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Strong institutional presence as part of Grupo Promerica

- 9 countries
- 773 Branch offices
- 24,869 bank agents
- 1,181 ATMs
- 15,007 collaborators
- 2.9 million clients
- 2.7 million depositors
- 1.5 million credit cards
- Total assets $19.8 bn
Strong presence in El Salvador, 55 service points in the country

- It has been one of the Banks with continuous organic growth through the years
- It is characterized for a high quality service, extended hours and attention from Monday to Sunday
- Flexibility in customer needs attention, fast service, added value alliances to promote long term relationships more than transaction
## Property structure

<table>
<thead>
<tr>
<th>PHL</th>
<th>Ramiro José Ortiz Mayorga 100.00%</th>
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<tr>
<td>PFC</td>
<td>PHL 98.09%</td>
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<td>Mario Rappaccioli 1.91%</td>
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<td>PFC 97.09%</td>
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<td>74 Accionistas 2.91%</td>
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<tr>
<td>Banco Promerica</td>
<td>IFP 99.99%</td>
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Vision:
At Grupo Promerica we believe that all people and companies in our communities should push their limits to achieve the success they deserve.

Mission:
Promote a bank that develops relationships and offers products and services to our communities, to help them overcome their limits, be they cultural, economic, personal or geographical.

Values
Permanent empathy
Putting ourselves in the place of the other, understanding their goals is our essence to find solutions together. We promote relationship banking that develops ethical and profitable businesses in the long term.

Entrepreneurs by nature
We were born with the vision and work of entrepreneurs who never gave up facing borders cultural, economic, personal or geographical. With this nature we want to inspire others.

Shared trust
Our actions in the markets we serve strengthen the trust and credibility that identifies us for make joint decisions with our clients and achieve mutually beneficial results.

Common culture
We are from here, we know our communities, we know the challenges that we overcome. We use our experience, energy and creativity to overcome prejudices and setbacks and thus help them achieve their dreams.
Corporate Governance

Corporate Governance Standards

Comply with the Corporate Governance Technical Standards (NRP-17) issued by the Central Reserve Bank of El Salvador, and the Corporate Governance Code approved by its Board of Directors, considering the following aspects:

1. Shareholders

It is established that the General Shareholders’ Meeting is the maximum authority of the entity, having among its fundamental functions and powers, the adoption of all kinds of agreements regarding its governance and in general, to all measures that claim compliance with the Articles of Incorporation and the common interest of shareholders.

2. Board of Directors

The Board of Directors has the mission of strategically leading the Bank; must supervise and control that Senior Management meets the objectives established by it, respects the strategic guidelines, the approved risk levels and maintains the general interest of the entity.

3. Senior Management

Responsible for the implementation of the policies and internal controls approved by the Board of Directors, ensuring their execution and reporting at least annually. The members are responsible for ensuring that the financial information reflects the true financial situation of the entity, for which they must establish the internal control systems necessary to obtain reliable financial information.
4. Committees

The Board of Directors has established Committees, which act observing the provisions of the Corporate Governance Code and the regulatory framework established by the Central Reserve Bank. The sessions held by the Committees are documented by means of minutes written in a clear and detailed way that allow understanding the foundations of their agreements, which are available to the members of the Board of Directors. Every six months, a summary of the topics known in each of the committees is presented to the Board of Directors, which is recorded in the minutes of the respective session.

5. Corporate Governance Code

The Board of Directors has approved the Corporate Governance Code that contains the pre-established and formal internal governance guidelines related to the Bank’s corporate governance model. Its content complements the provisions of the Bank’s Articles of Incorporation and the applicable legal framework.

6. Code of Ethics

The Board of Directors has approved the Code of Ethics, which contains the guidelines to guide the actions of the Board of Directors, Senior Management and, in general, that of all Bank employees, through five principles, aligned with corporate values.

7. Annual Corporate Governance Report

Within the first 90 days of each year, the Corporate Governance Report is prepared, with the Board of Directors being responsible for its content, approval and publication, observing the provisions of the Corporate Governance Technical Standards (NRP-17), and is sent to the Superintendence of the Financial System within the ten days following its approval.

8. Transparency of Information

In attention to the Transparency of Information, the Banco Promerica website has a section called “Corporate Governance”, which includes documents, reports and standards.
Policy and Statutory Committees

- Audit Committee
- Assets and Liabilities Committee
- Compliance Committee
- Comprehensive Risk Management Committee/CAIR
- Committee of Business Continuity
Ethical and conduct standards

Ethics code is summarized in 5 principles applicable to all employees:
• Complies with laws, rules, regulations, policies and procedures.
• Respects confidentiality and protects the integrity and security of assets, communications, information and transactions
• Acts with honesty and integrity
• Treats all with justice, equity and respect
• Avoid situations with conflict of interests

Código de Ética (promericanet.com.sv)
# Strategic Plan 2020 - 2025

1. **Leadership in Customer Experience**
   - Relationship banking
   - Commercial model "Acción"
   - Process optimization
   - New structure – Retail, Corporate

2. **Operation strengthening**
   1. Functional structure
   2. 3 lines of defense
   3. Audit E2E based on risks
   4. Risk appetite
   5. Disciplined follow-up on accounts integration and conciliation

3. **Profitable and sustainable bank**
   1. Scale economies, grow more than market
   2. Better mix – core deposits and risk appetite
   3. Sustainability strategy
   4. Disciplined follow-up on accounts integration and conciliation

4. **Leaders in Digital adoption**
   1. Digital culture
   2. Best in customer experience
   3. Digital sales
   4. Advanced digital analytics
   5. Super app UX

5. **Preferred employer and high performance culture**
   1. Performance evaluation
   2. Development and succession plan
   3. Competitive compensation plan
   4. Women advance
   5. Certified Great Place to Work for 3 years
This is the set of products the Bank offers and continues to expand that are aligned with development goals such as green lines, EE & RE, women-led companies, green accounts and other instruments with a sustainable component.

Support to the communities where we are present – donations to causes, support to foundations, volunteer day and programs for financial education. Corporate Social Responsibility programs, support to non-profit organizations and financial education.

Different mechanisms to keep track of development indicators for measuring the accomplishments in the above three pillars. Sustainable strategy implementation, Reporting and partnerships.

This refers to the actions internally adopted to contribute to reduce the impact of the bank’s activities such as efficient use of water and electricity, waste management and recycling, digital solutions for reducing the use of paper. These actions are towards the commitment of the bank for using eco-efficient practices.
Our commitment to Sustainability

“At Banco Promerica, we believe that financing sustainability means guaranteeing the future of new generations. We are a Group that seeks to achieve a positive impact by offering a portfolio of products and social investments in our communities that generate a balance between social equity, environmental viability and economic development in a sustainable manner.”

Lázaro Figueroa
Executive President of Banco Promerica El Salvador

[Compromisos y aliados | Banco Promerica El Salvador](#)
Develop Sustainability strategy of the Group aligned to Sustainable Development Goals and to other international frameworks and commitments.

**GOVERNANCE**
- Creation of regional and local bodies to enable the Implementation of the objectives and organizational synergies

**SUSTAINABILITY LEADERS**
- Responsible for implementing the Sustainability strategy in the Banks of Grupo Promerica
- Coordinate with bank and PFC senior management for regional actions

**LINES OF ACTION**
- Sustainable products
- Impact measurement
- Lead by example
- Social Investment
- Environmental and Social Risk Management and Governance
## Local Sustainability Committee | Banco Promerica El Salvador

### Sustainability Strategy

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<th>Family of products</th>
<th>Sustainable Products</th>
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<td>Financing and sustainable bond</td>
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<th>Lead by example</th>
<th>Administration and strategic sourcing</th>
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<td>External Communication</td>
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<td>CSR and Financial Education</td>
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<td>Multilateral work plans in ESMS</td>
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<th>Progress indicators</th>
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<td>Status of projects</td>
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<td>Women-led businesses</td>
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<td>Green lines</td>
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<td>Recycling program</td>
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<td>Resource efficiency in offices and agencies</td>
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**Partnerships**

- Policies and ESMS manuals
- Multilateral work plans in ESMS

**Progress indicators**

- Status of projects
- Strategic partnerships
Sustainable Development Goals

The 2030 agenda for Sustainable Development defines 17 global goals with 169 targets that seek to promote development along 3 factors: economic, environmental and social, with a focus on equity and inclusion.

We contemplate our activities consider the contribution to Sustainable Development Goals, especially those related to ensure prosperity for all and leave no one behind.

The bank has a commitment with 10 objectives with their correspondent indicators of impact.
Local and International Commitments

Sustainability Protocol
On October 01, 2019 Salvadoran Banking Association through its banks members signed their Sustainability Protocol as a way of institutionalizing support for the country’s sustainable development. The agreement contemplates 4 work lines with the objective of positively impacting environmental conservation and resource sustainability: integral management of resources and value chain, development of specialized products and services, consideration of portfolio impacts, and programs for the sustainable development of communities.

We are signatories of Principles for Responsible Banking since 2021
“The signing of the Principles of Responsible Banking with UNEP FI is a reflection of our commitment to incorporate sustainability as a strategic priority, thus providing long-term value for our clients, employees, shareholders and society in general.” Lázaro Figueroa, Executive President of Banco Promerica El Salvador

We are signatories of Women Empowerment Principles (WEPs) since 2022
WEPs provide companies the opportunity to adopt policies and invest in the promotion of gender equality in the work environment, in production chains and in communities, generating profitability and Sustainability.
Relationships with stakeholders

Banco Promerica interacts with different stakeholders and has these approaches:

- **Visits to customers:** we value relationship banking and through these visits we identify needs to structure a proposition, solution or collaboration. We maintain a close relationship with customers, especially corporate and SMEs.
- **Participation in business associations:** it is an opportunity to meet and network with different industries, leading to collaboration, new business opportunities and partnerships.

The next step will be a materiality study to include the point of view from relevant stakeholders with 3 main objectives:

1. align initiatives to core business
2. validate the strategy
3. identify value creation
Governance: Sustainability as a Key Driver

Sustainability strategy shared at all levels:
- Constant training for new employees, main topics: reasons for Banco Promerica to commit to Sustainability, international framework, internal governance and how to support this from our positions.
- In June 2022, Sustainability strategy was shared to key positions during Town Hall.
- In session of July 21, 2022 No. 480-07/2022, Sustainability strategy was shared with Board of Directors for their agreement and inclusion of the topic in their advisory role.
- Bimonthly follow-up on Sustainability agenda with Senior Management
- Quarterly report on indicators and status of projects for Sustainability Local Committee
- Sustainability champions across key areas
Green lines

OBJECTIVE:
Generate credits, products and services aimed at financing productive activities and investment projects that seek savings through energy efficiency (20%), renewable energies, and that seek to prevent or mitigate environmental impacts.

ACTIONS
- Develop and/or enhance green credits in all countries
- Automatized green segmentation
- Develop and replicate best practices within Promerica Group to standardize the product features in the region
- Identify green allies in each country for new partnerships and business development
- ESMS enforcement
- Technical support from multilaterals and development banks

RESULTS
- Increase of 11% of green portfolio from 2021 to 2022
- Increase of 8% of customers at the end of December 2022
- Advance in work plan with ESMS
- Energy efficiency training for SMEs and Corporate executives
- Segmentation and definition for green categories with the support from external validators
Green Account

Green Account is an account that contributes to environmental care. This is a product that directs resources for sustainable projects, also allows the users to know the destination of the resources. It can be a tool for financial education and promote sustainable banking since it has reduced the use of paper for resource optimization.

The funds are directed to finance Green Lines Program, the customers receive a bulletin indicating the projects the Banks is investing and it was launched in December 2022.

Green Account
Environmental and Social Management System

The Implementation of the ESMS methodology for credit rating at the beginning of the granting process has not only created value for the Green Lines Program, but also for the bank’s portfolio since all commercial credit operations are analyzed with the same parameters.

Objectives
• Banco Promerica assumes the principles of environmental and social responsabilities with special focus in the analysis of the company sector, and therefore issues the following policies for:
• Establish a performance space that integrates the principles of the referred environmental and social responsabilities principles in the Bank´s strategy.
• Issuance of policies of Environmental and Social Risks Management, that contributes to preserve the quality of the credit portfolio.
Sustainability highlights of 2022

- Our portfolio: 60% MSMEs supported with activities and services to grow.
- In 2022, the green portfolio is $33 MM and 26 clients and the portfolio of women-led enterprises is $38 MM and 184 loans granted.
- Issuance of US$100 MM in Sustainable Bonds
- Close relationship with Correspondent Banks, Regulators, Clients and different Multilateral organizations that have allowed us to support many companies in the post pandemic economic reactivation and under a sustainable approach.
- Launching of a green account
- Support to Fundación Actuar es Vivir, which has assisted more than 12 thousand low-income women in the education, prevention and early detection of breast and cervical cancer.
- Financial Education Program: “Learn with Promerica”.
- Promerica Volunteering: beach cleanup in Costa del Sol.
- Campaigns throughout the year by the Actuar es Vivir foundation.
- Participation in FUNDEMAS sustainability week and related webinars.
- SARAS process since 2015, implementing version 3.0, that has allowed us to establish a methodology for categorizing environmental and social risk in the portfolio, based on risk determinants by sector and exposure
- Campaigns for responsible consumption of resources, mainly paper, water and energy, aimed at all bank employees.
- Efficiencies in buildings and agencies: AC equipment, LED lighting, paperless initiative and recycling.
- Banco Promerica was rated with advanced maturity with respect to the Salvadoran banking benchmark based on 3 dimensions: strategy and governance, sustainable products, and environmental and social risk management. This first study conducted by ABANSA in collaboration with IDB Invest made it possible to evaluate the state of sustainable finance in El Salvador for private banks.
Reporting

- A calendar with progress on sustainability-related projects is presented bimonthly to Senior Management.
- To show progress, key indicators are shown that cover the different areas from a cross-cutting perspective.
- The dashboard is shared with the members of the local sustainability board so that we are aware of the performance of key projects and initiatives, which allows us to adjust or accelerate along the way.
- The dashboard includes indicators for green lines performance, portfolio by segment, human talent, CSR and internal environmental initiatives.
- Also, we will publish on March 2023 the sustainable bond report for the use of funds for the first tranche of the program, which is $23 millions: as of December 31, 2022, 92 projects have been financed for $27.8 million with a balance of $24.1 million. Of the current balance, 68% of the projects are for women-led companies, 10% for renewable energy projects, and 22% for SMEs.
Impact analysis

- According to Principle 2, this is the 3-step process: define the impact, measure the impact and report on the impact. This requires the establishment of impact indicators, data collection and analysis systems, and transparent Reporting processes. This effort contributes to the achievement of SDGs.
- In order to identify the areas of greatest impact, an analysis of the total distribution of the portfolio in terms of balances was carried out to focus on the portion of the portfolio that generates the greatest impact due to its level of exposure; in this first phase, the corporate portfolio, which represents around 60% of the total portfolio, was evaluated.
- In this first phase we identified the top 3 segments for the corporate portfolio: Services 29%, Commerce 27% and Industry 26%. We will include our findings and other inputs in the Impact Tool to validate the negative and positive impacts of our portfolio.
- Also, this requires a development of robust data collection and analysis systems to provide reliable and consistent information on the impact indicators, use of external data also will be of great help, for example, the NDC goals for the country to align efforts among other sources.