

Principles for
Responsible Banking
Reporting and Self-Assessment
Template

Banco Promerica El Salvador

Reporting and Self-Assessment Template

Principles for Responsible Banking



Reporting and Self-Assessment Template

The following template sets out the reporting and self-assessment requirements for Signatories of the Principles for Responsible Banking (PRB). Your bank discloses which actions it has undertaken to implement the PRB by self-assessing its progress on each of the 6 Principles. This template is therefore structured in accordance with the 6 Principles that signatories have committed to.

Three Key Steps are critical to showing that your bank is fulfilling its commitments as a signatory of the PRB, i.e. Impact Analysis, Target Setting & Implementation and Assured Reporting/Accountability. The sections in the Reporting and Self-Assessment Template that relate to the 3 Key Steps also require a self-assessment summary to demonstrate the extent to which the bank has fulfilled the respective requirements of the Key Steps.

Accommodating different starting points

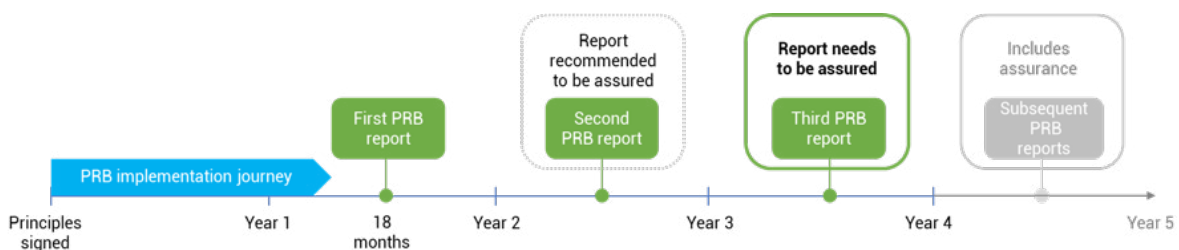
Your bank has an initial four-year period from signing to implement the 6 Principles including to bring its reporting fully in line with the requirements. Your bank may not be able to provide all information required in this template in the first report. You should build on your implementation progress annually. Feedback, support, capacity building, training and peer learning are available to all signatory banks to help them progress with both implementation and reporting.

Timeline for reporting and assurance

Signatory banks need to report on their implementation of the Principles on an annual basis. The first PRB report has to be published within 18 months of signing the Principles, to give the bank some flexibility to align the PRB reporting with its reporting cycle. Publishing the first PRB report at any point earlier than 18 months after signing the Principles is therefore an option. After the first PRB reporting has been published, subsequent reports have to be published annually thereafter, i.e. within 12 months at the latest after the prior report¹.

Assurance

The last report within the initial 4 year implementation period (and subsequent reports thereafter) needs to be assured, which means that at least the third PRB report needs to be assured. Banks are encouraged to put the assurance process in place well before that and have earlier PRB reports already assured.



¹ Early reporting is permitted, although sufficient time to show progress from one year to the other should be taken into account.

All items that relate to the three Key Steps (highlighted in yellow) require limited assurance by year four of signing the PRB, undertaken by an independent third party with relevant expertise in the field. These are:

- 2.1 Impact Analysis
- 2.2 Target Setting
- 2.3 Target Implementation and Monitoring
- 5.1 Governance Structure for Implementation of the Principles

An assurer provides limited assurance of your self-assessment in these listed areas. You can do this by including it in your existing assured reporting. Where third-party assurance is not feasible, an independent review may be conducted. Assurance requirements are described in more detail in the Guidance for Assurance providers: Providing limited assurance for reporting.

Purpose of the template

The purpose of this template is to assist signatories in disclosing their progress on implementing the PRB. The disclosed information is used by the UNEP FI Secretariat as the basis for the individual review of each bank's progress, as well as for reporting the collective progress made by the PRB Signatory Group. To measure collective progress in a consistent manner, some standardized questions to be completed by the banks are integrated into the template. The open questions give banks the flexibility to disclose the progress they make, considering the diverse business models and various contextual differences in which banks operate.

How to use this template

This template gives banks the chance to provide summaries of the annual progress made in implementing each Principle. It is designed for your bank to provide references/links to where in your existing reporting/public domains (websites) the required information can be found to support your answers. The aim is to keep any additional reporting burden to a minimum while ensuring transparency and accountability as set out in Principle 6. When referring to other documents, please specify the pages where the exact information appears.

The Reporting and Self-Assessment Template shall not be amended structurally and content-wise. The content and text of the template can be applied to corporate layout and designed accordingly, without omitting parts of the texts. The Reporting and Self-Assessment Template can be integrated into your bank's reports (annual report, sustainability report or relevant reporting formats) or can be published as a stand-alone document. It needs to be publicly available and will be listed on the UNEP FI Signatories page.

The reporting needs to be published in English. Information that is referenced to within the Reporting and Self-Assessment Template should also be available in English. Where that is not possible, it is recommended to include the summary of relevant information as text in the Template, so that all necessary information can be taken into account when the UNEP FI Secretariat reviews the bank's performance.

Principle 1: Alignment



We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

Business model

Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

Grupo Promerica has been in the regional financial market for 30 years and is comprised of 9 banks in Latin America and more than 200 international offices.

Banco Promerica El Salvador began operations in El Salvador on January 12, 1996 and was founded thanks to the contribution and solid support of a group of visionary shareholders who believe in the well-being and development of the country and the region.

Currently, it has 48 points of attention throughout the country, is characterized by providing an excellent service experience through its relationship banking model and offering the most complete range of financial products.

Within its portfolio, it offers a wide variety of banking products and services, focused on Consumer Banking, Private Banking, Business Banking and Alternative Means of Payment for business clients, as well as personal banking.

Additionally, it offers green lines, green accounts, loans for women-led companies and young-led companies, and was a pioneer in the country by issuing a \$100 million sustainable bond program in 2022.

Información institucional

<https://www.promerica.com.sv/quienes-somos/historia/>

Productos para empresa

<https://www.promerica.com.sv/banca-de-empresas/banca-empresarial/>

Productos para personas

<https://www.promerica.com.sv/banca-de-personas/cuentas-y-dep%C3%B3sitos/>

Bono sostenible

<https://www.promerica.com.sv/sostenibilidad/qu%C3%A9-es-un-bono-sostenible/>

Strategy alignment

Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?

Yes

No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?

UN Guiding Principles on Business and Human Rights

International Labour Organization fundamental conventions

UN Global Compact

UN Declaration on the Rights of Indigenous Peoples

- Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: ----- PRB
- Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: ----- PRB
- None of the above

The bank's five strategic priorities include :

1. Focus on customer
2. Efficiency and Risk Management
3. Profitable and Sustainable growth
4. Digital transformation
5. Talent

The third priority is about the balance between profitability, natural resources and social welfare. It incorporates the sustainability strategy and its 4 pillars:

- Sustainable Products
- Lead by Example
- Social Investment
- Impact Measurement.

Additionally, this strategy supports the SDGs, the Paris Agreement and the Principles of Responsible Banking. The bank has also signed the ABANSA Sustainability Protocol and Women's Empowerment Principles (WEPs).

Links and references

WEPs

<https://www.weps.org/company/bancopromerica>

ABANSA

<https://abansa.net/timeline/firma-del-protocolode-sostenibilidad-de-los-bancosmiembros-deabansa/>

Sustainable bond report

<https://www.promerica.com.sv/media/593124/segundo-reporte-de-gestio-n-bono-sostenible.pdf>

PRB Report

<https://www.promerica.com.sv/media/592410/prb-first-report-promerica-el-salvador-v2.pdf>

Principle 2: Impact and Target Setting



We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly¹ and fulfil the following requirements/elements (a-d)²:

a) Scope: What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

- Core Business Segments:
 - Consumer Portfolios: Continuously growing.
 - Corporate, SME, and Real Estate Segments: Main focus of expansion.
- Product and Service Offerings:
 - Comprehensive range of financial products and services.
 - Technology-driven operations management.
 - Ethical, reliable, and personalized financial services.

Geographical Coverage: El Salvador

Impact tool analysis

Excluded Areas and Reasons:

- Retail Business Segments: Areas outside of the primary focus on corporate, SME: Retail and real estate segments were not included.
- Incomplete Data or Methodology: The impact analysis might not encompass all business areas if comprehensive data or structured methodologies are not available, particularly in areas still developing frameworks for harmonizing NDCs and other agendas.

b) Portfolio composition: Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope

- i) by sectors & industries³ for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or
- ii) by products & services and by types of customers for consumer and retail banking portfolios.

If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.

1 That means that where the initial impact analysis has been carried out in a previous period, the information should be updated accordingly, the scope expanded as well as the quality of the impact analysis improved over time.
 2 Further guidance can be found in the [Interactive Guidance on impact analysis and target setting](#).
 3 'Key sectors' relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.

Distribution of the portfolio by sector and %:

ISIC category	Category name	% of the portfolio
A	Agriculture, livestock, forestry and fisheries	2.12%
B	Mining and quarrying	0.03%
C	Manufacturing industries	22.93%
D	Electricity, gas, steam and air-conditioning supplies	2.24%
E	Water supply and sewerage, waste management and sanitation activities	0.07%
F	Construction	2.29%
G	Wholesale and retail trade; repair of motor vehicles and motorcycles	27.66%
H	Transportation and warehousing	5.15%
I	Accommodation and food services	4.12%
J	Information and communication	1.84%
K	Financial and insurance activities	5.76%
L	Real estate activities	13.25%
M	Professional, scientific and technical service activities	2.96%
N	Administrative and support service activities	0.92%
O	Public administration and defense; compulsory social security schemes	2.08%
P	Education	2.80%
Q	Social and human health-related services	2.37%
R	Arts, entertainment and recreation	0.81%
S	Service activities ncp	0.57%
T	Activities of households as employers, undifferentiated goods-producing and service-producing activities of households for own use	0.05%
TOTAL		100.00%

Links and references

Financial statements:
https://www.promerica.com.sv/media/593085/estados-financieros-banco-promerica-sa_31-diciembre-2023.pdf

c) Context: What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate?⁴ Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

This step aims to put your bank's portfolio impacts into the context of society's needs.

⁴ Global priorities might alternatively be considered for banks with highly diversified and international portfolios.

Climate Change Mitigation and Adaptation:

Challenges:

High vulnerability to climate change impacts such as extreme weather events, rising sea levels, and temperature changes.

Need for significant investments in renewable energy and energy efficiency to reduce greenhouse gas emissions.

Priorities:

Implementation of renewable energy projects.

Enhancing energy efficiency in various sectors.

Promoting sustainable agricultural practices.

Considerations:

Banco Promerica has facilitated access to financing for energy efficiency and renewable energy projects.

Monitoring of green portfolios with indicators aligned to SDGs and NDC targets.

Social Inclusion and Economic Development:

Challenges:

High levels of poverty and inequality, particularly affecting marginalized communities.

Limited access to financial services for SMEs, women, and youth.

Priorities:

Promoting financial inclusion and economic opportunities for underserved populations.

Supporting SMEs and entrepreneurs.

Considerations:

Development of inclusive financial products for women-led and youth-led businesses, as well as SMEs.

Monitoring of social portfolios with indicators aligned to SDGs, focusing on reducing inequalities and promoting decent work.

Health and Safety:

Challenges:

Public health issues.

Workplace safety and employee well-being.

Priorities:

Strengthening healthcare systems and improving access to healthcare services.

Ensuring safe and healthy working environments.

Considerations:

Investments in health and safety programs for employees and communities.

Monitoring and improving health and safety standards in operations.

Links and references

El Salvador NDC

<https://unfccc.int/sites/default/files/NDC/2022-06/El%20Salvador%20NDC-%20Updated%20Dic.2021.pdf>

Impact tool Analysis with results of positive and negative impacts of the portfolio

Stakeholder Engagement:

To inform the impact analysis and address these challenges, Banco Promerica engaged with a variety of stakeholders:

Government and Regulatory Bodies:

Aligned with ministries and regulatory agencies, such as the Ministry of Environment and Natural Resources (MARN) in El Salvador, to align with national policies and NDC targets. Application of new normative on social and Environmental Risks from Superintendende of Financial System.

International Organizations and Initiatives:

Engaged with initiatives like the UN Environment Programme Finance Initiative (UNEP FI) and Women Empowerment Principles of UN Women to adopt best practices.

Non-Governmental Organizations (NGOs):

Worked with NGOs focused on environmental conservation, social inclusion, and economic development to ensure the bank’s activities align with broader societal needs.

Local Communities and Clients:

Conducted consultations and surveys with clients to understand their needs and challenges, ensuring the bank’s products and services effectively address these issues.

Internal Stakeholders:

Involved employees and management in the development and implementation of sustainable finance initiatives, promoting a culture of sustainability within the organization.

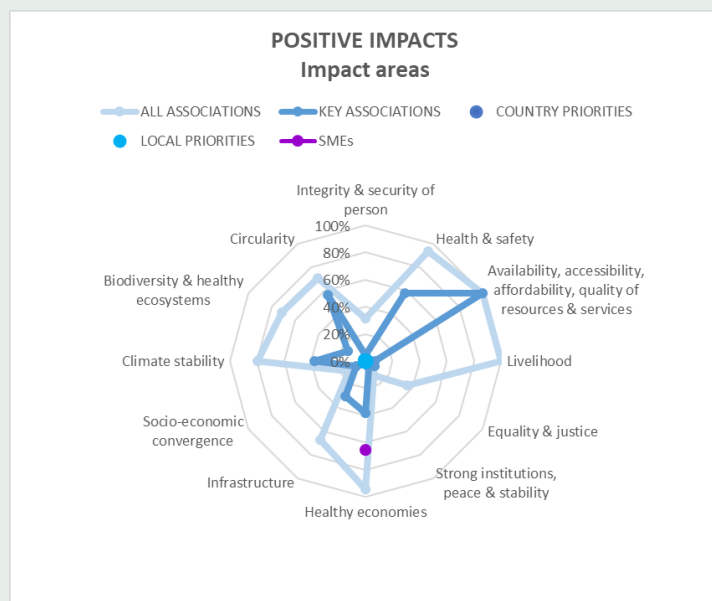
Additionally we have implemented the tool provided by UNEPFI to integrate the bank’s perspective, country perspective (El Salvador NDC) and the results from positive and negative impacts.

Links and references

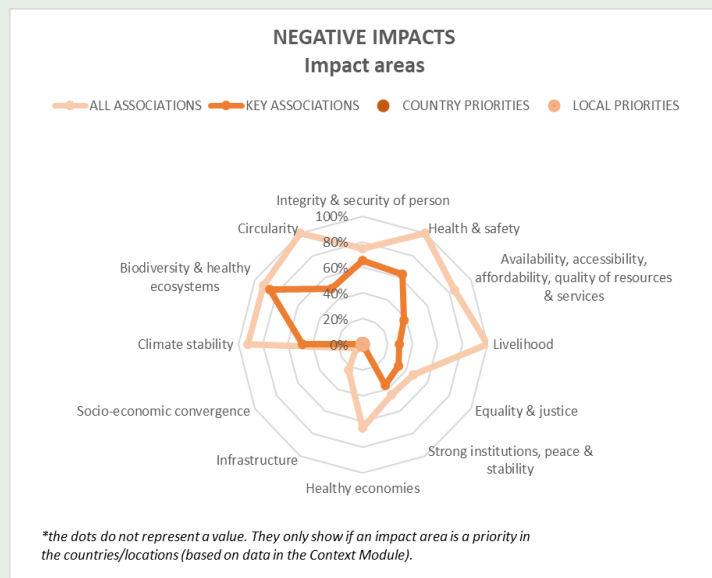
El Salvador NDC
<https://unfccc.int/sites/default/files/NDC/2022-06/El%20Salvador%20NDC-%20Updated%20Dic.2021.pdf>

Impact tool Analysis with results of positive and negative impacts of the portfolio

Positive impacts:



Negative impacts:



Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)⁵ Please disclose.

⁵ To prioritize the areas of most significant impact, a qualitative overlay to the quantitative analysis as described in a), b) and c) will be important, e.g. through stakeholder engagement and further geographic contextualisation.

d) For these (min. two prioritized impact areas): **Performance measurement:** Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context. In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/or financial health&inclusion as your most significant impact areas, please also refer to the applicable indicators in the Annex. If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this.

The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.

Response

The identification of sectors was done through a third-party segmentation study, which shows the results of analyzing the bank's portfolio, its internal processes in place, and the criteria for segmentation. First, the possible green and social segments existing in the database that were aligned with the Green Bond Principles 2021 and the Social Bond Principles of the International Capital Market Association (ICMA) were identified. This identification was made taking into consideration the review of various bank documents, its strategy, products, interviews and an analysis of the data currently collected on each loan.

Four eligible categories were identified within Banco Promerica's portfolio: (1) Green Portfolio, (2) Women-Led Businesses, (3) Youth-Led Businesses, and (4) Financial Inclusion for Micro Small and Medium Enterprises (SMEs). Within each of these categories there are specific sub-segments detailed in the use of sustainable bond funds report. The eligibility criteria for each of these segments were determined considering the bank's current definitions, and some adjustments, to be aligned with market best practices.

Links and references

Informe de segmentacion HPL

Impact tool

2do reporte de uso de fondos del bono sostenible, page 12:
<https://www.promerica.com.sv/media/593124/segundo-reporte-de-gestio-n-bono-sostenible.pdf>

Self-assessment summary:

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?¹

Scope:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Portfolio composition:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Context:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Performance measurement:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No

Which most significant impact areas have you identified for your bank, as a result of the impact analysis?

Climate change mitigation, climate change adaptation, resource efficiency & circular economy, biodiversity, financial health & inclusion, human rights, gender equality, decent employment, water, pollution, other: please specify

Banco Promerica has 2 categories and 11 subsegments.

Category 1: GREEN LOANS (5 segments):

- Sustainable Agriculture
- Energy Efficiency
- Renewable Energy
- Drip Irrigation
- Clean Transportation

Category 2: SOCIAL LOANS (6 segments):

- Productive Loans to Women
- Women SMEs
- Women Enterprises
- Productive Credits to Young People
- Young SME
- SMEs

How recent is the data used for and disclosed in the impact analysis?

- Up to 6 months prior to publication
 Up to 12 months prior to publication
 Up to 18 months prior to publication
 Longer than 18 months prior to publication

Open text field to describe potential challenges, aspects not covered by the above etc.: (optional)

⁶ You can respond “Yes” to a question if you have completed one of the described steps, e.g. the initial impact analysis has been carried out, a pilot has been conducted.

2.2 Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets¹ have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

a) Alignment: which international, regional or national policy frameworks to align your bank’s portfolio with² have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.

You can build upon the context items under 2.1.

Response	Links and references
PRB	Slide 14, PRB second report
SDGs	
ICMA Guidelines	
NDC	

b) Baseline: Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target.

A package of indicators has been developed for climate change mitigation and financial health & inclusion to guide and support banks in their target setting and implementation journey. The overview of indicators can be found in the Annex of this template.

If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex, using an overview table like below including the impact area, all relevant indicators and the corresponding indicator codes:

Impact area	Indicator code	Response
Climate Change Mitigation	...	
	...	
	...	

Impact area	Indicator code	Response
Financial Health & Inclusion	...	
	...	
	...	

In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.

1 Operational targets (relating to for example water consumption in office buildings, gender equality on the bank’s management board or business-trip related greenhouse gas emissions) are not in scope of the PRB.

2 Your bank should consider the main challenges and priorities in terms of sustainable development in your main country/ies of operation for the purpose of setting targets. These can be found in National Development Plans and strategies, international goals such as the SDGs or the Paris Climate Agreement, and regional frameworks. Aligning means there should be a clear link between the bank’s targets and these frameworks and priorities, therefore showing how the target supports and drives contributions to the national and global goals.

Response

45 indicators with unit of measure and indicator definition available since 2022 for SME and Corporate Portfolio. Base line is 2022.

- Value of Loans Outstanding
- Number of Loans Outstanding
- Value of Loans Disbursed
- Number of Loans Disbursed
- Average Interest Rate of Outstanding
- Non-Performing Loans (Portfolio at Risk) – Rate of Outstanding
- Number of SME clients with loans disbursed during the reporting period
- Long term debt
- Installed Power Capacity – Newly Added
- Energy Savings
- Energy Generated
- Greenhouse Gas Emission Reduction
- Area with certified sustainable agriculture practices
- Water Savings
- Formal jobs generated
- Existing formal jobs
- Self-employment maintained

Links and references

Impact indicators IDB Invest

c) **SMART targets** incl. key performance indicators (KPIs)³: Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.

Response

Impact indicators IDB Invest and Sustainable portfolio goals to 2025:

Links and references

Impact indicators IDB Invest

Volume (US Million)	2018	2019	2020 (Baseline)	2021 (P)	2022 (P)	2023 (P)	2024 (P)	2025 (P)
PORTFOLIO OUTSTANDING AT THE END OF THE YEAR								
TOTAL Credit Portfolio	861.6	855.0	834.3	870.9	942.6	1,024.7	1,112.7	1,205.0
PYME: <\$US8 M	159.6	148.2	127.6	129.5	149.5	163.8	179.3	195.6
VERDE			3.6	11.7	19.4	27.0	33.3	41.0
MUJER			21.0	31.7	42.9	57.9	63.0	75.2
JOVEN			1.0	2.0	3.2	4.4	5.8	7.4
Empresas: >\$US8 M			38.8	63.6	84.2	81.9	89.0	97.0

d) **Action plan:** which actions including milestones have you defined to meet the set targets? Please describe.

Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.

³ Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.

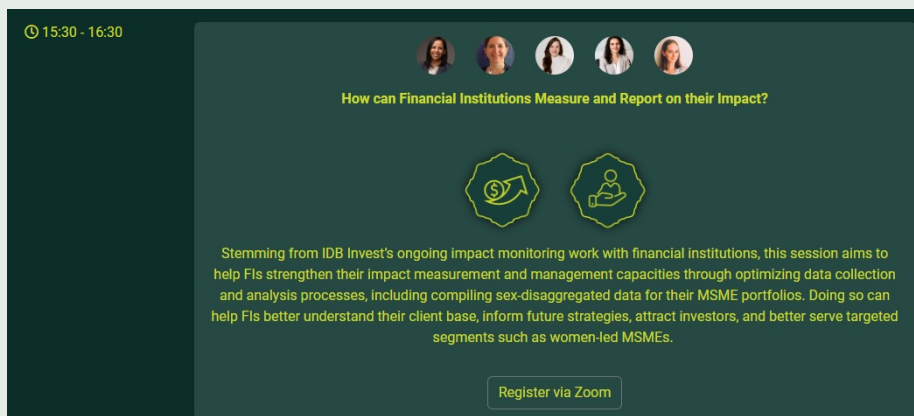
Response

- Governance model (regional and local)
- Green lines actions
- Non-financial initiatives for Women-led SMEs
- Implementation of impact measurement system

Links and references

PRB Report, slide 11, 20, 22, 26

Speaker on IDB Invest Sustainability Week
<https://idbinvest.org/en/sustainability/sustainability-week-2024>



Self-assessment summary:

Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your...

	... first area of most significant impact: ... (please name it)	... second area of most significant impact: ... (please name it)	(If you are setting targets in more impact areas) ... your third (and subsequent) area(s) of impact: ... (please name it)
Alignment	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Baseline	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
SMART targets	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Action plan	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No

2.3 Target implementation and monitoring (Key Step 2)

For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank’s progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only): describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

Response

Since last report we have implemented the following actions.

- Follow-up on lead by example initiatives (dashboard by quarter with info since 2022). | Links and references
- Implementation of impact measurement system in 2024 for productive credits in Corporate and SME portfolio | PRB Second Report, Slide 28
- Follow-up on impact indicators, baseline 2022
- Publication of Second Report of use of Funds for the Sustainable Bond including third party verification.

Principle 3: Clients and Customers



We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

3.1 Client engagement

Does your bank have a policy or engagement process with clients and customers¹ in place to encourage sustainable practices?

Yes In progress No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

Yes In progress No

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities²). It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).

Response

- We have launched a pilot program for Sales Teams called AND PYME to train more than 160 SME executives to develop skills for a relationship banking and cover green and social segments as new opportunities.
- Sustainability training for new hires every 15 days for Banco Promerica El Salvador
- Survey for women led SMEs in 5 countries to discover their hopes and needs to develop products and services aimed to them under "Protagonistas" program.
- Women Network Platform aimed at WSMEs.
- Implementation of a new section for E&S comments from clients or other interested stakeholders in our official website as a grievance mechanism.
- Financial Education platform update to provide tools that allow customers to be informed and help them make better financial decisions.

Links and references

ADN Pyme regional
<https://www.grupopromerica.com/BlogdeNoticias/noticias/programa-adn-pyme-regional/>

Recognition for WSMEs
<https://www.promerica.com.sv/noticias/art%C3%ADculos/evento-mujeres-protagonistas/>

E&S
<https://promerica.com.sv/sostenibilidad/>

Financial education
<https://promerica.com.sv/qui%C3%A9nes-somos/educaci%C3%B3n-financiera/>

¹ A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

² Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.

3.2 Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).

Response

Description of the segments are included in the report of use of funds for sustainable bond.

Segmentation of the sustainable portfolio:

- SMEs45%
- Women- led32%
- Young-led8%
- Green Loans15%

Financial Education is a key axis, with which we seek to support the sustainable growth of our customers, thus contributing to the economic growth of the country, seeking the development of those financial capabilities that lay the foundations for citizens to think and act differently, focused on their growth and that of the community. In addition, we are part of the international Global Money Week campaign to raise awareness about the responsible use of money among children and young people.

Internally, we are strengthening our efforts to train our Corporate Banking and SME teams on topics such as climate change in order to be able to advise clients on how their projects can become more sustainable and thus maximize their profitability.

Links and references

Contribution to the SDGs:
<https://www.promerica.com.sv/media/591332/objetivos-sostenibilidad.pdf>

Use of funds Sustainable Bond Report
<https://www.promerica.com.sv/media/593124/segundo-reporte-de-gestio-n-bono-sostenible.pdf>

Financial Education Program
<https://www.promerica.com.sv/quienessomos/educaci%C3%B3n-financiera/>

Principle 4: Stakeholders



We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

4.1 Stakeholder identification and consultation

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups¹) you have identified as relevant in relation to the impact analysis and target setting process?

Yes In progress No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

Response

Banco Promerica interacts with different stakeholders such as chambers of commerce, industry associations, companies related to sustainability, multilateral and development banks, among others, and has these approaches:

Client visits: we value relational banking and through these visits we identify needs to structure a proposal, solution or collaboration. We maintain a close relationship with clients, especially with companies and SMEs.

Participation in business associations: this is an opportunity to meet and establish contacts with different sectors, leading to collaborations, new business opportunities and partnerships.

Surveys: for customer segments we wish to serve in order to identify their needs in terms of new financial and non-financial products and services.

We have a Transparency section on the website where we detail:

- Standards for Transparency of Financial Services Information.
- Interest rates, commissions and surcharges
- Contract models

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

- Align initiatives with the core business
- Validate the strategy
- Identify value creation

Links and references

PRB second report, slide 19

Transparency:

<https://www.promerica.com.sv/quienes-somos/transparencia>

¹ Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations

Principle 5: Governance & Culture



We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

5.1 Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

Yes In progress No

Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

Response

- Sustainability strategy and advances is shared with Board of Directors once a year
- Sustainability local roundtable: Bimonthly follow-up on Sustainability agenda with Senior Management
- Sustainable bond local roundtable: commission of key areas in the implementation of post-emission plan
- Designated champions across key areas that integrate Sustainability local roundtable. Links and references
- Training for new employees twice a month, main topics: reasons for Banco Promerica to commit to Sustainability, international framework, governance and how to support Sustainability initiatives on a daily basis. PRB Second Report, slide 20
- Sustainability strategy was shared to key positions during June 2022 Town Hall, on June 2023 we had a Sustainability themed Townhall and on 2024 we have implemented a training program in Sustainable strategy for 100% of the staff.

5.2 Promoting a culture of responsible banking:

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).

Response

- Designated Sustainability champion to coordinate the actions in the 4 pillars and implement regional strategy
- Local Sustainability Committee
- Sustainable Bond Committee
- Follow-up with Presidency and Senior Management: bi-monthly meetings.
- Follow-up to working tables and Bootcamp commitments.
- The Sustainability Strategy and advances is shared to the Board of Directors once a year.

In addition, we have a Sustainability Technical Committee made up of Grupo Promerica’s Directors, as well as sustainability champions by country in charge of implementing the strategy with designated leaders that join in virtual meeting every month and meet face-to-face every 2 years.

Different leaders from the following areas participate: Business, Financial Analysis, Risks, Treasury, Human Resources, Administration, Products and Marketing, Information Management and Sustainability.

Links and references

Meeting minutes and presentations

PRB Second Report, Slide 15 and 16

Sustainability Bootcamp: https://www.linkedin.com/posts/bancopromericaelsalvador_bootcamp-de-sostenibilidad-activity-7006321008861192192-8Ov6?utm_source=share&utm_medium=member_android

5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio?¹ Please describe.

Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

¹ Applicable examples of types of policies are: exclusion policies for certain sectors/activities; zero-deforestation policies; zero-tolerance policies; gender-related policies; social due diligence policies; stakeholder engagement policies; whistle-blower policies etc., or any applicable national guidelines related to social risks.

Response

The goal of Banco Promerica’s policy is to identify the environmental and social risks of current and potential customers. This is done to safeguard the quality of the loan portfolio and to assess the potential impact of incidents or disasters, which could lead to defaults or reputational risks for the Bank.

The SARAS framework comprises three key elements: policy, manual, and forms, which together establish the Bank’s approach to environmental and social responsibility.

SARAS is integrated into all stages of the SME and Corporate Banking credit process, including origination, evaluation, approval, formalization, and follow-up.

Links and references

ARAS:
<https://www.promerica.com/sv/sostenibilidad/sistema-de-administraci%C3%B3n-de-riesgos-ambientales-y-sociales/>

PRB Second Report, Slide 34 and 35

Policy, manuals and forms.
 PFC annual corporate governance REPORT, pages 12, 17 and 25:
<https://www.bancopromerica.com.gt/media/771071/informe-anual-de-gobierno-corporativo-2021.pdf>

Self-assessment summary:

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank’s governance system?

Yes No

Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

Yes No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

Yes In progress No

Principle 6: Transparency & Accountability



We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

6.1 Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

Yes In progress No

If applicable, please include the link or description of the assurance statement.

Response	Links and references
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6.2 Reporting on other frameworks

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

- GRI
- SASB
- CDP
- IFRS Sustainability Disclosure Standards (to be published)
- TCFD
- Other: ICMA standards for green bonds and social bonds

Response	Links and references
Second report of use of funds of sustainable bond	Use of funds Sustainable Bond Report https://www.promerica.com.sv/media/593124/segundo-reporte-de-gestio-n-bono-sostenible.pdf

6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis¹, target setting² and governance structure for implementing the PRB)? Please describe briefly.

Response	Links and references
Double Materiality study	

1 For example outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement
2 For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.

6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

If desired, you can elaborate on challenges and how you are tackling these:

- Embedding PRB oversight into governance
- Gaining or maintaining momentum in the bank
- Getting started: where to start and what to focus on in the beginning
- Conducting an impact analysis
- Assessing negative environmental and social impacts
- Choosing the right performance measurement methodology/ies
- Setting targets
- Customer engagement
- Stakeholder engagement
- Data availability
- Data quality
- Access to resources
- Reporting
- Assurance
- Prioritizing actions internally
- Other: ...

If desired, you can elaborate on challenges and how you are tackling these:

- Impact measurement system implementation
- Relationship banking model
- “ADN PYME” project

Annex

A set of indicators has been produced for the impact areas of climate mitigation and financial health & inclusion. These indicators will support you in your reporting and in showing progress against PRB implementation. Banks are expected to set targets that address minimum two areas of most significant impact within the first four years after signing the PRB. That means that Banks should ultimately set targets using impact indicators. Acknowledging the fact that banks are in different stages of implementation and on different levels of maturity and therefore might not be able to report on impact from the beginning, a Theory of Change approach has been used to develop the set of indicators below.¹ The Theory of Change shows the pathway to impact and considers the relationship between inputs, actions, outputs, and outcomes in order to achieve impact. The Theory of Change for climate mitigation can be found [here](#), the Theory of Change for financial health & inclusion can be found [here](#).

How to use: Both practice (action, outcome and output) and impact performance need to be understood because practice is the conduit for achieving desired impacts (including targets). The Theory of Change allows to identify metrics and set targets which align with a bank's maturity. The indicators below are all connected to a bank's impact and can be considered as steps towards measuring impact. Some of the practice indicators (on the action, output, and outcome levels respectively) are connected to portfolio composition and financial targets² (highlighted in green) or to client engagement³ targets (highlighted in blue), which enable your overall target. If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex to measure your performance and baseline.⁴ Once you have set the target, you can use the indicators as guidance for your action plan as well as defining Key Performance Indicators (KPIs) which you can then use to measure progress against the set targets.

1 It is not required from banks to work with the Theory of Change concept internally. In fact, the Theory of Change has been used to structure the requirements of setting SMART targets using relevant indicators.

2 Financial targets also aim for real economy outcomes but are not directly expressed as such. Instead, they are expressed with financial indicators and metrics, e.g., to redirect flows of lending and investments to sectors, activities or projects aligned with SDGs and/or related to the selected impact area. Banks can also set financial targets related to specific types of customers e.g., low-income customers or female entrepreneurs.

3 Client engagement targets involve engaging relevant clients and customers to enable your overall target. The purpose of client engagement is to support clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

4 You might not be able to report on all indicators and/or or levels of practice (i.e. from left to right), in which case you should report on all applicable indicators on the respective level of practice no matter if it is an action, output or outcome indicator.

- For Signatories of the Net-Zero Banking Alliance: please report on the climate targets set as required in the [Guidelines for Climate Target Setting](#). As a member of the Alliance, you are required to publish first 2030 targets for priority sectors within 18 months and further sectoral targets within 36 months after signing. You can use the PRB template to disclose the required climate target information if its publication date is in line with the committed NZBA timeframe.
- For Signatories of the Collective Commitment to Financial Health & Inclusion: please report on financial health and/or financial inclusion targets set as required in the [Financial Health and Inclusion Commitment Statement](#). As a signatory to the Commitment, you have agreed to set a SMART ambitious target within 18 months after signing. To facilitate your process, please refer to the [Guidance on Target Setting for Financial Health and Inclusion](#) and the [Core Indicators](#) to measure financial health and inclusion. Keep in mind that signatories of the Commitment are encouraged to measure as many indicators as possible from the Core Set or their equivalent to be able to set a SMART impact driven target.

Impact area	Practice ²⁰ (pathway to impact)									Impact ²¹		
	1. Action indicators			2. Output indicators			3. Outcome indicators			4. Impact indicators		
	Code	Indicator	Response options & metrics	Code	Indicator	Response options & metrics	Code	Indicator	Response options & metrics	Code	Indicator	Response options & metrics
A. Climate change mitigation	A.1.1	Climate strategy: Does your bank have a climate strategy in place?	Yes / In progress / No	A.2.1	Client engagement process: Is your bank in an engagement process with clients regarding their strategy towards a low(er)-carbon business model (for business clients), or towards low(er)-carbon practices (for retail clients)?	Yes / Setting it up / No; <i>If yes:</i> Please specify for which clients (types of clients, sectors, geography, number of clients etc.)	A.3.1	Financial volume of green assets/low-carbon technologies: How much does your bank lend to/invest in green assets / loans and low-carbon activities and technologies?	bln/mn USD or local currency, and/or % of portfolio; <i>please specify</i> the definition of green assets and low-carbon technologies used	A.4.1	Reduction of GHG emissions: how much have the GHG emissions financed been reduced?	% over time; baseline and tracking GHG emissions in kg of CO ₂ e (or applicable metrics) ²²
	A.1.2	Paris alignment target: Has your bank set a long-term portfolio-wide Paris-alignment target? To become net zero by when?	Yes / In progress / No; <i>If yes:</i> - please specify: to become net zero by when? - Emissions baseline / base year: What is the emissions baseline / base	A.2.2	Absolute financed emissions: What are your absolute emissions (financed emissions = scope 3, category 15) in your lending and/or	Total GHG emissions or CO ₂ e <i>(please also disclose what is excluded for now and why)</i>	A.3.2	Financial volume lent to / invested in carbon intensive sectors and activities and transition finance: How much does your bank lend to / invest in carbon-intensive	bln/mn USD or local currency, and/or % of portfolio	A.4.2	Portfolio alignment: How much of your bank's portfolio is aligned with Paris (depending on the target set [A.1.2] either 1.5 or 2 degrees)?	% of portfolio (<i>please specify which portfolio; for corporate and business clients: % of sectors financed</i>)

²⁰ Practice: the bank's portfolio composition in terms of key sectors, its client engagement, and its relevant policies and processes, and, if applicable, its advocacy practices

²¹ Impact: the actual impact of the bank's portfolio

²² If possible and/or necessary, please contextualize the progress: Greenhouse gas emissions might even increase initially because the scope of measurements is extended and financed emissions from a growing proportion of the portfolio are measured, emission factors are updated etc. Emission reductions made by the clients should over time lead to a decrease in GHG emissions financed.

		year for your target? - Climate scenario used: What climate scenario(s) aligned with the Paris climate goals has your bank used?		investment portfolio?			sectors and activities ²³ ? How much does your bank invest in transition finance ²⁴ ?			
A.1.3	Policy and process for client relationships: has your bank put in place rules and processes for client relationships (both new clients and existing clients), to work together towards the goal of transitioning the clients' activities and business model?	Yes / In progress / No	A.2.3	Sector-specific emission intensity (per clients' physical outputs or per financial performance): What is the emission intensity within the relevant sector?	Please specify which sector (<i>depending on the sector and/or chosen metric</i>): kg of CO ₂ e/kWh, CO ₂ e / m ² ; kg of CO ₂ e/USD invested, or kg of CO ₂ e/revenue or profit					
A.1.4	Portfolio analysis: Has your bank analyzed (parts of) its lending and/or investment portfolio in terms of financed emissions (Scope 3, category 15); technology mix or carbon-intensive sectors in the portfolio?	Yes / In progress / No; <i>If yes:</i> please specify which parts of the lending and investment portfolio you have analyzed	A.2.4	Proportion of financed emissions covered by a decar-bonization target: What proportion of your bank's financed emissions is covered by a decar-bonization target, i.e. stem from clients with	% <i>(denominator: financed emissions in scope of the target set)</i>					

²³ A list of carbon-intensive sectors can be found in the [Guidelines for Climate Target Setting](#).

²⁴ Transition finance is defined as financing the transition towards a low-carbon future in alignment with the Paris climate goals. It entails any form of financial support for non-pure play green activities to become greener and reduce emissions.

	A.1.5	Business opportunities and financial products: Has your bank developed financial products tailored to support clients' and customers' reduction in GHG emissions (such as energy efficient mortgages, green loans, green bonds, green securitisations etc.)?	Yes / In progress / No; Please specify which ones, and what financial volume and/or % of the portfolio they account for		a transition plan in place?							
B. Financial health	B.1.1	# of products and services in the portfolio with a focus on financial health	Internal data based. Measures how many of the products and services in the portfolio have a financial health focus. We deem a product or service to have this focus when it facilitates decision making and supports financial health increase based on our definition of financial health. This covers products and services embedded with nudges to simplify decision making, round-up, high yield savings accounts, easy investment tools, etc.	B.2.1	# of individuals supported with dedicated and effective financial and/or digital education initiatives	Based on internal data. Measures the number of users (customers and non customers) of financial and/or digital skills-building initiatives offered by the bank. An initiative encompasses courses, programs, training videos, articles, SMS education campaigns, etc. Dedicated means that the initiative was specially created for a defined group of individuals (in many cases a prioritized group). Effective	B.3.1	% of individuals with a good and/or very good level of financial skills	Assessment based. Measures the percentage of individuals with a good and/or very good level of financial skills according to the assessment chosen by the financial institution. Should be measured on individuals benefiting from the bank's financial education initiatives.	B.4.1	% of customers with a high level of financial health	Survey and/or transactional data based. Measures the percentage of customers with a high level of financial health according to the score chosen by the financial institution.

					means that the bank has measured if the initiative is successful in generating the desired results of stronger financial skills, and thus, any individual that is supported with the initiative will achieve the desired results. A bank can't count a click as an individual so we encourage that the data is presented as # of individuals for deanonymized users and # of interactions for anonymized users.						
	B.1.2	% of relevant employees supported with effective training on financial inclusion, responsible credit and/or financial health	Based on internal data. Measures the percentage of relevant employees supported with effective training on financial inclusion, responsible credit and/or financial health. Including training to attend the needs of prioritized groups. Effective means that the bank has measured if the initiative is successful in generating the desired results of	B.2.2	% of customers actively using the online/mobile banking platform/tools	B.3.2	% of customers who use the bank's services to create a financial action plan with the bank	Transactional and/or survey data based. Measures the percentage of customers who create a financial action plan with the bank using the bank's services. A financial action plan is anything that helps the customer build financial resilience. It is done "with the bank" if the bank can visualize,	B.4.2	% of customers for which spending exceeded 90% of inflows for more than 6 months last year	Survey and/or transactional data based. Measures the percentage of customers with a transaction account and/or savings/investment accounts for which spending exceeded 90% of inflows for more than 6 months in the year within the reporting period compared to the total of customers within PRB scope. Focus on main

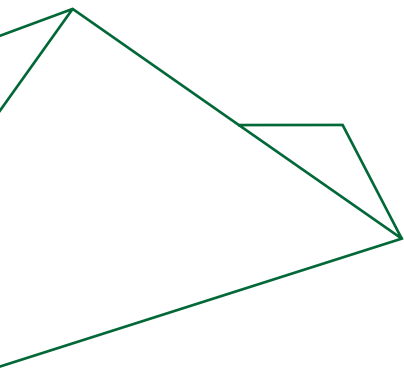
			stronger skills, and thus, any individual that is supported with the initiative will achieve the desired results. Relevant employees are those the bank prioritizes in the training program due to their direct impact on the customers' financial health			financial health tools)			through the transactions of the customer, the results of the plan.			financial institution customers.
	B.1.3	# of partnerships active to achieve financial health and inclusion targets	Based on internal data. Measures the number of partnerships currently active to achieve financial health and inclusion targets. By active we mean that are currently undergoing actions and generating results. We suggest disclosing the results of the partnerships in the commentary of the reports.				B.3.3	% of customers using overdraft regularly	Transactional data based. Measures the percentage of customers using the overdraft option in their accounts or credit cards, regularly. Overdraft can be used to handle unexpected emergencies but more than 1/3 of the year (banks may deviate if proper reasons are provided) denotes regularity and a precursor to lower financial health	B.4.3	% of customers that feel confident about their financial situation in the next 12 months	Survey based data. Measures the percentage of customers that answered positively to feeling confident about their financial situation in the next 12 months compared to the total number of customers surveyed. By confident we mean not feeling worried about their financial situation.
							B.3.4	% of customers with a non-performing loan	Transactional data based. Measures the percentage of customers with past-due loans ("past due"	B.4.4	% of customers with products connected to long-term saving and investment plans	Transactional and/or survey data based. Measures the percentage of customers with products

								defined by policies at each bank) compared to the total amount of customers with loans in the bank's lending portfolio.			connected to long-term saving and investment plans. "Long-term" will depend on each bank's definition.	
							B.3.5	% of customers showing an increase or stable amounts in savings, deposit and/or investment account balances, quarter on quarter.	Transactional data based. Measures the percentage of customers showing an increase or stable amounts in savings and/or deposit AND/OR investment accounts balances, quarter on quarter.	B.4.5	% of customers that would struggle to raise emergency funds or cover with insurance a major unexpected expense	Survey based data. Measures the percentage of customers that would struggle to raise emergency funds or cover with insurance a major unexpected expense. We consider a major unexpected expense, one that the customer hadn't planned for and would require them to spend more than what they have available for secondary expenses in their monthly budget or 1/20th of the country's Gross National Income (banks may deviate if proper reasons are provided). A good example is: unforeseen medical bills, large appliance malfunctioning, car repair, etc. Survey based

													using the question: "If a major unexpected expense arises, how can you cover it right now?" and give the multiple choice options of insurance, emergency funds, loan, credit card, family/friends, etc.
C. Financial Inclusion	C.1.1	# of products and services in the portfolio with a focus on financial inclusion	Internal data based. Measures how many of the products and services in the portfolio have a financial inclusion focus. We deem a product or service to have this focus when its design facilitates the access and usage by the prioritized customer. For example, no-fee savings account, low interest microloan, offline access or sim-based banking apps, etc	C.2.1	# of individuals supported with dedicated and effective financial and/or digital education initiatives	Based on internal data. Measures the number of users (customers and non customers) of financial and/or digital skills-building initiatives offered by the bank. An initiative encompasses courses, programs, training videos, articles, SMS education campaigns, etc. Dedicated means that the initiative was specially created for a defined group of individuals (in many cases a prioritized group). Effective means that the bank has measured if the initiative is	C.3.1	% of individuals with a good and/or very good level of financial skills	Assessment based. Measures the percentage of individuals with a good and/or very good level of financial skills according to the assessment chosen by the financial institution. Should be measured on individuals benefitting from the bank's financial education initiatives.	C.4.1	% of customers with 2 or more active financial products, from different categories, with the bank		Transactional data based. Measures the percentage of customers with 2 or more active financial products, from different categories, with the bank. By active we mean there's at least one usage per month. By category we mean credit/debt, savings/deposit/payment, insurance, investment, etc. Once a target has been set for this indicator, we encourage banks to ensure responsible selling policies or other initiatives so that the target doesn't become a toxic incentive.

					successful in generating the desired results of stronger financial skills, and thus, any individual that is supported with the initiative will achieve the desired results. A bank can't count a click as an individual so we encourage that the data is presented as # of individuals for deanonymized users and # of interactions for anonymized users.						
	C.1.2	% of relevant employees supported with effective training on financial inclusion, responsible credit and/or financial health	Based on internal data. Measures the percentage of relevant employees supported with effective training on financial inclusion, responsible credit and/or financial health. Including training to attend the needs of prioritized groups. Effective means that the bank has measured if the initiative is successful in generating the desired results of stronger skills, and thus, any individual that is supported with the initiative	C.2.2	% of customers with effective access to a basic banking product	C.3.2	% of customers supported with dedicated customer journey/advisory services	"Transactional data based. Where dedicated customer journey/advisory services are in place for prioritized groups, this indicator measures the percentage of customers using such services. Depending on size of bank, either number or percentage can be the unit of measure.			

			will achieve the desired results. Relevant employees are those the bank prioritizes in the training program due to their direct impact on the customers' financial health			money accounts, etc.						
	C.1.3	# of partnerships active to achieve financial health and inclusion targets	Based on internal data. Measures the number of partnerships currently active to achieve financial health and inclusion targets. By active we mean that are currently undergoing actions and generating results. We suggest disclosing the results of the partnerships in the commentary of the reports.	C.2.3	# of new customers per month	Transactional data based. Measures the number of new customers per month. Once the bank sets a target, this indicator can become a KPI to measure the percentage of new customers from the prioritized groups, per month.	C.3.3	% of customers actively using the online/mobile banking platform/tools	Transactional data based. Measures the percentage of customers logging in, at least once a month, to one of the following digital platforms (measure those applicable for your bank): Online internet banking and/or mobile phone banking and/or digital tools (including financial health tools, if applicable)			



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