

Financiera Confianza Peru

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

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

435,879

Total clients

213,152

Credit clients

92,363

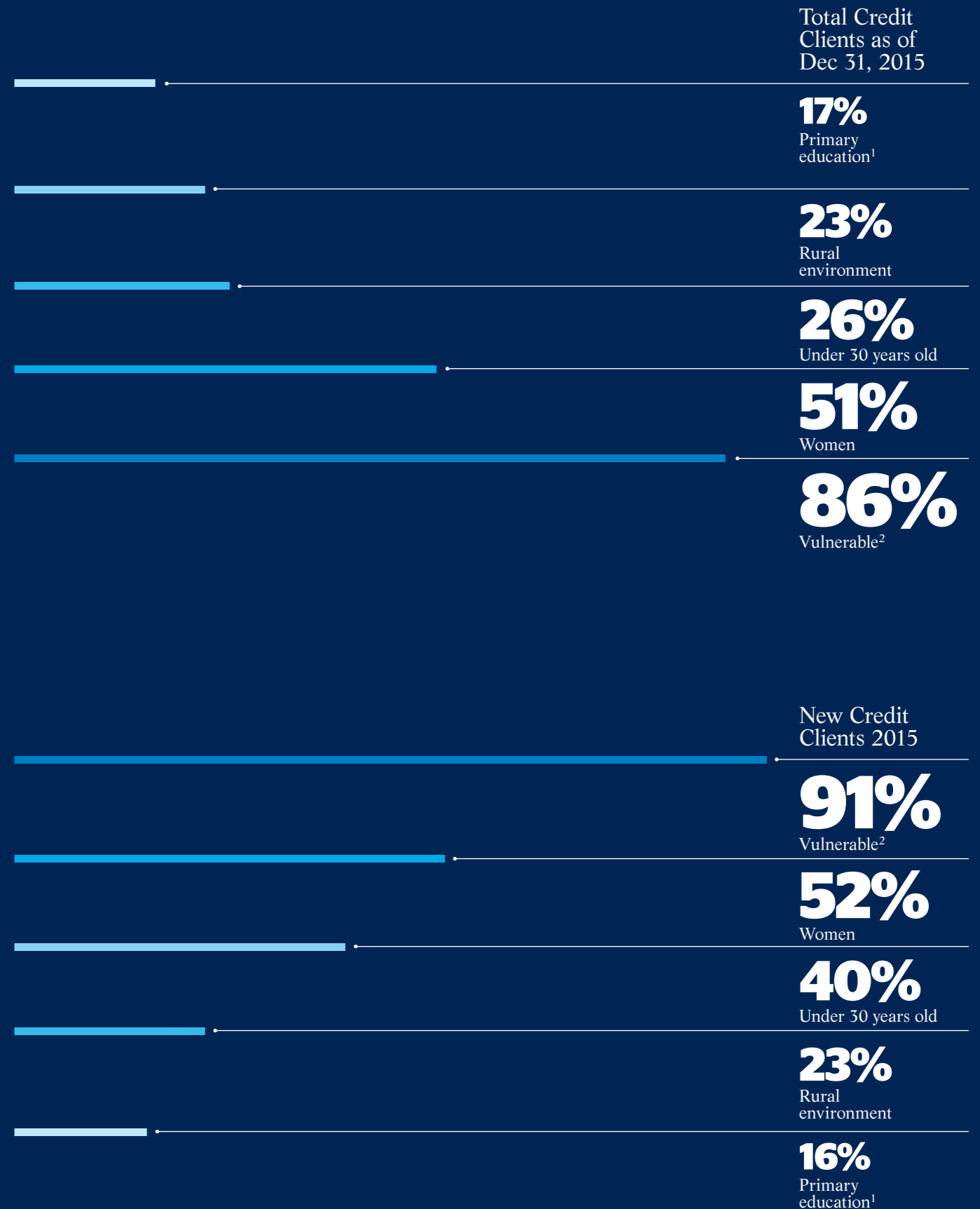
New credit clients

1_Clients with primary education at best, as proportion of all credit clients.

2_According to Peru's official poverty line (distinguishing between rural and urban environments). Source: National Statistics & IT

Institute. Clients whose net income (i.e. profit obtained from their micro-enterprise) divided by the number of members in the family unit (per capita) is no more than

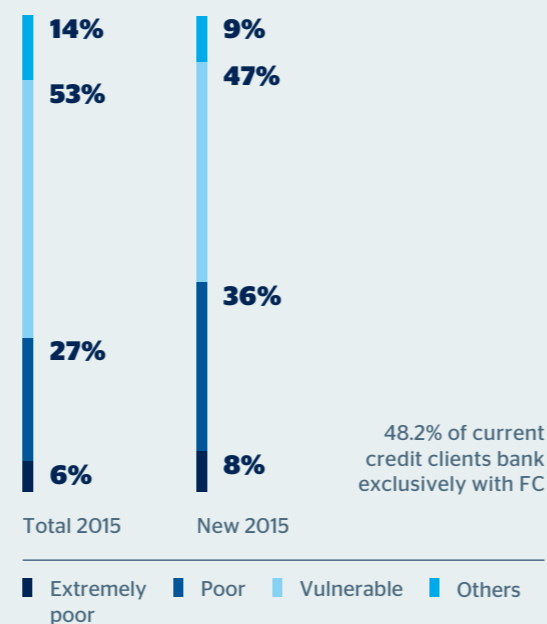
3 times the poverty line of their corresponding country and type of environment (rural/urban).



Our clients and our scale

Financiera Confianza remains focused on serving low-income clients. **86% of its clients are economically vulnerable.**

Client economic vulnerability ¹



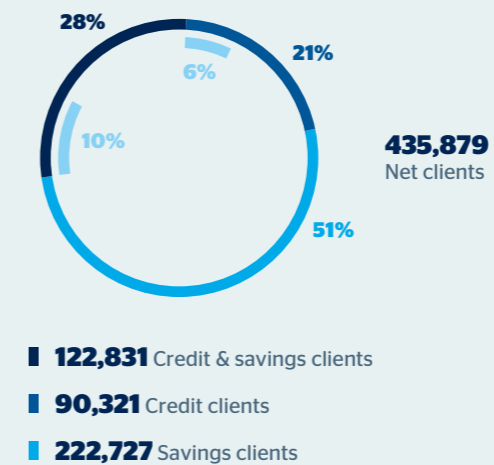
Source: Financiera Confianza. BBVAMF calculations.

1_According to Peru's official poverty line (distinguishing between rural and urban environments). Source: National Statistics & IT Institute. Clients whose net income (i.e. profit obtained from their micro-enterprise) divided by the number of members in the family unit (per capita) is no more than 3 times the poverty line of their corresponding country and type of environment (rural/urban).

2_No information available about levels of insurance products held by savings clients.

3_Takes into account clients joining during the year (new clients).

Clients by type of product ²

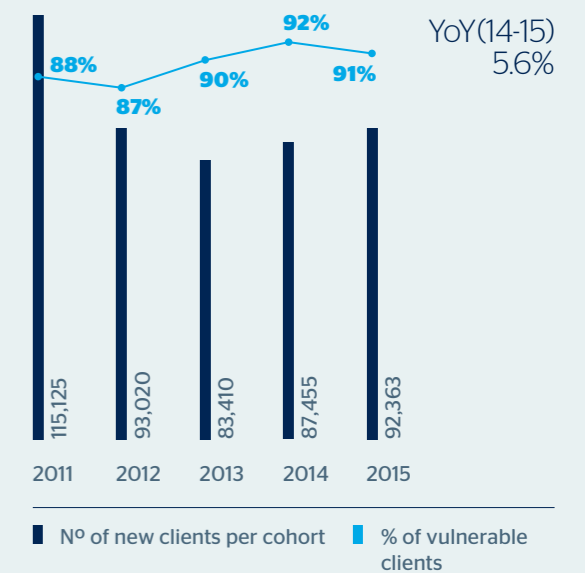


% of total clients with non-mandatory insurance products within each product segment

Source: Financiera Confianza. BBVAMF calculations.

- The client acquisition rate (YOY (14-15) 5.6%) has remained steady, particularly so in terms of its focus on signing up vulnerable clients: these account for over 90% of clients acquired in the last 3 years.
- New clients' profile is essentially unchanged, with a noticeable increase in new clients who are less than 30 years old. (see next page)

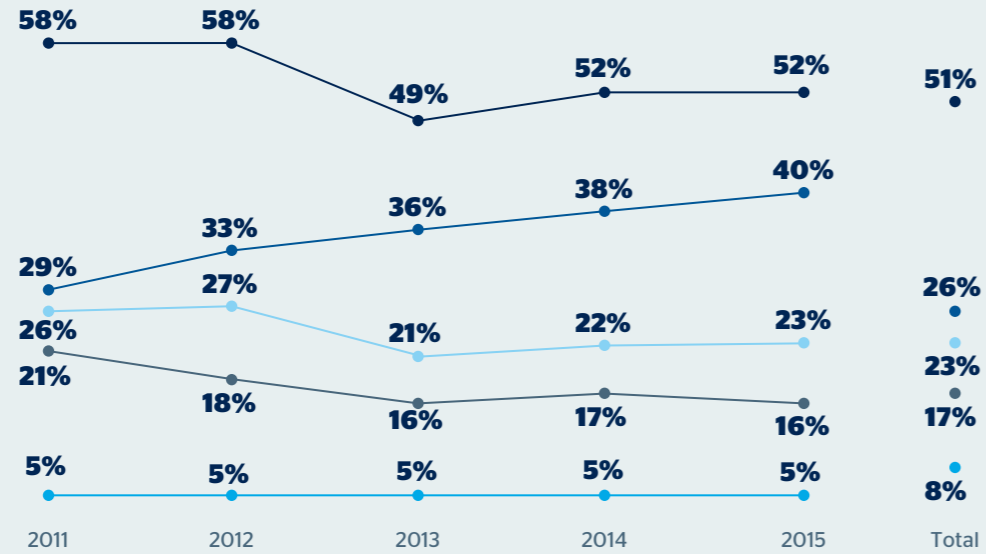
New credit clients ³



Source: Financiera Confianza. BBVAMF calculations.

- There has been a trend in the last few years to sign up clients with lower sales levels, whilst keeping the ratio of loan installment over sales at around 11%. (see next page)

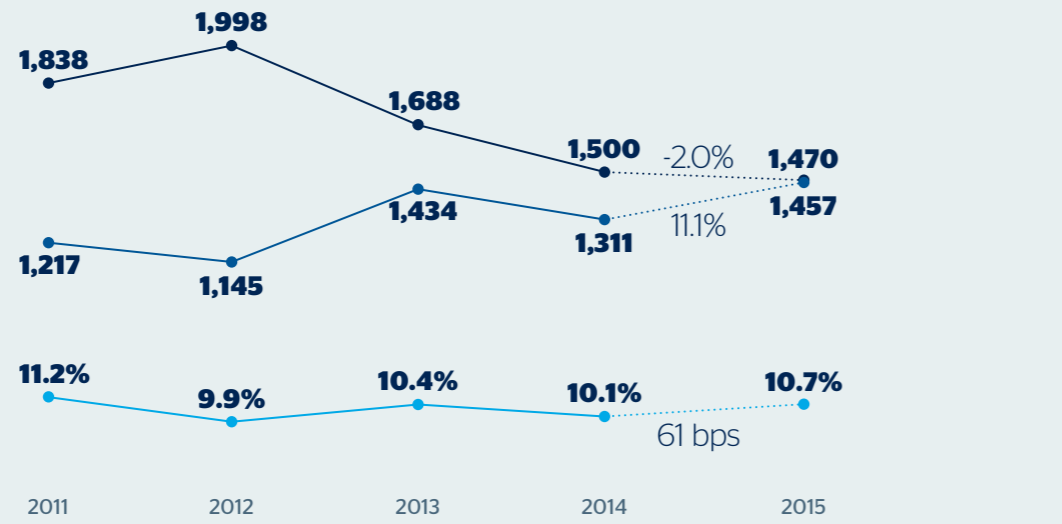
Profile of our credit clients³



■ % Women ■ % Under 30 yrs ■ % Over 60 yrs ■ % Rural ■ % With primary educ. (at best)

Source: Financiera Confianza. BBVAMF calculations.

Sales, disbursement & weight of credit installment³



■ Avg. monthly sales (USD) ■ Avg. disbursement (USD)⁴ ■ Weighting of credit installment (% of sales)⁵

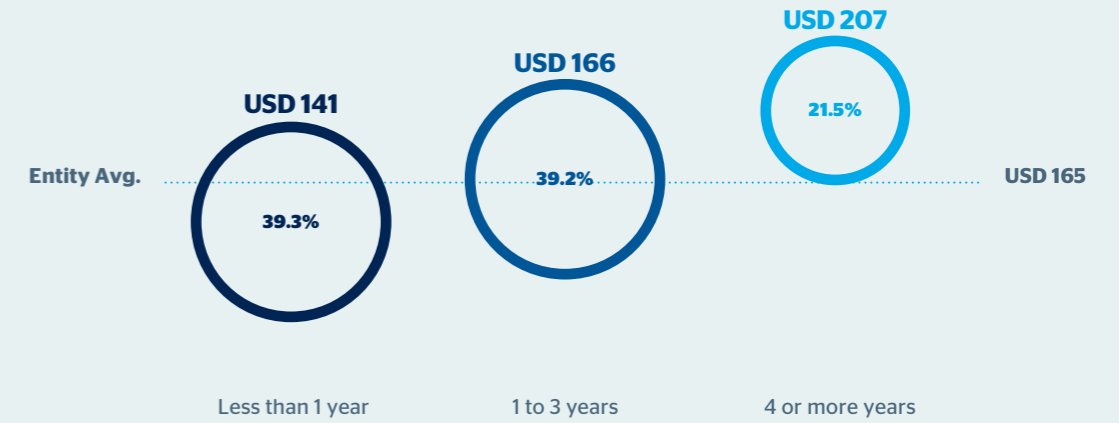
Source: Financiera Confianza. BBVAMF calculations.

³ Takes into account clients joining during the year (new clients).

⁴ Average disbursement, calculated as the average first disbursement for new clients each year.

⁵ Weight of the installment calculated as a ratio average (installment divided by sales) of each client.

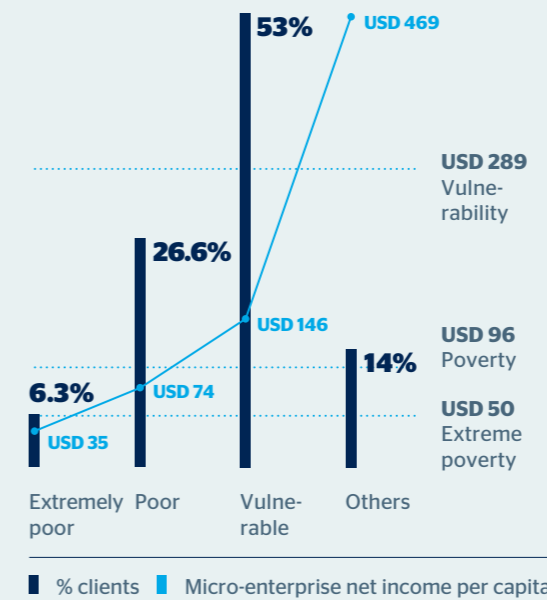
Average per capita micro-entrepreneurial net income, by client seniority⁶



Circle represents the % of total clients

Source: Financiera Confianza. BBVAMF calculations.

Average per capita micro-entrepreneurial net income, by client vulnerability^{6,7}



■ % clients ■ Micro-enterprise net income per capita

Source: National Statistics & IT Institute. Financiera Confianza. BBVAMF calculations.

⁶ Data for the current portfolio as of December 31, 2015.

⁷ Poverty lines are for the urban environment.

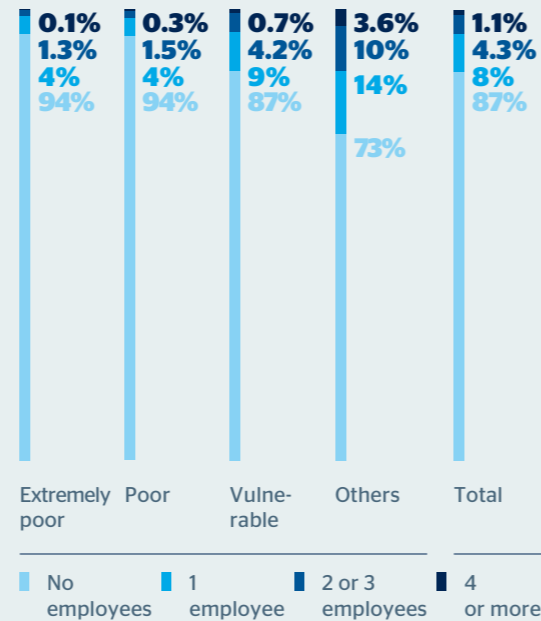
Clients' average monthly per capita net income is **USD 165** and rises the longer a client stays with the institution.

- The average per capita net income of 53% of clients classified as vulnerable is USD 4.90 a day; the poorest 33% have an average per capita net income of USD 2.20 a day.

Our clients' enterprises

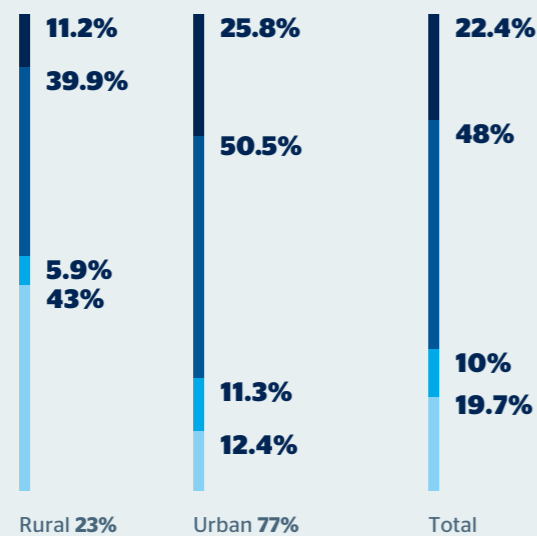
- Nearly half of the clients work in trade. In the case of rural clients, 43% work in agriculture.
- In 87% of cases the client is the business' sole employee.

Micro-enterprises' employee breakdown⁸



Source: Financiera Confianza. BBVAMF calculations.

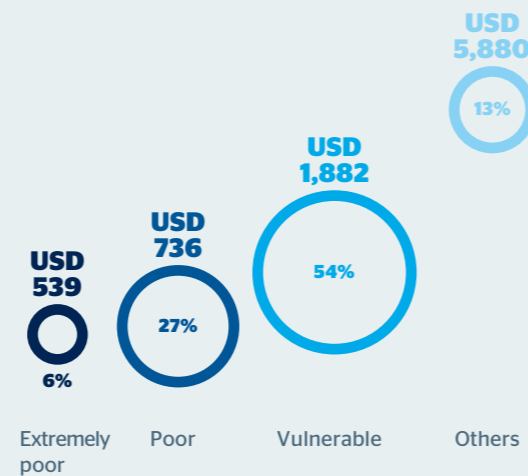
Economic activity⁸



■ Services ■ Retail & Wholesale Trade
■ Production/Transformation ■ Agriculture

Source: Financiera Confianza. BBVAMF calculations.

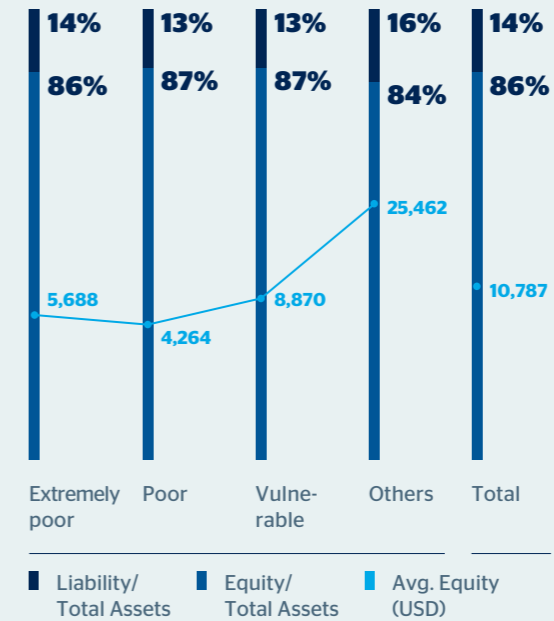
Average monthly sales by vulnerability⁸



Circle represents % of total clients by vulnerability

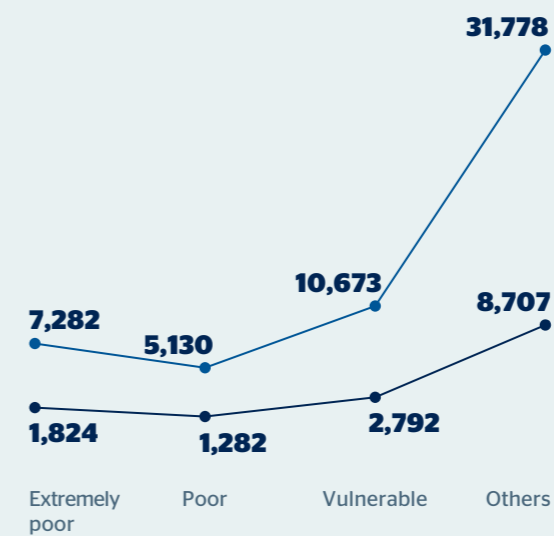
Source: Financiera Confianza. BBVAMF calculations.

Assets, liabilities and equity by vulnerability^{9,10}



Source: Financiera Confianza. BBVAMF calculations.

Assets and average disbursement by vulnerability¹⁰

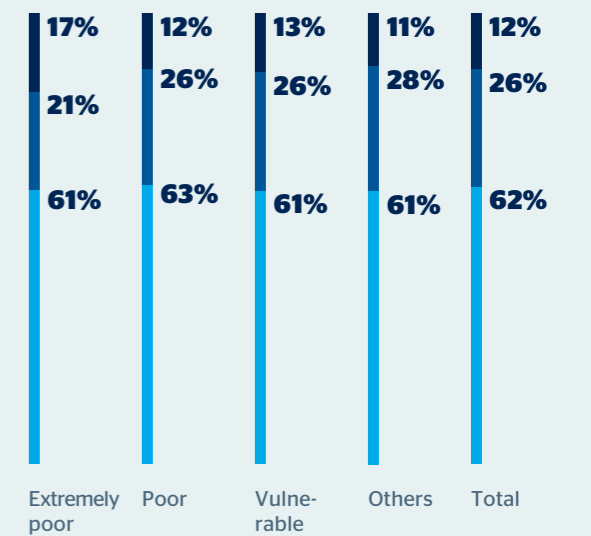


■ Avg. disbursement/transaction (USD) ■ Avg. assets (USD)

Source: Financiera Confianza. BBVAMF calculations.

- Clients' financial leverage remains at around 14% whatever their level of vulnerability.
- The financial burden of the installment payment as a proportion of sales lessens as clients' income levels rise. On average it comes in at 12%.
- The average gross percentage margin (net income + loan installment) of clients' businesses is 38%.

Loan installment, expenses & margins (as % of sales)¹¹



■ Loan installment (%) ■ Net income (%) ■ Expenses (%)

Source: Financiera Confianza. BBVAMF calculations.

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

9_Assets and equity calculated at the time of credit evaluation (i.e. not including the microcredit granted).

10_Data for the current portfolio as of December 31, 2015.

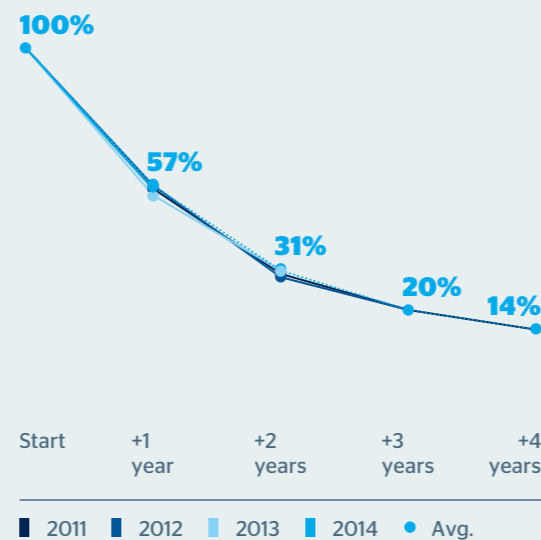
11_Calculations based on those clients reporting expenditures.

Our clients' development

After two years, 24% of the clients classified at the outset as poor are above the poverty line.

- Similar client retention rate trends in the last 4 cohorts analyzed. After one year, client loss works out at an average 43%.
- Since 2011 around 7,000 of the current clients who were initially classed as poor have overcome the poverty line.

Retention (by cohort)¹²



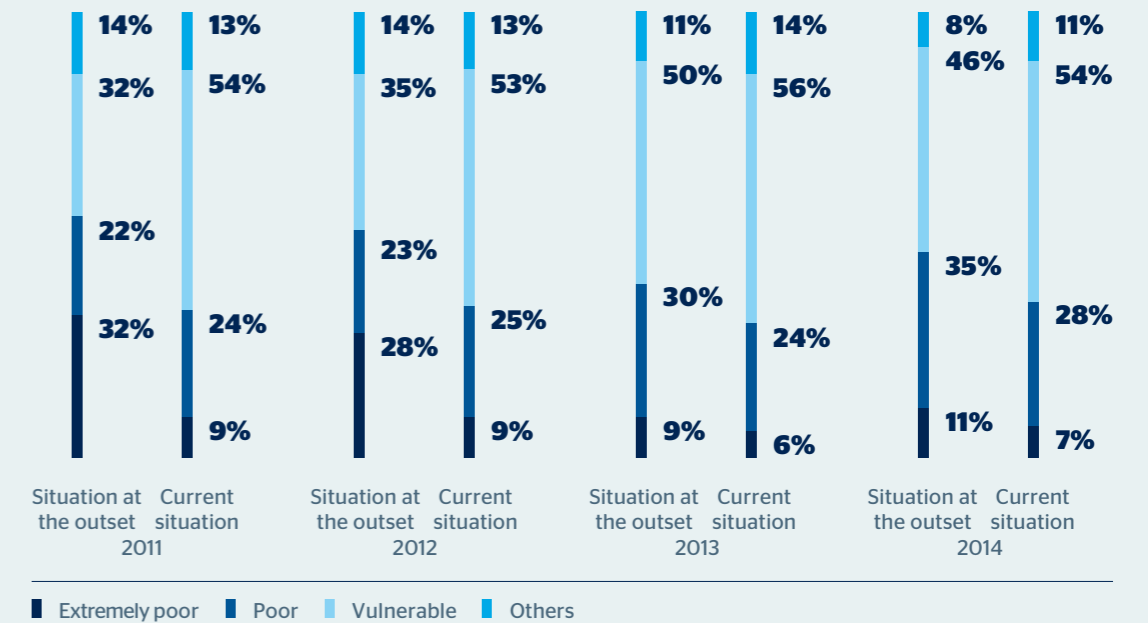
Source: Financiera Confianza. BBVAMF calculations.

12_Percentage of clients in each cohort still current as of December 31, 2015.

13_Shows the situation at the outset and the current situation as of December 31, 2015 of clients in each cohort current at that time.

14_Clients participating in the sample are current clients whose data has been updated in the last 12 months.

Client economic vulnerability (by cohort)^{13,14}



Source: Financiera Confianza. BBVAMF calculations.

Clients overcoming poverty (by cohort)¹⁴

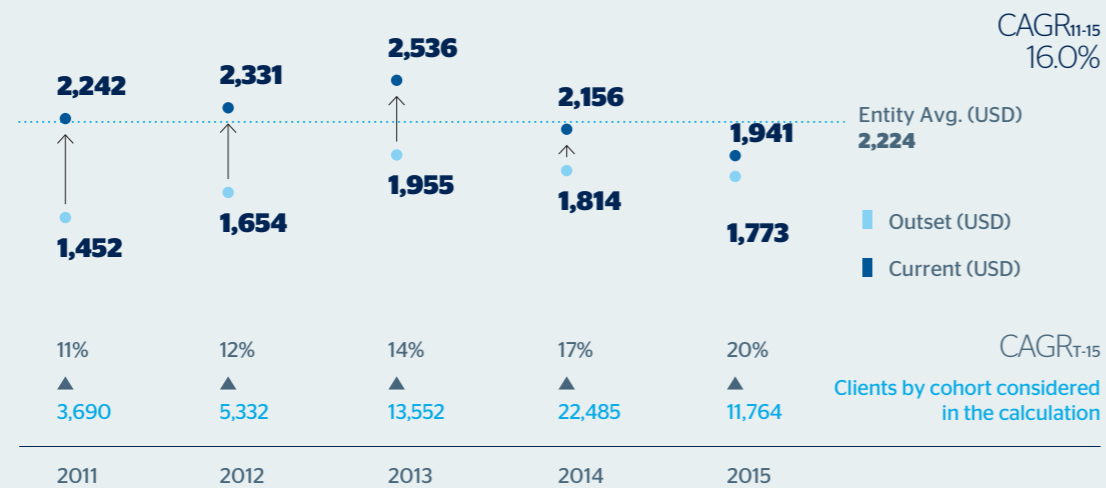


Source: Financiera Confianza. BBVAMF calculations.

Those clients who remain with the institution report sustained growth in their enterprise's sales, net income and, in particular, assets.

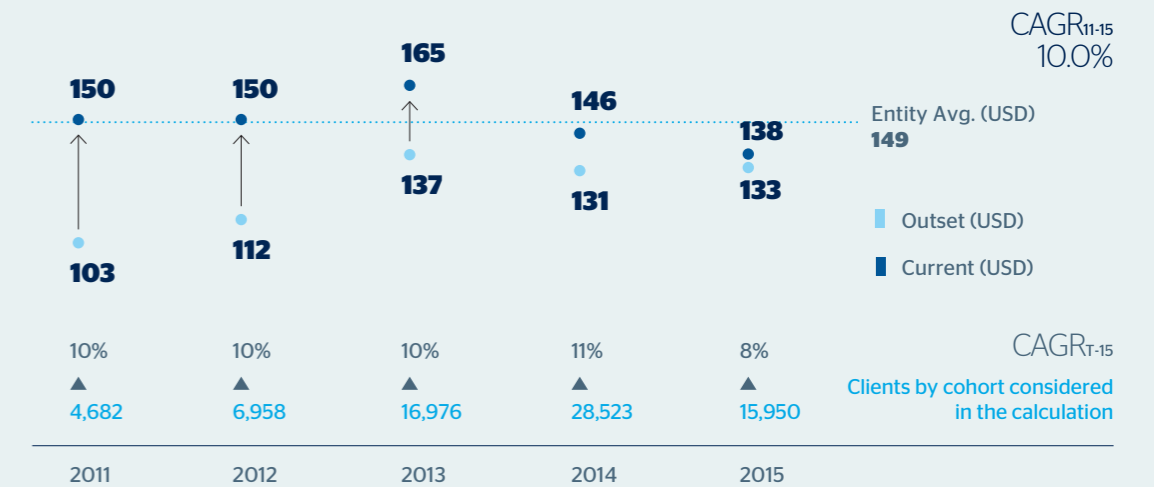
- Micro-enterprises' assets over the different cohorts also show momentum in asset accumulation, with these growing at a faster rate than sales and monthly net income per capita.

Average monthly sales (by cohort) (USD)¹⁵



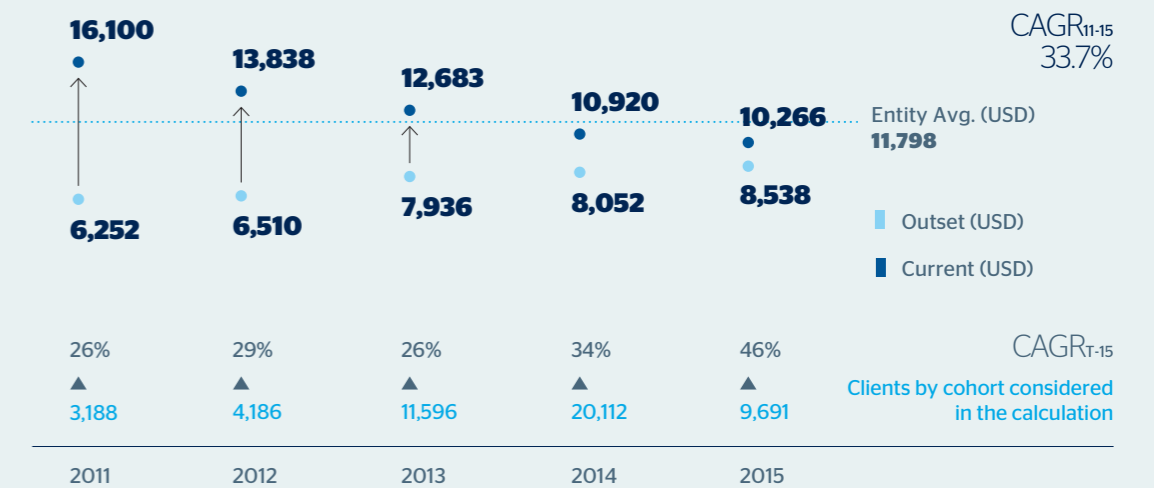
Source: Financiera Confianza. BBVAMF calculations.

Average monthly net income (by cohort) (USD)¹⁵



Source: Financiera Confianza. BBVAMF calculations.

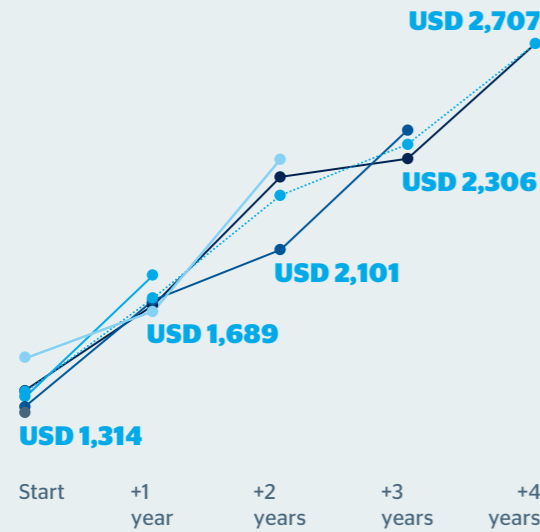
Average assets (by cohort) (USD)¹⁵



Source: Financiera Confianza. BBVAMF calculations.

¹⁵Data of current clients as of December 31, 2015, and whose data has been updated in the last 12 months. The situation at the outset is shown (data in their cohort year) and their situation at the end of December 2015. The outset is the moment that the first loan was granted.

Average disbursement per transaction (by cohort)¹⁶



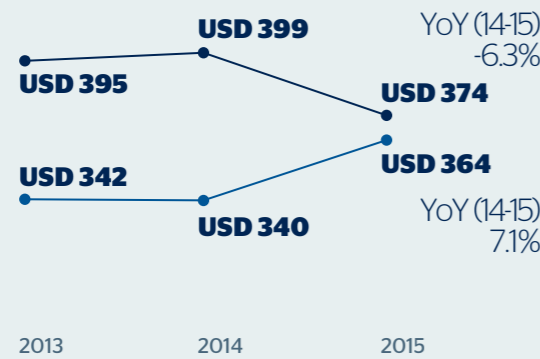
Legend: 2011 (dark blue), 2012 (medium blue), 2013 (light blue), 2014 (very light blue), Avg. (black line with dots)

Source: Financiera Confianza. BBVAMF calculations.

- Sustained increase in the average disbursement, which on average doubles after 3-4 years.
- Savings amounts grow over time among credit clients.

Activity data

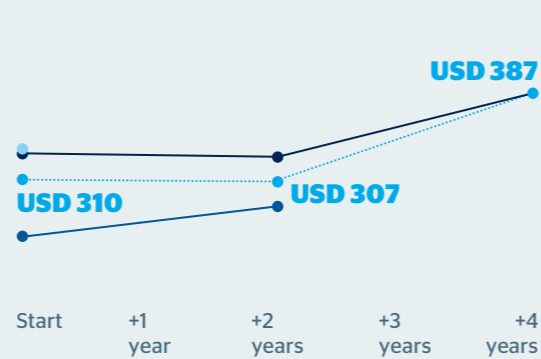
Average savings (of existing clients)^{17,18}



Legend: Avg. Savings (all clients) (USD) (dark blue), Avg. Savings (credit clients only) (USD) (medium blue)

Source: Financiera Confianza. BBVAMF calculations.

Average savings (by cohort)^{18,19}



Legend: 2011 (dark blue), 2012 (medium blue), 2013 (light blue), 2014 (very light blue), 2015 (black), Avg. (black line with dots)

Source: Financiera Confianza. BBVAMF calculations.

16_Average disbursement, calculated as the total disbursement made in a year divided by the number of transactions by each client participating in the disbursement in said year.

17_Includes the overnight and term savings of current clients each year.

18_Average saving calculated for all clients with a balance of USD 1 or more (in local currency equivalent) on all dates.

19_Savings of clients current in each cohort having both credit and savings.

Summary of activity²⁰

	Total
Gross loan portfolio (USD)	447,075,072
Total disbursed in 2015 (USD)	578,380,102
Nº transactions in 2015	291,945
Average disbursement in 2015 (USD)	1,981
Deposits & other (USD)	272,876,591
Nº Employees	2,168
Nº Offices	153
Clients receiving financial education	50,907

Source: Financiera Confianza. BBVAMF calculations.

20_Data as of December 31, 2015.