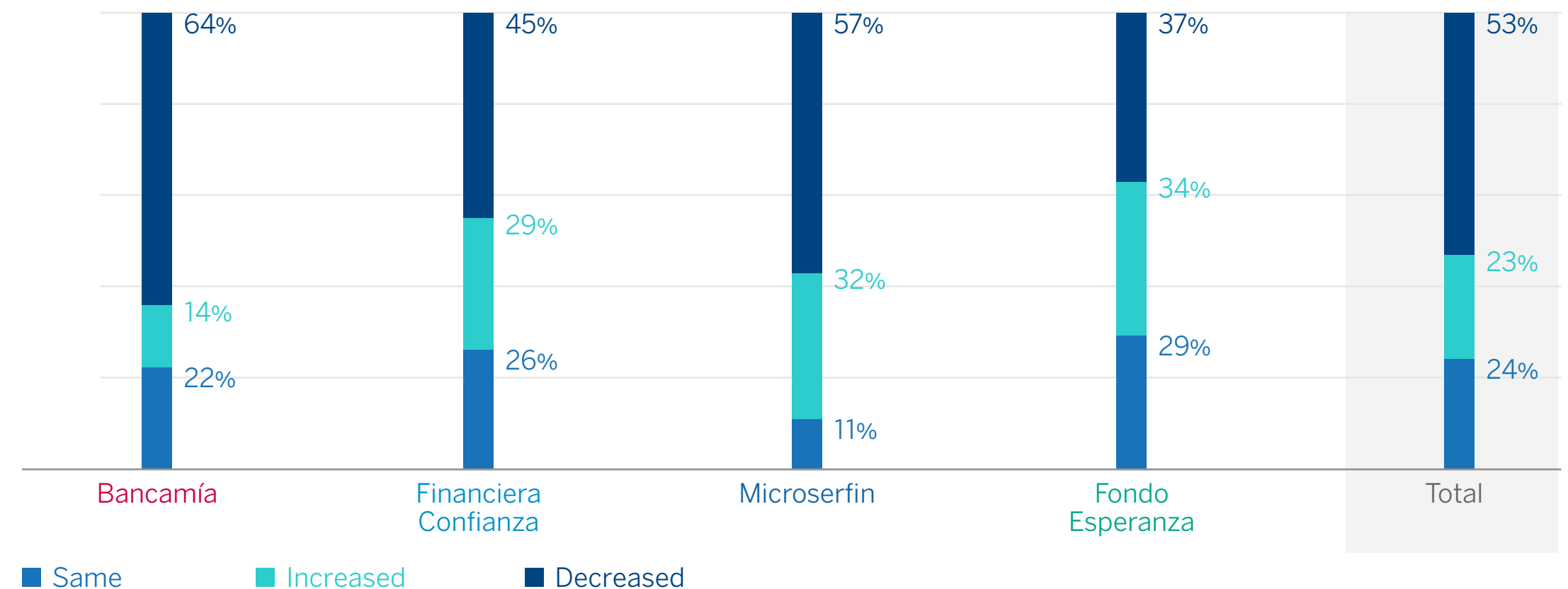
In November the degree to which businesses were open (84%) was significantly up from July (52%), but most still had sales that were lower than before COVID-19

Sales

In November, 53% of entrepreneurs reported that sales were still lower than pre-crisis sales the year before. The impact of the drop in sales has been less sharp in Chile. This is because the measures (apparently less severe) have been applied differently; instead of being nationwide, as in the other countries, they were adopted by region, which meant that operability in general has been maintained more widely.²⁴

2 Income reduction

All clients surveyed by November 2020



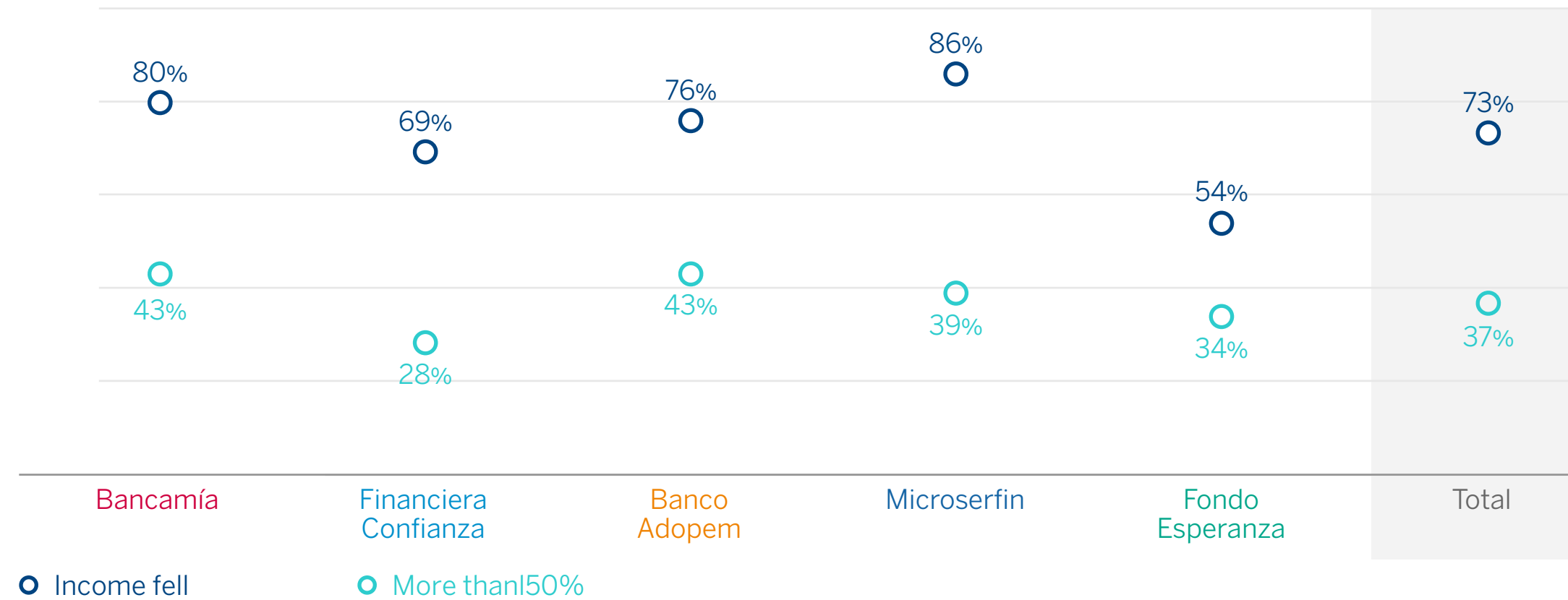
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Degree of impact on businesses and recovery

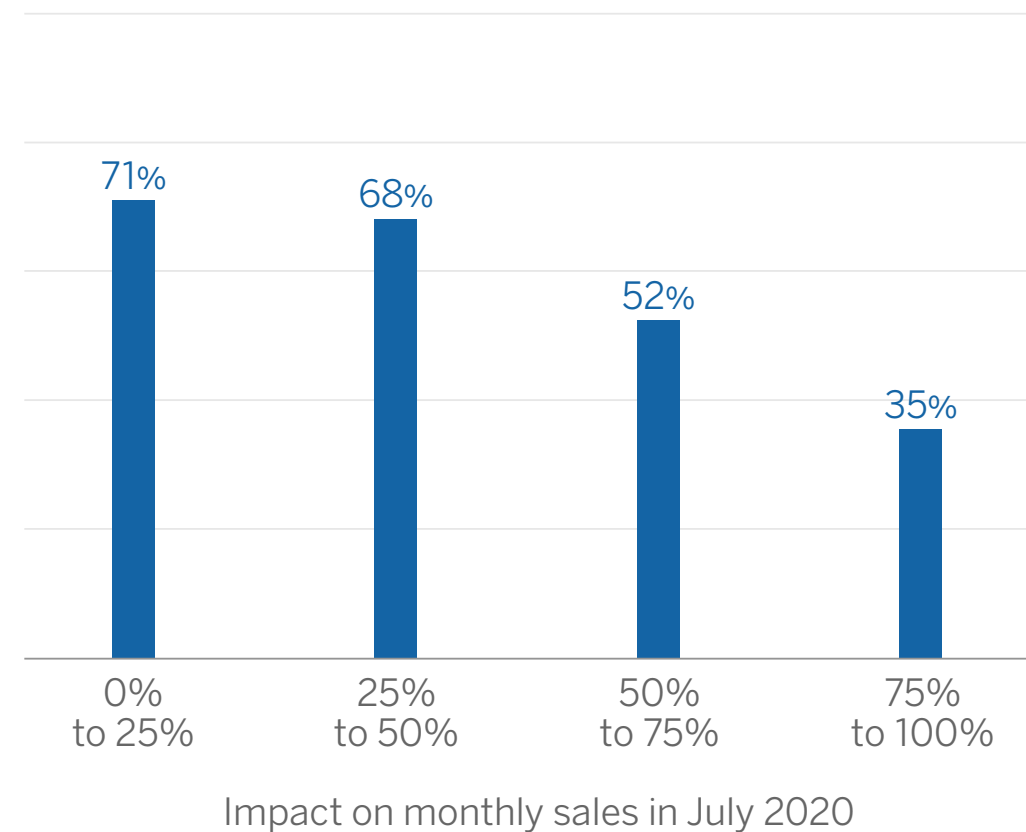
3 Reduction in sales during the COVID period (March to November 2020)

All clients surveyed



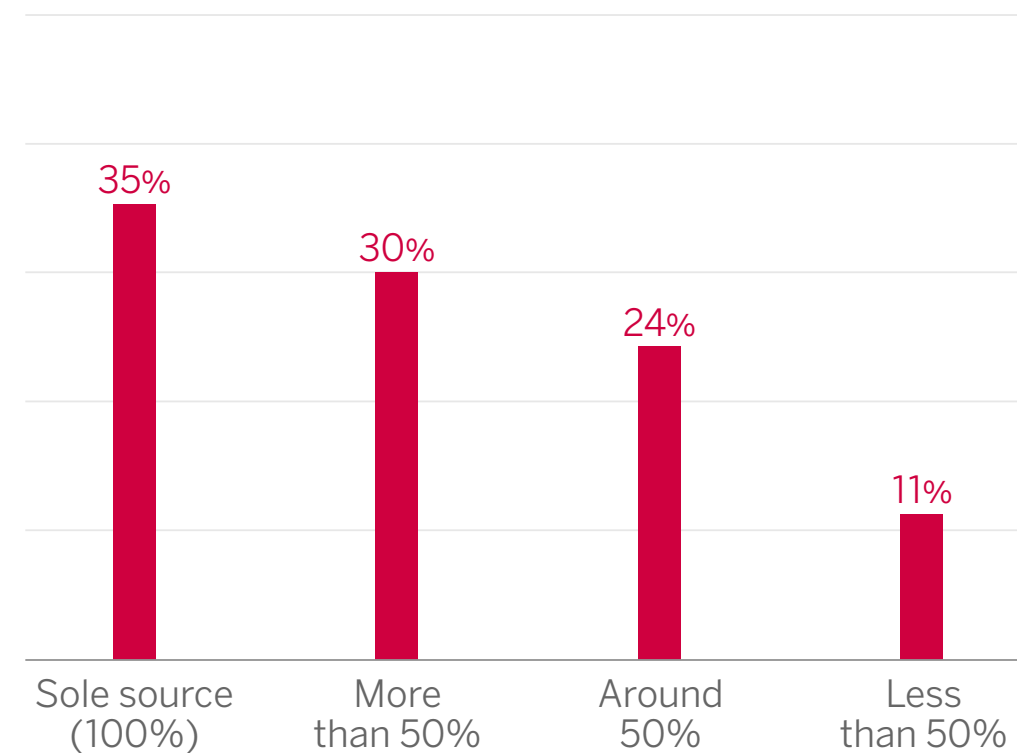
4 Panama. Businesses open November 2020

All clients surveyed by December 2020



5 Colombia. Businesses closed permanently

All client closures, by income source



Accumulated reduction

In the accumulated period from March to October, 73% of the businesses that remained open had lower incomes, and 37% were turning over less than half (compared to the months prior to the pandemic). In other words, one in three entrepreneurs had lost at least six months' income over a year.

This has exposed households to a high risk of falling into poverty. For example, in Panama, of clients whose incomes in July 2020 had dropped by more than 75%, only 35% had managed to keep their businesses open by December of that year, compared to 71% of those whose losses in July were less than 25%.

Permanent closure

The steeper the fall in sales, the more likely the closure. 4% of our clients had pulled down the shutters for the last time by November. It was particularly bad in Colombia, Peru, and Panama. For example, in Colombia, 5% of the businesses that Bancamía had helped to come about closed for good. For most people, the business was the main source of household income.

Impact on entrepreneurs

- Introduction
- **Severity of the shock**
- Household strategies
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- Customer service in 2020
- Aggregate data & Notes on methodology

Degree of impact on businesses and recovery

Activities are classified by impact, whether they have closed and how sales have dropped:

Activities as they have been impacted in Colombia, Peru & Dominican Republic

Classified as heavy, significant or moderate impact

		Heavy impact	Significant impact	Moderate impact
Total	% Clients	33%	30%	37%
Colombia	% Clients	32%	25%	43%
	Activities	<ul style="list-style-type: none"> • Catering • Textile (manufacturing & sales) • Beauty salons • Itinerant selling • Manufacturing • Food 	<ul style="list-style-type: none"> • Catalog sales • Transport • Construction • Sale of food (wholesale) • Other (retail & wholesale trade) • Other services • Other prod./transf. 	<ul style="list-style-type: none"> • Livestock farming • Mixed farming • Crops • Food stores / pharmacies
Peru	% Clients	26%	33%	41%
	Activities	<ul style="list-style-type: none"> • Catering • Transport • Construction • Textile manufacturing 	<ul style="list-style-type: none"> • Sales of food (wholesale) • Textile (wholesale) • Others 	<ul style="list-style-type: none"> • Grocery stores • Cereal farming • Livestock farming • Mixed farming
Dominican Republic	% Clients	58%	21%	22%
	Activities	<ul style="list-style-type: none"> • Catering • Textile (retail) • Sale of food (wholesale) • Transport • Textile manufacturing 	<ul style="list-style-type: none"> • Grocery stores / pharmacies • Itinerant selling • Livestock farming • Other prod./transf. • Other trade (wholesale) • Construction • Other services 	<ul style="list-style-type: none"> • Beauty salons • Crops • Food production • Other trade (retail)

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Degree of impact on businesses and recovery

Although there are variations by country, in general we can see:

- Grocery stores /mini-markets are the big winners from the crisis, together with farming; the latter sector is driven mainly by men.
- The textile trade and food services (catering) have been the hardest hit. In Colombia these are managed by poorer entrepreneurs and by women, while in Peru, they are managed by men, and they are better off and better educated.

In all sectors women have suffered worse losses in sales than men, particularly in Dominican Republic. This is mainly because women are over-represented in those activities that have suffered more of a negative impact from the crisis, such as trade, the manufacturing industry, catering and restaurant businesses. For further information, see [\[COVID-19's impact on women\]](#).

Recovery

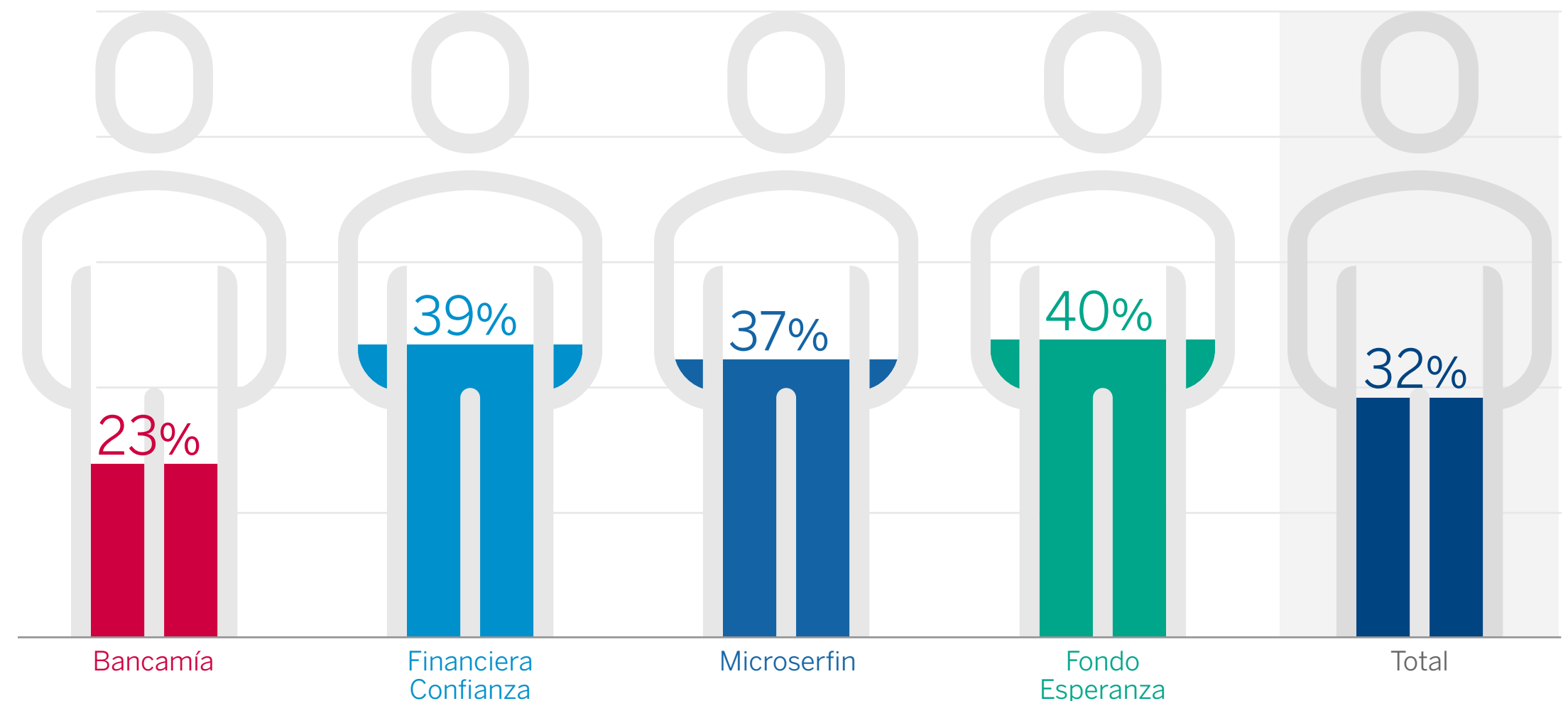
Entrepreneurs' reactivation has been evident, both in terms of reopening and increased incomes. What is more, on average, 32% of entrepreneurs whose incomes had fallen between March and October recovered in November, equaling and even increasing their pre-crisis sales volumes. Peru and Chile stand out, with a particularly strong recovery (39% and 40% respectively).

The duration of the crisis is going to play a central role in the total likely impact. Given that it isn't over yet, depending on the measures or restrictions applied by governments and the vaccination rates, the recovery data may change, especially bearing in mind the sensitivity of the most vulnerable sectors.

One in three entrepreneurs recovers within eight months

6 Entrepreneurs who have recovered

All clients surveyed whose sales fell in the accumulated March-October 2020 period, and who have equalled or increased them by Nov



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Degree of impact on businesses and recovery

The recovery varies according to the country. In Peru, the clients with bigger incomes are recovering; among these the predominant activity is food wholesaling. In Colombia the clients with higher incomes are based in the country's southern zone, where they have farming-related occupations.

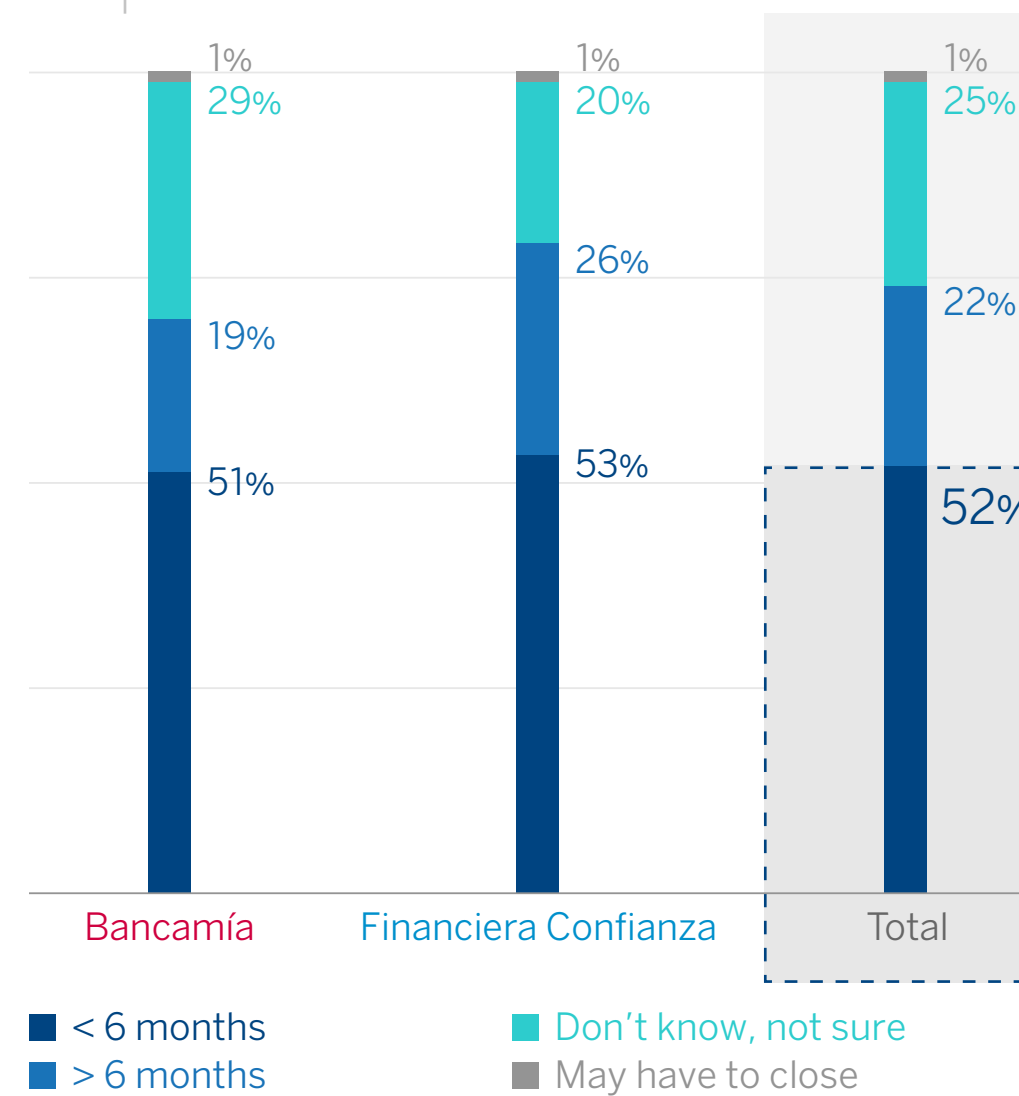
In general, we can say that clients' expectations for their recovery are positive: in Colombia, 51% said that they could get back to their previous sales levels in under six months, and in Peru, 53% opined the same. Given the magnitude of the shock, this is a sign of optimism.

Half of our entrepreneurs hope to have recovered in under six months



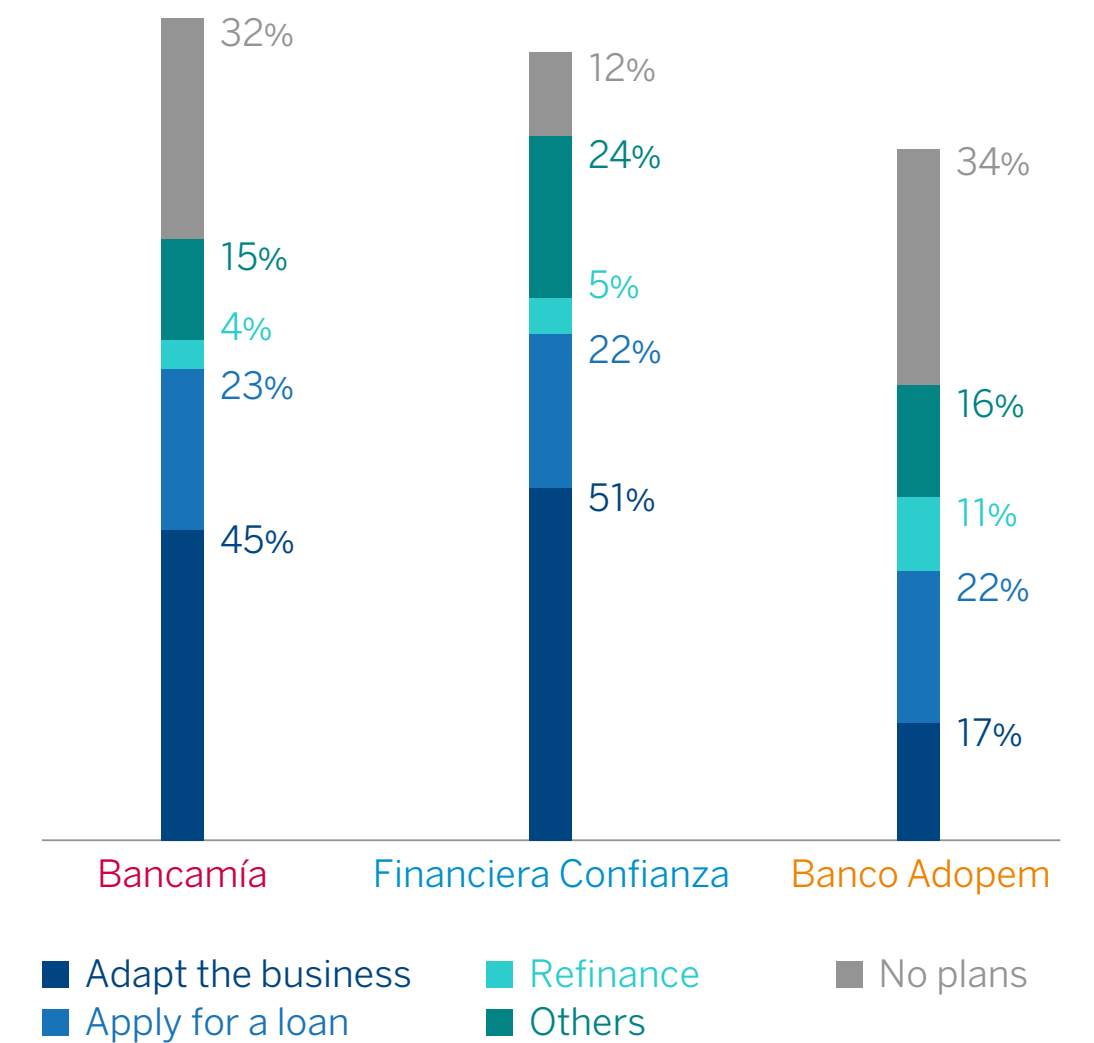
7 Expectations of recovery

All clients surveyed by November 2020



8 Recovery plans

All clients surveyed by November 2020. Multiple response



Adaptation is a predominant feature among businesses' recovery plans, that is, changing or diversifying their activity, followed by applying for a loan (except for Banco Adopem in Dominican Republic).

Bearing this in mind, it is important to offer services that are tailored to help entrepreneurs to get back on track. Lending is one of the first tools required and is a response to the lack of liquidity needed to buy stock²⁵ although we expect business upgrades and investments in assets will also be needed.

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Household strategies

To cope with the situation of financial stress, households began to use their savings. As the crisis became chronic, entrepreneurs turned to different alternatives to make an income.

Impact on saving

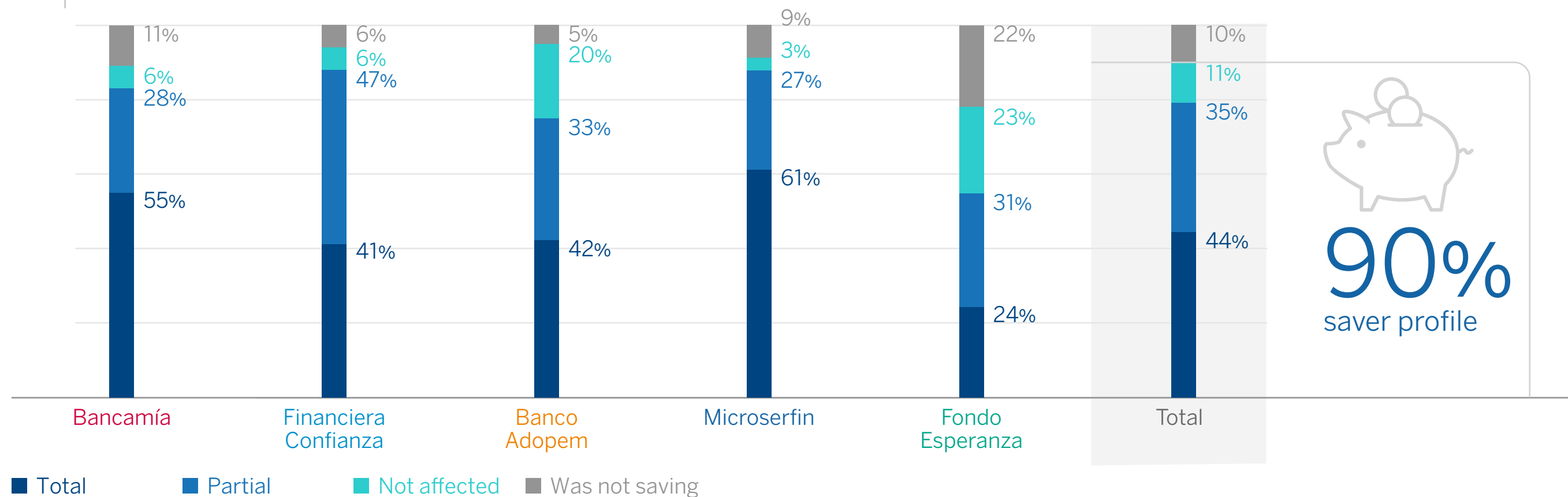
Half of entrepreneurs saw their savings capacity totally wiped out, although this effect softened from July to November (in Peru it improved by 15 p.p. and in Dominican Republic by 12 p.p.).²⁶ This figure shows the serious impact on household economies, since the client base is essentially that of a saver (90% have that profile), even though these savings are modest.

The correlation between the impact on sales and the savings capacity of entrepreneurs has remained: the greater the fall in sales, the greater the impact on saving. As is the case with sales, entrepreneurs are optimistic about their capacity to save: 53% expect to be able to return to saving in under a year.

On this issue, the effect among Colombian and Dominican women stands out. Their savings capacity has been more affected because a higher proportion works in activities impacted by the crisis (in Colombia, 78% have suffered a heavy impact, compared to 22% of men, and in Dominican Republic 81% of women have been badly affected, compared to 19% of men). However, the opposite has occurred in Peru, where 32% of women have experienced a sharp impact, compared to 78% of men.

9 Degree of impact on saving capacity

All clients surveyed by November 2020



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Household strategies

Diversifying income sources

With the lack of social safety nets²⁷ in a crisis environment, clients were forced to diversify their sources of income, which entailed uncertainty and volatility about the continuation of their activities.

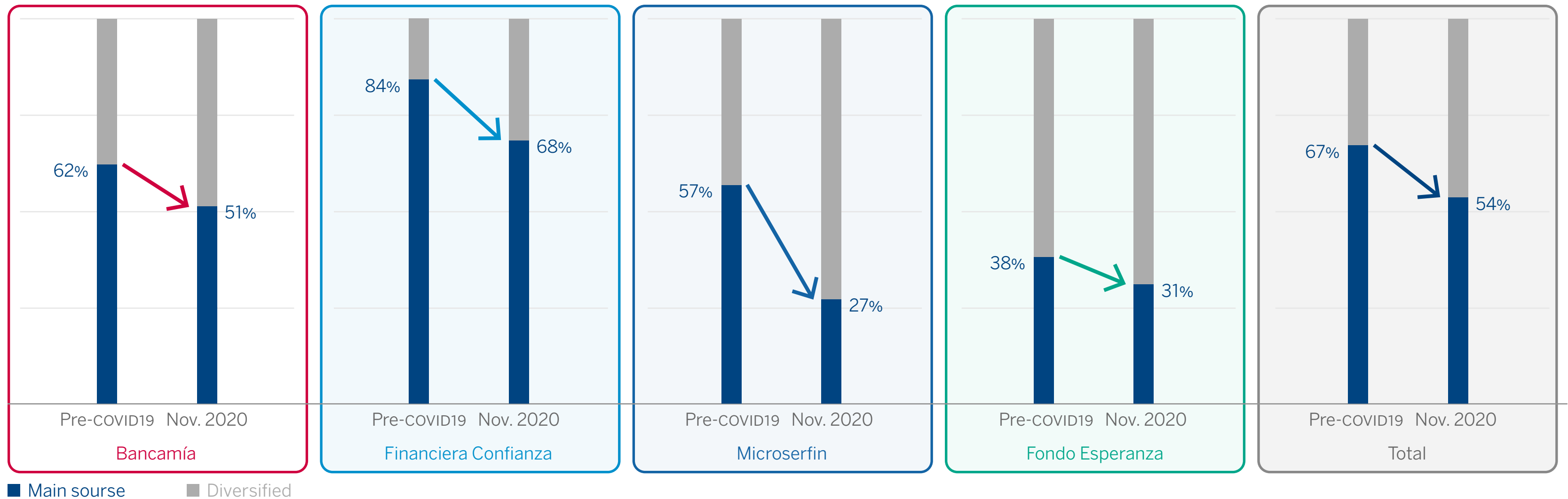
The proportion of households with a productive business as their main source of income fell from 67% in July to 54% in November. When asked about these alternative income sources (from other household members), new activities and services predominate (46%), and to a lesser degree, wages (27%).

37% of clients received public grants that varied in nature depending on the client profile (rural, older people, etc.), frequency and amount.

With the lack of social safety nets in a crisis environment, clients were forced to diversify their sources of income

10 Diversifying income sources

All clients surveyed by November 2020



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Household strategies

Chilean and Panamanian entrepreneurs have received the most (over 70% were beneficiaries of grants), followed by Dominicans. In fact, in Chile, 85% of businesses that were closed down received grants, compared to 68% of those that remained open. In most cases, the amount provided covered between two and three basic food baskets.

It is difficult to assess the efficacy of these grants. In terms of savings capacity, there has not been a mitigating effect once the state subsidies were received. 60% of entrepreneurs have seen their savings capacity completely cancelled, independently of whether they have received help or not. This low degree of mitigation can be explained because these grants likely went to cover basic spending needs, so the savings client profile—90% of our clients fall into this category—has not been impacted

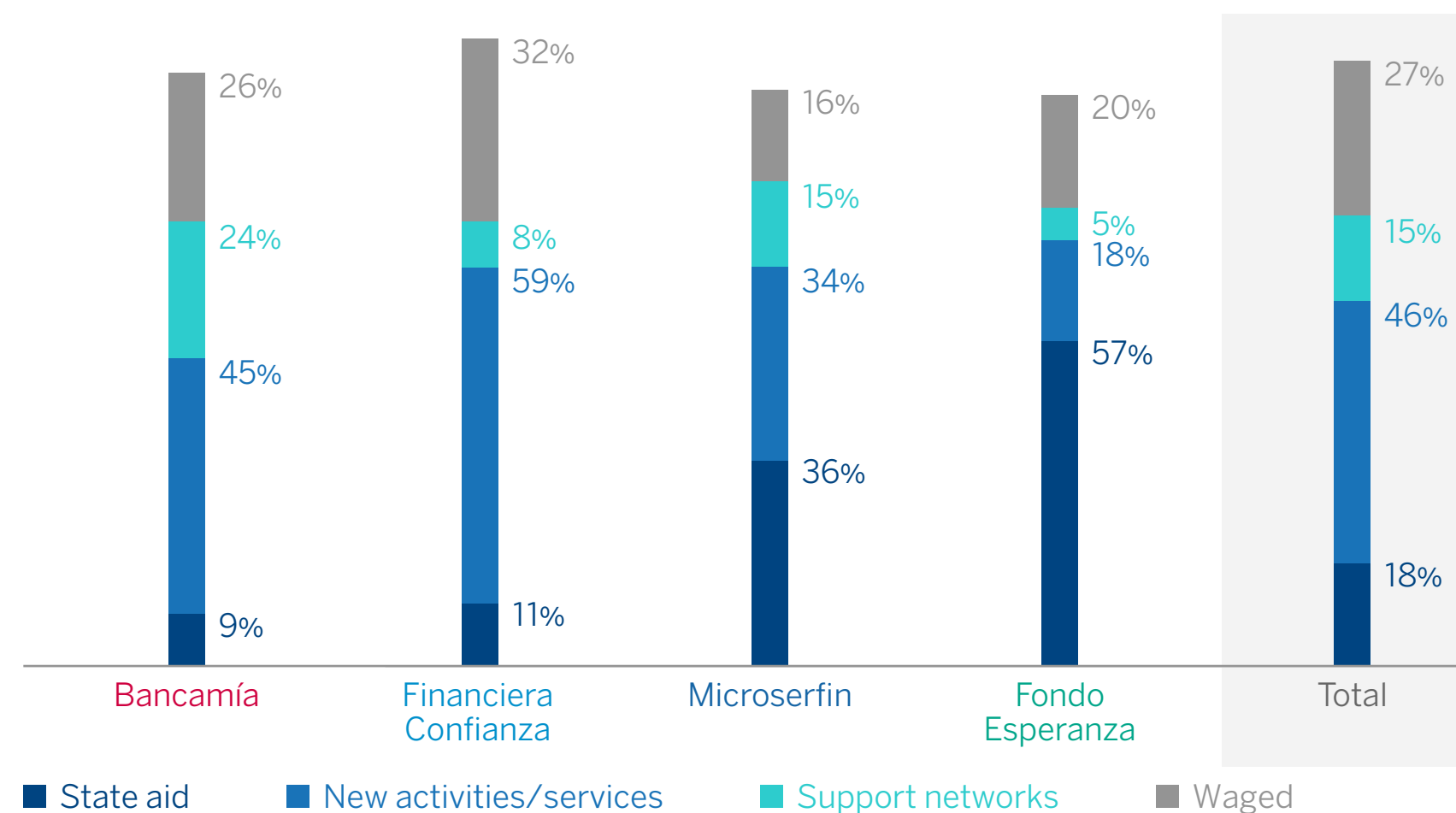
Given the difficulty of getting these grants to the vulnerable population, microfinance institutions have become strategic allies in distributing them. In Colombia, Peru, and Dominican Republic, over 470 thousand people have benefited from state grants. A large proportion of them have been able to obtain these funds after formalizing deposit accounts with our institutions.

Geolocation tools, the branch network of institutions across territories and speed of distribution have been key in delivering the subsidies. For more information about how the State grants have been channeled, see [\[Our response to COVID-19\]](#)

Nearly half of entrepreneurs (46%) sought out new activities or services to diversify their sources of household income

11 Alternative income sources

All clients surveyed by November 2020



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Household strategies

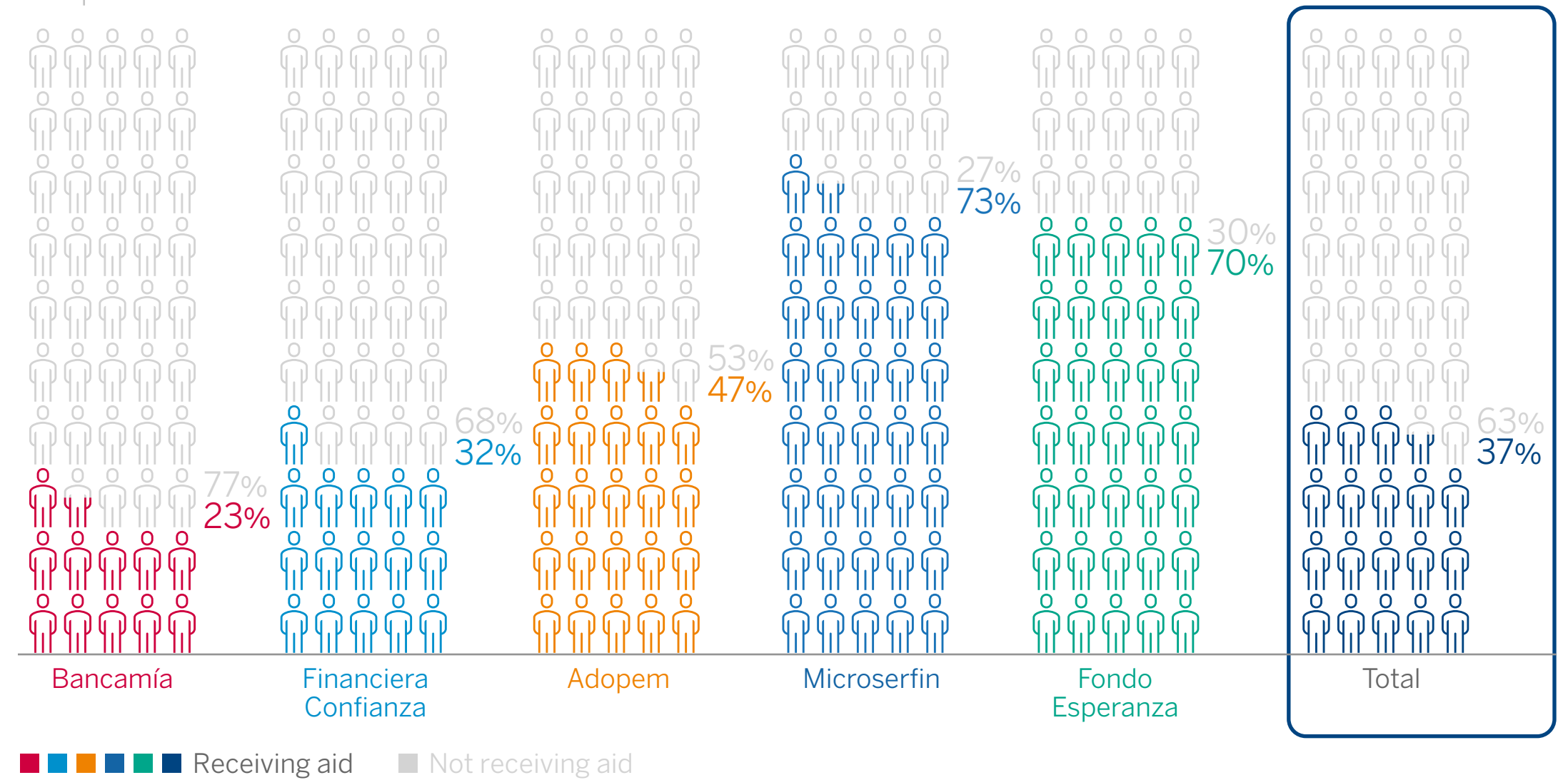
As the crisis drags on, low-income households' revenues may fall below pre-COVID-19 levels, especially once state subsidies come to an end. Although there are large national aid packages, reactivating the business in the informal economy is perhaps the sole mechanism for survival.

Nearly 500 thousand households received government transfers

Given the difficulty to do deliver government subsidies to vulnerable populations, microfinance institutions have become key allies in the distribution of these

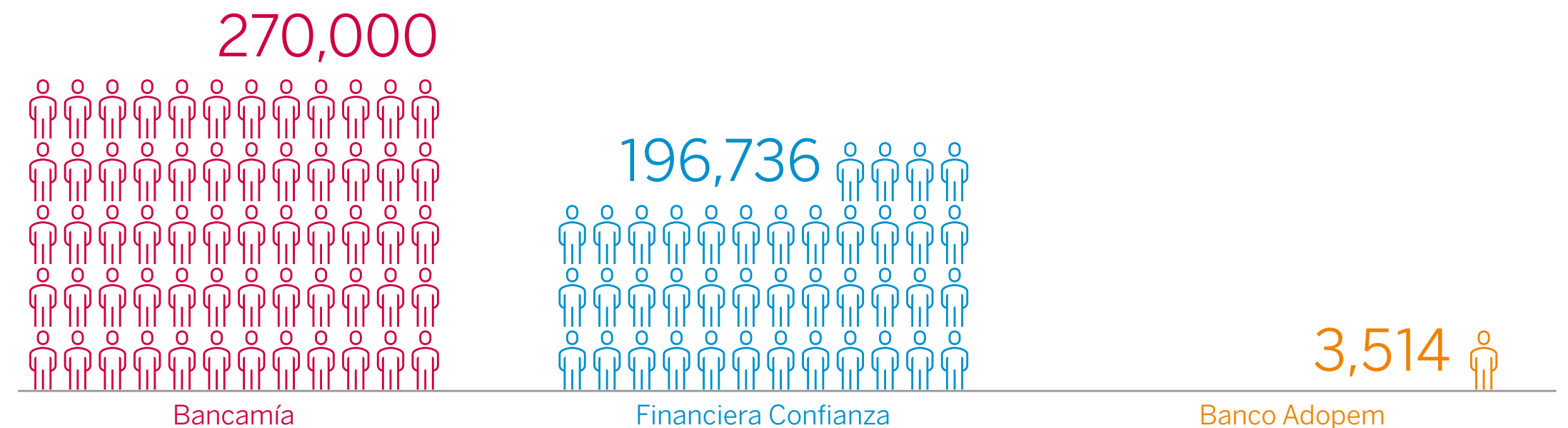
12 Government transfers / State aid

All clients surveyed by November 2020



13 Clients who were beneficiaries of state aid

◀ Total clients



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Measures taken and financial solutions offered

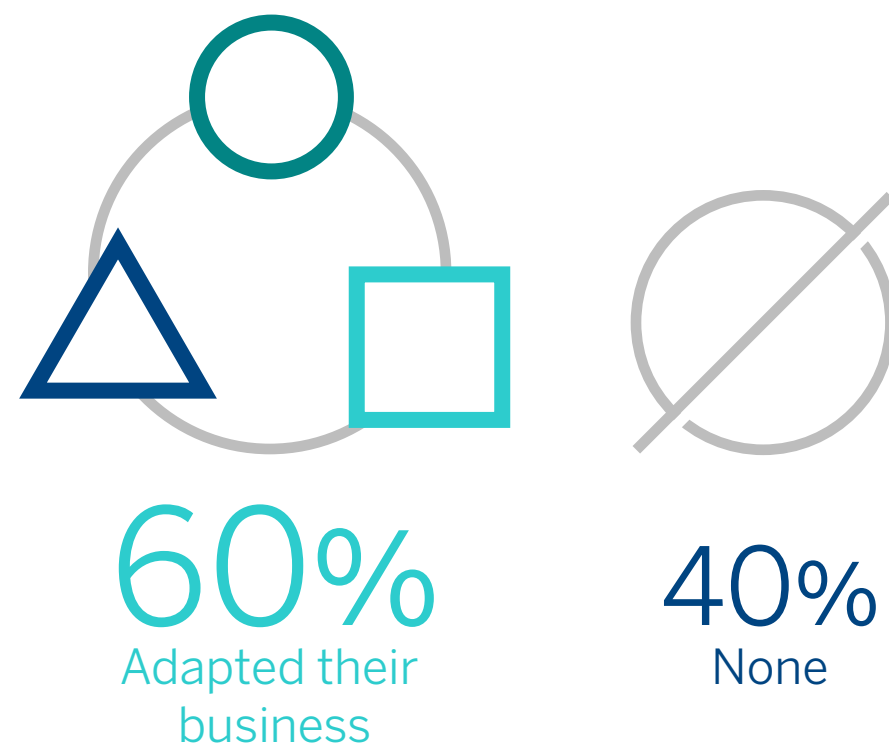
Faithful to their lifestyle, and used to the unexpected, nine out of ten clients used multiple strategies to cope with the crisis. The more affected they were in terms of income reduction, the more alternatives they sought.²⁸ Their huge efforts, both in terms of adapting (diversifying, changing their business, digitalization, home deliveries) and finance (using their savings, formal/informal loans, support from family members) were very apparent.

For example, in the case of Microserfin, in Panama, only 40% of clients who had not taken any measures were still operating in December 2020, compared to 60% still operating who had put measures in place.

In those cases where they have been obliged to close the previous business, two are the measures that have been taken most frequently by the clients: change of activity, a measure that has been used mostly in order to start a new business, or the search for employment. In any case, this highlights the precarity facing small-scale entrepreneurs. These measures became more widespread the longer the crisis lasted.

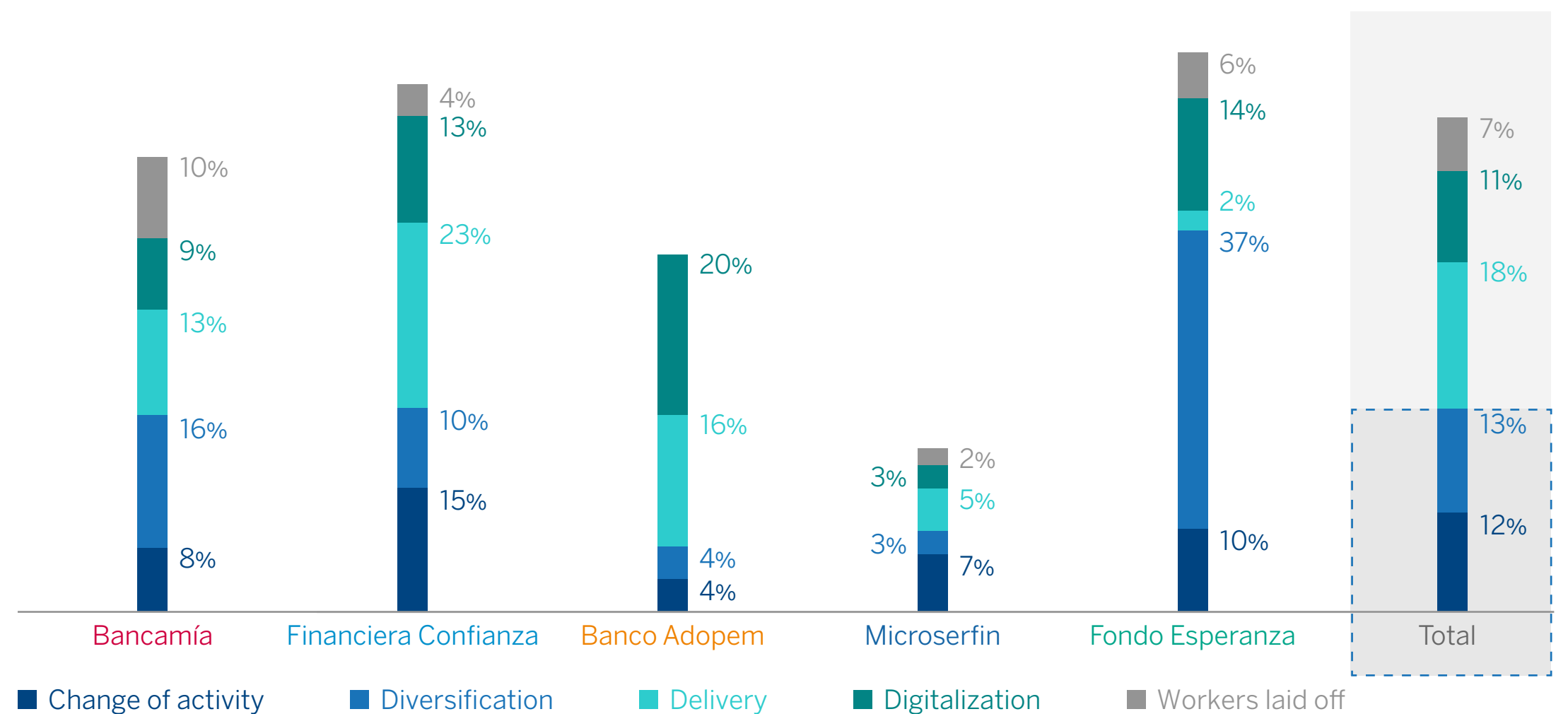
14 Panama. Open for business: measures taken

All clients surveyed by Nov



15 Business adaptation measures

All clients surveyed by Nov. Multiple response.



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In Dominican Republic we noted that among those clients where the business was not their main source of income– and as such was a small, immature investment– there has been a greater tendency to look for a job elsewhere. That is, these entrepreneurs were probably still at a very early stage of development, which is why they couldn't resist the shock. In view of the circumstances, clients felt forced to look for an alternative in an informal job market that is even more precarious.

Looking for a new job is a measure that clients have adopted in different ways, depending on the country. It has been an especially common recourse taken by men in Panama and Colombia and by young people in Peru and Dominican Republic.

Although microfinance encourages entrepreneurs to grow and move on from mere subsistence activities to microenterprises, and from these to small and medium companies, this process takes time and faced with a shock of this magnitude, this route is blocked.

Business adaptation measures

Since their businesses are their main source of income, entrepreneurs viewed them as the priority solution for getting through the crisis. The most important measures were change or diversification of activity, and home deliveries.

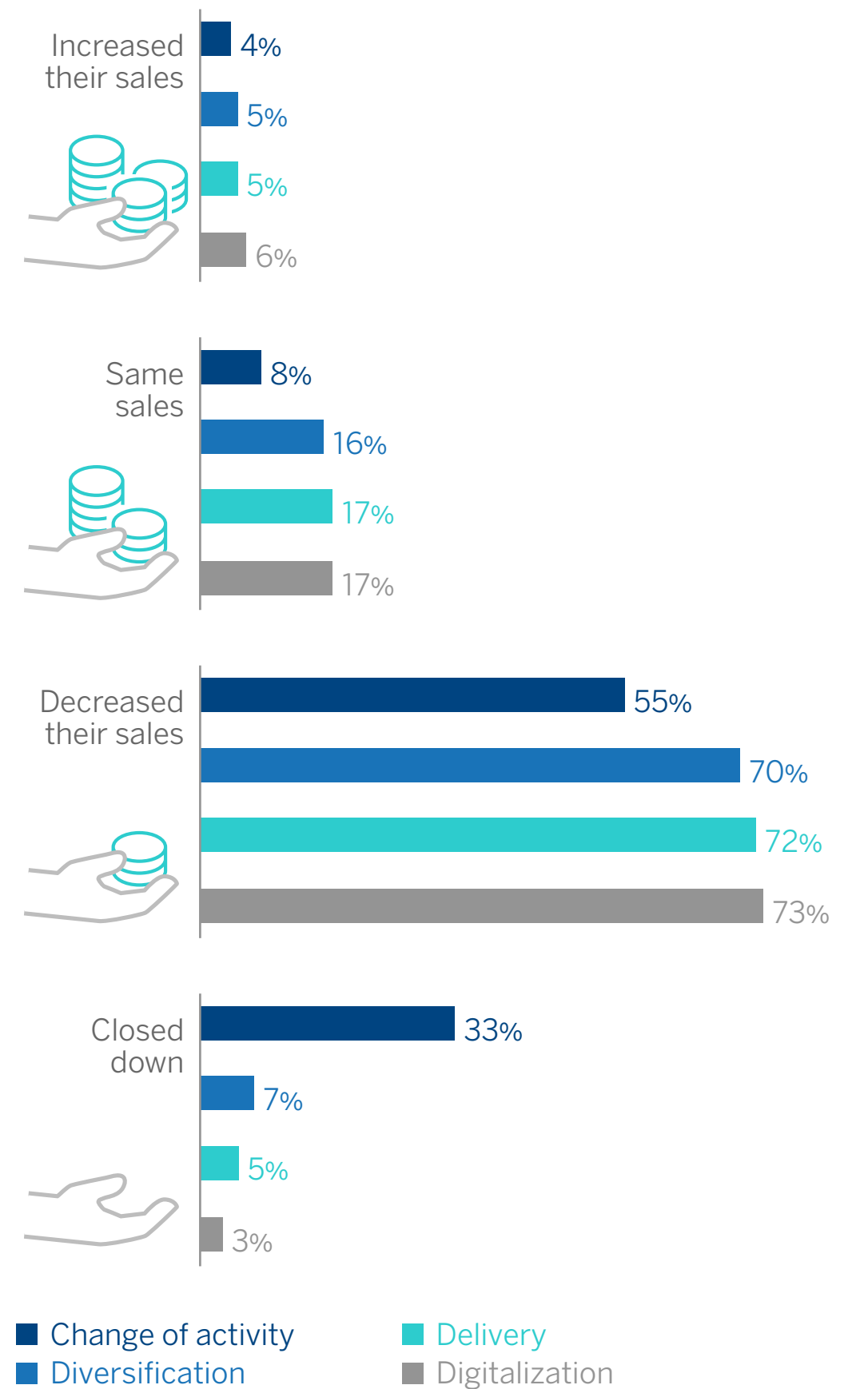
Digitalization has not been taken up so much (11% on average) except in countries with good connectivity, such as Chile, where 26% of clients adopted these measures. Unfortunately, many workers have been laid off in Colombia and Panama (exactly where most work was to be found), giving rise to the destruction of informal employment.

In July the adaptation measures became more widespread, predominating among those whose incomes had been hardest hit. Those who closed had not taken measures, simply changing their activity in order to set up another business.

Those who closed, had not taken measures because instead they changed their activity in order to set up another business

16 Adaptation measures, by impact

All clients surveyed by November 2020. Multiple responses



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Measures taken and financial solutions offered

Unlike the surveys conducted in other countries, we have not seen the sale of assets taken up by households as a strategy on a significant scale in our footprint (in fact it is the least adopted measure, in just 9% of households), denoting less vulnerability and/or more facilities within reach to keep their businesses afloat. It has been used among the hardest hit clients (e.g. dressmaking)

"My business, like so many others, has been affected by the pandemic. I've taken measures to avoid closing and to be able to work. I work until 1 o'clock, and only by appointment. I don't take more than four clients. I am promoting my business on Instagram and WhatsApp. On Saturdays I stream live videos with techniques so my clients can do reductive massages, exfoliation, etc. to make the most of the time they have to look after themselves at home. You can do it! Get up, keep active, because if I did it, you can too".

Beauty salon,
Dominican Republic

**Differences by country:****Colombia**

- Home deliveries were used mainly for catering.
- Uptake of digitalization was good in beauty salons.
- A noticeably high proportion of worker layoffs (10%) and sale of assets (15%).

Peru

- Good take-up of home delivery services (in nearly all industries).

Dominican Republic

- Managing clients through WhatsApp has been popular in the retail textile and footwear trade and also in hairdressers. Grocery stores have used it the least.
- Home deliveries and sales have been taken up most by street sellers and other product retailers.
- Grocery stores have been particularly prone to diversification.

Chile

- A higher proportion of clients have gone digital (26% compared to the overall average of 11%).
- Entrepreneurs in the services sector, the hardest hit, have experimented the most with adaptation measures.

Panama

- The most widely used strategies have been diversification/change of activity.

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Point of sale

In Dominican Republic and Chile²⁹ we note that entrepreneurs who were already selling online or through their own premises have managed to mitigate the shock from their reduction in sales, compared to those who were itinerant salespeople or sold out of rented premises, on a market stall, in their homes or through intermediaries. Furthermore, there are variations between countries. For example, in July, itinerant selling in Dominican Republic was the medium used by 31% of businesses. This percentage dropped to 13% in December. But this did not happen in Chile.

In Chile, the businesses that held up better and remained open in July (between 60 and 72% were open, depending on the combination of sales channels) were those that sold online (41% of the total that are still open for business) or those with their own premises (10% of the total). Clients who had more than one sales channel (digital and others) also did better.

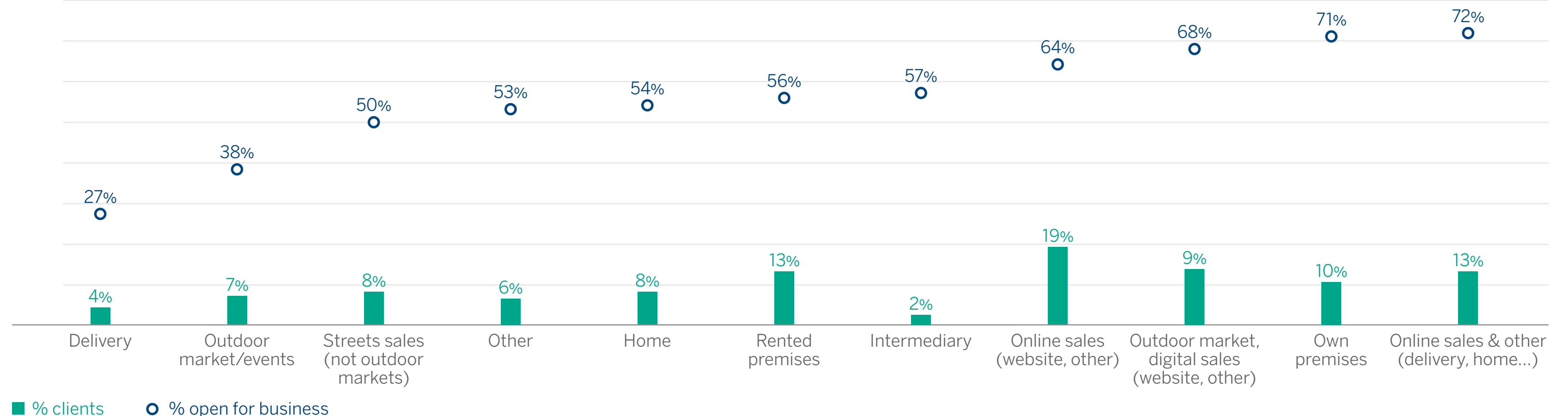
"A year ago, I decided to set up a specialty tea business. After trying some teas in the south of my country, I was interested in learning how they were prepared so that I could make them myself. At the beginning, I only sold my tea to friends, family members and contacts. Then the pandemic started, and I had no way of selling. I already had accounts on Facebook and Instagram, so I started selling there, which I found really hard to do. Now I am trying to open up a space on a web platform that lets me interact with other women and get help to upgrade my enterprise".



Specialty teas, Chile

17 Chile. Open for business, by sales channel

All clients surveyed by July 2020



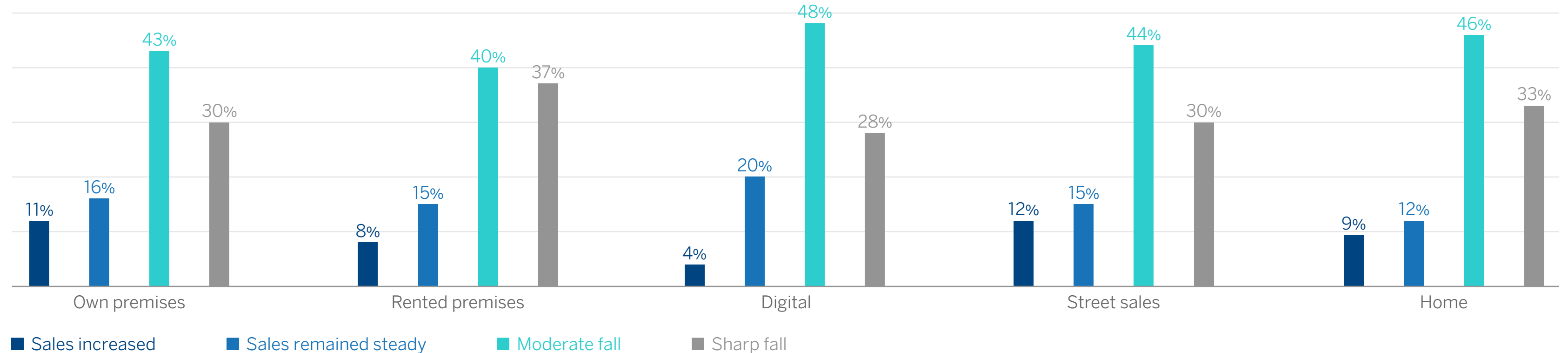
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18 Dominican Republic. Impact on sales by channel

All clients surveyed by November 2020



In Dominican Republic the main increases in sales and lowest number of closures were among businesses that sold out of their own premises or online. What is more, from July to December there were businesses that abandoned their rented premises or itinerant sales in favor of operating from home. This is because of the cost savings or opening up new sales channels (e.g. from home) in order to survive. We note two main trends in activities with high representation among our client base:

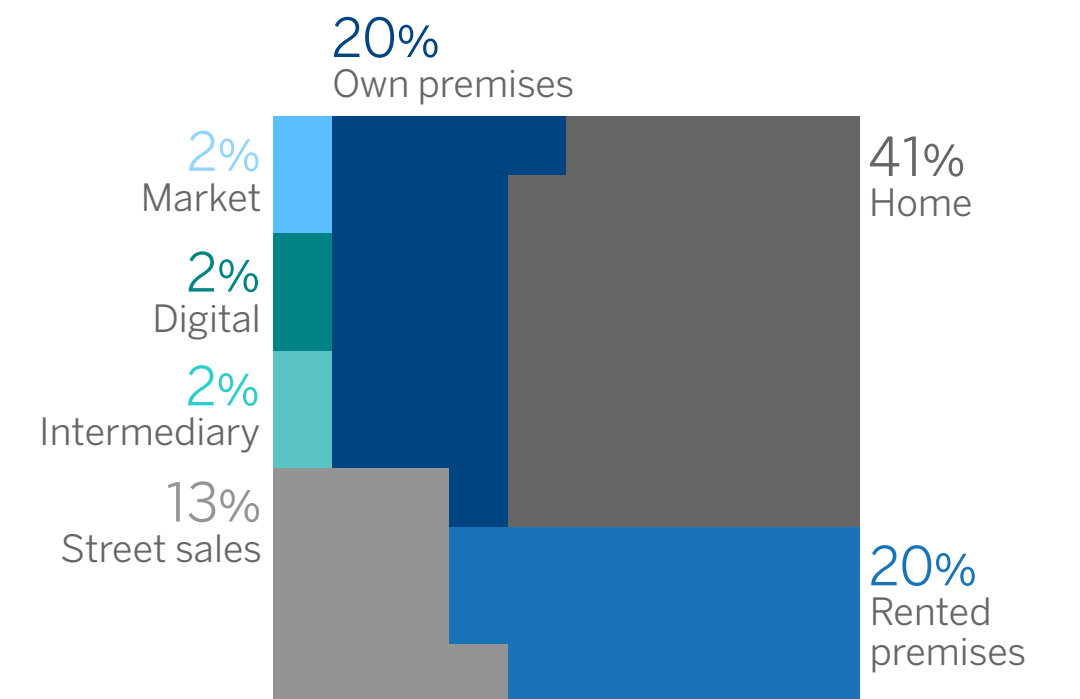
- Grocery stores (most of which operate out of commercial premises), have continued to keep their owned premises as the main point of sale. However, their presence in rented premises has fallen significantly.

- Food services have cut their on-site activities by half, selling mainly out of homes. We assume that this is due to having swapped face-to-face sales out for home deliveries.

As the client profile gets older, they are more likely to have their own, rather than rented, premises. The digital sales medium is used almost exclusively by young clients.

19 Dominican Republic. Point of sale

All clients surveyed by November 2020



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Digitalization

There is an enormous opportunity ahead for digitalization, since it has been shown that the use of digital channels to reactivate businesses has been effective in increasing their revenues³⁰. Most of our clients have access to smartphones (62%), but only 1% is "highly digital"³¹, that is, uses a variety of digital channels to sell their products/services.

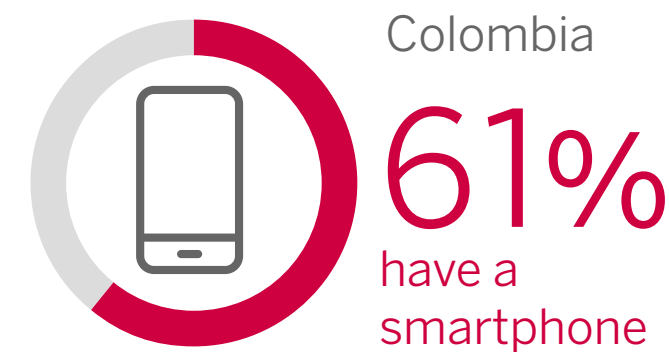
Digitalization measures tend to be used by clients with a higher educational level, young people and those with more spending capacity. To democratize the use of digital channels, access must be improved (e.g. connectivity), as must usage (i.e. digital training). Throughout 2021 the Foundation is running digital training (e.g. in Chile) and connectivity programs (e.g. in Colombia and Peru) to meet these needs and replicate viable solutions in all the countries where it operates.

There is an enormous opportunity ahead for digitalization to reactivate businesses

* **High digital level:** someone with a post-payment plan on their smartphone who uses a range of networks (Facebook, Instagram, etc.), not only for social purposes but also productive ones (i.e. to manage their business)
Moderate level: person with a smartphone and several payment plans who uses some kind of social media, particularly for personal reasons.
Low level: person without a smartphone or with pre-payment plans, who only uses the phone for calls.

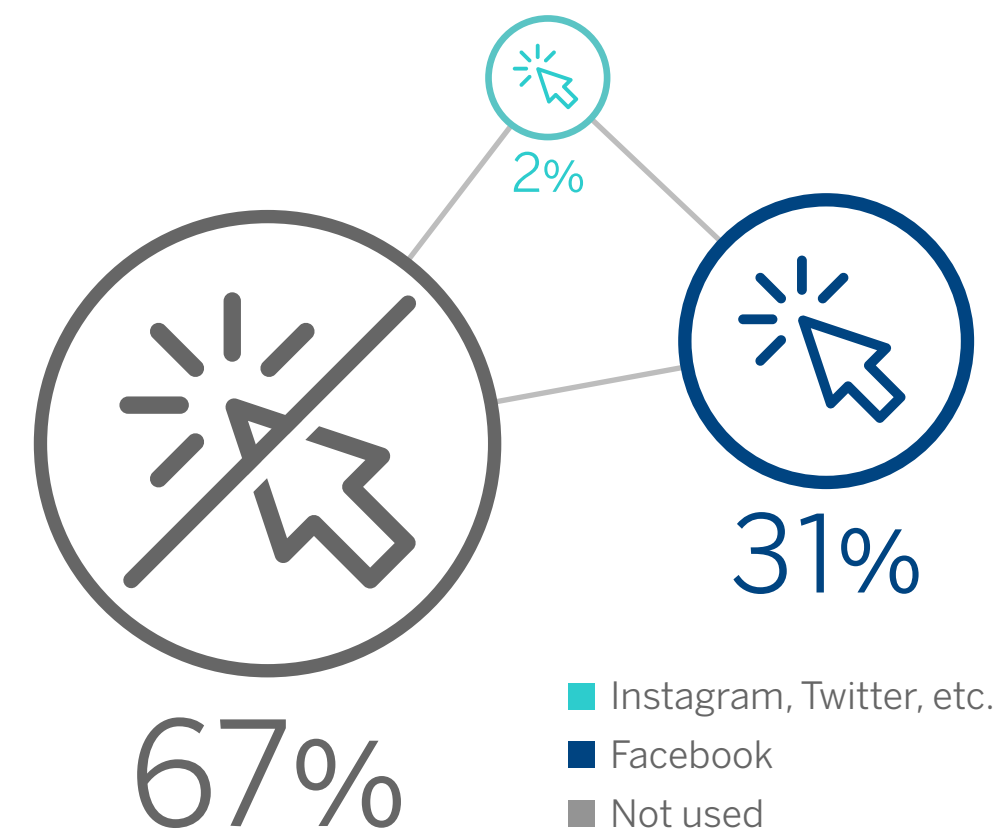
20 Smartphone

All clients surveyed in Peru & Colombia (November 2020)



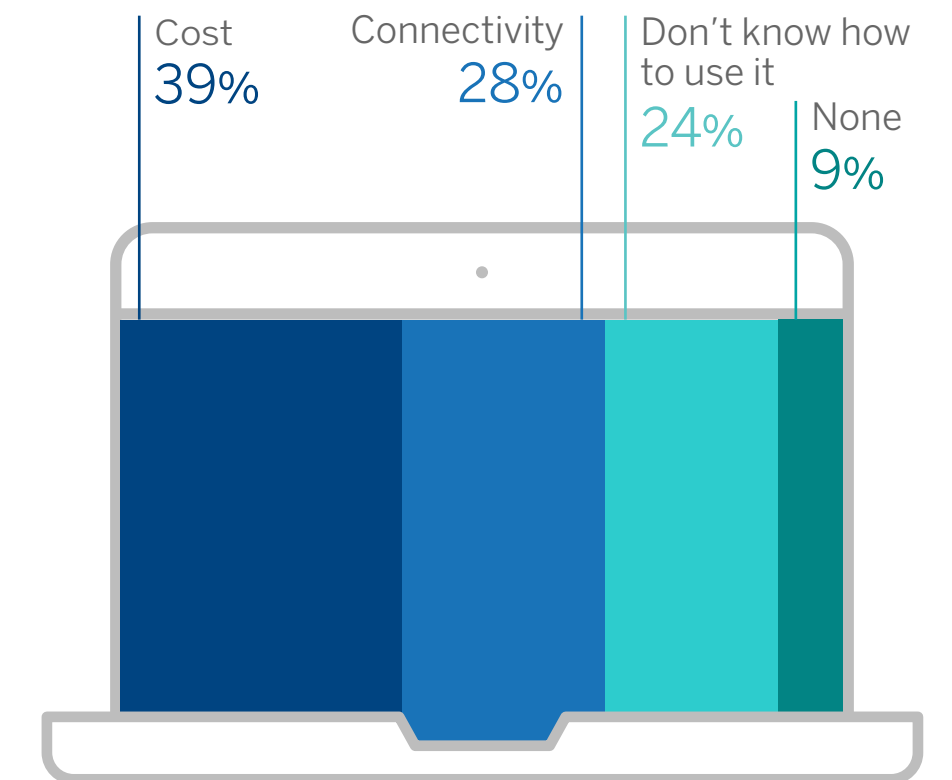
22 Digital platforms used during lockdown

All clients surveyed in Peru (November 2020)



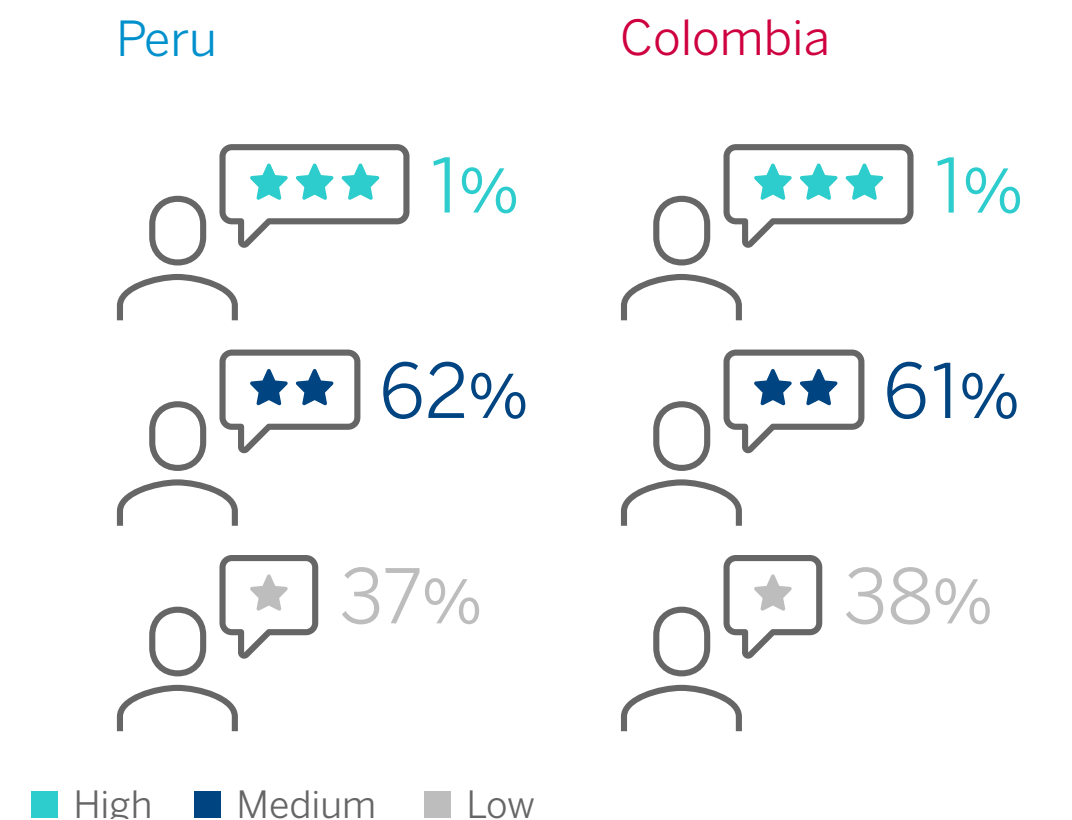
21 Restrictions on internet use

All clients surveyed in Colombia (November 2020)



23 Digital client scoring*

All clients surveyed in Peru & Colombia (November 2020)



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Financial measures in households

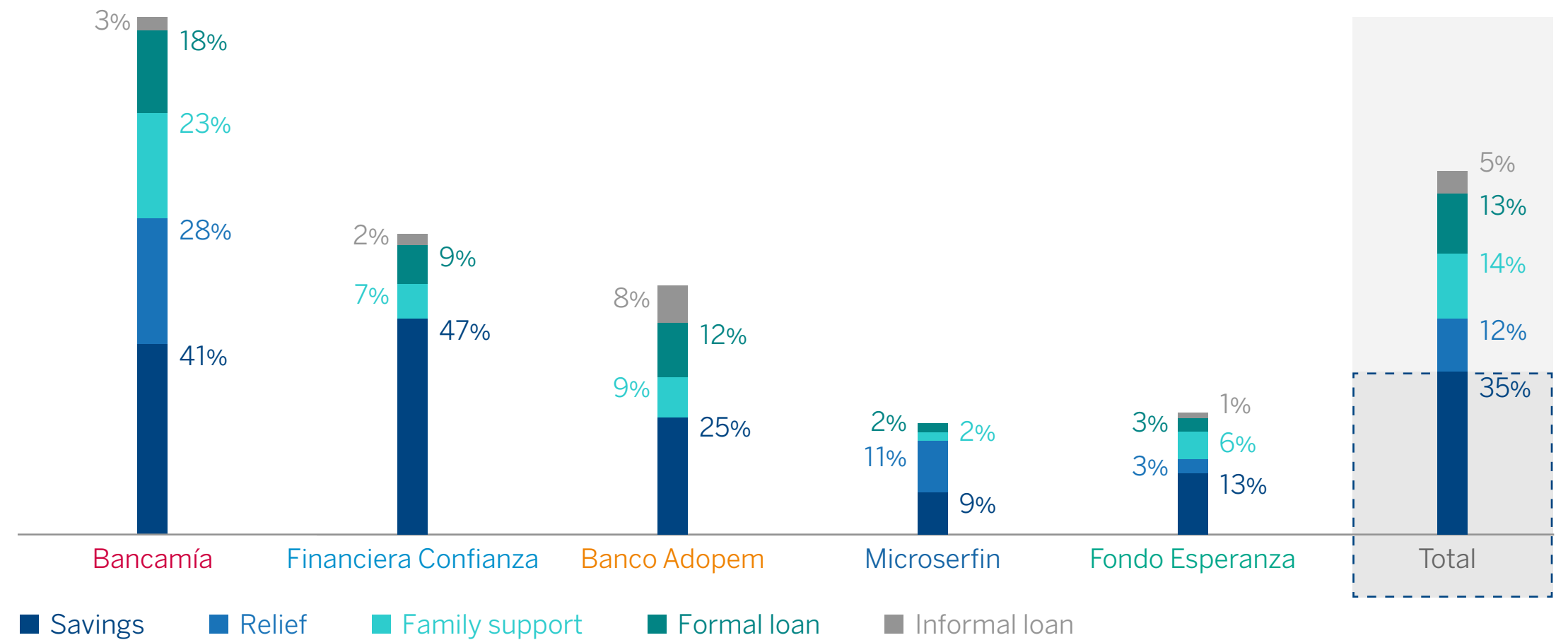
In most contexts people use their savings as their main survival mechanism against the crisis caused by the virus (35% in November), which suggests that they are fulfilling their purpose of smoothing spending. This is in line with observations in other countries³².

In July, we noted a reduction in the dependence on savings and a larger number of clients had recourse to multiple mechanisms for survival or to reactivate their business, such as taking out loans from a financial institution or lenders, which suggests that their savings buffer had been exhausted³³. For example, in Dominican Republic, the measure that most clients had been taking in July, fell from 31% of clients at that time to 25% in November, whereas applications for loans went up (28% of clients applied in November, compared to 22% in July).

The greater the impact suffered, the more that financial measures were used. If forced to shut down, the next step, predominately, was to look for a job.

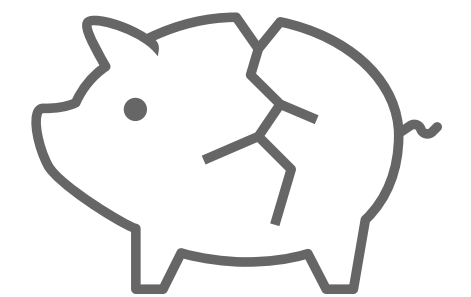
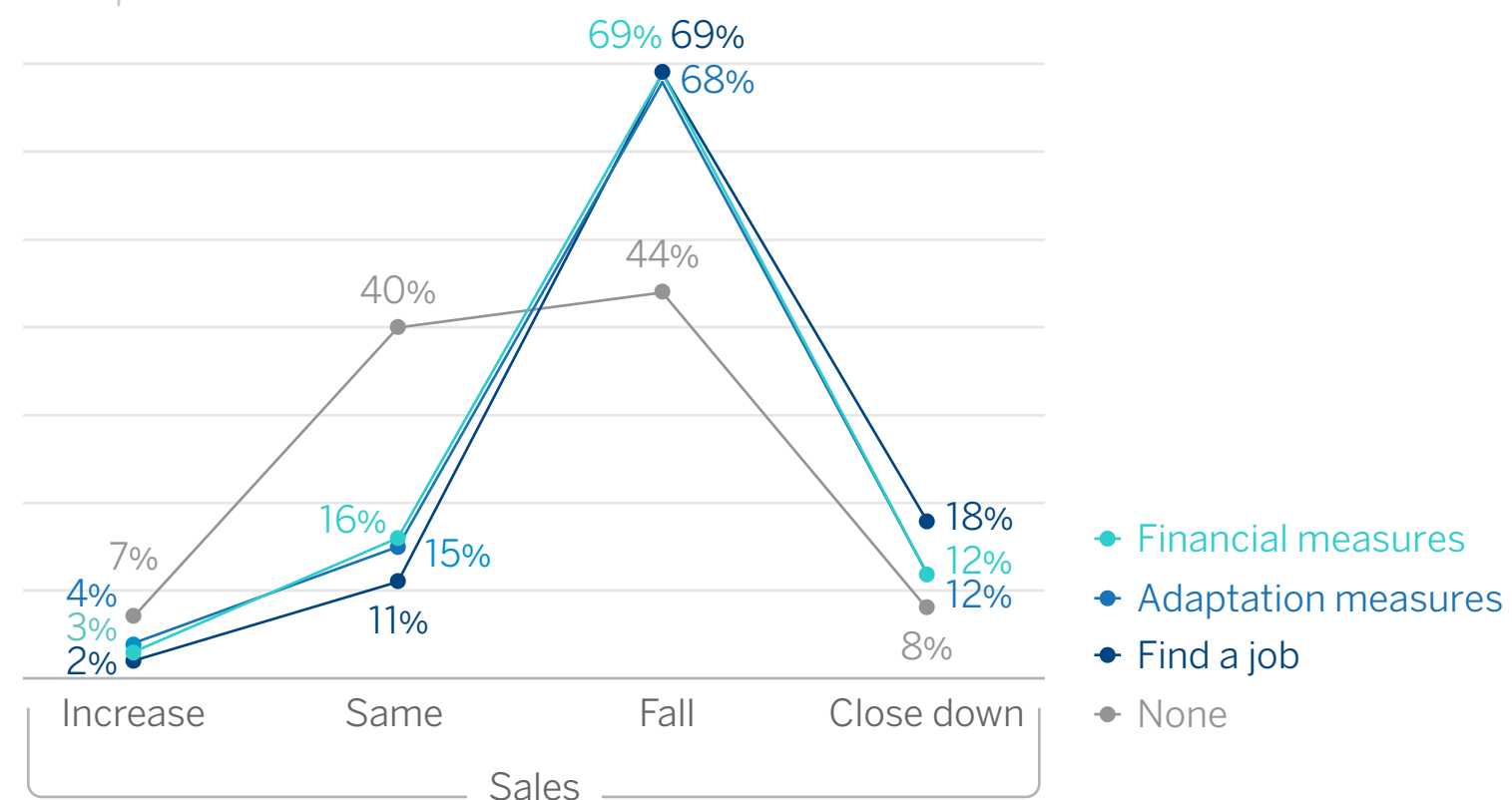
24 Financial measures adopted

All clients surveyed (November 2020). Multiple response



25 Financial measures, by impact

All clients surveyed (November 2020). Multiple response



Less use of savings indicates that the savings buffer has been exhausted

Executive summary

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So, we see that household financial management is rational: they turn to savings or to family networks when they are going through a bad patch. Formal loans, in particular, are sought by clients in a better situation, and by those who have come out reinforced by the crisis (e.g. grocery stores), while fewer have turned to informal loans (5%).

The reactivation has thus been accompanied by greater interest in formal lending (13%) and financial relief (12%). The case of Colombia stands out (18% have had recourse to formal credits and 28% to financial solutions). This is possibly due to the variety of financial solutions offered by the country's institutions and their frequency (there have already been four waves of special financial programs, compared to two in Peru).

Financial measures have been used rationally: in those cases most affected by the pandemic, lending predominates.

The use of financial measures has been rational: in those cases which have been less impacted by the pandemic, credit has predominated over other forms of financing

Financial measures



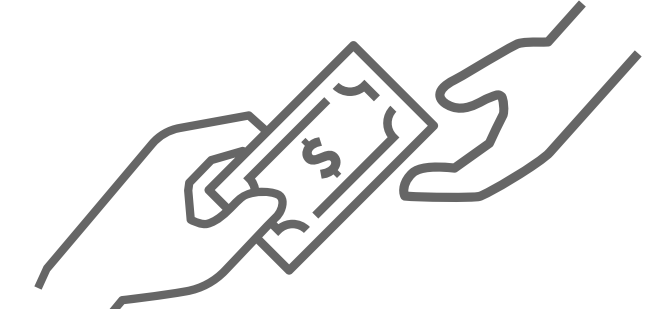
Formal lending (Microfinance institution or bank)

- The least affected clients use more financial measures. In Bancamía it was noted that the least vulnerable use these methods.
- Informal lending: Although its part in the surveys taken as a whole is a small one, with an average of just 5%, they show that the activities that turn to informal lenders (e.g. wholesale food sales and food production) have been most impacted by closures.



Use of savings

- Measure most used by clients
- Used by the hardest hit clients.



Family support / networks

- Used by the hardest hit clients.

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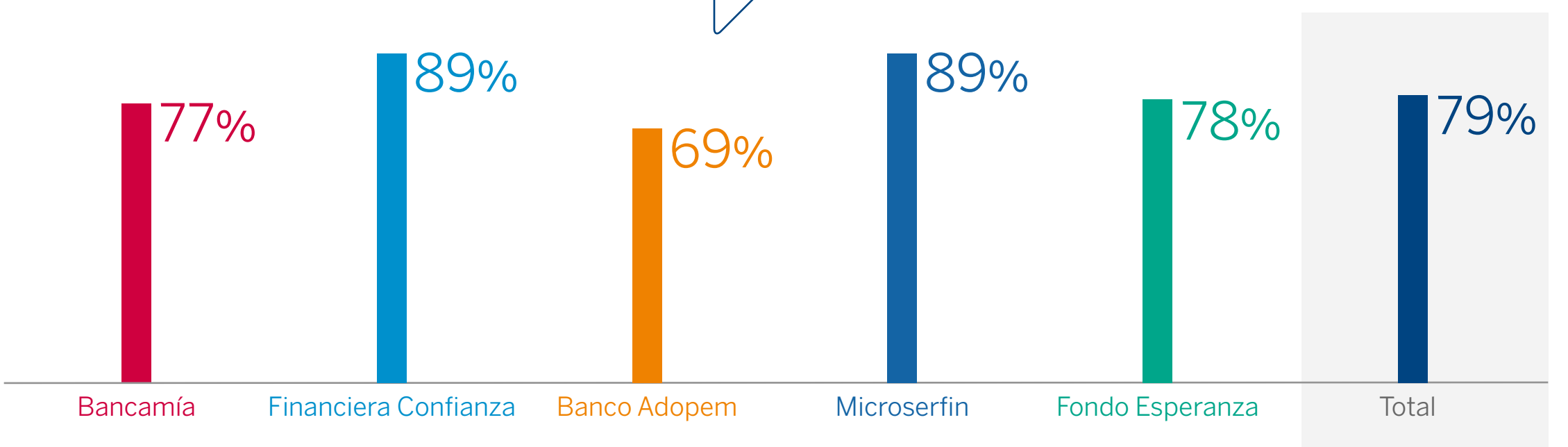
Financial solutions made available

At first, at the beginning of the pandemic, serving them in the context of lockdown and crash of economic activity, BBVAMF institutions designed reprogramming operations (grace periods) for those clients who were up to date with their payments, in order to postpone their payment schedules. In some case, this reprogramming was on a massive scale, automatic and formed part of governmental measures in support of borrowers. In other countries there was a case-by-case assessment to select the most appropriate and convenient reprogramming option for each client.

BBVAMF has supported its clients since the beginning of the COVID-19. pandemic. In a context of widespread uncertainty, it has rolled out multiple measures to make its terms more flexible and worked with clients to continue providing support.

Hurdles they have faced

% of clients facing hurdles, by Nov 2020



Most clients have had to deal with several hurdles, the principal of these being access to financial needs

Liquidity

The most important. Financial needs both on the demand side (entrepreneurs' own customers don't want to buy their products) and supply (credit, family support, etc. to be able to buy inputs).

Government restrictions

On mobility. These have particularly affected those activities requiring direct contact with clients and those selling non-essential goods.

Personal issues

Fear of the contagion is the overriding problem, especially in businesses with direct contact with the public, such as grocery stores.

Adapting the business model

This became significantly more prevalent after July but varies by country. The main issues were the difficulty of using digital tools and, in the farming sector, distribution difficulties (especially in Peru). Nevertheless, the latter problem has not shown up particularly in these surveys.

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Measures taken and financial solutions offered

At a later stage, once economic activity had partially resumed, the institutions in the BBVAMF Group contacted each client individually to identify their situation and needs at that moment. For example, the level of reactivation of their economic activity, how it had affected their family unit and their business, and their expectations and credit needs, among other issues. This has enabled BBVAMF institutions to offer the most suitable financial relief for clients in their post-pandemic reality.

This was how solutions that already existed in our institutions to support clients and normalize situations were deployed. In some cases, innovative credit solutions adapted to the extraordinary needs required by the context were structured. All these actions were taken to serve not only the needs and capacities of clients, but also the sustainability of institutions and their liability in taking on risks and losses. For more detail on the relief portfolio, see [\[Our response to COVID-19\]](#).



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Measures taken and financial solutions offered

Financial solutions

In general terms, these financial solutions have ranged across the following:

Delay in financial obligations

Moratoria (grace periods):

One-off or roll-over. This instrument postpones clients' payment obligations without downgrading them in the institution's system or in central credit bureaus, and without applying late payment charges. The aim was to avoid an even greater negative impact on the circumstances of clients who had temporarily suspended their economic activity or were going through a short-term hiccup in their capacity to pay.

- All institutions.

Freezing installment payments: Installments maturing during lockdown were postponed by some entities to the end of the loan period, without applying additional interest payments.

- Fondo Esperanza

Freezing of days in default: Some institutions froze the number of days payments were delayed and the credit rating that clients had before the pandemic, thus freezing at that point the downgrading they would otherwise have suffered in credit bureaus and on the accounting treatment of those loans.

- Banco Adopem & Financiera Confianza.

Restructuring & renewals

Credit restructuring: Extension of the loan term to adjust the installment to the client's new credit & financial situation, sometimes with changes to the rate.

- All institutions.

Renewals with or without new grace periods:

The renewals of clients whose payments were up to date were structured. The previous loan was cancelled without applying closure fees and a new loan was originated, in some cases postponing the first installment for one, two or three months.

- All institutions.

Others

Write-offs without rescheduled remaining payments: In some cases a percentage of back payments that have accumulated during the pandemic (interest and sometimes part of the principal) were written off to help the client get up to date with the loan, or directly to cancel the remaining balance, whether by structuring a new payment plan, or to pay it all off in one go.

- All institutions.

Payment agreements for accumulated interest charges: Bancamía structured interest-free loans to help pay off interest charges that had mounted up during the payment holidays.

- Bancamía.

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Measures taken and financial solutions offered

Assessment of financial solutions made available

62% of the clients surveyed have benefited from some sort of solution during the crisis. For 43% of them, this relief has allowed them to carry on operating. Those entities with less of a track record/experience in supplying these financial solutions have had a lower rate of uptake among their clients. In Dominican Republic only 35% had taken advantage of these options. Even so, it has enabled most to keep their businesses open (27% of the total).

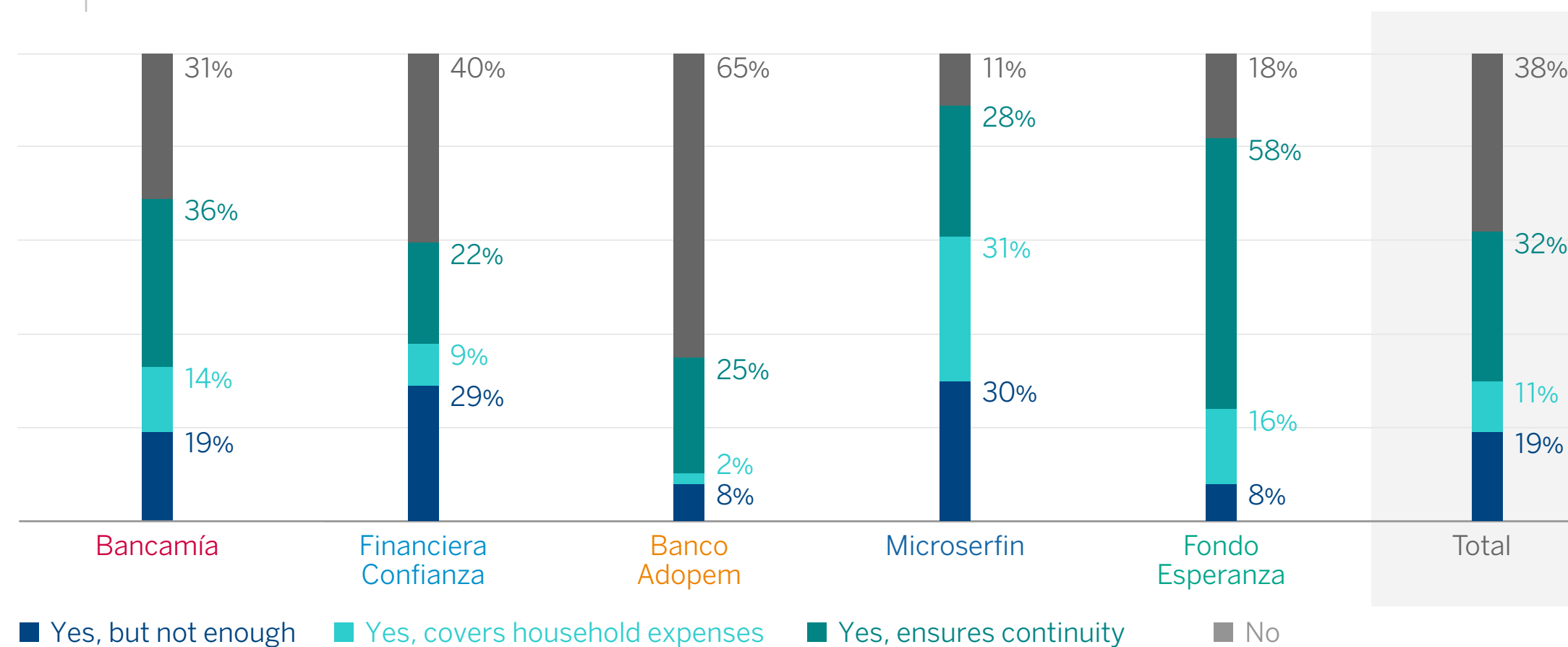
When we checked the uptake of these measures against the degree to which clients had been impacted, we could see that the greater the impact, the more financial solutions they were offered. This is the case with Bancamía, where we see this positive correlation.

We did not see widespread signs of the impact of refinancing on savings capacity. Only in Dominican Republic were there indications that these solutions have mitigated the negative impact of the crisis on the savings capacity of the middle-aged segment.

With 43% of clients having been refinanced, not only is it the segment that has made the best use of its operating performance, with the help of grants, but it has also managed to avail itself of these measures to minimize the impact of the crisis on its savings capacity. Thus, while 51% of non-refinanced, middle-aged clients stated that their savings capacity had been wiped out, we saw that, in the case of the refinanced clients, this percentage fell to 35%.

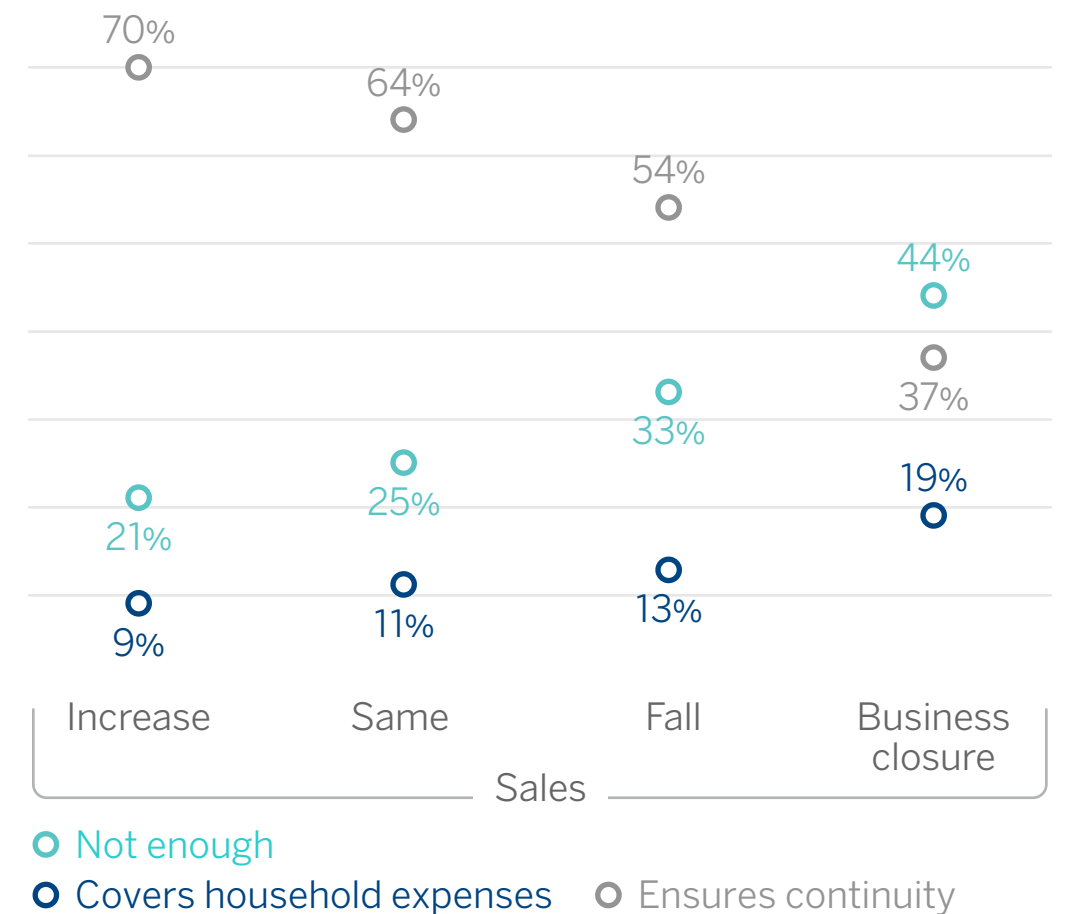
26 Assessment of the financial solution

All clients surveyed by November 2020



27 Assessment of the financial solution, by degree of impact

All clients surveyed in November 2020



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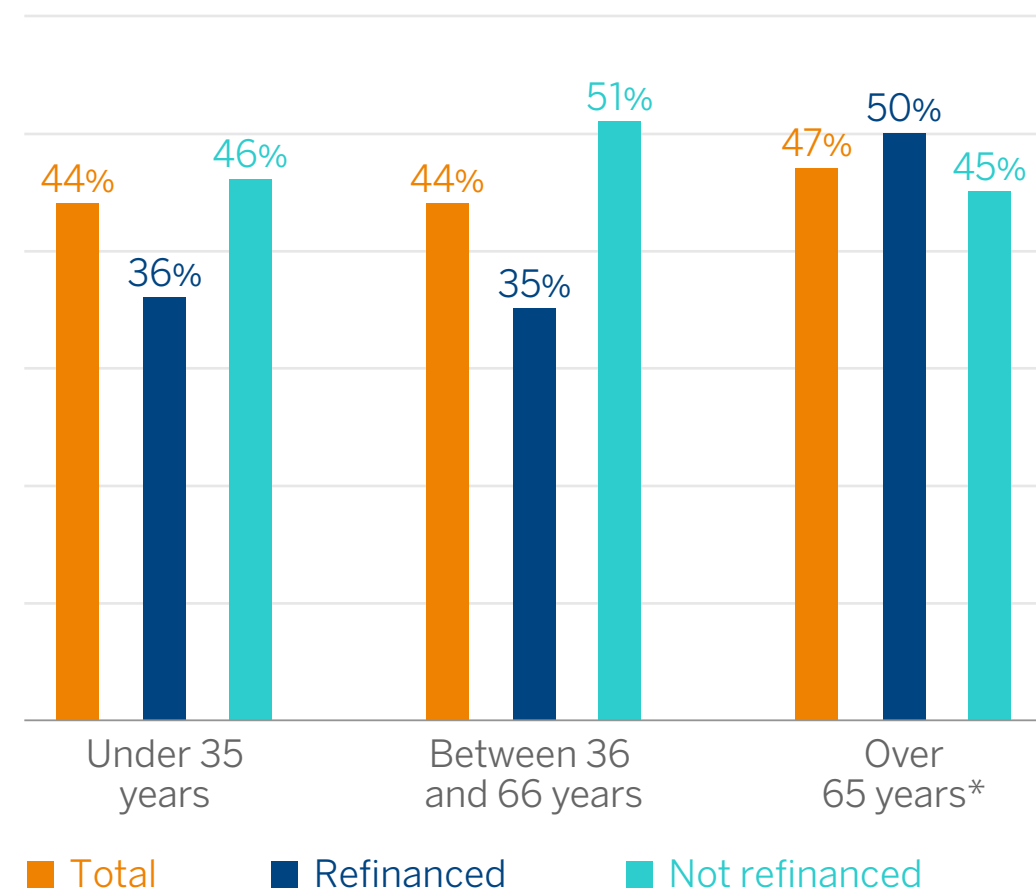
Measures taken and financial solutions offered

Financial solutions have shown that they are effective in helping entrepreneurs, particularly in view of the fact that the lack of liquidity has been a major difficulty they have had to face³⁴. However, they have not been sufficient. In those cases where incomes have been more impacted, these measures have not been totally appropriate for their needs, although they have enabled 56% to meet their household expenses or to carry on operating. In other words, the financial solutions, although suitable for some of the clients' needs, cannot cover all the contingencies they are facing.

Among the barriers facing entrepreneurs is the reduction in purchases by their customers because they have less money. Furthermore, lack of liquidity has limited the acquisition of the commodities and inputs they need for their businesses, which has pushed down sales volumes and made it hard to meet fixed overheads such as rental payments.

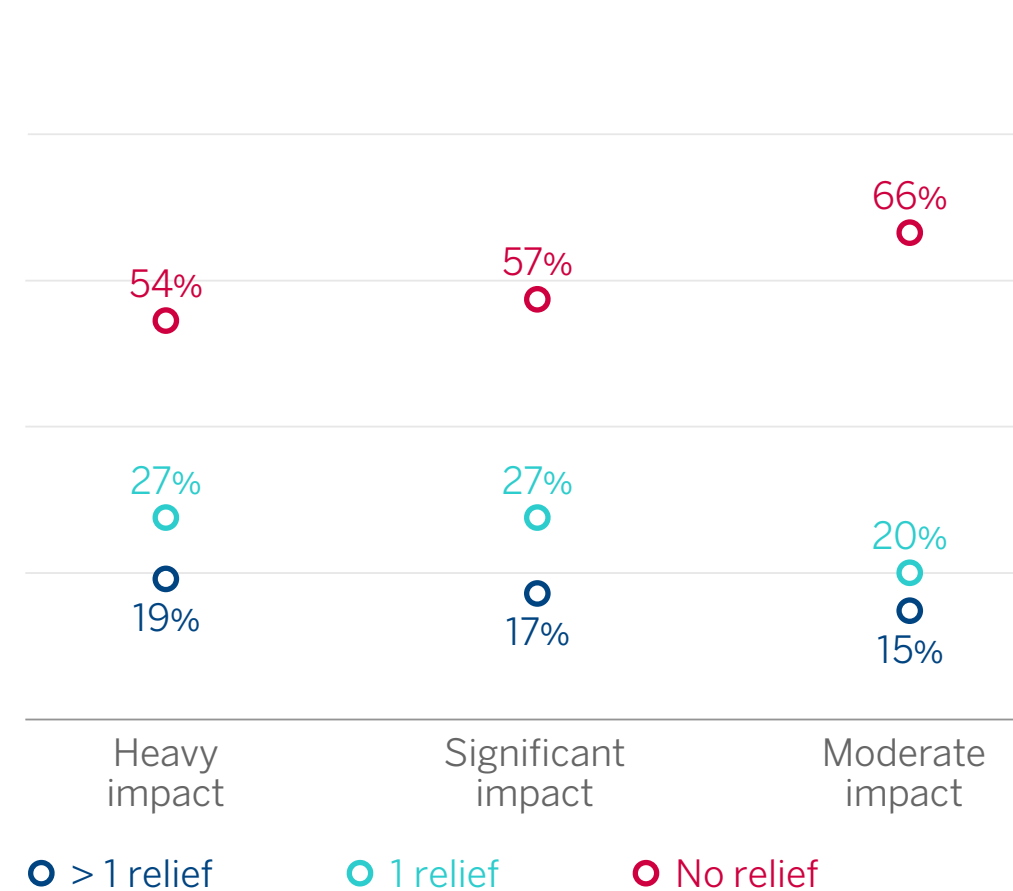
Therefore, the provision of financial solutions that gave them breathing space in the liquidity squeeze facing clients and enabled them to reactivate their business has been key, but insufficient.

28 Dominican Republic. Financial solutions vs. savings capacity
Clients whose savings capacity has been totally wiped out



* The number of saver clients over 65 is not statistically significant

29 Colombia. Financial solutions offered, by degree of impact
All credit clients by November 2020



"My business has been very difficult during this pandemic. For the first three months they didn't let me work. Then we opened the business, but only four days a week, and at other times only for three. The business has only given me just about enough to survive, but not what it should. Bancamía has been a really powerful ally for me. Its support has helped to provide economic relief, and that is important for all microentrepreneurs".

Sales of prepared food, Colombia



Considerations and learnings about the impact of COVID-19

Changes in habits/living

The data indicate that the crisis has caused greater vulnerability in households and has forced them to make changes in how they earn their living:

- **Scanty incomes and fewer savings will require them to adjust how they make their living³⁵.** Households in precarity may have to rein in their spending, and perhaps even fall into worse levels of poverty. Less vulnerable households, as well as tightening their consumption, probably have to move home/location. This might entail migrations (e.g. from urban to rural areas).
- **Re-skilling/innovation.** Higher rates of unemployment and of national poverty will increase competition, introducing new skills and ideas, which will require new business competences and innovation.
- **To guarantee a stable client base, entrepreneurs will have to look for new sales channels, most of them digital.** The difficulty of selling at markets (at least in the short term) as well as the convenience of using digital channels, taken up by consumers, will entail a change in purchasing habits. Furthermore, home nesting may delay or all but eliminate informal sales.

Changes in the sectoral composition

In a highly unstable income environment, the need to look for alternatives in the short term will require making investments or short-term forays into activities that may turn out to be even less productive. We expect a change in the composition of activities, with a heavier weighting in the primary sector, for the tertiary sector (services) to become less important for entrepreneurs, and less change for those in trade, although we believe that their incomes will be more volatile.

Transformation of activities. The duration of the crisis will partially condition whether these changes in the productivity of activities, are greater or smaller, especially for the entrepreneur profile we serve:

- **Theory 1:** lower productivity. A response to one-off needs to get through the tough moment of shrinking revenue (e.g: moving from selling clothes to selling masks); or
- **Theory 2:** greater or equal productivity. Adapting the business profile. There are several options:
 - Change in the value chain. Given their knowledge of the sector, the entrepreneur migrates towards a more productive level (e.g. in the food sector, they move from production to retail sales).
 - Greater efficiency in the sales channel. Entrepreneurs change to a channel/ selling point to another with lower overheads (e.g. someone who previously sold their pies out of an informal stall, now produces them at home and does home deliveries, reducing their costs and increasing their product line).
 - Change of activity. This most radical change depends on the entrepreneur's skills (e.g. a cook closes their restaurant and reinvents themselves, giving online cookery classes)

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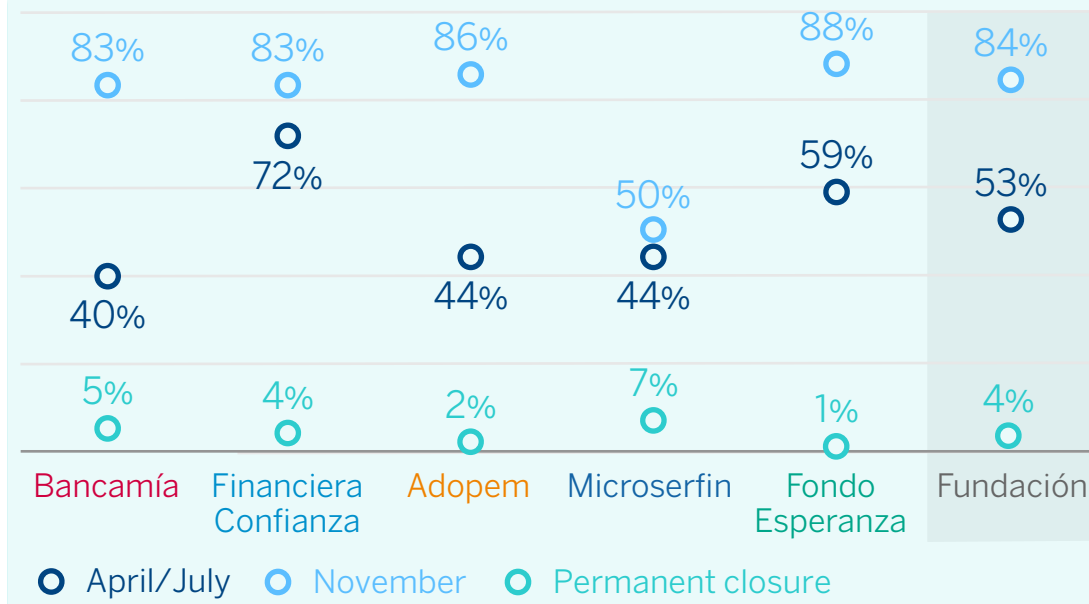
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Considerations and learnings about the impact of COVID-19

2020 Performance

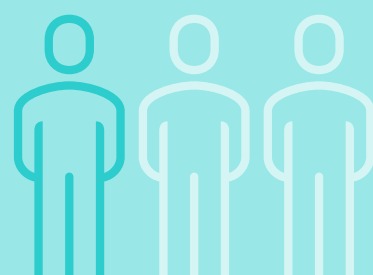
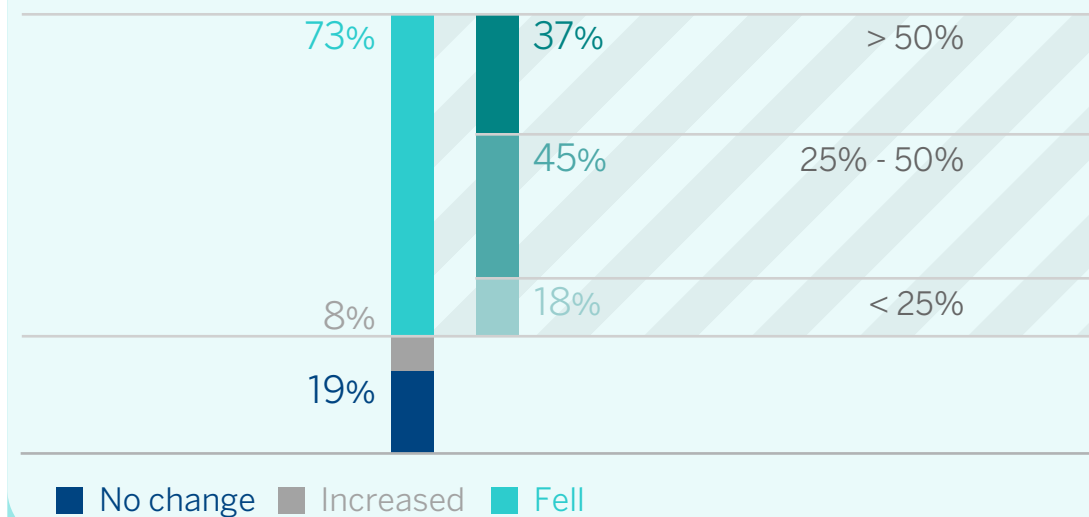
Severity of the impact on their business activity

Microenterprise openings



Reduction in sales

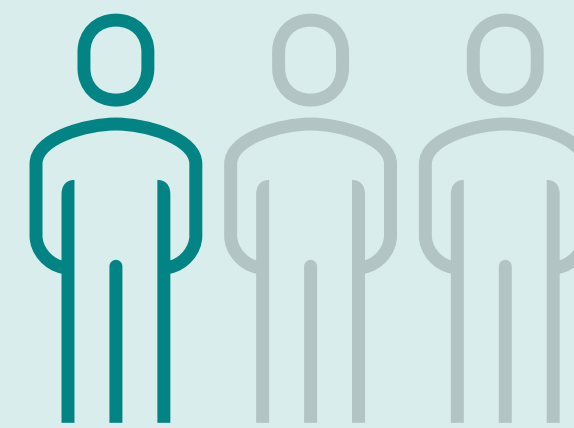
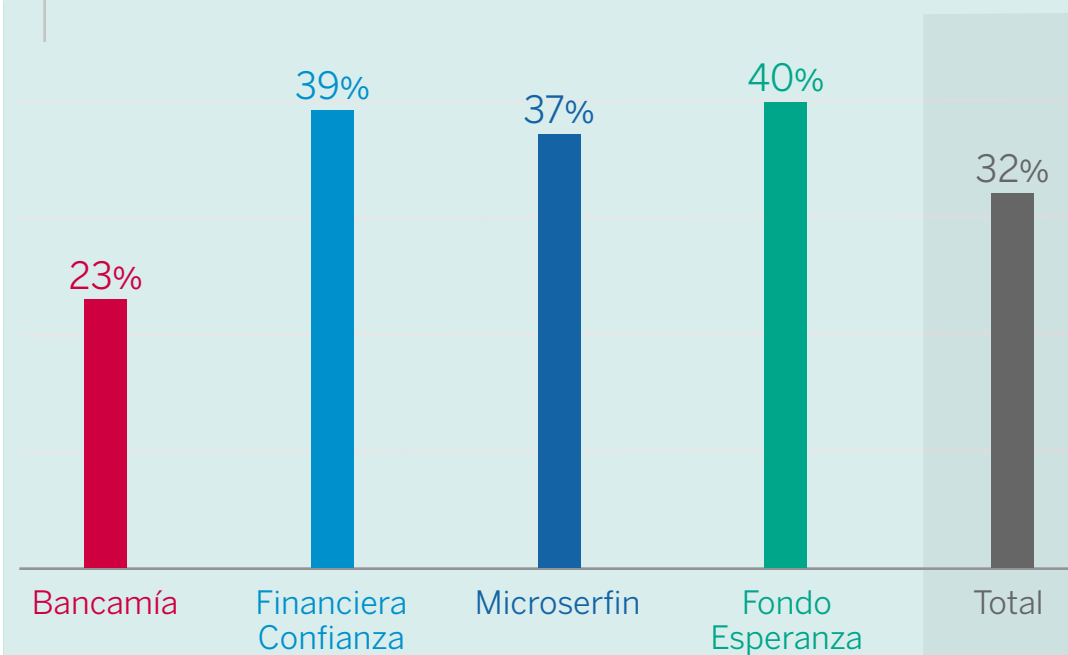
Mar-Nov period 2020



1 in 3 clients Has lost more than four months' worth of income since the start of the pandemic.

Recovery in the short term

Businesses that recover their pre-crisis sales levels



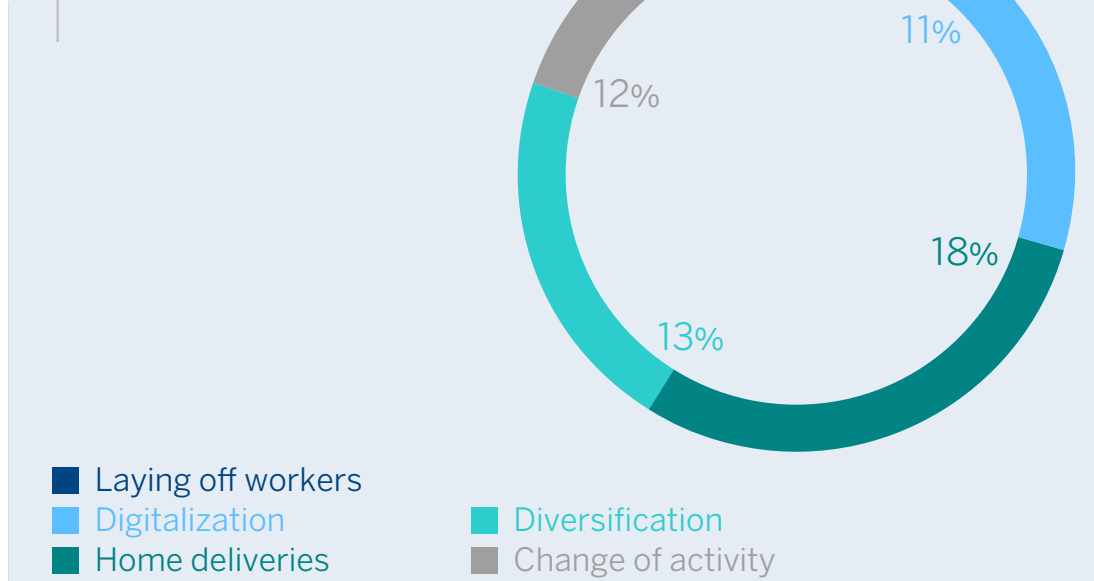
1 in 3 clients recovers in 8 months

Entrepreneurs' economic recovery is evident, both in terms of reopening rates and in revenue growth.

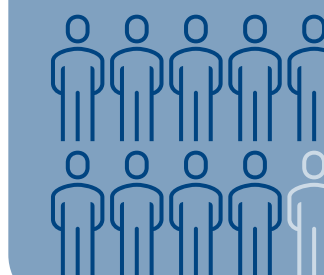
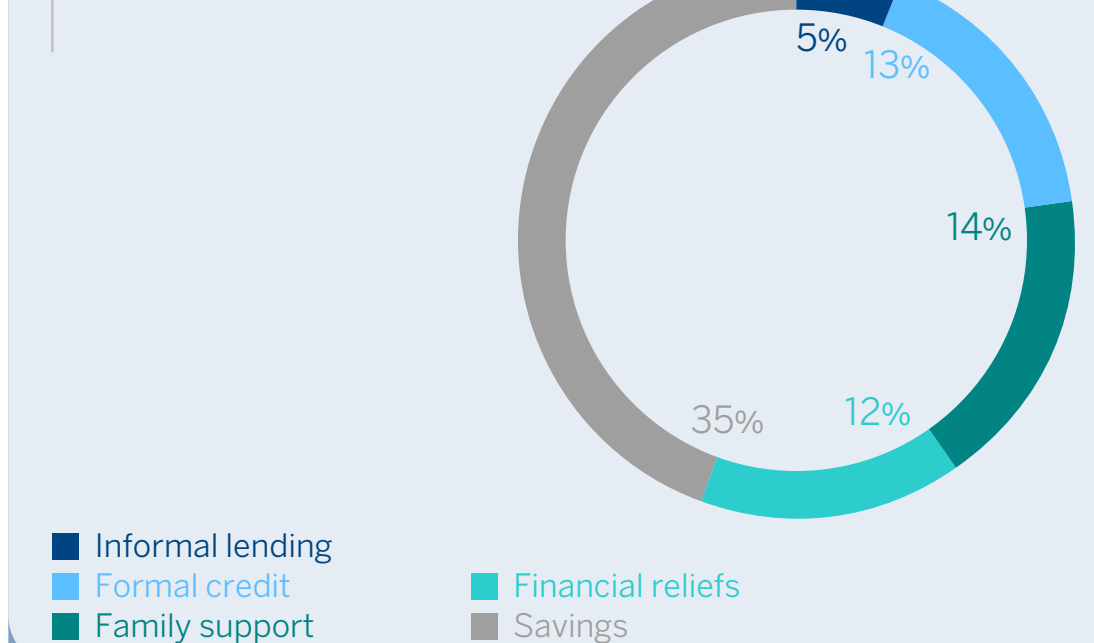


Multiple coping measures

Business adaptation measures



Financial resources



9 out of 10 entrepreneurs have taken a measure of some kind.

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Considerations and learnings about the impact of COVID-19

COVID-19 increases vulnerability and forces change

New sales channels:
using digital channels to re-energize businesses has proven to be an efficient way of raising revenues

New skills & innovation
in business to adapt to competition

Expansion of the farming sector
and the food chain

Digitalization, enormous opportunity

Access

This is fundamental in providing internet access as the first step towards greater inclusion.



New living habits

Housing

This will be an essential good for the future which will likely need greater investment.



Education

Investment is needed in re-skilling. e.g. digitalization of businesses, or new skills that enable people to change their activity.



Adapting farming businesses

The situation represents an opportunity to accompany them as they raise their productivity or prepare to deal with unforeseen climate events.



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Considerations and learnings about the impact of COVID-19

Two types of increasingly differentiated profiles are emerging:

- **Born entrepreneurs, who have notable entrepreneurial skills**, may have several businesses (not all of them productive), and are used to reinventing themselves. Their financial needs continue to be mainly credit; they may be more in need than before of access to, or the possibility of managing, a range of financial products.
- **“Weekenders”**. Entrepreneurs whose business remains, or becomes, their secondary source of income, even a marginal one. Nevertheless, they retain a financial relationship with the institution (e.g. savings accounts, insurance policies, etc.) and their needs become more personal (e.g. home improvements, education, others). They will require different services.

The manner in which entrepreneurs and their households recover will determine whether a large proportion of the business fabric can be developed sustainably. In all cases, entrepreneurship is, now more than ever, a crucial source of income for the most vulnerable.

“In March I went into quarantine. And since the store was shut, a lot of people lost their jobs. I kept in contact through social media and people checked in with me there. As I still had inventory, I started to sell wholesale. At that point Reactiva³⁶ helped me. That was how I started investing in summer fabrics: I make some of the garments and I outsource the rest of the work to others. If I stop working, three more families will, too”.

Pajama business,
Peru



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Customer service in 2020

The value offering in 2020 focused mainly on supporting the close to one million entrepreneurs with loans, because the need for support was urgent and pressing. This was backed up by an offer of deposits, which was appreciated by clients, both in terms of the products made available and the branch network distribution of institutions, resulting in a 22% increase in savings clients. The welfare offering (housing, sanitation and education) and environmental action remained stable.

Disbursements in 2020, a sign of reactivation

In 2020 over 458 thousand entrepreneurs renewed their loans (35% less than in 2019) and 139 thousand were new clients³⁷. Most of them in Peru (the country where the recovery has been most swift), followed by Colombia (with a higher proportion of farming entrepreneurs) and Chile, also recovering fast. Dominican Republic, due to the high concentration of retail trade activities, has been harder hit.

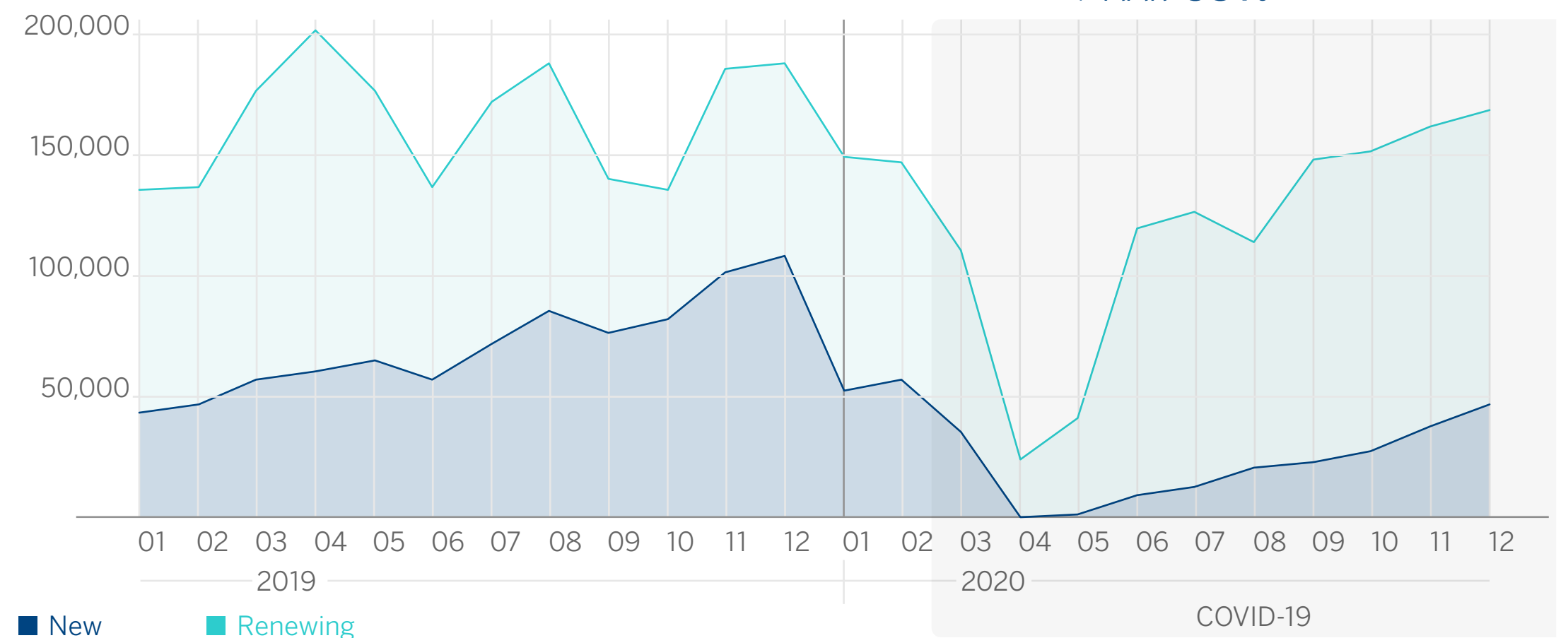
Of new clients served, 33% were joining the formal financial system for the first time

30 Entrepreneurs served in 2020

Entrepreneurs with new or renewed loans

Renewing **458 thousand** clients
AAR-18%

New **139 thousand** clients
AAR-53%



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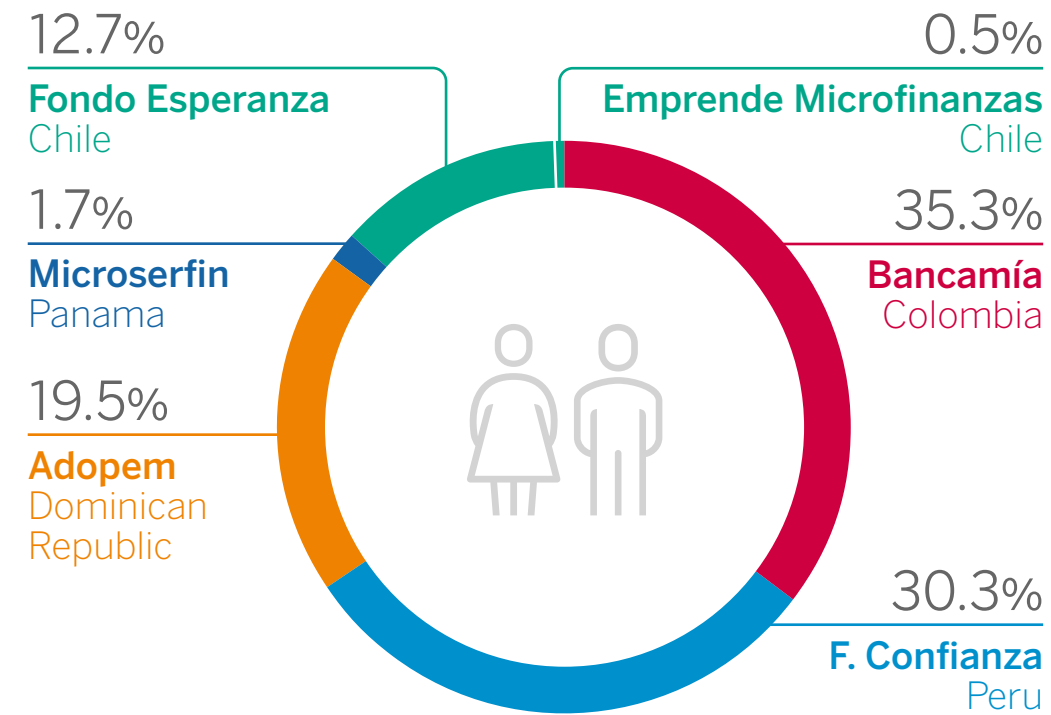
Environment

Displaced people & migrants

Customer service in 2020

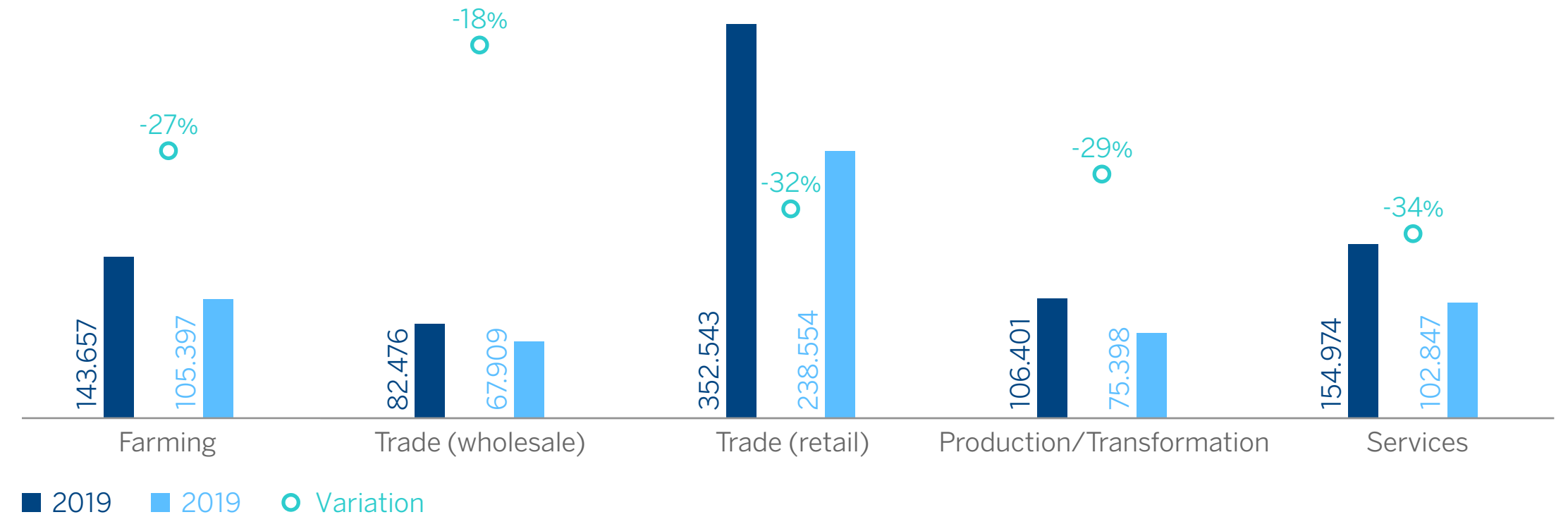
31 Entrepreneurs served by country

Entrepreneurs with new or renewed loans



32 Entrepreneurs served by sector

Entrepreneurs with new or renewed loans



As was to be expected, the entrepreneur profile served has varied a great deal during the pandemic. Grocery stores stand out as those gaining the most, against hospitality, which suffered the most. These impacts and activity rankings vary significantly between countries.



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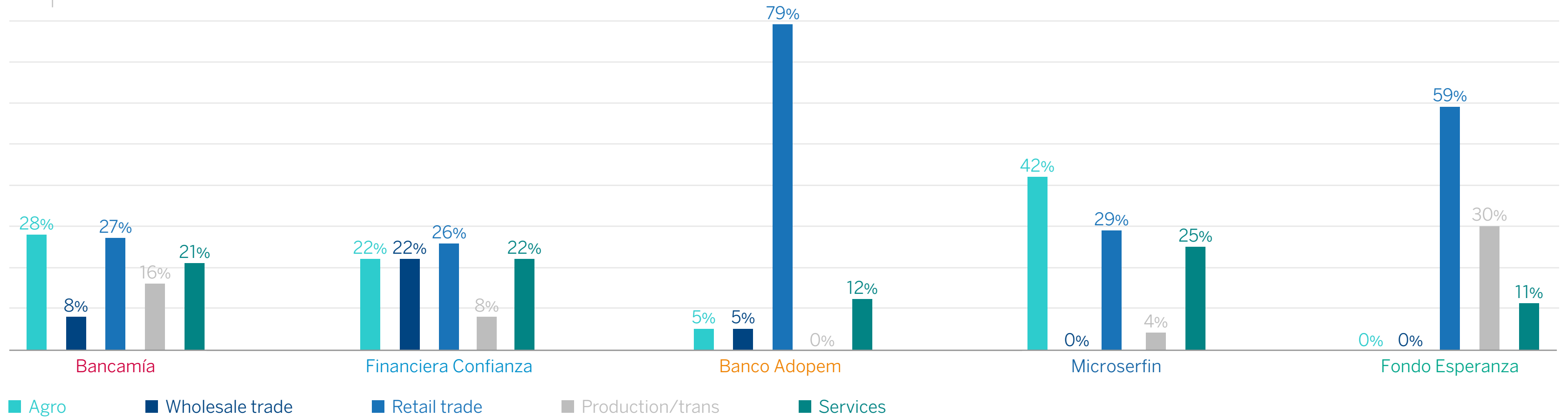
Environment

Displaced people & migrants

Customer service in 2020

33 Entrepreneurs served by sector, by country

Entrepreneurs with new or renewed loans



Reactivated profile

As was to be expected, the profile of those who have applied for a loan has changed a great deal since 2019. The most significant differences are:

- Steeper drop in loan applications in the retail trade sector. Although the grocery stores have recovered the most (accounting for 34% of loans in the trade sector in 2020), small textile stores (26%) haven't done so well. Instead, there has been growth in new stores with seasonal products (37%).
- Fewer requests for credit in the services sector. Here, the weighting of activities has altered, with less lending demand from beauty salons (14% in 2019 compared to 16% in 2020), while transport and catering have remained fairly stable (as discussed, the latter has reinvented itself with home deliveries).
- A drop in lending in production/transformation. This is mainly due to food manufacturing (affected by lower supply) and textile manufacturing. Together they account for 62% of this sector.
- There was a significant increase in the farming sector (including agriculture, livestock and mixed farming) and, to a lesser extent, wholesale trade. This final segment, led mainly by wholesale foodsales, accounts for 56% of the entire sector

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Customer service in 2020

Since the beginning of the pandemic, the demand for credit has been greater among entrepreneurs working in activities providing essential goods, particularly when they involve the food chain. Thus, sales of food and beverages, small kiosks and convenience stores, and the farming sector in general (livestock, cereals and mixed) have been the most active and the least impacted by the crisis. In this sector, with a more rural and masculine profile, few clients have been banked since 2019: just 10 thousand.

In comparison with the third quarter of the year, when most of the entrepreneurs applying for loans had stores selling essential goods or were working in farming, in December we noted greater diversification. As the situation began to normalize (4Q20), businesses reactivated and a specific profile recovered: retail trade, urban.

The differences by country were significant*:

Differences by country

Colombia

- Demand for credit has been highest in the farming sector (32% of disbursements to Dec 20 compared to 25% in Dec 19).
- The remaining sectors are slowly stabilizing, although to a lesser degree than in 2019.

Peru

- Wholesale trade (especially food) and the farming sector have taken a larger share. Nevertheless, since July we have recorded a swift reactivation in all sectors.

Dominican Republic

- Reactivation is slow because our entrepreneurs work in textiles and footwear (44% of all our clients). Grocery stores and wholesale food sales are driving the reactivation.
- The services sector, which accounted for 13% of all renewals in 2019, represented just 9% in December 2020.

Chile

- Driven by grocery stores and wholesale food sales.
- Chile is the country that perhaps has the widest range of traders. There is a degree of stability (e.g. sales of precious metalwork, artisanal products, others). These businesses also use digital tools more proactively than in other countries³⁸.

Panama

- Focus is predominantly on the farming sector, which accounts for nearly half of all loans in 2020 (47% in 2020 compared to 40% in 2019), followed by grocery stores (28% of the businesses reactivated in 2020).

* For more details, see country reports (only available in Spanish).

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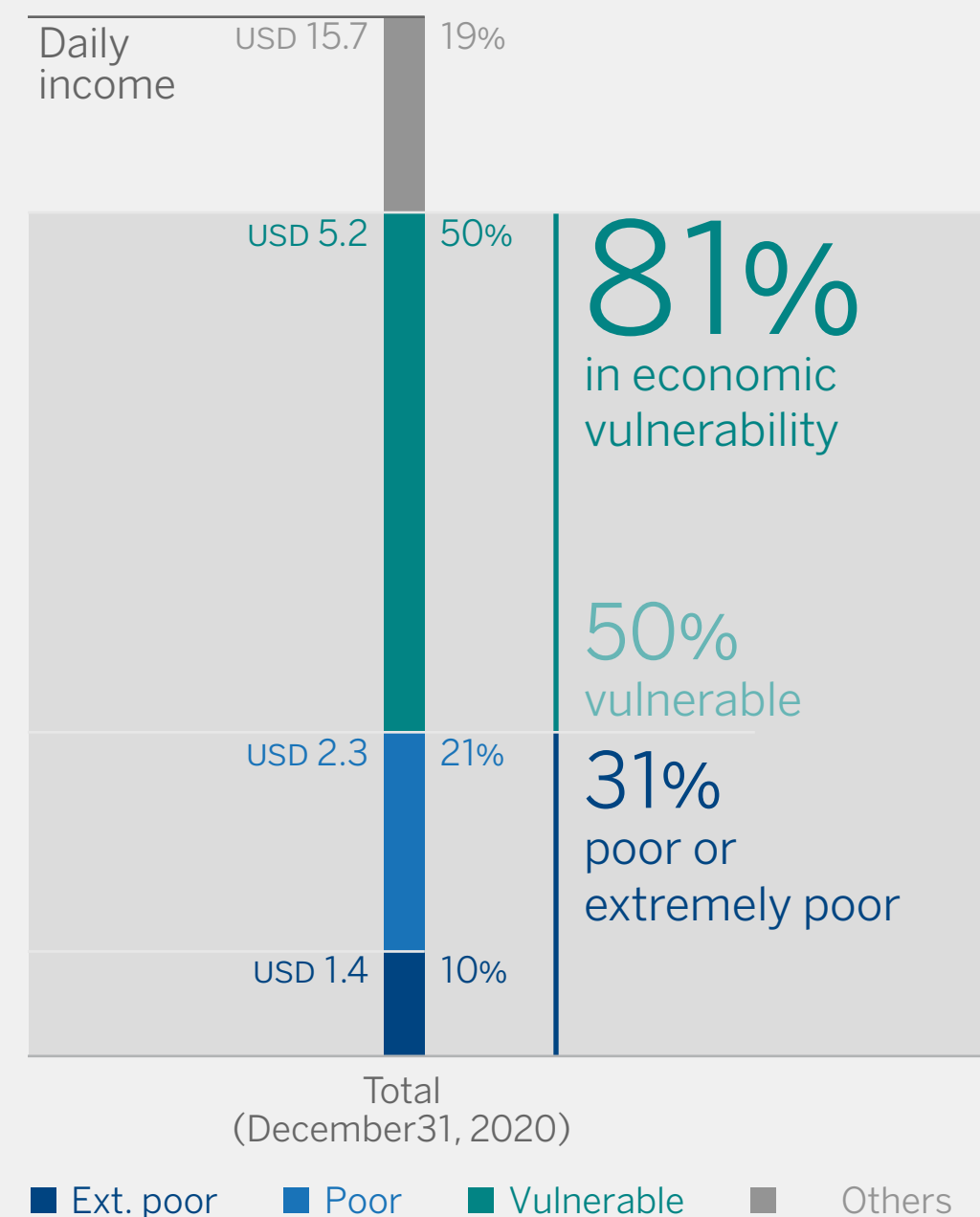
Growth in businesses served in 2020

We note a clear bias in the profile of credit entrepreneurs served: they predominantly work in sectors that have been less affected by the pandemic. In fact, surveys demonstrate that the entrepreneurs who apply for loans are those that find themselves in a relatively solid position.

That is why there has been positive growth in the financial volumes of the entrepreneurs served in 2020. Although their sales have grown at a slower rate (12% in 2020 compared to 18% in 2019), their surpluses have remained the same, at 18%. This better management of surpluses was an outcome of cost savings on the part of many entrepreneurs, especially in the services sector, where the gross margin had improved, rising from 53% in 2019 to 59% in 2020. This cost reduction may be due to alterations made to lifestyle, as has been seen in Kenya, where a study has found that non-essential expenses such as travel and entertainment have been reduced³⁹.

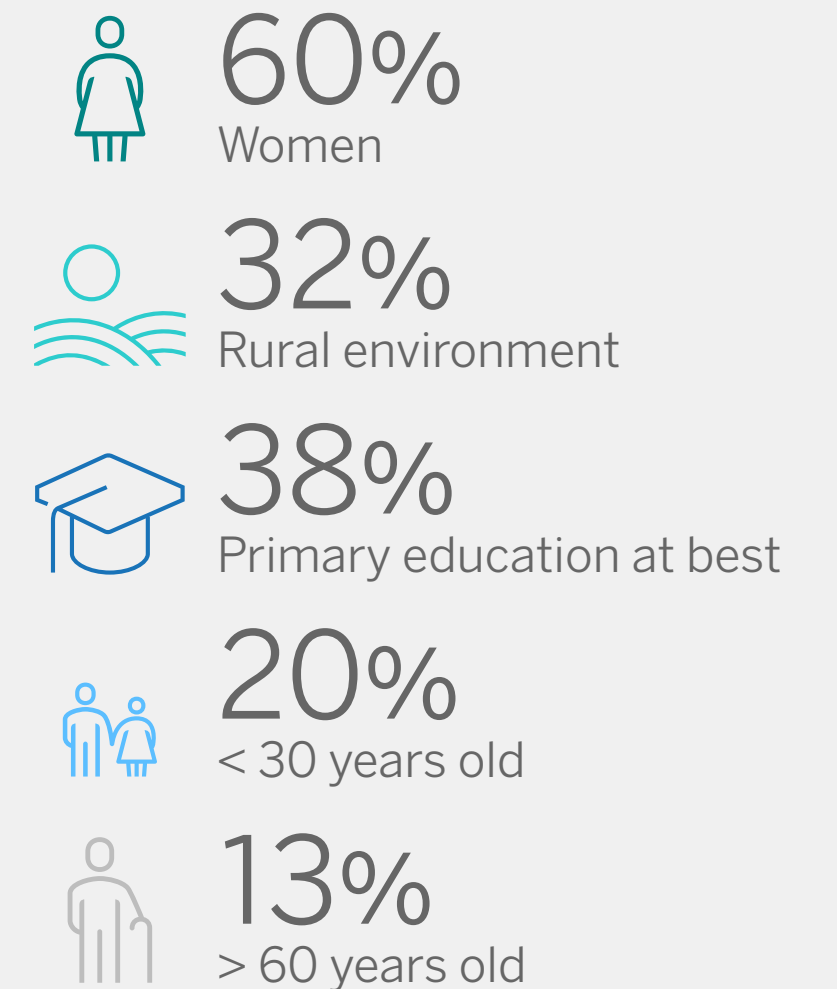
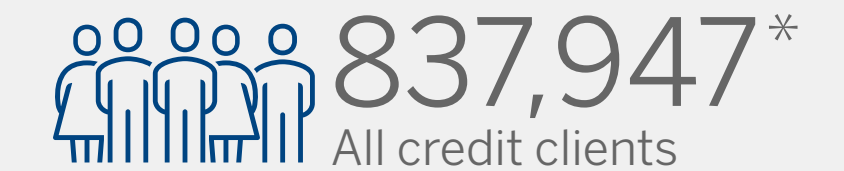
34 Economic vulnerability

All credit clients



35 Social vulnerability

All credit clients



The numbers in the economic vulnerability profile rose slightly at the beginning of the pandemic since farming entrepreneurs generate low incomes. However, as traders returned to their activities (grocery stores and others, with higher incomes), the effect has been offset, so that by the end of the year the profile was similar to the previous year: 81% of all clients were in a situation of economic vulnerability (compared to 82% in 2019).

* Current clients at 12.31.20

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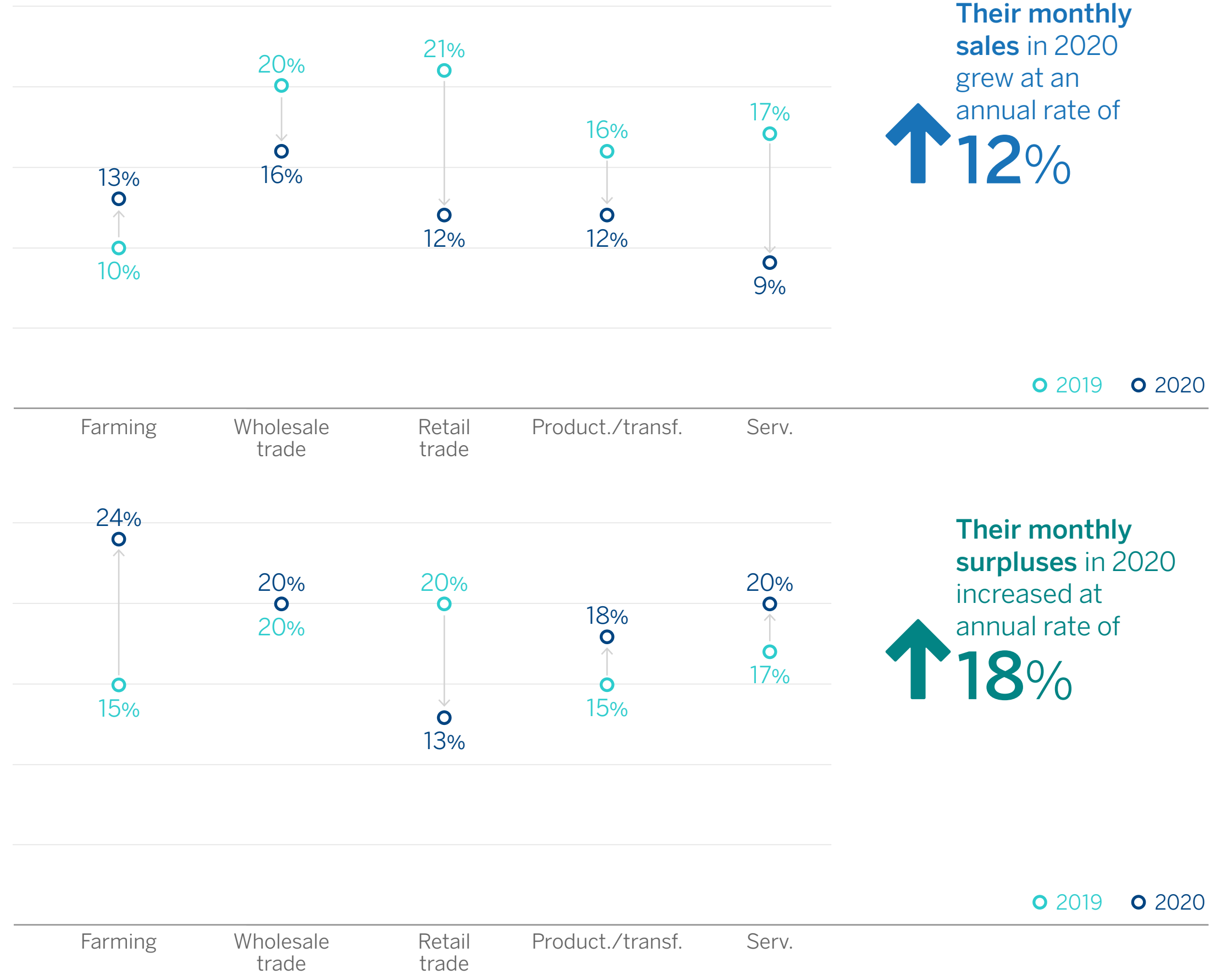
Entrepreneurs served in 2020 have thus posted excellent results. Sales have grown positively in all countries, although at a slower rate than in 2019. In Peru and Dominican Republic this trend holds in terms of surpluses. By contrast, in Colombia, surpluses across the board have grown above 2019's historical performance, reflecting a significant cost saving capacity. The farming sectors in Colombia and Peru meanwhile, have both enjoyed significant growth in surpluses (+20%).

We also note that in Colombia⁴⁰ they have increased their assets, although at a slower rate than in 2019 and that, because of the amounts involved, we understand that this is management of working capital, i.e. management of stock/liquidity.

We should point out that this information is biased, since the renewals are for clients with businesses that are operating and have payment capacity; those whose sales have dropped or who have closed their businesses are not represented

36 Growth in sales/surpluses

↳ Credit clients with renewals in 2020 and 2019



↑ 12%
 Their monthly sales in 2020 grew at an annual rate of

↑ 18%
 Their monthly surpluses in 2020 increased at annual rate of

Impact on entrepreneurs

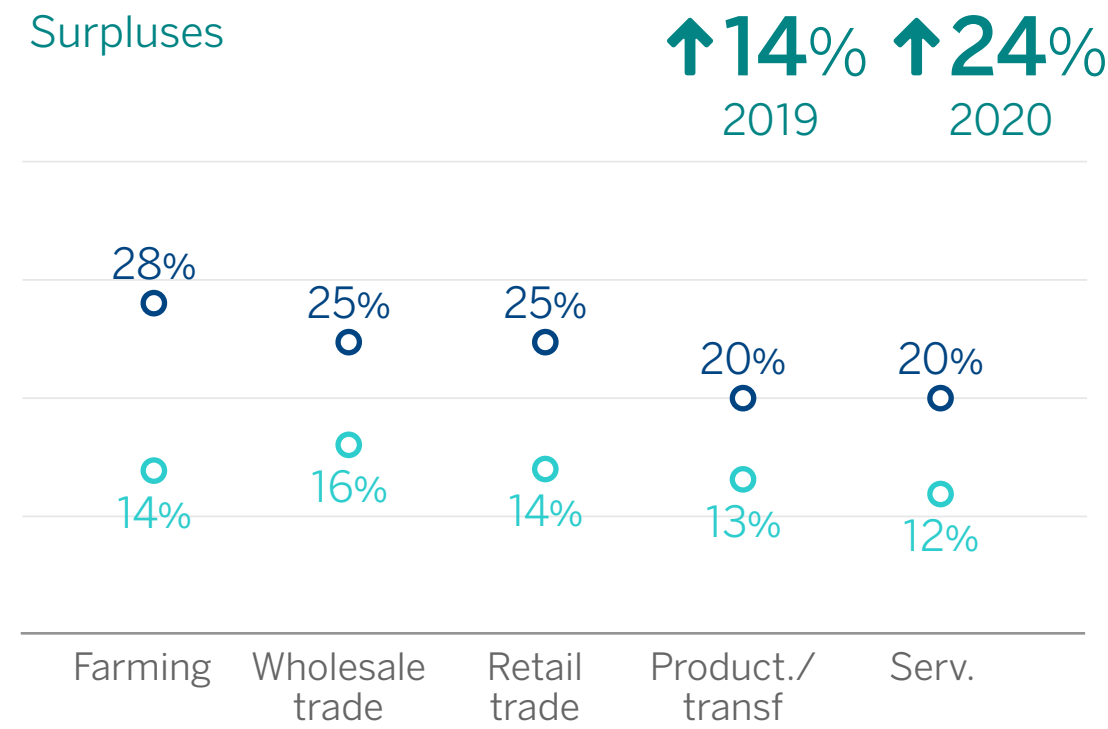
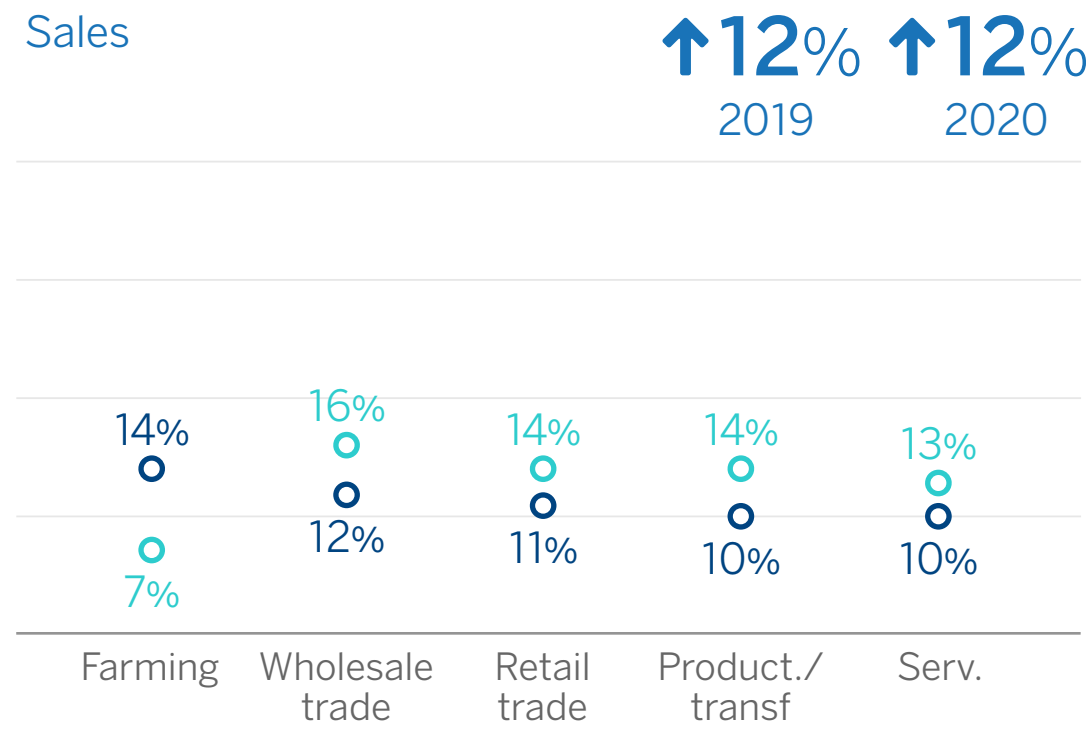
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37a Growth in financial volumes, by country

↖ Credit clients with renewals in 2020 and 2019

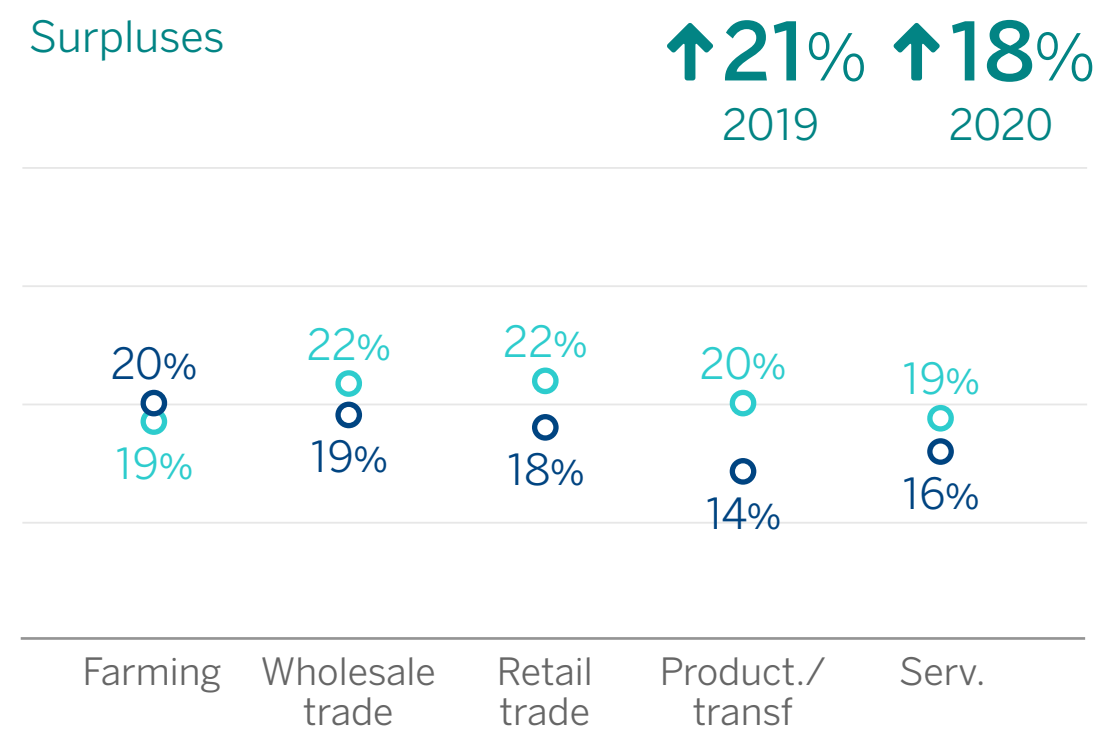
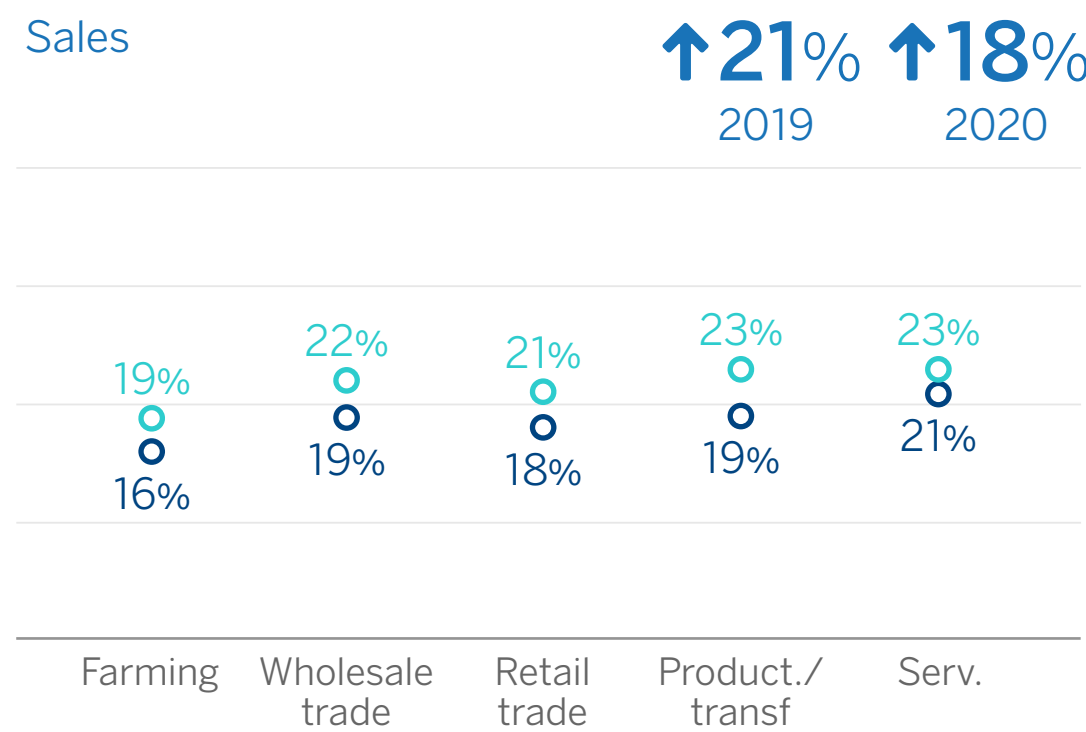
Colombia



In Colombia, most entrepreneurs who renewed were those who had suffered least from the crisis, notably the farming sector. Furthermore, entrepreneurs have demonstrated great capacity to adjust their costs, shown in higher growth of surpluses than sales.



Peru



In Peru, unlike Colombia, business reactivation has been diverse and swift, and this is reflected in its rate of growth: 18% in sales and surpluses. The growth in surpluses was bigger in 2020 than in 2019, although not in sales. The farming sector stands out, with high growth rates compared to 2019. The country is a true picture of Peruvian entrepreneurial spirit and of the great diversity in the sectors served.



Impact on entrepreneurs

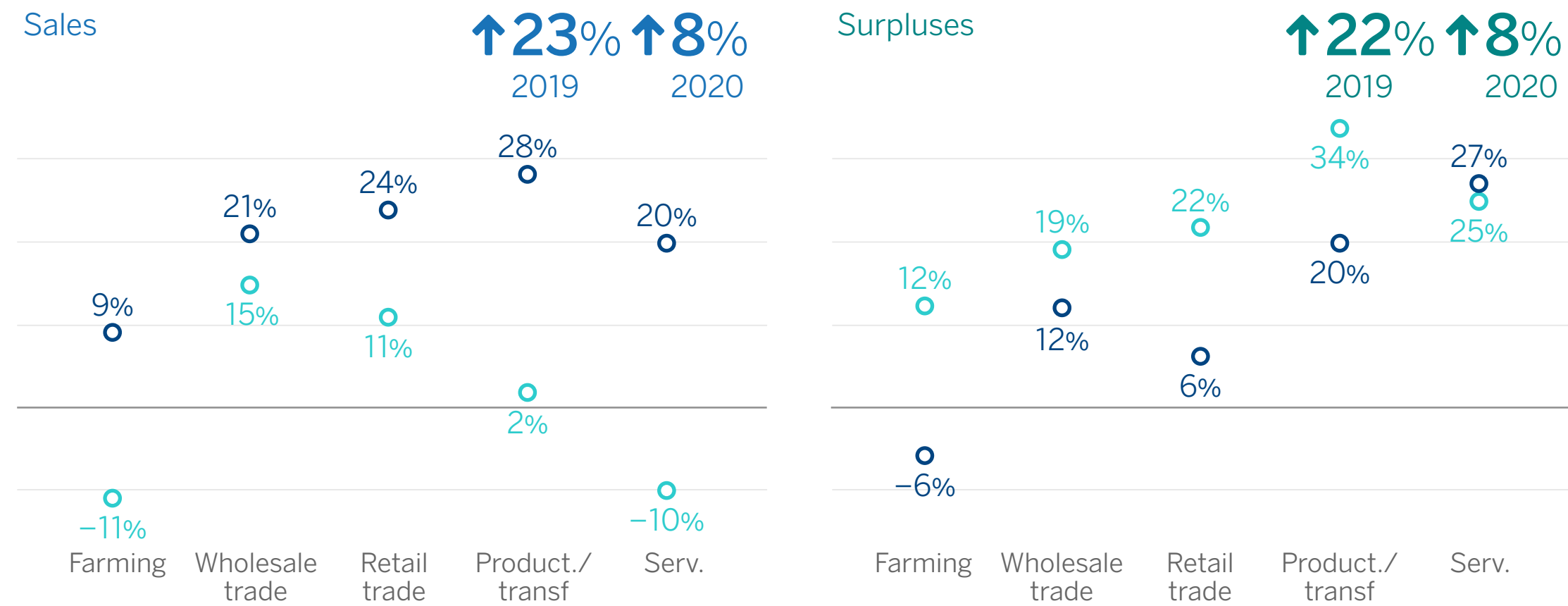
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Customer service in 2020

37b Growth in financial volumes, by country (cont.)

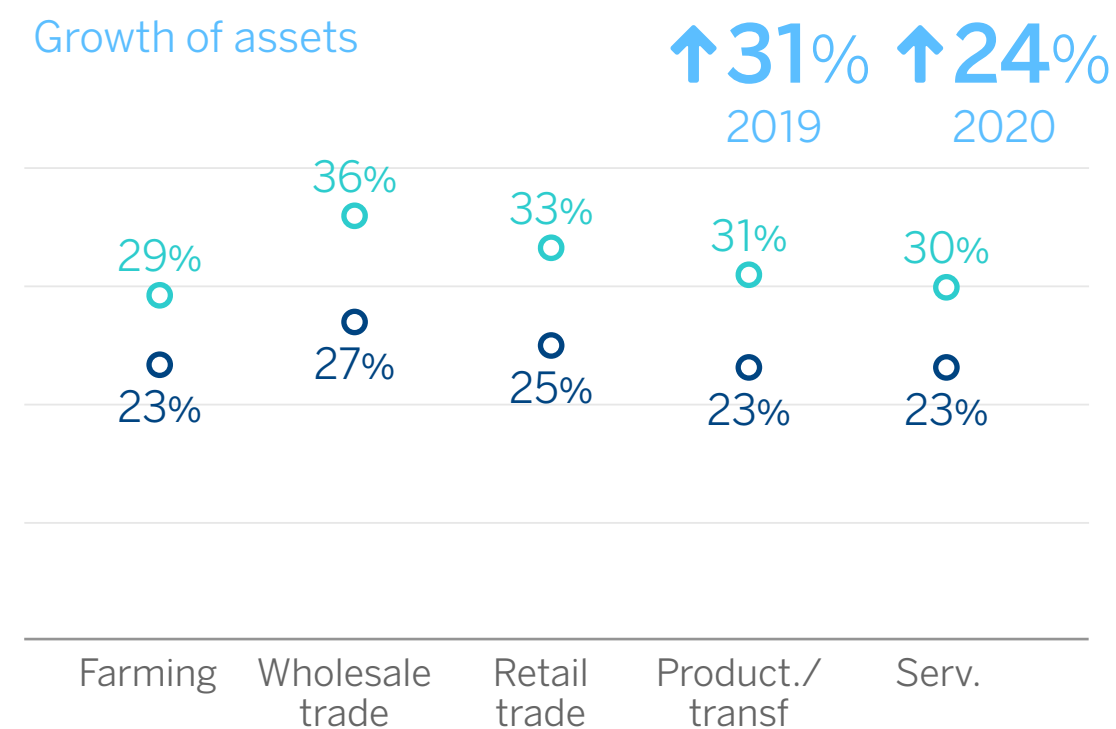
↳ Credit clients with renewals in 2020 and 2019

Dominican Republic



Dominican Republic – where over 80% of entrepreneurs are tradespeople and 44% work in the textile industry – has been harder hit. Thus, sales and surpluses report setbacks in business growth rates over 2019.

Colombia



For more performance information on Colombia, see our [Bancamía report](#); for Peru, the [Financiera Confianza report](#); for Dominican Republic, [our Banco Adopem report](#) (all in Spanish).

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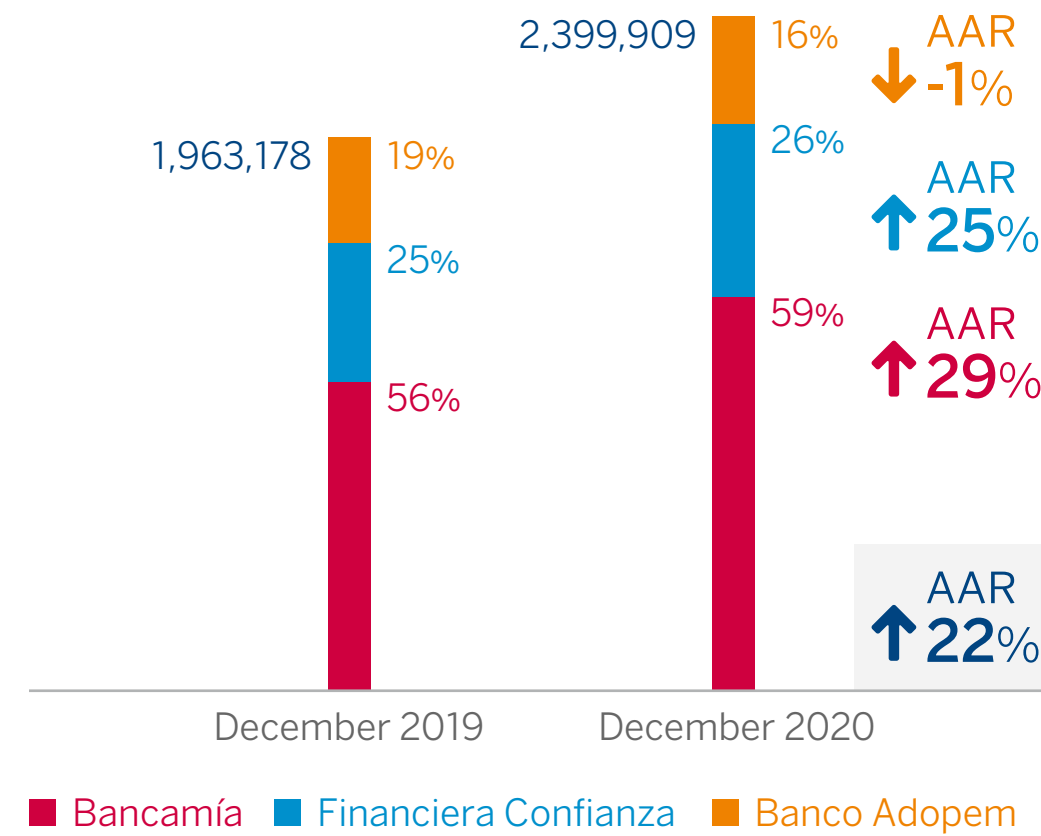
Savings, concentrated on new depositors

The number of savings clients has increased in all countries (+22%) from 2019, and have centered on non-vulnerable clients, reflecting the solidity and reputation of BBVAMF institutions. Clients' strategies have differed from country to country:

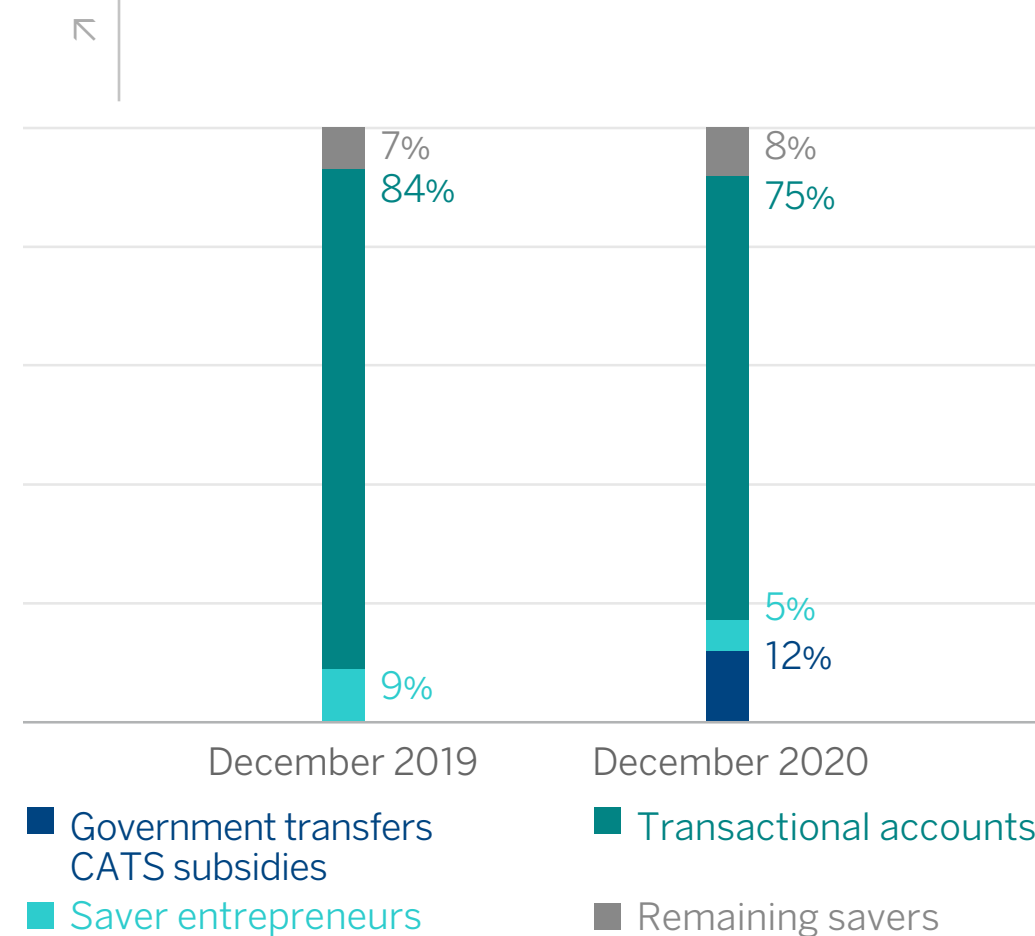
- In Bancamía, Colombia, the growth driver are new depositors. 28% of the balance on December 31, 2020 had been deposited by new clients, and 98% of these new deposits belongs to clients who do not have loans with us, principally clients with term deposits (TD) (76%). The balance of clients who have banked with us for longer has risen by 12%, making a decisive contribution to the 19% growth in the balance held for credit-only clients with TD (66% of the balance held for longer-term customers).
- In Financiera Confianza, Peru, growth comes from new depositors, where government transfers account for 20% of the total sum.
- In Banco Adopem, Dominican Republic, both new and longer-term depositors are the drivers of growth. 6% of the balance to December 31 comes from new depositors, and 5% is held for saver-only clients. The largest growth comes from the longer-term client segment, with a stand-out contribution made by credit clients, which has expanded by 13%.

38 Savings clients, changes

↳ Clients with a savings product of some kind



39 Breakdown of savings clients



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Serving basic needs and improving resilience

BBVAMF institutions have developed initiatives that encompass housing, sanitation, education and green loans. By the end of December 2020, 58 thousand clients had received a product that met their basic housing and/or educational needs, for a total value of USD 46 million.

Backing integrated development



The pandemic created the need to serve vulnerable households' increasingly varied requirements, recognizing the multidimensional nature of their welfare

Multidimensional initiatives

Employment

171,883 people hired
-18% vs. 2019
of our clients take on
at least one employeeo



Displaced people

Migrants & refugees
Total clients at December 31, 2020 in Colombia & Panama
44,144
USD 70,144,398



Women's empowerment

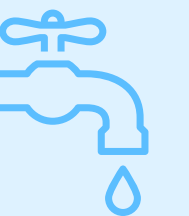


Issuance of Commercial Paper
with the IFC (World Bank)
Chile
USD 25,000,000

Gender lending
EIB (European Invst. Bank)
Dominican Rep.
USD 8,300,000

Social Gender Bonds arranged
by BBVA
Colombia
USD 54,000,000

Housing upgrades & sanitation



Housing upgrades
Colombia, Panama,
Dominican Rep. y Panama
40,443
USD 25,249,867

Sanitation
& water
Peru
8,093
USD 19,281,224

Green products



Farming & parametric
insurance
Colombia
4,475

Green loans
MeBA program
Colombia y Rep. Dominicana
2,023
USD 1,382,157

Health



Healthcare insurance
& medical assistance
Colombia, Peru, Panama & Chile
82,069

Education



Scholarship
Program
children of
entrepreneurs
With BBVA Colombia

Educational loans
for children
Colombia, Peru & Dominican Rep.
2,993
USD 713,897

Training
401,648 people
-41% vs 2019

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Housing

40,443 clients
USD 25 million outstanding amount

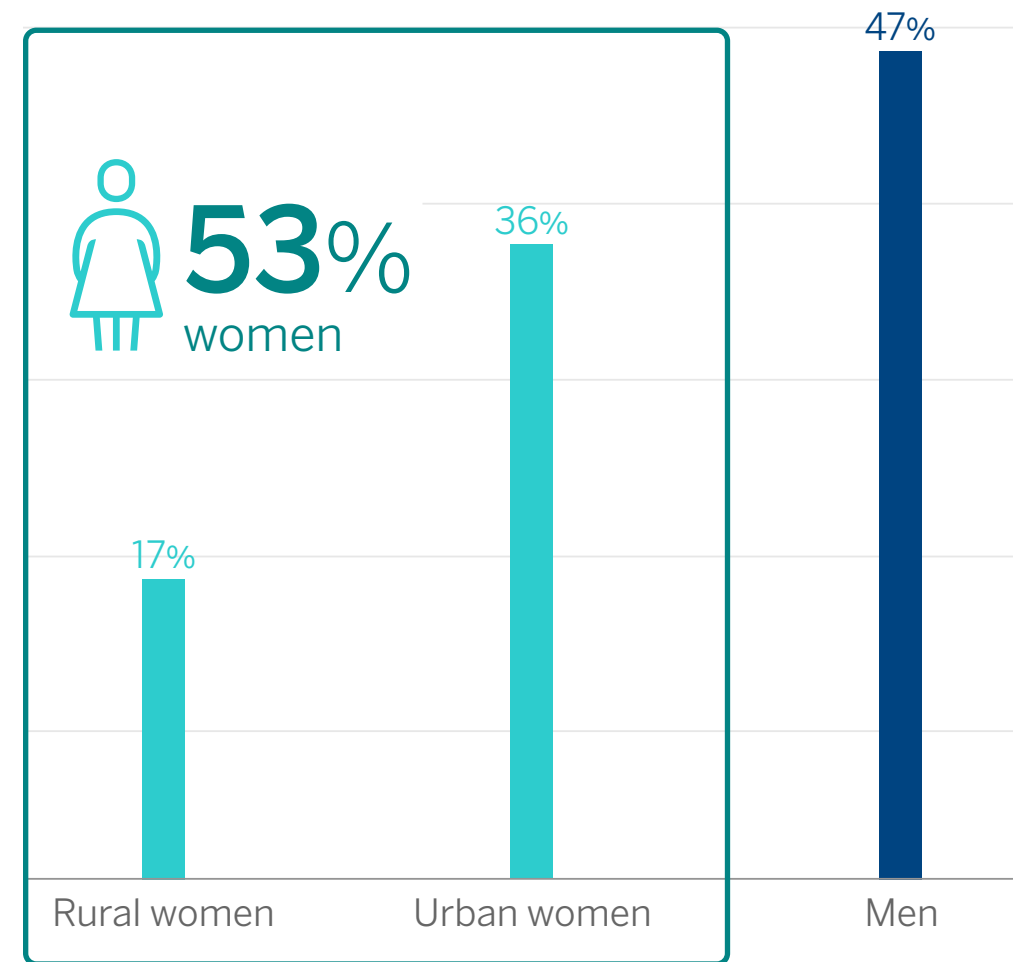
These loans have the principal aim of financing housing upgrades, whether access to running water or sanitation, and better housing materials.

Clients are mainly urban women working in the services sector or small-scale trade, such as grocery stores, textiles (retail) and hospitality. Many of them are responsible for large households with more than 3 members and in many cases need to work from home in order to strike a balance between making a living and bringing up their children and looking after the home.

These clients tend to be people with lower economic vulnerability, who use these loans to deal with new poverty dimensions, such as their home (multidimensional poverty), and thus to building a better future for themselves (67% of clients consider themselves economically vulnerable).

40 Products for home improvements

All credit clients



Sanitation

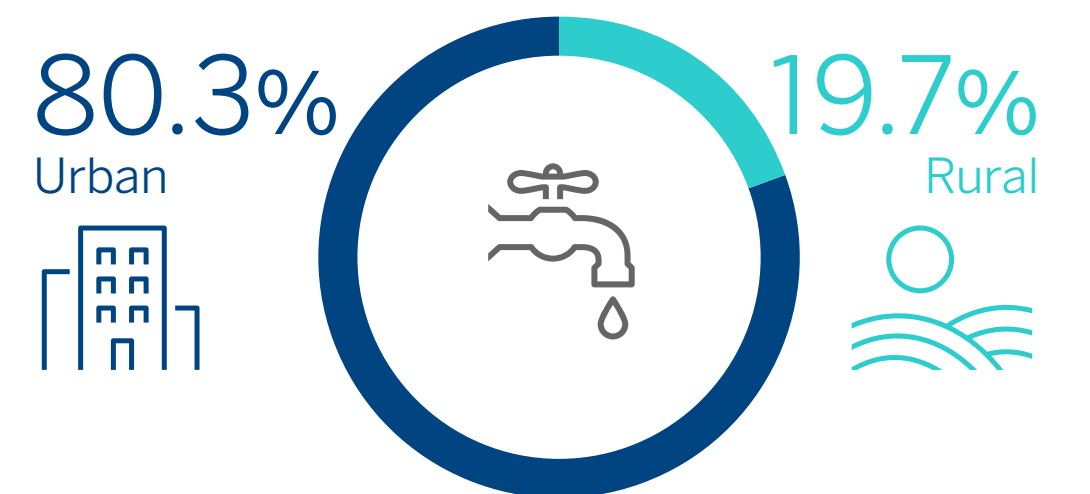
8,093 clients
USD 19 million outstanding amount

This initiative⁴¹, one of the housing programs, is being run in Peru by Water.org, a partnership to ensure that the most vulnerable entrepreneurs have housing that is more sanitary and safer, since they are currently living in badly built homes made of adobe or brushwood.

Most clients live in urban areas. 80% have deficient access to water and sanitation. These loans enable them to finance access to clean water and drainage, which help to reduce health risks.

41 Sanitation

All credit clients



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Education

2,993 clients
USD 0.7 million outstanding amount

Educational products are lines of credit to finance entrepreneurs' own education or that of their children and/or family members. They are mainly designed to pay matriculation, board and lodging or other tertiary education fees to encourage the uptake of higher education and vocational training, such as diplomas, technical programs, university courses and language learning. This product is available mainly in Peru and clients are mostly urban (80%) and/or women working in service-related enterprises or small-scale trade (69% of the total).

The client profile is noticeably younger (54%) and has a higher level of education: 80% have higher than primary education, thus breaking the circle of future exclusion.

Respect for the environment

Green loans: **2,023** clients
USD 1.3 million outstanding amount

BBVAMF has signed several partnership agreements with UN Environment (MEbA) and local institutions in support of sustainability strategies so that entrepreneurs adopt environmentally responsible measures that protect natural resources.

Programs are underway in Colombia and Dominican Republic providing lines of green credit for farming clients. The purpose is to enable them to finance the purchase of environmentally efficient technologies that reduce energy consumption and increase their business productivity, such as water pumps for irrigation, energy-efficient ovens and stoves, and refrigeration and illumination systems, among others. They may also finance climate-change mitigation adaptation measures, such as soil regeneration, organic farming and solar energy systems.

Most clients are men living in rural areas, generally with low levels of formal education, with 60% of these having primary education at best. On average they get by on monthly incomes of USD 367 (or USD 4 a day for each family member), and 85% are in economic vulnerability.

Migrants, displaced persons and post-conflict areas

Loans: **44,110** clients
USD 70 million outstanding amount

A number of support programs for migrants and displaced persons, targeting areas that suffered most from armed conflict, have been opened through the Foundation's institutions, thus contributing to these groups' economic and social development and to curing their longterm scars.

These initiatives have principally served women (57%), in high economic vulnerability (87%).

Likewise, many of these people have benefited from educational modules, adapted to their needs as entrepreneurs, especially bearing in mind that 4 out of 10 have primary education at best.

These clients have an average monthly surplus of USD 501, while a 3-person household has an income of USD 158, which works out as USD 5.3 per person, per day.

Helping those who most need it

 **44,144**
Displaced persons & refugees
 Colombia, Panama & Dominican Rep.
USD 70,144,398

BBVAMF. Aggregate data

Data as of December 31, 2020

Exchange rate at December 31, 2020

COP/USD	PEN/USD	DOP/USD	PAB/USD	CLP/USD	CLP/USD
3,432.496	3.624	58.184	1.000	710.950	710.950

Activity summary	BBVAMF Group	Bancamía	Financiera Confianza	Banco Adopem	Microserfin	Fondo Esperanza	Emprende Microfinanzas
Financial data							
Gross loan portfolio (USD)	1,202,427,884	430,724,924	572,528,825	107,254,702	23,620,461	58,327,032	9,971,940
Amount disbursed in 2020 (USD)	1,054,995,676	259,753,825	562,771,460	94,115,999	8,323,828	124,969,956	5,060,607
Number of disbursements in 2020	764,669	187,898	287,471	105,149	5,225	176,989	1,937
Average disbursement in 2020 (USD)	1,380	1,382	1,958	895	1,593	706	2,613
Deposits & others (USD)	635,431,531	194,965,263	373,824,965	66,641,303	—	—	—
Operating data							
Nº of employees	7,609	3,195	2,302	1,280	216	544	72
Nº of offices	583	212	203	70	27	56	15
People receiving financial education	401,648	248,809	49,808	56,708	5,988	40,335	—

Our clients	BBVAMF Group	Bancamía	Financiera Confianza	Banco Adopem	Microserfin	Fondo Esperanza	Emprende Microfinanzas
Total clients	2,612,144	1,422,185	683,166	381,746	14,468	106,583	3,996
Number of credit clients	837,947	295,908	253,489	163,503	14,468	106,583	3,996
As a % of all BBVAMF Group credit clients	—	35%	30%	19%	2%	13%	1%
Number of savings clients	2,399,909	1,409,287	616,448	374,174	—	—	—
As a % of all BBVAMF Group savings clients	—	58.7%	25.7%	15.6%	—	—	—

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Our credit clients	BBVAMF Group	Bancamía	Financiera Confianza	Banco Adopem	Microserfin	Fondo Esperanza	Emprende Microfinanzas
New clients	139,561	32,557	78,267	10,263	1,574	16,900	—
Vulnerability of credit clients (% clients)							
Extremely poor	15.4%	8.9%	14.1%	4.7%	3.1%	40.7%	—
Poor	24.9%	34.9%	21.4%	24.7%	19.4%	19.5%	—
Vulnerable	43.8%	46.5%	42.5%	58.2%	62.8%	33.3%	—
Total vulnerability	84.1%	90.3%	78.1%	87.5%	85.3%	93.5%	—
Others	15.9%	9.7%	21.9%	12.5%	14.7%	6.5%	—
Rural	27.6%	44.2%	22.3%	39.5%	46.7%	11.2%	—
Women	58.1%	50.9%	58.4%	59.2%	43.3%	71.3%	—
Women's profile							
Poor	46.3%	48.6%	40.5%	30.8%	28.7%	67.2%	—
Total vulnerability	87.9%	92.5%	82.4%	89.0%	92.6%	95.8%	—
Primary education at best	23.2%	30.6%	11.1%	50.8%	21.7%	20.9%	—
Rural	22.4%	37.2%	17.6%	38.1%	36.7%	11.5%	—
Net monthly p.c. income (USD)	—	—	—	—	—	—	—
With primary education, at best	25.3%	34.5%	11.2%	53.1%	26.9%	21.1%	—
Young (< 30 years old)	38.4%	28.1%	43.2%	48.6%	20.8%	30.9%	—
Old (> 60 years old)	5.9%	9.7%	4.6%	3.6%	7.4%	5.9%	—
Economic sector (% credit clients)							
Agriculture	18.8%	32.7%	18.5%	3.4%	32.9%	0.7%	—
Production/transformation	11.7%	13.7%	8.7%	0.2%	2.0%	29.9%	—
Retail trade	31.6%	25.5%	22.9%	78.7%	37.7%	55.3%	—
Wholesale trade	18.0%	9.7%	27.4%	4.7%	0.4%	—	—
Services	19.9%	18.4%	22.5%	13.0%	26.9%	14.2%	—
Average monthly sales (USD)	1,138	1,065	1,243	980	1,310	956	—
Average assets (USD)	190	133	212	158	243	226	—



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Our credit clients	BBVAMF Group	Bancamía	Financiera Confianza	Banco Adopem	Microserfin	Fondo Esperanza	Emprende Microfinanzas
Total clients							
Vulnerability level of credit clients (% clients)							
Extremely poor	9.8%	4.8%	11.5%	2.7%	3.3%	35.9%	—
Poor	21.0%	27.0%	17.7%	16.6%	15.6%	17.7%	—
Vulnerable	49.9%	52.0%	42.9%	61.3%	62.9%	37.3%	—
Total vulnerability	80.7%	83.7%	72.1%	80.6%	81.7%	90.9%	—
Others	19.3%	16.3%	27.9%	19.4%	18.3%	9.1%	—
Rural	32.0%	43.6%	20.4%	41.2%	44.1%	11.0%	—
Woman	59.7%	54.0%	54.2%	66.5%	42.6%	80.4%	—
Women's profile							
Total vulnerability	84.2%	87.1%	75.5%	82.0%	85.3%	93.3%	—
Primary education at best	36.1%	43.7%	15.5%	45.3%	26.7%	31.9%	—
Rural	26.4%	35.5%	15.9%	37.5%	35.4%	11.1%	—
With primary education, at best	37.6%	46.9%	15.7%	47.9%	31.7%	31.2%	—
Young (< 30 years old)	19.7%	13.0%	27.6%	24.0%	10.2%	13.9%	—
Old (> 60 years old)	12.9%	17.9%	8.8%	10.0%	14.9%	12.9%	—
Economic sector (% credit clients)							
Agriculture	19.1%	30.2%	22.1%	4.7%	34.7%	0.5%	—
Production/transformation	11.8%	14.9%	8.8%	0.2%	5.3%	29.4%	—
Retail trade	40.2%	26.3%	25.0%	78.0%	31.4%	58.8%	—
Wholesale trade	10.7%	7.9%	22.4%	5.2%	0.5%	—	—
Services	18.3%	20.7%	21.8%	11.9%	28.2%	11.3%	—
P&L - Margins over sales							
Cost	57.0%	58.4%	58.3%	61.2%	43.3%	43.3%	—
Income	43.4%	41.7%	41.7%	40.5%	57.0%	56.8%	—



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Credit clients' performance	BBVAMF Group	Bancamía	Financiera Confianza	Banco Adopem	Microserfin	Fondo Esperanza	Emprende Microfinanzas
Cohort performance							
Monthly sales growth (avg. CAGR)*	12.0%	12.0%	18.0%	8.0%	—	—	—
Monthly net income growth (avg. CAGR)*	18.0%	24.0%	18.0%	8.0%	—	—	—
Asset growth (avg. CAGR)*	24.0%	24.0%	—	—	—	—	—

Our relationships**New credit clients**

Average disbursement of new credit clients (USD)	838	822	1,009	357	1,089	345	—
Average installment as % of sales of credit clients (%)	10%	8%	11%	5%	8%	14%	—

Revolving clients

Average retention of credit clients							
After first year	65.4%	78.4%	57.5%	74.0%	75.2%	45.3%	—
After second year	42.1%	49.8%	34.7%	56.3%	43.2%	30.8%	—
After third year	29.7%	34.4%	24.0%	42.2%	30.7%	24.2%	—
Average recurrence of credit clients							
Cycle 2	50%	46%	49.2%	56.7%	39%	59%	—
Cycle 3	29%	24%	28.5%	34.5%	17%	40%	—
Cycle 4	17%	13%	17.3%	20.0%	7%	28%	—

* Disbursements in 2020 to clients who have renewed at least once, compared against the latest information on their sales, surpluses and assets. CAGR (new methodology).



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Information limitations

Information limitations

Comments

Difficulty in collecting information.

It was impossible to pay visits to clients during 2020 because of the mobility restrictions, making it more difficult to collect information, which generated a bias that we estimate to be less than 15%. Information we believe to be unreliable (e.g. on assets) has not been presented.

Lack of information on certain variables.

There are certain variables for which some client information is not available.

Where there are gaps in a given client's data, that client's data has not been used and thus not included in the samples analyzed.

Positive bias. Clients' tendency to present a more favorable view of their microenterprise's performance.

BBVAMF methodology works on the premise that the data is gathered by an agent/loan officer with an informed understanding of the client's circumstances, who will therefore only report data viewed as credible.

Process limitations. Information gathering is essentially from loan processes; normally data are collected when the client acquires a new product or renews their loan (information is stored in each MFI's core banking system).

There are limitations in the data capture process, such as the difficulty of valuing the business, input errors, incorrectly interpreting the variable, lack of time, etc. For group lending this limitation may be greater. As far as possible, when we have found the data to be less robust, it has not been presented.

Heterogeneous databases and different criteria. Indicators are based on the faithful interpretation of each microfinance institution's (MFI) criteria and those of its agents/officers. In a very few cases, there are variables with definitions or nuances at a local level or variables that are only collected in certain countries.

- Assets and sales indicators, in particular, are based on the in-depth understanding of each MFI's criteria and that of its agents. Criteria applied to value assets, liabilities, etc may differ slightly between institutions.
- Social variables (e.g. state of housing, educational level, capacity to access other income for the household, etc) are not collated in all the institutions or collated differently. BBVAMF has adapted to the information available from each institution and each country's requirements.

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Notes on methodology | Surveys

Around 17 thousand surveys were conducted, in two rounds, with entrepreneurs in Colombia (Bancamía - BA), Peru (Financiera Confianza - FC), Dominican Republic (Banco Adopem - AD), Panama (Microserfin - MS) and Chile (Fondo Esperanza - FE).

Impact survey

	Colombia Bancamía (BA)	Peru Financiera Confianza (FC)	Dominican Republic Banco Adopem (AD)	Panama Microserfin (MS)	Chile Fondo Esperanza (FE)
Sample. Selection criteria	Quota sampling & simple random sampling inside the quotas	Simple sampling without replacements – MSE clients nationally (spread over territories)	Representative sample by areas & activity	Size of population – total portfolio	Sample calculation nationally, with proportional assignment by geographical area
Confidence level	95%	99%	95%	95%	95%
Margin of error	3.2%	4%	4%	5%	6%
N° of people surveyed	914	3,118	999	143	297
Response ratio	49%	79%	45%–21%	30%	90%
Data survey launched	May 2020	July 2020	July 2020	June 2020	July 2020
How survey was conducted	Google Forms/ Internal call center	Google Forms/ Officers	Internal call center	Google Forms/ External call center	Mailing/self-reported
Monitoring & quality controls	<ul style="list-style-type: none"> • Daily monitoring • Monitoring of recordings • Feedback sessions with agents 	<ul style="list-style-type: none"> • Progress monitoring • Data quality control of surveys conducted 	<ul style="list-style-type: none"> • Daily monitoring of the number of replies • Quality control when the survey is complete, making corrections where possible; verification of additional comments made by clients about their diverse circumstances 	<ul style="list-style-type: none"> • Daily monitoring of the number of surveys carried out • Constant communication with the call center agent to corroborate the status of our clients' phone lines, annexing client list to offset the sample shortfall 	<ul style="list-style-type: none"> • Daily monitoring of the number of replies • Quality control when the survey is complete, making corrections where possible (validation of identity card n°, for matching against FE's internal data base)



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Recovery survey

	Colombia Bancamía (BA)	Peru Financiera Confianza (FC)	Dominican Republic Banco Adopem (AD)	Panama Microserfin (MS)	Chile Fondo Esperanza (FE)
Sample. Selection criteria	Random by office. Performing clients, validated as representative of the portfolio. A minimum of representation from key sectors.			Stratified sampling by farming, trade, services	Random sampling by activity and region
Confidence level	99%	99%	99%	99%	99%
Margin of error	3%	3%	4%	4%	4%
N° of people surveyed	4,434	4,683	1,005	546	500
Response ratio	56%	94%	68%–22%	50%	46%
Data survey launched	November 2020	November 2020	November 2020	December 2020	January 2021
How survey was conducted	Officers	Officers	Call center	Officers	Call center
Monitoring & quality controls	<ul style="list-style-type: none"> • Daily monitoring • Monitoring of recordings • Feedback sessions with agents 	<ul style="list-style-type: none"> • Progress monitoring • Data quality control of surveys conducted 	<ul style="list-style-type: none"> • Daily monitoring of the number of responses • Quality control when the survey is complete, making corrections where possible; verification of additional comments made by clients about their diverse circumstances 	<ul style="list-style-type: none"> • Daily monitoring of the number of surveys carried out • Constant communication with the call center agent to corroborate the status of our clients' phone lines, annexing client list to offset the sample shortfall 	<ul style="list-style-type: none"> • Daily monitoring of the number of responses • Quality control when the survey is complete, making corrections where possible (validation of identity card n°, for matching against FE's internal data base)



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Methodological explanations of the variables and indicators chosen

Variables chosen for consideration

Variable	Comments												
New credit clients	New clients are defined as those who have had a loan with the Group at some point during the year and had not previously had a loan with any BBVAMF Group institution.												
Urban/rural environment	The 'environment' variable is defined by each institution as follows: <table border="1"> <tbody> <tr> <td>Bancamía</td> <td>The client's business address (street, highway, etc).</td> </tr> <tr> <td>Financiera Confianza</td> <td>The client's address; in a given district all clients are classified as being in the same "environment", according to their classification by the National Statistics Institute (INEI). If the rural proportion of the district is over 50%, according to the INEI, the entire district is classified as rural.</td> </tr> <tr> <td>Banco Adopem</td> <td>Assigned according to the % of rural/urban land in the province where the bank office is located, according to the National Statistics Organization. All clients in the branch office are classified in the same category as the branch.</td> </tr> <tr> <td>Microserfin</td> <td>The client's address determines the environment, according to the parameters of the province and the district.</td> </tr> <tr> <td>Fondo Esperanza</td> <td>Assigned according to the % of rural/urban land in the commune where the client lives, according to the Chilean Statistics Organization (2017 census). All clients in the branch office are classified in the same category as the branch.</td> </tr> <tr> <td>Emprende Microfinanzas</td> <td>There is no individual (by client) environment indicator. Clients are grouped by commune and a rural percentage for each area is assigned according to the Chilean Statistics Organization (2017 census).</td> </tr> </tbody> </table>	Bancamía	The client's business address (street, highway, etc).	Financiera Confianza	The client's address; in a given district all clients are classified as being in the same "environment", according to their classification by the National Statistics Institute (INEI). If the rural proportion of the district is over 50%, according to the INEI, the entire district is classified as rural.	Banco Adopem	Assigned according to the % of rural/urban land in the province where the bank office is located, according to the National Statistics Organization. All clients in the branch office are classified in the same category as the branch.	Microserfin	The client's address determines the environment, according to the parameters of the province and the district.	Fondo Esperanza	Assigned according to the % of rural/urban land in the commune where the client lives, according to the Chilean Statistics Organization (2017 census). All clients in the branch office are classified in the same category as the branch.	Emprende Microfinanzas	There is no individual (by client) environment indicator. Clients are grouped by commune and a rural percentage for each area is assigned according to the Chilean Statistics Organization (2017 census).
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Fondo Esperanza	Assigned according to the % of rural/urban land in the commune where the client lives, according to the Chilean Statistics Organization (2017 census). All clients in the branch office are classified in the same category as the branch.												
Emprende Microfinanzas	There is no individual (by client) environment indicator. Clients are grouped by commune and a rural percentage for each area is assigned according to the Chilean Statistics Organization (2017 census).												

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Methodological explanations of the variables and indicators chosen (cont.)

Variables chosen for consideration

Variable

Economic sectors

Data from financial statements (balance sheets and P&L)

Comments

Based on the United Nations International Standard Industrial Classification of all economic activities (version 4).

- **Agriculture:** agriculture, forestry, fishing, mining and quarrying.
- **Production/Transformation:** manufacturing; electricity, gas, steam, air conditioning supply; water supply, sewerage; waste management, remediation activities; construction.
- **Trade:** wholesale and retail trade (includes repair of motor vehicles and motorcycles).
- **Services:** Transportation and storage; accommodation and food service activities; information and communication; financial and insurance activities; real estate activities; professional, scientific and technical activities; administrative and support service activities; public administration and defense, compulsory social security; education; human health and social work activities; arts, entertainment and recreation; other services; activities of households as employers, households' non-differentiated goods- and services-producing activities for own use; activities of extraterritorial organizations and bodies.

Financial variables shown are those reported by clients at:

- The latest disbursement or update available, whatever the date, when the charts refer to renewing clients or current portfolio.
- The exceptions to this methodology are the performance charts (e.g. growth of average monthly sales), which require disbursements to have taken place in the previous 12 months.



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Variables chosen for consideration

Variable	Comments
Household size	Household members are defined as <i>the number of people living in the same home, whether they are family members or not, who have a shared food budget or share food costs.</i> Since July 2018, as a result of system changes and better checking, Microserfin has updated the value of this variable for clients who have renewed a loan, assigning a backdated value to the variable.

Selected indicators

Indicator	Comments
Dataset analyzed	The indicators measure clients with a productive unit (micro-enterprise), thus excluding loans to employees. Some clients earn wages from other jobs, generally temporary ones, as well as their productive unit. This type of client has been kept in the analysis, provided the change is temporary. Institutional clients and employees have been excluded from the indicators for savings clients. Financial health calculations have used all clients (not only credit clients) currently holding a product. Institutional clients are not included.
Financial variables	Financial variables shown are those reported by clients at: <ul style="list-style-type: none"> • Final: The last disbursement or update available when the charts refer to renewing clients or current portfolio. • Penultimate: When the metric is an evolving one, as in variations in sales or in surpluses.



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Methodological explanations of the variables and indicators chosen (cont.)

Selected indicators

Indicator**Monthly per capita surplus/net income****Comments**

The monthly per capita earnings figure is used as the measure of a client's disposable revenues. The surplus (business revenues, less direct and indirect business costs) is divided by the number of people in the household. If necessary, it is calculated by month. Other household income or costs are not included in the calculation for two main reasons:

- The aim is to show the impact of the enterprise on clients and their families, rather than revealing the entire household income from other sources.
- The information about the client is related to the loan and to the information pertinent for this transaction, so there is no control over the frequency or continuity of any other income unrelated to the microenterprise. Obtaining full documentary proof would be difficult to achieve.

Monthly net income is divided by the number of household members to understand its impact on the household as a whole. The household size is the number of people living in one place who share the food budget. It is a more stable figure than the number of dependents, which can vary over time.

Monthly net income is calculated from the situation immediately before granting the loan, so does not include the repayment outstanding on the installment.



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Methodological explanations of the variables and indicators chosen (cont.)

Selected indicators

Indicator

Economic vulnerability

Comments

Categories have been set using the monthly incomes generated by the micro-enterprise to determine clients' economic situations. These are compared with the poverty and extreme poverty lines, for each country, as defined by that country.

Clients with monthly income below the extreme poverty line will be classified as *extremely poor*. Those between the extreme poverty and poverty lines will be classified as *poor*.

A third category is made up of *vulnerable* clients, those with monthly per capita net incomes less than three times the national poverty line. Businesses of these clients generate monthly p.c. incomes above the national poverty line, but still suffer from great economic uncertainty, understood as a high likelihood of falling back into poverty.

The reference to clients under the poverty line or in poverty groups together the *extremely poor* and the *poor*. The term 'vulnerability' covers all three segments: *extremely poor*, *poor* and *vulnerable*.

Remaining clients are classified as *others*.

Vulnerability line (three times the poverty line)

The threshold of three multiples of the poverty line has been defined thus because clients with revenues over this limit are unlikely to fall into poverty. In other words, the threshold of three times the poverty line represents a level of economic security such that the likelihood of clients with higher incomes falling into poverty is less than 10%. This definition is in line with studies by the World Bank.⁴²

Relative income distribution of clients who fall into poverty

Initial relative income	100% Max.	99%	95%	90%	75%	50%	25%	10%	5%
Rural	46.3	7.86	3.94	2.91	1.96	1.44	1.18	1.07	1.03
Urban	31.35	5.49	3.30	2.57	1.79	1.35	1.13	1.05	1.02



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Methodological explanations of the variables and indicators chosen (cont.)

Selected indicators

Indicator	Comments
Financial data performance and variation in the poverty segment	Data from those clients who were current at some point in the previous 12 months, and who have updated their information, was used to calculate performance indicators such as the progress made in terms of financial variables (sales and monthly earnings, assets, equity) and the reduction in the poverty segment. Where information was updated after the disbursement, this information is used to calculate performance.
CAGR & AAR	Compound annual growth rate (CAGR) and average annual rate (AAR). CAGR is calculated as the average growth of financial values for clients who have renewed in 2019 and 2020.



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National poverty lines

The official extreme poverty and poverty lines are taken for each country, depending on whether the locality is urban or rural, as published by each country's official bodies. Where these lines have not been updated from the previous year, the latest available are taken and updated using the annual CPI (Consumer Price Index) to December of the year in question.

Poverty lines in all countries except for Chile

Country	Source	Year	Poverty level	Rural (LOC)	Urban (LOC)
Colombia	2019 lines updated with Dec CPI (1.61%)	2020	Extreme poverty	108,645	148,543
			Poverty	214,366	367,395
	National Statistics Department DANE (10) ⁴³	2019	Extreme poverty	106,924	146,189
			Poverty	210,969	361,574
	DANE	2018	Extreme poverty	100,041	122,742
			Poverty	169,185	283,239
	DANE	2017	Extreme poverty	99,082	121,409
			Poverty	165,062	275,818
	DANE	2016	Extreme poverty	97,867	119,685
			Poverty	159,543	266,043
	DANE	2015	Extreme poverty	86,918	106,653
			Poverty	157,752	246,336
DANE	2014	Extreme poverty	79,837	98,407	
		Poverty	139,792	233,530	
DANE	2013	Extreme poverty	77,947	95,884	
		Poverty	136,192	227,367	



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National poverty lines (cont.)

Poverty lines in all countries except for Chile

Country	Source	Year	Poverty level	Rural (LOC)	Urban (LOC)
Peru	2019 lines updated with Dec CPI (2%)	2020	Extreme poverty	161	199
			Poverty	265	384
	National Statistics & Informatics Institute (INEI) ⁴⁴	2019	Extreme poverty	158	195
			Poverty	260	377
	INEI	2018	Extreme poverty	154	191
			Poverty	253	369
	INEI	2017	Extreme poverty	153	191
			Poverty	250	364
	INEI	2016	Extreme poverty	150	184
			Poverty	244	353
	INEI	2015	Extreme poverty	137	169
			Poverty	226	328
	INEI	2014	Extreme poverty	137	169
			Poverty	226	328
INEI	2013	Extreme poverty	132	163	
		Poverty	218	316	



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National poverty lines (cont.)

Poverty lines in all countries except for Chile

Country	Source	Year	Poverty level	Rural (LOC)	Urban (LOC)
Dominican Republic	2019 lines updated with Dec CPI (3.7%)	2020	Extreme poverty	2,380	2,484
			Poverty	4,911	5,516
	Ministry for the Economy, Planning & Development (MEPyD) ⁴⁵	2019	Extreme poverty	2,295	2,395
			Poverty	4,736	5,320
	MEPyD	2018	Extreme poverty	2,223	2,320
			Poverty	4,588	5,153
	MEPyD	2017	Extreme poverty	2,172	2,267
			Poverty	4,482	5,034
	MEPyD	2016	Extreme poverty	2,076	2,167
			Poverty	4,285	4,813
	MEPyD	2015	Extreme poverty	2,048	2,138
			Poverty	4,228	4,749
	MEPyD	2014	Extreme poverty	2,041	2,130
			Poverty	4,212	4,730
MEPyD	2013	Extreme poverty	1,985	2,071	
		Poverty	4,096	4,600	



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National poverty lines (cont.)

Poverty lines in all countries except for Chile

Country	Source	Year	Poverty level	Rural (LOC)	Urban (LOC)
Panama	2019 lines updated with Dec CPI (0%)	2020	Extreme poverty	60	71
			Poverty	108	145
	Finance & Economy Ministry ⁴⁶	2019	Extreme poverty	60	71
			Poverty	108	145
	Finance & Economy Ministry	2018	Extreme poverty	60	71
			Poverty	108	145
	Finance & Economy Ministry	2017	Extreme poverty	59	70
			Poverty	107	144
	Finance & Economy Ministry	2016	Extreme poverty	59	70
			Poverty	106	144
	Finance & Economy Ministry	2015	Extreme poverty	59	69
			Poverty	105	141
	Finance & Economy Ministry	2014	Extreme poverty	59	69
			Poverty	105	142
Finance & Economy Ministry	2013	Extreme poverty	56	66	
		Poverty	102	137	



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National poverty lines (cont.)

Poverty line in Chile

In 2015 the Social Development Ministry (SD Ministry) published a new methodology (NM) in consensus with a wide variety of experts⁴⁷, because “the traditional measurement was no longer reflecting the situation of poverty in which many families were living”⁴⁸.

The aim was to adapt to Chile's economic and social reality (higher standards) and reflect situations of deprivation that go beyond low income (multidimensional).

The NM brought in some important changes, with the most significant ones summarized below:

Updated poverty line

The basic food basket has been updated⁴⁹ and the proportion between the poverty and the extreme poverty lines reviewed.

- **Basic basket:** The NM for measuring poverty by income recalculates the basic food basket (with a new estimate of its contents) for the average household.

- **Relation between extreme poverty and poverty:**

Extreme poverty line for an average household: $EPL = \frac{2}{3} PL$

where

PL: Poverty line, EPL: Extreme poverty line

- **Extreme poverty line:** This value is set so that EPL covers food, clothing and housing⁵⁰. The NM includes in its income a charge for renting the home for those who own or have the use of one. The previous methodology, conversely, only included a charge for those who had their own home.

Use of equivalence scales, elimination of environment

Instead of having a single poverty and extreme poverty line (expressed in per capita [p.c.] values), lines have been drawn that depend on the size of the household (as the number of household members increases, the expense incurred to cover nutritional requirements associated with basic food and non-food needs falls proportionately). Note that the NM does not consider the environment (rural vs. urban).



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National poverty lines

Poverty line in Chile (cont.)

The new poverty lines are, as such, significantly higher than those applied using the previous methodology, where the extreme poverty line was equivalent to the basic basket of goods and the poverty line mirrored the cost of food, goods and basic services.

Given that the NM poverty lines are defined based on household revenue, business income is taken (instead of per capita income) to calculate the metrics and the corresponding poverty line is set depending on the size of the household.

The poverty line series used are as follows:

	Household size	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Extreme poverty (LOC)	1	85,838	85,838	91,274	95,888	100,944	103,139	105,653	108,696	111,957	115,316
	2	139,444	139,444	148,275	155,771	63,985	167,550	171,633	176,577	181,874	187,331
	3	185,210	185,210	196,939	206,896	217,805	222,541	227,963	234,530	241,566	248,813
	4	226,528	226,528	240,874	253,051	266,394	272,187	278,819	286,850	295,456	304,319
	5	264,825	264,825	281,596	295,832	311,431	318,203	325,956	335,345	345,405	355,768
	6	300,875	300,875	319,929	336,103	353,825	361,519	370,327	380,995	392,425	404,198
	7	335,157	335,157	356,382	374,399	394,140	402,711	412,523	424,406	437,138	450,252
	8	367,996	367,996	391,300	411,082	432,758	442,168	452,942	465,989	479,969	494,368
	9	399,622	399,622	424,929	446,412	469,950	480,169	491,869	506,038	521,219	536,856
	10	430,209	430,209	457,454	480,580	505,920	516,922	529,517	544,770	561,113	577,946

	Household size	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Poverty (LOC)	1	128,758	128,758	136,911	143,832	151,417	154,709	158,479	163,044	167,935	172,973
	2	209,168	209,168	222,413	233,657	245,977	251,326	257,450	264,865	272,811	280,995
	3	277,817	277,817	295,409	310,344	326,707	333,811	341,945	351,795	362,349	373,219
	4	339,794	339,794	361,310	379,577	399,591	408,280	418,228	430,275	443,183	456,479
	5	397,240	397,240	422,394	443,748	467,146	477,304	488,934	503,018	518,109	533,652
	6	451,315	451,315	479,893	504,154	530,737	542,278	555,491	571,492	588,637	606,296
	7	502,739	502,739	534,573	561,598	591,210	604,066	618,785	636,609	655,707	675,378
	8	551,998	551,998	586,950	616,624	649,137	663,253	679,414	698,984	719,954	741,552
	9	599,438	599,438	637,394	669,617	704,925	720,254	737,804	759,056	781,828	805,283
	10	645,319	645,319	686,180	720,870	758,881	775,382	794,276	817,155	841,670	866,920

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Currency exchange rates

All the (historical) data from MFIs is incorporated in local currency and the exchange rate applicable on December 31, 2020 is applied so that exchange rate fluctuations do not impact the conclusions.

Country	Exchange rate	Source
Colombia	COP/USD 3.432,496	BBVA Bank, mid-market rate on December 31, 2020
Peru	PEN/USD 3,624	BBVA Bank, mid-market rate on December 31, 2020
Dominican Republic	DOP/USD 58,184	BBVA Bank, mid-market rate on December 31, 2020
Panama	PAB/USD 1,000	BBVA Bank, mid-market rate on December 31, 2020
Chile	CLP/USD 710,950	BBVA Bank, mid-market rate on December 31, 2020



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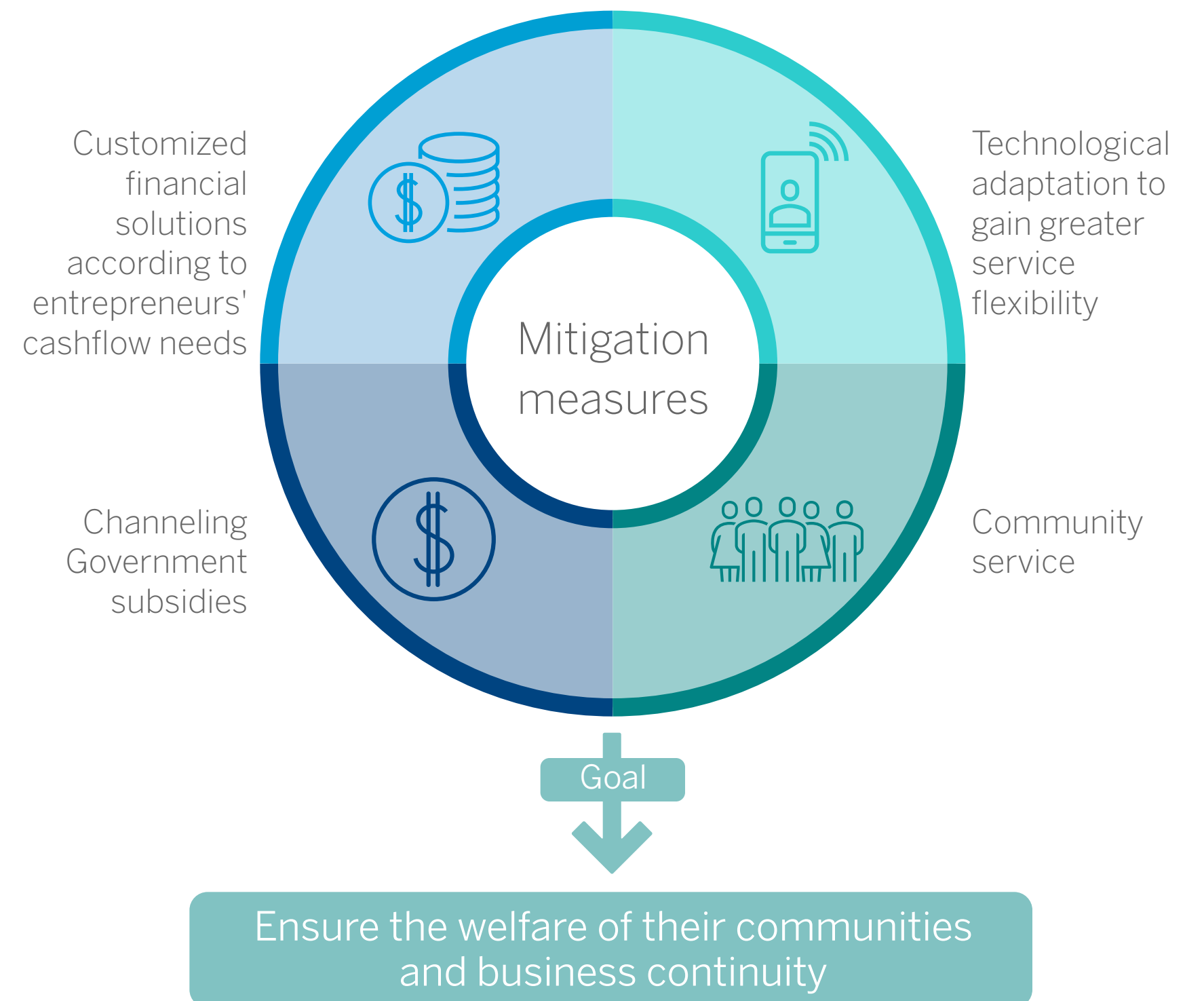
BBVA Microfinance Foundation and its institutions have worked swiftly and responsibly to adopt measures that enable them to stay by the side of the 2.6 million plus entrepreneurs, and their 7,609 employees during the COVID-19 crisis. As an institution that has been built on the principle of supporting the most vulnerable, the BBVA Microfinance Foundation (BBVAMF) is committed to supporting local communities and to helping them to respond to this situation of uncertainty.

Mobility restrictions and the paralysis of the economy in the first half of 2020 forced microfinance institutions to push through action guaranteeing the health of their workers and the continuity of their businesses. In turn, their scope of action was extended to ensure the welfare of entrepreneurs and their communities, making a fast transition to solutions that mitigated the impact on the socio/economic development already achieved.

BBVAMF is not shielded from crises, and these solutions are based on existing in-country processes and programs which have been reinforced where necessary, working together with governmental bodies and national response mechanisms, together with the private sector.

Making the most of the installed capacity, prior operating skills and existing relationships and networks, a four-pronged strategy was put in place to respond to the break-out of COVID-19:

Efforts have focused on 4 main areas:



Our response to COVID-19

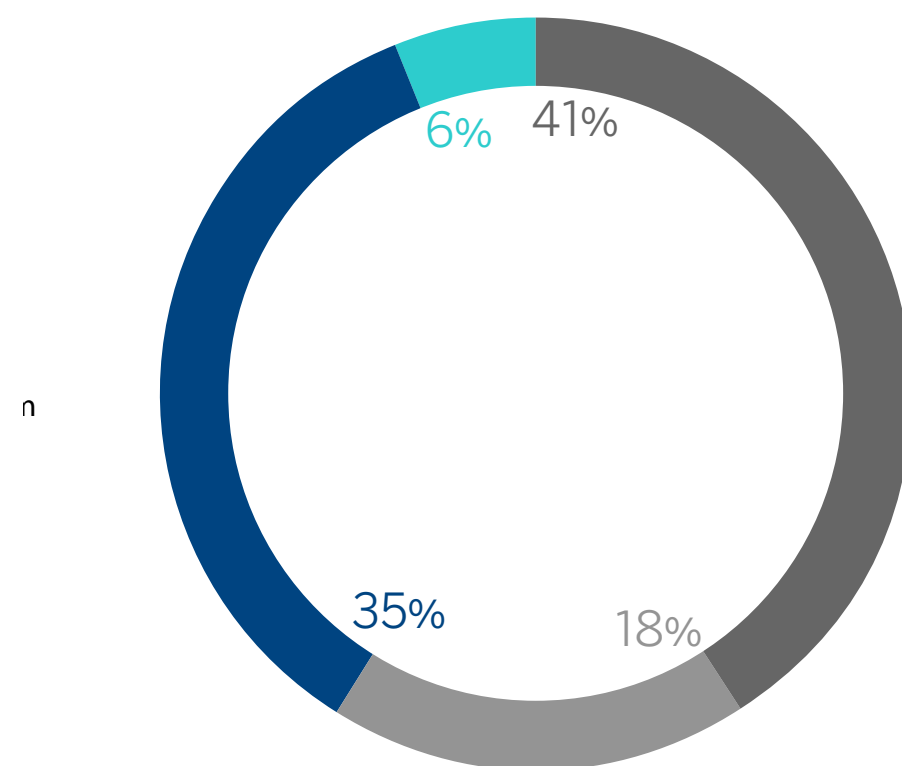
Financial measures

In a context of generalized uncertainty, it has been fundamentally important to adapt how credit activity is managed, to comply with three key aims:

- I. Keep supporting entrepreneurs;
- II. Mitigate the credit risk associated with the COVID-19 crisis;
- III. Ensure the sustainability of all BBVAMF institutions

1 Portfolio, breakdown by financial solution

% of portfolio current as of July 2020



- Active grace periods
- Completed grace periods
- Portfolio w/o debt relief
- New portfolio

Financial solutions at the outset of the pandemic

At the beginning of the pandemic, moratoria (grace periods) were put in place so as not to affect entrepreneurs' credit history: the obligation to pay credit was temporarily suspended without recording any impairment, either in internal systems or in the credit rating agencies and without charging for late payment. In some cases, these moratoria were massive and automatic, within the framework of governmental measures to support borrowers; in other countries, assessments were carried out case by case, in order to choose the most appropriate restructuring option for each client⁵¹.

At the close of July 2020, 59% of the entire portfolio had benefited from some kind of restructuring between March and July, while 41% still had their payment obligations suspended. At the same time, BBVAMF institutions got in touch with each of their clients individually to assess their situation and needs at that time: degree to which their economic activity had been impacted, how affected their close family and enterprise were, expectations of reactivation and credit needs, among other considerations. The aim was to offer them support and financial solutions that were better suited to their reality, as their activities reopened or continued. This was done by segmenting into groups, understanding the idiosyncratic features of each entrepreneur and each industry.

Grace periods for 90/120 days on 59% of the portfolio in July 2020

2 Portfolio with financial solutions, by institution

% of portfolio current as of July 2020

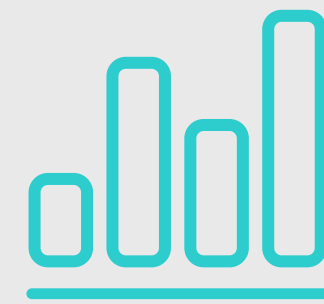
	Bancamía	Financiera Confianza	Banco Adopem	Microserfin	Fondo Esperanza	Total
Total portfolio to end July 2020 (USD M)	253	304	42	20	28	647
% portfolio receiving debt relief	65%	58%	27%	85%	55%	59%

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This enabled us to design structural payment solutions by redefining the lending terms of those clients whose income or capacity to pay had been affected because of the situation created by COVID-19, safeguarding both the entrepreneur's financial viability and the financial sustainability of our institutions, as well as responsibility in taking on risks and losses.

Restructuring and refinancing tailored to entrepreneurs' needs

3 Client segmentation



Sales



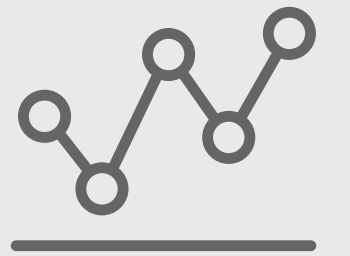
Economic sector



Geography



Client profile



Operation status

Segment definitions using variables measuring impact from different perspectives that incorporated factors to define their reality more closely.





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Financial solutions provided

Moratoria (grace periods)



Clients' payment obligations were postponed, on a one-off or rolling basis, without this impairing their rating in internal systems or credit rating agencies, and without applying late-payment charges.

Aim: to avoid a greater negative impact on the situation of a client whose economic activity had been suspended or whose capacity to pay had fallen temporarily.

All institutions.

Installment freezes



Quotas maturing during the lockdown period were postponed by some institutions to the end date of the loan, with no further interest charges.

Fondo Esperanza.

Freezes of days in default



Some institutions froze the days in default and the pre-pandemic credit rating held by clients, thus stopping at that moment the impairment recorded by credit rating agencies and the accounting status of those loans.

Banco Adopem and Financiera Confianza.

Payment schedules for accumulated interest charges



Some institutions set up interest-free loans to facilitate the payment of interest charges that accumulated during the payment holidays.

Bancamía.

Credit restructuring



Prolongation of the credit term to adjust the installment payment to clients' new credit and economic situation.

All institutions.

Renewals with or without new grace periods



Credit renewals were structured for performing clients, cancelling the previous loan without closure costs and issuing a new loan, in some cases postponing the first payment for 1, 2 or 3 months.

All institutions.

Write-offs without rescheduled remaining payments



In some cases the installments accumulated during the pandemic (interest charges and sometimes part of the capital) were written-off to make it easier for clients to get up to date with their installments or directly to cancel the entire balance remaining, whether by structuring a new payment plan, or in a single payment.

All institutions.

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Our response to COVID-19

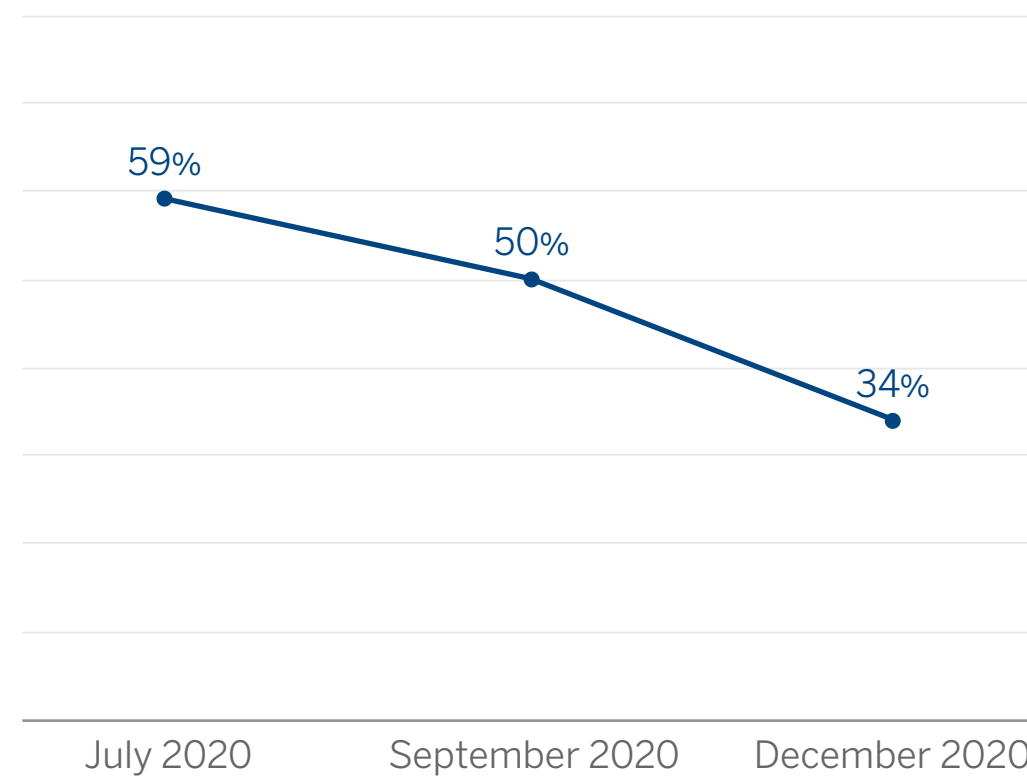
Financial solutions provided

By December 2020, the proportion of the portfolio served with financial solutions had fallen to 34%, and of this, the portfolio under moratorium (grace period) fell to 7%, due to the reactivation of local economies, and thanks to the application of structural solutions based on segmenting clients so as to serve them according to their real needs and capacity to pay.



4 Portfolio served with financial solutions

Portfolio current at each date



Working with governments and regulatory bodies so that the microfinance sector could participate in special public lines of guaranteed financing

5 Portfolio served with financial solutions, by institution

December 2020

	Bancamía	Financiera Confianza	Banco Adopem	Microserfin	Fondo Esperanza	Total
Total portfolio to end of December 2020 (USD M)	431	573	107	24	58	1,192
% portfolio receiving debt relief measures	46%	28%	24%	78%	18%	34%

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Our response to COVID-19

Reactivation of the economy

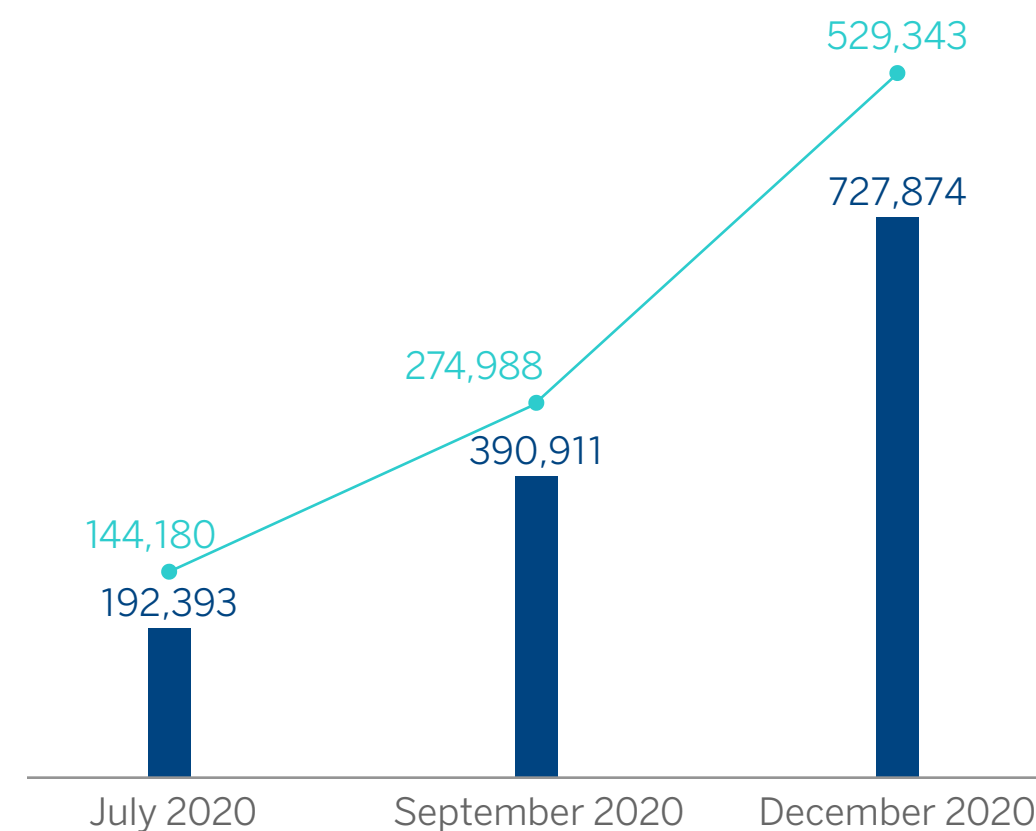
From the beginning of the pandemic, new resources, such as emergency loans, were granted to clients needing working capital or investment as part of our client support programs.

As economies started getting going again, we returned to managing renewals and new credit originations; here we were underwritten by guarantee funds that some governments made available to financial institutions. In addition, work was done with governments and national regulatory bodies so that the microfinance sector could be involved in special public lines of guaranteed financing. Credit processes and policies were adapted for this purpose. As of December 31st, 2020, the volume of loans originated after the pandemic accounted for 50% of the entire portfolio on that date.

With the support of these public lines of credit, new loans to restart activity with a reduced interest rate and/or increased amounts, and with guaranteed coverage over part of any losses, stood at USD 208 M in December 2020

6 Amount disbursed from April 2020 onwards, accumulated

Accumulated April-December 2020



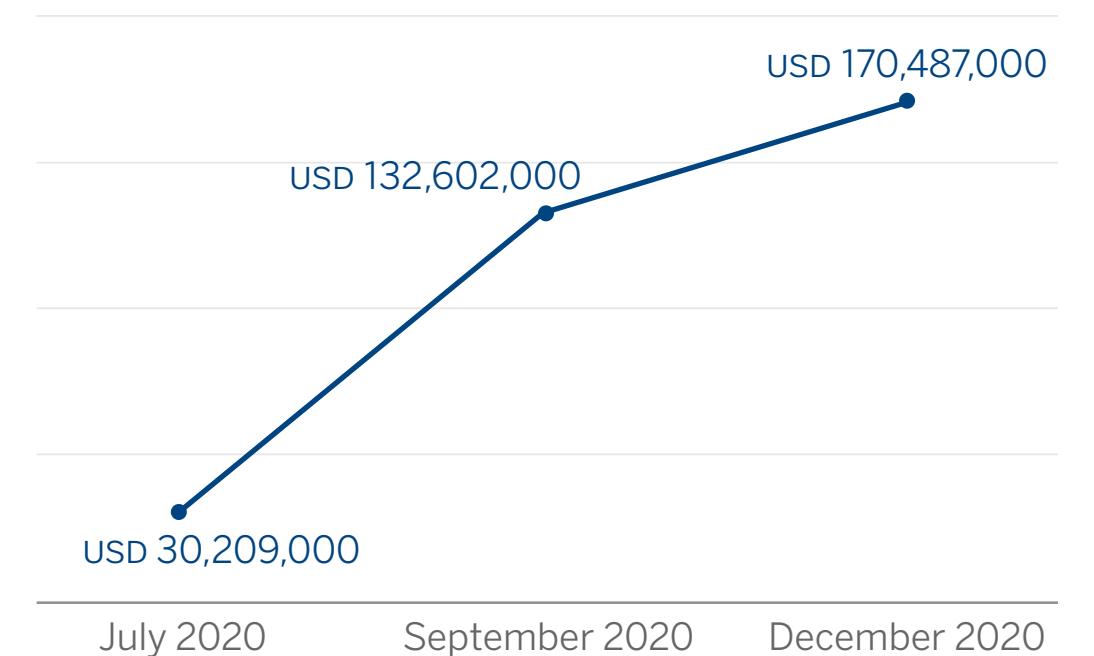
■ Disbursed amount (USD '000)
● Nº disbursed operations

These loans are state guarantees granted to foment financing and reactivation of microenterprises:

- In **Peru**, Financiera Confianza disbursed USD 48.7 M, serving around 19 thousand clients under the umbrella of FAE governmental credit lines (incl. FAE women), Reactiva and FAE Agro;
- In **Colombia**, managing the secured placement enabled Bancamía to disburse USD 121.9 M, reaching around 94 thousand clients. 71% of the amounts disbursed between May and December were underwritten by the National Guarantee Fund (FNG) and the Farming Guarantee Fund (FAG).

7 Accumulated credit disbursements underwritten by governmental guarantee

Accumulated balance of disbursements on each date, secured by governmental collateral of some kind

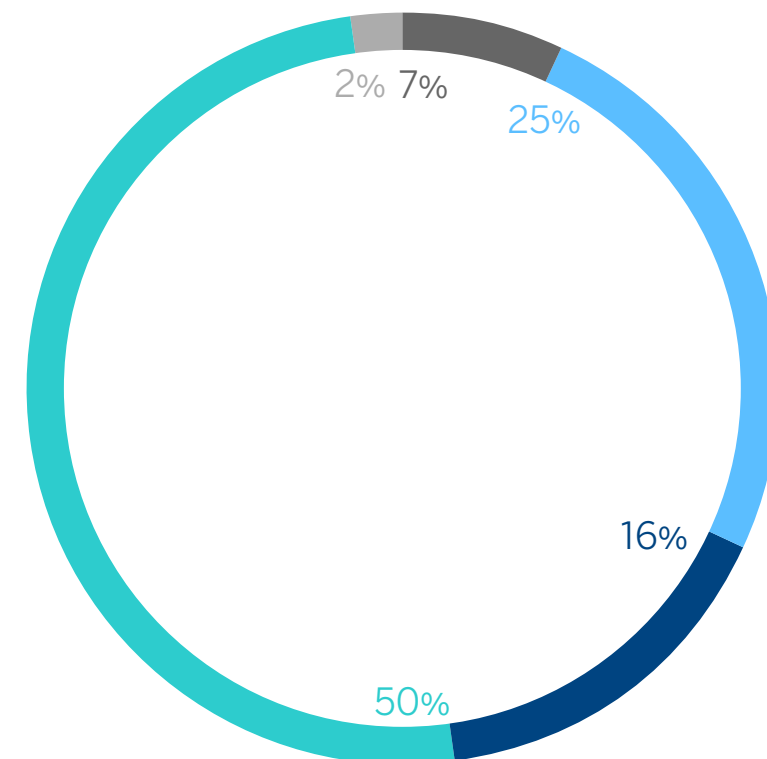


Our response to COVID-19

Thus, at the close of December 2020, 50% of the portfolio was already new, reflecting entrepreneurs' swift reactivation and the support given, while 34% are still benefiting from financial solutions.

8 Portfolio breakdown, by financial solution

December 2020



- Active grace periods
- Completed grace periods
- Portfolio w/o debt relief
- New portfolio
- Restructured portfolio



Our response to COVID-19

Government transfers

The capillarity of BBVAMF's institutions in lower income brackets has enabled it to make itself available to the region's governments so that the measures adopted (direct transfers, social bonds, etc.), could reach the most affected population more efficiently.

Subsidies have mainly targeted people in situations of vulnerability⁵² and, to a lesser degree, independent workers. In most countries, the amount provided was the equivalent of between two and three basic food baskets. Peru stands out, with subsidies that covered four basic food baskets.

Our microfinance institutions have channeled these subsidies in different ways, managing a total sum of USD 119 M, which has benefited around 500 thousand households. Two methods were used: by identifying vulnerable people among the clients already served by the entity (in the case of Peru and the Dominican Republic) or using a list provided by governments (in the case of Colombia); or else offering them vouchers (in the case of Panama) and information (Chile).

In Colombia, our cooperation has been key, since it has enabled the government to locate beneficiaries of social bonuses for basic needs who lack a bank account. By using a geolocation tool, vulnerable people have been able to open a digital account where they live and receive this aid every month. Over 270 thousand people have benefited from Bancamía's savings accounts, and have been banked with government subsidies. Furthermore, another 200,250 Bancamía clients have also received funds from the Solidarity Income Program and Solidarity for Bogotá.

We have included 270,000 people in the financial system by geolocating them and helping them get enrolled onto government programs, including direct bank transfer applications

High-impact
public-private
partnership



Strong technological
support, using geolocation
for people in remote
areas



Commitment to
those who need it
most

Our response to COVID-19

In Peru, Financiera Confianza was given a template of millions of beneficiaries by the government for the delivery of the Universal Family Bonus. After checking the beneficiaries against its own data base of current and past clients, the institution sent the list of beneficiaries it could serve to two Ministries, Development & Social Inclusion (MIDIS) and Work & Employment Promotion (MTPE). MIDIS and MTPE decided the final profile of beneficiaries that would be assisted through the accounts and branch offices of Financiera Confianza. Making full use of its extensive capillarity, Financiera Confianza was able to reach 196,736 people.

In the Dominican Republic, the process was similar to Peru, and reached almost 4 thousand people.

In Chile, Fondo Esperanza used a number of different remote channels (SMS, WhatsApp and social media), giving out information about emergency social programs run by different state institutions, so that microentrepreneurs can successfully apply for these, in some case providing them with flow-chart diagrams on how to obtain them.

Finally, in Panama the aid materialized through that country's Solidarity Plan, which consisted of delivering solidarity support (food banks, solidarity bonus and digital vouchers) to those affected by the pandemic to meet some of their basic food, hygiene and medication requirements.

Subsidies have reached over 500 thousand homes, worth a total of USD 119M



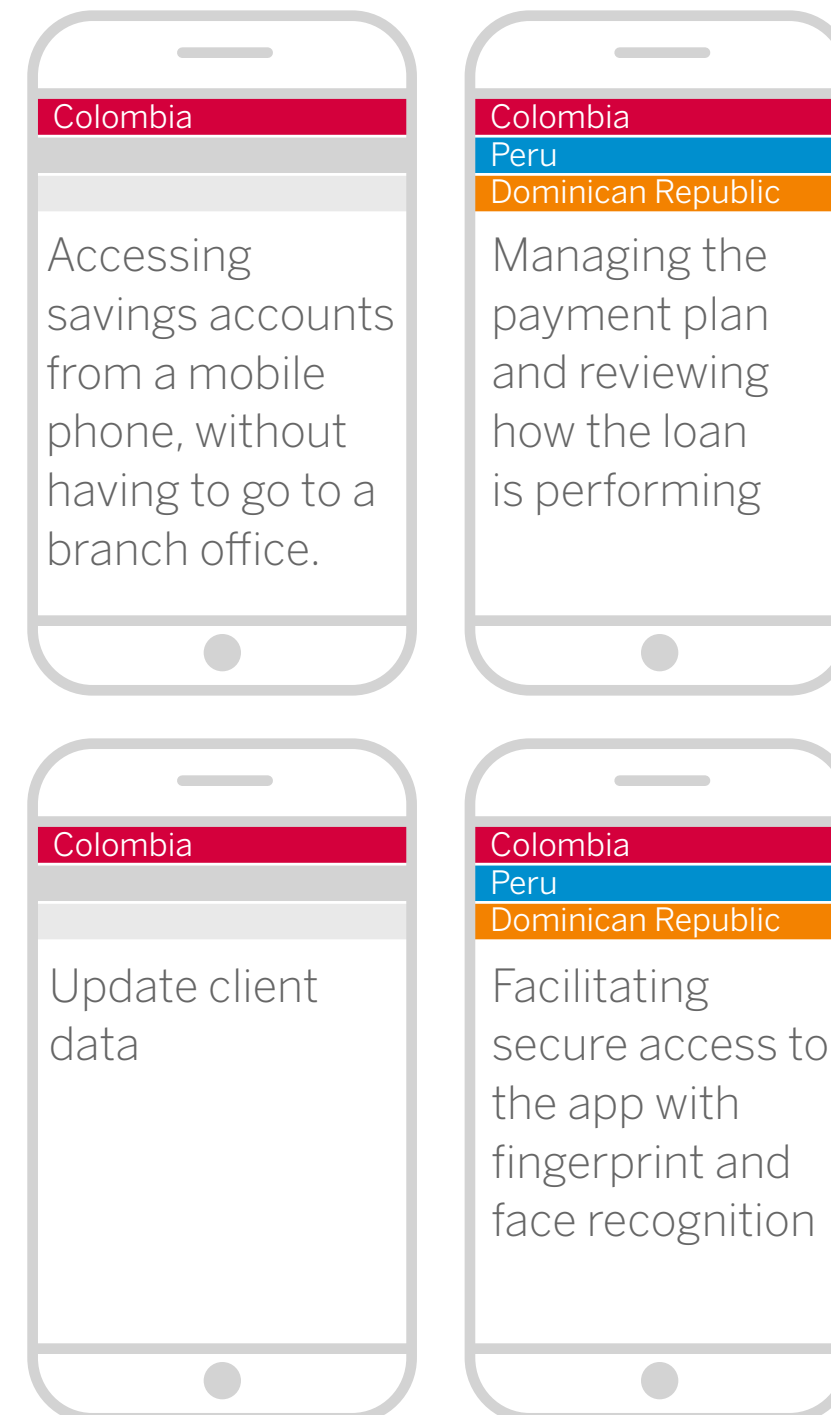
Our response to COVID-19

Customer service


Our goal: to enable customers to have their finances closer to hand, faster to access. The extensive network of 583 branch offices, 643 banking agents and 49,185 transaction points has been pivotal in providing backing to vulnerable households in a situation of low mobility. But, in addition, to make the management of their financial products easier for our clients without their having to travel, digital channels have been strengthened, such as the Mobile Banking app, the Virtual Office, the website and the call center, operating 24/7. The functionalities of various digital channels have also been extended and new service points opened:

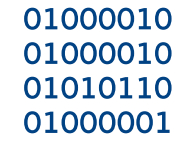
- **More online services.** From Mobile Banking, in Colombia the management functionalities of products have been extended, with the addition of the online application for credit, speeding up the credit validation and approval process from the client's home, managing the payment plan to review how the credit is going. In Peru and the Dominican Republic, the pilot phase of the mobile banking and internet banking app was launched.


- **On-site operating flexibility:** Transaction limits were raised, both in ATMs and with banking agents, such as transfers using Mobile Banking, which has increased liquidity. Furthermore, the advisor app has made it possible to open savings accounts for depositing State subsidies, which also enables clients to be geolocated.
- **Greater capillarity:** In Colombia, 125 new banking agents have been onboarded, 30% more than in 2019, reaching a total of 503 own banking agents, as well as 37,635 external agents (shared with other banks).





Extending the functionalities of different digital channels and/or adding new service points

 More digital channel functions:
- Advisor app
- Mobile banking

 Cybersecurity best practices

 Transactional ceilings raised

 Call center reinforcement

 WhatsApp & social media for reporting & consultations

Our response to COVID-19

Our response to COVID-19

Information and constant contact. New channels have been opened up, using WhatsApp and social media, health-related messages, financing facilities on offer and public information messages from the local authorities.

On these platforms, which use artificial intelligence, clients can consult information about products and services, geolocate offices, ATMs or the nearest banking agent, find out about other, non-financial benefits, get advice on financial and digital education, as well as verifying their credit situation, among other issues.

Furthermore, in the case of Colombia, channels were set up to provide detailed information about the financial solutions being granted, in an entirely self-managed process with the active participation of credit advisors in other countries.



In a context of high uncertainty, BBVAMF institutions have been a major hub for data transmission about the crisis and care available. They have been in active communication with the communities where they work to ensure that they are satisfying these communities' needs in providing services that protect and empower the most vulnerable, while also generating economic inclusion.

Reinforcing cybersecurity. In the field of cybersecurity, the technology platform has been monitored permanently, as have the risks of cyberattacks and the transactional channels, generating new recognition activities that help to verify clients' identities and to offer greater security over the use of digital financial services.

Furthermore, cyber crisis tests have been developed and integrated into business continuity plans, in order to minimize the impacts.

Uninterrupted contact with the client, transmitting health-related messages, financial facilities on offer and public information messages from the local authorities

Service to the community

Partnerships are a key tool in our response capacity, and we enjoy strong relationships with local and international NGOs, Community leaders and other actors. We ensure that collective measures are taken to alleviate the economic hardships resulting from this outbreak, designing strategies so that our resources have the greatest impact.

Specifically, these are:

Distribution of food and hygiene packs.

Most poor households do not store food and often live from day to day. Guaranteeing a suitable supply of food and other basic necessities for vulnerable households is particularly important during this outbreak.

- In Chile, Fondo Esperanza, in collaboration with the country's development bodies, took part in the launch of the *Chile Comparte* [Chile Shares] campaign, focusing on the most affected users in each organization. This made it possible to support around 18 thousand entrepreneurs and their families, who received 7,200 food boxes and 11 thousand hygiene packs. Furthermore, part of this campaign's food distribution was carried out by grocers who bank with Fondo Esperanza, promoting their work and boosting local economies.



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- What is more, as part of this campaign, a thousand grocers who are banked with Fondo Esperanza delivered food to over 26,000 people, injecting more than USD 600 thousand into local economies.
- In Colombia, Bancamía was also involved in channeling the Government's solidarity campaign *Ayudar nos hace bien*, [Helping out does us good]. Several different channels were set up to collect donations to purchase food to supply needy families. USD 8,158 was collected.

Cooperating with local institutions to deliver food and hygiene packs to communities

Driving the sale of our entrepreneurs' textile masks. Chilean and Colombian microentrepreneurs have contributed to the making and sale of masks.

- Working with the Chilean Confederation of Production & Trade, several women entrepreneurs reinvented their trades, sewing 1.25 million masks that were donated to vulnerable groups, generating work for over 1,600 people and injecting nearly USD 800 thousand into local territories.
- In Colombia, the 30 thousand masks sewn by one Colombian woman entrepreneur were given to co-workers and clients who came into the offices without masks.

Healthcare and education. Bancamía and BBVA Colombia's *Transformando Realidades* [Transforming Realities] program has handed out grants to five daughters of microentrepreneurs so that they could start a university degree in 2021.

As an alternative support mechanism for entrepreneurs and their families, we continued to offer insurance products that included healthcare, psychological guidance, and legal advice at affordable prices. Bancamía and Microserfin sold a total of 53,485 policies in 2020.

We stand side by side with our entrepreneurs, close to their communities, and we will not stop there. Going beyond financial services, we look for new technologies to increase internet access, new functionalities for online operations, housing, healthcare and education products, others to meet different household needs, multidimensional products and, lastly, partnerships to define collective actions that help to reactivate microenterprises. We are maximizing our national reach in all countries, our relationships and our 12 years of experience on the front line, using our skills and dedication to protect the most vulnerable communities and encourage their progress.

We stand side by side with our entrepreneurs, close to their communities, and we will not stop there. Going beyond financial services, we are looking for new technologies, products to serve other household needs, and partnerships that help to reactivate microenterprises



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2020, a year for consolidating and expanding digital channels

The optimal plan we had drawn up for 2020 involved expanding digital channels, extending solutions that were already working in some of the BBVAMF Group's institutions to all the others. We have always understood that first the staff themselves must be comfortable with the digital world (loan officer mobility), then banking agents (bringing cash in/cash out to entrepreneurs), and finally our entrepreneurs. That is, digitalization from within (the loan officer) to outside the institution (client). However, the COVID-19 crisis set us new challenges, among them the need to speed up this digital journey.

This was how we found out that our entrepreneurs are much readier to cope with digitalization than we had thought, thanks to many of the solutions that we came up with spontaneously to respond to the problems caused by the pandemic. Therefore, the journey that we had expected to involve a plan across several years can be made much more swiftly.

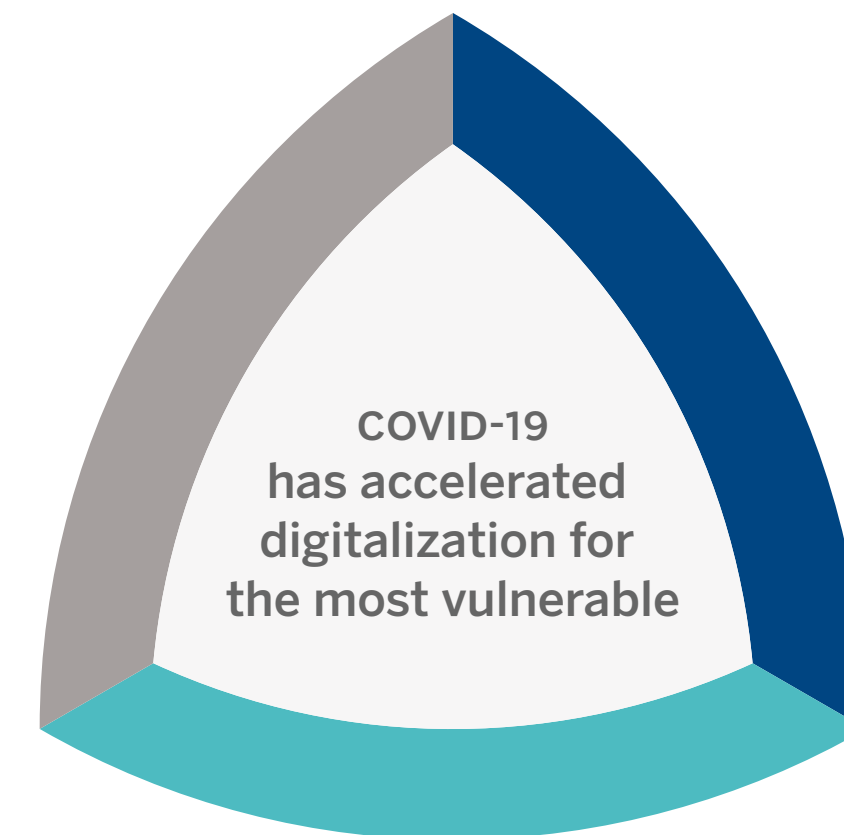
And, even more importantly, we realized that we were including a sector of society that was not yet participating in digital transformation. Our entrepreneurs are losing their fear of technology and change, and have made the first steps in this direction, while they have smoothed the way for the new transformation projects that are in the pipeline.

So, we have worked along two, complementary, pathways: the original direction, which helps us to continue investing in tailor-made digital solutions, and a new plan, which has allowed us to provide ad hoc responses to the intrinsic difficulties of our methodology: microfinance grounded in relationship banking.

Digital innovation

Digital channels

- **Loan officer mobility**
 - On-line loans
 - Document manager
 - Virtual visits
- **Own banking correspondents**
 - CICO transactions
 - Non-financial transactions
- **Mobility for clients (app & web)**
 - Self-service finance
 - Onboarding using biometrics
 - Near-real time security
 - Multi-saving
- **Digital signature**



Data & added value

- **Information in the cloud**
- **CRM**
- **Geolocation**
- **Non-financial services**
 - Entrepreneur community
 - Tailoring insurance

Foundational architecture

- **Shared banking core**
- **Collaborative environment (Google Workspace)**
- **Implantation of Agile methodology**
- **Collaborative tools**
- **Business architecture**
- **Business process optimization**

COVID-19 has accelerated the digitalization of the most vulnerable

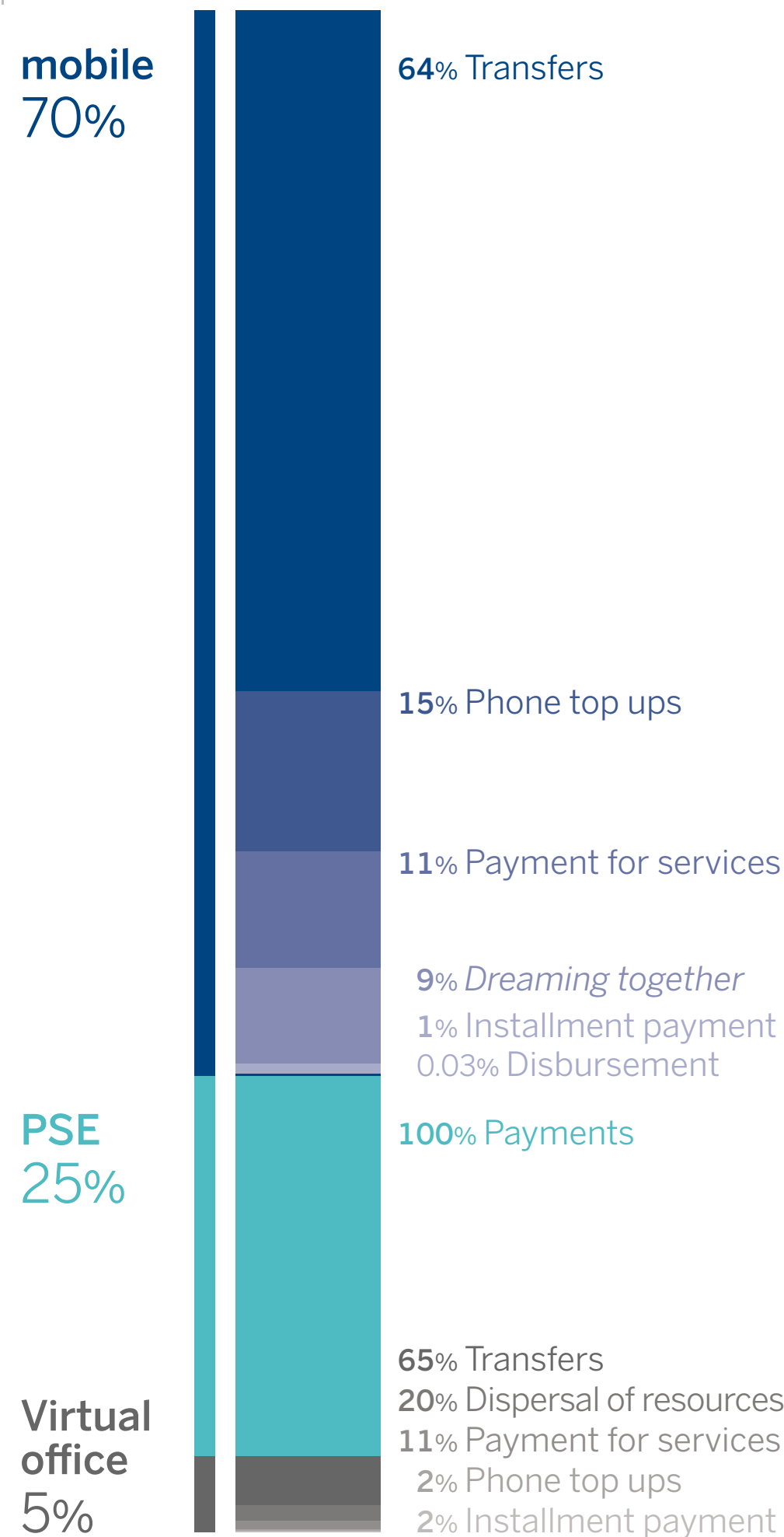
A pandemic that has set us challenges

Like other microfinance institutions, we quickly made alterations to our core banking to mitigate debt: grace periods, restructuring and refinancing. These developments have to a large extent been shared across the institutions comprising the BBVAMF Group thanks to the fact that they use the same core banking, shared experiences and coding lines (software and programs). By July 2020 around 59% of the portfolio had benefited from relief measures, which has entailed a significant investment in development hours by our technical teams.

We have also worked to resolve the problems inherent to security and on minimizing contact between people, given the mobility restrictions generated by the pandemic. This has manifested itself in virtual trips by loan officers to clients' businesses, virtual committees to analyze and approve transactions, using tools such as Google Meet and WhatsApp and other measures such as extending the limits of cash withdrawals that clients can make in our own correspondent banking outlets. Furthermore, all communication is stored in a document manager, thus digitalizing the microfinance institutions' internal processes.

Bancamía

Transactions by digital channels



These solutions, that have helped to provide an agile response to the new reality forced on us by COVID-19, will be thoroughly put through their paces in 2021. Furthermore, we will integrate them into the business processes and mobility apps optimally, enabling us to get the most out of this pilot experience imposed on us by the circumstances.

From a perspective that is more aligned with our pre-existing strategy, in Financiera Confianza (Peru) the corporate solution app *Cliente* has been installed, with functions such as internal and external transfers, payment and installment programming, together with client product consultations. These are all contained in the chat format which has had such good results in other entities such as Bancamía (Colombia).

From September to December, the more than 17,000 registered users of Financiera Confianza's *Cliente* app have completed over 6,000 transactions for a total value of PEN 3.3 million, mainly transfers and payment obligations. Thus, despite the lockdowns and restrictions, we have been able to respond to our clients' self-management needs.

COVID-19 has accelerated the digitalization of the most vulnerable

In the case of Bancamía, whose client solutions were published in the App Store and Google Play Store markets the year before, the number of digital clients - that is, users of digital channels - is approaching 172,000. If we include all the digital channels (the *Cliente* app, virtual office and *Pagos Seguros en Línea* [Secure Online Payments]), there are over 925,000 operations a month (both consultations and monetary transactions). The monetary transactions alone number around 30,000.

Both Banco Adopem (Dominican Republic) and Fondo Esperanza (Chile) are using the same solution, with similar functionalities, ready to launch on the market at the beginning of 2021.

The initial plans did not involve Fondo Esperanza working on the client (actually partners, in this case) app during 2020. However, since the partners were taking up the technology at speed, and given the need to provide them with a self-service solution as soon as possible, they swapped their priorities, putting emphasis on the mobility of the partner before that of the officer, whose usage and new functionalities did not expand substantially over the year.

All the institutions mentioned above have worked on the web solution for entrepreneurs, minimizing the developments and using the same platform to launch the application through a browser. The aim is for the client to have the same user experience both in the app (*Bancamóvil*) and on the website (*BancaWeb*). These are the solutions that are being worked up to achieve as much self-service functionality for entrepreneurs as possible before they have to go to a branch office.

Furthermore, COVID-19 has demonstrated the importance of correspondent banking in covering the last stage of CICO (Cash In-Cash Out) transactions and thus avoiding the need for unnecessary traveling to branches. This channel engages the microfinance institution with the community, forging those intangible links that do a great deal to keep entrepreneurs faithful to the entity. We have worked on expansion plans for the solution - which has proprietary technology developed by BBVAMF - in three of the institutions:

- Bancamía has one of Colombia's most extensive correspondent banking networks. In 2020 alone it has onboarded 125 new correspondents, bringing the number working exclusively for Bancamía to 500 across the nation (in 418 municipalities). This network of exclusive correspondents is supported by the wider network of independent correspondents. Between the two they account for around 9% of all the bank's transactions. The aim is that they should manage between 50% and 60% of all transactions a year, thus freeing up branch staff for other activities
- Although Financiera Confianza (Peru) did not increase the number of its correspondents this year, it plans to reach 150 during 2021, depending on the growth in functionalities to be covered.
- In 2020 Microserfín (Panama) rolled out the pilot phase of the app with a small number of correspondents. The good results will enable the institution to enlarge the numbers over the course of 2021.

The future of this channel lies in increasing the number of correspondents and expanding their functionalities, both in CICO (inter-banking transfers, service payments, etc.) and in non-financial functions (referrals and prospective new business, among others).

The Bancamóvil and BancaWeb apps offer entrepreneurs an optimal user experience without having to go into a branch office.



COVID-19 has accelerated the digitalization of the most vulnerable

Digitalization 2020 in figures

Key transaction figures for our corporate channels in each of the Group's institutions, key indicators: amounts, absolute & relative numbers for measuring channel usage and for identifying measures to encourage further use.

	Bancamía	Financiera Confianza	Banco Adopem	Microserfin	Fondo Esperanza
Loan officer's mobile phone					
# Loan officers	1,400	1,200	576	Beginning 2021	309
MInstallment payment total (USD)	USD 7,700,000	USD 2,266,936	—	—	—
MoSum disbursed (USD)	—	USD 276,033,090	USD 90,697,128	—	N/A**
% digitalized credits	84%*	42%	100%	—	—
Client's mobile phone					
# Registered users	↑ 191% 172,335	17,500	Beginning 2021	—	Beginning 2021
Active users (last 6 months)	66,125	—	—	—	—
# Transactional Total (MA***)	925,330	—	—	—	—
# Monetary transactions (MA***)	28,781	3,303	—	—	—
Total Transaction Sum (MA***)	USD 3,634,900	USD 605,000	—	—	—
Movilidad corresponsal					
# Banking agents	503	3	147	3	—
# Total transactions over the year	405,686	—	133,031	—	—
Transactions over the year, sum	USD 30,373,022	—	USD 8,110,173	—	—
Withdrawals over the the year, sum	USD 2,505,883	—	USD 540,090	—	—
Installment payments over the year, sum	USD 24,439,252	—	USD 7,321,402	—	—
Deposits over the year	USD 3,427,887	—	USD 788,231	—	—

* January, February 2020.

** Fondo Esperanza uses a different system when collating operational information, collecting socio-economic indicators instead of operating ones, which are channeled elsewhere.

*** Monthly Average.



COVID-19 has accelerated the digitalization of the most vulnerable

Onboarding, digital signatures and geolocation for delivering state subsidies

In order for a client to start using the *Cliente* app, they need to visit a branch office so that they can be identified, securely and without risk of error, and then onboarded. While the digital onboarding was being developed, to provide a response to the disruption caused by the pandemic, alternative solutions have been thought up using call centers or telephone calls that have appropriate levels of security, mitigating to some degree this point of friction.

Almost simultaneously, the final adjustments are being made in three institutions (Banco Adopem, Bancamía and Financiera Confianza) in order to enroll entrepreneurs using biometric facial recognition. Thanks to AI technology it is possible to confirm their authenticity with a selfie and a photo of the identity document, without the risk of identity theft; a user experience that is, moreover, simple and safe.

Of course, the strategy is to carry on making progress with these digital solutions, thus reducing the occasions when the entrepreneurs have to go to the branch office, avoiding the waste of time involved in their physical trips to formalize transactions, pay installments and withdraw cash.

Returning to the credit process, in order to make it totally virtual, we are moving ahead with both digital signatures and delivering electronic money. For the digital signature, we are working in parallel

on several local initiatives, designing pilot programs that will make the different stages of the process easier: multi-title owner signature, embedding a fingerprint in a document to eliminate possible client rejection, as well as storing documents and making them available to the institutions that need this. These pilot programs will serve as a testing lab for the definitive solution, that will be adopted across the group.

From the point of view of geolocation, we have found some very interesting cases of usage that justify the effort that the Group has been making for some years to store the coordinates not only of entrepreneurs' homes, but also the places from which they conduct certain operations. Thanks to this app, commercial intelligence analysts construct maps pinpointing where recipients of the solidarity income provided by the Colombian government are located. The program has made it possible for these people to be banked and thus receive assistance payments in a single step by opening accounts in *Officer Mobility*. This has enabled 110,000 people to receive their social assistance payments.

Furthermore, initiatives such as *Multiple Saving* and *Entrepreneurial Community* have been thought up. The former encourages saving and financial literacy, while the latter creates an ecosystem where entrepreneurs can display and sell their products on a secure platform that encompasses the entire product cycle. These initiatives are, in functional terms, ready to be rolled out in each of our institutions, depending on their needs.



By managing Requests, Complaints and Returns [PQRs in the original Spanish], we are facilitating another communication channel with their institution for entrepreneurs to efficiently resolve their questions and complaints. This will avoid frustrating episodes and make the client relationship with the institution a closer one. This new channel will use the facilities that tools such as JIRA (used internally to manage projects) offer to create processes.



COVID-19 has accelerated the digitalization of the most vulnerable

For 2021 we will be innovating in product and service lines that encourage inter-channel crossovers and improve security and the user experience, such as including QR codes generated from the *Cliente* app, which make it possible to operate in the Correspondent app. By giving these codes to the banking correspondent, the client can carry out operations swiftly, easily and securely, choosing where, when and how much to pay from their *Cliente* app. What more can you ask? We will also generate digital tokens so that transactions can be signed securely, avoiding the need to send SMS with one-time passwords, thus saving on any associated costs. We will be looking into different chat-bot systems integrated in the channels that improve our client relationships.

Connectivity in remote areas

The aim of one of the projects in 2021 is to take internet to municipalities with insufficient or no coverage, but with a high development potential, to offer our financial and non-financial value offering, as a way of pushing ahead with financial and digital inclusion. With the support of satellite and terrestrial technology (using TV white space, TVWS) provided by a number of suppliers with whom we will set up partnerships, we will roll out the infrastructure necessary for our products and services.

Our initial approach will be to establish a banking correspondent with a booth who, as well as running their own operation, will provide the option for the microfinance loan officer to work online with the entity's app to reach new entrepreneurs.

From there onwards, using our digital channels and educational platforms, entrepreneurs will be able to develop digital dexterity in administering their money, incorporating technology into their business, making the most of social media to promote it, finding new suppliers and accessing raw materials at good prices.

The advantages are many. Given that the use of technology has a high positive correlation with economic development and reducing inequalities, thanks to this initiative, we expect to improve economies in these remote regions. The digital gap is one of the barriers to development facing our entrepreneurs; by bringing connectivity closer to them we can guarantee that rural entrepreneurs are not left out of the digital revolution.

In 2021 we want to take internet to municipalities that are currently without coverage but have a high development potential, to achieve their financial and digital integration.

Cybersecurity, a concern that is shared throughout the BBVAMF

While we are aware that cyber attacks will take place, we don't know when, so the Group is rolling out a shared strategy for identifying possible risk and reducing the vulnerabilities in our ICT systems. We are therefore implementing a cybersecurity framework that has been proposed by the United States' National Institute of Standards & Technology (NIST) which brings together best practices both in managing information security and in cybersecurity itself.

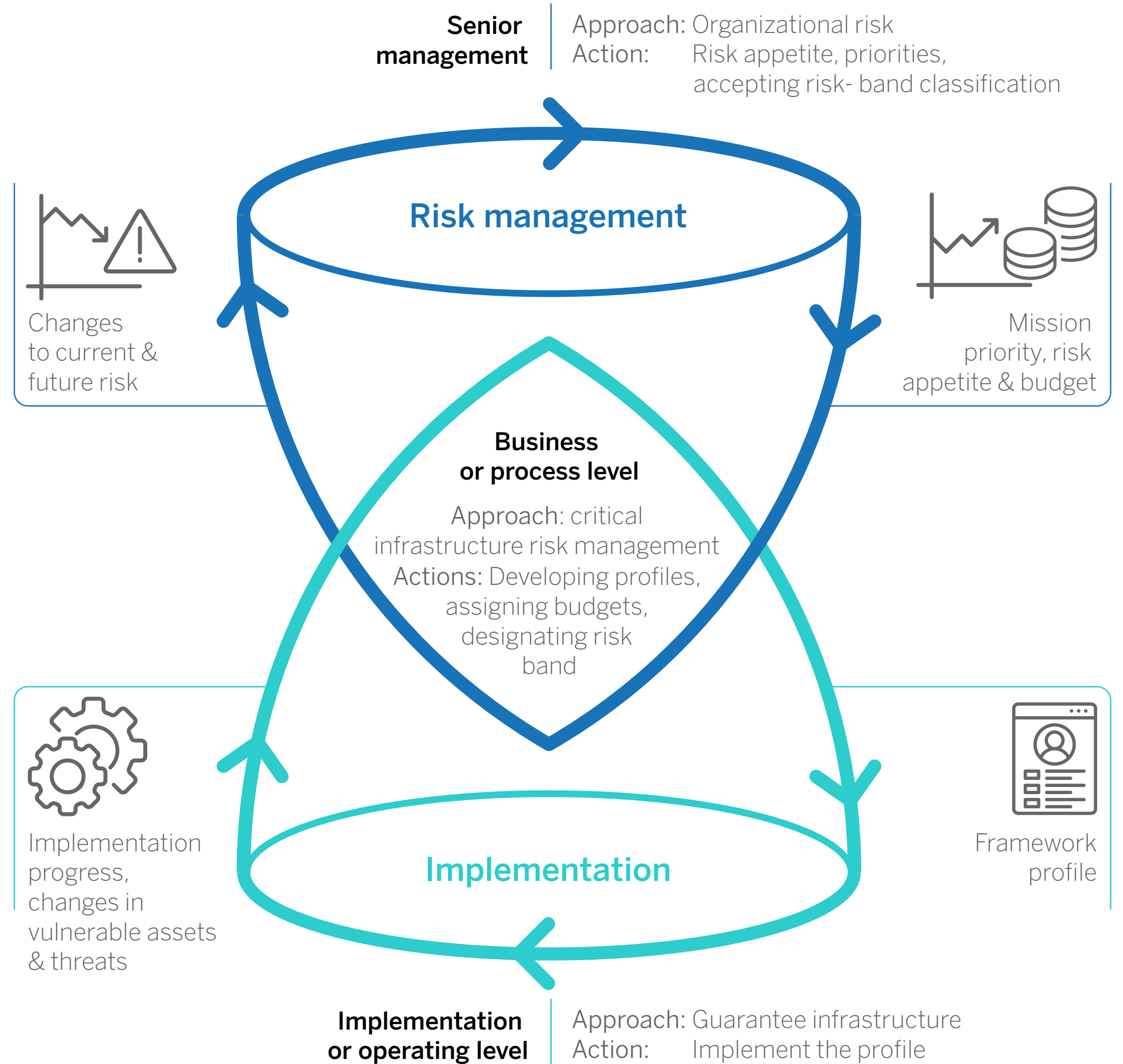
We are working around several principles based on functions in the NIST framework, which seek to anticipate - a key term in cybersecurity - by identifying and prioritizing the various activities and infrastructures that ought to be monitored.

The first principle, protection, sets out which critical infrastructures may be affected by existing risks in the sector and the possible vulnerabilities in the systems (information leaks, unauthorized access to infrastructures in the cloud, non-availability of the banking core or operations that are vulnerable through new apps). This principle is based on operational risk policies and has been adapted to new realities such as working from home.

Speeding up digitalization

COVID-19 has accelerated the digitalization of the most vulnerable

The second principle, monitoring, uses shared tools to detect any abnormal activity, as well as controls that regulate actions, services and infrastructures that have been defined as critical. Resilience, the third principle, encompasses response and recovery actions in the event of an attack: a response template for anticipated incidents, damage limitation protocols and defining and executing recovery plans aligned with business continuity plans.



Empowering vulnerable women against the pandemic

The pandemic has hit women's businesses particularly hard because of the industries in which they work, because they have fewer available resources to tackle shocks, and because of the rise in the hours spent on unpaid work (domestic tasks and care of dependents). Thus, inequality gaps that already existed before the pandemic - in terms of the proportion of informal jobs occupied by women, their financial and digital inclusion, access to health services and social protection - have become more acute in the last year. ECLAC forecasts that 231 million people in Latin America will fall into poverty in 2020. Of these, 118 million will be women.

This scenario has led us to swiftly adapt our value offering with our women's economic empowerment strategy. Our aim has been to support them and to mitigate, as far as possible, the impact on their economic activities, their welfare and that of their families. One of the first actions was to conduct several surveys with a gendered approach⁵³, which has enabled us to better understand their specific needs and adapt our products and services nimbly.

Adjusting our "women's" value offering to the new reality

During the pandemic, our priority has been to remain as close as possible to all our entrepreneurs, male and female. Our officers have been in close digital contact with all of them, by WhatsApp and telephone. They have switched from face-to-face to digital meetings, providing financial training through social media and virtual sessions. In the case of women entrepreneurs, our priority has been to create awareness about the importance of looking after themselves, gender roles in the home and providing them with information about preventing gender violence. They have also been supported as they reactivate or reinvent their businesses.

Digital channels for women, essential in the year of the pandemic

Digitalization is a powerful weapon for bringing financial services to our clients. However, we have seen that a digital gender gap continues to exist. For example, in Financiera Confianza (Peru), 31% of the men we serve are digitalized, compared to 27% of women.

Digitalization is a key tool to expand the sales channels for our women entrepreneurs and potentially mitigate their businesses' drop in sales (see the "Measures" section on the impact of the pandemic). Our data show that women have been the most avid users of customer management technology during this crisis. WhatsApp was taken up by 15% of Dominican women and 20% of Chilean women. In fact, a survey published in September 2020 showed that 77% of the women entrepreneurs with Fondo Esperanza (Chile) were using some kind of online platform, mainly social media, to sell their products⁵⁴.

*In Latin America, 69% of women use mobile internet, but 70 million still do not. The digital skills gap and lack of confidence are the main obstacles**

* GSMA-The-Mobile-Gender-Gap-Report-2020.

Women's empowerment

- Impact of COVID-19 on women

Empowering vulnerable women against the pandemic

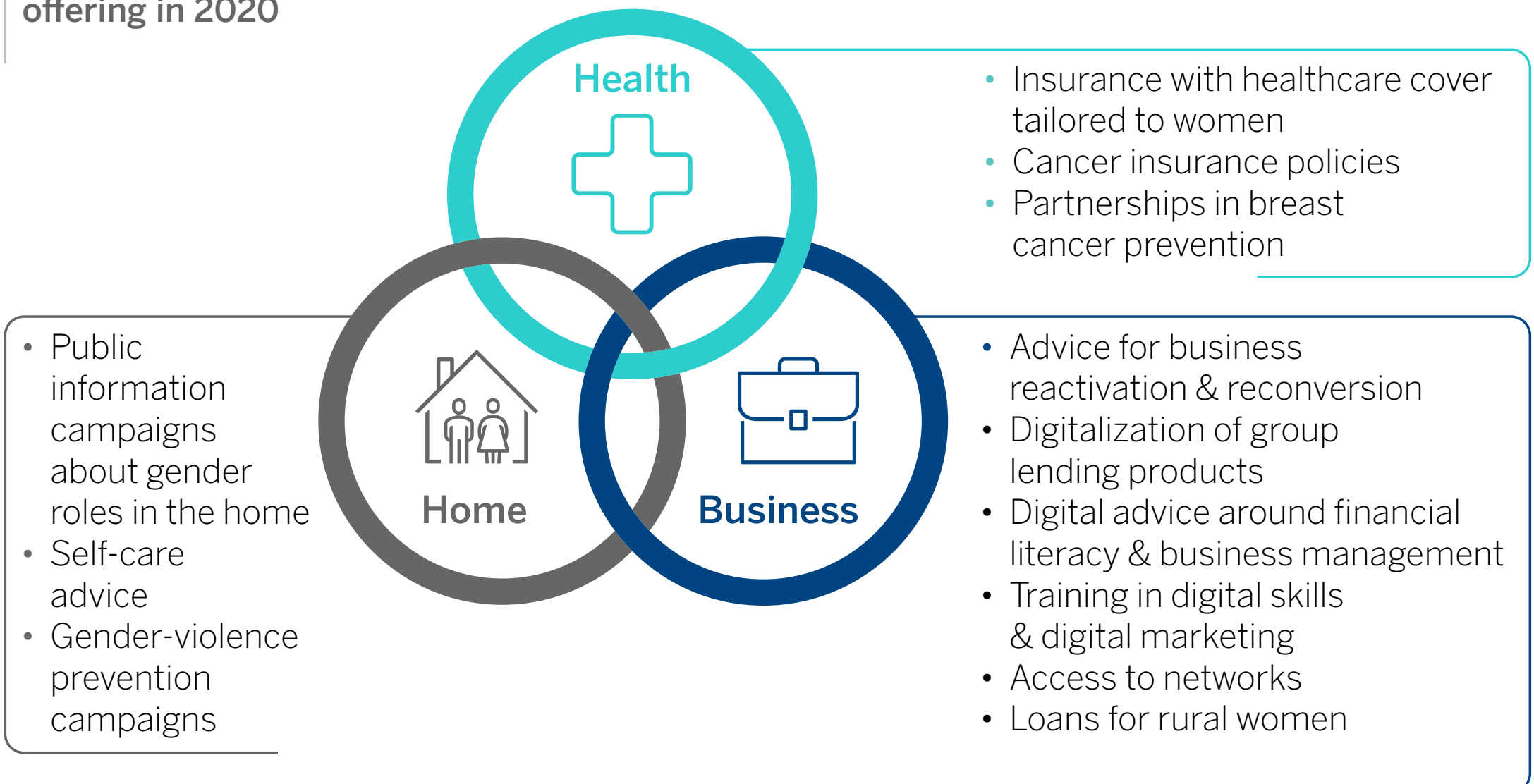
Another of the challenges in 2020 was to keep our relationship banking model going in the middle of a pandemic. This was the case for group lending products and Financiera Confianza's *Palabra de Mujer* [Woman's Word], which have been digitalized in order to stay close to our most vulnerable female entrepreneurs. In Colombia, the use by entrepreneurs of the Mobile Banking application and the virtual office has been pivotal (see the ["Innovation & Technology"](#) section for more details).

It is true that creating digital banking platforms can overcome mobility restrictions, but this does not guarantee that clients take up these solutions, since they may not know how to use them. These platforms must be backed up by training in digital skills and other measures to ease access.

For this reason, in 2021 we will continue pushing for partnerships with public and private institutions to develop digital literacy programs, access to mobile phones and/or data plans for vulnerable women so that they can overcome the barriers to access, their fears and lack of self-confidence when using technology.



Extending our value offering in 2020



Women's empowerment

- Impact of COVID-19 on women

Empowering vulnerable women against the pandemic

An integrated value offering
for our women entrepreneurs**Panama**

- Healthcare for women
- Casafin Habitat
- *Mujer Rural* [Rural Women] lending

Colombia

- Segmentation by gender-differentiated sales offering on tablet
- Insurance: cancer, protected purse, women's healthcare
- Empropaz-Transversal Gender Strategy
- Partnerships: Pepsico Foundation & Fundes, Natura, Bavaria Foundation, Personal marketing
- *Nosotros con ellas* [We're with the women] website
- MEbA-Woccu Rural Savings
- PAR-Aequales community

Peru

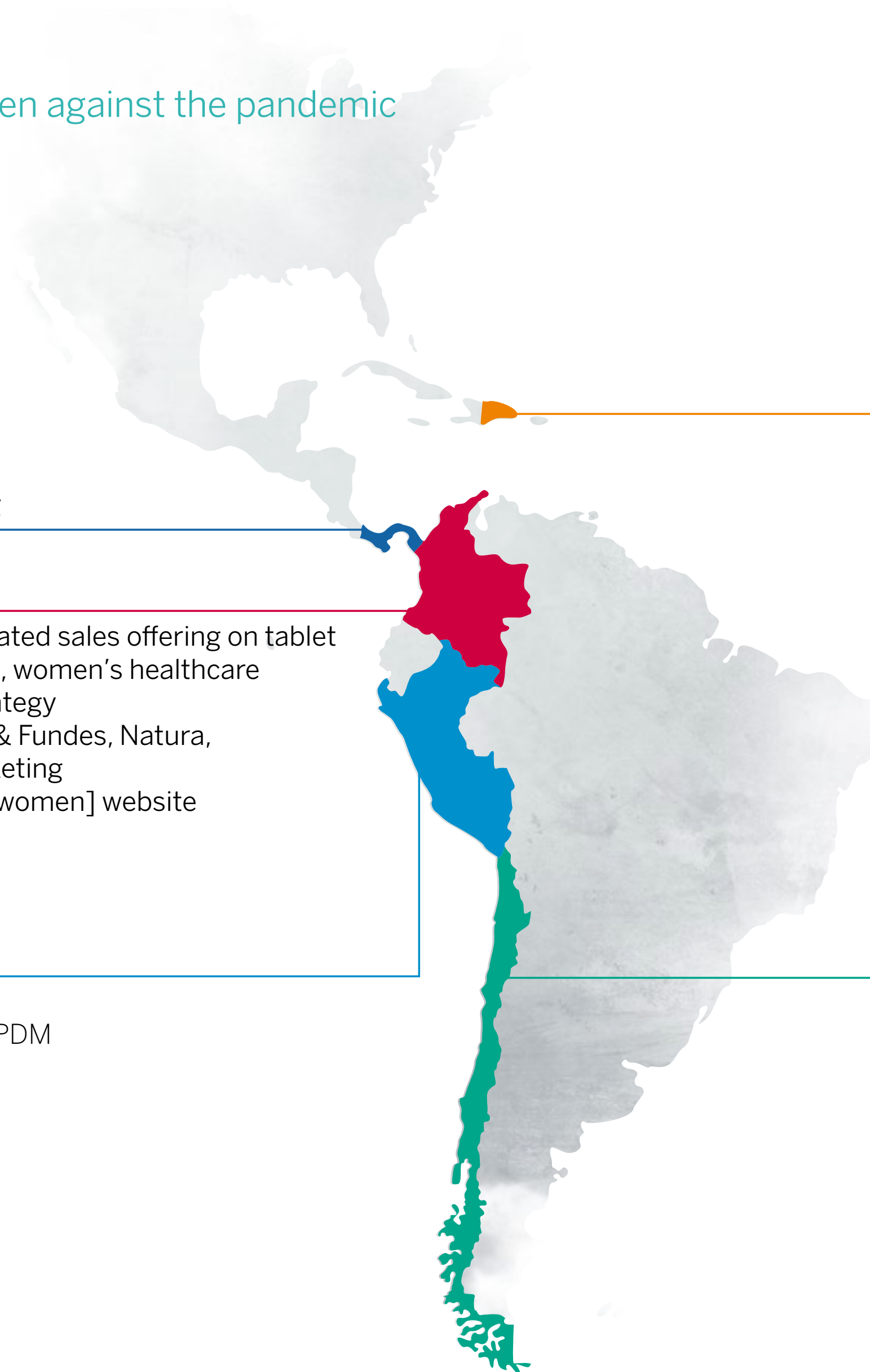
- Palabra de Mujer (PDM)
- *Mujer Segura* (crédito oncológico)-PDM
- Crédito educativo
- Conéctate - Educación financiera
- Academia Confianza
- Construyendo Confianza
- Water.org

Dominican Republic

- *Ahorro San* healthcare saving
- Gender parity initiative & Ministry for Women SDG5
- Agromujer [Farming Women]
- Nestlé microfranchises
- Star Products-beauty salons
- Victims of violence loan

Chile

- Partnerships: Kodea Foundation, Heroikka, Soy PRO, FALP, PRODEMU
- *Aprendo y Emprendo* [Learning & Entrepreneurship] YouTube learning pills
- Time usage indicators
- Group lending + School for Entrepreneurs
- Somos FE
- *Mi Familia Protegida* [Protection for my Family] insurance





Women's empowerment

- Impact of COVID-19 on women

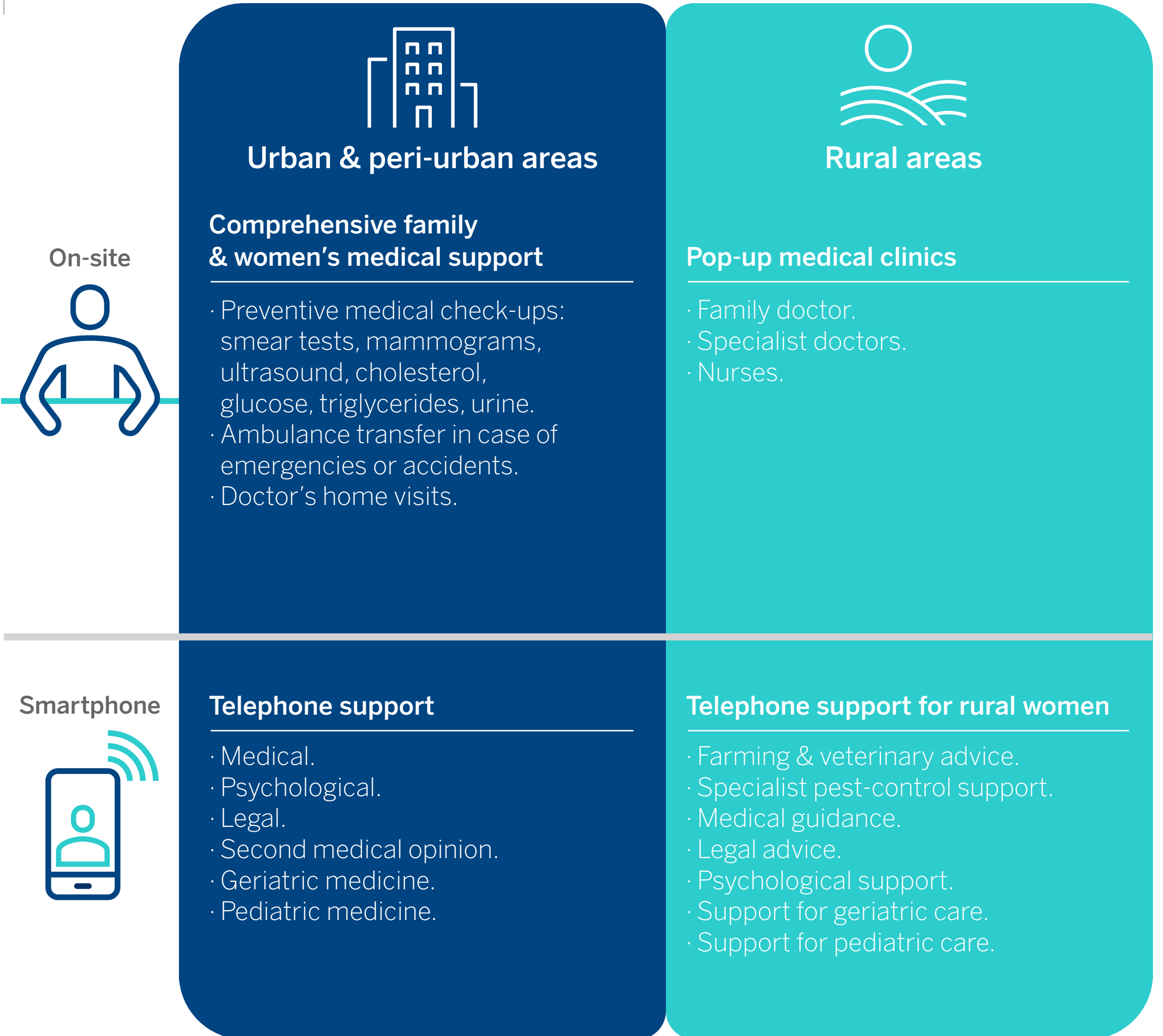
Empowering vulnerable women against the pandemic

Insurance and health care tailored to women

COVID-19 has shown that it is fundamental to protect the most vulnerable women from external shocks, particularly their health and that of their families. The pandemic has worsened their access gap to social protection, increasing the need to have insurance designed around them. This lack of protection is correlated with their participation in the labor market. In comparison with men, the proportion of women with jobs is lower, but they work more hours, for less pay and have fewer guarantees of receiving welfare healthcare, so their pension and retirement coverage rates are lower.⁵⁵ This is exacerbated by the fact that in Latin America and the Caribbean, women live longer and have more healthcare needs, partly due to their reproductive function.⁵⁶

Since late 2019 we had already been working in Panama and Colombia on designing healthcare for urban and urban women for under USD1/month. These healthcare plans include access to health checkups (such as mammograms and scans), clinical analysis and ambulance transfers, as well as medical, legal and psychological care, both in person and over the telephone. Other welfare services included are support with schoolwork and, in rural areas, pop-up health clinics, telephone assistance for dealing with infestations and advice on crops and livestock.

Support services for women



Empowering vulnerable women against the pandemic

We should also highlight *Cancer Insurance policies*. These have been implemented in Colombia and Peru in order to protect women; if breast or uterine cancer is detected they receive compensation, and are offered a family basket of goods if the diagnosis is positive. In Chile we have conducted breast cancer prevention campaigns with institutions such as the Arturo López Pérez Cancer Institute Foundation (FALP).

Finally, in Colombia we have launched a *Protected Pocketbook Insurance* policy for women street vendors or who sell through catalogs and handle large amounts of cash.

In 2021 we will continue to make progress with the insurance product range for women with the *Breastfeeding Women's Insurance*, an innovative, inexpensive product (from USD 1/month) which seeks to support women entrepreneurs with additional income during the first four months of lactation, and includes a series of healthcare services during pregnancy.

Financial services for rural women who look after the environment

Environmental sustainability -with a gendered approach- forms part of the BBVA Microfinance Foundation's ADN and is something that we have been building on in recent years.

Women depend on subsistence farming - which is very sensitive to the climate - and are less able to adapt to climate change or to diversify their production because they have fewer productive resources. However, when they are given the means, they often take the lead in developing resilience strategies and in adapting sustainable farming practices.⁵⁷

In the Dominican Republic our institution, Banco Adopem, has been leading the *Finanzas Rurales y Ambiente* (FRA) [Rural Finance & Environment] program, which prioritizes rural women who are heads of their family, traditionally categorized as a "risk segment" and who often do not have title over their land, which is frequently an obstacle to their financial inclusion. The beneficiaries of this program, 43% of whom have primary education at most, access microloans and training in sustainable techniques to give a boost to their productive activities and look after the environment .



Video of Family & Women's healthcare support (Bancamía-Mapfre) launch



Empowering vulnerable women against the pandemic

We have recently taken the *Microfinance for Ecosystem-based Adaptation (MEbA)* program to Dominican farmers. We have successfully implemented this project, first rolled out in Colombia, where it has helped 247 women in 2020 in partnership with the UN Environment program.

Similarly, in 2020 Microserfin kicked off its Rural Women project together with the Whole Planet Foundation and Panama's Farming Development Ministry. Its aim is to finance the activities of rural women working as artisans, in farming or in animal husbandry.

Find more information about our environmental strategy, [here](#).

Access to basic water and housing services: Two rising concerns of women

During the fight against COVID-19, the scarce access to clean water in many homes around the world has become more apparent. This is a reality, too, in Latin America's urban and peri-urban areas, and a key concern for our women entrepreneurs. In 2020, 5,127 loans were granted for the initiative we have set up with [Water.org](#) (49% of these to women) to ensure they have drinking water and a decent bathroom. This not only improves their living standards, but also has a positive impact on the environment and saves them valuable time that they would otherwise spend on collecting water.

CasaFin in Panama, meanwhile, is an initiative that the women we serve (who make up 57% of loans disbursed in 2020) ask for more than any other, as they want to upgrade the living conditions of their homes for their families.

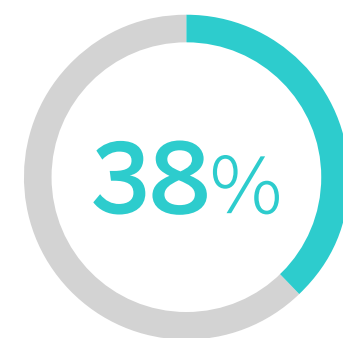
Rural women

Data to December 2020



4 in every 10

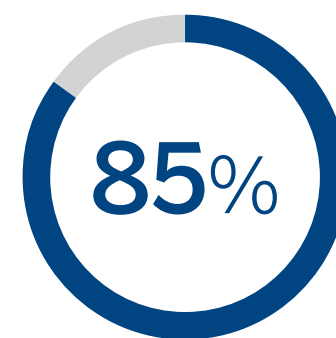
new rural women entrepreneurs work in farming activities



are less than 30 years old



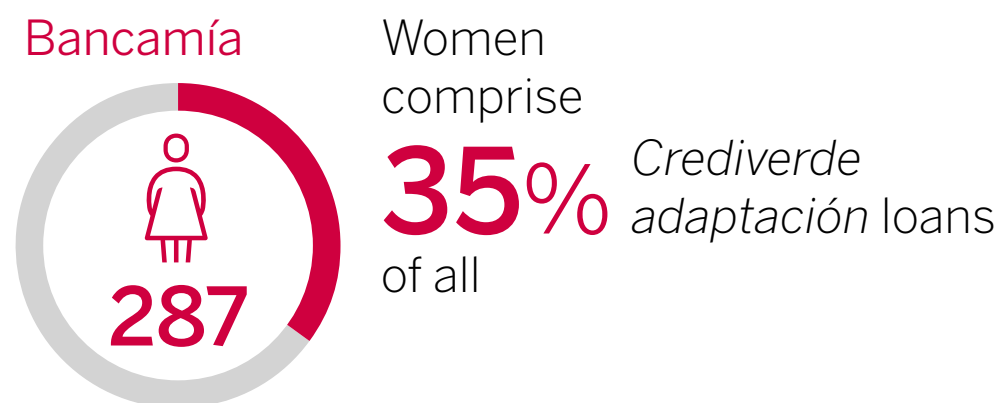
have higher education



are vulnerable

It is critical to support them to contribute to the fight against climate change and in protecting the environment.

Loans by entities



Microserfin **480** women were granted *Mujer rural* loans of between **USD 300 & 1,500**

Empowering vulnerable women against the pandemic

Financial education, technical training and access to networks

Our commitment goes beyond financial literacy: as well as face-to-face and online training, we offer all our clients training in business management. In the case of women entrepreneurs, we also provide integrated training in welfare, empowerment and community leadership. This last year we have made additional efforts in training on relevant subjects during the pandemic, such as self-care, gender roles in the home and preventing gender violence.

Some of our programs rolled out in 2020:

The best example of our approach is *EducaFE*, a *Fondo Esperanza* syllabus, our institution in Chile. 2020 saw virtual sessions in self-care, digitalization, biases⁵⁸ and gender violence in the context of the pandemic. The YouTube channel *Aprendo y Emprendo* [I learn and I start a business], offers advice on how to improve business management and create awareness about gender roles. The digital marketing courses for women entrepreneurs have also continued throughout the year.

Aprendiendo en Confianza [Learning in Confianza] is a financial literacy program that has been developed during Woman's Word group lending meetings about online product payments. These meetings have used short manuals on financial education, personal finance, business reinvention and digital literacy.

Conéctate [Get connected] is another financial education initiative developed by our institution Financiera Confianza, in collaboration with CARE and Fundación Capital. Using face-to-face workshops, the *Lista* app, and SMS, over 3,5000 rural and peri-urban women entrepreneurs have received training on basic finance, drawing up budgets, savings and other products. This type of training enables these women to overcome their phobia of technology.

Mujeres con Propósito [Women with a Purpose] is another program developed by Bancamía in combination with FUNDES and Pepsico Foundation, which has trained around 100 new women entrepreneurs in empowerment skills during the pandemic.

In 2021 we will continue improving our clients' financial education with a gendered approach. We will also carry on enriching the empowerment and gender content in our training plans, webinars, and specific virtual courses for the management of their businesses, with input from business schools and mentoring for women entrepreneurs.

We know that the businesses with the greatest likelihood of success are those with the most networking and access to social media. We are aware of many women entrepreneurs' restrictions in this area because of their reduced mobility, so we have developed initiatives that make your business visible, encourage contact with suppliers, clients, other entrepreneurial ecosystems, etc.



Financiera Confianza's campaign to prevent gender violence

Women's empowerment

- Impact of COVID-19 on women

Empowering vulnerable women against the pandemic



Heroikka is one of these initiatives. It consists of a pilot program for 35 women partners that allows them to publicize their businesses on the platform, promote their products and set up international contacts with other women for consultation or mentoring.

Soy PRO is a digital marketplace that enables them to look for products by area. In 2020, the 1,200 Chilean women clients who took part in this initiative have advertised their products and services there and made contact with private buyers.

Consolidating an internal culture of gender parity

Women's empowerment is embedded in our corporate culture since, to be closer to women entrepreneurs, we have to start at home. To this end, BBVAMF has signed up to UN Women's Women's Empowerment Principles (WEPs, and to the United Nations' Global Compact).

Methodology

Aequales' PAR rankings

Contains questions about hiring procedures, promotions and pay, as well as best practices in HR within the organization, women's leadership and new masculine roles.

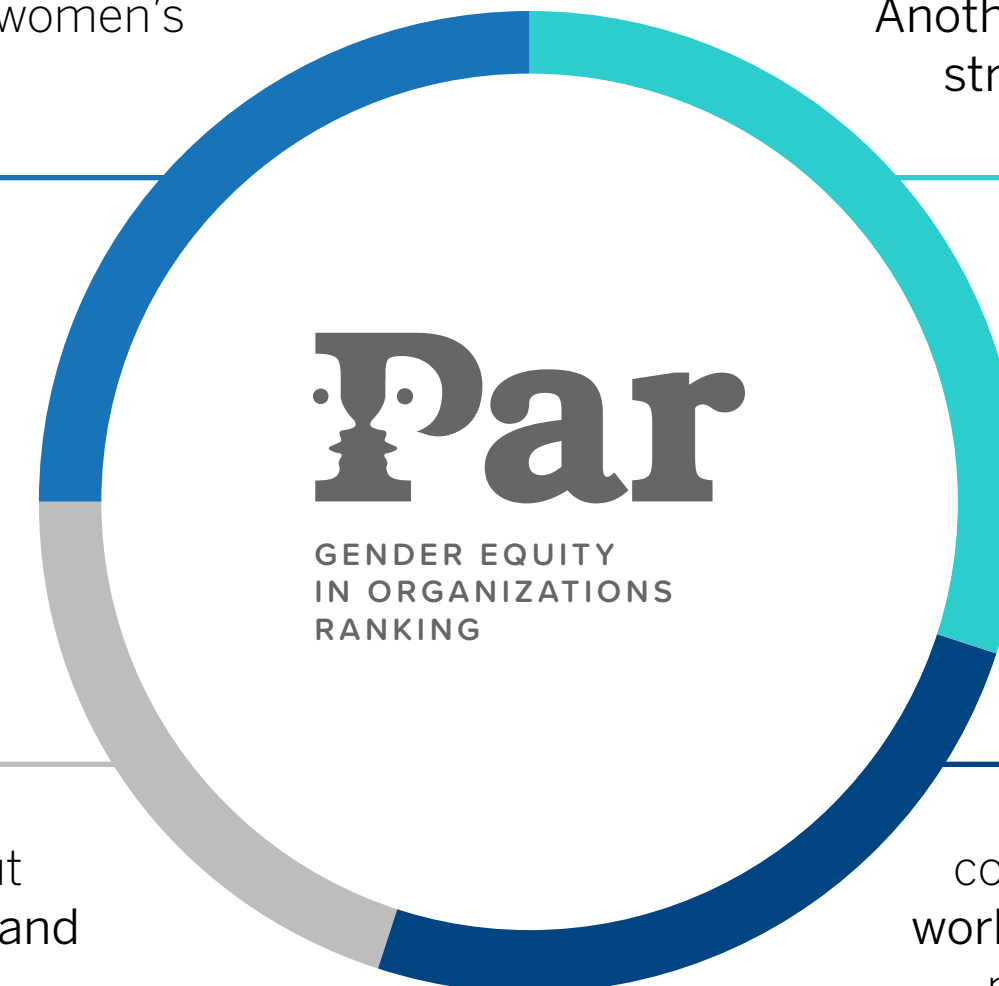
We have our own corporate commitment to women's empowerment while all our institutions have parity and diversity committees. These committees define and review our strategy, coordinating and disseminating this gender vision across all areas of our organization, making us accountable to the governing bodies.

Positive action to achieve gender equity with co-workers and stakeholders. Another expression of corporate strategic management with a gendered approach.

25%
Talent management

20%
Organizational structure

Contains questions that collate information about the numbers of women and men in the organization, hierarchy and the areas in which they work.



30%
Goal management

25%
Organizational culture

Practices that encourage co-workers to achieve a good work/life balance, measures to prevent and penalize sexual harassment in the workplace, inclusive & positive LGBTI+ action

Women's empowerment

- Impact of COVID-19 on women

Empowering vulnerable women against the pandemic

Furthermore, in 2020 we took part in [the Aequales PAR ranking](#), a free annual measurement tool, and the leading product in the region, which evaluates the gender parity conditions of over 800 Latin American companies. Using over 200 variables it calibrates the gender parity conditions at the very heart of the organization.

All our institutions' results were higher or the average for their respective countries. We have strengths in the areas of managing objectives, organizational structure and talent management, and room for improvement in our organizational culture. We will work on these throughout 2021.

Likewise, in 2020 during the pandemic, our institutions have implemented websites about parity and inclusion and run workshops for co-workers on unconscious gender bias and gender roles.

Throughout 2021 we will roll out a series of actions to document these efforts in our corporate policies, we will continue training about unconscious gender bias, and we will promote action that improves the work/life balance. Our aim is to carry on making progress so that we have a more inclusive, more diverse working environment that lets us understand and better serve the needs of our women entrepreneurs and those of our co-workers, whether women or men.



In BBVAMF equity and diversity are part of our corporate culture. We work to create more inclusive work environments that allow us to better serve entrepreneurs' different needs.

Hogar

¡Vive con equidad!

Evita que este periodo de Covid-19 acentúe las brechas de género actuales

Recuerda que todas y todos podemos:

- Ser responsables de la crianza de hijas e hijos.
- Aportar económicamente.
- Realizar los quehaceres del hogar y más.

Esta lucha no está en cuarentena

#VivoElAislamientoConEquidad

Fundación **confianza** Fundación BBVA Microfinanzas

Financiera
Confianza's
Live Equally! campaign

Impact of COVID-19 on women

In 2020, BBVA Microfinance Foundation has studied the findings from the surveys conducted in each of the countries where it operates to gain a deeper understanding of the impact of governmental restrictions on its clients, particularly women. They started off in a more vulnerable situation, and the burden of family care and domestic tasks fell on their shoulders disproportionately during the pandemic. The surveys have enabled us to better understand their preferences and report back to the product development departments so that they can take the necessary action.

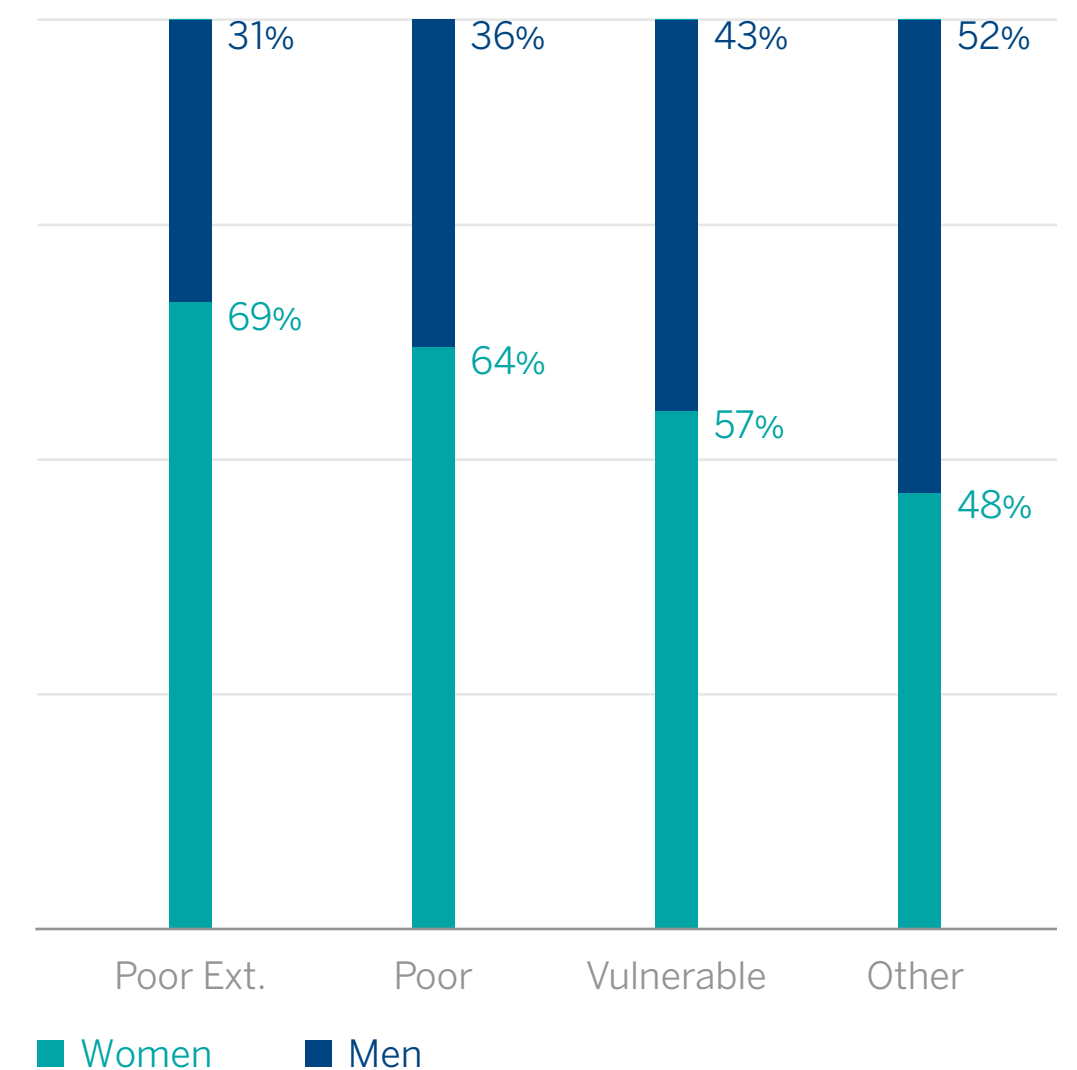
Today, four in ten women in Latin America still do not earn their own incomes.⁵⁹ This situation is 2.8 times more common among women than among men. The difficulty of entering and taking part in the job market, together with the time spent on unpaid domestic tasks and caring (more than 45 hours a week in Colombia⁶⁰), limits their earning possibilities.

The lack of economic independence means that women are more likely to be in poverty. If the proportion of those in poverty in 2019 was 12.7% higher among women of working age than among men of the same age bracket, this difference has widened in 2020 to 15.8%, with the estimated female poverty indicator for 2020 standing at 115.8. This gap is wider in the extreme poverty category, where the female indicator stands at 119.3.⁶¹

This situation was aggravated during the pandemic because women have an inherently urban profile, operating in the activities that were most affected by local restrictions, and thus were harder hit. BBVA Microfinance Foundation (BBVAMF) was founded with the purpose of reducing poverty and enabling financial inclusion among vulnerable populations in Latin America, so it has always had a clear-cut commitment towards them.

50 Vulnerability of current clients by gender

Clients current at 12.31.2020





Impact of COVID-19 on women

Effect on their businesses

The restrictions imposed at the beginning by governments had a harsher impact on certain sectors, such as services and retail trade, especially in precarious urban areas with high population density, which were more prone to contagion.

COVID-19 restrictions impacted on sectors with disproportionately high numbers of women. Over half of all female microentrepreneurs closed their businesses, while 77% saw their sales fall

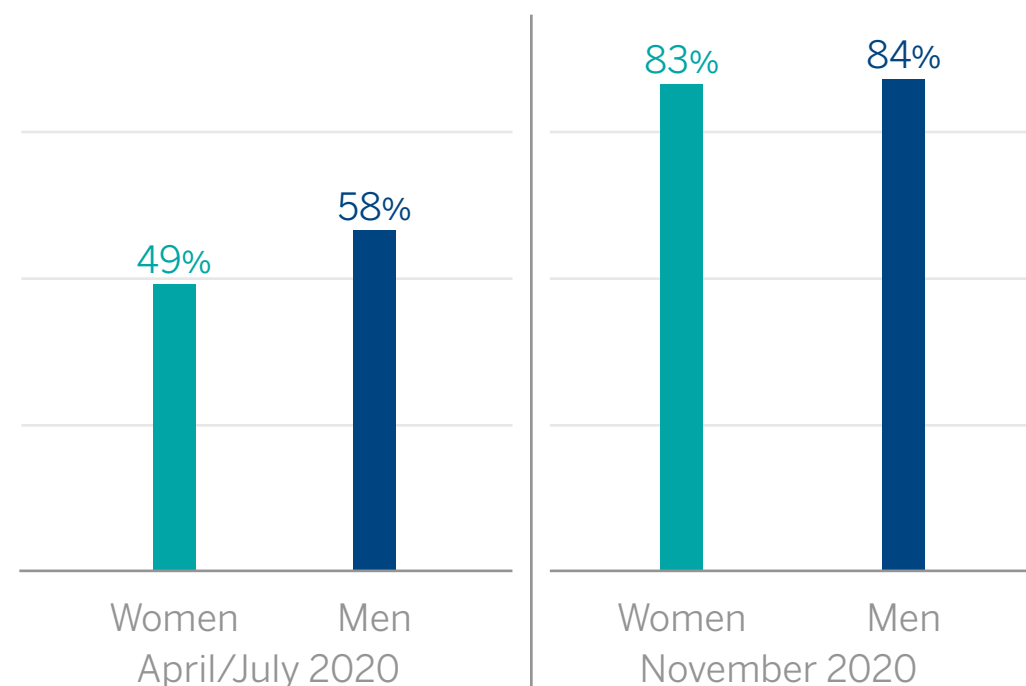
Severity of the shock on their businesses

At the beginning of the year, this type of microenterprise was the hardest hit, and had to shut their businesses temporarily or for good, with the resulting reduction in sales. During the second quarter of 2020, more than half the women entrepreneurs banking with Bancamía (Colombia) and Banco Adopem (Dominican Republic) did not keep their businesses open, although this occurred to a lesser extent in Peru, where the rate was three in ten.

We should also bear in mind all those microentrepreneurs whose businesses, while remaining operational, were not shielded from the shrinking of each country's aggregate demand, since 77% of entrepreneurs had sales that were reduced from pre-pandemic periods. This was particularly critical for one in every three women, who saw their incomes slashed to less than half.

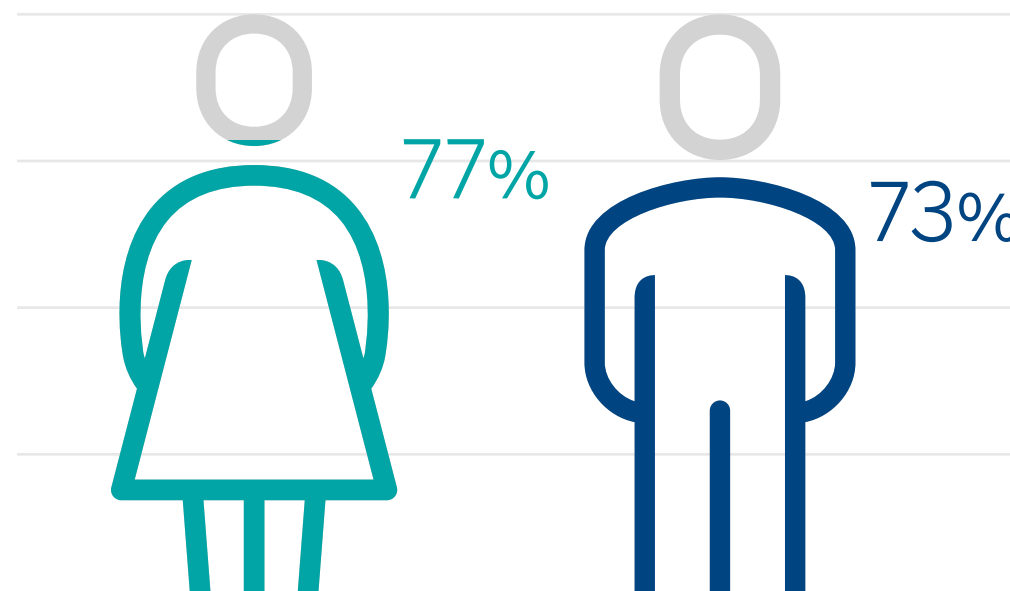
51 Businesses open temporarily

Total clients surveyed



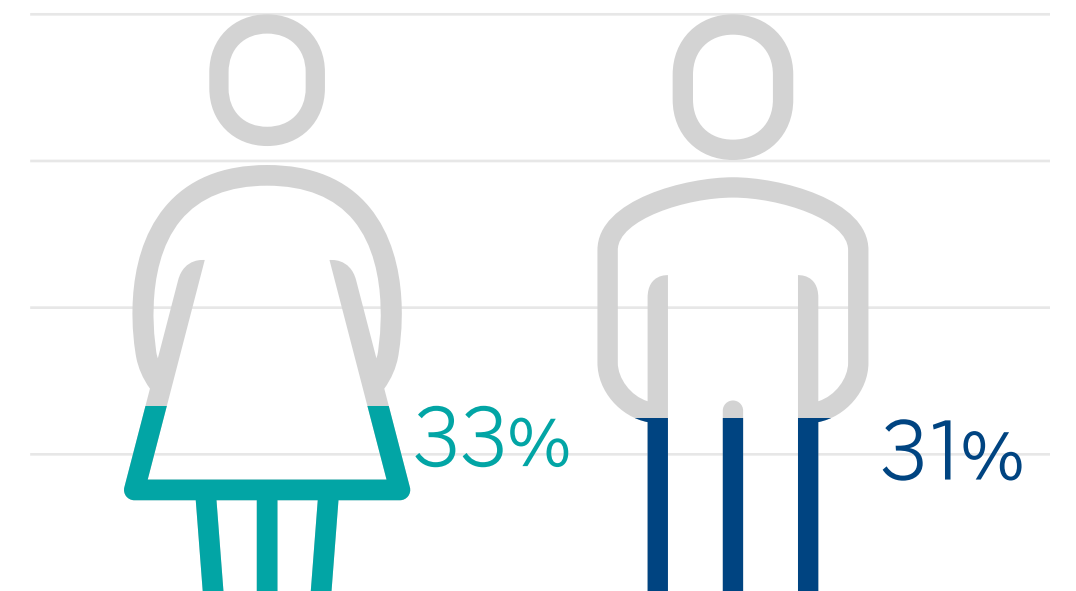
52 Reduction in sales

Clients open for business surveyed in November 2020



53 More than 50% fall in sales

Clients open for business surveyed in November 2020





Executive summary

Introduction

Macroeconomic context

Impact on entrepreneurs

Our response
to COVID-19

Speeding up digitalization

Women's empowerment• **Impact of COVID-19
on women**

Environment

Displaced people & migrants

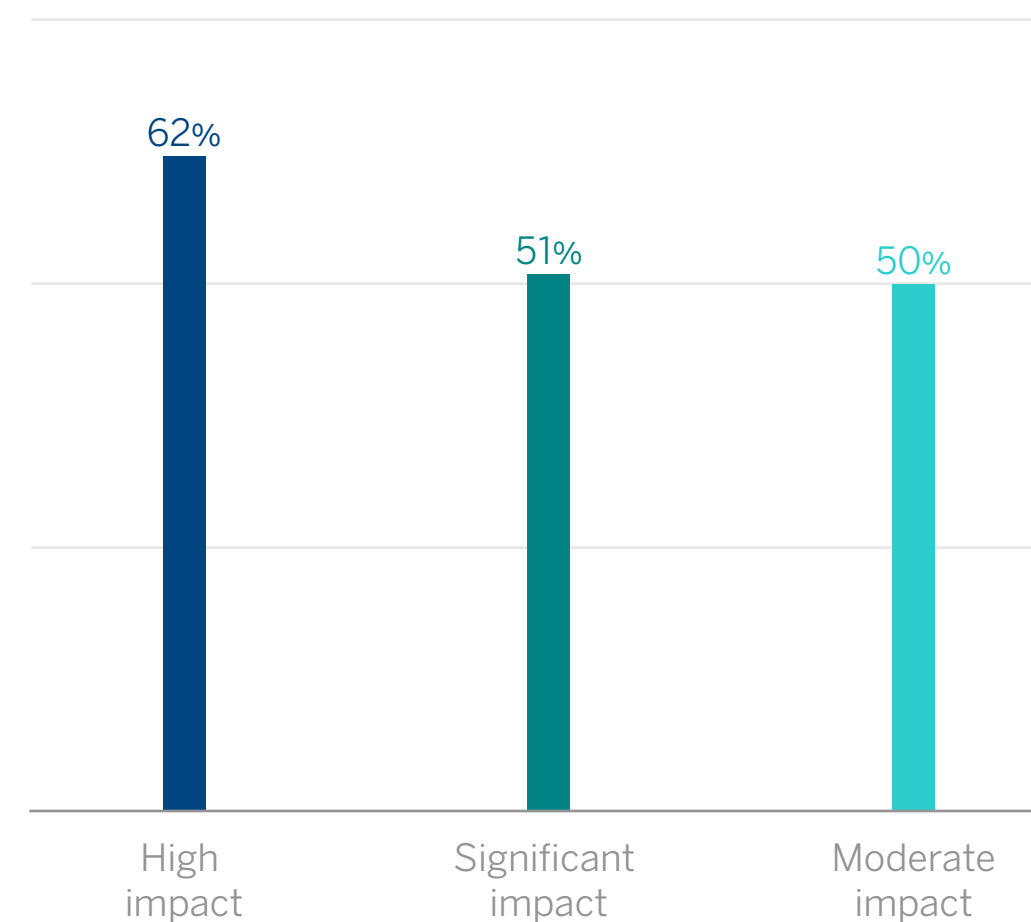
Empowering vulnerable women against the pandemic

For this reason, to make interpretation of the surveys clearer, we decided to segment clients according to how severely they were affected, combining business closures and falls in sales. These were divided into three groups: "heavy impact", "significant impact" and "moderate impact".

60% of women granted loans by the Foundation's entities were in the "heavy impact" segment.

54 Segmentation by type of impact

All women surveyed in November 2020



This means that many women entrepreneurs set their businesses temporarily to one side, since these were no longer their main source of revenue, becoming a secondary economic source until the crisis abated.

According to research conducted in Bancamía (Colombia), nearly 55% of these women brought the biggest pay packet into their home, and 71% said they had dependents. Furthermore, eight out of ten women surveyed between 18 and 45 years old were responsible for looking after babies/children and adolescents. This makes all too clear not only their need to find alternative revenues, but also the impact on their families, thus increasing their vulnerability.

COVID-19 has increased the vulnerability of our women entrepreneurs

Recovery

Towards the end of the year, when many of the most restrictive measures were no longer in place, the economy began to show signs of recovery, demonstrating just how resilient our clients have been, since after having been obliged to close, they have succeeded in opening up their businesses again. In some cases, such as Bancamía and Financiera Confianza, they have even seen how their sales have increased or at least matched pre-COVID levels (23% and 38% respectively).



Empowering vulnerable women against the pandemic

Effect on their households

Impact on savings

Savings achieved in pre-crisis periods have helped women to palliate their lack of income in the times of greatest tension. For example, in Colombia women used their savings to meet their obligations (in 44% of cases), while in Panama 60% did so.

46% of women declared that their capacity to save had been completely wiped out, compared to 43% of men.

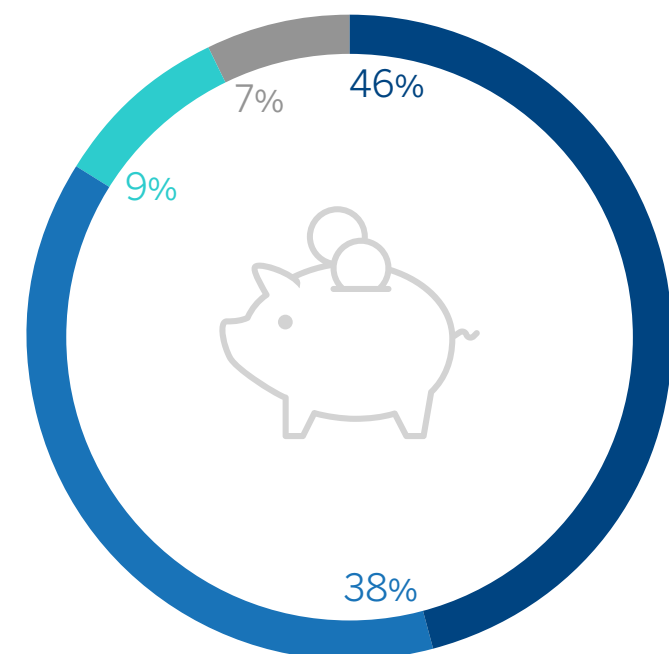
Diversifying their revenue sources

The surveys certainly showed a fall in the importance of the microenterprise for the household, with the business going from being the main source of income (> 50% of the family unit's income) in the case of 64% of the female entrepreneurs, to 50%, i.e. a reduction of 14 percentage points.

There has been a sharper impact in those households where the woman's business is the sole source of income

55 Effect on savings capacity

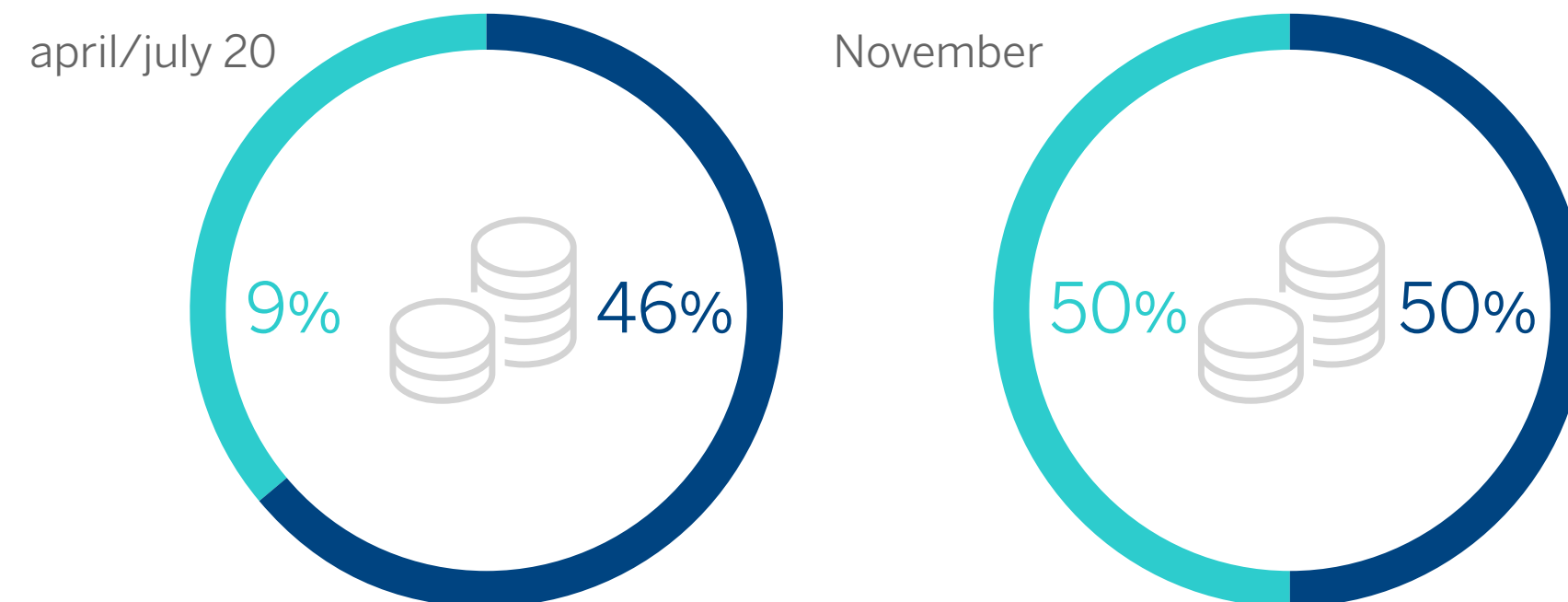
All women surveyed in November 2020



■ Total ■ Partial ■ Not affected ■ Did not save

56 Main source of income

All women surveyed in November 2020
Surveys of impact and recovery



■ Main source ■ Diversified



Empowering vulnerable women against the pandemic

Measures adopted

To tackle the pandemic, households applied a range of financial measures to smooth the impact of the shock, such as adapting and reconvertng their business.

In terms of business, the most significant measure was to change the sales channel, using digital channels and social media and, in certain countries, home deliveries. In addition, some women have reinvented themselves and redirected their businesses during the pandemic, especially those who work in the most affected sectors (e.g. clothing trade), although this has been a less popular measure.

This is what we have seen in the case of entrepreneurs making clothes, who began producing facemasks under the auspices of governmental programs, offering these at low prices in their communities, as well as specialist emergency clothing.

Measures taken by women

Impact & Recovery Surveys

Bancamia Colombia

Of the main measures adopted by women in Colombia, in 41% of cases people resort to their savings, followed by the applications for debt relief from financial institutions (30%) and help from the family (24%).

The use of digital media for client management has been much more popular among women. 11% of them adopted this measure, compared to 7% of men. This has been followed by delivering goods to customer's homes, although to a lesser extent (15% of women did this).

Financiera Confianza Peru

Women have taken a bigger role in adopting the minority measures, such as sending goods to customers' homes (8%) and dealing with clients on WhatsApp (6%).

Banco Adopem Dominican Republic

Handling clients on WhatsApp has been much more popular among women. 15% of them adopted this measure, compared to 6% of men.

Fondo Esperanza Chile

Chile is one of the countries seeing the most digital activity, thus contributing to mitigate the shock. In August, the businesses that resisted better and continued working (59% of the total) were those that sold online (41% of the total), compared to those that had physical premises (10% of the total). Clients with more than one sales channel (digital and others) also did better.

Microserfin Panama

60% of women have had to use their savings in the second half of 2020 to deal with the crisis caused by the pandemic.



Environmental sustainability

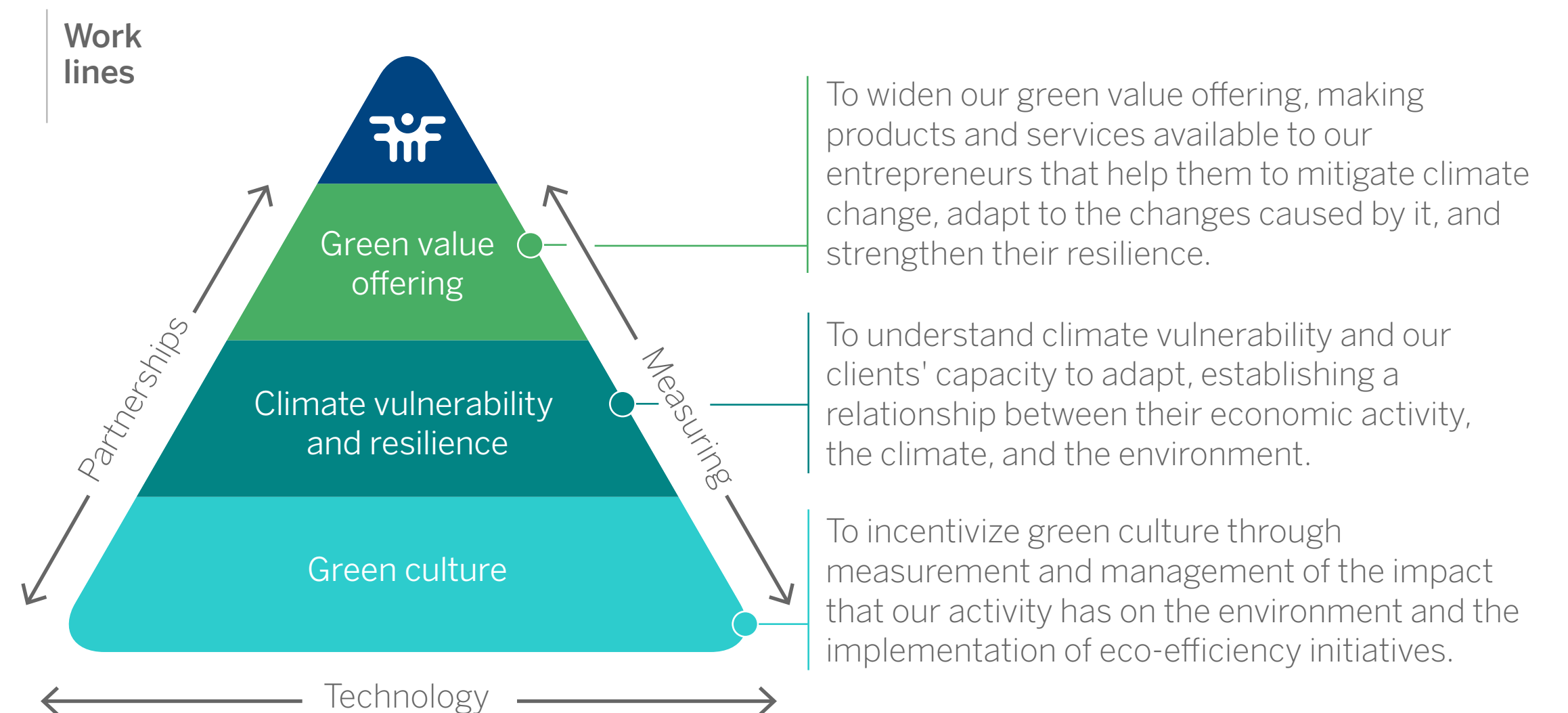
The most vulnerable are the hardest hit by natural disasters caused by climate change and more recently by the COVID-19 pandemic. We are aware that to achieve global sustainable development nobody should be left behind. That is why in BBVAMF we believe that in order for these groups to recover, a clear and forthright push for environmental sustainability is of fundamental importance, one that enables our entrepreneurs to increase the productivity of their work and that has a positive repercussion on their environment.

Green strategy

The BBVA Microfinance Foundation (BBVAMF) and its institutions (BBVAMF Group), is working towards a more sustainable world, reinforcing the route we have taken to integrate environmental sustainability and its principles into our activities. Our three key strategies (green culture, vulnerability & climate resilience and green value offering) leverage three principal tools: partnerships, technology and measuring. Our ultimate aim is to transform the lives and environments of our entrepreneurs in Latin America.

As well as our Environmental strategy, we also have firm social and good governance commitments (ESG)⁶². To contribute to the global transformation of the sector, we have signed up to UNEPFI's Responsible Banking Principles⁶³, reinforcing our commitment to meeting the Sustainable Development Goals (SDG) and the Paris Agreement.

We support actions that have a positive impact on the environment by harnessing a green corporate culture that enables us to tackle environmental risks and improve our value offering for our clients, coworkers and society at large.



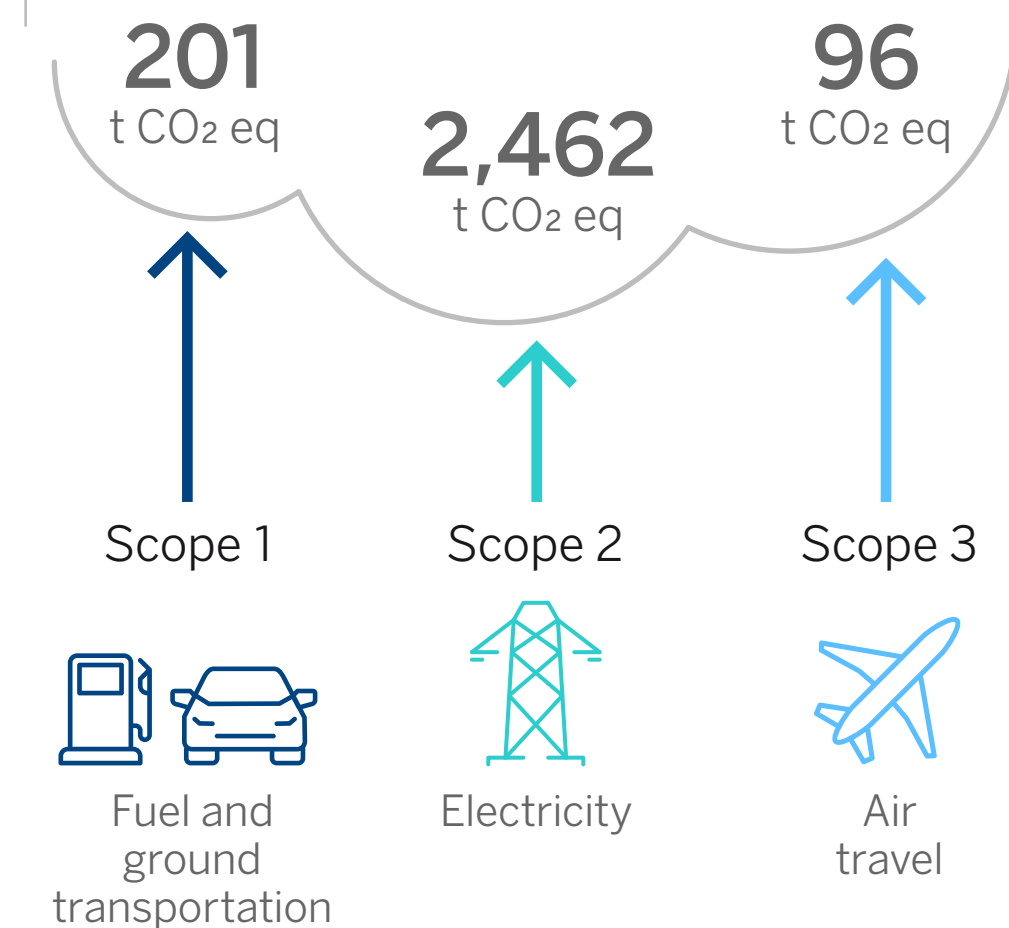


Environmental sustainability

Measuring our carbon footprint

For the second consecutive year, we are renewing our commitment to reduce our environmental impact and to calculate the carbon footprint of our operations in Colombia, Peru, Dominican Republic, Panama, and Chile, following the GHG Protocol⁶⁴ standards.

Carbon footprint



Carbon footprint - Detailed calculation

	Unit	2019	2020	Diff. 2019-20
Consumption	Water (m ³)	123,142.48	116,450.04	-5.43%
	Paper (Kg)	287,770.29	203,074.80	-29.43%
	Electricity (kWh)	10,661,921.51	9,153,897.71	-14.14%
Consumption per capita	Water (m ³)	14.77	14.41	-2.43%
	Paper (Kg)	34.51	25.13	-27.19%
	Electricity (kWh)	1,278.59	1,132.63	-11.42%
CO ₂ -eq. emissions	Scope 1	526.01	201.21	-61.75%
	Scope 2 Location-based	3,072.15	2,479.07	-19.31%
	Scope 2 Market-based	3,049.79	2,461.80	-19.28%
	Scope 3	961.22	95.51	-90.06%

The carbon footprint calculation entails:

Scope 1: Includes direct emissions from activities by BBVAMF Group institutions.

Scope 2: Indirect emissions generated by power stations to supply energy to BBVAMF Group institutions.

Scope 3: Other indirect emissions resulting from activities occurring in sources that do not belong to, nor are controlled by, Group institutions, e.g. air travel.

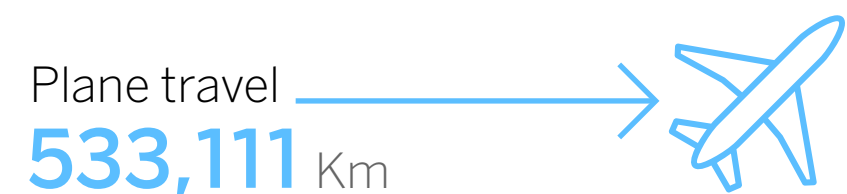
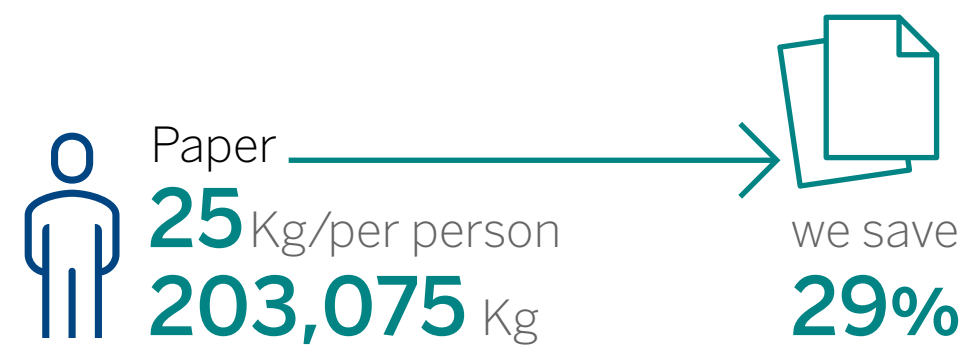
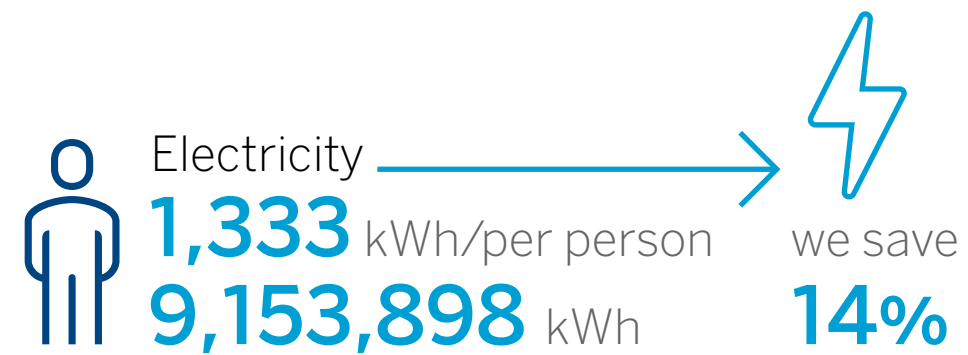
Disclaimer: Due to the COVID-19 pandemic, 2020's carbon footprint measurements were influenced by the restrictions on mobility and the lockdowns in the countries covered in this calculation.



Environmental sustainability

Eco-efficiency

Consumption



Our eco-efficiency plans and the digitalization of our processes enable us to be more agile and to make more efficient use of the resources used in our daily work. To reduce the spread of the virus it was essential to take great care over hygiene measures such as frequent hand washing. Although this has meant more water consumption than usual, we have managed to reduce total consumption by 5.43%, equivalent to 6,692 m³ or two Olympic-sized swimming pools. Meanwhile, thanks to the digitalization of our operations and the use of a range of digital channels to service our clients, we have brought down paper consumption by 29.43%, equivalent to 84,685 kg, thus avoiding the felling of 678 trees. The electricity consumed was cut by 14.69%, equivalent to 1,508,024 kWh, avoiding the emission of around 378 tonnes of carbon dioxide equivalent (CO₂-eq).

With our eyes on our goal of achieving carbon emission neutrality in 2020, in our BBVAMF headquarters in Madrid we offset all our organization's carbon dioxide equivalent (CO₂-eq) emissions through certified environmental improvement projects. We do this by buying carbon credits certified by Verified Carbon Standard.





Sostenibilidad medioambiental

Working for green finances

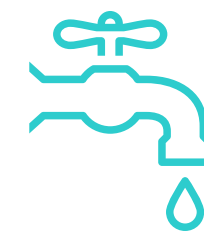
The microfinance sector plays a key role in transforming the economy by making available to small entrepreneurs the resources they need to finance projects, economic activities and technologies that help to improve their businesses while caring for and protecting their environment.

To support their financing with sustainability criteria, we have aligned our classification of activities and green destinations with the most important international standards, adapting them to the reality of our entrepreneurs. We have defined five main categories in which we generate impact across various sectors.

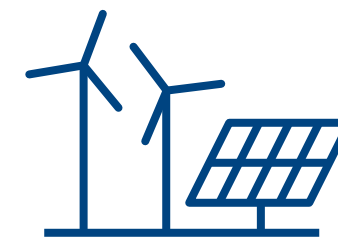
Through green finance we offer our entrepreneurs a range of products and services that enable them to reduce their vulnerability and increase their resilience to climate change. We support and provide:

- Measures to mitigate and adapt to climate change and farming sustainability.
- Water, sanitation, and sustainable infrastructures.
- Climate and agricultural insurance

During 2020 we supported 14,544 entrepreneurs who received USD 20,663,381 to set up measures that respect the environment



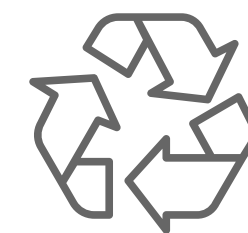
Water & sanitation



Energy efficiency



Sustainable infrastructures



Recycling



Farming sustainability



Environmental sustainability

Colombia - Bancamía

Two green lines of credit are available. The first, *Crediverde Adaptación*, is designed to finance measures to adapt to climate change. It targets small-scale producers in the rural environment with the purpose of making their businesses more resilient and productive. It provides training and technical assistance using its model farm, where our entrepreneurs can learn to implement ecosystem measures in their productive activities.

It is being developed within the Microfinance for Ecosystems-based Adaptation (MEbA) project and supported by UN Environment and ICAM College (Institute for Agrobusiness Sciences & the Environment). The second line, *Crediverde Energía*, improves and provides energy efficiency solutions for our entrepreneurs' economic activities, promoting renewable energies and eco-efficient teams.

To mitigate and reduce the risks to which our entrepreneurs are exposed, we give them two insurance options for their productive assets. Our climate insurance product, *Mi Inversión Protegida*, [My Investment Protected] is parametric, an innovation in Colombia. Implemented in 2019, its purpose is to provide cover for losses from microentrepreneurs' productive units caused by extraordinary climate events (torrential rains, extreme drought, strong winds). In 2020 we launched our *Mi siembra protegida* [My Crop Protected] agricultural insurance, that we are developing together with the insurance company MAPFRE, protecting farms from natural risk.



Angélica Valbuena,
Bancamía client, Colombia.

"I have a small greenhouse business where I grow vegetables, and a section for tomatoes. I am a single mother with three children who are studying at ICAM College. We brought back ideas from there, and from the model farm, about measures that could be rolled out on our smallholding. Bancamía gave me a helping hand, and with that I could get started and make progress. The first thing was my greenhouse. To start with we did the watering with hoses, while we were building the cistern. Then, when our production was up and steady, we said: 'Time to go out and sell'. We went from home to home and to restaurants. Much to our surprise, when we went back, a week later, people said: 'Really tasty!' about the quality of our produce."

Thanks to the MEbA program that we have set up in our institutions in Colombia, Bancamía, and the Dominican Republic, Adopem Bank, we have supported more than 2,023 entrepreneurs with USD 1,382,158 so that they can implement adaptation and mitigation measures against climate change.



Environmental sustainability

Peru - Financiera Confianza

Access to water and sanitation are people's fundamental needs and rights. The most vulnerable have limited access to them, with the concomitant lowering of living standards and health conditions. Similarly, inappropriate disposal of human waste has a negative effect on the environment, degrading the community's surroundings and affecting people's health. In order to improve access to water and adequate sanitation and to make these available to entrepreneurs, their families and their homes, the *Gota a gota, las mejoras se notan* [Drop by drop, you see the improvements] program reduces the scarcity of these facilities, improving their surroundings and the environment.



Dominican Republic - Banco ADOPEM

In 2020, the Rural Finance & Environment program (FRA) was reinforced through the Microfinance Ecosystem-based Adaptation to Climate Change program (MEbA) with green products and services components, reinforcing the processes for training, information capture and identification of climate change mitigation measures. The purpose of ADOPEM's eco-loan is to give rural and peri-urban populations access to microfinance products and services so that they can improve their productive practices, increase their incomes and preserve their ecosystems. The eco-home loan has also been consolidated. This phased financing instrument gives clients incentives to build their own homes using sustainable local materials and technologies that support efficient use of water, energy and infrastructure in their homes and their productive enterprises. Its purpose is to improve housing and standards of living without altering the surrounding ecosystem.



Geudis Tejada,
Banco Adopem client, Dominican Republic

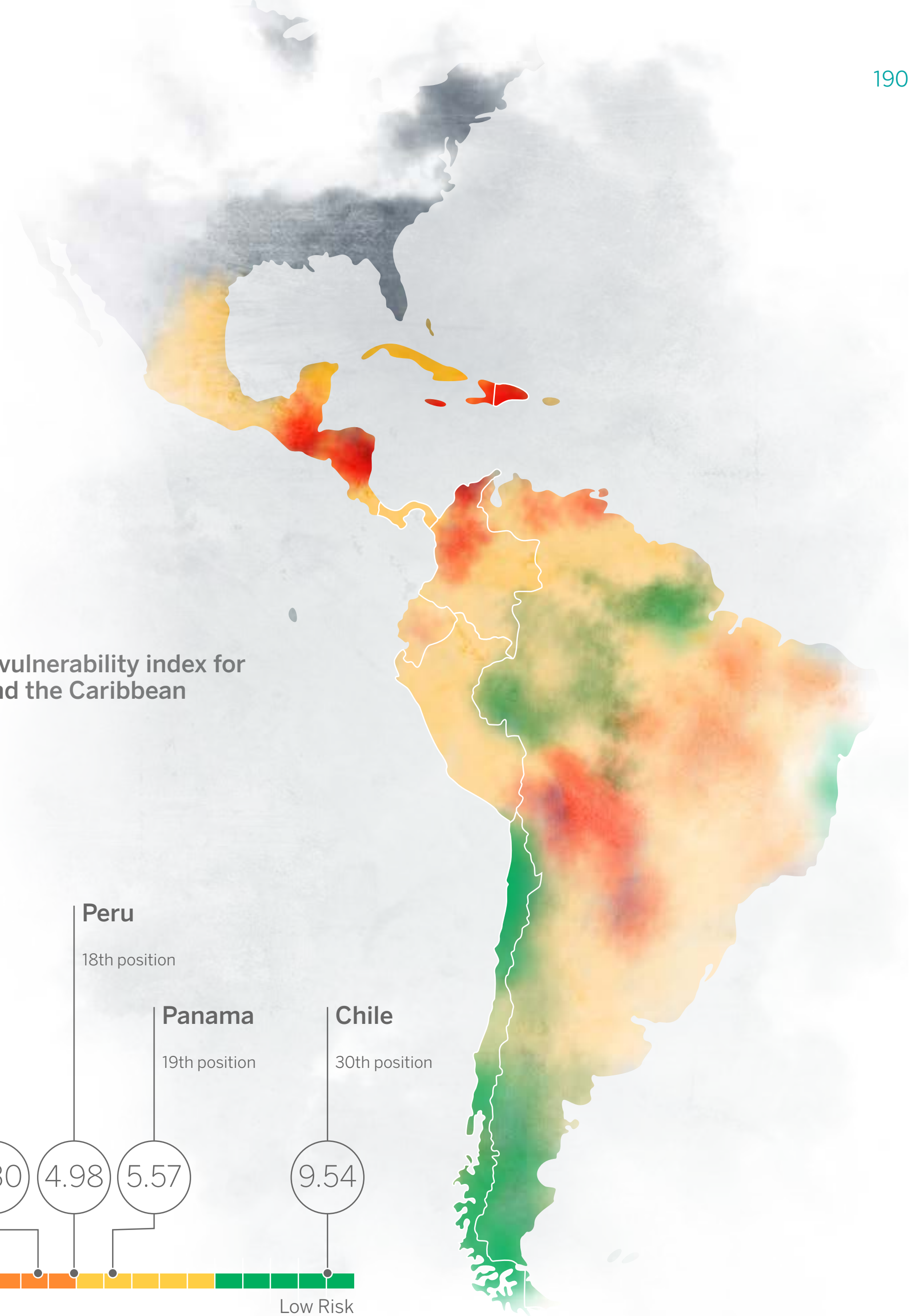
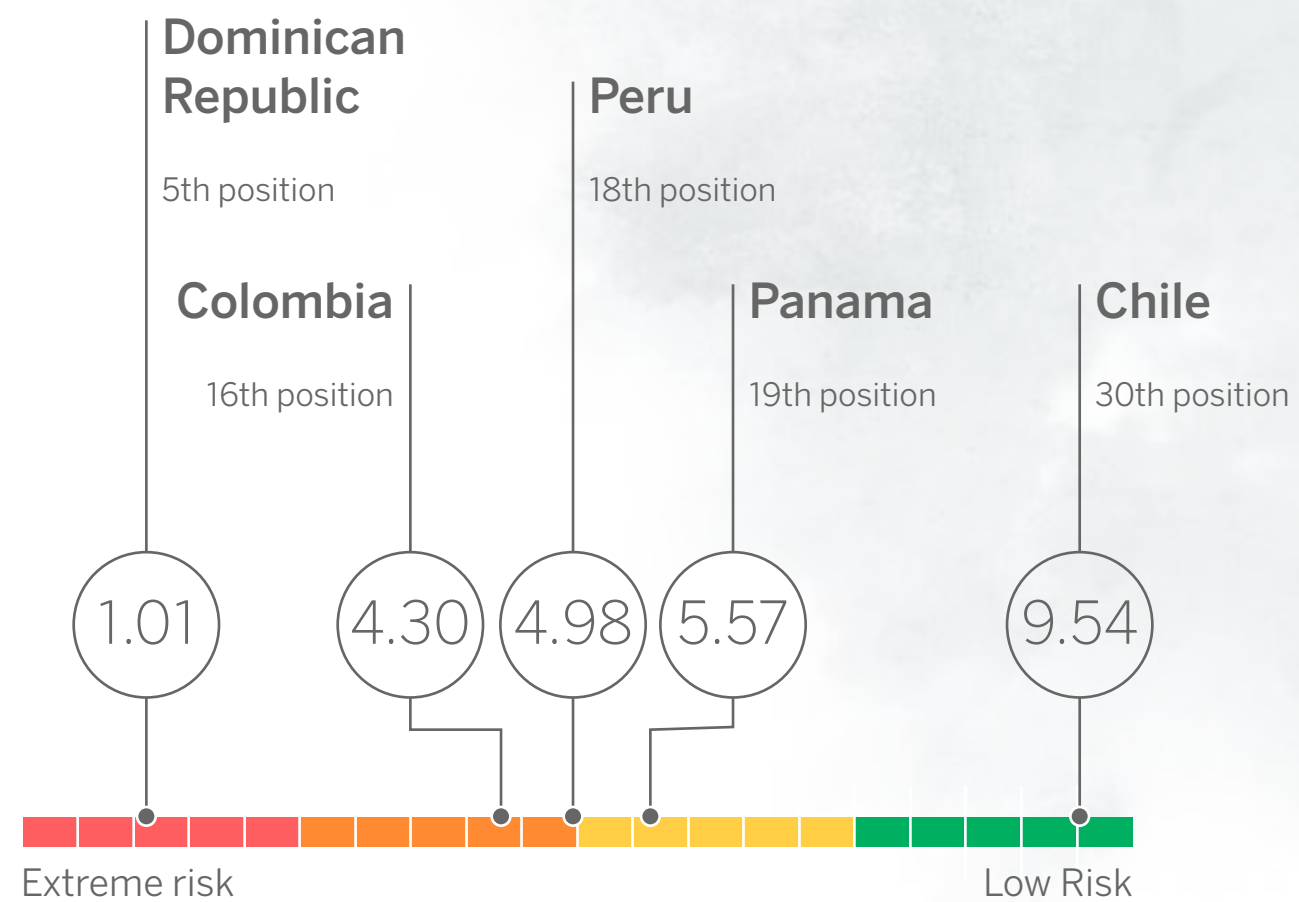
"I am currently a farmer. Having been a systems engineer and lived abroad for over 20 years, I returned to my homeland, the Dominican Republic, to farming, something I had never done and didn't know how to do. The biggest problems here are the natural resources, water, the environment and sustainability. I have been working on my multi-crop farm for four years. When I plant bananas, that take longer to grow, I sow other, short-term crops in order to make the most of the water, a scarce resource. This is an experiment in living, and ADOPEM has been my ally. They have helped me install drip irrigation to maximize our crops, reduce the impact of using water, the use of pesticides and anything that can be harmful to nature. I no longer use fossil fuels because I have also been able to make a transition to solar panels."

Environmental sustainability

Studying climate vulnerability and resilience

According to CAF⁶⁵ (Development Bank of Latin America), since 2014 Latin America has been one of the most vulnerable regions to climate change. Every year, the events have intensified, affecting the most vulnerable populations more deeply.

Climate-change vulnerability index for Latin America and the Caribbean





Environmental sustainability

Natural disasters in 2020 in our footprint countries

Colombia **Bancamía**

Intense rains have caused multiple landslides across the territory, resulting in the displacement of large numbers of families whose assets and living standards have been affected.



Peru **Financiera Confianza**

The continuing alert about the effect of Coastal Niña (high probability of rains and flooding) continued until the end of 2020, with rains above normal in the Andean regions to the south of the country.



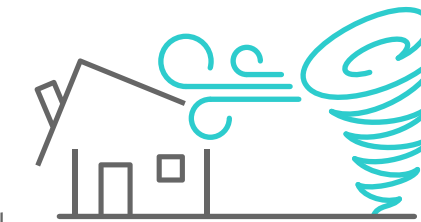
Dominican Republic **Banco Adopem**

The hurricane season in the Atlantic was the most active since records began. Tropical cyclones formed in record time: 31 tropical or subtropical cyclones, 30 named storms, 13 hurricanes and six major hurricanes.



Panama **Microserfin**

Central America and Panama have been affected by the greatest number of consecutive high-category hurricanes in their history. In November, two category 4 hurricanes affected this region. The province of Chiriqui was the most affected by hurricane Eta, which left 783 families homeless and 19 dead.



We should also note that the effects of hurricane Iota resulted in states of environmental emergency being declared in the provinces of Colón, Darién, Los Santos and the Guna Yala, Madugandí, Emberá, Wouanaan and Wargandi areas.

Knowing the impact of climate change and that the natural disasters it causes are detrimental to the standards of living and economic activity of our entrepreneurs, we are working on two initiatives to manage these climate risks.

- Banco Adopem, supported by UN Environment and Yapu Solutions, is rolling out the Microfinance Ecosystems-based Adaptation (MEbA) project in the Dominican Republic. Through its climate risk management component, vulnerability indicators are being developed and integrated in this field to increase the capacity of our rural entrepreneurs to adapt.
- In Colombia, Bancamía, assisted by the InterAmerican Development Bank (IDB) and Asobancaria, is starting to adapt Social & Environmental Risk Analysis Systems (SERAS) to the reality on the ground of microfinance institutions. This is the first model that has been adapted to a microfinance institution in Latin America.

Excluding certain activities

To reduce the environmental risks triggered by high-impact productive activities, the BBVAMF Group has designed policies to exclude from its financing those activities that harm environmental balance. The exclusion list has been put in place following IFC (International Finance Corporation, part of the World Bank Group) standards.



Environmental sustainability

Training and creating awareness among our co-workers

The BBVAMF Group works to integrate and make available to all our coworkers the ideas and skillsets that are essential to environmental sustainability. We have begun this transformation from within our organization by creating a Community of Practice (CoP). This space for cooperation and teamwork enables us to push for surroundings in which our institutions share experiences with one another, strengthening and reinforcing their technical and professional capacities. In turn, we propose and design corporate projects that let us move forward in our environmental sustainability strategy and oversee its management indicators. As part of this process, we run corporate training workshops and webinars on subjects such as:

- Introduction to sustainability and green finance.
- Eco-efficiency, measuring and managing the carbon footprint.
- Experience in green products and services in Latin America.

Because of the difficulties created by the pandemic, the attendance-based training sessions in our institutions were severely curtailed, and we had to adapt to a virtual training model. Therefore, we have used a number of digital media and communication channels to impart several training sessions on the environment. In an initial phase, through decentralized training, we have taught these skills to all levels and roles in our institutions. The main area headings were:

- GreenBanking training: eco-efficiency and green finance.
- Introduction to the Microfinance for Ecosystem-based Adaptation (MEbA) project.
- Climate vulnerability and adaptability indicators.
- Social & Environmental Risk Analysis Systems (SERAS).
- MEbA measures for climate change mitigation and adaptation.

As a Group we have set ourselves the task of promoting and creating awareness about environmental training on a large scale to all our coworkers, as well as the entrepreneurs we serve. We will be giving them basic skills using a non-financial value offering and the technical assistance we offer our clients, so that they can build the concepts of sustainability into their daily productive activities.

Kira Gardellini
Client Marketing & Experience Manager

“Participating in the CoP has helped us as an entity to reinforce our skillsets around a range of sustainability and environmental issues. The experiences shared by the group are very valuable, not just for us as part of the team of women making up the CoP, but also as an institution that is environmentally responsible.

Having said this, I would like to share my experience with the webinar Dialogues on the taxonomy of sustainable finance in Latin America and the Caribbean. The presentation was excellent, and we had superb speakers who explained what green taxonomy⁶⁶ is, its importance and gave us some examples, among other things. Creating a list of environmental economic activities is the first thing we must do to support environmental sustainability goals.”



Environmental sustainability

Strategic Partnerships for the environment

Through cooperation and creating strategic partnerships with organizations that are committed to promoting sustainable development, we have been able to offer better solutions to our entrepreneurs, raising their standard of living and that of those around them. Our partnerships:



- We have had a memorandum of understanding with UN Environment since 2013 to work with them on rolling out the Microfinance Ecosystem-based Adaptation (MEbA) project for smallholding farmers in the rural environment in Colombia and the Dominican Republic.



- In March 2016 we signed an agreement with Habitat for Humanity International to encourage people to build their own homes using sustainable practices. This is an optimal model for helping small-scale entrepreneurs in Peru and the Dominican Republic to access decent, safe homes.



- Since signing the memorandum of understanding with Water.org in July 2019, we have been working to make access to water and decent sanitation easier for the most vulnerable. Similarly, we have set up wastewater management measures and the reduction of its impact on the environment through the experience of the *Drop by drop we see the improvements* program, that has been rolled out by Financiera Confianza in Peru since 2014.



- In 2019 we signed a cooperation agreement with the Inter-American Institute for Cooperation on Agriculture (IICA) to boost and improve small-scale entrepreneurs' agricultural productivity through good farming practice and sustainable measures.

Sustainable economic recovery

In this new phase for the region, sustainability will play a fundamental role in all companies, governments, and civil organizations, guaranteeing inclusive and sustainable recovery from the economic, social, and environmental perspectives.

As an organization, we reaffirm our institutional commitment to create value through our activity and to generate a competitive advantage in our sector. We do this, strengthening our environmental sustainability strategy throughout all our institutions by boosting corporate and local initiatives and projects that allow us to generate impacts across the board on a greater scale and scope.

We are reinforcing our value offering to meet the needs of small-scale entrepreneurs while we help them to incorporate new technologies and mitigation and adaptation measures that enable them to reduce their vulnerability to instability and climate change. While at the same time conserving the environment, ecosystems, biodiversity and the surrounding natural resources. In this way we contribute to building a more sustainable future for all our entrepreneurs, coworkers, and Latin American society at large.

Support programs for those affected by violence, conflict, persecution and/or poverty

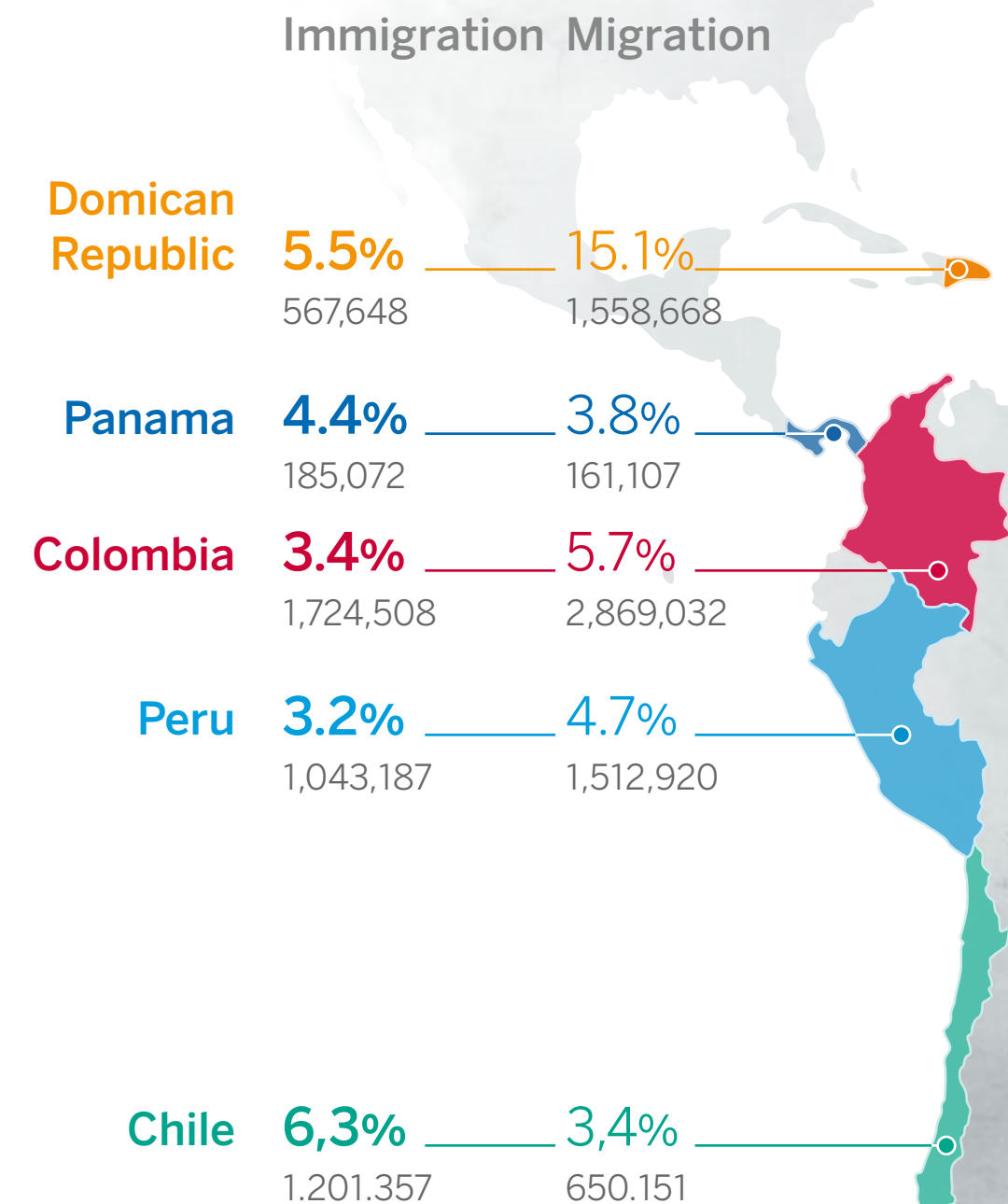
The importance of the displaced

In the last few decades, particularly recently, there have been major internal migratory flows and displacements between the countries of Latin America. Intra-regional mobility is estimated at over 40 million people and bears the stamp of increased Venezuelan migration⁶⁷. The causes vary depending on the circumstances: what triggers a Colombian's internal displacement may differ hugely from what forces a Venezuelan to abandon their country, or what leads a Haitian to flee from theirs.

So it is that the movement of people is characterized by a range of profiles. These are complex and change over time⁶⁸, but they all share one feature: they are people in situations of vulnerability, affected by violence, conflict, persecution and/or poverty (and referred to hereinafter as "migrants and the displaced"). In particular, people who find themselves in an irregular migratory situation may be more affected not only by the difficulties in accessing the aid provided by governments, but also by their lack of legal personalities and their greater exposure to the risks that arise when they keep their distance from officialdom, to avoid being expelled or subject to sanctions.

Migration trends in the footprint countries*

March 2020



* América del Sur: Informe Migratorio Sudamericano N° 3, Año 2020 [Organización Internacional para las Migraciones (OIM)].
Panamá y República Dominicana: ONU.

Support programs for those affected by violence, conflict, persecution and/or poverty

Displaced vs. Migrants vs. Refugees⁶⁹

Displaced. According to the definition by UNHCR and the GPFI Policy Paper⁷⁰ on the forcibly displaced (FD) in 2017, they are «people who are forcibly moved from their locality or environment due to conflicts, persecutions, violence or breaches of human rights». The FD include refugees, asylum seekers and internally displaced (ID).

Migrants. Even though a legally agreed definition does not exist, the United Nations defines a migrant as «someone who has lived in a foreign country for more than a year, whatever the reasons for their move, voluntary or involuntary, or the means used, legal or otherwise». The [International Organization for Migrations \(OIM\)](#) defines a migrant as «anybody who moves away, or is moved away, whether within a country or across an international border, from their place of usual residence, independently of: 1) their legal status; 2) the voluntary or involuntary nature of the displacement; 3) the reasons for the displacement; or 4) the duration of their stay».

Refugees. «Refugees are people who find themselves outside their country of origin from fear of persecution, conflict, generalized violence, or other circumstances that have seriously disrupted public order and who, as a result, require international protection. They are a specifically defined and protected group under international law, because the situation in their country of origin makes their return to their homes impossible».⁷¹

In fact, their legal recognition reflects the growing complexity of intraregional migration and of the institutional and political changes in every country. Even with legal status, many of these workers toil in precarious, unsafe labor conditions, with low salaries and no social security. Finally, the COVID-19 pandemic has exacerbated the vulnerability endured by these populations: job losses or the lack of access to governmental subsidies are just some of the negative effects.

However, as the experts point out, migration benefits the host countries, their arrival encourages innovation, stimulates economic growth and enriches society, representing an opportunity for public finances.⁷²

It is therefore becoming increasingly necessary to identify and empower these segments – frequently invisible to the welfare state – to help them progress. The BBVA Microfinance Foundation (BBVAMF or the Foundation) is therefore paying particular attention to these segments.

BBVAMF is paying particular attention to migrants and the displaced, given the significant gaps in their access to the formal labor market and to social protection in their destination countries

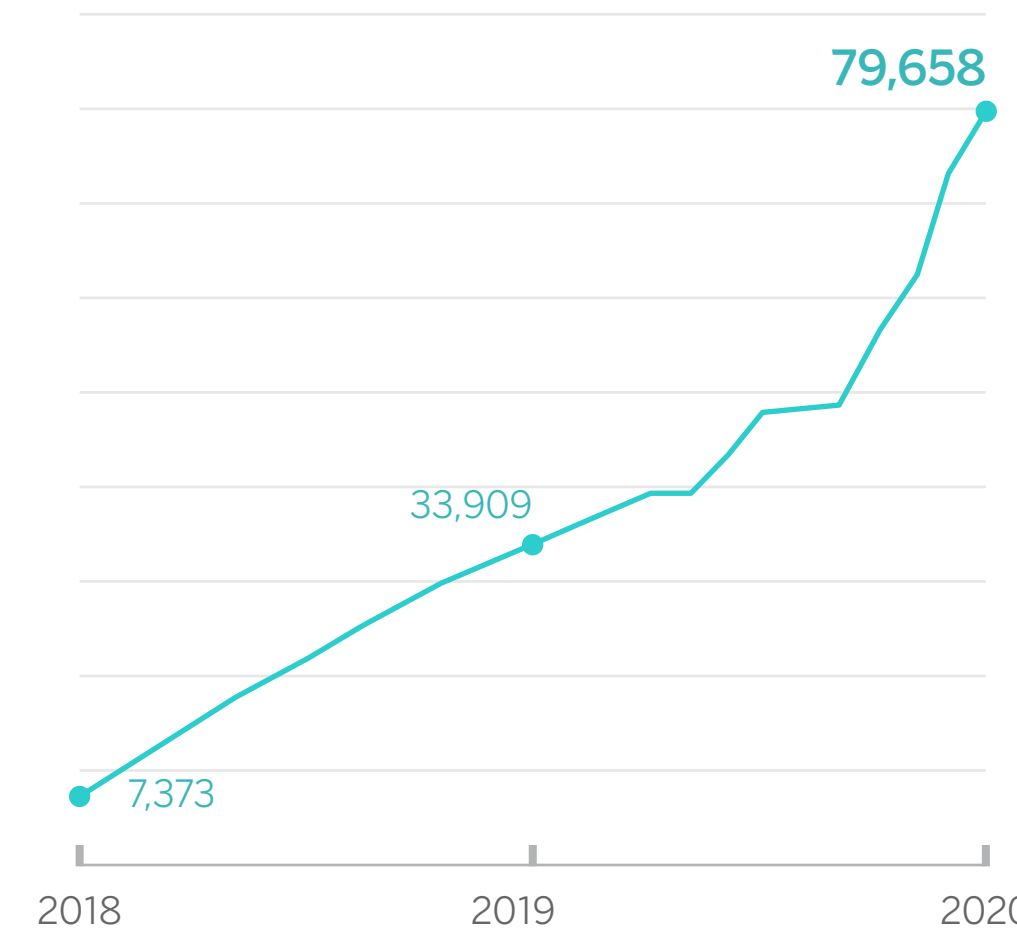
Support programs for those affected by violence, conflict, persecution and/or poverty

Financial inclusion is a fundamental and effective instrument for incorporating these groups into the financial system, as well as for improving their life chances. These processes involve challenges such as the legal frameworks established in their host countries or non-existent credit histories, which mean that the number of people who are banked in this segment are significantly lower.⁷³

That is why it is necessary not only to bring this profile into the general value offering – we serve different nationalities in order to include the entire vulnerable population that requires financial support to become an entrepreneur –, but also to design *ad hoc* programs in support of populations that are excluded from legislation.

In 2020, Bancamía (Colombia), Fondo Esperanza (Chile) and Microserfin (Panama) served around 79 thousand displaced persons, migrants and refugees through specialized programs and projects such as Empropaz (Colombia), Banca Comunal Migrante (Chile) and the UNHCR program (Panama), among others. These have been enlarged because of these segments' growing needs. These programs are designed according to the regulations in each country's political and legislative framework, adapting products and services to these clients' needs and complementing them with training thanks to the support of partner organizations (governments, multilateral institutions, and NGOs).

79 thousand migrants and displaced persons to the end of 2020



85%
Economic vulnerability*



59%
Women



17%
Young people (< 30 years old)



16%
Older people (> 60 years old)



27%
Rural



45%
Primary education at best

* It can only be calculated for clients with a credit.

Support programs for those affected by violence, conflict, persecution and/or poverty

Colombia: Mentoring/helping displaced people and migrants

Emprendimientos Productivos para la Paz (Empropaz: Productive Enterprises for Peace), a program for people who have been displaced by armed conflict, has been running since 2018 in partnership with the United States Agency for International Development (USAID), Corporación Mundial de la Mujer Colombia and Corporación Mundial de la Mujer Medellín (known jointly as CMMs), the founders of Bancamía.

The success of the program, and the numbers of Venezuelan migrants in recent years, has resulted in it being extended to meet these citizens' needs. In this context, a series of new products and services designed specifically for people with migrant status (not only the Venezuelans in Empropaz) is being explored, with a pilot phase at the design stage in concert with the IFC.⁷⁴

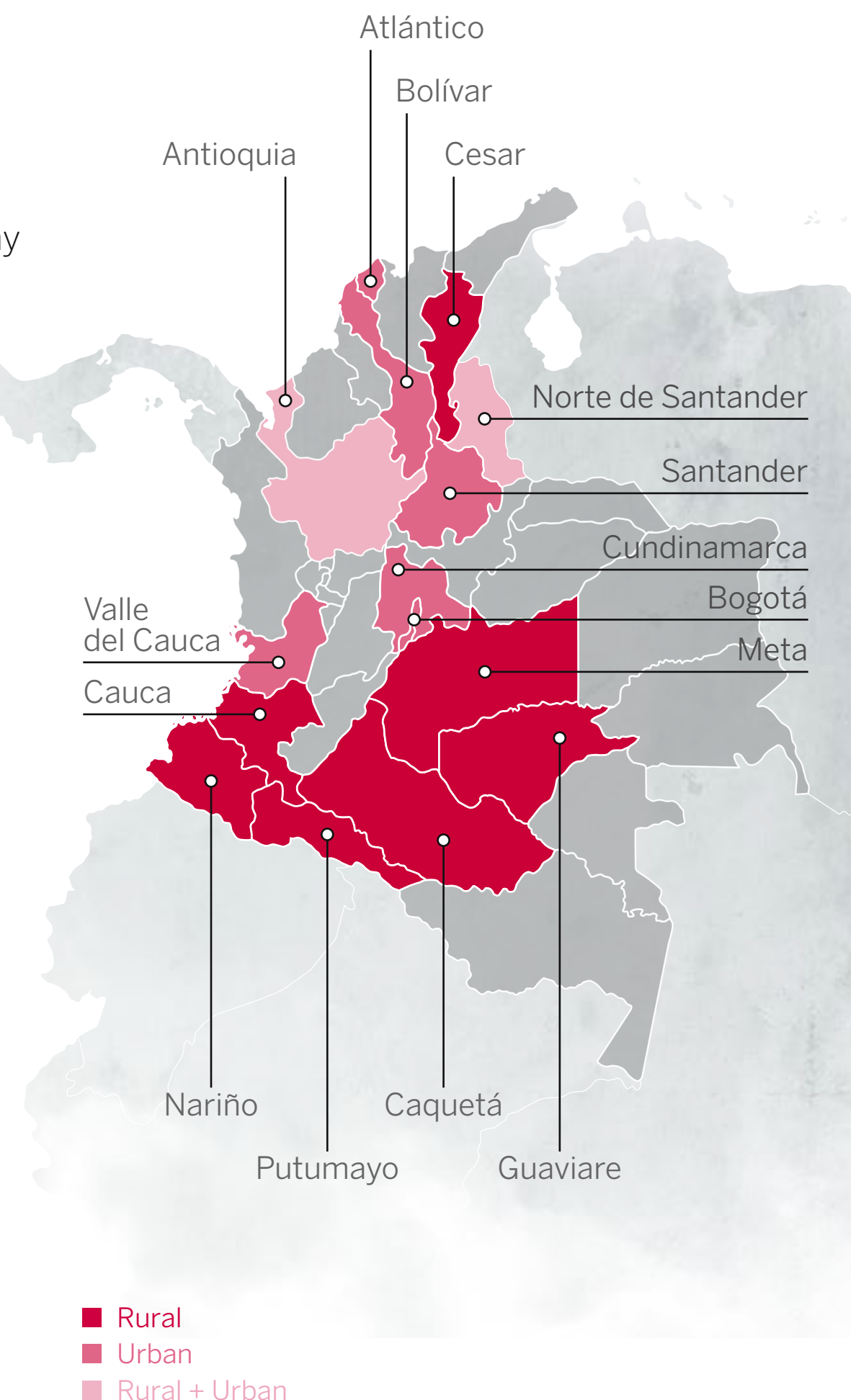
Empropaz

Empropaz is based on business model of shared values, and at its core lies the provision of three services for the entrepreneurs it serves:

- **Financial inclusion.** Using the productive finance model, it places entrepreneurs at the center of the value offering, supporting them with savings products, microloans, microinsurance and financial education.

- **Enterprise management service.** Consisting of training programs based on the entrepreneur's profile and on their knowledge gaps. They are offered upskilling, promoting a relationship of trust, training that allows them to mitigate efficiently the inherent risks of creating a company and to increase their likelihood of success.
- **Business strengthening service.** This upskilling program seeks to accelerate their business growth. Its purpose is to raise the probabilities of success for the most vulnerable entrepreneurs and microentrepreneurs, through an integrated financial and non-financial value offering in territories affected by violence and poverty.
- **Social and community development service.** This encompasses promoting, mentoring and rolling out Venezuelan migrants' community enterprises, as well as designing a route map to strengthen community and individual practices in self-care, repair and acclimatization to the country. The service also includes anchoring actions to promote participants' development and entrepreneurial attitudes and mentoring of individual productive projects undertaken by members of the migrant population.

Empropaz footprint





Support programs for those affected by violence, conflict, persecution and/or poverty

Empropaz tackles the needs shared by entrepreneurs and microentrepreneurs, such as upskilling, development and business strengthening, entrepreneurship that is sustainable while also displaying business awareness, resilience in the face of adverse market dynamics, access to personalized financial services, unbiased financial education, and facilitation of access to markets with a greater negotiating power, among others.

In its second year of work, Empropaz continued to back the socioeconomic development of migrants and microentrepreneurs in the rural and urban environment. Particular emphasis was placed on rural surroundings because there are higher rates of vulnerability in the countryside. Furthermore, rural populations (including displaced people and migrants) face higher challenges in maintaining stable sources of income since natural barriers, the distance and the lack of infrastructure reduce the economic opportunities available.

Program Objectives

- 1 Encourage entrepreneurship, with social and enterprise support for rural microentrepreneurs
- 2 Strengthen rural microenterprises, with integrated social and enterprise support
- 3 Encourage association between rural microentrepreneurs, to raise their productivity and lower the number of market intermediaries
- 4 Promote the development of rural production chains, with partnerships
- 5 Promote and stimulate the creation of microenterprises that create self-employment for the migrant Venezuelan population and communities that receive migrants
- 6 Scale up migrant Venezuelan microentrepreneurs' existing businesses and those of the communities that receive migrants, by providing services for enterprise, personal, community and financial development
- 7 Bring financial inclusion to rural entrepreneurs, with access to seed loans, on advantageous cost, time and collateral terms
- 8 Improve financial inclusion for rural microentrepreneurs, inc. access to productive loans, with collateral and insurance on advantageous terms; promote saving culture
- 9 Contribute to raising the level of financial education among rural populations, with the development of good decision-making skills in managing their finances
- 10 Promote and stimulate financial inclusion among the migrant Venezuelan population and communities receiving migrants, by facilitating access to Productive Finance products and services
- 11 Give priority support to rural women's productive projects in targeted municipalities, with financial and non-financial services, on advantageous terms
- 12 Generate resilience and revenue protection for microentrepreneurs against the climate change they face

Key progress indicators 2020

	2019	2020
N. of regions running programs	9	15
Municipalities served	58	76
Bancamía clients served (microloans, saving & investment)	32,249	58,852
N. microloans	31,883	34,983
Entrepreneurs associated with the MFI	267	730
Microentrepreneurs with associated entrepreneurial strengthening	351	848
N. of seed loans disbursed	0	27
N. of savings accounts	18,809	32,419
N. of deposits*	14,801	24,058

* Deposit.



Support programs for those affected by violence, conflict, persecution and/or poverty

Testimonial 1 • Empropaz

Argenida Fuentes, Artisan
Country of origin: Colombia

"Empropaz gave the inhabitants of Turbo who wanted to set up our own business our first chance. The program was the first one that believed in us; thanks to the program I learnt how to speak to the public, sell my articles and now I am better prepared and more confident about coping with what the future might bring".

It is important to highlight that, in the middle of the pandemic, Empropaz managed to grow and to demonstrate that it is an important component in the economic reactivation of the most vulnerable. In total, since it was set up in 2018, the program has benefited 79,757 entrepreneurs and microentrepreneurs in 76 municipalities across the country.

* Data cut-off point: December 31st, 2020.

** Changes in indicators taken using aggregate total of clients served.

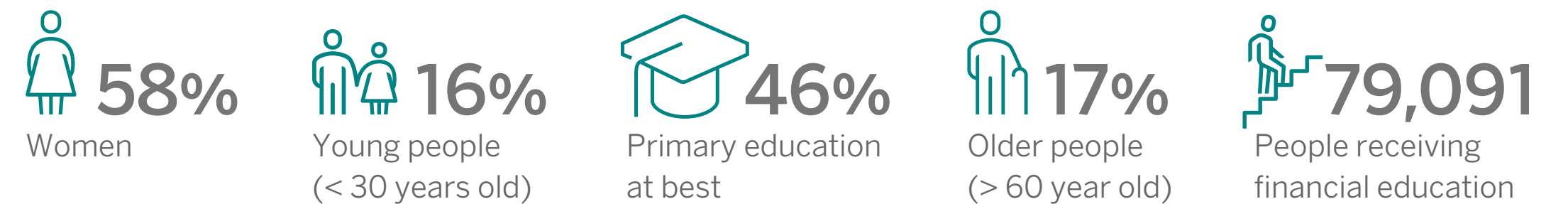
*** Changes in indicators generated using aggregate total of entrepreneurs associated with a BBVAMF institution. Source: databases provided by Women's World Corporations (CMM).

Productive Finance 2020*

58,852 clients served in 2020

78,329 clients served throughout the life of the program (accumulated) in this component

Social impact indicators**



Management for entrepreneurship 2020*

730 entrepreneurs associated during 2020

997 entrepreneurial benefited over the program's lifetime (accumulated)

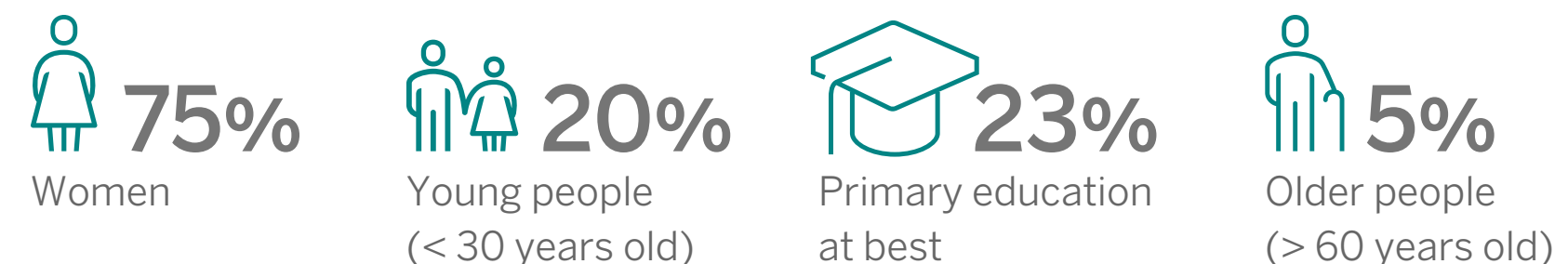
373 entrepreneurs with a completed individual training route (15 modules or more) (37% of the total)

843 entrepreneurs actively on the program (85%) (low dropout rate)

152 with Venezuelan nationality

27 seed capital loans disbursed. Average outlay COP **3.8** millions

Social impact indicators***



Support programs for those affected by violence, conflict, persecution and/or poverty

Extending Empropaz to serve Venezuelan migrants

In 2020, USAID reinforced its partnership with Bancamía and increased its contribution to the Productive Enterprises for Peace (Empropaz) program by USD 2 million.⁷⁵ This has enabled it to serve 905 entrepreneurs and microentrepreneurs made up of Venezuelan migrants, returning Colombians and the general population in 19 municipalities that are hosting migrants, making their economic and social integration smoother. To serve these people's needs better, as part of the upskilling program, three social and community modules have been created to work on soft skills:

- Workshop on how to settle in, that they can attend with their family members
- Workshop on looking after themselves in society, so that they have the information and skills needed to access the aid provided by the State
- Reparation workshop to help them restore their emotional wellbeing, accept their new circumstances and see their future in it, and
- Mentoring to ensure that their businesses prosper.

Despite the pandemic, 247 people received training in management services and can access Seed Fund Enterprise microloans that are tailored to the particular needs of this population group. Meanwhile, USAID and Bancamía are working to

Social and business strengthening 2020*


848 microentrepreneurs associated during 2020


1,199 microentrepreneurs benefited over the program's lifetime (accumulated)


354 microentrepreneurs with a completed individual training route (10 modules or more) (30% of the total)


1,024 microentrepreneurs actively on the program (85%) (low dropout rate)

Social impact indicators**

 **71%**
Women

 **14%**
Young people (< 30 years old)

 **35%**
Primary education at best

 **11%**
Older people (> 60 years old)

* Data cut-off point: December 31st, 2020.

** Changes in indicators generated using accumulated total of microentrepreneurs signed up. Source: databases provided by Women's World Corporations (CMM).

The need

According to *Migración Colombia*, there are over 1.7 million Venezuelan migrants in the country, 56% in an unregularized situation. Even though during the pandemic thousands have returned to their country of origin, once the crisis begins to wane, they are expected to return in higher numbers, with this figure estimated to reach over two million.

As regards financial access, only 15% of Venezuelan migrants have a savings account, while among the Colombian population the figure is as high as 80%.⁷⁶

extend the coverage of the DCA (Development Credit Authority) such that it underwrites up to 60% of the capital on the loans that Bancamía grants this migrant group.

Testimonial 2 • Empropaz

Víctor Manuel Cedeño, photovoltaic & renewable energy enterprise.
Country of origin: Venezuela

"The program gave us moral support to overcome psychological barriers that our experiences in difficult moments might have triggered. We have learnt to disconnect from those situations. This is backed up by business coaching and even with neurolinguistic skills. I would also like them to give me marketing advice so that I can apply better practices in corporate sales".

Support programs for those affected by violence, conflict, persecution and/or poverty

Venezuelan migrants

Throughout 2020, Bancamía has served 466 Colombian and Venezuelan migrants who are permanent legal residents in the country, that is, who already have either citizenship or foreigners' residence permits, and returning Colombians who previously lived in Venezuela. In their capacity as residents, these clients are eligible for Bancamía's normal loan offering.

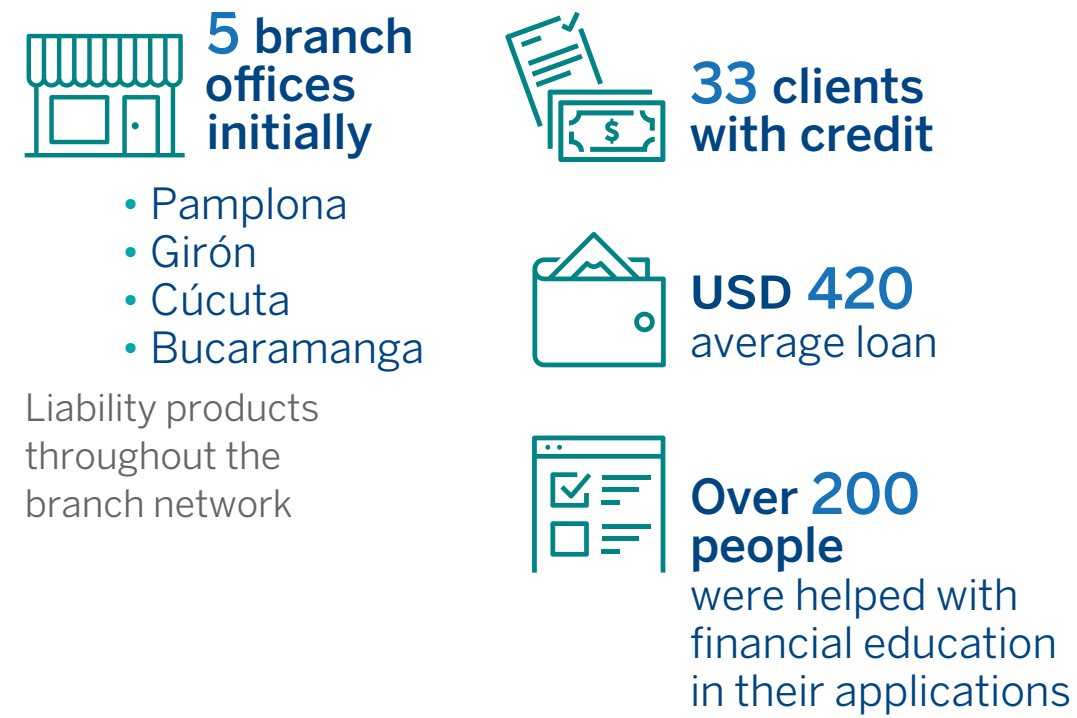
However, the main challenge for the country and for Bancamía are those migrants holding a passport & special residence permit ("Pasaporte y Permiso Especial de Permanencia": PEP). Until February 2021, this permit was temporary and valid for three-month periods that could be renewed up to a maximum of two years. Because of the greater restrictions to accessing financing and the higher risk of this segment of Venezuelans, in October 2019, Bancamía launched a pilot program for 200 migrants with loans in five branch offices in the following cities: Pamplona, Girón, Cúcuta and Bucaramanga. Bancamía also provides savings and investment products to all those who are interested in any part of the country.

In 2020, as a result of COVID-19, credit disbursement slowed down, and only 23 people received loans, for an average of USD 630 (COP 2,164,334) each. However, the entity coordinates Virtual Financial Education workshops every month for its clients and the community at large, to develop skills, teaching how to manage money efficiently, so that

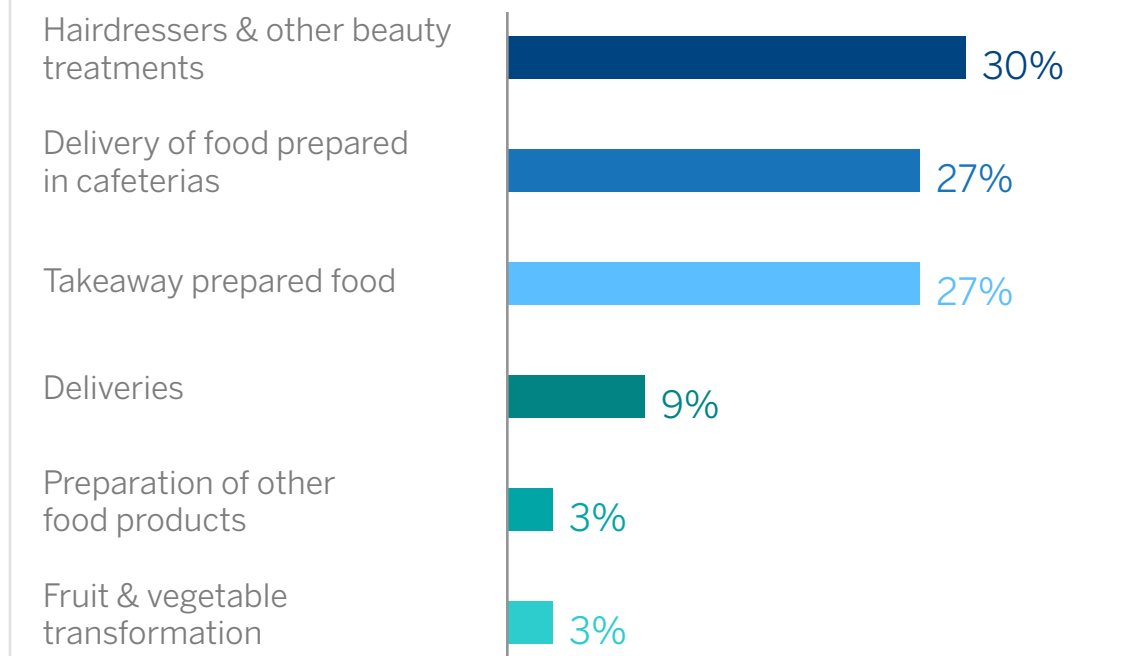
Migrant Venezuelan clients

January 2021

Greater restrictions to access and the higher risk suffered by immigrants whose permanence in the country has not been confirmed, triggered the pilot phase of the association with the MFI, that kicked off in October 2019.



Sectors receiving financing



more rational financial decisions are taken, that depend on each person's individual circumstances. Because of the health emergency, the virtual workshop strategy began in the last two months of 2020, attended by 5 people, between clients and the migrant community.

This initiative has encouraged us to forge alliances with well-known Colombian and international bodies, such as USAID, the International Finance Corporation (IFC), and the Bogotá Chamber of Commerce (CCB).

Testimonial 3 • Bancamía

Jorge Domínguez, pastry cook and painter
Country of origin: Venezuela

"When we emigrated, it was to go on to something better, whatever the hard knocks we had taken. Many of us are professionals from different industries. We came with the intention of being productive, to work. Sometimes I have to do other things apart from pastry making. I am grateful to Bancamía because they were a real help at a time of need. It is the only institution that has done anything for Venezuelan migrants".

Support programs for those affected by violence, conflict, persecution and/or poverty

Defining new needs

Bancamía and IFC signed an agreement to boost the financial product and service offering for Venezuelan migrants, especially women, to help them integrate successfully in the country's economic and social life.

In 2020, more than 158 migrants (clients and non-clients) were interviewed to identify their main barriers and concerns and to establish which financial strategies and services were available to them. 23 people were chosen from these surveys and interviewed one-to-one, to delve more deeply; this information is shown on the right. In general terms, the initial findings reveal that this group is well-educated, knows how to use financial products and has several revenue streams that go to comprising household income. However, one barrier that has been clearly identified is the inability to provide a prior credit history.

Bancamía has consolidated its role as the Bogotá Chamber of Commerce's financial partner. The goal is to facilitate access to its products and services to those Venezuelan microentrepreneurs who need them with training and business upskilling programs; processes and schedules are being worked out to this end.

* De 158 encuestas recopiladas se escogieron 23 clientes ubicados en las siguientes sucursales: Chía, Itagüí, Pamplona, Barranquilla y Cúcuta.

** PEP: Permiso Especial de Permanencia.

Status: client interviews* Who are they?

We interviewed
23 clients



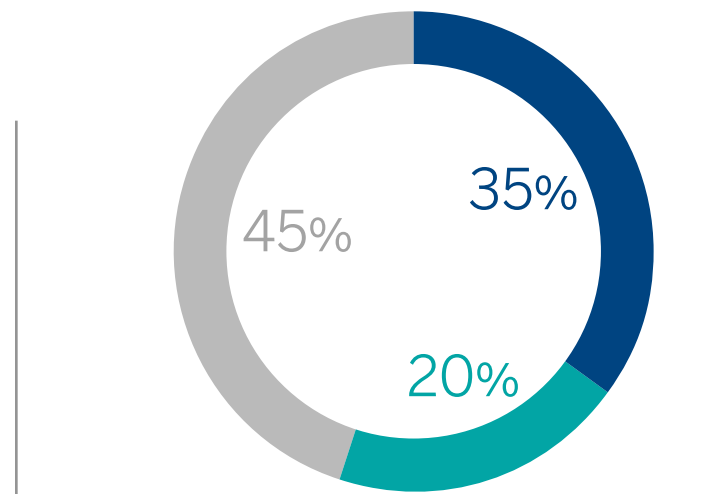
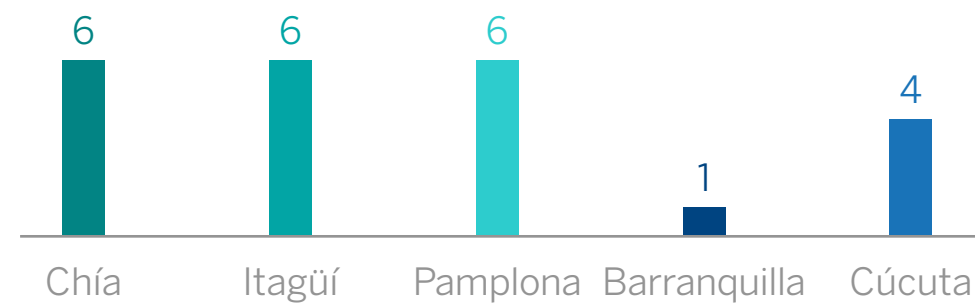
Gender



Average age

43 years

N. of interviews
per branch



- 60% have been living in Colombia for over 3 years
- 40% have a loan or account with another FI
- 50% have an outstanding loan with Bancamía

Initial observations: What are their main obstacles and/or concerns?

Not having either Colombian citizenship or foreigner's permit	Limited access to telephony services (contract)	Limitad access to internet services
Not being able to create a credit history	Not being able to make electronic money transfers	Being able to buy a home at some point
Differences in government policies	Having to depend on a co-borrower with Colombian citizenship	Being able to access legal & commercial knowhow

Support programs for those affected by violence, conflict, persecution and/or poverty

Looking to 2021

In early 2021, the President of Colombia, Iván Duque, announced that everyone with a special residence permit (PEP) was authorized to remain for 10 years. This historic decree will undoubtedly reduce the risk and barriers to social inclusion, while increasing the demand for financial services, opening the door of opportunity to Bancamía, which will be able to serve many more migrants. In addition to the aims defined for Empropaz, Bancamía has set itself the following goals for 2021:

- To create a savings product and a credit product that meet the needs of the migrant Venezuelan population.
- To deliver 600 new loans and open 1,800 savings accounts.
- To ensure that 54% of the new savings accounts and loans delivered are for women.

All these initiatives form part of the pilot project designed to complete the value offering for Venezuelan migrants.

Chile: Migration: a constantly growing phenomenon

According to the National Statistics Institute (INE), in 27 years the number of immigrants in Chile as a percentage of the whole population rose from 0.8% in 1992 to approximately 6%, that is, around 1.2 million people.⁷⁷ To support the full inclusion of migrants, and consistent with its community model, Fondo Esperanza, has worked in partnership with the Jesuit Migrant Service Chile (SJM Chile), on several projects in 2020.

In the first place, in January 2020, FE created the group lending bank *Grandes Emprendedores Migrantes de Linares*, consisting entirely of migrants. To do this, FE relaxed its terms for accepting members to admit migrants who hold a temporary visa in their own name and who had an enterprise that had already been operating for six months or more. In most cases this covers professionals, such as engineers and lawyers, from Venezuela, Colombia, Bolivia, Haiti and Egypt, who want to start a business and are looking for a better life. Although their businesses are in different areas, they are mainly focused on foodstuffs and products originating from their home countries: food, costume jewelry, beauty products and clothing.

FE's commitment to migrants goes beyond financial inclusion. In 2020, as a response to the pandemic, grocery store owners who are members of FE took part in the national campaign, *Chile Comparte* [Chile is Sharing] to deliver food parcels to the most vulnerable families, including 532 migrants. FE also worked with SJM Chile and the Chilean government's Sub-Secretariat for Childhood supporting young migrants in the cities of Arica, Iquique and Antofagasta, visiting and providing food and daily necessities to 105 families for three months.

To date, FE continues to offer its services to those being supported by SJM with the aim of including more migrants so that they can get their businesses going and start to take an active part in their host country.

Testimonial 4 • Fondo Esperanza

Sameh Abdalla,
Arab sweets & pastries enterprise
Country of origin: **Egypt**

"People really like Arab sweets and pastries. It is a pleasure for me to make a living with them. It is all thanks to Fondo Esperanza supporting me: they gave me the financing I needed for my business that other places wouldn't because I am a migrant"



Support programs for those affected by violence, conflict, persecution and/or poverty

Panama: Refugees, a fragile collective

At the end of 2019, there were over 17,000 registered refugees⁷⁷ in Panama, plus those applying for refugee status. Most of them were from Latin American countries, mainly Colombia, Nicaragua, Venezuela and El Salvador.

Microserfin is currently the only institution in the Foundation that caters for people with refugee status; it can do so thanks to a program that has been running since 2008 with the United Nations High Commission for Refugees (UNHCR) and the Panamanian Red Cross. Clients applying need a reference letter issued by the Red Cross confirming that they belong to the *Medios de Vida e Integración Local* [Earning a living & local integration] program, developed with UNHCR support. UNHCR manages a guarantee fund for these Microserfin clients, minimizing the risk involved in serving refugees.

Furthermore, Microserfin provides financing for migrants' productive activities, complemented by financial education through its *Saquemos Cuentas* [Let's do the accounts] program. This enables them to take informed decisions and to achieve sustainable development over time.

At the close of December 2020, the program had delivered 295 loans to clients for a total sum of USD 242,592 since its inception. Of these, 47% were women, whose average disbursement was USD 1,344; 53% were men, with an average of USD 2,080. Throughout 2020, because of the pandemic, total disbursement was only USD 15,820, in 16 transactions.

Migratory shifts are expected to increase in our footprint during 2021, as well as the commitment taken on by BBVAMF Group institutions. The challenge lies in offering products and services that foster the socio-economic integration and social cohesion of these groups, so that they become economic drivers in their host countries.

Testimonial 5 • Microserfin

Judith Mendoza, food, costume jewelry & knitted garments enterprise
Country of origin: Colombia

"I had looked for help from other banks before but, because I am a foreigner, their doors were closed to me. That is why, for me, working with Microserfin was an opportunity to create a credit history and to make my dream of growing come true".





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1. Environmental, Social and Governance indicators.

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2. National sources.

3. Chile, Colombia, Panama, Peru and the Dominican Republic.

4. Official data from countries' health ministries. Ratios, BBVAMF calculations.

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5. National sources. Estimates to end of 2020 by BBVAMF Research.

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6. Excepting Venezuela.

7. Growth weighted by the size of each of the economies where BBVA Microfinance Foundation entities operate.

8. Weighted average by the size of each economy.

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9. Relative changes in export and import prices in the footprint countries.

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10. In this context, the output gap is a synthetic indicator of the supply and demand components relative to economic activity. The output gap measures the intensity of inflationary pressure and is a key link between the real economy, that produces goods and services, and inflation.

11. Idle capacity is the installed production capacity that is unused, or underused.

12. Excepting Venezuela.

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Page 80

13. National sources. Estimates to end of 2020 by BBVAMF Research.

14. The COVID-19 pandemic has created major challenges to the quality and continuity of labor information. In general, all the surveys have been affected, but these challenges have been particularly steep when it comes to household surveys.

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15. National sources. Estimates to end of 2020 by BBVAMF Research.

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16. The Gini index goes from 0 (no inequality) to 1 (maximum inequality).

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17. Estimated by BBVAMF Research, based on Global Findex 2017 information, World Bank.

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18. The survey was conducted on clients with individual loans. Over 80% of those surveyed had an outstanding loan and a savings account. The rest only had loans. Clients in default were not interviewed. In Peru, group lending clients (all women) who have a lower poverty profile were not included. Please contact us for greater detail on the survey conducted specifically with this segment (PDM). The survey was not carried out in *Emprende Microfinanzas*, Chile, because of the size of the client base and other complications.

19. Several financial solutions were provided in a second phase which in some cases have made it possible to provide back-to-back grace periods. In total this has meant that some clients have not made their installment payment for six, eight or even 12 months.

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20. In Spanish only, see [Encadenamiento productivo solidario](#) in COVID-19 Measures, Fondo Esperanza, Chile.

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21. The survey was conducted on clients with individual loans. Over 80% of those surveyed had an outstanding loan and a savings account. The rest only had loans. Clients in default were not interviewed. In Peru, group lending clients (all women) who have a lower poverty profile were not included. Please contact us for greater detail on the survey conducted specifically with this segment (PDM).

22. In Peru 426, surveys were carried out with group lending clients in October 2020 (*Palabra de Mujer*). This data has not been tabulated here since it is not comparable, as a different methodology was used. The survey about the impact on PDM was the only one to have been designed specifically for this situation. The chairwomen of the groups were interviewed in order to ensure higher quality responses, and the analysis was conducted by groups (not by individuals). For further detail, see (in Spanish only) [Desempeño de Emprendedores de Financiera Confianza, Peru](#).

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23. A number of cases were reported in which entrepreneurs, despite having restrictions, continued operating out of absolute necessity. This is an anecdotal observation validated by the sales network.

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24. Surveys carried out by the Social Performance Taskforce (SPTF) in 35 microfinance institutions across Asia and Africa showed that in November 84% of their clients were in a worse financial situation than before the pandemic. These conclusions are consistent with what we have seen in our footprint. The surveys are not directly comparable because the questions are not identical, were formulated at different times and in different countries, and under heterogeneously robust conditions.

G_1. Impact and recovery surveys.

G_2. Recovery surveys. In Banco Adopem, the data for sales figure variation to November is unavailable due to the insufficient quality of responses.

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G_3. Recovery survey, aggregate data. .

G_4. Recovery and appraisal survey, July 2020.

G_5. Recovery survey.

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G_6. In Banco Adopem (Dominican Republic), the data for sales variation to November is unavailable due to the insufficient quality of the responses, so the recovery cannot be analyzed.

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25. November 2020 survey.

G_7. Information available only for Colombia and Peru.

G_8. Information available only for Colombia, Peru & Dominican Republic

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26. Colombia did not include this question in its first survey in April, so progress cannot be compared.

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27. The lack of social protection has been offset by governmental aid/subsidies. Nevertheless, we do not have enough data to assess its impact, and this may put a bias on our conclusions.

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G_13. Percentage of clients surveyed who, having received State aid, still saw their capacity to save completely wiped out.

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28. Survey conducted by SPTF with around 30,000 clients in 35 microfinance institutions in 20 countries in Africa and Latin America. [See website.](#)

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29. This dimension of the survey was voluntary and was only conducted in these countries.

G_17. The question about the sales channels permits multiple answers, so some clients chose several, indicating that they used a number of sales channels.

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30. Research conducted by VISA recently in Mexico shows that widespread use of digital payments raised revenues for most businesses, while reducing costs and improving business management. *Unlocking the benefits of digital payments for micro-small businesses: Insights from Mexico.* VISA. [See PDF.](#)

31. High digital level: someone with a smartphone on a contract, who uses several platforms, (Facebook, Instagram, etc.), not only for social, but also productive, purposes (that is, to manage their business).

Medium level: someone with a smartphone and different payment plans and who uses social media, always for personal ends.

Low level: someone without a smartphone or with pre-paid plans, who uses the phone only for calls.

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32. The survey conducted by SPTF in 35 microfinance institutions shows that 65% of those affected have turned to their savings to cope with the situation. [See website.](#)

33. Information available for Peru & Dominican Republic.

G_25. For clearer reading, only the key measures are presented. Data for Bancamía, Financiera Confianza and Adopem.

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G_26. The survey does not cover clients in longer default (but does include clients in default of up to 30 days).

G_27. The measures offered to clients are analyzed, excluding those in default (both major and minor) in November 2020.

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34. Although the main barrier facing clients trying to keep their businesses afloat has been the governmental restrictions—both in terms of mobility limitations and issues relating to compliance with new hygiene regulations—, the next most important has been lack of liquidity.

G_29. Shutdown of the business includes temporary and definitive closures.

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35. A survey carried out by the Center for Financial Inclusion (CFI) in Colombia found that “61% of the MSMEs surveyed said that they could not cover their basic costs for more than a month if their household income dried up.” [See website.](#)

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36. The Peruvian government's national guarantee program for the loans originated to microenterprises to ensure the continuity of these business. These guarantees were also issued by Financiera Confianza.

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37. During 2020 the Group's institutions have served 139,000 new clients. Due to the effects of the pandemic, from April to June 2020, approximately, credits were not disbursed to new clients. They became available again as economies started to re-open.

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G_32. New and renewing credit clients in each year.

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38. A survey conducted in September 2020 in Chile established that 77% of clients used some kind of platform (social media, marketplace or both) to promote and/or sell their products. However, their uptake of these platforms was not conditional on the pandemic.

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39. *Impact of the COVID-19 pandemic on small and micro, small and medium enterprises (MSMEs).* Kenya report, July 2020. MicroSave Consulting.

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40. The asset data for 2020 in Peru and Dominican Rep. cannot be presented because the pandemic changed the way in which the assets were appraised such that they could not be compared with the historic data. There were a range of scenarios. For example, in Dominican Rep. many entrepreneurs are now operating from home. So, other assets were included—which used to pertain to the home and are now used in the business— significantly increasing the asset base. This is being reviewed in each country on a case-by-case basis.

G_36. The methodology for analyzing client performance with a credit was changed in 2020 from the previous update. Figures for BA: Bancamia (Colombia), FC: Financiera Confianza (Peru) & AD: Banco Adopem (Dominican Rep). FE: Fondo Esperanza (Chile) & MS: Microserfin (Panama) were not included because the information was not representative. Asset growth was not presented because of reviews being conducted over data quality.

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G_37. Clients who renewed their loan in 2019 & 2020 respectively. Compound annual growth rate, compared to previous sales/surpluses/assets value.

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G_38. Total clients with some savings product current at 12.31.2019 & 12.31.2020 (excluding institutional clients and employees).

G_39. Saver entrepreneurs: Those with a programmed savings product. Transactional accounts: Clients with a current savings account. Other saver clients.

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41. A subcomponent of housing upgrade.

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42. Economic mobility and growth of the middle class in Latin America, World Bank, 2013.

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43. More information (in Spanish only) here: [http://www.dane.gov.co/...](http://www.dane.gov.co/)

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44. More information (in Spanish only) here: [https://www.inei.gob.pe/...](https://www.inei.gob.pe/)

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45. More information (in Spanish only) here: [http://economia.gob.do/...](http://economia.gob.do/)

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46. More information (in Spanish only) here: [http://www.mef.gob.pa/...](http://www.mef.gob.pa/)

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47. The Committee for Measuring Poverty (2013-2014); the Cross-institutional Technical Roundtable, made up of the National Statistics Institute and the Social Development Ministry, supported by ECLAC (2014); the Casen Panel of Experts 2013 and the Oxford Poverty Human Development Initiative. (OPHI, 2014-2015).

48. Social Development Ministry, *Modern & Transparent Measuring of Poverty for Chile*. CASEN 2013& 2015.

49. Minimum income to meet the basic food needs of one person.

50. Methodological Note on Income & Multidimensional Measuring of Poverty (CASEN Social Observatory), p.11.

The value of the lines for the traditional methodology is their line value published in 2013 by the Social Development Ministry, updated by the CPI.

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51. Different types of moratoria, with the main variation being the term stipulated.

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52. Criteria vary between countries, from serving people in their rural environment, where poverty is highest, to people with minimum incomes, to cite just two examples.

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53. Bancamía's Women's Survey analyzing their use of time and unpaid workload after the pandemic in sectors with high numbers of women workers.

54. Fondo Esperanza. "Let's look to the Future with FE" survey. September 2020.

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55. ECLAC forecasts that in 2020 the participation of women in the workforce in Latin America fell to 46%, with a 6-point reduction from 2019. Men's participation in the workforce in 2020 fell to 68.7% according to ILO data. [See PDF.](#)

56. PAHO 2017 "Women's access to social protection in health".

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57. FAO. Rural women to strengthen agriculture. [See PDF.](#)

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58. A cognitive bias is an irrational psychological effect that leads to a distortion, imprecise judgments or illogical interpretation of reality.

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59. CEPALSTAT (2018) 29% of the female population aged 15 or more that has no personal monetary income and is not a full-time student (according to their activity category). 10.5% in the case of the male population.

60. CEPAL, Latin America & the Caribbean Gender Equality Observatory, data for 2017 in Colombia: "women without their own incomes spent 45.6 hours a week on unpaid work, while men in the same situation employed just 17.5 hours a week on these tasks.

61. Source: BBVAMF Research.

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G_51. Bancamia's Impact Survey in April 2020, Financiera Confianza and Banco Adopem's between July and August 2020, and the Recovery Survey in November 2020.

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62. Environmental, Social and Governance.

63. United Nations Environment Programme's Finance Initiative. [See website.](#)

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64. The carbon footprint is calculated using the Greenhouse Gas Protocol (GHG Protocol). This is the most widely used tool for calculating and reporting GHG emissions. It has been developed in conjunction with the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD).

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65. Vulnerability and adaptation to climate change index for Latin America and the Caribbean, 2014, drawn up by CAF Development Bank. [See PDF.](#)

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Text notes are numbered sequentially. The notes for graphs are identified with a 'G' + the n° of the graph.

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66. Green taxonomy is a classification system that defines whether activities and investments can be considered environmentally sustainable.

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67. ECLAC – COVID-19 reports; The effects of COVID-19: an opportunity to restate the central importance of migrants' human rights in sustainable development. November 2020.

68. For example, a person who ends up as a refugee in another country is very likely to have made an internal displacement within their own country before that; a migrant may become an irregular alien if their visa runs out and they don't manage to renew it, etc.

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69. Migrants and refugees, what's the difference? UNHCR answers your questions. March 2018. [See website.](#)

70. Global Partnership for Financial Inclusion.

71. Definition according to the [UNHCR's 1951 Convention](#), as well as in the [UNHCR's own Statute](#).

72. Ian Goldin, Geoffrey Cameron & Meera Balarajan, (2011) *Exceptional people; How migration shaped our world and will define our future*, Princeton University Press, p. 5.

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73. *Removing Barriers to Expand Access to Finance for Refugees*, March 2017. [See website.](#)

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74. International Finance Corporation, member of the World Bank Group.

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75. In 2018, USAID made an initial donation of USD 7 million. With this new contribution in 2020, USAID has donated USD 9 million to the Empropaz program.

76. *The experience of Venezuelan Refugees in Colombia and Peru*, September 2019. [See website.](#)

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77. South American Migration Report N° 3, 2020 [International Organization for Migration (IOM)].

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Information about the graphics used throughout the report

The links to online videos are marked with this symbol:



The link area is the whole image.

The links to an online resource are underlined:

Linked text

Notes in the text are indicated with their superscript number and link with a specific page of the Notes, with the option there to return to the original page.

note indication⁹

The link area is the whole word.

Graphs with notes are indicated with an arrow below their number:

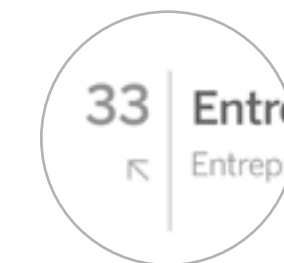
The link area is the whole graph.

On the Notes page:

Text notes are numbered sequentially.

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At the end of the notes for each page, there is a link to return.



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32. The survey conducted by SPTF institutions shows that 65% of those turned to their savings to cope with the crisis. See website.

33. Information available for Peru & Dominican Republic.

G_25. For clearer reading, only the key data is presented. Data for Bancamía, Financiera and Adopem.

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SOCIAL PERFORMANCE REPORT 2020

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