

2019

Annual Report



We believe in you



MicroBank

Annual Report 2019

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MicroBank in 2019

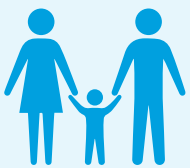
Developing our business:



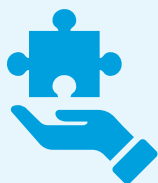
**Microcredits
and other financing
with a social impact**



**We contribute to
economic growth and
job creation**



**We contribute
to personal
and family
development**



**We contribute
to financial
inclusion**



96,601
microcredits granted

616.3 M€
in microcredits

2,727
other loans with a
social impact

108.5 M€
in other loans
with a social
impact

Network of

4,118
CaixaBank branches
through which we conduct
our business

612
collaborating
institutions

Support from major European institutions:

FEI



BEI



CEB



20,174
direct jobs created
with the support of
microcredits

9,002
new businesses
launched with the
financial support
provided

1,543 M€
contributed to the Spanish
GDP by companies that
received funding

More than
56,000
jobs linked to companies
that have received
funding from MicroBank

79,789
families received
a Family Microcredit

98 %
were able to meet
the need for which
they requested the
microcredit

43 %
unable to pay an
unexpected expense
of €600

**Development of
new facilities
with a focus
on health and
education**

16.5 M€
for social
enterprises

24 M€
in microcredits
for entrepreneurs
supported by collaborating
institutions

0.6 M€
in microcredits for
people exposed to high
social vulnerability

2019



A letter from CaixaBank's Chairman

Our society is facing considerable uncertainty and deep social and economic changes that would have been unthinkable just a few years ago. I am referring to the technological and digital revolution, the fight against climate change and demographic challenges. These are all important changes to which we must unfortunately add the COVID-19 health crisis, which has become a global crisis in the initial months of this financial year and is shaking up the foundations of economic activity around the world.

Failing to act is simply not an option in the face of these challenges. The different players in the economy must work together to achieve fair economic and social progress where no one is left on the sidelines. We must all rise to this occasion.

Purpose-driven companies like CaixaBank play an important social role that transcends beyond mere financial targets. Our approach takes into account the interests of all those directly or indirectly involved in the company – customers, employees, suppliers, shareholders and, ultimately, society at large. This stakeholder-based approach focusses on the long term and creates committed and cooperative relationships that benefit everyone.

CaixaBank has a main shareholder, the “la Caixa” Banking Foundation, which helps us adopt this inclusive and long-term model. The Foundation inspires how we position ourselves strategically, which is expressed in our mission statement: “To contribute to the financial well-being of our customers and the progress of society at large.”

MicroBank, the Group's social bank, plays a unique role in achieving this goal in Spain. MicroBank is a leader in the provision of microcredits and financial solutions to groups that may find it more difficult to access the traditional financial system, supporting families, entrepreneurs and small businesses to strengthen projects that ultimately have a positive impact on society.

The CaixaBank Group is particularly proud of the work performed and the milestones achieved by MicroBank. This is especially true in the current climate, where the social purpose of providing direct support to the most vulnerable groups is particularly important. MicroBank's accomplishments underscore our socially responsible banking model and our

firm commitment to contributing to the achievement of the United Nations' Sustainable Development Goals (SDGs).

At CaixaBank and MicroBank, we will carry on with our work, remaining true to our culture and our corporate values, where people are the priority. Our founder, Francesc Moragas, put it best when he said we should put “work on our minds and people in our hearts”. Together we will continue providing support to families, entrepreneurs and small businesses to help them make their projects a reality and contribute to the fair and inclusive progress of society at large.

Jordi Gual Solé
Chairman of CaixaBank



A letter from CaixaBank's CEO

The CaixaBank Group closed out the 2019 financial year with excellent commercial and financial results, having made very significant progress in the digital and business transformation processes.

With 15.6 million customers, 3,918 retail branches (the largest network in the country) and 6.5 million digital customers in Spain, 2019 saw the consolidation of CaixaBank's leading position in retail banking. It also improved the key metrics on its balance sheet, including the capital ratio (CET1), which rose to 12%, and liquidity, which remained at comfortable levels of over 89 billion.

These accomplishments combine with a history of growth of more than 115 years built on our strong values of quality, trust and social commitment, which are the inspiration and driving force behind our business and our 2019-2021 Strategic Plan.

Our plan sets out the aim of becoming a benchmark in responsible banking, which is in keeping with the roots of "la Caixa" and CaixaBank. The emphasis recently placed on these areas by the business and financial community confirms that we are on the right track and have rightly committed to contributing to social progress.

Accordingly, CaixaBank remains firmly committed to the United Nations' Global Compact, contributes to the Sustainable Development Goals (SDGs) and, in 2019, has signed up to the UN Principles for Responsible Banking.

MicroBank is an essential part of CaixaBank's commitment to society: it provides access to financial solutions for the most vulnerable groups, supports entrepreneurs and micro-enterprises in consolidating their business and creating jobs, and lends a helping hand to families.

Following this approach, in its 12-year history, MicroBank has granted more than 786,000 microcredits to families and more than 168,000 loans to entrepreneurs for a total amount of €5.416 billion. In addition, it has funded a total of 4,157 projects with a positive social impact in sectors such as healthcare, education or social economy.

The first quarter of 2020 has been difficult, with the ongoing global health crisis that has hit Spain particularly hard. This is a unique situation the like of which we have not seen before and it will have an impact on society, certain sectors of the economy and vulnerable groups in particular.

The financial sector must once again play an important role in this scenario. We must provide support and prioritise our resources with the utmost responsibility.

CaixaBank and MicroBank have and always will put people first: our customers, our employees and society at large. We support families, entrepreneurs and businesses and offer solutions to further the progress of society. This is what lies at the heart of the CaixaBank Group and "la Caixa" and the trust placed in us by society is what drives us to keep following this path.

Gonzalo Gortázar Rotaache
CEO of CaixaBank



A letter from MicroBank's Chairman

In keeping with the CaixaBank Group's values of quality, trust and social commitment, MicroBank remains steadfast in its commitment to contributing to the progress and well-being of society, striving to adapt to the social needs arising at any given time. We are aware of the shifting situation and move along with it. Our strong core business, microcredits, has made us a leader in microfinance in Europe and earned us the trust of thousands of customers who have found them to be a useful resource when making their projects a reality. The ability of these people and businesses to use our financial support to meet one-off family needs and create jobs through their business initiatives is what motivates us to consolidate and bolster our mission.

Today we are taking a step forward and look to the future, striving to adapt to these new times. MicroBank's 2019-2021 Strategic Plan is a good example of this. The new direction taken by our institution is aimed at contributing to the progress and well-being of society by providing funding to groups and projects that have a positive social impact. The first year since the implementation of the plan has been very positive both in terms of the targets achieved and the expectations for the institution's progress towards our next goal: becoming a leader in banking with social impact.

Contribution of social value and sustainability are the cornerstones on which all our activities are built, all the while continuing to maximise the social return on microcredits, the bank's traditional business. We are supported in achieving these goals by European institutions such as the European Investment Fund, the European Investment Bank and the Council of Europe Development Bank, along with a wide range of social institutions and CaixaBank's extensive branch network.

This year, the institution granted 79,789 microcredits to families to cover one-off needs and 16,812 loans to entrepreneurs to set up or consolidate a business. It has also provided funding to more than 2,700 projects with social impact, targeting social economy, entrepreneurship, innovation, education and healthcare initiatives. MicroBank's activity in the past financial year has contributed to the generation of 20,174 jobs and the creation of 9,002 new businesses.

Since the early months of this year, our society has been hit by an unprecedented health crisis, which in turn has led to an economic and social emergency, with serious implications for

household incomes, the jobs of thousands of workers and the business of both large and small companies. The CaixaBank Group, and MicroBank in particular, have swiftly responded to this new challenge and have adopted a series of measures that provide the solutions our customers need from us, so that they all feel supported and listened to in these difficult times. We have done so in the knowledge that society as a whole will overcome this new challenge and emerge from it stronger than before.

All of this reaffirms us in our mission: to improve the well-being of families and reduce inequality, which are essential factors in building a fair and cohesive society. This is what drives us in continuing with our model of banking, while at the same time bringing us closer to meeting the United Nations' Sustainable Development Goals.

Juan Carlos Gallego González
Chairman of MicroBank





MicroBank's Commitment

MicroBank, the CaixaBank Group's social bank, is a leader in financial inclusion through microcredits and other finance with social impact. MicroBank's goals revolve around meeting needs that are not sufficiently covered by the traditional lending system, following the stringent and sustainable standards of a banking institution.

MicroBank's actions are governed by the corporate values of the CaixaBank Group:



MicroBank combines the creation of social value with generating the resources needed for this project to continue growing at the pace required by current demand. In doing so, it creates a social banking model that provides access to credit through high-quality financial services, with the aim of contributing to the following aspects associated with the SDGs:



Job creation through the launch or expansion of businesses by granting microcredits to entrepreneurs and social enterprises.



Financial inclusion, promoting equal access to credit, in particular for those unable to provide guarantees, along with access to banking services for new customers through CaixaBank's commercial network.



Promoting production activity, granting financial assistance to self-employed persons, micro-enterprises as a means of boosting the economy by promoting the launch and consolidation of businesses.



Generation of social and environmental impact, by granting financial support for projects that have a positive and measurable social impact.



Personal and family development, by meeting the financial needs of persons with moderate income through microcredits and helping them overcome temporary difficulties.

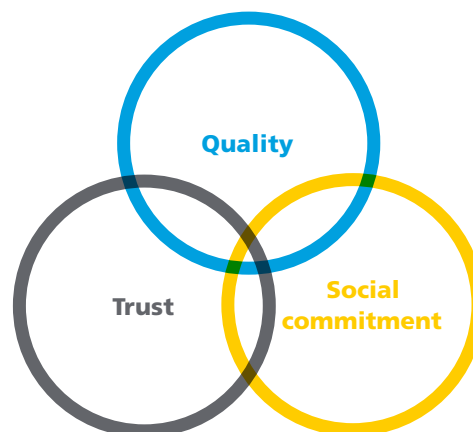


Direct, indirect and induced contribution to the Spanish economy in terms of **GDP impact** and **job creation**.

Quality: A commitment to service and offering outstanding customer care with the appropriate products and services for every customer.

Trust: The sum of honesty and professionalism. It must be cultivated with empathy, dialogue and by being close and accessible.

Social commitment: A commitment not only to provide value to customers and employees, but also to contribute to the development of a fairer society with greater equality of opportunity.





MicroBank's teamwork with CaixaBank and its main stakeholders



The support of its sole shareholder, CaixaBank, the involvement of European financial institutions and the high level of capitalisation, along with a wide distribution network, are the essential strengths enabling MicroBank to achieve its goals, which focus on meeting needs that are not sufficiently covered by the traditional lending system.

Through its activity and its business model, MicroBank contributes to achieving the United Nations' (UN) Sustainable Development Goals (SDGs), placing emphasis on the following goals:

SUSTAINABLE DEVELOPMENT GOALS





Support from European institutions

MicroBank is supported by some of the main European institutions promoting entrepreneurship and micro-enterprises.



European Investment Fund (EIF)

Since 2008, MicroBank and the EIF have been working closely together to promote funding for launching, consolidating or expanding entrepreneurial or business projects. They first began working together through the Competitiveness and Innovation Framework Programme (CIP).

COSME II Programme

In 2014, MicroBank became the first financial institution in the European Union to join the EU programme for the Competitiveness of Small and Medium-Sized Enterprises (COSME) launched by the European Commission and managed by the EIF. The programme provides MicroBank with guarantees to cover part of the risk it undertakes when granting microcredits to entrepreneurs and businesses.

In December 2019, MicroBank and the EIF renewed the agreement until 2021, thereby formally increasing the volume of loans to be granted until 3 December 2021 by up to €1.2 billion.

Erasmus Master

This agreement provides university students with limited means with access to Erasmus Master's studies through a product specifically designed for them, thus encouraging them to expand their studies in European universities located in a country other than their country of residence. This agreement, signed in 2015, remained in force throughout 2019.



EaSI Programme (Employment and Social Innovation) for the funding of social enterprises

As part of the close relationship between MicroBank and the EIF, the two parties decided to sign a new guarantee agreement in July 2018. This agreement, which runs until 31 January 2021, is extremely important for the institution as it allows for the launch and consolidation of one of the new lines of business included in the strategic plan: the funding of companies and organisations operating in the social economy.

The agreement covers an overall credit amount of up to €50 million, with a maximum of €500,000 for each loan, although an average loan amount of about €150,000 is expected.

This facility can be used to cover both working capital needs and investment in assets required to carry on a business.

The main features of a Social Enterprise are as follows:

- Its main goal is to achieve a positive and measurable social impact ahead of generating profit for shareholders.
- It offers goods or services with a social return and/or uses production methods for goods or services that include a social objective.



European Investment Bank (EIB)

In 2013, MicroBank became the first European bank to receive funding from the EIB for the purpose of granting microcredits. Since then, it has taken out three loans with the EU bank for an amount of €190 million, aiming to promote access to long-term funding and job creation, in particular for young people.



Council of Europe Development Bank (CEB)

The CEB has supported MicroBank's business since its foundation. A new credit drawdown for €50 million was made in 2019 and a new loan of €100 million was arranged.

The funds received from the CEB enable MicroBank to grant new microcredits and contribute to its ability to continue to offer highly competitive conditions adapted to its customers' needs.



**Impact of
MicroBank's
collaboration
with the EIF**

Amount

1,759 M€

Microcredits

148,964

Average amount

11,810 €

**Impact of the
EIB loan on
MicroBank's
business**

Amount

243.2 M€

Microcredits

21,970

Average amount

11,067 €

**Impact of the
CEB loan on
MicroBank's
business**

Amount

560.9 M€

Microcredits

63,887

Average amount

8,779 €

The relationship between CaixaBank and MicroBank

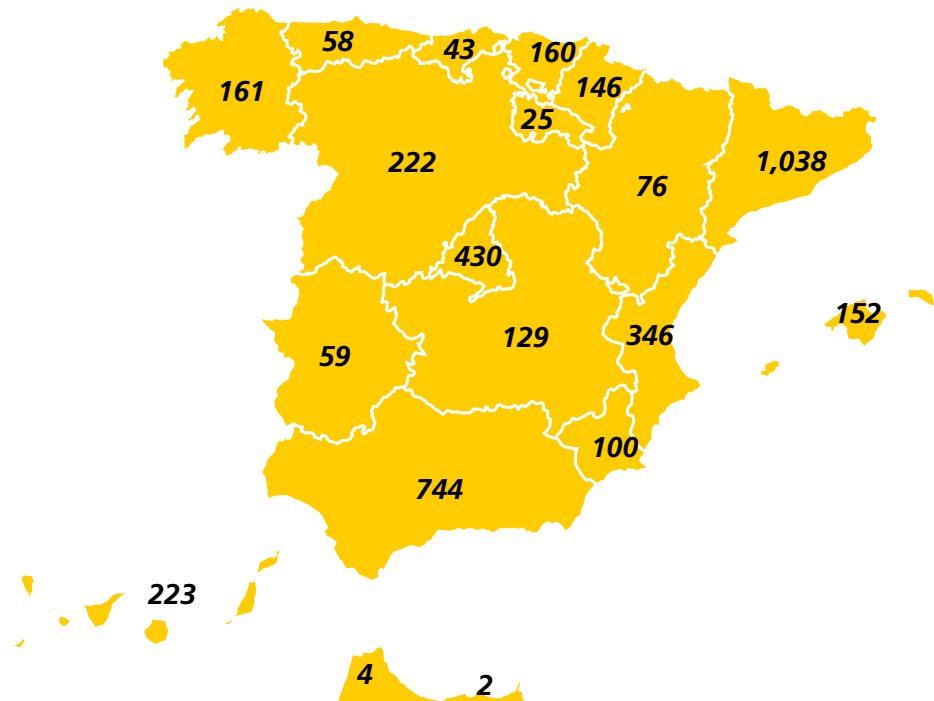
CaixaBank is MicroBank's sole shareholder. It has supported MicroBank since its foundation in 2007 by providing it with the financial support required to grow its lending business and by marketing its products through the more than 4,000 branches in its network, putting the entire range of options at the customers' disposal with the highest possible levels of service quality and proximity.

The relationship between CaixaBank and MicroBank is governed by an agency agreement by virtue of which CaixaBank provides MicroBank with comprehensive support and marketing services.



CaixaBank's branch network

4,118





The role played by the collaborating institutions

Another essential element of MicroBank's strategic goals are the 612 institutions that have signed a collaboration agreement with the bank in order to promote self-employment, providing access to funding through microcredits, in particular among the groups most at risk of financial exclusion. These institutions act as a link between potential customers and MicroBank.



Types of institutions that collaborate with MicroBank

612

total

291

town/city councils

163

non-profit organisations

74

other public authorities

37

universities and business schools

47

chambers of commerce

New kinds of collaborating institutions were included in 2019. They contribute to providing access to funding to social economy companies thanks to the launch of the EaSI Loan.



Services provided by the collaborating institutions



Assessment

They provide knowledge about customers applying for a microcredit, which contributes to better transaction assessment.



Support

They offer advisory and technical support services to entrepreneurs, which the latter need to draw up their business plans and conduct prior assessments regarding the feasibility and coherence thereof.



Universalisation

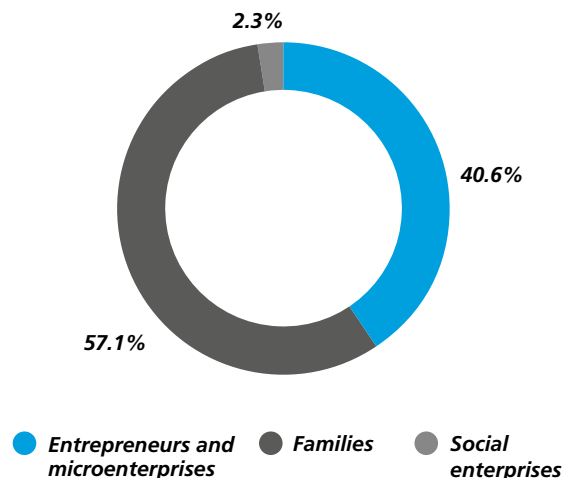
They contribute to expanding the distribution network for MicroBank's products and services, above all among the groups with the greatest difficulty in accessing funding.

MicroBank customers

Adapting its financial products to the real needs of its customers is a priority goal for MicroBank. CaixaBank's commercial network and the collaborating institutions transmit the customers' perceived needs to MicroBank. The process of launching a new product involves the development of the product by MicroBank's team and the approval by CaixaBank's Product Committee, which analyses its features and associated risks along with its appropriateness for the audience at which it is aimed.

MicroBank's customers can be segmented as follows:

MicroBank's customer categories



Customer Support Department

MicroBank is committed to providing its customers with precise, accurate and understandable information about transactions, fees and procedures in order to channel complaints and resolve any incidents.

MicroBank has signed up to CaixaBank's Customer Protection Regulations.

Complaints received through the Customer Support Department and the Bank of Spain in 2019

36 *complaints received*

15 *settled in favour of the institution*

13 *settled in favour of the customer*

7 *rejected*

1 *pending settlement*



Customer satisfaction

Excellence is one of MicroBank's fundamental values and therefore customer satisfaction lies at the heart of our professional activities.

MicroBank conducts half-yearly customer satisfaction surveys with both families and entrepreneurs.

Businesses

94.4 % *Customers satisfied or very satisfied with MicroBank's services*

8.87 *Average score*

Highest-rated aspects of the service

No. 1 Care and service received from staff

No. 2 Turnaround times

Families

92.9 % *Customers satisfied or very satisfied with MicroBank's services*

8.87 *Average score*

Highest-rated aspects of the service

No. 1 Care and service received from staff

No. 2 Simple procedures

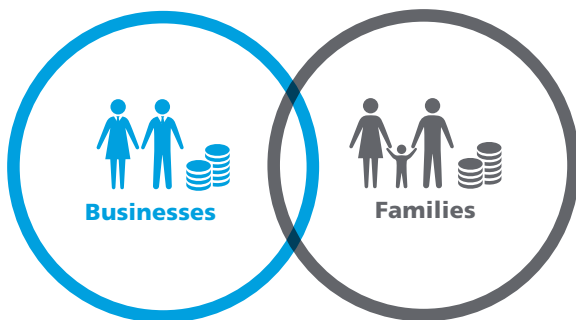


Social impact of our business

Microcredits

The business conducted by MicroBank mainly through the grant of microcredits has a positive impact on society.

Microcredits are loans of up to €25,000, without in rem guarantee, aimed at people who, due to their economic and social circumstances, may have difficulty in accessing funding from traditional banks. Their purpose is to promote production activity, job creation and personal and family microcredits.



Grants

16,812

79,789

Total amount

203.6 M€

412.7 M€



Contribution to economic development and job creation in 2019

16,812

business microcredits granted, of which 67% were for entrepreneurs and the remaining 33% for micro-enterprises

54 %

of microcredits granted were used to launch new businesses

203.6 M€

Total amount of business microcredits

20,174

Jobs directly created

12,110 €

Average amount



Business Microcredits

Aimed at:

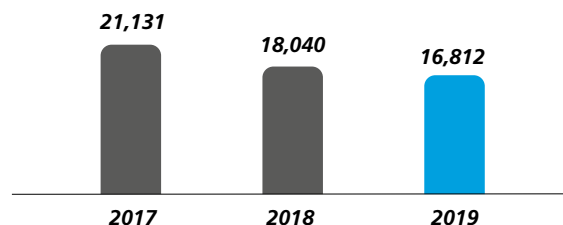
Entrepreneurs and micro-enterprises with fewer than 10 employees and annual turnover of no more than €2,000,000 that need funding to launch, consolidate or expand their business or meet working capital needs.

This funding is possible thanks to the guarantee provided by the COSME Programme and the European Fund for Strategic Investments (EFSI) set up under the Investment Plan for Europe. The EFSI aims to assist with supporting funding and making productive investments in the European Union along with ensuring increased access to funding.

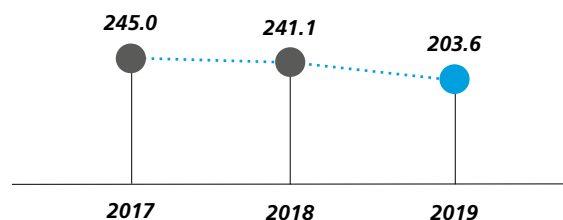


Total Business Microcredits

No. of transactions



Millions of euros





Main features of microcredits:

- Fixed-rate loan with personal guarantee.
- Business microcredits granted based on trust in the applicant and their business plan, without any in rem guarantee.
- The maximum repayment term is 6 years, with an optional grace period of 6 months.
- We have developed specific products as part of this facility in order to meet specific needs, one of which is the Business Microcredit - Institutions Agreement:



Business Microcredits - Institutions Agreement

Aimed at:

Entrepreneurs who may have difficulty in accessing the traditional lending system and who, prior to being granted the microcredit, have received advice from one of MicroBank's 612 collaborating institutions.

Main features:

- No provision of guarantees is necessary, unless the applicant is a legal person, in which case a guarantee from the partners is required.
- A business plan must be submitted along with a feasibility report issued by the collaborating institution advising the customer.
- No arrangement, study or early repayment fees.
- Discounted interest rate.



incorpora
de "la Caixa"

"Incorpora" self-employment programme

Due to its particular importance and social impact, we should point out the collaboration with the "**Incorpora**" programme by the "la Caixa" Foundation within the framework of the Business Microcredits - Institutions Agreement category, which in 2019 has provided access to credit for an amount of **€6.2 million** with about 346 loans granted to promote job market inclusion through self-employment for people at risk of social exclusion.

Impact of Business Microcredits

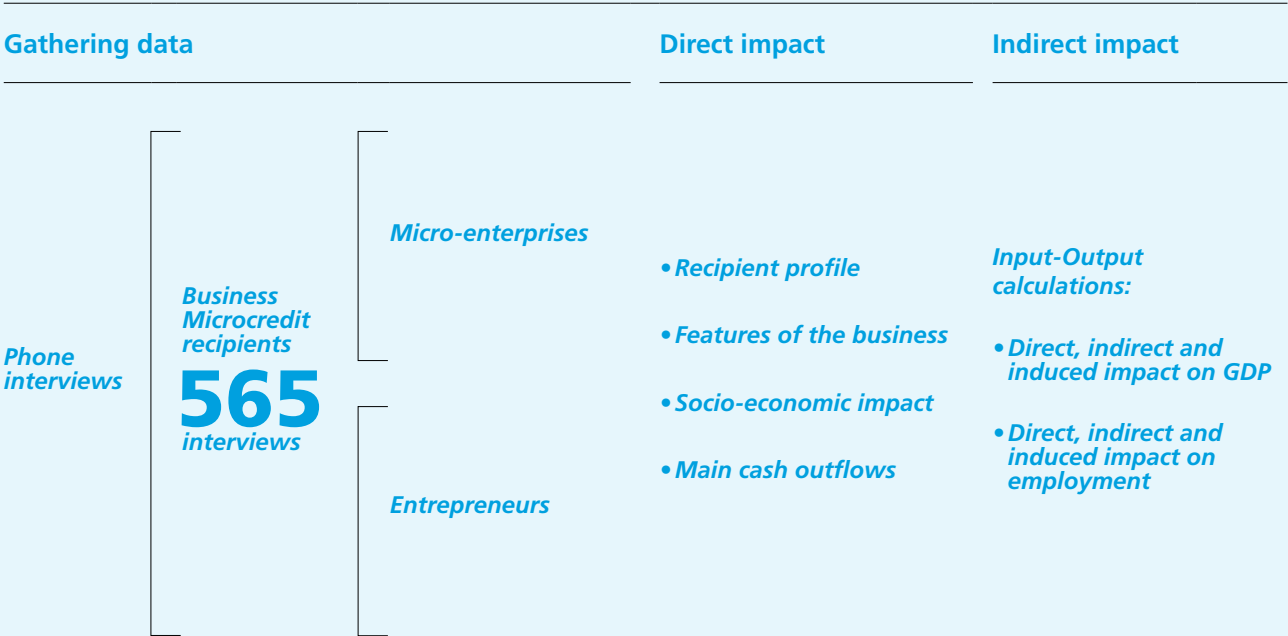
The grant of microcredits aimed at launching or expanding business projects has a direct impact on improving the employment and economic circumstances of the people and companies that apply for them and, at the same time, contribute to job creation.

This was shown in a study on the impact of microcredits granted by MicroBank carried out by the firm KPMG Asesores, S.L., and supported by Stone Soup Consulting, using the following methodology¹:

The baseline data and information used herein were obtained through phone interviews conducted with a random sample of 380 entrepreneurs and 185 micro-enterprises, i.e. a total of 565 businesses, regarding which information was gathered relating to supplier expenditure, tax expenditure and expenditure on salaries for each business surveyed. Along with other data, this data was used to carry out an input-output analysis² to determine the impact on Spanish society by businesses that have received funding from MicroBank.



Impact measuring method



1. The bases for calculation and the sources used in the calculations are described and cited in Annex I.
2. More information about the methodology can be found in Annex I.

Input-output methodology

The purpose of this methodology is to calculate the sectorial impacts or effects of the businesses to which MicroBank has granted a microcredit on the Spanish economy as a whole. These effects can be divided into the following:

- Direct effect, which refers to purchases made from direct suppliers and the jobs directly created by the businesses to which a microcredit was granted, along with the economic aspects related to their business activity.
- Indirect effect, which is the drag along effect exercised on the second line of suppliers by boosting their spending on intermediary products in other sectors and contributing to their creation of jobs.
- Induced effect, which refers to the effect on other sectors which, following the increased demand, increase their orders from their respective suppliers.





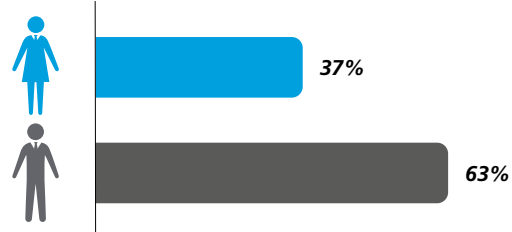


Sample description

Entrepreneur profile

- Most of the entrepreneurs who have received a business microcredit in 2019 were between 36 and 49 years old, making up 47% of the total sample.
- **Average applicant age: 42 years old**

Gender



- 71% did not have a university degree, while for self-employed entrepreneurs this figure increased to 77%.
- For almost half of the entrepreneurs the loan accounted for more than 80% of their business funding.

“23% of entrepreneurs have started a business out of necessity (due to unemployment or fear of losing their jobs)”

Features of the businesses supported

- 54% of microcredits granted in 2019 were used to launch new businesses.
- 57% of businesses supported with microcredits operate in the professional service sector.

The study has identified the following areas of impact:

Impact on the entrepreneur and his/her family environment

Changes in management ability

Improved liquidity

Changes in savings

Changes in income

Changes in terms of individual well-being

Social and environmental impact

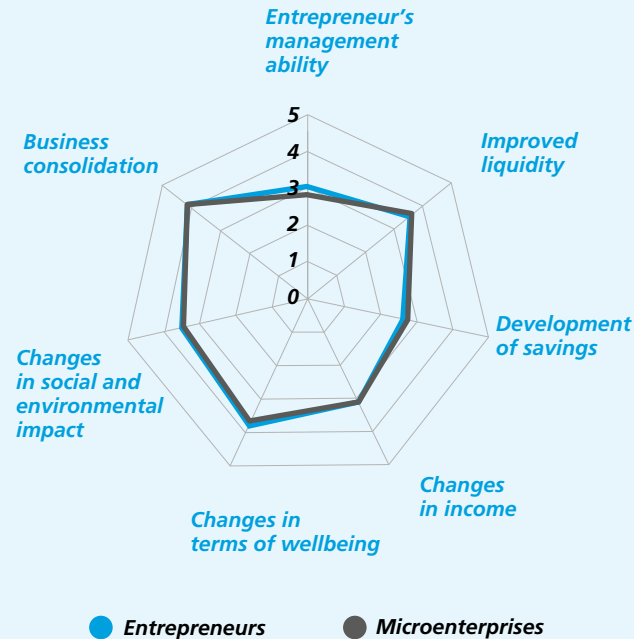
Business impact

Business consolidation

Job creation

Generation of wealth for the area

Areas of impact (according to the study)



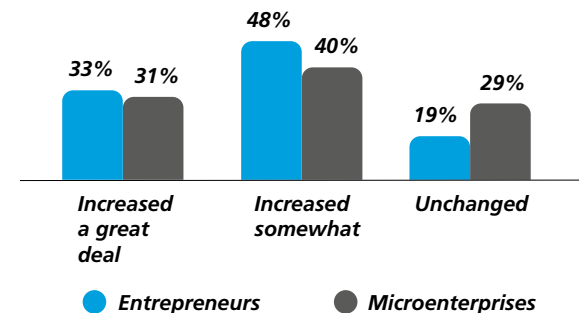
Impact on the entrepreneur and his/her family environment

Changes in management ability:

81% of entrepreneurs improved their ability to handle the accounting for their business. For micro-enterprises, this figure is slightly lower, at **71%**. Moreover, in terms of financial management skills, **41%** of entrepreneurs and **40%** of micro-enterprises report improvements in this respect. For commercial management skills, these figures rise to **49%** for entrepreneurs and **42%** for micro-enterprises.

85% of entrepreneurs and **79%** of micro-enterprises believe that this improvement was made possible by MicroBank.

Changes in the ability to handle the accounting for the business



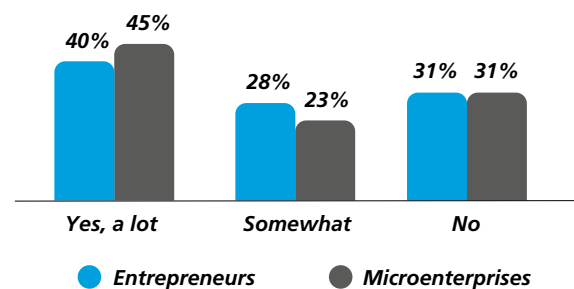


Improved liquidity:

69% of participants stated that their ability to cope with unexpected expenses had improved as a result of the loan. 45% of micro-enterprises have seen a significant improvement in their liquidity.

“93% of businesses generated sufficient income to make repayments from the outset”

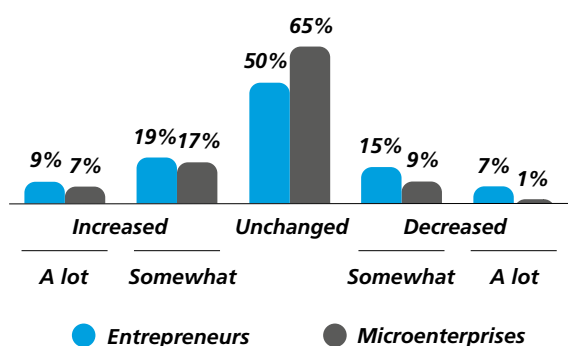
Improved liquidity



Development of savings:

29% of participants are able to save more than €500 per month. This figure is considerably higher in the case of micro-entrepreneurs, with 37% compared to 25% for entrepreneurs. For 27%, their ability to save up money has improved since receiving the loan, but for the rest it has remained stable or even decreased.

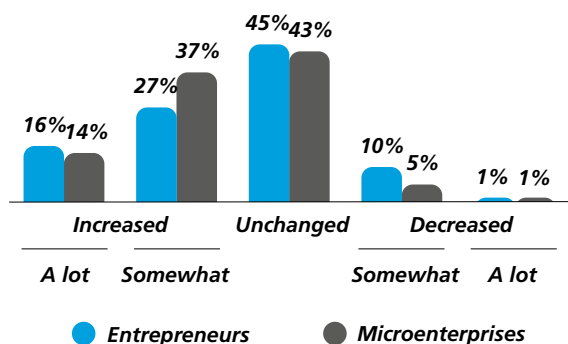
Development in ability to save up money



Changes in income levels:

For 46%, income levels have increased since receiving the loan. Half of the participants received income from an additional source in their household. The share of this income in the family budget has remained relatively constant. 14% report that their share has increased since receiving the loan.

Changes in monthly income



Changes in terms of individual well-being:

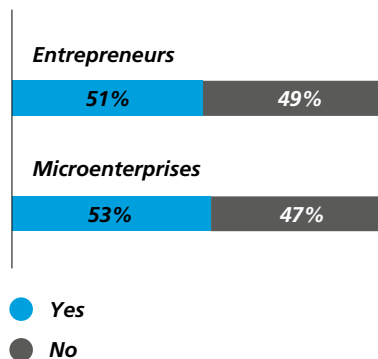
The participants felt that there had been a positive change in their personal well-being, more so for entrepreneurs than for micro-entrepreneurs. **97% feel capable and valuable in their daily lives and more than 90% find that their work is fulfilling.** 65% are content with their current economic situation.

However, as a negative impact, half feel that they do not have enough free time to spend with family and/or friends.

Social and environmental impact:

52% of companies report that they integrate some form of environmental good practices into their day-to-day operations. However, in the case of entrepreneurs, only 1 out of every 5 businesses holds an environmental management certification. This figure stands at 1 in 4 in the case of micro-enterprises.

Incorporation of environmental management practices



“The most important practices in terms of environmental management are waste management, energy efficiency and water saving”



Business impact

Business consolidation:

The loan had a very significant impact on business consolidation, slightly more so in the case of micro-enterprises. **74% of entrepreneurs feel that their business has been consolidated as a result of the loan (60% in the case of micro-enterprises).**

More than 80% of businesses are profitable (80% in the case of entrepreneurs and 83% in the case of micro-enterprises). 72% of entrepreneurs and 79% of micro-enterprises consider their business to be profitable or very profitable. 69% of respondents expect revenues to grow strongly or moderately over the coming year.

“50% believe that they could not have launched/expanded their business without the help of microcredit or would have done so with great difficulty”

Job creation:

While the main contribution of microcredits to the job market comes in the shape of self-employment, **35%** of participating enterprises were able to hire more workers in the months following receipt of the loan, while **51%** expect to hire new employees over the coming year (48% of entrepreneurs and 55% of micro-enterprises).

Businesses that received a microcredit **directly created an average of 1.2 jobs.**

Microcredits directly contributed to the **creation of 20,174 jobs.**

Microcredits promote employment

51 %

plan on hiring new employees over the coming year

The enterprises that were granted a microcredit directly created an average of

1.2

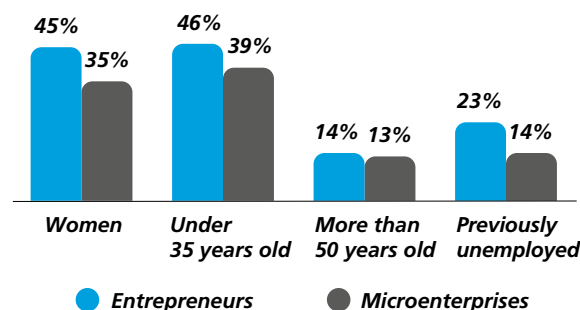
jobs

Microcredits directly contributed to the creation of

20,174

jobs

Profile of most vulnerable new employees



The most common profile of new hires is a man under 35 years of age with a permanent contract. Entrepreneurs hire more women than micro-enterprises. New employees in micro-enterprises tend to have more permanent contracts than in the case of entrepreneurs.



Generation of wealth for the area

In addition to the direct impact addressed above, through ancillary activities they need in order to run (mainly purchases from suppliers and payment of taxes), the businesses supported by MicroBank's microcredits generate cash flows with a multiplier effect on the economy, which leads to economic effects on many other sectors.

At the methodological level, the indirect contribution to employment was estimated using an input-output analysis, in which, based on the inputs (spending on suppliers of goods and services, money spent by the businesses' employees and major taxes) we can calculate the number of indirect or induced jobs associated with the activities performed by the different businesses.

Indirect or induced employment provided by the businesses that received funding from MicroBank in 2019 was estimated at 14,672 jobs, meaning that a total of 56,836 jobs in Spain were linked to the activities of businesses funded by MicroBank.

Indirect impact of microcredits

Indirect and induced employment:

14,672

jobs

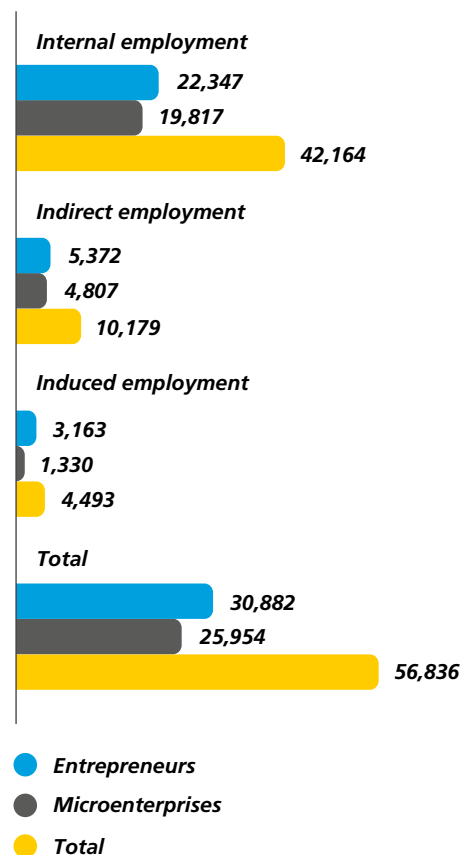
56,836

jobs in Spain were linked to the activities of the businesses funded by MicroBank

The businesses supported by MicroBank made a contribution to the GDP of

1,543 M€

Jobs linked to the businesses supported by MicroBank

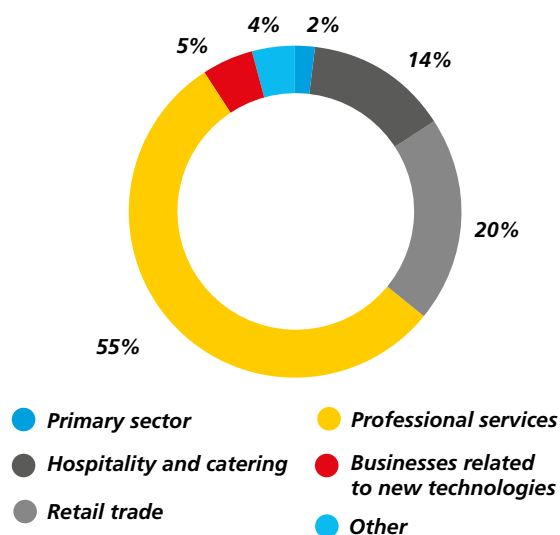


The respondents stated that, on average, the microcredit accounted for 66% of the initial investment, meaning that it can be considered that 9,632 jobs were directly linked to MicroBank's business of granting microcredits.



This method also allows for calculating job creation by sector. As can be seen from the diagram below, most jobs linked to the activity of businesses funded were in the professional service sector, followed by the commerce and hospitality and catering sectors.

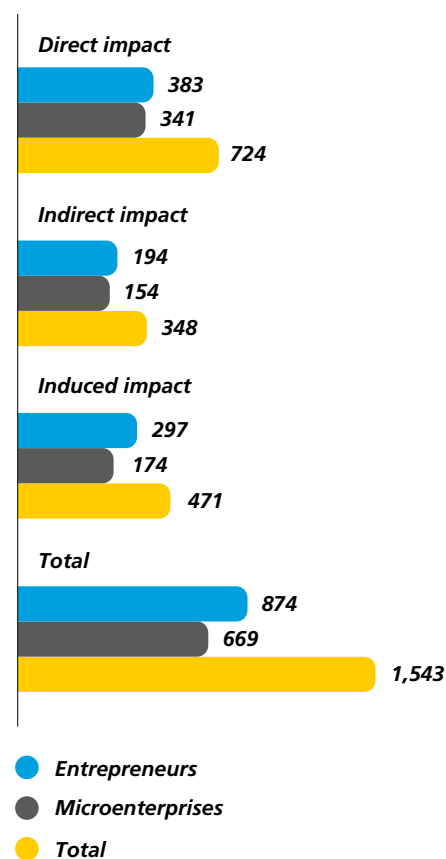
Job distribution by sector



Moreover, using the same methodology we were also able to calculate the impact of these businesses on Spain's GDP (gross domestic product). In 2019, the businesses supported by MicroBank contributed €1.543 billion to the GDP – 724 million directly and 819 million indirectly and induced.

GDP impact of the businesses supported by MicroBank

Millions of euros



Therefore, considering that 66% of this impact is directly linked to the grant of microcredits, MicroBank's business accounted for a GDP contribution of €538 million.





We contributed to personal and family development in 2019

79,789

transactions

Total amount:

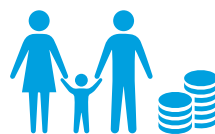
412.7 M€

Average amount:

5,172 €

98 %

were able to meet the need for which they requested the microcredit



Family Microcredit

Aimed at:

People with limited income of up to €17,200 per year³ for the purpose of funding personal and family development projects along with needs arising due to unforeseen circumstances.

The income criterion is reviewed on a regular basis in order to always maintain the focus on the groups that continue to face the greatest difficulty in accessing credit, many times assuming the impact that decisions of this type can have on growth, the risk profile of the portfolio and the generation of profits.

3. In order to determine income levels, we have taken into account the poverty threshold of the Spanish National Statistics (INE) for a family with two children along with the Public Multi-Purpose Income Indicator (IPREM).



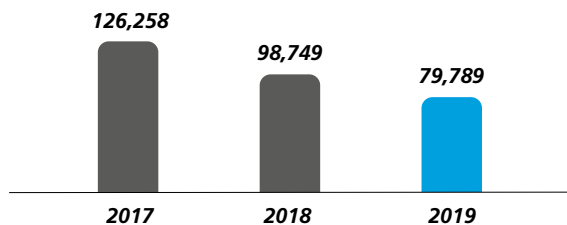
Confianza Microcredit

Main features:

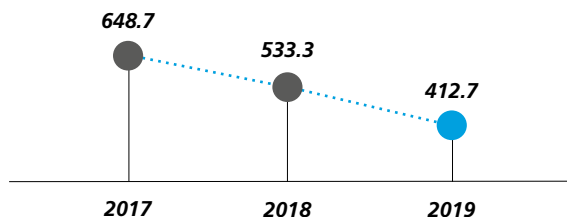
- Fixed-rate personal loan.
- Family microcredits are granted without an in rem guarantee.
- The maximum repayment term is 6 years, with a graceperiod of up to 12 months.

Total Family Microcredits

No. of transactions



Millions of euros



We have developed specific products as part of this facility in order to meet specific needs, one of which is the Confianza Microcredit.

Aimed at:

Socially excluded people taking part in the Confianza Project.

Features:

- **Amount:** Up to €4,000.
- **Average amount:** €2,400.
- The maximum repayment term is 2 years.



Confianza Project

In 2016, MicroBank signed a collaboration agreement with the Asociación Proyecto Confianza in order to make a contribution to the social and financial inclusion of people in vulnerable circumstances.

In the financial year 2019, 265 loans for an overall amount of about €635,443 were granted to people in extremely vulnerable circumstances who had previously received support through group dynamics aimed at fostering the self-esteem and dignity of the members.



Impact of Family Microcredits

Family microcredits play an important role in relation to equal opportunities as they provide funding to people with limited means who must meet once-off needs. In addition, they promote the financial inclusion of these people.

This can be seen from the impact study carried out by MicroBank, a cross-sectional study analysing different types of people at a certain time, in order to measure the effect on a population sample at a single point in time; in other words, it allows the size and distribution of a variable to be estimated at a given time.

A total of 600 valid interviews were carried out for the impact analysis on families, out of a universe of 79,780 people. The sample taken is statistically representative with a confidence level of 95% and a margin of error of 3.99 points.

Sample description

Family profile

- **Average applicant age: 44 years old**

Gender



- 26% retired or unemployed.
- Average number of persons per household: 2.9.
- 90% without higher education.



Impact measuring method

Gathering data

Phone
interviews

Family
microcredit recipients
600
interviews

Direct impact

- *Recipient profile*
- *Socio-economic impact*
- *Financial habits*



Impact on families

The following areas of impact were identified in the analysis:

Impact on families

Meeting of identified needs

Improved liquidity

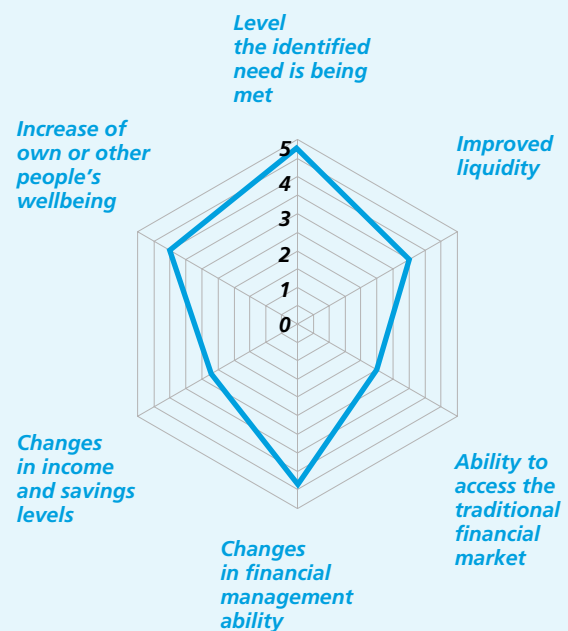
Changes in savings/income levels

Ability to access the traditional financial market

Changes in financial management ability

Increase of own or other persons' well-being

Areas of impact (according to the analysis)

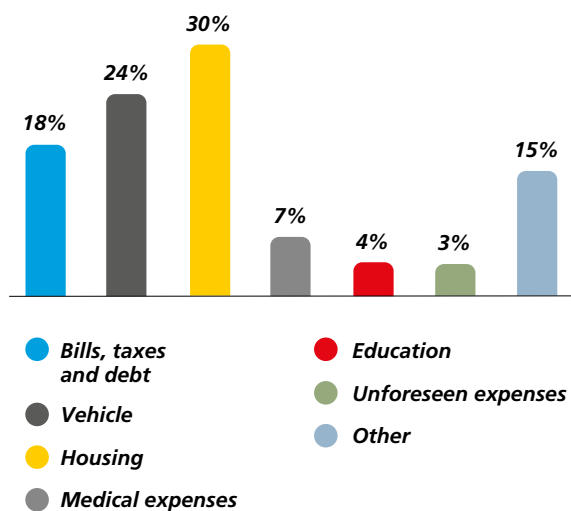


Meeting identified needs: a high level of meeting the identified need

88% stated that they had fully met the need for which they had applied for the microcredit, and 10% partially.

In 30% of cases, the microcredit was used for housing, followed by vehicle-related expenses (24%) and payment of bills, taxes and debts (18%).

Purpose of the microcredit



Improved liquidity:

For most (57%), their ability to cope with unexpected expenses has not changed, while it has increased for 30% (to some degree).

“62% of families are just about able or not able to make ends meet”

Changes in savings/income levels:

72% have seen no change in their income and 67% have seen no change in their ability to save up money.

97% feel that they are able to cope with repayments, which shows that the instalments are in line with the customers' ability to repay.

76% said they save less than €250 a month and more than half of these do not manage to save anything at the end of the month.

“43% of families are unable to pay an unexpected expense of €600”

“41% would ask their family/friends for help”

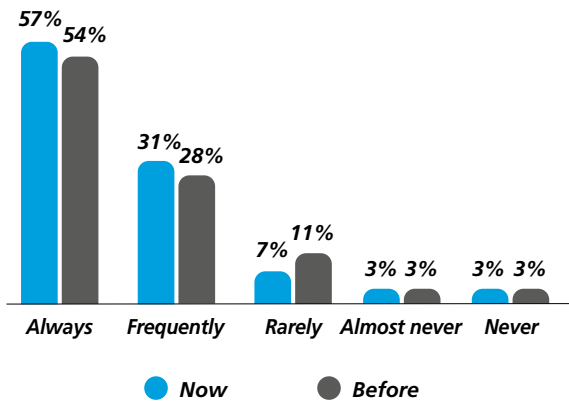
Ability to access the traditional financial market:

35% of respondents have a loan from other institutions. 7% requested a loan from another institution in the last year, in addition to the MicroBank loan.

Changes in financial management ability:

57% of respondents stated that they always keep their accounts up to date (54% before receiving the loan) and 31% stated that they keep them frequently (28% before receiving the loan).

Frequency at which accounts are kept



“62% of women reported that they always keep accounts of their income and expenses, while 48% of men reported doing so”

Increase of own or other persons’ well-being:

87% feel that MicroBank’s support has had a positive impact on their personal and family well-being.

79% feel that MicroBank’s support has had a positive impact on their financial situation.

“87% feel that MicroBank’s support has had a positive impact on their personal and family well-being”

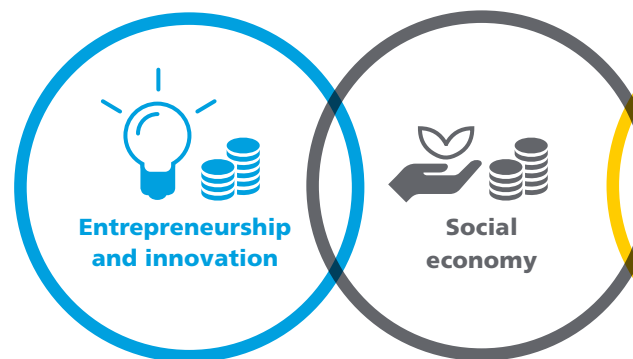






Other finance with a social impact

In its 2019-2021 Strategic Plan, MicroBank expresses its desire to go one step further by promoting projects that have a positive and measurable social impact on society in sectors such as social economy, healthcare, education and innovation.





Within this facility, we have developed specific products to meet specific needs in different areas:



ENTREPRENEURSHIP AND INNOVATION Innovation loan

Aimed at:

Entrepreneurs and micro-enterprises

Main features:

- **Amount:** Up to €50,000.
- **Purpose:** Launching or expanding innovating business projects.
- **Term:** The maximum repayment term is 7 years, with a grace period of 24 months.

Financial year 2019

2,502

transactions

Total amount:

90,593,597 €

Average amount:

36,208 €



Education



Health



SOCIAL ECONOMY EaSI Social Enterprise Loan

Aimed at:

Social organisations and enterprises striving to have a positive and measurable social impact through economically and environmentally sustainable business activity.

Main features:

- **Amount:** Up to €500,000.
- **Purpose:** Funding for the creation and development of social enterprises. Social enterprises are deemed to mean enterprises specialised in job market integration and those performing their business in sectors such as promoting personal autonomy, care for people with disabilities and those needing assistance, the fight against poverty and social exclusion, interculturality and social cohesion, social action projects and cultural initiatives with a social impact.
- **Term:** Up to 10 years (with an optional capital grace period of up to 12 months).

Financial year 2019

131

transactions

Total amount:

16,477,765 €

Average amount:

125,784 €

EaSI Social Enterprise Loan Impact Study

The purpose of this funding is to play a part in maximising social impact in these sectors. To this end, for the first time, MicroBank has carried out a study to analyse the social impact of this loan in collaboration with Stone Soup Consulting.



Methodology

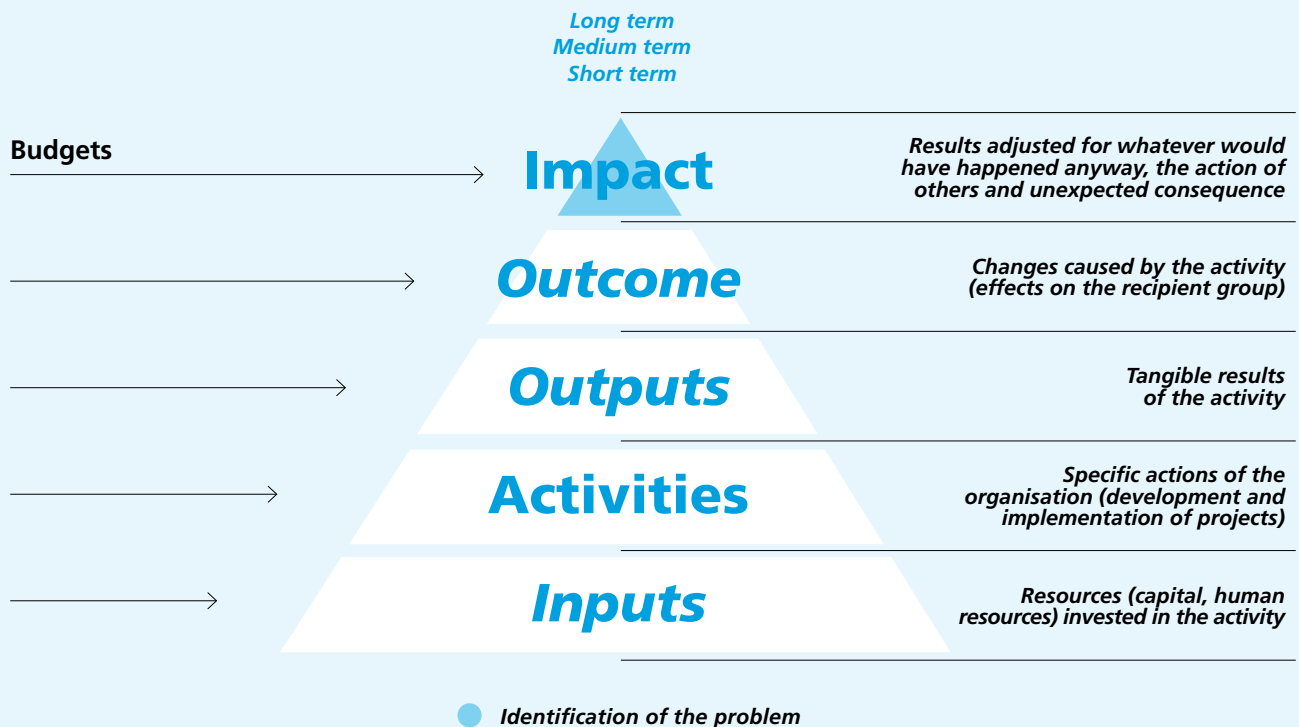
The methodology is longitudinal, designed ad-hoc for this study, which allows the monitoring of the same individuals over time.

The main change with respect to the assessment methodology that MicroBank has used until now is the monitoring of a group of recipients (in this case, social enterprises) over time to observe the effects that have occurred in different areas of their lives (in this case, in different organisational areas).

In order to design the different impact measurement indicators, the literature on this subject and the opinion and perspectives of the main actors involved in the programme have been taken into account, as they have unique knowledge which can be used to define impact measurement indicators. For this purpose, a Theory of Change workshop was held with the key actors involved in the EaSI loan, and support was also provided by EaSI Technical Assistance thanks to the EaSI Programme agreement.

Theory of Change

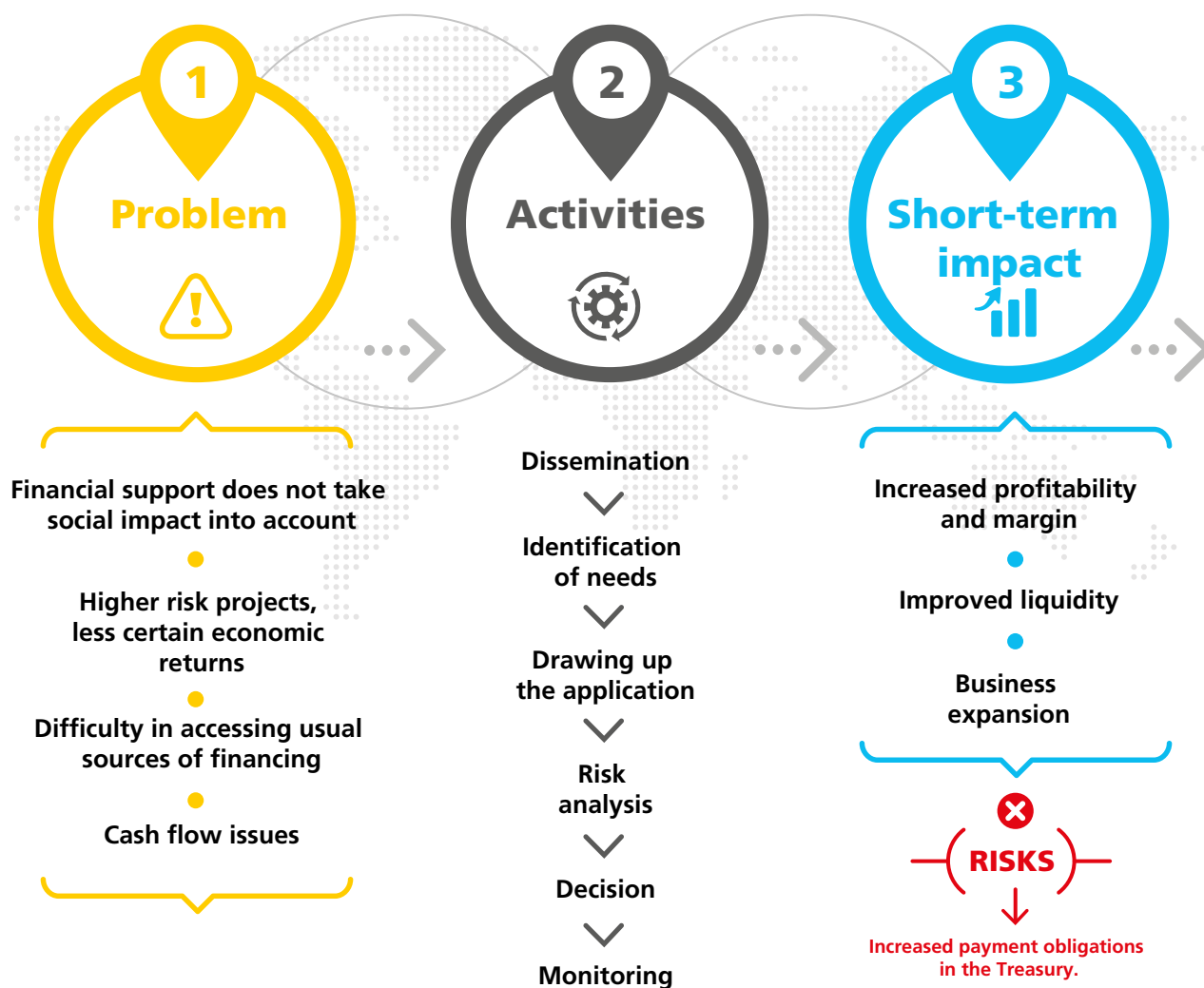
The Theory of Change describes and explains how and why there is a perception that a particular programme can change a particular context. This theory provides a way to explain correlations and clarify the programme's assumptions, highlighting the link between the problem(s) the programme seeks to address, the solution that has been developed to address these problems, the activities that implement these solutions and the outcomes that flow from them, emphasising the assumptions used to model this theory.



The infographic below shows the Theory of Change of the EaSI programme:

- The **problems** the programme aims to help solve are related to difficulty in accessing financial resources from social institutions due to the high risk that such projects usually involve, which results in cash-flow problems.
- The **activities** undertaken to address them, from identification of needs to loan approval and monitoring, and external and internal promotion of the EaSI loan. These are as follows:
 - external and internal promotion of the EaSI loan;

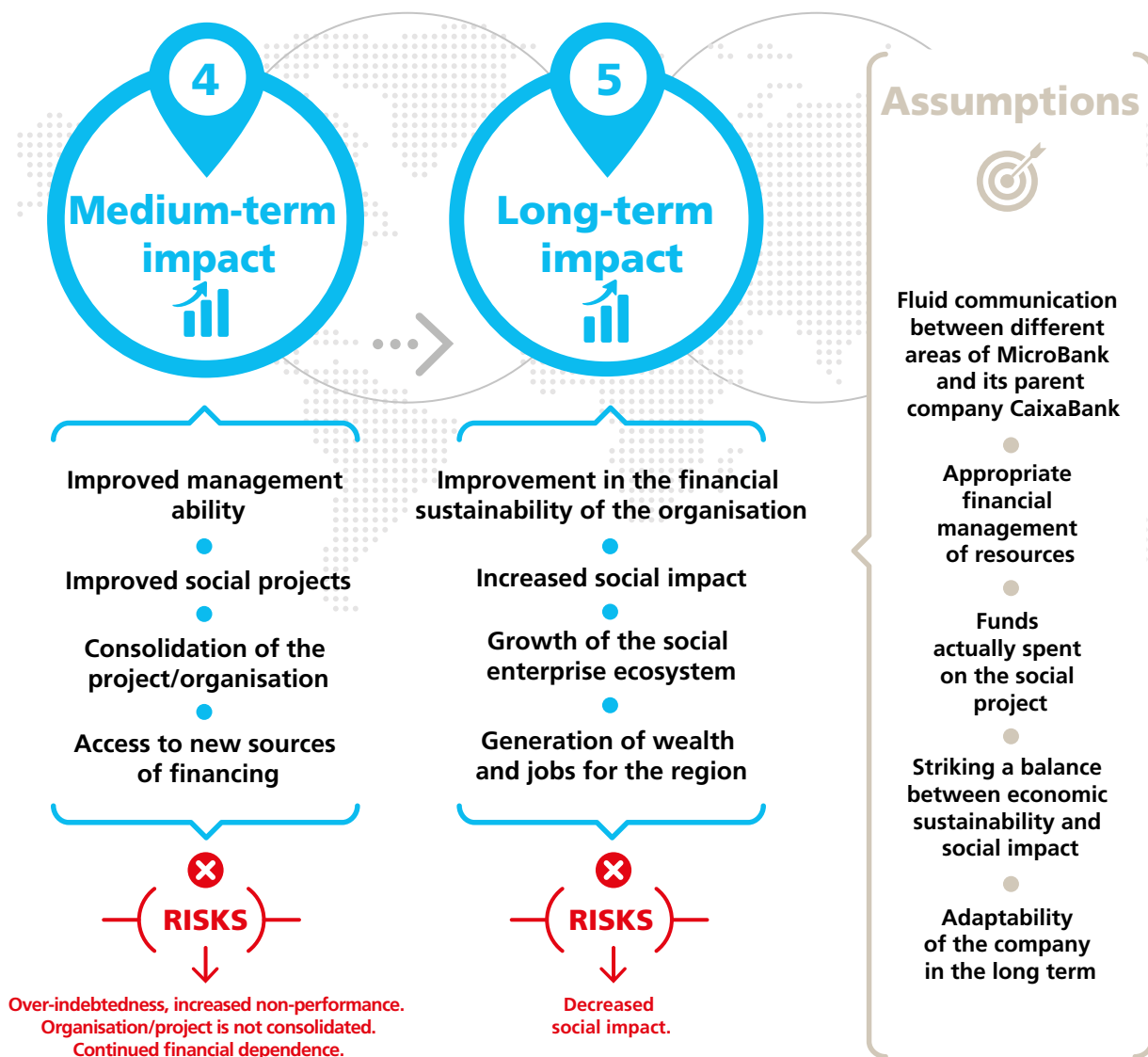
- identifying the financing needs of potential customers as possible recipients;
- identification of opportunities based on needs in the region;
- drawing up the application with the help of the advisor;
- feasibility analysis by the risk department (taking into account financial and social impact aspects);
- and, lastly, if the risk analysis is positive, granting of the loan and monitoring of the company in terms of its sustainability and social impact (metrics) throughout the life of the loan.



- The **short, medium and long term impacts** of these activities, which can be broken down into direct impacts on the organisations (more financial strength, better or more organisational capacity), and impacts on the recipients assisted by these organisations (the loan is supposed to contribute to deepening or broadening the social impact of the organisations). We distinguish impacts by length as not all impacts are expected to materialise at the same time.
- The **ultimate goal** of the programme is to increase the number of companies with a social purpose, to increase

their presence in the economy, to make them more sustainable and to increase their ability to create social value.

A new aspect is that, when developing the Theory of Change and working on the assumptions, possible negative effects of the action have been included as a way of integrating the concept of risk into the definition of the programme's impacts.⁴ These risks are highlighted in red in the infographic: risk of over indebtedness, continued financial dependence, risk of diminishing social impact, etc.



4. This decision is based on the Impact Management Project methodology which, unlike others, brings the element of risk into the analysis and assessment of social impact projects.



From the Theory of Change to the impact model

Based on the potential impacts identified in the Theory of Change workshop, large areas of impact were developed in the interviews with recipients and in the literature on the subject, with which certain indicators were associated. The two major impact areas identified for the institutions supported by

the EaSI programme are: the impact on the social institution receiving the loan and the impact of the social institution on the recipients and/or society.

These indicators were the starting point in the process of developing the questions in the baseline surveys.



Impact on the social enterprise

If, thanks to the financing, the institution can:

Strengthen its organisational ability

Improve its financial sustainability



Impact of the institutions on the recipients/society

This has a direct positive impact on:

Contributing to the Sustainable Development Goals

Increasing the number and diversity of people receiving support

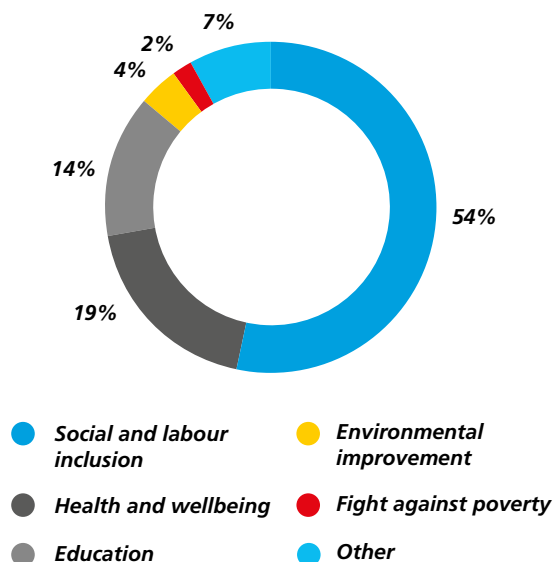
Job creation, in particular for the most vulnerable groups

Description

In order to have an initial idea of the impact at the end of 2019 on the social enterprises that applied for a loan throughout 2019 (a universe of 131 companies), a total of 68 telephone surveys were carried out, 63% of which were followed up with an online portion. This implies statistical significance with a 95% confidence level and a margin of error of 8.27 for the questions in the telephone survey and 13.2 for the questions in the written survey.

The areas of activity of the companies that have received financing from MicroBank are related to social and labour inclusion (54%), health and wellbeing (19%), education (14%) and, to a lesser extent, environmental improvement (4%) and fighting poverty (2%).

Type of recipient organisations (n = 66)



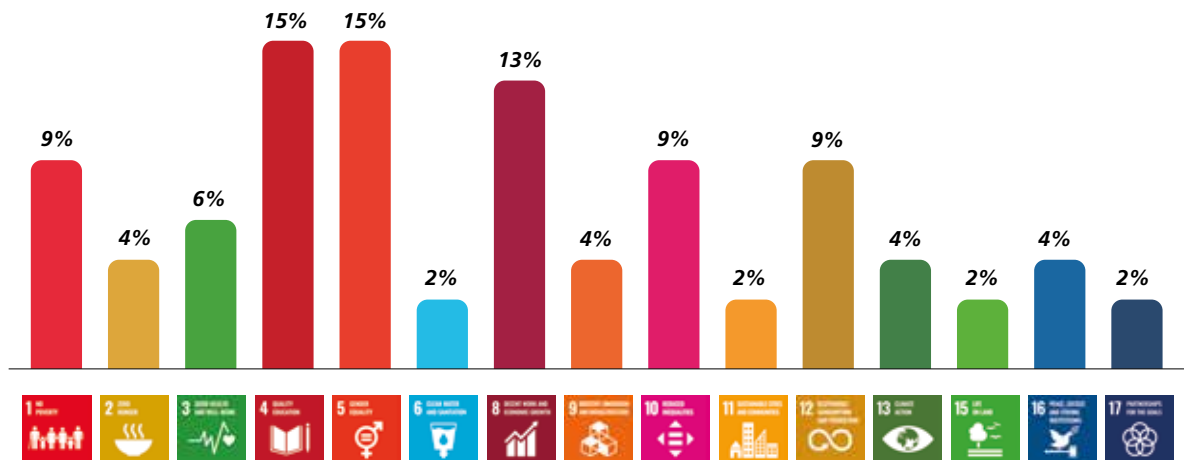


- As for the different types of entities, 30.5% are foundations, 29% are associations and 27.4% are limited companies. Cooperatives account for 8.4%, with the remainder accounting for a negligible share. According to the study, 85% stated they had not received a loan in the past year.
- The respondent organisations have a total of 3,273 employees, 1,706 of whom are in the protected employment category and 430 in the socially and economically inclusive category. This means that **52% of jobs in these organisations are protected and 13% are socially and economically inclusive.**

Almost all SDGs are covered by the work of the different organisations, although SDG 4 (Quality Education), SDG 5 (Gender Equality) and SDG 8 (Decent Work and Economic Growth) stand out in particular.



Contribution to SDGs (n = 39)



In terms of recipient categories, the institutions serve a wide range of groups, the most relevant being people with disabilities (14% of the institutions), people at risk of exclusion (12%) and unemployed people (12%).

Impacts

For this group of institutions, the survey was able to confirm the following short-/medium-term impacts within those identified in the Theory of Change:

- **Improved financial sustainability:**

- ✓ 84% stated that they had fully or largely fulfilled the purpose of the loan. For many institutions, the priority was to reduce cash flow pressures. For others, the loan was directly used to create services or products.
- ✓ The vast majority (77%) of respondents felt that their financial situation had improved since receiving the loan, 42% of whom explicitly attributed this to the loan.

- **Strengthening of organisational capacity:**

- ✓ 82% of respondents have already seen some improvement in their organisational capacity since receiving the microcredit. Among the areas that have been strengthened the most are financial management, human resources and strategic planning. However, the improvement in organisational capacity is not solely linked to the loan from MicroBank; other factors need to be taken into account, such as the fact that many institutions (53% in the survey) also received some form of non-financial support from another institution. **The vast majority of respondents (95%) considered the loan to be “fairly or very important” for organisational development.**

- **Social impact development:**

- ✓ 80% of respondents stated that the social impact of their organisation had increased with respect to the previous year, and all stated that this growth was related to the loan received to some degree.
- ✓ It is important to clarify this information, as 30% had no formal mechanisms for measuring their social impact.



EDUCATION

Erasmus+ Master's Loan

Aimed at:

Students resident in Spain wishing to attend a master's degree in another Member State or associated country of the European Union or students resident in another Member State or associated country wishing to attend a master's degree in Spain.

Main features:

- **Amount:** Up to €12,000 for master's degrees shorter than one year and €18,000 for master's degrees lasting longer than one year.
- **Purpose:** Tuition fees and expenses associated with staying in the country (travel, living expenses, etc.).
- **Term:** Payments do not begin until one year after studies have been completed. The loan can be repaid within a maximum term of 6 years in the case of master's degrees longer than one year. An additional grace period of a total of one year can be requested at any time.

Financial year 2019

54

transactions

Total amount:

619,190 €

Average amount:

11,466 €



EDUCATION

Loans for postgraduate studies at European universities – "la Caixa" Banking Foundation

Aimed at:

Candidates for the "la Caixa" Scholarship Programme who were not awarded a scholarship.

Main features:

- **Amount:** Up to €150,000.
- **Purpose:** Tuition fees for the relevant studies and any living expenses.
- **Term:** Up to 10 years.

The "la Caixa" Banking Foundation will subsidise the interest of the loan received by the student during the grace period, which lasts from the time the transaction is arranged until one year after the funded studies are completed, for a maximum of 42 months.

A second group of 11 students has already benefited from this agreement this year and we expect that the number of benefiting students will rise over time.



HEALTH

MicroBank Health Loan

Aimed at:

A loan for the purpose of financing medical treatment and temporary assistance for people suffering from a mental health condition (eating or behavioural disorders, etc.), with a view to contributing to the improvement of their quality of life and personal independence.

Main features:

- **Amount:** Up to €25,000.
- **Purpose:** Treatment costs for the aforementioned people.
- **Term:** Up to 6 years.

Financial year 2019

Different agreements have been signed with foundations and specialised centres

27

transactions

Total amount:

531,800 €

Average amount:

19,696 €



MicroBank's Basic Payment Account

As part of its commitment to financial inclusion, MicroBank provides its customers with the Basic Payment Account.

It is aimed at people with income below the interprofessional minimum wage. This account is fee free and offers a range of basic services free of charge.

Investment products

MicroBank is committed to socially and ecologically responsible investments and therefore promotes the marketing of two socially responsible investment funds through CaixaBank: MicroBank Ethical Fund and MicroBank Ecological Fund.

MicroBank Ethical Fund

91.2 M€
volume

MicroBank's Ethical Fund is a mixed ethical and charitable fund combining the search for profitability with criteria associated with social responsibility. It is characterised by the fact that it combines traditional financial investment criteria with socially responsible criteria.

In addition, the fund includes a charitable component with MicroBank's Ethical Fund giving 25% of the management fee to non-profit organisations, while the "la Caixa" Banking Foundation contributes an equivalent amount to an international cooperation project.

>> **Award for Best Solidary Fund**
Awarded by Expansión in 2019
-Allfunds

MicroBank Ecological Fund

32.8 M€
volume

MicroBank's Ecological Fund is an international variable-income fund investing in a selection of ecologically responsible

funds in sectors such as renewable energy, ecological food, recycling, water treatment, etc. This is the first fund in Spain to combine the search for profitability with protecting the environment.

MicroBank's Ecological Fund is managed by CaixaBank Asset Management, CaixaBank's fund manager and the first-largest fund manager in Spain, which relies on a large team of professionals working to find the best options in terms of profitability at all times.

CaixaBank's Social Bond

CaixaBank issued its first Social Bond in September 2019. This first issue funds loans to combat poverty, for decent work and for the creation of jobs in the most underprivileged areas of Spain, in line with the United Nations' SDGs. The funds will be used for assets granted in the last three years prior to the issue and 25% for new financing (granted in the year of issue or thereafter).

CaixaBank's Social Bond includes loans granted by MicroBank to individuals or families living in Spain to fund daily needs such as healthcare, education or home and vehicle repairs.



SDG 1: Financing loans granted by MicroBank to individuals or families living in Spain whose sum of available income is €17,200 or less, with the aim of funding daily needs such as healthcare, education or home and vehicle repairs, and without guarantees or collateral.



SDG 8: Financing loans to self-employed, micro and small enterprises operating in the Spanish provinces located in the regions with the lowest per capita GDP and/or the highest unemployment rate.



Monte de Piedad

MicroBank has been managing “la Caixa’s” Monte de Piedad at the request of CaixaBank since 2010 in order to increase the impact of its business and boost the quality of service offered to customers.

CaixaBank’s Monte de Piedad is a traditional instrument and one of the oldest still in existence in Spain for the pursuit of the institution’s charitable and social purposes.

Monte de Piedad grants loans secured with jewellery for personal use by people who, due to their employment, financial or family circumstances, may have difficulty in accessing credit. To obtain a loan, customers must visit one of the Monte de Piedad branches where the jewellery is instantly appraised and the maximum loan amount is calculated and paid out instantly.

The jewellery can be redeemed at any time or upon maturity (one year) after the loan has been repaid. Successive renewals of one year may also be requested. Almost 94% of guarantees are redeemed or the loan is renewed.

Any guarantees that are not redeemed or renewed are put up for auction after the customer has been notified. It should be pointed out that Monte de Piedad’s auction business is a non-profit activity. The surplus from the auction is paid back to the customer after the loan has been paid off. A total of 12 online auctions were held in 2019.

Key figures in 2019

17,591

loans granted

35,235

current loans

1,080

average amount (in euros)

2,098

new customers

Expected impact:

- Financial inclusion of certain groups using jewellery as a “means of payment”.
- Meeting one-off or recurrent financial needs.



MicroBank's key strategies

**We adapt our future
targets to new needs
and opportunities
as they arise in society**

The impact of the decisions made in the process of drawing up the 2019-2021 Strategic Plan has been evident in the financial year 2019. Decisions aimed at preserving MicroBank's supplementary role to that of traditional banks, at all times, and at fulfilling the mandate of its Board of Directors and its shareholder, CaixaBank, to hold a leading position among



institutions dedicated to finance with social impact as best as possible.

The observed gradual recovery of the economic environment has allowed for increased access to credit for many of the families who, throughout the recent financial crisis in 2008, were facing serious constraints in obtaining financing. It is precisely against this new backdrop of increased credit facilities that MicroBank has repositioned its business in line with its strategic plan, rethinking the scope of its target audience to adapt it to these new circumstances and keeping the focus of its activity on groups that, in this new environment, may still face greater difficulty in accessing credit, accepting the impact that such decisions can have on growth, the risk profile of the portfolio and the generation of profit.

The reports of previous years have provided a clear picture of the figures and ratios obtained by the bank, which, over the years, have led to a significant increase in the volume of loans granted, the portfolio balance and the profit obtained from the business, which has essentially been used to strengthen the company's own resources in order to enhance and ensure the sustainability of its work during the first stage of strong growth. Society is now at a stage where the strategy considered by the bank's Board of Directors to be most consistent with its mission is to adapt and strengthen the microfinance business, so that it continues to add value for groups (families or entrepreneurs) that may still face greater difficulties in accessing credit, and to supplement it by using the knowledge and experience acquired to develop new products and services capable of having a positive and measurable social impact on other segments.

MicroBank's 2019-2021 Strategic Plan sets out the institution's new approach and seeks a transition from being a leader in microfinance to becoming a benchmark in banking with a social impact.





Strategic lines

Maintaining focus on the traditional business

Optimising the microfinance business

- ✓ Maintaining portfolio risk quality and active non-performance management.
- ✓ Protecting the margin in recurrent business.
- ✓ Rebalancing the family/business mix.
- ✓ Adjusting the applicable conditions and the scope of potential customers.

Strengthening our organisational and management capabilities

Organisational integration/coordination with CaixaBank

- ✓ Inclusion of MicroBank in the NEX programme.
- ✓ Rollout of the 3LoD model: Implementation of the Risk Management Function and 2LoD control environment.
- ✓ Coordination of functional hierarchies and responsibilities.

Improving the quality of and access to management information

- ✓ Improvement of the level of available information on business and social impact.
- ✓ Increasing access facilities for users.
- ✓ Reduction of manual processes in information management.

Adapting risk functions to new requirements

- ✓ Strengthening the ability to analyse transactions on an individual basis.
- ✓ Alignment of grant criteria with policies.
- ✓ Close monitoring of risk profiles by facility and their impact on the overall mix.

Transition from microcredit leadership to leadership in banking with a social impact

Development and validation of the expanded value proposition

- ✓ Launch of the new product portfolio with a social impact.
- ✓ Validating the potential of each new proposal: impact, scope and sustainability.
- ✓ Development of new marketing channels.
- ✓ Support for institutions.

Repositioning the bank with regard to its stakeholders

- ✓ Internal communication management.
- ✓ External communication management.
- ✓ Developing alliances and positioning in each of the new stakeholders.

MicroBank's mission: To contribute to societal progress and well-being by providing financing to groups and projects resulting in a favourable social impact.





Corporate governance

Robust corporate governance enables companies to maintain an efficient and methodical decision-making process, which gives clarity in the assignment of responsibilities, thereby avoiding possible conflicts of interest, ensuring efficient risk management and internal control, and promoting transparency.

MicroBank's Board of Directors is the bank's most senior body for representation, management and administration pursuant to the instructions issued by its sole shareholder, CaixaBank. The Board approves the bank's strategic plan, which is submitted for the consideration of the shareholder, and conducts in-depth monitoring of its business, controlling developments in terms of equity, finances, profit and the risks inherent to its operations.

For MicroBank, good governance and transparency are essential to protecting the interests and earning the trust of all stakeholders.

The governance structure includes a Board of Directors which, as of 31 December 2019, is composed of five independent

directors, two proprietary directors and one executive director appointed at the proposal of the sole shareholder.

The directors meet the requirements of good character, experience and good governance as required by the applicable laws.

Board of Directors

Chairman



Juan Carlos Gallego González
Proprietary
28/06/2018*

Directors



Raphaël Alomar
Independent
09/11/2011**



Christian Eugène de Noose
Independent
19/04/2012***



Richard Fowler Pelly
Independent
30/03/2015



Carles Alfred Gasòliba Böhm
Independent
30/03/2015



Alberto López Martínez
Executive/Proprietary
27/03/2019****



Ana Rocío Sáenz de Miera Cárdenas
Independent
28/06/2018



Joaquín Vilar Barrabeig
Proprietary
21/02/2019

Secretary



Montserrat Pérez Simeón
21/06/2018

* Juan Carlos Gallego was appointed Chairman of the Board of Directors effective as of 19/09/2019.

** Office renewed on 18/01/2018.

*** Office renewed on 05/04/2018.

**** The appointment of Alberto López Martínez as Director was agreed on 07/03/2019 and took effect on 27/03/2019.

NB: All directors were appointed following a favourable report or, where appropriate, at the proposal of the Appointment and Remuneration Committee.

MicroBank's Board of Directors has an Audit and Risk Committee and an Appointment and Remuneration Committee. These are specialised committees performing supervisory and advisory duties.

Among other duties, the **Audit and Risk Committee** reports on the outcome of the audit, oversees the process of drawing up and submitting financial statements, and makes recommendations or proposals to the Board in this regard.

The **Appointment and Remuneration Committee** is tasked with assessing the skills of Board members; proposing new members; reviewing the balance of knowledge, skills and diversity on the Board; deciding on remuneration policy; and addressing all issues related to the institution's social impact and corporate social responsibility.

Audit and Risk Committee

Chairman

Richard Fowler Pelly
Independent 31/03/2016*

Members

Raphaël Alomar
Independent 31/03/2016**

Carles Alfred Gasòliba Böhm
Independent 31/03/2016**

Joaquín Vilar Barrabeig
Proprietary 27/3/2019

* Appointed as Chairman of the Committee on 21 June 2018. Reappointed effective from 16 March 2018.

** Reappointed effective from 16 March 2018.

Appointment and Remuneration Committee

Chairman

Carles Alfred Gasòliba Böhm
Independent 01/07/2017*

Members

Christian Eugène de Noose
Independent 31/03/2016**

Richard Fowler Pelly
Independent 15/12/2017

* Appointed as Chairman of the Committee on 21 June 2018.

** Reappointed effective from 5 April 2018.

Management Team

The Management Team aims to achieve the targets set by the Board of Directors in order to ensure that MicroBank is sustainable in the long term. The duties of the management team include adopting high-level decisions regarding the

organisation's strategy, the principles of conduct and the policies and protocols that develop them, in relation to all kinds of matters with a social impact, including economic and/or environmental issues.

Management Team

General Manager

Alberto López Martínez

Area Managers

Frederic Flaquer Revaud

Susana Fons Lete

Francesc Xavier Gómez Naches

Hugo Martínez Pérez

Ángel Soto Martín





Responsible and ethical conduct

All the members of MicroBank's staff have an obligation to act on the basis of good faith, integrity and common sense.

Code of ethical values and principles of conduct

- ✓ MicroBank's Code of Ethics, the Principles of Conduct and the Anti-Corruption Conduct Policy set out the values, principles and rules that must be observed both in the institution's internal professional relations and in external relations with customers, shareholders, suppliers and the community at large, in all areas where MicroBank is active.
- ✓ This code sets out the ethical values and principles that govern the actions of all employees, executives and members of the management body.
- ✓ These principles for action are as follows: compliance with the law and regulations applicable from time to time, respect, integrity, transparency, excellence, professionalism, confidentiality and social responsibility.
- ✓ The Code also specifies the commercial policy, which revolves around funding projects aimed at boosting production activity and job creation along with projects aimed at fostering personal and family development and promoting financial inclusion.
- ✓ In terms of data protection, MicroBank has a specific e-mail address for the exercise of ARCO+ rights by customers. MicroBank uses the same mechanisms to protect customer privacy as CaixaBank. No leaks or loss of customer data have been detected. Claims received from third parties in 2019, which are understood to be requests for ARCO+ rights, amount to a total of 96, all of which are managed by the group's subsidiary CaixaBank Operational Services, S.A. (formerly GDS Cusa, S.A.).

MicroBank has held the EFR (family-responsible company) certificate awarded by the Másfamilia Foundation since 2018. This certificate recognises good practices at organisations implementing models for reconciling work, personal and family life.



United Nations' Global Compact

MicroBank has been a member of the UN's Global Compact for 10 years. The Global Compact is an international initiative aiming to achieve a voluntary commitment to social responsibility by institutions through the implementation of 10 basic principles based on human, labour and environmental rights and the fight against corruption.

The institution includes a mandatory clause for its suppliers, whereby they state they know and observe the 10 principles of the United Nations' Global Compact.



Anti-Corruption Policy

As a signatory of the United Nations' Global Compact, MicroBank is committed to observing the 10 principles set out therein, one of which is to work against all forms of corruption, including extortion and bribery (principle number 10).

This is why MicroBank approved an Anti-Corruption Policy in 2017. This policy governs conduct and specifies which conduct is forbidden, both if carried out directly or indirectly through a middleman.

Environmental Policy

Through its Environmental Policy, MicroBank undertakes a commitment to protect the environment, observing the laws in this respect and adopting procedures to reduce the environmental impact of its activities. It also promotes the funding of projects contributing to improved energy efficiency and achieving better environmental sustainability in the long term. Lastly, it is worth mentioning MicroBank's commitment to the environment, demonstrated over the year by the fact it has signed up to the Environmental Risk Management Policy and the Climate Change Statement.

Groupwide Corporate Social Responsibility Policy

The purpose of this groupwide policy, which is applicable to MicroBank, is to promote responsible and sustainable business practices that benefit the reputation of the institution and therefore benefit society, in particular in social and environmental matters.

Among other issues, this policy includes the consideration of the UNEP FI Principles as an international benchmark standard, CaixaBank's Climate Change Statement for the protection of the environment and the commitment to create value and promote the well-being of staff in a healthy and sustainable working environment.

Human Rights Policy

MicroBank has also signed up to the Corporate Human Rights Policy, which commits the institution to respecting the recognised human rights of its stakeholders, be they customers, suppliers, employees, executives or others, and to requiring compliance by any third party with whom it maintains a business relationship.

In particular, it includes a commitment to upholding the human rights enshrined in the Charter of Fundamental Rights of the European Union, the Principles of the United Nations' Global Compact and the UNEP FI Principles, along with the Group's Supplier Code of Conduct.

Corporate policies on compliance

Moreover, throughout 2019, the institution has signed up to the updates and revisions of the various Corporate Compliance Policies approved by CaixaBank, including the Internal Control Policy, the Policy on Prevention of Money Laundering and Terrorist Financing and International Financial Sanctions and Countermeasures Management of the CaixaBank Group, the General Conflict of Interest Policy and the Product Governance Policy. It should also be pointed out that the Company adapted the updated corporate regulations to MicroBank's situation and the nature of its business by approving new versions of the Code of Ethics, the Anti-Corruption Policy and the new Conflict of Interest Management Protocol.

Compliance with policies lies within the remit of CaixaBank's Regulatory Compliance Area and is supervised by MicroBank's Control Area Management. We conduct recurrent control initiatives regarding all procedures carried out at MicroBank and provide regular and mandatory training for all staff in relation to the Code of Ethics and the different policies.

The bank also develops other initiatives to strengthen its model of action and transparency in management, such as the following:

- There is a **confidential internal inquiry and complaints channel** to promote compliance with internal policies and regulations.
- Customers and other stakeholders have the usual **customer service** channels for inquiries and complaints available to them.
- MicroBank is a voluntary member of **Autocontrol**, the Association for Commercial Self-Regulation, which promotes good practices in advertising.



Risk Management

In accordance with the standards and best practices issued by the Basel Committee on Banking Supervision, MicroBank's risk management policy is based on a set of calculation tools and techniques for the purpose of measuring, monitoring and managing risk.

The risks arising from the bank's own activities are categorised as follows:

Risks related to financial activity

- Credit risk
- Liquidity risk
- Interest rate risk

Risks related to business continuity

- Operational risk
- Regulatory compliance risk
- Reputational risk

Pursuant to the CaixaBank Group's guidelines, MicroBank has an internal control model structured around three lines of defence. This is why the institution has a risk management function, a regulatory compliance function and an internal

audit function. Moreover, it has a Risk Management Area and a Control Area, which respectively act as points of contact for CaixaBank's Risk and Regulatory Compliance departments.

In particular, MicroBank's Risk Management Area conducts an in-depth control of both quality in transaction admission and the development of the risk quality of microcredits granted along with the subsequent level of non-performance. In doing so, MicroBank's Management is provided with a comprehensive overview of each customer's situation along with aggregate information at the production line and management unit level.

In addition, the Control Area handles coordination between MicroBank and its shareholder and agent, CaixaBank, in all initiatives related to regulatory aspects with an impact on the institution. MicroBank grants 100% of its microcredits on the basis of the personal guarantee provided by the applicants, without requesting or accepting any kind of in rem guarantee. Since the institution deals with customers with little or no credit history, the traditional risk analysis tools must be supplemented with other types of techniques enabling it to conduct an in-depth analysis of the feasibility of each proposed project.

This approach allows MicroBank to achieve its company purpose of promoting credit inclusion.

Management ratios

	2017	2018	2019
NPL ratio	3.68 %	4.11 %	4.19 %
Accumulated write-off percentage vs. granted and due capital	4.27 %	4.78 %	5.38 %
Impaired asset coverage	185.72 %	142.34 %	154.02 %



Economic- financial information

A sustainable social bank

MicroBank's financial situation has developed in a satisfactory manner in the financial year 2019. Profit after tax was €34.7 million (compared to €30.7 million in 2018).

The year was closed with an active portfolio balance of €1,583 million, 2% more than in 2018. There was a high volume of loans granted to families during the year, at about 80,000 microcredits for an amount of €414 million (although there was a 22% decrease compared to December 2018), which



Financial year 2019

Profit after tax

34.7 M€

Active portfolio balance

1,583 M€



Family loans in the portfolio

Microcredits

248,142

Amount

1,011 M€



Loans to entrepreneurs held in the

Microcredits

56,107

Amount

445 M€

allowed the institution to achieve a balance of €1,016 million (6% less than in the previous financial year). In terms of credits for entrepreneurs and companies, a little over 19,000 microcredits were granted, a slightly higher figure than in the previous year, for a total of €311 million and a final portfolio balance of €567 million (which means an increase of 18% with respect to 2018).

MicroBank closed out the year with own funds of €359 million, of which 90 million were capital and 234 million reserves, with a net profit of €35 million. This amount of own funds accounted for 23.4% of total assets and is significantly higher than the regulatory capital amount estimated pursuant to the advanced approaches for calculating the required own funds (for credit, operational and other risks), estimated at €103 million in December 2019.

At year-end, MicroBank's impaired assets were at €66 million, which translates into an NPL ratio of 4.19%. The write-off ratio (the percentage of debt transferred to write-off risks out of the accumulated amount of credit already matured or repaid since the commencement of business, excluding refinancing) reached 5.38% before applying the EIF's coverage and 3.99% after applying the amounts recovered through the guarantees arranged with this body in the different agreements. These

figures show the current portfolio's risk quality remains within the prudential range we deem acceptable.

The net amount of insolvency costs recorded in 2019 was €51 million (€63 million for insolvency costs minus €12 million for income from the agreements with the EIF, allocated in the year). The provision fund for insolvencies held €102 million, about 46% of which were provisions for impaired assets. This overall provision volume results in an impaired asset coverage ratio of 154% which, when adjusted with the balance of the provision account for expected income from compensation for allocations to transactions covered by the EIF, would be 138%.

This volume of own funds, the availability of a marketing network with more than 4,000 branches, the important organisational support from the Group and the ongoing availability of funding are some of the most important competitive advantages provided by our sole shareholder, CaixaBank.

Balance statement*

	2019	2018	2017	2016
Total assets	1,532,858	1,512,371	1,423,119	1,157,106
Customer loans	1,582,594	1,557,768	1,464,214	1,178,287
Resources from customers	42,326	43,047	50,610	38,172
Resources from credit institutions	1,086,392	1,091,325	1,042,458	829,646
Capital and reserves	358,509	333,013	285,387	243,334

*In thousands of euros.

Profit and loss account*

	2019	2018	2017	2016
Interest margin	123,735	125,664	114,177	91,628
Gross margin	143,616	143,720	134,530	109,625
Operating profit or loss	49,710	43,862	60,048	48,407
Pre-tax profit or loss	49,690	43,862	60,048	48,407
Net profit or loss (from ordinary business)	34,704	30,696	42,034	33,878

*In thousands of euros.

Resources

	2019	2018	2017	2016
MB Employees	27	25	23	21
Total number of CaixaBank Group employees	35,736	29,441	36,972	32,403
CaixaBank's retail branches	3,918	4,608	5,379	5,027

Management ratios

	2019	2018	2017	2016
Profitability ROE	9.98%	9.76%	15.91%	14.97%
Profitability ROA	2.26%	2.05%	3.19%	3.35%
Bis Ratio (Core Tier I)	23.72%	22.27%	20.32%	21.39%



Microcredit portfolio*

	<i>Number</i>	<i>Active balance</i>
Family Microcredits	248,142	1,010,749
Business Microcredits	56,107	444,972
Other credits with impact	3,863	126,873
Total MicroBank	308,112	1,582,594

*In number and thousands of euros.

Liability and service agreements*

	<i>Number</i>	<i>Active balance</i>
MicroBank Basic Account	6,305	18,724
MicroBank Savings Book	16,370	23,602
Total MicroBank	22,675	42,326
Cards	–	–

*In number and thousands of euros.

Annexes



Annex I: Methodological breakdown for the impact calculation



Input-Output analysis methodology

This part of the study aims to provide a summarised explanation of the construction of the mathematical model and the baseline information used therein, in addition to providing a series of explanations regarding the implications of using this kind of analysis.

This work was carried out on behalf of MicroBank. The baseline data and information used herein were obtained through phone interviews conducted with a random sample of 380 entrepreneurs and 185 micro-enterprises, i.e. a total of 565 businesses.

Methodology – Input-Output Framework

The Input-Output framework is a statistical accounting tool used to show all production and distribution operations taking place in an economy in a certain period of time. It enables the flows of the different intersectoral transactions to be observed in a given economy for a reference year.

The purpose of the Input-Output framework is to provide a systematic and in-depth description of the economy, its components and its relationships with other economies. Using the framework, an economy can be analysed as a whole but also in detail.

The constructed model on which this tool is based, and which is standardised in general methodology in the closed Leontief system, is defined as this basic equation in matrix form:

$$X = AX + DF$$

X is the matrix of productions in the different homogeneous activity branches

A is the matrix of coefficients by production (each average consumption divided by the production of the branch)

DF is the system's vector of final demand

This model is defined as an equation based on the Leontief Inverse Matrix:

$$X = (I-A)^{-1}DF$$

Using this model, we can observe a series of effects on the production of the system linked to the final, external, demand thereof. These effects are broken down into direct or initial, indirect, induced and total effects, with the latter being the sum of all the aforementioned effects. The inverse Leontief matrix shows the effect of the successive rounds of economic transactions taking place in the different sectors when demand is increased in one or several of them.

From the instrument developed, and based on the features of the model, we can establish a series of predictions and proportionalities allowing us to assess the sectorial impacts or effects of the businesses to which MicroBank has granted a microcredit on the Spanish economy as a whole.

These effects can be divided into the following:

- **Direct effect**, which refers to purchases made from direct suppliers and the jobs directly created by the businesses to which a microcredit was granted, along with the economic aspects related to their activity.
- **Indirect effect**, which is the drag along effect exercised on the second line of suppliers by boosting their spending on intermediary products in other sectors and contributing to their job creation.
- **Induced effect**, which refers to the effect on other sectors which, following the increased demand, increase their orders from their respective suppliers.



Application of the method to the case being studied

In order to calculate the direct, indirect and induced impacts of the activities performed by the businesses to which MicroBank has granted a microcredit (hereinafter referred to as “businesses”) on the Spanish economy, we have used the Input-Output framework matrices drawn up by the Spanish National Statistics Institute (INE). These tables are public and drawn up based on the methodology set out by the European Commission.

The table used for the calculations made in this work was the symmetric domestic production at basic prices table, since the aim of the calculations is to find the direct impact of the businesses’ activity on the Spanish economy. This table sets out the intersectoral relationships taking place in an economy for a reference year. The sectors included in this table roughly correspond to the sectors designated by the National Classification of Economic Activities (CNAE). The table also provides information on production in each of these sectors.

We have also obtained data on employment by sector from the INE. Using this data, we have calculated the number of jobs generated by each of the sectors of the communities being studied. With these sector, production and employment data we can establish proportionality rules to find out the direct, indirect and induced employment generated depending on a given production.

The Input-Output methodology also allows us to find out the contribution made by the businesses to the Spanish economy in terms of GDP.

The inputs used were supplier expenses, tax expenses and salary expenses. The former two figures were obtained from surveys in which we enquired about annual supplier and tax spending. In the case of salaries, we have worked with conservative data and used the interprofessional minimum wage⁵.

Using the interviews, we can calculate the inputs by company sector. In the case of supplier expenses, after obtaining the total expenses by sector, we have used the information from the Input-Output tables to estimate the distribution thereof over the different sectors in the symmetric table and by applying the methodology explained above, we were able to calculate the direct, indirect and induced effects. The tax expenses were directly allocated to the Public Authority sector.

Payment of salaries generates direct employment but also generates indirect and induced employment due to the money spent by the people who receive a salary. In order to calculate this spending and find out in which sectors it occurs, we have used data from the Spanish National Statistics Institute (INE)⁶ whose analyses show the typical spending structure of a Spanish consumer. Deducting savings, distributing this spending among the different sectors in the symmetric table of domestic production at basic prices and proceeding similarly as with the supplier expenses, we can calculate the indirect and induced impact in terms of the impact on the GDP and employment.

5. Published in the Spanish Official State Gazette of 21 December 2018.

6. Family budget survey 2019.

Annex II:

GRI content index

GRI Standard	Disclosure	Page	Principles of the Global Compact	SDG
GRI 101: Foundation 2016				
GRI 101: Foundation 2016				
GRI 102: General Disclosures 2016	Organisational profile			
	102-1	Name of the Organisation	10	
	102-2	Activities, brands, products and services	22-25, 38-39, 46-48, 56-59	
	102-3	Location of headquarters	Aduana, 18. 28013 - Madrid	
	102-4	Location of operations	17	
	102-5	Ownership and legal form	13	
	102-6	Markets served	17	
	102-7	Scale of the organisation	4-5, 74	
	102-8	Information on employees and other workers	74	68
	102-9	Supply chain	12-18	
	102-10	Significant changes to the organisation and its supply chain	There were no significant changes to the organisation in 2019.	
	102-11	Precautionary principle or approach	69	
	102-12	External initiatives	69	
	102-13	Membership of associations	Member of the European Microfinance Network and the Spanish Banking Association	

GRI Standard	Disclosure	Page	Principles of the Global Compact	SDG
GRI 102: General Disclosures 2016 (Cont.)	Strategy			
	102-14 Statement from senior decision-maker	7-9		
	Ethics and integrity			
	102-16 Values, principles, standards and norms of behaviour	10-11, 68	1, 10	
	Governance			
	102-18 Governance structure	64-67		
	Stakeholder engagement			
	102-40 List of stakeholder groups	84		
	102-41 Collective bargaining agreements	MicroBank's employees are covered by the collective bargaining agreement applicable to them	3	8
	102-42 Identifying and selecting stakeholders	84-85		
	102-43 Approach to stakeholder engagement	84-85		
	102-44 Key topics and concerns raised	86-87		
	Reporting practice			
	102-45 Entities included in the consolidated financial statements	64		
	102-46 Defining report content and topic boundaries	86-87		
	102-47 List of material topics	86-87		

GRI Standard	Disclosure	Page	Principles of the Global Compact	SDG
GRI 102: General Disclosures 2016 (Cont.)	102-48 Restatements of information	No aplica		
	102-49 Changes in reporting	No aplica		
	102-50 Reporting period	2019		
	102-51 Date of most recent report	2018		
	102-52 Reporting cycle	Yearly		
	102-53 Contact point for questions regarding the report	The usual customer support channels available on the corporate website		
	102-54 Claims of reporting in accordance with the GRI Standards	This report was drawn up pursuant to the Core option of the GRI Standards		
	102-55 GRI content index	80		
	102-56 External assurance	The information was not verified by an independent third party		
Material topics				
Ethics, transparency and responsibility			1, 2, 3, 4, 5, 6, 10	
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	86-87		
	103-2 The management approach and its components	68		
	103-3 Evaluation of the management approach	68		
Financial inclusion			1, 6	1, 8, 10
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	86-87		
	103-2 The management approach and its components	11, 23-59		
	103-3 Evaluation of the management approach	4-5, 38, 56-59		

GRI Standard	Disclosure	Page	Principles of the Global Compact	SDG
Promotion of production activity and job creation			3	5, 8, 9
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	86-87	
	103-2	The management approach and its components	11, 24-26, 46-48	
	103-3	Evaluation of the management approach	4-5, 24-36	
GRI 203: Indirect economic impacts 2016	203-1	Infrastructure investments and services supported	4-5, 24, 47-48	
	203-2	Significant indirect economic impacts	36	
Personal and family development			1, 2	1, 3, 4, 10
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	86-87	
	103-2	The management approach and its components	11, 38-56	
	103-3	Evaluation of the management approach	4-5, 41-44	
Innovative products and services			7, 8, 9	
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	86-87	
	103-2	The management approach and its components	22	
	103-3	Evaluation of the management approach	23-48, 56-58	
Marketing			3	17
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	86-87	
	103-2	The management approach and its components	17	
	103-3	Evaluation of the management approach	17	

Annex III: Materiality and dialogue with stakeholder groups

MicroBank is firmly convinced that one of the greatest values it can contribute to its stakeholder groups is to gain their trust and provide them with the information they wish to obtain. To do so, it establishes channels allowing for simple communication while understanding the needs and expectations of the stakeholder groups.

Stakeholder groups

Available channels

CaixaBank

- ✓ Regular meetings
- ✓ Email

Customers

- ✓ Website
- ✓ Email
- ✓ CaixaBank branches
- ✓ Annual Report

European institutions

- ✓ Regular meetings
- ✓ Email

Collaborating institutions

- ✓ Website
- ✓ Regular meetings
- ✓ Email

Staff

- ✓ Intranet
- ✓ Email
- ✓ Channel for queries

Society

- ✓ Website
- ✓ Annual Report

MicroBank has a range of processes for dialogue with its stakeholders at its disposal, along with other processes for analysing its environment which, through indirect sources, enable it to identify the important issues for both its direct stakeholders and the sector in general terms.

Moreover, this year it has conducted a materiality study for the first time in order to identify the key aspects to be considered from the standpoint of their importance both for the organisation and for the stakeholder groups. These aspects include both those that reflect the bank's significant

economic, environmental and social impact and those that have a material influence on the analyses and decisions of the stakeholder groups.

The methodology used is based on the GRI standards, specifically GRI 101. In order to verify compliance with the completeness principle of the GRI and that there are no omissions in the material issues identified by MicroBank, we have designed a process enabling us to identify what is important for the company and its stakeholders and where it is important (coverage).



1. Identification of issues

Analysis of the issues that are important to the stakeholder groups based on external sources and material issues of companies performing activities similar to those of MicroBank

2. Prioritisation and validation of issues

Prioritisation and validation of the issues identified according to their importance for the business and the stakeholder groups through:

External importance:

- Analysis of the press from the last year
- Benchmark
- Surveys

Internal importance and validation:

- Strategic plan
- Previous Annual Report
- Internal meetings

3. Determination of contents

After the material issues for MicroBank have been determined, we define:

- Related GRI standards
- RELATED SDGS and Principles of the Global Compact

This analysis resulted in the following list:

Material issues	Topics included	Associated SDGs	Principles of the Global Compact
Ethics, transparency and responsibility	<ul style="list-style-type: none"> ✓ Code of ethics and principles of conduct ✓ Measures for preventing corruption ✓ Participation in the Global Compact ✓ Data protection and cybersecurity 	SDG 16 Peace, justice and strong institutions	1, 2, 3, 4, 5, 6, 10
Financial inclusion	<ul style="list-style-type: none"> ✓ Access to high-quality financial products and services provided in a responsible and sustainable manner 	SDG 1 No poverty SDG 8 Decent work and economic growth SDG 10 Reduced inequalities SDG 12 Responsible consumption and production	1, 6
Promotion of production activity and job creation	<ul style="list-style-type: none"> ✓ Business microcredits ✓ Promotion of self-employment through the collaborating institutions ✓ Impact on the socio-economic development of the region and customer profile (metrics) 	SDG 8 Decent work and economic growth	3
Personal and family development	<ul style="list-style-type: none"> ✓ Family microcredits ✓ Impact on family socio-economic development ✓ Ancillary financial service for the most disadvantaged or deprived private households: Monte de Piedad 	SDG 1 No poverty SDG 3 Good health and well-being SDG 4 Quality education SDG 10 Reduced inequalities SDG 12 Responsible consumption and production	1, 2

Material issues	Topics included	Associated SDGs	Principles of the Global Compact
Management of customer relationships	<ul style="list-style-type: none"> ✓ Disputes, issues in lending and financing ✓ Providing excellent service that exceeds customer expectations ✓ Optimising the handling of complaints and claims, greater speed and efficiency ✓ Maintaining and promoting transparency of products and services (clear language) ✓ Customer profile 	SDG 12 Responsible consumption and production	1, 2
Innovative products and services	<ul style="list-style-type: none"> ✓ Products with a twofold impact: economic and/or social ✓ Development of products and services to meet the needs of new customers 	SDG 9 Industry, innovation and infrastructure	7, 8, 9
Marketing	<ul style="list-style-type: none"> ✓ Support from CaixaBank's branches in the marketing of MicroBank's products and services 	SDG 17 Partnerships for the goals	3
Generation of social and environmental impact	<ul style="list-style-type: none"> ✓ Launch of the EaSI Loan aimed at social enterprises 	SDG 8 Decent work and economic growth SDG 13 Climate action	7, 8, 9



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