

PRB Progress Statement
Banco Promerica El Salvador 2024

1. Summary

Principle 1: Alignment	Principle 2: Impact & Target Setting	Principle 3: Clients & Customers
<p>Banco Promerica has strengthened its sustainability efforts by deepening sustainability integration across its business model, strategy, and risk management. The bank enhanced its relationship banking approach through the “Modelo Acción”, which is focused on commercial banking and services, optimizing advisory services and expanding the use of financial products. Investments in infrastructure and technology modernized operations, improving accessibility with expanded electronic lobbies and upgraded ATMs. Risk management was reinforced with the Three Lines of Defense Model, ensuring compliance and security. Additionally, the bank continued leveraging its sustainable financing, aligning resources with ESG commitments under international standards and impact measurement. These efforts reflect Banco Promerica’s commitment to generate revenue and at the same time consider environmental and social aspects. Also, Sustainability is part of the strategic objectives of the bank with its 4 pillars model. Banco Promerica has made significant progress in sustainability by aligning its operations with the country’s environmental goals.</p>	<p>In the past year, the bank conducted an impact analysis using the UNEP FI Impact Tool, focusing on sectors such as energy, in line with El Salvador’s Nationally Determined Contributions (NDCs) under the Paris Agreement. The bank has expanded its green portfolio each year since its implementation in 2017, supporting sustainable projects, including 5 main green categories.</p> <p>In 2019, the bank identified women-led businesses as a distinct segment and developed a business case to better understand their needs. A pilot program was conducted, revealing that the bank was already organically financing this segment. This insight allowed Banco Promerica to refine its approach and strengthen its commitment to supporting women entrepreneurs.. For 2025, it has set targets to advance gender equality and reduce financed emissions. Banco Promerica continues to support impactful initiatives by financing a significant number of sustainable projects, these actions reflect the bank’s strong commitment to sustainability and its role in driving positive environmental and social change.</p>	<p>Banco Promerica embraces relationship banking, maintaining close connections with customers, particularly corporate clients and SMEs, through personalized visits that help identify needs and develop tailored solutions through the philosophy “Relationship Banking”. The bank actively participates in business associations to foster collaboration and explore new business opportunities. It also engages with regulators, contributing to industry standards like the NRP-53 Technical Standards for Environmental and Social Risk Management. Transparency with shareholders remains a priority, ensuring regular updates on financial performance and strategic initiatives, while the Board of Directors plays a key role through continuous consultations. Employees are instrumental in promoting a culture of sustainability both within the organization and in their communities. In its pursuit of innovation and growth, Banco Promerica seeks new opportunities in emerging segments such as the silver economy and adaptation for climate change.</p>

<p>Links & references</p> <ul style="list-style-type: none"> • Institucional Information: https://www.promerica.com.sv/quienes-somos/historia/ • Corporate Banking Products: https://www.promerica.com.sv/banca-de-empresas/bancaempresarial/ • Retail Banking: https://www.promerica.com.sv/banca-de-personas/cuentas-ydep%C3%B3sitos/ • Sustainable bond: https://www.promerica.com.sv/sostenibilidad/qu%C3%A9-es-unbono-sostenible/ • WEPs: https://www.weps.org/company/bancopromerica • ABANSA https://abansa.net/timeline/firmadelprotocolode-sostenibilidadde-los-bancosmiembrosdeabansa/ • Sustainable bond report: https://www.promerica.com.sv/media/593124/segundo-reporte-de-gestio-n-bono-sostenible.pdf • PRB Third Report: https://www.promerica.com.sv/principios-de-banca-responsable/ 	<p>Links & references</p> <ul style="list-style-type: none"> • Impact tool analysis: https://www.promerica.com.sv/media/593492/impact-tool-analysis-2nd-prb-report.pdf • Financial statements: https://www.promerica.com.sv/media/4wxhip2m/informe-anual-auditor-externo-y-estados-financieros-2024.pdf • El Salvador NDC: https://unfccc.int/sites/default/files/NDC/2022-06/El%20Salvador%20NDC-%20Updated%20Dic.2021.pdf • Integrated Development Strategy: https://cnds.gob.sv/estrategia-nacional-de-desarrollo-integral-2023/ 	<p>Links & references</p> <ul style="list-style-type: none"> • Green account publication: BOLETIN CUENTA VERDE ENE25 • PRB Third Report: https://www.promerica.com.sv/principios-de-banca-responsable/ • Sustainability Summit: https://www.promerica.com.sv/noticias/articulos/banco-promerica-desarrollo-la-cumbre-de-sostenibilidad-impulsando-un-futuro-verde/
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Principle 4: Stakeholders	Principle 5: Governance & Culture	Principle 6: Transparency & Accountability
<p>Banco Promerica maintains a dynamic and transparent relationship with stakeholders, including shareholders, regulators, and financial institutions. It actively contributes to regulatory development, particularly in environmental and social risk management, and aligns its sustainability strategy with international standards. The bank also fosters sustainability within its workforce, engaging employees in sustainability initiatives and promoting gender equality. Through strategic partnerships, it collaborates with DFIs and other stakeholders to drive sustainable banking projects and initiatives.</p>	<p>Banco Promerica El Salvador adheres to a solid governance framework aligned with regulatory standards and best practices. It operates with a General Shareholders' Meeting, a Board of Directors, and Senior Management to oversee policy implementation and risk management. The bank promotes a culture of responsible banking through ethical leadership, integrating sustainability across its operations, and ensuring employee engagement in its sustainability efforts.</p> <p>The bank enforces comprehensive policies and due diligence processes to maintain ethical conduct and regulatory compliance. Its governance is guided by a Corporate Governance Code, Code of Ethics, and a robust risk management framework, ensuring responsible decision-making and long-term financial stability. This structure reflects Banco Promerica's commitment to sustainability, risk management, and transparent operations.</p>	<p>Banco Promerica El Salvador ensures high transparency and accountability through robust disclosure practices. The bank publishes an annual Corporate Governance Report, offering insights into governance and financial performance, and sustainability efforts are communicated through PRB Reports and annexes and Sustainable bond use of funds. It also maintains a dedicated section on its website for easy access to these reports and compliance documents. Additionally, Banco Promerica engages in third-party verification for its performance of the sustainable bond, further strengthening its commitment to stakeholder accountability and reinforcing trust in its operations.</p>
<p>Links and references:</p> <ul style="list-style-type: none"> PRB Third Report: https://www.promerica.com.sv/principios-de-banca-responsable/ 	<p>Links and references:</p> <ul style="list-style-type: none"> PRB Third Report: https://www.promerica.com.sv/principios-de-banca-responsable/ 	<p>Links and references:</p> <ul style="list-style-type: none"> PRB Third Report: https://www.promerica.com.sv/principios-de-banca-responsable/

2. Supplement

2.1 Principle 1: Alignment

2.1.1 Business model

Promerica Group has operated in the regional financial market for 30 years, comprising 9 banks across Latin America and over 200 international offices. Banco Promerica El Salvador began operations on January 12, 1996, backed by visionary shareholders dedicated to the country's and region's development. With 48 service points nationwide, it excels in customer experience through a relationship banking model and a comprehensive range of financial products. Its offerings span Consumer Banking, Private Banking, Business Banking, Alternative Payment Methods, and personal banking, including green lines, accounts, and loans for women-led and youth-led companies. It was the first in El Salvador to issue a \$100 million sustainable bond program in 2022.

The bank's 5 strategic priorities are:

1. Customer Focus
2. Efficiency and Risk Management
3. Profitable and Sustainable Growth
4. Digital Transformation
5. Talent Development

The third priority emphasizes balancing profitability with natural resources and social welfare, guided by its sustainability strategy and four pillars:

1. Sustainable Products
2. Lead by Example
3. Social Investment
4. Impact Measurement

2.1.2 Strategy

As part of our first strategic priority, we aim to be a leader in customer experience by fostering a relationship-based banking approach. This allows us to engage in advisory-driven conversations with a genuine interest in our clients' needs.

To enhance this experience, we launched the Acción Commercial and Services Model, ensuring a customer-centric culture that guides our commercial actions through an integrated approach across four key pillars: Everyday Banking, Financing, Investment, and Protection.

To provide comprehensive advisory services, we implemented a new branch structure, optimizing operations and creating new business support areas.

Over the years, we have made significant investments in infrastructure and technology to modernize and bridge operational gaps. This includes redistributing and upgrading a large portion of our branch network, introducing 24/7 electronic lobbies, enhancing ATMs with greater capabilities, and expanding the number and functionality of our financial correspondents.

Additionally, we strengthened our business units and implemented targeted actions in Personal and SME Banking, ensuring the optimal business mix for sustainable and profitable growth in lower-risk segments.

2.1.3 Risk Management

As part of our second strategic priority—efficiency and risk management—we launched the Three Lines of Defense model, ensuring a clear separation of functions and comprehensive risk management across all levels of the institution. We implemented a zero-tolerance policy for non-compliance with the regulatory and internal framework, along with strict anti-money laundering policies, all aimed at maintaining the bank's security and operational efficiency.

An end-to-end audit model was introduced, leveraging a risk analytics-based methodology. Additionally, a new structure was established to strengthen our Solutions Center, which focuses on understanding our clients' circumstances to provide them with the best possible solutions.

We have outpaced market growth and enhanced portfolio profitability by implementing new tools to increase low-cost deposits, with a focus on lower-risk segments and best market practices.

The Three Lines of Defense are:

1. First Line of Defense: Business/Clients and Operational Support
2. Second Line of Defense: Risk, Compliance, and Control Areas
3. Third Line of Defense: Audit

2.2 Principle 2: Impact & Target Setting

2.2.1 Impact Analysis

In 2024, Banco Promerica conducted an impact analysis of its portfolio using the UNEP FI Portfolio Impact Analysis Tool. This tool aligns with El Salvador's Nationally Determined Contributions (NDC) under the Paris Agreement, focusing on sectors like energy, clean transportation and sustainable agriculture. See Impact Analysis, page 5 <https://www.promerica.com.sv/media/593492/impact-tool-analysis-2nd-prb-report.pdf>

2.2.2 Scope

The analysis encompassed various sectors to evaluate both positive and negative impacts, considering the bank's diverse portfolio. Positive impact, pages 7 & 8 and Negative impact, pages 8 & 9 <https://www.promerica.com.sv/media/593492/impact-tool-analysis-2nd-prb-report.pdf>

2.2.3 Portfolio composition

Banco Promerica offers products and services that encourage clients to adopt sustainable practices across different sectors.

The composition up to December 2024 according to Financial Statements is as follows:

Category	Definition	% of total Portfolio	In millions of dollars
Agriculture	Gross active portfolio financing agricultural activities, including crop and livestock production, hunting, forestry, fishing, and related services.	0.4%	4.4
Production	Gross active portfolio financing manufacturing, construction, craftsmanship, and food or material processing, expressed in local currency.	12.9%	128.0
Commerce	Gross active portfolio financing trade activities, including buying and selling, expressed in local currency.	12.6%	125.6
Services	Gross active portfolio financing service-related activities such as transportation, restaurants, and tourism, expressed in local currency.	17.6%	175.1
Others	Gross active portfolio financing other commercial and consumer categories, expressed in local currency.	56.5%	562.0
Total			995.1

2.2.4 Context

Banco Promerica aligns its initiatives with El Salvador's updated Nationally Determined Contributions (NDCs) under the Paris Agreement, focusing on both mitigation and adaptation measures. For El Salvador, the mitigation efforts target the energy and agriculture, forestry, and other land use (AFOLU) sectors, aiming for a 46% reduction in greenhouse gas emissions by 2025 compared to the business-as-usual scenario. Adaptation measures address sectors such as agriculture, biodiversity, cities, energy, infrastructure, water resources, waste and sanitation, health, and transportation. The bank's alignment with these NDCs reflects its commitment to sustainable practices and national climate goals. Page 5 <https://www.promerica.com.sv/media/593492/impact-tool-analysis-2nd-prb-report.pdf>

2.2.5 Impact results

The bank has products and services that encourage clients to adopt sustainable practices in their respective sectors. Details of these sustainable-focused products and services are mentioned in slides 26-32 of the PRB Third Report.

2.2.6 Performance measurement

Banco Promerica monitors green and social portfolio indicators based on international standards (ICMA principles) and local standards issued by the Bolsa de Valores de El Salvador, there is a report on use of funds of the sustainable bond portfolio where a third party. The segmentation of the sustainable portfolio is shown on slide 25 of PRB Third Report.

2.2.7 Target setting

Banco Promerica has set goals for two significant impact areas:

- Women-led businesses (includes Companies and SMEs): The bank supports gender equality through financial and non-financial products and services to support women leaders. (see Slides 27 to 30 and 34 to 36, Third PRB Report).
- Financed emissions: Results from Promerica El Salvador's productive portfolio emissions (Slide 42 to 45, PRB Third Report) will guide Grupo Promerica's decarbonization strategy and action plan.

Protagonistas Program external: Reward the work and dedication of women leading companies and SMEs, promote their participation and leadership, provide them with educational tools to strengthen their businesses and facilitate opportunities for interaction with other women entrepreneurs. (see Slides 27 to 30 and 34 to 36, Third PRB Report).

Protagonistas Program internal: The goal is to empower women in our organization by providing them with tools for their personal and professional development, enabling them to achieve their dreams and live full lives. Conferences, workshops, mentoring sessions, and discussions are offered to employees of the bank.

Some indicators related to Protagonistas (internal) up to December 2024:

Indicador	Cantidad
Number of female employees	674
Number of male employees	457
Number of female middle managers	117
Number of male middle managers	67
Number of female senior managers	3
Number of male senior managers	15
Number of female members in the Board of Directors	1
Number of male members in the Board of Directors	7

2.3 Principle 3: Clients & Customers

2.3.1 Clients and Customers engagement

Banco Promerica El Salvador prioritizes relationship banking, engaging closely with clients to understand their needs and offer tailored financial solutions. Through direct interactions, market research, and participation in business associations, the bank ensures continuous improvement in customer experience and financial inclusion. It actively involves corporate and SME clients in strategic discussions to refine services and enhance long-term partnerships.

Key initiatives include:

Sustainability Summit: The bank held its first Sustainability Summit, titled "*Driving a Green Future*", which brought together key clients and board members to showcase sustainable products and services and special remark on identifying E&S risks as an opportunity. <https://www.promerica.com.sv/noticias/articulos/banco-promerica-desarrollo-la-cumbre-de-sostenibilidad-impulsando-un-futuro-verde/>

Sustainability Training Program: A Continuous Sustainability Training Program was introduced for 100% of the bank's employees, explaining why sustainability is a core element of the bank's strategy.

Global Money Week: Banco Promerica developed various activities to encourage healthy financial habits among Salvadorans during Global Money Week. <https://www.promerica.com.sv/noticias/articulos/banco-promerica-se-unio-a-la-global-money-week-2024-promoviendo-buenos-habitos-financieros/>

Green Account Newsletter: The bank distributes a Green Account Newsletter to clients, providing updates on activities across four pillars: Sustainable Business, Leading by Example, Impact Measurement, and Social Investment. [BOLETIN CUENTA VERDE ENE25](#)

2.3.2 Business opportunities

The bank leverages its strong customer engagement to identify and develop new business opportunities. By fostering collaborations with key industries and stakeholders, Banco Promerica strengthens its financial product offerings and expands its market reach. It also engages in sustainable investment funds and development financial institutions (DFIs) to finance innovative and responsible banking solutions, aligning business growth with sustainability principles.

2.4 Principle 4: Stakeholders

Banco Promerica maintains a dynamic and transparent relationship with stakeholders, including shareholders, regulators, and financial institutions. It actively contributes to regulatory development, particularly in environmental and social risk management, and aligns its governance with international standards. The bank also fosters sustainability within its workforce, engaging employees in sustainability initiatives and promoting gender equality. Through strategic partnerships, it collaborates with DFIs and other stakeholders to drive sustainable banking and social impact initiatives.

2.5 Principle 5: Governance & Culture

2.5.1 Governance structure

Banco Promerica El Salvador adheres to a robust corporate governance framework aligned with regulatory and international best practices. Its governance structure includes a General Shareholders' Meeting as the highest authority, a Board of Directors responsible for strategic leadership, and Senior Management ensuring policy implementation and risk oversight. Specialized committees, such as the Audit and Compliance Committees, support governance by maintaining transparency and regulatory compliance. (Slides 7 to 10 & 16, PRB Third Report).

2.5.2 Promoting a culture of responsible banking

The bank fosters a culture of responsible banking through ethical leadership, sustainability-driven decision-making, and employee engagement. Sustainability principles are integrated across all levels, with regular training and communication on responsible banking practices. Employees play

a key role in expanding sustainable banking initiatives within their professional and personal networks, reinforcing the bank's commitment to social and environmental impact. (Slides 17, 23 & 24, PRB Third Report)

2.5.3 Policies and due diligence processes

Banco Promerica has established comprehensive policies and due diligence processes to ensure ethical conduct and responsible banking. Its Corporate Governance Code, Code of Ethics, and risk management framework guide operations, ensuring regulatory compliance and long-term financial stability. The bank employs rigorous environmental, social, and governance (ESG) risk assessments, aligning credit and investment decisions with sustainability objectives.

2.6 Principle 6: Transparency & Accountability

2.6.1 Disclosure frameworks

The bank maintains high standards of transparency through structured disclosure mechanisms. Its Corporate Governance Report, published annually, provides insights into governance practices and financial performance. Additionally, its website features a dedicated Corporate Governance section, ensuring accessibility to reports and compliance documents. Banco Promerica also adheres to third-party verification processes for its sustainable bond use of funds, reinforcing its accountability to stakeholders. PCS Verification <https://www.promerica.com.sv/principios-de-banca-responsable/>