

2024 IMPACT REPORT

Building resilient
homes that look
to the future



Building resilient homes that look to the future

In the midst of an unstable global economy, still struggling to recover from the long-term effects of the pandemic, BBVA Microfinance Foundation has reached out to help millions of people in vulnerability who are excluded from the traditional financial system. The Foundation has provided services to 3 million people, granting loans to over 800,000 entrepreneurs in 2024, but it has also built bridges for families in Latin America who are looking to escape precarious labor conditions and to build a steadier future, demonstrating that understanding the multidimensional needs that underpin each enterprise lies at the heart of financial inclusion.

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Financiera Confianza



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Banco Adopem



Dominican Rep.

Bancamía



Colombia

Fondo Esperanza



Chile

Microserfin



Panama

Executive Summary

Economic recovery in an unequal region

BBVA Microfinance Foundation (BBVAMF) operates in an environment of an unequal post-pandemic recovery throughout Latin America, a region that is particularly vulnerable to economic, social and climate crises. In 2024, the monetary poverty rate in the Foundation's footprint (Colombia, Peru, Dominican Republic, Chile and Panama) reached 26,2%, still above pre-pandemic levels.

Economic recovery is mainly in informal jobs: 55% of workers are informal. Financing these enterprises is key to inclusive and sustainable progress.

Average economic growth in these countries posted at 2.6% in 2024, higher than Latin America's average as a region (2.2%). Nevertheless, structural weaknesses, such as low private-sector investment, sluggish formal job creation, and high gender equality in accessing economic opportunities, persist. Furthermore, economic recovery has been patchy. Countries such as Dominican Republic and Peru have enjoyed more dynamic economic growth, driven by sectors such as fisheries, construction and mining. But in Panama the slowdown in mining and manufacturing has held back growth overall. Chile and Colombia, meanwhile, are facing challenges rooted in the lack of capital flows and slower rates of spending, although they are showing signs of a gradual resurgence.

So it is that, although unemployment has slipped a little from its peak in 2020, the upswing has been mainly in the informal sector, with 55.6% of workers employed in the gray economy. Women, for example, face greater challenges to enter the formal labor market, particularly in rural areas and sectors in which men have traditionally predominated.

In terms of access to the financial system, 73% of the adult population of Latin America has a brick-and-mortar bank account or online account, a significant advance from 2011 when the proportion stood at 39%. Nevertheless, around 109 adults (23% of the total) remain excluded from the formal financial system¹.



Profile of the vulnerable entrepreneur: women, urban and in trade

Entrepreneurs served by BBVAMF can be categorized by their high levels of social and economic vulnerability.

- **Sociodemographics:** Most of the entrepreneurs we serve are women (63%), with primary education at best (30%), predominantly in urban areas (66%). Low levels of formal education and the lack of decent job opportunities lead many to opt for self-employment as their primary source of income.
- **Sectors of activity:** Most entrepreneurs work in trade (54%), followed by services such as catering, beauty parlors and transportation. 15% are involved in farming, occupations in which men are in the majority in rural areas. This entails sector-specific challenges such as seasonal variations, the effects of climate change and the lack of suitable infrastructure.
- **Financial inclusion:** 36% of the new entrepreneurs are accessing the formal financial system for the first time via the Foundation's institutions. This first-time access is key for their economic and social progress, especially for those in rural zones (40% of new entrepreneurs) and young people under 30 (51%).
- **Monetary poverty:** Entrepreneurs have to deal with high levels of monetary poverty (26% of those paying off a loan in 2024) and multidimensional poverty (15%). Women, who comprise most entrepreneurs we serve, face further barriers because of their dual role as earners of income whilst also being in charge of looking after the household. Their social and economic vulnerability is exacerbated by the lack of access to basic services such as healthcare, education and decent housing.

1. BBVAMF Research estimates.

Aim: sustainable impact on households

BUSINESS GROWTH

Running a business to improve their **economic situation**



↑ 12% Sales

Annual growth rate

63% Improve their income

Six out of ten clients who took out a loan in 2019 have higher incomes than when they took out their previous loan.

Business growth varies widely by country, echoing each country's national economic performance. On average, people in poverty take longer to recover and their recovery is uncertain because of the long-term effects of the pandemic and economic instability.



1 in every 6

clients employs other people from their community in their business

With a total of

158,969 hires

Established entrepreneurs are more likely to hire one or more workers.

WELL-BEING. Serving basic needs

The entrepreneurs who are with us....

The Foundation endeavors to raise the living standards of its clients through an integrated approach that tackles housing, healthcare and education.



15%

of households suffer from multidimensional poverty



The most common deprivations in households are lack of medical care, schooling and sanitation.

Those who have already upgraded...

Although these figures are not very high, they reveal a huge effort and have a real impact on their communities.



Clients who have upgraded their housing conditions in three years.



By the third year **2%** have improved their educational level

FINANCIAL HEALTH. Becoming more resilient

Financial health is important when it comes to programmed saving and being able to pay for contingencies.

Nevertheless, most of them still could not survive for more than 6 months on their savings. Consolidating their future economic prosperity requires an integrated approach that combines fostering robust savings habits with efficient day-to-day financial management.

Well managed credit



Average disbursement

All clients served in 2024

USD 1,469

+

Savings



43%

of households have increased or maintained their financial buffer.

+

Insurance



26%

of clients have a voluntary insurance policy which, on average, pays out claims worth 80% of their monthly surpluses.

22%

Critical

27%

Survivor

22%

Exposed

29%

Healthy

Financial solutions to multidimensional problems

BBVAMF provides a complete range of financial products and services that are specifically designed to meet the needs of vulnerable entrepreneurs:



Credit and savings

In 2024, the Foundation provided services to 3.03 million people. Of these, 810,310 were entrepreneurs who received loans totaling USD 1.578 billion. In addition, 2.8 million homes are using savings products.



Training programs

Over the course of 2024, 613,712 people were trained, upgrading their business, financial and digital skills. This support in vocational education is crucial in strengthening households' budget management and their resilience to economic adversity.



Insurance

483,000 households have taken out voluntary insurance policies to mitigate their exposure to emergencies. In most areas of cover, 80% of the claims are paid out, which demonstrates the importance of having these types of insurance, designed to cover damage to business, life, funeral costs, climate risks and health issues. Health microinsurance is particularly sought after by people in poverty. Strategies adapted to each country's context have been implemented.



Use of technology

The adoption of innovative financial technologies has made it possible to include vulnerable people who had previously been excluded from the financial system. This has been particularly important in rural areas with less access to traditional financial services.

Conclusions

BBVAMF has achieved major progress in the financial inclusion of vulnerable populations in Latin America. During 2024, it has served over 3 million people with financial products and services that have been tailored to their needs. The strategies that have been rolled out, including financial education programs and innovative technologies, have made it possible to improve the economic resilience of entrepreneurs and their households.

Despite these achievements, significant challenges remain, such as the informal labor market, gender inequality and the persistence of multidimensional poverty. BBVAMF continues to fine-tune its "Productive Finance" model to maximize its social and economic impact sustainably.

The Foundation is committed to financial inclusion, sustainable and adapted to real needs, promoting a comprehensive welfare that transcends credit: health, education, housing and community.

Introduction

In a global context of profound turbulence, the world faces important challenges, and we are at a historic moment of transformation. The COVID-19 pandemic had a significant impact on public health across the globe and has also prompted a profound reflection on the social and economic fabric of nations. Education systems have had to adapt to new ways of teaching, while economies are undergoing processes of adjustment and recovery, with special attention to those most affected. This period of change gives us the opportunity to re-imagine and strengthen our structures for a more equitable and prosperous future.

Since 2020, poverty has increased by 8.6 million people in the group of countries where BBVA Microfinance Foundation entities operate (Colombia, Peru, Dominican Republic, Chile and Panama). Unemployment, which increased by 2.7 million in 2020, has declined, but the jobs created, mostly in the informal sector of these economies, have been of lower quality.

Despite these obstacles, economic policy efforts have begun to bear fruit. In 2024, there was a gradual recovery, with an average increase in global GDP of 3.2%. This economic renaissance, although still incipient, is a testament to the resilience of societies and their ability to adapt to uncertainty. In the countries where the Foundation's entities operate, GDP has increased by 2.6%, still showing vulnerabilities in these economies, hampering growth, particularly in investment.

One of the foundations for facing this crisis has been access to the financial system. In the last decade, Latin America has made significant progress in this area. According to the World Bank's 2021 Global Findex Database, in Latin America 73% of people have access to a financial or digital account, an increase of 34 percentage points compared to 2011. This progress responds to the implementation of policies that encourage the use of financial technologies, promote market competition and strengthen regulatory frameworks.

Since 2020, poverty has increased by 8.6 million people in the group of countries where BBVA Microfinance Foundation entities operate

These advances have enabled greater democratization of financial services, promoting the socioeconomic progress of the most vulnerable populations, through a coordinated effort that includes the development of financial tools for various population segments, the construction of a competitive ecosystem and the establishment of a robust digital infrastructure, all backed by sound financial regulation.

Access to basic financial products and services not only improves people's ability to cope with emergencies, but also generates savings and investment opportunities, increasing the economic resilience of families. However, there is still work to be done to ensure that financial services are accessible, affordable and tailored to the needs of the most vulnerable.

In 2024, according to our own estimates, around 109 million adults, 23% of the total in Latin America, remain excluded from the financial system, so further progress is needed to achieve full inclusion and deeper use of the financial system.

Access to the financial system has improved substantially, but there is still work to be done to ensure that financial services are accessible, affordable and tailored to the needs of the most vulnerable

BBVAMF'S FOOTPRINT

POVERTY

31 Million people in our footprint
26% de la población vive en condiciones de pobreza monetaria

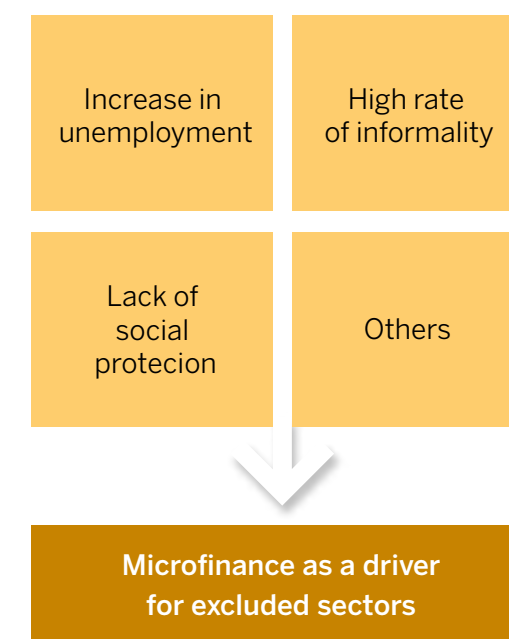
UNEMPLOYMENT

7,4% Unemployment rate in our footprint

FINANCIACIÓN

37% Adults excluded from the financial system in the countries where we operate
People who need capital to invest and make their businesses grow

CREATING MICRO-ENTERPRISES AS A DRIVER IN SOCIETY



Around 25% of those in work in Latin America live in poverty, with more than five out of every ten workers in the informal economy. In low- and lower middle-income countries women are more affected than men by this phenomenon and are often in more vulnerable situations.

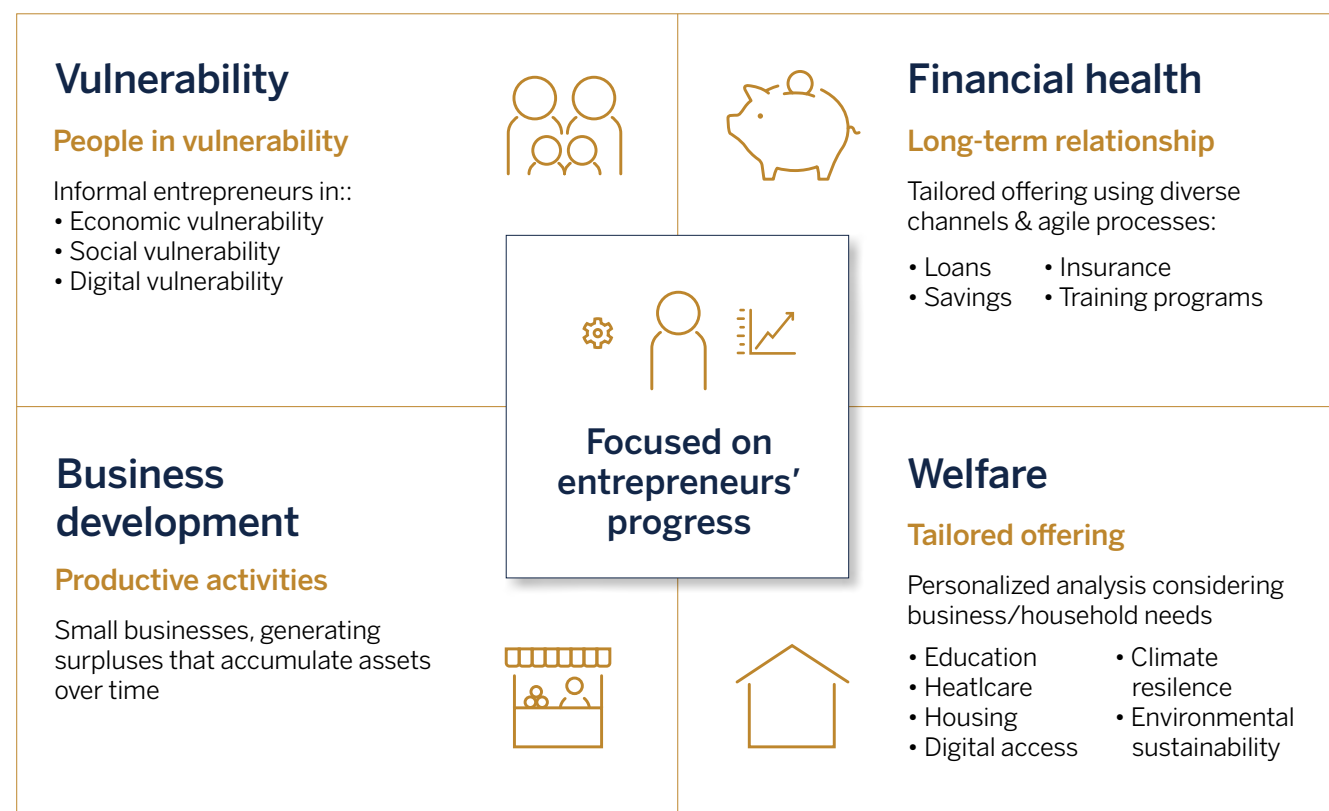
But many others find themselves inactive, outside the labor market. In many cases, they become inactive because they are in conditions of poverty in the labor market and therefore try to develop self-employment activities with small businesses that allow them to escape from this precarious situation.

This panorama seems to suggest that the high incidence of self-employment is not the result of a greater “entrepreneurial spirit” in relation to more developed countries, but rather a reflection of insufficient opportunities for salaried employment and the existence of opportunities to overcome situations of poverty.

These rates of “necessity” entrepreneurship show that the main motive for entrepreneurship is the desire to earn a living in the face of a lack of work or the precariousness of the labor market. However, as with all entrepreneurs, the probability that these ventures will not flourish is high, with a significant difference between the number of businesses that are started and those that last over time.



MODEL OF PRODUCTIVE FINANCE



However, many of the entrepreneurs who do not prosper are precisely those who are excluded from the formal financial system or do not make full use of it, and in many cases, they themselves end up leaving the financial system.

Financial inclusion is useful when it can help vulnerable entrepreneurs improve their lives and stimulate economic activity. Understanding that they face multiple barriers to getting started is key.

To this end, the BBVA Microfinance Foundation is leading a financial revolution focused on the most vulnerable and underserved sectors. Under its “Productive Finance” model, the Foundation works to eliminate structural barriers, allowing low-income entrepreneurs to access economic resources that promote their well-being and that of their communities.

BBVAMF Group

The Foundation seeks to better understand the realities of the vulnerable population it serves, to build a model of products and services that increase their likelihood of their successful advancement

In an environment of uncertainty, agile financial services are essential for dealing with unforeseen events and building long-term capital. The Foundation's impact is focused on generating income by supporting small entrepreneurs, fostering good financial health and improving well-being in areas such as health, housing and education, all through financial products and services that are increasingly tailored to the needs of entrepreneurs and their households.

It is crucial to go beyond simply protecting jobs and livelihoods, focusing on improving these conditions. This social challenge is at the heart of the Foundation's mission: to promote the sustainable progress of vulnerable households. To achieve this, it is necessary to understand the context in which they operate and the labor market to which these segments have access, which is key to developing a product and service model that increases the likelihood of success and ensures long-term financial inclusion.

En 2024, las entidades del Grupo apoyaron a 3,03 millones de personas de bajos ingresos, ofreciéndoles productos y servicios financieros, incluidos créditos (810.310 emprendedores), ahorros (2,8 millones de hogares) y seguros (483 mil hogares), así como capacitación para impulsar su progreso.

The Foundation promotes a vision of integral sustainability, seeking to generate a positive impact on its stakeholders and care for the environment, in order to guarantee sustained growth. All this is supported by good governance that considers its main focus: the entrepreneurs and their families. (see *Sustainability Model: ESG*).

The path to sustainable progress presents great opportunities. While there are challenges for vulnerable households, such as barriers to accessing economic, educational and health opportunities, financial inclusion strategies have the potential to generate significant positive impact.

HEADLINE NUMBERS at close of 12-31-2024

 Total clients
3,033,187 +2% TAM

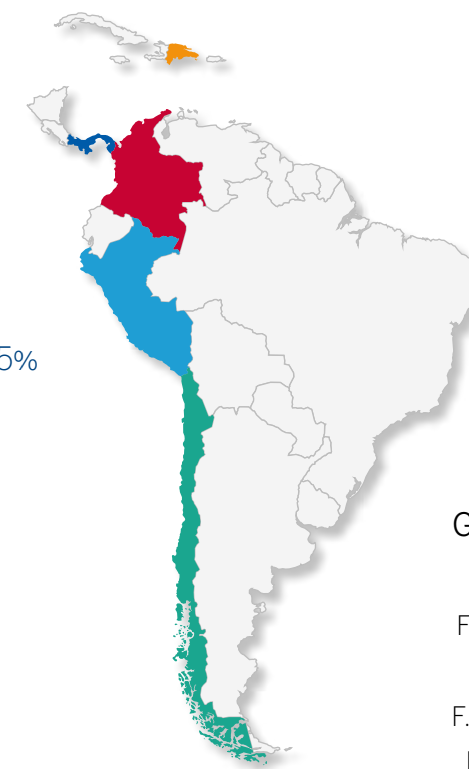
17%
Dominican Republic
509,848 +7.1%

1%
Panama
18,464 -5%

54%
Colombia
1,633,248 +0.5%

24%
Peru
734,481 +1.4%

4%
Chile
137,146 +8.9%



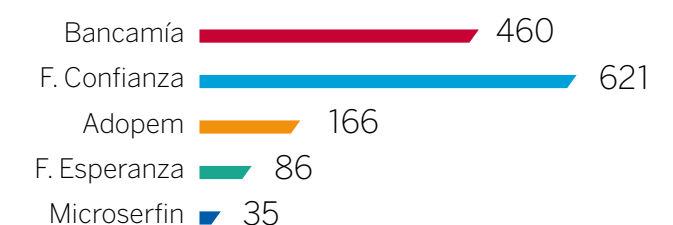
Gross portfolio*
USD 1,282 M


Client resources
USD 816 M

Amount disbursed
USD 1,578 M


Average loan
USD 1,469


Gross portfolio by country (USD Mill.)



 Employees**
7,430

 Branches & service points
521

 Non-banking correspondents
3,905

 Other transactional points
115,717

* Includes Emprénde. ** Number of employees at the end of the year.

BBVA Microfinance Foundation's unique model is designed to generate positive and measurable social, environmental and financial returns

It is critical that these strategies should not only seek to protect jobs, but also to improve long-term living conditions by empowering individuals and communities. In line with its purpose, BBVAMF operates under a model in which financial services are catalysts for

change. Beyond addressing immediate needs, these services can drive positive structural change, promoting the well-being of communities and sustainable development.

For the BBVAMF, financial services are catalysts for change, which is why we take the time to measure how income and social gaps are narrowed by means of better financial health



THE CHALLENGE FOR THE HOUSEHOLDS WE SERVE

INCOME GAP	SOCIAL GAP
Desarrollo de negocios	Bienestar
All households, in any country, need to be able to rely on disposable income that can meet their base needs.	All households should have access to basic goods and services –healthcare, education, housing, connectivity, and digital skills– and be empowered to achieve equal opportunities .
Financial health	
All households should be able to rely on a way of managing the family finances so as to conserve or increase their assets . (Resolving emergencies and achieving short, medium, and long-term goals).	

Economies across the footprint, poverty and unemployment



The economy¹

In 2024, Latin America faced a global environment marked by sharp tensions, posting growth of 2.2%, with a low rate of job creation and high informality. The slowdown in economic activity in the region was mainly associated with business expectations in many of the countries, which have affected private investment, and the slower pace of consumption.

The average growth rate in the decade 2014-2024 was 1.3%, which implies a stagnation of per capita GDP during that period, showing less resilience to economic fluctuations, low productivity and the need for reforms to improve medium and long-term performance.

In the footprint² where the entities belonging to the BBVA Microfinance Foundation operate, the increase in activity was 2.6%, exceeding the average growth for the region. All countries contributed

to growth, with Peru and the Dominican Republic standing out. The footprint, which historically has achieved growth rates almost double those of Latin America as a whole, is in a political election cycle in Peru, Colombia and Chile, which inhibits consumer and investor confidence and is weighing down growth in these countries.

In Colombia, the economy grew by 1.7%, in an environment of greater uncertainty and failure to consolidate the positive effects of lower inflation on consumption and lower interest rates on investment, but nevertheless performing better than in 2023, when it grew by only 0.6%.

Investment rose by 2.6%, while household consumption edged up by just 1.2%. Investment was boosted by infrastructure works, while the acquisition of machinery and equipment fell by 1.1%. Household consumption would have been weaker were it not for the demand for non-durable goods, which grew by 1.9%.

In Peru, the economy showed a rebound in growth to 3.3%, supported by a strong performance in fishing, solid momentum in construction and mining, as well as a looser monetary policy. On the expenditure side, domestic demand accelerated, the fiscal impulse was maintained, and consumption and private investment continued to recover.

The favorable evolution of the labor market in Peru, the reduction in inflation and the recovery of business expectations boosted private spending, which in turn favored non-primary activities such as trade and services. Public investment remained dynamic and continued to grow at double-digit rates (15.1%).

In the Dominican Republic, the economy leapt by 5.0%, up from 2.4% recorded in 2023, making it one of the most dynamic economies in the region. Consumption has recovered its pre-pandemic dynamism, increa-

sing by 4.6%, while investment expanded by 5.0%, recovering the dynamics of domestic demand, which contributed 76% of the year's growth, while the good performance of the external sector accounted for the remaining 24%.

Growth was driven by the contribution of the activities that make up the services sector, which rebounded by 5.5% altogether with respect to the previous year, with particularly strong performance in hotels, bars and restaurants (9.6%), financial services (8.3%), energy and water (7.0%), transportation and storage (5.7%), while trade was up by 5.5%.

In Chile, the economy expanded by 2.6%, driven mainly by exports, while domestic demand grew by 1.3%. On the supply side, the main contributions to growth came from mining, trade, personal services and transportation. Household consumption grew by 1.0%, while gross capital formation contracted by 1.4%, due to lower investment in transportation and building equipment.

In Panama, the economy grew 2.9% in 2024, with a slowdown concentrated in the mining and manufacturing sectors, while the rest of the sectors showed greater dynamism. This is the lowest growth rate of the Panamanian economy since 2009 if 2020, the year of the pandemic, is excluded. Without the impact of the mining sector, the economy would have grown by 4.8%. The remaining sectors grew, especially hotels and restaurants (8.9%), construction (4.8%), trade (5.9%) and transportation (4.7%), which together account for 45% of GDP.

Given this evolution of activity, inflation closed 2024 at 4.0% in the Foundation's footprint, after peaking in all geographies during the post-pandemic price hikes. Food and energy price increases, which had the greatest impact, have slowed.

Peru and the Dominican Republic showed the most dynamic growth, while other countries faced lower investment and consumption

1. National sources. Estimates to the end of 2024 by BBVAMF Research.

2. Colombia, Chile, Panama, Peru and Dominican Republic.

Inflation episodes have been more pronounced and persistent since 2020 compared to prior episodes. Inflationary pressures built up sharply during the pandemic, continued to rise, and continue to rise the following year. The high inflation rates observed triggered indexation mechanisms that made it more persistent, with falls in real household incomes in most countries.

In Colombia, inflation has continued its convergence process towards the 3.0% target in 2024, closing the year with a 5.2% increase in the consumer price index (its lowest level in three years), 4.1 percentage points lower than the 9.3% recorded at the end of 2023, after reaching 13.3% in March of that year.

This evolution of inflation was accompanied by tighter monetary policy since September 2021, when the country's central bank, Banco de la República, started raising its intervention rate by a total of 1150 basis points (bp), bringing it to 13.25% by November 2023. Since then, the bank's Board has promoted a looser monetary policy, with a reduction of 400 bp, closing 2024 at 9.25%.

This 2024 year-end rate implies a real intervention rate of 4.3% by the central bank, higher than the 3.1% in November 2023. Thus, in spite of the reduction the policy is tighter if analyzed in real terms. Although this has enabled the inflationary process to reverse, it has impacted, the process of economic growth recovery when considered with other factors.

In Peru, the evolution of activity was accompanied by an inflation rate that has remained continuously within the central bank's target range since April 2024, standing at 2.0% at the end of 2024, in the middle of this range, decreasing from the 3.2% in 2023. This behavior has been the result of the reversal of the effects of supply shocks and a gradual reduction of inflation expectations towards the middle of the target range, without inflationary pressures from demand.

This enabled the Central Bank to reduce the monetary policy rate by 175 bp during the year, placing the real reference interest rate close to neutral, the level

at which the economy remains at its potential level of production and with an inflation rate at its long-term equilibrium level.

In the Dominican Republic, inflation has remained at the lower end of the Central Bank's target range of 4.0 % ± 1.0 % since December 2023, closing the year at 3.3 %, reflecting the effectiveness of monetary policy in an environment of easing, combined with fuel and electricity subsidies. This inflation performance has allowed the Central Bank to reduce the monetary policy rate by 275 basis points since May 2023, to close the year at 5.75%.

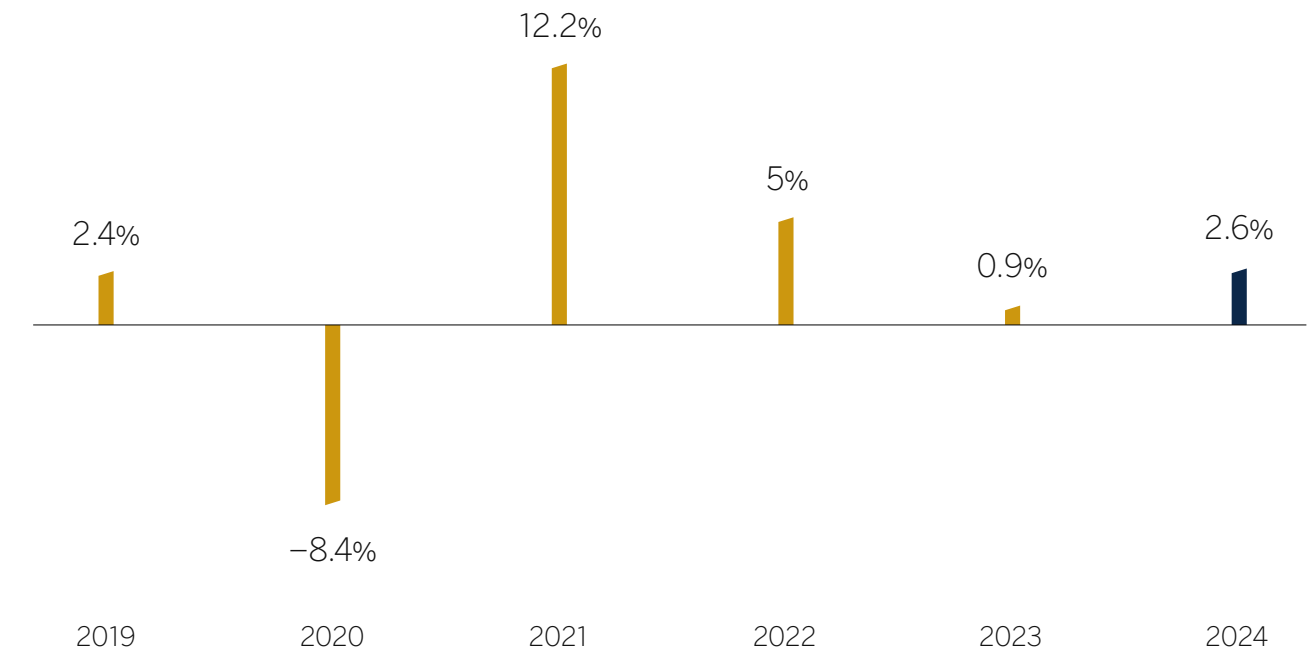
In Chile, inflation closed 2024 at 4.5%, higher than the 3.9% at which it ended 2023. Inflation reached a low in March with a 3.7% annual variation of the consumer price index (CPI). This rise in the last months of the year is due to the higher rise in the underlying component of goods and services, as well as the anticipated impact of the readjustment of electricity tariffs, which added to a joint increase in several cost factors, including the depreciation of the peso and the uptick in labor costs.

Monetary policy followed these inflationary pressures and began an aggressive cycle of interest rate hikes, which jumped from 0.5% in July 2021 to 11.25% by October 2022. As inflation adjusted, there was a reduction in the monetary policy benchmark interest rate, closing 2024 at 5%, a decrease of 325 basis points with respect to the close of 2023, and a reduction of 625 basis points with respect to the maximum level reached between October 2022 and July 2023. At the end of 2023, the real intervention rate was 4.35% and at the end of 2024 it will be 0.5%, showing an expansive monetary policy trend.

In Panama, the inflation rate closed 2024 with an accumulated annual rate of 0.7%, lower than that recorded in 2023 (1.9%). The slowdown in growth, price controls on some commodities and the appreciation of the dollar, which led to lower import costs, are some of the factors that kept inflation contained. Panama had one of the lowest inflation rates in the region.

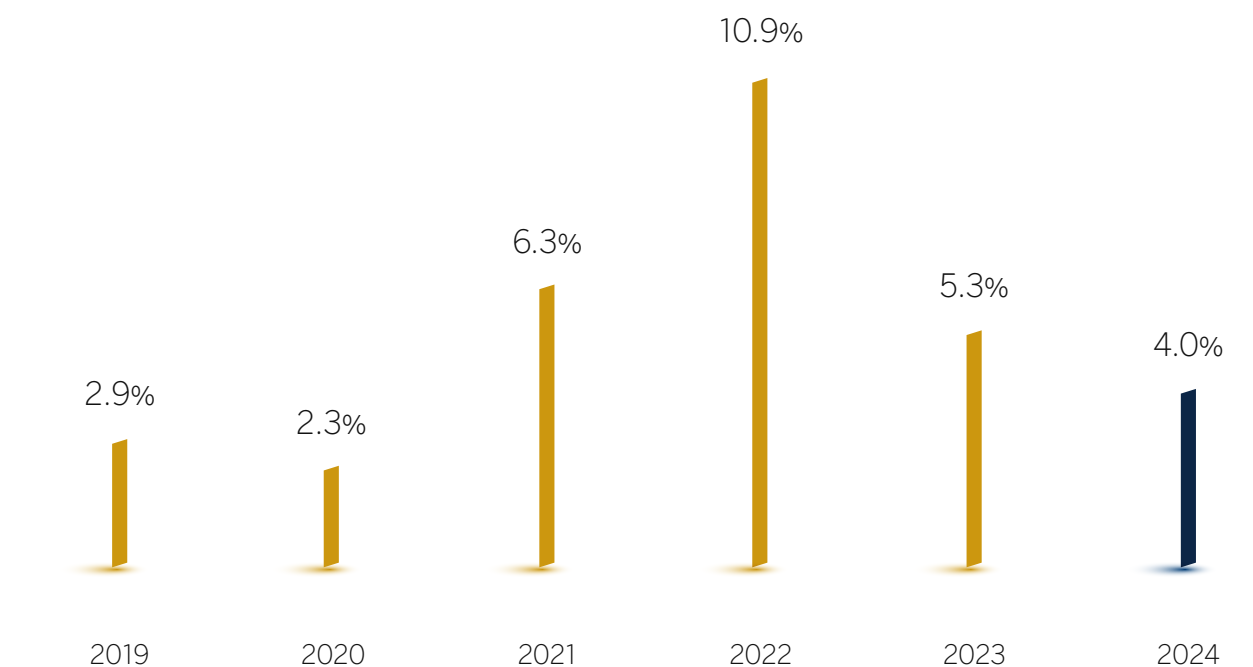
1. REAL GDP GROWTH

All credit entrepreneurs assessed



2. INFLATION (CHANGE % CPI)

All credit entrepreneurs assessed



Employment & poverty³

In 2024, the unemployment rate in our footprint stood at 7.4%, returning to pre-pandemic levels and improving from 7.6% in 2023. This change is in contrast to the 13.1% unemployment recorded in 2020, the worst year of the COVID-19 crisis, when 6 million jobs were lost. Since that year, 8.9 million jobs have been generated, 50% of them in the informal sector.

In Colombia, the national unemployment rate closed 2024 at 8.8%, slightly lower than at the end of 2023 (9.4%). The overall labor market participation rate was 64.0%. This evolution and the behavior of vacancy rates point to the presence of a tight labor market.

In Peru, overall unemployment at the end of 2024 posted at 5.6%, 0.2 percentage points higher than at the end of 2023 (5.4%). The participation rate stood at 70.1%, the highest in the footprint, increasing by 5.4 p.p. with respect to the end of 2020.

In the Dominican Republic, the dynamism of the economy allowed the unemployment rate to stand at 5.3%, which rises to 7.6% when the underemployed who would be willing to work more hours are included. If we analyze the evolution of the labor participation rate, this has expanded by 0.5 p.p., up from 64.9% in 2023 to 65.4% in 2024 and improving by 4.3 p.p. with respect to 2020, returning to the participation levels of 2019.

In Chile, the national unemployment rate was 8.5%, a decrease of 0.2 pp. in the year, because the growth of the labor force (2.2%), was lower than that of employed persons (2.5%). The participation rate stood at 62%.

In Panama, the ratio of people open to work but not doing so came in at 7.8% in 2024, 2.0 percentage points higher than in 2023. Participation was 63.3%, improving by 0.9 percentage points with respect to 2023.

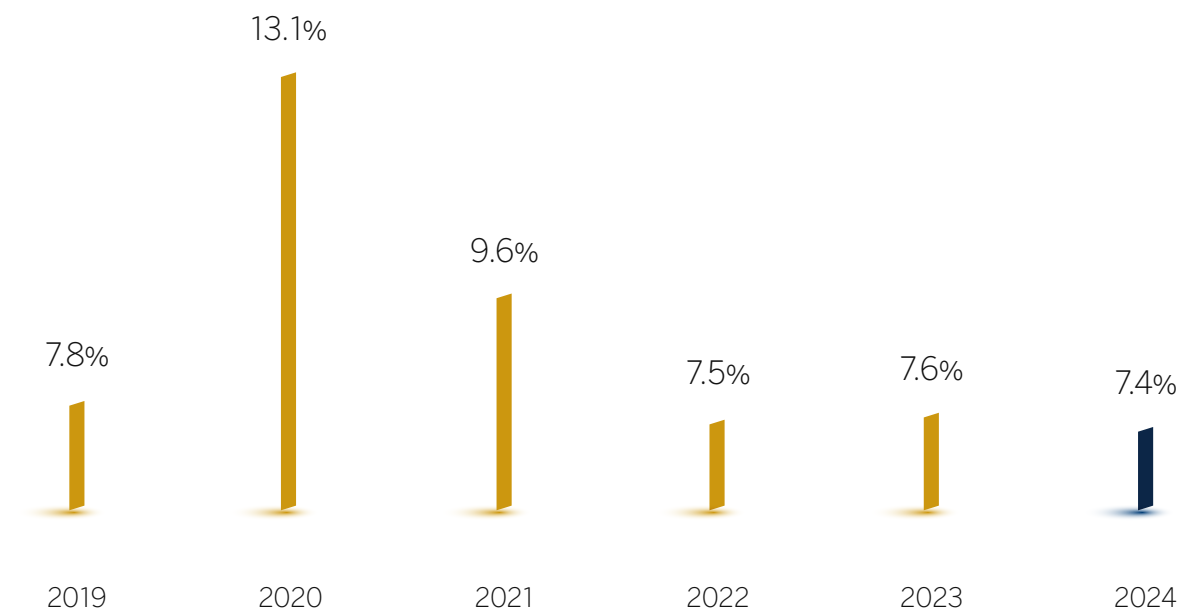
In total, around 4.6 million workers are unemployed across the footprint, reducing unemployment by 69 thousand people with respect to 2023, while when compared with the peak in 2020, the reduction was 2.7 million unemployed workers.

Of the total number of unemployed workers, 53.5% were women, who registered a rate of 10.3%, showing a gap of 3.6 p.p. with respect to men's unemployment, which stood at 6.7%.

The overall participation rate increased by 0.2 percentage points from 65.4% to 65.2%, with a gap of 21.4 percentage points in participation between men and women, standing at 74.6% and 53.2%, respectively.

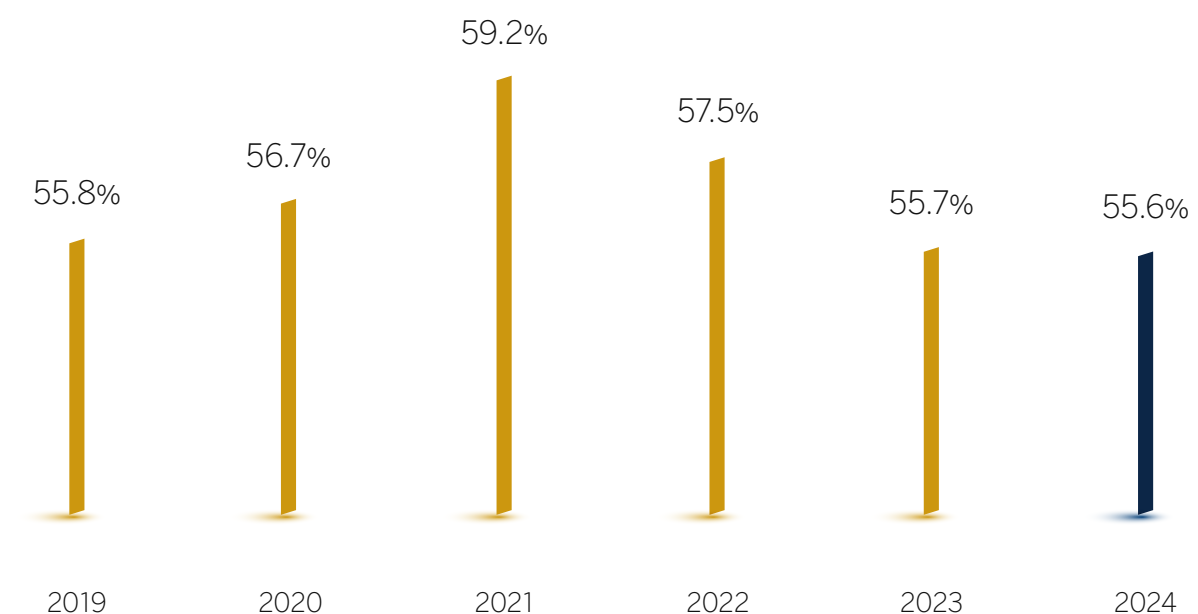
3. UNEMPLOYMENT RATE (%)

All credit entrepreneurs assessed



4. INFORMAL EMPLOYMENT (%)

All credit entrepreneurs assessed



3. National sources. 2024 closing estimates by BBVAMF Research.

G.3 y G.4. Research FMBBVA y fuentes nacionales.

Monetary poverty stood at 25.6%, representing about 31.0 million people in poverty

In the footprint, 55.6% of workers are in the informal sector, with around 31.7 million workers working under unstable contracts and without social security. There was a slight reduction overall compared to the 2023 rate of 55.7%, with countries such as Chile and Panama maintaining the lowest levels of informality (28.3% and 49.3% respectively), while Peru led the creation of formal jobs with respect to 2020, but nevertheless had the highest informality rate, at 70.9%.

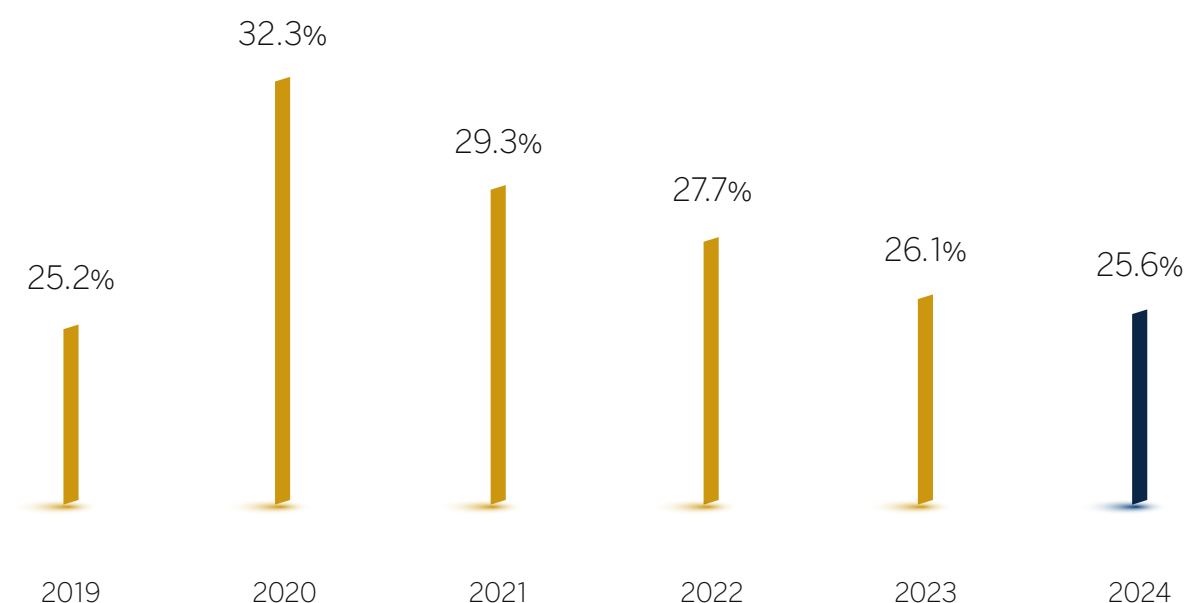
In 2024, monetary poverty stood at 25.6%, representing about 31.0 million people living in poverty. In the last year, about 356,000 people have been lifted out of poverty. During the pandemic, about 8.6 million people entered poverty, of whom 6.6 million have been lifted out.

In the footprint, as in the rest of Latin America, the gender gap in poverty is a structural phenomenon where women face greater risks of economic and social exclusion. This imbalance is aggravated by multiple interconnected factors that perpetuate cycles of inequality.

Lower labor participation is amplified during their childbearing years (25-35 years old), during which time female poverty exceeds male poverty by 7 p.p., and unpaid work, with women spending twice as much time as men in domestic and care work. These factors limit their access to formal jobs, perpetuate their economic dependence and increase the probability of women entering poverty.

5. POPULATION IN MONETARY POVERTY (%)

All credit entrepreneurs assessed



G.5. Research FMBBVA.

Understanding the vulnerable entrepreneur



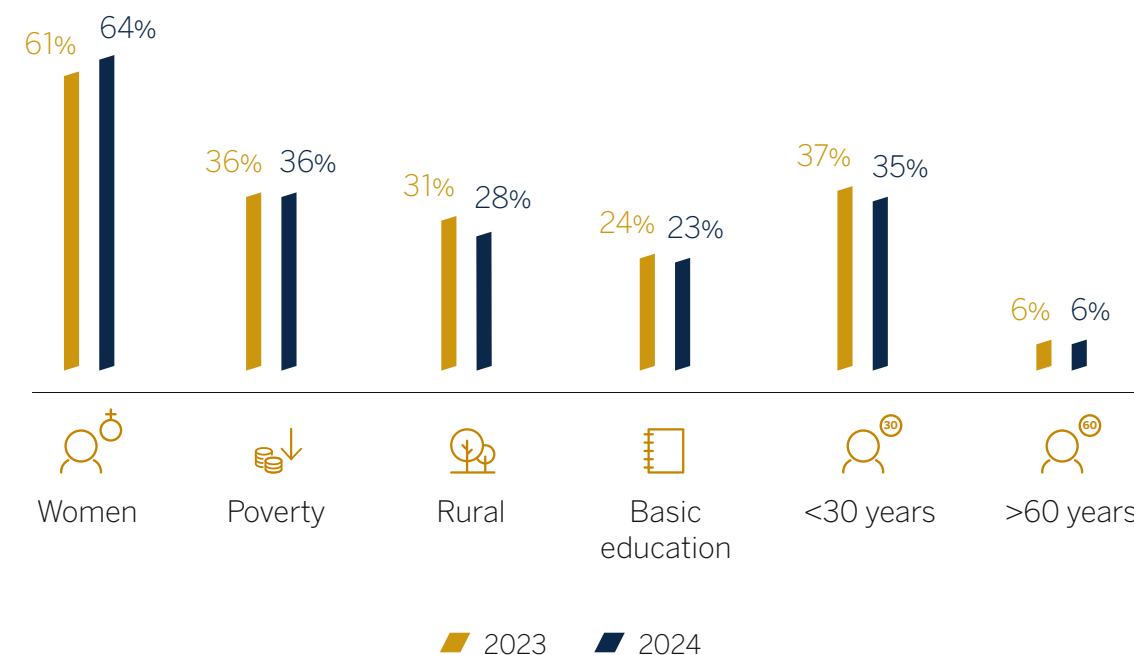
Households, especially the most vulnerable ones, are at different stages of development, and if financial offerings are to be inclusive and sustainable, they must reflect the varying needs of their economies. Therefore, it is essential to understand the entrepreneur, their household, environment, and needs in order to determine which products and channels are most effective. If we can also provide financial services to as many people as possible, the impact will be even greater.

Our entrepreneurs

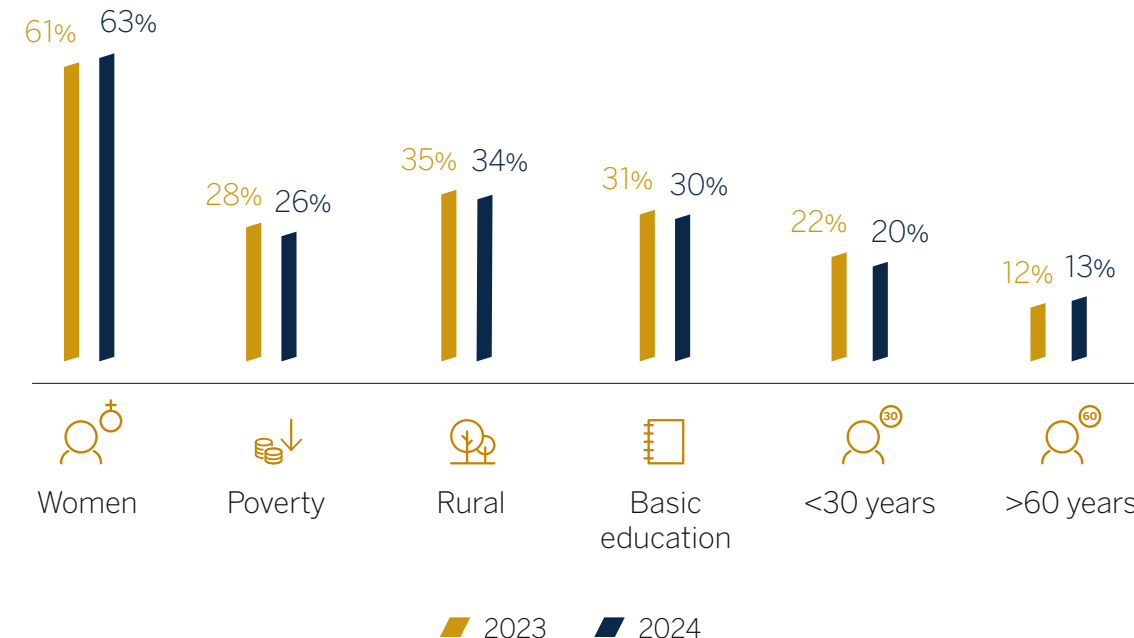
For entrepreneurs, growing a small business is often a solution to the lack of job opportunities. Most beneficiaries are women (63%) with a middling level of education (30%)—segments that face greater cultural, legal, or social barriers, which increases their exclusion from formal financial systems and exposes them to higher risks. Most entrepreneurs seek work in urban areas, with 66% located in cities.

6. SOCIAL VULNERABILITY

New credit entrepreneurs



All credit entrepreneurs assessed



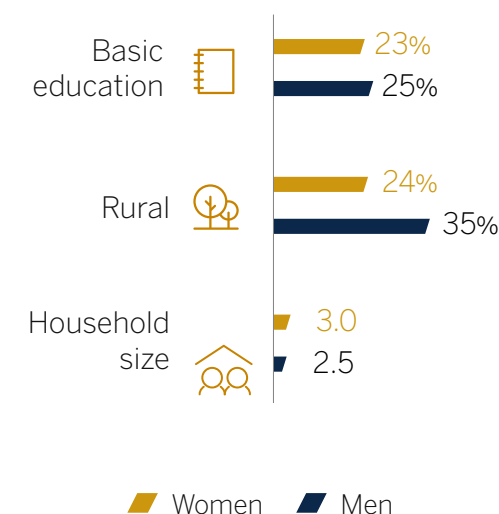
Gender gaps force women to take on a dual role—as both income earners and caregivers responsible for domestic tasks. This often places them in smaller-scale businesses and in low-productivity sectors, such as retail. Indeed, 66% of the new women entrepreneurs served by our institutions are single, caring for dependents, which represents a significant limitation to entrepreneurship.

tors, such as retail. Indeed, 66% of the new women entrepreneurs served by our institutions are single, caring for dependents, which represents a significant limitation to entrepreneurship.

7. HIGHER VULNERABILITY FOR WOMEN

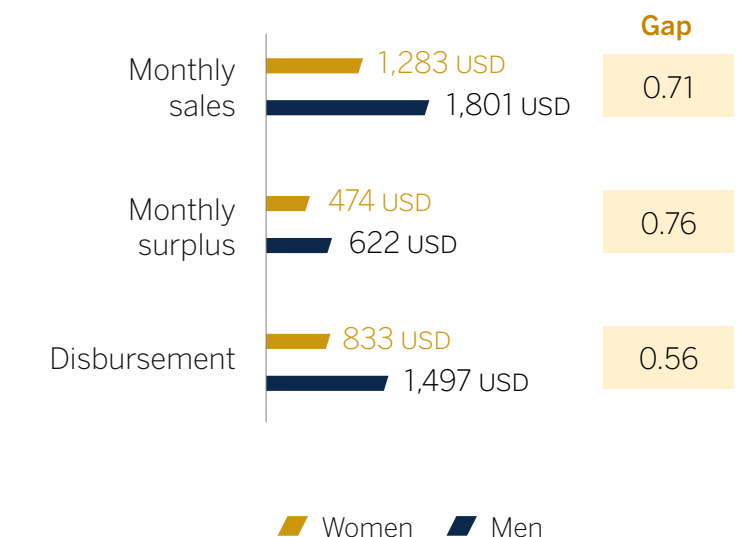
Women are more vulnerable than men with similar profiles

Social vulnerability New credit customers



Gap

New credit customers



It is essential to support migrant, displaced, and refugee populations, especially in Latin America, where the reception of Venezuelan migrants is particularly significant. Through credit and savings services, more than 21,000 **migrants** have been served, with Bancamía in Colombia standing out as the institution reaching the highest proportion. This group's profile is different to that of the overall population, with a higher level of education and a greater proclivity to use savings products: only 44% opt for credit products, while their savings balances tend to be higher.

MIGRANT ENTREPRENEURS

Customers with credit and savings in Colombia, Peru, Chile and Panama



Migrants
All clients

2023 17,951 2024 21,005

Their businesses

Many entrepreneurs run multiple businesses to diversify their risks. That's why commerce is the most common sector

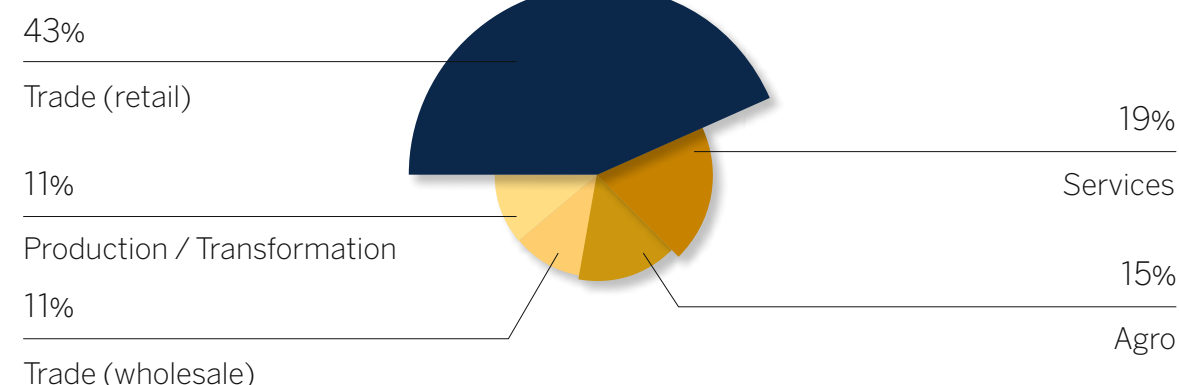
Many entrepreneurs run multiple businesses to diversify their risks: if one fails, the other can help maintain economic stability. These businesses are typically smaller and more flexible, operating in industries that don't require extensive expertise, prioritizing adaptability over growth. Their small scale allows them to quickly respond to changes in the market, context, or technology.

At the outset, many focus on trade (54%), with one-third involved in retail textile sales (14%). This sector is largely led by young, single women with low levels of education living in urban areas. A further third of entrepreneurs work in the food sector, including supermarkets and specialty food stores, primarily operated by middle-aged urban women. Street vending has declined, now representing only

8. TYPES OF ENTREPRENEURIAL ACTIVITY

All credit entrepreneurs assessed (%)

Sectors



By activities



2% of businesses, mostly run by men in urban settings. The remaining entrepreneurs engage in the trade of various products. This sector is constrained by the supply and demand of specific goods, which affects its profit margins—the lowest compared to other sectors.

The services sector (such as food services, beauty salons, and hairdressing) is the second most prominent. These businesses are primarily led by vulnerable women working in urban environments. Some entrepreneurs (mainly middle-aged urban men) are involved in transporting goods or passengers, or in real estate activities, where women over 60 dominate due to the convenience of managing these types of businesses. While still less represented, healthcare services are gaining ground, especially among young entrepreneurs, most of whom are women.

Many service-related businesses require low initial investment since they don't require large inventories

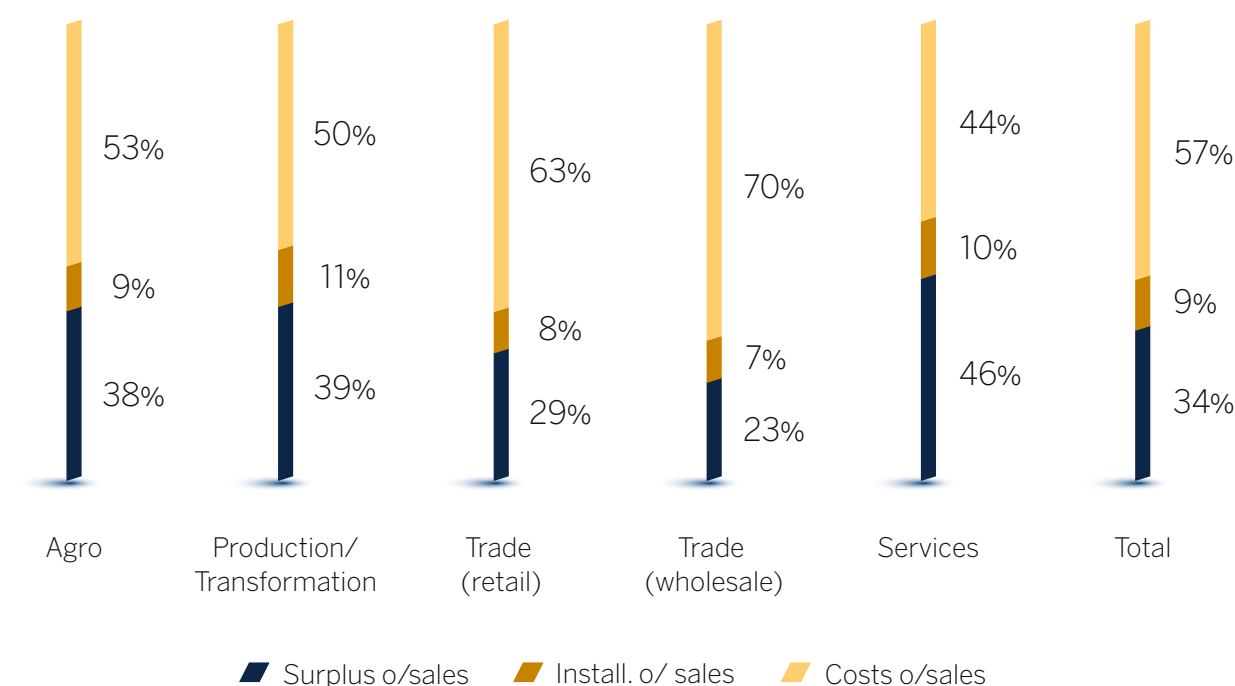
or infrastructure. This reduces operational costs as these are mostly centered around labor and a few basic inputs. As a result, they tend to have higher profit margins than other sectors and offer added value through personalized service and customer care.

The agricultural sector, led by men in rural areas, accounts for 15% of entrepreneurs. It requires significant upfront investment in land, machinery, and livestock, particularly in livestock farming and mixed crop cultivation. Although the average profit margin is relatively high (38%), it varies depending on seasonality and external factors such as weather and input costs.

Lastly, the production and manufacturing sector includes the food industry (like bakeries) and textiles/footwear (such as sewing workshops), in which urban women predominate, while men are more prominent in the construction industry.

9. MARGINS, BY SECTOR

All credit entrepreneurs assessed (%)



G.8. Clients current at 12.31.2024.

G.9. Clients current at 12.31.2024. Percentages of costs, installments & surplus from average sales in each sector. The surplus is after paying the financial installment.

Diagnosing poverty



Poverty in Latin America remains a persistent and complex problem, affecting a significant part of the population. Despite the considerable progress made in recent decades, poverty levels are still high. Poverty is not only about a lack of income—it encompasses multiple dimensions that affect quality of life. Identifying the root causes is key to designing effective solutions.

At the BBVAMF Group, both monetary and multidimensional poverty are assessed, as together they provide a more complete picture of household conditions.

Studies from 2021 show that multidimensional poverty serves as a complement to monetary poverty.

Therefore, tracking both dimensions is essential to guiding microfinance institutions in developing solutions that address structural deficiencies related to the lack of basic goods and services, ultimately helping to reduce gaps. This analysis is critical, as households experiencing both high levels of monetary and multidimensional poverty are more likely to face unexpected hardships, highlighting the direct link with household financial management⁵.

Households with greater structural deprivation face contingencies more frequently, which is evidence of the direct relationship between multidimensional poverty and financial management

4. Monetary poverty in 2024 across our footprint stands at 25.6%.

5. Research conducted in 2021 using multidimensional poverty surveys showed that those households with contingencies suffered a higher rate of multidimensional poverty.

Monetary poverty

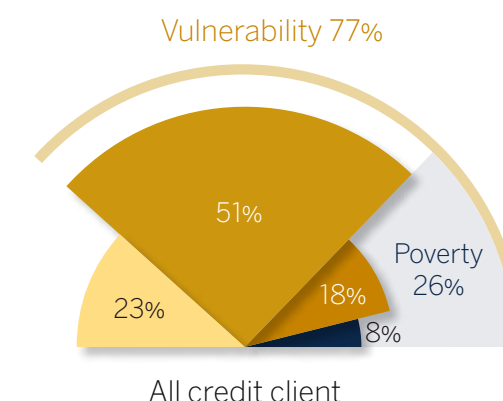
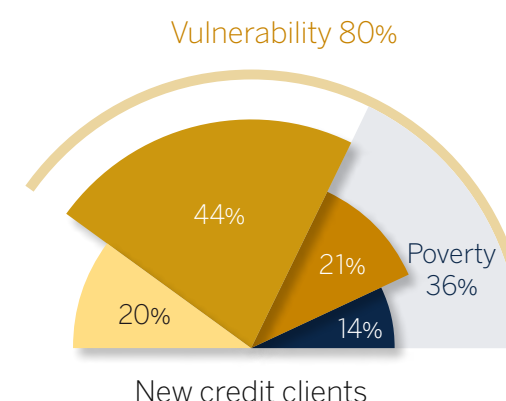
In 2024, in the countries where the Foundation's institutions operate (its footprint), monetary poverty stands at 25.6%, showing a partial recovery but remaining above pre-pandemic levels (see Employment and Poverty). The reduction in poverty is attributed to an increase in per capita income and lower inflation, although climate events and structural barriers—such as those to housing, education, and healthcare—have limited the overall impact. Monetary poverty measures the insufficiency of income to cover a basic basket of essential goods and services.

The Foundation conducts ongoing monitoring of how business income contributes to the household, which allows for an approximate assessment of monetary poverty. As of December 2024, 26% of entrepreneurs with active loans were living in poverty.

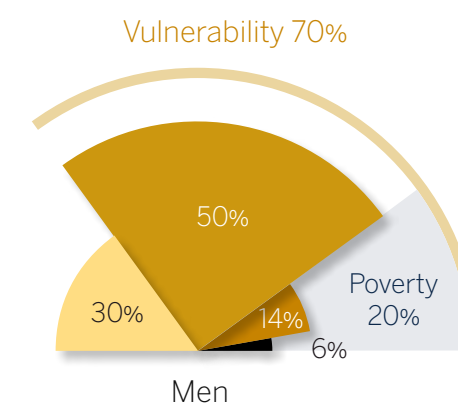
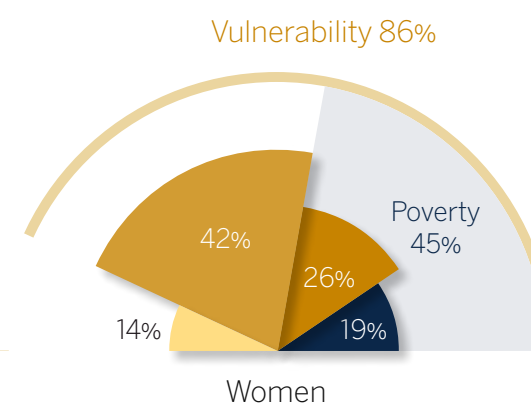
Poverty is especially acute among women, with 45% living in poverty compared to 20% of men. (43% women vs 26% men in 2023).

10 ECONOMIC VULNERABILITY OF ENTREPRENEURS

All credit entrepreneurs assessed



WOMEN'S ECONOMIC VULNERABILITY



Ext. poor Poor Vulnerable Others

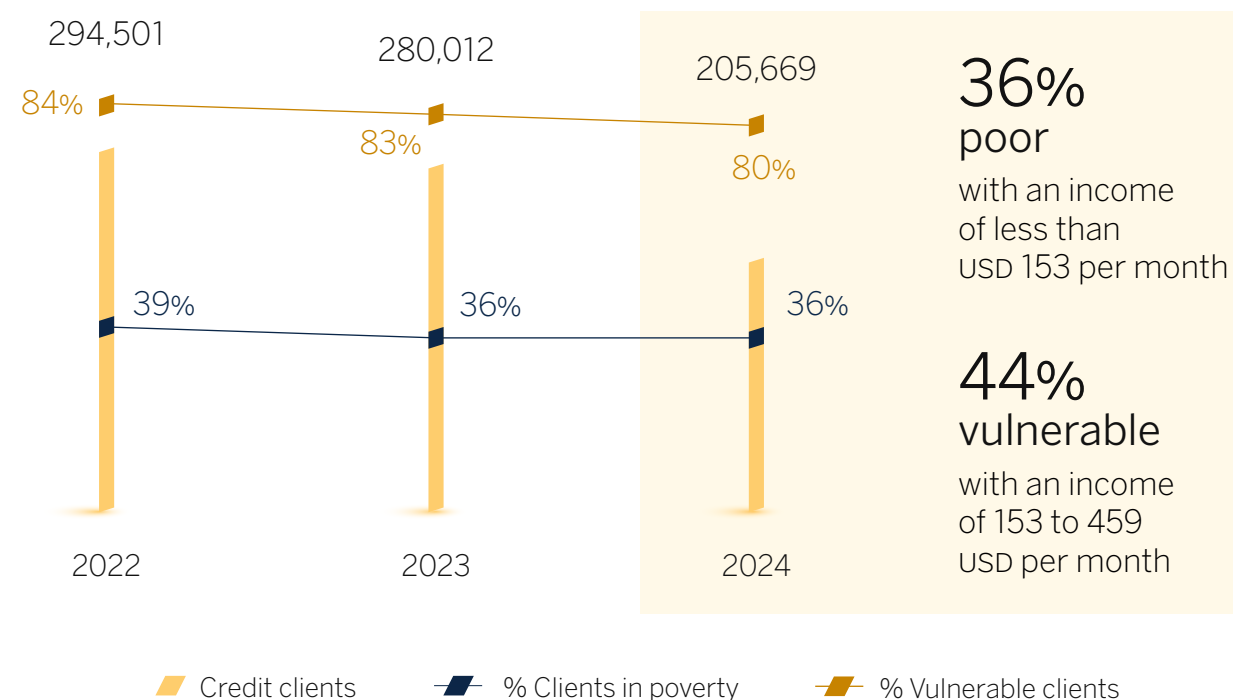
G. 10. In line with each country's official poverty line. "All clients" refers to those with a credit current at 12.31.2024; "new" are those who signed up with the institution for the first time during 2024.

80% of the new entrepreneurs served in 2024 were in a vulnerable situation in 2024 were in a situation of vulnerability

50% of entrepreneurs earn 227 USD per month, 7 USD per day

11. VULNERABILITY OF NEW ENTREPRENEURS

New credit entrepreneurs

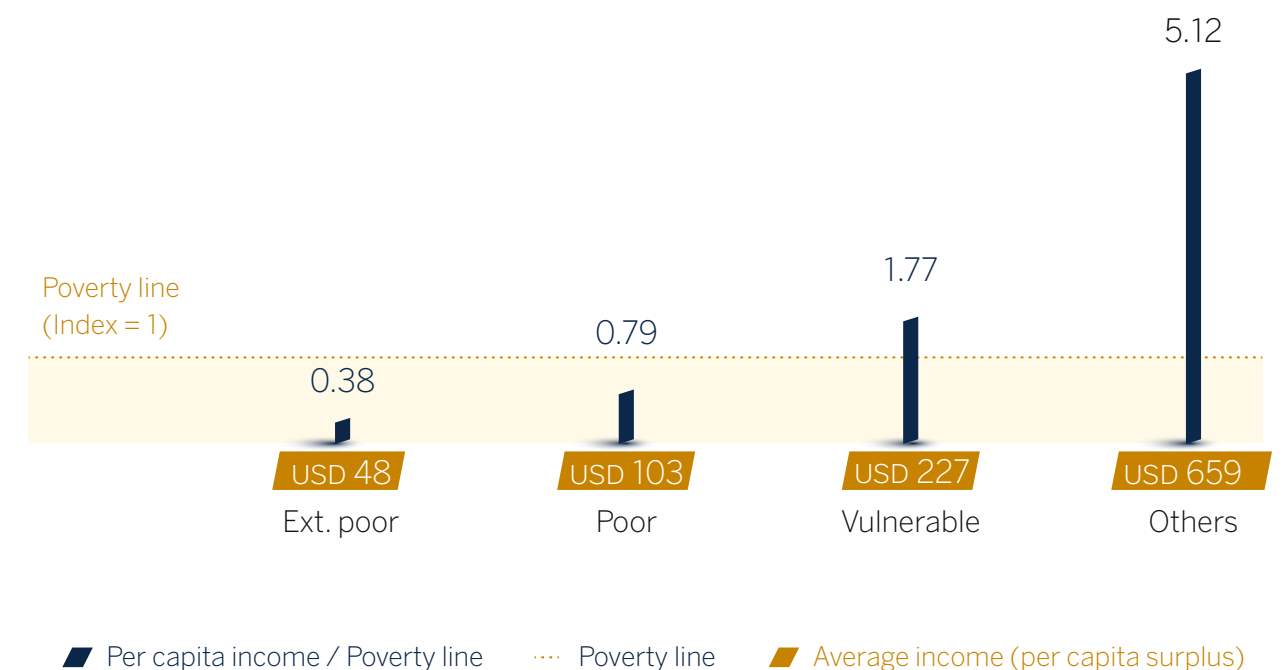


The Foundation's institutions are committed to serving economically vulnerable populations. In 2024, of the more than 205,000 new entrepreneurs supported, 80% were in a situation of economic vulnerability, and 36% were living below the poverty line. Poverty is especially acute among women, and has worsened since 2023, with 45% living in poverty compared to 20% of men. (These proportions were 45% and 26% respectively in 2023).

Vulnerability goes beyond the simple economic dimension, manifesting in behavior which makes it difficult to overcome precarity. This may skew decision-making toward short-term options, with greater risk aversion (Mani et al., 2011; Shah et al., 2012) which perpetuates the situation of vulnerability.

12. ENTREPRENEURS' INCOMES

New credit entrepreneurs assessed



An increasing number of studies show that access to, and recurring use of, formal financial services by vulnerable people is associated with a significant improvement in their well-being (Dupas & Robinson, 2013; Karlan & Zinman, 2010). This positive impact is attributed to the ability to deal with risks more effectively, manage finances more efficiently and increase the productivity of their economic activities (Banerjee & Duflo, 2011).

Economic stability, by reinforcing household security, generates a positive impact on individual behavior (Murdoch, 1999). Greater economic security translates into a higher ability to take on calculated risks, plan for the long term, and exercise greater control over one's own life (Bertrand et al., 2010), thus fostering economic empowerment.

G. 11. Clients signing up during the year (no previous loans). Vulnerability is the percentage of clients with incomes that are less than three times their country's official poverty line.

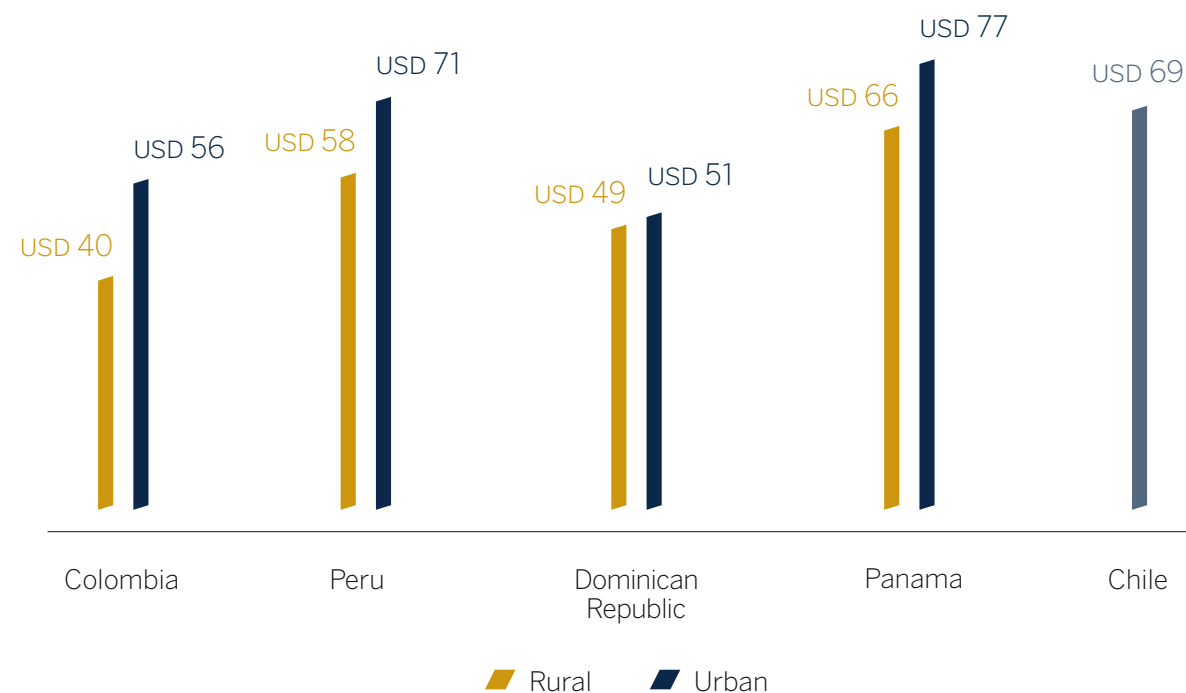
G.12. In line with each country's official poverty line.

Methodological note: how to measure economic vulnerability

The economic vulnerability of entrepreneurs is analyzed based on how much their microenterprises contribute to their households. This assessment evaluates per capita surpluses or income in relation to the cost of a basic food basket (Extreme Poverty Line) and an expanded basket that includes basic services (Poverty Line)⁶.

13. BASIC GOODS BASKET, BY COUNTRY

Línea de Pobreza Extrema según el instituto nacional de cada país

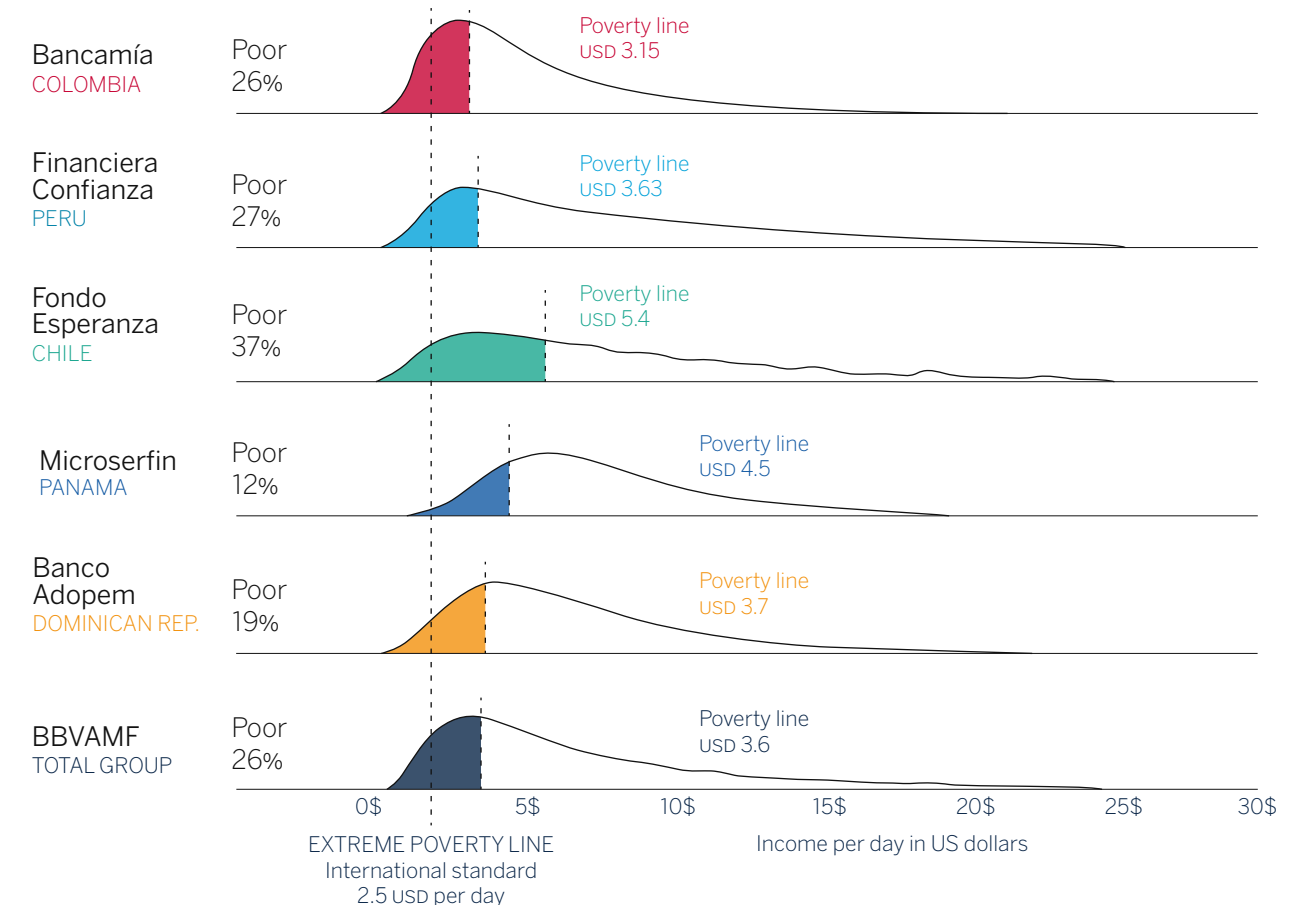


BBVAMF Group's classification of economic vulnerability:

- **Extremely poor:** when the surplus, per household member, is less than that country's Extreme Poverty Line.
- **Poor:** when income is over the Extreme Poverty Line, but under that country's Poverty Line.
- **Vulnerable:** when income is over the Poverty Line, but less than three multiples of that line.
- **Others:** when income is more than three multiples of the Poverty Line.

14. POVERTY AND CLIENT DISTRIBUTION BY INCOME LEVEL

All credit entrepreneurs assessed (%)



Although this classification is specific to the Group, it is comparable to standards set by international organizations such as the United Nations and the World Bank. Relative income is calculated as the business surplus divided by the number of household members, in relation to the Poverty Line (PL), measuring the distance above or below it. This helps assess how poor the clients are, how much their businesses need to grow to rise above the poverty line, and their risk of falling back below it. This indicator also reflects the concentration of poverty within the loan portfolio.

In 2024, the relative income of the vulnerable clients served was 1.77 times the PL, while clients classified as "others" had a much higher relative income—5 times the PL—significantly lowering their likelihood of falling into poverty.

6.- In Colombia, Peru, Dominican Republic and Panama these poverty lines differ according to whether the surroundings are rural or urban. In Chile a distinction is made according to the number of people in the household.

G. 13. The official 2023 basic food basket for each country is shown, updated by the CPI to the end of 2024. In all countries apart from Chile, this basic basket of goods has two categories, rural and urban, and represents the Extreme poverty line. A basic basket of goods is calculated in Chile too, but the poverty lines are formulated using a new methodology that considers the number of people in the household (from one to ten).

Multidimensional poverty

To reduce poverty, multiple dimensions must be addressed simultaneously. One of the most critical areas involves structural deficiencies such as education, healthcare, and housing—dimensions included in nearly all national poverty indices in the countries where the Foundation operates.

In these countries, a significant portion of the population still lives in multidimensional poverty. The measurement of multidimensional poverty in Co-

lombia, Peru, the Dominican Republic, Chile, and Panama shows considerable variation in terms of the factors measured, the frequency of data collection, and the level of development of the methodologies. While there are similarities in the dimensions considered, differences in the specific indicators used for each one mean that multidimensional poverty measurements are not directly comparable across these countries.

BBVAMF institutions were the first private financial entities to make a multidimensional assessment of every household they serve

MULTIDIMENSIONAL POVERTY BY COUNTRY

Country	Rate of Multidimensional poverty	Year	Source	Dimensions assessed
Colombia	12,10%	2023	DANE	Five dimensions covered: educational conditions, conditions for children and young people, work, healthcare and access to public services at home.
Peru	27,5%	2022	INEI	Six dimensions measured: education, healthcare, housing, basic services, food security and work.
Dominican Republic	36%	2022	Ministry for the Economy, Planning & Development (MEPyD)	Five dimensions covered: education, healthcare, work, housing & welfare safety net.
Chile	16,90%	2022	Ministry for Social Development, CASEN	Education, healthcare, work and social security, housing and the surroundings, networks and social cohesion.
Panama	12,10%	2022	Ministry for the Economy, Social Office	Five dimensions: education, healthcare, work, housing and access to basic services.

BACKGROUND

In order to have a minimum standard of living in the areas of housing, education and health for each household of our entrepreneurs, we have:

- **New, non-financial assessment.** The non-financial questions are being re-assessed to include the deprivations, creating a corporate standard
- **Gradual data collection:** the information is collected during the disbursement process and updated every 12 months.
- **Methodology:** The index is adjusted according to how the indicators are distributed, keeping to the Alkire-Foster methodology.

GOAL

To identify deficiencies regularly

Assess and prioritize gaps to facilitate a solution based on their scale, intensity and frequency.

To segment households

Evaluate over time the reduction or increase of deficiencies in order to address them.

To track the solutions

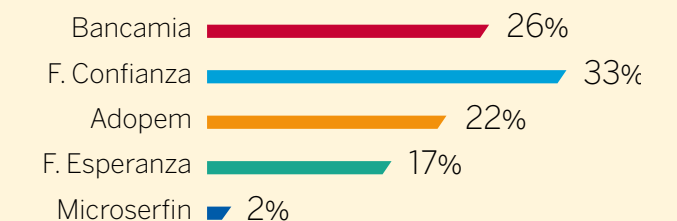
Select each vulnerable household at the national level and in specific areas to target the value proposition.

Households' deficiencies in housing, healthcare and education have been captured since 2023, This information helps to target a value proposition that enables entrepreneurs to overcome structural deficiencies, frequently linked to the lack of goods and services, and to narrow these gaps.

INDICATOR INDEX

Dimension	Indicator	Weight (%)	Nº Questions
Education	1. Years of schooling	14%	1
	2. Access to water	14%	1
Salud	3. Sanitation	14%	2
	4. Health insurance	14%	1
Vivienda	5. Housing materials	14%	3
	6. Overcrowding	14%	1
	7. Internet access	14%	2
TOTAL		100%	11

AGGREGATION: EACH COUNTRY'S WEIGHTING*



Deprivation thresholds based on national criteria

The deprivation thresholds were defined according to the specific conditions of each country, following the guidelines of the national agency that determines it. It thus does not allow comparison of levels of poverty or deprivation between entities (a client in exactly the same circumstances could be identified as poor (or deprived) if served by one entity and as non-poor if served by another).

* For the aggregate calculation, each country's proportion is the same as that country's proportion in terms of "number of clients in portfolio".

Poverty threshold: 33.33%. Unchanged.

Multidimensional poverty. 2023-2024 project

Comprehensive Measurement: By means of an 11-question survey, the deprivation status of households is collected during credit admissions and renewals. This information is stored in the banking core systems and updated annually. A multidimensional poverty index is used, following the Alkire-Foster methodology.

MULTIDIMENSIONAL POVERTY ASSESSMENTS

Institution	Assessment window		Households assessed	In current portfolio	
	Period	Nº Assessments		Clients	% Portfolio
Bancamía	Sep. 23 - Dic 24	181,078	145,114	130,673	62.15%
Financiera Confianza	Ago. 23 - Dic 24	541,176	336,544	233,181	86.64%
Adopem	Ago. 23 - Dic 24	203,738	165,455	151,998	86.72%
Fondo Esperanza	Jun. 23 - Oct 24	45,652	45,652	34,112	25.84%
Microserfin	Abr. 24 - Dic 24	7,521	7,507	7,372	39.93%

Value Proposition: Concurrently, our business units design and offer financial products and services to address the gaps identified.

This has entailed adjustments to commercial processes, technological and data platforms, the implementation of a multi-level training plan for the sales network, and the development of a communications strategy. The project has got the entire organization on board, including teams from business, project management, technology, branches, training, and communications, in aligning interests to achieve impact.



Yanneth Arauz, Regional Manager for the Central Region, Microserfin Panama

“With the responses we gathered from the Multidimensional Poverty survey, we are improving the Casafin product, focusing on the specific needs expressed by our entrepreneurs. The information we collected helps us better understand our clients and identify where we can support them and contribute to their growth. Our entrepreneurs are not alone—their entire family environment is behind them, and these are people who are also impacted by the work we’re doing. So, getting to know them helps us support them more effectively.”

Manasés Ruíz, Advisor at Financiera Confianza, Peru

“As institutions, collecting this information is crucial because it enables us to identify areas with greater needs and, based on that, create a value proposition tailored to those territories. It also helps us identify gaps in connectivity and internet access and find ways to improve our products—so we are fully aware of the importance of this data for us and for everything we aim to build in the future.”



Multidimensional poverty index



The incidence of multidimensional poverty among entrepreneurs is 15%, with higher rates in Peru (19%), Panama (16%), and the Dominican Republic (13%). Households experiencing multidimensional poverty face, on average, deprivations in 48% of the indicators—equivalent to 3.3 out of the 7 indicators measured. Among clients classified as poor, over half experience three deprivations, meaning that overcoming even one of them could lift them out of poverty.

15. INTERNAL MULTIDIMENSIONAL POVERTY INDEX

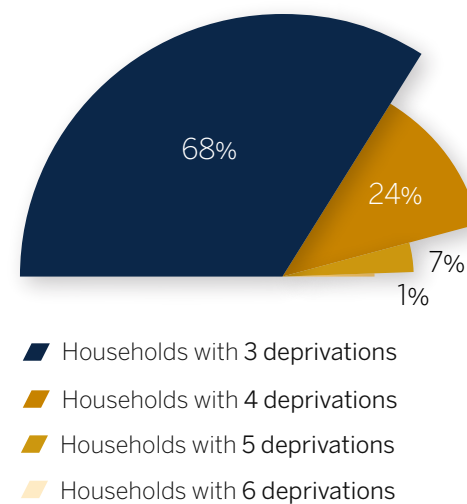
All credit entrepreneurs assessed

INDEX	VALUE
IMPI	0,075
Incidence (H,%)	15.52%
Intensity (i,%)	48.02%

15% of households are in multidimensional poverty

16. INTENSITY OF POVERTY

All credit entrepreneurs assessed



Institution	Country	Households assessed	IIPM	Incidence	Intensity	Weight institution	%Households in poverty
Client portfolio		523,454	0.075	15.52%	48.02%		
Bancamía	Colombia	130,659	0,008	1.78%	46.48%	1.78%	1.78%
Financiera Confianza	Peru	232,899	0,092	18.86%	48.65%	18.86%	18.86%
Adopem	Dominican Republic	118,800	0,058	12.62%	46.36%	12.62%	12.62%
Fondo Esperanza	Chile	33,785	0,006	1.20%	51.31%	1.20%≤	1.20%
Microserfin	Panama	7,507	0,078	15.63%	49.74%	15.63%	15.63%

G.16. 68% of households in multidimensional poverty suffer deficiencies in 3 indicators, 24% in 4 and 7% in 5 indicators. “Residual” is the proportion of households with more than 5 deficiencies (1% with 6 deficiencies, 0.03% with 7 deficiencies).

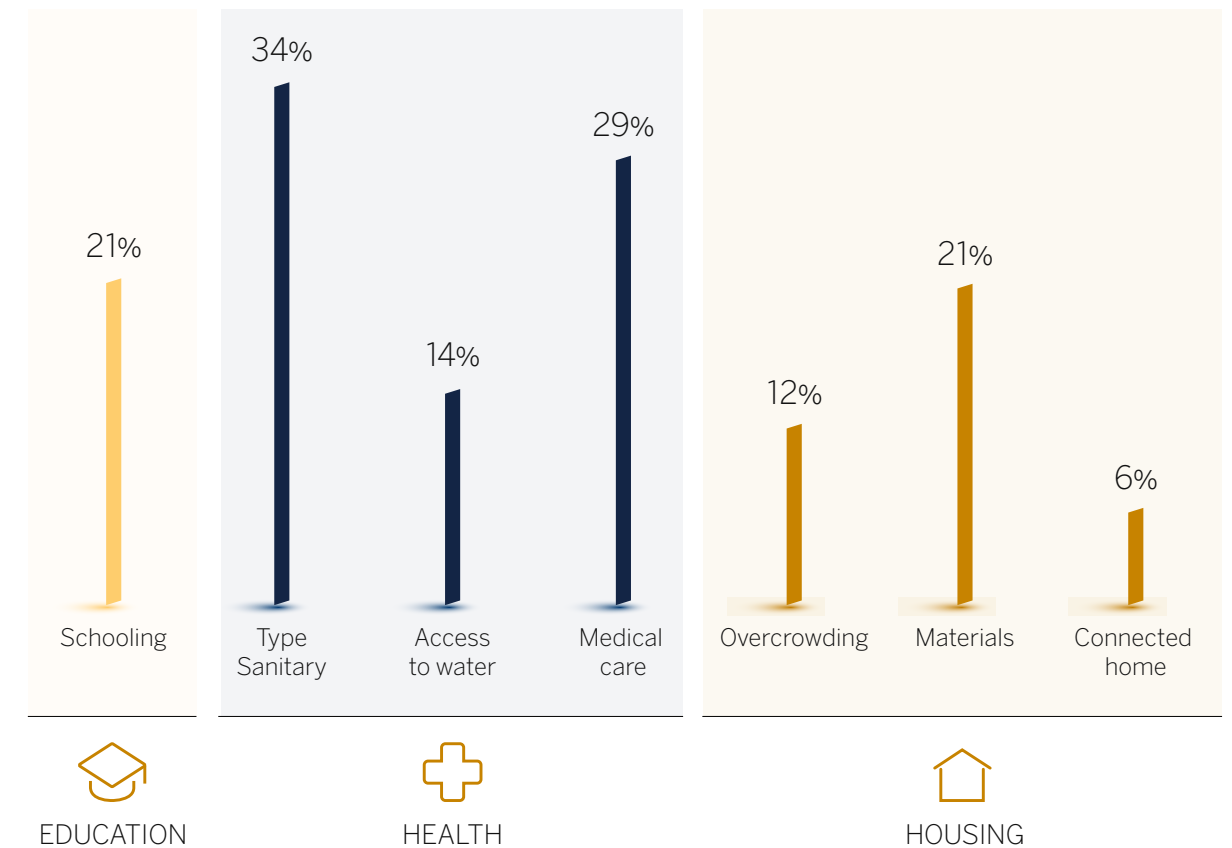
Assessment of deprivations

The most common deprivations among households are access to healthcare, education, and sanitation. A significant change compared to 2021 is the improvement in connectivity (19% of households were deprived in 2021 versus 4% in 2024) and education

(42% of households lacked adequate schooling in 2021 versus 21% in 2024). This reflects the effects of the pandemic, which prompted households to invest more in these two areas.

17. INCIDENCE OF DEPRIVATION

All credit entrepreneurs assessed (%)



Entrepreneurs’ households suffer high levels of deprivation in schooling, sanitation and medical care, dimensions that can easily be tackled, whether by the private or public sectors

G.17. The deprivation thresholds used coincide, as far as possible, with the one used by the Unified System of Beneficiaries (SIUBEN). clients in current portfolio with multidimensional poverty assessment. Schooling indicator calculated based exclusively on the holder’s academic level.

Housing Dimension

The housing dimension evaluates three factors: overcrowding (number of people per bedroom), housing materials (roof, floor, and/or walls), and internet access.

Connectivity. 96% of households have internet access in their homes, with a higher incidence of lack of access in rural areas. Panama is the country where this shortage is most evident. The reasons vary by country:

- In Panama, there is no service offering available in the area where they live.

- In Peru and the Dominican Republic, households cannot afford the cost of the service.

Overcrowding. 10% of households have an overcrowding ratio (people per bedroom) equal to or greater than 3. Seven out of ten overcrowded households face this situation due to a lack of rooms designated solely for sleeping. This issue is more significant in the Dominican Republic, where deprivation is higher in rural areas (29% rural vs. 24% urban). In Peru, there are no differences in the figures between rural and urban settings.

Construction Materials. 10% of households have substandard materials in at least one of the three components (floor, wall, or roof). Peru has the highest incidence (21% of households have substandard materials), followed by Chile.

In Peru, most households experiencing deprivation in this indicator do so due to the flooring, especially those with dirt or sand floors (49%). The rest correspond to homes with rough wooden planks or boards (19%). Dirt or sand floors are common in rural areas, while concrete or cement floors are more common in urban areas.

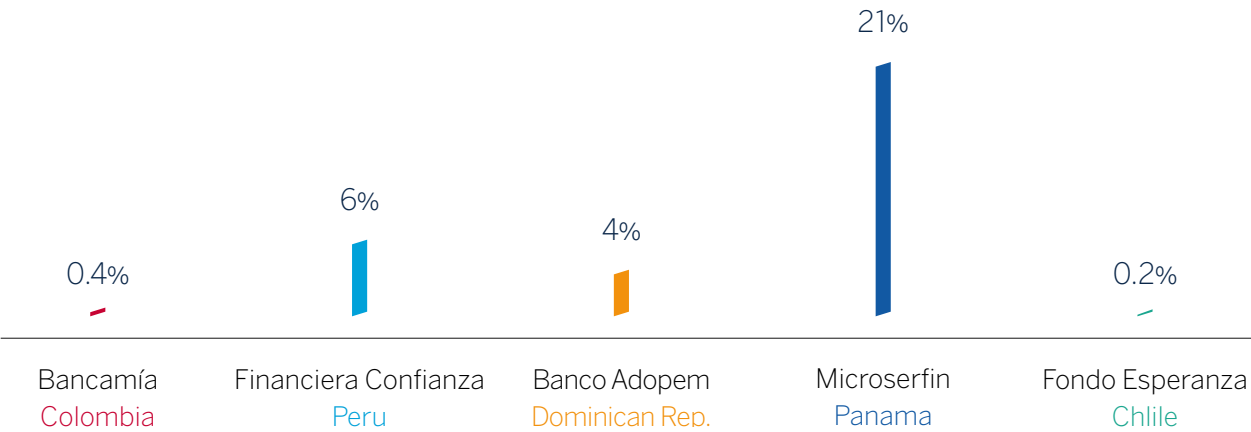
As for walls, they account for 49% of the cases of deprivation, commonly found in urban homes with rough wooden planks or boards (41%) , and, to a lesser extent, homes with plywood, corrugated metal, or woven reed walls (6%). Only 5% of the instances of deprivation are due to substandard roofing materials.

In Panama, 84% of the households experiencing deprivation in this indicator are affected due to the wall material, mainly because of the use of planks or logs in urban homes (47%).

Peru has the highest rate of deficiencies: 21% of homes contain substandard materials, particularly floors, which generally consist of earth or sand

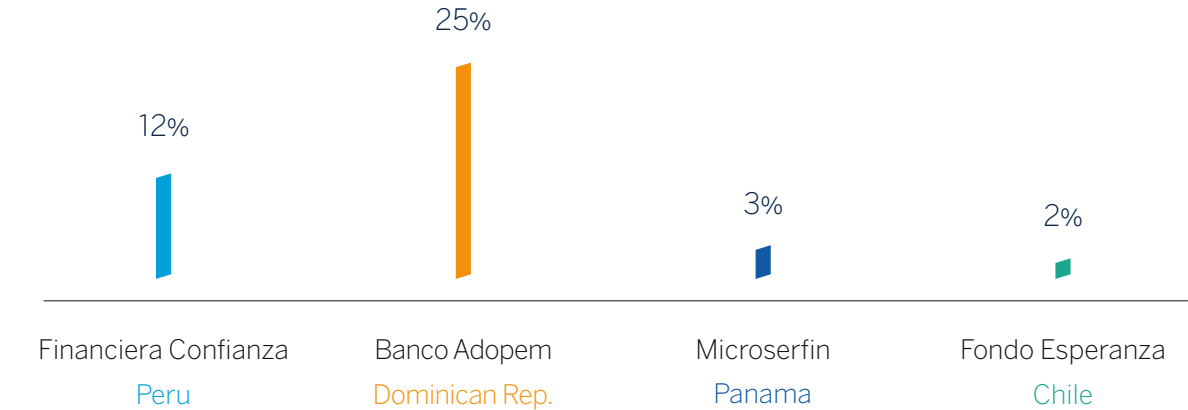
18. CONNECTED HOME

All credit entrepreneurs assessed (% private households)



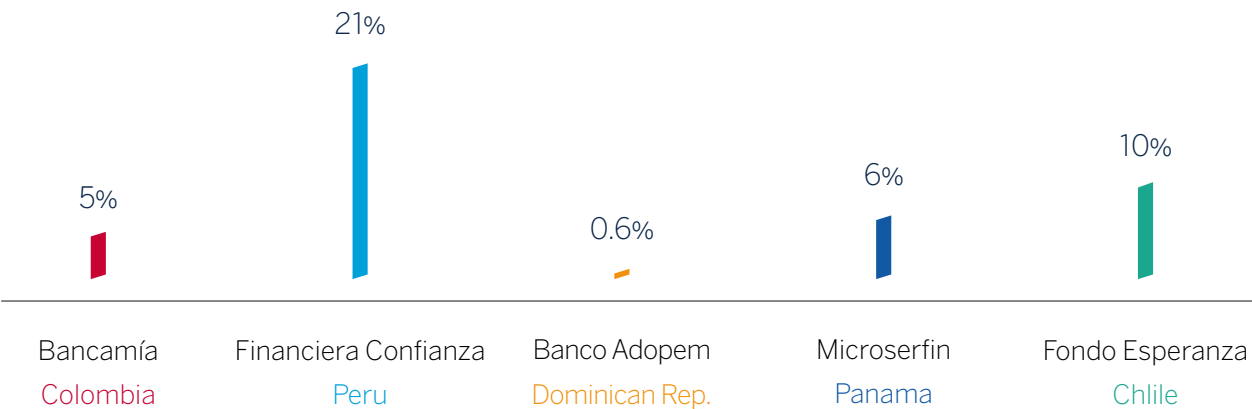
19. OVERCROWDING

All credit entrepreneurs assessed (% private households)






20. HOUSING MATERIALS

All credit entrepreneurs assessed (% private households)



BREAKDOWN OF SUBSTANDARD MATERIALS IN PERU

	% Deprivations	Evaluations		% Deprivations	Evaluations
ROOF MATERIAL	5%	2,944	WALL MATERIAL	49%	30,907
Cane, matting, plywood or reeds	4%	2,292	Urban rough wood	41%	26,243
Palm, straw, stalk, cardboard/plast	1%	652	Plywood, calamine or matting	6%	3,855
			Plastic, cardboard, without walls	1%	872
FLOOR MATERIAL	69%	43,439			
Soil or sand	49%	31,336			
Rough wood (board, planks)	19%	12,103			

G.19.Data from Colombia is not included due to information issues that have been identified.

6. Este material, en cambio, no se considera precario en vivienda rural en Peru.

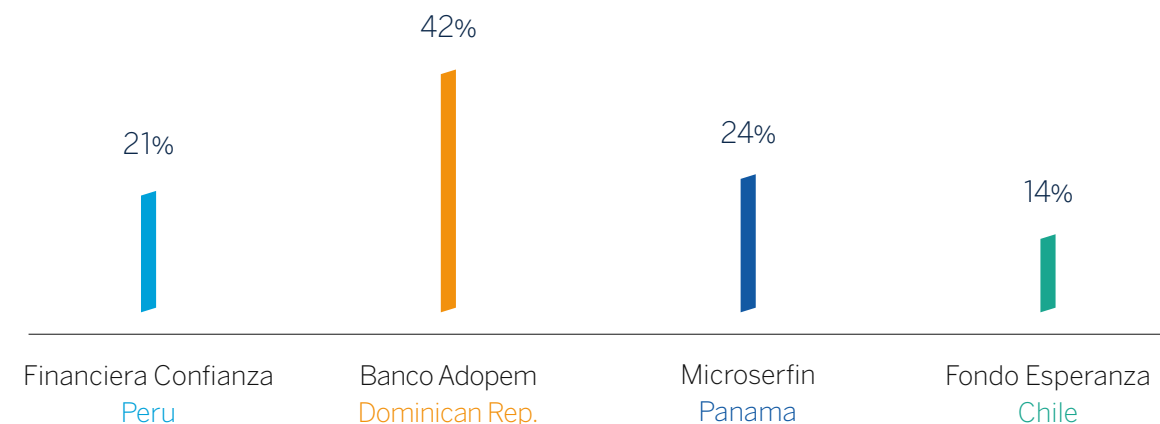
Education Dimension

21% of the households assessed experience deprivation in education, as at least one member does not hold a high school completion certificate. In Peru,

this deprivation has a slight urban bias, while in Panama it is more significant in rural areas.

21. SCHOOLING

All credit entrepreneurs assessed (% private households)



G.21. Data from Colombia is not included due to information issues that have been identified.

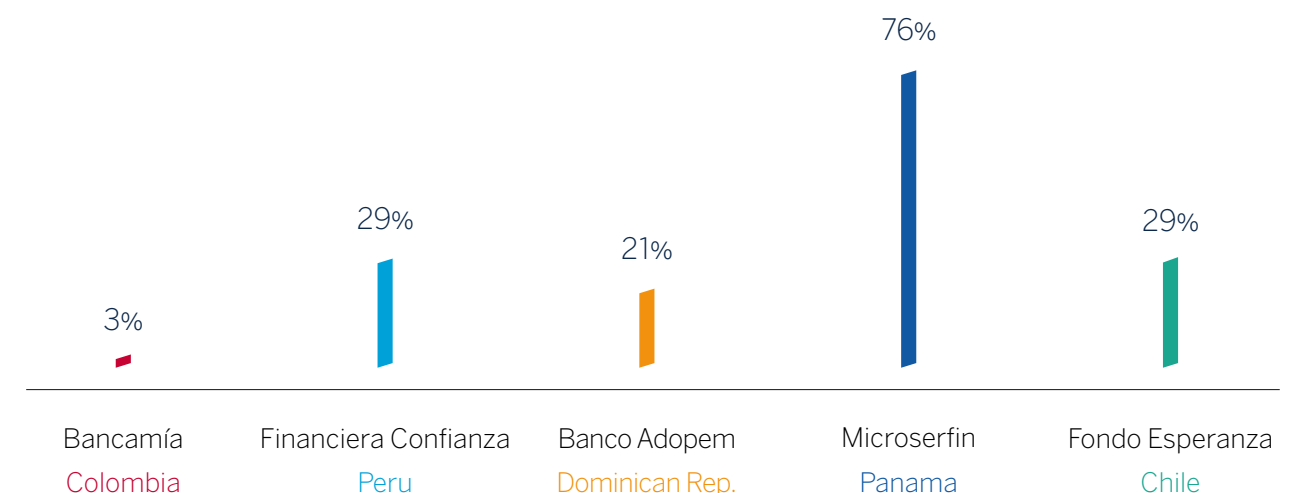
Health dimension

Medical Care. 21% of households report that at least one member is not affiliated with any health insurance, whether public or private. In Chile—whose multi-dimensional poverty is the lowest of the group—this lack is especially notable, as 1 in 3 households experience deprivation in this area.

Among households with coverage, 8 out of 10 are able to access medical care when needed, highlighting the importance of continuing to expand this service for vulnerable households.

22. MEDICAL CARE

All credit entrepreneurs assessed (%)

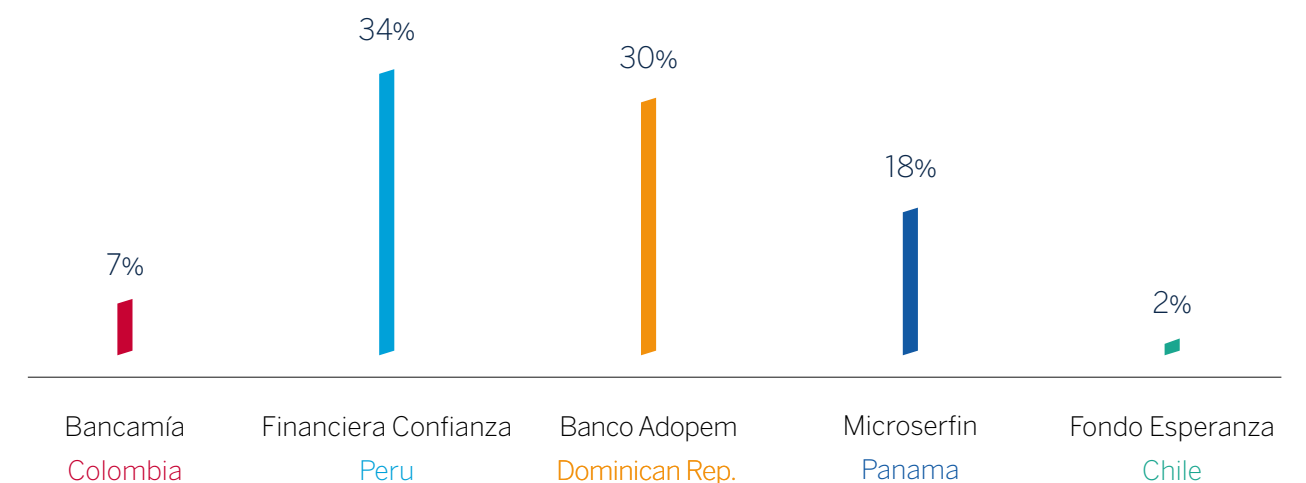


Type of Sanitation Facility. 20% of assessments show deprivation, especially in Peru and the Dominican Republic. In these countries, the main cause (74% of households) is sharing the sanitation facility

with other households. The second most common cause (14%) is the lack of a proper connection (toilet or latrine). The latrine, although less common, is used in rural areas.

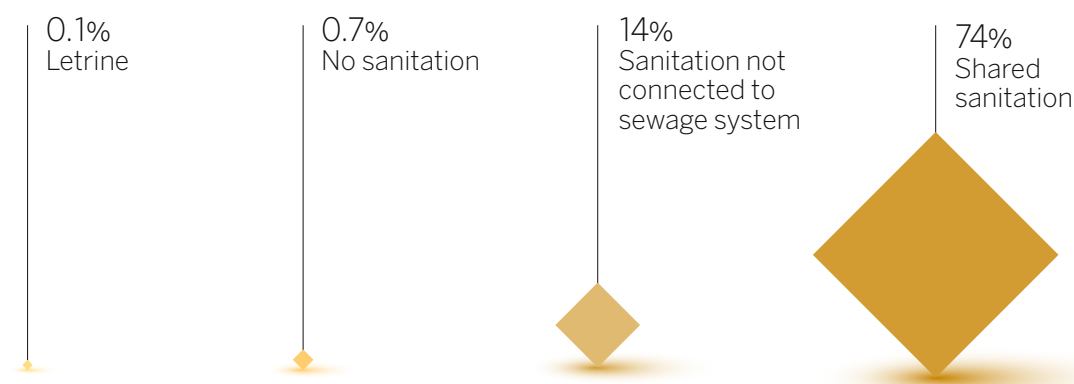
23. TYPE OF SANITATION

All credit entrepreneurs assessed (%)



24. TYPE OF SANITATION

All credit entrepreneurs assessed (%)



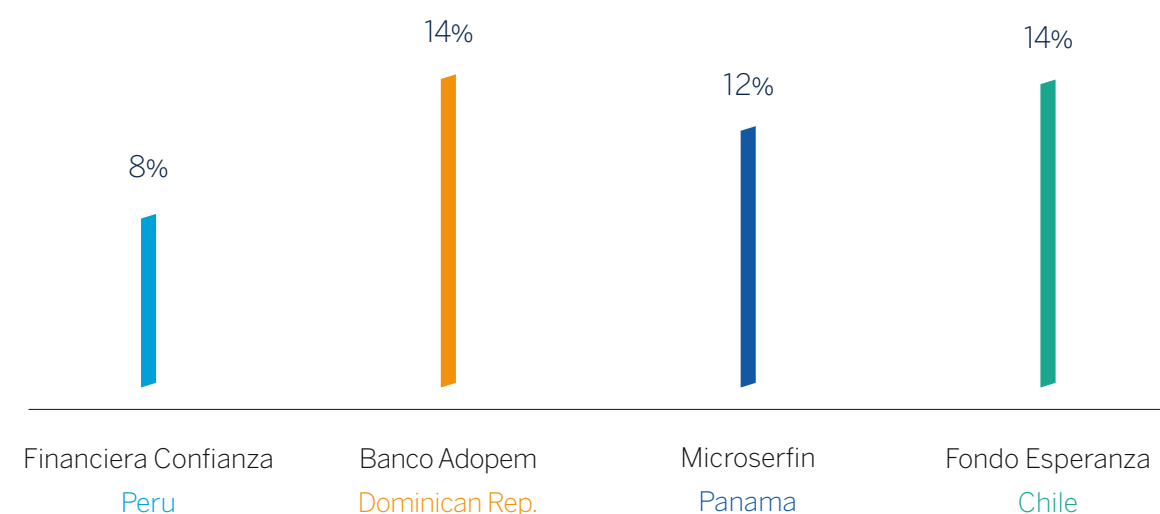
74% of households assessed in Peru and the Dominican Republic have to share the sanitation facility with other families

Access to water. 12% of households face difficulties accessing water, with an urban bias in Peru, Colombia, and Panama. In these countries, deprivation is mainly due to access via an outdoor pipe or protec-

ted well in urban areas, while in rural areas, access via an outdoor pipe is more common. In the Dominican Republic, no differences are observed between urban and rural settings.

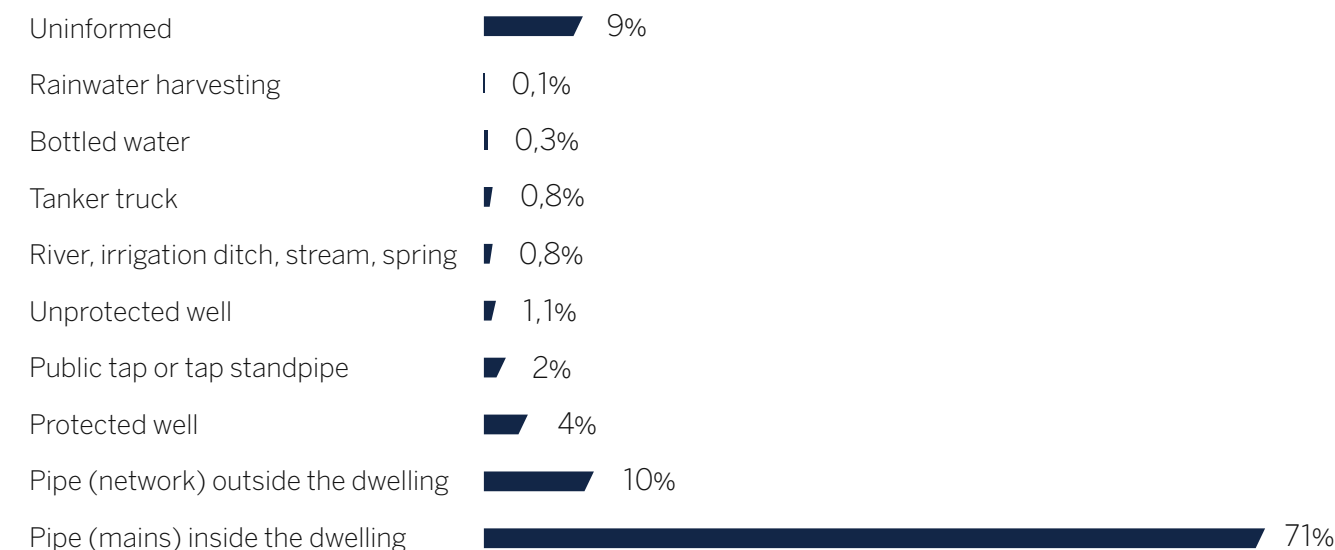
25. ACCESS TO WATER

All credit entrepreneurs assessed (%)



HOW IS THE WATER USED AT HOME OBTAINED?

Peru, Dominican Republic & Panama



Conclusion

Entrepreneurial households show varying levels of deprivation depending on the country, particularly in sanitation and medical care—areas that can readily be addressed by both the private and public sectors. Since 2021, the construction materials used in homes have improved but remain an important issue for 10% of households. This has allowed the network to focus efforts on improving housing and sanitation credit options to reduce these gaps, alongside the recently launched health insurance programs in Chile. However, other dimensions—such as access to water or educational attainment—will require broader collaboration with other stakeholders, including national governments.

Internet connectivity is no longer a major issue for most households, showing progress among the vulnerable population, except in Panama, where 21% still lack access. The way this deprivation is measured is currently under review, with plans to adopt a more comprehensive indicator that includes aspects such as reliability, cost, and frequency or capacity of internet use, with a study projected for 2025–2026.

Multidimensional poverty data is being harnessed by using interactive maps to identify household vulnerability, offering targeted products aimed at improving quality of life. This will be a joint effort—and an opportunity—for everyone.

Access to water or educational attainment will require broader collaboration with other stakeholders, including national governments

Financial Solutions

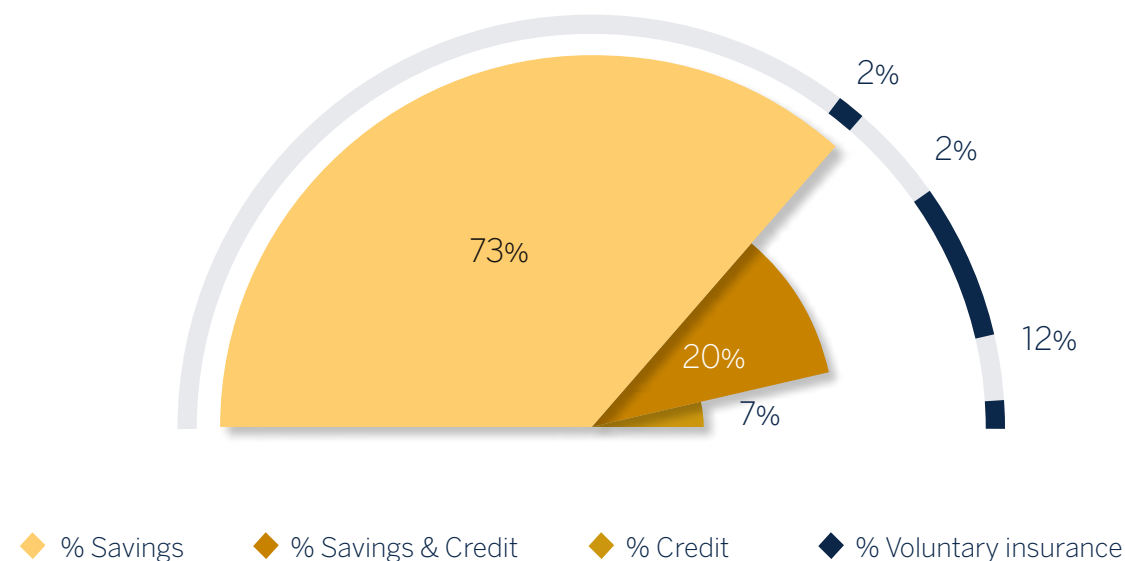
The entities of the BBVAMF Group have developed a strong value proposition with a wide range of credit, insurance, and savings products focused on supporting vulnerable populations. They also offer both financial and non-financial educational modules to help users make better use of these products and manage their businesses and households according to a structured plan. The goal is to provide both tools and knowledge to help people face everyday challenges.

The Foundation's microfinance entities serve 2.9 million entrepreneurs. Of these, 73% hold a savings or deposit account, 20% combine savings with a loan, and the remaining 7% only have a loan.

Complementary services are also offered, such as voluntary insurance, which covers life, property or health, and is purchased by 26% of entrepreneurs. These products help mitigate unforeseen events and provide greater economic stability.

26. ENTREPRENEURS' LINKAGE, BY PRODUCT TYPE

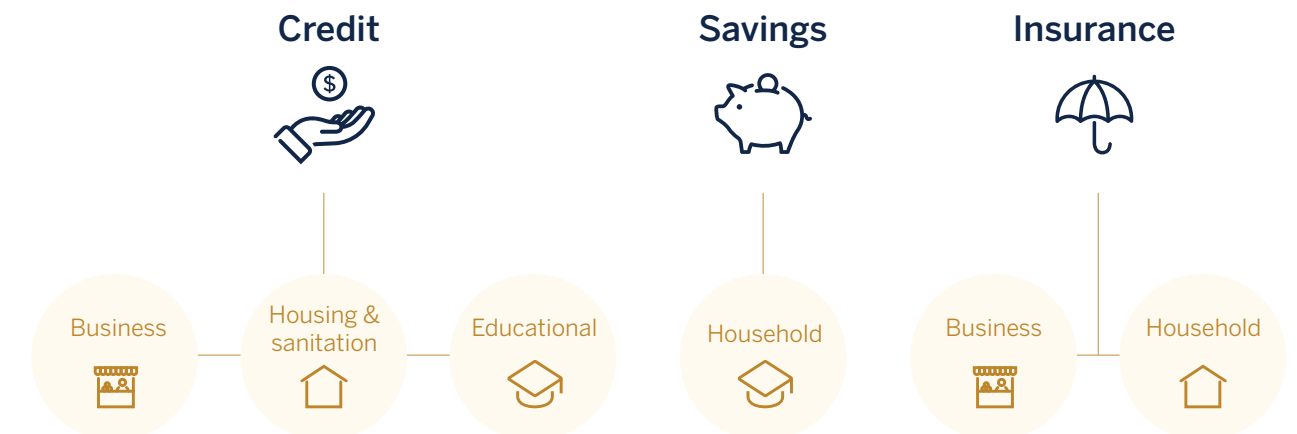
All credit entrepreneurs assessed (%)



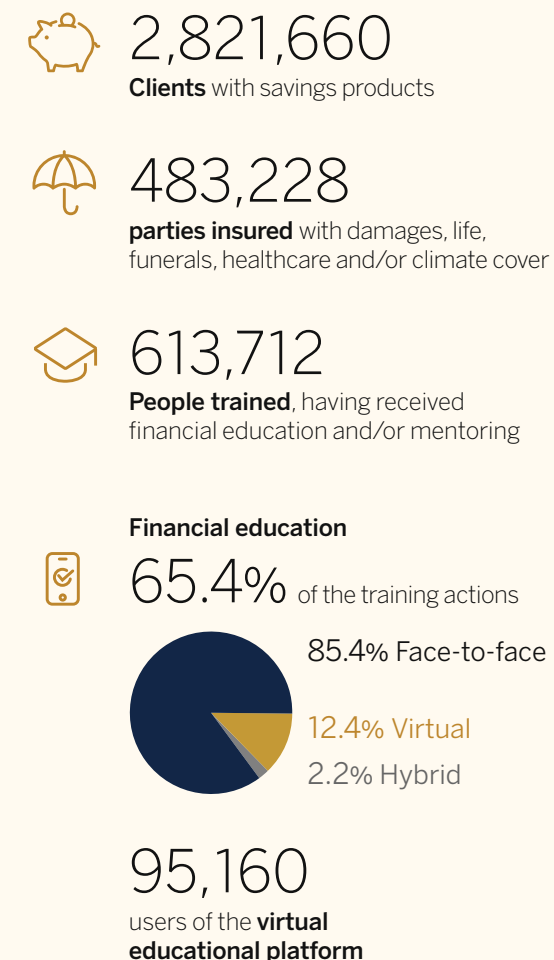
Voluntary insurance, purchased by 26% of entrepreneurs, helps to mitigate unforeseen events

G.26. Entrepreneurs current at 12.31.2024. Bancamía, Financiera Confianza & Banco Adopem are regulated entities, licensed to offer savings products.

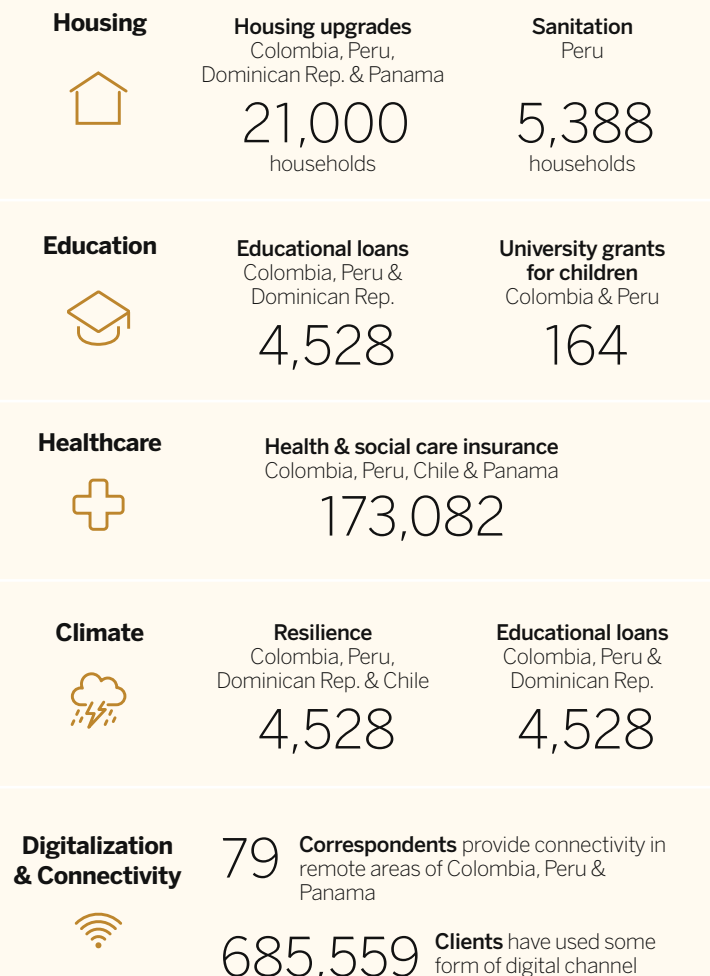
FINANCIAL SOLUTIONS



FINANCIAL HEALTH



WELL-BEING



Credit

Over 699 thousand loans⁷ were granted during the course of 2024. Of these, 205,000 correspond to new entrepreneurs, while 493,000 are credit renewals for existing entrepreneurs. The strategy has focused on strengthening relationships with current clients and supporting the most vulnerable sectors. Peru is driving the Group's strongest performance. In terms of sectors, commerce (both wholesale and retail) stands out the most (+2% YoY), while the agricultural sector is experiencing a slight decline (-2% YoY).

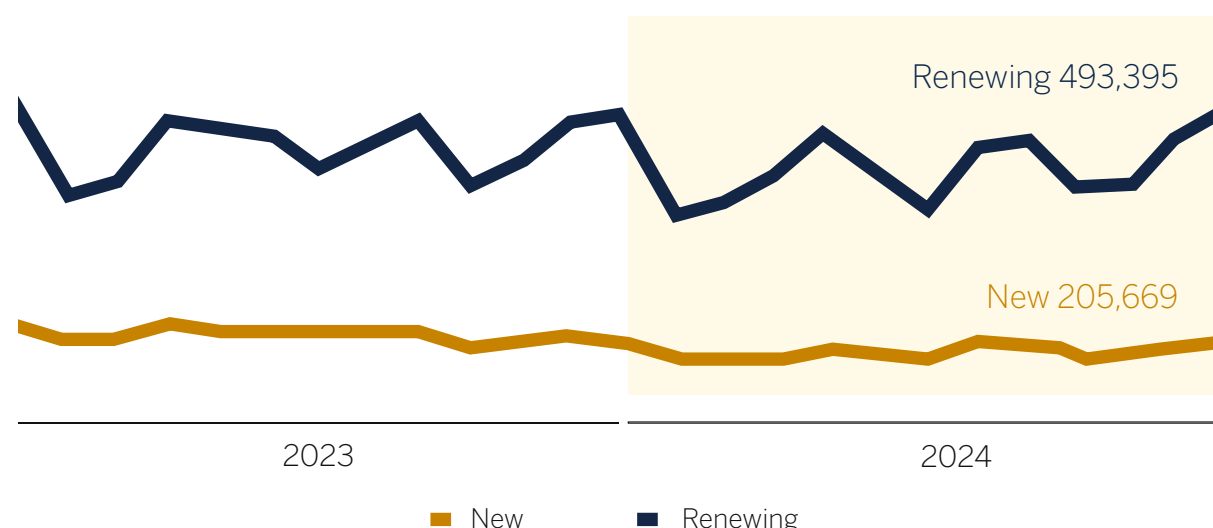
36% of entrepreneurs enter the financial system for the first time through financial institutions

Many of the entrepreneurs in these segments are excluded from the formal financial system or do not make full use of it. 38% of new entrepreneurs access the financial system for the first time through the Foundation's entities, and 40% of these entrepreneurs are in rural areas, while half of them are young (51% are under 30, an increase of 5 pp. from the year before). This proportion is particularly high in Panama (Microserfin), where 1 in 2 entrepreneurs is banked. Indeed, if we look back to 2023, the numbers of people banked in rural profiles in Panama, of women in Peru and of older people in Colombia, have all gone up this year.

44% of all credit entrepreneurs have an exclusive relationship with BBVAMF entities, with women representing 59% of that total. It is worth noting that in Microserfin in Panama, and Banco Adopem (Dominican Republic) 1 in 2 entrepreneurs is exclusive. In the Colombian and Peruvian markets, exclusivity is lower.

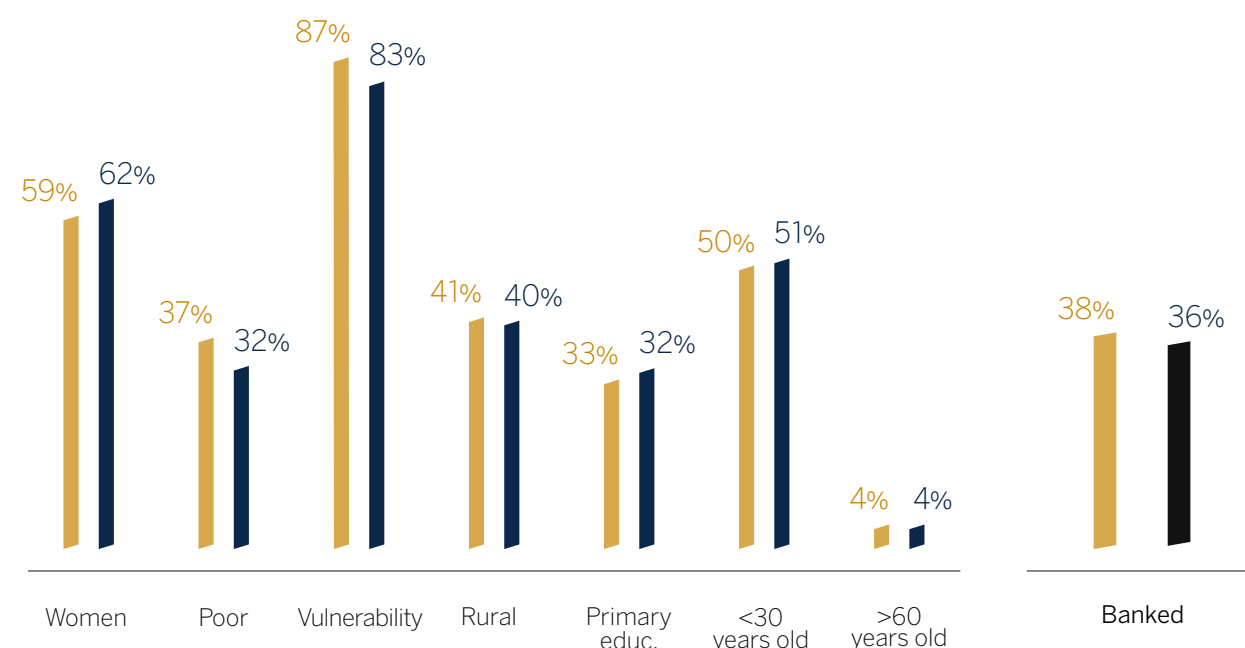
27. ENTREPRENEURS SERVED AT EACH DATE

Entrepreneurs with credit, both new and renewing

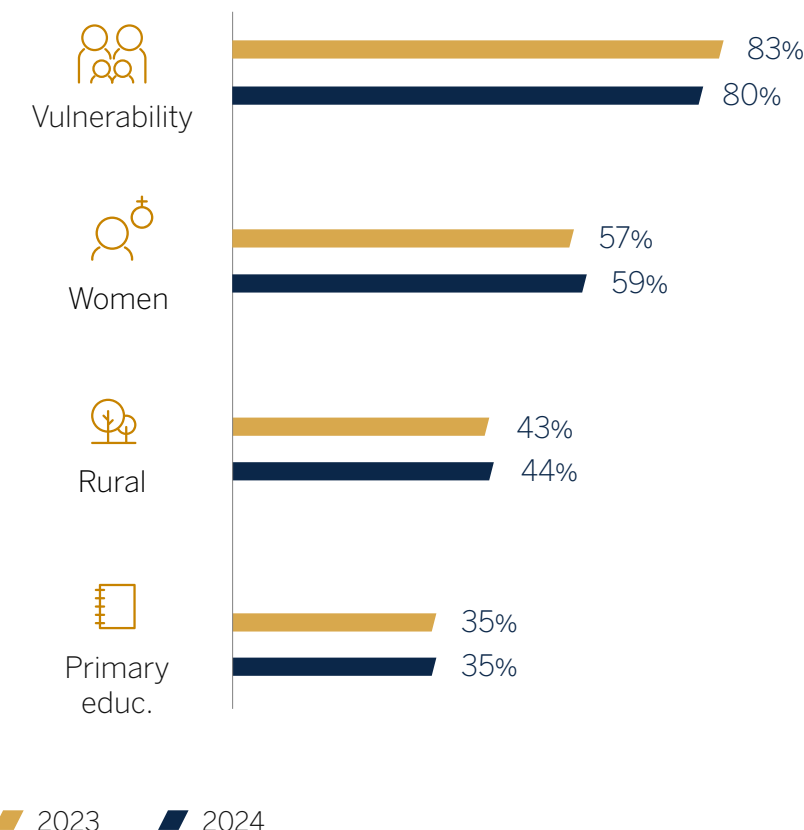
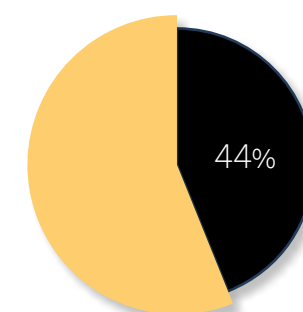


28 BANKED ENTREPRENEURS

New credit entrepreneurs entering the formal financial system for the first time (%)



44% Exclusive entrepreneurs with credit only at our institutions



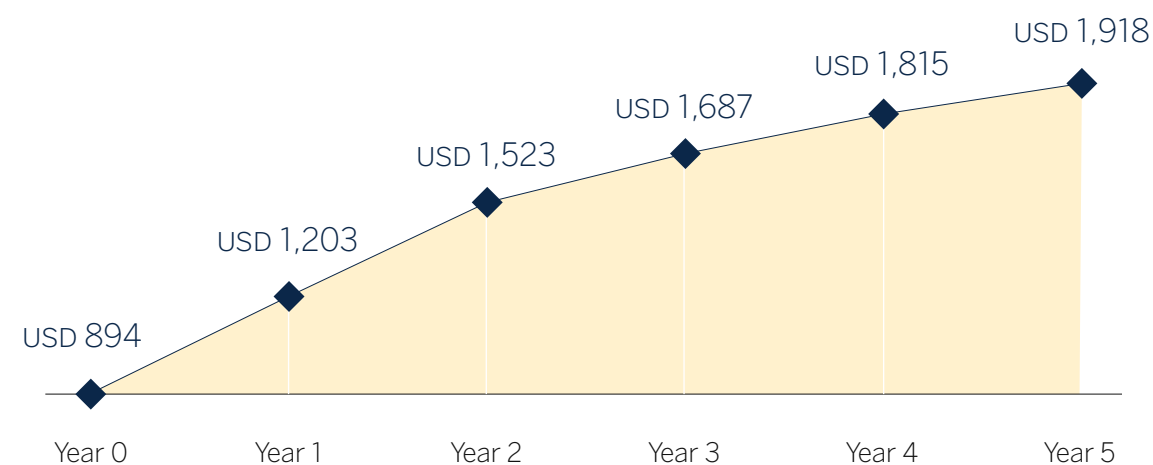
7. A 12% reduction from the previous year, with a 27% fall in new credits and a 7% drop in renewals.

G. 27. Entrepreneurs taking out a new loan and those renewing, at each observation date.

G.28. Excludes Fondo Esperanza.

29. CHANGE IN THE AVERAGE AMOUNT DISBURSED

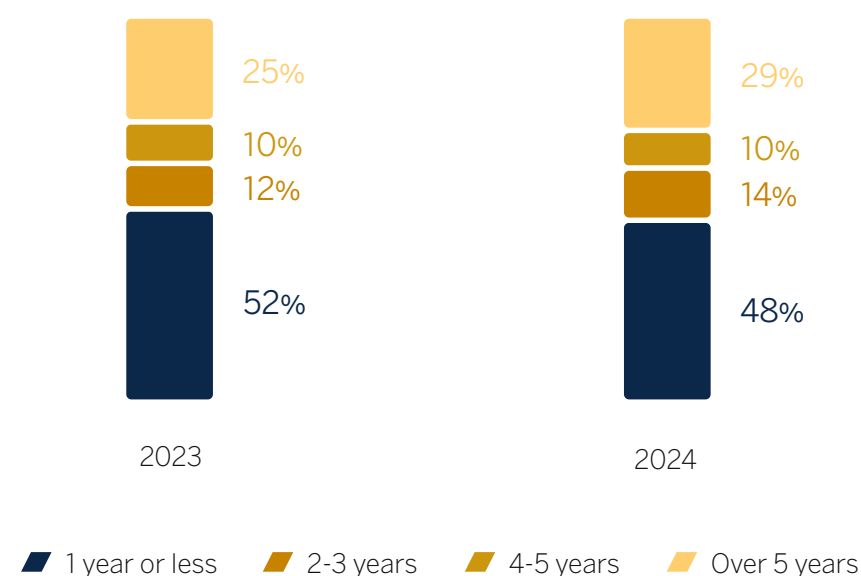
Entrepreneurs served. Average sum in USD



The entrepreneurs start their relationship with an average loan of USD 894 and there is a linear progression each time they renew until the third credit cycle, by which time they are borrowing USD 1,523. From that point on, the sum increases at a slower rate, topping out at an average of USD 1,918.

30. SENIORITY OF ENTREPRENEURS

All credit entrepreneurs



G. 29. Entrepreneurs in each cohort (year of entry). The initial sum is the average of the initial amounts (first disbursement by year of entry).

Average growth after one year, two years, etc. is applied to this initial amount, as tracked in the disbursements to each client cohort.

G. 30. Entrepreneurs current at 12.31.24.

Saving

The ability to save is closely linked to the financial health of entrepreneurs, as it allows them to handle unexpected events and plan for the medium term. Despite starting out under unfavorable conditions, many entrepreneurs make an effort to save, demonstrating their commitment to the growth and stability of their businesses.

The entities of the BBVAMF Group serve 2.8 million people with savings accounts and deposits. In recent periods, balances have grown steadily, while the number of clients has remained stable (AAR⁸ of 16% and 3% respectively). The majority of these clients (77%) have had a loan, indicating that most of them are entrepreneurs. To better understand client behavior within the deposit portfolio, clients have been segmented into four main profiles:

- **Saver Clients:** Individuals who hold products such as fixed-term deposits, savings plans, or similar.
- **Potential Clients:** Clients with active savings accounts used for transactions and an active loan.
- **Transactional Clients:** Clients with only an active savings account (no current loan).
- **Inactive Clients:** Clients with inactive accounts (typically inactive for two years and with a low likelihood of reactivation).

The saver-client segment remains the largest in terms of balances, holding 81% of the institution's total savings despite accounting for only 5% of total clients. Within this segment, 53% are entrepreneurs (those who have received a loan from the microfinance entities), but their balances make up just 15% of the total in this group. This highlights the challenges entrepreneurs face in saving, as 83% of them had a balance under USD 25 at December 2024.

These saver-entrepreneurs are typically located in urban areas, possibly due to their easier access to savings (branches nearby), higher education levels, or greater trust in the financial system. The average savings balance of an urban client is twice that of a rural entrepreneur and has shown a positive year-on-year growth of 21% compared to 2023.

Despite difficulties, entrepreneurs show commitment to savings

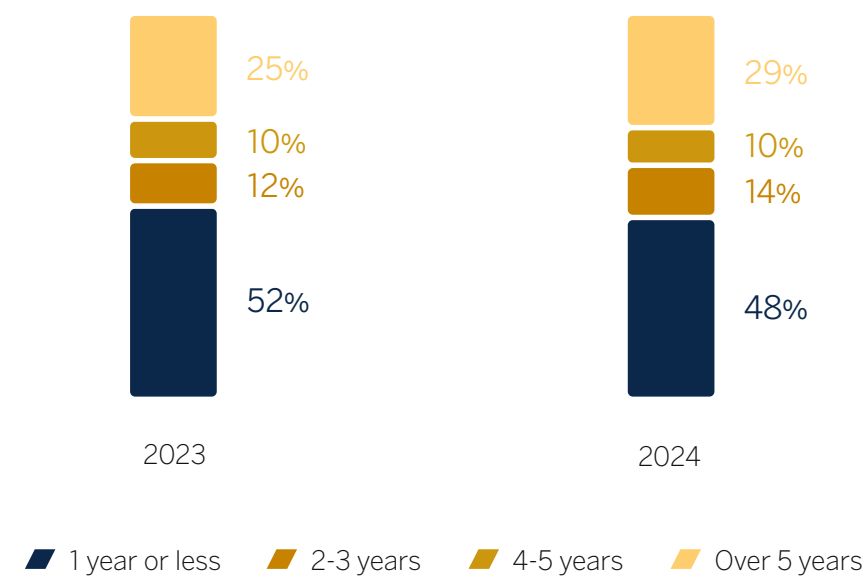
8. Average Annual Rate (year-on-year growth).

Within the saver segment, there is a clear correlation between age and the ability to maintain balances over USD 500. Clients with higher balances are 40 years or

older, representing 51% of total clients and 83% of the total balance in this segment.

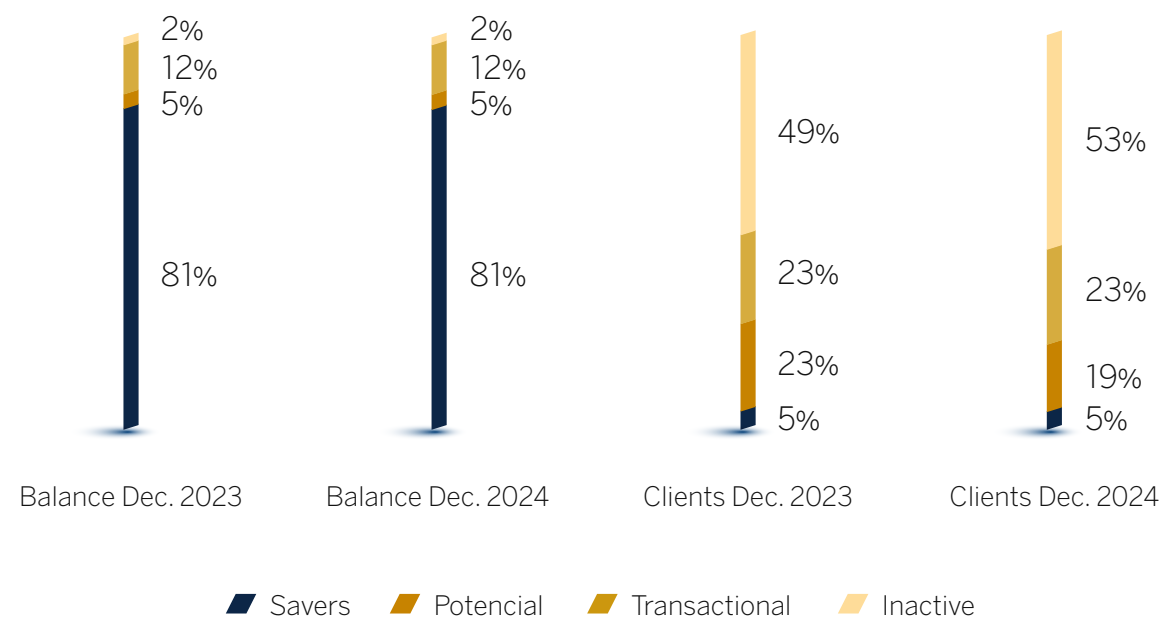
30. SENIORITY OF ENTREPRENEURS

All credit entrepreneurs



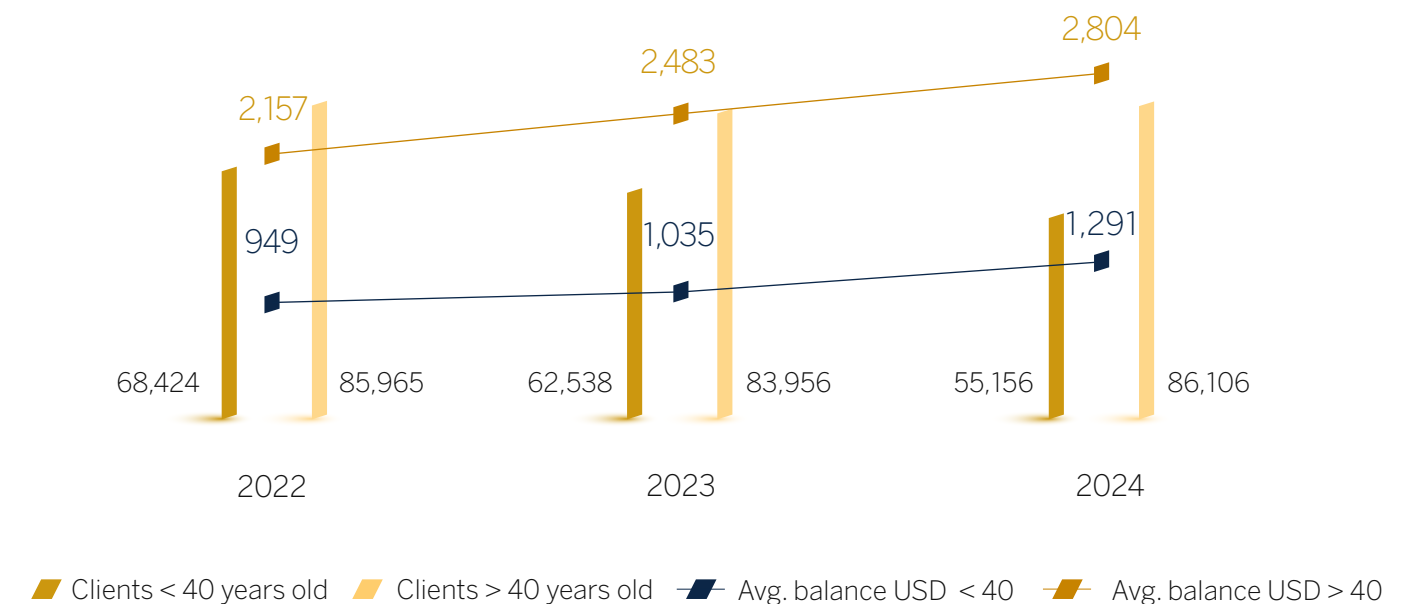
32. SAVER CLIENT SEGMENTS

Segmentation of Savings and Balances entrepreneurs



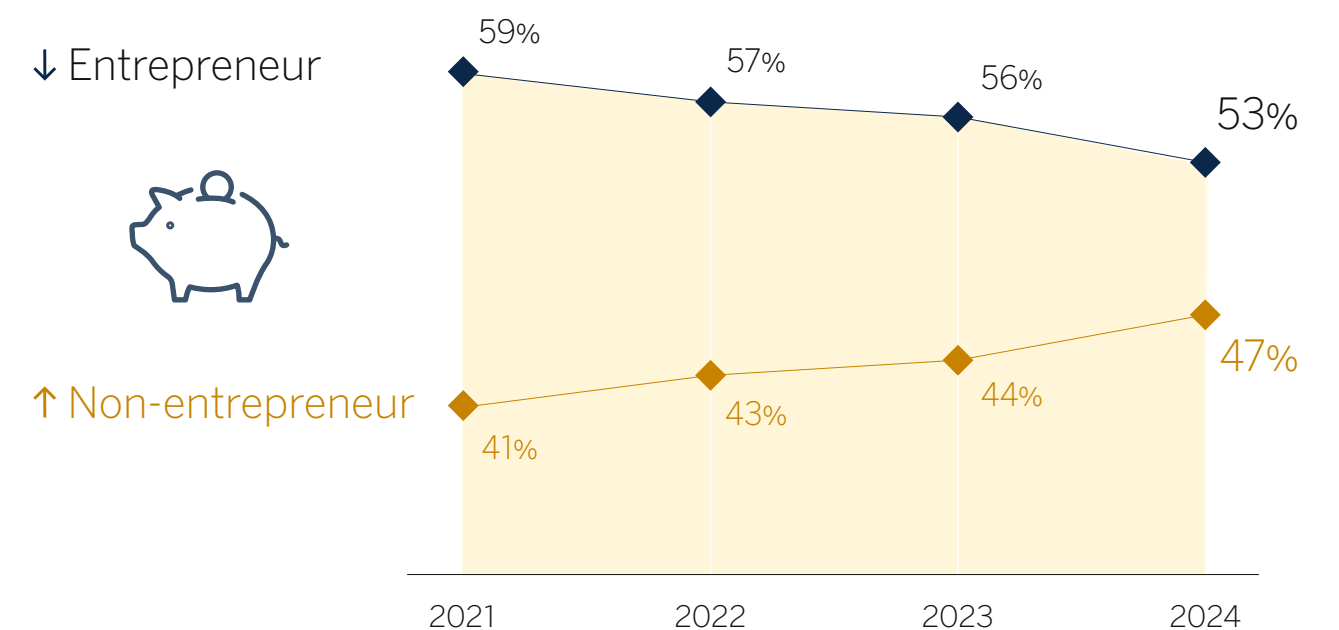
33. SAVER PROFILE, BY AGE GROUP

Average balances during year in USD & n° of clients



34. SAVINGS CLIENTS BY ENTREPRENEURIAL PROFILE

Total saving customers



G. 31. All studies in this section exclude institutional clients. The balance is the balance at the close of each year; applies to the entire section.
 G. 32. Entrepreneurs with savings balance at each of the dates. 1. Saver: entrepreneur with specialised savings products (does not include transactional accounts). 2. Potential: entrepreneur with transactional savings products and greater linkage with the entity. 3. Transactional: entrepreneur with transactional savings products and low linkage with the entity. 4. Inactive: other entrepreneurs
 G. 33. Entrepreneur and savings balance on each of the dates.
 G. 34. Entrepreneur with savings balance on each of the dates.

The results reveal an opportunity to promote and strengthen sustainable saving habits, improving the financial health of entrepreneurs within the institution. However, it is encouraging to note that, despite the challenges, there are clients from non-vulnerable segments with an average balance of USD 268—four

times higher than the average balance of the vulnerable segment, which stands at USD 69. This highlights the need to develop initiatives aimed at reducing this gap and providing greater opportunities for the economic development of all entrepreneurs.

Insurance

The Foundation’s entities address the need to protect entrepreneurs and their families through insurance products that provide cover against unexpected events. Voluntary insurance policies have low-cost premiums that can be paid either through their loan transactions or directly from their savings accounts, allowing clients to choose coverage matching their profile and needs.

In 2024, a total of 483,228 people had an active insurance policy, and the insurance portfolio offered in four of the five countries has been strengthened. Among credit clients, 52% have at least one voluntary insurance policy, with life insurance being the most in-demand (62%), followed by health insurance (36%).

One of the main challenges faced by entrepreneurs is limited access to healthcare services, in addition to the severe financial impact that emergency expenses can have on their economic stability. For this reason, efforts continue to expand the range of products that support this need, such as health assistance services, cancer insurance, and critical-illness healthcare coverage—all at affordable prices for entrepreneurs.

Importantly, the cost of the premium is affordable for clients. 95% of clients spend less than 10% of their monthly surplus on insurance, demonstrating that these advantages are both substantial and well aligned with the users’ financial capacity.

In 2024, 483,228 people had a voluntary insurance policy, with life and health policies the most popular



35. VOLUNTARY INSURANCE

FAMILY	TOTAL INSURED DECEMBER 2024					
	BANCAMÍA	FINANCIERA CONFIANZA	ADOPEM	FONDO ESPERANZA	MICROSERFIN	FMBBA
Health	122,824	35,800	0	383	14,075	173,082
Climatic	10,794	112,231	0	1,282	0	124,307
Non-climatic damage	23,929	0	0	0	0	23,929
Life	120,009	106,767	64,098	1,111	6,783	298,768
Exequies	96,142	0	0	0	9,820	105,962
Protection instalments / cards	0	70,428	0	0	0	70,428
Total insured BBVAMF	208,654	191,479	64,098	2,537	16,460	483,228

Inclusive contracting

The insurance policies have been designed with vulnerable entrepreneurs at the center. This is apparent from the strong up-take among people living in rural areas and clients with lower levels of education. Additionally, in Colombia, older adults and women are more likely to purchase insurance. However, in Peru, fewer women purchase insurance.

Conversely, individuals living in poverty are less likely to buy voluntary insurance, except in the case of health insurance, where a higher proportion of poor individuals do so. This may be due to the difficulty in accessing effective healthcare, while other types of insurance (such as for damage or theft) are seen as less important. In fact, the likelihood of purchasing such insurance increases in parallel with their economic level.

People in poverty are less likely to take out voluntary policies, except for healthcare

G. 35. There are clients with policies in force, but they are not always the insured (a family member is insured). Also many clients have several policies. The ratio of policies per client is 2-2.3 depending on the country.

The impact of insurance: managing claims

80% of claims are paid out in most branches of insurance, although there is room for improvement in response times to help clients

We analyzed how effectively claims coverage works, in order to assess how insurance supports entrepreneurs in dealing with unforeseen events. Of nearly 6,400 claims, the rate of payouts were high: 80% of claims are compensated across most types of insurance, demonstrating the importance of having this safety net.

However, payouts take between 2 and 6 months, which are lengthy and variable response times, leaving room for process improvements. Work is ongoing in close collaboration with insurance companies to reduce these response times in favor of our clients. Thanks to this effort, in Peru in 2024, the average payout time was cut by nearly half compared to 2023.

CLAIMS ASSESSMENT

Colombia

Product	Seasonal*	% Compensated	% Surpluses	Payout time	Average indemnity (USD)
P. Accident	No	50%	80%	3 months	561
Damages	Yes	>90%	50%	2 months	450
Crops	No	>90%	70%	6 months	550
Funeral	No	80%	60%	3 months	450
Life	No	90%	100%	2 months	731
Health	No	90%	5-10%	2 months	56

Peru**

Product	Seasonal*	% Compensated	% Surpluses	Payout timeo	Average indemnity (USD)
Comprehensive	No	90%	80%	4,5 months	1,220
Agricultural	Yes	80%	75%	3 months	1,003
P. Accident	No	60%	125%	4 months	1,898

* **Seasonal:** If the series shows a specific pattern that is dependent on the month of the year. **% Compensated:** Percentage of claims that ultimately result in a payout. **% Surpluses:** Comparison between the monthly surpluses and the compensation received from claims. **Payout Time:** Time elapsed between the date of the incident and the date the compensation payment is received.

** Information is not available for all insurance types as there are too few, so the sample would not be representative.

Reflections on Insurance

In order to identify opportunities to improve the effectiveness of insurance and strengthen its impact on the most vulnerable populations, work is being done internally with the following objectives:

- 1. Reinforce inclusivity in the design:** Expand coverage to better serve young people and economically vulnerable individuals, especially in health insurance, taking advantage of its high adoption among the most vulnerable sectors. Additionally, we recommend broadening the coverage.
- 2. Optimize processes:** Reduce claim payout times and simplify administrative procedures to improve customer trust.
- 3. Improve communication:** Provide clear and accessible information about the benefits of insurance and the claims procedures so that clients, especially entrepreneurs with lower levels of education, can better understand and benefit from these products.

Our goals include cutting payout times, extending cover to vulnerable sectors, and making information about insurance clear and straightforward



Sustainability

124.307
entrepreneurs with
climate insurance

Latin America is one of the regions hardest hit by climate change, with severe impacts that range from heatwaves, poorer crop yields, forest fires and extreme sea level events.⁹

In response to these risks, BBVA Microfinance Foundation has developed an environmental sustainability strategy based on three main principles:

- I) Strengthening its financial and non-financial offering to improve entrepreneurs' adaptability and resilience.
- II) Managing their climate vulnerability.
- III) Fostering an eco-positive culture by measuring the environmental impact of our activity



9. ONU, 2021.
<https://news.un.org/es/story/2021/08/1495582#:~:text=Am%C3%A9rica%20Latina%20se%20proyecta%20como,del%20mar%2C%20ser%C3%A1n%20m%C3%A1s%20intensos.Only in Spanish>

Value offering for climate resilience and environmental sustainability

Climate change has a direct impact on productive activity, particularly in sectors that are climate-sensitive and where people are in poverty. BBVAMF promotes financial and non-financial services to strengthen the resilience of entrepreneurs through climate insurance, green loans and products with a sustainability approach, such as water and sanitation.

10,304 entrepreneurs
have a loan for climate
adaptation and
945 one for mitigation

In 2024 the climate insurance portfolio was expanded to include products specifically designed for the agricultural sector, such as Financiera Confianza's **Protection for my Investment** [*Mi Inversión Protegida*], the **Embedded Parametric Insurance** [*Seguro Paramétrico Embebido*] and their **Agricultural** insurance. Comprehensive policies have also been put together for entrepreneurs, such as **Protection for my Premises** [*Mi Local Protegido*], **My Business + Protected** [*Mi Negocio + Protegido*] and its **Comprehensive Insurance** [*Seguro Multiriesgo*] policy.

Together with this, the Foundation has been promoting a portfolio of green loans to encourage good practice in production and protect assets from climate risks. In particular, **Bancamia's** products such as *Crediverde Adaptación*, *Crediverde Energía* and *Crediverde Agua*, as well as **Banco Adopem's** *Eco Crédito*, *Ganadería Familiar Sostenible*, (its Sustainable Animal Husbandry for Families product), *Macadamia* and *Eco Vivienda*, its environmental housing offering. These loans support around 40 Microfinance for Ecosystem-based Adaptation (MEbA) measures, reducing emissions and the use of resources.

ENTREPRENEURS WITH:



Climate insurance
124,307



Adaptation loan
10,304



Mitigation loan
945

5,925
entrepreneurs with
a water and/or
sanitation-based loan
or activity in 2024

Meanwhile, at the end of 2024, **Financiera Confianza** launched its Green Loan [*Crédito Verde*], for activities such as organic crops, drip irrigation, beekeeping, recycling and solar panels.

The partnership with *Water for People Peru* was broadened to include water and sanitation services with technical advice for their consultants, and to support the Water Credit - Asomif Peru project to improve access to these services through loans, training and awareness campaigns such as Building Trust [*Construyendo Confianza*]. To better understand the needs in rural communities, in March **Fondo Esperanza** opened a service point in Ovalle with a rural advisor. To date, 5 group lending banks have been set up with 58 women partners in locations with poor connectivity, providing group loans with fortnightly payments. The main shortfalls identified were access to loans, training in marketing and adapting to droughts.

In Colombia, **Bancamía** has consolidated its green loan for water *Crediverde Agua*, launched in 2023, to financing infrastructure providing access to drinking water and sewage systems. It set up a partnership with *Alfagress S.A.* to offer discounts on household items to clients of this line of credit and continues to use climate exposure information about areas of risk to better target its green products.

Adopem worked with Habitat for Humanity to adapt its *Préstamo de Vivienda* housing loan, cutting its interest rate by 4 decimal points. It has also expanded the cover on its Eco-Vivienda product from 5 to 73 branches, developed the pilot program A clean solution for a dirty problem [*Solución limpia para un problema sucio*], in the province of Monte Cristi, financing bathrooms in homes without a drainage connection, thanks to technical support from Habitat.

Analysis of the “green” portfolio

At Group level a green taxonomy based on European models and those of the participating countries is used. This classification enables us to identify what funds are going to “green” activities and loans.

In 2024 **Financiera Confianza** analyzed its *Farming & Emprendiendo Confianza* loan portfolio, flagging activities with a positive environmental impact such as drip irrigation, organic crops and beekeeping. This was done using the *Censo Verde* app, which records the “green” activities of its borrower entrepreneurs.

Banco Adopem was selected by the Dominican Republic Banking Authority for a pilot program applying the national Green Taxonomy in collaboration with the IFC. The goal is to assess the ability to identify green loans and detect gaps in environmental risk management.

Fondo Esperanza added a field to its Social Evaluation Form (FES in the Spanish original) to identify economic activities with green potential, such as recycling or sustainable production. Additionally, the institution included a field in the FES where members declare their economic activity, so as to identify activities that could be considered “green” under the BBVAMF Taxonomy.

Training the sales force and entrepreneurs:

Over the course of 2024 further training was given to loan officers and entrepreneurs on how to understand the climate impact of their businesses and the value of green products.

Bancamía designed a comprehensive strategy for expanding its green loans, focusing on adaptation, water and energy. Training courses were provided on the Niña weather phenomenon and measures to cope with heavy rains, while the issue of climate change was incorporated into the financial health strategy and in the “Let’s do the numbers” [*Echemos Números*] module. Educational content on bioeconomics, agro-sustainability, and ethnotourism was created for the FINDEQ Route. This training package is designed with the peoples of Putumayo, Caquetá and the indigenous communities in mind.

Financiera Confianza has run virtual talks on water management and crop protection, in addition to the Advice from the Confianza Engineer [*Consejos del Inge de Confianza*] program, available on its platform La Academia de Confianza.





Climate vulnerability

The Foundation is developing a climate vulnerability model to identify the risks to which entrepreneurs are exposed and better target the value offer to strengthen their resilience

Fully aware of the implications for entrepreneurs of climate change, the Foundation is developing a climate vulnerability model that addresses exposure, sensitivity and capacity to adapt, that will enable it to identify the risks to which entrepreneurs are exposed, and to better target its value offering to strengthen resilience. In 2024, it oversaw several projects to identify climate risks from rain and drought that are faced by entrepreneurs:

Microserfin, in partnership with Agroclimática, assessed the climate vulnerability, analyzing factors such as rainfall and soil pH. The results were used to provide recommendations and for internal analysis.

Bancamía produces bimonthly climate exposure reports on which to base strategies such as insurance policies and adaptation loans.

Financiera Confianza used data from Peru's Meteorological Institute, Senamhi, to assess the exposure of agricultural areas to phenomena such as El Niño and La Niña, and to define what would help to mitigate the impacts.

Adopem continued implementing its climate vulnerability index for farming entrepreneurs, using its proprietary tool to measure exposure, sensitivity and capacity to adapt.

Systems for analyzing environmental and social risk - SARAS

BBVAMF Group is endeavoring to integrate its environmental and social impact assessment into its credit analysis. **Financiera Confianza**, in partnership with GLZ, has developed SARAS and folded this evaluation into its credit processes for transactions over PEN120,000 (USD 32,000). Theoretical and practical courses have been given to managers and credit heads. This has now become an internal rule that applies to all Financiera Confianza's credit transactions.

Bancamía carried out a pilot in 2024 in some of its offices, applying it to 14 transactions in sectors such as stockbreeding, poultry breeding and coffee beans, on sums over COP 32,500,000 (USD 7,800).

Internal culture - sustainability

A key principle of the Foundation's sustainability strategy is the responsible management of its consumption of energy, water, paper and waste, as well as measuring and reducing its carbon footprint. The institutions have rolled out measures to optimize processes and maximize awareness among their work colleagues and collaborators.

Bancamía has developed an ecoefficiency strategy based on environmental education, office competitions and ratios, measuring resource use and actions to reduce these. The consumptions of water and energy at the outset were measured in 209 offices, with training courses being given to collaborators and other interested parties, in locations where the environmental observation had been activated.

Financiera Confianza conducted a series of educational actions in partnership with Recidar, focusing

on solid waste, with information videos and a campaign to reduce energy consumption. It has also promoted sustainable mobility and launched the ABC of Sustainability, training capsules in which over 900 collaborators took part. The Ministry for the Environment has granted Financiera Confianza the first ever star as part of its Carbon Footprint Peru program.

Fondo Esperanza worked on the New Offices model, following eco-efficiency guidelines focused on lighting and faucets. It also made progress in diagnosing best practices, recognized sustainable enterprises, managed technological waste for recycling, and organized a green business fair. Additionally, it created a working group on green culture with participation from various departments.

Microserfin implemented an eco-efficiency plan with actions such as a recycling campaign in partnership with the collection company Grün, encouraging people to walk up stairs as a form of exercise, and improving air conditioning efficiency. It also held a recycling contest for employees' children and published a bi-monthly eco-efficiency dossier. More than 100 employees participated in training sessions on carbon footprint and sustainability, and a mobility survey for employees was launched.

Banco Adopem applied measures to optimize resources and reduce their environmental impact, such as expanding the Document Manager - Digital Credit system to 73 offices, reducing paper usage. It also implemented an energy-saving project by installing efficient air conditioners and light bulbs, developed an environmental manual for suppliers, and launched an internal campaign to promote saving and recycling.

BBVAMF Group is endeavoring to integrate its environmental and social impact assessment into its credit analysis

Well-being: health, education, housing, and the digital divide

BBVAMF, with its holistic approach to vulnerability, measures the multidimensional poverty index, which includes deficiencies in health, education, housing, and the digital divide. As part of its commitment to

reducing these vulnerabilities, it offers a value proposition to improve the overall well-being of the people it serves through financial and non-financial services, as well as partnerships with other institutions.



Health: Insurance That Protects

In 2024, **Fondo Esperanza** launched the Health + Protected [*Salud + Protegida*] microinsurance policy, specifically designed for women. It provides financial support upon the first diagnosis of cervical or breast cancer and includes free preventive exams, diagnosis compensation, telemedicine, and accidental death coverage.

Microserfin introduced a Women's Microinsurance policy, offering coverage for maternity income, mammograms, and cytology tests (see more in the *Women* section). Additionally, it established a partnership with Corporación Continental and Mawdy (MAPFRE), expanding territorial coverage and the number of services that are included.

Bancamía increased the insured amount in its critical illness insurance, adjusting it to the entrepreneur's profile. It also launched a strategy to promote its uptake, which includes training for the commercial network, support from Marsh brokers to explain the benefits, an incentive plan, and a "welcome package" with information about the policy and available service channels.

In 2024, 173,082 people had health & care services insurance

Housing

Recognizing the challenges entrepreneurs face, especially in accessing housing and basic services, the Foundation has designed a value proposition aimed at improving their homes and living conditions. Through products such as its Loan for Home Improvements [*Crédito de Mejoras Locativas*] (Bancamía), Building Trust [*Construyendo Confianza*] (Financiera Confianza), Housing-finance Casafin (Microserfin), Housing Loan [*Préstamo de Vivienda*] and Eco-Home [*Ecovivienda*] (Adopem), and the investment loan from Fondo Esperanza, financing is provided to help entrepreneur homeowners build and improve their housing. These loans support the construction of walls, roofs, sanitation systems, cisterns, solar panels, additional rooms, and upgraded bathrooms.

Financiera Confianza strengthened its partnership with *Water.org* to expand access to water and sanitation. In 2024, the focus was on enhancing capabilities in sustainable sanitation and providing technical

guidance to business advisors (see *Water and Sanitation* section for more details).

Fondo Esperanza joined the Déficit Cero alliance, a collaborative platform that brings together social, public, and private actors to address the housing deficit. The initiative produces studies and educational materials that facilitate access to housing for entrepreneurs.

Banco Adopem, in partnership with *Habitat for Humanity*, launched the pilot program A Clean Solution to a Dirty Problem, which provides financing for the construction and renovation of bathrooms in Monte Cristi (see *Water and Sanitation* section).

Microserfin improved its housing loan, *Casafin*, by expanding financing to new clients, incorporating sanitation projects as an eligible purpose, and lowering the residency requirement for applicants from two years to one.

20,100 entrepreneurs with a housing loan in 2024

Education

Education and skills development are essential for overcoming inequalities, improving social mobility, and boosting productivity. However, education systems in Latin America and the Caribbean face significant challenges, particularly in access, quality, and completion rates. This affects the most vulnerable groups disproportionately, such as entrepreneurs, who suffer one of the main deficiencies: insufficient years of schooling.

Educational Loans

The Foundation continues to promote financial products that help entrepreneurs and their families to advance their education through loans offered by Bancamía, Financiera Confianza, Banco Adopem, and Microserfin.

613 thousand people were assessed or trained in 2024 by our institutions

In 2024, **Bancamía** promoted its educational loan program, aimed at both entrepreneurs and their children. The strategy focused on two key areas: training the sales force with weekly product briefings and identifying entrepreneurs with children to connect them with this financial opportunity.

Banco Adopem continued to drive its EDUCA-T loan, in partnership with Opportunity International, to finance technical, university, and postgraduate studies. In 2024, the initiative trained 145 schools, conducted 14 financial education workshops, and provided specialized training for advisors to enhance the program's offerings.

Microserfin, launched the Women Scaling up [*Escala Mujer*] loan, designed for women who want to pursue professional or technical studies. This product is part of a broader initiative under the same name, which also includes social protection through health insurance (see *Women's Empowerment* section for more details).

4,450 entrepreneurs had an educational loan in 2024

Entrepreneur Training to Promote Financial Health

Continuous training is a key pillar of the Foundation's productive finance model, essential for the personal, business, and community development of entrepreneurs. All entities offer free in-person and virtual programs through five e-learning platforms, complemented by advisor support during visits, group sessions in communal banks, monthly meetings, social media webinars, radio programs, podcasts, videos, and educational materials. Partnerships with public and private organizations further expand joint training initiatives. Additionally, financial education sessions are provided in schools, along with a university scholarship program for entrepreneurs' children (see *Grants* section).

Each entity within the Group implements training initiatives covering a wide range of topics, from financial skills and leadership to digital literacy, sustainability, and business development.

In 2024, more than 613,000 people participated in financial advisory processes, training programs, or viewed virtual training sessions at BBVA Microfinance Foundation entities. Of these, just over 524,000 (85.4%) received in-person training.

At **Bancamía**, 186,084 people received financial guidance through the Let's Do the Numbers [*Echemos Números*] program, which has been enhanced with a virtual format via WhatsApp, reaching 230,359 views. For the third consecutive year, Colombia's Financial Authority recognized this program with Level 3 in its quality seal for "Capacity Management". Bancamía also developed Green Education contents for Indigenous communities as part of the FINDEQ project on its e-learning platform, in partnership with the Autonomous University of Bucaramanga (UNAB), where 400 people earned certifications in sustainability topics.

TRAINING DATA AT 12/31/24

	BANCAMÍA	% of all those trained	FINANCIERA CONFIANZA	% of all those trained	ADOPEM	% of all those trained	FONDO ESPERANZA	% of all those trained	MICROSERFIN	% of all those trained	TOTAL 2024	% of all those trained
Nº people trained (by gender)	231,791	37.8%	149,330	24.3%	46,242	7.5%	161,874	26.4%	24,475	4.0%	613,712	100%
- Women	132,772	21.6%	74,155	12.1%	12,221	2.0%	127,880	20.8%	12,682	2.1%	359,710	58.6%
- men	98,698	16.1%	0	0.0%	3,592	0.6%	33,994	5.5%	11,631	1.9%	147,915	24.1%
- Not reported	321	0.1%	75,175	12.2%	30,429	5.0%		0.0%	162	0.0%	106,087	17.3%
Nº people trained (clients/non clients)	231,791	37.8%	149,330	24.3%	46,242	7.5%	161,874	26.4%	24,475	4.0%	613,712	100%
- Clients	147,850	24.09%	74,155	12.08%	13,521	2.20%	161,874	26.38%	24,313	3.96%	421,713	68.7%
- Non clients	83,941	13.7%	0	0.0%	0	0.0%	0	0.0%	162	0.0%	84,103	13.0%
- Clients & non clients	0	0.0%	75,175	12.2%	32,721	5.3%	0	0.0%			107,896	17.5%
Type of training	231,791	37.8%	149,330	24.3%	46,242	7.5%	161,874	26.4%	24,475	4.0%	613,712	100%
Internal	219,472	35.8%	101,812	16.6%	39,743	6.5%	161,874	26.4%	24,324	4.0%	547,225	89.1%
In partnership	12,319	2.0%	47,518	7.7%	6,499	1.1%	10,201	1.7%	151	0.0%	66,487	10.8%
Training format	231,791	37.8%	149,330	24.3%	46,242	7.5%	161,874	26.4%	24,475	4.0%	613,712	100%
Digital	33,064	5.4%	21,461	3.5%	20,946	3.4%	2,234	0.4%	715	0.1%	76,186	12.4%
Face-to-face	186,084	30.3%	127,869	20.8%	24,428	4.0%	161,874	26.4%	23,760	3.9%	524,015	85.4%
Hybrid	12,643	2.1%	0	0.0%	868	0.1%	6,752	1.1%	0	0.0%	13,511	2.2 %



Fondo Esperanza trained 161,874 people through its continuous education programs, combining in-person and virtual formats in its School for Entrepreneurs, which had 81,886 registered members. In 2024, this initiative was further strengthened with the launch of the *School for Women and Men Leaders*, providing educational resources to leaders of group lending banks with the goal of improving community banking management and optimizing the approval process for loans, insurance, and other financial services. The program included training in community leadership, conflict management, and effective communication. Over the year, 649 female leadership members participated in the program.

Microserfin expanded its in-person and virtual training through its *We drive your business [Impulsamos Tu Negocio]* platform, training more than 24,000 people, with 1,454 new registrations. Additionally, it launched the *Don't Die Trying [No Mueras en el Intento]* guide, created with artificial intelligence to help entrepreneurs strengthen their businesses.

Adopem continued offering financial education workshops focused on improving resource management and building financial confidence, reaching 8,064 participants. In collaboration with the Ministry for Women, it trained 868 people as part of the Digital Entrepreneurial Community *[Comunidad Emprendedora Digital]*

Project, developed in partnership with BID LAB (see the *Digital gap* section for more details).

Adopem also promotes the Financial Education for Children and Youth program in schools, aiming to foster a savings culture, benefiting 7,382 students.

Learning in Confianza *[Aprendiendo en Confianza]*, by **Financiera Confianza**, engaged over 74,000 women in a training process based on the group-based approach of the Woman's Word *[Palabra de Mujer]* (PDM) product. Participants receive personalized financial guidance in monthly meetings covering topics such as income recognition and budget management. Additionally, in rural areas, the Tips from the Confianza Engineer *[Consejos del Inge de Confianza]* program was launched, offering free, virtual training on sustainable agriculture, pest management, organic farming, and water management. The courses are available on *La Academia de Confianza*, a free platform open to the public, which had more than 2,394 registered users by the end of 2024.

Finally, all Foundation entities have developed awareness initiatives such as workshops, webinars, talks, and social media activities to promote financial education, inclusion, and overall well-being in collaboration with strategic partners, achieving a significant impact on the communities served.

Digital Gap

In 2024, the Foundation's entities have maintained their commitment to digital inclusion, achieving significant progress and positioning themselves as leaders in narrowing the technology gap in vulnerable communities.

Internet Connectivity

In recent years, telecommunications companies have begun expanding their services into rural and remote areas that previously lacked access to fiber-optic networks. To continue promoting connectivity, the BBVA Microfinance Foundation implemented a subsidy model to cover internet costs for non-banking correspondents (small local stores), allowing them to access internet service for 12 months.

Bancamía pioneered this model in late 2023, and in 2024 served more than 1,800 clients through its 15 correspondents with internet connectivity.

By the end of 2024, **Financiera Confianza** had 17 Connectivity Confianza agents *[Agentes Confianza Conectividad]*. Out of a total of 63 agents, 46 operated via satellite and 17 had direct connectivity. This network has benefited more than 4,200 people, facilitating their access to the internet. Over the year, 63,787 transactions were carried out, including payments, withdrawals, deposits, and other services.

Microserfin, meanwhile, launched a satellite correspondent in Cucunatí (Darién) at the end of 2023. In 2024, in addition to enabling payments, it offered more than 700 hours of internet access, primarily used by students, contributing to the educational development of the community.

Digital Corners

For years, the Foundation's entities have adapted their physical channels to promote digital inclusion, facilitating access to services for those without data plans or facing connectivity issues. These actions include the installation of free Wi-Fi and the creation of digital corners, which allow customers to learn and use digital tools, boosting their financial inclusion and participation in the digital economy.

We provide internet access through 79 non-bank correspondents to more than 6,000 people in remote areas of Colombia, Peru and Panama. We offer digital literacy in our 122 digital corners

Microserfin has made its platforms accessible through a QR code in all its offices and maintains a Digital Point at its Marbella location, serving up to 100 customers monthly.

Financiera Confianza, by the end of 2024, had 109 offices with free Wi-Fi and 114 offices with digital points, thus expanding digital access in both urban and rural areas.

Fondo Esperanza completed the pilot of its new office model, which includes Wi-Fi and a Digital Corner. In 2024, this was implemented in Coyhaique, Tarapacá, and Calama, strengthening digital inclusion in regions with lower connectivity.

Adopem and **Bancamía** launched digital corners in 8 offices and 1, respectively. In addition, Bancamía, in collaboration with Claro and USAID, created the first digital lab in El Paujil (Caquetá) as part of the FINDEQ project, offering computers and high-speed internet access to over 230 people, with training in financial education and digital literacy.

Digital Ecosystem

Adopem continues with its Digital Entrepreneurial Community project, co-financed by IDB-LAB, which aims to strengthen the sustainability of women-led businesses. In 2024, a specific financial product for the digitalization of female entrepreneurs was developed, and productive digital tools were provided. Additionally, the virtual platform Grow with Adopem [*Crece con Adopem*] was launched, featuring modules in digital education, financial literacy, marketing, leadership, and business development, allowing entrepreneurs to remain competitive in the market. Furthermore, progress was made in implementing virtual showcases, as well as in the model for support, associativity, and digital payments, which will expand in 2025. By year-end, 3,264 entrepreneurs had been trained, 2,964 were registered on the platform, 1,371 were using technology in their businesses, and 342 were part of associations.

To sum up, all the entities of the Group have digital educational platforms, which in 2024 were enriched with new content accessible to both clients and non-clients. By December 31, **95,100 people were registered** on these platforms.

We promote digital ecosystems so that our entrepreneurs can take their businesses online and we have accessible and free e-learning platforms that are already used by more than and free e-learning platforms that are already used by more than 95,000 people

Women's empowerment

A disabling gender inequality persists in Latin America and the Caribbean, visible in the rigid division of labor and the unequal distribution of care, limiting the opportunities of women in the job market, affecting their economic independence, participation in politics and access to different areas of society, as well as impacting on their time availability. Gaps in gender and poverty prevail: 1 in every 4 women does not have her own source of income, compared to 1 in 10 men. Only half of women are in the labor market at all, and extreme poverty blights the lives of 118 women for every 100 men. Indeed, 85% of the new female entrepreneurs served by the Foundation in 2024 were in vulnerability and 42% in poverty (higher than men in terms of both rate and degree). At the end of 2024 women represented 58% of all those served in 2024 and 63% of those paying off a loan.

In response to this reality, the Foundation is prioritizing the economic empowerment of women, reaffirming the commitment it took on in 2015 through its alliance with UN Women. This collaboration has enabled participation in key international United Nations forums such as the Commission on the Status of Women (CSW) and the Generation Equality Forum, as well as in the CGAP gender-inclusive finance network (Finequity LAC) on whose advisory board the Foundation has served since its inception. It also takes part in the gender group of the OECD Development Centre's philanthropy network (netFWD) and the OECD Development Assistance Committee's gender working group (Gender-net), where we have been recognized for our best practices.

Since 2017, the Foundation's women's empowerment strategy has been based on three principles: tailored value propositions, internal equity, and partnerships. In 2024, this commitment was reaffirmed with the signing of the World Bank's Women Entrepreneurs Finance Initiative (We-Fi) Code— becoming the first European and Latin American entity (through Adopem) to do so.



At the end of 2024, women accounted for 58% of all credit entrepreneurs and for 63% of all entrepreneurs served

GENDER-LENS FINANCIAL PRODUCTS BY ENTITY AS OF 12/31/24

Institution	Product	Año	
		Women	% Woman
Bancamía	Protection for my maternity policy	3,489	99.9%
	Women's cancer policy †	18,326	58.7%
	Care for rural women	5,577	99.9%
	Care for urban women	3,509	99.9%
	Protection for my Pocketbook¹	13,035	54.8%
Total female Bancamía clients *†		37,586	
Financiera Confianza	Woman's Word [PDM]	3,489	99.9%
	Enterprising Woman	3,489	100%
Total female Financiera Confianza clients		65,881	
Banco Adopem	Farming Women [Agromujer]	287	100%
	Nestlé Microfranchises	12	100%
	Gender Victims - State Prosecutor	3	100%
Total female Banco Adopem clients		302	
Fondo Esperanza	Group lending	3,489	78.36%
	Estrella Bank	3,489	80.5%
	"Health + protection" policy ?¿	3,489	87.9%
Total female Fondo Esperanza clients		3,489	78.3%
Microserfin	Women's cancer policy	3,489	45.0%
	Comprehensive women's family healthcare	3,489	89.7%
	Women's Micro insurance	3,489	72.4%
Total female Microserfin clients		3,489	
Total female BBVAMF clients with "Women's product(s)		215,741	

Value proposition

Bancamía has developed, in collaboration with well-known insurance providers, a portfolio of gender-focused insurance products that address women’s specific needs, including healthcare, cancer, protected pocketbook insurance, and maternity support. At the end of 2024, 37,586 women held these specific policies. This year, the portfolio was redesigned to improve benefits, expanding the coverage under “health care services” to include up to four people, and enhancing the conditions of “critical illness” insurance products aimed at women.

In 2024, the program Conversations at the Bank [Conversaciones en la Banca] was launched, offer-

ing educational content through videos, podcasts, and infographics shared across digital channels. It has surpassed 200,000 views and was recognized by the Colombia’s Financial Authority with the Seal of Quality in the Women’s Initiative category.

The *Empropaz* program was also expanded, developing gender-focused content for populations affected by violence and poverty. As part of the FINDEQ project in partnership with USAID, 66% of participants were women, who also received support through the For the Women [Para Ellas] program. 20% were young people, with key transformation areas identified in sectors such as dairy products, ecotourism, and ser-

vice networks. In addition, a new program for the inclusion of indigenous communities was launched, set to begin in 2025, aimed at removing barriers in financial education.

Financiera Confianza maintains an intersectional perspective, with products designed to meet the specific needs of the women entrepreneurs it serves.

Woman’s Word [Palabra de Mujer] (PDM): By the end of 2024, 4,800 group loans had been arranged nationwide, made up of an average of 10 women, and serving a total of 58,708. This product includes a training program, Learning in Confianza [Aprendiendo en Confianza]. In addition, the Nudges project continued in partnership with the Instituto de Estudios Peruanos (IEP) and the IDB, using the Charito chatbot, which reached 10,000 women from the PDM program to identify strategies for encouraging sustainable saving habits.

Enterprising Women [Emprendiendo Mujer] is an innovative financial product developed in collaboration with CARE Peru and supported by the Mastercard Center for Inclusive Growth. Aimed at women with strong financial and business management skills (referred to as “strivers”), it offers individual loans with reduced

interest rates and amounts ranging from PEN 300 to PEN 7,000 (USD80 to USD1900), without requiring a spouse’s signature. Beneficiaries also have access to the Academia Confianza platform and its Make your Business Grow [Haz Crecer tu Negocio] module, which includes courses on digital marketing. By the end of 2024, over 7,000 women had benefited. In alliance with CARE Peru, the Strive Women project is also being developed, focusing on financial health and promoting financial planning, saving, and access to protection products.

In 2024, **Adopem** continued with the Digital Entrepreneurial Community [Comunidad Emprendedora Digital (CED)] project, co-financed by IDB Lab, focused on reducing the digital divide for women-led SMEs in the Dominican Republic. Through the CRECE con Adopem platform, more than 3,000 women accessed 105 online courses in financial education, digital skills, marketing, and leadership, improving their sales and business capabilities. In 2024, the project expanded its reach by facilitating access to virtual stores, social media, and preferential financing for working capital and tech acquisition. A pilot initiative to promote group purchasing and the use of digital payment solutions, along with related training, was also launched.



* For insurance products, the female policyholder is considered to be a client
†. Inferred by applying the % of female policyholders who are or have been customers to the total number of policyholders.

That same year, Adopem signed an agreement with IDB Invest for the issuance of a gender bond equivalent to us\$15 million, the first in the Dominican Republic to include incentives tied to performance outcomes. The funds support the growth of portfolios directed at SMEs or microenterprises owned by women. This bond is aligned with the ICMA's *Social Bond Principles* and is the country's second operation under the World Bank's We-Fi initiative.

Fondo Esperanza launched the Better Protection for your Health [*Salud + Protegida*] microinsurance to provide economic support in the event of a cancer diagnosis. It covers cervical and breast cancer, and includes benefits such as free preventive screenings, compensation upon diagnosis, and access to telemedicine. By the end of 2024, it had been contracted by 383 members. For entrepreneurs with more established businesses, Banco Estrella was launched in 2024 to offer access to larger loans under improved conditions. That same year, it was expanded to all group lending banks that met the eligibility requirements. An exclusive e-commerce course by the Mastercard Center for Inclusive Growth was also offered through the School for Digital Entrepreneurs. By the end of 2024, there were 320 Banco Estrella groups with a total of 7,625 members benefiting from the product.

In 2024, Fondo Esperanza launched the School for Women and Men Leaders, to help the board members of group lending banks strengthen their leadership role (see *entrepreneurship training section*).

In 2024, **Microserfin** completed its program for the empowerment of women microentrepreneurs with the launch of the Women Scaling up" [*Escala Mujer*] and its "Women" microinsurance policy, offering increased access to credit for education, healthcare, and medical care, along with coverage for maternity leave and disability. This initiative – a new to Panama - allows women microentrepreneurs to continue their education and access quality medical services for themselves and their families. By the end of 2024, there were 684 *Escala Mujer* products: 660 *Mujer* microinsurance policies and 24 *Escala Mujer* loans, of which 20 were for education and 4 to meet health needs.

In addition, the institution repeated its digital skills training program in partnership with Tigo and the Calicanto Foundation, with 85 women entrepreneurs participating. The training covered topics such as artificial intelligence, cloud management, and leadership, as part of broader soft skills development.

The Foundation's internal culture



In 2024, **Bancamía** began collecting data disaggregated by sex and ethnic group, including categories such as trans and non-binary genders, as well as members of seven ethnic groups, including Indigenous peoples, Afro-descendants, Raizales, and Palenqueros. This effort aims to better address their needs with greater equity, in line with the institution's social protocol.

Bancamía also participated in the IFC's Sourcing2Equal program, which allowed it to review its supply chain and implement a new Resource and Services Management Policy, resulting in 36% of contracts being awarded with a gender perspective. It also organized the For women, proudly Bancamia [*Para ellas, orgullosamente Bancamia*] fair to promote women entrepreneurs' products, and strengthened its Equity and Diversity Committee, which led to initiatives such as Women's Pride [*Orgullo Mujer*], aiming to raise awareness about barriers faced by women employees and to share their stories on topics like women in microfinance, motherhood, and traditionally male-dominated jobs.

Adopem received the Igualando RD Seal (Gold level) in 2024 for implementing a gender equality management model to eliminate cultural barriers and ensure violence-free work environments.

Fondo Esperanza, in turn, incorporated gender-focused indicators in its Social Evaluation Form (FES), such as shared responsibility and time spent on domestic and caregiving tasks. After a year, 20.4% of its women members reported a more equitable distribution of these tasks—possibly influenced by courses on the topic offered through the School for Entrepreneurs.

Microserfin, marking International Women's Day, held its first "Equity Week", a space to recognize and strengthen leadership across the entire team regardless of gender. It also continued its Gender, Diversity and Inclusion Committee sessions, and received training from UN Women Panama on the implementation of the 2024–2034 Public Policy for Equal Opportunities for Women, thereby aligning its strategy to promote equity in all areas of its impact.

Partnerships and initiatives in 2024



Bancamía

- **Bancamía** led the signing of the Colombian financial system's *Social Protocol*, alongside the Ministry of Finance, the Financial Authority, and Asobancaria, chairing the Equity Committee. This protocol promotes the financial inclusion of vulnerable populations, including women, ethnic groups, rural populations, the elderly, youth, migrants, people involved in peace processes, persons with disabilities, and the LGBTQ+ community.
- Additionally, as a member of the *United Nations Environment Programme Finance Initiative (UNEP-FI)*, Bancamía collaborated with UN Women on the development of the guide *Advancing Gender Equality and Women's Empowerment: Target Setting Guidance for Banks*. The publication, based around four priorities—leadership, portfolio transformation, financial inclusion, and ecosystem change—positions Bancamía as a success case for its comprehensive approach to equity and inclusion.

Financiera Confianza

- **CARE Peru - "Strive Women"**: Financiera Confianza participates in this program from the Mastercard Center for Inclusive Growth, which seeks to boost the growth of women-led MSMEs by promoting their financial health.

- **CARE PERU - "VALORA"**: In 2023, together with CARE Peru and CUMMINS, a severance compensation savings account (CTS) was designed for domestic workers, a sector with limited labor rights. In 2024, the initiative participated in job fairs, workshops, and activities with sector federations, fostering their financial inclusion through campaigns and educational materials.
- **Grupo de Análisis para el Desarrollo [Grupo de Análisis para el Desarrollo] (GRADE)**: In 2024, a study was completed in collaboration with GRADE and the IDB, evaluating the impact of training innovations and the role of soft skills in the business development of women clients in the Palabra de Mujer program in Pucallpa.
- **University of Lima - MICROFIN-HUB PERU project: Microfinance and Financial Education for Women's Entrepreneurship and Social Inclusion**: Targeted at women microentrepreneurs in vulnerable areas of Lima, the project promotes micro entrepreneurship and financial education, with business mentoring from experts at the University of Lima and Pablo de Olavide University.

Adopem Bank

- **IDB Invest** conducted a study to quantify gender biases in its credit offering, evaluating more than 170,000 approved credit operations for men and women between 2022 and 2024. Clients with similar characteristics (age, risk profile, same economic sector, same geographic area) were analyzed to assess differences in approved amounts, loan conditions, or payment behavior. Results show that on average, the institution charges the same interest rate, but grants slightly higher amounts and longer terms to women, with identical repayment behavior for both genders. This indicates that Adopem grants credit fairly, with no gender bias affecting the decision.
- **World Bank We-Fi Code**: In 2024, Banco Adopem began implementing the Women Entrepreneurs Finance Code, alongside other financial institutions, with the support of IDB Invest and the Financial Alliance for Women. This standard seeks to better understand the needs of women entrepreneurs through data analysis in order to design more inclusive financial products.
- **Ministry for Women**: Adopem trained 868 women in 2024, participating in activities aimed at economic empowerment. Workshops from the Digital Entrepreneurial Community Project were held in three Ministry centers to help reduce the digital divide.

Fondo Esperanza

- **School of Social Work at the Pontifical Catholic University of Chile and MICARE Foundation:** The study explores how family factors, household composition, and unpaid work affect women's participation in the informal economy through micro-entrepreneurship. Key findings include confirmation that entrepreneurship often arises as a way to balance childcare with employment or unemployment; extended family plays a significant role in transmitting skills and attitudes around domestic tasks and balancing them with paid work; mental load is significant and supported by informal support networks; family dynamics and the support (or lack thereof) from partners and children can enhance or limit women's capacity to undertake entrepreneurship; the adaptation of the home space is crucial for developing a business while caring for others; and the probability of formalizing a business increases with the use of technologies related to accounting.

As for the indicator that measures time spent on domestic and caregiving tasks, results show that upon entering Fondo Esperanza, a gender gap exists: women report spending 6.1 hours per day on these tasks, while men report 3 hours daily. After one year, the gender gap narrows, with women reporting 3.9 hours per day. These improvements in shared responsibility and time use indicators may be partly attributed to courses covering these topics at the School for Entrepreneurs.

- **University of Chile, Faculty of Economics and Business:** This field research project seeks to study the role of trust in the functioning of group lending banks through in-depth interviews with members and advisors, as well as silent attendance during their meetings. The main finding is that members value the group lending bank methodology highly, recognizing that it requires trust among members, that the leadership of the advisor together with that of board members is key, and that both implicit and explicit rules are essential to reduce the perceived risk inherent in the joint-guarantee model.
- **Networks of benefits and discounts for members:** Fondo Esperanza has various strategic alliances that offer its members discounts on beauty products, sewing equipment, and kitchen/food production machinery, along with training. Partners include Fundación Belcorp, L'Bel, Ésika, Cyzone, Janome, and Full Máquinas.



Microserfin

- **Panamanian Gender Parity Initiative (IPG):** As members of the IPG, Microserfin participated in the forum *Best Practices in Women's Financial Inclusion* and served as speakers at the *Women Entrepreneurs: Innovating Together* event, where the institution shared the results of its gender strategy.
- **Strengthening partnerships:** Ties were consolidated with key organizations that support women entrepreneurs in Panama, such as the Women Entrepreneurs' Channel [*Canal de Empresarias*] (Fundación Ciudad del Saber), Fundación Atenea Emprende, and the Columbus Art & Culture Center [*Centro de Arte y Cultura de Colón*] (Ministry of Culture). These platforms were used to promote the Women Scaling up [*Escala Mujer*] program as a tool for women's development.
- **Working group on entrepreneurship and economic empowerment:** Progress was made in structuring the working group to implement the *Panamanian Indigenous Women's Economic Empowerment Plan (PEMIP 2025)*. As co-leader, the entity contributed its expertise and helped define the action framework to improve the group's performance.

Digitalization

In recent years, the explosion of technology in the use of tools such as artificial intelligence and advanced data analytics have been redefining all industries. In the light of this, and particularly in the microfinance sector, digitalization has emerged not only as a catalyst for economic growth but also as a key means of narrowing inequality gaps, connecting vulnerable communities with previously inaccessible opportunities.

Digital transformation continues to be one of the BBVA Microfinance Foundation's strategic levers, establishing itself as an essential instrument for promoting financial and social inclusion for millions of entrepreneurs in Latin America. To this end, we developed a digitalization strategy based on several compo-

nents: a digital ecosystem, or digital financial services environment for entrepreneurs, a digital ecosystem for loan officers and banking correspondents, and the digitalization and transformation of data in the service of clients for their inclusion in the digital economy.

During 2024, we have reinforced the digital ecosystem, offering entrepreneurs a relational banking model with 100% digital self-management in hybrid and remote formats (virtual visits). This ecosystem integrates transactional platforms, advanced data analysis and omnichannel services. These new service models, which combine a digital experience with personalized support, ensure that all entrepreneurs can access our services easily and securely, irrespective of their level of technological literacy.



Moving towards a digital ecosystem for entrepreneurs

Digital ecosystems have shown that they are a key tool for driving economic and social development. The adoption of platforms that enable transactions, instant payments, access to digital credit, and other fintech solutions has allowed millions to overcome traditional barriers to financial services, fostering inclusion and reducing inequality.

These solutions not only optimize the management of resources and transactions but also allow entrepreneurs to actively participate in the digital economy, improving their financial health, minimizing risks, and generating greater stability in their daily economic activities.

Making it easier for entrepreneurs to access digital ecosystems, such as the availability of transaction platforms, instant payments and/or digital loans is crucial for economic and social development, given that these solutions foster inclusion and enable us to optimize resources, making them more agile, thus reducing inequality gaps.

BBVAMF entities have been strengthening a digital ecosystem for entrepreneurs that complements the traditional relational banking model, with new digital systems and service channels, in hybrid and remote formats (virtual visits), and which also entails offering a range of transactional options, such as mobile banking, virtual WhatsApp office and online payment solutions.

Para complementar el modelo tradicional de banca relacional, las entidades de la FMBBVA continúan fortaleciendo un ecosistema digital para los emprendedores. Este ecosistema integra nuevos sistemas y canales de atención digitales, híbridos y remotos (mediante visitas virtuales), y amplía la oferta de opciones transaccionales, incluyendo banca móvil, oficina virtual a través de WhatsApp y soluciones de pago en línea.

These new service models, which combine a digital experience with personalized support, ensure that all entrepreneurs can access our services easily and securely, irrespective of their level of technological literacy.

With this purpose, across the five institutions we continue to develop and position **Mobile Banking**, which is becoming established as the key channel for making all financial services available, ranging from applying for a loan, opening accounts, inquiries and digital onboarding, as well as transfers and payment. This has made it the preferred option for many entrepreneurs, thanks to its ease of use and the time saved on going into branch offices.

During 2024, **960,785 digital users** accessed these services, representing **31.68%** of the total entrepreneurs served by the BBVAMF Group, demonstrating a clear shift toward a more inclusive and digital model.

BBVAMF entities have been strengthening a digital ecosystem for entrepreneurs that offers a range of transactional options, such as mobile banking, virtual WhatsApp office and payment solutions

Mobile Banking continues to improve

Upgrades to mobile architectures have been implemented, transitioning to cloud-based, containerized solutions organized by functional domains. This will support requests from new hybrid-generation apps for both Android and iOS.

- **Fondo Esperanza** has launched *Crédito Click*, its first fully digital loan, designed as a complement to the main group lending loan and available exclusively through its mobile application, *AppSocias*.
- **Microserfin** has rolled out *Resuelve*, a digital solution providing access to credit for pre-approved clients.
- **Adopem** offers a digital loan that is easily accessible through its mobile application *AppDopem*, with the option for disbursement into an account whenever the client chooses.
- **Financiera Confianza** has consolidated its digital offering with the introduction of the Express loan for credit renewals without the need to involve loan officers in the process.
- **Bancamía** has expanded its virtual visit service, a new communications channel that streamlines credit renewals using videoconferences, the final touch in a more efficient digital lending process. Additionally, with *Credimía 2.0*, the coverage provided by the National Guarantee Fund has been incorporated into the digital loan, allowing for better financing conditions for clients.

One of the significant advancements of 2024 has been the expansion of online payment systems, enabling users to carry out operations in real time from any location. This approach not only simplifies interactions but also reduces geographical and connectivity barriers—critical aspects in the rural and hard-to-reach areas where we operate.

Likewise, payment method ecosystems have been made more robust, adding to traditional bank transfers processed through clearing houses the emergence of instant payment networks (P2P), which enable real-time money transfers using a personal mobile phone number as an identifier—such as *Transfiya* (Colombia), *Plin* and *Bizum* (Peru), and the Real-Time Gross Settlement System in the Dominican Republic. Another solution implemented by *Bancamía* is the QR-based payment and collection system, which allows users to conduct transactions by scanning a code with their mobile phone via a compatible app (mobile banking or digital wallet).

As well as this solution, entrepreneurs can access other services and tools: the virtual office, designed for clients who do not have a mobile device; the WhatsApp channel, used for inquiries and institutional information, which has been continuously enhanced with new features; and integration with basic national payment systems, such as PSE payments in Colombia.

During 2024, 960,785 digital users accessed these services, representing 31.68% of all entrepreneurs served by the BBVAMF Group, demonstrating the evolution towards a progressively more inclusive, digital model

Advisor and Banking Agent Ecosystem

Serving entrepreneurs who have limited familiarity with technology is essential to delivering an inclusive service offering. For this reason, the development of the advisor's digital ecosystem is crucial. In this regard, the Advisor Mobility App continues to be a key tool in our operations, allowing advisors to bring the full functionality of a physical office directly to the entrepreneur's place of business.

In 2024, the application has continued to evolve with new features, enabling 98% of loans to be processed through this platform.

Furthermore, the Banking Agent Network (comprising both proprietary and third-party points that act as transactional links for the institution across various regions) remains strategically important for meeting client needs locally and significantly expanding service coverage. This year, the number of banking agents reached 3,967, including innovative models such as agents with satellite connectivity (operating in remote areas) and mobile correspondents (advisors who deliver services directly to communities in Colombia and Peru without a fixed location). All of these operate using the Correspondent

App, developed in-house to meet the specific needs of each context.

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DIGITAL FIGURES TABLE

Indicator	2024
Digital users	960,785
Digital sales (products)	282,960
N° Onboardings using facial & voice biometrics	27,458
N° mobile banking & web channel Txn	1.53 million
Use of digital channels	12.30%
Electronic signature or digital loans	283 thousand

Technology and data: consolidating the path for the future of microfinance

BBVAMF has been developing a technology strategy focused on deploying shared technological solutions among the group's entities for years. Mobile tools (Mobile Banking, the Advisor Mobility App, and the Correspondent App) are all based on a shared architecture. Additionally, four entities share the same banking core and a global data platform. This Group approach aims to generate synergies, economies of scale, and to maximize the knowledge and experience acquired throughout the process.

In 2024, the evolution of the architecture and technology behind key applications began, alongside cloud migration aimed at adopting best practices for resource utilization and optimization. As part of this transformation, the development and deployment infrastructure for client and advisor applications is also being renewed through the DevOps Project. This collaborative solution, which integrates software development with service deployment, will enable technology teams to meet the challenge of delivering improved services in a more agile and secure manner.

BBVAMF has also unified its Data Strategy, recognizing the importance of understanding each entrepreneur's needs, their interaction with the institution, and the ability to offer tailored solutions. As part of this, NEXO was consolidated in 2024 as the BBVAMF Group's core information platform.

NEXO, a cloud-based platform shared across all entities, serves as a centralized data repository structured with standardized, harmonized, and normalized tables. This architecture enables automated report and indicator to be replicated, along with efficient information consolidation.

Currently, over 97% of banking core data has been provisioned, with more than 900 indicators implemented and approximately 270 operational reports available across all entities, forming a valuable and reliable volume of information. In 2024, progress was also made in the development of predictive analytics and machine learning use cases:

- At **Microserfin**, a credit evaluation analytics model was developed, using historical data to detect behavioral patterns and generate alerts to support advisors in their decision-making in the field.
- At **Financiera Confianza**, **Bancamía** and **Adopem**, advanced analytics have been implemented for risk and retention management. These use cases allow for the identification of behavior patterns and early warning signs of risk or potential client attrition.
- At **Fondo Esperanza**, the daily distribution of commercial management data has been extended to more than 370 advisors, maximizing the tool's capabilities.
- At **Bancamía**, the automated generation of key strategic reports and the automation of more than 20 activities have enhanced both the content and its visual presentation. Currently, over 800 scheduled and automated emails are sent daily.

Automation has significantly improved commercial and management reporting, enhancing data analysis to better understand entrepreneurs and their needs. Advanced analytics is driving this transformation and strengthening operational efficiency.

In 2024, the FMBBVA Group also consolidated its data governance model by appointing key roles across all entities, such as the Chief Data Officer (CDO) and Data Owners, who are responsible for data management and quality within each unit.

A significant boost was also given to the adoption of the corporate data governance tool, which is being progressively integrated into the processes of indicator development and management. Within this framework, nearly 500 metrics were uploaded and managed, contributing to improved traceability and more data-driven decision-making. Additionally, ongoing training and internal promotion of this solution were conducted across teams.

BBVAMF has unified its Data Strategy, recognising the importance of understanding the needs of each entrepreneur, their interaction with entities and offering tailor-made solutions.

Artificial Intelligence (AI)

At BBVAMF Group, we believe that artificial intelligence presents an opportunity to transform not only our internal processes, but also how we interact with entrepreneurs and their communities. This technology is becoming a key strategic tool for identifying opportunities and addressing challenges across all sectors. Our focus on responsible innovation ensures that these tools are used ethically, transparently, and with a clear social purpose.

In 2024, we began the **gradual incorporation of generative artificial intelligence (GenAI) into the workplace**, with more than 100 employees from all entities participating in a pilot program using Google Gemini Advance. This program allowed our teams to experiment with this cutting-edge tool designed to maximize the potential of natural language processing and integration with digital services. It enabled advanced tasks such as code generation, process optimization, and collaboration on creative projects. Through this initiative, we identified high-impact use cases in terms of productivity, scalability, and customer service.

In Panama, **Microserfin Responde**, was launched —a GenAI-powered virtual assistant designed to respond to commercial advisors' inquiries more quickly and efficiently. In Colombia, Bancamía is piloting **three innovative projects** using this technology, such as the “rescue” of clients who were initially denied during the credit approval process; enhanced efficiency in scheduling commercial visits; and Cobranza Inteligente (Intelligent Collections), a WhatsApp-based agent that interacts directly with clients and is expected to significantly impact loan recovery.

Additionally, we launched a Group-level AI test lab to evaluate various technologies on the market that could contribute to improving internal processes (support for the inclusion of new clients and renewals, among others), enhance the customer experience, and boost overall productivity.



Impact on households

For vulnerable populations facing a lack of job opportunities, entrepreneurship becomes a means to generate household income. In fact, for most households, it is their only source of income ("business development to generate income"). Skills such as perseverance, work ethic, self-determination, creativity, and passion are essential along this journey. Coupled with access to financial services, this enables people to change their consumption patterns, boost investment, and manage risks effectively ("financial health for greater resilience").

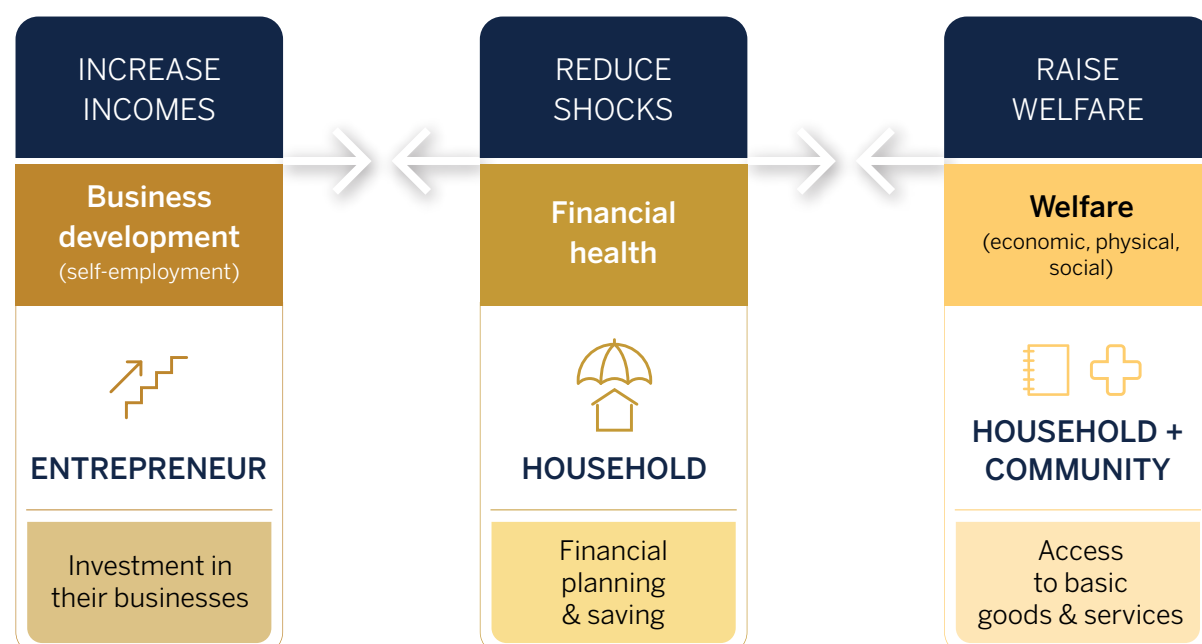
In these households, the line between the financial needs of the business and the home is often blurred. They operate as a **home-business, in which decisions about assets are interconnected**, and choices around consumption and production are deeply linked. This highlights the need to consider not only housing, education, and access to healthcare, but

also the networks they build in their communities through job creation or those they insure, to protect them from unexpected events ("the well-being of the household and its communities").

The likelihood of success increases when the multiple dimensions that affect their performance are considered, together with how they interconnect, and when a favorable environment is created for these to develop.

Improvements in economic growth, some even surpassing the poverty line, with a positive impact on household income, job creation, and a slight improvement in education levels, are shown schematically below. However, challenges remain around income stability and the development of more structured savings that can sustain households through medium-term unforeseen events.

IMPACT OBJECTIVES



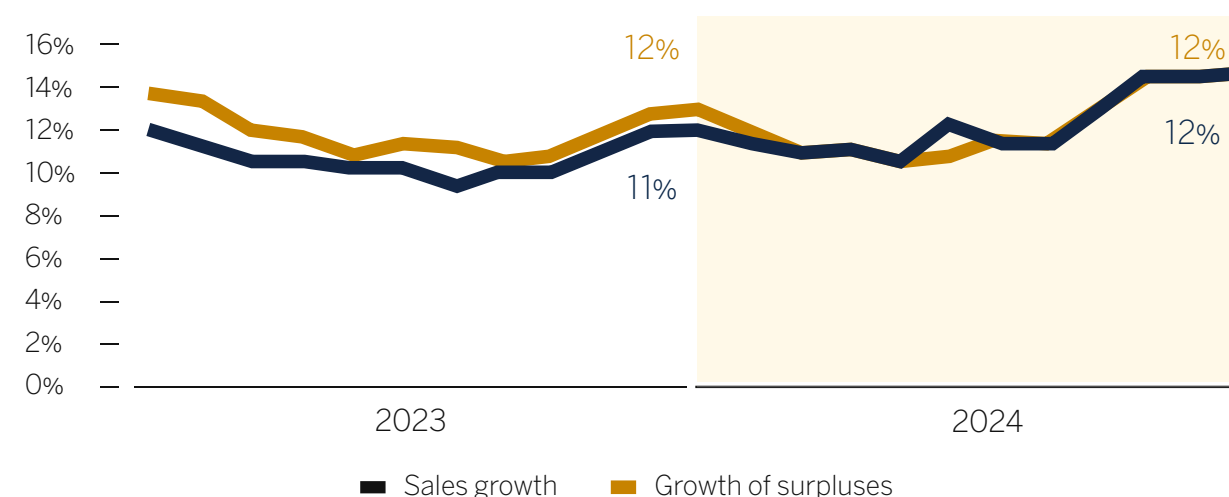
Business Growth

In 2024, growth continues exclusively among the businesses of the supported entrepreneurs. In fact, a positive correlation can be observed with the performance of the local economy. In the Dominican Republic and Chile, businesses are growing at a faster rate than in 2023, driven by strong economic performance. However, in Peru and Panama, surpluses have declined, above all in the agricultural sector. Various factors—such as rising temperatures, water shortages, and pest infestations—are influencing this trend. In Colombia, economic growth continues on a positive trajectory, benefiting the entrepreneurs who remain with the organization.

While businesses in the Dominican Republic, Chile and Colombia are growing, entrepreneurs in Peru and Panama are shrinking, especially in the agricultural sector

36. BUSINESS GROWTH

Credit entrepreneurs renewing a loan in each period
Deflated growth rates



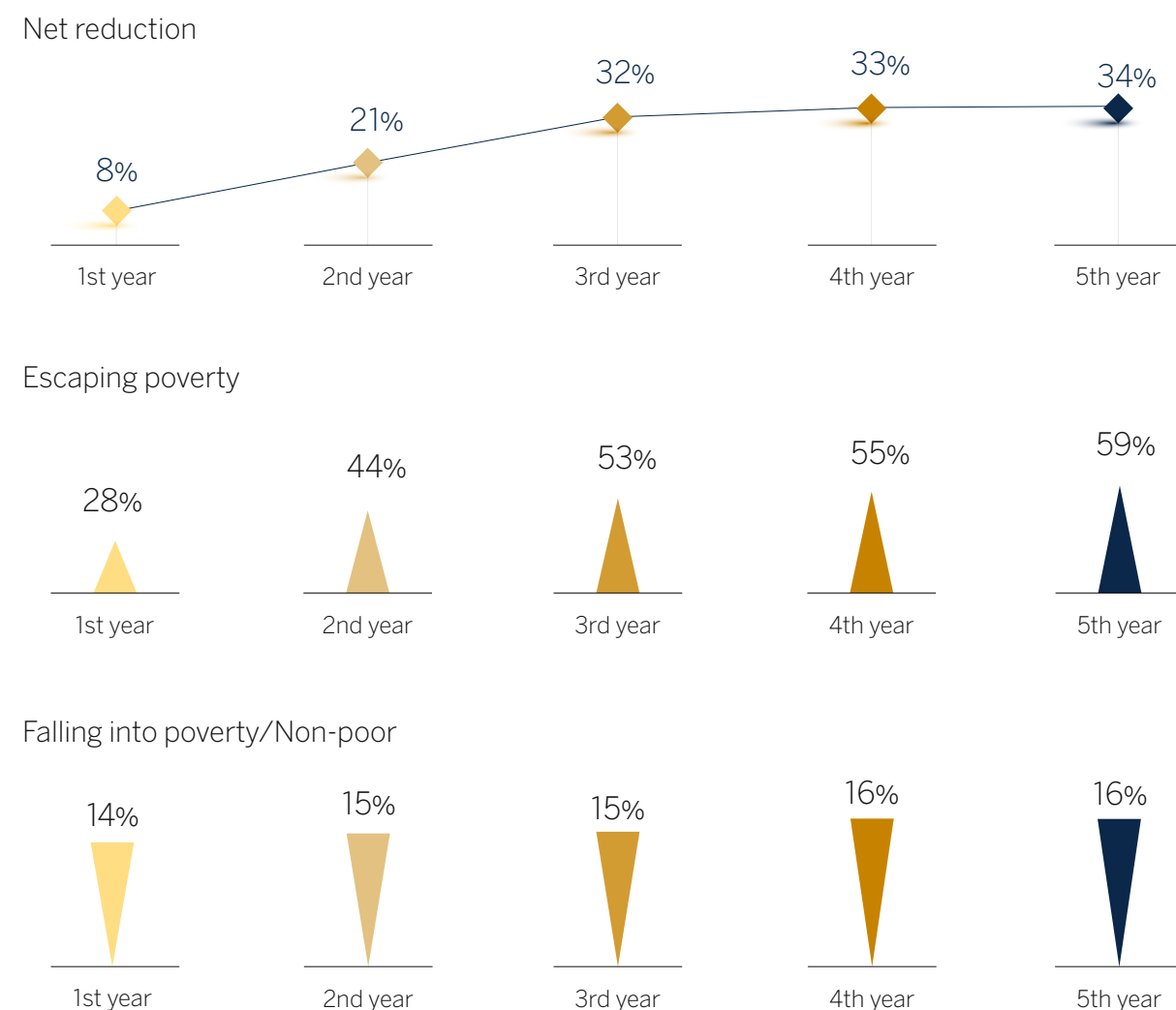
	Sales growth		Growth of surpluses	
	2023	2024	2023	2024
Colombia (Bancamía)	10%	13%	15%	19%
Peru (Financiera Confianza)	14%	16%	12%	10%
Dominican Rep. (Banco Adopem)	10%	11%	8%	12%
Chile (Fondo Esperanza)	9%	9%	12%	11%
Panama (Microserfin)	6%	7%	6%	7%

G. 36. Clients renewing a loan each month. We calculated the average annual growth in sales and surpluses of these business. In the case of Fondo Esperanza and Financiera Confianza (the Palabra de Mujer product), there has to be a minimum gap before the renewals are included in the calculation; at least 170 days must elapse between one transaction and the next to be counted as growth.

Swift escape from poverty: 44% in the first year, 59% by the fifth, proof of the growing impact of loans

37. REDUCTION IN THE POVERTY SEGMENT

Credit entrepreneurs renewing a loan in 2024



In all, 63% of entrepreneurs improved their income in 2024, compared to 61% in 2023. While most saw their income increase in 2024, recovery among those living in poverty has been slower and more uneven due to the lingering impacts of the pandemic and ongoing economic instability. On average, the group of entrepreneurs in poverty decreases by 21% in their

second year of engagement with the organization, slightly below the reduction achieved in 2023.

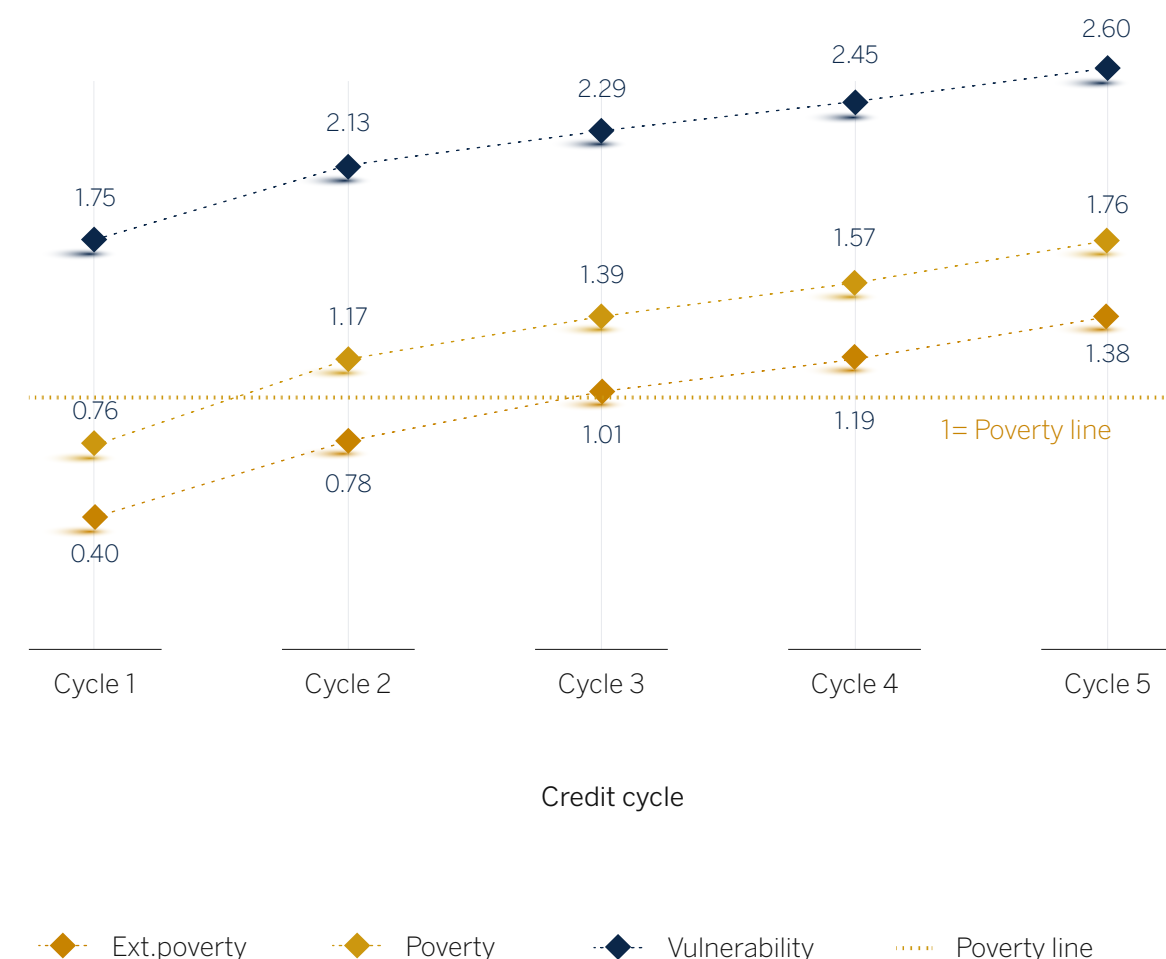
Since a larger proportion of women are falling into poverty, and their performance remains strong, 6 out of 10 women who were previously in poverty manage to overcome it.

G. 37. Entrepreneurs current at the end of 2024 who have renewed a loan during the year. • Escape from poverty: Clients who at the outset of their relationship with the entity were in poverty (classified as extremely poor or poor) and who have generated income above the poverty line. • Fall into poverty: Clients who at the outset of their relationship with the entity were not in poverty (classified as vulnerable or others) and who have generated income below the poverty line. • Net reduction: Difference between those escaping and those falling into poverty.

The longer the credit relationship with entrepreneurs, the stronger their performance

38. INCOME RELATIVE TO THE POVERTY LINE

Credit entrepreneurs renewing a loan in 2024



Overall, **the positive trend continues: the longer the engagement, the better the performance**. After two credit cycles, entrepreneurs classified as poor have broken through the poverty line, while those in extreme poverty take one additional cycle to do so. This is because they start from a more modest financial position and have a longer journey ahead. **Overcoming poverty is a gradual process**, influenced by external con-

ditions, and requires greater care to be given to those starting from the most vulnerable situations.

After at least three credit cycles, the majority have moved beyond poverty. Since these long-term relationships encourage strong performance, it is crucial to continue supporting entrepreneurs over time to help them achieve sustained progress.

G. 38. Entrepreneurs taking out individual loans during 2024, classified according to their situation when they took out their first loan. Graph shows per capita surplus (income) at each credit cycle relative to their country's official poverty line in the year of the disbursement. Relative income takes the value of 1 when it is the same as the poverty line.

People in extreme poverty need more time (at least four loan cycles) to get over the poverty line, which is why longterm relationship building is so important

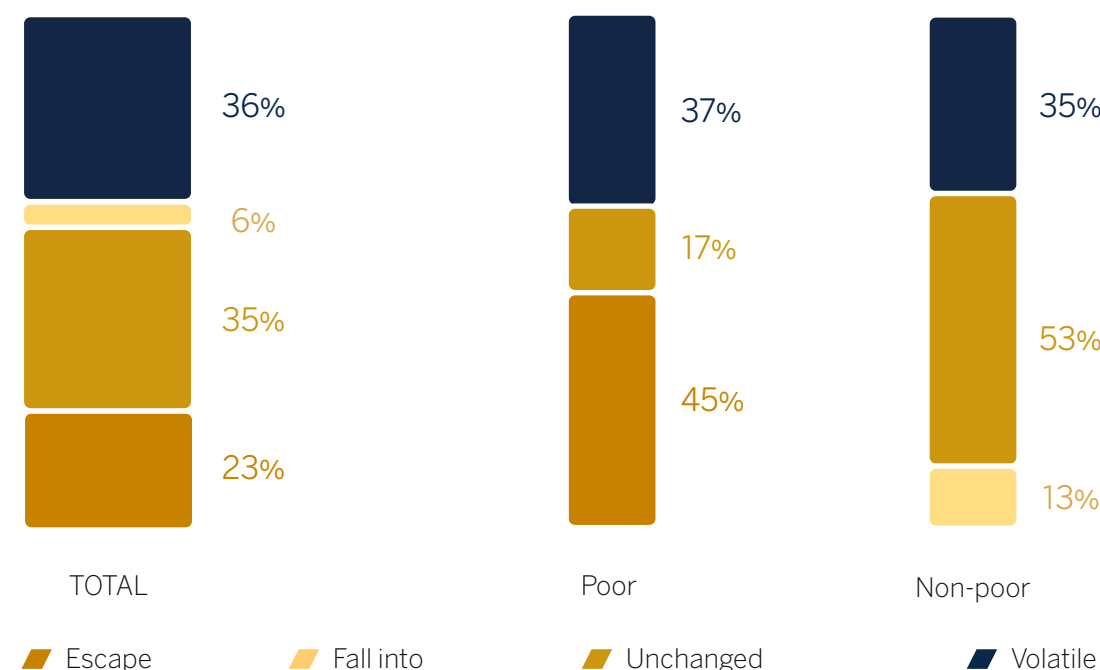
Despite their efforts, some entrepreneurs are unable to stabilize their income, causing them to fall below and rise above the poverty line multiple times. Among those with more than five credit cycles, 36% have fallen below the poverty line at least twice during their relationship with the organization. This figure has not changed significantly compared to 2023. In other words, those who face unexpected events do so in roughly the same proportion—it is part of their "normal existence."

There is still much work to be done: 17% of people who were in poverty have not overcome it ("remain"), and 13% have fallen back into poverty when compared to their initial entry point with one of the institutions. Looking at the data globally, it can be said that 23% have overcome poverty, 6% have seen their income drop below the poverty line, 36% are considered economically volatile, and the remaining 35% are stable (their economic status has not changed over five credit cycles).

That is why it's essential to continue supporting them by means of credit, medium-term savings, insurance, and education—helping them better navigate the challenges they face in their environment.

39. INCOME INSTABILITY

Entrepreneurs more than five years old



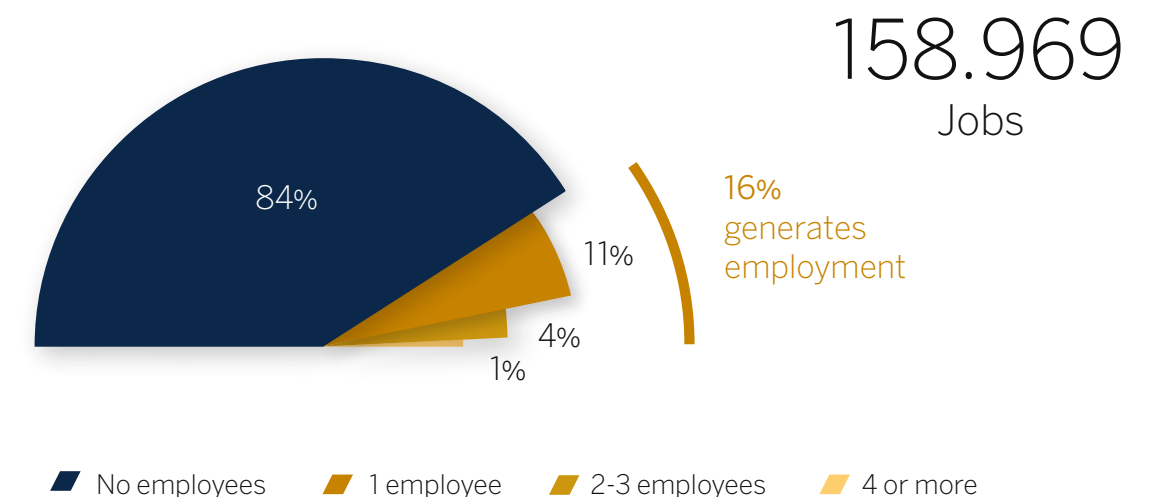
G. 39. Entrepreneurs served between 2011 and 12.31.2024 receiving at least 5 disbursements, analyzing how many times they have crossed the poverty line (PL). Volatile: those whose surplus for each household member crosses the PL more than once. Those who escape poverty: those who were poor at the outset and whose surpluses grow above the PL (and are not recorded as falling below it later). Those falling into poverty: those who were not poor at the outset and whose surpluses fall below the PL (and do not rise again). Stable: those whose situation – whether poor or non-poor – remains the same over the five disbursement periods. Volatility is shown for 2 segments: those poor at the outset, and non-poor.

Employment

The main reason for starting a business is the need to earn a living due to lack of employment or precarious conditions in the labor market. This explains why the majority are self-employed (85%), and as their businesses grow, they gain the ability to hire employees. The remaining 16% manage to employ one or more workers. This highlights the tremendous effort involved and the impact on communities, as it is often difficult for small businesses to hire other people. Entrepreneurs with active loans have employed 158,969 people through their businesses.

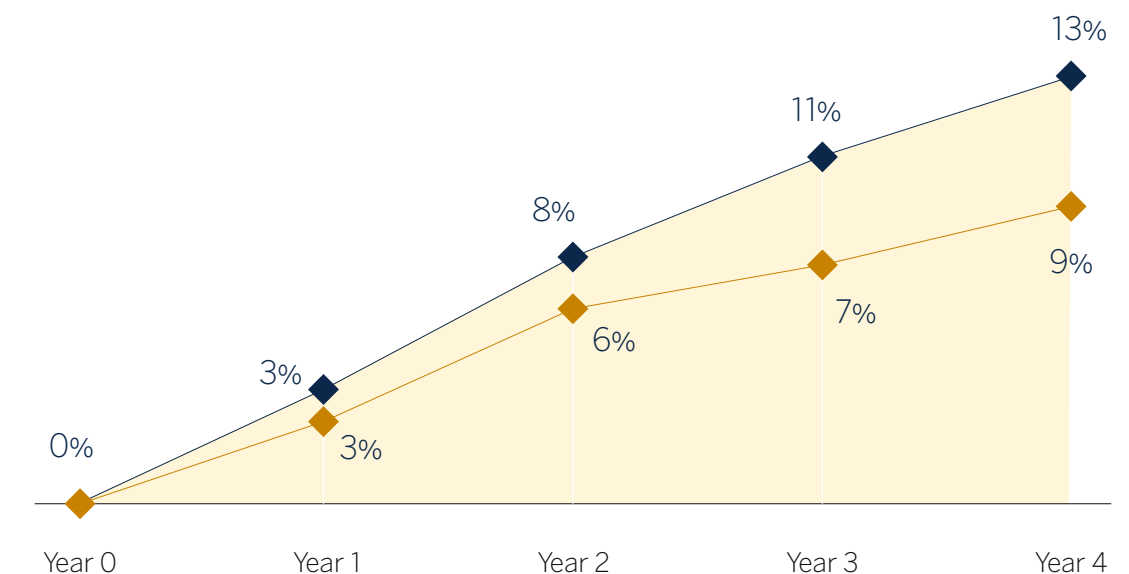
40. SOURCE OF EMPLOYMENT

All credit entrepreneurs



IMPROVED EMPLOYMENT

Entrepreneurs with credit who increase the number of employees in the business



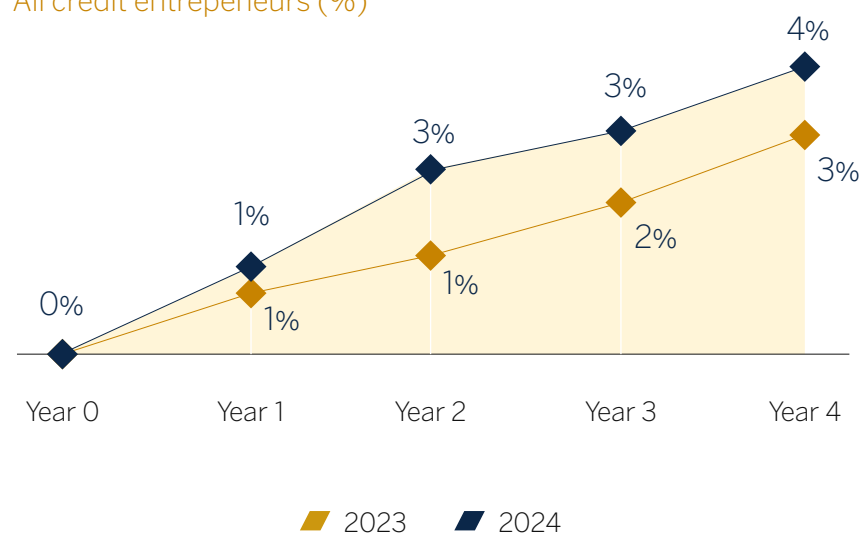
G. 40. Number of employees in current clients' businesses on 12.31. 2024. The increase in the number of employees in the business compared to the outset was analyzed. The averages for the 2021 to 2024 cohorts (entry year) are shown. Information available for Banco Adopem and Financiera Confianza.

Well-being, how they upgrade their homes and education

The profits from entrepreneurial activities are reinvested into the household, as they try to improve their family's living standards. For example, on average, 2% have invested in improving their educational level during the second year—an investment that will yield greater benefits in the medium term—and 6% have improved their housing after three years of engagement with their institution.

41. EDUCATIONAL IMPROVEMENT

All credit entrepreneurs (%)

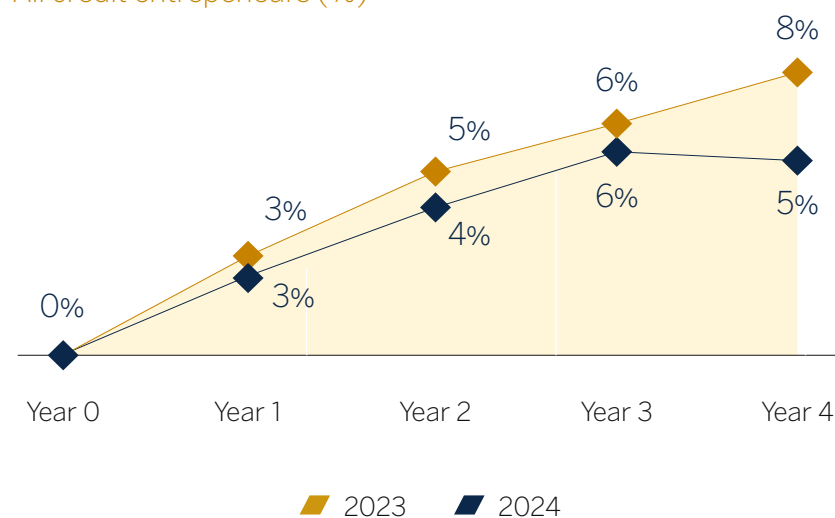


In the fourth year, their level of education improves by

4%

42. HOUSING UPGRADE

All credit entrepreneurs (%)



Clients improving their housing conditions in three years

6%

G. 41. Clients who have improved their educational level from where they were at the outset. Averages for the 2021-2024 cohorts (entry year). Information available for Bancamía.

G. 42. Clients who have bought their own home or upgraded features such as sanitation, construction materials, fuel or number of bedrooms, compared to the situation at the outset. Averages for the 2021-2024 cohorts. Information available for Bancamía, Financiera Confianza & Banco Adopem.

Financial health



Latin America has made significant progress in financial inclusion, with the proportion of banked adults reaching 73% in 2021, an increase of 18.5% since 2017. Additionally, 65% of adults made digital payments in the past year, such as bill payments, transfers, and online purchases¹⁰. Access to financial products is key to managing finances safely, but it is also necessary to address other areas such as generating income, controlling expenses, saving, planning, and managing risks.

This is especially relevant in vulnerable communities, which have a high likelihood of facing unexpected events that can affect both their businesses and their households. Good financial health allows for better resource management, the ability to handle unforeseen situations, and future planning—all of which contribute to improved economic well-being.

Measurement. A measurement framework has been established that includes:

- **Subjective** measurement, showing how entrepreneurs perceive their financial health.
- **Objective** measurement, based on their income and expense management, as well as their level of savings and assets.

All the data is analyzed to identify opportunities for better supporting them with financial resources, whether existing or new. This process requires continuous learning, the development of good habits, and access to appropriate financial services.

10. Adult population (18 years and over) with an account in a financial institution, according to the World Bank's FINDEX data.

Financial health is essential for the well-being and resilience of households

Defining financial health

Definition: At BBVAMF and its entities, financial health is defined as the ability of households to:

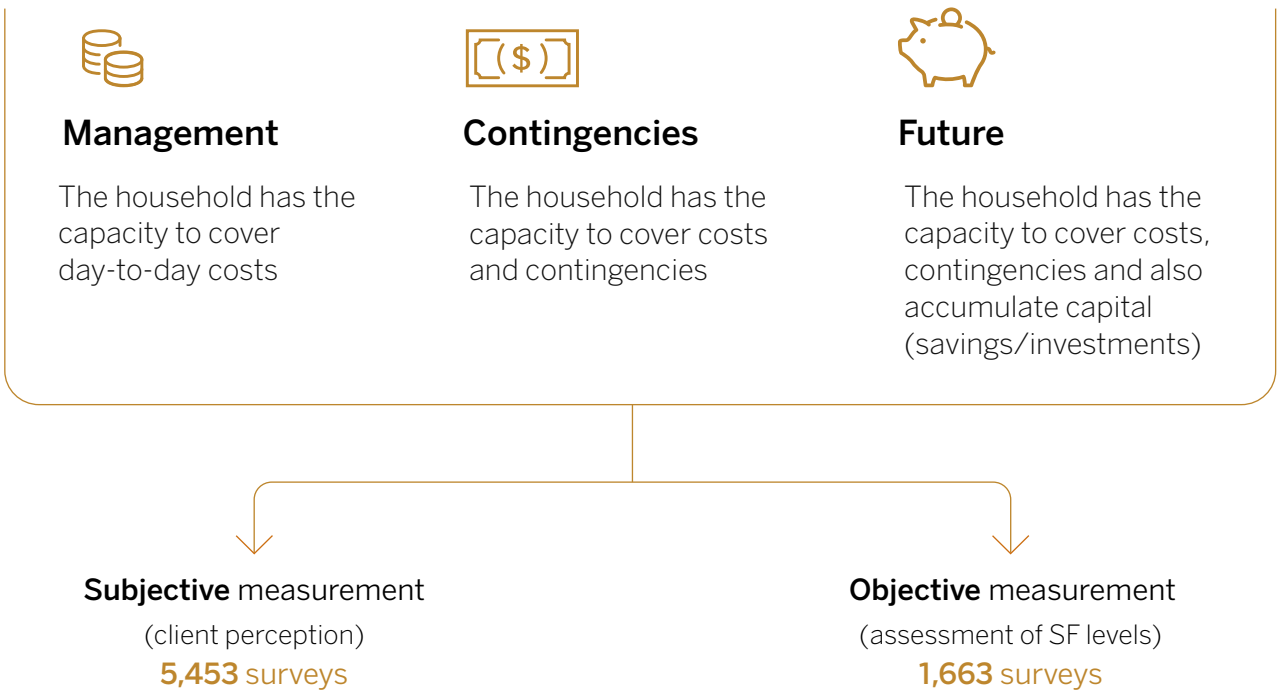
- 1. Manage their finances today (management);
- 2. Manage contingencies (shocks); and,
- 3. Anticipate future situations in order to be able to cope with them (planning and investment).

This definition is aligned with the one established at the G20 Summit in Rio in 2024, and published by The Global Partnership for Financial Inclusion (GPFI):

"A state in which individuals are able to smoothly manage their financial needs and obligations, can cope with negative shocks, can pursue aspirations and goals, seize opportunities, and feel satisfied and confident about their financial lives, keeping in mind country-specific circumstances."

It was also endorsed by the Finance Ministers and Central Bank Governors of the G20. The measurements used are aligned with the GPFI methodological note, although they are not exhaustive.

LEVELS OF FINANCIAL HEALTH



Methodological note: Financial health surveys

Surveys are conducted annually to gain deeper insights into the financial health of the households served. In non-digitalized populations, surveys are the only available tool for measurement, enabling not only the tracking of changes over the year but also capturing perceptions about the usefulness of the tools available.

During 2024, two surveys were conducted—one from a subjective perspective and another from an objective one, assessing levels of savings, assets, and the management of day-to-day income and expenses.

Perception Surveys on Financial Health

	Colombia (Bancamia)	Peru (Financiera Confianza)	Dominican Rep. (Banco Adopem)	Total
Nº surveys	182	4,487	1,900	6,569
Sample	Representative by profile & national coverage	Representative by profile & national coverage	Representative by profile & national coverage	Representative by profile & geographic coverage
Channel	Satisfaction survey conducted by loan officers	Satisfaction survey self-conducted at branch office	Satisfaction survey conducted by loan officers	

Financial Health Surveys

	Colombia (Bancamia)	Peru (Financiera Confianza)	Dominican Rep. (Banco Adopem)	Chile (Fondo Esperanza)	Panama (Microserfin)	Total
Nº surveys	434	1,058	1,109	870	330	3,801
Sample	Representative by profile & only covering entrepreneurs with loans	Representative by profile & only covering entrepreneurs with loans	Representative by profile & only covering entrepreneurs with loans	Representative by profile & only covering entrepreneurs with loans	Representative by profile & only covering entrepreneurs with loans	
Channel	Whats App-Chatbot	Advisors	Advisors+Whats App	Callcenter	Whats App - Chatbot + Callcenter	
Margin of error / confidence	4%/90%	4%/99%	3%/95%	3%/95%	5%/95%	

Household perceptions of their financial health





Financial health includes households’ self-assessment of their economic position. Considering the household’s subjective view is crucial, as it reflects their lived experience, which in turn influences their financial decisions. It also helps pinpoint emotional and cultural factors that cannot be quantified. This subjective analysis is key to understanding their needs and perceptions and serves to complement the objective analysis of financial health.

Although there is a general sense of optimism among households regarding their microfinance relationship, there are differences by country and socioeconomic group:

- Culturally, Dominicans are more optimistic than Peruvians, who perceive greater difficulties across all areas. Colombians fall somewhere in between.
- Socioeconomically, there are differences between countries:

- In Colombia, young people find it more difficult to manage expenses, while in the Dominican Republic, the challenges are slightly more pronounced among women.
- In general, the poorest individuals experience more financial stress and are less optimistic about their future economic situation and goal achievement. This is not the case in the Dominican Republic, where this characteristic may be influenced by remittances, the main differentiator from the other countries. Additionally, newer clients face greater difficulty achieving their goals.
- In the Dominican Republic, it is worth noting that clients with a greater diversity of financial products (over 99% of them) believe they can more easily handle emergencies compared to those who only have liability products.

FINANCIAL HEALTH INDICATORS

 SPENDING POWER	 FINANCIAL INCOME	 FINANCIAL TARGETS	 RESILIENCE
42% of customers Consider their spending power to be higher ¹¹	86% of customers Believes it will have higher future income ¹²	97% of customers You feel you are meeting your financial goals ¹³	98% of customers It considers that its capacity to deal with emergencies has improved. ¹⁴
Bancamía Colombia 42%	Bancamía Colombia 80%	Bancamía Colombia 86%	
F. Confianza Peru 39%	F. Confianza Peru 53%	F. Confianza Peru 70%	
Adopem Dominican Rep. 45%	Adopem Dominican Rep. 86%	Adopem Dominican Rep. 97%	

Note: Data from Bancamia (Colombia); Financiera Confianza (Peru); Banco Adopem (Dominican Rep.).

Note: Data from Banco Adopem (Dominican Rep.).

Spending capacity

42% of respondents believe their spending capacity has improved, while 52% feel it has remained the same. There is a positive correlation between customer satisfaction (NPS, Net Promoter Score) and their perception of good expense management.

Those dissatisfied with their expense management tend to be the poorest, reinforcing the idea that the greater the economic vulnerability, the higher the financial stress. In the Dominican Republic, a greater diversity of financial products is associated with an improved ability to manage spending, suggesting that having access to a variety of financial resources may provide a sense of security.

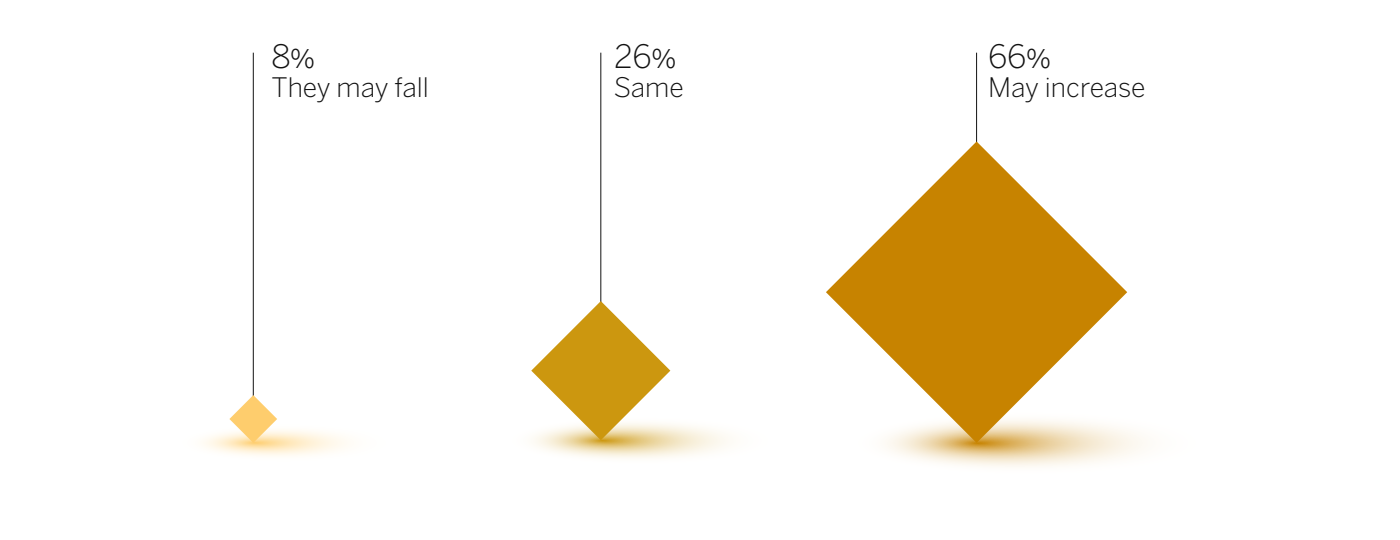
Future income

66% of respondents expect their income to improve in the future thanks to having a product with a financial institution. Only 8% believe that their income might decrease in spite of being clients of an institution. For example, at Financiera Confianza, 59% of young respondents are confident that their income will increase as a result of having a product with the institution.

In contrast, entrepreneurs over the age of 60 at the same institution—although a smaller group—are the most optimistic, with 65% believing their income will improve in the future thanks to their relationship with the institution.

The more diverse their products, the greater their capacity to manage expenditure, which may provide a degree of certainty to entrepreneurs

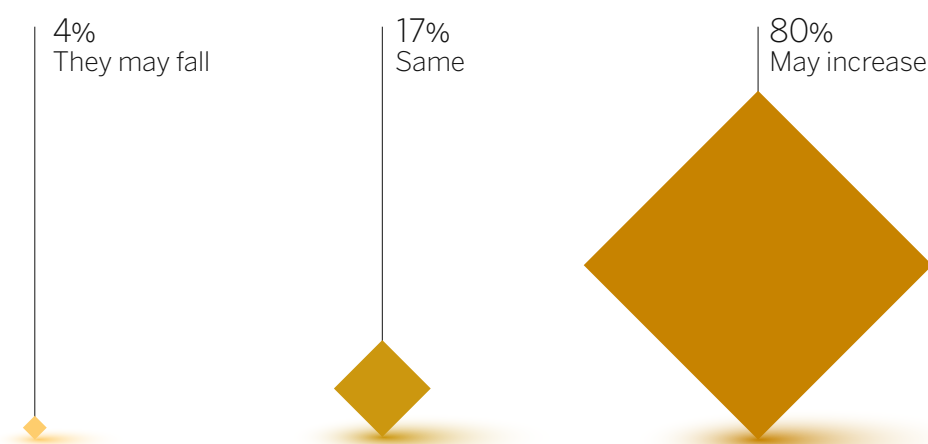
43. FUTURE INCOME Total entrepreneurs surveyed



11. Spending capacity has been constructed as a combination of the following questions: “Since you have been a client, how much has your household spending changed? When it comes to basic expenditure, how much has it changed?” and the question “Has your ability to achieve your current main financial goal improved since you have been our client?”
12. Since you have been our client, do you think that your income will improve in the future? [include answers]
13. Has your ability to achieve your main financial goal improved since you have been our client?
14. Since you have been our client, has your ability to resolve unexpected economic outlays improved?

44. MEETING FINANCIAL TARGETS

Total entrepreneurs surveyed



Future income

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Assessment of household financial health

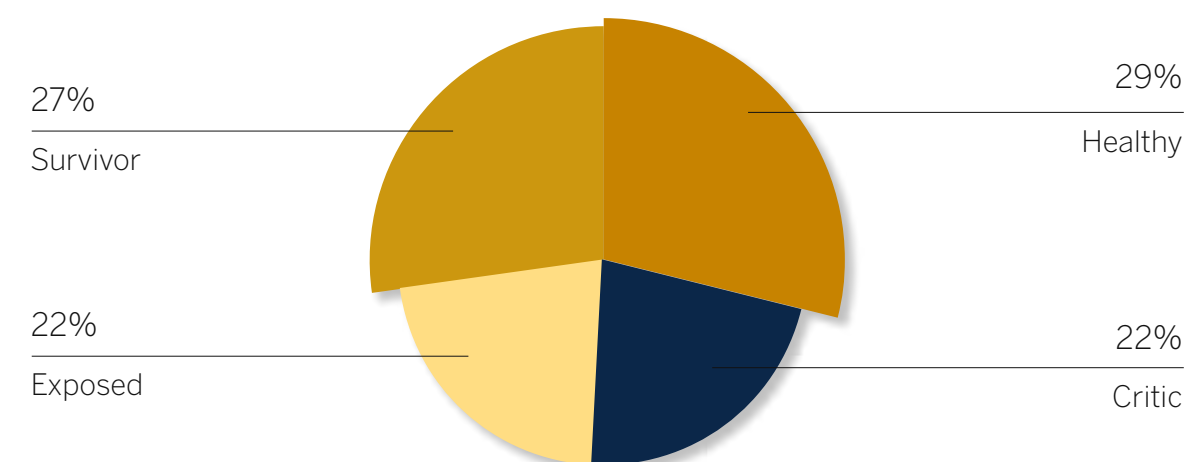
Maintaining good control over day-to-day money management and accumulating savings and assets contributes to a more secure and prosperous financial future. The higher the level of financial health, the more likely individuals are to turn to formal loans for investment, rather than relying on informal sources such as loans from family and friends. This highlights the importance of guiding entrepreneurs toward using financial tools that support their long-term stability.

This financial health survey assesses households' management of income and expenses, along with their level of savings and assets. 29% of households manage their finances comfortably, 22% are in a critical situation, and the remaining 49% are somewhere inbetween. The lowest levels of financial health were found in Colombia and Panama.

22% of households are in a critical situation, while 29% manage their finances well

45. HOUSEHOLD FINANCIAL HEALTH

Total entrepreneurs surveyed



Financial health index



- **Healthy:** able to manage day-to-day spending comfortably, maintaining savings and asset levels for at least 7 months.



- **Exposed:** able to manage day-to-day spending without difficulty and keep savings & asset levels for at least 1 months.



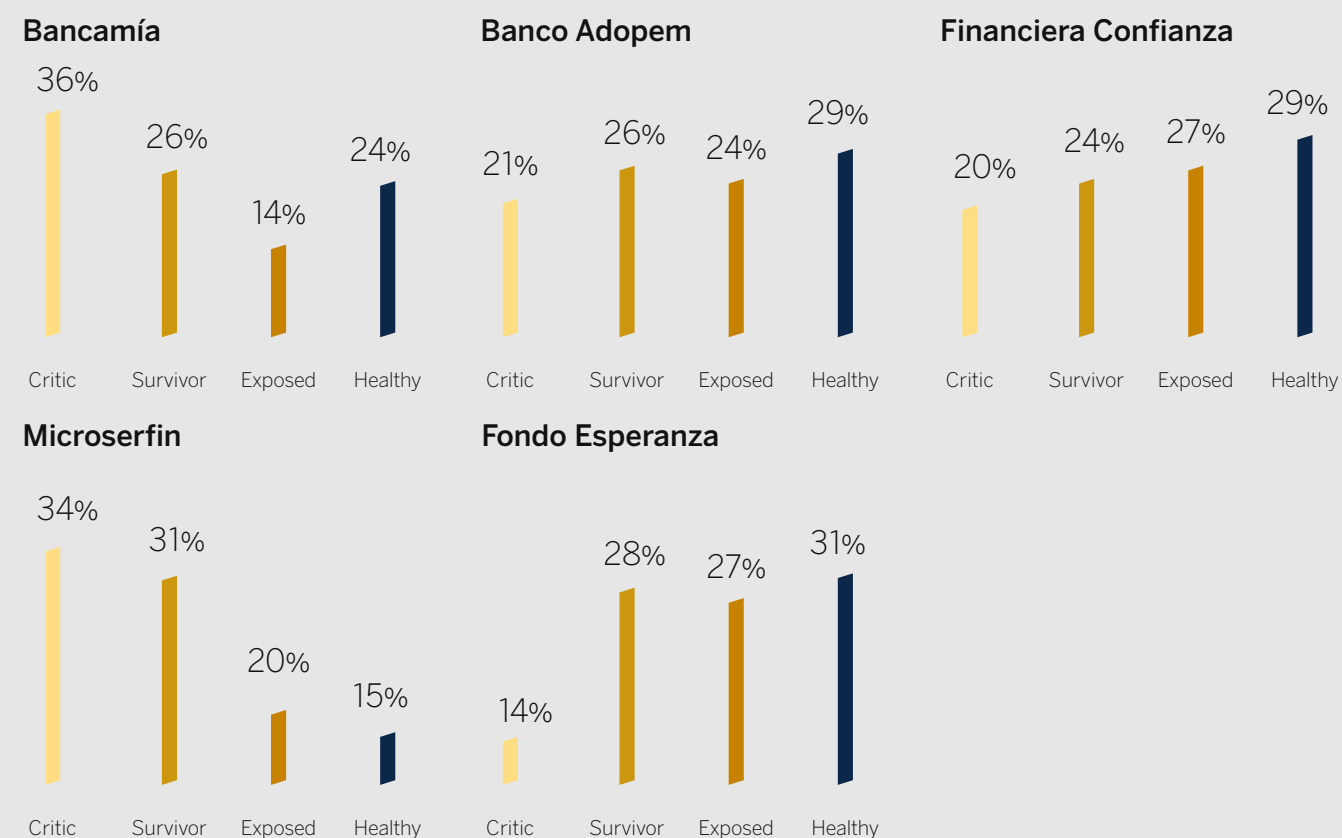
- **Survivor/Fragile:** One or other of the following: (1) Great difficulty (or unable) to manage day-to-day spending, whatever their asset level; or (2) No savings.



- **Critical:** Has difficulty managing day-to-day spending and has no savings or has spent them.

When analyzed by country, Colombia and Panama have the weakest financial health.

FINANCIAL HEALTH BY COUNTRY



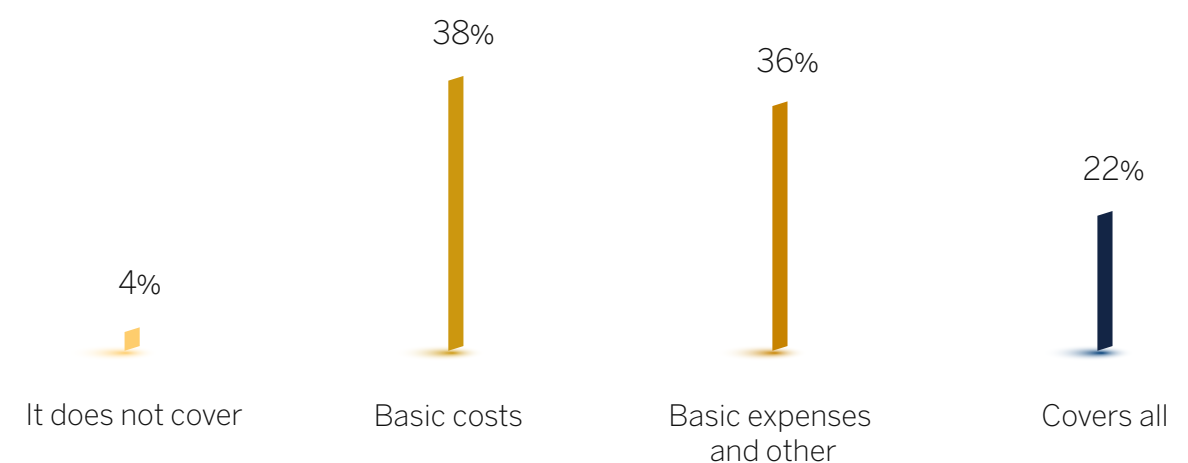
Trends in Expenses vs. Income

Households' ability to cover their expenses is generally positive, with 63% stating they manage to do so with the same or fewer difficulties than the previous year. Only 4% report significant difficulty in covering their basic expenses. However, with older people and those with less formal education, stress linked to managing expenses tends to rise.

Income instability has edged up since 2023: 45% of households concentrate most of their income within a maximum period of 9 months, compared to 44% in 2023. In other words, they are unable to guarantee income throughout the entire year.

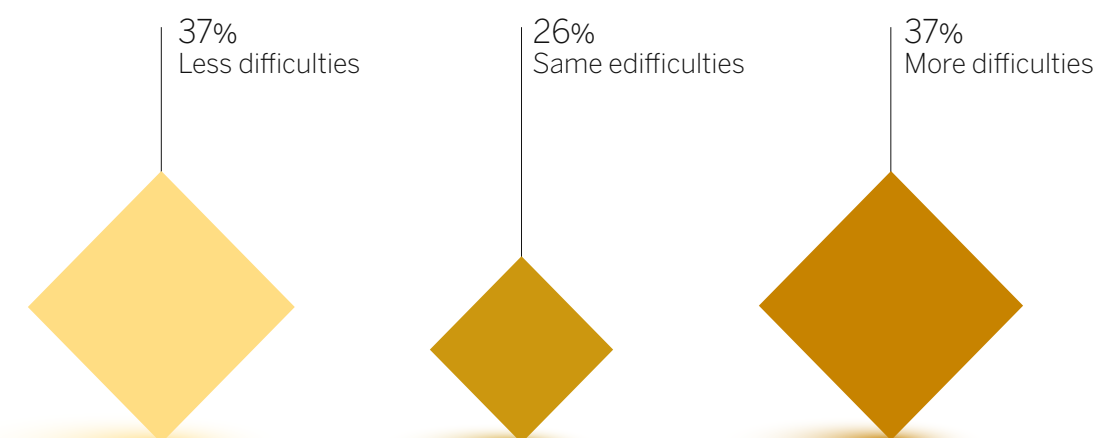
46. COVERAGE OF HOUSEHOLD EXPENSES

Total entrepreneurs surveyed



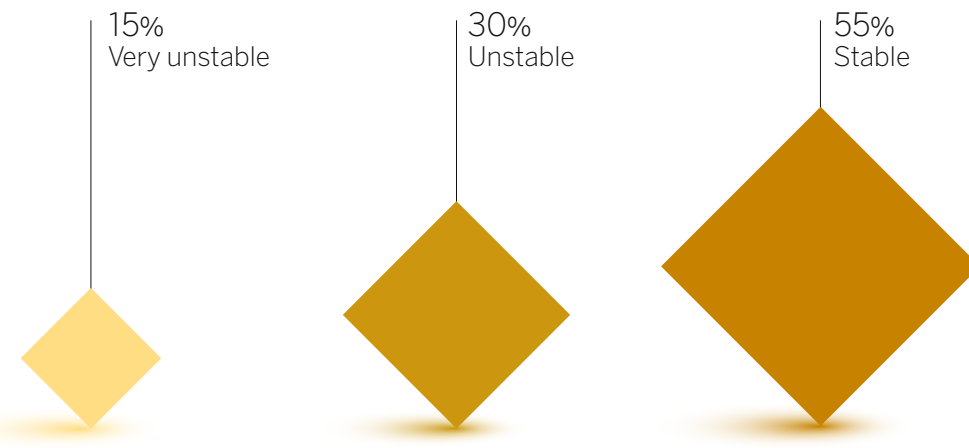
47. EVOLUTION OF EXPENDITURE COVERAGE, COMPARED TO THE PREVIOUS YEAR

Total entrepreneurs surveyed



48. INCOME INSTABILITY

Total entrepreneurs surveyed

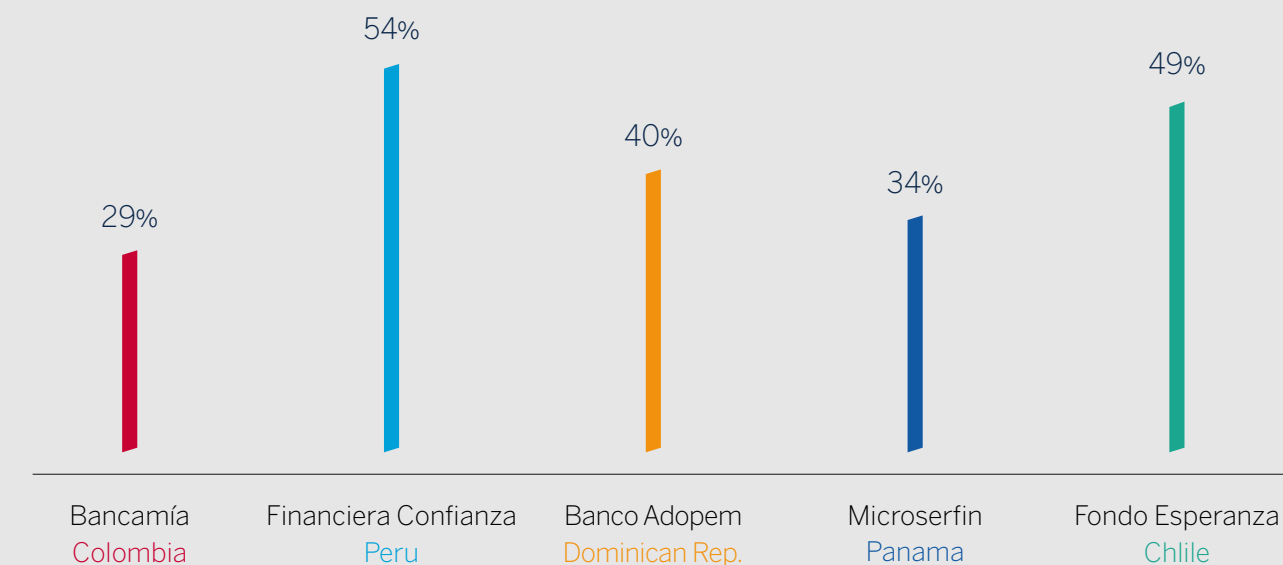


45% of households face income instability, receiving the majority of their income within a maximum period of 9 months per year. Microserfin has successfully reduced income instability, with Panama shifting from being the country with the highest instability in

2023 to the lowest in 2024. On the other hand, Fondo Esperanza and Banco Adopem have experienced an increase in income instability, while at Financiera Confianza, the proportion of entrepreneurs with unstable income remains 50%.

UNSTABLE INCOME

Proportion of entrepreneurs who receive the majority of their income in a maximum of 9 months



Savings and asset growth

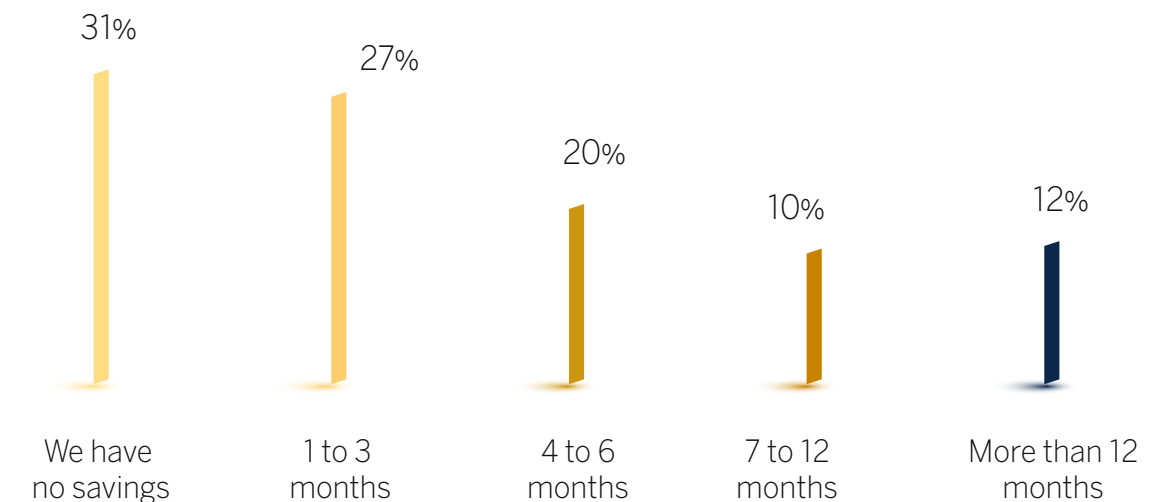
In contrast to day-to-day financial management, which focuses on income and expense flow, the ability to maintain regular savings and build long-term value-generating assets is crucial.

Although the majority of households have savings and have managed to maintain or even increase their financial cushion (61%), the overall level of savings remains low. Only 22% could survive for more than six months using only their savings.

Overall, our clients' households have low levels of savings, although there is a significant group that could live off them for up to six months, which indicates a good level of financial preparedness. This suggests there is potential to improve saving habits among these households. Banco Adopem and Financiera Confianza clients account for a higher proportion of this group. In Banco Adopem (Dominican Republic), the high number of savers may be due to its extensive national coverage, excellent branch infrastructure, and the trust people place in the financial system.

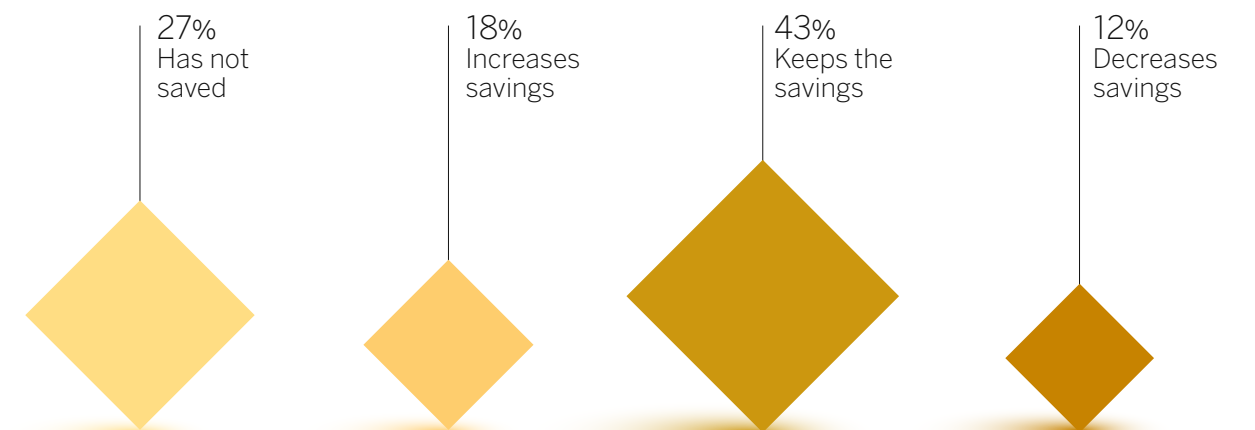
49. LEVEL OF SAVINGS

Total entrepreneurs surveyed



50. SAVINGS PERFORMANCE OVER THE LAST YEAR

Total entrepreneurs surveyed

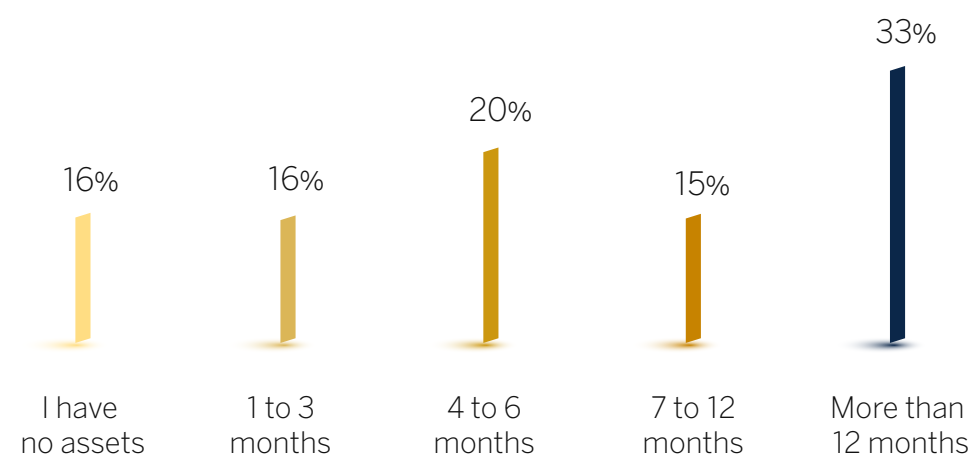


This group tends to favor investment, as 74% have maintained or increased their level of savings and/or assets compared to the previous year. Additionally,

48% could live for more than six months if they sold the assets from their business or household.

51. PROPERTY AND ASSET LEVEL

Total entrepreneurs surveyed

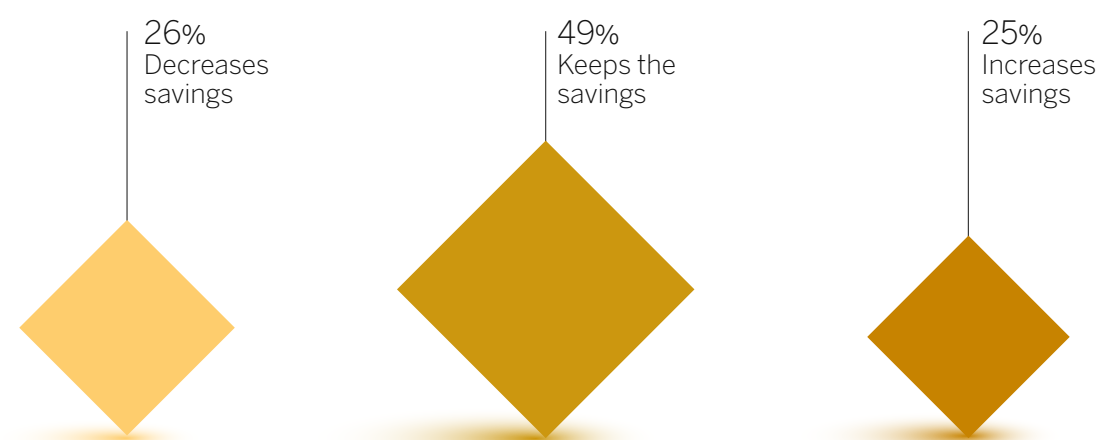


In contrast to savings, entrepreneurs are reporting a good level of assets. Nearly 1 in 2 could live for more than six months by selling their business and household goods. Fondo Esperanza stands out with the

highest percentage of entrepreneurs in this group (60%), while only 13% of Microserfin's entrepreneurs have a high level of assets.

52. EVOLUTION OF GOODS AND ASSETS

Total entrepreneurs surveyed

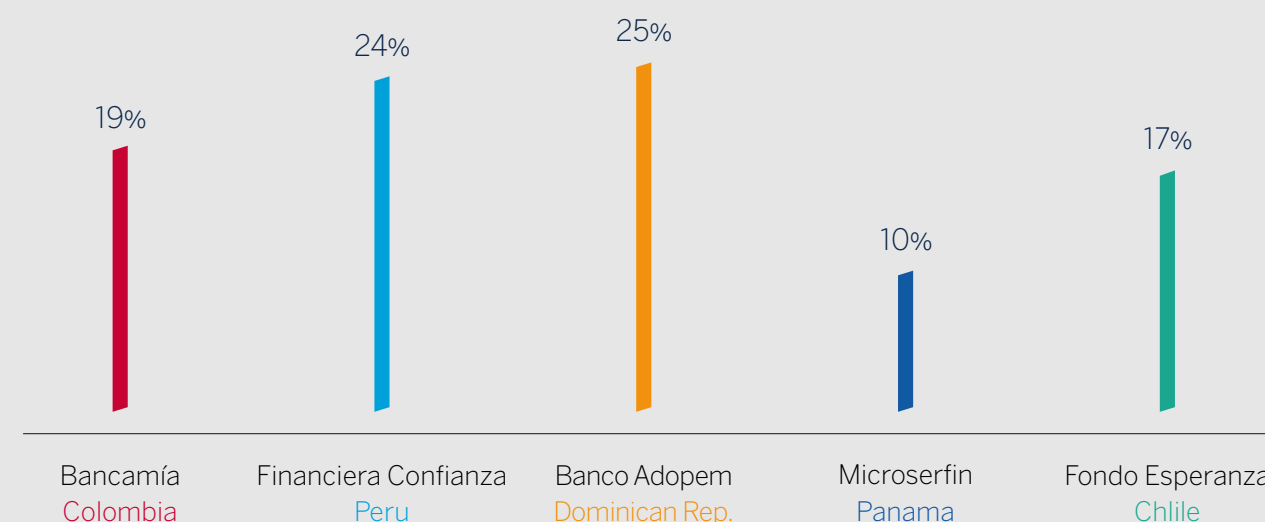


In contrast, entrepreneurs show a good level of assets: almost one in two can live for more than six months if they sell their assets

Vulnerable households give priority to savings products that are flexible and liquid, enabling them to access their funds quickly if they need them

ENTREPRENEURS WITH MORE SAVINGS

Proportion of entrepreneurs who can live on savings for more than 6 months

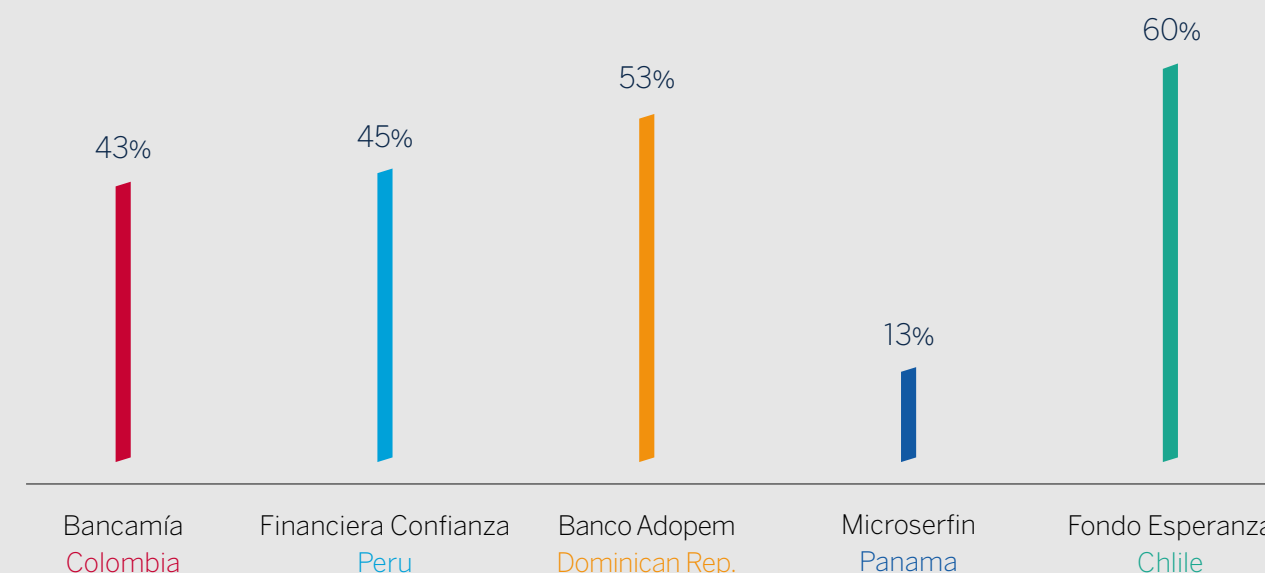


Saving in vulnerable households is driven by a range of reasons (sickness or natural disasters), specific goals (education, housing), social events (weddings and funerals) and business opportunities.

Given their precarious level of savings, vulnerable households give priority to savings products that are flexible and liquid, enabling them to access their funds quickly if they need them.

ENTREPRENEURS WITH MORE ASSETS

Proportion of entrepreneurs who can live longer than 6 months if they sell their assets





In terms of savings and investment preferences, most people allocate these resources primarily to business assets, and to a lesser extent, to household goods. As financial health improves, the proportion of people who save and invest also increases.

The main characteristics that influence investment preferences are age, environment, economic level, and education:



Young people tend to allocate more savings on education, whereas older adults prefer to invest in business assets.



Among those with technical education, a higher percentage save. Individuals with higher education tend to allocate more savings to education and emergencies than those with lower educational levels.



In rural areas, there is a stronger preference for using savings on household goods compared to urban areas.



There is a negative correlation between poverty and the percentage of people who save. The most vulnerable are less likely to invest their savings in business assets compared to non-vulnerable individuals.

The higher the level of monetary vulnerability, the lower the percentage of people who save

Conclusion

Although it is crucial to manage one's finances daily, the ability to save and invest for the long term is also fundamental for economic stability. **Even though 61% of households save, the levels remain low**, with just 22% capable of surviving for more than 6 months solely on their savings. This is the consequence of unstable income streams and the possibility of contingent expenses. **Instead, they are investing in goods: 48% could live on their business or household goods for over 6 months if they sold them.** This helps them not only to generate income, but may also be lower risk investments with more predictable returns. In the face of the lack of resources to deal with contingencies, formal loans are a key tool to meet these needs.

A virtuous cycle is completed when savings turn into productive investments, generating higher incomes and in turn making greater savings possible. For this reason, **there is a positive correlation between financial health and the capacity to save and invest.** Households with better financial health tend to save more.

In short, vulnerable households face a complete scenario when they take financial decisions. Although they prioritize flexible saving, with liquidity, in order to manage risks and specific goals, they also seek opportunities for productive investment that allow them to raise their incomes. Trust in financial institutions, access to information and training, and the availability of micro-credits and microinsurance, are crucial factors in driving saving and investment by these households, and contribute to reinforcing their financial resilience.



FMBBVA Institutional Activity | 2024



Madrid, 22 February

IV Edition of the go!ODS Awards Ceremony
United Nations Global Compact & the Rafael del Pino Foundation



Punta Cana, 8 March

BID – IDB Invest
Annual meetings of the Governors' Assemblies.
Business Forum: Trade, Investment and
Public-private cooperation as catalysts for
sustainable development in Latin America and
the Caribbean



Online, 22 & 23 April

OECD NetFWD
Shaping Philanthropy's Support to Brazil's G20
Gender Objectives



Madrid, 9 May

BBVAMF event
DIME Grants Awards presentation with the
20 winners



Madrid, 11 April

SpainNAB / COFIDES - AECID
Launch of the SpainNAB International Area:
Towards a Just Transition in the Global South



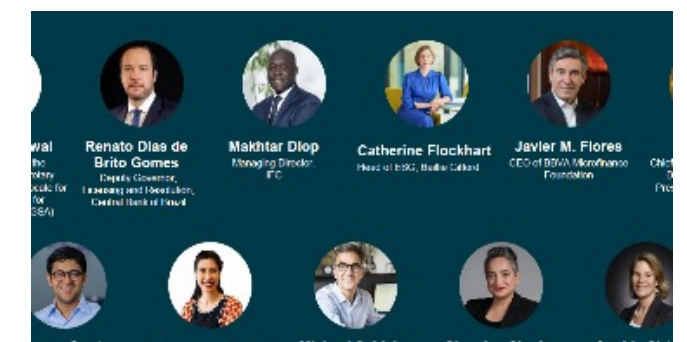
London, 17 April

BBVA
Training session: Introduction to the BBVA
Microfinance Foundation



Washington, 13 May

CGAP
Supply-Side Gender Disaggregated Data
(SSGDD) for Advancing Financial Inclusion
Technical Advisory Group meeting



Washington, 13 May

CGAP
Financial Inclusion 2.0 initiative
Champions Meeting



Madrid, 19 April

Become BBVA Senior CIB
BBVA Microfinance Foundation



Madrid, 21 May

BBVA, Spanish Accounting & Business Administration Association (AECA) & Network of Financial Institutions for Ecuadorian Development (RFD).
Financial inclusion event, in the framework of the MentorKey program: How we drive development at BBVAMF

FMBBVA Institutional Activity | 2024



Madrid, 29 May

BID

50 Anniversary of the Madrid declaration and launch of the European chapter of the BID for the Americas program



Online, 27 June

BBVAMF event

Behind the purpose: Instagram Live International SMEs Day



Madrid, 4 July

Communication Observatory

Responsable & Medialuna OCARE awards ceremony



Panama City, 8 July

Joint event held by BBVAMF, Microserfin & the United Nations Development Program (UNDP)

Presentation of the BBVAMF Social Performance & the UNDP Human Development reports



Santo Domingo, 9 July

Joint BBVAMF, Banco Adopem & UNDP event

Presentation of BVAMF's Social Performance & the UNDP's Human Development Reports



Bogota, 10 July

Joint BBVAMF, Bancamía & UNDP event

Presentation of the BBVAMF Social Performance and the UNDP Human Development Reports



Lima, 11 July

BBVAMF, Financiera Confianza & UNDP event

Presentation of the BBVAMF Social Performance and the UNDP Human Development Reports



Madrid, 17 July

Audience with H.M. Queen Letizia for Colombian and Peruvian grant recipients at the Zarzuela Palace



Paris, 5 September

Visa Payments Forum

Visa Foundation Roundtable



Madrid, 13 September

Become BBVA senior CIB

FMBBVA Institutional Activity | 2024



Madrid, 18 September

AECID & BBVAMF

Filming by the Spanish TV company RTVE
Conversations in Casa de América



Online, 18 September

CAF

Financial wellbeing: what is it, how does one measure it, and why is it important for countries and for financial institutions?



Washington, 28 October

CGAP

Financial Inclusion 2.0: Embracing a New Outcome Agenda
Moving into the Future of Outcome Measurement: What are the solutions of today – and the future?



Madrid, 31 October

UCCI & SEGIB

First Ibero-American Cities Meeting
Sustainable financing for the future development of Ibero-American cities. New approaches in public-private structuring in Local Government



Online, 8 - 18 October

Center for Financial Inclusion

Financial Inclusion Week 2024



Costa Rica, 17 & 18 October

IICA

V Forum for Women Ministers, Vice-ministers and senior civil servants in Agriculture



Lima, 6 November

Joint Financiera Confianza & BBVAMF event

Ceremony awarding university funding to the children of entrepreneurs (BBVA Peru HQ)



Bogota, 21 October

OCDE

Private sector meeting, 3rd Ministerial Summit on Social Inclusion
The private sector's contribution to social inclusion
Women in Business in LAC



Bogota, 7 November

Bancamía & BBVAMF event

Ceremony awarding university funding to the children of entrepreneurs (BBVA Colombia HQ)



Luxemburgo, 13 - 15 November

e-mfp.

European Microfinance week2024

The Business Case for Client Financial Health: Voices from the Field

FMBBVA Institutional Activity | 2024



Tarragona, 14 November

Corresponsables

XV Corresponsables Awards gala

INCLUSION AND SOCIAL IMPACT



Online, 27 November

Banca de las Oportunidades

Perspectives on measuring degrees of financial wellbeing

WOMEN'S EMPOWERMENT



Online, 4 March

Equals Access Coalition meeting



Madrid, 7 March

BBVAMF & UN Women Spain, co-hosted event
Accelerating equality, a joint agenda



Madrid, 29 November

ie

Master in International Development Session
on Financial markets and development



Madrid, 18 December

ie

Jury member on the ie Challenge:
Financial Inclusion



Madrid, 8 March

BBVA & BBVAMF

Move for Equality breakfast, marking International
Women's Day



New York, 12 March

Spain's Permanent mission to the United Nations
CSW 68: Meeting with the Equalities Minister



New York, 13 March

UN Women

CSW 68: Generation Equality Networking Reception

FMBBVA Institutional Activity | 2024



New York, 13 March

OECD
CSW 68: Netfwd Side Event: Gender and Climate in philanthropy



New York, 13 March

AFAMMER
CSW 68: The role of NGOs and rural women



New York, 13 March

OIJ
CSW 68: Education, Youth & Gender



New York, 14 March

BBVAMF event with The Trust for the Americas, Panama's Social Development Ministry and the Colombian permanent Mission to the UN
At the HQ of the UNCSW 68: Gender-lens Financing & Innovating to End Poverty



New York, 14 March

UN WOMEN
Women Expo, Harvard Club



Bogota, 10 & 11 April

FinEquity (CGAP) Bancamía, CAF, WWB Colombia Foundation & Banca de las Oportunidades.
Annual LAC FinEquity meeting in Bancamía.
- Effective financial inclusion solutions for women in LAC
- Gender-lens investing
- The development agenda with a gendered approach: Challenges and opportunities
- From evidence to action: Serving vulnerable populations
- The power of data disaggregated by gender



Online, 17 October

Generation Equality
Virtual Dialogue
Multistakeholder partnership accelerating achievement of key development agendas

WOMEN'S EMPOWERMENT



Panama, 17 September

Microserfin event
Launch of the "Escala Mujer" loan and insurance product



Madrid, 3 October

BBVAMF, IICA & FADEMUR co-hosted event
International Rural Women's Day
The role of rural women in achieving sustainable development

FMBBVA Institutional Activity | 2024

WOMEN'S EMPOWERMENT



Washington, 29 & 30 October

BI, BERD, We-Fi, American University & UC Berkeley
Accelerating Growth for Women-led SMEs
Research Conference



Online, 5 December

FinEquity & CAF
Experiencias en el diseño de programas de educación financiera con perspectiva de género y economía del comportamiento



Madrid, 11 December

Forbes influential women
Transformative women: creating impact and positive changes in society

DIGITALIZATION



Madrid, 29 January

HRC TRENDS BARCAMP 2024
Session on culture, people and digital trends



Madrid, 7 March

Amazon
Women in technology, with a social impact



Online, 23 April

EDISON Alliance - GSMA Handset Affordability
Coalition meeting



Bilbao, 23 May

WITH (Women in Tech)
WITH 2024 gala – Women leaders



Madrid, 19 June

Pan American University of Mexico - IEB
Visit by students to BBVAMF headquarters to see digital innovation initiatives

FMBBVA Institutional Activity | 2024

DIGITALIZATION



Online, 27 June

EQUALS global partnership to bridge the digital gender divide
Access Coalition meeting



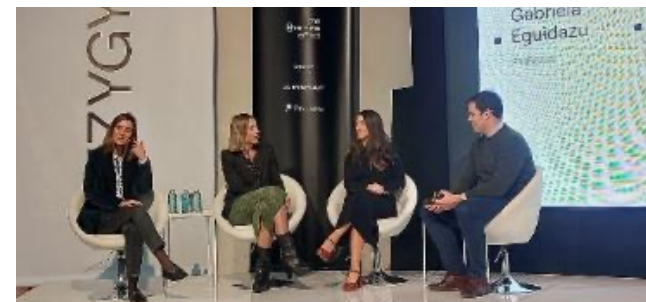
Madrid, Colombia, Peru, Dominican Republic, Chile and Panama, 18 July

BBVAMFG event
Demo Day: Going forward together



Online, 11 October

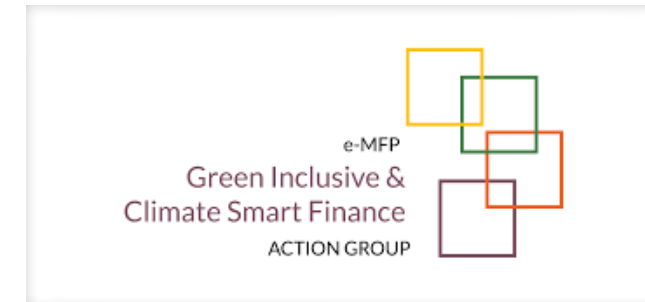
ITU
P2C Community Update Webinar



Madrid, 21 November

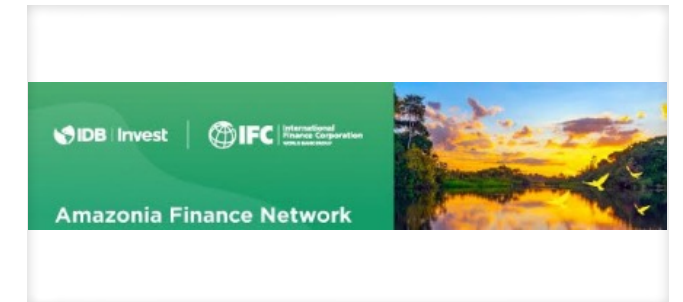
Syzygy
Positive Impact Innovation Festival 2nd Edition
Positive Impact at the core of Business Models

ENVIRONMENT



Online, 6 February

E-MFP
Green Inclusive & Climate Smart Finance Action Group meeting



Online, 8 February

IFC & BID Invest
Amazonia Finance Network First Meeting



Online, 10 April

CGAP
Community of Practice on Climate Resilience and Adaptation for Inclusive Financial Institutions



Bogota, 21 May

ICEX Spain, Exports & Investment, the Spanish Embassy's Economic & Trade Office
Spain-Colombia meeting for people in business: Sustainability as a way of accessing business opportunities



Londres, 11-13 June

CGAP
Council of Governors Annual Meeting 2024.
Panel Inclusive Finance for Adaptation



Online, 27 June

CGAP
Community of Practice on Climate Resilience and Adaptation for Inclusive Financial Institutions

FMBBVA Institutional Activity | 2024

ENVIRONMENT



Punta Cana, 17-19 July

REDCAMIF

Regional Forum on the Evolution of Inclusive Finance for Sustainability.

Panel Structuring climate-smart efforts within finance ecosystems: linking actors and initiatives



Nueva York, 21 September

Ban Ki-Moon Foundation, Chanel Foundation & CIFF
UNGA 79: Gender Equality and Climate Change Roundtable



New York, 24 September

Barclays & Business Fights Poverty
UNGA 79: Enabling a Just Transition through Climate Insurance



Online, 13 November

USAID Climate Finance for Development Accelerator
CFDA Info & Pitch Session

PARTNERSHIPS



Madrid, 31 January

AECID

Meeting at the HQ of BBVAMF with the Director of Multilateral, Horizontal & Financial Cooperation



Online, 6 March

CGAP

Meeting with their CEO



Online, 9 April

EDISON Alliance's
Executive Network Meeting



Madrid, 25 April

CGAP

Visit by their CEO to the HQ of BBVAMF



Madrid, 8 May

AECID

Meeting with the Director and team at their HQ

FMBBVA Institutional Activity | 2024

PARTNERSHIPS



Londres, 11 - 13 June

CGAP
Council of Governors Annual Meeting 2024
- Official announcement: BBVAMF to join CGAP as a Strategic Partner



Online, 27 June

NetFWD OCDE
Members' meeting to coordinate participation in the UN General Assembly and the Summit of the Future



Madrid, 9 September

Trust for the Americas
Meeting with their CEO



Nueva York, 20 September

NetFWD OCDE
UNGA 79: Philanthropy for the Future: The role foundations can and should play post



Online, 7 July

NetFWD OCDE
Members' meeting with the UN General Secretary's Executive Office's Partnerships & External Affairs department



Madrid, 24 September

AEF
Corporate Foundations meeting



Madrid, 24 October

Meeting with ICC & the CEO of Merchants of Peace Foundation



Madrid, 18 July

ICEX
Meeting with the new CEO



5 September

Women Entrepreneurs Finance Initiative (WE-Fi)
housed in the World Bank
BBVAMF signs up to the We-Fi Code



Washington, 29 October

CGAP
Financial inclusion 2.0 partner meeting

FMBBVA Institutional Activity | 2024



Online, 4 December

CGAP

Young Women's Financial Inclusion: What Works



Madrid, 10 December

ICEX

Jury in the closing session of the 3rd edition of the Inclusive Businesses Laboratory



Madrid, 17 December

Chile-Spain Foundation

Meeting with their Executive director at the HQ of BBVAMF

PARTNERSHIPS

Acknowledgments | 2024



BBVAMF

- **Go!ODS Awards.** United Nations Global Compact. Winner of the global award and in the SDG1 category End poverty
- **Responsible Communication Observatory (OCARE) & Medialuna awards** for the best CSR campaigns. Finalist for the Best internal audience campaign
- **SME Financier of the Year, Platinum Award.** Global SME Finance Forum. (IFC & Global Partnership for Financial Inclusion)
- **Corresponsables award**, in the category of Best-written information to journalists for general interest media
- **Global Bank of the Year for Financial inclusion award** to BBVA for its contribution, through the BBVA Microfinance Foundation. Bank of the Year Awards 2024. The Banker

COLOMBIA. Bancamía

- **Fintech Americas Financial Innovators 2023 award.** Gold in Innovating the business model
- **Bancóldex Recognition** as a Strategic Ally to Microentrepreneurs



- **Reconocimiento Gran Solidario**, de la Fundación Solidaridad por Colombia for the impact made by the Transforming Realities grants, given in conjunction with BBVA to enable the children of entrepreneurs to attend university
- **Making your mark award**, in the Initiative that makes a mark category
- **Certificate of Quality in Financial Education** in the Women category, issued by Colombia's Financial supervisory body, the Superintendencia Financiera.

Acknowledgments | 2024

PERU. Financiera Confianza

- Fintech Americas Financial Innovators 2023 awards. Gold in the Innovating the business model category
- Recognition for the work done to improve water and sanitation systems, Asomif & Water.org



- Winners in the World Savings Week: Integrated financial education proposal and Most actively cooperative institution categories. *Banking, Insurance & Pension Fund Management (SBS)*
- Premio Dejando Huella, en la categoría Iniciativa que Deja Huella
- Fintech Americas Financial Innovators 2024 awards in the Digital transformation category

DOMINICAN REPUBLIC. Banco Adopem



- Fintech Americas Financial Innovators 2023 awards. *Silver in the Insurtech category*
- Recognition for the Rural Finance & Environment program in the CONEP and UNDP 2023 Catalog of Promising Practice
- Making DR equal Gender equality certificate, awarded by the United Nations Development Program (UNDP) and the Dominican Republic's Women's Ministry

- Certificate of Transparency, A+ rated. Central American & the Caribbean Microfinance Network (REDCAMIF)
- Fintech Americas 2024 Financial Innovators awards, *Silver in the Sustainability & Social Responsibility category*
- Recognition in MicroRate's 2024. *Top Rating for achieving the most outstanding classifications in Social and Environmental Rating, five stars, and Gold for Customer protection standards*

CHILE. Fondo Esperanza



- Fintech Americas Financial Innovators 2023 awards. *Silver in the Social impact (ESG) category*
- Corresponsables award. *Finalist in the Best opinion piece category*
- Fintech Americas Financial Innovators 2024 awards. *Platinum in the Client Experience category*

PANAMA. Microserfin



- SDG Certification Good Practice awards: *In Digital Transformation and Women's empowerment. Honorable mention in Employment & Entrepreneurship*
- Fintech Americas Financial Innovators 2023 awards. *Gold in the Client Experience category.*
- Global Banking & Finance Awards 2024. *Award for Best Microfinance Institution in Panama*
- Latin American Securities Exchange (Latinex). *Recognition for issuing the first social bond instrument in Panama*
- Corresponsables Award. *Finalist in the Major Corporation category*

- Best Microfinance Institution in Panama (Global Banking & Finance Review)
- Market Champions, First Issuance of a Social Bond instrument in Panama. (Latin American Securities Exchange - Latinex)
- Nominated for Huellas del Istmo awards, organized by the University del Istmo Panama (UDI), for its Escala Mujer Program.
- Recognition in MicroRate's 2024 Top Rating for excellence in the institutional classification and in the Social and Environmental Rating.