

**Capital
Social**

Corporate Social
Responsibility

BancoSol

CSR

Annual Report 2020





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Esteban Andrés Altschul
Presidente de Directorio

Corporate message

Message from the Chairman of the Board of Directors

El 2020 was undeniably a complex and challenging year for the world, particularly for low- and middle-income countries, as it was marked by a historic pandemic. The disruption in the supply chain caused by border closures, social distancing measures, and the resulting collapse in consumption have resulted in an economic contraction in the region comparable only to that caused by the 1929 Great Depression.

The pandemic's health crisis continues to have an impact on all aspects of our lives. According to the World Bank's most recent study on the impact of the health crisis on the global economy, "COVID-19 has pushed 88 million more people into extreme poverty in 2020, and that figure is just a starting point." According to Inter-American Development Bank (IDB) forecasts, if the pandemic is not controlled in the coming months, up to 9.7 percent of formal jobs in Bolivia could be lost. The effects of the crisis are already being felt by 4.2 million workers in the informal sector (71 percent of the country's workforce), who make up the majority of BancoSol's customers.

The International Monetary Fund (IMF) projects a decrease in the world Gross Domestic Product (GDP) of around -4.4% for 2020 and 5.5% for 2021. In the case of Bolivia, the IMF forecasts that the national economy will contract by -7.9% in 2020, mainly due to the effects of the health crisis, and that it will recover its growth in 2021 with 5.6% GDP growth, above the regional average of 3.6%.

Although it is difficult to predict the true impact in the medium and long term, it is clear that our region must develop rapid and innovative solutions to combat the virus's effects on the social, health, and economic levels.

Therefore, now more than ever, we must continue with our mission of providing lower-income sectors with the opportunity to have a better future through comprehensive quality banking services supported by a highly committed human team.

The bank's shareholders and directors are committed to the social mission that serves as the bank's backbone and coincides with the global vision that we promote. Current circumstances will not cause us to abandon the strong social commitment to which we were born.

We have no doubt that the Bank's comprehensive vision will enable us to continue as the leader in creating opportunities for small entrepreneurs to improve their living conditions and those of their families, as well as in creating opportunities to reactivate a severely damaged economy. But, true to the bank's spirit, we will continue to grow together!

Esteban Altschul
Chairman of the Board of Directors
Banco Solidario S.A.



 **Kurt Koenigsfest S.**
Gerente General

Message from the General Manager

2020 was marked by the most significant changes in the world. The appearance of the SARS-CoV-2 virus in the population of Wuhan, Hubei province, China, in December 2019 caused a global commotion.

The entire world was paralyzed on March 11, 2020, after the pandemic was declared. Hundreds of governments issued regulations declaring quarantines, restricting travel, and urging rigid confinement, paralyzing the global economy, deepening social divides, and projecting a health and social crisis.

On March 10, 2020, the first two cases of Covid-19 were reported in the Bolivian cities of Oruro and Santa Cruz. Bolivian authorities took health, financial, labor, and social measures on March 12, putting our country on the verge of a comprehensive crisis never before seen.

One of the first steps was the declaration of a "State of Health Emergency due to COVID-19," which included strict confinement and was supposed to last until April 30, 2020, but was extended until May 10 of that year. Following that, the "dynamic quarantine" was implemented. It was decided on August 1, 2020, to extend a "conditional and dynamic" quarantine until the end of the year.

In response to the health crisis, several laws, decrees, and circulars were enacted in 2020 to defer credits. The financial system recorded approximately US \$ 3.5 billion in deferred credits between principal and interest as of December 31, 2020. This deferral of installments has an impact on the periodic flow of liquidity of financial entities, which includes, among other things, interest payments on public deposits and administrative expenses. Furthermore, a lower liquidity flow represents a smaller amount of funds available to re-lend to other people in need of financing, resulting in a lower growth rate and a slowdown in the financial intermediation cycle. On the other hand, loan deferral also affects the payment morale of borrowers and the confidence of savers.

But it wasn't all bad news. The health crisis boosted the use of digital platforms, allowing many of our customers to become more familiar with our digital banking channels and tools.

Despite the pandemic, BancoSol S.A. strengthened its ties with the community through Capital Social, our Corporate Social Responsibility program, which adapted its schools and workshops to digital platforms, reaching over 20,000 people in Bolivia, including children, adolescents, and families.

The social impact that BancoSol has generated since its inception does not reflect the incorporation of social criteria to improve the organization's image or as a complementary action to the financial criteria. BancoSol was founded on a social mission, and we will continue to grow alongside our employees, customers, and community through our programs, which we develop year after year and which have helped us become the best microfinance bank in the world.

Kurt Koenigsfest Sanabria
General Manager
Banco Solidario S.A.

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CHAPTER 01

ACTIONS TAKEN TO COMBAT THE PANDEMIC

Impact measures

SAFETY MEASURES

In March 2020, BancoSol implements the following measures in response to the COVID-19 pandemic:

- ◆ During the QUARANTINE, a schedule of authorized agencies to serve the public was created, lowering the percentage of physical attendance of bank employees and ensuring social distancing.
- ◆ Before entering the Bank's facilities, both bank employees and customers had their temperatures taken and were thoroughly disinfected.
- ◆ Our employees were given health equipment to prevent infections:
 - Biosecurity outfits
 - Masks
 - Safety goggles
 - Social-distancing recommendations
- ◆ Employees were trained to prevent infections through:
 - Posters
 - Rollers
 - Flyers
 - Videos

WORK SAFE MEASURES

BancoSol implemented the following measures after the total quarantine was declared:

- ◆ The face-to-face activities of the employees were suspended to protect the fundamental right to life and health. Only rotating staff worked. Authorized agencies worked on a set schedule.
- ◆ Teleworking was enabled to continue with the activities and for each area to achieve its objectives.
- ◆ Moral and psychological support was provided to affected employees and families.
- ◆ Consultation channels have been enabled so that customers can learn about the procedures for bank insurance.
- ◆ Messages of encouragement and motivation were created to help employees to telework and coexist with their families more effectively.
- ◆ Salaries were paid on time, and employees' job stability was respected.
- ◆ Daily activities and customer service points were gradually restored as conditions permitted.

DIGITAL FINANCIAL EDUCATION FOR CUSTOMERS AND USERS

Distance financial education has been promoted:

- ◆ More than 30 webinars on financial topics were promoted and delivered, including "Optimize Your Savings," "Discover Our Digital Channels," "Guide to Increase My Profits," and "Your Online Business.".
- ◆ Training sessions were conducted through Zoom and Facebook, reaching:
 - 22.212 enrolled participants
 - 6.221 certificates
 - 134.659 views
- ◆ DIGITAL PYME Program's customers were trained on how to manage their transactional website and market their services to the general public.
- ◆ Business advisers were trained across the country to better learn the functions and benefits of the SOLNET and APPSOL digital platforms in order to replicate them for their customers.

COMMUNICATIONS

Our Call Center was available 24 hours a day, seven days a week, constantly updating messages on schedules and agencies to serve our customers.

- ◆ FONOSOL operators also served customers with the following:
 - Phone calls
 - BancoSol Chat
 - Queries and comments from customers and users on social networks
 - SOLBOT
 - Online banking
- ◆ Agency managers and business advisers served customers who needed more information about their credits or other needs.
- ◆ On social networks, communication actions have been developed to ensure that the bank is constantly interacting with customers and users who post questions and comments.
- ◆ Audiovisual tutorials on social networks have been developed to enable customers to conduct transactions without visiting the agencies.

CHANNELS AND SERVICES

The bank's channels and services were strengthened during the pandemic thanks to the benefits and transactional facilities offered to our customers:

- ◆ The use of ATMs was promoted;
- ◆ The use of APPSol was promoted;
- ◆ The use of SOLNET was promoted;
- ◆ Activate online shopping
- ◆ Activate online banking via Call Center

BUSINESSES

- ◆ Business advisers were trained to contact their customers, inquire about their health and that of their families, and to provide them with information about their credit and the use of digital channels.
- ◆ The Solidarity Basket was created for customers who are still able to pay their installments.

- ◆ The use of QR BancoSol for purchases and digital payments was promoted.
- ◆ New processes were developed to evaluate and grant loans.

INNOVATION

- ◆ The first DIGITAL PYMES cycle created 100 free transactional websites for selected customers to promote their businesses. Customers were trained and provided with technological tools like QR codes and credit card payments.
- ◆ 3 new customer service channels were implemented with SOLBOT:
 - Website
 - Messenger
 - Whatsapp
- ◆ The third version of the bank's new transactional app was developed.
- ◆ The first banking game, GANASOL, was created and hosted in the transactional app.





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CHAPTER 02

BANCO SOLIDARIO S.A.

The history of Bancosol

The 1980s were marked by events that altered the course of Bolivia's social, political, and economic history. Following the return to democracy, the country plunged into a deep crisis marked by the world's seventh highest inflation (the 32 percent inflation with which it ended 1981; it became a hyperinflation of 11,750 percent at the end of 1985), pushing the public finances into bankruptcy and a dangerous deterioration of the financial system.

Toward the end of the first five-year period of the 1980s, Supreme Decree 21060 closed the cycle of the State economy and directed the country in a free market model that ended the fiscal and exchange crisis at a high social cost translated into a labor force relocated from the public sector, which immediately fed the informal economy and unemployment.

This complex scenario was exacerbated by the 1983 drought in the country's western region, which added to the army of thousands of relocated peasants who abandoned their lands to seek sustenance in the cities, primarily those in the country's central axis: La Paz, El Alto, Cochabamba, and Santa Cruz.

In 1986, the weak financial system witnessed the entry of a new actor who set his sights on this sector, laying the groundwork for financial inclusion. The regulatory conditions and policies adopted by the entities that operated at the time, combined with the state bank's inability to achieve its goal of promoting development, made it impossible for the informal sector and the unemployed to access any type of financing.

BancoSol, initially as a foundation and subsequently as the first regulated microfinance bank in Bolivia and the globe, focused its activities on these developing economic actors in a process that will be remembered as the birth of microcredit and microfinance.

Inclusion marked the course for a cause that many had given up on. Women, a previously neglected sector of the economy, were among the first to benefit from this innovative approach to development. Female entrepreneurs quickly became the engines of expansion and the social impact of this financial engineering that went beyond loan granting.

Financial engineering, which encouraged the development and spread of solid, highly competent financial institutions with a strong social commitment, became an export product, transforming the BancoSol's recipe into a global reference and case study in the world's leading academic training centers.

Financial inclusion, according to experts, encourages people to use banking services at a fair cost and in a responsible manner, so that they can use them effectively to improve their own and their families' quality of life. BancoSol's mission was to open the doors of the financial system to individuals in need of an opportunity.

In 2020, an uncertain and complex future led BancoSol to reaffirm its commitment to Sustainable Development and its 17 goals. We paved the way for the development of innovative financial solutions that brought banking closer to users. Among other things, the use of new digital channels was encouraged; online banking services were developed; and micro and small entrepreneurs were encouraged to save and purchase micro-insurance. In this way, the bank reaffirmed its commitment to this hard-hit economic group with which it has been working for three decades.



Institutional Philosophy

Mission

To be a bank that provides low-income sectors with the opportunity to have a better future, through access to comprehensive, high quality banking services, supported by a highly committed human team.

Vision

To be the leader, point of reference and innovator in microfinance at the national and international level, promoting the development, progress and quality of life of people with lower incomes in a sustainable way.

Values and principles

El BancoSol S.A.'s credo is formed by a set of values and principles that guide our financial institution's way of thinking, speaking, and acting. Our values are:

- **Solidarity:** Ongoing collaboration with those in greatest need.
- **Integrity:** Create security by acting in a dignified, honest, and transparent manner.
- **Accountability:** Fulfill and render accounts with all obligations and functions assumed.
- **Commitment:** Constant personal improvement as the foundation of global progress.
- **Service:** Exhibit a quality and warm demeanor.
- **Reciprocity:** Constant regard for oneself and others because "Together We Grow"
- **Consistency:** Be consistent in our thoughts, words, and actions.

In all its activities and operations, BancoSol respects and promotes the Human Rights established in the Political Constitution of Bolivia and in the Universal Charter of Human Rights.

Our market presence

BancoSol S.A. is a public limited company organized under the laws of the Plurinational State of Bolivia and supervised by the Financial System Supervision Authority (ASFI).

As one of the most widely spread financial institutions in Bolivia, BancoSol S.A., based in La Paz city, has offices in all nine departments and ten major cities.

Constant innovation and the market's need for banking services lead BancoSol S.A to expand service channels and bring banking services to urban, peri-urban, and rural areas.

Thus, by the end of 2020, 818 Financial Service Points (PAF) comprised of 101 fixed agencies had been established in urban and rural areas. The bank also has 5 mobile agencies, 202 ATMs, messaging banking (InfoSol), non-financial correspondents (Sol Amigo Points), and internet banking (AppSol and SolNet) in 45 municipalities nationwide.

Corporate Governance

2020 has been a difficult year for the world, particularly for the financial system in countries like Bolivia. Despite these vicissitudes, we have worked to maintain and strengthen our sound corporate practices within a regulatory framework consistent with the BancoSol philosophy.

Considering the bank's horizon and the 2020 strategic guidelines, we implemented a code of conduct, as well as mechanisms to assess its compliance and corrective tools to redirect actions as needed.

Self-regulation is a fundamental principle guiding BancoSol's best Corporate Governance practices in order to maximize efficiency, equity, transparency, and the proposed results. Throughout the past year, each component of the bank's structure has been identified along this critical path, enabling us to make decisions based on accurate and reliable information that is in the best interests of our shareholders.

Once again, the bank's management model enabled, guided by Internal Regulations, continuous improvement of information mechanisms, processes, and protocols while respecting the rights and obligations of partners and employees.

The evaluation under clear indicators and goals oriented to the achievement of the objectives has been a constant in institutional management and has enabled the application of higher authorities' recommendations. The bank's structure reflects the high level of commitment and work mystique shared by all members of the BancoSol family.

BancoSol has taken significant steps toward institutionalization in accordance with Corporate Governance principles, practices, and functions.

Our bank's Corporate Governance bodies are governed by its Statute, which details the macro-level decisions that the bank makes.

Our governing bodies are as follows:

SHAREHOLDERS, DIRECTORSHIP AND MANAGEMENT

ACCION GATEWAY FUND L.L.C.

DANISH MICROFINANCE PARTNERS K/S

(FMO) Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V.

ACCION INTERNATIONAL

TRIODOS SICAV II- TRJODOS MICROFINANCE FUND

TRIODOS CUSTODY B.V.

WWB CAPITAL PARTNERS, LP

responsAbility Management Company SA

responsAbility Participations AG

responsAbility SICAV (Lux)

Pensionskassen for Sygeplejersker og Laegesekretaerer

GRUPO ACP INVERSIONES Y DESARROLLO

Other Minority Shareholders with a lower percentage

DIRECTORSHIP 2020

POSITI	NAME
Chairman	Esteban Andrés Altschul
Deputy Chairman	Enrique Osvaldo Ferraro
Board Secretary	Diego Guillermo Guzmán Garavito
Director (until September 2020)	David Arturo Paradiso
Director	María Otero
Director	Livingston Parsons III
Director	Sandra Hinshaw Darville
Director	Laura Gaviria Halaby
Director	Carolina Trivelli
Trustee	Ignacio Miguel Aguirre Urioste

NATIONAL MANAGEMENT 2020

POSITI	NAME
General Manager	Kurt Koenigsfest S.
Business Manager	Marcelo Escobar F.
Operations Manager (until June 2020)	Nelson Nogales M.
Acting Operations Manager (from June 2020)	Luis Bejarano M.
Risk Manager	Omar Medrano D.
IT Manager	Carlos Otálora M.
Audit Manager	Juan Murillo G.
Planning and Control Manager	Israel Zeballos C.
Compliance Manager	Alvaro Alvarez M.
Innovation and Digital Transformation Manager	Alejandro Gumucio C.
Legal Adviser	Jaime Sossa M.

REGIONAL MANAGERS 2020

CARGO	NAME
Western Region Manager	Carlos Romero M.
El Alto Manager	Jaime Zegarra D.
Central Region Manager	Claudio Parra S.
Eastern Region Manager (until March 2020)	Luis Sánchez L.
Eastern Region Manager (from March 2020)	Rodolfo Baldiviezo M.
Southern Region Manager	Eddy Arze
Tarija Office	Bernabé Castellón
Oruro Office	Favio Patzi C.
Potosí Office	Aldo Villca M.
Beni Office	Mario Rivero A.
Pando Office	Guido Bustencio M.

Our Corporate Governance understands and constantly monitors the alignment of Strategic Planning with the objectives of bank's Corporate Social Responsibility and Social Function. Corporate governance also fosters and strengthens a corporate transparency culture.

Shareholders: The Shareholders' Meeting ensures proper administration of the bank by electing the Board of Directors, which makes the most important decisions for the bank's operation. Its primary responsibilities are outlined in the Commercial Code, the Financial Services Law, and the Bank's Internal Statute.

Board of Directors: The Board of Directors manages the company, approves institutional values, establishes control mechanisms in accordance with internal and external regulations, and defines strategic guidelines and supervises the activities that will lead to them. In addition, the Board of Directors must promote an organizational culture based on a competent structure. The Board of Directors is independent of Senior Management's decisions.

Senior Management: Senior Management is responsible for ensuring that the bank's activities are consistent with the business strategy, institutional values, risk tolerance, and policies previously defined and approved by the Board of Directors. As a result, Senior Management must be comprised of qualified professionals with the necessary personal and technical skills, as well as the necessary experience, to successfully manage the bank. Senior Management's primary responsibilities include keeping the Board informed, ensuring the existence of a compliance function, implementing personnel compensation systems, and making the bank's information transparent to all stakeholders.

Our General Manager promotes an action plan that includes adequate internal control policies and procedures.



Committees: BancoSol has created the following Board of Directors' Committees:

- ◆ Audit Committee
- ◆ Risk Committee
- ◆ Compliance Committee
- ◆ Compensation Committee
- ◆ Corporate Governance Committee
- ◆ Physical Safety Committee
- ◆ Information Technology Committee
- ◆ Ethics Committee

The committees correspond to collegiate decision-making bodies that can be of two types: those that are representative of the Board of Directors - internal bodies for its better functioning in which all or some of its members participate - and those that correspond to committees present in the bank's normal operation but do not have the presence of Directors.

We have a Conflict Management and Resolution Policy in place that establishes the framework for action in order to prevent and resolve conflicts. Each employee receives the Manual of Duties, the Code of Ethics, and the Code of Conduct to better perform his daily activities.

Technology and Innovation

SolNet and AppSol

BancoSol was the first microfinance institution to offer internet banking. In 2020, this proposal was strengthened by its digital banking platform, Solnet (internet banking) and AppSol (mobile banking). By the end of 2020, these channels had processed over 2 million transactions.

INFORMATION TECHNOLOGY

Throughout the year, the National Information Technology Management continued to concentrate its efforts on two key issues: regulatory compliance and support for Banco Solidario S.A.'s strategy by delivering technology and information systems. In the first case, the various systems were adapted to the regulatory bodies' regulations, while in the second case, all projects in the bank's business areas were supported with the goal of adjusting, optimizing, and digitizing processes to assist customers in the pandemic and enable our employees to work remotely

In total, more than 150 requests have been met. The following actions were developed:

- Modification to the bank's CORE system to adapt it to the requirements of portfolio deferral;
- Implementation of tax payments and other services through digital channels;
- New insurance products for customers;
- Enhancement of the Omnichannel virtual assistant (Web, WhatsApp and Messenger);
- Digital stores for customers (websol);
- QR payment;
- Online debit card purchases;
- Putting system security controls in place;
- Development of the layer Core integration API;
- Improvement to the bank's infrastructure;
- Modifications to the system to adapt it to regulatory controls.

The central infrastructure services have remained at a high level, allowing the bank to have the systems, networks and ATMs.

BANCOSOL INNOVATION CENTER- CIBSOL

At the end of 2019, the BancoSol Innovation Center - CIBSOL - was conceived. In 2020, it began to be designed with the assistance of ACCION INTERNATIONAL's Global Advisory Solutions.

During the first quarter, the management of the area that would lead the project was defined, and the CIBSOL operating model was defined and implemented in collaboration with the bank's executives. Toward the end of 2020, experts in data analytics, product design, and digital transformation were hired.

CIBSOL's initial capabilities were defined around digital transformation, digital product design, data analytics, behavior analysis, digital adoption, and the installation of a customer-centric innovation methodology.

A Dataton was conducted in mid-year with Accion International and Mastercard. The data was useful because it revealed patterns, preferences, and correlations in our customers' behavior. This allowed us to build predictive models and change products, services, and marketing campaigns.

The first product prototype was created, which consisted of a functionality within the mobile banking app - APPSOL- that allows customers to participate in a game to accumulate points, which are then exchanged for cash via prize draws. This was the first activity in which the adopted methodologies were used, interacting with customers and analyzing their comments and reactions.

We researched, selected, and implemented a new, more modern, fast, secure, and flexible mobile banking application, allowing us to be more in tune with market offerings and provide a better experience.

The CIBSOL offices opened in November. It is an open space equipped with cutting-edge technology and designed to encourage collaboration, creativity, and mobility. This environment is intended to host open innovation events while also integrating the bank into the local innovation ecosystem.

Capital Social

COMMITTED WITH SUSTAINABILITY

BancoSol's Corporate Social Responsibility (CSR) program is defined as an intangible asset that reflects trust, collective self-esteem, and social cohesion among our stakeholders (employees, customers, community, State, shareholders, and suppliers) and the public that we reach directly and indirectly.

BancoSol's Capital Social consists of the people, men and women, and neighbors to whom we respond with a commitment to our institutional mission.

Capital Social works closely with society's actors through three lines of action based on trust and respect:

- ◆ Entrepreneurship
- ◆ Identity and Culture
- ◆ Social Inclusion

These lines of action are linked to society under the following commitments:

- ◆ Encourage entrepreneurship, work, and the development of value chains that benefit the community.
- ◆ Assist people with limited resources in accessing banking services to improve their quality of life.
- ◆ Give the most vulnerable and low-income members of society a better future.
- ◆ Encourage the community to actively participate through their work and personal and social development.

- ◆ Create and carry out plans to manage human development.
- ◆ Contribute to the development and growth of people with limited resources by providing a wide range of banking services.

The Capital Social Program's work is guided by the following values:

- ◆ Punctuality
- ◆ Honesty
- ◆ Responsibility
- ◆ Excellence
- ◆ Solidarity



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CHAPTER 03

CORPORATE SOCIAL RESPONSIBILITY'S INTEGRAL MANAGEMENT

Management approach and components

BancoSol was born with a strong social spirit and a strong commitment to the growth of its customers and society as a whole. In 2010, the bank began with social programs that would later be incorporated into the organizational structure, such as the area of Corporate Social Responsibility (CSR) to fulfill the Social Function defined in the Financial Services Law.

BancoSol consolidates governance by committing as a social actor to Corporate Social Responsibility (CSR), which is formalized in the following policies with cross-cutting impact and a CSR Committee.

BancoSol's Corporate Social Responsibility work extends beyond doing business by integrating economic performance and respect for ethical values, people, the community, and the environment.

The central goal of BancoSol and our stakeholders is to reduce social inequalities by contributing to community well-being, thus positioning CSR in our mission and essence.

The Board of Directors and General Management establish a framework of action with adequate internal control policies and procedures, delegating the task of working on economic, social and environmental issues to the Marketing Assistant Management and CSR.



CSR Policies

The alignment of BancoSol with Sustainable Development is a challenge that requires innovation and proactivity in other areas of our social commitment. The awareness of preventing environmental, social, and governance risks as essential criteria, as well as being responsible with our investments, processes, and business objectives, results from the responsibility to meet the needs of Sustainable Development.

Strategic Planning takes into account the bank's social function and corporate social responsibility. The alignment of the Strategic Objectives with the Social Function is described in the following paragraphs of this document.

The stakeholders in the social environment are clearly identified on the institutional strategic map. The entire strategic plan is consistent with the bank's actions to contribute to the goals of the social function as defined by Law No. 393.

The table below shows how our bank's objectives are oriented to each of the groups with which we share common goals. This does not imply an exclusive relationship, because the synergy of the whole is the most important factor in strengthening the social function.

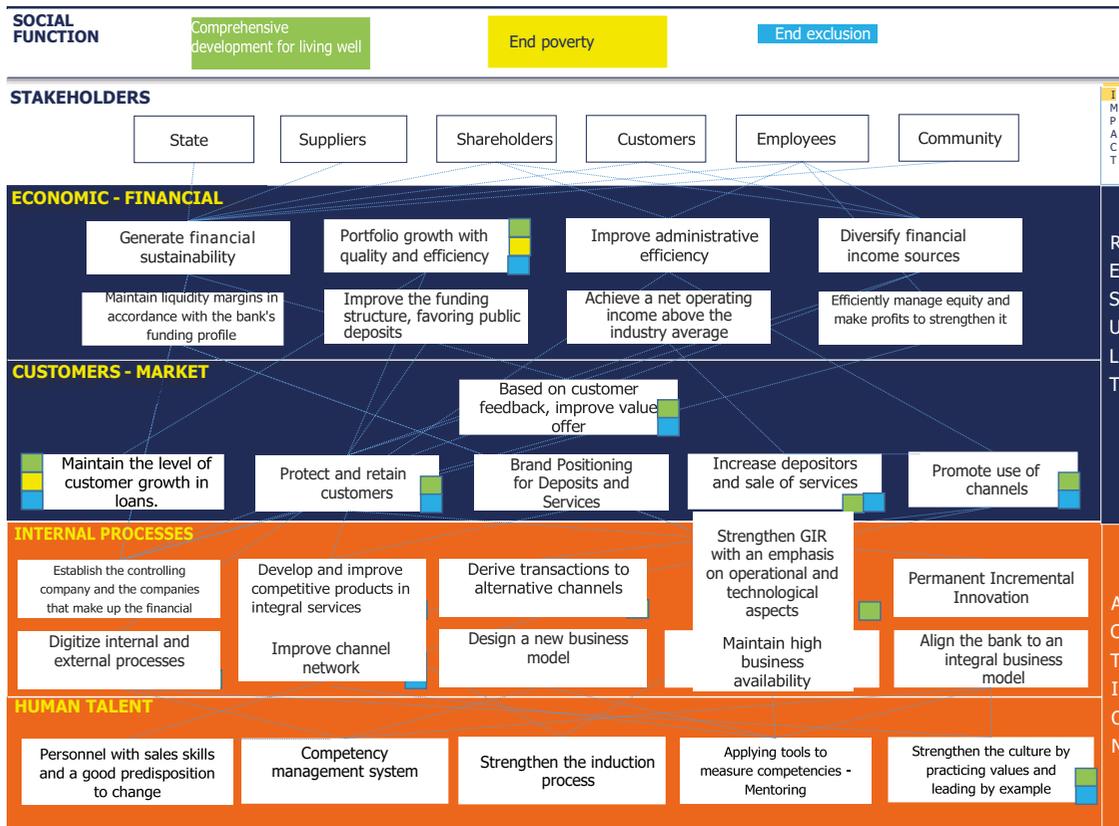
The following are the banking services objectives with which the strategy is aligned:



Many of the bank's strategic objectives, which are aligned with its social function, have an impact on various thematic areas such as Integral Development for Living Well, Poverty Elimination, and Social and Economic Exclusion Elimination.

The strategic objectives have a cross-cutting impact on the various thematic areas, either directly or indirectly. In this regard, the table below shows the Strategic Map aligned to the Social Function, considering the aspects described in the preceding paragraph:

STRATEGIC MAP ALIGNED TO THE SOCIAL FUNCTION



This plan is consistent with the guidelines of the CSR regulations, taking into account the six stages of responsible management.

It should be noted that the bank engages in climate change mitigation activities such as measuring its carbon footprint, implementing 3R measures (recycle, reuse, and reduce) internally, and advising our clients on how to be more efficient in their businesses and have a better quality of life in the environment.

As an added value, BancoSol's CSR activities are in line with the United Nations' Sustainable Development Goals (SDG). This global initiative aims to achieve the 17 objectives by 2030, focusing states' and companies' strategies on social, environmental, and economic impact.



COMMITMENT

The mission and vision of BancoSol commit its resources to maintaining a healthy balance in the social, economic, and environmental spheres. An independent annual social performance report is used to assess this commitment.



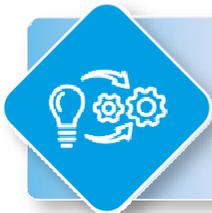
IDENTIFICATION

BancoSol's work clearly identifies six key stakeholders: the State, customers, suppliers, officials, shareholders, and the community. There are concrete mechanisms in place to determine their needs and expectations.



PLANNING

Las The development goals are described in the strategic plan and are aligned with the purposes of CSR and Social Function, which are part of the strategic objectives, the results of which will lead to the preparation of the Social Balance, among other reports required by law.



IMPLEMENTATION

Following the definition of the objectives, the activities will be carried out in accordance with the CSR policies. All organizational areas contribute to the bank's responsible actions. Capital Social has been assigned to the National Marketing Assistant Management.



CONTROL

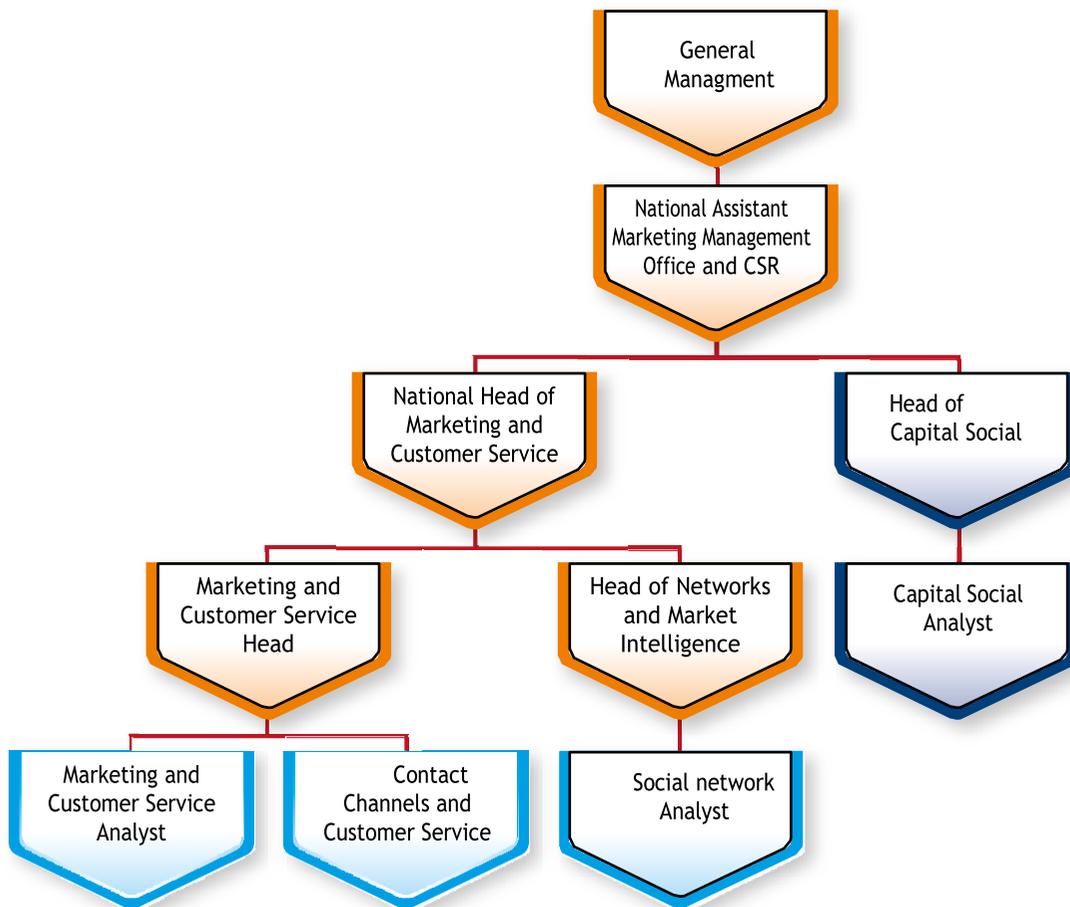
The monitoring and measurement of CSR performance is carried out as part of the overall plan monitoring, using the CSR indicators, which include the environment, and the Social Function, as defined by law. These are then sent to the ASFI.



REVIEW AND IMPROVEMENT

Every six months, the control results are fed back into the system via indicators and, based on its analysis, activities are defined to improve the bank's ability to act responsibly while meeting regulatory requirements.

Organization Structure



The Social Responsibility Policy was adopted in 2013 and revised in June 2016. In 2020, it was finally ratified. The Social Responsibility Policy specifies the steps to be taken, incorporating the principles into the business strategy. Said policy establishes guidelines for socially responsible management, defines guidelines for interacting with stakeholders, and includes economic, social, and environmental management. Furthermore, BancoSol has policies in place for Information Disclosure to stakeholders.

Through high-impact social projects, BancoSol implements a Social Responsibility Program that is integrated into Strategic Planning. Similarly, it takes an inclusive business approach, providing comprehensive banking services to the pyramid's base population.

Our bank is committed to responsible social banking, implementing a comprehensive triple-bottom line program (social, economic and environmental dimensions).

BancoSol demonstrates a strong customer orientation, invests consistently in the development of innovative products and services, and promotes quality customer service in accordance with our institutional mission. This strategy is based on effective talent management as well as our employees' ethical and transparent behavior.

CSR rating

In coordination with the relevant areas, Capital Social validates the CSR processes in accordance with what is required by the rating agency AESA Ratings.

AESA Ratings has evaluated BancoSol's Corporate Social Responsibility Performance (CSRP) for four years in a row, yielding the following results out of ten points: 8.7 in 2017, 9 in 2018, 9.5 in 2019, and 9.6 in 2020. These outcomes demonstrate the effort made on behalf of the bank's stakeholders.

CSR RATING

CSRP RATING – LEVEL 1	SCALE	SCORE
CSRP Rating - Level 1	R1	9,60

SCORECARD - LEVEL 1

EVALUATION AREAS	ATTRIBUTE	SCORE
Evaluation framework	Very strong	9,5
Social Strategic Framework and CSR Management	Very strong	10,00
Client relationship	Very strong	10,00
Relationship with other stakeholders	Very strong	9,70
Environment	Strong	8,2

Source: AESA Ratings 2012 - 2018

R1: BancoSol maintains a strong social commitment, which is reflected in its objectives, strategies, policies, procedures, and outcomes.

Rating history		
2014:	nd	nd
2015:	nd	nd
2016:	nd	nd
2017:	R2+	8,7
2018:	R1-	9,0
2019:	R1-	9,5

The Corporate Social Responsibility Performance Rating Methodology (CSRP) rates Financial Intermediation Entities by evaluating various key elements of Corporate Social Responsibility Management. The methodology incorporates the most recent advances in the fields of corporate social responsibility (CSR) and social performance (SP). It is based on ISO 26000 universal standards and other international guidelines, including the SMART Campaign's Client Protection Principles and the CAF's Corporate Governance Guidelines. It also complies with current CSR regulations in Bolivia.

The AESA Ratings methodology takes a comprehensive rating approach, balancing socially responsible behavior, client relationship, financial inclusion, relationship with stakeholders, and environmental considerations. The evaluation factor analysis is reflected in a "DRSE Scorecard," which consists of 160 indicators (quantitative and qualitative) that systematize the evaluation of attributes as follows: very strong, strong, adequate, weak, and inadequate.

Finally, a predetermined estimation is used to assign a score, which is then converted into a Rating. The assignment of the Rating reflects that the evaluation factors are generally interconnected, and thus the AESA RATINGS analytical process is holistic. Furthermore, the analytical process is comparative because the Rating Committee considers the relativity of ratings among financial entities.

The key factors of the CSRP rating are as follows:

- ◆ Evaluation Framework
- ◆ Social Strategic Framework and CSR Management
- ◆ Client relationship
- ◆ Integral management with other stakeholders
- ◆ Environmental management

The following factors contributed to BancoSol's 9.6 score in 2020:

Banco Solidario S.A. (BSO) is the institution with the largest market share in the microcredit segment, as evidenced by its extensive nationwide network of service points and strong franchise. As of December 2020, the bank held a 4.9 percent stake in the financial intermediation system's deposits. It has governing bodies with extensive experience in the sector. Its issuer risk rating is AA + with a negative outlook.

Social Strategic Framework and CSR Management – Very strong: BancoSol incorporates CSR into its Strategic Planning in a cross-functional manner and aligns the social strategy with the bank's business model. The materiality aspects are clearly defined, and it demonstrates cross-functional management and a high level of institutionalization of CSR. There is evidence of strong alignment between the mission, strategic social objectives, and indicators, as well as a combination of CSR diagnostic and evaluation tools. A new study of poverty levels is being conducted for 2020. There is a common and formalized procedure for efficiently using information for decision making. Finally, the Bank's Board of Directors and management demonstrate a strong commitment to achieving strategic social objectives, and CSR goals are regularly monitored.

Client relationship – Very strong: BancoSol's target clientele is clearly defined, demonstrating solid market segmentation and knowledge of the client's profile. The bank has a nationwide service network. In accordance with its business model, BancoSol achieves solid financial inclusion results. It promotes inclusion by offering credit, savings, and additional banking services. Credit technology is actively used to promote financial inclusion, and unconventional guarantees are integrated into the productive portfolio. BancoSol offers a wide range of banking services, offers high-quality services, and frequently measures quality attributes to provide feedback on the design of new products and services as a sign of continuous improvement.

BSO employs "very strong" practices in responsible pricing, customer data privacy, transparency, debt collection, and claim resolution mechanisms. The rescheduling of operations due to regulatory considerations has an impact on excessive debt prevention practices.

Relationship with other stakeholders – Very strong: BancoSol has solid human resource and talent management policies, a strong work environment with strong attributes, and a solid compensation and staff development policy. It has a training program, carried out remotely at all levels, for a broader scope, and the performance evaluation includes values as part of the evaluation.

BancoSol has strong interaction mechanisms in place with key stakeholders, as well as a regular and formalized monitoring process. It shows solid results of philanthropic success and implements high-impact specialized banking education programs.

Environment - Strong: BancoSol has a well-defined environmental policy that includes specific actions and activities. It does not, however, have environmental performance tracking indicators. To mitigate the effects of carbon footprint measurement, the bank recycles paper and e-waste. BancoSol, on the other hand, does not have environmentally friendly products, but it does monitor the impact of its clients' businesses. Finally, there is no specific list of operations that are prohibited due to environmental pollution.

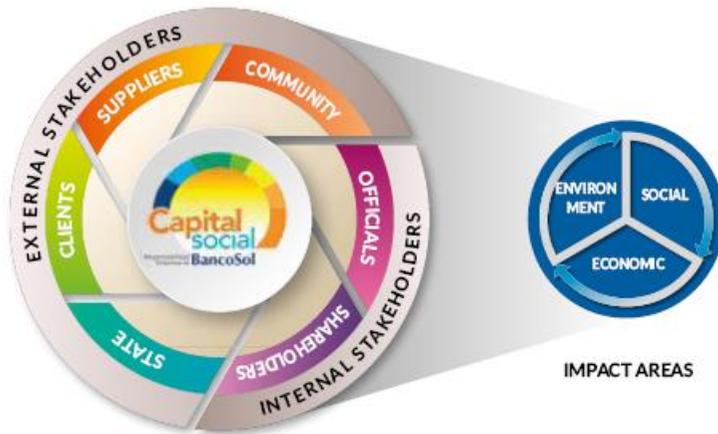
Social Assessment Report

In accordance with the current regulations issued by ASFI, BancoSol has developed the Corporate Social Balance for 2020 for the fourth consecutive year, demonstrating our institution's commitment to the objectives of the Social Function of Banking Services, as referred to in Financial Services Law No. 393.



Stakeholders

According to BancoSol's Strategic Planning, the link between stakeholders and their impact according to the Social, Economic and Environmental impact was strengthened:



2020 was a year to strengthen the comprehensive management of Corporate Social Responsibility. This process prioritized stakeholders, defined materiality, and aligned the Sustainable Development Goals with the Bank's Strategic Planning.

Global Compact

The Global Compact is a United Nations-led initiative that works for a more sustainable and inclusive global economy by promoting the universal implementation of ten principles in the areas of human rights, labor standards, transparency and anti-corruption, and the environment to be part of the company's strategy and operations so that companies work towards the Sustainable Development Goals.¹



Red Bolivia

¹ Definition taken from <http://www.pactoglobal.org.bo/que-es-el-pacto-global/>

BancoSol renewed its commitment to the United Nations Global Compact in 2020, joining over 13,000 signatory entities in over 160 countries that demonstrate a strong commitment to Corporate Social Responsibility².

Our bank's senior management is dedicated to working every day to meet and contribute to the Sustainable Development Goals.

Sustainable Development Goals

The United Nations released a set of revised commitments in September 2015 that define a global course for the next 15 years in the context of Sustainable Development and the very conscious use of resources to care for the interests of future generations and the preservation of our planet.

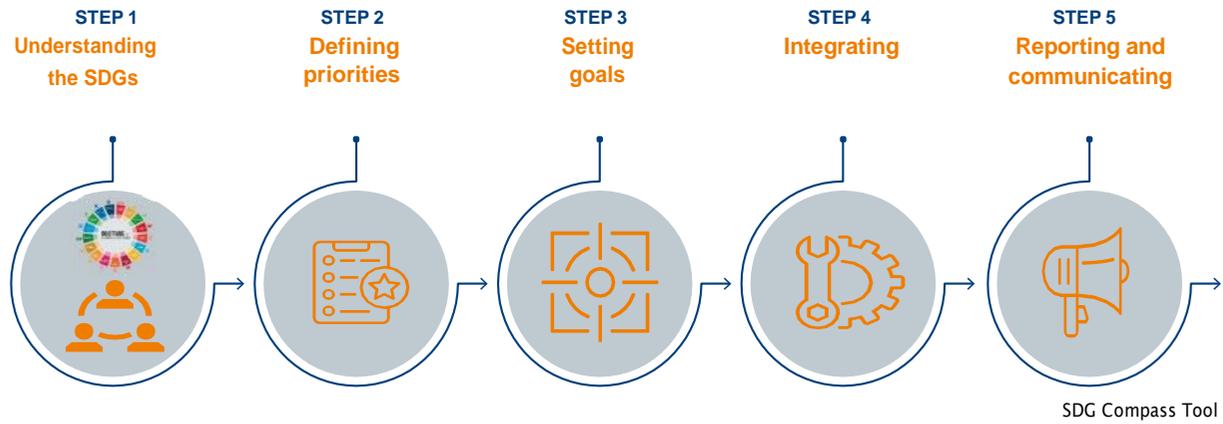
These 17 Sustainable Development Goals replaced the Millennium Development Goals, building on previous lessons and establishing more ambitious economic, social, and environmental goals.



BancoSol has pledged to follow the United Nations Global Compact's Ten Principles on human rights, labor standards, the environment, and anti-corruption since joining in 2019. We have committed to these goals in order to demonstrate our progress and contribution.

2 Idem

As part of this commitment, BancoSol employs the 'Sustainable Development Goals SDG Compass' document developed by the Global Reporting Initiative (GRI), the United Nations Global Compact, and the World Business Council for Sustainable Development (WBCSD), as well as the 5 Steps outlined below.



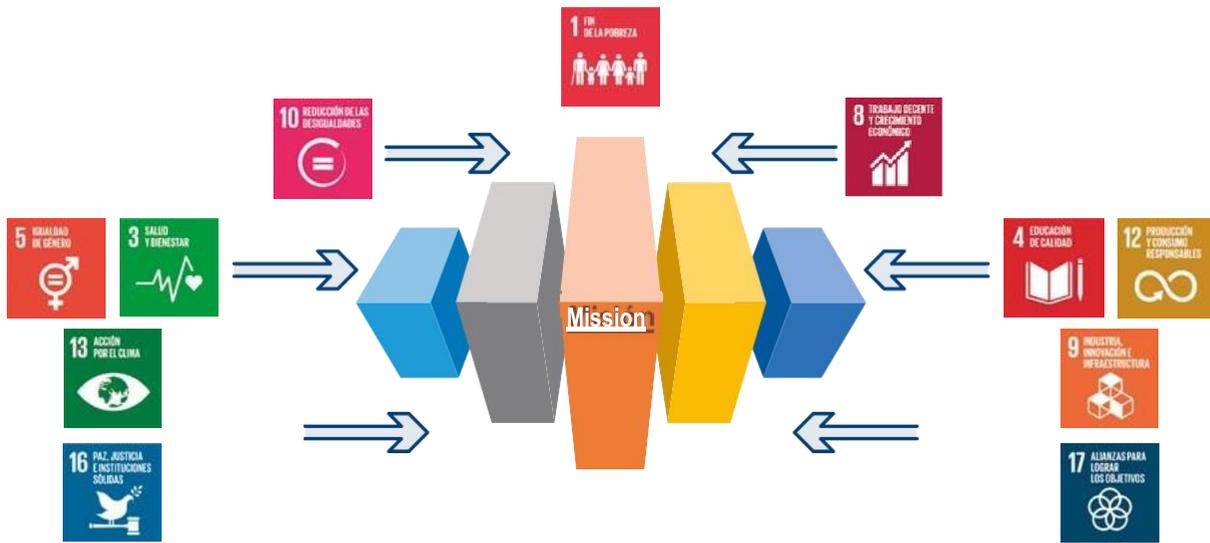
This tool helped us to conduct an analysis through dialogue and consultation. Senior Management and National Marketing Assistant Management and CSR identified 11 SDGs and 28 goals to achieve by 2030.

These SDGs and goals are now integrated into our strategic pillars of Comprehensive Strategic Planning 2019-2021, our corporate and business objectives, and 31 key indicators or KPIs of economic, social, and environmental impact that are measured every 3 years and managed diligently.

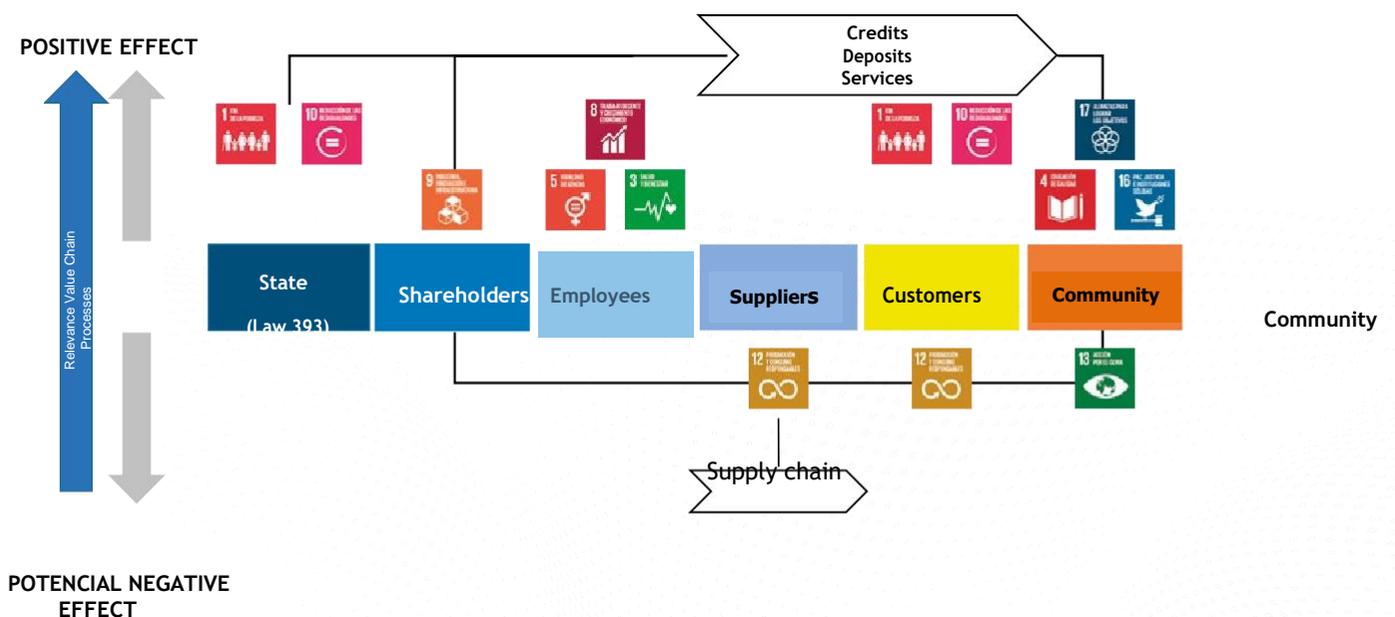


ALIGNED WITH SDGs

After 28 years of contributing to Bolivia's social and economic development, our alignment with Sustainable Development represents a logical and natural step toward new opportunities that will enable us to generate greater value with prioritized SDGs and with high, medium, and low relevance to our mission and governance.



The SDG Compass tool helped us in understanding the scope of the prioritized Sustainable Development Goals, as well as their proposed application. With a focus on our operational processes (loans, acquisitions, and services) and supply chain processes with our stakeholders, we were able to create a process mapping and a scenario that shows direct impacts of positive effect and medium to high relevance, as well as impacts with potentially negative consequences if we do not react in time.



This scenario helped us to reflect and define priorities and identify issues on which we must work together with our Comprehensive Business Model and its strategic pillars, in order to conceptualize a Roadmap for BancoSol SA with the KPIs goals and indicators, which evidences our commitment to the United Nations 2030 Agenda and our contribution to the bank's and Bolivia's Sustainable Development.³

Our commitment to the UN Agenda 2030



³ Participation in the application of the SDG Compass Tool and the results are protocolized and signed by Senior Management and the CSR area. The results obtained are included in Dialog Sheet I. The conformity certificate is part of the supporting documentation for the preparation process of the 2019 Sustainability Report.



Annual Report 2020

CHAPTER 04

SOCIAL PERFORMANCE

Our customers

COMMITMENT TO OUR CUSTOMERS

Our corporate strategy is guided by ensuring that low-income people have access to comprehensive banking services.

We make a firm commitment to increasing financial inclusion by concentrating our portfolio on the microcredit segment, developing modern customer service channels, expanding access to micro-insurance, and attracting massive savings across the country.

Our employees' work is based on respectful customer service, in accordance with the bank's organizational culture and values, and customer satisfaction is systematically measured.

During the lockdown in our country, BancoSol promoted online banking tools to provide banking services efficiently and safely. In this regard, 42 percent of our customers made online transactions.

Furthermore, we promoted responsible social banking through the consistent practice of Client Protection Principles.

MANAGEMENT APPROACH AND COMPONENTS

The Credit Policy and a series of manuals approved by the Board of Directors regulate the granting of loans. These documents clearly reflect a prudential profile and formalize the loan process (request, analysis, approval, disbursement, follow-up and recovery).

BancoSol's credit technology is solid. Internal regulations govern loan-granting procedures, preventing clients from becoming overly indebted. In practice, compliance with the credit process is also verified, and there are strong internal controls for granting loans as well as comprehensive risk management.

Quality customer service is a paramount component of our interactions with them. Our employees embrace a respectful customer service approach because of the strong organizational culture and values that have been instilled in all employees.

In this sense, BancoSol has a Code of Conduct that details the general principles and specific guidelines for customer service. The bank, on the other hand, employs a Customer Service Protocol to standardize our banking services.

CUSTOMER SERVICE AND COMPLAINT MANAGEMENT

In 2020 BancoSol worked on two technological solutions: SOLBot and SOLMail, which are chat-box services that our clients can access via digital channels and social networks. Both tools were created as a result of a strategic partnership with FINCONNECTA, a global FinTech company created with funding from the Inter-American Development Bank (IDB).

BancoSol's ChatBot is a Facebook Messenger solution that replies frequently asked questions from bank's customers and users, provides product and service information, and redirects communication to banking by phone and email. This service can be accessed from a computer or a smartphone, and it is very simple and effective to use.

SolMail is a free service that allows bank customers to stay up to date on the status of their savings accounts. Customers can request this service for free at any agency. Customers can check the balance and movements of their savings accounts on a daily basis once the service is activated, using their computer, smartphone, or any other internet-connected electronic device.

These tools enable more Bolivians to be included in the financial system, allowing them to benefit from the comprehensive, high-quality services provided by BancoSol to the country's micro and small entrepreneurs. These tools are intended to secure the integration of core banking systems and financial technology solutions.

In the Complaint Manual, BancoSol establishes standardized procedures for handling complaints. At the Complaints Service Point, properly trained customer service representatives manage the complaint system.

The Operations Sub-Management, which is in charge of managing claims at the national level, submits monthly reports to the Financial System Supervision Authority (ASFI).

BancoSol employs a specialized system to register, systematize, and monitor complaints in accordance with the Financial System Supervision Authority's financial consumer service regulations (ASFI). The annual comprehensive audit process ensures that the regulations are followed. We added two new ways to receive complaints: a) through phone calls (registered in the Call Center) and b) through the bank's website.

CapacitaRSE

We offered two virtual trainings to entrepreneurs and customers. The first, titled "How to Continue Running my Business in Times of COVID-19," reaching 7,246 views. The second one was "TransformARTE - Makeup as a Business Tool," reaching 2,474 views.

We trained 1,993 Bolivian entrepreneurs in graphic design, digital marketing, savory snack preparation, pattern design, and textile making in order to improve their knowledge so that they could start a new business.

We conducted virtual trainings called 24E and 2Day in collaboration with the Emprender Futuro Foundation, where we addressed entrepreneurship, digital transformation, and management skills. As a result, 1,000 people across the country were certified.

TRAINING	Number of participants
Technical training	1.993
Management skills	1.000
Total	2.993

Our employees

The employees of our bank represent the main stakeholder in the implementation of the Social Responsibility Comprehensive Program.

The Human Talent team began 2020 with a variety of activities that had to be modified due to the global impact of COVID 19.



Training

Face-to-face trainings for employees to update their regulatory knowledge were held during the first quarter of the year, contributing to the effective and efficient achievement of objectives.

Shared induction

Every year, bank employees invite a family member to meet and become a part of the great BancoSol family by sharing the essence of the bank with them.

Sports tournaments

As sports creates spaces for growth, relaxation and fraternization, volleyball and basketball tournaments were held during the first months of the year.

Culture and Values Workshop

We held face-to-face workshops across the country at the start of 2020, with the goal of introducing our new employees to the bank's Mission, Vision, and Values, as well as learning more about the work we do on a daily basis to help people with lower incomes.

COVID-19 affects the bank

Despite the pandemic, our proactivity, energy, and creativity allowed us to continue focusing on our bank's most important asset: our human team".

Information about COVID-19

We began circulating information about COVID-19 in February. In March, bankers' jobs changed dramatically. Therefore, we reinvented ourselves to support and contain the entire BancoSol family.

Un Sol desde Casa (A Sun from Home)

During the months of March, April, and May, the Human Talent area remotely accompanied all bank employees through videos called "*Un Sol desde Casa*", which initially provided tips for employees to telework efficiently.

The second stage of a "*Un Sol desde Casa*" focused on sharing motivational messages of gratitude for the BancoSol family to express their gratitude for all that they had overcome on a personal, family, and work level.

Health protocols

Health protocols were developed in accordance with Ministerial Resolution No. 229/2020 in order to provide employees with consultation tools and clear guidelines for action. The Protocol for the Prevention of Coronavirus (COVID 19) of Banco Solidario S.A. was registered in the Ministry of Labor, Employment, and Social Security in collaboration with the National Head of Occupational Health and Safety A.

Accompaniment to Covid-19 positive cases

Human Talent monitored and updated COVID-19 cases nationwide on a daily basis to check the well-being of employees and their families, because we understand how important it is to feel heard and accompanied. We maintain constant contact with the Private Banking Health Fund in order to implement joint actions in the corresponding cities.

Online health workshops

We conducted COVID-19 information campaigns in close collaboration with the Private Banking Health Fund.

Expert professionals intensified training sessions through online platforms (Zoom) at the national level.

Personnel recruitment and selection

The Human Talent team conducted its personnel selection processes remotely, in collaboration with the requesting areas, in order to identify suitable personnel to hire various positions.

Training sessions

We continued to provide training to all bank employees through various platforms, meeting the goal of our Annual Training Plan.

Culture and Values Workshop

It is critical that our new employees identify with the Bank's Mission and Vision, as well as live our institutional values on a daily basis. As a result, we adapted the workshop to the "new normal," allowing us to interact with employees across the country using gamification tools.



COMMITMENT WITH BANCOSOL

BancoSol appreciates our employees' years of hard work and dedication. In this way, the oldest employees were honored for their contributions to the BancoSol family.

Leadership

We created the second cycle of the "FORMASOL" Program with the goal of providing management tools to mid-level managers so that they can take on leadership roles in the current context. The "Leadership Challenges" Program included live virtual workshops, interactive activities, the publication of videos and audios, and other components.

Gender equity

Gender equity is implemented in all aspects of our bank's operations, including recruitment, selection, training, development, and personnel benefits.

Christmas in the BancoSol family

BancoSol has once again proven to be a top-tier financial institution. To brighten the day of the family's youngest members, all officials, police officers, security personnel, and cleaning personnel with children between the ages of 0 and 11 were given vouchers to exchange for Christmas gifts.

Employees

Actions with this priority stakeholder group focused on improving institutional communication, with a particular emphasis on preventing and caring for the health of BancoSol employees who were on the front lines during the pandemic. The following actions were carried out in accordance with this guideline:

'La Felicidad' Program

Several social media publications were made to inform about our institution's responsibility with our employees in times of pandemic. The bank provided all biosecurity measures to its employees so that they could perform their duties in a safe and responsible manner. This information, along with biosafety advice for the general public, was shared on our social networks.

Mi Huella, Mi Banco (My Footprint, My Bank)

BancoSol is committed to reducing its carbon footprint, creating more green spaces, and raising environmental awareness. The Biennial Carbon Footprint Report was presented, showing the reduction in environmental impact caused by the bank's actions. Similarly, webinars on the importance of reducing one's carbon footprint were held via social media.

OUR HUMAN TALENT

BancoSol has a comprehensive human talent management policy that includes guidelines for recruitment, selection, training, promotion, and salary compensation.

These policies promote effective diversity management at the national level, as well as continuous improvement and equal opportunities. The bank has 2.995 employees at the end of 2020.

NUMBER OF EMPLOYEES PER CITY		
Beni:	31	1%
Cochabamba:	674	22,8%
El Alto:	646	21,9%
La Paz:	488	16,5%
National Office:	169	5,7%
Oruro:	71	2,4%
Pando:	13	0,4%
Potosí:	34	1,2%
Santa Cruz:	582	19,7%
Sucre:	133	4,5%
Tarija:	114	3,9%
Total employees:	2.955	100%

GENDER EQUALITY

Gender equity is applied to all of our bank's activities, and we value the contributions of all of our employees. Our staff is made up equally of men and women.

GENDER DISTRIBUTION		%
Male	1.464	49,5%
Female	1.491	50,5%
Total	2.955	100%

PERSONNEL TRAINING AND GROWTH

We have provided various trainings to our employees in order for them to update their regulatory and functional knowledge and learn new skills. In addition, we provided management training. The objectives were thus met efficiently and effectively.

BancoSol offers an extensive training program. In 2020, the following results were achieved on by employee level and category:

AVERAGE TRAINING HOURS PER CATEGORY		
Management	25	Hours
Middle management	30	Hours
Operational staff	45	Hours

BancoSol recognized the efforts of the most prominent business advisers from various regions who met the objectives and demonstrated adequate skills in their roles. These employees were recognized on our Honor Roll.

The bank also recognized all employees who received professional training, as our institution values employees' efforts to advance professionally and their contribution to our daily work.

During 2020, the Corporate Social Responsibility area, known as Capital Social, trained all bank employees in the following topics via E-Learning:

- ◆ CSR Integral Management
 - Sustainable development
 - Sustainable Development Goals (SDGs)
 - Stakeholders
 - Strategic Planning Alignment with SDGs
- ◆ Regulatory compliance
 - Social Function and CSR
 - CSR rating
 - Financial education
- ◆ High-social impact programs

PERFORMANCE EVALUATION

BancoSol creates a competency-based performance evaluation system. This system evaluates two types of competencies: a) essential competencies that assess the person's values and their relationship to the bank's values; and b) management competencies that assess the person's performance in the position. The 2020 results are shown in the table below:

INDICATORS/CATEGORIES	NUMBER OF EMPLOYEES	%
Personnel who meet the EIF performance evaluation system's criteria are eligible to participate in the evaluation process.	2.773	94%
Personnel who do not meet the evaluation criteria because they are on trial and have worked for less than 6 months.	135	5%
Personnel who do not meet the evaluation criteria due to a change in position.	28	1%
Personnel who are not subject to performance evaluation.	19	1%

The National Human Talent Assistant Management Office offers non-monetary benefits to officials across the country, such as health campaigns and Parenting School courses - to manage stress, children's self-esteem, rewards and punishments. All of these activities contribute to a positive perception of the workplace.

Furthermore, Social Capital provides internal programs to improve the work environment, including Extra Mile (Volunteering) and the Happiness Program.

DIVERSITY AND EQUAL OPPORTUNITIES

Human talent management recognizes generational diversity, promotes inclusion, and gives men and women in the bank equal opportunities for professional development.

BREAKDOWN BY AGE GROUP		%
18 - 30	862	29,17%
31 - 40	1536	51,98%
41 - 50	420	14,21%
Over 50	137	4,64%
Total	2.955	100%

REMUNERATION

To maintain the principle of equality among our employees, our institution practices the balance and adequate remuneration for our personnel.

SALARY GAP	%
Ratio of the total annual remuneration for the highest paid individual of the supervised entity to the total annual average remuneration of all employees	15.05
Ratio of the percentage increase in total annual remuneration for the highest paid individual of the supervised entity to the average percentage increase in total annual remuneration for all employees (excluding the highest paid person)	0
Relationship between the supervised entity's minimum wage and the national minimum wage	1

Our suppliers

BancoSol has a Suppliers policy to carry out transparent contracts and supports the work of Bolivian entrepreneurs.

Local suppliers	84%
Foreign suppliers	16%
Total	100%

Financial education

EDUCATION PROGRAMS

We developed the 2020 Financial Education program, which was adapted to digital platforms due to the pandemic, with a strong commitment and in accordance with ASFI regulations. Up until December 2020, the following results were obtained:

Our education sub-program carried out the following 4 workshops: virtual trainings (10,475 certified people), Welcome Folders (13,680 people), Ponte On (27,289 people) and the ASOBAN's DESCUBRE program (21,257 certified people). The Information Sub-Program reached 244,676 peoples.

Training users

Through the "Live with BancoSol" webinars, we innovated training sessions. We also held workshops with clients, market personnel, universities, neighborhood leaders, and institutions in various cities using the Zoom Platform.

Following in the footsteps of innovation, BancoSol trained deaf people in sign language via virtual platforms, breaking down communication barriers and reinforcing the company's strong commitment to inclusion. Workshops were also offered to the blind, the elderly, and in Aymara language.

We launched Bolivia's first Financial PodCast, "Finanzas para Todos." The programs covered the following topics: The History of Inclusion, My Relationship with Money, Sustainable Finance, Save to Achieve Your Dreams, The New Perspective of "Made in Bolivia", Savings and Climate Change, Financial Intelligence, and Family Economy. All of the programs were given by experienced professionals. The listeners obtained certifications, according to the chapter. Over 72,700 certifications were issued across the country.

Welcome folder

Our clients were given a "Welcome Folder," which contained important information about the benefits of being a part of our bank as well as credit obligations.

Due to the bank's biosecurity measures in response to the pandemic, it was decided to deliver the Welcome Folders digitally. This folder was downloaded via QR Code or sent in PDF format to customers' cell phones. This material was distributed to 13,680 financial consumers.

Ponte ON

Customers were given a tablet to access tutorial videos on the bank's services while they were being assisted in opening a savings bank. By December 2020, the number of clients who had received this information had risen to 27,289.

DESCUBRE

"DESCUBRE" is Bolivia's first digital and interactive financial education platform. It was created by ASOBAN member banks to disseminate information about banking to financial consumers.

Adapting to digital tools, we promoted the use of the DESCUBRE platform in 2020, resulting in 21,257 users learning the fundamentals of the financial system.

INFORMATION PROGRAMS

E-Learning training for personnel

In collaboration with training specialists, BancoSol trained 3,000 employees who work directly with customers and users to provide a warm and quality service.

Bank computers (Videos)

Our customers can gain access to information via various communication channels, allowing them to make better decisions.

Our agencies processed 5,725,448 tickets in 2020. We assume that 1.5 percent of our customers (approximately 82,882 users) watch the videos that are broadcast on the bank computers.

Website and social media

In 2020, 155,794 people viewed the 'Live with BancoSol' webinars and all financial education content published on our social networks and website (www.bancosol.com.bo).

Programs for the community

The Community represents one of the interest groups with the greatest impact and importance for BancoSol; various programs that promote culture and sports are carried out. Due to the Covid-19 pandemic, we had to move our traditional schools to digital platforms to ensure the safety of our teachers, children, and adolescents, yielding the following results:

CLAVESOL

Because of the coronavirus pandemic, the ClaveSol schools were revitalized and their teaching methodology for classical string instruments (violin, viola, cello, and double bass) and values were adapted to virtual platforms. With seven training groups, the schools closed their activities in 2020 with 430 children enrolled across the country.

COPASOL

Adapting CopaSol football schools to virtual platforms was one of our most difficult challenges. In this way, we reinvented ourselves and were able to teach the children at this school. Stress Management, Myofascial Stretches, Methodical Football Training, Neuro-training, Values and Culture of Peace were among the courses offered to our participants.

Five training groups were established across the country. CopaSol schools finished the year with 365 students enrolled.

ACCIONSOL

AccionSol (social support) was created to provide low-income people with financial resources for health issues and basic needs, such as medical treatment or surgeries. Our commitment was strengthened by the current global situation. As a result, during 2020, the bank donated 500 acetate masks for front-line medical personnel, as well as 3 isolation and biosecurity stretchers to the Arco Iris Hospital in La Paz.

We also contributed to pay for the child Juan Pablo Villanueva Callisaya's tibia and fibula transplant surgery in Cochabamba. Furthermore, we cover the costs of Mr. Jhonny Huayta Chino's X-ray and tomography studies in La Paz.

STRATEGIC ALLIANCES TO SUPPORT THE COMMUNITY

We have taken timely actions to ensure that the projects supported by BancoSol do not come to a halt during the Pandemic. As a result, commitments with our strategic partners such as Aldeas Infantiles S.O.S., Plan International, Habitat for Humanity, and the United Nations National Fund have been reaffirmed (UNFPA).

Together with them, we commit to continue working in new areas of action to improve the quality of life for thousands of Bolivians by promoting and protecting their fundamental rights. We must also emphasize our firm commitment to collaborating with UNICEF and the autonomous municipal governments of La Paz and El Alto.

BANCOSOL MIC

In 2020, BancoSol strengthened and adapted its work at MIC BancoSol, the world's first cultural space for microfinance.

By changing the conditions of interaction with our users, we were able to adapt the museums so that the followers of our social networks visit them virtually.

Due to the pandemic, the Museum of the History of Microfinance in the World, the Microentrepreneur Room - where the exhibition and sale of works made by our customers is promoted - and the Art Gallery - which exhibits works by emerging visual artists from La Paz, Santa Cruz, and Cochabamba - were adapted to be promoted in different digital formats, create training webinars, and disseminate artistic and cultural information.

We established the country's first MIC Reading Space at the San Pedro Agency in La Paz during the first month of 2020. A space that promotes the works of Bolivian writers and allows clients or users to read the works of national writers. This space was later adapted for our social networks.

We assisted in the promotion of 12 artists as well as the sale of 200 pieces at the exhibitions. Furthermore, we took part in the "Long Virtual Night of Museums," which lasted one week, from May 18 to 23, reaching 547,200 views.

"The BancoSol MIC is our way of promoting culture by recovering essential fragments of the history of microfinance in Bolivia and around the world, in which BancoSol was a protagonist." In addition, the bank established a gallery for our visual artists and BancoSol customers to display their works".

Kurt Koenigsfest S.
BancoSol – General Manager

Voluntary commitments

BancoSol, as a leader in the Bolivian microfinance sector, assumes voluntary international commitments that demonstrate our firm commitment to socially responsible banking.

Currently, we assume the following commitments:

◆ Global Alliance for Banking on Values

The Global Alliance for Banking on Values (GABV) is a network of banking leaders from around the world committed to advancing positive change in the banking sector. Our collective goal is to change the banking system so that it is more transparent, supports economic, social and environmental sustainability, and is composed of a diverse range of banking institutions serving the real economy.

◆ Mix Market

It is a platform that allows its users to assess market conditions, individual FSP performance, and assess the financial inclusion scenery.

◆ PACTO GLOBAL

BancoSol voluntarily joined this global initiative with the commitment to work towards the fulfillment of the Sustainable Development Goals.

During the 2020 administration, our institution was part of the working groups of the Red Bolivia Global Compact promoted by the Federation of Private Entrepreneurs of Bolivia through its Corporate Social Responsibility Unit.



Annual Report 2020

CHAPTER 05



ECONOMIC PERFORMANCE

Loan portfolio

In comparison to December 2019, the bank's loan portfolio increased by 3.83 percent. In absolute terms, the loan portfolio increased by US \$ 65.72 million, from US \$ 1,715.41 billion to US \$

2011 - 2020 LOAN PORTFOLIO EVOLUTION
(expressed in million of dollars)



The NPL ratio remained low at 0.54 percent at the end of 2020, compared to 1.12 percent for the institutions that comprise the microfinance industry.

NPL / GROSS PORTFOLIO	2019	2020
Banco Sol	0,72%	0,54%
Microfinance banks	1,35%	1,12%
Commercial banks	2,17%	1,80%
Bank system	1,83%	1,50%
GROSS PORTFOLIO GROWTH	2019	2020
Banco Sol	5,8%	3,8%
Microfinance banks	5,6%	1,7%
Commercial banks	6,8%	2,9%
Bank system	7,3%	4,2%

Despite the pandemic crisis, the bank's measures and policies, as well as the continuous improvement of credit technology, the administration and monitoring of the credit product portfolio, the improvement of control systems, and the intensive training of our staff, helped us in achieving these results.

CONTINUOUS IMPROVEMENT OF BANCOSOL CREDIT TECHNOLOGY

The credit regulations needed to be reviewed, updated, and improved in light of the 2020 health crisis. These changes aimed to simplify the requirements and conditions for granting loans, as well as to find new ways to speed up the process of credit evaluation and approval. This enabled us to respond to our clients' needs in a timely manner.

Similarly, we have increased our support for all sectors, particularly the productive sector, thus promoting economic reactivation. To accomplish this, we have trained our employees and improved our technology geared for these important sectors of the national economy.

In accordance with our Institutional Mission and Vision, our focus has remained on micro-businesses customers, and we have worked closely with our country's lowest-income segments.

CREDIT PORTFOLIO MANAGEMENT

The following results were achieved:

- ◆ Portfolio management has been specialized by amount, which has strengthened credit risk management.

- ◆ During the pandemic, the evaluation, approval, and disbursement processes for granting loans were improved to provide a better experience for customers and to meet their needs in a timely manner, primarily benefiting the productive sector
- ◆ The bank's control mechanisms enabled our business advisers to improve credit evaluation and conduct a more in-depth analysis, thereby maintaining the quality of our portfolio.

Thanks to the continuous training of our business advisers, business managers, agency managers, regional business sub-managers and regional Commercial and Productive Banking sub-managers, we have been able to better guide our customers, thus responding to challenges of the complex health situation.

PERFORMANCE OF OUR PRODUCTS

"Sol Productivo" had the highest participation in our portfolio in 2020, with 54.64 percent participation and a growth of US \$ 50.29 million. On the other hand, "Sol Individual," which is intended to finance operations and investment capital, had a 20.87 percent of participation.

The average credit (amount disbursed) at the end of 2020 reaches US \$ 8,022.

BancoSol's operations account for 37.97% of amounts disbursed up to US \$ 5,000; this same group accounts for 12.78% of the portfolio as of December 2020. Amounts ranging from US \$ 5,000 to US \$ 10,000 account for 31.51 percent of operations and 27.35 percent of the portfolio as of the same date. Finally, amounts greater than US \$10,000 register a 59.87 percent participation in the portfolio, but only 30.52 percent of the operations.

PORTFOLIO AND NUMBER OF CREDITS BY RANGE OF AMOUNT DISBURSED

2020					
RANGE IN US\$		AMOUNT (IN US\$ THOUSANDS)	SHARE %	N° CREDITS	SHARE %
-	5.000,00	227.657.119,89	12,78%	116.169	37,97%
5.001,00	10.000,00	487.064.332,14	27,35%	96.413	31,51%
10.001,00	onwards	1.066.416.742,58	59,87%	93.390	30,52%
TOTAL		1.781.138.194,61	100,00%	305.972	100,00%

Market share

- By the end of 2020, the portfolio market share had reached 30.30 percent, keeping us as one of the banks with the highest market share at the microfinance institution level.
- At the end of 2020, the market share in credit clients is 40.48 percent, confirming BancoSol's leadership as the first microfinance entity in Bolivia.

BANK	PORTFOLIO MARKET SHARE	MARKET SHARE CLIENTS
BancoSol	30,30%	40,48%
Other microfinance banks	69,70%	59,52%
TOTAL ASOFIN	100,00%	100,00%

Public deposits

The balance of Savings Accounts in 2020 was US \$ 512.9 million, representing a 13.17 percent increase over the previous year. Fixex-Term Deposits (FTD) had a balance of US \$ 861 million, which was 13.82 percent higher than the previous year. Customers' trust in BancoSol is reflected in the increase in both Savings Banks and Fixed-Term Deposits.

PUBLIC DEPOSITS 2015 – 2020 - EVOLUTION

(expressed in thousands of dollars)

SAVINGS ACCOUNTS	2015	2016	2017	2018	2019	2020
Savings accounts balance (thousands of US\$)	317.813	339.530	384.423	433.271	476.754	512.968
Variation %	10,38%	6,83%	13,22%	17,91%	5,18%	13,17%
Number of accounts	738.440	781.347	843.601	867.220	898.848	893.236
Variation %	5,79%	5,81%	7,97%	2,80%	3,65%	3,00%
Average amount in \$us	430	435	456	523	530	574
FIXED-TERM DEPOSITS	2015	2016	2017	2018	2019	2020
Amount in fixed term deposits (thousands of US\$)	628.451	686.244	681.630	757.188	742.632	861.815
Variation %	12,71%	9,20%	-0,67%	11,08%	-1,92%	13,82%
Number of deposits	10.766	11.072	12.142	17.985	33.202	41.082
Variation %	2,55%	2,84%	9,66%	48,12%	84,61%	128,42%
Average amount in \$us	58.374	61.980	56.138	42.101	22.367	20.978
Total Public deposits	946.264	1.025.774	1.066.053	1.210.458	1.219.386	1.374.784

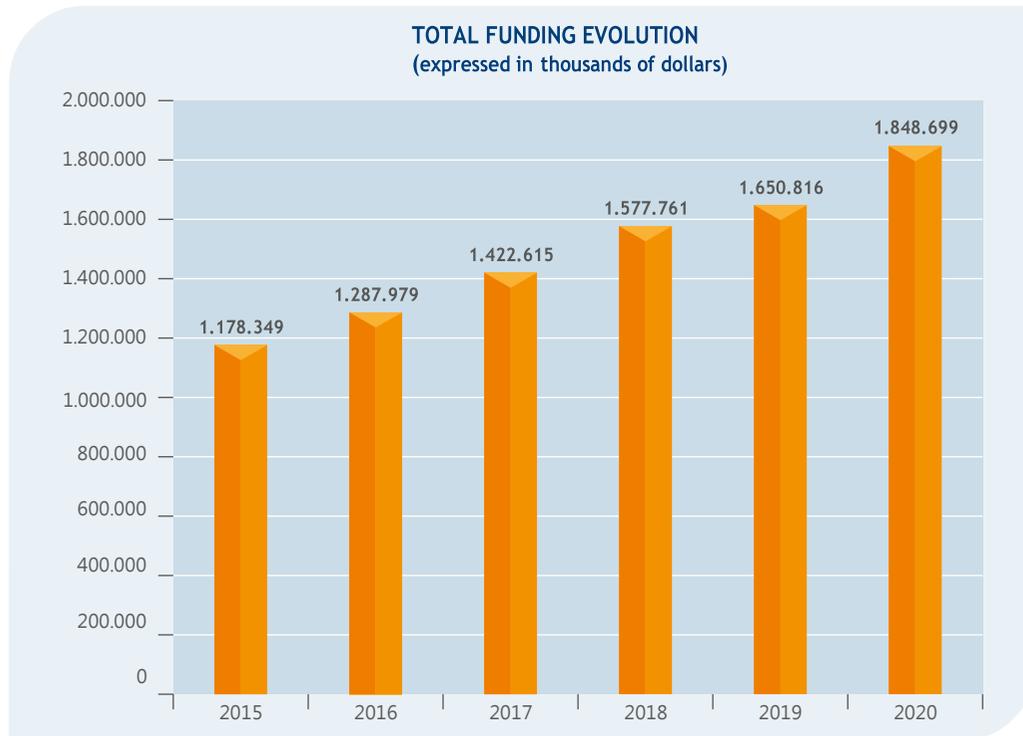
Funding

- ◆ The funding evolution shows a total of US \$ 1,848 billion, which is broken down as follows:
- ◆ US \$ 512.96 million – Savings accounts (27,7%)
- ◆ US \$ 861.81 million – Fixed-term deposits (46,6%)
- ◆ US \$ 39.35 million – Subordinated liabilities (2,1%)
- ◆ US \$ 72.88 million – Bonds (3,9%)
- ◆ US \$ 361.67 million – other financing (19,6%)

These figures demonstrate the variety and versatility of BancoSol's funding, which enabled it to expand its portfolio.

FUNDING 2015 – 2020 EVOLUTION (expressed in thousands of dollars)

YEAR	SAVINGS	%	TERM	%	EXTER. FUNDING	%	SUBORDINATEDS LIABILITIES	%	BONDS	%	OTHER FUNDING	%	TOTAL
2015	317.813	27,0%	628.451	53,3%	1.652	0,1%	28.717	2,4%	97.668	8,3%	104.048	8,8%	1.178.349
2016	339.530	26,4%	686.244	53,3%	826	0,1%	19.461	1,5%	97.668	7,6%	144.251	11,2%	1.287.979
2017	384.423	27,0%	681.630	47,9%	0	0,0%	27.697	1,9%	97.668	6,9%	231.198	16,3%	1.422.615
2018	453.271	28,7%	757.188	48,0%	0	0,0%	37.901	2,4%	72.886	4,6%	256.515	16,3%	1.577.761
2019	476.754	28,9%	742.632	45,0%	2.000	0,1%	48.105	2,9%	72.886	4,4%	308.439	18,7%	1.650.816
2020	512.968	27,7%	861.815	46,6%	0	0,0%	39.359	2,1%	72.886	3,9%	361.670	19,6%	1.848.699



Debt contracting through the Stock Market

BancoSol was the first entity specialized in microfinance to place subordinated bonds in the Bolivian stock market in order to strengthen its equity and support the projected growth of its loan portfolio, thereby consolidating the use of local currency in the long term.

In this sense, in 2009 the "BancoSol Subordinated Bonds" issuance program was created for US \$ 26 million or its equivalent in national currency. Under this program, two bond issues were made for a period of seven years each: the first was placed in November 2009 for Bs 50 million and the second in April 2010 for Bs 27 million.

Based on the success, a new "BancoSol Bonds" issuance program consisting of long-term bank bonds was designed in 2011 to inject financial resources into the portfolio. The Financial System Supervision Authority (ASFI) approved the issuance for Bs 500 million.

The first bond issue of the "BancoSol Bonds" program was placed in October 2011 for Bs170 million with a ten-year term. Within the same program, a new issue of Bs170 million for a six-year term was issued in 2012.

BancoSol issued two subordinated bond issues of Bs 60 million each in February and October of 2013. The "BancoSol Bonds" Program issued Bs 160 million in March of the same year

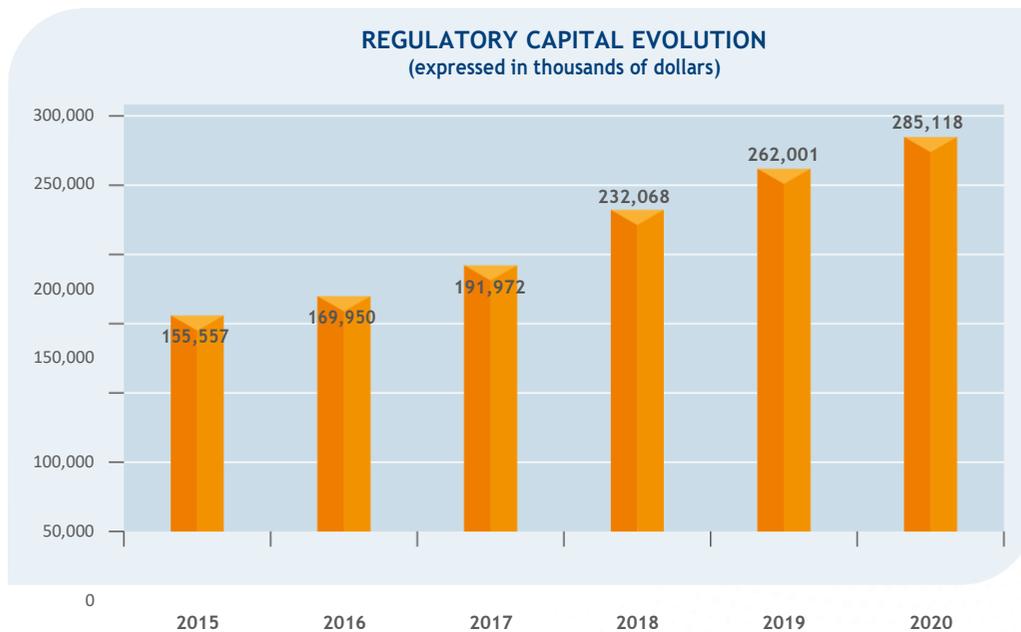
BancoSol launched the "BancoSol II Bonds" program in 2014 with a Bs 500 million investment to fund the expansion of its loan portfolio. The first issue was placed in June of that year for Bs 170 million with a term of 9 years.

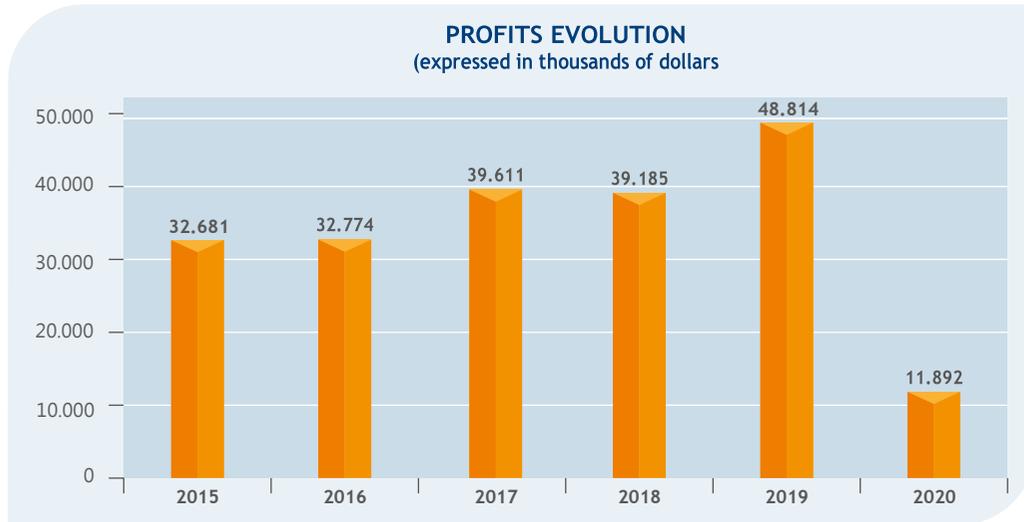
The "BancoSol 2 Subordinated Bond Issuance Program" was launched in 2017 to inject financial resources for loan portfolio growth. This issue had a total value of Bs 210 million. The first issue was placed in December for a total of Bs 70 million with a term of 2,340 days; the second issue was placed in October for a total of Bs 70 million with a term of 2,340 days; and the third issue was placed in 2019 for a total of Bs 70 million with a term of 2,400 days.

BancoSol placed 7 issues of current bonds, 4 issues of Subordinated Bonds with a total value of Bs 270 million, and 3 issues of Bank Bonds with a total value of Bs 500 million by the end of 2020. These bond issues enabled the bank to sustain its portfolio growth and achieve significant equity strengthening, demonstrating investors' confidence in BancoSol's solvency and solidity.

SOLVENCY

At the end of 2020, BancoSol's Regulatory Capital amounts to US \$ 285.1 million, resulting from the permanent reinvestment of generated profits.

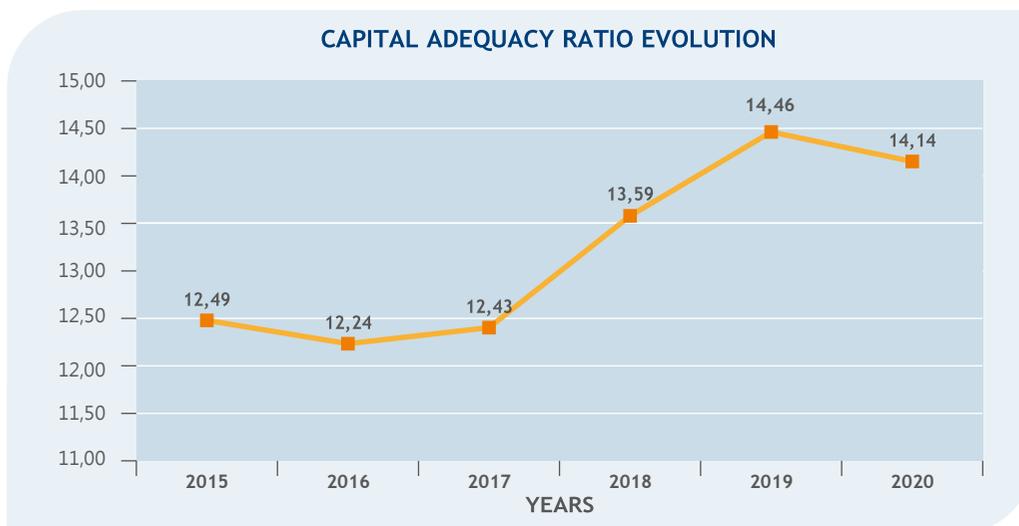




In general, the lower profit compared to the previous year is due to the fact that generic provisions were made for uncollectible loans due to other risks, given the uncertainty regarding the final impact due to the halting of economic activities and the legal deferrals. As a result, and prudently, the bank has made the aforementioned provisions, putting its solvency first.

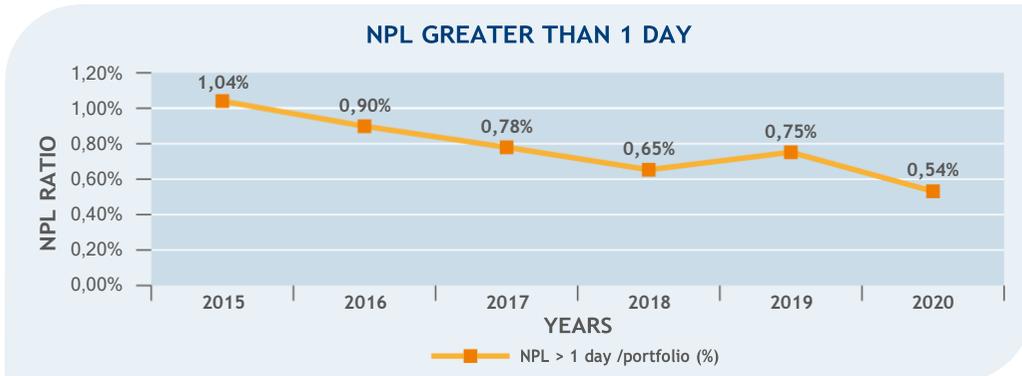
CAPITAL ADEQUACY RATIO (CAR)

Current regulations require banks to maintain Net Equity equal to at least 10% of total assets and risk-weighted contingents. BancoSol's CAR exceeded this level by 14 percent in 2020, contributing to the solidity and long-term construction of its reliability.



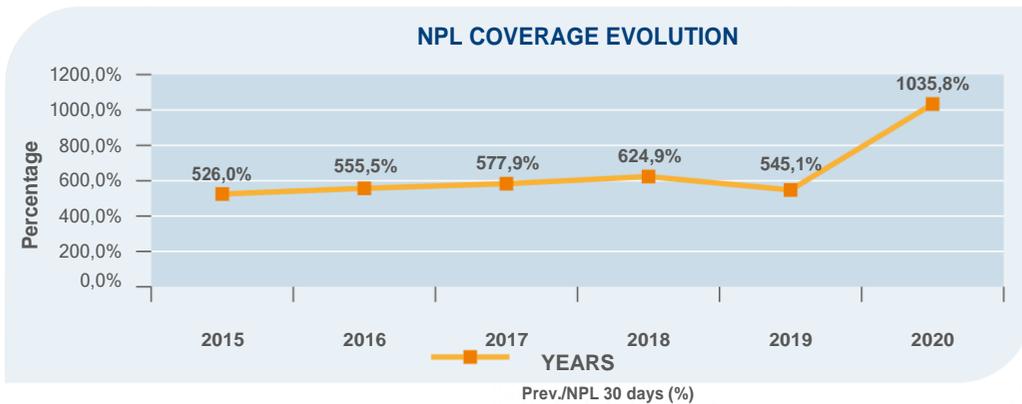
NPL behavior

Over time, BancoSol recorded a low level of non-performing loans, a remarkable result given that it was lower than the national banking system's average. The NPL portfolio reached 0.54 percent (NPL greater than 30 days/portfolio) in December 2020, while NPL greater than 1 day was 0.54 percent.



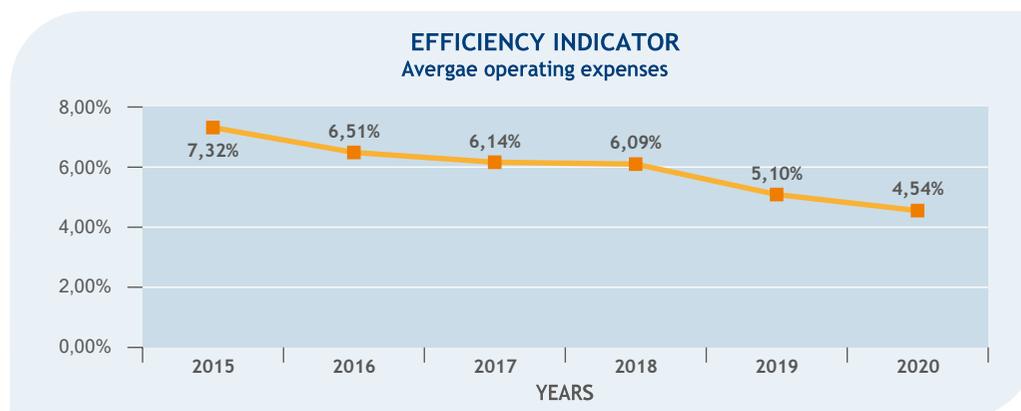
NON-PERFORMING LOAN COVERAGE EVOLUTION

The NPL coverage rate was 1,035.8 percent, a very high level in the financial system as a whole.



EFFICIENCY

En BancoSol's efficiency levels have remained below 10%, a significant percentage given the increase in personnel and other items required to carry out the bank's actions. All of the actions taken to prevent COVID 19 in our employees and customers across the country must be added to this. This demonstrates a high level of expense management efficiency.



LIABILITIES

En In 2020, BancoSol paid USD 41.90 million to savers, USD 23.16 million to funders, USD 62.58 million to employees, and USD 24.46 million to suppliers of goods and services. In tax matters, BancoSol paid USD 45.9 million in taxes.

As a result, the bank's operations have a positive, direct, and specific impact on the country's economic growth, benefiting savers, funders, employees, suppliers, and the state.

EXPENSES INCURRED BY BANCOSOL
(expressed in thousands of dollars)

	2015	2016	2017	2018	2019	2020
Savers	28.182,25	29.169,98	30.687,23	34.909,22	38.633,11	41.905,78
Funders	10.964,32	11.553,25	12.244,38	15.288,05	19.121,39	23.164,00
Taxes paid	17.568,23	25.368,63	29.537,51	31.501,58	46.000,79	45.994,61
Employees	60.428,00	61.330,38	63.653,23	73.653,82	66.493,19	62.585,67
Goods and services suppliers	25.377,40	24.991,32	25.600,25	26.681,13	24.574,20	24.465,37
Total	142.520,20	152.413,57	161.722,59	182.033,80	194.822,67	198.115,44

Risk rating

According to AESA RATINGS, Risk Rating Agency, bank's risk rating maintained N1 for short-term debt (in Bs) and AA1 for long-term debt (in Bs). Similarly, the rating as issuing entity remained as stable as AA1.

These ratings, in addition to achieving the institution's solidity among customers and shareholders, supported initiatives such as stock market bond issues, which are an important part of the Bank's funding structure.

DATE	SHORT-TERM DEBT	LONG-TERM DEBT	ISSUER
2015	N1 (Bol)	AAA (Bol)	AAA (Bol)
2016	N1 (Bol)	AA1 (Bol)	AA1 (Bol)
2017	N1 (Bol)	AA1 (Bol)	AA1 (Bol)
2018	N1 (Bol)	AA1 (Bol)	AA1 (Bol)
2019	N1 (Bol)	AA1 (Bol)	AA1 (Bol)
2020	N1 (Bol)	AA1 (Bol)	AA1 (Bol)

BANCOSOL'S BEHAVIOR

In 2020, the following BancoSol indicators highlight the bank's behavior across the Bolivian banking system:

INDICATORS

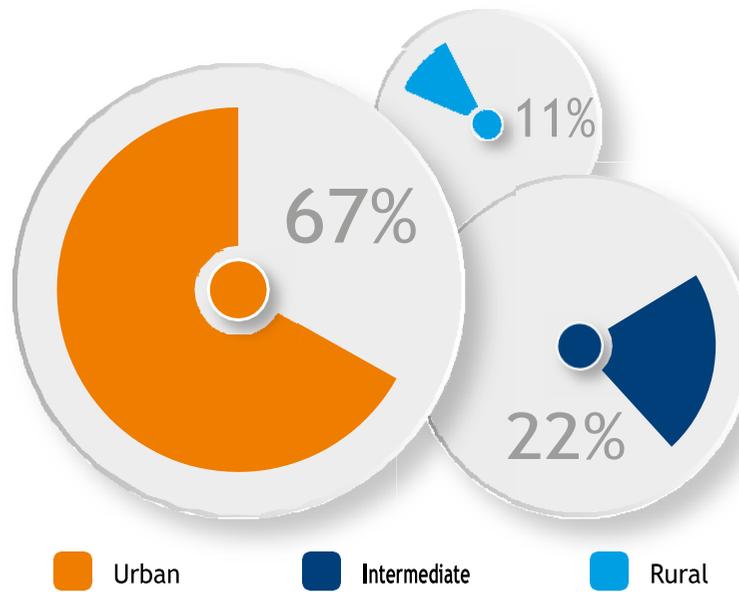
- ◆ One of the lowest NPL rates within the National Financial System: 0.54%
- ◆ An adequate and prudent growth of the loan portfolio within the National Financial System: 3.83%.
- ◆ The highest NPL coverage ratio of the financial system: 1,035.8%

Service channels map

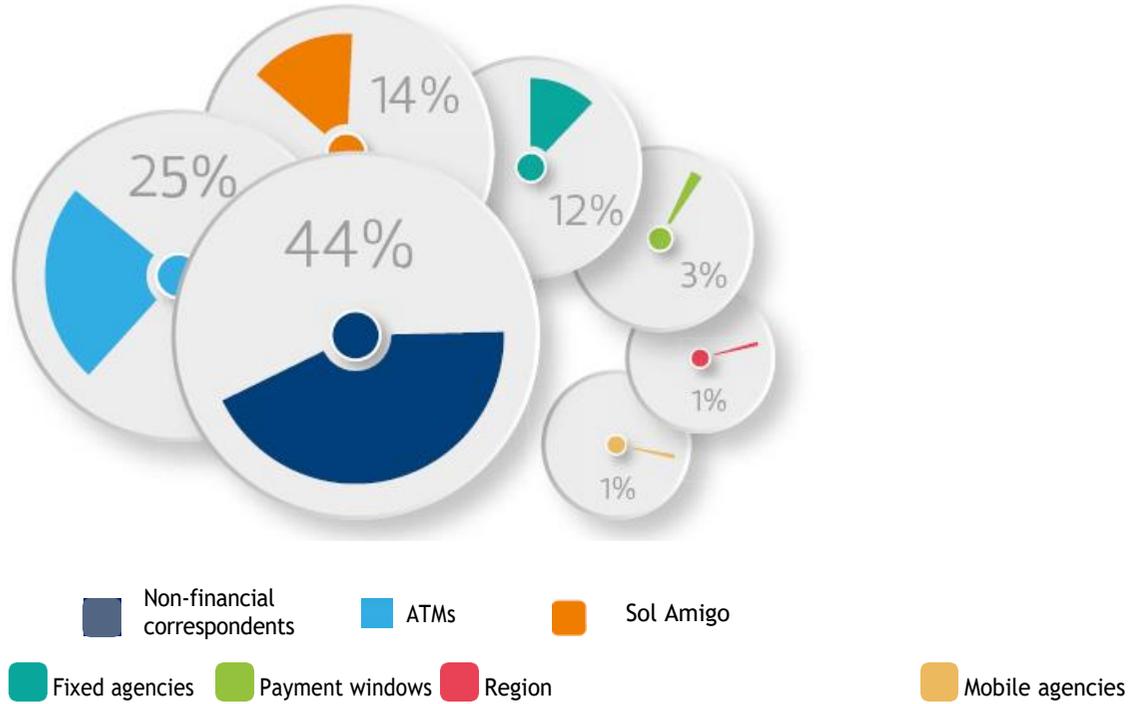
BANCOSOL ACROSS BOLIVIA

We revolutionized the financial market with the incorporation of a service channel that aims to bring us much closer to customers and users in peri-urban areas of the country's nine departments.

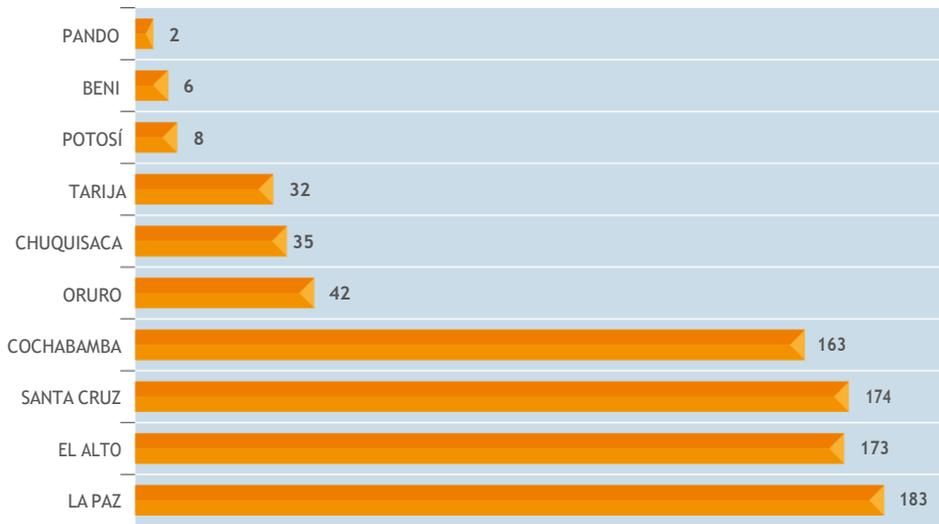
PAF (Financial service points) at national level by sector



DISTRIBUTION OF PAF's AT NATIONAL LEVEL



PAFs BY REGION



As a result, the Sol Amigo Express Points were born, which are small neighborhood businesses where financial transactions can be completed without the involvement of a bank official. At the end of 2010, there were 362 Sol Amigo Express Points in La Paz, El Alto, Cochabamba, Santa Cruz, Oruro, Chuquisaca, and Tarija, with nearly 900,000 transactions per year.

Sol Amigo Express is the evolution of the Sol Amigo Point. They are installed with a physical bank teller in businesses and small businesses, allowing financial services to go to places where there is no access to a fixed agency. As of December 2020, more than 5 million transactions were carried out on the network made up of 118 service points, becoming an important channel for serving financial customers and users.

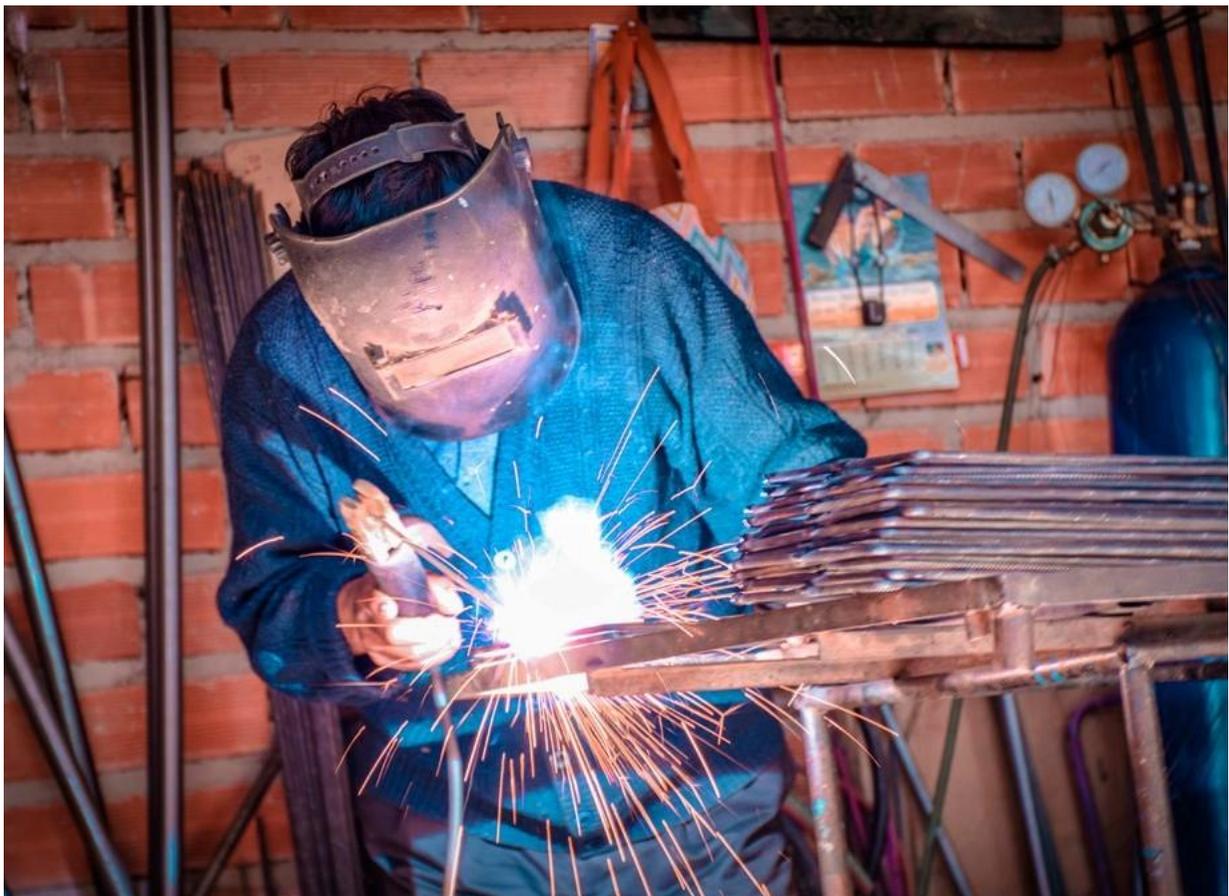
As of December 2020, BancoSol has 101 branches distributed between urban, intermediate and rural areas, which shows our commitment to customers and users throughout the country.

During the pandemic, our 200 ATMs scattered across the country became more important. In this way, our customers could access their savings and make over 3 million transactions.

BancoSol launched Mobile Agencies for Financial Services in the early 2010s to reach peri-urban and rural areas.

With the implementation of mobile agencies, the vast majority of entrepreneurs from these remote areas had their first contact with a financial institution. In this way, we once again fulfill the purpose of working harder on the financial inclusion of more people in the cities of El Alto, Santa Cruz and Cochabamba. At the end of the year, BancoSol had 6 mobile agencies that tour different communities on a daily basis.

With over 700 service points, BancoSol reaffirms its commitment to providing quality financial services to micro and small businesses and the public.





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A photograph of a hand holding a metal rod in a field of young green plants. The hand is on the left, gripping a vertical metal rod. The field is filled with rows of small, vibrant green plants growing in dark soil. The background shows a clear blue sky and some distant trees and buildings. The text 'CHAPTER 06' is overlaid in large white letters across the center of the image.

CHAPTER 06

ENVIRONMENTAL PERFORMANCE

As climate change represents a global concern, we take responsibility for taking action to mitigate its effect.

Environmental policy

Since 2017, the Social Capital Unit has developed an Environmental Policy, which has been duly approved and is valid in 2020, with the goal of establishing guidelines to reduce greenhouse gas emissions generated during the bank's operations, particularly those resulting from energy consumption.

In this way, BancoSol has raised awareness among stakeholders through direct actions to care for and preserve the environment, training in good environmental practices such as the application of the 3R's (recycle, reduce, and reuse resources), and undertaking tasks to raise social environmental awareness. With this, the goal is to reduce the carbon footprint.

It is important to note that the pandemic produced several unique phenomena. One of them was the high power consumption caused by all of the computers being turned on and connected to remote desks during teleworking. Water consumption, on the other hand, decreased in comparison to 2019. The most pertinent information is provided below:



AREA OF IMPACT	2018	2019	2020
Power consumption (KW/hour)	5.548.415	4.951.270	5.571.268
Average power consumption per m2	122	110	116
Water consumption (M3)	175.328	127.505	94.466
Average water consumption per employee (m3)	57	42	32
Waste collection (metric ton)	9	8,5	4,0
Total paper consumption (metric ton)	125	118	95
Average paper consumption per employee (metric ton)	0,041	0,041	0,032

It should be noted that the banking system was a frontline team that worked during lockdown.

Conclusions

Will there be a recovery in 2021?

2020 has been a year of unprecedented challenges, a year marked deeply and extensively by a pandemic, in which many people died and that lasts much longer than originally estimated. The response measures to this pandemic had not been seen in the previous 100 years, with a global economic decline comparable only to the levels of 1946 because of the Second World War.

The vast majority of countries' strictly economic measures are also unprecedented, as they have resulted in significant increases in public debt and the accumulation of fiscal deficits, as well as direct fiscal and monetary stimuli, implemented simultaneously and coordinated among the major world powers.

However, the pandemic's impact has varied across regions. Latin America, for example, has been the most affected region, both in terms of Covid-19 infections and deaths, as well as economically, because there were significant macroeconomic imbalances prior to the pandemic crisis, making the countries' economies vulnerable.

Although the first vaccines against Covid-19 will be distributed in 2021, the long-awaited recovery is still very uncertain because it is dependent on the efficiency of vaccine distribution as well as the behavior of the secondary effects of ultra-expansive macroeconomic policies to curb the most challenging effects in the economic sphere.

For everything that happened in 2020 with the Covid-19 pandemic, the supply shock caused by massive and forced confinements (including the closure of US airspace), the sharp falls in markets in March, the highest levels of volatility, the massive and simultaneous fiscal and monetary stimuli from the major central banks, the divergence between the capital markets and the real economy, the uneven recovery of the global economy have been truly extraordinary.

Beyond the debate over the massive and forced lockdowns recommended by the Chinese government and the World Health Organization, these have proven to be the most effective way to combat the pandemic

Vaccination and second wave: be careful with the euphoria

In this context, in mid-November, both Moderna and Pfizer-BioNTech, out of more than 200 different experimental vaccines against Covid-19, announced that they had a vaccine with more than 90% efficacy. Of course, the stock exchanges reacted with euphoria.

Although the vaccine eliminated some of the more pessimistic expected scenarios, it did not produce a significant change in fundamental indicators such as growth, productivity, employment, and investment expectations. Anyone who wanted to receive the vaccine in countries like Germany or the Netherlands would most likely have done so until March, if not earlier, but it was also expected that by mid-2021, more than half of the population at risk would not have been vaccinated.

Beyond the vaccine, the global economy must deal with all of the measures taken by governments to combat the pandemic, as well as the consequences of lockdown: unemployment, inflation, or the spectacular increase in global debt levels, which now stands at 365 percent of global GDP. The total debt (governments, corporations, and families) in developed countries already stands at 430 percent of global GDP.

In this regard, it has been stated that Latin America has been a particularly disadvantaged region in the face of the crisis, and thus the more developed countries, which have been relatively less affected by the crisis, should increase their contributions to multilateral organizations in order for them to grant greater concessional credits.

Bolivia's economic and political crisis has worsened as a result of the Covid-19 pandemic in 2020. To combat the health crisis, the government imposed strict and forced quarantines for six months, which had a significant impact on the economy, which had already begun to slow since the late-2019 political crisis.

Despite the challenges, BancoSol was able to increase its efforts to provide quality and friendly service to people with low incomes, thus fulfilling the mission that drives our bank's daily operations. This outcome would not have been possible without the dedicated efforts of all of our employees who were on the front lines, risking their health and lives while working tirelessly to provide financial services to the public on a regular basis.

We remain regional and international leaders and models in the conceptualization and practice of microfinance.

These new challenges have prepared us to make a significant leap in improving our services in order to satisfy our stakeholders.

This commitment inspires us to keep working to make our country a better place by promoting, training, and believing in our entrepreneurs, who help us grow together through their work.



