

## Entrepreneurship

In the 2016-2018 Community Investment Plan the entrepreneurship support programs are organized into a single line of action that thus becomes particularly important. Through this line of action, BBVA supports two types of entrepreneurs:

- Vulnerable entrepreneurs, who are supported through the BBVA Microfinance Foundation.
- Entrepreneurs who create high social impact through their enterprises, who are supported by the BBVA Momentum program.

### BBVA Microfinance Foundation

As part of its commitment to **financial inclusion**, in 2007 the BBVA Microfinance Foundation (BBVAMF) was set up as a non-profit institution whose mission is to promote sustainable and inclusive economic and social development for the most underprivileged people in society through responsible productive finance. This model seeks to foster the development of its customers and offers vulnerable entrepreneurs a customized service by bringing not only a full range of financial products and services to their homes or companies, but also advice and training related to the financial administration and management of their small businesses.

Every year, the Foundation publishes its **Social Performance Report**, entitled "Midiendo lo que Realmente Importa"

(Measuring What Really Matters). It offers economic and social information that provides more detailed information on certain characteristics and dynamics of the customers it serves, with the goal of offering a better financial and supportive service.

Since the Foundation was set up, it has disbursed an aggregate volume of US\$10,795m to low-income entrepreneurs in Latin America for the development of their productive activities. It is now one of the largest private philanthropic initiatives in the region.

BBVA Microfinance Foundation basic data

	2017	2016	2015
Number of Customers	1,941,232	1,826,607	1,712,801
Social Impact (millions of people) <sup>(1)</sup>	6.8	7.3	6.9
Number of Employees	8,051	8,038	7,910
Number of Offices	514	507	509
Volume of credit portfolio (million euros) <sup>(2)</sup>	951	1,009	936
Average amount for microcredits (euros) <sup>(3)</sup>	1,090	1,161	1,046
Number of countries footprint	5	5	7

<sup>(1)</sup> It is calculated by multiplying the number of customers by the average family unit ratio.

<sup>(2)</sup> Composed of current portfolio, portfolio in default and interest.

<sup>(3)</sup> Weighted by cumulative number of operations.

In **2017**, the Foundation, which has more than 8,000 employees, have continued to focus on the most disadvantaged areas, providing support for 1.9 million customers. Moreover, 57% of its customers are women, which contributes directly to reduce gender inequality.

Data from a gender perspective of the BBVA Microfinance Foundation

	2017		2016		2015	
	Number of Women Customers	Women/ Total Customers (%) <sup>(1)</sup>	Number of Women Customers	Women/ Total Customers (%) <sup>(1)</sup>	Number of Women Customers	Women/ Total Customers (%) <sup>(1)</sup>
Emprende Microfinanzas (Chile)	5,549	57	6,469	58	6,386	60
Fondo Esperanza (Chile)	96,300	82	91,793	83	85,549	84
Bancamía (Colombia)	505,310	55	463,663	56	443,239	56
Financiera Confianza (Perú)	237,672	48	228,393	49	213,740	49
Microserfin (Panamá)	7,470	43	7,198	42	6,754	43
ADOPEM (Rep. Dominicana)	256,818	66	259,996	67	244,577	68
<b>Total</b>	<b>1,109,119</b>	<b>57</b>	<b>1,057,512</b>	<b>58</b>	<b>1,000,858</b>	<b>58</b>

<sup>(1)</sup> For the percentage of women, both the assets and liabilities are informed (in net terms).

The Foundation's mission and methodology have been acknowledged by the United Nations on various occasions for their contribution to the SDGs of the 2030 Agenda for ending all forms of poverty, fighting gender inequality, supporting inclusive, sustainable economic growth and decent work, among other.

In 2016, the United Nations Economic and Social Council (ECOSOC) granted the Foundation consultative status, as an acknowledgment of its work within its area of action: microfinance for development. The United Nations may consult the Foundation to provide guidance and recommend actions conducive to sustainable development. In 2017, the Foundation has actively participated in the Commission on the

Status of Women (CSW61) at the United Nations Headquarters in New York.

On the other hand, since 2015, the Foundation has also formed part as founding member of the Private Sector Advisory Group for the UN Sustainable Development Goals Fund (SDG Fund), in which 13 institutions and global corporations provide strategic support to the UN to achieve the best results possible in sustainable development, in coordination with the private sector.

In addition, since 2016, the Foundation has also participated in the UN Secretary-General's High-Level Panel on Women's Economic Empowerment, which has selected the Foundation as a case study.

In 2017, to celebrate its 10th anniversary, the Foundation organized the Forum for the Development of Financial Inclusion, which dealt with the issue of financial inclusion, technological challenges and the role of women in the economy. Her Majesty Queen Letizia presided at the forum.

Disaggregated data by microfinance institution of the BBVA Microfinance Foundation

	2017			2016			2015		
	Customers	Employees	Offices	Customers	Employees	Offices	Customers	Employees	Offices
Emprende Microfinanzas (Chile)	9,796	148	20	11,106	163	21	10,568	159	21
Fondo Esperanza (Chile)	117,331	608	54	110,817	560	53	102,141	514	52
Bancamía (Colombia)	913,977	3485	200	828,499	3,542	199	785,535	3,583	200
Financiera Confianza (Perú)	493,164	2127	153	468,902	2,137	149	435,879	2,168	153
Microserfín (Panamá)	17,528	265	13	17,084	243	11	15,674	224	11
ADOPEM (Rep. Dominicana)	389,436	1,418	74	390,199	1,393	74	361,722	1,238	70
<b>Total</b>	<b>1,941,232</b>	<b>8,051</b>	<b>514</b>	<b>1,826,607</b>	<b>8,038</b>	<b>507</b>	<b>1,712,801</b>	<b>7,910</b>	<b>509</b>

In 2018, the Foundation will continue working to develop its scale and scope, with an extended value proposition that allows its entrepreneurs to develop and progress through

technology-based solutions, as well as to improve efficiency and processes.

Credit portfolio data by microfinance institution of the BBVA Microfinance Foundation

	2017			2016			2015		
	Average Loan Amount (euros) <sup>(1)</sup>	Default Rate (%)	Volume of Credit Portfolio (thousand euros)	Average Loan Amount (euros) <sup>(1)</sup>	Default Rate (%)	Volume of Credit Portfolio (thousand euros)	Average Loan Amount (euros) <sup>(1)</sup>	Default Rate (%)	Volume of Credit Portfolio (thousand euros)
Emprende Microfinanzas (Chile)	1,344	7.8	13,520	1262	6.4	13,861	909	4.9	10,473
Fondo Esperanza (Chile)	726	0.5	66,330	691	0.6	61,308	566	0.7	46,895
Bancamía (Colombia)	1,089	5.4	336,070	1205	5.3	354,004	999	5.1	329,843
Financiera Confianza (Perú)	1,723	2.9	403,716	1,871	2.9	434,566	1,820	2.2	419,894
Microserfín (Panamá)	1,309	3.5	23,960	1,397	4.4	25,888	1,278	4.3	22,167
ADOPEM (Rep. Dominicana)	609	4.0	107,699	669	3.7	119,571	584	3.5	104,809

<sup>(1)</sup> Calculation. Microcredit average amount: amount disbursed accumulated in the current year, divided by the number of accumulated operations of the same period. Volume of credit portfolio: Profitable Portfolio + Past-due Portfolio (Change of approach, excluding accrued interests as of 2Q16).

## BBVA Momentum

BBVA Momentum is a social entrepreneurship support **program** aimed at promoting the growth and consolidation of innovative social enterprises that are at the growth stage. The program provides entrepreneurs who are starting out with training in business management, strategic mentoring, visibility, networking and access to financing and the markets.

The program is carried out in coordination with top **business schools** and with the participation of BBVA executives, who provide a strategic mentoring service.

Created in 2011 and initially developed in only three countries (Spain, Mexico and Peru) it was transformed in 2017, when the program was given greater scope, efficiency and impact. In February it was launched simultaneously in five countries: Spain, the United States, Colombia, Mexico and Turkey. A total of 87 entrepreneurs participated in the program, completing the training period satisfactorily and submitted their growth plans to access financing. Since its launch, 199 companies have participated in the program.

[Annex 15 - Main indicators of BBVA Momentum](#)

## Other initiatives supporting entrepreneurship

Together with the initiatives within the 2016-2018 Community Investment Plan, there are other programs in BBVA supporting entrepreneurship, such as **BBVA Open Talent**, which has been mentioned in the chapters on Strategy and business model and Customer relationship in this report.

It is also important to note initiatives adapted to the local environment, such as the Women **Entrepreneur Executive School** program, implemented in 2012 by Garanti Bank in Turkey for training women entrepreneurs through the Boğaziçi University Lifelong Learning Center. As part of the program, women entrepreneurs receive 100 hours of training on subjects such as business creation, innovation and sustainable management.

In Colombia, the **Emprendimiento Met Colombia** (Colombia Met Entrepreneurship) program promotes sustainable, responsible and innovative female entrepreneurship through

training, support, networking and communication. It fosters the intensive use of technology and is particularly focused on social innovation. This initiative has been developed in partnership with the Met Community organization and has benefited 550 women entrepreneurs since it was launched.

Finally, the **Blue BBVA Challenge** has been held in Spain since 2012. It is a program that offers training in entrepreneurial techniques for young people, including ideation, prototyping, strategic vision and communication techniques. The methodology follows the “learning by doing” model, and includes: online training; an inspiration day, during which 250 young people work in teams to solve the challenges of their community; and a challenge experience, in which participants whose ideas receive most votes from a jury of experts work together for a weekend to improve their projects and compete in the Blue BBVA Challenge final.