

Responsible Banking Progress Statement for **PRB Signatories**



Summary template

[Banesco] 2024

Principle 1: Alignment	Principle 2: Impact & Target Setting	Principle 3: Clients & Customers
<p>Banesco (Panama)'s sustainability strategy is based on a comprehensive management model that incorporates environmental, social, and governance (ESG) criteria, with the goal of generating shared value for its stakeholders and strengthening the resilience of the Panamanian financial sector. During 2024, the strategy focused on five pillars: Entrepreneurship, Culture, Environment, Social Impact, and Governance.</p>	<p>Banesco (Panama) continues to manage the impact areas prioritized in 2023: Financial Inclusion and Climate Stability. Although a new impact analysis was not conducted in 2024, the bank updated its performance metrics to reflect significant growth in its priority portfolios. The bank is currently on track to meet its 2030 climate mobilization goal and has exceeded intermediate expectations for gender-related financial inclusion in the SME segment.</p> <p>Progress Indicators:</p> <ul style="list-style-type: none"> • 60.71% of SME credit clients have female shareholding (representing 907 clients). • \$86.3 million total credit volume mobilized toward SMEs with female shareholding. • \$11.6 million mobilized in clean energy and energy efficiency projects (Progressing toward the \$20M goal by 2030). 	<p>The bank engages with its clients by identifying sustainability opportunities within its traditional financial services. Engagement focuses on supporting business resilience through financial education and identifying needs for energy transition and female economic empowerment during the commercial credit process.</p> <p>Progress Indicators:</p> <ul style="list-style-type: none"> • 1,609 new SME clients and 54,220 new retail clients linked under responsible banking criteria in 2024. • 19.54% of SME clients and 20.5% of female retail clients hold two or more active financial products, indicating deeper financial inclusion. • 0.03% delinquency rate (>181 days) in the female SME segment, demonstrating the high credit quality of this impact area. • 20,000+ Panamanians trained through the "Banesco Entrepreneurs" program to date.

Links & references <ul style="list-style-type: none"> • Sustainability Reporte - Page 15 • Sustainabilty Report 24 - Page 35 	Links & references <ul style="list-style-type: none"> • 2023 PRB Report: Initial methodology detail (Pages 7-10). • 2023 PRB Report: Details of objectives and baselines (Pages 14-21). 	Links & references <ul style="list-style-type: none"> • Sustainability Report 24 – Page 43 • Sustainability Report – Pag 74 • Sustainability Report 24 – Page 76 • Sustainability Report – Pag 81 • Sustainability Report 24 – Page 84
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Responsible Banking Progress Statement

5

[Contents](#) | Summary template

Principle 4: Stakeholders	Principle 5: Governance & Culture	Principle 6: Transparency & Accountability
<p>The bank engages with stakeholders (customers, regulators, employees, and trade associations) through two-way communication channels and materiality assessments. In 2024, engagement focused on inclusive digitalization and access to finance. Collaboration with the Banking Association of Panama and SumaRSE supports the bank's alignment with national sustainable finance taxonomies.</p>	<p>The Board of Directors is the highest body responsible for the sustainability roadmap (Act of July 24, 2025). Accountability is driven by the Executive Vice Presidency and the CEO-led Sustainability Roundtables. Operational management is a "mancuerna" (partnership) between Sustainability Coordination and the Risk Vice Presidency (Environmental Risk Specialist), ensuring SARAS is applied from client acquisition to credit evaluation. Culture is reinforced through monthly sustainability newsletters and CEO-led Town Halls.</p> <p>Progress Indicators:</p> <ul style="list-style-type: none"> • Sustainability targets are progressively integrated into business area KPIs. <p>Combined female portfolio (Retail & SME) of \$836.6M.</p>	<p>This report was not third-party assured; however, the 2024 Sustainability Report was assured under the GRI standards, as was the Principles for Responsible Banking 2023.</p>

Links & references <ul style="list-style-type: none">• Sustainability Report 24 – Page 70• Sustainability Report 24 – Page 72	Links & references <ul style="list-style-type: none">• Sustainability Report 24 – Page 68• Sustainability Report 2024 – Page 98• PRB Report 2023: Page 32• Sustainability Report 24 – Page 44• Sustainability Report 24 – Page 26	Links & references <ul style="list-style-type: none">• Sustainability Report 24 – Page 92• PRB Report 2023 – Page 39
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Supplements template

Principle 1: Alignment

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

Business model

Links & references

- [Sustainability Reporte - Page 15](#)
- [Sustainability Report 24 - Page 35](#)

Banesco (Panamá), S.A. operates under a General License in the Republic of Panama, primarily serving the domestic market with a diversified offering in retail and commercial banking.

Segments and Products:

- Retail Banking: Offers savings accounts, time deposits, credit cards, personal loans, mortgages, and auto loans. At the end of 2024, the segment served 231,755 active customers.
- Commercial and SME Banking: Specialized in working capital, credit lines, and investment loans for small, medium, and large enterprises. The SME segment has 9,029 linked customers.

Portfolio Quantification (Distribution and Scope):

- Total Credit Portfolio:
 - o Retail Segment: Female portfolio of \$750.3 million (89,125 female clients) and male portfolio of \$1,283.7 million (142,630 male clients).
 - o SME Segment: Total credit portfolio of \$133.7 million, where 60.71% (\$86.3 million) corresponds to companies with female shareholding.
- Geography: 100% of operations are concentrated in the Republic of Panama, with a branch network covering the main urban areas and provinces (Panama, Chiriquí, Colón, among others).
- Liabilities: The bank manages liabilities in the order of \$1,721.9 million in the retail segment and \$461.4 million in SMEs, demonstrating a solid local deposit base.

Strategy alignment

Links & references

- [Sustainability Reporte - Page 72](#)
- [Sustainability Reporte - Page 82](#)

**The indicators relating to women's shareholding in SMEs and consumer banking products are not found in any published report. These indicators were specifically extracted for this report to provide context for understanding the behavior of these segments.*

Alignment with International Frameworks:

- **SDGs and Paris Agreement:** Banesco has designed its climate roadmap focused on reducing its operational footprint and aiming for the mitigation of Scope 3 emissions (portfolio).
- **Human Rights (UNGP):** The bank applies compliance with the IFC Performance Standards within its Due Diligence process. This ensures that financing for large-scale projects respects labor and community rights.
- **Biodiversity and Plastic Pollution:** Through its SARAS exclusion policy, Banesco avoids financing activities that negatively impact protected ecosystems. Internal circular economy and single-use plastic reduction programs have been initiated in all administrative headquarters.

National Frameworks:

- **National Financial Inclusion Strategy:** The bank has been a pioneer in reporting disaggregated gender indicators, demonstrating that 60% of its SME credits benefit female leadership. This effort aligns with the national goal of closing the economic gender gap.
- **United Nations Global Compact:** Banesco annually reaffirms its adherence to the 10 principles of the Compact, integrating ethics and transparency into its corporate governance.

Principle 2: Impact & Target Setting

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

Impact Analysis

Show how your bank has identified, prioritized and measured the most significant impacts associated with its portfolio (both positive and negative). Determine the priority areas for targetsetting. Include details regarding: Scope, Portfolio Composition, Context, and Performance Measurement.

The impact analysis should include assessment of the relevance of the four priorities laid out in [Leading the Way to a Sustainable Future: Priorities for a Global Responsible Banking Sector](#), as part of its initial or ongoing impact analysis.

Links & references

- [2023 PRB Report: Initial methodology detail \(Pages 7-10\).](#)

Banesco (Panama) determined that the scope of its impact analysis focuses on the local commercial and personal loan portfolio, currently excluding the foreign portfolio due to its lower concentration.

For the year 2024, the bank did not perform an update of the comprehensive impact analysis; therefore, it continues to use the results obtained in the 2023 analysis. In that process, the UNEP FI Portfolio Impact Analysis Tool was used to contrast the portfolio with Panama's national challenges, such as economic reactivation, reduction of inequalities, and climate action. As a result, the two highest impact areas for target setting were ratified:

1. Financial Inclusion and Gender (Positive Impact).
2. Climate Stability (Negative Impact/Transition).

Despite not updating the impact analysis, the bank has monitored its portfolio performance under the established baseline indicators. Results at the end of 2024 show growth in the SME portfolio with female shareholding, reaching \$86.3 million (60.71% of SME clients with credit) and a female retail banking portfolio of \$750.3 million.

Targets, Target Implementation, and Action Plans/Transition plans

Links & references

- [2023 PRB Report: Details of objectives and baselines \(Pages 14-21\).](#)

Financial Inclusion with a Gender Focus

- Objective: Increase the participation of female clients in the personal portfolio and in companies with women as shareholders.
- 2024 Progress: The intermediate target in specific products has been exceeded. Female shareholder participation in SMEs with credit consolidated at 60.71% (907 clients). In the retail segment, 89,125 female clients were served.
- Key Indicator (KPI): Percentage of SME clients with female shareholding and volume of the mortgage portfolio for women (currently at 48%).

Climate Stability

- Objective: Reduce financed emissions by promoting the transition toward a low-carbon economy through the financing of renewable energy projects.
- 2024 Progress: The bank maintains its intermediate target of deploying \$12 million by 2025 and \$20 million by 2030 in renewable projects. At the close of the period, \$11.6 million has been financed in clean energy projects.
- Action Plan: Progressive implementation of Scope 3 emission measurement to establish financed emission reduction targets for 2026.

Continuous impact analysis has evaluated the relevance of the "Leading the Way to a Sustainable Future" priorities, confirming that Banesco's focus on Financial Health (Inclusion) and Climate Action is fully consistent with the global responsible banking agenda.

Principle 3: Clients & Customers

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

Client and Customer engagement

Links & references

- [Sustainability Report – Pag 74](#)
- [Sustainability Report – Pag 81](#)

Banesco (Panama) has implemented a proactive interaction strategy focused on technical assistance and awareness, recognizing that the transition toward sustainability requires a change in the business culture of our clients.

- Awareness and Support Activities: Through the Banesco Entrepreneurs program, we have trained more than 20,000 Panamanians in responsible financial and operational management.
 - o In 2024, the Participatory Budget program was strengthened, allowing the community and customers to propose and vote for social impact projects, benefiting more than 211,000 people over the last 6 years (Page 32).
- Policies and Processes: The commercial credit process includes the identification of business opportunities with an ESG focus. During this phase, the commercial team detects specific client needs to offer financing solutions designed to improve energy efficiency.
- Interaction Indicators and Results:
 - o Product Adoption: We achieved that 19.54% of our SME clients and 20.5% of our retail female clients hold two or more active financial products, reflecting deeper and more resilient banking.
 - o Compliance Impact: Low delinquency in the female SME segment (0.02% for 181+ days past due) evidences that support and the selection of clients with responsible practices result in healthier portfolios.

Business opportunities

Links & references

- [Sustainability Report 24 – Page 43](#)
- [Sustainability Report 24 – Page 76](#)
- [Sustainability Report 24 – Page 84](#)

Banesco has identified that the transition toward a low-carbon economy and the reduction of the gender gap represent strategic growth areas aligned with the current needs of Panamanian society. During 2024, the bank focused its efforts on optimizing its commercial management and evaluation processes to identify and support operations that generate significant positive impacts, integrating these opportunities into its global financial offering.

Resource Channeling and Impact Services:

- Financial Inclusion and Economic Empowerment: Through its commercial service model, the bank has achieved deep penetration in strategic segments of the local economy. At the end of 2024, the SME portfolio with female shareholding reached \$86.3 million, representing 64.5% of the total SME credit portfolio volume, demonstrating the institution's ability to mobilize capital toward female leadership in the business sector.
 - Support for Transition and Energy Efficiency: The bank facilitates the flow of financing toward activities that promote environmental sustainability, such as the adoption of clean technologies and improved operational efficiency across various industrial sectors. In the corporate segment, support for renewable energy projects has been prioritized, proactively contributing to national decarbonization goals.
- Sustainable Impact Portfolio Size:
- Financial support for women in retail banking amounts to \$750.3 million, while in the SME segment with female shareholding, it reaches \$86.3 million.
 - It is estimated that more than 15% of the new commercial portfolio in 2024 was channeled toward activities with a direct positive impact on sustainable infrastructure or economic resilience.

SDGs and Priority Impact Areas:

- SDG 5 (Gender Equality): Promoted through active financing to 907 SMEs with female leadership.
- SDG 13 (Climate Action): Driven through the application of SARAS and risk management to favor lower carbon intensity projects.
- SDG 10 (Reduced Inequalities): Strengthened by linking 18,831 new female clients in the retail segment, expanding access to fundamental financial services across the country.

Principle 4: Stakeholders

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

Stakeholder identification and consultation

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

Links & references

- [Sustainability Report 24 – Page 70](#)
- [Sustainability Report 24 – Page 72](#)

Banesco identifies its stakeholders through an impact and dependency analysis, ensuring that the voices of those who affect or are affected by banking operations are integrated into strategic planning. The strategy is based on two-way communication channels and periodic consultations.

- Identified Groups: Customers (Retail and SMEs), Employees, Shareholders, Regulators (Superintendency of Banks of Panama), Suppliers, Community, and Trade Associations (Banking Association of Panama, SumaRSE).
- Addressed Issues and Results: During 2024, dialogue with our stakeholders focused on inclusive digitalization and strengthening access to financing for key sectors of the local economy. As a result of this interaction, the bank optimized the identification of impact opportunities within its commercial management, successfully linking 1,609 new SME customers and 54,220 new retail customers under responsible banking criteria. This approach allowed for the effective channeling of financial resources, ensuring our traditional offering meets the banking and economic resilience needs of the Panamanian population.
- Contribution to Planning: These inputs allowed for the definition of the target to increase female participation in the credit portfolio, reaching 60.71% of financed SMEs with female shareholding.

Principle 5: Governance & Culture

Governance Structure for Implementation of the Principles

Links & references

- [Sustainability Report 24 – Page 68](#)
- [Sustainability Report 2024 – Page 98](#)
- [PRB Report 2023: Page 32](#)

Sustainability governance at Banesco is institutionalized from Senior Management, ensuring that ESG criteria are cross-cutting to the bank's strategy. The Board of Directors is the highest body responsible for overseeing and approving the sustainability roadmap.

- **Executive Leadership:** The Executive Vice Presidency of Customer Experience, Omnichannel, Sustainability, and Processes leads the execution of the ESG strategy, reporting progress and commitments directly to the Executive Committee and the Board of Directors.
- **Sustainability Roundtables:** The bank conducts Quarterly Sustainability Roundtables (Mesas de Sostenibilidad), chaired by the CEO, to define strategic management lines, monitor PRB commitments, and integrate sustainability into operational and administrative processes.
- **Roles and Responsibilities:** The bank has a Sustainability and CSR Coordination unit, reporting to the aforementioned Executive Vice Presidency. Strategically, this area works in tandem with the Risk Vice Presidency, specifically through the Environmental Risk Specialist, to comprehensively manage analysis, due diligence, monitoring of ESG factors in the portfolio, and commitments to the Principles for Responsible Banking.
- **Operational Integration:** ESG risks and opportunities are managed collaboratively between the Business, Compliance, and Risk areas, ensuring that sustainability is present from client acquisition to technical credit evaluation.
- **Policies:** Management is based on the Corporate Sustainability Policy and the Code of Ethics and Conduct, frameworks that govern responsible behavior across the entire organization

Promoting a culture of responsible banking:

Links & references

- [Sustainability Report 24 – Page 44](#)
- [Sustainability Report 24 – Page 26](#)

Banesco fosters a culture where sustainability is part of the organizational DNA through continuous training and effective communication.

- **Capacity Building:** 100% of leaders and key teams (especially in the commercial and risk areas) have been trained in the Principles for Responsible Banking and the application of SARAS.
- **Leadership Communication:** Monthly sustainability newsletters are issued, and virtual meetings ("Town Halls") are held where the General Management reinforces the bank's ESG commitments.
- **Performance Management:** Sustainability objectives are being progressively integrated into the Key Performance Indicators (KPIs) of business areas

Links & references

- [Sustainability Report – Page 39](#)
- [Sustainability Report 24 – Page 74](#)
- [PRB Report 2023 – Page 33](#)

The bank has a robust Environmental and Social Risk Management System (SARAS), aligned with the IFC Performance Standards.

- **Due Diligence:** Every commercial credit application undergoes a risk categorization process (A, B+, B, C). Higher-risk operations (A and B+) require a detailed evaluation of their impacts on the environment and the community.
- **Mitigation and Action Plans:** In cases where risks are detected, the bank conditions financing on the client's implementation of corrective action plans.
- **Monitoring and Reporting:** The Risk area monitors compliance with environmental safeguards.
- **Grievance Mechanisms:** Banesco provides formal channels for complaints and claims so that third parties affected by financed projects can report incidents, ensuring proper attention and transparency.

Principle 6:

Transparency & Accountability

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

The information provided in the Responsible Banking Progress Statement is sufficient. If third-party assurance has been undertaken, provide details on the scope of assurance and the reference/link to the Independent (Limited) Assurance Report a

Technical notes

UN 
**environment
programme**

**finance
initiative**

UNEP Finance Initiative (UNEP FI) brings together a large network of banks, insurers and investors that catalyses action across the financial system to deliver more sustainable global economies.

For more than 30 years the Initiative has been connecting the UN with financial institutions from around the world to shape the sustainable finance agenda establishing the world's foremost sustainability frameworks that help the finance industry address global environmental, social and governance challenges.

Convened by a Geneva, Switzerland-based secretariat, more than 500 banks and insurers with assets exceeding USD 100 trillion are individually implementing UNEP FI's Principles for Responsible Banking and Principles for

[unepfi.org](https://www.unepfi.org)

Sustainable Insurance. Financial institutions work with UNEP FI on a voluntary basis to apply the sustainability frameworks within their industries using practical guidance and tools to position their businesses for the transition to a sustainable and inclusive economy.

Founded in 1992, UNEP FI was the first organisation to engage the finance sector on sustainability. Today, the Initiative cultivates leadership and advances sustainable market practice while supporting the implementation of global programmes at a regional level across Africa & the Middle East, Asia Pacific, Europe, Latin America & the Caribbean and North America.



unepfi.org



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