

Annual report and sustainability report

2023

The number '2023' is rendered in a large, bold, sans-serif font. The '2' and '3' are a light yellow color, while the '0' and '2' are white. The '0' and the second '2' contain an aerial photograph of a river winding through a dense, green tropical forest. A small bridge is visible in the distance on the river.



Annual report



■ Annual Report

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Grupo Pichincha

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Management Letter

2023 has been a challenging year for the country and has been marked by economic and political tensions, which have had a significant impact on its development.

The global economy has not recovered due to geopolitical tensions, a high inflationary level, the sharp increase in interest rates, the tightening of monetary policy, and the complex fiscal situation of the main world economies.

In this global context, Ecuador's growth prospects declined. Banco Central del Ecuador estimates 1.5% growth by the end of 2023, leveraged mainly by household consumption, remittances, and credit operations, and projects a modest 0.8% by 2024.

The aforementioned international economic environment of high interest rates, and the complicated local environment with the deterioration of the fiscal balance, a lower trade balance, and reduced external financing, have caused liquidity in the Ecuadorian economy to contract and increased the liability rates of financial institutions based in the country. This fact and the limiting of asset rates, due to the ceilings imposed by the Financial Regulation and Policy Board, have generated a significant reduction in the financial margin within the financial system.

On the other hand, the internal political crisis of the country led President Guillermo Lasso to use, in the middle of May 2023 and for the first time in the history of the nation, the mechanism called "Muerte cruzada" (crossed death). This decision meant dissolving the National Assembly and calling for early elections of the main elected authorities. After the last elections, in November 2023, Mr. Daniel Noboa was positioned as the new president of Ecuador. The new president has to face important challenges in the eighteen months that his administration will last.

In the midst of this panorama, the country's Financial Sector has remained stable and continues to be an important actor and dynamizer of the national economy. However, there are several challenges to be addressed, such as the aforementioned interest rate ceiling, which limits financial inclusion and distorts the allocation of credit among the various social actors.

In this context of accelerated changes, limited liquidity, market volatility, and the constant digital transformation in the financial services industry, Banco Pichincha has shown, for yet another year, its solvency and the resilience that characterizes it, within its centennial commitment to the country.

Based on our strategic pillars, we set ourselves challenging goals to continue inspiring and rewarding trust, and thus maintain our leadership in the financial system and be not only the largest but the best Bank in the country, as a result of our commitment to the country.

Banco Pichincha's growth approach is aligned with a firm commitment to incorporate the most vulnerable sectors of the population into the financial system, and to promote sustainable management, including environmental, social and gender criteria in the development of products and services. We seek to implement best practices and the responsible use of resources, becoming a major player of the country's economic development, as well as a referent for social and inclusive development.

We have more than five million customers nationwide, of which almost 50% are women, which makes us a strategic ally for this segment, the driving force behind million of families and businesses. For them we have developed the SER Program, which seeks to promote their entrepreneurship and foster their professional growth through a training program.

Despite the challenges we faced, we closed the year with good results, which commit us to excellence and innovation for the benefit of our customers and banking penetration, promoting, as we have already said, financial inclusion and sustainability.

We innovate to improve and make appropriate use of new technological tools for the benefit of our customers, which has led to more than 60% of them making their transactions through digital channels. On the other hand, we disbursed more than USD1 billion in consumer loans, 100% digital, easily and quickly, without worrying about paperwork and waiting times.

We were pioneers in launching the Flexible Savings account, which can be opened online in three minutes and pays daily interest of 5% on the account balance. We also enabled the option of automatic renewal of investments. Additionally, we improved our customer service through WhatsApp with queries about accounts, cards, checkbooks and general support to be closer to them.

These and other Initiatives are Banco Pichincha's great bets towards a Bank that facilitates access to financial services, through the transformation and simplification of operations, creating practical and easy solutions for customers.

Banco Pichincha was awarded by Euromoney as the Best Bank in Latin America in Corporate Responsibility 2023, for the development of several strategies to promote social inclusion and improve gender dynamics in Ecuador. We were awarded Bank of the Year by Latin Finance for our approach to financial inclusion and leadership in the financial system. In addition, we were winners in the Sustainable Bond of the Year category during the Global SME Finance Awards 2023 for our support of women-led businesses, promoting our commitment to gender equality and economic development.

All of these achievements are a reflection of the tireless dedication, creativity and unwavering commitment of our employees, whom we are deeply grateful to for being the backbone of our success. We also thank our Patroness, “La Dolorosa del Colegio”, for her permanent protection, and our valued Shareholders and Directors for their trust and continuous support, constituting the foundations of our strength and the sustainable growth of Banco Pichincha C.A.

But, above all, we thank our customers for their loyalty and trust in our institution. We reiterate, for yet another year, our commitment to work, constant innovation and continuous improvement to provide them with the best experience in the Ecuadorian banking system.

Antonio Acosta
President

Santiago Bayas
General Manager

Economic financial and banking environment

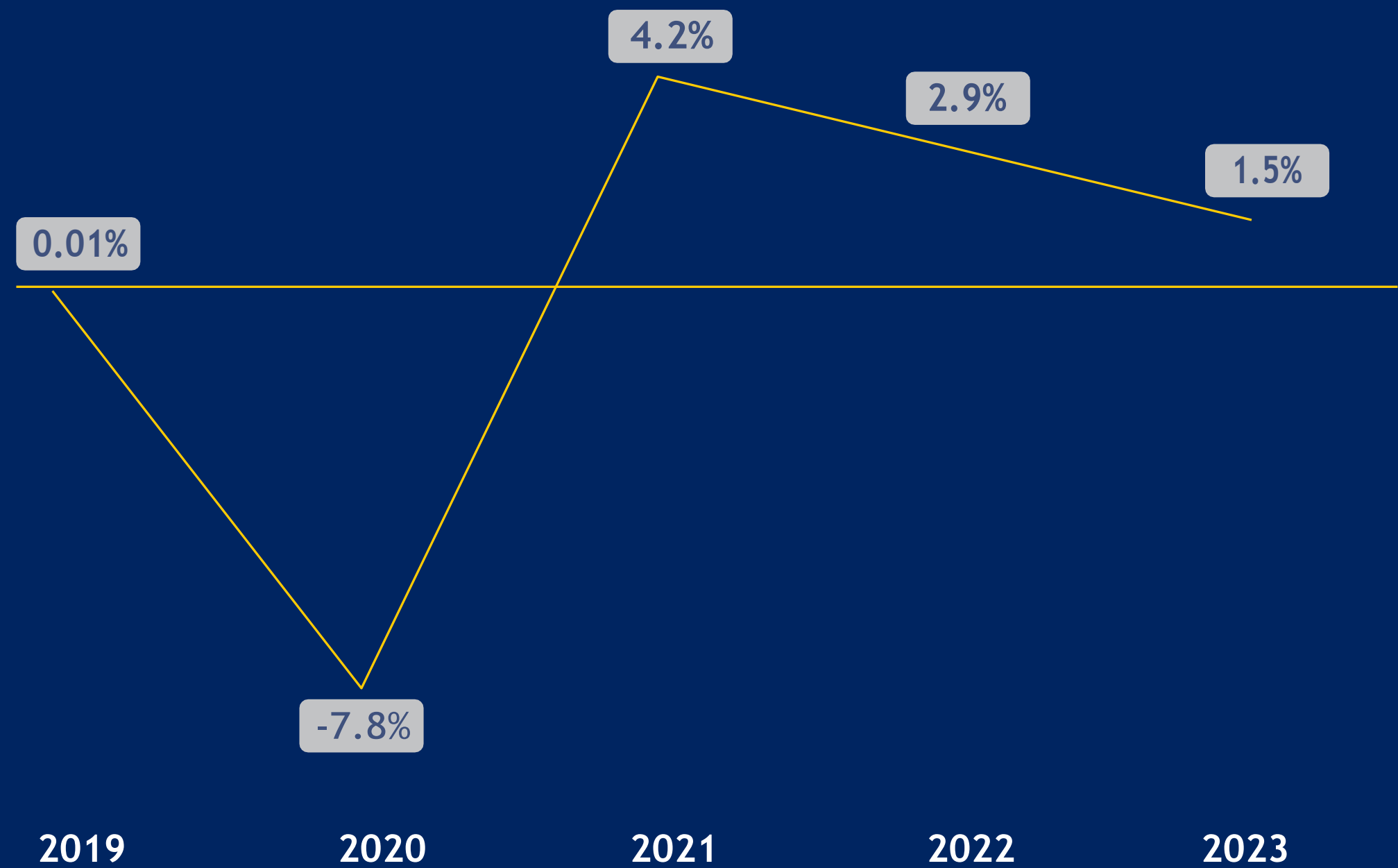
The real sector¹

In 2023 and with data as of the second quarter, the accumulated GDP had expanded 2.2% annually, with year-on-year growth of 1.0% in the first quarter and 3.3% in the second quarter. The Central Bank projected GDP growth of 1.5% for 2023, with a slowdown in growth compared to 2022, when GDP expanded by 2.9%.

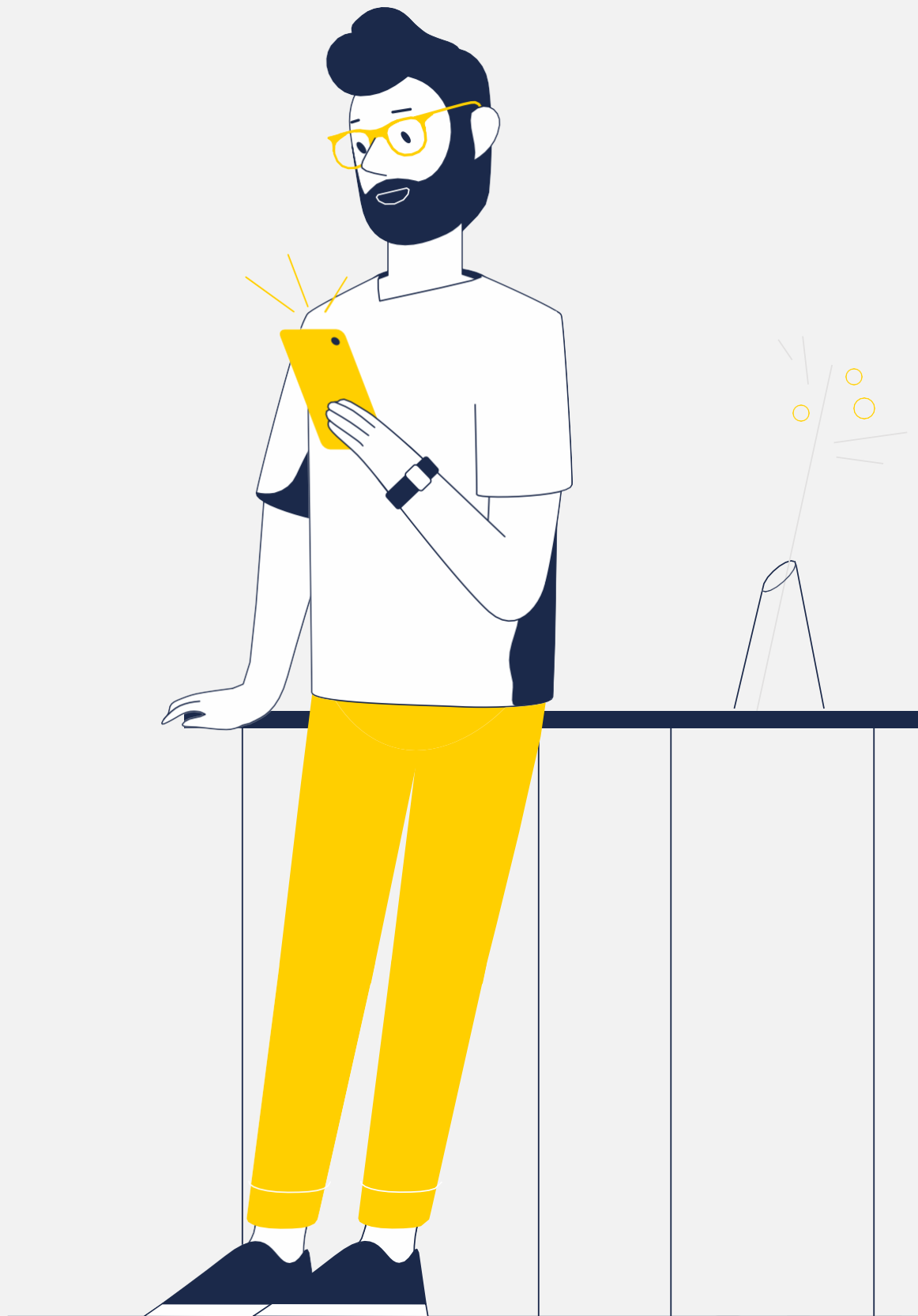
¹The data mentioned in this section correspond to GDP base year 2007=100, published by Banco Central del Ecuador.

The slowdown in economic growth during the year 2023, occurred due to the deceleration of household consumption spending, and the same for investment spending in the economy. Indeed, household consumption spending slowed from 5.5% year-on-year growth in the first half of 2022 to 3.0% in the same period of 2023. And, the Central Bank forecasts that in the full year 2023, household consumption would have slowed its growth to 2.8% y/y, when in 2022 this expenditure expanded by 4.6% y/y. For its part, investment contracted 0.7% year-on-year in the first half of 2023, when in the same period of 2022 it had expanded by 2.7%. And, for the year 2023, the Central Bank projects a decrease in investment of -0.1%, when in 2022 it grew by 2.5% annually. This drop in the economy's investment that would have occurred in 2023 can be attributed to the fall in private investment, while public investment (measured by Non-Permanent Expenditures) at the Non-Financial Public Sector level, with accumulated data up to October 2023, increased by 7.8% year-on-year. Several factors could have discouraged private investment in 2023: the escalation of insecurity and violence promoted by criminal groups especially in the Coast and Amazon regions of the country; the political uncertainty derived from the clashes between the National Assembly and the former President of the Republic Guillermo Lasso, which resulted in attempts of impeachment and removal of the first president and the application of “Muerte cruzada” (crossed death) by the latter in May 2023.

Annual growth rate of GDP (2007=100)



Source: Banco Central del Ecuador.



Several factors could have discouraged private investment in 2023: the escalation of insecurity and violence promoted by criminal groups especially in the Coast and Amazon regions of the country; the political uncertainty derived from the clashes between the National Assembly and the former President of the Republic Guillermo Lasso, which resulted in attempts of impeachment and removal of the first president and the application of “Muerte cruzada” (crossed death) by the latter in May 2023.

Additionally, in 2023 the execution of productive projects in several sectors such as mining, shrimp, etc., was stopped due to the lack of environmental licenses required for productive projects to be executed in sectors of the economy that involve the extraction of natural resources or in other sectors in which there is an environmental impact. The issuance of environmental licenses was stopped by the Ministry of Industry after the government issued Executive Decree 754 in May 2023, which allowed for environmental consultation. In June 2023, the Confederation of Indigenous Nationalities of Ecuador (CONAIE) filed a lawsuit challenging the decree's unconstitutionality.

In November 2023, the Constitutional Court declared the aforementioned decree unconstitutional, requiring that within one year, the National Assembly regulate the process of environmental consultation with the communities affected by the corresponding productive projects through the issuance of an organic law².

This situation also stopped the environmental consultations that were already in process, stopping the execution of 3 mining projects, including the La Plata mine, in addition to 176 projects to be executed by the public and private sectors respectively, according to the national government.



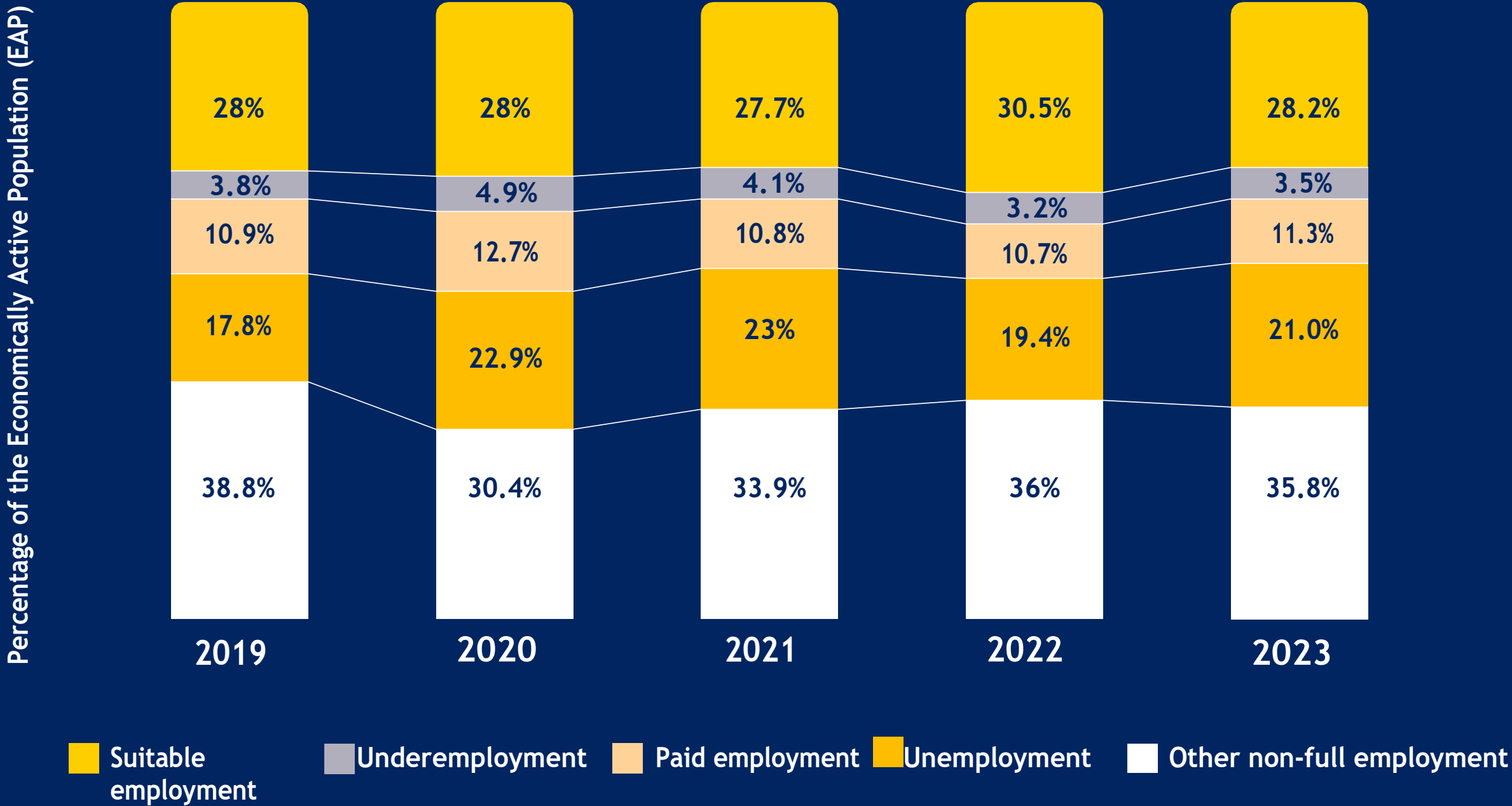
² Primicias Newspaper. <https://www.primicias.ec/noticias/politica/corte-declara-inconstitucional-decreto-consulta-ambiental/>. November 17, 2023.

Economic growth in the post-COVID19 years (2021-2023) has allowed for a gradual recovery of the adequate employment rate, which had declined by 8 percentage points during the pandemic, decreasing to 30.4% of the economically active population (EAP) by the end of 2020. By November 2023, the adequate employment rate has recovered to 35.7%, similar to the indicator at November 2022 (35.6%); however, the adequate employment rate remains approximately 3 percentage points below the pre-pandemic adequate employment rate (38.8% at the end of 2019). This is despite the fact that GDP in 2023, has managed to exceed its pre-pandemic level.

This implies that the economy in 2023, had reached a higher volume of production (real GDP) with a lower share of adequately employed people, which could mean that productivity in the formal sectors of the economy increased, and that in parallel, there is a large sector of the economy that still fails to insert or re-insert itself into the formal labor market, post-pandemic. Indeed, the rate of underemployment, together with other forms of non-full employment, continues to be high in Ecuador (21.0% rate of underemployment and 28.2% rate of other non-full employment in November 2023, which implies a total of 48.3% of non-full employment at that date). It indicates that a high percentage of the population is unable to find employment in the formal market and must resort to underemployment and self-employment to subsist.

The high percentage of underemployment and other forms of non-full employment, is a structural characteristic of the Ecuadorian one, which seems to have been increased or reinforced since the COVID19 pandemic, an event that negatively affected the assets of individuals and businesses, which, in the case of smaller companies and enterprises, face greater difficulties to recover financially from negative shocks.

Labor market indicators



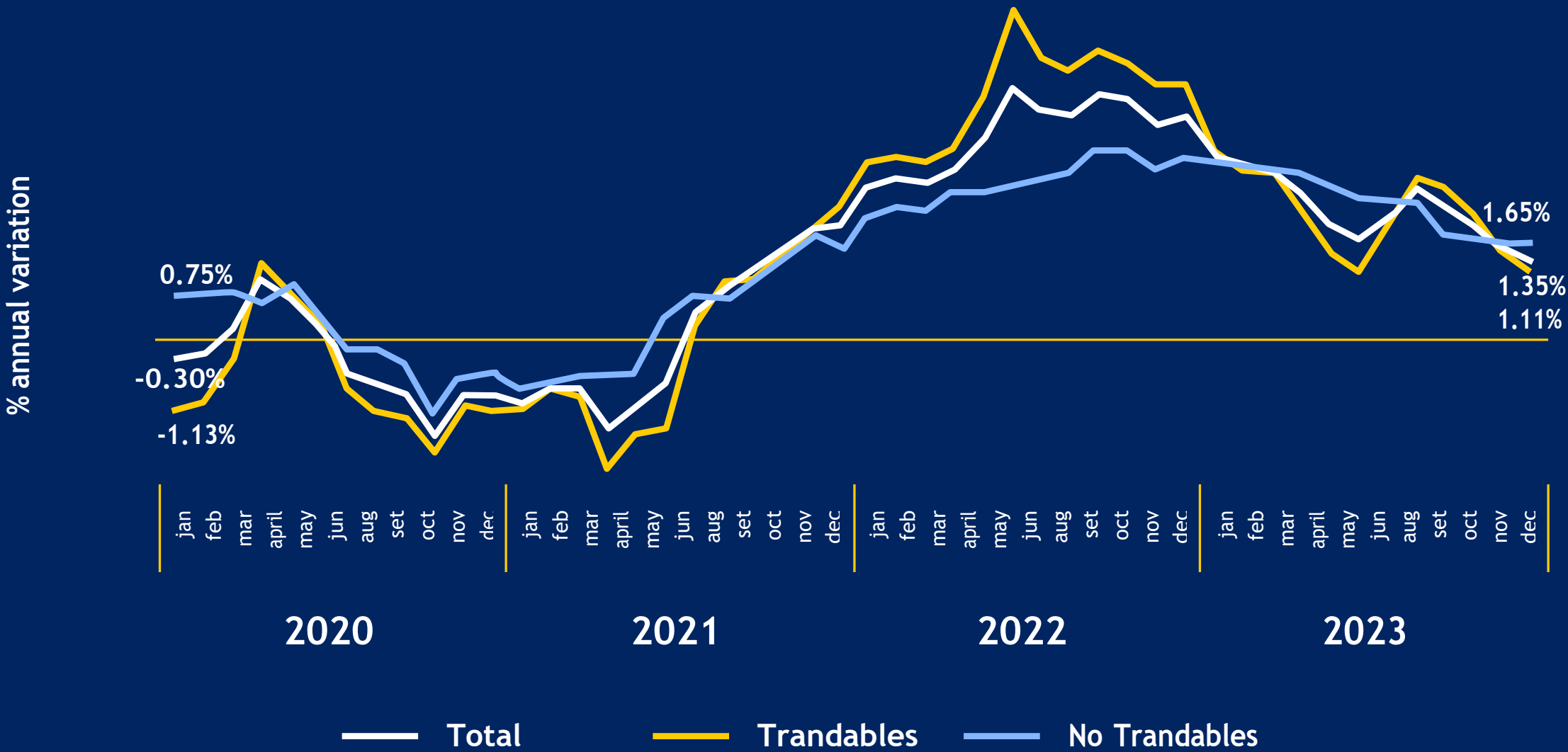
Note: Data 2019 to 2022 as of December and 2023 as of November. / Source: Instituto Nacional de Estadísticas y Censos.

Total annual inflation and of tradable and non-tradable goods

2023 closed with an annual inflation rate of 1.4% per year, lower than the annual inflation rate as of December 2022 (3.7%). The deceleration in price growth is mainly explained by the reduction of inflation in goods considered tradable (tradable with the rest of the world), from 4.3% per annum in December 2022 to 1.1% per year in December 2023. In turn, the reduction in tradable goods inflation was influenced by lower levels of imported inflation from the rest of the world.

In fact, while the prices of goods imported by Ecuador increased 21.4% during 2022, in 2023, and with data up to October, the prices of imported goods decreased 8.6% in annual terms. This drop in the prices of imported products was due both to the fall in the price of oil at international level and to the monetary policies of aggregate demand control applied by developed countries during 2023, in order to control their inflationary levels.

This process of decreasing inflation due to lower inflation imported from the rest of the world, reversed the increase in inflation in Ecuador that occurred in 2022, as a result of the increase in inflation at the international level. Indeed, international inflation increased in 2022 due to higher oil and natural gas prices unresolved post-pandemic disruptions to global supply chains, and the inflationary effects of the Russian invasion of Ukraine, as well as the prices of food chains worldwide.



Source: Instituto Nacional de Estadísticas y Censos.

The reduction of inflation in Ecuador in 2023, together with the appreciation of the currencies of some of Ecuador's trading partners in relation to the dollar (such as the Colombian peso, the Peruvian sol and the euro), contributed to a 1.2% annual depreciation of the real exchange rate in 2023 (with data up to November). This contributed to the competitiveness of our non-oil export basket, whose historical evolution maintains a positive relationship with the real exchange rate.

The delay in the approval of free trade agreements that offer high opportunities for the increase of non-oil exports could be another factor that negatively affected economic growth in 2023 and could continue to limit the increase of non-oil exports in 2024.

Indeed, although the national government of former president Guillermo Lasso, who came to power in 2021, set the goal that private investment would be the engine of the Ecuadorian economy and employment growth in the coming years and set as an objective the signing of 10 trade agreements (6 with countries in the Americas and 4 with countries in Asia, including China), this ambitious trade agenda was partially fulfilled.

In 2021 the national government implemented a first phase Protocol on Trade Rules and Transparency to facilitate trade between Ecuador and the United States; additionally, in October 2023 it pre-signed the trade agreement with South Korea (as a prelude to the full ratification of the trade agreement expected to occur between April and June 2024) and closed the negotiation of a trade agreement with China in 2023, an agreement that was submitted to the National Assembly for approval in January 2024.

This agreement would provide duty-free access to 99% of Ecuadorian exports to the Chinese market, while protecting the sensitivities of the national industry, especially in the manufacturing sector, as announced by the Ministry of Production of Ecuador.

Furthermore, in December 2022, the technical negotiation for the signing of a free trade agreement with Costa Rica was closed, which would give preferential access to that country to 96% of Ecuadorian exports. However, in July 2023, Ecuador's Constitutional Court declared certain articles of the agreement negotiated with Costa Rica unconstitutional and called for its renegotiation. Finally, in 2023, the objective of signing a free trade agreement with Mexico was not achieved because no agreement was reached between the two countries regarding the treatment of shrimp within the agreement. The signing of this last trade agreement is a prerequisite for Ecuador to be admitted as a full member of the Pacific Alliance.

For 2024, the outlook for generating a significant increase in private investment is limited by the uncertainty regarding the approval of the free trade agreement with China and South Korea by the National Assembly, and the renegotiation of parts of the agreement with Costa Rica.

Another factor that will continue to limit private investment during 2023 is the crisis of insecurity and violence that Ecuador is currently experiencing. Given the escalation of violence and the crisis in the prison system in the last days of 2023 and the first days of 2024, the government of President Daniel Noboa declared a state of exception and curfew on January 8, 2024, and the existence of an internal armed conflict was declared on January 9, 2024. The declaration of internal armed conflict implied that criminal groups declared by the national government as terrorists were converted into military and police targets.

The government of President Daniel Noboa, for its part, intends to increase private investment in 2024 and 2025, through tax incentives that were approved by the National Assembly in the Law of Economic Efficiency and Employment Generation, a law implemented as of December 2023, the most important: the reduction of taxes for companies that generate new jobs, particularly new jobs for young people, and new jobs in the construction and agriculture sectors; the refund of VAT paid on the acquisition of goods and services for real estate projects, tax incentives in the tourism sector; creation of free zones or geographic areas where companies of any economic sector will pay less taxes; and, a new regime of Public-Private Alliances.

In the oil sector, oil production decreased in 2023, with an interannual drop of 1.3% in the accumulated period up to October 2023 in relation to the January-October 2022 period. This drop in production was due to different factors such as continuous conflicts between oil exploitation companies such as Petroecuador or other private companies and the communities where oil exploitation takes place, which led to temporary closures of oil wells; erosion in oil exploitation areas that affected oil production and distribution; and the lack of governmental and private investment in oil exploration and exploitation.

The outlook in the oil sector for the year 2024 is for a continued reduction in crude oil production due to lack of investment, particularly in the Yasuni-ITT oil fields, where, if the provisions of the 2023 referendum are applied, oil production should be gradually reduced until it is eliminated.

External sector

World economic growth slowed from 3.5% in 2022 to 3.0% in 2023, while growth in advanced economies in addition, declined from 2.6% to 1.5% in the same comparison period (IMF, World Economic Outlook, October 2023). This slowdown in the world economy was partly the result of restrictive monetary policies in advanced economies, which sought to control inflation by raising interest rates. This international context of lower growth and higher interest rates led Ecuador to face several challenges in the external sector of its economy during the year 2023; among the most relevant: a fall in the value of exports, an increase in the external debt service tied to the rise in interest rates, and lower flows or disbursements of external debt for both the public and private sectors in Ecuador.

Although Ecuador faced the aforementioned challenges, in 2023, liquidity flows from the rest of the world to Ecuador from workers' remittances continued to rise, a trend similar to that of previous years.

The accumulated FOB export value up to October 2023, decreased by 5.3% year-on-year, as a result of the drop in the international price of oil, together with the drop in the volume of production and export of oil products, which led to a year-on-year drop of 22.5% in the FOB export value of oil products. Indeed, the price of oil, which in 2022 reached an average of USD 94.4 per barrel WTI, in 2023 decreased to USD 77.6 per barrel.

In addition to the fall in the price of WTI crude oil, there was an increase in the penalty applied to Ecuadorian crude oil in relation to the price of WTI, which increased from USD 8.0 per barrel in 2022 to USD 10.3 per barrel until October 2023, reducing the export price of Ecuadorian crude oil from USD 89.4 per barrel in 2022 to USD 67.9 per barrel in 2023 (with data until October 2023).

In addition to the price effect described above, there was a 2.8% year-on-year drop in the volume of oil products exported (crude oil and derivatives) up to October 2023. The latter is associated to different factors such as: erosion phenomena in areas associated to oil exploitation, conflicts with communities in oil exploitation areas that implied temporary closures of wells, and the fact that it was not possible to attract new capital and private investment to the oil sector, as proposed by the national government of President Guillermo Lasso.

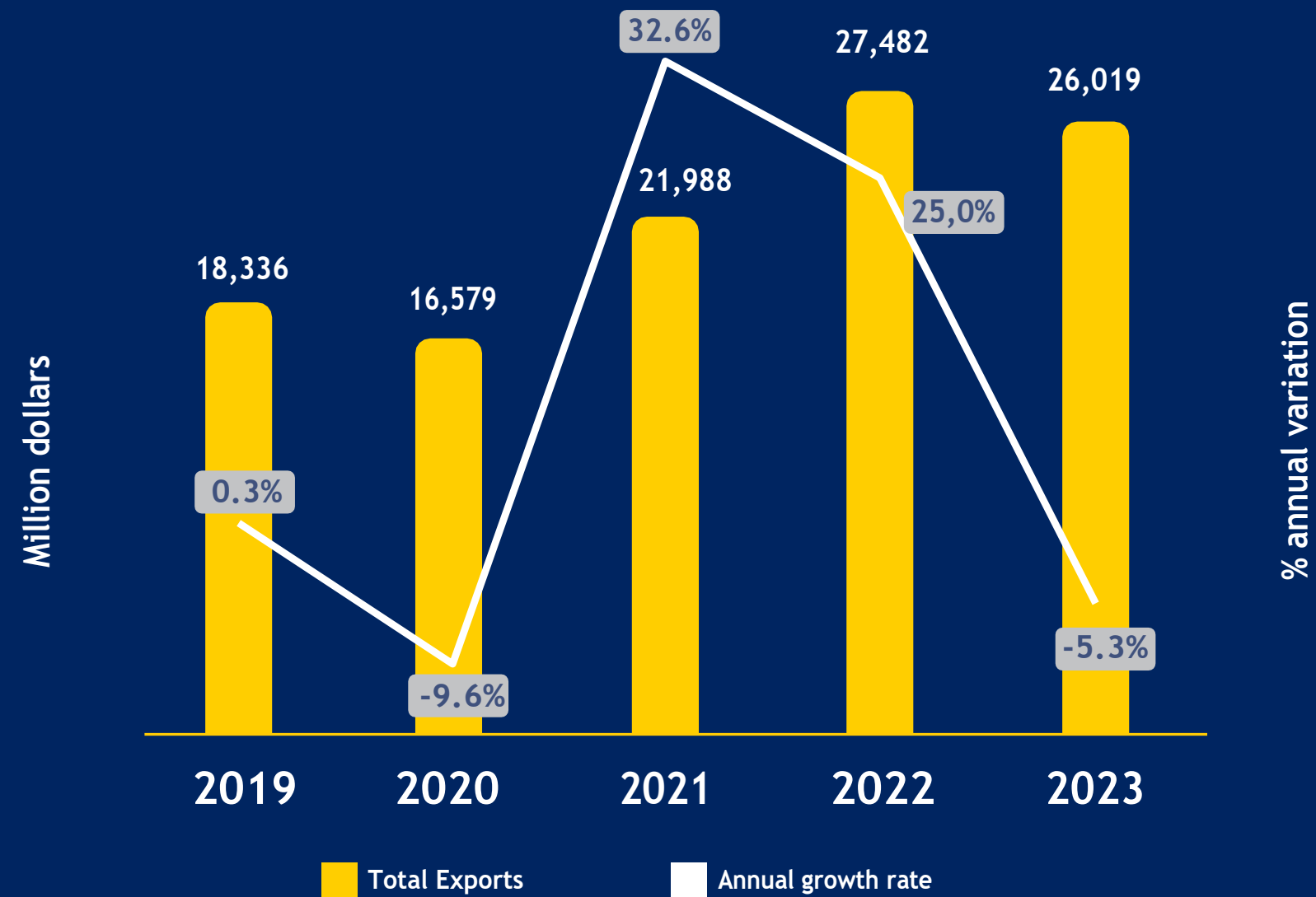
In 2023, in addition to this scenario of contraction in the oil export sector, there was a slowdown in the growth of non-oil exports, compared to 2022. Indeed, the FOB value of non-oil exports increased by 5.5% year-on-year in the accumulated period up to October 2023, a lower performance than that achieved in the same period of 2022, when a year-on-year growth of 21.6% was reached. The boom experienced by the non-oil export value in the period 2020-2022, with double-digit growth per year, was mainly due to a boom in the export prices of our non-oil production; this did not occur in 2023, when non-oil export prices increased 3.8% year-on-year up to October, while in 2022 they increased at a faster rate of 22.9%.

This slowdown in the growth of non-oil export prices in 2023 was accompanied by an annual growth of only 1.6% in the volume of non-oil exports.

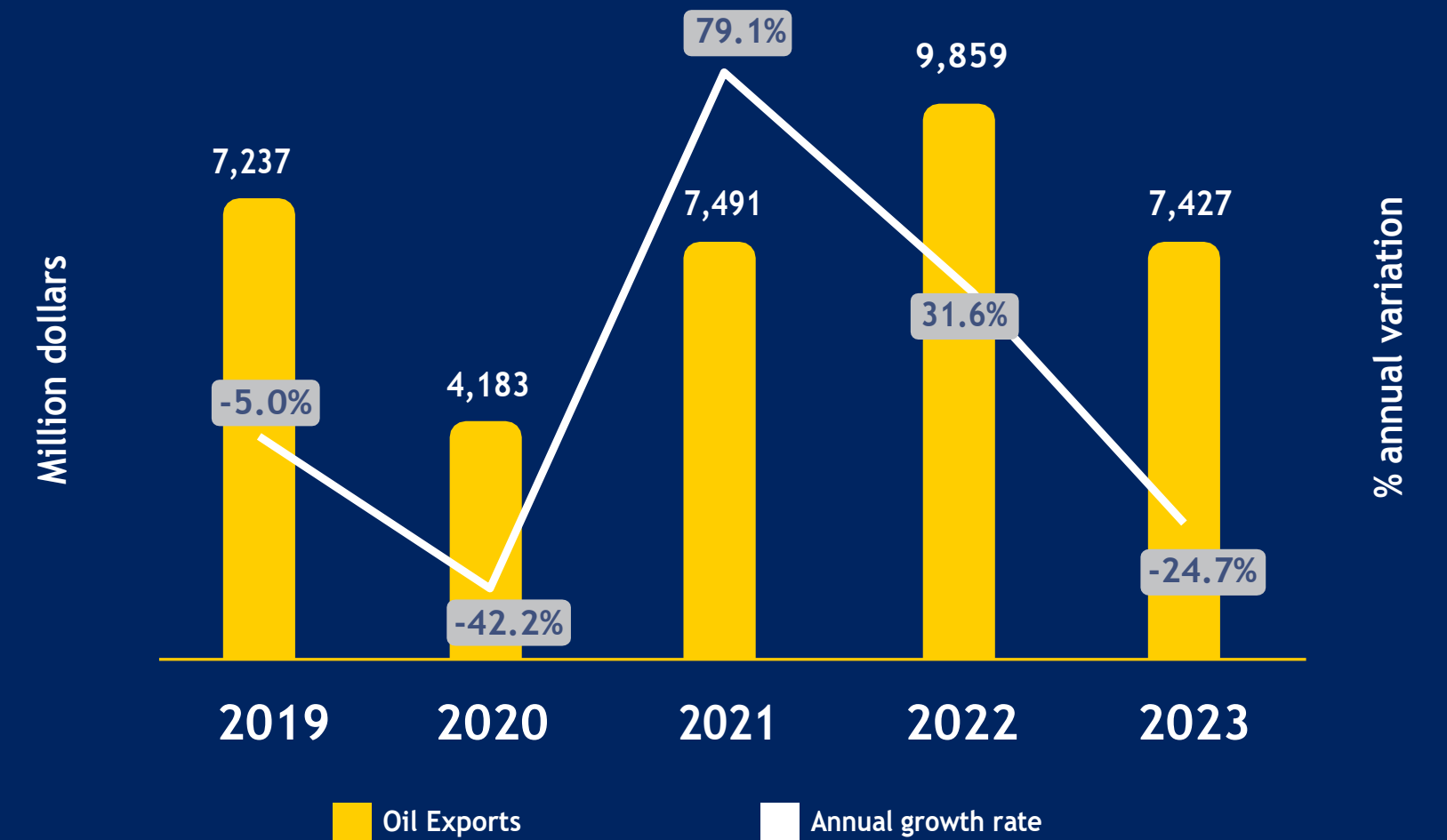
In terms of specific products, the slowdown in non-oil export growth is mainly explained by:

1. The drop in tuna and fish exports, which in FOB value had a year-on-year drop of 28.2% in the January-October 2023 period, compared to the same period in 2022; the production of these goods was affected by the increase in water temperatures during 2023.
2. The fall in the export price of shrimp by 13.8% annually until October 2023, compared to the same period in 2022, as a result of oversupply problems worldwide, and a slowdown in the growth of the volume of exports of this product.
3. A 6.6% year-on-year drop in the export price of Ecuadorian flowers up to October 2023, compared to the same period in 2022.
4. The deceleration in the growth of export prices of mining products from 24.6% annual growth in the accumulated period until October 2022, to 7.6% annual growth in the same period of 2023. It is worth mentioning that the El Niño phenomenon did not hit Ecuador with severe intensity during the year 2023, but the increase in water temperatures did negatively affect exports of fishery products.

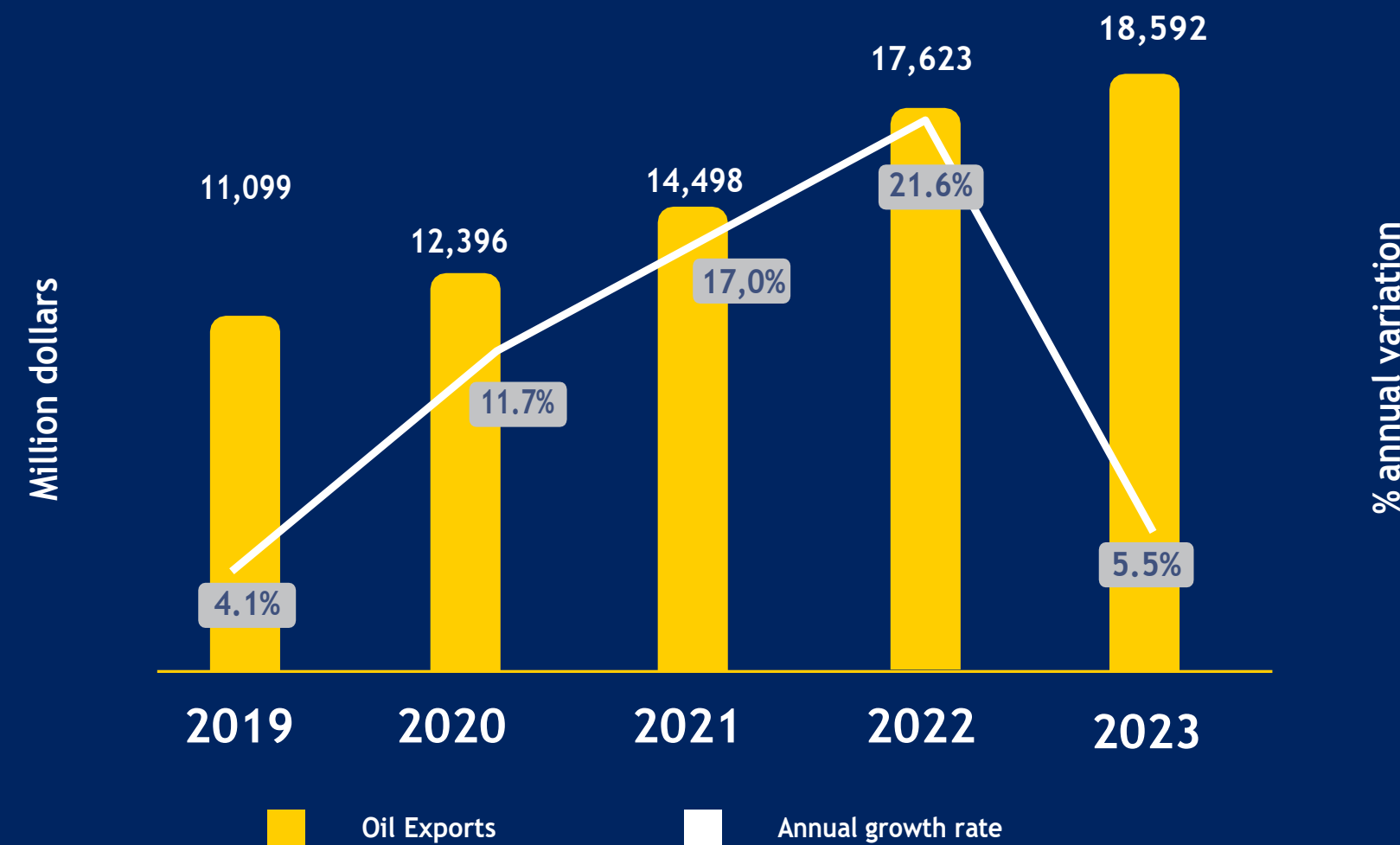
Total Exports (January – October period)



Oil Exports (January – October period)

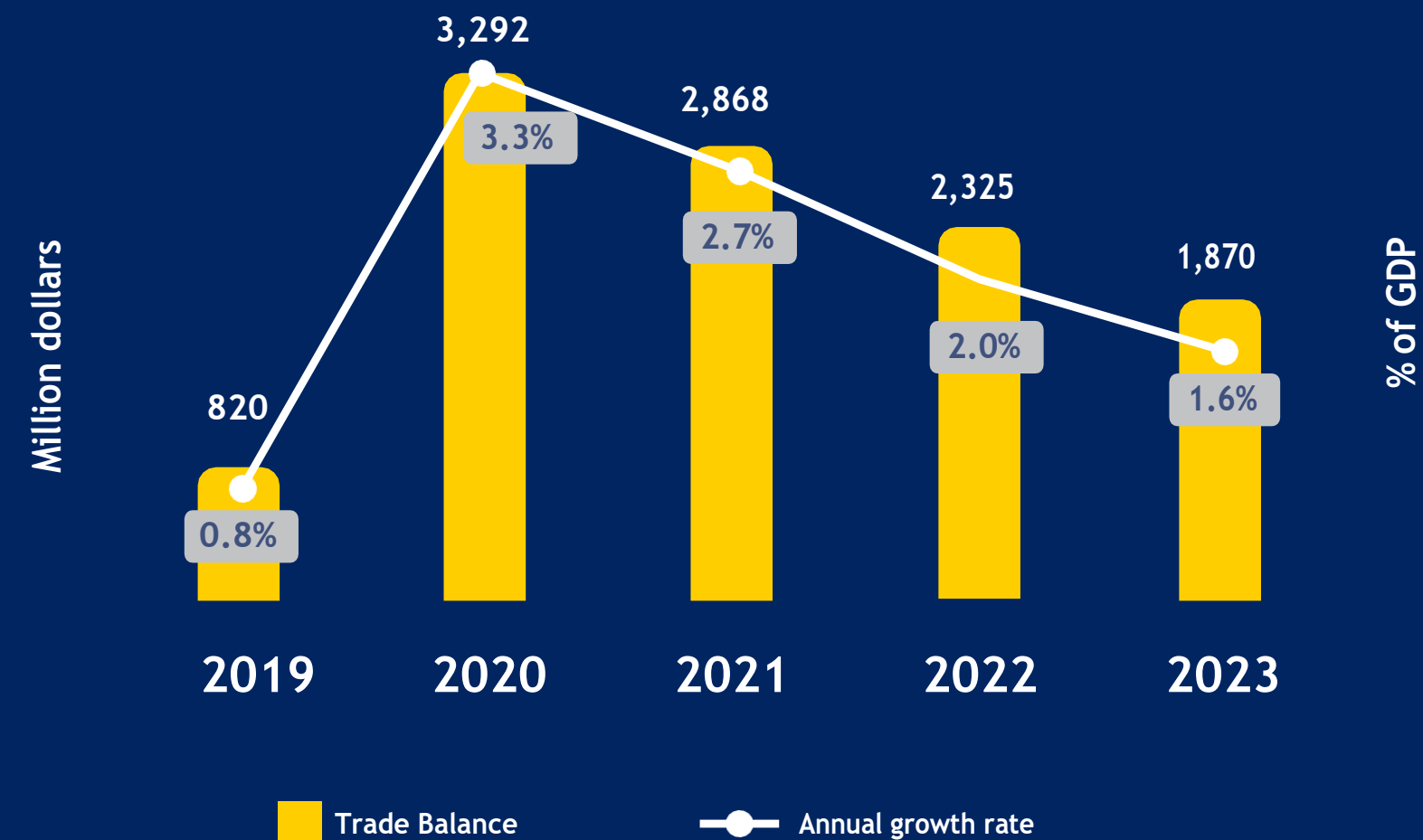


Non-oil Exports (January – October period)



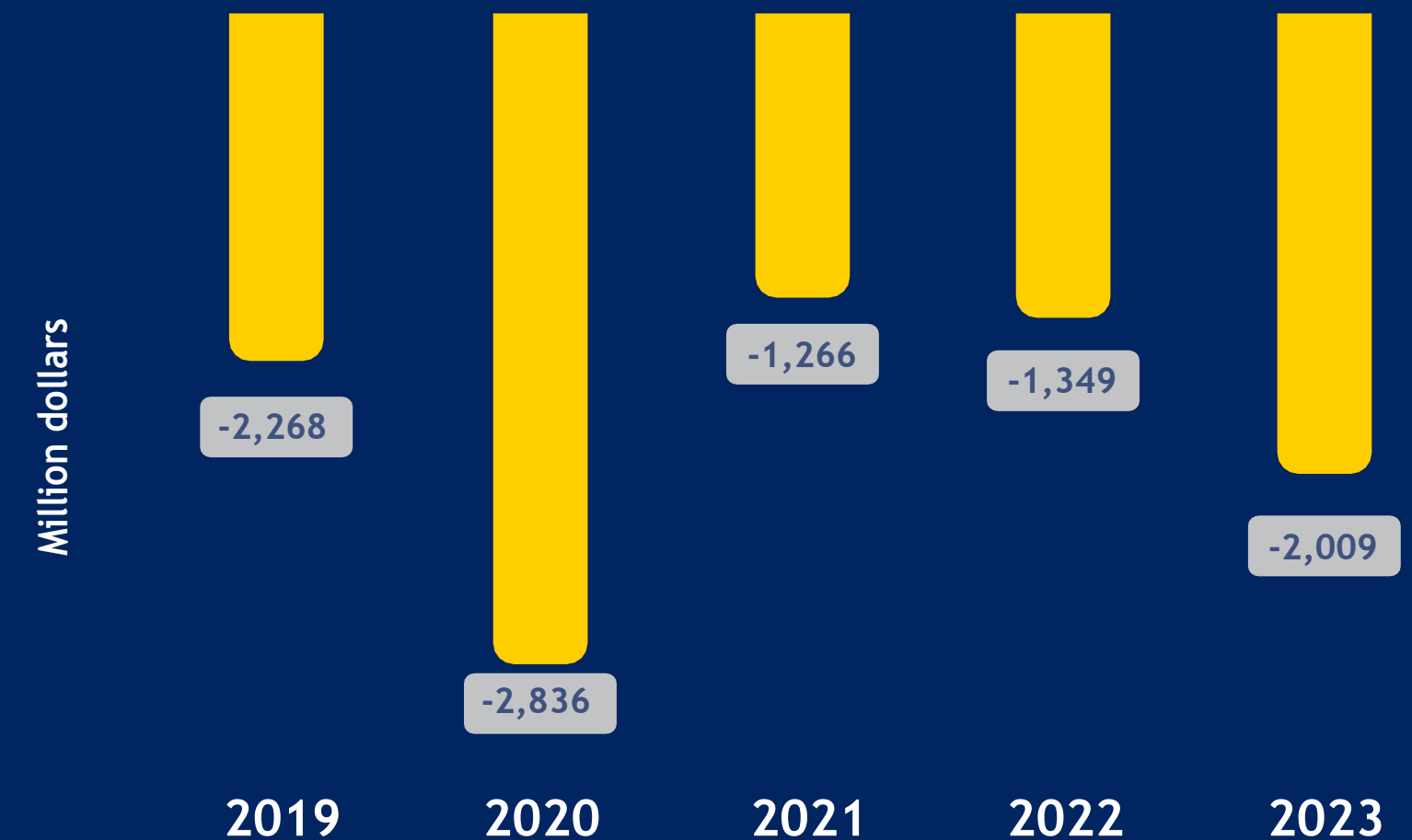
The drop in FOB value exported in 2023 put pressure on the decrease in the trade surplus that the country has maintained annually since 2020. This downward pressure on the trade balance was partially offset by the fall in the value imported in 2023 compared to 2022, which contributed to maintain a trade surplus in 2023, although lower than in 2022: indeed, the accumulated trade balance up to October 2022 was in surplus by USD 2,258 million, reducing the surplus to USD 1,746 million in the period January-October 2023. The value imported decreased during 2023, in part, due to the fall in the prices of products imported by Ecuador, including imported fuel and oil derivatives. The decrease in import prices was a consequence of the fall in the price of oil, the reduction in international inflation, and the improvement in global transportation conditions that lowered transportation costs and cost pressure on international prices. The FOB value imported by Ecuador also lost growth dynamism as the growth of the Ecuadorian economy slowed down in 2023 compared to 2022.

Trade balance in million dollars and as a % of GDP



Primary Income Balance (million dollars)

Accumulated January - September



The service of Ecuador's foreign debt, both private and public, increased in 2023, due to the increase in international interest rates, which increased interest payments on the portion of foreign debt contracted at floating rates. The higher flow of interest payments on foreign debt increased the deficit of Ecuador's primary income balance with the rest of the world, a balance composed mostly of interest received from the rest of the world, net of interest paid to the rest of the world.

Note: Data as of December 2023 corresponds to projection made by Banco Pichincha. / Source: Banco Central del Ecuador.

In 2023, external financing flows to the country's public and private sectors decreased, which implied lower flows of dollars from the rest of the world to feed liquidity and stimulate the growth of monetary aggregates in Ecuador, compared to what occurred in 2022. Thus, the balance of public external debt decreased by USD 898 million between December 2022 and October 2023; in other words, disbursements net of amortizations received by the public sector from the rest of the world were negative. This lower external financing during 2023 was partly associated with the termination of the National Government's agreement with the IMF at the end of 2022, since multilateral financing under this agreement was received almost entirely by the Ecuadorian government until 2022.

Additionally, Ecuador did not access the capital market through sovereign bond issues, given the conditions of high interest rates and the high-country risk calculated for Ecuador in 2023, an evolution influenced by the fall in oil prices, the termination of the agreement with the IMF, and the uncertainty at the political level derived from “*Muerte cruzada*” (crossed death) executed by the former President of the Republic in May 2023. These factors probably influenced in increasing the perception of credit risk of the government of Ecuador, even more so when in the years 2024 to 2026, payments for the amortization of public external debt increase.

Meanwhile, the private sector also became a net amortizer of its external debt in 2023, with a decrease in the balance of private external debt, in the year running from December 2022 to October 2023, of USD 1,295 million, which would have implied an outflow of dollars abroad for that amount.

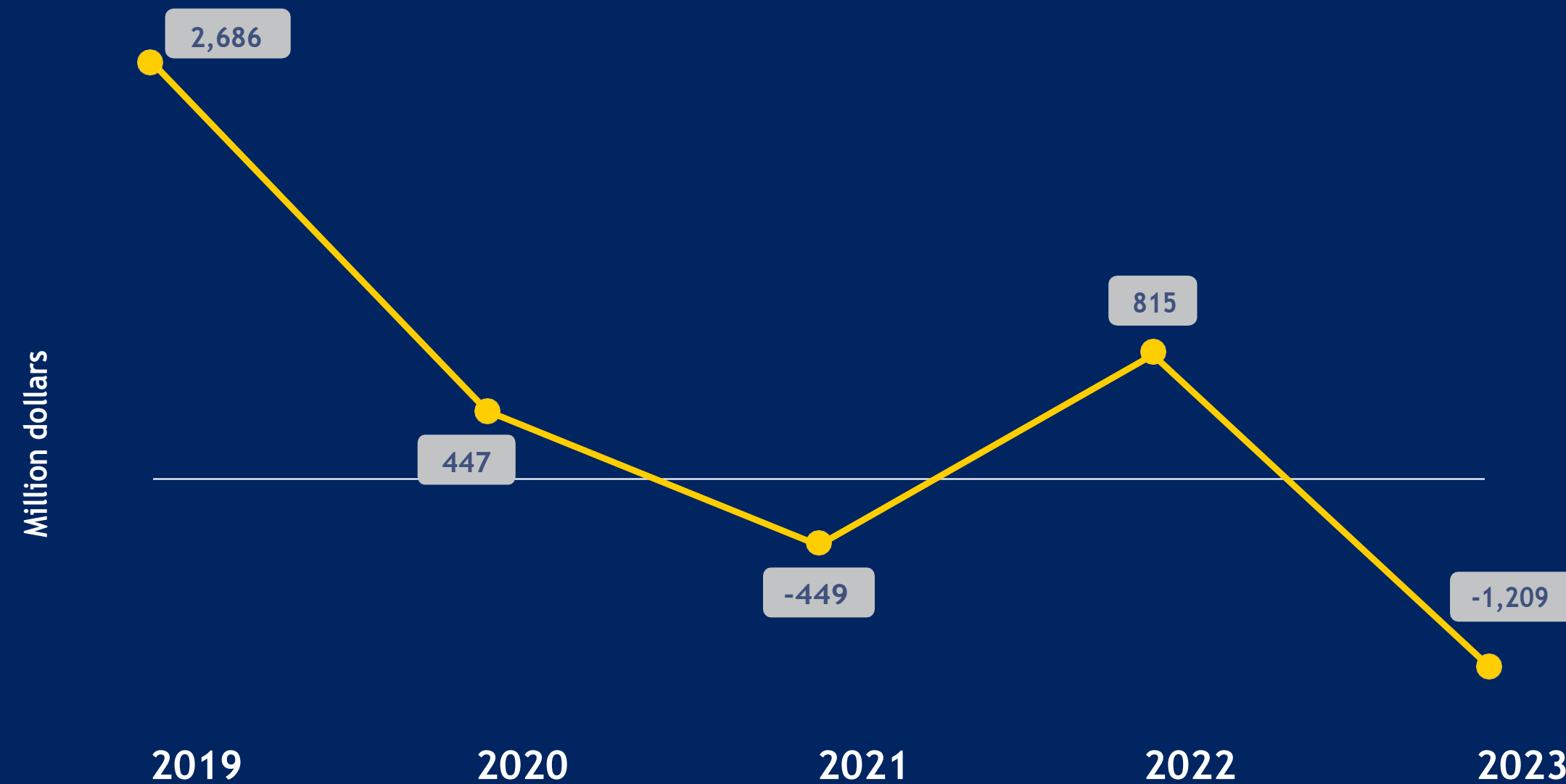
Annual Variation in the External Debt Balance

Public Debt (million dollars)



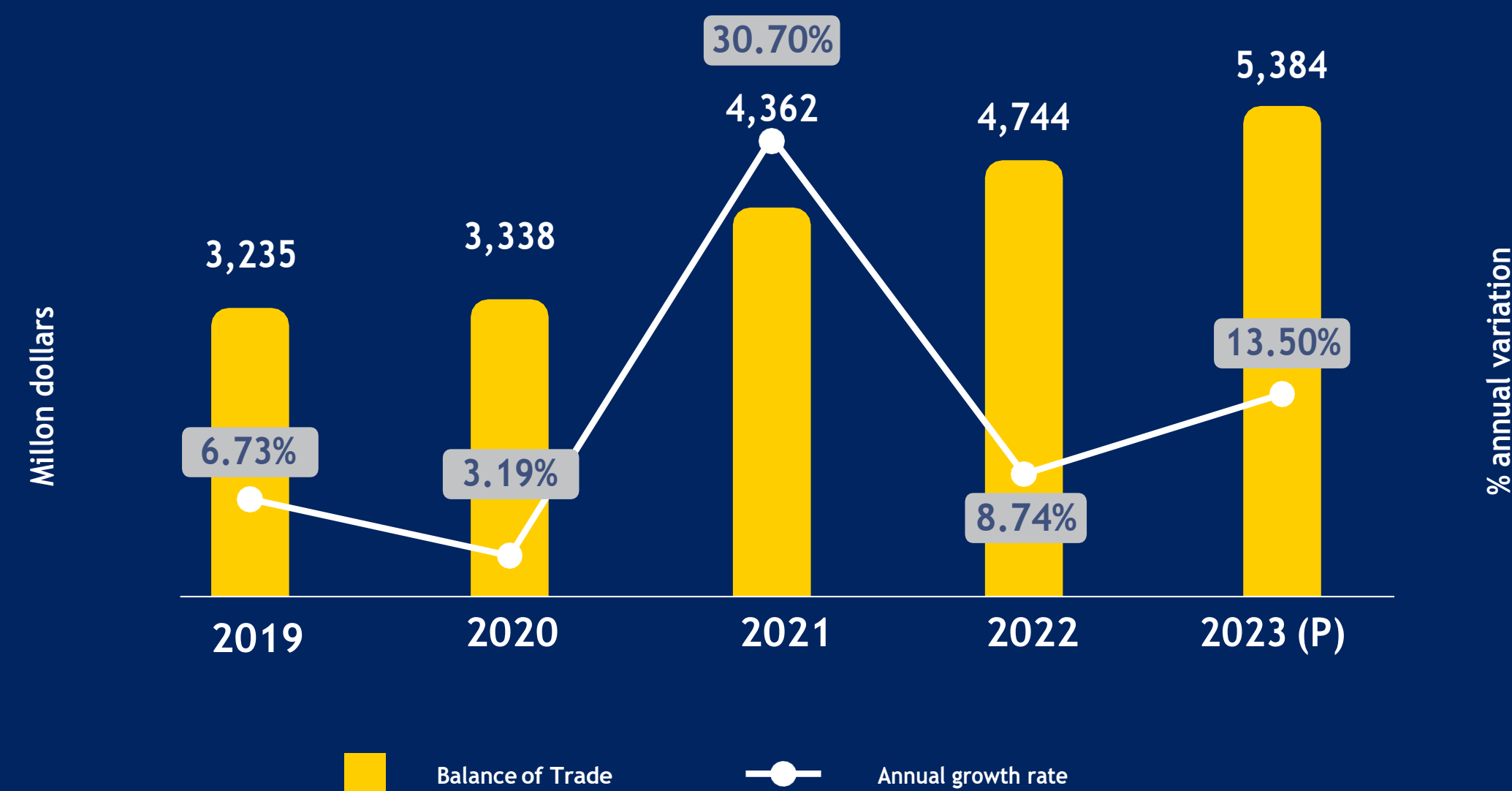
Note: Information 2023 as of November. / Source: Banco Central del Ecuador.

Annual Variation in the External Debt Balance Public Debt (million dollars)



In 2023, Ecuador continued to receive a significant flow of workers' remittances, which contributed to the economy's liquidity. Up to the third quarter of 2023, remittances presented a year-on-year growth of 13.2%, above the annual growth of the same period of 2022 (10.5%). This evolution of workers' remittances implied that Ecuador maintained a surplus in the Secondary Income Balance of USD 3,418 million until the third quarter of 2023.

Workers' remittances received by Ecuador (million dollars)

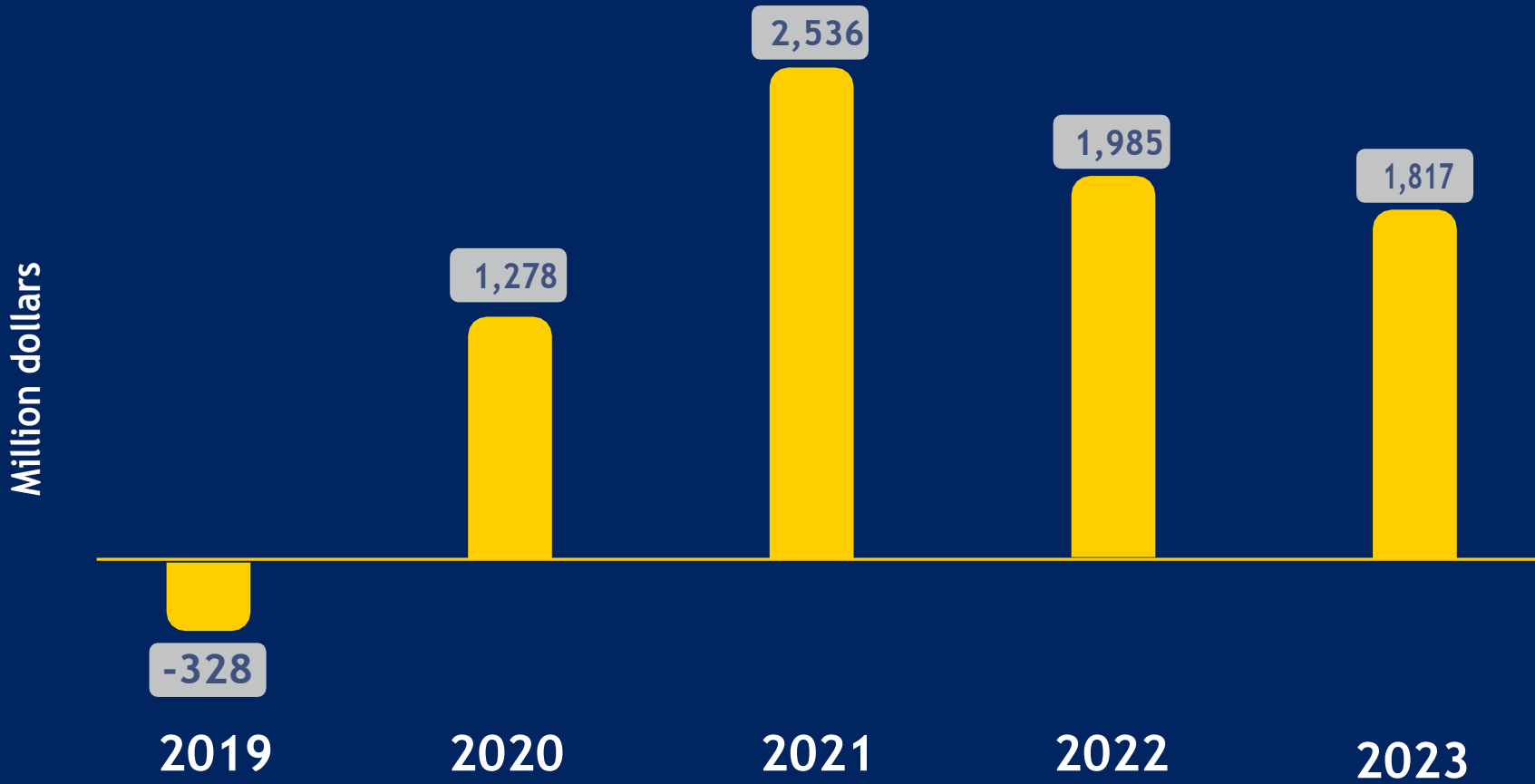


The surplus in the trade balance and in the secondary income balance, were the preponderant factors for Ecuador to reach a current account surplus during 2023. The country has maintained as a trend since 2020, current account surpluses, and continued with that trend during 2023, with a current account surplus of USD 1,817 million up to the third quarter, lower than the USD 1,985 million surplus of the same period in 2022. The surplus implies that during 2023, the country has maintained its aggregate expenditure level below its aggregate income level, through a process of adjustment of the economy to a complex international economic context, and lower economic growth, via lower spending in general, which has slowed the growth of imports of both goods and services.

Note: Data fourth quarter 2023 estimated by Banco Pichincha. / Source: Banco Central del Ecuador.

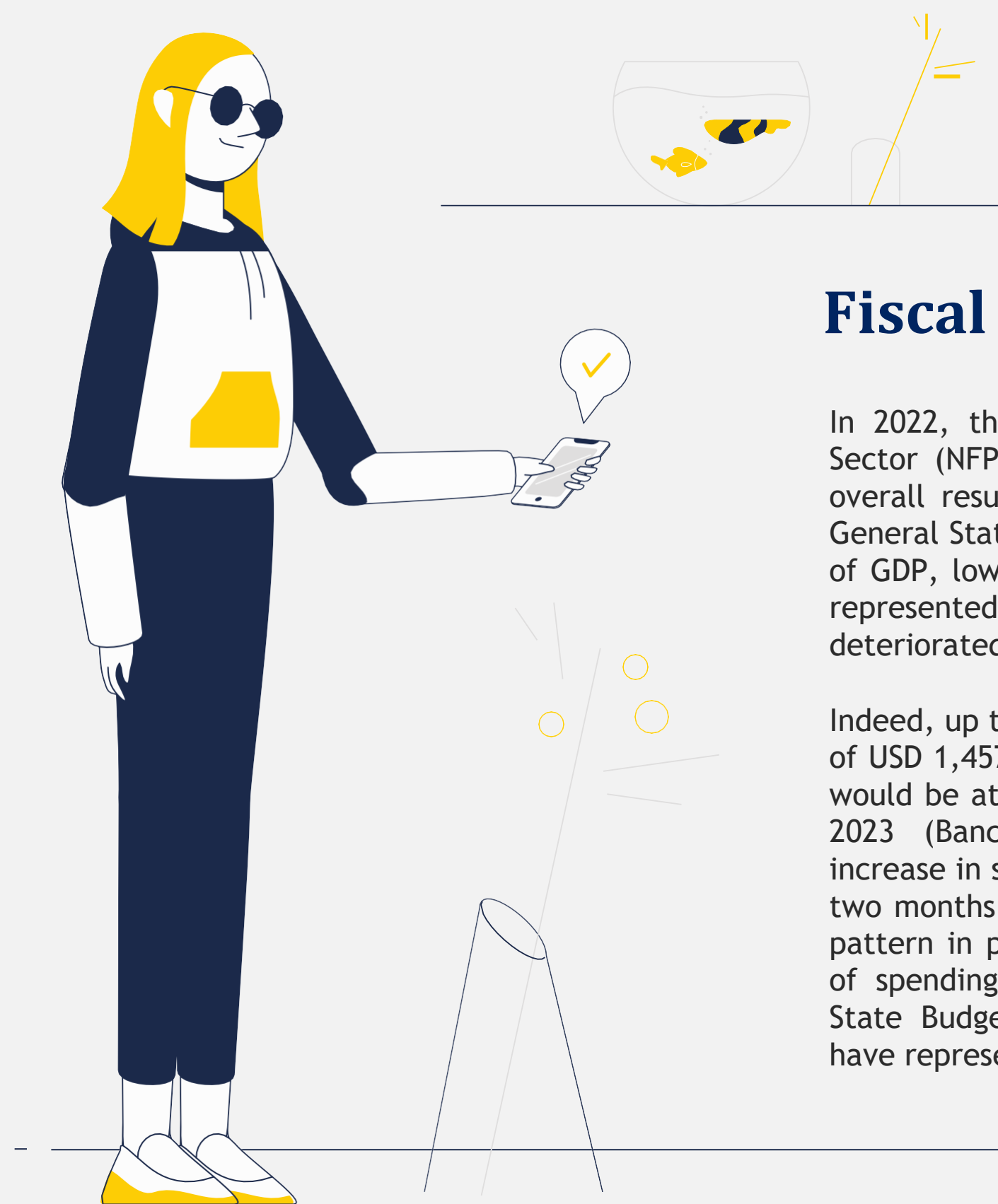
Current Account (million dollars)

Accumulated January-September



By the year 2024, the IMF projects world economic growth of 2.9% and advanced countries of 1.4%, 1 basis point lower than the projected growth for 2023. Its projection is based on the fact that inflationary pressures will continue in 2024 (although attenuated compared to previous years) and that monetary policy will continue to seek to contain demand in order to reduce inflation. Additionally, for the year 2024, the Energy Information Agency (IEA, Short term energy Outlook, January 2024) projects that in 2024 the price of a barrel of WTI will increase by less than one dollar in relation to the average price in 2023, reaching USD78 per barrel. In this context, it is expected that the challenges for the growth of Ecuador's oil exports in 2024 will continue, which could even decrease, if a potential gradual reduction in the volume and production of oil from 2024 is taken into account, in order to comply with the popular consultation decision in terms of not exploiting the Yasuní-ITT oil fields. Non-oil exports could have a growth in 2024, similar to that of 2023, according to Banco Pichincha's own estimates, given the international context described above.

Source: Banco Central del Ecuador.



Fiscal sector

In 2022, the government, at the Non-Financial Public Sector (NFPS) level, reached a fiscal balance, with an overall result equivalent to 0.0% of GDP; while at the General State Budget (GBS) level, it had a deficit of 1.7% of GDP, lower than the deficit in 2021 when the deficit represented 3.4% of GDP. The fiscal situation deteriorated in 2023, for both levels of government.

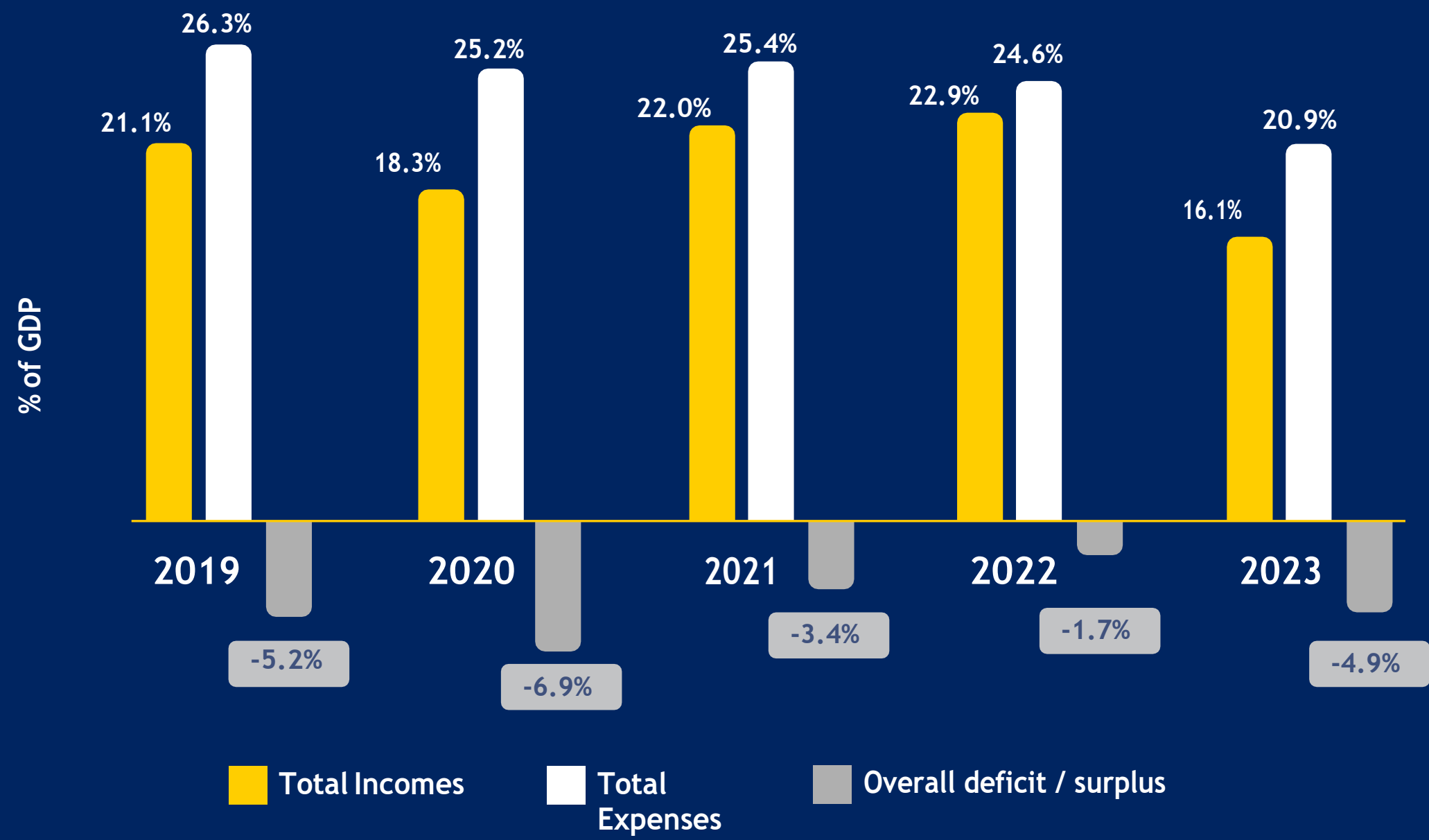
Indeed, up to October 2023, the NFPS presented a deficit of USD 1,457 million, and it is estimated that this deficit would be at approximately 2.7% of GDP until the end of 2023 (Banco Pichincha's own estimate), given the increase in spending that would have occurred in the last two months of 2023, due to the existence of a seasonal pattern in public spending, with a high seasonal growth of spending in the months of December. And, at the State Budget level, the overall deficit in 2023 would have represented 4.9% of GDP³.

The deterioration of the fiscal situation in 2023 was the result of the fall in public sector revenues, both due to the drop in oil prices and the decrease in the volume of oil exports, which reduced oil revenues, as well as the decrease in tax revenues.

At the State Budget level, revenues decreased by 6.9 percentage points of GDP between 2022 and 2023, mainly due to the fall in oil revenues, equivalent to 5.9 percentage points of GDP. Tax revenues also declined by 1.3 percentage points of GDP. The lower tax revenue was mainly due to the decrease in the collection of temporary taxes, which were created after the COVID19 pandemic, and other temporary taxes that were created in the tax reform implemented with the Organic Law for Economic Development and Fiscal Sustainability of November 2021.

³ Data sources: 1) data referring to the State Budget: Observatorio de la Política Fiscal. Fiscal Transparency Publications (data January-November 2023). Ministry of Economy and Finance. Budget execution database (December 2023 data). 2) data referring to the NFPS: Banco Central del Ecuador. Monthly Statistical Information. 3) Nominal GDP data for the calculation of ratios against GDP: Banco Central del Ecuador. Monthly statistical information

General State Budget: Revenues, Expenditures, Overall Result as a Percentage of GDP



Although the State Budget decreased its level of accrued spending in 2023 compared to 2022 by 3.7 percentage points of GDP, this decrease did not offset the drop in revenues (6.9 percentage points of GDP), thus widening the fiscal deficit. Most of the decrease in public spending occurred in current expenditures, which decreased by 3.3 percentage points of GDP.

The deterioration of the fiscal situation in 2023, highlighted the vulnerability of public finances to oil price variations, as the government's oil revenues are subject to high volatility. Although the increase in oil revenues allowed us to reduce the fiscal deficit in 2021 and 2022, it did not imply greater sustainability and stability of public finances.

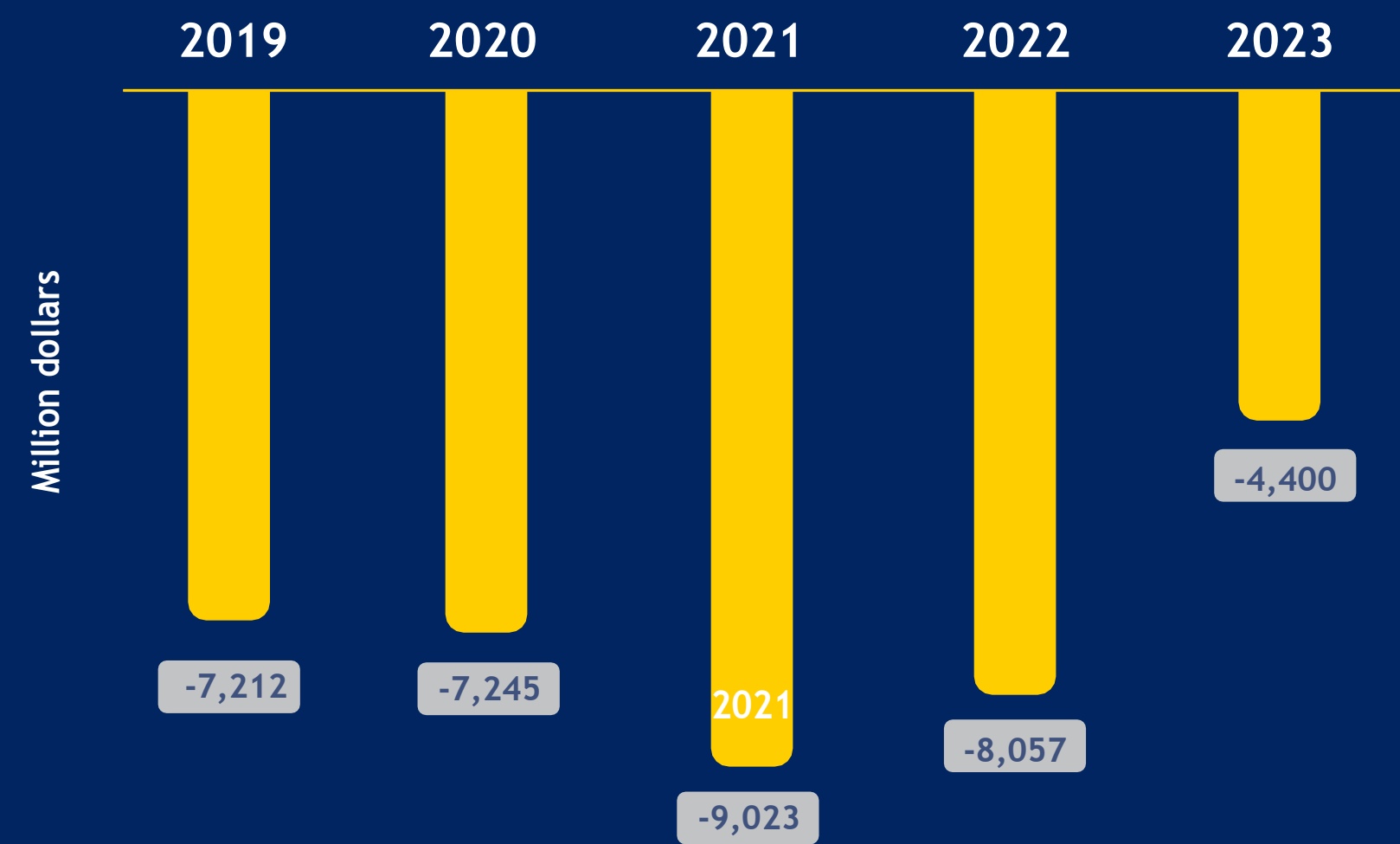
Indeed, the fiscal consolidation effort that had taken place in previous years, particularly in 2022, had been based on increasing revenues, mainly through an increase in oil revenues, which represented 19.1% of the State Budget revenues in 2020 and increased their share in total revenues to 31.5% and 32.4% of the total State Budget revenues in 2021 and 2022 respectively. Although part of the fiscal consolidation in 2021 and 2022 happened based on the increased in tax revenues considered permanent revenues, through the tax reform that increased income tax in 2021, this tax reform was partially repealed with the Law for Strengthening the Family Economy, which came into effect in July, 2023.

This type of fiscal consolidation, concentrated in the government's oil revenues, is the result of the downward inflexibility of a significant portion of public sector expenditures, and the lack of agreements or consensus among successive governments, their political opponents in the National Assembly, and politically active civil society groups such as the indigenous movement, regarding the reduction of expenditures and/or the targeting of fuel subsidies.

As a result of the dependence of fiscal revenues on oil export revenues, the primary fiscal result, excluding oil revenues, is in deficit.

Source: Ministry of Finance, Observatorio de la Política Fiscal and Banco Central del Ecuador.

General State Budget: non-oil primary result



Although processes such as the renegotiation of sovereign bonds in 2020 and the debt restructuring with China in 2022 have contributed to reduce the Ecuadorian government's external financing needs, public finances continue to be highly vulnerable to abrupt drops in oil prices in the future. And, although macro-fiscal rules establish that the ratio of consolidated public debt to GDP should be gradually reduced to 40% of GDP in 2032 (Law for the Ordering of Public Finances of July 2020) and maintain that ratio thereafter, and additionally establish that a fiscal stabilization fund should be formed with oil revenues that exceed those contemplated in the General State Budget, there are currently no resources deposited in a stabilization fund. These macro-fiscal rules contribute to, but do not prevent, fiscal policy from continuing to be pro-cyclical as has historically occurred, influenced in a cyclical manner by variations in the price of oil.

Note: Corresponds to the primary result minus oil revenues of the General State Budget.

/ Source: Ministry of Finance, Observatorio de la Política Fiscal and Banco Central del Ecuador.

Given the described vulnerability of public finances, the State Budget in 2023 resorted to the accumulation of arrears as one of the ways to balance its financing needs (which in 2023 reached USD 11,680 million) with its sources of financing. Thus, at the end of 2023, the government accumulated arrears of USD 3,623 million, concentrated in payments owed to the Social Security system and the decentralized autonomous governments (GAD's). Additionally, the national government used its deposits in Banco Central del Ecuador as a source of financing, reducing the balance in the National Treasury account in the Central Bank by USD 945 million in 2023, which influenced the reduction of the country's international reserves.

For the year 2024, it is projected that the national government, as in 2023, will have difficulties to finance its expenditure level, if the latter remains at the same level as in 2023. This is due to the fact that oil prices are not expected to increase, and crude oil production and exports are expected to fall in 2024. The national government expects to submit its 2024 budget proforma to the National Assembly in February.

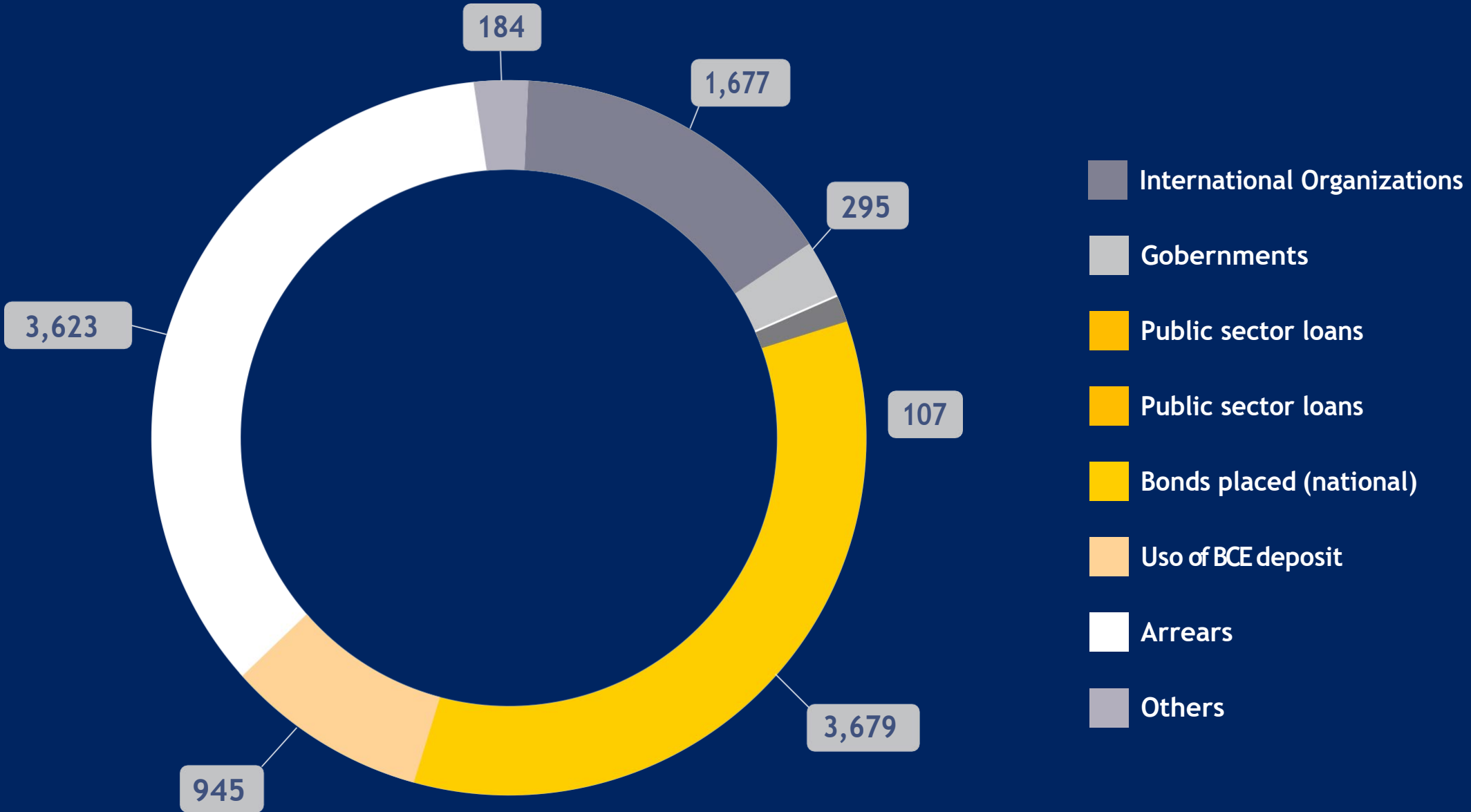
To help meet its financing needs during 2024, the government of President Daniel Noboa has proposed to reduce spending by USD2 billion, and increase revenues through the provisions of the Economic Efficiency and Employment Generation Law that came into effect on December 20, 2023. This law includes a tax amnesty that could generate an estimated additional USD 700 to USD 800 million to the government in 2024.

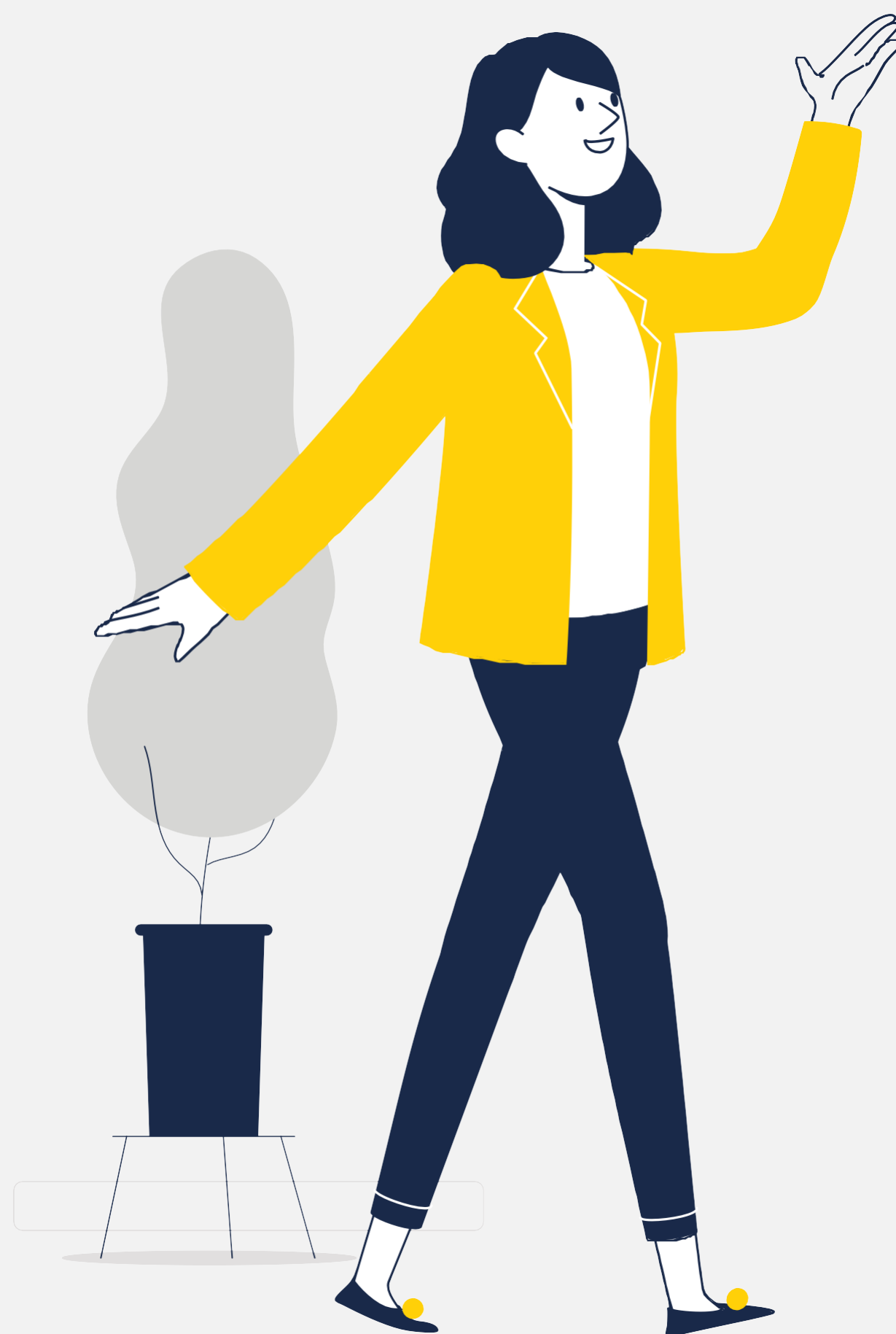
Additionally, the national government implemented through Banco Central del Ecuador, a sale of part of the gold in the country's international reserves, which would allow the Central Bank of Ecuador to deliver USD177 million to the Ministry of Finance, as profit from the sale of gold in the first quarter of 2024.

Source: Ministry of Finance and Banco Central del Ecuador.

Direct or indirect financing by the Central Bank to the National Government is prohibited by law, so it is expected that the National Government will seek external financing with multilaterals, presenting a plan to increase permanent revenues and reduce permanent expenses, by increasing VAT, targeting fuel subsidies, among others, to gradually balance public finances and make them sustainable by solving the existing structural problem that the government's permanent expenses are higher than its permanent revenues.

Sources of financing under the State loan facility (year 2023 in million dollars)





Monetary and financial sector

The reduction of external flows to the Ecuadorian economy in 2023, as a result of the decrease in the value of exports, negative net disbursements of both public and private external debt, and higher interest payments on external debt, implied a lower flow of dollars to Ecuador in 2023 compared to 2022, reducing the rate of liquidity expansion in the Ecuadorian economy.

Indeed, in 2023, competition among financial entities to capture deposits from the public increased, which led to a significant increase in the passive interest rate paid on term deposits. The reference deposit rate went from an average of 5.9% in 2022 to an average of 7.2% in 2023. This caused a change in the composition or structure of deposits in the financial system, with time deposits increasing their share of total deposits in the banking and cooperative system from 53.0% in December 2022 to 57.0% in November 2023.

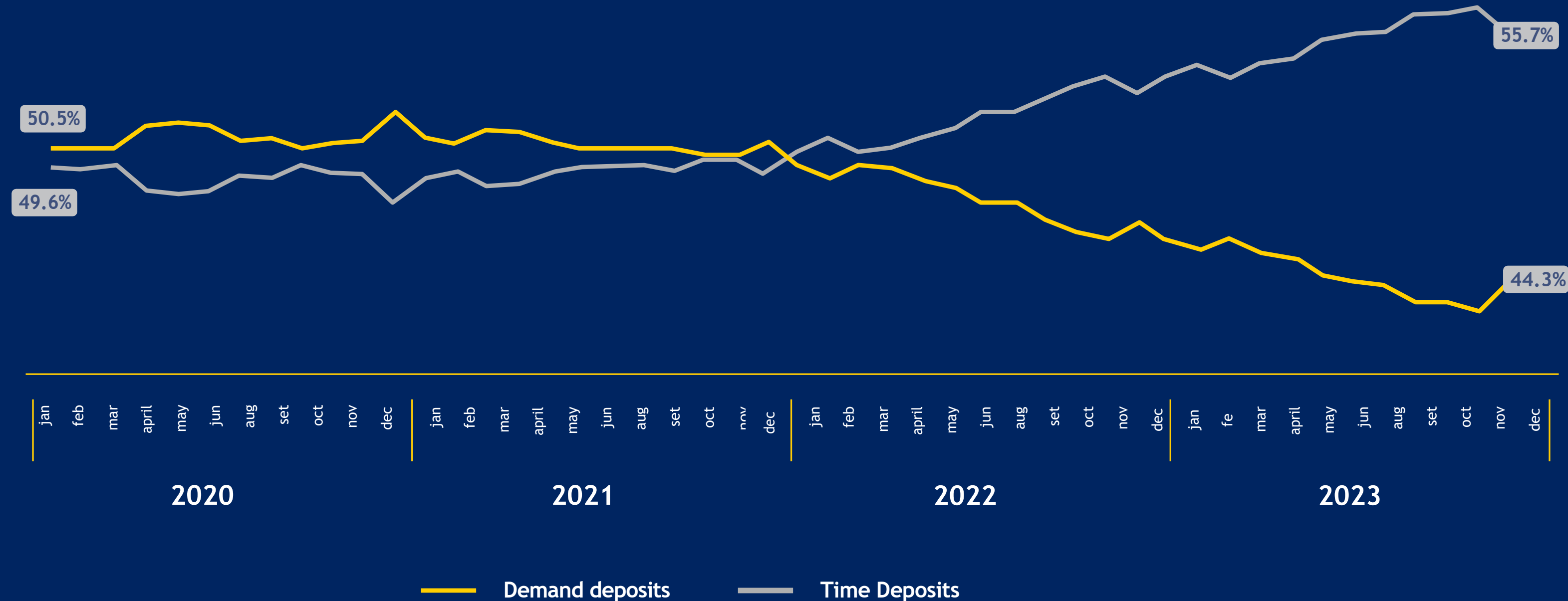
Referential Passive Rate: January 2020 to December



Source: Banco Central del Ecuador.

Share of demand deposits and time deposits in total deposits of the banking and credit union: January 2020 December 2023

% of share in total deposits



Note: Deposit information as of December 2023 considers projected information for credit unions. / Source: Reditum.

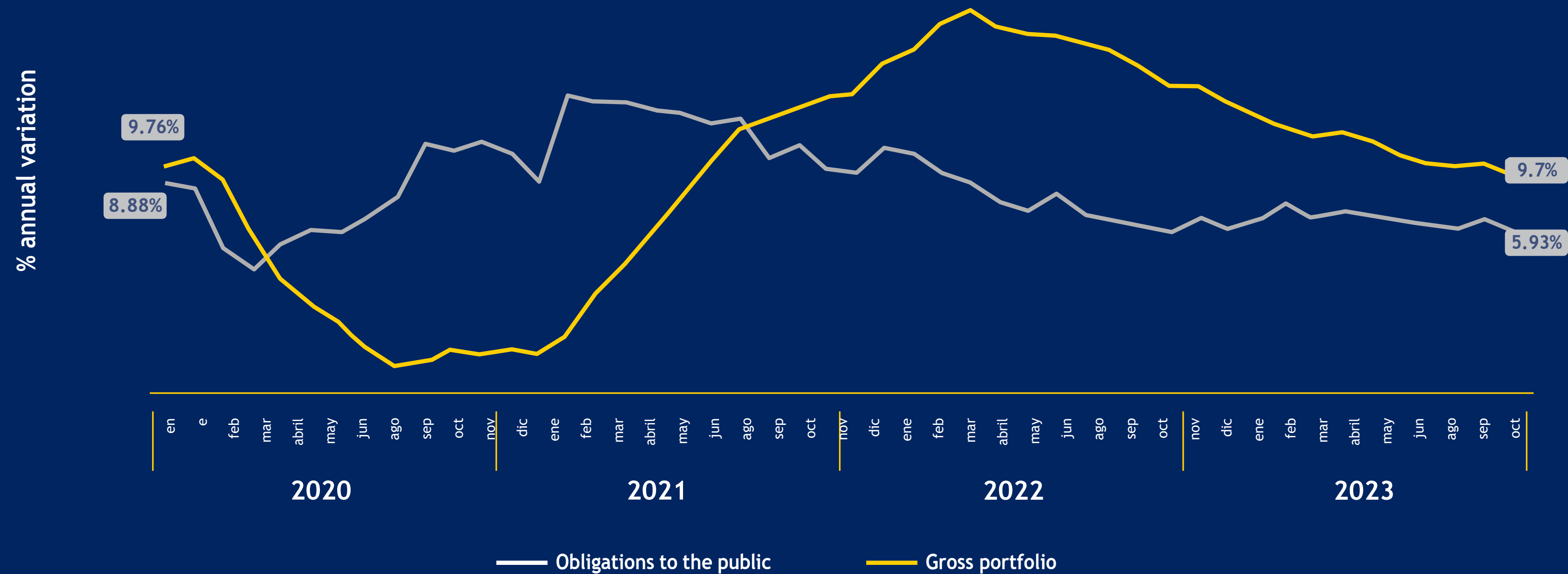
The described slowdown in the growth of liquidity from the rest of the world decelerated the growth of deposits in the financial system. Indeed, the financial system (banks and credit unions in segments 1 and 2) slowed deposit growth from 8.8% per year in December 2022 to 6.9% in November 2023. While banks in 2023 managed to maintain the same annual growth of their deposit stock recorded at the end of 2022 (5.9%), the annual growth of deposits in credit unions did slow down, from 16.7% at the end of 2022 to 7.4% per year in 2023 (as of November).

It is worth noting that the growth of deposits in the financial system was the result of the growth of time deposits, which expanded by 13.3% annually up to November 2023 (compared to 17.1% growth in 2022); while in 2023 demand deposits did not grow in the financial system, registering an annual growth of -0.5% as of November. This is explained by the gradual increase in interest rates on time deposits during 2023, which increased the share of time deposits in total deposits, and increased the cost of liabilities of financial institutions.

The loan portfolio, in line with a slower growth of deposits in the financial system, also decelerated its expansion rate. This slowdown in credit growth was consistent with a financial system that seeks to maintain adequate levels of liquidity, given the macroeconomic context of the year 2023, which caused a slowdown in deposit growth. Credit expansion slowed down in both banks and credit unions. In the case of banks, while in the year 2022, they expanded their loan portfolio by 14.6% annually, in the year 2023 the expansion was 9.2%. Credit Unions, in turn, slowed down their loan portfolio growth rate from 22.6% in 2022 to 10.3% in 2023 (as of November).

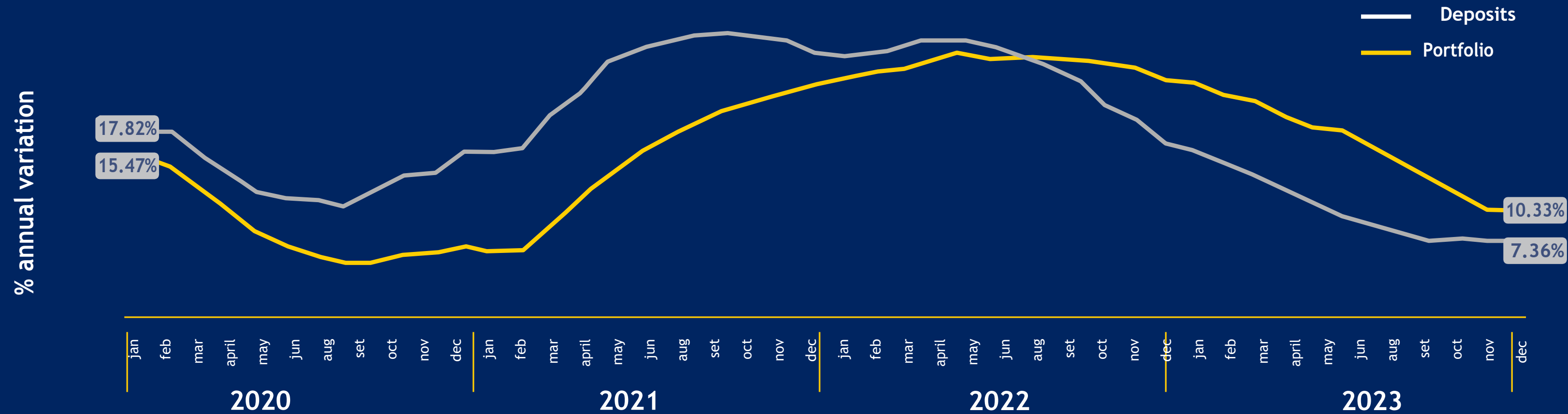


Private banking performance: Obligations with the public and Gross portfolio



Source: Reditum.

Credit Unions Performance: Obligations to the Public and Gross Portfolio



The international reserves held by Banco Central del Ecuador, had a decreasing evolution in 2023, unlike what happened in 2022. In effect, while in 2022 international reserves increased USD 560 million, with a balance of USD 8,458.7 million at the end of the year, they decreased by USD 4,004 million in 2023, with a balance of USD 4,454 million in December.

This decrease in the country's international reserves was mainly due to the behavior of public sector entities, which decreased their deposit balances in the Central Bank; specifically, given the deterioration of their financial situation during 2023, public sector entities resorted to the use of their own deposits as a source of financing to cover their funding requirements. Thus, in 2023, the aggregate balance of deposits of the National Treasury, other Central Government entities, the IESS, Decentralized Autonomous Governments (GAD's), and Public Enterprises, decreased USD 3,002 million in relation to December 2022. This contrasted with what happened in 2021 and 2022 respectively, when these deposits increased by USD 1,043 and USD 723 million respectively, in accordance with the agreement signed with the IMF, according to which the government committed to increase the country's international reserves and public sector deposits in the Central Bank.

The fall in international reserves implied a reduction in the positive gap that has been maintained since 2021, between international reserves and deposits of financial system entities, a gap that decreased from USD 3,003 million at the end of 2022 to USD 564 million at the end of 2023.

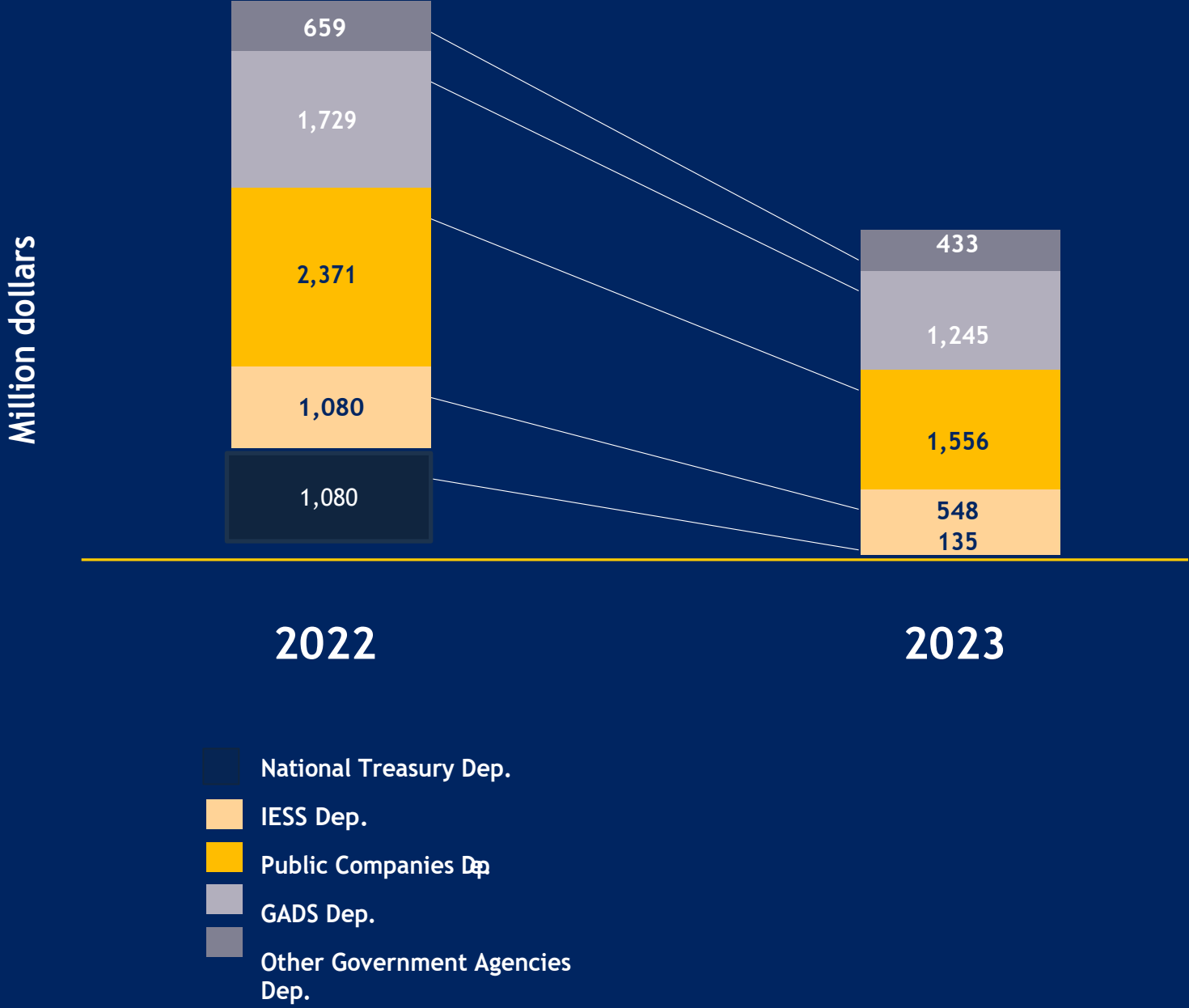
Note: Deposit information as of December 2023 considers projected information for credit unions. / Source: Reditum.

International Reserves minus Financial System Deposits in Banco Central del Ecuador



Source: Banco Central del Ecuador.

Balances of the Treasury, IESS, public enterprises, GADS and other government entities in Central Bank

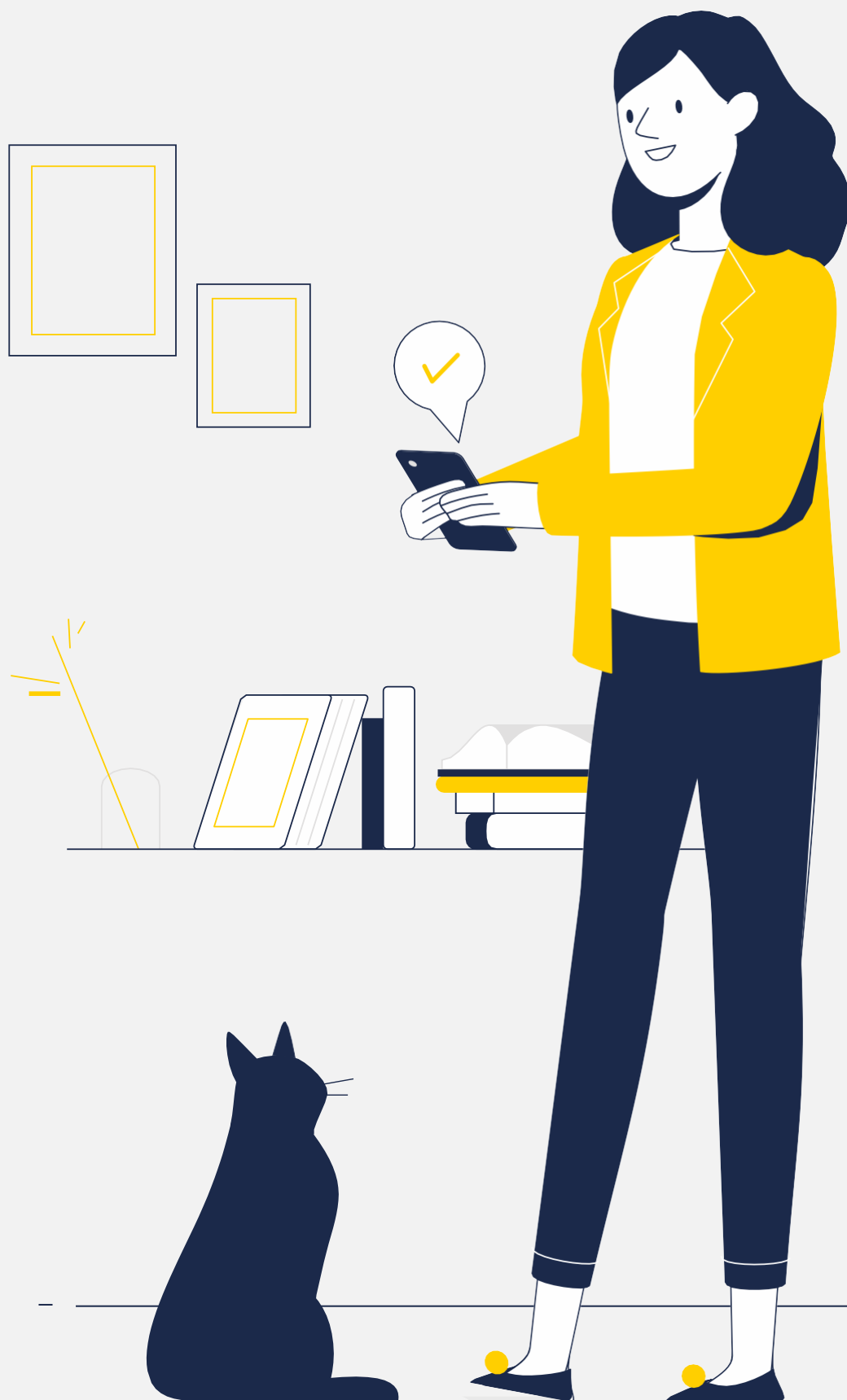


The outlook is that, during 2024, the context of deceleration in the growth of liquidity flows from the rest of the world to the Ecuadorian economy will continue. This is due to the fact that no increase in the international price of oil is expected in 2024 and a gradual reduction in oil production is projected due to lower investments in this sector, a primary source of dollar income for the economy and the government budget; international interest rates are expected to remain high at the international level, discouraging external financing of Ecuadorian companies; and the high level of uncertainty regarding the level of external financing that the government will receive in 2024, financing that will help cover the wide financing gap of the government, expected for the year 2024.

The wide gap between the government's needs and sources of financing projected for the year 2024 is the result of the structural problem of public finances, related to the fact that fiscal revenues are subject to volatility based on the production and price of oil in the international market, and the fact that the government's permanent expenditures exceed its permanent revenues. Because of the magnitude of the problem, it is expected that a combination of increased generation of arrears (as it was done in 2023), generating higher revenues, and reducing expenditures will be used to close the gap.

Indeed, the government of Ecuador is facing a serious financing crisis in 2024, with projected expenditures exceeding the revenues of the General State Budget by approximately 5 to 6 percentage points of GDP, which, in addition to the financing needs to pay foreign debt amortizations of more than USD 2 billion in 2024, leads to financing requirements of between 7 and 8 percentage points of GDP. Besides these financing needs, the costs of dealing with the insecurity crisis the country is going through must be added, which means higher government expenditures, and also lower projected tax revenues due to lower economic activity as a result of the insecurity.

Source: Banco Central del Ecuador.



To face this fiscal crisis, the government has taken some decisions in order to reduce or at least not widen the gap between the financing requirements and the sources of financing: among the most important, through the recently approved Economic Efficiency and Employment Generation Law, through which it expects to collect between 0.7 and 0.8 percentage points of GDP through a tax amnesty; additionally, the government did not proceed with the reduction of the currency outflow tax (COT) planned to be implemented in December 2023, thus avoiding the loss of more than USD 400 million; and, it has sent a bill to the National Assembly to increase permanent revenues through the increase of the value added tax (VAT) by 3 percentage points, which could generate approximately USD 1,800 million of additional resources. On the other hand, the government has mentioned the possibility of reducing its level of expenditures by approximately US\$2 billion, but has not presented to the public a concrete plan to do so.

Ideally, it is expected that the government, the opposition political parties, and civil society in general, reach an agreement on what permanent revenues to increase, and what permanent expenditures to reduce, in order to face the fiscal crisis in 2024, and more than anything else, to make public finances sustainable in the medium and long term.

By 2024, the insecurity problem is expected to be largely resolved, in order to substantially reduce the social, economic and human costs derived from insecurity. In this context of fiscal adjustment that will most likely be experienced in 2023, and an insecurity crisis in the process of being resolved, 2024 is expected to have similar or lower growth than 2023, even more so as issues such as the non-granting of environmental licenses for projects in natural resource extraction sectors, and in other sectors, to the extent that they have an environmental impact, remain unresolved.

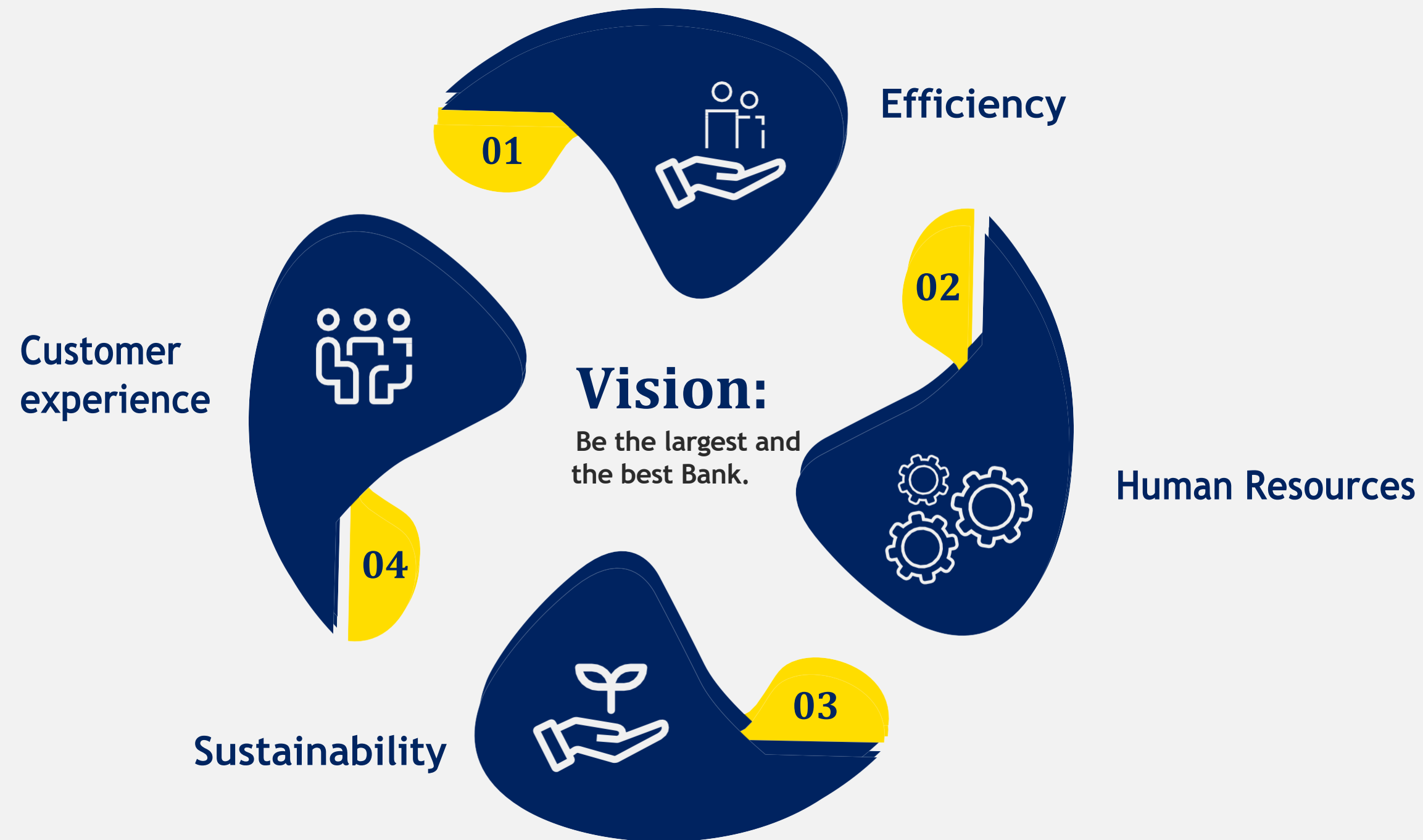
Additionally, economic growth in 2024 and beyond will also depend to some extent on the evolution of non-oil exports, which could be affected depending on whether the National Assembly approves the free trade agreement negotiated by the National Government with China, if the agreement also negotiated with South Korea is approved, and if aspects of the agreement with Costa Rica that were observed by the Constitutional Court are favorably renegotiated.

In summary, 2024 will be a year of definitions that will reduce the uncertainty of the private sector regarding its investment decisions, decisions that are expected to be favorably resolved, which will result in growth of production and employment.



Our Bank

Strategic Profile

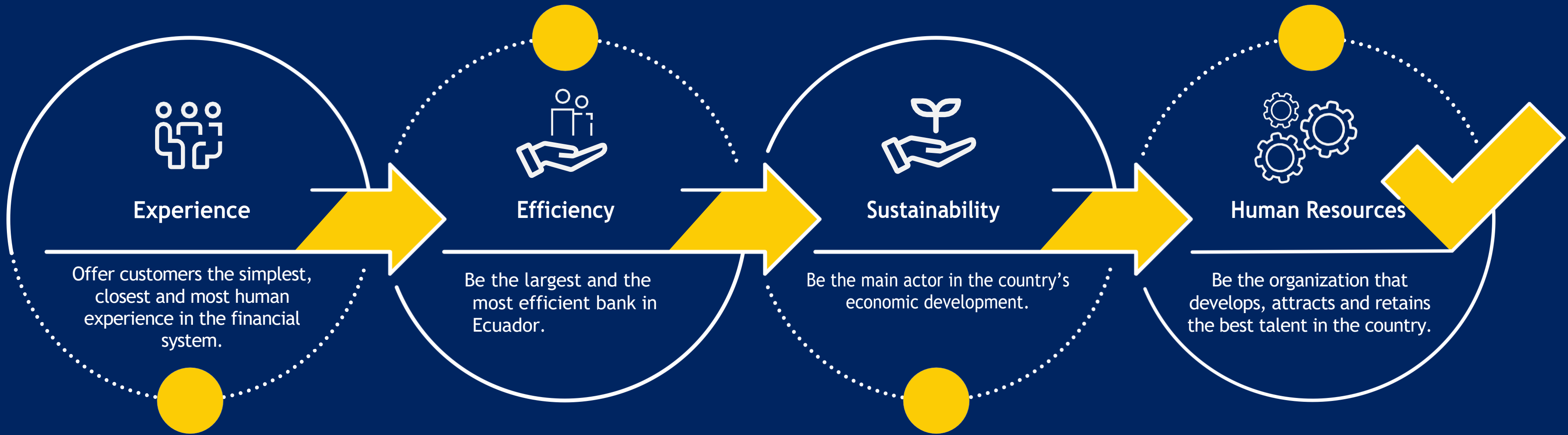


Mission: Inspire and reward trust.

Institutional Values

Coherence • Responsibility • Effort • Transcendence

Strategic pillars



Values



Coherence: be and seem.

We act with integrity, honesty and transparency with customers, employees, suppliers, shareholders and the community.

We foster sustainability relationships with customers in the segments in which we operate, seeking to be decisive, agile and consistent.

We are reciprocal with our employees based on business results and individual performance.

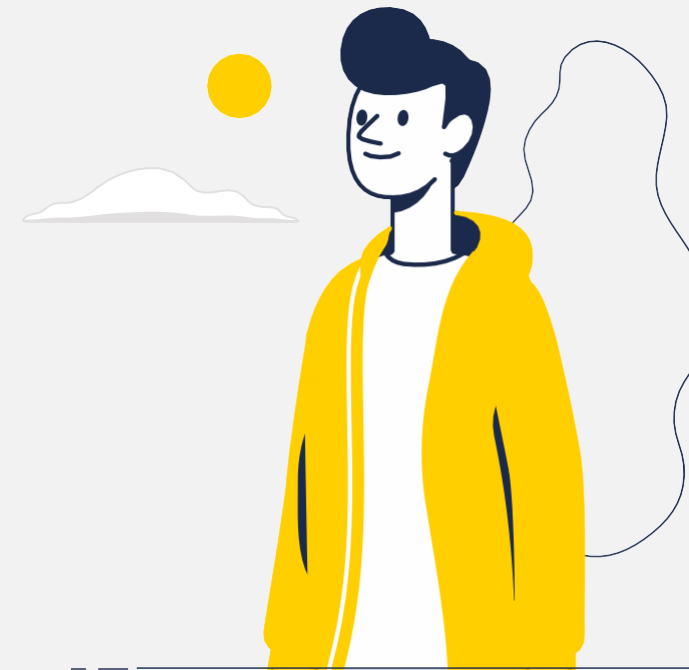


Responsibility: be aware of the importance of what and how.

We take charge of our actions and inactions, decisions and commitments assumed, being open to accountability.

We act within our management scope considering the impact we have on our customers, employees and organization.

We promote a culture of autonomous, committed, diligent and decisive action.



Effort: be better to be the best.

We act with excellence in everything we do, defining clear and challenging objectives that exceed the expectations of our customers, employees and shareholders.

We promote a high-performance culture that differentiates the excellent contribution, generating development and growth of people.

We constantly challenge ourselves, identifying business opportunities, taking calculated risks to generate sustainable results.



Transcendence: be future.

We get involved in the community, being responsible with it, promoting inclusion and generating development.

We accompany our customers throughout their life cycle with financial solutions and long-term vision.

We act as “business owners” promoting the sustainability of our actions with the aim of building the legacy.

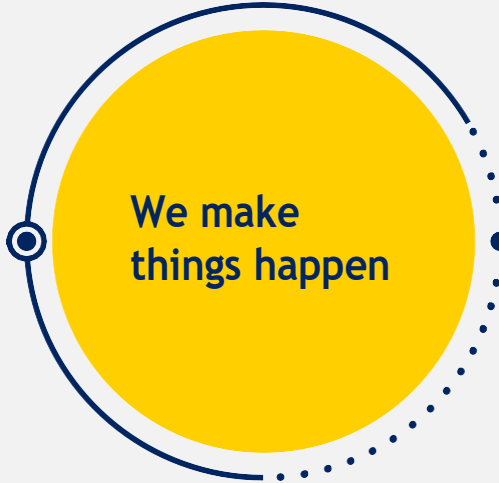
Cultural principles



We are a customer centric bank, the customer experience is our priority. We go out of our way for the customer's dreams (which are also our own).



My professional growth is the growth of my country. At the bank, I can go as far as I want to go.



We transform ideas into projects and projects into reality. We do everything in our power to respond to what is entrusted to us.



We care for and look after the Bank's interests and feel that they are our own. We take responsibility for our decisions, actions and commitments, promoting the sustainability of the organization for the future.



We are here to simplify the customer's life. We work to make our processes fair and necessary for the internal and external customer.



We are all in the same boat and we move forward together and united. We work in a healthy collaboration, making everyone feel part of it, knowing the common north and sharing objectives.

Segments and main lines of business

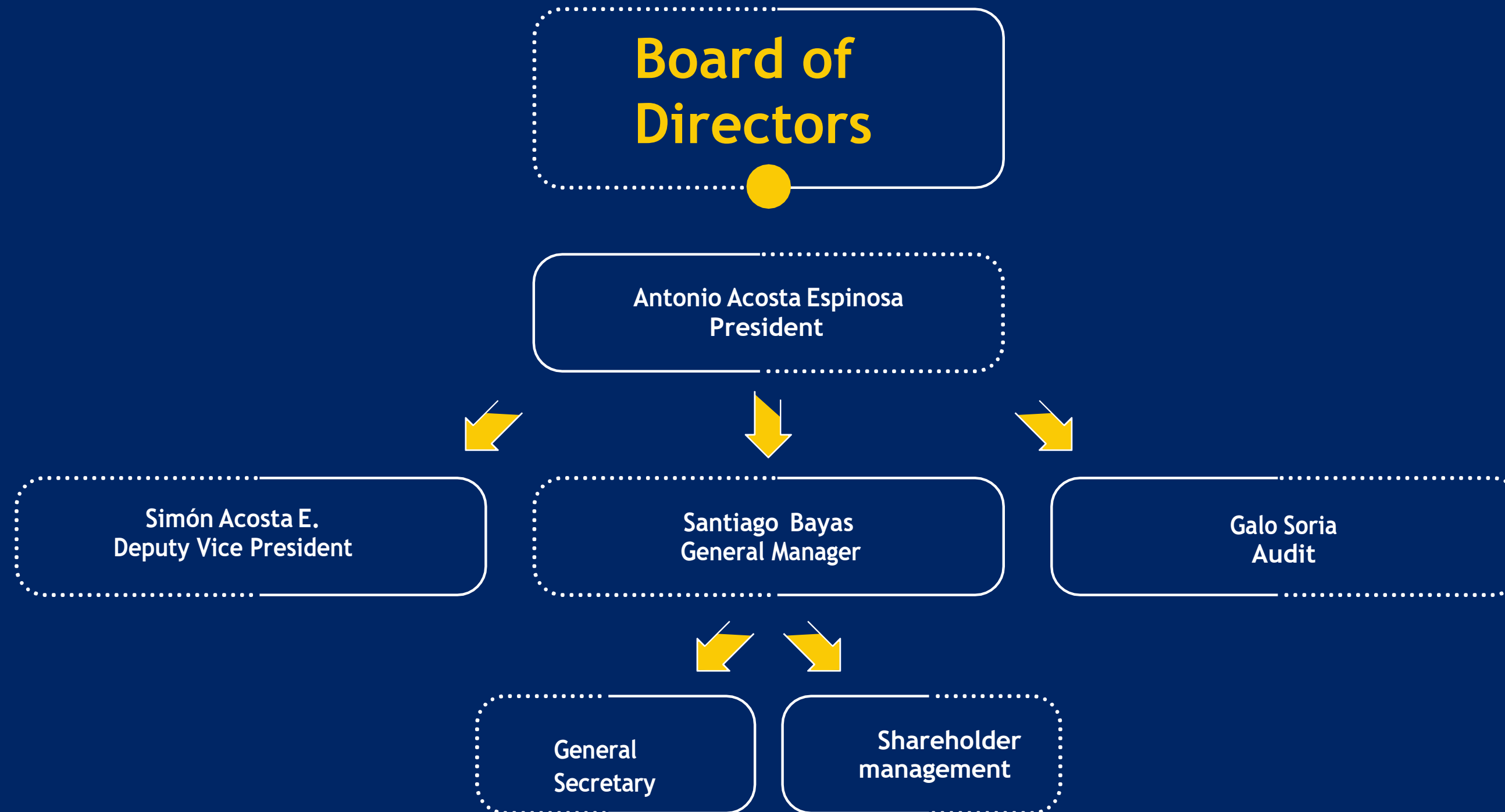
We are a multi-segment bank that serves more than 5 million customers nationwide through various service channels, making banking easy and close to them.



Channels ■ Agencies ■ ATMs ■ Mi Vecino ■ Web Banking ■ Mobile Banking ■ DeUna ■ Telephone Banking ■ Whatsapp

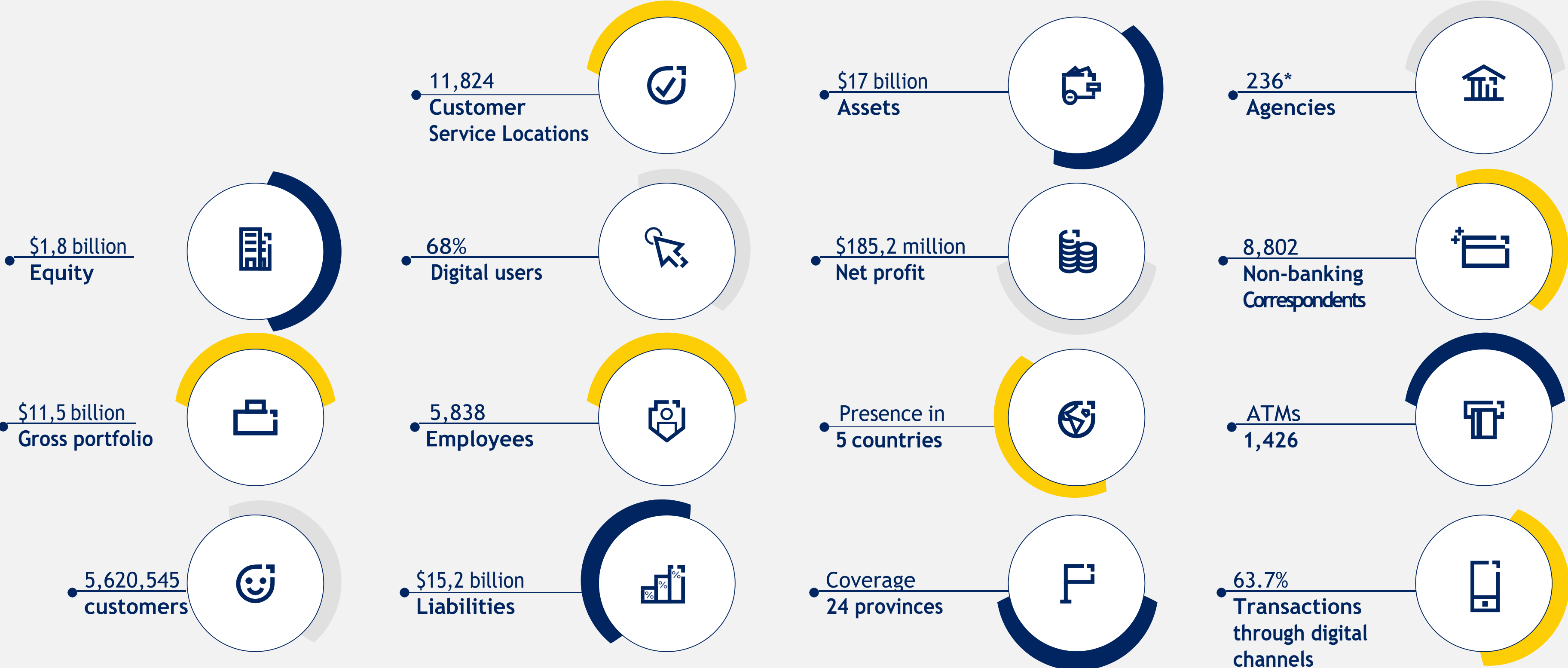
Organizational structure

General organizational chart - December 2023





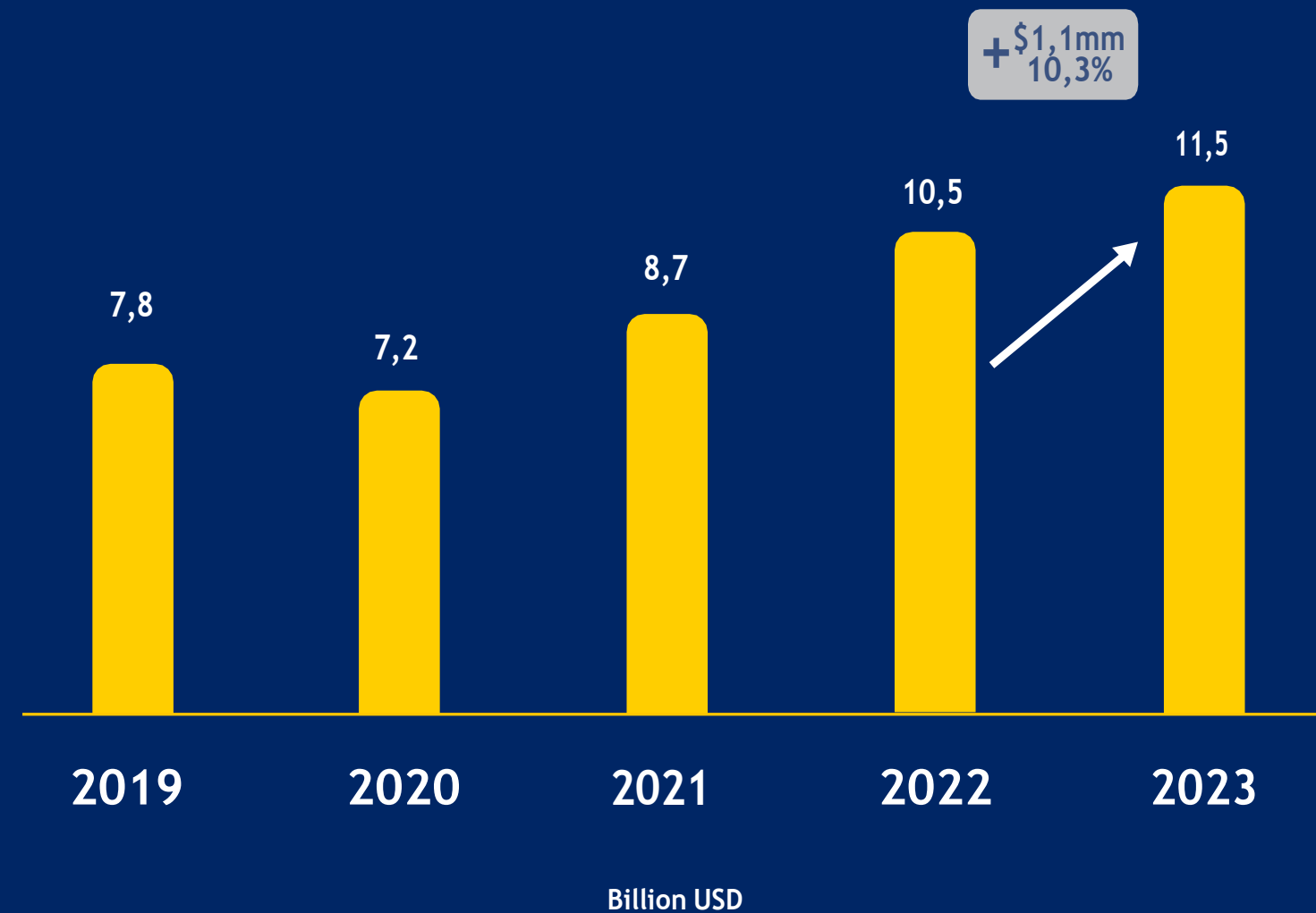
Impact Data



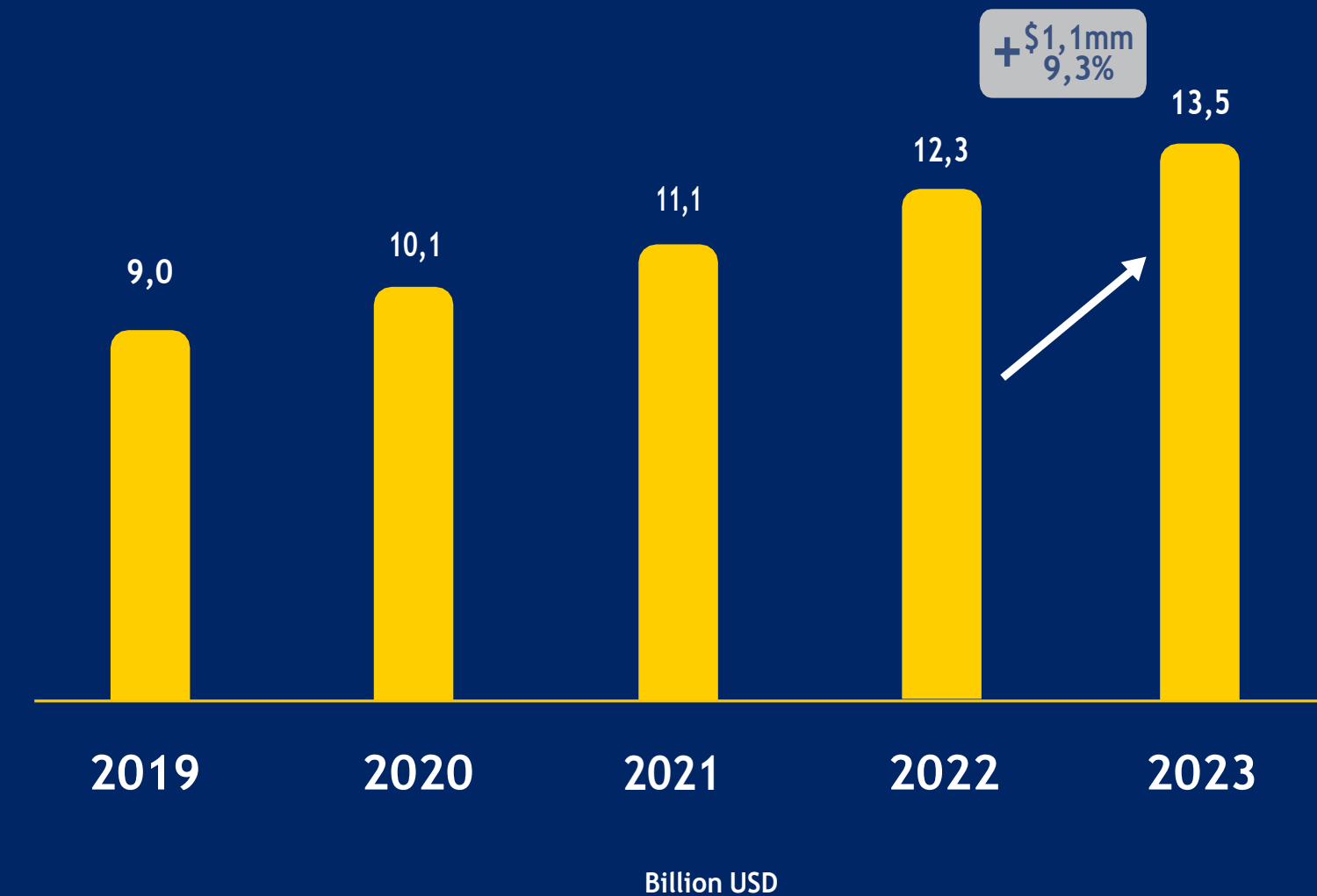
*Include mobile agencies, teller windows, virtual point of sale, special offices, headquarters.

Financial results

Gross Portfolio



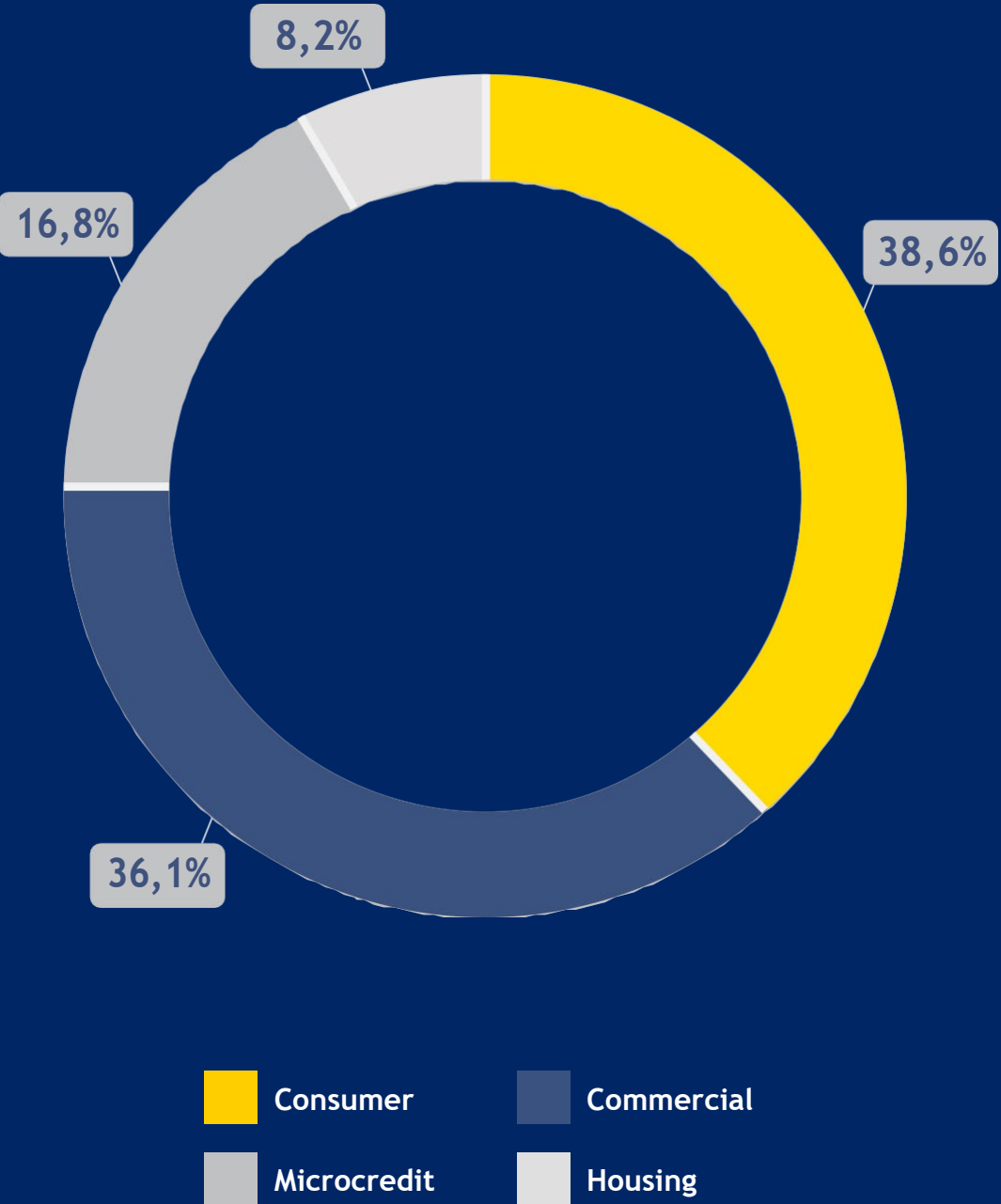
Obligations to the Public



Banco Pichincha's results reflect the good management and strength of the organization. We are the largest bank in the country with USD 17 billion in assets and more than 5 million customers nationwide. We grew 10.3% in gross portfolio with respect to the previous year, which represents USD 1.1 billion, supported by a responsible management of deposits, which grew USD 1.1 billion, equivalent to a 9.3% annual increase.

We are a multi-segment bank that serves all sectors of the country, which makes us a dynamizing agent of the national economy. 38.6% of our portfolio is destined to the consumption of goods and services to finance personal expenses, while 36.1% is directed to all sectors of the economy, industries, commerce, agriculture, construction, bio-credits, loans to women, among others.

Committed to inclusion and sustainability, Banco Pichincha serves the financial needs of entrepreneurs and micro-entrepreneurs, which is why 16.8% of our portfolio is concentrated in this segment. We also finance mortgage loans, public housing and educational loans, which represent 8.2% and 0.3% of the Bank's gross portfolio, respectively.



It is a priority for the Bank to manage its assets correctly and maintain adequate levels of non-performing loans. In 2023 we grew 0.3% over the previous year in the past-due portfolio indicator, closing the year with a total gross delinquency ratio of 3.5% due to several adverse events such as the earthquake that occurred in March 2023, the effects of the El Niño phenomenon and also the increase in crime linked to the issue of extortion tax that directly affect small businesses that have been impacted in their sales and the sales force of the organization that has not been able to perform normal collection management.

One of our strategic objectives for 2023 was to generate initiatives that would allow us not only to grow our balance sheet, but also to provide a better experience to our customers so that they really perceive a value offer that differentiates us from our competitors. This has allowed us to achieve a market share in the banking system of 27.5% in the total portfolio product and 29.2% in obligations to the public at the end of that year. These results reflect that, despite the tough competition in the sector, we continue to position ourselves as leaders in the banking system.

In January 2023, Banco Pichincha structured the third series within the DPRs (Diversified Payment Flows) program, channeling USD 200 million to the Microcredit and SME segments. All of the funds went to female costumers, furthering our commitment to gender equality and the economic development of the country.

In the second half of the year, Banco Pichincha closed a syndicated loan with different banks in Central America for USD 50 million, which represented a milestone for the organization, strengthening its name and positioning in the region.

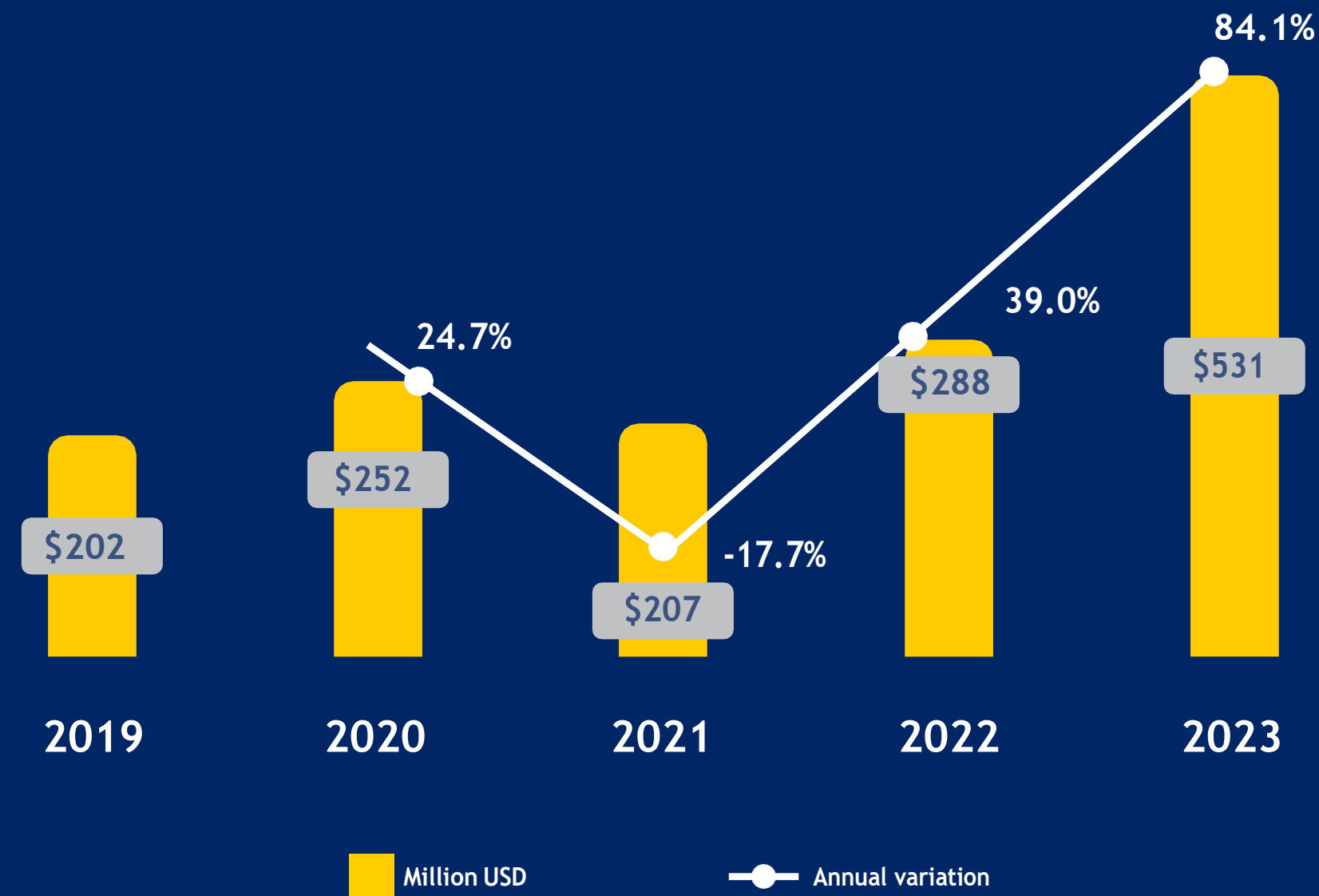
Finally, in December we signed a USD 70 million subordinated loan with FMO (Dutch acronym for the Dutch Development Bank), whose funds will be used for Green, SME and Micro credits.

Locally, this year we signed the CRECER Participation Agreement with CFN (Corporación Financiera Nacional) through which we received USD 20 million, all of which will be allocated to the Microcredit and SME segments with a focus on women customers, thus collaborating with the Bank's SER Impulso Mujer program as part of its commitment to sustainable and inclusive management.

These funding efforts guarantee the stability and security of our operations. These initiatives not only demonstrate the bank's strategic vision, but also reflect a commitment to maintaining healthy liquidity levels, a badge of Banco Pichincha that makes a significant difference in the institution's ability to cope with complex situations.

In 2023, the change in customers' approach to the way they save intensified, migrating part of their liquidity surpluses to time deposits, so that interest paid increased by 84.1% over the previous year, resulting in an annual growth in net interest of 0.3%, as opposed to the 39% growth reflected between 2021 and 2022.

Interest paid

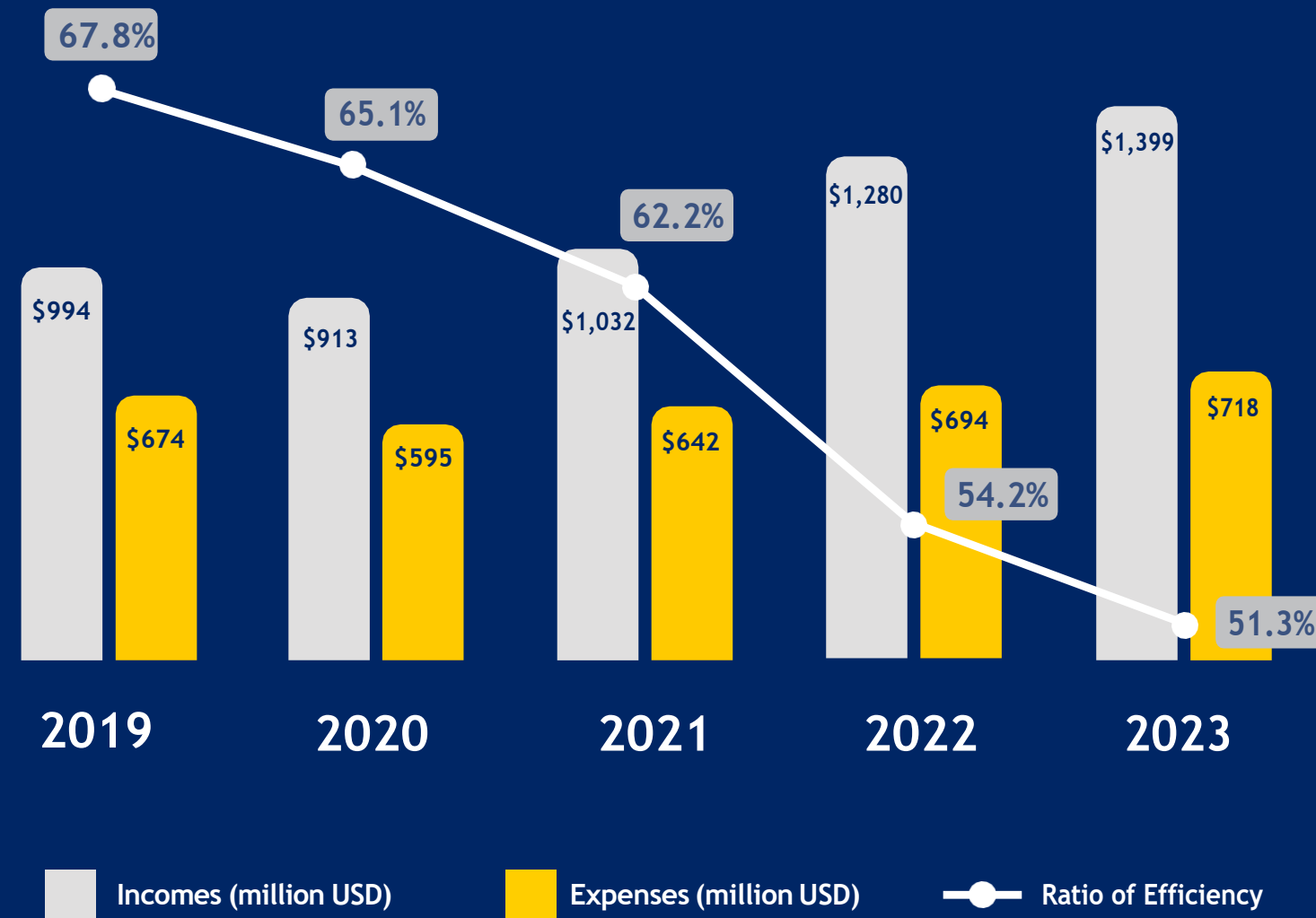


We are a bank characterized by providing integral solutions to our customers; we not only finance their dreams and projects, but we also offer other banking services through multiple service channels such as credit and debit cards, cash management, non-bank correspondents, withdrawals, deposits and advances at ATMs, foreign trade, transportation of securities, insurance, among others. These revenues have become more relevant given the contraction of net interest income.

Banco Pichincha has experienced a significant improvement in its efficiency ratio, marking a milestone in the optimization of resources and the delivery of results. Operating expenses grew 3.5% annually, USD 24.2 million; this increase has been prudently managed, directing resources strategically towards areas that generate a greater impact on the value offer to the customer. The implementation of innovative technologies and the development of projects have been fundamental pillars in this process of continuous improvement.

Digital transformation and strategic investment have been the main drivers behind the improvement in the organization's efficiency ratio from 67.8% in 2019 to 51.3% at the end of 2023. This balanced approach between increased spending and revenue generation has positioned the bank, solidly and sustainably in the financial sector.

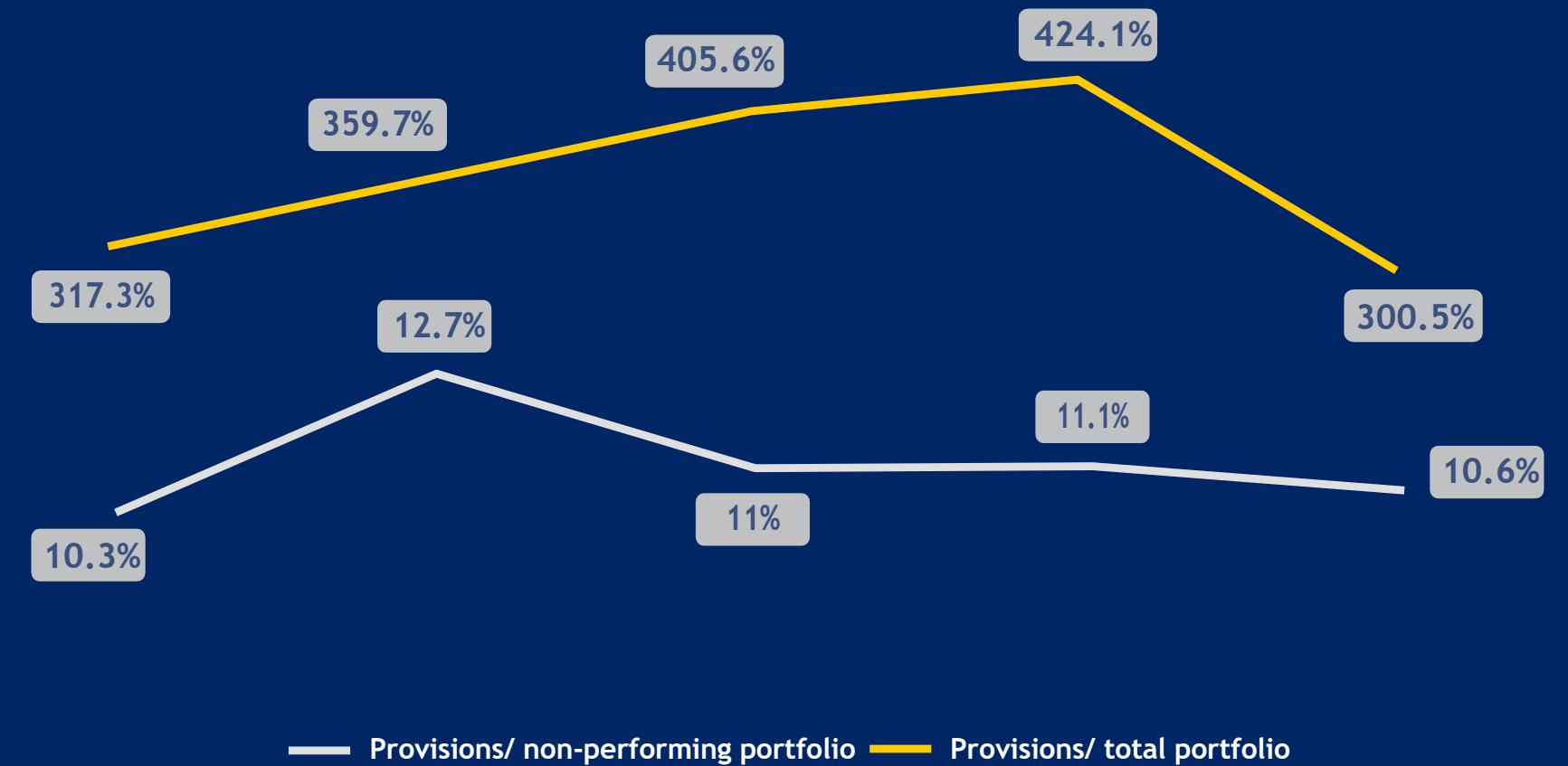
Efficiency



Banco Pichincha has significantly increased its provisioning expense, marking a proactive approach to risk management and financial strength. This 15% increase, which represents an increase of USD 65.2 million over the previous year, reveals the institution's strength and long-term vision.

The Bank's ability to increase provisions demonstrates its unwavering commitment to risk mitigation and asset protection and positions us as a solid institution to face any eventuality. This is reflected in our nonperforming loan and total portfolio coverage ratios, which at the end of 2023 were 300.5% and 10.6%, respectively, and which far exceed those of our competitors.

Portfolio coverage



Finally, we closed the year with a net income of USD185 million. This positive net result is not only a financial achievement, but also a testament to our commitment to excellence. We acknowledge the trust placed in us by our customers and reaffirm our ongoing commitment to providing sound, customer-oriented financial solutions.

Balance Sheet (millon USD)

Assets	2019	2020	2021	2022	2023	Annual Var. 2022 - 2023
Available Funds	1,573	2,836	1,824	2,218	1,904	-14.2%
Investments	1,778	2,235	2,535	2,564	3,229	26.0%
Net Portfolio	6,963	6,287	7,752	9,308	10,317	10.8%
<i>Gross Portfolio</i>	7,761	7,200	8,709	10,468	11,543	10.3%
<i>Provisions</i>	-798	-913	-958	-1,160	-1,226	5.7%
Other Assets	1,123	1,257	1,290	1,376	1,598	16.2%
Total Assets	11.437	12,615	13.400	15,465	17,048	10.2%
Liabilities						
Obligations to the Public	8,990	10,142	11,060	12,306	13,454	9.3%
Other liabilities	1,186	1,207	996	1,681	1,789	6.4%
Total Liabilities	10,176	11,349	12,056	13,987	15,242	9.0%
Total Equity	1,131	1,266	1,344	1,478	1,806	22.2%

Income statement (million USD)

	2019	2020	2021	2022	2023	Annual Var. 2022 - 2023
Net Interest	724,0	685,0	788,0	960,6	963,1	0,3%
+ Net commissions	39,6	32,5	38,7	33,0	55,5	68.0%
Financial Margin	763,6	717,5	826,7	993,6	1,018.5	2.5%
+ Other operating income	230,2	195,7	205,4	286,1	380,2	32.9%
Financial income	35,5	23,9	3,8	23,1	72,9	215.2%
Services	194,7	171,9	201,7	261,9	307,2	16.9%
(-) Operational expenses	673,6	594,9	641,8	693,7	717,9	3.5%
Operational Margin	320,3	318,3	390,3	586,0	680,8	16.2%
+ Net non-operating income	45,7	48,3	108,4	59,3	50,4	-15.0%
+ Income in shares and participations	15,8	16,1	-6,8	12,3	20,0	-62.0%
(-) Provisions	186,7	309,3	338,0	435,9	501,1	15.0%
Gross Profit	195,1	71,4	153,9	221,8	250,1	12.8%
(-) Income Tax and Participation Employees	64,5	23,4	51,7	71,7	64,9	-9.5%
Net Profit	130,6	50,1	102,2	150,1	185,2	23.4%

Financial Indicators

	2019	2020	2021	2022	2023
Portfolio delinquency	3.2%	3.5%	2.7%	2.6%	3.5%
Provisions/ total portfolio	10.3%	12.7%	11.0%	11.1%	10.6%
Provisions / non-performing portfolio	317.3%	359.7%	405.6%	424.1%	300.5%
Liquidity (Available funds/ Total short-term deposits)	21.7%	32.7%	20.2%	23.0%	18.5%
Efficiency	67.8%	65.1%	62.2%	54.2%	51.3%
ROA	1.2%	0.4%	0.7%	1.1%	1.1%
ROE	11.3%	4.0%	8.2%	11.4%	12.2%
Technical equity	12.5%	13.4%	12.2%	12.0%	11.9%

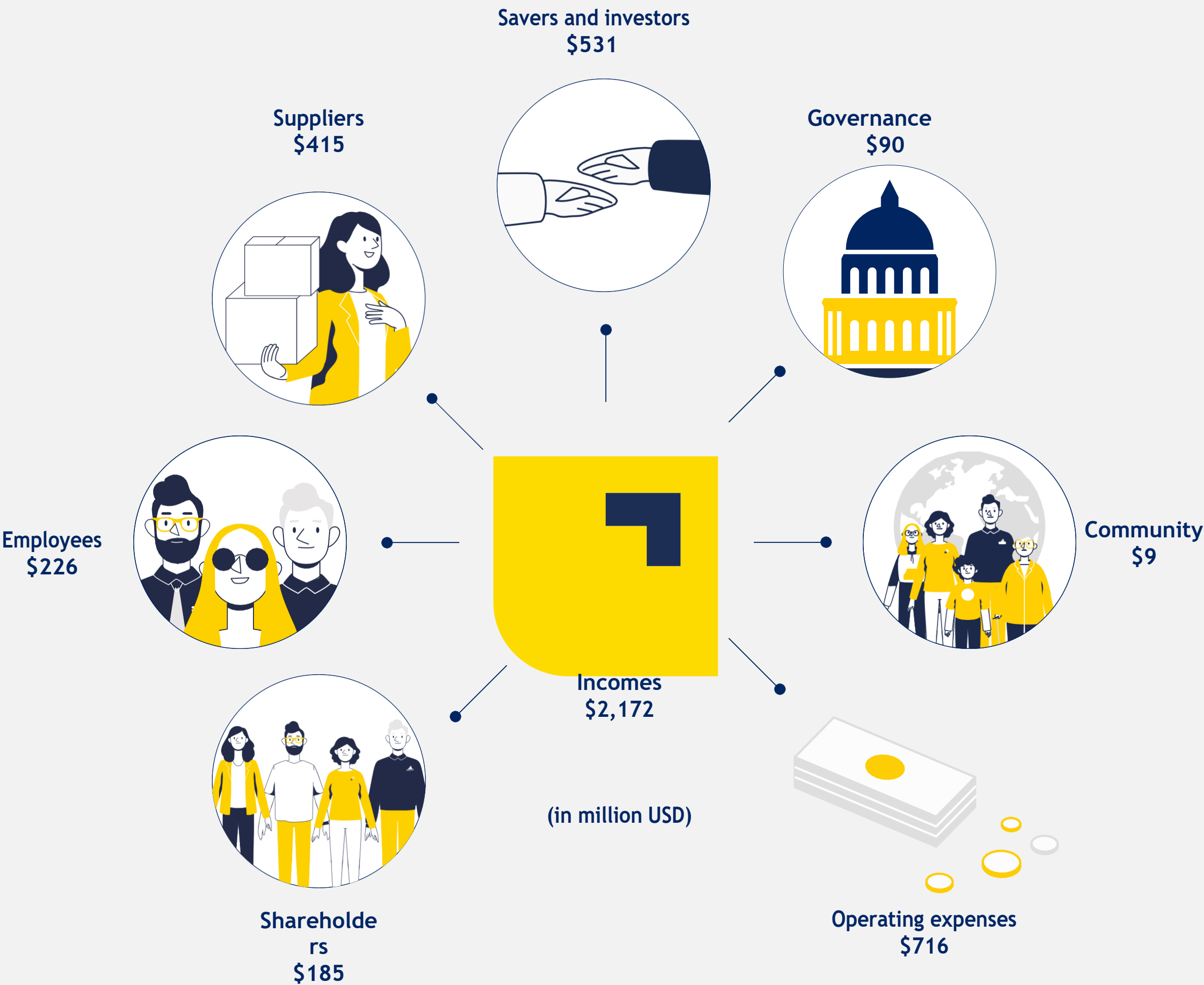
Economic value generated and distributed

Banco Pichincha channels the economic value derived from its income to various destinations, which translates into interest payments to savers and investors, compensation to suppliers for products and services¹, salaries for employees, taxes to the government, social investment in the community and dividends to shareholders.

In order to support solid and sustainable growth, we reinvest in our own business operations, including provisions, technology, infrastructure and other operating expenses.

Thanks to the effective strategies managed throughout the year, the economic value generated by the organization grew 23.6% over the previous year.

Banco Pichincha demonstrates its commitment to social welfare by allocating USD 9 million to various initiatives, including scholarships, support for athletes, financial education, donations, sponsorship of Fundación CRISFE and support for philanthropic projects. Through these actions, the Bank contributes to improving the quality of life and sustainable development of the country's communities.



¹ In 2023, we have contracted the auditing services of PricewaterhouseCoopers del Ecuador Cia. Ltda. for the fiscal year ended December 31, 2023. The professional fees corresponding to this audit, amounting to USD 420,864, were agreed on May 12, 2023. In addition, we have not contracted any additional services with this firm. We emphasize that the fees waived do not generate dependence on the aforementioned auditing firm.

Digital Transformation

We are a centrally located, agile and close customer bank

In recent years, transformation in the banking sector has been crucial to adapt to a dynamic and challenging business environment, as evidenced by the significant change in the way banks approach innovation and operational efficiency. This transformation process has become imperative in a global context marked by the pandemic, where continuity of financial services remained a priority.

As the banking sector faced unprecedented obstacles, the need to adopt agile methodologies became evident. Agility allowed Banco Pichincha to respond quickly and effectively to market demands, accelerating the rate of development and adaptation, which has been reflected in the automation, improvement and digitalization of various operations to ensure access and continuity of financial services.

In this scenario Banco Pichincha has adopted an agile approach in its management, integrating multidisciplinary teams to maximize efficiency. Guided by OKRS (Objectives and Key Results), the teams, known as "tribes", are organized into specialized cells, incorporating experts in different areas to optimize the user experience.

This model not only accelerates innovation, but also improves the organization's ability to respond effectively to changing market dynamics. In this context, below, we highlight some of the advances and initiatives that have been managed in 2023:

We do banking in easy version.

We serve 3.8 million customers in our digital channels. We have 3.7 million customers in our App and 540 thousand customers in Web Banking.



Our customers conducted 46.5 million monetary transactions in our digital channels in 2023. Of these, 45 million were conducted in mobile banking and 1.5 in Web Banking.

In 2023, our customers moved USD 6.7 billion in our digital channels. This amount was greater than the amount transacted in physical channels.

We optimize our customers' time.

Banco Pichincha has implemented significant improvements to optimize our customers' time, offering them self-management options that allow them to carry out transactions quickly, efficiently and securely.

Now our customers can store and pay their credit cards from any bank from their Banco Pichincha Mobile Banking with a just one click.

We incorporated the SRI and IESS to our network of services so that our customers can pay from their mobile banking.

By 2023, we will have the largest offer of payment services nationwide, with 3,409 companies available in our web and mobile banking, avoiding the need for customers to make transactions at an agency.

As of 2023, our customers can now view their credit card movements, their total and available quotas, and download account statements directly from our Mobile Banking.

We have also improved the experience in our app, providing greater detail in account movements from Mobile Banking and in the process for sharing vouchers.

Regarding credit, our customers can now visualize their credit amortization table and pre-cancel them.

The flow of creation of transactional accounts and savings accounts has been improved. Now our customers can open their flexible savings account in 3 minutes and investments with renewal and cancellation.

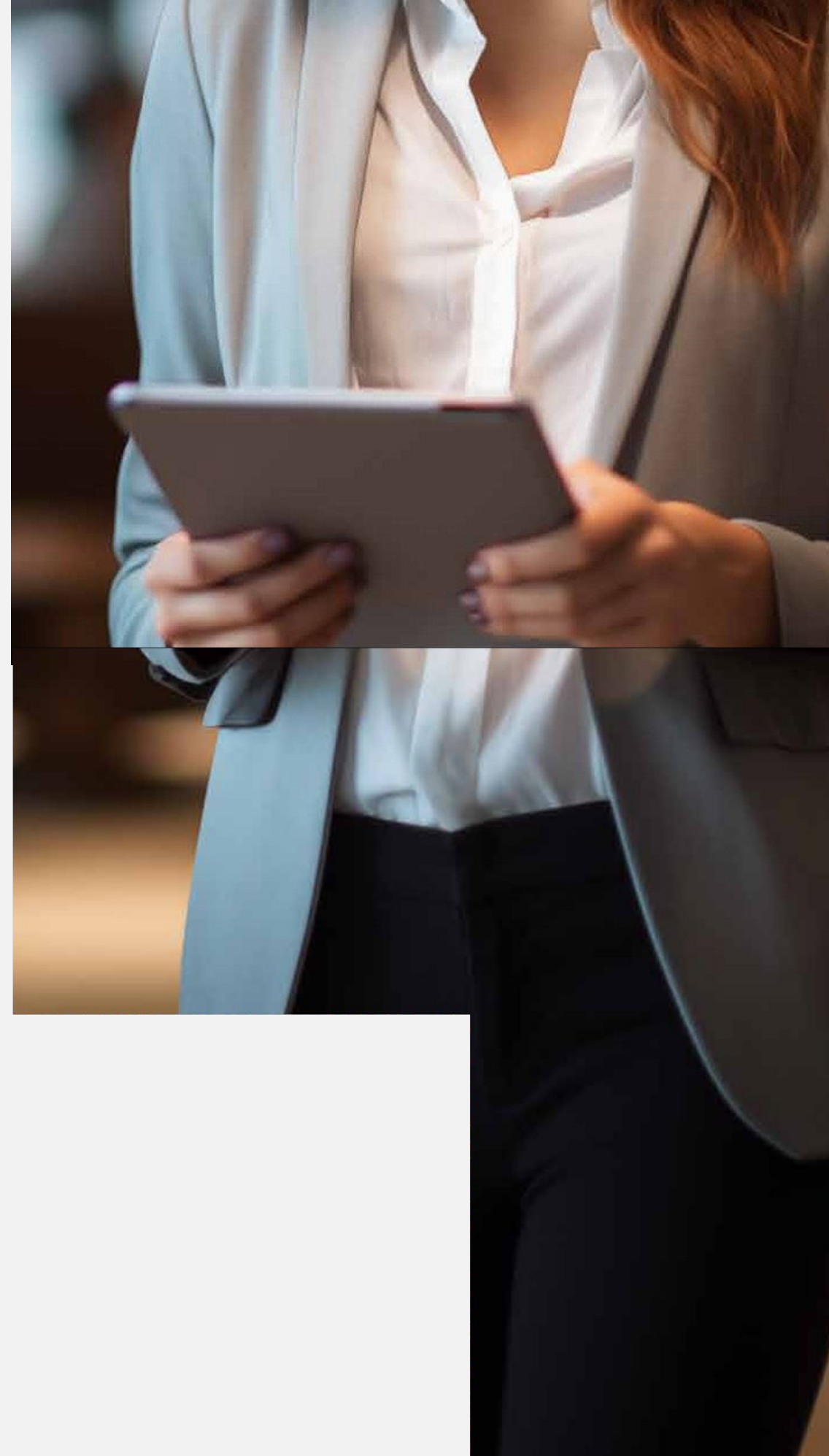
We are an inclusive bank

Our app is still the only one that allows visually impaired people to perform their transactions without any limitation. The application maintains native screen reading enabled in IOS and Android systems, which must be activated from the device's accessibility settings, choosing the Voice Over and Talkback options, respectively.

We are the only Latin American institution to be recognized for reducing the gender gap by the World Economic Forum in 2023.

We are strategic allies of the productive sector

Banco Pichincha has established important strategic alliances with companies committed to sustainable development. Through these agreements we are linked to small producers, recognizing the contribution of these actors to the country's economy and actively promoting the development of the agricultural sector.



We work with Business Banking, the new digital channel for companies, which is a comprehensive digital solution that is intuitive, simple, self-managed from beginning to end, frictionless and very secure. Customers throughout the business segment can access services such as consultations, payments, collections, credits, investments, among others.

With this channel, we reduced the time in the affiliation processes to two days on average, with zero physical documentation, through self-managed processes, allowing a better experience in channel navigation, with a more intuitive and secure platform.

On the other hand, we improved our collections product so that large public and private companies that offer products and services can be connected to the Bank's different channels, such as agencies, CNBs, web banking, mobile banking. In this way, customers and non-customers of the bank can make payments for their services online, using their accounts or receiving payments in cash.

As for the Foreign Trade and Operations areas of the Bank, we implemented the new DOKA operating platform that allows internal or external users to have online information available for consultations or reports according to their needs, facilitating the self-management of information without relying on physical documents. With the automation and centralization of processes in a single tool, we have been able to significantly reduce the time it takes to issue a transaction.



Awards 2023

BANCO
PICHINCHA





Fintech Americas

The eighth edition of the award recognizes the innovators and boldest projects that are transforming the financial industry in the Americas and the lives of million of customers served by the industry. Banco Pichincha received Platinum recognition in the Customer Experience (CX) category with the project Digital Mortgage Credit - 5-minute offer.



Euromoney Awards for Excellence

The Awards for Excellence were established more than 30 years ago and remain the industry's most prestigious and sought-after accreditation. The Awards for Excellence are global and each year banks from more than 100 countries participate. Banco Pichincha was awarded Best Bank in Latin America in Corporate Responsibility 2023 for the development of several strategies to promote social inclusion and improve gender dynamics in Ecuador.



Microrate

Credit rating agency specialized in microfinance, its experience is based on more than 25 years, has recognized Banco Pichincha (Microfinanzas), of Ecuador, with a five-star social rating: first class in Social Performance. For its excellent performance.



Euromoney Market Leaders

The Euromoney Market Leaders rankings take internal bank data as well as external customer reference data to create a global index of banking and financial leaders and provide their definitive guide to the banks that matter in a country-by-country ranking.

Banco Pichincha has been ranked as:

- Market Leader in the Digital Solutions.
- Marked Leader in the Environmental, Social and Governance (ESG) Category.
- Highly Commended in the Corporate and Social Responsibility Category (CSR).



Global Finance SME Awards

Global SME Finance Awards capture the effective and successful practices of financial institutions, honoring innovative products and services for SME customers. In its sixth edition, they distinguish Banco Pichincha in the following categories:

- Product Innovation of the Year with an honorable mention for its development in Agro products.
- Social Bonus of the Year as winner of the category for its Gender Bonus.



Latin Finance

Celebrates excellence in financial services in Latin America and the Caribbean and distinguishes Banco Pichincha as Bank of the Year in Ecuador for continuing to add customers with its innovative financial inclusion strategies.



Best Tech Project

This award is promoted by DATTA magazine and recognizes the most relevant companies in the Ecuadorian market that have implemented digital technology projects.

The project "Development and implementation of sales inference model for the small business segment (SBS) using data bricks" worked in collaboration between Microsoft and Banco Pichincha, has been distinguished in the Gold category as deserving of the most prestigious recognition in the Information and Communication Technologies industry: Best Tech Projects Quito 2023.



ID Foro

For the fifth consecutive year, they recognize the talent, dedication and commitment of companies and organizations for breaking barriers to advance towards a safe, sustainable and inclusive digitalization; within the categories: Leadership, Inclusion and Resilience.

Banco Pichincha received the award in the Resilience category, granted to the CNB Satelital project of Banco Pichincha del Ecuador, for the provision of connectivity services in remote and excluded areas, enabling access to digital services for the population.



Socially Responsible Company

Corporación Ecuatoriana para la Responsabilidad Social & Sostenibilidad - CERES has recognized Banco Pichincha with the ESR® 2023 Distinction, for the third consecutive year, as a result of its public and voluntary commitment to implement socially responsible management in the company and assume the management of a continuous improvement process to increase CSR standards in the areas of Quality of Life in the Company, Ethics and Corporate Governance, Community Engagement and Care and Preservation of the Environment.



Inclusive Company Seal

It is a recognition for companies with good practices that favor the socioeconomic inclusion of refugees in Ecuador.



Safe Company Seal (SES)

It is granted by the Chamber of Industries and Production (CIP), the Ministry of Labor, the Ministry of Production, Foreign Trade, Investment and Fisheries, and the Public Procurement Service. It also has the technical assistance of the PreViMujer program of the German Cooperation, implemented by GIZ. This award is intended to contribute to the prevention of violence against women.

Banco Pichincha was awarded the Safe Company Seal in November 2022, due to its gender inclusion programs, including the SER Impulso Mujer initiative.



Global Compact Ecuador Network

It is a recognition for companies with good practices that favor the socioeconomic inclusion of refugees in Ecuador.



Most influential brand

Ipsos places Banco Pichincha in the Ranking of Most Influential Brands as the 5th most influential brand at national level and the first within the financial sector.

Ranking published in América and Economics in July 2023.



Corporate Reputation

Ipsos places Banco Pichincha in the General Ranking of Corporate Reputation in position #18 and in position #2 in the Ranking within the Financial sector.

Ranking published in Ekos in June 2023.



Top of Mind 2023

Advance consultora ranks Banco Pichincha as the first most remembered brand in the minds of consumers in the Financial Institutions category.

Ranking published in Vistazo Magazine, June 2023.



Merco

(Monitor Empresarial de Reputación Corporativa) places Banco Pichincha in its General Ranking 2023 in position #9, improving 8 positions compared to the ranking published in 2022, while in the Sector Ranking Banco Pichincha occupies position #2.

Ranking published in El Universo newspaper, December 2023.



Employer brand

Merco Talento Universitario ranked Banco Pichincha in first place among the financial sector entities where young university students would like to work, while in the general ranking, it is in fourth place among the national companies preferred by future professionals.

Ranking published in El Universo newspaper, December 2023.



Ipsos

Ipos Employer Branding analyzes the companies that generate the most jobs in Ecuador and ranks Banco Pichincha #9 nationally among the largest employers. As for the ranking which identifies the perception of positioning as an aspirational place to work, Banco Pichincha is ranked #6 in Ecuador.

Ranking published in Ekos Magazine, December 2023.

Risk Rating



“Prestigio, Rapidez y Respuesta Ágil”

CERTIFIES

That the Risk Rating Committee No. 410-2023 held on December 12, 2023, with the analysis of the financial information as of September 30, 2023, agreed to assign the following rating category to **Banco Pichincha C.A.**

“AAA”

AAA Category: The financial institution's situation is very strong and has an outstanding track record of profitability, which is reflected in an excellent reputation in the environment, very good access to its natural money markets and clear prospects for stability. If there is a weakness or vulnerability in any aspect of the institution's activities, it is entirely mitigated by the organization's strengths.

The categories described can be assigned (+) or (-) signs to indicate their relative position within the respective category.

In Quito, on the 12th day of December 2023.

Econ. Santiago Coello
General Manager

“The information used in this rating comes from official sources; however, we do not guarantee the reliability and integrity of such information, and we are not responsible for any errors or omissions in the use of such information. The ratings of PCR - PACIFIC CREDIT RATING constitute an evaluation of the risk involved and an opinion on the credit quality, and do not imply a recommendation to buy, sell or hold a security; nor a guarantee of payment of the same; nor stability of its price”

BANKWATCH RATINGS S.A.

CALIFICADORA DE RIESGOS

CERTIFI ES
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BANCO PICHINCHA C.A.

and that as of September 30, 2023, the rating
is maintained at

“AAA-”

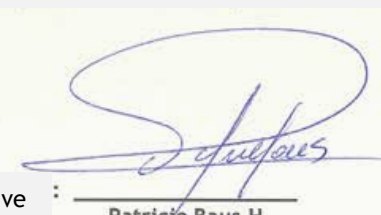
Stable outlook

According to the local rating scale, the indicated category has the following definition:

“The financial institution's situation is very strong and has an outstanding track record of profitability, which is reflected in an excellent reputation in the environment, very good access to its natural money markets and clear prospects of stability. If there is a weakness or vulnerability in any aspect of the institution's activities, it is entirely mitigated by the organization's strengths”.

The rating granted belongs to a local scale, which indicates the relative credit risk within the Ecuadorian market, and therefore does not incorporate convertibility and transfer risk. The rating incorporates the risks of the economic environment and systemic risk

Legal Representative :


Patricio Baus H.

Quito, December 21, 2023

Note: The Rating is not a recommendation to invest or maintain commitments with an entity, but a risk assessment whose knowledge allows the public and other entities in the sector to have access to a better negotiation capacity.

Pichincha Group





Subsidiaries
in the country

Pague Ya

Pague Ya is a collection company and strategic partner of Banco Pichincha, we are part of Grupo Financiero Pichincha (GFP). We apply integrated collection processes through call centers, other customer contact mechanisms and personalized attention. We are proud to be the largest collection company in the country.

Mission

Be the best in the provision of services related to credit and difficult-to-collect assets.

Vision

Provide our customers with administrative, financial and legal solutions in a timely manner, ensuring the sustainability of the company, profitability for our shareholders, with demanding standards of quality and service, through constant innovation with the best human talent, contributing to the development of the country.

Institutional Values

Coherence - Responsibility - Effort - Transcendence.

Relevant facts

In 2023, Pague Ya focused its efforts and resources on strengthening its portfolio recovery processes in all ages of delinquency, consolidating its position as a strategic partner for Grupo Financiero Pichincha in the treatment of difficult-to-recover assets.

Throughout 2023, it provided support to Banco Pichincha in the implementation of effective solutions for credit recovery in a context of economic slowdown, political uncertainty and country risk growth. A joint effort that managed to meet the expectation of the annual goal of the organization's delinquency rate.

As part of a service diversification strategy, in June we implemented a collection law firm at the service of our assignors, with the objective of improving the efficiency of recovery of massive loans and initiating the opening of this line of business in the organization. In August 2023 we incorporated Banco de Loja to our collection management, in order to bring its recovery levels to the successful standards of our company.

The purchased portfolio business line contributes 69% of the organization's operating income. Pague Ya continues to evolve and improve its recovery processes at a national and regional level in this type of portfolio, which is the most complex link in credit risk management, seeking adequate levels of efficiency and effectiveness to make the operation profitable.

Pague Ya continues to invest in improving its systems and processes to maintain efficient and sustainable growth. The technological investment during 2023 was directed to strengthen its management system to implement advanced software for the integral management of customers; and in terms of information security the company improved its scheme through the implementation of a Management System based on ISO 27001 where it obtained a favorable result in the audit process, thus guaranteeing the continuous improvement of its controls.

Once again, these results have been possible thanks to a committed workforce that is constantly seeking to align itself with the organizational and corporate vision.

Key figures	
Assets (in thousands of dollars)	Liabilities (in thousands of dollars)
\$85,734	\$23,853
Equity (in thousands of dollars)	Profit (in thousands of dollars)
\$61,881	\$8,033
# Customers	# Employees
546,882 customers of our assignors. 577,367 Acquired Portfolio transactions	602

Credife – Desarrollo Microempresarial S.A.

CREDI FE is an institution that exclusively manages the microenterprise portfolio of Banco Pichincha C.A. from promotion, marketing and placement to recovery.

Mission

Serve microentrepreneurs with appropriate financial services and products, in a timely and sustainable manner, contributing to the improvement of their living conditions.

Vision

Be a reference for financial inclusion, building an ecosystem with innovative solutions that improve the lives of our customers.

Institutional Values

Coherence - Responsibility - Effort - Transcendence.

Relevant facts

In 2023 the Microfinance segment of Banco Pichincha achieved the highest rating in Social Performance, placing us in the select group of 1% of institutions worldwide that have achieved this recognition. This milestone is of great importance for our institution, reaffirming our solid social results and our commitment to serve customers at the base of the pyramid that generate a positive impact on the living conditions of both our customers and the communities.

The total Microfinance portfolio balance reached USD 2.0 billion, a growth of 9 % compared to 2022, achieving more than 717 thousand active customers, of which 46% hold a loan in the Microfinance segment. Fifty-five percent of our customers are women, reflecting our commitment to gender inclusion.

More than USD 1.4 billion were disbursed in more than 270 thousand operations, of which USD 1.3 billion were for individual loans with an average loan of USD 6.6 thousand. Through the group methodology, more than USD 120 million were disbursed in 84 thousand operations, with an average credit of USD 1.3 thousand.

Of the amount disbursed, 53.9% was made through digital channels, equivalent to more than USD 690 million in 127 thousand operations, of which 45.6% was through the Intelligent System of Advanced Mobility (SIMA) and 8.3% through the web channel.

More than 105 financial education workshops were held nationwide, impacting more than 210 thousand customers.

With the objective of helping our customers protect their businesses and the health of their families, we have more than 35% of the segment with health insurance and/or for their business.

We promoted digitalization, linking this year more than 77 thousand microentrepreneurs and we have an accumulated of more than 202 thousand customers in the Microfinance segment.

Key figures	
Assets (in thousands of dollars)	Liabilities (in thousands of dollars)
\$15,252	\$6,628
Equity (in thousands of dollars)	Profit (in thousands of dollars)
\$8,624	\$4,421
# Customers	# Employees
717,070	1,175

Amerafin S.A.

AMERAFIN S. A. (BPAC) is an auxiliary services company of the financial system and is part of the Group led by Banco Pichincha C. A. It provides automotive portfolio generation services for Banco Pichincha, also assuming its administration.

Mission

Inspire and reward trust.

Vision

Be the first automotive portfolio financial institution in the country.

Institutional Values

Coherence - Responsibility - Effort - Transcendence.

Relevant facts

Amerafin S.A. continues to generate customer-focused strategies in alignment with the institutional values of its parent company Banco Pichincha, as well as its institutional mission and vision.

Total disbursements were USD 195.4 million, 14.2% more than the previous year.

The loan portfolio grew by USD 68.2 million, closing the year with a profit of USD 2.5 million, which represents a growth of 24 % compared to 2022.

The past-due loan portfolio indicator was 4.3 %, a lower ratio than in previous years, reflecting the organization's commitment and good management.

In terms of market share, Amerafin obtained 5.1% of the total market; in other words, it grew 0.4% with respect to the previous year.

In order to strengthen the future vision of Banco Pichincha C.A., the main shareholder of Amerafin S.A., and to promote the concept of being a single team, the deeds of merger by absorption have been issued; meanwhile, the strategy of Amerafin S.A. will be oriented to strengthen commercial relations with allied automotive dealers and to facilitate the placement of differentiated automotive products, specifically designed for Banco Pichincha customers; as well as the generation of alliances with external suppliers that will allow us to serve a wider range of customers.

Key figures	
Assets (in thousands of dollars)	Liabilities (in thousands of dollars)
\$5,313	\$ 1,766
Equity (in thousands of dollars)	Profit (in thousands of dollars)
\$3,547	\$2,536
# Customers	# Employees
22,227	61

Vaserum S.A.

VASERUM provides transportation services for valuables such as bills, coins, checks, precious metals, securities, among others. It is also in charge of the management and maintenance of first-class ATMs, with the best coverage, security and financial support in the world.

Mission

Provide the best cash logistics service to the national financial system for the satisfaction and welfare of our stakeholders.

Vision

Be a strategic cash logistics partner for the national financial system through its services.

Institutional Values

Honesty - Transparency - Accountability - Regulatory Compliance - Teamwork - Mutual Trust - Safety and efficiency of the service - Commitment to the well-being of its stakeholders.

Relevant facts

An addendum to the current contract with Banco Pichincha was signed to include within our services the storage centers in Quito, Guayaquil and Cuenca owned by Banco Pichincha as part of our logistics and administration.

The increase of the operation and the incorporation of ATMS in the integral administration service, generated the need to incorporate new employees within the payroll of VASERUM S.A.

At the end of 2023 VASERUM S.A. has a total fleet of 60 armored vehicles.

Key figures	
Assets (in thousands of dollars)	Liabilities (in thousands of dollars)
\$10,830	\$2,265
Equity (in thousands of dollars)	Profit (in thousands of dollars)
\$8,565	\$385
# Customers	# Employees
7	311

Almacenera del Ecuador S.A. (Almesa)

We are a company that provides warehousing, custody and handling services for domestic and foreign merchandise. Due to its trajectory and years of service, today it enjoys a proven experience and wide geographical coverage in the Ecuadorian market, operating in the main cities and commercial ports of the country: Guayaquil, Quito and Manta.

Mission

Provide efficient storage and custody services for all types of merchandise, seeking to satisfy the needs of our customers, in an agile, safe and quality manner, generating confidence in the market, well-being for our employees and retribution for our shareholder.

Vision

Increase customer satisfaction, expanding national and international certifications for best storage practices, providing integral solutions with greater efficiency and being responsible with the environment that surrounds us.

Institutional Values

Coherence - Responsibility - Effort - Transcendence.

Relevant facts

Despite the political and economic situation in the country and worldwide during fiscal 2023, service revenues increased, in line with projections, compared to the previous year.

We continue to work closely with different areas of Banco Pichincha C.A., head of the Financial Group. This cooperation has made possible a reengineering of processes and the implementation of internal controls, seeking continuous and efficient improvements.

Corporate Governance is strengthened with the compliance and control of the different Committees and Commissions, ensuring transparent, dynamic and responsible operations before stakeholders and control bodies.

Our main strategic objectives include the following:

- Generate income in a responsible, sustainable and proactive manner based on the installed capacity.
- Obtain certifications that allow us to guarantee quality in the storage service, as an added value.

By 2024, we plan to increase revenues based on the management of customers from different economic sectors such as automotive, commerce, industry, construction, etc.

Key figures	
Assets (in thousands of dollars)	Liabilities (in thousands of dollars)
\$26,056	\$1,334
Patrimonio (in thousands of dollars)	Profit (in thousands of dollars)
\$24,722	\$423
# Customers	# Employees
138	57

Grupo Bravco S.A. (TEUNO)

We are experts in cloud storage, information security and one of the most recognized cybersecurity companies in Ecuador.

Mission

Serve our customers by contributing to enhance their business model, providing advice and quality technological solutions with a highly qualified and committed team.

Vision

Be a reference for technological knowledge and services in the country.

Institutional Values

Coherence - Responsibility - Effort - Transcendence.

Relevant facts

In February, TEUNO experienced a significant transition with the appointment of Joaquín Ramos as the new General Manager. This change led to a comprehensive review of the organizational structure, with specific adjustments in key areas of the company.

In April, the Marketing department was established with the purpose of focusing on product development and the detailed elaboration of its service catalog. In addition, alliances were generated to strengthen the service offering, in order to generate relationships with the ecosystem of technology manufacturers, focusing on the top of the market to serve Banco Pichincha, the Group and the market in general.

The operations and financial consulting process involved a detailed analysis of operations and financial strategies, in which areas for improvement were identified, leading to the implementation of new internal policies to optimize operational efficiency.

We experienced 29% growth in revenues, attributed to specific initiatives, such as the expansion of our product portfolio and the implementation of more competitive pricing strategies and major project wins such as the outsourcing with Banco Pichincha. In addition, we improved our operating efficiency, which is reflected in the increase in profit.

Key figures	
Assets (in thousands of dollars)	Liabilities (in thousands of dollars)
\$9,956	\$6,699
Equity (in thousands of dollars)	Profit (in thousands of dollars)
\$3,257	\$564
# Clientes	# Colaboradores
206	249

Banco Pichincha Spain S.A.



Mission

Propose efficient and sustainable financial solutions and services that generate value for our customers, society and shareholders.

Vision

Be recognized as the financial group of reference by the Andean community in Spain, in addition to offering financial solutions for the needs of our target market. Inspire and reward trust.

Institutional Values

Coherence - Responsibility - Effort - Transcendence.

Relevant facts

In 2023, we continued to demonstrate great resilience, coping with the impacts of the pandemic and the war in Europe without affecting operations and key financial indicators.

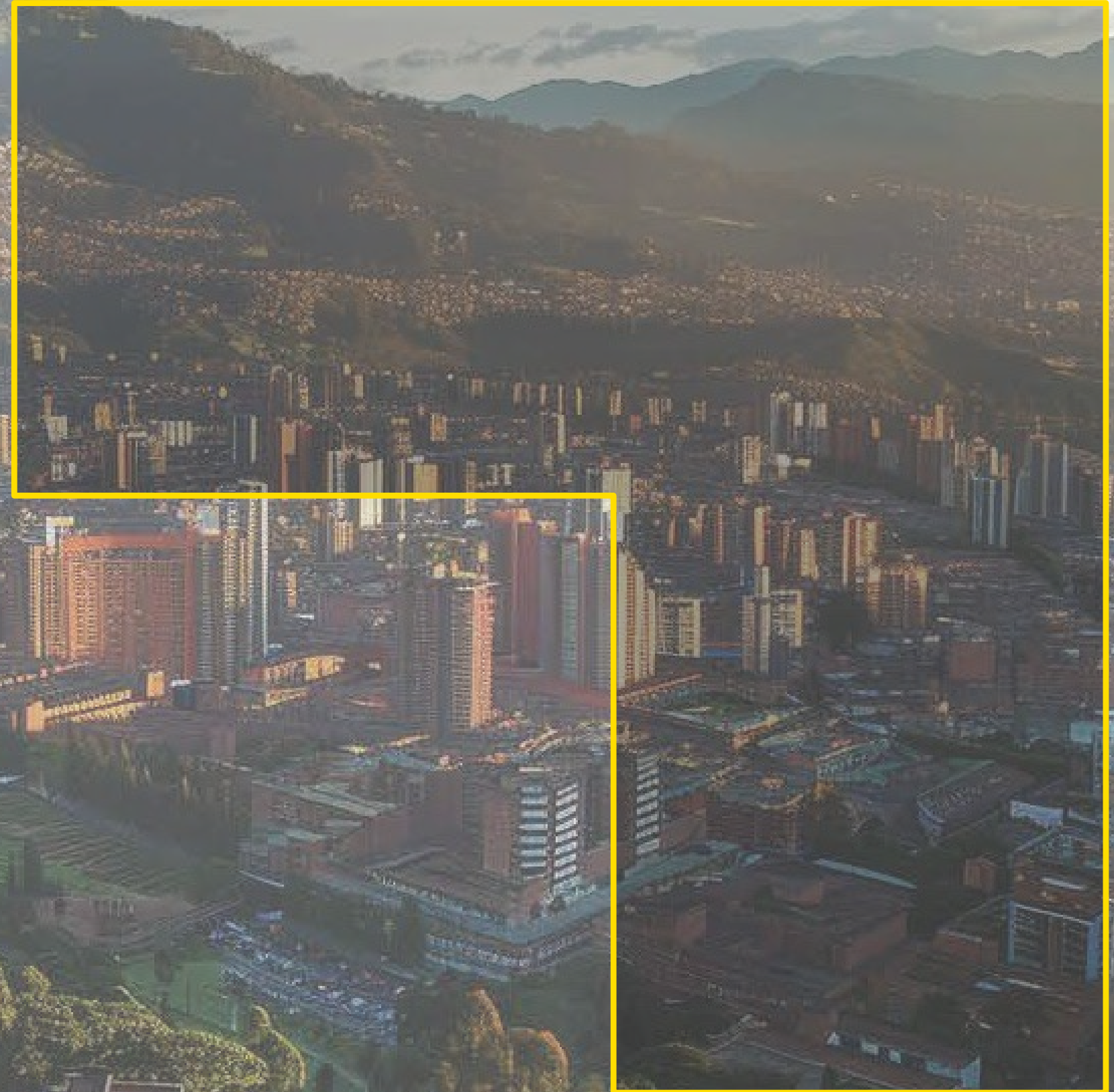
The Bank adequately managed the plan, showing growth in its balance sheet figures. Banco Pichincha Spain closed the year with EUR 2.4 billion in deposits, EUR 1.8 billion in loans and EUR 668 million in investments.

Coverage with guarantees for the loan portfolio has been maintained at close to 60% and the cost of risk has been maintained at levels of 0.29%.

As a result of the above, the organization achieved a pre-tax result of EUR 19.9 million, an improvement of EUR 15.4 million on the previous year's result.

Key figures	
Assets (in thousands of dollars)	Liabilities (in thousands of dollars)
\$3,037,793	\$2,804,791
Equity (in thousands of dollars)	Profit (in thousands of dollars)
\$233,002	\$18,733
# Customers	# Employees
112,236	243

Banco Pichincha S.A. Colombia



Mission

We are a bank that, focused on efficiency, seeks to support the sustainable growth of our customers, employees, shareholders and the country.

Vision

Be a reference bank in Colombia for our service experience, offering adequate financial solutions and focusing our efforts on anticipating the needs of our target market.

Institutional Values

Coherence - Responsibility - Effort - Transcendence

Relevant Facts

In March 2023, the Pibank CDT was introduced to the market. This fully digital investment product offers terms of 180 and 360 days, with openings from USD 26. Thanks to its competitive rates, the Pibank CDT has positioned itself as a leader in the market.

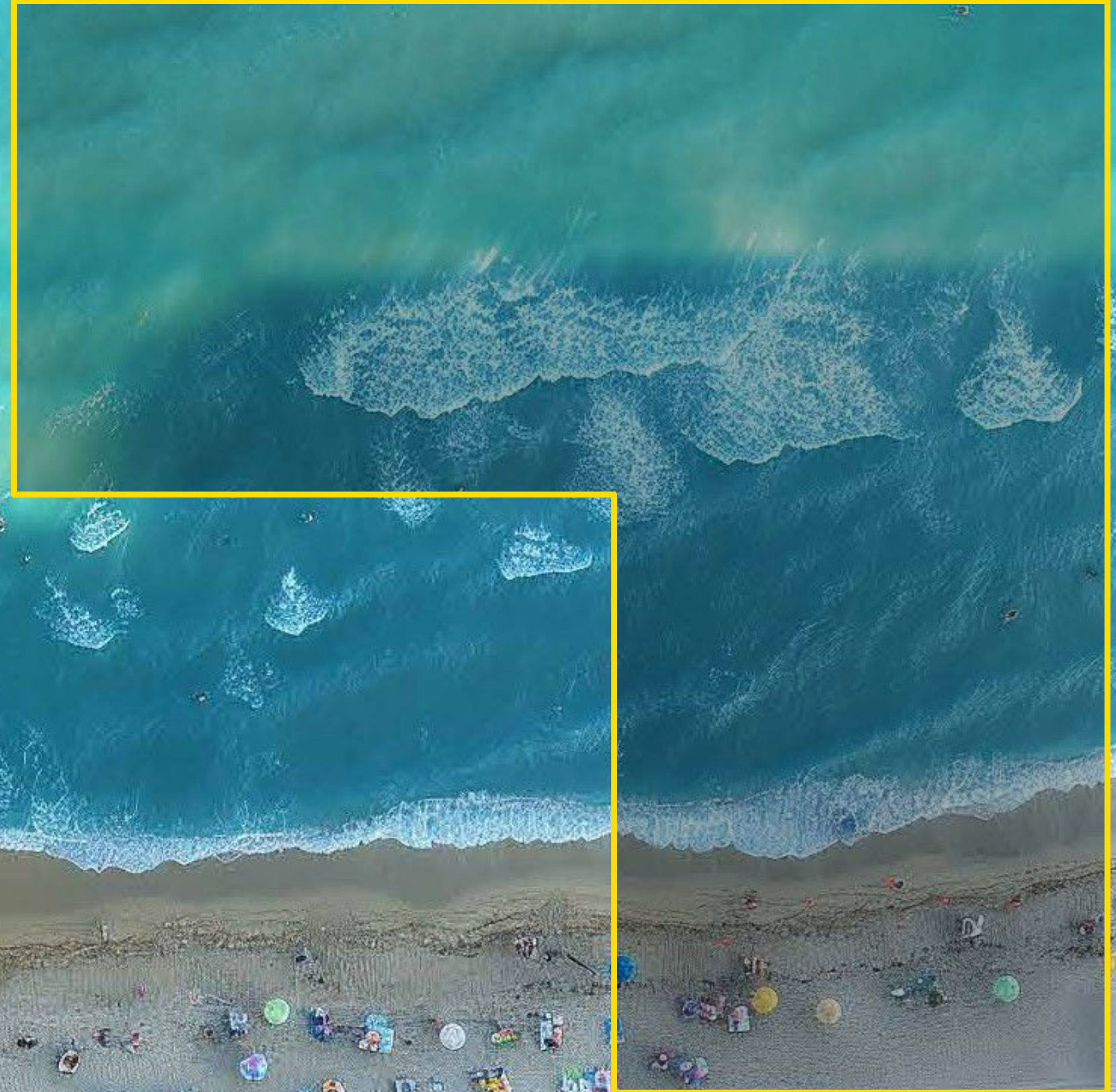
In 2023, Banco Pichincha Colombia successfully executed its capital plan initially approved by the Board of Directors in November 2022, thus consolidating the Bank's equity position. These capitalizations were made under the premise of continuing to strengthen the Bank's services and operations to meet the new demands of the financial market.

In terms of results, there is an accumulated loss, mainly due to the materialization of the interest rate risk during the year 2023; this caused a high cost in attracting customer funds as part of the strategy of attracting funds through competitive rates in order to meet liquidity needs.

On the other hand, the Information Security and Cybersecurity Department played an essential role in the protection of the bank's resources and those of our customers, since it defined and executed an integral program, raising the level of maturity in the identification, protection, detection, response and recovery in the face of risk factors.

Key figures	
Assets (in thousands of dollars)	Liabilities (in thousands of dollars)
\$714,912	\$652,675
Equity (in thousands of dollars)	Profit (in thousands of dollars)
\$62,237	\$-34,345
# Customers	# Employees
180,000	685

Banco Pichincha C.A. MIAMI Agency



Mission

Inspire and reward trust.

Vision

Be the first choice for financial support and services for Grupo Pichincha and its customers in the U.S.

Institutional Values

Coherence - Responsibility - Effort - Transcendence.

Relevant facts

Banco Pichincha's Miami Agency increased assets to USD 452 million, a 10% increase over 2022. The loan portfolio reached a record level of USD 264 million. This growth helped close the year with healthy profitability levels and efficiency improvements.

We continued to support and grow with correspondent banking customers in Latin America, Head Office and related institutions. The Miami Agency took advantage of the international meeting of FELABAN (Federación Latinoamericana de Bancos - Latinoamerican Bank Federation) to deepen and expand these key relationships.

The Agency also stood out for its strong organizational cultural integration and continued leadership in technological and cybersecurity innovations. As a result of these actions, the Agency had no unfortunate staff turnover despite operating in a competitive labor market.

Key figures	
Assets (in thousands of dollars)	Liabilities (in thousands of dollars)
\$451,466	\$399,781
Equity (in thousands of dollars)	Profit (in thousands of dollars)
\$51,685	\$10,034
# Customers	# Employees
959	47

Banco Pichincha Peru S.A.



Mission

Inspire and reward trust in our employees, customers and society.

Vision

Be the bank of choice to grow our customers' personal and business assets.

Institutional Values

CARE = Close, Agile, Resolute and Focused.

Principles aligned with the purpose defined by the Pichincha Group and that constitute the guidelines used in the decision-making process of our daily work.

Relevant Facts

The Bank's Board of Directors approved the 2023-2025 Strategic Plan, whose main objective is to be self-sufficient and sustainable in capital and liquidity by 2025.

In line with the approved Strategic Plan, the new CARE culture of principles was deployed.

The Bank`s Board of Directors was consolidated and strengthened and now it has 11 directors.

The Bank's Management Committee was renewed, headed by Gustavo Delgado Aparicio, with 2023 being his first year in office.

The Bank received capital contributions to sustain growth and to comply with the new regulatory requirements regarding solvency.

Significant progress was made in strengthening the Bank's liquidity and increasing stable funding. The liquidity ratios in local and foreign currency increased by 620 bps and 610 bps, respectively.

The Bank continued to make progress in the de-risking of the Entrepreneurial Banking business (microfinance) and implemented relevant changes in the origination of Consumer Banking unrestricted personal loans in order to reduce volatility and improve the predictability of the Bank's results.

Several expense control strategies were implemented, which allowed the Bank to generate significant sustainable savings.

Key figures	
Assets (in thousands of dollars)	Liabilities (in thousands of dollars)
\$2,937,235	\$2,632,057
Equity (in thousands of dollars)	Profit (in thousands of dollars)
\$305,178	\$170
# Customers	# Employees
436,850	1,472

Strategic Alliances



BANCO GENERAL RUMIÑAHUI S. A.

Mission

Provide well-being and progress to our customers, employees, shareholders and contribute to the development of the country.

Vision

Be a Bank of excellence, at the service of our customers, in the construction of their dreams.

Institutional Values

- We are responsible and coherent.
- Passion to transcend.
- We strive and create value.
- The team is our strength.

Relevant Facts

Banco General Rumiñahui maintains its leadership in the military segment with specialized financial products and services according to their needs and with the best level of attention and service for our customers.

Total asset growth was around 5%, with a moderate growth of 2.2% in deposits from the public, and through various financing alternatives, both our own generation and local and international financing, we achieved a portfolio growth of 8.7%, concentrated in our natural retail segment, in the consumer and housing portfolio, as well as credit for small and medium-sized companies.

We remain a solid bank in asset quality management, liquidity, efficiency, solvency and profitability. Our performance exceeds the average of the financial system.

We have continued to grow in the placement of VIP portfolio. We successfully completed the first program for USD42 million and we have already started a second program for an additional USD40 million, thus contributing to obtain the first home of our customers in very favorable conditions.

We were prudent and conservative in managing liquidity and profitability. We optimized the volume of financial debt as a mechanism to cushion the increase in the cost of funds, which, together with the management of operating efficiency, become the most relevant challenges for 2024.

Undoubtedly, we will maintain our growth path with the future of the bank and our customers in mind, with increasingly relevant investments in state-of-the-art technology platforms, digital channels and cybersecurity that will maintain the bank's sustained growth in the long term.

Key figures	
Assets (in thousands of dollars)	Liabilities (in thousands of dollars)
\$1,178,888	\$1,065,045
Equity (in thousands of dollars)	Profit (in thousands of dollars)
\$113,843	\$14,335
# Customers	# Employees
209,000	563

BANCO DE LOJA S. A.

Mission

Contribute to the development of individuals and companies, advising and satisfying their financial expectations through positive experiences.

Vision

Be a customer-focused bank that provides timely and quality financial solutions.

Institutional Values

Coherence - Responsibility - Effort - Transcendence

Relevant Facts

In accordance with the Bank's strategy, we have worked on the following continuous improvement initiatives:

- New Customer Segmentation model.
- Commercial Follow-up Module (CRM).
- New mobile banking.
- New electronic banking for individuals.
- Digital customer onboarding.
- "Ahorita" mobile banking payment solution.
- Environmental and social risk analysis system (SARAS).
- Centralized information management module "SGA Report".
- New technological infrastructure for Site Alterno.
- Digital credit processes.

In addition, two awards were obtained:

- Fintech America 2023 International Award - country awards for financial innovators in the Americas.
- Recognition Tech Revolution 2023 - Best Tech Projects Quito 2023.

Average hours of training	
Assets (in thousands of dollars)	Liabilities (in thousands of dollars)
\$818,566	\$741,143
Equity (in thousands of dollars)	Profit (in thousands of dollars)
\$77,423	\$9,085
# Customers	# Employees
269,885	522



Who we are

01

- 1. Dimensions of our company
- 2. Our value chain
- 3. Our sustainability strategy
- 4. Our Corporate Governance
- 5. Shareholder Ownership



“

At Banco Pichincha, sustainability and the responsible management of our social, economic, environmental and governance impacts are essential elements of our business strategy. We are committed to creating shared value with our different stakeholders, guided by the vision of a positive and sustainable impact on society.

”



Who we are

[GRI 2-1][GRI 2-2][GRI 2-5][GRI 2-6] [DJ 1.1.2]

We are a Bank with a purpose focused on contributing to the development of the country since 1906. We develop our financial activity in Ecuador with a leadership position, where we inspire and reward trust for the welfare of our customers and society in general.

In this sustainable report we review the main results achieved by BancoPichincha C.A. in the year 2023 in the economic, social, environmental and governance areas, as we do annually. For this purpose, the report has been prepared under the Global Reporting Initiative GRI¹ 2021 Standards, with the compliance option and its Financial Services sector supplement of the G4 guide. This document has undergone limited assurance work by the independent firm Pricewaterhousecoopers del Ecuador Cía. Ltda.², with regard to the Global Reporting Initiative GRI 2021.

The following chapters provide information on how we are shaping a sustainable future while setting the standard for excellence and reaffirming our leadership in the financial sector.

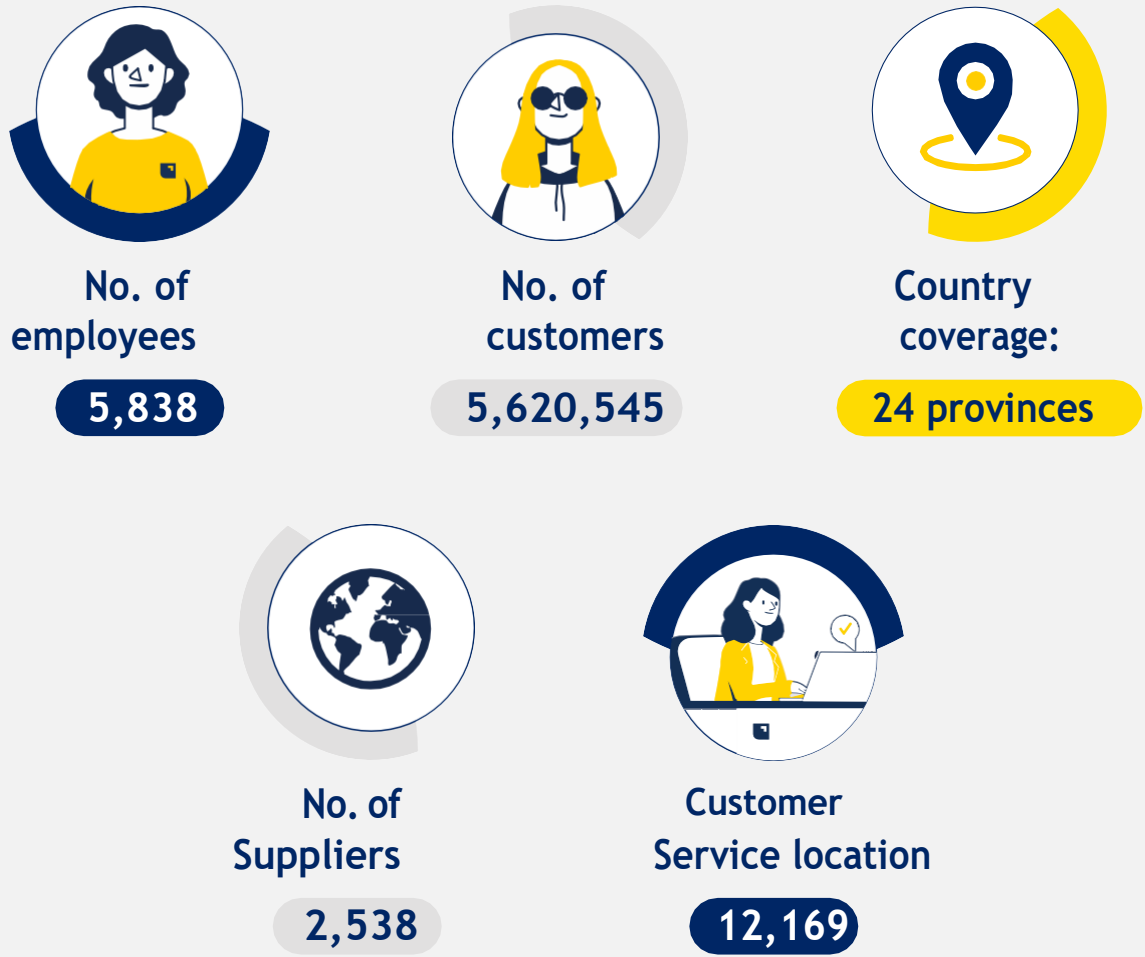
¹ Global Reporting Initiative (GRI)

² The sustainability report is subject to external verification on an annual basis. The Bank's senior management is committed to maintaining the quality and accuracy of the economic, social and environmental indicators to ensure their veracity. The Vice-Presidency of Finance, Administration and Treasury, together with the Sustainability Management and various management departments of the Bank participate in the external verification process.

1. Size of our company

[GRI 2-7]

We are leaders in the financial sector thanks to the trust of our stakeholders with whom we have built a loyal relationship throughout our history. To this end, we have designed a map of strategic, productive and support processes with an integral vision. It is important for the organization to maintain long-term relationships that generate value; these are some of the results we have achieved:



2. Our value chain

[GRI 2-6]

Working closely with our value chain has not only allowed us to understand and address the needs of our stakeholders, but has also been the key to generating significant value for them.

We extend the best sustainability practices to the value chain and cover aspects that we consider beneficial for its growth.

We encourage the development of local suppliers in order to boost the Ecuadorian economy and cultivate solid long-term relationships based on ethical and responsible practices. During this year we conducted an independent external verification of the Sustainable Procurement Program based on ISO 20400: 2017, certifying the compliance of this program³.

Internally, we are committed to being the best place to work, thus attracting excellent talent.

In addition, considering the accelerated transformation in the financial sector, we constantly strive to learn about and implement innovative practices in the development of our product portfolio that allow us to accompany and enhance the development of our customers.

Learn more about what we do here  <https://www.pichincha.com/>



³ In the 2022 Sustainability Report, on page 102 we have an explanation of the Sustainable Procurement Program.

3. Our sustainability strategy

Sustainability for Banco Pichincha is a priority that has permeated our strategy and management in a transversal manner, having a positive impact on our value chain and has allowed us to prevent and mitigate any negative impacts that may be generated collaterally as a result of our operations.

Our Sustainability Model (Figure 1) is based on three fundamental pillars:



Figure 1

- **Environmental responsibility:** We generate a synergic work to mitigate the environmental impact of our operations and that of our customers, under an accompaniment for the construction of sustainable businesses.
- **Sustainable finance:** We promote business development through a scheme based on ethics and responsibility that allows the generation of value throughout the production chain.
- **Social and inclusive development:** We promote actions inside and outside the organization focused on generating opportunities based on diversity and inclusion.

3.1. Sustainability Impacts

The results achieved drive us to maintain and ratify our sustainability model. These are the most significant achievements reached in 2023:

Sustainable finance		
Total amount of operations evaluated with SARAS: \$ 1,972 M.	More than 405 thousand active MSME customers.	809,132 Micro and small business customers.

Figure 2

Social and inclusive development		
76 points out of 100 in the EmployeeNet Promoter Score, an excellent category result.	72 average hours of training per employee	Obtaining the Safe Company Seal.

Figure 2

Environment		
Implementation of the Bio Program at the national level with the participation of 3,000 employees.	Installation of 114 air conditioning systems and 619 environmentally friendly computers.	We reduced paper consumption by 7.74 % (3.5 M sheets saved).

Figure 2

3.2. Institutional synergies

[GRI 2-28][DJ1.5.1]

Our model seeks to consolidate and maintain long-term relationships with our prioritized stakeholders. To this end, it is based on international standards and initiatives to which we have adhered and aligned ourselves. During 2023 we ratified our active participation in initiatives that promote ESG best practices in the corporate sector. These institutional synergies seek to keep us at the forefront of best practices and strengthen our commitment to sustainability.

Chart 1

Voluntary memberships
<ul style="list-style-type: none">• United Nations Global Compact• United Nations Environment Program Finance Initiative (UNEP FI)• Global Alliance of Banks for Women• UN Women's Empowerment Principles
<ul style="list-style-type: none">• Consorcio Ecuatoriano para la Responsabilidad Social (CERES)• Asociación de Bancos Privados del Ecuador, Comité de Finanzas Sostenibles (ASOBANCA)• Ecuadorian - American Chamber of Commerce, Corporate Responsibility Committee• ISO 20400: 2017 Sustainable Procurement• SSA's Integrated Management System: ISO 14001 and ISO 45001 Standards• Partnership for Carbon Accounting Financials (PCAF)

In 2023 we held the presidency of the ASOBANCA Sustainable Finance Committee, from where we promoted actions that boost best practices for the financial system.

In addition, we measure ourselves under international standards and voluntary instruments such as:

Chart 2

Voluntary measurements
<ul style="list-style-type: none">• Dow Jones Sustainability Index (DJSI)• Principles of Responsible Banking• Customer Protection Principles The Smart Campaign• Social Performance Management• Family-Responsible Company• Integrated Health, Safety, Environment and Security Management System• Sustainable Procurement Program based on ISO 14001, ISO 45001,

3.3. Awards 2023

We maintain a solid strategy in the area of sustainability focused on achieving tangible impacts, which allowed us

to achieve some awards that recognize our commitment in areas that have been prioritized such as: inclusion, gender equity, innovation, fight against violence against women, customer protection, among others. The implementation of cutting-edge practices has made us stand out even at the Latin American level, this reaffirms our role as a reference in the financial sector beyond Ecuador⁴. Some of the most outstanding:

Chart 3

<p>Best Latin American Bank in Corporate Responsibility 2023 - Euromoney Awards for Excellence 2023.</p>
<p>Safe Company Seal (SES) - Cámara de Industrias de Producción (CIP) in coordination with the Ministry of Labor; the Ministry of Production, Foreign Trade, Investment and Fishing; and the Public Procurement Service.</p> <p>Socially Responsible Company Distinction- CERES.</p> <p>Inclusive Company Seal - UN Refugee Agency, United Nations Global Compact Ecuador Network, and the Program Without Borders of Fundación CRISFE and IDBLab.</p>
<p>Sustainable Bond of the Year, for its Social Bond with a gender focus - Global SME Finance Award 2023.</p>
<p>IDForo Resilience Awards - The Ibero-American Summit on Digital Identity and Trusted E-Services.</p>
<p>Carbon Footprint Quantification Distinction - Ministry of Environment, Water and Ecological Transition.</p>

⁴ Find all the awards granted to Banco Pichincha on the page.

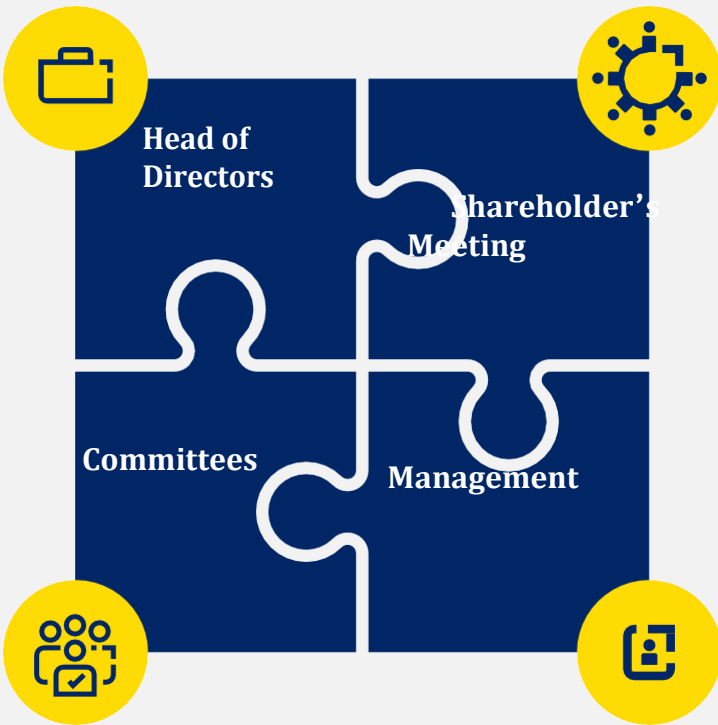
4. Our Corporate Governance

[GRI 2-9][GRI 2-10][GRI 2-11][GRI 2-12] [GRI 2-15]
[GRI 2-16][DJ1.2.2][DJ1.2.3][DJ1.2.5][DJ1.2.6]
[DJ1.2.7][DJ1.2.8]

Banco Pichincha's Corporate Governance has maintained a permanent commitment to sustainability by including environmental, social and governance criteria in its organizational strategy that seeks to ensure its permanence in the market, while generating value for its various stakeholders. Our corporate governance structure is based on a comprehensive set of guidelines, ethical standards and sound practices that regulate the Bank's operations and organization, safeguarding the interests of the institution and its different stakeholders.

The Bank's functional organizational structure is articulated in three organizational levels: managerial, strategic and tactical. This design allows for efficient and coordinated management in all aspects, guaranteeing informed decision making aligned with institutional objectives.

Corporate Governance System



Our supreme governing body is the General Shareholders' Meeting, which ordinarily meets once a year. Its responsibilities include identifying business guidelines and the organization's general policies, as well as protecting the rights and interests of all shareholders. The General Shareholders' Meeting is the supreme authority and, consequently, the decisions it makes within the framework of the law and the bylaws are binding on all shareholders.

The main functions of this body are:

- Appoint the senior and alternate directors, internal and external auditors.
- Approve the financial statements, internal and external auditors' and statutory auditors' reports, the distribution of profits and, if required, the amendment of the bylaw.

At the operational level, the Board of Directors is the administrative and supervisory body that defines and exercises good governance functions and establishes the Bank's general operating policies under which the other managers execute their management.

The main functions of the Board of Directors are:

- Ensure compliance with regulations, resolutions of the General Shareholders' Meeting, definitions of the Board of Directors and compliance with the Bylaws.
- Lead the Bank's progress towards institutional objectives, define the mission, vision, purpose, values and organizational strategy.
- Approve internal regulations, form committees, submit to the General Shareholders' Meeting the annual report on the progress of the business, the financial statements and issue an opinion on the same and on the internal audit report.

- Analyze and approve the Bank's policies, best practices and risk reports, as well as overseeing processes, regulations, manuals and other provisions for good corporate governance.



This body is integrated by 13 members: the president, the president's alternate director, six senior directors and five alternate directors; on average, they have been on the Board for four and a half years. 100% of the directors are independent. In their election, the rights of minority shareholders are guaranteed.

Gender equity is fundamental in our organization, which is why this is one of the election criteria.
Year after year, we seek to increase the number of women on the Board of Directors.

This approach not only fosters equal opportunity, but also enriches our decision-making based on a diversity of perspectives and expertise. In addition, we are committed to ensuring that all of our members have solid work experience in the financial sector.

In 2023 we have



The current Board of Directors is integrated by the following executives:

Members of the Board of Directors

Senior Directors



Alternate Directors





Annually, the General Shareholders' Meeting appoints the members of the Board of Directors, carefully evaluating their suitability to perform such role. In this process, the Bank requests Superintendencia de Bancos (SIB) to qualify the candidates, in accordance with article 258 of the Organic Monetary and Financial Code, establishing specific requirements for each candidate. After submitting the candidates to an exhaustive analysis, the Superintendency issues a formal resolution ratifying the suitability of those selected to join the Board of Directors. This approach ensures a transparent and compliant process, consolidating integrity and efficiency in the management of the institution.

The President of the Board does not hold an executive position and has been independent for seven years; he is the Bank's highest authority, leading both the General Meeting and the Board of Directors, without exercising legal representation functions.

To prevent and mitigate any conflict of interest, Corporate Governance is guided by our Bylaws, Code of Corporate Governance, Code of Ethics and Conduct, Microfinance Code of Ethics and other related laws and policies.

The General Manager individually assumes the legal representation of the Bank in judicial and extrajudicial matters. His main function is the integral management of the organization, and he is appointed by the Board of Directors on an annual basis, with the possibility of being re-elected. This leader plays a crucial role in internal administration, ensuring consistency and efficiency in operations. His periodic election reflects our commitment to excellence and continuity in executive management.

To Banco Pichincha, its relationship with stakeholders is of utmost importance. In order to safeguard business relationships, we communicate in a timely manner about the instruments that guide the behavior of our employees and stakeholders, as well as the causes considered as generating conflicts of interest. We also include clauses in contracts.

The Customer Service Unit presents a report related to its management to the Board of Directors and subsequently to the General Shareholders' Meeting, which is submitted to Superintendencia de Bancos. On the other hand, the General Secretary's Office receives and directs to the respective areas, for their management, the requirements, provisions, official notices, circulars, resolutions from control entities such as Superintendencia de Bancos and other organizations such as the Internal Revenue Service, ASOBANCA, Banco Central del Ecuador, among others, for compliance with regulations that could affect the customer.

4.1. Committees

These are the bodies that support the management of Corporate Governance established by the regulations or by definition of the Board of Directors, whose purpose, functions and members must be approved by the Board. The main Regulatory and Strategic Committees that work jointly and interact with Senior Management and ensure an adequate distribution of functions are as follow:

- Audit Committee
- Compensation Committee
- Corporate Governance & Appointments Committee
- Integral Risk Management Committee
- Risk Assets Rating Committee
- Ethics Committee
- Compliance CommitteeTechnology Committee
- Information Security Committee Business
- Continuity Committee
- Executive Committee
- ALCO Committee Strategy Committee
- Legal Committee
- Joint Occupational Health and Safety Committee

4.2. Sustainability governance

[GRI 2-12] [GRI 2-13] [GRI 2-14] [DJ2.5.1]

Within the Bank's Balance Scorecard, we have defined as a key indicator the rating obtained in the Dow Jones Sustainability Index measurement that allows us to externally evaluate our ESG performance on an annual basis.

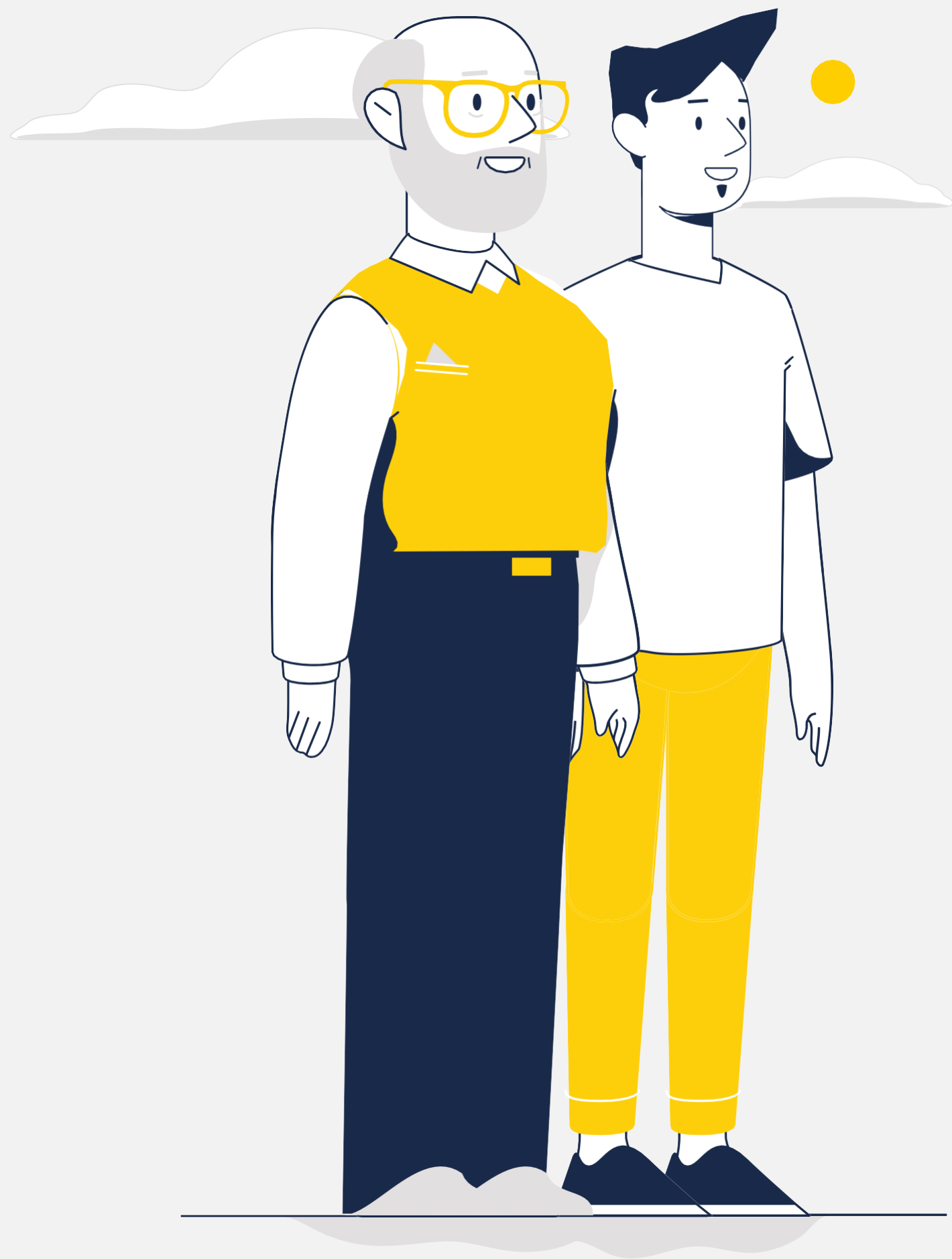
The different vice-presidencies work on the fulfillment of continuous improvement plans in sustainability, which are monitored and evaluated internally on an annual basis in order to continue identifying opportunities.

In addition, starting this year, we have appointed several multidisciplinary teams within the Bank whose responsibility is to manage the actual and potential impacts we generate on the economy, people and the environment through our operations. These teams meet monthly to review the progress of the different strategies and action plans, which are reported annually to the Board of Directors.

The Vice-Presidency of Marketing, Sustainability and Corporate Affairs led a new stakeholder dialogue process and a materiality study with the support and consent of senior management whose responsibility is to review and approve the organization's material issues and the information presented in this sustainability report.

The material issues prioritized were: cyber risks and data protection, financial growth, diversity, equity and inclusion, ethics and corporate responsibility, customer experience, innovation and digital transformation.

Governance of impacts		
Agencies	Representation	Representation
Gender Commission	Vice-Presidency of Risk, HR and Marketing, Sustainability and Public Affairs	The commission meets monthly to design and monitor the diversity, equity and inclusion strategy, analyze risk and improvement opportunities for intervention with customers and employees. It reports directly to the general management.
Customer Experience Commission	General Management and related Vice-Presidencies	It aims to ensure that customers have an optimal experience in terms of quality, service, transparency and agility. In this monthly meeting space, KPIs, risks, opportunities and new strategies are analyzed.
Microfinance and SME Directory	General Management, Vice-Presidents and Directors.	The Board meets monthly to review KPIs, segment statistics and strategies, and comparative data to make the best decisions to prevent or mitigate risks.



5. Shareholding

[DJ1.2.13][DJ1.2.14]

The founding persons of the Bank have no shares, as well as no governmental institution owns more than 5% of the total voting rights.



We are an ethical and responsible bank

02

1. We act with ethics and transparency
2. Culture of bribery, corruption and fraud prevention
3. Risk and crisis management
4. Cyber risks and data protection



“

Our institutional culture and values are the foundation of all our activities. We are committed to developing them on a daily basis, putting them into practice and constantly seeking to improve them.

”

1. We act with ethic and transparency

[GRI3-3][GRI2-15][GRI2-23][GRI2-24][GRI2-26]
[GRI2-27] [DJ1.5.2] [DJ1.5.5] [DJ1.9.4]

We promote a culture of ethics, transparency and regulatory compliance, thanks to which we have been able to repay trust to society, with a high reputation in the economic, social and environmental dimensions. In addition, we promote respect for and contribution to the protection of human rights.

In the same way, we demand from all our employees and strategic partners the commitment to comply with the ethical and corporate responsibility guidelines that we promulgate, strengthening the system of compliance with principles and values. We also generate spaces for feedback using mechanisms such as workshops, training, information and an accountability model, which contribute to a robust corporate culture.

Our Values

 Coherence

 Effort (be the best)

 Responsibility

 Transcendence

Our commitments are described in the Bylaws, the Code of Corporate Governance, the Code of Ethics and Conduct, the Sustainability Policy and associated policies, which constitute the foundation of our culture of values for our employees, shareholders and stakeholders. We always strive to comply with the laws and regulations that govern us in accordance with our line of business. In addition, we describe how to avoid conflicts of interest with different stakeholders.

The following documents are publicly available:

- Code of Ethics and Conduct of Banco Pichincha and its Financial Group.
- Microfinance Code of Ethic.
- Banco Pichincha Sustainability Policy.
- Code of Ethics and Conduct for Suppliers.
- Code of Good Corporate Governance.
- Certificate of Corporate Governance Practices.
- Banco Pichincha Bylaws.
- Diversity and Inclusion Statement.

Review our policies in the following link
<https://www.pichincha.com/transparencia>

The Code of Ethics and Conduct addresses the relationship with our public, including the issue of conflict of interest with customers and suppliers. Its objective is to prevent and mitigate specific situations, outlining the actions to be taken by employees.

1.1. Dissemination and training

We work hard to ensure that our commitments and values that promote ethics and transparency are communicated, documented and disseminated through channels available to employees, shareholders and stakeholder.

To ensure the effective application of the aforementioned codes, we train our personnel through Workplace, policy portal, website, mandatory courses for the entire organization, as well as workshops and training for the different unit.

1.2. Management and monitoring

Additionally, as a preventive control measure, we have a monitoring and follow-up system focused on the compliance of commitments and values in a transversal manner in the different areas, in order to verify the mandatory application in all the activities we perform in our operation.

We have enabled different contact channels such as our website, intranet, e-mail and telephone line, where employees, suppliers and the general public can make inquiries and complaints. These mechanisms are anonymous and confidential in order to protect people from possible retaliation. Finally, this information is consolidated and reported to the Ethics Committe.

The e-mail
canalcompliance@pichincha.comis one
of the channels enabled for queries and
complaints from our stakeholders.

Through the timely application of controls established in the policies and procedures, we have been able to prevent the materialization of negative risks in our business relationships.

In the same way, these controls cover the management of potential and inherent impacts of the financial sector such as exposure to corruption, fraud, correct data privacy, among others, which we mitigate through different strategies such as:

- Establishment of a governance and control framework to manage and prevent the different risks based on international standards such as current legal regulations, Basel and ISO standards, identifying and managing them in a risk matrix.
- Governance structure based on different committees which allow identifying those risks that need to be addressed and monitored based on internal and external audit reviews, alerts from the process owners themselves, internal monitoring or contact channels. Action plans and indicators are defined to measure the effectiveness of the measures to remedy and reduce the risks identified. Finally, the results are communicated to Senior Management and the corresponding Committees, so that they are aware of the weaknesses and controls implemented to mitigate the risks, in order to subsequently incorporate them and/or update them in the institutional policies and procedures.
- Respect and promotion of Human Rights with all our stakeholders, within the framework of the provisions of the International Charter and the Universal Declaration of Human Rights. In addition, to ensure a more extensive institutional commitment, we have a Human Rights Policy and during this year we conducted a Human Rights risk mapping in our value chain conducted by an independent company.

In 2023, we recorded no cases of non-compliance with the regulations that govern us and that have generated the imposition of fines or sanctions against our Institution.

¹ In a subsequent reporting exercise we will publish data segmented by region.

2. Culture of bribery, corruption and fraud prevention

[GRI 2-17][GRI 205-1][GRI205-2] [DJ1.5.3] [DJ1.5.4]

In order to establish a culture of prevention of bribery, corruption and fraud, it is necessary to constantly reinforce and train in this area. Within the framework of increasing knowledge in sustainable development, we continuously monitor and follow up bribery, corruption and fraud risks, we train our personnel through mandatory courses and workshops to prevent and mitigate inappropriate behavior, from the members of the governing body to the initial positions in the Bank, and we communicate to our business partners about the mandatory compliance with our policies and codes to prevent these types of risks.

- Compliance Policy.
- Anti-Corruption and Anti-Bribery Policy.
- Compliance Program.
- General Information Security and Cybersecurity Policy.

Our Anti-Corruption and Anti-Bribery Policy sets out general and specific responsibilities and policies to be followed by our employees, as well as the relevant sanctions and channels for reporting, in good faith, a breach or appearance of a breach.

Anti-corruption communication and training			
Stakeholders communicated on the organization's anti-corruption policies and procedures	2023		
	Total number of persons	Persons reached	%
Members of the governing body	12	12	100 %
Employees of the organization	5,591	5,591	100 %
Business Partners	715	715	100 %
Stakeholders trained on anti-corruption	2023		
	Total number of persons	Persons reached	%
Members of the governing body	12	12	33 %
Employees of the organization	5,591	5,431	97 %

As part of an international best practice we have established the Compliance Program within the institution; in addition, we have the following instruments publicly available for the knowledge of all our stakeholders:

We implemented a follow-up and control program to monitor the risks related to corruption that were identified and evaluated with the possibility of impact. It should be noted that the Control and Compliance department has not received any reports of corruption and bribery events during the 2023 year.

3. Risk and crisis management

[GRI2-25] [DJ1.5.2] [DJ1.5.4] [DJ1.4.1] [DJ1.4.2]
[DJ1.4.3] [DJ1.4.4]

We have risk and crisis management as a priority, so we have departments and committees responsible for their management in terms of risk appetite and tolerance, as well as monitoring and reporting on them. We have a Risk Appetite and Limits Management Policy which details the Stress Tests and the calculation of VaR and expected loss, on the basis of which the monthly reviews and reports on our exposure in this aspect are prepared.

The area responsible for risk management is the Vice-Presidency of Integral Risk, and the Risk Management Committee (CAR) is responsible for supervision and auditing, made up of delegated members of the Board of Directors, the General Manager and the Integral Risk VP.

As a control measure, audits are performed on the aforementioned processes, in addition to the fact that our organizational structure has defined the Business area and the Risk area independently.

Emerging risks:

In the analysis of emerging risks, we identified the following:

1) **Climate Change:** Through the analysis of the frequency and intensity of phenomena and climate studies on the vulnerability of the territory, it is evident that the effects caused by climate change are increasing, as it generates extreme phenomena such as



floods, droughts and intense storms, which could directly affect our customers and communities, generating instability in their payment capacity and, therefore, risks in the loan portfolio.

Climate variability and extreme weather events represent a growing long-term threat to the Bank's financial stability and operations, as they directly impact borrower creditworthiness, the devaluation of real estate assets and the viability of projects financed by the Bank, affecting asset quality and institutional profitability.

To minimize this risk, we conduct climate risk analysis as part of the Social and Environmental Risk Management System (SARAS) assessment of the loans granted. In addition, we actively participate, both internally and externally, in initiatives that contribute to the mitigation and adaptation to climate change from the actions of the companies.

2) **Cybersecurity:** As an institution we focus on developing and being at the forefront of the latest technological advances, but this brings with it cybersecurity risks that we face. Increased digitization and interconnectedness of financial services increases exposure to cyber threats, such as ransomware attacks, phishing and data theft.

These events could compromise the integrity of systems, the confidentiality of customer information and the continuity of operations, through failures, unauthorized or improper access to information systems. A successful cyber-attack could result in the loss of sensitive data, operational disruptions and consequently damage to the Bank's reputation and loss of customer confidence, which could affect market share and customer retention.

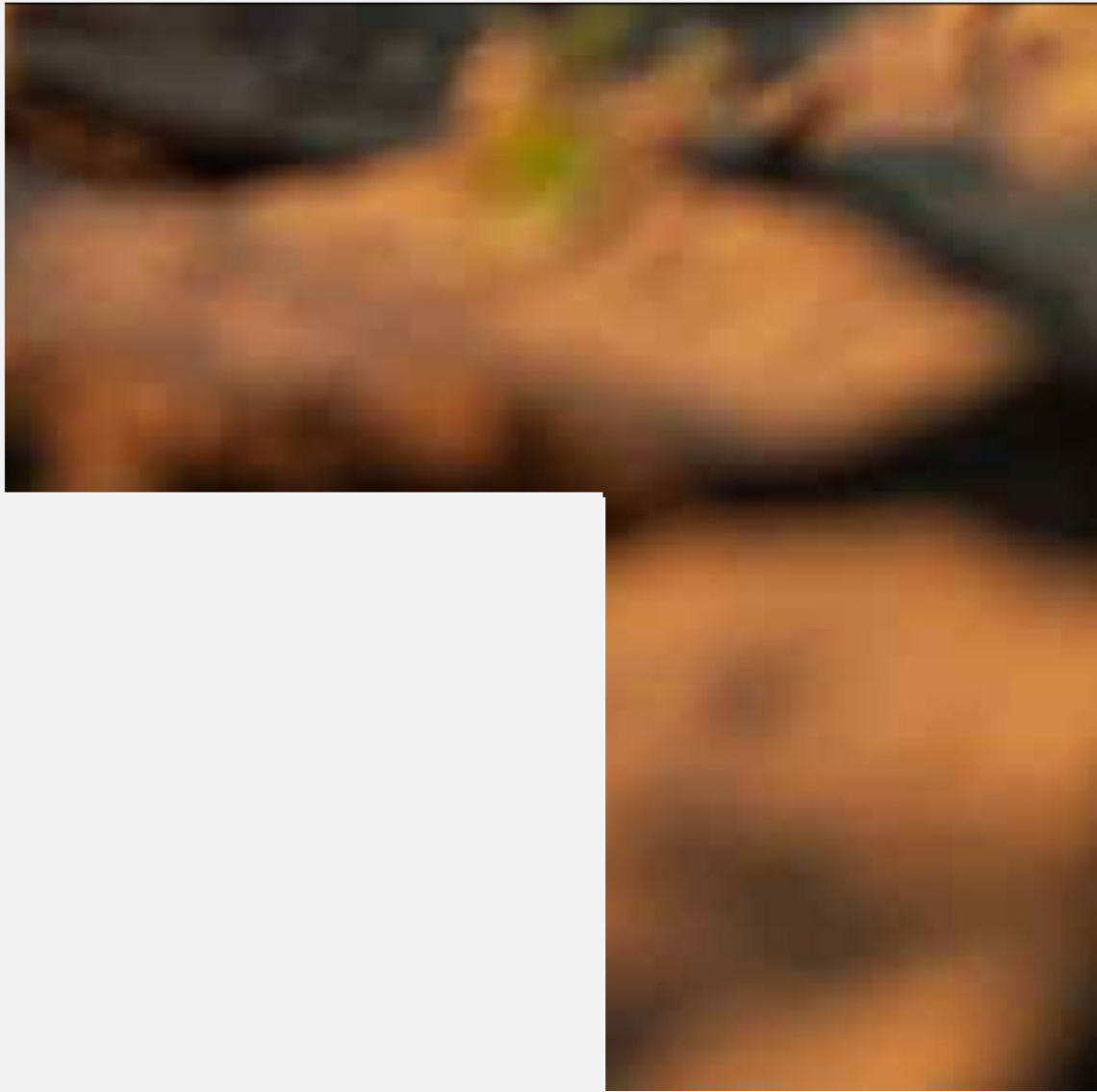
To prevent and mitigate this risk, we have developed a cybersecurity strategy led by the Vice President of Technology and Operations and the Cybersecurity Committee. In addition, several members of senior management and directors ensure compliance.

Risk culture

We generate a transversal risk culture in the institution through actions so that all areas and employees can identify the risks that must be managed by the Bank.

An example of this is the evaluation carried out by the Human Resources area, which includes the cultural maturity indicator focused on measuring how much we are aligned to take care and manage risks from our cultural principles: "We act as owners" / "We make banking easy". On the other hand, we perform a risk assessment of these initiatives prior to their approval, which is detailed in our "Instructions for risk management in initiatives/projects".

In order for our employees to proactively identify and report potential risks, we conduct an annual self-assessment and control testing exercise in which process owners report on the risks, design and effectiveness of their controls. There is also a Non-Financial Risk Control Tower process that identifies potential risks at a global level and asks process owners to evaluate them and propose action plans if necessary.



4. Cyber risks and data protection

[GRI3-3] [DJ1.5.2]

Operational risk management identifies the risks to which the institution is exposed with respect to four factors: processes, people, technology and external events. Within the technology factor we find cyber risk management, which is one of the fundamental pillars of the Bank's business strategy; this ensures that the value offer to our customers is fulfilled in form and substance, protecting the information they have provided us with.

The financial industry is exposed to a wide and recurring variety of cyber threats. For this reason, we make great efforts to manage the protection of data and information with a risk approach, since we are aware that a potential incident could generate intermittency in our channels and services, affecting approximately 30% of users of the national financial system (banks) who transact through them, in addition to violating the access to our customers' information.

Through these actions, we have generated positive impacts by optimizing the use of digital channels, reducing the carbon footprint of their activities and also promoting the financial inclusion of social groups considered minorities or with difficult access to technology, providing availability of new products through digital channels.

Aware of the potential negative impacts that cyber risks can generate, we have adopted measures to prevent or reduce them:

- Update of the methodology for assessing cyber risks.
- Structure of experts assigned by specialty.
- Implementation of tools to detect cyber threats on an ongoing basis.
- Continuous training schemes to increase our internal capabilities.
- Continuous testing to improve cyber threat detection capabilities.
- Improvement of the cyber incident response process in coordination with the areas involved based on the nature of the event.
- Automation of response to potential cyber incidents.

We identify potential cyber threats in a timely manner, determine protection and remediation schemes proactively, and minimize impacts on our channels and services.

In addition, the Cybersecurity Governance area has a transversal process that allows designing, measuring and monitoring different indicators associated with cybersecurity and information security processes and controls.



5. Data Protection

[GRI 418-1] [DJ3.8.1] [DJ3.8.2]

We establish methodologies, policies, procedures, standards, technical, organizational and legal measures aimed at managing cyber risks in order to protect the data and information of our customers, employees and other stakeholders.

On our website, we share the "**Privacy Notice for electronic channels**" as we are responsible for managing personal data in these channels and we have the following points related to privacy protection:

- Responsibility for data processing and data protection.
- Nature of the information collected.
- Use of the information collected.
- Information, access, deletion, rectification, updating, opposition, portability, suspension and not to be subject to a decision based solely or partially on automated assessments.
- Channel of requirements.
- Accuracy of customer data.
- Time of conservation of the information in the corporate files.
- Disclosure to third parties (public and private entities).

The General Personal Data Protection Policy was prepared under the provisions of the Organic Law on Personal Data Protection. On the other hand, as a control and monitoring measure we have Key Risk Indicators (KRI) and Key Objectives and Results (OKR) to determine the effectiveness of the measures implemented for data protection. In 2023, we did not have any substantiated complaints regarding breaches of customer privacy.

Customer experience: Proximity, innovation and digital transformation

03

1. Customer-centric
2. Composition of our portfolio
3. We evolve to innovate and digitally transform ourselves





Digital Customers

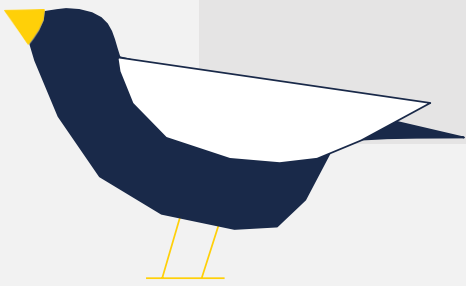
	3,72 million active digital customers		3,62 million active App customers		+500 thousand active customers on the web
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Accesibility

642 Pichincha Mi Vecino Satellites	We serve in 24 provinces
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Achievements

	Gold category in Customer Protection certification		IDForo 2023 Resilience Award for Mi Vecino Satellites		5-star Social Performance Rating
0.023 % complaint rate			5,620,545 customers at national level		



1. Customer-centric

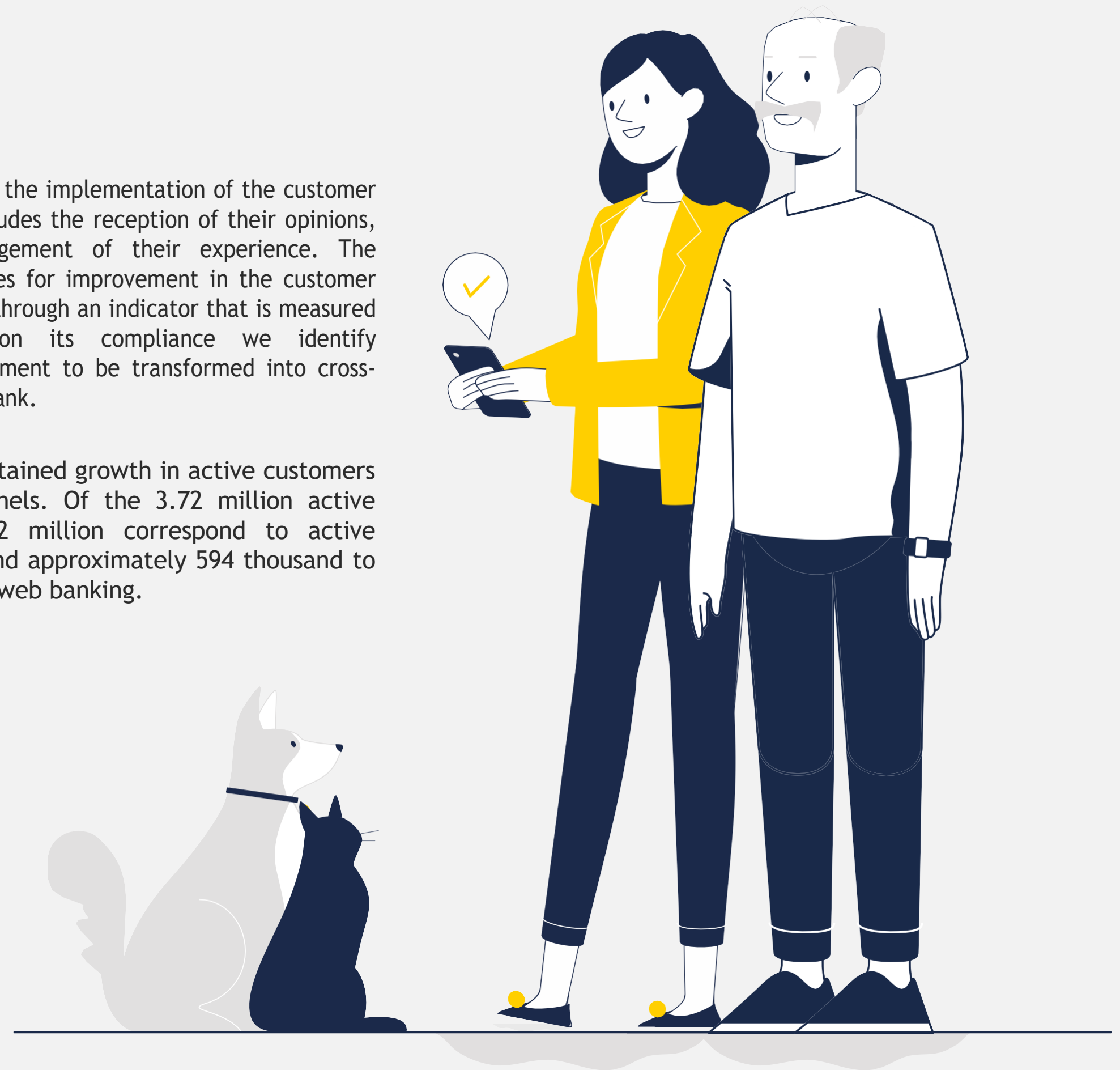
[GRI 3-3][DJ3.7.1]

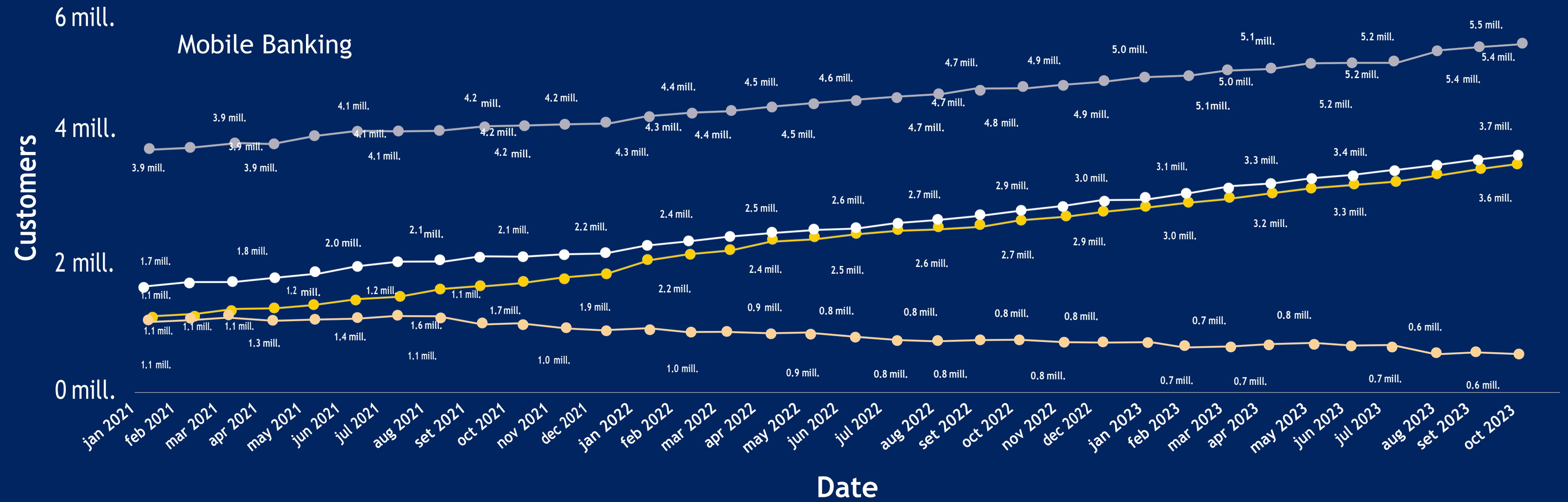
Our purpose of inspiring and rewarding trust and our strategic vision of being the simplest, closest and most human Bank in the financial system reflect our commitment to put the customer at the center of our operations. To this end, we analyze customer complaints and requirements, as well as involve them in participatory processes during the design of new products and customer service channels or improvements to existing ones. In 2023 we prioritize working on the following aspects:

- Measurement and management of the customer's voice.
- Customer service (CRM implementation).
- Reduction of complaints.
- Reduction of inquiries and requirements, migration of financial TRX to more cost-efficient channels.
- Increase the percentage of digital self-management of services.
- Design of the service model for the people segment.
- Reduction of waiting time in services provided in agencies.

During this year we began the implementation of the customer voice strategy, which includes the reception of their opinions, measurement and management of their experience. The monitoring of opportunities for improvement in the customer experience is carried out through an indicator that is measured annually, and based on its compliance we identify opportunities for improvement to be transformed into cross-cutting initiatives in the Bank.

In 2023 we obtained sustained growth in active customers in all our digital channels. Of the 3.72 million active digital customers, 3.62 million correspond to active customers in the App and approximately 594 thousand to active customers in our web banking.





Channel ■ Mobile Banking ■ Web Banking ■ Active Bank customer ■ Active Digital Customer

The Experience Commission leads the management of continuous improvement through 4 services:



Understand customer behavior to make better decisions.



Manage the customer’s voice with the Voice program.



Cultural change of experience.



Customer-centric interactive design.

To prevent or mitigate potential and actual negative impacts, from customer experience management we prioritize those that may affect customers and perform monthly follow-ups. One impact detected is when we perform maintenance and migrations in the system and some channels are out of service for a certain period of time. We communicate this to the customer in a timely manner in order to minimize the impact.

When we detect negative impacts on customers, we approach them from the listening stage in which we collect their data in order to have a comprehensive view of the findings both qualitatively and quantitatively. We prioritize the impacts with the greatest impact on the customer, we socialize them in the respective negotiation forums with stakeholders to promote planning and establish indicators. Follow-up on the effectiveness of the actions and goals established are presented monthly at the Experience Committee.

We also generate planning focused on solving the main needs of our customers through an analytical model that allows us to determine the groups with the greatest

impact; these results are used to design products and services with a customer-centric framework.

With the understanding of the customer’s journey in relation to the attention they receive from the Bank, we have set annual goals to increase the customer experience indicator, the availability of channels, the resolution of requirements at the first contact, among others.

Among the lessons learned that we have incorporated in our procedures is to prioritize only actions that generate value to customers.

Customer-focused banking [BP6]

We have a Consumer Protection Policy and a Data Protection Policy aligned with the country's regulations. In addition, several years ago we were pioneers in certifying our operation with international standards of customer service and protection on a voluntary basis.

The Relationship Banking and Microfinance units obtained the gold level in the Customer Protection Certification thanks to the implementation of its Principles within their operations. This is the highest distinction granted by CERISE-SPTF, an international organization that supports the financial sector in social and sustainability issues. It is awarded to institutions that meet the rigorous guidelines defined in the Universal Standards for Social Performance Management.

Starting in 2022, we are working on the alignment of the new standard, which includes 8 principles of customer protection, in order to obtain recertification in 2024, when its current cycle of validity ends.

We comply with the principles of customer protection:

Customer Protection Principles

1. The institution's products, services, and channels benefit customers.
2. The institution does not over-indebt customers.
3. The institution provides customers with clear and timely information to support their decision making.
4. The institution sets prices responsibly.
5. The institution enforces fair and respectful treatment of customers.
6. The institution protects customer data and informs customers of their rights regarding the use of their data.
7. The institution receives and resolves customer complaints.
8. Governance and senior management are committed to customer protection, and HR systems support its application.

The daily implementation of these principles allows us to understand in depth the requirements of the more than 3.9 million customers in the mass segment, their characteristics and needs, in order to respond in a timely, clear and transparent manner, and with personalized products and services that help them grow.

During this year, we have ratified and strengthened the Social Performance Management (SPM), which is measured through a social rating performed by an external party independent from the Bank. SPM refers to the effectiveness with which financial institutions achieve social objectives and create value for their customers, this rating is composed of 6 dimensions and more than 350 indicators.

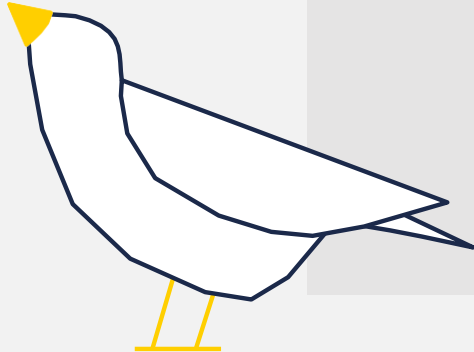
Financial institutions that apply strong social practices design products appropriate to their customers' needs, help their customers deal with emergencies, invest in economic opportunities, and manage daily and long-term financial needs. In addition, they treat their employees responsibly and maintain a careful balance between the institution's financial and social objectives.

The most important points of our management in the six dimensions are detailed below:



Social performance management

Dimension	Foundations
<div>1</div> <div>Defining and monitoring social objectives</div>	<ul style="list-style-type: none">• Strategic plan with an excellent balance between financial and social objectives.• Clear definition of social objectives aligned with the Bank's purpose, observing indicators and goals for each one.• Positive measurement of customer development.• Adequate depth of microcredit operations, serving customers with credit restrictions.• Remarkable commitment and actions in favor of the community, as well as in environmental protection and mitigating climate change.
<div>2</div> <div>Commitment of the board of directors, senior management and personnel</div>	<ul style="list-style-type: none">• Strong social orientation, led by Senior Management, the Board of Directors and the Bank's shareholders.• The induction, training and selection processes have a clear social connotation and concern for aligning with the company's philosophy.• Incentive system incorporates some components that promote financial inclusion, as well as additional rewards that help to achieve this objective.
<div>3</div> <div>Design and adaptation of products</div>	<ul style="list-style-type: none">• Products and services are adapted to the needs and profile of the customer, based on satisfaction studies, needs assessment and continuous feedback.• A strong gender focus, developing specific loans for women, as well as workshops and talks on empowerment, among others.• Favorable the presence of several channels to approach the customer such as non-bank correspondents (CNB - "Mi Vecino"), digital channels, mobile app, electronic wallet "Deuna!".



4

Social responsibility
towards the customer

- Remarkable customer retention.
- Positive participation of exclusive customers in the microfinance segment (47.3% of the total number of customers in the segment).
- Excellent compliance with customer protection standards.

5

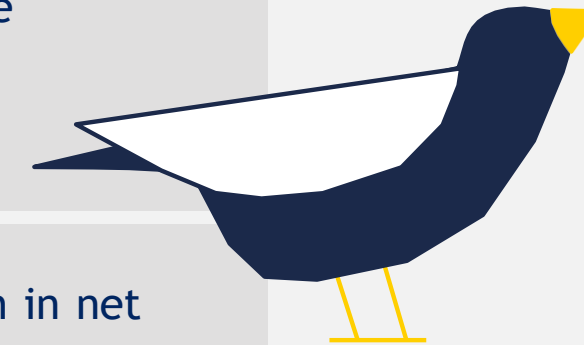
Social Responsibility
towards Personnel

- Continue to have excellent accountability to employees.
- Good levels of turnover of total personnel and business executives, comparatively better than the comparable benchmark.
- Offer extensive benefits in addition to the law and laudable efforts are made to disseminate and internalize them.
- Formalized career plan valued by staff.

6

Responsible Finances

- Remarkable financial-social balance, despite the reduction in net operating margin and unadjusted return on equity.
- Show strong shareholder support, reflected in its commitment to inclusive finance.
- Competitive pricing and below interest rate caps, according to regulation. In addition, they have some of the lowest rates in the sector.
- Healthy improvement in portfolio quality, reflected in a lower portfolio at risk indicator, explained by the greater controls applied, as well as prudent placements.



 **MicroRate**

Thanks to this management, we achieved 5 stars, the highest score in terms of social performance, placing us in the top 1% of institutions worldwide that have achieved this outstanding rating.

Attention in every corner of the country

[GRI2-6] [FS13]

We believe in the slogan of providing banking services to every corner of the country. With this objective in mind, we have reached the 24 provinces of the country with the presence of more than eleven thousand points of attention among agencies, self-service (ATM and multifunctional), Mi Vecino Non-Banking Correspondents (CNB), kiosks and digital stations.

Customer service locations	
Types of service points	
Agencies*	236
Autoservices	1,426
Mi Vecino Non-Bank Correspondents	8,802
Farmaenlace Points	1,268
Santa Maria Points	45
Kiosks	47
Total	11,824
* Includes mobile agencies, counters, virtual points, special headquarter offices, etc	

Pichincha Mi Vecino

Convinced that financial inclusion is the key to building a stronger and more connected Ecuador, during 2023 we expanded our network of Mi Vecino Non-Banking Correspondents (CNB), focusing our growth in the southern and northern regions of the country with a nationwide increase of 1,387 points of service.

Of the total of 8,802 correspondents, 4,515 operate in economically disadvantaged areas with a significant presence of microentrepreneurs. This context offers an outstanding opportunity to promote banking penetration in these areas.

Those who make up this network are our strategic partners because they become small agencies in their communities. Through this business model and distribution of financial products adopted by stores, hardware stores, stationery stores, among other businesses, we not only stimulate the local economy, but also bring access to banking services closer and simpler for our customers.

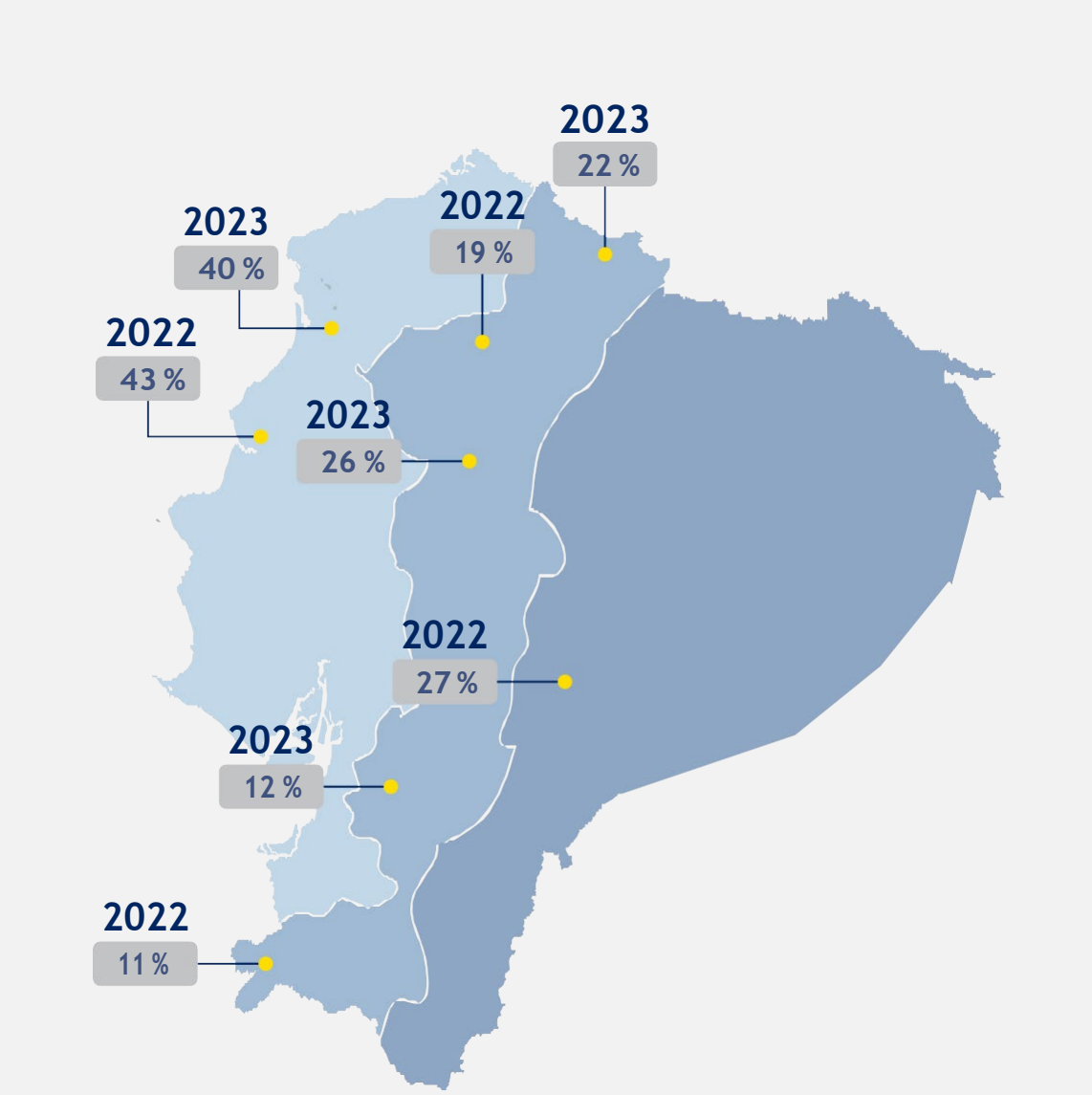
For more information about Mi Vecino satellite, click here:
https://www.pichincha.com/blog/mi-vecino-satelital-impulsa-inclusion-financiera?utm_source=linkedin



Thanks to the growth of Mi Vecino Satellite, we have boosted banking penetration in rural areas of Ecuador, reaching communities without internet access. This year we have 642 satellite CNBs, located in 23 provinces and 431 parishes. This initiative won the IDForo 2023 Resilience Award at the Ibero-American Summit on Digital Identity and Trusted E-Services.

Mi Vecino Satellite works with POS devices with WIFI, taking advantage of satellite internet, and ensuring a constant and reliable connection.

Mi Vecino Service Points



Region	CNB No.		%	
	2023	2022	2023	2022
Coast	1,807	1,348	40 %	43 %
Central Region	1,177	831	26 %	27 %
North Region	979	600	22 %	19 %
South Region	552	349	12 %	11 %
Total	4,515	3,128	100 %	100 %

Financial services with a focus on persons with disabilities

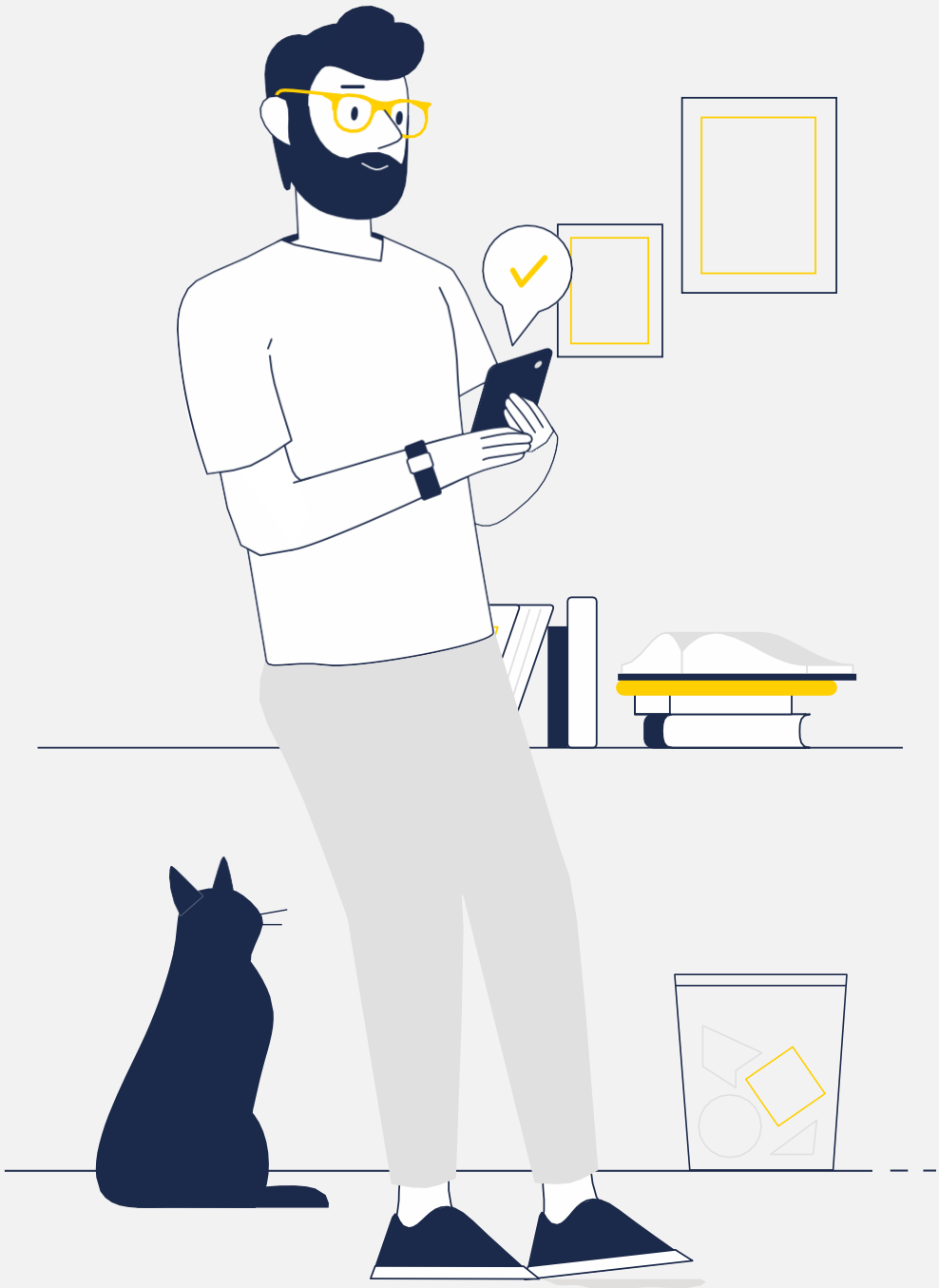
[FS14]

We work hard to be an inclusive Bank, so every year we develop initiatives or improvements to channels to facilitate access to our products and services and improve the experience for people with disabilities.

During this year, we tracked the use of the Mobile Banking application by our visually impaired customers. In 2022, we implemented screen-reading software that allows them to manage their finances autonomously. We are proud to report that they are now able to make cash advances and express cash, obtain bank certificates, make debit card password changes, as well as block and unblock their debit card.

One out of every three visually impaired people in Ecuador uses our Mobile Banking service.

This work has once again earned us the Progressive Inclusive Seal, awarded by the Metropolitan District of Quito due to our inclusive practices.



Complaints and claims management

[GRI2-16][BP4] [GRI 418-1] [GRI 2-25]

We manage the integral attention of claims, requirements and complaints from our customers, as well as from the general public and state organizations. This management is carried out in several stages, which are controlled and monitored in an effective and efficient way, which improves the customer experience.

We have several customer service channels to address claims and complaints from our customers. These are entered and processed in the corresponding tools, and communicated to the customer in the times established by the organization. To achieve this objective, we have processes duly documented in manuals and instructions framed in the current regulations.

We continuously develop projects, initiatives and process improvements in order to reduce the number of claims and complaints regarding our products and services. We focus on the implementation of FCR (First Contact Resolution), RPA (Robotic Process Automation), periodic root cause analysis and educational campaigns aimed at our customers to reduce possible negative impacts and address the problem in a comprehensive manner.

Finally, in order to monitor, control and implement action plans based on the evidence obtained, we have comprehensive KPIs that allow us to know the performance of the attention to claims and complaints with respect to the time of attention, quality of response, claims received versus the number of transactions, etc.

We decreased the claims rate from 0.027% in 2022 to 0.023% in 2023.

An example of this monitoring is that during 2023 we do not have a claim or complaint regarding the violation of customer privacy, thanks to the technical, organizational and legal measures implemented to preserve data security.

Complaint management				
Channels	Number of transactions			
	Detail	2023	2022	Annual variation
Web banking	Transferences	12,864,706	16,140,100	-20.29 %
	Payments	5,791,707	11,043,635	-47.56 %
	Products	140,144		
Mobile banking	Transferences	434,936,565	253,567,125	71.53 %
	Payments	38,121,720	26,373,843	44.54 %
Teller window	Deposit	30,040,179	29,146,544	3.07 %
	Payments	6,817,083	6,809,726	0.11 %
	Withdrawal	16,507,314	15,793,853	4.52 %
	Servicios	7,440		
Autoservices	Deposit	16,241,529	13,922,401	16.66 %
	Collections	460,458	525,934	-12.45 %
	Withdrawal	114,411,189	98,615,582	16.02 %
	Transferences	4,274	4,334	-1.38 %
	Products	164,983		
Transactions in CNB (non-bank correspondents)	Deposit	63,402,740	57,155,768	10.93 %
	Payments	13,232,770	15,097,244	-12.35 %
	Withdrawal	57,149,380	44,772,454	27.64 %
	Services	114,551		
Payment methods	Debit card consumption	97,480,688	71,132,598	37.04 %
	Credit card consumption	40,142,480	33,715,376	19.06 %
Total de transactions		948,031,900	693,816,517	36.6 %
Total complaints		216,127	187,317	15.4 %
Indicator		0.023%	0.027%	-15.6 %

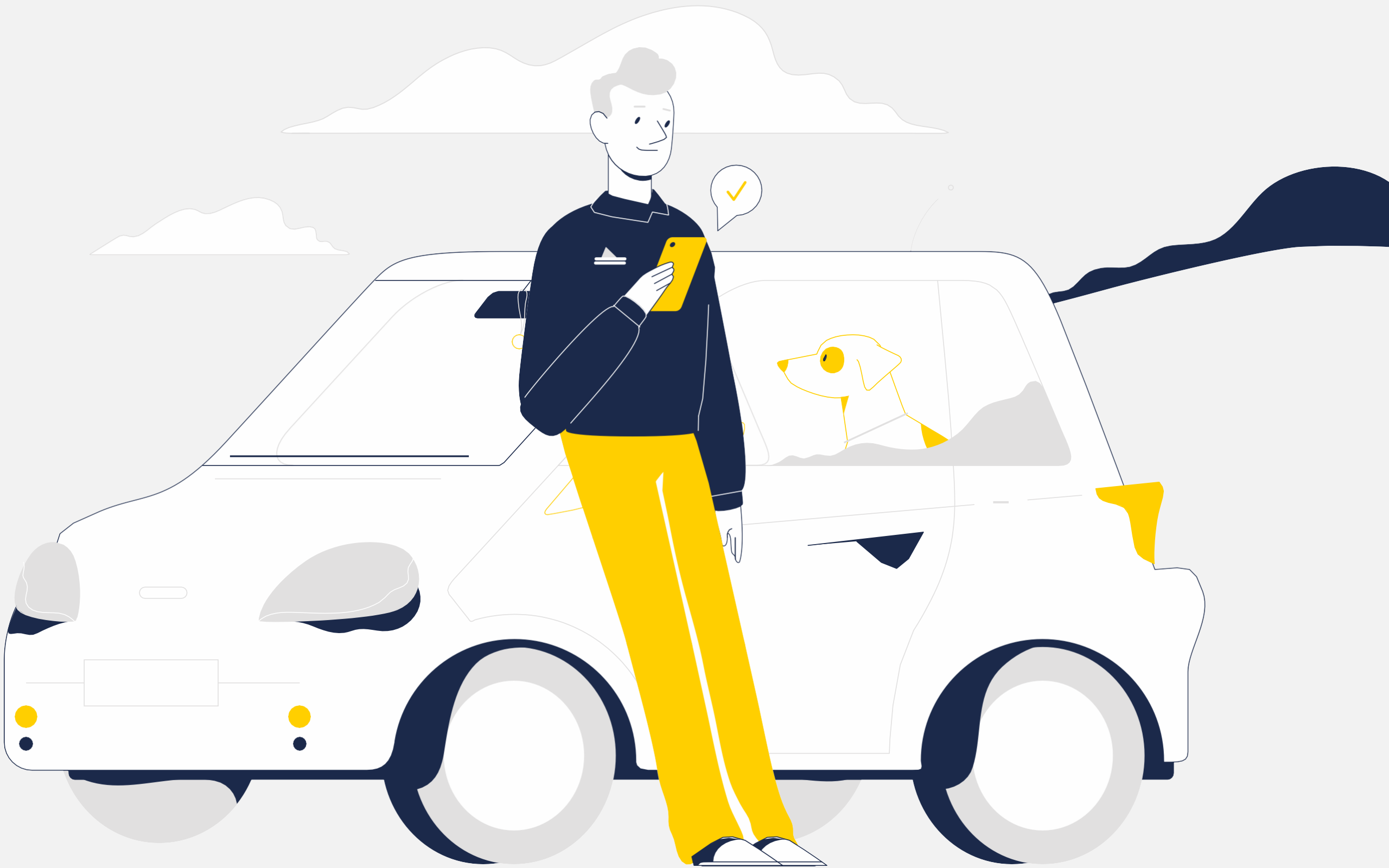
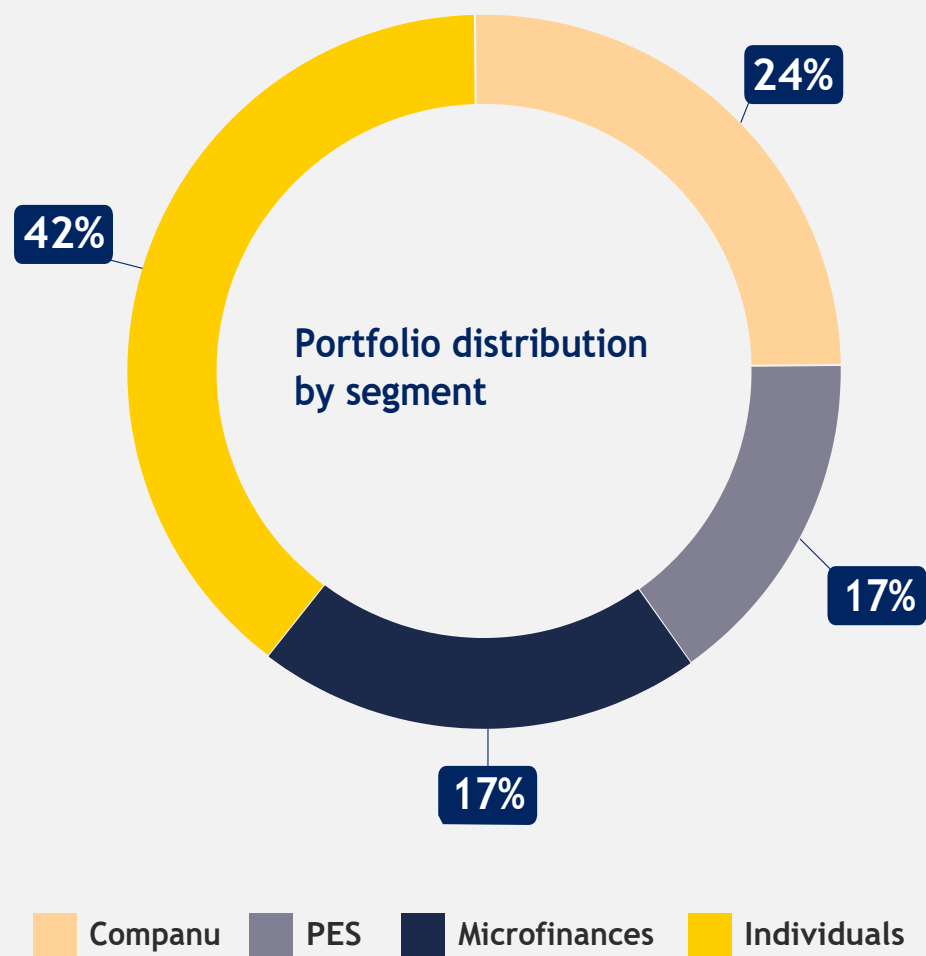
2. Composition of our portfolio

[FS6]

We are committed to the development of our country, supporting the dreams of the families and businesses that make it up. During 2023 we disbursed 1,747,914 loans and at the end of the year, we had a net portfolio of \$11,543,786,202, which represents a growth of 9%.

We have an analysis structure for the granting of loans, which has allowed us to maintain an adequate management of risk and of the Bank's non-performing portfolio.

Our portfolio is distributed by segment as follows:



Customers by Region										
Region	2023					2022				
	Company	Individuals	Microfinances	PES	Total Genral	Company	Individuals	Microfinances	PES	Total Genral
Coast	3,788	1,743,938	289,618	38,156	2,075,500	3,584	1,453,858	272,075	35,414	1,764,931
Headquarters	3,180	18,868	436	233	22,718	3,085	17,138	740	201	21,164
Central Region	1,040	894,515	223,233	15,602	1,134,390	967	747,556	207,222	14,304	970,049
North Region	1,776	1,871,552	162,275	29,742	2,065,345	1,432	1,687,447	149,464	28,045	1,866,388
South Region	598	272,157	598	8,329	322,592	612	232,619	38,402	7,273	278,906
Total	10,382	4,801,030	717,070	92,062	5,620,544	9,680	4,138,618	667,903	85,237	4,901,438

Customers with active credit operations by business								
Region	2023				2022			
	# Customers	# Operations	Total Portfolio \$	%	# Customers	# Operations	Total Portfolio \$	%
Company	2,890	20,031	2,749,467,303	24 %	2,599	14,326	2,504,805,862	24 %
PES	44,319	76,835	2,019,897,860	17 %	42,034	71,574	1,855,378,169	18 %
Microfinances	321,929	437,716	1,997,199,673	17 %	323,059	438,846	1,829,096,856	17 %
Individuals	923,243	1,213,332	4,777,221,365	41 %	870,247	1,126,727	4,280,204,834	41 %
Total	1,292,381	1,747,914	11,543,786,202	100 %	1,237,939	1,651,473	10,469,485,721	100 %

3. We evolve to innovate and transform ourselves digitally

[GRI 3-3]

Today, customer needs require us to be able to manage financial services in a more agile and secure manner, which is why several years ago we began an internal digital transformation to keep up with new market expectations.

We have made significant achievements in the design of products such as the mortgage loan that optimizes the response time for internal and external customers, while it is a self-manageable product. In addition, we have other digital loans such as the consumer loan, which the customer can access online in a matter of seconds.

The digital offer is also accompanied by liability products such as bank accounts and investments, making saving and investing easy and independent.

Part of our value promise is the simplicity in the experience we want to deliver to our users, which is why in December our customers moved 14,205 MM, of which 7,383 MM, that is, 52% did it through digital channels.



Our transfers from mobile banking are the fastest in the financial system.

In this digital transformation process, we seek to mitigate any risk to our customers. However, there are some risks inherent to the use of technology, such as cyber-attacks and the exposure of sensitive data. To this end, we have the General Information Security and Cybersecurity Policy, internally we articulate our work with areas of risk management, security, legal and communication from the initial stages of the construction of solutions, we design contingency plans, we perform sampling and process controls prior to the massification and market launch of products, services and digital channels. As well as subsequent monitoring.

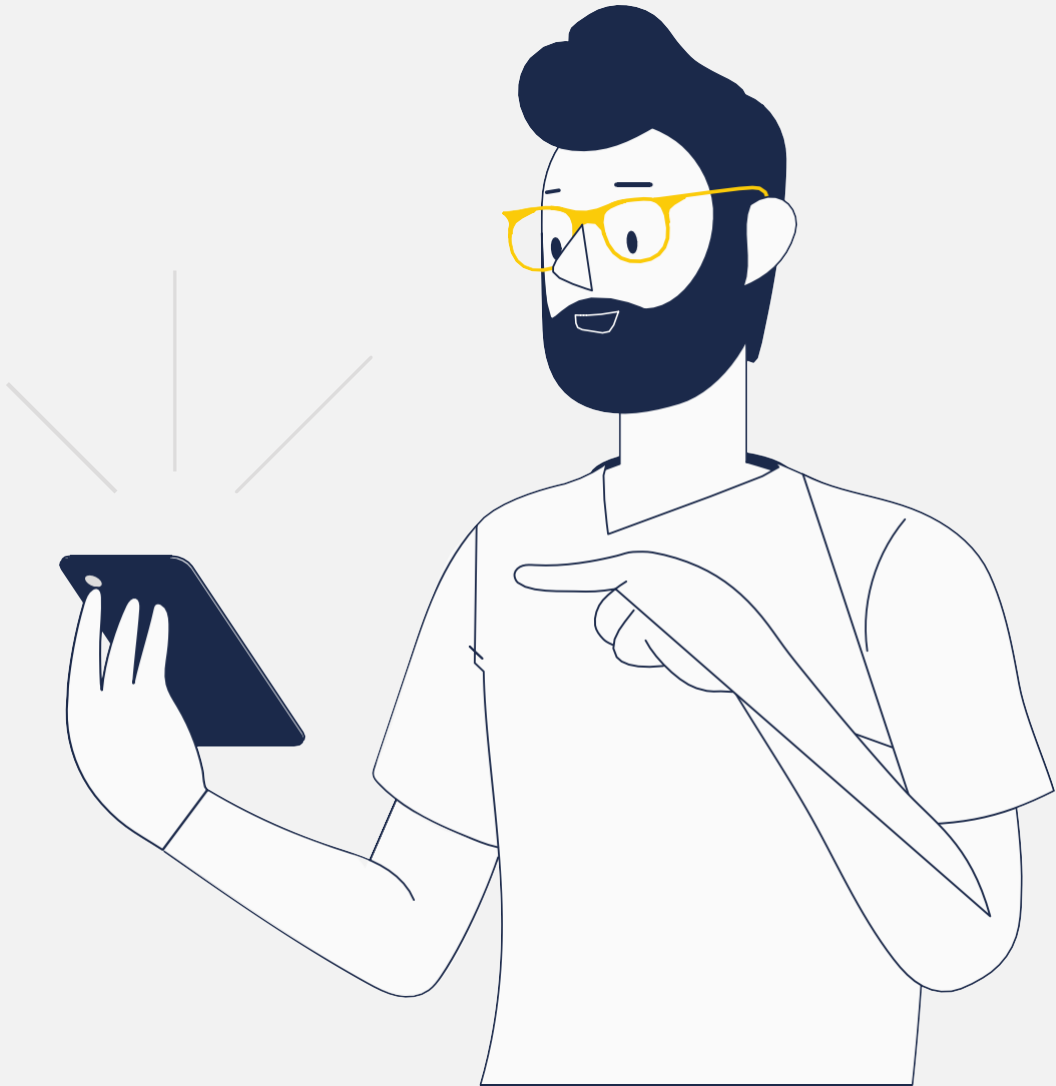
To prevent cyber-attacks, we apply the following security measures:

- Multi-factor authentication (AMF)
- Continuous monitoring
- Customer education
- Data encryption

In the event that a customer is negatively affected, we have specialized channels and systems for dealing with complaints and requirements.

We have defined key performance indicators (KPIs) and objectives and key results (OKRs) to evaluate the results of the digital transformation and innovation processes. This information can be found in the Digital Transformation section of the 2023 Annual Report.

We manage a vision of continuous improvement fueled by the voice of our customers. They are a central part of our way of working through agile methodologies that allow us to iterate a product, a service or a channel with their constant feedback. Identifying their needs and pains is the key to becoming a more human, empathetic bank that provides customized solutions.



Sustainable Finances

04

1. Promoting sustainable development: Products with social and environmental impact
2. Climate change management
3. Economic performance



Social Impact



273,766 operations
disbursed
to microentrepreneurs.



55 % of microfinance
CUSTOMERs and 63 %
of Mi Vecino's CUSTOMERs are
women.



45,806 people trained in
financial education.

Environmental Impact

74.5 % of our BIO
credits went to
sustainable agriculture.

+\$219 millions placed in
BIO loans.

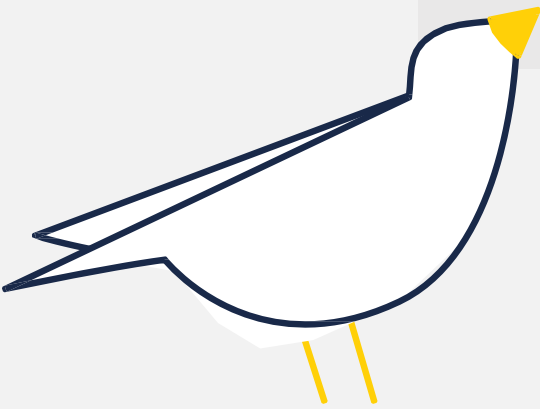
We contributed to the renewal of
Ecuador's Sustainable Finance
Protocol with Asobanca.

Economic Impact

2,290
Local suppliers.

+\$446 millions in purchases
from local suppliers.

600 thousand banked customers.



1. Promoting sustainable development: Products with social and environmental impact

[FS7] [FS11][GRI 2-4]

As dynamizers of the Ecuadorian economy, we know the positive impact we can generate through products designed to promote the sustainable development of our customers and their businesses.

This year we achieved that loans placed with a social and environmental focus represent 36.6% of the portfolio. In addition, we continue to operate with an exclusion list of economic activities that we do not finance because we consider that their economic, social and environmental impact could be negative for people and the environment.

Credits with a social and environmental focus	
Focus	Amount disbursed (\$)
Loans disbursed with a social focus *	\$4,008,201.193
Loans disbursed with an environmental focus **	\$219,432.477
Total	\$4,227,633.670
* Includes loans to microfinance and PES segments. Microfinance and PES segments are included; to avoid double counting, Bio credits are excluded. **Bio credits granted to all segments are included. The inclusion criteria used do not correspond to regulatory requirements.	

We support the growth of microentrepreneurs

With a broad portfolio of products for the microfinance niche, which serves people located at the base of the economic pyramid, during this year we have impacted more than 717,070 customers. To ensure quality attention to this segment, we have an individual and group methodology, both with a human, close approach and constant counseling and monitoring. Chart 1 and Chart 2 show our management figures.

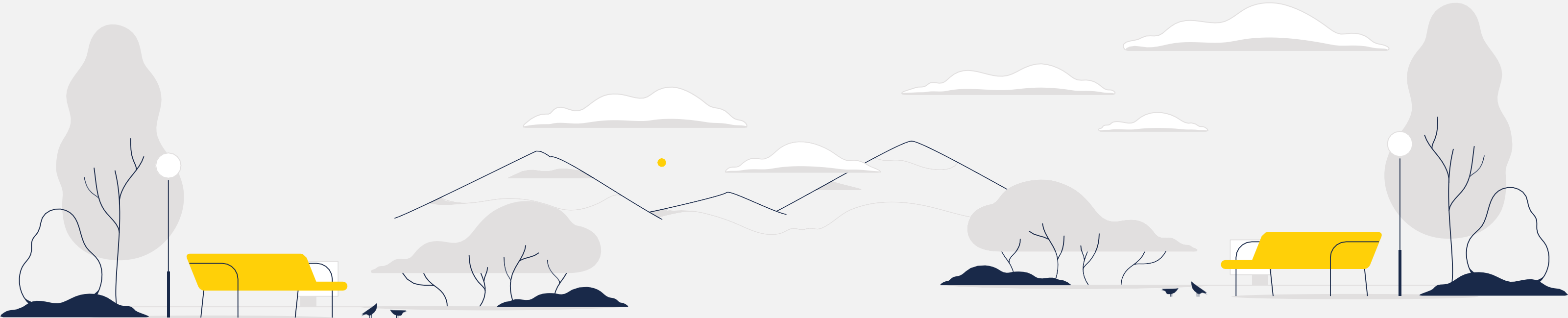


Chart 1

Individual microfinance outreach			
Asset products	Detail	No. Transactions disbursed	
		2023	2022
Working capital	Credit for working capital needs.	174,681	189,720
Fixed assets	Credit for investment needs in fixed assets.	10,770	8,283
Consumption	Consumer credit.	3,944	3,636
Housing improvement	Credit for the improvement of the debtor's own home or that of a relative in the first degree of consanguinity of the debtor or co-debtor.	24	52
Total		189,419	201,691

Chart 2

Group microfinance outreach			
Asset products	Detail	No. Transactions disbursed	
		2023	2022
Group cash credit	Product intended to cover working capital and/or fixed asset investment needs of customers who are part of Caja Grupal group profile.	60,121	68,653
Credit developing group	Product intended to cover the working capital and/or fixed asset investment needs of customers who are part of Grupo en Desarrollo's profile.	21,111	30,456
Agricultural credit	Credit for short-cycle agricultural activities.	177	147
Livestock credit	Credit for livestock activities.	428	656
Seasonal credit	Multipurpose product, designed to meet the different needs that customers may have.	2,510	7,538
Total		84,347	107,450

Chart 2

Group microfinance outreach			
Liability products	Detail	No. Transactions disbursed	
		2023	2022
Group microcredit savings account	Aimed at groups, the objective of which is to satisfy the group's needs for savings and payment of dues.	6,862	8,855
Investment certificate	Investment product aimed at customers who are members of groups.	19,181	23,719
Electronic savings account	Product to cover savings and installment payment needs on a personal basis.	18,904	17,449*
Total		26,043	41,850

* This figure has been recalculated due to a change in the source of information. With this update it may be comparable to the data reported in 2023.

Our commitment to women

[GRI 3-3][BP 1]

We have a public commitment to the development of women in the country, especially those in the microfinance and SME segments, in order to reduce the gap between men and women. According to World Bank data, 57% of the unbanked in Ecuador are women and the gender gap in banking is 18%. These figures respond to a multi-causal problem that merits on our part the design of a strategy and an offer for multi-purpose women.



Banco Pichincha has believed in us and we have grown hand in hand with them.


Gloria Guachamín
Owner of Floraroma Floriculture

Impact on our MSME customers	
	More than 415 thousand female active customers
	More than 216 thousand active digital female customers
	More than 130 thousand female customers received training and sensitization on financial education and soft skills.
	\$574 million disbursed to women's businesses
	Loan portfolio amount for micro and small businesswomen \$1,685,951,768
Goals Gender bonus	112,303 loans in force for women SMEs + Micro women SME Women and Micro Women loans in the agricultural sector* represent 29% of the SME Women and Micro Women portfolio.

* This figure corresponds to the gender bond whose disbursements are between \$5 K and \$1 MM dollars.

Through our Gender Intelligence Committee, we strengthen the design of our gender strategy and promote its implementation both internally, with our employees, and externally, in our interaction with our customers.

In 2021, the SER program was born; a strategy based on a portfolio of comprehensive products and services adapted to the reality, living conditions and needs of our customers, with the aim of generating a positive impact. We go beyond providing financial solutions, focusing on promoting the development of women entrepreneurs through education, training and the creation of spaces to share their testimonies in such a way that motivation and inspiration among them facilitates their growth.

SER has three pillars:	
Financial Offer 	Differentiated and flexible conditions in savings and financing according to the particular needs and barriers that traditionally limited women's access to financing.
Non-financial Offer 	Knowledge transfer, skills and management mechanisms with experts for micro and small women-led enterprises. Products for family and business and protection of the family and business
SER Community 	We seek to generate a space of inspiration from the success stories achieved so that other women can find their motivation

In 2022, in collaboration with IDB Invest and the International Finance Corporation (IFC) as investors, the first gender social bond¹ was issued in the Ecuadorian stock market. This action reached the significant amount of US\$100 million, with a maturity of five years. The central purpose of this bond is to promote the growth of businesses led by women, focusing especially on the micro, small and medium-sized enterprise (MSME) segment.

¹ To review the gender bonus monitoring indicators go to Annex 1.

We are committed to women entrepreneurs to:

- Generate independence and empowerment.
- Promote access to financing.
- Increase financial inclusion.
- Increase digital financial inclusion.

This innovative financial instrument not only represents a milestone in terms of gender inclusion in the economic sphere, but also reflects our commitment to the strengthening and sustainable development of women-led enterprises in Ecuador.

We know that the success of these entrepreneurs is the engine that drives the progress of entire communities and our country. Our vision goes beyond being a bank; we seek to be partners in the construction of futures full of achievements and prosperity that contribute to entire families to generate economic development that is reflected in their quality of life and allows them to break poverty circles.

Goals and results of the SER 2023 Program	
Objective	
Increase the number of active MSME customers by 13 percentage points	
Goal	Result
396,000 active digital female customers	415,753 active digital female customers
Objective	
Increase the number of active digital customers by 33 percentage points	
Goal	Result
217,000 active digital female customers	219,788 active digital female customers
Objective	
Training women in financial literacy and soft skills	
Goal	Result
42,500 female customers	130,000 female customers
Objective	
Deepen the participation of the women's portfolio in the MiPyme portfolio	
Goal	Result
Microfinances: Portfolio stock over 50 %	Microfinanzas: Stock mujer representa 55 %
SMEs: Increase portfolio stock by 20 % (620 MM)	SMSs: \$582 millions of women's stock

Financial inclusion

[FS16] [DJ 3.6.3]

Our commitment to the economic and social development of the country drives us to implement effective financial inclusion models in order to provide access to and educate on the use of financial products and services specially designed for microentrepreneurs. We have banked more than 600 thousand customers through the Mass Market and Microfinance segments, and 52% of them are women.

We seek to reach 100% of the provinces and cantons without neglecting our relational model with the financial and digital education component.

We have enhanced our technological tools with innovative functionalities, adding value and optimizing commercial management so that customers do not need to visit agencies. This agile, simple and efficient approach meets our customers' needs in a timely manner.

Through microcredit, we foster the development of inclusive local economies in marginalized areas of the country.

In 2023 we served more than 215 thousand customers in the two methodologies, 28% are new customers and 60% are female heads of household. In this period, we disbursed 1,068 million, with an average loan amount of \$4,966.

86 % of microloans were for working capital, boosting commercial and productive activities.

More than 35% of the segment's customers have health and/or business insurance, which helps them to mitigate personal and physical risks. This makes it possible to boost their businesses without de-financing their productive activity in the event of a calamity.

56 % of the customers of the group methodology, who are the most vulnerable, use health insurance, generating a positive impact on their quality of life.

In addition, we promote digital education to provide greater security to customers when opening accounts, performing online transactions, etc. By 2023, we have achieved that 55% of individual methodology operations are carried out digitally, optimizing service times and improving the customer experience.

We encourage the reduction of cash usage by integrating the DeUna wallet. 50% of microfinance customers use this tool to receive and make collections and payments.

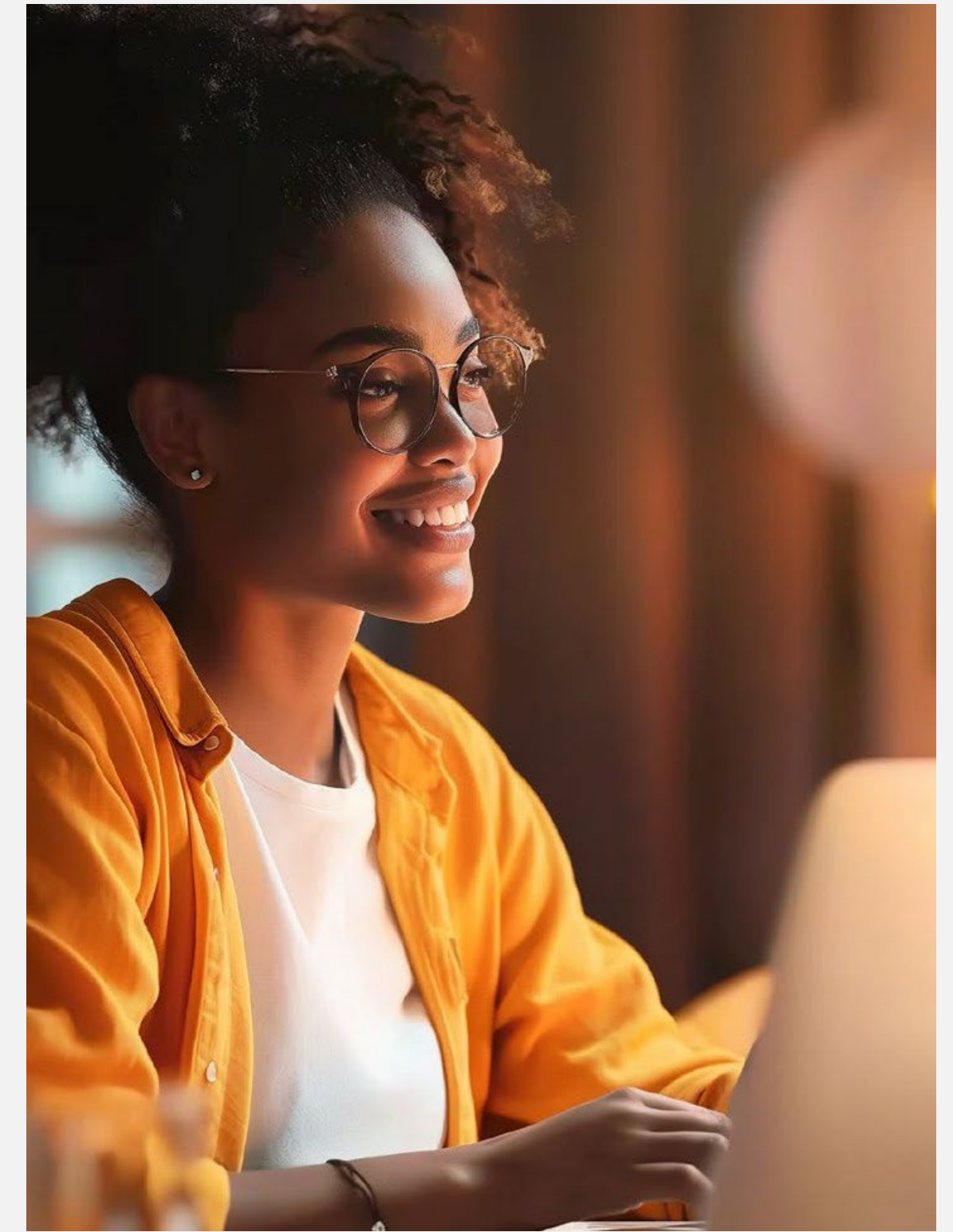
We certified our credit methodologies (individual and group) with the control entities as a model of awareness in Financial Education, impacting more than 200 thousand customers. We have also implemented training programs to enhance the growth of their businesses.

Financial education

During 2023 we continued to develop the Financial Education Program implemented in conjunction with CRISFE Foundation. Its objective is to develop and build a structured and continuous Financial Education System that allows beneficiaries to improve the management of their resources, access healthy financial products and make sound financial decisions throughout their life cycle.

The program adapts its methodology, contents and channels to the different audiences it serves. We have face-to-face and virtual methodologies in which we teach topics such as:

- Financial culture.
- Personal finance.
- Financial culture for business.
- Financial culture of well-being and financial behavior.
- Business innovation.



The program is aimed at customers and non-customers. Table 3 shows the groups served.

Chart 3

Program activities	
Segments	Activities
CNB'S	Virtual awareness talks. Financial tips through WhatsApp Virtual courses: <ul style="list-style-type: none">Finance for businessInnovation in business
Microfinances	Virtual awareness-raising talks. Training with "Financial Education School" methodology.
Employees	Awareness-raising virtual lectures. Virtual course.
Rollers*	Awareness talks. On-site and virtual training.
Aflatoun**	Trainer of trainers to teachers of educational units. On-site training to students during class hours throughout the school year.
Public in general ***	Trainer of trainers. On-site and virtual training.
*Employees of companies that pay payroll with Banco Pichincha. ** Children and teenagers of 6 educational units of the coast. *** Refugees and migrants, people in vulnerable situations, rural beneficiaries, among others	

BIO credits

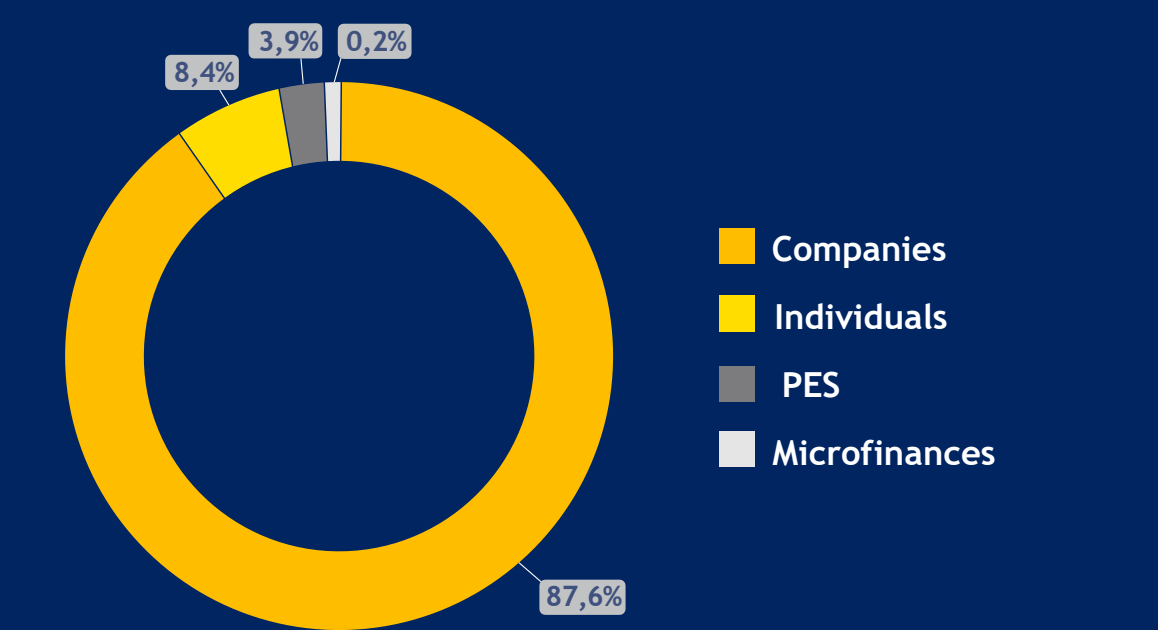
[DJ1.9.8]

During the year, we maintained our green product offerings, called BIO Credits. They are focused on: sustainable transportation, sustainable construction, renewable energies, energy efficiency, cleaner production, waste management and sustainable agriculture. Through these credits, we seek to contribute to the fight against climate change.

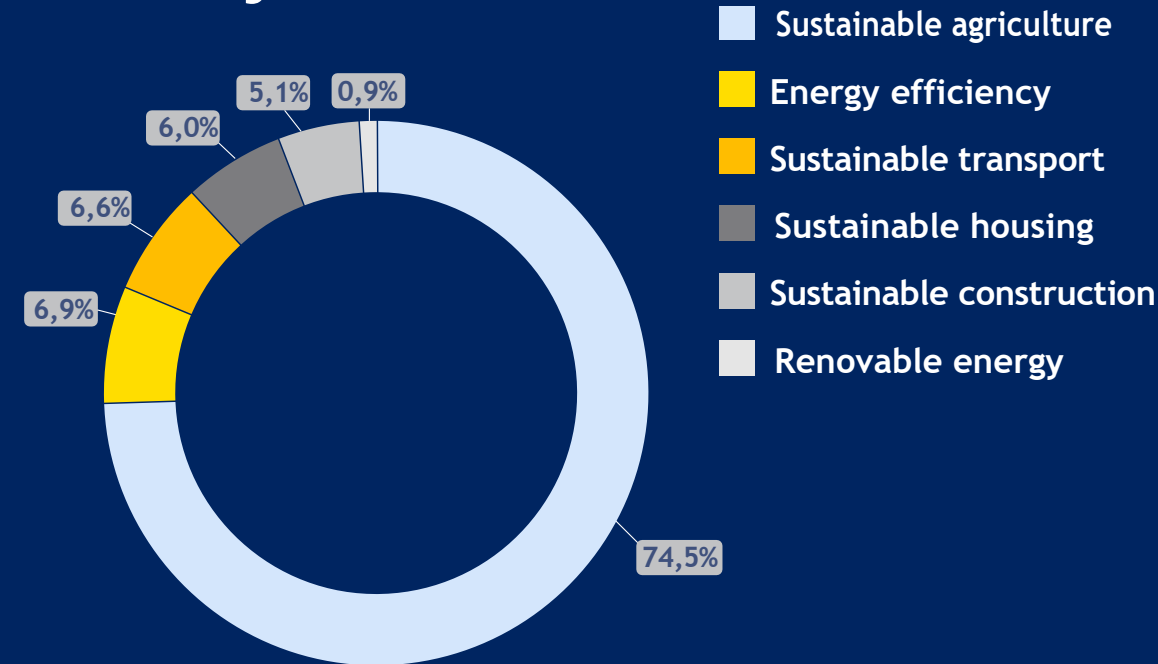
Chart 4

Placement of Bio Credits in 2023			
Segment	Bio credit destination	Amount	# Customers
Companies	Sustainable agriculture	\$163,086,359.32	22
	Energy efficiency	\$15,000,000.00	1
	Sustainable construction	\$10,516,995.10	4
	Renewable energy	\$2,028,385.38	2
	Sustainable transportation	\$1,579,034.54	27
Total		\$192,210,774.34	56
PES	Sustainable transportation	\$7,044,420.93	189
	Sustainable housing	\$759,033.16	7
	Sustainable construction	\$400,000.00	1
	Sustainable agriculture	\$300,000.00	1
Total		\$8,503,454.09	198
Microfinances	Sustainable transportation	\$286,783.06	13
	Sustainable housing	\$106,103.59	3
Total		\$392,886.65	16
Individuals	Sustainable housing	\$12,344,781.01	194
	Sustainable transportation	\$5,640,136.54	238
	Energy efficiency	\$170,445.11	224
	Sustainable construction	\$170,000.00	1
Total		\$18,325,362.66	657
Total general		\$219,432,477.74	927

Placement of Biocredits by segment



Placement of Biocredits by destiny



Social and environmental risk management

[GRI 2-4][FS1][FS2][FS3][FS4][FS5][FS8][FS9] [FS10][DJ1.9.5]

Since 2020 we have had the Social and Environmental Risk Management Policy for Credits, approved by the General Management and the Board of Directors, which allows us to identify, evaluate, mitigate and monitor the environmental and social risks derived from customer credit operations².

9 projects reviewed according to ESG criteria.
2 of them have successfully completed their financial closure.

This policy is the starting point for integrating ESG (environmental, social and governance) aspects into the financing of large-scale projects, using the IFC Performance Standards as the evaluation standard. During 2023, we reviewed 9 projects against ESG3 criteria in the mining, construction, manufacturing, trade, and information and communication sectors⁴.

Part of our sustainable responsibility is to guide and monitor the environmental performance of our customers through the Environmental and Social Risk Management System (SARAS 2.0).

This year the system was reviewed by the Internal Audit area and we are currently working on the improvement opportunities identified. In addition, in 2024 we will initiate an external verification of the system with an independent third party.

In order to align with international best practices and multilateral banking requirements, we have updated the SARAS evaluation scope, determining the following:

- **SCOPE 1:** For new credit operations with an amount equal to or greater than two million per customer, term greater than 12 months; medium and high socio-environmental risk level.
- **SCOPE 2:** For new loan operations of five million or more per customer, with a term of 36 months or more; low, medium and high-risk level, the IFC performance standards PS15 and PS26 are included in the evaluation⁶.
- **SCOPE 3:** Investment projects will be evaluated through the eight IFC performance standards, total project cost equal to or greater than ten million, term equal to or greater than 36 months; low, medium and high-risk leve.

² For more information, please refer to the 2022 Sustainability Report, p. 67 and 68.
³ There were no rejected projects in 2023 because some customers withdrew the loan before completing the analysis process.
⁴ Due to the Data Protection Act we do not publish case examples of projects reviewed.
⁵ PS1: Performance Standard 1, Assessment and Management of Environmental and Social Risks and Impacts.
⁶ PS2: Performance Standard 2, Labor and working conditions.

SARAS 2.0 includes the generation of a Socio-Environmental Action Plan (PES) for those financed activities where risks were identified during the assessment and need to be mitigated⁷. This plan is agreed with the customer and described in the credit approval means.



6 socio-environmental action plans generated to customers.

The PES is signed by the legal representative, and the socio-environmental covenants are part of the plan. Compliance is monitored during the life of the loan and prior to the renewal of a new financing operation.

Failure to comply with this plan has repercussions on future loan disbursements or the granting of a new operation.

Charts 4 and 5 show the management achieved through SARAS in 2023.

⁷ Apply to credit operations categorized with socio-environmental risk levels IV and IFC PS.

Chart 5

SARAS Performance		
Product	2023	2022
No. of long-term credit operations assessed through SARAS greater than or equal to \$ 2M	67	64
Total of operations evaluated by SARAS	67	119*
Total amount of operations evaluated under SARAS	\$ 2,009 M**	\$ 919 M
Total amount of approved credit lines 2023	\$ 4,146 M	\$ 2,500 M
% of the portfolio evaluated through SARAS	48 %	37 %

The reported data cannot be compared with the information reported in previous years since the SARAS system has been updated, both in the year 2022 and 2023, the evaluation scope has been changed from \$ 1 M to \$ 2 M only for long term credit operations (equal or greater than 12 months). The data reported correspond to the two updates in the scope of application that have been made to Banco Pichincha's SARAS system, therefore:

*The total amount of operations evaluated by SARAS 2022 includes lines of credit whose amount is equal to or greater than \$1M.

**The total amount of operations evaluated through SARAS corresponds to the amount of credit lines that are within the scope of application of the SARAS evaluation, including those cases that do not apply because their environmental and social risk is low. Therefore, the data reported in 2022 has been modified to be comparable with that reported in 2023.

Note: There are data reported in 2022 that have been modified to be comparable with those reported in 2023.

Chart 6

SARAS operations assessed by level of socio-environmental risk	
Level of socio-environmental risk *	No. of cases
Low risk	14
Medium risk	24
High risk	27
Investment projects **	2
No. of credit operations evaluated through SARAS	67

*The level of socio-environmental risk, low, medium and high, responds to Banco Pichincha's SARAS methodology, the EBRD's Catalog of socio-environmental categorization of economic activities and the socio-environmental risk of Ecuador's Ministry of the Environment.

**investment projects are those with a cost greater than or equal to \$10 million and a term greater than or equal to 36 months that are evaluated according to IFC performance standards.



Chart 7

Economic sectors evaluated through SARAS	
	No. of cases
Financial and insurance activities	2
Real estate activities	2
Public administration and defense	1
Agriculture, livestock, forestry and fishing	14
Commerce	13
Construction	7
Mining and quarrying	3
Manufacturing industries	19
Health	1
Services*	1
Electricity, gas, steam and air-conditioning supply	1
Transportation and warehousing	3
Total general	67

* Includes lodging, food for administrative and support personnel, others.

Note: Sectors are classified based on the ISIC catalog of Banco Pichincha.

Chart 8

Interactions with customers on environmental and social issues		
	2023	2022
Total no. of companies in portfolio	1,570	965
Total number of portfolio companies with which we have interacted on environmental and social issues	67	119
% of companies with which we have interacted on environmental and social issues	4.27 %	12.33 %

The reported figure for the total number of companies in the portfolio for the year 2022 has been modified to be comparable with the figure to be reported for the year 2023. This figure corresponds to the total number of credit lines approved in the years reported.

Each year we seek to strengthen the capabilities of our teams through specialized training and coaching. We conducted the following workshops:

- **Training of SARAS Champions and IFC PS performance standards.** - Carried out under the auspices of the multilateral GCPF in which 39 employees from the Credit, Risk, Commercial and Sustainability areas participated.
- **SARAS and tool:** Participation of 64 employees from the Credit, Commercial and Sustainability areas.
- **IFC Performance Standards.** - Training for 72 employees from the Credit, Risk, Commercial and Sustainability areas.



2. Climate change management

[GRI 2-4][DJ1.6.3][DJ2.6.1] [DJ 2.5.2][DJ2.6.2][DJ2.6.3][DJ2.6.4][DJ2.6.6][DJ2.5.4][DJ2.5.7][DJ2.5.8][DJ2.5.3]

It is fundamental for our Bank to actively contribute to the fight against climate change. We are fully aware that, through our business vision, we have the capacity to generate a positive impact on this global challenge.

We are part of the Net-Zero Banking Alliance (NZBA), with which we will achieve net zero emissions by 2050.

We are publicly committed to a number of international policies and initiatives, including the Principles for Responsible Banking. Thanks to these principles, we have identified climate action and financial wellbeing as our priority focus areas.

In 2022, we developed a cross-cutting climate change strategy ⁸ aligned with the TCFD and the Net-Zero 2050 commitment that considers the risks and opportunities of climate change in the short, medium and long term.

As part of our strategy, we have a climate transition plan from which we have carried out various actions such as assessing the impact of climate change and reducing the carbon footprint of the Bank's operations and customer portfolio. These measures have enabled us to adapt effectively to changes in the climate.

During the year, we analyzed the risks related to climate change, taking into account the physical (acute and chronic) and transitional (regulatory, technological, legal, reputational and market) risks to the Bank's operations and loan portfolio, by analyzing the risks that climate change may bring to our customers, especially in the most vulnerable economic sectors (agriculture, livestock, fishing, construction, manufacturing and transportation).

The opportunities brought about by climate action are channeled into the development of products and services for mitigation and adaptation.

We do not finance any unconventional oil and gas extraction activities (those that require more environmentally polluting material processing mechanisms).



We do not finance coal. Oil and gas extraction activities accounted for less than 0.03% of the loan portfolio and coal-related activities less than 0.01%.

The measurement of our carbon emissions and the climate scenarios adapted to the Bank have allowed us to work on the establishment of emission reduction targets. To this end, we have used the NZBA Climate Target Setting Guide and the NZBA Checklist for the disclosure of intermediate targets. With these documents we have profiled our carbon emissions, defined the economic sectors with the highest emissions and are in the process of setting targets for the year 2030.

⁸ The cross-cutting climate change strategy considers the transition climate scenarios IEA 450 and physical scenario RCP 8.5. During 2023 we extended the climate scenario analysis to include the NGFS scenarios (NGFS Scenarios Portal). This was done qualitatively and quantitatively and the Current Policies, Delayed transition and NetZero 2050 scenarios were analyzed.

Finally, within the Balanced Score Card of the Bank's senior management is the indicator obtained from the annual measurement against the Dow Jones Sustainability Index, in which the climate change dimension is developed, which involves and strengthens its participation in the achievement of the stated objectives.

During this year we measured the financed emissions of scope 1, 2 and 3 to monitor the performance of our contribution to the fight against climate change.

Chart 9

Financed emissions		
Absolute emissions	2023	2022
Scope 1, 2 and 3 of financed emissions	1,031,487 tCO2e	910,780 tCO2e
Intensity of emissions		
Scope 1, 2 and 3 of financed issues	248 tCO2e /USD	239 tCO2e /USD
Portfolio stock coverage	40 %	41 %
Note: December 2022 values have been recalculated due to an update of macroeconomic data and asset turnover (asset turnover ratios increased from 1.12 to 0.71) used to estimate emissions in the JIM tool..		

Chart 10

Breakdown of absolute financed issues				
CIU Level 1	Economic sector	Portfolio Stock	Emissions Scope 1, 2 and 3 (ton CO2e)	% emissions scope 1, 2 and 3
A	Agriculture, livestock, forestry and fisheries	\$525,119,112	317620	31 %
C	Manufacturing industries	\$642,548,400	230118	22 %
G	Wholesale and retail trade. Repair of motor vehicles and motorcycles	\$1,666,959,698	173806	17 %
H	Transportation and warehousing	\$158,057,012	133752	13 %
N	Administrative and support service activities	\$256,591,352	33752	3 %
E	Water distribution, sewerage, waste management and sanitation activities	\$4,194,618	25448	2 %
	Other sectors	\$909,539,312	116991	11 %

Chart 11

Breakdown of emissions intensity			
CIU Level 1	Economic sector	Portfolio stock	Emmissions scope 1, 2 and 3 (ton CO2e)
E	Water distribution, sewerage, waste management and sanitation activities.	\$4,194,618	6067
H	Transportation and storage	\$158,057,012	846
A	Agriculture, livestock, forestry and fisheries	\$525,119,112	605
C	Manufacturing industries	\$642,548,400	358
B	Mining and quarrying	\$40,389,175	341
	Other sectors	\$2,792,701,188	111

Adaptation to physical climate risk

We have a comprehensive physical climate risk adaptation plan that focuses on mitigating the potential impacts on credit, liquidity and operational risks arising from the increased incidence and severity of drought, frost, changes in precipitation patterns and increases in average temperatures. This comprehensive approach reflects our commitment to responsible climate risk management, contributing to the bank's financial resilience and long-term sustainability.

The process consists of three phases:

Climate risk assessment	Adaptation plan	Monitoring and evaluation
<ul style="list-style-type: none">Detailed analysis of climate risks.Quantification of the impact on banking risks.	<ul style="list-style-type: none">Development of financial products to diversify portfolios.Continuous monitoring of climate indicators.Implementation of internal adaptation policies.	<ul style="list-style-type: none">Periodic evaluations of the adaptation plan.Regular publication of transparent reports on actions and results.

Opportunities arising from climate change

[GRI 201-2]

We have identified the physical risk "extreme weather events" as the most relevant risk at present. It may materialize through an increase in the frequency and intensity of weather events such as floods and droughts that could affect the operations and assets of the Bank and our customers causing economic damage due to infrastructure damage, operational interruptions and loss of employment.

In view of this risk, we have identified the vulnerability of the portfolio to climate change. For the most vulnerable economic sectors and geographic locations, we conducted a climate resilience assessment of our customers.

We believe that climate finance could increase its demand in the face of this reality, which could potentially increase revenues by diversifying the supply of loans and the portfolio, as well as improving corporate reputation. In 2023, we continued to offer sustainable financial products and to promote them through various sustainability events and the use of the Bank's financial products. In addition, we have invested in training for employees and customers in various segments regarding the incorporation of sustainability in their businesses.

Climate partnerships

We have joined forces with strategic partners to expand our focus on climate protection in 2023:

- We chaired the Sustainable Finance Committee of the Association of Private Banks Asobanca, where we promoted the renewal of Ecuador's Sustainable Finance Protocol, to promote the positive impact of the financial sector on climate change and social development.
- We participated in the revision of the regulations on the compensation format (third step of the PECC program).
- With Superintendencia de Bancos, we developed workshops on the progress of private banks on climate change issues so that they integrate compliance with sustainable finance into their public policies.
- We were among the first financial institutions to join the PECC program (Zero Carbon Ecuador Program) and in 2023 we were working together to verify and obtain the 2021 Carbon Footprint Inventory or Measurement Certification.

- We were part of the Sustainable Development Goal 13 (SDG 13) working group on the review of mentoring projects in terms of carbon footprint, nurturing and reviewing the draft project led by Produbanco.



3. Economic Performance

[GRI 3-3][GRI 201-1] [DJ1.3.3]

For more than a decade, we have excelled in promoting sustainable banking, applying international standards and developing strategies that benefit both the financial business and society.

We generate positive impacts by promoting financing with a social and environmental focus through specialized loans for agriculture, women, micro-entrepreneurs and bio-credit, adapted to their needs. We measure these impacts through indicators such as the reduction of the financing gap for women, the economic development of vulnerable sectors, and the certification of hectares in sustainable management.

In addition, our commitment contributes to progress in the creation of sustainable finance regulations to strengthen the relationship with customers, improving the country's understanding of this issue.

However, the management of financial institutions may have risks that negatively affect the economy, people or the environment. We highlight three factors:

1. Analysis of environmental and social risks of the customer to avoid granting loans to those who do not comply with socio-environmental regulations, are involved in serious crimes or labor abuse.
2. Proper risk management and avoiding over-indebtedness, since loans without proper evaluation can lead to unsustainable debts. Proper risk management is crucial to avoid financial crises that affect economic stability and generate loss of confidence in the country's financial system.
3. In addition, we face the challenge of bankarization and financial exclusion of vulnerable sectors due to high levels of crime and insecurity, which could leave these groups outside the financial system.

These risks have been identified and managed by the Bank at the highest level. To this end, we have policies and strategies that mitigate possible negative impacts, among which we highlight the Sustainability Policy, the Safety, Health and Environment Policy and the Social and Environmental Risk Management Policy for loans.

As part of the Principles of Responsible Banking, we have defined the objective of fighting climate change. To this end, we have a transversal strategy focused on achieving zero net emissions and increasing the bank's resilience to the impacts of this phenomenon: the SARAS system and actions that accompany customers in the evolution of their environmental and social performance and the offer of Bio credits.

In order to avoid situations of over-indebtedness of customers, we have the Customer Protection Certification and the Social Rating. Both recognitions are based on a robust management system that includes policies, work teams, specialized professional profiles, work methodologies, internal and external audits, performance indicators, objectives and goals that protect the customer with quality products and services.

Finally, financial inclusion is a fundamental pillar of our corporate strategy and we manage it through the aforementioned policies and actions. In addition, we reinforce it with financial education programs and agile service channels.

We have sought to ensure that these risk mitigation strategies inherent to financial management become sources of shared value creation with our customers and other stakeholders. To ensure their effectiveness, we apply internal and external verification processes, and we measure ourselves against international standards such as the CDP for the climate strategy or the Dow Jones Sustainability Index for the sustainability strategy. Finally, performance indicators are periodically reported to General Management and are part of the Bank's Balance ScoreCard.



Our commitment has a positive impact on society and gives us access to lines of credit with multilateral organizations. We seek to mobilize \$5 billion in green, inclusive and gender portfolio financing by 2025, with the additional goal of being recognized as the agribusiness bank in Ecuador.

23,6 % growth in Bank income

23,6 % growth in Bank expenditure

\$8,8 MM of community support contribution

\$89,8 MM in tax and contribution payments

Economic Value Generated						
	2023 (\$)	Participación %	2022 (\$)	Participación %	Annual Var (\$)	Annual Var %
Total	\$2,172.1	100%	\$1,758.1	100%	\$414.1	23.6 %

The annual growth in income for this year is mainly due to interest yields on the loan portfolio and financial income, higher income from services and income from shares and participations. 77.8% of revenues are generated by financial intermediation (interest, commissions earned and financial profits).

Distributed Economic Value						
Concepto	2023 (\$)	2023 (%)	2022 (\$)	2022 (%)	Annual Var (\$)	Annual Var (%)
Payment to savers and investors	\$530.7	26.7 %	\$288.2	17.9 %	\$242.5	84.1 %
Payment to employees	\$226.2	11.4 %	\$203.8	12.7 %	\$22.3	10.9 %
Payment to suppliers	\$415.3	20.9 %	\$389.2	24.2 %	\$26.1	6.7 %
Payments to the government (taxes and contributions) ⁹	\$89.8	4.5 %	\$130.3	8.1 %	-\$40.5	-31.1 %
Social investment in the community	\$8.8	0.4 %	\$4.3	0.3 %	\$4.5	104.0 %
Operating expenses	\$716	36 %	\$592.1	36.8 %	\$12.9	209 %.
Total	\$1,986.9	100 %	\$1,608.0	100 %	\$378.9	23.6 %

The annual increase in expenses was 23.6% compared to 2022. An important part of this growth is due to the increase in liability rates, thus generating more interest paid. Operating expenses represent 36% of the economic value distributed and include mainly: provisions for risk assets required by Superintendencia de Bancos, financial losses and other operating expenses, and depreciation and amortization.

We maintain our commitment to society, with an important contribution in social investment in the community of almost \$9 million, supporting projects for vulnerable sectors of the country, scholarships, education and various donations focused on philanthropic issues.

⁹ This year, taxes and contributions accounted for 4.5% of the economic value distributed with a total of USD 89.8 million, 31% less than the previous year, due to regulatory changes in local regulations.

Economic Value Retained				
Concept	2023	2022	Annual Var (\$)	Annual Var (%)
Net income	185.2	150.1	\$35.1	23.4 %
Legal reserve	18.5	15.0	\$3.5	23.4 %
Shareholders available	\$166.7	\$135.1	\$31.6	23.4 %

We reported positive results, closing the year with a net income of USD 185.2 million. These results reflect the solidity and strength of the institution and our commitment to our customers and shareholders.

Economic impact on our environment

[GRI 2-6]

Through the generation of economic value and its distribution among the different stakeholders, we know that we are the drivers of the country's economy and that is our greatest satisfaction¹⁰. Through our supply chain, we have an impact on more than 2,500 suppliers, of which we have allocated more than \$446 million in local purchases, boosting employability, the economy and the development of the corporate word.

Purchases of goods and services				
Number of suppliers	2023		2022	
	Locals	Internationals	Locals	Internationals
Services	764	62	477	56
Goods	1,526	186	1,800	145
Total	2,290	248	2,277	201

Compras de bienes y contratación de servicios				
Amount of Purchases	2023		2022	
	Locals	Internationals	Locals	Internationals
Services	233,107,876.56	8,825,029.12	101,490,330.45	9,609,440.71
Goods	213,634,710.78	37,591,669.43	293,384,063.29	30,512,678.17
Total	\$446,742,587.34	\$46,416,698.55	\$394,874,393.74	\$40,122,118.88

¹⁰ More information on economic performance can be found on page xx of the Annual Report.

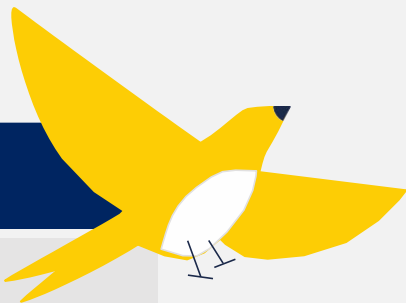


Social and Inclusive Development

05

1. Human capital
2. Diversity, equity and inclusion management
3. Ensuring healthy and safe environments
4. Promoting Human Rights
5. Our transformative impact on the community

We are a Family-Responsible Company



Responsible labor practices



96 % employees with fixed-term contracts.



1,239 monthly financial allowances for day care centers.



30 mobile breastfeeding centers and 3 fixed breastfeeding centers implemented.

Personal and professional development



792 internal promotions.
308 men.
484 women.



72.28 average hours of training per employee.

Gender approach

Graduation of the first generation of Mujeres Líderes Pichincha, with 132 employees.

Promotion of Human Rights

Diagnosis of human rights in our value chain.

Transformative impact on the community

4,118 educational scholarships.



1. Human resources

Promoting responsible labor practices

[GRI 2-7] [GRI 2-8] [DJ 3.1.2] [DJ 3.1.3]

At Banco Pichincha we promote a culture of personal and professional development for all our employees, which allows us to generate a sustainable and socially responsible work environment.

We currently have 5,838 employees¹ throughout the country (Chart x). We also generate indirect employment.

For more information about our team, see Annex 2.







Chart 2

Types of contracts	
Indefinite fixed-term contract	
Men 38.63 %	Women 57.25 %
Full time	
Men 40.29 %	Women 59.59 %
Temporary contract	
Men 1.68 %	Women 2.45 %
Part-time	
Men 0.02 %	Women 0.10 %

¹ The information is obtained from the internal head count database as of December 31, 2023. The information is taken from active employees by type of contract and Genera Program working day. We do not have employees for non-guaranteed hours. There are no significant fluctuations in the number of employees during the reporting period or between the different reporting periods.

² The information corresponds to employees with permanent contracts, which is 5,597 (workers with temporary contracts were excluded).

Chart 1

Indicators of our people			
5,838 employees			
	40.30 %		59.70 %
Posiciones STEM			
	72.64 %		27.36 %
The information presented corresponds to the 592 employees holding STEM positions in the organization.			
Regions			
67.18 % Sierra and Amazonía		32.82 % Coast and Galapagos	
Nationality			
97.82 % Ecuadorians		2.18 % foreigners	
Age range ²			
	Under 30 years old	From 30 to 50 years old	More tan 50 years old
	669	1,470	116
	1.077	2,125	140





Workers ³ who are not employees			
Contractual relationship	Type of work	2023	2022
Complementary services Permanent worker	Food, safety, cleanliness	759	633
Complementary services Partial worker	Food, safety, cleanliness	324	288
Internships ⁴	Administrative work	49	51
Total		1,132	972

We attract and retain the best talent

[GRI 401-1] [DJ 3.4.1] [DJ 3.4.5]

We strive to cultivate the best people by driving the implementation of various initiatives designed to attract and retain talent. This commitment seeks not only to satisfy, but also to motivate our workforce.

To learn more about new hires and turnover, please refer to Annex xx.

New hires ⁵	
490 women	407 men
Under 30 years old:	567
From 30 to 50 years old:	326
Over 50 years old:	4
876 national	21 foreigners
306 Coast and Galapagos	591 Sierra and Amazonía
New hires: 897	
New hire rate: 16 %	
Number of turnover: 741	
Effective turnover rate: 13.2 %	

Turnover	
434 women	307 men
Under 30 years old:	265
From 30 to 50 years old:	442
Over 50 years old:	34
714 national	27 foreigners
277 Coast and Galapagos	464 Sierra and Amazonía
Number and rate of voluntary turnover	
405	7.24 %

³ The data have been compiled from the staffing levels provided by suppliers, as of December 31, 2023. There are no significant fluctuations in the number of employees during the reporting period.

⁴ The information is obtained from the internal head count database as of December 31, 2023. There are no significant fluctuations.

⁵ The calculation was based on the number of employees with permanent contracts, which is 5,597 (workers with temporary contracts were excluded).




Sustainable well-being

[DJ 3.4.4] [DJ 3.4.6]

For our organization, the well-being of our employees is very important for them to achieve their own and transversal objectives in a sustainable manner through initiatives that allow us to offer our team a flexible work environment that promotes a balance between personal and professional life.


We offer loan benefits with differentiated rates, medical insurance and life insurance; we provide them with a food bonus and generate several agreements with companies that allow them to acquire products and services with discounts in gyms, internet, appliances, vehicles and cell phones.

Impact on our people



Nursery

We granted 1,239 monthly financial bonuses to all employees with children under five years of age.



Installation of breastfeeding facilities

We have 30 mobile breastfeeding centers and 3 fixed breastfeeding.



Family leave

144 mothers with twelve paid weeks and 71 fathers with two to three weeks in natural childbirths and cesarean deliveries.

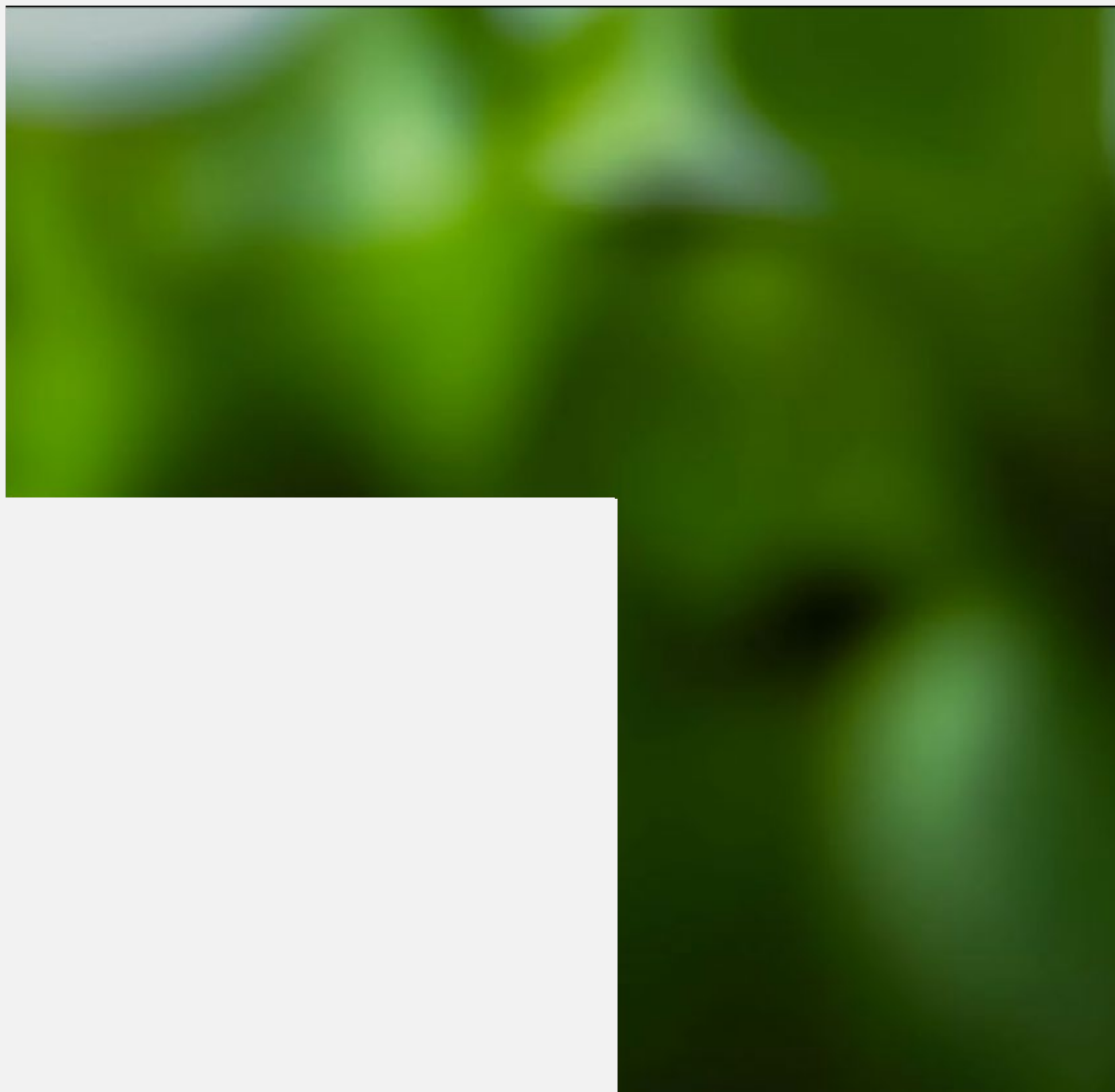


Immediate family caregivers

256 employees benefited nationwide (between one and five days of leave, depending on the case).

In addition, it is important to know the level of satisfaction of our employees within the organization. For this reason, in 2023 we began the first measurement applying the Employee Net Promoter Score (eNPS) methodology.

84 % of our employees participated in this survey, achieving a score of 76 points out of 100, which is considered excellent. The measurement of the eNPS indicator will continue in 2024.



	2023 ⁶	2022	2021	2021	Goal 2023
Net recommendation indicator of Banco Pichincha as an employer (eNPS).	76	66	N/A	N/A	68
Percentage of employees who responded to the survey.	84 %	83 %	-	-	80 %

Continuous commitment to talent development

[GRI 404-1] [DJ 3.3.1] [GRI 404-2] [DJ 3.3.2]

From the organizational development area, we encourage learning and develop among employees the knowledge and skills necessary for their professional growth, making available to them a transversal training plan so that they can access different learning means and tools.

During 2023, we delivered an average of 72.28 hours of training per employee.

Average hours of training			
2023		2022	
72.28 ⁷		68.43	
Men 76.91	Women 69.15	Men 68.22	Women 68.57

Training provided to employees			
Professional category	Average men	Average women	Total average
Senior Management	57.85	0.00	57.85
Managers	61.08	65.31	62.79
Chief/expert/administrator	43.69	48.03	45.95
Supervisor/coordinator/specialist	64.60	46.46	53.33
Technician/analyst/executive/manager	69.85	58.77	62.76
Assistant/assistant/operator	175.29	127.96	143.49

⁶ Data as of September 30, 2023.

⁷ The calculation was based on the number of employees with permanent contracts, which is 5,597 (workers with temporary contracts were excluded).

In addition, we implemented two programs that allowed us to update the knowledge and improve the skills of our people.

Conscious Leadership School




Through this project we seek to provide our leaders with tools that allow them to face the current challenges in the management of work teams.

Between 2022 and 2023 there were 4,760 hours of training, certifying 136 leaders, with a rating of 4.6 out of 5 points in their training process as leaders.

Through this program we generated a positive impact among the participants, 23% of whom highlighted that the school allowed them to develop other skills. In addition, 20 % commented that they increased their knowledge.

Route of the Volcanoes

We provide employees with a web platform that, through learning routes with interactive games, encourages self-training and the development of their professional skills.

Main figures	
	22,844 training activities registered.
	31 defined learning paths.
	1,651 participants with projection to grow with more learning paths for more areas of the organization.

Performance Evaluation⁸

[GRI 2-18] [GRI 404-3]

As part of our culture of continuous improvement, we have a performance evaluation process that allows us to join efforts to meet the objectives set each year. For this, it is important the participation of the leaders who, together with the Finance area, determine the strategy and the focuses on which we will focus each year, as well as the construction of the OKRs and KPIs that are reflected in the Balance Score Card, which is the starting point to deploy it to the employees.

The performance evaluation is independent for each employee and is carried out annually. The President and CEO are evaluated by the Board of Directors.

A total of 5,558 employees participated in this process⁹.



⁸ The data corresponds to the 2022 performance evaluation, which closed in March 2023.

⁹ The performance evaluation is generated for all employees who comply with the policy, i.e., have been working at the Bank for at least six months.

Employees evaluated: 100 %		Employees without evaluation: 0 %		
 100 %	 100 %	 0 %	 0 %	
Rate of employees receiving periodic performance appraisals by professional category				
Professional category	Assessed		Not assessed	
Manager/vice president	10	100 %	0	0 %
Responsible persons/managers	248	100 %	0	0 %
Head/expert/administrator	1,328	100 %	0	0 %
Supervisor/coordinator/specialist	1,461	100 %	0	0 %
Technician/analyst/executive/manager	1,511	100 %	0	0 %
Assistant/auxiliary/operator	1,000	100 %	0	0 %

Remuneration

[GRI 2-19] [GRI 2-20] [GRI 2-21] [DJ 1.2.15]

Through the Structure and Remuneration Policy and Salary Policy we define how remuneration is administered for promotions, horizontal movements, payment of performance bonuses, among other points. These policies aim to compensate under criteria of internal equity, performance and external competitiveness.

Our compensation system for certain positions, mainly at the management level¹⁰, includes variable remuneration, which incentivizes the increase in the effectiveness of the areas through key indicators that measure progress in achieving strategic and operational objectives, in line with the management of our economic, social and environmental impacts.

The definition of the areas, positions and composition of the variable salary scheme is the responsibility of the corresponding Vice-Presidency and the Vice-Presidency of Human Resources.

Salary revisions, adjustments for promotions and movements, as well as performance bonuses for all personnel consider the following factors: position family, banding and performance.

Compensation Committee

[GRI 405-2] [GRI 2-20] [DJ 3.1.4]
The Remuneration Committee¹¹ integrated by shareholders, representatives of the Board of Directors and management of our entity, determines the policies and standards for the hiring, remuneration, compensation and development of management and key personnel. It ensures that these processes are aligned with organizational strategies and the appropriate relationship between the different compensation programs and the performance of employees, in accordance with current legal regulations and the organizational strategic framework.

In addition, for the definition of employee salaries, management proposals are considered based on studies of salary equity and competitiveness, organizational results and performance. This information is provided by specialized compensation consultants, which are evaluated by the members of the Committee.

The Compensation Committee, after the evaluation of the items, generates the minutes of the topics discussed and approved. Each committee meeting is approved unanimously by all participants.

Also, an evaluation of the income of the first level versus the position with the lowest salary in the organization is permanently carried out to comply with the regulations ¹².

¹⁰ In the case of directors and senior executives, we provide termination benefits in accordance with current legislation and retirement benefits under certain conditions. We do not apply reimbursements.

¹¹ This Committee is the only body authorized in the organization to make policy decisions and remuneration proposals.

¹² Codification of Resolutions of the Monetary Policy Board, Article 6 of Section I of Chapter LI: Rule that regulates the maximum levels of remuneration and other economic, social benefits and compensation of the administrators of private financial sector entities.

Ratio of annual total remuneration of the organization's highest-paid individual¹³ to the median annual total remuneration of all employees (excluding the highest-paid individual): 12.99

Ratio of basic salary and remuneration of women versus men

Professional category	Under 30 years of age				Between 30 and 50 years old				Over 50 years old			
	2023		2022		2023		2022		2023		2022	
	F	M	F	M	F	M	F	M	F	M	F	M
Responsible/Manager	N/A	N/A	N/A	N/A	0.90	1.00	1.00	1.05	0.82	1.00	1.00	1.27
Head/expert/administrator	1.00	1.00	1.00	1.04	0.90	1.00	1.00	1.08	0.95	1.00	1.00	1.03
Supervisor/coordinator/specialist	0.97	1.00	1.00	1.00	0.94	1.00	1.00	1.06	1.09	1.00	1.00	0.89
Technician/analyst/executive/support	1.03	1.00	1.00	1.02	0.97	1.00	1.00	1.02	1.21	1.00	1.00	0.86
Assistant/Auxiliary	1.03	1.00	1.00	0.93	1.01	1.00	1.00	0.98	1.03	1.00	1.00	0.98

Note: The information is presented according to the total number of employees of all our operations at national level in each labor category by gender, except for the executive level, for reasons of confidentiality of information.

¹³ The comparison of the ratio of the net values received by the highest paid person and the rest of the employees is included. Calculation method: income, minus IESS contributions, minus income tax deduction. Applies to active personnel as of December 2023 and with entry date in 2022 or earlier.

2. Diversity, Equity and Inclusion Management

[GRI 3-3]

Annually, we consolidate and strengthen the diversity, equity and inclusion strategy in the Bank, both with our female employees and with our female customers¹⁴. Internally, we persevere in the implementation of significant actions aimed at guaranteeing equal opportunities and promoting the professional development of our female employees.

We recognize that situations of gender-based harassment and discrimination may arise for various reasons, such as the presence of unconscious biases, prejudices, pre-established conceptions of gender roles, machismo, among other factors. In response to this identified reality, we have a series of instruments that model the conduct of our personnel, including the Code of Ethics and Conduct, the Diversity and Inclusion Statement and the Human Rights Statement. In addition, we have deployed a series of actions, including the following:

- Obtaining the Safe Company Seal.
- Graduation of the first generation of Pichincha Women Leaders, in which 132 of our female employees participated. This training project was carried out together with the TEC de Monterrey to promote their personal and professional development.
- Execution of the Reconéctate program, which allows female employees who are mothers to equip themselves with tools that help their wellbeing and work and family balance.

We monitor the effectiveness of our gender strategy through our ability to attract, retain and develop female talent. We have achieved favorable indicators in this regard. The rate of new female hires rose from 49% in 2022 to 55% in 2023; the turnover rate went from 60% to 59%; and 61% of promotions this year were for female personnel.

Finally, our strategy is regularly fed by the voice of our staff. An example of this is the diagnosis we conducted in 2022 with pregnant and breastfeeding employees to identify opportunities for improvement for this group. In 2024 we will conduct a study focused on the disability variable to continue strengthening our diversity, equity and inclusion strategy.

Building environments free of harassment, discrimination and violence

[GRI 406-1] [DJ 1.5.6] [DJ 3.1.1]

We are committed to the goal of being an organization with zero tolerance to situations of harassment, discrimination and violence in the workplace. We have the Diversity, Equity and Inclusion Principles Statement, which is publicly available to stakeholders on the website. We also have an internal Diversity and Inclusion and Work-Life Balance Policy and Instructions for prevention, attention and resolution of cases of gender violence, discrimination and sexual harassment in the workplace. The latter was developed based on the Guide for

non-violence against women, an instrument we developed with the advice of UN Women, to promote gender equity in our institution.

For employee training we work on two fronts. On the one hand, we are developing communication campaigns with impact messages to prevent situations of harassment, discrimination and violence. On the other hand, we are developing an e-learning course on diversity, equity and inclusion aimed at employees nationwide. This course is part of our Diverse and Inclusive Management Model, which includes three fundamental work axes: gender, family and labor inclusion.

In order to promote the construction of violence-free work spaces of violence we have the e-mail canalcompliance@pichincha.com

In addition, our Internal Labor Regulations contemplate the disciplinary measures to be applied, which include the immediate withdrawal of the employee from the company in serious cases.

We have been awarded the Safe Enterprise Seal (SES) by the Chamber of Industries and Production (CIP).

¹⁴ More information on the gender strategy with female customers can be found in Chapter 4 Sustainable Finances”.

The Safe Company Seal, awarded by the CIP and GIZ, highlights our work in favor of respect for human rights, particularly women's rights.

During the course of this year, we have registered a total of 31 complaints related to harassment and discrimination. All have been subjected to an investigation process in strict accordance with the regulations in force in Ecuador. In cases that have passed the investigation phase and the complaint is determined to be valid, corrective plans are implemented and continuously monitored in accordance with our policies.

As part of our ongoing efforts to strengthen processes and improve complaint management, at the end of the year we hired an external company to train the team that manages complaints in 2024. In this way we ensure and strengthen transparent, clear and objective processes.

Cases of discrimination	
Cases reviewed	31
Cases reviewed with remediation in progress	2
Cases reviewed with remediation plans implemented	29
Cases not subject to action	0

Committed to generating opportunities for all

[GRI 405-1]

We are focused on fostering an environment that encourages diversity, promotes equal opportunities and contributes to the overall well-being of our employees and the construction of a fair and equitable working future.

Participation by gender in each labor category				
Employment category	2023		2022	
	W	M	W	M
Vice president/managers/responsible persons	39.05 %	60.95 %	37.93 %	62.07 %
Head/expert/administrator	52.14 %	47.86 %	51.20 %	48.80 %
Supervisor/coordinator/specialist	62.16 %	37.84 %	64.10 %	35.90 %
Technician/analyst/executive/manager	64.00 %	36.00 %	65.80 %	34.20 %
Assistant/auxiliary/operator	67.19 %	32.81 %	66.61 %	33.39 %

Participation by age in each labor category						
Employment category	2023			2022		
	Under 30 years old	From 30 to 50 Years old	Over 50 years old	Under 30 years old	From 30 to 50 Years old	Over 50 years old
Vice president/managers/responsible persons	0.09 %	3.68 %	1.13 %	0.11 %	3.64 %	1.12 %
Head/expert/administrator	2.81 %	22.94 %	1.84 %	2.93 %	21.81 %	1.72 %
Supervisor/coordinator/specialist	6.41 %	17.15 %	0.61 %	5.61 %	17.59 %	0.54 %
Technician/analyst/executive/manager	9.13 %	13.51 %	0.34 %	7.95 %	13.86 %	0.34 %
Assistant/auxiliary/operator	12.76 %	6.95 %	0.66 %	14.59 %	7.42 %	0.78 %
Total	31.20 %	64.23 %	4.57 %	31.19 %	64.32 %	4.49 %

3. Ensuring healthy and safe environments

[GRI 403-1] [DJ 3.5.1] [DJ 3.5.2]

At Banco Pichincha we work to prevent and minimize occupational risks and illnesses. We have an Integrated Health, Safety and Environment Management System (HSE), based on the ISO 45001 standards version 2018 aligned with the national regulations in force¹⁵.

In addition, the system has a Health, Safety and Environment Policy approved by Senior Management with scope to 100% of employees, suppliers and other stakeholders, which defines the objectives, goals, participation and action plans to maintain a healthy and safe environment.

Health and safety in contractors

[GRI 403-8]

Our management system defines guidelines to reduce risks associated with contractors. These guidelines are evaluated when the supplier initiates its services, during the contracting process, and are detailed in the corresponding civil contracts. This allows us to ensure effective management of the risks associated with each activity.

Currently, 100% of our contractors are covered by the management system, with no exclusions (1,134 people performing safety, food and cleaning work)¹⁶.

The Integrated Health, Safety and Environment Management System has no internal or external audit.

Health and safety indicators

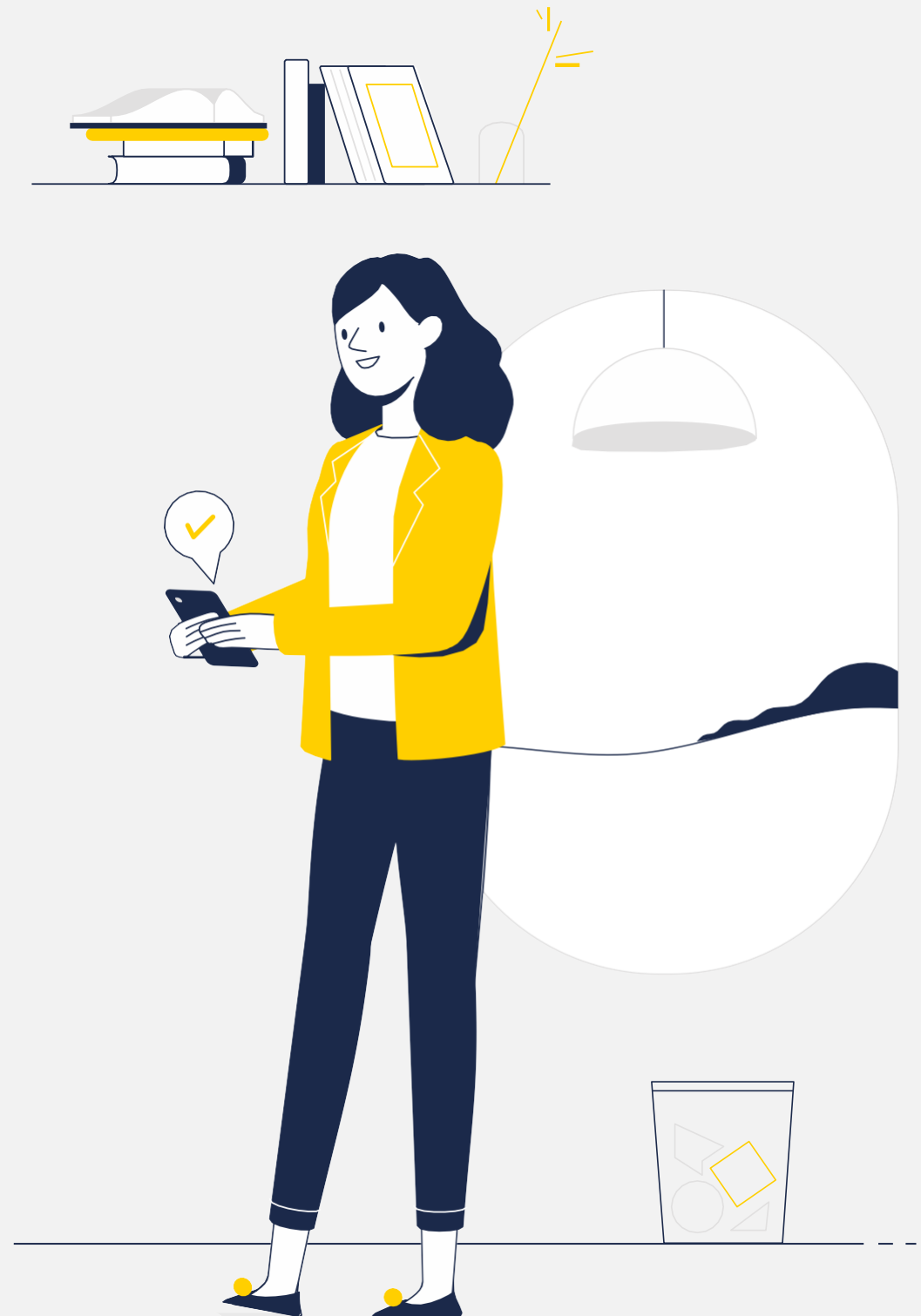
[DJ 3.5.3]

Through our risk matrix we identify hazards and risks that could result in injuries or generate illnesses and diseases in our personnel.

We have identified in itinere accidents as a risk of injury with significant consequences, so we are providing training in occupational health and safety and defensive driving as measures to eliminate these hazards and minimize risks.

We have also identified repetitive movements and awkward postures as a potential risk for the development of occupational illnesses or diseases. As a precautionary measure, we provided ergonomic furniture for workstations, such as laptop stands and chairs.

Due to the high levels of insecurity and violence in the country, we regret the death of an employee who was working outside our facilities.



¹⁵ The legal requirements of the management system are detailed in the GRI table: Legal requirements of the Safety, Health and Environment Management System: Labor Code, Executive Decree 2393, Resolution 957 Regulation of the Andean Instrument for Occupational Safety and Health, Decision 584 Andean Instrument for Occupational Safety and Health, Resolution CD 513 General Regulation of Occupational Risks, Ministerial Agreement 1404 Regulation for the Operation of Medical Services in Companies, Resolution CD 517 Regulation of Employer Responsibility, Ministerial Agreement 135 Instructions for Compliance with Employer Obligations, Official Registry no. 16. Regulation for the Eradication of Discrimination in the Workplace, Official Gazette 114 Regulation for Fire Prevention, Mitigation and Protection.

¹⁶ The data is compiled through the existing data in the Human Resources Services and Operations Management.

Own employees				
Indicators of occupational injuries	2023		2022	
	Number	Rate	Number	Rate
Recordable occupational injuries	14	0.23	19	1.74
Accident injuries with major consequences	1	-	-	-
Deaths due to occupational accidents	1	-	-	-

The main types of injuries reported during 2023 correspond to fractures, sprains, contusions

Indicators of occupational diseases and illnesses	Own employees	
	2023	2022
	Number	Number
Cases of recordable occupational diseases and illnesses.	0	1
Deaths resulting from an occupational illness or disease.	0	0

In 2023, there were no cases of occupational diseases and illnesses and no deaths resulting from occupational diseases.

Absenteeism rate			
2023	2022	2021	2020
1.68	2.49	2.69	5.89

4. Promotion of Human Rights

[GRI 2-23][DJ3.2.2][DJ3.2.4]

During this year we conducted a diagnosis and a risk map on the Human Rights situation in our value chain. For this purpose, we defined as priority stakeholders the analysis with our suppliers, Pichincha Mi Vecino and customeres of the Microfinance and SME segments. The study was carried out by an independent company that conducted the analysis from two perspectives: whether the Bank is a direct or indirect cause of risks in the violation of Human Rights or whether these groups violate Human Rights due to factors outside the Bank.

Among the findings of the study, we ratify that thanks to the different codes of conduct and policies we have, and the due diligence processes of these, we have significantly mitigated the violation of rights directly and indirectly caused by our operations. However, our stakeholders are exposed to various risks, especially the most vulnerable groups such as micro-entrepreneurs and non-bank correspondents.

Through this study, we will define actions to strengthen the respect and promotion of human rights throughout our value chain as of 2024.

5. Our transformational impact on the community

[BP 2]

We are committed to improving the social and economic conditions of vulnerable communities through Fundación CRISFE. We implement comprehensive and innovative programs and projects that allow us to achieve the Sustainable Development Goals (SDGs), facilitating the evaluation of their results and impacts to identify needs and solve social problems that we have assumed as priorities over the years, focusing especially on education and financial education.

Scholarship Program

We contribute to national educational development through the reduction of gaps in access and permanence in education for people with limited economic resources, who demonstrate interest and the necessary skills, through the delivery of educational scholarships, in coordination with educational institution partners.

In 2023, we detected 1,531 students at risk of dropping out, with whom we are working on actions that will allow them to remain in the educational system.

4,118 students benefiting from the program in 2023

6 out of 10 new scholarship recipients are the first generation in their families to finish high school and/or go on to higher education.

81 young people have access to third level studies for the first time.

138 high school and college graduates.

Financial Education Program

We seek to develop and build a structured and continuous Financial Education System that provides its beneficiaries with the ability to effectively manage their resources, access to healthy financial products and make sound financial decisions throughout their lives.

The program has two approaches: training and awareness, which make it possible to educate, raise awareness and communicate to the population of Ecuador on how to improve their financial health.



45,806 people trained in financial education

For more information, see Chapter 4 "Sustainable Finance"

Sports Promotion Program

We accompany young athletes in their professional and personal development through partnerships with different actors, allowing them to enhance their skills and abilities.



In 2023 we support 82 athletes with sponsorships and educational scholarships



Banco Pichincha CRISFE Team	Financial support to the Yaguare Mix Ability rugby team	Educational scholarships	Other sponsorships
<p>17 sponsored athletes from Banco Pichincha - CRISFE Team.</p> <p>The team participated in 52 events winning 20 medals for the country.</p> <p>Two athletes from the team qualified for the Paris 2024 Olympic Games.</p>	<p>The team integrates people with and without disabilities to contribute to their development through sports.</p> <p>32 men and women are part of the main team that is supported by Fundación CRISFE.</p>	<p>30 educational scholarships awarded to outstanding athletes of Concentración Deportiva de Pichincha a.</p> <p>The scholarships are based on athletic and academic performance.</p>	<p>Financial assistance to 2 competitors to participate in the South American Masters Athletics Championship held in Lima.</p> <p>Financial support for the organization of "El Chasquisito" athletic race, an event held in Quito with the participation of 800 athletes.</p>



Environmental responsibility

06

- 1. Environmental Impacts
- 2. Climate Change

Management and reduction of natural resource consumption



In 2023 we reduced paper consumption by 7.74%, equivalent to about 3.5 M sheets or 7 thousand reams.



51,408,791 sheets saved through the use of digital applications and channels.

Climate strategy

Climate strategy aligned with TCFD standard recommendations ¹



Start of the second-year process of measuring and verifying one third of the organizational carbon footprint based on ISO 14064:1 -2018 standard



Measurement of CO² emissions of the portfolio according to PCAF and JIM methodologies²

1. Environmental Impacts

In our direct operations we use natural resources such as energy, water, paper, in activities such as the use of electrical and electronic equipment, lighting in our agencies and administrative buildings, customer transactions, administrative procedures, among others.

For more information on our environmental commitments review our published policy.
<https://www.pichincha.com/desarrollo-sostenible/principales-compromisos>



From our Sustainable Management Model, our sustainability policy and the Safety, Health and Environment System policy, we promote eco-efficiency in our operations to reduce the impact of our actions on the environment.

Consistent with our objective and policies, we carry out permanent monitoring aligned with reduction goals.

In 2023, we met our targets for paper and water reduction and paper and cardboard recycling. We will continue to work towards our operational eco-efficiency goals.

BIO program - promoting good environmental practices








Since 2022, BIO has been an initiative led jointly by the Sustainability, Relationship Banking and CEDEX (the Bank's Center of Excellence) areas. The program is focused on reducing the consumption of resources such as paper and energy, as well as promoting recycling.

During 2023, this project actively involved all employees of our 247 branches, distributed nationwide, totaling approximately 3,000 participants.

The purpose of BIO is to encourage, recognize and reward outstanding initiatives that contribute to the efficient and responsible management of resources in our organization.



² PCAF Asociación para la contabilidad financiera del carbono y JIM Join impact model I.

Major paper reduction initiatives		Paper ConsumptionI		2023	2022
GRI 301-1					
	We actively promote the use of electronic channels and digital applications, with the objective of progressively reducing paper printouts and travel to agencies.		Sheets used for internal management ³	26,221,206 sheets used for internal management, corresponding to 52,442 reams, equivalent to 122,176 kg.	27,147,839 sheets used for internal management, corresponding to 54,295 reams, equivalent to 130,310 kg.
	We raise awareness among our employees about the importance of the efficient use of resources such as energy, paper, water and the correct disposal of waste.		Consumption of sheets per employee ⁴	On average, each of our employees consumed 4,184 sheets of paper, representing 8.37 reams, equivalent to 20.17 kg.	On average, each of our employees consumed 4,481 sheets, representing 8.9 reams, equivalent to 21.50 kg.
	We use paper made from sugarcane bagasse.		Printed checks for customers ⁵	14,774,740 checks printed for customers at the national level and from agencies, equivalent to 25,117 kg.	17,254,810 checks printed for customers at the national level and from agencies, equivalent to 29,333 kg.
In 2023 we reduced paper consumption by 7.74%, equivalent to nearly 3.5 M sheets or 7 thousand reams, thanks to paper reduction initiatives in administrative processes.				Result 2023: 147,293 kg	Reduction Target 2023 -1.5%
		Paper Kg		Result 2022: 159,643 kg	
In addition, in 2023, we reforested 1,000 mangrove seeds in the Los Gilses community in Crucita, as compensation for our impact on resource consumption.		GOAL 2024: 2% reduction in the total consumption of this resource.			

³ Corresponds to the number of printouts made for Banco Pichincha and CREDI FE operations by a single supplier that delivers this resource nationwide. The weight of a ream of paper is 2.41 kg.

⁴ Calculation obtained by dividing the total amount of paper for internal consumption (26,221,206) by the average number of employees 2023 of Banco Pichincha and CREDI FE (6,267).

⁵ This resource corresponds to paper with special security features delivered by two suppliers at the national level. The unit weight corresponds to 0.0017 kg..

Business paper reduction practices




Our two digital cells continue their work to generate efficiencies in the use of paper:

Iniciative	Action	Achievement 2023
Digital credits	228,966 digital credits granted	2,289,660 sheets saved
Accounts opened digitally	1,493,638 digitally opened accounts	47,796,416 sheets saved
Digital transactions	88,181 digital transactions with customers	1,322,715 sheets saved equivalent to 2,645.43 reams

Energy Efficiency

[GRI 302-1][DJ 2.2.1][GRI 302-2][GRI 302-3][GRI 302-3]

We continue to make progress in implementing concrete actions to reduce energy consumption⁶ and thus also reduce our CO2eq emissions.



Main energy reduction initiatives	
	I Installation of motion and light sensors in low-circulation spaces.
	I Installation of 114 environmentally friendly air conditioning systems.
	Acquisition of 619 new energy-efficient computer equipment (Energy Star and Epeat Gold certified).





⁶ We do not consume or sell energy for cooling, heating or steam.



Below, we detail the 2023 internal and external energy consumption of our operations. The 2022 and 2023 figures are not comparable due to the increase in our operations and the generation of power outages in the national system during 2023, which is why we increased the use of our electric generators.

In addition, we had remodeling processes in several facilities and an increase in the number of employees, which represents an increase in energy consumption.

Total annual internal energy consumption ⁷ and by source in gigajoules ⁸		
Source	2023	2022
 By electric power	62,547.78 GJ	59,004.81 GJ
 By fuel consumption (diesel) of electric generators	2,611.32 GJ	1,161.44 GJ
Total domestic energy consumption	65,159.10 GJ	60,166.25 GJ

Total annual external energy consumption and by source in gigajoules ⁹				
Source		Method	2023	2022
	Ground travel with use of own fleet ¹⁰	Fuel cost	3,796.36 GJ	3,780.00 GJ
	Ground travel with use of contracted fleet	Fuel cost	4,687.19 GJ	897.00 GJ
	Motorcycle Courier transportation ¹¹	Fuel cost	0.25 GJ	248.39 GJ
	Courier transportation in vehicles	Fuel cost, petrol, mileage	3,639.91 GJ	5,670.75 GJ
Total external energy consumption			12,123.71 GJ	10,596.14 GJ






⁷The data corresponds to: 1) Electricity consumption of Ecuador's interconnected system. The conversion factor of 1 kWh = 0.0036 GJ/ton was used to calculate energy consumption in GJ (International Energy Agency, 2014). The 2023 figure has a scope of 85 % of the total number of establishments where we have a presence. 2) Diesel consumption of 139 electric generators nationwide (out of a total of approximately 300 generators) that we use in case of power outages. Factors used in calculating GJ for diesel: calorific value 0.0000408 TJ/kg taken from https://www.ambiente.gob.ec/wp-content/uploads/downloads/2021/11/emision_de_co2_del_sistema_nacional_interconectado_de_ecuador_informe_2020.pdf

⁸Gigajoule: unit of energy measurement that represents the consumption of gallons of fuel

⁹Gigajoule: unit of energy measurement representing the consumption of gallons of fuel. The conversion factor for tons of CO2 from passenger vehicle use: gasoline passenger vehicles per year (4.64 metric tons of CO2E/vehicle/year), was taken from <https://espanol.epa.gov/la-energia-y-el-medioambiente/calculadora-de-equivalencias-de-gases-de-efecto-invernadero-calculos>.

¹⁰ This year business ground trips using own fleet and contracted fleet are reported separately.

¹¹ The value reported for courier transportation in motorcycles and vehicles corresponds to actual information from January to November, an estimate was made for December, due to the fact that the consumption of transportation and luggage is Linear during the year.

Total and per capita annual energy consumption			
Source		2023	2022
	Total energy consumption	76,334.47 GJ	70,763.01 GJ
	Annual domestic energy consumption per capita ¹²	10.40 GJ	9.93 GJ
	Annual external energy consumption per capita ¹³	1.93 GJ	1.75 GJ

Energy reduction

The expected objective was not achieved. The main factors were the country's energy crisis and the increase in our operations.


GOAL 2024: **1%** reduction in the total consumption of this resource.

Optimizing water consumption

[GRI 303-5]


Our facilities are located in urban areas where there is no water stress problem. The water we consume comes from the aqueduct networks and we use the household sewage system of the localities where we operate¹⁴.

Main initiatives for efficient water use



Preventive and control maintenance.

We have not been able to determine the degree of compliance with our water consumption reduction target in 2023, due to changes in the water supply management authorities that impacted the recording and billing of water consumption, making the results for 2022 and 2023 not comparable.

Domestic water consumption ¹⁵ in megaliter ¹⁶			
Source		2023	2022
	Water consumed from the supply system	93.53 ML ¹⁷	161.26 ML

GOAL 2024: **1%** reduction in the total consumption of this resource.

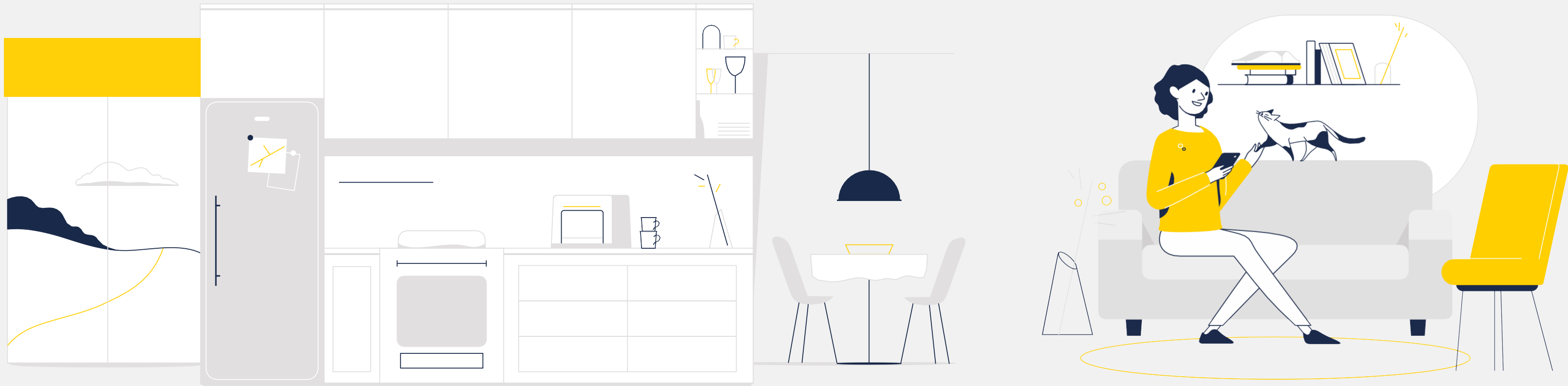
¹² To calculate this figure, two factors were taken into consideration: internal energy consumption (electricity and fuel consumed in generators) and the total number of employees of Banco Pichincha and CREDIFE (6,267 people).
¹³ To calculate this figure, two factors were taken into consideration: external energy consumption (land travel with use of own and contracted fleet, transportation of courier services by motorcycle and vehicles) and the total number of employees of Banco Pichincha and CREDIFE (6,267 people).
¹⁴ No water is stored nor do we consume water from any water stress zone.
¹⁵ The data was compiled from water consumption invoices for 85% of the agencies and main buildings throughout the country (Coast, Highlands, Amazon and Galapagos). The unit reported is Megaliter (ML).
¹⁶ The conversion factor used corresponds to 1 m3 = 0.001 ML (Source: International System of Units).
¹⁷ The data for 2023 corresponds to information collected in the January-October period. The values for November and December are approximate using average values.

Proper waste management

[GRI 306-3] [GRI 306-4] [GRI 306-5] [DJ2.3.1]

Our management focuses on taking advantage of the waste generated through alliances that allow us to expand our capacity for recovery and recycling¹⁸. All our waste is managed through environmental managers authorized by the environmental authority¹⁹.

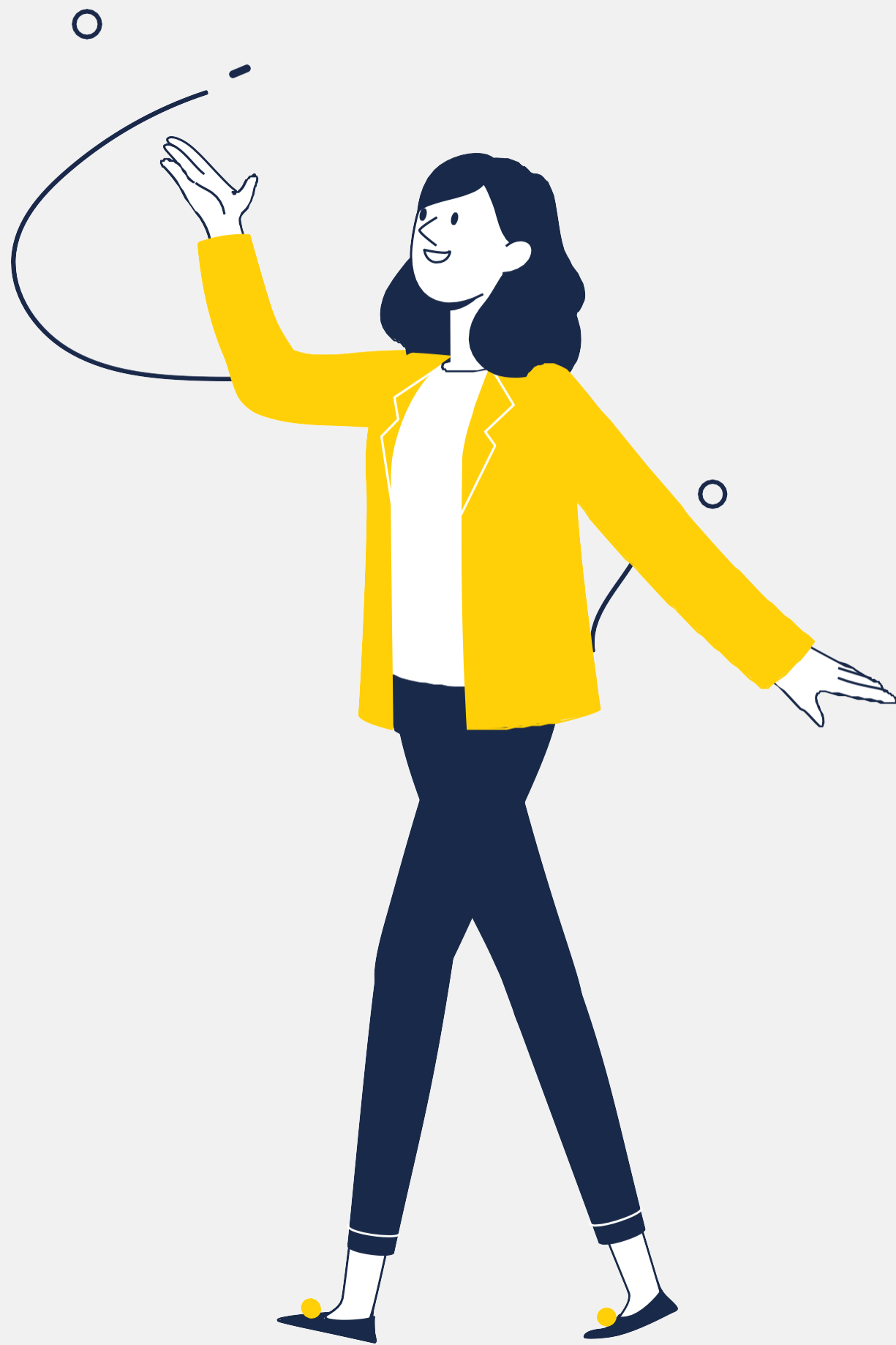
Non-hazardous waste in metric tons						
Type	Waste generated		Waste not destined for disposal		Waste for disposal	
	2023	2022	2023	2022	2023	2022
Paper and cardboard ²⁰	31.17	8.27	31.17	8.27	0.00	0.00
Plastic	4.15	0.00	4.15	0.00	0.00	0.00
Total	35.32	8.27	35.32	8.27	0.00	0.00



¹⁸ We have two active recycling agreements in the cities with the largest number of establishments: Quito (Empresa Municipal de Gestión de Residuos sólidos EMGIRS EP) and Cuenca (Empresa Municipal de Ambiente de Cuenca) where recyclable waste is delivered to managers of these. We also have a qualified manager for the main building.

¹⁹ The report presented includes information from January 1, 2023 to November 30, 2023.

²⁰ The value reported corresponds to the sum of the 3 reports obtained during the year.



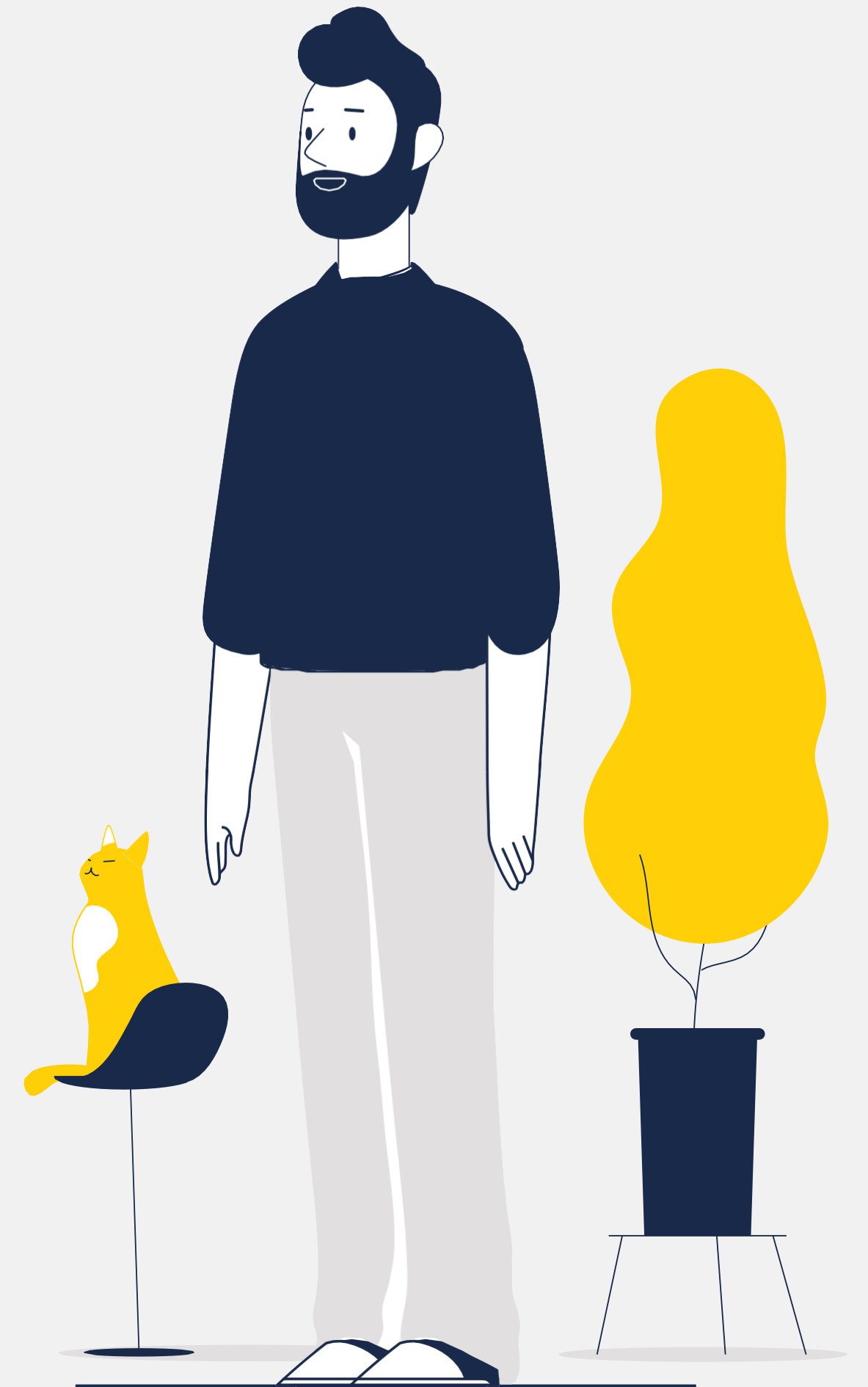
Hazardous waste in metric tons						
Type	Waste generated		Waste not destined for disposal		Waste for disposal	
	2023	2022	2023	2022	2023	2022
Toners and cartridges ²¹	2.480	3.062	2.480	3.062	0.000	0.000
Hospital ²²	0.028	0.014	0.000	0.000	0.028	0.014
Fluorescents	5.779	0.373	5.779	0.373	0.000	0.000
Electrical and electronic equipment	0.783	0.105	0.783	0.105	0.000	0.000
Oily mixtures	0.370	0.000	0.370	0.000	0.000	0.000
Used filters	0.059	0.000	0.059	0.000	0.000	0.000
Total	9.070	3.554	9.042	3.540	0.028	0.014

²¹ The supplier removes and collects the cartridges and toners for subsequent shipment for reprocessing. The weight per unit is 1.39 kg.

²² Hospital waste comes from our medical clinics in Quito, Guayaquil and Cuenca and is delivered to managers qualified by the environmental authority.

Waste not destined for disposal by recovery operation, in metric tons						
Non-hazardous waste	At the facilities		Outside the facilities		Total	
	2023	2022	2023	2022	2023	2022
Preparation for reuse	0.00	0.00	0.00	0.00	0.429	0.00
Recycling	0.00	0.00	35.31	8.27	35.31	8.27
Other recovery operations	0.00	0.00	0.00	0.00	0.00	0.00
Total					35.31	8.27

Waste not destined for disposal by recovery operation, in metric tons						
Non-hazardous waste	En las instalaciones		Outside the facilities		Total	
	2023	2022	2023	2022	2023	2022
Preparation for reuse	0.00	0.00	0.00	0.00	0.00	0.00
Recycling	0.00	0.00	3.263	3.540	3.263	3.67
Other recovery operations	0.00	0.00	5.779	0.00	5.779	0.373
Total					9.042	3.540



Waste destined for disposal by recovery operation, in metric tons						
Hazardous waste	At the facilities		Outside the facilities		Total	
	2023	2022	2023	2022	2023	2022
Incineration with energy recovery	0.00	0.00	0.429	0.00	0.429	0.00
Incineration without energy recovery	0.00	0.00	0.028	0.014	0.028	0.014
Transfer to a landfill	0.00	0.00	0.000	0.00	0.000	0.00
Other disposal operations	0.00	0.00	0.000	0.00	0.000	0.00
Total					0.457	0.014



We also managed 474 scrap units in 2023. The value reported includes units delivered to environmental managers as scrap (recycling) and equipment that is used by different foundations (supported by sale/donation of decommissioned equipment)



Waste t

Result 2022:
8.27 t

GOAL 2024: 1% increase in paper and cardboard recycling at the national level.

²³ This increase is the result of the management of the passive archive.

2. Climate change

We continue to strengthen our work in favor of climate action as an axis of action of our business to generate positive results, directly and indirectly, that contribute to the conservation of our planet.

From a direct point of view, we are committed to reducing our consumption of energy, transportation, transfers, activities that affect the environment through the emission of greenhouse gases. In addition, the way we channel funds in our financial intermediation also generates various indirect impacts, depending on how they are used.

For the past year, we have been addressing both the physical and transitional risks of climate change to our business. We want to take advantage of the significant opportunities we have identified to benefit society, the environment and our operation. These opportunities include improving resource efficiency, developing innovative products and services, and exploring new markets.

Our cross-cutting strategy in response to climate change, established since 2022 and in line with the recommendations of the Task Force on Climate-related Financial Disclosures TCFD²⁴, has proven to be effective.

Main lines of action of the climate change strategy

- Strengthen the governance framework in relation to this issue.
- Ensure the integration of climate risk and opportunities in our operations and portfolio.
- Implement measures to reduce our GHG emissions in our operations and portfolio.
- Offer financing to our customers in their transition to a low-emissions economy.
- Promote outreach and leadership of climate action initiatives to a broader stakeholder base.

Actions taken

Over the past year, we have worked diligently to implement this strategy, focusing on making a positive contribution to the environment and staying at the forefront of the fight against the effects of climate change.

In 2023, we began the verification process for our second year of the HC inventory to be submitted to the PECC.

Our Greenhouse Gas (GHG) Emissions

For the third consecutive year we accounted for our direct and indirect (Scope 1, Scope 2 and Scope 3) GHG emissions, based on ISO 14064:2018. The base year of the study is 2021. For emissions accounting we applied the operational control approach. The global warming potential indices used are taken from the Fifth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC)²⁵.

According to our inventory, the main GHG emitted is carbon dioxide (CO₂). The calculation includes CO₂, CH₄ and N₂O emissions.

Direct emissions (Scope 1)



[GRI 305-1] [DJ 2.2.1]

We manage our Scope 1 GHG emissions which include emissions produced by the use of electricity generating equipment in emergency situations at our sites and transportation in our own vehicles.

By the end of 2023, it was necessary to increase the use and number of electric generators due to the energy rationing established by the government, which resulted in an increase in emissions derived from this activity.

²⁴ The Task Force on Climate-related Financial Disclosures, or TCFD, is a global organization formed to develop a set of recommended climate-related disclosures that companies and financial institutions can use to better inform investors, shareholders, and the public about their climate-related financial risks.

²⁵ GWPs for combined refrigerants are based on their HFC and PFC components (last updated September 28, 2016), which are based on data from www.epa.gov/snap/compositions-refrigerant-blends.


Direct emissions - Scope 1		
Emission source	2023	2022
 Fixed source combustion ²⁶	194.70 tCO ² eq For use of electric generators.	86.60 tCO ² eq For use of electric generators.
 Mobile source combustion ²⁷	141.72 tCO ² eq By use of own transport fleet.	151.85 tCO ² eq For use of own transportation fleet.

GOAL: Our reduction target for 2024 is **1 % CO2eq emissions** from direct emissions Scope 1.

Indirect emissions (Scope 2)

[GRI 305-2] [DJ 2.2.2]

We present below our indirect emissions associated with the electrical energy we acquire for our operation, which are the most representative within the total emissions inventory. During 2023 we had remodeling processes in several establishments and an increase in the number of employees, which represented an increase of 6.07% equivalent to 91.84 tCO2eq.

Indirect emissions - Scope 2 ²⁸		
Emission source	2023	2022
 Electricity consumption	1,605.41 tCO2eq Use of electrical and electronic equipment.	1,513.5729 tCO2eq Electrical and electronic equipment use.

²⁶ The calculation of emissions from electric generators corresponds to 133 pieces of equipment. We used the conversion factor from IPCC AR5, Guidelines for National Greenhouse Gas Inventories, Chapter 2 Stationary Combustion, Volume 2, 2006.

²⁷ For the calculation of emissions from our own transportation fleet, we use our EMS environmental indicator reporting tool, which uses data from the Intergovernmental Panel on Climate Change and the International Energy Agency. The calculation includes CO2, CH4 and N2O emissions.

²⁸ We calculated the total emissions based on the emission factor (0.0920 t CO2eq/MWh equivalent to 92g/KWh) to standardize the calculation of greenhouse gas emissions through the use of official information issued by the governing institutions at the national level such as the "Factor de emisión de CO2 del Sistema Nacional Interconectado de Ecuador (SNI) - Informe 2022" (CO2 emission factor of the National Interconnected System of Ecuador (SNI) - Report 2022).






²⁹ We performed the recalculation of the year 2022 for comparison purposes with the reporting year.

GOAL: Our reduction target for 2024 is **1% of CO2eq emissions** from energy consumption.

Other indirect emissions (Scope 3)

[GRI 305-3] [DJ 2.2.6.]

Correspond to emissions associated with the consumption of fossil fuels for air and ground business travel and logistical processes of our agencies and buildings. During 2023 we had an increase of 26.14% compared to 2022 due to the normal resumption of customer visits, ground and air business travel, courier and messenger services.

Indirect emissions - Scope 3 ³⁰			
Fuente de emisión		2023	2022
	Mobile source consumption	0.02 tCO ² eq For courier transport on motorcycles.	18.26 tCO ² eq By motorcycle courier transportation.
	Mobile source consumption	270.94 tCO ² eq For courier transport in vehicles.	286.19 tCO ² eq For courier transport in vehicles.
	Mobile source consumption	350.96 tCO ² eq For land business travel.	283.10 tCO ² eq For land business travel.
	Mobile source consumption	283.18 tCO ² eq*. By use of contracted fleet.	66.94 tCO ² eq By use of contracted fleet.
	Mobile source consumption	261.68 tCO ² eq For air business travel.	214.14 tCO ² eq For air business travel.
*Esta información corresponde a noviembre de 2023.			

³⁰ For the total emissions calculation of ground business travel, air and contracted fleet, as well as courier transport we employed our carbon footprint calculation tool, which uses data from the Intergovernmental Panel on Climate Change and the International Energy Agency. For air travel we selected the ICAO Carbon Calculator factor: one-way, economy, direct (2017). Document with screenshots of FE by route. For the total calculation of emissions by courier transport we used the FE conversion factor (Defra 2016).



GOAL: Our reduction target for 2024 is **1% in CO2eq emissions** from indirect emissions (Scope 3).

The total GHG emissions for 2023 and their comparison with 2022 are presented below.

Total emissions (tCO ² eq)	2023		2022	
	tCO ² eq	%	tCO ² eq	%
Total direct emissions Scope 1	336.42	11.08 %	238.45	9.10 %
Total indirect emissions Scope 2	1,605.41	52.85 %	1,513.57	57.76 %
Total indirect emissions Scope 3	1,095.73	36.07 %	868.63	33.15 %
Total	3,037.56	100.00 %	2,620.65 ³¹	100.00 %

Our carbon footprint during 2023 was 3,037.56 tCO2eq, equivalent to 654.65 vehicles used per year ³².


³¹ The value of total emissions is modified by the recalculation of indirect Scope 2 emissions.
³² The conversion factor of tCO2 to passenger vehicles: gasoline passenger vehicles per year (4.64 metric tons CO2E/vehicle/year), was taken from <https://espanol.epa.gov/la-energia-y-el-medioambiente/calculadora-de-equivalencias-de-gases-de-efecto-invernadero-calculos>.



GHG emissions intensity

[GRI 305-4]

The emissions per employee indicator stood at 0.50 tCO2eq/worker for this reporting year.

Emission intensity per employee ³³		
Scope	2023	2022 ³⁴
 By direct emissions Scope 1	0.05 tCO2eq	0.04 tCO²eq
 By direct emissions Scope 2	0.26 tCO²eq	0.25 tCO²eq
 By direct emissions Scope 3	0.02 tCO²eq	0.14 tCO²eq
 Total emissions	0.50 tCO²eq	0.43 tCO²eq

During 2023, we have increased our scope 1 and 3 greenhouse gas emissions (direct and other indirect emissions) by 15.91 % with respect to 2022, due to factors such as fuel consumption due to the energy crisis experienced by the country and the normal resumption of visits to customers, business trips and the increase in the number of employees.

In 2024, we continue to work towards our goal of becoming carbon neutral.

GHG emissions from our portfolio

Emissions financed under Scope 3 are detailed in the Sustainable Finance chapter.

³³ This figure was calculated considering two factors: the total CO2eq emissions for each Scope (Scope 1, Scope 2, Scope 3) and the total number of our employees (Banco Pichincha) and Credife (6,267 people).

³⁴ 34 The 2022 intensity value is modified by the recalculation of Scope 2 indirect emissions.



About this
report

07

Scope, coverage and periodicity

[GRI 2-3]

Our Sustainability Report and financial statements are published annually in March. They cover 100% of our operations in Ecuador, from January 1 to December 31, 2023.

For more information

[GRI 2-3]

For questions or suggestions, please contact us at desarrollo.sostenible@pichincha.com o al teléfono (593 2) 298 0980, extension 594750. You may also visit Banco Pichincha's Sustainable Development Area offices located at Amazonas Av. 45-45 and Pereira Street.

Materiality Analysis

[GRI 3-1] [GRI 3-2][DJ1.3.1] [DJ1.3.2] [DJ1.3.4]

In 2023 we performed a new materiality analysis by an independent third party. In this process we identified 6 material issues that we report in this Report. The determination of our materiality was based on the following steps:

1. **Understand the context of the organization and identify actual and potential impacts:** A benchmarking study was conducted using information available in secondary sources from leading companies in the financial sector at local, regional and global levels, sustainability frameworks such as GRI, Dow Jones Sustainability Index, SASB, ISO 26000, ODS, among others.
2. **Assess the significance of impacts:** By means of a risk matrix we determine the level of probability and severity of each of these impacts on the economy, society, environment and Human Rights materializing. When crossing both criteria, we prioritize those located in the quadrant with the highest impact.
3. **Prioritize the most significant impacts on which to report:** We assess the degree of relevance for both the Bank and its priority stakeholders.

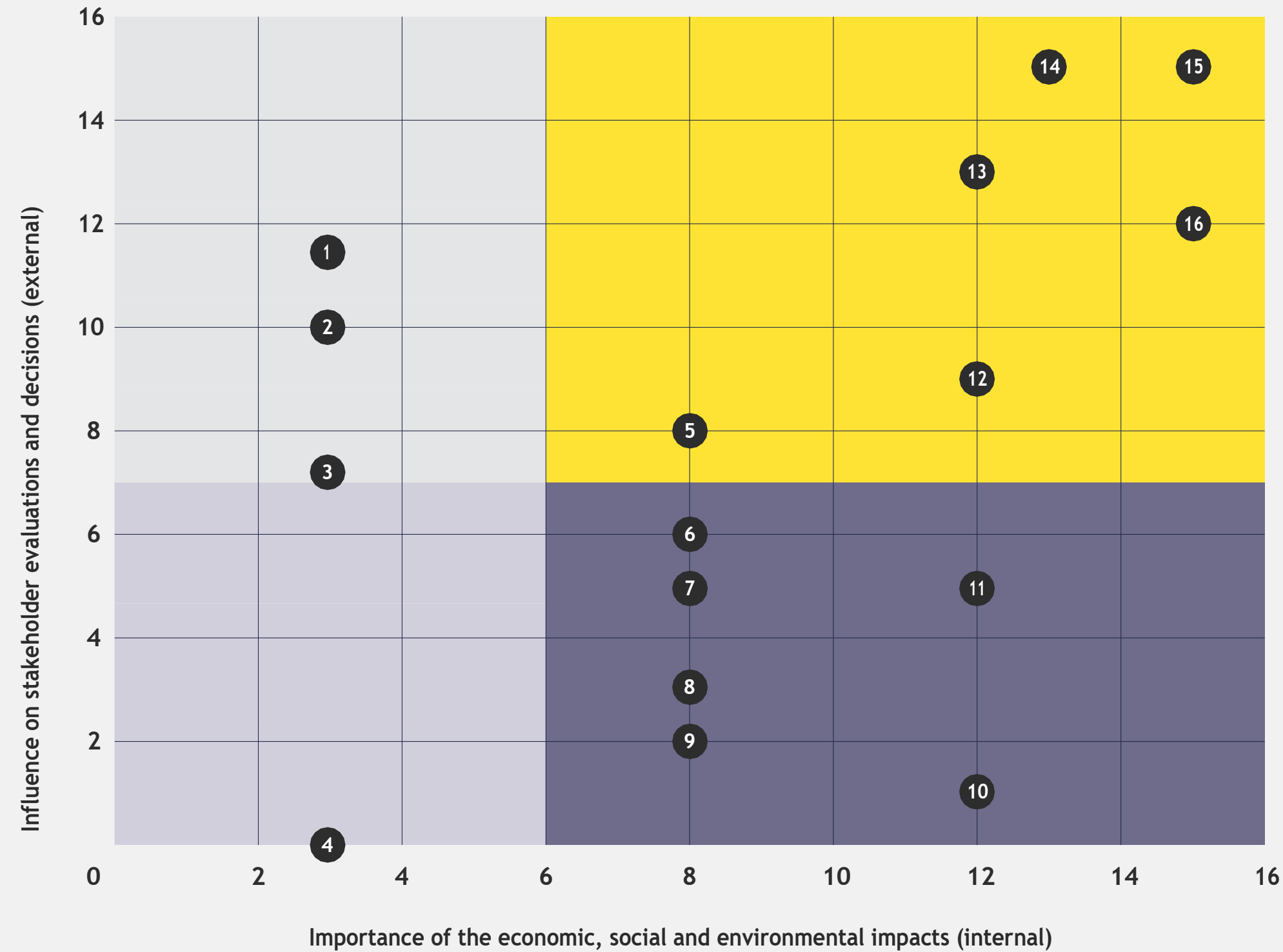
Define the list of material issues: Initially we determined a long list of 94 issues that were grouped into 16 topics consulted in the dialogues with our priority stakeholders. Of these, six 1 were prioritized and reported in this report:

- Cyber risks and data protection
- Economic growth
- Diversity, equity and inclusion
- Ethics and corporate responsibility
- Customer experience
- Innovation and digital transformation



¹ The methodology used in 2023 for the identification and prioritization of material issues has changed compared to 2022, resulting in the elimination of 7 material issues and the inclusion of issues such as: Cyber risks and data protection and Innovation and digital transformation, due to changes in their valuation.

Chart 1



- These are highly relevant issues for external audiences, but not prioritized by Banco Pichincha.
- Issues prioritized and relevant for internal and external audiences.
- Issues not prioritized by internal or external audiences.
- Relevant issues for Banco Pichincha, but not for external audiences.

- 1 Education, inclusion and financial accessibility
- 2 Quality of life, wellbeing and professional development
- 3 Socially and environmentally responsible financial products
- 4 Management of the environmental impact of the operation
- 5 Diversity, equity and inclusion
- 6 Corporate governance
- 7 Creating social impact and contribution to the community
- 8 Efficiency and value chain management
- 9 Brand management and communication
- 10 Climate action
- 11 Environmental, social and governance risk management
- 12 Financial growth and sustainable operation
- 13 Ethics and corporate responsibility
- 14 Customer experience
- 15 Cyber risks and data protection
- 16 Innovation and digital transformation

In this document we also report information related to the [Dow Jones Sustainability Index](#) and the Principles for Responsible Banking.

The voice of our stakeholders

[GRI 2-29]

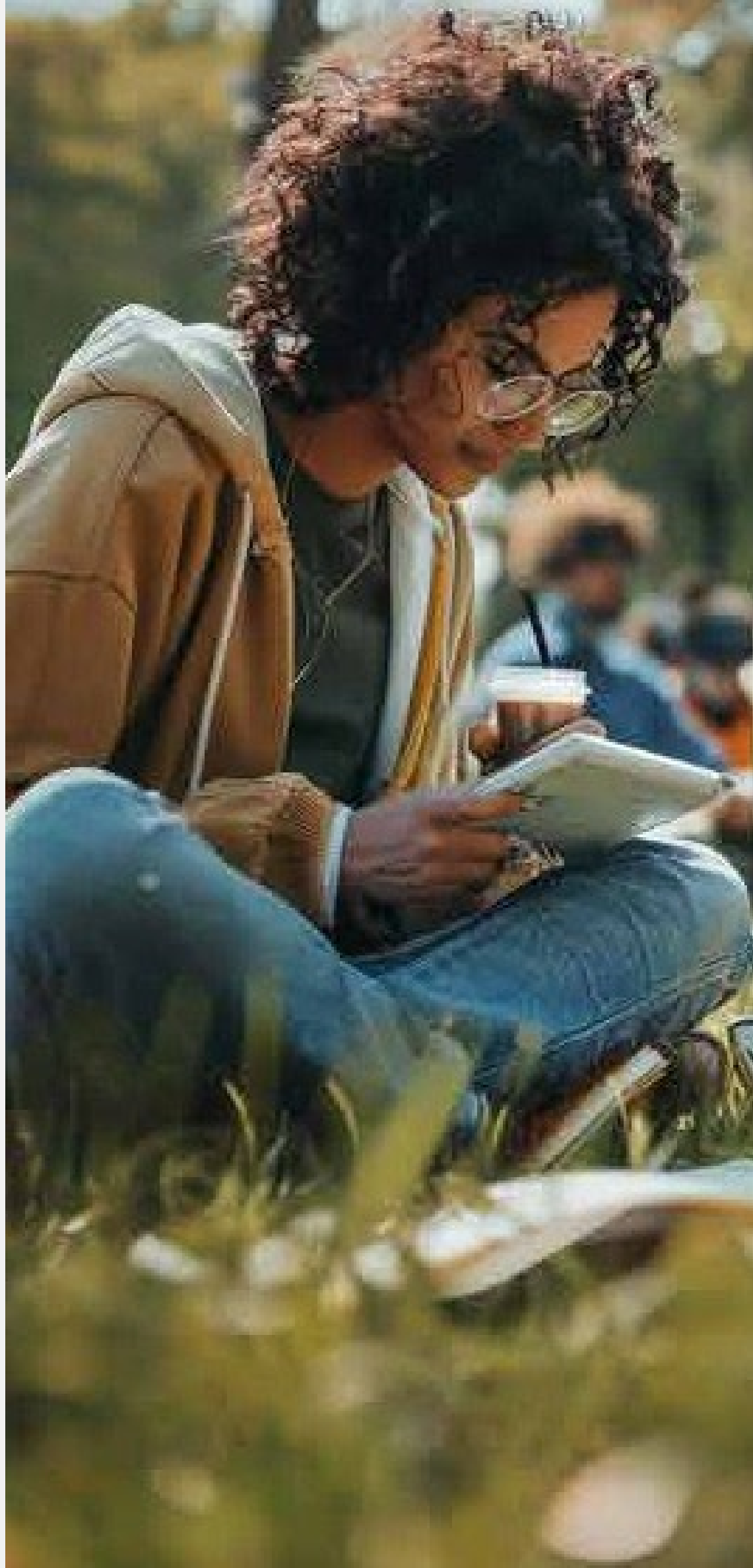
Because we operate at a national level with a leading position in the country we engage with a range of audiences; however, we have a map of stakeholders with whom two-way communication processes are frequent. The valuable information we obtain from these interactions helps us to identify potential risks and opportunities for improvement in the design of products and services, processes, value offerings, employer brand, supply chain, among others.

Our main objective is to generate shared value with our stakeholders. During this year we maintained the following communication mechanisms with each stakeholder group:



Chart 1

Approach to stakeholder engagement		
Stakeholder	Objectives and topics covered	Communication and dialogue channels
Shareholders	<ul style="list-style-type: none">Accountability on relevant issues of the Bank and its operation.	<ul style="list-style-type: none">General Shareholders' MeetingOrdinary and extraordinary MeetingsMeetingsE-mail
Board of Directors	Communication of annual reports, policies, balance sheets, reports of regulatory and strategic committees. Approval of manuals and policies.	Meetings Committees and subcommittees Intranet Workplace E-mail
Investors	<ul style="list-style-type: none">Accountability of agreements and contracts.New negotiations and points of cooperation.	<ul style="list-style-type: none">MeetingsE-mail
Customers	Maximize the customer experience by understanding their needs and expectations.	Agencies Call center Meetings Web site Social Networks E-mail Satisfaction surveys Specific studies Ex: Diagnosis of Human Rights.
Employees	<ul style="list-style-type: none">Maximize the employee experience.Strengthen our employer brand.Attract and retain the best talent.	<ul style="list-style-type: none">IntranetJoint CommitteesWorkplaceMeetingsComplaints channels



Suppliers	<ul style="list-style-type: none"> • Build long-term business relationships. • Manage the supply chain in an efficient and sustainable manner. 	<ul style="list-style-type: none"> • Intranet • Joint Committees • Workplace • Meetings • Complaint channels
Pichincha Mi Vecino	Strengthen the management of financial inclusion and banking penetration. Build loyalty and develop our CNBs.	Web site E-mail Meetings Call center Agencies Specific studies Ex: Human Rights Diagnosis.
Financial sector	<ul style="list-style-type: none"> • Contribute to the adoption of best practices for the sector to prevent and mitigate ESG risks. 	<ul style="list-style-type: none"> • Asobanca Committees • Meetings • E-mail
Fundación CRISFE	Strengthen the financial education strategy and positive impact on the community.	Meetings E-mail
Authorities/ control agencies	<ul style="list-style-type: none"> • Fully comply with current regulations. 	<ul style="list-style-type: none"> • Meetings • E-mail • Audit
Audit	Comply with internal policies and regulatory requirements.	Meetings E-mail Audit

Dialogue with consulted stakeholders

In addition, we conducted a stakeholder dialogue process carried out by an independent supplier to update our materiality matrix. The following groups participated in this process:



Senior Management

Method: Interview
Participants: 5



Employees

Method: Interview
Participants: 75



Customers

Method: Interview
Participants: 220



CNBs

Método: Encuesta
Participantes: 6



Guilds

Method: Interview
Participants: 3



Multilateral agencies

Method: Interview
Participants: 4



Suppliers

Method: Interview and Survey
Participants: 79

Graphic 2



Annexes

08

Annex 1: Indicators for monitoring the gender bonus

Annex 2: Quality in employment

Annex 3: Responsible Banking Principles GRI Index

Annex 1

Indicators for monitoring the gender bonus

Segmento Microempresa Mujer (cartera total de Banco Pichincha)		
Total amount of loans outstanding to women-owned or women-led microenterprises in the microenterprise segment at the end of the calendar year.	Total amount of loans outstanding, at the end of the calendar year, to microenterprises owned or led by women.	USD 821,616,742.49
Number of outstanding loans to women-owned or women-led small and medium-sized enterprises in the microenterprise segment at the end of the year.	Number of loans outstanding, at the end of the calendar year, directed to women-owned or led microenterprises.	101,551
Number of women-owned or women-led microenterprise customers with loans outstanding at the end of the calendar year.	Number of women-owned or women-led microenterprises with loans outstanding at the end of the calendar year. If a customer has more than one loan outstanding at the end of the year, it should be counted only once in this indicator.	81,684
Amount of loans to women-owned or women-led microenterprises in the microenterprise segment disbursed during the calendar year.	Total amount of loans disbursed, during the calendar year, to women-owned or women-led microenterprises.	USD 538,154,833.81
Number of loans to women-owned or women-led microenterprises in the microenterprise segment disbursed during the calendar year.	Total number of loans disbursed during the calendar year to microenterprises owned or led by women.	50,621

Women SME segment (Banco Pichincha's total portfolio)		
Total amount of loans outstanding to women-owned or women-led small and medium-size enterprises in the SME segment at the end of the calendar year.	Total amount of loans outstanding, at the end of the calendar year, to women-owned or women-led small and medium-sized enterprises.	USD 374,037,646.79
Number of loans outstanding to women-owned or women-led small and medium-size enterprises in the SME segment at the end of the calendar year.	Number of loans outstanding, at the end of the calendar year, to women-owned or women-led small and medium-sized enterprises.	11,161
Number of women-owned and women-led small and medium-size enterprise customers with loans outstanding at the end of the calendar year.	Number of women-owned or women-led SMEs with loans outstanding at the end of the calendar year. If a customer has more than one loan outstanding at the end of the year, it should be counted only once in this indicator.	7,585
Amount of loans to women-owned or women-led small and medium-sized enterprises disbursed during the calendar year.	Total amount of loans disbursed, during the calendar year, to women-owned or women-led SMEs.	USD 281,037,293.16
Number of loans to women-owned or women-led small and medium-sized enterprises disbursed during the calendar year.	Total number of loans disbursed, during the calendar year, to women-owned or women-led SMEs.	5,760

Annex 2

Quality of employment¹

[GRI 2-7][DJ 3.1.2][DJ 3.1.3] [DJ 3.4.4]

		2023		2022	
		Number	Rate	Number	Rate
Gender	Women	3,485	59.70 %	3,236	60.36 %
	Men	2,353	40.30 %	2,125	39.64 %
Age ²	Under 30 years old	1,746	31.20 %	1,672	31.19 %
	From 30 to 50 years old	3,595	64.23 %	3,448	64.32 %
	Over 50 years old	256	4.57 %	241	4.49 %
Region	Coast and Galapagos	1,916	32.82 %	1,790	33.39 %
	Sierra and Amazonia	3,922	67.18 %	3,571	66.61 %
Nationality	National	5,711	97.82 %	5,240	97.74 %
	Foreigners	127	2.18 %	121	2.26 %
Professional category ³	Assistant/auxiliary	1,140	20.37 %	1,222	22.79 %
	Supervisor/coordinator/specialist	1,353	24.17 %	1,273	23.75 %
	Technician/analyst/executive/manager	1,286	22.98 %	1,187	22.14 %
	Head/expert/administrator	1,544	27.59 %	1,418	26.45 %
	Responsible/manager/vice-president	274	4.90 %	261	4.87 %

¹ The total number of employees shown includes all types of contracts (permanent and temporary). The information is obtained from the internal head count database with closing date as of December 31, 2023. The information of active employees by type of contract and working day as of that date is taken from the Genera program. We do not have employees for non-guaranteed hours. There are no significant fluctuations in the number of employees during the reporting period or between the different reporting periods.

² The information for 2023 only includes permanent and partial contract personnel (does not include temporary, emergent, interns).

³ Information of 2023 includes only permanent and part-time personnel (not including temporary, casual or interns).

Type of contract	Total Permanent	5,597	95.87 %	5,223	97.43 %
	Total Temporary	241	4.13 %	138	2.57 %
Tipo de contrato por género	Women's Permanent	3,342	57.25 %	3,157	58.89 %
	Men's Permanent	2,255	38.63 %	2,066	38.54 %
	Women's Temporary	143	2.45 %	79	1.47 %
	Men's Temporary	98	1.68 %	59	1.10 %
Tipo de contrato por región	Coast/Galapagos - Permanent	1,845	31.60 %	1,756	32.76 %
	Sierra/Amazonia - Permanent	3,752	64.27 %	3,467	64.67 %
	Coast/Galápagos - Temporary	71	1.22 %	34	0.63 %
	Sierra/Amazonia - Temporary	170	2.91 %	104	1.94 %
Tipo de jornada	Full time	5,831	99.88 %	5,354	99.87 %
	Part-time	7	0.12 %	7	0.13 %
Tipo de jornada por género	Women's full time	3,479	59.59 %	3,232	60.29 %
	Men's full time	2,352	40.29 %	2,122	39.58 %
	Women's part-time	6	0.10 %	4	0.07 %
	Men's part-time	1	0.02 %	3	0.06 %
Tipo de jornada por región	Coast/Galapagos - Full time	1,915	32.80 %	1,789	33.4 %
	Sierra/Amazonía - Full time	3,916	67.08 %	3,565	66.5 %
	Coast/Galapagos - Part-time	1	0.02 %	1	0.02 %
	Sierra/Amazonia - Part-time	6	0.10 %	6	0.11 %

New hires⁴

[GRI 401-1] [DJ 3.4.1][DJ 3.4.5]

	2023		2022		2021		2020	
	Number	Rate	Number	Rate	Number	Rate	Number	Rate
New hire rate ⁵	897	16.00 %	866	16.58 %	422	8.7 %	694	13.5 %
Vacancies filled by internal candidates ^{6,7}	792	46.89 %	562	39.36 %	657	60.8 %	574	45.2 %

Average cost of hiring			
2023	2022	2021	2020
\$285.66 ⁸	\$107.18	\$ 153.10	\$127.98
Note: For the calculation of this figure, all types of contracts were considered, including interns and temporary contracts, since recruitment expenses include these contracts.			

⁴ Only permanent contracts are included in the income. Temporary contracts and internships are not included. The basis for calculating this indicator is 5,597 employees.

⁵ Number of new employees (897)/total number of employees with fixed-term contracts at year-end (5,597).

⁶ Vacancies filled by internal candidates consider promotions and movements.

⁷ The formula is total number of vacancies filled with internal candidates (792)/total number of vacancies in the year (1,689). Does not include temporary contracts or interns.

⁸ The calculation was made on the basis of 5,831 full-time employees (8 hours).

Diversity variable of new hires

		2023		2022	
		Number	Rate	Number	Rate
Gender	Women	490	54.63 %	423	48.85 %
	Men	407	45.37 %	443	51.15 %
Age	Under 30 years old	567	63.21 %	560	64.67 %
	From 30 to 50 years old	326	36.34 %	299	34.53 %
	Over 50 years old	4	0.45 %	7	0.81 %
Region	Coast and Galapagos	306	34.11 %	221	25.52 %
	Sierra and Amazonia	591	65.89 %	645	74.48 %
Nationality	National	876	97.66 %	40	4.62 %
	Foreigners	21	2.34 %	826	95.38 %
Professional category	Senior Management	0	0.00 %	1	0.12 %
	Managers	24	2.68 %	28	3.23 %
	Head/expert/administrator	144	16.05 %	191	22.06 %
	Supervisor/coordinator/specialist	175	19.51 %	116	13.39 %
	Technician/analyst/executive/manager	318	35.45 %	209	24.13 %
	Assistant/auxiliary/operator	236	26.31 %	321	37.07 %

Turnover of the staff⁹

[GRI 401-1][DJ 3.4.1][DJ 3.4.5]

	2023		2022		2021		2020	
	Number	Rate	Number	Rate	Number	Rate	Number	Rate
Turnover rate ¹⁰	741	13.2 %	696	13.33 %	626	12.9 %	488	9.54 %
Voluntary turnover rate ¹¹	405	7.24 %	339	6.49 %	280	5.76 %	135	2.64 %

⁹ Only permanent contracts are included in the income. Temporary contracts and internships are not included. The basis for calculating this indicator is 5,597 employees.

¹⁰ Number of employees who left the organization (741/total number of employees at year-end (5,597). Does not include temporary contracts.

¹¹Number of employees who voluntarily left the organization (405)/total number of employees at year-end (5,597). Does not include temporary contracts.

Turnover diversity variable		2023		2022	
		Number	Rate	Number	Rate
Gender	Women	434	58.57 %	419	60.20 %
	Men	307	41.43 %	277	39.80 %
Age	Under 30 years old	265	35.76 %	292	41.95 %
	From 30 to 50 years old	442	59.65 %	382	54.89 %
	Over 50 years old	34	4.59 %	22	3.16 %
Region	Coas and Galapagos	277	37.38 %	247	35.49 %
	Sierra and Amazonia	464	62.62 %	449	64.51 %
Nationality	National	714	96.36 %	673	96.70 %
	Foreigners	27	3.64 %	23	3.30 %
Professional category	Senior Management	1	0.13 %	2	0.29 %
	Managers	28	3.78 %	16	2.30 %
	Head/expert/administrator	138	18.62 %	140	20.11 %
	Supervisor/coordinator/specialist	192	25.91 %	168	24.14 %
	Technician/analyst/executive/manager	218	29.42 %	161	23.13 %
	Assistant/auxiliary/operator	164	22.13 %	209	30.03 %

TABLE OF CONTENTS GRI

Statement of use	Banco Pichincha C.A. has prepared the report in accordance with the GRI 2021 Standards for the period from January 1 to December 31, 2023.			
GRI 1 used	GRI 1: Foundation 2021			
GRI Standard	Content	Page No., URL or response	Omission	Verification
GRI 2: General Disclosures 2021	THE ORGANIZATION AND ITS REPORTING PRACTICES			
	2-1 Organizational details	Banco Pichincha C.A. Av. Amazonas 45-45 y Pereira. Quito - Ecuador. Page 80		X
	2-2 Entities included in the organization's sustainability reporting	The Sustainability Report and Financial Statements of Banco Pichincha C.A. are audited by a third party and are published annually in March. They cover 100% of operations in Ecuador, from January 1 to December 31, 2023. Page. 80		X
	2-3 Reporting period, frequency and contact point	For questions or suggestions: Oficinas de Desarrollo Sostenible de Banco Pichincha, Av. Amazonas 45-45 y Pereira. desarrollo.sostenible@pichincha.com (593 2) 298 0980, extensión 594750. Pág. 160		X
	2-4 Update of information	Pages 113, 119, 122		X
	2-5 External assurance	Page 80		X
	ACTIVITIES AND EMPLOYEES			
	2-6 Activities, value chain and other business relationships	Pages 80, 81, 105, 128		X
	2-7 Employees	Pages. 80, 131		X
	2-8 Workers who are not employees	Page 131		X

GOVERNANCE				
GRI 2: General Disclosures 2021	2-9 Governance structure and composition	Page 84		X
	2-10 Nomination and selection of the highest governance body	Page 84		X
	2-11 Chair of the highest governance body	Page 84		X
	2-12 Role of the highest governance body in overseeing the management of impacts	Pages 84, 88		X
	2-13 Delegation of responsibility for managing impacts	Page 88		
	2-14 Role of the highest governance body in sustainability reporting	Page 88		X
	2-15 Conflicts of Interest	Pages 84, 92		X
	2-16 Communication of critical concerns	Pages 84, 106		
	2-17 Collective knowledge of the highest governance body	Page 93		X
	2-18 Evaluation of the performance of the highest governance body	We do not have performance evaluation processes for the highest governance body specifically related to overseeing the management of the organization's impacts on the economy, environment and people. Page 135		X
	2-19 Remuneration policies	Remuneration of members of the highest governance body and senior executives is not linked to their objectives and performance in managing the organization's economic, environmental, and social impacts. Page 136		X
	2-20 Process to determine remuneration	Page 136		X
	2-21 Annual Total Compensation Ratio	Page 136		X

STRATEGY, POLICIES AND PRACTICES

2-22 Statement on sustainable development strategy	Pages 4, 5		X
2-23 Policy commitments	Pages 92, 141		X
2-24 Embedding policy commitments	Page 92		X
2-25 Processes to remediate negative impacts	Pages 94, 106		X
2-26 Mechanisms for seeking advice and raising concerns	Page 92		X
2-27 Compliance with laws and regulations	In 2023, Banco Pichincha paid a fine of USD 1,423,844.71 for the intermittency of mobile and electronic banking services due to a criminal act of violation of computer systems, unforeseen and irresistible presented in October 2021, i.e., this penalty corresponds to the year 2022. Page 92		X
2-28 Membership associations	Page 83		X

STAKEHOLDER PARTICIPATION

2-29 Approach to stakeholder engagement	Page 162		X
2-30 Collective bargaining agreements	We do not have negotiation agreements.		X

TABLE OF CONTENTS GRI

GRI Standard	Content	Page No., URL or response	Omission	Verification
SPECIFIC CONTENTS				
GRI 3: MATERIAL TOPICS 2021	3-1 Process to determine material topics.	Page 160		X
	3-2 List of material topics.	Page 160		X
CIBERRIESGOS Y PROTECCIÓN DE DATOS				
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics.	Page 95		X
GRI 418: PRIVACIDAD DEL CLIENTE 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data.	Page 96, 106		X
CRECIMIENTO ECONÓMICO				
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics.	Page 125		X
GRI 201: ECONOMIC PERFORMANCE 2016	201-1 Direct economic value generated and distributed.	Page 125		X
	201-2 Financial implications and other risks and opportunities due to climate change.	Page 124		X

DIVERSITY, EQUITY AND INCLUSION				
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics.	Page 115, 138		X
GRI 405: DIVERSITY AND EQUAL OPPORTUNITIES 2016	405-1 Diversity of governance bodies and employees.	Page 139		X
	405-2 Ratio of basic salary and remuneration of women to men.	Page 136		X
GRI 406: NON-DISCRIMINATION 2016	406-1 Incidents of discrimination and corrective actions taken.	Page 138		X
BANCO PICHINCHA INDICATOR	BP1 Gender bonus.	Page 115		X
ETHICS AND CORPORATE RESPONSIBILITY				
GRI 3: TEMAS MATERIALES 2021	3-3 Management of material topics.	Page 92		X
GRI 205: ANTICORRUPTION 2016	205-1 Operations assessed for risks related to corruption.	Page 93		X
	205-2 Communication and training about anti-corruption policies and procedures.	Page 93	The breakdown of segmented data by region is not available, as this information has not been compiled at the close of the report. For this reason, this indicator is partially answered. Within the reason for omission "Information not available or incomplete". For the next reporting exercise, the information broken down by region will be managed so that it can be published in the 2024 report	X

EXPERIENCIA DEL CLIENTE				
GRI 3: topics. MATERIAL TOPICS 2021	3-3 Management of material	Page 99		X
BANCO PICHINCHA INDICATOR	BP4 Complaints and claims management.	Page 106		X
BANCO PICHINCHA INDICATOR	BP6 External measurement of value offer of products and services.	Page 101		X
INNOVACIÓN Y TRANSFORMACIÓN DIGITAL				
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics.	Page 110		X
INDICADOR BANCO PICHINCHA	BP5 Digital transformation.	Page 50		X

OTHER ISSUES REPORTED BY BANCO PICHINCHA

CLIMATE CHANGE

GRI 305: EMISSIONS 2016	305-1 Direct (Scope 1) GHG emissions.	Page 154		X
	305-2 Energy indirect (Scope 2) GHG emissions.	Page 155		X
	305-3 Other indirect (Scope 3) GHG emissions.	Page 156		X
	305-4 GHG emissions intensity.	Page 158		X

HUMAN RESOURCE

GRI 401: EMPLOYMENT 2016	401-1 New employee hires and employee turnover.	Pages 132, 170, 172		X
GRI 401: EMPLOYMENT 2016	404-1 Average hours of training per year per employee.	Page 134		X
	404-2 Programs for upgrading employee skills and transition assistance programs.	We do not have transition assistance. Page 134		X
	404-3 Percentage of employees receiving regular performance and career development reviews.	Page 135		X

SUSTAINABLE FINANCE				
SUPPLEMENT OF THE FINANCIAL SECTOR GRI G4 PRODUCT PORTFOLIO	SF1 Policies with specific environmental and social aspects applied to the lines of business.	Page 119		X
	SF2 Procedures for the evaluation and control of social and environmental risks in business lines.	Page 119		X
	SF3 Processes for monitoring customers' implementation of environmental and social requirements included in contracts or transactions.	Page 119		X
	SF4 Process(es) for improving employee competence in implementing environmental and social policies and procedures applied to business lines.	Page 119		X
	SF5 Interactions with customers/investee companies/business partners regarding environmental and social risks and opportunities.	Page 119		X
	SF6 Percentage of portfolio for business lines by region, size (e.g., micro/SME/large), and industry.	Page 108		X
	SF7 Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.	Page 113		X
	SF8 Monetary value of products and services designed to provide a specific environmental benefit for each line of business broken down by purpose.	Page 119		X

AUDIT	FS9 Cobertura y frecuencia de auditorías para evaluar la implementación de las políticas medioambientales y sociales y los procedimientos de evaluación de riesgos.	Page 119		X
SHAREHOLDER ACTIVISM	FS10 Porcentaje y número de compañías dentro de la cartera de la entidad con las que la organización informante ha interactuado en temas ambientales y sociales.	Page 119		X
	FS11 Porcentaje de activos sujetos a controles ambientales o sociales tanto positivos como negativos.	Page 113		X
ENVIRONMENTAL IMPACTS				
GRI 301: MATERIALS 2016	301-1 Materials used by weight or volume.	Page 146		X
GRI 302: ENERGY 2016	302-1 Energy consumption within the organization.	Page 147		X
	302-2 Energy consumption outside of the organization.	Page 147		X
	302-3 Energy intensity.	Page 147		X
	302-4 Reduction of energy consumption.	Page 147		X
GRI 303: WATER AND EFFLUENTS 2018	303-5 Water consumption.	Page 149		X
GRI 306: WASTE 2020	306-3 Waste generated.	Page 150		X
	306-4 Waste diverted from disposal.	Page 150		X
	306-5 Waste directed to disposal n.	Page 150		X

FINANCIAL INCLUSION				
SUPPLEMENT OF THE FINANCIAL SECTOR GRI G4 SHAREHOLDER ACTIVISM	SF13 Access points by type in sparsely populated or economically disadvantaged areas.	Page 105		X
	SF14 Initiatives to improve access to financial services for disadvantaged people.	Page 106		X
	SF16 Initiatives to improve financial literacy and education by type of beneficiary.	Page 117		X
OCCUPATIONAL HEALTH AND SAFETY				
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018	403-1 Occupational health and safety management system.	Page 140		X
	403-8 Workers covered by an occupational health and safety management system.	Page 140		X
COMMUNITY OUTREACH				
BANCO PICHINCHA INDICATOR	BP2 Community development programs.	Page 142		X

Annex 3

Principle 1: Alignment

We will align our business strategy to be coherent and contribute to the needs of people 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, the types of products and services provided, the main sectors and types of activities in the main geographies in which your bank operates or provides products and services. Also quantify the information by disclosing, for example, 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 served.

Response

Banco Pichincha C.A. is a universal financial institution that serves all segments, including individuals, microenterprises, small and medium-sized enterprises (SMEs), and corporations. The institution has a national presence, consolidating its position as Ecuador's leading banking institution. In 2023, it reached a total of 5'620,544 customers.

Links and references

Sustainability report 2023,

Indicators:

[GRI 2-6] pág. xx [FS6] pág. xx

Strategy alignment

Does your corporate strategy identify and reflect sustainability as a strategic priority(ies) for your bank?

Yes ☒ No ☐

Describe how your bank has aligned and/or plans 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 sustainability regulatory reporting frameworks or requirements in its strategic priorities or policies to implement them?

- ☒ United Nations Guiding Principles on Business and Human Rights.
- ☒ International Labor Organization Core Conventions.
- ☒ United Nations Global Compact.
- ☐ United Nations Declaration on the Rights of Indigenous Peoples.
- ☒ Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk; specify which ones: Control Standard for Environmental and Social Risk Assessment and Management (Resolution No. SB-2022-1212).

- ☒ All applicable regulatory reporting requirements for social risk assessments, e.g., modern slavery; specify which: Control Standard for Environmental and Social Risk Assessment and Management (Resolution No. SB-2022-1212).
- ☐ None of the above.

Response

Banco Pichincha has established a solid Sustainability Model based on three fundamental pillars:

1) Sustainable Finance, 2) Social and Inclusive Development, and 3) Environmental Responsibility. Our commitment to these areas is supported and strengthened through voluntary adherence, the implementation of management frameworks, and the achievement of national and international certifications in Environmental, Social and Governance (ESG) issues.

Links and references

Sustainability report 2023,
page xx

Principle 2: Impact and target setting

We will continually increase our positive impacts while reducing negative impacts and managing risks to people and the 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.

Impact analysis (key step 1)

Demonstrate that your bank has conducted an impact analysis of your portfolio(s) to identify your most significant impact areas and determine priority areas for target setting. All impact analyses should be updated periodically and meet the following requirements/specifications (a-d):

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

Response

In 2022, we conducted a study using UNEPFI's Portfolio Impact Analysis Tool for Banks V3, taking into account 100% of the Bank's lending operations in Ecuador, classified into corporate, personal and microfinance banking.

The study allowed us to identify two priority impact areas: Health and financial inclusion and Climate Change. In 2025 we will evaluate a new analysis to update or strengthen our management.

Links and references

Portfolio composition: Has your bank considered the composition of your portfolio (in %) in the analysis? Please provide a proportional composition of your portfolio globally and by geographic scope
i) by sector and industry for corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %); and/or
ii) by products and services and by customer types for consumer and retail banking portfolios.

If your bank has adopted another approach to determine the scale of the bank's exposure, please provide further details, to show how you have considered where the bank's main or principal activities are located in terms of industries or sectors.

Response

We have considered the distribution of the portfolio of each business segment according to the economic sectors financed.

Links and references
Sustainability Report 2023,
page xx

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

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

Response

Based on Ecuador's environmental, social and economic indicators and our materiality study we have identified enhancing positive impacts and mitigating negative impacts related to:

- Carbon footprint management
- Environmental impact management
- Financial inclusion
- Sustainable finance

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

Response

Considering the analysis of the Ecuadorian context and the intensity of the impacts, we identified the following areas of significant impact: promotion of healthy economies, addressing aspects such as health and financial inclusion, as well as the promotion of climate stability to address climate change.

Links and references
Sustainability Report 2023,
page xx

For these (minimum two prioritized impact areas) **Performance measurement:** Has your bank identified which sectors and industries, as well as the types of customers financed or invested in, are causing the strongest actual positive or negative impacts? Describe how you assessed their performance, using appropriate indicators related to significant impact areas that apply to your bank's context.

When determining priority areas for target setting among your areas of greatest significant impact, you should consider the bank's current performance levels, i.e., qualitative and/or quantitative indicators and/or surrogates of the social, economic and environmental impacts resulting from the bank's activities and the provision of products and services. If you have identified climate and/or financial health and inclusion as your most significant impact areas, please also refer to the applicable indicators in the annex.

If your bank has adopted another approach to assess the intensity of impact resulting from the bank's activities and the provision of products and services, please describe it.

The result of this step will also provide the baseline (incl. indicators) that can be used to set targets in two areas of most significant impact.

Response

Health and Financial Inclusion: In relation to this area of work, we carry out an exhaustive monitoring of the impact indicators of the microfinance operation and the financial education programs. We communicate and audit them annually in our sustainability report.

Climate Change: Since 2021, we have used the Carbon Disclosure Project CDP climate change questionnaire, which compares the climate management of companies that voluntarily report. In 2022, the grade obtained was “B”, placing us in the Management band for “coordinated action on climate issues”. The rating places us above the average of reporting companies in South America (“C”) and above the average of the global financial sector (“B-”).

The improvement in the rating from C to B from 2021 to 2022 was due to our business strategy, portfolio, customers, risk management, emissions measurement, and operations.

In 2023, we continued to implement measures to strengthen our climate management by involving various areas of the bank, with the objective of improving our rating in future evaluation.

We made progress in developing a climate transition plan, which included a scenario analysis tailored to banking. We modeled potential impacts of climate change on the institution and its customers to support decision-making. We maintained our BIO credit offering, focusing on environmental benefits and climate change mitigation/adaptation. In addition, we promote agricultural credit, advising our clients on best practices in technification and sustainability.

Links and references
Sustainability Report 2023,
Indicators of
Health and Financial Inclusion
[GRI 3-3] page
[BP6] page
[FS16] page
[DJ 3.6.3] page

Climate Change Indicators
[DJ1.9.8] page
Place this link with link
BIO product link: <https://www.pichincha.com/detal-le-producto/producto-empre-sas-credito-biocredito-constructor>

Summary of self-assessment:

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

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

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

- Health and financial inclusion (Healthy Economies)
- Climate change mitigation and adaptation (Climate Stability).

How recent are the data used and disclosed in the impact analysis?

<input type="checkbox"/>	Up to 6 months prior to publication
<input type="checkbox"/>	Up to 12 months prior to publication
<input type="checkbox"/>	Up to 18 months prior to publication
<input checked="" type="checkbox"/>	More than 18 months prior to publication

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

Target configuration (key step 2)

Demonstrate that your bank has established and published a minimum of two objectives that address at least two different areas of greatest impact that you identified in your impact analysis. Objectives should be specific, measurable (qualitative or quantitative), achievable, relevant and time-bound (SMART). Indicate the following elements of the objective configuration (a-d), for each objective separately:

Alignment: what international, regional or national policy frameworks for aligning your bank's portfolio have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment and further contribution to the appropriate Sustainable Development Goals, Paris Agreement targets and other relevant international, national or regional frameworks.

It can be based on the contextual elements of section 2.1.

Response

Financial Health and Inclusion: We currently have several key performance indicators related to financial health and inclusion, including banking penetration, financial education, evolution of products with a social focus for the base of the economic pyramid, attention to women, among others. In turn, these indicators respond to the corporate strategy of financial inclusion based on national and international best practices.

During this year we have strengthened our support to women's businesses through the execution of our first gender social bond for \$ 100 million. We detail these indicators in our Sustainability Report 2023.

Climate Change: The key GFANZ Net-Zero emissions framework has been established, committing us to decarbonize our portfolio by 2050. Ecuador's National Climate Change Strategy highlights priority sectors for adaptation and mitigation. Agriculture, livestock, aquaculture and fisheries are the most vulnerable sectors for adaptation, while for mitigation, the focus will be on reducing greenhouse gas emissions in the agricultural sector. Since the agricultural sector is the main source of emissions in our portfolio, decarbonization targets will focus on this sector.

Links and references
Sustainability Report 2023, Chapter 4 Sustainable Finances.

Sustainable Report 2022, Annex PBR.

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

You may rely on the performance measurement performed in 2.1 to determine the baseline for your target.

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

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

In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards the impact-driven objectives, please indicate them.

Response

Financial Health and Inclusion: During 2023 in the Financial Education Program, 97.21% of employees have been trained in health and financial inclusion (B.1.2), 45,806 customers and non-customers have been trained (B.2.1) and 5,720,499 people have been sensitized through the media and social networks.

In addition, we banked 600 thousand people (C.2.3), 97.48% of our customers have a savings or long-term investment account (B.4.4) and 53.85% of customers show a quarterly increase or maintain stable amounts of balances in savings accounts (B.3.5).

Currently, 58.97% of customers have 2 or more active financial products of different categories (C.4.1). In addition, it has been determined that 61.1% of customers actively use some digital media (B.2.2).

All data presented are as of December 31, 2022.

Climate Change: In 2022 we developed our Transversal Climate Change Strategy, which establishes five lines of action and a climate transition plan with short-, medium- and long-term measures (A.1.1).

Earlier this year we signed the NZBA commitment in January to achieve net zero emissions by 2050 or sooner. For target setting, which is in progress. This year's data is from our baseline (A.1.2).

Using the JIM tool and the PCAF methodology, we have quantified the financed emissions of the sectors and economic activities in the loan portfolio. This determined the carbon-intensive sectors on which the targets will be focused (A.1.4). As part of the quantification, we identified that the agricultural and land transportation sectors represent the most emissions for the bank, reaching 276 thousand and 120 thousand tCO₂e respectively (A.2.3).

We offer BIO credits, which have a focus on: sustainable transportation, sustainable construction, renewable energy, energy efficiency, cleaner production, waste management and sustainable agriculture. Climate change mitigation and adaptation benefits can be identified (A.1.5).

Links and references

SMART targets (including key performance indicators (KPIs): Indicate targets for your first and second most significant impact areas, if they already exist (as well as other impact areas, if any). What KPIs are you using to monitor progress towards achieving the target? Please disclose.

Response

At the bank, a multidisciplinary approach has been undertaken to establish targets for both objectives, which are currently in the process of analysis and approval.

Links and references

Action plan: what actions including milestones have you defined to meet the established objectives? Please describe. Please also demonstrate that your bank has analyzed and recognized significant indirect (potential) impacts of the stated objectives within the impact area or in other impact areas and has established relevant actions to avoid, mitigate or compensate for possible negative impacts.

Health and Financial Inclusion and Climate Change: Once the goals are established, the action plan will be determined. In the case of climate change, this plan will be aligned with the Climate Transition Plan we established in 2022.

Links and references

Summary of self-assessment:

Which of the following components of target setting in line with PRB requirements has your bank completed or is currently in an evaluation process for your ...		
	... First area of greatest impact: ... (please name it) Health and financial inclusion	... Second highest impact area: ... (please name it) Climate Change
Scope:	<div><input checked="" type="checkbox"/> Yes</div> <div><input type="checkbox"/> Ongoing</div> <div><input type="checkbox"/> No</div>	<div><input checked="" type="checkbox"/> Yes</div> <div><input type="checkbox"/> Ongoing</div> <div><input type="checkbox"/> No</div>
Baseline:	<div><input checked="" type="checkbox"/> Yes</div> <div><input type="checkbox"/> Ongoing</div> <div><input type="checkbox"/> No</div>	<div><input type="checkbox"/> Yes</div> <div><input checked="" type="checkbox"/> Ongoing</div> <div><input type="checkbox"/> No</div>
SMART Goals:	<div><input type="checkbox"/> Yes</div> <div><input checked="" type="checkbox"/> Ongoing</div> <div><input type="checkbox"/> No</div>	<div><input type="checkbox"/> Yes</div> <div><input checked="" type="checkbox"/> Ongoing</div> <div><input type="checkbox"/> No</div>
Action Plan:	<div><input type="checkbox"/> Yes</div> <div><input checked="" type="checkbox"/> Ongoing</div> <div><input type="checkbox"/> No</div>	<div><input type="checkbox"/> Yes</div> <div><input type="checkbox"/> Ongoing</div> <div><input checked="" type="checkbox"/> No</div>

Implementation and monitoring of objectives (Key Step 2)

For each separate objective: Demonstrate that your bank has implemented the actions it had previously defined to meet the stated objective.

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

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

Response

Health and Financial Inclusion and Climate Change
In 2023 we continue to work on both dimensions and once the targets are approved, we will report on progress.

Links and references



Principle 3: Customers

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

Customer engagement

Does your bank have a customer engagement policy or process to encourage sustainable practices?

Yes ☒ Ongoing ☐ No ☐

¿Tiene su banco una política para los sectores en los que ha identificado los mayores impactos negativos (potenciales)?

Yes ☒ Ongoing ☐ No ☐

Describe how your bank has worked and/or plans to work with its customers to encourage sustainable practices and enable sustainable economic activities). You should include information on relevant policies, planned/implemented actions to support client transition, selected indicators on client engagement and, where possible, impacts achieved. This should be based on and aligned with the impact analysis, target setting and action plans established by the bank (see P2).

Response

We have processes, channels, products and services that support our sustainability strategy. Among them, we highlight the Environmental and Social Risk Management System (SARAS), products with a social and environmental focus, as well as financial inclusion and banking initiatives, microcredits for the base of the economic pyramid, among others.

Links and references
Sustainability Report 2023, Chapter 4 Sustainable Finance.

Business opportunities

Describe what strategic business opportunities in relation to increasing positive impacts and reducing 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 percentage of your portfolio, and in which SDGs or impact areas you strive to have a positive impact (e.g. green mortgages - climate, social bonds - financial inclusion, etc.).

Response

We have identified as business opportunities to enhance our offer of channels and products with a social and environmental focus, and to continue exploring and analyzing our strategy related to climate change.

During 2023, loans placed with a social and environmental focus will represent 36.6% of our portfolio. We identified strategic opportunities that include continuing to bank the vulnerable population, ensuring their access to safe and quality financial products. We also focus on providing financing for green loans, aimed at helping our customers reduce the environmental impact of their activities.

In both opportunities, we support our customers with a comprehensive non-financial offer that includes advice, accompaniment, education and monitoring, thus ensuring that their development is sustainable and that they make optimal financial decisions. We publish more information in the reference links.

Links and references
Sustainability Report 2023, Chapter 4 Sustainable Finance.

Principle 4: Stakeholders

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

Stakeholder identification and consultation

Does your bank have a process in place to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups) that it has identified as relevant to the impact analysis and objective setting process?

Yes ☒ Ongoing ☐ No ☐

Describe which stakeholders (or stakeholder groups/types) you have identified, consulted, engaged, collaborated or partnered with in order to implement the principles and improve your bank’s impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/outcomes achieved and how they contributed to the action planning process.

Response

We have a stakeholder mapping with respective prioritization, which we update on a regular basis. In addition, we maintain a constant dialogue through various channels and processes. A detailed description of this process is available in our Sustainability Report.

Links and references
Sustainability Report 2023, Chapter 7 About this report.

Principle 5: Governance and culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

Governance structure for the implementation of the Principles

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

Yes ☒ Ongoing ☐ No ☐

Describe the relevant governance structures, policies and procedures that your bank has put in place/plans to put in place to manage significant positive and (potential) negative impacts and support effective implementation of the Principles.

This includes information on which committee has responsibility for the sustainability strategy as well as approval and monitoring of targets (including information on the highest level of governance to which the PRB is subject), details on the committee chairperson and the process and frequency for the board to oversee the implementation of the PRB (including corrective actions in case targets or milestones are not met or unexpected negative impacts are identified), as well as remuneration practices linked to sustainability objectives.

Response

Directors are the Bank's key decision-makers on economic, social and environmental issues through various committees and boards that meet regularly to review strategies, objectives, indicators and risk analysis.

Links and references
Sustainability Report 2023
Page xx

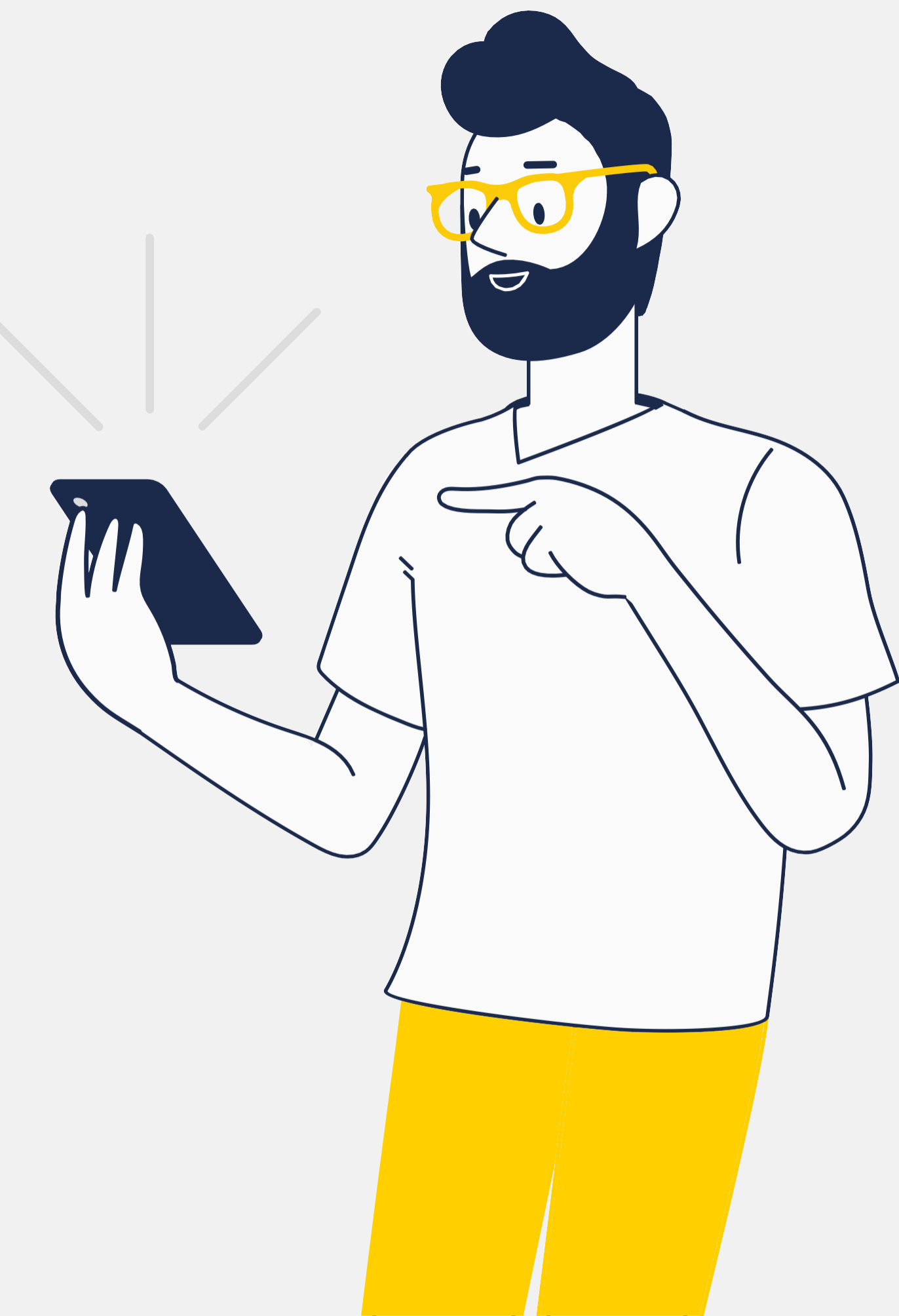
Promote a culture of responsible banking:

Describe your bank's initiatives and measures to foster a responsible banking culture among your employees (e.g. capacity building, e-learning, sustainability training for customer-facing roles, inclusion in remuneration and performance management structures, leadership communication, etc.).

Response

During 2023 we conducted several trainings for our staff in areas such as Risk, Commercial, Credit and Sustainable Development. We highlight the following: IFC performance standards, SARAS champions, among others.

Links and references



Due diligence policies and processes

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

Describe what due diligence processes your bank has in place to identify and manage environmental and social risks associated with its portfolio. This may include aspects such as identifying significant/ outstanding risks, mitigating environmental and social risks and defining action plans, monitoring and reporting on risks and any existing grievance mechanisms, as well as the governance structures you have in place to oversee these risks.

Response

Since 2020, we have implemented the Environmental and Social Risk Management Policy for lending, which enables us to identify, assess, mitigate and monitor environmental (including climate) and social (including labour) risks associated with our customers' lending operations. This approach aims to prevent adverse events in our lending portfolio that could affect the Bank's reputation, collateral and cash flow.

[Links and references](#)

Summary of the self-assessment

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

Yes ☐ No ☒

Does the governance system involve structures for monitoring the implementation of the PRB (e.g. including impact analysis and target setting, actions to achieve these targets and processes for corrective action in case targets/milestones are not met or unexpected 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 ☒ No ☐

Principle 6: Transparency and accountability

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

Insurance

Is this publicly disclosed information about your

PRB's commitments have been underwritten by an independent insurer?

Yes ☒ Partially ☐ No ☐

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

Response

This information has been audited as part of the Sustainability Report 2023 by Price Waterhouse Coopers.

Links and References

Reporting on other frameworks

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

- ☒ GRI
- ☐ SASB
- ☒ CDP
- ☐ IFRS Sustainability Disclosure Standards (to be published)
- ☒ TCFD
- ☒ Others

Response

In addition, we report information to the Dow Jones Sustainability Index.

Links and References

Outlook

What are the next steps your bank will undertake in the next 12-month reporting period (in particular on impact analysis, target setting and governance structure to implement the PRB)? Please briefly describe.

Response

- Define objectives and indicators for each selected impact and their respective action plans.
- Monitor the implementation of action plans and the achievement of objectives.

Links and References

Challenges

Here is a brief section to learn about the challenges your bank is likely to face with respect to the implementation of the Principles for Responsible Banking. Your feedback will be useful to contextualize the collective progress of the BRP signatory banks.

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

If you wish, you can explain the challenges and how you are addressing them:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Mainstreaming PRB monitoring into governance. | <input type="checkbox"/> Commitment to the customer. |
| <input checked="" type="checkbox"/> Acquire or keep momentum in the bank. | <input type="checkbox"/> Stakeholder participation. |
| <input type="checkbox"/> Getting started: where to begin and what to focus on at the start. | <input type="checkbox"/> Data availability. |
| <input type="checkbox"/> Conducting an impact analysis. | <input type="checkbox"/> Data quality. |
| <input type="checkbox"/> Assessment of negative environmental and social impacts. | <input type="checkbox"/> Access to resources. |
| <input type="checkbox"/> Choosing the appropriate performance measurement methodology(ies). | <input type="checkbox"/> Reports. |
| <input checked="" type="checkbox"/> Target setting. | <input type="checkbox"/> Insurance. |
| <input type="checkbox"/> Other | <input type="checkbox"/> Prioritise actions internally. |



INDEPENDENT LIMITED ASSURANCE REPORT ON THE SUSTAINABILITY REPORT 2023

To the members of the Board and Shareholders

Banco Pichincha C.A.

Quito, 14 June 2024

Object of the limited assurance

We have been engaged to perform a limited assurance engagement on the information content and indicators prepared in accordance with the Global Reporting Initiative GRI Standards, identified by the symbol "✓" detailed in Annex I, presented in the Sustainability Report 2023 (hereinafter the "Report") for the year ended 31 December 2023 of Banco Pichincha C.A. (hereinafter the "Bank").

Except as described in the preceding paragraph, which sets out the scope of our work, we have not performed any other limited assurance procedures with respect to prior periods or any other items included in the Report and, accordingly, we do not express any conclusions in this regard.

Management's Responsibility for the Sustainability Report

Management of Banco Pichincha C.A. is responsible for the preparation of the Report for the year ended 31 December 2023 in accordance with the content guidelines and indicators of the Global Reporting Initiative GRI Standards in its compliance option, issued by the Global Sustainability Standards Board (GSSB). This responsibility includes: the design, implementation, and maintenance of relevant internal controls relevant to the preparation and presentation of information and indicators in accordance with the Global Reporting Initiative GRI Standards included in the Report that are free from material misstatement, whether due to fraud or error.

Inherent limitation

The limited assurance report on the contents of information and indicators prepared in accordance with the Global Reporting Initiative GRI Standards, identified by the symbol "✓" detailed in Annex I is not intended to, and does not, assess the performance of Banco Pichincha C.A. in relation to sustainable development.

Independence and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

PricewaterhouseCoopers del Ecuador Cía. Ltda., Av. 6 de diciembre y Boussingault. Edificio T6. Piso 14, Quito – Ecuador.
T: (593) 958958450 / (593) 962525650, www.pwc.ec



Banco Pichincha C.A.
Quito 14 June 2024

Our firm applies the International Quality Management Standard 1 (IQMS1) and, consequently, maintains a comprehensive quality management system that includes documented policies and procedures with respect to compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's Responsibility

Our responsibility is to express a limited assurance conclusion on the information and indicators prepared in accordance with the Global Reporting Initiative GRI Standards detailed in Appendix I and identified by the symbol "✓" presented in the report for the year ended 31 December 2023, based on the procedures performed and evidence we have obtained.

Our work was conducted in accordance with the International Standard on Assurance Engagements Other than Audits or Historical Financial Reviews (reviewed ISAE 3000) issued by the International Auditing and Assurance Standards Board (IAASB). This standard requires us to plan and perform the review with the objective of obtaining limited assurance on the quality of the audit.

A limited security review work involves evaluating the appropriateness in the circumstances of Banco Pichincha C.A.'s use of the criteria as a basis for the preparation of the information and indicators prepared in accordance with the Global Reporting Initiative GRI Standards reported in the Report, evaluating the risks of material incorrect representations of said indicators whether due to fraud or error, responding to the evaluated risks as necessary in the circumstances, and evaluating the overall presentation of the identified Sustainability Information. A limited security engagement is somewhat smaller in scope than a reasonable security engagement both in relation to risk assessment procedures, including an understanding of internal control and information systems, and to the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgment and included consultations, observation of processes performed, inspection of documents, analytical procedures, evaluation of the adequacy of quantification methods and reporting policies, and reconciliation of the records underlying the data.

Given the circumstances of the compromise, performing the procedures listed above demonstrated:

- Interviews with the staff of Banco Pichincha C.A. responsible for the generation and compilation of the information and indicators subject to our review included in Annex I.
- Review of the procedures and relevant documentation used to collect and consolidate information;



Banco Pichincha C.A.
Quito, June 14, 2024

- Review of the consistency of the information presented in the Report;
- Review of formulas, arithmetic accuracy and graphical representation of information;
- Review that the financial information included in the Report is consistent with the audited financial statements as of December 31, 2023.
- Review of the presence or absence in the Sustainability Report of information and indicators in accordance with the criteria defined in the Global Reporting Initiative GRI Standards in their conformity option, selected as the most relevant (materials), presented in the Sustainability Report.

The procedures performed on a limited security job vary in nature and time, and are smaller in extent than for a reasonable security job. Accordingly, the level of assurance obtained in a limited assurance engagement is substantially less than the assurance that would have been obtained if we had made a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion as to whether the information and indicators identified with the symbol "✓" detailed in Annex I presented in the Report for the year ended December 31, 2023, has been prepared in all material aspects, in accordance with the criteria applied.

Limited assurance conclusions

Based on the results of the application of the limited verification procedures described above, and the evidence that we have obtained, nothing has caught our attention that makes us think that the information and indicators identified with the symbol "✓" detailed in Annex I included in the Sustainability Report for the year ending December 31, 2023, has not been prepared in accordance with the content and indicator guidelines of the Global Reporting Initiative GRI Standards in its conformity option.

PricewaterhouseCoopers

PricewaterhouseCoopers del Ecuador Cía. Ltda.

Juan Carlos Saenz

Juan Carlos Saenz

Partner

GLOBAL REPORTING INITIATIVE GRI STANDARDS

Group	GRI Standard	Disclosure	Verification
GRI 2: General Disclosures	1. The organization and its reporting practices	Disclosure 2-1 Organizational details	✓
		Disclosure 2-2 Entities included in the organization’s sustainability reporting	✓
		Disclosure 2-3 Reporting period, frequency and contact point	✓
		Disclosure 2-4 Restatements of information	✓
		Disclosure 2-5 External assurance	✓
	2. Activities and workers	Disclosure 2-6 Activities, value chain and other business relationships	✓
		Disclosure 2-7 Employees	✓
		Disclosure 2-8 Workers who are not employees	✓
	3. Governance	Disclosure 2-9 Governance structure and composition	✓
		Disclosure 2-10 Nomination and selection of the highest governance body	✓
		Disclosure 2-11 Chair of the highest governance body	✓
		Disclosure 2-12 Role of the highest governance body in overseeing the management of impacts	✓
		Disclosure 2-13 Delegation of responsibility for managing impacts	✓
		Disclosure 2-14 Role of the highest governing body in sustainability reporting	✓
		Disclosure 2-15 Conflicts of interest	✓
		Disclosure 2-16 Communication of critical concerns	✓
		Disclosure 2-17 Collective knowledge of the highest governance body	✓
		Disclosure 2-18 Evaluation of the performance of the highest governance body	✓
		Disclosure 2-19 Remuneration policies	✓
		Disclosure 2-20 Process to determine remuneration	✓

GLOBAL REPORTING INITIATIVE GRI STANDARDS

ANNEX I

Group	GRI Standard	Disclosure	Verification
	4. Strategy, policies and practices	Disclosure 2-21 Annual total compensation ratio	✓
		Disclosure 2-22 Statement on sustainable development strategy	✓
		Disclosure 2-23 Policy commitments	✓
		Disclosure 2-24 Embedding policy commitments	✓
		Disclosure 2-25 Processes to remediate negative impacts	✓
		Disclosure 2-26 Mechanisms for seeking advice and raising concerns	✓
		Disclosure 2-27 Compliance with laws and regulations	✓
		Disclosure 2-28 Membership associations	✓
	5. Stakeholder engagement	Disclosure 2-29 Approach to stakeholder engagement	✓
		Disclosure 2-30 Collective bargaining agreements	✓
GRI 3 Material Topics 2021	2. Disclosures on material topics	Disclosure 3-1 Process to determine material topics	✓
		Disclosure 3-2 List of material topics	✓
		Disclosure 3-3 Management of material topics	✓
200 Economics	GRI 201 Economic Performance	201-1 Direct economic value generated and distributed	✓
		201-2 Financial implications and other risks and opportunities due to climate change	✓
	GRI 205 Anti-corruption	205-1 Operations assessed for risks related to corruption	✓
		205-2 Communication and training about anti-corruption policies and procedures	✓
300 Environmental	GRI 301 Materials	301-1 Materials used by weight or volume	✓
	GRI 302 Energy	302-1 Energy consumption within the organization	✓
		302-2Energy consumption outside the organization	✓
		302-3 Energy intensity	✓
		302-4 Reduction of energy consumption	✓

GLOBAL REPORTING INITIATIVE GRI STANDARDS

ANNEX I

Group	GRI Standard	Disclosure	Verification
	GRI 303 Water	305-5 Water consumption	✓
	GRI 305 Emissions	305-1 Direct (Scope 1) GHG emissions	✓
		305-2 Energy indirect (Scope 2) GHG emissions	✓
		305-3 Other indirect (Scope 3) GHG emissions	✓
		305-4 GHG emissions intensity	✓
		305-5 Reduction of GHG emissions	✓
	GRI 306 Waste	306-3 Waste generated	✓
		306-4 Waste diverted from disposal	✓
		306-5 Waste directed to disposal	✓
400 Social	GRI 401 Employment	401-1 New employee hires and employee turnover	✓
	GRI 403 Occupational Health and Safety	403-1 Occupational health and safety management system	✓
		403-8 Workers covered by an occupational health and safety	✓
	GRI 404: Training and Education	404-1 Average hours of training per year per eployee	✓
		404-2 Programs for upgrading employee skills and transition assistance programs.	✓
		404-3 Percentage of employees receiving regular performance and career development reviews	✓
	GRI 405: Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	✓
		405-2 Ratio of basic salary and remuneration of women to men	✓
	GRI 406: Non-discrimination	406-1 Incidents of discrimination and corrective actions taken	✓
	GRI 418: Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	✓



INDEPENDENT LIMITED ASSURANCE REPORT

To the members of the Board of Directors and Shareholders of
Banco Pichincha C.A.

Quito, November 7, 2024.

Object of the limited assurance

We have performed an independent limited assurance engagement on the information presented in the Reporting and Self-Assessment Template prepared in accordance with the Principles for Responsible Banking issued by the “UNEP FI”, included in Annex III of the Sustainability Report 2023 (hereinafter “the Report”)

Criteria applied

The criteria used by the Bank for the presentation of the Reporting and Self-Assessment Template prepared in accordance with the Principles for Responsible Banking issued by the “UNEP FI”, included in Annex III of the Report, correspond to the Principles for Responsible Banking linked to “2.1 Impact analysis”, “2.2 Target setting”, “2.3 Target Implementation and Monitoring” and “5.1 Governance Structure for Implementation of the Principles”.

Management's responsibility for the Reporting and Self-assessment template included in Annex III of the Bank's Sustainability Report prepared in accordance with the Principles for Responsible Banking issued by “UNEP FI”.

The management of Banco Pichincha C.A. is responsible for the preparation the Reporting and Self-Assessment Template prepared in accordance with the Principles for Responsible Banking issued by the “UNEP FI”, included in Annex III of Report for the year ended on December 31, 2023 in accordance with the guidelines of the Principles for Responsible Banking. This responsibility includes designing, implementing and maintaining internal controls relevant for the preparation and submission of information in accordance with the Principles for Responsible Banking included in the Reporting and Self-Assessment Template in Annex III of the Report in a way that is free of material misstatements, whether due to fraud or error.

Inherent limitation

The scope of our procedures does not include an assessment of the suitability of the design of the impact management systems and processes of the Principles for Responsible Banking issued by the “UNEP FI” of Banco Pichincha CA to achieve alignment with the Principles for Responsible Banking or their operational effectiveness and, therefore, our procedures do not guarantee the design and operational effectiveness of the impact management systems and processes or the resulting impacts achieved. The scope of our work in the Reporting and Self-Assessment Template included in Annex III of the Bank's Report was limited to observing whether the responses selected by the Bank reflect the steps and activities that the Bank has undertaken in accordance with “2.1 Impact analysis”, “2.2 Target setting”, “2.3 Target Implementation and Monitoring” and “5.1 Governance Structure for Implementation of the Principles” of the Principles for Responsible Banking for the period ended December 31, 2023.



Requirements for Independence and Quality Assurance

We have complied with the independence and other ethical requirements set out in the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, based on the fundamental principles regarding integrity, objectivity, professional conduct and competence, due care, and confidentiality.

Our audit firm applies the International Standard on Quality Assurance 1. Therefore, it has a comprehensive quality assurance system that includes documented policies and procedures with respect to compliance with ethical requirements, professional standards and applicable statutory and regulatory requirements.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the information included in the Reporting and Self-Assessment Template for compliance with the Principles for Responsible Banking presented in Annex III of the Bank's Report in accordance with "2.1 Impact analysis ", "2.2 Target setting ", "2.3 Target Implementation and Monitoring " and "5.1 Governance Structure for Implementation of the Principles " of the Principles for Responsible Banking, for the period ended December 31, 2023, based on the procedures performed and the evidence we have obtained.

Our work was carried out in accordance with the International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000 revised), issued by the International Auditing and Assurance Standards Board (IAASB). That standard requires us to plan and perform the review to obtain limited assurance about whether the information presented in the Reporting and Self-Assessment Template for Compliance with the Principles for Responsible Banking prepared in accordance with "2.1 Impact analysis ", "2.2 Target setting ", "2.3 Target Implementation and Monitoring " and "5.1 Governance Structure for Implementation of the Principles" of the Principles for Responsible Banking, are free from material errors, to issue a conclusion.

A limited assurance review engagement involves assessing the appropriateness in the circumstances of Banco Pichincha C.A.'s use of the criteria as a basis for preparing the information prepared in accordance with "2.1 Impact analysis ", "2.2 Target setting ", "2.3 Target Implementation and Monitoring " and "5.1 Governance Structure for Implementation of the Principles" of the Principles for Responsible Banking reported in the Reporting and Self-Assessment Template for compliance with the Principles for Responsible Banking, reported in Annex III of the Report, by assessing the risks of material misstatement of such information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Identified Information. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement both in relation to the risk assessment procedures, including an understanding of internal control and information systems, and the procedures performed in response to the assessed risks.

The procedures we have carried out have been based on our professional judgment, including the assessment of the risk of material error in the criteria for preparing the report. As part of the scope of our work, we apply, among others, the following procedures:

- Interviews with Banco Pichincha C.A. staff responsible for generating and collecting the information and indicators subject to our review.
- Review of the procedures and relevant documentation used by the Bank to collect and consolidate the reported information;



- Review of the consistency with the Bank's operations, objectives and strategies of the information presented in the Reporting and Self-Assessment Template for compliance with the Principles for Responsible Banking in Annex III of the Report.
- Review of the presence and disclosure of the requirements of the Principles for Responsible Banking in the Reporting and Self-Assessment Template for Compliance with the Principles for Responsible Banking in Annex 3 of the Report.

The procedures performed in a limited assurance engagement vary in nature and timing, and are less extensive than for a reasonable assurance engagement. Accordingly, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Therefore, we do not express a reasonable assurance opinion on whether the information presented in the Reporting and Self-Assessment Template for compliance with the Principles for Responsible Banking included in Annex III of the Report for the year ended December 31, 2023, has been prepared in all material respects in accordance with the criteria applied.

Conclusion of limited assurance

Based on the results of the application of the limited verification procedures described above, and the evidence we have obtained, nothing has come to our attention that causes us to believe that the information presented in the Reporting and Self-Assessment Template for compliance with the Principles for Responsible Banking included in Annex III of the Bank's Report for the year ended December 31, 2023, has not been prepared in accordance with the information guidelines of the Principles for Responsible Banking linked to "2.1 Impact analysis ", "2.2 Target setting ", "2.3 Target Implementation and Monitoring " and "5.1 Governance Structure for Implementation of the Principles ".

A handwritten signature in blue ink, appearing to read "Juan Carlos Saenz P.", enclosed within a blue rectangular box.

Juan Carlos Saenz P.
Partner



General Management: Executive Vice Presidency of Finance,
Administration and Treasury
Sustainability Report: Vice-Presidency of Marketing,
Sustainability and Public Relations
Conexión Consultores: Preparation and writing of the Sustainability
Report
Ariadna
Art direction and design, and editing.
Quito - Ecuador