

First Report

Principles of Responsible Banking



Oct 2023



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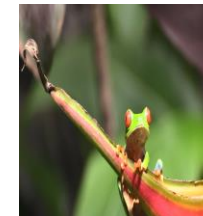
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Presentation



As General Manager of Banco Nacional, I am pleased to present our first report under the Principles of Responsible Banking, an initiative promoted by the United Nations. Our commitment since signing as signatories has been to align our business activities with the Sustainable Development Goals and the Paris Agreement on climate change. We are a Bank with purpose, whose main objective in our strategic business plan is to generate value for the economic, social and environmental development of the country and to have the opportunity to be the financing engine towards the decarbonization of Costa Rica and towards a fairer and more sustainable society. Our challenge has been to move towards a climate finance strategy that incorporates the creation of green products, an analysis of environmental and social risks, and the development of a sustainable and equitable society.

Bernardo Alfaro Araya
General manager

(SARAS) in our lending portfolio and an ESG (environmental, social and governance) risk management framework, as well as climate risk stress testing. Addressing and responding to the growing expectation of the investment community that banking, far from acting reactively, can lead the way in adapting to new criteria: such as green financing modalities, from bonds to other types of sustainable investment and credit instruments. We are the first State Bank to be part of this relevant Alliance and that allows us to have a competitive advantage and be the ally of the transition to a resilient economy. Banco Nacional is the preeminent bank in Costa Rica (aspiration) and for the fulfillment of its strategic objectives it incorporates ESG factors within the management of the business, thus transforming the Bank into a human, close and sustainable bank.

With this first report to 2022, the areas of impact outlined are climate strategy (financing driver) and health and financial inclusion (empowering our stakeholders to raise awareness of Responsible Finance). Looking forward to 2023, we will enhance our climate strategy with a portfolio of sustainable products, we are committed to promoting and leveraging sustainable development in order to contribute to the market, through a novel vision of doing business by promoting investments and financing in projects with a high economic, social and environmental impact, that is why we encourage investment in projects focused on growth and decarbonization of the economy, as well as reducing inequalities in the country.

Principle 01

Alignment



At BN we proceeded to align our business strategy to generate consistent value and thus contribute to providing answers to the needs of individuals and the objectives of society, as set forth in the Sustainable Development Goals, the Paris Climate Agreement, as well as national agreements and regional frameworks.

Business Model

Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, main sectors and types of activities in the main geographies in which your bank operates or provides products and services.

Our Business Model

In December 2021, the General Board of Directors of Conglomerado Financiero Banco Nacional de Costa Rica (CFBNCR) approved the strategic plan called Juntos somos humanos, cercanos y sostenibles 2022-2025 (Together we are human, close and sustainable 2022-2025). Under the premise of generating value for the economic, social and environmental development of the country, a strategic framework was built based on four perspectives, these are driven by the purpose of the Conglomerate, which is to listen to our stakeholders to make their lives easier.

The perspectives of the strategic framework are composed of objectives that derive goals and metrics that measure compliance with them. What differentiates the new business model from previous ones is the incorporation of sustainability factors in its objectives, so that its integration is completely transversal, encompassing all the Conglomerate's units.

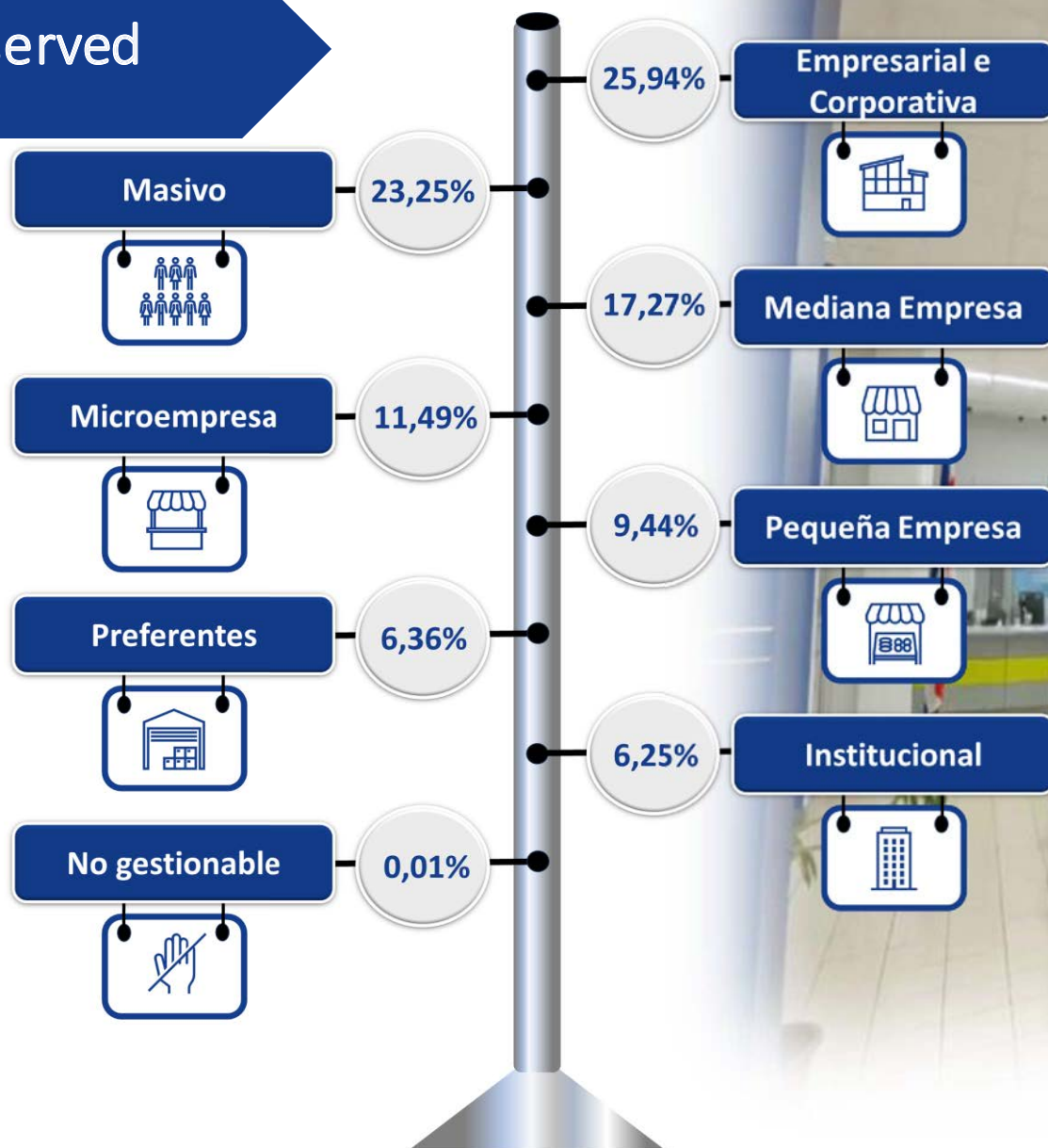
Sustainability factors are focused on generating economic, environmental and social value for the sustainable development of Costa Rica and the BN Conglomerate. They have been

The business model is designed to consider the needs of stakeholders as a starting point for designing products and services with a sustainable and digital approach adapted to these needs. In this way, the business model revolves around a customer-centric axis, where people and the planet are placed at the center of the business model to propose solutions to the challenges facing humanity, such as: social welfare, equitable growth options, equal opportunities, combating climate change, responsible consumption and protection of national ecosystems.

The reform of the bank's structure allowed for a better approach to address the strategic priorities in an agile manner, which are:



Segments served





Types of products and services provided



Meeting the needs of the communities with our products and services is a priority; therefore, we support diverse activities and economic segments throughout the country.



Personas

- ▶ Cuentas
- ▶ Cuenta juvenil
- ▶ Ahorro e inversión
- ▶ Financiamiento
- ▶ Tarjetas
- ▶ Digital
- ▶ BN Mujer



PYMES

- ▶ Cuentas
- ▶ Ahorro e inversión
- ▶ Financiamiento
- ▶ Tarjetas y medios de pago
- ▶ Digital
- ▶ Otros servicios
- ▶ Apoyo empresarial



Corporativo

- ▶ Cuentas
- ▶ Cobros
- ▶ Pagos
- ▶ Inversión
- ▶ Financiamiento
- ▶ Expansión a otros mercados
- ▶ Digital
- ▶ Otros servicios



▶ Seguros de Protección Robo y Fraude para tarjetas



▶ Seguros de Gastos Médicos



▶ Seguros de Vida para Saldos Deudores



▶ Seguros de Automóviles



▶ Seguros de Desempleo para tarjetas



▶ Seguros de Vida individuales



▶ Seguros de Accidentes Personales



▶ Seguros para Casas de habitación



▶ Seguros de Desempleo para créditos



▶ Seguros Agrícolas



▶ Seguros de Incendio Comercial o Todo Riesgo



▶ Seguros de Bicicletas



Fondos Financieros

- ▶ BN Diner Fondo
- ▶ BN Súper Fondo
- ▶ BN Súper Fondo Plus
- ▶ BN Fondepósito
- ▶ BN Redifondo
- ▶ BN Crecifond



Fondos Internacionales

- ▶ BN Liquidez
- ▶ BN Valor
- ▶ BN Suma
- ▶ BN Crece



Fondos no Financieros

- ▶ BN Fondo de Inversión de Desarrollo de Proyectos de Infraestructura Pública
- ▶ BN Fondo de Inversión de Desarrollo de Proyectos BN



Intermediación bursátil

- ▶ Para ejecutar la compra y venta de instrumentos financieros por orden expresa del cliente sin que medie asesoría por parte del Puesto de Bolsa o sus representantes.



Asesoría inversión

- ▶ Un asesor de inversión trabaja junto al cliente para especificar y cuantificar los objetivos y restricciones de inversión con una estrategia de inversión para administrar el patrimonio del cliente.



Gestión de activos

- ▶ Por medio de la gestión de activos se administra la cartera de inversión de los clientes de acuerdo con sus objetivos y restricciones de inversión.



Complemento a su inversión

- ▶ Se proveen servicios complementarios a la administración de la cartera de inversión, tales como servicios de información contable, de riesgos, tributaria, de desempeño de la cartera, entre otros; transacciones bursátiles de los clientes en el marco de las Normas Internacionales de Información Financiera (NIIF).



Planes

- ▶ Régimen Obligatorio de Pensiones Complementarias (ROP)
- ▶ Fondo de Capitalización Laboral
- ▶ Plan Voluntario
- ▶ Plan de Pensión Colectivo Empresarial
- ▶ Planes de Beneficios



Servicios

- ▶ Estados de cuenta
- ▶ Estimación de la pensión
- ▶ Disminución de impuestos
- ▶ Formularios en línea

Main sectors and types of activities



SECTORES Y ACTIVIDADES ECONÓMICAS DEL CFBNCR

Áreas de negocio



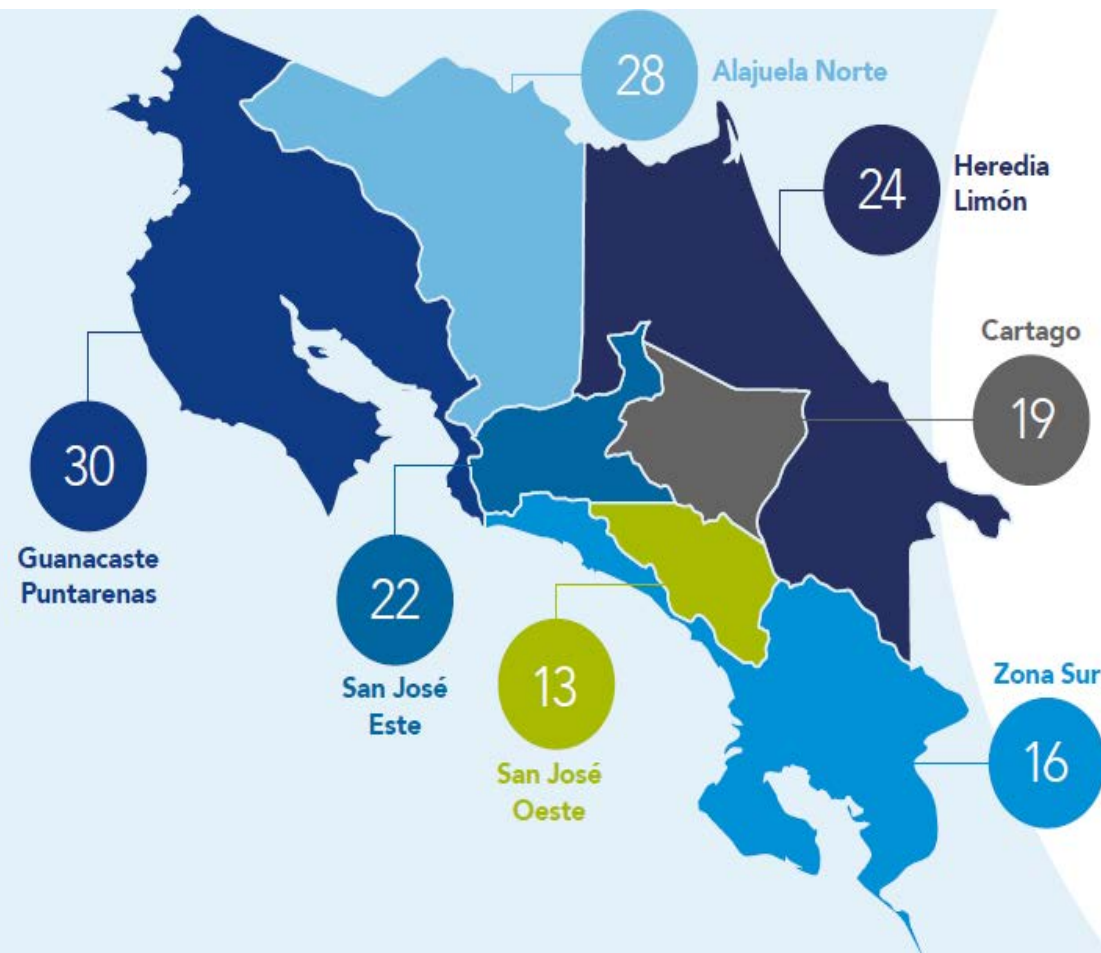
Actividades económicas



Office Locations

Main geographical areas in which the bank operates

During the reporting period we accounted for 152 offices located in the seven provinces of Costa Rica. The distribution of the offices is based on BN's commercial organization.



Number of customers

Business Models

Also quantify the information by disclosing the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e., by balance sheet and/or off-balance sheet) or by disclosing the number of clients served.



Portfolio distribution

Credit portfolio performance

Despite the loss of market share experienced by Banco Nacional in recent years, it managed to maintain its leadership position.

In terms of financing, it remains in first place with 18.85% of the total credit market pie in Costa Rica. The main economic activities supported by the Bank strengthen the national economy, as they are the engines that drive opportunities to generate sources of employment or improve people's quality of life.

BALANCE BY ECONOMIC ACTIVITY

Actividad	Composición Dic. del 2021	Monto en colones Dic. del 2021	Composición Dic. del 2022	Monto en colones Dic. del 2022	Variación interanual
Vivienda	29,71 %	€1 347 158 225 839,79	30,70 %	€1 444 538 734 270,38	€97 380 508 430,59
Servicios	23,01 %	€1 043 436 571 257,24	23,27 %	€1 095 059 447 030,29	€51 622 875 773,05
Consumo	11,10 %	€503 511 429 681,11	12,03 %	€566 079 512 646,71	€62 568 082 965,60
Energía	10,26 %	€465 323 785 147,55	8,90 %	€418 966 686 202,35	-€46 357 098 945,20
Comercio	7,28 %	€330 171 594 061,93	7,29 %	€342 969 138 182,93	€12 797 544 121,00
Turismo	5,91 %	€268 107 946 786,58	5,72 %	€269 338 328 273,62	€1 230 381 487,04
Industria	3,49 %	€158 415 565 843,12	3,80 %	€178 994 270 718,79	€20 578 704 875,67
Agricultura	2,57 %	€116 562 814 806,78	2,20 %	€103 712 943 914,58	-€12 849 870 892,20
Construcción	2,06 %	€93 491 037 959,13	1,31 %	€61 758 622 976,50	-€31 732 414 982,63
Servicios financieros	2,01 %	€91 266 302 711,19	2,33 %	€109 720 870 238,84	€18 454 567 527,65
Ganadería	1,61 %	€72 831 830 902,85	1,57 %	€73 772 137 199,45	€940 306 296,60
Transporte	0,96 %	€43 598 161 061,29	0,86 %	€40 346 931 587,70	-€3 251 229 473,59
Extracción de minerales	0,01 %	€455 324 659,77	0,01 %	€398 427 532,15	-€56 897 127,62
Total general	100 %	€4 534 330 590 718,33	100 %	€4 705 656 050 774,29	€171 325 460 055,96

Fuente: Dirección de crédito. Periodos actuales dic - 2022.

Transactions by economic activity

Consumption is a vital economic activity for strengthening the country's Gross Domestic Product, since it, together with investment, public spending and other items, is basically the formula for building the GDP. In the last year, resources were channeled to finance various activities within the consumer activity to promote the diversification of the economy. Eighty percent of the credit operations formalized were for consumption activities, since variations in consumption have a short-term impact.

Actividad	Operaciones a diciembre del 2021	Operaciones a diciembre del 2022
Consumo	356 100	391 731
Vivienda	50 113	50 189
Servicios	17 237	17 238
Comercio	14 311	14 580
Agricultura y silvicultura	6714	6421
Ganadería, caza y pesca	5683	5709
Industria	2129	2143
Transporte, comunicación y almacenamiento	909	704
Turismo	843	818
Construcción	119	106
Servicios financieros	98	94
Energía	33	35
Extracción de minerales	5	6

Fuente: Dirección de crédito. Periodos actuales dic - 2022.

At the end of December 2022, 38.2 % of the loan portfolio was allocated to support micro, small and medium-sized enterprises in order to strengthen and grow. A total of 32.19% of the loan portfolio was destined to finance the projects of large companies and institutions, without neglecting an important mass segment, to which 23.25% of the total loan portfolio was destined at the end of 2022.

Segment Balance

Actividad	Composición Dic. del 2021	Monto en colones Dic. del 2021	Composición Dic. del 2022	Monto en colones Dic. del 2022	Variación interanual
Empresarial y corporativa	26,56 %	€1 204 246 577 756,19	25,94 %	€1 220 638 616 796,57	€16 392 039 040,38
Masivo	23,24 %	€1 053 931 393 312,72	23,25 %	€1 093 916 962 955,58	€39 985 569 642,86
Microempresa	14,66 %	€664 751 223 727,91	11,49 %	€540 910 636 295,10	-€123 840 587 432,81
Mediana empresa	13,90 %	€630 489 433 434,59	17,27 %	€812 485 775 014,13	€181 996 341 579,54
Pequeña empresa	10,54 %	€477 806 824 725,35	9,44 %	€444 087 753 387,46	-€33 719 071 337,89
Preferentes	4,33 %	€196 444 098 985,13	6,36 %	€299 354 949 811,54	€102 910 850 826,41
Institucional	6,76 %	€306 601 624 698,45	6,25 %	€293 926 373 161,22	-€12 675 251 537,23
No gestionables	0,00 %	€59 414 077,99	0,01 %	€334 983 352,69	€275 569 274,70
Total general	100 %	€4 534 330 590 718,33	100 %	€4 705 656 050 774,29	€171 325 460 055,96

Fuente: Dirección de crédito. Periodos actuales dic – 2022.

Operations by segment

Actividad	Operaciones a diciembre del 2021	Operaciones a diciembre del 2022
Masivo	253 576	267 871
Microempresa	131 226	121 310
Pequeña empresa	40 612	44 975
Preferentes	17 742	35 763
Mediana empresa*	10 150	18 795
Empresarial y corporativa	724	801
Institucional	187	173
No gestionables	77	86
Total	454 294	489 774

Fuente: Dirección de crédito. Periodos actuales dic – 2022.

Portfolio balance and operations of the MSME segment by geographic area

Comportamiento BN PYME por zona comercial	2022	
	Saldo	Operaciones
CIEN	€645 820 446 250,17	6465
ZC HEREDIA LIMÓN	€206 943 595 420,75	28 112
ZC ALAJUELA NORTE	€200 167 826 228,78	33 374
ZC SAN JOSÉ ESTE	€171 914 929 302,98	24 911
ZC PUNTARENAS GUANACASTE	€163 294 461 600,12	26 069
ZC CARTAGO	€156 470 447 077,19	26 509
ZC SAN JOSÉ OESTE	€144 626 161 177,97	20 992
ZC SUR	€108 246 297 638,73	18 648
ZC CENTRO CORPORATIVO	€0,00	0
Diciembre del 2022	€1 797 484 164 696,69	185 080
Total	454 294	489 774

Fuente: Dirección de crédito. Periodos actuales dic – 2022.

Portfolio balance and operations of the MSME women segment by geographic area

Comportamiento BN Mujer por zona comercial	2021		2022	
	Saldo	Operaciones	Saldo	Operaciones
ZC CENTRO CORPORATIVO	€297 166 084 523,97	173	€232 095 774 993,83	188
ZC HEREDIA LIMÓN	€166 300 596 647,03	27 048	€182 312 056 070,64	30 118
ZC ALAJUELA NORTE	€127 157 391 281,33	25 932	€133 887 883 103,01	28 439
ZC PUNTARENAS GUANACASTE	€95 824 572 001,01	19 143	€97 769 894 036,57	21 107
ZC CARTAGO	€100 667 489 267,67	17 422	€113 459 427 787,79	18 980
ZC SAN JOSÉ ESTE	€160 783 113 544,78	31 656	€163 036 667 644,70	33 048
CIEN	€163 628 966 480,40	1533	€190 885 847 768,66	2006
SIN ZONA	€0,00	0	€114 180,57	3
ZC SUR	€58 405 390 689,47	13 103	€61 090 901 427,26	14 822
ZC SAN JOSÉ OESTE	€185 642 678 099,42	34 751	€198 936 861 132,33	36 989
Total general	€1 355 576 282 535,08	170 761	€1 373 475 428 145,36	185 700

Fuente: Dirección de crédito. Periodos actuales dic – 2022.



Strategy alignment

Does your corporate strategy identify and reflect sustainability as a strategic priority(ies) for your bank?



Yes



No

Describe how your bank has aligned and/or plans to align its strategy to be in line with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

The General Board of Directors in office during the year 2021 approved at the end of the year a new strategy called Juntos Somos Humanos, Cercanos y Sostenibles (Together We Are Human, Close and Sustainable). The strategy included sustainability factors within the objectives that were built, which due to confidentiality issues of the strategy cannot be published.

Based on the strategy, a sustainability plan was designed containing lines of action that respond to each of the dimensions of sustainability or ESG criteria and are aligned with the institutional objectives of the Together we are human, close and sustainable strategy. Each line of action reflects the commitments made to sustainability and their linkage to national legislation and international principles set out in the Paris Agreement and the SDGs

DIMENSIÓN ECONÓMICA	Financiamiento Sostenible	Movilización de capital propio y extranjero para impulsar proyectos sostenibles.	<ul style="list-style-type: none">• Bono Social: busca beneficiar a las Mipymes especialmente aquellas lideradas por mujeres.• Fondo Verde para la creación de un data center y el Crédito Verde, para impulsar el desarrollo de proyectos que combatan el cambio climático.
		Aumentar las ventas de productos y servicios sostenibles	<ul style="list-style-type: none">• Inclusión Financiera.• Accesibilidad ligada a la transformación digital.
	Riesgos ASG	<ul style="list-style-type: none">• Incorporación de estándares ASG en el mapa de procesos.• Operativizar la gestión de riesgos ASG en las finanzas sostenibles del BN.	
	Cadena de Valor	<ul style="list-style-type: none">• Proveedores Sostenibles, acompañamiento y orientación.• Compras sostenibles, implementación de pesos porcentuales en los criterios de evaluación.	
DIMENSIÓN SOCIAL	Programa Transformando Comunidades	Apoyo a Asociaciones de Desarrollo Integral para el desarrollo de proyectos productivos que generen fuentes de empleo en las comunidades donde el BN opera; así como el apoyo a Asadas para que inviertan en mejoras de los acueductos.	
	Educación Financiera	<ul style="list-style-type: none">• Transferencia de conocimientos.• Uso efectivo de los productos del CFBNCR.	
	Público Interno	Seguimiento de la aplicación del Índice de Pobreza Multidimensional Empresarial como programa de apoyo a la gestión de la Dirección de Desarrollo Humano.	
DIMENSIÓN AMBIENTAL	Programa Carbono Neutro, emisiones, combate al cambio climático		
	Programa de Gestión Ambiental Institucional (PGAI) para la reducción de la huella y los impactos ambientales negativos		
GOBERNANZA	Derechos humanos	Política y proceso de sensibilización para el cumplimiento del respeto de los derechos humanos.	
	Partes interesadas	<ul style="list-style-type: none">• Estudios de materialidad y prácticas de relacionamiento e integración.• Mejoras al Índice de riesgo reputacional.	
	Alianzas	Formalización de proyectos y alianzas público-privadas.	
	Rendición de cuentas	Portal de Transparencia y Reporte Anual de Sostenibilidad del CFBNCR.	



Contribution to the SDG's

The design of the objectives of the Juntos Somos Humanos, Cercanos y Sostenibles strategic framework has been analyzed in order to establish their linkage with the Sustainable Development Goals (SDGs) guided the mapping of our social, environmental, economic and governance impacts in the Conglomerate.

To this end, a selection of those with the highest level of impact was made to increase the specificity and depth of the contribution to the SDGs. We coordinated the execution of a series of workshops with different representatives of the Conglomerate's units and evaluated the linkage of the SDG goals with the institutional objectives of the BN Conglomerate's sustainable business strategy.

Our strategy links 55 of the 169 SDG targets, representing 33% of the total targets. Our objective is to establish a balance by classifying and identifying the dimensions where our greatest concentration lies. Thus, our sustainable business strategy has specific objectives related to 15 SDGs in the social area, 17 in the environmental and economic area, and six in governance.

Dimensión	Perspectivas del marco estratégico	ODS relacionados	Cantidad de metas vinculadas	Total de metas impactadas
ECONÓMICA	Financiera	7, 8, 10	8	17
	Cliente	9, 11	9	
SOCIAL	Crecimiento y aprendizaje	1	1	15
	Financiera	1,4	4	
	Cliente	1, 2, 3, 4, 5	10	
AMBIENTAL	Financiera	6, 12, 13, 14, 15	13	17
	Cliente	12, 13, 15	4	
GOBERNANZA	Financiera	16, 17	5	6
	Cliente	16	1	



- Ethical and transparent governance
 - Human Rights
 - Accountability
- Stakeholder engagement

Social

- Democratization of the economy
 - Social and financial inclusión
 - Reduction of social gaps



Economical

- Sustainable finance
 - Sustainable investments and financing
- Economic growth
- Equal opportunities



Environmental

- Decarbonization of the economy
 - Combating climate change
 - Footprint reduction



International Affairs

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

- ☒ UN Guiding Principles on Business and Human Rights
- ☐ Fundamental Conventions of the International Labor Organization
- ☒ UN Global Compact
- ☐ UN Declaration on the Rights of Indigenous Peoples
- ☒ Any applicable regulatory reporting requirements on environmental risk assessments, e.g., on climate risk; specify which ones.
- ☒ Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - specify which ones: Idem SARAS
- ☐ none of the above

At BN we assume a serious commitment to sustainability to guarantee our stakeholders that we walk together in the transition process towards a more humane and environmentally friendly society. For this reason, we have adhered to a series of principles and international initiatives that allow us to strengthen our business model to manage environmental and social issues more efficiently, generating positive impacts for people and the planet.



Principle 02

Impact and setting of objectives



We will increase our positive impacts in parallel with the reduction of negative impacts on people and the environment, strengthening the management of risks related to our activities, products and services. To this end, we will set and publish targets, striving to have the most significant impacts on people and the environment.

Key Step 1

Impact analysis

Demonstrate that your bank has conducted an impact analysis of your portfolio(s) to identify your significant impact areas and determine priority areas for target setting. The impact analysis will be updated periodically and will meet the following requirements/elements (a-d

A. Scope

What is the scope of your bank's impact analysis? Please describe which parts of the bank's main business areas, products/services in the main geographies in which the bank operates (as described in 1.1) have been considered in the impact analysis.

Environmental area

Tema material	Acciones implementadas
 Impactos ambientales directos de nuestras operaciones	Desarrollo de una cartera de productos sostenibles diseñada para que personas físicas y jurídicas se sumen en el proceso de mejorar las operaciones para contribuir con la descarbonización de la economía.
 Productos Financieros Verdes	Mejoras en los procesos internos, generación de ahorros económicos y de consumo de recursos institucionales, derivado de un uso responsable de ellos.
 <ul style="list-style-type: none">Gestión de riesgos y oportunidades frente al cambio climáticoEvaluación de riesgos ambientales y sociales de los financiamientos	<ul style="list-style-type: none">Desarrollo del Sistema de Análisis de Riesgos Ambientales y Sociales (SARAS).Fortalecimiento de la cultura de riesgo con la incorporación de criterios de riesgos ASG y climáticos.
 Gobierno Corporativo	Desarrollo de programas para el fortalecimiento de la gestión de la Junta Directiva General.
 Rendición de cuentas	Publicación de los resultados económicos, sociales, ambientales y de gobernanza en el Reporte de Sostenibilidad anual y los informes generados al Consejo de Gobierno de La República de Costa Rica.
 Ética y anticorrupción	Evaluación de la matriz de transparencia donde participan todas las empresas del Conglomerado, en el ámbito interno se construyen herramientas de control para fortalecer el proceso de debida diligencia.
 Condiciones laborales, salud y seguridad ocupacional, atracción y retención de talento, bienestar de colaboradores	Implementación de programas que buscan mejorar la salud organizacional, complementado con mejoras en la infraestructura de las oficinas y aplicación de medidas como el teletrabajo para mejorar la condición de salud de los colaboradores.
 Diálogo social	Ejecución del Programa Transformando Comunidades y del Análisis del Estudio de materialidad.
 Gestión de diversidad e inclusión y respecto a los derechos humanos	Fortalecimiento de la política de derechos humanos junto a procesos de capacitación y campañas de sensibilización.
 Debido proceso y evaluación del desempeño	Desarrollo de programas que fortalecen la gestión de la alta administración en procesos de control y debida diligencia.

Governance Area

Impact analysis according to material issues

BN performs a materiality analysis approximately every 2 years and it is carried out with representatives of the different stakeholders with which the Banco Nacional de Costa Rica Financial Conglomerate is related. Based on the consultation with these audiences, a list of the main topics or material issues is obtained and from them an impact analysis is performed for each material issue. The analysis considers both the positive impacts that are managed given the application or execution of the material topic and the negative impacts that could materialize.

Table 1 of impact analysis according to materiality and actions implemented.



Also describe which areas have not yet been included and why?

	Tema material	Acciones implementadas
Economical area	 Gestión de riesgos ASG	Fortalecimiento de la cultura de riesgos mediante la incorporación de las categorías de riesgos ambientales, sociales y de gobernanza, prestando especial atención a los riesgos climáticos.
	 Transformación digital e innovación	Inversión para la mejora de los sistemas y desarrollo de programas de capacitación en plataformas digitales, poniendo especial atención al grupo de públicos vulnerables.
	 Promover la sostenibilidad en la cadena de valor	Desarrollo e implementación del Programa de Proveedores Sostenibles.
	 Prácticas justas de mercadeo	Incorporación de factores de sostenibilidad en los procesos de compras públicas.
	 Ciberseguridad	Inversión en sistemas de monitoreo y validación de sitios de riesgos
	 Productos y servicios para el desarrollo sostenible	Incorporación de herramientas financieras de inversión al catálogo de productos sostenibles, tales como el bono social o los fondos verdes.
Social area	 Desarrollo humano y formación en el sitio de trabajo	Implementación de programas de capacitación donde abordan temas financieros y de desarrollo humano.
	 Igualdad de género en el sitio de trabajo	Formulación de programas de empoderamiento de la mujer.
	 Reducción de la pobreza multidimensional	Aplicación del estudio de pobreza multidimensional empresarial.
	 Educación financiera	Desarrollo e implementación de la estrategia denominada Libertad Financiera, una propuesta de educación financiera acompañada de programas como BN Labor®, BN Gimnasio Financiero y Abuelitos Tecnológicos.
	 Inversión social	Desarrollo del Bono Social construido a partir de la alianza entre el BN y organizaciones internacionales que buscan beneficiar a las PYMES, especialmente aquellas lideradas por mujeres, mediante la canalización de recursos propios del BN y externos aportados por las multilaterales.
	 Inclusión financiera	Desarrollo de productos fundamentados en criterios de sostenibilidad y de digitalización para aumentar los niveles de alcance y accesibilidad como las plataformas digitales y los cajeros automáticos programados en lenguajes indígenas de Costa Rica.

In process

Application of IFRS S1 & S2

From the materiality perspective, in the second half of 2022 a new materiality study was applied in which double materiality was applied in order to start preparing the organization to the accountability exercise in accordance with the new IFRS S1 & S2 standards. The results of the new materiality study will be completed by 2023.

Table 2 of impact analysis according to materiality and implemented actions



B. Portfolio Composition

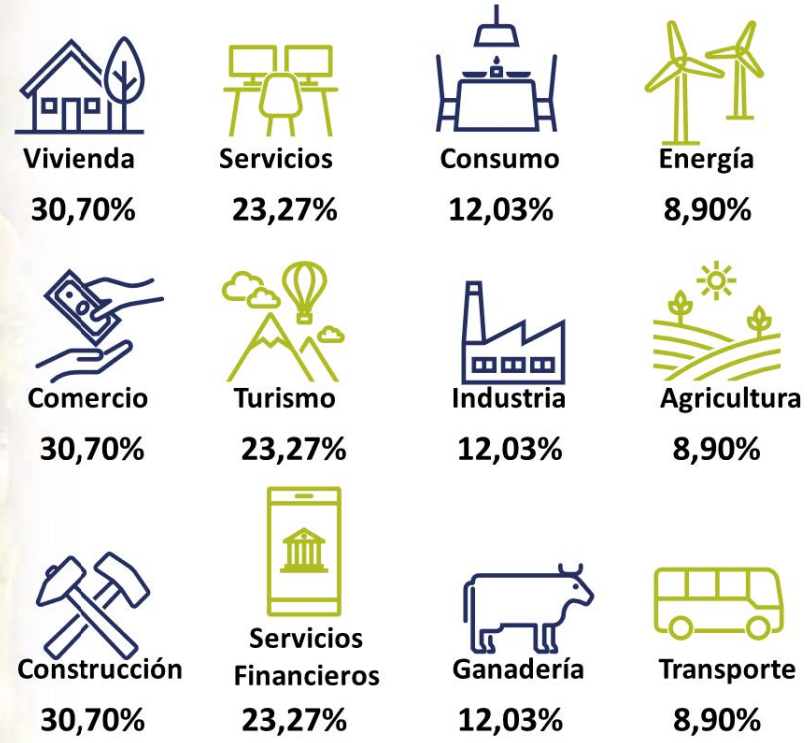
¿ Has your bank considered the composition of your portfolio (in %) in the analysis?

- Provide the proportional composition of your portfolio globally and by geography.
- By sector and industry for commercial, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or by products and services and by customer type for consumer and retail banking portfolios



Distribution of BN's loan portfolio

Composition of the loan portfolio by economic activity



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

Market share in the credit market:

CFBNCR's 3.78% growth in the credit market was slightly above the overall market growth of 3.43%. This allowed us to consolidate our leadership position

Entidad	Dic. 2021		Dic. 2022		Var % saldo
	Saldo en colones	Participación	Saldo en colones	Participación	
BNCR	€4 534 330 590 666,00	18,79 %	€4 705 656 050 770,00	18,85 %	3,78 %
BCR	€3 193 889 504 725,00	13,23 %	€3 298 222 308 876,00	13,21 %	3,27 %
BAC SAN JOSE	€3 313 523 432 511,00	13,73 %	€3 533 216 960 064,00	14,15 %	6,63 %
POPULAR	€2 617 293 337 311,00	10,84 %	€2 824 019 218 637,00	11,31 %	7,90 %
SCOTIABANK	€1 554 808 077 597,00	6,44 %	€1 476 854 626 345,00	5,92 %	-5,01 %
DAVIVIENDA	€1 509 892 668 395,00	6,26 %	€1 527 972 627 982,00	6,12 %	1,20 %
Resto SFN	€7 413 159 346 949,00	30,71 %	€7 600 100 597 727,00	30,44 %	2,52 %
Total general	€24 136 896 958 154,00		€24 966 042 390 401,00		

Fuente: Dirección de Análisis Económico / SUGEF

Market share in the capitation market:

Fund gathering grew by 4.13% in 2022. The CFBNCR Conglomerate performed below this average, with its record remaining almost the same as in the previous year; despite this condition, its leadership position was not eroded and it retained a quarter of total deposits.

Entidad	Dic. 2021	PM Dic. 2021	Dic. 2022	PM Dic. 2022	Var. porcentual
	(miles de colones)		(miles de colones)		
BN	€5 965 493 755 667,00	24,99 %	€5 971 828 510 972,00	24,02 %	0,11 %
BCR	€4 595 900 641 742,00	19,25 %	€4 691 855 488 958,00	18,8 %	2,09 %
BAC SAN JOSE	€3 487 976 692 277,00	14,61 %	€3 918 782 855 229,00	15,6 %	12,35 %
POPULAR	€1 671 984 317 874,00	7,00 %	€1 843 172 675 428,00	7,41 %	10,24 %
SCOTIABANK	€1 374 289 479 669,00	5,76 %	€1 346 969 970 836,00	5,42 %	-1,99 %
DAVIVIENDA	€1 135 075 846 573,00	4,75 %	€1 298 786 668 845,00	5,22 %	14,42 %
OTROS	€5 641 128 803 794,00	23,63 %	€5 787 665 503 791,00	23,28 %	2,60 %
Total general	€23 871 849 537 596,00		€24 859 061 674 059,00		

Fuente: Dirección de Análisis Económico / SUGEF

Market share

BN measures its position in the national market according to the distribution made by the Directorate of Economic Analysis / SUGEF of the participation of banks in the country. In this report you will find the information for the year 2022 compared to 2021.



Savings market share:

During 2022, the CFBNCR consolidated its position as the absolute leader, with a growth of 9% over the previous year's amount. This exceeds the overall growth of this indicator, which was 6.91% for the year.

Entidad	Dic. 2021		Dic. 2022		Var % saldo
	Saldo en colones	Participación	Saldo en colones	Participación	
BNCR	€2 049 250 666 697,00	33,29 %	€2 235 282 084 991,00	33,97 %	9,08 %
BCR	€188 245 224 091,00	17,68 %	€1 201 141 469 952,00	18,25 %	10,37 %
BAC SAN JOSE	€1 003 981 124 100,00	16,31 %	€1 060 192 631 528,00	16,11 %	5,60 %
POPULAR	€542 921 000 341,00	8,82 %	€532 783 997 992,00	8,10 %	-1,87 %
SCOTIABANK	€143 651 026 099,00	2,33 %	€136 973 327 945,00	2,08 %	-4,65 %
DAVIVIENDA	€70 211 934 873,00	1,14 %	€67 034 424 026,00	1,02 %	-4,53 %
Resto SFN	€1 256 623 082 191,00	20,42 %	€1 347 002 375 676,00	20,47 %	7,19 %
Total general	€6 154 884 058 392,00		€6 580 410 312 110,00		

Fuente: Dirección de Análisis Económico / SUGEF

Market share in checking accounts:

The year 2022 was very difficult in the area of current accounts, which recorded an overall drop of 3.72%. The CFBNCR was also down; however, it represents about a third of this activity.

Entidad	Dic. 2021 (miles de colones)	PM Dic. 2021	Dic. 2022 (miles de colones)	PM Dic. 2022	Var. porcentual
BN	€280 685 115 875,00	29,17 %	€2 043 303 492 671,00	27,14 %	-10,41 %
BCR	€2 273 166 980 463,00	29,07 %	€2 175 464 270 557,00	28,90 %	-4,30 %
BACSANJOSE	€1 365 153 150 321,00	17,46 %	€1 458 506 495 123,00	19,37 %	6,84 %
SCOTIABANK	€460 763 543 256,00	5,89 %	€407 826 426 601,00	5,42 %	-11,49 %
DAVIVIENDA	€274 144 309 542,00	3,51 %	€291 078 787 311,00	3,87 %	6,18 %
POPULAR	€33 709 713 094,00	0,43 %	€56 220 524 222,00	0,75 %	66,78 %
OTROS	€1 131 839 765 516,00	14,47 %	€1 096 144 022 075,00	14,56 %	-3,15 %
Total general	€7 819 462 578 067,00		€7 528 544 018 560,00		

Fuente: Dirección de Análisis Económico / SUGEF

Market share in term certificates of deposit:

Time deposits were the most dynamic activity in the credit market, with an 8.6% growth in their amounts. It is also the most competitive (no bank accounts for more than 20% of the total) and the CFBNCR maintained its leadership in this area, despite the fact that its growth in 2022 was below the overall average.

Entidad	Dic. 2021 (miles de colones)	PM Dic. 2021	Dic. 2022 (miles de colones)	PM Dic. 2022	Var. porcentual
BN	€1 635 557 973 096,00	16,52 %	€1 693 242 933 309,00	15,75 %	3,53 %
BCR	€1 318 752 537 179,00	13,32 %	€1 456 198 586 872,00	13,55 %	10,42 %
POPULAR	€1 095 353 604 439,00	11,07 %	€1 254 168 153 213,00	11,67 %	14,50 %
BACSANJOSE	€1 034 578 317 865,00	10,45 %	€1 259 134 890 154,00	11,71 %	21,71 %
SCOTIABANK	€843 314 001 540,00	8,52 %	€872 109 120 209,00	8,11 %	3,41 %
DAVIVIENDA	€717 280 510 932,00	7,25 %	€870 734 553 589,00	8,10 %	21,39 %
OTROS	€3 252 665 956 086,00	32,86 %	€3 344 519 106 043,00	31,11 %	2,82 %
Total general	€9 897 502 901 137,00		€10 750 107 343 389,00		

Fuente: Dirección de Análisis Económico / SUGEF

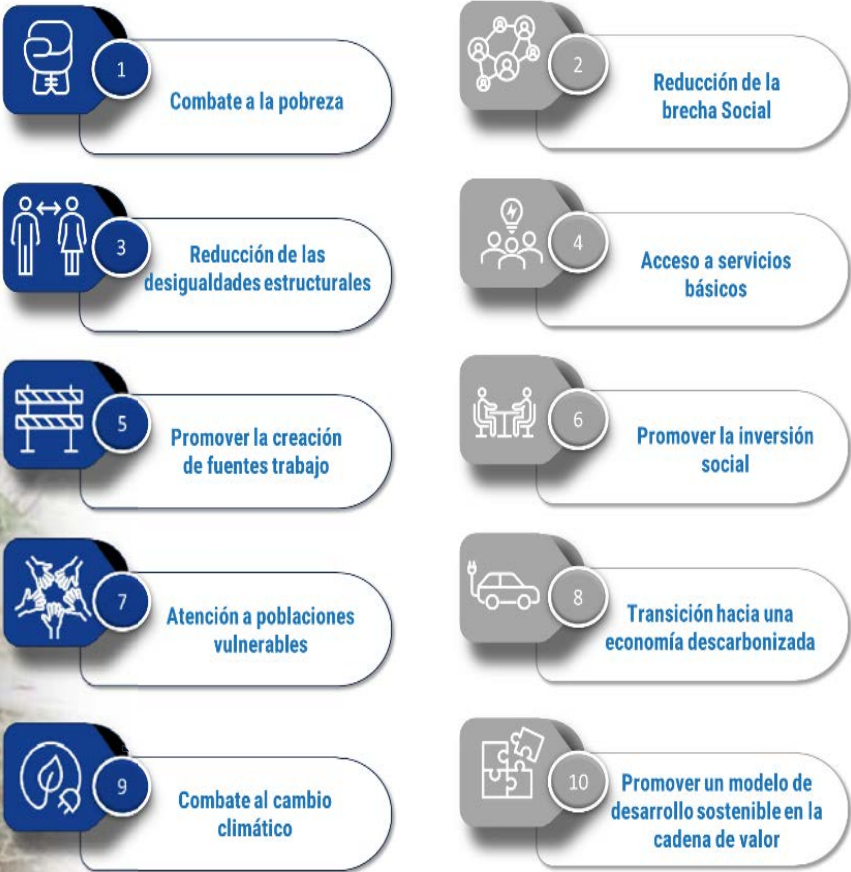
C. Context

What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or its clients operate?

Describe how they have been considered, including the stakeholders you have engaged to help inform this element of the impact analysis. This step aims to put the impacts of your bank's portfolio in the context of societal needs.

Challenges facing banking

At BN, the strategy Juntos Somos Humanos, Cercanos y Sostenibles (Together We Are Human, Close and Sustainable) was built with the purpose of listening to people to try to offer them financial solutions that allow them to make their lives easier, but to achieve this we consider not only their expectations but also the social and environmental challenges that Costa Rica and the world must pay attention to. Among the main challenges are the following:



Material issues

- | | |
|-----------------------------------------------------------------------------------------------|----------------------------------------------|
| 1 Impactos ambientales | 14 Condiciones laborales |
| 2 Productos financieros verdes | 15 Salud y seguridad ocupacional |
| 3 Gestión de riesgos sociales y ambientales de los financiamientos frente al cambio climático | 16 Respeto a los derechos humanos |
| 4 Gestión de riesgos ASG | 17 Diálogo social |
| 5 Transformación digital e innovación | 18 Debido proceso y evaluación de desempeño |
| 6 Promover la sostenibilidad en la cadena de valor | 19 Desarrollo humano |
| 7 Prácticas justas de mercadeo | 20 Atracción y retención de talento |
| 8 Ciberseguridad | 21 Bienestar del colaborador |
| 9 Inversión para el desarrollo sostenible | 22 Gestión de diversidad e inclusión |
| 10 Gobierno corporativo | 23 Igualdad de género en el lugar de trabajo |
| 11 Rendición de cuentas | 24 Reducción de pobreza multidimensional |
| 12 Innovación | 25 Educación financiera |
| 13 Ética y anticorrupción | 26 Inclusión financiera |

Consideration of stakeholders

Financial Conglomerate Banco Nacional Costa Rica has conducted materiality studies that have been used for the development of a sustainability strategy and a business model that incorporates sustainability in all aspects of the company. From this study derive material issues that influence the direction of business operations.

The definition of these issues is a process that is built thanks to a dialogue with the different stakeholders where their expectations and needs are known. This type of mechanism is one of the main actions that BN has in place to consider the expectations of its stakeholders.

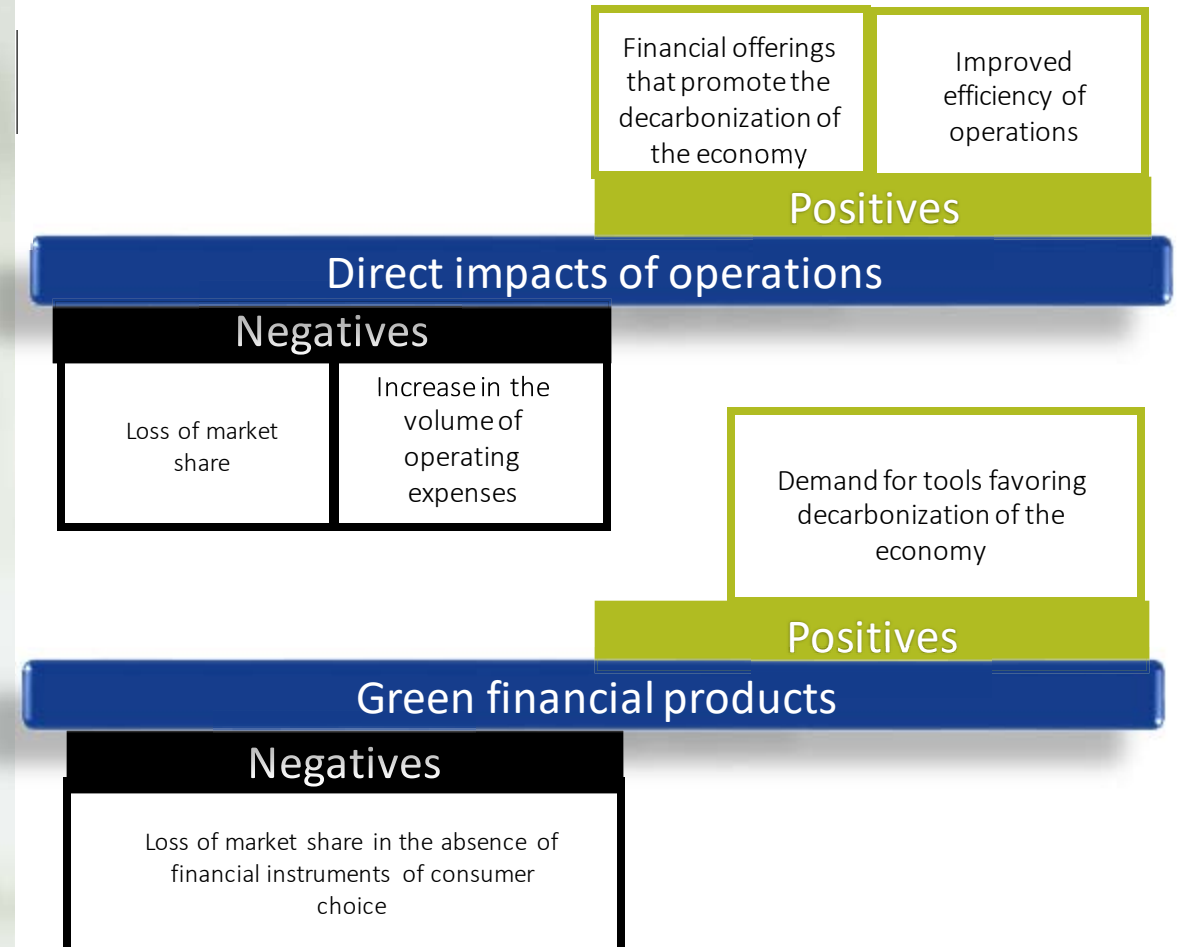
Other tools are added, such as small meetings with audiences strategic plans, accountability events, implementation of strategic surveys. use of the channels of the Service Control of Services



Environmental impact analysis

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

Results of identified impacts



Economic impact analysis

Management of risks and opportunities in the face of climate change

Strengthened risk culture thanks to the incorporation of ESG risks that fortify financing or investment operations.

Trend to decarbonize processes in organizations and drive the generation of associated businesses

Loss of market share if business opportunities arising from climate change are not anticipated.

Support for projects that provide solutions to the challenges of today's society, such as job creation, use of clean energy, reduction of social, structural and digital gaps.

Financing and sustainable investments

Increased social and environmental problems

Reduction of the country's socioeconomic development

Drives triple bottom line growth between the organization and the publics it relates to

Promoting sustainability in the value chain

Weakening of one of the groups with which the organization develops, affecting its operation and economic performance.

Social impact analysis

Identified stakeholders, knowledge of their expectations and decision making that impact the business.

Social Dialogue

Loss of trust and credibility in the organization due to lack of knowledge of the groups with which it is linked.

Loss of potential business due to non-interaction with stakeholders

Building a healthy financial culture

Financial education and inclusion

Overindebtedness

Increase in social problems

Alignment of international trends

Respect for human rights

Loss of social license to operate

Loss of reputation

D. Performance measurement

For these (min. two prioritized impact areas)

Which sectors, industries and types of clients financed or invested in are causing the strongest actual positive or negative impacts?

Describe how their performance has been evaluated using indicators related to impact areas that apply to your bank. In determining priority areas for target setting among your areas of greatest impact, you should consider the bank's current performance levels, i.e., qualitative and/or quantitative indicators of triple bottom line impact, impacts resulting from the bank's activities and the provision of products and services.

If you have identified climate and/or health and financial inclusion as your main impact areas, please also refer to the applicable indicators in the Annex. If your bank has adopted another approach to assess the intensity of the impact resulting from the bank's activities and the provision of products and services, please describe it.

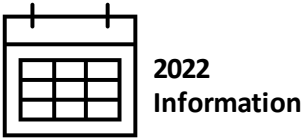
Challenges facing banking

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

Scope	SÍ	<input checked="" type="radio"/>	En curso	<input type="radio"/>	No	<input type="radio"/>
Portfolio composition	SÍ	<input checked="" type="radio"/>	En curso	<input type="radio"/>	No	<input type="radio"/>
Context	SÍ	<input checked="" type="radio"/>	En curso	<input type="radio"/>	No	<input type="radio"/>
Performance measurement	SÍ	<input checked="" type="radio"/>	En curso	<input type="radio"/>	No	<input type="radio"/>

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

Climate change mitigation	<input checked="" type="radio"/>
Financial education and inclusion	<input checked="" type="radio"/>



01

Climate Strategy



02

Inclusion and financial health



Demonstrate that your bank has established and published a minimum of two objectives that address at least two different areas of greatest impact that you identified in your impact analysis. Objectives should be specific, measurable (qualitative or quantitative), achievable, relevant and time-bound (SMART). Indicate the following elements of the objective configuration (a-d), for each objective separately:

A. Alignment

¿What international, regional or national policy frameworks for aligning your bank's portfolio have you identified as relevant? Show that the selected indicators and targets are linked and drive alignment and further contribution to contribution to appropriate Sustainable Development Goals, Paris Agreement targets and other relevant international, national or regional frameworks. Can be based on the context elements in section 2.1. context in section 2.1.



Climate Strategy

At Banco Nacional we are committed to promoting and leveraging sustainable development in order to contribute to the market, through a novel vision of doing business by promoting investments and financing in projects with a high economic, social and environmental impact, which is why we encourage investment in projects focused on the growth and decarbonization of the economy, as well as the reduction of inequalities in the country, here are some of the most important milestones of the year in terms of climate finance:



B. Baseline

Have you determined a baseline for the selected indicators and assessed the current level of alignment? Indicate the indicators used, as well as the baseline year. You may rely on the performance measurement performed in 2.1 to determine the baseline for your target.

A suite of indicators for climate change mitigation and financial inclusion and health has been developed to guide and support banks in their target setting and implementation journey.

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

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


BN maintains an up-to-date Business Continuity Management System to reduce the impact of a disruptive event on critical business processes.

The organization has a methodology that allows it to carry out an analysis exercise to identify critical business processes and estimate the impact of disruptive events and/or crises on the organization. With the regular execution of this process, the CFBNCR processes and sub-processes are classified according to their criticality, by means of a model that allows classifying, according to strategic alignment, those processes that are essential for Business Continuity and that are the basis of the Management System.

The physical risks associated with climate change affect different aspects of BN's operations, ranging from operational and business continuity elements, which may affect the provision of services to our customers and the fulfillment of their needs, situations such as not opening an office, or damage to facilities.

Even a more direct way in which our clients are affected is when economic losses are caused to their assets, altering their income-generating activities and even affecting their ability to meet their obligations.

Given all these elements associated with the impact at the climate level, we worked on linking traditional risks such as market, operational and credit risks, for which reason in 2021 we performed for the first time the stress tests for climate risk with impact at the capital level.



Climate stress tests
were conducted
during 2022.

C) SMART goals
(including key performance indicators (KPI))

Disclose objectives for your first and second most significant impact areas, if they already exist (as well as other impact areas, if they exist) What KPI are you using to monitor progress toward achieving the goal? Please disclose.

D) Action Plan:

What actions, including milestones, have you defined to meet the stated objectives? Please describe

Demonstrate that your bank has analyzed and recognized potential indirect impacts of established objectives in other impact areas as well as relevant actions to avoid, mitigate or offset potential negative impacts.

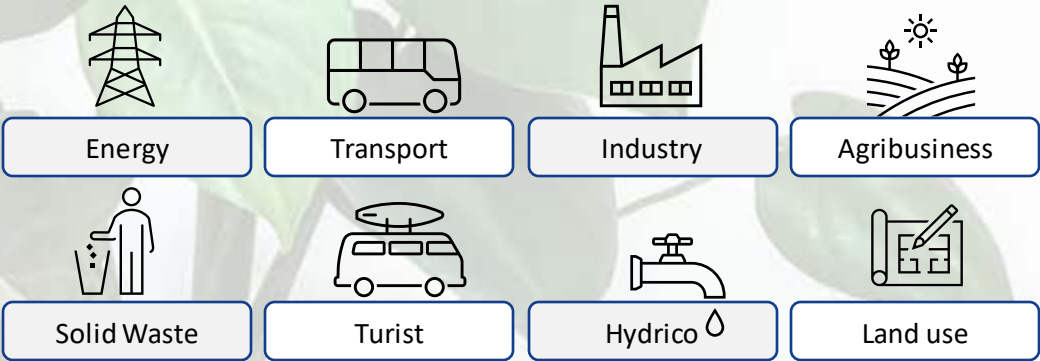
Goals

In recent years, the Governments of the Republic of Costa Rica have proposed to assume a leadership role in climate change issues since the country is located in one of the most vulnerable regions on the planet, so the actions taken take they must be forceful to be able to face it. In this way, the National Descarbonization Plan arises, whose objective is to “Reduce the social, environmental and economic impacts of climate change and take advantage of opportunities, promoting sustainable development through economic growth, social and environmental protection through mitigation initiatives and adaptation actions, so that Costa Rica improves the quality of life of its inhabitants and this ecosystems, heading towards a competitive carbon neutral economy by 2021. This shared responsibility must be given through the development of capacities and the legitimacy to influence both the National Agenda and the International Agenda.

The strategy has defined priority intervention sectors on which the identification of emission sources and reduction opportunities is being worked on, since the objective is to reduce the amount of GHG emissions per source in each of these 8 sectors.

Based on the country strategy, we set out to work on the following objectives

- 1 Mobilization of our own and international resources to join the national decarbonization plan.
- 2 Creating a sustainable value proposition to finance people and businesses in the transition to a low-carbon economy
- 3 Modify internal procedures in order to reduce the climate footprint and identify business opportunities.
- 4 Strengthen the risk culture by incorporating ESG risks and implementing the SARAS evaluation system.
- 5 Measuring the emissions footprint of the loan portfolio to generate a climate finance strategy



Priority sectors

TARGET CONFIGURATION

KEY STEP 2

Demonstrate that your bank has established and published a minimum of two objectives that address at least two different areas of greatest impact that you identified in your impact analysis.

Objectives must be specific, measurable (qualitative or quantitative), achievable, relevant and time-bound (SMART). Indicate the following elements of the objective configuration (a-d), for each objective separately: 1. each objective separately:

A. Alignment

What international, regional or national policy frameworks for aligning your bank's portfolio have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment and further and drive alignment and further contribution to contribution to appropriate Sustainable Development Goals, Paris Agreement targets and other relevant international, national or regional frameworks. Can be based on the context elements in section 2.1. context in section 2.1.

02



Inclusion and Financial Health

BN Financial Freedom

This is the name given to the financial education strategy, which in recent years has achieved significant growth in terms of the population that participates in the different lines of action of the strategy.

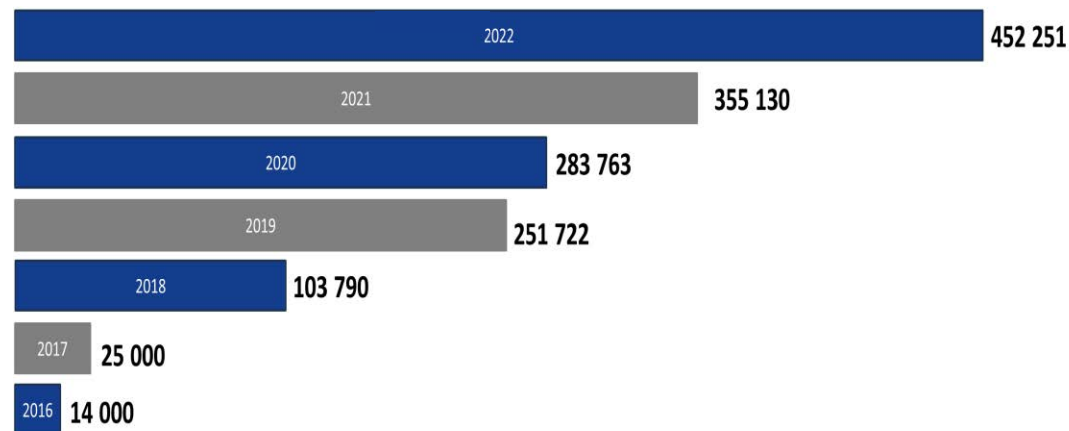


LONG-TERM VISION

We believe in a citizenry that understands and manages financial concepts, services and products, making decisions that improve their quality of life and enable their economic development. For this reason, we have developed a program that seeks to build a healthy financial culture based on knowledge and responsible practices in the use of and relationship with money.

Subjects covered	Number of people impacted
Cybersecurity	138,816
Pensions, welfare culture and dignified old age	113,632
ICT Literacy, Bn Móvil, sinpe móvil	84,211
Savings tools and investment facilities	28,550
Financial Rehabilitation Responsible Collection	20,075
Insurance culture of prevention	16,836
Emotional relationship with money	14,847
Finance for Youth BN Youth	22,858
Stock market, risks and benefits	9,850
Children's finance, video games and online shopping	1,081
Investments how to use BN Funds	1,059
Finance for seniors	436
	452,251

1 485 656 People who have participated in the



B. Baseline

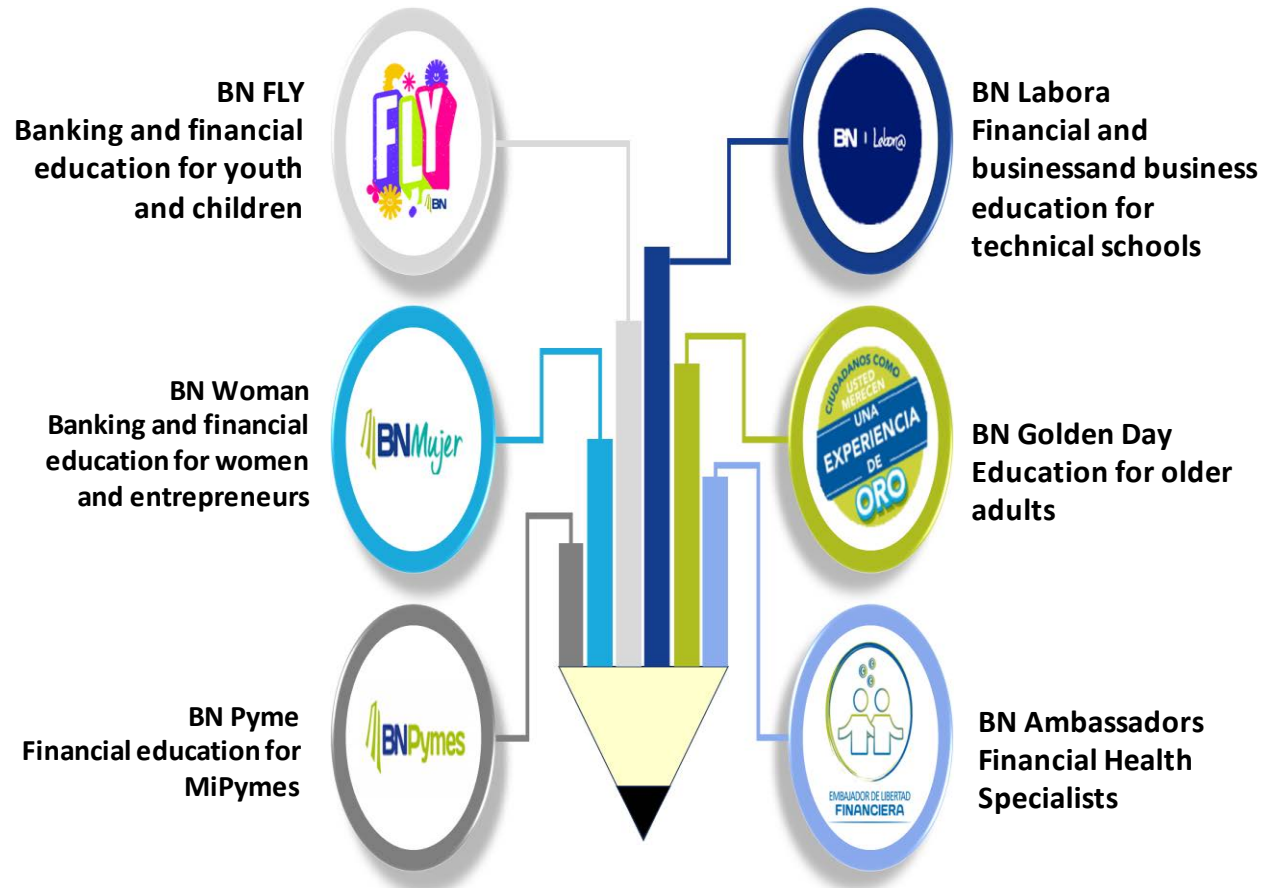
Have you determined a baseline for the selected indicators and assessed the current level of alignment? Indicate the indicators used, as well as the baseline year. You may rely on the performance measurement performed in 2.1 to determine the baseline for your target.

A suite of indicators for climate change mitigation and financial inclusion and health has been developed to guide and support banks in their target setting and implementation journey.

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

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

The Financial Freedom program is aligned with other programs that are part of the financial education strategy. Each of these programs establishes its own indicators and metrics to determine the extent to which its goals are being met.



C) SMART Objectives
(including key performance indicators (KPI))

Disclose the objectives for your first and second most significant impact areas, if they already exist (as well as other impact areas, if any). What KPIs are you using to monitor progress toward achieving the objective? Please disclose

D) Action plan:

What actions, including milestones, have you defined to meet the established objectives? [EU1] Please describe

Demonstrate that your bank has analyzed and recognized) indirect impacts (potentials of stated objectives on other impact areas as well as relevant actions to avoid, mitigate or offset potential negative impacts.

Targets

To turn BN into a strategic ally of the Costa Rican government and population in the area of Financial Health.

Secondary objectives

To increase the empowerment of our stakeholders, so that they understand the costs, risks and benefits associated with financial products and services.

Promote the development of skills that make it possible to increase personal, family and community well-being.



We contribute to:

- 1. Strengthen the financial capabilities of Costa Ricans, learning to plan and make decisions that promote personal, family and community development.
- 2. Costa Ricans understand how the national economic and financial system works, what their rights are and how they can obtain institutional guidance to improve their financial health.
- 3. Promote greater coordination among actors, enhancing synergies and discouraging duplication.
- 4. Promote good practices and develop contents and dissemination channels considering Costa Rican diversity.
- 5. Promote research and evaluation of the different activities derived from the program in search of continuous improvement.
- 6. Empower Banco Nacional employees through methodological and didactic resources so that the objectives can permeate transversally throughout the organization.



Action Plan:

- 1. Continuation of the financial wellbeing index project for BN clients.
- 2. Strengthening of the AULA LABORA financial education and entrepreneurship program in 234 technical schools.
- 3. Strengthening of the BN Financial Freedom Ambassadors Program, 420 specialist staff members.
- 4. Internal and external financial health communication campaigns.
- 5. Strengthening financial education programs for vulnerable populations.
- 6. Strengthening financial education activities for youth and children through the FLY strategy.

Self-evaluation



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

Alignment

First most significant area of impact: ... (please name it) ...

Second most significant area of impact: ... (please name it)....

(If you are setting objectives in more impact areas) ...your third (and subsequent) impact area(s): ... (please name)

☒ Sí
☐ En progreso
☐ No

☒ Sí
☐ En progreso
☐ No

☐ Sí
☐ En progreso
☐ No

Baseline

☒ Sí
☐ En progreso
☐ No

☒ Sí
☐ En progreso
☐ No

☐ Sí
☐ En progreso
☐ No

Smart Targets

☒ Sí
☐ En progreso
☐ No

☒ Sí
☐ En progreso
☐ No

☐ Sí
☐ En progreso
☐ No

Action Plan

☒ Sí
☐ En progreso
☐ No

☒ Sí
☐ En progreso
☐ No

☐ Sí
☐ En progreso
☐ No

IMPLEMENTATION AND MONITORING OF OBJECTIVES KEY STEP 2

For each separate objective: Demonstrate that your bank has implemented the actions you had previously defined to meet the stated objective. Report on your bank's progress since the last report towards achieving each of the stated objectives and the impact your progress has had, using the indicators and KPIs to monitor the progress you have defined in 2.2.

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

In the year 2022, we defined goals for growth in banking penetration and inclusion, strengthening the linkage and financial education with the following interest groups: women, children and young people.

01 Strategy Climate



In 2022, we conducted various stress tests and mobilized financial resources as a basis for building a climate finance strategy that will lead to the reduction of greenhouse gas emissions.

02 Inclusion and Financial Health



Principle 03

Customers



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

Commitment

Does your bank have a customer engagement policy or process to encourage sustainable practices?

☒ Yes ☐ No ☐ In Process

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

☐ Yes ☒ No ☐ In Process

Describe how your bank has worked and/or plans to work with its clients to encourage sustainable practices and enable a sustainable economy.

It should include information on relevant policies, actions to support client transition, selected indicators on client engagement and, where possible, impacts achieved.

It should be in line with the impact analysis, objective setting and action plans established.

Customercentric

We seek to generate economic, social and environmental value to promote sustainable development in Costa Rica.



52%

Of the entire national population is banked through the BN

In 2022, we structured a data analytics department to extract value from this information. BN's customers perform millions of transactions, so their behavior opens up a world of possibilities that allow us to improve our customer service.

Customers are an important part of the mapping of stakeholders that is reviewed every year, because it is based on them that various lines of action are developed to achieve institutional goals.

The client-centric approach seeks to learn from them and understand them, what their behavior is, what their preferences are, what experiences they want to live. This means that we can design personalized financial services, tailored to each client.

Based on this data analytics, we designed the Credit Quotas product and through it we placed 18 billion colones and 28 million dollars in credit cards. With this same analytics and taking advantage of the development of models, we achieved a segmentation that we had not done before, improving the methodology of payment capacity and we even developed an uptake score; we were able to offer our clients loans not based on their credit behavior but on their uptake behavior.



Main

actions that promote sustainable practices with a view to building a sustainable economy

•**Stakeholder mapping:** an analysis is made of the main publics with which the BN relates, identified and grouped according to the level of relationship and impacts.

•**Materiality:** working with representatives of all stakeholders to define the material topics or issues for the BN in which the expectations and needs of the audiences are linked.

•**Financial Freedom Program:** works with various sectors of the population to raise their awareness of personal finance management, the emotional relationship with money, budget programming, use and maximization of the products offered by the BN for their use and benefit, among other topics.

•**Financial Advisory:** a group of advisors called Financial Ambassadors are in charge of providing advice and promoting the development of skills and abilities in the use of BN's products and services.

•**Stakeholder engagement strategy:** a strategy composed of lines of action that favor rapprochement and communication with BN's different stakeholders is developed.

•**Support to audiences due to the impact of operations:** personalized support is provided to various audiences that require specialized treatment, either because they are negatively impacted by business operations or because of events that occur in BN offices that may affect customers.

•**Technical support:** offered to MiPymes clients

•**Technical Training:** offered to BN Pymes and BN Mujer clients.

Opportunities of the business

Describe what strategic business opportunities in relation to increasing positive and reducing negative impacts your bank has identified and/or how you have worked on these in the reporting period.

Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or how % of your portfolio and in which SDGs or impact areas you strive to have a positive impact (e.g. green mortgages - climate, social bonds - financial inclusion, etc.).

Business Model

triple bottom line

Resource Mobilization

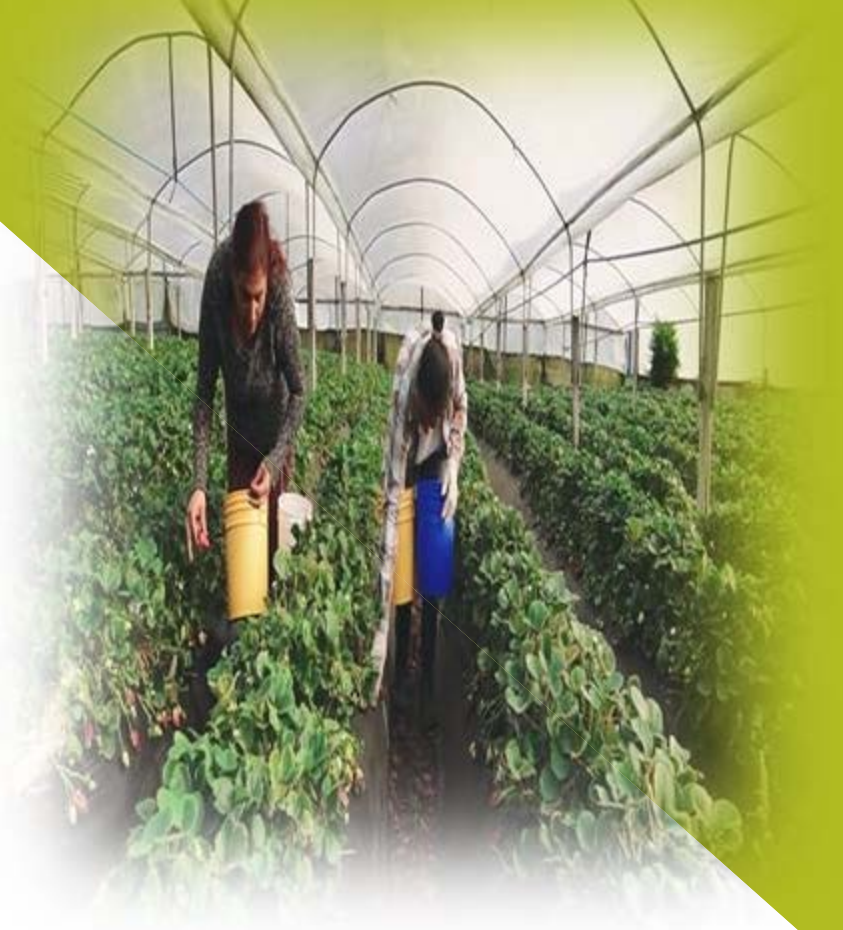
The main objective of the business model is to generate economic, social and environmental value for the sustainable development of Costa Rica. In line with this objective, we have strengthened alliances with international organizations that have enabled us to mobilize our own and international resources to increase socioeconomic and environmental value through the businesses managed at BN.

We established two lines of action, one that seeks to generate positive environmental impacts by financing projects that combat the challenges of climate change and another that seeks to respond to the needs of today's society, benefiting SMEs, especially those led by women.



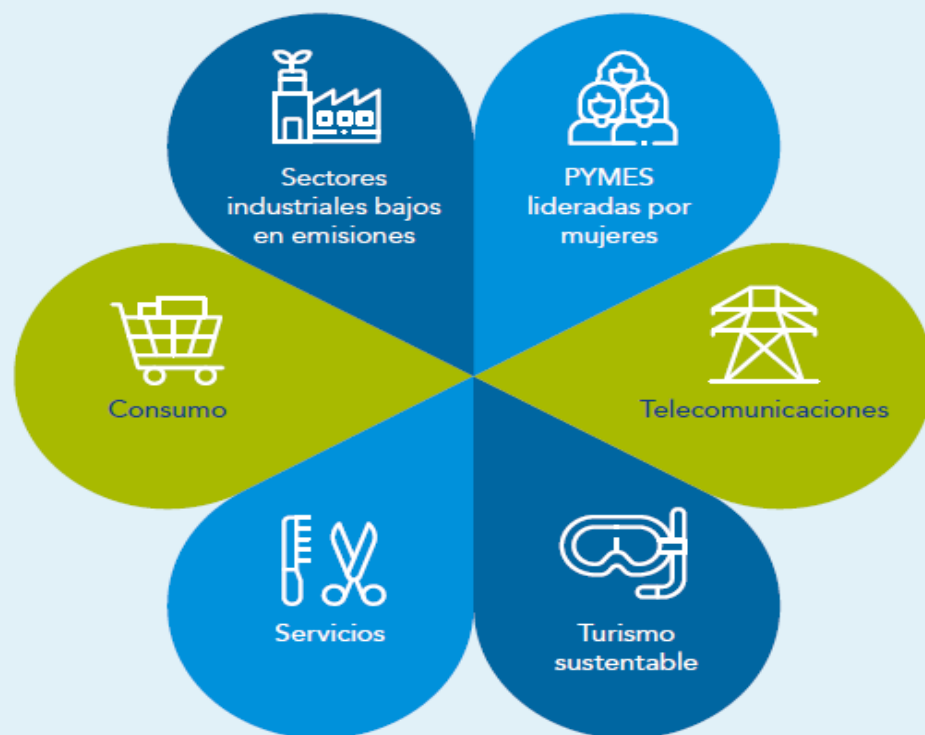
As a result of the mobilization of resources, work was done on the

First Social Bonus
Green Fund
Green Bond
Triple bottom line financing



Social Bonus

Tanto para la estrategia de empoderamiento de las mujeres como para el apoyo a las micros, pequeñas y mediana empresas, diseñamos una herramienta financiera fundamentada en una alianza formalizada entre el Banco Nacional, el Banco Interamericano para el Desarrollo BID, BID Invest y FIDEV Canadá. Se trata del bono social creado para financiar proyectos sostenibles alineados con el combate a la pobreza y para empoderar a las mujeres y a las PYMES, especialmente aquellas lideradas por ellas.



Al cierre de diciembre del 2022 se ha colocado la siguiente cantidad:

\$2,3 millones
en 45 créditos de Mipyme

Partimos del criterio de selección, monitoreo y evaluación de proyectos alineados con los principios de bonos sociales de la Asociación Internacional de Mercados de Capitales (ICMA, en sus siglas en inglés). El Banco está alineado a esa metodología, al ser el primer banco en emitir un bono social en Costa Rica.



Green Financing

Gracias a la alianza entre el Banco Nacional y la Agencia Francesa para el Desarrollo AFD y la Unión Europea se canalizaron \$65 millones para ser destinados al desarrollo de proyectos que combatan el cambio climático y la construcción de diversas líneas de crédito que permitan construir una cartera climática. Hacemos referencia a inversiones para la adaptación y mitigación al cambio climático como:



Movilidad sostenible y transporte público



Transporte liviano cero emisiones



Transporte de carga eficiente



Energía eléctrica renovables a costo competitivo



Edificaciones sostenibles y bajas emisiones



Sector industrial de bajas emisiones



Gestión integral de residuos



Sistemas agroalimentarios bajos en carbono



Modelo ganadero bajo en emisiones



Gestión de territorios basados en la naturaleza

Al cierre de diciembre del 2022 se ha colocado la siguiente cantidad:

\$5 millones

Cashiers in indigenous languages

Mantenemos cajeros automáticos programados en lenguajes Bribri y Cabécar para mejorar la atención de dos grandes poblaciones indígenas en el país, de un total de ocho pueblos distribuidos en 25 territorios indígenas.



Turrialba



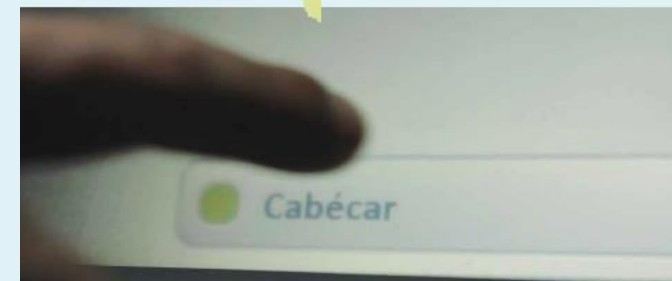
Cajeros Automáticos en Cabécar
Personal capacitado para comunicarse en Cabécar.



Bribri



Cajeros Automáticos en Bribri, Talamanca.



Accompaniment to the MiPymes

Trabajamos permanentemente para intensificar los beneficios que aportan las PYMES con tres ejes importantes:

Financiamiento

Capacitación

Asistencia Técnica



Como resultados destacamos la fidelización, una tasa de repago en los créditos y un aumento de vinculación en las relaciones comerciales de largo plazo.

1

Acompañamiento empresarial como eje clave del modelo comercial de atención a clientes PYMES.

2

Contribuir al logro de los resultados comerciales con acciones que potencien estos servicios y lograr permanencia empresarial, acercamiento, identificación de necesidades, fidelización y retención a clientes con buena relación comercial y/o aumento de la vinculación.

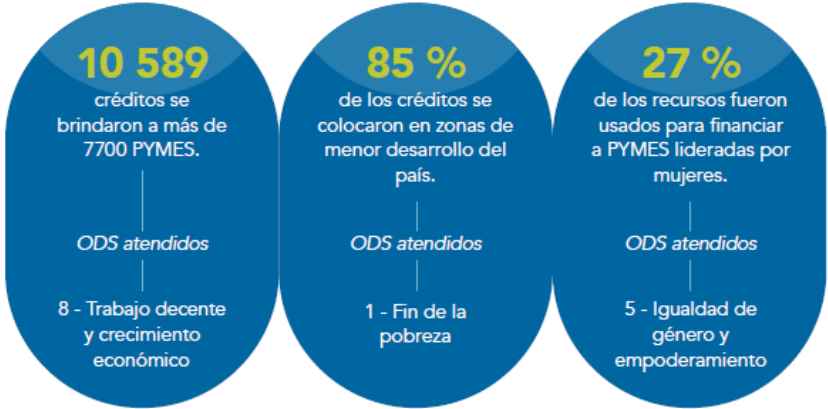
3

Posicionar al Banco Nacional como líder del sector y seguir impulsando nuestro compromiso de atención integral al sector de micro y pequeña empresa.

El crecimiento que tuvo la cartera de crédito destinado a las micro, pequeña y mediana empresa fue de 1 pp por encima del Sistema Financiero Nacional (SFN).

BNCR	Creció en desarrollo un 14 %
SFN	Creció en desarrollo un 13 %

Impulsamos el desarrollo sostenible



Green Card



**First environmental card
to contribute a percentage of its profits
to environmental conservation and social
benefit projects**



**Thanks to the program
developed by the FBS, the
national flora and fauna are
being protected**

**Resources
transferred to
Sustainable Biodiversity Fund**

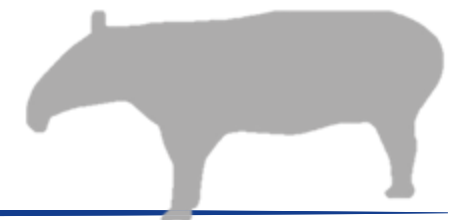
\$3 438 554,92

2010 - 2022

113
Farms in the
program

10 000
Hectares
benefited

120
Impacted
families





Digitization of banking

As part of the maximum use of the technologies deployed, it was possible to expand the monitoring and assurance capacity of the CFBNCR's devices with automated processes, achieving a coverage of over 94% of the technological park; the constant expansion will allow completing the cycle in 2023.

The CFBNCR's security posture was improved by means of proactive attention to alerts, threat hunting, management and follow-up of the correction of identified vulnerabilities, as well as maximizing the intelligence capacity in detections by integrating permanent self-learning processes, event correlation, and active consultation of online information sources to stop the advance of threats from early stages, achieving a metric of 53% in the security score as of December 2022.

Significant progress was made in the protection of users and access to resources with the implementation of modern authentication solutions such as two-factor authentication and passwordless access, achieving 100% availability.

1 208 714

Total number of digital customers



33%

Of the elderly clients make use of digital services

Principle 04

Stakeholders



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

Identification

And stakeholder consultation

Does your bank have a process in place to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups) (13) that you have identified as relevant to the impact analysis and objective setting process?

☒ Yes ☐ No ☐ In Process

Describe which stakeholders (groups/types) you have identified, consulted, engaged, collaborated with or partnered with for the purpose of implementing Principles and improving your bank's impacts. You should include an overview of how your bank has identified relevant parties, what issues were addressed/results achieved and how they were incorporated into the action planning process.

Institutional Stakeholder Interaction Matrix

The term "stakeholders" refers to those individuals or groups of individuals who are affected or could be affected by the operations of an organization or company (ISO 26000). Organizations may have many types of stakeholders, each with different levels of involvement or commitment and often with different interests.

In 2022, the Institutional Stakeholder Interaction Guide was presented, which will go through the following sections:

- + Stakeholder Institutional Mapping
- + Stakeholder and Institutional Stakeholder Segmentation
- + Procedure for Execution of the Institutional Stakeholder Interaction Matrix (MIIP)
- Timeliness of MIIP Implementation Analysis Reporting Mechanism.

As a result of the results obtained in the materiality analysis and the subsequent validation carried out with the institutional units that maintain a direct relationship with the different stakeholders, a concrete approach was generated towards the mapping of the stakeholders, not only from their initial nomination, but also with respect to the components that each one of them evidences, to derive in the establishment of the valid institutional interlocutors in terms of the execution of the Matrix.

In order to know the expectations and needs of our stakeholders, we have mechanisms such as materiality studies and consultations that we carry out on an ongoing basis. Therefore, in the second half of 2022 we conducted a new materiality study with the different CFBNCR stakeholders to update the material issues and structure a new stakeholder strategy.

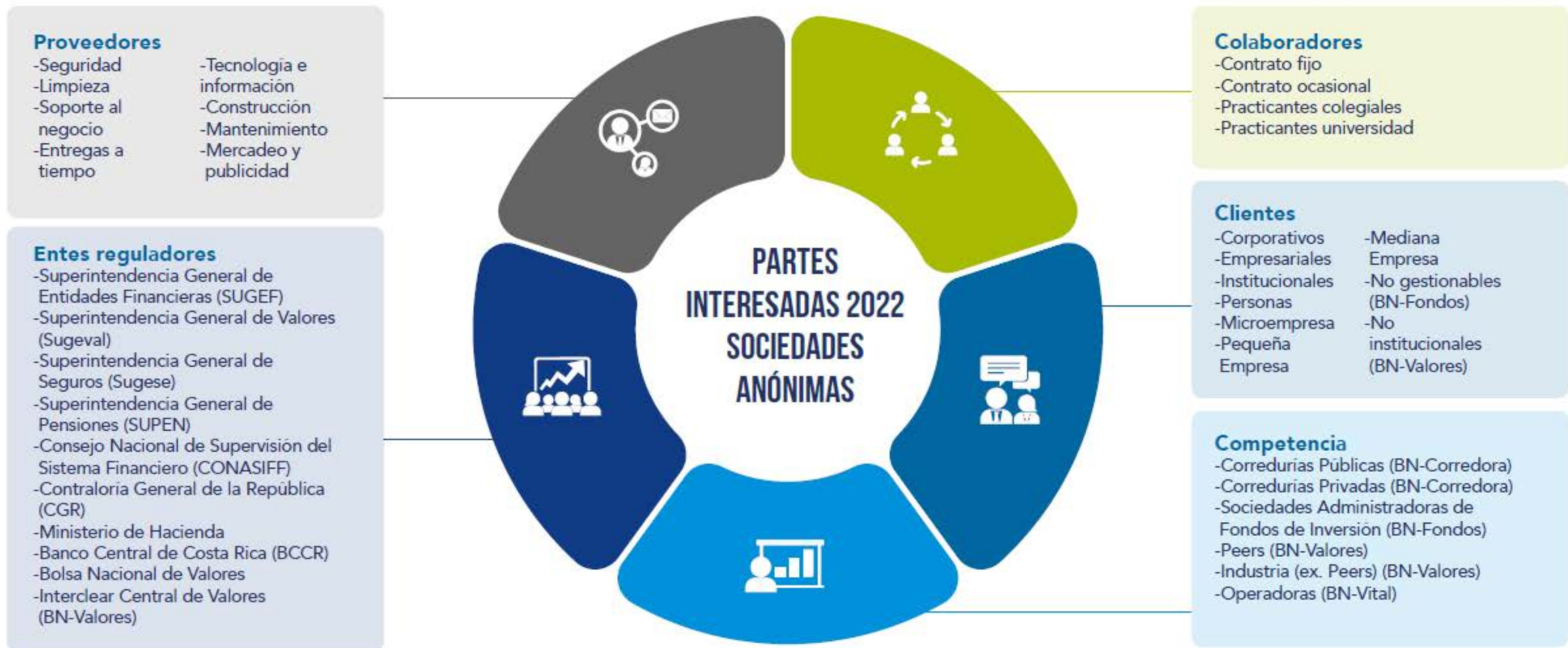
Benefits of stakeholder interaction

- Facilitate better risk and reputation management,
- Enable organizations to learn from their stakeholders which generates improvements in processes, products and services,
- Developing trust between an organization and its stakeholders,
- Enable the understanding of the business context and the identification of new strategic opportunities,
- Inform and educate stakeholders and the business environment to improve their decision-making processes,
- Lead to a more equitable and sustainable social development by providing them with the opportunity to participate in decision-making processes
- Enable the combination of resources (knowledge, perspectives, opinions, etc.) that facilitate the achievement of objectives that organizations cannot achieve independently.

We listen to our stakeholders

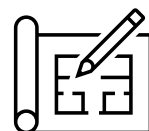


In an exercise that sought to deepen the identification of stakeholders, a mapping was made of the audiences that are special to the organization's corporations.



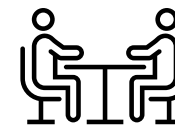


Institutional Stakeholder Interaction Matrix Implementation Procedure



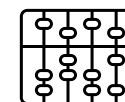
Application planning

1. Analyze the "Stakeholder and Institutional Partner Segmentation" in order to know which stakeholders correspond to the unit in which it works.
2. Execute the Stakeholder Mapping RE02-PR012RS01 with the corresponding stakeholders based on the result obtained in the previous point.
3. Prioritize the stakeholders to work with.
4. Submits for assessment and approval of the Sustainability Unit the application proposal.
5. The Sustainability Unit validates the proposal and approves the application proposal.



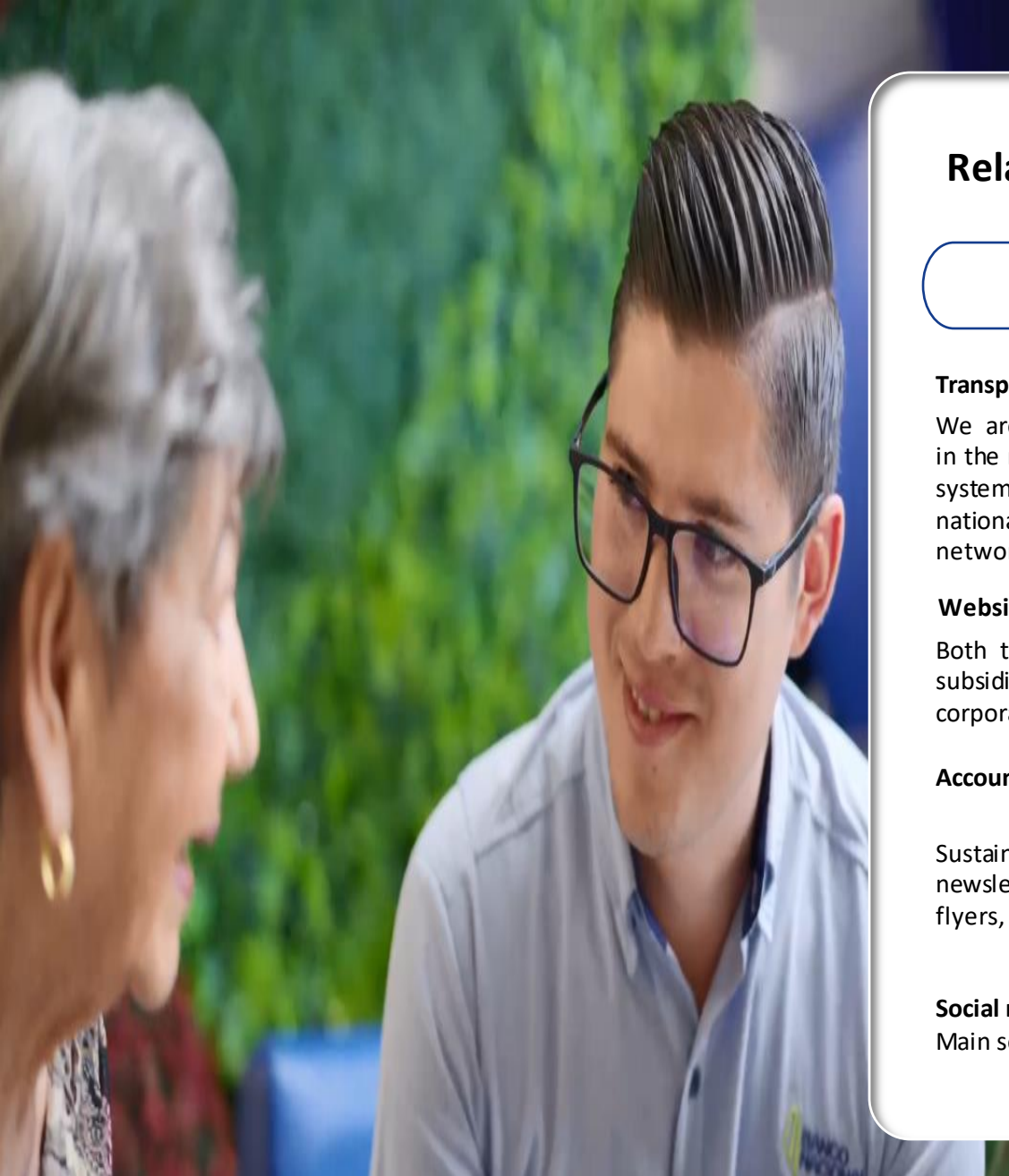
Execution (applicable for group activities)

1. Invitation of participants in the format (e-mail, letter, message, etc.) that best ensures the participation of those invited.
2. Development of the meeting with the participants of the selected stakeholder in accordance with what is established in the Matrix with respect to the aspects: Timing, Method and Goal.
3. Completion of the event log as stipulated in the Guide in order to consolidate the topics and criteria addressed at the meeting.
4. Sending of the log to the Sustainability Unit to be evaluated according to what is expected according to the Guide.
5. Assessment of the delivered logbook and estimation of its final condition (approved / necessary adjustments) by the Sustainability Unit.



Consolidated Reports

Establishment of a document that consolidates the different reports received from the execution of the Guide by the Sustainability Unit.



Relationship Mechanisms

Inform

Transparency Portal

We are the only bank in the national financial system to belong to the national transparency network.

Websites

Both the Bank and its subsidiaries have corporate portals.

Accountability exercises

Sustainability Report, newsletters, electronic flyers, ATMs, etc.

Social networks

Main social networks

Consult

Materiality study

The materiality study is updated every two years to integrate your needs and expectations.

Net Promoter Score

Validation of customer perception

Consultation tools

Surveys, quality evaluations, validations, service-related questionnaires, forms, etc.

Contact Center

Contact protocols are built

Dialogue

Face-to-face meetings

Activities such as breakfasts or coffees are held with different stakeholders to provide management feedback according to their needs.

Financial ambassadors

Group of collaborators who promote the financial education and inclusion program

Web Chats

They try to listen and attend to the needs of customers

Interact

Institutional campaigns

Campaigns are planned according to special dates or events

Stakeholder guide

It is applied to identify stakeholders, especially the preeminent ones, with a view to developing specialized strategies appropriate to the audiences.

Comptroller of services

Its goal is to reconcile conflicts and provide answers to the needs of its clients.

Governance Structure



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

05

Gobernance

Does your bank have a governance system that incorporates PRB?

☒ Yes ☐ No ☐ In Process

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

- Which committee has responsibility for the sustainability strategy and objectives approval and monitoring (including reporting to the highest level of PRB governance.
- Details on the committee chair, process and frequency for the board to have oversight of PRB implementation.
- Remuneration practices linked to sustainability objectives

Corporate governance structure

There is a corporate governance structure that includes the Principles of Responsible Banking within the Strategic Framework. This structure is composed as follows



De izquierda a derecha: Rodolfo González Cuadra, Maricela Alpízar Chacón, José Manuel Arias Porras, Ruth Alfaro Jara, Marvin Arias Aguilar, Flora Montealegre Guillén y Bernal Alvarado Delgado



General Board of Directors

It is the highest governing body of the Conglomerate. It is composed of seven members who are appointed by the Governing Council, in accordance with Article 20 of the Organic Law of the National Banking System. Its internal guidelines are established in Article 5.1 of the Corporate Governance Code and its functions are dictated in Article 34 of the Organic Law of the National Banking System, in SUGEF Agreement 16-16 Chapter II Article 8 and in the Operating Regulations of the General Board of Directors RG01GC01.

Presidential elections were held in Costa Rica in 2022. In Costa Rica, this change of government also implied a change in the General Board of Directors; that is, at the beginning of each new government, a group of directors leaves and others join to represent the incoming government. On this occasion, four new people were appointed to replace the group of directors whose appointment began eight years ago.

The General Board of Directors is responsible for approving the strategic framework that governs the operations of the business, as well as the monitoring of the indicators that measure compliance with the established goals. In addition, they approve the policies and structures of the main management.

Committees in which the directors of the General Board of Directors participate

Corporate Audit Committee

Corporate Risk Committee

Corporate Compensation,
Nominating and Corporate
Governance Committee

Corporate Compliance
Committee

Boards of Directors of Corporations

The Corporations have a specific Board of Directors for each one. The guidelines for their functions are defined in Article 5.1 of the Corporate Governance Code and in the Regulations for the operation of the Boards of Directors of the subsidiaries that make up the Conglomerate.

BN Valores

- **Presidenta:** Flora Montealegre Guillén
- **Vicepresidente:** José Manuel Arias
- **Secretario:** Allan Calderón Mora
- **Tesorero:** Rodolfo González Cuadra
- **Vocal:** Luis Carlos Mora Oconitrillo
- **Fiscal:** Jéssica Borbón Guevara

BN Fondos

- **Presidenta:** Maricela Alpízar Chacón
- **Vicepresidenta:** Ruth Alfaro Jara
- **Secretario:** Flora Montealegre Guillén
- **Tesorero:** Maximiliano Alvarado Ramírez
- **Vocal:** Numa Rodrigo
- **Fiscal:** Jéssica Borbón Guevara

BN Valores

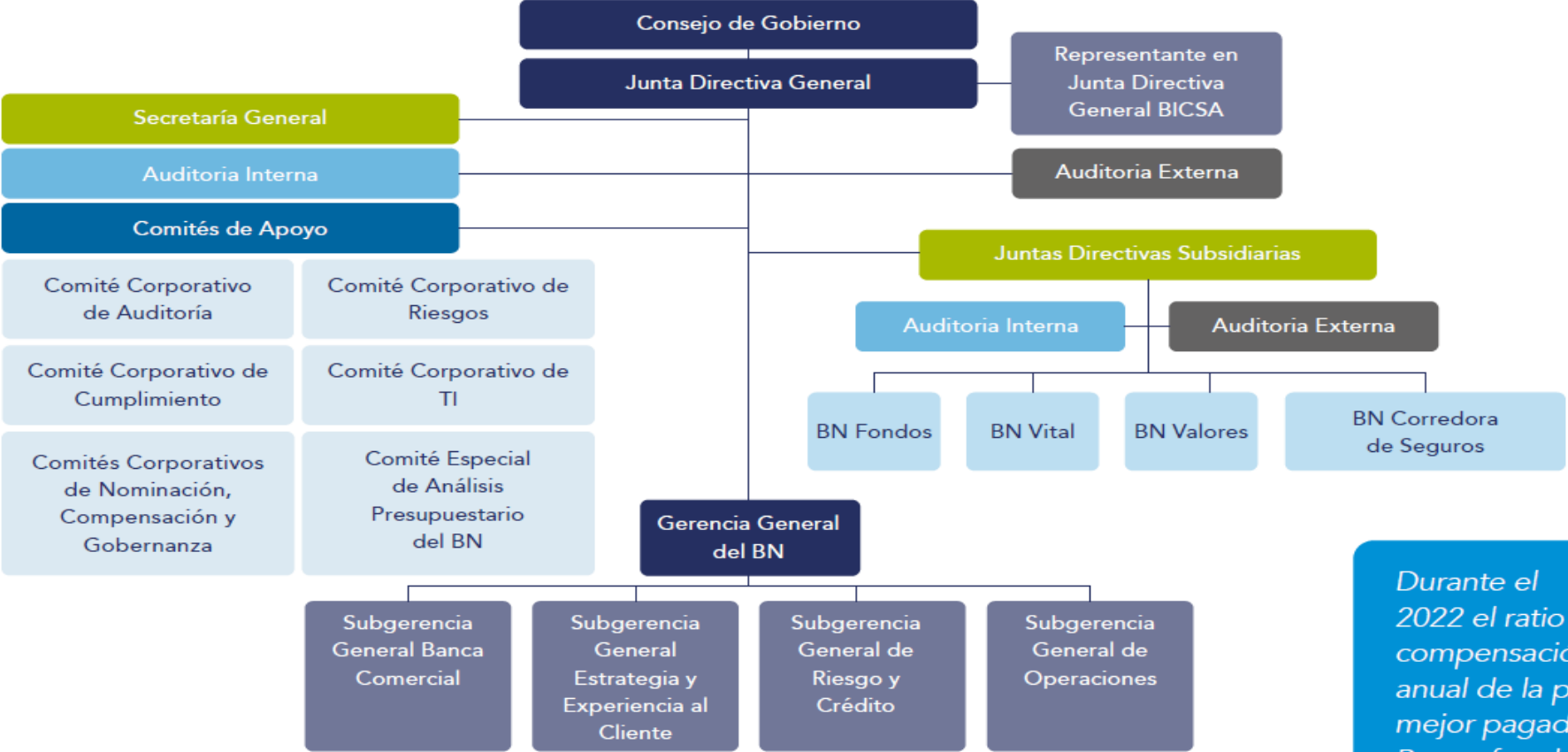
- **Presidente:** José Manuel Arias Porras
- **Vicepresidente:** Bernal Alvarado Delgado
- **Secretario:** Jime Murillo Víquez
- **Tesorero:** Edgar Enrique Quirós Núñez
- **Vocal:** Ana Cecilia Rodríguez Quesada
- **Fiscal:** Adrián Eduardo Quirós Araya

BN Corredora de Seguros

- **Presidente:** Bernal Alvarado Delgado
- **Vicepresidenta:** Maricela Alpízar Chacón
- **Secretario:** Rosaysella Ulloa Villalobos
- **Tesorero:** Rodolfo González Cuadra
- **Vocal:** Andrea Isabel Vindas Lara
- **Fiscal:** Jessica Borbón Guevara

Gobierno Corporativo

Los órganos a cargo de la gobernanza reciben una evaluación de su desempeño mediante la aplicación de una metodología de evaluación de los órganos colegiados, la cual se realiza de forma anual. La información resultante es compartida con los diferentes grupos de interés. En el 2022, el gobierno corporativo del Conglomerado estuvo conformado de la siguiente manera:



Durante el 2022 el ratio de compensación total anual de la persona mejor pagada en el Banco fue de 7,022.

Política de remuneración

La política de remuneración del Conglomerado se encuentra detallada en nuestro Código de Gobierno Corporativo, en el artículo 8.4 "Política de selección, capacitación y remuneración", la cual se define de acuerdo con los lineamientos del Acuerdo SUGEF 16-16. Para los altos ejecutivos se utiliza como referencia salarial el percentil 50 (que aplica para todo el Conglomerado Financiero del Banco Nacional).

Según el artículo 44 de la Ley de Salarios de la Administración Pública, existen limitaciones legales que afectan a cuánto puede cobrar un funcionario de la Administración Pública, incluso si la entidad está sujeta a un régimen competitivo (según el artículo 44 de la Ley de Salarios de la Administración Pública). En cuanto a los miembros de la Junta Directiva, solo podrán percibir las dietas previstas en sus políticas de remuneración, de acuerdo con el artículo 33 de la Ley Orgánica del Sistema Bancario Nacional. Este se ejecuta internamente por el procedimiento de "Gestión Administrativa" y por el Reglamento de Funcionamiento de la Junta Directiva General.

The maturity level of sustainability at BN required the creation of a management team in charge of managing sustainability processes and the integration of best practices in a cross-cutting manner.

Equipo de sostenibilidad

En el 2022 nuestro equipo de sostenibilidad presentó la siguiente estructura:



Bernardo Alfaro Araya
Gerente General



Allan Calderón Moya
Subgerente General de Estrategia y Experiencia al Cliente



Jaime Murillo Víquez
Subgerencia General Operaciones



Rosaysella Ulloa Villalobos
Subgerente General Comercial



María Brenes Quesada,
Directora General de Relaciones Institucionales y Sostenibilidad
(Se integró a partir de octubre del 2022)



Kattia Ramirez Gonzalez
Subgerente General de Riesgo y Crédito



Silvia Chaves Herra
Jefa de Sostenibilidad

Senior Management



Bernardo Alfaro Araya
Gerente General



Rosaysella Ulloa Villalobos
Subgerente General Comercial



Kattia Ramírez González
Subgerente General de Riesgo y Crédito



Jaime Murillo Víquez
Subgerencia General Operaciones



Allan Calderón Moya
Subgerente General de Estrategia y Experiencia al Cliente



María Brenes Quesada
Directora General de Relaciones Institucionales y Sostenibilidad



Reinaldo Herrera Arce
Director General de Finanzas



Marietta Herrera Cantillo
Directora General Jurídica

Sociedades Anónimas



BN Fondos:
Pablo Montes de Oca Carboni
Gerente General



BN Valores:
Melvin Garita Mora
Gerente General



BN Corredora:
José Barrientos Solano
Gerente General



BN Vital:
Hermes Alvarado Salas,
Gerente General

Culture of Responsible Banking

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

Triple bottom line business model

In 2021, a new proposal to update BN's business strategy was presented to the General Board of Directors. Composed of four basic perspectives, objectives were set for one of them, in which sustainability factors were considered and integrated into the business model.

Thanks to this level of maturity, sustainability became an integral part of the strategic framework, which means that it is monitored from the management indicators and from the sustainability balance sheet.





Culture of Responsible Banking Principles

PRINCIPIO 1

Alineamos nuestra estrategia de Sostenibilidad 2022-2025 con los ODS y el Acuerdo de París. Nuestros esfuerzos se enfocan principalmente en los ODS: fin de la pobreza, igualdad de género, trabajo decente y crecimiento económico, industria, innovación e infraestructura. También producción y consumo responsables, acción por el clima y alianzas para lograr objetivos.

PRINCIPIO 2

En el primer año trabajamos el impacto en el clima, la gestión ambiental y la educación e inclusión financiera en nuestra gestión social. Participamos en los workshops con todos los bancos firmantes para la fijación de metas.

PRINCIPIO 3

Nuestros clientes tienen a disposición una gama de productos y servicios sostenibles que les permite adaptarse a un mundo cambiante que cada día se preocupa más por minimizar su huella ambiental (emisiones de carbono) y resguardar las generaciones futuras.

PRINCIPIO 4

Se lleva a cabo un estudio de materialidad, en el cual consultar las expectativas de la opinión de públicos es clave para definir los asuntos materiales que pueden impactar en el negocio y viceversa.

PRINCIPIO 5

Desde la administración del Conglomerado y sus comités ejecutivos hay un compromiso que permite que el equipo de sostenibilidad tome decisiones acertadas, dirigidas por el Gerente General del Banco Nacional y sus subgerentes, junto a un equipo multidisciplinario de diferentes departamentos.

PRINCIPIO 6

Realizamos análisis de impactos y para el 2023 realizaremos nuestro primer reporte para Principios de Banca Responsable.

Due Diligence

Policies and processes

¿ Does your bank have policies that address environmental and social risks within its portfolio? Please describe.

Describe what due diligence processes your bank has in place to identify and manage environmental and social risks associated with its portfolio. This may include aspects such as identification of significant/significant risks, mitigation and definition of environmental and social risks, action plans, risk monitoring and reporting and any grievance mechanisms in place, as well as the governance structures you have in place to oversee these risks.

At BN we have a business strategy that protects the entity from environmental, social and governance factors so that even in adverse or extreme conditions, we have the necessary actions to meet our commitments.

We currently have a Corporate Risk Committee, in which three members of the Board of Directors participate. This body reviews and approves the most relevant issues in decision making, such as the Comprehensive Risk Report, policy modifications, among others.

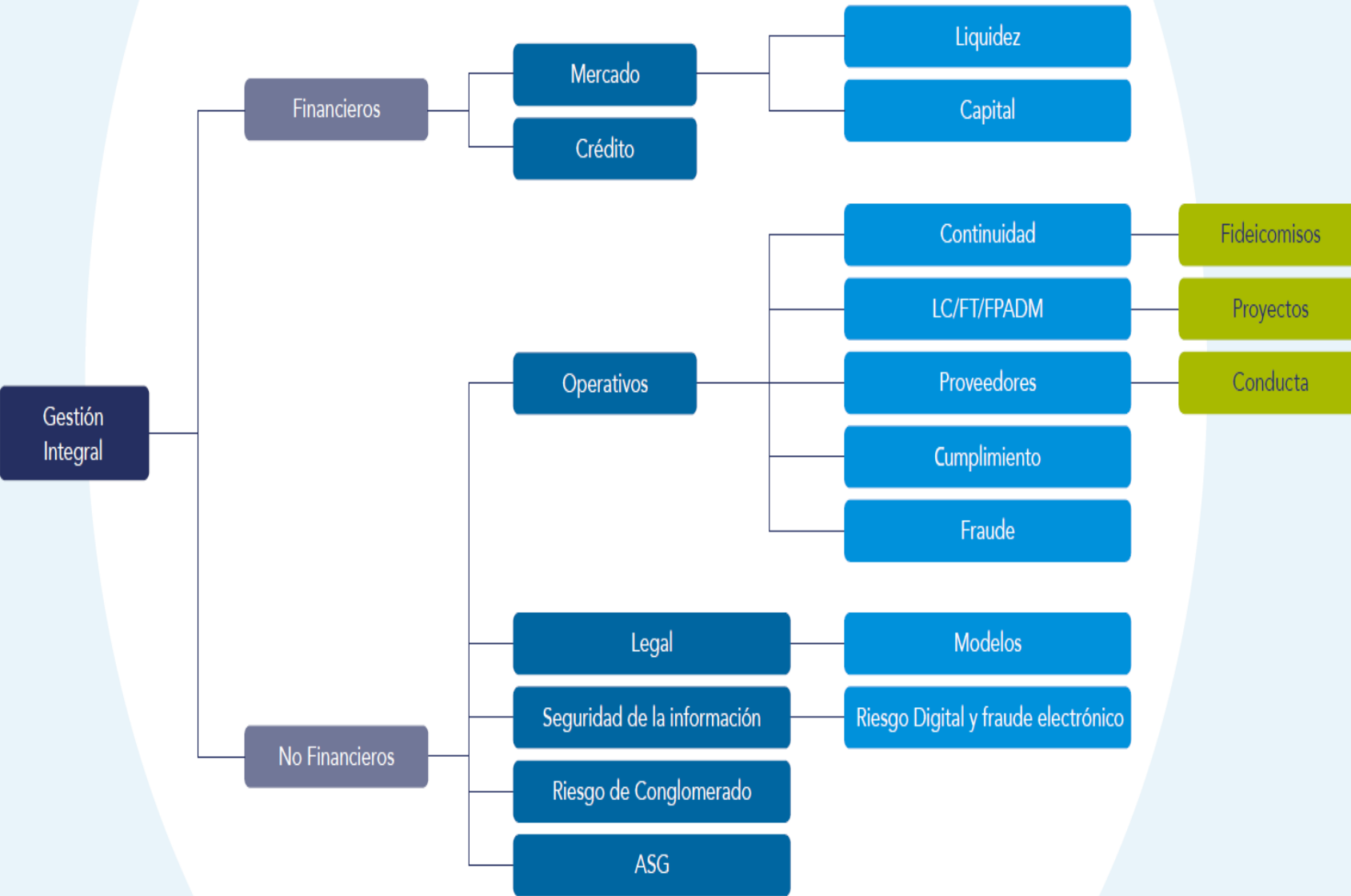


Risk Management and Control Model

BN has a robust organizational and governance structure that allows it to manage the different risks associated with the business model based on the delimitation of the risk appetite. It is based on a series of pillars, which are aligned with the strategy and the business model.

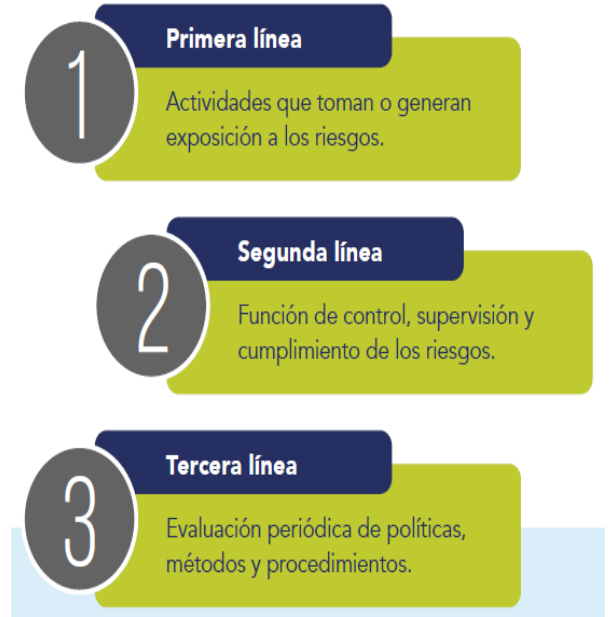


Mapa de Riesgos



Gobernance

The CFBNCR follows a risk control and management model based on three lines of defense:





TRANSVERSAL EN TODA LA GESTIÓN DEL CFBNCR

Las expectativas cambiantes de los clientes e inversores reflejan una nueva forma de pensar acerca de los ASG:



Principales acciones realizadas:

MARCO DE GESTIÓN DE RIESGOS ASG

Establecimiento de roles y responsabilidades Año 2021

APROBACIÓN PROGRAMA SARAS

Matriz de aprobación Año 2021

ESTRATEGIA Y PERFIL DE RIESGOS ASG

Alineamiento estratégico de la gestión de riesgos ASG CFBNCR
Aspiración 2021-2025
Año 2021

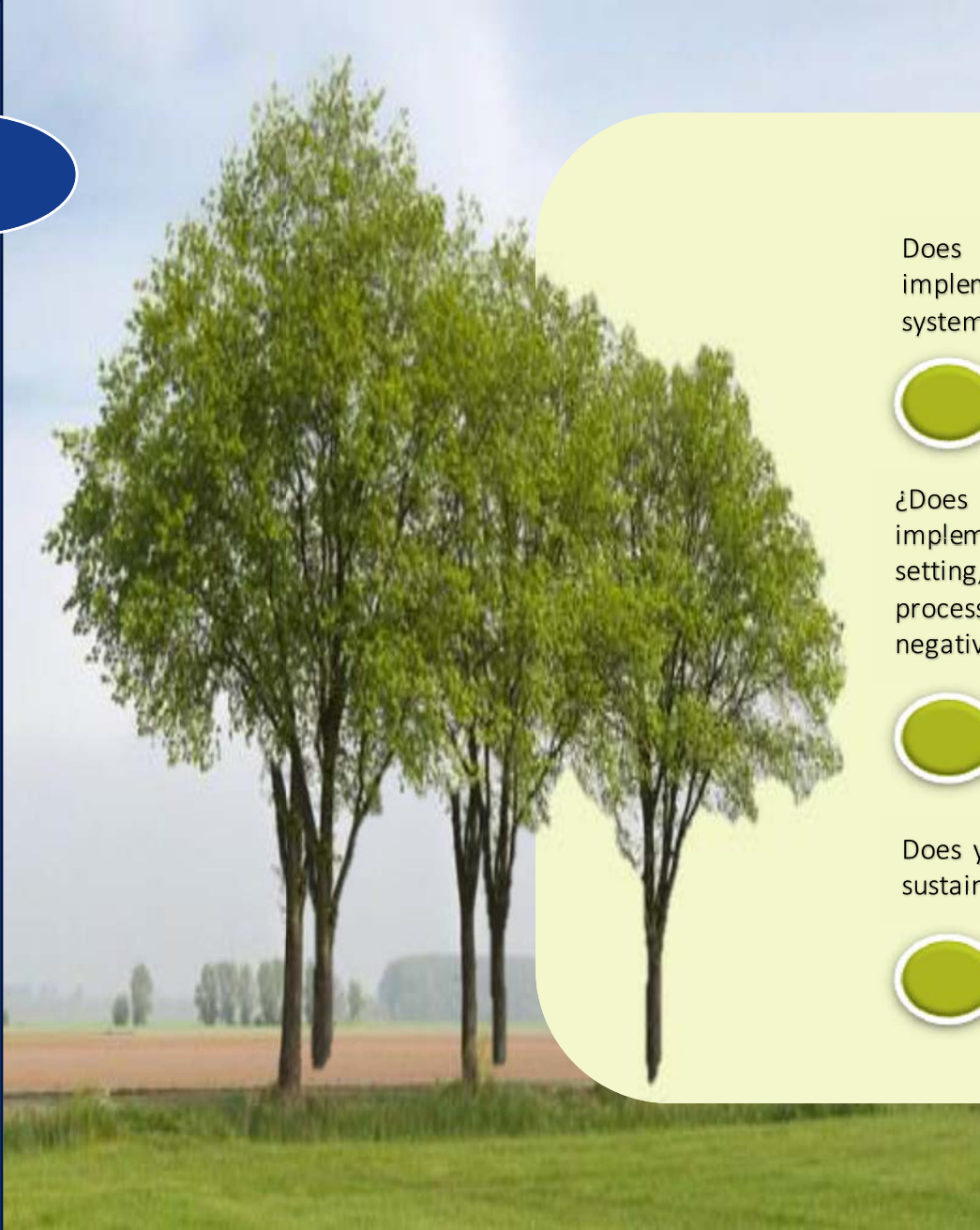
METODOLOGÍA DE RIESGO CLIMÁTICO

Determinación del impacto de factores climáticos y su impacto en la suficiencia patrimonial Año 2021

ESTABLECIMIENTO DE INDICADORES

Indicadores para brindar seguimiento Año 2022

Self-Autoevaluation



Does the CEO or other officers regularly monitor the implementation of the Principles through the bank's governance system?



Yes



No

¿Does the governance system include structures to oversee PRB implementation (e.g., does it include impact analysis and target setting, actions to achieve these targets, and corrective action processes in case targets/milestones are not met or unexpected negative impacts are detected)?



Yes



No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5? 2)?



Yes



No

Principle 06

Transparency Responsibility



We will periodically review our individual and collective implementation of these Principles and be transparent and accountable for our positive principles and negative impacts and our contribution to societal goals.

Warranty

Has this publicly disclosed information about your PRB commitments been underwritten by an independent underwriter?

☒ Yes ☐ No ☐ Parcialmente

Reports on other frameworks

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

☒ GRI ☒ SASB

☐ CDP ☐ TCFD

☐ IFRS ☒ ODS

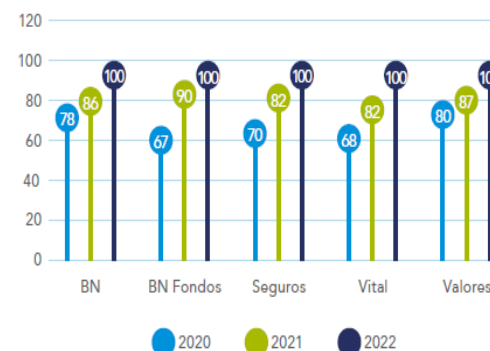
At Banco Nacional we evaluate regulatory compliance on an annual basis; therefore, we have a group of collaborators in charge of overseeing and managing the regulations of our organization in order to identify potential non-compliances and take the necessary corrective actions together with the related departments of the Conglomerate. We have a Transparency Portal where information related to the regulations governing the operations of the Bank and the corporations is published as a tool to guarantee the right of stakeholders to have access to the main information on the management of the organization.

We constantly review the regulatory framework of Guideline 102 -MP "General Policy on Transparency and Disclosure of Financial and Non-Financial Information for State-Owned Enterprises, their Subsidiaries and Autonomous Institutions issued by the Executive Branch" to comply with the commitment to make public all information of value to our stakeholders.

Resultados de la Matriz de Transparencia
Cumplimiento legal de la evolución por año



Matriz de Transparencia y Cumplimiento legal
Evolución de los integrantes del CFBNCR



During the reporting period, all the entities evaluated showed an increase of significant improvement in regulatory compliance, evidencing a significant improvement in compliance with

Warranty

2023 management report to be reviewed by a third party

greater commitment of the Conglomerate in the process of transparency and compliance with applicable regulations. In 2022 we worked on the processes that were pending compliance in order to achieve 100% compliance with binding regulations. Both the Bank and the S.A. have channels to communicate transparency issues.

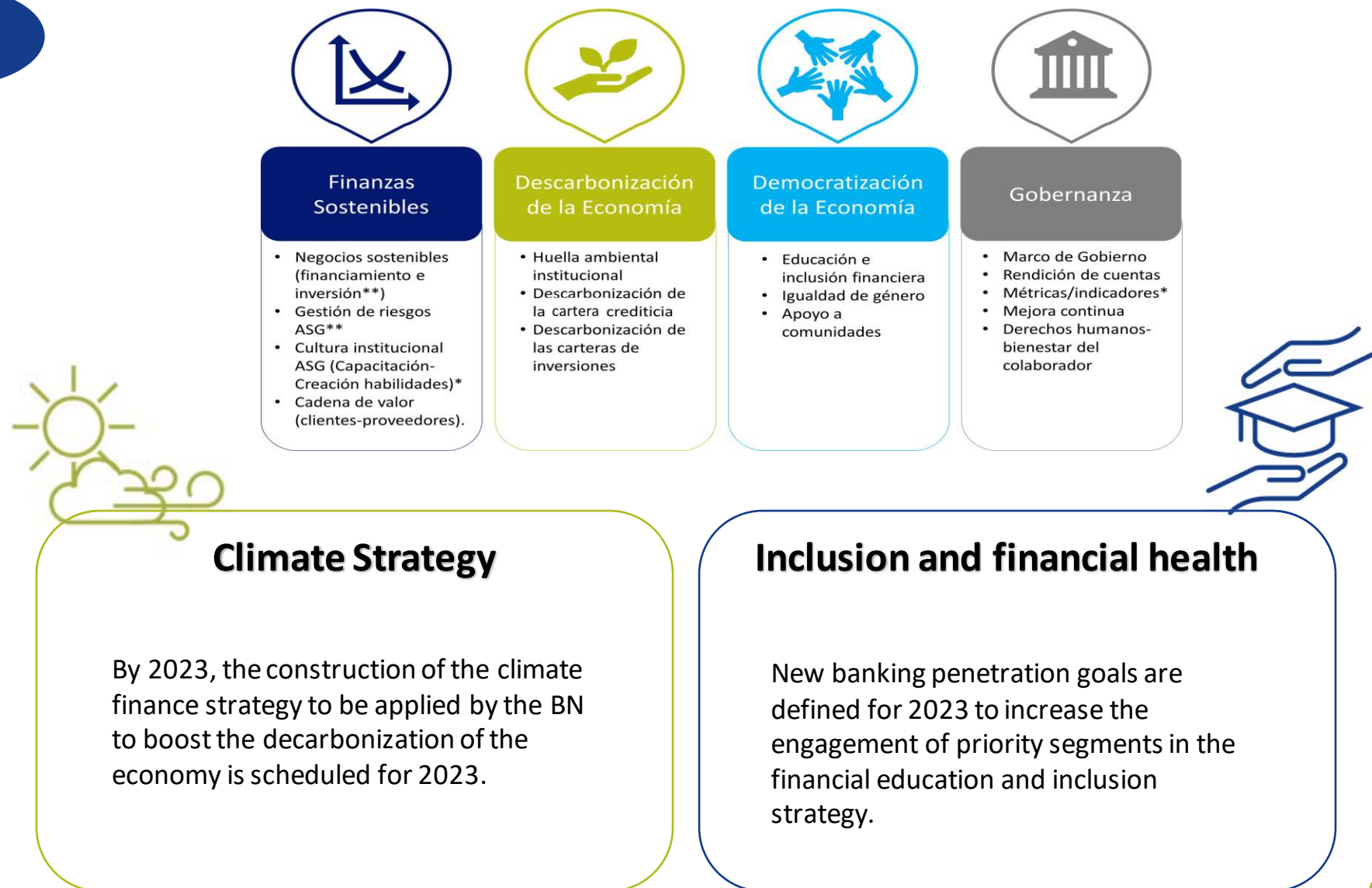
GRI Methodology

Each year the business operation, its results and impacts are reported in order to guarantee access to information.

Perspective

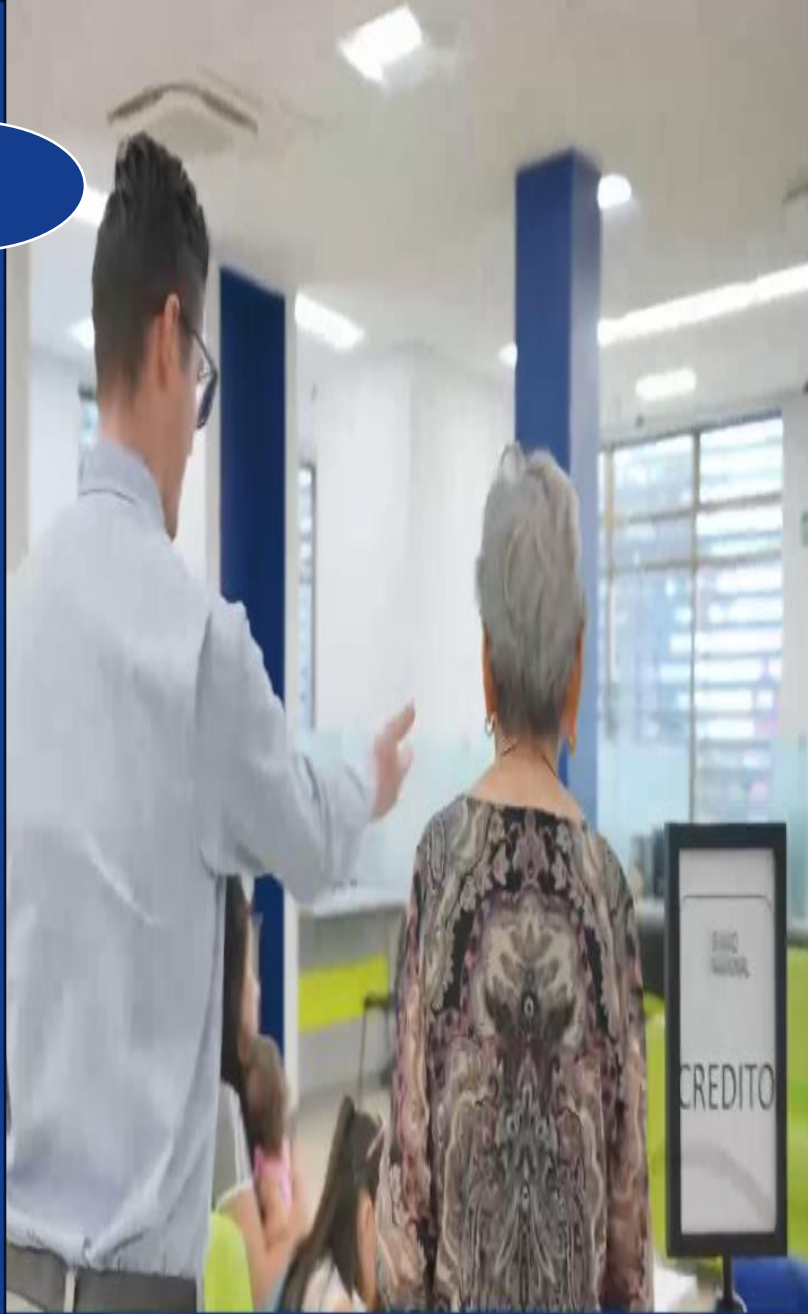
¿What are the next steps your bank will undertake in the next 12-month reporting period (particularly on impact analysis, target setting and governance structure to implement the PRB)?

Steps to 2023



Challenges

Below is a brief section to learn about the potential challenges your bank faces in implementing the Principles for Responsible Banking. Your comments will be helpful in contextualizing the collective progress of PRB signatory banks.



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

If you wish, you can elaborate on the challenges and how you are addressing them:

- Incorporating PRB monitoring into governance
- Gaining or maintaining momentum on the bench
 - Getting started: where to start and what to focus on in the beginning
 - Conducting an impact analysis
- Assess environmental and social impacts
- Choosing the right performance measurement methodology(ies)
 - Establishment of objectives
 - Customer commitment
 - Stakeholder engagement
- Data availability
 - Data quality
- Access to resources
 - Reports
 - Warranty
 - Prioritization of internal actions
 - Others...

The information related to the main lines of action being worked on within the framework of the Principles of Responsible Banking and BN's Business Strategy is expanded.

Inclusion and financial health

Defined indicators

Número de Productos con un enfoque de salud financiera
% de colaboradores con entrenamiento efectivo
de alianzas activas para facilitar metas de salud/Inclusion financiera
de personas Beneficiadas con programa de inclusión financiera digital
de usuarios Nuevos
de usuarios con productos de Inclusión activos
Indice de cartera vencida
de clientes que se sobregiran con la tarjeta de Crédito
de clientes que muestran incremento o cantidades estables en sus cuentas de ahorro, corrientes o inversión.
de clientes apoyados con programas/iniciativas que incluyan asesoramiento
% de clientes mujeres con programas de ahorro complementario para la vejez
% de clientes hombres con programas de ahorro complementario para la vejez
% de mora de cartera de crédito.
de adultos hombres con cuentas de ahorro
de adultas mujeres con cuentas de ahorro
de adultos hombres con tarjetas de crédito
de adultas mujeres con tarjetas de crédito
Cantidad de pymes con créditos
Cantidad de mypymes con créditos
De clientes con 2 o más productos de diferente categoría
% de clientes con productos relacionados con planes de ahorro e inversión a largo plazo
% de clientes cuyo gasto superó el 90% de las entradas durante más de 6 meses el año pasado, con el banco
% de clientes con acceso efectivo a un producto bancario básico
% clientes que usan activamente internet/ plataforma bancaria móvil/herramientas

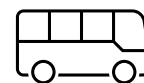
Climate Strategy

Sectors considered in the work plan



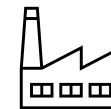
Energy

Promote financing to generate responses to the challenges of climate change and strengthen the generation of renewable sources.



Transport

Driving a shift to low-carbon transportation



Industry

Contributing to the country's energy efficiency in industry



Agribusiness

Present an offer of financial products that promote resilient practices.



Waste Solid

Maintaining BN's pace of recovery of recoverable waste



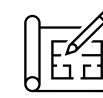
Tourist

Strengthen the risk culture by incorporating ESG risks.



Hydrico

To develop actions to protect Costa Rica's aquifers.



Land Use

Maintain the actions that are being developed for the protection of forest areas

