



**BANCO
PICHINCHA**

**Annual Report and
Sustainability Report**

2021



Annual Report



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Management Letter



Dear Shareholders:


2021 began with a high level of uncertainty, given the effects of the pandemic caused by the covid-19 virus, both socially and economically, as well as the Ecuadorian electoral process that was to elect a new president during the first half of the year. As for the pandemic, and given that vaccines were not yet available, there were fears about its effects and duration. Regarding the electoral process, it should be remembered that there were several candidates with diverse and, in many cases, radically opposed proposals. Despite this adverse initial environment, our institution approached the period with its usual optimism and willingness to face the challenges, fully comply with its mission and maintain its leadership in the Ecuadorian financial system.

In spite of the aforementioned threats, several positive aspects made it possible during the year to steer the country towards a better situation. Once the electoral process was over, the new government quickly implemented a successful anti-virus vaccination program for the entire Ecuadorian population; at the same time, it ratified the agreement with the International Monetary Fund (IMF) to generate a calm environment for public finances, with a significant flow of fresh resources at longer terms and lower interest rates. On the other hand, in 2021 some important regulatory reforms were approved, such as the Law for Strengthening Dollarization and the Organic Law for Economic Development and Fiscal Sustainability. The Government also initiated actions to attract investment to the country and to strengthen its foreign trade.

To date, it is estimated that the Ecuadorian economy has increased close to 4% in 2021, which allowed for a partial recovery of the 7.8% drop recorded in 2020. The significant recovery in oil prices, together with higher tax revenues as a result of the economic recovery, allowed, according to the latest estimates, a reduction in the fiscal deficit of the non-financial public sector equivalent to 3% of GDP. In any case, the debt burden continues to be an issue to be resolved, as is the large current expenditure. High unemployment and its consequences on security are other challenges that have yet to be resolved.

Ecuador's trade balance remained positive in 2021, reaching almost \$2.4 billion in cumulative terms through December 2021, due to the high price of oil and the increase in non-oil exports, where the rebound in mining stands out. Remittances, on the other hand, increased 34% up to the third quarter of 2021, surpassing pre-pandemic levels. This, evidently, represents a flow of dollars to the economy which, together with a solid international monetary reserve of close to \$8 billion, generates better conditions for the sustainability of dollarization. Undoubtedly, with the background described above, the year under analysis achieved an acceptable degree of stability and a positive perception of public confidence.

In this environment, we can affirm that 2021 was one of the best years in terms of portfolio growth for Banco Pichincha C.A. The gross loan portfolio grew by \$1.5 billion (21%), while obligations to the public increased by \$0.9 billion (9%). The use of surplus liquidity, accumulated at the end of 2020, together



with a more aggressive expense control policy, led to an improvement in institutional efficiency, reducing its ratio from 65.1% to 62.2% at the end of 2021. At the same time, portfolio growth was accompanied by an interesting reduction in delinquency, from 3.5% at December 2020 to 2.7% at December 2021, reflecting very good collection management and better control of the risk assumed.

These achievements reached in 2021 are already a consequence of the important internal TRANSFORMATION process that the Bank started in 2019. After two years of effort, we are proving that it is indeed possible to simplify processes, adapt to new technologies and undertake new challenges in the financial sector. The implementation of agile models and the digitization of self-managed services have enabled the Bank to grow rapidly, while improving its efficiency and, above all, meeting the demands of its customers. In this area, the massive adoption of Mobile Banking, the expansion of the DeUna Digital Wallet, the digitalization of credit origination and the digital opening of savings accounts (*onboarding*) stand out.

Despite the progress described above, it is with regret that we must remember that in October 2021 the Bank was the victim of a cybersecurity attack to its IT systems, which generated unavailability and intermittency in some applications and customer service channels. The Bank's response was led by the Crisis Committee, and supported by actions to contain and mitigate the threat. The internal technological recovery and the activation of the Continuity Plan were fast and efficient. Customer service channels were recovered between the second and fourth day after the incident, a period in which recovery was complemented with the activation of manual operational contingencies.

Today, it is important to highlight the cooperation of the entire Bank's workforce, which managed to neutralize the impact of what happened

in the daily operations and demonstrated the quality of the human talent in the Technology area, which was able to quickly decrypt the *malware* maliciously injected in a part of our technological platform. In this digital era there are opportunities and threats that must be addressed with state-of-the-art technology and world-class processes, and this is precisely the main internal focus of attention to guarantee, in a timely and proper manner, the trust granted to Banco Pichincha by more than four million customers. We insist on the need to have the best technological platform in the market to offer quality in all our services and, with that purpose, during 2021 Banco Pichincha continued investing in the stabilization, modernization and technological strengthening plan, including an advanced certification system in the security of the information we store and process on a daily basis.

Within the analysis of the economic result, Banco Pichincha's operating margin stands out, which grew by 22.6% in 2021, mainly due to an improved interest margin and a recovery of service income, thus exceeding pre-pandemic levels. Net income doubled from \$50 million to \$102 million. In addition, profitability measured by ROE increased from 4% to 8.1% at the end of the year.

The market share of the gross portfolio increased 1.5% with respect to banks and 0.7% with respect to banks plus credit unions, reaching levels of 25.9% and 18.6%, respectively. The share of liabilities to the public decreased by 0.2% versus banks and 0.8% versus banks plus credit unions¹, reaching 26.8% and 19.6%, respectively. Credit unions continue to be a strong competitor, especially in the consumer, microcredit and, lately, housing portfolios, as well as in time deposits and savings. The evolution of credit unions is a permanent topic of analysis in our Strategy Committee.

¹ Includes cooperatives in segments 1 and 2.



We remind our Shareholders that Banco Pichincha's vision is to be the largest Bank in the country and the best. In this context, it is relevant to mention two awards obtained in 2021:

- Bank of the Year Award in Ecuador by Latin-Finance.
- Second place in the Banking Innovation Awards, in the Digital Marketing and Sales category by the European Financial Management & Marketing(EFMA).

Likewise, it is necessary to highlight the excellent results obtained during 2021 in inclusion and sustainability, an effort that has deserved the following recognitions:

- Latin American Regional Award for Outstanding Leadership in Social Lending from GlobalFinance.
- Best SME Bank Ecuador from GlobalFinance.
- Honorable mention in the Best Bank for Women Entrepreneurs category from Global SME Finance.

- Recognition in the New Market Pioneer category from Climate Bonds.
- Recognition as one of the best CSR practices 2021 by Centro Mexicano para la Filantropía (Cemefi).
- Finalist for the Financial Times/IFC International Award for gender-responsive finance.

We are confident that in 2022 humanity will overcome the pandemic and its perverse effects. We also hope that our country will continue to recover and resolve its main economic, labor and social imbalances. We ratify -with optimism and enthusiasm- our obligation to continue supporting the country's development, with financial products and services of the highest quality in the market, committed to achieving true and imperative financial inclusion.

We reiterate our feelings of gratitude to Dolorosa del Colegio, to the Shareholders, Directors, Officers and Collaborators of the institution.

Antonio Acosta Espinosa
PRESIDENT

Santiago Bayas Paredes
GENERAL MANAGER

Strategic Profile

Purpose

Inspire and reward trust



Institutional values

• Coherence • Responsibility • Effort • Transcendence

Institutional 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.

Corporate Governance

Our Corporate Governance encompasses a set of principles, norms, guidelines and standards of good international practices, aimed at protecting the interests of the Bank, the Financial Group and the different stakeholders, including customers, employees, interested third parties, shareholders and members of the Board of Directors. Corporate Governance is developed under the institutional values and principles of transparency in line with the provisions of the organization's bylaws.



The General Shareholders' Meeting is the supreme governing body of the Bank and has the following main functions:

- Appoint the principal and alternate directors.
- Appoint internal and external auditors.

- Approve financial statements, internal and external audit reports and commissary reports.
- Approve the distribution of profits.
- Update the by-laws if required.

Banco Pichincha's Board of Directors is a collegiate body made up of highly qualified members to manage the Bank's operations. The members of the Board of Directors are appointed by the Shareholders' Meeting and are qualified by the regulator. The main functions of the Board of Directors are as follows:

- Ensure compliance with regulations, resolutions of the General Shareholders' Meeting, definitions of the Board of Directors, and compliance with the Bylaws.
- Know and approve the annual budget.
- Propose the allocation of economic results to the Shareholders' Meeting.
- Approve internal regulations.
- Create committees.
- Submit to the General Shareholders' Meeting the annual report on the progress of the business, the financial statements, its proposal for the distribution of profits, and issue an opinion on such financial statements and on the internal audit report.
- Analyze and approve the entity's policies, best practices and risk reports, as well as oversee the processes, regulations, manuals and other provisions for good corporate governance.

The Board of Directors is integrated by the following executives¹:

¹ The Chairman of the Board of Directors does not hold an executive position and is independent. 100% of the directors are independent. Banco Pichincha's Board of Directors is integrated by eight men and two women.



Board of Directors

PRESIDENT	Antonio Acosta Espinosa
ALTERNATE DIRECTOR OF THE PRESIDENT	Adolfo Callejas Ribadeneira
SENIOR DIRECTORS	Carlos Suárez Bucheli Andrés Pérez Espinosa Rodrigo Sánchez Zambrano Diana Torres Proaño
ALTERNATE DIRECTORS	Juan Fernando Moscoso Corral Wilson Ayala Gómez Jurado Mónica Villagómez Najas Juan Carlos Cisneros Burbano

Committees and Commissions

In order to guarantee an adequate performance of management and supervision functions, Banco Pichincha has established, under the guidelines of good Corporate Governance, the Committees and Commissions Manual, the composition and characteristics of which are as follows:

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 of Directors or the Executive Committee, and are classified as follows:

Regulatory committees. There are generated in accordance with the provisions of current regulations.

Strategic committees. They are approved by the Bank's Board of Directors in accordance with the Bylaws.

Operating committees. These are approved by the Executive Committee and deal with operational matters.

The following are the main committees that work jointly and interact with Senior Management, ensuring an adequate distribution of functions:

REGULATORY COMMITTEES

- Audit Committee
- Ethics Committee
- Compensation Committee
- Risk Management Committee (RAC)
- Risk Asset Rating Committee
- Compliance Committee
- Information Security Committee
- Information Technology Committee
- Business Continuity Committee
- Joint Occupational Health and Safety Committees and Subcommittees

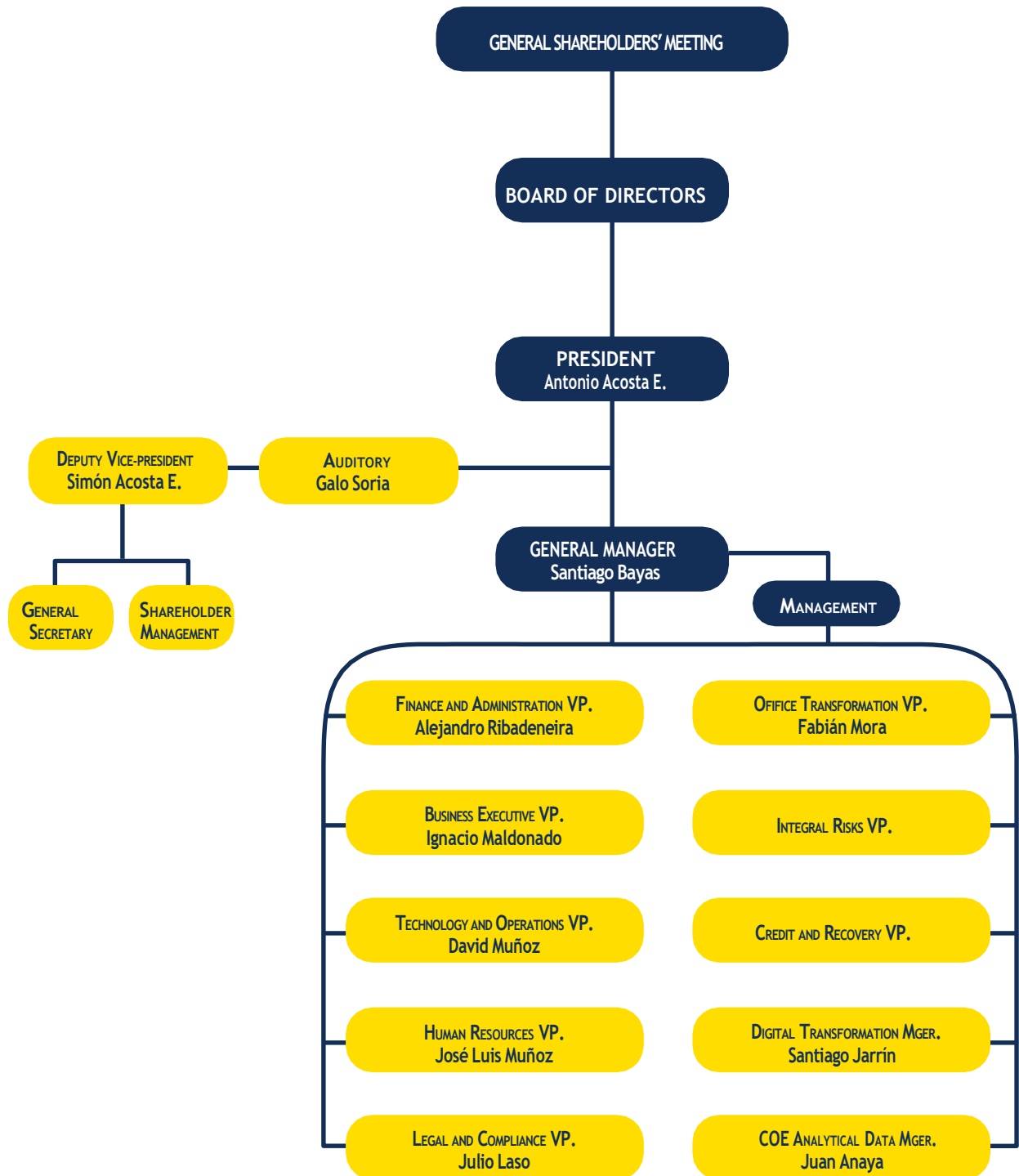
STRATEGIC COMMITTEES

- Executive Committee
- ALCO Committee
- Strategy Committee
- Legal Committee

2 COMMISSIONS

These are collegiate bodies that allow the follow-up and monitoring of the strategic actions of an area or process, approved by each vice-presidency.

Organizational chart



Macroeconomic environment 2021 and prospects 2022

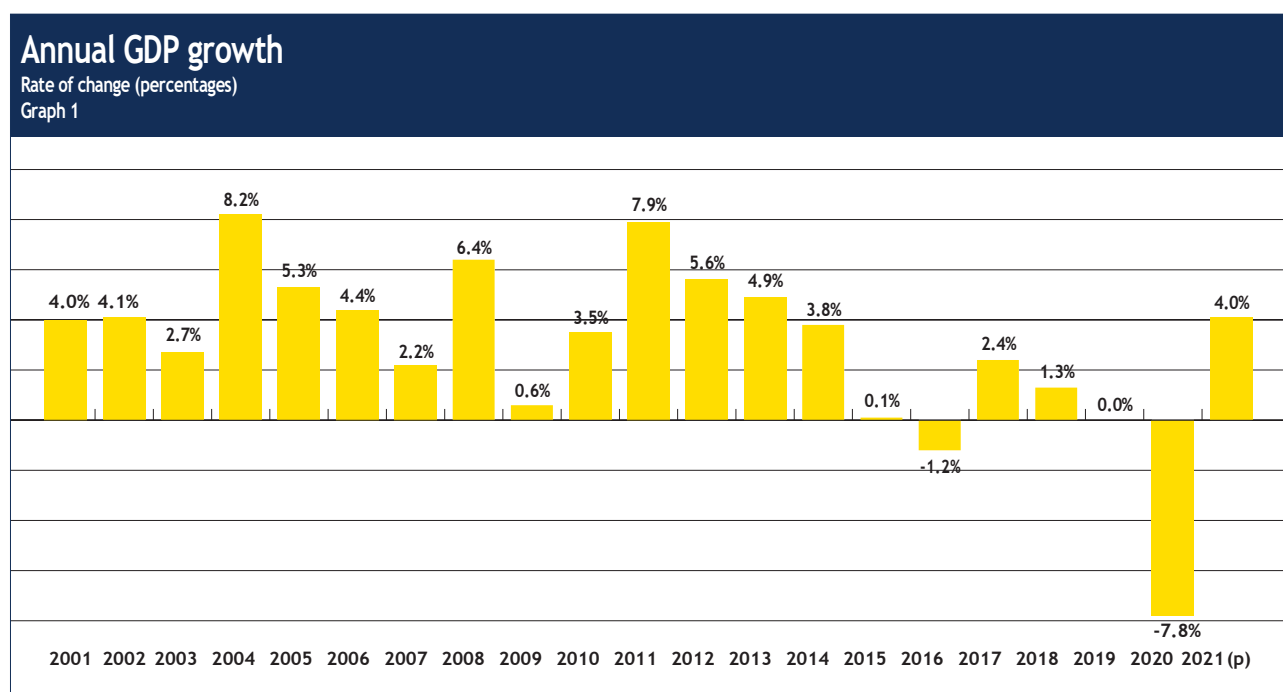


Real sector

In 2020, Ecuador's GDP contracted by 7.8%, an economic recession caused by measures to confine the economy in response to the covid-19 pandemic and the fall in the price of oil, the main source of foreign exchange for the economy. 2021 was one of economic expansion from the second quarter onwards, as the economy operated with a lower level of restrictions on the movement of people and business activities. This was feasible due to the successful mass vaccination plan undertaken by the National Government as of May 2021.

Year-on-year GDP, after decreasing 4.1% in the first quarter of 2021, expanded 11.6% in the second quarter and 5.6% in the third quarter, reaching

cumulative GDP growth of 4% through the third quarter of 2021. In cumulative GDP through the third quarter, the largest contribution came from household consumption (5.3% annual contribution) and, in second place, from growth in inventory accumulation, with a 1.8% annual contribution. Investment or gross fixed capital formation also contributed 0.5% to GDP growth. Up to December 2021, conjunctural indicators of domestic sales, estimated from tax collection, show that the economy continued to expand in the last quarter of 2021. The projection of the National Government, through Banco Central del Ecuador (BCE), is that GDP will reach a growth close to 4% in the whole year 2021, with which GDP would have ended 4.5% even below its pre-pandemic level (2019)(Graph 1).



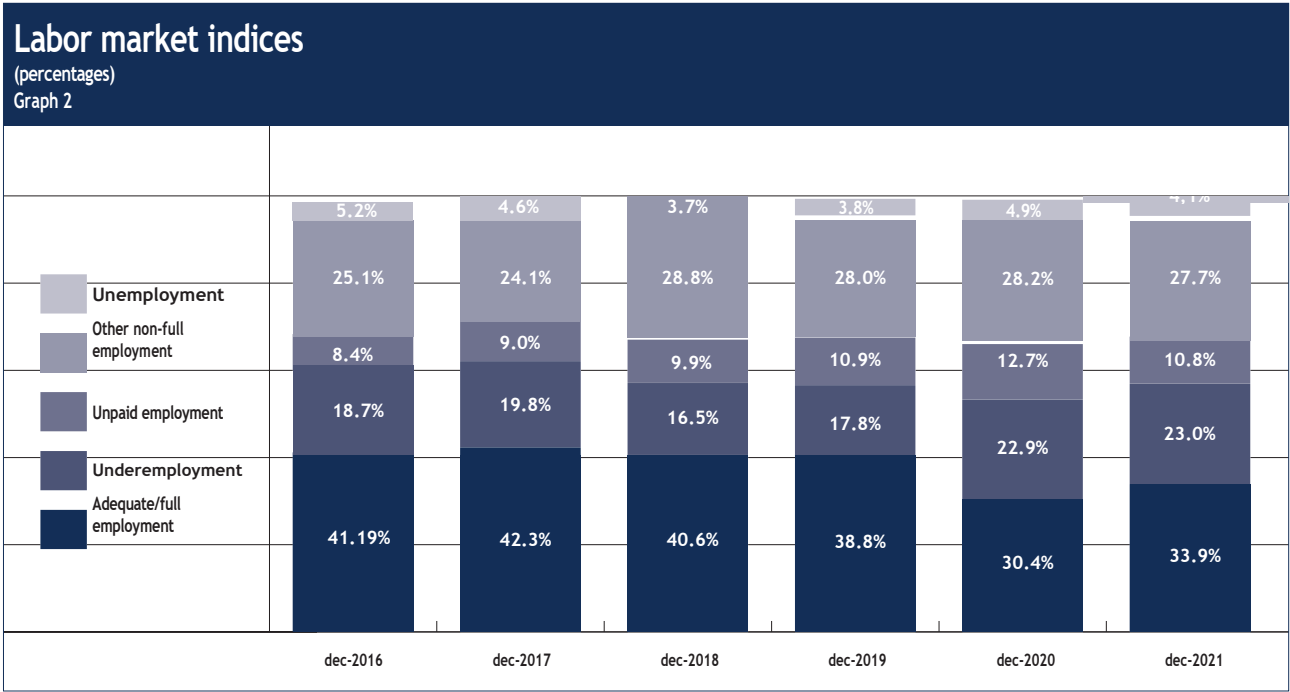


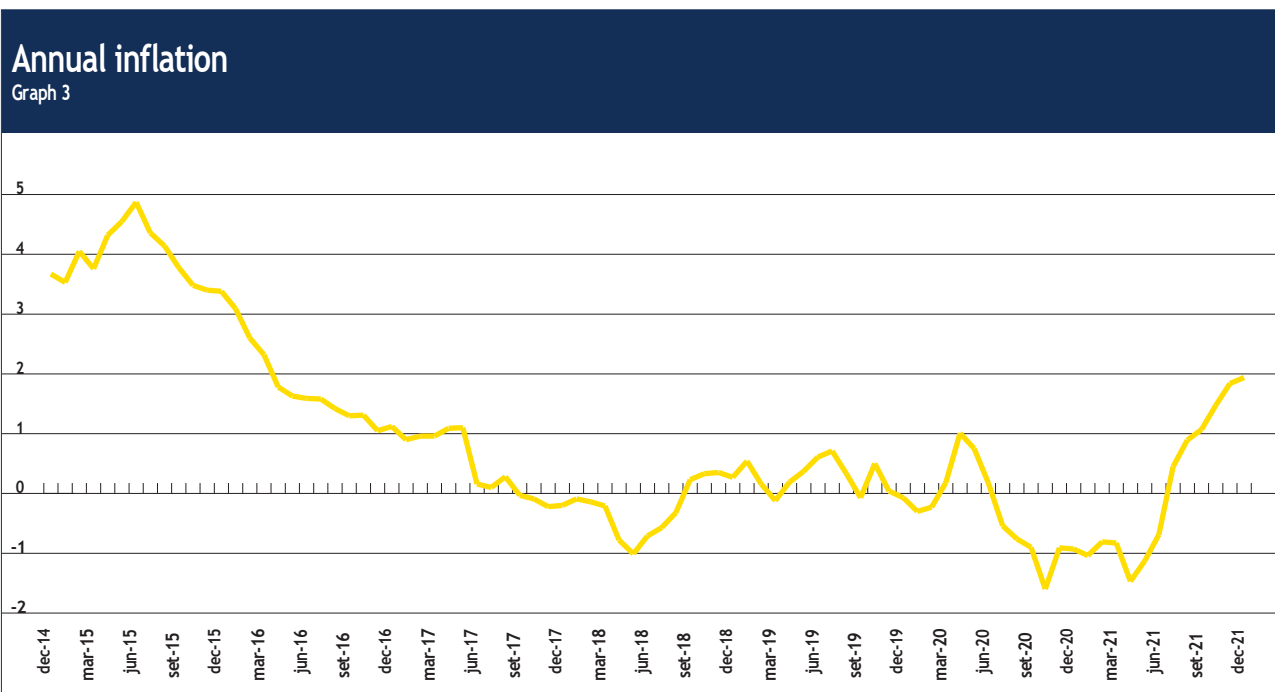
The quality of employment deteriorated in 2020 and 2021 due to the effects of the pandemic. The adequate employment rate of the economically active population (EAP) decreased from 38.8% in December 2019 to 30.4% in December 2020 and stood at 33.9% in December 2021. Underemployment increased by 5.2 percentage points, from 17.8% of the EAP in December 2019 to 23% in December 2021. The unemployment rate increased from 3.8% to 4.1% of the EAP in the same comparison period (Graph 2).

Cumulative inflation as of December 2021 reached 1.9% annually, which contrasted with the deflation registered in December 2020 (-0.9%). Inflation in 2021 is mainly explained by the inflation registered in the tradable goods sector, a result that was influenced by the increase in international inflation in 2021, which impacted the prices of goods and services in Ecuador through international trade. Indeed, in 2021, inflation in the United States as of December reached 7% annually, and that of the euro zone reached 5% in the same period, phenomena influenced by increases in oil and natural gas prices,

disruptions in production and distribution chains worldwide, and the expansive monetary policy used to counteract the covid-19 pandemic. In Ecuador, cumulative inflation of tradable goods through December 2021 was 2.2%, while that of non-tradable goods stood at 1.5% per year (Graph 3).

President Guillermo Lasso's administration's priority objective is to make private investment the engine of the Ecuadorian economy and of employment growth in the coming years, and to ensure that, public policies encourage investment, in addition to working in coordination with the private sector to raise its levels of competitiveness and innovation. Along these lines, the government has embarked on an aggressive agenda of seeking trade agreements to promote economic growth through exports. Specifically, the objective is to sign ten more trade agreements by 2025: six with countries in the Americas and four with countries in Asia, including China, with the goal of increasing Ecuador's trade openness with the world's largest countries from 40% to 80%.





Likewise, with its main trading partner, the United States, Ecuador has implemented a first phase protocol to facilitate trade between both countries with special emphasis on supporting SMEs and, during the first quarter of 2022, it will enter the second phase protocol that will include intellectual property and e-commerce issues.

In addition, during the first quarter of 2022, the Government plans to conclude negotiations with Mexico for the signing of a Free Trade Agreement, which is the last prerequisite to be admitted as a full member of the Pacific Alliance, a goal that is expected to be achieved during the first half of the year.

Consistent with the objectives of promoting domestic and foreign investment, the National Government reincorporated Ecuador in the International Center for Settlement of Investment Disputes (ICSID) in 2021, and has created permanent spaces for collaboration between the public and private sectors for the development of 22 productive clusters, with the aim of increasing competitiveness and the level of linkages of these production sectors.

Along the same line, in 2021, the international forum Ecuador Open for Business was held, in which investors were presented with \$30 billion in investment projects in sectors considered strategic (mainly mining, oil and renewable energies), resources that are expected to be captured over the next four years.

In the oil sector, accumulated production during 2021 stood at 473 thousand barrels per day (below the 531 thousand barrels per day produced in 2019) and practically came to a standstill in the last month of the year due to the regressive erosion of Piedra Fina 2 river, which prevented the operation of the two oil pipelines (SOTE and OCP) and the Shushufindi-Quito poly-pipeline. However, the Government has the ambitious goal of doubling oil production by 2025, attracting private investment to this sector. With this objective in mind, the National Government introduced reforms to the Organic Law for Economic Development and Fiscal Sustainability that seek to attract private investment in the oil sector, facilitating the migration of service contracts currently signed with private companies to

participation contracts. The Government also intends to sign into law to regulate prior consultation with communities potentially affected by mining, in order to increase certainty for private investors and attract more investment in this sector (Graph 4).

External sector

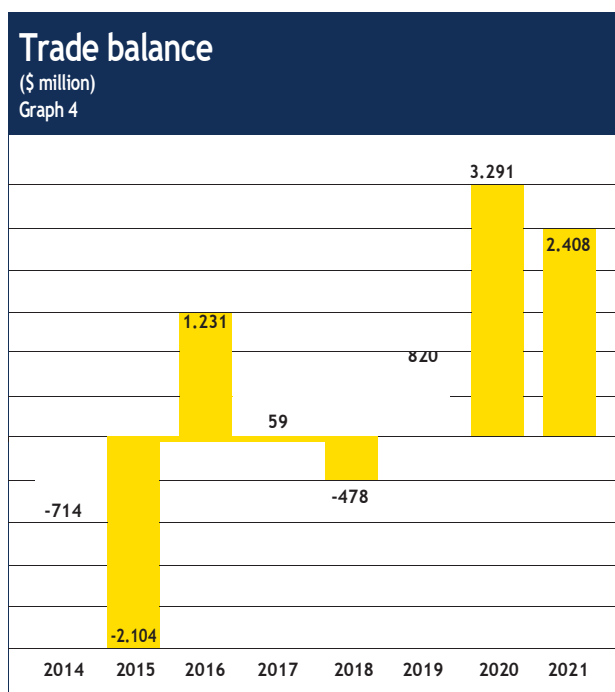
The international environment has been favorable for the growth of the Ecuadorian economy during 2021. The WTI oil price averaged \$68.0 per barrel (above the 2020 average price of \$39.4 per barrel), which meant an average crude oil export price for Ecuador of \$62.1 per barrel. Thus, foreign exchange income from oil exports increased from \$5,250 million in 2020 to \$8,607million in 2021, similar foreign exchange income to 2019. This has happened despite the fact that oil production has not returned to its pre-pandemic level: 473 thousand barrels per day were produced in 2021, lower even than the average reached in 2020 (479 thousand barrels per

day), and 10.9% below the daily oil production of 2019 (531 thousand barrels per day). This situation became worse when on December 8, 2021 the pumping of crude oil by the OCP and on December 10 the pumping by the SOTE were paralyzed, due to the erosion of Coca River.

IMF projections determine that the world economy had an expansion of 5.9% in 2021 and 5.2% in the case of advanced countries, growth that has facilitated the increase in Ecuador's non-oil exports, which in 2021 increased by 19.8% annually, and its share in total national exports reached 67.8%, higher than the pre-pandemic share (61.1%). Within non-oil exports, those considered "non-traditional" have been the most dynamically growing, with an increase in value of 25.5% per year, highlighting among these the exports of mining products, which expanded 80.3% in the same period of analysis and reached a share of 21.0% in the total non-traditional exports of Ecuador in 2021.

Non-oil exports considered "traditional", with the exception of bananas, whose exports decreased by 5% annually, also performed well during 2021, with shipments of shrimp increasing by 39.2%, tuna and fish by 16.5%, flowers by 14.0%, and coffee and coffee products by 12.0%. The combined effect of higher oil and non-oil exports has implied a 31.2% year-on-year growth in total exports during 2021, and is one of the most relevant factors in the increase of foreign currency income and liquidity of the economy in 2021.

The favorable international environment during 2021 benefited the increase in foreign currency inflows to the country from workers' remittances, thus facilitating the expansion of demand for goods and services in the Ecuadorian economy. Remittances increased from \$2,352 million during the first three quarters of 2020 to \$3,153 million in the same period



of 2021, a year-on-year growth of 34.1%.

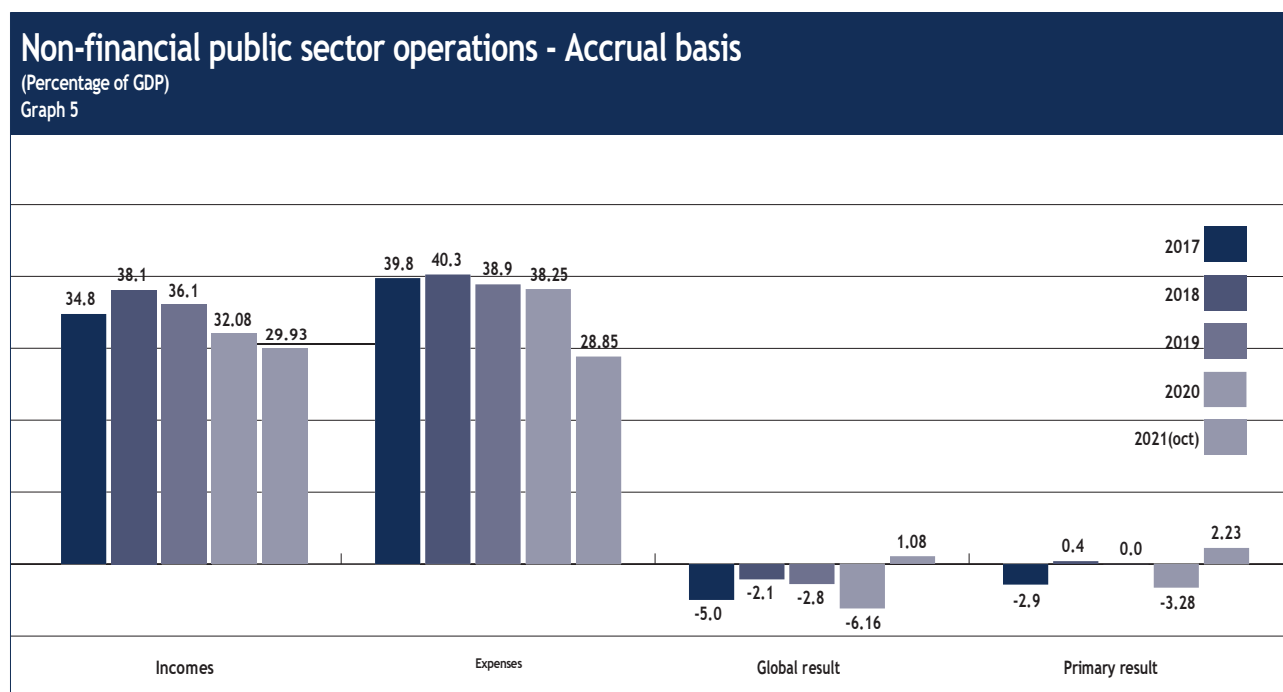
The country's good export performance during 2021 has meant that the trade balance has remained in surplus, with an accumulated surplus of 2,408 million by the end of 2021. This is despite the fact that imports increased especially since the second quarter of 2021, thanks to the recovery of the economy's domestic demand.


Fiscal sector

The National Government since 2018 began a process of reduction and optimization of public spending with the aim of making public finances sustainable and reducing the high fiscal deficits that had been registered especially until 2016, a year in which the deficit of the non-financial public sector (NFPS) was equivalent to 9.1% of GDP. In 2017 that deficit decreased to 5% of GDP, to 2.1% in 2018 and in 2019 it increased to 2.8%. That year the Government reached an agreement with the IMF with fiscal consolidation goals that could not be met as of

2020, due to the significant reduction in tax revenues and higher spending needs in the social and health sector, which affected public finances from the onset of the global covid-19 pandemic; such effects caused the NFPS deficit to reach 6.2% of GDP in 2020.

In 2021, public finances were favored in terms of revenues, both by the increase in oil revenues and by the gradual recovery of tax collection due to the growth of the economy as of the second quarter of the year. In terms of expenditures, the Government had extraordinary expenditures of approximately \$900 million in 2021 caused by the pandemic and, as of October 2021, NFPS spending had increased by 3.1% compared to the spending level of the same cumulative period of 2020. The aforementioned increase in revenues allowed the NFPS to achieve a surplus of 1.1% of GDP through October 2021. By the end of 2021, it is estimated that the NFPS would have reached an annual deficit of approximately 3.0% of GDP, lower than the deficit in 2020 (6.2% of GDP) (Graph 5).





The NFPS consolidated debt *stock* as of December 2021 was equivalent to 59.2% of GDP, according to statistics published by the Ministry of Finance in January 2022, based on the new public debt compilation methodology. Of this total, the majority corresponds to external debt, equivalent to 43.7% of GDP, 13.6% of GDP corresponds to domestic debt and 1.9% to other NFPS liabilities.

In the coming years, it is expected that public finances will continue to seek fiscal sustainability, in line with the goals established in the agreement renegotiated with the IMF in October 2021. Considering Ecuador's post-pandemic economic reality, in this new agreement the National Government committed to a cumulative fiscal consolidation of 4.5 percentage points of GDP for the period 2020-2025, of which 0.2 would come from increased revenues and 4.3 from a reduction in the expenditure-to-GDP ratio. The agreement was designed so that in the medium term the levels of indebtedness over GDP foreseen in the Organic Code of Planning and Public Finances (Coplafip) can be reached, which establishes that the NFPS must reach a maximum level of indebtedness of 57% over GDP by 2025, while the agreement considers a target of 52% for that year to be attainable. The agreement also provides for the treasury to accumulate reserves if oil prices exceed the levels foreseen in the public sector budgets and a gradual reduction of the non-oil primary deficit including subsidies by 4.5 points of GDP during the period 2019-2025, in order to reduce dependence on oil revenues. The possibility of accumulating reserves, in practice, will depend on the price of oil in the coming years and the needs of the Treasury derived from the pandemic, in addition to the payment of the Central Government's debt to Instituto Ecuatoriano de Seguridad Social (IESS) and other contingencies that could affect public finances in the future.

In order to comply with the agreement with IMF, in November 2021, the Organic Law for Economic Development and Fiscal Sustainability was signed into law, which would increase the permanent revenues of the Treasury through an increase in tax revenues in two ways:

- 1 The implementation of a more progressive income tax table.
- 2 The elimination of deductions from the income tax base (and their replacement by a lower tax credit). On a temporary basis, due to the fiscal needs caused by the pandemic, the law contemplates a special contribution to high income taxpayers: for companies it will be applied for two years and in the case of individuals for one year.

Monetary and financial sector

In 2020 the contraction in the demand for goods and services in the economy, as a result of the covid-19 pandemic, caused an accumulation of deposits in the country's banks and credit unions. Thus, 2020 ended with an increase in the balance of obligations to the public of 11.3% annually in the case of private banks and 16.5% in the case of credit unions. In that year and in response to the pandemic, the financial system regulator issued regulations to alleviate the impact on financial institutions and customers. The maturity period was extended for the microenterprise, consumer and productive segments, and measures for the refinancing and restructuring of loans were provided. In 2021, the average delinquency rate of the bank portfolio was 2.2%, with a provision coverage level of 11% of the total portfolio.

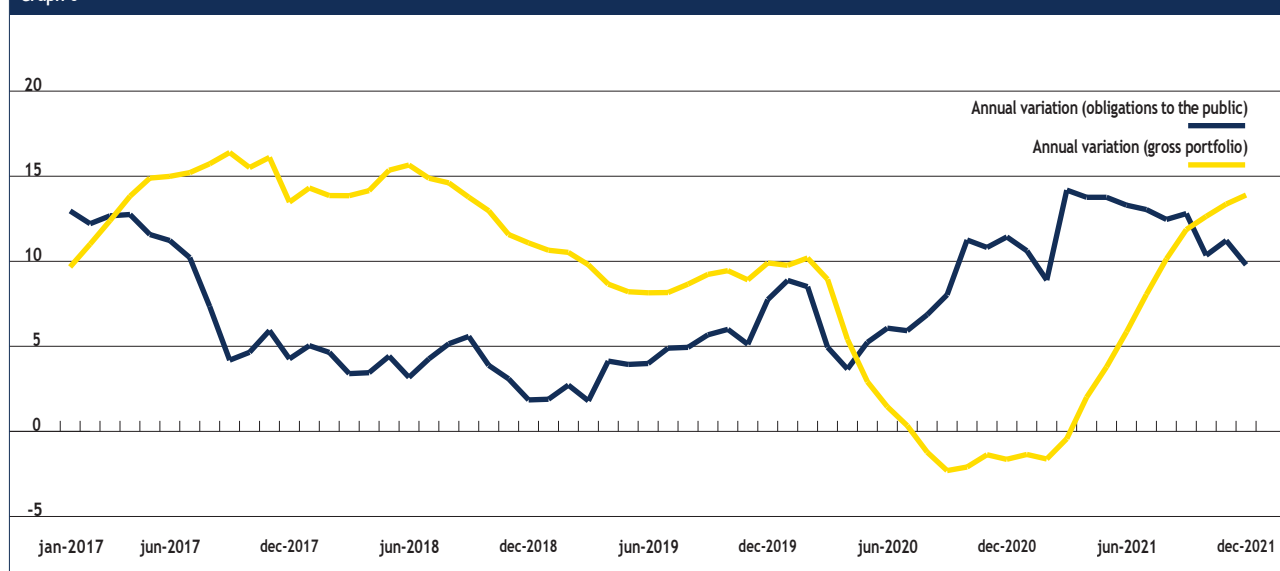


Up to December 2021, the stock of bank's obligations to the public increased 9.8% compared to December 2020. The growth of deposits during 2021 is mainly explained by the injection of liquidity to the economy based on the growth of exports, the growth of remittances and the trade surplus. Likewise, economic growth since the second quarter of 2021 reactivated demand and credit granting in the financial system, which was reflected in a 9.8% annual growth in the gross portfolio balance of private banks as of December 2021. In 2022 and in the following years, the perspective is that the financial system will continue to be solid, contributing to finance economic growth through credit granted to the private sector (Graph 6).

International reserves, which back both financial system deposits and the deposits of different NFPS entities at BCE, closed 2021 at \$7,897 million, an amount equivalent to 133.7% of the reserves or deposits of other depository corporations at BCE at that date (\$5,904 million).

Private banking performance: obligations to the public and gross portfolio

Graph 6



Our Bank in figures



\$13,400

million

ASSETS



\$12,056

million

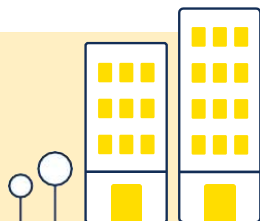
LIABILITIES



\$8,709

million

GROSS PORTFOLIO



\$1,344

million

EQUITY



\$11,060

million

OBLIGATIONS TO
THE PUBLIC



\$102

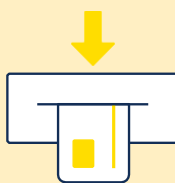
million

NET INCOME



4'277,860

CUSTOMERS



1,390

ATMs



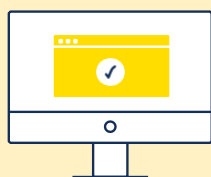
Our Bank in figures



Presence in
5 countries¹



Coverage
24 provinces



1'476,080

TOTAL NUMBER OF CREDIT
OPERATIONS



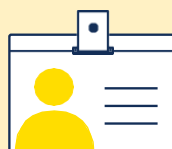
207

AGENCIES



8,427

NON-BANK
CORRESPONDENTS



4,889

EMPLOYEES



SUPPLIERS

1,663 NATIONALS
148 INTERNATIONALS

51%

DIGITAL USERS



45%

TRANSACTIONS THROUGH
DIGITAL CHANNELS



¹In addition to Ecuador, through our subsidiaries, we are present in Peru, Colombia, Spain and the United States (Miami). This graph only details information about Banco Pichincha in Ecuador.

Banco Pichincha Results

Balance sheet

Total assets grew 6.2% in 2021, driven primarily by the gross loan portfolio, which had a remarkable increase of \$1.5 billion or 21%. Investments, on the other hand, grew by \$301 million or 13.5%. The growth in the portfolio and investments was mainly funded by an increase of \$918 billion in obligations to the public and a \$1 billion reduction in available funds. In 2021, the Bank reduced the liquidity surplus accumulated in 2020 during the lockdown, thus improving its productivity and efficiency. The Bank's equity as of December 2021 was \$1.34 billion (Table 1).

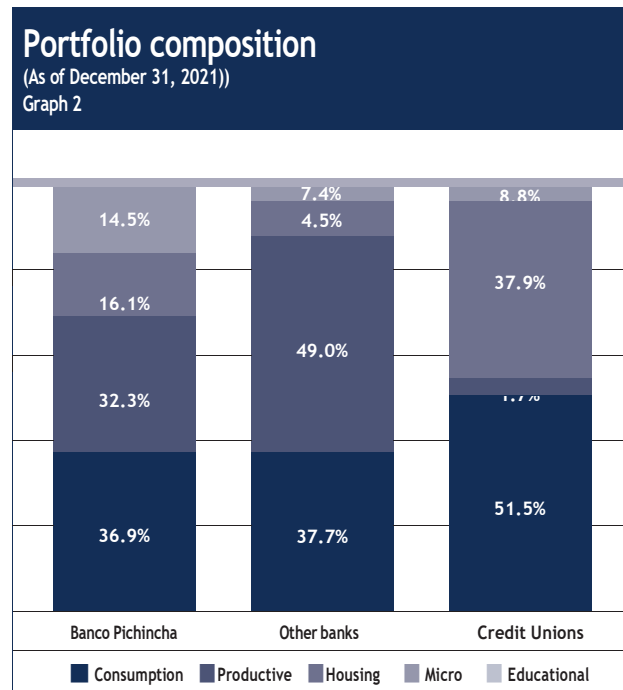
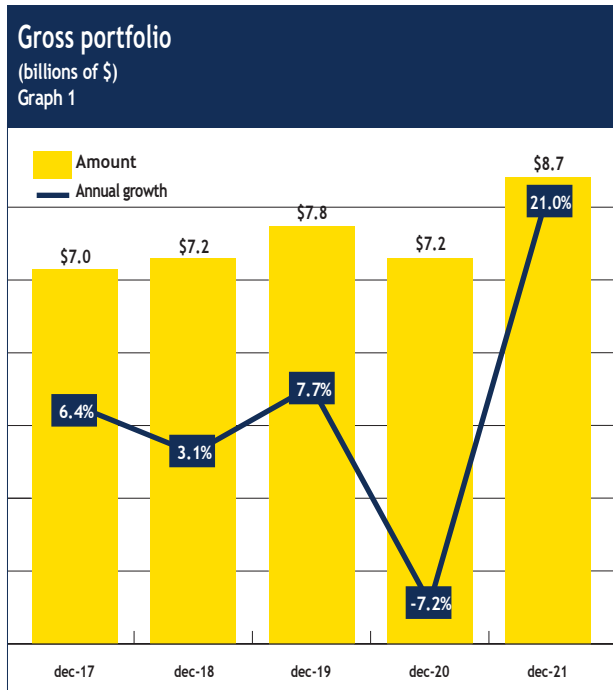
Over the last five years, the gross portfolio balance increased 25%, from \$7 billion in 2017 to almost \$9 billion in 2021. After a 7.2% decline in 2020 due to the pandemic, the gross portfolio in 2021 grew 21%, significantly exceeding the balance achieved in 2019. The significant portfolio growth is due to the recovery of the country's economic activity, as well as improvements in productivity, efficiency and internal processes as a result of the transformation that began in 2019 (Graph 1).

Portfolio growth in 2021 was accompanied by a reduction in the non-performing portfolio indicator, from 3.5% in December 2020 to 2.7%

Summarized balance sheet

(Billions of \$)
Table 1

	2017	2018	2019	2020	2021	ANNUAL VARIATION 2020-2021
ASSETS						
Available funds	1.8	1.7	1.6	2.8	1.8	-35.7%
Investments	1.4	1.5	1.8	2.2	2.5	13.5%
Net portfolio	6.2	6.4	7.0	6.3	7.8	23.3%
Gross portfolio	7.0	7.2	7.8	7.2	8.7	21.0%
Provisions	-0.8	-0.8	-0.8	-0.9	-1.0	4.9%
Other assets	1.1	1.1	1.1	1.3	1.3	2.6%
TOTAL ASSETS	10.6	10.7	11.4	12.6	13.4	6.2%
LIABILITIES						
Obligations to the public	8.7	8.6	9.0	10.1	11.1	9.1%
Other liabilities	0.8	0.9	1.2	1.2	1.0	-17.5%
TOTAL LIABILITIES	9.5	9.5	10.2	11.3	12.1	6.2%
TOTAL EQUITY	1.07	1.16	1.26	1.27	1.34	6.2%

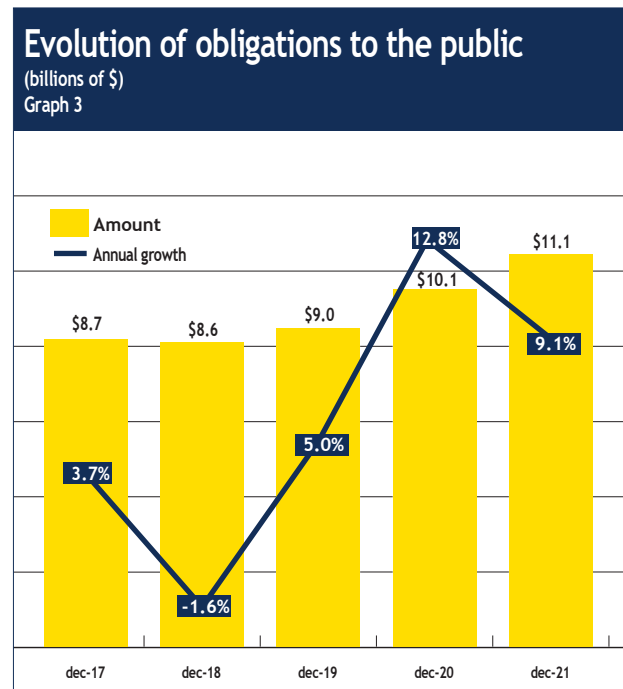


in December 2021¹. This result is evidence of solid management in terms of loan origination and collection processes.

Graph 2 shows the composition of Banco Pichincha's portfolio at the end of 2021, compared to that of the rest of the private banks and credit unions (segments 1 and 2). Banco Pichincha stands out for having a diversified and balanced portfolio, with 37% consumer loans and 63% loans granted for productive activities (productive, microenterprise and housing).

Obligations to the public increased from \$8.7 billion in 2017 to \$11 billion in 2021. In 2021, the increase was close to \$1 billion, which represented a growth of 9.1%, with 40% of this growth corresponding to demand deposits and 60% to time deposits².

Banco Pichincha has consistently maintained a deposit composition of close to 70% demand



deposits and 30%-time deposits. This has generated a competitive advantage in terms of funding cost compared to the rest of the banks and credit unions, which have a deposit composition with a higher concentration in time deposits (Graph 4).

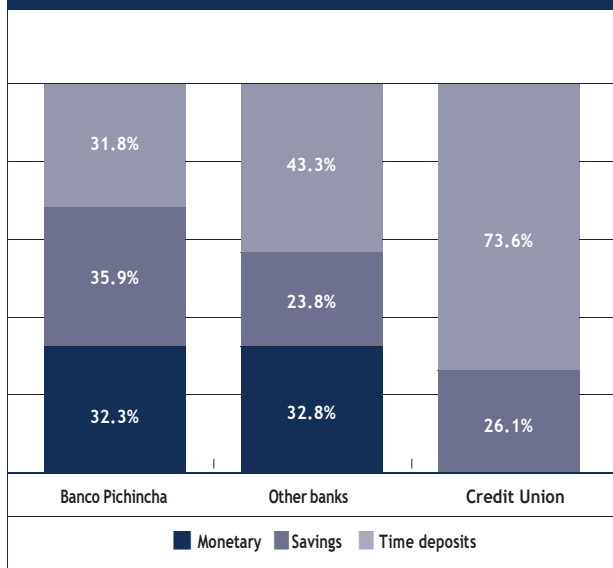
¹ Calculated with PAR 60 in accordance with Regulation n. ° 609-2020-F.

² Includes restricted deposits.

Composition of obligations to the public

(As of December 31, 2021)

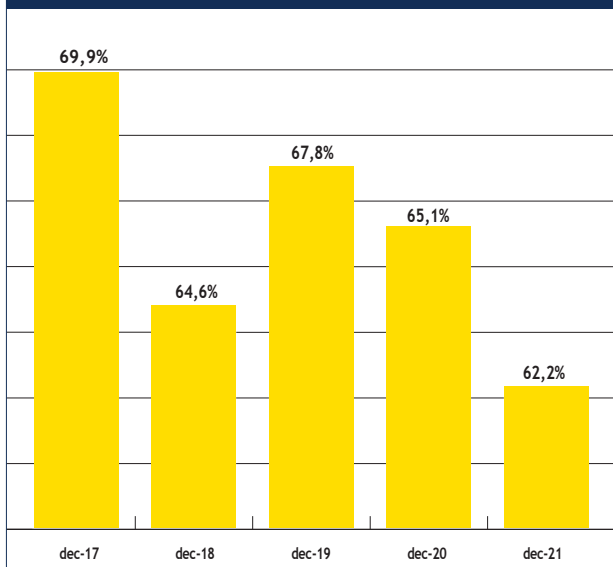
Graph 4



Efficiency

(operating expense / operating income)

Graph 5



Higher portfolio growth versus deposits in 2021 allowed Banco Pichincha to evacuate the liquidity surplus accumulated in 2020 due to the lockdown. This, together with strict expense management, contributed to a significant improvement of almost three

percentage points in the efficiency indicator³, which has been improving over the last few years, from 69.9% in 2017 to 62.2% in 2021 (Graph 5).

Income statement

Banco Pichincha doubled net income from \$50 million in 2020 to \$102 million in 2021. This significant increase had several levers, which are described below:

Net interest income increased 15%, driven mainly by an increase in net interest income. Other operating income increased 5%, mainly due to a 17% growth in service revenues, which exceeded the levels registered before the pandemic. Operating expenses grew less than revenues, resulting in an operating margin variation of 23% (Table 2).

Net non-operating income was significantly higher in 2021, due to an increase in the recovery of written-off loans. In shares and participations, a loss was registered, mainly due to provisions made in Banco Pichincha Peru and Banco Pichincha Colombia, in addition to the effect on the exchange rate due to the fall of the euro.

The Bank set aside \$338 million of provision expense in 2021 based on the growth of its risk assets, maintaining provision coverage over total portfolio at 11%.

The Bank's net income reached \$1.1 billion, of which 70% originated from net interest income, followed by other operating income, with 18%; the remaining 12% composed of net non-operating income, net fees and commissions, and income on shares and participations (Chart 6).

³ Efficiency: operating expenses / (financial margin + operating income + other operating income -excluding earnings on shares and participations).



Summarized income statement

(In millions of\$)

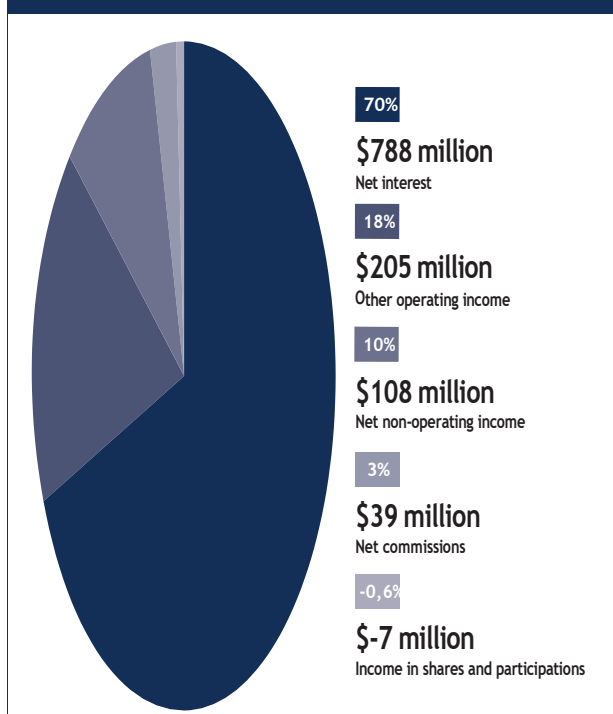
Table 2

	2017	2018	2019	2020	2021	ANNUAL VARIATION 2020-2021
+ Net interest	633.1	688.3	724.0	685.0	788.0	15.0%
+ Net commissions	35.2	37.4	39.6	32.5	38.7	18.9%
FINANCIAL MARGIN	668.2	725.7	763.6	717.5	826.7	15.2%
+ Other operating income*	189.1	209.2	230.3	195.7	205.4	5.0%
(-) Operating expense	599.0	604.2	673.6	594.9	641.8	7.9%
OPERATING MARGIN	258.3	330.7	320.3	318.3	390.3	22.6%
+ Net non-operating income	50.7	22.3	45.7	48.3	108.4	124.4%
+ Income from shares and participations	5.3	16.0	15.8	16.1	-6.8	-142.2%
(-) Provisions	207.4	164.2	186.7	309.3	338.0	9.3%
GROSS INCOME	106.8	204.9	195.1	73.4	153.9	109.5%
(-) Income tax and employees' profit sharing	35.6	85.2	64.5	23.4	51.7	121.1%
NET INCOME	71.2	119.7	130.6	50.1	102.2	104.1%

* Does not include income in shares and participations.

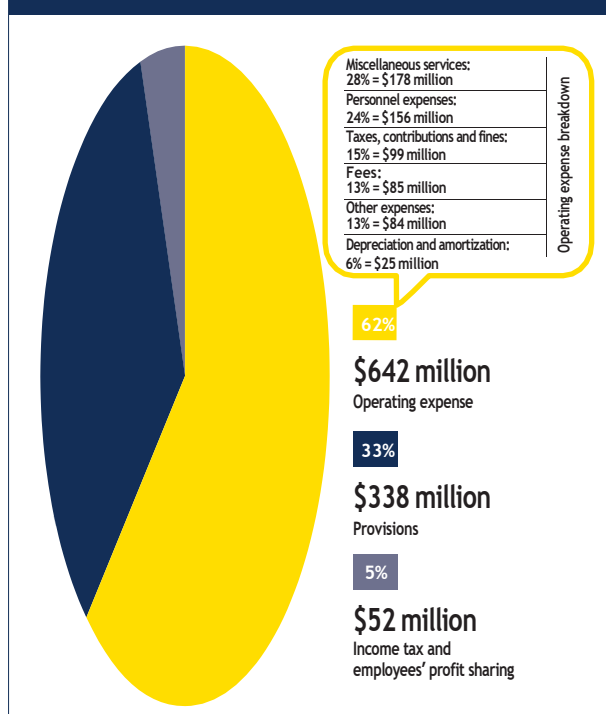
Composition of net income in 2021

Graph 6



Composition of spending in 2021

Graph 7



At the end of 2021, the net expense was \$1.4 billion, 62% of which consisted of operating expenses, 33% of which was provisions, and 5% of which was income tax and employee profit sharing.

Main financial indicators

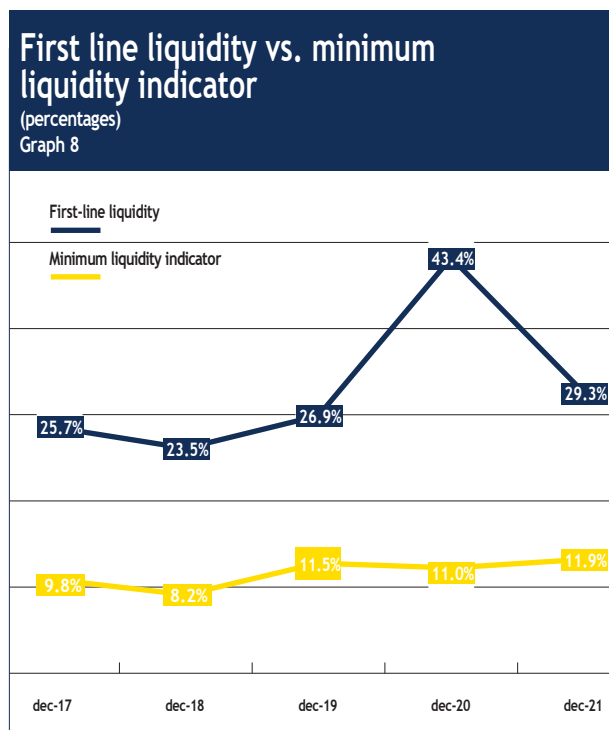
LIQUIDITY

Banco Pichincha has a solid liquidity position based on a diversified funding base that includes deposits from individuals, companies and institutions, as well as foreign loans. In accordance with local regulations and international standards for liquidity risk management, the Bank has sufficient liquid assets to meet the movements of its sources of funds.

Table 3 shows the evolution of first- and second-line structural liquidity, compared to the minimum regulatory indicator based on volatility and concentration of deposits. There is evidence of consistent compliance with the coverage of the minimum liquidity indicator. It is important to highlight the extraordinary growth of liquidity in 2020 due to lockdown, as well as the evacuation of such surplus in 2021, thus returning to normal levels (Graph 8).

PROFITABILITY

Banco Pichincha's profitability, measured in terms of return on equity (ROE) and return on assets (ROA), shows a significant improvement in 2021, without yet reaching the levels recorded in 2018 and 2019. In 2021, the significant growth of the loan portfolio required a high level of provisions to maintain the desired coverage, temporarily limiting the increase in profitability (Chart 9).



Structural liquidity

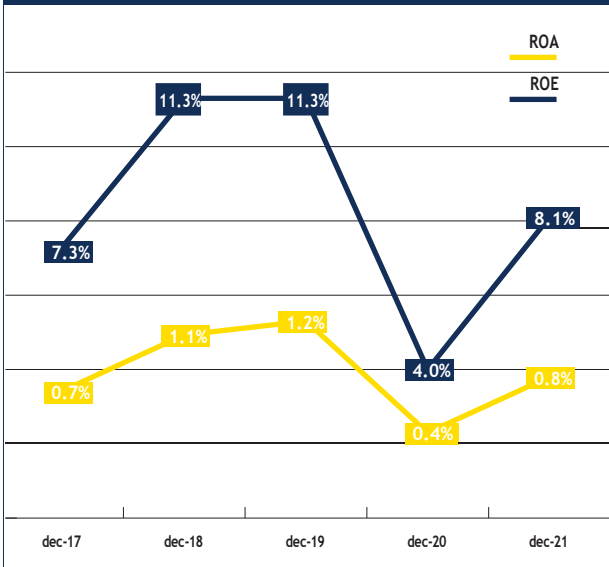
Table 3

	DEC-17	DEC-18	DEC-19	DEC-20	DEC-21
INDICATOR					
First line liquidity	25.7%	23.5%	26.9%	43,4%	29,3%
Second line liquidity	31.7%	30.1%	30.4%	44,6%	34,1%
Minimum liquidity indicator	9.8%	8.2%	11.5%	11,0%	11,9%
MINIMUM LIQUIDITY INDICATOR COVERAGE	3.25	3.66	2.63	4,07	2,86



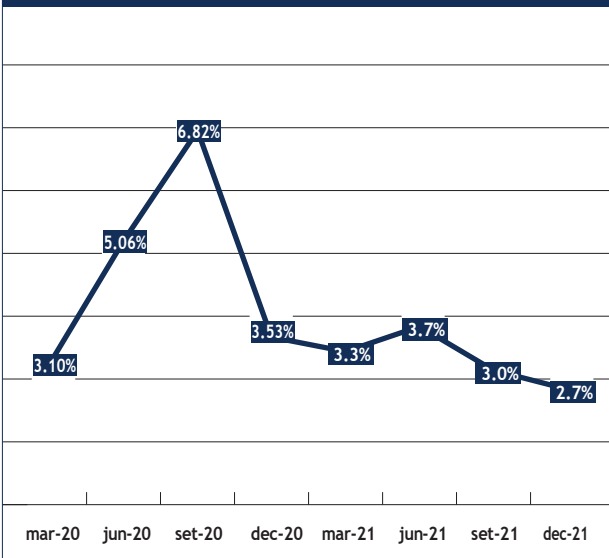
Profitability

(percentages)
Graph 9



Non-performing portfolio ratio

(percentages)
Graph 10

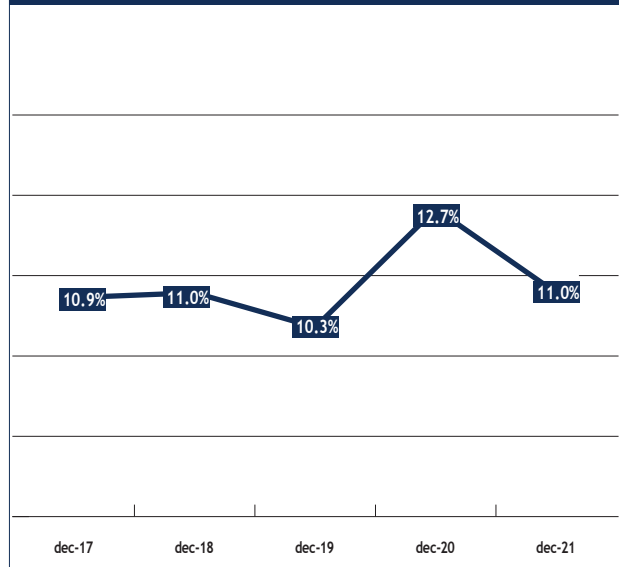


DELINQUENCY

Due to Resolution No. 609-2020-F, issued by Junta de Política y Regulación Monetaria y Financiera (JPRMF) in March 2020, it is not possible to compare the evolution of delinquency with previous years.

Coverage of provisions over total portfolio

(percentages)
Graph 11



For this reason, Graph 10 shows the evolution of delinquency (PAR 60) in the comparable period between March 2020 and December 2021. This graph shows a constant reduction in delinquency since the peak reached at the beginning of the pandemic.

COVERAGE

In 2021 Banco Pichincha continued with its conservative policy of generating provisions to maintain coverage of 11% of the total gross portfolio. This level covers more than four times the ratio of non-performing loans, placing the Bank in the best coverage positions, not only at the national but also at the regional level. This conservative policy has allowed Banco Pichincha to emerge stronger from periods of crisis such as the current one (Graph 11).

SOLVENCY

Banco Pichincha's solvency, measured by technical equity, has grown over the last few years.

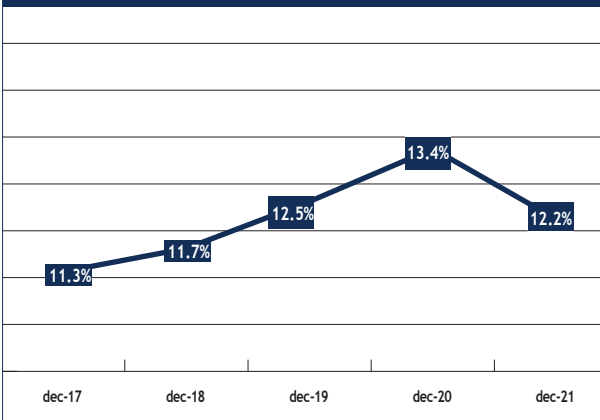
In 2021, the indicator decreased 1.2% due to the significant growth of the loan portfolio, which required additional equity. The technical equity of 12.2% registered in 2021 represents a solid level that provides sufficient support for the risk assets held by the Bank, especially considering the high level of loan portfolio provisions previously mentioned (Graph 12).

ECONOMIC VALUE GENERATED AND DISTRIBUTED

The economic value generated by Banco Pichincha through its income is distributed among its stakeholders through interest paid to savers and investors, remuneration to suppliers for the delivery of products and services, remuneration to employees, taxes paid to the Government and public sector entities, social investment in the community and dividends to shareholders.

Technical equity

(percentages)
Graph 12



In addition, the remaining part of the economic value is reinvested in the operation to enable sustainable and solid growth. This reinvestment of economic value includes, on the one hand, the generation of provisions, technology acquisition, investment in infrastructure, among other operating expenses. On the other hand, the capitalization of profits (Graph 13 and Table 4).

Economic value generated and distributed

(\$ million)
Graph 13





Distribution of economic value

Table 4

	2021	% SHARE
INCOME (ECONOMIC VALUE GENERATED)	1.462	100%
EXPENSES (ECONOMIC VALUE DISTRIBUTED)	1.360	93.0%
Savers and investors	207	14.2%
Suppliers	349	23.9%
Government	126	8.7%
Employees	180	12.3%
Community	4	0.3%
Operating expense	492	33.7%
PROFIT (RETAINED ECONOMIC VALUE)	102	7.0%

Payments to the Government (taxes and contributions)

Table 5

	2021	% SHARE
Cosede	58	46.1%
Income tax (SRI)	27	21.7%
VAT on purchases (charged to expense)	16	12.3%
Superintendencia de Bancos	15	11.6%
Other taxes	11	8.3%
TOTAL PAYMENT TO GOVERNMENT	126	100%

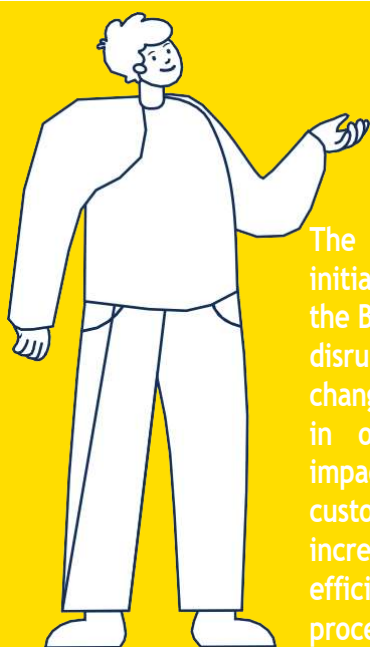
The main beneficiaries of the government's tax and contribution payments are found in Table 5.

Transformation

2021 was an important year in the transformation process. On the one hand, we continued with the execution of initiatives identified in the first stage, successfully completing the deployment of 113 projects with an economic value of \$22 million annually. On the other hand, this year marked the beginning of the second stage where we sought to scale agility capabilities and simplify the organization's operation through the Zero-Base Design methodology.

Agile scaling included the implementation of the first three agile tribes: channels, products for people and products for companies. The first three centers of expertise in automation and processes, customer experience and data and analytics were also established. Together with these teams, we worked to identify new initiatives to simplify the organization, which are in the process of being implemented.

Going forward, the transformation efforts will be focused on continuing the scaling towards an agile organization with the formation of the remaining tribes and centers of expertise, while capturing the efficiencies identified and ensuring the sustainability of the initiatives implemented since the beginning of the transformation.



The ZERO-BASE DESIGN initiative consists of rethinking the Bank from scratch, seeking disruptive and profound changes in the way it operates in order to maximize the impact and dimensions of customer experience and increase productivity and efficiency in the organization's processes.

THIS PROJECT IS EXPECTED TO:

Rebuild the Bank from the ground up to increase productivity and efficiency.

Maximize revenue and customer experience, as well as speed in decision making.

Simplify and automate processes with better information, improve controls and reduce complexities.

DIGITAL MIGRATION

The objective of the transactional migration is to enhance the digital functionalities related to the service so that customers can self-manage quickly and simply. The following are the main developments in 2021:

The number of active customers exceeded 2.1 million which means that 51% of the Bank's customers and 45% of the total number of transactions were conducted through our digital channels.

Mobile Banking accounted for 28% of total savings account openings and 18% of loans granted. In addition, this channel was recognized in the Channel Innovation category with the Silver Country Award for Financial Innovators from Fintech Americas.

During 2021, new points of service were added to our CNB network through strategic alliances. This allowed transactions through the channel to increase by 37% versus 2020, becoming the channel with the second highest number of monetary transactions and with a 41% growth in the operation amount.

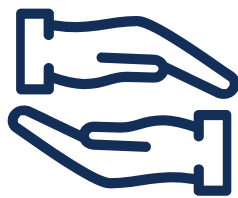
The number of multifunction machines increased in order to continue facilitating cash and check deposits as an alternative to over-the-counter transactions. This channel grew 28% year-on-year in terms of transactions and 32% in terms of amounts.

Agencies concentrate 48% of the organization's transactional volume. Banco Pichincha intends to maintain its proximity to its customers, but evolving its customer service model. To this end, three agencies were opened with new service concepts:



Centro de Negocios Vía a la Costa (Guayaquil), Oficina de Soporte Comercial 24 de mayo (Quito) and Oficina de Soporte Comercial Posorja (Posorja).

In the last quarter of the year, the consultation and downloading of transactions for up to six months was enabled, as well as the visualization of transaction details in Mobile Banking. Also, the digital stations were also upgraded with more functionalities, and we strengthened the role of the hosts in the agencies with training.



The focus of all these actions is to provide the best service and customer service experience.

INNOVATION AND PRODUCTS

In 2021, we continued to revolutionize the customer experience by digitizing our services. Among the milestones achieved, we highlight the following:

- 1 We grew from 1.6 million to 2.2 million active digital customers, managing to digitize more than half of our customers.
- 2 135 million monetary transactions were carried out through Mobile Banking, moving more than \$24 billion, 260% more than in 2020.
- 3 We developed the first 100% digital microcredit in the country, benefiting 200 microentrepreneurs by obtaining credit from their cell

phones. We closed the year with \$2.1 million disbursed, allowing us to continue generating jobs in the country.

- 4 We expanded our network of DeUna app, affiliating 56 thousand businesses nationwide. During the year, \$35 million were transacted and more than 680 thousand downloads were achieved.

- 5 We disbursed more than 150 thousand credits in five minutes, delivering \$1 billion. 92% of transactions were online loans.

- 6 Our digital loan product is a global success and innovation case, as it was awarded the Silver Award at the EFMA – Accenture Innovation Banking Awards in the Marketing and Sales category.

We competed against 816 innovation cases from 275 financial institutions from 71 countries, which positions Banco Pichincha as one of the 100 best banks in the word.

- 7 500 thousand new customers opened their savings accounts in only seven minutes, and eight out of 10 did so from the digital flow. In addition, 1.1 million, programmed and electronic checking accounts were opened.

- 8 30 thousand customers accessed a digital investment. We placed a total amount of \$305 million.

- 9 We enabled a new digital flow so that applying for a credit card takes three minutes. We delivered 16 thousand cards with this new modality.

- 10 We disbursed \$1 million in mortgage loans and reduced the delivery time from 83 to 40 days.

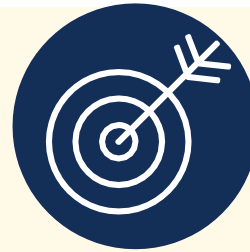
2021 has been a year of great challenges and advances at the technological and operational levels in the four aspirations set out.

Stability and customer experience



- Reduced obsolescence in technology assets from 49% at the end of 2020 to 9% by December 2021.
- Reduced the number of critical and high incidents by 76% from 100 in 2020 to 24 in 2021.
- The implementation of the Alternate Data Center began and, by the end of 2021, 54 of the 67 critical applications had been successfully tested, which is important for disaster resilience.
- The Dynatrace and Atentus projects, which show in real time the health of our main channels and the level of service to our customers, will be implemented.
- Health reviews of the current infrastructure was carried out, and recommendations for improvement identified by the manufacturers were addressed, which also contributed to improving stability.

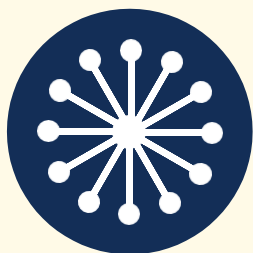
Efficiency and simplicity



- Reduced 10% of low-value projects and 25% in ideation and conceptualization times.
- We strengthened the *software* development cycle, achieving a 20% reduction in errors in the first test cycle and 25% in changes in the scope of initiatives.
- We began defining a new supplier management model to monitor the timely delivery of service levels and, above all, to establish controls to minimize risks and provide a quality service.

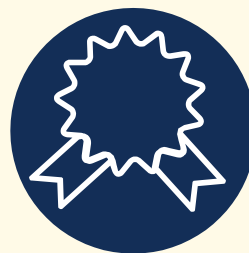


New capabilities



- As part of the innovation, the enterprise architecture *framework* was defined and published.
- The public Application Programming Interfaces (API) portal was designed and implemented, with 11 APIs already exposed for business partners.
- The internal catalog was built with 540 APIs and 262 microservices.
- The *Big Data in cloud* architecture was defined, with the risk use case. The commercial management data flow architecture was optimized, achieving a reduction in credit placement time, from 5 to 1,000 business days.

The best talent



- We started a new learning model where employees are trained at their own pace and in a self-managed manner. The program, called "La Ruta de los Volcanes", was launched as a pilot program for 130 employees, achieving 48% participation in the first month.
- There were 91 courses with international certificates, 111 massive online open courses (Mooc).
- Internal and external talent was evaluated to ensure that they have the appropriate knowledge to provide quality services to our end customers.

Awards 2021



Latin Finance

Bank of the Year Award

The main source of intelligence on the financial markets and economies of Latin America and the Caribbean recognizes Banco Pichincha as the best bank in Ecuador for excellence in financial services.



MicroRate

Social Rating of Excellence

Microfinance Institution (MFI) leader in Social Performance in Ecuador, after achieving a 4-star rating.



Global Finance

Best SME Bank Ecuador

Recognized as the Best Bank for SMEs in Ecuador, for its product and service offerings, and for its outstanding leadership in social lending in Latin America.



Financial Times - IFC

Transformational Business

Finalist in the "Gender Finance" category. This award recognizes business initiatives that can create transformative, long-term solutions to environmental, social and corporate governance challenges, particularly in developing countries.

European Financial Management & Marketing Association



EFMA

Banking Innovation Awards

Second place in the Digital Marketing and Sales category; recognized as one of the world's most innovative financial institutions for contributing innovative solutions to online lending.



Climate Bonds

New Market Pioneer

International recognition of best practices and innovation in green finance. Winners in the category at the fifth annual awards ceremony.



CEMEFI

Good CSR practices 2021

Banco Pichincha is recognized as one of the best companies with CSR practices 2021.



Global Finance

Sustainable Finance Award

Regional award in Latin America for outstanding leadership in social lending.



Ministerio del Ambiente

The Green Dot

Ecuadorian Environmental Recognition "The Green Dot" for Good Environmental Practices.



Municipio DMQ

Inclusive Progressive Seal

Distinction awarded by the MDMQ to public and private entities, establishments and companies for their good practices of inclusion and social responsibility.



Ceres - Cemefi

Socially Responsible Company 2021

Awarded by the Ecuadorian Corporation for Social Responsibility & Sustainability, CERES, in alliance with the Centro Mexicano para la Filantropía (CEMEFI).



Cámara de Industrias y Producción

Vaccination process

Recognition by Cámara de Industrias y Producción (CIP) for the vaccination process.



Secretaría de Ambiente

Sustainable Metropolitan Environmental Distinction Quito

Parent company of Banco Pichincha, winner of this distinction in the category of Large/Medium Commerce and Services.



Women for Women Ecuador

Talent Has No Gender

Women for Women Ecuador, Cámara de Industrias y Producción (CIP) and PwC, with the support of the Inter-American Development Bank (IDB) and UN Women.

Fourth edition of the "Talent Has No Gender" Award. First place in the national organization category for promoting organizational gender equality practices.



Global SME Finance

Global SME Finance Awards 2021

Honorable mention in the "Best Bank for Women Entrepreneurs" category. Recognizing the Bank's ongoing commitment to women entrepreneurs in the SME segment.



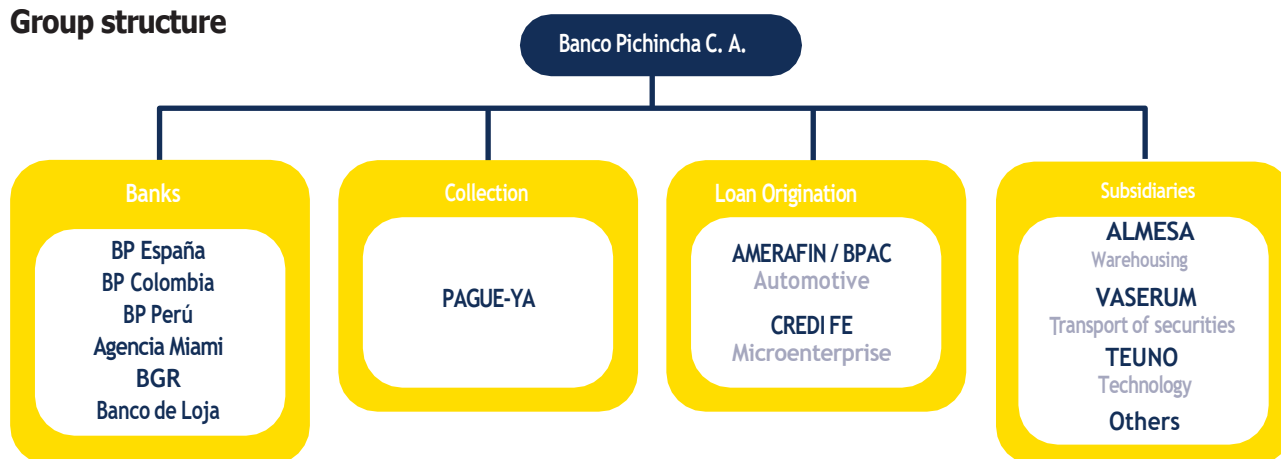
Red de Instituciones Financieras de Desarrollo (RFD)

Recognition of financial inclusion

Certificate with special mention in financial literacy and gender gap reduction.

Grupo Pichincha

Group structure



Senior Management

Subsidiaries in the country

Pichincha Sistemas Acovi C. A. (PAGUE-YA)	JORGE MARCHÁN RIERA, General Manager
CREDI FE Desarrollo Microempresarial S. A.	VERÓNICA GAVILANES VEJAR, General Manager
AMERAFIN S. A.	IGNACIO MALDONADO DEL REAL, Executive President
VASERUM S. A.	OSWALDO DOMÍNGUEZ BUCHELI, General Manager
Almacenera del Ecuador S. A. ALMESA	GINA MARÍA SOTELO PUGA, Special Attorney
Grupo Bravco S. A. TEUNO	ALFREDO OCHOA, General Manager

Subsidiaries, affiliates and affiliates abroad

Banco Pichincha España S. A.	JOSÉ LUIS ABELLEIRA MÉNDEZ, General Manager
Banco Pichincha S. A. - Colombia	JAIME ORLANDO ARANGO RESTREPO, President
Banco Pichincha Perú S. A.	JULIO MALO VÁSQUEZ, General Manager
Banco Pichincha C. A. - Agencia Miami	PABLO VALLEJO, General Manager

Strategic Alliances

Banco General Rumiñahui S. A.	JOSÉ FRANCISCO PAREDES, General Manager
Banco de Loja S. A.	LEONARDO BURNEO MULLER, General Manager

Foundation

Fundación CRISFE	PAÚL ARIAS GUEVARA, General Manager
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Subsidiaries and affiliates

PAGUE-YA

During 2021, collection was an intense process in management and improvement of results, after the difficult times of 2020 due to the pandemic. The level of recovery of the delinquent portfolio increased from 84% in June 2020 to 92% one year later and closed at 94% in December 2021.

The company's gross profit recovered this year, growing annually by 39%, from \$13.7 million to \$19 million, after a decrease in results in 2020 due to the economic situation and health crisis.

PAGUE-YA, in order to improve its recovery management and its operating capacity, successfully initiated the incorporation of other additional collection agencies to manage the managed and own portfolio, aligned with the corporate guidelines of Grupo Pichincha and working jointly with Banco Pichincha in the supervision and control of these companies, thus achieving the proposed recovery goals.

PAGUE-YA in 2021 continued to increase its role in Banco Pichincha's recovery processes, seeking improvements in services, customer experience, internal and Group efficiency. Within this framework, PAGUE-YA assumed the operational processes of collections.

The challenges for 2022 continue along the lines of maintaining the efficiency of our operation, at the forefront of recovery processes through all available channels within a framework of security, and allowing a holistic and assertive management of portfolio recovery.

CREDI FE

The purpose of CREDI FE is to promote the progress of our customers through a sustainable,

timely, responsible and efficient operation that allows, through appropriate financial services and products, to enhance their development with a gender approach, improving living conditions for customers, their families and the community, through our individual and group methodologies.

We have a model of attention to micro-entrepreneurs based on the relationship and personalized attention with customers by our commercial team, with an integral offer in products according to the economic activities of each customer. We also focus on specialized credit evaluation methodologies, both individual and team-based, to identify the requirements and needs of different customer groups. We also implement several financial education programs with the objective of developing our customers' commercial skills, empowering group banking managers and providing them with tools that allow them to promote their businesses and improve their quality of life.

The model is also managed through digital and face-to-face channels, through which we offer different innovative solutions that make it easier for our customers to access and use the services. Our commercial teams are the fundamental pillar of the segment and are the ones that allow us to have an impact on the market; for this reason, we have implemented new asynchronous training models for induction schools and knowledge strengthening in methodological processes, training 100% of the commercial team.

CREDI FE will continue to contribute to improving the living conditions of each of our customers through bankarization, with value chain models, strategic commercial processes, advanced cell analytics and technological innovation. All this will allow us to be more efficient in the customer management model and increase financial inclusion in Ecuador.



In the last quarter of 2021 Banco Pichincha C. A., the main shareholder of CREDI FE, resolved to absorb the subsidiary through a merger, a definition that is aligned with being a simpler and more efficient Bank. This decision was finally approved by the shareholders of the two companies in December 2021, a process that is currently in progress and is expected to conclude during the first half of 2022.

AMERAFIN - BPAC

As a result of the pandemic, several industries were affected economically, and the automotive industry was no exception. Fortunately, from the second half of 2020 to the end of 2021, the industry returned to normality and monthly sales were very similar to a typical year of operations. In addition, the different actions taken by AMERAFIN S. A., from a technological and operational perspective in 2020 and commercial in 2021, allowed us to take advantage of the rebound in the industry observed throughout the year.

In the last quarter of 2021 Banco Pichincha C.A., the main shareholder of AMERAFIN S. A., resolved to absorb the subsidiary through a merger; a definition that is aligned with being a simpler and more efficient Bank. This decision was finally approved by the shareholders of the two companies in December 2021, a process that is currently in progress and is expected to conclude during the first half of 2022.

VASERUM

VASERUM carried out its activities as normally as possible, maintaining all the necessary biosafety standards and processes in order to guarantee the health of its employees and thus the continuity of service to our customers.

In 2021, the company acquired a piece of land in the city of Guayaquil on which a new storage center is being built. A new contract was also signed between Banco Pichincha and Vaserum with a new rate schedule in order to achieve efficiencies in both companies.

It is important to note that during the course of the year the increase in crime has caused several robberies and attempted robberies of financial system entities, which have forced the company to strengthen its operational structure to serve its customers safely and maintain as every year a policy of continuous improvement in its risk management and control.

In 2022 the company expects to complete the construction of new facilities in Guayaquil and add new light armored units to its fleet in order to increase its logistics capacity and continuously improve its quality, safety and occupational health management practices. It is also important to be a strategic ally of Banco Pichincha in the logistics of cash handling, storage, transportation and integral ATM operation.

ALMESA

The warehousing market is on a downward trend due to changes in consumer preferences and the new strategies of selling on demand and not accumulating inventory in the different economic sectors, impacted by the worldwide problem of the cost of maritime freight and container shortages. This has affected our revenues, especially in the automotive sector, given our installed capacity of yards nationwide, which represents more than 80%.

In fiscal year 2021, some significant projects were carried out, such as the migration of the system



to a new ERP system, aligned with a strategic plan that seeks to strengthen the capacity for innovation and improve the technological infrastructure, allowing for operational excellence. The analysis, design and development phases were completed, and the implementation phase continues. As part of our commitment to continuous improvement, the Corporate Governance and Compliance processes were developed and consolidated; both projects were supported by Banco Pichincha's Control and Compliance area. On the other hand, the Business Alliance for Secure Commerce (BASC) Award was obtained for the second time, promoting a culture of security and protection against drug trafficking, money laundering, smuggling and other illicit activities.

The main goal for 2022 is to complete the implementation phase and go into production with the Microsoft Dynamics 365 ERP system. This project, in addition to the changes in information technology, includes process improvements.

GRUPO BRAVCO S. A. (TEUNO)

In the last quarter of 2021 Banco Pichincha C. A., as part of its Transformation Plan, acquired the company Grupo Bravco S. A. Bravco is an entity with more than 17 years of experience in the Ecuadorian market, specialized in providing technological solutions that have constituted support and basis in the digital transformation processes of Banco Pichincha C. A.:

- Data transmission
- LAN and WAN management
- Structured cabling
- Unified communications
- Traffic balancers
- *Data center* facilities management
- Managed IT security services.

Grupo Bravco S.A.'s team of employees includes specialized professionals trained to

meet and manage the requirements related to the aforementioned solutions, which are grouped into the following product portfolio: unified communications, public cloud, information security, business automation and data analytics.

BANCO PICHINCHA ESPAÑA

2021 was a challenging year. Throughout the year, the European Commission and the Spanish government have maintained various programs to mitigate the impact of the crisis and promote economic recovery. In addition, the European Central Bank has continued to inject liquidity into the financial system, maintaining an environment of extraordinarily low interest rates.

In this highly complex context, Banco Pichincha España has grown solidly and healthily in its business segments and achieved a positive result, among other reasons, due to adequate cost containment and good portfolio management.

Pichincha España has grown in the individual lending segments, building a strong relationship with the Ecuadorian customer base and pushing the remittance business with Ecuador. In the corporate segment, growth focused on financing large companies and comex operations with the Group. Pibank, the direct banking arm of Banco Pichincha España, has grown and maintained its attractiveness to savers, who have channeled their savings through direct banking.

The organization's strategy aims to reinforce the bank's level of sustainability, focusing the bank's growth efforts on specific businesses and segments, increasing its competitive capacity and achieving a high level of efficiency. All of this without neglecting the significant progress made in previous years in terms of governance, control environment and risk profile.



BANCO PICHINCHA S. A. - COLOMBIA

Despite the complicated environment of 2021, the beginning of the recovery of the Bank's dynamics is evident, highlighting the commercial management in both portfolio and deposits.

Despite positive impacts on the income statement, such as lower provisions, administrative expenses and higher income from recovery of written-off portfolios, the combination of the loss of investment grade and rising inflation caused public debt securities to devalue more than 300 basis points during 2021, consolidating the worst performance of Colombian fixed income in at least 15 years. This caused the income generated by the investment portfolio to be \$17 billion pesos lower than in the previous year, which, together with the lower interest margin, does not allow us to reach positive numbers for the year.

2022 will be the year in which Banco Pichincha Colombia will begin a path of positive results, supported by focusing on businesses that generate profitability, making processes more efficient, generating and strengthening digital products and maintaining risk indicators at levels similar to those of the market.

However, there may be threats to these results, such as the evolution of the pandemic and its impact on the economy, the country's economic growth, market liquidity and the outcome of the presidential elections.

BANCO PICHINCHA PERÚ

The Bank continues to strengthen its organizational culture -based on the pillars of purpose and values shared by the business units forming Grupo Pichincha—; during 2021, cultural management continued to be prioritized as part of the transformation process.

Emphasis was also placed on renewing the company's organizational structure towards a model that favors the consolidation of commercial management.

2021 ended with a loss due to the need to make additional provisions to cover the impact of the pandemic. We became the first bank in Peru to adhere to the Women's Empowerment Principles (WEP), an initiative of the United Nations Global Compact and UN Women, which brings together more than 5,000 signatory companies worldwide.

We shared our first carbon footprint report with the Peruvian Ministry of the Environment. We promoted teamwork and reinforced our commitment to work with sustainability in mind through our program to raise awareness among our employees and the community about the importance of impacting and caring for the planet.

Banco Pichincha Perú will continue to be aligned with a strategic plan defined in initiatives that strengthen its capacity for innovation and improve its technological infrastructure to serve the three major business segments: companies, individuals and microfinance, as well as with a focus on improving efficiency indicators. The Bank will also prioritize initiatives to strengthen portfolio quality and long-term solvency. Throughout 2022, the Bank will continue to seek synergies with Grupo Pichincha in order to deepen the differential value that the company offers its customers and, through this, continue to strengthen its position in the Peruvian market.

MIAMI AGENCY

In 2021, the agency maintained positive results, despite continuing in a climate of historically low rates due to the global pandemic. With compressed intermediation *spreads*, the agency has managed to take the necessary actions to maintain positive



profitability, supported by the growth of the loan portfolio without past-due loans, as well as the increase in service and transfer fees, driven by the growth in volume of correspondent banking.

The agency closed the year with positive profitability, an efficiency level of 75.5%, a ROA of 0.53% and a return on equity (ROE) of 6.15%.

The agency's goal for 2022 is to continue to strategically support our customers, especially those based in Ecuador, given the country's good political and macroeconomic environment.

BANCO GENERAL RUMIÑAHUI

The environment was highly competitive in terms of fundraising and loan portfolio placement; it was a year of gradual recovery in which BGR achieved its objectives and goals proposed in the three strategic pillars: financial performance, employee welfare and customer loyalty.

In the financial area, we found moderate annual growth. The Bank's strategy was focused on strengthening the financial margin by optimizing the cost of funding and efficient liquidity management.

We made important investments in technology, cybersecurity and digital transformation which, due to the Bank's size and magnitude, generated a significant impact on the operation; however, portfolio growth and continuous improvement allowed us to maintain efficiency at levels similar to the previous year and increase profitability.

In the strategic pillar of experience, we once again ratified our customers' high level of satisfaction with the experience they have when managing requirements with BGR. We strive to listen to and understand the needs of our external and internal customers, where our comprehensive experience

model allows us to identify and focus actions to ensure continuous improvement in our processes, products and services.

Being the work environment one of the strategic pillars of BGR, we are committed every day to ensure the welfare of our employees.

There are great challenges and goals to overcome. In an environment where change is accelerating and the post-covid era demands it, customers are increasingly mobile, so we must be able to offer the best experience through a high-performance team of people highly committed to the Bank's strategic objectives and to other markets of interest of it. Likewise, we must strengthen the growth path in our target market, being increasingly efficient with growth volume, flexibility and efficiency in the operation.

BANCO DE LOJA

Within the organizational strategy and as part of the digital transformation process, several projects were implemented to achieve the three institutional strategic objectives: improve the customer experience, guarantee institutional sustainability and be a benchmark in the development of human talent.

In the first area, the Systematic Commercial program was implemented, incorporating a robust commercialization model, which is supported by a structure, processes and systems that promote compliance with commercial objectives and allow advisors to better organize their day-to-day work focused on their objectives. The result was a 21% increase in commercial productivity. A customer satisfaction monitoring system was also developed, with the incorporation of a model and tools for measuring satisfaction and loyalty, a reference point for correcting or enhancing the value offer, a process



that is implemented in electronic banking, mobile banking, ATMs, cashiers and banking services.

In terms of guaranteeing institutional sustainability, a permanent process of generation and qualification of campaigns was incorporated, based on models that include real-time, historical, structured and unstructured, qualitative and other data considered relevant.

A model was developed that forecasts the risk level of credit placement campaigns, determining a probability of customer default, a maturity indicator and calculation of the economic return and, within the data architecture, a *Datawarehouse* was implemented as a unique and centralized information repository to analyze information at high speed and aligned with the strategy determined by the Bank, contributing to adequate decision making.

With regard to being a benchmark in the development of human talent, agile work frameworks were implemented, for which the Scrum methodology was adapted, incorporating a set of different processes, techniques and tools to get things done, seeking to generate value and impact on results in an agile and simple manner, which resulted in a 30% reduction in decision-making time, a 50% reduction in waste in project execution and a 60% reduction in project delivery time. In addition, a personal development program was carried out, implementing an e-learning process to facilitate the transfer of knowledge to employees.

The implementation of these projects and some additional ones, aligned with the corporate commercial strategy always under an integral risk approach, helped the institution to deepen the momentum of the post-pandemic economic reactivation in its areas of influence, while

strengthening the foundations for the next strategic plan, thus ratifying the institutional financial solvency as a foundation to ensure long-term sustainability that, together with the objectives of providing the best customer experience and being a benchmark in the development of human talent, will continue to guide the path of Banco de Loja during the year 2022.





Sustainability Report



A responsible banking model

.....

46	1. Welcome
47	2. Our responsible banking strategy
49	3. Our stakeholders and their expectations
50	4. Corporate governance
50	5. Values-based culture
52	6. Risk and crisis management

.....

1. Welcome

[102 - 54]

Welcome to our Sustainability Report 2021, which provides information on our sustainability strategy, based on one of our strategic business drivers: "Inclusive and sustainable management".

The report focuses on the three priorities of our sustainability agenda: sustainable finance, environmental responsibility, and social and inclusive development.

As part of our transparency exercise, the report has been prepared in accordance with the Global Reporting Initiative (GRI) standards with the "essential" option and its Financial Services sector supplement of the G4 guidelines.

We also report on our commitment to sustainability, evidencing the work we have done for the voluntary management of the Global Compact principles and our participation in reference frameworks such as the Dow Jones Sustainability Index (DJSI), Principles for Responsible Banking, among others.

There are also the results of our voluntary measurements under international standards: certification in Customer Protection Principles *The Smart Campaign*, qualification in Social Performance Management, certification as a Family Responsible Company, Par Ranking (gender equity) and the progress of our Integrated Management System in Safety, Health, Environment and Sustainable Purchasing Program, based on ISO 14.001, ISO 45.001 and ISO 20.400 standards.



2. Our responsible banking strategy

Our vision of sustainability is based on the management of risks and opportunities in economic, social and environmental issues with our stakeholders, derived from our operations. In this way, we seek to strengthen our corporate reputation and fulfill our financial responsibility.

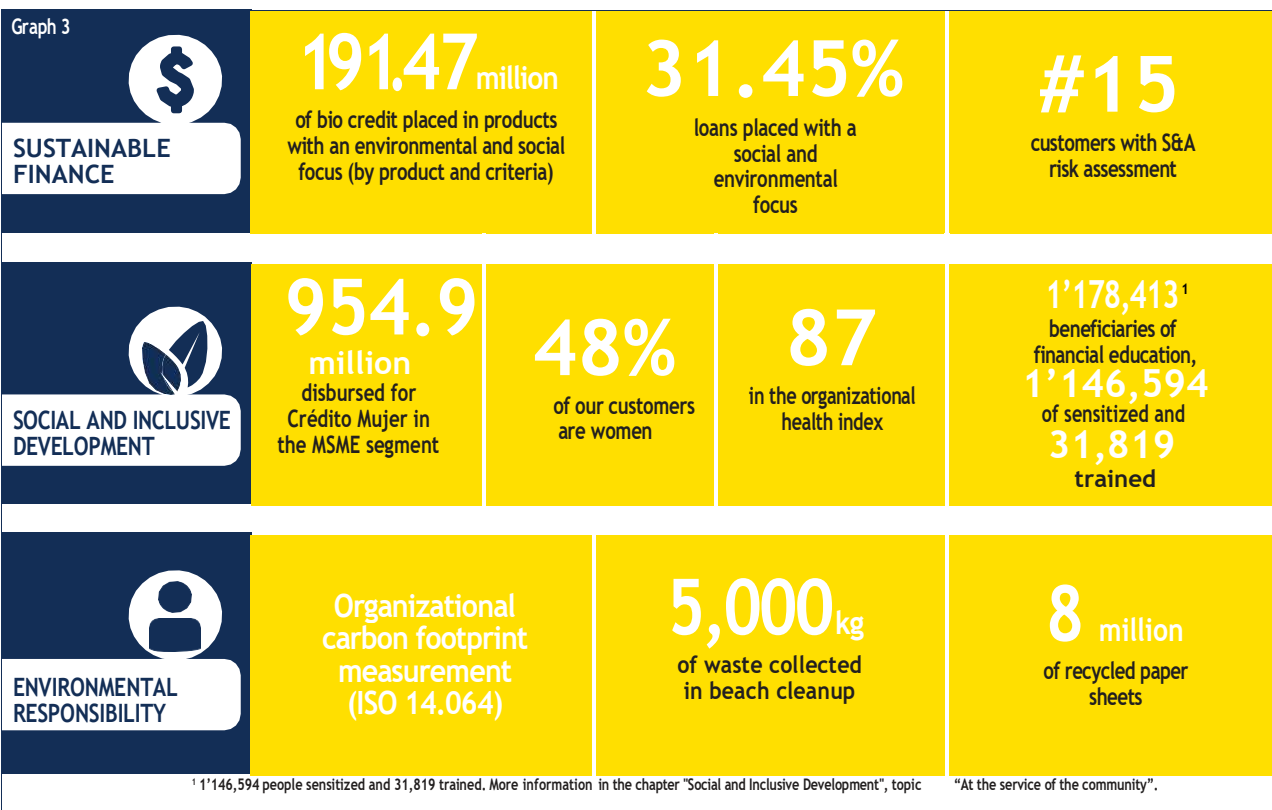
"Inclusive and sustainable management is one of the strategic pillars¹ of our business, thus expressing our commitment to promote a positive and fair impact on society.

The Sustainability area is responsible for the governance of environmental and social issues in our operations. This team liaises with the different departments of the institution and informs and coordinates the implementation of the Sustainable Management Model and its respective communication.

Our sustainability focus areas are shown in Graphs 1 and 2.

¹ Our strategy and its drivers are detailed on page 8.





Our main sustainability KPIs reflect our management model (Graph 3).

Voluntary memberships

Table 1

Carbon Disclosure Project (CDP)
United Nations Environment Program, Finance Initiative (UNEP FI) - Principles of Responsible Banking
Financial Alliance for Women
Women's Empowerment Principles (WEPS) of UN Women and Global Compact.
Consortio Ecuatoriano para la Responsabilidad Social (CERES)
Asociación de Bancos Privados del Ecuador, Comité de Finanzas Sostenibles (Asobanca)
Cámara de Comercio Ecuatoriano-americana, Comité de Responsabilidad Corporativa
ISO 20.400 Sustainable Procurement
Management System: ISO 14.001 and ISO 45.001 standards
Partnership for Carbon Accounting Financials (PCAF)

INITIATIVES THAT ARE PART OF OUR AGENDA

[102-12] [102-13]

We maintained voluntary adherence to global and local initiatives during 2021 (Table 1). We work to achieve the highest international standards; thus, we measure ourselves under the following voluntary instruments (Table 2):

Voluntary measurements

Table 2

Certification on customer protection principles <i>The Smart Campaign</i>
Social Performance Management Rating
Dow Jones Sustainability Index
Certification as a Family-Responsible Company
UN Women's Women's Empowerment Principles (WEPS)
Par Ranking (gender equity)

3. Our stakeholders and their expectations

[102-40] [102-42] [102-43]

At Banco Pichincha we define our stakeholders as those who directly or indirectly influence our actions and at the same time directly or indirectly depend on our business. Based on these parameters, during 2021 we reviewed our stakeholder ecosystem with the support of an external consultant. As a result of this exercise, we defined 11 stakeholders as priorities:

Shareholders
Investors
Board of Directors

Employees
Customers
Suppliers
Non-Banking Correspondents
Authorities and control entities
Financial sector
Auditors
Fundación CRISFE

In our daily relationships, we use various communication channels and tools to listen to the interests and opinions of our stakeholders. The results of this participation process are reflected in the day-to-day management of our institution, under a process of continuous improvement, and have been included in the materiality analysis we have prepared for this report (Table 3).

Our main stakeholders

Table3

STAKEHOLDER GROUP	SHAREHOLDERS	INVESTORS	SENIOR MANAGEMENT
COMMUNICATION AND DIALOGUE CHANNELS	General Shareholders' Meeting Ordinary and extraordinary meetings Meetings E-mail	Meetings E-mail	Meetings Committees and subcommittees Intranet Workplace E-mail
STAKEHOLDER GROUP	CUSTOMERS	EMPLOYEES	SUPPLIERS
COMMUNICATION AND DIALOGUE CHANNELS	Agencies Call center Meetings Website Social networks E-mail Satisfaction surveys through the "customer" tool	Intranet Joint committees Workplace Meetings E-mail Organizational health surveys	Meetings Website E-mail External certifier qualification
STAKEHOLDER GROUP	CORRESPONSALES NO BANCARIOS	FINANCIAL SECTOR	FUNDACIÓN CRISFE
COMMUNICATION AND DIALOGUE CHANNELS	Website E-mail Meetings Call center Agencies	Asobanca Committees Meetings E-mail	Meetings E-mail
STAKEHOLDER GROUP	AUTHORITIES AND CONTROL ENTITIES	AUDITORS	
COMMUNICATION AND DIALOGUE CHANNELS	Meetings E-mail Audits	Meetings E-mail Audits	

4. Corporate Governance

[102-18] [102-22] [102-23] [1.1.1] [1.1.2]

We are committed to implementing sound and transparent corporate governance principles that strengthen accountability.

Along these lines, our efforts are focused on managing risk and preserving long-term sustainable value for the benefit of our shareholders, investors and the broader stakeholder ecosystem.

Our corporate governance framework is guided primarily by our Bylaws, Code of Corporate Governance, Code of Ethics and Conduct, Microfinance Code of Ethics, and other related laws and policies².

GOVERNANCE BODIES

The General Shareholders' Meeting ordinarily meets once a year and is responsible for dictating the business guidelines and general policies of the entity.

At the operational level, the Board of Directors is integrated by 10 members: the president, the president's alternate director, four principal directors, and an equal number of alternate directors³.

The members of the Board of Directors are qualified by Superintendencia de Bancos and elected by the General Shareholders' Meeting for a term of one year, and may be reelected.

Independence in the decision making of the members of the Board of Directors is ensured through compliance with articles 25 and 32 of our Bylaws.

The president is the main authority of the Bank and also of the General Meeting and the Board of

Directors, without exercising his legal representation. The Bank's functional organizational structure contemplates three organizational levels: managerial, strategic and tactical.

The General Manager individually acts as the Bank's legal representative, both in and out of court. He is responsible for the internal administration of the organization and is elected by the Board of Directors each year, and may be reelected.

The directors are the Bank's main decision-makers in economic, social and environmental matters. In addition, the Sustainability and Inclusion Front was created in 2021, with the objective of improving and innovating practices related to these issues in a cross-cutting manner in the organization. The progress of the initiatives on the front is reported periodically.

The Bank's organization chart and the active committees that supported the management of Senior Management in 2021 are detailed on pages 10 to 12.

5. Values-based culture

[103-1, 103-2, 103-3] [205-1] [102-16] [1.10.1]
[1.4.3] [1.12.1]

Coherence

Be and seem

Effort

**Be better to be
the best**

Responsibility

**Be aware of the
importance of
what and how**

Transcendence

Be future

²Our corporate governance frameworks are published on our website: <https://inicio.pichincha.com/portal/desarrollo-sostenible/etica-y-transparencia>.

³Descriptions of the names and positions of the members of the Board of Directors can be found on our website: <https://inicio.pichincha.com/portal/conoce-tu-banco/alta-direccion>.



Inspiring and rewarding trust is our purpose as an organization, and to this end we strengthen year after year our culture based on values among our employees and stakeholders.

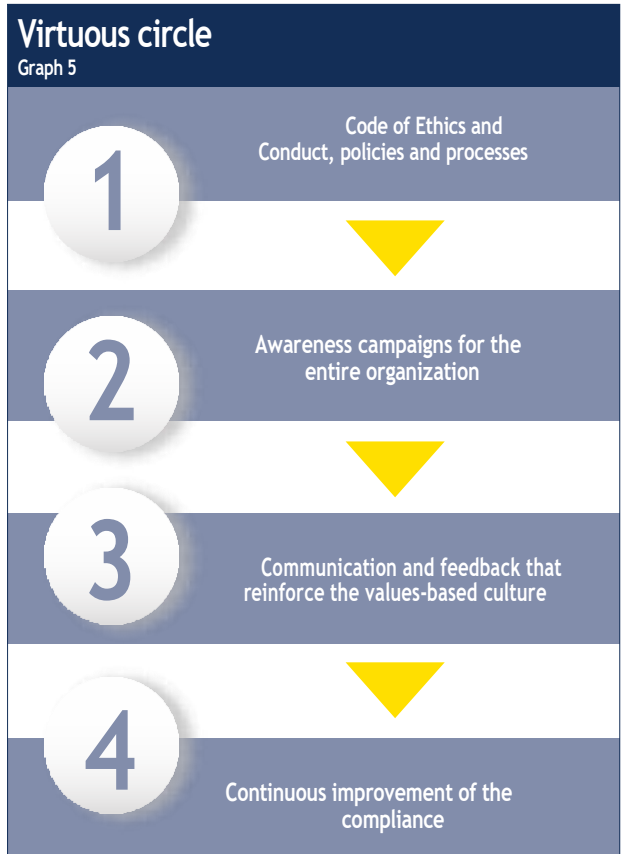
**PREVENTION OF BRIBERY,
CORRUPTION AND FRAUD**

We have anti-crime measures, principles and guidelines of conduct, implemented transversally throughout our value chain, in addition to the Compliance system that prevents, detects and addresses events related to corruption and bribery, in order to protect the interests and assets of the Bank and its stakeholders.


The importance of adequately managing this issue has a positive impact on the organization's entire operation, with special emphasis on risk management, crisis management and relations with business partners. It also has a positive impact on the results of financial inclusion and human talent management.


The 3 Lines of Responsibility (3LR) Model (Graph 4), which is part of our corporate governance system, structures the entire organization to effectively manage, control and monitor risks.


In addition, we maintain the virtuous circle that strengthens our values-based culture. (Graph5). Senior Management observes and directs compliance with Ecuadorian regulations and the Bank's internal policies. The Compliance approach has a Control and Compliance System that covers the risks identified and evaluated to control them, an area dedicated to their management, trained personnel and reporting channels for employees, customers and suppliers. However, during the year, we have not received any reports on corruption and bribery cases.



We have several codes and policies that support our management, among which we highlight the Code of Ethics and Conduct, the Anti-Corruption and Anti-Bribery Policy and the Compliance Program. Their content is part of the mandatory annual training for our personnel, as well as communication campaigns for employees and business partners.

Code of Ethics and Conduct


QR Anti-Corruption and Anti-Bribery Policy


QR Compliance Program


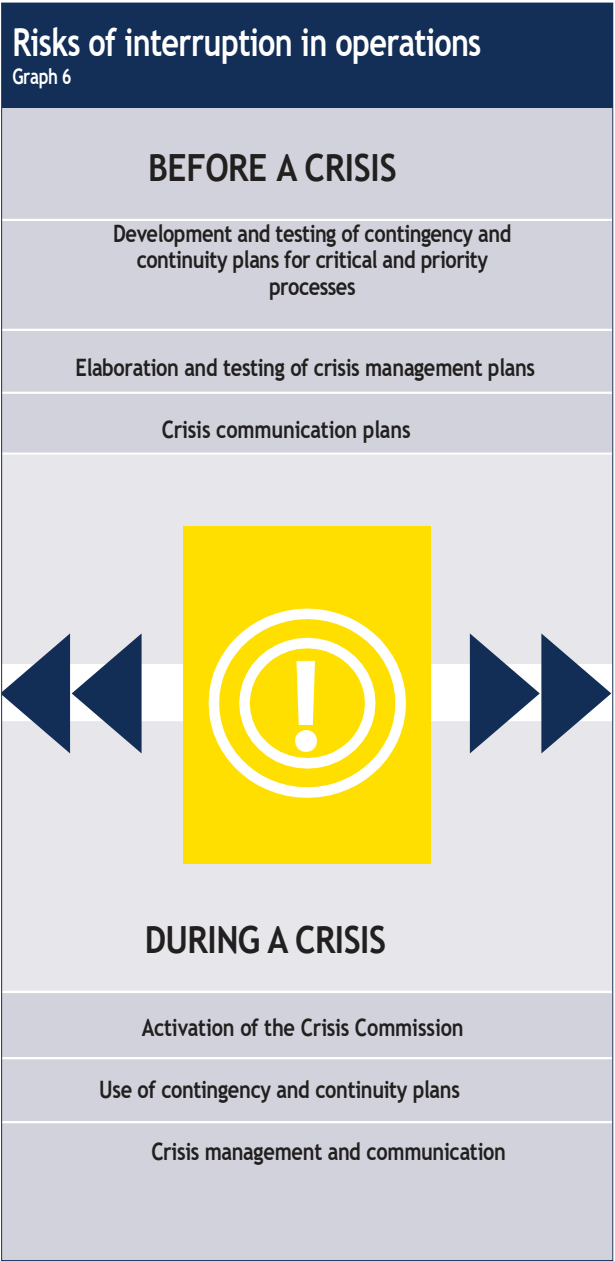
6. Risk and crisis management

[103-1, 103-2, 103-3] [1.3.2] [1.8.1] [102-15]

It is a priority for the Bank to be able to respond to any crisis situation in order to avoid or reduce in a timely and effective manner the negative impact for its customers, its employees and the institution itself.

Through risk management and mitigation actions, we keep our operation in permanent improvement. Together with policies and process manuals for operational risk management and business continuity, we strengthen the management of the Operational Risk area before and during a crisis (Graph 6).

Finally, the evaluation of our management through the monitoring of risk indicators, internal audits of risk and crisis management systems, the execution of simulation role plays, and the testing of crisis management and contingency and continuity plans, have allowed us to improve them. We have also reviewed the Bank's crisis management strategy and updated our communication strategies.





ANALYSIS OF EMERGING RISKS

Our risk analysis includes economic, social and environmental criteria, and in this context, we have identified two in which we consistently work to turn them into new sustainable business opportunities:

1

Social and environmental risk.

Faced with possible undesirable events in the credit portfolio that affect the organization's reputation, collateral and cash flow, in 2021 we developed several strategic actions such as updating the Environmental and Social Risk Management System (SARAS) to version 2.0.

2

Credit risk. In the face of possible impacts on the portfolio, investment portfolio, liquidity and operational or technological events that affect our financial stability, we implemented the Risk Appetite Policy. This policy defines a limit and a threshold in financial, non-financial and credit risks with which alert and management levels are created for different areas of the Bank when the indicators reach or exceed the values.

INFORMATION SECURITY

As a result of the increased use of technology, we are exposed to risks associated with information security, so we have a cybersecurity strategy, led by the Vice President of Technology and Operations, the Cybersecurity Committee and several members of Senior Management and the Board of Directors who oversee compliance.



Chapter 2

Sustainable finance

We promote a sustainable economy

.....

54	1. Sustainable finance
62	2. Financial inclusion
65	3. Principles of responsible banking
67	4. Customer experience
70	5. Economic performance

.....

1. Sustainable finance

[103-1, 103-2, 103-3] [FS11] [1.9.6] [1.9.7]

In 2021, we strengthened our sustainable finance strategy with loans for women, micro-entrepreneurs, the agricultural sector and Bio credits, as well as our services and channels through non-bank correspondents and focus on digitalization. We prioritize projects and customers that generate positive social and environmental impact to boost the country's economic growth in a sustainable manner, reduce the negative environmental and social impacts of our customers' operations, generate new business opportunities and increase market share through innovative sustainability practices.

This offering of products and services integrates environmental, social and governance (ESG) aspects for our retail, business and corporate

banking segments, aligned with the Sustainable Development Goals, the United Nations Principles for Responsible Banking, the UN Women Women's Empowerment Principles and the management standards of the International Finance Corporation (IFC).

SUSTAINABLE FINANCE OFFERING

Our Sustainability Model includes the Sustainable Finance program, focused on promoting ethical and responsible business. It is supported by documents such as the Sustainability Policy and the Social and Environmental Risk Management Policy for Loans.

This year, the Sustainability and Inclusion Front was created, led by the Vice-Presidency of Transformation and Business, which periodically reviews the progress of this dimension. The value offer is implemented through the following actions:

Finance with a social and environmental focus

Bio credit



\$191.47 million

Bio credit representing 3% of the total portfolio

9,755

beneficiary customers

40

customers

Beneficiaries of technical assistance and sustainable certifications



MAIN BIOCREDIT IMPACT INDICATORS



4,020.65
Mw/h
energy
reduction



165,880.64
m³
water-saving



1,933.54
tons
avoided of
CO₂

\$130.40 million

Sustainable agriculture

19 beneficiary customers

\$250 thousand

Renewable energy
and climate change
mitigation

1 beneficiary customer



\$29.39 million

Sustainable construction
and housing

229 beneficiary customers

196,927 m²

Sustainable
construction, EDGE
certificates



Financial inclusion

6,550

CNB trained
Education
And sales strategies

19,242

New customers
Women MSMEs,
increase:

76.3%

236,209

MSME customers
Digitally active,
increase:

45.8%

413

Basic accounts
opened in satellite
CNBs

954.9 million

Disbursed
for Women's Credit
in the MSME
segment

40,887 MSME customers

Impacted by non-financial offerings
(Financial, digital, business education, access
to networks and markets for customers)



- **Bio credit.** It is aimed at all business segments for the use of renewable energies, energy efficiency, cleaner and more efficient production, sustainable construction, sustainable transportation, solid and liquid waste management, and sustainable agriculture. Bio credit is accompanied by a non-financial offer that involves payment of the EDGE sustainable construction certification and a sustainable housing bonus, as well as annual recognition of customers who have made investments in favor of the environment.
- **Environmental and social risk analysis.** Through the Environmental and Social Risk Management System (SARAS 2.0), which includes national and international regulations and the IFC's performance standards, we analyze these risks for our customers.
- **Sustainability performance rating.** The customer is rated on its environmental, social, labor and governance management, with the aim of promoting best practices.
- **Microcredits.** Comprehensive offer for microentrepreneurs with financial and non-financial products and services, including financial education and the Bank's approach to communities through individual and group methodologies.
- **Mi Vecino Satellite.** Implementation of Mi Vecino correspondent office by means of a satellite connection instead of a GPRS chip in the POS devices. This technology allows us to reach underprivileged areas with a financial offer that generates secure socioeconomic development.
- **Women's Banking.** Promoting the closing of gender gaps with financing, digital financial literacy and entrepreneurial skills among our female customers. This comprehensive offer includes lines of credit with preferential conditions.
- **Environmental and social impacts.** Using the United Nations Principles for Responsible Banking

methodology, we have measured and analyzed these impacts in our portfolio.

- **Bio credit card.** Through an alliance with the NGO WWF Ecuador, we will promote the conservation of the country's natural resources by means of voluntary contributions from our customers.
- **Agricultural credit.** We have been working since 2019, when the alliance with Rabobank began, on the design of a specific product for the agricultural value chain, including sustainability as one of the important axes.

SUSTAINABLE AGRICULTURE

This year marked a key milestone in our efforts to support the agri-food industry. Leveraging our strategic alliance with Rabobank, we created two work teams: the Product Development Cell and the Regional Team, with the aim of generating products and services whose characteristics are aligned with the reality of the biological cycle of the product and the business of each agri-food sector.

In the first instance we focused on the banana value chain, due to its importance in the Ecuadorian economy. This included learning about the production cycle and its linkages to generate value propositions that allow the development and strengthening of the banana industry. In line with the purpose of bringing the Bank closer to industry players, we partnered with Asociación de Exportadores de Banano del Ecuador (AEBE). We participated in its XVIII International Convention and organized working sessions with the most important companies in the sector. We also included the shrimp sector, which is Ecuador's largest non-oil export sector.

At the end of the year, we received Rabobank officials to learn about the progress of agribusiness and jointly build the roadmap for the 2022-2024 period.



We have set ourselves the goal of being recognized as the agribusiness bank in Ecuador under the slogan "Together we build a better agribusiness".

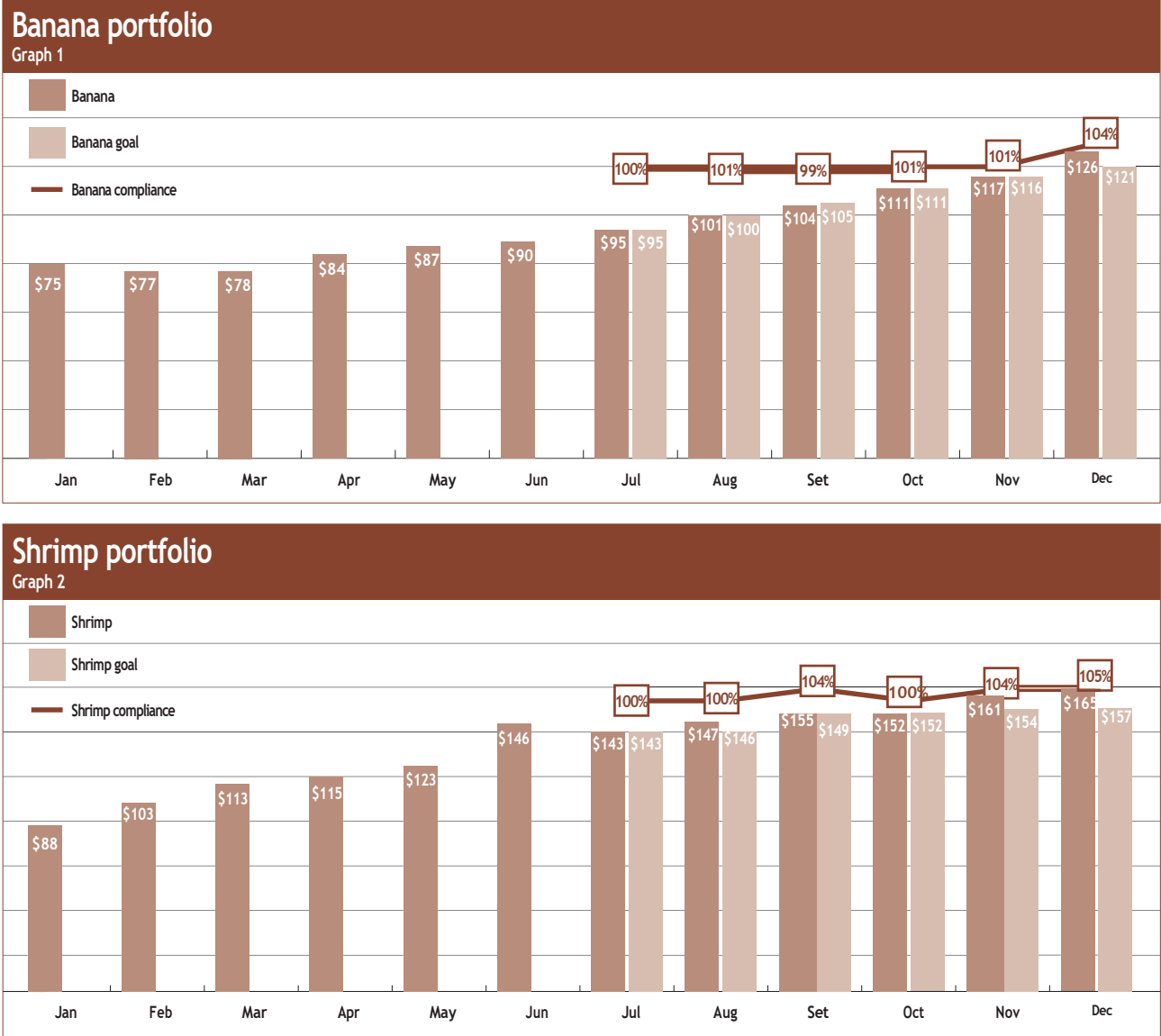
Graphs 1 and 2 of the Bank's banana and shrimp portfolio show our progress.

CONTINUOUS IMPROVEMENT OF SUSTAINABLE FINANCE

Given the importance of this issue in the organization, we have several mechanisms for its

evaluation: annual and voluntary measurement with the Dow Jones Sustainability Index (DJSI), due diligence processes carried out by multilateral organizations, and evaluation of social performance management in the Microfinance segment by a third party.

Of the gaps identified in the DJSI measurement, improvements or new initiatives have been implemented; in addition to including their rating as an indicator of the strategic pillar of sustainability and inclusion.



As a result of these evaluations, we have met the annual goal of Bio Credit and Women's Credit, accompanied by a non-financial offer, local and international awards and recognitions, and the creation of the Sustainability and Inclusion Front.

BANKING WITH AN ENVIRONMENTAL FOCUS

[FS1] [FS2] [FS3] [FS4] [FS5] [FS8] [FS9] [1.9.2]
[1.9.3]

In 2020 the General Management and the Board of Directors approved the Environmental and Social Risk Management Policy for credits, in which environmental and social risks of our customers' credit operations are identified, evaluated, mitigated and monitored. The objective is to avoid undesirable events in our portfolio that affect reputation, collateral and cash flow. The scope of this policy is for all credit products we offer from \$1 million and above. Its main commitments are as follows:

- Not to grant loans for commercial activities on the list of non-financed activities.
- Include the results and recommendations of the environmental and social risk assessment in the lending decision.
- Promote compliance with national legislation on occupational health and safety, environmental and social issues, as well as best practices in our customers' industry.

Code of social and environmental credit risk policy



ENVIRONMENTAL AND

SOCIAL RISK ANALYSIS

During this year we continued with the development of SARAS 2.0, which incorporates best practices in the financial sector regarding environmental and social risk assessment, and the categorization of financed activities according to the European Bank for Reconstruction and Development (EBRD) catalog of economic activities and the IFC performance standards.

The scope of the system applies to credit operations starting at \$1 million and categorizes the socio-environmental risks of economic activity based on variables such as the amount of credit and the EBRD international risk classification.

The system covers the credit process from prospecting to disbursement, integrating internally all the areas involved. The Business area provides information on the customer and the credit operation, the Risk and Sustainability area evaluates the social and environmental performance, and finally prepares the credit opinion report. The results of the socio-environmental assessment are considered in the credit decision.

To accompany the system, we have developed the SARAS BIZAGI technological tool, which systematizes and streamlines its application. In 2022, the system will be audited internally and externally by a consultant and multilateral organizations. During the pilot phase, 15 projects have been reviewed.

SARAS 2.0 includes the generation of a Socio-environmental Action Plan for those financed activities that require risk mitigation. For its preparation our technical staff conducts interviews and visits the customer, consults public information and pages of government agencies. The plan is agreed with the customer, described in the credit approval document and has a compliance term equal to that of the credit.

The monitoring of its execution is carried out when the credit is renewed, and noncompliance has repercussions on future disbursements or the granting of new operations.

The process of updating the system included user training on the following topics:

- Specialized training and coaching on sectoral guidelines for six employees from the Risk and Sustainable Development areas.
- SARAS 2.0 and SARAS BIZAGI training for 248 employees from the Risk, Commercial, Legal and Sustainable Development areas.

In 2022 we will develop a virtual course on the system and its technological tool, in addition to continuing with the training of the technical and risk areas in the use of the sectorial guides and the training to the Internal Audit area to execute the review of the system.

Socio-environmental risk assessment	
Table 1	
ACTIONS	2021
Number of credit operations assessed through SARAS greater than or equal to \$1 million	15
Operations approved under SARAS	15
Amount of transactions approved under SARAS	\$59 million
Note: Data reported in 2021 is not comparable to past years due to the SARAS 2.0 update and change in scope from \$40,000 to \$1 million. Data reported is for the pilot phase (April-May).	

CLIMATE RISK MANAGEMENT

[2.3.1] [2.3.5] [2.3.6] [2.3.7]

During this year we took important steps to structure a cross-cutting climate change strategy that addresses the risks and opportunities that climate represents to the financial sector, both in the area of mitigation (reduction of greenhouse gas (GHG) emissions) and adaptation (impacts derived from climate change).

The strategy will be aligned with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), the Principles for Responsible Banking and the eco. business Fund. We will be accompanied by a consultancy that will cover the phases of diagnosis, strategy development, action plan and dissemination among our stakeholders.

We are currently in the diagnostic phase, which includes: 1. analysis of physical, transition and climate-related risks and opportunities; 2. scenario analysis; 3. analysis of the developed or ongoing initiatives in the Bank in relation to climate change; and 4. determination of priority areas for risk and opportunity management.

As leaders in the country's financial system, through this strategy we seek to capture two opportunities: 1. to finance projects that contribute positively to climate change and 2. to access funding from multilateral organizations with conditions that strengthen our purpose. We estimate that it will take between one and five years to mature this bio-credit offer. However, in 2021 we placed \$191.46 million with this product offering with associated costs of \$241,000.

PHYSICAL RISKS

We began the analysis of physical risks related to climate change using the methodology of the Fifth Assessment Report of the United Nations Intergovernmental Panel on Climate Change (IPCC AR5), which evaluates the interaction between vulnerability, exposure and climate hazard or threat; the result is a heat matrix with climate risk levels by geographic location and sector. Scenario and physical risk analysis will be performed for at least four prioritized sectors in our portfolio using a qualitative approach; preliminary representative concentration trajectories 8.5 (RCP) will be used.

TRANSITION RISKS

We have started the analysis of transition risks, using variables subject to public and non-public information from the financial sector, and a list of risks and opportunities related to the political, market, technological and reputational domains will be drawn up.

The analysis of scenarios and transition risks will be carried out for at least four prioritized sectors of our portfolio with a qualitative method, preliminarily using the Naturally Determined Contributions (NDC), recommendations from the International Renewable Energy Agency (IRENA), the Organization for Economic Cooperation and Development, the National Climate Change Strategy of Ecuador, among others.

Individual microfinance outreach

Table 2

PRODUCT	DETAIL	TRANSACTIONS 2021	TRANSACTIONS 2020
Working capital	Allocated to working capital needs	177,903	110,004
Fixed assets	Credit to finance investment needs in fixed assets	9,833	7,175
Consumption	Credit to finance consumption requirements	3,038	1,927
Home improvement	Credit for financing home improvement needs of the debtor or co-debtor's first degree of kinship relative	236	269
Total		190,560	119,375

Group microfinance outreach

Table 3

PRODUCT	DETAIL	TRANSACTIONS 2021
Agricultural	Aimed at covering investment needs in short-cycle agricultural activities	202
Community banking	Aimed at covering working capital needs	74,032
Parallel communal banking	Aimed at covering working capital needs	4,712
Communal banking reactivation	Aimed at covering working capital needs	1,085
Community banking campaign	Aimed at meeting working capital needs	708
Seasonal credit	Multipurpose type product, intended to cover the different needs that customers may have	8,362
Individual credit	Intended to cover the need for working capital or fixed asset investment in an individual manner	5
Restructured individual credit	Normalization	394
Refinanced individual credit	Normalization	2
Livestock credit	Intended to cover working capital needs	657
Development group	Product intended to cover the working capital and/or fixed asset investment needs of customers who are part of the development group profile	24,372
Parallel development group	Aimed at covering working capital needs	923
Reactivation development group	Aimed at covering working capital needs	1,466
Reactivation 2	Intended to cover working capital needs	161
Total		117,081

BANKING WITH A SOCIAL FOCUS

[FS7]

In 2021 we serve thousands of micro-entrepreneurs nationwide, through products that directly impact the development of their businesses and families. We present the results of these products in Tables 2 and 3 on the previous page.

PORTFOLIO

[FS6] [FS10] [FS11] [1.9.2] [1.9.6] [1.9.7] [1.9.10]

The distribution of our portfolio by region, credit operations and bio-credit placement in 2021 is shown in Tables 4, 5 and 6.

This year we achieved credits placed with a social and environmental focus represent 31.45% of the Bank's total portfolio (Table 7).

The percentage of customers with whom we have interacted on social and environmental issues was 47.14% and corresponds to disbursements in the

Customers by region

Table 4

	2021					2020				
	Businesses	Individuals	Microfinance	PES	Total	Businesses	Individuals	Microfinance	PES	Total
Coast	3,286	1'245,325	241,942	35,693	1'526,246	3,866	1'141,210	206,928	33,716	1'385,720
Parent office	3,200	16,019	786	150	20,155	3,495	23,125	103	157	26,880
Central Region	933	644,310	187,345	13,216	845,804	977	57,7915	159,446	12,504	750,842
North Region	1,439	1'424,201	154,738	28,472	1'608,850	1,966	127,5674	136,553	2,.846	1'442,039
South Region	546	193,728	32,501	6,147	232,922	594	178,318	25,716	5,595	210,223
Virtual	1	43,665	19	198	43.883	-	18,839	8	186	19,033
Total	9,405	3'567,248	617,331	83,876	4'277,860	10,898	3'215,081	528,754	80,004	3'834,737

Customers with active credit operations

Table 5

Bank	Subsegment	2021				2020			
		Customers	Transactions	Total portfolio (\$)	%	Customers	Transactions	Total portfolio (\$)	%
Business	Large companies	545	4,449	1,112'986,268	13%	500	5,799	958'529,482	13%
	Small companies	1,896	7,437	647'041,770	7%	1,840	7,245	498'095,073	7%
	Legal entities	130	1,455	162'702,787	2%	221	1,236	295'742,247	4%
PES	Legal entities	33,530	5,803	1,246'904,591	14%	31,373	53,687	1,048'267,562	14%
	Natural	9.276	14,878	410'033,534	5%	7,987	12,539	331'323,385	5%
Microfinance	Microenterprises	325,875	424,556	1,477'948,400	17%	261,569	351,895	1,151'448,026	16%
Individuals	Natural persons	782,255	964,502	3,776'720,609	43%	811,518	992,107	2,975'682,221	41%
Total		1'153,507	1'476,080	8,834'337,959		1'115,008	1'424,508	7,259'087,996	

Bio credits

Table 6

SEGMENT	CATEGORY BIO CREDIT	CUSTOMERS	AMOUNT PLACED (\$ MILLIONS)
WHOLESALE BANKING	Sustainable agriculture	19	130.40
	Sustainable construction	22	14.11
	Energy efficiency	3	9.10
	Renewable energy	1	0.25
	Sustainable transportation	270	7.31
TOTAL WHOLESALE BANKING		315	161.18
Retail banking (Individuals + Microfinance)	Sustainable construction	207	15.28
	Sustainable transportation	872	15.01
TOTAL RETAIL BANKING		1,078	30.29
TOTAL		1,393	191.47

Microfinance, Gender, Bio credit products and those that went through SARAS 2.0 (Table 8).

2. Financial inclusion

[103-1, 103-2, 103-3]

"To make a relevant contribution to the financial inclusion of the population through appropriate products and services in a timely and sustainable manner, contributing to the improvement of their living conditions" is the purpose of the Microfinance segment, which is based on the three pillars in Graph 3.

Credits with a social and environmental focus

Table 7

APPROACH	AMOUNT DISBURSED (\$ MILLIONS)
Social approach	1,865.69
Environmental approach	191.47
Amount of credits with social and environmental approach	2,057.16

Note: Data are not comparable with the year 2020 due to the change in the calculation method.

Graph 1





Customers with social and environmental interactions

Table 8

Total customers in the portfolio	439,141
Total number of customers in the portfolio with whom we have interacted on environmental and social issues	207,026
% of customers with whom we have interacted on environmental and social issues	47.14%

Note: The calculation method has been modified for this year, which is why it is not comparable with the year 2020.

The objectives we have set for financial inclusion are as follows:

- Strengthen our strategy with a digital approach, based on a deep understanding of the customer, their needs and the construction of their financial health.
- Structure a model for accepting means of payment for micro and small businesses as part of the ecosystem, proposing disruptive approaches that contribute to the penetration of digital payments and the displacement of cash.
- Develop the value chain model and its strategic role in financial inclusion.
- Apply the best customer protection practices under the framework of The Smart Campaign certification, which the Microfinance segment has.

Together with the organization Accion International and Fundación Mastercard, we are working on the design of a strategy that seeks to influence the entire spectrum of financial inclusion to provide access to the unbanked. The strategy includes supporting the use and adoption of financial products designed to promote their financial health and well-being. The strategy focuses on four key pillars:

1 Access. Complete and improve access to financial products (savings accounts, credit, electronic means of payment and insurance).

2 Use. Promote the adoption and transactionality of accounts, electronic payments and other financial services among our customers.

3 Financial health. Ensure that products and services help customers with growth opportunities and become more resilient to unexpected shocks.

4 Financial well-being. Ensure that customers are able to use financial services to improve their lives.

To implement the strategy, a multidisciplinary team has been assigned to focus on leveraging digital channels and tools, deepening customer knowledge and designing products that meet their needs, as well as connecting people and businesses to function as an ecosystem.

We measured financial inclusion management through the ACTION Impact Cloud tool. This year we developed a financial health dashboard that measures the dimensions of access, usage, health and financial well-being. During the pandemic we launched our DeUna Wallet that facilitates financial inclusion and replaces monetary transactions with digital ones, thus contributing to the elimination of cash.

**FINANCIAL INCLUSION
WITH A FOCUS ON WOMEN**
[103-1, 103-2, 103-3]

Inclusive and sustainable management is a pillar of our institutional strategy and within it we promote the

Women's Strategy, with the objective of "contributing in a relevant way to the financial inclusion of women through appropriate financial products and services in a timely and sustainable manner, contributing to the improvement of their living conditions".

Our Gender Intelligence Program is composed of two pillars: an internal one focused on employees, which we refer to in the chapter "Social and Inclusive Development", and an external one focused on customers, which is framed in the following actions:



We have four key tactics:

- Include new Microfinance and small and medium-sized enterprise (SME) customers.
- Increase women's participation in digital channels.
- Have a non-financial offer.
- Close the MSME financing gap.

We have created dashboards with information disaggregated by gender to analyze the evolution of indicators and generate actions that allow us to advance in the objectives of the Microfinance and MSME segments. In addition, we report our gender progress on an annual basis to different entities such as the Financial Alliance for Women and the IFC.

Committed to the development of women, we have set ourselves the goal of closing the financing gap between men and women to 21% by 2024. To this end, we have developed actions such as the following:

1 Training programs for MSME

women. In order to promote the development of micro and small businesses led by women, this program was created as part of our non-financial offer, which consists of the transfer of knowledge, skills and management mechanisms. Through experts in different topics, we have reached more than 30 thousand women nationwide.

2 Support for women-centered

organizations. We have channeled support and sponsorship to civil society organizations, startups and NGOs that contribute to the development of women at the national level. We highlight some of the initiatives such as the support to Organización Promoción Economía Violeta (OPEV) for the elaboration of a study that reveals the impact of the pandemic and the labor situation of women (productivity, balance and health); the sponsorship of the IV Women's Forum (leadership and transformation), and the participation of our CEO in

the private sector coalition Women Empowerment promoted by IDB.

Impact on our female customers

- 48% of our customers are women.
- 55% of Pichincha Microfinance are women.
- 63% of Pichincha Mi Vecino customers are women.
- Portfolio of \$1,117 million for micro and small businesswomen.
- \$954 million disbursed to reactivate women's businesses.
- More than 30 thousand women benefited from talks.
- Closing of the financing gap between men and women by 13%.

ATTENTION IN EVERY CORNER OF THE COUNTRY

[102-6] [102-7] [FS13]

We serve the 24 provinces of the country in urban and rural areas, providing service to our customers and non-customers, through 10,303 points of attention, including agencies, self-service (ATM and multifunctional), non-bank correspondents (CNB) Mi Vecino, kiosks and digital stations (Table 9).

Points of attention

Table 9

Agencies	206
Self-service stores	1,390
Non-bank correspondents Mi Vecino	8,427
Kiosks	96
Digital stations*	183
Total	10,303

* Self-service points located in branches, where customers can join our digital channels and access to products and services.

PICHINCHA MI VECINO

Through our network of Mi Vecino correspondents, we seek to have a greater presence in places where access to financial services is precarious, scarce or non-existent. During this year, 413 basic accounts were opened through our 80 satellite CNBs, which are located in 73 parishes in 18 provinces of vulnerable populations in the country. In addition, 6,550 CNBs were trained in financial education and sales strategies. The network grew significantly thanks to the incorporation of 936 points in Farmacias Económicas and 139 in Medicity, allowing us to strengthen our customer service channel (Table 10).

CNB Mi Vecino Service Points

Table 10

REGION	CNB		%	
	2021	2020	2021	2020
Coast	1,366	1,246	41%	46%
Central Region	917	920	28%	34%
North Region	660	255	20%	9%
South Region	354	307	11%	11%
Total	3,297	2,728	100%	100%

These CNBs correspond to those located in economically disadvantaged populations.

3. Principles of Responsible Banking

During this year we have focused our efforts on advancing the Principles of Responsible Banking promoted by the United Nations Environment Program Finance Initiative (UNEP FI). The milestones achieved in each principle are as follows:

PRINCIPLE 1

Alignment. Our Sustainable Management Model sets the pillars so that the business strategy is coherent, and contributes to the needs of people and the objectives of society in a sustainable

manner, aligned with different standards and certifications mentioned in the section "Sustainable Finance and Financial Inclusion".

PRINCIPLE 2

Impact and goal setting. This year, using UNEP FI's Portfolio Impact Analysis Tool V2, we analyzed the impacts of 100% of the Bank 2020 portfolio disaggregated by segment (see Annex 1, page

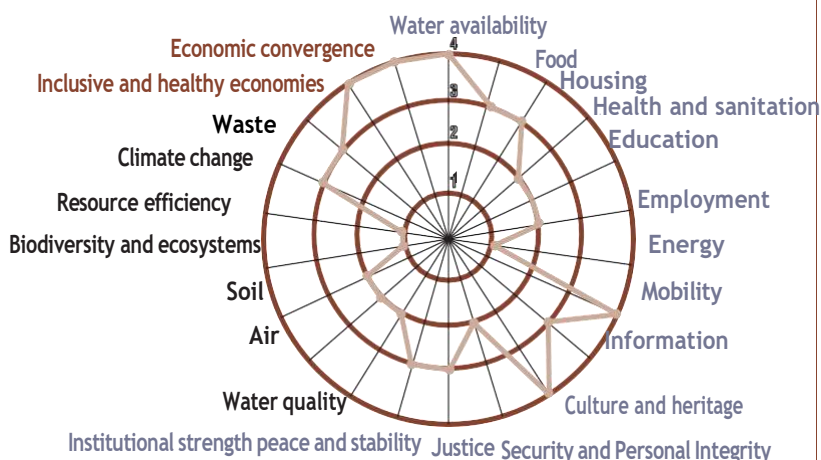
108), considering four variables: scope, scale of exposure, context and relevance (economic, social and environmental aspects) and level of intensity of the impacts.

By taking into account the aspects that have the greatest opportunity for improvement in the country and those that constitute a positive and negative impact of the organization, we prioritized the work in two areas of impact (Graphs 5 and 6).

Context of Ecuador

Graph 5

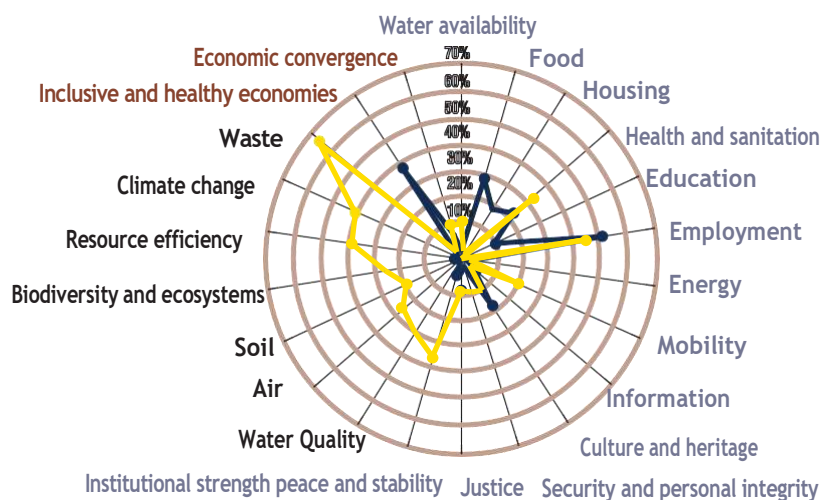
The closer to 4 in each area, the more critical the country's situation is and the more it needs to be addressed.



Corporate segment impact map

Graph 6

● Positive Impact
● Negative Impact





1. Inclusive and healthy economies:

includes full and fair access of underserved social groups to labor markets, finance and entrepreneurship and, in general, to economic opportunities. It also includes, but is not limited to, access to affordable, effective and secure financial services for individuals, as well as for micro, small and medium-sized enterprises. In this area, the Bank is currently generating a high positive impact and we will continue to enhance it.

2. Climate change:

refers to the composition of the global atmosphere and its exposure to GHG emissions as a direct contributor to climate change. We have opportunities for improvement in this area, especially in supporting our customers in managing this issue in their operations. We have initiated a consultancy on climate change that covers carbon footprint measurement with scope 1, 2 and 3. The objective of the consultancy is to identify vulnerable economic sectors and contrast them with the Bank's impact in order to manage and mitigate the impact from 2022 onwards.

The objectives for both topics will be developed over the next year.

3

PRINCIPLE

Customers (goods and services). Our commitment to generate shared value among our customers has led us to ratify voluntary adherence and compliance with the standards and certifications mentioned on page 48, and to work on strengthening the supply of products and services with an environmental and social focus.

4

PRINCIPLE

Stakeholders. During this year we have updated our Stakeholder Map, using the variables of dependence and influence, in addition to an analysis of the type of

relationship, response to change and involvement of these in relation to the Bank's management.

5

PRINCIPLE

Governance and culture. During this year we have strengthened the sustainability governance structure, through the creation of the Sustainability and Inclusion Front, in which vice-presidencies such as Transformation and Business participate, as well as various areas involved in the execution of the sustainability strategy at the organizational level. In addition, the performance of the DJSI is a key performance indicator of the General Management.

6

PRINCIPLE

Transparency and accountability. The Sustainability and Inclusion Front meets every two weeks to review management progress, and we publish our annual Sustainability Report as an exercise in transparency and accountability to our stakeholders.

4. Customer experience

[103-1, 103-2, 103-3] [102-2] [102-7]

To become a simple, close and human Bank that provides sustainable relationships, memorable memories and positive impacts on people and society, one of the pillars is to consolidate a customer-centric culture.

We manage the customer experience from two angles:

1. Customer data: we collect their information to constantly improve their experience.

2. Customer journey design: we created the Center of Excellence of experience to strengthen the experience management model that seeks to build customer loyalty and make their experience with our services more fluid.

We measure customer experience through the relational and transactional Net Promoter Score (NPS), indicators that are monitored by the Strategy Committee and Senior Management. In addition, we have created the Service Committee, where the main customer non-conformities and improvement actions and initiatives are analyzed.

CUSTOMER-BASED PRODUCTS AND SERVICES

[102-2]

Our product portfolio is broad because we seek to solve the needs of the different segments we serve. For the design of each one, we consider internal and external policies and the regulations of the control agencies. In 2021 we deepened the availability and use of digital products as part of our focus on being an agile and simple bank, achieving very encouraging usage and satisfaction figures for our customers (for more information, please refer to the "Transformation" section).

We work under the Agile philosophy with design methodologies that allow us to respond quickly to change, deliver value offerings and maintain an integral vision regarding product creation, technological impact, profitability and life cycle. Our product communication is clear, transparent and aligned with international standards such as *The Smart Campaign's* customer protection certification.

Code of our products and services



BEST PRACTICES FOR CUSTOMER SATISFACTION

[BP6]

In order to strengthen our customer service philosophy, it is imperative to understand our customers' non-conformities, needs, aspirations and dreams. We know that achieving this objective is a challenge and, therefore, we have decided to align ourselves with international standards that strengthen our customer service model and accompaniment strategy for our customers. Aligning ourselves with international standards and certifications, as well as their respective audits, allows us to improve consistently and rigorously. This year we have ratified the following commitments:

SOCIAL PERFORMANCE MANAGEMENT (SPM)

This is measured by means of a social rating granted by a third party, which reflects the effectiveness of the Pichincha Microfinance Segment in achieving its social objectives and creating value for its customers. The results of our rating in 2021 are summarized in five axes:

1 Depth and adequacy of services.

Pichincha Microfinance serves microentrepreneurs nationwide and in remote areas where there is little presence of financial institutions. Through its group methodology, it serves the unbanked and people in rural areas. It has two service branches, the mainstay of which is its work team and the diversity of products adapted to the profiles and needs of its customers. It offers loans exclusively for women (Crédito Mujer) without the need for a spouse's signature, with flexible terms (up to 60 months) and a grace period (up to six months).

2 Responsible finance. Pichincha Microfinance presents a good financial/social balance, despite the pandemic. The cost of credit is responsible, with no additional commissions at the time of disbursement and in line with the ceilings established by local regulations.

3 Corporate social responsibility. Pichincha Microfinances maintains an excellent responsibility towards its employees focused on their welfare and development. Adherence to the Women's Empowerment Principles and gender intelligence trainings are evidence of the interest in the inclusion and development of women within the institution. With regard to the customer, it exhibits a remarkable corporate responsibility reflected in the high level of retention, satisfaction and loyalty of its customers. Pichincha Microfinances satisfactorily complies with the Customer Protection Principles. The design and delivery of products is excellent, being key the realization of several studies to obtain feedback, as well as a credit offer well adapted to their needs.

4 Social commitment. Pichincha Microfinances evidences an excellent social approach with customers, employees, community and environment. The mission is duly internalized at all levels, which mitigates the risk of deviating from it.

5 Social performance management and formalization of processes. The identification and monitoring of social indicators focused on financial health and monitoring the living conditions of its customers is positive.

As a Bank we have positioned ourselves within the range of excellence in social performance worldwide, for being the only Ecuadorian institution to

obtain four stars in the rating of Social Performance Management. This distinction was awarded by the evaluator MicroRate, thanks to the fulfillment of the objectives linked to the welfare of the customer of the Microfinance segment and of society.

Social Ranking

Depth and adequacy of services:

excellent

Responsible finances:

good

Corporate social responsibility:

excellent

Social commitment:

excellent

Social performance management and formalization of processes:

good

Rating *****

Perspective (stable)

CLIENT PROTECTION PRINCIPLES


THE SMART CAMPAIGN

In 2020 Pichincha Microfinance was recertified in *The Smart Campaign* Customer Protection Principles, after fully complying with its seven principles. During 2021 we continued with the execution of good practices in favor of customers and in 2022 we will undertake a new certification process.

DOW JONES SUSTAINABILITY

INDEX

We performed our seventh measurement against the index, as it strengthens our Sustainability Model in a transversal manner and allows us to identify new opportunities and economic, social, environmental and governance risks. In 2021 we maintained a total



score of 57, despite the changes and new issues introduced during this year.

- **Economic and governance dimension.** Performance in the economic dimension decreased marginally by two points year-on-year, but denotes stability in terms of position within the industry, maintaining a percentile of 74 compared to 75 the previous year. The Sustainable Finance score reached 70 points, thanks to the policies for integrating ESG criteria into the business.
- **Environmental dimension.** Our rating increased by three points, thanks to improvements in environmental reporting practices and eco-efficient operations. The climate strategy rating was 69, an area on which we will work hard in 2022.
- **Social dimension.** We raised our score to 56 points, which represents a percentile rank of 75.

This year we were awarded the ESR-Socially Responsible Company recognition by Centro Mexicano de Filantropía, for meeting criteria covering profitability and economic, social and environmental sustainability.

CLAIMS MANAGEMENT

[103-2] [BP4]

We maintain digital and physical channels to manage our customers' complaints. During this year the total number of transactions made through all our channels was 514'908,940 and the number of complaints was 159,522, which represents a rate of 0.031%. During 2020 our rate was 0.038%.

ATTENTION TO CUSTOMERS WITH DISABILITIES

[FS14]

We seek to make our financial services accessible to all our customers, this includes removing barriers and adapting our physical channels for people with disabilities. Currently, 194 of 208 branches have access for people with physical disabilities, through ramps, floor-level access or other mechanisms. In the last two years we have installed ramps in nine agencies, and in 2022 we will install ramps in five more.

5. Economic performance

[103-1, 103-2, 103-3]

Despite the challenges of the economic recovery, this year, we fulfilled our commitment to responsibly and sustainably serve all our stakeholders, the community and the country.

We managed our economic performance through monthly budget compliance in line with the strategic plan. This management is executed by monitoring compliance with product placement goals, deposit gathering and the level of income with respect to the financial costs they generate. We also measure cost management to improve efficiency levels.

Due to the responsible management of economic performance, we maintain adequate levels of liquidity, coverage and solvency that generate confidence. The involvement of Senior Management, vice-presidencies, commercial, administrative and support areas is a key pillar to obtain these indicators with positive results year after year. The results are permanently evaluated by several internal committees, such as the ALCO committee, boards of directors, Management, Strategy, Internal Audit, among others, as well as by external organizations such as risk rating agencies, Superintendencia de Bancos del Ecuador, etc.



It is an ongoing process; changes have been made to the Bank's strategy to adapt to changing market demands and trends, changes to the sales force budget have been proposed and implemented, as well as changes to the overall budget.

Our economic performance is detailed in the "Economic value generated and distributed" section.

We are committed to the integral development of people

.....

- 72** 1. Human capital
 - 80** 2. Gender Intelligence
 - 83** 3. Sustainable procurement
 - 86** 4. Health and safety
 - 90** 5. At the service of the community
-

1. Human capital

[103-1] [103-2] [103-3]

The Human Resources Vice-Presidency manages our talent under objectives and metrics aligned with the strategic plan.

This year we continued to foster and develop the capabilities of our teams; we prioritized change management, leadership, commitment, culture and organizational climate. We also made progress in promoting work-life balance, diversity and inclusion, mainly to close gender equity gaps.

This issue is evaluated internally and externally, through various tools and indicators. We present two measurement systems: the performance evaluation model and the organizational health index.

In addition, we have a listening channel called Pichincha te ayuda, a space that addresses the needs and concerns of our people in emotional, psychological, financial, intra-family problems, labor situation, symptoms of covid of employees and family members. All this management is aligned with several general internal policies and external legal regulations, such as our organizational development policy, culture, climate and change, human rights, benefits, termination and the *Incorporation Manual*.

RESPONSIBLE FAMILY CULTURE

Our work-life balance practices and the protection and support of families are the basis for modeling a humanistic, family-oriented and responsible culture, which shows the human face of our business.

Family-Responsible Company (FRC)



TEMPORAL AND SPACIAL
FLEXIBILITY

2,474
employees
in mixed

QUALITY OF EMPLOYMENT

95.73%

of employees with
permanent contracts

FAMILY SUPPORT

44

face-to-face consultations with the
help of the family counseling service

3

self-esteem workshops

PERSONAL AND PROFESSIONAL
DEVELOPMENT

60.18

hours

average training
per employee

657

promotions

39% men

61% women

EQUAL
OPPORTUNITY



422

hiring

55%

men



45%

women

Social component

COMMUNITY

Financial
education

1'146,594
total sensitized
31,819
trained

73

parishes

with Mi Vecino satellite
correspondents



HEALTH AND SAFETY



35,000
vaccinated
against COVID-19

2,000
vaccinated
against influenza



We did

190

emergency
drills in
agencies

1,142

ergonomic
equipment in
the main
buildings

Since 2019, our performance has been guided by the Family-Responsible Company (FRC) management model of Fundación Más Familia under five dimensions (Graph 1).

Year after year, the internal monitoring audits we receive, ensure that we comply with the legal aspects regarding the reconciliation of family and work life; as well as the standards and requirements for the establishment and implementation of the management model.

Below, we present our management based on the FRC dimensions.

QUALITY IN EMPLOYMENT¹

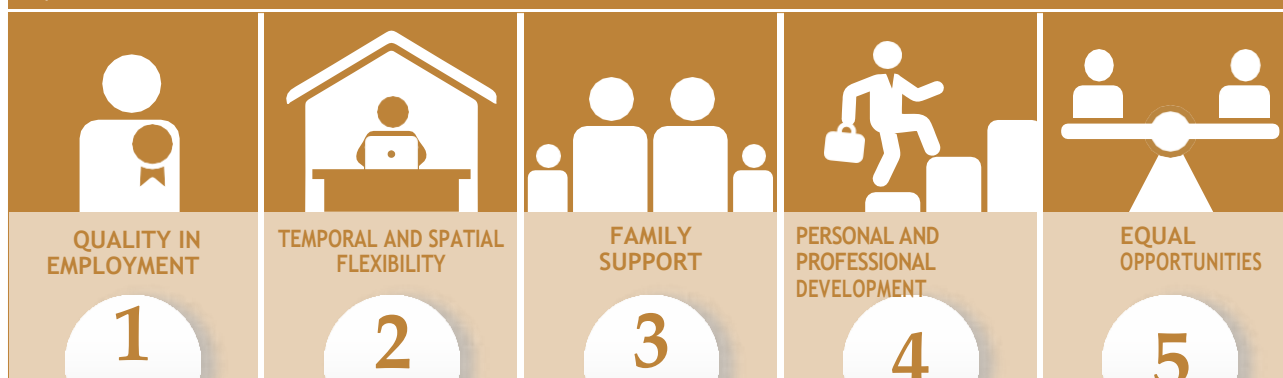
[102-7] [102-8] [DJ 3.2.3]

Our people reflect the diversity of the communities in which we operate and adapt to new market challenges. They are the ones who mobilize the transformation of our Bank, delivering the best

¹ In 2021 the Célula Agiles Megabit project was launched. As a result of this initiative, human talent information was centralized in a single area: Shared Services, in order to respond to the requirements under a single criterion. This area is the one reporting the information this year. Due to this, some criteria have changed in the way we reported, in order to present more accurate data.

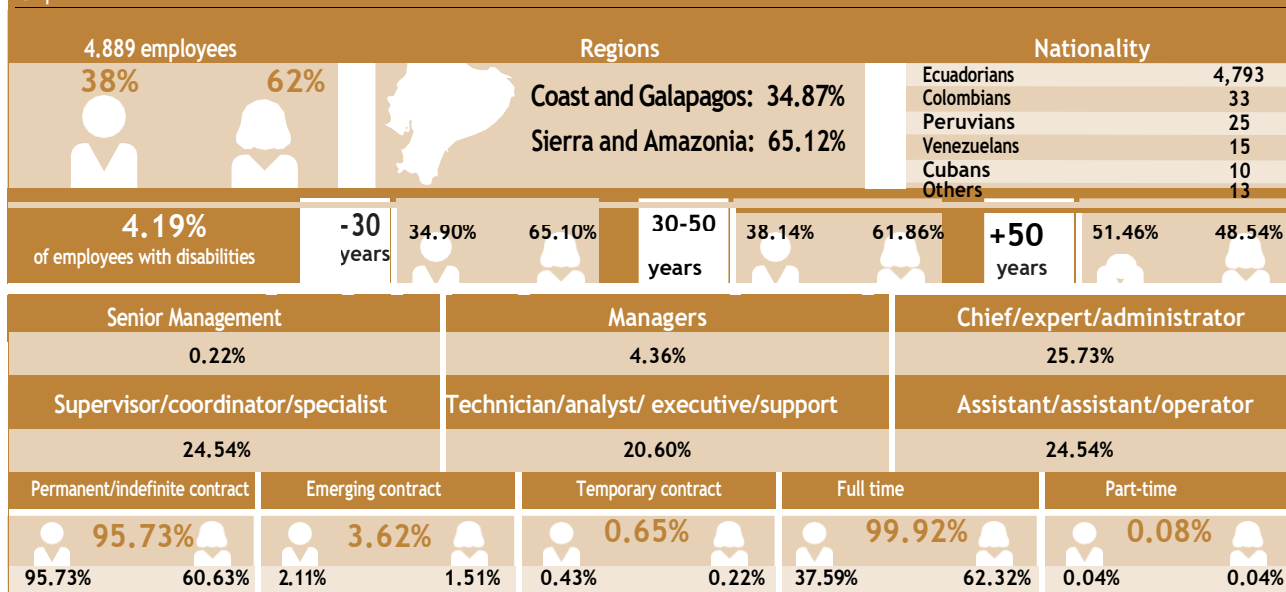
Our pillars of conciliation

Graph 1



General indicators of our people

Graph 2



experience to the customer and enabling a positive and fair impact on society. Graph 2 shows a quick glimpse of how our talent² is constituted.

For more information on our people in figures, see Annex 2, p. 112.

TALENT ATTRACTION AND RETENTION³

[401-1] [DJ 3.5.1] [DJ 3.5.6]

At Banco Pichincha we continue to work on one of our strategic drivers: "Developing the best human team". In this line we have executed several initiatives to attract, develop and retain the talent that will drive our transformation (Table 1)

For more information on new hires and turnover, see Annex 2, p. 112.

ORGANIZATIONAL HEALTH

[BP2] [DJ 3.5.7]

In 2021 we conducted the organizational health measurement internally with methodology from a third party: McKinsey⁴. It was carried out with the firm purpose of maintaining the well-being of our employees so that they can achieve their own and transversal objectives in a sustainable manner. A total of 4,892 employees were invited to participate and 4,115 responses were obtained, an 84% participation rate (Table 2, Graphs 3 and 4).

² The information is obtained from the internal head count database as of December 31, 2021. Information on active collaborators by type of contract and working day as of that date is taken from the Genera program.

³ In 2021 the Célula Agiles Megabit project was started. As a result of this initiative, human talent information was centralized in a single area: Shared Services, to meet the requirements under a single criterion. This area is the one reporting the information this year. Because of this, some criteria have changed in the way we reported, in order to present more accurate data. This year, there are criteria that were not considered in previous years, such as the elimination of certain types of contracts, income, departures, movements (interns and casuals), which directly affect the calculation of the turnover rate indicator.

⁴ The health dimensions illustrate our perceptions of effectiveness and are measured on a Likert scale considering "strongly agree", "agree", "neither agree nor disagree", "disagree", "strongly disagree". Practices assess the frequency with which we take necessary actions and are measured on a Likert scale considering "always", "almost always", "sometimes", "almost never" and "never".

New hires

Table 1

Number and rate of new hires¹

422 persons	8.7% ²
188 women	234 men
Under 30 years of age	207
From 30 to 50 years of age	213
Over 50 years	2
386 nationals	36 foreigners
86 Coast and Galapagos	336 Sierra and Amazonia
Average cost of hiring 2021 ³ : \$153.10	

Number and rate of vacancies filled by internal candidates⁴

657	60.89% ⁵
-----	---------------------

Number and effective turnover rate⁶

626 persons	12.9% ⁷
372 women	254 men
Under 30 years of age	233
From 30 to 50 years of age	371
Over 50 years	22
615 nationals	11 foreigners
212 Coast and Galapagos	414 Sierra and Amazonia

Number and rate of unwanted turnover

280	5.76% ⁸
-----	--------------------

¹ Only permanent, emergent and partial contracts are included in the income. Temporary and internship contracts are not included. In the case of interns, there is no contractual relationship, and temporary contracts are a type of contract that is valid, so turnover is expected. The base for the calculation of this indicator is 4,889 employees.

² Number of new employees (422)/total number of employees at the end of the year (4,857); excluding temporary contracts (32).

³ For the calculation of this figure, all types of contracts were considered, including interns and temporary employees, since recruitment expenses include these hires. The calculation was made on the basis of 494 full-time employees (8 hours).

⁴ Vacancies filled by internal candidates are considered: promotions and movements.

⁵ The formula is the total number of vacancies filled with internal candidates (657)/total number of vacancies in the year (1,079). Does not include temporary contracts or interns.

⁶ This indicator does not include departures of interns or temporary contracts, since by their nature they imply not remaining in a permanent position.

⁷ Number of employees who left the organization (626)/total number of employees at year-end (4,857). Does not include temporary contracts (32).

⁸ Number of employees who did not wish to leave the organization (280)/total number of employees at the end of the year (4,857). Does not include temporary contracts.

Organizational health

Table 2

	MEASURE	21	20	19	18	OBJECTIVE 2021
ORGANIZATIONAL HEALTH	Measurement result in percentage	87%	87%	87%	86%	86%
DATA COVERAGE	Percentage of employees who participated in the survey	84%	91%	72%	76%	

Participation in the measurement of organizational health by nationality and gender

Graph 3



Participation in the measurement of organizational health by professional category

Graph 4

Senior Management	Managers/ responsible persons	Chief/ expert/ administrator	Supervisor/ coordinator / specialist	Technician / analyst/ executive/ manager	Assistant/ assistant/ operator
7	188	1,056	1,640	1,130	94

The results of the measurement were 87 points out of a total of 100, exceeding our target of 86. They revealed customer focus, consultative leadership, personal accountability and risk management as strengths, and talent

development as an opportunity for improvement. Based on this result, we are working on transversal action plans that involve the entire organization, and specific ones, aimed at each vice-presidency, management, area or as appropriate (Table 3).

Actions implemented

Table 3

CUSTOMER FOCUS	Creation of the Experience COE in which methodologies are developed to improve customer perception.
CONSULTATIVE LEADERSHIP	Bimonthly face-to-face and online <i>Townhalls</i> , and spaces to listen to the employee's voice and involve them in organizational definitions.
PERSONAL RESPONSIBILITY	Empowerment and <i>accountability</i> for employee decisions according to their level of contribution.
RISK MANAGEMENT	Creation of the 3LoR front in which best practices and methodology for proper risk management are defined.
TALENT DEVELOPMENT	Training programs with open offer and generation of learning spaces to share knowledge.

DIMENSION OF TEMPORAL AND SPACIAL FLEXIBILITY

We seek to ensure the reintegration of mothers into the workforce and a balance between the personal and professional lives of our people. For this reason, we have three schemes operating in our organization:

Mixed

Mixed work between home and office for support areas.

Part-time work

Part-time work for cashiers to assist during peak hours at agencies, as well as fill in for absenteeism.

Joint day

Replacement of one person's full-time job by two people on a part-time basis.

Due to the pandemic, in 2020 we significantly increased the number of employees on teleworking hours. In mid-2021, we began the return of our employees to a mixed workday model, which, at the close of this report, remains in place⁵.

586 employees

from January to June
2021 in teleworking hours

2,474 employees

from January to June 2021 in
mixed

FAMILY SUPPORT DIMENSION

Family program

We provide our employees with a space to share and learn about family issues through talks,

videos and educational and motivational activities (Table 4).

Family program

Table 4

- Talk on balance and family life
- Saving in childhood program
- Life and career plan
- Ongoing management of employees who require emotional support of any kind
- Permanence and improvement of benefits for our people and their families
- Support on financial issues, emotional support and management of psychosocial issues.

Parenting program

[401-3]

Since the beginning of the pandemic, our focus has been on pregnant women and nursing mothers (one of the groups vulnerable to the health crisis). We have worked to provide them with job security and flexibility, allowing them to take care of their health, that of their unborn child, and to reconcile their personal and professional lives.

We achieved the following progress on the commitments made for 2021:

- Implementation of breastfeeding centers nationwide.
- Talks on humanized childbirth and breastfeeding.
- Talks on strategies to reduce stress in the family.
- Implementation of work flexibility measures, joint day.
- Professional help and support service to attend to needs related to emotionality and well-being, promoting work-family reconciliation.
- Four projects: Ser Madre, Sin Fronteras, Junto a ti and Cuenta conmigo.

Rate of return to work to work after parental leave 2021 ¹		Retention rate after parental leave 2021	
100% men	98% women	78% men	74% women

¹ For more information, see Annex 2.

⁵ As each month we have variations in the modalities, an average has been made in order to have the most approximate data.

PERSONAL AND PROFESSIONAL DEVELOPMENT DIMENSION

[404-1] [404-2] [DJ 3.4.1]

We seek to develop employees' knowledge and skills and offer career opportunities to motivate employees. To this end, we use tools and processes that allow us to manage and administer the training, education, technical updating and personal and professional development of our talent:

1. Evaluation methodology given by Kirkpatrick (return on investment or ROI of training), which aims to measure the impact on traditional training programs.
2. Analysis-design-development-implementation scheme-evaluation (ADDIE), understood as a systematic method for the creation of learning experiences for the development of skills and knowledge.
3. Constructivist learning method 70-20-10, which indicates that a professional's learning is composed of 70% of what will be achieved

through practice or experience, 20% by *feedback* and only 10% by fully structured courses or programs.

In accordance with policies and procedures, each employee has available to him or her different learning tools and means that allow him or her to follow a professional development path. The training offer is planned transversally, as well as specifically for each area of action within the organization (Tables 5 and 6).

In 2021, we will continue to develop our talent and generate career opportunities for our people through various programs (Graph 5).

Average hours of training




Table 5

60.18	
61.32 men	59.49 women
Average training and development expenditure per employee \$205.95¹	

¹ All types of contracts, including temporary contracts, were considered in the calculation of this figure. The calculation was made on the basis of 4,887 full-time employees (8 hours).

Training provided to employees by professional category

Table 6

		AVERAGE HOURS MEN 	AVERAGE HOURS WOMEN 	AVERAGE HOURS TOTAL 
PROFESSIONAL CATEGORY	Senior Management	19.45	N/A ¹	20.36
	Managers	59.56	64.36	61.52
	Chief/expert/administrator	62.46	57.79	59.95
	Supervisor/coordinator/specialist	92.11	84.69	87.19
	Technician/analyst/executive/manager	75.61	95.93	89.27
	Assistant/assistant/operator	17.02	5.37	9.13

¹ These training hours are not presented because, at the end of 2021, the people who received these trainings are no longer part of the organization.



PERFORMANCE EVALUATION⁶

[404-3]

We conduct annual evaluations that seek to generate a dynamic of continuous improvement. The target group of employees evaluated was 4,858⁷ (Tables 7 and 8).

PERSONAL BENEFITS⁸

[401-2]

These are some of the benefits we provide only to our permanent employees:

- Life insurance, with disability coverage.
- Health insurance, with major medical expenses.
- Childcare compensation benefit.
- Loans at differentiated rates and savings plans.
- Free psychological assistance for six sessions.
- Vehicle insurance with exclusive conditions and special price.
- Leave or days off due to change of residence or marriage.

⁶ The data corresponds to the 2020 performance evaluation, which closed in March 2021.

⁷ The performance evaluation is generated for all employees who comply with the policy, i.e., have a minimum of six working months.

⁸ More benefits related to health promotion are detailed in the "Safety and health" chapter.

EQUAL OPPORTUNITY

DIMENSION

Information on this point is developed in the chapter "Gender Intelligence".

2. Gender intelligence

Purpose

"Create an organizational culture that understands and values differences".

From our management model and sustainability policy, we create value for our institution and society,

Employee evaluation

Table 7

98% employees evaluated		2% employees without evaluation	
35% men	63% women	1% men	1% women

Rate of employees receiving regular performance evaluations by employee category

Table 8

		EVALUATED		NO EVALUATION	
PROFESSIONAL CATEGORY	Senior Management	32	89%	4	11%
	Managers	148	99%	2	1%
	Chief/expert/administrator	1,018	99.32%	7	0.68%
	Supervisor/coordinator/specialist	1,191	99%	11	1%
	Technician/analyst/executive/manager	1,004	99%	12	1%
	Assistant/assistant/operator	1,358	95%	71	5%



promoting diversity and inclusion, and promoting equal opportunities in our operations, mainly equity and support for the progress of women, our employees and customers. To this end, we work to build an inclusive culture, which is one in which difference is a value.

Our actions in this area are deployed through Pichincha Diverse and Inclusive program. All this under a framework of policies and guidelines that promote meritocracy and equal opportunities for all: the human rights policy, the Code of Ethics and Conduct, the development policy, the structure policy and the signing of the UN Women Women's Empowerment Principles.

The program has the commitment of Senior Management, the Gender Intelligence Committee, different sponsors distributed throughout the organization and an operational team that works strategically.

Internally we are evaluated every year with the certification of our FRC management model. This year we also participated in the evaluation of the Women's Empowerment Principles of UN Women and Global Compact; second year in PAR Ranking and the "Talent has no gender" recognition. The results of these external evaluations are detailed later in this chapter.

We also have a communication channel for our people to express their main concerns and worries related to this issue.

PICHINCHA: DIVERSE AND INCLUSIVE

Our Gender Intelligence Program follows a path that includes five guidelines:

1 TALENT ATTRACTION: attract the best talent with a gender equity lens, with initiatives such as CV Anónimo, Escuela Líderes and Programa Futuros Líderes.

2 TRAINING: train at all levels to achieve equity at the institutional level, programs focused on senior management and employees, and technology and strategic alliances.

3 DEVELOPMENT: develop programs for all our employees, such as talent mapping, internal manuals, inclusion of OKR 2024 for talent mobility with a gender focus, and cross-cutting communication campaigns.

4 CULTURE: we seek to be a bank with diversity and inclusion, where all ideas are welcome.

5 MEASUREMENT: we measure ourselves annually to have diagnostics that help us close gaps and continue to grow in this challenge.

1

TALENT ATTRACTION

[405-1] [405-2] [3.2.5]

At Banco Pichincha we are committed to diversity of gender, age, origin, culture,

knowledge and different skills in our workforce, as one of the key elements to attract and retain the best talent and offer the best service to our customers (Tables 8, 9 and 10).

Participation by gender in each labor category

Table 9

		2021		2020	
		WOMEN	MEN	WOMEN	MEN
PROFESSIONAL CATEGORY	Vice presidents/managers/responsible persons	38.84%	61.16%	39.89%	60.11%
	Chief/expert/administrator	53.74%	46.26%	55.31%	44.69%
	Supervisor/coordinator/specialist	66.33%	33.67%	65.17%	34.83%
	Technician/analyst/executive/manager	67.23%	32.77%	68.30%	31.70%
	Assistant/assistant/operator	67.75%	32.25%	67.94%	32.06%

Participation by age in each labor category

Table 10

		UNDER 30 YEARS OF AGE	FROM 30 TO 50 YEARS OF AGE	OVER 50 YEARS OF AGE
		2021	2021	2021
PROFESSIONAL CATEGORY	Vice presidents/managers/responsible persons	0.89%	81.25%	17.86%
	Chief/expert/administrator	11.21%	83.94%	4.85%
	Supervisor/coordinator/specialist	19.92%	78.42%	1.67%
	Technician/analyst/executive/manager	32.77%	65.44%	1.79%
	Assistant/assistant/operator	62.92%	34.42%	2.67%

Ratio of basic salary and remuneration of women versus men ¹

Table 11

		UNDER 30 YEARS OF AGE				FROM 30 TO 50 YEARS OF AGE				OVER 50 YEARS OF AGE			
		2021		2020		2021		2020		2021		2020	
		M	W	M	W	M	W	M	W	M	W	M	W
PROFESSIONAL CATEGORY	Assistant/Auxiliary	1.00	1.02	1.00	1.01	1.00	1.04	1.00	1.05	1.00	1.32	1.00	1.31
	Supervisor/coordinator/specialist	1.00	0.91	1.00	0.90	1.00	0.91	1.00	0.92	1.00	1.09	1.00	1.05
	Chief/expert/administrator	1.00	0.91	1.00	0.91	1.00	0.93	1.00	0.91	1.00	0.93	1.00	0.92
	Responsible/manager	1.00	0.75	-	-	1.00	0.92	1.00	0.88	1.00	0.85	1.00	0.86
	Technician/analyst/executive/support	1.00	0.96	1.00	0.99	1.00	0.97	1.00	0.98	1.00	1.09	1.00	1.05

¹ Due to confidentiality issues, information related to Senior Management is not reported.

2 TRAINING

During 2021 we conducted a series of workshops on diversity and inclusion with a focus on unconscious biases, aimed at the selection team and generalists of the Human Talent area at the national level. With the objective of strengthening knowledge on how these biases are manifested and avoided within the processes that are part of the *Employee Journey Map* of our employees.

As a result, six guides were produced for different processes detailing the best practices for managing diversity and inclusion in talent management and their application.

Subsequently, these reports were socialized through training talks to the supervision lines, providing support tools to manage diversity, inclusion and eradication of unconscious biases. All this within the framework of our Pichincha Diverse and inclusive Program.

3 EXTERNAL MEASUREMENTS

We present the results and follow-up of the work plans of each of the diagnostics to the Sustainability Committee, made up of executives from Senior Management at a transversal level, on a monthly basis.

- **Family Responsible Company (FRC) Certification.** We are evaluated internally every year, through the audit for the certification of our FRC management model under the equal opportunity pillar. In 2021 we maintained our FRC certification, thanks to a cross-cutting work team that executes actions to close the gaps. Their goal for 2022 is to upgrade this certification.

- **Evaluation of the Women's Empowerment Principles.** In 2021 we participated in the assessment of the UN Women and Global Compact Women's Empowerment Principles. Our performance was rated as "advanced" above the average of companies at the

regional level that have participated in this initiative.

- **PAR Ranking.** This is a diagnostic tool that measures gender equity and diversity in companies. This measurement is a continuous improvement tool for participating organizations.
- **Recognition "Talent has no gender".** Women for Women Ecuador, the Chamber of Industries and Production (CIP) and PwC, with the support of the Inter-American Development Bank (IDB) and UN Women, held the fourth edition of the "Talent has no gender" Award, an initiative that aims to recognize and promote good practices of organizations in favor of gender equity. Participants must undergo an external audit process.

We are proud to know that the efforts and progress made in this area in recent years **merited the first place in the "Talent has no gender" category of national companies.**

- **Support for businesses led by women.** We detail the actions of this line of action of our strategy for female customers in the "Sustainable Finance" chapter.

3. Sustainable purchasing

Purpose

"Manage, administer and improve the organization's purchasing decisions by integrating and assessing economic, social and environmental risks and opportunities".

Our purchases are managed by the Purchasing area. Its management integrates social, environmental, safety, occupational health and ethical requirements, as part of the Sustainable Purchasing Program aligned with the ISO 20,400 standard. We have a sourcing strategy, a sustainable purchasing policy and the Code of Ethics for Suppliers⁹, instruments that establish our commitments to supplier management.

Our management allows us to identify, control and manage risks and opportunities generated in the purchasing process, in order to avoid acts of corruption, prevent economic losses in operations, contribute to cost reduction, seek greater productivity and efficiency, and acquire sustainable goods and services.

The purchasing process is based on bids that evaluate aspects of operational, technical, commercial, quality and financial capabilities, in order to ensure compliance with the agreements reached.

For critical and strategic suppliers, legal, information security, sustainability and business continuity criteria are added.

Compliance with sustainability requirements is verified externally through the supplier qualification process for those suppliers defined as important, critical and strategic¹⁰. The results of these evaluations are detailed in this chapter.

In 2021 we updated our Supplier Code of Ethics and continue working to align our sustainable procurement program with the requirements of ISO 20,400. Our suppliers have a space on our website to report irregularities or complaints about the procurement of goods and/or services¹¹.

¹⁰ Note: They are "critical" in terms of continuity (sensitive for the organization, direct impact on functionality) or for their direct impact on the critical processes established by the Bank. Level 1 and 2. "Strategic" are evaluated for their continuity, but their responsibility is not based on the critical ones. Level 3 and 4. Turnover amount greater than \$1 million in a year. In other words, a robust rating. "Significant" are defined by turnover amount of \$20,000 or more in a year. Intermediate rating.

¹¹ <https://inicio.pichincha.com/portal/transparencia/canal-etico-proveedores/>.

⁹ Follow this link to review the Code of Ethics for Suppliers: <https://inicio.pichincha.com/portal/desarrollo-sostenible/etica-y-transparencia/>.

Number of suppliers by type

Table 12

	2021		2020	
	LOCAL	INTERNATIONAL	LOCAL	INTERNATIONAL
SERVICES	1,081	143	1,101	155
GOODS	582	5	593	6
TOTAL PAYMENTS	1,663	148	1,694	161

Payments to suppliers

Table 13

	2021			2020	
	AMOUNT (\$)	%		AMOUNT (\$)	%
LOCAL	326'961,900.05	86.81	LOCAL	326'779,851.14	86.42
INTERNATIONAL	52'284,820.920	13.17	INTERNATIONAL	51'340,689.35	13.58
TOTAL PAYMENTS	396'516,661.98	100	TOTAL PAYMENTS	378'120,540.49	100



OUR SUPPLIERS

[102-9]

More than 90% of our purchases are made from national suppliers (small, medium and large companies), thus contributing to the dynamization of the local economy. Our suppliers are classified as important, critical and strategic suppliers (Tables 12 and 13).

SUSTAINABLE PURCHASING PROGRAM

[414-1] [414-2]

During 2020, the process of updating supplier qualification requirements was initiated, taking as a reference the safety, health, environment, quality, social and ethical criteria recommended by the ISO 20,400, 18,001, 14,001 and 9,0001 guides.

Three types of ratings were defined:

1. Robust rating will be applied to critical and strategic suppliers, and the evaluation will consider issues such as financial evaluation, operational capacity, commercial management and quality, legal compliance, information security, sustainability, business continuity, among others.
2. Intermediate and general rating will be applied to important and general suppliers, and issues such as financial evaluation, operational capacity, commercial management and quality will be considered.
3. Simple rating will be applied to general suppliers according to their economic activity, and issues such as financial evaluation and operational capacity will be considered.

International suppliers will be evaluated by means of a documentary review, in which they will be asked to be familiar with the Code of Ethics for Suppliers.

In order to apply the new qualification modalities, a pilot was carried out in December with 10 critical suppliers (8 local and 2 international), which were given a robust qualification.

Under the sustainable procurement program, we have a risk matrix for the supply chain; however, there are no significant potential risks in terms of safety, health and environment. During 2021, 116 new suppliers were evaluated with health, safety and environmental criteria (Table 14).

New suppliers that have passed selection filters according to social criteria

Table 14

116	New suppliers	
43	New suppliers evaluated on health, safety and environmental criteria	
14%	Suppliers evaluated on health, safety and environmental criteria	

For the second consecutive year, we conducted a survey of our suppliers classified as critical, in order to evaluate the practice of human rights and ethical conduct in the development of their activities, as well as compliance with current labor, safety, occupational health and environmental regulations.

This year we included a section in which they were consulted on issues related to employee and family practices, aligned with FRC certification. The results of the survey will be published in the *2022 Sustainability Report*.

2022 Goals

The 2021 commitments are in the process of being implemented. The following remain active for 2022:

Dissemination of the sustainable purchasing program.

Obtaining the ISO 20,400 seal of conformity (first company in Ecuador to have a sustainable purchasing program).

Supplier training program.

4. Occupational health and safety

[103-1] [103-2] [103-3] [403-1]

[403-7] [403-8]

Purpose

“Minimize or eliminate existing occupational hazards, in order to avoid accidents or occupational diseases, promoting healthy and safe working environments”.

The Safety, Health and Environment area is made up of regional offices staffed by fourth-level professionals in the field and occupational physicians, who follow the guidelines defined in the Integrated Health, Safety and Environment Management System (HSE), based on the ISO 45,001 and ISO 14,001 standards, and in line with current national regulations¹².

The system has a policy endorsed by senior management¹³. Its scope includes all our employees, suppliers and other interested parties, as well as all facilities, activities, products and services in Ecuador. Exceptions to this scope are the ATM islands.

Prevention projects such as vaccination days, occupational examinations, training, drills and the psychosocial risk program are some of the initiatives that were implemented during 2021 and are described in this chapter.

The organization evaluates the SSA through the control, monitoring and presentation of a series of management indicators required by governmental

¹² The legal requirements of the management system are detailed in the GRI table.

¹³ The HSS policy is published on the website <https://inicio.pichincha.com/portal/desarrollo-sostenible/seguridad-salud-y-ambiente/>.



control entities: Índice de Análisis de Riesgo de Tarea (IART), Índice de Entrenamiento de Seguridad (INTS), Índice de Gravedad (IG), Índice de Frecuencia de Accidentes (IF), Tasa de Riesgo (TR)¹⁴. In addition, the goal is to increase the rigor of the SSA evaluation, through internal reviews led by Audit. The team in this area will specialize in management system audits during 2022.

Our employees have a straightforward channel to report any anomaly related to occupational health and safety.

COVID-19 EMERGENCY

During 2021, we continued to develop actions focused on the prevention and management of covid-19 infection risks, prioritizing people's health and safety.

VACCINATION DAYS

As a Bank, we joined the 9/100 Vaccination Plan initiative, together with the business sector and the national government, through vaccination days against covid-19, reaching 37,000 people among workers, suppliers and family members nationwide.

**35,000 people
vaccinated against
covid-19, among
employees, suppliers
and family members
nationwide.**

Our vaccination process was recognized by Cámara de Industrias y Producción (CIP), which congratulated our commitment and contribution. This action falls within the framework of the efforts we

have undertaken since the beginning of the health emergency, including #SumarJuntos trust, which raised \$17 million for the implementation of biosecurity projects, equipment, diagnosis of the disease and delivery of medicines in all provinces.

HAZARD IDENTIFICATION AND RISK ASSESSMENT

[403-2]

Our hazard identification and risk assessment matrix is based on the Colombian GTC 45 methodology and is approved by the Ministry of Labor. With it, our specialized technical team identifies hazards and evaluates risks in all processes and workplaces. Based on the results, we implement control and prevention measures that improve working conditions with respect to the assessed risks. In the event of any threat, our employees can report an occupational hazard situation that places personnel at risk¹⁵.

Channels

Workplace health and
safety manager



Telephone call



usrpseso@pichincha.com

¹⁴ The results of these indicators are presented in this chapter.

¹⁵ The employee who reports an unsafe condition has the full protection of the legislation and of our Internal Occupational Health and Safety Regulations.

In addition, if a worker wishes to withdraw from a situation that he/she believes may lead to injury, illness or disease, he/she must inform his/her superior, who must prohibit or stop work in which imminent risks of accidents are detected when it is not possible to use the appropriate means to avoid them. In incidents where our employees, visitors, contractors, suppliers in agencies and establishments are affected, the report must be made by the manager or administrator of the agency, using the channel described above.

The process of investigating labor incidents is led by the Health, Safety and Environment area, which determines the causes and proposes corrective actions.

PROMOTION

THE HEALTH OF OUR EMPLOYEES

[403-6] [401-2]

The team of occupational physicians implements prevention programs in our work centers in terms of physical and psychological health, in compliance with national regulations.

Among the programs developed in 2021 we have the following:

- Phase 1 occupational examinations in Quito, Guayaquil and Santa Elena.
- Covid-19 vaccination.
- Influenza vaccination.
- Psychosocial risk prevention program.
- Tobacco, alcohol and drug consumption prevention program in public and private companies.
- HIV/AIDS prevention program.

It is important to promote and prevent the health of our employees. Table 14 presents the benefits we provide.

HEALTH AND SAFETY

TRAINING

[403-5]

In 2021 we implemented the training program for emergency brigade members, carried out by external personnel qualified by the Ministry of Labor. In addition, we implemented e-learning on occupational health and safety, training 94% of our employees.

Preventing the health of our people

Table 15

BENEFICIARIES	BENEFITS
EMPLOYEES WITH PERMANENT AND EMERGENT CONTRACT (at least six months of duration)	Co-pay private health insurance (including family members)
	Life insurance
	Free speech, physical and psychological therapies (up to six sessions)
	PCR tests (minimum 10% co-payment)
	Travel insurance (in case of business trips)
TEMPORARY AND EMERGENCY PERSONNEL (less than six months)	Health insurance policy (Benefits similar to private insurance for permanent contract employees, includes coverage for covid-19)

PARTICIPATION OF EMPLOYEES IN HEALTH AND SAFETY MATTERS [403-4]

The Joint Occupational Health and Safety Committee meets monthly and seven subcommittees meet every two months, integrated by three members on the employee side (elected by vote) and three on the employer side, with their respective alternates. The occupational physician and the occupational health and safety technician also participate in the meetings, with voice but no vote. The committees allow employees to participate in safety and health issues. Employees can also express their suggestions or queries on these issues through an e-mail box. Dissemination of these issues is done by e-mail and internal social networks.

SAFETY OF OUR EMPLOYEES AND CUSTOMERS [403-7]

Our offices, branches, agencies and ATMs have a security certificate issued by the Ministry of Government, thus guaranteeing that our facilities comply with current security regulations.

Due to the nature of our business, we face a series of specific risks, including robberies and assaults on our facilities or attacks and aggressions (verbal or physical) by customers or others. Our Physical Security area gives priority protection to people (employees, customers, suppliers, visitors) and, in addition, to property and image. In line with this objective, we have developed complex security schemes. To ensure an agile and adequate response, our employees are familiar with the protocols to be followed in the event of such emergencies.

We have updated 100% of our emergency plans nationwide. In addition, due to covid-19, we implemented the respective biosafety protocols for our customers and employees.

HEALTH AND SAFETY INDICATORS IN 2021

[403-9] [403-10] [DJ 3.7.2]

In 2021, the main types of injuries due to occupational accidents were *in itinere* accidents (accident suffered by the worker while going to or returning from the workplace). Based on this, 337 employees were trained to prevent this type of incident. The training included defensive driving, road safety, and traffic regulations. Our health and safety indicators are detailed below (Tables 16, 17, 18, 19 and 20)¹⁶:

Accidents by gender

Table 16

RATE 2021		RATE 2020	
Woman	Man	Woman	Man
1	2	6	2

Lost-time accidents

Table 17

RATE 2021	RATE 2020
3	8

Accidents by region

Table 18

	2021		2020	
	#	%	#	%
LITORAL REGION	0	0	1	12.5
COUNTRY REGION	2	67	1	12.5
QUITO REGION	1	33	6	75

¹⁶ The number of hours worked in 2021 on which the indicators were calculated was 11'033,616. The rates have been calculated per 1'000,000 hours worked. No workers have been excluded for the calculation of these indicators.

General health and safety indicators

Table 19

	RATE 2021	RATE 2020
	(%)	(%)
Accident frequency rate	0.06	0.15
Severity rate	2.84	1.25
Risk rate	51.33	8.63
Illness rate	0	0

Health and safety indicators

Table 20

	2021	2020	2019	2018
Absenteeism rate (%)	2.69	5.89 ¹	2.21	2.27
Percentage of employees and absenteeism rate coverage	100%	100%	100%	100%

The value of the 2020 indicator was modified because in January 2021 extemporaneous absences were reported and included

CONTRACTOR

HEALTH AND SAFETY

[403-7] [403-8]

Guidelines to mitigate risks for contractors are included in our Health, Safety and Environment Management System. These are requested once the supplier is going to start its services and are described in the civil contracts.

Among the requirements requested from suppliers is the identification of hazards and risks of their activity, as well as the notification of accidents in case of occurrence within our facilities and compliance with biosafety protocols related to covid-19.

Currently, processes are followed in which mandated suppliers also participate in supporting the system (security guards and cleaning personnel).

Goals 2022

Vaccination of third dose against covid-19 to 90% of personnel.

Installation of 30 breastfeeding centers nationwide.

100% coverage of ergonomic equipment for personnel using *laptops*.

5. At the service of the community

[413-1] [FS16] [3.6.1]

Through Fundación CRISFE we continue to work with the community to improve the conditions of people in vulnerable situations. The scholarship and financial education programs have an economic and social impact on the beneficiaries and their communities. As a result of the covid-19 pandemic, #SumarJuntos trust fund was developed. These programs respond to the vision and commitment of Senior Management and the Board of Directors; they have annual compliance goals, resource allocation, and are subject to internal monitoring and external auditing processes.

SCHOLARSHIP PROGRAM

We continue to provide scholarships to students in vulnerable conditions for a quality education and support until they graduate. This program has two objectives: 1. Generate greater labor insertion and income for scholarship beneficiaries. 2. Promote social equity by preventing school dropouts and mitigating school desertion.

The program is managed through the project methodology and follows up with beneficiaries to gather their concerns, learn about the status of their scholarships and communication needs, which made it possible to generate a work plan for social networks. As a result of the analysis of the information gathered, the program was restructured, incorporating new needs of the beneficiaries and improving the service.

FINANCIAL EDUCATION PROGRAM

The objective of the program is to manage, innovate, transform and implement a structured and continuous Financial Education System, which allows beneficiaries to have healthy finances and make wise decisions in their life cycle. It has three axes:

1 TRAINING: structured and continuous face-to-face and virtual synchronous and asynchronous training processes, aimed at Banco Pichincha's customers and the general public.

2 ADVICE: processes of awareness, training and scalable advice for Banco Pichincha executives to internal and external customers and the general public.

3 COMMUNICATION: awareness-raising through various media and communication channels to customers and the general public.



SCHOLARSHIP PROGRAM 2021

2,387

Scholarships awarded

79%

High school

11%

Technical-technological education

779

Students who completed their studies
(high school, bachelor's degree, etc.)

92%

Students who passed

6,45%

Students who dropped out of school



FINANCIAL EDUCATION 2021

31,819

Persons trained

57,7%

Employees on the payroll and the
public in general

10,9%

Children and teenagers

8,6%

Micro-entrepreneurs

99%

Virtual training

1'146,594

People sensitized

(Press, radio, television, social networks and web)

The thematic areas are addressed with practical tools to reinforce knowledge, including the following:

- Budget
A tool for organizing finances with income planning and expense control.
- Savings and financial goals
A tool to elaborate a savings plan oriented to meet goals and face unexpected events.
- Responsible borrowing
A tool to take advantage of investment opportunities based on the analysis of key indicators (payment capacity, debt and income).
- Investments and insurance
A tool to know the value of money over time, assume risks, and protect savings and assets through the use of insurance.
- Financial system and financial user protection
Learn to discriminate the institutions of the financial system according to the control entity, knowing the principles of user protection.
- Banking security
Skills to avoid being a victim of criminal modalities that affect transactional activities.

The program is evaluated annually by measuring the satisfaction index of participants in training processes, obtaining the following results by methodology:

METHODOLOGY	SATISFACTION INDEX
Financial culture	83.5%
Employees	84%
Mixed Popular	100%

Based on this feedback, CRISFE innovated the Financial Culture digital platform in the Budget, savings and financial goals, and responsible indebtedness modules. In also developed new awareness-raising content related to business and investments.

#SUMARJUNTOS

#SumarJuntos is a great institutional effort that arose as a result of the health emergency caused by covid-19, which seeks to provide essential equipment and supplies to the health system, while representing a humanitarian initiative that strengthens our values. With this action, we seek to sow a historical precedent of fruitful public-private cooperation.

Numerous organizations and individuals have contributed nationwide. The total contributions reached \$17'350,621.59. By understanding the axes in which the trust's contribution could generate greater impacts, we built #SumarJuntos trust management model, focused on four management dimensions:

1 BIOSECURITY: to guarantee the integral protection of front-line specialists and technicians, through supplies such as masks, gloves, gowns, etc.



2 DIAGNOSTIC: to strengthen the installed capacity of the universities' molecular biology laboratories by providing the equipment and supplies needed to identify infected persons in a timely manner and establish epidemiological fences. It included the participation of the country's universities, which were provided with new equipment and more personnel to increase the taking and processing of samples.

3 EQUIPMENT: to improve the quality of intensive care units in public hospitals by providing new equipment, repairing respirators and acquiring new ventilators.

4 MEDICINE: to provide medical supplies to hospitals of the National Public Health Network, universities, National Police, Armed Forces and Decentralized Autonomous Governments.



FAN REPAIR

175

Hospitals benefited

210

Equipment repaired

30

ICU respirator monitors repaired

\$1,700

Repair cost per ventilator
vs.

\$45,000

Of the cost of a new one

Chapter 4

Environmental impacts

We work to protect the environment

94 1. Environmental impacts

100 2. Climate change

1. Environmental impacts

[102-11] [103-1] [103-2] [103-3]

Purpose

Reduce our resource consumption through eco-efficiency in our operations.

We have a Safety, Health and Environment System, based on ISO 45.001:2018 and 14.001:2005 standards. The system's policy, approved by senior management, addresses our environmental commitments¹.

Our environmental specialists monitor, measure, analyze and evaluate the different objectives and indicators set out in the system, and are also responsible for the internal audit process.

To fulfill our commitment to the environment, we conduct an annual campaign to promote an environmentally friendly culture among our employees. We also measure and manage our carbon footprint, a topic discussed in the next chapter.

Our environmental indicators have been impacted by the health emergency; for this reason, the system has not been evaluated in the last two years. In addition, we have formal internal (infosostenibilidad@pichincha.com) and external (reclamos@pichincha.com) communication mechanisms.

WE ENCOURAGE THE RESPONSIBLE USE OF PAPER

[301-1]

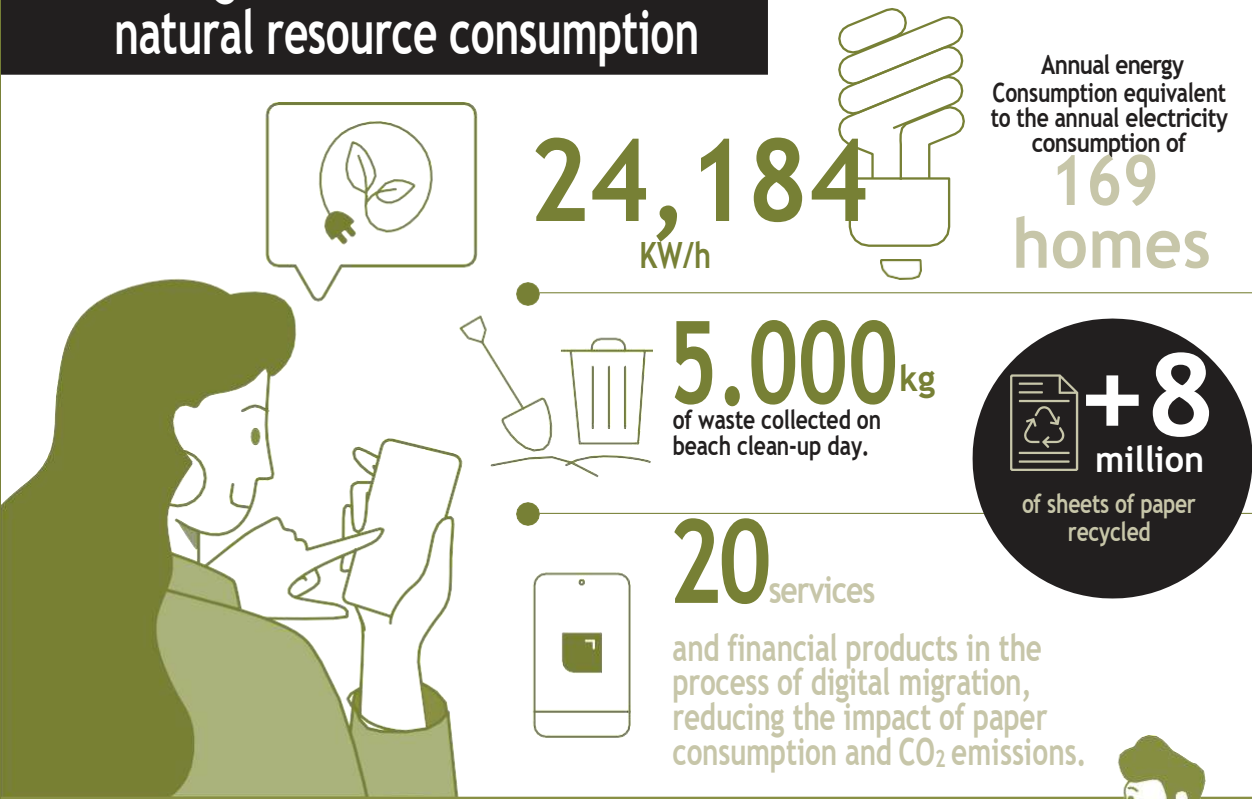
A relevant point in the management of environmental impacts is the conscious and efficient use of paper and packaging materials². For this reason, we are working to reduce its consumption, increasing virtualization and digitalization of our processes,

¹ For more information on our environmental commitments, please review our policy published on our website: <https://inicio.pichincha.com/portal/desarrollo-sostenible/seguridad-salud-y-ambiente/>.

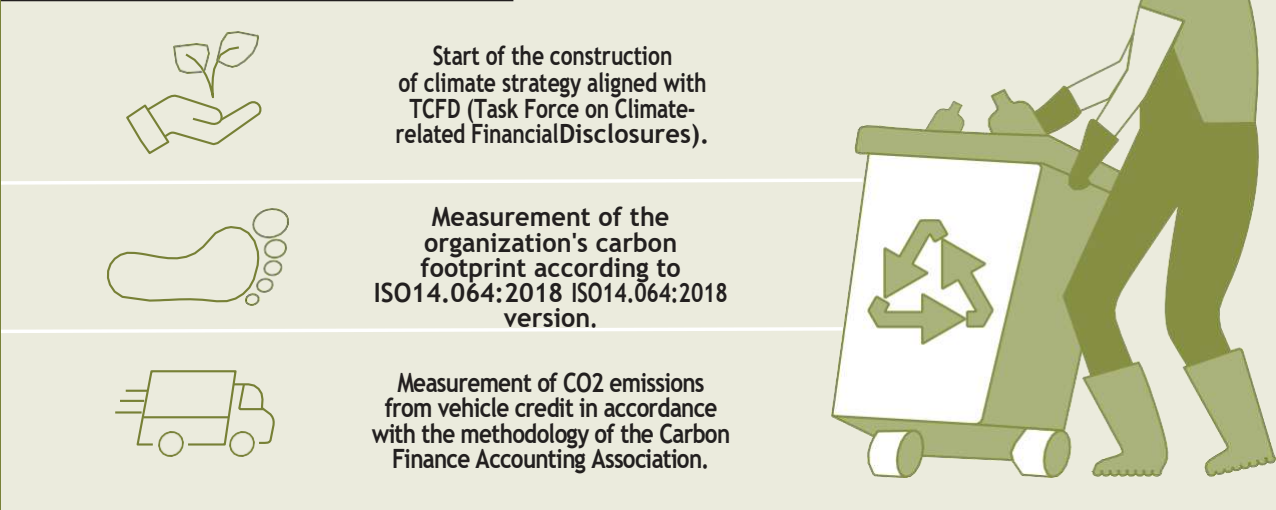
² We use renewable materials for the production and packaging of our products and services.

Our environmental work

Management and reduction of natural resource consumption



Climate strategy




as well as raising awareness among our employees and other stakeholders about the impact of the use of this resource on the planet.

Paper consumption is reported and presented in Table 1.

**Our goal for 2022 will
be to reduce paper
consumption by
1%.**

Internal paper consumption

Table 1

2021		2020
27'606,706 sheets used for internal management, which corresponds to 55,213 reams ¹ .		25'208,334 sheets used for internal management, which corresponds to 50,417 reams ¹ .
On average, each of our employees used 4,642 sheets of paper, representing 9 reams ² .		On average, each of our employees consumed 4,403 sheets, which corresponds to 9 reams ² .
13,498'553,846 checks printed for customers at the national level and from agencies ³ .		131 sheets of paper consumed for the printing of internal checks to suppliers ³ .

¹ 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, therefore, paper consumption in 2021 is equivalent to 130,447.75 kg.

² Calculation obtained by dividing the total internal paper consumption (27'606,706) by the average number of employees 2021 of Banco Pichincha and CREDI FE (5,947). This is equivalent to 21.94 kg.

³ Corresponds to checks printed for customers at the national level and from agencies (not comparable with 2020 because the scope of the information has been modified). This resource corresponds to paper with special security features delivered by two suppliers at the national level. The unit weight corresponds to 0.0013

MANAGEMENT AND REDUCTION INITIATIVES

- The paper we use comes from a renewable source, since it is made from sugarcane bagasse.
- We have a system that allows us to manage, monitor and control printing, thus promoting efficiency in paper consumption and the costs associated with the printing service.

In 2021, paper consumption increased by 239 sheets per employee, equivalent to 1.15 kg. This result challenges us. In 2022, we plan to increase our awareness-raising actions and the continuous review of our processes in order to continue working on reducing the consumption of this resource.

GOOD ENVIRONMENTAL PRACTICES IN THE BUSINESS

Since the onset of the health crisis, we have implemented a remote care model that increased our customers' use of electronic channels and digital applications.

Through four digital cells that we have formed (Digital Marketing, Web Banking, APP and Retail), 20 services and products are being migrated to the virtual modality that previously could only be done in agencies. The Web Banking and APP cells are at 100% virtual migration, while the Digital Marketing and Retail cells will be ready by 2022. Next year we expect to be able to share figures on the reduction of the environmental impact of these digital innovations.

ENERGY EFFICIENCY³

[302-1] [302-2] [302-3] [2.2.3]

We continue with our initiatives towards reducing the use of this natural resource and reducing indirect CO₂ emissions (Scope 2).

Initiative

- Installation of motion and light sensors in low-circulation spaces.
- Installation of 73 environmentally friendly air conditioning systems.
- Acquisition of 2,486 energy-efficient computer equipment (Energy Star and Epeat Gold certification).

We were not able to establish the result of our energy performance (reduction or increase) in 2021 because the scope of the energy measurement changed. This year, the value corresponding to the energy consumed by the operation of ATMs was

³ We do not consume or sell energy for cooling, heating or steam.

incorporated into the measurement, and external energy consumption, generated by business travel and courier transportation, was reported for the first time.

The reduction target for 2022 is 1% which could be adjusted based on the measurement of the Carbon Neutrality project, which is currently in progress.

Annual internal energy consumption data by source are presented in gigajoules (GJ)⁴, as well as total energy consumption and the calculation of energy intensity per employee (Tables 2, 3, 4, 5 and 6).

⁴ Gigajoules: unit of energy measurement that represents the consumption of gallons of fuel. For the calculation of energy consumption, in GJ, the conversion factor of 1 kW/h = 0.0036 GJ/ton was used.

Internal energy consumption by source in gigajoules¹

Table 2

2021 ²		2020
62,684.97 GJ for electrical energy		49,997.04 GJ for electrical energy
589.26 GJ for fuel consumption (diesel) of electric generators		951.55 GJ for fuel consumption of electric generators

¹ The 2021 data for domestic energy consumption is not comparable with 2020, due to a change in scope. The 2021 figure adds ATM energy consumption.

² The 2021 figure is an approximate figure; it has a scope of 90% of the total number of establishments where Banco Pichincha Ecuador is present.

Total internal energy consumption in gigajoules¹

Table 3

2021		2020
63,274.23 GJ of total energy consumption		50,948.59 GJ of total energy consumption

¹ The data corresponds to: 1. diesel consumption used by 123 electric generators nationwide that are used in case of power outages, and 2. electric power consumption of Ecuador's interconnected system.

External energy consumption by source in gigajoules

Table 4

2021 ¹
3,753.84 GJ in land travel using own fleet (cost of fuel type)
106.79 GJ in motorcycle courier transportation (cost of fuel type)
1,985.64 GJ in courier transportation in vehicles (cost of fuel type, gasoline, mileage)

¹ This is the first year that this data is reported.

Total external energy consumption in gigajoules¹


Table 5

2021
5,846.27 GJ of total external energy consumption

¹ The data corresponds to overland business trips with use of own and contracted fleet, and courier transportation (motorcycles and vehicles).

Total energy consumption in gigajoules¹

Table 6


2021		2020
69,120.50 GJ of total energy consumption		50,948.59 GJ of total energy consumption
11.62 GJ of annual energy consumption per capita ²		8.89 of annual energy consumption per capita

¹ The 2021 data for total energy consumption is not comparable with 2020, because the scope was changed. The 2021 figure adds ATM energy consumption and external energy consumption.

² Two factors were taken into consideration to calculate this figure: internal energy consumption (electricity and fuel consumed in generators) and the total number of employees of Banco Pichincha and CREDI FE (5,947 people).

Internal water consumption¹

Table 7

2021		2020
72.05 MI of water consumed from the supply system		79.01 MI of water consumed from the supply system
Variation 2021 - 2020 (%) -8.81%		

¹ Data was compiled from water consumption invoices for 90% of the agencies and main buildings throughout the country (Coast, Sierra, Amazonia and Galapagos). The reporting unit for water consumption has been changed to megaliters (MI). The conversion factor used corresponds to 1 m³ = 0.001 MI (Source: International System of Units).

WE OPTIMIZE THE USE OF WATER

[303-5] [2.2.4]

We seek to ensure the efficient use of water through preventive maintenance and control. By 2021 we set the goal of reducing water consumption by 2%; the data show a reduction of 8.81% due to constant environmental awareness-raising among employees. The data on our water consumption⁵ is found in Table 7.

**Our water consumption
reduction goal for 2022 is of
1%
at the national level.**

PROPER WASTE MANAGEMENT

[306-2]

During 2021 we maintained programs and practices to reduce waste generation. At the same time

⁵ No water is stored.

we continued to properly manage waste that can be used (paper, cardboard, toner and others) and waste that requires special treatment due to its hazardous characteristics (fluorescent and hospital waste).

**Our objective is to
is to increase the recycling
of paper and cardboard by
5%
at the national level
by 2022.**

The results of our management of non-hazardous, hazardous and special waste managed during 2021 are presented in Table 8.

By 2021, the proposed goal was to reach a 2% increase in paper and cardboard recycling. The data show that 30.65% of this waste was recycled, which is equivalent to 5,297 more sheets recycled than in the previous year. This is due to the fact that we have promoted the implementation of recycling through agreements signed with the municipalities of Quito and Cuenca, in addition to the installation of recycling stations in each agency nationwide.

Waste management

Table 8

TYPE	WASTE	DISPOSAL METHOD	2021	2020
Non-hazardous waste	Paper and cardboard (kg)	Recycling	39.759	27.574,77
Hazardous and special waste	Toners and other electrical and electronic materials from printers (units) ¹	Recovery	1.413	1.615
	Hospital (kg) ²	Incineration	26,20	18,6
	Fluorescent (kg) ³	Recovery	151,90	1.783

¹ Toners are collected from our facilities with the support of our printing service supplier. The figure corresponds to the collection of toners and other electrical and electronic materials from printers. It corresponds to 1,964 kg.

² Hospital waste is managed through qualified environmental managers.

³ Fluorescent waste is managed through qualified environmental managers. Not comparable with the 2020 figure because, as of 2021, the figure is reported in kilograms and no longer in units.



During 2021 we recycled
39,759 kg
Of paper, equivalent to
8'643,261
sheets.

2. Climate change

[103-1] [103-2] [103-3]

Purpose

Strengthen our commitment against climate change, minimizing the impact of our operations and our customers.

For financial institutions, exposure to climate-related risks and opportunities are as follows:

1

DIRECT

Impacts of our own operations due to the use of resources, business travel, etc.

2

INDIRECT

Impacts generated by financial intermediation activities (being the main contribution). These risks have an impact at the credit, reputational, operational and market level. However, they also create innovative financing opportunities.

Therefore, at Banco Pichincha, we work to meet these challenges.

The Environmental Responsibility axis of our Sustainability Management Model and its policy are the basis for the work of our sustainability specialists and business areas. They seek to mitigate the environmental impact of our operations and our customers.

Annually, the Dow Jones Sustainability Index measurement allows us to assess the progress of our climate change initiatives. The 2021 result for this issue dropped 20 points. In 2022, an action plan will be drawn up to close the gaps detected. Also, this year, we measured ourselves for the first time against the Climate Disclosure Project (CDP), the leading standard for corporate transparency in climate management. We expect to receive the results at the beginning of 2022.

BIO

WE ARE A BANK THAT GIVES LIFE

In order to contribute from our scope of action to the challenge of climate change, since 2018 we have had an environmental strategy called "BIO: We are a Bank that gives life", which integrates three axes: Bio efficiency, Bio management and Bio credits.

1

BIO EFFICIENCY

In order to contribute from our scope of action to the challenge of climate change, since 2018 we have had an environmental strategy called "BIO: We are a Bank that gives life", which integrates three axes: Bio efficiency, Bio management and Bio credits.

The implementation and strengthening of digital platforms such as Mobile Banking, Web Banking and customer proximity channels (ATMs, virtual offices and non-bank correspondents, CNB) have also reduced our customers' emissions by reducing or eliminating trips to agencies.

In 2021, we began measuring our total CO₂ emissions based on the ISO 14,064 standard in order to be carbon neutral in all our operations by 2025.

2 BIO CRÉDITS

Through this product offering, we meet our customers' needs and at the same time contribute to reducing the impact of climate change.

3 BIO MANAGEMENT

We maintain our adherence to the United Nations Principles for Responsible Banking and the Partnership for Carbon Accounting Financials (PCAF). In this way, using analytical tools for the financial sector, we evaluate the economic, social and environmental impacts of our portfolio, as well as the measurement of carbon or CO₂ emissions present in the financing.

Likewise, in 2021 we began to design our organization's climate change strategy with the purpose of addressing the risks and opportunities that this global effect represents for banking, both in the area of mitigation (reduction of GHG emissions) and adaptation (impacts derived from climate change).

The strategy will be aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), the Principles for Responsible Banking and eco.business Fund guidelines, and will include an action plan for its implementation, as well as a proposal for disclosure to our audiences.

OUR GREENHOUSE GAS EMISSIONS (GGE)

Based on the ISO14.064:2018 version standard, this year we started a new measurement and reporting of direct and indirect (Scope 1, Scope 2 and Scope 3) GGE emissions from operations over which we have full authority to introduce and implement operational policies (for the consolidation of emissions, the operational control approach was applied). The base year for the study is 2021. The main GGE emitted by our operations is carbon dioxide (CO₂).

DIRECT EMISSIONS (SCOPE 1)

[305-1] [2.2.1]

Scope 1 GHG emissions (Table 9) correspond to the consumption of fossil fuels in emergency

Direct emissions Scope 1

Table 9

2021		2020
43.81 tCO ₂ eq from use of electric generators ¹		69.56 tCO ₂ eq from use of electric generators
276.20 tCO ₂ eq from use of own transportation fleet ²		11.42 tCO ₂ eq from use of own transportation fleet

¹ The calculation of emissions from electric generators corresponds to 53 pieces of equipment. The IPCC AR5 (Fifth Assessment Report of the United Nations Intergovernmental Panel on Climate Change) conversion factor was used.

² For the calculation of emissions from own transport fleet, Banco Pichincha's EMS environmental indicator reporting tool was used, which uses data from the AR5 IPCC, OECD/IEA, Energy Statistics Manual 2007 and Defra 2016. In addition to the guidelines for GGE conversion factors from Defra. The calculation includes CO₂, CH₄ and NO₂.

Indirect emissions Scope 2¹

Table 10




2021 ²		2020
6,146.61 tCO₂eq from electricity consumption		4,902.49 tCO₂eq from electricity consumption

¹ Total emissions have been calculated based on the emission factor (353 g CO₂/kW) from the International Energy Agency 2014.

² The figure for 2021 is not comparable with that for 2020 due to a change in the scope of establishments, adding ATMs.

Indirect emissions Scope 3¹

Table 11

2021		2020
7.42 tCO₂eq for motorcycle courier transportation	  	17.47 tCO₂eq for motorcycle courier transportation
139.08 tCO₂eq for courier transportation by vehicles		295.85 tCO₂eq for courier transportation by vehicles
44.75 tCO₂eq for business trips by land, for use of contracted fleet		158.95 tCO₂eq for business trips by land, for use of contracted fleet
38.79 tCO₂eq for business trips by air		34.13 tCO₂eq for business trips by air

¹ Banco Pichincha's EMS environmental indicator reporting tool was used to calculate total emissions from land business trips and courier transportation. Using the emission factors from the AR5 IPCC, OECD/IEA, Energy Statistics Manual 2007 and Defra 2016 reports. For air travel the Defra 2016 conversion factor is used and the emission factor without radioactive forcing has been selected.

power generation plants used in our headquarters and vehicles owned by us.

Fuel consumption of electric generators decreased compared to 2020, due to the fact that it has not been necessary to use them in the facilities. On the other hand, the figure for the use of own transportation is not comparable with that of 2020, due to the fact that a nationwide scope of Banco Pichincha and CREDI FE has been included. The data are presented in Table 8.

In this scope we have not defined the reduction target since the results demonstrate that it is not material, considering our total emissions. However, as part of our environmental management, we work to raise awareness among our collaborators to rationalize the consumption of resources in all activities related to the business.

Our reduction goal for 2022 is

1% in CO₂eq emissions

for energy consumption,
adjusted in the measurement of
the Carbon Neutrality project.

INDIRECT EMISSIONS

(SCOPE 2)

[305-2] [2.2.2]

Indirect emissions, associated with the electrical energy we purchase for our operation, are the most significant in the Bank's inventory (Table 10).



OTHER INDIRECT EMISSIONS

(SCOPE 3)

[305-3]

Correspond to emissions associated with the consumption of fossil fuels for business air travel and logistics processes of our agencies and buildings (Table 11).

The total GGE emissions for 2021 and their comparison in relation to 2020 are presented in Table 12.

**The Bank's carbon footprint
footprint of the Bank during 2021
was
6,696.66
tons of CO₂e, representing the
circulation of
1,455
vehicles in one year.**

EMISSIONS REDUCTION

We were unable to establish the total GGE emission reduction efficiency in 2021 due to a change in the scope of measurement. This year, the value corresponding to the energy consumed by ATMs was incorporated into the Scope 2 measurement. In addition, in Scope 1 and 3, better and more information has been collected from Banco Pichincha and CREDI FE.


GGE EMISSIONS BY

EMPLOYEE

[305-4]

The emissions rate per collaborator stood at 1.13: tonCO₂eq/worker in 2021. To calculate this figure, two factors were taken into consideration: total CO₂ emissions (Scope 1, Scope 2, Scope 3) and the total number of employees of Banco Pichincha and Credife (5,947 people) (Table 13).

Total emissions (tCO ₂ eq) ¹				
Table 12				
	2021		2020	
	tCO ₂ eq	%	tCO ₂ eq	%
Total direct emissions Scope 1	320.01	4.77%	80.98	1%
Total indirect emissions Scope 2	6,146.61	91.78%	4,902.49	89%
Total indirect emissions Scope 3	230.04	3.45%	526.44	10%
Total	6,696.66	100%	5,509.91	100%
¹ The figure for 2021 is not comparable with that for 2020 due to changes in scope, either in the number of establishments or in the compilation of the Bank's and Credife's business travel.				

Total emissions per employee ¹		
Table13		
2021		2020
1.13 tCO2eq Per employee		0.962 tCO2eq Per employee
¹ The figure for 2021 is not comparable with 2020 due to a change in the scope of the number of establishments in the measurement.		

About this report

Scope, coverage and periodicity

[102 - 50] [102 - 52] [DJ 2.1.1] [DJ 3.1.1]

The annual publication of our *Sustainability Report* includes the management and results of our economic, social and environmental indicators, covering 100% of our operations in Ecuador, from January 1 to December 31, 2021.

Reporting and verification frameworks

[102 - 55] [102 - 56]

The financial information is presented in accordance with current regulations, authorized by Superintendencia de Bancos and International Financial Reporting Standards (IFRS); it has also been audited by an independent external firm. The non-financial information is verified by KPMG, an auditing firm that follows the guidelines of the international standard for verification work ISAE 3000.

The following iconography identifies the GRI contents: [101-2], [301-1], [SF1]. The Global Reporting Initiative content index is found at the end of the document.

Review of information

[102-10] [102-48] [102-49]

Compared to previous reports, information in the chapter "Environmental responsibility" has been reworded. The changes, effects and reasons are indicated in the corresponding section. Also, during the reporting period, there have been no significant changes in our size, structure, ownership or supply chain. Neither with respect to the previous reporting

periods nor in the list of material topics and their coverage.

Inquiries

[102-53]

Channels available for inquiries, feedback or suggestions:



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Principles for the preparation of the report

[102-32]

The integrity and thoroughness of the information in this report are guaranteed by the Executive Vice President of Finance and Risk and by Sustainability Management, through a reporting process that ensures the application of the GRI principles of content and quality.



Materiality analysis

[102 - 44] [102 - 46]

In 2021, we identified 10 material issues that we are addressing to develop inclusive and sustainable banking. Our analysis was based on five phases detailed below.

1. IDENTIFICATION

A comprehensive review was conducted based on the 2020 materiality analysis and the policies, standards and initiatives to which we adhere. In addition, the material issues in our value chain were mapped in the context of sustainability. The list was expanded by adding relevant industry trends and issues in sustainability. A list of 28 issues emerged from this first approach.

2. ANALYSIS

This included a review of internal factors such as the following:

Economic, social and environmental impacts.

Our business capabilities and strategy.

National and international laws, agreements, standards and initiatives related to sustainability.

Global trends in the sector.

Regarding the external factor, based on the tools and communication channels we have with our stakeholders, we gathered part of their main concerns and requirements (information taken from the organizational health survey and issues identified in the communication channels with customers). In addition, dialogues were held with the following stakeholders:



INVESTORS

Method:
onlinesurveys
Participants:
5



CUSTOMERS

Method:
telephone surveys
Participants:
23



EMPLOYEES

Method:
online surveys
Participants:
421



SUPPLIERS

Method:
online surveys
Participants:
10

3. PRIORITIZATION

It is developed along two axes: potential impact on stakeholder expectations and decisions, and challenges and opportunities for our business.

4. CONSOLIDATION

The 28 issues were consolidated into 15 major themes to improve management and communication.

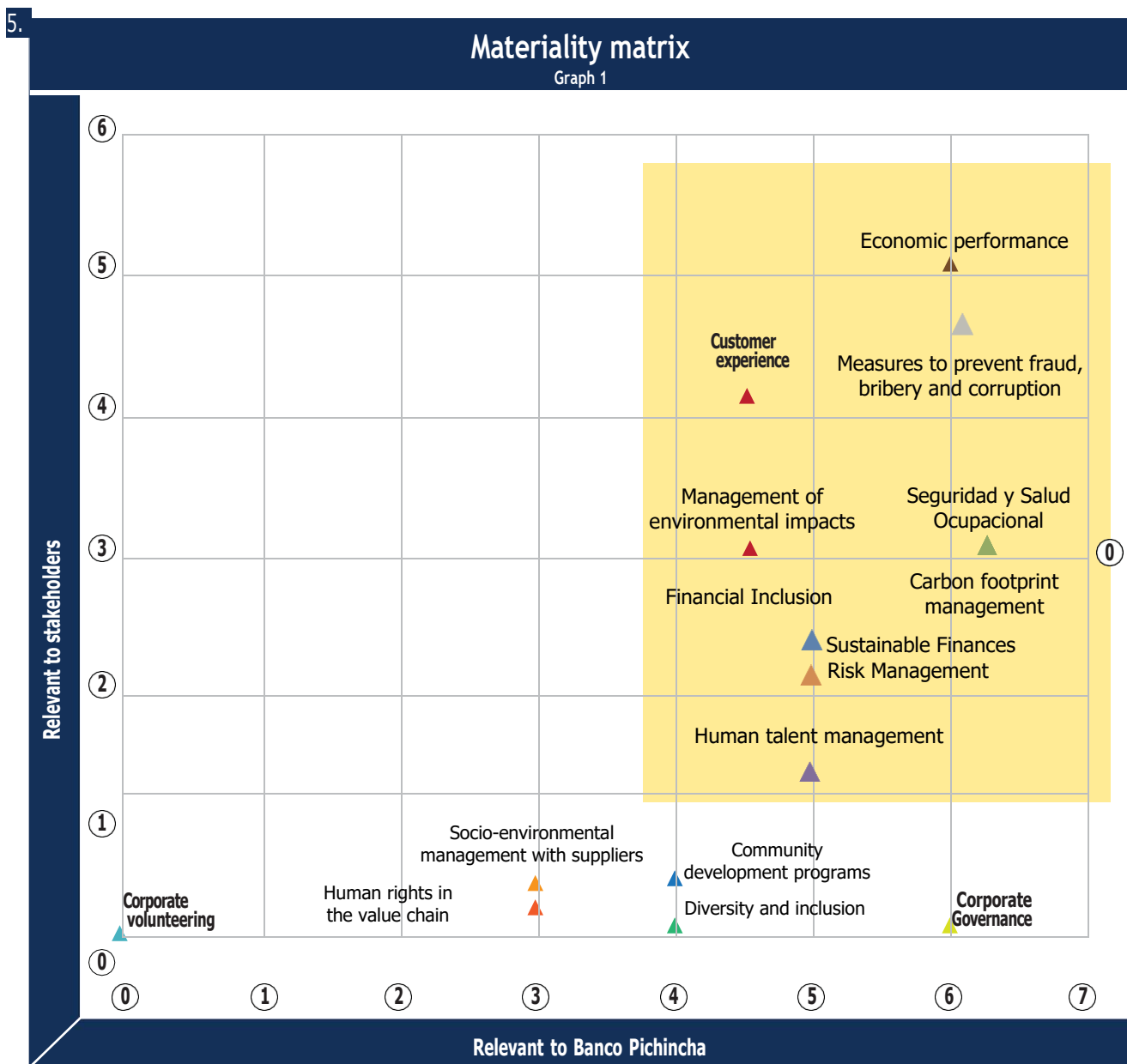
VALIDATION

The results were validated by Sustainability Management.

Material issues and their coverage

[103 - 1] [102 - 44] [102 - 47] [DJ 1.2.2.]

The coverage of the material topics is detailed in Annex 4, page 119.



Location of material topics

Graph 2





Annex 1

IMPLEMENTATION OF RESPONSIBLE
BANKING PRINCIPLES

Impact analysis

In alignment with Principle 2, the analysis of portfolio impacts is a fundamental step in the implementation of the Principles of Responsible Banking. For this purpose, Banco Pichincha used the methodology of the Portfolio Impact Analysis Tool for banks v2¹. In addition, it considered the four key elements defined by UNEP FI²: scope, scale of exposure, context and relevance, and level and intensity of impacts.

Scope

For this analysis, 100% of Banco Pichincha's disbursement portfolio during 2020 in Ecuador was taken into account. The distribution is found in Table 1.

Volume of the disbursement portfolio (2020, by segment) Table 1	
Corporate/Business	45%
SMEs	17%
Microfinance	16%
Individuals	22%
TOTAL	100%

¹ Portfolio Impact Analysis Tool for Banks v2: <https://www.unepfi.org/positive-impact/unep-fi-impact-analysis-tools/portfolio-impact-tool/>.

² Guidance on Impact Analysis: <https://www.unepfi.org/publications/guidance-on-impact-analysis/>.

Scale of exposure

Based on the defined scope, the main sectors and economic activities financed by Banco Pichincha were analyzed (Table 2).

Context and relevance

In order to carry out a correct impact analysis it is necessary to consider the social, environmental and economic situation of the place where Banco Pichincha operates. Thus, with the help of the impact analysis tool, the needs or priorities of Ecuador were determined, taking into account information from national and international indicators. Graph 1 presents Ecuador's status in 22 areas of action (social, environmental and economic) with a blue line; the further away from the center the result is, the higher the priority it should be given.

Thus, in the social sphere, opportunities for improvement can be found in areas such as availability of water, food and housing, mobility, culture and heritage, justice and stability of institutions. In the environmental sphere, climate change and waste management are areas in need of major attention. On the other hand, an inclusive and healthy economy and the economic convergence of the country represent the main areas of need in the economic sphere.



Disbursement portfolio volume

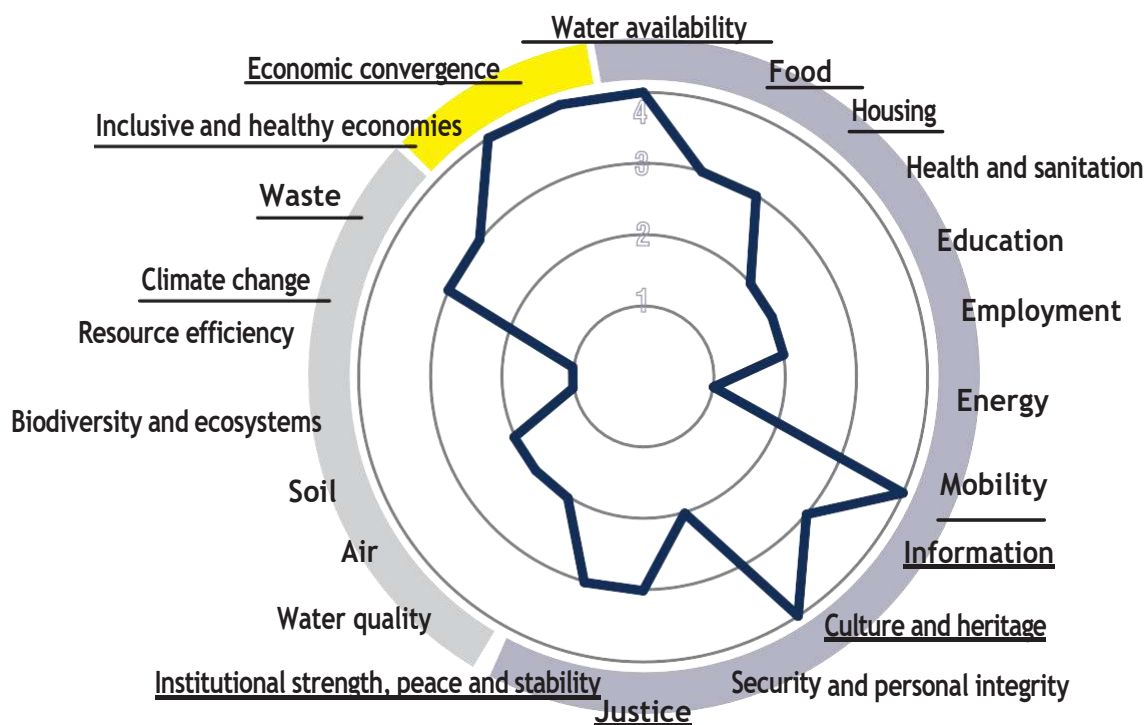
(2020, by sector and economic activity)

Table 2

CORPORATE / BUSINESS		MICROFINANCE	
Wholesale and retail trade	34%	Wholesale and retail trade	32%
Financial institution financing	16%	Agricultural and livestock production	16%
Real estate activities	5%	Warehousing and transportation	12%
Food processing	6%	Restaurants	8%
Agricultural and livestock production	3%	Food processing	4%
Manufacture of basic metals	3%	Transportation of goods by road	3%
SMES		PERSONS	
Wholesale and retail trade	25%	Consumer loans	80%
Real estate construction	7%	Vehicle loans	16%
Higher education	4%	Mortgages	3%
Agricultural and livestock production	3%	Education loans	1%
Road freight transportation	2%		

Mapping of Ecuador's needs, 2020

Graph 1



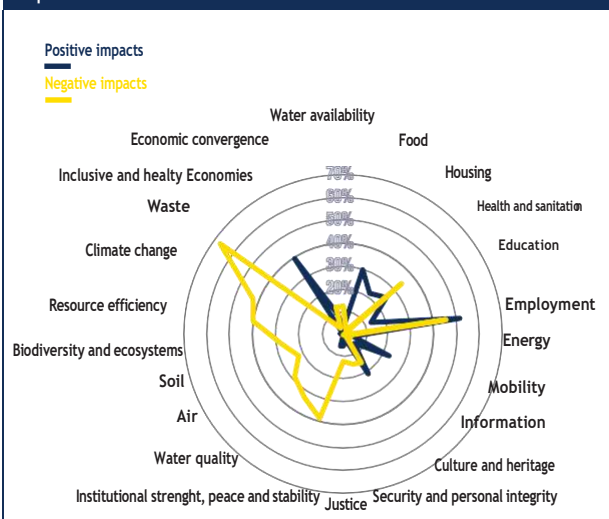
Level and intensity of impacts

Through the tool used, we obtained the following impact maps for the four segments of our 2020 operation (Graphs 2, 3, 4 and 5).

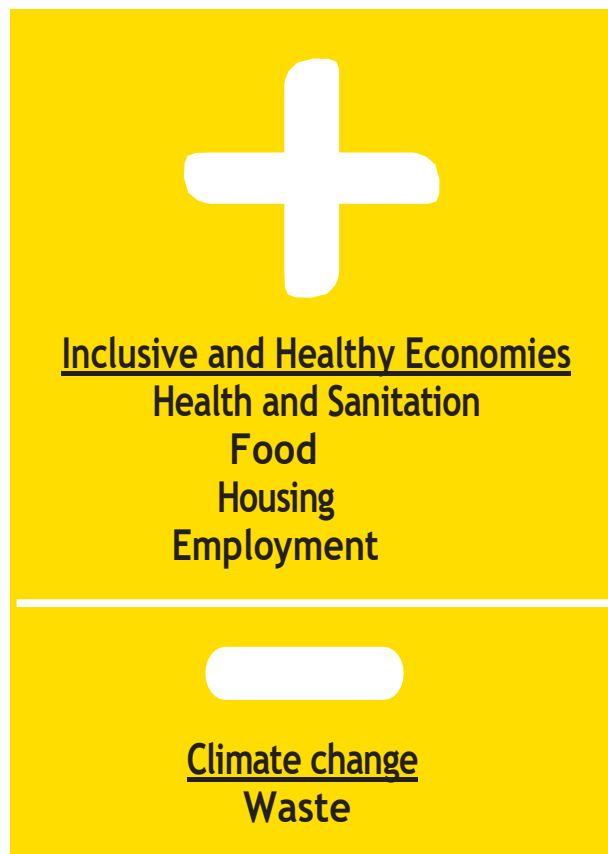
The graphs allow us to identify the potential positive and negative impact of Banco Pichincha's portfolio.

Corporate/business segment

Graph 2

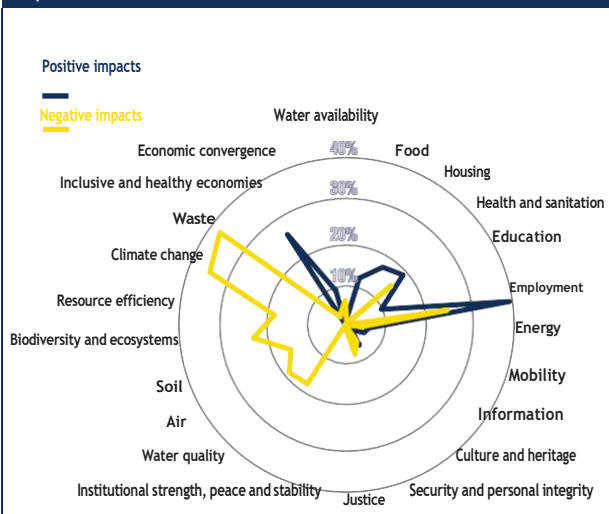


Thus, the impact areas identified based on the results and the context of Ecuador are reflected as follows:



SMEs Segment

Graph 3



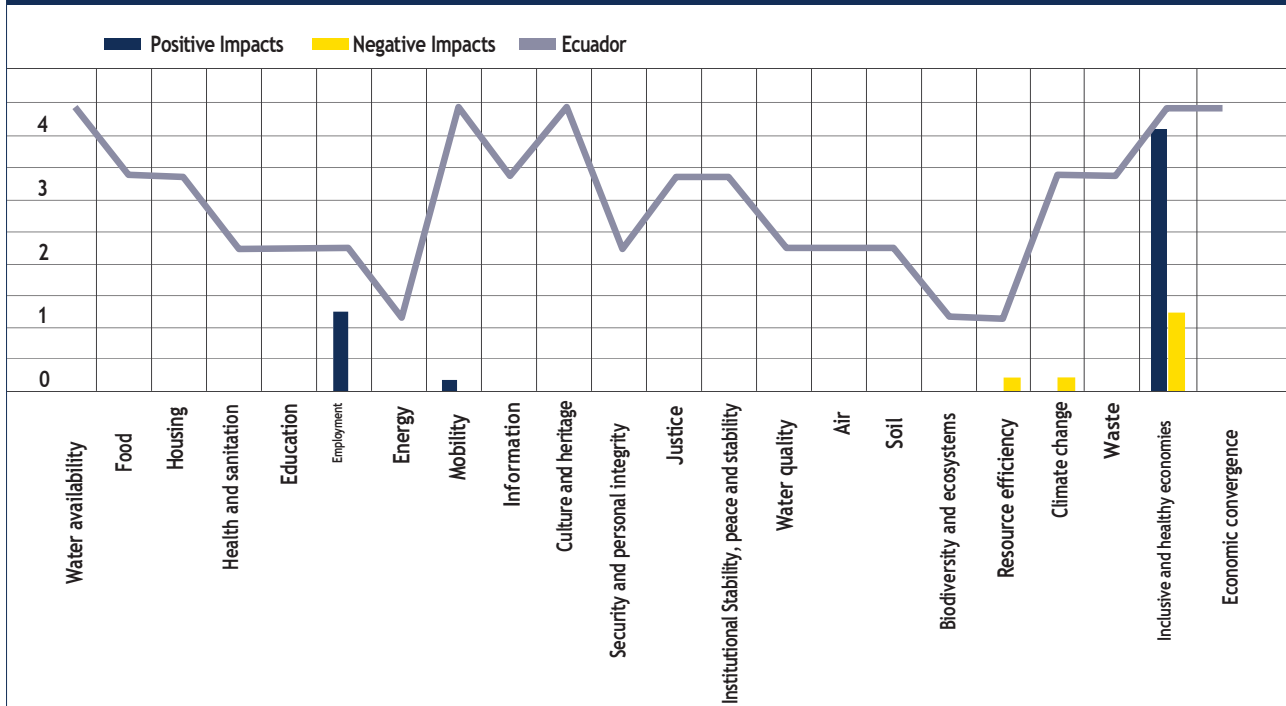
Microfinance Segment

Graph 4



People Segment

Graph 4



Areas of significant impact

Considering these impacts, Banco Pichincha has defined two areas in which the portfolio shows a significant impact, for which it will focus its efforts and set goals: Inclusive and Healthy Economies, and Climate Change, both material issues for its management.

The Inclusive and Healthy Economies area was selected as significant because for several years Banco Pichincha has developed an outstanding work promoting financial inclusion and education in Ecuador. Thanks to this work, it has had a positive impact on the economy.

On the other hand, climate change is a relevant issue on which Banco Pichincha has worked in recent years, and which still represents a negative impact on society. The relevance of this area is based on the actions that the Bank must apply in its operations, in its customer portfolio and in the relationship with other stakeholders to promote

compliance with national and international mitigation and adaptation objectives, aligning with the goals of the Paris Agreement. During 2022 we will work on the design and implementation of a cross-cutting strategy that addresses the risks and opportunities brought about by climate change.

Annex 2

Quality dimension in employment¹

		2021		2020	
		NUMBER	RATE	NUMBER	RATE
GENDER	Women	3,049	62.36%	3,246	63.00%
	Men	1,840	37.64%	1,867	37.00%
AGE	Employees under 30 years of age	1,467	30.00%	1,782	34.85%
	Employees between 30 and 50 years of age	3,251	66.50%	3,173	62.05%
	Employees over 50 years of age	171	3.50%	158	3.09%
REGION	Coast and Galapagos	1,705	34.87%	1,803	35.26%
	Sierra and Amazonia	3,184	65.12%	3,310	64.74%
PROFESSIONAL CATEGORY	Assistant/auxiliary	1,200	24.54%	1,466	28.67%
	Supervisor/coordinator/specialists	1,200	24.54%	1,272	24.88%
	Technician/analyst/executive/support	1,007	20.60%	1,044	20.42%
	Chief/expert/administrator	1,258	25.73%	1,148	22.45%
	Head/manager/vice president	224	4.58%	183	3.57%
NATIONALITY	National	4,793	98.04%	5,044	98.65%
	Foreigner	96	1.96%	69	1.35%
CONTRACT TYPE	Total permanent indefinite-term	4,680	95.73%	4,903	95.89%
	Total emergent	177	3.62%	203	3.97%
	Total temporary	32	0.65%	7	0.14%
TYPE OF CONTRACT BY GENDER	Permanent - indefinite-term women	2,964	60.63%	3,141	61.43%
	Permanent - indefinite-term men	1,716	35.10%	1,762	34.46%
	Emergent women	74	1.51%	103	2.01%
	Emergent men	103	2.11%	100	1.96%
	Temporary women	11	0.22%	2	0.04%
	Temporary men	21	0.43%	5	0.10%
TYPE OF CONTRACT BY REGION	Permanent - indefinite Coast/Galapagos	1,657	33.89%	1,756	34.34%
	Permanent - indefinite Sierra/Amazonia	3,023	61.83%	3,147	61.55%
	Emergent Coast/Galapagos	44	0.90%	47	0.92%
	Emergent Sierra/Amazonia	133	2.72%	156	3.05%
	Eventual Costa/Galápagos	4	0.08%	0	0.00%
	Eventual Sierra/Amazonia	28	0.57%	7	0.14%
TYPE OF WORKDAY	Full time	4,885	99.92%	5,091	99.57%
	Part-time	4	0.08%	22	0.43%
TYPE OF WORKDAY BY GENDER	Full time women	3,047	62.32%	3,230	63.17%
	Full time men	1,838	37.59%	1,861	36.40%
	Part-time women	2	0.04%	16	0.31%
	Part-time men	2	0.04%	6	0.12%

¹ The total number of employees shown includes permanent, emergent and partial contracts. Not the data for temporary (37) and interns (38). With the above, it is considered that the 2021 and 2020 data are not comparable, since there is variation in filters. The information is obtained from the internal headcount database, with a closing date of December 31, 2021. From the Genera program, the information of active employees by type of contract and working day as of that date is taken. The total number of employees shown includes permanent, emerging and partial contracts. It does not include data on temporary employees (37) and interns (38). With the above, it is considered that the 2021 and 2020 data are not comparable, since there is variation in filters.



Parent leave

	2021		2020	
	MEN	WOMEN	MEN	WOMEN
Employees who have been eligible for parental leave	78	175	76	207
Employees who have taken parental leave	78	173	76	207
Employees who have returned to work after the end of parental leave	78	169	76	205
Employees who have returned to work after termination of parental leave and who were still employed 12 months after returning to work	78	169	75	205

New hires¹

	2021		2020		2019		2018	
	NUMBER	RATE	NUMBER	RATE	NUMBER	RATE	NUMBER	RATE
New hire rate ²	422	8.70%	694	13.57%	914	17.70%	1,014	19.70%
Vacancies filled with internal candidates ³	657	60.89% ⁴	574	45.27%	626	40.65%	837	45.22%
	2021		2020		2019		2018	
	\$153,10 ⁶		\$27,98		\$93,57		\$94,77	

		2021		2020	
		NÚMERO	TASA	NÚMERO	TASA
GENDER	Women	188	45.00%	359	51.73%
	Men	234	55.00%	335	48.27%
AGE	Under 30 years of age	207	49.05%	459	66.14%
	From 30 to 50 years of age	213	50.47%	232	33.43%
	Over 50 years of age	2	0.47%	3	0.43%
REGION	Coast and Galapagos	86	20.38%	182	26.22%
	Sierra and Amazonia	336	79.62%	512	73.78%
NATIONALITY	Foreigners	36	8.53%	24	3.46%
	Nationals	386	91.47%	670	96.54%
PROFESSIONAL CATEGORY	Senior Management	0	0.00%	1	0.14%
	Managers	24	5.69%	29	4.18%
	Chief/expert/administrator	174	41.23%	109	15.71%
	Supervisor/coordinator/specialist	85	20.14%	99	14.27%
	Technician/Analyst/Executive/Manager	41	9.72%	66	9.51%
	Assistant/assistant/operator	98	23.22%	390	56.20%

¹ Only permanent, emergent and partial contracts are included in the income. Temporary contracts and internships are not included. The base for the calculation of this indicator is 4,857 employees.

² Number of new employees (422)/total number of employees at the end of the year (4,857).

³ Vacancies filled by internal candidates are considering promotions and movements.

⁴ The formula is total number of vacancies filled with internal candidates (657)/total number of vacancies in the year (1,079). It does not include temporary contracts or interns.

⁵ For the calculation of this figure, all types of contracts were considered, including interns and temporary contracts, since recruitment expenses include these hires.

⁶ The calculation was based on 494 full-time employees (8 hours).

Turnover¹

		2021		2020		2019		2018	
		NUMBER	RATE	NUMBER	RATE	NUMBER	RATE	NUMBER	RATE
Turnover rate ²		626	12.90%	488	9.54%	860	16.60%	1,029	20.00%
Undesired turnover rate ³		280	5.76%	135	2.64%	305	5.90%	422	8.19%
		2021		2020					
		NÚMERO	TASA	NÚMERO	TASA				
GENDER	Women	372	59.42%	267	54.71%				
	Men	254	40.58%	221	45.29%				
AGE	Under 30 years of age	233	37.22%	170	34.84%				
	From 30 to 50 years of age	371	59.27%	290	59.01%				
	Over 50 years of age	22	3.51%	28	6.15%				
REGION	Coast and Galapagos	212	33.87%	195	39.96%				
	Sierra and Amazonia	414	66.13%	293	60.04%				
NATIONALITY	Foreigners	11	1.76%	5	1.02%				
	Nationals	615	98.24%	483	98.98%				
PROFESSIONAL CATEGORY	Senior Management	1	0.16%	0	0.00%				
	Managers	14	2.24%	13	2.66%				
	Chief/expert/administrator	130	20.77%	55	11.27%				
	Supervisor/coordinator/specialist	152	24.28%	107	21.93%				
	Technician/Analyst/Executive/Manager	103	16.45%	106	21.72%				
	Assistant/assistant/operator	226	36.10%	207	42.42%				

¹ During 2021, the Célula Agiles Megabit project was initiated. As a result of this initiative, human talent information was centralized in a single area: Shared Services, in order to respond to the information requirements under a single criterion. This area is the one reporting the information this year and, due to this, some criteria have changed in order to present more accurate data. The information for 2021 has criteria that were not considered in previous years, such as the elimination of certain types of contracts, entries, exits and movements (interns and temporary), which directly affect the calculation of the turnover rate indicator. This analysis does not include departures of interns or temporary employees, since by their nature they do not imply remaining in a fixed position.

² Number of employees who left the organization (626)/total number of employees at the end of the year (4,857). It does not include temporary contracts.

³ Number of employees that the organization did not want to leave (280)/total number of employees at the end of the year (4,857). It does not include temporary contracts.

Annex 3



GRI Table of Contents

STANDARD GRI	CONTENT	PAGE NO., URL OR RESPONSE	OMISSION	VERIFICATION
GRI 101: BASICS 2016				
GENERAL CONTENTS				
GRI 102: CONTENIDOS GENERALES 2016	ORGANIZATION PROFILE			
	102-1 Name of the organization	Banco Pichincha C.A.		X
	102-2 Activities, brands, products and services	P. 68-20-21		X
	102-3 Location of headquarters	Amazonas Av. and Pereira		X
	102-4 Location of operations	P. 20-21		X
	102-5 Ownership and legal identity	P. 10-11-36		X
	102-6 Markets served	P. 65		X
	102-7 Size of the organization	P. 65-67-74		X
	102-8 Information on employees and other workers	P. 74-75-112		X
	102-9 Supply chain	P. 84-85		X
	102-10 Significant changes in the organization and its supply chain	P. 44		X
	102-11 Precautionary principle or approach	P. 94		X
	102-12 External initiatives	P. 48		X
	102-13 Membership in associations	P. 48		X
	STRATEGY			
	102-14 Statement from senior executives responsible for decision making	P. 5-7		X
	102-15 Key impacts, risks, and opportunities	P. 52-53		X
	ETHICS AND INTEGRITY			
	102-16 Values, principles, standards, and norms of behavior	P. 50-51		X
	GOVERNANCE			
	102-18 Governance structure	P. 50		X
	102-22 Composition of the highest governance body and its committees	P. 11-50		
	102-23 President of the highest governance body	P. 50		
	102-32 The highest governance body's role in sustainability reporting	P. 104		
	STAKEHOLDER ENGAGEMENT			
	102-40 List of stakeholder groups	P. 49		X
	102-41 Collective bargaining agreements	We do not have collective bargaining agreements.		X
	102-42 Stakeholder identification and selection	P. 49		X
	102-43 Approach to stakeholder engagement	P. 49		X
	102-44 Key topics and concerns raised	P. 106		X
	REPORTING PRACTICES			
	102-45 Entities included in the consolidated financial statements	P. 105		X
	102-46 Definition of reporting content and subject matter coverage	P. 106-107-119		X
	102-47 List of material issues	P. 104		X
	102-48 Restatement of information	P. 104		X
	102-49 Changes in reporting	P. 104		X
	102-50 Reporting period	P. 104		X
	102-51 Date of the last report	Sustainability Report 2020		X
	102-52 Reporting cycle Page	P. 104		X
	102-53 Contact point for questions regarding the report	P. 104		X
	102-54 Statement of reporting in accordance with GRI Standards	P. 46		X
	102-55 GRI Content Index	P. 115-116-117		X
	102-56 External assurance	P. 124-125		X

GRI Content Index

STANDARD GRI	CONTENT	PAGE NO., URL OR RESPONSE	OMISSION	VERIFICATION
MATERIAL TOPICS				
CLIMATE CHANGE				
GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of the material topic and its coverage	P. 100		X
	103-2 Management approach and its components	P. 100		X
	103-3 Evaluation of the management approach	P. 100		X
GRI 305: EMISSIONS 2016	305-1 Direct GGE emissions (Scope 1)	P. 101 - 102		X
	305-2 Indirect GGE emissions when generating energy (Scope 2)	P. 102		X
	305-3 Other indirect GHG emissions (Scope 3)	P. 103		X
	305-4 Intensity of GGE emissions (Scope 4)	P. 103		X
HUMAN CAPITAL				
GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of the material topic and its coverage	P. 72		X
	103-2 Management approach and its components	P. 72		X
	103-3 Evaluation of the management approach	P. 72		X
GRI 401: EMPLOYMENT 2016	401-1 New employee hires and employee turnover	P. 75 - 112		X
	401-2 Benefits for full-time employees that are not provided to part-time or temporary employees	P. 80		X
	401-3 Parental leave	P. 77		X
GRI 404: TRAINING AND EDUCATION 2016	404-1 Average hours of training per employee per year	P. 78		X
	404-2 Programs to upgrade employee skills and transition assistance programs	P. 79		X
	404-3 Percentage of employees who receive regular performance and professional development evaluations	P. 80		X
INDICATOR BANCO PICHINCHA	BP2 Organizational health index	P. 75 - 76		X
ECONOMIC PERFORMANCE				
GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of material topic and its coverage	P. 70 - 71		X
	103-2 Management approach and its components	P. 70 - 71		X
	103-3 Evaluation of the management approach	P. 70 - 71		X
GRI 201: ECONOMIC PERFORMANCE 2016	201-1 Direct economic value generated and distributed	P. 28 - 29		X
BANCO PICHINCHA INDICATOR	BP7 Optimization of the Bank's financial performance in terms of profitability, liquidity and solvency	P. 26 - 28		
CUSTOMER EXPERIENCE				
GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of material topic and its coverage	P. 67 - 68		X
	103-2 Management approach and its components	P. 67 - 68		X
	103-3 Evaluation of the management approach	P. 67 - 68		X
	BP4 Complaints and claims management	P. 70		X
	BP5 Digital Transformation	P. 29 - 33		
	BP6 External measurement of product and service value proposition	P. 68 - 70		X
SUSTAINABLE FINANCE				
GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of material topic and its coverage	P. 54		X
	103-2 Management approach and its components	P. 54		X
	103-3 Evaluation of the management approach	P. 54 - 58		X



Índice de contenidos GRI

STANDAR GRI	CONTENT	PAGE NO., URL OR RESPONSE	OMISSION	VERIFICATION
FINANCIAL SECTOR SUPPLEMENT GRI G4 PRODUCT PORTFOLIO	FS1 Policies with specific environmental and social aspects applied to business lines	P. 58-59		X
	FS2 Processes for assessing and controlling environmental and social risks in business lines	P. 58 - 59		X
	FS3 Processes for monitoring customers' implementation of environmental and social requirements included in contracts or transactions	P. 58 - 59		X
	FS4 Processes for improving employee competence in implementing environmental and social policies and procedures applied to business lines	P. 58 - 59		X
	FS5 Interactions with customers/investees and business partners regarding environmental and social risks and opportunities	P. 58 - 59		X
	FS6 Percentage of portfolio for business lines by region, size (e.g., micro/SME/large), and industry	P. 61 - 62		X
	FS7 Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	P. 61 - 62		X
	FS8 Monetary value of products and services designed to provide a specific environmental benefit for each line of business broken down by purpose	P. 58 - 59		X
FINANCIAL SECTOR SUPPLEMENT GRI G4 AUDIT	FS9 Audit coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures	P. 58 - 59		X
FINANCIAL SECTOR SUPPLEMENT GRI G4 SHAREHOLDER ACTIVISM	FS10 Percentage and number of companies within the entity's portfolio with which the reporting organization has interacted on environmental and social topics	P. 61 - 62		X
	FS11 Percentage of assets subject to positive and negative environmental or social controls	P. 54 - 58 - 61- 63		X
RISK AND CRISIS MANAGEMENT				
GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of material topic and its coverage	P. 52 - 53		X
	103-2 Management approach and its components	P. 52 - 53		X
	103-3 Evaluation of the management approach	P. 52 - 53		X
FINANCIAL SECTOR SUPPLEMENT GRI G4 PRODUCT PORTFOLIO	FS2 Procedures for the evaluation and control of social and environmental risks in the business lines	P. 58 - 59		X
ENVIRONMENTAL IMPACTS				
GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of material topic and its coverage	P. 94		X
	103-2 Management approach and its components	P. 94		X
	103-3 Evaluation of the management approach	P. 94		X
GRI 301: MATERIALS 2016	301-1 Materials used by weight and volume	P. 94 - 96		X
GRI 302: ENERGY 2016	302-1 Energy consumption within the organization	P. 97		X
	302-2 Energy consumption outside the organization	P. 98		X
	302-3 Energy intensity	P. 97 - 98		X
GRI 303: WATER AND EFFLUENTS 2018	303-5 Water consumption	P. 99		X
GRI 306: EFFLUENTS AND WASTES 2016	306-2 Waste by type and disposal method	P. 99 - 100		X
FINANCIAL INCLUSION				
GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of material topic and its coverage	P. 63 - 64		X
	103-2 Management approach and its components	P. 63 - 64		X
	103-3 Evaluation of the management approach	P. 63 - 65		X
SUPLEMENTO DEL SECTOR FINANCIERO GRI G4 ACTIVISMO ACCIONARIAL	FS13 Access points by type in low population density or economically disadvantaged areas	P. 65		X
	FS14 Initiatives to improve access to financial services for disadvantaged people	P. 70		X
	FS16 Initiatives to improve financial literacy and education by type of beneficiary	P. 90 - 92		X

GRI Table of Contents

STANDAR GRI	CONTENT	PAGE NO., URL OR RESPONSE	OMISSION	VERIFICATION
BRIBERY, CORRUPTION AND FRAUD PREVENTION CULTURE				
GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of material topic and its coverage	P. 50 - 52		X
	103-2 Management approach and its components	P. 50 - 52		X
	103-3 Evaluation of the management approach	P. 50 - 52		X
GRI 205: ANTI-CORRUPTION 2016	205-1 Operations assessed for corruption-related risks	100% of the Bank's operations are assessed for risks related to corruption.		X
HEALTH AND SAFETY				
GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of the material topic and its coverage	P. 86		X
	103-2 Management approach and its components	P. 86		X
	103-3 Evaluation of the management approach	P. 86 - 87		X
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018	403-1 Occupational health and safety management system	P. 86 - 87		X
	403-2 Hazard identification, risk assessment and incident investigation	P. 87 - 88		X
	403-4 Worker participation, consultation and communication on occupational health and safety	P. 89		X
	403-5 Worker training on occupational health and safety	P. 88		X
	403-6 Promotion of health and safety at work	P. 88		X
	403-7 Prevention and mitigation of impacts on the health and safety of workers directly linked to business relationships	P. 89 - 90		X
	403-8 Coverage of occupational health and safety management system	P. 90		X
	403-9 Occupational injuries	P. 89 - 90		X
	403-10 Occupational illnesses and diseases	P. 89 - 90		X
OTHER ISSUES REPORTED BY BANCO PICHINCHA				
COMMUNITY ENGAGEMENT				
GRI 413: LOCAL COMMUNITIES 2016	413-1 Operations with local community engagement, impact assessments, and development programs	P. 90 - 93		X
FINANCIAL SECTOR SUPPLEMENT GRI G4 SHAREHOLDER ACTIVISM	FS16 Initiatives to improve financial literacy and education by type of beneficiary	P. 90 - 93		X
GENDER INTELLIGENCE				
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016	405-1 Diversity in governance bodies and employees	P. 82 - 83		X
	405-2 Ratio of base salary and remuneration of women to men	P. 82 - 83		X
SUSTAINABLE PURCHASING				
GRI 414: SOCIAL EVALUATION OF SUPPLIERS 2016	414-1 New suppliers that have passed selection filters according to social criteria	P. 85		X
	414-2 Negative social impacts in the supply chain and actions taken	P. 85		X

Materiality and reporting process

			COVERAGE							
			WHERE DOES THE IMPACT OCCUR?				PRODUCED BY THE PRODUCTS OR SERVICES	BANCO PICHINCHA		
	CONCERN EXPRESSED BY		WITHIN THE ORGANIZATION		OUTSIDE THE ORGANIZATION					
	INTERNAL STAKEHOLDERS	EXTERNAL STAKEHOLDERS	SHAREHOLDERS	EMPLOYEES	VALUE CHAIN	COMMUNITY		PRODUCE	CONTRIBUTE	IS LINKED BY ITS COMMERCIAL ACTIVITY
Sustainable finance		X	X		X	X	X	X		X
Measures to prevent fraud, bribery and corruption	X	X	X	X	X					X
Risk and crisis management	X		X	X	X					X
Economic performance	X	X	X	X	X			X		
Human capital	X			X				X		
Financial inclusion		X			X	X	X	X		X
Customer experience	X	X		X	X			X		X
Occupational health and safety		X		X	X			X		X
Climate change		X				X	X	X	X	
Environmental impacts		X				X	X	X		X



Annex 5

Reporting Matrix of the Principles of Responsible Banking

Reporting requirements and self-assessment	High-level summary of the Bank's response	Reference(s) / link(s) to full Bank response/ relevant information
PRINCIPLE 1: ALIGNMENT We will align our business strategy to be consistent with and contribute to the needs of people and the goals of society, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement and relevant national and regional frameworks.		
1.1 Describe the bank's business model, including the main customer segments served, the types of products and services provided, the main sectors and types of activities, and where relevant the financial technologies in the main geographies where your bank has operations or offers products and services.	Banco Pichincha C. A. is a universal financial institution serving all segments, from micro-entrepreneurs to corporations. It is present throughout Ecuador.	<i>Sustainability Report 2021</i> , p. 20 - 21, 68
1.2 Describe how the bank has aligned and/or plans to align its strategy to be coherent and contribute to societal goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement and relevant national and regional frameworks.	has a Sustainability Model that is part of the corporate strategy and an adherence to initiatives, standards and certifications that leverage its sustainable management.	<i>Sustainability Report 2021</i> : Initiatives that are part of our agenda, p. 47 - 48
PRINCIPLE 2: IMPACT AND GOAL 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 objectives where we can have the most significant impacts.		
2.1 Impact Analysis Demonstrate that your bank has identified the areas in which it has the most significant positive and negative impact (potential) through an impact analysis that meets the following elements: a) <u>Scope</u> : the main business areas, products/services in the main geographies in which the bank operates, as described in 1.1. have been considered in the scope of the analysis. b) <u>Scale of exposure</u> : in identifying its most significant areas of impact, the bank has defined where its core business and core activities are in terms of industries, technologies and geographies. c) <u>Context and relevance</u> : your bank have taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates. d) <u>Scale and intensity/importance of impact</u> : in identifying its areas of most significant impact, the bank has considered the scale and intensity/importance of the (potential) social, economic and environmental impacts resulting from the bank's activities and the provision of products and services. (Your bank should have engaged with relevant stakeholders to help inform its analysis under elements c and d). Show that, based on this analysis, the bank: • Identified and disclosed its most significant areas of positive and negative impact (potential). • Identified strategic business opportunities in relation to increasing positive impacts/reducing negative impacts.	Through the UNEP FI Portfolio Impact Analysis Tool v2, we prioritized work in two impact areas: Inclusive and Healthy Economies, and Climate Change.	<i>Sustainability Report 2021</i> : Principles of Responsible Banking, p. 65 - 67 Annex 1
Provide your bank's conclusion/statement, if you have complied with the requirements related to the Impact Analysis		
Through the results of the Portfolio Impact Analysis Tool v2, we established two impact areas: Inclusive and Healthy Economies, and Climate Change		



<p>2.2 Setting objectives</p> <p>Show that the bank has established and published a minimum of two specific, measurable (can be qualitative or quantitative), achievable, relevant and time-bound (SMART) objectives that address at least two of the most significant identified areas of impact resulting from the bank's activities and the provision of products and services.</p> <p>Show that these targets are linked to and drive alignment and further contribution to appropriate Sustainable Development Goals, Paris Agreement goals and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and set targets against this baseline.</p> <p>Demonstrate that the bank has analyzed and recognized the significant (potential) negative impacts of the set targets on other dimensions of the SDGs (climate change, society) and has established relevant actions to mitigate them to the extent possible to maximize the positive impact of the set targets.</p>	<p>During 2022 we will define targets for the two areas prioritized in 2021.</p>	<p><i>Sustainability Report 2021: Principles of Responsible Banking, p. 65 - 67</i></p>
<p>Provide your bank's conclusion/statement, if you have met the requirements with respect to Target Setting.</p>		
<p>During 2022, based on the results of the Impact Analysis, specific objectives will be defined to drive the positive impacts and mitigate the relevant negative impacts of the two chosen themes.</p>		
<p>2.3 Plans for implementation and monitoring of objectives</p> <p>Show that your bank has defined actions and milestones to meet the established objectives.</p> <p>Show that your bank has established the means to measure and monitor progress against the established objectives. The definitions of key performance indicators, any changes to these definitions and any overshooting of baselines should be transparent.</p>		<p><i>Sustainability Report 2021: Principles for Responsible Banking, p. 65 - 67</i></p>
<p>Provide your bank's conclusion/statement if you have met the requirements with respect to the Plans for target implementation and monitoring.</p>		
<p>The work plan for target implementation and monitoring will be established during 2022, following the setting of targets related to the Impact Analysis.</p>		
<p>2.4 Progress in implementing objectives</p> <p><u>For each objective separately:</u></p> <p>Show that your bank has implemented the actions you had previously defined to meet the stated objective.</p> <p>Or explain why the actions could not be implemented or if they needed to be modified and how your bank is adapting its plan to meet its stated objective.</p> <p>Report on your bank's progress over the past 12 months (up to 18 months in your first report after becoming a signatory) toward achieving each of the stated targets and the impact your progress has had (where feasible and appropriate, banks should include quantitative disclosures).</p>		<p><i>Sustainability Report 2021: Principles for Responsible Banking, p. 65 - 67</i></p>
<p>Provide your bank's conclusion/statement, if you have met the requirements regarding progress in target implementation</p>		
<p>The work plan for target implementation and monitoring will be established during 2022, following the setting of targets related to the Impact Analysis.</p>		

PRINCIPLE 3: CUSTOMERS (OF GOODS AND SERVICES)

We will work responsibly with our customers to promote sustainable practices and enable economic activities that generate shared prosperity for current and future generations

3.1 Provide an overview of the policies and practices your bank has implemented and/or plans to implement to promote responsible client relationships. This should include high-level information on the programs and actions implemented (and/or planned), their scale and, where possible, their results.

For several years we have been working to formalize our sustainable finance and financial inclusion practices through internal policies and adherence to standards, certifications and initiatives that strengthen this vision at the highest level.

Sustainability Report 2021:
Sustainable Finance,
p. 54 - 62 Financial
Inclusion, p. 62 - 65

3.1 Describe how your bank has worked and/or plans to work with its customers to promote sustainable practices and enable sustainable economic activities. This should include information on actions planned/implemented, products and services developed and, where possible, impacts achieved.

Through the Social and Environmental Risk Management System (SARAS), Bio-credit, products that leverage financial inclusion and a non-financial service offering, we ensure that our impact is enhanced for our customers and the community.

Sustainability Report 2021:
Sustainable Finance,
p. 54 - 62 Financial
Inclusion, p. 62 - 65

PRINCIPLE 4: STAKEHOLDERS

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve the company's objectives

4.1 Describe which stakeholders (or stakeholder groups/types) your bank has consulted, engaged, collaborated or partnered with in order to implement these principles and improve their impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed with results achieved.

During 2021 we have updated our stakeholder map and respective prioritization with accompaniment from an external party.

Sustainability Report 2021:
Our stakeholders and their expectations, p. 49.
Materiality analysis, p. 106

PRINCIPLE 5: GOVERNANCE AND CULTURE

We will implement our commitment to these principles through effective governance and a responsible banking culture.

5.1 Describe the relevant governance structures, policies and procedures your bank has implemented or is planning to implement to manage significant positive and negative (potential) impacts and support effective implementation of the principles.

In 2021, we created the Sustainability and Inclusion work front with the objective of improving and innovating sustainability, inclusion and RBB compliance practices in a cross-cutting manner across the organization. This front is composed of an interdisciplinary team and co-workers from different professional categories such as vice presidents, managers, heads of department, and coordinators.

Sustainability Report 2021: Our Responsible Banking Strategy, p.47
Corporate Governance, p. 10
Sustainable Finance, p. 54 - 62
Principles of Responsible Banking, p. 65 - 67

5.2 Describe the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, among others.

Sustainability Report 2021:
Banking with an environmental focus, p.58

5.3 Governance structure for the implementation of the principles

Demonstrate that your bank has a governance structure for the implementation of the RBB, including:

- a) Establishment of objectives and actions to achieve the established objectives.
- b) Corrective actions in case objectives or milestones are not achieved or unexpected negative impacts are detected.

Sustainability Report 2021: Our Responsible Banking Strategy, p. 47
Corporate Governance, p. 10

Please provide your bank's conclusion/statement, if it has met the requirements regarding the Governance Structure for the implementation of the principles.

In 2021 we created the Sustainability and Inclusion Front, with the objective of improving and innovating sustainability practices, inclusion and the Principles of Responsible Banking in a cross-cutting manner in the organization.



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.

6.1 Progress in implementing the principles for responsible banking

Show that your bank has made progress in implementing the six principles in the last 12 months (up to 18 months in your first report after becoming a signatory), in addition to setting and implementing targets in a minimum of two areas (see 2.1-2.4).

Show that your bank has considered existing and emerging international/regional best practices relevant to the implementation of the six Principles for Responsible Banking and based on this has defined priorities and ambitions to align with best practices.

Show that your bank has implemented or is working on implementing changes to existing practices to reflect and align with existing and emerging international and regional best practices, and has made progress in implementing these principles.

Since 2021, through an external, we initiated a climate change consultancy that aims to identify vulnerable economic sectors to contrast them with the Bank's covenants. In 2022 we will develop management and mitigation plans. The scope of the study covers management with clients and the Bank's internal impacts, so that we can measure the carbon footprint with scope 1, 2 and 3.

Sustainability Report 2021:
Responsible Banking, p 65 - 67

Provide your bank's conclusion/statement, if it has met the requirements regarding progress in the implementation of the Principles for Responsible Banking.

Banco Pichincha is committed to advancing year by year in the implementation of the Principles for Responsible Banking and we consider that the 2021 management has laid important foundations to continue with this purpose.



Independent Auditor's Report on Limited Assurance for Banco Pichincha C.A.

We have been engaged by the Management of **Banco Pichincha C.A.**, hereinafter **Banco Pichincha**, to provide limited assurance in relation to the sustainability parameters and contents included in the Sustainability Report of **Banco Pichincha**, (hereinafter "the Report") for the year ended December 31, 2021.

The sustainability parameters and contents covered by this limited assurance engagement are as follows:

N°	Standard insured	Assured sustainability parameter
1	102-1	Name of the organization
2	102-2	Activities, brands, products and services
3	102-3	Location of the parent company
4	102-4	Location of operations
5	102-5	Ownership and legal entity
6	102-6	Markets served
7	102-7	Size of organization
8	102-8 3.2.3	Information on employees and other workers Breakdown of workforce by racial/ethnic self-identifications or nationality Breakdown by self-identifications (Disability, LGTQI, age)
9	102-9	Supply Chain
10	102-10	Significant changes in the organization and its supply chain
11	102-11	Precautionary principle or approach
12	102-12	External initiatives
13	102-13	Membership in associations
14	102-14	Statement from senior decision-makers.
15	102-15 1.3.2	Main impacts, risks, and opportunities Report emerging long-term risks
16	102-16	Values, principles, standards, and norms of behavior
17	1.4.3	Anti-corruption and bribery policy
18	3.2.1	Public policy against discrimination and harassment
19	1.12.1	Privacy policy
20	102-18	Governance structure
21	1.1.1	Number of Executive Officers and Independent Directors



22		Public declaration of independence
23	1.1.2	The Chairman of the Board is non-executive and independent
24	1.8.1	Information security/cybersecurity strategy for Boards of Directors and Executive Management
25	102-40	List of stakeholders
26	102-41	Collective negotiation agreements
27	102-42	Stakeholder identification and selection
28	102-43	Approach to stakeholder engagement
29	102-44	Key topics and concerns raised
30	102-45	Entities included in the consolidated financial statements
31	102-46 2.1.1 3.1.1	Definition of report content and subject matter coverage Environmental reporting: coverage. Social reporting: coverage. Reporting on quantitative social indicators (human capital, labor indicators, human rights, occupational health and safety)
32	102-47 1.2.2	List of material topics Detailed materiality analysis
33	102-48	Restatement of information
34	102-49	Changes in reporting
35	102-50	Reporting period
36	102-51	Date of last report
37	102-52	Reporting cycle
38	102-53	Contact point for questions about the report
39	102-54	Statement of GRI Standards-compliant reporting
40	102-55	GRI Content Index
41	102-56	External Verification
42	201-1	Direct economic value generated and distributed
43	2.3.5	Financial opportunities arising from climate change
44	FS2	Procedures for assessing and controlling social and environmental risks in business lines
45	2.3.6	Climate risk assessment: physical risks
46	2.3.7	Climate risk assessment: transition risks
47	2.3.1	Climate risk management
48	205-1	Operations assessed for risks related to corruption
49	205-2	Communication and training on anti-corruption policies and procedures
50	1.10.1	Processes and policies for the prevention of money laundering and terrorist financing
51	301-1	Materials used by weight or volume
52	302-1 2.1.5	Energy consumption within the organization Public reduction objectives



53	302-2 302-3	Energy consumption outside the organization Energy intensity
54	302-4	Reduction of energy consumption
55	303-5 2.1.5	Water consumption Public reduction objectives
56	306-2 2.1.5	Waste by type and method of disposal Public reduction objectives
57	305-1 2.1.3	Direct GGE emissions (Scope 1) Public reduction objectives
58	305-2 2.1.3	Indirect GGE emissions from energy generation (Scope 2) Public reduction objectives
59	305-3 2.1.3	Other indirect GGE emissions (scope 3) Public reduction objectives
60	2.2.6	Emissions from business travel, with reduction objective
61	305-4	GGE emissions intensity
62	305-5	GGE emissions reduction
63	401-1 3.5.1 3.5.6	New employee hires and employee turnover Total number of new hires and percentage of vacant positions filled by employees. Employee turnover rate broken down (age, gender, job position, nationality, race)
64	401-2	Benefits provided to full-time employees that are not provided to part-time or temporary employees.
65	401-3	Parental leave
66	404-1 3.4.1	Average hours of training per year per employee. Employee training and development (training, lectures). - Breakdown of people attending training (age, nationality, professional category, gender. These variables are optional)
67	404-2	Programs to improve employee skills and transition assistance programs
68	404-3	Percentage of employees receiving regular evaluations
69	BP2 3.5.7	Organizational health index Employee engagement trend
70	403-1	Occupational health and safety management system
71	403-2	Hazard identification, risk assessment and incident investigation
72	403-4	Worker involvement, consultation and communication on occupational health and safety
73	403-5	Occupational health and safety training of employees
74	403-6	Promotion of workers' health
75	403-7	Worker health promotion Prevention and mitigation of impacts on the health and safety of workers directly linked to business relationships



76	403-8	Coverage of the occupational health and safety management system
77	403-9 3.7.2	Work-related injuries Employee absenteeism rate for the past 4 years
78	403-10	Occupational illnesses and diseases
79	405-1	Diversity of governance bodies and employees
80	405-2 3.2.3	Ratio of basic salary and remuneration of women to men. Publish results of the gender pay gap or gender pay equity assessment.
81	413-1	Operations with local community involvement, impact assessments, and development programs
82	FS16	Initiatives to improve financial literacy and education by type of beneficiary
83	414- 1	New suppliers that have passed selection filters according to social criteria
84	414-2	Negative social impacts in the supply chain and actions taken
85	FS1 1.9.3	Policies with specific environmental and social aspects applied to business lines Your company integrates environmental, social and governance aspects in project financing
86	FS2	Procedures for the assessment and control of social and environmental risks in business lines
87	FS3	Processes for monitoring customers' implementation of social and environmental requirements included in contracts or transactions
88	FS4	Process(es) for improving employee competency to implement environmental and social policies and procedures applied to business lines
89	FS5	Interactions with customers/investee companies/business partners regarding environmental and social risks and opportunities
90	FS6	Percentage of portfolio for business lines by region, size (e.g., micro/SME/large), and industry
91	FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.
92	FS8	Monetary value of products and services designed to provide a specific environmental benefit for each line of business broken down by purpose.



93	FS9	Coverage and frequency of audits to assess the implementation of environmental and social policies and risk assessment procedures
94	FS10 1.9.2	Percentage and number of companies within the entity's portfolio with which the reporting organization has interacted on environmental and social issues. Integrates environmental, social and governance aspects into its wholesale/corporate/investment banking.
95	FS11	Percentage of assets subject to both positive and negative environmental or social controls
96	1.9.6	Your company integrates environmental, social and governance aspects into its retail banking
97	1.9.7	The company offers services or products incorporating environmental, social, governance (Wholesale banking)
98	FS13	Access points by type in sparsely populated or economically disadvantaged areas
99	FS14	Initiatives to improve access to financial services for disadvantaged persons
100	FS16	Initiatives to improve financial literacy and financial education by type of beneficiary
101	3.6.1	Corporate Citizenship Strategy (volunteering, community support) Total value of monetary contributions for philanthropic activities
102	BP3 1.5.1	Customer satisfaction index Customer satisfaction metrics and objectives
103	BP4	Complaint and claims management
104	BP6	External measurement of value proposition of products and services.
105	1.9.10	The company offers services or products incorporating environmental, social, governance (retail banking) services
106	103-1, 103-2, 103-3	Sustainable Finance
		Risk and crisis management
		Anti-crime measures
		Economic Performance
		Human Capital
		Financial Inclusion
		Customer Experience
		Community Engagement
		Sustainable Purchasing
		Occupational Health and Safety
		Gender Intelligence
		Climate Change
		Environmental Impacts

Management's Responsibility

Management is responsible for the preparation and presentation of the sustainability parameters and content included above in the limited assurance, in accordance with the Global Reporting Initiative's GRI Sustainability Reporting Standard as described in the subchapter "About this Report". The self-declared compliance option is detailed in this subchapter.

This responsibility includes: Designing, implementing, and maintaining internal control relevant to the preparation of assured sustainability content and metrics that are free from material misstatement, whether due to fraud or error.

Management is also responsible for preventing and detecting fraud, and for identifying and ensuring that the Company complies with laws and regulations applicable to its activities.

Management is also responsible for ensuring that persons involved in the preparation and presentation of the report are appropriately trained and information systems are up to date.

KPMG's Responsibility

Our responsibility is to express a limited assurance conclusion on the preparation and presentation of the sustainability parameters described above and included in **Banco Pichincha's** Annual Report.

Our work has been performed in accordance with the international standard for assurance engagements ISAE 3000 and ISAE 3410, Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standard Board.

The firm applies international quality control standard 1 and, in this regard, maintains a comprehensive system of quality control, including documented policies and procedures related to compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other requirements included in the Code of Ethics of the Federation of Accountants issued by the Internal Ethics Standards Board for Accountants, which establishes fundamental principles regarding integrity, objectivity, confidentiality, professional conduct and competence. Based on the foregoing, we confirm that we have performed this engagement for **Banco Pichincha** independently and free of conflicts of interest.

ISAE 3000 requires that we plan and perform our work in such a way as to obtain limited assurance about whether the sustainability parameters and content are free from material misstatement.



Limited Assurance of Sustainability Metrics and Content

Our limited assurance work on sustainability parameters and content consisted of asking questions, primarily to those responsible for the preparation of sustainability parameters and content, and applying analytical and other procedures as appropriate. These procedures included:

- Interviews with management and relevant personnel at the corporate level regarding the sustainability strategy and policies for material issues, as well as the implementation of these in the company.
- Inquiry with management to obtain an understanding of the process carried out by **Banco Pichincha** to determine material issues, as well as the participation of stakeholders in this process.
- Interviews with relevant **Banco Pichincha** personnel at the corporate level responsible for the preparation of the parameters and content subject to limited assurance.
- Inquiries on the design and implementation of the systems and methods used to collect and report the parameters and contents subject to limited assurance, including the aggregation of the information reported.
- Comparison of Sustainability metrics subject to Limited Assurance with relevant underlying sources on a sample basis to determine whether all relevant information has been appropriately included in the Report.
- Comparison of sustainability metrics and content subject to Limited Assurance with relevant underlying sources on a sample basis to determine whether the same has been appropriately included in the Report.
- Reading of the Limited Assurance Sustainability parameters and contents presented in the Report to determine whether they are in line with our general knowledge and experience regarding **Banco Pichincha's** sustainability performance.

The procedures performed in a limited assurance engagement vary in nature and timing and are less in scope than a reasonable assurance engagement, and therefore the level of assurance obtained is substantially less than that which would have been obtained in a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance conclusion on the sustainability parameters and content subject to limited assurance.

Purpose of Our Report

In accordance with the terms of our engagement, this assurance report has been prepared for **Banco Pichincha** with the purpose of assisting management in determining whether the sustainability parameters and content subject to limited assurance are prepared and presented in accordance with the Global Reporting Initiative's GRI Sustainability Reporting Standards.

Restrictions on use of the report

This report should not be considered appropriate for use or reliance upon by any third party seeking to acquire rights against KPMG other than **Banco Pichincha** for any purpose or in any other context. Any third party other than **Banco Pichincha** who obtains access to our report or a copy of it and determines to rely on it, or any part of it, does so at its own risk. To the fullest extent permitted by law, we do not accept or assume responsibility to any third party other than **Banco Pichincha** for our work, for this limited assurance report, or for the conclusions we have reached.

Our report is furnished to **Banco Pichincha** on the basis that it may not be copied, referred to or disclosed, in whole (except for **Banco Pichincha's** own internal purposes) or in part, without our prior written consent.

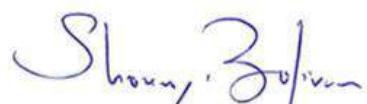
Our Conclusions

Our conclusion has been drawn based on and subject to the matters described in this report. We believe that the evidence we have obtained is sufficient and appropriate to support the conclusion expressed below:

Based on the procedures described above and the evidence obtained, nothing has come to our attention that would indicate to us that the sustainability parameters and contents mentioned in the table above, for the year ended December 31, 2021 of **Banco Pichincha** are not prepared and presented fairly, in all material respects, in accordance with the Global Reporting Initiative's GRI Sustainability Reporting Standard.

In a separate document, we will provide **Banco Pichincha's** management with an internal report containing our findings and areas for improvement.

KPMG del Ecuador Cía. Ltda.



Jhonny R. Bolívar
Partner
March 5, 2022

® BANCO PICHINCHA 2022
General Management: Executive Vice-Presidency of Finance and
Administration Sustainability Report: Executive Vice-Presidency of
Businesses

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