

1. General description of the scope of IDB Invest's Environmental and Social

Review: The internal documentation related to environmental processes, social and political procedures was reviewed in order to evaluate the capacity of BMM to manage the environmental and social risk of its credit activities to be financed with the use of IDB Invest funds.

2. Environmental and Social Classification and Rationale: This is a FI-3 category Project according to the IIC Sustainability Policy given the low risk associated with the subprojects in the current or future portfolio of BMM and the size thereof (maximum of US\$29,500).

3. Environmental and social risks and impacts: The principal risk is expected to be the difficulty of confirming BMM's compliance with national legislation due to the size of the loans. Currently, BMM does not have an Environmental and Social Management System ("ESMS"); however, it has implemented an environmental policy that also includes the application of a list of exclusions, although this must be updated to include all the activities on the IDB Invest Exclusion List. In addition, BMM has a social responsibility policy in which it defines its commitments as a Bank to the social and economic development of the community through financial and environmental sustainability, and a Human Talent Policy promoting the benefit of its employees and complying with the law. BMM joined Colombia's Green Protocol in April 2017. Microcredit operations represent approximately 83% of BMM's total portfolio as of June 30, 2018, consumer loans represent 9% and small business loans represent 8%. The sectoral breakdown of microcredit is divided as follows: commerce (40%); manufacturing (16%); agriculture, livestock, hunting, forestry and fishing (10%); lodging and catering services (9%); transport and storage (5%); services (4%); construction (2%), and other (14%).

4. Mitigation measures: BMM should develop an ESMS with a component to ensure that the activities financed with IDB Invest funds do not appear on the IIC list of excluded activities and that they comply with applicable national regulations. In addition, BMM should submit annual environmental reports to IDB Invest, indicating progress made and problems encountered in the implementation of its ESMS. BMM attended the IDB Invest environmental training workshop for financial intermediaries in 2017.